

INTERIM REPORT
3 QUARTER
UNAUDITED

14



MØRE BOLIGKREDITT

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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 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.

Third quarter results

The financial statements of Møre Boligkreditt AS show a profit before tax of NOK 67 million in third quarter 2014, compared to NOK 57 million in third quarter 2013. Net interest income amounted to NOK 72 million, compared to NOK 64 million for the same period last year. Costs amounted to NOK 6 million in third quarter 2014, compared with NOK 6 million in the corresponding quarter in 2013.

Møre Boligkreditt AS has not established losses or impairment for individual losses in third quarter 2014, or made changes in the collective impairment. Tax amounted to NOK 18 million in the third quarter of 2014, compared to NOK 16 million in third quarter 2013. Profit after tax amounted to NOK 49 million in third quarter 2014, compared to NOK 41 million in the corresponding quarter 2013.

Møre Boligkreditt AS acquired mortgages from Sparebanken Møre, and the company's net lending growth amounted to NOK 995 million in third quarter 2014. Møre Boligkreditt AS issued one new

covered bond loan with nominal balance of NOK 2,000 million in third quarter 2014.

Third quarter end results

By end of third quarter 2014 the financial statements show a profit before tax of NOK 197 million, compared to NOK 147 million by third quarter end 2013. Net interest income amounted to NOK 221 million by third quarter end 2014, compared to NOK 167 million by end of same period last year. Costs in the period ending 30 September 2014 amounted to NOK 21 million, compared with NOK 19 million for the corresponding period 2013.

The amount allocated for collective impairment was NOK 2 million by third quarter end 2014 compared to NOK 1 million by third quarter end 2013. Profit after tax amounted to NOK 144 million by third quarter end 2014, compared to NOK 106 million by third quarter end 2013. Tax amounted to NOK 53 million in the first nine months of 2014, compared to NOK 41 million the first nine months of 2013.

Total assets by third quarter end 2014 amounted to NOK 16,747 million compared to NOK 13,937 million by third quarter end 2013. Net lending amounted to NOK 16,120 million third quarter end 2014, compared with NOK 13,472 million by third quarter end 2013. By third quarter end 2014, the company's substitute assets included in the cover pool amounted to NOK 416 million, including receivables from credit institutions of NOK 209 million, compared to NOK 315 million by third quarter end 2013. Møre Boligkreditt AS had fifteen bond loans outstanding by 30 September

2014 with a total bond loan debt of NOK 14,555 million compared to NOK 11,950 million by 30 September 2013.

Rating

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

Capital strength

Paid-in equity and other equity amounted to NOK 1,053 million by end of third quarter 2014, compared to NOK 703 million by end of third quarter 2013. This corresponds to a capital adequacy/core capital ratio of 14.96 per cent. Risk-weighted assets amounted to NOK 7,032 million by end of third quarter 2014. The Financial Supervisory Authority of Norway has approved Sparebanken Møre Group for the use of internal rating based (IRB) models to calculate capital requirements for credit risk in the corporate portfolios. Until further notice, the Group still has to use the standard approach in the Basel II regulations for calculating capital adequacy in the retail portfolios. The Board regards the company's interest bearing capacity as satisfactory.

Risks

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 company's various risk exposures. The Board and the CEO of Møre Boligkreditt AS are responsible for ensuring that proper risk management is established, and that such risk management is adequate and complies with current laws

and regulations. Operational risk management in Møre Boligkreditt AS is maintained by Sparebanken Møre according to a service agreement concluded between Møre Boligkreditt AS and Sparebanken Møre. Risk management emphasizes identifying, measuring and managing the company's risk elements in a manner that ensures that 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 that the received collateral is not covering outstanding claims. The credit risk strategy adopted by the company defines which loans that can be acquired by the company. The strategy stipulates criteria for both borrowers and the collateral for the loans that can be acquired. At end of third quarter 2014, the mortgages in the cover pool had an average loan-to-value ratio of 55 per cent, calculated as mortgage amount relative to the value of the property used as collateral. 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 arise 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, pursuant to the Financial Institution Act, have very low market risk and Board approved restrictions concerning

its maximum exposure to market risk. The 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 positions in fixed interest and foreign currencies are hedged with financial derivatives. The Board considers the overall market risk as low.

Liquidity risk

Liquidity risk is the risk that Møre Boligkreditt AS will be unable to fulfill its obligations without substantial extra costs being incurred in the form of decline in asset values, forced sales or more expensive funding. The company has adopted a liquidity risk strategy and established limits for long-term funding and short-term liquidity risk limits. A 12 months rolling revolving credit facility guarantee from Sparebanken Møre ensures timely payments to derivative counterparties and owners of bonds issued by Møre Boligkreditt AS. Furthermore the bonds have a soft bullet structure in which the company has the opportunity to extend the term of its borrowing by up to 12 months. The Board regards the 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 entered into a management agreement with Sparebanken Møre. The services covered by this agreement include administration, production, IT operations, and financial and risk management. Although the operational risk of Møre Boligkreditt AS is dependent of Sparebanken Møre's ability to manage

this type of risk, Møre Boligkreditt AS independently bear risk associated with errors in the deliveries and services provided by Sparebanken Møre. The evaluation of the management and control of operational risk is also afforded considerable space in the Group's annual ICAAP. The operational and established yearly internal control report, both within Sparebanken Møre and by the CEO of Møre Boligkreditt AS, is an important tool for reducing operational risk. The internal control reports will help identifying any operational risk, and enable action to be taken. The Board regards the company's operational risk as low.

Outlook

The Norwegian economy is still solid, but the growth has been moderate so far this year. A strong household sector, due to factors such as low interest rates and low unemployment, together with a solid public sector will contribute to good levels of 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, together with growth in debt, is probably the most important risk factors to Norwegian households. The moderate but slow economic upswing among Norway's trading partners is continuing. A likely slight improvement in the economic situation of the euro area, and the relatively weak NOK are positive for the competitiveness of the local export industry. Important risk factors going forward is the oil price, expectations of lower oil investments in 2015, the economic development in export markets, as well as the NOK exchange rate.

The possibility of a somewhat weaker growth in private consumption is also a risk factor to consider. The activity in Møre og Romsdal county will remain high despite the expected lower growth of about 10 per cent in 2015 in the petroleum investments. As a result of lower oil investments, and the continued poor performance in some of the main export markets it is likely that unem-

ployment will increase slightly in Møre og Romsdal but still below national levels. The registered unemployment rate in Norway was 2.7 per cent in September compared with an unemployment rate of 2.1 per cent in the county of Møre og Romsdal.

The Board believes that the still relatively good climate for businesses and industry

in Norway, and in the county of Møre og Romsdal, combined with low interest rates and increase in household income, will contribute to further mortgage loan growth in Sparebanken Møre. This mortgage growth will position Møre Boligkreditt AS to acquire further mortgage loan portfolios from the parent bank, and also to further increase volume of outstanding bond loans.

Ålesund, 22 October 2014

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 | Q3 2014 | Q3 2013 | 30.09.14 | 30.09.13 | 2013 |
| Interest income | 2 | 152 | 135 | 459 | 377 | 527 |
| Interest expenses | 2 | 80 | 71 | 238 | 210 | 287 |
| Net interest income | 2, 6 | 72 | 64 | 221 | 167 | 240 |
| Net change in value of debt securities issued and related derivatives | | 1 | -1 | -2 | -1 | -3 |
| Wages, salaries and general administration costs | | 0 | 1 | 1 | 2 | 3 |
| Other operating costs | 6 | 6 | 5 | 20 | 17 | 23 |
| Total operating costs | | 6 | 6 | 21 | 19 | 26 |
| Profit before impairment on loans and taxes | | 67 | 57 | 198 | 147 | 211 |
| Impairment on loans | 3 | 0 | 0 | 1 | 0 | 0 |
| Pre tax profit | | 67 | 57 | 197 | 147 | 211 |
| Taxes | | 18 | 16 | 53 | 41 | 59 |
| Profit after tax | | 49 | 41 | 144 | 106 | 152 |

STATEMENT OF COMPREHENSIVE INCOME

| MØRE BOLIGKREDITT AS | | | | | | |
|--------------------------------------|-------|---------|---------|----------|----------|------|
| (MNOK) | Notes | Q3 2014 | Q3 2013 | 30.09.14 | 30.09.13 | 2013 |
| Profit after tax | | 49 | 41 | 144 | 106 | 152 |
| Other comprehensive income | | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income after tax | | 49 | 41 | 144 | 106 | 152 |

STATEMENT OF FINANCIAL POSITION

| MØRE BOLIGKREDITT AS | | | | |
|---|------------|----------|----------|----------|
| (MNOK) | Notes | 30.09.14 | 30.09.13 | 31.12.13 |
| Assets | | | | |
| Loans to and receivables from credit institutions | 2, 4, 5, 6 | 209 | 315 | 531 |
| Loans to and receivables from customers | 2, 3, 4 | 16 120 | 13 472 | 14 863 |
| Certificates and bonds | 4, 5 | 207 | 0 | 207 |
| Financial derivatives | 4, 5 | 189 | 131 | 157 |
| Deferred tax asset | | 1 | 0 | 1 |
| Prepayments and accrued income | | 21 | 19 | 33 |
| Total assets | 7 | 16 747 | 13 937 | 15 792 |
| Liabilities and equity | | | | |
| Loans from credit institutions | 4, 6 | 897 | 1 097 | 1 131 |
| Debt securities issued | 4, 5, 6 | 14 555 | 11 950 | 13 698 |
| Financial derivatives | 4, 5 | 14 | 8 | 3 |
| Tax payable | | 53 | 41 | 60 |
| Accrued liabilities and deferred income | | 31 | 32 | 45 |
| Total liabilities | | 15 550 | 13 128 | 14 937 |
| Share capital | | 875 | 700 | 700 |
| Share premium | | 175 | 0 | 0 |
| Other paid-in equity | | 0 | 0 | 0 |
| Paid-in equity | | 1 050 | 700 | 700 |
| Other equity | | 3 | 3 | 3 |
| Profit for the period | | 144 | 106 | 152 |
| Retained earnings | | 147 | 109 | 155 |
| Total equity | | 1 197 | 809 | 855 |
| Total liabilities and equity | 7 | 16 747 | 13 937 | 15 792 |

STATEMENT OF CHANGES IN EQUITY

30.09.2014

| Amounts in MNOK | Total equity | Share capital | Share premium | Other paid-in equity | Other equity |
|---|--------------|---------------|---------------|----------------------|--------------|
| Equity as at 31 December 2013 | 855 | 700 | 0 | 0 | 155 |
| Total comprehensive income for the period | 144 | | | | 144 |
| Issue of share capital and premium | 350 | 175 | 175 | | |
| Dividends | -152 | | | | -152 |
| Equity as at 30 September 2014 | 1 197 | 875 | 175 | 0 | 147 |

The share capital is distributed over 700 000 shares at NOK 1 250, a total of NOK 875 million. All shares are owned by Sparebanken Møre.

30.09.2013

| Amounts in MNOK | Total equity | Share capital | Share premium | Other paid-in equity | Other equity |
|---|--------------|---------------|---------------|----------------------|--------------|
| Equity as at 31 December 2012 | 581 | 500 | 0 | 0 | 81 |
| Capital increase | 200 | 200 | | | |
| Total comprehensive income for the period | 106 | | | | 106 |
| Dividends | -78 | | | | -78 |
| Equity as at 30 September 2013 | 809 | 700 | 0 | 0 | 109 |

2013

| Amounts in MNOK | Total equity | Share capital | Share premium | Other paid-in equity | Other equity |
|---|--------------|---------------|---------------|----------------------|--------------|
| Equity as at 31 December 2012 | 581 | 500 | 0 | 0 | 81 |
| Total comprehensive income for the period | 152 | | | | 152 |
| Issue of share capital | 200 | 200 | | | |
| Dividends | -78 | | | | -78 |
| Equity as at 31 December 2013 | 855 | 700 | 0 | 0 | 155 |

Proposed dividend amounts to NOK 152 million as per 31 December 2013.

CASH FLOW STATEMENT

| | MØRE BOLIGKREDITT AS | | |
|--|----------------------|----------|--------|
| (MNOK) | 30.09.14 | 30.09.13 | 2013 |
| Cash flow from operating activities | | | |
| Interest, commission and fees received | 445 | 383 | 534 |
| Interest, commission and fees paid | -227 | -217 | -297 |
| Operating expenses paid | -21 | -21 | -29 |
| Income taxes paid | -59 | -30 | -30 |
| Payment for acquiring loans from the Parent Bank | -4 455 | -5 045 | -7 468 |
| Payment related to instalment loans and credit lines to customers | 3 198 | 2 902 | 3 933 |
| Net cash flow from operating activities | -1 119 | -2 028 | -3 357 |
| Cash flow from investing activities | | | |
| Proceeds from the sale of certificates, bonds and other securities | 199 | 0 | 0 |
| Purchases of certificates, bonds and other securities | -198 | 0 | -207 |
| Changes in other assets | -4 | 0 | 1 |
| Net cash flow from investing activities | -3 | 0 | -206 |
| Cash flow from financing activities | | | |
| Net change in loans from credit institutions | -235 | 110 | 144 |
| Proceeds from bond issues | 1 999 | 1 900 | 4 139 |
| Redemption of debt securities | -1 166 | 0 | -515 |
| Dividend and group contribution paid | -152 | -78 | -78 |
| Changes in other debt | 4 | -14 | -21 |
| Issue of share capital and premium | 350 | 200 | 200 |
| Net cash flow from financing activities | 800 | 2 118 | 3 869 |
| Net change in cash and cash equivalents | -322 | 90 | 306 |
| Cash balance at 01.01 | 531 | 225 | 225 |
| Cash balance at 30.09/31.12 | 209 | 315 | 531 |

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 principles,

and with the same methodology as the annual accounts for 2013. The principles are outlined in the annual report for 2013. There have been no changes in standards that affect the financial statements of Møre Boligkreditt AS from 31 December 2013.

The interim financial statements are not audited.

All amounts are stated in NOK million unless stated otherwise.

2 OPERATING 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 activity and geographical area.

| (MNOK) | LOANS | | |
|---|----------|----------|--------|
| | 30.09.14 | 30.09.13 | 2013 |
| Sectors | | | |
| Agriculture and forestry | 3 | 3 | 2 |
| Fisheries | 1 | 1 | 1 |
| Manufacturing | 7 | 5 | 5 |
| Building and construction | 25 | 20 | 23 |
| Wholesale and retail trade, hotels | 9 | 5 | 8 |
| Property management | 266 | 191 | 188 |
| Transport and private/public services | 54 | 33 | 38 |
| Public entities | 0 | 0 | 0 |
| Activities abroad | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 |
| Total corporate/public entities | 365 | 258 | 265 |
| Retail customers | 15 757 | 13 215 | 14 599 |
| Loans, nominal amount | 16 122 | 13 473 | 14 864 |
| Collective impairment | -2 | -1 | -1 |
| Loans to and receivables from customers | 16 120 | 13 472 | 14 863 |

| (MNOK) | NET INTEREST INCOME | | |
|---|---------------------|----------|------|
| | 30.09.14 | 30.09.13 | 2013 |
| Interest income from: | | | |
| Loans to and receivables from credit institutions | 3 | 3 | 5 |
| Loans to and receivables from customers | 456 | 374 | 522 |
| Interest income | 459 | 377 | 527 |
| Interest expenses in respect of: | | | |
| Loans from credit institutions | 23 | 24 | 30 |
| Debt securities issued | 215 | 186 | 257 |
| Interest expenses | 238 | 210 | 287 |
| Net interest income | 221 | 167 | 240 |

3 IMPAIRMENT, LOSSES AND NON-PERFORMANCE

Møre Boligkreditt AS reviews its loan portfolio every quarter. Commitments 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 impairment 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 all collateral has been liquidated and there is no doubt that the mortgage company will not receive further payments relating to the commitment, the impairment 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 cancellation agreement is reached with the customer.

Collective impairments are calculated for subgroups of loans when 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 for which individual impairments have been registered are not included in the basis for collective impairment.

The Sparebanken Møre Group has developed its own collective impairment 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 impairment is tailored to Møre Boligkreditt AS' assumptions and operations.

No exposures in the company's lending portfolio were identified on the date of the financial position needing individual impairments. Nor do the lending statistics on this date show any registered non-performance in the mortgage company's portfolio. Total impairment amounts to NOK 2 million as at 30 September 2014.

4 FINANCIAL ASSETS AND LIABILITIES

All lending and receivables are recorded at amortised cost. Amortised cost is also used for floating rate securities issued.

The company's debt securities issued with fixed interest rates are accounted for using fair value hedging. Losses and gains, resulting from changes in value due to changes in market interest, of debt securities with fixed interest are recognised in the income statement 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 after deducting impairment.

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 recognised at amortised cost. Fair value of debt securities is calculated allowing for change in the market interest rates and change in the credit margin.

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

| FINANCIAL ASSETS | 30.09.2014 | | 30.09.2013 | | 31.12.2013 | |
|---|------------|------------|------------|------------|------------|------------|
| | Fair value | Book value | Fair value | Book value | Fair value | Book value |
| (MNOK) | | | | | | |
| Financial assets at fair value through profit or loss: | | | | | | |
| Certificates | 0 | 0 | 0 | 0 | 0 | 0 |
| Bonds | 207 | 207 | 0 | 0 | 207 | 207 |
| Financial derivatives | 189 | 189 | 131 | 131 | 157 | 157 |
| Loans and receivables (at amortised cost): | | | | | | |
| Loans to and receivables from credit institutions | 209 | 209 | 315 | 315 | 531 | 531 |
| Loans to and receivables from customers | 16 120 | 16 120 | 13 472 | 13 472 | 14 863 | 14 863 |

| FINANCIAL LIABILITIES (MNOK) | 30.09.2014 | | 30.09.2013 | | 31.12.2013 | |
|--|------------|------------|------------|------------|------------|------------|
| | Fair value | Book value | Fair value | Book value | Fair value | Book value |
| Financial liabilities at fair value through profit or loss: | | | | | | |
| Financial derivatives | 14 | 14 | 8 | 8 | 3 | 3 |
| Debt securities issued (at amortised cost subject to hedge accounting): | | | | | | |
| Debt securities issued | 1 459 | 1 417 | 1 216 | 1 212 | 1 328 | 1 320 |
| Other financial liabilities (at amortised cost): | | | | | | |
| Loans from credit institutions | 897 | 897 | 1 097 | 1 097 | 1 131 | 1 131 |
| Debt securities issued | 13 245 | 13 138 | 10 818 | 10 738 | 12 452 | 12 378 |

Financial instruments not traded in an active market are valued in-house by the use of appropriate valuation techniques and current market conditions, or valued based on quotes or input from other market players.

| 30.09.14 | Based on prices in an active market Level 1 | Observable market information Level 2 | Other than observable market information Level 3 | Total |
|--|---|---------------------------------------|--|--------|
| Financial assets at fair value through profit or loss: | | | | |
| Certificates | 0 | 0 | 0 | 0 |
| Bonds | 0 | 207 | 0 | 207 |
| Financial derivatives | 0 | 189 | 0 | 189 |
| Loans and receivables (at amortised cost): | | | | |
| Loans to and receivables from credit institutions | 0 | 209 | 0 | 209 |
| Loans to and receivables from customers | 0 | 0 | 16 120 | 16 120 |
| Total financial assets | 0 | 605 | 16 120 | 16 725 |
| Financial liabilities at fair value through profit or loss: | | | | |
| Financial derivatives | 0 | 14 | 0 | 14 |
| Debt securities issued (at amortised cost subject to hedge accounting): | | | | |
| Debt securities issued | 0 | 1 417 | 0 | 1 417 |
| Other financial liabilities (at amortised cost): | | | | |
| Loans from credit institutions | 0 | 897 | 0 | 897 |
| Debt securities issued | 0 | 13 138 | 0 | 13 138 |
| Total financial liabilities | 0 | 15 466 | 0 | 15 466 |

| 30.09.13 | Based on prices in an active market Level 1 | Observable market information Level 2 | Other than observable market information Level 3 | Total |
|--|--|--|---|--------|
| Financial assets at fair value through profit or loss: | | | | |
| Bonds | 0 | 0 | 0 | 0 |
| Financial derivatives | 0 | 131 | 0 | 131 |
| Loans and receivables (at amortised cost): | | | | |
| Loans to and receivables from credit institutions | 0 | 315 | 0 | 315 |
| Loans to and receivables from customers | 0 | 0 | 13 472 | 13 472 |
| Total financial assets | 0 | 446 | 13 472 | 13 918 |
| Financial liabilities at fair value through profit or loss: | | | | |
| Financial derivatives | 0 | 8 | 0 | 8 |
| Debt securities issued (at amortised cost subject to hedge accounting): | | | | |
| Debt securities issued | 0 | 1 212 | 0 | 1 212 |
| Other financial liabilities (at amortised cost): | | | | |
| Loans from credit institutions | 0 | 1 097 | 0 | 1 097 |
| Debt securities issued | 0 | 10 738 | 0 | 10 738 |
| Total financial liabilities | 0 | 13 055 | 0 | 13 055 |
| <hr/> | | | | |
| 31.12.13 | Based on prices in an active market Level 1 | Observable market information Level 2 | Other than observable market information Level 3 | Total |
| Financial assets at fair value through profit or loss: | | | | |
| Bonds | 0 | 207 | 0 | 207 |
| Financial derivatives | 0 | 157 | 0 | 157 |
| Loans and receivables (at amortised cost): | | | | |
| Loans to and receivables from credit institutions | 0 | 531 | 0 | 531 |
| Loans to and receivables from customers | 0 | 0 | 14 863 | 14 863 |
| Total financial assets | 0 | 895 | 14 863 | 15 758 |
| Financial liabilities at fair value through profit or loss: | | | | |
| Financial derivatives | 0 | 3 | 0 | 3 |
| Debt securities issued (at amortised cost subject to hedge accounting): | | | | |
| Debt securities issued | 0 | 1 320 | 0 | 1 320 |
| Other financial liabilities (at amortised cost): | | | | |
| Loans from credit institutions | 0 | 1 131 | 0 | 1 131 |
| Debt securities issued | 0 | 12 378 | 0 | 12 378 |
| Total financial liabilities | 0 | 14 832 | 0 | 14 832 |

5 ISSUED COVERED BONDS

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

| COVERED BONDS (MNOK) | | | | | | | | |
|---|----------|-----------------------------|---------------------|-------|----------|------------|------------|------------|
| ISIN code | Currency | Nominal value 30.09.2014 | Interest | Issue | Maturity | 30.09.2014 | 30.09.2013 | 31.12.2013 |
| NO0010499833 | NOK | 0 | 3M Nibor + 0.45 % | 2009 | 2014 | 0 | 1 000 | 488 |
| NO0010499841 | NOK | 828 | 3M Nibor + 0.50 % | 2009 | 2016 | 828 | 1 500 | 1 500 |
| NO0010564982 | NOK | 1 250 | 3M Nibor + 0.40 % | 2010 | 2015 | 1 249 | 1 249 | 1 249 |
| NO0010575079 | NOK | 1 500 | 3M Nibor + 0.55 % | 2010 | 2017 | 1 495 | 1 494 | 1 494 |
| NO0010588072 | NOK | 1 050 | fixed NOK 4.75 % | 2010 | 2025 | 1 200 | 1 018 | 1 122 |
| NO0010625833 | NOK | 850 | 3M Nibor + 0.40 % | 2011 | 2014 | 850 | 850 | 850 |
| XS0685790585 | SEK | 450 | 3M Stibor + 0.75 % | 2011 | 2015 | 400 | 423 | 428 |
| NO0010635873 | NOK | 1 150 | 3M Nibor + 0.49 % | 2012 | 2015 | 1 151 | 1 151 | 1 151 |
| NO0010657232 | NOK | 1 500 | 3M Nibor + 0.65 % | 2012 | 2018 | 1 502 | 1 351 | 1 502 |
| XS0828616457 | SEK | 700 | 3M Stibor + 0.70 % | 2012 | 2017 | 624 | 471 | 668 |
| NO0010676018 | NOK | 1 250 | 3M Nibor + 0.47 % | 2013 | 2019 | 1 249 | 1 249 | 1 249 |
| XS0968459361 | EUR | 25 | fixed EUR 2.81 % | 2013 | 2028 | 218 | 194 | 198 |
| XS0984191873 | EUR | 30 | 6M Euribor + 0.20 % | 2013 | 2020 | 243 | 0 | 251 |
| NO0010696990 | NOK | 800 | 3M Nibor + 0.45 % | 2013 | 2020 | 799 | 0 | 799 |
| NO0010699028 | NOK | 750 | 3M Nibor + 0.37 % | 2013 | 2017 | 749 | 0 | 749 |
| NO0010720204 | NOK | 2 000 | 3M Nibor + 0.24 % | 2014 | 2020 | 1 998 | 0 | 0 |
| Total securities issued | | | | | | 14 555 | 11 950 | 13 698 |
| Financial derivatives to hedge securities (liabilities) | | | | | | 14 | 8 | 3 |
| Financial derivatives to hedge securities (assets) | | | | | | -189 | -131 | -157 |
| Total borrowings raised through the issue of securities | | | | | | 14 380 | 11 827 | 13 544 |

| COVER POOL (MNOK) | 30.09.2014 | 30.09.2013 | 31.12.2013 |
|-----------------------------|------------|------------|------------|
| Pool of eligible loans 1) | 15 807 | 13 255 | 14 563 |
| Supplementary assets | 416 | 315 | 738 |
| Total collateralised assets | 16 223 | 13 570 | 15 301 |
| Collateralisation | 12.8 % | 14.7 % | 13.0 % |

1) NOK 314 million of total gross loans are not eligible for the cover pool as at 30.09.14.

6 TRANSACTIONS WITH RELATED PARTIES

In order to conduct normal business, Møre Boligkreditt AS purchases services from Sparebanken Møre. There will also be 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 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 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 difficulty in obtaining financing, there is established a revolving guarantee from Sparebanken Møre where the purpose is to ensure timely payments to owners of bonds and derivative counterparties.

The pricing of the services provided to Møre Boligkreditt AS by Sparebanken Møre distinguishes 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 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 costs, including 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) | 30.09.2014 | 30.09.2013 | 31.12.2013 |
|--|------------|------------|------------|
| Income statement | | | |
| Interest and credit commission income from Sparebanken Møre related to deposits | 3 | 3 | 5 |
| Interest and credit commission income paid to Sparebanken Møre related to loan/credit facility | 23 | 24 | 30 |
| Interest paid to Sparebanken Møre related to bonded debt | 4 | 27 | 34 |
| Management fee paid to Sparebanken Møre | 17 | 13 | 19 |
| Statement of financial position | | | |
| Deposits in Sparebanken Møre | 209 | 315 | 531 |
| Covered bonds | 1 083 | 1 252 | 673 |
| Loan/credit facility in Sparebanken Møre | 897 | 1 097 | 1 131 |
| Accumulated transferred loan portfolio from Sparebanken Møre | 16 122 | 13 473 | 14 864 |

7 EQUITY AND RELATED CAPITAL

| (MNOK) | MØRE BOLIGKREDITT AS | | |
|---|----------------------|------------|------------|
| | 30.09.2014 | 30.09.2013 | 31.12.2013 |
| IRB approach (Basel II) | | | |
| Core capital | 1 052 | 703 | 703 |
| Supplementary capital | 0 | 0 | 0 |
| Net equity and subordinated loan capital | 1 052 | 703 | 703 |
| Risk-weighted assets (calculation basis for capital adequacy ratio) | 7 032 | – | – |
| Capital adequacy ratio | 14.96 | – | – |
| Core capital ratio | 14.96 | – | – |

The Financial Supervisory Authority of Norway has approved Sparebanken Møre Group for the use of internal rating based (IRB) models to calculate capital requirements for credit risk in the corporate portfolios. Until further notice, the Group still has to use the standard approach in the Basel II regulations for calculating capital adequacy in the retail portfolios.

Due to transitional rules, the minimum capital requirement for the third quarter of 2014 cannot be reduced below 80 per cent in relation to the requirements according to Basel I rules. Capital adequacy for the third quarter is reported according to the transitional rules.

The schedule below shows capital adequacy according to Basel II without regard to the rules of transition:

| (MNOK) | MØRE BOLIGKREDITT AS | | |
|---|----------------------|------------|------------|
| | 30.09.2014 | 30.09.2013 | 31.12.2013 |
| IRB approach (Basel II) | | | |
| Risk-weighted assets (calculation basis for capital adequacy ratio) | 6 517 | 5 149 | 5 737 |
| Capital adequacy ratio | 16.11 | 13.65 | 12.25 |
| Core capital ratio | 16.11 | 13.65 | 12.25 |

Profit performance

QUARTERLY PROFIT

| (MNOK) | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 |
|---|---------|---------|---------|---------|---------|
| Net interest income | 72 | 73 | 76 | 73 | 64 |
| Total other operating income | 1 | 1 | -4 | -2 | -1 |
| Total operating costs | 6 | 8 | 7 | 7 | 6 |
| Profit before impairment on loans and taxes | 67 | 66 | 65 | 64 | 57 |
| Impairment on loans | 0 | 1 | 0 | 0 | 0 |
| Pre tax profit | 67 | 65 | 65 | 64 | 57 |
| Taxes | 18 | 18 | 17 | 18 | 16 |
| Profit after tax | 49 | 47 | 48 | 46 | 41 |

| AS A PERCENTAGE OF AVERAGE ASSETS | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 |
|---|---------|---------|---------|---------|---------|
| Net interest income | 1.90 | 1.99 | 1.92 | 1.94 | 2.00 |
| Total other operating income | 0.03 | 0.02 | -0.09 | -0.05 | -0.02 |
| Total operating costs | 0.17 | 0.22 | 0.17 | 0.18 | 0.18 |
| Profit before impairment on loans and taxes | 1.76 | 1.79 | 1.66 | 1.71 | 1.80 |
| Impairment on loans | 0.00 | 0.02 | 0.00 | 0.00 | 0.00 |
| Pre tax profit | 1.76 | 1.77 | 1.66 | 1.71 | 1.80 |
| Taxes | 0.47 | 0.48 | 0.44 | 0.48 | 0.48 |
| Profit after tax | 1.29 | 1.29 | 1.22 | 1.23 | 1.32 |
| Average total assets (MNOK) | 15 144 | 14 820 | 15 805 | 14 840 | 12 909 |

ACCUMULATED PROFIT FOR THE YEAR

| (MNOK) | 30.09.2014 | 30.09.2013 | 31.12.2013 |
|---|------------|------------|------------|
| Net interest income | 221 | 167 | 240 |
| Total other operating income | -2 | -1 | -3 |
| Total operating costs | 21 | 19 | 26 |
| Profit before impairment on loans and taxes | 198 | 147 | 211 |
| Impairment on loans | 1 | 0 | 0 |
| Pre tax profit | 197 | 147 | 211 |
| Taxes | 53 | 41 | 59 |
| Profit after tax | 144 | 106 | 152 |

| AS A PERCENTAGE OF AVERAGE ASSETS | 30.09.2014 | 30.09.2013 | 31.12.2013 |
|---|------------|------------|------------|
| Net interest income | 1.94 | 1.83 | 1.86 |
| Total other operating income | -0.02 | -0.01 | -0.02 |
| Total operating costs | 0.19 | 0.21 | 0.20 |
| Profit before impairment on loans and taxes | 1.73 | 1.61 | 1.64 |
| Impairment on loans | 0.01 | 0.00 | 0.00 |
| Pre tax profit | 1.72 | 1.61 | 1.64 |
| Taxes | 0.47 | 0.44 | 0.46 |
| Profit after tax | 1.25 | 1.17 | 1.18 |
| Average total assets (MNOK) | 15 214 | 12 233 | 12 885 |

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MØRE BOLIGKREDITT

Keiser Wilhelms gate 29/33
P.O.Box 121 Sentrum, NO-6001 Ålesund
Telephone +47 70 11 30 00
Telefax +47 70 12 26 70

sbm.no