INTERIM REPORT 1 QUARTER 11
NOT AUDITED

Møre Boligkreditt

Quarterly report from the Board of Directors

About the company

Møre Boligkreditt AS is a wholly owned subsidiary of Sparebanken Møre. The company has a licence to operate as a mortgage company and issue covered bonds. Møre Boligkreditt AS is Sparebanken Møre's most important source of market funding and an important part of the Bank's long-term funding strategy.

The accounts have been prepared in accordance with IFRS, IAS 34 (compressed).

Profit and balance sheet performance

The financial statements of Møre Boligkreditt AS show a profit after tax of NOK 9 million for the first quarter of 2011 compared with NOK 8 million for the corresponding period in 2010. Interest income amounted to NOK 62 million, compared with NOK 38 million for the corresponding period last year, while interest expenses were NOK 46 million, compared with NOK 24 million for the corresponding period last year.

Costs amounted to NOK 4 million, compared with NOK 3 million for the corresponding period in 2010. No losses were registered or write-downs made in the first quarter of 2011. Profit before tax was NOK 12 million, compared with NOK 11 million in the previous year. Tax amounted to NOK 3 million, compared with NOK 3 million for the corresponding period last year.

Total assets at the end of the quarter amounted to NOK 7 084 million, compared with NOK 4 203 million for the same quarter last year. Net lending amounted to NOK 6 859 million, compared with NOK 3 966 million for the corresponding period last year, while bank deposits totalled NOK 202 million, compared with NOK 231 million for the corresponding period last year.

In the first quarter of 2011, Møre Boligkreditt AS acquired home mortgage loans totalling NOK 1 820 million from Sparebanken Møre.

In the first quarter of 2011 the company issued a new covered bond loan with a limit of SEK 750 million, which is fully drawn. The covered bond loan is listed on the Oslo Stock Exchange. The bond loan is the seventh issued by Møre Boligkreditt AS and the company's first in a foreign currency. In addition, an existing loan with the exchange ticker MOBK01 was increased by NOK 500 million. The total bond loan debt at the end of the first quarter of 2011 was NOK 6 260 million.

Rating of the company's issues of covered bonds

The recognised ratings agency Moody's has given an Aaa- rating to all covered bonds issued by Møre Boligkreditt AS.

Financial strength

Møre Boligkreditt AS's equity and subordinated loan capital amounted to NOK 401 million at the end of the first quarter of 2011, compared with NOK 421 million at the end of the first quarter of 2010. This corresponds to a capital adequacy/core (tier 1) capital ratio of 15.28 per cent. The risk-weighted balance sheet amounted to NOK 2 622 million at the end of first quarter of 2011. The capital adequacy ratio has been calculated using the standard approach in the Basel II rules and regulations. The Board of Directors considers the company's risk-bearing capacity to be satisfactory.

Risk

Its licence as a mortgage company means Møre Boligkreditt AS is subject to a number of acts, regulations, recommendations and regulatory provisions. These regulations largely stipulate restrictions concerning the scope of the mortgage company's various risk exposures.

The Board of Directors and CEO of Møre Boligkreditt AS are responsible for ensuring that proper risk management is established, and that this is adequate and complies with the acts and regulations. Operational risk management in the mortgage company is performed by Sparebanken Møre based on a agreement concluded between the mortgage company and Sparebanken Møre. The risk management emphasises identifying, measuring and managing the mortgage company's risk elements in a manner that ensures Møre Boligkreditt AS complies with the professional credit regulations and keeps the various risks at a low level.

Credit risk

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

The credit risk strategy adopted by the mortgage company defines which loans can be acquired by the mortgage company. The strategy stipulates criteria for both borrowers and the collateral for the loans that can be acquired. At the end of the first quarter of 2011 lending had an average debt to asset ratio of 52 per cent. The Board of Directors considers the quality of the loan portfolio to be very good and the credit risk to be low.

Market risk

Market risk is the risk that will arise due to the mortgage company holding or assuming positions in loans and financial instruments in which the values over time will be affected by changes in market prices. Møre Boligkreditt AS must, pursuant to the law, have very low market risk and Board approved restrictions concerning its maximum exposure to market risk. The mortgage company utilises financial derivatives to keep this type of risk at a low level. A specific market strategy has been adopted for Møre Boligkreditt AS, which establishes the limits for this type of risk.

In the first quarter of 2011 the mortgage company established its first position in a foreign currency. This position has been hedged by financial derivatives, and the Board of Directors considers the overall market risk to be low.

Funding risk

Funding risk is the risk that the mortgage company will be unable to fulfil its obligations without substantial extra costs being incurred in the form of price falls for assets that must be realised or extra expensive funding.

The mortgage company has adopted a liquidity risk strategy and established limits for long-term funding and short-term liquidity risk limits. The bonds issued by Møre Boligkreditt AS have a soft bullet structure in which the mortgage company has an opportunity to extend the term of its borrowing by up to 12 months should the mortgage company experience problems refinancing on the ordinary due date. The Board of Directors considers the mortgage company's funding risk to be low.

Operational risk

Operational risk is the risk of losses due to inadequate or failing internal processes, human error, system failures or external events. Møre Boligkreditt AS has concluded a management agreement with Sparebanken Møre. The services covered by this include administration, production, IT operations, and financial and risk management. Therefore, the operational risk lies within the Bank's definition and management of this type of risk, and it is therefore the Bank that bears the risk associated with any errors in the deliveries and services that should be provided. The Board of Directors considers the mortgage company's operational risk to be low.

Future prospects

Household credit growth has stabilised in the range of 6 to 7 per cent throughout since January 2009. Low interest rates and low unemployment will contribute to maintaining the level of activity in the housing market and thus credit growth as well in 2011.

Møre Boligkreditt AS is planning further acquisitions of loan portfolios from Sparebanken Møre in 2011, and the mortgage company also plans to issue new covered bonds and sell these to domestic and international investors. The company's bonds are continuously rated by Moody's

Ålesund, 29 April 2011
The Board of Directors of Møre Boligkreditt AS

Kjetil Hauge
CHAIRMAN

Britt Iren Tøsse Aandal

Trond Nydal

Geir Tore Hjelle

Sandra Myhre Helseth

Ole Kjerstad
CEO

Statement of income

		Møre Boligkreditt AS		
Amounts in NOK million	Notes	1. q. 11	1. q. 10	2010
Interest income		62	38	191
Interest costs		46	24	134
Net interest and credit commission income	2, 7	16	14	57
Net change in value of debt securities and related derivativesr	5	0	0	0
Wages, salaries and general administration costs		1	1	4
Other operating costs	7	3	2	10
Total operating costs		4	3	14
Result before credit losses		12	11	43
Losses on loans, guarantees etc..	4	0	0	0
Result from ordinary operations before tax		12	11	43
Tax payable on ordinary result		3	3	12
Result from ordinary operations after tax		9	8	31
Result pr. share (NOK)		22.12	20.86	78.14
Diluted earnings pr. share (NOK)		22.12	20.86	78.14

Statement of comprehensive income

	Møre Boligkreditt AS		
Amounts in NOK million	1. q. 11	1. q. 10	2010
Result from ordinary operations after tax	9	8	31
Total comprehensive income from ordinary operations after tax	9	8	31

Balance sheet
- Statement of financial position as at the end of the period

		Møre Boligkreditt AS		
Amounts in NOK million	Notes	31.03.11	31.12.10	31.03.10
Assets				
Loans to and deposits with credit institutions, on a call basis	3, 5, 6, 7	202	250	231
Flexible loans to customers	3, 4, 5, 6	1 602	1 341	895
Instalment loans to customer	3, 4, 5, 6	5 257	4 198	3 071
Prepayments and accrued income		23	13	6
Total assets		7 084	5 802	4 203
Liabilities and equity capital				
Liabilities to credit institutions, on a call basis	5, 7	386	217	0
Borrowings raised through the issue of securities	5, 6, 7	6 224	5 082	3 749
Financial derivatives	5	32	16	0
Other liabilities		0	12	11
Accrued liabilities and deferred income		33	24	14
Total liabilities		6 675	5 351	3 774
Share capital		398	398	398
Other paid-in equity capital		0	0	0
Paid-in equity capital		398	398	398
Other equity capital		2	53	22
Result from ordinary operations after tax		9	-	8
Equity capital accumulated through retained earnings		11	53	30
Total equity capital		409	451	429
Total liabilities and equity capital		7 084	5 802	4 203

Statement of changes in equity

31.03.11				
Amounts in NOK Thousand	Equity capital	Share capital	**Other paid-in** equity capitall	Other equity capital
Equity capital pr. 31.12.10	451 656	398 000	360	53 296
Group contributions paid after tax	51 000			51 000
Total comprehensive income from ordinary operations after tax	8 802			8 802
Total equity capital pr. 31.03.11	409 458	398 000	360	11 098

31.03.10				
Amounts in NOK Thousand	Equity capital	Share capital	**Other paid-in** equity capitall	Other equity capital
Equity capital pr. 31.12.09	197 556	175 000	360	22 196
Capital increase registered in the Register of Business Enterprises on 9 January 2010	223 000	223 000		
Total comprehensive income from ordinary operations after tax	8 302			8 302
Total equity capital pr. 31.03.10	428 858	398 000	360	30 498

2010				
Amounts in NOK Thousand	Equity capital	Share capital	**Other paid-in** equity capitall	Other equity capital
Equity capital pr. 31.12.09	197 556	175 000	360	22 196
Capital increase registered in the Register of Business Enterprises on 9 January 2010	223 000	223 000		
Equity capital before allocations	420 556	398 000	360	22 196
Total comprehensive income from ordinary operations after tax	31 100			31 100
Total equity capital pr. 31.12.10	451 656	398 000	360	53 296

Suggested group contribution amounts to NOK 51 million.

Cash Flow Statement

	Møre Boligkreditt AS		
Amounts in NOK million	31.03.11	31.03.10	2010
Cash Flow Statement			
Interest, commission and fees received	77	40	197
Interest, commission and fees paid	-62	-25	-136
Paid operating expenses	-4	-3	-14
Payment of tax	-4	0	-8
Net changes relating to instalment loans to customers	-1 058	-233	-1 359
Net changes in respect of utilised credit facilities	-262	-128	-574
Net cash flow from operational activities	-1 313	-349	-1 894
Cash flow from investment activities	0	0	0
Net cash flow from investment activities	0	0	0
Cash flow from funding activities			
Net changes relating to deposits from Norges Bank and other financial institutions	169	-154	62
Net payments received in respect of proceeds from bond issues raised	1 142	499	1 831
Payment of dividend and group contribution	-63	0	0
Changes in other debt	17	0	16
Net cash flow from funding activities	1 265	345	1 909
Net changes on cash holdings	-48	-4	15
Holdings of cash 01.01	250	235	235
Holdings of cash 31.03/31.12	202	231	250

1 - Notes and summary of significant accounting policies and other explanatory information

1.1 Main policies
Møre Boligkreditt AS` (the Company) interim report in 2011 is prepared in accordance with adopted international accounting standards, International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board and implemented by the EU at 31 March 2011

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (compressed).

The interim financial statement is not audited.

1.2 Income recognition
All fees related to payment transactions are recognised as income as they occur. Interest income is recognised as income using the effective interest rate method. This means that nominal interest plus amortised set-up charges less direct marginal set-up charges is recognised as income as it occurs. The recognition of interest as income pursuant to the effective interest rate method is used for balance sheet items which are stated at amortised cost

1.3 Currency
All amounts in the financial statements and notes are stated in NOK million, unless otherwise specified. The company's functional currency and presentation currency is Norwegian kroner (NOK). Cash items in foreign currencies are converted into NOK at the exchange rates on the balance sheet date. Changes in value for such items due to changed exchange rates between the transaction date and the balance sheet date are recognised in the profit and loss account. Profit and loss account items are converted using the exchange rate at the time of the transaction.

1.4 Recognition and derecognition of assets and liabilities on the balance sheet
Assets and liabilities are recognised on the balance sheet on the date the company attains real control over the rights to the assets and assumes real obligations. Assets are derecognised from the date real risk relating to the assets is transferred and control over the rights to the assets ceases to exist or expires.

1.5 Financial instruments
1.5.1 Classification
The company's holdings of financial instruments are classified pursuant to IAS 39 according to the purpose of the financial instruments when they are first recognised in the financial statements. Møre Boligkreditt AS has the following classes of financial instruments:
- Loans and claims carried in the balance sheet at amortised cost
- Securities-related debt carried in the balance sheet at amortised cost
- Securities-related debt assessed at fair market value through the profit and loss account
- Financial derivatives classified as hedging instruments assessed at fair market value through the profit and loss account

Loans and claims carried in the balance sheet at amortised cost
All loans and claims are assessed at amortised cost based on expected cash flows.

Securities-related debt carried in the balance sheet at amortised cost
Securities-related debt with floating interest rate are measured at amortised cost. Differences between admission cost and settlement amount at maturity is amortised over the life of the loan using the effective interest method

Securities-related debt assessed at fair market value through the profit and loss account
Fair value hedging with value changes through the profit and loss account is used for the company's securities issued on fixed rate terms. Losses and gains due to value changes in securities issued stated at fair value with value changes through the profit and loss account are recognised in the period in which they occur..

Financial derivatives classified as hedging instruments assessed at fair market value through the profit and loss account
Financial derivatives are booked at fair value with value changes through the profit and loss account, and recognised in the balance sheet at the gross amount per contract as assets or liabilities, respectively. Financial derivatives used as hedging instruments for managing interest risk are included in this category.

1.5.2 Valuation
Valuation at amortised cost
Loans are assessed at market value when first assessed, with the addition of direct transaction costs. When determining the loan's value (transaction price), establishment fees are deducted and subject to accrual accounting over the life of the loan as part of the loan's effective interest cost. Loans are subsequently assessed at amortised cost by applying the effective interest rate method. The effective rate of interest is the rate which exactly discounts estimated, future cash flows over the loan's expected life, down to the net value of the loan as shown in the balance sheet. By implementing this calculation, all cash flows are estimated, and all contract-related terms and conditionsrelating to the loan are taken into consideration..

Valuation at fair value hedging, any changes in value shown through the profit and loss account
Fair value hedging with value changes through the profit and loss account is used for the company's securities issued on fixed rate terms. Only changes in value related to interest rate changes are included in the change in value. Changes in credit spread are excluded because the identified hedging only relates to the interest element.

Valuation at fair value
Møre Boligkreditt has only financial derivatives (interest rate swaps) valued at fair value. Fair value is the amount financial derivatives can be traded to, or a liability could be settled in, in a transaction between independent parties. The financial derivatives are valued respectively at bid and ask prices. Furthermore, the financial derivatives are classified in the following categories:

- Financial derivatives traded in an active market
For financial instruments traded in an active market, the quoted price obtained from either an exchange, a broker or a pricing agency is used. The market is active if it is possible to obtain external observable prices, exchange rates or interest rates and those prices represent actual and frequent market transactions. None of the financial derivatives associated with the company at the balance sheet date are quoted in an active market.

- Financial derivatives not traded in an active market
Financial derivatives not traded in active markets are valued based on various valuation techniques and are divided into two categories:
1) Valuation based on observable market data:
- Recently observed transactions in the current derivative between informed, willing and unrelated parties
- Derivatives traded in an active market, which is substantially similar to the instrument that is valued

2) Valuation based on other than observable market data:
- Estimated cash flows
- Models where material parameters are not based on observable market data

By using valuation techniques value is adjusted for the pricing of risk for the same derivatives as the basis for assessment

Write-downs
At each balance sheet date Møre Boligkreditt assesses whether there is objective evidence that the financial assets have been impaired. A financial asset or group of financial assets are written down if there is objective evidence of impairment.

Write-downs for the impairment of loans are recognised in the profit and loss account as lending losses. Calculated interest from lending that was previously written down is recognised in the profit and loss account as interest income. Reversals of write-downs are recognised in the profit and loss account as corrections of losses.

Individual write-downs
Individual write-down for credit losses is made when there are objective indications that there has been impairment of a loan's value as a result of reduced creditworthiness. For all commitments which are to be assessed individually, there shall be an assessment whether there is objective evidence that a loss event has occurred, and that the loss event reduces the loan's future cash flows. Examples of objective evidence are:
a) Significant financial problems in the case of the debtor in question
b) Default of payment or other significant breaches of contract. An engagement is considered to be in default if the borrower fails to pay overdue installments, or overdrawn is not covered in, within a maximum of 90 days
c) Approved deferment of payment or new credit for the payment of an installment, agreed changes to the rate of interest or other terms and conditions relating to the agreement as a result of debtor's financial problems
d) A likelihood of the debtor entering into debt negotiations, other financial restructuring, or of the debtor's estate being subject to bankruptcy proceedings

An impairment loss is reversed if the loss is reduced and can be related objectively to an event occurring after the impairment date.

If objective evidence of impairment can be identified, estimated impairment losses are calculated as the difference between book value in the balance sheet and the present value of estimated future cash flows discounted using the effective interest rate. In accordance with IAS 39 the best estimate is basis for the assessment of future cash flows. The effective interest rate used is the effective interest rate related to the loan before objective evidence of impairment was identified. The effective interest rate used for discounting is not adjusted due to changes in the loan's credit risk or loan terms because objective evidence of impairment is identified.

Individual write-downs on loans reduces the commitments` value recognised in the balance sheet. Changes in assessed value for the loans are recorded under "Losses on loans and changes in impairment on loans". Interest calculated using the effective interest method on the written down value of the loan is included in "Net interest and credit commission income".

Collective write-downs
Loans that are not associated with individual write-downs are assessed in groups. Loans that are tested for impairment individually, but for which we have no objective evidence, are also included in collective assessments. The impairment tests look at groups of customers with almost equal risk and value properties and are based on risk classification and loss experience for the groups of customers.

Groups of loans are written-down for impairment if there is objective evidence of:
a) Negative changes in the payment status of debtors in the group of loans
b) Real economic effects having occurred that on the balance sheet date have not been fully taken into account in the group's risk classification system

1.5.3 Hedge accounting
The company enters into hedging transactions to manage interest rate risk on debt securities with fixed interest rate and foreign currency. These are accounted for as fair value hedges.

At individual hedging, there exists a clear, direct and proven correlation between fluctuations in value of the hedged item arising from the hedged risk and value fluctuations of the financial derivative (hedging instrument).

At the conclusion of the transaction the relationship between the hedging instrument and the object is documented. In addition the objectives and the strategy for the hedging transaction are documented. Change in fair value related to the hedged risk of the hedged item and the instrument is evaluated periodically to ensure the necessary protection efficiency. Hedging instruments are carried at fair value and are recorded under "Net change in value of debt securities and related financial derivatives. "

For the hedged item changes in fair value related to the hedged risk are recognised as an addition or deduction in the carrying value of debt securities and are recorded under "Net change in value of debt securities and related financial derivatives. "

If the hedging relationship is interrupted or adequately hedge effectiveness can not be verified, the value change associated with the hedged item is amortised over the remaining maturity

1.6 Presentation in balance sheet and profit and loss account
Loans to and claims on credit institutions
Cash is defined as lending to and claims on financial institutions without agreed terms.

Lending
Lending is recognised on the balance sheet, depending on the counterparty, either as loans to and claims on financial institutions or lending to customers, independent of the valuation principle. Interest income is included on the line "Interest and similar income from loans to and claims on customers and credit institutions" using the

effective interest rate method. Changes in value that can be linked to defined objective evidence of impairment on the balance sheet date are included in "Losses on loans, guarantees etc".

Liabilities to financial institutions

Liabilities to financial institutions are recognised in the profit and loss account as liabilities to financial institutions independent of the valuation principle. Interest expenses on liabilities are included in "Interest and similar costs in respect of debt owed to credit institutions" based on the effective interest rate method

Securities issued

Securities issued includes issued bonds independent of the valuation principle. Interest expenses on the financial instruments are included in "Interest and similar costs in respect of securities issued for borrowing purposes" based on the effective interest rate method.

Tax

The tax cost consists of payable tax for the income year, any tax payable for previous years, and any changes in deferred tax. Deferred tax is calculated on the temporary differences in accordance with IAS 12 Income Taxes. A temporary difference is the difference between the carrying amount on the balance sheet of an asset or liability and the taxable value of that asset or liability. Tax increasing and tax reducing temporary differences that are reversed or could be reversed in the same period are offset and the net amount recognised. Deferred tax assets are recognised on the balance sheet to the extent that it is likely they will be able to be utilised against future taxable income. Deferred tax (tax assets) is recognised at its nominal value and reported on a separate line on the balance sheet. Tax payable and deferred tax are recognised directly in the profit and loss account against equity to the extent they relate to situations in which these are recognised directly against equity

Provisions, contingent assets and contingent liabilities

A provision is only recognised when an obligation exists (legal or actual) as a result of a previous event, it is likely that a flow of resources that includes financial benefits out of the entity will be required to fulfil the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are recognised at the amount that expresses the best estimate of the expenses required to fulfil the existing obligation on the balance sheet date. If material, account is taken of the time value of money when calculating the size of the provision. Contingent assets or contingent liabilities are not recognised.

1.7 Events occurring after the balance sheet date

New information about the mortgage company's positions on the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the mortgage company's position on the balance sheet date, but will affect the mortgage company's position in the future are disclosed if they are material.

1.8 Statement of cash flow

The cash flow analysis is prepared on the basis of net cash flows from operational, investment and financing activities. Cash flows from operational activities are defined as current interest associated with lending activities for customers, net receipts and payments from lending activities, and payments generated from costs associated with operational activities. Cash flows from other securities transactions, issuing and repaying securities issued, and equity are defined as funding activitiesr.

1.9 Equity capital

The equity capital consists of paid-in share capital, other paid-in equity, and other equity. Møre Boligkreditt AS recognises provisions for dividends and group contributions as other equity up to the point they are approved by the company's general meeting. Transaction costs associated with an equity transaction are recognised directly against equity.

1.10 Use of estimates in the preparation of the annual accounts

Preparation of the annual accounts in accordance with certain IFRS accounting standards means that in certain cases management has to use best estimates and assumptions. The assessments are based on historical experience and assumptions deemed to be reasonable and sensible by the management. The estimates and assumptions on which the abovementioned preparation is based affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and costs in the submitted annual accounts. There is a risk of the actual results later, to a certain extent, deviating from the estimates and assumptions on which the abovementioned preparation is based.

Certain accounting principles are regarded as particularly important in order to illustrate the company's financial position due to the fact that 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:

Write-down on loans

The company examines the lending portfolio at least every quarter. Commitments are reviewed individually and deemed to require writedowns when there is objective proof of impairment in value or at the latest in the case of the commitment having been in default for more than 90 days. Furthermore, write-down assessments are done for groups of loans. Reference is made to Note 3 for further description of principles and methodology. In connection with write-down assessments, all cash flows relating to the commitments in question shall in principle be identified, and an assessment shall be made as to which cash flows are vulnerable. Against the background of the large number of commitments which are subject to assessment both on an individual- and group basis, such calculations must be done on the basis of approximation and figures from earlier experience.

Fair market value of financial derivatives

For financial instruments which are not traded in active markets, various evaluation methods are applied in order to ascertain fair market value. Further information and a description of the techniques used may be found in Accounting principles, under 1.5.2. Reference is also made to notes 5 which deal with financial instruments

2 - Net interest income

Amounts in NOK million	Gross loans		
	31.03.11	31.03.10	2010
Interest and similar income from:			
Loans to and deposits with credit institutions	1	1	6
Loans to and other lendings to customers	59	37	183
Other interest income	2	0	2
Interest and similiar income	62	38	191
Interest and similiar costs in respect of:			
Debt owed to credit institutions	2	1	8
Securities issued for borrowing purposes	44	23	126
Interest and similar cost	46	24	134
Net interest and credit commission income	16	14	57

3 - Gross loans broken down according to sectors

Amounts in NOK million	Gross loans		
Sectors	31.03.11	31.03.10	2010
Agriculture and forestry	2	2	2
Fisheries	2	2	2
Industry and mining	0	0	1
Building and construction	8	8	6
Wholesale and retail trade, hotel industry	8	5	7
Property management	157	101	97
Transport and private service industry	20	16	19
Public entities	0	0	0
Non-Norwegian lending	0	0	0
Miscellaneous	0	0	0
Total Corporate/Public entities	197	133	134
Retail customers	6 662	3 833	5 403
Total Gross loans	6 859	3 966	5 537

4 - Write-downs, losses and non-performance

Møre Boligkreditt AS reviews its loan portfolio every quarter. All commitments that must be assessed individually are tested to see whether or not objective evidence exists that a loss event has occurred and that the loss event reduces the loan's future cash flows. Examples of such objective evidence are material financial problems at the debtor, payment defaults, material breaches of contract, agreed changes to the interest rate or other agreement terms due to financial problems at the debtor, bankruptcy, etc.

If objective evidence of impairment exists, the loss on the loan is estimated as the difference between the carrying amount (balance + accrued interest on the date of assessment) and the present value of future cash flows. Estimates of future cash flows also take into account takeovers and sales of associated collateral, included expenses associated with such takeovers and sales.

When a future cash flow is estimated according to best judgement and this is registered, the system will calculate the new value of the loan (amortised cost) and the difference compared to the carrying amount will equal the write-down amount.

When all collateral has been realised and there is no doubt the mortgage company will not receive further payments relating to the commitment, the loss write-down will be reversed and the actual loss will be booked. Nonetheless, the claim against the customer will remain and be followed up, unless a debt forgiveness agreement is reached with the customer.

Collective write-downs for impaired value are calculated for subgroups of loans concerning which objective events indicate that future cash flows that would be used to service the commitments have weakened, where it is not possible to examine all commitments on an individual basis, or where information is not identifiable at a commitment level. Commitments against which individual write-downs for losses have been registered are not included in the basis for collective write-downs.

The Sparebanken Møre Group has developed its own collective write-down model and calculations are conducted each month based on input from the risk classification system, data warehouse, and assessments of macroeconomic factors. Changes to risk classification, negative developments in collateral values, and registered macroeconomic events that affect future estimated cash flows are taken into account in the model. The models looks at both cash flows out of the company (total borrowing and funding expenses, administration expenses, etc), as well as estimated cash flow into the company (including interest income from customers). The group's model for collective write-downs is tailored to Møre Boligkreditt AS' assumptions and operations.

No exposures in the company's lending portfolio were identified on the balance sheet date as needing individual write-downs. Nor do the lending statistics on the balance sheet show any registered non-performance in the mortgage company's portfolio. The model used for collective write-downs does not indicate any need for provisions for losses for groups of loans.

5 - Financial assets, liabilities and derivatives

All lending and receivables are stated at amortised cost based on expected cash flows. Amortised cost is used for securities issued on variable rate terms. The difference between the borrowing costs and settlement amount upon maturity is amortised over the loan's term.

Fair value hedging with value changes through the profit and loss account is used for the company's securities issued on fixed rate terms.

Financial derivatives related to the company`s debt securities are carried at fair value through profit or loss, and recognised gross per contract, as either asset or debt.

31.03.11

(MNOK)	Fair value hedged financial instruments with value changes through the profit and loss account	Financial derivatives used as hedging instruments	Financial assets and liabilities stated at amortised cost	Total
Loans to and claims on credit institutions	-	-	202	202
Loans to and claims on customers	-	-	6 859	6 859
Total financial assets	0	0	7 061	7 061
Liabilities to credit institutions	-	-	386	386
Financial derivatives	-	32	-	32
Borrowings raised through the issue of securities	472	-	5 752	6 224
Total financial liabilities	472	32	6 138	6 642

31.12.10

(MNOK)	Fair value hedged financial instruments with value changes through the profit and loss account	Financial derivatives used as hedging instruments	Financial assets and liabilities stated at amortised cost	Total
Loans to and claims on credit institutions	-	-	250	250
Loans to and claims on customers	-	-	5 539	5 539
Total financial assets	0	0	5 789	5 789
Liabilities to credit institutions	-	-	217	217
Financial derivatives	-	16	-	16
Borrowings raised through the issue of secu	484	-	4 598	5 082
Total financial liabilities	484	16	4 815	5 315

Debt securities issued with floating interest rate are measured at amortised cost. Differences between admission cost and settlement amount at maturity is amortised over the life of the loan using the effective interest method.

The company's debt securities with fixed interest rates are assessed by using fair value hedging with changes in value shown over the profit and loss account.

Losses and gains resulting from changes in value of debt securities which are measured at fair value through profit or loss is recognised in the period they arise.

Market prices are used to price lending to and receivables from financial institutions and lending to customers. The prices set include a mark-up for the relevant credit risk. Fair value is estimated as the carrying amount of the lending and receivables stated at amortised cost.

(MNOK)	Booked value	Fair value	Booked value	Fair value
	31.03.2011	31.03.2011	31.12.2010	31.12.2010
Loans to and claims on credit institutions	202	202	250	250
Loans to and claims on customers	6 859	6 859	5 539	5 539
Total financial assets	7 061	7 061	5 789	5 789
Liabilities to credit institutions	386	386	217	217
Debt securities at amortised cost	5 752	5 761	4 598	4 599
Value secured debt securities with changes in value shown through profit or loss	472	462	484	478
Total financial liabilities	6 610	6 609	5 299	5 294

There are no significant differences between the carrying value and fair value of assets and liabilities agreed with floating interest rates and book according to amortised cost.
Book values provide a reasonable estimate of fair value.

Financial instruments not traded in an active market are valued based on own value judgments on the basis of current market conditions, or valuation from other market players.

31.03.11

(Amounts in NOK million)	Valuation based on prices in an active market Level 1	Valuation based on observed market information Level 2	Valuation based on other than observed market information Level 3
Financial derivatives	-	32	-

The company's securities issued on fixed rate terms have an excess value of NOK 32 million and financial derivatives (interest rate swaps) have a shortfall of NOK 32 million as per 31 December 2010. The net change in value of debt securities and related derivatives was NOK 0 million in Q1 2011.

31.12.10

(Amounts in NOK million)	Valuation based on prices in an active market Level 1	Valuation based on observed market information Level 2	Valuation based on other than observed market information Level 3
Financial derivatives	-	16	-

The company's securities issued on fixed rate terms have an excess value of NOK 16 million and financial derivatives (interest rate swaps) have a shortfall of NOK 16 million as per 31 December 2010. The net value changes and gains/losses on securities was NOK 0 million in 2010.

6 - Financial liabilities

Securitised debt is classified as being valued at amortised cost.

Covered bonds (Amounts in NOK million)

ISIN code	Currency	Nominal value 31.03.2011	Interest	Issue	Maturity	31.03.2011	31.12.2010
NO0010499825	NOK	750	3M Nibor + 0,40 %	2009	2012	750	750
NO0010499833	NOK	1 000	3M Nibor + 0,45 %	2009	2014	1 000	1 000
NO0010499841	NOK	1 500	3M Nibor + 0,50 %	2009	2016	1 500	1 500
NO0010564982	NOK	1 250	3M Nibor + 0,40 %	2010	2015	1 248	749
NO0010575079	NOK	600	3M Nibor + 0,55 %	2010	2017	599	599
NO0010588072	NOK	500	fixed 4,75 %	2010	2025	472	484
NO0010601396	SEK	750	3M Stibor + 0,85 %	2011	2016	655	-
Total borrowings raised through the issue of securities						6 224	5 082

Coverpool (Amounts in NOK million)	31.03.11	31.12.2010	31.03.2010
Pool of eligible loans	6 742	5 391	3 840
Supplementary assets	202	250	231
Total collateralised assets	6 944	5 641	4 071
Over-collateralisation	111.7 %	111.1 %	108.6 %

7 - Transactions with related parties

In order to exercise normal operations, Møre Boligkreditt AS buys services from Sparebanken Møre. There will also be transactions between the parties related to the mortgage company's acquisition of loan portfolio, and the fact that Sparebanken Møre provides loans and credits to the mortgage company.

The economic conditions for the transfer of loans from Sparebanken Møre are market value. During the first quarter of 2011 portfolio of 1 820 million was transferred. In 2010, the total transferred portfolio amounted to 3 861 million. If the purchased mortgage loans have fixed interest rates the price is adjusted for the value above / below par. Sparebanken Møre is responsible for ensuring that the loans to be transferred to Møre Boligkreditt AS are properly established and in accordance with the requirements specified in the agreement between the mortgage company and the Parent Bank. In case of violation of these requirements, the Parent Bank will be liable for any losses that the mortgage company would experience as a result of the error.

If Møre Boligkreditt AS should have difficulty obtaining financing, there is established a revolving guarantee from Sparebanken Møre whose purpose is to ensure timely payments to owners of bonds and derivatives.

Møre Boligkreditt AS is billed for costs related to lease of premises at Sparebanken Møre. In addition the company is billed for services related to accounting, financial reporting, risk management, cash management, financing, governance and general legal services.

Sparebanken Møre bills the mortgage company based on actual salary costs, including employers` social security contribution, pension costs and other social costs. Parts of the mortgage company's expenses related to services provided by Sparebanken Møre relates to the size of the portfolio acquired from Sparebanken Møre. The interest rate of the mortgage company's deposit and credit limit in Sparebanken Møre is based on 3 months NIBOR + a premium.

The most important transactions are as follows:

(Amounts in NOK million)	31.03.11	31.03.10	2010
Result			
Interest and credit commision income from Sparebanken Møre related to deposits	1	1	6
Interest and credit commision income paid to Sparebanken Møre related to loan/credit facility	2	1	8
Interest paid to Sparebanken Møre related to securitised debt	22	20	86
Management fee paid to Sparebanken Møre	2	1	7
Balance sheet			
Deposits in Sparebanken Møre	202	231	250
Covered bonds	2 823	3 040	2 818
Loan/credit facility in Sparebanken Møre	386	0	217

8 - Equity and related capital

(Amounts in NOK million)	Møre Boligkreditt AS		
Standard method (Basel II)	31.03.11	31.03.10	2010
Core capital	401	421	421
Supplementary capital	0	0	0
Net equity and subordinated loan capital	401	421	421
Risk-weighted assets (calculation basis for capital adequacy ratio)	2 622	1 561	2 146
Capital adequacy ratio	15.28	26.94	19.60
Core capital ratio	15.28	26.94	19.60

Highlights

Quarterly results

(Amounts in NOK million)	1. q. 2011	4. q. 2010	3. q. 2010	2. q. 2010	1. q. 2010
Net interest and credit commission income	16	16	13	14	14
Total other operating income	0	0	0	0	0
Total operating costs	4	4	3	5	3
Result before losses	12	12	10	9	11
Losses on loans, guarantees etc.	0	0	0	0	0
Result before tax	12	12	10	9	11
Tax payable on ordinary result	3	3	3	3	3
Result from ordinary operations after tax	9	9	7	6	8

As a percentage of average assets	1. q. 2011	4. q. 2010	3. q. 2010	2. q. 2010	1. q. 2010
Net interest and credit commission income	1.09	1.16	1.08	1.16	1.40
Total other operating income	0.00	0.01	0.00	0.00	0.00
Total operating costs	0.24	0.27	0.23	0.40	0.25
Result before losses	0.85	0.90	0.85	0.76	1.15
Losses on loans, guarantees etc.	0.00	0.00	0.00	0.00	0.00
Result before tax	0.85	0.90	0.85	0.76	1.15
Tax payable on ordinary result	0.23	0.25	0.24	0.21	0.32
Result from ordinary operations after tax	0.62	0.65	0.61	0.55	0.83

Result

(Amounts in NOK million)	31.03.11	31.03.10	2010
Net interest and credit commission income	16	14	57
Total other operating income	0	0	0
Total operating costs	4	3	14
Result before losses	12	11	43
Losses on loans, guarantees etc.	0	0	0
Result before tax	12	11	43
Tax payable on ordinary result	3	3	12
Result from ordinary operations after tax	9	8	31

As a percentage of average assets	31.03.11	31.03.10	2010
Net interest and credit commission income	1.09	1.40	1.19
Total other operating income	0.00	0.00	0.00
Total operating costs	0.24	0.25	0.29
Result before losses	0.85	1.15	0.90
Losses on loans, guarantees etc.	0.00	0.00	0.00
Result before tax	0.85	1.15	0.90
Tax payable on ordinary result	0.23	0.32	0.25
Result from ordinary operations after tax	0.62	0.83	0.65

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