

Interim- report

1

2022 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 2022

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 65 million in the first quarter of 2022 (NOK 76 million). Net interest income amounted to NOK 76 million (NOK 88 million), and costs ended at NOK 13 million (NOK 13 million).

The quarterly accounts were charged NOK 1 million in losses on loans (NOK 0 million).

Profit after tax amounted to NOK 51 million (NOK 59 million).

Basis swap spreads are added to OCI with NOK 23 million after tax, compared with subtracted by NOK 7 million in the first quarter of 2021.

Møre Boligkreditt AS has acquired mortgages from Sparebanken Møre and net mortgage volume increased by NOK 785 million in the quarter. Net mortgage lending to customers amounted to NOK 29,756 million at first quarter end 2022 (NOK 29,198 million).

Møre Boligkreditt AS had 12 bond loans outstanding at 31 March 2022 with a total bond debt of NOK 24,030 million (NOK 26,278 million). One bond loan of NOK 1,000 million matured in the first quarter of 2022, no new bond loan volume was issued. Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 97 per cent as at 31 March 2022.

Total assets at first quarter end 2022 amounted to NOK 31,296 million (NOK 32,179 million). The ECL calculation as at 31 March 2022 shows expected credit losses of NOK 5 million for Møre Boligkreditt AS (NOK 4 million).

At first quarter end 2022, the mortgages in the cover pool had an average loan-to-value ratio of 52.2 per cent, calculated as mortgage amount relative to the value of the property used as collateral (53.9 per cent).

The company's substitute assets included in the cover pool amounted to NOK 976 million at end-March 2022 (NOK 1,960 million). Net value of financial derivatives included in the cover pool amounted to NOK -33 million (NOK 633 million). Over-collateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond loan debt was 27.2 per cent as at 31 March 2022 (20.0 per cent).

In addition to liquid assets included in the cover pool, Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amounted to NOK 131 million as of 31 March 2022, reporting total LCR of 562 per cent by first quarter end 2022.

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 1,624 million (NOK 2,102 million). Risk weighted assets amounted to NOK 7,733 million (NOK 7,867 million). Net equity and

subordinated loan capital amounted to NOK 1,489 million at end-March 2022 (NOK 1,988 million). This corresponds to a Common Equity Tier 1 capital ratio of 19.3 per cent (25.3 per cent). Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Outlook

Covid-19 restrictions have been lifted, and Norway is heading out of the pandemic showing strong economic growth. The war in Ukraine has contributed to more uncertainty, but also higher commodity prices, including oil and gas and thus generating additional income to the Norwegian economy. Unemployment is low, and the tight labour market puts upward pressure on wages and prices.

Norges Bank delivered its first 2022 rate-hike of 0.25 percentage points to a policy rate of 0.75 per cent in March. The published policy rate path indicates a further string of hikes, and a policy rate of 2.5 per cent by the end of 2023. In March 2022, the national level of unemployment was reported at 2.0 per cent, compared with 1.8 per cent in the county of Møre og Romsdal.

Twelve-months growth in household loan debt was 5.0 per cent by February 2022. National housing prices rose 1 per cent in March, seasonally adjusted, and 6.2 per cent last 12 months. Housing prices are expected to stay at present levels or increase at a slower pace in 2022. Growth in household debt is also expected to dampen going forward due to the increase in mortgage interest rate levels.

Assuming the global economy avoids long-term negative effects from the war in Ukraine, we expect unemployment levels, both on national level and in the county of Møre og Romsdal, to further decline, and stay at levels below those seen before Covid-19.

The Board believes that the low level of unemployment, still low interest rate level on mortgages together with 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 2022
27 April 2022

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 2022	Q1 2021	2021
Interest income from assets assessed at amortised cost	<u>3</u>	156	137	562
Interest income from assets assessed at fair value	<u>3</u>	16	11	47
Interest expenses	<u>3</u>	96	60	249
Net interest income	<u>37</u>	76	88	360
Commission income		0	0	0
Net gains/losses from financial instruments		3	1	-3
Total income		79	89	357
Wages, salaries and general administration costs		1	1	2
Other operating costs	<u>7</u>	12	12	49
Total operating costs		13	13	51
Profit before impairment on loans		66	76	306
Impairment on loans	<u>4</u>	1	0	0
Pre-tax profit		65	76	306
Taxes		14	17	67
Profit after tax		51	59	239

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q1 2022	Q1 2021	2021
Profit after tax	51	59	239
Items that may subsequently be reclassified to the income statement:			
Basis swap spreads - changes in value	30	-9	3
Tax effect of basis swap spreads	-7	2	-1
Total comprehensive income for the period	74	52	241

Statement of financial position

ASSETS - compressed

(NOK million)	Note	31.03.2022	31.03.2021	31.12.2021
Loans to and receivables from credit institutions 1)	<u>5.7</u>	1 051	2 168	1 044
Loans to and receivables from customers	<u>3.4.5</u>	29 756	29 198	28 971
Certificates and bonds	<u>5.6</u>	131	116	668
Financial derivatives	<u>5.6</u>	358	697	540
Total assets		31 296	32 179	31 223

1) NOK 75 million out of total NOK 1,051 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	31.03.2022	31.03.2021	31.12.2021
Loans from credit institutions 2)	<u>5.7</u>	5 025	3 590	3 548
Debt securities issued	<u>5.6.7</u>	24 030	26 278	25 603
Financial derivatives	<u>5.6</u>	391	64	79
Tax payable		153	15	132
Incurring costs and prepaid income		3	2	0
Deferred tax		70	128	70
Total liabilities		29 672	30 077	29 432
Share capital		1 375	1 875	1 375
Share premium		175	175	175
Paid-in equity		1 550	2 050	1 550
Retained earnings		74	52	241
Total equity	<u>2</u>	1 624	2 102	1 791
Total liabilities and equity		31 296	32 179	31 223

2) NOK 75 million out of total NOK 5,025 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

31.03.2022

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

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.

31.03.2021

(NOK million)	Total equity	Share capital	Share premium	Retained earnings
Equity as at 31 December 2020	2 282	1 875	175	232
Dividend paid	-232			-232
Total comprehensive income for the period	52			52
Equity as at 31 March 2021	2 102	1 875	175	52

The share capital consists of 1 500 000 shares at NOK 1 250, a total of NOK 1 875 million. All shares are owned by Sparebanken Møre.

31.12.2021

(NOK million)	Total equity	Share capital	Share premium	Retained earnings
Equity as at 31 December 2020	2 282	1 875	175	232
Dividend paid	-232			-232
Share capital reduction	-500	-500		
Total comprehensive income for the period	241			241
Equity as at 31 December 2021	1 791	1 375	175	241

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. A share capital reduction of NOK 500 million was approved by the Norwegian FSA 11 June 2021, and registered in the Norwegian Register of Business Enterprises 12 August 2021.

Statement of cash flow

(NOK million)	31.03.2022	31.03.2021	31.12.2021
Cash flow from operating activities			
Interest, commission and fees received	170	148	606
Interest, commission and fees paid	-16	-10	-38
Operating expenses paid	-13	-14	-51
Income taxes paid/received	0	0	6
Payment for acquiring loans from the Parent Bank	-2 646	-1 876	-8 194
Payment related to installment loans and credit lines to customers	1 860	1 719	8 264
Net cash flow from operating activities	-645	-33	593
Cash flow from investing activities			
Received interest, commission and fees related to certificates, bonds and other securities	2	0	4
Proceeds from the sale and settlement of certificates, bonds and other securities	1 217	0	802
Purchases of certificates, bonds and other securities	-680	0	-1 357
Changes in other assets	32	-7	3
Net cash flow from investing activities	571	-7	-548
Cash flow from financing activities			
Paid interest, commission and fees related to issued bonds	-80	-50	-212
Net change in loans from credit institutions	1 549	-1 377	-1 358
Proceeds from issued covered bonds	0	2 774	5 346
Redemption of issued covered bonds	-1 000	0	-3 004
Dividend paid	-241	-232	-232
Changes in other debt	-76	-18	-91
Increased/reduction of share capital and premium	0	0	-500
Net cash flow from financing activities	152	1 097	-51
Net change in cash and cash equivalents	78	1 057	-6
Cash balance at 01.01	898	904	904
Cash balance at 31.03/31.12 1)	976	1 961	898

1) NOK 75 million out of total NOK 1,051 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 31.03.2022 (NOK 207 million as at 31.03.2021 and NOK 146 million as at 31.12.21).

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 2022. 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 2021.

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	31.03.2022	31.03.2021	31.12.2021
Share capital and share premium	1 550	2 050	1 550
Retained earnings	74	52	241
Total equity	1 624	2 102	1 791
Value adjustments of financial instruments at fair value	-3	-3	-4
Expected IRB-losses exceeding ECL	-58	-59	-57
Dividends	0	0	-241
Deductions for total comprehensive income for the period	-74	-52	-
Common Equity Tier 1 capital	1 489	1 988	1 489
Supplementary capital	0	0	0
Net equity and subordinated loan capital	1 489	1 988	1 489

Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	31.03.2022	31.03.2021	31.12.2021
Regional governments or local authorities	0	0	6
Institutions (banks etc)	369	622	427
Covered bonds	8	7	59
Other items	44	43	40
Total credit risk - standardised approach	421	672	532

Credit risk - IRB Foundation

Retail - Secured by real estate	6 205	6 066	5 993
Retail - Other	1	1	0
Corporate lending	340	248	319
Total credit risk - IRB-F	6 546	6 315	6 312

Credit valuation adjustment risk (CVA) - market risk	137	303	213
Operational risk (Basic indicator Approach)	629	577	629
Risk weighted assets (RWA)	7 733	7 867	7 686

Minimum requirement Common Equity Tier 1 capital (4.5%)	348	354	346
---	-----	-----	-----

Buffer Requirement	31.03.2022	31.03.2021	31.12.2021
Countercyclical buffer (1.0 %)	77	79	77
Capital conservation buffer (2.5 %)	193	197	192
Systemic risk buffer (3.0 %)	232	236	231
Total buffer requirements	503	511	500
Available Common Equity Tier 1 capital after buffer requirements	638	1 123	644

Capital adequacy as a percentage of the weighted asset calculation basis	31.03.2022	31.03.2021	31.12.2021
Capital adequacy ratio	19.3 %	25.3 %	19.4 %
Tier 1 capital ratio	19.3 %	25.3 %	19.4 %
Common Equity Tier 1 capital ratio	19.3 %	25.3 %	19.4 %

Leverage ratio	31.03.2022	31.03.2021	31.12.2021
Leverage ratio	4.6 %	6.0 %	4.6 %

Møre Boligkreditt AS' capital requirements at 31 March 2022 are based on IRB-Foundation for commercial commitments and IRB-Retail for retail commitments.

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

31.03.2022	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

31.03.2021	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	26 619	-1	-3	0	2 583	29 198

31.12.2021	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	26 378	-1	-3	0	2 597	28 971

Net interest income			
(NOK million)	31.03.2022	31.03.2021	31.12.2021
Interest income from:			
Loans to and receivables from credit institutions	3	2	11
Loans to and receivables from customers	167	146	594
Certificates, bonds and other interest-bearing securities	2	0	4
Interest income	172	148	609
Interest expenses in respect of:			
Loans from credit institutions	14	9	31
Debt securities issued	80	50	211
Other interest expenses	2	1	7
Interest expenses	96	60	249
Net interest income	76	88	360

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 thousand)	Q1 2022	Q1 2021	2021
Changes in Expected Credit Loss (ECL) in stage 1	80	-133	287
Changes in Expected Credit Loss (ECL) in stage 2	453	59	-332
Changes in Expected Credit Loss (ECL) in stage 3	58	0	0
Total impairment on loans in the period	591	-74	-45

Changes in ECL in the period (NOK thousand) - 31.03.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	1 154	3 121	0	4 275
New loans	87	110	0	197
Disposal of loans	-38	-236	0	-274
Changes in ECL in the period for loans which have not migrated	30	277	0	307
Migration to stage 1	36	-622	0	-586
Migration to stage 2	-36	960	0	924
Migration to stage 3	0	-36	58	22
Other changes	0	0	0	0
ECL 31.03.2022	1 233	3 574	58	4 865

Changes in ECL in the period (NOK thousand) - 31.03.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	866	3 453	0	4 319
New loans	32	10	0	42
Disposal of loans	-48	-73	0	-121
Changes in ECL in the period for loans which have not migrated	-70	-343	0	-413
Migration to stage 1	15	-548	0	-533
Migration to stage 2	-63	1 019	0	956
Migration to stage 3	0	0	0	0
Other changes	0	-5	0	-5
ECL 31.03.2021	732	3 513	0	4 245

Changes in ECL in the period (NOK thousand) - 31.12.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	866	3 453	0	4 319
New loans	265	422	0	687
Disposal of loans	-158	-713	0	-871
Changes in ECL in the period for loans which have not migrated	239	-630	0	-391
Migration to stage 1	27	-808	0	-781
Migration to stage 2	-87	1 396	0	1 309
Migration to stage 3	0	0	0	0
Other changes	2	1	0	3
ECL 31.12.2021	1 154	3 121	0	4 275

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 *)	27 716	955	1	28 672

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

31.03.2021	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	26 723	37	0	26 760
Medium risk (0.5 % - < 3 %)	594	623	0	1 217
High risk (3 % - <100 %)	47	129	0	176
Total commitments before ECL	27 364	789	0	28 153
- ECL	-1	-3	0	-4
Loans to and receivables from customers 31.03.2021 *)	27 363	786	0	28 149

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

31.12.2021	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	25 819	59	0	25 878
Medium risk (0.5 % - < 3 %)	1 007	691	0	1 698
High risk (3 % - <100 %)	108	126	0	234
Total commitments before ECL	26 934	876	0	27 810
- ECL	-1	-3	0	-4
Loans to and receivables from customers 31.12.2021 *)	26 933	873	0	27 806

*) 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 million on the valuation of the fixed rate loans as at 31.03.2022.

Classification of financial instruments	Financial instruments at fair value through profit or loss			Financial instruments carried at amortised cost		
	31.03.2022	31.03.2021	31.12.2021	31.03.2022	31.03.2021	31.12.2021
Loans to and receivables from credit institutions				1 051	2 168	1 044
Loans to and receivables from customers	2 676	2 583	2 597	27 080	26 615	26 374
Certificates and bonds	131	116	668			
Financial derivatives	358	697	540			
Total financial assets	3 165	3 396	3 805	28 131	28 783	27 418
Loans from credit institutions				5 025	3 590	3 548
Debt securities issued				24 030	26 278	25 603
Financial derivatives	391	64	79			
Total financial liabilities	391	64	79	29 055	29 868	29 151

Fair value of financial instruments at amortised cost	31.03.2022		31.03.2021		31.12.2021	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 051	1 051	2 168	2 168	1 044	1 044
Loans to and receivables from customers	27 080	27 080	26 615	26 615	26 374	26 374
Total financial assets	28 131	28 131	28 783	28 783	27 418	27 418
Loans from credit institutions	5 025	5 025	3 590	3 590	3 548	3 548
Debt securities issued	24 081	24 030	26 418	26 278	25 704	25 603
Total financial liabilities	29 106	29 055	30 008	29 868	29 252	29 151

Financial instruments at fair value - 31.03.2022	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
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 - 31.03.2021	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Loans to and receivables from customers			2 583	2 583
Certificates and bonds	116			116
Financial derivatives		697		697
Total financial assets	116	697	2 583	3 396
Financial derivatives		64		64
Total financial liabilities	-	64	-	64

Financial instruments at fair value - 31.12.2021	Based on prices in an active market	Observable market information	Other than observable market information	Total
	Level 1	Level 2	Level 3	
Loans to and receivables from customers			2 597	2 597
Certificates and bonds	668			668
Financial derivatives		540		540
Total financial assets	668	540	2 597	3 805
Financial derivatives		79		79
Total financial liabilities	-	79	-	79

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 31.12.2020	2 718
Purchase/increase	37
Sales/reduction	-107
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-65
Book value as at 31.03.2021	2 583

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2020	2 718
Purchase/increase	449
Sales/reduction	-637
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	67
Book value as at 31.12.2021	2 597

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 31.03.2022	Interest	Issued	Maturity	31.03.2022	31.03.2021	31.12.2021
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 128	1 203	1 153
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	273	310	297
NO0010730187	NOK	-	fixed NOK 1.50 %	2015	2022	-	1 008	1 014
NO0010777584	NOK	-	3M Nibor + 0.58 %	2016	2021	-	3 005	-
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 429	2 521	2 503
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 003	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 440	2 554	2 526
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	983	1 053	1 028
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 002	2 999	3 001
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 383	2 538	2 505
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 000	2 999	2 999
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027	300	311	309
NO0010951544	NOK	2 700	3M Nibor + 0.75 %	2021	2026	2 763	2 775	2 766
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 326	-	2 500
Total borrowings raised through the issue of securities (incl. accrued interest)						24 030	26 278	25 603

Cover pool (NOK million)	31.03.2022	31.03.2021	31.12.2021
Pool of eligible loans 1)	29 622	28 937	28 778
Substitute assets	976	1 960	1 455
Financial derivatives to hedge issued securities (assets)	358	697	540
Financial derivatives to hedge issued securities (liabilities)	-391	-64	-79
Total collateralised assets	30 564	31 530	30 694

1) NOK 134 million of total gross loans are not eligible for the cover pool as at 31.03.2022 (NOK 261 million as at 31.03.2021)

Covered bonds issued (NOK million)	31.03.2022	31.03.2021	31.12.2021
Covered bonds (nominal) 2)	24 058	25 508	25 058
Accrued interest	60	62	47
Premium/discount	-88	708	498
Total covered bonds	24 030	26 278	25 603
Own holding (covered bonds)	0	0	0
Debt securities issued	24 030	26 278	25 603

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

Over-collateralisation (in %)	31.03.2022	31.03.2021	31.12.2021
Total collateralised assets / debt securitised issued	27.2	20.0	19.9

Liquidity Coverage Ratio (LCR)	31.03.2022	31.03.2021	31.12.2021
Liquidity buffer	125	111	104
Net liquidity outflow next 30 days	22	20	20
LCR ratio -Total	562%	543%	525%
LCR ratio - NOK	562%	543%	525%
LCR ratio - EUR	N/A	N/A	N/A

Net Stable Funding Ratio (NSFR)	31.03.2022	31.03.2021	31.12.2021
Available amount of stable funding	27 988	29 593	26 950
Required amount of stable funding	28 851	30 240	29 384
NSFR ratio	97%	98%	92%

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 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 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)	31.03.2022	31.03.2021	31.12.2021
Statement of income:			
Interest and credit commission income from Sparebanken Møre related to deposits	3	2	11
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	14	9	31
Interest paid to Sparebanken Møre related to bonded debt	2	1	10
Management fee paid to Sparebanken Møre	11	11	44
Statement of financial position:			
Deposits in Sparebanken Møre 1)	1 051	2 168	1 044
Covered bonds held by Sparebanken Møre as assets	503	1 641	514
Loan/credit facility in Sparebanken Møre	4 950	3 383	3 402
Intragroup hedging	61	25	8
Accumulated transferred loan portfolio from Sparebanken Møre	29 761	29 202	28 975

1) NOK 75 million out of total NOK 1,051 million of deposits in Sparebanken Møre is the margin call balance on financial derivatives paid in by counterparties according to CSA.

Note 8

Events after the reporting date

No events of material significance for the financial statements for Q1-2022 have occurred after the reporting date. The company is not involved in any legal proceedings.

Profit performance

QUARTERLY PROFIT (NOK million)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net interest income	76	86	96	90	88
Other operating income	3	-12	5	3	1
Total operating costs	13	12	12	14	13
Profit before impairment on loans	66	62	89	79	76
Impairment on loans	1	0	0	0	0
Pre tax profit	65	62	89	79	76
Tax	14	13	20	17	17
Profit after tax	51	49	69	62	59

As a percentage of average assets:

Net interest income	1.01	1.11	1.22	1.16	1.16
Other operating income	0.03	-0.15	0.07	0.03	0.02
Total operating costs	0.17	0.16	0.16	0.17	0.18
Profit before impairment on loans	0.87	0.80	1.13	1.02	1.00
Impairment on loans	0.01	0.00	0.00	0.01	0.00
Pre tax profit	0.86	0.80	1.13	1.01	1.00
Tax	0.19	0.18	0.25	0.22	0.22
Profit after tax	0.67	0.62	0.88	0.79	0.78

Average total assets (NOK million)	30 204	30 766	31 444	31 230	30 249
------------------------------------	--------	--------	--------	--------	--------

ACCUMULATED PROFIT FOR THE YEAR (NOK million)	31.03.2022	31.03.2021	31.12.2021
Net interest income	76	88	360
Other operating income	3	1	-3
Total operating costs	13	13	51
Profit before impairment on loans	66	76	306
Impairment on loans	1	0	0
Pre tax profit	65	76	306
Tax	14	17	67
Profit after tax	51	59	239

As a percentage of average assets:

Net interest income	1.01	1.16	1.16
Other operating income	0.03	0.02	-0.01
Total operating costs	0.17	0.18	0.17
Profit before impairment on loans	0.87	1.00	0.99
Impairment on loans	0.01	0.00	0.00
Pre tax profit	0.86	1.00	0.99
Tax	0.19	0.22	0.22
Profit after tax	0.67	0.78	0.77
Average total assets (NOK million)	30 204	30 249	30 922

Alternative Performance Measures (APMs)

Average assets	Definition	The average sum of total assets for the year, calculated as a daily average.
	Justification	This key figure is used in the calculation of percentage ratios for the performance items.
	Calculation	Average sum of total assets*
LTV (Loan to value)	Definition	A customer's loan amount as a percentage of market value** of the collateral.
	Justification	This key figure provides information about the asset ratio in the lending portfolio and is relevant for evaluating the risk of loss.
	Calculation	Weighted average LTV is calculated by weighting each LTV by the respective loan amount, and then dividing the sum of the weighted LTVs by the total loan amount.
Over-collateralisation	Definition	Over-collateralisation, calculated as the difference between value of the eligible cover pool and the value of the outstanding covered bond loan debt, relative to the value of outstanding covered bond loan debt.
	Justification	This key figure provides information about the ratio between outstanding bond loans and the underlying eligible collateralised assets.
	Calculation	$\frac{\text{Eligible collateralised assets} - \text{Debt securities issued}}{\text{Debt securities issued}} * 100$
	Figures	<p>31.03.2022: $(30,564 - 24,030) / 24,030 * 100 = 27.2\%$</p> <p>31.03.2021: $(31,530 - 26,278) / 26,278 * 100 = 20.0\%$</p> <p>31.12.2021: $(30,694 - 25,603) / 25,603 * 100 = 19.9\%$</p>

Møre Boligkreditt AS

A company in the Sparebanken Møre Group

P.O.Box 121, sentrum
NO-6001 Ålesund

Visiting address:
Keiser Wilhelmsgate 29-33, Ålesund

www.sbm.no/mbk

