

INTERIM REPORT  
4 QUARTER  
UNAUDITED

15



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.

## Fourth quarter results

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 54 million in fourth quarter 2015, compared to NOK 64 million in fourth quarter 2014. Net interest income amounted to NOK 65 million, compared to NOK 77 million for the same period last year. Costs amounted to NOK 8 million in fourth quarter 2015, compared with NOK 8 million in the corresponding quarter in 2014.

Møre Boligkreditt AS has not established losses or impairment for individual losses in fourth quarter 2015, nor made any changes to the collective impairment. Tax amounted to NOK 15 million in the fourth quarter of 2015, compared to NOK 17 million in fourth quarter 2014. Profit after tax amounted to NOK 39 million in fourth quarter 2015, compared to NOK 47 million in the corresponding quarter 2014.

In fourth quarter 2015 one Møre Boligkreditt AS bond loan of SEK 450 million matured and was fully repaid. Møre Boligkreditt AS acquired mortgages from Sparebanken Møre also in fourth quarter 2015,

but net lending was decreased by NOK 33 million as a result of amortisation of loans in the cover pool.

## Fourth quarter end results

By fourth quarter end 2015 the financial statements show a pre-tax profit of NOK 241 million, compared to NOK 261 million by fourth quarter end 2014. Net interest income amounted to NOK 273 million by fourth quarter end 2015, compared to NOK 298 million by end of same period last year. Costs in 2015 amounted to NOK 31 million, compared with NOK 29 million in 2014.

The amount allocated for collective impairment was NOK 4 million at fourth quarter end 2015 compared to NOK 2 million at fourth quarter end 2014. Profit after tax amounted to NOK 176 million by fourth quarter end 2015, compared to NOK 191 million by fourth quarter end 2014. Tax amounted to NOK 65 million in 2015, compared to NOK 70 million in 2014.

Total assets at fourth quarter end 2015 amounted to NOK 18 080 million compared to NOK 16 252 million at fourth quarter end 2014. Net lending amounted to NOK 16 907 million at fourth quarter end 2014, compared with NOK 15 544 million at fourth quarter end 2014. At fourth quarter end 2015, the company's substitute assets included in the cover pool amounted to NOK 688 million, including receivables from credit institutions of NOK 285 million, compared to NOK 312 million at fourth quarter end 2014. Møre Boligkreditt AS had twelve bond loans outstanding at 31 December 2015 with a total bond loan

debt of NOK 15 662 million compared to fourteen bond loans with NOK 13 983 million outstanding at 31 December 2014.

## 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 1 153 million by end of fourth quarter 2015, compared to NOK 1 053 million by end of fourth quarter 2014. This corresponds to a capital adequacy/core capital ratio of 14.7 per cent. Risk-weighted assets amounted to NOK 7 608 million by end of fourth quarter 2015. Møre Boligkreditt AS use internal rating based (IRB) models to calculate capital requirements for credit risk. 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 managing director 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 fourth quarter 2015, 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 for-

eign 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 managing director 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, and especially the oil related part of the economy, has experienced a slowdown during 2015, and we will probably experience lower and selective growth also in the coming quarters. This is mainly due to the expected decline in petroleum related investments in 2016. A strong household sector due to record low interest rates, still low unemployment levels, together with a solid public sector will however keep the production levels high in several sectors. The weak NOK is positive for the competitiveness of the export industry, and for the tourist industry.

Should the Norwegian economy be hit harder than expected, monetary and financial policy will be moved in an even more expansive direction. The development of house prices, together with growth in debt, is probably the most important risk factors to Norwegian households. Important risk factors going forward are also the oil price development, macroeconomic growth in export markets and the NOK exchange rate.

The combined activity level of businesses located in Møre og Romsdal County will most likely remain high despite the decline

in the petroleum related industries. However, the growth in production will probably not be strong enough to prevent unemployment from rising further in 2016. The registered unemployment rate in Norway was 3.0 per cent in December, compared to 2.9 per cent in the county of Møre og Romsdal. We expect unemployment in the county to rise above national average levels in 2016.

Retail lending has so far been good, with a growth rate for the Sparebanken Møre Group of 1.5 per cent in fourth quarter 2015, and 8.0 per cent the last twelve months.

The Board believes that despite the slowdown of the economy, both in Norway and in the county of Møre og Romsdal, the low

interest rates and high disposable 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 further increase the volume of outstanding bond loans from Møre Boligkreditt AS.

Ålesund, 31 December 2015  
27 January 2016

The Board of Directors of Møre Boligkreditt AS

Kjetil Hauge  
CHAIRMAN

Geir Tore Hjelle

Britt Iren Tøsse Aandal

Sandra Myhre Helseth

Trond Nydal

Ole Kjerstad  
MANAGING DIRECTOR

## STATEMENT OF INCOME

MØRE BOLIGKREDITT AS					
(MNOK)	Notes	Q4 2015	Q4 2014	2015	2014
Interest income	2	131	157	551	616
Interest expenses	2	66	80	278	318
Net interest income	2, 6	65	77	273	298
Commission income		0	0	0	1
Net change in value of debt securities issued and related derivatives		-3	-5	1	-8
Wages, salaries and general administration costs		0	1	2	2
Other operating costs	6	8	7	29	27
Total operating costs		8	8	31	29
Profit before impairment on loans and taxes		54	64	243	262
Impairment on loans	3	0	0	2	1
Pre tax profit		54	64	241	261
Taxes		15	17	65	70
Profit after tax		39	47	176	191

## STATEMENT OF COMPREHENSIVE INCOME

MØRE BOLIGKREDITT AS					
(MNOK)	Notes	Q4 2015	Q4 2014	2015	2014
Profit after tax		39	47	176	191
Other comprehensive income		0	0	0	0
Total comprehensive income after tax		39	47	176	191



## STATEMENT OF FINANCIAL POSITION

MØRE BOLIGKREDITT AS			
(MNOK)	Notes	31.12.15	31.12.14
<b>Assets</b>			
Loans to and receivables from credit institutions	2, 4, 5, 6	285	104
Loans to and receivables from customers	2, 3, 4	16 907	15 544
Certificates and bonds	4, 5	403	208
Financial derivatives	4, 5	485	395
Deferred tax asset		0	1
Total assets	7	18 080	16 252
<b>Liabilities and equity</b>			
Loans from credit institutions	4, 6	970	915
Debt securities issued	4, 5, 6	15 711	14 023
Financial derivatives	4, 5	6	0
Tax payable		63	70
Deferred tax liability		1	0
Total liabilities		16 751	15 008
Share capital		975	875
Share premium		175	175
Other paid-in equity		0	0
Paid-in equity		1 150	1 050
Other equity		179	194
Retained earnings		179	194
Total equity		1 329	1 244
Total liabilities and equity	7	18 080	16 252

## STATEMENT OF CHANGES IN EQUITY

### 2015

Amounts in MNOK	Total equity	Share capital	Share premium	Other equity
Equity as at 31 December 2014	1 244	875	175	194
Total comprehensive income for the period	176			176
Issue of share capital	100	100		
Dividends	-191			-191
Equity as at 31 December 2015	1 329	975	175	179

The share capital consists of 780 000 shares at NOK 1 250, a total of NOK 975 million. All shares are owned by Sparebanken Møre. The issue of share capital of NOK 100 million was approved by the Financial Supervisory Authority of Norway 19 March 2015, and updated certificate of registration and articles of association were registered 30 March 2015. Proposed dividend as of 31 December amounts to NOK 176 million.

### 2014

Amounts in MNOK	Total equity	Share capital	Share premium	Other equity
Equity as at 31 December 2013	855	700	0	155
Total comprehensive income for the period	191			191
Issue of share capital and premium	350	175	175	
Dividends	-152			-152
Equity as at 31 December 2014	1 244	875	175	194

The share capital consists of 700 000 shares at NOK 1 250, a total of NOK 875 million. All shares are owned by Sparebanken Møre. Proposed dividend as of 31 December amounts to NOK 191 million.



## CASH FLOW STATEMENT

	MØRE BOLIGKREDITT AS	
(MNOK)	2015	2014
<b>Cash flow from operating activities</b>		
Interest, commission and fees received	547	566
Interest, commission and fees paid	-22	-21
Operating expenses paid	-31	-29
Income taxes paid	-70	-60
Payment for acquiring loans from the Parent Bank	-6 964	-5 043
Payment related to instalment loans and credit lines to customers	5 598	4 362
Net cash flow from operating activities	-942	-225
<b>Cash flow from investing activities</b>		
Received interest, commission and fees related to certificates, bonds and other securities	5	5
Proceeds from the sale of certificates, bonds and other securities	65	245
Purchases of certificates, bonds and other securities	-264	-244
Changes in other assets	5	-10
Net cash flow from investing activities	-189	-4
<b>Cash flow from financing activities</b>		
Paid interest, commission and fees related to issued bonds	-258	-263
Net change in loans from credit institutions	55	-217
Proceeds from bond issues	3 965	2 509
Redemption of debt securities	-2 343	-2 460
Dividend and group contribution paid	-191	-152
Changes in other debt	-16	35
Issue of share capital and premium	100	350
Net cash flow from financing activities	1 312	-198
Net change in cash and cash equivalents	181	-427
Cash balance at 01.01	104	531
Cash balance at 31.12	285	104

## 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 2014. The principles are outlined in the annual report for 2014. There have been no changes in standards that affect the financial statements of Møre Boligkreditt AS from 31 December 2014.

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	
	2015	2014
Sectors		
Agriculture and forestry	1	3
Fisheries	0	1
Manufacturing	9	7
Building and construction	26	26
Wholesale and retail trade, hotels	6	9
Property management	250	264
Transport and private/public services	59	55
Public entities	0	0
Activities abroad	0	0
Miscellaneous	0	0
Total corporate/public entities	351	365
Retail customers	16 544	15 160
Accrued interest income	16	21
Loans, nominal amount	16 911	15 546
Collective impairment	-4	-2
Loans to and receivables from customers	16 907	15 544

(MNOK)	NET INTEREST INCOME	
	2015	2014
Interest income from:		
Loans to and receivables from credit institutions	6	5
Loans to and receivables from customers	545	611
Interest income	551	616
Interest expenses in respect of:		
Loans from credit institutions	20	29
Debt securities issued	258	289
Interest expenses	278	318
Net interest income	273	298

### 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 4 million as at 31 December 2015.

### 4 FINANCIAL INSTRUMENTS

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.

CLASSIFICATION OF FINANCIAL INSTRUMENTS	Financial instruments at fair value through profit and loss		Financial assets and liabilities carried at amortised cost	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Loans to and receivables from credit institutions	0	0	285	104
Loans to and receivables from customers	0	0	16 907	15 544
Certificates and bonds	403	208	0	0
Financial derivatives	485	395	0	0
Total assets	888	603	17 192	15 648
Loans from credit institutions	0	0	970	915
Debt securities issued	0	0	15 711	14 023
Financial derivatives	6	0	0	0
Total liability	6	0	16 681	14 938

FAIR VALUE OF FINANCIAL INSTRUMENTS AT AMORTISED COST	31.12.2015		31.12.2014	
	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	285	285	104	104
Loans to and receivables from customers	16 907	16 907	15 544	15 544
Total assets	17 192	17 192	15 648	15 648
Loans from credit institutions	970	970	915	915
Debt securities issued	15 595	15 711	14 157	14 023
Total liability	16 565	16 681	15 072	14 938

FINANCIAL INSTRUMENTS AT AMORTISED COST	Based on prices in an active market		Observable market information		Other than observable market information		Total	
	Level 1		Level 2		Level 3			
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Loans to and receivables from credit institutions	0	0	285	104	0	0	285	104
Loans to and receivables from customers	0	0	0	0	16 907	15 544	16 907	15 544
Total assets	0	0	285	104	16 907	15 544	17 192	15 648
Loans from credit institutions	0	0	970	915	0	0	970	915
Debt securities issued	0	0	15 595	14 157	0	0	15 595	14 157
Total liability	0	0	16 565	15 072	0	0	16 565	15 072

FINANCIAL INSTRUMENTS AT FAIR VALUE	Based on prices in an active market		Observable market information		Other than observable market information		Total	
	Level 1		Level 2		Level 3			
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Certificates and bonds	0	0	403	208	0	0	403	208
Financial derivatives	0	0	485	395	0	0	485	395
Total assets	0	0	888	603	0	0	888	603
Financial derivatives	0	0	6	0	0	0	6	0
Total liability	0	0	6	0	0	0	6	0

## 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 31.12.2015	Interest	Issue	Maturity	31.12.2015	31.12.2014
NO0010499841	NOK	828	3M Nibor + 0.50 %	2009	2016	827	828
NO0010564982	NOK	0	3M Nibor + 0.40 %	2010	2015	0	1 008
NO0010575079	NOK	1 500	3M Nibor + 0.55 %	2010	2017	1 497	1 495
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 272	1 266
XS0685790585	SEK	0	3M Stibor + 0.75 %	2011	2015	0	432
NO0010635873	NOK	0	3M Nibor + 0.49 %	2012	2015	0	950
NO0010657232	NOK	2 500	3M Nibor + 0.65 %	2012	2018	2 512	2 010
XS0828616457	SEK	700	3M Stibor + 0.70 %	2012	2017	736	675
NO0010676018	NOK	2 000	3M Nibor + 0.47 %	2013	2019	2 006	1 249
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	289	252
XS0984191873	EUR	30	6M Euribor + 0.20 %	2013	2020	288	270
NO0010696990	NOK	2 000	3M Nibor + 0.45 %	2013	2020	1 999	799
NO0010699028	NOK	750	3M Nibor + 0.37 %	2013	2017	750	750
NO0010720204	NOK	2 500	3M Nibor + 0.24 %	2014	2020	2 497	1 999
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	989	0
Total securities issued						15 662	13 983
Accrued interest						49	40
Financial derivatives to hedge securities (liabilities)						6	0
Financial derivatives to hedge securities (assets)						-485	-395
Total borrowings raised through the issue of securities						15 232	13 628

COVER POOL (MNOK)	31.12.2015	31.12.2014
Pool of eligible loans 1)	16 648	15 110
Supplementary assets	688	312
Total collateralised assets	17 336	15 422
Collateralisation	113.8 %	113.2 %

1) NOK 247 million of total gross loans are not eligible for the cover pool as at 31.12.15

## 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)	31.12.2015	31.12.2014
<b>Income statement</b>		
Interest and credit commission income from Sparebanken Møre related to deposits	6	5
Interest and credit commission income paid to Sparebanken Møre related to loan/credit facility	20	28
Interest paid to Sparebanken Møre related to bonded debt	2	6
Management fee paid to Sparebanken Møre	24	22
<b>Statement of financial position</b>		
Deposits in Sparebanken Møre	285	104
Covered bonds	0	25
Loan/credit facility in Sparebanken Møre	970	915
Accumulated transferred loan portfolio from Sparebanken Møre	16 911	15 546

## 7 EQUITY AND RELATED CAPITAL

(MNOK)	MØRE BOLIGKREDITT AS	
	31.12.2015	31.12.2014
<b>IRB approach (Basel II)</b>		
Core capital	1 153	1 053
Expected losses exceeding actual losses, IRB portfolios corporate	-32	-1
Supplementary capital	0	0
Net equity and subordinated loan capital	1 121	1 052
<b>Capital requirement by exposure classes</b>		
<b>Exposure classes SA - credit risk</b>		
Institutions (banks etc)	18	12
Secured by mortgages on immovable property	0	442
Covered bonds	3	2
Other items	3	3
Total capital requirements - credit risk, The Standardised Approach	24	459
<b>Exposure classes IRB - credit risk</b>		
Retail - Secured by real estate	251	0
Retail - Other	0	0
SME	17	17
Specialised lending	0	0
Other corporate lending	0	0
IRB-F capital requirements	268	17
Total capital requirements - credit risk	292	476
<b>Exposure classes SA - market risk</b>		
Credit value adjustment risk (CVA)	35	42
Operational Risk (Basic Indicator Approach)	33	21
Total capital requirement less transitional rules	360	539
Additional capital requirements from transitional rules 1)	245	6
Total capital requirements	605	545
<b>Risk-weighted assets (calculation basis for capital adequacy ratio)</b>		
Risk-weighted assets less transitional rules	4 500	6 736
Additional RWA from transitional rules 1)	3 108	81
Total risk-weighted assets	7 608	6 817
Minimum requirement common equity Tier 1 capital (4.5 %)	342	303
1) Transitional rules require that RWA can not be less than 80 per cent of the corresponding Basel I requirement.		
<b>Capital adequacy as a percentage of the weighted asset calculation basis incl. transitional rules</b>		
Capital adequacy ratio	14.7	15.4
Core capital ratio	14.7	15.4
Core Tier 1 capital ratio	14.7	15.4

Møre Boligkredit's capital requirements at 31st December 2015 are based on IRB-Foundation for corporate commitments and IRB-Retail for retail commitments.



# Profit performance

## QUARTERLY PROFIT

(MNOK)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Net interest income	65	66	67	75	77
Total other operating income	-3	-3	-1	8	-5
Total operating costs	8	7	9	7	8
Profit before impairment on loans and taxes	54	56	57	76	64
Impairment on loans	0	0	2	0	0
Pre tax profit	54	56	55	76	64
Taxes	15	15	14	21	17
Profit after tax	39	41	41	55	47
<b>AS A PERCENTAGE OF AVERAGE ASSETS</b>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Q1 2015</b>	<b>Q4 2014</b>
Net interest income	1.58	1.52	1.61	1.84	1.90
Total other operating income	-0.09	-0.06	-0.01	0.20	-0.13
Total operating costs	0.18	0.17	0.20	0.18	0.18
Profit before impairment on loans and taxes	1.31	1.29	1.40	1.86	1.59
Impairment on loans	0.00	0.00	0.06	0.00	0.00
Pre tax profit	1.31	1.29	1.34	1.86	1.59
Taxes	0.35	0.35	0.36	0.50	0.43
Profit after tax	0.96	0.94	0.98	1.36	1.16
Average total assets (MNOK)	16 626	17 492	16 578	16 312	16 138

## ACCUMULATED PROFIT FOR THE YEAR

(MNOK)	2015	2014
Net interest income	273	298
Total other operating income	1	-7
Total operating costs	31	29
Profit before impairment on loans and taxes	243	262
Impairment on loans	2	1
Pre tax profit	241	261
Taxes	65	70
Profit after tax	176	191
<b>AS A PERCENTAGE OF AVERAGE ASSETS</b>	<b>2015</b>	<b>2014</b>
Net interest income	1.63	1.93
Total other operating income	0.01	-0.05
Total operating costs	0.18	0.19
Profit before impairment on loans and taxes	1.46	1.69
Impairment on loans	0.01	0.00
Pre tax profit	1.45	1.69
Taxes	0.39	0.46
Profit after tax	1.06	1.23
Average total assets (MNOK)	16 752	15 445

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