



4 Interim report

2023 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 Q4 2023

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 28 million in the fourth quarter of 2023 (NOK 20 million). Net interest income amounted to NOK 57 million (NOK 56 million) and costs ended at NOK 15 million (NOK 13 million).

The quarterly accounts were charged with NOK 0 million in model-based losses on loans (ECL) (NOK 1 million). In the fourth quarter, losses from financial instruments are charged with NOK 14 million (NOK 22 million).

Profit after tax in the fourth quarter amounts to NOK 22 million (NOK 16 million).

Net loans to and receivables from customers decreased by NOK 1,360 million in the fourth quarter of 2023.

No new bond loan volume was issued, and no bond loan volume matured in the fourth quarter of 2023, but Møre Boligkreditt AS made an early redemption of NOK 653 million in a bond loan maturing in March 2024.

Fourth quarter end results

By fourth quarter end 2023, the financial statements show a pre-tax profit of NOK 164 million (NOK 177 million). Net interest income amounts to NOK 237 million (NOK 263 million). Costs by year-end 2023, amounted to NOK 58 million (NOK 51 million). Net losses from financial instruments ended at NOK 14 million (NOK 29 million).

As at 31 December 2023, taxes amount to NOK 36 million (NOK 39 million), and profit after tax amounts to NOK 128 million (NOK 138 million).

Changes in value of basis swap spreads are subtracted from other comprehensive income (OCI) with NOK 29 million after tax as at 31.12.2023, compared to added with NOK 24 million as at 31.12.2022.

Financial position

Møre Boligkreditt AS has twelve bond loans outstanding at 31 December 2023 with total debt securities issued of NOK 28,311 million (NOK 26,807 million). Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 109 per cent as at 31 December 2023.

Total assets at year-end 2023 amounted to NOK 34,600 million (NOK 32,714 million). The ECL calculation 31 December 2023 shows expected credit losses of NOK 11 million for Møre Boligkreditt AS (NOK 10 million).

At year-end 2023, the average loan-to-value ratio is 55.1 per cent, calculated as mortgage amount relative to the value of the property used as collateral (53.2 per cent). The company's substitute assets included in the cover pool amount to NOK 854 million at the end of 2023 (NOK 1,503 million). Over-collateralisation, calculated as the nominal value of the cover pool relative to the nominal value of outstanding covered bond loan debt is 19.8 per cent as at 31 December 2023 (20.1 per cent).

Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amount to NOK 153 million as of 31 December 2023, reporting total LCR of 493 per cent by fourth quarter end 2023.

Rating

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

Moody's has furthermore assigned long-term and short-term issuer ratings of A1/Prime-1, and long-term and short-term Counterparty Risk Ratings of A1/Prime-1 to Møre Boligkreditt AS, aligned with ratings of the parent bank, Sparebanken Møre.

Capital strength

Paid in equity and retained earnings amount to NOK 1,665 million by fourth quarter end 2023 (NOK 1,712 million). Risk weighted assets amount to NOK 7,640 million (NOK 7,845 million). Net equity and subordinated loan capital amount to NOK 1,489 million (NOK 1,515). This corresponds to a Common Equity Tier 1 capital ratio of 19.5 per cent as at 31 December 2023 (19.3 per cent). Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Outlook

From December 2022 to December 2023 the Consumer Price Index (CPI) increased by 4.8 per cent, while the CPI adjusted for tax changes and excluding energy products (CPI-ATE) rose by 5.5 per cent. These levels are slightly below Norges Bank's projections, but still significantly higher than the long-term inflation target of 2 per cent. The depreciation of the Norwegian krone adds to pressure on inflation levels through imported goods and services.

Unemployment levels in Norway remain low. In December 2023, the national level of registered unemployment was 1.9 per cent, compared to 1.7 per cent in the county of Møre og Romsdal.

In December, Norges Bank delivered a rate-hike of 0.25 percentage points to a policy rate of 4.5 per cent. The policy rate path indicates that the policy rate will stay at 4.5 per cent for the larger part of 2024.

National twelve-months growth in household loan debt is declining and reported at 3.3 per cent in November 2023. This is the lowest growth level since the mid 1990's. National housing prices increased by 0.2 per cent in December 2023, seasonally adjusted, and are up by 0.5 per cent the last twelve months.

The Board expects to see a further dampened growth in household debt going forward, due to both the increase in mortgage interest rate levels and a general increase in household costs. Unemployment levels, both on a national level and in the county of Møre og Romsdal, are expected to increase somewhat in the coming quarters, but still stay at low levels. The Board also expects to see a moderate decline in housing prices in the first quarters of 2024.

Ålesund, 31 December 2023
24 January 2024

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	Q4 2023	Q4 2022	2023	2022
Interest income from assets assessed at amortised cost	<u>3</u>	446	269	1 514	788
Interest income from assets assessed at fair value	<u>3</u>	37	27	141	82
Interest expenses	<u>3</u>	426	240	1 418	607
Net interest income	<u>3</u> <u>7</u>	57	56	237	263
Net gains/losses from financial instruments		-14	-22	-14	-29
Total income		43	34	223	234
Wages, salaries and general administration expenses		0	0	2	2
Other operating expenses	<u>7</u>	15	13	56	49
Total operating expenses		15	13	58	51
Profit before impairment on loans		28	21	165	183
Impairment on loans	<u>4</u>	0	1	1	6
Pre-tax profit		28	20	164	177
Taxes		6	4	36	39
Profit after tax		22	16	128	138

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q4 2023	Q4 2022	2023	2022
Profit after tax	22	16	128	138
Items that may subsequently be reclassified to the income statement:				
Basis swap spreads - changes in value	-14	-28	-37	30
Tax effect of basis swap spreads	3	6	8	-6
Total comprehensive income for the period	11	-6	99	162

Balance sheet

ASSETS - compressed

(NOK million)	Note	31.12.2023	31.12.2022
Loans to and receivables from credit institutions 1)	<u>5 7</u>	1 384	1 660
Loans to and receivables from customers	<u>3 4 5</u>	32 357	30 464
Certificates and bonds	<u>5 6</u>	154	121
Financial derivatives	<u>5 6</u>	705	469
Total assets		34 600	32 714

1) NOK 561 million out of total NOK 1,384 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	31.12.2023	31.12.2022
Loans from credit institutions 2)	<u>5 7</u>	4 437	3 782
Debt securities issued	<u>5 6 7</u>	28 311	26 807
Financial derivatives	<u>5 6</u>	70	298
Tax payable		0	27
Incurred costs and prepaid income		1	0
Deferred tax		116	88
Total liabilities		32 935	31 002
Share capital		1 375	1 375
Share premium		175	175
Paid-in equity		1 550	1 550
Liability credit reserve		-13	16
Other equity		128	146
Total equity	<u>2</u>	1 665	1 712
Total liabilities and equity		34 600	32 714

2) NOK 561 million out of total NOK 4,437 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

31.12.2023

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Other Equity
Equity as at 31 December 2022	1 712	1 375	175	16	146
Dividend paid	-146				-146
Total comprehensive income for the period	99			-29	128
Equity as at 31 December 2023	1 665	1 375	175	-13	128

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.

Proposed dividend as of 31 December 2023 amounts to NOK 128 million.

31.12.2022

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Other Equity
Equity as at 31 December 2021	1 791	1 375	175	-8	249
Dividend paid	-241				-241
Total comprehensive income for the period	162			24	138
Equity as at 31 December 2022	1 712	1 375	175	16	146

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.

Statement of cash flow

(NOK million)	31.12.2023	31.12.2022
Cash flow from operating activities		
Interest, commission and fees received	1 639	862
Interest, commission and fees paid	-184	-91
Received interest, commission and fees related to certificates, bonds and other securities	17	9
Operating expenses paid	-58	-51
Income taxes paid/received	-28	-132
Payment for acquiring loans from the parent bank	-12 386	-10 102
Payment related to installment loans and credit lines to customers	10 491	8 603
Proceeds from the sale and settlement of certificates, bonds and other securities	2 673	4 128
Purchases of certificates, bonds and other securities	-2 706	-3 584
Changes in other assets	-50	3
Net cash flow from operating activities	-592	-355
Cash flow from financing activities		
Paid interest, commission and fees related to issued bonds	-1 235	-522
Net change in loans from credit institutions	372	103
Proceeds from issued covered bonds	3 996	4 919
Redemption of issued covered bonds	-2 890	-3 363
Dividend paid	-146	-241
Changes in other debt	-65	-57
Increase/reduction of share capital and premium	0	0
Net cash flow from financing activities	32	839
Net change in cash and cash equivalents	-560	484
Cash balance at 01.01	1 383	898
Cash balance at 31.12.1)	823	1 382

1) NOK 561 million out of total NOK 1,384 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 31.12.2023 (NOK 278 million as at 31.12.2022).

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 2023. 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 2022.

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	31.12.2023	31.12.2022
Share capital and share premium	1 550	1 550
Liability credit reserve	-13	16
Other equity	128	146
Total equity	1 665	1 712
Value adjustments of financial instruments at fair value	-3	-3
Expected IRB-losses exceeding ECL	-45	-48
Proposed dividend	-128	-146
Common Equity Tier 1 capital	1 489	1 515
Supplementary capital	0	0
Net equity and subordinated loan capital	1 489	1 515

Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	31.12.2023	31.12.2022
Regional governments or local authorities	0	0
Institutions (banks etc)	255	453
Covered bonds	8	7
Other items	0	42
Total credit risk - standardised approach	263	502

Credit risk - IRB Foundation

Retail - Secured by real estate	6 773	6 334
Retail - Other	0	0
Corporate lending 1)	4	248
Total credit risk - IRB-Foundation	6 777	6 582

Credit valuation adjustment risk (CVA) - market risk	91	176
Operational risk (Basic indicator Approach)	509	585
Risk-Weighted Assets (RWA)	7 640	7 845

Minimum requirement Common Equity Tier 1 capital (4.5 %)	344	353
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Buffer Requirement	31.12.2023	31.12.2022
Countercyclical buffer (2.5% at 31.12.2023, 2.0 % at 31.12.2022)	191	157
Capital conservation buffer (2.5 %)	191	196
Systemic risk buffer (4,5% at 31.12.2023, 3.0 at 31.12.2022 %)	344	235
Total buffer requirements	726	588
Available Common Equity Tier 1 capital after buffer requirements	419	574

Capital adequacy as a percentage of the weighted asset calculation basis	31.12.2023	31.12.2022
Capital adequacy ratio	19.5 %	19.3 %
Tier 1 capital ratio	19.5 %	19.3 %
Common Equity Tier 1 capital ratio	19.5 %	19.3 %

Leverage ratio	31.12.2023	31.12.2022
Leverage ratio	4.3 %	4.6 %

1) Corporate lending in MBK consists of lending to housing associations.

Møre Boligkreditt AS' capital requirements at 31 December 2023 are based on IRB-Foundation.

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

31.12.2023	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	30 161	-2	-9	0	2 207	32 357

31.12.2022	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	28 028	-2	-8	0	2 446	30 464

Net interest income

(NOK million)	31.12.2023	31.12.2022
Interest income from:		
Loans to and receivables from credit institutions	42	21
Loans to and receivables from customers	1 596	840
Certificates, bonds and other interest-bearing securities	17	9
Interest income	1 655	870
Interest expenses in respect of:		
Loans from credit institutions	176	79
Debt securities issued	1 235	522
Other interest expenses	7	6
Interest expenses	1 418	607
Net interest income	237	263

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 million)	Q4 2023	Q4 2022	2023	2022
Changes in Expected Credit Loss (ECL) in stage 1	0	1	0	1
Changes in Expected Credit Loss (ECL) in stage 2	0	0	1	5
Changes in Expected Credit Loss (ECL) in stage 3	0	0	0	0
Total impairments on loans in the period	0	1	1	6

Changes in ECL in the period (NOK million) - 31.12.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	2	8	0	10
New loans	1	2	0	3
Disposal of loans	0	-2	0	-2
Changes in ECL in the period for loans which have not migrated	0	0	0	0
Migration to stage 1	0	-2	0	-2
Migration to stage 2	0	2	0	2
Migration to stage 3	0	0	0	0
Other changes	0	0	0	0
ECL 31.12.2023	2	9	0	11

Changes in ECL in the period (NOK million) - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	1	3	0	4
New loans	1	1	0	2
Disposal of loans	0	-1	0	-1
Changes in ECL in the period for loans which have not migrated	0	0	0	0
Migration to stage 1	0	0	0	0
Migration to stage 2	0	5	0	5
Migration to stage 3	0	0	0	0
Other changes	0	0	0	0
ECL 31.12.2022	2	8	0	10

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

31.12.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	27 888	1 480	0	29 367
Medium risk (0.5 % - < 3 %)	161	1 858	0	2 019
High risk (3 % - <100 %)	4	426	0	431
PD=100 %	-	-	9	9
Total commitments before ECL	28 054	3 763	9	31 826
- ECL	-2	-9	0	-11
Loans to and receivables from customers 31.12.2023 *)	28 052	3 754	9	31 815

31.12.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	24 644	2 637	0	27 281
Medium risk (0.5 % - < 3 %)	225	1 811	0	2 036
High risk (3 % - <100 %)	4	298	10	312
Total commitments before ECL	24 873	4 746	10	29 629
- ECL	-2	-8	0	-10
Loans to and receivables from customers 31.12.2022 *)	24 871	4 738	10	29 619

*) 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 5.3 million on the valuation of the fixed rate loans as at 31.12.2023.

Classification of financial instruments	Financial instruments at fair value through profit or loss		Financial instruments carried at amortised cost	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Loans to and receivables from credit institutions			1 384	1 660
Loans to and receivables from customers	2 207	2 446	30 150	28 018
Certificates and bonds	154	121		
Financial derivatives	705	469		
Total financial assets	3 066	3 036	31 534	29 678
Loans from credit institutions			4 437	3 782
Debt securities issued			28 311	26 807
Financial derivatives	70	298		
Total financial liabilities	70	298	32 748	30 589

Fair value of financial instruments at amortised cost	31.12.2023		31.12.2022	
	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 384	1 384	1 660	1 660
Loans to and receivables from customers	30 150	30 150	28 018	28 018
Total financial assets	31 534	31 534	29 678	29 678
Loans from credit institutions	4 437	4 437	3 782	3 782
Debt securities issued	28 406	28 311	26 811	26 807
Total financial liabilities	32 843	32 748	30 593	30 589

Financial instruments at fair value - 31.12.2023	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Loans to and receivables from customers			2 207	2 207
Certificates and bonds	154			154
Financial derivatives		705		705
Total financial assets	154	705	2 207	3 066
Financial derivatives		70		70
Total financial liabilities	-	70	-	70

Financial instruments at fair value - 31.12.2022	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Loans to and receivables from customers			2 446	2 446
Certificates and bonds	121			121
Financial derivatives		469		469
Total financial assets	121	469	2 446	3 036
Financial derivatives		298		298
Total financial liabilities	-	298	-	298

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2022	2 446
Purchase/increase	232
Sales/reduction	-487
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	16
Book value as at 31.12.2023	2 207

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	326
Sales/reduction	-401
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-76
Book value as at 31.12.2022	2 446

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.

ISIN code	Currency	Nominal value 31.12.2023 (million)	Interest	Issued	Maturity	Book value 31.12.2023 (NOK million)	Book value 31.12.2022 (NOK million)
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 066	1 087
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	289	261
NO0010819543	NOK	2 347	3M Nibor + 0.42 %	2018	2024	2 351	3 004
XS1839386577	EUR	-	fixed EUR 0.375 %	2018	2023	-	2 606
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	956	957
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 015	3 010
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 734	2 481
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 006	3 004
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027	345	324
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 074	5 094
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 625	2 341
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 823	2 638
NO0012908617	NOK	4 000	3M Nibor + 0.54 %	2023	2028	4 027	-
Total borrowings raised through the issue of securities (incl. accrued interest)						28 311	26 807

Cover pool (NOK million)	31.12.2023	31.12.2022
Eligible mortgage volume in cover pool (nominal)	32 162	30 431
Substitute assets	854	1 503
Total collateralised assets	33 016	31 934

Covered bonds issued (NOK million)	31.12.2023	31.12.2022
Covered bonds (nominal) 1)	27 554	26 582
-of which own holding (covered bonds)	0	0

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

Over-collateralisation (in %) (Nominal calculation)	31.12.2023	31.12.2022
(Eligible mortgages + Substitute assets-Covered bonds) / Covered bonds	19.8	20.1
Liquidity Coverage Ratio (LCR)	31.12.2023	31.12.2022
Liquid Assets	147	113
Net liquidity outflow next 30 days	30	26
LCR ratio -Total	493%	436%
LCR ratio - NOK	493%	436%
LCR ratio - EUR	N/A	N/A
Net Stable Funding Ratio (NSFR)	31.12.2023	31.12.2022
Available amount of stable funding	30 030	29 163
Required amount of stable funding	27 615	26 425
NSFR ratio	109%	110%

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 the date of transfer of the loan portfolio to the date of settlement of the consideration.

The pricing of the services provided by Sparebanken Møre to Møre Boligkreditt AS distinguishes between fixed and variable expenses for the mortgage company. Fixed expenses are defined as expenses the mortgage company must bear regardless of the activity related to the issuance of covered bonds, the acquisition of portfolio, etc. Variable expenses are defined as expenses 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 expenses 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 expenses, including social security contribution, pension expense and other social expenses. 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)	31.12.2023	31.12.2022
Statement of income:		
Interest and credit commission income from Sparebanken Møre related to deposits	42	21
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	176	79
Interest paid to Sparebanken Møre related to bonded debt	6	5
Management fee paid to Sparebanken Møre	49	43
Balance sheet:		
Deposits in Sparebanken Møre 1)	1 384	1 660
Covered bonds held by Sparebanken Møre	0	0
Loan/credit facility in Sparebanken Møre	3 876	3 504
Intragroup hedging	306	125
Accumulated transferred loan portfolio from Sparebanken Møre	32 368	30 474

1) NOK 561 million out of total NOK 1,384 million of deposits in Sparebanken Møre is the margin call balance on financial derivatives paid in by counterparties according to CSA as at 31.12.2023

Note 8

Events after the reporting date

No events of material significance for the financial statements for Q4-2023 have occurred after the reporting date. The company is not involved in any legal proceedings.

Profit performance

QUARTERLY PROFIT (NOK million)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net interest income	57	53	60	67	56
Other operating income	-14	-17	22	-5	-22
Total operating expenses	15	13	16	14	13
Profit before impairment on loans	28	23	66	48	21
Impairment on loans	0	3	-2	0	1
Pre-tax profit	28	20	68	48	20
Taxes	6	4	16	10	4
Profit after tax	22	16	52	38	16

As a percentage of average assets:

Net interest income	0.64	0.62	0.67	0.83	0.73
Other operating income	-0.15	-0.20	0.24	-0.06	-0.29
Total operating expenses	0.17	0.16	0.18	0.17	0.17
Profit before impairment on loans	0.32	0.26	0.73	0.60	0.27
Impairment on loans	0.00	0.02	-0.02	0.00	0.00
Pre-tax profit	0.32	0.24	0.75	0.60	0.27
Taxes	0.07	0.06	0.16	0.13	0.07
Profit after tax	0.25	0.18	0.59	0.47	0.20

Average total assets (NOK million)	35 468	34 663	35 985	31 981	30 654
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ACCUMULATED PROFIT FOR THE YEAR (NOK million)	31.12.2023	31.12.2022
Net interest income	237	263
Other operating income	-14	-29
Total operating expenses	58	51
Profit before impairment on loans	165	183
Impairment on loans	1	6
Pre-tax profit	164	177
Taxes	36	39
Profit after tax	128	138

As a percentage of average assets:

Net interest income	0.69	0.87
Other operating income	-0.04	-0.10
Total operating expenses	0.17	0.17
Profit before impairment on loans	0.48	0.60
Impairment on loans	0.00	0.02
Pre-tax profit	0.48	0.58
Taxes	0.11	0.13
Profit after tax	0.37	0.45

Average total assets (NOK million)	34 524	30 410
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