

Interim report

2

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.

The accounts have been prepared in accordance with IFRS.

Second quarter results

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 42 million in the second quarter of 2022 (NOK 79 million). Net interest income amounts to NOK 65 million (NOK 90 million) and costs ended at NOK 14 million (NOK 14 million).

The quarterly accounts were charged NOK 4 million in losses on loans (NOK 0 million). In the second quarter NOK 5 million in losses from financial instruments is charged, compared to NOK 3 million gained in the corresponding quarter of 2021.

Profit after tax in the second quarter amounts to NOK 32 million (NOK 62 million).

Net loans to and receivables from customers decreased by NOK 2,280 million in the second quarter of 2022. One bond loan of EUR 250 million matured in the second quarter of 2022, and one existing NOK denominated bond loan was increased with NOK 2,300 million.

Half year end results

By half year end 2022 the financial statements show a pre-tax profit of NOK 107 million (NOK 155 million). Net interest income amounts to NOK 141 million by half year end 2022 (NOK 178 million). Costs in the period ending 30 June 2022 amounts to NOK 27 million (NOK 27 million). Net losses from financial instruments is NOK 2 million at half year end 2022, compared to net gain of NOK 4 million at half year end 2021.

Taxes amounts to NOK 24 million in the first six months of 2022 (NOK 34 million), and profit after tax amounts to NOK 83 million in the first six months of 2022 (NOK 121 million).

Changes in value of basis swap spreads are added to other comprehensive income (OCI) with NOK 25 million after tax by half year end 2022, compared to being charged with NOK 9 million at half year end 2021.

Financial position

Møre Boligkreditt AS has eleven bond loans outstanding at 30 June 2022 with total debt securities issued of NOK 24,262 million (NOK 26,408 million). Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 116 per cent as at 30 June 2022.

Total assets at half year end 2022 amounted to NOK 29,824 million (NOK 32,465 million). The ECL calculation 30 June 2022 shows expected credit losses of NOK 9 million for Møre Boligkreditt AS (NOK 5 million).

At half year end 2022, the average loan-to-value ratio is 50 per cent, calculated as mortgage amount relative to the value of the property used as collateral (53 per cent).

The company's substitute assets included in the cover pool amounts to NOK 1,484 million at end-June 2022 (NOK 1,704 million). Net value of financial derivatives included in the cover pool amounts to NOK 263

million (NOK 768 million). Over-collateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond loan debt is 20.3 per cent as at 30 June 2022 (20.4 per cent).

In addition to liquid assets included in the cover pool, Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amounts to NOK 131 million as of 30 June 2022, reporting total LCR of 532 per cent by second 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

Paid in equity and retained earnings amounts to NOK 1,658 million by half year end 2022 (NOK 2,162 million). Risk weighted assets amounts to NOK 7,212 million (NOK 7,930 million). Net equity and subordinated loan capital amounts to NOK 1,495 million (NOK 1,984). This corresponds to a Common Equity Tier 1 capital ratio of 20.7 per cent as at 30 June 2022. Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Regulatory changes

The EU Banking Package was implemented into Norwegian law and entered into force on 1 June 2022. The requirement to only report Net Stable Funding Ratio (NSFR) was replaced with a binding NSFR requirement of 100 per cent minimum.

The Covered Bonds Directive has been incorporated into the EEA Agreement and the Norwegian Ministry of Finance has decided that the new rules should enter into force in Norway 8 July 2022, the same date as in the EU. No major changes are required to the Norwegian covered bonds framework as result of the EU Directive.

Outlook

The war in Ukraine has contributed to increased uncertainty and upward pressure on 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.

The inflation level is high, the annual CPI rate in Norway in June of 2022 was 6.3 per cent. Adjusted for tax changes and excluding energy products the CPI was 3.6 per cent and, still well above Norges Bank's aim to stabilize inflation around 2 per cent. Norges Bank delivered a rate-hike of 0.5 percentage points to a policy rate of 1.25 per cent in June. The published policy rate path indicates a further string of hikes, and a policy rate of 3 per cent by the end of 2023.

In June 2022, the national level of unemployment was reported at 1.6 per cent, and 1.5 per cent in the county of Møre og Romsdal.

Twelve-months national growth in household loan debt is declining and reported at 4.7 per cent by May 2022. National housing prices rose 0.3 per cent in June, seasonally adjusted, and 6.3 per cent last 12 months. Housing prices are expected to stay at present levels or increase at a slower pace going forward. Growth in household debt is also expected to continue dampen due to the increase in mortgage interest rate levels.

Assuming the global economy avoid 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 stay low.

The Board believes that despite the increase in interest rates on mortgages, the low level of unemployment and still 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, 30 June 2022

10 August 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	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Interest income from assets assessed at amortised cost	<u>3</u>	170	140	326	277	562
Interest income from assets assessed at fair value	<u>3</u>	21	11	37	22	47
Interest expenses	<u>3</u>	126	61	222	121	249
Net interest income	<u>3</u> <u>7</u>	65	90	141	178	360
Net gains/losses from financial instruments		-5	3	-2	4	-3
Total income		60	93	139	182	357
Wages, salaries and general administration costs		0	0	1	1	2
Other operating costs	<u>7</u>	14	14	26	26	49
Total operating costs		14	14	27	27	51
Profit before impairment on loans		46	79	112	155	306
Impairment on loans	<u>4</u>	4	0	5	0	0
Pre-tax profit		42	79	107	155	306
Taxes		10	17	24	34	67
Profit after tax		32	62	83	121	239

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Profit after tax	32	62	83	121	239
Items that may subsequently be reclassified to the income statement:					
Basis swap spreads - changes in value	2	-2	32	-11	3
Tax effect of basis swap spreads	0	0	-7	2	-1
Total comprehensive income for the period	34	60	108	112	241

Statement of financial position

ASSETS - compressed

(NOK million)	Note	30.06.2022	30.06.2021	31.12.2021
Loans to and receivables from credit institutions 1)	<u>5.7</u>	1 755	1 986	1 044
Loans to and receivables from customers	<u>3.4.5</u>	27 476	29 535	28 971
Certificates and bonds	<u>5.6</u>	131	116	668
Financial derivatives	<u>5.6</u>	460	828	540
Other assets		2	0	0
Total assets		29 824	32 465	31 223

1) NOK 271 million out of total NOK 1,755 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	30.06.2022	30.06.2021	31.12.2021
Loans from credit institutions 2)	<u>5.7</u>	3 474	3 674	3 548
Debt securities issued	<u>5.6.7</u>	24 262	26 408	25 603
Financial derivatives	<u>5.6</u>	197	60	79
Tax payable		163	31	132
Incurring costs and prepaid income		0	2	0
Deferred tax		70	128	70
Total liabilities		28 166	30 303	29 432
Share capital		1 375	1 875	1 375
Share premium		175	175	175
Paid-in equity		1 550	2 050	1 550
Other equity		0	0	241
Total comprehensive income for the period		108	112	0
Retained earnings		108	112	241
Total equity	<u>2</u>	1 658	2 162	1 791
Total liabilities and equity		29 824	32 465	31 223

2) NOK 271 million out of total NOK 3,474 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

30.06.2022

(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	108			108
Equity as at 30 June 2022	1 658	1 375	175	108

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.

30.06.2021

(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	112			112
Equity as at 30 June 2021	2 162	1 875	175	112

The share capital consisted of 1 500 000 shares at NOK 1 250, a total of NOK 1 875 million. All shares were 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 consisted of 1 100 000 shares at NOK 1 250, a total of NOK 1 375 million. All shares were 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)	30.06.2022	30.06.2021	31.12.2021
Cash flow from operating activities			
Interest, commission and fees received	357	301	606
Interest, commission and fees paid	-42	-18	-38
Operating expenses paid	-27	-27	-51
Income taxes paid/received	0	0	6
Payment for acquiring loans from the Parent Bank	-2 646	-3 898	-8 194
Payment related to installment loans and credit lines to customers	4 136	3 403	8 264
Net cash flow from operating activities	1 778	-239	593
Cash flow from investing activities			
Received interest, commission and fees related to certificates, bonds and other securities	7	1	4
Proceeds from the sale and settlement of certificates, bonds and other securities	4 048	70	802
Purchases of certificates, bonds and other securities	-3 513	-70	-1 357
Changes in other assets	31	-8	3
Net cash flow from investing activities	573	-7	-548
Cash flow from financing activities			
Paid interest, commission and fees related to issued bonds	-188	-103	-212
Net change in loans from credit institutions	-199	-1 368	-1 358
Proceeds from issued covered bonds	2 347	2 774	5 346
Redemption of issued covered bonds	-3 363	0	-3 004
Dividend paid	-241	-232	-232
Changes in other debt	-121	-25	-91
Increased/reduction of share capital and premium	0	0	-500
Net cash flow from financing activities	-1 765	1 046	-51
Net change in cash and cash equivalents	586	800	-6
Cash balance at 01.01	898	904	904
Cash balance at 30.06/31.12 1)	1 484	1 704	898

1) NOK 271 million out of total NOK 1,755 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 30.06.2022 (NOK 282 million as at 30.06.2021 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 30 June 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	30.06.2022	30.06.2021	31.12.2021
Share capital and share premium	1 550	2 050	1 550
Retained earnings	108	112	241
Total equity	1 658	2 162	1 791
Value adjustments of financial instruments at fair value	-3	-4	-4
Expected IRB-losses exceeding ECL	-52	-62	-57
Dividends	0	0	-241
Deductions for total comprehensive income for the period	-108	-112	-
Common Equity Tier 1 capital	1 495	1 984	1 489
Supplementary capital	0	0	0
Net equity and subordinated loan capital	1 495	1 984	1 489

Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	30.06.2022	30.06.2021	31.12.2021
Regional governments or local authorities	0	0	6
Institutions (banks etc)	395	583	427
Covered bonds	8	7	59
Other items	43	49	40
Total credit risk - standardised approach	446	639	532

Credit risk - IRB Foundation

Retail - Secured by real estate	5 794	6 136	5 993
Retail - Other	2	1	0
Corporate lending	243	312	319
Total credit risk - IRB-F	6 039	6 449	6 312

Credit valuation adjustment risk (CVA) - market risk	98	265	213
Operational risk (Basic indicator Approach)	629	577	629
Risk weighted assets (RWA)	7 212	7 930	7 686
Minimum requirement Common Equity Tier 1 capital (4.5 %)	325	357	346

Buffer Requirement	30.06.2022	30.06.2021	31.12.2021
Countercyclical buffer (1.5 % at 30.06.2022, 1.0 % at 30.06.2021 and 31.12.2021)	108	79	77
Capital conservation buffer (2.5 %)	180	198	192
Systemic risk buffer (3.0 %)	216	238	231
Total buffer requirements	505	515	500
Available Common Equity Tier 1 capital after buffer requirements	666	1 112	644

Capital adequacy as a percentage of the weighted asset calculation basis	30.06.2022	30.06.2021	31.12.2021
Capital adequacy ratio	20.7 %	25.0 %	19.4 %
Tier 1 capital ratio	20.7 %	25.0 %	19.4 %
Common Equity Tier 1 capital ratio	20.7 %	25.0 %	19.4 %

Leverage ratio	30.06.2022	30.06.2021	31.12.2021
Leverage ratio	4.9 %	6.0 %	4.6 %

Møre Boligkreditt AS' capital requirements at 30 June 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

30.06.2022	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	24 975	-1	-8	0	2 510	27 476

30.06.2021	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	26 642	-1	-4	0	2 898	29 535

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)	30.06.2022	30.06.2021	31.12.2021
Interest income from:			
Loans to and receivables from credit institutions	6	5	11
Loans to and receivables from customers	350	293	594
Certificates, bonds and other interest-bearing securities	7	1	4
Interest income	363	299	609
Interest expenses in respect of:			
Loans from credit institutions	31	15	31
Debt securities issued	188	103	211
Other interest expenses	3	3	7
Interest expenses	222	121	249
Net interest income	141	178	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.

The increase in IFRS expected loan losses from 4 million to 9 million in the second quarter of 2022 is model-based due to changes made in the macroeconomic factors, specifically related to expectations of higher mortgage rate levels. No actual loan losses have occurred.

Specification of credit loss expense (NOK thousand)	Q2 2022	Q2 2021	30.06.2022	30.06.2021	2021
Changes in Expected Credit Loss (ECL) in stage 1	-91	266	-11	133	287
Changes in Expected Credit Loss (ECL) in stage 2	4 693	275	5 146	334	-332
Changes in Expected Credit Loss (ECL) in stage 3	-58	0	0	0	0
Total impairment on loans in the period	4 544	541	5 135	467	-45

Changes in ECL in the period (NOK thousand) - 30.06.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	1 154	3 121	0	4 275
New loans	157	510	0	667
Disposal of loans	-129	-412	0	-541
Changes in ECL in the period for loans which have not migrated	305	-2	0	303
Migration to stage 1	9	-358	0	-349
Migration to stage 2	-353	5 408	0	5 055
Migration to stage 3	0	0	0	0
Other changes	0	1	0	1
ECL 30.06.2022	1 143	8 268	0	9 411

Changes in ECL in the period (NOK thousand) - 30.06.2021	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	866	3 453	0	4 319
New loans	181	571	0	752
Disposal of loans	-75	-191	0	-266
Changes in ECL in the period for loans which have not migrated	76	-215	0	-139
Migration to stage 1	21	-931	0	-910
Migration to stage 2	-70	1 105	0	1 035
Migration to stage 3	0	0	0	0
Other changes	1	-6	0	-5
ECL 30.06.2021	1 000	3 786	0	4 786

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)

30.06.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	24 222	352	0	24 574
Medium risk (0.5 % - < 3 %)	386	1 328	0	1 714
High risk (3 % - <100 %)	9	273	0	282
Total commitments before ECL	24 617	1 953	0	26 570
- ECL	-1	-8	0	-9
Loans to and receivables from customers 30.06.2022 *)	24 616	1 945	0	26 561

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

30.06.2021	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	26 659	28	0	26 687
Medium risk (0.5 % - < 3 %)	649	715	0	1 364
High risk (3 % - <100 %)	60	142	6	208
Total commitments before ECL	27 368	885	6	28 259
- ECL	-1	-4	0	-5
Loans to and receivables from customers 30.06.2021 *)	27 367	881	6	28 254

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 30.06.2022.

Classification of financial instruments	Financial instruments at fair value through profit or loss			Financial instruments carried at amortised cost		
	30.06.2022	30.06.2021	31.12.2021	30.06.2022	30.06.2021	31.12.2021
Loans to and receivables from credit institutions				1 755	1 986	1 044
Loans to and receivables from customers	2 510	2 898	2 597	24 966	26 637	26 374
Certificates and bonds	131	116	668			
Financial derivatives	460	828	540			
Total financial assets	3 101	3 842	3 805	26 721	28 623	27 418
Loans from credit institutions				3 474	3 674	3 548
Debt securities issued				24 262	26 408	25 603
Financial derivatives	197	60	79			
Total financial liabilities	197	60	79	27 736	30 082	29 151

Fair value of financial instruments at amortised cost	30.06.2022		30.06.2021		31.12.2021	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 755	1 755	1 986	1 986	1 044	1 044
Loans to and receivables from customers	24 966	24 966	26 637	26 637	26 374	26 374
Total financial assets	26 721	26 721	28 623	28 623	27 418	27 418
Loans from credit institutions	3 474	3 474	3 674	3 674	3 548	3 548
Debt securities issued	24 236	24 262	26 544	26 408	25 704	25 603
Total financial liabilities	27 710	27 736	30 218	30 082	29 252	29 151

Financial instruments at fair value - 30.06.2022	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			2 510
Certificates and bonds	81	50		131
Financial derivatives		460		460
Total financial assets	81	510	2 510	3 101
Financial derivatives		197		197
Total financial liabilities	-	197	-	197

Financial instruments at fair value - 30.06.2021	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			2 898
Certificates and bonds	116			116
Financial derivatives		828		828
Total financial assets	116	828	2 898	3 842
Financial derivatives		60		60
Total financial liabilities	-	60	-	60

Financial instruments at fair value - 31.12.2021	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			2 597
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	119
Sales/reduction	-139
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-67
Book value as at 30.06.2022	2 510

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	481
Sales/reduction	-267
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-34
Book value as at 30.06.2021	2 898

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 30.06.2022	Interest	Issued	Maturity	30.06.2022	30.06.2021	31.12.2021
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 118	1 208	1 153
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	277	314	297
NO0010730187	NOK		fixed NOK 1.50 %	2015	2022		1 010	1 014
NO0010777584	NOK		3M Nibor + 0.58 %	2016	2021		3 005	-
XS1626109968	EUR		fixed EUR 0.125 %	2017	2022		2 560	2 503
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 002	3 002	3 002
XS1839386577	EUR	250	fixed EUR 0.375 %	2018	2023	2 573	2 585	2 526
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	964	1 065	1 028
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 003	2 998	3 001
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 501	2 576	2 505
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 000	2 998	2 999
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027	320	316	309
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 101	2 771	2 766
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 403	-	2 500
Total borrowings raised through the issue of securities (incl. accrued interest)						24 262	26 408	25 603

Cover pool (NOK million)	30.06.2022	30.06.2021	31.12.2021
Pool of eligible loans 1)	27 437	29 310	28 778
Substitute assets	1 484	1 704	1 455
Financial derivatives to hedge issued securities (assets)	460	828	540
Financial derivatives to hedge issued securities (liabilities)	-197	-60	-79
Total collateralised assets	29 184	31 782	30 694

1) NOK 111 million of total gross loans are not eligible for the cover pool as at 30.06.2022 (NOK 225 million as at 30.06.2021)

Covered bonds issued (NOK million)	30.06.2022	30.06.2021	31.12.2021
Covered bonds (nominal) 2)	23 995	25 508	25 058
Accrued interest	75	75	47
Premium/discount	192	825	498
Total covered bonds	24 262	26 408	25 603
Own holding (covered bonds)	0	0	0
Debt securities issued	24 262	26 408	25 603

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

Over-collateralisation (in %)	30.06.2022	30.06.2021	31.12.2021
Total collateralised assets / debt securitised issued	20.3	20.4	19.9

Liquidity Coverage Ratio (LCR)	30.06.2022	30.06.2021	31.12.2021
Liquidity buffer	121	111	104
Net liquidity outflow next 30 days	23	21	20
LCR ratio - Total	532%	521%	525%
LCR ratio - NOK	532%	521%	525%
LCR ratio - EUR	-	-	N/A

Net Stable Funding Ratio (NSFR)	30.06.2022	30.06.2021	31.12.2021
Available amount of stable funding	27 602	26 934	26 950
Required amount of stable funding	23 871	30 417	29 384
NSFR ratio	116%	89%	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)	30.06.2022	30.06.2021	31.12.2021
Statement of income:			
Interest and credit commission income from Sparebanken Møre related to deposits	7	5	11
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	31	15	31
Interest paid to Sparebanken Møre related to bonded debt	4	5	10
Management fee paid to Sparebanken Møre	22	22	44
Statement of financial position:			
Deposits in Sparebanken Møre 1)	1 755	1 986	1 044
Covered bonds held by Sparebanken Møre as assets	501	1 741	514
Loan/credit facility in Sparebanken Møre	3 202	3 392	3 402
Intragroup hedging	95	24	8
Accumulated transferred loan portfolio from Sparebanken Møre	27 485	29 540	28 975

1) NOK 271 million out of total NOK 1,755 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 Q2-2022 have occurred after the reporting date. The company is not involved in any legal proceedings.

Statement pursuant to section 5-6 of the Securities Trading Act

We hereby confirm that the company's financial statements for the period 1 January 2022 to 30 June 2022 to the best of our knowledge, have been prepared in accordance with IAS 34 - Interim Financial Reporting, and provide a true and fair view of the company's assets, liabilities, financial position, and results as a whole.

We also hereby declare that the interim report provides a true and fair view of the financial performance and position of the company, as well as a description of the principal risks and uncertainties facing the company.

Ålesund, 30 June 2022

10 August 2022

THE BOARD OF DIRECTORS OF MØRE BOLIGKREDITT AS

KJETIL HAUGE, Chair

ELISABETH BLOMVIK

KRISTIAN TAFJORD

SANDRA MYHRE HELSETH

OLE ANDRE KJERSTAD, Managing Director

Profit performance

QUARTERLY PROFIT (NOK million)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Net interest income	65	76	86	96	90
Other operating income	-5	3	-12	5	3
Total operating costs	14	13	12	12	14
Profit before impairment on loans	46	66	62	89	79
Impairment on loans	4	1	0	0	0
Pre tax profit	42	65	62	89	79
Tax	10	14	13	20	17
Profit after tax	32	51	49	69	62

As a percentage of average assets:

Net interest income	0.83	1.01	1.11	1.22	1.16
Other operating income	-0.06	0.03	-0.15	0.07	0.03
Total operating costs	0.18	0.17	0.16	0.16	0.17
Profit before impairment on loans	0.59	0.87	0.80	1.13	1.02
Impairment on loans	0.06	0.01	0.00	0.00	0.01
Pre tax profit	0.53	0.86	0.80	1.13	1.01
Tax	0.12	0.19	0.18	0.25	0.22
Profit after tax	0.41	0.67	0.62	0.88	0.79

Average total assets (NOK million)	31 520	30 204	30 766	31 444	31 230
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ACCUMULATED PROFIT FOR THE YEAR (NOK million)	30.06.2022	30.06.2021	31.12.2021
Net interest income	141	178	360
Other operating income	-2	4	-3
Total operating costs	27	27	51
Profit before impairment on loans	112	155	306
Impairment on loans	5	0	0
Pre tax profit	107	155	306
Tax	24	34	67
Profit after tax	83	121	239

As a percentage of average assets:

Net interest income	0.92	1.16	1.16
Other operating income	-0.02	0.02	-0.01
Total operating costs	0.18	0.17	0.17
Profit before impairment on loans	0.72	1.01	0.99
Impairment on loans	0.03	0.00	0.00
Pre tax profit	0.69	1.01	0.99
Tax	0.15	0.22	0.22
Profit after tax	0.54	0.79	0.77

Average total assets (NOK million)	30 862	30 740	30 922
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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	30.06.2022: $(29,184 - 24,262) / 24,262 * 100 = 20.3 \%$
		30.06.2021: $(31,782 - 26,408) / 26,408 * 100 = 20.4 \%$
31.12.2021: $(30,694 - 25,603) / 25,603 * 100 = 19.9 \%$		

*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).

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

