



Interim report

2024 Unaudited

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Møre
Boligkreditt

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.

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The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 60 million in the second quarter of 2024 (NOK 68 million). Net interest income amounted to NOK 74 million (NOK 60 million), and costs ended at NOK 14 million (NOK 16 million). Net losses from financial instruments amount to NOK 3 million, compared with net gain of NOK 22 million in the second quarter of 2023.

NOK 3 million in return on losses on loans were added to the quarterly accounts (NOK 2 million). Profit after tax amounted to NOK 47 million (NOK 52 million).

Basis swap spreads are charged to other comprehensive income (OCI) with NOK 5 million after tax, equal to the second quarter of 2023.

Net loans to and receivables from customers increased with NOK 16 million in the second quarter of 2024. Net mortgage lending to customers amounted to NOK 31,976 million at second quarter end 2024 (NOK 33,656 million).

Møre Boligkreditt AS has 11 bond loans outstanding at 30 June 2024 with a total book value bond debt of NOK 29,213 million (NOK 29,157 million). Møre Boligkreditt AS reports Net Stable Funding Ratio (NSFR) of 106 per cent as at 30 June 2024.

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By half year end 2024, the financial statements show a pre-tax profit of NOK 113 million (NOK 116 million). Net interest income amounts to NOK 144 million by half year end 2024 (NOK 127 million). Costs in the period ending 30 June 2024 amount to NOK 29 million (NOK 30 million). Net losses from financial instruments amount to NOK 7 million at half year end 2024, compared with net gain of NOK 17 million at half year end 2023.

NOK 5 million in return on losses on loans were added to the accounts by half year end 2024 (NOK 2 million).

Taxes amount to NOK 25 million in the first six months of 2024 (NOK 26 million), and profit after tax amounts to NOK 88 million in the first six months of 2024 (NOK 90 million).

Changes in value of basis swap spreads are charged to other comprehensive income (OCI) with NOK 9 million after tax by half year end 2024, compared with NOK 6 million being charged at half year end 2023.

Total assets at second quarter end 2024 amounted to NOK 35,054 million (NOK 36,355 million). The ECL calculation as at 30 June 2024 shows expected credit losses of NOK 6 million for Møre Boligkreditt AS (NOK 8 million).

At second quarter end 2024, the mortgages in the cover pool had an average loan-to-value ratio of 52.4 per cent, calculated as mortgage amount relative to the value of the property used as collateral (51.9 per cent).

The company's substitute assets included in the cover pool amounted to NOK 1,264 million at end-June 2024 (NOK 762 million). Over-collateralisation, calculated as the nominal value of the cover pool relative to the nominal value of outstanding covered bond loan debt was 17.4 per cent as at 30 June 2024 (21.5 per cent).

Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amount to NOK 157 million as of 30 June 2024, reporting total LCR of 464 per cent by second quarter end 2024.

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 the parent bank Sparebanken Møre.

Capital strength

At the end of the second quarter, paid in equity and retained earnings amounted to NOK 1,716 million (NOK 1,650 million). Risk weighted assets amounted to NOK 7,737 million (NOK 8,827 million). Net equity and subordinated loan capital amounted to NOK 1,585 million at end-June 2024 (NOK 1,513 million). This corresponds to a Common Equity Tier 1 capital ratio of 20.5 per cent (17.1 per cent). Leverage ratio at end-June 2024 is 4.6 per cent (4.1 per cent). Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Outlook

From June 2023 to June 2024 the Norwegian Consumer Price Index (CPI) increased by 2.6 per cent, while the CPI adjusted for tax changes and excluding energy products (CPI-ATE) rose by 3.4 per cent. Annual CPI growth levels are significantly down from last quarter, below Norges Bank's projections, but still above the long-term inflation target of 2 per cent.

Unemployment levels in Norway remain low. In June 2024, the national level of registered unemployment was 1.9 per cent, compared to 1.7 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 remainder of 2024.

Twelve-months growth in household loan debt in Norway is reported at 3.3 per cent in June 2024. National housing prices increased by 0.4 per cent in June 2024, seasonally adjusted, and are up by 2.2 per cent the last twelve months.

The Board expects to see a growth in household debt around current levels going forward. The effects of increased mortgage interest rate levels and the general increase in household costs are mitigated by wage increase above estimated inflation. 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, 30 June 2024

13 August 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	Q2 2024	Q2 2023	30.06.2024	30.06.2023	2023
Interest income from assets assessed at amortised cost	<u>3</u>	444	355	896	665	1 514
Interest income from assets assessed at fair value	<u>3</u>	35	40	76	67	141
Interest expenses	<u>3</u>	405	335	828	605	1 418
Net interest income	<u>3</u> <u>7</u>	74	60	144	127	237
Net gains/losses from financial instruments		-3	22	-7	17	-14
Total income		71	82	137	144	223
Wages, salaries and general administration expenses		0	0	1	1	2
Other operating expenses	<u>7</u>	14	16	28	29	56
Total operating expenses		14	16	29	30	58
Profit before impairment on loans		57	66	108	114	165
Impairment on loans	<u>4</u>	-3	-2	-5	-2	1
Pre-tax profit		60	68	113	116	164
Taxes		13	16	25	26	36
Profit after tax		47	52	88	90	128

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q2 2024	Q2 2023	30.06.2024	30.06.2023	2023
Profit after tax	47	52	88	90	128
Items that may subsequently be reclassified to the income statement:					
Basis swap spreads - changes in value	-6	-6	-11	-7	-37
Tax effect of basis swap spreads	1	1	2	1	8
Total comprehensive income for the period	42	47	79	84	99

Balance sheet

ASSETS - compressed

(NOK million)	Note	30.06.2024	30.06.2023	31.12.2023
Loans to and receivables from credit institutions 1)	<u>5.7</u>	1 963	1 553	1 384
Loans to and receivables from customers	<u>3.4.5</u>	31 976	33 656	32 357
Certificates and bonds	<u>5.6</u>	157	123	154
Financial derivatives	<u>5.6</u>	955	1 020	705
Other assets		3	3	0
Total assets		35 054	36 355	34 600

1) NOK 731 million out of total NOK 1,963 million in Loans to and receivables from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA

LIABILITIES AND EQUITY - compressed

(NOK million)	Note	30.06.2024	30.06.2023	31.12.2023
Loans from credit institutions 2)	<u>5.7</u>	3 901	5 361	4 437
Debt securities issued	<u>5.6.7</u>	29 213	29 157	28 311
Financial derivatives	<u>5.6</u>	85	74	70
Tax payable		22	24	0
Incurring costs and prepaid income		1	1	1
Deferred tax		116	88	116
Total liabilities		33 338	34 705	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		79	84	128
Total equity	<u>2</u>	1 716	1 650	1 665
Total liabilities and equity		35 054	36 355	34 600

2) NOK 731 million out of total NOK 3,901 million in Loans from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA

Statement of changes in equity

30.06.2024

(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	79				79
Equity as at 30 June 2024	1 716	1 400	250	-13	79

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. The NOK 100 million capital increase was fully paid in 7 March 2024, and registered in the Norwegian Register of Business Enterprises on 8 March 2024.

30.06.2023

(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	84				84
Equity as at 30 June 2023	1 650	1 375	175	16	84

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)	30.06.2024	30.06.2023	31.12.2023
Cash flow from operating activities			
Interest, commission and fees received	961	719	1 639
Interest, commission and fees paid	-91	-78	-184
Received interest, commission and fees related to certificates, bonds and other securities	10	13	17
Operating expenses paid	-30	-30	-58
Income taxes paid/received	0	-28	-28
Net cash inflow/outflow from loans to and receivables from other financial institutions	-170	0	-283
Payment for acquiring loans from the parent bank	-4 353	-8 062	-12 386
Payment related to installment loans and credit lines to customers	4 740	4 873	10 491
Proceeds from the sale and settlement of certificates, bonds and other securities	1 232	2 673	2 673
Purchases of certificates, bonds and other securities	-1 239	-2 675	-2 706
Changes in other assets	-15	10	-50
Net cash flow from operating activities	1 045	-2 585	-875
Cash flow from financing activities			
Paid interest, commission and fees related to issued bonds	-734	-528	-1 235
Net change in loans from credit institutions	-536	1 036	655
Proceeds from issued covered bonds	3 045	3 996	3 996
Redemption of issued covered bonds	-2 358	-2 890	-2 890
Dividend paid	-128	-146	-146
Changes in other debt	-25	467	-64
Increase/reduction of share capital and premium	100	0	0
Net cash flow from financing activities	-636	1 935	316
Net change in cash and cash equivalents	409	-650	-559
Cash balance at 01.01	823	1 382	1 382
Cash balance at 30.06/31.12 1)	1 232	732	823

1) NOK 731 million of a total of NOK 1,963 million in Loans to and receivables from credit institutions is the margin call balance on financial derivatives paid in by counterparties according to CSA, and thus should not be included as cash balance at 30.06.2024 (NOK 821 million as at 30.06.2023 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 30 June 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.

Note 2

Equity and related capital

Tier 1 capital and supplementary capital	30.06.2024	30.06.2023	31.12.2023
Share capital and share premium	1 650	1 550	1 550
Liability credit reserve	-13	16	-13
Other equity	79	84	128
Total equity	1 716	1 650	1 665
Value adjustments of financial instruments at fair value	-4	-4	-3
Expected IRB-losses exceeding ECL	-48	-49	-45
Dividends	0	0	-128
Deductions for total comprehensive income for the period	-79	-84	0
Common Equity Tier 1 capital	1 585	1 513	1 489
Supplementary capital	0	0	0
Net equity and subordinated loan capital	1 585	1 513	1 489

Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	30.06.2024	30.06.2023	31.12.2023
Regional governments or local authorities	0	0	0
Institutions (banks etc)	368	553	255
Covered bonds	8	8	8
Other items	3	49	0
Total credit risk - standardised approach	379	610	263

Credit risk - IRB Foundation

Retail - Secured by real estate	6 721	6 997	6 773
Retail - Other	2	7	0
Corporate lending 1)	4	222	4
Total credit risk - IRB-Foundation	6 727	7 226	6 777

Credit valuation adjustment risk (CVA) - market risk	122	406	91
Operational risk (Basic indicator Approach)	509	585	509
Risk weighted assets (RWA)	7 737	8 827	7 640

Minimum requirement Common Equity Tier 1 capital (4.5 %)	348	397	344
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Buffer Requirement	30.06.2024	30.06.2023	31.12.2023
Countercyclical buffer (2,5 %)	193	221	191
Capital conservation buffer (2.5 %)	193	221	191
Systemic risk buffer (4,5 %, 3% at 30.06.23)	348	265	344
Total buffer requirements	735	706	726
Available Common Equity Tier 1 capital after buffer requirements	502	410	419

Capital adequacy as a percentage of the weighted asset calculation basis	30.06.2024	30.06.2023	31.12.2023
Capital adequacy ratio	20.5 %	17.1 %	19.5 %
Tier 1 capital ratio	20.5 %	17.1 %	19.5 %
Common Equity Tier 1 capital ratio	20.5 %	17.1 %	19.5 %

Leverage ratio	30.06.2024	30.06.2023	31.12.2023
Leverage ratio	4.6 %	4.1 %	4.3 %

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

Møre Boligkreditt AS' capital requirements at 30 June 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

30.06.2024	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	29 914	-2	-4	0	2 068	31 976

30.06.2023	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	31 163	-2	-5	-1	2 501	33 656

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)	30.06.2024	30.06.2023	31.12.2023
Interest income from:			
Loans to and receivables from credit institutions	32	21	42
Loans to and receivables from customers	930	698	1 596
Certificates, bonds and other interest-bearing securities	10	13	17
Interest income	972	732	1 655
Interest expenses in respect of:			
Loans from credit institutions	90	73	176
Debt securities issued	734	528	1 235
Other interest expenses	4	4	7
Interest expenses	828	605	1 418
Net interest income	144	127	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)	Q2 2024	Q2 2023	30.06.2024	30.06.2023	2023
Changes in Expected Credit Loss (ECL) in stage 1	-1	0	-1	0	0
Changes in Expected Credit Loss (ECL) in stage 2	-2	-3	-4	-3	1
Changes in Expected Credit Loss (ECL) in stage 3	0	1	0	1	0
Total impairments on loans in the period	-3	-2	-5	-2	1

Changes in ECL in the period (NOK million) - 30.06.2024	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2023	2	9	0	11
New loans	0	1	0	1
Disposal of loans	0	-2	0	-2
Changes in ECL in the period for loans which have not migrated	0	-2	0	-2
Migration to stage 1	0	-2	0	-2
Migration to stage 2	0	0	0	0
Migration to stage 3	0	0	0	0
Other changes	0	0	0	0
ECL 30.06.2024	2	4	0	6

Changes in ECL in the period (NOK million) - 30.06.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	2	8	0	10
New loans	1	0	0	1
Disposal of loans	0	-1	0	-1
Changes in ECL in the period for loans which have not migrated	-1	-1	0	-2
Migration to stage 1	0	-2	0	-2
Migration to stage 2	0	1	0	1
Migration to stage 3	0	0	1	1
Other changes	0	0	0	0
ECL 30.06.2023	2	5	1	8

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)

30.06.2024	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	31 215	153	0	31 368
Medium risk (0.5 % - < 3 %)	578	1 604	0	2 182
High risk (3 % - <100 %)	5	397	0	402
PD = 100 %	-	-	3	3
Total commitments before ECL	31 798	2 154	3	33 955
- ECL	-2	-4	0	-6
Loans to and receivables from customers 30.06.2024 *)	31 796	2 150	3	33 949

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

30.06.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	28 966	1 441	0	30 407
Medium risk (0.5 % - < 3 %)	319	1 959	0	2 278
High risk (3 % - <100 %)	2	329	0	331
PD = 100 %	-	-	3	3
Total commitments before ECL	29 287	3 729	3	33 019
- ECL	-2	-5	-1	-8
Loans to and receivables from customers 30.06.2023 *)	29 285	3 724	2	33 011

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 6.9 million on the valuation of the fixed rate loans as at 30.06.2024.

Classification of financial instruments	Financial instruments at fair value through profit or loss			Financial instruments carried at amortised cost		
	30.06.2024	30.06.2023	31.12.2023	30.06.2024	30.06.2023	31.12.2023
Loans to and receivables from credit institutions				1 963	1 553	1 384
Loans to and receivables from customers	2 068	2 501	2 207	29 908	31 155	30 150
Certificates and bonds	157	123	154			
Financial derivatives	955	1 020	705			
Total financial assets	3 180	3 644	3 066	31 871	32 708	31 534
Loans from credit institutions				3 901	5 361	4 437
Debt securities issued				29 213	29 157	28 311
Financial derivatives	85	74	70			
Total financial liabilities	85	74	70	33 114	34 518	32 748

Fair value of financial instruments at amortised cost	30.06.2024		30.06.2023		31.12.2023	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 963	1 963	1 553	1 553	1 384	1 384
Loans to and receivables from customers	29 908	29 908	31 155	31 155	30 150	30 150
Total financial assets	31 871	31 871	32 708	32 708	31 534	31 534
Loans from credit institutions	3 901	3 901	5 361	5 361	4 437	4 437
Debt securities issued	29 295	29 213	29 091	29 157	28 406	28 311
Total financial liabilities	33 196	33 114	34 452	34 518	32 843	32 748

Financial instruments at fair value - 30.06.2024	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			2 068	2 068
Certificates and bonds	157			157
Financial derivatives		955		955
Total financial assets	157	955	2 068	3 180
Financial derivatives		85		85
Total financial liabilities	-	85	-	85

Financial instruments at fair value - 30.06.2023	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			2 501	2 501
Certificates and bonds	123			123
Financial derivatives		1 020		1 020
Total financial assets	123	1 020	2 501	3 644
Financial derivatives		74		74
Total financial liabilities	-	74	-	74

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	31
Sales/reduction	-173
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	3
Book value as at 30.06.2024	2 068

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	146
Sales/reduction	-46
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-45
Book value as at 30.06.2023	2 501

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	Curr.	Nominal value 30.06.2024	Interest	Issued	Maturity	30.06.2024	30.06.2023	31.12.2023
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 082	1 079	1 066
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	291	294	289
NO0010819543	NOK	-	3M Nibor + 0.42 %	2018	2024	-	3 004	2 351
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	952	932	956
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 015	3 012	3 015
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 821	2 784	2 734
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 005	3 005	3 006
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027	349	360	345
NO0010951544	NOK	6 000	3M Nibor + 0.75 %	2021	2026	6 073	5 085	5 074
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 661	2 619	2 625
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 920	2 961	2 823
NO0012908617	NOK	6 000	3M Nibor + 0.54 %	2023	2028	6 044	4 022	4 027
Total borrowings raised through the issue of securities (incl. accrued interest)						29 213	29 157	28 311

Cover pool (NOK million)	30.06.2024	30.06.2023	31.12.2023
Eligible mortgages (nominal)	31 838	33 509	32 162
Substitute assets	1 264	762	854
Total collateralised assets	33 102	34 271	33 016

Covered bonds issued (NOK million)	30.06.2024	30.06.2023	31.12.2023
Covered bonds (nominal) 1)	28 207	28 207	27 554
-of which own holding (covered bonds)	0	0	0

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

Over-collateralisation (in %) (Nominal calculation)	30.06.2024	30.06.2023	31.12.2023
(Eligible mortgages + Substitute assets-Covered bonds) / Covered bonds	17.4	21.5	19.8

Liquidity Coverage Ratio (LCR)	30.06.2024	30.06.2023	31.12.2023
Liquid Assets	150	117	147
Net liquidity outflow next 30 days	32	30	30
LCR ratio - Total	464%	388%	493%
LCR ratio - NOK	464%	388%	493%
LCR ratio - EUR	N/A	N/A	N/A

Net Stable Funding Ratio (NSFR)	30.06.2024	30.06.2023	31.12.2023
Available amount of stable funding	29 641	33 709	30 030
Required amount of stable funding	27 852	28 612	27 615
NSFR ratio	106%	118%	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 Q2-2024, 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)	30.06.2024	30.06.2023	31.12.2023
Statement of income:			
Interest and credit commission income from Sparebanken Møre related to deposits	32	21	42
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	90	73	176
Interest paid to Sparebanken Møre related to bonded debt	1	0	6
Management fee paid to Sparebanken Møre	24	24	49
Balance sheet:			
Deposits in Sparebanken Møre 1)	1 963	1 553	1 384
Covered bonds held by Sparebanken Møre as assets	0	0	0
Loan/credit facility in Sparebanken Møre	3 170	4 540	3 876
Intragroup hedging	410	522	306
Accumulated transferred loan portfolio from Sparebanken Møre	31 982	33 664	32 368

1) NOK 731 million out of total NOK 1,963 million of deposits in Sparebanken Møre is the margin call balance on financial derivatives paid in by counterparties according to CSA as at 30.06.2024

Note 8

Events after the reporting date

No events of material significance for the financial statements for Q2-2024 have occurred after the reporting date. The company is not involved in any legal proceedings.

Profit performance

QUARTERLY PROFIT (NOK million)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Net interest income	74	70	57	53	60
Other operating income	-3	-4	-14	-17	22
Total operating expenses	14	15	15	13	16
Profit before impairment on loans	57	51	28	23	66
Impairment on loans	-3	-2	0	3	-2
Pre-tax profit	60	53	28	20	68
Taxes	13	12	6	4	16
Profit after tax	47	41	22	16	52

As a percentage of average assets:

Net interest income	0.86	0.79	0.64	0.62	0.67
Other operating income	-0.04	-0.05	-0.15	-0.20	0.24
Total operating expenses	0.17	0.17	0.17	0.16	0.18
Profit before impairment on loans	0.65	0.57	0.32	0.26	0.73
Impairment on loans	-0.04	-0.02	0.00	0.02	-0.02
Pre-tax profit	0.69	0.59	0.32	0.24	0.75
Taxes	0.15	0.13	0.07	0.06	0.16
Profit after tax	0.54	0.46	0.25	0.18	0.59

Average total assets (NOK million)	34 258	35 808	35 468	34 663	35 985
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ACCUMULATED PROFIT FOR THE YEAR (NOK million)	30.06.2024	30.06.2023	31.12.2023
Net interest income	144	127	237
Other operating income	-7	17	-14
Total operating expenses	29	30	58
Profit before impairment on loans	108	114	165
Impairment on loans	-5	-2	1
Pre-tax profit	113	116	164
Taxes	25	26	36
Profit after tax	88	90	128

As a percentage of average assets:

Net interest income	0.82	0.74	0.69
Other operating income	-0.04	0.10	-0.04
Total operating expenses	0.17	0.17	0.17
Profit before impairment on loans	0.61	0.67	0.48
Impairment on loans	-0.03	-0.01	0.00
Pre-tax profit	0.64	0.68	0.48
Taxes	0.14	0.15	0.11
Profit after tax	0.50	0.53	0.37

Average total assets (NOK million)	35 033	33 983	34 524
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Statement pursuant to section 5-6 of the Securities Trading Act

We hereby confirm that the company's financial statements for the period 1 January to 30 June 2024 to the best of our knowledge, have been prepared in accordance with IAS 34 - Interim Financial Reporting, and provide a true and fair view of the company's assets, liabilities, financial position, and results as a whole.

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

Ålesund, 30 June 2024

13 August 2024

THE BOARD OF DIRECTORS OF MØRE BOLIGKREDITT AS

KJETIL HAUGE, Chair

ELISABETH BLOMVIK

KRISTIAN TAFJORD

SANDRA MYHRE HELSETH

OLE ANDRE KJERSTAD, Managing Director

Møre Boligkreditt AS

A company in the Sparebanken Møre Group

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