

Møre Boligkreditt AS

A company in the Sparebanken Møre Group

4 quarter 2021

Unaudited interim report



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.

Fourth quarter results

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 62 million in fourth quarter 2021, compared to NOK 84 million in fourth quarter 2020. Net interest income amounted to NOK 86 million, compared to NOK 95 million in the same quarter last year. Costs amounted to NOK 12 million in fourth quarter 2021, compared to NOK 12 million in the corresponding quarter 2020.

The calculation of expected credit loss (ECL) for Møre Boligkreditt AS resulted in no change in ECL in the fourth quarter 2021 compared to a decrease of NOK 1 million in the corresponding quarter in 2020.

Profit after tax amounted to NOK 49 million in fourth quarter 2021, compared to NOK 66 million in the corresponding quarter 2020. Basis swap spreads are added to OCI with NOK 6 million after tax in fourth quarter 2021, compared to NOK 8 million added in fourth quarter 2020.

Møre Boligkreditt AS acquired mortgages from Sparebanken Møre in fourth quarter of 2021, however, due to mortgage payments, net mortgage volume decreased by NOK 560 million in the quarter. One bond loan of NOK 3,000 million matured, and no new covered bond volume was issued in fourth quarter 2021.

Fourth quarter end results

By fourth quarter end 2021 the financial statements show a profit before tax of NOK 306 million, compared to NOK 294 million by fourth quarter end 2020. Net interest income amounted to NOK 360 million by fourth quarter end 2021, compared to NOK 345 million by end of same period last year. Costs in the period ending 31 December 2021 amounted to NOK 51 million, compared to NOK 49 million for the corresponding period 2020.

Net losses from financial instruments in 2021 was NOK 3 million, compared to net loss of NOK 1 million in 2020. Basis swap spreads are added to OCI with NOK 2 million after tax as at 31 December 2021, compared to NOK 2 million added by fourth quarter end 2020.

Profit after tax amounted to NOK 239 million by fourth quarter end 2021 compared to NOK 230 million by fourth quarter end 2020. Tax amounted to NOK 67 million in 2021 compared to NOK 64 million in 2020.

Møre Boligkreditt AS had thirteen bond loans outstanding of 31 December 2021 with a total bond loan debt of NOK 25,603 million, compared to twelve bond loans with NOK 23,991 million outstanding of 31 December 2020. Total assets at fourth quarter end 2021 amounted to NOK 31,223 million compared to NOK 31,783 million at fourth quarter end 2020. Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 92 per cent as at 31 December 2021.

Net mortgage lending to customers decreased by NOK 70 million in 2021 and amounted to NOK 28,971 million at fourth quarter end 2021, compared to NOK 29,041 million at fourth quarter end 2020. The ECL calculation as at 31 December 2021 shows expected credit loss of NOK 4 million for Møre Boligkreditt AS, compared to NOK 4 million in ECL as at 31 December 2020.

At fourth quarter end 2021, the mortgages in the cover pool had an average loan-to-value ratio of 54.0 per cent, calculated as mortgage amount relative to the value of the property used as collateral, compared to 56.6 per cent loan-to-value ratio by fourth quarter end 2020. At fourth quarter end 2021, the company's substitute assets included in the cover pool amounted to NOK 1,455 million, compared to NOK 903 million at fourth quarter end 2020. Net value of financial derivatives included in the cover pool amounted to NOK

461 million at fourth quarter end 2021, compared to NOK 1,100 million at end of fourth quarter 2020. Over-collateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond loan debt was 19.9 per cent as at 31 December 2021, compared to 27.9 per cent as at 31 December 2020. In addition to liquid assets included in the cover pool, Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amounted to NOK 104 million of 31 December 2021, reporting total LCR of 525 per cent by fourth quarter end 2021.

Rating

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

Capital strength

Paid in equity and retained earnings amounted to NOK 1,791 million by end of fourth quarter 2021, compared to NOK 2,282 million by end of fourth quarter 2020. Risk weighted assets amounted to NOK 7,686 million by end of fourth quarter 2021. Net equity and subordinated loan capital amounted to NOK 1,489 million by end of fourth quarter 2021. This corresponds to a Common Equity Tier 1 capital ratio of 19.4 per cent. Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Outlook

Mainland Norway GDP rose 0.7 per cent month-over-month in November. CPI rose 5.3 per cent from December 2020 to December 2021 according to Statistic Norway. CPI growth adjusted for tax changes and excluding energy products was 1.8 per cent in the same period, and above Norges Bank expectations of 1.3 per cent. In December, the national level of unemployment was reported at 2.2 per cent, compared with 2.0 per cent in the county of Møre og Romsdal.

Despite the uncertainty in response to the Omicron variant of the Covid-virus, Norges Bank delivered the second rate-hike in 2021 at its December-meeting. The published policy rate path indicates three hikes of 0.25 percentage points in 2022, the first hike in 2022 is expected in March.

Twelve-month growth in household loan debt was 5.1 per cent by November 2021, and housing prices increased by 5.2 per cent as a national average in 2021. Housing prices are expected to stay at present levels or increase at a slower pace in 2022, and growth in household debt is expected to dampen going forward due to the increase in mortgage interest rates.

We expect unemployment levels, both on national level and in the county of Møre og Romsdal, to further decline, and we expect to see lower unemployment levels than before Covid-19.

The Board believes that the low level of unemployment, still low interest rate level on mortgages 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 mortgage loan portfolios from Sparebanken Møre and increase the volume of outstanding bond loans from Møre Boligkreditt AS.

Ålesund, 31 December 2021
26 January 2022

THE BOARD OF DIRECTORS OF MØRE BOLIGKREDITT AS

KJETIL HAUGE, Chair of the Board

ELISABETH BLOMVIK

GEIR TORE HJELLE

SANDRA MYHRE HELSETH

Statement of income

STATEMENT OF INCOME

(NOK million)	Note	Q4 2021	Q4 2020	2021	2020
Interest income from assets assessed at amortised cost	<u>3</u>	144	139	562	661
Interest income from assets assessed at fair value	<u>3</u>	15	10	47	30
Interest expenses	<u>3</u>	73	54	249	346
Net interest income	<u>3</u> <u>7</u>	86	95	360	345
Commission income		0	-1	0	0
Net gains/losses from financial instruments		-12	1	-3	-1
Total income		74	95	357	344
Wages, salaries and general administration costs		0	1	2	3
Other operating costs	<u>7</u>	12	11	49	46
Total operating costs		12	12	51	49
Profit before impairment on loans		62	83	306	295
Impairment on loans	<u>4</u>	0	-1	0	1
Pre-tax profit		62	84	306	294
Taxes		13	18	67	64
Profit after tax		49	66	239	230

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q4 2021	Q4 2020	2021	2020
Profit after tax	49	66	239	230
Items that may subsequently be reclassified to the income statement:	0	0	0	0
Basis swap spreads - changes in value	8	10	3	3
Tax effect of basis swap spreads	-2	-2	-1	-1
Total comprehensive income for the period	55	74	241	232

Statement of financial position

ASSETS - compressed

(NOK million)	Note	31.12.2021	31.12.2020
Loans to and receivables from credit institutions 1)	<u>5.7</u>	1 044	1 450
Loans to and receivables from customers	<u>3.4.5</u>	28 971	29 041
Certificates and bonds	<u>5.6</u>	668	116
Financial derivatives	<u>5.6</u>	540	1 176
Total assets		31 223	31 783

1) NOK 146 million out of total NOK 1,044 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	31.12.2021	31.12.2020
Loans from credit institutions 2)	<u>5.7</u>	3 548	5 306
Debt securities issued	<u>5.6.7</u>	25 603	23 991
Financial derivatives	<u>5.6</u>	79	76
Tax payable		132	0
Deferred tax		70	128
Total liabilities		29 432	29 501
Share capital		1 375	1 875
Share premium		175	175
Paid-in equity		1 550	2 050
Retained earnings		241	232
Total equity	<u>2</u>	1 791	2 282
Total liabilities and equity		31 223	31 783

2) NOK 146 million out of total NOK 3,548 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

31.12.2021

(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.

31.12.2020

(NOK million)	Total equity	Share capital	Share premium	Retained earnings
Equity as at 31 December 2019	2 274	1 875	175	224
Dividend paid	-224			-224
Total comprehensive income for the period	232			232
Equity as at 31 December 2020	2 282	1 875	175	232

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.

Proposed dividend as of 31 December 2020 amounted to NOK 232 million.

Statement of cash flow

(NOK million)	31.12.2021	31.12.2020
Cash flow from operating activities		
Interest, commission and fees received	606	687
Interest, commission and fees paid	-38	-34
Operating expenses paid	-51	-49
Income taxes paid/received	6	-9
Payment for acquiring loans from the Parent Bank	-8 194	-10 933
Payment related to installment loans and credit lines to customers	8 264	7 545
Net cash flow from operating activities	593	-2 793
Cash flow from investing activities		
Received interest, commission and fees related to certificates, bonds and other securities	4	4
Proceeds from the sale and settlement of certificates, bonds and other securities	802	1 042
Purchases of certificates, bonds and other securities	-1 357	-483
Changes in other assets	3	4
Net cash flow from investing activities	-548	567
Cash flow from financing activities		
Paid interest, commission and fees related to issued bonds	-212	-313
Net change in loans from credit institutions	-1 358	2 464
Proceeds from issued covered bonds	5 346	3 821
Redemption of issued covered bonds	-3 004	-3 474
Dividend paid	-232	-224
Changes in other debt	-91	28
Increased/reduction of share capital and premium	-500	0
Net cash flow from financing activities	-51	2 302
Net change in cash and cash equivalents	-6	76
Cash balance at 01.01	903	827
Cash balance at 31.12.1)	897	903

1) NOK 146 million out of total NOK 1,044 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 31.12.2021 (NOK 546 million of NOK 1,450 million as at 31.12.20).

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 December 2021. 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 2020.

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	31.12.2021	31.12.2020
Share capital and share premium	1 550	2 050
Retained earnings	241	232
Total equity	1 791	2 282
Value adjustments of financial instruments at fair value	-4	-4
Expected IRB-losses exceeding ECL	-57	-50
Dividends	-241	-232
Common Equity Tier 1 capital	1 489	1 996
Supplementary capital	0	0
Net equity and subordinated loan capital	1 489	1 996

Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	31.12.2021	31.12.2020
Regional governments or local authorities	6	0
Institutions (banks etc)	427	527
Covered bonds	59	7
Other items	40	51
Total credit risk - standardised approach	532	585

Credit risk - IRB Foundation

Retail - Secured by real estate	5 993	6 021
Retail - Other	0	1
Corporate lending	319	270
Total credit risk - IRB-F	6 312	6 292

Credit valuation adjustment risk (CVA) - market risk	213	370
Operational risk (Basic indicator Approach)	629	577
Risk weighted assets (RWA)	7 686	7 824

Minimum requirement Common Equity Tier 1 capital (4.5 %)	346	352
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Buffer Requirement	31.12.2021	31.12.2020
Countercyclical buffer (1.0 %)	77	78
Capital conservation buffer (2.5 %)	192	196
Systemic risk buffer (3.0 %)	231	235
Total buffer requirements	500	509
Available Common Equity Tier 1 capital after buffer requirements	644	1 135

Capital adequacy as a percentage of the weighted asset calculation basis	31.12.2021	31.12.2020
Capital adequacy ratio	19.4 %	25.5 %
Tier 1 capital ratio	19.4 %	25.5 %
Common Equity Tier 1 capital ratio	19.4 %	25.5 %

Leverage ratio	31.12.2021	31.12.2020
Leverage ratio	4.6 %	6.2 %

Møre Boligkreditt AS' capital requirements at 31 December 2021 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

31.12.2021	Gross loans assessed at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans assessed 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

31.12.2020	Gross loans assessed at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans assessed at fair value	Net loans to and receivables from customers
Loans to and receivables from customers	26 327	-1	-3	0	2 718	29 041

Net interest income

(NOK million)	31.12.2021	31.12.2020
Interest income from:		
Loans to and receivables from credit institutions	11	11
Loans to and receivables from customers	594	676
Certificates, bonds and other interest-bearing securities	4	4
Interest income	609	691
Interest expenses in respect of:		
Loans from credit institutions	31	25
Debt securities issued	211	313
Other interest expenses	7	8
Interest expenses	249	346
Net interest income	360	345

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)	Q4 2021	Q4 2020	2021	2020
Changes in Expected Credit Loss (ECL) in stage 1	215	74	287	326
Changes in Expected Credit Loss (ECL) in stage 2	-423	-1 206	-332	604
Changes in Expected Credit Loss (ECL) in stage 3	0	0	0	0
Total impairment on loans in the period	-208	-1 132	-45	930

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

Changes in ECL in the period (NOK thousand) - 31.12.2020	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2019	540	2 849	0	3 389
New loans	195	445	0	640
Disposal of loans	-111	-406	0	-517
Changes in ECL in the period for loans which have not migrated	231	432	0	663
Migration to stage 1	81	-1 148	0	-1 067
Migration to stage 2	-66	1 298	0	1 232
Migration to stage 3	0	0	0	0
Other changes	-4	-17	0	-21
ECL 31.12.2020	866	3 453	0	4 319

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

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

31.12.2020	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	26 559	0	0	26 559
Medium risk (0.5 % - < 3 %)	466	634	0	1 100
High risk (3 % - <100 %)	51	87	0	138
Total commitments before ECL	27 076	721	0	27 797
- ECL	-1	-3	0	-4
Loans to and receivables from customers 31.12.2020 *)	27 075	718	0	27 793

*) 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 assessed 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 assessed at amortised cost

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

Financial instruments assessed 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 assessed 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 assessed 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 31.12.2021.

Classification of financial instruments	Financial instruments at fair value through profit or loss		Financial instruments carried at amortised cost	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Loans to and receivables from credit institutions			1 044	1 450
Loans to and receivables from customers	2 597	2 718	26 374	26 323
Certificates and bonds	668	116		
Financial derivatives	540	1 176		
Total financial assets	3 805	4 010	27 418	27 773
Loans from credit institutions			3 548	5 306
Debt securities issued			25 603	23 991
Financial derivatives	79	76		
Total financial liabilities	79	76	29 151	29 297

Fair value of financial instruments at amortised cost	31.12.2021		31.12.2020	
	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 044	1 044	1 450	1 450
Loans to and receivables from customers	26 374	26 374	26 323	26 323
Total financial assets	27 418	27 418	27 773	27 773
Loans from credit institutions	3 548	3 548	5 306	5 306
Debt securities issued	25 704	25 603	24 110	23 991
Total financial liabilities	29 252	29 151	29 416	29 297

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

Financial instruments at fair value - 31.12.2020	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			2 718	2 718
Certificates and bonds	116			116
Financial derivatives		1 176		1 176
Total financial assets	116	1 176	2 718	4 010
Financial derivatives		76		76
Total financial liabilities	-	76	-	76

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

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2019	0
Purchase/increase	3 156
Sales/reduction	-454
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	16
Book value as at 31.12.2020	2 718

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 31.12.2021	Interest	Issued	Maturity	31.12.2021	31.12.2020
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 153	1 221
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	297	330
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	1 014	1 022
NO0010777584	NOK	-	3M Nibor + 0.58 %	2016	2021	-	3 006
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 503	2 647
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 526	2 684
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	1 028	1 086
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 001	2 998
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 505	2 670
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	2 999	2 998
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027	309	327
NO0010951544	NOK	2 700	3M Nibor + 0.75 %	2021	2026	2 766	-
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 500	-
Total borrowings raised through the issue of securities (incl. accrued interest)						25 603	23 991

Cover pool (NOK million)	31.12.2021	31.12.2020
Pool of eligible loans 1)	28 778	28 684
Substitute assets	1 455	903
Financial derivatives to hedge issued securities (assets)	540	1 176
Financial derivatives to hedge issued securities (liabilities)	-79	-76
Total collateralised assets	30 694	30 687

1) NOK 193 million of total gross loans are not eligible for the cover pool as at 31.12.2021 (NOK 357 million as at 31.12.2020)

Covered bonds issued (NOK million)	31.12.2021	31.12.2020
Covered bonds (nominal) 2)	25 058	22 808
Accrued interest	47	48
Premium/discount	498	1 135
Total covered bonds	25 603	23 991
Own holding (covered bonds)	0	0
Debt securities issued	25 603	23 991

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

Collateralisation (in %)	31.12.2021	31.12.2020
Total collateralised assets / debt securitised issued	119.9	127.9

Liquidity Coverage Ratio (LCR)	31.12.2021	31.12.2020
Liquidity buffer	104	111
Net liquidity outflow next 30 days	20	20
LCR ratio -Total	525%	566%
LCR ratio - NOK	525%	566%
LCR ratio - EUR	N/A	N/A

Net Stable Funding Ratio (NSFR)	31.12.2021	31.12.2020
Available amount of stable funding	26 950	29 208
Required amount of stable funding	29 384	28 971
NSFR ratio	92%	101%

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)	31.12.2021	31.12.2020
Statement of income:		
Interest and credit commission income from Sparebanken Møre related to deposits	11	11
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	31	25
Interest paid to Sparebanken Møre related to bonded debt	10	8
Management fee paid to Sparebanken Møre	44	41
Statement of financial position:		
Deposits in Sparebanken Møre 1)	1 044	1 450
Covered bonds held by Sparebanken Møre as assets	514	503
Loan/credit facility in Sparebanken Møre	3 402	4 760
Intragroup hedging	8	60
Accumulated transferred loan portfolio from Sparebanken Møre	28 975	29 045

1) NOK 146 million out of total NOK 1,044 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 Q4-2021 have occurred after the reporting date. The company is not involved in any legal proceedings.

Profit performance

QUARTERLY PROFIT (NOK million)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net interest income	86	96	90	88	95
Other operating income	-12	5	3	1	0
Total operating costs	12	12	14	13	12
Profit before impairment on loans	62	89	79	76	83
Impairment on loans	0	0	0	0	-1
Pre tax profit	62	89	79	76	84
Tax	13	20	17	17	18
Profit after tax	49	69	62	59	66

As a percentage of average assets:

Net interest income	1.11	1.22	1.16	1.16	1.31
Other operating income	-0.15	0.07	0.03	0.02	0.00
Total operating costs	0.16	0.16	0.17	0.18	0.17
Profit before impairment on loans	0.80	1.13	1.02	1.00	1.14
Impairment on loans	0.00	0.00	0.01	0.00	-0.02
Pre tax profit	0.80	1.13	1.01	1.00	1.16
Tax	0.18	0.25	0.22	0.22	0.26
Profit after tax	0.62	0.88	0.79	0.78	0.90

Average total assets (NOK million)	30 766	31 444	31 230	30 249	29 043
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ACCUMULATED PROFIT FOR THE YEAR (NOK million)	31.12.2021	31.12.2020
Net interest income	360	345
Other operating income	-3	-1
Total operating costs	51	49
Profit before impairment on loans	306	295
Impairment on loans	0	1
Pre tax profit	306	294
Tax	67	64
Profit after tax	239	230

As a percentage of average assets:

Net interest income	1.16	1.20
Other operating income	-0.01	0.00
Total operating costs	0.17	0.17
Profit before impairment on loans	0.99	1.03
Impairment on loans	0.00	0.00
Pre tax profit	0.99	1.03
Tax	0.22	0.22
Profit after tax	0.77	0.81

Average total assets (NOK million)

30 922

28 813

Alternative performance measures

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	$\frac{\text{Eligible collateralised assets} - \text{Debt securities issued} * 100}{\text{Debt securities issued}}$
	Figures	31.12.2021: $(30,694 - 25,603) / 25,603 * 100 = 19.9 \%$ 31.12.2020: $(30,687 - 23,991) / 23,991 * 100 = 27.9 \%$

*This figure is based on daily calculations in the accounting system, and is not directly reconcilable against the Statement of financial position.

**Market value is obtained from external AVM company (Eiendomsverdi AS).

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