



# 3 Interim report

2023 Unaudited



Møre  
Boligkreditt

# Interim report from the Board of Directors

## About the Company

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

## Results for Q3 2023

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 20 million in the third quarter of 2023 (NOK 50 million). Net interest income amounted to NOK 53 million (NOK 66 million), net losses of NOK 17 million (NOK 5 million) from financial instruments in third quarter, and costs ended at NOK 13 million (NOK 11 million).

The quarterly accounts were charged NOK 3 million in losses on loans (NOK 0 million) in the third quarter 2023. Profit after tax amounted to NOK 16 million (NOK 39 million).

Basis swap spreads are subtracted from OCI with NOK 12 million after tax, compared to added to OCI with NOK 21 million in third quarter of 2022.

Møre Boligkreditt AS has acquired mortgages from Sparebanken Møre and net mortgage volume increased by NOK 62 million in the quarter. Net mortgage lending to customers amounted to NOK 33,717 million at third quarter end 2023 (NOK 28,200 million).

No new bond loan volume was issued, and no bond loan volume matured in the third quarter of 2023.

## Third quarter end results

By third quarter end 2023, the financial statements show a pre-tax profit of NOK 136 million (NOK 157 million). Net interest income amounts to NOK 180 million by third quarter end 2023 (NOK 207 million). Costs in the period ending 30 September 2023 amounts to NOK 43 million (NOK 38 million). No gain/losses from financial instruments by third quarter end 2023, compared with net losses of NOK 7 million by third quarter end 2022.

As at 30 September 2023, taxes amount to NOK 30 million (NOK 35 million), and profit after tax amounts to NOK 106 million (NOK 122 million).

Changes in value of basis swap spreads are charged to other comprehensive income (OCI) with NOK 18 million after tax by third quarter end 2023, compared with NOK 46 million being added at third quarter end 2022.

## Financial position

Møre Boligkreditt AS had 12 bond loans outstanding at 30 September 2023 with a total bond debt market value of NOK 28,832 million (NOK 24,184 million). Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 112 per cent as at 30 September 2023.

Total assets at third quarter end 2023 amounted to NOK 35,857 million (NOK 29,967 million). The ECL calculation as at 30 September 2023 shows expected credit losses of NOK 11 million for Møre Boligkreditt AS (NOK 10 million).

At third quarter end 2023, the mortgages in the cover pool had an average loan-to-value ratio of 53.6 per cent, calculated as mortgage amount relative to the value of the property used as collateral (51.5 per cent).

The company's substitute assets included in the cover pool amounted to NOK 757 million at end-

September 2023 (NOK 990 million). Over-collateralisation, calculated as the nominal value of the cover pool relative to the nominal value of outstanding covered bond loan debt was 21.8 per cent as at 30 September 2023 (21.7 per cent).

Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amount to NOK 154 million as of 30 September 2023, reporting total LCR of 456 per cent by third quarter end 2023.

#### **Rating**

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

#### **Capital strength**

At the end of the third quarter, paid in equity and retained earnings amounted to NOK 1,654 million (NOK 1,718 million). Risk weighted assets amounted to NOK 8,624 million (NOK 7,224 million). Net equity and subordinated loan capital amounted to NOK 1,515 million at end of September 2023 (NOK 1,495 million). This corresponds to a Common Equity Tier 1 capital ratio of 17,6 per cent (20.7 per cent). Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

#### **Outlook**

Inflation levels are elevated, with the annual CPI rate in Norway in September 2023 at 3.3 per cent. Adjusted for tax changes and excluding energy products, the CPI was 5.7 per cent in September. CPI levels in September are below Norges Bank expectations, but above the long-term inflation target of 2 per cent. The weak Norwegian krone adds to pressure on inflation levels on imported goods.

In September 2023, the national level of unemployment was reported at 1.8 per cent, compared with 1.5 per cent in the county of Møre og Romsdal.

Norges Bank delivered in their September meeting a rate-hike of 0.25 percentage points to a policy rate of 4.25 per cent. The published policy rate path from Norges Bank indicates one further hike in 2023 and a policy rate of 4.5 per cent by the end of 2023.

National twelve-months growth in household loan debt is declining and reported at 3.7 per cent in August 2023. National housing prices fell by 0.2 per cent in September 2023, seasonally adjusted, and down by 1.3 per cent 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 but also the general increase in household costs. Unemployment levels, both on 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 house prices for the full year 2023.

Ålesund, 30 September 2023

25 October 2023

#### **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	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Interest income from assets assessed at amortised cost	<u>3</u>	403	193	1 068	519	788
Interest income from assets assessed at fair value	<u>3</u>	37	18	104	55	82
Interest expenses	<u>3</u>	387	145	992	367	607
Net interest income	<u>3</u> <u>7</u>	53	66	180	207	263
Net gains/losses from financial instruments		-17	-5	0	-7	-29
Total income		36	61	180	200	234
Wages, salaries and general administration expenses		1	1	2	2	2
Other operating expenses	<u>7</u>	12	10	41	36	49
Total operating expenses		13	11	43	38	51
Profit before impairment on loans		23	50	137	162	183
Impairment on loans	<u>4</u>	3	0	1	5	6
Pre-tax profit		20	50	136	157	177
Taxes		4	11	30	35	39
Profit after tax		16	39	106	122	138

## STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Profit after tax	16	39	106	122	138
Items that may subsequently be reclassified to the income statement:					
Basis swap spreads - changes in value	-16	26	-23	58	30
Tax effect of basis swap spreads	4	-5	5	-12	-6
Total comprehensive income for the period	4	60	88	168	162

# Balance sheet

## ASSETS - compressed

(NOK million)	Note	30.09.2023	30.09.2022	31.12.2022
Loans to and receivables from credit institutions 1)	<u>5.7</u>	1 313	1 170	1 660
Loans to and receivables from customers	<u>3.4.5</u>	33 717	28 200	30 464
Certificates and bonds	<u>5.6</u>	154	121	121
Financial derivatives	<u>5.6</u>	671	475	469
Other assets		2	1	0
<b>Total assets</b>		<b>35 857</b>	<b>29 967</b>	<b>32 714</b>

1) NOK 589 million out of total NOK 1,313 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	30.09.2023	30.09.2022	31.12.2022
Loans from credit institutions 2)	<u>5.7</u>	5 158	3 561	3 782
Debt securities issued	<u>5.6.7</u>	28 832	24 184	26 807
Financial derivatives	<u>5.6</u>	99	254	298
Tax payable		25	47	27
Incurring costs and prepaid income		1	133	0
Deferred tax		88	70	88
<b>Total liabilities</b>		<b>34 203</b>	<b>28 249</b>	<b>31 002</b>
Share capital		1 375	1 375	1 375
Share premium		175	175	175
Paid-in equity		1 550	1 550	1 550
Liability credit reserve		16	-8	16
Other equity		88	176	146
<b>Total equity</b>	<u>2</u>	<b>1 654</b>	<b>1 718</b>	<b>1 712</b>
<b>Total liabilities and equity</b>		<b>35 857</b>	<b>29 967</b>	<b>32 714</b>

2) NOK 589 million out of total NOK 5,158 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

**30.09.2023**

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Other Equity
Equity as at 31 December 2022	1 712	1 375	175	16	146
Dividend paid	-146				-146
Total comprehensive income for the period	88				88
Equity as at 30 September 2023	1 654	1 375	175	16	88

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

**30.09.2022**

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Other Equity
Equity as at 31 December 2021	1 791	1 375	175	-8	249
Dividend paid	-241				-241
Total comprehensive income for the period	168				168
Equity as at 30 September 2022	1 718	1 375	175	-8	176

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.

**31.12.2022**

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

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

# Statement of cash flow

(NOK million)	30.09.2023	30.09.2022	31.12.2022
<b>Cash flow from operating activities</b>			
Interest, commission and fees received	1 158	567	862
Interest, commission and fees paid	-128	-63	-91
Received interest, commission and fees related to certificates, bonds and other securities	15	8	9
Operating expenses paid	-44	-38	-51
Income taxes paid/received	-28	0	-132
Payment for acquiring loans from the parent bank	-10 705	-5 435	-10 102
Payment related to installment loans and credit lines to customers	7 452	6 200	8 603
Proceeds from the sale and settlement of certificates, bonds and other securities	2 673	4 098	4 128
Purchases of certificates, bonds and other securities	-2 706	-3 553	-3 584
Changes in other assets	-23	54	3
<b>Net cash flow from operating activities</b>	<b>-2 336</b>	<b>1 838</b>	<b>-355</b>
<b>Cash flow from financing activities</b>			
Paid interest, commission and fees related to issued bonds	-866	-311	-522
Net change in loans from credit institutions	1 064	-140	103
Proceeds from issued covered bonds	3 996	2 347	4 919
Redemption of issued covered bonds	-2 890	-3 363	-3 363
Dividend paid	-146	-241	-241
Changes in other debt	519	-158	-57
Increase/reduction of share capital and premium	0	0	0
<b>Net cash flow from financing activities</b>	<b>1 677</b>	<b>-1 866</b>	<b>839</b>
<b>Net change in cash and cash equivalents</b>	<b>-659</b>	<b>-28</b>	<b>484</b>
Cash balance at 01.01	1 383	898	898
Cash balance at 30.09/31.12 1)	724	870	1 383

1) NOK 589 million out of total NOK 1 313 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 30.09.2023 (NOK 300 million as at 30.09.2022 and NOK 278 million as at 31.12.2022).

# Note 1

## Accounting principles

Møre Boligkreditt AS' interim accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU as of 30 September 2023. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounts are prepared using the same principles and with the same methodology as the annual accounts for 2022.

All amounts are stated in NOK million unless stated otherwise.

The interim financial statements are not audited.

# Note 2

## Equity and related capital

Tier 1 capital and supplementary capital	30.09.2023	30.09.2022	31.12.2022
Share capital and share premium	1 550	1 550	1 550
Liability credit reserve	16	-8	16
Other equity	88	176	146
Total equity	1 654	1 718	1 712
Value adjustments of financial instruments at fair value	-4	-4	-3
Expected IRB-losses exceeding ECL	-47	-51	-48
Dividends	0	0	-146
Deductions for total comprehensive income for the period	-88	-168	
Common Equity Tier 1 capital	1 515	1 495	1 515
Supplementary capital	0	0	0
Net equity and subordinated loan capital	1 515	1 495	1 515

### Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	30.09.2023	30.09.2022	31.12.2022
Regional governments or local authorities	0	0	0
Institutions (banks etc)	455	270	453
Covered bonds	7	7	7
Other items	43	45	42
Total credit risk - standardised approach	505	322	502

### Credit risk - IRB Foundation

Retail - Secured by real estate	7 016	5 917	6 334
Retail - Other	0	2	0
Corporate lending 1)	208	258	248
Total credit risk - IRB-Foundation	7 224	6 177	6 582

Credit valuation adjustment risk (CVA) - market risk	310	96	176
Operational risk (Basic indicator Approach)	585	629	585
<b>Risk-Weighted Assets (RWA)</b>	<b>8 624</b>	<b>7 224</b>	<b>7 845</b>

Minimum requirement Common Equity Tier 1 capital (4.5 %)	388	325	353
--	-----	-----	-----

<b>Buffer Requirement</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>31.12.2022</b>
Countercyclical buffer (2.5% at 30.09.2023, 2.0 % at 31.12.2022, 1.5 % at 30.09.2022)	216	108	157
Capital conservation buffer (2.5 %)	216	181	196
Systemic risk buffer (3.0 %)	259	217	235
<b>Total buffer requirements</b>	<b>690</b>	<b>506</b>	<b>588</b>
Available Common Equity Tier 1 capital after buffer requirements	437	664	574

<b>Capital adequacy as a percentage of the weighted asset calculation basis</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>31.12.2022</b>
Capital adequacy ratio	17.6 %	20.7 %	19.3 %
Tier 1 capital ratio	17.6 %	20.7 %	19.3 %
Common Equity Tier 1 capital ratio	17.6 %	20.7 %	19.3 %

<b>Leverage ratio</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>31.12.2022</b>
Leverage ratio	4.2 %	4.9 %	4.6 %

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

Møre Boligkreditt AS' capital requirements at 30 September 2023 are based on IRB-Foundation.

# Note 3

## Operating segments

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

### Loans to and receivables from customers

30.09.2023	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	31 352	-2	-9	0	2 376	33 717

30.09.2022	Gross loans measured at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans measured at fair value	Net loans to and receivables from customers
Loans to and receivables from customers	25 589	-1	-9	0	2 621	28 200

31.12.2022	Gross loans measured at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans measured at fair value	Net loans to and receivables from customers
Loans to and receivables from customers	28 028	-2	-8	0	2 446	30 464

### Net interest income

(NOK million)	30.09.2023	30.09.2022	31.12.2022
Interest income from:			
Loans to and receivables from credit institutions	30	13	21
Loans to and receivables from customers	1 127	553	840
Certificates, bonds and other interest-bearing securities	15	8	9
Interest income	1 172	574	870
Interest expenses in respect of:			
Loans from credit institutions	121	52	79
Debt securities issued	866	311	522
Other interest expenses	5	4	6
Interest expenses	992	367	607
Net interest income	180	207	263

# Note 4

## Impairment, losses and non-performance

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

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

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

Specification of credit loss expense (NOK million)	Q3 2023	Q3 2022	30.09.2023	30.09.2022	2022
Changes in Expected Credit Loss (ECL) in stage 1	0	0	0	0	1
Changes in Expected Credit Loss (ECL) in stage 2	4	0	1	5	5
Changes in Expected Credit Loss (ECL) in stage 3	-1	0	0	0	0
Total impairments on loans in the period	3	0	1	5	6

Changes in ECL in the period (NOK million) - 30.09.2023	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2022	2	8	0	10
New loans	1	2	0	3
Disposal of loans	-1	-2	0	-3
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	0	0
Other changes	0	0	0	0
ECL 30.09.2023	2	9	0	11

Changes in ECL in the period (NOK million) - 30.09.2022	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2021	1	3	0	4
New loans	0	1	0	1
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	6	0	6
Migration to stage 3	0	0	0	0
Other changes	0	0	0	0
ECL 30.09.2022	1	9	0	10

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

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

30.09.2023	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	28 505	1 971	0	30 476
Medium risk (0.5 % - < 3 %)	273	2 151	0	2 424
High risk (3 % - <100 %)	-	371	1	372
Total commitments before ECL	28 778	4 493	1	33 272
- ECL	-2	-9	0	-11
Loans to and receivables from customers 30.09.2023 *)	28 776	4 484	1	33 261

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

<b>30.09.2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Low risk (0 % - < 0.5 %)	24 893	260	0	25 153
Medium risk (0.5 % - < 3 %)	449	1 335	0	1 784
High risk (3 % - <100 %)	9	269	2	280
Total commitments before ECL	25 351	1 864	2	27 217
- ECL	-1	-9	0	-10
Loans to and receivables from customers 30.09.2022 *)	25 350	1 855	2	27 207

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

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

# Note 5

## Financial instruments

### CLASSIFICATION AND MEASUREMENT

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

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

The classification of the financial assets depends on two factors:

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

### Financial assets measured at amortised cost

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

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

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

### Financial liabilities measured at amortised cost

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

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

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

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

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

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

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

### LEVELS IN THE VALUATION HIERARCHY

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

#### Level 1 – Valuation based on prices in an active market

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

### Level 2 – Valuation based on observable market data

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

### Level 3 – Valuation based on other than observable market data

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

A change of 10 basis points in the discount rate will have an effect of approximately NOK 5.8 million on the valuation of the fixed rate loans as at 30.09.2023.

Classification of financial instruments	Financial instruments at fair value through profit or loss			Financial instruments carried at amortised cost		
	30.09.2023	30.09.2022	31.12.2022	30.09.2023	30.09.2022	31.12.2022
Loans to and receivables from credit institutions				1 313	1 170	1 660
Loans to and receivables from customers	2 376	2 621	2 446	31 341	25 579	28 018
Certificates and bonds	154	121	121			
Financial derivatives	671	475	469			
<b>Total financial assets</b>	<b>3 201</b>	<b>3 217</b>	<b>3 036</b>	<b>32 654</b>	<b>26 749</b>	<b>29 678</b>
Loans from credit institutions				5 158	3 561	3 782
Debt securities issued				28 832	24 184	26 807
Financial derivatives	99	254	298			
<b>Total financial liabilities</b>	<b>99</b>	<b>254</b>	<b>298</b>	<b>33 990</b>	<b>27 745</b>	<b>30 589</b>

Fair value of financial instruments at amortised cost	30.09.2023		30.09.2022		31.12.2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 313	1 313	1 170	1 170	1 660	1 660
Loans to and receivables from customers	31 341	31 341	25 579	25 579	28 018	28 018
<b>Total financial assets</b>	<b>32 654</b>	<b>32 654</b>	<b>26 749</b>	<b>26 749</b>	<b>29 678</b>	<b>29 678</b>
Loans from credit institutions	5 158	5 158	3 561	3 561	3 782	3 782
Debt securities issued	28 911	28 832	24 119	24 184	26 811	26 807
<b>Total financial liabilities</b>	<b>34 069</b>	<b>33 990</b>	<b>27 680</b>	<b>27 745</b>	<b>30 593</b>	<b>30 589</b>

Financial instruments at fair value - 30.09.2023	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			2 376	2 376
Certificates and bonds	154			154
Financial derivatives		671		671
Total financial assets	154	671	2 376	3 201
Financial derivatives		99		99
Total financial liabilities	-	99	-	99

Financial instruments at fair value - 30.09.2022	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			2 621	2 621
Certificates and bonds	121			121
Financial derivatives		475		475
Total financial assets	121	475	2 621	3 217
Financial derivatives		254		254
Total financial liabilities	-	254	-	254

Financial instruments at fair value - 31.12.2022	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			2 446	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	179
Sales/reduction	-209
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-40
Book value as at 30.09.2023	2 376

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	510
Sales/reduction	-378
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-108
Book value as at 30.09.2022	2 621

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2021	2 597
Purchase/increase	326
Sales/reduction	-401
Transferred to Level 3	0
Transferred out of Level 3	0
Gains/losses during the period	-76
Book value as at 31.12.2022	2 446

# Note 6

## Issued covered bonds

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

### Covered bonds

ISIN code	Currency	Nominal value 30.09.2023 (million)	Interest	Issued	Maturity	Book value 30.09.2023 (NOK million)	Book value 30.09.2022 (NOK million)	Book value 31.12.2022 (NOK million)
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 040	1 070	1 087
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	275	262	261
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 005	3 004	3 004
XS1839386577	EUR	-	fixed EUR 0.375 %	2018	2023	-	2 605	2 606
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	935	962	957
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 015	3 007	3 010
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 703	2 493	2 481
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 006	3 002	3 004
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027	346	326	324
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 079	5 098	5 094
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 540	2 355	2 341
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 860	-	2 638
NO0012908617	NOK	4 000	3M Nibor + 0.54 %	2023	2028	4 028	-	-
Total borrowings raised through the issue of securities (incl. accrued interest)						28 832	24 184	26 807

Cover pool (NOK million)	30.09.2023	30.09.2022	31.12.2022
Eligible mortgage volume in cover pool (nominal)	33 599	28 213	30 338
Substitute assets	757	990	1 409
Total collateralised assets	34 356	29 203	31 747

Covered bonds issued (NOK million)	30.09.2023	30.09.2022	31.12.2022
Covered bonds (nominal) 1)	28 207	23 995	26 582
-of which own holding (covered bonds)	0	0	0

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

<b>Over-collateralisation (in %) (Nominal calculation)</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>31.12.2022</b>
(Eligible mortgages + Substitute assets-Covered bonds) / Covered bonds	21.8	21.7	19.4

<b>Liquidity Coverage Ratio (LCR)</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>31.12.2022</b>
Liquid Assets	147	115	113
Net liquidity outflow next 30 days	32	24	26
LCR ratio -Total	456%	482%	436%
LCR ratio - NOK	456%	482%	436%
LCR ratio - EUR	N/A	N/A	N/A

<b>Net Stable Funding Ratio (NSFR)</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>31.12.2022</b>
Available amount of stable funding	31 913	27 592	29 163
Required amount of stable funding	28 498	24 085	26 425
NSFR ratio	112%	115%	110%

# Note 7

## Transactions with related parties

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

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

If Møre Boligkreditt AS should have difficulties obtaining financing, a revolving guarantee from Sparebanken Møre is established with the purpose of ensuring timely payments to owners of bonds and derivative counterparties.

The pricing of the services provided by Sparebanken Møre to Møre Boligkreditt AS distinguishes between fixed and variable 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)	30.09.2023	30.09.2022	31.12.2022
<b>Statement of income:</b>			
Interest and credit commission income from Sparebanken Møre related to deposits	30	13	21
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	121	52	79
Interest paid to Sparebanken Møre related to bonded debt	1	5	5
Management fee paid to Sparebanken Møre	36	32	43
<b>Balance sheet:</b>			
Deposits in Sparebanken Møre 1)	1 313	1 170	1 660
Covered bonds held by Sparebanken Møre as assets	389	0	0
Loan/credit facility in Sparebanken Møre	4 569	3 261	3 504
Intragroup hedging	401	115	125
Accumulated transferred loan portfolio from Sparebanken Møre	33 728	28 210	30 474

1) NOK 589 million out of total NOK 1,313 million of deposits in Sparebanken Møre is the margin call balance on financial derivatives paid in by counterparties according to CSA as at 30.09.2023

## **Note 8**

### **Events after the reporting date**

No events of material significance for the financial statements for Q3-2023 have occurred after the reporting date. The company is not involved in any legal proceedings.

# Profit performance

QUARTERLY PROFIT (NOK million)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net interest income	53	60	67	56	66
Other operating income	-17	22	-5	-22	-5
Total operating expenses	13	16	14	13	11
Profit before impairment on loans	23	66	48	21	50
Impairment on loans	3	-2	0	1	0
Pre-tax profit	20	68	48	20	50
Taxes	4	16	10	4	11
Profit after tax	16	52	38	16	39

As a percentage of average assets:

Net interest income	0.62	0.67	0.83	0.73	0.90
Other operating income	-0.20	0.24	-0.06	-0.29	-0.06
Total operating expenses	0.16	0.18	0.17	0.17	0.15
Profit before impairment on loans	0.26	0.73	0.60	0.27	0.69
Impairment on loans	0.02	-0.02	0.00	0.00	0.00
Pre-tax profit	0.24	0.75	0.60	0.27	0.69
Taxes	0.06	0.16	0.13	0.07	0.15
Profit after tax	0.18	0.59	0.47	0.20	0.54

Average total assets (NOK million)	34 663	35 985	31 981	30 654	29 263
------------------------------------	--------	--------	--------	--------	--------

ACCUMULATED PROFIT FOR THE YEAR (NOK million)	30.09.2023	30.09.2022	31.12.2022
Net interest income	180	207	263
Other operating income	0	-7	-29
Total operating expenses	43	38	51
Profit before impairment on loans	137	162	183
Impairment on loans	1	5	6
Pre-tax profit	136	157	177
Taxes	30	35	39
Profit after tax	106	122	138

As a percentage of average assets:

Net interest income	0.70	0.91	0.87
Other operating income	0.00	-0.03	-0.10
Total operating expenses	0.17	0.17	0.17
Profit before impairment on loans	0.53	0.71	0.60
Impairment on loans	0.00	0.02	0.02
Pre-tax profit	0.53	0.69	0.58
Taxes	0.12	0.15	0.13
Profit after tax	0.41	0.54	0.45

Average total assets (NOK million)	34 210	30 329	30 410
------------------------------------	--------	--------	--------

**Møre Boligkreditt AS**

P.O.Box 121, sentrum  
NO-6001 Ålesund

Visiting address:  
Kipervikgata 6, Ålesund

[www.sbm.no/mbk](http://www.sbm.no/mbk)

