



Interim report

2024 Unaudited

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Møre
Boligkreditt

Interim report from the Board of Directors

About the Company

Møre Boligkreditt AS is a wholly owned subsidiary of Sparebanken Møre. The company is licensed to operate as a mortgage company, issuing covered bonds. Møre Boligkreditt AS is Sparebanken Møre's most important source of market funding and an important part of the parent bank's long term funding strategy. The accounts have been prepared in accordance with IFRS. Figures in brackets refer to the corresponding period last year.

Results for Q1 2024

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 53 million in the first quarter of 2024 (NOK 48 million). Net interest income amounted to NOK 70 million (NOK 67 million), and costs ended at NOK 15 million (NOK 14 million).

NOK 2 million in return on losses on loans were added to the quarterly accounts (NOK 0 million). Profit after tax amounted to NOK 41 million (NOK 38 million).

Net loans to and receivables from customers decreased with NOK 397 million in the first quarter of 2024. Net mortgage lending to customers amounted to NOK 31,960 million at first quarter end 2024 (NOK 32,240 million).

Existing bond loans were increased with a total of NOK 3,000 million in the first quarter of 2024. One bond loan with outstanding debt of 2,347 million at the start of the quarter matured 20 March 2024. Møre Boligkreditt AS had 11 bond loans outstanding at 31 March 2024 with a total book value bond debt of NOK 29,375 million (NOK 27,772 million). Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 112 per cent as at 31 March 2024.

Total assets at first quarter end 2024 amounted to NOK 35,488 million (NOK 35,365 million). The ECL calculation as at 31 March 2024 shows expected credit losses of NOK 10 million for Møre Boligkreditt AS (NOK 10 million).

At first quarter end 2024, the mortgages in the cover pool had an average loan-to-value ratio of 53.9 per cent, calculated as mortgage amount relative to the value of the property used as collateral (53.6 per cent).

The company's substitute assets included in the cover pool amounted to NOK 1,429 million at end-March 2024 (NOK 891 million). Over-collateralisation, calculated as the nominal value of the cover pool relative to the nominal value of outstanding covered bond loan debt was 17.7 per cent as at 31 March 2024 (23.7 per cent).

Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amount to NOK 158 million as of 31 March 2024, reporting total LCR of 482 per cent by first quarter end.

Rating

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

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

Capital strength

In the first quarter 2024, Møre Boligkreditt AS increased its equity with NOK 100 million through a directed issue of 20,000 shares. The capital increase was fully paid in by Sparebanken Møre as the owner of all

1,400,000 shares in Møre Boligkreditt AS. At the end of the first quarter, paid in equity and retained earnings amounted to NOK 1,674 million (NOK 1,603 million). Risk weighted assets amounted to NOK 7,785 million (NOK 8,129 million). Net equity and subordinated loan capital amounted to NOK 1,588 million at end-March 2024 (NOK 1,516 million). This corresponds to a Common Equity Tier 1 capital ratio of 20.4 per cent (18.6 per cent). Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Outlook

From March 2023 to March 2024 the Consumer Price Index (CPI) increased by 3.9 per cent, while the CPI adjusted for tax changes and excluding energy products (CPI-ATE) rose by 4.5 per cent. CPI levels are down from last quarter, and slightly below Norges Bank's projections, but still above the long-term inflation target of 2 per cent. The weak Norwegian krone still adds to pressure on inflation levels through imported goods and services.

Unemployment levels in Norway remain low. In March 2024, the national level of registered unemployment was 2.0 per cent, compared to 1.8 per cent in the county of Møre og Romsdal.

Norges Bank has kept the policy rate unchanged so far this year, and the rate path from the central bank 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 3.2 per cent in February 2024. This is the lowest growth level since the mid 1990's. National housing prices increased by 0.6 per cent in March 2024, seasonally adjusted, and are up by 1.2 per cent the last twelve months.

The Board expects to see a further dampened growth in household debt going forward, due to both the effect of increased mortgage interest rate levels and the general increase in household costs. The 2024 frontline subject salary settlement agreement of 5.2 per cent increase is expected to increase household purchasing power. 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 expects moderate growth in housing prices in 2024.

Ålesund, 31 March 2024
24 April 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 | Q1 2024 | Q1 2023 | 2023 |
|--|------------|---------|---------|-------|
| Interest income from assets assessed at amortised cost | <u>3</u> | 452 | 310 | 1 514 |
| Interest income from assets assessed at fair value | <u>3</u> | 41 | 27 | 141 |
| Interest expenses | <u>3</u> | 423 | 270 | 1 418 |
| Net interest income | <u>3 7</u> | 70 | 67 | 237 |
| Net gains/losses from financial instruments | | -4 | -5 | -14 |
| Total income | | 66 | 62 | 223 |
| Wages, salaries and general administration expenses | | 1 | 1 | 2 |
| Other operating expenses | <u>7</u> | 14 | 13 | 56 |
| Total operating expenses | | 15 | 14 | 58 |
| Profit before impairment on loans | | 51 | 48 | 165 |
| Impairment on loans | <u>4</u> | -2 | 0 | 1 |
| Pre-tax profit | | 53 | 48 | 164 |
| Taxes | | 12 | 10 | 36 |
| Profit after tax | | 41 | 38 | 128 |

STATEMENT OF COMPREHENSIVE INCOME

| (NOK million) | Q1 2024 | Q1 2023 | 2023 |
|--|---------|---------|------|
| Profit after tax | 41 | 38 | 128 |
| Items that may subsequently be reclassified to the income statement: | | | |
| Basis swap spreads - changes in value | -5 | -1 | -37 |
| Tax effect of basis swap spreads | 1 | 0 | 8 |
| Total comprehensive income for the period | 37 | 37 | 99 |

Balance sheet

ASSETS - compressed

| (NOK million) | Note | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|--------------|---------------|---------------|---------------|
| Loans to and receivables from credit institutions 1) | <u>5.7</u> | 2 243 | 1 779 | 1 384 |
| Loans to and receivables from customers | <u>3.4.5</u> | 31 960 | 32 240 | 32 357 |
| Certificates and bonds | <u>5.6</u> | 157 | 123 | 154 |
| Financial derivatives | <u>5.6</u> | 1 123 | 1 180 | 705 |
| Other assets | | 5 | 43 | 0 |
| Total assets | | 35 488 | 35 365 | 34 600 |

1) NOK 847 million out of total NOK 2,243 million in Loans to and receivables from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA

LIABILITIES AND EQUITY - compressed

| (NOK million) | Note | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|-------------------------------------|--------------|---------------|---------------|---------------|
| Loans from credit institutions 2) | <u>5.7</u> | 4 226 | 5 851 | 4 437 |
| Debt securities issued | <u>5.6.7</u> | 29 375 | 27 772 | 28 311 |
| Financial derivatives | <u>5.6</u> | 85 | 41 | 70 |
| Tax payable | | 10 | 10 | 0 |
| Incurring costs and prepaid income | | 2 | 0 | 1 |
| Deferred tax | | 116 | 88 | 116 |
| Total liabilities | | 33 814 | 33 762 | 32 935 |
| Share capital | | 1 400 | 1 375 | 1 375 |
| Share premium | | 250 | 175 | 175 |
| Paid-in equity | | 1 650 | 1 550 | 1 550 |
| Liability credit reserve | | -13 | 16 | -13 |
| Retained earnings | | 37 | 37 | 128 |
| Total equity | <u>2</u> | 1 674 | 1 603 | 1 665 |
| Total liabilities and equity | | 35 488 | 35 365 | 34 600 |

2) NOK 847 million out of total NOK 4,226 million in Loans from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA

Statement of changes in equity

31.03.2024

| (NOK million) | Total equity | Share capital | Share premium | Liability credit reserve | Retained earnings |
|---|--------------|---------------|---------------|--------------------------|-------------------|
| Equity as at 31 December 2023 | 1 665 | 1 375 | 175 | -13 | 128 |
| Dividend paid | -128 | | | | -128 |
| Share capital issue | 100 | 25 | 75 | | |
| Total comprehensive income for the period | 37 | | | | 37 |
| Equity as at 31 March 2024 | 1 674 | 1 400 | 250 | -13 | 37 |

The share capital consists of 1 120 000 shares at NOK 1 250, a total of NOK 1 400 million. All shares are owned by Sparebanken Møre.

31.03.2023

| (NOK million) | 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 | 37 | | | | 37 |
| Equity as at 31 March 2023 | 1 603 | 1 375 | 175 | 16 | 37 |

The share capital consists of 1 100 000 shares at NOK 1 250, a total of NOK 1 375 million. All shares are owned by Sparebanken Møre.

31.12.2023

| (NOK million) | 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 | 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 amounted to NOK 128 million.

Statement of cash flow

| (NOK million) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|------------|---------------|-------------|
| Cash flow from operating activities | | | |
| Interest, commission and fees received | 487 | 336 | 1 639 |
| Interest, commission and fees paid | -58 | -71 | -184 |
| Received interest, commission and fees related to certificates, bonds and other securities | 8 | 1 | 17 |
| Operating expenses paid | -15 | -13 | -58 |
| Income taxes paid/received | 0 | -27 | -28 |
| Net cash inflow/outflow from loans to and receivables from other financial institutions | -287 | 0 | -283 |
| Payment for acquiring loans from the parent bank | -1 873 | -3 844 | -12 386 |
| Payment related to installment loans and credit lines to customers | 2 272 | 2 068 | 10 491 |
| Proceeds from the sale and settlement of certificates, bonds and other securities | 1 232 | 80 | 2 673 |
| Purchases of certificates, bonds and other securities | -1 239 | -83 | -2 706 |
| Changes in other assets | -7 | -5 | -50 |
| Net cash flow from operating activities | 520 | -1 558 | -875 |
| Cash flow from financing activities | | | |
| Paid interest, commission and fees related to issued bonds | -368 | -243 | -1 235 |
| Net change in loans from credit institutions | -211 | 1 432 | 655 |
| Proceeds from issued covered bonds | 3 044 | 0 | 3 996 |
| Redemption of issued covered bonds | -2 358 | 0 | -2 890 |
| Dividend paid | -128 | -146 | -146 |
| Changes in other debt | -26 | -3 | -65 |
| Increase/reduction of share capital and premium | 100 | 0 | 0 |
| Net cash flow from financing activities | 53 | 1 040 | 315 |
| Net change in cash and cash equivalents | 573 | -518 | -560 |
| Cash balance at 01.01 | 823 | 1 382 | 1 383 |
| Cash balance at 31.03/31.12 1) | 1 396 | 864 | 823 |

1) NOK 847 million out of total NOK 2,243 million in Loans to and receivables from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA, and thus should not be included as cash balance at 31.03.2024 (NOK 915 million as at 31.03.2023 and NOK 561 million as at 31.12.2023).

Note 1

Accounting principles

Møre Boligkreditt AS' interim accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU as of 31 March 2024. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounts are prepared using the same principles and with the same methodology as the annual accounts for 2023.

All amounts are stated in NOK million unless stated otherwise.

The interim financial statements are not audited.

Share

Capitalendseminar 2024

| Strukturposten | y0v-yv - 3 | y0v-yv - y | y0v0 v - y |
|--|--------------|--------------|--------------|
| Share capital and share premium | 1 650 | 1 550 | 1 550 |
| Liability credit reserve | -13 | 16 | -13 |
| Other equity | 37 | 37 | 128 |
| Total equity | 1 674 | 1 603 | 1 665 |
| Value adjustments of financial instruments at fair value | -3 | -4 | -3 |
| Expected IRB-losses exceeding ECL | -46 | -46 | -45 |
| Dividends | 0 | 0 | -128 |
| Deductions for total comprehensive income for the period | -37 | -37 | 0 |
| Common Equity Tier 1 capital | 1 588 | 1 516 | 1 489 |
| Supplementary capital | 0 | 0 | 0 |
| Net equity and subordinated loan capital | 1 588 | 1 516 | 1 489 |

Risk-Weighted Assets (RWA) by exposure classes

| Credit risk - standardised approach | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|------------|------------|------------|
| Regional governments or local authorities | 0 | | 0 |
| Institutions (banks etc) | 421 | 368 | 255 |
| Covered bonds | 8 | 8 | 8 |
| Other items | 5 | 89 | 0 |
| Total credit risk - standardised approach | 434 | 465 | 263 |

Credit risk - IRB Foundation

| | | | |
|---|--------------|--------------|--------------|
| Retail - Secured by real estate | 6 695 | 6 651 | 6 773 |
| Retail - Other | 3 | 2 | 0 |
| Corporate lending 1) | 3 | 231 | 4 |
| Total credit risk - IRB-Foundation | 6 701 | 6 884 | 6 777 |

| | | | |
|---|--------------|--------------|--------------|
| Credit valuation adjustment risk (CVA) - market risk | 141 | 195 | 91 |
| Operational risk (Basic indicator Approach) | 509 | 585 | 509 |
| Risk weighted assets (RWA) | 7 785 | 8 129 | 7 640 |
| Minimum requirement Common Equity Tier 1 capital (4.5 %) | 350 | 366 | 344 |

| Buffer Requirement | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|-------------------|-------------------|-------------------|
| Countercyclical buffer (2,5 %) | 195 | 203 | 191 |
| Capital conservation buffer (2.5 %) | 195 | 203 | 191 |
| Systemic risk buffer (4,5 %, 3% at 31.03.23) | 350 | 244 | 344 |
| Total buffer requirements | 740 | 650 | 726 |
| Available Common Equity Tier 1 capital after buffer requirements | 498 | 500 | 419 |

| Capital adequacy as a percentage of the weighted asset calculation basis | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|---|-------------------|-------------------|-------------------|
| Capital adequacy ratio | 20.4 % | 18.6 % | 19.5 % |
| Tier 1 capital ratio | 20.4 % | 18.6 % | 19.5 % |
| Common Equity Tier 1 capital ratio | 20.4 % | 18.6 % | 19.5 % |

| Leverage ratio | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|-----------------------|-------------------|-------------------|-------------------|
| Leverage ratio | 4.6 % | 4.3 % | 4.3 % |

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

Møre Boligkreditt AS' capital requirements at 31 March 2024 are based on IRB-Foundation.

Note 3

Operating segments

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

Loans to and receivables from customers

| 31.03.2024 | Gross loans measured at amortised cost | ECL Stage 1 | ECL Stage 2 | ECL Stage 3 | Loans measured at fair value | Net loans to and receivables from customers |
|---|--|-------------|-------------|-------------|------------------------------|---|
| Loans to and receivables from customers | 29 815 | -2 | -7 | -1 | 2 155 | 31 960 |

| 31.03.2023 | Gross loans measured at amortised cost | ECL Stage 1 | ECL Stage 2 | ECL Stage 3 | Loans measured at fair value | Net loans to and receivables from customers |
|---|--|-------------|-------------|-------------|------------------------------|---|
| Loans to and receivables from customers | 29 906 | -2 | -8 | 0 | 2 344 | 32 240 |

| 31.12.2023 | Gross loans measured at amortised cost | ECL Stage 1 | ECL Stage 2 | ECL Stage 3 | Loans measured at fair value | Net loans to and receivables from customers |
|---|--|-------------|-------------|-------------|------------------------------|---|
| Loans to and receivables from customers | 30 161 | -2 | -9 | 0 | 2 207 | 32 357 |

Net interest income

| (NOK million) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|---|------------|------------|------------|
| Interest income from: | | | |
| Loans to and receivables from credit institutions | 17 | 12 | 42 |
| Loans to and receivables from customers | 469 | 324 | 1 596 |
| Certificates, bonds and other interest-bearing securities | 7 | 1 | 17 |
| Interest income | 493 | 337 | 1 655 |
| Interest expenses in respect of: | | | |
| Loans from credit institutions | 53 | 25 | 176 |
| Debt securities issued | 368 | 243 | 1 235 |
| Other interest expenses | 2 | 2 | 7 |
| Interest expenses | 423 | 270 | 1 418 |
| Net interest income | 70 | 67 | 237 |

Note 4

Impairment, losses and non-performance

Møre Boligkreditt AS applies a three-stage approach when assessing ECL on loans to customers in accordance with IFRS 9.

- Stage 1: At initial recognition and if there's no significant increase in credit risk, the commitment is classified in stage 1 with 12-months ECL.
- Stage 2: If a significant increase in credit risk since initial recognition is identified, but without evidence of loss, the commitment is transferred to stage 2 with lifetime ECL measurement.
- Stage 3: If the credit risk increases further and there's evidence of loss, the commitment is transferred to stage 3.

Staging is performed at account level and implies that two or more accounts held by the same customer can be placed in different stages.

| Specification of credit loss expense (NOK million) | Q1 2024 | Q1 2023 | 2023 |
|--|---------|---------|------|
| Changes in Expected Credit Loss (ECL) in stage 1 | 0 | 0 | 0 |
| Changes in Expected Credit Loss (ECL) in stage 2 | -2 | 0 | 1 |
| Changes in Expected Credit Loss (ECL) in stage 3 | 0 | 0 | 0 |
| Total impairments on loans in the period | -2 | 0 | 1 |

| Changes in ECL in the period (NOK million) - 31.03.2024 | Stage 1 | Stage 2 | Stage 3 | Total |
|--|---------|---------|---------|-------|
| ECL 31.12.2023 | 2 | 9 | 0 | 11 |
| New loans | 0 | 0 | 0 | 0 |
| Disposal of loans | 0 | -1 | 0 | -1 |
| Changes in ECL in the period for loans which have not migrated | 0 | -1 | 0 | -1 |
| Migration to stage 1 | 0 | -1 | 0 | -1 |
| Migration to stage 2 | 0 | 1 | 0 | 1 |
| Migration to stage 3 | 0 | 0 | 1 | 1 |
| Other changes | 0 | 0 | 0 | 0 |
| ECL 31.03.2024 | 2 | 7 | 1 | 10 |

| Changes in ECL in the period (NOK million) - 31.03.2023 | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|----------------|----------------|--------------|
| ECL 31.12.2022 | 2 | 8 | 0 | 10 |
| New loans | 0 | 0 | 0 | 0 |
| 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 | 1 | 0 | 1 |
| Migration to stage 3 | 0 | 0 | 0 | 0 |
| Other changes | 0 | 0 | 0 | 0 |
| ECL 31.03.2023 | 2 | 8 | 0 | 10 |

| 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 |

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

| 31.03.2024 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|----------------|----------------|--------------|
| Low risk (0 % - < 0.5 %) | 28 440 | 596 | 0 | 29 036 |
| Medium risk (0.5 % - < 3 %) | 209 | 1 862 | 0 | 2 071 |
| High risk (3 % - <100 %) | 5 | 488 | 2 | 495 |
| Total commitments before ECL | 28 654 | 2 946 | 2 | 31 602 |
| - ECL | -2 | -7 | -1 | -10 |
| Loans to and receivables from customers 31.03.2024 *) | 28 652 | 2 939 | 1 | 31 592 |

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

| 31.03.2023 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|----------------|----------------|--------------|
| Low risk (0 % - < 0.5 %) | 26 530 | 2 526 | 0 | 29 056 |
| Medium risk (0.5 % - < 3 %) | 223 | 1 938 | 0 | 2 161 |
| High risk (3 % - <100 %) | - | 295 | 0 | 295 |
| Total commitments before ECL | 26 753 | 4 759 | 0 | 31 512 |
| - ECL | -2 | -8 | 0 | -10 |
| Loans to and receivables from customers 31.03.2023 *) | 26 751 | 4 751 | 0 | 31 502 |

| 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 |

*) The tables above show exposures (incl. undrawn credit facilities) and are not including fixed rate loans assessed at fair value. The figures are thus not reconcilable against balances in the statement of financial position.

Note 5

Financial instruments

CLASSIFICATION AND MEASUREMENT

The company's portfolio of financial instruments is at initial recognition classified in accordance with IFRS 9. Financial assets are classified in one of the following categories:

- Amortised cost
- Fair value with any changes in value through the income statement

The classification of the financial assets depends on two factors:

- The purpose of the acquisition of the financial instrument
- The contractual cash flows from the financial assets

Financial assets measured at amortised cost

The classification of the financial assets assumes that the following requirements are met:

- The asset is acquired to receive contractual cash flows
- The contractual cash flows consist solely of principal and interest

With the exception of fixed rate loans, all lending and receivables are recorded in the accounts at amortised cost, based on expected cash flows. The difference between the issue cost and the settlement amount at maturity, is amortised over the lifetime of the loan.

Financial liabilities measured at amortised cost

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

Financial instruments measured at fair value, any changes in value recognised through the income statement

The company's portfolio of bonds in the liquidity portfolio is classified at fair value with any value changes through the income statement, based on the business model of the company.

The portfolio of fixed interest rate loans is measured at fair value to avoid accounting mismatch in relation to the underlying interest rate swaps.

Financial derivatives are instruments used to mitigate any interest- or currency risk incurred by the company. Financial derivatives are recorded at fair value, with any changes in value through the income statement, and recognised gross per contract, as either asset or debt.

Changes in basis swaps effects for swaps included in fair value hedging are recognised in OCI.

Losses and gains as a result of value changes on assets and liabilities measured at fair value with any value changes being recognised in the income statement, are included in the accounts during the period in which they occur.

LEVELS IN THE VALUATION HIERARCHY

Financial instruments at fair value are classified into different levels based on the quality of market data for each type of instrument.

Level 1 – Valuation based on prices in an active market

Level 1 comprises financial instruments valued by using quoted prices in active markets for identical assets or liabilities. This category includes bonds and certificates in LCR-level 1, traded in active markets.

Level 2 – Valuation based on observable market data

Level 2 comprises financial instruments valued by using information which is not quoted prices, but where prices are directly or indirectly observable for assets or liabilities, including quoted prices in inactive markets for identical assets or liabilities. This category mainly includes derivatives and bonds which are not included in level 1.

Level 3 – Valuation based on other than observable market data

Level 3 comprises financial instruments which cannot be valued based on directly or indirectly observable prices. Loans to customers are included in this category.

A change of 10 basis points in the discount rate will have an effect of approximately NOK 4.8 million on the valuation of the fixed rate loans as at 31.03.2024.

| Classification of financial instruments | Financial instruments at fair value through profit or loss | | | Financial instruments carried at amortised cost | | |
|---|--|------------|------------|---|------------|------------|
| | 31.03.2024 | 31.03.2023 | 31.12.2023 | 31.03.2024 | 31.03.2023 | 31.12.2023 |
| Loans to and receivables from credit institutions | | | | 2 243 | 1 779 | 1 384 |
| Loans to and receivables from customers | 2 155 | 2 344 | 2 207 | 29 805 | 29 896 | 30 150 |
| Certificates and bonds | 157 | 123 | 154 | | | |
| Financial derivatives | 1 123 | 1 180 | 705 | | | |
| Total financial assets | 3 435 | 3 647 | 3 066 | 32 048 | 31 675 | 31 534 |
| Loans from credit institutions | | | | 4 226 | 5 851 | 4 437 |
| Debt securities issued | | | | 29 375 | 27 772 | 28 311 |
| Financial derivatives | 85 | 41 | 70 | | | |
| Total financial liabilities | 85 | 41 | 70 | 33 601 | 33 623 | 32 748 |

| Fair value of financial instruments at amortised cost | 31.03.2024 | | 31.03.2023 | | 31.12.2023 | |
|---|------------|------------|------------|------------|------------|------------|
| | Fair value | Book value | Fair value | Book value | Fair value | Book value |
| Loans to and receivables from credit institutions | 2 243 | 2 243 | 1 779 | 1 779 | 1 384 | 1 384 |
| Loans to and receivables from customers | 29 805 | 29 805 | 29 896 | 29 896 | 30 150 | 30 150 |
| Total financial assets | 32 048 | 32 048 | 31 675 | 31 675 | 31 534 | 31 534 |
| Loans from credit institutions | 4 226 | 4 226 | 5 851 | 5 851 | 4 437 | 4 437 |
| Debt securities issued | 29 435 | 29 375 | 27 761 | 27 772 | 28 406 | 28 311 |
| Total financial liabilities | 33 661 | 33 601 | 33 612 | 33 623 | 32 843 | 32 748 |

| Financial instruments at fair value - 31.03.2024 | Based on prices in an active market | Observable market information | Other than observable market information | Total |
|--|---|-------------------------------------|---|-------|
| | Level 1 | Level 2 | Level 3 | |
| Loans to and receivables from customers | | | 2 155 | 2 155 |
| Certificates and bonds | 157 | | | 157 |
| Financial derivatives | | 1 123 | | 1 123 |
| Total financial assets | 157 | 1 123 | 2 155 | 3 435 |
| Financial derivatives | | 85 | | 85 |
| Total financial liabilities | - | 85 | - | 85 |

| Financial instruments at fair value - 31.03.2023 | Based on prices in an active market | Observable market information | Other than observable market information | Total |
|--|---|-------------------------------------|---|-------|
| | Level 1 | Level 2 | Level 3 | |
| Loans to and receivables from customers | | | 2 344 | 2 344 |
| Certificates and bonds | 123 | | | 123 |
| Financial derivatives | | 1 180 | | 1 180 |
| Total financial assets | 123 | 1 180 | 2 344 | 3 647 |
| Financial derivatives | | 41 | | 41 |
| Total financial liabilities | - | 41 | - | 41 |

| Financial instruments at fair value - 31.12.2023 | Based on prices in an active market | Observable market information | Other than observable market information | Total |
|--|---|-------------------------------------|---|-------|
| | Level 1 | Level 2 | Level 3 | |
| Loans to and receivables from customers | | | 2 207 | 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 |

| Reconciliation of movements in Level 3 during the period | Loans to and receivables from customers |
|--|---|
| Book value as at 31.12.2023 | 2 207 |
| Purchase/increase | 34 |
| Sales/reduction | -77 |
| Transferred to Level 3 | 0 |
| Transferred out of Level 3 | 0 |
| Gains/losses during the period | -9 |
| Book value as at 31.03.2024 | 2 155 |

| 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 | 40 |
| Sales/reduction | -143 |
| Transferred to Level 3 | 0 |
| Transferred out of Level 3 | 0 |
| Gains/losses during the period | 1 |
| Book value as at 31.03.2023 | 2 344 |

| 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 |

Note 6

Issued covered bonds

Securities issued at floating interest rates are measured at amortised cost. Fair value hedge accounting is used for the company's securities issued at fixed rate terms, and changes in fair value (due to the hedged risk) are recognized in profit and loss.

Covered bonds (NOK million)

| ISIN code | Currency | Nominal value 31.03.2024 | Interest | Issued | Maturity | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|----------|-----------------------------|--------------------|--------|----------|------------|------------|------------|
| NO0010588072 | NOK | 1 050 | fixed NOK 4.75 % | 2010 | 2025 | 1 071 | 1 094 | 1 066 |
| XS0968459361 | EUR | 25 | fixed EUR 2.81 % | 2013 | 2028 | 298 | 286 | 289 |
| NO0010819543 | NOK | - | 3M Nibor + 0.42 % | 2018 | 2024 | - | 3 004 | 2 351 |
| XS1839386577 | EUR | - | fixed EUR 0.375 % | 2018 | 2023 | - | 2 837 | - |
| NO0010836489 | NOK | 1 000 | fixed NOK 2.75 % | 2018 | 2028 | 946 | 964 | 956 |
| NO0010853096 | NOK | 3 000 | 3M Nibor + 0.37 % | 2019 | 2025 | 3 014 | 3 009 | 3 015 |
| XS2063496546 | EUR | 250 | fixed EUR 0.01 % | 2019 | 2024 | 2 859 | 2 700 | 2 734 |
| NO0010884950 | NOK | 3 000 | 3M Nibor + 0.42 % | 2020 | 2025 | 3 006 | 3 004 | 3 006 |
| XS2233150890 | EUR | 30 | 3M Euribor +0.75 % | 2020 | 2027 | 358 | 351 | 345 |
| NO0010951544 | NOK | 6 000 | 3M Nibor + 0.75 % | 2021 | 2026 | 6 079 | 5 089 | 5 074 |
| XS2389402905 | EUR | 250 | fixed EUR 0.01 % | 2021 | 2026 | 2 714 | 2 552 | 2 625 |
| XS2556223233 | EUR | 250 | fixed EUR 3.125 % | 2022 | 2027 | 2 987 | 2 882 | 2 823 |
| NO0012908617 | NOK | 6 000 | 3M Nibor + 0.54 % | 2023 | 2028 | 6 043 | - | 4 027 |
| Total borrowings raised through the issue of securities (incl. accrued interest) | | | | | | 29 375 | 27 772 | 28 311 |

| Cover pool (NOK million) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|---------------------------------|------------|------------|------------|
| Eligible mortgages (nominal) 1) | 31 768 | 31 984 | 32 162 |
| Substitute assets | 1 427 | 891 | 854 |
| Total collateralised assets | 33 195 | 32 875 | 33 016 |

| Covered bonds issued (NOK million) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|---------------------------------------|------------|------------|------------|
| Covered bonds (nominal) 2) | 28 207 | 26 582 | 27 554 |
| -of which own holding (covered bonds) | 0 | 0 | 0 |

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

| Over-collateralisation (in %) (Nominal calculation) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|-------------------|-------------------|-------------------|
| (Eligible mortgages + Substitute assets-Covered bonds) / Covered bonds | 17.7 | 23.7 | 19.8 |

| Liquidity Coverage Ratio (LCR) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|---------------------------------------|-------------------|-------------------|-------------------|
| Liquid Assets | 150 | 117 | 147 |
| Net liquidity outflow next 30 days | 31 | 26 | 30 |
| LCR ratio -Total | 482% | 442% | 493% |
| LCR ratio - NOK | 482% | 442% | 493% |
| LCR ratio - EUR | N/A | N/A | N/A |

| Net Stable Funding Ratio (NSFR) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|-------------------|-------------------|-------------------|
| Available amount of stable funding | 31 406 | 29 887 | 30 030 |
| Required amount of stable funding | 28 019 | 27 572 | 27 615 |
| NSFR ratio | 112% | 108% | 109% |

Note 7

Transactions with related parties

Møre Boligkreditt AS purchases services from Sparebanken Møre. There are also transactions between the parties related to the acquisition of loan portfolio and the fact that Sparebanken Møre provides loans and credits to the mortgage company.

Loans from Sparebanken Møre are transferred at market value. If the purchased mortgage loans have fixed interest rates, the purchase price is adjusted according to the value above/below par. Sparebanken Møre is responsible for ensuring that the loans to be transferred to Møre Boligkreditt AS are properly established and in accordance with the requirements specified in the agreement between the mortgage company and the parent bank. In case of a violation of these requirements, the parent bank will be liable for any losses that the mortgage company would experience as a result of the error. Sparebanken Møre and Møre Boligkreditt AS have formalised the settlement of interest for transaction days from date of transfer of loan portfolio to date of settlement of the consideration.

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 ISDA/CSA swap agreements. By end of Q1-2024, 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 expenses for the mortgage company. Fixed expenses are defined as expenses the mortgage company must bear regardless of the activity related to the issuance of covered bonds, the acquisition of portfolio, etc. Variable expenses are defined as expenses related to the size of the portfolio acquired from Sparebanken Møre and the work that must be exercised by the bank's employees to deliver satisfactory services given the number of customers in the portfolio.

Møre Boligkreditt AS is billed for expenses related to the lease of premises at Sparebanken Møre. It is assumed that regardless of operations, a certain area of the bank attributable to the mortgage company is utilised during the year. Regardless of the extent of the activity and the loan portfolio acquired by Møre Boligkreditt AS, charges related to accounting, financial reporting, risk management, cash management, financing, governance and general legal services will incur.

Sparebanken Møre bills the mortgage company based on actual salary expenses, including social security contribution, pension expense and other social expenses. Parts of the mortgage company's expenses related to services provided by Sparebanken Møre relates to the size of the portfolio acquired from Sparebanken Møre. Management fee is calculated and billed monthly, in which the month's average portfolio size forms the basis of billing.

The interest rate of the mortgage company's deposit and credit limit in Sparebanken Møre is based on 3 months NIBOR + a premium.

The most important transactions are as follows:

| (NOK million) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|---|------------|------------|------------|
| Statement of income: | | | |
| Interest and credit commission income from Sparebanken Møre related to deposits | 17 | 12 | 42 |
| Interest and credit commission paid to Sparebanken Møre related to loan/credit facility | 53 | 26 | 176 |
| Interest paid to Sparebanken Møre related to bonded debt | 1 | 0 | 6 |
| Management fee paid to Sparebanken Møre | 12 | 11 | 49 |
| Balance sheet: | | | |
| Deposits in Sparebanken Møre 1) | 2 243 | 1 779 | 1 384 |
| Covered bonds held by Sparebanken Møre as assets | 0 | 0 | 0 |
| Loan/credit facility in Sparebanken Møre | 3 378 | 4 936 | 3 876 |
| Intragroup hedging | 483 | 366 | 306 |
| Accumulated transferred loan portfolio from Sparebanken Møre | 31 970 | 32 250 | 32 368 |

1) NOK 847 million out of total NOK 2,243 million of deposits in Sparebanken Møre is the margin call balance on financial derivatives paid in by counterparties according to CSA as at 31.03.2024

Note 8

Events after the reporting date

No events of material significance for the financial statements for Q1-2024 have occurred after the reporting date. The company is not involved in any legal proceedings.

Profit performance

| QUARTERLY PROFIT (NOK million) | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Net interest income | 70 | 57 | 53 | 60 | 67 |
| Other operating income | -4 | -14 | -17 | 22 | -5 |
| Total operating expenses | 15 | 15 | 13 | 16 | 14 |
| Profit before impairment on loans | 51 | 28 | 23 | 66 | 48 |
| Impairment on loans | -2 | 0 | 3 | -2 | 0 |
| Pre-tax profit | 53 | 28 | 20 | 68 | 48 |
| Taxes | 12 | 6 | 4 | 16 | 10 |
| Profit after tax | 41 | 22 | 16 | 52 | 38 |

As a percentage of average assets:

| | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|
| Net interest income | 0.79 | 0.64 | 0.62 | 0.67 | 0.83 |
| Other operating income | -0.05 | -0.15 | -0.20 | 0.24 | -0.06 |
| Total operating expenses | 0.17 | 0.17 | 0.16 | 0.18 | 0.17 |
| Profit before impairment on loans | 0.57 | 0.32 | 0.26 | 0.73 | 0.60 |
| Impairment on loans | -0.02 | 0.00 | 0.02 | -0.02 | 0.00 |
| Pre-tax profit | 0.59 | 0.32 | 0.24 | 0.75 | 0.60 |
| Taxes | 0.13 | 0.07 | 0.06 | 0.16 | 0.13 |
| Profit after tax | 0.46 | 0.25 | 0.18 | 0.59 | 0.47 |

| | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|
| Average total assets (NOK million) | 35 808 | 35 468 | 34 663 | 35 985 | 31 981 |
|------------------------------------|--------|--------|--------|--------|--------|

| ACCUMULATED PROFIT FOR THE YEAR (NOK million) | 31.03.2024 | 31.03.2023 | 31.12.2023 |
|--|-------------------|-------------------|-------------------|
| Net interest income | 70 | 67 | 237 |
| Other operating income | -4 | -5 | -14 |
| Total operating expenses | 15 | 14 | 58 |
| Profit before impairment on loans | 51 | 48 | 165 |
| Impairment on loans | -2 | 0 | 1 |
| Pre-tax profit | 53 | 48 | 164 |
| Taxes | 12 | 10 | 36 |
| Profit after tax | 41 | 38 | 128 |

As a percentage of average assets:

| | | | |
|-----------------------------------|-------|-------|-------|
| Net interest income | 0.79 | 0.83 | 0.69 |
| Other operating income | -0.05 | -0.06 | -0.04 |
| Total operating expenses | 0.17 | 0.17 | 0.17 |
| Profit before impairment on loans | 0.57 | 0.60 | 0.48 |
| Impairment on loans | -0.02 | 0.00 | 0.00 |
| Pre-tax profit | 0.59 | 0.60 | 0.48 |
| Taxes | 0.13 | 0.13 | 0.11 |
| Profit after tax | 0.46 | 0.47 | 0.37 |

| | | | |
|------------------------------------|--------|--------|--------|
| Average total assets (NOK million) | 35 808 | 31 981 | 34 524 |
|------------------------------------|--------|--------|--------|

Møre Boligkreditt AS

A company in the Sparebanken Møre Group

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