

# Møre Boligkreditt AS

A company in the Sparebanken Møre Group

August 2024

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# Sparebanken Møre

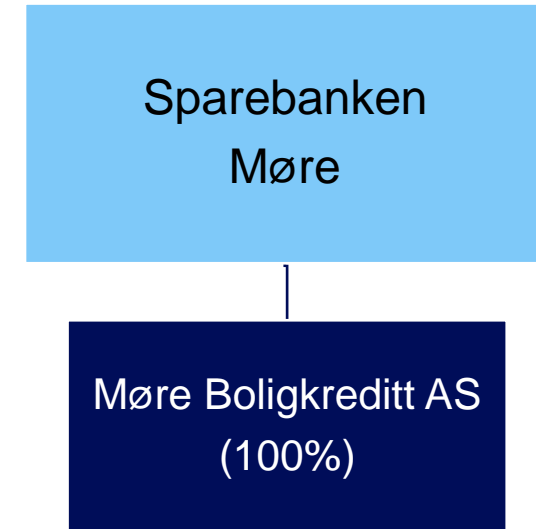
Sparebanken Møre is a wholly independent Norwegian savings bank with focus on traditional core banking, headquartered in the city of Ålesund.

Sparebanken Møre was established in 1985 as the result of mergers between local savings banks in the county of Møre og Romsdal.

Other savings banks in the county has merged with Sparebanken Møre since then, and the Bank is currently the eight largest Norwegian bank in terms of total assets.

Sparebanken Møre has been listed on Oslo Stock Exchange since 1989 with Equity Certificates (EC).

Møre Boligkreditt is Sparebanken Møre's wholly owned Mortgage Bank and Covered Bond issuing entity.



# Sparebanken Møre

28

BRANCH OFFICES

412

FULL TIME EMPLOYEE YEARS

99.8 billion

NOK IN TOTAL ASSETS



# The Norwegian economy

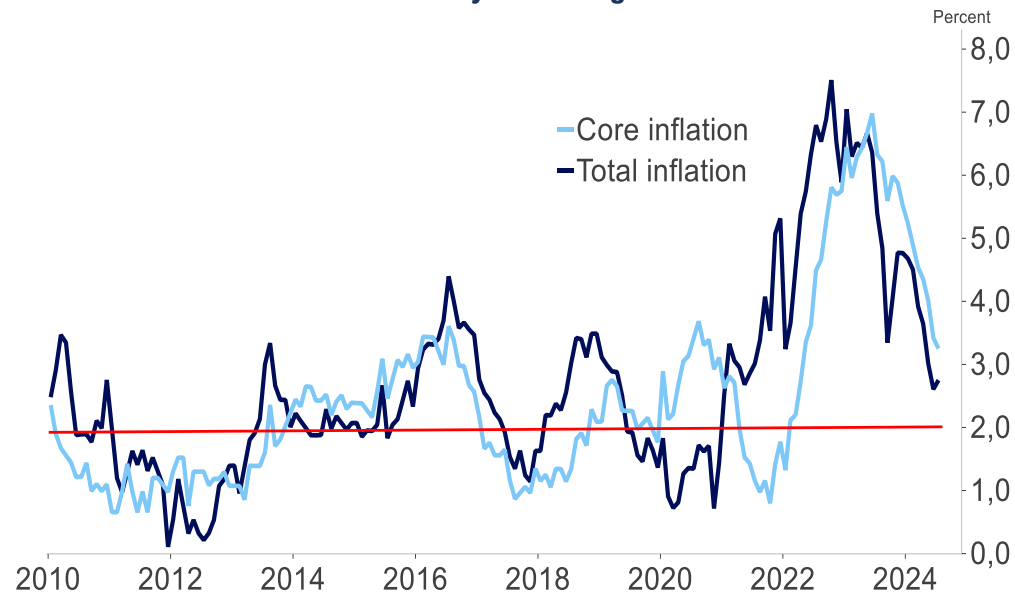


# Inflation is still trending downwards, but remains well above target

- Price pressure is continuing to decline – July headline and core inflation at 2.8 and 3.3 percent, respectively
- There are signs that the activity level is gradually picking up, but growth prospects remain subdued
- High wage growth and low unemployment likely to support private consumption going forward

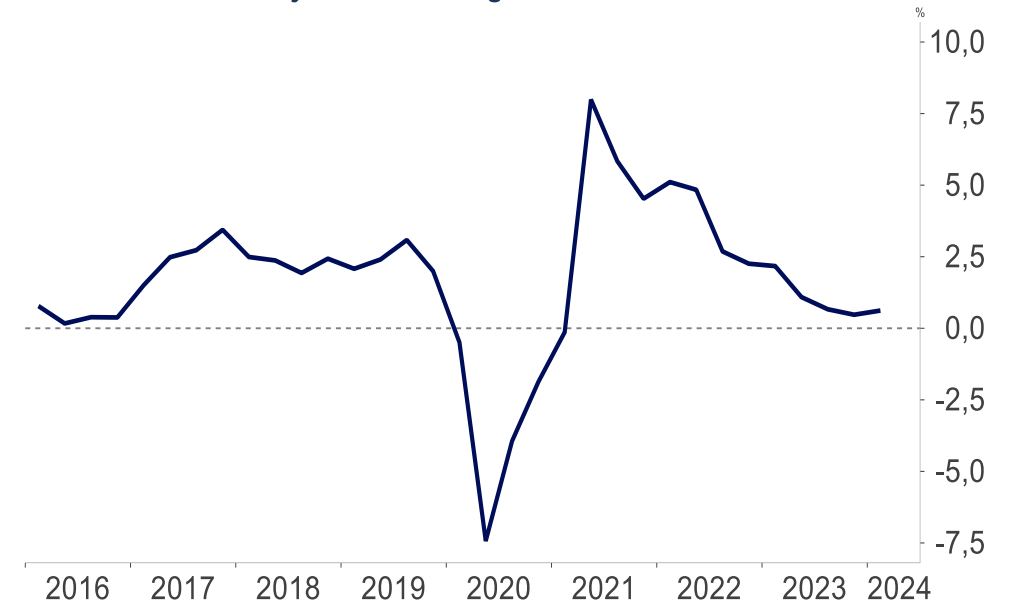
## Norwegian inflation

Total and core inflation in Norway. Annual growth. Percent.



## GDP growth in Mainland Norway

GDP Mainland Norway. Annualised growth. Percent.



# NOK and interest rate expectations

- The NOK has weakened over the course of the summer
- Currently the import weighted exchange rate is about 3.5 percent weaker than forecasted by the central bank
- Norges Bank is expected to keep the key policy rate at the current level at least until December this year

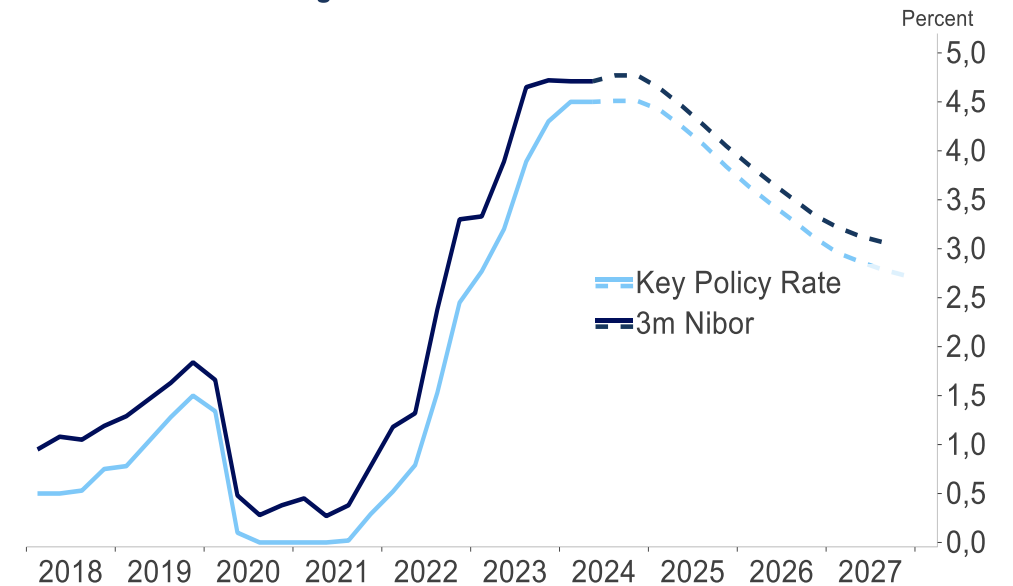
## Key policy rate and 3mNibor

Import weighted NOK and Norges Bank forecast (MPR 2/24). Index.



## Key policy rate and 3mNibor

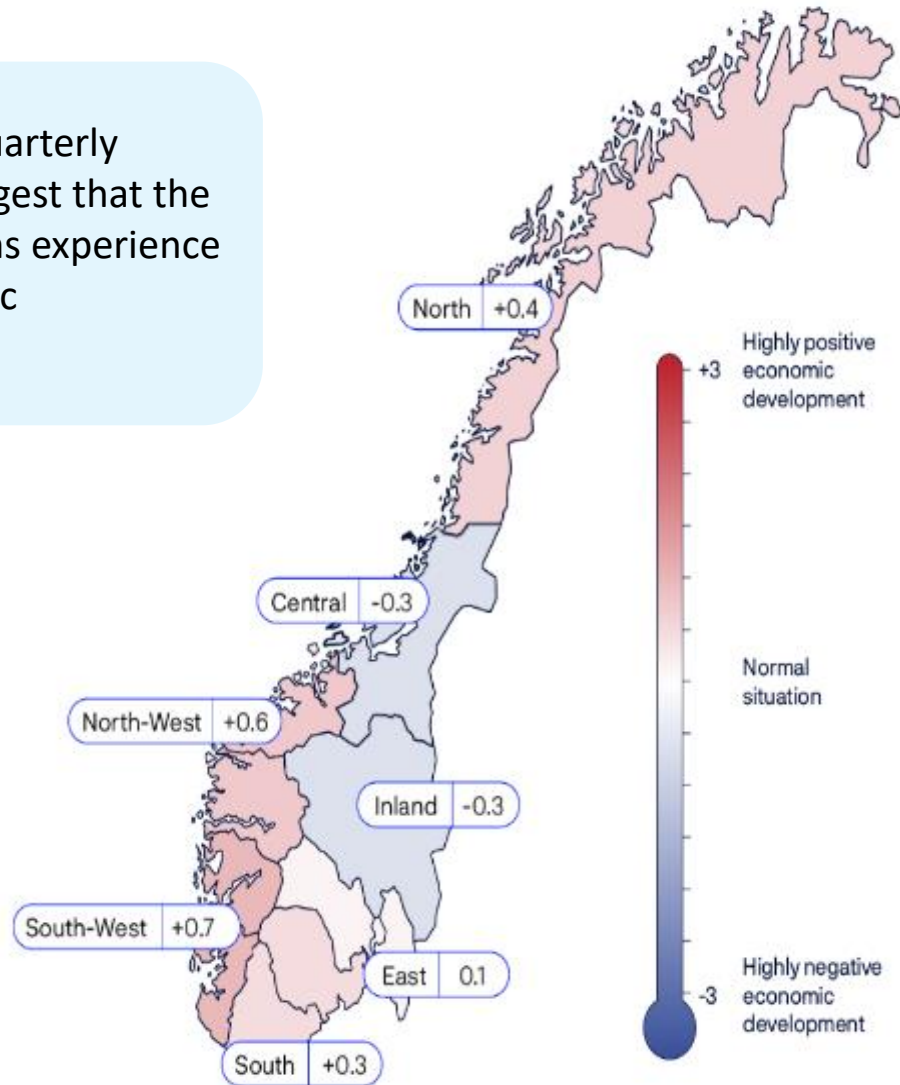
Forecast MPR 2/24 Norges Bank



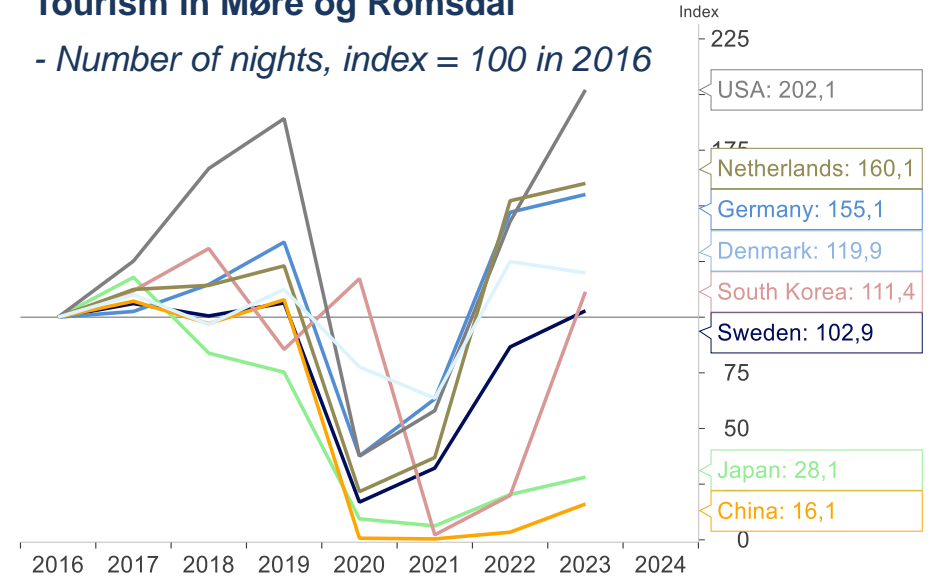


# Growth and prospects

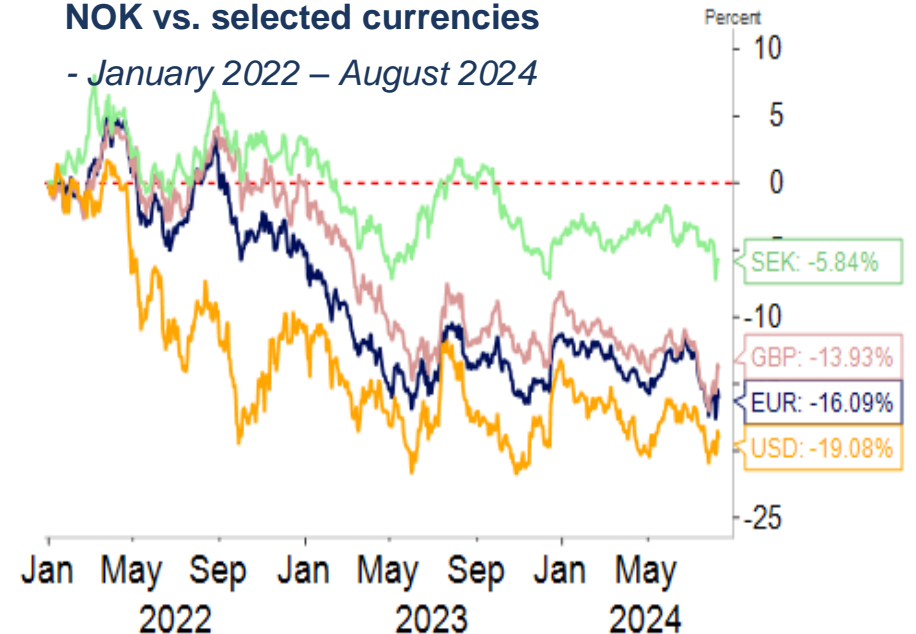
Norges Bank's latest quarterly regional indicators suggest that the export-intensive regions experience more positive economic development.



**Tourism in Møre og Romsdal**  
- Number of nights, index = 100 in 2016



**NOK vs. selected currencies**  
- January 2022 – August 2024

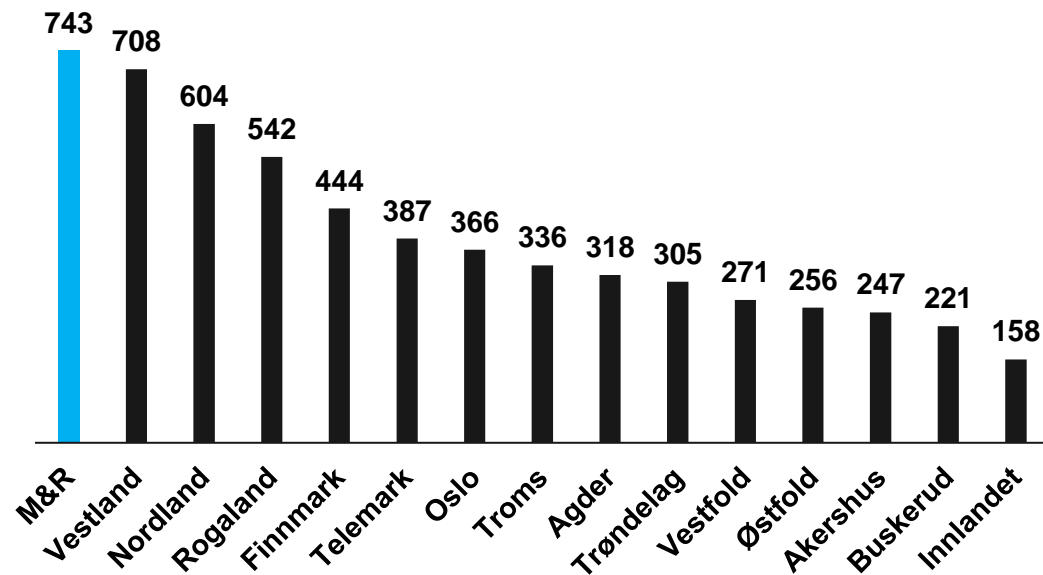


# Growth and prospects

- The unemployment rate is still low, both nationally (2.1 percent) and in Møre & Romsdal (1.9 percent)
- The activity level in Møre & Romsdal remains supported by the weak exchange rate
- The unemployment rate is expected to increase gradually going forward, but keep at low levels

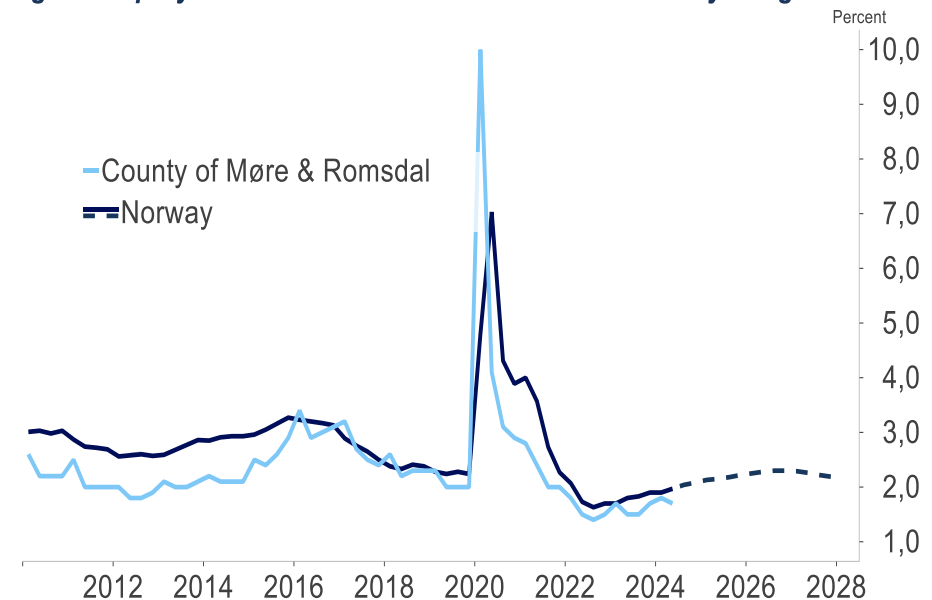
## Export revenues per employed (ex. oil and gas). 2023.

NOK 1000



## Unemployment rate in Norway and M&R

Reg. unemployment. Percent of labor force. Forecast by Norges Bank.

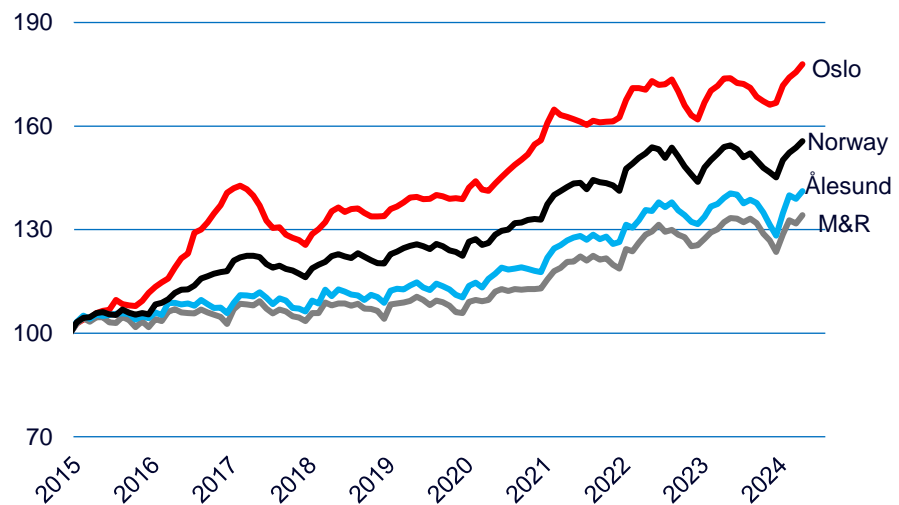




# The housing market seem resilient to the increases in interest rates

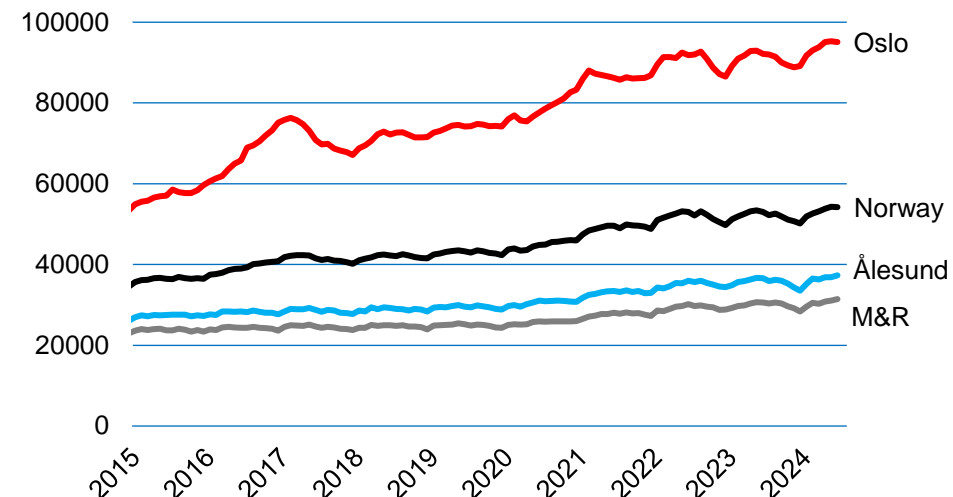
## Indexed development

- January 2015 = 100



## Price per square meter

- January 2015 – June 2024



### Pre-owned dwellings sold in June 2024

	Norway	County of Møre & Romsdal	Ålesund	Oslo
Seasonal adj. development last month	+0.4 %	+1.2 %	+1.5 %	+0.3 %
Development last 12 months	+2.2 %	+2.7 %	+2.0 %	+3.2 %
Development last 10 years	+59.4 %	+36.1 %	+43.0 %	+88.0 %
Per square meter (NOK)	54,174	31,434	37,313	95,107
Average number of days on market	41 days	53 days	48 days	22 days
Price median dwelling (NOK)	3,983,000	2,950,000	3,200,000	5,456,600

# Sparebanken Møre

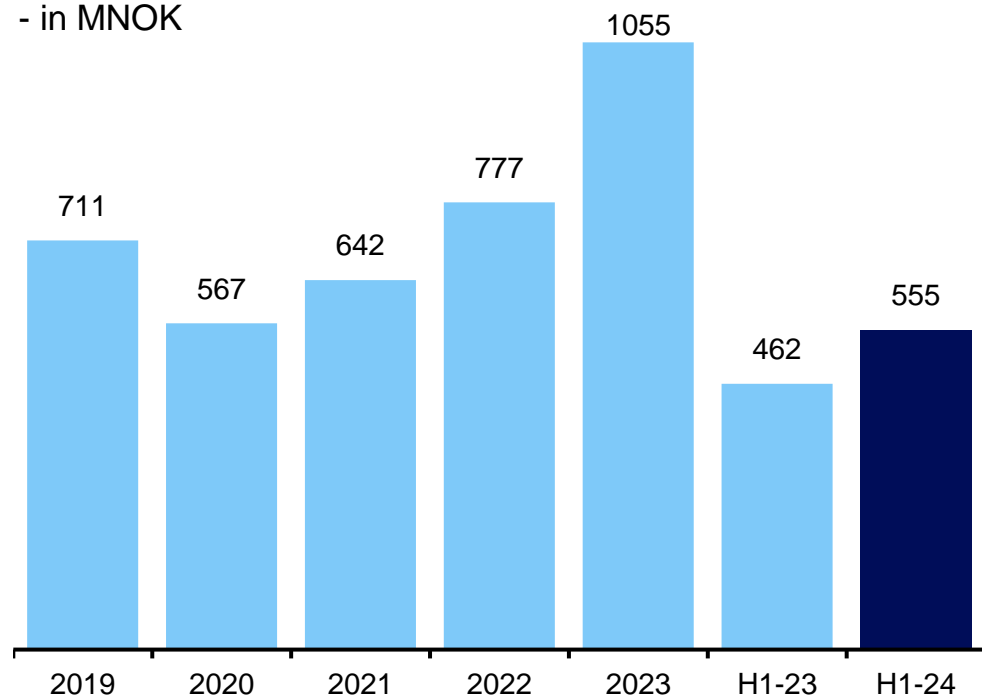
1H 2024

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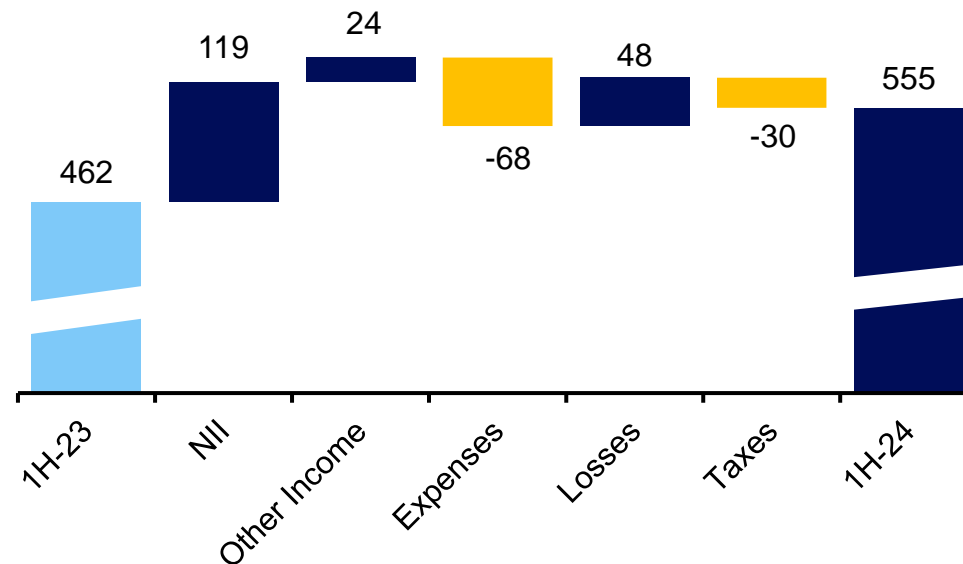


# A solid half-yearly result

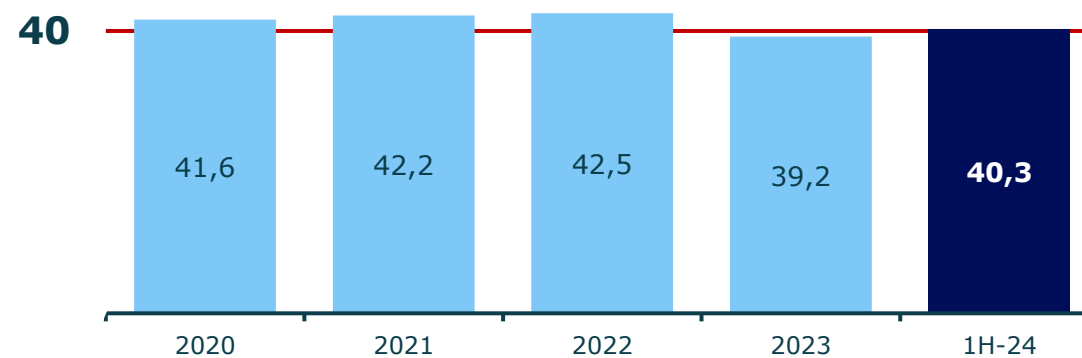
**Profit after taxes**  
- in MNOK



**Profit after tax 1H-24 vs 1H-23**  
- In MNOK

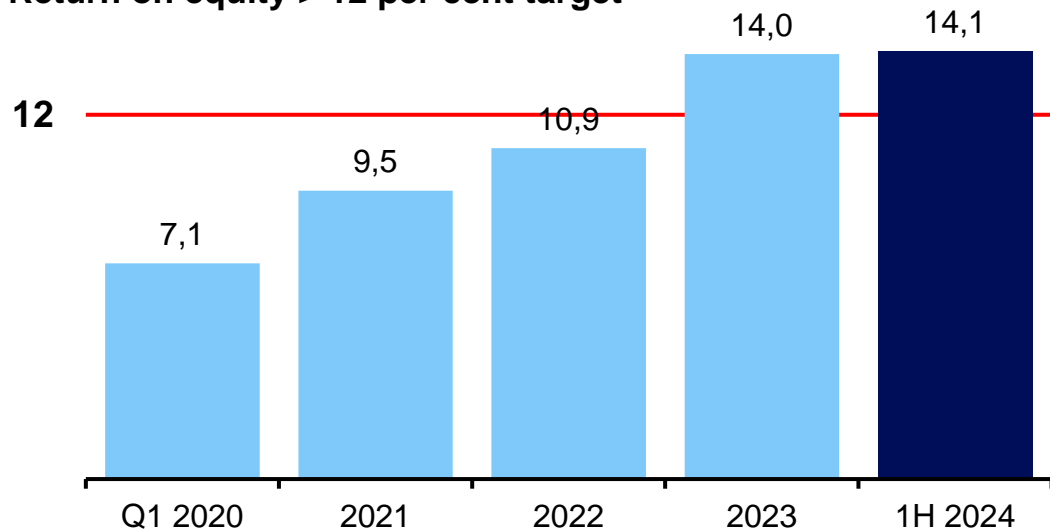


**Cost/Income target < 40**



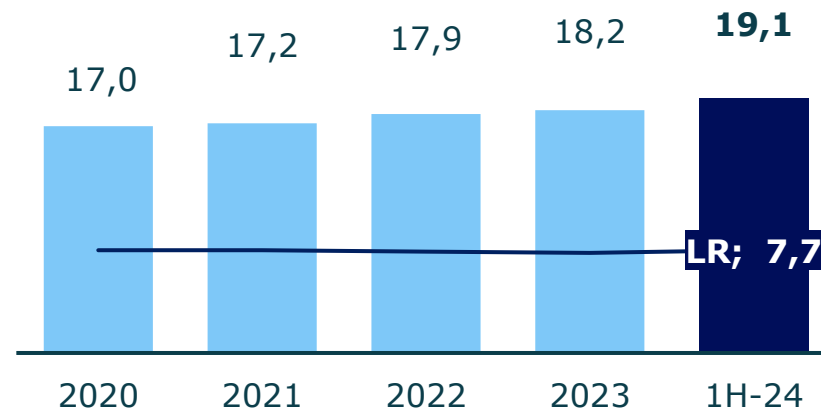
# Solid result with strong capital

Return on equity > 12 per cent target

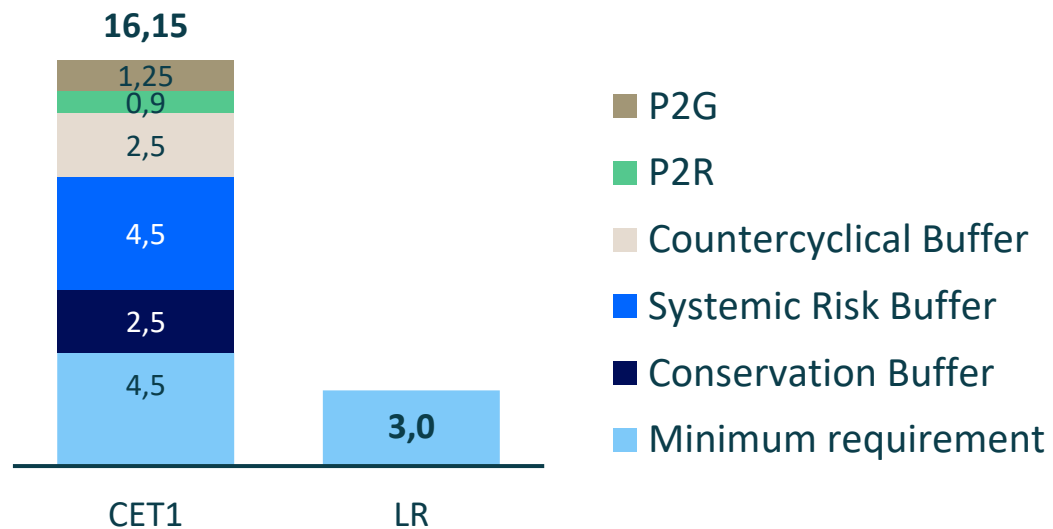


## Common Equity Tier 1 (CET1)

- Leverage Ratio (LR) in percent of average assets

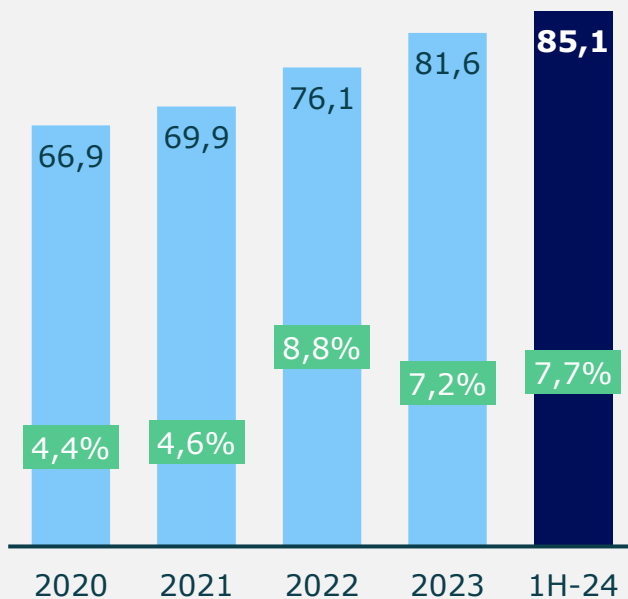


## Sparebanken Møres CET1 and Leverage Ratio (LR) requirements



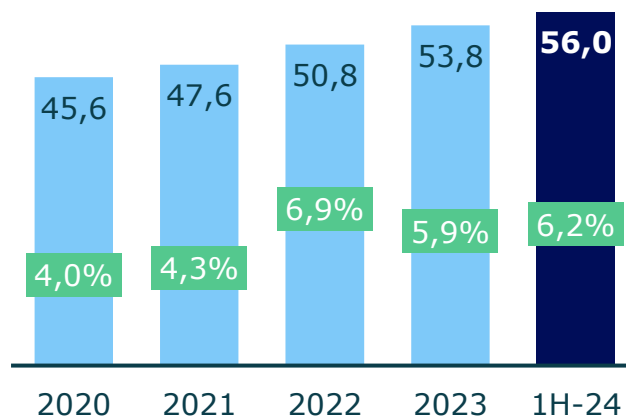
# Strong lending growth

NOK billion and y/y



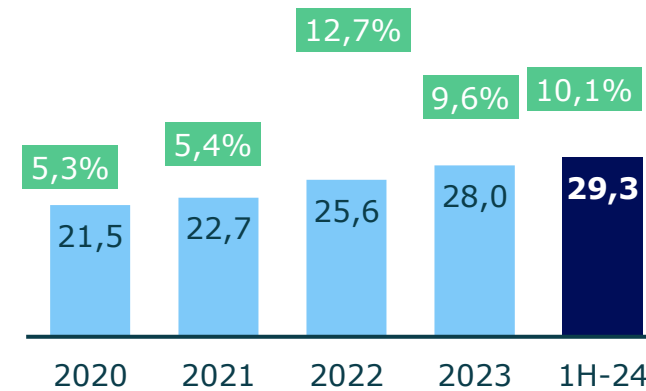
3.6 % total national lending growth reported by Statistics Norway y/y in June.

**Retail lending**  
NOK billion and y/y



3.3 % y/y national lending growth reported to households

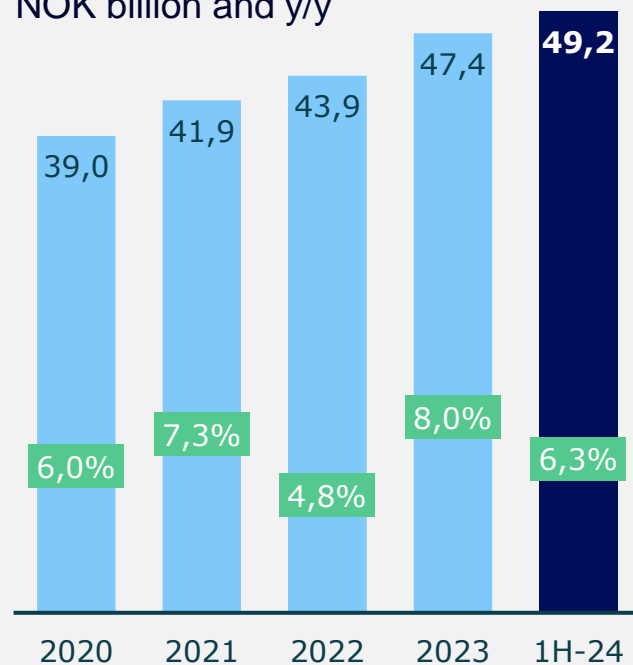
**SME / Corporate lending**  
NOK billion and y/y



2.3 % y/y national lending growth reported to non-financial corporations

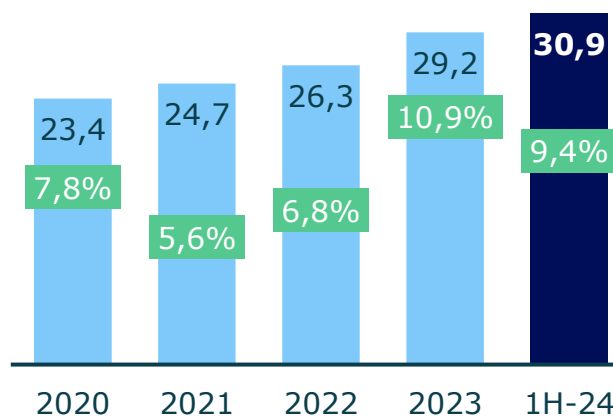
# Strong growth in deposits

NOK billion and y/y



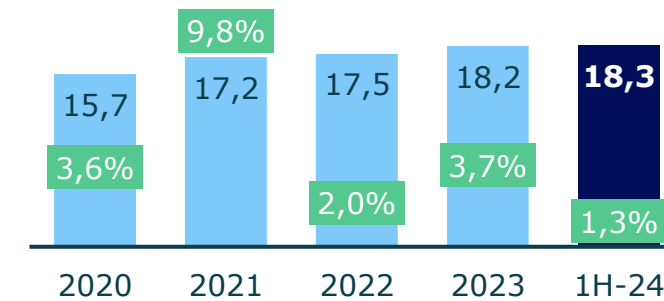
Deposit to loan ratio of 57.7 %

**Retail deposits**  
NOK billion and y/y



62.8 % retail deposits

**Corporate and public**  
NOK billion and y/y

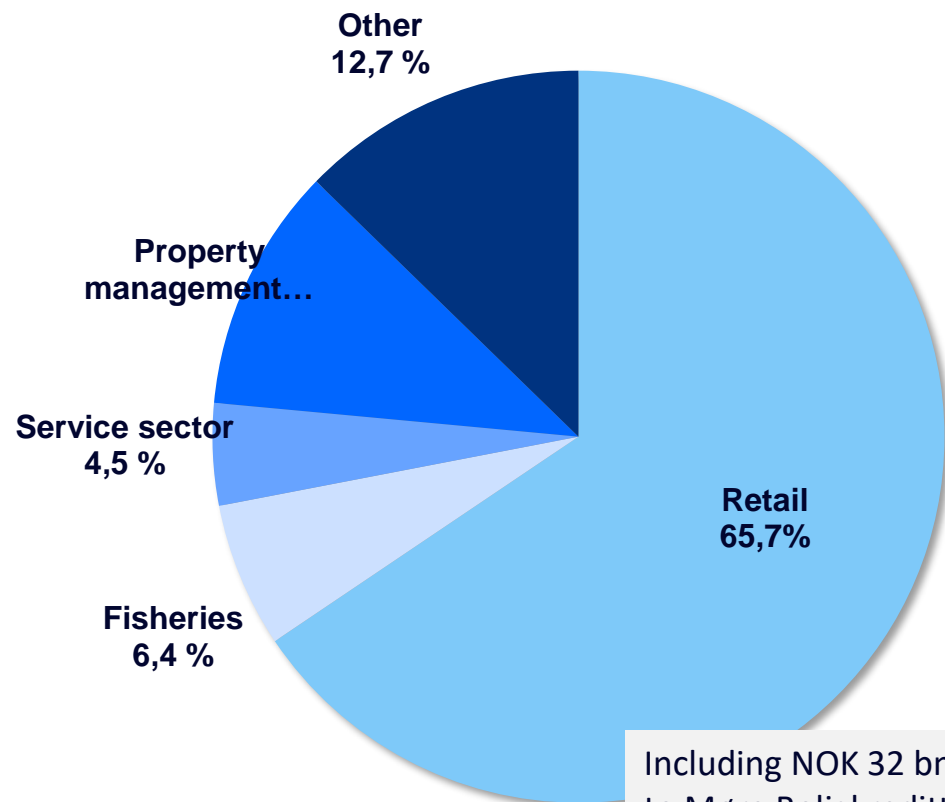




# Diversified loan book

## Loans by sector

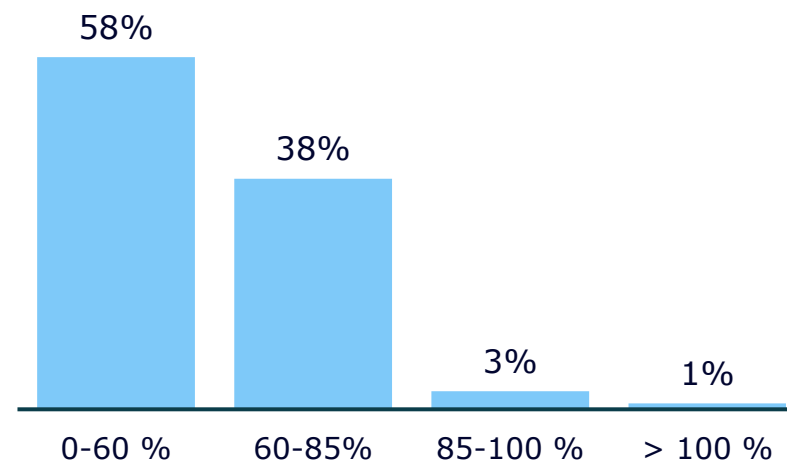
- In per cent of total lending



Including NOK 32 bn transferred to Møre Boligkreditt AS, corresponding to 38 per cent of the Bank's total lending.

## Loan-to-Value – mortgages

- In per cent of total retail lending

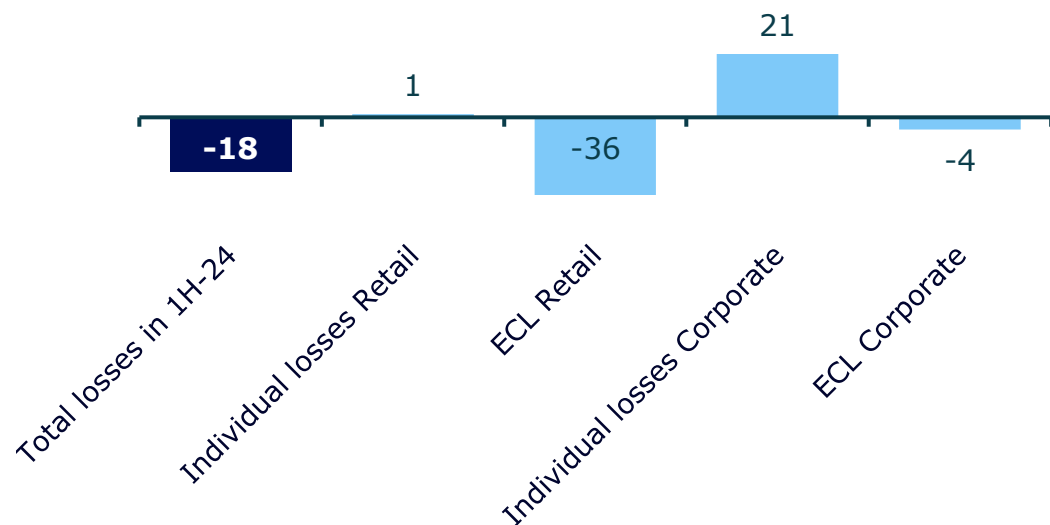


# Low level of losses

- Reversal of model-based losses

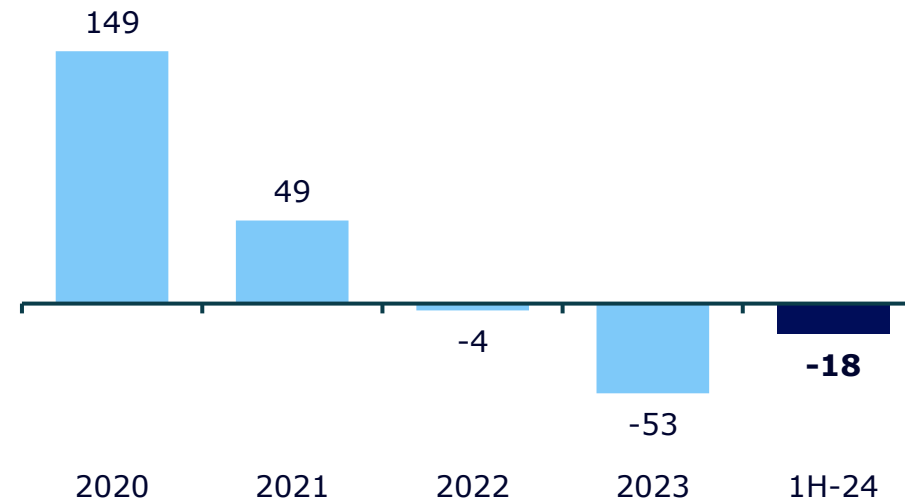
## Losses by sector in 1H-24

- NOK million



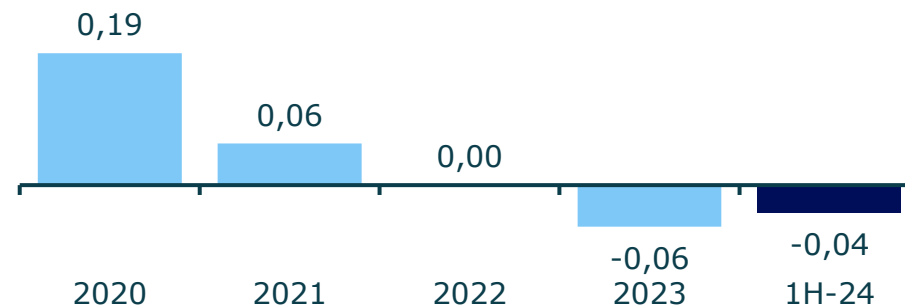
## Losses on loans and guarantees

- NOK million



## Losses on loans and guarantees

- in per cent of average assets

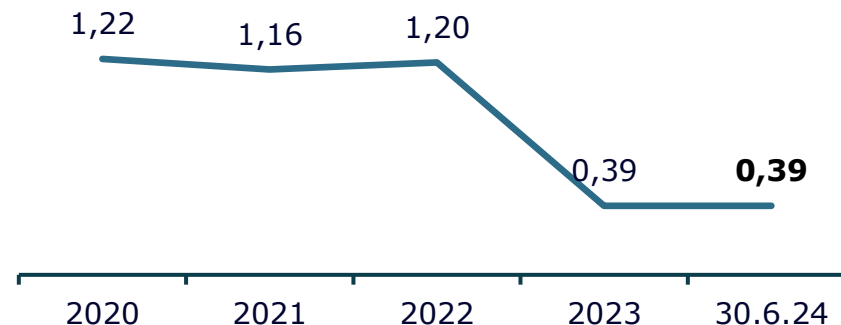


# Low level of credit impaired commitments

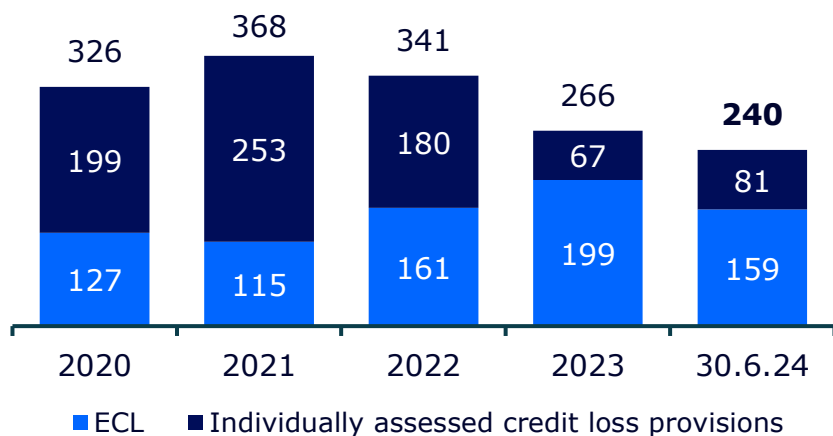
**Credit-impaired commitments**  
- NOK million



**Credit-impaired commitments (net)**  
- in per cent of loans and guarantees



**Provisions for expected credit losses**  
- NOK million

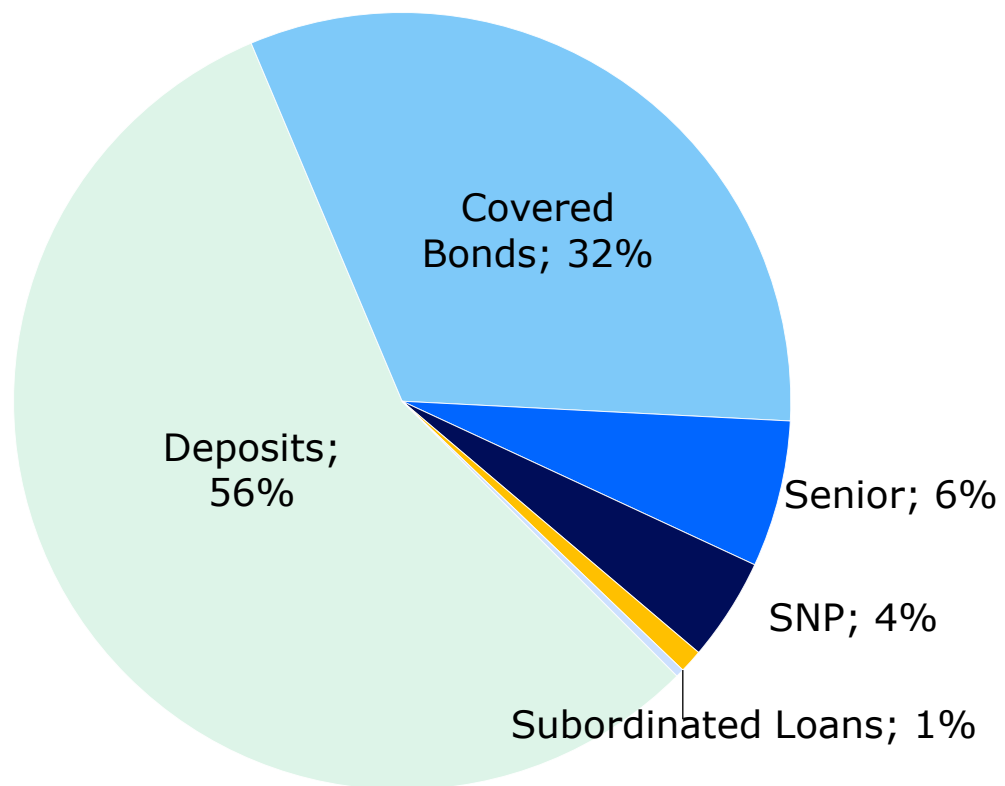


Credit impaired commitments consists of commitments more than 90 days overdue, and other credit-impaired commitments (< 90 days)

Customers previous in default must go through a probation period at least three months before they are scored as not credit-impaired.

# Sound funding profile

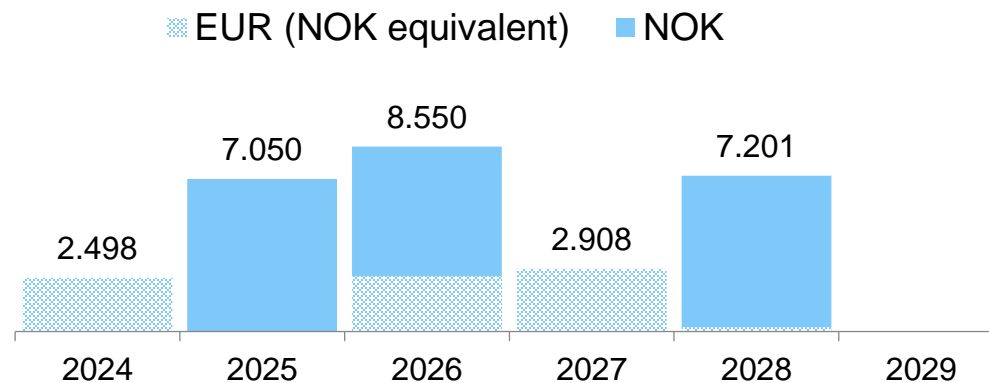
**Total funding by source**  
- in per cent of total funding



✓ Consolidated NSFR Sparebanken Møre at Q2-end: **122**

## Covered bond redemption profile

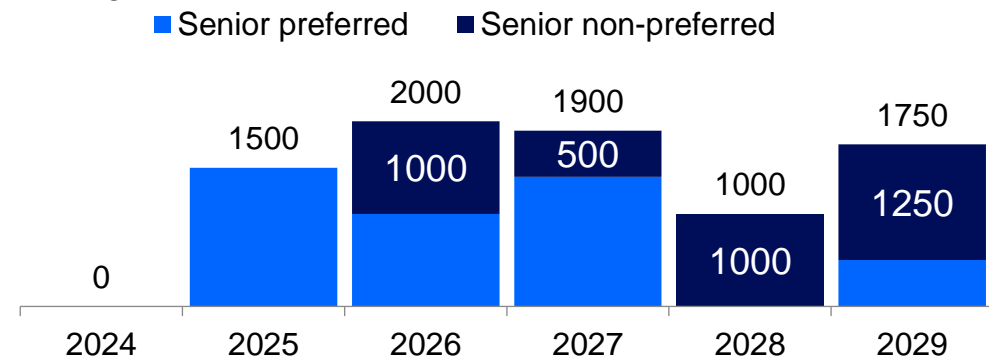
- NOK million equivalent



✓ NSFR Møre Boligkreditt AS at Q2-end: **106**

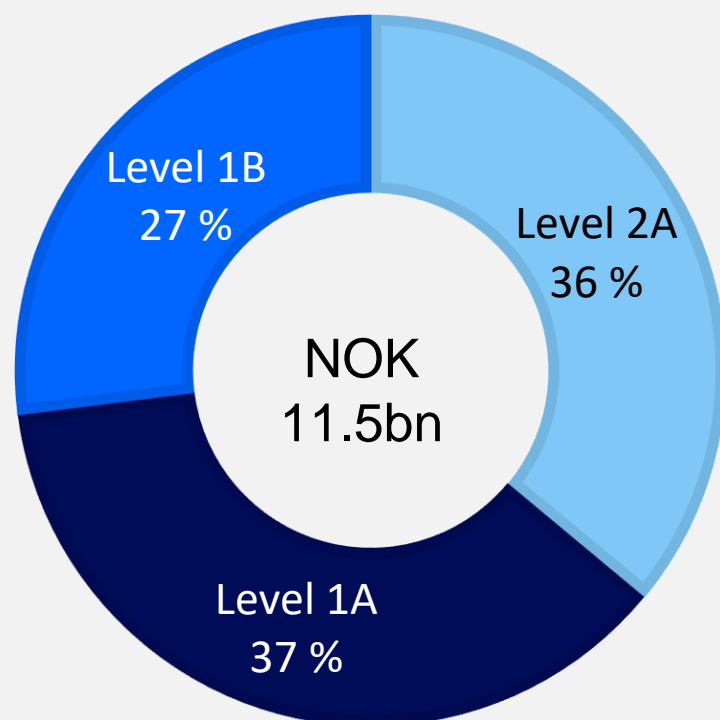
## Senior bonds redemption profile

- NOK million



## Conservative liquidity portfolio

Liquidity portfolio composition  
- 30/6-24:



- Liquidity is held solely for LCR compliance and is traded to optimize returns within policy requirements
- NOK 11.5bn. in consolidated portfolio at second quarter end
- FRNs or swapped, no currency or interest rate risk
- The Group's portfolio of bonds in the liquidity portfolio is measured at fair value, any changes in value recognized through the income statement
- Total LCR-ratio at Q2-end:
  - ✓ Sparebanken Møre: 156
  - ✓ Møre Boligkreditt AS: 464

# Sustainability in Sparebanken Møre

In scope for CSRD from financial year 2025

Double Materiality Assessment in line with CSRD/ESRS in Q2 2024

Transition plan for customer portfolio and net zero target in place in 2025

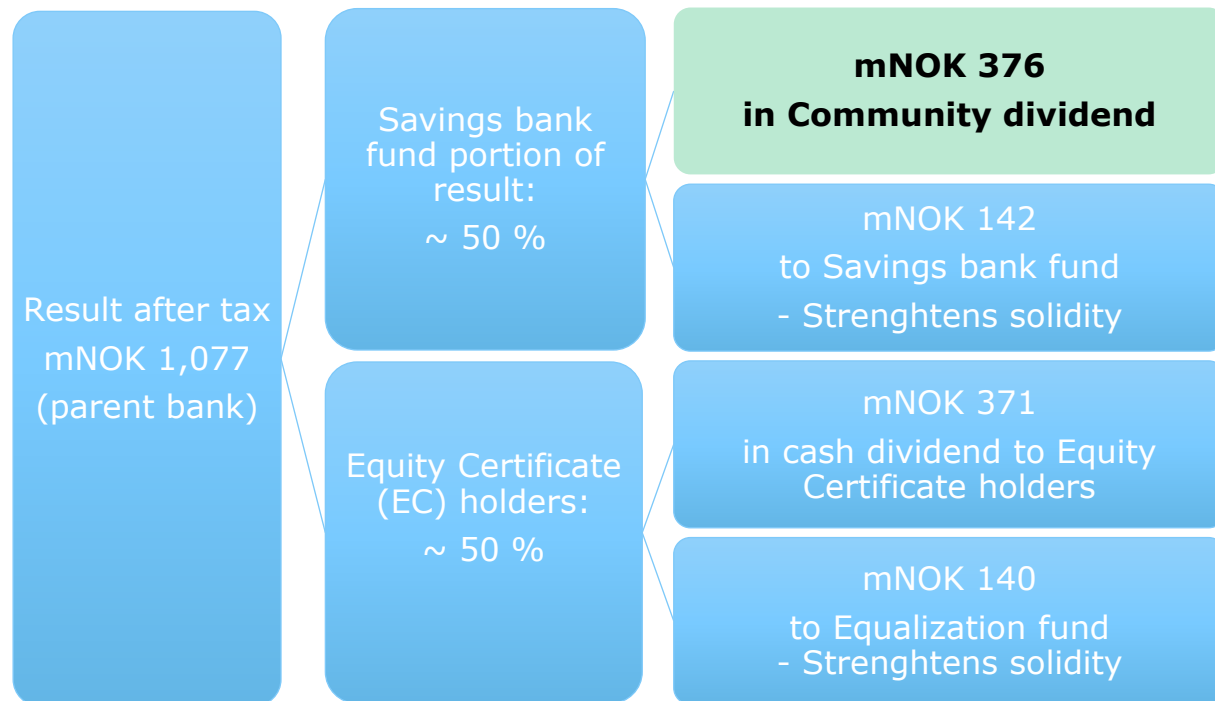
55 per cent reduction of own 2019 emissions by 2030





# Profit-sharing model in Sparebanken Møre

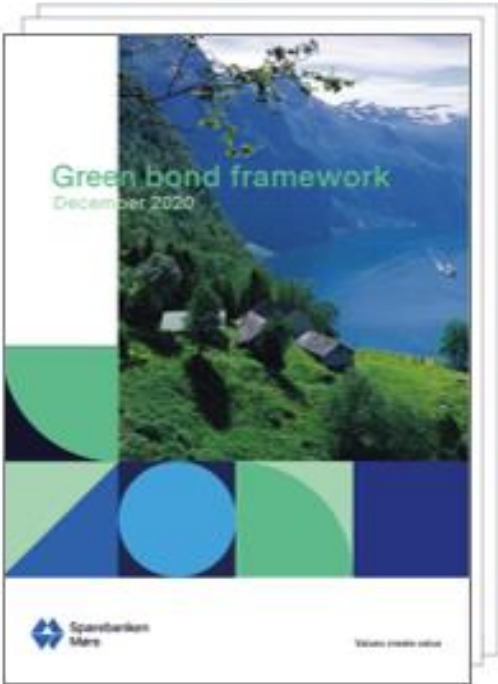
- Long history with strong local presence and involvement



Community dividend from Sparebanken Møre supports sustainability projects, community initiatives, education, culture, sports, infrastructure and help develop local businesses.



# Green bond framework



Compliant with ICMA's Green Bond Principles



## Sparebanken Møre Green Portfolio Allocation Reporting 2024

Portfolio date: June 30 2024

Eligible Project Category	Signed Amount	Green bond outstanding	Issued amount
a/	b/	c/	d/
<b>Møre Boligkreditt (Covered bonds)</b>	<b>NOK</b>		<b>NOK</b>
Green residential buildings in Norway	7.554.916.385	mEUR 250 Green Covered Bond September 2026 (XS2389402905)	2.550.000.000
		mEUR 250 Green Covered Bond November 2027 (XS2556223233)	2.587.500.000
<b>Sparebanken Møre (Senior bonds)</b>	<b>NOK</b>		<b>NOK</b>
Green residential buildings in Norway	4.284.330.029		-
Green commercial buildings in Norway	1.726.268.893	mNOK 1,000 Green Senior Non Preferred, January 2028 (NO0012422916)	1.000.000.000
		mNOK 500 Green Senior Non Preferred, May 2029 (NO0013241133)	500.000.000
Renewable energy	867.233.861		-
Renewable energy Eco-efficiency and/or circular economy within aquaculture	855.168.937		-
<b>Total</b>	<b>15.287.918.105</b>	<b>Total</b>	<b>6.137.500.000</b>

Portfolio based green bond report according to the Harmonized Framework for Impact Reporting

a/ Eligible category

b/ Signed amount represents the amount legally committed by the issuer for the portfolio or portfolio components eligible for Green Bond financing

c/ Outstanding bond issued under the green bond programme

d/ The issued amount in NOK represents the hedged amount in NOK, 100% is hedged until maturity

Percentage of Eligible Green Project Portfolio allocated to net proceeds of green funding: **40,1%** (usage)

Percentage of net proceeds of Green Bond allocated to Eligible Green Project Portfolio: **100,0%**

# Møre Boligkreditt AS

Cover pool cut 30/6-24



# Cover pool eligibility criteria

<b>Origination</b>	<ul style="list-style-type: none"><li>• Mortgage loans solely originated by Sparebanken Møre</li><li>• Loan-by-loan origination (loans are individually qualified for the cover pool)</li></ul>
<b>Customer criteria</b>	<ul style="list-style-type: none"><li>• Norwegian residents (Retail and self-employed individuals)</li><li>• Cooperative housing associations</li></ul>
<b>Credit criteria</b>	<ul style="list-style-type: none"><li>• Not in forbearance (Payment ease)</li><li>• Not in arrears</li><li>• No customers with write downs</li></ul>
<b>Collateral criteria</b>	<ul style="list-style-type: none"><li>• Residential properties (No holiday homes or agriculture properties)</li><li>• Recent valuation, within 6 months from time of transfer</li><li>• Quarterly valuation by independent AVM provider Eiendomsverdi, documented</li></ul>
<b>Property type</b>	<ul style="list-style-type: none"><li>• Residential mortgages</li><li>• Cooperative housing residential mortgages</li></ul>
<b>Types of products</b>	<ul style="list-style-type: none"><li>• Principal repayment mortgages</li><li>• Revolving credit with loan limit (10 year bullet loan with no amortization)</li><li>• Fixed- and variable interest rate mortgages</li></ul>



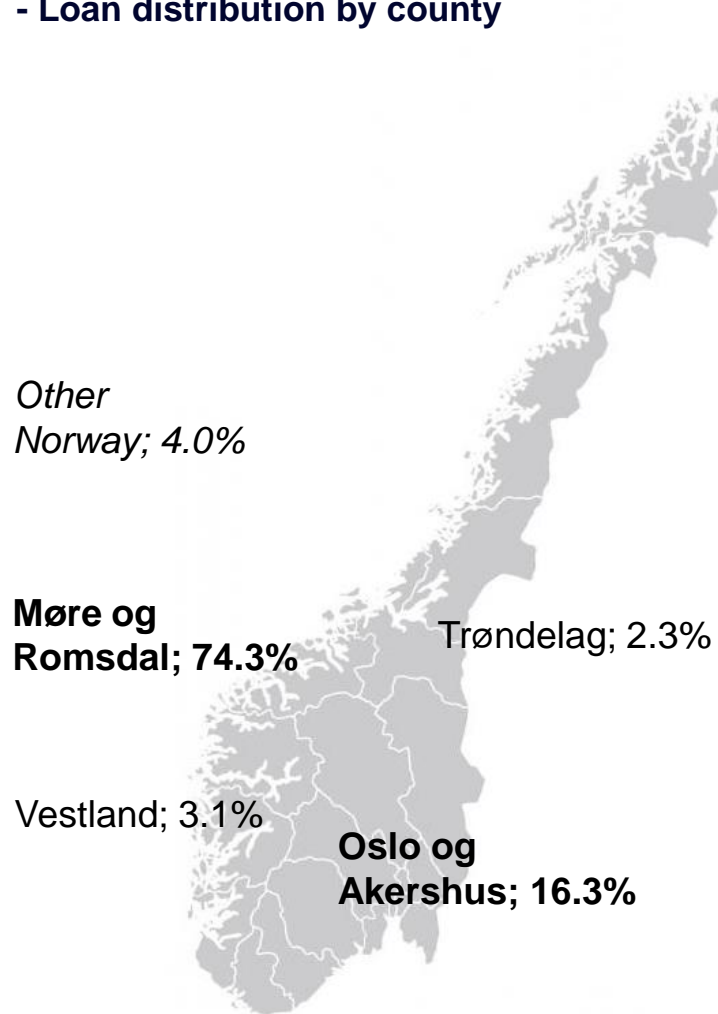
## Møre Boligkreditt - cover pool cut 30.06.24

Type of collateral	Norwegian residential properties
Number of loans	18,791
Types of mortgages (based on loan balance)	84 % Repayment Loans 16 % Revolving credits with loan limit (Flexi-loans)
Fixed and variable rate mortgages	7 % fixed rate mortgages 93% variable rate mortgages
Average loan balance (NOK 1,000)	1,694
WA indexed LTV	52.4 % (Based on Loan-balance)
WA remaining terms (months)	234
WA seasoning (months)	47
Loans in default (90 days past due)	0 % in default or with individual write-downs
Eligible value of the loan-portfolio (mNOK)	31,838
Eligible supplementary assets (mNOK)	1,264
Cover pool (mNOK)	33,102
Covered bonds (mNOK)	28,207
Over-Collateralisation (%)	17.4% (reported) 0.5% (Moody's Aaa-target) 5.0% (Legislation / Committed)

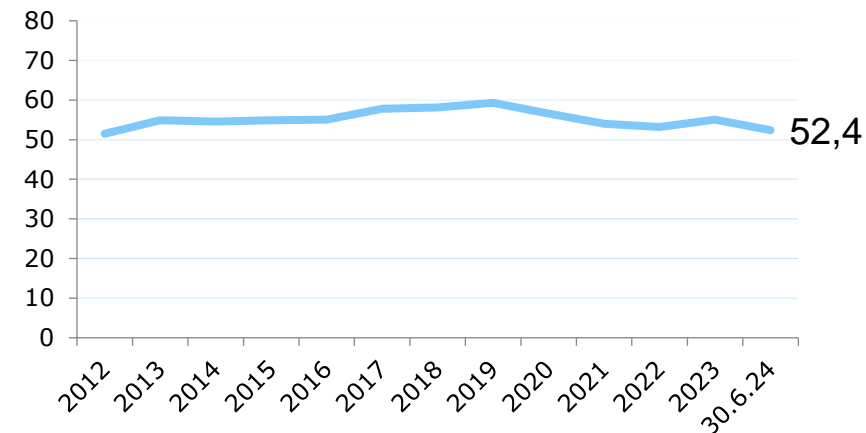


# Møre Boligkreditt - Cover pool cut 30.06.24

## - Loan distribution by county



## -Development in weighted average LTV



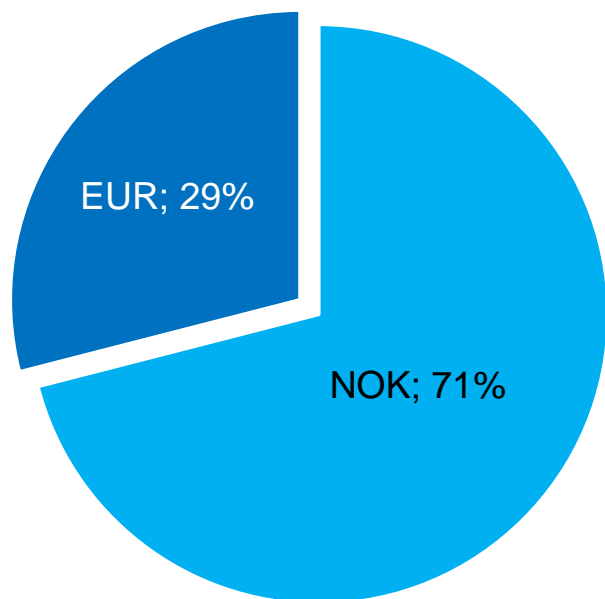
## Additional information from Norwegian issuers using the HTT

### Stress test - House price decline

House price decline	Current	10 %	20 %	30 %
Total cover pool balance (nominal, NOKbn)	33.380	33.380	33.380	33.380
WA indexed LTV (%)	52,4 %	58,2 %	65,5 %	74,8 %
Eligible cover pool balance (nominal, NOKbn)	33.102	32.897	32.121	30.614
Total outstanding covered bonds (nominal, NOKbn)	28.207	28.207	28.207	28.207
Eligible overcollateralization	17,4 %	16,6 %	13,9 %	8,5 %

# Covered bonds outstanding

EUR/NOK distribution



## Covered bonds (million)

ISIN code	Currency	Nominal value	Interest	Issued	Maturity
NO0010588072	NOK	1.050	fixed NOK 4.75 %	2010	2025
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028
NO0010836489	NOK	1.000	fixed NOK 2.75 %	2018	2028
NO0010853096	NOK	3.000	3M Nibor + 0.37 %	2019	2025
XS2063496546	EUR	250	fixed EUR 0.01 %	2019	2024
NO0010884950	NOK	3.000	3M Nibor + 0.42 %	2020	2025
XS2233150890	EUR	30	3M Euribor +0.75 %	2020	2027
NO0010951544	NOK	6.000	3M Nibor + 0.75 %	2021	2026
XS2389402905	EUR	250	fixed EUR 0.01 %	2021	2026
XS2556223233	EUR	250	fixed EUR 3.125 %	2022	2027
NO0012908617	NOK	6.000	3M Nibor +0.54 %	2023	2028

# In compliance with the Capital Requirements Directive

## **MØRE BOLIGKREDITT AS**

*(incorporated with limited liability in Norway)*

**€4,000,000,000**

**Euro Medium Term Covered Note Programme**

### **EU Regulation 575/2013 CRR Article 129**

**Møre Boligkreditt AS confirms that covered bonds issued by Møre Boligkreditt AS are compliant with the CRD requirement set forth in the Eurosystem guidelines.**

Møre Boligkreditt AS confirms that information required in Regulation (EU) No 575/2013 (CRR) Article 129 (7) is made available to investors in accordance with Article 129 (7b).

Covered bonds issued by Møre Boligkreditt AS are eligible for preferential treatment set out in CRR Article 129 (4).

Covered bonds issued before 8 July 2022 that comply with the requirements laid down in this regulation as applicable at the date of their issue shall not be subject to the requirements laid down in paragraphs 3a and 3b. They shall be eligible for preferential treatment under paragraphs 4 and 5 until their maturity.

## Strong and stable ratings

### Moody's Investors Service

*“Sparebanken More's BCA of baa1 reflects its strong financial fundamentals including sound asset quality and strong capital buffers.”*

#### **Sparebanken Møre**

**A1**

Latest published Credit Opinion:

9 January 2024

- *Outlook:*

*Stable*

- *Baseline Credit Assessment (BCA):*

*baa1*

- *Counterparty Risk Assessment:*

*A1*

- *Bank Deposits:*

*A1/P-1*

- *ESG Credit Impact Score*

*CIS-2 (Neutral-to-low)*

#### **Møre Boligkreditt AS Covered Bond Programme**

**Aaa**

Latest published Performance Overview:

23 April 2024

- *CB anchor Møre Boligkreditt AS*

*Aa3*

- *Timely Payment Indicator (TPI):*

*Probable-High*

- *TPI Leeway:*

*3 notch(es)*

- *OC level consistent with current rating:*

*0.5 %*

- *Collateral Score:*

*4.6 %*

## SPAREBANKEN MØRE

- 8th largest Norwegian bank - Total assets NOK 99.8bn - 66% retail lending
- 14.1 per cent return on equity in first half of 2024
- Strong capitalization, CET1 ratio of 19.1% and leverage ratio of 7.7%
- Rating A1 (stable outlook) confirmed by Moody's in January 2024

## MØRE BOLIGKREDITT

- NOK 28.2bn outstanding Covered Bonds – o.w. 29% EUR denominated
- Cover Pool consists of Norwegian prime residential mortgages
- EMTCN programme listed on Euronext Dublin and Oslo Stock Exchange
- All Covered Bonds rated Aaa by Moody's

## MØRE OG ROMSDAL COUNTY

- Population of 270,624 by January 1<sup>st</sup> 2024
- Service sectors dominant - fisheries, tourism, and maritime industries important
- Accounts for 1/3 of Norwegian food export, mainly fish and fishery products
- Registered unemployment in July 2024 of 1.9 %

## NORWAY

- 2.8 % CPI growth y/y in July 2024 / CPI ATE 3.3 % - above target but coming down
- 2.4 % y/y increase in housing prices by end of July 2024
- Registered unemployment in July 2024 of 2.1%
- Policy rate expected to remain at 4.50 % until towards the end of 2024

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# Møre Boligkreditt AS – Second quarter and first half 2024

## STATEMENT OF INCOME

(NOK million)	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>30.06.2024</b>	<b>30.06.2023</b>	<b>2023</b>
Interest income from assets assessed at amortised cost	444	355	896	665	1.514
Interest income from assets assessed at fair value	35	40	76	67	141
Interest expenses	405	335	828	605	1.418
Net interest income	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	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	-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



# Møre Boligkreditt AS – Balance 30.06.2024

## ASSETS - compressed

(NOK million)	30.06.2024	30.06.2023	31.12.2023
Loans to and receivables from credit institutions 1)	1.963	1.553	1.384
Loans to and receivables from customers	31.976	33.656	32.357
Certificates and bonds	157	123	154
Financial derivatives	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

# Møre Boligkreditt AS – Balance 30.06.2024

## LIABILITIES AND EQUITY - compressed

(NOK million)	30.06.2024	30.06.2023	31.12.2023
Loans from credit institutions 2)	3.901	5.361	4.437
Debt securities issued	29.213	29.157	28.311
Financial derivatives	85	74	70
Tax payable	22	24	0
Incurred costs and prepaid income	1	1	1
Deferred tax	116	88	116
<b>Total liabilities</b>	<b>33.338</b>	<b>34.705</b>	<b>32.935</b>
Share capital	1.400	1.375	1.375
Share premium	250	175	175
<b>Paid-in equity</b>	<b>1.650</b>	<b>1.550</b>	<b>1.550</b>
Liability credit reserve	-13	16	-13
Retained earnings	79	84	128
<b>Total equity</b>	<b>1.716</b>	<b>1.650</b>	<b>1.665</b>
<b>Total liabilities and equity</b>	<b>35.054</b>	<b>36.355</b>	<b>34.600</b>

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

