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# Interim 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.

## Profit and balance sheet performance

The financial statements of Møre Boligkreditt AS show a profit before tax of NOK 40 million by Q1 2013, compared with NOK 19 million for the corresponding period in 2012. Interest income amounted to NOK 118 million, compared with NOK 97 million for the same period last year, while interest expenses totalled NOK 72 million, compared with NOK 74 million for the same period last year. Costs amounted to NOK 6 million, compared with NOK 5 million for the corresponding period in 2012.

Møre Boligkreditt AS had no established losses and allocated no provisions for individual losses in Q1 2013. Nor has the company changed its provisions for collective write-downs in Q1 2013. The amount allocated for collective write-downs was NOK 1 million. Profit after tax amounted to NOK 29 million, compared with NOK 14 million for the same period last year. Tax amounted to NOK 11 million, compared with NOK 5 million for the same period last year. Total assets at the end of the quarter amounted to NOK 11,910 million compared to NOK 9,274 million at the end of the same quar-

ter last year. Net lending amounted to NOK 11,554 million, compared with NOK 9,099 million for the same period last year, and bank deposits amounted to NOK 226 million, compared with NOK 109 million for the same period in 2012.

Møre Boligkreditt AS acquired mortgages from Sparebanken Møre in Q1 2013 and the company's net lending growth amounted to NOK 224 million. The company have no new bond issues, nor drawn on existing bond loans in Q1 2013. Møre Boligkreditt AS has a total of ten bond loans. The total bond loan debt by end of first quarter 2013 was NOK 10 036 million.

## Rating of the company's issues of covered bonds

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

## Capital strength

Møre Boligkreditt AS' equity and subordinated loan capital amounted to NOK 503 million at the end of Q1 2013, the same as at the end of Q1 2012. This corresponds to a capital adequacy/core capital ratio of 11.54 per cent. The risk-weighted balance sheet amounted to NOK 4 357 million at the end of Q1 2013. The capital adequacy ratio has been calculated using the standard approach in the Basel II regulations. The Board regards the company's interest bearing capacity as satisfactory.

## Risks

Being licensed 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 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 an agreement between the mortgage company and Sparebanken Møre. The risk management emphasizes 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 fulfill their obligations at the agreed time and pursuant to written agreements, and the received collateral 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 Q1 2013 the average loan to value ratio was 51.3 per cent. The Board regards the quality of the loan portfolio as very good and the credit risk as low.

## MARKET RISK

Market risk is the risk that will occur due to the mortgage company's holding or assuming positions in lending and financial instruments in which the values over time will be affected by changes in market prices. Møre

Boligkreditt AS must by law have very low market risk and Board approved restrictions with regard to maximum exposure to market risk. The mortgage company utilizes 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. The company's fixed income and foreign currency positions are hedged by financial derivatives, and the Board considers the overall market risk to be low.

#### LIQUIDITY RISK

Liquidity risk is the risk that the mortgage company will be unable to fulfill its obligations without substantial extra costs being incurred in the form of price falls for assets that must be realized or more 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 and the mortgage company has an option of extending the term of its borrowing by up to 12 months. The Board also regards the mortgage company's liquidity risk as 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. The operational risk lies within the bank's definition and management of this type of risk, and therefore the bank hold risk from errors in the delivery of product and services provided. The Board regards the mortgage company's operational risk as low.

#### Outlook

The Norwegian economy is solid and the trends in our county also reflect this. A strong household sector, due to factors such as low interest rates and low unemployment, and a solid public sector will contribute to high activity in several sectors. Should the Norwegian economy be hit harder than expected, monetary and financial policy could quickly be moved in a more expansive direction. The development of house prices and growth in debt are probably the most important risk factors for Norwegian households. The European debt crisis and weak economic development of our trade partners are sources

of uncertainty in the local export industry. Other important risk factors going forward are the development of oil prices and the NOK exchange rate.

Recent analyzes show that the activity in Møre og Romsdal county will remain high in 2013 and 2014 as well, particularly in the public and private services, and oil-related activities. As a result of the poor performance of our export markets, and the prospect of somewhat slower growth in the Norwegian economy, it is likely that unemployment will rise slightly both nationally and in Møre og Romsdal.

In March, the registered unemployment rate in Norway was 2.7 percent. The county of Rogaland has the lowest rate at 1.8 percent of the workforce, followed by the counties Sogn og Fjordane, Hordaland and Møre og Romsdal, all three with 2.1 percent.

The Board believes that the good trend for business and industry in the county, combined with low interest rates and increase in household income, will contribute to further loan growth in Sparebanken Møre. This will position Møre Boligkreditt AS to acquire more of the parent bank's loan portfolio, and we will see a further growth in outstanding bonds in 2013.

Ålesund, 24 April 2013  
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				
(MNOK)	Notes	Q1 13	Q1 12	2012
Interest income	2	118	97	405
Interest costs	2	72	74	275
Net interest and credit commission income	2, 8	46	23	130
Net change in value of debt securities and related derivatives		0	1	0
Wages, salaries and general administration costs		1	1	3
Other operating costs	8	5	4	18
Total operating costs		6	5	21
Result before credit losses		40	19	109
Losses on loans, guarantees etc.	3	0	0	0
Result from ordinary operations before tax		40	19	109
Tax payable on ordinary result		11	5	31
Result from ordinary operations after tax		29	14	78
Result pr. share (NOK)		58.31	27.56	155.78
Diluted earnings pr. share (NOK)		58.31	27.56	155.78

## STATEMENT OF COMPREHENSIVE INCOME

MØRE BOLIGKREDITT AS				
(MNOK)	Notes	Q1 13	Q1 12	2012
Result from ordinary operations after tax		29	14	78
Total comprehensive income from ordinary operations after tax		29	14	78

## BALANCE SHEET

- STATEMENT OF FINANCIAL POSITION AS AT THE END OF THE PERIOD

(MNOK)	Notes	MØRE BOLIGKREDITT AS		
		31.03.13	31.12.12	31.03.12
<b>Assets</b>				
Loans to and deposits with credit institutions, on a call basis	2, 4, 5, 8	226	225	109
Net loans to and claims on customers	2, 3, 4, 5	11 554	11 330	9 099
Financial derivatives	4, 5, 6	95	71	37
Prepayments and accrued income		35	23	30
<b>Total assets</b>	9	<b>11 910</b>	11 649	9 274
<b>Liabilities and equity capital</b>				
Liabilities to credit institutions, on a call basis	4, 5, 8	1 261	987	754
Borrowings raised through the issue of securities	4, 5, 7, 8	10 036	10 006	7 922
Financial derivatives	4, 5, 6	0	6	17
Other liabilities		36	31	16
Accrued liabilities and deferred income		45	38	49
<b>Total liabilities</b>		<b>11 378</b>	11 068	8 758
Share capital		500	500	500
Other paid-in equity capital		0	0	0
Paid-in equity capital		500	500	500
Other equity capital		3	3	2
Result from ordinary operations after tax		29	78	14
Equity capital accumulated through retained earnings		32	81	16
<b>Total equity capital</b>		<b>532</b>	581	516
<b>Total liabilities and equity capital</b>	9	<b>11 910</b>	11 649	9 274

## STATEMENT OF CHANGES IN EQUITY

31.03.13

Amounts in MNOK	Equity capital	Share capital	Other paid-in equity capital	Other equity capital
Equity capital as at 31.12.12	581	500	0	81
Distributed dividend	-78	0	0	-78
Total comprehensive income from ordinary operations after tax	29	0	0	29
Equity capital as at 31.03.13	532	500	0	32

The share capital is distributed over 500 000 shares at NOK 1 000, a total of NOK 500 million. All shares are owned by Sparebanken Møre.

31.03.12

Amounts in MNOK	Equity capital	Share capital	Other paid-in equity capital	Other equity capital
Equity capital as at 31.12.11	531	500	0	31
Distributed dividend	-28	0	0	-28
Total comprehensive income from ordinary operations after tax	14	0	0	14
Equity capital as at 31.03.12	516	500	0	16

31.12.12

Amounts in MNOK	Equity capital	Share capital	Other paid-in equity capital	Other equity capital
Equity capital as at 31.12.11	531	500	0	30
Distributed dividend	-28	0	0	-28
Equity capital before allocations	503	500	0	3
Total comprehensive income from ordinary operations after tax	78	0	0	78
Equity capital as at 31.12.12	581	500	0	81

## CASH FLOW STATEMENT

(MNOK)	MØRE BOLIGKREDITT AS		
	31.03.13	31.03.12	2012
Cash flow from operational activities			
Interest, commission and fees received	125	104	402
Interest, commission and fees paid	-83	-80	-276
Paid operating expenses	-6	-5	-22
Payment of tax	-6	0	-11
Payment for transferred loans from the Parent Bank	-1 101	-1 839	-6 649
Payments from customers related to installment loans and credit lines	876	888	3 467
Net cash flow from operational activities	-195	-932	-3 089
Cash flow from investment activities	0	0	0
Net cash flow from investment activities	0	0	0
Cash flow from funding activities			
Changes relating to deposits from financial institutions	287	160	393
Payments received in respect of proceeds from bond issues raised	0	800	3 642
Payment on redemption of debt securities	0	0	-801
Payment of dividend and group contribution	-78	-28	-28
Changes of other debt	1	-1	-2
Net cash flow from funding activities	210	931	3 204
Net changes on cash holdings	15	-1	115
Holdings of cash 01.01	211	110	110
Holdings of cash 31.03/31.12	226	109	225



Notes Amounts in NOK million

## 1 ACCOUNTING PRINCIPLES

Møre Boligkreditt AS' interim report is prepared in accordance with IAS 34 Interim Financial Reporting (compressed).

The accounts are prepared using the same princi-

ples, and with the same methodology as the annual accounts for 2012. The principles are outlined in the annual report for 2012. There have been no changes in standards that affect the financial statements of Møre Boligkreditt AS from 31 December 2012.

The interim financial statement is not audited.

All amounts are stated in NOK million unless stated otherwise.

## 2 SEGMENTS

Møre Boligkreditt AS has only one segment in its business and here the customers derive mainly from the

retail banking market. The following tables contain details of loans to customers by sector, business acti-

vity and geographical area.

(MNOK)	GROSS LOANS		
	31.03.13	31.03.12	2012
Sectors			
Agriculture and forestry	2	2	2
Fisheries	0	1	1
Industry and mining	5	1	3
Building and construction	16	12	17
Wholesale and retail trade, hotel industry	4	4	5
Property management	113	146	114
Transport and private service industry	29	27	30
Public entities	0	0	0
Non-Norwegian lending	0	0	0
Miscellaneous	0	0	0
Total Corporate/Public entities	169	193	172
Retail customers	11 386	8 907	11 159
Total gross loans	11 555	9 100	11 331
Non-specific loss provisions	-1	-1	-1
Net loans	11 554	9 099	11 330

### Net interest income (MNOK)

	31.03.13	31.03.12	2012
Interest and similar income from:			
Loans to and deposits with credit institutions	1	0	1
Loans to and other lendings to customers	117	97	404
Other interest income	0	0	0
Interest and similar income	118	97	405
Interest and similar costs in respect of:			
Debt owed to credit institutions	9	6	20
Securities issued for borrowing purposes	63	68	255
Interest and similar cost	72	74	275
Net interest and credit commission income	46	23	130

### 3 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 written 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 writedowns for losses have been registered are not included in the basis for collective write-downs.

The Sparebanken Møre Group has developed its own collective writedown 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 group's model for collective writedowns 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 nonperformance in the mortgage company's portfolio. Write-down of group of loans amounts to NOK 1 million as at 31.03.2013.

### 4 CLASSIFICATION OF FINANCIAL INSTRUMENTS

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, see note 5 and 7.

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, see note 5 and 6.

31.03.13

(MNOK)	Hedged financial liabilities	Financial derivatives used as hedging instruments	Financial assets and liabilities stated at amortised cost	Financial derivatives stated at fair value	Total
Loans to and deposits with credit institutions	0	0	226	0	226
Loans to and claims on customers	0	0	11 555	0	11 555
Financial derivatives	0	65	0	30	95
Total financial assets	0	65	11 781	30	11 876
Liabilities to credit institutions	0	0	1 261	0	1 261
Financial derivatives	0	0	0	0	0
Borrowings raised through the issue of securities	765	0	9 271	0	10 036
Total financial debt	765	0	10 532	0	11 297

## 31.03.12

(MNOK)	Hedged financial liabilities	Financial derivatives used as hedging instruments	Financial assets and liabilities stated at amortised cost	Financial derivatives stated at fair value	Total
Loans to and deposits with credit institutions	0	0	109	0	109
Loans to and claims on customers	0	0	9 100	0	9 100
Financial derivatives	0	34	0	3	37
Total financial assets	0	34	9 209	3	9 246
Liabilities to credit institutions	0	0	754	0	754
Financial derivatives	0	0	0	17	17
Borrowings raised through the issue of securities	734	0	7 188	0	7 922
Total financial debt	734	0	7 942	17	8 693

## 31.12.12

(MNOK)	Hedged financial liabilities	Financial derivatives used as hedging instruments	Financial assets and liabilities stated at amortised cost	Financial derivatives stated at fair value	Total
Loans to and deposits with credit institutions	0	0	225	0	225
Loans to and claims on customers	0	0	11 331	0	11 331
Financial derivatives	0	69	0	2	71
Total financial assets	0	69	11 556	2	11 627
Liabilities to credit institutions	0	0	987	0	987
Financial derivatives	0	0	0	6	6
Borrowings raised through the issue of securities	769	0	9 237	0	10 006
Total financial debt	769	0	10 224	6	10 999

## 5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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 due to changes in market interest, of debt securities with fixed interest are recognised through profit or loss 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	Booked value	Fair value
	31.03.2013	31.03.2013	31.03.2012	31.03.2012	31.12.2012	31.12.2012
Loans to and deposits with credit institutions	226	226	109	109	225	225
Loans to and claims on customers	11 554	11 554	9 099	9 099	11 330	11 330
Financial derivatives	95	95	37	37	71	71
<b>Total financial assets</b>	<b>11 875</b>	<b>11 875</b>	<b>9 208</b>	<b>9 208</b>	<b>11 626</b>	<b>11 626</b>
Liabilities to credit institutions	1 261	1 261	754	754	987	987
Financial liabilities measured at amortised cost	9 271	9 347	7 188	7 200	9 237	9 318
Hedged financial liabilities with changes in value, due to changes in market interest rates, recognised in the income statement	765	763	734	724	769	770
Financial derivatives	0	0	17	17	6	6
<b>Total financial liabilities</b>	<b>11 297</b>	<b>11 371</b>	<b>8 693</b>	<b>8 695</b>	<b>10 999</b>	<b>11 081</b>

There are no major differences between the book value and the fair value of loans to credit institutions and customers, and liabilities to credit institutions

agreed at variable rates and entered at amortised cost. It is assumed that the book values provide the best approximation to the fair value. Fair value of

securities is calculated allowing for change in the market interest rates and change in the credit margin.

## 6 FINANCIAL INSTRUMENTS MEASURED AT 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.

31.03.13

(MNOK)	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
Assets			
Financial derivatives	-	95	-
Debt			
Financial derivatives	-	0	-

The company's securities issued on fixed rate terms, or that are denominated in foreign currency, have a shortfall of NOK 95 million, and financial derivatives (interest rate and currency swaps) have an excess value of NOK 95 million as per 31.03.13. The net change in value of debt securities and related derivatives was NOK 0 million as per 31.03.13.

31.03.12

(MNOK)	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
Assets			
Financial derivatives	-	37	-
Debt			
Financial derivatives	-	17	-

31.12.12

(MNOK)	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
Assets			
Financial derivatives	-	71	-
Debt			
Financial derivatives	-	6	-

## 7 ISSUED COVERED BONDS

Securities issued on variable rate terms are stated at amortised cost. Fair value hedging with value changes through the profit and loss account is used for the company's securities issued on fixed rate terms (NO0010588072).

### Covered bonds (MNOK)

ISIN code	Currency	Nominal value 31.03.13	Interest	Issue	Maturity	31.03.13	31.03.12	31.12.12
NO0010499825	NOK	-	3M Nibor + 0.40 %	2009	2012	-	141	-
NO0010499833	NOK	1 000	3M Nibor + 0.45 %	2009	2014	1 000	1 000	1 000
NO0010499841	NOK	1 500	3M Nibor + 0.50 %	2009	2016	1 500	1 500	1 500
NO0010564982	NOK	1 250	3M Nibor + 0.40 %	2010	2015	1 249	1 248	1 248
NO0010575079	NOK	1 500	3M Nibor + 0.55 %	2010	2017	1 493	999	1 493
NO0010588072	NOK	700	fast 4.75 %	2010	2025	765	734	769
NO0010601396	SEK	-	3M Stibor + 0.85 %	2011	2016	-	643	-
NO0010625833	NOK	850	3M Nibor + 0.40 %	2011	2014	850	599	850
XS0685790585	SEK	450	3M Stibor + 0.75 %	2011	2015	406	258	386
NO0010635873	NOK	1 150	3M Nibor + 0.49 %	2012	2015	1 152	800	1 152
NO0010657232	NOK	1 350	3M Nibor + 0.65 %	2012	2018	1 351	-	1 351
XS0828616457	SEK	300	3M Stibor + 0.70 %	2012	2017	270	-	257
Total borrowings raised through the issue of securities						10 036	7 922	10 006

Cover pool (MNOK)	31.03.2013	31.03.2012	31.12.2012
Pool of eligible loans 1)	11 304	8 881	11 084
Supplementary assets	226	109	225
Total collateralised assets	11 530	8 990	11 309
Over-collateralisation	114.9 %	113.5 %	113.0 %

1) NOK 250 million of total gross loans are not eligible for the cover pool as at 31.03.13.

## 8 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. 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. Sparebanken Møre and Møre Boligkreditt AS have formalised the settlement of interest for transaction days from date of transfer of loan portfolio to date of

settlement of the consideration.

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.

The pricing of the services provided to Møre Boligkreditt AS by Sparebanken Møre distinguish between fixed and variable costs for the mortgage company. Fixed costs are defined as costs the mortgage company must bear regardless of the activity related to the issuance of covered bonds, the 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 employees to deliver satisfactory services given the number of customers in the portfolio.

Møre Boligkreditt AS is billed for costs related to lease of premises at Sparebanken Møre. It is assumed that regardless of the operation a certain area of the Bank

that is attributable to the mortgage company is seized during the year. Regardless of the size of the activity and the loan portfolio acquired by Møre Boligkreditt AS, charges related to accounting, financial reporting, risk management, cash management, financing, governance and general legal services will incur.

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. Management fee is calculated and billed monthly, in which the month's average portfolio size form the basis of billing.

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:

(MNOK)	31.03.13	31.03.12	2012
<b>Result</b>			
Interest and credit commission income from Sparebanken Møre related to deposits	1	0	1
Interest and credit commission income paid to Sparebanken Møre related to loan/credit facility	9	6	20
Interest paid to Sparebanken Møre related to securitised debt	10	19	63
Management fee paid to Sparebanken Møre	4	3	14
<b>Balance sheet</b>			
Deposits in Sparebanken Møre	226	109	225
Covered bonds	1 776	2 302	1 776
Loan/credit facility in Sparebanken Møre	1 261	754	987
Accumulated transferred loan portfolio from Sparebanken Møre	11 555	9 100	11 331

## 9 EQUITY AND RELATED CAPITAL

(MNOK)	Møre Boligkreditt AS		
	31.03.13	31.03.12	2012
Standard method (Basel II)			
Core capital	503	503	503
Supplementary capital	0	0	0
Net equity and subordinated loan capital	503	503	503
Risk-weighted assets (calculation basis for capital adequacy ratio)	4 506	3 524	4 359
Capital adequacy ratio	11.17	14.27	11.54
Core capital ratio	11.17	14.27	11.54

# Highlights

## QUARTERLY RESULTS

(MNOK)	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest and credit commission income	46	43	33	31	23
Total other operating income	0	-1	1	-1	1
Total operating costs	6	6	4	6	5
Result before losses	40	36	30	24	19
Losses on loans, guarantees etc.	0	0	0	0	0
Result before tax	40	36	30	24	19
Tax payable on ordinary result	11	10	9	7	5
Result from ordinary operations after tax	29	26	21	17	14

As a percentage of average assets	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest and credit commission income	1.59	1.62	1.40	1.38	1.14
Total other operating income	0.00	-0.05	0.03	0.00	0.03
Total operating costs	0.19	0.20	0.21	0.26	0.25
Result before losses	1.39	1.37	1.22	1.12	0.92
Losses on loans, guarantees etc.	0.00	0.00	0.00	0.00	0.00
Result before tax	1.39	1.37	1.22	1.12	0.92
Tax payable on ordinary result	0.38	0.37	0.34	0.32	0.25
Result from ordinary operations after tax	1.01	1.00	0.88	0.80	0.67

## RESULT

(MNOK)	31.03.13	31.03.12	2012
Net interest and credit commission income	46	23	130
Total other operating income	0	1	0
Total operating costs	6	5	21
Result before losses	40	19	109
Losses on loans, guarantees etc.	0	0	0
Result before tax	40	19	109
Tax payable on ordinary result	11	5	31
Result from ordinary operations after tax	29	14	78

As a percentage of average assets	31.03.13	31.03.12	2012
Net interest and credit commission income	1.59	1.14	1.40
Total other operating income	0.00	0.03	0.00
Total operating costs	1.19	0.25	0.23
Result before losses	1.39	0.92	1.17
Losses on loans, guarantees etc.	0.00	0.00	0.00
Result before tax	1.39	0.92	1.17
Tax payable on ordinary result	0.38	0.25	0.33
Result from ordinary operations after tax	1.01	0.67	0.84



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