



2 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 Q2 2023

The financial statements of Møre Boligkreditt AS show a pre-tax profit of NOK 68 million in the second quarter of 2023 (NOK 42 million). Net interest income amounted to NOK 60 million (NOK 65 million), and costs ended at NOK 16 million (NOK 14 million).

NOK 2 million in losses on loans were reversed in second quarter 2023, compared to NOK 4 million charged to the quarterly accounts in the same quarter of 2022.

Profit after tax amounted to NOK 52 million (NOK 32 million).

Basis swap spreads are subtracted from OCI with NOK 5 million after tax, compared to added to OCI with NOK 2 million in second quarter of 2022.

Møre Boligkreditt AS has acquired mortgages from Sparebanken Møre and net mortgage volume increased by NOK 1,416 million in the quarter. Net mortgage lending to customers amounted to NOK 33,656 million at second quarter end 2023 (NOK 27,476 million).

One new NOK 4,000 million bond loan was issued, and one bond loan of EUR 250 million matured in the second quarter of 2023.

Half year end results

By half year end 2023, the financial statements show a pre-tax profit of NOK 116 million (NOK 107 million). Net interest income amounts to NOK 127 million by half year end 2023 (NOK 141 million). Costs in the period ending 30 June 2023 amounts to NOK 30 million (NOK 27 million). Net gain from financial instruments amount to NOK 17 million at half year end 2023, compared with net losses of NOK 2 million at half year end 2022.

Taxes amount to NOK 26 million in the first six months of 2023 (NOK 24 million), and profit after tax amounts to NOK 90 million in the first six months of 2023 (NOK 83 million).

Changes in value of basis swap spreads are charged to other comprehensive income (OCI) with NOK 6 million after tax by half year end 2023, compared with NOK 25 million being added at half year end 2022.

Financial position

Møre Boligkreditt AS had 12 bond loans outstanding at 30 June 2023 with a total bond debt of NOK 29,157 million (NOK 24,262 million). Møre Boligkreditt AS reported Net Stable Funding Ratio (NSFR) of 118 per cent as at 30 June 2023.

Total assets at second quarter end 2023 amounted to NOK 36,355 million (NOK 29,824 million). The ECL calculation as at 30 June 2023 shows expected credit losses of NOK 8 million for Møre Boligkreditt AS (NOK 9 million).

At second quarter end 2023, the mortgages in the cover pool had an average loan-to-value ratio of 51.9 per cent, calculated as mortgage amount relative to the value of the property used as collateral (50.0 per cent).

The company's substitute assets included in the cover pool amounted to NOK 762 million at end-June 2023 (NOK 1,484 million). Over-collateralisation, calculated as the nominal value of the cover pool relative

to the nominal value of outstanding covered bond loan debt was 21.5 per cent as at 30 June 2023 (20.5 per cent).

Møre Boligkreditt AS' Liquidity Coverage Ratio (LCR) eligible assets amount to NOK 122 million as of 30 June 2023, reporting total LCR of 388 per cent by second 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 second quarter, paid in equity and retained earnings amounted to NOK 1,650 million (NOK 1,658 million). Risk weighted assets amounted to NOK 8,827 million (NOK 7,212 million). Net equity and subordinated loan capital amounted to NOK 1,513 million at end-June 2023 (NOK 1,495 million). This corresponds to a Common Equity Tier 1 capital ratio of 17.1 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 June 2023 at 6.4 per cent. Adjusted for tax changes and excluding energy products, the CPI was 7.0 per cent in June, both well above Norges Bank's aim to stabilize inflation around 2 per cent. The weak Norwegian krone adds to pressure on inflation levels on imported goods.

In June 2023, the national level of unemployment was reported at 1.8 per cent, compared with 1.7 per cent in the county of Møre og Romsdal. The low unemployment level and tight labour market put upward pressure on wages and prices.

Norges Bank delivered in their June meeting a rate-hike of 0.5 percentage points to a policy rate of 3.75 per cent. The published policy rate path from Norges Bank indicates further hikes in 2023 and a policy rate of 4.25 per cent by the end of 2023.

National growth in household loan debt is declining and reported down from 4.1 per cent twelve-months growth in April to 3.9 per cent by May 2023. National housing prices fell by 0.5 per cent in June 2023, seasonally adjusted, and are down by 0.7 per cent last twelve months. We expect to see a moderate decline in house prices in 2023. Growth in household debt is expected to further dampen due to the increase in mortgage interest rate levels and household costs.

We expect unemployment levels, both on national level and in the county of Møre og Romsdal, to increase somewhat in the coming quarters, but still stay at low levels.

The Board believes that despite the increase in interest rates on mortgages and increase in household costs, the low level of unemployment and still high disposable household income, will contribute to further mortgage loan growth in Sparebanken Møre. This mortgage growth will position Møre Boligkreditt AS to further acquire mortgage loan portfolios from Sparebanken Møre and increase the volume of outstanding bond loans from Møre Boligkreditt AS.

Ålesund, 30 June 2023

9 August 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	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Interest income from assets assessed at amortised cost	<u>3</u>	355	170	665	326	788
Interest income from assets assessed at fair value	<u>3</u>	40	21	67	37	82
Interest expenses	<u>3</u>	335	126	605	222	607
Net interest income	<u>3</u> <u>7</u>	60	65	127	141	263
Net gains/losses from financial instruments		22	-5	17	-2	-29
Total income		82	60	144	139	234
Wages, salaries and general administration expenses		0	0	1	1	2
Other operating expenses	<u>7</u>	16	14	29	26	49
Total operating expenses		16	14	30	27	51
Profit before impairment on loans		66	46	114	112	183
Impairment on loans	<u>4</u>	-2	4	-2	5	6
Pre-tax profit		68	42	116	107	177
Taxes		16	10	26	24	39
Profit after tax		52	32	90	83	138

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Profit after tax	52	32	90	83	138
Items that may subsequently be reclassified to the income statement:					
Basis swap spreads - changes in value	-6	2	-7	32	30
Tax effect of basis swap spreads	1	0	1	-7	-6
Total comprehensive income for the period	47	34	84	108	162

Statement of financial position

ASSETS - compressed

(NOK million)	Note	30.06.2023	30.06.2022	31.12.2022
Loans to and receivables from credit institutions 1)	<u>5.7</u>	1 553	1 755	1 660
Loans to and receivables from customers	<u>3.4.5</u>	33 656	27 476	30 464
Certificates and bonds	<u>5.6</u>	123	131	121
Financial derivatives	<u>5.6</u>	1 020	460	469
Other assets		3	2	0
Total assets		36 355	29 824	32 714

1) NOK 821 million out of total NOK 1,553 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	30.06.2023	30.06.2022	31.12.2022
Loans from credit institutions 2)	<u>5.7</u>	5 361	3 474	3 782
Debt securities issued	<u>5.6.7</u>	29 157	24 262	26 807
Financial derivatives	<u>5.6</u>	74	197	298
Tax payable		24	163	27
Incurring costs and prepaid income		1	0	0
Deferred tax		88	70	88
Total liabilities		34 705	28 166	31 002
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
Total comprehensive income for the period		84	116	146
Retained earnings		100	108	162
Total equity	<u>2</u>	1 650	1 658	1 712
Total liabilities and equity		36 355	29 824	32 714

2) NOK 821 million out of total NOK 5,361 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

30.06.2023

(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.

30.06.2022

(NOK million)	Total equity	Share capital	Share premium	Liability credit reserve	Retained earnings
Equity as at 31 December 2021	1 791	1 375	175	-8	249
Dividend paid	-241				-241
Total comprehensive income for the period	108				108
Equity as at 30 June 2022	1 658	1 375	175	-8	116

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	Retained earnings
Equity as at 31 December 2021	1 791	1 375	175	-8	249
Dividend paid	-241				-241
Total comprehensive income for the period	162			24	138
Equity as at 31 December 2022	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)	30.06.2023	30.06.2022	31.12.2022
Cash flow from operating activities			
Interest, commission and fees received	719	357	862
Interest, commission and fees paid	-78	-42	-91
Received interest, commission and fees related to certificates, bonds and other securities	13	7	9
Operating expenses paid	-30	-27	-51
Income taxes paid/received	-28	0	-132
Payment for acquiring loans from the parent bank	-8 062	-2 646	-10 102
Payment related to installment loans and credit lines to customers	4 873	4 136	8 603
Proceeds from the sale and settlement of certificates, bonds and other securities	2 673	4 048	4 128
Purchases of certificates, bonds and other securities	-2 675	-3 513	-3 584
Changes in other assets	10	31	3
Net cash flow from operating activities	-2 585	2 351	-355
Cash flow from financing activities			
Paid interest, commission and fees related to issued bonds	-528	-188	-522
Net change in loans from credit institutions	1 036	-199	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	467	-121	-57
Increase/reduction of share capital and premium	0	0	0
Net cash flow from financing activities	1 935	-1 765	839
Net change in cash and cash equivalents	-650	586	484
Cash balance at 01.01	1 382	898	898
Cash balance at 30.06/31.12 1)	732	1 484	1 382

1) NOK 821 million out of total NOK 1,553 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 30.06.2023 (NOK 271 million as at 30.06.2022 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 June 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	30.06.2023	30.06.2022	31.12.2022
Share capital and share premium	1 550	1 550	1 550
Liability credit reserve	16	-8	16
Retained earnings	100	108	162
Total equity	1 650	1 658	1 712
Value adjustments of financial instruments at fair value	-4	-3	-3
Expected IRB-losses exceeding ECL	-49	-52	-48
Dividends	0	0	-146
Deductions for total comprehensive income for the period	-84	-108	
Common Equity Tier 1 capital	1 513	1 495	1 515
Supplementary capital	0	0	0
Net equity and subordinated loan capital	1 513	1 495	1 515

Risk-Weighted Assets (RWA) by exposure classes

Credit risk - standardised approach	30.06.2023	30.06.2022	31.12.2022
Regional governments or local authorities	0	0	0
Institutions (banks etc)	553	395	453
Covered bonds	8	8	7
Other items	49	43	42
Total credit risk - standardised approach	610	446	502

Credit risk - IRB Foundation

Retail - Secured by real estate	6 997	5 794	6 334
Retail - Other	7	2	0
Corporate lending 1)	222	243	248
Total credit risk - IRB-Foundation	7 226	6 039	6 582

Credit valuation adjustment risk (CVA) - market risk	406	98	176
Operational risk (Basic indicator Approach)	585	629	585
Risk weighted assets (RWA)	8 827	7 212	7 845

Minimum requirement Common Equity Tier 1 capital (4.5 %)	397	325	353
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Buffer Requirement	30.06.2023	30.06.2022	31.12.2022
Countercyclical buffer (2.5% at 30.06.2023, 2.0 % at 31.12.2022, 1.5 % at 30.06.2022)	221	108	157
Capital conservation buffer (2.5 %)	221	180	196
Systemic risk buffer (3.0 %)	265	216	235
Total buffer requirements	706	505	588
Available Common Equity Tier 1 capital after buffer requirements	410	666	574

Capital adequacy as a percentage of the weighted asset calculation basis	30.06.2023	30.06.2022	31.12.2022
Capital adequacy ratio	17.1 %	20.7 %	19.3 %
Tier 1 capital ratio	17.1 %	20.7 %	19.3 %
Common Equity Tier 1 capital ratio	17.1 %	20.7 %	19.3 %

Leverage ratio	30.06.2023	30.06.2022	31.12.2022
Leverage ratio	4.1 %	4.9 %	4.6 %

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

Møre Boligkreditt AS' capital requirements at 30 June 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

30.06.2023	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

30.06.2022	Gross loans measured at amortised cost	ECL Stage 1	ECL Stage 2	ECL Stage 3	Loans measured at fair value	Net loans to and receivables from customers
Loans to and receivables from customers	24 975	-1	-8	0	2 510	27 476

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)	30.06.2023	30.06.2022	31.12.2022
Interest income from:			
Loans to and receivables from credit institutions	21	6	21
Loans to and receivables from customers	698	350	840
Certificates, bonds and other interest-bearing securities	13	7	9
Interest income	732	363	870
Interest expenses in respect of:			
Loans from credit institutions	73	31	79
Debt securities issued	528	188	522
Other interest expenses	4	3	6
Interest expenses	605	222	607
Net interest income	127	141	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)	Q2 2023	Q2 2022	30.06.2023	30.06.2022	2022
Changes in Expected Credit Loss (ECL) in stage 1	0	0	0	0	1
Changes in Expected Credit Loss (ECL) in stage 2	-3	4	-3	5	5
Changes in Expected Credit Loss (ECL) in stage 3	1	0	1	0	0
Total impairments on loans in the period	-2	4	-2	5	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) - 30.06.2022	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	0	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 30.06.2022	1	8	0	9

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)

30.06.2023	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	3	334
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

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

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

31.12.2022	Stage 1	Stage 2	Stage 3	Total
Low risk (0 % - < 0.5 %)	24 644	2 637	0	27 281
Medium risk (0.5 % - < 3 %)	225	1 811	0	2 036
High risk (3 % - <100 %)	4	298	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 7.1 million on the valuation of the fixed rate loans as at 30.06.2023.

Classification of financial instruments	Financial instruments at fair value through profit or loss			Financial instruments carried at amortised cost		
	30.06.2023	30.06.2022	31.12.2022	30.06.2023	30.06.2022	31.12.2022
Loans to and receivables from credit institutions				1 553	1 755	1 660
Loans to and receivables from customers	2 501	2 510	2 446	31 155	24 966	28 018
Certificates and bonds	123	131	121			
Financial derivatives	1 020	460	469			
Total financial assets	3 644	3 101	3 036	32 708	26 721	29 678
Loans from credit institutions				5 361	3 474	3 782
Debt securities issued				29 157	24 262	26 807
Financial derivatives	74	197	298			
Total financial liabilities	74	197	298	34 518	27 736	30 589

Fair value of financial instruments at amortised cost	30.06.2023		30.06.2022		31.12.2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	1 553	1 553	1 755	1 755	1 660	1 660
Loans to and receivables from customers	31 155	31 155	24 966	24 966	28 018	28 018
Total financial assets	32 708	32 708	26 721	26 721	29 678	29 678
Loans from credit institutions	5 361	5 361	3 474	3 474	3 782	3 782
Debt securities issued	29 091	29 157	24 236	24 262	26 811	26 807
Total financial liabilities	34 452	34 518	27 710	27 736	30 593	30 589

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

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

Reconciliation of movements in Level 3 during the period	Loans to and receivables from customers
Book value as at 31.12.2021	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 (NOK million)

ISIN code	Currency	Nominal value 30.06.2023	Interest	Issued	Maturity	30.06.2023	30.06.2022	31.12.2022
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 079	1 118	1 087
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	294	277	261
NO0010819543	NOK	3 000	3M Nibor + 0.42 %	2018	2024	3 004	3 002	3 004
XS1839386577	EUR	-	fixed EUR 0.375 %	2018	2023	-	2 573	2 606
NO0010836489	NOK	1 000	fixed NOK 2.75 %	2018	2028	932	964	957
NO0010853096	NOK	3 000	3M Nibor + 0.37 %	2019	2025	3 012	3 003	3 010
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024	2 784	2 501	2 481
NO0010884950	NOK	3 000	3M Nibor + 0.42 %	2020	2025	3 005	3 000	3 004
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027	360	320	324
NO0010951544	NOK	5 000	3M Nibor + 0.75 %	2021	2026	5 085	5 101	5 094
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026	2 619	2 403	2 341
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027	2 961	-	2 638
NO0012908617	NOK	4 000	3M Nibor + 0.54 %	2023	2028	4 022	-	-
Total borrowings raised through the issue of securities (incl. accrued interest)						29 157	24 262	26 807

Cover pool (NOK million)

	30.06.2023	30.06.2022	31.12.2022
Eligible mortgages (nominal) 1)	33 509	27 437	30 338
Substitute assets	762	1 484	1 409
Total collateralised assets	34 271	28 921	31 747

1) NOK 101 million of total gross mortgages are not eligible for the cover pool as at 30.06.2023 (NOK 111 million as at 30.06.2022).

Covered bonds issued (NOK million)

	30.06.2023	30.06.2022	31.12.2022
Covered bonds (nominal) 2)	28 207	23 995	26 582
-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)	30.06.2023	30.06.2022	31.12.2022
(Eligible mortgages + Substitute assets-Covered bonds) / Covered bonds	21.5	20.5	19.4

Liquidity Coverage Ratio (LCR)	30.06.2023	30.06.2022	31.12.2022
Liquid Assets	117	121	113
Net liquidity outflow next 30 days	30	23	26
LCR ratio -Total	388%	532%	436%
LCR ratio - NOK	388%	532%	436%
LCR ratio - EUR	N/A	N/A	N/A

180-day Cover Pool Liquidity Buffer	30.06.2023	30.06.2022	31.12.2022
Liquid Assets	854	N/A	1 503
Net liquidity outflow next 180 days	577	N/A	485
180-day cover pool liquidity buffer ratio	148%	N/A	310%

Net Stable Funding Ratio (NSFR)	30.06.2023	30.06.2022	31.12.2022
Available amount of stable funding	33 709	27 602	29 163
Required amount of stable funding	28 612	23 871	26 425
NSFR ratio	118%	116%	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)	30.06.2023	30.06.2022	31.12.2022
Statement of income:			
Interest and credit commission income from Sparebanken Møre related to deposits	21	7	21
Interest and credit commission paid to Sparebanken Møre related to loan/credit facility	73	31	79
Interest paid to Sparebanken Møre related to bonded debt	0	4	5
Management fee paid to Sparebanken Møre	24	22	43
Balance sheet:			
Deposits in Sparebanken Møre 1)	1 553	1 755	1 660
Covered bonds held by Sparebanken Møre as assets	0	501	0
Loan/credit facility in Sparebanken Møre	4 540	3 202	3 504
Intragroup hedging	522	95	125
Accumulated transferred loan portfolio from Sparebanken Møre	33 664	27 485	30 474

1) NOK 821 million out of total NOK 1,553 million of deposits in Sparebanken Møre is the margin call balance on financial derivatives paid in by counterparties according to CSA as at 30.06.2023

Note 8

Events after the reporting date

No events of material significance for the financial statements for Q2-2023 have occurred after the reporting date. The company is not involved in any legal proceedings.

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

We hereby confirm that the company's financial statements for the period 1 January to 30 June 2023 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 2023
9 August 2023

THE BOARD OF DIRECTORS OF MØRE BOLIGKREDITT AS

KJETIL HAUGE, Chair
ELISABETH BLOMVIK
KRISTIAN TAFJORD
SANDRA MYHRE HELSETH

OLE ANDRE KJERSTAD, Managing Director

Profit performance

QUARTERLY PROFIT (NOK million)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net interest income	60	67	56	66	65
Other operating income	22	-5	-22	-5	-5
Total operating expenses	16	14	13	11	14
Profit before impairment on loans	66	48	21	50	46
Impairment on loans	-2	0	1	0	4
Pre-tax profit	68	48	20	50	42
Taxes	16	10	4	11	10
Profit after tax	52	38	16	39	32

As a percentage of average assets:

Net interest income	0.67	0.83	0.73	0.90	0.83
Other operating income	0.24	-0.06	-0.29	-0.06	-0.06
Total operating expenses	0.18	0.17	0.17	0.15	0.18
Profit before impairment on loans	0.73	0.60	0.27	0.69	0.59
Impairment on loans	-0.02	0.00	0.00	0.00	0.06
Pre-tax profit	0.75	0.60	0.27	0.69	0.53
Taxes	0.16	0.13	0.07	0.15	0.12
Profit after tax	0.59	0.47	0.20	0.54	0.41

Average total assets (NOK million)	35 985	31 981	30 654	29 263	31 520
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ACCUMULATED PROFIT FOR THE YEAR (NOK million)	30.06.2023	30.06.2022	31.12.2022
Net interest income	127	141	263
Other operating income	17	-2	-29
Total operating expenses	30	27	51
Profit before impairment on loans	114	112	183
Impairment on loans	-2	5	6
Pre-tax profit	116	107	177
Taxes	26	24	39
Profit after tax	90	83	138

As a percentage of average assets:

Net interest income	0.74	0.92	0.87
Other operating income	0.10	-0.02	-0.10
Total operating expenses	0.17	0.18	0.17
Profit before impairment on loans	0.67	0.72	0.60
Impairment on loans	-0.01	0.03	0.02
Pre-tax profit	0.68	0.69	0.58
Taxes	0.15	0.15	0.13
Profit after tax	0.53	0.54	0.45

Average total assets (NOK million)	33 983	30 862	30 410
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Møre Boligkreditt AS

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