

# Møre Boligkreditt AS

A company in the Sparebanken Møre Group

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# Sparebanken Møre

Sparebanken Møre is a wholly independent savings bank with focus on traditional core banking.

The Bank was established in 1985 as a result of mergers between local savings banks in the county of Møre og Romsdal, of which the oldest was established in 1843.

Other savings banks have also merged with Sparebanken Møre since then, and the bank is currently the 9th largest Norwegian bank in terms of total assets.

Sparebanken Møre has been listed on Oslo Stock Exchange since 1989 with equity certificates (EC).

Møre Boligkreditt is Sparebanken Møre's wholly owned mortgage bank and covered bond issuing entity.



# Sparebanken Møre

27

BRANCH OFFICES (INCLUDING THE NEWLY  
OPENED RETAIL BRANCH IN OSLO)

387

FULL TIME EMPLOYEE YEARS

93.2bn

NOK IN TOTAL ASSETS



Sparebanken Møre is headquartered in the City of Ålesund and is the largest financial group in our region - the northern part of western Norway.

# The Norwegian economy





# The Norwegian economy

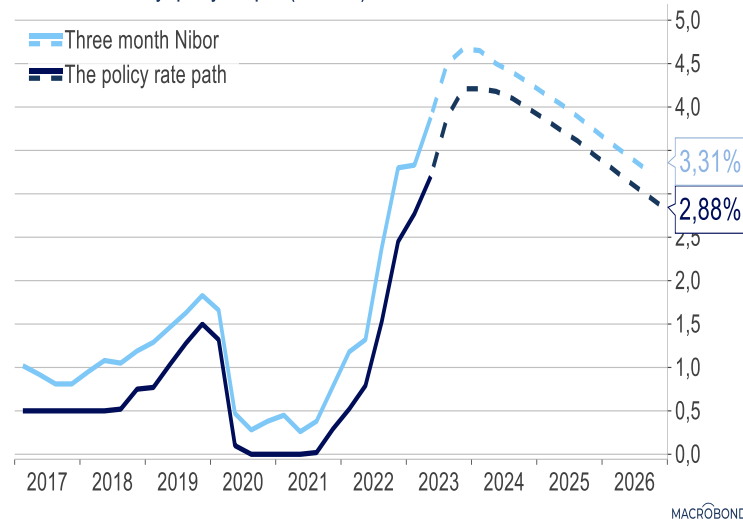
In addition to the elevated inflation, the weak NOK will contribute to further increase in the key policy rate to 4.25 – 4.50 % by the end of 2023.

Unemployment levels, both national and in the county of Møre og Romsdal, are very low.

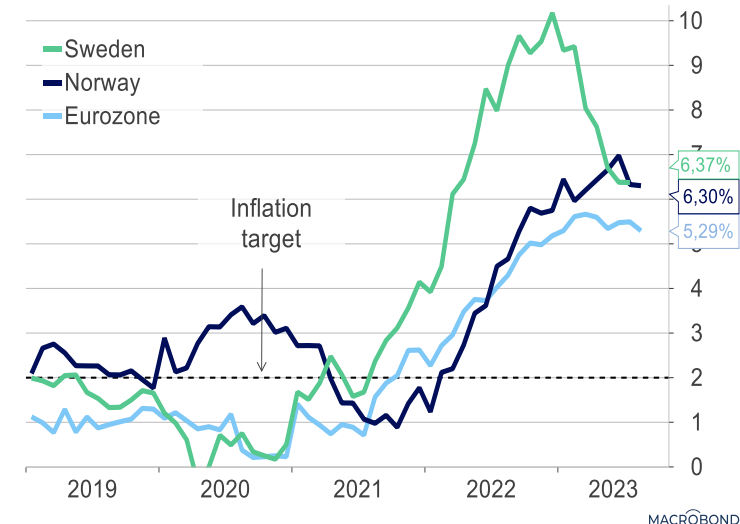
The Norwegian housing market has held up quite well.

Expectations for the Norwegian housing market are that prices will be relatively flat for the full year.

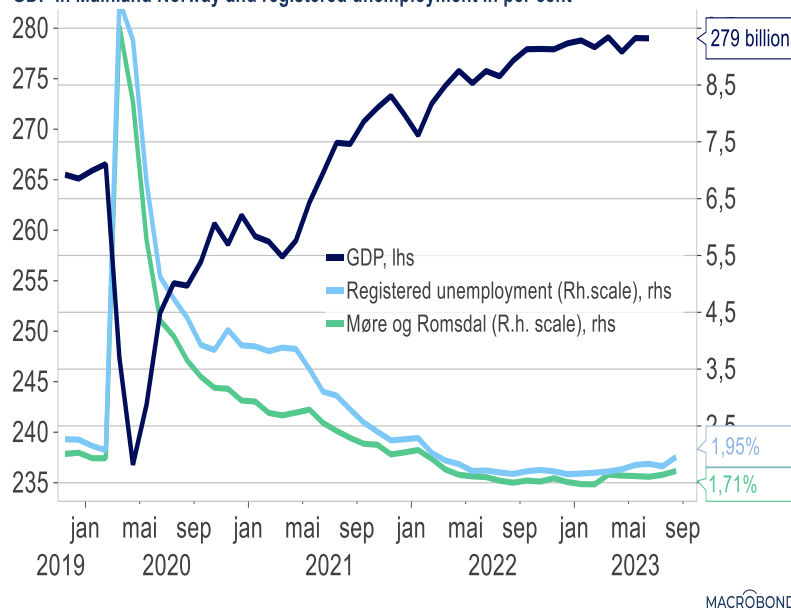
Central bank of Norway's policy rate path (MPR 2/23)



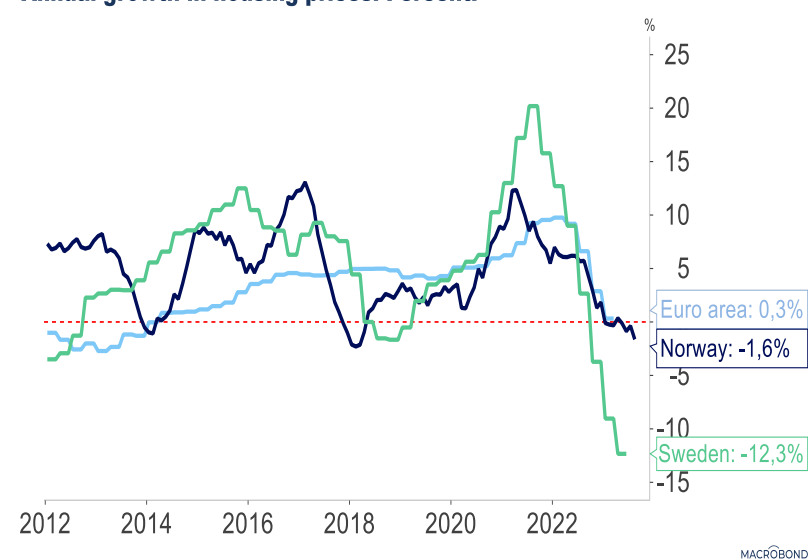
Core inflation. Percent.



GDP in Mainland Norway and registered unemployment in per cent



Annual growth in housing prices. Percent.



# House price development

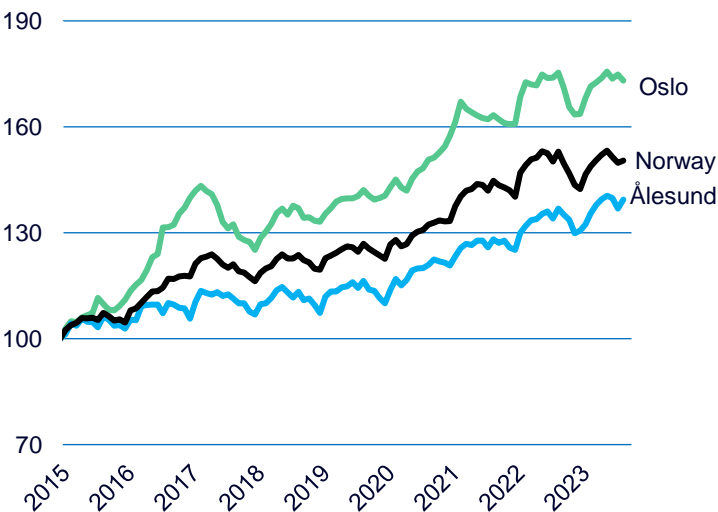
Based on pre-owned dwellings sold, Norwegian seasonal adjusted house prices fell by 0.6 per cent in August 2023.

Last 12 months Norwegian house prices decreased in average by 1.6 per cent.

House prices in the City of Ålesund increased by 1.9 per cent last 12 months.

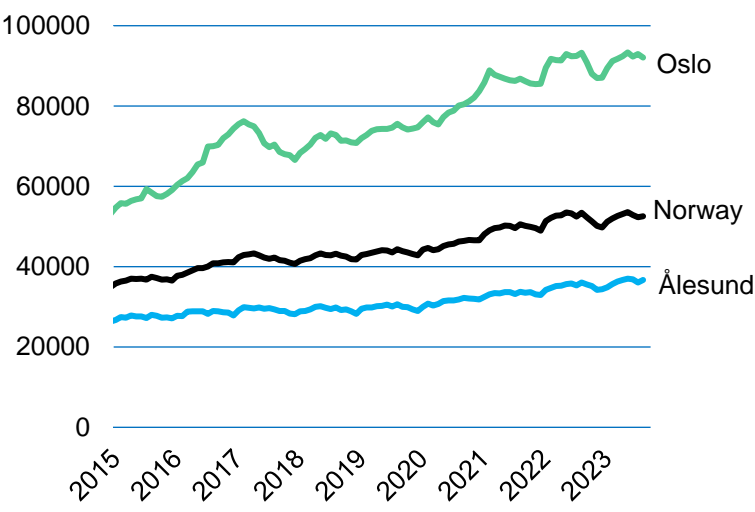
## Indexed development

- January 2015 = 100



## Price per square meter

- January 2015 – August 2023



### Key information on pre-owned dwellings sold in August 2023

	Norway	Ålesund	City of Oslo
Seasonal adj. development last month	-0.6 %	+0.4 %	-1.4 %
Development last 12 months	-1.6 %	+1.9 %	-1.3 %
Development last 10 years	+54.6 %	+40.7 %	+84.2 %
Per square meter (NOK)	52,578	36,711	92,073
Average number of days on market	38 days	45 days	24 days
Price median dwelling (NOK)	3,875,000	3,200,000	5,255,147

# Sparebanken Møre

## Group figures

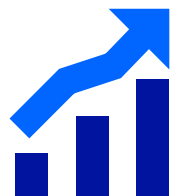
30.06.2023



# 2 Interim report

2023 Unaudited

# H1 2023 - Highlights



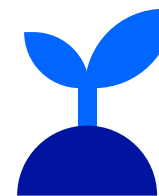
## Stronger profitability

ROE: 12.2 %



## Improved Efficiency

C/I: 39.3 %



## Strong growth

Lending: +9.3 %  
Deposits: +3.1 %  
(Last 12 months)



## Stronger Net Interest Income

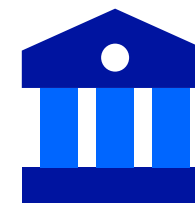
In NOK: 907 million  
In per cent: 1.96



## Low Losses

In NOK: 30 million  
In per cent: 0.07  
(loans and guarantees)

Low level of loans in default



## Strong liquidity and solidity

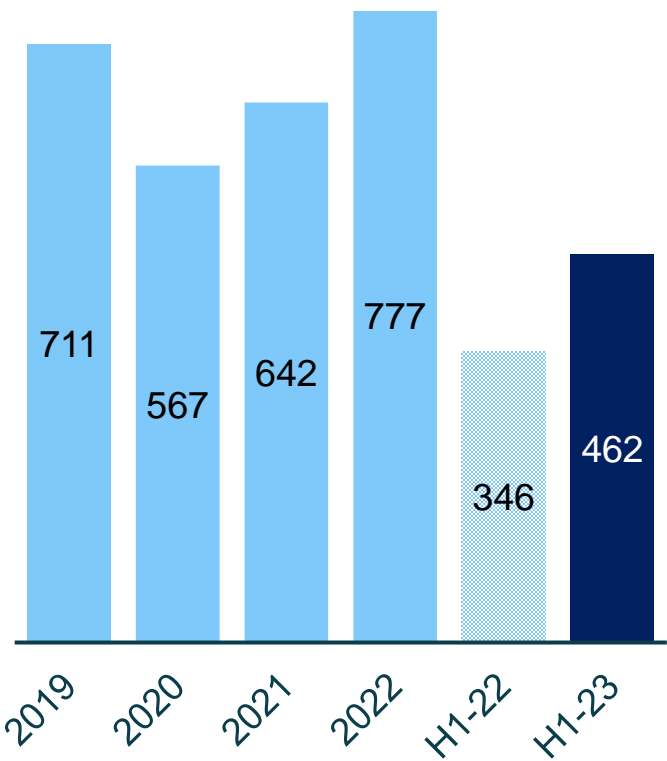
LCR: 183  
NSFR: 127  
CET1: 17.6 %  
Leverage Ratio: 7.4 %



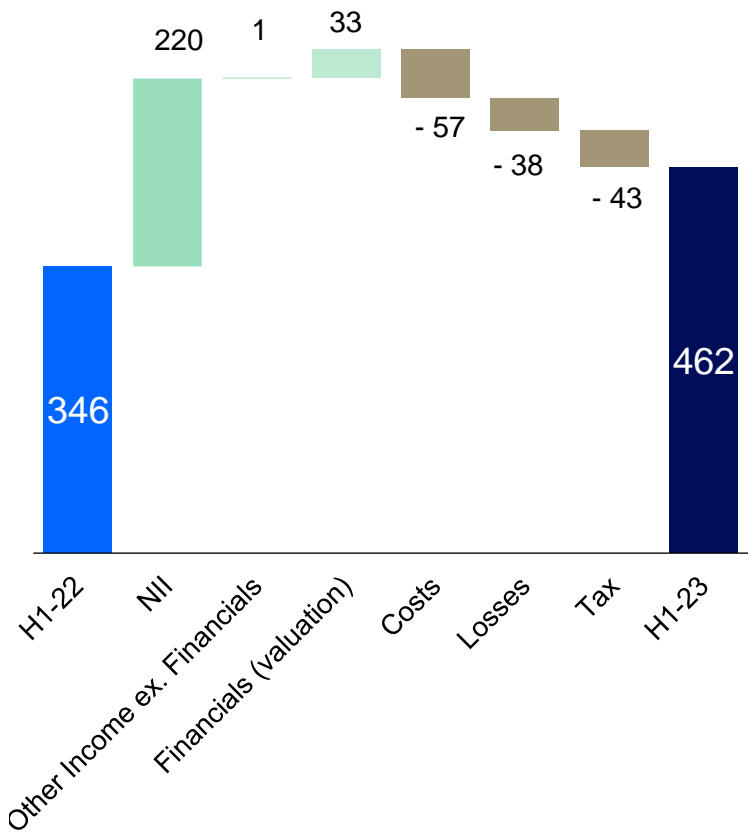
# Profitability

Growth in lending and deposits, rising interest rates together with the composition of the bank's balance sheet contributes to stronger Net Interest Income

Profit after tax  
- NOK million



Changes 1H-22 / 1H-23  
- NOK million



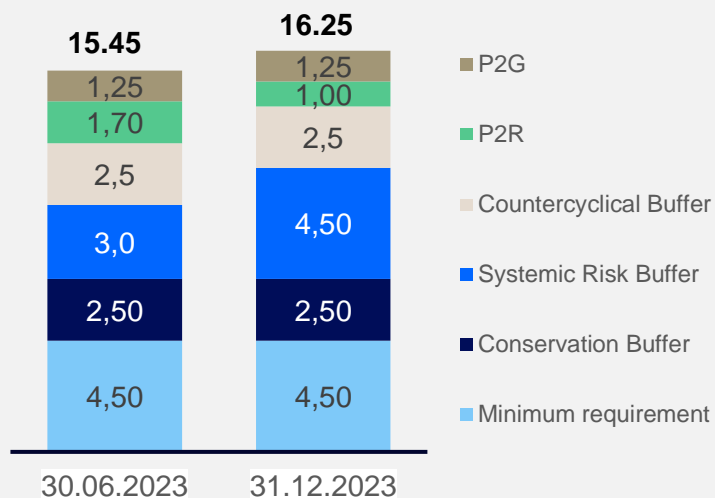
# Sparebanken Møre Group

ROE above 11 % target

Cost income ratio below 40 % target

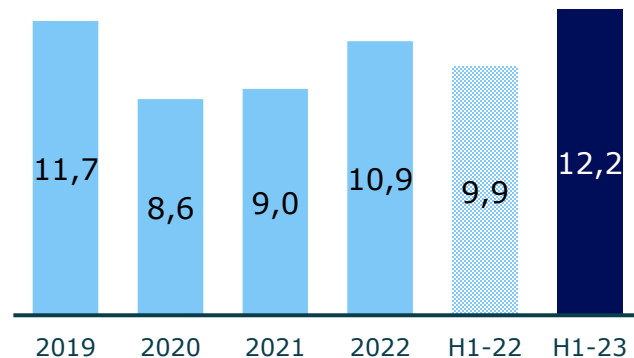
Net losses of NOK 30 mill. or 0.07% in percent of average assets in 1H-23

Healthy financial structure, well above both **current and announced capital requirements:**

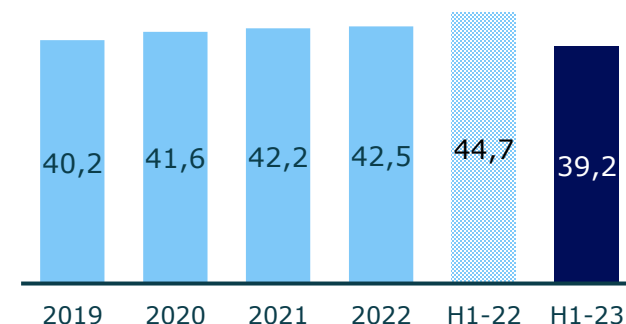


Sparebanken Møre

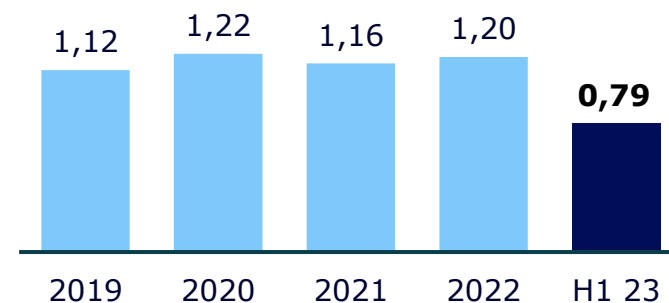
## Return on Equity



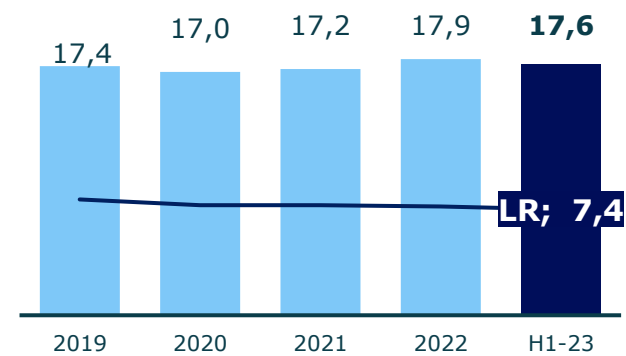
## Cost/Income



## Credit-impaired commitments (net) - In per cent of loans and guarantees



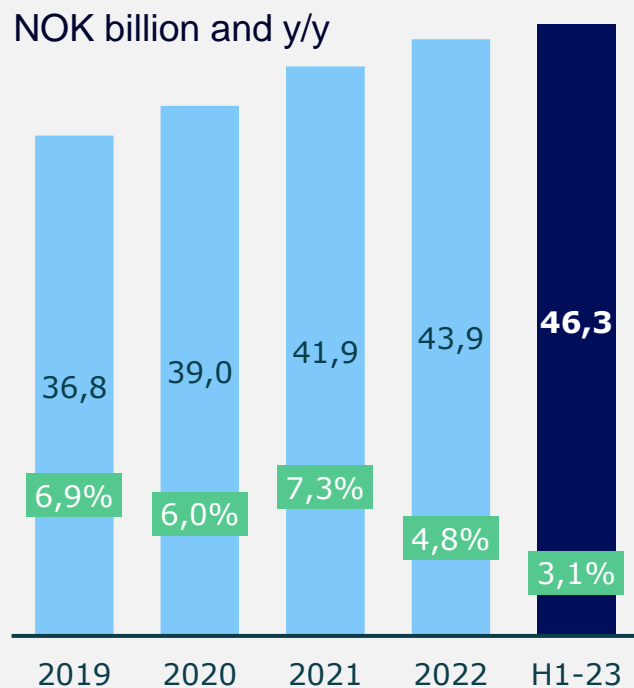
## Common Equity Tier1 Capital (CET1) - Leverage ratio (%)



15.45 % CET1 requirement

3 % Leverage Ratio requirement

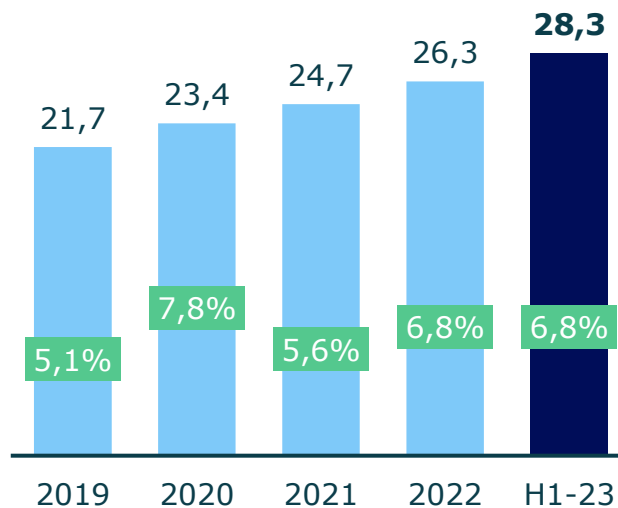
## Strong retail deposits growth



Growth of 3.1 % last 12 months

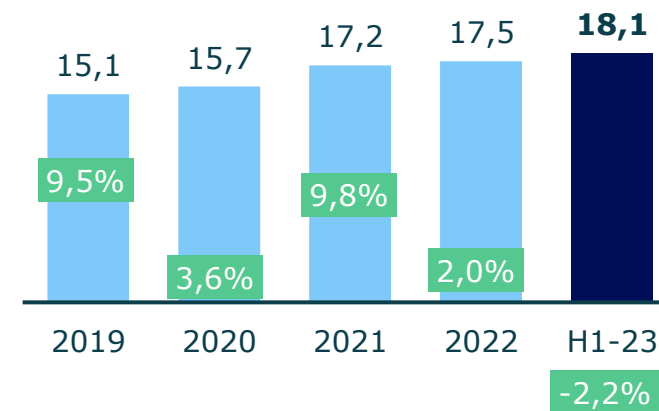
Deposit-to-loan ratio: 58.4 %

### Retail deposits NOK billion and y/y



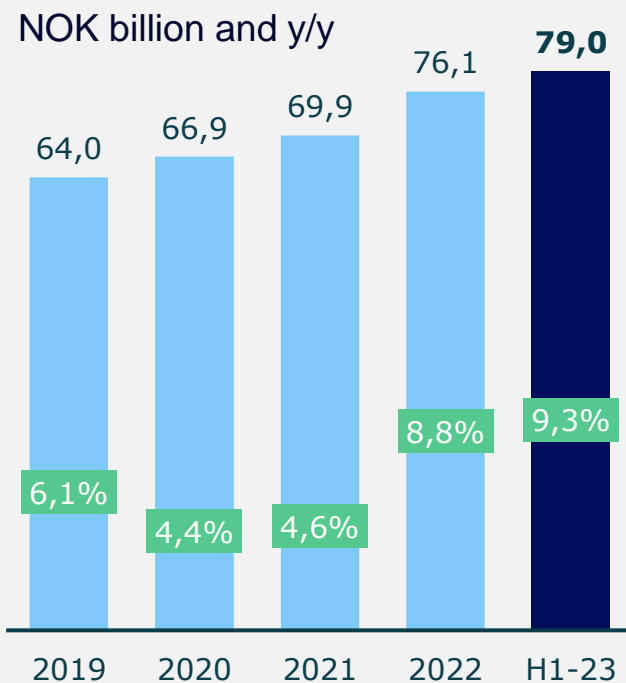
61 % retail deposits

### Corporate and public NOK billion and y/y



Corporate deposits have decreased by 0.5 % y/y to NOK 17.4 billion

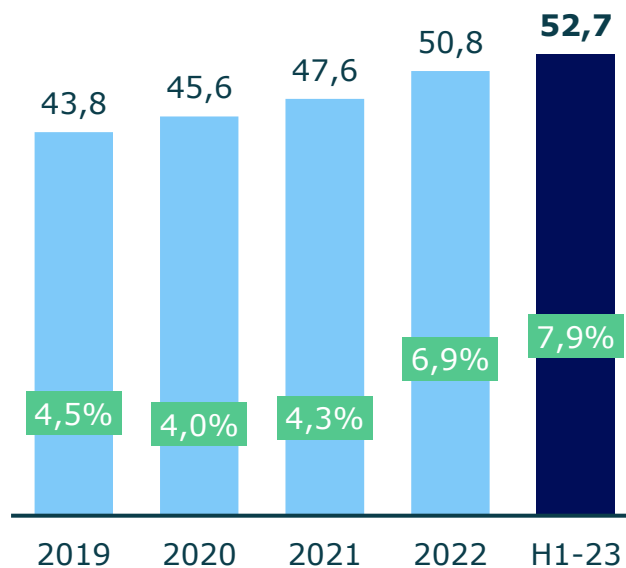
# Strong lending growth



9.3 % lending growth last 12 months

## Retail lending

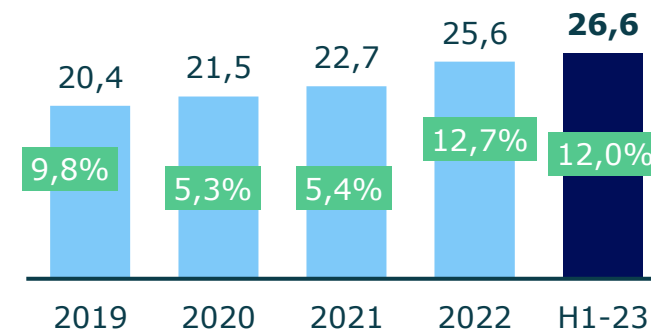
NOK billion and y/y



66.4 % retail lending

## SME / Corporate lending

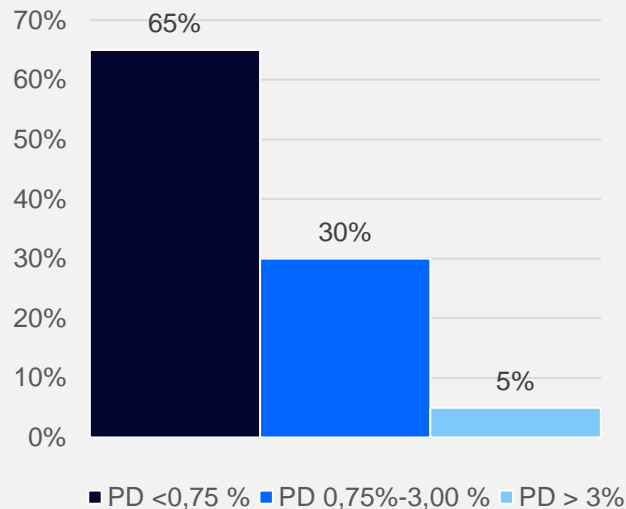
NOK billion and y/y



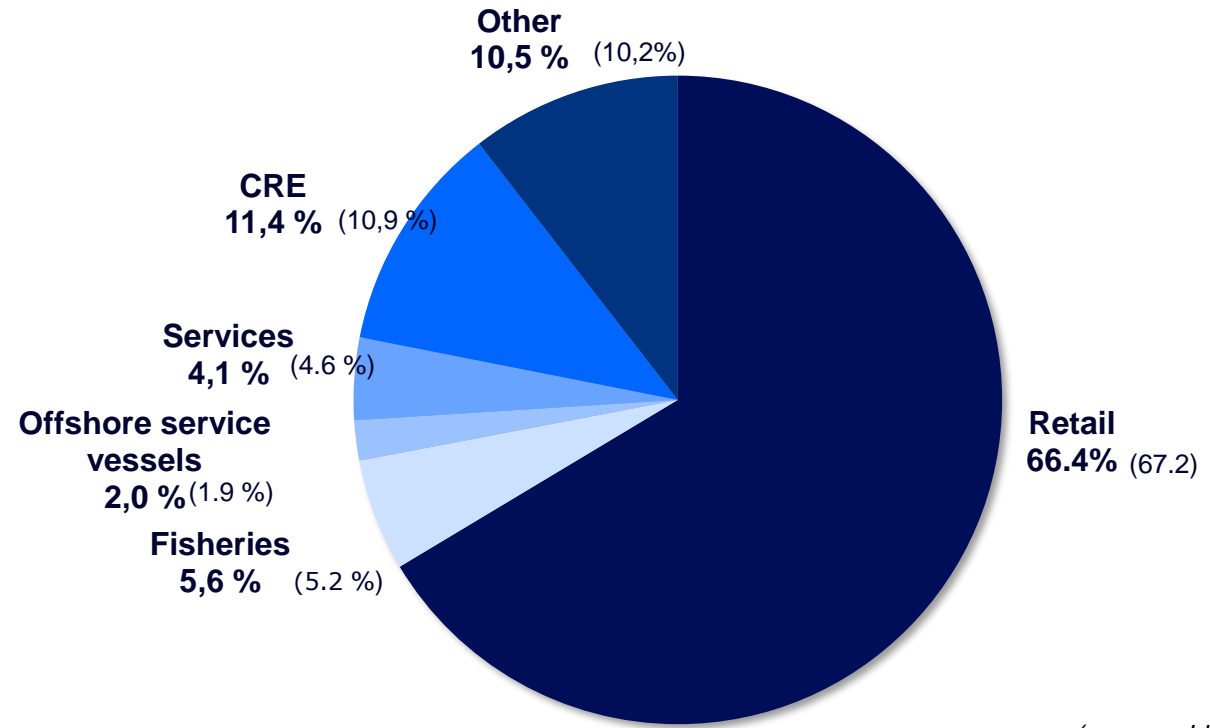
Lending growth rate to corporate customers expected to normalize around 2020/2021 levels this year

## Diversified loan book

- 2/3 of loan book is retail lending
- 97 % of retail mortgages are within 85 % LTV
- 95 per cent of **CRE portfolio** with PD in the low and medium risk category:



## Loans by sector



(comparable figures for Q2 2022 in brackets)

### Other – 10.5% (10,2 %):

Financial services	1.2 % (1.1 %)	Retail/ wholesale trade	1.6 % (1.8 %)
Other Industry	3.0 % (2.3 %)	Agriculture	0.9 % (0.9 %)
Fishing Industry	1.2 % (1.2 %)	Other	1.0 % (0.8 %)
Ship Yards	0.1 % (0.5 %)		
Building and Construction	1.5 % (1.6 %)		

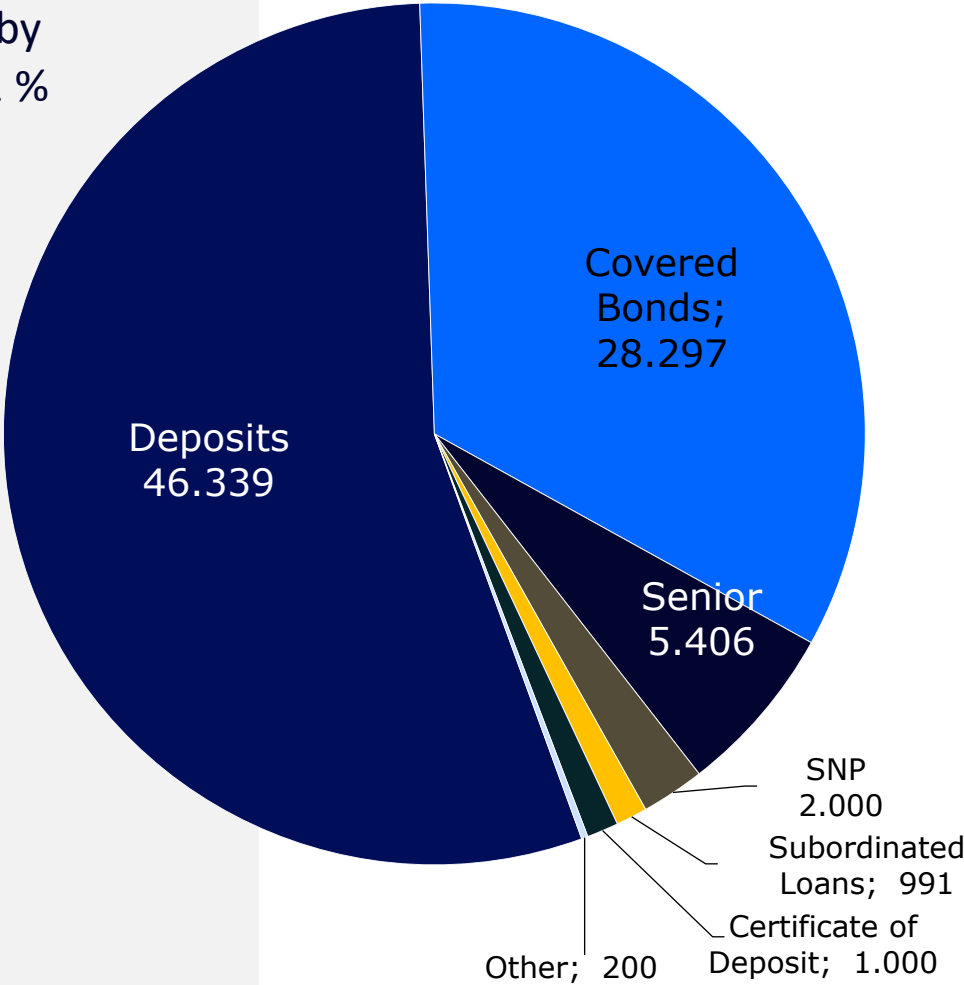


# Deposits are the most important source of funding

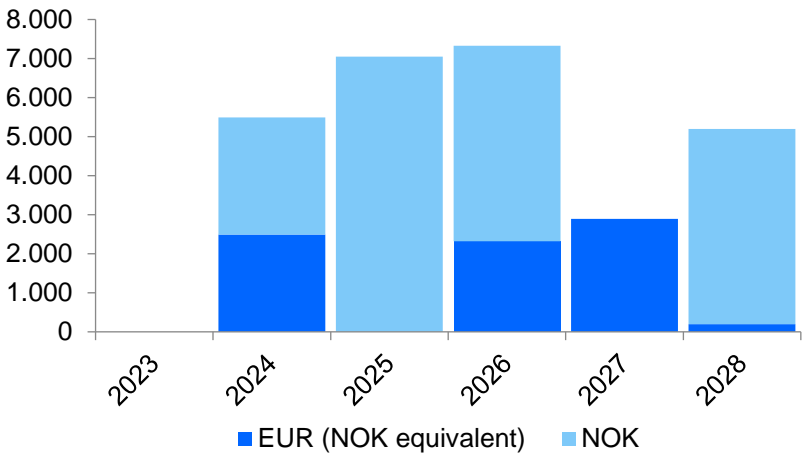
## Good access to the market

Total net market funding ended at NOK 37.9 billion by end of Q2-23 – of which 82 % with remaining time to maturity of more than 12 months.

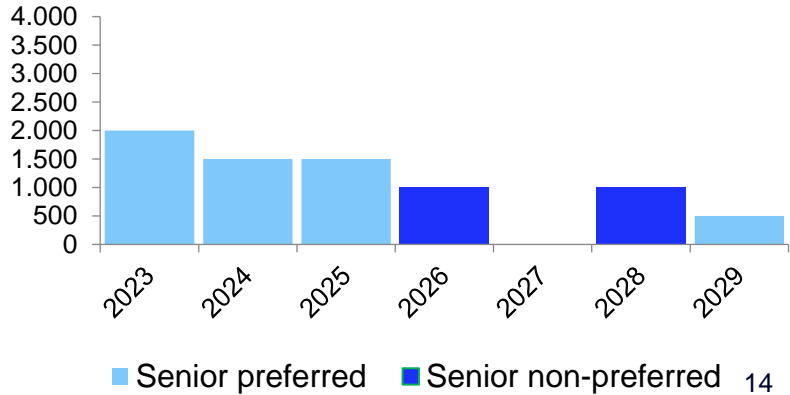
Deposits and market funding 30.06.2023  
in NOK million



Covered bond redemption profile  
- In NOK million



Senior bonds redemption profile  
- In NOK million



# Sustainability in Sparebanken Møre

Sustainability is an integral part of the bank's strategy, is rooted in, and part of the bank's operations.



# Sparebanken Møre ESG score

## Sparebanken Møre

Regional Banks Norway OSL:MORG

### ESG Risk Rating

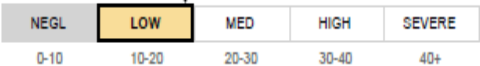
19.2

Updated Jul 17, 2022

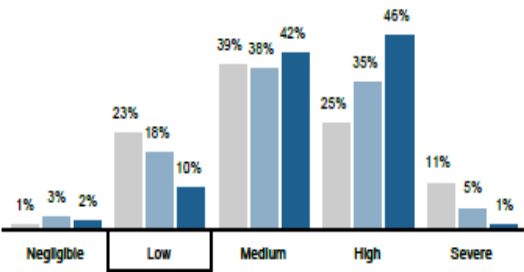
-1.4

Momentum

Low Risk



### ESG Risk Rating Distribution



### ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	3193/14392	23rd
Banks	192/971	20th
INDUSTRY		
Regional Banks	37/364	11th
SUBINDUSTRY		



We will continue our work to improve the ESG risk rating score, providing transparency and reports in Sparebanken Møre’s sustainability library [www.sbm.no/esg](http://www.sbm.no/esg)

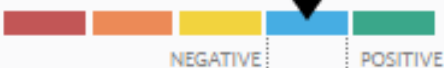
from Moody’s Investors Service

ESG CREDIT IMPACT SCORE (CIS) ⓘ

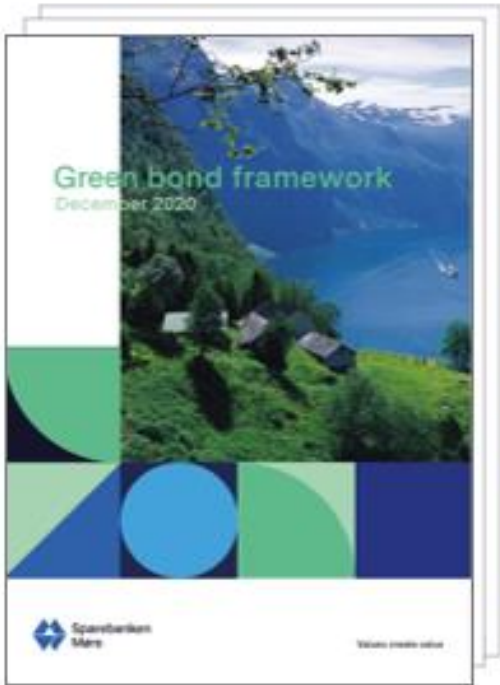
CIS-2

Neutral-to-Low

24 OCT 2022



# Green bond framework



 Sparebanken Møre  
December 2020



  
October 16, 2020



 SUSTAINALYTICS  
December 1, 2020

Compliant with ICMA´s Green Bond Principles





# Møre Boligkreditt AS

30.06.2023



## 2 Interim report

2023 Unaudited



# Cover pool eligibility criteria

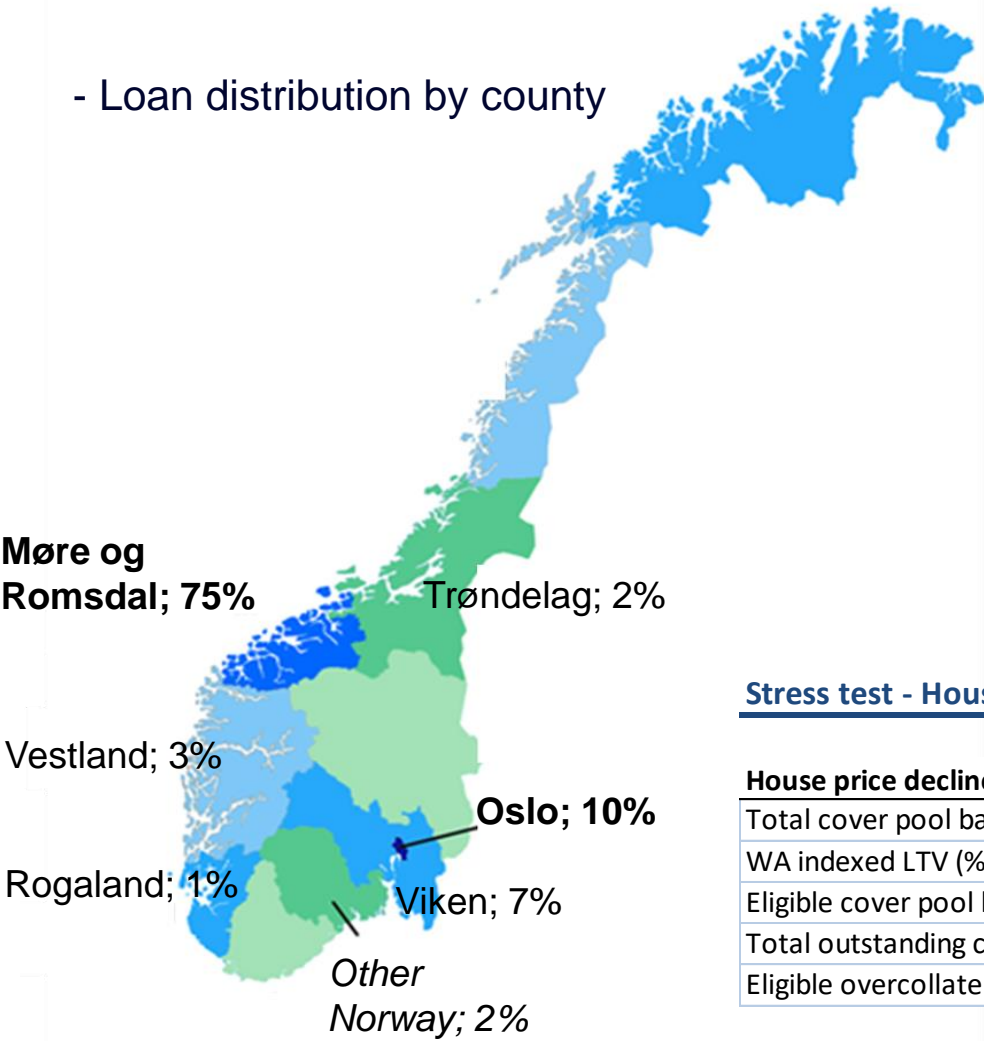
<b>Origination</b>	<ul style="list-style-type: none"><li>• Mortgage loans solely originated by Sparebanken Møre</li><li>• Loan-by-loan origination (loans are individually qualified for the cover pool)</li></ul>
<b>Customer criteria</b>	<ul style="list-style-type: none"><li>• Norwegian residents (Retail and self-employed individuals)</li><li>• Cooperative housing associations</li></ul>
<b>Credit criteria</b>	<ul style="list-style-type: none"><li>• Not in forbearance (Payment ease)</li><li>• Not in arrears</li><li>• No customers with write downs</li></ul>
<b>Collateral criteria</b>	<ul style="list-style-type: none"><li>• Residential properties (No holiday homes or agriculture properties)</li><li>• Recent valuation, within 6 months from time of transfer</li><li>• Quarterly valuation by independent AVM provider Eiendomsverdi, documented</li></ul>
<b>Property type</b>	<ul style="list-style-type: none"><li>• Residential mortgages</li><li>• Cooperative housing residential mortgages</li></ul>
<b>Types of products</b>	<ul style="list-style-type: none"><li>• Principal repayment mortgages</li><li>• Revolving credit with loan limit (10 year bullet loan with no amortization)</li><li>• Fixed- and variable interest rate mortgages</li></ul>

# Møre Boligkreditt - cover pool cut 30.06.2023

Type of collateral	Norwegian residential properties
Number of loans	19,887
Types of mortgages (based on loan balance)	85 % Repayment Loans 15 % Revolving credits with loan limit (Flexi-loans)
Fixed and variable rate mortgages	7 % fixed rate mortgages 93 % variable rate mortgages
Average loan balance (NOK 1,000)	1,697
WA indexed LTV	51.9 % (Based on Loan-balance) 52.4 % (Based on Loan-limit)
WA remaining terms (months)	238
WA seasoning (months)	43
Loans in default (90 days past due)	0% in default or with individual write-downs
Eligible value of the loan-portfolio (mNOK)	33,510
Supplementary assets (mNOK)	757
Cover pool (mNOK)	34,267
Covered bonds (mNOK)	28,207
Over-Collateralisation (%)	21.5% (reported) 3.0% (Moody's Aaa-target) 5.0% (Legislation / Committed)

# Møre Boligkreditt - cover pool cut 30.06.2023

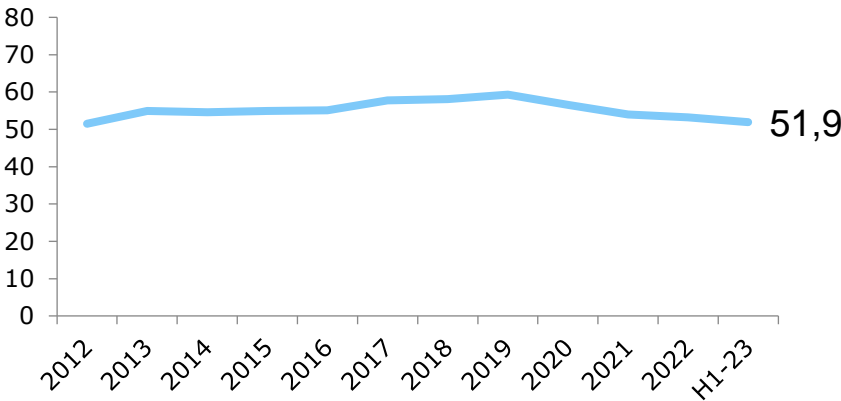
- Loan distribution by county



## Stress test - House price decline

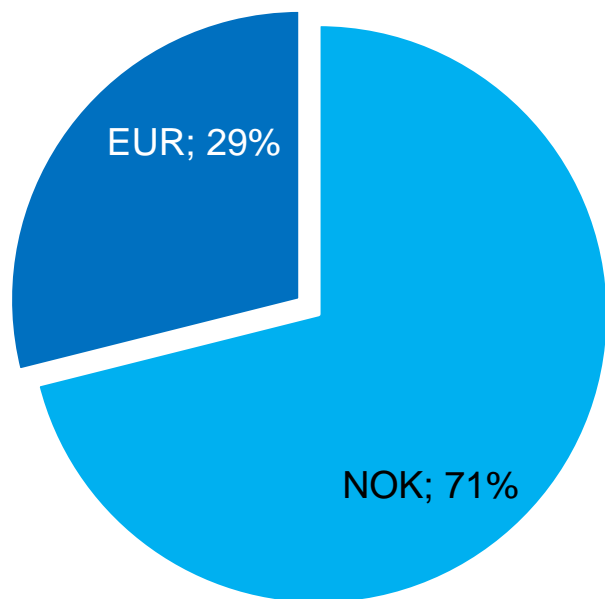
House price decline	Current	10 %	20 %	30 %
Total cover pool balance (nominal, NOKbn)	34.506	34.506	34.506	34.506
WA indexed LTV (%)	51,9 %	57,7 %	64,8 %	74,0 %
Eligible cover pool balance (nominal, NOKbn)	34.267	34.167	33.404	31.799
Total outstanding covered bonds (nominal, NOKbn)	28.207	28.207	28.207	28.207
Eligible overcollateralization	21,5 %	21,1 %	18,4 %	12,7 %

- Development in WA indexed LTV



# Covered bonds outstanding

EUR/NOK distribution



## Covered bonds (NOK million)

ISIN code	Currency	Nominal value	Interest	Issued	Maturity
NO0010588072	NOK	1.050	fixed NOK 4.75 %_	2010	2025
XS0968459361	EUR	25	fixed EUR 2.81 %_	2013	2028
NO0010819543	NOK	3.000	3M Nibor + 0.42 %_	2018	2024
NO0010836489	NOK	1.000	fixed NOK 2.75 %_	2018	2028
NO0010853096	NOK	3.000	3M Nibor + 0.37 %_	2019	2025
XS2063496546	EUR	250	fixed EUR 0.01 %_	2019	2024
NO0010884950	NOK	3.000	3M Nibor + 0.42 %_	2020	2025
XS2233150890	EUR	30	3M Euribor +0.75 %_	2020	2027
NO0010951544	NOK	5.000	3M Nibor + 0.75 %_	2021	2026
XS2389402905	EUR	250	fixed EUR 0.01 %_	2021	2026
XS2556223233	EUR	250	fixed EUR 3.125 %_	2022	2027
NO0012908617	NOK	4.000	3M Nibor +0.54 %_	2023	2028

# In compliance with the Capital Requirements Directive

## MØRE BOLIGKREDITT AS

*(incorporated with limited liability in Norway)*

€4,000,000,000

**Euro Medium Term Covered Note Programme**

### EU Regulation 575/2013 CRR Article 129

**Møre Boligkreditt AS confirms that covered bonds issued by Møre Boligkreditt AS are compliant with the CRD requirement set forth in the Eurosystem guidelines.**

Møre Boligkreditt AS confirms that information required in Regulation (EU) No 575/2013 (CRR) Article 129 (7) is made available to investors in accordance with Article 129 (7b).

Covered bonds issued by Møre Boligkreditt AS are eligible for preferential treatment set out in CRR Article 129 (4).

Covered bonds issued before 8 July 2022 that comply with the requirements laid down in this regulation as applicable at the date of their issue shall not be subject to the requirements laid down in paragraphs 3a and 3b. They shall be eligible for preferential treatment under paragraphs 4 and 5 until their maturity.



# Strong and stable ratings

## Moody's Investors Service

### Sparebanken Møre

**A1**

Latest published Credit Opinion:

26 July 2023

- *Outlook:*

*Stable*

- *Baseline Credit Assessment (BCA):*

*baa1*

- *Counterparty Risk Assessment:*

*A1*

- *Bank Deposits:*

*A1/P-1*

- *ESG Credit Impact Score*

*CIS-2 (Neutral-to-low)*

### Møre Boligkreditt AS Covered Bond Programme

**Aaa**

Latest published Performance Overview:

10 July 2023

- *Timely Payment Indicator (TPI):*

*High*

- *TPI Leeway:*

*3 notch(es)*

- *OC level consistent with current rating:*

*3.0 %*

- *Collateral Score:*

*5.0 %*



## **SPAREBANKEN MØRE**

- 9th largest Norwegian bank - Total assets NOK 93.2bn - 66% retail lending
- Strong capitalization, CET1 ratio of 17.6% and leverage ratio of 7.4%
- Rating A1 (stable outlook) confirmed by Moody's in July 2023
- Low Risk ESG Risk Rating of 19.2 by Sustainalytics in July 2022

## **MØRE BOLIGKREDITT**

- NOK 28.2bn outstanding Covered Bonds – o.w. 29% EUR denominated
- Cover Pool consists of Norwegian prime residential mortgages
- EMTCN programme listed on Euronext Dublin and Oslo Stock Exchange
- All Covered Bonds rated Aaa by Moody's

## **MØRE OG ROMSDAL COUNTY**

- Population of 268,365 by January 1<sup>st</sup> 2023
- Service sectors dominant - fisheries, tourism, and maritime industries important
- Accounts for 1/3 of Norwegian food export, mainly fish and fishery products
- Registered unemployment in August 2023 of 1.7%

## **NORWAY**

- 6.3 % Core CPI growth y/y in August 2023 / CPI ATE y/y growth 4.8 %
- 1.6% y/y decrease in housing prices by end of August 2023
- Registered unemployment in July 2023 of 1.9%
- Policy rate expected to be hiked further by 25bp to 4.25 % in September meeting



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