



Annual Report 2023

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Kipervikgata 6, Ålesund

Key figures

Income statement

(Amounts in percentage of average assets)

	2023		2022	
	NOK million	%	NOK million	%
Net interest income	237	0.69	263	0.87
Other operating income	-14	-0.04	-29	-0.10
Total operating expenses	58	0.17	51	0.17
Profit before impairment on loans	165	0.48	183	0.60
Impairment on loans	1	0.00	6	0.02
Pre-tax profit	164	0.48	177	0.58
Taxes	36	0.11	39	0.13
Profit after tax	128	0.37	138	0.45

Statement of financial position

(NOK million)	31.12.2023	31.12.2022
Total assets	34 600	32 714
Average assets	34 524	30 410
Loans to and receivables from customers	32 357	30 464

Report from the Board of Directors

Figures in brackets refer to the corresponding period last year.

OPERATIONS IN 2023

Møre Boligkreditt AS is a wholly owned subsidiary of Sparebanken Møre, a regional Norwegian savings bank. Møre Boligkreditt AS is licensed to operate as a mortgage company and to issue covered bonds. Møre Boligkreditt AS is Sparebanken Møre's most important source of long-term market funding and an important part of the parent bank's funding strategy. Møre Boligkreditt AS is located at Sparebanken Møre's headquarter in Kipervikgata 6, in the city of Ålesund.

Net mortgage lending to customers increased by NOK 1,893 million in 2023 and amounted to NOK 32,357 million at year end 2023 (NOK 30,464 million). Mortgages in the company's cover pool are secured by Norwegian residential properties.

One new NOK 4,000 million covered bond premium loan was issued in 2023. One EUR 250 million covered bond loan matured in 2023, and an early redemption of NOK 653 million was made in a covered bond loan maturing in March 2024. Møre Boligkreditt AS had twelve bond loans outstanding as at 31 December 2023 with a total bond loan debt of NOK 28,311 million (NOK 26,807 million).

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 the ratings of the parent bank Sparebanken Møre.

THE MORTGAGE COMPANY'S ANNUAL FINANCIAL STATEMENTS

The financial statements of Møre Boligkreditt AS show a profit before tax of NOK 164 million (NOK 177 million). Net interest income amounted to NOK 237 million in 2023 (NOK 263 million). Total operating costs amounted to NOK 58 million (NOK 51 million).

The ECL calculation as at 31 December 2023 shows expected credit loss of NOK 11 million (NOK 10 million).

Profit after tax amounted to NOK 128 million in 2023 (NOK 138 million). Tax amounted to NOK 36 million (NOK 39 million). Total assets at the end of 2023 amounted to NOK 34,600 million (NOK 32,714 million).

Net cash flow from operating activities amounted to NOK -875 million in 2023 (NOK -486 million). The main outflow and inflow is related to payments for mortgages from the parent bank and payments related to instalment loans and credit lines to customers.

As at 31 December 2023, the company's substitute assets included in the cover pool amounted to NOK 854 million (NOK 1,409 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 (19.4 per cent).

Møre Boligkreditt AS' liquidity portfolio consisting of Liquidity Coverage Ratio (LCR) eligible assets amounted to NOK 154 million as at 31 December 2023, reporting total LCR of 493 per cent.

It is the opinion of the Board of Directors that the presented financial statements provide correct and adequate information about the company's operations and status as at 31 December 2023.

CAPITAL STRENGTH

Paid in equity and retained earnings amount to NOK 1,665 million by year 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 million). 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. The minimum capital adequacy ratio for Møre Boligkreditt AS is 17.5 per cent.

Norges Bank increased the countercyclical capital buffer requirement to 2.5 per cent effective from 31 March 2023. The systemic risk buffer requirement increased from 3.0 to 4.5 per cent effective from 31 December 2023.

RISKS

Møre Boligkreditt AS is subject to a number of acts, regulations, recommendations and regulatory provisions. These regulations largely stipulate restrictions concerning the scope of the company's various risk exposures. The Board and the Managing Director of Møre Boligkreditt AS are responsible for ensuring that proper risk management is established, and that such risk management is adequate and complies with current laws and regulations. Operational risk management in Møre Boligkreditt AS is maintained by Sparebanken Møre according to service agreements concluded between Møre Boligkreditt AS and Sparebanken Møre.

Risk management emphasizes identifying, measuring and managing the company's risk elements in a manner that ensures that Møre Boligkreditt AS complies with the professional credit regulations and keeps the various risks at a low level.

CREDIT RISK

Credit risk is defined as the risk of losses associated with customers or other counterparties being unable to fulfil their obligations at the agreed time and pursuant to written agreements, and that the received collateral is not covering outstanding claims.

The credit risk strategy adopted by the company defines which loans can be acquired by the company. The strategy stipulates criteria for both borrowers and the collateral for the loans that can be acquired. At year-end 2023, the mortgages in the cover pool had an average loan-to-value ratio of 55.1 per cent, calculated as mortgage amount relative to the value of the property used as collateral. The Board regards the quality of the loan portfolio as very good and the credit risk as low.

MARKET RISK

Market risk is the risk that will arise due to the mortgage company holding or assuming positions in lending and financial instruments in which the values over time will be affected by changes in market prices. Møre Boligkreditt AS must, pursuant to laws and regulations, have very low market risk and Board approved restrictions concerning its maximum exposure to market risk. The company utilizes financial derivatives to keep this type of risk at a low level. A specific market risk strategy has been adopted for Møre Boligkreditt AS which establishes the limits for this type of risk. The company's positions in fixed interest and foreign currencies are hedged with financial derivatives. The Board considers the overall market risk as low.

LIQUIDITY RISK

Liquidity risk is the risk that Møre Boligkreditt AS will be unable to fulfil its obligations without substantial extra costs being incurred in the form of decline in asset values, forced sales or more expensive funding. The company has adopted a liquidity risk strategy and established limits for long-term funding and short-term liquidity risk limits. Bonds issued by Møre Boligkreditt AS have a soft bullet structure in which the company has the opportunity to extend the term of its borrowing by up to 12 months. Møre Boligkreditt AS reports LCR of 493 per cent by year-end 2023. The Board regards the company's liquidity risk as low.

OPERATIONAL RISK

Operational risk is the risk of losses due to inadequate or failing internal processes, human error, system failures or external events. Møre Boligkreditt AS has entered into management agreements with Sparebanken Møre. The services covered by these agreements include administration, production, IT

operations, and financial and risk management. Although the operational risk of Møre Boligkreditt AS is dependent of Sparebanken Møre's ability to manage this type of risk, Møre Boligkreditt AS independently bears risk associated with errors in the deliveries and services provided by Sparebanken Møre. The evaluation of the management and control of operational risk is included in the Group's ICAAP. The operational and established annual internal control report, both within Sparebanken Møre and by the Managing Director of Møre Boligkreditt AS, is an important tool for reducing operational risk. The internal control reports will help identifying any operational risk and enable action to be taken. The Board regards the company's operational risk as low to moderate.

CLIMATE RISK

Climate risk is the impact resulting from climate change, and climate risk will impact the company's credit risk. When assessing climate risk, two types of risks in particular must be assessed: physical risk and transitional risk.

- Physical climate risk arises as a result of more frequent and severe episodes of drought, flooding, precipitation, storms, landslides and avalanches, as well as rising sea levels.
- Transitional risk is the risk associated with changes to, and the escalation of, climate policies/regulations, the development of new technologies and changed customer preferences (consumers) and investor requirements that may result in sudden changes in the market value of financial assets.

For additional information, see Sparebanken Møre's consolidated annual report at www.sbm.no

LEGISLATION

The Norwegian Financial Supervisory Authority raised the minimum regulatory requirement for overcollateralization from 2 per cent to 5 per cent. Møre Boligkreditt AS, according to the Directive, report eligible mortgage volume in the cover pool with LTV up to 80 per cent.

The Norwegian Financial Supervisory Authority has approved Møre Boligkreditt AS' European Covered Bond Premium Program. Covered bonds issued by Møre Boligkreditt AS that complied under existing legislations before 8 July 2022 are grandfathered and eligible for preferential treatment to maturity.

The new regulation in Norway states that the role as cover pool monitor no longer can be filled by the company's external auditor. BDO was appointed Møre Boligkreditt AS' cover pool monitor from 1 January 2023.

CORPORATE GOVERNANCE STATEMENT

Møre Boligkreditt AS complies with the latest Norwegian Code of Practice for Corporate Governance. Møre Boligkreditt AS was established as part of Sparebanken Møre's long-term funding strategy with the purpose of funding the bank through issuing covered bonds. Møre Boligkreditt AS helps ensure that the Sparebanken Møre Group properly manages its assets, as well as providing additional assurance that goals and strategies are achieved and realized.

The Board ensures that risk management and internal control are adequate and systematic, and that they have been established in compliance with the law and regulations, articles of association, ethical guidelines, instructions, and external and internal guidelines. The Board sets principles and guidelines for risk management and internal control for the various levels of activity pursuant to the company's risk bearing capacity, in order to assure that the strategies and guidelines are being followed. The Board systematically and regularly assesses the strategies and guidelines for risk management.

In order to ensure that Møre Boligkreditt AS' risk management and internal control are carried out satisfactorily, the Board continuously receives various types of reports throughout the year from Sparebanken Møre's control bodies, as well as from internal and external auditors. The Board actively participates in the annual implementation of the long-term strategic plan. The Board revises and approves all the company's general risk management documents at least once a year. The Managing Director of Møre Boligkreditt AS reports annually on the structure and efficiency of the company's internal control.

The overall responsibility for ensuring that principles of accounting and financial control are identified, monitored and evaluated is outsourced to the Finance and Accounting department and the Risk

Management department in Sparebanken Møre. The responsibility for the preparation of financial statements, and the reporting of these to the Managing Director in Møre Boligkreditt AS, is assigned to the Finance and Accounting department in the parent bank.

The Board of Directors and the Chair of the Board are elected by the General Meeting and shall consist of four to six members elected for a period of two years. After one year, at least half of the elected members shall step down, based on the drawing of lots, while the remainder shall step down after one more year. Board members can be re-elected.

The Chair of the Board in Møre Boligkreditt AS shall, by the end of October and in consultation with the Managing Director, set out a proposed annual plan for the Board's work for the coming year and the main items on the agendas of board meetings for the next calendar. Each year, the Board evaluates its own methods and professional competence to see if improvements can be made.

The Chair of the Board shall ensure that the Board of Directors convenes at least once every quarter and otherwise as often as is called for by the nature of the company's activities, or when requested by a board member. A valid Board resolution is passed by at least three board members voting in favour of the resolution. The annual General Meeting shall be held each year before the end of June.

The company's paid-in equity of NOK 1,550 million consist of 1,100,000 shares of NOK 1,250 fully paid in, together with a share premium of NOK 175 million. With the consent of the Financial Supervisory Authority of Norway, the General Meeting may raise additional share capital, subordinated loan capital and guarantee capital.

Møre Boligkreditt AS is part of the Sparebanken Møre Group. The Group's corporate governance is based on the Norwegian Code of Practice for Corporate Governance. The corporate governance report is included in Sparebanken Møre's consolidated annual report, see www.sbm.no

The Norwegian Transparency Act, and compliance with fundamental human rights and decent working conditions is reported for the Sparebanken Møre Group, including Møre Boligkreditt AS, and made available in Sparebanken Møre's annual report (Sustainability Report), see www.sbm.no.

Statement on ethics and corporate social responsibility in the consolidated annual report for Sparebanken Møre also includes Møre Boligkreditt AS, see www.sbm.no

INTERNAL CONTROL

The Managing Director of Møre Boligkreditt AS is responsible for establishing proper risk management and internal control based on the guidelines decided by the Board, making sure that these are adhered to, and providing the Board with information about developments within the various areas. The Managing Director reports on structure and efficiency of the company's internal control in the fourth quarter every year.

Møre Boligkreditt AS bases its internal control on an overall risk management process. The Board has decided upon guidelines for establishing proper risk management and internal control and ensures that risk management and internal control in Møre Boligkreditt AS are adequate and systematic, and that the processes have been established in compliance with the law and regulations, articles of association, instructions, and external and internal guidelines. The Board systematically and regularly assesses the strategies and guidelines for risk management.

In the financial reports, written procedures relating to critical areas within the company, as well as the level of achievement of both the company's financial goals, and the qualitative goals relating to risk managing are presented. This ensures a close and accurate monitoring of the financial reporting and increases the possibility of early risk detection. The Managing Director of Møre Boligkreditt AS has the primary responsibility for managing risks associated with the company's operational and financial reporting, which is the foundation for satisfactory quality in the financial reporting.

The internal control and risk assessment of the financial reporting is one of the areas of focus in the Managing Director's annual confirmation on the quality of, and the compliance with internal controls. The Auditor has an important role in the monitoring of internal controls related to financial reporting. The

financial statements provide additional information about the risk management and internal control of Møre Boligkreditt AS.

PROFIT DISTRIBUTION POLICY

Møre Boligkreditt AS' profit distribution policy states the following: "The company shall make a maximum payment from the profit generated in the fiscal year, either in the form of a dividend or as a group contribution. Such payments, however, shall not conflict with the requirements for liquidity and financial strength of the company, and shall in any case abide by what is considered good and prudent business and accounting practice."

GENERAL MEETING AND COMPANY BOARD

The General Meeting is the supreme body of Møre Boligkreditt AS. The General Meeting of Møre Boligkreditt AS consists of the Board of Directors of Sparebanken Møre, Sparebanken Møre being the sole owner of the company.

The Board shall consist of four to six members elected for a period of two years.

The Board's responsibilities and tasks are set forth in a separate document which is discussed and revised by the Board regularly. The document contains the dividing of responsibilities and tasks between the Board and the Managing Director of the company. Each year, the Board evaluates its own methods and professional competence.

BOARD LIABILITY INSURANCE

Møre Boligkreditt AS is covered by Sparebanken Møre Group's board liability insurance with AIG. The insurance covers previous, current and future board members, the Managing Director and member of the corresponding bodies within the Group, including subsidiaries. Continuity date January 1, 2008.

The insurance does not cover losses as a result of the insured's intentional actions or omissions, or cases where the insured individual has obtained unjustified personal gain. In addition, the terms of the insurance also stipulate other cases where the insurance will not apply. The insurance excludes liability in connection with breaches of money laundering rules. The insurance does not cover claims for payment of fines, fees and taxes, or other non-insurable matters in accordance with current legislation.

GOING CONCERN ASSUMPTION

The Board is of the opinion that the prerequisites for the going concern assumption exist, and the Board confirms that the 2023 annual financial statements are prepared based on the going concern assumption.

EMPLOYEES

Møre Boligkreditt AS had no employees at year-end 2023. One man-year from Sparebanken Møre is dedicated full time to the mortgage company. Furthermore, a number of services are outsourced to Sparebanken Møre, regulated by specific agreements between the mortgage company and the bank.

No special work environment measures have been implemented in Møre Boligkreditt AS.

EQUAL OPPORTUNITIES

The Sparebanken Møre Group strives for gender-neutral employment – and wage policy. The Board and management in Sparebanken Møre systematically and actively work to promote equality. The Board of Møre Boligkreditt AS consists of two men and two women.

POLLUTION OF THE EXTERNAL ENVIRONMENT

The activities of Møre Boligkreditt AS do not pollute the external environment. For additional information, see Sparebanken Møre's consolidated annual report.

OTHER FACTORS

As far as the Board is aware, no events have occurred after the end of the financial year 2023 of material importance to the position and result of Møre Boligkreditt AS.

RESEARCH AND DEVELOPMENT

Møre Boligkreditt AS has no research and development activities.

CORPORATE SOCIAL RESPONSIBILITY

For information on corporate social responsibility, Møre Boligkreditt AS being a wholly owned subsidiary of Sparebanken Møre, we refer to Sparebanken Møre 's consolidated annual report.

FUTURE PROSPECTS

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.

DISTRIBUTIONS

Profit after tax amounted to NOK 128 million in 2023. Total comprehensive income after tax amounted to NOK 99 million in 2023. The recommendation from the Board of Directors to the annual General Meeting is a dividend payment of NOK 128 million.

Ålesund, 31 December 2023
13 February 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	2023	2022
Interest income	<u>14</u> <u>23</u>	1 655	870
Interest expenses	<u>14</u> <u>23</u>	1 418	607
Net interest income		237	263
Net gains/losses from financial instruments	<u>15</u>	-14	-29
Total income		223	234
Wages, salaries and general administration expenses	<u>16</u>	2	2
Other operating expenses	<u>23</u>	56	49
Total operating expenses		58	51
Profit before impairment on loans		165	183
Impairment on loans	<u>9</u>	1	6
Pre-tax profit		164	177
Taxes	<u>17</u>	36	39
Profit after tax		128	138
Earnings/diluted earnings per share (NOK)		116.23	125.60

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)		2023	2022
Profit after tax		128	138
Items that may subsequently be reclassified to the income statement:			
Basis swap spreads - changes in value		-37	30
Tax effect of basis swap spreads	<u>17</u>	8	-6
Total comprehensive income after tax		99	162

Balance sheet

Assets

(NOK million)	Note	31.12.2023	31.12.2022
Loans to and receivables from credit institutions 1)	<u>7 13 19 23</u>	1 384	1 660
Loans to and receivables from customers	<u>5 6 7 8 9 11 13 18 19 20</u>	32 357	30 464
Certificates and bonds	<u>7 13 18 20</u>	154	121
Financial derivatives	<u>10 11 12 18 20 21</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. (NOK 278 million out of total NOK 1,660 million in 2022)

Liabilities and equity

(NOK million)	Note	31.12.2023	31.12.2022
Loans from credit institutions 2)	<u>13 19 23</u>	4 437	3 782
Debt securities issued	<u>12 13 18 19 22 23</u>	28 311	26 807
Financial derivatives	<u>10 11 12 18 20 21</u>	70	298
Tax payable	<u>17</u>	0	27
Incurred costs and prepaid income		1	0
Deferred tax	<u>17</u>	116	88
Total liabilities		32 935	31 002
Share capital	<u>24</u>	1 375	1 375
Share premium		175	175
Paid-in equity		1 550	1 550
Liability credit reserve		-13	16
Retained earnings		128	146
Total equity	<u>3</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. (NOK 278 million out of total NOK 3,782 million in 2022)

Ålesund, 31 December 2023
13 February 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 changes in equity

31.12.2023

(NOK million)	Note	Total equity	Share capital	Share premium	Liability credit reserve	Retained earnings
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	<u>3 24</u>	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)	Note	Total equity	Share capital	Share premium	Liability credit reserve	Retained earnings
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	<u>3 24</u>	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.

Proposed dividend as of 31 December 2022 amounted to NOK 146 million.

Statement of cash flow

(NOK million)	Note	2023	2022
Cash flow from operating activities			
Interest, commission and fees received	<u>14</u>	1 639	862
Interest, commission and fees paid	<u>14</u>	-184	-91
Received interest, commission and fees related to certificates, bonds and other securities	<u>14</u>	17	9
Operating expenses paid	<u>16</u>	-58	-51
Income taxes paid/received		-28	-132
Net cash inflow/outflow from loans to other financial institutions*		-283	-131
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		-875	-486
Cash flow from financing activities			
Paid interest, commission and fees related to issued bonds	<u>14</u>	-1 235	-522
Net change in loans from credit institutions*		655	234
Proceeds from issued covered bonds	<u>22</u>	3 996	4 919
Redemption of issued covered bonds	<u>22</u>	-2 890	-3 363
Dividend paid	<u>24</u>	-146	-241
Changes in other debt		-65	-57
Increase/reduction of share capital and premium	<u>24</u>	0	0
Net cash flow from financing activities		315	970
Net change in cash and cash equivalents		-560	484
Cash balance at 01.01		1 383	898
Cash balance at 31.12.1)	<u>13</u>	823	1 382

* The presentation has been amended from showing net to gross figures. The figures per 31.12.2022 have been recalculated.

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 31.12.22).

The cash flow analysis is prepared on basis of the direct method with cash flows attributable to operational, investment and financing activities. Cash flows from operational activities are net receipts and payments from lending activities, purchases or sales of bonds and other securities and other payments generated from operational activities. Cash flows from other securities transactions, issuance and repayments of issued securities and equity are defined as financing activities.

Balance sheet items are currency translated.

Cash and cash equivalents are defined as loans to and receivables from credit institutions with no agreed period of notice. Loans and receivables from credit institutions are mainly related to Sparebanken Møre.

Note 1

Accounting policies

1.1 GENERAL INFORMATION

Møre Boligkreditt AS (the company) is part of the Sparebanken Møre Group. The company's Head Office is located at Kipervikgata 6, 6001 Ålesund, Norway.

The annual report was approved by the Board of Directors 13 February 2024.

This report contains alternative performance measures (APMs) as defined by The European Securities and Market Authority (ESMA). An overview of the APMs can be found at www.sbm.no/mbk.

1.2 ACCOUNTING POLICIES

The company's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board, and approved by the EU as at 31 December 2023.

How the company's accounting policies are to be read:

Møre Boligkreditt AS describes accounting policies in connection with relevant notes. See the table below for an overview of accounting principles and the notes in which they are described, as well as reference to relevant and important IFRS-standards.

Accounting policies	Note	IFRS standard	Basis for measurement
Operating segments	Note 4 Operating segments	IFRS 8	Amortised cost
Impairments	Note 9 Impairment, losses and non-performance	IFRS 9, IFRS 7	Amortised cost
Financial derivatives	Note 21 Financial derivatives and hedge accounting	IFRS 9, IFRS 7, IFRS 13	Fair value
Classification of financial instruments	Note 18 Classification of financial instruments	IFRS 9, IFRS 7	Amortised cost/fair value
Amortised cost	Note 19 Financial instruments at amortised cost	IFRS 9, IFRS 7	Amortised cost
Fair value	Note 20 Financial instruments at fair value	IFRS 9, IFRS 13, IFRS 7	Fair value
Tax	Note 17 Taxes	IAS 12	Historical cost
Equity	Note 24 Share capital	IAS 1	Historical cost
Events after the reporting date	Note 25 Events after the reporting date	IAS 10	N/A

Changes in significant accounting policies and presentation

Following the 2023 amendments to IAS 1 "Presentation of Financial Statements", we have updated our disclosure to align with the revised requirement from detailing "significant accounting policies" to "material information on accounting policies". This change emphasizes the importance of providing targeted and relevant information on accounting policies that are crucial for understanding the financial statements.

The company's intention is to adopt relevant, new and amended standards and interpretations when they become effective, subject to EU approval before the financial statements are issued. There is no approved IFRS with future effective date relevant for the company as at 31.12.2023. At the time of preparing the consolidated financial statements, no standards or interpretations have been adopted where the effective date is in the future, that are of significant importance to the financial position or result of the Sparebanken Møre Group.

1.3 CURRENCY

All amounts in the financial statements and notes are stated in NOK million, unless otherwise specified. The company's functional currency and presentation currency is Norwegian kroner (NOK).

1.4 USE OF ESTIMATES IN THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

In the preparation of the financial statements, management makes estimates and assumptions that affect the financial statements and the reported amounts of assets and liabilities, income and costs. The assessments are based on historical experience and assumptions deemed to be reasonable and sensible by the management. There is a risk that actual outcome will deviate from estimated outcome.

The financial assets and liabilities of the company are allocated to different categories according to IFRS 9 by the management. Normally this process requires limited judgement.

In the opinion of the management, the most important areas which involve critical estimates and assumptions are as follows:

Impairment on loans

When measuring the expected credit losses (ECL) on loans as per IFRS 9, the Sparebanken Møre Group employs significant judgement and estimates, particularly in assessing credit risk increases and in estimating future cash flows and collateral values. These assessments are crucial for determining the level of allowances for expected credit losses.

Judgements:

Credit Risk Assessment: A key judgement involves assessing whether there has been a significant increase in credit risk, triggering the measurement of financial assets at a lifetime ECL rather than a 12-month ECL. This assessment is based on the Group's internal credit grading model, which assigns probabilities of default (PD).

Development of the ECL Model: Judgements are made in the development of the ECL model, including the selection of formulas and variable inputs, as well as the determination of associations between macroeconomic scenarios and economic indicators (e.g., unemployment levels, collateral values) and their impact on PD, exposure at default (EAD), and loss given default (LGD).

Estimation Uncertainty:

Future Cash Flows and Collateral Values: There is estimation uncertainty in predicting the amount and timing of future cash flows and the valuation of collateral, influenced by changes in macroeconomic factors.

Macroeconomic Scenarios: Selecting forward-looking macroeconomic scenarios and assigning probability weightings involves estimation uncertainty due to the inherent unpredictability of economic conditions and their impact on PD, LGD, and EAD.

The ECL model of Sparebanken Møre Group is based on the Group's internal ratings-based (IRB) parameters and incorporates complex models with numerous underlying assumptions about variable inputs and their interdependencies. The elements of the ECL model considered as accounting judgements and estimates include the internal credit grading model, criteria for significant increase in credit risk, model development, and the linkage of macroeconomic scenarios to economic inputs affecting credit risk

parameters.

The Group continuously evaluates these judgements and estimates based on available historical data and forward-looking information, acknowledging that actual outcomes may vary, leading to potential adjustments in future periods.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using different valuation techniques. The company considers and chooses techniques and assumptions that as far as possible are based on observable market data representing the market conditions on the balance sheet date. When measuring financial instruments for which observable market data are not available, the company makes assumptions regarding what market participants would use as the basis for valuing similar financial instruments. The valuations require application of significant judgment when calculating liquidity risk, credit risk and volatility among others. Changes in these factors would affect the estimated fair value of the company's financial instruments. For more information see note 20.

Note 2

Risk management

Strategy

The Sparebanken Møre Group's, and thereby Møre Boligkreditt AS', long-term strategic development and goal achievement are supported by high quality risk- and capital management. The overall purpose of risk management and -control is to ensure that goals are achieved, to ensure internal and external reporting of high quality, and to make sure that the Group operates in accordance with relevant laws, rules, regulations and internal guidelines.

Risk-taking is a fundamental aspect of banking operations, which is why risk management is a central area in the day-to-day operations as well as in the Board of Directors' ongoing focus. Sparebanken Møre's Board of Directors has agreed overall guidelines for management and control throughout the Group.

Møre Boligkreditt AS shall have a low risk profile and revenue generation shall be a product of customer related activities related to the company's operations and purpose, not a product of financial risk-taking. In addition, the company has introduced policies for each significant risk area: credit risk, market risk, liquidity risk and counterparty risk. The risk strategies are adopted by the Board of Directors and revised at least once a year or when special circumstances should warrant it. The approved risk policies operationalize the business strategy set forth in the company's overall strategic plan. The company has established control structures to ensure that the overall framework of the strategic plan is adhered to at all times.

Risk exposure and strategic risk management

Møre Boligkreditt AS takes into account the interaction between the various risk areas by setting desired levels of exposure. Overall, it is the internal conditions, general conditions, customer base etc. in the Group that form the basis for setting the desired overall risk exposure.

Based on an evaluation of the risk profile, management and control, Møre Boligkreditt AS has set the following overall levels of risk exposure for the various risk areas:

- Credit risk: A low level of risk is accepted
- Market risk: A low level of risk is accepted
- Liquidity risk: A low level of risk is accepted
- Operational risk: A low to moderate level of risk is accepted

Møre Boligkreditt AS is exposed to several different types of risk. The most important risk groups are:

Credit risk

Credit risk is defined as the risk of loss due to customers or other counterparts being unable to meet their obligations at the agreed time in accordance with the written agreements and that collateral held is not covering the outstanding claims. This is the company's most significant risk area. Møre Boligkreditt AS' main credit risk is related to mortgages to customers with collateral in residential property and housing associations. Møre Boligkreditt AS acquires the mortgages from Sparebanken Møre, originally granted to customers by Sparebanken Møre, based on group policies and limits. At the time of the transfer of mortgage portfolios, only mortgages that qualify as collateral for the issue of covered bonds, are accepted by Møre Boligkreditt AS. The eligible value of the mortgage balance in the cover pool cannot exceed 80 per cent of the total value of the property. The collateral value is monitored on an ongoing basis.

According to credit risk policies set by the Board of Directors, Møre Boligkreditt AS manages and controls credit risk by setting limits on the amount of risk and by monitoring exposures in relation to such limits. Collateral is taken to manage credit risk in the mortgage portfolios. According to the agreement relating to the transfer of mortgages between Sparebanken Møre and Møre Boligkreditt AS, the day-to-day monitoring of the mortgages are managed by Sparebanken Møre on behalf of Møre Boligkreditt AS.

The risk classification systems are used as decision support, monitoring and reporting. The risk parameters used in the classification systems are an integrated part of the credit process and ongoing risk monitoring, including the follow-up of credit strategies. Probability of default, PD, is used to measure quality.

The risk classification system is divided into ten non-default risk classes and 3 default risk classes. The classification system is based on the probability of default which is an estimate of the likelihood of a counterparty defaulting on its contractual obligations.

See also the Group's Pillar 3 document published on www.sbm.no/investor-relations/.

Market risk

The risk of loss due to changes in fair value of financial instruments as a result of fluctuations in market prices such as share prices, foreign exchange rates and interest rates. Møre Boligkreditt AS minimizes currency risk through swap agreements with eligible counterparties. The Board of Directors sets risk limits, positions are monitored on a daily basis, and quarterly exposure reports are prepared for the management and for The Board of Directors. Fixed interest on the company's funding and fixed-rate mortgages to customers are managed through interest rate swaps with eligible counterparties.

Liquidity risk

The risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Board of Directors sets annual limits for the company's liquidity risk, which means preparing liquidity risk limits, contingency plans, forecasts, stress tests, routines for monitoring limit utilisation and compliance with guidelines, management reporting and monitoring of management and control systems.

LCR measures institutions' ability to survive a 30-day stress period. LCR has increased the importance of high-quality liquid assets. The minimum regulatory requirement for LCR is 100 per cent.

The cover pool liquidity buffer shall cover the maximum cumulative net liquidity outflow over the next 180 days.

The CRR2 banking package applicable in Norway from June 2022 introduced a minimum requirement for Net Stable Funding Ratio of 100 % on total currency level.

Operational risk

The risk of losses due to inadequate or failing internal processes, human error, system failures or external events. Møre Boligkreditt AS has a management agreement with Sparebanken Møre. The services covered by this include administration, production, IT operations and financial and risk management. Although the operational risk of Møre Boligkreditt AS is dependent of Sparebanken Møre's ability to manage this type of risk, Møre Boligkreditt AS independently bear risk associated with errors in the deliveries and services provided by Sparebanken Møre.

The evaluation of the management and control of operational risk is of high focus in the Group's annual ICAAP. The operational and established internal control system in the mortgage company is also an important tool for reducing operational risk in terms of both identifying risk as well as follow-up.

The internal control system is designed to ensure reasonable certainty with respect to attaining goals within the areas of strategic development, efficient operations, reliable reporting and compliance with acts and regulations, including compliance with intragroup and company-specific guidelines and policies. A well-functioning internal control system also ensures the mortgage company's risk exposure being within the adopted risk profile. Reports are submitted to the company's Board concerning operations and the risk situation throughout the year. The Managing Director submits an annual report to the Board containing an overall assessment of the risk situation and an assessment of whether the internal controls are functioning satisfactorily.

CLIMATE RISK

Climate risk is the impact resulting from climate change, and climate risk will impact the company's credit risk. When assessing climate risk, two types of risks in particular must be assessed: physical risk and transitional risk.

- Physical climate risk arises as a result of more frequent and severe episodes of drought, flooding, precipitation, storms, landslides and avalanches, as well as rising sea levels.
- Transitional risk is the risk associated with changes to, and the escalation of, climate policies/regulations, the development of new technologies and changed customer preferences (consumers) and investor requirements that may result in sudden changes in the market value of financial assets.

For additional information, see Sparebanken Møre's consolidated annual report at www.sbm.no

Capital management

Møre Boligkreditt AS acquires mortgages from Sparebanken Møre funded through the issuance of covered bonds, with paid in equity and a line of credit in the parent bank.

Capital adequacy rules and regulations

The EU's capital adequacy directive's purpose is to strengthen the stability in the financial system through more risk-sensitive capital requirements, better risk management and control, more stringent supervision and more information provided for the market. The capital adequacy directive is based on three pillars:

- Pillar 1 – Minimum requirement for equity and related capital
- Pillar 2 – Assessment of aggregate capital requirements and regulatory follow-up (ICAAP)
- Pillar 3 – Publication of information

Møre Boligkreditt AS applies the IRB Foundation Approach when calculating capital adequacy for credit risk, the Standard Approach for market risk and the Base method for operational risk. Møre Boligkreditt AS' Board of Directors ensures that plans for the capitalization of the Company are in place, both during economic downturns and periods of strong economic expansion. Capital assessments (ICAAP) are done every year, and the company's capital strategy is based on the risk in the company's operations, having taken into consideration different stress scenarios.

Reporting

Møre Boligkreditt AS focuses on correct, complete and timely reporting of the risk and capital situation. Based on this, a number of different types of periodic reporting have been established that are intended for the Board of the company. The most important reports during the year are as follows:

ICAAP (Internal Capital Adequacy Assessment Process) is carried out and reported at least once a year. Møre Boligkreditt AS is included in the assessments of the overall ICAAP for the Sparebanken Møre Group, and the Managing Director of Møre Boligkreditt AS is involved in the process. The process is led by the Risk Management department in Sparebanken Møre. Specific guidelines have been prepared for ICAAP in Sparebanken Møre. ICAAP is reviewed by the bank's management team and the Board of Directors.

Møre Boligkreditt AS' Internal Liquidity Adequacy Assessment Process (ILAAP) is included in the company's Internal Capital Adequacy Assessment Process (ICAAP).

A performance management report is prepared every month. The report presents the status and performance of the most important aspects of goal achievement in Møre Boligkreditt AS. The report is an integral part of the reporting to the Board of Directors.

A risk report is prepared every quarter and is a key element of Møre Boligkreditt AS' continuous monitoring of its risk position. The risk report is reviewed by the Board of Directors in quarterly board meetings.

Internal control reports are produced annually. In the report, an assessment is made of whether or not the internal control is adequate in relation to the risk tolerance. This includes an assessment and comments on internal control work performed, a review of important risk areas, an assessment of compliance with external and internal regulations, and suggestions for and planned improvement measures. The internal control report is discussed by the Board of Directors. Møre Boligkreditt AS' internal control report is

consolidated in the Group's total internal control reporting.

Reports from external and internal auditors and from the independent surveyor are reviewed by the Board of Directors, as well as the Risk and Audit Committee of Sparebanken Møre.

A reporting portal has been established in the Sparebanken Møre Group, and each member of staff with customer responsibility have access to reports showing the position and development in the credit risk in his or her portfolio. The portal has a hierarchical structure, allowing managers in Sparebanken Møre and Møre Boligkreditt AS to monitor performance within their area of responsibility. The reports are also used to analyse customers, portfolios and different industrial, commercial and other sectors.

Finance and accounting reports are prepared monthly (and include calculations of expected credit loss, as well as quarterly loss reviews of portfolios with a focus on the need for individual impairment). The reports are reviewed by the Board of Directors.

Note 3

Equity and related capital

The equity consists of paid-in share capital, share premium and retained earnings. Møre Boligkreditt AS recognizes proposed dividends and group contributions as retained earnings until approved by the company's General Meeting. Transaction costs associated with an equity transaction are recognized directly against equity.

Møre Boligkreditt AS follows the EU's capital adequacy regulations, CRR and CRD IV. The Sparebanken Møre Group has been granted permission to use the Internal Ratings Based ("IRB") Foundation approach for credit risk to calculate the total risk-weighted assets. The average risk-weight on exposures secured in residential property in Norway cannot be lower than 20 percent.

The legislation as of 31.12.2023 requires a minimum Common Equity Tier 1 of 14.0 per cent, including a conservation buffer of 2.5 per cent, a systemic risk buffer of 4.5 per cent and a countercyclical buffer of 2.5 per cent. Minimum capital adequacy ratio is 17.5 per cent. The current defined long-term target for Møre Boligkreditt AS is to meet minimum capital requirements. Møre Boligkreditt AS has as of 31.12.2023 capital adequacy/Tier 1 capital ratio of 19.5 per cent.

Norges Bank has increased the countercyclical buffer to 2.5 per cent with effect from 31 March 2023. The Ministry of Finance increased the systemic risk buffer requirement from 3.0 per cent to 4.5 per cent with effect from 31 December 2023 for banks using the standardised approach and IRB Foundation.

On 21 December 2021, Sparebanken Møre applied to the Financial Supervisory Authority to make changes to the Group's IRB models and calibration framework. A letter from the Financial Supervisory Authority dated 22 June 2023 granted approval for the proposed models for the corporate market. Sparebanken Møre incorporated the new models in the fourth quarter of 2023. In a letter dated 18 January 2024, the Financial Supervisory Authority rejected the bank's application of model changes for the retail market, and the bank will send a new application taking into account the feedback from the FSA.

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
Retained earnings	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
Dividends	-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-F	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 Møre Boligkreditt AS consists of lending to housing associations.

Note 4

Operating segments

The business of Møre Boligkreditt AS mainly comprises operations within the retail banking market. Møre Boligkreditt AS has only one operating segment.

Country by country reporting

Møre Boligkreditt AS comprises operations solely in Norway and mainly within the retail market. Total income for 2023 amounted to NOK 223 million (NOK 234 million). Møre Boligkreditt AS has no employees at the end of 2023 (no employees in 2022). Møre Boligkreditt AS remunerated Sparebanken Møre for two man-years in 2023 and 2022. Reference is made to note 16. Pre-tax profit amounted to NOK 164 million (NOK 177 million) and taxes amounted to NOK 36 million (NOK 39 million). Møre Boligkreditt AS has not received any government grants/subsidies in 2023 or 2022.

Note 5

Loans and receivables from customers

In the financial statements, the loan portfolio with agreed floating interest rate is measured at amortised cost, while the loan portfolio with fixed-interest rate is measured at fair value. For more information about classification and measurement, see note 18.

2023	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	30 161	-2	-9	0	2 207	32 357

2022	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	28 028	-2	-8	0	2 446	30 464

Note 6

Commitments by geographical areas

Geographical specification of loans to customers	County of Møre og Romsdal		Other Norway		Total	
	2023	2022	2023	2022	2023	2022
Gross loans	24 259	22 981	8 109	7 493	32 368	30 474
In percentage	74.9 %	75.4 %	25.1 %	24.6 %	100.0 %	100.0 %

Note 7

Credit risk exposure

Net loans to and receivables from customers by risk classification (PD):

2023	0-0,5 %	0,5-2,5 %	2,5-5 %	5-99,9 %	Credit-impaired commitments	ECL	Total
Loans to and receivables from credit institutions 1)	1 384	-	-	-	-	-	1 384
Loans to and receivables from customers	29 910	1 890	366	193	9	-11	32 357
Total loans to and receivables	31 294	1 890	366	193	9	-11	33 741

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

2022	0-0,5 %	0,5-2,5 %	2,5-5 %	5-99,9 %	Credit-impaired commitments	ECL	Total
Loans to and receivables from credit institutions 1)	1 660	-	-	-	-	-	1 660
Loans to and receivables from customers	27 949	2 076	283	156	10	-10	30 464
Total loans to and receivables	29 609	2 076	283	156	10	-10	32 124

1) NOK 278 million out of total NOK 1,660 million in Loans to and receivables from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA

Credit quality of certificates and bonds

2023	AAA	AA+	AA-	A-	Not rated	Total
Government guaranteed	77	-	-	-	-	77
Credit institutions	77	-	-	-	-	77
Certificates and bonds	154	-	-	-	-	154

2022	AAA	AA+	AA-	A-	Not rated	Total
Financial corporations	51	-	-	-	-	51
Credit institutions	70	-	-	-	-	70
Certificates and bonds	121	-	-	-	-	121

Total credit risk exposure is presented gross before any collateral and other possible set-offs.

Total credit risk exposure	31.12.2023	31.12.2022
Loans to and receivables from credit institutions 1)	1 384	1 660
Loans to and receivables from customers	32 357	30 464
Certificates and bonds	154	121
Financial derivatives	705	469
Total credit risk exposure balance sheet items	34 600	32 714
Guarantees	0	0
Undrawn credit facilities customers	1 725	1 633
Total credit risk exposure off-balance sheet items	1 725	1 633
Total credit risk exposure	36 325	34 347

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 as at 31.12.2023

Note 8

Collateral

Residential properties serve as collateral to mortgages in the cover pool. An objective valuation of the residential properties was carried out at the time of granting the mortgage in the parent bank and updated quarterly with valuation provided by AVM company thereafter.

Møre Boligkreditt AS is the legal and beneficial owner of each mortgage in the cover pool. Transfer of mortgage portfolios are handled through a separate agreement between the company and the parent bank. In cases where the collateral secures mortgages both for the company and the parent bank, Møre Boligkreditt AS is ranked first under the current security.

Møre Boligkreditt has no repossessed assets or properties as at 31.12.2023.

Part of the mortgages exceeding LTV of 80 per cent, based on quarterly valuation from AVM company, totaled NOK 111 million as of 31 December 2023 (NOK 91 million).

The table below provide the distribution of mortgage volume in each LTV-bucket. The 0 % - 60 % LTV-bucket contain only mortgages with whole LTV less than 60 %. LTV above 100 % implies that the mortgage volume exceeds the value of the collateral.

Loan to value - 2023	Total in NOK million	Total in percentage
0 % - 60 %	17 912	55.3 %
60 % - 70 %	6 772	20.9 %
70 % - 80 %	6 283	19.4 %
80 % - 90 %	1 269	3.9 %
90 % - 100%	71	0.2 %
Above 100 %	61	0.2 %
Total	32 368	100.0 %

Loan to value - 2022	Total in NOK million	Total in percentage
0 % - 60 %	17 820	58.5 %
60 % - 70 %	7 334	24.1 %
70 % - 80 %	4 993	16.4 %
80 % - 90 %	194	0.6 %
90 % - 100%	62	0.2 %
Above 100 %	72	0.2 %
Total	30 474	100.0 %

In addition to collateralized residential properties, certificates and bonds are included in the substitute assets in the cover pool presented in note 22. Reference is made to note 7 for credit quality of these certificates and bonds.

Note 9

Impairment, losses and non-performance

Methodology for measuring expected credit losses (ECL) according to IFRS 9

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, and ECL for the next 12 months is calculated.

Stage 2: If a significant increase in credit risk since initial recognition is identified, but without objective evidence of loss, the commitment is transferred to stage 2 and lifetime ECL is calculated.

Stage 3: If the credit risk increases further and there's objective evidence of loss or if individual impairments have been made, the commitment is transferred to stage 3 and lifetime ECL is calculated. As opposed to stage 1 and 2, the effective interest rate is calculated on amortised cost (gross carrying amount less loss allowance) instead of gross carrying amount. Staging is performed at account level and implies that two or more accounts held by the same customer can be placed in different stages. If the customer has an account in stage 3, all the customers' accounts will migrate to stage 3.

An increase in credit risk reflects both customer-specific circumstances and developments in relevant macro risk drivers for the segment where the customer belongs. The assessment of what is considered to be a significant increase in credit risk is based on a combination of quantitative and qualitative indicators and backstops. The calculation of ECL is based on the following principles:

- The loss provision for commitments which are not credit-impaired is calculated as the present value of exposure multiplied by the probability of default (PD) multiplied by loss given default (LGD). PD, LGD and exposure use the IRB framework as a starting point, but are converted into being point-in-time and forward-looking as opposed to through the cycle and conservative.
- Past, present and forward-looking information is used to estimate ECL. All customers within the retail-banking segment are exposed to the same risk drivers.
- For credit-impaired commitments in stage 3, individual assessments are performed.

The model used for calculating ECL follows four steps: Segmentation, determination of macro adjustments, staging and calculation of ECL.

Segmentation and macro adjustments

The assessment of significant increase in credit risk and the calculation of ECL incorporates past, present and forward-looking information. Møre Boligkreditt has mainly one operating segment (comprises mainly (99 %) operation within the retail banking market).

Regression analyses of changes in the default rate on changes in relevant macro time series have been performed. The established subpopulations of the ECL model are based on the macro time series used at present. The regression analyses are based on the company's customer data base and historical PD and LGD observations.

Calculation of expected credit loss

The determination of a significant increase in credit risk and the measurement of ECL are based on parameters already used in credit risk management and for capital adequacy calculations: PD, LGD and exposure. The parameters have been adjusted in order to give an unbiased estimate of ECL.

Probability of default (PD)

Møre Boligkreditt AS applies several different models to determine a customer's PD. The choice of model depends on whether it is a retail or corporate customer. PD models are key components both in calculating

the ECL and in assessing whether a significant increase in credit risk has occurred since initial recognition. These models fulfil the IFRS 9 requirement to provide an unbiased probability-weighted estimate of ECL. Møre Boligkreditt AS has as part of the Sparebanken Møre Group been granted permission to use internal rating-based approach (IRB) models for determining PD in capital adequacy calculations. In order to apply these PDs for IFRS 9, modifications have been made to allow that the PDs used for IFRS 9 reflect management's current view of expected cyclical changes and that all PD estimates are unbiased.

Loss given default (LGD)

LGD represents the percentage of exposure which the company expects to lose if the customer fails to meet his obligations, taking the collateral provided by the customer, future cash flows and other relevant factors into consideration. Similar to PDs, Møre Boligkreditt AS uses IRB LGDs for capital adequacy calculations. In order to convert the IRB LGDs to IFRS LGDs, modifications have been made to remove the margin of conservatism to produce unbiased projections rather than downturn projections, and to exclude regulatory floors. These modifications imply that the LGDs used for IFRS 9 should reflect management's current view and that all LGD estimates are unbiased.

Exposure

Exposure is the share of the approved credit that is expected to be drawn at the time of any future default. Exposure is adjusted to reflect contractual payments, and expected pre-payments, of principal and interest. The proportion of undrawn commitments expected to have been drawn at the time of default is reflected in the credit conversion factor.

Significant increase in credit risk

The assessment of a significant increase in credit risk is based on a combination of quantitative and qualitative indicators. A significant increase in credit risk has occurred when one or more of the criteria below are met.

Quantitative criteria

A significant increase in credit risk is determined by comparing the PD at the reporting date with the PD at initial recognition. If the actual PD is higher than initial PD, an assessment is made of whether the increase is significant. Significant increase in credit risk since initial recognition is considered to have occurred when either

- PD has increased by 100 % or more and the increase in PD is more than 0.5 percentage points, or
- PD has increased by more than 2.0 percentage points
- The customer's agreed payments are overdue by more than 30 days

12 months macro adjusted weighted PD-calculations are used to determine if increase in risk has been substantial.

Qualitative criteria

In addition to the quantitative assessment of changes in the PD, a qualitative assessment is made to determine whether there has been a significant increase in credit risk, for example if the commitment is subject to special monitoring.

Credit risk is always considered to have increased significantly if the customer has been granted forbearance measures, though it is not severe enough to be individually assessed in stage 3.

Positive migration in credit risk

An account migrates from stage 2 to stage 1 if the criteria for migration from stage 1 to stage 2 are no longer present, **and** this is satisfied for at least one subsequent month (total 2 months).

An account migrates from stage 3 to stage 1 or stage 2 if the account no longer meets the conditions for migration to stage 3:

- The account migrates to stage 2 if more than 30 days in default
- Otherwise, the account migrates to stage 1

Accounts that are not subject to the migration rules above are not expected to have significant change in credit risk and retain the stage from the previous month.

Customers who are going through a probation period after default (at least 3 or 12 months), are initially held in stage 3.

Scenarios

Three macro-economic scenarios are developed: Best, Basis and Worst. For each of the scenarios, expected values of different parameters are given, for each of the next five years. The possibility for each of the scenarios to occur is also estimated. After five years, the scenarios are expected to converge to a long-term stable level.

Changes to PD as a result of scenarios, may also affect the staging.

Definition of default and credit-impaired exposures in stage 3

The definition of credit-impaired is fully aligned with the regulatory definition of default.

A commitment is defined to be in default and credit-impaired (non-performing) if a claim is more than 90 days overdue and the overdue amount exceeds the highest of 1 per cent of the exposure (loans and undrawn credits) and NOK 1,000 for the retail market and NOK 2,000 for the corporate market. Breaches of covenants can also trigger default.

A commitment is also defined to be in default if Møre Boligkreditt AS:

- has made an individual impairment on a commitment as a result of a weakening of the debtor's creditworthiness
- agrees to changes in the terms and conditions because the debtor is having problems meeting payment obligations, and this is assumed to significantly reduce the value of the cash flow (forbearance)
- has reasons to assume that the debtor will be subject to debt settlement or bankruptcy/involuntary liquidation proceedings, or be placed in receivership
- has other reasons to assume that the payment obligation will not be met (anticipated default)

Sensitivity analysis

Macro factors and weighting of scenarios are subject to expert judgment and are important input factors in the company's loss model that can contribute to significant changes in the calculation of losses. Each macroeconomic scenario includes a five-year period projection. Three scenarios for macroeconomic variables in 5 years have been prepared (normal-, positive-, and negative projections).

A framework has been developed for determining macro factors and scenarios in the ECL model to comply with the requirement for forward-looking and expectation-based estimates. The company's base case scenario is based on reports from Norges Bank and Statistics Norway. Upside and downside scenarios are designed with emphasis on development in economic conditions. The sensitivity analysis shows low expected credit losses.

Management override

Quarterly review meetings evaluate the basis for the accounting of ECL losses. If there are significant events that will affect an estimated loss which the model has not taken into account, relevant factors in the ECL model will be overridden.

Validation

The ECL model is subject to annual validation and review. As a consequence of low levels of PDs and low LTVs almost the entire portfolio in Møre Boligkreditt AS is assigned to stage 1 in the ECL-model, thus loss is calculated according to 12 months ECL for the major part of the company's portfolio. Expected credit loss on loans is presented as a reduction of "Loans to and receivables from customers" in the Statement of financial position.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the impairment. This assessment is carried out at the individual asset level. Recoveries of amounts previously impaired are included in "impairment on loans" in the statement of income. Impaired financial assets could still be subject to enforcement activities in order

to comply with the Group's procedures for recovery of amounts due.

Forbearance

Mortgages granted relief in the form of temporary postponement of payments due to borrower's inability to make mortgage payments are not eligible for the cover pool or transfer to the mortgage company.

Specification of credit loss expense (NOK million)	2023	2022
Changes in Expected Credit Loss (ECL) - stage 1	0	1
Changes in Expected Credit Loss (ECL) - stage 2	1	5
Changes in Expected Credit Loss (ECL) - stage 3	0	0
Total impairment on loans in the period	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

Changes in exposure in the period (NOK million)

31.12.2022	Stage 1	Stage 2	Stage 3	Total
Exposure 31.12.2022	24 873	4 746	10	29 629
New loans	9 444	1 041	2	10 487
Disposal of loans	-6 219	-1 355	-10	-7 584
Migration to stage 1	1 662	-1 710	-	-48
Migration to stage 2	-1 058	1 044	-	-14
Migration to stage 3	-7	-	7	-
Other changes	-629	-15	-	-644
Exposure as at 31.12.2023 *	28 066	3 751	9	31 826

31.12.2022	Stage 1	Stage 2	Stage 3	Total
Exposure 31.12.2021	26 935	876	-	27 811
New loans	7 623	1 359	-	8 982
Disposal of loans	-6 128	-267	-3	-6 398
Migration to stage 1	147	-151	-	-4
Migration to stage 2	-2 996	2 940	-2	-58
Migration to stage 3	-6	-3	10	-
Other changes	-702	-8	5	-705
Exposure as at 31.12.2022 *	24 873	4 746	10	29 629

* 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.

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	0	302
PD=100 %	-	-	10	10
Total commitments before ECL	24 873	4 746	10	29 629
- ECL	-2	-8	0	-10
Loans 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 10

Market risk

The Board of Directors stipulates the long-term targets with regard to the company's risk profile. Market risk in the company is measured and monitored based on conservative limits, renewed and approved by the Board at least annually.

Through its regular operations, the company is exposed to interest rate risk. Interest risk occurs in the company's portfolio in connection with its activities relating to loans and bond debt in which different interest terms apply to the company's receivables and liabilities. Depending on the relationship between the interest terms for receivables and liabilities, changes to interest rates could result in increased income or expenses. Møre Boligkreditt AS uses interest rate swaps as part of its risk management to manage interest rate risk. The company's borrowings with fixed interest rates and fixed-rate loans to customers are swapped to floating interest rates.

Møre Boligkreditt AS has funding in foreign currency. Currency risk associated with this funding is hedged and minimized by use of currency swaps. No foreign currencies had a material net position on the company's balance sheet at the end of the year. The financial derivatives are recognised at fair value, with value changes recognised in the profit and loss account and carried in the balance sheet on a gross basis per contract as assets or liabilities respectively. The estimated fair value of financial OTC derivatives is adjusted for counterparty credit risk (CVA) or for the company's own credit risk (DVA).

Note 11

Interest rate risk

The tables below show the potential effect of the change in market value of financial assets and liabilities of the company due to a one percentage point increase in interest rates, specified both by duration and by type of financial instruments. The calculation is based on current positions and market rates as of 31 December:

Interest rate risk

	31.12.2023	31.12.2022
Up to 1 month	13	11
1 - 3 months	-21	-1
3 - 12 months	3	2
1 - 5 years	-3	4
Above 5 years	1	-13
Total	-7	3
Certificates and bonds	0	0
Loans to and receivables from customers with fixed rate	-6	-14
Loans to and receivables from customers with floating rate	-48	-30
Debt securities issued	47	48
Other liabilities	-	-1
Total	-7	3

Note 12

Foreign exchange risk

Møre Boligkreditt AS has funding in foreign currency. Currency risk associated with this funding is hedged and minimized by using currency swaps.

The table below shows the company's balance sheet items specified by currency:

2023 (NOK million)	Total	NOK	EUR
Loans to and receivables from credit institutions	1 384	1 144	240
Loans to and receivables from customers	32 357	32 357	
Certificates and bonds	154	154	
Other assets	705	705	
Total assets	34 600	34 360	240
Loans from credit institutions	4 437	4 197	240
Debt securities issued	28 311	19 494	8 817
Other liabilities	187	187	
Equity	1 665	1 665	
Total liabilities and equity	34 600	25 543	9 057
Forward exchange contracts			8817
Net exposure foreign exchange			0

2022 (NOK million)	Total	NOK	EUR
Loans to and receivables from credit institutions	1 660	1 660	
Loans to and receivables from customers	30 464	30 464	
Certificates and bonds	121	121	
Other assets	469	469	
Total assets	32 714	32 714	0
Loans from credit institutions	3 782	3 782	
Debt securities issued	26 807	16 156	10 651
Other liabilities	413	413	
Equity	1 712	1 712	
Total liabilities and equity	32 714	22 063	10 651
Forward exchange contracts			10 651
Net exposure foreign exchange			0

Note 13

Liquidity risk

Liquidity risk is the risk that Møre Boligkreditt AS will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Board of Møre Boligkreditt AS annually sets limits for management of liquidity risk in the company.

Pursuant to the Financial Institutions Act, a mortgage company which issues covered bonds must ensure that the cash flow from the cover pool enables the company to meet its payment obligations to holders of covered bonds and counterparties to derivative agreements at all times.

The loans acquired by Møre Boligkreditt AS are primarily financed through the issuing of covered bonds.

Loans that are acquired and not included in a portfolio financed by covered bonds, and loans that serve as over-collateralisation, are financed through an overdraft facility in the parent bank, Sparebanken Møre, or through paid in equity. The long-term overdraft facility in Sparebanken Møre has a total limit of NOK 5 billion. Undrawn facility amounts to NOK 1.1 billion as at 31.12.23.

Receivables from credit institutions and investments in covered bonds, not used for LCR purposes, are used as part of the cover pool, see note 22.

The cover pool liquidity buffer shall cover the maximum cumulative net liquidity outflow over the next 180 days.

As at 31.12.2023, the requirement for Liquidity Coverage Ratio for Norwegian covered bond companies is 100 % on total currency, 100 % in significant currencies and 50 % in NOK if significant currencies equal EUR or USD. As at 31.12.2023, Møre Boligkreditt AS reports 493 % on total currency level and on NOK. There are no LCR-outflows in EUR as at 31.12.2023.

The CRR2 banking package applicable in Norway from June 2022 introduced a new minimum requirement for Net Stable Funding Ratio of 100 % on total currency level. The NSFR are also to be reported in significant currencies. As at 31.12.2023 Møre Boligkreditt AS reports a NSFR of 109 % on total currency level.

Remaining maturity as at 31.12.23	Up to 3 month	3-12 months	1-5 years	Above 5 years	Total
Assets					
Loans to and receivables from credit institutions	1 394				1 394
Loans to and receivables from customers*	791	2 485	14 037	35 852	53 165
Certificates and bonds*	38	5	121	0	164
Total financial assets	2 223	2 490	14 158	35 852	54 723

Liabilities					
Loans from credit institutions	58	173	4 437		4 668
Debt securities issued*	2 583	3 583	25 210	0	31 376
Total financial liabilities	2 641	3 756	29 647	0	36 044

Financial derivatives					
Cash flow in	32	260	668	37	997
Cash flow out	147	441	1 074	15	1 677
Total financial derivatives	-115	-181	-406	22	-680

* Includes cash flows from nominal interest payments

Remaining maturity as at 31.12.22	Up to 3 month	3-12 months	1-5 years	Above 5 years	Total
Assets					
Loans to and receivables from credit institutions	1 663	0	0	0	1 663
Loans to and receivables from customers*	324	979	5 551	38 986	45 840
Certificates and bonds*	51	2	77	0	130
Total financial assets	2 038	981	5 628	38 986	47 633

Liabilities					
Loans from credit institutions	20	59	3 782	0	3 861
Debt securities issued*	135	3 279	25 017	1 304	29 735
Total financial liabilities	155	3 338	28 799	1 304	33 596

Financial derivatives					
Cash flow in	23	242	753	70	1 088
Cash flow out	131	349	1 164	66	1 710
Total financial derivatives	-108	-107	-411	4	-622

* Includes cash flows from nominal interest payments

Note 14

Net interest income

2023	Assessed at amortised cost	Assessed at fair value	Total
Interest income from:			
Loans to and receivables from credit institutions	42	0	42
Loans to and receivables from customers	1 472	124	1 596
Certificates, bonds and other interest-bearing securities	0	17	17
Interest income	1 514	141	1 655
Interest expenses in respect of:			
Loans from credit institutions	176	0	176
Debt securities	1 235	0	1 235
Other interest expenses	7	0	7
Interest expenses	1 418	0	1 418
Net interest income	96	141	237

2022	Assessed at amortised cost	Assessed at fair value	Total
Interest income from:			
Loans to and receivables from credit institutions	21	0	21
Loans to and receivables from customers	767	73	840
Certificates, bonds and other interest-bearing securities	0	9	9
Interest income	788	82	870
Interest expenses in respect of:			
Loans from credit institutions	79	0	79
Debt securities	522	0	522
Other interest expenses	6	0	6
Interest expenses	607	0	607
Net interest income	181	82	263

Note 15

Net gains and losses from financial instruments

Net gains/losses from financial instruments	2023	2022
Change in value on fixed interest loans	10	-76
Derivatives related to fixed interest loans	-8	72
Change in value of issued covered bonds	-1 117	335
Derivatives related to issued covered bonds	1 105	-353
Gains/losses on bonds	-2	-4
Other gains/losses	-2	-3
Net gains/losses from financial instruments	-14	-29

The company's funding must have a maximum of 3-months fixed interest rate and be in NOK. If funding is done by issuances of fixed rate- or foreign exchange bonds, it is swapped into 3-months Nibor. The company shall not take any currency risk.

Hedge accounting for financial liabilities with fixed interest rate	2023	2022
Changes in fair value of derivatives established to hedge changes in market interest rates	-21	-137
Changes in fair value due to changes in market interest rates on hedged financial liabilities with fixed interest rate	20	134

Hedge accounting for financial liabilities in foreign currency	2023	2022
Changes in fair value of derivatives established to hedge currency exposure and market interest rates on financial liabilities	531	-297
Changes in fair value due to changes in the exchange rate and market interest rates in hedged financial liabilities	-529	289

For information regarding financial derivatives and hedge accounting in the balance sheet, see note 21.

Note 16

Wages, compensations and fees

(NOK thousand)		2023	2022
Total wages and other cash payments		2 568	2 452
- hereof salary to the Managing Director		1 009	945
- hereof other remuneration to the Managing Director		308	240
- hereof refunded premium regarding the pension plan for the Managing Director		96	79
- hereof remuneration to the Board of Directors		65	78
The Board of Directors	Kjetil Hauge, Chair	0	0
	Sandra Myhre Helseth	47	0
	Elisabeth Blomvik	0	0
	Kristian Tafjord	18	60
	Former Board Member Geir Tore Hjelle	0	18
Total fees paid to external auditor (all fees are stated including VAT of 25 %)		765	825
- hereof statutory audit services		463	300
- hereof tax-related services		0	0
- hereof other attestation services		131	172
- hereof other non-audit services		171	353

There are no loans or guarantees issued to members of the Board of Directors nor the Managing Director in Møre Boligkreditt AS.

The total benefit in kind relating to loans provided in Sparebanken Møre at a rate of interest lower than the interest rate which triggers a basis for taxing such benefits in kind to the Managing Director is included in other remuneration to the Managing Director, as well as other relevant benefits, and amounts to TNOK 308 in 2023 (TNOK 240).

Møre Boligkreditt AS has no employees at the end of 2023. Møre Boligkreditt AS remunerated Sparebanken Møre for the use of two man-years, but only the Managing Director of Møre Boligkreditt AS is dedicated full time to the company. Several services are also outsourced to Sparebanken Møre, and these are regulated by a specific agreement between the mortgage company and the bank. The above-mentioned payments and other cash benefits, as well as employer's national insurance contributions, are cost refunds to Sparebanken Møre. The employees are members of Sparebanken Møre's pension scheme. The scheme satisfies the current requirements for mandatory occupational pensions. The company had as per 31 December 2023 no obligation to pay the Managing Director, the Chair of the Board of Directors or other employees special remuneration upon them leaving the company or in the event of a change in their employment relationship or duties. Nor do any obligations concerning bonuses, options or similar exist for any of the aforementioned positions.

Note 17

Taxes

Taxes consist of payable taxes for the income year, any taxes payable for previous years and any changes in deferred taxes.

A tax rate of 22 per cent is used as the prevailing tax rate in 2023. Realisation of deferred tax benefit is based on future results liable to tax, based on empirical experience and prognoses, exceeding the tax benefit in question in the case of reversal of any existing temporary differences. No temporary differences exist in relation to items recognised against comprehensive income.

The entire tax-cost is related to Norway.

Specification of taxes in the Statement of income	2023	2022
Pre-tax profit	164	177
Permanent differences	0	0
Change in temporary differences	-277	-82
Income subject to taxes	-113	95
Tax payable at 22 per cent	0	21
Change in deferred taxes	36	18
Correction previous year	0	0
Total tax cost	36	39

Specification of taxes in the Statement of comprehensive income	2023	2022
Basis swap spreads - change in value	-37	30
Comprehensive income subject to taxes	-37	30
Total tax cost (tax payable at 22 per cent)	-8	6

Specification of tax payable	2023	2022
Tax payable in the Statement of income	0	21
Tax payable in the Comprehensive income	0	6
Total tax payable	0	27

Specification of temporary differences and computation of deferred taxes	2023	2022
Financial liabilities	162	173
Financial instruments	516	227
Deficit to carry forward (income subject to tax included OCI)	-150	0
Net negative (-)/positive differences	528	400
Deferred tax asset (-) or liability as at 31 December (22 per cent)	116	88

Reconciliation of tax cost and pre-tax profit	2023	2022
22 per cent of pre-tax profit	36	39
Other permanent differences 22 per cent	0	0
Correction previous year	0	0
Total tax cost	36	39

Note 18

Classification of 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.

Classification of financial instruments	Financial instruments at fair value through profit or loss		Derivatives used as hedging instruments		Financial instruments at amortised cost	
	31.12.2023	31.12.2022	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	113	91	592	378		
Total financial assets	2 474	2 658	592	378	31 534	29 678
Loans from credit institutions					4 437	3 782
Debt securities issued					28 311	26 807
Financial derivatives	-	1	70	297		
Total financial liabilities	-	1	70	297	32 748	30 589

Note 19

Financial instruments at amortised cost

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

Maturity of debt securities issued, nominal value		2023	2022
	2023	-	2 375
	2024	4 845	5 498
	2025	7 050	7 050
	2026	7 550	7 550
	2027	2 908	2 908
	2028	5 202	1 201
Total		27 555	26 582

Note 20

Financial instruments at fair value

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.

There have been no significant changes in the approach to the valuation of fixed-rate loans in 2023. Fair value is calculated based on contractual cash flows discounted at a market interest rate matching the rates applicable to the corresponding fixed-rate loans at the balance sheet date. In the income statement, the change in value is presented under Net gains/losses from financial instruments. A change in the discount rate of 10 basis points would result in a change of approximately NOK 5.3 million on fixed rate loans.

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 21

Financial derivatives and hedge accounting

Offsetting

Møre Boligkreditt AS uses bilateral ISDA agreements with external counterparties when entering into derivative contracts. The agreements allow for netting in each currency, ie. NOK and EUR. Credit Support Annex (CSA) to the Schedule to the ISDA Master Agreement regulates posting of collateral for each currency. The agreements are one-way, meaning that only the counterparty must provide collateral when the market value fluctuates. Collateral from the counterparty shall be posted when the market value breaches thresholds stated in the Credit Support Annex (CSA). Thresholds are zero in contracts entered into by Møre Boligkreditt AS after 2017. The CSA agreements also contain rating clauses whereby the counterparty must post additional collateral if the rating drops below defined rating triggers. If the rating falls below a predetermined level, the counterparty must novate the contracts to another counterparty at own expense. Netting agreements are not offset on the balance sheet, because the transactions are not settled on a net basis.

The table below shows nominal values on financial derivatives according to type of derivative as well as positive and negative market values. Positive market values are recognised as assets in the balance sheet, whereas negative market values are recognised as liabilities:

	2023			2022		
Financial derivatives	Nominal value	Asset	Liability	Nominal value	Asset	Liability
Swaps						
Interest rate swaps	2 286	92	0	2 574	91	0
Cross currency interest rate swaps	329	21	0	318	0	1
Hedge accounting						
Interest rate swaps	2 050	15	51	2 050	36	49
Cross currency interest rate swaps	8 272	577	19	10 494	342	248
Total financial derivatives	12 937	705	70	15 436	469	298
Collateral received		561			278	

The table below provides details on the contractual maturity of financial derivatives based on nominal values:

Maturity	2023		2022	
	Interest rate swaps	Cross currency swaps	Interest rate swaps	Cross currency swaps
2023				2 502
2024		2 654		2 563
2025	1 050		1 050	
2026		2 679		2 589
2027		3 027		2 926
2028	1 000	241	1 000	232
2029				
2030				
2031				
2032			2 574	
2033	2 286			
	4 336	8 601	4 624	10 812

For information regarding gains/losses on financial derivatives and hedge accounting, see note 15.

Note 22

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 recognised in profit and loss.

Covered bonds

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 mortgages (nominal)	32 162	30 328
Substitute assets	854	1 409
Total collateralised assets	33 016	31 737

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	19.4

The policy for calculating over-collateralisation has been changed from market value to nominal value during 2023. The figures per 31.12.2022 are recalculated.

Liquidity Coverage Ration (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

180-day Cover Pool Liquidity Buffer	31.12.2023	31.12.2022
Liquid Assets	975	1 503
Net liquidity outflow next 180 days	667	485
180-day cover pool liquidity buffer ratio	146%	310%

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%

Changes in debt securities	31.12.2022	Issued	Redemption	Other changes	31.12.2023
Covered bonds, nominal value	26 582	4 000	-3 028	0	27 554
Accrued interest	64			35	99
Value adjustments	161			497	658
Total debt securities	26 807	4 000	-3 028	532	28 311

Note 23

Intragroup transactions

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.

Mortgages with fixed interest rates constitutes 7 per cent of total mortgage volume and are hedged by interest rate swap agreements with the parent bank. The company can also hedge fixed rate, and/or borrowing in other currency than NOK, against the parent bank, using the same ISDA/CSA swap agreements as with external counterparties. By year end 2023 one outstanding EUR 250 million covered bond loan was hedged against the parent bank.

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 with Sparebanken Møre 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 income 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 as assets	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 24

Share capital

The share capital consists of 1 100 000 shares each with a nominal value of NOK 1 250. All shares are owned by Sparebanken Møre. Møre Boligkreditt AS is included in the consolidated financial statements of Sparebanken Møre and information about the consolidated financial statements can be obtained by contacting one of the bank's offices or via the bank's website: www.sbm.no.

	2023	2022
Total number of shares 1 January	1 100 000	1 100 000
Share capital reduction	0	0
Total number of shares 31 December	1 100 000	1 100 000
Dividend per share	116.23	133.00

The Board of Directors has proposed a dividend of NOK 128 million per 31.12.2023 (NOK 146 million in 2022).

Note 25

Events after the reporting date

New information about conditions that existed at the end of the reporting period shall be taken into account in the annual financial statements. Events after the reporting date that do not affect the mortgage company's position at that date but will affect the mortgage company's financial position in the future, shall be disclosed if they are material.

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

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

We hereby confirm that the company's annual financial statements for the period 1 January to 31 December 2023, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and that the information in the financial statements provides a true and fair view of the company's assets, liabilities, financial position and results as a whole.

We also hereby declare that the annual 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, 31 December 2023

13 February 2024

THE BOARD OF DIRECTORS OF MØRE BOLIGKREDITT AS

KJETIL HAUGE, Chair

ELISABETH BLOMVIK

KRISTIAN TAFJORD

SANDRA MYHRE HELSETH

OLE ANDRE KJERSTAD, Managing Director

To the General Meeting of Møre Boligkreditt AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Møre Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2023, the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee of the group.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 21 March 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Issued cover bonds – compliance with regulations.

The Key Audit Matter	How the matter was addressed in our audit
<p>The covered bonds are measured at amortised cost and the total liability is MNOK 28 311.</p> <p>The company issues covered bonds as their prime source of funding. To issue these bonds the Company must be compliant with the Norwegian Financial Institutions Act, which set out detailed requirements to the assets included in and the value of the cover pool.</p> <p>Since such compliance is of significant importance for the funding and going concern of the Company, we consider this a key audit matter.</p>	<p>We assessed management's process for acquiring loans that qualify as collateral for covered bonds. We tested design and implementation of selected internal controls that are set up to secure that only loans that fulfil legal requirements to serve as collateral, are transferred from Sparebanken Møre to the Company.</p> <p>For a number of loans included in the cover pool, our procedures, among others, include:</p> <ul style="list-style-type: none"> ○ testing that the assets in the cover pool comply with the requirements in the Financial Institutions Act §11-8 ○ testing the mathematical accuracy and corroborating the input of the calculation that management uses to establish the collateralization in percent. <p>We have also assessed management's process for keeping the register up to date and identifying movements in the underlying assets in the cover portfolio.</p>

Refer to note 2. Risk Management, note 8 Collateral, note 22 Issued Cover Bonds and Report from the Board of Directors.

1. IT-Systems and application controls

The Key Audit Matter	How the matter was addressed in our audit
<p>The company is dependent on the IT infrastructure in the financial reporting.</p> <p>The Company uses a standard core system delivered and operated by an external service provider. Sound governance and control over the IT systems is critical to ensure accurate, complete and reliable financial reporting.</p> <p>Furthermore, the IT systems support regulatory compliance for financial reporting to authorities, which is central to licensed businesses.</p> <p>The system calculates interest rates on borrowing and lending and the Company's internal control systems are based on system generated reports.</p> <p>Due to the importance of the IT systems for the Company's operations, the IT environment supporting the financial reporting process is considered a key audit matter.</p>	<p>In connection with our audit of the IT-system in the Company, we have gained an understanding of the control environment and tested that selected general IT controls are functioning as intended and support important application controls. In our control testing, we have focused on access management controls.</p> <p>The independent auditor of the external service provider has assessed and tested the effectiveness of internal controls related to the IT systems outsourced to external service provider. We have obtained the attestation report (ISAE 3402) from the independent auditor to evaluate whether the external service provider has satisfactory internal control in areas of significant importance to the Company. We have assessed the independent auditor's competence and objectivity, as well as evaluated the report in order to assess possible deviations and consequences for our audit.</p> <p>We have requested the independent auditor of the service provider to test a selection of</p>

	<p>standard reports and application controls in the core-system to assess whether:</p> <ul style="list-style-type: none"> ○ Standard system reports contain all relevant data, and ○ The application controls, including controls related to interest rate, annuity- and fee calculations, work as intended. <p>We have used our IT audit specialist in the work to understand the control environment, test controls and examine the reports.</p>
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Other Information

The Board of Directors and the Managing Director (management) is responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Audit Committee of the group and the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the group with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the group and the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 13 February 2024
KPMG AS

Svein Arthur Lyngroth
State Authorised Public Accountant

Møre Boligkreditt AS

A company in the Sparebanken Møre Group

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