



Annual report 2023



We are driven by improvements – each and every day

2023 saw growing unrest in Europe, frequent interest rate hikes and the climate debate becoming ever more relevant.

At the beginning of 2023, the war between Russia and Ukraine was the conflict that was affecting Europe most and reinforcing global political polarisation. As a nation and as local communities, we stood together, welcoming Ukrainians who had fled their homeland. In October, the world shifted its focus from Ukraine to the Gaza Strip and the escalation of the long-standing conflict between Palestine and Israel: a complex conflict that engages and divides world opinion, creating divisions among friends and within families.

The unrest in Europe and the Middle East is having ripple effects in the global economy with higher prices for oil and gas, shortages of goods and inflation. Recent years have seen a downturn in Norwegian household finances and most people felt the continued rise in living costs in 2023. Despite this, we have seen



that both private individuals and businesses have been both willing and able to adapt to these new challenges.

An active, adaptable region

Throughout history, the business community in Nordvestlandet has demonstrated its dynamism and capacity for innovation and new ideas. Businesses have kept abreast of what is happening in the outside world, while adapting to changes in local markets and framework conditions.

Our part of the country has an exciting business community that is showing signs of positive future prospects, which is good news for us and the entire region.

The bank follows industry developments closely and it is clear that economic cycles affect the industries differently. The recent upturn in offshore and offshore wind is increasing demand for vessels that can be used in both markets, while the situation is more challenging for the retail trade and building and construction. A weak Norwegian krone exchange rate is contributing to greater competitiveness for several export industries, with the seafood sector being one of those experiencing good demand and earnings. Other industries are experiencing a tougher market, although many have built up good solvency and liquidity reserves in good economic years to see them through tougher periods. Greater confidence that interest rates have peaked may help activity in these industries pick up as well in 2024.

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Among the lowest living costs in Norway

According to Statistics Norway's living conditions survey, we are faring well in Nordvestlandet given the circumstances. While large cities such as Oslo and Stavanger have seen high housing prices and increasing rents, figures from Statistics Norway show that residents of Møre og Romsdal have among the lowest living costs in the country. This means that the population in Møre and Romsdal have more money left to spend on food, transport, leisure activities, etc. than the rest of the country. The fact that Møre og Romsdal's unemployment rate is lower than the national average is also positive for household finances.

Good advice is vital in demanding times

Over the course of the year, more people contacted us to review their personal finances, and it was important for us to be out there encouraging people to take action before any problems grew too big. Higher interest rates combined with higher living costs resulted in a greater need for advice. However, even though many are feeling the financial uncertainty and rising costs, we are still seeing few customers who are experiencing problems paying their bills. Defaults remain low and even though the proportion of customers seeking interest-only arrangements has increased the number is still moderate. We understand that many people feel worried about their personal finances, and we want the threshold for contacting us to be low. With more than 200 advisers in 27 branches, we are close to our customers, which increases our chances of identifying challenges and taking action early, together.

Taking "Grep" (Action)

Anyone can experience financial challenges regardless of their walk of life, which is why we have established a team called "Grep". Grep means action and the Grep team's task is to find solutions and take action together with those who find themselves in such a situation. The team particularly works with homeowners who are struggling to pay their regular expenses and who are seriously concerned about their personal finances. The services provided by Grep are

intended for all bank customers, regardless of where you live in the country. Using established procedures and refinancing, the team brings order to debts owed to public authorities, unpaid bills and credit card debt.

Short decision paths

The bank and business community share a common destiny. We are taking a long-term perspective and have built a solid partnership with our customers by being there when the markets both rise and fall. Our customers appreciate our industry expertise and specialist environments combined with local knowledge, and they provide predictability for both parties. We believe that this is part of the reason why we are taking market share. We have a local presence – we focus on the region, and more people are choosing to become our customer!

One advantage of having a head office in Nordvestlandet is that decisions are taken locally. Short distances to decision-makers make us dynamic, putting us in a better position to exercise discretion and find good solutions together with our customers. We are there and accessible to individuals and businesses, and we believe that relationships and proximity form part of the bond between us and our 127,000 active customers. The figures for 2023 also speak for themselves: we are taking market shares and seeing good growth in lending and deposits.

New branches and greater focus on business

The focus on more activity and growth is yielding results. In November, the bank opened a new branch in Majorstuen in Oslo in a market area that covers our second largest customer group – emigrants from Møre og Romsdal. Its opening has been well received in the market. While we are the market leader in Nordvestlandet, there are areas here at home where we want to have an even stronger presence.

In spring 2024, we will open our latest branch, branch no. 28, in the county's fourth largest municipality, Hustadvika.

We have also seen the business potential of Nordmøre and Romsdal, and have, therefore, chosen to invest even more heavily in these areas with dedicated business departments in both Kristiansund and Molde. We are already seeing greater activity due to the change, as well as a greater influx of new customers.

New services and simpler everyday lives

Making everyday life easier for our customers is a top priority and an area in which we challenge each other on a daily basis. Simplification and digitalisation free up time and resources that can be spent on more value adding activities for both us and our customers. One result of this is the cooperation on the "start-up package" with Conta AS, which halves the time it takes to start a business. The service offers company set up, banking and accounting in a single package conveniently bundled with personalised advice from "Næringsbasen", one of the bank's latest advice services.

People are increasingly leaving their wallets at home and paying via their phone or watch, and in December we launched Apple Pay to the delight of our mobile banking customers with iPhones. Not long after, in February 2024, we launched Google Pay, ensuring that our customers with Android phones have the same opportunities.

From words to action – sustainability in practice

The bank topped EPSI Norway's sustainability index for the third year in a row. Around 6,000 bank customers from across the country assessed the sustainability work of banks, with Sparebanken Møre being scored best by everyone, both retail and corporate customers. In the survey, our customers said that the bank is doing what it can to contribute to a positive development and has helped them through tips and advice on how to work actively on sustainability. Such feedback motivates us. It is important to convey that sustainability is not just about the climate and environment, it is also about social conditions and

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good governance and control. The transition we need to undergo will be demanding and will also have consequences for many companies' business model. It is clear to us that capital is looking for green purposes and, going forward, we will probably see more products and services that are as yet unknown to us.

Social engagement

Last year, we received more than 2,000 applications for grants for everything from instruments to uniforms, elite sports, grassroots sports, cleaning up beaches, theatre projects, festivals, combating exclusion, Newton rooms and food boxes. No less than NOK 200 million of the bank's profit was set aside for good causes that will help make our region a good place to live and grow up. The figures from 2022 show that the savings banking sector gave NOK 2-2.5 billion to socially beneficial causes and is one of Norway's largest private contributors to sports, culture and the voluntary sector. While the grants for sports and larger events are the most visible, the work on combating exclusion in all of its forms is just as important for the distribution of funds. The partnership with Dale Oen Academy, for example, gives school-age young people who do not fit into ordinary classes a chance. Their slogan "We don't give marks. We build character." is about building faith in oneself and in life.

We are the result of our employees

Life in the bank is a reflection of society in miniature. Our colleagues include financial advisers, lawyers, real estate agents, social economists, mathematicians, civil economists, social workers, educators, statisticians and engineers. We are the largest financial services group between Bergen and Trondheim, and last year we welcomed 65 new colleagues. The feedback from our new colleagues shows that we are a very attractive place to work due to both our good working environment and the professional challenges we can offer. Its our colleagues who are contributing to shape the strategy of the bank and who are striving to achieve our goals. The effort they put into their work is why we topped the national rankings for customer

satisfaction, loyalty and reputation in EPSI's national bank survey, and the reason why our customer service centre has been named Norway's best in the banking category for 5 years in a row.

We are the result of what we are together, and that makes me proud of what we achieve and confident that we will continue to succeed in the future.

Trond Lars Nydal
CEO

*The Executive Management
on tour in Hustadvika.*

The photographer in front: Erik Røkke



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Operations



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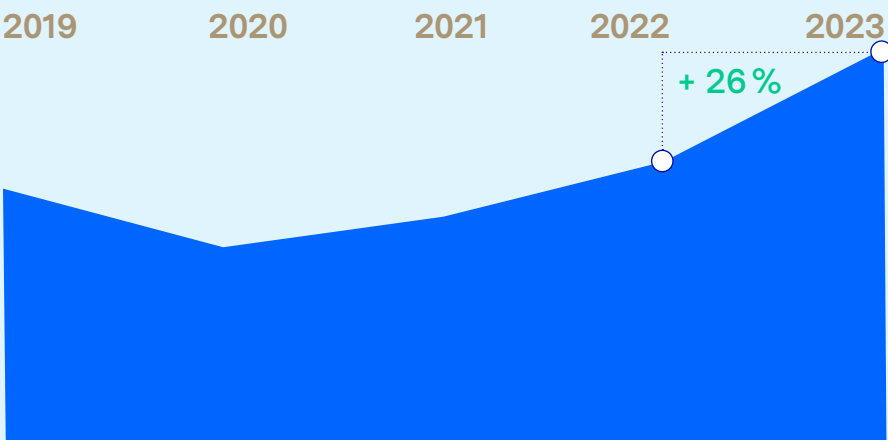
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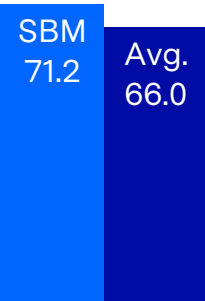
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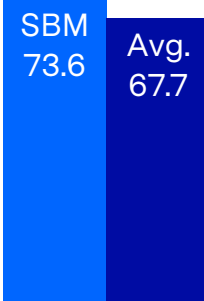


Profit 2023
1055
NOK million

Corporate
Banking Division



Retail Banking
Division



CEPSI

Customer
satisfaction

Very satisfied corporate
and retail customers.



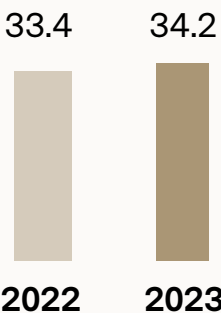
Return on Equity

14.0%

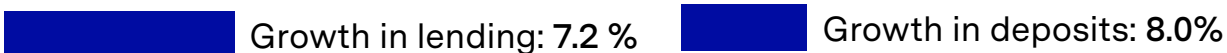
CET1 capital ratio

18.2%

Growth in
Møremegling
(NOK million)



Record high deposit growth



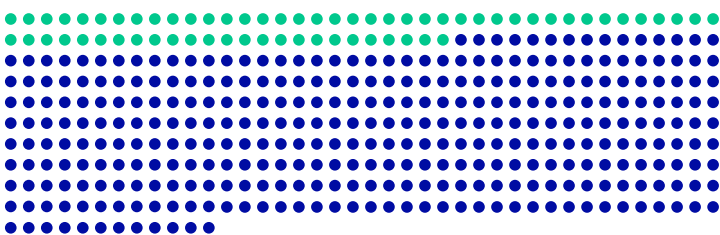
For the fifth year in a row!

Customer service was the best in test

Norway's best customer service in the category
banking for the fifth year in a row. The customer
service is awarded by SeeYou.



New
employees **65** Number of
employees **412**



EPSI Sustainability Index

77.0

Industry average was 61.7

Sparebanken Møre EPSI tops Norway's
sustainability index for the third year in a row.
Some 6,000 bank customers from across
Norway assessed the sustainability work
of banks. Sparebanken Møre scored 77.0,
compared with the industry average of 61.7.

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Key Figures Group

Income statement

	2023		2022		2021		2020		2019	
	NOK million	%	NOK million	%	NOK million	%	NOK million	%	NOK million	%
Net interest income	1 900	2.02	1 517	1.78	1 266	1.57	1 227	1.57	1 314	1.79
Net commission and other operating income	250	0.26	246	0.29	218	0.27	206	0.27	219	0.30
Net return from financial investments	45	0.05	-7	-0.01	43	0.05	74	0.09	74	0.10
Total income	2 195	2.33	1 756	2.06	1 527	1.89	1 507	1.93	1 607	2.19
Total operating expenses	859	0.91	747	0.87	645	0.80	624	0.80	646	0.88
Profit before impairment on loans	1 336	1.42	1 009	1.19	882	1.09	883	1.13	961	1.31
Impairment on loans, guarantees etc.	-53	-0.06	-4	0.00	49	0.06	149	0.19	50	0.07
Pre-tax profit	1 389	1.48	1 013	1.19	833	1.03	734	0.94	911	1.24
Taxes	334	0.35	236	0.28	191	0.24	167	0.21	200	0.27
Profit after tax	1 055	1.13	777	0.91	642	0.79	567	0.73	711	0.97

Balance sheet

(NOK million)	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Total assets	96 735	89 501	82 797	79 486	74 875
Average assets	94 095	85 436	80 941	78 450	73 496
Loans to and receivables from customers	81 572	76 078	69 925	66 850	64 029
Gross loans to retail customers	53 795	50 818	47 557	45 592	43 847
Gross loans to corporate and public entities	28 039	25 575	22 697	21 534	20 441
Deposits from customers	47 410	43 881	41 853	39 023	36 803
Deposits from retail customers	29 226	26 344	24 667	23 366	21 685
Deposits from corporate and public entities	18 184	17 537	17 186	15 657	15 118
Lending growth as a percentage 3)	7.2	8.8	4.6	4.4	6.1
Deposit growth as a percentage 3)	8.0	4.8	7.3	6.0	6.9

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Key figures

	2023	2022	2021	2020	2019
Return on equity 1) 3)	14.0	10.9	9.5	8.6	11.7
Cost income ratio 3)	39.2	42.5	42.2	41.4	40.2
Losses as a percentage of loans as of 1.1. 3)	-0.07	-0.01	0.07	0.23	0.08
Gross credit-impaired commitments as a percentage of loans/ guarantees	0.51	1.44	1.52	1.53	1.48
Net credit-impaired commitments as a percentage of loans/ guarantees	0.39	1.19	1.16	1.22	1.12
Deposit-to-loan ratio 3)	57.9	57.4	59.6	58.1	57.2
Liquidity Coverage Ratio (LCR)	174	185	122	138	165
NSFR (Net Stable Funding Ratio)	124	123			
Capital adequacy ratio	22.2	22.1	20.9	20.8	21.7
Tier 1 capital ratio (T1)	20.0	19.7	18.9	18.7	19.5
Common Equity Tier 1 capital (CET1)	18.2	17.9	17.2	17.0	17.7
Leverage Ratio (LR)	7.5	7.6	7.7	7.7	8.1
Man-years	400	374	364	346	357
Equity Certificates					
Profit per EC (Group) (NOK) 2)	10.12	7.50	31.10	27.10	34.50
Profit per EC (parent bank) (NOK) 2)	10.34	8.48	30.98	26.83	32.00
Dividend per EC (NOK) 4)	7.50	4.00	16.00	13.50	14.00
EC-fraction 1.1. as a percentage (parent bank)	49.7	49.7	49.7	49.6	49.6
Price at Oslo Stock Exchange (NOK)	84.00	84.41	444	296	317
Book value per EC, in NOK (Group figure, incl. proposed dividend)	80.7	74.8	350	332	320
Price/Book value (P/B) (Group) 3)	1.04	1.13	1.27	0.89	0.99

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

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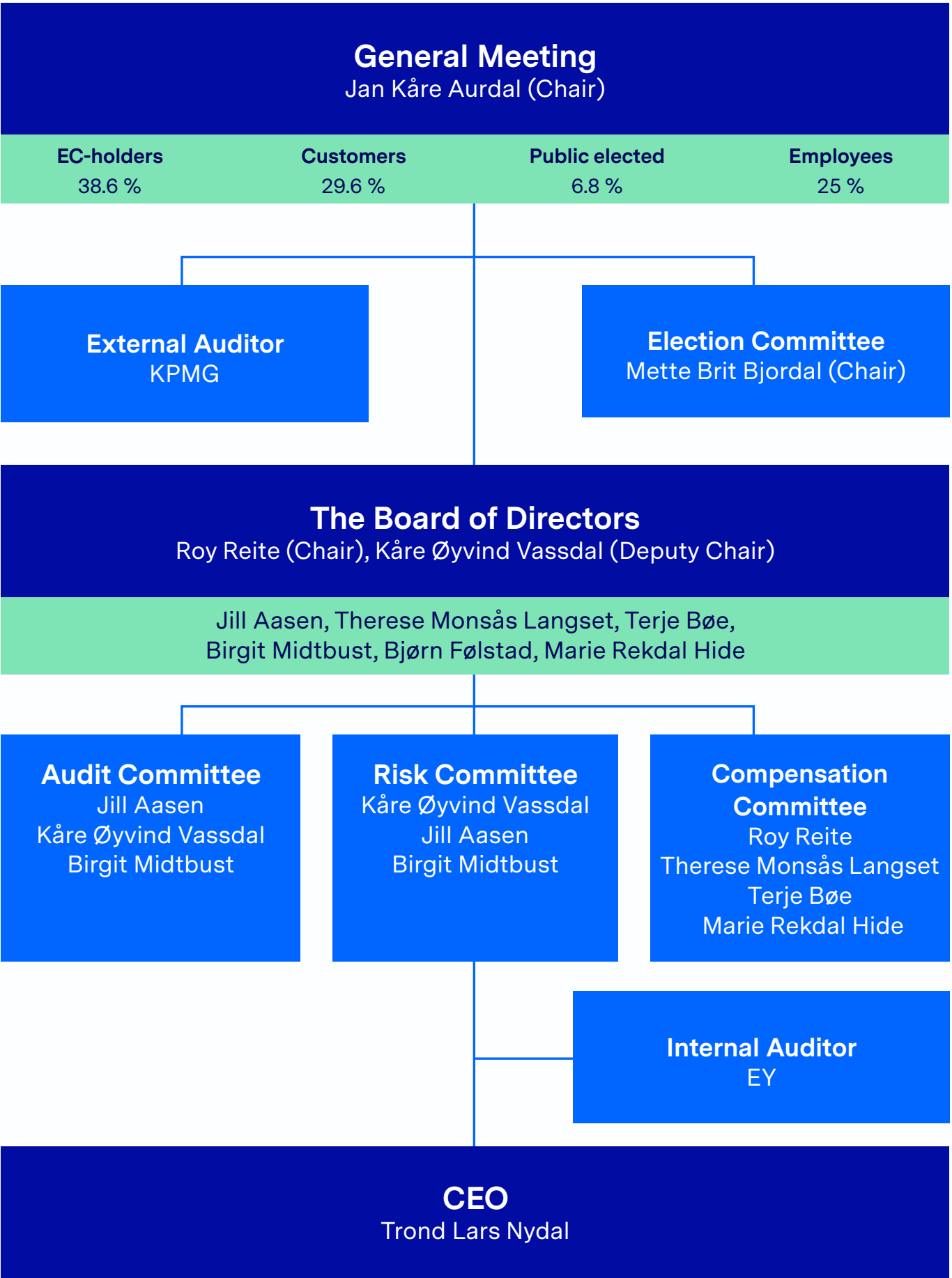
Organisation and management

Sparebanken Møre’s General Meeting is the bank’s supreme body. The General Meeting’s main duties involve approving the financial statements, as well as electing members to the bank’s Board of Directors.

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 shall be elected by the equity certificate holders.
- 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 eight members and two deputy members. Two of the members and the two deputy members are elected from among the employees. See the organisation chart.



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The Board of Directors



Kåre Øyvind Vassdal, Marie Rekdal Hide, Therese Monsås Langset, Roy Reite, Birgit Midtbust, Bjørn Følstad, Jill Aasen and Terje Bøe

Roy Reite

Chair | ECs: 17 610

Roy Reite (1965) is the CEO of SalMar Aker Ocean AS. He has experience from the seafood company Fjordlaks AS from 2019-2022, and was for 20 years a key manager at Aker Yards AS and the CEO of what is now the shipyard group Vard Group AS. Reite graduated as a chartered engineer from the Norwegian University of Science and Technology (NTNU) in Trondheim. Reite took over the post of Chair of the Board at Sparebanken Møre in April 2023. He was the Deputy Chair of the Board of Sparebanken Møre from 2008-2019 and before that a board member for several years. Reite is also chair of the board of subsidiaries of the SalMar Aker Ocean Group and a board member of Gaia Salmon Holding AS. He lives in Ålesund Municipality and attended eight out of eight board meetings in 2023. Reite is independent of executive employees, significant business associates and the largest equity certificate holders.

Kåre Øyvind Vassdal

Deputy Chair | 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 (Siviløkonom) 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 boards of a number of companies in the Brunvoll Group. Vassdal lives in Aukra Municipality and attended eleven out of eleven board meetings in 2023. Vassdal is independent of executive employees, significant business associates and the largest equity certificate holders.

Jill Aasen

Board member | ECs: 0

Jill Aasen (1971) is the Finance Manager of Jets Vacuum AS. She is a trained auditor from Molde University College, and has previously worked as the CFO/Head of Finance at Havila AS, an auditor at BDO in Ulsteinvik and a controller at Tussa Kraft AS. Aasen has board experience from Havila Shipping ASA, is a board member of Ervik & Sævik AS, and has several voluntary positions in 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 Herøy Municipality and attended ten out of eleven board meetings in 2023. Aasen is independent of executive employees, significant business associates and the largest equity certificate holders.

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Therese Monsås Langset

Board member | ECs: 0

Therese Monsås Langset (1980) is Chief Our People and Operational Excellence Officer 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. Langset holds a Master of Science in product development and production and has taken further courses in maintenance and risk management. She has been a board member of Sparebanken Møre since 2021. Langset lives in Molde Municipality and attended ten out of eleven board meetings in 2023. Langset is independent of executive employees, significant business associates and the largest equity certificate holders.

Marie Rekdal Hide

Board member | ECs: 3 585

Marie Rekdal Hide (1985) is the chief employee representative in Sparebanken Møre. She joined Sparebanken Møre in 2007 and has experience from both the Retail Banking Division and the Corporate Banking Division. Hide has a Master of Business Administration from Edinburgh Business School. She has been a board member of Sparebanken Møre since 2017 and lives in Sula Municipality. Hide attended eleven out of eleven board meetings in 2023.

Terje Bøe

Board member | ECs: 0

Terje Bøe (1969) is the CEO of A/S Spilka Industri. Bøe has experience as the CEO of Bomek AS from 2015-2020 and held various management positions in Saferoad AS from 2008-2015. Bøe graduated in mechanical engineering and business management. He has board experience from, among others, Spilka Building Solutions AS, H-Gruppen AS, several foreign subsidiaries of the Saferoad Group and NHO Møre og Romsdal and has been a board member of Sparebanken Møre since April 2023. Bøe lives in Ålesund Municipality and attended eight out of eight board meetings in 2023. Bøe is independent of executive employees, significant business associates and the largest equity certificate holders.

Bjørn Følstad

Board member | ECs: 292

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 nine out of eleven board meetings in 2023.

Birgit Midtbust

Board member | ECs: 0

Birgit Midtbust (1982) is a senior lawyer at the law firm Advokatfirmaet Schjødt AS. Midtbust works with mergers and acquisitions, capital markets and corporate law. She also has experience in loan financing, especially financing for vessels for both banks and shipping companies. Midtbust also has previous board experience from, among others, Otello Corporation ASA and has been a board member of Sparebanken Møre since April 2023. She is graduated from the Faculty of Law at the University of Bergen. Midtbust lives in Ålesund Municipality and attended eight out of eight board meetings in 2023. Midtbust is independent of executive employees, significant business associates and the largest equity certificate holders.

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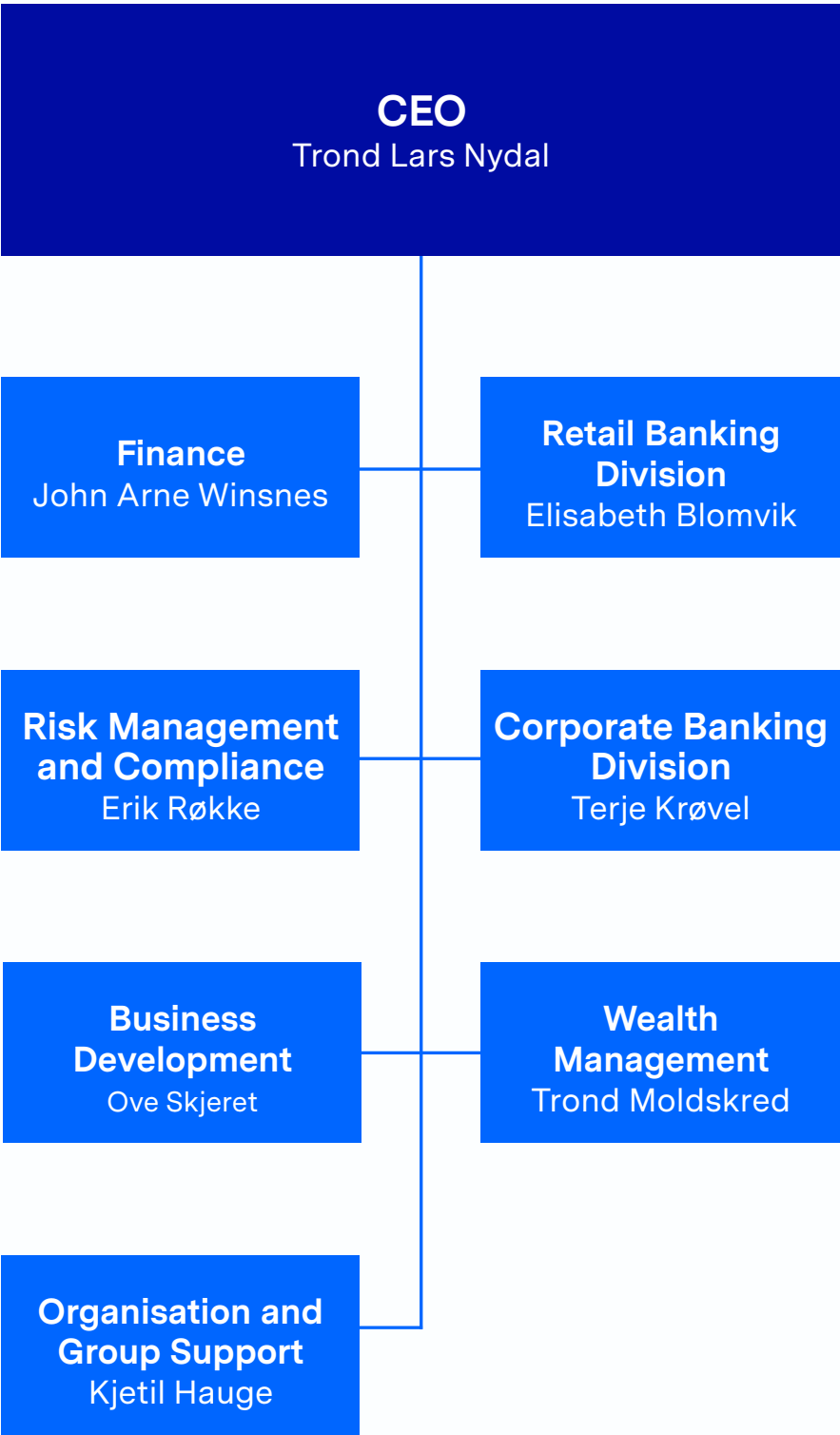
Number of equity certificates (ECs) in Sparebanken Møre per 31.12.23, including ECs owned by immediate family and companies in which the person has decisive influence (cf. section 7-26 of the Norwegian Accounting Act)

Executive Management

The Executive Management by 31 December 2023 had seven members: the CEO, CFO, EVP Corporate Banking Division, EVP Retail Banking Division and three heads of units. The EVP of the Wealth Management is not a member of the Executive Management but does report directly to the CEO like other heads of divisions and units.

The Retail Banking Division consists of 27 local departments of which 26 are located in Nordvestlandet and one in Oslo. 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, Corporate Banking Nordmøre and Corporate Banking Søre Sunnmøre. Corporate Banking Sunnmøre is in turn organised into five different industry groups (Real Estate and Developers, Trade and Service, Industry and Energy, Seafood and Maritime). The heads of these units report to the head of division.



Trond Lars Nydal

Born: 1970 | ECs: 42 538

CEO since 2017. Joined Sparebanken Møre in 1997. Nydal has held several senior positions in the bank and has been a member of the bank’s Executive Management since 2003. He sits on the boards of Vipps Holding AS, BankID BankAxept AS and is a member of the Industry Board Bank and Capital Market (Finance Norway). Education: Business School Graduate from NHH.

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Terje Krøvel

Born: 1959 | ECs: 29 095

EVP, Head of Corporate Banking Division since 2017. 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. He has been a member of the bank’s Executive Management since 2001. Education: Economics and administration from Møre og Romsdal Distriktshøyskole (1983).



Erik Røkke

Born: 1969 | ECs: 35 466

EVP, Head of Risk Management and Compliance since 2017. Joined Sparebanken Møre in 2012. Former head of Credit and Legal in the bank, auditor at PWC (1994-2001) and bank manager in Ørskog Sparebank (2001-2012). Education: Business School Graduate from NHH (1994) and State Authorised Auditor.



Elisabeth Blomvik

Born: 1978 | ECs: 7 136

EVP, Head of Retail Banking Division since 2017. Joined Sparebanken Møre in 2017. She has previous experience from several management positions in Nordea (2001-2017), most recently as head of department of Nordea Ålesund. Education: Master in Management from BI Oslo and has participated and mentored in various management development programmes.

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John Arne Winsnes

Born: 1970 | ECs: 722

CFO since 2021. Joined Sparebanken Møre in 2021. He has previous experience as the CFO of Olympic Subsea ASA, the CEO of SpareBank 1 Søre Sunnmøre and various senior roles in Aker Yards ASA, ABB Financial Services and GE Capital. Education: He graduated in business economics from the University of Mannheim, Germany (1999).



Ove Skjeret

Born: 1971 | ECs: 2 785

EVP, Head of Business Development since 1 February 2023. Employed by Sparebanken Møre in 2002-2008 and again from 2012 onwards. He has previously been the head of Business Support, head of the Digital Customer Channels, head of Strategic Marketing and head of Marketing. Education: A Business School Graduate from NHH (1990) and Executive Master of Technology Management from NTNU, NHH and the University of Cambridge (2022).



Kjetil Hauge

Born: 1972 | ECs: 12 924

EVP, Head of Organisation and Group Support from 1 February 2023. Joined Sparebanken Møre in 1998. Former head of Organisational Development, head of Information and Compliance and regional bank manager, as well as the bank manager for Møre Academy and managing director of Møre Boligkreditt AS. Education: Business School Graduate from NHH (1995).

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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

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 2023 – numbers in NOK million

32 357	
Net loan to customers	
128	237
Profit after tax	Net interest income
28 311	
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 25 employees and offices in Ålesund, Ulsteinvik and Molde. The company traded 575 properties in 2023. Managing Director in Møre Eiendomsmegling AS is Bendik Tangen.

Key Figures 2023 – numbers in NOK million

34.2
Turnover
0.07
Profit after tax
11.2
Equity

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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. Redegjørelse for eierstyring og selskapsledelse

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 2023, 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 GL 05/2021.

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 2027”, was approved by the Board in December 2023. It defines five strategic focus areas, of which one is that Sparebanken Møre should be a driving force behind 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 laid down 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

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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 on the Board of Sparebanken Møre with 50 per cent. 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 wants to be the first choice for retail customers in Nordvestlandet and an attractive bank for everyone across Norway. For corporate customers in Nordvestlandet, Sparebanken Møre wants to be the first choice for small and medium-sized enterprises, and an attractive partner for larger enterprises.

It will endeavour to maintain a healthy financial structure and financial strength and achieve 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

Sparebanken Møre's equity and its composition are based on the applicable regulatory requirements at any given time. The main factors for the bank will be

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 set out in the bank's long-term 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 as a minimum 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 2023 exceeded the regulatory and internal minimum requirements for capital. Primary capital was 22.2 per cent, Tier 1 capital 20.0 per cent and Common Equity Tier 1 capital 18.2 per cent.

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

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

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

The General Meeting can authorise the Board to increase capital for specific purposes. On 29 March 2023, 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 2024, although for no longer than 31 March 2024. The authorisation had not been exercised at the end of the year since there had been no need to do so.

Based on a board authorisation to acquire treasury equity certificates granted by the General Meeting on 29 March 2023, on 20 April 2023 Sparebanken Møre applied to the Financial Supervisory Authority for approval of the authorisation. The Financial Supervisory Authority's reply provided information about its new practice. This follows from the limits laid down in Article 78(1), second paragraph, fourth sentence, of the CRR, which entails that a general prior authorisation to reduce Common Equity Tier 1 capital may not exceed 3 per cent of the bank's equity certificates. Nor may the authorisation exceed 10 per cent of the Common Equity Tier 1 capital in the institution that exceeds the regulatory requirement for Common Equity Tier 1 capital pursuant to the Financial Institutions Act and regulations, and by a margin deemed necessary by the supervisory authority. Another condition is that the bank deducts the amount in the authorisation from the Common Equity Tier 1 capital from the date the authorisation is granted and for the duration of the authorisation. Sparebanken Møre has been authorised to carry out acquisitions in accordance with the above limits, which, seen in isolation, contributed to a reduction in Common Equity Tier 1 capital of 0.18 percentage points in the second quarter. This is equivalent to a limit of NOK 64.9 million. The authorisation is valid until 12 March 2024.

Deviations from the Code of Practice: None

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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 29 March 2023, 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 2024, although for no longer than 31 March 2024. 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 mat-

ters 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 per cent or more of the capital), the special rules regarding authorisation from the Financial Supervisory Authority of Norway apply, ref. the Financial Institutions Act, chapter 6.

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

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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 Sparebanken Møre. 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. Customer-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 consists of eight members. Six of the members are elected by the General Meeting. Two of the members, along with two deputy members, are 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. The Board of Directors' overall competence must also be assessed. 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. Suitability assessments are 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.

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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 long-term 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 Executive Management. 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 institutions in the same group where there are minority shareholders. Sparebanken Møre’s subsidiaries were, as at 31 December 2023, all wholly owned by Sparebanken Møre.

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 remuneration 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 Remuneration 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 Remuneration 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.

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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 macro-economic 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, Recovery Plan and Crisis Management Framework via the implementation of these in the long-term strategic plan. 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 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 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 in addition to 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 ordi-

nary 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 executive

The Board revises the guidelines for the salaries and remuneration of executive persons 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 2023, the bank’s employees (with the exception of

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the CEO) were paid a bonus for the financial year 2022. This amounted to a fixed sum of NOK 20,000 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 executive persons 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/section in established managerial agreements, as regards results in relation to changes in working methods and the achievement of personal and case results. These assessments are based on the results achieved and, where possible, Sparebanken Møre's total return on equity capital in the past 2 years.

In the case of executive persons 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 2 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.).

Executive persons, 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 4 years.

Executive persons and others who receive variable remuneration shall receive at least half of it in the form of equity certificates. In the case of variable remuneration that is not subject to deferral arrangements in accordance with section 15-4 of the Financial Institutions Regulations, ref. section 15-5, the awarded equity certificates cannot be disposed of at a pace faster than equal amounts evenly distributed over a period of at least 4 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 4 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.

Executive persons, 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 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 Sparebanken Møre's website.

Deviations from the Code of Practice: None

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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 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

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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 2022.

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.

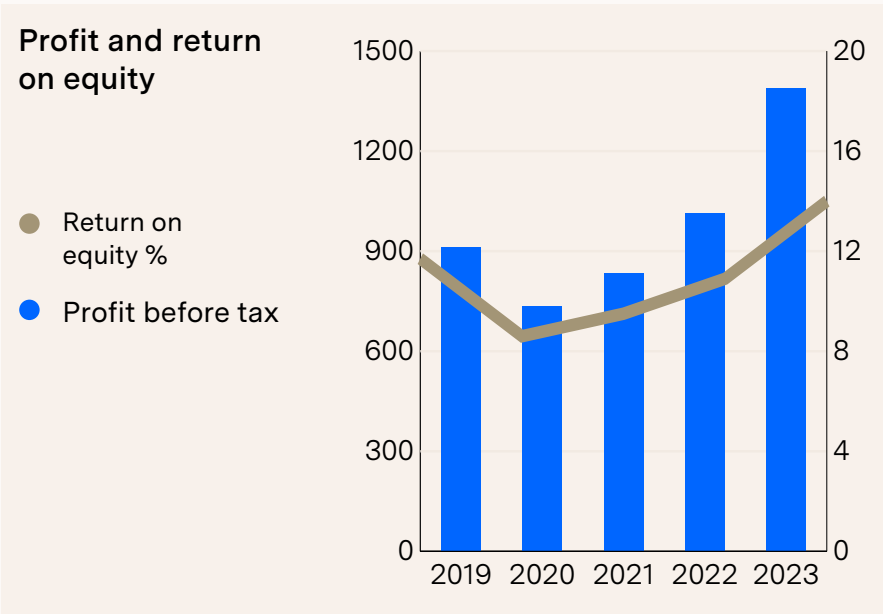
Sparebanken Møre was established in 1985 by the merger of a number of local savings banks. The oldest bank that was part of this merger was Herrøe og Røvde Sparebank, which was founded in 1843.

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 2023, the bank employed 400 full-time equivalents (FTEs) spread across 26 branches in Møre og Romsdal and one in Oslo. 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 people, businesses and the public sector in Nordvestlandet.

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

- Funding
- Deposits and other forms of investments
- Asset management
- Financial advisory services
- Money-transfer services
- Currency and interest rate trading
- Insurance
- Real estate brokerage



KEY FIGURES FOR 2023

Group's key figures

(Comparable figures for 2022 in brackets)

- Profit after tax: NOK 1,055 million (NOK 777 million)
- Return on equity after tax: 14.0 per cent (10.9 per cent)
- Lending growth in the past 12 months: 7.2 per cent (8.8 per cent)
- Deposit growth in the past 12 months: 8.0 per cent (4.8 per cent)
- Primary capital amounted to 22.2 per cent (22.1 per cent) and Tier 1 capital 20.0 per cent (19.7 per cent), of which Common Equity Tier 1 capital amounted to 18.2 per cent (17.9 per cent).
- Earnings per equity certificate: NOK 10.12 (NOK 7.50)
- The Board of Directors recommends that the Annual General Meeting pays a cash dividend of NOK 7.50 per equity certificate and sets aside NOK 376 million for dividend funds for local communities.

Parent bank's key figures

- Profit after tax: NOK 1,077 million (NOK 875 million)
- Primary capital amounted to 24.5 per cent (24.4 per cent) and Tier 1 capital 22.0 per cent (21.7 per cent), of which Common Equity Tier 1 capital amounted to 20.0 per cent (19.7 per cent).
- Earnings per equity certificate: NOK 10.34 (NOK 8.48)

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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 up
- 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 savings bank model 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 in Nordvestlandet, and our long-term goal is to strengthen future value creation and responsible development in the region. The savings bank model allows the bank to contribute to regional development, including by awarding funds to good causes.

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 wants to collaborate with the best partners.

Sparebanken Møre also wants to attract the best employees. Its corporate culture should be characterised by cooperation, learning, job enjoyment and motivation. Good ethical attitudes and good professional banking should create value for both the bank and customers.

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 long-term targets for the strategy period 2024-2027 are a return on equity of more than 12 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 goals 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 2023 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

Uncertain financial outlook

High inflation, high interest rates and geopolitical uncertainty are still impacting the economic outlook,

both abroad and domestically. We have yet to see the full economic impact of the sharp rise in interest rates and there is some uncertainty about how households and businesses will adapt. War in a number of regions of the world is reinforcing this uncertainty. Growth will remain weak.

A more detailed review of the framework conditions for the real economy is provided in the section “Future prospects” below.

Key policy rate

Price inflation in Norway is clearly above target. Norges Bank raised its policy rate several times in the past year in order to help stabilise the inflation rate at around the 2 per cent target. The last interest rate hike in 2023 was made on 14 December when the central bank decided to raise its policy rate from 4.25 per cent to 4.50 per cent.

In connection with this interest rate decision, the Governor of the Norges Bank stated: “We see that the economy is cooling down, but inflation is still too high. An increase in the policy rate now reduces the risk of inflation remaining high for a long period of time. The policy rate will likely be kept at 4.50 per cent for some time ahead.”

The forecast from Norges Bank in connection with the last monetary policy meeting of Norges Bank in 2023 indicates that the policy rate will remain at 4.50 per cent until autumn next year, before gradually being lowered. The central bank’s interest rate curve indicates a policy rate of 4.25 per cent at the end of 2024.

Developments in the financial markets

Deposits are the Group’s most important source of funding. The deposit-to-loan ratio of 57.9 per cent as at 31 December 2023 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. The deposit-to-loan ratio coverage is within the bank’s defined target corridor.

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Norwegian banks have good access to market funding. In the first half of 2023, after more than 2 months of margin contraction since the start of the year, we registered widening margins in the wake of international bank turmoil (including SVB in the US and Credit Suisse in Europe). However, this widening was reversed to some extent in the summer and early autumn, before widening again during October. Towards the end of the year, lending margins for both the bank and the mortgage credit company contracted slightly.

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 be able to deal with a crisis without the use of public funds.

The MREL requirement must be covered by own funds 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.

In a letter dated 10 November 2023, the Financial Supervisory Authority set Sparebanken Møre’s effective MREL requirement as at 1 January 2024 to 35.7 per cent and the minimum subordination requirement at 28.7 per cent.

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.

As a continuation of the EU’s action plan, a number of new directives and laws have been introduced, such as the EU Taxonomy, the EU Disclosure Regulation, the Corporate Sustainability Reporting Directive (CSRD), ESG requirements in capital adequacy regulations, the Norwegian Transparency Act and others.

Sparebanken Møre has initiated measures to adapt to these changes, and more information about the bank’s work on sustainable finance can be found in the section 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 2023.

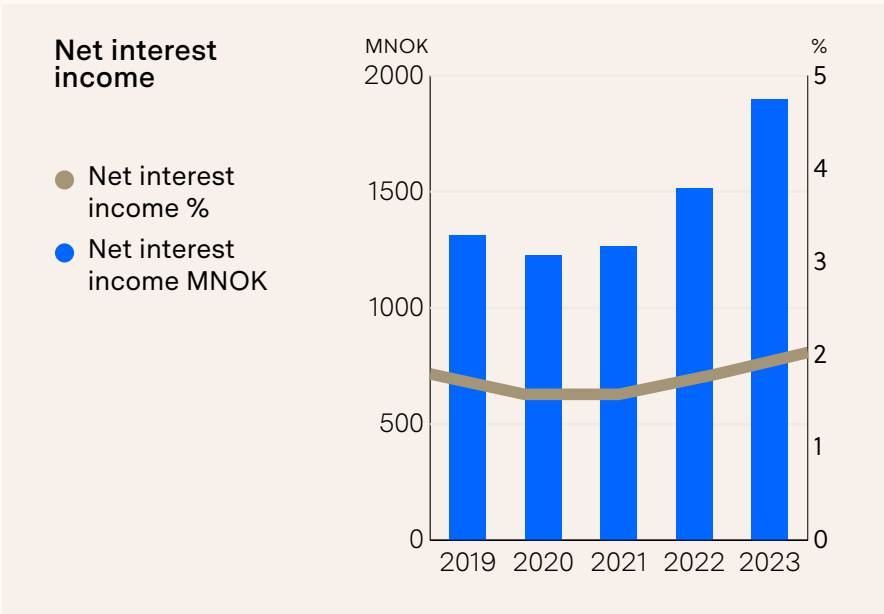
Net interest income

Net interest income totalled NOK 1,900 million (NOK 1,517 million) or 2.02 per cent (1.78 per cent) of average assets.

In the retail market, the lending margin decreased while the deposit margin increased compared with 2022. In the corporate market, the interest margin for lending was on a par with 2022, while the interest margin for deposits increased slightly.

Other income

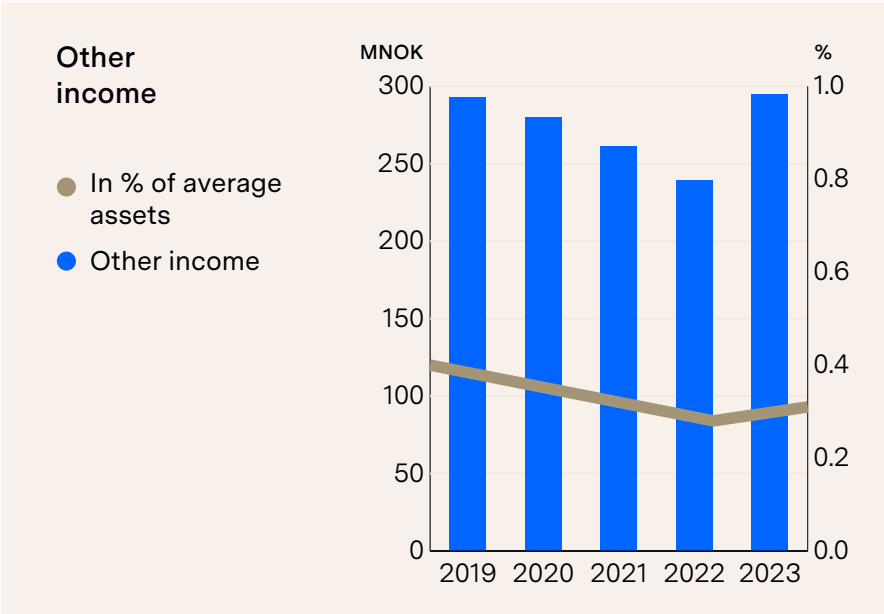
Other income was NOK 295 million in 2023 (0.31 per cent of average assets). This is an increase of NOK 56 million compared with 2022.



Dividends amounted to NOK 1 million, compared with NOK 11 million in 2022. Capital losses from bond holdings were NOK 2 million, compared with losses of NOK 75 million in 2022. Capital gains from equities amounted to NOK 10 million, compared with capital gains of NOK 24 million in 2022. Income from other financial instruments show a reduction of NOK 7 million compared with 2022.

Other income, excluding financial instruments, increased by NOK 4 million compared with 2022.

See Note 16 for a specification of other income.



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Costs

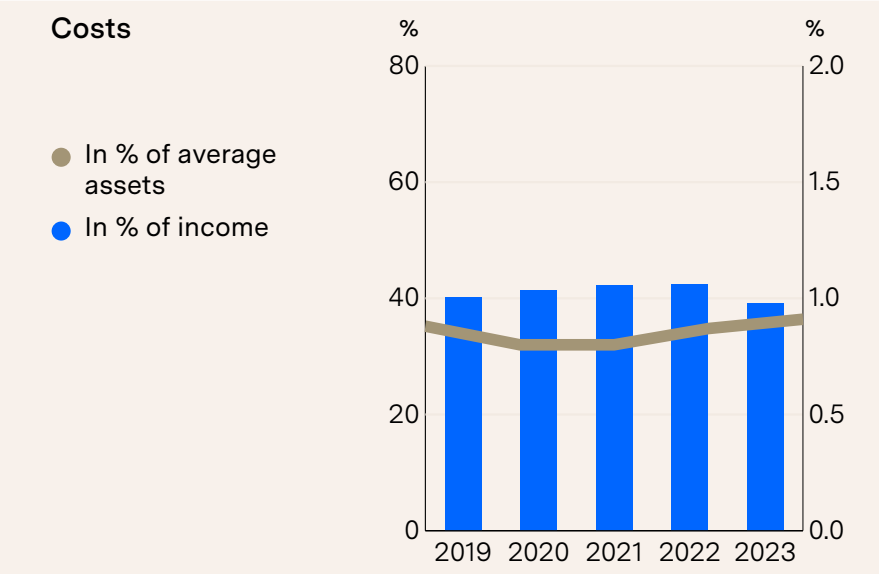
Total costs were NOK 859 million, which is NOK 112 million higher than in 2022. Personnel costs increased by NOK 52 million compared with 2022 and were NOK 482 million. Staffing has increased by 26 FTEs in the past 12 months to 400 FTEs. Other operating costs were NOK 60 million higher than in 2022. See Note 18 and 19 for a specification of costs.

The cost income ratio for 2023 was 39.2 per cent, which represents a decrease of 3.3 percentage points compared with 2022.

Provisions for expected credit losses and credit-impaired commitments

The accounts were credited with net receipts on losses on loans and guarantees of NOK 53 million in 2023, while the accounts for 2022 were credited with net receipts of NOK 4 million.

At the end of 2023, provisions for expected credit losses totalled NOK 266 million, equivalent to 0.32 per cent of gross loans and guarantee commitments (NOK 341 million and 0.44 per cent). Of the total provision for expected credit losses, NOK 26 million relates to credit-impaired commitments more than 90 days past due (NOK 12 million), which represents 0.03 per cent of gross loans and guarantee commitments (0.02 per cent), while NOK 72 million relates to other credit-



impaired commitments (NOK 186 million), corresponding to 0.09 per cent of gross loans and guarantee commitments (0.23 per cent).

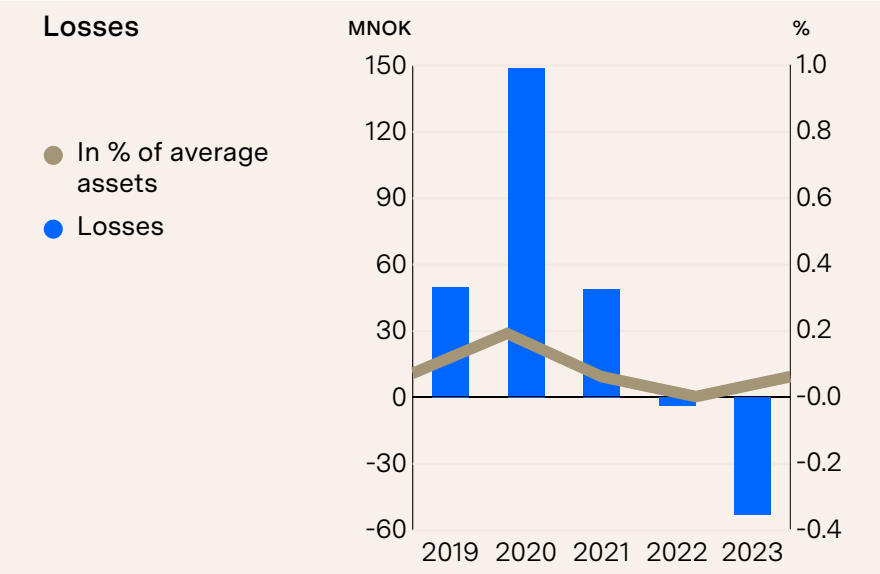
Net credit-impaired commitments (commitments more than 90 days past due and other credit-impaired commitments) have decreased by NOK 598 million in the past 12 months. At year end 2023, the corporate market accounted for NOK 152 million of net credit-impaired commitments and the retail market NOK 175 million. In total, this represents 0.39 per cent of gross loans and guarantee commitments (1.19 per cent).

Total assets

At the end of 2023, total assets amounted to NOK 96,735 million. This represented a NOK 7,234 million or 8.1 per cent increase compared with last year. The change in total assets is primarily attributable to an increase in lending.

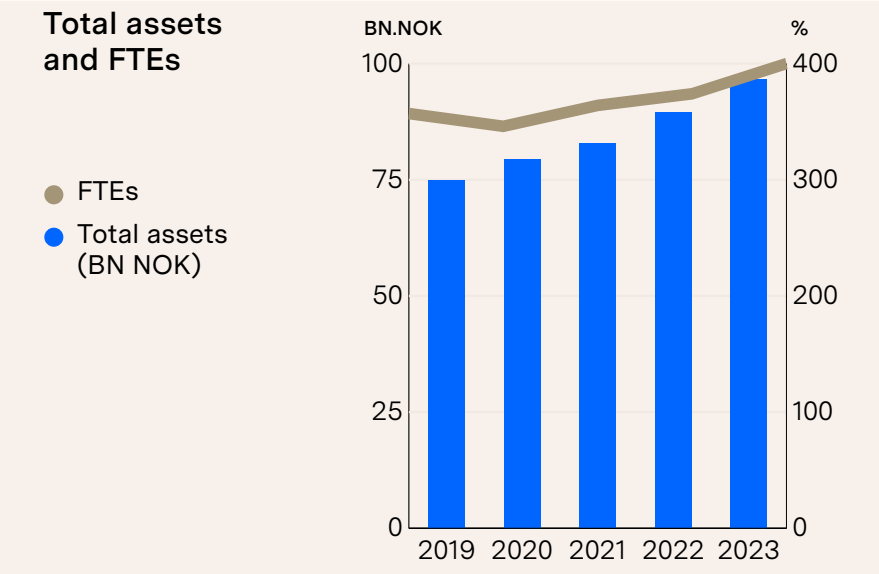
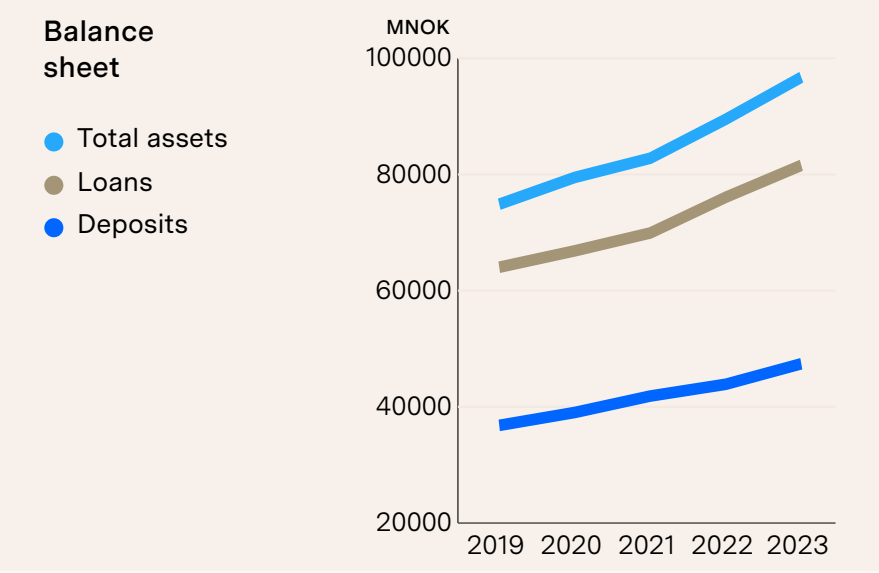
Lending to customers

At the end of 2023, net lending to customers amounted to NOK 81,572 million (NOK 76,078 million). In the past 12 months, customer lending has increased by a total of NOK 5,494 million, or 7.2 per cent. Retail lending has increased by 5.9 per cent, while corporate lending has increased by 9.6 per cent in the last 12 months. Retail lending accounted for 66.0 per cent of lending at the end of the year (65.5 per cent).



Deposits from customers

Customer deposits have increased NOK 3,529 million, or 8.0 per cent, in the past 12 months. At year end 2023, deposits amounted to NOK 47,410 million (NOK 43,881 million). Retail deposits have increased by 10.9 per cent in the last 12 months, while corporate deposits have increased by 3.9 per cent and public sector deposits have decreased by 1.8 per cent. The retail market's relative share of deposits amounted to 61.7 per cent (60.0 per cent), while deposits from the corporate market accounted for 36.9 per cent (38.5 per cent) and from the public sector market 1.4 per cent (1.5 per cent). The deposit-to-loan ratio was 57.9 per cent at the end of 2023 (57.4 per cent).



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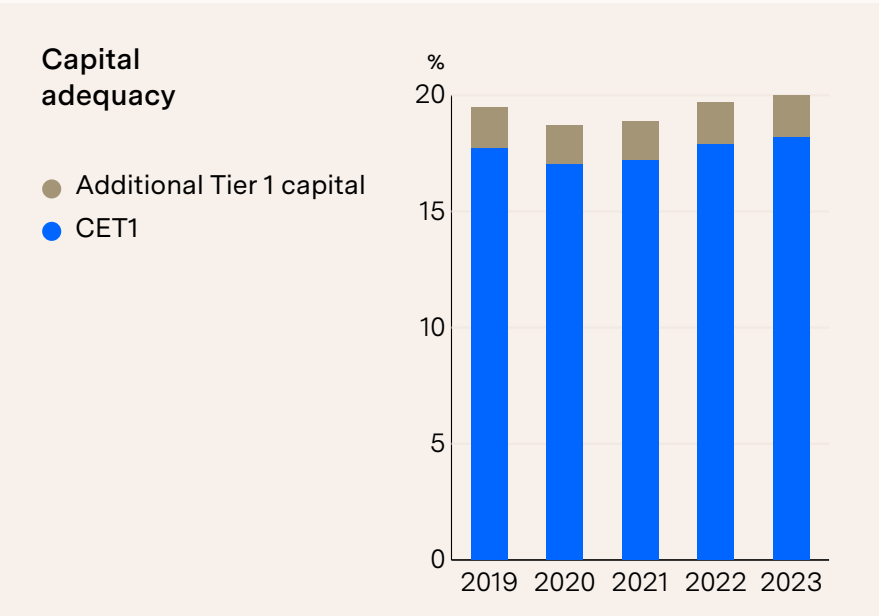
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Capital adequacy

Sparebanken Møre is well capitalised. At the end of 2023, the Common Equity Tier 1 capital ratio was 18.2 per cent (17.9 per cent). This is 2.09 percentage points higher than the total minimum requirement and the Financial Supervisory Authority of Norway’s expected capital adequacy margin (P2G) totalling 16.15 per cent. Primary capital was 22.2 per cent (22.1 per cent) and Tier 1 capital 20.0 per cent (19.7 per cent).

Sparebanken Møre’s total Common Equity Tier 1 capital ratio requirement is 16.15 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 4.5 per cent and a countercyclical buffer of 2.5 per cent. The Pillar 2 requirement for Sparebanken Møre has been set at 1.6 per cent, and the expected capital adequacy margin has been set at 1.25 per cent. At least 56.25 per cent of the new Pillar 2 requirement that resulted from the aforementioned SREP must be met with Common Equity Tier 1 capital (0.9 per cent), while a minimum of 75 per cent must be met with Tier 1 capital.

The leverage ratio (LR) at year end 2023 was 7.5 per cent (7.6 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 2023 amounted to NOK 11,898 million compared with NOK 11,013 million at year end 2022. 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 2023.

The bank’s Additional Tier 1 capital consists of two loans totalling NOK 650 million. Both loans are subject to floating interest rates.

PROPOSED ALLOCATION OF PROFIT FOR THE YEAR

In line with the rules for equity certificates, etc., and in accordance with Sparebanken Møre’s dividend policy, the Board of Directors is planning to propose that 74.1 per cent of the Group’s profit (72.6 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, 49.66 per cent of the profit will be allocated to equity certificate holders and 50.34 per cent to the primary capital fund. The Group posted earnings per equity certificate of NOK 10.12 in 2023 (NOK 10.34 in the parent bank). The Board of Directors is also planning to propose to the Annual General Meeting is that the cash dividend per equity certificate for the 2023 financial year be set at NOK 7.50, which will come to NOK 371 million in total. The corresponding provision for dividend funds for local communities will amount to NOK 376 million.

Proposed allocation of profit (figures in NOK millions):		
Profit for the year		1 077
Share allocated to AT 1 instrument holders		48
Dividend funds (74.1 per cent):		
To cash dividends	371	
To dividend funds for local communities	376	747
Strengthening of equity (25.9 per cent):		
To the dividend equalisation fund	140	
To the primary capital fund	142	282
Total allocations		1 077

EQUITY CERTIFICATES AND DIVIDENDS

At year end 2023, there were 6,775 holders of Sparebanken Møre’s equity certificates. The proportion of equity certificates owned by foreign nationals and companies amounted to 2.4 per cent at the end of the year. 49,434,770 equity certificates have been issued. Equity certificate capital accounts for 49.7 per cent of the bank’s total equity.

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 1,030,888 equity certificates, which makes employees the tenth largest MORG owner overall.

As at 31 December 2023, the bank owned 186,565 of its own equity certificates. These were purchased on the Oslo Stock Exchange at market price.

The aim of Sparebanken Møre 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-

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term return in the form of cash dividends and capital appreciation on their equity.

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

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

BUSINESS AREAS

Retail Banking Division

Sparebanken Møre is a market leader in Nordvestlandet and has a strong presence with more than 170 authorised financial advisers in the branch network and 20 authorised advisers in the customer service centre. During the year, the bank opened a new branch in Oslo, its first branch outside Nordvestlandet. A decision was also made to open a branch in Hustadvika Municipality. It will open in the first half of 2024.

Despite falling credit growth in the market, lending growth to the retail market was high throughout the year and ended at 5.9 per cent, which is equivalent to NOK 2.98 billion. The lending balance was NOK 53.8 billion at the end of the year. Deposits have grown strongly in recent years, and this continued in 2023 where the deposit balance increased by NOK 2.9 billion (10.9 per cent). The deposit balance showed NOK 29.2 billion for the retail market at the end of the year.

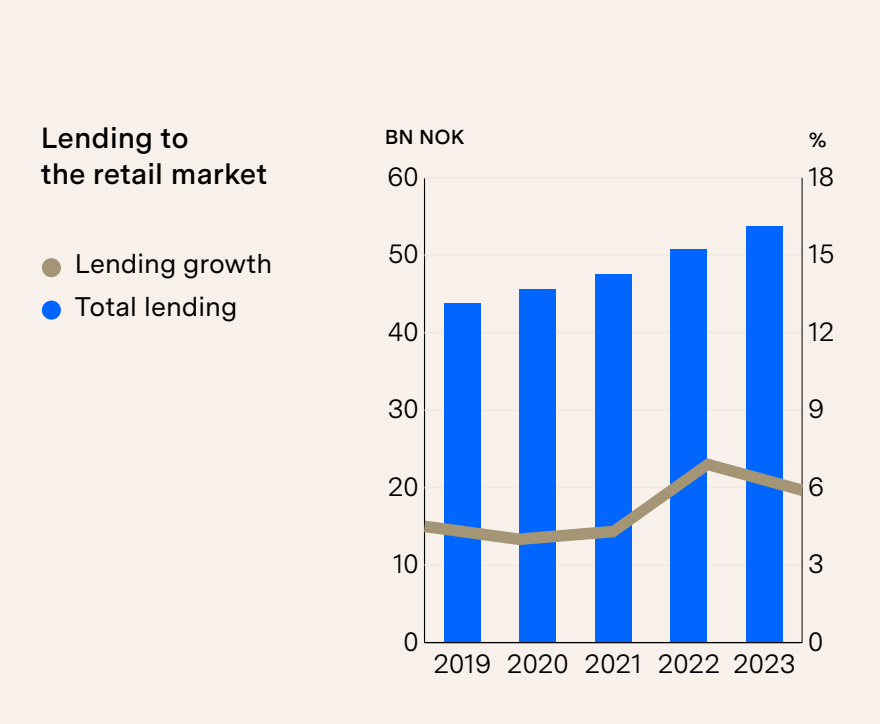
2023 was a record year for growth in investment advice due to the strong growth in the number of new high-net-worth customers. The growth in other business areas such as insurance, real estate brokerage and credit cards was also strong in 2023. This was largely

due to strong growth as a result of new customers, both in Nordvestlandet and in major cities in Norway.

Availability and a strong expert environment were important for customers in yet another year of high inflation and rising interest rates. The bank saw record growth in new retail customers in 2023, with an increase of more than 2,700 customers. This represents good confirmation of the bank’s business model.

Sparebanken Møre places great importance on availability, good customer service and skills. For the fifth year in a row, the bank was ranked as having Norway’s best customer service in the banking category. Fast response times and good expertise are noticed by the general public and are appreciated by customers.

The bank also did very well in EPSI’s customer satisfaction survey for the retail market in 2023. Of all the participating banks in Norway, Sparebanken Møre topped the rankings and was named the bank with the best reputation in Norway. Overall in the retail market, the bank ended up in a strong fourth place. The bank receives excellent feedback in the areas of product quality, loyalty and service. The bank was also voted



the best in Norway with respect to sustainability. The bank’s social commitment is an important driver here.

We are seeing a significant increase in the number of mortgage applications in our fully digital mortgage process. This is an important supplement to the advice channel and provides customers who want to use digital solutions with a good and efficient customer experience. They can also now make changes to their existing loans themselves. This allows the bank to spend more time and resources on providing good advice, for which it is experiencing great demand. Many customers experienced tighter liquidity towards the end of the year as a result of high inflation and higher interest rates. Most customers are coping well with the interest rate increases, although the number of customers who have needed to adjust repayment schedules or interest-free periods for their loans has increased to some extent. 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 a generally higher prices mean that many customers must reduce their spending. Good advice that ensures the customers have healthy and sustainable personal finances is more important than ever. Having an adviser who knows you and who welcomes being contacted has therefore been important for many customers.

Despite the fact that we are finding that most of our customers are coping well with the increased living costs and interest rates, we expect the number experiencing challenges to increase to some extent going forward. To ensure we get ahead of this and are able to help mortgage customers experiencing demanding financial situations, we have established a dedicated department tasked with assisting these customers. We have therefore launched the “Grep”

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concept, which is a service for mortgage customers who need closer follow-up and assistance in order to take action regarding their personal finances. These are advisers with specialist expertise and long, in-depth experience in debt counselling in NAV (Norwegian Labour and Welfare Administration), combined with good banking expertise. The aim is to be able to help more customers achieve long-term and sustainable personal finances.

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 2023 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, following very strong growth in 2022, very good growth was also achieved in 2023.

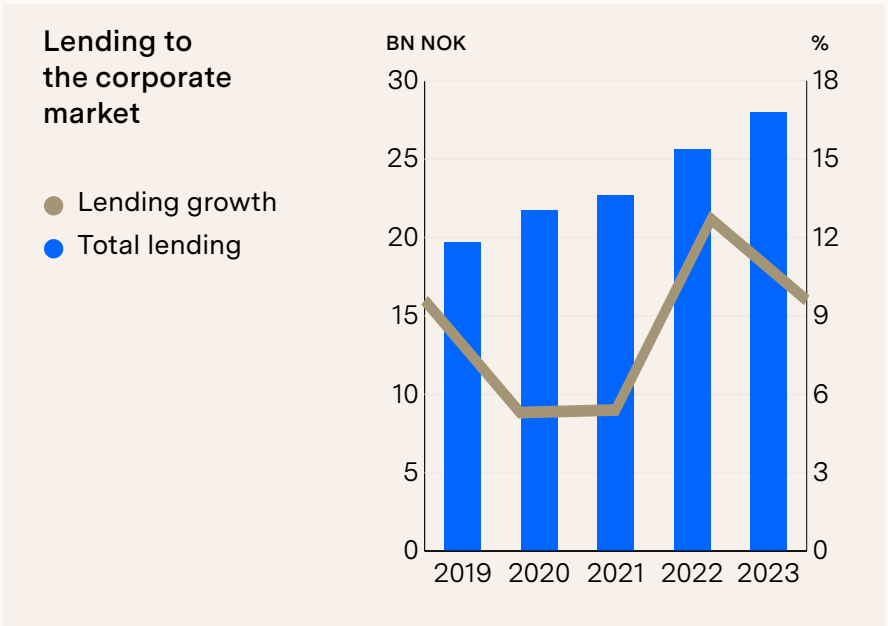
Lending to the corporate market increased by just over NOK 2.5 billion to a total of NOK 28.0 billion, which represents growth of 9.6 per cent. Growth was slightly lower than in 2022, when the volume increase was 12.7 per cent. Deposit growth was more moderate, with overall growth of approximately NOK 0.65 billion. This corresponds to 3.7 per cent, and deposits from corporate customers and the public sector totalled NOK 18.2 billion.

The largest individual industries measured in terms of lending were commercial real estate and fisheries. The loan volume within commercial real estate showed almost zero growth in 2023. The vacancy rate remains low, and large parts of the lending portfolio are interest-hedged at a significantly lower level than the current interest rate. The fisheries portfolio continued to show good growth, and after several good years, most have robust finances with sufficient liquid reserves to cope with cost increases and, for some sectors, also quota reductions.

The quality of the lending portfolio remains good, and both the level of credit-impaired commitments and losses are low in most industries. The improvement in the situation for participants in the supply/offshore market, combined with long-term and value-added cooperation between the customers and the bank, resulted in a significant reversal of losses. A moderate level of new losses, as well as the above reversals, meant that in 2023 we saw a net reversal of losses amounting to NOK 62 million in relation to corporate customers. The corresponding figure for 2022 was a reversal of losses amounting to NOK 26 million.

2023 was a record year for the number of new active customers, and the growth in new customers was very good and trending upwards. In 2023, a total of 653 new corporate customers chose to establish an active customer relationship with Sparebanken Møre, which corresponds to an increase of 112 customers (21 per cent) from 2022. The growth in the past 4 years has been significantly higher than in the preceding years. The majority of new customers are companies in the SME segment.

Sparebanken Møre has a high market share in terms of the number of companies in Nordvestlandet, although it is, for historical reasons, lowest in Nordmøre. In autumn 2023, we established a new corporate department based in Kristiansund, led by a newly hired bank manager and two customer advisers, to strengthen the market work in this area. The initiative is designed



to create a dynamic environment, which together with industry specialists and capable retail market advisers, will strengthen the bank’s competitiveness in Nordmøre.

Establishing the “Næringsbasen” as part of Customer Service in 2021 ensured a complete service with leading expertise for all our corporate customers and has boosted service quality for both large and small enterprises. The customer-facing services are primarily aimed at smaller companies in all industries where the customer’s overall need for financial services is met, and in 2023, a cooperation agreement was signed with a local actor, Conta, for a new service that offers help in setting up a company. The service will simplify setting up a company and halve the time it takes customers to start a business. The agreement also represents an expansion of the bank’s service offering where we now offer invoicing and accounting software via Conta.

Sparebanken Møre came out on top in EPSI’s nation-wide customer satisfaction survey for the corporate market in autumn 2023 with a points score of 71.2 compared with an industry average of 66.0. The bank got the top score for image, where, according to our customers, we show sincere interest in customers, ful-

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fil our social responsibilities, are easy to relate to and are reliable. We also received very good feedback in the areas of advice, online banking and mobile banking. The survey reconfirms that competent advisers with leading expertise in industries and local market conditions are crucial with respect to customer satisfaction, and further enhancing employee expertise is an important focus area.

In the area of sustainability, Sparebanken Møre was ranked the highest of all the banks, no less than 5 points ahead of the bank in second place. The Sustainability Portal, which provides customers with industry-specific advice on their sustainability work, is one of the reasons for this result, and in 2023, the bank established its own corporate sustainability committee with representation from all corporate units. The goals behind its establishment was to reinforce expertise, embed the work on sustainability and improve the advice for customers.

Sparebanken Møre also introduced green loans for commercial real estate customers in 2023.

Further improving and strengthening our advisers' industrial expertise is an important area, and at the same time there was a focus on digitalising and streamlining both internal processes and better self-service solutions.

A new analysis tool has now also been developed and deployed to improve the quality and efficiency of credit work, freeing up further time for direct customer contact and relevant needs-oriented advice.

The outlook for most industries is good for 2024 as well, although geopolitical turbulence, interest rate rises, energy challenges and cost increases are resulting in a somewhat more uncertain future landscape for some industries and customers. The bank will focus strongly on assisting customers with good financial solutions that can help sort out a demanding financial situation.

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-facing services generated income of approximately NOK 97 million in 2023. This accounted for almost 33 per cent of the bank's other income in 2023 and was a slightly lower share than in 2022. Currency and fixed income trading, as well as discretionary portfolio management, are the most important income areas. After deducting costs, the income is allocated to the customer centres in the Corporate Banking Division and the Retail Banking Division.

SUBSIDIARIES

The aggregate profit of the bank's subsidiaries was NOK 130 million after tax in 2023 (NOK 143 million).

Møre Boligkreditt

Møre Boligkreditt AS was established as part of the Group's long-term funding strategy. The main purpose of the mortgage credit company is to issue covered bonds for sale to Norwegian and international investors. At the end of 2023, the company had nominal outstanding covered bonds of NOK 28.3 billion. Around 30 per cent were issued 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 128 million to the Group's result in 2023 (NOK 138 million).

Møre Eiendomsmegling AS

Møre Eiendomsmegling AS provides real estate brokerage services to both retail and corporate customers. The company contributed NOK 0 million to the result in 2023 (NOK 1 million). At year end, the company employed 23 full-time equivalents.

Sparebankeiendom AS

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 2 million to the result in 2023 (NOK 4 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 being carried out in collaboration with partners such as TietoEvry, the Norwegian University of Science and Technology (NTNU) and TEFT-lab. TEFT-lab is a research collaboration with NTNU in Ålesund, which in 2022-2025 will play a clearer role in relation to regional development. The focus will be on interdisciplinary development projects in cooperation with the business and public sectors where research will be translated into practical benefit for the business sector. This will be done through a variety of initiatives such as research projects, work-relevant education, summer internships, student awards, business PhDs, symposiums, events and the "Næringsteft" programme.

In 2017, Sparebanken Møre paved the way for employees to report their interest in taking a business PhD in collaboration with NTNU in Ålesund. In 2023, an employee defended their dissertation in the area of risk management, which provides the bank with expertise that adds a lot of value to the credit rating work and

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the further development of the bank’s credit scoring models. The business PhD was completed at the Department of International Business at NTNU.

The Group is also a committed contributor to R&D activities in Nordvestlandet via research environments, knowledge parks and industry clusters.

CORPORATE GOVERNANCE

Corporate governance in Sparebanken Møre includes the aims, targets and overall principles in accordance with which the Group is managed and controlled for the purpose of safeguarding the interests of owners, depositors and other groups 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

Taking risks 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 2023, the Board approved a new strategic plan, “Møre 2027”. 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 Group Management, 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 response to the application on 22 June 2023 in which Financial Supervisory Authority has approved the proposed models for the corporate market. The model changes increased the Common Equity Tier 1 capital ratio by 0.7 percentage points. Sparebanken Møre incorporated the new models in the fourth quarter of 2023. The Financial Supervisory Authority has in letter of 18 January 2024 rejected the bank’s application for model changes for the retail market, and the bank will send a new application which takes the Financial Supervisory Authority’s feedbacks into account.

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.

Sparebanken Møre’s total Common Equity Tier 1 capital ratio requirement is 16.15 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 4.5 per cent and a countercyclical buffer of 2.5 per cent. The Financial Supervisory Authority conducted a SREP in 2023. The individual Pillar 2 requirement for Sparebanken Møre has been set at 1.6 per cent, and the

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expected capital adequacy margin has been set at 1.25 per cent. At least 56.25 per cent of the new Pillar 2 requirement that resulted from the aforementioned SREP must be met with Common Equity Tier 1 capital (0.9 per cent), while 75 per cent must be met with Tier 1 capital.

Sparebanken Møre has an internal target for Common Equity Tier 1 capital (CET1). As a minimum this must equal the sum of the Pillar 1 and Pillar 2 Guidance (P2G) plus the capital requirement margin.

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 indicator method.

Sparebanken Møre's capital adequacy at year end 2023 was well above the regulatory capital requirements and the internally set minimum target for Common Equity Tier 1 capital of 16.15 per cent. Primary capital amounted to 22.2 per cent (22.1 per cent) and Tier 1 capital 20 per cent (19.7 per cent), of which Common Equity Tier 1 capital amounted to 18.2 per cent (17.9 per cent).

The minimum requirement for the Tier 1 leverage ratio has been set at 3 per cent. At the start of 2024, Sparebanken Møre's Tier 1 leverage ratio was 7.6 per cent (7.5 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 credit 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 with 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 lending 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.

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Climate-related risk

Climate-related risk is the impact resulting from climate change. Climate-related risk will also impact the bank’s credit risk. Therefore, it is vital that the bank understands how climate-related 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 an adverse impact on the climate, but rather choose a greener direction (low emission).

- When assessing climate-related, two types of risk in particular must be assessed: physical risk and transitional risk:
- Physical climate-related 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-related risk in line with the Task Force on Climate-Related Financial Disclosures (TCFD). The report surveys 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 emphasis on credit risk, as well as the bank’s management of market, liquidity and operational risk/reputational risk. The TCFD report has been integrated into the bank’s annual report in the section “Sustainability and Corporate Social Responsibility”.

In addition, all corporate customers with an exposure above a specified threshold value have to undergo an ESG risk analysis. The analysis assesses companies based on the three ESG dimensions: the environment, social conditions and governance, with an emphasis on the environment and climate-related 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 in a quarterly risk report.

Climate-related risk is closely related to the assessment of nature-related risk, and work has started on assessing nature-related risk. This will be reported on for the first time in 2024.

In the opinion of the Board, the bank’s operations are organised such that the climate-related 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 foreign exchange trading.

The Board stipulates limits for Group market risk in the market risk strategy. The limits are monitored by the Risk Management and Compliance units. 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 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 different 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 established an internal minimum target for LCR of 110 and of 105 for NSFR: The reporting shows that Sparebanken Møre achieves both requirements by a good margin.

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.

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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 Group’s defined contribution coverage at the end of 2023 amounts to 57.9 per cent and is within the bank’s target corridor of 55-60 per cent.

Møre Boligkreditt AS’s purpose is to acquire mortgages from Sparebanken Møre and finance these through the issuance of covered bonds and thus provide the Group with greater diversification in relation to funding sources. At the end of 2023, around 39.6 per cent of the Group’s total lending 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 a press release published on 8 December 2023, the rating agency Moody’s confirmed Sparebanken Møre’s counterparty, deposit and issuer ratings as A1 with a stable outlook. The rating of the bank’s senior non-preferred liabilities in local currency was also maintained at Baa1. In 2023, Moody’s gave Møre Boligkreditt AS the same rating as the bank, A1.

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 37.7 billion at year end; almost 84 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 2.74 years at year end 2023, while covered bond funding correspondingly had a remaining term of 2.95 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

Operational risk is defined as the risk of losses due to inadequate or failing internal processes or systems, human error or external events. The definition also includes legal and reputational risk. Operational risk is comprehensive and is linked to multiple areas of risk such as third-party risk, cyber/information security, sustainability, behavioural risk, anti-money laundering, privacy and others.

The management and control of Sparebanken Møre’s operational risk is set out in a strategy for operational risk that is evaluated and approved by the Board every year.

The process for managing and controlling operational risk must ensure continuous improvements are made and that no single incident can seriously harm Sparebanken Møre’s financial position. A good risk culture in

the form of the organisation’s risk awareness, actions and capacity for learning is a prerequisite for fulfilling the goals, risk appetite and tolerance for the area. The Board has approved internal guidelines for this area, and risk assessments are conducted on an ongoing basis. The Group employs a systematic process to identify and manage operational risks.

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. Geopolitical unrest also contributed to changes in the risk picture, and overall this underscores the importance of managing operational risk and keeping it under control.

Suggested improvements and incidents are recorded and assessed systematically. There were no incidents with serious consequences in 2023.

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. The Board has determined that the bank should have a low risk appetite with respect to compliance risk.

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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. It is the Board’s opinion that the bank’s operations are aligned so that compliance risk is handled satisfactorily.

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 itself 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 associated 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, 3 and 4.

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.

In the opinion of the CEO, the bank’s established internal controls are generally sufficient to ensure compliance with the bank’s strategies and responsibly address the bank’s identified risks. Where conditions are identified that ought to be improved, measures are taken.

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 highlighted as one of five key areas in the corporate strategy for 2024-2027, and in 2023 a dedicated sustainability department was established to strengthen operational capacity in this area.

The Group issues an annual report on corporate social responsibility in line with section 3-3c of the Accounting Act. The Group reports in line with the Global Reporting Initiative (GRI), the Greenhouse Gas Protocol (GHG Protocol), the Task Force on Climate-Related Financial Disclosures (TCFD) and the Principles for Responsible Banking (PRB).

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 report also fulfils our activity and reporting duties as defined in the Equality and Discrimination Act.

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

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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 well thought through feedback.

The results of the working environment survey show high levels of employee engagement and satisfaction. For 2023, the Working Environment Committee score was 8.1 on a scale from 1-10, which reflects a very good working environment. The survey shows that the majority of employees are positive ambassadors for the bank, even outside working hours.

An internal audit of the bank’s employee promise was carried out in 2023. The feedback from the survey shows that the bank’s employee promise appears sufficient to attract and retain employees. The majority of the bank’s employees are satisfied with most elements of the bank’s employee promise and experience the working environment as good. This correlates with the high scores for the bank’s vision, values and brand, and the fact that employees are largely satisfied with their line manager.

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 2023 it was 4.06 per cent.

For more information about the bank’s work on training, as well as working conditions, diversity and equality, see the bank’s Sustainability Report.

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 2023. 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 2023 in accordance with this plan, and no material breaches of relevant laws or regulations were identified.

GOING CONCERN

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 REPORTING DATE

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

FUTURE PROSPECTS

2023 was another year characterised by high inflation and tighter monetary policy in western industrial countries. However, in the second half of the year, inflation peaked and edged slightly downwards again, both in Norway and among our closest trading partners.

A further slowdown in economic activity, combined with falling inflationary pressures, has made both the central banks and fixed income market more confident that interest rates have now peaked in most places. The focus of market participants has, therefore, gradually shifted to the timing of the first interest rate cut. Interest rates are expected to gradually come down again during 2024 in both the US and the eurozone.

Here in Norway, a weak Norwegian krone has contributed to further price pressure. The NOK exchange rate was, therefore, one of the main reasons why Norges Bank raised its policy rate to 4.50 per cent at its monetary policy meeting in December. In the wake of the interest rate hike, the NOK exchange rate appreciated markedly, which will help to reduce inflationary pressures in the coming period. Norges Bank’s latest interest rate curve indicates that the policy rate will remain at its current level for much of 2024 before it is gradually reduced.

Output in the Norwegian economy remains relatively high, although the tightening of monetary policy is contributing to weakening growth prospects for the coming year. Unemployment in Norway is low, although a moderate increase is expected. In December, the registered unemployment rate in Norway was 1.9 per cent of the labour force, while the level in Møre og Romsdal was 1.7 per cent.

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While the overall figures show economic activity flattening out, there are major differences between the trends in the different industries. Companies that are directly and indirectly exposed to the petroleum sector are seeing particularly high levels of activity. Meanwhile, other export industries are also benefiting from a weak Norwegian krone and experiencing high levels of activity. On the other hand, the trend in construction has been particularly weak, including as a result of a sudden decline in investments in housing in recent quarters.

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

The bank’s return on equity for 2023 ended at 14.0 per cent and its cost income ratio at 39 per cent. In December, the bank raised its minimum long-term return on equity target from 11 per cent to 12 per cent. At the same time, the long-term target of a cost income ratio of less than 40 per cent has been maintained.

THANK YOU

The Board of Directors would like to thank all of the Group’s employees and elected representatives for their good contributions in 2023. 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, 6 March 2024

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE



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GROUP			PARENT BANK		
2022	2023	(NOK million)	Note	2023	2022
2 730	4 916	Interest income		3 492	1 970
1 213	3 016	Interest expenses		1 825	715
1 517	1 900	Net interest income	15	1 667	1 255
248	258	Commission income and income from banking services		257	247
34	42	Commission expenses and expenses from banking services		41	34
32	34	Other operating income		50	45
246	250	Net commission and other income	16	266	258
-7	45	Net gains/losses from financial instruments	17	197	255
239	295	Total other income		463	513
1 756	2 195	Total income	4	2 130	1 768
430	482	Wages, salaries etc.	18 20	458	406
46	49	Depreciation and impairment of non-financial assets	30 31 32	59	53
271	328	Other operating expenses	19 29 30 35	308	257
747	859	Total operating expenses		825	716
1 009	1 336	Profit before impairment on loans		1 305	1 052
-4	-53	Impairment on loans, guarantees etc.	9 10	-68	-18
1 013	1 389	Pre tax profit	4	1 373	1 070
236	334	Taxes	21	296	195
777	1 055	Profit after tax		1 077	875
746	1 007	Allocated to equity owners		1 029	844
31	48	Allocated to owners of Additional Tier 1 capital		48	31
7,50	10,12	Result per EC (NOK) 1)	34	10,34	8,48
7,50	10,12	Diluted earnings per EC (NOK) 1)	34	10,34	8,48

1) 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		
2022	2023	(NOK million)	Note	2023	2022
777	1 055	Profit after tax		1 077	875
		Other income/expenses reversed in ordinary profit:			
30	-37	Change in value on basis swap spreads		0	0
-6	8	Tax effect of change in value on basis swap spreads	21	0	0
		Other income/expenses not reversed in ordinary profit:			
46	1	Pension estimate deviations	20	1	46
-12	0	Tax effect of deviations on pension estimates	21	0	-12
835	1 027	Total comprehensive income after tax		1 078	909
804	979	Allocated to equity owners		1 030	878
31	48	Allocated to owners of Additional Tier 1 capital		48	31

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Balance sheet

Assets

GROUP				PARENT BANK	
31.12.2022	31.12.2023	(NOK million)	Note	31.12.2023	31.12.2022
394	266	Cash and receivables from Norges Bank		266	394
324	386	Loans to and receivables from credit institutions, on a call basis		387	324
37	533	Loans to and receivables from credit institutions, with a fixed maturity		4 409	3 541
361	919	Total loans to and receivables from credit institutions	29	4 796	3 865
76 078	81 572	Net loans to and receivables from customers	4 5 6 7 8 9 10 18 29	49 321	45 723
11 013	11 898	Certificates, bonds and other interest-bearing securities	22 24	11 744	10 892
987	1 336	Financial derivatives	25	937	643
246	217	Shares and other securities	22 24	217	246
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	0
56	59	Intangible assets	32	58	55
12	16	Machinery, equipment, fixtures and fittings and vehicles	31	16	12
190	190	Buildings and other real estate	30 31	137	139
202	206	Total fixed assets		153	151
47	59	Overfunded pension liability		59	47
117	203	Other assets	33	203	117
89 501	96 735	Total assets	11 12 13 14 22 23 24	69 325	63 704

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Liabilities and equity

GROUP		PARENT BANK			
31.12.2022	31.12.2023	(NOK million)	Note	31.12.2023	31.12.2022
436	926	Loans and deposits from credit institutions, on a call basis		1 749	1 819
150	801	Loans and deposits from credit institutions, with a fixed maturity		801	150
586	1 727	Total loans and deposits from credit institutions	29	2 550	1 969
31 611	32 788	Deposits from customers, on a call basis		32 801	31 697
12 270	14 622	Deposits from customers, with a fixed maturity		14 709	12 270
43 881	47 410	Total deposits from customers	4 6 18 28 29	47 510	43 967
34 236	36 170	Bonds issued	22 23 24 26	7 859	7 429
752	603	Financial derivatives	25	840	579
90	98	Incurred costs and prepaid income		93	86
26	28	Pension liabilities	20	28	26
210	270	Tax payable	21	268	180
26	4	Provisions against guarantee liabilities	9	4	26
106	161	Deferred tax liability	21	45	17
629	727	Other liabilities	30	725	651
1 087	1 288	Total provisions and other liabilities		1 163	986
857	857	Subordinated loan capital	23 27	857	857
81 399	88 055	Total liabilities	11 12 13 14 22 23 24 26	60 779	55 787
989	989	EC capital	34	989	989
-3	-4	ECs owned by the bank	34	-4	-3
358	359	Share premium		359	358
650	650	Additional Tier 1 capital	27	650	650
1 994	1 994	Total paid-in equity		1 994	1 994
3 334	3 475	Primary capital fund		3 475	3 334
125	125	Gift fund		125	125
2 066	2 205	Dividend equalisation fund		2 205	2 066
16	-13	Liability credit reserve		0	0
567	894	Other equity		747	398
6 108	6 686	Total retained earnings		6 552	5 923
8 102	8 680	Total equity	3	8 546	7 917
89 501	96 735	Total liabilities and equity		69 325	63 704

Ålesund, 6 March 2024
THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Roy Reite
CHAIR

Kåre Øyvind Vassdal
DEPUTY CHAIR

Jill Aasen

Therese Monsås Langset

Bjørn Følstad

Marie Rekdal Hide

Terje Bøe

Birgit Midtbust

Trond Lars Nydal
CEO

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Statement of changes in equity

GROUP 31.12.2023	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 at 31.12.2022 (notes 3 and 34)	8 102	986	358	650	3 334	125	2 066	16	567
Changes in own equity certificates	-3	-1	1		-1		-2		
Distributed dividend to the EC holders	-198								-198
Distributed dividend to the local community	-200								-200
Issued Additional Tier 1 capital	0								
Redemption of Additional Tier 1 capital	0								
Interest paid on issued Additional Tier 1 capital	-48								-48
Equity before allocation of profit for the year	7 653	985	359	650	3 333	125	2 064	16	121
Allocated to the primary capital fund	142				142				
Allocated to the dividend equalisation fund	140						140		
Allocated to the owners of Additional Tier 1 capital	48								48
Allocated to other equity	-22								-22
Proposed dividend allocated to the EC holders	371								371
Proposed dividend allocated to the local community	376								376
Profit for the year	1 055	0	0	0	142	0	140	0	773
Change in value on basis swap spreads	-37							-37	
Tax effect of change in value on basis swap spreads	8							8	
Pension estimate deviations	1						1		
Tax effect of pension estimate deviations	0								
Total other income and expenses from comprehensive income	-28	0	0	0	0	0	1	-29	0
Total profit for the period	1 027	0	0	0	142	0	141	-29	773
Equity as at 31 December 2023 (notes 3 and 34)	8 680	985	359	650	3 475	125	2 205	-13	894

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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 December 2022 (notes 3 and 34)	8 102	986	358	650	3 334	125	2 066	16	567

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PARENT BANK 31.12.2023	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as at 31.12.2022 (notes 3 and 34)	7 917	986	358	650	3 334	125	2 066	398
Changes in own equity certificates	-3	-1	1		-1		-2	
Distributed dividend to the EC holders	-198							-198
Distributed dividend to the local community	-200							-200
Issued Additional Tier 1 capital	0							
Redemption of Additional Tier 1 capital	0							
Interest paid on issued Additional Tier 1 capital	-48							-48
Equity before allocation of profit for the year	7 468	985	359	650	3 333	125	2 064	-48
Allocated to the primary capital fund	142				142			
Allocated to the dividend equalisation fund	140						140	
Allocated to the owners of Additional Tier 1 capital	48							48
Proposed dividend allocated to the EC holders	371							371
Proposed dividend allocated to the local community	376							376
Profit for the year	1 077	0	0	0	142	0	140	795
Change in value on basis swap spreads	0							
Tax effect of change in value on basis swap spreads	0							
Pension estimate deviations	1						1	
Tax effect of pension estimate deviations	0							
Total other income and expenses from comprehensive income	1	0	0	0	0	0	1	0
Total profit for the period	1 078	0	0	0	142	0	141	795
Equity as at 31 December 2023 (notes 3 and 34)	8 546	985	359	650	3 475	125	2 205	747

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PARENT BANK 31.12.2022	Total equity	EC capital	Share premium	Additional Tier 1 capital	Primary capital fund	Gift fund	Dividend equalisation fund	Other equity
Equity as at 31.12.2021 (notes3 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

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Statement of cash flow

GROUP				PARENT BANK	
2022	2023	(NOK million)	Note	2023	2022
Cash flow from operating activities					
2 807	4 775	Interest, commission and fees received	15 16	3 376	2 059
-580	-1 363	Interest, commission and fees paid	15 16	-1 399	-590
213	439	Interest received on certificates, bonds and other securities		429	210
11	1	Dividend and group contribution received	17	154	242
-630	-786	Operating expenses paid	18 19 20 30	-677	-577
-334	-210	Income taxes paid	21	-180	-200
506	-559	Net receipts/payments(-) on loans to and receivables from other financial institutions		-931	403
-5 169	-4 753	Net receipts/payments(-) on loans/leasing to customers		-3 408	-3 874
-966	-688	Net receipts/payments(-) on utilised credit facilities		-148	-750
2 028	3 529	Net receipts/payments(-) on deposits from customers		3 543	2 097
13 502	11 401	Proceeds from the sale of certificates, bonds and other securities		9 391	10 087
-14 687	-12 840	Purchases of certificates, bonds and other securities		-10 134	-11 104
-3 299	-1 054	Net cash flow from operating activities		16	-1 997
Cash flow from investing activities					
0	0	Proceeds from the sale of fixed assets etc.	31 32	0	0
-35	-41	Purchase of fixed assets etc.	31 32	-41	-35
86	-159	Net receipts/payments(-) other assets	32 33	-169	86
51	-200	Net cash flow from investing activities		-210	51
Cash flow from financing activities					
-702	-1 676	Interest paid on issued bonds and subordinated loan capital		-447	-186
-394	1 140	Net receipts/payments(-) on deposits from Norges Bank and other financial institutions		580	92
8 224	8 392	Proceeds from bonds issued	26 27	4 396	3 305
-3 546	-5 786	Payments on redeemed debt securities	26 27	-3 558	-897
-158	-198	Dividend paid	34	-198	-158
-230	-698	Net receipts/payments(-) other debt	20	-659	-264
-349	0	Redemption of Additional Tier 1 capital		0	-349
400	0	Proceeds from Additional Tier 1 capital issued		0	400
-31	-48	Interest paid on issued Additional Tier 1 capital	27	-48	-31
3 214	1 126	Net cash flow from financing activities		66	1 912
-34	-128	Net change in cash and cash equivalents		-128	-34
428	394	Cash balance as at 01.01		394	428
394	266	Cash balance as at 31.12		266	394

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 receivables from Norges Bank. Reference is made to note [26](#) and [27](#) for spesification of the financing activities in the Group.

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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 Eiendomsmegling 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 final annual accounts were approved by the Board of Directors on 6 March 2024 and are scheduled for consideration by the annual General Meeting on 3 April 2024.

The Group’s operations are described in note 4.

1.2 ACCOUNTING PRINCIPLES

The Group’s and the parent bank’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 2023.

How to read the 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.

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

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Consolidation

The consolidated financial statements comprise Sparebanken Møre and all companies in which Sparebanken Møre has control.

In the parent bank’s accounts, investments in subsidiaries are valued at cost.

Changes in accounting principles

Following the changes in IAS 1 “Presentation of Financial Statements” in 2023, we have updated our presentation to align with the revised requirement from detailing material accounting principles to providing material information on accounting principles. This change underscores the importance of providing targeted and relevant information on accounting policies that are essential to understanding the financial statements.

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.

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.

1.4 USE OF ESTIMATES AND JUDGMENT 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 (ECL) on loans

Measurement of ECL 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.

Assessmets:

Credit risk assessment: A key assessment involves judging whether there has been a material increase in credit risk, triggering the measurement of financial assets at a lifetime ECL rather than a 12-month ECL. This assessment is based on the Group’s internal credit rating model, which assigns probabilities of default (PD).

Development of the ECL model: Assessments are made in the development of the ECL model, including the selection of formulas and variable inputs, as well as the determination of relationships between macroeconomic scenarios and economic indicators (e.g. unemployment rates, values of collateral) and their impact on PD, exposure to default (EAD), and loss due to default (LGD).

Estimates:

Future cash flows and values of collateral: There is estimate uncertainty when predicting the amount and timing of future cash flows and valuation of collateral, influenced by changes in macroeconomic factors.

Macroeconomic scenarios: The selection of forward-looking macroeconomic scenarios and the assignment of probability weightings involves estimate uncertainty due to the inherent unpredictability of economic conditions and their impact on PD, LGD, and EAD.

Sparebanken Møre’s ECL model is based on the group’s internal ranking-based (IRB) parameters and incorporates complex models with numerous underlying assumptions about variable input data and their interdependencies. The elements of the ECL model that are considered accounting assessments and estimates include the internal credit rating model, criteria for significant increases in credit risk, model development, and the linking of macroeconomic scenarios to financial inputs that affect credit risk parameters.

The Group continually evaluates these assessments and estimates based on available historical data and forward-looking information and recognises that actual results may vary, leading to potential adjustments in future periods.

Further information on the 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.

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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 the Group’s corporate culture. This includes management philosophy, management style and the people in the organisation. The 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 communicated well throughout the organisation.

Sparebanken Møre is organised with three lines of defence:

- 1. All business/operational and support entities except the Risk Management and Compliance unit are considered the first line of defence.
- 2. The second line of defence for managing risk in the Group is addressed by the Risk Management and Complianceunit.

- 3. The third line of defence is an internal auditor that is independent of Group Management.

Organising the Group in this way is designed to contribute to the management and control of its activities and ensure that responsibilities are adequately divided between the institution’s business areas, thereby preventing conflicts of interest.

Ensuring the high quality of the institution’s three lines of defence is essential for effective management and control. Weaknesses in the lines of defence increase the risk of serious vulnerabilities not being identified. To ensure that the three lines of defence function as intended, the functions of the second and third lines of defence must be independent of the areas and units they control.

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

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 that the bank and the Group have 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, the Recovery Plan and bank’s crisis manageability. 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

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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, controls 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. Sparebanken Møre’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 to moderate 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.

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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. The bank has been approved to use internal models for it’s risk management and capital calculations (IRB), and was in 2015 granted permission to use internal rating methods, IRB Foundation for credit risk.

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 economic capital. By classifying customers according to probability of default, and by estimating the level of loss and the requirement for economic 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.

A commitment is defined to be in default or credit-impaired (non-performing) according to the capital adequacy regulations 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 defaults. The definition of default is similar to the one used to calculate expected credit losses according to IFRS 9.

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 Infrastruc-

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ture 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.
- **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 against 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

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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 2023, the LCR indicator for the Group was 174 per cent and NSFR 124 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 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 57.9 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 the company provides the Group with increased diversification of its funding sources.

Operational risk

Defined as the risk of loss due to inadequate or failing internal processes, failure of people and systems or external events. Operational risk includes all the potential sources of losses related to Sparebanken Møre’s current operations. Operational risk is categorised into the following loss events:

- 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 to moderate 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

ESG risk has been integrated into the previously established risk classes and is not treated as a separate risk in the bank. ESG risk is nevertheless referred to as a separate area here because it is a relatively new type of risk and there is a need to elaborate on what this risk entails for the bank. ESG risk indirectly impacts the bank via the lending portfolio and directly via the operation and management of its own operations.

Sustainability risk is defined as the risk of the bank incurring losses as a result of exposure to our counterparties (customers, partners or suppliers) that are adversely impacted by ESG factors. These may be environmental (E), including physical climate and natural changes, transitioning to a zero-emission society and the assignment of responsibilities in the event of environmental incidents. Social risk (S) entails losses resulting from counterparties being adversely impacted by social factors such as labour rights, human rights, indigenous peoples, etc., while governance risk (G) entails the counterparty being adversely impacted as a result of poor management and control.

ESG risk in our own activities comes under operational risk, compliance risk and liquidity risk and is treated in a similar manner. ESG risk is indirectly managed as credit risk, reputational risk and market risk.

Climate risk is the impact resulting from climate change. Climate risk will also affect the bank’s credit risk, market risk and reputational 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

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assets and in especially assets associated with carbon-intensive activities.

Sustainability risk is followed up via the bank’s established internal control system. The reporting complies with the bank’s procedure for regular risk reporting and internal control reporting as described below. Sustainability risk is also discussed in the bank’s annual reporting for the various business areas. 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 broker 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 agree-

ment 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 management team, 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 management team, 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 management team, 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

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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 management team, 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 management team, the Risk Committee and the Board of Directors.

Reports from external and internal auditors are dealt with by the bank’s management team, 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 management team, 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 IRB model places extensive demands on the bank’s organisation, expertise, risk models and risk management systems.

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 response to the application on 22 June 2023 in which the FSA approved the proposed models for the corporate market. The model changes resulted in an improved Common Equity Tier 1 capital ratio of about 0.7 percentage points. Sparebanken Møre has incorporated the new models in the 4th quarter of 2023. In a letter dated 18 January 2024, the FSA has rejected the bank’s application of model changes for the retail market, and the bank will send a new application taking into account the feedback from the FSA.

At the end of 2023, 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 ended at 22.2 per cent (22.1 per cent), Tier 1 capital 20.0 per cent (19.7 per cent), of which CET1 accounted for 18.2 per cent (17.9 per cent). The leverage ratio for Sparebanken Møre was 7.5 per cent (7.6 per cent).

The requirement for Common Equity Tier 1 capital ratio (CET1) is 16.15 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 4.5 per cent and a countercyclical capital buffer of 2.5 per cent. The FSA conducted a SREP in 2023. The individual Pillar 2 requirement for Sparebanken Møre is set at 1.6 per cent, as well as an expectation of a capital margin (P2G) of 1.25 per cent. The capital to be included in the new Pillar 2 requirement as a result of the above SREP shall consist of a minimum of

56.25 per cent CET1 (0.9 per cent) and minimum 75 per cent Tier 1 capital.

Sparebanken Møre has an internal target for the CET1 ratio to minimum equal the sum of Pillar 1, Pillar 2 and the Pillar 2 Guidance (P2G).

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

On 15 June 2023, the FSA approved an application for the acquisition of own equity certificates. The authorisation has been granted on the condition that the buybacks do not reduce Common Equity Tier 1 capital by more than NOK 64.9 million. Sparebanken Møre deducts NOK 64.9 million from the Common Equity Tier 1 capital from the date the authorisation is granted and for the duration of the authorisation.

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 be able to deal 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.

In its letter dated 10 November 2023, the FSA set Sparebanken Møre’s effective MREL-requirement as of 01.01.2024 at 35.7 per cent and the minimum subordination requirement at 28.7 per cent.

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31.12.2022	31.12.2023	(NOK million)	31.12.2023	31.12.2022
989	989	EC capital	989	989
-3	-4	- ECs owned by the bank	-4	-3
358	359	Share premium	359	358
650	650	Additional Tier 1 capital (AT1)	650	650
2 066	2 205	Dividend equalisation fund	2 205	2 066
125	125	Gift fund	125	125
3 334	3 475	Primary capital fund	3 475	3 334
198	371	Proposed dividend	371	198
200	376	Proposed dividend for the local community	376	200
16	-13	Liability credit risk	0	0
169	147	Other equity	0	0
8 102	8 680	Total equity	8 546	7 917
Tier 1 capital (T1)				
-91	-107	Goodwill, intangible assets, other deductions	-106	-91
-17	-17	Value adjustments of financial instruments at fair value	-24	-20
0	-61	Deduction for remaining permission for acquisition of own equity certificates	-61	0
-650	-650	Additional Tier 1 capital (AT1)	-650	-650
-518	-242	Expected IRB-losses exceeding ECL acc. to IFRS 9	-201	-471
-198	-371	Deduction for proposed dividend	-371	-198
-200	-376	Deduction for proposed dividend for the local community	-376	-200
6 428	6 856	Total Common Equity Tier 1 capital (CET1)	6 757	6 287
650	650	Additional Tier 1 capital - classified as equity	650	650
0	0	Additonal Tier 1 capital - classified as debt	0	0
7 078	7 506	Total Tier 1 capital (T1)	7 407	6 937
Tier 2 capital (T2)				
857	857	Subordinated loan capital of limited duration	857	857
857	857	Total Tier 2 capital (T2)	857	857
7 935	8 363	Net equity and subordinated loan capital	8 264	7 794

RISK WEIGHTED ASSETS (RWA) by exposure classes

Credit risk - The Standardised Approach (TSA)

31.12.2022	31.12.2023	(NOK million)	31.12.2023	31.12.2022
296	389	Regional governments or local authorities	389	296
203	207	Public sector companies	207	203
245	240	Institutions (banks etc)	989	1 208
0	0	Companies (corporate customers)	107	109
526	550	Covered bonds	542	519
198	347	Equity	348	198
738	547	Other items	2 063	2 302
2 206	2 280	Total credit risk - TSA	4 645	4 835

Credit risk - IRB Foundation

31.12.2022	31.12.2023		31.12.2023	31.12.2022
11 307	11 995	Retail - Secured by real estate	5 946	5 205
304	295	Retail - Other	295	304
18 874	19 444	Corporate lending	19 439	18 625
30 485	31 734	Total credit risk - IRB Foundation	25 680	24 134
		Credit value adjustment risk (CVA) - market risk	85	68
236	161			
2 996	3 424	Operational risk (the Basic Indicator Approach)	3 329	2 880
35 923	37 599	Risk weighted assets (RWA)	33 739	31 917
1 617	1 692	Minimum requirement Common Equity Tier 1 capital (4.5 %)	1 518	1 436

Buffer Requirements

31.12.2022	31.12.2023		31.12.2023	31.12.2022
898	940	Capital conservation buffer, 2.5 %	843	798
1 078	1692	Systemic risk buffer, 4.5 % (3.0 %)	1 518	958
718	940	Countercyclical buffer, 2.5 % (2.0 %)	843	638
2 694	3 572	Total buffer requirements	3 205	2 394
		Available Common Equity Tier 1 capital after buffer requirements	2 034	2 457
2 117	1 592			

Capital adequacy as a percentage of the weighted asset calculation basis

31.12.2022	31.12.2023		31.12.2023	31.12.2022
22.1	22.2	Capital adequacy ratio	24.5	24.4
19.7	20.0	Tier 1 capital ratio	22.0	21.7
17.9	18.2	Common Equity Tier 1 capital ratio	20.0	19.7

Leverage ratio(LR)

31.12.2022	31.12.2023		31.12.2023	31.12.2022
93 218	99 794	Basis for calculation of leverage ratio	71 971	33 247
7.6	7.5	Leverage Ratio	10.3	9.9

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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 of-
fice 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 expenses) and is presented under internal income. The expenses 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 taxes. Taxes are 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 outside Nordvestlandet are no different from the Group’s other activities in terms of risk or return. Please see note 2 and note 6 for further information.

Result - 2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Net interest income	1 900	1	256	745	898	0
Other operating income	295	-68	93	114	122	34
Total income	2 195	-67	349	859	1 020	34
Operating expenses	859	-64	209	164	516	34
Profit before impairment	1 336	-3	140	695	504	0
Impairment on loans, guarantees etc.	-53	0	0	-62	9	0
Pre-tax profit	1 389	-3	140	757	495	0
Taxes	334					
Profit after tax	1 055					

Key figures - 31.12.2023	Group	Eliminations	Other 2)	Corporate	Retail 1)	Real estate brokerage
Gross loans to customers 1)	81 834	-107	1 485	26 524	53 932	0
Expected credit loss on loans	-262	0	-1	-159	-102	0
Net loans to customers	81 572	-107	1 484	26 365	53 830	0
Deposits from customers 1)	47 410	-100	873	15 254	31 383	0
Guarantee liabilities	1 249	0	0	1 247	2	0
Expected credit loss on guarantee liabilities	4	0	0	4	0	0
Deposit-to-loan ratio	57,9	93,5	58,8	57,5	58,2	0,0
Man-years	400	0	148	59	170	23

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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

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.

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MØRE BOLIGKREDITT AS

Statement of income	2023	2022
Net interest income	237	263
Other operating income	-14	-29
Total income	223	234
Operating expenses	58	51
Profit before impairment on loans	165	183
Impairment on loans, guarantees etc.	1	6
Pre tax profit	164	177
Taxes	36	39
Profit after taxes	128	138
Balance sheet	31.12.2023	31.12.2022
Loans to and receivables from customers	32 357	30 464
Equity	1 665	1 712

Country-by-country reporting

GROUP (NOK million)	31.12.2023	31.12.2022
Name of the company	Sparebanken Møre	Sparebanken Møre
Area of operation	Norge	Norge
Geografical location	Norge	Norge
Revenue/total income	2 195	1 756
Man-years	400	374
Pre tax profit	1 389	1 013
Taxes	334	236
Government grants/subsidies received	None received	None received

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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.

2023	GROUP						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	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	711	0	-3	-8	41	741	626	0	-2	-8	63	679
Fisheries	4 998	-1	-26	0	2	4 973	4 970	-1	-25	0	9	4 953
Manufacturing	3 526	-5	-9	-4	6	3 514	3 491	-5	-9	-4	17	3 490
Building and construction	1 160	-2	-6	-21	6	1 137	1 031	-2	-6	-21	19	1 021
Wholesale and retail trade, hotels	1 200	-1	-4	-3	9	1 201	1 072	-1	-4	-3	54	1 118
Supply/offshore	1 600	-9	0	0	0	1 591	1 600	-9	0	0	0	1 591
Property management	8 957	-11	-7	-8	97	9 028	8 959	-11	-7	-7	182	9 116
Professional/financial services	797	-1	-1	-2	25	818	722	-1	-1	-2	25	743
Transport and private/public services/abroad	4 865	-6	-7	-5	39	4 886	4 388	-5	-8	-6	141	4 510
Total corporate customers	27 814	-36	-63	-51	225	27 889	26 860	-35	-62	-51	509	27 221
Retail customers	50 737	-11	-54	-47	3 058	53 683	13 398	-6	-23	-47	8 778	22 100
Loans to and receivables from customers	78 551	-47	-117	-98	3 283	81 572	40 258	-41	-85	-98	9 287	49 321

2022	GROUP						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	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	594	0	-1	-4	40	629
Fisheries	4 594	-3	-2	0	2	4 591	4 575	-3	-2	0	2	4 572
Manufacturing	2 671	-5	-8	-10	7	2 655	2 647	-5	-8	-10	5	2 629
Building and construction	1 040	-3	-5	-1	6	1 037	965	-3	-5	-1	0	956
Wholesale and retail trade, hotels	1 298	-2	-3	-3	8	1 298	1 237	-2	-3	-3	7	1 236
Supply/offshore	1 518	0	-4	-129	0	1 385	1 518	0	-4	-129	0	1 385
Property management	8 764	-8	-8	-5	281	9 024	8 635	-8	-8	-5	188	8 802
Professional/financial services	936	-1	-2	-1	14	946	853	-1	-2	-1	4	853
Transport and private/public services/abroad	3 717	-5	-9	0	37	3 740	3 454	-4	-8	0	7	3 449
Total corporate customers	25 174	-27	-42	-153	401	25 353	24 478	-26	-41	-153	253	24 511
Retail customers	47 804	-11	-56	-26	3 014	50 725	13 987	-7	-40	-25	7 297	21 212
Loans to and receivables from customers	72 978	-38	-98	-179	3 415	76 078	38 465	-33	-81	-178	7 550	45 723

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6 Commitments broken down into geographical areas

	Møre og Romsdal		"Remaining parts of Norway"		"Foreign countries"		Total	
GROUP as at 31.12.	2023	2022	2023	2022	2023	2022	2023	2022
Gross loans	61 838	59 192	18 931	16 881	1 065	319	81 834	76 392
In percentage	75.6	77.5	23.1	22.1	1.3	0.4	100.0	100.0
Deposits	37 600	35 195	9 013	8 194	797	492	47 410	43 881
In percentage	79.3	80.2	19.0	18.7	1.7	1.1	100.0	100.0

	Møre og Romsdal		"Remaining parts of Norway"		"Foreign countries"		Total	
PARENT BANK as at 31.12.	2023	2022	2023	2022	2023	2022	2023	2022
Gross loans	41 566	39 849	6 964	5 880	1 016	286	49 546	46 015
In percentage	83.9	86.6	14.1	12.8	2.0	0.6	100.0	100.0
Deposits	37 700	35 281	9 013	8 194	797	492	47 510	43 967
In percentage	79.4	80.2	18.9	18.6	1.7	1.1	100.0	100.0

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7 Commitments broken down into risk classes

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

GROUP 2023	0-0.5 %	0.5-2.5 %	2.5-5 %	5-99.9 %	Credit-impaired commitments	Provision for expected credit losses	Total
Retail customers	53 611	4 027	798	594	222	-112	59 140
Corporate customers	12 071	12 794	3 423	858	203	-154	29 195
Total commitments	65 682	16 821	4 221	1 452	425	-266	88 335

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

PARENT BANK 2023	0-0.5 %	0.5-2.5 %	2.5-5 %	5-99.9 %	Credit-impaired commitments	Provision for expected credit losses	Total
Retail customers	22 130	2 099	424	400	213	-76	25 190
Corporate customers	11 851	12 687	3 418	858	203	-152	28 865
Total commitments	33 981	14 786	3 842	1 258	416	-228	54 055

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

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

GROUP 2023		AAA	AA+	AA	AA-	A-	Total
Public sectors		694	815	1 492			3 001
Credit institutions		6 206	605	124			6 935
Other financial companies		1 911	-	51			1 962
Certificates, bonds and other interest-bearing securities		8 811	1 420	1 667	-	-	11 898

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

PARENT BANK 2023		AAA	AA+	AA	AA-	A-	Total
Public sectors		694	815	1 492			3 001
Credit institutions		6 129	528	124			6 781
Other financial companies		1 911		51			1 962
Certificates, bonds and other interest-bearing securities		8 734	1 343	1 667	-	-	11 744

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

Total credit risk

GROUP			PARENT BANK	
31.12.2022	31.12.2023		31.12.2023	31.12.2022
345	213	Cash and receivables from Norges Bank	213	345
361	919	Loans to and receivables from credit institutions	4 796	3 865
76 078	81 572	Loans to and receivables from customers*	49 321	45 723
11 013	11 898	Certificates, bonds and other interest-bearing securities	11 744	10 892
987	1 336	Financial derivatives	937	643
88 784	95 938	Credit risk on balance sheet items	67 011	61 468
1 336	1 245	Guarantee liabilities to customers*	1 245	1 336
5 380	5 919	Undrawn credit facilities	5 291	5 210
6 716	7 164	Total guarantee liabilities and undrawn credit facilities	6 536	6 546
95 500	103 102	Total credit risk	73 547	68 014

*The figures are net of expected credit loss (ECL)

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8 Commitments by 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 expenses 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 expenses related to follow-up of non-performing commitments and expenses 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 s 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 - 31.12.2023	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 %	28 455	50.62	12 590	51.01	41 045	50.74
60 % - 70 %	11 408	20.30	2 169	8.79	13 577	16.78
70 % - 80 %	10 128	18.02	2 161	8.76	12 289	15.19
80 % - 90 %	3 152	5.61	2 384	9.66	5 536	6.84
90 % - 100 %	1 171	2.08	1 475	5.98	2 646	3.27
Above 100 %	1 707	3.04	3 759	15.23	5 466	6.76
Not secured	187	0.33	145	0.59	332	0.41
Total	56 208	100.00	24 683	100.00	80 891	100.00

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

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	31.12.2023	31.12.2022
Pool of eligible loans	32 162	30 328
Supplementary assets	854	1 409
Total collateralised assets	33 016	31 737

Covered bonds	31.12.2023	31.12.2022
Covered bonds (nominal value)	27 554	26 582

Over-collateralisation in % (nominal value)	31.12.2023	31.12.2022
Over-collateralisation in %	19.8	19.4

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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.

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 .

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.

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.

The change in the macro variable “Gross investment in housing” is not based on figures from Statistics Norway or Norges Bank. The macro variable is based on the bank’s own best estimate assessment and the change has been set at 2 per cent for the entire forecast period in the base scenario.

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

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Three scenarios have been developed: Base (table 1), Best (table 2) and Worst (table 3). For each of the scenarios, expected values of different parameters are given, for each of the next five years.

Table 1. Base case scenario 2023 -2027

Year	Unemployment rate	CPI	Households interest rate burden	Export market indicator	NOK per EUR	Money market rate	Gross investment in dwellings (households)
0 (2023)	3.59	5.05	9.26	1.21	11.44	4.36	2.00
1 (2024)	3.90	4.38	10.38	1.10	11.68	4.76	2.00
2 (2025)	4.10	2.85	9.58	2.70	11.68	4.15	2.00
3 (2026)	4.20	2.51	8.44	3.20	11.68	3.56	2.00
4 (2027)	4.10	2.00	7.68	3.50	11.68	3.20	2.00

Table 2. Best case scenario 2023-2027

Year	Unemployment rate	CPI	Households interest rate burden	Export market indicator	NOK per EUR	Money market rate	Gross investment in dwellings (households)
0 (2023)	3.59	5.05	9.26	1.21	11.44	4.36	2.00
1 (2024)	3.03	3.05	5.00	3.00	13	4.00	10.15
2 (2025)	3.06	2.03	4.80	5.00	13	3.40	6.08
3 (2026)	3.60	2.00	4.40	6.00	13	2.80	4.04
4 (2027)	3.05	1.80	4.00	5.00	13	2.00	3.02

Table 3. Worst case scenario 2023 -2027

Year	Unemployment rate	CPI	Households interest rate burden	Export market indicator	NOK per EUR	Money market rate	Gross investment in dwellings (households)
0 (2023)	3.59	5.50	9.26	1.21	11.44	4.36	2.00
1 (2024)	5.00	4.50	11.00	-7.00	10.00	7.00	0.17
2 (2025)	5.50	3.19	10.00	-3.00	10.00	6.00	1.09
3 (2026)	5.50	3.00	9.00	0.00	10.00	5.50	1.54
4 (2027)	5.00	2.07	8.00	0.00	10.00	5.00	1.77

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 purposes, calibrations 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. As for PD, Sparebanken Møre uses IRB LGDs for capital adequacy calculations for the mass market portfolio. For the corporate portfolio, a LGD template is used for capital adequacy calculations. The bank has an internal LGD for the corporate portfolio being downturn projected and used for internal corporate governance. Since IRB LGD includes the downward adjustment and safety margins, IFRS LGD has been reduced to ensure an unbiased estimate.

Default

The definition of default under IFRS 9 is similar to that used in the capital adequacy legislation. See Note 2 under “Credit risk”. To assess the best estimate for loss calculation in line with IFRS 9, there may be a need to override commitments in default in line with the capital adequacy regulations. The proportion of overridden commitments will be stated in Note 9. A commitment will be deemed an anticipated default if it is likely that the borrower’s debt servicing capacity will not cover its total liabilities through ordinary operations (unlikelihood to pay).

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It may not be possible to identify a single individual incident, rather the overall impact of multiple incidents may have caused the financial assets to become credit-impaired.

Provisions will be made for guarantee liabilities if the liability is likely to be settled and the liability can be reliably estimated. The best estimate is used when estimating the provision. Recourse claims related to a guarantee where a provision has been made are capitalised as an asset with a maximum value equal to the provision.

A commitment is subject to forbearance (payment relief due to payment difficulties) if the bank grants changes to the commitment terms as a result of the debtor having difficulty fulfilling its payment obligations. A performing (not in default) forbearance will be in stage 2, while a non-performing (in default) forbearance will be in stage 3.

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. Repayment loans with a repayment plan are also adjusted in line with the expected early repayment.

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. 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 customer’s agreed payments are overdue by more than 30 days

The 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. Credit risk is considered to have increased significantly if the customer has been granted forbearance measures.

Positive migration in credit risk

- An account 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 there are more than 30 days of arrears/overdrafts
- Otherwise, the customer migrates to stage 1

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 the 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.

In the interim report for the third quarter of 2023, information was provided about improvements in the Supply/Offshore market and incidents in certain commitments in the segment placed in stage 3.

In the fourth quarter of 2023, reversals were carried out for these commitments, as reported to the stock exchange. The debtor was changed, and new commitments were placed in stage 1 as at 31 December 2023. Further losses on other loans and guarantees in the quarter were also reversed. Net reversals in the fourth quarter totalled NOK 117 million.

Scenarios

The expected default is calculated for each of the scenarios: base, best, and worst. The expected probability of each of the three scenarios occurring is also specified. From and including the fifth year, 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 2023/4” and of Norges Bank in its “Monetary Policy Report 4/23”, see Table 1.
- At its meeting on 13 December 2023, Norges Bank decided to raise its policy rate from 4.25 per cent to 4.50 per cent. Given its current assessment of the outlook and risk picture, the policy rate is likely to be kept at this level for some time to come. Growth in the Norwegian economy is low. After growth decreased in the first half of 2023, mainland GDP remained largely unchanged from the second to the third quarter. Overall, household consumption fell during the year and was slightly lower than anticipated in the previous report from Norges Bank. Norges Bank estimates that the average mortgage rate will rise to about 5.7 per cent next year. Higher interest rates and high inflation have curbed demand in the Norwegian economy, and household consumption is expected to develop weakly this year and next year. The base scenario assumes that investments in housing will be at around 2 per cent per year over the entire forecast period. On the other hand, the weakening of the Norwegian krone has improved the competitiveness of Norwegian companies in relation to cost. This is pulling in the direction of increased exports. A high level of activity in petroleum-related industries will boost activity both this year and next year. The prospect of increasing public demand throughout the forecast period is also pulling in the direction of increased activity. During 2025 and 2026, Norges Bank expects economic activity to gradually pick up, mainly as a result of higher private consumption. The interest rate burden is expected to increase slightly during next year before it gradually decreases over the course of the forecast period. The decrease will occur both as a result of a lower debt burden and a lower policy rate over time. Weak growth in employment in the coming years means that Norges Bank expects a small rise in unemployment.

The bank’s expected probability of default (future PD) is shown in Table 4. The bank’s expected credit loss (ECL) under this scenario (100 per cent weighting) is estimated to be NOK 179 million.

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Table 4 Sparebanken Møres expected level of credit-impaired commitments (rate) for the base scenario

Year	0 (2023)	1 (2024)	2 (2025)	3 (2026)	4 (2027)
Retail banking	0.49 %	1.03 %	0.90 %	0.57 %	0.41 %
Real estate industry	1.40 %	1.68 %	1.90 %	2.01 %	1.90 %
Manufacuoring	1.85 %	1.98 %	1.65 %	1.47 %	1.37 %
Other sectors	1.91 %	2.30 %	2.59 %	2.75 %	2.59 %

- b) The bank’s best case scenario (Table 2) assumes that the Norwegian economy will develop such that capacity problems and inflation are encountered to a lesser extent, which in turn 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 forecast period. Unemployment is generally expected to remain at a somewhat lower level than in the base scenario.

Overall, the bank’s probability of default (future PD) is expected to decrease slightly over the course of the forecast period, ref. Table 5. The bank’s expected credit loss (ECL) under this scenario (100 per cent weighting) is estimated to be NOK 96 million.

Table 5 Sparebanken Møres expected level of credit-impaired commitments (rate) for the best case scenario

Year	0 (2023)	1 (2024)	2 (2025)	3 (2026)	4 (2027)
Retail banking	0.49 %	0.08 %	0.09 %	0.08 %	0.06 %
Real estate industry	1.40 %	0.86 %	1.20 %	1.30 %	1.27 %
Manufacuoring	1.85 %	1.56 %	1.28 %	1.10 %	1.03 %
Other sectors	1.91 %	1.61 %	1.92 %	1.92 %	1.81 %

- c) The bank’s worst case scenario (Table 3) is based on the Financial Supervisory Authority’s stress test of Norwegian banks described in the “Financial outlook June 2023” (also assessed and adjusted by the Chief Economist of the bank). This assumes that there will be a significant weakening in growth in the real economy, and additional inflationary pressures both in Norway and internationally in relation to the base case. This results in even higher market rates than in the base case, and also increased risk premiums and repricing in the finance and real estate markets. In this stress scenario, higher interest rates, greater uncertainty among investors and turbulence in the financial markets results in falls in the prices of

shares, securities and real estate. Policy and market rates remain high throughout the forecast period because it is assumed that inflation will remain far above central bank inflation targets. The household interest burden increases to 11 per cent in 2024. This is somewhat lower than the Financial Supervisory Authority predicts in the stress test. The interest rate burden remains high, even though it drops over the course of the forecast period. Lower activity, higher prices and high interest rates result in a decline in real household disposable income. The growth in household credit slows and private consumption falls. The Norwegian economy enters a recession with declines in mainland GDP and growth in unemployment.

Investment activity in the petroleum sector increases somewhat due to stronger developments in oil prices compared with the base scenario. Growth in the real economy improves towards the end of the period. 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 towards the end of the period, ref. Table 6. The bank’s expected credit loss (ECL) under this scenario (100 per cent weighting) is estimated to be NOK 340 million.

Table 6 Sparebanken Møres expected level of credit-impaired commitments (rate) for the worst case scenario

Year	0 (2023)	1 (2024)	2 (2025)	3 (2026)	4 (2027)
Retail banking	0.49 %	1.94 %	1.67 %	1.08 %	0.64 %
Real estate industry	1.40 %	3.47 %	4.50 %	4.43 %	3.27 %
Manufacuoring	1.85 %	4.36 %	3.04 %	2.40 %	2.22 %
Other sectors	1.91 %	4.39 %	5.86 %	5.86 %	4.39 %

Changes in PD as a result of scenarios may also affect stage allocation.

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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 four-year period projection. From year 5 onwards, a steady-state calculated macro level is used for all scenarios.

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 bank’s ECL model has a weakness in that LGD levels are not impacted by the scenarios. ECL management meetings enable the bank to override long-term PD and LGD levels in the ECL model. For example, if it is considered that a large and long-term decline in prices for residential and commercial real estate is likely (and that the ECL model has not taken into account), the bank can use more conservative LGD estimates for commercial real estate and the retail market. This will ensure an expectation-oriented estimate, although there would be a linear increase in all scenarios and not an increase in the variation in the loss estimate between scenarios. More conservative LGD estimates were not being used as at 31 December 2023.

Steps have been taken to ensure that LGD levels in the ECL model are affected by the scenarios. This will apply to future reports and had not been implemented as at 31 December 2023.

Scenario weights

The scenarios are weighted based on our best estimates of probability for the various outcomes represented. The estimates are updated quarterly. Both the best case and

worst case are deemed to occur every 25 years. Here, “best” and “worst” mean the strongest and weakest cyclical developments.

The ECL as at 31 December 2023 is based on a scenario weight of 70 per cent for the base scenario (normal development), 20 per cent weight for the worst case scenario and 10 per cent weight for the best case scenario.

Given the war between Ukraine and Russia and the uncertainty this entails, the weights for the best case were changed from 20 per cent to 10 per cent and for the worst case from 10 per cent to 20 per cent, from the first quarter of 2022.

The geopolitical situation in Europe continues to represent considerable uncertainty, which has been compounded by the situation in the Middle East. In addition, uncertainty remains in relation to the growth outlook for the global economy, led by weaker economic growth in China than previously expected. In November, the OECD estimated global GDP growth would be 2.9 per cent for 2023 and 2.7 per cent in 2024. Compared to the forecasts in September, the growth in 2023 was down by 0.1 percentage points, while the growth for 2024 remains unchanged.

High inflation combined with high and rising interest rate levels curbed economic activity levels both here in Norway and with our closest trading partners throughout 2023. In the second half of the year, both Norway and other countries saw inflation peak and edge back down. At the same time, the inflation rate remains well above the 2.0 per cent target. Here in Norway, a weak Norwegian krone and high wage growth has made the central bank’s task of bringing down inflation more demanding. However, it is assumed that the interest rate peak has been reached with the rise of the policy rate to 4.50 per cent in December. Norges Bank’s updated interest rate curve indicates that the policy rate will be lowered to 4.25 per cent in the fourth quarter of 2024.

It must be said that the uncertainty surrounding the economic outlook is significant, and following an overall assessment, the bank’s Chief Economist believes that the weights should be kept unchanged.

The bank’s expected credit loss (ECL) excluding individually assessed losses under the weighted scenario is estimated at NOK 199 million.

Management override

Quarterly review meetings evaluate the basis for the accounting of ECL losses. If there are significant events or other weaknesses in the model that will affect an estimated loss which the model has not taken into account, relevant factors in the ECL model will be overridden.

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 default. 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. 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.

Impairment of commitments is recognised in the income

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statement as losses on loans. Reversal of impairment will result in reversal of amortised cost and is recognised as a correction of losses.

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 or the customer has gone bankrupt and the estate is settled.

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 on an individual 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.

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 assessments are so far a qualitative analysis, lack of data and experience make the quantitative and objective assessment challenging. Climate risk is reported in line with the TCDF (Task Force on Climate-Related Financial Disclosures) in a separate section of the annual report.

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	
2022	2023	Specification of losses on loans, guarantees etc.	2023	2022
6	9	Changes in ECL - stage 1	8	4
32	16	Changes in ECL - stage 2	1	21
9	13	Changes in ECL - stage 3	14	7
-73	-114	Changes in individually assessed impairments	-114	-72
26	23	Confirmed losses, previously impaired	23	26
2	6	Confirmed losses, not previously impaired	6	2
-6	-6	Recoveries	-6	-6
-4	-53	Total impairment on loans and guarantees	-68	-18

Changes in ECL in the period

GROUP 2023	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2023	39	104	198	341
New commitments	19	31	2	52
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-25	-8	-42
Changes in ECL in the period for commitments which have not migrated	-3	1	1	-1
Migration to stage 1	8	-30	0	-22
Migration to stage 2	-6	43	-2	35
Migration to stage 3	0	-4	20	16
Changes stage 3 (individually assessed)	-	-	-113	-113
ECL 31.12.2023	48	120	98	266
- of which expected losses on loans to retail customers	11	54	47	112
- of which expected losses on loans to corporate customers	36	63	51	150
- of which expected losses on guarantees	1	3	0	4

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

PARENT BANK 2023	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2023	34	87	197	318
New commitments	15	22	2	39
Disposal of commitments and transfer to stage 3 (individually assessed)	-9	-31	0	-40
Changes in ECL in the period for commitments which have not migrated	-1	-2	0	-3
Migration to stage 1	8	-23	0	-15
Migration to stage 2	-5	38	-1	32
Migration to stage 3	0	-3	13	10
Changes stage 3 (individually assessed)	-	-	-113	-113
ECL 31.12.2023	42	88	98	228
- of which expected losses on loans to retail customers	6	23	47	76
- of which expected losses on loans to corporate customers	35	62	51	148
- of which expected losses on guarantees	1	3	0	4

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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

Changes in ECL in the period divided into Retail and Corporate

GROUP 2023	Stage 1		Stage 2		Stage 3		
	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Total
ECL 01.01.2023	11	28	56	48	26	172	341
New commitments	6	14	15	16	1	-	52
Disposal of commitments and transfer to stage 3 (individually assessed)	-3	-6	-17	-10	-5	-3	-44
Changes in ECL in the period for commitments which have not migrated	-3	-1	3	-3	1	-	-3
Migration to stage 1	1	7	-14	-14	0	0	-20
Migration to stage 2	-1	-5	12	31	-2	0	35
Migration to stage 3	0	0	-1	-2	14	6	17
Changes stage 3 (individually assessed)	-	-	-	-	12	-124	-112
ECL 31.12.2023	11	37	54	66	47	51	266

GROUP 2022	Stage 1		Stage 2		Stage 3		
	PM	NL	PM	NL	PM	NL	Sum
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

PARENT BANK 2023	Stage 1		Stage 2		Stage 3		
	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Total
ECL 01.01.2023	7	27	40	47	25	172	318
New commitments	2	14	7	15	2	1	41
Disposal of commitments and transfer to stage 3 (individually assessed)	-3	-7	-14	-10	-5	-3	-42
Changes in ECL in the period for commitments which have not migrated	-1	-	-7	-2	7	-1	-4
Migration to stage 1	1	7	-9	-14	0	0	-15
Migration to stage 2	0	-5	7	31	-1	0	32
Migration to stage 3	0	0	-1	-2	7	6	10
Changes stage 3 (individually assessed)	-	-	-	-	12	-124	-112
ECL 31.12.2023	6	36	23	65	47	51	228

PARENT BANK 2022	Stage 1		Stage 2		Stage 3		
	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Total
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

Changes in exposure during the period

GROUP 2023	Stage 1		Stage 2		Stage 3		
	Retail	Corpo-rate	Retail	Corpo-rate	Retail	Corpo-rate	Total
Commitments at 01.01.2023	43 225	21 556	9 330	4 787	113	781	79 792
New commitments	15 411	8 982	1 652	1 486	6	-	27 537
Disposal of commitments	-10 302	-4 834	-2 307	-1 030	-93	-795	-19 361
Migration to stage 1	3 088	1123	-3 188	-897	-6	-418	-298
Migration to stage 2	-2 297	-3 201	2 269	2 974	-20	0	-275
Migration to stage 3	-21	-7	-59	-45	79	47	-6
Overridden migration commitments		416		-416			0
Other changes	-2 186	112	-651	-156	143	588	-2 150
Commitments at 31.12.2023*	46 918	24 147	7 046	6 703	222	203	85 239

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GROUP 2022	Stage 1		Stage 2		Stage 3		
	Retail	Corpo-rate	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Total
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	-	-39	-	0	0	306
Migration to stage 2	-5 398	-4 410	5 248	3 281	-	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	-	-1 406
Commitments at 31.12.2022*	43 225	21 556	9 330	4 787	113	781	79 792

PARENT BANK 2023	Stage 1		Stage 2		Stage 3		
	Retail	Corpo-rate	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Total
Commitments at 01.01.2023	13 149	20 810	3 055	5 021	95	781	42 911
New commitments	2 916	8 603	350	1 444	9	-	13 322
Disposal of commitments	-3 720	-4 714	-817	-1 001	-82	-795	-11 129
Migration to stage 1	950	1 035	-988	-807	-5	-418	-233
Migration to stage 2	-669	-3 141	661	2 915	-13	0	-247
Migration to stage 3	-12	-7	-21	-42	32	-45	-95
Overridden migration commitments		416		-416			0
Other changes	-1 326	126	-282	-661	177	680	-1 286
Commitments at 31.12.2023*	11 288	23 128	1 958	6 453	213	203	43 243

PARENT BANK 2023	Stage 1		Stage 2		Stage 3		
	Retail	Corpo-rate	Re-tail	Corpo-rate	Re-tail	Corpo-rate	Total
Commitments at 01.01.2023	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 31.12.2023*	13 149	20 810	3 055	5 021	95	781	42 911

*) 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 2023	Stage 1	Stage 2	Stage 3	TOTAL 31.12.2023
Low risk (0 % - < 0.5 %)	59 308	3 032	-	62 340
Medium risk (0.5 % - < 3 %)	10 109	7 709	-	17 818
High risk (3 % - <100 %)	1 648	3 008	-	4 656
PD=100 %	-	-	425	425
Gross commitments before ECL	71 065	13 749	425	85 239
- ECL	-48	-120	-98	-266
Net commitments *)	71 017	13 629	327	84 973
Gross commitments with overridden migration **)	416	-416	0	0

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	220	14 607
High risk (3 % - <100 %)	1 028	1 932	-	2 960
PD=100 %	-	449	674	1 123
Gross commitments before ECL	64 781	14 117	894	79 792
- ECL	-39	-104	-198	-341
Net commitments *)	64 742	14 013	696	79 451
Gross commitments with overridden migration **)	368	-129	-238	0

PARENT BANK 2023	Stage 1	Stage 2	Stage 3	TOTAL 31.12.2023
Low risk (0 % - < 0.5 %)	23 077	1 101	-	24 178
Medium risk (0.5 % - < 3 %)	9 732	5 083	-	14 815
High risk (3 % - <100 %)	1 607	2 227	-	3 834
PD=100 %	-	-	416	416
Gross commitments before ECL	34 416	8 411	416	43 243
- ECL	-42	-88	-98	-228
Net commitments *)	34 374	8 323	318	43 015
Gross commitments with overridden migration **)	416	-416	0	0

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 %	-	449	876	1 325
Gross commitments before ECL	33 959	8 076	876	42 911
- ECL	-34	-87	-197	-318
Net commitments *)	33 925	7 989	679	42 593
Gross commitments with overridden migration **)	368	-129	-238	0

*) 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.

**) The bank has reworked the presentation of overridden commitments in Q1 2023 to improve the information about overridden commitments and the consequences for stage allocation. Comparative figures for 2022 have been restated accordingly.

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Sensitivity analysis

GROUP - 2023		Scenario weights			Retail	Corporate	Total Group
		Worst	Base	Best	Calculated ECL	Calculated ECL	Calculated ECL (NOK million)
Normal development		20 %	70 %	10 %	94	105	199
Negative development		70 %	20 %	10 %	118	155	273
Positive development		10 %	20 %	70 %	52	76	128
		Worst	Base	Best	Calculated ECL	Calculated ECL	Calculated ECL (NOK million)
100 % weighting base scenario		0 %	100 %	0 %	90	87	177
100 % weighting worst case scenario		100 %	0 %	0 %	140	196	336
100 % weighting best case scenario		0 %	0 %	100 %	33	62	95

GROUP - 2022		Scenario weights			Retail	Corporate	Total Group
		Worst	Basis	Best	Calculated ECL	Calculated ECL	Calculated ECL (NOK million)
Normal development		20 %	70 %	10 %	84	77	161
Negative development		70 %	20 %	10 %	127	117	244
Positive development		10 %	20 %	70 %	54	47	101
		Worst	Base	Best	Calculated ECL	Calculated ECL	Calculated ECL (NOK million)
100 % weighting base scenario		0 %	100 %	0 %	72	69	141
100 % weighting worst case scenario		100 %	0 %	0 %	160	141	301
100 % weighting best case scenario		0 %	0 %	100 %	34	30	64

Forbearance split into ECL stages

GROUP/PARENT BANK 2023	Stage 1	Stage 2	Stage 3	Total
Forbearance Retail	0	328	37	365
Forbearance Corporate	0	308	23	331
Total forbearance 31.12.2023	0	636	60	696
GROUP/PARENT BANK 2022	Stage 1	Stage 2	Stage 3	Total
Forbearance Retail	0	396	52	448
Forbearance Corporate	0	917	461	1 378
Total forbearance 31.12.2022	0	1 313	513	1 826

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10 Credit-impaired commitments

The accounting policies regarding assessments of loans are disclosed in note 9. Overdue commitments and overdrafts are continuously monitored. 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	31.12.2023			31.12.2022		
	Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default for more than 90 days	96	56	40	47	35	12
Gross other credit-impaired commitments	329	166	163	1 076	146	930
Gross credit-impaired commitments	425	222	203	1 123	181	942
ECL on commitments in default for more than 90 days	26	14	12	12	6	6
ECL on other credit-impaired commitments	72	33	39	186	20	166
ECL on credit-impaired commitments	98	47	51	198	26	172
Net commitments in default for more than 90 days	70	42	28	35	29	6
Net other credit-impaired commitments	257	133	124	890	126	764
Net credit-impaired commitments	327	175	152	925	155	770
Total gross loans to customers - Group	81 834	53 795	28 039	76 393	50 818	25 575
Guarantees - Group	1 249	2	1 247	1 362	3	1 359
Gross credit-impaired commitments as a percentage of loans/guarantees	0.51 %	0.41 %	0.69 %	1.44 %	0.36 %	3.50 %
Net credit-impaired commitments as a percentage of loans/guarantees	0.39 %	0.33 %	0.52 %	1.19 %	0.30 %	2.86 %

GROUP	31.12.2023			31.12.2022		
	Total	Retail	Corporate	Total	Retail	Corporate
Commitments with probation period						
Gross commitments with probation period	111	72	39	508	59	449
Gross commitments with probation period in percentage of gross credit-impaired commitments	26 %	32 %	19 %	45 %	33 %	48 %

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PARENT BANK		31.12.2023			31.12.2022		
		Total	Retail	Corporate	Total	Retail	Corporate
Gross commitments in default for more than 90 days		96	56	40	45	33	12
Gross other credit-impaired commitments		320	157	163	1 060	130	930
Gross credit-impaired commitments		416	213	203	1 105	163	942
ECL on commitments in default for more than 90 days		26	14	12	12	6	6
ECL on other credit-impaired commitments		72	33	39	185	19	166
ECL on credit-impaired commitments		98	47	51	197	25	172
Net commitments in default for more than 90 days		70	42	28	33	27	6
Net other credit-impaired commitments		248	125	124	875	111	764
Net credit-impaired commitments		318	167	152	908	138	770
Total gross loans - Parent bank		49 545	22 152	27 393	46 015	21 273	24 742
Guarantees - Parent bank		1 249	2	1 247	1 362	3	1 359
Gross credit-impaired commitments as a percentage of loans/guarantees		0.82 %	0.96 %	0.71 %	2.33 %	0.77 %	3.61 %
Net credit-impaired commitments as a percentage of loans/guarantees		0.63 %	0.75 %	0.53 %	1.92 %	0.65 %	2.95 %

PARENT BANK		31.12.2023			31.12.2022		
Commitments with probation period		Sum	PM	NL	Sum	PM	NL
Gross commitments with probation period		111	72	39	500	51	449
Gross commitments with probation period in percentage of gross credit-impaired commitments		27 %	34 %	19 %	45 %	31 %	48 %

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

GROUP 2023	Credit-impaired commitments	Provision for expected credit losses	Assessed value of collateral
Retail	222	-47	175
Corporate	203	-51	236
Total	425	-98	411

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

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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 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 greater 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	
31.12.2022	31.12.2023	Maturity	31.12.2023	31.12.2022
12	12	Up to 1 month	-2	1
4	-22	1 - 3 months	-1	5
13	29	3 - 12 months	26	11
2	-5	1 - 5 years	-1	-3
-18	-7	Above 5 years	-8	-5
13	7	Total	15	9
-16	-17	Certificates, bonds and other interest-bearing securities	-17	-16
-20	-14	Loans to and receivables from customers, with fixed interest rate	-8	-7
-57	-90	Other loans	-41	-26
51	72	Deposits from customers	72	51
52	53	Bonds issued	6	4
2	3	Other balance sheet items	3	1
13	7	Total	15	9

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13 Foreign exchange risk

Sparebanken Møre measures foreign exchange risk on the basis of its net positions in the different currencies. It is a main principle that all transactions involving customers must be hedged immediately by doing opposite transactions in the market so that the bank’s foreign exchange risk is reduced

to a minimum. 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 - 2023	Total	NOK	Currency	Of which: USD	EUR	CHF	DKK	Other
Cash and receivables from Norges Bank	266	266	0					
Loans to and receivables from credit institutions	919	832	87	45	0	2	14	26
Loans to and receivables from customers	81 572	77 928	3 644	2 004	622	357	400	261
Certificates and bonds	11 898	11 003	895		759			136
Other assets	2 080	2 026	54	33	8	3	6	4
Total assets	96 735	92 055	4 680	2 082	1 389	362	420	427
Loans and deposits from credit institutions	1 727	1 703	24	9	13		0	2
Deposits from customers	47 410	46 683	727	255	434		12	26
Debt securities issued	36 170	27 320	8 850		8 850			
Other liabilities	1 891	1 825	66	55	11			0
Subordinated loan capital	857	857	0					
Equity	8 680	8 680	0					
Total liabilities and equity	96 735	87 068	9 667	319	9 308	0	12	28
Forward exchange contracts			4 992	-1 770	7 920	-359	-400	-399
Net exposure foreign exchange			5	-7	1	3	8	0
Effect of a 10 per cent exchange rate change	1							

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 exchange rate change	1							

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PARENT BANK - 2023	Total	NOK	Currency	Of which: USD	EUR	CHF	DKK	Other
Cash and receivables from Norges Bank	266	266	0					
Loans to and receivables from credit institutions	4 796	4 709	87	45	0	2	14	26
Loans to and receivables from customers	49 321	45 677	3 644	2 004	622	357	400	261
Certificates and bonds	11 744	10 849	895		759			136
Other assets	3 198	3 144	54	33	8	3	6	4
Total assets	69 325	64 645	4 680	2 082	1 389	362	420	427
Loans and deposits from credit institutions	2 550	2 526	24	9	13		0	2
Deposits from customers	47 510	46 783	727	255	434		12	26
Debt securities issued	7 859	7 859	0					
Other liabilities	2 003	1 937	66	55	11			0
Subordinated loan capital	857	857	0					
Equity	8 546	8 546	0					
Total liabilities and equity	69 325	68 508	817	319	458	0	12	28
Forward exchange contracts			-3 858	-1 770	-930	-359	-400	-399
Net exposure foreign exchange			5	-7	1	3	8	0
Effect of a 10 per cent exchange rate change	1							

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 exchange rate change	1							

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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 57.9 per cent at the end of 2023, opposed to 57.4 per cent by the end of 2022. The average residual maturity of the portfolio of senior bonds and covered bonds were respectively 2.74 years and 2.95 years at the end of 2023, compared with 2.2 years and 3.1 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 31.12.2023

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	266					266
Loans to and receivables from credit institutions	919					919
Loans to and receivables from customers	251	1 922	3 581	21 693	50 773	78 220
Certificates and bonds	122	990	1 950	9 701	483	13 246
Total assets	1 558	2 912	5 531	31 394	51 256	92 651
Liabilities						
Loans and deposits from credit institutions						0
Deposits from customers	37 018	33	9 997	35	0	47 083
Debt securities issued	41	2 624	4 803	32 457	1 035	40 960
Subordinated loan capital	6	22	322	1 513	0	1 863
Total liabilities	37 065	2 679	15 122	34 005	1 035	89 906
Financial derivatives						
Cash inflow	54	198	1 088	3 708	563	5 611
Cash outflow	77	300	1 265	4 064	538	6 244
Total financial derivatives	-23	-102	-177	-356	25	-633

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 inflow	29	103	516	1 612	443	2 703
Cash outflow	43	224	581	1 980	431	3 259
Total financial derivatives	-14	-121	-65	-368	12	-556

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Liquidity risk 31.12.2023

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	266					266
Loans to and receivables from credit institutions	4 796					4 796
Loans to and receivables from customers	177	1 192	2 841	17 766	23 873	45 849
Certificates and bonds	121	953	1 945	9 579	483	13 081
Total assets	5 360	2 145	4 786	27 345	24 356	63 992
Liabilities						
Loans and deposits from credit institutions						0
Deposits from customers	37 118	33	9 997	35	0	47 183
Debt securities issued	41	41	1 220	7 248	1 035	9 585
Subordinated loan capital	6	22	322	1 513	0	1 863
Total liabilities	37 165	96	11 539	8 796	1 035	58 631
Financial derivatives						
Cash inflow	54	167	828	3 040	525	4 614
Cash outflow	44	187	823	2 990	523	4 567
Total financial derivatives	10	-20	5	50	2	47

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 inflow	29	161	526	1 847	428	2 991
Cash outflow	21	175	488	1 817	421	2 922
Total financial derivatives	8	-14	38	30	7	69

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15 Net interest income

Interest income is recognised as income using the effective interest rate method. This implies interest income being recognised when received plus amortisation of establishment fees. The effective interest rate is set by discounting contractual cash flows within the expected term.

Recognition of interest income using the effective interest rate method is used both for balance sheet items valued at amortised cost, and balance sheet items valued at fair value through the income statement, with the exception of establishment fees on loans at fair value which are

recognised as income when earned. Interest income on impaired loans is calculated as the effective interest rate on the impaired value. Interest income on financial instruments is included in the line item "Net interest income".

Net interest income

GROUP 2023			PARENT BANK 2023		
Measured at fair value	Measured at amortised cost	Total	Total	Measured at amortised cost	Measured at fair value
	66	66			
178	4 155	4 333	241	241	
517		517	2 744	2 691	53
			507		507
695	4 221	4 916	3 492	2 932	560
	35	35			
4	1 249	1 253	77	77	
	1 622	1 622	1 253	1 249	4
	54	54	394	394	
	52	52	54	54	
			47	47	
4	3 012	3 016	1 825	1 821	4
691	1 209	1 900	1 667	1 111	556

GROUP 2022			PARENT BANK 2022		
Measured at fair value	Measured at amortised cost	Total	Total	Measured at amortised cost	Measured at fair value
	10	10			
115	2 376	2 491	89	89	
229		229	1 656	1 614	42
			225		225
344	2 386	2 730	1 970	1 703	267
	10	10			
	452	452	32	32	
	675	675	452	452	
	27	27	158	158	
	49	49	28	28	
			45	45	
	1 213	1 213	715	715	
344	1 173	1 517	1 255	988	267

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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 when the income generating activity is completed. Customer trades involving financial instruments will generate income in the form of margins and broker’s commissions, which are recognised as income when the trade has been executed. Dividends on equities are recognised as income when the dividend is finally approved.

GROUP		PARENT BANK		
2022	2023		2023	2022
44	27	Guarantee commission	27	44
27	29	Income from the sale of insurance products (non-life/personal)	29	27
15	17	Income from the sale of shares in unit trusts/ securities	17	15
43	47	Income from Discretionary Portfolio Management	47	43
90	95	Income from payment transfers	95	90
29	43	Other fees and commission income	42	28
248	258	Commission income and income from banking services	257	247
-34	-42	Commission expenses and expenses from banking services	-41	-34
31	33	Income from real estate brokerage	0	0
1	1	Other operating income	50	45
32	34	Total other operating income	50	45
246	250	Net commision and other income	266	258

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

Net commission and other income - 2023	Group	Other	Corporate	Retail	Real estate brokerage
Guarantee commission	27	0	27	0	0
Income from the sale of insurance products (non-life/personal)	29	2	3	24	0
Income from the sale of shares in unit trusts/ securities	17	3	0	14	0
Income from Discretionary Portfolio Management	47	3	23	21	0
Income from payment transfers	95	9	20	66	0
Other fees and commission income	43	3	22	18	0
Commission income and income from banking services	258	20	95	143	0
Commission expenses and expenses from banking services	-42	-16	-2	-24	0
Income from real estate brokerage	33	0	0	0	33
Other operating income	1	1	0	0	0
Total other operating income	34	1	0	0	33
Net commision and other income	250	5	93	119	33

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 commision and other income	246	10	92	112	31

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17 Net gains and losses from financial instruments

GROUP			PARENT BANK		
2022	2023		Note	2023	2022
15	16	Interest hedging (for customers)		17	18
42	31	Currency hedging (for customers)		31	42
11	1	Dividend received	29	154	252
24	10	Net gains/losses on equities		10	24
-75	-2	Net gains/losses on bonds		0	-71
-121	17	Change in value of fixed-rate loans	24	6	-45
107	-26	Derivatives related to fixed-rate loans		-18	35
371	-1 172	Change in value of issued bonds		-55	36
-380	1 173	Derivatives related to issued bonds		69	-27
-1	-3	Net gains/losses related to buy back of issued bonds		-3	-1
0	0	Other change in value		-14	-8
-7	45	Net gains/losses from financial instruments		197	255

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

GROUP			PARENT BANK		
2022	2023		2023	2022	
459	-382	Value secured debt securities with changes in value recognised in the income statement	-55	36	
-472	383	Financial derivatives applied in hedge accounting	55	-38	
-13	1	Total	0	-2	

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18 Salaries

GROUP			PARENT BANK		
2022	2023	(NOK million)	2023	2022	
297	320	Wages, salary, holiday pay and other cash-based benefits	300	277	
3	3	Fees paid to members of the Board of Directors	3	3	
14	20	Bonus/profit sharing 1)	20	14	
23	25	Pension expenses (note 20)	25	23	
66	82	Employers' social security contribution and Financial activity tax	79	63	
27	32	Other personnel expenses	31	26	
430	482	Total wages and salary expenses	458	406	

2022	2023	Manning levels:		2023	2022
374	400	Number of man-years as at 31.12		377	356
369	387	Number of man-years employed in the financial year		367	352

1) Part of the bonus (approximately 50 %) for 2023 and 2022 was given in the form of equity certificates (MORG). The equity certificates (ECs) were purchased in the market at market price, a total of 56.549 in 2023 and 55.900 ECs in 2022.

As at 31.12.2023, 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 3,050,358 in 2023 (2022: NOK 2,720,379). The estimated value of benefits in kind totalled NOK 529,384 (2022: NOK 351,696). In addition, NOK 165,044 has been charged to the income statement related to the CEO’s pension agreement (2022: NOK 144,941) (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)	2023	2022
Board of Directors	2 105	2 169

Loans, deposits and guarantees

GROUP (NOK million)	31.12.2023		31.12.2022	
	Loans	Deposits	Loans	Deposits
Board of Directors	27	2	15	3
Employees	1 462	176	1 227	172

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 3.7 per cent in 2023) which triggers a basis for taxing such benefits in kind to the employees has been estimated at NOK 15,680,160 (2022: NOK 6,855,851).

Interest income and interest expenses related to the Board of Directors

(NOK thousand)	2023	2022
Interest income	838	211
Interest expenses	87	32

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Wages, salaries and other remuneration

PARENT BANK (NOK thousand)	Wages/salaries		Other remuneration	
	2023	2022	2023	2022
Board of Directors				
Roy Reite, Chair of the Board	373	-		
Kåre Øyvind Vassdal, Deputy Chair	290	286		
Birgit Midtbust	175	-		
Terje Bøe	151	-		
Jill Aasen	265	286		
Therese Monsås Langset	203	215		
Marie Rekdal Hide, employee representative	196	181		
Bjørn Følstad, employee representative	190	159		
Former members of the Board:				
Leif-Arne Langøy, Chair of the Board	124	472		
Henrik Grung, Deputy Chair	59	242		
Signy Starheim	64	179		
Ann Magritt Bjåstad Vikebakk	15	90		
Helge Karsten Knudsen, employee representantative	0	59		
Total remuneration to the Board of Directors	2 105	2 169	0	0
CEO				
Trond Lars Nydal	3 050	2 720	529	352
Executive Management				
EVP, Corporate Banking Division, Terje Krøvel	1 810	1 707	373	292
EVP, Retail Banking Division, Elisabeth Blomvik	1 457	1 350	409	333
EVP, Finance, John Arne Winsnes 1)	2 071	1 807	121	28
EVP, Risk Management and Compliance, Erik Røkke 1)	1 366	1 239	306	265
EVP, Organizational Development, Kjetil Hauge	1 352	1 117	311	254
EVP, Business Support, Ove Skjeret	1 344	972	134	168
Former members of the Executive Management:				
EVP, Customer Experience, Arild Sulebakk	-	1 129	-	258
EVP, Business Support, Perdy Lunde	-	1 435	-	247
EVP, Communications and Group Support, Tone S. Gjerdsbakk	-	1 131	-	259
Total remuneration to the Executive Management	9 400	11 887	1 654	2 104
Other employess with tasks of significant importance for the bank's risk exposure				
Managing Director Møre Boligkreditt AS, Ole Kjerstad	1 009	945	308	240
Head of Treasury, Ove Ness	1 051	987	267	224
Head of Credit, Signe Lade Sølvik	899	924	297	238
Other employees with controller responsibilites				
Head of Compliance, Olav Heggheim	823	769	251	189
Head of Risk Management, Leif Kylling	988	940	287	239
Head of Operational Risk, Laila Hurlen	1 028	987	74	35

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

Loans

(NOK thousand)	LOANS	
	31.12.2023	31.12.2022
Board of Directors		
Roy Reite, Chair of the Board	-	-
Kåre Øyvind Vassdal, Deputy Chair	3 793	4 023
Birgit Midtbust	2 768	-
Terje Bøe	10 579	-
Jill Aasen	-	-
Therese Monsås Langset	5 822	5 340
Marie Rekdal Hide, employee representative	4 133	5 140
Bjørn Følstad, employee representative	-	-
Former members of the Board:		
Leif-Arne Langøy, Chair of the Board	-	-
Henrik Grung, Deputy Chair	-	-
Signy Starheim	-	-
CEO		
Trond Lars Nydal	2 319	2 817
Employees	1 462 172	1 227 409

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.

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19 Operating expenses excl. personnel expenses

The table gives an overview of key cost items:

GROUP			PARENT BANK	
2022	2023	(NOK million)	2023	2022
15	19	Operating expenses own and rented premises	17	15
7	8	Maintenance of fixed assets	8	7
150	168	IT-expenses	164	147
37	47	Marketing expenses	47	37
25	32	Purchase of external services (incl.fees to external auditor)	27	21
9	9	Expenses related to postage, telephone and newspapers etc.	9	9
5	6	Travel expenses	5	4
8	12	Capital tax	12	8
15	26	Other operating expenses	19	9
271	328	Total other operating expenses	308	257

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

GROUP			PARENT BANK	
2022	2023	(NOK thousand)	2023	2022
2 360	2 510	Fees for statutory audit	1 805	1 881
317	311	Fees for other attestation services	76	83
0	0	Fees regarding tax consulting	0	0
1 343	833	Fees for other non-audit services	604	946
4 020	3 654	Fees to External Auditor (including value added tax)	2 485	2 910

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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. The discount rate is based on the interest rate on corporate bonds with high credit ratings. 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 18 (2022: 13) active members and 285 (2022: 290) pensioners by the end of 2023.

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 22 million in 2023 (NOK 18 million in 2022).

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 2023 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 2024 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 2023 (NOK 4 million in 2022).

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

Financial and actuarial assumptions	Liabilities		Expenses	
	31.12.2023	31.12.2022	2023	2022
Discount rate/expected return on pension resources	4.20	3.75	3.75	2.00
Wages and salary adjustment	3.75	3.75	3.75	2.50
Pension adjustment	0	0	0	0
Adjustment of the National Insurance`s basic amount	3.50	3.50	3.50	2.25
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

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Pension expenses in ordinary result	2023	2022
Present value of pension accruals during the year, including administration expenses	1	2
Interest expenses of incurred pension liabilities	9	6
Expected return on pension resources	-11	-6
Net pension expenses for the pension fund	-1	2
Change in present value of pension accruals relating to other pension schemes	-1	-2
Pension expenses charged to the profit and loss, incl. payments to the defined-benefit- and the SERP-schemes	25	23
Total pension expenses	23	23

Specification of estimate deviations in comprehensive income	2023	2022
Change in discount rate	13	60
Change in other financial assumptions	-12	-14
Estimate deviations on pension funds	0	0
Total estimate deviations (positive figure is income, negative figure is expense)	1	46

Total pension liabilities/-funds	31.12.2023	31.12.2022
Pension liabilities	242	253
Value of pension resources	-301	-300
Net pension liabilities/-funds relating to the pension fund	-59	-47
Net pension liabilities relating to members of the bank's executive management/bank managers	28	26
Total net pension liabilities/-funds	-31	-21
-Of which presended under assets: "Overfunded pension liability"	-59	-47
-Of which presented under liabilities: "Pension liabilities"	28	26

Sensitivity analysis	Change in the discount rate in %	Effect on the liability in % as at 31.12.2023	Effect on the pension expenses in % in 2023
The funded plan (Pension Fund)	0.5	-5.0	-4.4
The funded plan (Pension Fund)	-0.5	5.4	4.8
Unfunded schemes (Other schemes)	0.5	-4.6	-4.5
Unfunded schemes (Other schemes)	-0.5	5.0	4.7

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.

Investment profile - pension resources		31.12.2023	31.12.2022	
	Fair value	%	Fair value	%
Shares	127	19.3	77	13.6
Fund shares	98	14.9	69	12.2
Bonds/certificates	406	61.7	381	67.3
Bank deposits	27	4.1	39	6.9
Total pension resources	658	100.0	566	100.0

NOK 301 million (NOK 300 million) of the total pension resources of NOK 658 million (NOK 566 million) are related to the defined benefit scheme in Sparebanken Møre. The remaining pension resources (excluding the paid-in equity of NOK 139 million in the Pension Fund) are related to issued paid-up policies, administered by Sparebanken Møre's Pension Fund.

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 22,347 (11,127) 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 14 million in Sparebanken Møre in 2023 (NOK 6 million).

Return on pension resources in %	31.12.2023	31.12.2022
Total pension resources	9.14	-2.55

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21 Taxes

Tax expense consists of income tax payable and changes in deferred tax.

Sparebanken Møre is subject to financial tax and has therefore a tax rate of 25 per cent both for 2023 and 2022. The subsidiaries, however, have a tax rate of 22 per cent both for 2023 and 2022. For the parent bank this means that both tax payable and deferred taxes 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 expense is related to Norway.

Tax expense recognised in the income statement

GROUP			PARENT BANK	
2022	2023		2023	2022
204	270	Tax payable on profit for the period	268	180
32	64	Changes in deferred taxes in the income statement	28	15
0	0	Changes in estimates related to prior years	0	0
236	334	Tax expense	296	195
23,3	24,0	Effective tax rate (tax expense as a percentage of pre tax profit)	21,6	18,2

Tax expense recognised in the comprehensive income

GROUP			PARENT BANK	
2022	2023		2023	2022
12	0	Changes in deferred taxes due to pension estimate deviations	0	12
6	-8	Tax effect on tax payable related to changes in value on basis spreads	0	0
18	-8	Tax expense in comprehensive income	0	12

Specification of the difference between the pre-tax profit and the income subject to tax

GROUP			PARENT BANK	
2022	2023		2023	2022
1 013	1 389	Pre tax profit	1 373	1 070
-32	-11	Non-taxable income and non-deductable expenses related to shares	-164	-273
-31	-49	Deductable interests on Additional Tier 1 capital treated as equity	-49	-31
16	24	Other non-taxable income and non-deductable expenses	25	16
-142	-387	Changes in temporary differences	-111	-61
824	966	Taxable income	1 074	721
204	270	Tax payable on ordinary profit (25 % for the parent bank and 22 % for the subsidiaries)	268	180
6	0	Tax payable on comprehensive income (25 % for the parent bank and 22 % for the subsidiaries)	0	0
210	270	Tax payable	268	180

Specification of temporary differences and the computation of deferred tax

GROUP			PARENT BANK	
31.12.2022	31.12.2023		31.12.2023	31.12.2022
-18	-13	Temporary differences relating to:	-14	-20
247	256	Fixed assets	256	247
463	837	Pension liabilities	159	63
692	1 080	Other temporary differences	401	290
-226	-225	Net negative (-) / positive differences recognised in the income statement	-225	-226
5	5	Share of net pension liability recognised in other comprehensive income	5	5
471	860	Limited partnerships	181	69
0	-152	Total negative (-) / positive differences	0	0
106	161	Loss carried forward	45	17
		Deferred tax asset (-) or liability (25 % for the parent bank and 22 % for the subsidiaries)		

Reconciliation of tax expense and pre-tax profit

GROUP			PARENT BANK	
2022	2023		2023	2022
248	343	25 % of pre-tax profit (22 % for the subsidiaries)	343	267
-8	-3	Equities 25 % (22 %)	-41	-68
-4	-6	Other non-taxable income and non-deductable expenses 25 % (22 %)	-6	-4
0	0	Changes in estimates related to prior years	0	0
236	334	Total tax expense	296	195

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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, to the net book value of the loan. By conducting this calculation, all cash flows are estimated, and all contractual terms and conditions of 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 (with a maturity of less than

one year), 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 resulting from changes in value of the assets and liabilities measured at fair value, with changes in value recognised in the income statement, are accounted for in the period in which they occur.

GROUP - 31.12.2023	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			266	266
Loans to and receivables from credit institutions			919	919
Loans to and receivables from customers	3 283		78 289	81 572
Certificates and bonds	11 898			11 898
Shares and other securities	217			217
Financial derivatives	917	419		1 336
Total financial assets	16 315	419	79 474	96 208
Loans and deposits from credit institutions			1 727	1 727
Deposits from customers	138		47 272	47 410
Financial derivatives	434	169		603
Debt securities issued			36 170	36 170
Subordinated loan capital			857	857
Total financial liabilities	572	169	86 026	86 767

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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

PARENT BANK - 31.12.2023	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			266	266
Loans to and receivables from credit institutions			4 796	4 796
Loans to and receivables from customers	9 287		40 034	49 321
Certificates and bonds	11 744			11 744
Shares and other securities	217			217
Financial derivatives	897	40		937
Total financial assets	22 145	40	45 096	67 281
Loans and deposits from credit institutions			2 550	2 550
Deposits from customers	138		47 372	47 510
Financial derivatives	741	99		840
Debt securities issued			7 859	7 859
Subordinated loan capital			857	857
Total financial liabilities	879	99	58 638	59 616

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		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

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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, to the net book value of the loan. By conducting this calculation, all cash flows are estimated, and all contractual terms and conditions of 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	31.12.2023		31.12.2022	
	Fair value	Book value	Fair value	Book value
Cash and receivables from Norges Bank	266	266	394	394
Loans to and receivables from credit institutions	919	919	361	361
Loans to and receivables from customers	78 289	78 289	72 663	72 663
Total financial assets	79 474	79 474	73 418	73 418
Loans and deposits from credit institutions	1 727	1 727	586	586
Deposits from customers	47 272	47 272	43 833	43 833
Debt securities issued	36 276	36 170	34 175	34 236
Subordinated loan capital and Additional Tier 1 capital	857	857	848	857
Total financial liabilities	86 132	86 026	79 442	79 512

PARENT BANK	31.12.2023		31.12.2022	
	Fair value	Book value	Fair value	Book value
Cash and receivables from Norges Bank	266	266	394	394
Loans to and receivables from credit institutions	4 796	4 796	3 865	3 865
Loans to and receivables from customers	40 034	40 034	38 173	38 173
Total financial assets	45 096	45 096	42 432	42 432
Loans and deposits from credit institutions	2 550	2 550	1 969	1 969
Deposits from customers	47 372	47 372	43 919	43 919
Debt securities issued	7 869	7 859	7 364	7 429
Subordinated loan capital and Additional Tier 1 capital	857	857	848	857
Total financial liabilities	58 648	58 638	54 100	54 174

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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 the valuation of financial instruments in level 3 of the fair value hierarchy:

Fixed rate loans

There have been no significant changes to the approach to valuing fixed-rate loans in 2023. 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 8.1 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 99 million) and the bank’s ownership interest in Eksportfinans ASA (NOK 82 million).

The tables below show financial instruments at fair value.

GROUP - 31.12.2023	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			3 283	3 283
Certificates and bonds	8 572	3 326		11 898
Shares	5		212	217
Financial derivatives		1 336		1 336
Total financial assets	8 577	4 662	3 495	16 734
Loans and deposits from credit institutions				-
Deposits from customers			138	138
Debt securities issued				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		603		603
Total financial liabilities	-	603	138	741

GROUP - 31.12.2022	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			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

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PARENT BANK - 31.12.2023	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			9 287	9 287
Certificates and bonds	8 418	3 326		11 744
Shares	5	0	212	217
Financial derivatives		937		937
Total financial assets	8 423	4 263	9 499	22 185
Loans and deposits from credit institutions				-
Deposits from customers			138	138
Debt securities issued				-
Subordinated loan capital and Additional Tier 1 capital				-
Financial derivatives		840		840
Total financial liabilities	-	840	138	978

PARENT BANK - 31.12.2022	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			7 550	7 550
Certificates and bonds	8 148	2 744		10 892
Shares	39	0	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

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GROUP - Level 3 reconciliation	Loans to andreceivables from customers	Shares	Deposits from customers
Book value as at 31.12.2022	3 415	207	48
Purchases/additions	597	10	89
Sales/reduction	-746	0	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	-8	0
Net gains/losses in the period	17	3	1
Book value as at 31.12.2023	3 283	212	138

PARENT BANK - Level 3 reconciliation	Loans to and receivables from customers	Shares	Deposits from customers
Book value as at 31.12.2022	7 550	207	48
Purchases/additions	2 041	10	89
Sales/reduction	-259	0	0
Transferred to Level 3	0	0	0
Transferred from Level 3	0	-8	0
Net gains/losses in the period	-45	3	1
Book value as at 31.12.2023	9 287	212	138

Shares, equity certificates and other securities

GROUP/PARENT BANK 2023	Stake	Number of shares	Acquistion cost	Book value/market value
Vipps Holding AS	1.00 %	18 987	50	99
Eksportfinans ASA	1.35 %	3 551	46	82
Novela Kapital I AS	15.00 %		11	7
VN Norge AS	1.55 %		-	12
Sparebank 1 Nordmøre	0.42 %	37 756	4	5
Other			20	12
Total			131	217

Certificates and bonds

GROUP			PARENT BANK	
31.12.2022	31.12.2023		31.12.2023	31.12.2022
		Public sectors		
2 566	2 995	Acquistion cost	2 995	2 566
2 538	3 001	Book value	3 001	2 538
		Credit institutions		
6 656	6 880	Acquistion cost	6 728	6 586
6 628	6 935	Book value	6 781	6 558
		Other financial companies		
1 891	1 995	Acquistion cost	1 995	1 840
1 847	1 962	Book value	1 962	1 796
		Total certificates and bonds		
11 113	11 870	Acquistion cost	11 718	10 992
11 013	11 898	Book value	11 744	10 892

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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).

The 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 the 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 31.12.2023, Sparebanken Møre had provided cash collateral for both non-cleared and cleared derivatives of NOK 462 million (NOK 275 million) and received cash collateral of NOK 459 million (274 million). The subsidiary Møre Boligkreditt AS had received a cash collateral of NOK 561 million (NOK 278 million).

GROUP	2023			2022		
	Nominal value	Asset	Liability	Nominal value	Asset	Liability
Interest rate instruments						
Interest rate swaps	14 907	375	216	13 335	162	212
Total interest rate instruments	14 907	375	216	13 335	162	212
Foreign exchange instruments						
Foreign exchange swaps	5 399	271	152	1 625	288	64
FX Forward exchange contracts	13 390	271	66	9 672	158	57
Total foreign exchange instruments	18 789	542	218	11 297	446	121
Hedging instruments						
Interest rate swaps	4 850	55	150	4 275	379	170
Foreign exchange swaps	5 574	364	19	10 494	-	249
Total hedging instruments	10 424	419	169	14 769	379	419
Total financial derivatives	44 120	1 336	603	39 401	987	752

PARENT BANK	2023			2022		
	Nominal value	Asset	Liability	Nominal value	Asset	Liability
Interest rate instruments						
Interest rate swaps	17 193	375	309	15 909	449	337
Total interest rate instruments	17 193	375	309	15 909	449	337
Foreign exchange instruments						
Foreign exchange swaps	8 097	250	366	6 523	36	64
FX Forward exchange contracts	13 390	271	66	9 672	158	57
Total foreign exchange instruments	21 487	521	432	16 195	194	121
Hedging instruments						
Interest rate swaps	2 800	41	99	2 225	-	121
Foreign exchange swaps	-	-	-	-	-	-
Total hedging instruments	2 800	41	99	2 225	-	121
Total financial derivatives	41 480	937	840	34 329	643	579

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As at 31 December 2023, the following swaps were used in fair value hedging of interest rate risk:

GROUP - 2023	Currency	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Nominal amount	NOK				4 850	500
Average fixed interest rate					3.29 %	5.59 %
Nominal amount	EUR			250	805	
Average fixed interest rate				0.01 %	2.21 %	

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				2.35 %	2.71 %	2.75 %
Nominal amount	EUR			250	750	25
Average fixed interest rate				0.38 %	1.05 %	2.81 %

PARENT BANK - 2023	Currency	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Nominal amount	NOK				2 800	500
Average fixed interest rate					2.23 %	5.59 %
Nominal amount	EUR				250	
Average fixed interest rate					3.13 %	

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				2.35 %	1.28 %	

Maturity of financial derivatives, nominal value

GROUP	2023		2022	
Maturity	Interest rate and foreign exchange swaps	Forward exchange contracts	Interest rate and foreign exchange swaps	Forward exchange contracts
2023			5 444	9 480
2024	4 047	13 086	3 944	136
2025	4 898	249	4 510	19
2026	5 384	33	4 801	16
2027	6 802	11	4 738	11
2028	3 323	7	1 895	7
2029	1 629	4	894	3
2030	1 239		1 175	
2031	1 410		1 327	
2032	765		780	
2033	6 051		55	
2037	166		166	
	35 714	13 390	29 729	9 672

PARENT BANK		2023		2022	
Maturity	Interest rate and foreign exchange swaps	Forward exchange contracts	Interest rate and foreign exchange swaps	Forward exchange contracts	
2023			2 942	9 480	
2024	1 394	13 086	1 381	136	
2025	3 848	249	3 460	19	
2026	2 705	33	2 212	16	
2027	8 759	11	7 028	11	
2028	2 082	7	663	7	
2029	1 629	4	894	3	
2030	1 239		1 175		
2031	1 410		1 327		
2032	765		3 354		
2033	3 765		55		
2037	166		166		
	27 762	13 390	24 657	9 672	

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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 31.12.22	Issued	Overdue/ redeemed	Other changes	Balance at 31.12.23
Bonds and certificates, nominal value	32 602	7 400	-6 074	-	33 928
Accrued interests	109			45	154
Value adjustments	1 525			563	2 088
Total debt securities	34 236	7 400	-6 074	608	36 170

PARENT BANK	Balance at 31.12.22	Issued	Overdue/ redeemed	Other changes	Balance at 31.12.23
Bonds and certificates, nominal value	7 500	3 400	-3 046	-	7 854
Accrued interests	30			25	55
Value adjustments	-101			51	-50
Total debt securities	7 429	3 400	-3 046	76	7 859

Maturity of securities-based debt, nominal value

GROUP				PARENT BANK		
	NOK	Currency	Total	Maturity	NOK	Currency
	3 301	2 498	5 799	2024	954	954
	8 550		8 550	2025	1 500	1 500
	7 000	2 550	9 550	2026	2 000	2 000
	1 900	2 908	4 808	2027	1 900	1 900
	6 000	201	6 201	2028	1 000	1 000
	500		500	2029	500	500
	27 251	8 157	35 408	Total	7 854	-

An overview of contractual non-discounted cash flows is presented in note 14.

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ISIN	Currency	Issue	Maturity	Terms	31.12.2023
NO0012847815	NOK	22.02.2023	2028	3 mnth NIBOR + 1.75	503
NO0012490012	NOK	06.04.2022	2027	3 mnth NIBOR + 1.60	354
Subordinated loan capital					857

ISIN	Currency	Issue	Maturity	Terms	31.12.2023
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 48 million has been paid in 2023(NOK 31

million). NOK 48 million (NOK 31 million) of the profit after tax in 2023 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 2023. Securities documents and loan agreements are made available on the bank’s website.

Changes in subordinated loan capital

GROUP AND PARENT BANK	Book value 31.12.22	Issued	Matured/redeemed	Other changes	Book value 31.12.23
Subordinated loan capital, nominal value	850	500	-500		850
Accrued interest	7				7
Value adjustments	0				0
Total subordinated loan capital	857	500	-500	-	857

Changes in Additional Tier 1 capital (classified as equity)

GROUP AND PARENT BANK	Book value 31.12.22	Issued	Matured/redeemed	Other changes	Book value 31.12.23
Additional Tier 1 capital, nominal value	650				650
Accrued interest	0				0
Value adjustments	0				0
Total Additional Tier 1 capital (classified as equity)	650	-	-	-	650

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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.

GROUP		DEPOSITS FROM CUSTOMERS	PARENT BANK	
31.12.2022	31.12.2023	Sector/industry	31.12.2023	31.12.2022
262	278	Agriculture and forestry	278	262
1 950	1 556	Fisheries	1 556	1 950
3 516	3 387	Manufacturing	3 387	3 516
867	967	Building and construction	967	867
1 183	1 098	Wholesale and retail trade, hotels	1 098	1 183
2 324	2 502	Property management	2 602	2 410
4 628	5 308	Transport and private/public services	5 308	4 628
669	657	Public entities	657	669
2 138	2 431	Miscellaneous	2 431	2 138
17 537	18 184	Total corporate/public entities	18 284	17 623
26 344	29 226	Retail customers	29 226	26 344
43 881	47 410	Total deposits from customers	47 510	43 967

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29 Subsidiaries

GROUP STRUCTURE

Parent bank	Home country	Core operations
Sparebanken Møre	Norway	Banking

Ownerhship in credit institutions

Company	Home country	Core operations	Ownership share	Voting share	Book value 2023	Book value 2022
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 2023	Book value 2022
Møre Eiendomsmegling AS	Norway	Real estate brokerage	100 %	100 %	9	9
Sparebankeiendom AS	Norway	Real estate management	100 %	100 %	9	9
Storgata 41-45 Molde AS 1)	Norway	Real estate management	100 %	100 %	3	3
Total ownership in other subsidiaries					21	21
Total ownerhip 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 agreed 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 (5.02 per cent in 2023 and 2.84 per cent in 2022).

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

portfolios to Møre Boligkreditt AS, interest rate and currency hedging agreements entered into under the ISDA regulations and associated margining agreements, as well as Sparebanken Møre providing 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.

In addition to paid-in equity in the form of cash deposits from Sparebanken Møre of NOK 1.55 billion pr 31.12.2023, 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	2023	2022
Statement of income		
Net interest and credit commission income from subsidiaries	146	68
Received dividend from subsidiaries	152	241
Administration fee received from Møre Boligkreditt AS	49	43
Rent paid to Sparebankeiendom AS and Storgata 41-45 Molde AS	15	14
Balance sheet as at 31.12.		
Claims on subsidiaries	3 983	3 614
Covered bonds	0	0
Liabilities to subsidiaries	1 484	1 747
Intragroup right-of-use of properties in Sparebankeiendom AS and Storgata 41-45 Molde AS	70	76
Intragroup hedging	306	125
Accumulated loan portfolio transferred to Møre Boligkreditt AS	32 369	30 474

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30 Leases and rental agreements

Rental of business premises

The bank rents 27 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	2023	2022
Rent paid to:		
Sparebankeiendom AS and Storgata 41-45 Molde AS	17	16
Other external lessors	11	10

Duration of rental agreements

Rental agreements with external lessors are mainly of 5-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 5-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.

The Group 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	
2022	2023		2023	2022
39	44	Right-of-use assets OB	120	124
13	9	Adjustments	15	17
5	7	Additions	9	5
0	0	Disposals	0	0
13	14	Depreciations	28	26
44	46	Right-of-use assets CB	116	120

Lease liability according to IFRS 16

GROUP			PARENT BANK	
2022	2023		2023	2022
39	44	Lease liability OB	123	127
13	10	Adjustments	15	17
5	7	Additions	9	5
0	0	Disposals	0	0
14	15	Lease payments	30	28
1	1	Interests	3	2
44	47	Lease liabilities CB	119	123

Maturity analysis, undiscounted cash flow

PARENT BANK	2023
Less than 1 year	31
1-2 years	29
2-3 years	26
3-4 years	24
4-5 years	20
More than 5 years	2
Total undiscounted cash flow	132

Other significant agreements

The Group has outsourced most of the operations within the IT-area. Sparebanken Møre has an agreement with TietoEVERY, for delivery of the bank’s IT services. 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.

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31 Fixed assets

Fixed assets are valued at historical cost, including direct attributable cost, less accumulated depreciation and impairment.

Depreciation is calculated by applying the straight-line method over the following time profile:

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

Buildings and plots are fully owned by the bank’s two subsidiaries, Sparebankeiendom AS and 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 31.12.2023	Total	Buildings, incl. tech.install., building plots/holiday cabins	Cars/IT/office machines	Fixtures and fittings
Acquisition cost as at 01.01	400	297	35	68
Additions	15	6	3	6
Disposals	0	0	0	0
Acquisition cost as at 31.12	415	303	38	74
Accumulated depreciation and impairment as at 01.01	244	151	29	62
Depreciation during the year	12	8	2	2
Impairment during the year	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation and impairment as at 31.12	256	159	30	64
Carrying amount as at 31.12	161	144	8	9
Straight-line depreciation period (years)		10-50	3-5	8-10
Fully depreciated fixed assets in use (acquisition cost)	137	52	27	58

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

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PARENT BANK 31.12.2023	Total	Buildings, incl. tech.install, building plots/holiday cabins	Cars/IT/office machines	Fixtures and fittings
Acquisition cost as at 01.01	149	47	35	67
Additions	15	6	3	6
Disposals	0	0	0	0
Acquisition cost as at 31.12	164	53	38	73
Accumulated depreciation and impairment as at 01.01	118	28	29	61
Depreciation during the year	8	4	2	2
Impairment during the year	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation and impairment as at 31.12	126	32	31	63
Carrying amount as at 31.12	37	21	7	9
Straight-line depreciation period (years)		10-50	3-5	8-10
Fully depreciated fixed assets in use (acquisition cost)	93	10	26	57

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

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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.

33 Other assets

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 on loans.

Reposessed assets amount to NOK 5 million (NOK 5 million in 2022). This consists of properties of NOK 1 million (NOK 1 million) and plots of NOK 4 million (NOK 4 million). These properties have mainly been acquired/reposessed as part of the bank’s realisation of collateral security. Sparebanken Møre does not wish to remain the owner of reposessed 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.

GROUP			PARENT BANK	
2022	2023	(NOK million)	2023	2022
205	229	Acquisition cost as at 01.01	227	204
24	26	Additions	26	23
0	0	Disposals	0	0
229	255	Acquisition cost as at 31.12	253	227
154	173	Accumulated depreciation and impairment as at 01.01	172	153
19	23	Depreciations	23	19
0	0	Impairments	0	0
0	0	Disposals	0	0
173	196	Accumulated depreciation and impairment as at 31.12	195	172
51	56	Carrying amount as at 01.01	55	51
56	59	Carrying amount as at 31.12	58	55
20	20	Straight-line depreciation rates in per cent	20	20
5	5	Economic life – number of years	5	5

GROUP			PARENT BANK	
31.12.2022	31.12.2023		31.12.2023	31.12.2022
5	5	Reposessed assets	5	5
79	139	Paid-in equity in Sparebanken Møre’s Pension Fund	139	79
33	59	Other receivables	59	33
117	203	Total other assets	203	117

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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.

Equity Certificates (ECs)

At the end of 2023, 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 2.205 million and the share premium fund, totalling NOK 359 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

GROUP	2023	2022
Earnings per EC (NOK) 1) *)	10.12	7.50
Diluted earnings per EC (NOK) *)	10.12	7.50
EC-holders' share of the profit:		
Profit	1 007	746
EC-holders' share of the profit according to the EC-fraction 2)	500	371
Weighted number of ECs - the bank's own portfolio *)	168 746	130 741
Number of own ECs as at 31.12 *)	186 565	150 927
Number of own ECs as at 01.01	150 927	22 111
Weighted average of outstanding ECs *)	49 266 024	49 304 029
Number of outstanding ECs as at 31.12 *)	49 248 205	49 283 843
Number of outstanding ECs as at 01.01	49 283 843	9 864 843
Weighted average number of ECs issued *)	49 434 770	49 434 770
Number of ECs as at 31.12 *)	49 434 770	49 434 770
Number of ECs as at 01.01	49 434 770	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 2023 (49.7 per cent).

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. Sparebanken Møres allocation of earnings shall ensure that all equity owners are guaranteed equal treatment. 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:

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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.

The 20 largest EC holders in Sparebanken Møre as at 31.12.23 (grouped)	Number of ECs	Share of EC capital in %
Sparebankstiftelsen Tingvoll	4 904 584	9.92
Spesialfondet Borea utbytte	2 866 229	5.80
Verdipapirfondet Eika egenkapital	2 334 387	4.72
Wenaasgruppen AS	2 100 000	4.25
Verdipapirfond Pareto Aksje Norge	1 896 676	3.84
MP Pensjon	1 798 905	3.64
Kommunal Landspensjonskasse	1 548 104	3.13
Verdipapirfond Nordea Norge Verdi	1 505 120	3.04
Wenaas EFTF AS	1 100 000	2.23
Beka Holding AS	750 500	1.52
Lapas AS	627 500	1.27
Forsvarets personellservice	459 000	0.93
BKK Pensjonskasse	422 600	0.85
Stiftelsen Kjell Holm	419 750	0.85
Kverva Finans AS	413 995	0.84
Pareto Invest Norge AS	375 753	0.76
Hjellegjerde Invest AS	300 000	0.61
U Aandahls Eftf AS	250 000	0.51
PIBCO AS	229 500	0.46
Borghild Hanna Møller	201 967	0.41
Total 20 largest EC holders	24 504 570	49.57
Total	49 434 770	100.00

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 share of equity certificates held by foreign nationals was 2.4 per cent at the end of 2023.

As at 31 December 2023, Sparebanken Møre owned 186,565 of its own ECs. These were acquired via the Oslo Stock Exchange at an average price of NOK 76.31 per EC.

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Key financial figures (PARENT BANK)	2023	2022	2021	2020	2019
Price at OSE	84.00	84.41	444.00	296.00	317.00
Number of ECs issued *)	49 434 770	49 434 770	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	49.7	49.6	49.6
EC percentage 31.12	49.7	49.7	49.7	49.6	49.6
Dividend per EC, in NOK *)	7.50	4.00	16.00	13.50	14.00
Dividend per EC, in NOK as a % of price at OSE 31.12	8.9	4.7	3.6	4.6	4.4
Effective return (%) 2)	4.3	-1.3	54.6	-2.2	17.0
Dividend in % of EC-owners share of profit	72.6	47.2	51.6	50.2	43.6
Profit per EC, in NOK *)	10.34	8.48	30.98	26.83	32.00
Book value per EC, in NOK 1) *)	80.7	74.8	350	332	320
P/E 3)	8.3	11.3	14.3	10.9	9.2
P/BV 1)	1.13	1.13	1.27	0.89	0.99

*) 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	
2023	2022	2023	2022	2023	2022
Change in ECs and share premium:					
Ordinary ECs as at 01.01.	49 434 770	9 886 954	989	989	358
Changes	0	0	0	0	1
Ordinary ECs as at 31.12 *)	49 434 770	49 434 770	989	989	359
Bank's own ECs:					
Own ECs as at 01.01	150 927	22 111	3	2	
Changes	35 368	0	1	1	
Own ECs as at 31.12 *)	186 565	150 927	4	3	

*) 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 per EC in 2019	153 248
NOK 14.00 per EC in 2020	138 417
NOK 13.50 per EC in 2021	133 474
NOK 16.00 per EC in 2022	158 191
NOK 4.00 per EC in 2023	197 739
Proposed dividend	
NOK 14.00 per EC in 2019	138 417
NOK 13.50 per EC in 2020	133 474
NOK 16.00 per EC in 2021	158 191
NOK 4.00 per EC in 2022*)	197 739
NOK 7.50 per EC in 2023	370 761

*) After the split dated 1 April 2022, the number of equity certificates (ECs) increased from 9,886,954 to 49,434,770, i.e. 1 EC before the split equals 5 ECs after the split.

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Sparebanken Møre has not paid remuneration for work other than the directorship to Board members in 2023.

Board member Birgit Midtbust is employed as a senior lawyer in the law firm Schjødt AS, branch Ålesund. The law firm Schjødt AS has invoiced Sparebanken Møre for legal services in 2023, totalling NOK 1,298,630. 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

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

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 2023, to the best of our knowledge, have been 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, 6 March 2024

THE BOARD OF DIRECTORS OF SPAREBANKEN MØRE

Roy Reite CHAIR	Kåre Øyvind Vassdal DEPUTY CHAIR	Jill Aasen	Therese Monsås Langset
Marie Rekdal Hide	Bjørn Følstad	Terje Bøe	Birgit Midtbust
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 2023, 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 2023, the income statement, extended 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 2023, 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 2023, 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 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.

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Stavanger	Ulsteinvik
Bodø	Knarvik	Stord	Ålesund
Drammen	Kristiansand	Straume	



We have been the auditor of the Company for 6 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.

- Expected credit loss on lending and guarantees within the business operating segment

Reference is made to Notes regarding risk management, loans distributed by customer groups, credit-impaired commitments and the board’s annual report, section credit risk.

Description of audit matter	Our audit approach
The groups total expected credit loss on loans and guarantees that are note credit-impaired amounts to MNOK 168 as of 31/12/2023. Expected credit loss on loans and guarantees that are credit-impaired amounts to MNOK 98 as of 31/12/2023. 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; - 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 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. Determining the expect credit loss involves a large degree of discretion on the part of management. Key point in management’s assessments are: - Identification of credit-impaired engagements,	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 - 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. In our work with assessment of validations and model documentation related to ECL step 1 and 2, we have used our specialist. 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 - Assessed and tested the management’s control with the model’s calculations, - Carried out analyzes of key key figures,

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- Prerequisites for the determination of expected cash flows, including the valuation of collateral. - inkludert verdsettelse av sikkerheter. 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.	Assessed model-calculated expected credit losses against comparable banks, We have formed an understanding of how the group identifies and follows up engagements that are credit impaired (Step 3) 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.
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2. IT-systems and application controls

Reference is made to Notes regarding leases and rental agreement and Directors Report, section Other significant agreements.

Description of audit matter	Our Audit Approach
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. 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 Based on the IT system's importance to the bank's operation, we have identified this area as a central aspect of our audit.	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. 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. 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: - 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. 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.
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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:

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- 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 5967007LIEEXZX5PU005-2023-12-31-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, 6. March 2024
KPMG AS

Svein Arthur Lyngroth
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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Sparebanken Møre’s approach to sustainability

Solving the sustainability conundrum is the major global challenge of our time. Both Norway and the world community will have to undergo a significant transition in order to achieve the climate goals for 2030 and 2050. As a regional savings bank, we have a lot of influence, both through our banking operations and through the projects in which we get involved. This presents us with responsibilities and opportunities that we take very seriously.

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 behind entrepreneurial zeal in Nordvestlandet. Each and every day.**

The path to the goal – strategy and action plan

Sustainability is a priority focus area in the bank’s corporate strategy, Møre 2027. The overarching goal is to ensure that **Sparebanken Møre is a driving force behind sustainable development**, and we view sustainability as both a financial risk and a business opportunity. How this goal will be achieved has been clearly set out in specific action plans and measures in all sections and divisions of the bank. The members of Group Management are responsible for ensuring the strategic sustainability goals are achieved in their respective areas.

We need to make demands of ourselves, our customers, our suppliers and the society of which we are a part. Thanks to our business model, we allocate significant funds to building a stronger region, and both initiate and participate in a number of programmes and partnerships designed to make North-West Norway more sustainable. In addition to benefiting the local,

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.

national and global communities, collective efforts and a systematic approach will create new business opportunities and improve framework conditions for both customers and the bank.

With a rapidly changing regulatory landscape, we are working to adapt to the new requirements, in particular the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). A double materiality analysis will be conducted in line with the requirements of CSRD in spring 2024 in order to ensure that the organisation has a good plan and makes good progress. This will provide a basis for further developing the Group’s sustainability strategy and overarching strategy work.

The bank’s development depends on the sustainable development of the region, and the region depends on



As a regional actor in Nordvestlandet we are interested in sustainability, growth and development in the communities of which the bank is a part, and this will be our area of focus. While we primarily act locally, the challenges we face require us to look at the bank’s sustainability work from a national and global perspective as well.

a financially strong, forward looking bank. The Board of Directors has adopted an overarching sustainability strategy for Sparebanken Møre that provides a basis for both strategic decisions and ongoing operational work. It defines five strategic focus areas, of which one is that Sparebanken Møre should be a driving force behind sustainable development. Furthermore, the overarching sustainability strategy is adopted by the Board and guides the bank’s sustainability work. The strategy is subject to a comprehensive review process each year in which its goals, strategies and risk profile are updated for the coming year.

The bank has set strategic goals for the material topics where the bank can have an impact on the environment and society. For topics that have a strategic or financial impact on the bank, plans and measures have been implemented to tackle these external impacts.

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The table presents material topics, their associated strategic goals, KPIs where these are available, and the measures planned for 2024. It provides an overview of how the bank will achieve its strategic goals. Details of its work and planned measures to achieve these goals are described for each material topic in corresponding chapters and sections. Changes from the targets set in 2022 are described in the appendix “Comments on strategic objectives”.

Material topic	Strategic goals	KPI	PRB	UN SDGs
Greenhouse gas emissions	Net zero by 2050, and 55 per cent reduction in own greenhouse gas emissions by 2030 compared to the baseline year 2019	Reduction of >7 per cent per year for Scopes 1, 2 and 3 (categories 1-14)	1,2,5,6	13
	Sustainability is an integral part of all innovation and development processes	All new products, product changes and signing up of new suppliers and partners must undergo an ESG assessment.		
Impact on business development	We are a driving force behind sustainable development in the local business sector.	Improved ESG Risk Score for the business sector by 0.5 points per year. Average score 2021: 5.43 Average score 2022: 5.45	1,2,3,4	8,9,12
Impact on local communities	We take the initiative regarding, and support, sustainability projects in Nordvestlandet.	Increase in the number of students completing projects such as Medvind, Dale Oen Academy and VågAlt.	1,2,3,4	1,5, 11
	We offer retail customers a range of sustainable products.	40 per cent increase in the number of retail customers granted green mortgages 40 per cent of the car loan portfolio in Retail Market must be green loans		
	We contribute to equal opportunities	Increased proportion of female customers investing/saving		
		40 per cent of both genders at all levels of the bank		
ESG competence and sharing competence with customers	Employees have the competence necessary to advise customers on sustainable options that contribute to new opportunities.	Number of visitors to the Sustainability Portal at sbm.no – more than 1,500. Improved experienced service quality among our customers, measured in EPSI results.	3,4,5	11,13
Responsible lending and advice	We help our customers make responsible choices.	All personal advisers conduct a minimum of five scheduled customer meetings each week. 10 green commercial building loans granted per year	2,3,6	10,12
Climate-related risk*	We are a driving force behind sustainable development in the local business sector.	Ratio of visitors to the Sustainability Portal at sbm.no to the number of registered companies in our region. Improved ESG Rating score for the business sector over time.		
Change in demand for loans*	We are contributing to the green transition with personalised loan products for corporate and retail customers.	Annual increase in number of customers taking out green loans.		
Stricter regulatory requirements for participants in the banking and financial services industry*	We have adapted our organisation to meet rapid changes.	Improved ranking in ESG-100 on stock exchange. Improved ranking for ESG risk score.		

*The topic is material in relation to the financial and strategic impacts on the bank, is not reported in accordance with GRI and is not linked to the UN Sustainable Development Goals (SDGs) and Principles for Responsible Banking (PRB).

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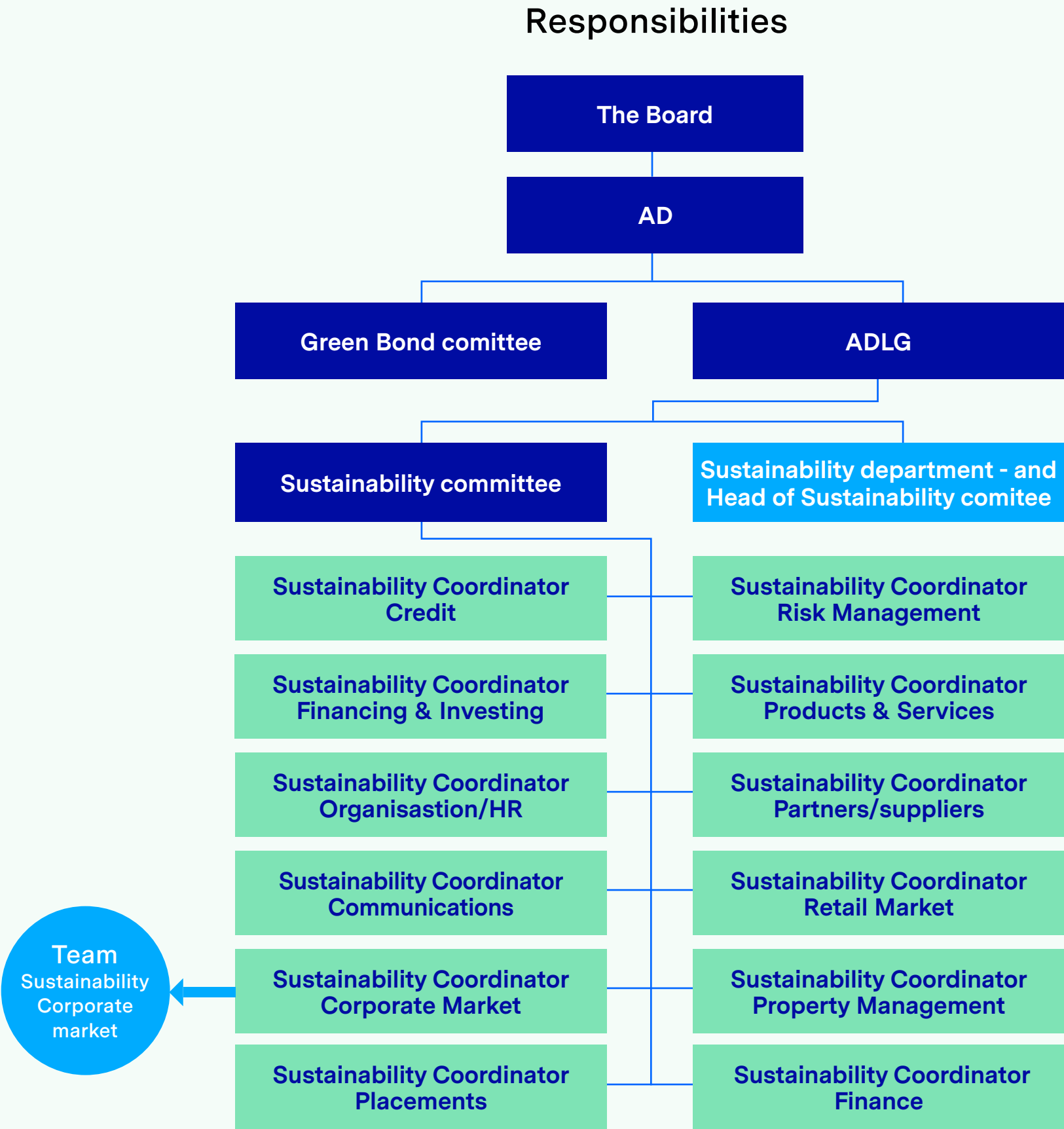
Organisation of the work

The Board is responsible for establishing guidelines and strategies for the bank’s work on sustainability, and the CEO is responsible for implementing the strategies. How this work will be carried out has been clearly set out in specific action plans and measures in all sections and divisions of the bank. The members of Group Management are responsible for ensuring the strategic sustainability goals are achieved in their respective areas.

In 2023, Sparebanken Møre established a separate department for sustainability and through this raised the bank’s capacity to implement the vision as a driving force - for the sustainable development of North-West Norway. The Sustainability department leads the bank’s sustainability work and is responsible for implementing the bank’s sustainability strategy, overseeing regulatory changes and ensuring sustainability reporting.

The sustainability committee is responsible for preparing and following up the bank’s sustainability strategy in collaboration with the Sustainability department. The sustainability committee has been continued and contributes to the anchoring, development and implementation of measures in the area of sustainability in line with the current strategy. The committee meets every two months, is chaired by the sustainability officer and consists of representatives from various relevant professional areas in the bank.

The Green Bond Committee ensures follow-up and compliance with the “Green bond framework” for issuing bonds.



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The bank’s handling of ESG risks and opportunities is discussed regularly in the management in connection with the bank’s ongoing strategy follow-up. Furthermore, become relevant management documents and sustainability strategy discussed and processed by group management before being presented to the

board for final decision. See table for internal reporting, reporting is done from the Sustainability department to the respective target groups as described in the table. Under target group is highlighted unit decision-making body for revision and approval.

Description	Period	Target group
Status, goal achievement, strategic goals	Quarterly	Group Management Risk and Audit Committee The Board All employees
Risk report, including ESG risk, climate-related risk and operational risk	Quarterly	Group Management Risk and Audit Committee The Board
Sustainability training	Quarterly	Group Management Employees
Regulatory matters – via the Compliance Report	Quarterly	Group Management The Board
Supply chain due diligence	Biannually	Group Management The Board
ESG factors form part of the basis for considering a number of individual matters	Monthly	Group Management The Board
Goal attainment – sustainability action plan	Monthly	Sustainability Committee

Reporting standards

The bank reports on its work on sustainability and responsibility every year in connection with the annual report in line with section 3-3(c) in the Accounting Act. This stipulates requirements for reporting related to the environment, social conditions, working environment, equality and non-discrimination, compliance with human rights and combating corruption and bribery with respect to the business model, policies, risk, due diligence and stakeholder relations.

In order to ensure 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). Climate-related risk is reported in line with the Task Force on Climate-Related Financial Disclosures (TCFD).

The bank signed up to the UNEP FI Principles for Responsible Banking (PRB) in 2019 and reports its annual status within the six principles as part of its annual report.

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 the Annual Report. Sparebanken Møre reports on sustainability at a group level, which includes our subsidiaries.

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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 (2022), we have chosen seven SDGs where we believe the bank has a real opportunity to have an impact.

Our main goals



Supplementary goals

We have also identified Goals 3, 4, 5 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.



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The main goals specified



Goal 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. In meetings with customers, our job is to provide good advice that helps customers with the green transition.



Goal 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 development and contribute to innovation that increases value creation and jobs. Sparebanken Møre wants to be both a driving force for, and a supporter of, such activities.



Goal 10: Reduced inequalities
Inadequate access to capital is a barrier to higher living standards. Contributing to financial inclusion irrespective of gender, race, ethnicity or other factors is a high priority at Sparebanken Møre. We want to be a bank for everyone. A substantial branch network, authorised advisers, good digital solutions and other competence measures enable us to help reduce disparities and give more customers and companies an opportunity to take part in socio-economic growth and development.



Goal 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.



Goal 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. In the long term, this could result in economic growth, mitigate climate change and improve the quality of life.



Goal 13: Climate action
We have to act immediately to slow climate change and combat its impacts. Climate change will impact all of us, regardless of national borders. It is through our customers that we can have the greatest impact in reversing climate change – we can encourage both transition and changes. We want to stimulate sustainable development in our region through advice, relevant tools, product range and competence sharing, and thus also protect, adapt and limit the scope of harm caused by climate change.



Goal 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.

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. For more information, see “Our commitments”.

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Introduction to the work with material topics

Sparebanken Møre has conducted several analyses to determine which sustainability topics are material and relevant for the bank. Stakeholder engagement has been conducted and documented in order to shed light on what our stakeholders think it is important for the bank to work on. An impact analysis conducted in 2023 showed where the bank has the greatest adverse and positive impacts in the retail and corporate markets. The double materiality analysis shows us where the bank has the greatest impact and what topics have the greatest impact on the bank. All in all, this provides an important basis for Sparebanken Møre’s work on sustainability, both internally in the bank and in the value chain.



Stakeholder engagement

Sparebanken Møre has many stakeholders. When formulating directions and strategies for the bank’s work, the bank wants to know what is important to our stakeholders. Engagement with stakeholder groups is a prerequisite for the public’s trust in the bank.

The bank’s stakeholders



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The results of stakeholder engagement presented here are input on what our stakeholders believe are material topics for Sparebanken Møre’s work and how the bank can approach these material topics.

Who	How	What are they concerned about	How the bank interacts with stakeholders
Customers	• Customer conversations with advisers and customer service • Social media • Events	• Nearby and local knowledge • User-friendly products and services • Competence, restructuring and business development	• Digital and self-service solutions • Business talks, advice and local branches • Næringsteft • Sustainability conference • Updated sustainability portal for business sectors • ESG in the credit process
Employees	• Performance reviews, surveys and development programmes • Meetings with employee representatives • Events and gatherings	• Learning, development and interdisciplinary collaborations • Attractive place of work • Working environment and labour law • Diversity and equality • Sustainability at Sparebanken Møre	• Sustainability Committee • Authorisation scheme and competence programme • Interdisciplinary strategy process • Gender equality and diversity programme
Capital market, rating agencies and analysts	• General Meeting • Events • Rating processes • Stock exchange announcements and quarterly presentations	• Reporting and data quality • Improvement measures • Transparent, ethical and financially competitive business operations	• Accessible ESG information and reporting • Transparent financial reporting • Action plans to close gaps after rating processes and feedback • Continuous improvement
Suppliers	• Regular follow-up meetings • Contract meetings • Events/webinars	• Responsible business conduct • Sustainable product, material and means of transport choices	• ESG assessment in product development and change • ESG requirements for suppliers and due diligence in the supply chain
Partners	• Project meetings • Events • (Business associations in the region, Next Digital, Ikuben, Vindel, ÅKP, etc.)	• Local communities • Research on sustainable topics • Business development • Competence and transition • Taxonomy and sustainable finance	• Seminars and conferences with sustainability as the theme • Support for research • Participation and expert contributions in networks and forums
Competitors	• Interdisciplinary reference groups (Finance Norway and Sparebankstiftelsen, etc.)	• Competence and transition • Sustainable business model • Sustainability reporting	• Participation in interdisciplinary collaborations across banks • Sharing experience and opportunities within sustainability • Cooperation on conferences, etc

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Who	How	What are they concerned about	How the bank interacts with stakeholders
Authorities	• Councils, committees and supervision	• ESG risk management • Compliance with regulatory requirements • Reporting and disclosures	• ESG risk in credit processes and the bank’s risk management systems • Reporting in line with requirements and expectations • ESG within internal strategies, frameworks, policies and organisation • Cooperation with authorities and regulatory bodies
Clubs and organisations	• Events and board meetings • Contact with local bank branches	• Local communities • Diversity, inclusion and equality • Competence, transition and opportunities	• Support for clubs and organisations • Allocation of scholarships to young talents • Support for environmental measures • Boost for women’s sports • Sharing expertise
Research and academia	• Events • Board positions • Study programme committee	• Competence, transition and research • Sustainable business models and innovation	• Guest lectures • Contributor to research activities • Partners and support for initiatives such as “Young Entrepreneurship” and student enterprises • TEFT lab activities • Internships and reception of master’s students
Industry and special interest organisations	• Events • Networks and reference groups	• Open and ethical conduct • Competence and transition • Industry-specific ESG risk • Sustainable financial products	• Participation in reference groups • Industry analyses • Cooperation and board positions in business associations
Media	• Interview • Press releases • Ongoing engagement	• Responsible and transparent business operations • Competence and transition	• Accessible, accurate and relevant information • Quick response to enquiries • Providing tips on relevant cases

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Impact analysis and integration of topics

In 2023, Sparebanken Møre conducted an impact analysis based on UNEP-FI’s six Principles for Responsible Banking (PRB). The analysis shows where the bank’s business model has the biggest adverse and positive impacts in relation to the 17 UN Sustainable Development Goals. The bank mainly has an indirect impact through its loan portfolio. The analysis shows that Sparebanken Møre’s positive and adverse impacts through its business model are distributed between the topics shown in the table to the right.

The impact analysis provides a picture of the bank’s biggest impacts on environmental and social conditions. The results of the analysis are in line with the impacts identified in other analyses conducted by the bank and will be incorporated into the bank’s future work on sustainability strategies. Climate and financial inclusion are regarded as areas where the bank has significant impacts and opportunities to reinforce its positive impacts. Specific strategic goals have been set for these two areas.

RETAIL BANKING DIVISION	
Positive impact	Adverse impact
Financial inclusion (equal access to and equal quality of products and services)	Financial inclusion (equal access to and equal quality of products and services)
Equalising socio-economic differences	Climate stability
	Circularity
CORPORATE BANKING DIVISION	
Positive impact	Adverse impact
Financial inclusion (equal access to and equal quality of products and services)	Circularity
Circularity	Climate stability
Climate stability	Biodiversity and ecosystems

Materiality analysis and priority topics

Sparebanken Møre’s overarching sustainability strategy is based on stakeholder engagement, impact analyses and a double materiality analysis. The areas that are important for the bank determine the focus of our sustainability work and reporting.

The bank carried out its first materiality analysis in 2020, and in 2022 the analysis was carried out again with implementation of double materiality. Double materiality means that both Sparebanken Møre’s impact on the environment and society, and the environment and society’s influence on Sparebanken Møre’s financial and strategic position was assessed in the process. Selection of material topics was carried out based on a ranking of topics from a list over topics related to Sparebanken Møre’s actual and potential effects on the environment and society. The analysis shows where the bank can strengthen its positive influence, and where it can reduce its negative impact.

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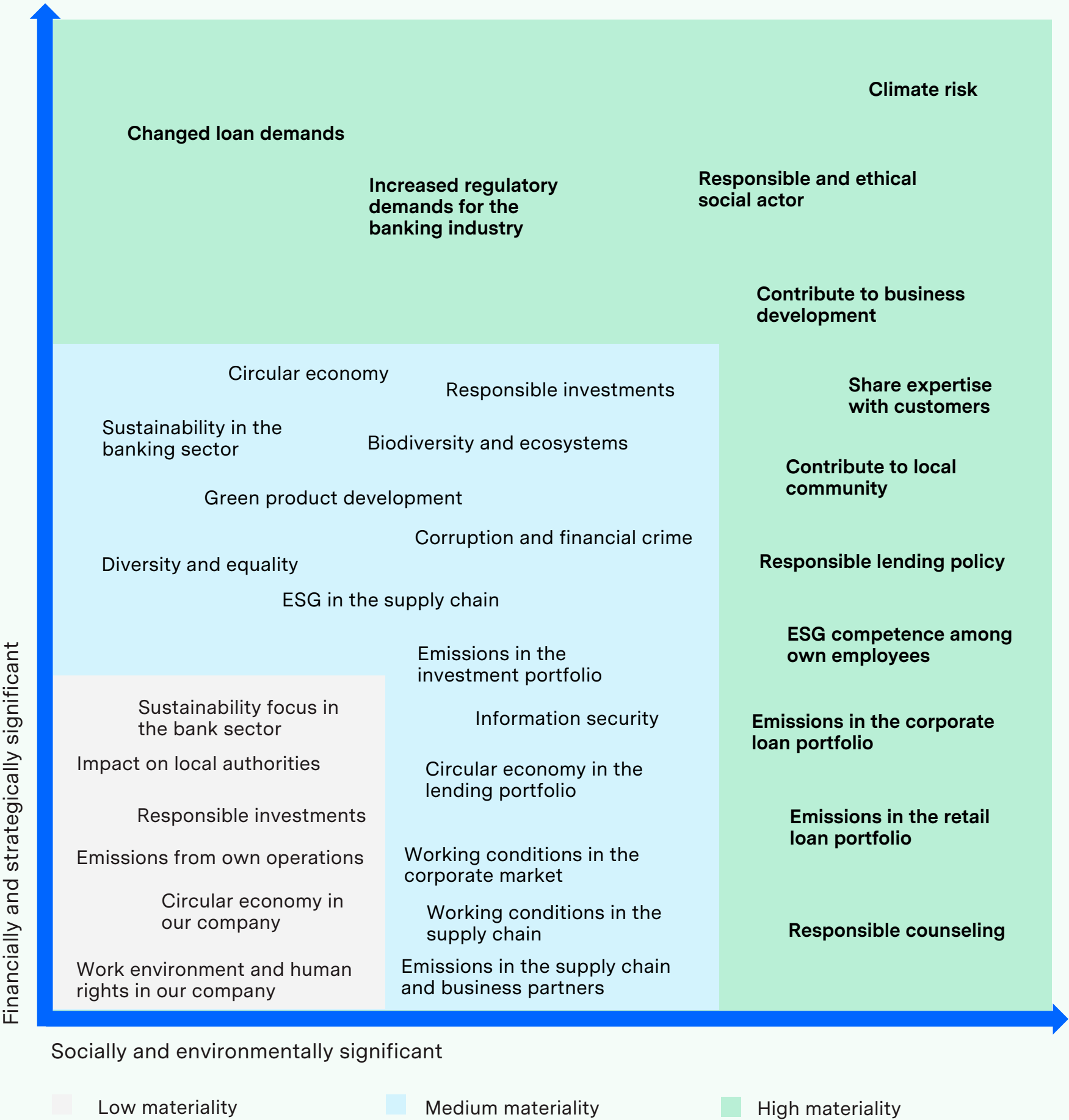
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Risk and opportunities within the essential themes are also included in the analysis.

Identifying impacts, risks and opportunities

Our stakeholders were involved in the work on identifying our material topics in various ways. We based the work on our stakeholder engagement, impact analyses and a process for ranking material topics. The analysis and ranking of material topics were carried out by the bank’s Sustainability Committee, with support from a third party, as well as through in-depth interviews with five stakeholders representing the bank’s stakeholders (academia, capital markets, customers, industry and interest organisations, and partners). The material topics were discussed and finally decided by the bank’s Group Management and approved by the bank’s Board of Directors. Our material topics show what our stakeholders are interested in, how Sparebanken Møre impacts the environment and society and what impacts the bank financially and strategically.

The figure shows all of the topics that were assessed and the prioritisation of these.



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The illustration below shows the most important impacts the bank has on the climate and environment, as well as people, throughout our value chain. The analysis confirmed that the bank’s greatest potential for having an impact lies in the downstream value chain.

Adverse impact:

HIGH LOW

Positive impact:

HIGH LOW

	Upstream	Own operation	Downstream
Environment	Greenhouse gas emissions in the supply chain and with business partners Biodiversity and ecosystems	Greenhouse gas emissions from own operations Circular economy in our company	Greenhouse gas emissions in the corporate portfolio Greenhouse gas emissions in the investment portfolio Biodiversity and ecosystems Greenhouse gas emissions in the retail market portfolio Circular economy in the lending portfolio
Social	Work rights and working conditions at the bank’s suppliers	Working environment and sick leave in our company Diversity and equality	Employment rights and working conditions in the corporate portfolio Responsible counseling Impact on local communities
Economics and management	ESG impact in the supply chain	ESG competence among own employees Responsible and ethical social actor Sustainability focus in the banking and finance industry Corruption and financial crime Information security	Sharing expertise with our customers Contribution to business development Responsible investments Responsible lending policy Impact on local authorities Corruption and economic crime

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The analyses and prioritisation of material topics by the Sustainability Committee, Group Management and the Board resulted in the selection of some material topics that provide the basis for our strategic sustainability work. How the bank addresses its impacts, and which risks and opportunities have been identified by the bank are discussed in more detail for each material topic in this report.

Material topics where the bank has an impact are reported in accordance with the Global Reporting Initiative (GRI) reporting standard. The material topics identified as having a major financial and strategic impact on the bank are presented in an appropriate manner. In addition to the material topics identified in the materiality analysis, it is important for the bank to shed light on some topics in line with current regulations and our role as a financial institution.

The table shows the topics discussed in the Sustainability Report and the framework used for reporting on each topic. The table is in the same order as the chapters in this report.

Topic	Identified	Reporting framework
Responsible lending and advice	Material topic: Social and environmental impact	GRI
Contribute to business development	Material topic: Social and environmental impact	GRI
Supporting local communities	Material topic: Social and environmental impact	GRI
ESG competence and competence sharing with customers	Material topic: Social and environmental impact	GRI
The people in our organisation	Legislation	Accounting Act; Equality and Anti-Discrimination Act, activity and reporting duties
Change in demand for loans	Material topic: Financial and strategic impact	Reported freely
Increased regulatory requirements	Material topic: Financial and strategic impact	Reported freely
Financial crime, IT security and privacy	Legislation	Accounting Act, Money Laundering Act, Personal Data Act
Climate-related risk	Material topic: Financial and strategic impact	TCFD
Greenhouse gas emissions	Material topic: Social and environmental impact	GRI and Greenhouse Gas (GHG) Protocol

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Driving force behind sustainable development

Sparebanken Møre’s history stretches back more than 180 years. Ever since then, contributing to the development of local communities has been an important element of our banking operations. This is just as important today. We want to be a driving force behind local creativity so that we can continue the sustainable development of our region going forward.

Responsible lending and advice

As a lender, Sparebanken Møre has the influence to contribute to sustainable initiatives and solutions. Good advice, including on sustainability, can for our customers lead to security, confidence, better conditions and concrete individual efforts in the work on transition.

Lending to customers and good advice are the bank’s core activities. Our long-term profitability depends on our customers making responsible choices. Sparebanken Møre’s loan portfolio is made up of approximately 70 per cent retail customers and 30 per cent corporate customers.

Responsible lending and advice for the retail market

In the retail market, the bank’s goal is to be a driving force behind sustainable development. This will be achieved through, for example, good customer advice and encouraging our customers to make good, sustainable choices.

Sparebanken Møre is open to all types of customers within its defined market area. The bank is committed to promoting financial inclusion and financial health. Ensuring that banking services are available to customers and that they have a good overview and control of their spending is an important task for the bank.

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. The presentation tool we use in meetings with customers (“Møtelab”) includes a specific set of slides on energy efficiency for homes that is very helpful when talking specifics with customers. We have to give customers good advice that helps them make good, sustainable choices, whether it concerns upgrading homes or investing their funds. 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). All advisers are also authorised in line with the industry code for good practice, “God Skikk”. For the customer, this means that an adviser can help them based on a comprehensive perspective.

The Retail Banking Division must also encourage shopping locally, educate the public and make customers, school pupils and the rest of society more responsible.

The bank can have a sustainable and inclusive impact through several different arenas, services and products. The table lists groups of customers and topics with various challenges where we as a bank can encourage movement in a sustainable direction in order to help mitigate social inequalities, ensure equal access to resources and services or offer products that promote sustainable transitions.



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Topic	Description	Product/measure
Digital exclusion	Anyone who feels uncomfortable when it comes to using all or parts of digital solutions	• Local branches throughout the county • Personal adviser • Giro sent by post, account phone and cash withdrawals/deposits • Information leaflet on sbm.no and on paper
Refugees/asylum seekers and migrant workers	Bank customers who have recently arrived in Norway in need of banking services	• Approved ID alternatives Option of interpreter/additional person present during advice • Customer declaration form in Norwegian and English • Provision of basic banking services
Capital gap	Nationally and globally, women are less financially independent and invest and save less than men	• Personal advice • Public theme meetings
Physical barriers	Those who do not have full access to ordinary banking services/products due to physical limitations	• Wheelchair accessible premises • Universal design of digital surfaces • Braille bank cards for the visually impaired (will be launched in 2024)
Old age/severe physical or mental illness/disability	Where old age, illness or other circumstances make personal finances and banking services challenging to keep up to date or source of income changes	• Additional account user • Future power of attorney (digital legal services quality assured by a lawyer) • Advice for next of kin • Retirement savings and guidance • Disability benefit and other permanent social security benefits are equated with fixed income from work when calculating loan servicing capacity
Children, adolescents and young adults	Banking services and advice for those younger than 18 and parents, as well as young adults who need personalised product pricing	• Personal adviser • Grep – an advice concept for customers experiencing a loss of financial control • Special commitments – special follow-up of risk-exposed commitments
Loss of financial control	Circumstances that cause you to lose control of your personal finances	• Tailored personal advice • Engaged! – News articles about healthy personal finances
General competence enhancement and advice	Skills refreshes are offered to the bank’s customers and others who want information. The goal is to ensure people have good financial health.	• Open theme meetings, information about banking, personal finances, savings and investments, etc. • Personalised advice from a personal adviser • Emails for customers with traps and tips, as well as pop-ups in online bank and mobile bank, tailored to customer’s commitment.
Sustainable transition	Products that make it easier for customers to make environmentally sustainable choices when borrowing for homes and cars, or investing	• Green home mortgages for energy ratings ‘A’ and ‘B’ • Green car loans for zero-emission vehicles

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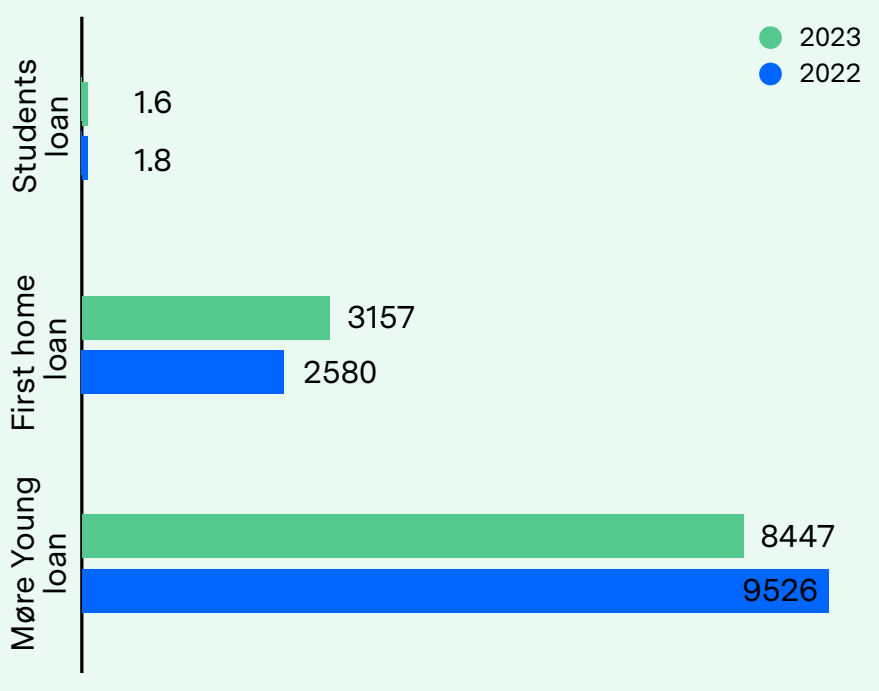
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Status 2023

Products and activities with a social profile

Growth in loan volume for these products has been as follows (amounts in NOK millions):



At year end 2023, the total figures for this portfolio were about NOK 13 billion, or around 24 per cent of the Retail Banking Division’s total lending.

The Lending Regulation

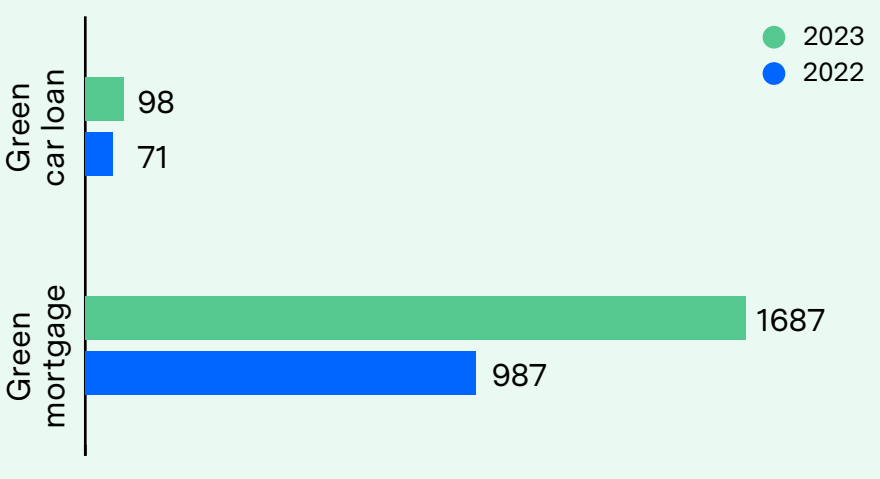
Sparebanken stays within the Regulation’s flexibility quota. According to the Regulation (applicable for 2023), banks can deviate by 10 per cent for customers outside Oslo and 8 per cent for customers in Oslo. The bank has internal guidelines for the use of deviation, including prioritising young customers and buying primary homes. In 2022, 43 per cent of deviations were granted to customers aged 18-34. For 2023, that proportion was 52 per cent.

Products and activities with environmental benefits

The bank offers two types of loans intended to encourage transition among retail customers:

- Homes with energy ratings ‘A’ or ‘B’
- Purchase of zero-emission vehicles

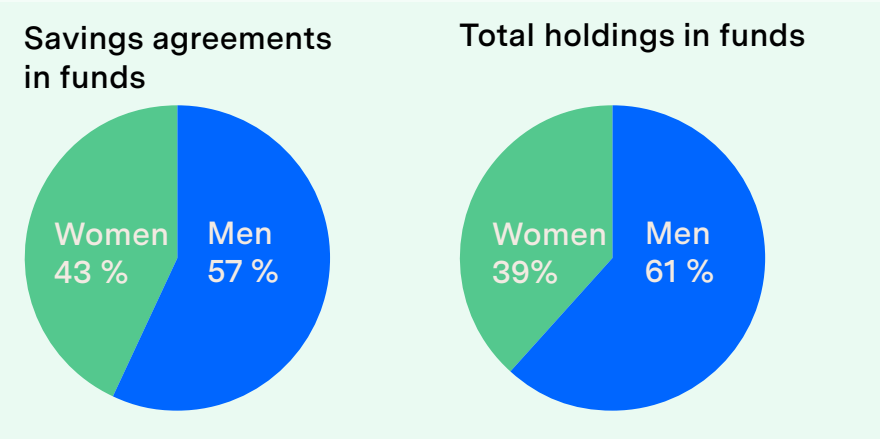
The growth in loan volume for these products has been as follows (NOK millions):



Volumes are expected to increase in the future as a result of both better adviser competence and better customer awareness with the greater public focus.

Savings

The gender distribution of total holdings in funds and distribution for fund savings in savings agreements remained stable in 2023 and was on a par with 2022 (based on volume):



Measures implemented in 2023

- All advisers maintain their authorisations through annual processes within savings and investments, credit, life and non-life insurance, and add additional competence in sustainability with an emphasis on sustainable advice, including expertise in energy labelling and energy reports.

- The Møre team in March with the theme Sustainability and Corporate Social Responsibility. The Møre team is a general team meeting for all advisers that most people watch live, but which is also recorded and can be watched later. In addition to focusing on updating competence, two case studies were used for training on why and how advisers should talk to various customer groups about sustainability in meetings with customers.
- Advisers receive training in communication to ensure that all customers gain a good understanding of their banking relationship and their personal finances in meetings with customers.
- “The whole bank is calling” is a centrally organised activity when over 1-2 days we all call existing customers and invite them to a meeting.
- Customer event with the theme “Future Power of Attorney”, with assistance from lawyers. The event was held at 13 different locations in Møre og Romsdal. Around 1,700 customers took part.
- Customer event with the theme “Welcome your housing dream” was arranged in three locations in Møre og Romsdal. 110 customers took part.
- Launch of Grep – a concept for customers facing personal financial challenges. Grep is a completely separate department that has the knowledge and experience customers need to regain control of their personal finances. The launch of Grep also means that the bank is prepared to handle demanding commitments in the event of changes in macroeconomic conditions.
- Follow-up of requirements in the Financial Contracts Act so that our customers, in addition to verbal explanations from advisers, receive good written explanations about credit tailored to their existing knowledge and experience. This happens when they take out new credit. Customers receive both an explanatory document and have to watch an explanatory video before loan documents can be signed. This helps to improve the general understanding of credit among our customers.
- We the taught “Economics and Career Choices”

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- and “Boss of Your Life” (now “ØkonoMIN”) courses in schools in Møre og Romsdal (Young Entrepreneurship).
- Engaged articles were published (via sbm.no). Examples of articles/topics in 2023 include: “House hunting for young people”, “Personal finances on the timetable”, “Getting a grip on your personal finances”, “Safer online shopping”, “Future powers of attorney”, “Avoiding pitfalls when starting a business”, “Macroeconomics” and “Sustainable everyday personal finances”.

Credit rating process

The bank saw strong growth in lending volumes. The bank is highly conscious of the fact that strong volume growth should not come at the expense of credit quality and risk. Good credit ratings and good advice are top priorities and benefit both customers and the bank. Due diligence is 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 (Anti-Money Laundering Act). Assessing money laundering risk is also an integral part of the bank’s credit granting processes. The bank has focused, and will focus even more in the future, on the effects of higher interest rates, higher costs and unemployment in credit ratings.

Planned measures for responsible lending and advice in 2024

- Skills refreshers through annual authorisation processes.
- The Møre team will be carried out at least twice a month. During the year, at least two of these will specifically focus on responsible lending and advice.
- Advice meeting for all the advisers with relevant topics for this area.
- “The whole bank is calling” will also be arranged in 2024. There will be a focus on cohabitants and spouses talking to each other about their personal finances, and will we therefore try to call and invite for a chat the

- cohabitants/spouses we did not talk to last time.
- Meetings will be held with new and existing customers throughout the year. In-person meetings for those who want them or on Teams for those who prefer this. We always invite both parties.
 - The Grep concept will be communicated externally so that people who are not existing customers of the bank can apply for and get help with regaining control of their personal finances.
 - Disseminate relevant knowledge through various customer events
 - Continue to teach personal finances through the “Economics and Career Choices” and “ØkonoMIN” courses in schools in Møre og Romsdal (Young Entrepreneurship).
 - Implement physical risk as part of credit rating processes and improve the sustainability guidelines in credit processes in general.

Measurement and evaluation

Around 58,000 retail customers have been assigned a personal adviser in Sparebanken Møre, and they are followed up by an account manager via 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 has an overview of the volume of mortgages for homes with an energy rating of ‘A’ and ‘B’, as well as loans for zero-emission vehicles. We also have an overview of the volume of loans for social products such as those mentioned above. The bank has yet to set specific volume targets for the future.

The number of customers invited to face-to-face meetings is also measured.

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 constantly being updated/revised.

Customer satisfaction

EPSI Rating has carried out measurements of customer satisfaction in the banking industry annually since 2003. In 2023, the survey generally shows that customers have been less satisfied with the banking sector for a long time, which may be due to, among other things, increased mortgage interest rates and reduced purchasing power among Norwegian households. Sparebanken Møre achieves a high score in the personal market survey. While the average for customer satisfaction in the retail market is 67.7, Sparebanken Møre can show a score of 73.6. This places the bank in the upper tier of the overall ranking.

Our customers are a very important stakeholder who emphasize proximity and local knowledge, user-friendly products and services and expertise. The EPSI survey confirms that the bank delivers in both product offerings, service quality, expertise and user-friendly digital solutions.¹

Responsible unit(s)

Risk Management and Compliance Section

Key governing documents

- The bank’s overarching strategy document Møre 2027
- Sustainability Strategy
- Credit Risk Strategy
- Credit Manual
- Risk reports

GRI indicators

3-1, 3-2, 3-3, FS7, FS8

¹ <https://www.epsi-norway.org/bransjestudier/bank/>

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Responsible lending and advice for the business sector

The corporate portfolio includes a wide range of customers within the trade/service industry, manufacturing/energy, seafood, real estate/developers and maritime 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 impact with respect to the environment and society.

The bank can have an impact by having clear criteria for what it does and does not finance and through requirements for customers. This is done, for example, by analysing customers’ sustainability and climate-related risk when processing applications for loans and credits, as well as in the follow-up work with existing customers. The bank can also have an impact by offering products and measures that encourage a green transition, as well as by requiring documentation of energy efficiency and/or greenhouse gas emissions.

A number of companies the bank has made loans to have operations that will have an impact, and depend, on the environment. The bank’s provision of credit gives it indirect opportunities to have an impact. 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 intended for controversial weapons – the criterion includes landmines, cluster munitions, nuclear weapons and biological and chemical weapons
- involved in pornography or 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 2023

- Completed ESG scoring of customers with commitments in excess of NOK 8 million – developments are measured.
- Updated and improved the Sustainability Portal for clubs and organisations. Available via sbm.no. The Sustainability Portal is also used by advisers when talking to customers.
- Several customer advisers and other employees gave presentations on sustainability topics at various conferences/arenas.
- Participation in a user group under the auspices of Finance Norway to look at how to calculate CO2 emissions in banks’ lending and investment portfolios. The guide was launched in June 2023.
- Established a loan product for commercial properties that is strongly linked to Taxonomy criteria (launched Q1 2023)
- Established specific Team Sustainability Business. For more information, see “Impact on business development”.
- Conducted various events, please see the topic “ESG competence and competence sharing with customers”

Products and activities with a social profile

- Growth guarantee scheme (read more description under the topic “Impact on business development”)
- Completed the Næringsteft entrepreneur programme organised by Sparebanken Møre for the seventh time. Næringsteft is a competence journey and a competition.

Products and activities with environmental benefits

- Specific loan products for commercial properties were developed and launched in the first quarter of 2023.

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- The products are linked to the energy efficiency of the commercial property (loan criteria are linked to criteria in the EU Taxonomy Regulation). Two loans were granted in 2023.

Sustainability in credit processes

In line with established guidelines, the following ESG assessments are conducted in credit processes:

- ESG scoring of customers with commitments in excess of NOK 8 million. Scoring is performed using a specific analysis tool that consists of a number of assessment questions related to the three aspects of ESG. The results of the analysis provide a score indicating a low, moderate or high risk. The assessment must be conducted in close consultation with the customers. Even though all of the aspects are included, the majority of the assessments target 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-related risk (including physical and transitional risk) must be produced for credit applications. An assessment must be made of how the customer/industry is impacted by physical and transition risks, and how this in turn may impact the customer’s costs and income (and the customer’s debt-servicing capacity), as well as the value of assets pledged as collateral to the bank (e.g. real estate and business 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.
- Owners/boards of directors must also be assessed from a sustainability perspective with respect to: anti-money laundering, compliance, transparency, diversity, equality, circular economy, ethics policy, etc.

- In 2023, 374 customers were scored in relation to ESG (i.e. 99.9 per cent of customers with commitments in excess of NOK 8 million). The average score as at 31.12.2023 was 5.5 out of a total of 10 points. (31.12.2022: 5.45). The bank’s target is an average score of 6.5 by 31.12.2027.

Measures planned for 2024

- We will continue training for both our employees and customers in 2024. See “ESG competence and competence sharing with customers”.
- Continuing the categorisation of the bank’s corporate portfolio in accordance with the Taxonomy Regulation.
- The bank’s corporate market portfolio requires further analysis in relation to climate-related and nature-related risk. We need to better understand, measure and quantify the risk in the portfolio.
- Improve the bank’s ESG scoring tools for credit processes.
- The bank will require all commercial properties exceeding 1,000 m2 in the bank’s loan portfolio to have a valid energy certificate.
- When lending to companies in the oil services industry, the company/shipping company must be required to prepare a transition plan and climate report within no later than 12 months.
- In 2024, transition products/conversion loans will be developed and introduced for the shipping/fish carrier and fishing vessel segments. This will include a requirement to report emissions in the form of a KPI for emission intensity.
- The bank will prepare its own transition plan in 2024. This will include targets for CO2 emissions in the bank’s corporate lending portfolio. The goals will be broken down by industry, as well as by the short, medium and long term.

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.

ESG scoring is performed annually. This is reported in the bank’s risk report.

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 will be monitored, including through the bank’s monthly risk reports. The credit manual is constantly being updated/revised.

Customer satisfaction

EPSI Rating has carried out measurements of customer satisfaction in the banking industry annually since 2003.

Business customers are an important stakeholder and in the business market survey, Sparebanken ends up at the very top of the savings banks, with a score of 71.2 against an industry average of 66.0. Here, the bank does particularly well in the areas of industry knowledge, proactive advice, close follow-up and social responsibility².

Responsible unit(s)

Risk Management and Compliance Section

Key governing documents

- The bank’s overarching strategy document Møre 2027
- Sustainability Strategy
- Credit Risk Strategy
- Credit Manual
- Risk reports

GRI indicators

3-1, 3-2, 3-3, FS7, FS8

² <https://www.epsi-norway.org/bransjestudier/bank/>

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Impact on business development

Developing local communities and the business sector in Nordvestlandet is important for both value creation and jobs.

Sparebanken Møre enjoys a strong position with a market share of around 28 per cent in the corporate market in Møre og Romsdal. The bank works with and supports goods causes. This enables us to help create strong, attractive and vibrant local communities and to help business development in Nordvestlandet.

We have an impact through, for example, our lending activities and advice, entrepreneurship programmes, participation in the Growth Guarantee Scheme, training measures and various collaborations in relation to business clusters, business associations, forums, 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 help create meeting places where companies in different industries and specialist environments can meet. This provides motivation and a basis for developing innovation and cooperation.

Measures implemented in 2023

Sparebanken Møre has around 6,600 active corporate customers spread across four geographical units and five different groups of branches. In 2023, we also divided Romsdal and Nordmøre into two geographical units. In 2023, our 59 advisers in the Corporate Banking Division and “Næringsbasen” invited around 3,000



customers to a formal chat. This is in addition to the daily follow-up.

Sustainability and ESG are topics in business conversations with corporate customers. An ESG assessment is also conducted for customers with credit exposure in excess of NOK 8 million. Read more in “Responsible lending and advice”.

Business sustainability ambassadors were established in 2023: Team Sustainability Business. The role of the team is to further operationalise the bank’s sustainability strategy in the Corporate Banking Division. Team Sustainability Business is also a listening post focused on customers and the sector tasked with understanding signals and any needs that arise. The team plans and implements actions that help companies move in a sustainable direction. The team reports to the bank’s Sustainability Committee. In 2023, we improved the competence of advisers in relation to energy efficiency, the circular economy and reporting requirements for companies. Green loans were established for commercial properties, and work started on establishing

transition loans for fishing vessels and the maritime industry. Several advisers gave presentations on sustainability at conferences and meeting places for business.

The Sustainability Portal at sbm.no (launched in 2022), is a practical tool for all businesses, irrespective of whether or not they are customers of the bank. In the portal, companies receive advice and tips on how to approach sustainability. In 2023, we updated the portal with a new ‘industry’ for clubs and organisations. The portal now provides advice and tips for eight different industries: Real Estate, Contractors, Wholesale and Retail Trade, Tourism, Agriculture, Manufacturing, Fisheries and Clubs and Organisations. Each industry includes relevant sustainability goals from industry organisations, practical tips and advice on certifications and concrete proposals for measures.

In 2023, we saw an almost doubling in usage from 794 users in 2022 to 1,543 users in 2023. The most visited page is “Materiality Analysis” and the pages most time is spent on are the new pages for clubs and organisations.

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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 time received a budget of NOK 50 million earmarked for growth companies in an early phase in Nordvestlandet. In 2020, Sparebanken Møre’s grant was increased by NOK 125 million and this still applies. Some 42 companies have received loans in Sparebanken Møre through the Growth Guarantee Scheme since 2018.

Næringsteft – a programme for entrepreneurs

One of the bank’s important jobs is to contribute to the creation of new companies. Næringsteft is an intensive course for entrepreneurs where the goal is for more of them to achieve success with their ideas. A total of 633 companies have taken part in this programme since it started in 2017. In 2023, the programme was organised for the seventh time with 34 entrepreneurial teams registered.

Næringsteft is both a competence journey and a competition organised by Sparebanken Møre for concepts

and early-phase companies. Through it entrepreneurs gain access to mentors from academia, public funding agencies, established businesses and investors. This gives them opportunities to develop with greater vigour and speed than it would have been possible for them to do on their own. Statistics from previous semi-finalists show that they have higher survival rates than similar entrepreneurs on a national basis (see fact box). Sustainability must form an integral part of the business plan of those who take part in Næringsteft. In 2023, a special day of academic content and workshops was devoted to sustainability to ensure that the participants take a systematic approach from day 1.

The purpose of Næringsteft is to contribute to the breadth of innovation in Nordvestlandet. We take a systematic approach to this in relation to the composition of mentors, guest speakers and the jury. This year’s participants represent various industries. In 2023, 26 per cent of ideas were about products, while 76 per cent were about services. There is also a high proportion of women, with 62 per cent of the primary founders being women, while 38 per cent are men.

Meeting places

Business-related meeting places are important for inspiring innovation, cooperation and sustainable restructuring. Meeting places become highly relevant when they are targeted at individual industries. In 2023, Sparebanken Møre was a partner in 28 business conferences and forums.

Sustainability became a natural topic at conferences and in forums in 2023. The focus was on how they are impacted and the opportunities in the green transition. Sparebanken Møre contributed speakers to several of the conferences and forums.

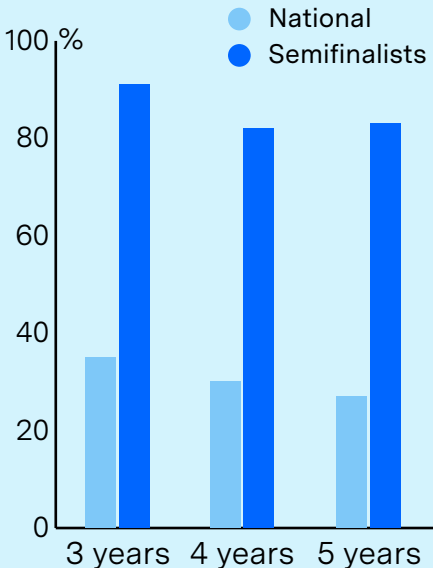
The real estate sector is also a major industry in Nordvestlandet. The bank supports forums for the industry. Byggebørsen, which is organised by Ålesund Business Association, has become an important meeting place for the real estate, building and construction industry and municipal decision-makers. Some of the topics covered in 2023 were recruitment and future prospects for the industries, what are attractive cities and the Norwegian State Housing Bank’s means in difficult economic times. Sparebanken Møre has given technical presentations at the conference in both of the past 2 years.

BYGGLARM in Molde is an annual forum for the real estate, building and construction industry. The goal is to share and collaborate across the industry in order to develop sustainable and eco-friendly solutions and structures for the industry.

The Sustainability Conference: Sustainable Businesses, was arranged for the second time in 2023 in a collaboration between Sparebanken Møre, Wattn, Nordea and the Norwegian University of Science and Technology (NTNU). The themes of the conference were the Transparency Act, value chains and diversity. The conference was well received with around 200 in-person participants in Ålesund and 738 watching the online broadcast. Sparebanken Møre gave presentations and hosted and is both on the programme committee and organises the conference.



- After 3 years, only 35 per cent of start-ups in Norway will have survived. The figure for Næringsteft semi-finalists is no less than 91 per cent.
- After 4 years, national figures show that only 30 per cent of start-ups have survived. The figure for Næringsteft semi-finalists is no less than 82 per cent.
- After 5 years, the national figure is as low as 27 per cent, while corresponding figures for those who have been semi-finalists in Næringsteft show a survival rate of 83 per cent.
- Of a total of 66 semi-finalists who have been through Næringsteft since its inception, only five companies are not in operation



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For several years, we have supported business associations and their event “Bli med hit” (formerly “Bli med hjem”) which has been arranged in Oslo for many years. The three business associations in Molde, Kristiansund and Ålesund collaborate on the events. They are designed to make the region more attractive to younger employees.

In 2023, we also participated as a partner in three conferences and one leadership forum specifically targeted at women in the workplace and management. These were events such as “Kvinner midt i” in Kristiansund, a leadership forum for women and “Rekk opp handa jenter” in Molde, and “Damene Først” in Ålesund. All were organised in cooperation with the business associations in the region. As the county’s largest financial institution, Sparebanken Møre wants Nordvestlandet to be an attractive place to live and work for everyone. Women are still underrepresented in management positions, and it is therefore important to help increase the focus on, and visibility of, women’s perspectives on life, leadership and business. Networking is also an important element in these forums.

Cooperation

In 2023, a new trainee collaboration was entered into with Molde Business Forum in the Molde region. This is a 3-year agreement on implementation of the programme. Sparebanken Møre wants to help improve the region’s attractiveness for young employees. The programme will provide a common meeting place for young talents in the region across industries.

Furthermore, we have renewed our collaboration agreement with the Blue Legasea cluster for another 3 years. Three areas have been identified where our support will help:

- Competence within circular business models
- Focus on value chains and requirements for the industry in connection with the Transparency Act and EU Taxonomy

- Host attractiveness, recruitment and communication activities.
- In 2022, the bank helped establish the Dale Oen Academy Møre, an offering for young people experiencing exclusion and who drop out of school. The goal is to get these young people back into school or into the labour market. The academy was established in 2017 and has campuses in Oslo, Bergen, Øygarden and Ålesund. The academy has a very good track record with nine out of ten restarting school after attending a year at the Dale Oen Academy. In Ålesund, it started in October 2023 with seven participants. Just 3 months later, staff and family members reported that these young people are developing in the right direction.

Project Medvind is a collaboration between Brisk Resource Centre, Ålesund Football Club and Sparebanken Møre. The project is in its third year and aims to get young adults aged 18-30 into full-time work or education. In 2023, Brisk AS added two new employees to the project in order to increase its focus on health and lifestyle. Figures for 2023 show that one participant has resumed upper secondary school, one is in labour market measures, five are in full-time employment and one is on work experience. In 2023, ten people participated in the programme, and the forecast for 2024 is between 12-15 participants.

Measures planned for 2024

The Næringsteft programme will continue, and the seventh round will end in March 2024. At that time, the three finalists and ultimate winner of NOK 1 million will be announced. A new round of Næringsteft is being considered with start-up in 2024/2025.

The “Sustainable Businesses” conference will be held on 05.03.2024. The conference’s main topics will be nature and nature-related risk and circularity. The conference is being organised in collaboration between Sparebanken Møre, Watten, Nordea and the Norwegian University of Science and Technology (NTNU).

In the first quarter of 2024, we will be arranging, together with GreenTechSee, the Hackathon and Technology Festival in Kristiansund. Here, technology enthusiasts from across industries in Nordvestlandet will come together and work on developing sustainable technology. The companies will contribute with specific cases that the participants will solve during the event.

In 2024, the bank will continue to develop the Sustainability Portal by updating it with new information, updating regulatory changes and improving our sustainability guide, which includes the steps materiality analysis, goals and vision, action plan, measuring performance, reporting and communication.

We are planning to arrange a series of workshops aimed at customers in 2024. The idea is to help more SMEs get started on sustainability work. Key topics that will be covered are materiality analyses, sustainable business development, sustainability communication and sustainability reporting.

We will continue the job of contributing to conferences and forums. In line with Goal 17 about partnerships for the goals, meeting places and conferences are important for the region’s development and for sharing expertise and networking both within and across industries. We plan to support and collaborate on such conferences in 2024 as well. The same is true for our partnerships with business associations, which will continue in 2024 and where we will also increase our collaboration with Søre Sunnmøre Business Association.

The Growth Guarantee Scheme has proved to be a good offer and a good fit for growth companies. We are aiming to continue this scheme in collaboration with Innovation Norway for a new period. So far, the scheme has been extended to the end of the first half of 2024.

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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.
- Sparebanken Møre was ranked as the best bank in relation to sustainability in the nationwide annual EPSI survey. The survey is of corporate customers, and we were ranked as best on sustainability for the third year in a row. Customers scored us high on “we feel that the bank takes corporate social responsibility” and “the bank gets engaged and initiates measures that contribute to sustainable development”.
- Our activities and collaborations are designed to contribute to responsible business development in the region. Therefore, more knowledge about sustainability, innovation and transition capacity has been, and is, an important element of this work.

Responsible unit(s)

- Corporate Banking Division

Governing documents

- Møre 2027 (corporate strategy)
- Guidelines for the use of dividend funds for local communities
- Credit Risk Strategy



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Supporting local communities

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 region 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 2023

Sponsorships

Sparebanken Møre is a major sponsor in Nordvestlandet and has agreements with around 120 partners, large and small, in the areas of sports and culture. All new sponsorship agreements that are signed include a section devoted to sustainability in which we emphasise sustainable financial management, diversity and equality measures, and cutting greenhouse gas and environmentally harmful emissions. This is followed up by the bank. There are differences between the various organisations when it comes to sustainability-related competence and commitment, although we are seeing positive developments and a greater focus.

The bank has collated relevant information for business-

es in a Sustainability Portal in order to provide customers with advice on sustainability. In 2023, the portal was improved in order to help clubs and organisations with this important work. Voluntary clubs and organisations are very important for creating good places to grow up in and for the development of local communities. In order to help inspire and motivate the future work of volunteers in both sports and cultural organisations, the bank organised four inspirational seminars in 2023.

TEFT-funds

Clubs and organisations in Møre og Romsdal can apply for TEFT funds for good causes. In 2023, the bank received around 1,800 applications for support for good causes in our region. This shows that the bank is an important supporter when it comes to the development of sustainable local communities in line with Goal 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 technical equipment, 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

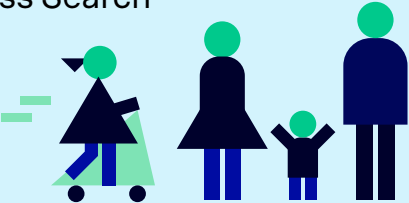
formalised several such larger partnerships with the Church City Mission, the Norwegian Red Cross Search and Rescue Corps, and the Church’s SOS. We do this to help those who have been left behind and to support those who focus on physical health and exclusion. Several major long-term sustainability projects were entered into 2020, and these are therefore also mentioned in the report for 2023.



EXAMPLES OF PROJECTS SPAREBANKEN MØRE IS INVOLVED IN

Project support for humanitarian organisations working in the region

The Salvation Army’s warming hut, Kirkens SOS crisis helpline, Landsforeningen for Pårørende innen Psykisk Helse (a nationwide interest and user organisation for next of kin in the area of mental health), Funksjonshemmede Barns Familieforening (an association for families with disabled children), Ålesund Municipality’s focus on facilitated e-sports, “The Soup Van”, “The Hospital Clowns”, various aid groups, local chapters of the Norwegian Red Cross Search and Rescue Corps and similar organisations.



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Boosting women’s football in the region
engagement were continued, developed and strengthened further in 2023. Several new agreements and projects were entered into where women’s sport received significant financial boosts and investment. Volda Handball has signed an extended agreement with a new project: “SunnmørsLøftet”. This focuses on regional player development in Sunnmøre. Molde Elite also signed a new and expanded agreement that will contribute to increased investment in recruiting young female players in Molde and Romsdal.

In the agreement with Molde FK, the bank doubled its contribution to the women’s team. With AaFK Fortuna, the bank has entered into a new agreement concerning the establishment of a specific academy for girls’ football, as well as a scholarship scheme that will make it easier for individual players to focus on their football. This is in addition to the financial boost the bank contributes through its long-term sponsorship agreement with the club.

“Sunnmørsakademiet” was established as a new initiative for boys’ and girls’ football players in Sunnmøre Fotballkrets, the district football organisation. The initiative is a collaboration between Sunnmøre Fotballkrets, Ålesund Football Club (AaFK), AaFK Fortuna, Hødd and Sparebanken Møre. In 2023, measures were implemented districts, clubs and top clubs, all of which help to reduce 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, we are researching the opportunities presented by the technological shift and playing an active role in education, research, innovation and dissemination in the intersection between economics and technology. Summer internships and placements were among

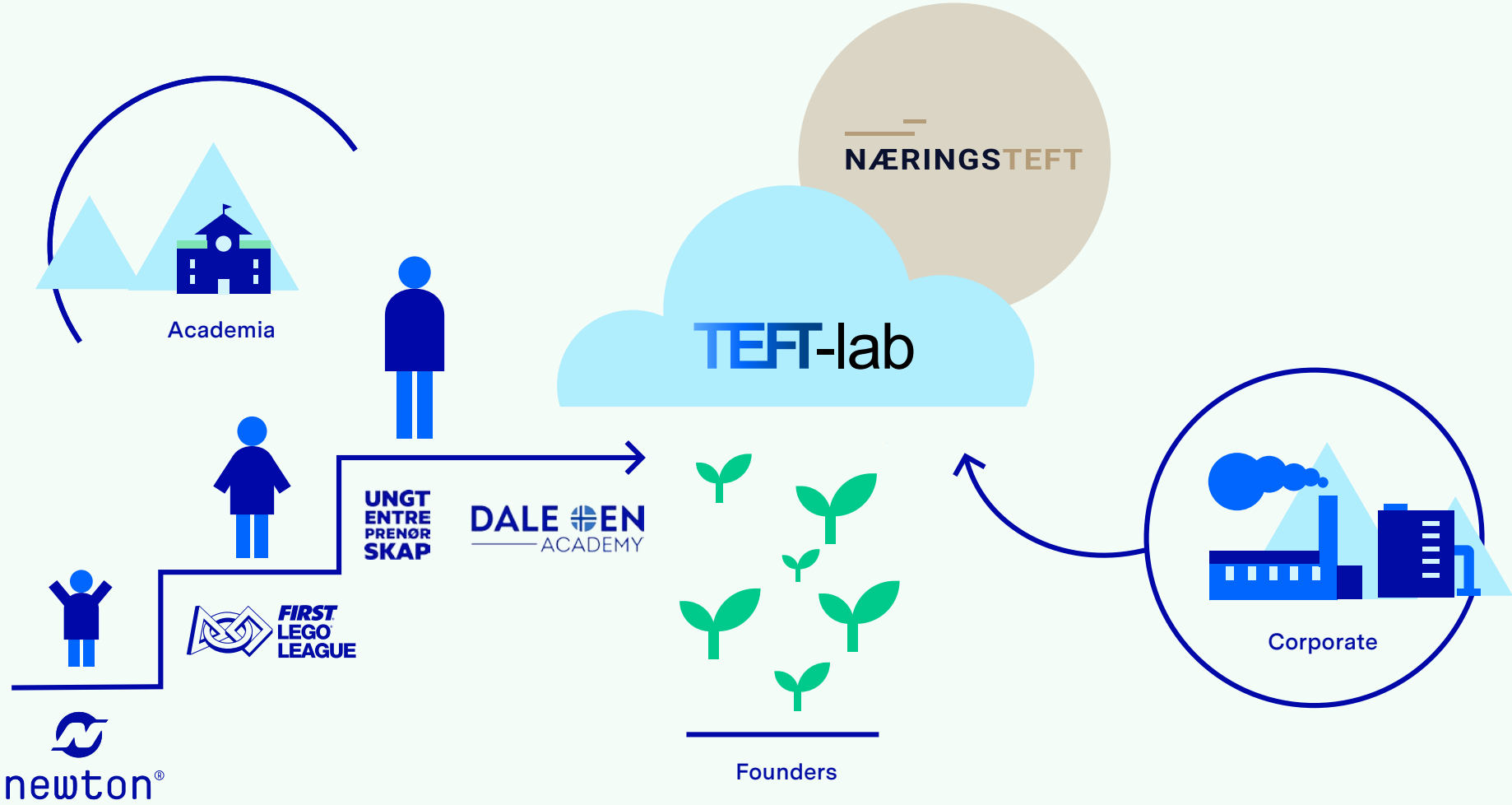
the measures carried out via the Innopraksis concept, which is designed to help increase interaction between students and the business community. It was very well received by the business community and resulted in a permanent programme in which students can now do a work placement – Innopraksis – as a subject. In 2023, 37 students on NTNU’s bachelor’s and master’s degree programmes were on placements, with seven of these students at Sparebanken Møre. In total, 20 businesses had an internship-student.

Young Entrepreneurship
Together with “Young Entrepreneurship”, we have for years helped to improve the personal finances skills of pupils in both primary and secondary schools. In 2023, nearly 50 classes and about 1,200 school pupils took the “Economics and Career Choices” and new “ØkonoMIN” courses. The teaching raises young people’s awareness of the choices they make and how they

can affect expected future income, debt, housing and consumption, which in turn will affect their ability to save up to buy a home. Around 35 authorised financial advisers contributed to the teaching in the schools, and Sparebanken Møre is also involved as an adviser and jury member in other programmes organised by Young Entrepreneurship.

Greater interest in science subjects and culture
By supporting the establishment of the Newton Room and several creator workshops, as well as the First Lego League (FLL), the world’s largest technology tournament for children, we want to contribute to the joy of learning and scientific expertise.

In the county, FLL is held in Molde, Ålesund and Søre Sunnmøre. The latter two are funded by Sparebanken Møre. In Ålesund, a total of 661 children took part in FLL and we took the initiative to arrange FLL in Søre



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Sunnmøre as well. The Scandinavian final in Mo i Rana was won by pupils from Hessa School in Ålesund, and in the spring they will travel to Houston in the USA to compete in the world championships.

In collaboration with the research factory, Forskerfabrikken, we arranged 15 summer courses in ten locations across the county. Over the course of 5 days during the summer holidays, children were able to conduct experiments with real research equipment and use their creativity to solve fun problems together with others. The support from the bank meant participation fees were cheap meaning that price was not decisive for participation. In total, 380 children completed 9,500 experiments, and 20 students acted as course leaders and thus had a relevant summer job in the region. This year's theme was the environment, sustainability and technology and the SDGs for clean water, clean energy and responsible consumption and production. The activities allowed children to discover how science can create good solutions for the future.

Creative thinking is an essential ingredient for learning and being able to come up with solutions. No matter what field of education you choose. "Verkstad Da Vinci" is a newly established art workshop in which pupils and teachers in Year 5 get to meet professional artists in workshops. In the room, pupils meet artists who work in all forms of art such as the visual arts, dance, theatre, music, etc. The workshop opened in October 2023, and Sparebanken Møre has contributed funds together with the Arts Council Norway and Ålesund Municipality. A total of 400 students in Year 5 did the workshop this autumn, and 20 classes from Ålesund and Haram also visited.

We also regularly visit schools to give talks on both economics and macroeconomics. A pilot was carried out for the competence project SirkuLearn in collaboration with Future in Our Hands in which two upper secondary schools in Møre og Romsdal did three workshops on a circular society. The project will be continued and extended to the 2024/2025 school year.

Næringsteft
Næringsteft is a skills journey and competition for entrepreneurs organised by Sparebanken Møre and aimed at contributing to a greater diversity of entrepreneurs and growth companies in the region. For further information about Næringsteft in the section on topics, see "Impact on business development"

TEFT scholarships
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 2023, the grants were for NOK 50,000 and 20 young people were awarded a total of NOK 1,000,000. 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 the scholarship motivates them to do work beyond the scholarship itself.

Measures planned for 2024

Sparebanken Møre plans to continue a number of the measures mentioned above, and also constantly reviews new measures directly related to priority SDGs. We also give weight to projects in which multiple stakeholders are working together to achieve the goals. 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 Organisation and Group Support Section of the Communication and Social Engagement Department is responsible for the strategy for, follow-up of and reporting on dividend funds for local communities, while the Business Development Section in the Market Department is responsible for following up the sustain-



ability work of clubs and organisations with which we have a collaboration agreement.

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 Group Management and the Board of Directors twice a year. As far as dividend funds for local communities are concerned, we have allocated all grants in line with the current 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.

Sparebanken Møre acknowledges that allocations can also contribute with a negative impact on including the environment through events, transport, nature interventions and such. Adverse consequences of allocation assessed against positive consequences when awarded.

Key governing documents

- Møre 2027 (corporate strategy)
- Guidelines for the use of dividend funds for local communities
- Code of Conduct and CSR Policy
- Procedures for sponsorship work

GRI indicators
3-1, 3-2, 3-3, 413-1, 413-2

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Sparebanken Møre – An attractive workplace

Sparebanken Møre’s employees are our most important resource. Sharp minds and committed efforts are crucial success factors. That is why we have to be an attractive employer, both for potential and existing employees.

At Sparebanken Møre, we want to ensure that every employee feels involved, respected and that they can influence and develop. At the same time, we need to take good care of our strong collegiate spirit. This will drive us forward – both as human beings and as a bank. Competent and motivated employees who thrive at work result in good advice and competence sharing with customers, grow the bank and ensure that we are an effective and attractive place to work.

The annual working environment survey resulted in high scores for employee satisfaction and loyalty. Employee input on the development of the bank is important with respect to generating engagement, well-being and job satisfaction. All employees worked in teams across disciplines in 2023 and provided input for the bank’s strategy. The question asking whether or not “my opinions are listened to” achieved one of the highest scores in the annual working environment survey.

Sparebanken Møre’s overarching goal is to have a good learning environment with competent employees who are continuously developing their skills and with managers who are able to inspire and develop their employees to achieve good results. That is why we invest in competence and the development of the bank’s employees.¹ The bank adopts an annual competence plan, which consists of ongoing competence measures within the bank’s framework and new priority development areas. We also continuously map the competence of all employees.

¹ The bank’s competence budget was around NOK 5.5 million in 2023.

With 100 positions advertised in 2023, it is crucial that Sparebanken Møre is viewed as an attractive employer and attracts capable employees. The bank strengthened its employer branding via social media, videos and various campaigns. It also took part in a number of career days and fairs both in and outside the county.

The bank had 14 internships in 2023, which provided us with both new insights and an opportunity to showcase ourselves as an employer.

Our employees at the new Oslo-office



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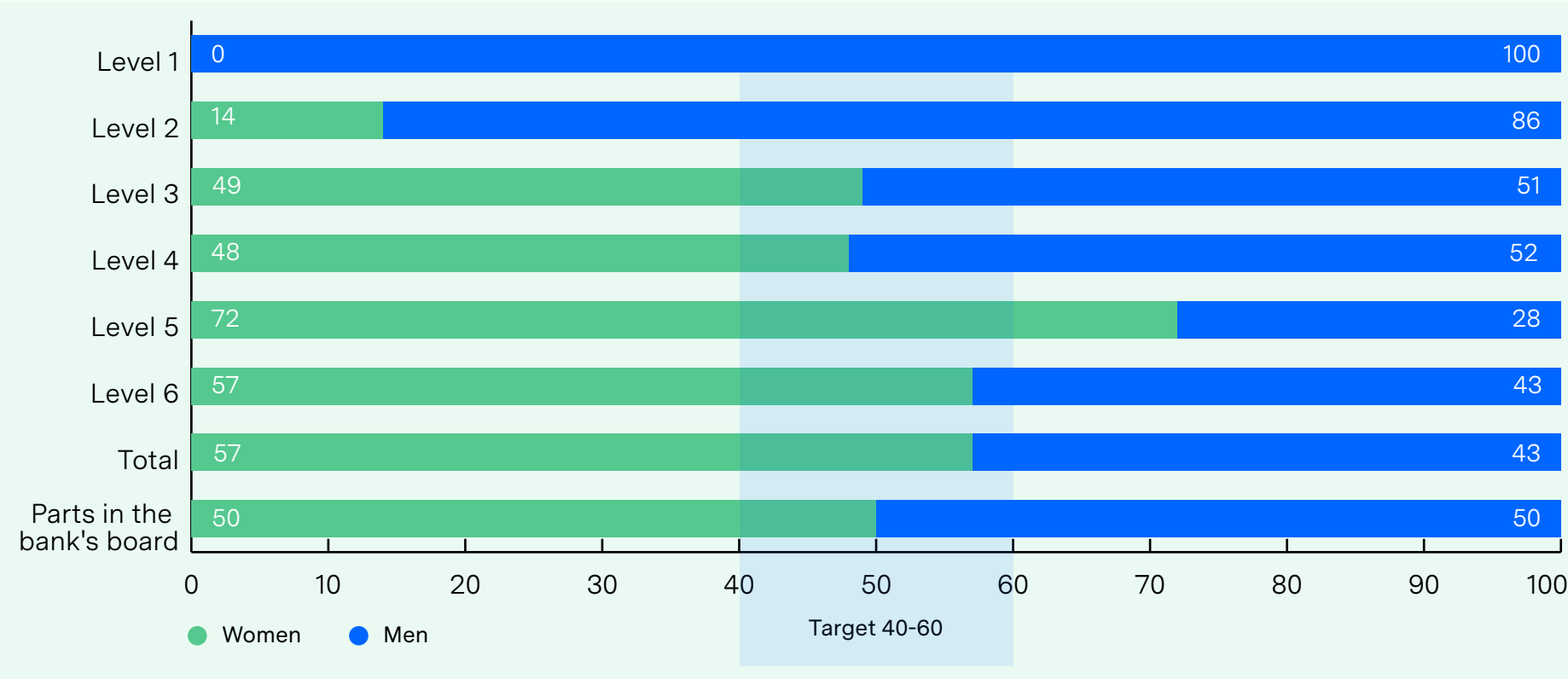
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The people in our organisation¹

The Group hired 83 new employees in 2023, 65 of them started during the year. Out of a total of 412 permanent employees at the end of 2023, 236 were women (57 per cent) and 176 men (43 per cent). The table below shows the gender ratio per position level, stated as percentages.



The table below shows an overview of sick leave certified by doctors and the taking of parental leave in %.

	Sick leave	Parental leave
Men	2.25 %	1.29 %
Women	5.48 %	2.10 %
Total	4.06 %	1.74 %

¹ The disclosures in this chapter constitute our reporting in line with the activity and reporting duty.

The position levels are based on the classifications used in the enterprise agreement entered into between the employer and the bank’s employee representatives.

The table below shows the number of employees by contract type.²

	Permanent full-time employee		Permanent part-time employee		Total permanent employees		Temporary employees	
	Women	Men	Women	Men	Women	Men	Women	Men
Sparebanken Møre [*]	214	174	22	2	236	176	7	1
Møre Eiendomsmegling	5	13	2	0	7	13	1	5

^{*} Sparebanken Møre (parent bank) includes the subsidiary Møre Boligkreditt, although as at 31.12.23 the company had no employees

Surveys of part-time employees in 2020 and 2022 show that none of these work part-time involuntarily.

² Permanent employees includes employees who are on sick leave or other leave

The table below shows women’s pay as a percentage of men’s pay at different position levels. ³

	Fixed salary	Cash benefits	Total
Level 1	NA	NA	NA
Level 2	97 %	102 %	103 %
Level 3	97 %	94 %	94 %
Level 4	90 %	88 %	89 %
Level 5	91 %	89 %	89 %
Level 6	95 %	94 %	94 %
Total	85 %	82 %	83 %

Cash benefits include fixed salary, paid bonuses, car scheme, equity certificate benefits and lump sum supplements. The total column includes fixed salary, cash benefits and benefits in kind, including personal insurance, mobile phones, free newspapers/magazines and interest rate benefits for staff loans.

³ Part-time positions have been adjusted upwards to their full-time equivalent (100 per cent)

A new survey will be conducted in 2024.

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Our diversity, inclusion and equality work

As part of making the bank an attractive place to work, all of the bank’s employees should feel that they are treated equally and have equal rights and opportunities. Diversity, inclusion and equality must be integral and natural elements of our personnel policy. This is in line with Goal 10 about reduced inequalities, which is one of the bank’s priority SDGs.



We strive for diversity and equality, while combatting discrimination on the grounds of gender, pregnancy, birth or adoption leave, caregiving obligations, ethnicity, religion, life stance, disability, sexual orientation, gender identity and gender expression, or combinations of these grounds

In Sparebanken Møre’s “Equality, Diversity and Anti-Discrimination Policy” the bank has committed itself to ensuring that it operates in line with the applicable rules and legislation relating to equality, diversity and anti-discrimination at all times. The policy therefore also sets out how the bank must be a driving force behind equality, diversity and anti-discrimination within its own operations, as well as in respect of customers, suppliers and other partners.

Measures designed to ensure diversity, inclusion and equality are followed up in practice by the HR Department in cooperation with the bank’s employee representatives. One of the means we use is a mapping tool developed by the Norwegian Equality and Anti-Discrimination Ombud. The HR Department analyses the findings, assesses the causes of identified risks and decides on measures in cooperation with employee representatives. Significant changes to rights that affect employees must be approved by Group Management and employee representatives, and possibly be approved by the bank’s Board.

Sparebanken Møre also has a number of internal committees that help to ensure diversity and equality and prevent discrimination against the bank’s employees in relation to pay and working conditions. The Remuneration Committee is elected by and from among the Board’s members and is tasked with contributing to thorough and independent consideration of matters relating to the remuneration of personnel. The Hiring Committee deals with pay and working conditions upon recruitment and assesses employees’ pay conditions on an annual basis. The Working Environment Committee is responsible for ensuring that the bank’s working environment provides a healthy and meaningful work situation for employees, as well as for helping tailor the employment relationship to fit the individual employee’s requirements and life situation.

The measures implemented in 2023 as a result of risk mapping, measures introduced as part of daily operations and some measures planned for 2024 are described below.

Gender balance

Sparebanken Møre’s goal is to achieve gender balance throughout the organisation, defined by having at least 40 per cent of each gender at all levels. At the end of the year, the goal had been achieved for most levels, with the exception of Level 2 and Level 5; where the bank had an average female proportion of 14 per cent and 72 per cent, respectively.

As an element of the work on gender balance, Sparebanken Møre signed up to the Women in Finance Charter in 2023. This is an initiative designed to help increase the proportion of women in leading positions in the financial services industry. The bank has thus committed itself to the following four principles:



1. A member of the executive committee to have dedicated responsibility for gender balance and inclusion.
2. Set internal targets for gender balance in leadership and senior positions.
3. Publish the status of and progress towards targets on own website.
4. Have an ambition to reflect the achievement of targets in leadership remuneration.

Systematic targeted efforts will be made in 2024 to maintain, or if necessary improve, gender balance at all levels.

Recruitment

Sparebanken Møre has designed and applies a recruitment process based on a DNV certified model. All interview candidates must be asked the same questions, which ensures the fairest and most objective possible assessment of candidates. The HR Department is in the driving seat in all recruitment processes, although recruiting managers are briefed on topics such as questions they cannot ask and implicit bias.

In job adverts, it has been a priority to emphasise that the bank wants to be a diverse enterprise, and that we are looking for employees with different backgrounds, experience, attributes and perspectives. 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 a wider range of

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applicant groups. Out of a total of 81 external hirings in 2023, 55 per cent of those hired were women and 45 per cent men. In 2023, all employees were offered e-learning courses on the topic of inclusive recruitment.

Pay and working conditions

The levels of remuneration at Sparebanken Møre should contribute to the Group achieving its targets and encourage appropriate conduct in line with the bank’s strategy and governance. 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. Arrangements that may be included in Sparebanken Møre’s remuneration are fixed salary, variable one-off remuneration based on deliveries and performance, bonuses, pension schemes, personal insurance, staff loans and other common benefits.

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. The measure has contributed to a gradual positive trend⁴, and will be continued until 2024.

Promotion and development opportunities

Sparebanken Møre invests in its employees and ensures equal opportunities for promotion, development and training. Competence and development opportunities are included as a regular part of performance reviews with line managers. All employees can also have confidential career interviews with the HR Department. The working environment survey showed that 91 per cent of the bank’s employees completed performance reviews in 2023.

In 2023, ongoing competence measures for the bank’s employees amounted to an average of 35 course hours per employee. Our employees also took part in a number of other external courses, conferences and competence measures where the hours spent were not registered.⁵ Additionally, all employees can apply for further education support. In 2023, two new applications for education support were processed and granted, with both applicants being women. The bank is also trying to identify continuing education needs in ICT and natural sciences in collaboration with NTNU Ålesund. Every year, the bank takes part in the talent development programme Talent Sunnmøre and in U37 Sunnmøre, which is a network for young leaders.

An onboarding programme has been developed for new employees. This involves a number of competence measures to ensure employees get a good start, including induction days, employee development and digital leadership training for new managers.

As part of the risk mapping of critical competence, an annual review is conducted of substitutes and possible successors for roles that include key personnel risk. To ensure gender balance with respect to promotions, we work according to the principle that lists of successors and substitutes must include at least 40 per cent of each gender. In 2023, 71 substitutes and possible successors were identified, of which 42 per cent were women and 58 per cent men.

A course on this topic was launched for all employees in 2023 in order to improve our understanding of diversity, inclusion and equality. The course addresses how to turn diversity, inclusion and equality into a competitive advantage and provides an introduction to the topic of “unconscious bias”. The bank’s annual strategy meeting for all employees included an engaging lecture on generosity and inclusion.

Facilitation and balancing work and family life

Sparebanken Møre is working to be an inclusive workplace for employees in all age groups and phases of life. The bank is Eco-Lighthouse certified and has signed up to the Inclusive Working Life scheme. As an Eco-Lighthouse and IW company, 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 an occupational health service, which includes, for example, health checks, access to occupational medicine clinics and follow-up of/adaptations for employees who are on sick leave or who are at risk of ending up on such leave. The occupational health services provider submits annual proposals concerning any areas needing improvement with respect to the working situation/ergonomics.

As a supplement to the occupational health service, employees have access to psychological help and health/treatment insurance. Other benefits include a separate corporate sports team, a support scheme for gym subscriptions, the options of flexitime, working from home and company holiday homes/apartments that employees with families can use.

In 2023, all of the employees were offered an opportunity to attend a first aid course. New courses will be arranged in 2024. A survey of how flexitime and working from home arrangements are being implemented is also planned for 2024 to ensure that departments have as similar practices as possible.

Whistleblowing

Sparebanken Møre wants 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 situations, wrong-

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⁴ Women’s fixed salaries as a percentage of men’s in 2020 were 82 per cent, compared with 85 per cent in 2023

⁵ In 2024, further work will be done to improve the source data in order to map the total number of training hours per employee

doing and other adverse situations are uncovered and followed up 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 safe and secure whistleblowing. In addition to internal whistleblowing report recipients, an external whistleblowing reception centre has been established through an agreement with a law firm. Whistleblowing cases can also be discussed with the bank's occupational health service. The whistleblowing procedures are accessible to all employees via the intranet and all employees review the whistleblowing procedures via an e-learning course each year. No reports were received during 2023. In 2024, reporting routines will be reviewed with the aim of investigating whether the process itself may contribute to the absence of more reports.



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ESG competence and sharing competence with customers

ESG competence must help develop internal awareness of sustainability and build ESG competence across the bank so that it can become a better sparring partner for corporate and retail customers. External impacts through competence sharing with customers and through consulting helps customers gain knowledge about both challenges and opportunities related to ESG and sustainability.



Measures implemented in 2023

Measures that improve the skills of the bank’s employees and customers are mentioned here, but also discussed in other topics such as “Impact on business development” and “Responsible lending and advice”.

Courses/measures and topics		Participants	Scope 2023
Board of Directors and Group Management	Introductory course for new board members and new members of Group Management	All new board members and new members of Group Management	12 hours per member over two days.
	Market price	All board members and part of Group Management	Half-day course
Own employees	Diversity, inclusion and equality courses	All employees – mandatory	355 employees participated on daily basis over a period of 14 days. CO ₂ saved: 28 255 kgCO ₂ e
	New Financial Contracts Act – training	All employees – mandatory	
	Ducky climate competition	All employees – voluntary participation	
	HSE courses	All employees – mandatory	
	Privacy training	All employees – mandatory	
	Cybersecurity and information security	All employees – mandatory	
Retail Banking Division, internal	ESG incorporated into the FinAut authorisation programme	The bank’s customer advisers	Nearly 280 employees completed the refresher, and 28 new hires are authorised during 2023.
	Digital meetings and case training on the topic of ESG	Retail Banking Division advisers	Read more in “Responsible lending and advice”.
	Advice tools updated with content focused on sustainability and total personal finances	All personal advice sessions	58,000 customers have been assigned their own personal adviser.

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	Courses/measures and topics	Participants	Scope 2023
Corporate market internally	Business days with ESG themes	Advisers and staff in Corporate Banking Division	Number of ESG-themed workshops: 4
	Team Sustainability Business established to increase competence and competence sharing with customers	Advisers representing our different industries and geographical location	Topics in 2023: Energy efficiency, circular economy and reporting requirements for companies
	Green loan structure for commercial property launched and training provided on the basis for granting green loans, as well as in the area of real estate energy efficiency.	Corporate Banking Division advisers - mandatory	All-day workshop.
Customers and other external stakeholders	Personal finances in schools together with Young Entrepreneurship	Lower and upper secondary schools in Møre og Romsdal	50 classes participated
	Topic meetings • Future powers of attorney • Home mortgages for first time buyers	Customers and other stakeholders	Around 1,900 participants at 16 events
	The Sustainability Portal was expanded with a specific page for clubs and organisations.	Publicly available to everyone via the bank’s website	Number of users of the Sustainability Portal: 1,543
	Articles published on the bank’s ESG webpages	Publicly available to everyone via the bank’s website and social media	Read more in “Responsible lending and advice”.
	Næringsteft with courses for entrepreneurs on, for example, sustainable business models and value chains	Open registration for start-ups/entrepreneurs	Read more in “Impact on business development”
	Talks and professional input within general finance and industry-specific topics		

Measures planned for 2024

- Series of courses for corporate customers in consultation with third parties, described in “Impact on business development”.
 - Tools for business advisers – a foundation course on the topic of ESG in general and industry-specific for use in advice interviews for the corporate segment.
- Introduction of a learning platform that provides all employees with access to more than 300 courses, including a comprehensive course package on the topic of sustainability and a number of other topics that match the bank’s competence goals.
- Monthly ESG topics with news items on the intranet for internal training and awareness in relation to sustainability in our everyday work.

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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 training measures. The skills work is also measured through authorisations achieved and completed skills updates, e-learning courses and other skills measures. Other mandatory courses are followed up by the Møre Academy, and reports are produced on the implementation of key competence measures.

Relevant ESG competence is shared with businesses via the Sustainability Portal. This is measured through the number of visits and time spent on the website.

Responsible unit(s)

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 attended by members of the bank’s sections and divisions. The Compliance Department conducts reviews and reports to FinAut annually with respect to authorisation paths and required updates. The CEO’s executive management team, Group Management, and the bank’s Board of Directors evaluate and approve the skills budget and strategy within organisational development.

Key governing documents

The governing documents are the bank’s overarching strategy document and annual competence plan, including the competence budget.

GRI indicators

3-1, 3-2, 3-3, 404-1, SBM-N1



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Responsible business conduct

The Group depends on the trust of its customers, the authorities, equity certificate holders and the society of which we are a part. In order to achieve and maintain trust, we rely on professionalism, talent and high ethical standards at all levels.

Our corporate social responsibility relates to matters such as climate and the environment, social issues, equality and diversity, human rights, labour rights and the prevention of financial crime and corruption. The bank is conscious of its role, mandate and responsibilities regarding responsible business conduct. We are equipping ourselves to withstand changing conditions.

Sparebanken Møre in the value chain

The Sparebanken Møre Group is a full-service provider of financial products and services within the areas of financing, deposits and other forms of investments, money transfers, financial advice services, asset management, arranging insurance and real estate brokerage. We also distribute dividend funds for local communities every year in line with our mandate as a savings bank. As a bank, we offer few physical products, although we are indirectly involved in what our customers do. This means our downstream value chain is diverse and complex.

An overall picture of the value chain associated with our core business as a savings bank is provided below:

Upstream	Own business	Downstream
		
Suppliers - suppliers of service and products	Property - we rent, own and operate property	Corporate customers - we provide loans to local businesses, both small, medium and large companies
Business partners - collaboration where we offer products and services to our customers on behalf of external suppliers	Employees - we are a workplace for many people in our region	Retail customers - we provide housing and car loans to retail market
Investors - We depend on funding from investors to offer our customers competitive terms	Competence - We want to be a driving force for development in our region and must at all times have up-to-date expertise in order to exercise our vision	Local community - Sponsorships and community benefits that are distributed to initiatives in our region

Sparebanken Møre is an alliance-free, independent savings bank and free to choose the partners we want. 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 most appropriate. Sparebanken Møre currently has around 150 large and small partners and suppliers.

Upstream value chain

Sparebanken Møre has close relationships with its suppliers. Each year, the bank’s main product purchases are made in the categories of office supplies, gift and promotional items and bank cards. We work with our suppliers to find sustainable solutions, including sweaters and t-shirts made of organically certified cotton, recycled plastic lunch boxes that can be recy-

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cluded again and bamboo neck warmers and headbands. We have reduced the amount of unnecessary plastic and paper in packaging, and items distributed to local branches are packed in larger quantities to reduce the packaging and total number of transport journeys needed. In 2023, the bank switched from bank cards made of virgin plastic to cards made of 95 per cent recycled plastic.

The bank has procedures for supplier due diligence in line with the OECD Guidelines for Multinational Enterprises, both for start-ups and for regular follow-up. Our suppliers are assessed on their work on human rights and working conditions, mitigating environmental impacts, climate-related risk and circular solutions.

The systematic follow-up of suppliers and partners has been incorporated into the bank's strategy for business development. The bank's requirements for suppliers are published on the bank's website¹. Sparebanken Møre's reporting in line with the Transparency Act will be published as a separate report by the statutory deadline of 30.06.2024.

Sparebanken Møre's work on ensuring responsible business conduct at all levels is important for the bank's investors. Failures with regard to responsible business conduct and corporate governance will have an adverse impact on the bank's attractiveness for investors. Investors set high requirements for the bank, and these are a motivating factor for the bank's sustainability work.

Our operations

Sustainability in our operations is integrated into the bank's strategies and framework. An expanded report has been produced on greenhouse gas emissions in 2023. This provides the bank with a more transparent overview of its own emissions and where mitigation measures should be implemented. The bank Eco-Lighthouse certified both its head office and local branches in 2023 and at the start of 2024. The work on greenhouse gas emissions in our operations is discussed in the chapter "Greenhouse gas emissions". The bank's climate-related and nature-related risks and planned measures are described in detail under "Climate-related risk". Work has started on including nature-related risks, and this will be described in more detail in next year's report. The bank's employees are the bank's most important resource, and social sustainability in our own house is described in "The people in our organisation".

Responsible product and service offering

Sparebanken Møre offers a range of products and services to corporate and retail customers in the region. The bank's focus on responsible lending practices and advice services, as well as our approach to financial inclusion and ensuring that our customers enjoy good financial health, is described in "Responsible lending and advice". In 2024, a due diligence system will also be introduced in our procedures for developing and changing products and services, such that the bank assesses our products and services in relation to social conditions and environmental impact to a greater extent.

You can read more about how we are working to be a driving force behind sustainable development in local communities in the chapter "Supporting local communities".



¹ <https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/>

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Impact on changes in corporate credit demand

Like 2022, 2023 was a year of high inflation and tightening monetary policy in the form of interest rate hikes. The upturn in inflation, which began with global supply chain disruptions in 2021, was further amplified by the war in Ukraine and subsequent destabilisation of the energy market in 2022. Inflationary pressures gradually spread between countries and into most categories of goods and services. Here in Norway, high wage growth and a weak Norwegian krone has made the central bank’s task of bringing down inflation more demanding.

In the second half of the year, inflation peaked and edged slightly downwards again, both in Norway and among our closest trading partners. Even though inflation has fallen, it remains considerably higher than the target of 2.0 per cent. Norges Bank projects inflation of 5.5 per cent for 2023, while it is expected to slow to 4.4 per cent in 2024.

The slowdown in inflation in the second half of the year must be seen in the context of the sharp rise in interest rates, which has helped curb economic activity and thereby inflationary pressures. Over the course of 2023, Norges Bank raised its policy rate a total of six times, to 4.5 per cent. Interest rates are expected to start gradually falling again from the end of 2024 onwards, although we are unlikely to return to the low levels seen in recent years.

High and rising interest rates had a dampening effect on economic activity throughout 2023, and Norges Bank estimates that as a whole the Norwegian mainland economy grew by a low 1.0 per cent. The outlook for growth in 2024 is also weak with forecast growth of 0.1 per cent.

Even though the general economic picture is weak, the developments in the various sectors vary widely.

A weak Norwegian krone has supported the export sector. Activity is high and increasing at the start of 2024, particularly for companies with direct and indirect exposure to oil and gas. The seafood sector is also benefiting from a weak Norwegian krone, and seafood exports were, measured in Norwegian krone, record high in 2023.

At the other end of the scale, a marked fall in construction activity has forced many building and construction companies to reduce their workforces. There was a sharp slowdown in new housing starts in particular in 2023. However, greater confidence that interest rates have peaked, as well as the prospect of a drop in interest rates, may contribute to a pick-up in activity in 2024.

However, much of 2024 will be characterised by higher interest rates and costs, which will affect consumers and businesses both nationally and regionally. In Nord-vestlandet, demand for lending in the corporate sector was also good in 2023, despite somewhat weaker lending growth: 9 per cent in 2023 compared with around 12 per cent in 2022. In particular, we saw solid growth in the fisheries, real estate, manufacturing and maritime industries.

We expect lending growth to be somewhat weaker in 2024. We note that housing development projects have been put on hold. Both interest rates and higher costs are resulting in uncertainty in relation to housing demand, and this is also resulting in slightly lower house prices nationwide.

Tax increases that are unfavourable for some industries have resulted in several projects in our region being put on hold, although the differences between sectors are considerable. We are seeing a clear increase in activity in the shipbuilding industry and other maritime industries related to offshore wind power and other activities for offshore supply vessels.

At the same time, the green transition will continue to result in considerable investment costs going forward.

New requirements for energy efficiency measures for real estate will also result in high levels of renovation activities for both residential and commercial buildings

The proportion of the bank’s lending growth linked to renovation projects grew in 2023. This demand will likely continue in 2024.

The green transition will present new market opportunities for a number of industries, including building and construction, manufacturing, maritime industries and the financial services industry. Overall, the green transition will contribute to increasing demand for credit in the long term.

Impact on changes in loan enquiries in the retail market

In spite of high inflation and rising interest rates, unemployment has remained relatively low in Norway. At the end of November 2023, the registered unemployment rate was 1.8 per cent. Norges Bank forecasts that unemployment will rise moderately and average 2.1 per cent in 2024.

Low unemployment and high wage growth have helped make Norwegian households more resilient to high inflation and interest rate hikes. This has also helped underpin developments in the housing market, and Norges Bank expects prices for used homes to have fallen by -0.1 per cent in 2023. A shortage of new housing starts is expected to make a positive contribution to price growth in the next few years. Norges Bank expects house prices to grow by 0.1 per cent in 2024, before this figure rises further to 5.1 per cent in 2025. Developments in house prices are of great importance for the Norwegian consumer’s perception of the state of their own personal finances, since a high proportion of the population’s wealth is held in their home.

With that said, high inflation and interest rate hikes have helped increase pressure on consumers’ personal finances. In 2023, the reference budget published by

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Consumption Research Norway (SIFO) for a family of two adults and two children was updated with figures for most areas of consumption. These indicate an increase in expenses per month of NOK 2,700 compared with previous years. Naturally, this has also affected our customers to some extent. We can see that the number of payment deferrals granted for the first three quarters of 2023 was 25 per cent higher than in the corresponding period in 2022. Meanwhile, the picture was the opposite in the fourth quarter with a 25 per cent decline in the number of payment deferrals granted compared with the corresponding period in 2022. It is assumed that the interest rate peak was reached with Norges Bank's interest rate hike in December. We have yet to see the full impact of all the rate hikes in 2023, so applications for payment deferrals could well increase over the next year. Our customers have a regular personal adviser who provides continuous follow-up over time. This follow-up can help make it easier for customers to make good financial choices, better plan their personal finances and prepare, for example, for higher costs.

In recent quarters, demand for credit has fallen nationwide, a development that may affect Sparebanken Møre's lending growth at the start of 2024. Sparebanken Møre is a savings bank with a business model that we believe is an advantage in terms of growth. This can be seen from the development of the bank in recent times. In 2023, the Retail Banking Division saw solid deposit and lending growth with results well above target in both areas. It is clear that personalised advice and close customer relationships give us an advantage in the market in tougher times. We are local and build on our proximity to the customer. We have 26 branches located throughout the county, plus a planned branch in Hustadvika and a newly established branch in Oslo. We therefore know the surrounding areas, local businesses and our customers well.

The bank expects and has made preparations for slightly lower credit growth in 2023, although given our business model it does not see this as a threat to lending growth in the short term.



In our opinion, the green transition will not have a negative impact on credit demand. The green transition is encompassing ever more areas and customers cannot avoid it either. Going forward, banks and customers will have ample opportunities to work together to protect their own interests and those of society. In the short term, the bank will have to work on increasing the competence of employees in this area in order to understand customer needs. If a home is going to be upgraded, the bank must understand and provide advice on sustainable options. Over time, this will become a key area that employees will have to have insights into so that capital is directed to projects that achieve the climate goals. In 2023, the EU adopted the Energy Performance of Buildings Directive (EPBD)² and the deadline for achieving the goal of all buildings being

² https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en

zero-emission buildings is the end of 2050. In practice, this will mean that all Norwegian buildings and homes will have to have an energy rating of 'A' in 2050, which will mean major upgrade costs for homeowners. About 54 per cent of Norwegian homes currently have an energy rating and only 2.6 per cent of homes have an energy rating of 'A'. Political pressure and support from the authorities will probably result in increased business opportunities thanks to the green transition, including within the retail market segment. There is a need for products that comply with energy requirements and the EU Taxonomy Regulation, which defines 'green' activities for new buildings and the renovation of homes as well. We therefore believe that this will have positive impacts for the bank in the short and long term.

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Stricter regulatory requirements for banks and financial services industry

Banking and the financial services industry are subject to an extensive number of regulatory requirements and continuous change work is ongoing in this area. EU Regulations are enacted in national legislation, often at the same time as in the EU. This makes this a demanding landscape to manoeuvre in. In this section, we have listed some of the relevant Acts and Regulations related to the area of sustainability that apply to, or will shortly apply to, Sparebanken Møre.

Accounting Act

The Accounting Act specifies the most important provisions concerning non-financial reporting and impacts on the external environment (sustainability reporting) in section 3-3(a)-(c). The EU Non-Financial Reporting Directive (NFRD) (corporate social responsibility report) was enacted in section 3-3(c) of the Accounting Act in 2022.

The requirements of the Accounting Act are not particularly specific and market expectations and voluntary reporting standards involve reporting beyond the statutory requirements for Sparebanken Møre.

Sustainable Finance Act

The Sustainable Finance Act came into effect on 01.01.2023. The Act enacts two important EU Regulations: the Sustainable Finance Disclosure Regulation and the Taxonomy Regulation.

The Sustainable Finance Disclosures Regulation (SFDR) requires financial institutions engaged in portfolio management and financial advice services to disclose how sustainability risk considerations are integrated into risk assessments and investment advice. Special disclosure requirements apply to investment products marketed as ‘green’, which means that we currently offer products classified as Article 6. We are working to put sufficient documentation in place such that in the future we can offer fund products in line with Articles 8 and 9.

The purpose of the Taxonomy Regulation is to establish a pan-European classification system that defines what constitutes sustainable economic activities. For the bank, this involves an obligation to report and publish information on the extent of the bank’s lending activities that are considered sustainable in line with the Taxonomy Regulation. In 2023, the bank started making preparations for reporting in line with the Taxonomy. The EU Taxonomy will not be mandatory for the bank until the 2025 financial year, which coincides with the bank being subject to the new Corporate Sustainability Reporting Directive (CSRD). For more information and the bank’s voluntary Taxonomy reporting, see the appendices.

Transparency Act

The purpose of the Transparency Act (Act relating to Enterprises’ Transparency and Work on Fundamental Human Rights and Decent Working Conditions) is to promote companies’ respect for fundamental human rights and decent working conditions. The complexity of many Norwegian companies’ upstream value chain makes it challenging for both the business and customers/consumers to gain an insight into whether human rights and working conditions are being safeguarded throughout the chain.

In accordance with the Transparency Act, Sparebanken Møre is required to conduct due diligence to identify and manage the risk of human rights violations in its operations and in its supply chain. The bank publishes an annual due diligence report on its website by the deadline of the end of June, and the public can request access to the work throughout the year via the bank’s website. Also see the section “Sustainable value chain”.

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Equality and Anti-Discrimination Act – activity and reporting duties

The activity and reporting duties in section 26 of the Equality and Anti-Discrimination Act aim to promote gender equality in Norwegian enterprises. All employers in Norway have a general activity duty.

Sparebanken Møre is subject to more specific requirements relating to the activity and reporting duties set out in section 26 of the Act. The bank’s report has been integrated into the annual report and can be read in “The people in our organisation”.

Public Limited Liability Companies Act – requirements for reporting the pay of leading personnel

The Public Limited Liability Companies Act, sections 6-16(a) and (b), and Regulations, entered into force on 01.10.2021 and impose certain requirements on companies with securities listed in a regulated market in relation to reporting the pay and other remuneration of leading personnel. The reporting requirements address aspects of both social sustainability and responsible management (governance).

Sparebanken Møre presents the report on the pay of leading personnel to the General Meeting every year. The report is checked by the auditor and a specific assurance statement is issued. The guidelines, report on the pay of leading personnel and decision of the General Meeting are available on the bank’s website.

MiFID II

Amendments to the MiFID II Delegated Directive came into effect in 2023. The new guidelines include stricter requirements for mapping customers’ sustainability preferences and helping them make informed investment decisions. For Sparebanken Møre, the amendments entailed, for example, the procedures for new customers having to be adapted to the new requirements and advisers in the bank having to receive training via the authorisation scheme so they can advise customers in line with the Directive. Consideration is also being given to adopting a new advice tool that makes it easier to take account of the customer’s sustainability preferences.

Marketing Control Act

The Marketing Control Act specifies that marketing must not breach good business conduct practices and prohibits unreasonable and deceptive commercial practices. Claims made in marketing must be documented. The Norwegian Consumer Authority has supervisory authority and has published guidance on the use of sustainability claims in marketing. Sparebanken Møre complies with good practice in this area and uses the guidance actively. A specific policy has also been established for the bank’s marketing, which is available from our sustainability library.

Financial Contracts Act

The new Financial Contracts Act came into force in January 2023. The Act is designed to strengthen consumer protections, debt problem prevention, regulation of a number of services and regulation in general such that customers can turn to the same Act to find all their rights and obligations. Among the things it introduced were increased requirements concerning the information that must be provided to the customer before a contract is signed.

Sparebanken Møre took a number of measures to adapt to the new legislation and incorporated the requirements into its procedures for product and service development. Our framework, guidelines and general working methods were also updated in line with the new Act.

Corporate Sustainability Reporting Directive (CSRD)

The Directive entails a major restructuring and increased reporting requirements in the area of sustainability. The CSRD will replace the Non-Financial Reporting Directive (NFRD) and several other EU Directives, as well as introduce requirements for the auditing/attestation of the bank’s sustainability reporting. The CSRD is designed to facilitate the transition to a sustainable economy in line with the European Green Deal and the UN Sustainable Development Goals and ensures more comparable information for various stakeholders.

Sparebanken Møre will become subject to the CSRD in the 2025 financial year.

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CRR III/CRD VI

The regulations represent the final phase of the Basel III standard. The regulations contain new capital adequacy rules and an updated crisis management framework. The plan is to introduce it in the EU from 01.01.2025. The Ministry of Finance’s goal is for the changes to come into force in Norway at the same time as they come into force in the EU, i.e. for CRR III from 01.01.2025 and CRD VI from the third quarter of 2025. The new regulations entail changes to the standard approach to credit risk, a revision of the IRB framework, a revision of the CVA framework, a revision of the operational risk framework and changes to the requirements for leverage ratios and ESG.

In line with the new legislation, ESG risks must be included in the bank’s internal risk management process, the Internal Capital Adequacy Assessment Process (ICAAP). Adjusting banks’ capital requirements due to environmental and social factors was proposed, although the European Banking Authority (EBA) did not include this in its final recommendations.

Corporate Sustainability Due Dilligence Directive (CSDDD)

This is an EU Directive that mandates due diligence in the areas of climate, environment and human and labour rights. The Directive has major similarities with the Transparency Act, although it is broader in scope. So far, it appears that the CSDDD only applies to larger companies unlike the Transparency Act.

Sparebanken Møre has already incorporated the climate and environment into its due diligence for suppliers and business partners. The bank is monitoring the introduction of the Directive to determine if and when the bank will be subject to the CSDDD.



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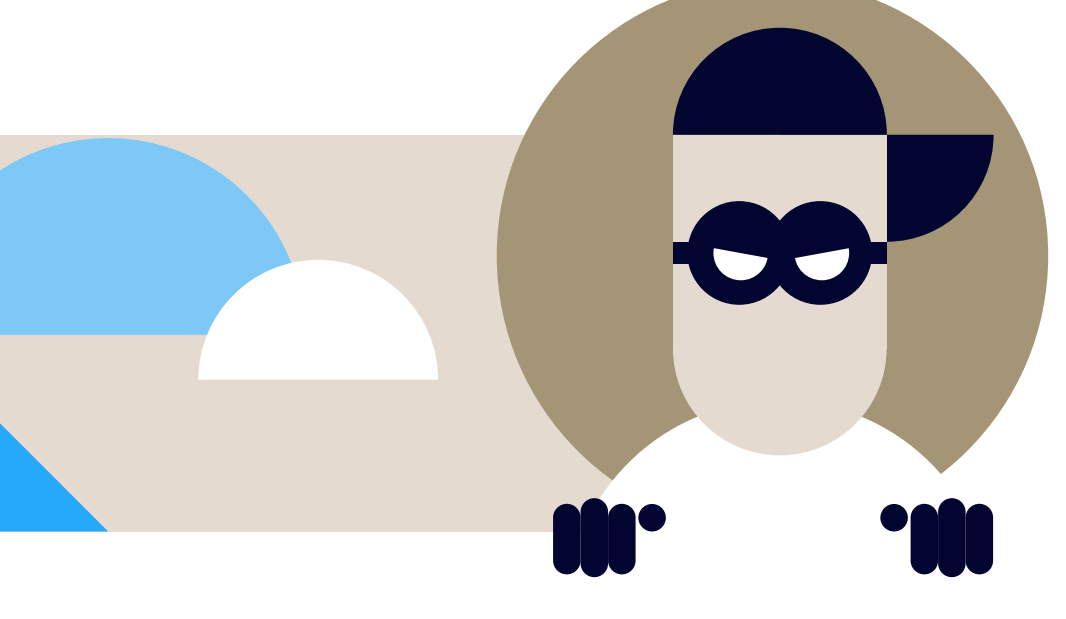
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Financial crime, information security and privacy

Sparebanken Møre is committed to taking a comprehensive approach to security and financial crime. The bank has rules that guide and steer the work, internal controls and a system for handling incidents. The bank’s operations are subject to government control and regular supervision. We must keep your funds and data safe. Attempted financial fraud is a growing problem, and combating it is a priority for Sparebanken Møre.

Financial crime

Financial crimes such as fraud, work-related crimes, terrorist financing and laundering proceeds from criminal activities are both a social problem and a threat to the welfare society. Combating them is demanding and important work. Sparebanken Møre believes that preventing the bank and industry from being misused for financial crime is an important part of our social mission, and as a financial institution we are subject to a number of laws and requirements related to combating corruption and other types of financial crime, including laundering proceeds from criminal activities and financing terrorist activities.

Sparebanken Møre’s obligations in this area are regulated by the Anti-Money Laundering Act, the regulations on sanctions and associated Regulations and the Financial Contracts Act.

The area was a high priority for Sparebanken Møre in 2023 and will remain a high priority in the future as well. Our goal is to reduce the resulting financial losses for society, the bank’s customers and the bank itself. All of our stakeholders must feel confident that we have a high level of expertise, that we can prevent, identify and manage risks in the area of financial crime, and that our services are safe to use.

Sparebanken Møre must be seen to have high ethical standards. We must not be associated with activities, customers or industries with questionable reputations.

How Sparebanken Møre combats financial crime

The work on combating financial crime requires high levels of expertise and vigilance. In 2023, all employees of the bank who could encounter issues related to money laundering and terrorist financing underwent training in basic knowledge of the anti-money laundering regulations and relevant indicators of suspicious situations. In the first quarter of 2024, employees will undergo new training in identifying and dealing with suspicious situations. The bank’s Group Management and the Board of Directors have also undergone this training. The bank’s specialists in this area have access to specialist training materials.

To ensure that the bank’s work against financial crime is accurate, the bank conducts an annual overarching business-oriented risk assessment covering money laundering, terrorist financing, sanctions and fraud against the bank’s customers. The measures required to manage the identified risks have been included in the risk assessment. The bank can see that the risk picture is constantly changing, and the methods used to carry out financial crimes are evolving. In 2024, priority will therefore be given to implementing measures that ensure that the bank’s system solutions in this area are forward-looking and sophisticated enough to detect suspicious cases.

The risk assessment determines the content of the bank’s current framework in this area. The framework

consists of policies, procedures and work processes, and is designed to ensure that the bank prevents, detects and reports instances of financial crime. Regular internal monitoring of compliance with the framework is conducted.

In 2023, a total of 9,785 cases were investigated due to suspected money laundering or terrorist financing. In the same period, 182 cases were reported to the Financial Intelligence Unit of the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime.

Around 2,400 instances of external fraud were recorded in 2023 Sparebanken Møre registered an increase in attempted fraud against the bank’s customers. Given this, several measures were implemented to protect the bank’s customers, including investing in system solutions that detect fraudulent transactions before they are executed. The system had a good effect in 2023.

Measurement and evaluation

The work is monitored closely and reported on by employees in the first and second lines of defence, the bank’s Group Management and internal and external auditors. The Anti-Money Laundering Officer reports developments in this area monthly to the CEO and the bank’s Board of Directors.

Annual internal evaluations are conducted when revising policies and procedures, and period independent evaluations of the area’s compliance conducted by auditors or supervisory authorities.

Information security

Guidelines for the area of information security support the requirements of Acts and Regulations such as the Personal Data Act, Personal Data Regulation and ICT Regulation. The bank has established an information security management system for the area of ICT based on ISO 27002, which ensures compliance with the ICT Regulation.

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The bank has invested heavily in security in recent years. In addition to previously established system solutions such as periodic scans for threats and vulnerabilities, automatic detection and response, including recovery in the event of infection, 24/7 monitoring and support functions, solutions were introduced that make network communication and Internet traffic even more secure.

During the first half of 2023, we signed a new (3-year) enterprise licence agreement with Microsoft at the highest level, E5. The agreement gives us access to more, and more modern, security and compliance services.

Surveillance and control systems have to grow with the security solutions and services to which we have access. It is important that our partners and suppliers are able to keep up with the expansions in our services that we are introducing. This requires close and constructive dialogue with, and follow-up of, our partners and suppliers.

Several of the risk mitigation measures identified in an ICT risk and vulnerability analysis involve updating the PC platform using extended services from Microsoft's service offering. This work is being realised in the new digital workplace project, which in autumn 2023 started piloting and deploying new PCs with new security services.

The bank's most important resource is our employees. We are always trying to increase the information security awareness of every employee. The ICT area contributes technological solutions that make it easier for employees to avoid making mistakes. A major nano-learning campaign, Information Security Awareness, is carried out annually between April to September. In January 2023, we introduced a new solution, MailRisk, which systematically tests and challenges employee vigilance via phishing campaigns. The solution generates a risk score (human cyber risk) that is monitored and reported on monthly.

The bank requires resilience and must be able to withstand attacks. It must also be able to restore operations quickly. Resilience is built up through testing

and training in disaster plans, alone and together with partners and suppliers, such as Nordic Financial CERT.

The internal auditor completed a follow-up audit of IT and security in autumn 2022 and concluded that *"the quality is adequate"*, continuing that *"the bank performs comprehensive and holistic management and control of information security"* and adding that *"the semi-annual reporting to the Board on information security is thorough and more comprehensive than is usual in comparable companies"*.

The internal audit of Business Continuity (2023) also concluded that *"the quality is adequate"* and that *"the ICT area has developed a plan to mitigate the risk of a successful ransomware attack, including managing and mitigating the damage caused by such an attack"*.

Privacy

Sparebanken Møre processes a large amount of personal data. Sparebanken Møre primarily uses personal data for managing customer relationships and for fulfilling our obligations to carry out orders and service agreements. The processing is regulated by law and subject to strict requirements to protect the information transmitted between a customer and the bank.

Sparebanken Møre manages a huge volume of assets for customers. Such management provides opportunities for fraud and crime. The bank has a duty to implement measures to prevent and detect fraud, crime and terrorist financing. Personal data will be processed for the purpose of preventing, detecting, clearing up and dealing with such crimes.

Measures implemented

Privacy is a top priority in all of Sparebanken Møre's work. Annual training is provided that is mandatory for all employees. Continuous assessments are made of the need to update, or invest in new, systems and solutions that can contribute to the most secure possible processing of personal data.

Checks and measurement

Sparebanken Møre conducts continuous checks in the area of privacy. The status of privacy is reported quarterly to the bank's Group Management and Board of Directors. Sparebanken Møre's internal audit function last audited the area of privacy in 2021 with the report being published in 2022. The checks identified no significant deficiencies, and improvement measures were otherwise followed up via the bank's work in this area.

Sparebanken Møre registered no complaints concerning privacy or data protection breaches. The bank has systems for reporting internal incidents and nonconformities. Consideration is always given to reporting nonconformities and incidents involving personal data to the Norwegian Data Protection Authority or getting them involved in other ways. Employees reported 33 incidents involving personal data in 2023. All of the incidents were assessed immediately. A total of 23 incidents were deemed not to entail a risk to data subjects' rights and freedoms, and ten incidents were reported to the Data Protection Authority. All of the cases have since been closed by the Data Protection Authority and Sparebanken Møre has not received any form of criticism from the supervisory authority.

Guidelines and procedures – organisation of the work

Sparebanken Møre has a dedicated data protection officer and assigns specific resource personnel special responsibility for ensuring compliance with data protection regulations. Sparebanken Møre has its own policies, procedures and methods for ensuring proper compliance with privacy regulations, and privacy risks are taken account of in the bank's decision-making processes. The bank's privacy policy, which is available to the bank's customers, provides the required information about how the bank safeguards customer privacy, why and the rights of data subjects.

Plans for 2024

In 2024, Sparebanken Møre will continue to refine its processes and conduct checks to ensure the best possible compliance with data protection regulations.

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Climate-related risk

The climate change we are facing is already impacting both private households and businesses. The bank’s own operations are being directly impacted, although most of the impacts are indirect and stem from its exposure to both the retail and corporate sectors.



Sparebanken Møre’s assessment of climate-related risk will in the years to come influence our assessment of customers and our lending practices. The bank can encourage its customers to implement sustainable transition measures and mitigate their, and thus the bank’s, climate-related risk through competence sharing, close follow-up and strategic product and service offerings. Both the physical risk associated with climate change and the transition risk associated with transitioning to a zero-emission society will have an impact on the bank’s customers and on the bank’s credit risk in particular. The bank must take account

of this in its risk assessments, credit processes and stress testing for the various possible scenarios.

Sparebanken Møre’s climate-related risk report has been produced in line with the framework issued by the Task Force on Climate-related Financial Disclosures (TCFD), and in line with 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. 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.

There has for a long time been a focus on the climate, how our current way of life is driving climate change and the risks climate change entails. At the same time, it is now clear that we do not manage natural resources and impacts on Earth’s ecosystems from a particularly long-term perspective ¹. Our food sources will be severely impacted if we exceed several of the earth’s planetary boundaries. The loss of nature impacts the economy and business, including the financial services industry, and nature-related risk is therefore also a significant factor when we as a bank assess our ESG risk ². Climate-related and nature-related risks have mutual impacts and the transition to conserve both areas will be expensive and demanding for many industries.

Like climate-related risk, nature-related risk can be divided into physical, transition and liability risk. Here, the physical risk will be linked to the impacts of physical changes in nature, e.g. deforestation, algae growth, the introduction of invasive species and crop loss.

The transition to a way of life and a business sector that uses nature sustainably and stays within planetary boundaries will require changes in policies, regulations and technology, and involves transition risk.

Losses of, or significant changes in, nature could result in lawsuits and claims for compensation against those who can be held liable.

¹ WWF earth-overshoot-day
² Naturrisiko i norsk finansnæring, Deloitte et al

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Both physical risk and transition risk, both individually or in combination, can result in systemic risk, and when it comes to nature this would mean that an entire ecosystem will collapse if critical components of the system are impacted.

The financial services industry plays an important role in contributing to nature-positive economic activities and moving businesses in a sustainable direction. Sparebanken Møre primarily faces indirect nature-related risk in its customer portfolio, as is also the case for climate-related risk. The bank will start its work on expanding policies, procedures, risk assessments and strategies to include nature and biodiversity in 2024.

Furthermore, this material topic will deal with climate-related risk, although plans for nature-related risk will be integrated in the section on planned measures in 2024.

The Board’s and Group Management’s oversight of climate-related risks and opportunities

The Board is regularly updated on the status of climate-related risk as part of risk reporting and follow-up by the bank. The chapter “The path to the goal – strategy and action plan” describes the organisation of the sustainability work and the role of the Board of Directors and Group Management in the management and assessment of ESG issues. The Board’s work on risk management and internal control is described in the “Implementation and reporting on corporate governance”. ESG risk/climate-related risk is included in the bank’s quarterly risk reports that are presented to the Board. Furthermore, the Board’s Risk Committee receives status updates 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.

A separate skills plan has been established for the Board that covers the area of sustainability in general

and climate-related risk in particular. The competency plan was approved in 2023 and implementation is scheduled for 2024. In 2023, new board members underwent training on how sustainability has been incorporated into the bank’s credit processes. This includes ESG risk assessments and climate-related risk assessments.

In 2023, the Board of Directors discussed a number of issues where climate-related risk was on the agenda. Some of the issues with the greatest scope are mentioned here:

- The Board of Directors approved an updated corporate strategy in which sustainability is one of five overarching themes.
- Strategic sustainability goals, including targets for increased cuts in emissions and the associated action plan, were approved by the Board.
- The bank’s credit strategy for business was updated with ESG goals and requirements. The bank’s carbon-intensive industries are addressed specifically with their own requirements and goals, as well as by general requirements that apply to the entire corporate portfolio. Changes to the credit strategy must be approved by the Board.
- The general guidelines for the bank’s management and control, which define the responsibility of the Board and Group Management to have a comprehensive risk management process, were updated with sustainability risk, including climate-related risk as a separate risk class with a specific risk appetite. The change was approved by the Board.
- Operational risks for the area of sustainability have been more clearly defined. The risks that were defined are included in the annual operational risk assessment, which was adopted by the operational risk steering group and presented to Group Management and the Risk Committee. The risks will be managed in accordance with the bank’s risk assessment routine.

Strategy and financial planning

The Board’s role in Sparebanken Møre’s strategy process is described in the “Board of Directors’ Report” and “Implementation and reporting on corporate governance”. The bank’s overall sustainability strategy is available from the sustainability library on our website³.

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 are set on the basis of the bank’s strategy period, as well as time horizons as defined in line with the EU Corporate Sustainability Reporting Directive (CSRD).

Phases used	Time horizon	Reason:
Short term	1 year	Coincides with financial planning
Medium term	1-5 years	Time horizon is in line with the bank’s strategy period
Long term	>5 years	Time horizon in line with long-term strategic choices

³ <https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/>

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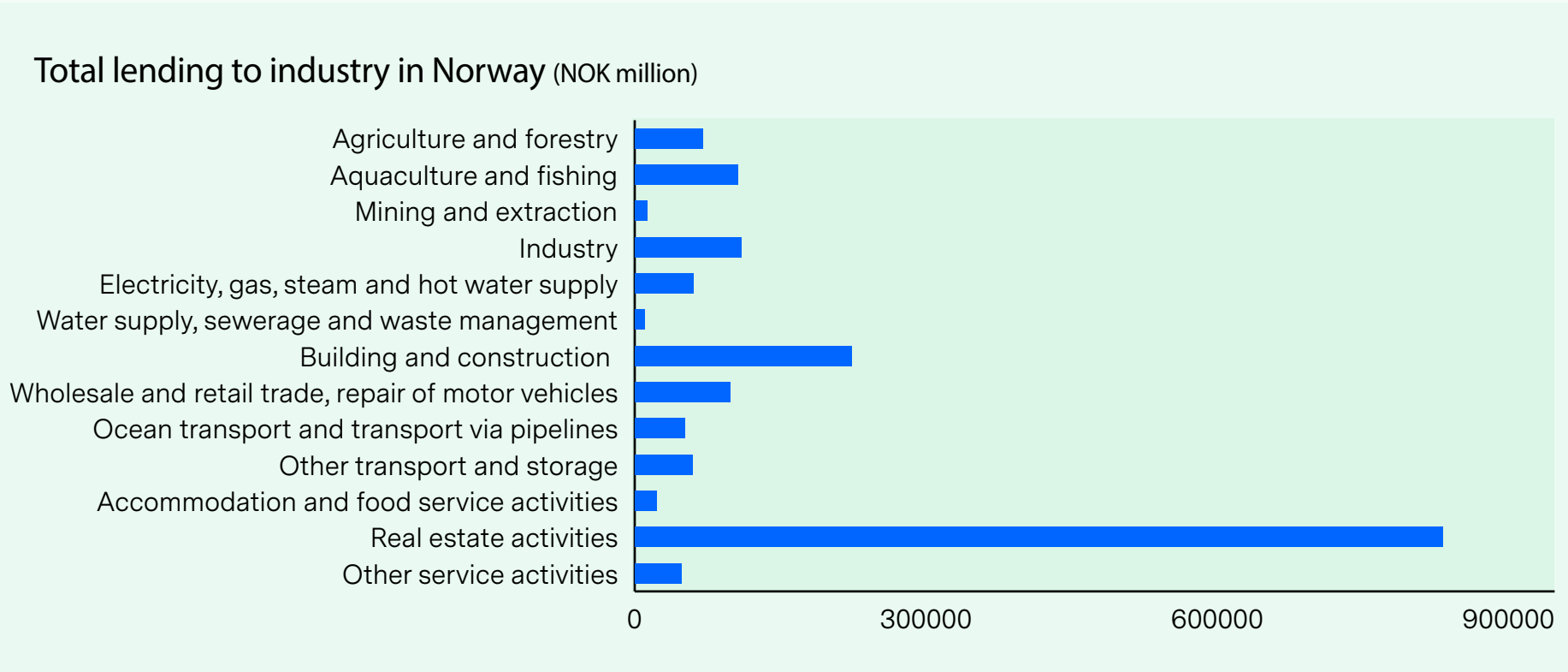
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Climate-related risks and potential financial impacts on carbon-intensive industries in the bank’s loan portfolio

Lending to retail customers accounts for around 70 per cent of the bank’s loan portfolio. This mainly consists of lending secured by real estate. Corporate lending accounts for the remaining 30 per cent. Commercial real estate accounts for just over 10 per cent of the total corporate loan portfolio and it is the industry to which the bank has the largest exposure. The figure shows lending by industry sector.



The three most carbon-intensive industries to which the bank is exposed account for 85 per cent of the greenhouse gas emissions in the corporate portfolio and represent 23 per cent of the bank’s total lending to corporate customers. Commercial real estate and building and construction account for a larger proportion of the loan portfolio, but their carbon intensity is lower. For more detailed information, see “Greenhouse gas emissions”.

Industry	Corporate portfolio of SMEs – calculated emissions p (tCO ₂ e thousands)
Agriculture and forestry	51.31
Aquaculture and fishing	42.50
Mining and extraction	3.21
Manufacturing	170.19
Electricity, gas, steam and hot water supply	14.78
Water supply, sewerage and waste management	7.46
Building and construction	12.67
Wholesale and retail trade, repair of motor vehicles	7.15
Ocean transport and transport via pipelines	322.49
Other transport and storage	314.44
Accommodation and food service activities	2.16
Real estate activities	0.99
Other service activities	0.91

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Climate-related risks and opportunities in the Retail Banking Division

Physical risk data is obtained from Eiendomsverdi, which identifies the Norwegian properties exposed to physical risk from changes in sea level, flooding, avalanches and various types of landslides. Eiendomsverdi collects 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). Physical risks vary in severity and stated probability, from a home be-

ing located in a caution area that must be investigated more thoroughly to homes being in an inspected risk zone for 10-year floods or having a high level of risk due to quick clay deposits. In 2024, the bank will assess the financial impact of physical risk on its portfolio, and thereby look more closely at the different types of physical risk.

Transition risk has been identified in consultation with the Credit Department and the Risk Management Department at the bank.

Opportunities in the retail market

The bank expects physical risk and transitional risk to influence the financial choices made by the bank’s retail customers. This presents the bank with new advice and product opportunities such as green loans and further integration of sustainability as an element of customer advice, such as advice on energy-saving measures related to home renovation and buying.

Climate-related risk	Short	Medium	Long	Financial scope for the bank
Physical risk: Identified risks include landslides, floods, storm surges and rising sea levels	Low	Low	Low	36 per cent of homes in the bank's portfolio have one or more registered physical risks
Transition risk: reputational risk for the bank due to inadequate advice regarding house, energy efficiency, etc. Homes in the portfolio lose value due to lack of energy efficiency measures. Higher costs for our customers due to statutory energy efficiency for houses in order to achieve zero-emission targets in 2050.	Low	Low	Low-moderate	Around 6 per cent of private homes in the bank's portfolio registered with energy ratings of 'A' or 'B'.
Transition risk Fossil fuel cars rapidly lose value and higher premiums charged for fossil fuels making fossil cars more expensive to run.	Low	Low-moderate	Moderate	30 per cent of the bank's car loan portfolio is made up of green car loans

Climate-related risks and opportunities in the corporate market

A higher percentage of commercial buildings than private homes are exposed to one or more risks. The proportion of buildings exposed to risk, combined with a low probability of the incident taking place, means that the overall physical risk for commercial buildings pledged to the bank as collateral is nevertheless considered low in the short and medium term. In the

long term, the risk is considered moderate due to the impacts of climate change and long-term status being uncertain. Measures designed to mitigate the impact of physical events, such as flood defences, will further reduce physical risk and are included in our advice for commercial real estate customers.

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 scale of the risk will depend on activities, sector and company size. In the process of identifying risks and opportunities, industry analyses were conducted, and we talked to industry specialists in the bank. The Credit Department and Risk Management Department were also involved in the work.

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Type of risk	Industry and identified risks	Short	Medium	Long	Financial scope for the bank
Physical risk	Commercial property: Storm surges/sea level/flooding Unstable rock masses Landslides and quick clay Extreme weather events	Low	Low	Moderate	73 per cent of the bank's commercial properties are exposed to one or more physical risks*
	Fisheries, aquaculture and fishing industry: Greater fish migration Fish diseases Reduced fish stocks/changed marine ecosystems Extreme weather impacts on equipment and employees	Low	Low-moderate	Moderate	7.3 per cent portfolio share
	Shipyard: Exposed location	Low	Low	Low	0.1 per cent portfolio share
Transitional risk	Small and medium-sized enterprises (SMEs): have limited resources and less opportunity to build up competence and report. Transition to a circular economy	Low	Low-moderate	Moderate	95 per cent of the business portfolio consists of SMEs
	EU Taxonomy: Business model not adapted to new requirements in accordance with the EU taxonomy Companies not subject to it are nevertheless required to meet its requirements and are less prepared	Low	Low-moderate	Moderate	Graduated introduction period for EU Taxonomy will start in 2024
	Real estate, building and construction: Inadequate energy efficiency Costly renovations Price differentiation based on building's energy needs Requirements for emissions, recycling and circularity in construction processes	Low	Low-moderate	Moderate	The proportion of the bank's commercial properties with an energy rating is low, and only a small proportion of these have an energy rating of 'A' or 'B'.
	Fisheries, aquaculture and fishing industry: Increased CO ₂ costs for fishing vessels Transition to non-fossil fuels on ships Higher requirements for MSC certification and catching methods Changed regulations for trawling due to harm to nature Changes in quota allocation and requirements for catching methods	Low	Low-moderate	Moderate	7.3 per cent portfolio share
	Maritime, offshore and supply: Reduced oil and gas activities and phasing out in the long term Increased CO ₂ costs for fossil fuels Capital-intensive transition	Low-moderate	Moderate	High	1.7 per cent portfolio share
	Shipbuilding industry: New requirements for discharges and clean-up of seabed Adapting to new requirements for ship technology	Low	Low-moderate	Moderate	0.1 per cent portfolio share +B14:F18

**The proportion of commercial buildings with a registered physical risk increased significantly from 2022 to 2023. The increase was mainly due to logic changes in the systems of our data provider, Eiendomsverdi, where the contours of a building now determine its physical risk rather than a centred midpoint. Data quality has improved, and this has had a marked impact for many commercial buildings, often those buildings that are large in relation to their plot size. Other buildings on the plot are also now included in the assessment of physical risk, not just the main building. This also contributes to an increased proportion of commercial buildings with a registered physical risk in Sparebanken Møre's portfolio.*

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Opportunities for the business sector

The bank anticipates that its corporate customers will have to take action in relation to physical risk and trans-
itional 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 is constantly being improved. The bank has established loan products aimed at commercial properties that are implementing, or have implemented, energy efficiency measures and sees an increased need for this type of loan in the future. The bank also sees opportunities in the fisheries sector. Current trends indicate that we will probably see a shift in food habits from meat consump-
tion 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 espe-
cially for the aforementioned customer groups.

The bank’s other risks

Market risk

Low physical climate-related risk has been identified in the short, medium and long term, ref. the table in the section “The potential impact of different scenarios on the bank’s business, strategy and financial plan-
ning, including a 2°C scenario”. Transitional risk has been identified in relation to potentially weaker returns and reduced negotiability with respect to 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-related risk for liquidity in the short, medium and long term has been identified, ref. the table in the section “The potential impact of dif-
ferent scenarios on the bank’s business, strategy and financial planning, including a 2°C scenario”. Relatively low transition risk related to liquidity in the short, me-
dium and long term has been identified. Some risk has been identified in relation to changed requirements for refinancing by issuing green bonds that could weaken the bank’s access to liquidity and/or result in higher costs. Transition risk resulting from inadequate as-
sessments of climate-related risk in the bank and/or poor climate management by customers has also been identified. Both can increase reputational risk, weaken access and increase liquidity costs. Similarly, oppor-
tunities have been identified for the bank to further develop and adapt its own requirements for green bonds and at the same time improve the supply of green objects as collateral for these, thereby securing or strengthening green financing. Opportunities have also been identified for improving access to liquidity or lower liquidity premiums if the bank adequately as-
sesses and manages climate-related risk.

Operational risk

The identified climate-related risk linked to 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 prem-
ises.

The bank’s transition risk is low to moderate. Banking and finance are highly regulated and are closely moni-
tored through supervision. In 2023, a risk assessment was carried out of the bank’s overall transition risk. The identified transition risks were:

- Risk of operational losses due to inadequate compliance with the bank’s Code of Conduct and business conduct practices in the event of regulatory changes in the area of sustainability area.
- Risk of inadequate compliance with respect to sustainability at the bank’s suppliers having consequences for the bank.
- Risk of inadequate compliance with respect to sustainability among the bank’s business partners having consequences for the bank.
- Risk of operational losses due to lag in the bank’s technological development in the area of sustainability.
- Risk of operational losses from the bank not offering products and advice that support the bank’s role as a driving force behind sustainability.

The risk is assessed as having residual risk within the bank’s tolerances. The organisation of the sustain-
ability work, internal guidelines, risk management and routines help to mitigate the transition risk.

The bank expects low risk due to its broad mapping of its own greenhouse gas emissions and its systematic work on further reducing these.

Scenarios and potential impacts on the bank’s strategy, operations and financial planning

Sparebanken Møre has been working on scenario analyses since 2021. Our individual scenarios are based on examples from Networking for Greening the Finan-
cial System (NGFS). The scenarios described look at different situations:
Orderly (2°C scenario): Climate policies are introduced early and become gradually more stringent. Transition risk is high in the short term, but low in the longer term. Physical risk is relatively low.
Disorderly (3°C scenario): Low transition risk in the short term and higher transition risk in the medium term due to policies being delayed or divergent across countries and sectors. Physical risk is moderate, al-
though higher than for an orderly scenario.

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Hothouse world (4°C scenario): Low transition risk due to lack of policies. Critical temperature limits are exceeded, and physical risk is high. Physically irreversible impacts like sea-level rise become established.

Sparebanken Møre has chosen to take an in-depth look at the orderly and disorderly scenarios in order to ex-

amine the potential impacts on the bank’s operations, strategy and financial planning. 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 assess-

ments of the need for measures. The findings from the bank’s analyses are provided in the table below and were updated with changes in 2023. We have included in the analysis our industries with the highest carbon intensity, the largest share of the portfolio or both.

Scenario	Orderly (2 degrees)	Disorderly (3 degrees)
Retail market	Homes in the portfolio lose value due to a lack of energy efficiency. Homeowners incur large costs when upgrading. Fossil vehicles quickly lose value and are not tradable because demand is gone. The CO ₂ surcharge on fossil fuels is increasing.	Homes exposed to physical risk without mitigating measures in place will lose value and be difficult to sell. Homes in the banks portfolio are exposed to real physical risk. Homes in physical risk zones will potentially get more expensive insurance or lose insurance cover.
Corporate market	Property development will experience a higher carbon price and requirements for re-usability, which results in increased material costs. Construction process, materials and demolition processes must be circular and emission-free. Environmental standards, regulations and customers require secure energy access, energy-efficient buildings, own energy production and access to public transport and cycle paths etc. Only energy-efficient facilities will be attractive on the rental market. Older buildings must be rehabilitated, increased costs in the short term. The transport sector and vessels at sea will experience a costly and rapid conversion to non-fossil vehicles, as well as a loss of value on existing machinery. Increased price of fossil fuel and changed customer preferences.	CDemand and pricing are weak/low in the short term, then rise quickly due to the need for quick changes. The costs of a rapid response are higher than a gradual introduction. Rapid changes in laws and regulations and customer preferences mean that customer groups drop out at short notice and business models quickly become unprofitable. Especially small and medium-sized companies that do not have the resources for development, certification processes etc. will lose the market and are not as robust to meet increased costs and technological requirements. Loss of reputation will be more drastic for those who do not have the ability/resources needed for rapid change. A ban on fossil fuels will hit the transport industry and vessels hard, and investment in zero-emission vehicles will be costly for the industry.
Influence on the bank’s market, liquidity and operational risk	These strategies define an objective for the bank to maintain an ESG rating from Sustainalytics below 20 (Low risk), when choosing counterparties, ESG conditions must be mapped and, in the case of equal characteristics, the counterparty or investment with the best ESG-rating must be selected. It is also a goal that the liquidity portfolio should have a weighted ESG rating from Sustainalytics that is lower than 20, possibly corresponding methodology where Sustainalytics is not available. In 2023, the bank entered into an agreement with a third party to supply ESG data on all investments. Mapping has begun for utilization of the database for ongoing measurement, follow-up and reporting of the ESG status of the bank’s overall investments. The bank currently issues green bond loans under a green bond framework. Further development of the green bond framework as well as facilitation of growth in sustainable customer products will be able to strengthen the bank’s access to capital and reduce costs of market financing. We will reduce our own greenhouse gas emissions by at least 55% for the period 2019 to 2030. The bank is Eco-Lighthouse certified.	The bank needs to further increase its overall and consistent focus on sustainability. The bank continues to work on systematizing and automating the collection and storage of climate-relevant data, for increased insight into its own risk situation. There is a general challenge in the market in that there is currently no clear and uniform practice/regulation for measuring risk. Rollout and incorporation of the EU taxonomy will probably contribute to a more standardized methodology.

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Scenario	Orderly (2 degrees)	Disorderly (3 degrees)
Existing measures to increase the bank's robustness	Green loans that take into account the transition to zero-emission vehicles and energy-efficient homes and commercial buildings. ESG assessments, including climate risk, in credit processes for business engagement. Advice to businesses where transition risks are highlighted and measures requested.	Analyzes of physical risk in the portfolio and potential consequences for the bank's collateral. ESG assessments, including climate risk, in credit processes for business engagement. Advice when entering into loans and further customer conversations where physical risk is included Competence measure for understanding physical risk assessment in the credit process
Potential weaknesses	The bank has not carried out analyzes of the mortgage portfolio with regard to transition risk. The bank has introduced mandatory requirements for reporting climate emissions and an action plan for parts of the business portfolio with effect from 2024. Transition risk assessments are not currently reflected in the bank's credit risk pricing.	The bank has not set energy class requirements for its mortgage portfolio. Assessments of physical risk are not currently reflected in the bank's credit risk pricing. The bank does not have specific targets for reducing greenhouse gas emissions for its lending portfolio.

The bank’s scenario assessments identify strengths and potential weaknesses in the bank’s strategy and operations. The bank will continue its analyses in 2024 and define appropriate goals and measures based on its assessments.

Risk-mitigating work

In order to reduce the climate-related risk in the bank’s credit work, the bank has developed and introduced ESG assessments in its credit process for corporate customers. These include explicit assessments of whether 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 market, the bank offers green mortgages and car loans, and has integrated sustainability as a separate topic in the advice the bank provides to customers. Read more about this in the section “Responsible lending and advice”. The bank has climate targets for its own operations, and the status of greenhouse gas emissions is discussed in the chapter “Greenhouse gas emissions”. The bank also sets general environmental requirements for its suppliers.

Measurement and evaluation

- For performance measurements and targets for reductions in greenhouse gas emissions, see the chapter “Greenhouse gas emissions”.
- Performance measurements and goal of improved average ESG credit rating for the corporate market portfolio, “Responsible lending and advice”.
- Categorisation of portfolio in line with the EU Taxonomy, see appendix.
- Annual reporting to the Eco-Lighthouse

Measures planned for 2024 to manage and reduce climate-related and nature-related risks:

- Work on mapping the financial impacts of climate-related risk and nature-related risk.
- Incorporating physical risk into the retail market credit process.
- Incorporating nature-related risks into the bank’s governance, strategy, operations and financial planning.
- Reporting in line with the framework of the Task Force for Nature-related Financial Disclosures (TNFD).
- The proportion of commercial properties in the bank’s loan portfolio with an energy rating is low. A goal and requirement has been set that all commercial properties larger than 1,000 m² must have an energy rating by the end of 2024



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Greenhouse gas emissions

As a financial services group, Sparebanken Møre has an active relationship with environmental and climate challenges.

Sparebanken Møre’s goal is to cut its own greenhouse gas (CO2) emissions by at least 55 per cent between 2019 and 2030¹. This means that we stipulate requirements for ourselves, our customers, suppliers and partners. This will allow us to help achieve the expressed climate goals, both directly and indirectly.

Greenhouse gas emissions from the bank’s operations

Our operational emissions (Scopes 1, 2 and 3, excluding category 15) were 1400,3 tCO2e in 2023. This corresponds to emissions of 3,2 tCO2e per full time equivalents (FTE) in 2023. For the results for the banks financed emissions (category 15), see “Greenhouse gas emissions in the bank’s loan portfolio”.

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 accounts show tonnes of CO2 that are direct and indirect emissions related to the Group, and provide information about greenhouse gas emissions from scope 1, 2 and 3. The bank has set specific targets for cutting its own greenhouse gas emissions.

In 2023, the bank’s scope 3 reporting has increased significantly in scope and new emission categories have been included to achieve a complete climate account. The climate statement for 2023 for scope 1,2 and 3 (cat 1-14) shows a total increase of 15.5% from 2019 to 2023 after new emission categories were included.

Table: Greenhouse gas emissions in 2023 for Scopes 1, 2 and 3 (relevant categories, excluding category 15) compared with the baseline year, 2019².

Summary	2019 (tCO2e)	2023 (tCO2e)
SCOPE 1	5.2	4.5
SCOPE 2	61.3	52.2
SCOPE 3	1,146.0	1,343.6
TOTAL	1,212.5	1,400.3

The increase in emissions is due to an increase in the scope 3 categories “Fixed assets” and “Emissions related to energy production”. Fixed assets are a highly fluctuating item year to year and makes a big impact when comparing individual years. Reduction in this category will first show above a longer time span than we have climate emission measurements for so far. Increase in emissions related to energy production is due to the fact that the emission factor has changed and increased since 2019. Our real energy consumption has been reduced since then the base year. For details, see table to the right and detailed energy and climate accounting in our sustainability library³. If these two categories are omitted from the climate accounting is there an overall reduction in emissions from 2019 to 2023 of -34% for the remaining categories.

In 2023, the bank screened Scope 3 categories in connection with expanding the reporting of our own emissions (“operational emissions”). For banks in general, category 15 emissions, emissions generated via lending and investments (financed emissions), are by far the largest contributor to Scope 3 emissions. Financed emissions are discussed in a separate section “Greenhouse gas emissions in the bank’s loan portfolio”.

Nevertheless, the bank wants to list emissions in other important categories in order to examine further opportunities for cutting emissions in its own operations or value chain. The results of the screening and the year in which emissions will be reported for the first time are shown in the table below. Scope 3 emissions are expected to increase over the next few years due to better data quality and data collection both at the bank and at the bank’s customers.

Category	2019 (tCO2e)	2023 (tCO2e)	% change from base year
Scope 1 Total	5.2	4.5	-13 %
Scope 2 Total	61.3	52.2	-15 %
Electricity location-based	54.5	51.0	-6 %
Electricity market-based	4.5*	-	
District heating	6.9	1.2	-83 %
Scope 3 Total	1,146.0	1,343.7	17 %
Purchased goods and services	212.0	209.0	-1 %
Fixed assets	369.9	829.9	124 %
Emissions related to energy production	9.6	18.8	96 %
Waste	15.0	6.3	-58 %
Business travel	160.5	117.3	-27 %
Employees commuting	378.8	162.2	-57 %
Final processing of sold products	0.2	0.2	0 %

* Market-based emissions from electricity are not included in total emissions, included in table to show emissions for both calculation methods.

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	Category	Assessment and reporting year	Baseline year reporting ⁴
Upstream	1. Purchased goods and services	Relevant	2023
	2. Fixed assets	Relevant	2023
	3. Fuel and energy-related activities	Relevant	2023
	4. Transport and distribution	Not relevant, emissions not of significant size	
	5. Waste generated in operations	Relevant	2019
	6. Business travel	Relevant	2019
	7. Employee commuting	Relevant	2023
	8. Leased assets	Not relevant	
Downstream	9. Downstream transport and distribution	Not relevant	
	10. Processing of sold products	Not relevant	
	11. Use of sold products	Relevant	2024
	12. End-of-life treatments of sold products	Relevant	2023
	13. Downstream leased assets	Not relevant	
	14. Franchises	Not relevant	
	15. Emission through lending and investments	Relevant, separate chapter	2021

⁴ All relevant categories (1-14) have been calculated or estimated back to the base year 2019 to map the reduction/increase in emissions.

Greenhouse gas emissions in the bank’s loan portfolio

The bank’s largest emissions occur indirectly via our loan portfolio. We are therefore working to cut emis-sions in our value chain by encouraging our retail and corporate customers to move in a sustainable direc-tion. We offer targeted advice, conduct ESG assess-ments and offer products that promote climate and environmental transition. We also contribute to re-search and conferences to increase competence and the understanding of the changes that must be made.

Sparebanken Møre complies with the principle of reporting Scope 3 financed emissions based on avail-able data and data quality but recognises that this is an area where gathering reliable and consistent data remains challenging. We have actively participated in Finance Norway’s work on harmonising the reporting

on greenhouse gas emissions from loan portfolios, for example by using the PCAF method. This work resulted in a guide for calculating financed emissions that was published in 2023. The bank will continue to work on improving data quality and methods for calculating financed emissions.

Table shows total emissions for category 15, financed emissions via lending to the personal market and busi-ness for 2023, as well as changes from 2023.

Loan	Unit	2022	2023	% change
Retail market (Norwegian energy mix)	tCO ₂ e and carbon intensity (tCO ₂ e/Mill. NOK)	7625, 0,15	4100, 0,08	- 46 %
Corporate market	tCO ₂ e	771 384	950 248	+ 23 %

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Greenhouse gas emissions in the Retail Banking Division

Lending to retail customers accounts for almost 70 per cent of the bank’s loan portfolio. Most of these loans use real estate as collateral. The bank has received assistance from Multiconsult to calculate emissions for its residential mortgage portfolio. Holiday homes and

properties registered as additional mortgages have been excluded from the analysis, since there are no historical energy requirements for this type of residential unit. For details on how the climate footprint of the loan portfolio (housing) was calculated, please refer to the separate report prepared by Multiconsult⁵. The buildings in the

5 <https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/>

bank’s residential mortgage portfolio have an estimated annual energy requirement of 966 GWh. Adjusted for the bank’s financed proportion in relation to the value of the homes, this represents an energy need for the portfolio of 457 GWh.

Total emissions in the mortgage portfolio are estimated in the following table:

Scenario	CO ₂ -factor	Annual emissions tCO ₂ e for the residential mortgage portfolio	Emission intensity per kg CO ₂ -ekv./m ²	tCO ₂ e per million of lending
European energy mix*	241 g/kWh	92,500 tonn CO ₂ e	49	1.87
Norwegian energy mix*	7 g/kWh	4,100 tonn CO ₂ e	2.2	0.08
NVE’s climate declaration for physically delivered electricity**	19 g/kWh	8,500 tonn CO ₂ e	4.5	0.17
NVE’s product declaration for residual mix***	502 g/kWh	191,100 tonn CO ₂ e	101	3.87

* European and Norwegian production mix is based on average last 3 years (2020-2022), location-based.

** NVE’s climate declaration is based on figures from the previous year, here 2022. Location-based

***The NVE’s factor for the Norwegian residual mix indicates electricity not covered by guarantees of origin. Market-based.

Over time, the bank wants to cut the greenhouse gas emissions in its loan portfolio. The EU Taxonomy and the EU Energy Performance of Buildings Directive both mean that we strive to have as many homes as possible in our portfolio with energy ratings of ‘A’ or ‘B’.

Both homeowners and the banks that finance homes will be motivated to reduce how much energy today’s homes need and thus also cut greenhouse gas emissions from the housing stock. Read more in the section “Responsible lending and advice” and the report from Multiconsult.

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Greenhouse gas emissions in the Corporate Banking Division

Sparebanken Møre measured emissions in its corporate portfolio using carbon-related credit exposure in

accordance with Statistics Norway equivalents. Total emissions in the corporate portfolio were estimated to be 950,250 tCO2e, an increase of 23 per cent compared with the figure for 2022. Total emissions will increase when lending growth increases and in 2023 the

bank saw lending growth of 7 per cent for corporate customers. The carbon intensity of the portfolio was 1,813 tCO2e per million NOK and increased by 9 per cent compared with 2022. The results of the survey for 2023 per industry are shown in the table below.

The table shows emissions generated in Sparebanken Møre’s corporate loan portfolio.

Industry	Total lending to industry in Norway (NOK millions)	Total emissions to air (tCO2e thousands)	Emission intensity: tCO2e per million NOK of lending	Corporate portfolio of SMEs – share of total lending in Norway	Corporate portfolio of SMEs – calculated emissions (tCO2e thousands)
Agriculture and forestry	70424	5082	72.16	1.01 %	51.31
Aquaculture and fishing	106073	914	8.62	4.65 %	42.50
Mining and extraction	12948	13845	1069.28	0.02 %	3.21
Manufacturing	109691	7367	67.16	2.31 %	170.19
Electricity, gas, steam and hot water supply	60525	692	11.43	2.14 %	14.78
Water supply, sewerage and waste management	10362	1885	181.91	0.40 %	7.46
Building and construction	223636	2124	9.50	0.60 %	12.67
Wholesale and retail trade, repair of motor vehicles	98593	1026	10.41	0.70 %	7.15
Ocean transport and transport via pipelines	51953	13297	255.94	2.43 %	322.49
Other transport and storage	59817	6842	114.38	4.60 %	314.44
Accommodation and food service activities	22215	105	4.73	2.06 %	2.16
Real estate activities	832190	87	0.10	1.14 %	0.99
Other service activities	48040	355	7.39	0.26 %	0.91

Industry by industry calculation of carbon-related credit exposure. Source: Statistics Norway – Table 13932, Table 08116
* The petroleum refining, chemicals and pharmaceutical industries are not included as the bank has no lending to these industries.
** Development of construction projects and building construction activities in general have been combined into a single category.

Methods:

The calculation is based on Sparebanken Møre’s share of Norwegian banks’ and financial companies’ lending, divided by various sectors. The sectors is in line with Statistics Norway’s table 13932. This proportion is then multiplied by Statistics Norway’s calculation of total emissions (CO2 equivalents) from the individual industry. This calculation shows that the bank is most exposed to climate emissions in the industries ”Industry”, ”Foreign shipping and pipe transport” and ”Transport and storage”. Estimated climate emissions from these

industries amount to approx. 85% of the total emissions in the business portfolio of Sparebanken Møre. The bank’s lending to these industries amounts to approx. 23% of the bank’s total lending to business customers.

The method used involves several assumptions and weaknesses, the most important of which are discussed here:

- 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.

- 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.
- The source data may contain errors through

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individual customers being registered with a sector code that does not reflect their actual activity and therefore results in a misleading emissions factor.

- The Statistics Norway equivalents only take account of the industries’ Scope 1 emissions.

Main reason for higher estimated emissions

Category 15, financed emissions, show a 23 per cent increase from 2022 to 2023. The increase in estimated CO₂ emissions was mainly due to higher calculated emissions for international shipping and pipeline transport and transport and storage. The increase was due both to the fact that lending to these industries has increased and that existing customers of the bank have changed their registered sector code. This demonstrates one weakness of using estimated data and NACE (sector) codes. Companies can change their NACE code and thus move from a less emission-intensive industry to a more emission-intensive industry, which will affect the bank’s financed greenhouse gas emissions.

Data quality

Data quality is a vital factor when it comes to calculating financed greenhouse gas emissions as accurately as possible and publishing comparable data. The data quality categories were taken from Finance Norway’s guide⁶, and correspond to the data quality hierarchy defined by the Partnership for Carbon Accounting Financials (PCAF).

Sparebanken Møre used industry-specific emissions factors from Statistics Norway, which are based on the industries’ reported Scope 1 emissions, to calculate emissions in the corporate portfolio. This corresponds to category 3b, data quality score of 5 (ref. Finance Norway’s Guide) for the bank’s reported financed emissions for all included industries.

⁶ <https://www.finansnorge.no/dokumenter/maler-og-veiledere/veileder-for-beregning-av-finansierte-klimagassutslipp/>

Emissions calculations for the private home portfolio were based on a more specified data quality hierarchy. Sparebanken Møre’s emissions calculations were based on the TEK technical building regulations and floorspace and correspond to a data quality score of 4 in PCAF’s standard and category 2c in Finance Norway’s guide.

Measures implemented in 2023

- Eco-Lighthouse certification of all local branches (head office was certified in 2022)
- Scope 3 screening and expanded reporting of greenhouse gas emissions
- Replacement of all debit cards from raw plastic to cards produced with 95% recycled plastic started in 2023, credit cards made of recycled plastic will be in place in 2024.
- Employee commuter surveys were conducted in 2023 and emissions from employee commuting are now included in the bank’s Scope 3 figures.

Measures planned for 2024

- Transition plan
- Science-based emission targets
- Improve data quality for emissions calculations for the loan portfolio for both the retail market and the corporate sector.

Responsible unit(s)

The Sustainability Department is responsible for the bank’s climate report. The bank’s Sustainability Committee has a joint responsibility to prepare specific action plans for cutting emissions.

Measurement and evaluation

The climate report for 2023 was established in line with the Greenhouse Gas Protocol Initiative (GHG Protocol). For a detailed and complete energy and climate report see the report published in the Sustainability Library on our website.

The ESG company CEMAsys checks our greenhouse gas report every year before it is published.

Key governing documents

- Code of Conduct and CSR Policy
- Overarching Sustainability Strategy
- Credit Manual
- Credit Strategy

GRI indicator

3-1, 3-2, 3-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7.

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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-related risk. Sparebanken Møre took part in these throughout 2023.

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 also taken on the role being a 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. The reporting will be carried out as part of the annual sustainability reporting in the annual report.

OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

The guidelines are recommendations from the OECD countries for businesses in all sectors, including financial services. The guidelines are in line with other guidelines for responsible business conduct, such as the UN Guiding Principles for Business and Human Rights (UNGPs) Norwegian enterprises are expected to comply with these. Sparebanken Møre supports the guidelines and strives to comply with them. We use the OCED guidelines in our due diligence work on responsible business conduct.



Eco-Lighthouse

Eco-Lighthouse certification is part of our continuous efforts to be a driving force behind sustainable development. Certification confirms that the bank contributes to mitigating environmental impacts and encourages positive transition. In December 2022, Sparebanken Møre’s head office was certified in accordance with the head office model for financial services, and over the course of 2023 all branch offices, including Møremegling, underwent certification.

Sparebanken Møre’s goal is to cut its own CO₂ emissions by 55 per cent between 2019 and 2030, and we aim to achieve net-zero by 2050. Sparebanken Møre has implemented some CO₂-reducing measures, and becoming an Eco-Lighthouse will provide the bank with a system that increases the likelihood of achieving our goals in the area of sustainability.

Women in Finance Charter

Sparebanken Møre signed up to the Women in Finance Charter in 2023. The Women in Finance Charter’s goal is to increase the number of women in leading positions in the financial services industry in Norway. Gender equality and diversity are important elements in the development of a more sustainable society. Figures from Finance Norway show that the development in the financial services industry is slow. Research shows that having more women in various leading positions contributes to greater productivity and profitability. The bank’s Long-term goal is to have a relatively equal gender balance at all position levels and for the proportion of women to be between 40 per cent and 60 per cent.

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GRI Index 2023

The Global Reporting Initiative (GRI) is the leading standard for sustainability reporting. The GRI Guidelines consists of principles, guidance and performance indicators which can be used by companies to measure and report on economic, environmental and social conditions. Since 2020, Sparebanken Møre has reported in accordance with GRI standard, and now report in line with GRI 2021.

More information about GRI can be found at [global-reporting.org](https://www.global-reporting-initiative.org).

General disclosures

Disclo-sure	Description	Reporting 2023	Comments/direct reporting	SDGs
1. The organisation and its reporting practices				
2-1	Organisational details	Sparebanken Møre. The address of the head office is 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 – “Responsibility and Sustainability”, “Sparebanken Møres approach to sustainability”, section “Reporting standards” Extended description; Annual Report: “Statement and results”, “Board of Directors’ Report” and the section “Area of operations and markets”. Annual Report: “Implementation and reporting on corporate governance”. Note 1 “General information” and Note 29 “Subsidiaries”.		
2-3	Reporting period, frequency and contact point	2023, annually. Publication date 30.03.2023. Contact point: cecilie.myrstad@sbm.no .		
2-4	Restatements of information	The scope of the climate report has been expanded. See “Greenhouse gas emissions” and the appendix “Comments on the Greenhouse gas emissions”.		
2-5	External assurance	Verified by KPMG, the bank’s external auditor. See the auditor’s report, as well as the independent certification statement about the sustainability report for 2023.		
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: “Statement and results”, “Board of Directors’ Report” and the sections "Area of operations and markets", “Strategy and targets” and “Business areas”. Annual Report,“Responsibility and Sustainability”: “Responsible business conduct”, “Sparebanken Møre in the value chain” Furthermore, there were no significant changes to the company’s activities, product, services or supply chain during the reporting period.		

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Disclo- sure	Description	Reporting 2023	Comments/direct reporting	SDGs
2-7	Employees	Annual Report: “Responsibility and Sustainability”, “The people in our organisation” and “note 18 Salaries”.	The headcount is reported under “The people in our organisation”. Reporting as at 31.12.2023. No significant changes during the reporting period. Five employees work in Oslo, three women and two men. The rest work in Møre og Romsdal. The total turnover rate in 2023 was 8.8 per cent. Turnover excluding retirement 5.1 per cent	Goals 5, 8, 10
2-8	Workers who are not employees	Annual Report: “Responsibility and Sustainability”, “The people in our organisation”.	The bank has several subcontractors who perform various types of work for the bank. The bank does not currently have an overview for reporting purposes of how many workers this entails.	Goals 5, 8, 10
3. Governance				
2-9	Governance structure and composition	Annual Report: “Organisation and management structure”, “Implementation and reporting on corporate governance ”. Annual Report: “Responsibility and Sustainability”, the section “Organisation of the work” Annual Report: “Statement and results”, “Board of Directors’ Report” and the section “Strategy and targets”. Code of Conduct, CSR and conflicts of interest policies on the bank’s website: https://www.sbm.no/samfunnsansvar/barekraft-og-samfunnsansvar/	The general meeting consists of elected participants from the bank's customers, employees, owners of equity certificates and elected members who will represent the community function. See section 3.2 of the articles of association: www.sbm.no/investor-relations/vedtekter (Only in norwegian)	
2-10	Nomination and selection of the highest governance body	Annual Report: “Implementation and reporting on corporate governance”, 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; “Implementation and reporting on corporate governance”, including chapter 2 “Operations”. Annual Report – Responsibility and Sustainability: “The path to the goal – strategy and action plan”		
2-13	Delegation of responsibility for managing impacts	Annual Report - Operations, “ Implementation and reporting on corporate governance” Annual Report: “Responsibility and Sustainability”, “Sparebanken Møre’s approach to sustainability”, “The path to the goal – strategy and action plan”	The bank’s organisation of our sustainability work is decided by the Board. On 01.02.2023, the bank established a specific sustainability department organised under the Risk Management and Compliance Section.	
2-14	Role of the highest governance body in sustainability reporting	Annual Report: “Statement and results”, “Board of Directors’ Report”.	The Board of Directors adopts the sustainability report together with other annual financial reports. Combined annual report.	
2-15	Conflicts of interest	Code of Conduct, CSR and conflicts of interest policies on the bank’s website: https://www.sbm.no/samfunnsansvar/sustainability-and-csr/		

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Disclo- sure	Description	Reporting 2023	Comments/direct reporting	SDGs									
2-16	Communication of critical concerns	Annual Report: “Responsibility and Sustainability, “The people in our organisation”, “Our equality, diversity and inclusion work”. The bank's procedures for whistleblowing and complaint handling are available on the bank’s website, https://www.sbm.no/samfunnsansvar/sustainability-and-csr/	The bank’s Board of Directors is informed about all complaints in the quarterly reporting from Compliance, irrespective of whether they are critical or not. There was no need to report warnings or critical concerns during the reporting period. Complaints received in 2023: <table><tr><th>Complaints</th><th>Number in 2023</th><th>Category</th></tr><tr><td>The Norwegian Financial Services Complaints Board</td><td>8</td><td>Various categories</td></tr><tr><td>Complaints treated according to the banks internal complaints procedure</td><td>34</td><td>Payment services: 5 Deposits: 1 Credit and debit cards: 2 Loan: 2 Other: 12</td></tr></table>	Complaints	Number in 2023	Category	The Norwegian Financial Services Complaints Board	8	Various categories	Complaints treated according to the banks internal complaints procedure	34	Payment services: 5 Deposits: 1 Credit and debit cards: 2 Loan: 2 Other: 12	
Complaints	Number in 2023	Category											
The Norwegian Financial Services Complaints Board	8	Various categories											
Complaints treated according to the banks internal complaints procedure	34	Payment services: 5 Deposits: 1 Credit and debit cards: 2 Loan: 2 Other: 12											
2-17	Collective knowledge of the highest governance body	Annual Report: “Responsibility and Sustainability”, Material topics; “ESG competence and competence sharing with customers” Annual Report: “Responsibility and Sustainability”, “The path to the goal – strategy and action plan” Annual Report: “Operations”, “The Board of Directors”. Annual Report: “Operations”, “Implementation and reporting on corporate governance”, chapter 8 and reference to suitability assessments of board members.	Reference: Suitability assessment of board members										
2-18	Evaluation of the performance of the highest governance body	Annual Report: “Operations”, “Implementation and reporting on corporate governance”, chapter 9 “The work of the Board of Directors” and chapter 7 “Nomination committee”	Evaluated annually via anonymous self-evaluation. Evaluation is compiled by HR and final result presented to the board as a whole, as well as submitted the selection committee. The board decides on measures based on result of the evaluation.										
2-19	Remuneration policies	Annual Report - Operations, “Implementation and reporting on corporate governance”, chapters 7, 11 and 12. “Guidelines for the remuneration scheme for Sparebanken Møre” “Report on salary and other remuneration of executive persons in 2023”	The “Report on salary and other remuneration of executive persons” is adopted every year. The guidelines and report for 2023 are published on the bank’s website: https://www.sbm.no/investor-relations/ars--og-delarsrapporter/2023-ars--og-delarsrapporter/ At the end of 2023, it is not linked remuneration for ESG matters.										

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Disclo- sure	Description	Reporting 2023	Comments/direct reporting	SDGs
2-20	Process to determine remuneration	Annual Report - Operations; “Implementation and reporting on corporate governance”, chapters 9, 11 and 12. “Guidelines for the remuneration scheme for Sparebanken Møre” “Report on salary and other remuneration of executive persons in 2023”	Sparebanken Møre. See description in articles of association chapter 3 available on the bank’s website: https://www.sbm.no/investor-relations/ars--og-delarsrapporter/2023-ars--og-delarsrapporter/ The general meeting consists of representatives from customers, employees, society and equity holders (shareholders). Otherwise, the remuneration committee consists of members from the board - see members here: https://rapporter.sbm.no///upload_images/1B42BC4C996F420B86DF77531AB038CA.png The guidelines and report are available at the bank's website: https://www.sbm.no/om-ossir/in-english/reports-and-presentations/	
2-21	Annual total compensation ratio	Annual Report - Responsibility and Sustainability; “The people in our organisation”	Determined by the General Meeting. The guidelines and report are available on the bank’s website: https://www.sbm.no/om-ossir/in-english/reports-and-presentations/ a) Ratio of the annual total compensation for the organisation’s highest-paid individual to the median annual total compensation for all employees (FTEs): 4.48 Women’s total compensation as a percentage of men’s: 84 per cent (median), 83 per cent (mean). b) Ratio of the percentage increase in annual total compensation for the organisation’s highest-paid individual to the median percentage increase in annual total compensation for all employees (FTEs): 1.75 c) Total compensation/remuneration includes fixed salary, cash benefits (paid bonuses, car scheme, equity certificate benefits and lump sum supplements) and benefits in kind (personal insurance, mobile phone, free newspaper/magazine subscriptions and interest rate benefits for staff loans).	
4. Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Annual Report: - Responsibility and Sustainability; “Sparebanken Møre’s approach to sustainability”, “Materiality analysis”, “Material topics”, “Sparebanken Møre in the value chain” Code of Conduct and CSR policies and Sustainability Strategy. These are publicly available on the bank’s website: https://www.sbm.no/samfunnsansvar/sustainability-and-csr/		

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2-23	Policy commitments	Annual Report: “Implementation and reporting on corporate governance”, especially chapter 10 “Risk management and internal control”. Annual Report: “Responsibility and Sustainability”, “The path to the goal – strategy and action plan”, "Materiality analysis", “Material topics”, “Sparebanken Møre in the value chain”. Code of Conduct and CSR policies and Sustainability Strategy. These are publicly available on the bank’s website, together with several guidelines in the bank’s sustainability library: https://www.sbm.no/samfunnsansvar/sustainability-and-csr/	Update of guidelines for ethics and social responsibility is communicated to all employees at our internal information platform and publicly available in our Sustainability library at sbm.no. Guideline for ethics and social responsibility are also communicated via Nanolearning for all employees. Nanolearning adjusted by changes in the guideline	Goals 8 og 16
2-24	Embedding policy commitments	Annual Report: “ Implementation and reporting on corporate governance”, especially chapter 10 “Risk management and internal control”. Annual Report: “Responsibility and Sustainability”, “Material topics”, “Impact on business development”, “Supporting local communities” Annual Report: “Responsibility and Sustainability”, “Stakeholder engagement” The bank’s sustainability profile and sustainability strategy: https://www.sbm.no/samfunnsansvar/sustainability-and-csr/		
2-25	Processes to remediate negative impacts	Annual Report - Responsibility and Sustainability; “Stakeholder engagement”, “Materiality analysis”, “Material topics”	A complaints procedure can be accessed on the bank’s website. Each complaint is dealt with on an ongoing basis. Each year, the bank reviews which processes need to be improved based on the complaints received.	
2-26	Mechanisms for seeking advice and raising concerns	Annual Report - Responsibility and Sustainability; “Our equality, diversity and inclusion work” and “Responsible business conduct” See the bank’s Code of Conduct and CSR policy, as well as procedures for whistleblowing, which are available in the bank’s sustainability library. https://www.sbm.no/samfunnsansvar/sustainability-and-csr/		
2-27	Compliance with laws and regulations	Annual Report: “Board of Directors’ Report”, “Compliance risk” Annual Report - Implementation and reporting on corporate governance; section 10 “Risk management and internal control”. Annual Report - Responsibility and Sustainability; “Our equality, diversity and inclusion work”, section “Whistleblowing”, and “Financial crime, information security and privacy”	The bank works continuously to ensure compliance of laws and regulations. Sparebanken Møre has in 2023 not been involved in a breach of laws and regulations that have resulted in fines or others non-financial sanctions against the bank.	Goals 13.3, 16.6
2-28	Membership associations	Finance Norway. Annual Report - Responsibility and Sustainability; “Our Commitments”		
5. Stakeholders				
2-29	Approach to stakeholder engagement	Annual Report: “Responsibility and Sustainability”, “Stakeholder engagement”		Goal 17
2-30	Collective bargaining agreements	100 per cent of employees are covered by collective bargaining agreements		Goal 8
GRI 3				
3-1	Process to determine material topics	Annual Report: “Responsibility and sustainability”, “Materiality analysis”, “Material topics”		
3-2	List of material topics			
3-3	Management of material topics			

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Specific disclosures

Dis-closure	Description	Reporting 2023	Comments/ direct reporting	Sustainable Development Goals (SDGs)
Financial position and governance”, “Responsible lending and advice”				
3-3	Management of material topics	Annual Report: “Responsibility and sustainability”, “Material topics”, “Responsible lending and advice”		Goals 8, 9, 12, 13, 14 og 17
FS7+FS8	The monetary value of products and services designed to deliver a specific social benefit for each business line by purpose.	Annual Report: “Responsibility and Sustainability”, “Material topics”, “Responsible lending and advice”		
“Impact on business development” (“Indirect economic impact”)				
3-3	Management of material topics	Annual Report: “Responsibility and Sustainability; “Material topics”, “Impact on business development”		Goals8, 9, 13, 17
203-1	Infrastructure investments and services supported			
203-2	Significant indirect economic impacts			
ENVIRONMENT Greenhouse gas emissions				
3-3	Management of material topics	Annual Report - Responsibility and Sustainability; “Material topics”, “Greenhouse gas emissions”		Goals12,13, 14, 17
305-1	Direct (Scope 1) GHG emissions	Annual Report - Responsibility and Sustainability; “Material topics”, “Greenhouse gas emissions”	The emissions shown in the climate report and Scope 3 (categories 1-14) only include the bank’s own emissions.	
305-2	Energy indirect (Scope 2) GHG emissions			
305-3	Other indirect (Scope 3) GHG emissions	On our website, sbm.no: “Energy and Climate Report 2023”		
305-4	GHG emissions intensity	Annual Report - Responsibility and Sustainability; “Climate-related risk”	Scope 3, category 15 shows funded emissions	
305-5	Reduction of GHG emissions			
305-6	Emissions of ozone-depleting substances (ODS)	Not material	Not specifically measured. Banking activities are not considered to produce significant direct emissions of these.	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions			
SOCIAL Supporting local communities				
3-3	Management of material topics	Annual Report - Responsibility and Sustainability; “Material topics” and “Supporting local communities”		Goals3, 4, 5, 6, 9, 11, 13, 14, 17
413-1	Operations with local community engagement, impact assessments, and development programmes.	Annual Report - Responsibility and Sustainability; “Material topics” and “Supporting local communities”		
413-2	Operations with significant actual and potential negative impacts on local communities			
SOCIAL ESG competence and competence sharing with customers				
3-3	Management of material topics	Annual Report - Responsibility and Sustainability; “Material topics”, “ESG competence and competence sharing with customers”		Goals4, 11, 12, 13, 14, 17
404-1	Average hours of training per year per employee	Annual Report - Responsibility and Sustainability; “Material topics”, “Our equality, diversity and inclusion work”, “ESG competence and competence sharing with customers”		
SBM-M1	Description of programmes/training completed by all employees, specifically for Retail Market advisers and business advisers and customers, as well as Group Management and the Board.	Annual Report - Responsibility and Sustainability; “Material topics”, “ESG competence and competence sharing with customers”, “Responsible lending and advice”.		

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TCFD index 2023

This index shows where in the report you can find answers to the recommendations made in the TCFD framework.

Area	Description	Cross-reference information's location in the report
Governance		
a)	Describe the board's oversight of climate-related risks and opportunities.	"Implementation and reporting on corporate governance" "Board of Directors' Report", Note 2 "Risk management" "Responsibility and Sustainability"; "The path to the goal – strategy and action plan"
b)	Describe management's role in assessing and managing risks and opportunities.	"Responsibility and Sustainability"; "The path to the goal – strategy and action plan" and "Climate-related risk"
Strategy		
a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	"Implementation and reporting on corporate governance" "Responsibility and Sustainability"; "Climate-related risk"
b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	"Responsibility and Sustainability"; "Climate-related risk"
c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	"Responsibility and Sustainability"; "Climate-related risk"
Risk Management		
a)	Describe the organisation's processes for identifying and assessing climate-related risks.	"Board of Directors' Report", Note 2 "Risk management" "Responsibility and Sustainability", "The path to the goal – strategy and action plan" "Responsible lending and advice", "Climate-related risk" "Greenhouse gas emissions"
b)	Describe the organisation's processes for managing climate-related risks.	"Board of Directors' Report", Note 2 "Risk management" "Responsibility and Sustainability"; "The path to the goal – strategy and action plan" "Responsible lending and advice", "Climate-related risk", "Greenhouse gas emissions"
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	"Board of Directors' Report", Note 2 "Risk management"
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.	"Responsibility and Sustainability"; "The path to the goal – strategy and action plan" "Responsible lending and advice", "Climate-related risk", "Greenhouse gas emissions"
b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	"Responsibility and Sustainability"; "Greenhouse gas emissions"
c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	"Responsibility and Sustainability"; "Climate-related risk" and "Greenhouse gas emissions"

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Comments on strategic objectives

The strategic goals have been revised in relation to the goals presented in the 2022 report. The changes are summarised below.

The target for reducing own climate emissions has been adjusted from 2022 to 2023. The original target was a reduction of 25% for the period 2019 to 2025. This target was set based on the then extent of scope 3 and we saw a 42% reduction from 2019 to 2022. We wanted to adjust the target so that it is in line with the Paris Agreement and the EU’s objectives.

Some strategic goals set for 2023 have been achieved and have therefore been omitted from the above figure/table. These are listed below:

- We emphasise openness and transparency in our communication. This has now been integrated into our communication strategy.
- Sustainability is included as a separate point in all sponsorship agreements. Measures have been implemented and the template for sponsorship agreements has been updated and included in virtually all current agreements. Sustainability must be a regular assessment criterion when distributing dividend funds for local communities. Working methods have been introduced.
- We actively contribute to reducing financial crime, money laundering and corruption. This is no longer a strategic goal, rather it has been integrated into our policies, procedures and daily work and is a requirement for employees of the bank. Corporate customers with credit exposure in excess of NOK 8 million must undergo an ESG assessment at least once a year. The procedure has been implemented and improvements in ESG assessment results are measured annually.
- All of our major suppliers must submit an ESG supplier statement every year. The procedure has been implemented and our suppliers submit an ESG declaration when signing contracts and ESG matters are topics in their annual follow-up.

Comments on Greenhouse gas emissions

Tabell med tema og estimerer gjort, eller endring-/utelatelser per scope og for scope 3 per kategori.

Scope	Estimerer og mangler ved utslippsberegninger
Scope 2	Power consumption at Midsund and at Digernes is not included in the calculations as the premises are missing own meters there. In 2023, we chose to change the factor for emission calculations from Electricity Nordic mix to Electricity Norway (NVE). It is to use the same factor on own operational emissions as that as one recommended in Finans Norge’s guide for financed emissions. NVE’s factor also includes net imports and exports to neighboring countries and their annual average emissions. Factor updated for all years including base year 2019. District heating: corrected the data reported previously to ensure that the same data is the basis for reporting each year. There is therefore some deviation from previous years’ reported emissions for district heating.
Scope 3	
- Waste	We have figures from waste delivered by the head office and the local office in Spjelkavik, but not for the others local offices. The reason for this is that waste management is part of the joint costs according to the leases and are handled by the facility owners. The joint expenses are distributed according to a distribution key based on the share of exclusive area. The various renovators/municipalities also have very varying degrees of weight registration.
- Employee Commuting	Estimate based on a survey among Sparebanken Møre’s employees. Results for 2019 is based on the same distribution for transport type and SSB’s distribution for own vehicle and type of fuel for Møre and Romsdal.
- Business travels	Transport for individuals carried out by means of transport other than own car and plane, as well as individual hotel stays not booked via our travel agency are not included in the climate statement. This is registered as general expenses and as of today it is not possible to collect specific figures on expenses for transport or hotels from the HR system. Kilometer travel in your own car is for 2022 reported on the wrong data basis and is set higher than it really is. 2023 shows a reduction in emissions, but with the right data basis, there is a slight increase in 2023 compared to 2022 for km traveled in own car in service. The database has been corrected for all years from 2019 onwards. Hotel accommodation was incorrectly registered as in 100% of overnight stays in Europe for the years 2019-2021. The total figure for hotel stays is divided according to a conservative percentage based on distribution in 2022 and 2023 between hotel nights in Europe and hotel nights in the Nordics.
- Purchased goods and services	Figures from suppliers of office supplies could not be obtained for base year 2019, estimate calculated based on the number of man-years.

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EU Taxonomy for Sparebanken Møre

The EU taxonomy is a classification system prepared by the EU, which states criteria for which economic activities can be considered sustainable. The EU taxonomy is an important part of the EU's green deal (EU Green Deal) to move capital to more sustainable activities¹.

The Sustainable Finance Act (Act on the Disclosure of Sustainability Information in the Financial Sector and a Framework for Sustainable Investments) enacts the EU Taxonomy in Norwegian law.

Sparebanken Møre is subject to mandatory reporting in line with the EU Taxonomy Regulation 2020/852 from the 2025 financial year. In line with the capital adequacy regulations, the bank is defined as large, uses its own IRB approved models for determining PD, LGD and EAD, and is defined by Finanstilsynet (the Financial Supervisory Authority of Norway) as an IRB bank. Thus, we will be subject to the CSRD from the 2025 reporting year, including mandatory Taxonomy disclosures and auditing under the CSRD rules.

Even though the reporting requirement does not apply, the Ministry of Finance nevertheless recommends that voluntary reporting be carried out. Sparebanken Møre is reporting voluntarily for 2023 in order to provide an overview of the bank's readiness and the status of its work prior to mandatory reporting in 2025.

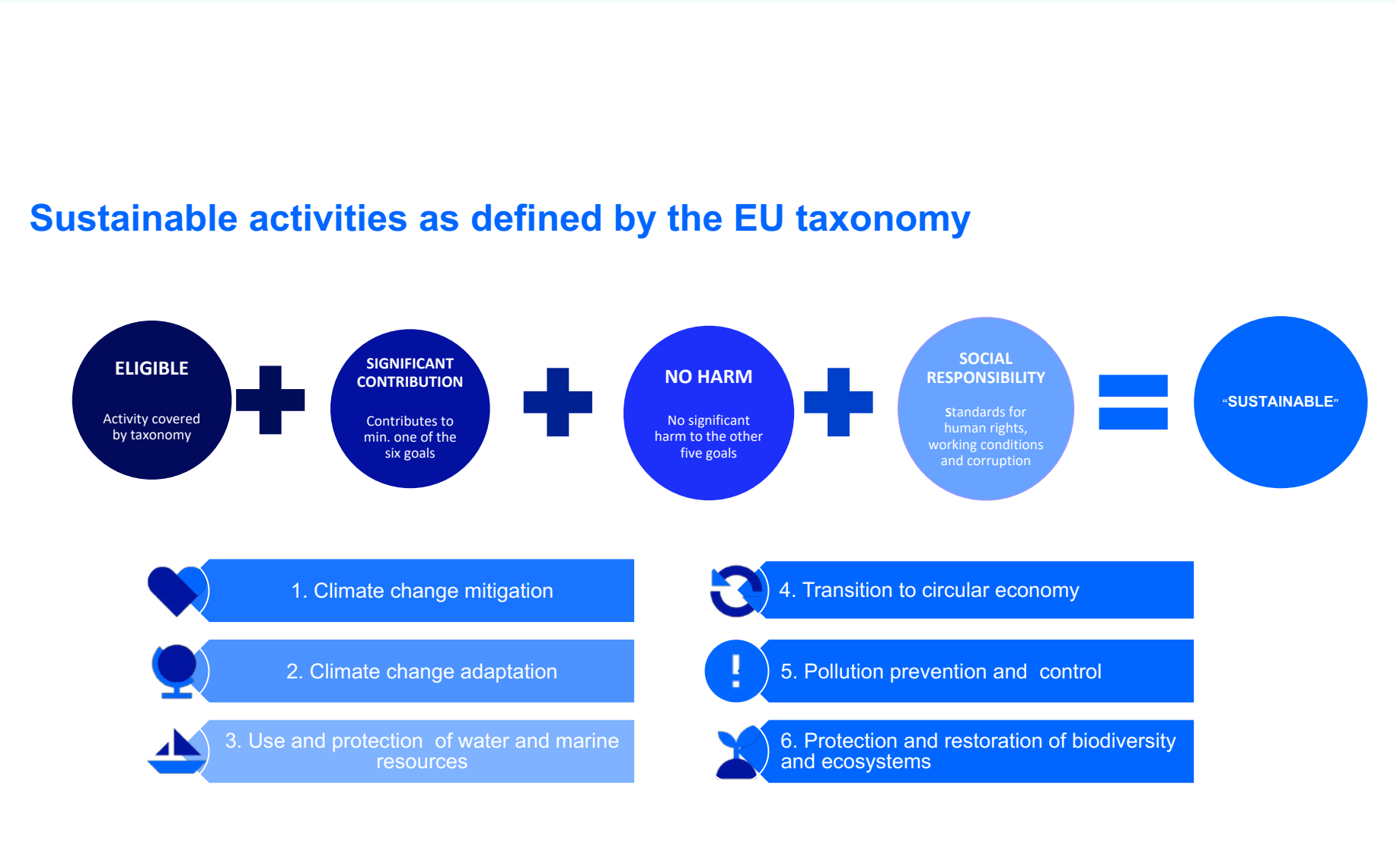
Lending is the bank's largest financial activity and for our voluntary reporting for 2023 has only been lending assessed as potentially covered (eligible) and compatible (aligned), not other financial instruments. Several reporting requirements will apply to our mandatory reporting in 2025 and we will gradually expand our reporting until 2025. All figures are summed up on a consolidated group level.

¹ Kilde: EUs Sustainable Finance Action Plan

Process for the Taxonomy work

In order to determine what proportion of the loan portfolio can be considered sustainable, Sparebanken Møre first has to assess what proportion of the loan portfolio is subject to the Taxonomy (Taxonomy-

eligible). Next, the bank has to assess what proportion of the Taxonomy-eligible activities can be considered sustainable (Taxonomy-aligned). This involves a four-step process.



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After fully completed taxonomy process the bank will be able to present its financed assets in taxonomy-compatible (“sustainable”) activities as a share of total assets (Green Asset Ratio, GAR). Full overview of which customers in the bank that are taxonomically eligible and taxonomically aligned will be achieved when the customers themselves are subject to CSRD reporting and reports accordingly to the taxonomy regulation.

Eligible activities

In the mapping of taxonomy eligible activities the bank has initially looked at sectors where the bank is exposed, as well as households. The business portfolio is screened using NACE codes, which provide an indication of whether an activity is covered by the EU taxonomy.

The EU taxonomy specifies that the NACE codes are only indicative of uncovering eligible activities, the activity description as defined in the EU regulation 2021/2139 is the current and correct methodology. The bank has started the process looking at their exposures against the technical requirements that define whether activities are taxonomy eligible in line with the taxonomy regulation and will continue the work in 2024.

Aligned activities

Households

The taxonomy is a relatively new reporting area and the market needs time to adjust. Based on insufficient data, both public and internal, there are some assumptions and estimates made in our calculations. For private homes, the bank has used non-public documentation¹ with proposed definition and calculation method for Norway’s 15% most energy efficient homes, and that primary energy needs have been calculated based on year of construction and building code. The bank assumes also that newer homes built after 31 Decem-

¹ Letter from NVE to the Ministry of Petroleum and Energy, document inspection approved on request

ber 2020 with energy label A are eligible to be included in further assessment in the process towards EU taxonomy compatibility. The bank is aware that there is an uncertainty around calculations of primary energy demand and comparison with the requirement to be 10% below threshold value for near-zero emission buildings.

For car loans, we have assessed loans for zero-emission vehicles as potentially taxonomically compatible so far in the process.

Corporate market

Sparebanken Møre is essentially an SME bank and very few companies in Sparebanken Møre’s business portfolio are subject to reporting obligations according to the taxonomy for the financial year 2023 (“NFRD company”). In practice, there is no lending to businesses that are potentially taxonomy aligned for this year’s reporting, and Sparebanken Møre presents only potential taxonomy-compliant lending to households above the fractional line in its green fraction for 2023.

The bank therefore publishes, in addition to GAR, a fraction which also includes exposures to smaller companies (“non-NFRD companies”) in the counter (“Banking book Taxonomy Alignment Ratio», BTAR) in line with forthcoming reporting requirements in the Pillar 3 Regulation. BTAR gives a more detailed overview of the share of sustainable activities in the bank’s business portfolio and contributes to the bank’s strategic choice of direction for its credit portfolio and product development.

In the assessment of whether the activities contribute significantly to one or more of the six environmental goals, it has been chosen to focus on four activities, and whether they contribute significantly to environmental goal 1 “Climate mitigation”.

Activities assessed for significant contribution to date in the process are:

4.5 Electricity generation from hydropower



6.5 Transport by motorbikes, passenger cars and light commercial vehicles

7.1 Construction of new buildings

7.7 Acquisition and ownership of buildings

The process has shown that, as of today, there is a lack of national guidelines, as well as internal and external data bases for full assessment of step 3 “No significant harm” and 4 “Minimum social guarantees”. Due to lack of national guidance and data on step 3 and step 4 it has not been possible for Sparebanken Møre to make a complete compatibility assessment. The bank therefore reports this year only on what proportion of the lending portfolio is potentially taxonomy compatible, based on the assessments done in step 1 “Aligned” and 2 “Significant contribution”.

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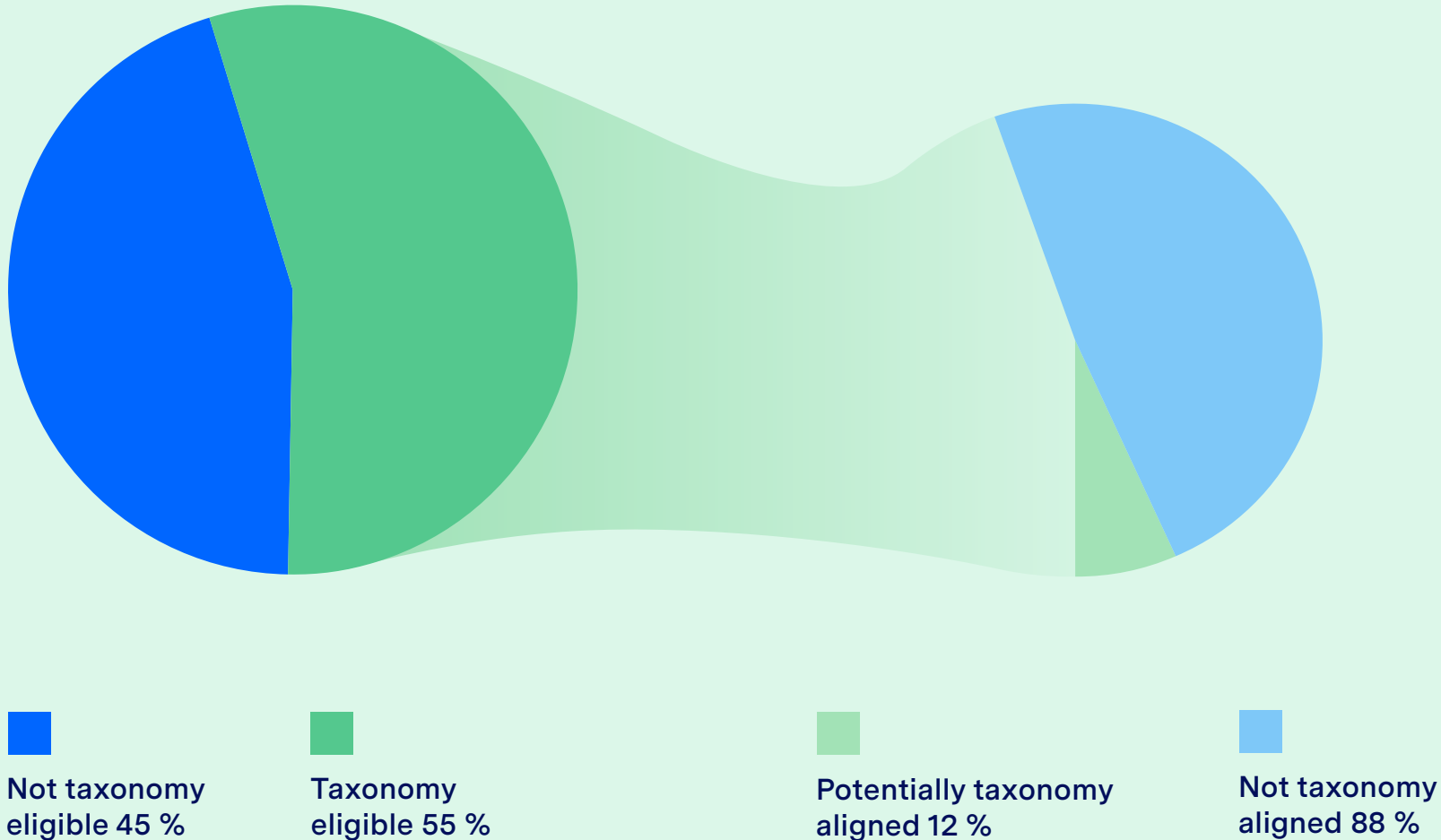
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Sparebanken Møre has concluded that 55% of the bank's assets are taxonomy aligned. Of these, 11.9% are potentially taxonomically eligible, of which mortgages make up 11.8% and car loans 0.1%.

If companies not obliged to report according to NFRD is included in potentially taxonomy aligned activities Sparebanken Møre see an increase of 2.1% and thus, a BTAR of 14%.



The way forward

Work on improving source data, as well as a dialogue with national agencies and third parties on data collection, has started and will continue in 2024.

Today, the bank’s green loan products have been adapted to the Taxonomy for both the retail market and the corporate sector, although the desire is to develop and offer more products that contribute to

a sustainable transition. The bank will develop more products for both households and businesses in 2024. The products will be developed in line with criteria in the Taxonomy Regulation so that exposure can be included in the bank’s Taxonomy reporting. To read more about the bank’s work on lending to sectors with significant climate-related risk, see “Responsible lending and advice” and “Climate-related risk”.

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Principles for Responsible Banking – Sparebanken Møre - FY2023

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 and one in Oslo. 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 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 2023 – Board of Directors’ Report – section ‘Areas of operations and markets’

Section «Strategy and Goals»

Annual Report – Corporate governance – section ‘Operations’

For details about our business areas see Annual Report – Board of Directors Report – section «Business areas»

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: The Bank is subject to the requirements of section 3-3(c) of the Accounting Act, which requires it to disclose information to the extent necessary to understand the Bank’s development, performance and financial position, as well as the consequences of the Bank’s activities in relation to the environment, social conditions, working environment, compliance with human rights and combating corruption and bribery.
- Furthermore, we report climate risk in line with Task Force of Climate related Financial Disclosures -TCFD.
- ☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: the Norwegian Transparency Act (Åpenhetsloven), which entered into force in June 2022, requires the Bank to carry out due diligence assessments in line with the OECD Guidelines for Multinational Enterprises and to publish an statement on the work by the end of June each year.
 - ☐ None of the above

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Sustainability is one of the five strategic priorities in Sparebanken Møre long term strategy Møre 2027. 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 firmed up through action plans and measures in all the Bank’s sections/ divisions.

Our strategic goals in the area are linked to the UN SDG and our PRB commitment to be part of the solution in reaching the Paris Climate agreement and working with the principles for responsible banking.

In our sustainability work we are focusing on priority areas such as

- Impact on business development
- Supporter of the local community
- ESG expertise and sharing expertise with customers
- Responsible lending and advice
- Greenhouse gas emissions
- Change in demand for loans
- Stricter regulatory requirements
- Climate risk

For an overview on how we implement sustainability into our business operations, please see our policies available in our sustainability library on our website.

Links and references

Annual Report – Sustainability and corporate social responsibility – “This is how we work with sustainability at Sparebanken Møre”, “Introduction to the work with material topics” “Our commitments” and https://issuu.com/sbmno/docs/sbm_annualreport2021/197 Strategic targets

Our policy and guidelines are available from our website

sbm.no/ESG

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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.

Sparebanken Møre operates in Norway with our primary market area in Nordvestlandet and our newly opened office in Oslo.

In line with PRB requirements, Sparebanken Møre has carried out an impact analysis on data as of 31/12/2022 using UNEP FI’s «Portfolio Impact Analysis Tool» version 3 to uncover its positive and negative impacts.

The analysis showed that Sparebanken Møre can have positive and negative effects in the following areas:

- *Equal access to financial products and services (financial inclusion)*
- *Circularity*
- *Climate stability*
- *Biodiversity and ecosystems*
- *Equalization of socio-economic differences*

The result is in line with the impact revealed in other analyses the bank has carried out and will be incorporated into the bank’s further strategy work on sustainability. Climate and financial inclusion are considered to be areas where the bank has significant influence and will be mentioned in particular in the impact analysis, as these are two of the priority areas for target setting in accordance with PRB requirements.

We consider that our lending activity is where the bank has the greatest influence and is where we can influence the most in a positive direction. Lending activity to the consumer market and corporate market is therefore included in the impact analysis.

Investments and other smaller items in the balance sheet are not included in the analysis. Investments in the liquidity portfolio are strictly regulated, and the bank has little opportunity to manage the effects. The remaining investment portfolio and other balance sheet items make up a small part of the business volume and are therefore excluded from the impact analysis. Based on assets, 85.4% of the business volume is included in the analysis, and based on the bank’s total gross income, 91.3% is included in the analysis.

Links and references

Impact report – available at sbm.no/berekraft

«PRB impact analysis»

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 & industries³ 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.

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.

3 ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

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<i>Sparebanken Møre has a lending portfolio which is distributed approx. 70 per cent to consumer customers and 30 per cent to the corporate market. The corporate portfolio is broadly differentiated within the trade/service, industry, marine, property and maritime industries.</i> <i>Although the business 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 social impact. This is also the biggest contributor to the banks income.</i> <i>We consider that our lending activity is where the bank has the greatest influence and is where we can influence the most in a positive direction in terms of environmental and social impact. Lending activity to the consumer market and corporate market is therefore included in the analysis.</i> <i>Investments and other smaller items in the balance sheet are not included in the analysis. Investments in the liquidity portfolio are strictly regulated, and the bank has little opportunity to manage the effects. The remaining investment portfolio and other balance sheet items make up a small part of the business volume and are therefore excluded from the impact analysis. Based on assets, 85.4% of the business volume is included in the analysis, and based on the bank’s total gross income, 91.3% is included in the analysis.</i>		Annual Report – Sustainability and corporate social responsibility – «Section on TCFD» and «Impact report – available in our sustainability library on sbm.no/ESG Please see details on our corporate portfolio in our annual report pages 30 and onwards.
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.		
<i>The PRB impact analysis showed that Sparebanken Møre can have positive and negative effects in the following areas:</i> • <i>Equal access to financial products and services (financial inclusion)</i> • <i>Circularity</i> • <i>Climate stability</i> • <i>Biodiversity and ecosystems</i> • <i>Equalization of socio-economic differences</i> <i>These findings concure with previous findings through our materiality analysis, our chosen SDG’s and long-term strategy, 8 themes have been defined which are particularly important for both the bank and our stakeholders. The most material topics are</i> • <i>Impact on business development</i> • <i>Supporting player for the local community</i> • <i>ESG expertise and expertise sharing with customers</i> • <i>Responsible lending and advice</i> • <i>Greenhouse gas emissions</i> • <i>Climate risk</i> • <i>Change in lending demand</i> • <i>Regulatory requirements for players in the banking and finance industry</i> <i>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.</i> <i>On the basis of the PRB analysis we expanded our main SDGs from five to seven, lifting SDG 13 – stop climate change, from our previous position as a sub-goal to a main goal and presented a new goal – SDG 10 – less inequality as a new main goal.</i> <i>Sparebanken Møre engage with a number of stakeholders. The bank is concerned with what is important to our stakeholders when the strategy and direction for the bank’s work is to be designed, and dialogue with the stakeholder groups is fundamental to the bank’s trust in society. See more information on our dialogue with our stakeholder in the overview presented in the annual report.</i>		PRB impact analysis Annual Report – Sustainability and corporate social responsibility – «Section material topcis» Page 121 Annual report - Stakeholder analysis – page 121 Overall sustainability strategy version 4.0 – see sbm.no/ESG Annual report - Stakeholder analysis – page 118
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.		

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.
⁵ TT 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.

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Based on the PRB impact analysis we have identified the following impact areas

Consumer banking	
Positive impact	Negative impact
Equal availability and quality of resources and services (Equal access)	Equal availability and quality of resources and services (Equal access)
Equalization of socio-economic differences	Climate stability
	Circularity

Corporate banking	
Positive impact	Negative impact
Equal availability and quality of resources and services (Equal access)	Circularity
Circularity	Climate stability
Climate stability	Biodiversity and ecosystems

The result from the impact analysis was used as one of several tools to understand Sparebanken Møre’s existing impact and opportunities for further impact in a positive direction. The areas of influence in the analysis were ranked based on which areas we have a real influence on and where we can adjust our influence was prioritized.

We prioritize target setting strategy for the two areas

1. Financial inclusion and financial health

2. Climate

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.

Our two prioritized PRB topics are «Financial inclusion and financial health» and «Climate» and they are relevant for both consumer and corporate customers.

For our consumer customers there is a low number of housings with updated energy labeling, thus making the calculation of climate emissions uncertain. However, we have planned measures in order to increase energy labeling on domestic homes, expecting the number to increase in following years.

For our corporate customers with commercial buildings there is also a low number of buildings with energy label. By yearend 2024 we will have energy label on all commercial buildings above 1000 square meter.

With the Energy Performance of Buildings Directive (EPBD) this area will get increased attention, and the number of domestic homes and commercial buildings with energy labeling is expected to increase rapidly in coming years.

The three most carbon-intensive industries from our corporate customers accounts for 85% of the climate emissions in the business portfolio, and 23% of the bank’s total lending to business customers. Commercial property and construction make up a larger part of the lending portfolio, but have a lower carbon intensity. Thus prioritized measures are made towards these clients.

We also have an overarching ambition on becoming net zero by 2050, and a medium-term goal of 55% reduced emission on our own emissions by 2030, compared to baseyear 2019.

In our annual report we present the overall link between our material topics, our strategic sustainability goals, KPIs and link to UN SDGs.

The current analysis is done on aggregated level, and we will go deeper into the sector/ industries and type of customers when we do an updated analysis moving forward. As of today we do not have sufficient data to deepdive.

By EOY 2024 we will present our first transition plan for our portfolio, and this will be an important tool in order to become more detailed and concrete in our work. Furthermore the data quality and insight will improve as we progress on reporting in line with CSRD/ ESRS requirements and reporting.

Links and references

PRB impact analysis – section «Assessment of Sparebanken Møre’s impact analysis»

Links and references

Please see our Climaterisk section in our annual report for more information on scenario and carbon emissions.

For more detailed information see Annex

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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:	Yes	In progress	No
Portfolio composition:	Yes	In progress	No
Context:	Yes	In progress	No
Performance measurement:	Yes	In progress	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.

The most significant impact areas identified through the impact analysis for Sparebanken Møre are

1. Financial inclusion and financial health

2. Climate

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)

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 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 ⁷ 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 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.

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Our two targets *Financial inclusion and financial health* and *Climate*. In addition to these two targets, we also have our *initial material topics*, giving a total view of our strategic targets on sustainability. For our targets – with regards to PRB impact analysis - the following KPIs are

Financial inclusion and financial health

- Increased proportion of female customers who invest/ save
- All personal advisors carry out a minimum of 5 scheduled customer meetings each week

We acknowledge that we need to increase the KPIs in this area, that will be made through 2024. However, we have also updated the annex to our best effort.

Climate

- Overarching ambition to become net zero by 2050, and reduce own emissions by 55% by 2030 aligned to base year 2019.
- Improved ESG score for corporate customers by 0,50 % each year
- 40% increase in number om consumer customers to get green loans
- 40% of car loan portfolio should be green loans (emission free vehicles)
- Increased use of the Sustainability portal on sbm.no for corporate clients
- Increased customer satisfaction in EPSI customer loyalty survey
- 10 new green loans for corporate buildings each year

In addition to the KPIs mentioned here, Sparebanken Møre has implemented a number of competence-raising measures both internally and externally for customers. Some of these measures are;

- 20 different courses on sustainability topics available for employees.
- Monthly news article to all employee on different sustainability topics, linking it both to further educational measures and internal guidelines and routines on each area – making it easier for employees to understand what and how sustainability is an integral part of their work.
- Offers series of of workshops on sustainability in cooperation with UN global compact, planned to start in April 2024. Capacity of 40 businesses on each workshop, the workshops are held on four different locations in Møre og Romsdal increasing the number of participants and reducing the travel distance and CO₂ emissions for each attending business.
- Entered into a partnership with Energiråd to establish Green Energyarena Møre, a partnership that will contribute to uncovering and improving energy efficiency measures in local companies, where they will, among other things, get help to uncover opportunities and assistance on application to support schemes at Enova (owned by the Ministry of Climate and Environment, and contributes to a faster transition to a low-emission society.) A mitigating measure that helps to reduce electricity consumption, thus making more electricity available in the region.

The targets are aligned with Finance Norway’s roadmap, UN SDGs, the goals of the Paris Agreement, and the UNEP FI PRB impact analysis national framework. The UN SDGs provide the framework for our sustainability strategy, and we have identified seven SDGs that are relevant for the bank and our operations. They are in areas where the bank has significant risk and opportunity to have a positive impact. The SDGs are integrated into the overall strategy for the bank.

Other commitment that drives alignment towards the SDGs and international climate goals are our commitment to Eco Lighth House. Furthermore, our climate targets are in line with the goals set in the Paris Agreement and national goal of 55% lower emissions by 2030 compared to 1990 levels, and an ambition to become net zero by 2050.

In our annual report we present the overall link between our material topics, our strategic sustainability goals, KPIs and link to UN SDGs.

Links and references

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.

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Baseline for these indicators are as follows. Financial inclusion and financial health - Increased proportion of female customers who invest/ save - Baseline EOY 2023 – 43% - All personal advisors carry out a minimum of 5 scheduled customer meetings each week Climate - Overarching ambition to become net zero by 2050, and reduce own emissions by 55% by 2030 aligned to base year 2019. 7% reduction year target - Improved ESG score for corporate customers by 0,50 p each year - Baseline EOY 2023 average score is 5.5 out of a total of 10 points. (with reference to EOY 2022 the score was 5.45). The bank’s target is an average score of 6.5 by EOY 2027. 40% increase in number of consumer customers to get green loans - Baseline EOY 2023 is 454 loans, an increase in 40% means 636 customers have green loans by EOY 2024 40% of carloan portfolio should be green loans (emission free vehicles) – baseline EOY 2023 is 30% of carloan portfolio. - Increased use of the Sustainability portal on sbm.no for corporate clients – higher than 1500 users a year. – comparison number of use in 2023 is 1593. - Increased customer satisfaction in EPSI – measured through early EPSI – baseline 2023 is a scpre of 73,6, compared to average score for the industry on 67,7. 10 new green loans for corporate buildings each year – compared to baseline 2 new loans in 2023 * Our accounting for 2023 shows an increase in emissions. The increase in emissions is due to an increase in the scope 3 categories «Fixed assets» and «Emissions related to energy production». Fixed assets are a highly fluctuating item from year to year and make a big impact when comparing individual years. A reduction in this category will first show over a longer time span than we have climate emission measurements for so far. The increase in emissions related to energy production is due to the fact that the factor for emissions has changed and increased since 2019. Our real energy consumption has decreased since the base year. If these two categories are omitted from the climate accounting, there is a total reduction in emissions from 2019 to 2023 of 34% for the remaining categories. If these are included, there is a 15.5% increase from 2019 to 2023.			Please also see annex for some indicators.
c) SMART targets (incl. key performance indicators (KPIs) ⁸): 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.			
Our PRB prioritized targets are incorporated into our material topics and strategic goals as the table below shows. Orange squares are linked to Climate adaption and yellow to Financial inclusion/ health.			Links and references Please see our <i>Overall sustainability strategy version 4.0</i> PRF Goals: ☐ Financial inclusion ☐ Climate adaptation
Material topics	Strategic goals	KPI	
Climate emissions	Ambtio to become net zero by 2050, and a 55 % reduction on our own climate emissions by 2030 compared to baseyear 2019.	Reduction on >7% a year for scope 1, 2 and scope 3 (category1-14)	
	Sustainability is an intergral part of all innovation and development process	All new products, changes to products and the signing of new suppliers and partners must have undergone an ESG assessment.	
Impact on business development	We are a promoter of sustainable development in local business	Improved the ESG Risk score for business by 0.5 points per year.	
		Average score 2021: 5.43	
		Average score 2022: 5.45»	
«Supporter of the local community»	We take the initiative for and support socially sustainable projects in North-West Norway	Increase in the number of students through projects such as Medvind, Dale Oen Academy and VågAlt	
	We offer private customers a selection of sustainable products.	«40% increase in the number of PM customers who are granted green loans for housing	
		40% of PM’s car loan portfolio must be green loans»	
	We contribute to equal opportunities		Increased proportion of female customers who invest/save
40% of both sexes at all levels in the bank			
ESG expertise and sharing expertise with customers	Employees have the expertise to provide customers with advice on sustainable choices that contribute to restructuring and new opportunities	Number of visits to the Sustainability Portal on sbm.no - higher than 1,500	
		«Increased perceived service quality among our customers, measured in EPSI results»	
Responsible lending and advice	We assist our customers in making responsible choices	«All personal advisors carry out a minimum of 5 scheduled customer meetings each week	
		10 approved green commercial building loans per year	

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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.

The table below shows the planned measures and action plan for 2024. Orange squares are linked to Climate adaption and yellow to Financial inclusion/ health.

KPI	Measures/action plan 2024
Reduction on >7% a year for scope 1, 2 and scope 3 (category1-14)	First draft of the bank’s climate transition plan by EOY 2024 Complete scope 3 calculations for category 1-14 by EOY 2024
Improved the ESG Risk score for business by 0.5 points per year. Average score 2021: 5.43 Average score 2022: 5.45	Development of sustainability-linked loans for our corporate customers (SLL) Develop product for transition financing Include information on EU taxonomy in the sustainability portal Expand the ESG risk rating tool with more categories for better coverage of ESG risk and change to advance sending of selected questions to customers»
40% increase in the number of PM customers who are granted green loans for housing 40% of PM’s car loan portfolio must be green loans	Targeted advice to PM customers on the benefits of green loans for housing and cars Annual competence updates with a focus on sustainability for authorized advisers Increase the proportion of energy-labelled homes in the portfolio through campaigns and advice
Increased proportion of female customers who invest/save 40% of both sexes at all levels in the bank	Suggest fund savings and the creation of fixed monthly savings in funds in all adviser conversations, regardless of the customer’s gender. Continues monitoring from CEO level All members of the group management have their own plans to ensure development in their own section/division
Number of visits to the Sustainability Portal on sbm.no - higher than 1,500 Increased perceived service quality among our customers, measured in EPSI results	Sustainability training aimed at different employee groups planned in an ESG competence year wheel Training for newly employed advisers and updates for established advisers in the Sustainability Portal Creating sustainability pages for the retail market at sbm.no Update sustainability page sbm.no ESG information on the intranet and via Engaged!
All personal advisors carry out a minimum of 5 scheduled customer meetings each week	External communication around the Grep concept Internal information about Grep through physical meetings and on Infotorget Aim for at least three authorized advisers in the Grep team Financial inclusion and financial health into the bank’s governing guidelines Information and training for the bank’s employees on the subject of financial inclusion and financial health
10 approved green commercial building loans per year	Training for corporate advisers on green commercial building loans, conditions and benefits

As CDRD double materiality analysis is conducted in 2024 the action plan will be developed further, the PRB impact analysis will be an integral part of this.
We have identified the following areas where the bank might have high negative impact, for each area, some of the mitigating measures are presented.

Climate emission | Circular economies in corporate portfolio | Responsible creditpolicy

Links and references

- PRF Goals:
- Financial inclusion
 - Climate adaptation

Please also see section «Responsible business conduct» in our annual report/ Sustainability and corporate social responsibility

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- Mitigation efforts are

o ESG scoring of corporate clients

o ESG topics part of the advisory conversation with customers

o Conferences to address the topics and increase awareness f. instance conference on Nature- and

o Sustainability portal on sbm.no

o Sustainability as an integrated part in the credit process with corporate customers

Climate emission in retail portfolio

– Mitigation efforts are

o mortgage with favorable terms for houses with low energy consumption

o ESG topics part of the advisory conversation with customers

o Planned event for 2024 - customer seminar on energy efficiency measures

Competence sharing with customers

– Mitigation measures are

o Articles on ESG topics via our online platform <http://engasjert.sbm.no/>

o good advice via our website sbm.no – for instance on legal topics such as wills, power of attorney, advice for those who have found themselves in financial trouble and so forth

o Sustainability portal on sbm.no for corporate customers

o Several new measures to be launched in 2024 for both corporate and consumer clients.

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	✖ Yes ■ In progress ■ No	✖ Yes ■ In progress ■ No	■ Yes ✖ In progress ■ No
Baseline	✖ Yes ■ In progress ■ No	✖ Yes ■ In progress ■ No	■ Yes ✖ In progress ■ No
SMART targets	■ Yes ✖ In progress ■ No	✖ Yes ■ In progress ■ No	■ Yes ✖ In progress ■ No
Action plan	■ Yes ✖ In progress ■ No	■ Yes ✖ In progress ■ No	■ Yes ✖ In progress ■ 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.

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<i>The below summary shows our progress since our 2022 reporting. At our 2022 reporting we had the following targets</i> • We must reduce our own climate emissions (co2) by at least 25 per cent for the period 2019 to 2025. Result: This goal is changed to 55% reduction towards 2030, furthermore through 2023 we have increased reporting on scope 3 giving a more correct picture of our total emissions. • 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 c-suite (level 2) are in line with our target, as this is a long-term goal, measures to increase awareness are put in place, and every C-suite must make their own plans for their section/division in order to reach the target in the long term. • 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. In addition, competence-raising measures and workshops will be carried out for the product development environment in order to improve our approach further. • We emphasize openness and transparency in our communication. Result; ESG risk assessment of Sparebanken Møre from Sustainabilitycs is conducted early, our annual report on sustainability is assured by third party, we report in accordance with eco light house, GRI reporting standard, PRB. From 2024 we start reporting inspired by CSRD and ESRS, thus we are not obliged before FY2025. 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 for the last years, in 2023 a new loan for the corporate market was launched, and we are presently working on new product for the retail market planned to launch in first half of 2024. We have also partnered with other banks to offer Sustainability linked loans, we expect this to increase in the coming years. • 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, advisors use an ESG guide for customer meetings in addition to the sustainability portal on sbm.no. An ambassador group of corporate advisors have been established, increasing the integration of sustainability in the division. The retail advisors have had workshops and address topic in advisory meetings with customers. In addition to mentioned measures a new webinar tool has been launched, giving employees access to 20+ courses on sustainability matters. • 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 2023, 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 yearly follow-up meetings with suppliers 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. For 2024, further supporting documents will be developed so that teams and organizations can implement positive changes. • Sustainability is included as a separate point in all sponsorship agreements. At the end of 2023 all sponsorship agreements are updated with the sustainability section, furthermore tools to help teams and organizations in their work was launched in 2023 as an expansion of the sustainability portal at sbm.no. • 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, one of these projects are the Dale Oen Experience that started in our region in 2023. • 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, this is an important work that will continue.	Links and references See annual report – section «Climate emissions»
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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 ⁹ 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 ¹⁰). 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).

We have worked with our clients and customers to encourage sustainable practices by - Includes sustainability as a topic on the agenda in advisory meetings, with both consumer and corporate customers - ESG score a selection of 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 and teams and organizations – making it as relevant and concrete as possible. - We have been engaged in conferences and courses to increase knowledge on sustainable matters - We have invited customers to 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 2024, as also mentioned in section 2.2	Links and references Annual report Sustainability and corporate social responsibility – «Section strategic goals and stakeholder dialogue» Underlying results can be found in section for our material topics.
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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 The business opportunities we have been and are working on are; Green loan for corporate and consumer 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. Though our Sustainability portal, and relevant courses and seminars Personal advisors for consumer and corporate customers Established GREP, a department specializing on helping those who have come in financial disability. For the smaller corporate customers we have established Næringsbasen, their own customer service with highly experienced advisors <i>The SDG we are working to have an positive impact on are SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13 and SDG 17</i>	Links and references Annual report Sustainability and corporate social responsibility – «Section strategic goals» Underlying results can be found in section for material topics Sustainability and corporate social responsibility – «Section strategic goals»
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⁹ 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.
¹⁰ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

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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 ¹¹) 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.

We conduct and consult with stakeholders on a regular basis as described in our stakeholder dialoge in our annual report – section on sustainability.
The stakeholders we have engaged with in 2023 are

- Customers
- Employees
- Capital market
- rating agencies and analysts
- Suppliers
- Collaborations partners
- Competition
- Government
- Voluntary teams and organisations
- Research and academia
- Trade and interest organisations
- Media

Links and references

Annual report - Sustainability and corporate social responsibility – «Section stakeholder dialogue»

This description in our annual report includes the different stakeholders, issues addressed and how we meet the topics addressed.

11 Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

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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.

Our commitment to PRB is included in our overall sustainability work and is lead by the Sustainability department that involves the Sustainability committee, The sustainability department 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 which is the owner of the strategy.

The sustainability department works closely with the sustainability committee to ensure the anchoring in the organization, and the follow up of our measures..

There are no remuneration practices linked to sustainability targets as off today, but from 2024 each division/ section leader wich forms the bank management group have sustainability goals and KPI incorporated as part of their job description and management agreement with our CEO.

Links and references

Annual report Sustainability and corporate social responsibility – Section “This is how we work with sustainability in Sparebanken Møre”

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).

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 departements/ divisions. To foster a culture of responsible banking, Sparebanken Møre is building internal sustainability competence and expertise through several different measures, this is important both to manage and mitigate risk and to seize opportunities. The measures are;

- Courses and problem solving for the group management and the board,
- 20+ sustainability courses for consumer advisors, corporate advisors and specialists in the banks sections,
- monthly news series on sustainability for all employees,
- workshops on specific topics,
- workgroups on ESG data
- continues multidisciplinary sustainability committee
- improving the chatbot used internally to assist advisors with information on our sustainability products/ loans
- quarterly internal updates on the banks sustainability work
- quarterly updates on development on goals and KPI to our CEO, C-suite management group and board of directors
- bank management group have sustainability goals and KPI incorporated as part of their job description and management agreement with our CEO.
- CEO addresses sustainability in all external presentations

For more detailed information see our section «ESG expertise and expertise sharing with customers» in our Annual report – chapter on Sustainability.

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5.3 POLICIES AND DUE DILIGENCE PROCESSES

Does your bank have policies in place that address environmental and social risks within your portfolio? ¹² 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.

<i>The due diligence of our portfolio is taken care of through the early ESG risk score in the credit proses, ESG scoring of customers with engagement over 8 MNOK</i> <i>The ESG scoring is carried out in a separate analysis tool which consists of a number of assessment questions within the three ESG dimensions, environment, social and governance. Results from the analysis give a score that indicates low, moderate or high risk. The assessment must be carried out in close dialogue with the customers. Although all dimensions are included, is nevertheless the main weight of the assessments directed against climate and environment. Analyzes and assessments must be documented and included in the decision-making basis for approval or annual commitment reviews of credit commitments. This means that customers are scored at least annually. The scores are followed up and reported at portfolio level in the bank’s portfolio management system.</i> <i>In addition to the above, in connection with the credit case, an analysis must be carried out with regard to climate risk (including physical and transition risk). Here, it must be assessed how the customer/industry is affected by physical and transitional risk and how this in turn can have an impact on the customer’s costs and income (and the customer’s ability to service debt) as well as on the value of objects on which the bank has a lien (for example properties and operating assets). Furthermore, it must be discussed how the customer affects the environment, compared to the customer’s operation and business model. For example, pollution of land, water, air and the use of non-degradable materials/packaging A part of the assessment is related to the owners/board on sustainability topics such as AML, compliance, transparency, equality, diversity, circular economy, ethical policy etc.</i> <i>In 2023, 374 customers have been subject to ESG scoring (this amounts to 99.9% of customers with engagement over MNOK 8). Average score as of 31/12/2023 is 5.5 out of a total of 10 points. (31.12.2022: 5.45). The bank’s target is an average score of 6.5 by 31 December 2027.</i> <i>For information on due diligence in our value chain – please see annual report – section on «Responsible business operations».</i> <i>For further information on our climate risk we refer do our TCFD report, which will be further developed through 2024 as we progress on our scenario analysis. We are also working on improving both data availability and data quality. We have established an ESG risk appetite and will report quarterly on the progress.</i>	Links and references Annual report - Sustainability and corporate social responsibility – «Section responsible lending and advice» and «Responsible business conduct» and «Climate risk»
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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

12 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.

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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

☐ In progress

☐ No

If applicable, please include the link or description of the assurance statement.

Response

Our information on PRB is assured as part of our annual report which includes our sustainability report by auditor KPMG.

Links and references

Available on sbm.no - <https://www.sbm.no/om-ossir/in-english/reports-and-presentations/>

6.2 REPORTING ON OTHER FRAMEWORKS

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☒ GRI

☒ TCFD

☐ IFRS Sustainability Disclosure Standards (to be published)

☐ CDP

☐ SASB

☒ Other: Miljøfyrtårn (Environmental lighthouse)

Data gathering, quality and portfolio analysis will be important measures for 2024, furthermore as we prepare to report in line with CSRD this will enhance our work. A new double materiality analysis in accordance with CSRD will be conducted and a transition plan for our portfolio will be developed. The PRB impact analysis will be an integral part of the work.

Links and references

Annual report – Sustainability and corporate responsibility

6.3 OUTLOOK

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis ¹³, target setting ¹⁴ and governance structure for implementing the PRB)? Please describe briefly.

Data gathering, quality and portfolio analysis will be important measures for 2024, furthermore as we prepare to report in line with CSRD this will enhance our work. A new double materiality analysis in accordance with CSRD will be conducted and a transition plan for our portfolio will be developed. The PRB impact analysis will be an integral part of the work.

Links and references

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:

☐ Embedding PRB oversight into governance

☐ Gaining or maintaining momentum in the bank

☐ Getting started: where to start and what to focus on in the beginning

☒ Conducting an impact analysis

☒ Assessing negative environmental and social impacts

☐ Choosing the right performance measurement methodology/ies

☒ Customer engagement

☐ Stakeholder engagement

☒ Data availability

☐ Data quality

☐ Setting targets

☐ Other: ...

☐ Access to resources

☐ Reporting

☐ Assurance

☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

13 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
14 For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

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	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	In progress	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	In progress for our clients in the oil and gas sector, shipping sector and fishery. We are part of syndicat sustainability linked loan, but strive to establish own SLL for our customers.	A.3.1	Financial volume of green assets/ low-carbon technologies: How much does your bank lend to/ invest in green assets / loans and low-carbon activities and technologies?	We are in process to define our Green Assets Ratio, but the final % of portfolio will be presented in our yearly report in march 24.	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	No reduction measured so far, we are working to increase our data quality for emission data in our portfolio. Our portfolio consists of SMEs not required to publish emission data.
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	In progress Targets will be finalized in 2024. Stated ambition to become net zero by 2050, furthermore to reduce own emissions by 55% by 2030 compared to baseyear 2019.	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/ or investment portfolio?	Total GHG emissions or CO2e is 954 348 tCO2e for our lending portfolio. Our investment portfolio is not included.	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:	23 % of our lending portfolio is to our three most carbon intensive sectors (Industry, Transport and Shipping). They represent 85 % of emissions in our portfolio.	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	Mapping is in progress
	A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes, we perform yearly ESG-screening of our corporate lending portfolio	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please see the chapters called Climate risk and Climate emissions in our yearly report for 2023 available at our website sbm.no.						

¹ Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices
² Impact: the actual impact of the bank's portfolio

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A. Climate change mitigation	A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/ or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes, we calculate and publish our financed emissions in our lending portfolio in our yearly report.	A.2.4	Proportion of financed emissions covered by a decar-bonization target: What proportion of your bank’s financed emissions is covered by a decar-bonization target, i.e. stem from clients with a transition plan in place?	In progress. Demand for a transition plan in newly set for clients in the il and gas sector and the clients have 12 months after set requirement to deliver a transition plan.						
	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients’ and customers’ reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes. Green loans for emission free cars: 30 % of our car loan portfolio Green loans for private homes with EPC A or B: 4 % of our house loan portfolio Green loans for corporate buildings with EPC A or B, or Breeam excellent or outstanding certification Green bond framework and information is available at our website sbm.no Green renovation loan product is under development									

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B. Financial health	B.1.1*	# of products and services in the portfolio with a focus on financial health	We have 13 different saving and/or investment products, and we also offer an investment calculator where anyone can enter their investment amount and their time frame for saving and get fund recommendations We offer saving accounts with high yield, savings where you save a small amount everytime you use your debit card, saving accounts for children, pension savings account and more.	B.2.1*	# of individuals supported with dedicated and effective financial and/or digital education initiatives	We have two chapters in our yearly report where we list competence initiatives towards our customers. Please see «Responsible lending and advisory» and «ESG competence and sharing competence with customers».	B.3.1*	% of individuals with a good and/or very good level of financial skills	In the yearly EPSI survey Sparebanken Møres consumer customers rated the bank with a score of 79,2 of 85 on the question «To what extent do the bank's products and services make it easy to get an overview of your finances?». The best rated bank had a score of 83,7 and the average was 76,6.	B.4.1	% of customers with a high level of financial health	Not available, we have not performed a survey on the topic.
	B.1.2*	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Our advisors are certified and trained in different areas of banking: Savings and investment: 179 Credit and lending: 148 Non-life insurance 159 Personal insurance: 145 All areas include training in customer onboarding, customer training and financial planning with the customer. We also have a group of advisors specially trained to handle consumer customers who is experience lack of financial control.	B.2.2*	% of customers actively using the online/mobile banking platform/tools	90-95 % of our active consumer customers has used their digital banking platform during January 2024, which is representative for average throughout the year.	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	We do not have a system to measure the exact % of customers with a defined action plan. We perform customer meetings yearly where each customer is followed up on personal economy, product updates and saving plans and more. We have a concept for customers that starts to lose control over their economy and define an action plan to help them back on track (both corporate and consumer customers).	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Data not available, we have not performed a survey to map this among our customers.

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B. Financial health	B.1.3	# of partnerships active to achieve financial health and inclusion targets	We partner with Youth Entrepreneurs on a program where youths in school aged 13-19 get an introduction to personal finance. Other partnerships is described in the chapter «Responsible lending and advisory» in our yearly report 2023.				B.3.3	% of customers using overdraft regularly	In progress, will be reported 2024	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Data not available, survey not conducted.
							B.3.4	% of customers with a non-performing loan	In progress, will be reported 2024	B.4.4	% of customers with products connected to long-term saving and investment plans	In progress, will be reported 2024
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	We are in progress, considering if this is a relevant target to measure	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	In progress, will be reported 2024

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	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
C. Financial Inclusion	C.1.1*	# of products and services in the portfolio with a focus on financial inclusion	We have all our basic bank services available offline. Deposits, invoices, withdrawal, transfers etc. We also have three types of lending products for first-home buyers, students and young people under the age of 34 which is customer groups with less income in average than older customers.	C.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	In progress, will be reported 2024	C.3.1*	% of individuals with a good and/or very good level of financial skills	No data available, measurement not defined yet.	C.4.1	% of customers with 2 or more active financial products, from different categories, with the bank	In progress, will be reported 2024
	C.1.2*	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Our advisors are certified and trained in different areas of banking: Savings and investment: 166 Credit and lending: 131 Non-life insurance 160 Personal insurance: 166 All areas include training in customer onboarding, customer training and financial planning with the customer. We also have a group of advisors specially trained to handle consumer customers who is experience lack of financial control.	C.2.2	% of customers with effective access to a basic banking product	In progress, will be reported 2024	C.3.2	% of customers supported with dedicated customer journey/ advisory services	In progress, will be reported 2024			
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	One partnership for reaching the target to increase the % females with fund savings	C.2.3	# of new customers per month	In progress, will be reported 2024	C.3.3*	% of customers actively using the online/mobile banking platform/ tools	In progress, will be reported 2024			

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To the Board of Directors of Sparebanken Møre

Independent Limited Assurance Report on the Sustainability Report for Sparebanken Møre

Conclusion

We have performed a limited assurance engagement on whether:

- Sparebanken Møre’s (“the entity”) sustainability report as referred to in the entity’s annual report under (GRI) index (see page 172 – 178) for the year ended 31. December 2023 has been prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI), and
- The entity’s UN PRB Reporting and Self Assessment Template as described in the entity’s annual report (see page 183) for the year ended 31. December 2023 has been prepared, in all material respects, in accordance with the principles for UN Principles for Responsible Banking framework as described in UN PRB Reporting and Self-Assessment Template (V2) («UN PRB»).

Based on the procedures performed and the evidence obtained nothing has come to our attention that causes us to believe that

- The entity’s sustainability report is not prepared, in all material respects, in accordance with the criteria’s for GRI as described on page 172 and,
- The entity’s UN PRB Reporting and Self Assessment Template is not prepared, in all material respects, in accordance with the criteria for UN PRB as described on page 183.

Basis for conclusion

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. Our responsibilities under this standard are further described in the “Our responsibilities” section of our report.

We are independent of the Company 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.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services*

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Slavanger	Ulsteinvik
Bodø	Kragerø	Stord	Ålesund
Drammen	Kristiansund	Straume	



Engagements. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management’s responsibility for the Sustainability Report

The Board of Directors and the Managing Director (“management”) are responsible for the preparation of the reports, and the information contained within them, in accordance with the relevant criteria in GRI and UN PRB as described in page 111 of the entity’s 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 entity complies with laws and regulations applicable to its activities.

Inherent limitations

Due to the inherent limitations of any internal control, it is possible that errors or misstatements in the information presented in the reports may occur and not be detected. Our engagement is not designed to detect all weaknesses in this internal control. Our procedures is performed on selected parts of the documentation that is the basis for the reports, and the procedures has not been performed continuously throughout the entire reporting period.

Our Responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed.

The Scope of our assurance is in line with UN PRB and are limited to the following principles in the Report:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the reports is free from material misstatement, whether due to fraud or error.
- perform the engagement related to the entity’s UN PRB Reporting and Self Assessment Template in accordance with the reporting requirements described in “the Assurance Guidance to undertake limited assurance on Principles reporting (V2)”, issued by UNEP FI.
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and

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- reporting our conclusion to the Board of Directors of Sparebanken Møre.

The scope of our limited assurance engagement excludes future events or the entity’s compliance with and achievement of targets and expectations. The scope also excludes information contained in webpages referred to in the reports unless specified in this limited assurance report.

Procedures performed

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence that is sufficient and appropriate as a basis for our conclusion on the Sustainability and UN PRB Reporting included in the entity’s annual report.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the reports, and applying analytical and other evidence gathering procedures, as appropriate. Our selected procedures depends on our understanding of the report and other engagement circumstances, and our considerations of areas where material misstatements are likely to arise. We performed the following procedures:

- Comparing the information presented in the reports to the relevant criteria in GRI and UN PRB.
- A risk analysis, including a media search, to identify relevant sustainability issues for the entity in the reporting period.
- Inquiries of management to gain an understanding of the entity’s processes for determining the material issues for the entity’s key stakeholder groups.
- Interviews with relevant staff responsible for providing the information in the reports.
- Interviews with management and relevant staff concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the reports.
- Comparing the information presented in the reports 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 reports.
- Reading the information presented in the reports to determine whether it is in line with our overall knowledge of, and experience with, the entity’s sustainability work.

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. 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.

Oslo, 6. March 2024
KPMG AS

Svein Arthur Lyngroth
State Authorized Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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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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