

Sparebanken Møre Group

Presentation June 2021





Contents

- 01** The Bank and our main market
- 02** Recent developments and status
- 03** Going forward

The leading bank in our region

- More than 200 authorized advisors in the retail and corporate market
- Specialist environment situated in our main office in Ålesund
- High availability and strong local knowledge through our distribution channels
- We have a strong dedication for small and large communities



81.1

billion in Total Assets

27

branch offices

343

man years

Sparebanken Møre

- Sparebanken Møre was established in 1985 as a result of mergers between local saving banks in the county of Møre og Romsdal, the oldest bank was established in 1843.
- A number of savings banks have also merged with Sparebanken Møre since then, and the Bank is currently the ninth largest Norwegian bank.
- Sparebanken Møre is a wholly independent savings bank with focus on core banking
- The bank is not a part of any of the bank alliances in Norway but follow the contract banking principle



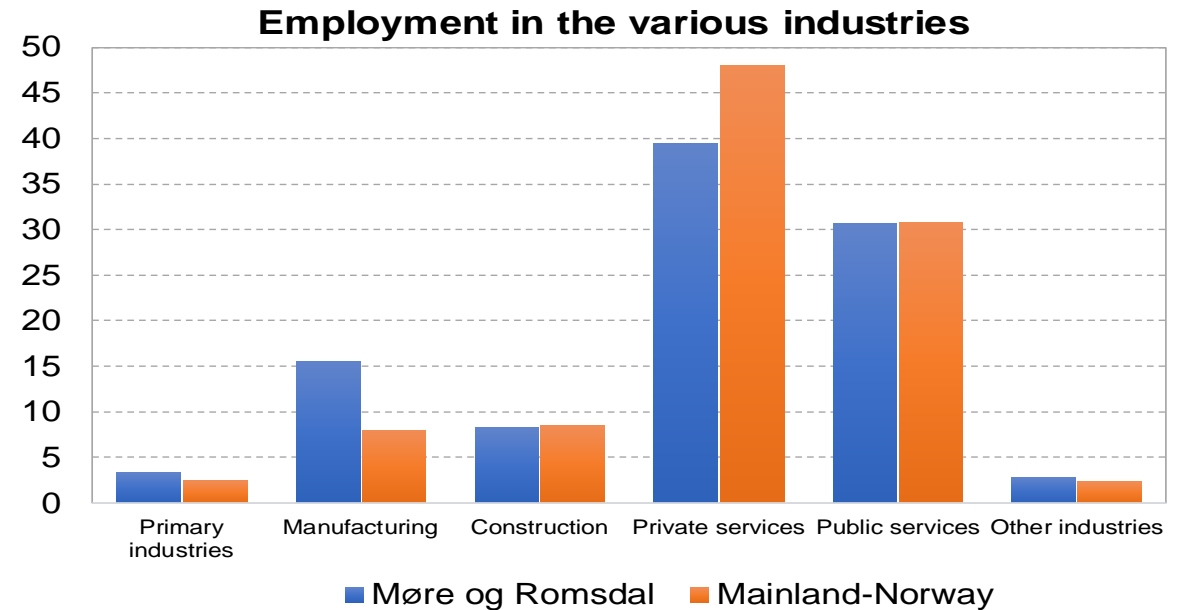
Nordvestlandet

Main market

Sparebanken Møre's main market of operation is the county of Møre og Romsdal

- Located in mid-western part of Norway
- Population in the county of 268 000
- 14,355 square km, mostly coastal area
- Important sectors in our county are fisheries, tourism, maritime- and oil related industry, nevertheless, more than 2/3 of the workforce is employed in the public and private service sector
- The export of food from the county represents about 1/3 of total export of food from Norway, mainly fish and fishery products
- Registered unemployment are 2.2 per cent in May 2021, compared to 3.0 per cent in the country as a whole – also illustrating local business' sustained strong will and ability to adapt to a new environment

Employment in various industries



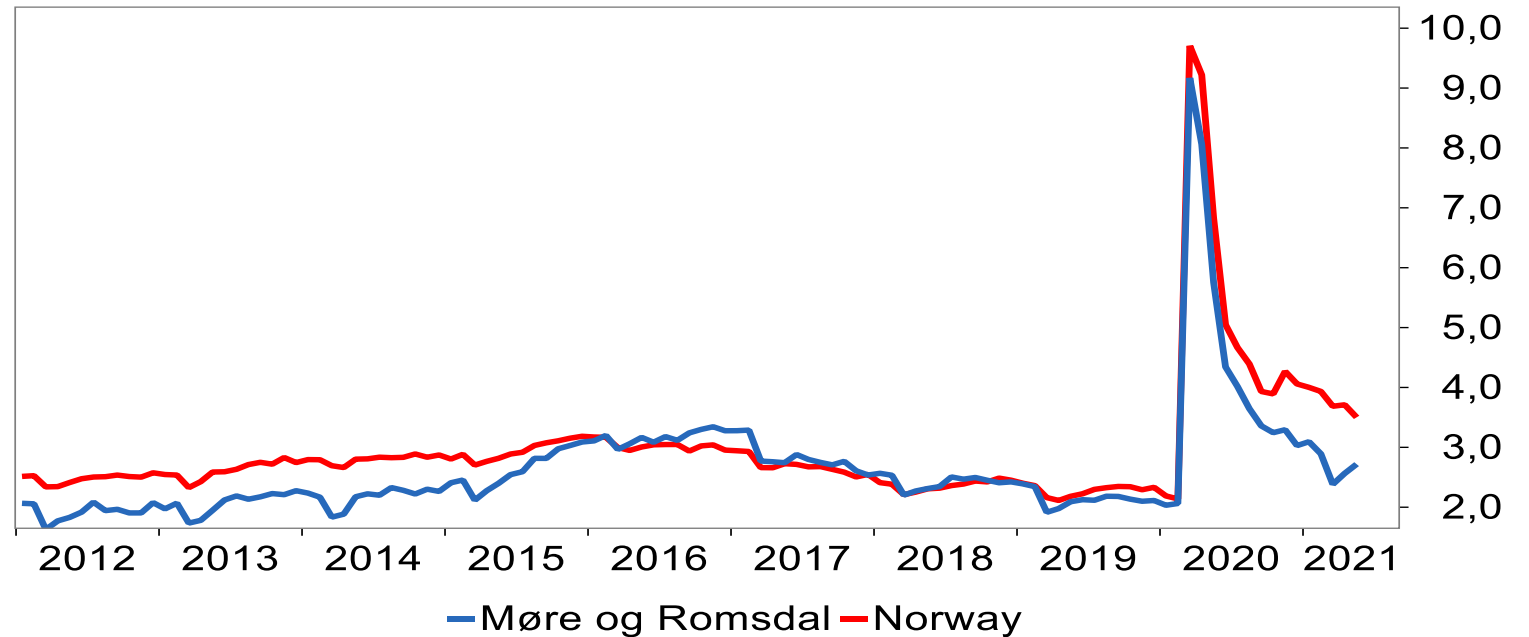
Economic outlook

- In the longer term, the economic outlook has improved
- The bank has a solid capital base and good liquidity and will continue to be a strong and committed supporter for our customers. The focus is always on having good operations and profitability

Stable employment

- Developments in the labour market in Møre og Romsdal indicate that the trends in output and employment in the county were stable during the first months of 2021. Since the turn of the year, unemployment has fallen.

Registered unemployment by the Directorate of Labour and Welfare (%)

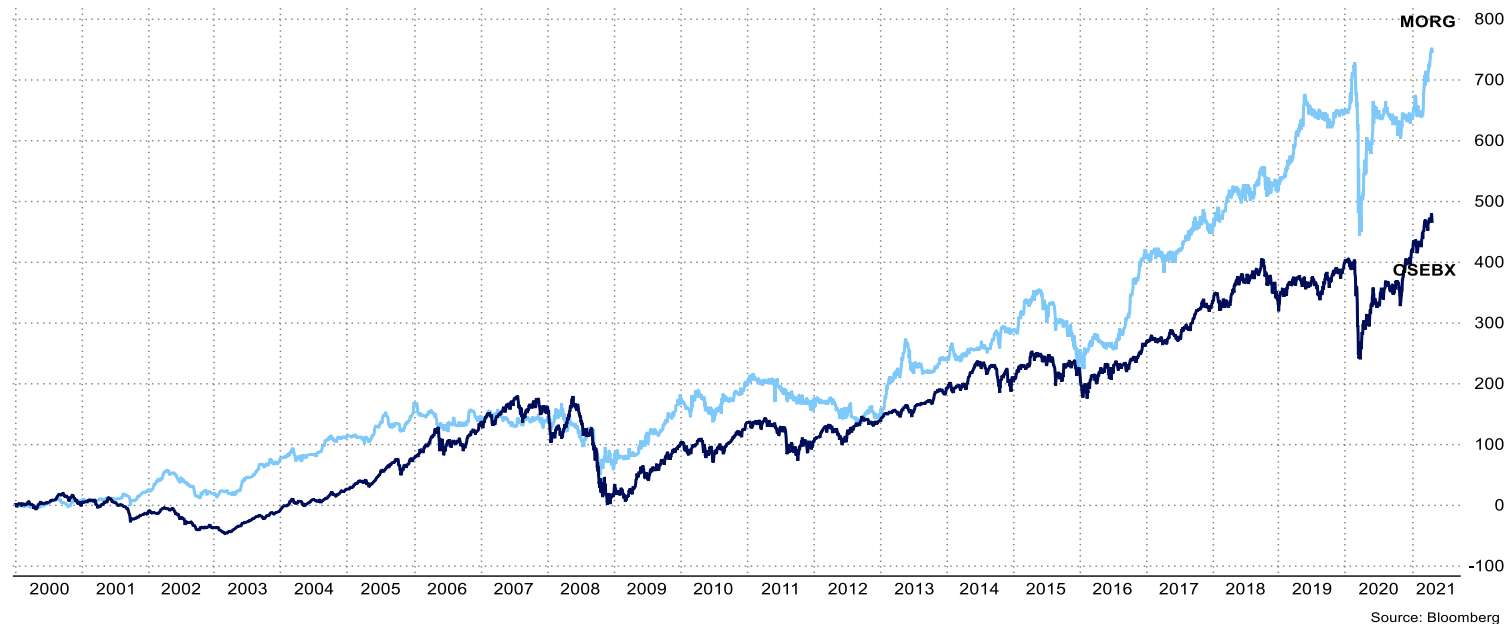


Good and stable rating

- January 2021, Moody`s upgraded the banks rating from A2- stable to A1 with stable outlook. Issuances from Møre Boligkreditt AS, the Groups main funding vehicle, are rated AAA

Strong return

- Sparebanken Møre was the first savings bank to be listed on Oslo Stock Exchange in 1989 with Equity Certificates (EC), offering good return for our EC holders



Sustainability at Sparebanken Møre

- Green Bond Framework established November 2020
- The framework comprises both Sparebanken Møre and Møre Boligkreditt
- Identified five UN SDGs to especially focus on



- May 2021 the bank received its first ESG rating. Sustainalytics rated Sparebanken Møre 20.6, in the very low medium risk area



- Sparebanken Møre shall be a driving force for sustainable development in our region

- Sustainability is an integrated part of our strategy and is embedded in our culture and ordinary course of business

- Our corporate social responsibility and focus on sustainability go hand in hand and encompass everything from responsible lending and asset management, combating economic crime, our purchases, requirements for our suppliers, human and labour rights, and a number of other areas



“Sparebanken Møre shall be the leading contributor to creative enthusiasm in Nordvestlandet. Every day.”

Sparebanken Møre ESG risk



Sparebanken Møre

Regional Banks Norway OSL:MORG

ESG Risk Rating

20.6

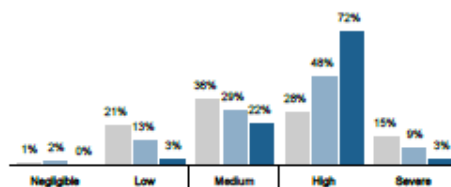
Updated May 19, 2021

Not available
Momentum

Medium Risk



ESG Risk Rating Distribution



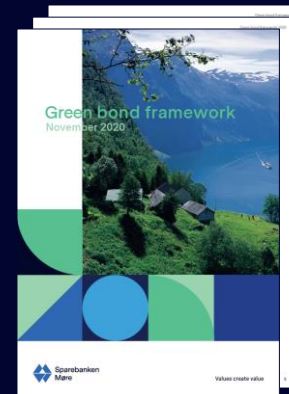
ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	3231/13774	24th
Banks	168/1034	17th
INDUSTRY		
Regional Banks	16/422	5th
SUBINDUSTRY		

Sparebanken Møres Green bond framework

Use of Proceeds categories includes:

- ✓ Green Residential buildings
- ✓ Green Commercial buildings
- ✓ Renewable Energy
- ✓ Eco-efficient and circular economy adapted products, services and processes



Highlights from Q1 2021

- High activity has given a good start to the year
- Stable Net Interest Income and higher Other Income in the quarter
- Good Return on Equity and Efficiency
- The bank is solid and has strong liquidity



Balance growth

Lending growth was 3.9 per cent over the last 12 months. Growth in deposits was 7.7 per cent



Efficiency

Cost/Income ratio at 40.5 per cent in the quarter



Strong liquidity and solidity

Deposit to Loan ratio at 59.3 per cent, LCR at 138 and CET1 at 16.9 per cent. Leverage Ratio at 7.7 per cent



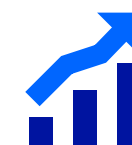
Net Interest Income

In NOK: 305 million
In per cent: 1.51



Losses

NOK 15 million in losses on loans and guarantees in Q1



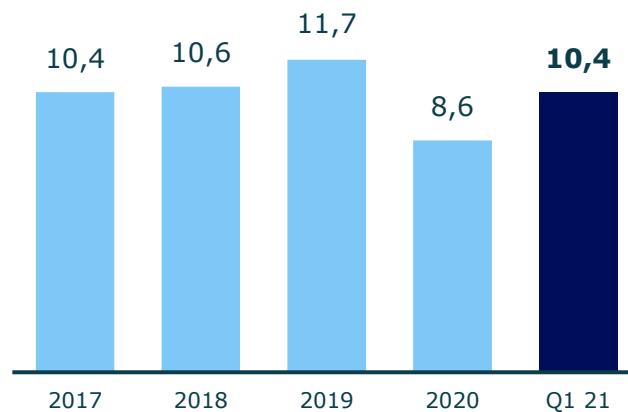
Return on Equity

Return on Equity ended at 10.4 per cent for the first quarter of 2021

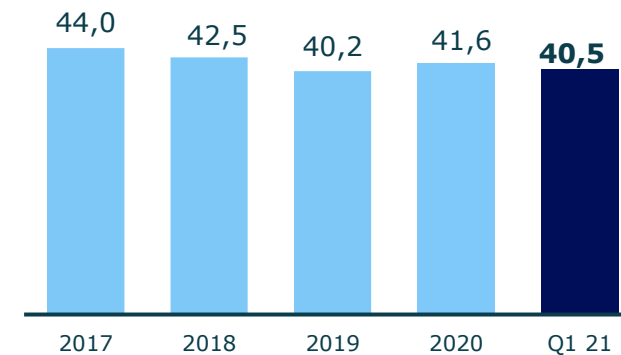
Key figures

- We can summarize the first quarter with increased profitability and cost efficiency
- We work actively to increase the quality of the customer experience through investments in digital customer solutions, system and technology development, and by developing competence and resources
- At the same time, we have a high focus on profitable and efficient operations
- The bank is growing and we are approaching the target of cost/income < 40%

Return on Equity

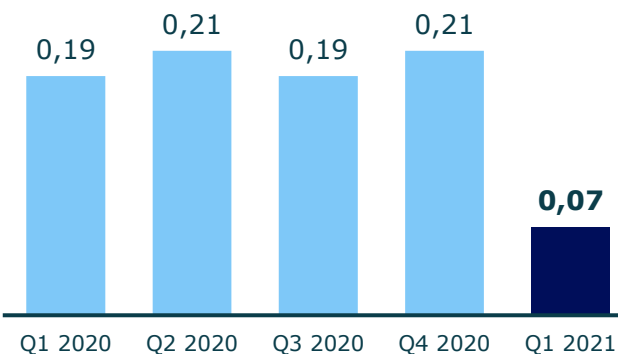


Cost/Income

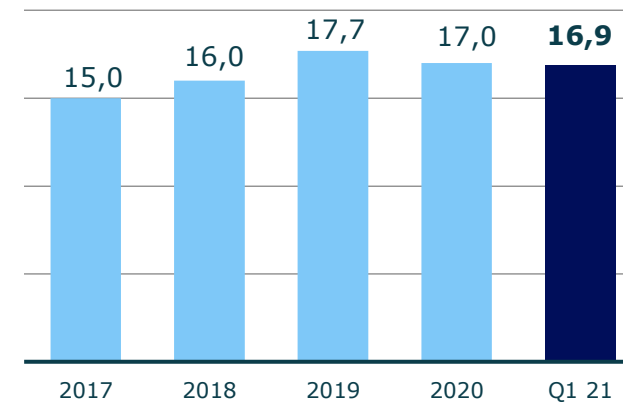


Losses on Loans and Guarantees

In per cent of Average Assets



Common Equity Tier 1 Capital (CET1)

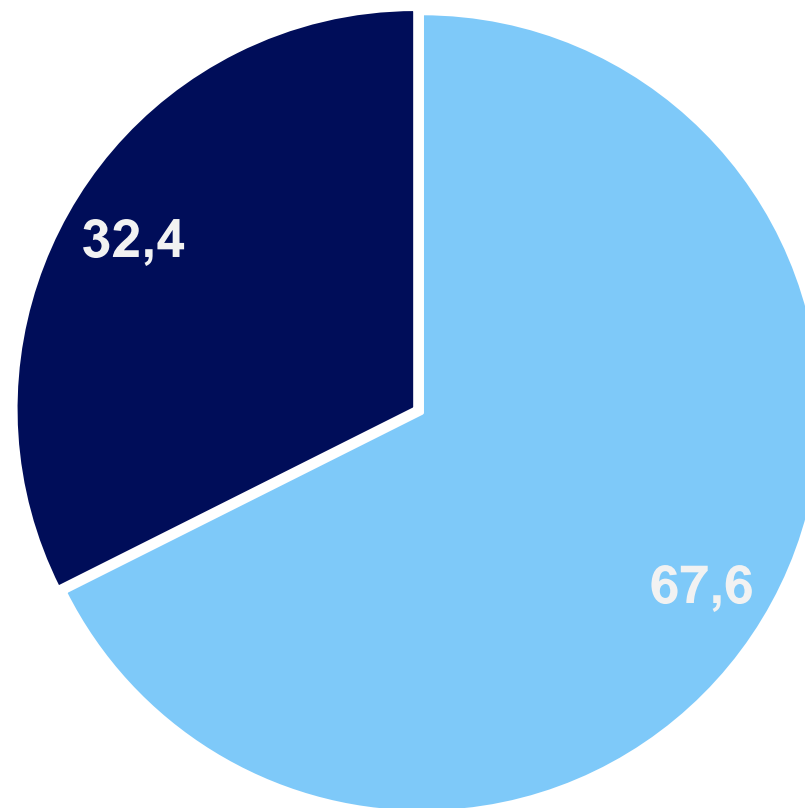


Lending – Q1

- Activity in the region is high and the growth of new customers is increasing in both the retail and the corporate market
- We have a good momentum into the year 2021 and expect lending growth to pick up somewhat
- Retail lending has increased by 3.6 % over the last 12 months
- Corporate lending has increased by 4.7 % over the last 12 months
- Loans to the corporate market amount to 32.4 % of total loans

Stable distribution in recent years

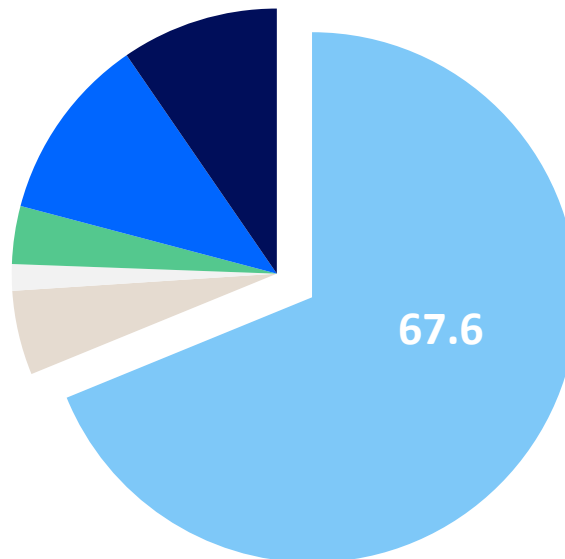
The Loan Book (Q1 2021)



Good quality in our retail portfolio

- High portion of secured loans and low level of loans in default
- 96.3 % of mortgages are within 85 % of LTV
- Our advisers have good relations with the customers and the customers are followed up regularly, at least once a year

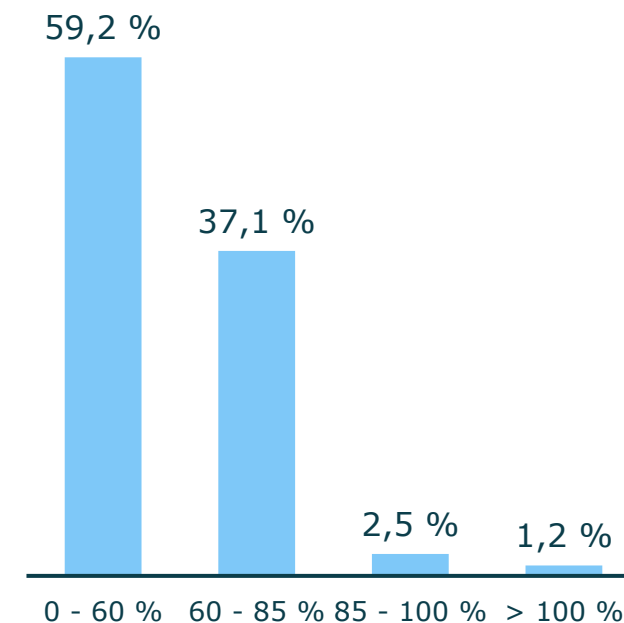
Loans to retail customers - % of total loans



The bank complies with the lending regulations (Boliglånsforskriften)

Deviation from Boliglånsforskriften reported in the first quarter of 2021 were 9.0 % outside Oslo, and 7.0 % in Oslo

Loan to Value – retail loans

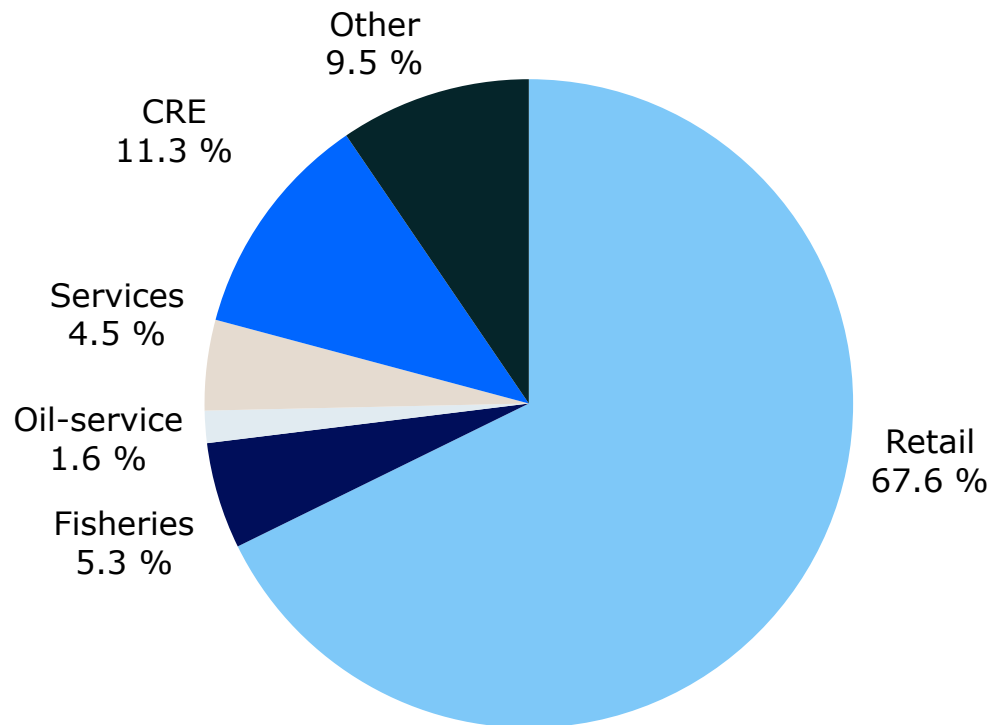


96.3 % of mortgages are within 85 % of LTV

Diversified loan book

- The bank is diversified with high credit quality in the corporate portfolio
- There is good activity in several industries that contribute to new business and growth in the business market
- At the same time, the financial situation is still serious for some industries and the bank emphasizes being a good discussion partner and supporter with expertise in both industries, prospects and support schemes from the authorities

Loans by sector



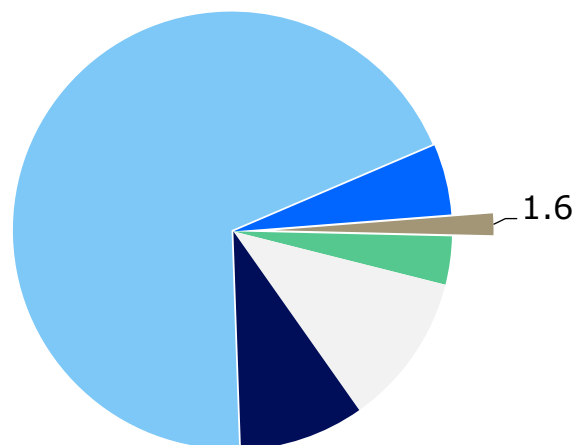
Other;

Financial services	0.8 %	Other Industry	2.2 %
Building and Construction	1.4 %	Fishing Industry	1.6 %
Retail/wholesale trade	1.4 %	Ship Yards	0.7 %
Agriculture	0.9 %	Other	0.5 %

Low exposure towards Oil Service

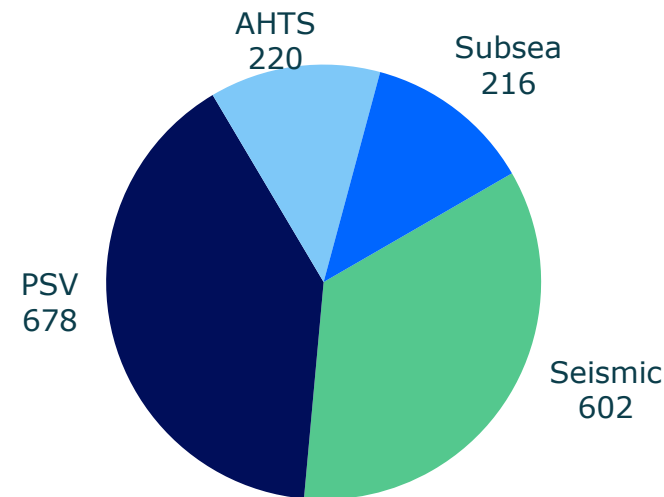
Loans to Oil Service

- In per cent of total loans



EAD* by types of vessels

- In NOK million



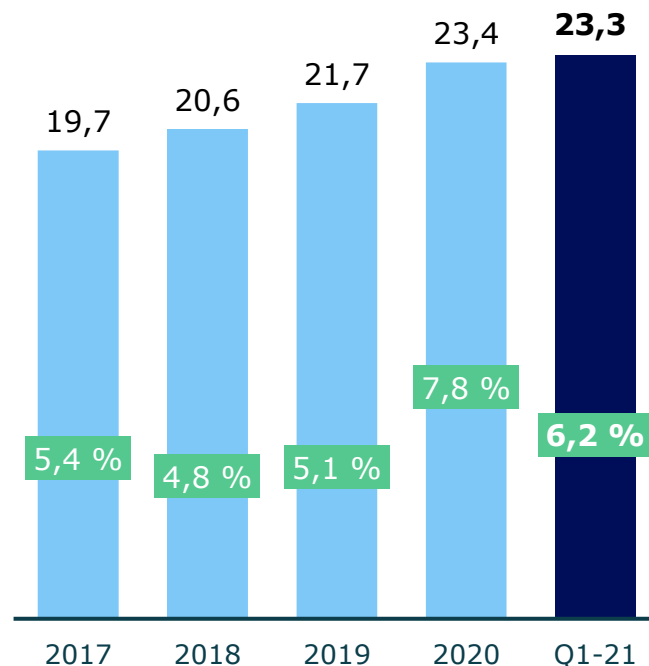
(EAD in NOK million)	Loans	Guarantees	Total EAD*	Expected Credit Losses			Per cent of EAD
				Individually assessed impairments	ECL-IFRS 9	Total	
Low Risk (Risk Class A-C)	164	102	266	0	2	2	0.9 %
Medium Risk (Risk Class D-G)	161	67	228	0	2	2	0.7 %
High Risk (Risk Class H-M)	157	202	359	0	16	16	4.4 %
Loans and guarantees with individually assessed impairments	742	137	878	185	-	185	21.1 %
Total	1,224	508	1,731	185	20	205	11.8 %

* Sparebanken Møre's total EAD ended at MNOK 73,081 by quarter end

Deposits

- Our deposit growth is good
- We experience good access and growth from both retail customers and companies
- We expect the deposit growth to remain high
- With the high deposit to loan ratio, the bank is well positioned to meet an environment with higher interest rates

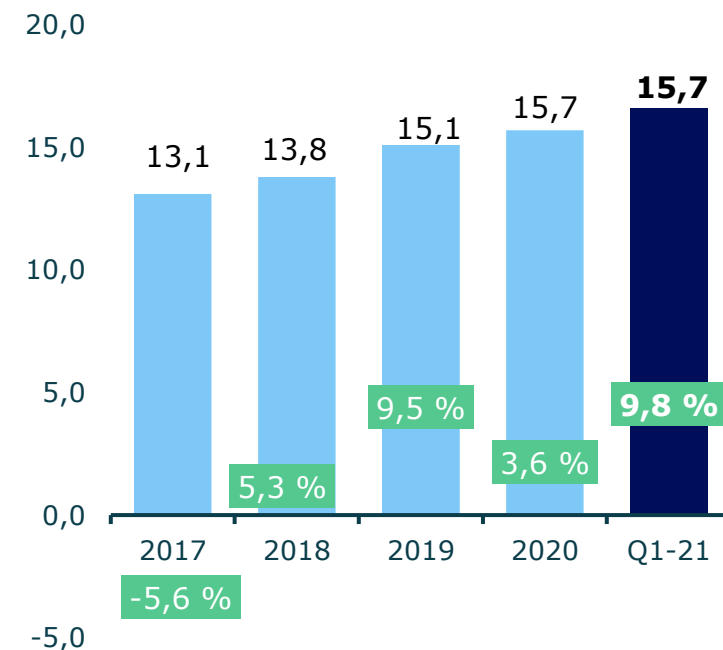
Retail market
- NOK billion and per cent y/y



Retail deposits have increased by 6.2 % over the last 12 months

Deposits from the retail market amount to 58.8 % of total deposits

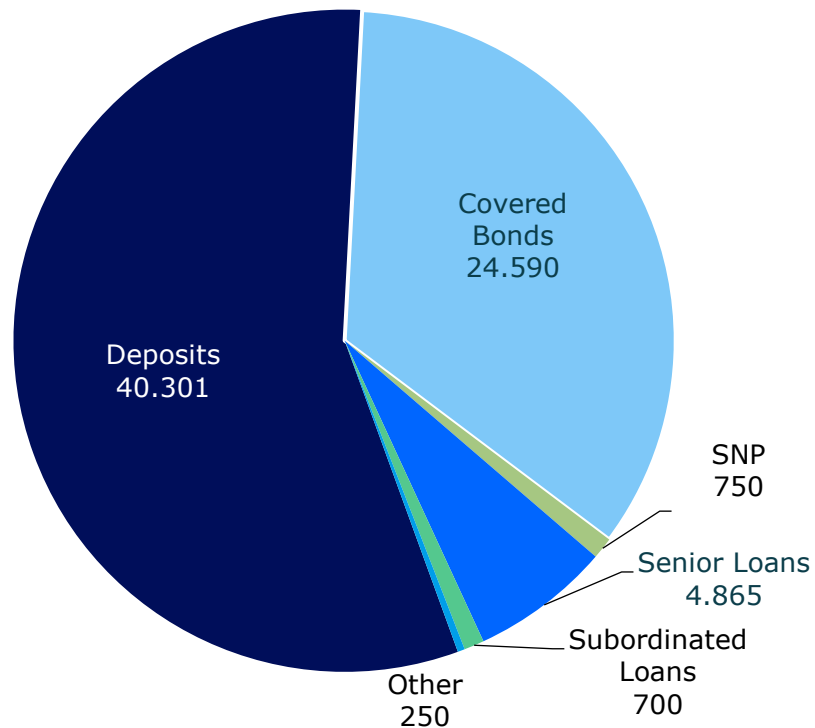
Corporate and public
- NOK billion and per cent y/y



Deposits from corporate and public customers have increased by 9.8 % the last 12 months

Deposits from customers and market funding – strong rating

Deposits are the Group's most important source of funding



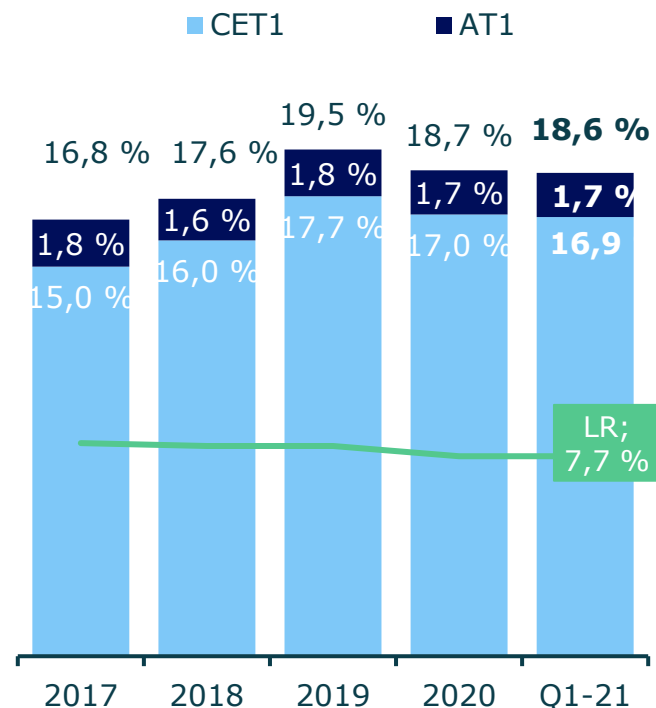
Sparebanken Møre with good access to the market – diversifying the investor base

- Our deposit-to-loan ratio stood at 58,8 per cent by quarter end
- Total net market funding ended at NOK 31.2 billion by end of the quarter – more than 90 per cent with remaining maturity of more than one year
- Senior Bonds: Weighted average maturity of 2.95 years (FSA defined key figures)
- Covered Bonds issued through Møre Boligkreditt AS have a weighted average maturity of 3.80 years (FSA defined key figures)
- By quarter end Møre Boligkreditt AS had issued seven loans qualifying for Level 2A liquidity in LCR. October 2019, the mortgage company placed its third successful semi-benchmark Public Issue of EUR 250 million in the European market
- In a letter to Sparebanken Møre dated 14 December 2020, Finanstilsynet (FSA) set the bank's MREL requirement at 31.4 per cent of adjusted risk weighted assets. The bank has submitted a plan for phasing in subordinated debt to the FSA and in January issued its first SNP loan of MNOK 750
- January 2021, Moody's upgraded the bank's rating from A2- stable to A1 with stable outlook. Issuances from Møre Boligkreditt AS are rated Aaa

Equity and related capital

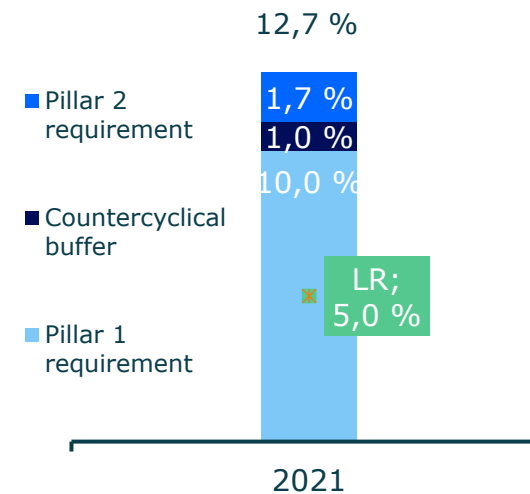
- We work continuously to maintain and strengthen Sparebanken Møre's good capital position
- CET1 and Leverage Ratio (LR) are well above current regulatory requirements
- The uncertain situation will persist, but the bank is equipped to withstand increasing defaults and losses and at the same time have the capacity for lending growth

Tier 1 capital in Sparebanken Møre - % of risk weighted assets



- By quarter end our Common Equity Tier 1 capital stood at 16.9 %, Tier 1 capital at 18.6 % and Total Capital at 20.6 %.
- Sparebanken Møre's capital targets are:
 - Total Capital: Minimum 18.7 %
 - Tier 1 capital: Minimum 16.7 %
 - CET1: Minimum 15.2 %

CET1 requirement for Sparebanken Møre - % of risk weighted assets and excl. Management Buffer

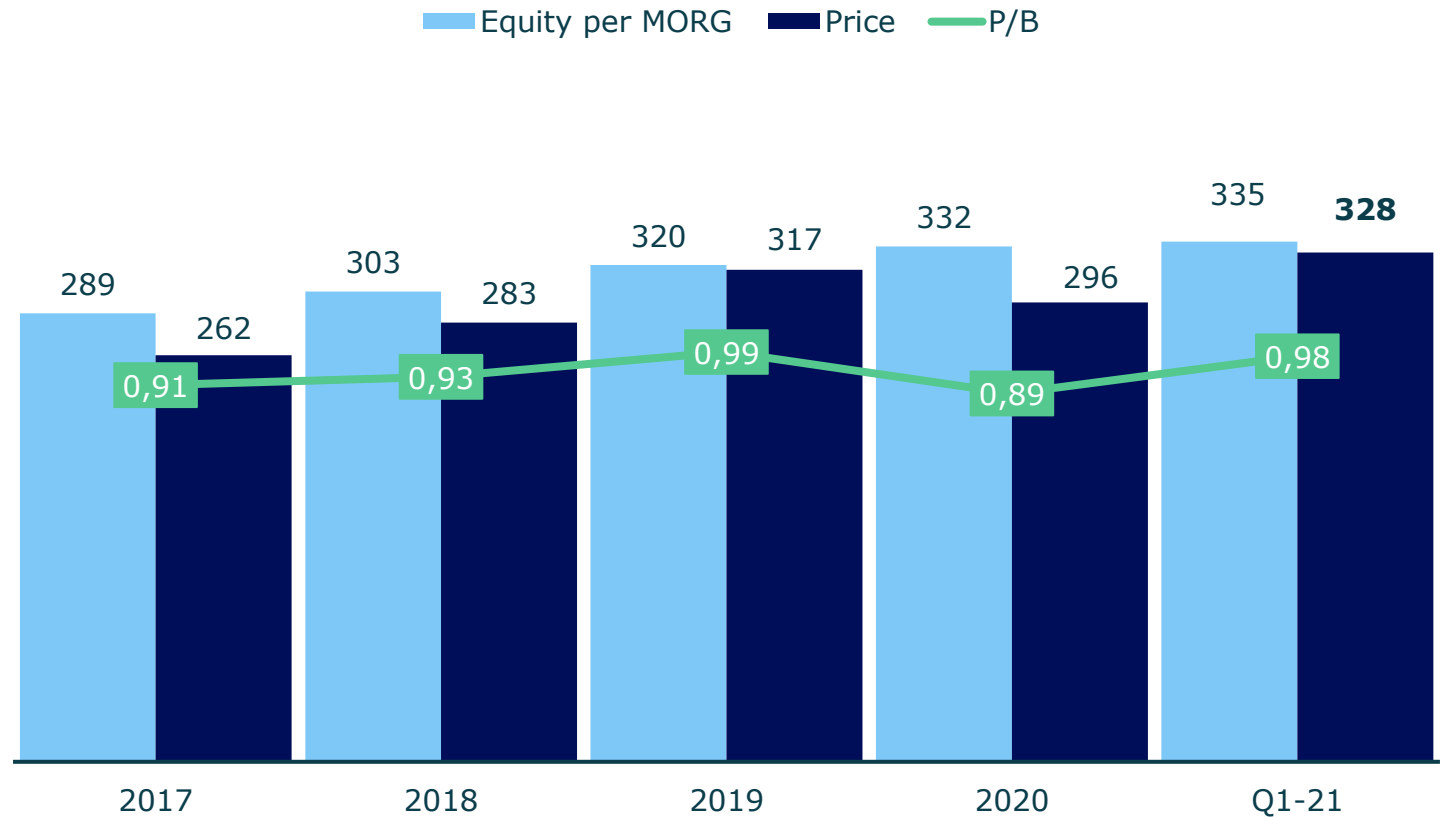


- The Group's capital adequacy ratio is well above the regulatory capital requirements
- Our capital is calculated according to the IRB Foundation Approach for corporate commitments, IRB Approach for the retail market and the Standardised Approach for other items

Dividend policy

- Sparebanken Møre aims to achieve financial results providing a good and stable return on the bank's equity capital
- Sparebanken Møre's 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
- Unless the capital strength dictates otherwise, about 50 per cent of the profit for the year will be distributed as dividends
- Sparebanken Møre's allocation of earnings shall ensure that all equity owners are guaranteed equal treatment

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



Equity per MORG is calculated on Group figures

Sparebanken Møre and the EC-market

- Sparebanken Møre was the first savings bank to be listed on Oslo Stock Exchange in 1989 with Equity Certificates (ECs)
- Our perspective is that we must have a conscious attitude to the market and facilitate that MORG is attractive and correctly priced – we are dependent of the market

Important elements also going forward

- High and stable results in combination with our non-dilutive dividend policy are cornerstones for us
- Strives for transparency and predictability in relation to the EC market
- IR policy with included communication plan and equal treatment
- "Investor-friendly" Articles of Association
 - ✓ Maximize EC owners' representation in the General Meeting
 - ✓ Special ownership powers. Cases involving equity capital:
 - Reduction of equity capital
 - Increase in equity capital
 - Subscription rights involving a subsequent right to demand the issuance of equity certificates
 - Loans involving the right to demand equity certificates issued must have the support of at least two thirds of the votes cast from the members elected by the equity certificate holders, in addition to the support of at least two thirds of the votes cast in the General Meeting
- In general, seek to contribute to liquidity in the paper

Financial targets remain unchanged

- Although Sparebanken Møre's strategic financial targets were not achieved in 2020 and activity-reducing measures as a result of the corona pandemic is expected to affect the market also in 2021, our targets stand unchanged
- The bank has taken steps to achieve these targets



ROE > 11.0 per cent



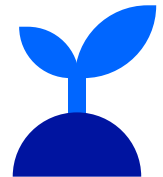
C/I < 40.0
per cent



Low level
of losses



CET1 > 15.2
per cent



Healthy financial
structure

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