

1 Interim report

2023 Unaudited

Møre Boligkreditt

Interim report from the Board of Directors

About the Company
Møre Boligkreditt AS is a wholly owned subsidiary of Sparebanken Møre. The company is licensed to operate as a mortgage company, issuing covered bonds. Møre Boligkreditt AS is Sparebanken Møre's most important source of market funding and an important part of the parent bank's long term funding strategy. The accounts have been prepared in accordance with IFRS. Figures in brackets refer to the corresponding period last year.

Results for Q1 2023
The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 48 million in the first quarter of 2023 (NOK 65 million). Net interest income amounted to NOK 67 million (NOK 76 million), and costs ended at NOK 14 million (NOK 13 million).

No losses on loans were charged to the quarterly accounts (NOK 1 million).

Profit after tax amounted to NOK 38 million (NOK 51 million).

Basis swap spreads are subtracted from OCI with NOK 1 million after tax, compared to added with NOK 23 million in the first quarter of 2022.

Møre Boligkreditt AS has acquired mortgages from Sparebanken Møre and net mortgage volume increased by NOK 1,776 million in the quarter. Net mortgage lending to customers amounted to NOK 32,240 million at first quarter end 2023 (NOK 29,756 million).

Møre Boligkreditt AS had 12 bond loans outstanding at 31 March 2023 with a total bond debt of NOK 27,772 million (NOK 24,030 million). Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 108 per cent as at 31 March 2023.

Total assets at first quarter end 2023 amounted to NOK 35,365 million (NOK 31,296 million). The ECL calculation as at 31 March 2023 shows expected credit losses of NOK 10 million for Møre Boligkreditt AS (NOK 5 million).

At first quarter end 2023, the mortgages in the cover pool had an average loan-to-value ratio of 53.6 per cent, calculated as mortgage amount relative to the value of the property used as collateral (52.2 per cent).

The company's substitute assets included in the cover pool amounted to NOK 891 million at end-March 2023 (NOK 976 million). Over-collateralisation, calculated as the nominal value of the cover pool relative to the nominal value of outstanding covered bond loan debt was 23.7 per cent as at 31 March 2023 (27.2 per cent).

Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amount to NOK 117 million as of 31 March 2023, reporting total LCR of 442 per cent by first quarter end 2023.

Rating
The rating agency Moody's has assigned Aaa-rating to all covered bond loans issued by Møre Boligkreditt AS.

Capital strength
At the end of the first quarter, paid in equity and retained earnings amounted to NOK 1,603 million (NOK 1,624 million). Risk weighted assets amounted to NOK 8,129 million (NOK 7,733 million). Net equity and subordinated loan capital amounted to NOK 1,516 million at end-March 2023 (NOK 1,489 million). This corresponds to a Common Equity Tier 1 capital ratio of 18.6 per cent (19.3 per cent). Møre Boligkreditt AS

uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Outlook
Bankrun on deposits in three American Banks, and the UBS takeover of Credit Suisse led to wider spreads and increased volatility in the end of first quarter. The war in Ukraine contributes to increased uncertainty and upward pressure on energy and commodity prices. Inflation levels are elevated, with the annual CPI rate in Norway in March 2023 at 6.5 per cent. Adjusted for tax changes and excluding energy products, the CPI was 6.2 per cent in March, both well above Norges Bank's aim to stabilize inflation around 2 per cent. The weak Norwegian krone adds to pressure on inflation levels on imported goods.

In March 2023, the national level of unemployment was reported at 1.8 per cent, compared with 1.7 per cent in Sparebanken Møre´s main market of operation, the county of Møre og Romsdal. The low unemployment level and tight labour market put further upward pressure on wages and prices.

Norges Bank delivered in their March meeting a rate-hike of 0.25 percentage points to a policy rate of 3.0 per cent. The published policy rate path from Norges Bank indicates further hikes in 2023 and a policy rate of 3.5 per cent by the end of 2023.

Twelve-months national growth in household loan debt is declining and growth is reported at 4.0 per cent by February 2023. National housing prices increased by 0.5 per cent in March 2022, seasonally adjusted, and are down 0.2 per cent last twelve months. We expect to see a moderate decline in house prices in 2023. Growth in household debt is expected to further dampen due to the increase in mortgage interest rate levels and increase in household costs.

We expect unemployment levels, both on national level and in the county of Møre og Romsdal, to increase somewhat in the coming quarters, but still stay at low levels.

The Board believes that despite the increase in interest rates on mortgages and an increase in household costs, the low level of unemployment and still high disposable household income, will contribute to further mortgage loan growth in Sparebanken Møre. This mortgage growth will position Møre Boligkreditt AS to further acquire mortgage loan portfolios from Sparebanken Møre and increase the volume of outstanding bond loans from Møre Boligkreditt AS.

Ålesund, 31 March 2023
26 April 2023
THE BOARD OF DIRECTORS OF MØRE BOLIGKREDITT AS

KJETIL HAUGE, Chair
ELISABETH BLOMVIK
KRISTIAN TAFJORD
SANDRA MYHRE HELSETH

OLE ANDRE KJERSTAD, Managing Director

Statement of income

STATEMENT OF INCOME

(NOK million)	Note	Q1 2023	Q1 2022	2022
Interest income from assets assessed at amortised cost	3	310	156	788
Interest income from assets assessed at fair value	3	27	16	82
Interest expenses	3	270	96	607
Net interest income	3 7	67	76	263
Net gains/losses from financial instruments		-5	3	-29
Total income		62	79	234
Wages, salaries and general administration expenses		1	1	2
Other operating expenses	7	13	12	49
Total operating expenses		14	13	51
Profit before impairment on loans		48	66	183
Impairment on loans	4	0	1	6
Pre-tax profit		48	65	177
Taxes		10	14	39
Profit after tax		38	51	138

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q1 2023	Q1 2022	2022
Profit after tax	38	51	138
Items that may subsequently be reclassified to the income statement:			
Basis swap spreads - changes in value	-1	30	30
Tax effect of basis swap spreads	0	-7	-6
Total comprehensive income for the period	37	74	162

Statement of financial position

ASSETS - compressed

(NOK million)	Note	31.03.2023	31.03.2022	31.12.2022
Loans to and receivables from credit institutions 1)	5 7	1 779	1 051	1 660
Loans to and receivables from customers	3 4 5	32 240	29 756	30 464
Certificates and bonds	5 6	123	131	121
Financial derivatives	5 6	1 180	358	469
Other assets		43	0	0
Total assets		35 365	31 296	32 714

1) NOK 915 million out of total NOK 1,779 million in Loans to and receivables from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA

LIABILITIES AND EQUITY - compressed

(NOK million)	Note	31.03.2023	31.03.2022	31.12.2022
Loans from credit institutions 2)	5 7	5 851	5 025	3 782
Debt securities issued	5 6 7	27 772	24 030	26 807
Financial derivatives	5 6	41	391	298
Tax payable		10	153	27
Incurred costs and prepaid income		0	3	0
Deferred tax		88	70	88
Total liabilities		33 762	29 672	31 002
Share capital		1 375	1 375	1 375
Share premium		175	175	175
Paid-in equity		1 550	1 550	1 550
Liability credit reserve		16	-8	16
Retained earnings		37	82	146
Total equity	2	1 603	1 624	1 712
Total liabilities and equity		35 365	31 296	32 714

2) NOK 915 million out of total NOK 5,851 million in Loans from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA

Statement of changes in equity

31.03.2023

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Retained earnings
Equity as at 31 December 2022	1 712	1 375	175	16	146
Dividend paid	-146				-146
Total comprehensive income for the period	37				37
Equity as at 31 March 2023	1 603	1 375	175	16	37

The share capital consists of 1 100 000 shares at NOK 1 250, a total of NOK 1 375 million. All shares are owned by Sparebanken Møre.

31.03.2022

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Retained earnings
Equity as at 31 December 2021	1 791	1 375	175	-8	249
Dividend paid	-241				-241
Total comprehensive income for the period	74				74
Equity as at 31 March 2022	1 624	1 375	175	-8	82

The share capital consists of 1 100 000 shares at NOK 1 250, a total of NOK 1 375 million. All shares are owned by Sparebanken Møre.

31.12.2022

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Retained earnings
Equity as at 31 December 2021	1 791	1 375	175	-8	249
Dividend paid	-241				-241
Total comprehensive income for the period	162			24	138
Equity as at 31 December 2022	1 712	1 375	175	16	146

The share capital consists of 1 100 000 shares at NOK 1 250, a total of NOK 1 375 million. All shares are owned by Sparebanken Møre.

Proposed dividend as of 31 December 2022 amounts to NOK 146 million.

Statement of cash flow

(NOK million)	31.03.2024	31.03.2023	31.12.2023
Cash flow from operating activities			
Interest, commission and fees received	487	336	1 639
Interest, commission and fees paid	-58	-71	-184
Received interest, commission and fees related to certificates, bonds and other securities	8	1	17
Operating expenses paid	-15	-13	-58
Income taxes paid/received	0	-27	-28
Net cash inflow/outflow from loans to and receivables from other financial institutions	-287	0	-283
Payment for acquiring loans from the parent bank	-1 873	-3 844	-12 386
Payment related to installment loans and credit lines to customers	2 272	2 068	10 491
Proceeds from the sale and settlement of certificates, bonds and other securities	1 232	80	2 673
Purchases of certificates, bonds and other securities	-1 239	-83	-2 706
Changes in other assets	-7	-5	-50
Net cash flow from operating activities	520	-1 558	-875
Cash flow from financing activities			
Paid interest, commission and fees related to issued bonds	-368	-243	-1 235
Net change in loans from credit institutions	-211	1 432	655
Proceeds from issued covered bonds	3 044	0	3 996
Redemption of issued covered bonds	-2 358	0	-2 890
Dividend paid	-128	-146	-146
Changes in other debt	-26	-3	-65
Increase/reduction of share capital and premium	100	0	0
Net cash flow from financing activities	53	1 040	315
Net change in cash and cash equivalents	573	-518	-560
Cash balance at 01.01	823	1 382	1 383
Cash balance at 31.03/31.12 1)	1 396	864	823

1) NOK 847 million out of total NOK 2,243 million in Loans to and receivables from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA, and thus should not be included as cash balance at 31.03.2024 (NOK 915 million as at 31.03.2023 and NOK 561 million as at 31.12.2023).

Note 1

Accounting principles

Møre Boligkreditt AS' interim accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU as of 31 March 2023. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounts are prepared using the same principles and with the same methodology as the annual accounts for 2022.

All amounts are stated in NOK million unless stated otherwise.

The interim financial statements are not audited.

Note 2

Equity and related capital

Tier 1 capital and supplementary capital	31.03.2023	31.03.2022	31.12.2022
Share capital and share premium	1 550	1 550	1 550
Liability credit reserve	16	-8	16
Retained earnings	37	82	146
Total equity	1 603	1 624	1 712
Value adjustments of financial instruments at fair value	-4	-3	-3
Expected IRB-losses exceeding ECL	-46	-58	-48
Dividends	0	0	-146
Deductions for total comprehensive income for the period	-37	-74	
Common Equity Tier 1 capital	1 516	1 489	1 515
Supplementary capital	0	0	0
Net equity and subordinated loan capital	1 516	1 489	1 515

Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	31.03.2023	31.03.2022	31.12.2022
Regional governments or local authorities		0	0
Institutions (banks etc)	368	369	453
Covered bonds	8	8	7
Other items	89	44	42
Total credit risk - standardised approach	465	421	502

Credit risk - IRB Foundation

Retail - Secured by real estate	6 651	6 205	6 334
Retail - Other	2	1	0
Corporate lending 1)	231	340	248
Total credit risk - IRB-Foundation	6 884	6 546	6 582

Credit valuation adjustment risk (CVA) - market risk	195	137	176
Operational risk (Basic indicator Approach)	585	629	585
Risk weighted assets (RWA)	8 129	7 733	7 845

Minimum requirement Common Equity Tier 1 capital (4.5 %)	366	348	353

Buffer Requirement	**31.03.2023**	**31.03.2022**	**31.12.2022**
Countercyclical buffer (2.5% at 31.03.2022, 2.0 % at 31.12.2022, 1.0 % at 31.12.2021)	203	77	157
Capital conservation buffer (2.5 %)	203	193	196
Systemic risk buffer (3.0 %)	244	232	235
Total buffer requirements	650	503	588
Available Common Equity Tier 1 capital after buffer requirements	500	638	574

Capital adequacy as a percentage of the weighted asset calculation basis	**31.03.2023**	**31.03.2022**	**31.12.2022**
Capital adequacy ratio	18.6 %	19.3 %	19.3 %
Tier 1 capital ratio	18.6 %	19.3 %	19.3 %
Common Equity Tier 1 capital ratio	18.6 %	19.3 %	19.3 %

Leverage ratio	**31.03.2023**	**31.03.2022**	**31.12.2022**
Leverage ratio	4.3 %	4.6 %	4.6 %

1) Corporate lending in MBK consists of lending to housing associations.

Møre Boligkreditt AS' capital requirements at 31 March 2023 are based on IRB-Foundation.

Note 3

Operating segments

Møre Boligkreditt AS' business mainly comprises operations within the retail banking market. Møre Boligkreditt AS has only one operating segment.

Loans to and receivables from customers

31.03.2023	Gross loans measured at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans measured at fair value	Net loans to and receivables from customers
Loans to and receivables from customers	29 906	-2	-8	0	2 344	32 240

31.03.2022	Gross loans measured at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans measured at fair value	Net loans to and receivables from customers
Loans to and receivables from customers	27 085	-1	-4	0	2 676	29 756

31.12.2022	Gross loans measured at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans measured at fair value	Net loans to and receivables from customers
Loans to and receivables from customers	28 028	-2	-8	0	2 446	30 464

Net interest income

(NOK million)	31.03.2023	31.03.2022	31.12.2022
Interest income from:			
Loans to and receivables from credit institutions	12	3	21
Loans to and receivables from customers	324	167	840
Certificates, bonds and other interest-bearing securities	1	2	9
Interest income	337	172	870
Interest expenses in respect of:			
Loans from credit institutions	25	14	79
Debt securities issued	243	80	522
Other interest expenses	2	2	6
Interest expenses	270	96	607
Net interest income	67	76	263

Note 4

Impairment, losses and non-performance

Møre Boligkreditt AS applies a three-stage approach when assessing ECL on loans to customers in accordance with IFRS 9.

- Stage 1: At initial recognition and if there's no significant increase in credit risk, the commitment is classified in stage 1 with 12-months ECL.
- Stage 2: If a significant increase in credit risk since initial recognition is identified, but without evidence of loss, the commitment is transferred to stage 2 with lifetime ECL measurement.
- Stage 3: If the credit risk increases further and there's evidence of loss, the commitment is transferred to stage 3.

Staging is performed at account level and implies that two or more accounts held by the same customer can be placed in different stages.

Specification of credit loss expense (NOK millon)	Q1 2023	Q1 2022	2022
Changes in Expected Credit Loss (ECL) in stage 1	0	0	1
Changes in Expected Credit Loss (ECL) in stage 2	0	1	5
Changes in Expected Credit Loss (ECL) in stage 3	0	0	0
Total impairments on loans in the period	0	1	6

Changes in ECL in the period (NOK million) - 31.03.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	2	8	0	10
New loans	0	0	0	0
Disposal of loans	0	-1	0	-1
Changes in ECL in the period for loans which have not migrated	0	0	0	0
Migration to stage 1	0	0	0	0
Migration to stage 2	0	1	0	1
Migration to stage 3	0	0	0	0
Other changes	0	0	0	0
ECL 31.03.2023	2	8	0	10

Changes in ECL in the period (NOK million) - 31.03.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	1	3	0	4
New loans	0	0	0	0
Disposal of loans	0	0	0	0
Changes in ECL in the period for loans which have not migrated	0	0	0	0
Migration to stage 1	0	0	0	0
Migration to stage 2	0	1	0	1
Migration to stage 3	0	0	0	0
Other changes	0	0	0	0
ECL 31.03.2022	1	4	0	5

Changes in ECL in the period (NOK million) - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	1	3	0	4
New loans	1	1	0	2
Disposal of loans	0	-1	0	-1
Changes in ECL in the period for loans which have not migrated	0	0	0	0
Migration to stage 1	0	0	0	0
Migration to stage 2	0	5	0	5
Migration to stage 3	0	0	0	0
Other changes	0	0	0	0
ECL 31.12.2022	2	8	0	10

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

31.03.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	26 530	2 526	0	29 056
Medium risk (0.5 % - < 3 %)	223	1 938	0	2 161
High risk (3 % - <100 %)	-	295	0	295
Total commitments before ECL	26 753	4 759	0	31 512
- ECL	-2	-8	0	-10
Loans to and receivables from customers 31.03.2023 *)	26 751	4 751	0	31 502

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

31.03.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	26 634	54	0	26 688
Medium risk (0.5 % - < 3 %)	972	733	0	1 705
High risk (3 % - <100 %)	111	172	1	284
Total commitments before ECL	27 717	959	1	28 677
- ECL	-1	-4	0	-5
Loans to and receivables from customers 31.03.2022 1)	27 716	955	1	28 672

31.12.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	24 644	2 637	0	27 281
Medium risk (0.5 % - < 3 %)	225	1 811	0	2 036
High risk (3 % - <100 %)	4	298	10	312
Total commitments before ECL	24 873	4 746	10	29 629
- ECL	-2	-8	0	-10
Loans to and receivables from customers 31.12.2022 *)	24 871	4 738	10	29 619

*) The tables above show exposures (incl. undrawn credit facilities) and are not including fixed rate loans assessed at fair value. The figures are thus not reconcilable against balances in the statement of financial position.

Note 5

Financial instruments

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

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

The classification of the financial assets depends on two factors:

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

Financial assets measured at amortised cost
The classification of the financial assets assumes that the following requirements are met:

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

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

Financial liabilities measured at amortised cost
Debt securities, including debt securities included in fair value hedging and loans and deposits from credit institutions, are measured at amortised cost based on expected cash flows.

Financial instruments measured at fair value, any changes in value recognised through the income statement
The company's portfolio of bonds in the liquidity portfolio is classified at fair value with any value changes through the income statement, based on the business model of the company.

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

Financial derivatives are instruments used to mitigate any interest- or currency risk incurred by the company. Financial derivatives are recorded at fair value, with any changes in value through the income statement, and recognised gross per contract, as either asset or debt.

Changes in basis swaps effects for swaps included in fair value hedging are recognised in OCI.

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

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

Level 1 – Valuation based on prices in an active market

Level 1 comprises financial instruments valued by using quoted prices in active markets for identical assets or liabilities. This category includes bonds and certificates in LCR-level 1, traded in active markets.

Level 2 – Valuation based on observable market data

Level 2 comprises financial instruments valued by using information which is not quoted prices, but where prices are directly or indirectly observable for assets or liabilities, including quoted prices in inactive markets for identical assets or liabilities. This category mainly includes derivatives and bonds which are not included in level 1.

Level 3 – Valuation based on other than observable market data

Level 3 comprises financial instruments which cannot be valued based on directly or indirectly observable prices. Loans to customers are included in this category.

A change of 10 basis points in the discount rate will have an effect of approximately NOK 7.1 million on the valuation of the fixed rate loans as at 31.03.2023.

Classification of financial instruments	Financial instruments at fair value through profit or loss			Financial instruments carried at amortised cost		
	31.03.2023	31.03.2022	31.12.2022	31.03.2023	31.03.2022	31.12.2022
Loans to and receivables from credit institutions				1 779	1 051	1 660
Loans to and receivables from customers	2 344	2 676	2 446	29 896	27 080	28 018
Certificates and bonds	123	131	121			
Financial derivatives	1 180	358	469			
Total financial assets	3 647	3 165	3 036	31 675	28 131	29 678
Loans from credit institutions				5 851	5 025	3 782
Debt securities issued				27 772	24 030	26 807
Financial derivatives	41	391	298			
Total financial liabilities	41	391	298	33 623	29 055	30 589

Fair value of financial instruments at amortised cost	31.03.2023		31.03.2022		31.12.2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 779	1 779	1 051	1 051	1 660	1 660
Loans to and receivables from customers	29 896	29 896	27 080	27 080	28 018	28 018
Total financial assets	31 675	31 675	28 131	28 131	29 678	29 678
Loans from credit institutions	5 851	5 851	5 025	5 025	3 782	3 782
Debt securities issued	27 761	27 772	24 081	24 030	26 811	26 807
Total financial liabilities	33 612	33 623	29 106	29 055	30 593	30 589

Financial instruments at fair value - 31.03.2023	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Loans to and receivables from customers			2 344	2 344
Certificates and bonds	123			123
Financial derivatives		1 180		1 180
Total financial assets	123	1 180	2 344	3 647
Financial derivatives		41		41
Total financial liabilities	-	41	-	41

Financial instruments at fair value - 31.03.2022	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Loans to and receivables from customers			2 676	2 676
Certificates and bonds	131			131
Financial derivatives		358		358
Total financial assets	131	358	2 676	3 165
Financial derivatives		391		391
Total financial liabilities	-	391	-	391

Financial instruments at fair value - 31.12.2022	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Loans to and receivables from customers			2 446	2 446
Certificates and bonds	121			121
Financial derivatives		469		469
Total financial assets	121	469	2 446	3 036
Financial derivatives		298		298
Total financial liabilities	-	298	-	298

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2022	2 446
Purchase/increase	40
Sales/reduction	-143
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	1
Book value as at 31.03.2023	2 344

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2021	2 597
Purchase/increase	216
Sales/reduction	-153
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	16
Book value as at 31.03.2022	2 676

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2021	2 597
Purchase/increase	326
Sales/reduction	-401
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-76
Book value as at 31.12.2022	2 446

Note 6

Issued covered bonds

Securities issued at floating interest rates are measured at amortised cost. Fair value hedge accounting is used for the company's securities issued at fixed rate terms, and changes in fair value (due to the hedged risk) are recognized in profit and loss.

Covered bonds (NOK million)

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

Cover pool (NOK million)	31.03.2023	31.03.2022	31.12.2022
Eligible mortgages (nominal) 1)	31 984	29 622	30 338
Substitute assets	891	976	1 409
Total collateralised assets	32 875	30 598	31 747

1) NOK 213 million of total gross mortgages are not eligible for the cover pool as at 31.03.2023 (NOK 134 million as at 31.03.2022) NOK 112 million of the non-eligible mortgages is due to a technical error, and these mortgages have been sold back to Sparebanken Møre in April 2023.

Covered bonds issued (NOK million)	31.03.2023	31.03.2022	31.12.2022
Covered bonds (nominal) 2)	26 582	24 058	26 582
-of which own holding (covered bonds)	0	0	0

2) Swap exchange rates are applied for outstanding debt in currencies other than NOK

Over-collateralisation (in %) (Nominal calculation)	31.03.2023	31.03.2022	31.12.2022
(Eligible mortgages + Substitute assets-Covered bonds) / Covered bonds	23.7	27.2	19.4

Liquidity Coverage Ratio (LCR)	31.03.2023	31.03.2022	31.12.2022
Liquid Assets	117	125	113
Net liquidity outflow next 30 days	26	22	26
LCR ratio -Total	442%	562%	436%
LCR ratio - NOK	442%	562%	436%
LCR ratio - EUR	N/A	N/A	N/A

180-day Cover Pool Liquidity Buffer	31.03.2023	31.03.2022	31.12.2022
Liquid Assets	986	N/A	1 503
Net liquidity outflow next 180 days	443	N/A	485
180-day cover pool liquidity buffer ratio	223%	N/A	310%

Net Stable Funding Ratio (NSFR)	31.03.2023	31.03.2022	31.12.2022
Available amount of stable funding	29 887	27 988	29 163
Required amount of stable funding	27 572	28 851	26 425
NSFR ratio	108%	97%	110%

Note 7

Transactions with related parties

Møre Boligkreditt AS purchases services from Sparebanken Møre. There are also transactions between the parties related to the acquisition of loan portfolio and the fact that Sparebanken Møre provides loans and credits to the mortgage company.

Loans from Sparebanken Møre are transferred at market value. If the purchased mortgage loans have fixed interest rates, the purchase price is adjusted according to 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 a 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 difficulties obtaining financing, a revolving guarantee from Sparebanken Møre is established with the purpose of ensuring timely payments to owners of bonds and derivative counterparties.

The pricing of the services provided by Sparebanken Møre to Møre Boligkreditt AS distinguishes between fixed and variable expenses for the mortgage company. Fixed expenses are defined as expenses the mortgage company must bear regardless of the activity related to the issuance of covered bonds, the acquisition of portfolio, etc. Variable expenses are defined as expenses 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 expenses related to the lease of premises at Sparebanken Møre. It is assumed that regardless of operations, a certain area of the bank attributable to the mortgage company is utilised during the year. Regardless of the extent 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 expenses, including social security contribution, pension expense and other social expenses. 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 forms 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:

(NOK million)	31.03.2023	31.03.2022	31.12.2022
Statement of income:			
Interest and credit commission income from Sparebanken Møre related to deposits	12	3	21
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	26	14	79
Interest paid to Sparebanken Møre related to bonded debt	0	2	5
Management fee paid to Sparebanken Møre	11	11	43
Balance sheet:			
Deposits in Sparebanken Møre 1)	1 779	1 051	1 660
Covered bonds held by Sparebanken Møre as assets	0	503	0
Loan/credit facility in Sparebanken Møre	4 936	4 950	3 504
Intragroup hedging	366	61	125
Accumulated transferred loan portfolio from Sparebanken Møre	32 250	29 761	30 474

1) NOK 915 million out of total NOK 1,779 million of deposits in Sparebanken Møre is the margin call balance on financial derivatives paid in by counterparties according to CSA as at 31.03.2023

Note 8

Events after the reporting date

No events of material significance for the financial statements for Q1-2023 have occurred after the reporting date. The company is not involved in any legal proceedings.

Profit performance

QUARTERLY PROFIT (NOK million)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income	67	56	66	65	76
Other operating income	-5	-22	-5	-5	3
Total operating expenses	14	13	11	14	13
Profit before impairment on loans	48	21	50	46	66
Impairment on loans	0	1	0	4	1
Pre-tax profit	48	20	50	42	65
Taxes	10	4	11	10	14
Profit after tax	38	16	39	32	51
As a percentage of average assets:					
Net interest income	0.83	0.73	0.90	0.83	1.01
Other operating income	-0.06	-0.29	-0.06	-0.06	0.03
Total operating expenses	0.17	0.17	0.15	0.18	0.17
Profit before impairment on loans	0.60	0.27	0.69	0.59	0.87
Impairment on loans	0.00	0.00	0.00	0.06	0.01
Pre-tax profit	0.60	0.27	0.69	0.53	0.86
Taxes	0.13	0.07	0.15	0.12	0.19
Profit after tax	0.47	0.20	0.54	0.41	0.67
Average total assets (NOK million)	31 981	30 654	29 263	31 520	30 204

ACCUMULATED PROFIT FOR THE YEAR (NOK million)	31.03.2023	31.03.2022	31.12.2022
Net interest income	67	76	263
Other operating income	-5	3	-29
Total operating expenses	14	13	51
Profit before impairment on loans	48	66	183
Impairment on loans	0	1	6
Pre-tax profit	48	65	177
Taxes	10	14	39
Profit after tax	38	51	138
As a percentage of average assets:			
Net interest income	0.83	1.01	0.87
Other operating income	-0.06	0.03	-0.10
Total operating expenses	0.17	0.17	0.17
Profit before impairment on loans	0.60	0.87	0.60
Impairment on loans	0.00	0.01	0.02
Pre-tax profit	0.60	0.86	0.58
Taxes	0.13	0.19	0.13
Profit after tax	0.47	0.67	0.45
Average total assets (NOK million)	31 981	30 204	30 410

Møre Boligkreditt AS
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