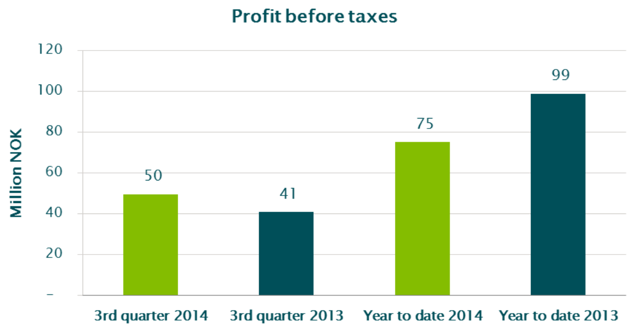
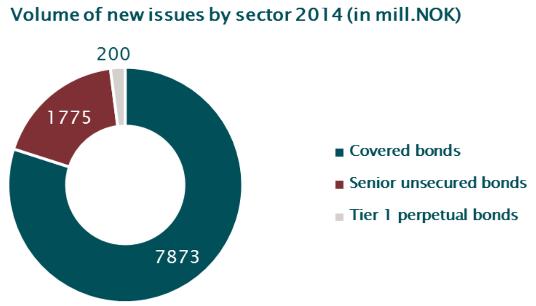
Eika Boligkreditt AS

Interim report for third quarter 2014

Unaudited

Highlights





Third quarter 2014

- Pre-tax profit NOK 50 million (2013: NOK 41 million)
- Pre-tax profit NOK 22 million excluding positive value changes related to changes in the price of basis swaps
- Lending up by 0.8 per cent quarter on quarter
- Commissions to owner banks of NOK 142 million (2013: NOK 125 million)
- NOK 225 million in covered bond issues and NOK 150 million in senior unsecured bonds

First nine months 2014

- Pre-tax profit NOK 75 million (2013: NOK 99 million)
- Pre-tax profit NOK 106 million excluding negative value changes related to changes in the price of basis swaps
- Lending up by 7.1 per cent to 30 September (annual rate)
- Commissions to owner banks of NOK 440 million (2013: NOK 329 million)
- NOK 9.8 billion in bond issues

No full or limited external auditing of the quarterly figures has been undertaken.

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INTERIM REPORT FOR THE THIRD QUARTER

Introduction

Eika Boligkreditt's main purpose is to ensure access for the local banks and OBOS (the owner banks) to long-term and competitive funding by issuing covered bonds. An important part of the company's business concept is to increase the competitiveness of the owner banks by improving their access to external funding in the Norwegian and international financial markets with regard to the length of loans, their terms and the depth of access. The object of the company's business is to reduce risk for the owner banks. At 30 September 2014, the owner banks had transferred a total of NOK 60.8 billion in residential mortgages and thereby reduced their own funding needs by a corresponding amount. Eika Boligkreditt is licensed as a credit institution and entitled to raise loans in the market through the issuance of covered bonds. Norwegian regulations for covered bonds were adopted in 2007, and thereby established a new type of bond which has become an important source of financing within a few years for the lending activities of banks and credit institutions. By concentrating funding activities relating to covered bonds in Eika Boligkreditt, the owner banks have secured a player in the bond market with the necessary requirements for securing competitive terms both in Norway and internationally.

Profit and loss account for the third quarter and first nine months 2014

Pre-tax profit

Eika Boligkreditt showed a pre-tax profit of NOK 50 million for the third quarter, compared with NOK 41 million in the same period of 2013. Third-quarter profit includes positive changes of NOK 28 million in the value of basis swaps, so that pre-tax profit excluding changes in the value of basis swaps came to NOK 22 million. In addition to value changes for basis swaps, third-quarter profit includes NOK 7 million in other changes to the value of financial instruments. That gives a total change of NOK 35 million in the value of financial instruments, compared with NOK 6 million for the same period of 2013.

The company showed a pre-tax profit of NOK 75 million for the first nine months, compared with NOK 99 million in the same period of 2013. Excluding the value changes for basis swaps, the pre-tax profit for the first nine months was NOK 106 million. In addition to the NOK 31 million in negative value changes for basis swaps, value changes to financial instruments included NOK 4 million in net gain on lending at fair value, a net gain of NOK 2 million on financial derivatives, a loss of NOK 4 million in fair value hedging on debt securities issued, and a net gain of NOK 10 million on bonds and certificates. Profit for the first nine months accordingly includes negative changes of NOK 19 million in the value of financial instruments, as against a positive NOK 4 million for the same period of 2013.

Basis swaps are a price component in the derivative contracts entered into in connection with long-term borrowing. The derivatives are valued at fair value, while the hedged bond is valued in accordance with the principles which apply for hedge accounting. The derivatives are intended to hedge foreign exchange and interest rate risks. They accordingly serve as hedging instruments, and the effect of such value changes will be zero over the term of the instruments. The accounting effects will thereby reverse until the derivatives mature. This means that changes in the value of basis swaps only have an accrual effect with regard to unrealised gains and losses in the financial statements, but no realised gains or losses over the term of the derivative unless Eika Boligkreditt realises the derivative early.

Income

Eika Boligkreditt's total income amounted to NOK 619 million in the third quarter, compared with NOK 573 million in the same period of 2013. Its net interest income for the period was NOK 169 million, compared with NOK 168 million for the third quarter of 2013.

The company's total income amounted to NOK 1 858 million in the first nine months, compared with NOK 1 622 million in the same period of 2013. Its net interest income for the period was NOK 561 million, compared with NOK 445 million for the first nine months of 2013.

Distributor commissions

Distributor commissions, including arrangement commissions, paid to the owner banks came to NOK 142 million in the third quarter, compared with NOK 125 million for the same period of 2013.

For the first nine months, distributor commissions, including arrangement commissions, paid to the owner banks came to NOK 440 million, compared with NOK 329 million for the same period of 2013. The sharp increase in these commissions reflected a combination of growth in the mortgage portfolio and higher margins to the owner banks on the company's residential mortgage portfolio.

Balance sheet and liquidity

Balance sheet

Assets under management by Eika Boligkreditt amounted to NOK 77 billion at 30 September, up by NOK 7 billion or 10 per cent from 1 January 2014.

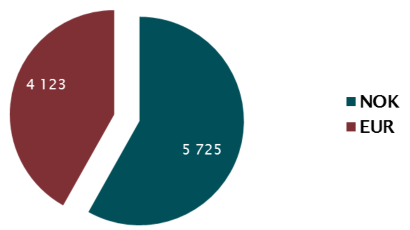
Lending

Eika Boligkreditt's residential mortgage portfolio at 30 September totalled NOK 60.8 billion, which represented a net increase of NOK 3.1 billion or 5.3 per cent from 1 January 2014. This rise reflected a general growth in lending by the owner banks, combined with the fact that the owner banks transfer current residential mortgages from their own balance sheets to Eika Boligkreditt.

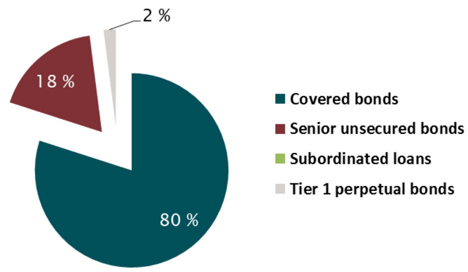
Borrowing

Eika Boligkreditt had a total issue volume of NOK 9.8 billion in the first nine months, which included NOK 7.9 billion as covered bonds, NOK 1.8 billion as senior unsecured bonds and NOK 200 million in tier 1 perpetual bonds.

Issues by currency (in NOK) million) in 2014



Issues by sector (in %) in 2014



Of the company's total issue volume of NOK 9.8 billion, 42 per cent was issued in euros and 58 per cent in Norwegian kroner. Covered bond issues accounted for 80 per cent of the issue volume.

The table below shows issues in 2014 and the three previous years by sector.

New issues (amounts in NOK million)	30 Sept. 2014	2013	2012	2011
Covered bonds (issued in SEK)	-	925	-	-
Covered bonds (issued in EUR)	4 123	7 409	15 687	-
Covered bonds (issued in NOK)	3 750	10 508	5 713	11 830
Senior unsecured bonds (issued in NOK)	1 775	2 300	1 900	340
Subordinated loans (issued in NOK)	-	250	-	-
Tier 1 perpetual bonds (issued in NOK)	200	250	-	-
Totalt issued	**9 848**	**21 642**	**23 300**	**12 170**

The issue volume in 2014 has been lower both than planned and in relation to 2013 and 2012. This reflects a slowdown in borrowing growth during 2014. The average tenor for new financing in 2014 is six years, while the average tenor for the company's whole borrowing portfolio at 30 September 2014 was 4.4 years – down by 0.4 years from 1 January 2014.

The table below shows the breakdown of the company's borrowing in various instruments.

Carrying value in NOK million	30 Sept. 2014	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011
Covered Bonds	68 006	61 129	43 613	29 178
Swap arrangement with the Norwegian govt.	-	-	6 920	10 365
Senior unsecured bonds	3 126	2 410	1 150	1 368
Senior unsecured certificates	-	350	900	300
Subordinated loans	429	429	319	318
Tier 1 perpetual bonds	448	249	-	-
Total borrowing	**72 009**	**64 567**	**52 902**	**41 530**

The company's total borrowing at 30 September 2014 was NOK 72 billion, up by NOK 7.4 billion from 1 January 2014.

Liquidity

Following the high level of activity in issuing covered bonds during the first quarter, the company has maintained a high level of liquidity in 2014. At 30 September 2014, the company had a total liquidity portfolio of NOK 12.1 billion, including cash collateral of NOK 1.4 billion received from counterparties to derivative contracts. Cash collateral is held in bank deposits. In addition to cash collateral, the company has received bonds worth NOK 1.8 billion as security from counterparties to derivative contracts. The value of the bonds provided as collateral is not recognised in the company's balance sheet.

Risk management and capital adequacy

Eika Boligkreditt had a total primary (tier 2) capital of NOK 3 811 million at 30 September 2014, which represented no change from 30 June but was an increase of NOK 700 million from 31 December 2013. The company issued a tier 1 perpetual bond for NOK 200 million in the first quarter, and conducted a share issue of NOK 500 million to existing shareholders in the second quarter.

Residential mortgages in Eika Boligkreditt's cover pool have a maximum loan-to-value ratio of 60 per cent of the mortgaged property at origination. The basis for calculating the capital adequacy ratio has increased in line with the growth in total lending, and amounted to NOK 25.1 billion at 30 September 2014. This amount represents a quantification of the company's risk, and its primary capital is calculated as a value in relation to this calculation base.

The table below presents developments in the capital adequacy ratio.

Amounts in NOK million	30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
Risk-weighted assets	25 074	21 445	20 361
Total primary capital (tier 2 capital)	3 811	3 077	2 657
Capital adequacy ratio in per cent	15,2 %	14,3 %	13,1 %

Capital adequacy is calculated in accordance with the standard method specified in the regulations on capital requirements. At 30 September, Eika Boligkreditt had taken account of the risk of credit valuation adjustment (CVA) when calculating capital requirements for credit risk. This represents a supplement to the existing capital requirement for credit risk related to counterparty risk for derivatives.

Following the rise in the systemic risk buffer from two to three per cent at 1 July 2014, the company has increased its internal capital targets. The new targets apply from 1 July 2014 and are specified as follows:

- Core tier 1 capital ratio: 10 per cent (11.7 per cent at 30 September 2014)
- Tier 1 capital ratio: 11.5 per cent (13.5 per cent at 30 September 2014)
- Tier 2 capital ratio: 13.5 per cent. (15.2 per cent at 30 September 2014)

These targets satisfy regulatory requirements which came into force on 1 July 2014, and are adequate in relation to capital requirements based on the company's internal risk assessment. As presented in the table above, the applicable buffer requirements were fulfilled at 30 September 2014 with a capital adequacy of 15.2 per cent.

Outlook

The board expects growth in the residential mortgage portfolio during 2014 and in subsequent years to be somewhat lower than the company has experienced in recent years. Lending growth in the company is expected to approach the average growth in debt for Norwegian households. This development relates to the fact that the company's owner banks have largely removed mortgage loans from their own balance sheets, and the transfer of new mortgages will occur to a greater extent as a result of asset growth at the banks. Statistics Norway's credit indicator showed a 12-monthly increase in household debt of 6.5 per cent in August 2014. Lending grew in the first nine months of 2014 by NOK 3.1 billion, corresponding to 5.3 per cent. Combined with the rise in lending during the fourth quarter of 2013, this gives a 12-month increase of 10.8 per cent. The revised estimate for lending growth in 2014 as a whole is NOK 3.7 billion, corresponding to just over six per cent.

Growth in house prices was relatively strong for the first nine months of 2014 after a weak performance in late 2103. They rose by 7.6 per cent during the first nine months following a drop of 3.7 per cent in the fourth quarter of 2013[1], and are 3.6 per cent higher than a year earlier. Developments in the housing market during the first nine months provide support for those who expected that this sector would experience a soft landing after many years of high price rises.

The average margin (commission) of the banks on the company's mortgage portfolio was 0.85 per cent at 30 September 2014, compared with an all-time high of 1.05 per cent in April. Increased mortgage margins over the past couple of years are a consequence of the need by banks and financial institutions for more capital to satisfy the higher capital requirements set by the authorities. In the latest lending survey from Norges

[1] Source: Eiendom Norge, FINN.NO and Eiendomsverdi

Bank, the banks reported increased borrowing demand from households and reduced mortgage margins in the second quarter as well as expectations of lower margins in the third quarter. Eika Boligkreditt's mortgage margins have shown the same trend as described and expected in the survey.

Although the international financial market, and particularly the eurozone and emerging economies, is likely to remain affected by some uncertainty in the time to come, the board believes that interest in Norwegian covered bonds will be good. Norway's good macroeconomic position compared with other European countries, combined with a generally positive economic position for households and companies, means that Norwegian issuers of covered bonds are in demand among domestic and international investors.

Oslo, 28 October 2014
The board of directors of Eika Boligkreditt AS

Martin Mæland
Chair
(Sign)

Bjørn Riise
(Sign)

Odd Inge Løfald
(Sign)

Tor Egil Lie
(Sign)

Terje Svendsen
(Sign)

Kjartan M Bremnes
CEO
(Sign)

Statement of comprehensive income

Amounts in NOK 1,000	Notes	3Q 2014	3Q 2013	Jan.-Sept. 2014	Jan.-Sept. 2013	2013
INTEREST INCOME						
Interest from loans to customers		**561 832**	522 554	**1 688 978**	1 463 361	2 006 957
Interest from loans and receivables on credit institutions		**9 116**	7 438	**30 732**	24 276	33 999
Interest from bonds, certificates and financial derivatives		**43 548**	38 961	**124 575**	122 724	147 952
Other interest income		**4 190**	4 180	**13 540**	11 958	16 033
Total interest income		**618 686**	573 133	**1 857 825**	1 622 319	2 204 941
INTEREST EXPENSES						
Interest on debt securities issued		**435 909**	394 313	**1 252 391**	1 155 367	1 533 154
Interest on subordinated loan capital		**11 193**	8 351	**30 962**	15 835	24 114
Other interest expenses		**2 883**	2 412	**13 810**	5 834	10 903
Total interest expenses		**449 985**	405 076	**1 297 163**	1 177 036	1 568 171
Net interest income		**168 701**	168 057	**560 662**	445 283	636 770
Commission costs		**139 777**	120 294	**430 814**	315 088	448 527
Net interest income after commissions costs		**28 923**	47 763	**129 848**	130 195	188 243
Dividend from shares classified as available for sale		**-**	-	**4 769**	4 769	4 769
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE						
Net gains and losses on bonds and certificates	Note 3	**2 459**	(478)	**10 137**	(27)	(994)
Net gains and losses of fair value hedging on debt securities issued	Note 3, 9	**27 948**	4 295	**(35 084)**	807	(115 654)
Net gains and losses on financial derivatives	Note 3	**2 497**	9 767	**1 651**	22 028	22 606
Net gains and losses on loans at fair value	Note 3	**1 831**	(7 587)	**3 861**	(19 189)	(16 937)
Total gains and losses on financial instruments at fair value		**34 734**	5 997	**(19 435)**	3 619	(110 979)
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES						
Salaries, fees and other personnel expenses		**6 566**	5 818	**18 170**	16 120	22 235
Administrative expenses		**3 755**	3 599	**10 993**	12 095	14 742
Total salaries and administrative expenses		**10 321**	9 417	**29 163**	28 215	36 977
Depreciation		**557**	429	**1 528**	1 270	1 730
Other operating expenses		**3 121**	2 934	**9 381**	10 114	13 893
Losses on loans and guarantees		**-**	-	**-**	-	-
PROFIT BEFORE TAXES		**49 660**	40 980	**75 109**	98 984	29 433
Taxes		**13 214**	11 030	**18 586**	25 698	8 357
PROFIT FOR THE PERIOD		**36 446**	29 950	**56 523**	73 286	21 076
Other comprehensive income that will not be reclassified subsequently to P&L		**-**	-	**-**	-	(1 350)
Taxes on other comprehensive income		**-**	-	**-**	-	365
COMPREHENSIVE INCOME FOR THE PERIOD		**36 446**	29 950	**56 523**	73 286	20 091

The total comprehensive income for the period above is attributable to the shareholders of the company.

Balance sheet

Amounts in NOK 1,000	Notes	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
ASSETS				
Lending to and receivables from credit institutions		**3 287 814**	2 701 639	3 402 638
Lending to customers	Note 4, 9	**60 756 908**	54 858 269	57 691 853
Other financial assets		**132 041**	104 356	94 994
Securities		-	-	
Bonds and certificates at fair value through profit or loss	Note 5,9	**8 807 552**	6 529 382	5 366 627
Financial derivatives	Note 8,9	**3 822 433**	2 422 390	3 217 425
Shares classified as available for sale	Note 10	**15 000**	15 000	15 000
Total securities		**12 644 985**	8 966 772	8 599 052
Other intangible assets				
Deferred tax assets		**35 045**	5 858	35 045
Fixed intangible assets		**5 767**	3 827	5 177
Total other intangible assets		**40 812**	9 685	40 222
Tangible fixed assets				
Operating equipment		-	-	-
Tangible fixed assets		-	-	-
TOTAL ASSETS		**76 862 560**	66 640 722	69 828 760
LIABILITIES AND EQUITY				
Loans from credit institutions	Note 12	**1 405 913**	1 643 808	2 347 027
Financial derivatives	Note 8,9	**72 314**	70 372	72 092
Debt securities issued	Note 6	**71 131 446**	61 825 922	63 888 693
Other liabilities		**375 066**	357 652	379 245
Pension liabilities		**4 507**	2 709	4 507
Subordinated loan capital	Note 7	**877 683**	677 865	677 998
TOTAL LIABILITIES		**73 866 928**	64 578 328	67 369 562
Called-up and fully paid capital				
Share capital		**713 455**	484 754	592 082
Share premium		**1 746 928**	1 025 629	1 368 300
Paid-in, non-registered capital increase		-	-	-
Non-registered reduction of share premium reserve		-	-	-
Other paid-in equity		**477 728**	477 728	477 728
Total called-up and fully paid capital	Note 11	**2 938 111**	1 988 111	2 438 110
Retained earnings				
Other equity		**57 522**	74 283	21 088
Total retained equity	Note 11	**57 522**	74 283	21 088
TOTAL EQUITY		**2 995 632**	2 062 394	2 459 198
TOTAL LIABILITIES AND EQUITY		**76 862 560**	66 640 722	69 828 760

Statement of changes in equity

Amounts in NOK 1,000	Share capital [1]	Share premium [1]	Other paid in equity [2]	Retained earnings: other equity [3]	Total equity
Balance sheet as at 1 January 2013	**420 014**	**820 369**	**477 728**	**82 736**	**1 800 846**
Result for the period	-	-	-	20 498	**20 498**
Equity issue	23 319	76 681	-	-	**100 000**
Balance sheet as at 31 March 2013	**443 333**	**897 050**	**477 728**	**103 234**	**1 921 344**
Result for the period	-	-	-	22 838	**22 838**
Equity issue	41 421	128 579	-	-	**170 000**
Disbursed dividends for 2012	-	-	-	(81 738)	**(81 738)**
Balance sheet as at 30 June 2013	**484 754**	**1 025 629**	**477 728**	**44 333**	**2 032 444**
Result for the period	-	-	-	29 950	**29 950**
Equity issue	-	-	-	-	**-**
Balance sheet as at 30 September 2013	**484 754**	**1 025 629**	**477 728**	**74 282**	**2 062 394**
Result for the period	-	-	-	(53 194)	**(53 194)**
Equity issue	107 329	342 671	-	-	**450 000**
Balance sheet as at 31 December 2013	**592 082**	**1 368 300**	**477 728**	**21 088**	**2 459 198**
Result for the period	-	-	-	(929)	**(929)**
Equity issue	-	-	-	-	**-**
Balance sheet as at 31 March 2014	**592 082**	**1 368 300**	**477 728**	**20 159**	**2 458 269**
Result for the period	-	-	-	21 007	**21 007**
Equity issue	121 373	378 628	-	-	**500 000**
Disbursed dividends for 2013	-	-	-	(20 089)	**(20 089)**
Balance sheet as at 30 June 2014	**713 455**	**1 746 928**	**477 728**	**21 077**	**2 959 187**
Result for the period	-	-	-	36 446	**36 446**
Equity issue	-	-	-	-	**-**
Balance sheet as at 30 September 2014	**713 455**	**1 746 928**	**477 728**	**57 522**	**2 995 632**

The specification of equity comprises accounting items pursuant to the provisions in the Norwegian Private Limited Liability Companies Act:

[1] Share capital and the share premium comprises paid- in capital

[2] Other paid- in capital comprises paid- in capital which has earlier been taken from the share premium reserve

[3] Other equity comprises earned and retained profits

Statement of cash flows

Amounts in NOK 1,000	3Q 2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	56 523	21 056
Taxes	18 586	8 357
Income taxes paid	(37 175)	(24 495)
Gains on bonds and certificates	-	-
Ordinary depreciation	1 528	1 730
Non-cash pension costs	-	465
Change in lending to customers	(3 065 055)	(10 606 058)
Change in bonds and certificates	(3 440 925)	703 472
Change in financial derivatives and debt securities issued	54 953	61 353
Interest expenses	1 297 163	1 568 171
Paid interest	(1 287 173)	(1 534 814)
interest income	(1 844 285)	(2 188 908)
received interests	1 808 301	2 173 016
Changes in other financial assets	(1 063)	271
Changes in short-term liabilities and accruals	4 642	54 078
Net cash flow relating to operating activities	**(6 433 980)**	**(9 762 306)**
INVESTING ACTIVITIES		
Payments related to acquisition of fixed assets	(2 118)	(2 589)
Net cash flow relating to investing activities	**(2 118)**	**(2 589)**
FINANCING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	9 668 623	21 124 354
Gross payments of bonds and commercial paper	(3 085 831)	(12 840 843)
Gross receipts on issue of subordinated loan capital	-	498 244
Gross payments of subordinated loan capital	-	(138 847)
Gross receipts from issue of loan from credit institution	-	1 951 995
Gross payments from loan from credit institution	(941 114)	-
Payments of dividend	(20 089)	(81 738)
Paid-up new share capital	500 000	720 000
Net cash flow from financing activities	**6 321 274**	**11 233 165**
Net changes in lending to and receivables from credit institutions	(114 824)	1 468 270
Lending to and receivables from credit institutions at 1 January	3 402 638	1 934 368
Lending to and receivables from credit institutions at end of period	**3 287 814**	**3 402 638**

Noter

Note 1 – Accounting policies

General

Eika Boligkreditt has prepared the accounts for 2014 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The accounts have been prepared in accordance with the historic cost principle, with the exception of financial assets and financial liabilities at fair value through profit or loss, financial assets classified as available for sale as well as financial assets and liabilities that are part of fair value hedges, which have been recorded at fair value. Note 1 of the annual report for 2013 contains further details of accounting policies after IFRS.

The financial statements for the third quarter of 2014 have been prepared in accordance with IAS 34, Interim financial reporting.

Note 2 – Use of estimates and discretion

In the application of the accounting policies, which are described in note 1 of the annual report for 2013, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Lending, non-performing/doubtful loans and writedowns

If there are objective indications of an impairment loss having occurred, the loss is measured as the difference between the value of the asset recognised in the Balance Sheet and the present value of the estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate calculated at initial recognition). In measuring future cash flows, guarantees furnished by the banks distributing the loans are taken into account. The value of the asset recognised in the Balance Sheet is reduced by means of a provision account. The amount of loss is recognised in the result for the year.

No loans were written down per 30 September 2014.

Fair value of financial instruments

The company applies various measurement methods to determine the fair value of financial instruments that are not traded in an active market. The chosen measurement methods are based on market conditions at the end of the reporting period. This means that if observable market data are unavailable, the company will make assumptions and apply discretion as to what the market will base its evaluation of corresponding financial instruments on. More information about the financial instruments can be found in notes 4, 5, 9 and 10.

Note 3 – Net gain and loss on financial instruments at fair value

Net gains and losses on financial instruments at fair value

Amounts in NOK 1,000	3rd quarter 2014	3rd quarter 2013	Jan-Sept 2014	Jan-Sept 2013	2013
Net gains and losses on loans at fair value	1 831	(7 587)	3 861	(19 190)	(16 937)
Net gains and losses on bonds and certificates	2 459	(478)	10 137	(69)	(1 036)
Net gains and losses on financial debts, hedged[1]	923 398	(883 944)	(659 961)	(2 114 926)	(3 022 415)
Net gains and losses on interest swaps related to lending	2 497	9 794	1 651	24 664	25 242
Net gains and losses on interest swaps related to bonds and certificates	-	-	-	42	42
Net gains and losses on interest and currency swaps related to liabilities	(895 450)	888 240	624 877	2 115 733	2 906 761
Net gains and losses on interest swaps not related to liabilities	-	(27)	-	(2 636)	(2 636)
Net gains and losses on financial instruments at fair value [2]	**34 734**	**5 998**	**(19 435)**	**3 618**	**(110 979)**

[1] The company utilises hedge accounting for long-term borrowing in foreign currency, where the cash flows are matched 1:1 through derivative contracts versus the corresponding hedging object.

[2] Third-quarter profit includes positive changes of NOK 27.9 million in the value of basis swaps. In addition to value changes for basis swaps, third-quarter profit includes NOK 6.8 million in other changes to the value of financial instruments. That gives a total change of NOK 34.7 million in the value of financial instruments, compared with NOK 6 million for the same period of 2013.

In addition to the NOK 30.9 million in negative value changes for basis swaps, value changes to financial instruments during the first nine months included NOK 3.9 million in net gain on lending at fair value, a net gain of NOK 1.7 million on financial derivatives, a loss of NOK 4.1 million in fair value hedging on debt securities issued, and a net gain of NOK 10.1 million on bonds and certificates. Profit for the first nine months accordingly includes negative changes of NOK 19.4 million in the value of financial instruments, as against a positive NOK 3.6 million for the same period of 2013.

Basis swaps are derivative contracts entered into in connection with long-term borrowing in foreign currencies, whereby the foreign currency is converted to Norwegian kroner. This is a hedging instrument, and the effect of such value changes will be zero over its term. The accounting effects will thereby reverse over time, so that the unrealised loss at 30 September 2014 will be reversed up to the point when the derivatives mature. This means that changes in margins only have an accrual effect with regard to unrealised gains and losses in the financial statements, but no realised gains or losses over the term of the derivative unless Eika Boligkreditt realises the derivative early. The latter would not be natural given the nature of the company's business

Eika Boligkreditt utilises interest-rate and currency swaps in order to convert borrowing in foreign currencies to Norwegian kroner. A typical example is when a loan raised in euros is converted to Norwegian kroner through an interest-rate and currency swap which includes a basis swap. In this case, Eika Boligkreditt would pay a Norwegian interest rate with a margin of three months Nibor in the swap and receive a euro interest rate in the swap which corresponds to the coupon it pays on the loan in euros. Derivatives are valued at fair value, while the hedged bond is valued in accordance with the principles which apply for hedge accounting.

Note 4 – Lending to customers

Amounts in NOK 1,000	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Installment loans - retail market	51 652 566	46 843 008	48 557 318
Installment loans - housing cooperatives	9 069 522	7 986 554	9 103 576
Adjustment fair value lending to customers [1]	34 820	28 706	30 959
Total lending before specific and general provisions for losses	**60 756 908**	**54 858 268**	**57 691 853**
Individual impairments	-	-	-
Unspecified group impairments	-	-	-
Total lending to and receivables from customers	**60 756 908**	**54 858 268**	**57 691 853**

All lending concerns residential mortgage loans with a loan-to-value ratio of up to 60 per cent at origination. The company has no non-performing loans as of 30 September 2014.

[1]The table below shows fair value lending to customers

30 Sept. 2014

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	59 709 632	59 709 632
Fixed rate loans	1 012 457	1 047 276
Toal lending	**60 722 089**	**60 756 908**

30 Sept. 2013

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	53 416 439	53 416 439
Fixed rate loans	1 413 124	1 441 830
Toal lending	**54 829 563**	**54 858 269**

31 Dec. 2013

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	56 290 358	56 290 358
Fixed rate loans	1 370 536	1 401 495
Toal lending	**57 660 894**	**57 691 853**

Calculation of fair value of loans: The margin on the loans is considered to be on market terms. The market value of variable rate loans is therefore measured as equal to amortised cost. The market value of fixed rate loans is correspondingly measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed rate of interest and the interest rate at the balance sheet date.

Note 5 – Bonds and certificates at fair value through profit or loss

30 September 2014

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Commercial banks	-	-	-
Corporations owned by municipalities	25 000	25 003	25 030
Municipalities	3 486 630	3 486 765	3 487 658
Credit institutions	4 750 500	4 773 337	4 783 680
Treasury bills	500 000	511 506	511 184
Total bonds and certificates at fair value through profit or loss	**8 762 130**	**8 796 612**	**8 807 552**
Change in value charged to the profit and loss account			**10 940**

Average effective interest rate is 1.95 per cent annualised. The calculation is based on a weighted fair value.

30 September 2013

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Market value
Commercial banks	50 000	50 358	50 437
Corporations owned by municipalities	25 000	25 019	25 078
Municipalities	1 856 795	1 856 883	1 857 427
Credit institutions	3 035 500	3 048 918	3 051 556
Treasury bills	1 550 000	1 545 045	1 544 883
Total bonds and certificates at fair value through profit or loss	**6 517 295**	**6 526 223**	**6 529 382**
Change in value charged to the profit and loss account			**3 159**

Average effective interest rate is 1.90 per cent annualised. The calculation is based on a weighted fair value.

31 December 2013

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Commercial banks	50 000	50 228	50 273
Corporations owned by municipalities	25 000	25 015	25 077
Municipalities	1 652 300	1 652 395	1 652 602
Credit institutions	3 323 500	3 338 629	3 340 580
Treasury bills	300 000	298 089	298 095
Total bonds and certificates at fair value through profit or loss	**5 350 800**	**5 364 355**	**5 366 627**
Change in value charged to the profit and loss account			**2 272**

Average effective interest rate is 1.85 per cent annualised. The calculation is based on a weighted fair value.

	30 Sept. 2014	30 Sept. 2014	31 Dec. 2013
Average term to maturity	**1.3**	**0.9**	**1.1**
Average duration when hedging is taken into account	**0.2**	**0.2**	**0.2**

All the bonds are rated AA-/Aa3 or better if the maturity exceeds 100 days, and A-/A3 if the maturity is 100 days or below. The rating is performed by an internationally recognised rating agency.

Note 6 – Debt securities issued

Covered bonds - **amounts in NOK 1,000**

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
CH0034269511	225 000	CHF	Fixed	3,14 %	2007	2013	-	1 494 892	-
NO0010502149	5 000 000	NOK	Floating	3M Nibor + 0,70 %	2009	2019	1 213 085	810 062	860 225
NO0010542244	1 000 000	NOK	Floating	3M Nibor + 0,35 %	2009	2014	-	150 027	21 002
NO0010536089	315 000	NOK	Floating	3M Nibor + 0,40 %	2009	2015	314 889	454 667	349 699
NO0010561103	2 000 000	NOK	Fixed	5,00 %	2009	2019	2 011 712	2 023 935	2 020 854
NO0010565211	827 000	NOK	Fixed	4,40 %	2010	2015	827 362	1 211 339	1 211 093
NO0010572373	5 000 000	NOK	Floating	3M Nibor + 0,53 %	2010	2016	4 608 248	4 996 894	4 997 196
XS0537088899	487 133	EUR	Fixed	2,13 %	2010	2015	3 940 930	4 054 843	4 171 905
NO0010605587	1 000 000	NOK	Fixed	5,20 %	2011	2021	1 000 000	1 000 000	1 000 000
NO0010612179	1 000 000	NOK	Fixed	4,65 %	2011	2018	710 495	713 341	712 624
NO0010612039	3 500 000	NOK	Floating	3M Nibor + 0,55 %	2011	2018	2 704 197	2 502 385	2 502 256
NO0010625429	906 000	NOK	Floating	3M Nibor + 0,40 %	2011	2014	905 959	1 159 210	914 451
NO0010625346	1 600 000	NOK	Fixed	4,60 %	2011	2026	1 501 095	1 501 187	1 501 164
NO0010630148	1 035 000	NOK	Floating	3M Nibor + 0,45 %	2011	2014	1 035 173	1 379 565	1 234 685
NO0010631336	850 000	NOK	Fixed	3,75 %	2011	2016	850 770	851 216	851 103
XS0736417642	500 000	EUR	Fixed	2,25 %	2012	2017	4 037 245	4 046 342	4 163 486
NO0010648884	588 000	NOK	Floating	3M Nibor + 0,42 %	2012	2015	587 881	1 199 396	1 097 531
NO0010648892	2 000 000	NOK	Floating	3M Nibor + 0,74 %	2012	2017	1 401 171	1 401 607	1 401 497
XS0794570944	650 000	EUR	Fixed	2,00 %	2012	2019	5 231 919	5 243 951	5 396 187
XS0851683473	1 000 000	EUR	Fixed	1,25 %	2012	2017	8 074 861	8 095 998	8 329 544
NO0010663727	5 500 000	NOK	Floating	3M Nibor + 0,60 %	2012	2019	5 247 904	3 014 614	4 140 899
NO0010664428	1 000 000	NOK	Floating	3M Nibor + 0,53 %	2012	2018	1 001 335	1 001 654	1 001 574
NO0010663743	1 000 000	NOK	Fixed	3,25 %	2012	2019	1 008 893	1 010 611	1 010 178
NO0010669922	1 000 000	NOK	Fixed	4,00 %	2013	2028	995 929	995 624	995 701
XS0881369770	1 000 000	EUR	Fixed	2,125 %	2013	2023	8 054 472	8 078 357	8 311 211
NO0010685480	5 000 000	NOK	Floating	3M Nibor + 0,54 %	2013	2020	3 029 967	998 502	1 173 554
NO0010685704	1 000 000	NOK	Fixed	3,50 %	2013	2020	552 786	250 000	300 749
NO0010687023	1 000 000	NOK	Fixed	4,10 %	2013	2028	150 000	150 000	150 000
NO0010697204	300 000	SEK	Fixed	2,38 %	2013	2018	266 095	-	282 697
NO0010697212	700 000	SEK	Floating	3M Stibor + 0,50%	2013	2018	621 893	-	660 811
XS1044766191	500 000	EUR	Fixed	1,50 %	2014	2021	4 015 067	-	-
Value adjustments							2 104 612	(114 446)	365 276
Total covered bonds[1]							**68 005 945**	**59 675 771**	**61 129 152**

[1] For covered bonds ascribed to the company's cover pool, an overcollateralization requirement of 5 per cent applies. This means that the company must at all times have assets in its cover pool that exceed at least 105 per cent of the total outstanding covered bonds.

Senior unsecured bonds - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
NO0010532906	1 000 000	NOK	Floating	3M Nibor + 0,90 %	2009	2014	-	349 853	349 894
NO0010662521	1 000 000	NOK	Floating	3M Nibor + 0,80 %	2012	2014	-	199 942	109 982
NO0010672157	500 000	NOK	Floating	3M Nibor + 0,65 %	2013	2014	-	199 965	199 975
NO0010673106	250 000	NOK	Floating	3M Nibor + 0,80 %	2013	2015	250 217	250 703	250 581
NO0010685043	500 000	NOK	Floating	3M Nibor + 0,42 %	2013	2014	99 999	499 896	499 921
NO0010685035	300 000	NOK	Floating	3M Nibor + 0,43 %	2013	2014	299 982	299 832	299 870
NO0010691991	200 000	NOK	Floating	3M Nibor + 0,69%	2013	2015	199 938	-	199 893
NO0010697733	600 000	NOK	Floating	3M Nibor + 0,90%	2013	2016	600 021	-	299 751
NO0010699234	200 000	NOK	Floating	3M Nibor + 1,14%	2013	2018	199 747	-	199 702
NO0010705593	600 000	NOK	Floating	3M Nibor + 0,65 %	2014	2017	601 176	-	-
NO0010708936	225 000	NOK	Floating	3M Nibor + 0,82%	2014	2019	224 775	-	-
NO0010711716	400 000	NOK	Floating	3M Nibor + 0,82%	2014	2016	399 869	-	-
NO0010713753	250 000	NOK	Floating	3M Nibor + 0,72%	2014	2019	249 777	-	-
Total senior unsecured bonds							**3 125 501**	**1 800 191**	**2 409 569**

Senior unsecured certificates - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
NO0010682123	200 000	NOK	Fixed	2,13 %	2013	2014	-	199 974	199 984
NO0010690704	150 000	NOK	Floating	3M Nibor + 0,32 %	2013	2014	-	149 985	149 989
Total senior unsecured certificates							**-**	**349 959**	**349 973**
Total debt securities issued							**71 131 446**	**61 825 922**	**63 888 693**

Note 7 – Subordinated loan capital

Tier 1 perpetual bonds - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
NO0010679640	250 000	NOK	Floating	3M Nibor + 4.20 % [1]	2013	Perpetual	248 907	248 608	248 683
NO0010701220	250 000	NOK	Floating	3M Nibor + 3.50 % [2]	2014	Perpetual	199 292	-	
Total tier 1 perpetual bonds							**448 199**	**248 608**	**248 683**

[1] NOK 250 million in tier 1 perpetual bonds which can be called at 23 May 2018 and thereafter quarterly at each interest date. A regulatory call is also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 1 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

[2] NOK 200 million in tier 1 perpetual bonds which can be called at 5 March 2019 and thereafter quarterly at each interest date. A regulatory call is also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 1 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

Subordinated loans - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
NO0010592991	180 000	NOK	Floating	3M Nibor + 2.40 % [1]	2010	2020	179 848	179 722	179 753
NO0010679632	250 000	NOK	Floating	3M Nibor + 2.20 % [2]	2013	2023	249 636	249 536	249 561
Total subordinated loans							**429 483**	**429 257**	**429 314**

[1] Subordinated loan of NOK 180 million with maturity date 15 December 2020, with redemption right (call) 15 December 2015. If the redemption right is unexercised, interest terms are 3M Nibor + 3,15%. This issue has a regulatory call allowing the issuer to call the bond at par + accrued interest should regulatiory changes mean that the issuer is prohibited from including the capital in its tier 2 capital calculation.

[2] Subordinated loan of NOK 250 million with maturity date 23 May 2023, with redemption right (call) 23 May 2018 and thereafter quarterly at each interest date. A regulatory call is also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 2 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

Total subordinated loan capital	**877 683**	**677 865**	**677 998**

Note 8 – Coverpool

Amounts in NOK 1,000	30 Sept. 2014	Fair Value 30 Sept. 2013	31 Dec. 2013
Lending to customers	60 756 908	54 858 269	57 691 853
Substitute assets and derivatives:			
Financial derivatives (net)	3 750 119	2 352 018	3 145 333
Substitute assets [1]	10 688 310	7 586 519	6 420 907
Total	**75 195 337**	**64 796 805**	**67 258 093**
The cover pool's overcollateralisation	110,53 %	108,52 %	109,99 %

Issued Covered Bonds

	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Covered Bonds	68 005 945	59 675 771	61 129 152
Premium/Discount	23 939	31 833	21 137
Total Covered Bonds	**68 029 884**	**59 707 604**	**61 150 288**

[1] Substitute assets include lending to and receivables on credit institutions, bond and certificates at fair value through profit or loss and reverse repurchase agreements (reverse repo).

Note 9 – Derivatives and hedging

The purpose of all derivative transactions in Eika Boligkreditt is to reduce the interest rate and currency risk. Interest rate swaps, where Eika Boligkreditt receives a fixed interest rate and pays a floating interest rate are, entered into to convert issues of bonds and certificates from a fixed interest rate to a floating interest rate exposure. Financing at a floating interest rate would reduce the risk for the company, since most lending is done at a floating interest rate. Interest rate swaps where Eika Boligkreditt receives a floating interest rate and pays a fixed interest rate are entered into to hedge the interest rate margin of lending at a fixed interest rate.

	30 Sept. 2014		31 Dec. 2013	
Assets Amounts in NOK 1,000	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swap lending [1]	-	-	(41 060)	229
Interest rate and currency swap [2]	42 403 063	3 822 433	37 178 063	3 217 196
Total financial derivative assets	**42 403 063**	**3 822 433**	**37 137 003**	**3 217 425**

Liabilities Amounts in NOK 1,000	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swap lending [1]	1 019 252	48 513	1 520 425	50 394
Interest rate and currency swap [2]	1 135 365	23 801	1 500 000	21 698
Total financial derivative liabilities	**2 154 617**	**72 314**	**3 020 425**	**72 092**

[1]The hedging instruments related to the lending portfolio with fixed interest rate are rebalanced when necessary. The negative nominal value is a result of a previously entered swap being reversed as a result of rebalancing.
[2]Nominal amount is converted to historical currency exchange rate.

Fair value hedging

Eika Boligkreditt applies fair value hedging on fixed-rate financial liabilities with the exception of loans related to the swap arrangement with the Norwegian government. The hedge object is the swap interest element of the financial liabilities. Interest and currency swaps are used as hedging instruments.

	30 Sept. 2014		31 Dec. 2013	
Amounts in NOK 1,000	**Nominal amount**	**Value recognised in balance sheet**	**Nominal amount**	**Value recognised in balance sheet**
Hedging instruments: Interest rate and currency swaps [1,2]	41 267 698	3 798 632	38 678 063	3 195 498
Hedged items: Financial commitments incl foreign exchange [2]	41 267 698	(3 968 187)	38 678 063	(3 308 226)
Net value recognised in Balance Sheet	**-**	**(169 555)**	**-**	**(112 728)**

[1]Nominal amount is converted to historical currency exchange rate.
[2]The book value of the hedging instruments is net market value. The book value of the hedged objects is the cumulative change in value associated with hedged risk and is an adjustment of financial liabilities at amortised cost.

Gains/losses on fair value hedging

Amounts in NOK 1,000	3rd quarter 2014	3rd quarter 2013	Jan-Sept. 2014	Jan-Sept. 2013	2013
Hedging instruments	(895 450)	888 240	624 877	2 115 733	2 906 761
Hedged items	923 398	(883 944)	(659 961)	(2 114 926)	(3 022 415)
Net gains/losses (inefffectiveness) [3]	**27 948**	**4 296**	**(35 084)**	**807**	**(115 654)**

[3]The positive change in value for financial instruments in the third quarter of 2014 relate almost entirely to changes in basis swaps. See note 3 for more information.

Note 10 – Fair value hierarchy

Eika Boligkreditt AS measures financial instruments at fair value, and classifies the related fair value at three different levels, which are based on the market conditions at the balance sheet date.

Level 1: Financial instruments where the measurement is based on quoted prices in an active market
Included in Level 1 are financial instruments where the measurement is based on quoted prices in active markets for identical assets. Quoted prices are obtained from the Oslo Stock Exchange. The company's investments in Treasury bills are included in this category.

Level 2: Financial instruments where the measurement is based on observable market data
Level 2 comprises financial instruments that are measured using market information not consisting of quoted prices but which may be either directly or indirectly observable. Indirectly observable market data entail that the price is derived from corresponding financial instruments and commitments on which the market has based its valuation. This category consists of the fair values of interest and currency swaps based on swap curves and investments in certificates and bonds not issued by a national state. Discounted cash flow is used in the valuation. Market data is obtained from an acknowledge provider of market data.

Level 3: Financial instruments where the measurement is based on information other than observable market data
Level 3 comprises loans at fixed interest rates and shares available for sale. The fair value of fixed-rate loans is measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed rate of interest and the corresponding interest rate at 30 September 2014.

30 September 2014

Amounts in NOK 1,000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	1 047 276
Bonds and certificates at fair value through profit or loss	511 184	8 296 368	-
Financial derivatives	-	3 822 433	-
Shares classified as available for sale	-	-	15 000
Total financial assets	**511 184**	**12 118 801**	**1 062 276**
Financial liabilities			
Financial derivatives	-	72 314	-
Total financial liabilities	**-**	**72 314**	**-**

No significant transactions between the different levels have taken place in 2014.

31 Dec. 2013

Amounts in NOK 1,000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	1 401 495
Bonds and certificates at fair value through profit or loss	298 095	5 068 532	-
Financial derivatives	-	3 217 425	-
Shares classified as available for sale	-	-	15 000
Total financial assets	**298 095**	**8 285 957**	**1 416 495**
Financial liabilities			
Financial derivatives	-	72 092	-
Total financial liabilities	**-**	**72 092**	**-**

No significant transactions between the different levels took place in 2013.

Detailed statement of assets classified at level 3

2014 Amounts in NOK 1,000	**1 Jan. 2014**	Purchases/ issues	Disposals/ Settlements	Transfers in/out of level 3	Allocated to profit or loss 2013	Other comprehensive income	**30 Sept. 2014**
Lending to customers (fixed rate loans)	1 401 495	120 048	(369 205)	-	3 861	-	1 156 199
Shares available for sale	15 000	-	-	-	-	-	15 000
Total	**1 416 495**	**120 048**	**(369 205)**	**-**	**3 861**	**-**	**1 171 199**

2013 Amounts in NOK 1,000	**1 Jan. 2013**	Purchases/ issues	Disposals/ Settlements	Transfers in/out of level 3	Allocated to profit or loss 2013	Other comprehensive income	**30 Sept. 2014**
Lending to customers (fixed rate loans)	1 701 189	85 988	(368 744)	-	(16 937)	-	1 401 495
Shares available for sale	15 000	-	-	-	-	-	15 000
Total	**1 716 189**	**85 988**	**(368 744)**	**-**	**(16 937)**	**-**	**1 416 495**

Interest rate sensitivity of assets classified at Level 3 at 30 September 2014
A one percentage point increase in all interest rates would reduce the value of the company's fixed-rate loans at fair value at year-end by NOK 30.2 million. The effect of a decrease in interest rates would be an increase of NOK 30.2 million in the value of fixed-rate loans at fair value. The amounts are calculated by means of duration, which is the remaining portion of the fixed interest period.

Changes in fair value of fixed rate loans attributable to a change in credit risk
Because of the company’s fixed rate lending at fair value has an unchanged credit spread, no change in fair value is attributable to a change in the credit risk. This applies both for 30 September 2014 and cumulatively.

Note 11 – Capital adequacy ratio

Amounts in NOK 1,000	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Share capital	713 455	484 754	592 082
Share premium	1 746 928	1 025 629	1 368 300
Paid, but not registered, share capital	-	-	-
Other paid-in equity	477 728	477 728	477 728
Total comprehensive income for the period	-	-	-
Other equity	997	997	997
Total equity recognised in the balance sheet	**2 939 108**	**1 989 108**	**2 439 107**
Intangible assets	(5 767)	(3 827)	(5 177)
Deferred tax assets [1]	-	(5 858)	(35 045)
Total core tier 1 capital	**2 933 341**	**1 979 423**	**2 398 885**

Core capital adequacy ratio (core tier 1 capital)	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Weighted calculation basis	25 074 470	20 361 438	21 444 688
Core tier 1 capital	2 933 341	1 979 423	2 398 885
Core tier 1 capital ratio	**11,7 %**	**9,7 %**	**11,2 %**
			-
Total core tier 1 capital	2 933 341	1 979 423	2 398 885
Tier 1 perpetual bonds	448 199	248 608	248 683
Total tier 1 capital	**3 381 540**	**2 228 031**	**2 647 568**

Capital adequacy ratio (tier 1 capital)	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Weighted calculation basis	25 074 470	20 361 438	21 444 688
Tier 1 capital	3 381 540	2 228 031	2 647 568
Tier 1 capital ratio	**13,5 %**	**10,9 %**	**12,3 %**
Total tier 1 capital	3 381 540	2 228 031	2 647 568
Subordinated loan capital	429 483	429 257	429 314
Total primary capital (tier 2 capital)	**3 811 023**	**2 657 288**	**3 076 882**

Capital adequacy ratio (tier 2 capital)	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Weighted calculation basis	25 074 470	20 361 438	21 444 688
Total primary capital (tier 2 capital)	3 811 023	2 657 288	3 076 882
Capital adequacy ratio	**15,2 %**	**13,1 %**	**14,3 %**
Required capital corresponding to eight per cent of calculation basis	2 005 958	1 628 915	1 715 575
Surplus equity and subordinated capital	1 805 065	1 028 373	1 361 307

The capital adequacy ratio is calculated using the standard method in Basel II.

30 September 2014

Calculation basis	Weighted calculation basis	Capital requirement
Credit risk	23 302 447	1 864 196
Operational risk	247 505	19 800
CVA risk [2]	1 524 518	121 961
Total	**25 074 470**	**2 005 958**

The company employs the standardised approach for calculating credit risk and the basic indicator approach for calculating operational risk.

[1]Deferred tax asset attributable to temporary differences and amounting to less than 10 per cent of core tier 1 capital is not deducted from core tier 1 capital, but risk-weighted by 250 per cent. See the changes to the calculation regulations which came into force on 30 September 2014.

[2]At 30 September, Eika Boligkreditt had taken account of the risk of credit valuation adjustment (CVA) when calculating capital requirements for credit risk. This represents a supplement to the existing capital requirement for credit risk related to counterparty risk for derivatives.

The company will maintain a buffer at all times in relation to the minimum requirement of eight per cent capital adequacy. This buffer will be sufficient to cope with relevant risks the company may face. The company's internal capital adequacy assessment process (ICAAP) is pursued to ensure that it has a sufficient buffer in relation to the minimum requirements. The company is planning to capitalise continued strong growth in the residential mortgage portfolio. Because of increased systemic risk buffer from 2 % to 3 % effective from 1 July 2014 the company increased its capital targets to 10 per cent core tier 1, 11.5 per cent tier 1 capital and 13.5 per cent tier 2 capital. These targets satisfy regulatory requirements which came into force on 1 July 2014, and are adequate in relation to capital requirements based on the company's internal risk assessment. As presented in the table above, the applicable buffer requirements were fulfilled at 30 September 2014 with a capital adequacy of 15.2 per cent.

The company has a shareholder agreement which commits the owner banks, under given circumstances, to provide it with necessary capital. More information on the shareholder agreement can be found in note 25 to the annual financial statements for 2013.

Note 12 – Loans from credit institutions

Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt AS has been provided with such collateral in the form of cash. These cash sums are managed by Eika Boligkreditt AS for the duration of the collateral provision, and are recognised in the balance sheet as an asset with an associated liability. Both the cash asset and the liability are thereafter measured at amortised cost. At 30 September 2014, Eika Boligkreditt had received cash collateral of NOK 1.4 billion posted by counterparties to derivative contracts. In addition to cash collateral, the company has received bonds worth NOK 1.8 billion as collateral from counterparties to some of the derivative contracts. The value of the bonds provided as collateral is not recognised in the company's balance sheet.

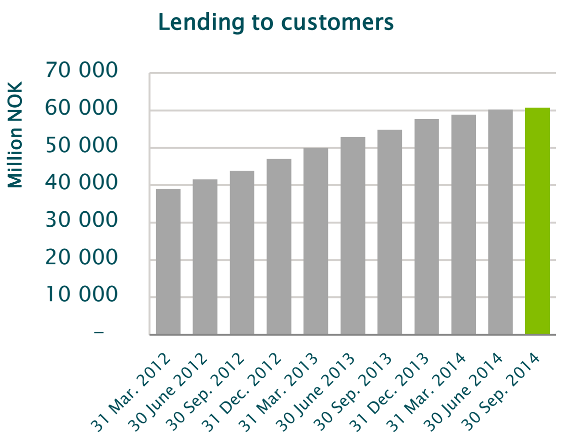
Note 13 – Contingency and overdraft facilities

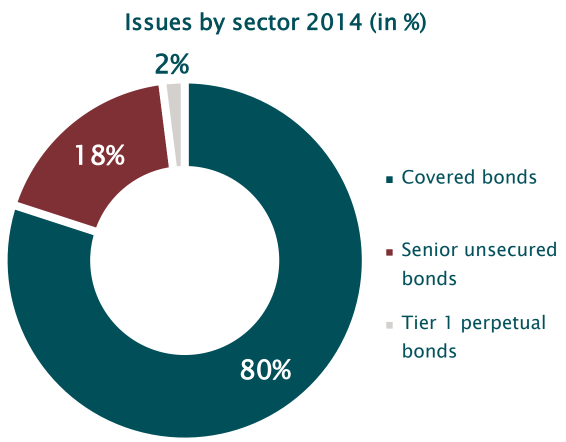
The company has an overdraft facility with DNB Bank ASA (DNB). It also has a contingency facility with DNB which allows covered bonds to be issued for an amount not exceeding NOK 1 billion. Note 15 to the annual financial statements for 2013 provides a more detailed presentation of the overdraft and contingency facilities with DNB. The company also has a note purchase agreement with the owner banks and OBOS concerning the purchase of covered bonds, whereby the owner banks and OBOS have accepted a liquidity obligation towards Eika Boligkreditt. More information on the note purchase agreement can be found in note 15 to the annual financial statements for 2013.

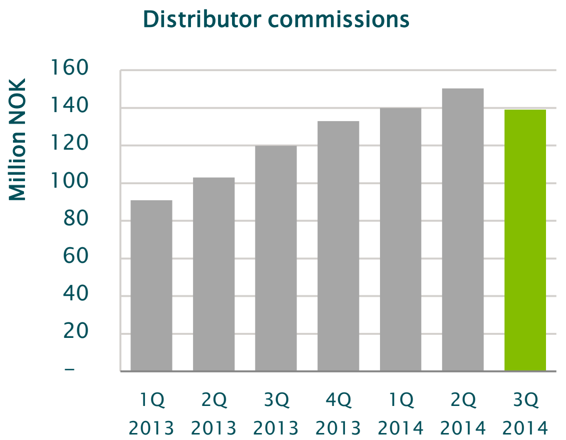
Note 14 – Risk management

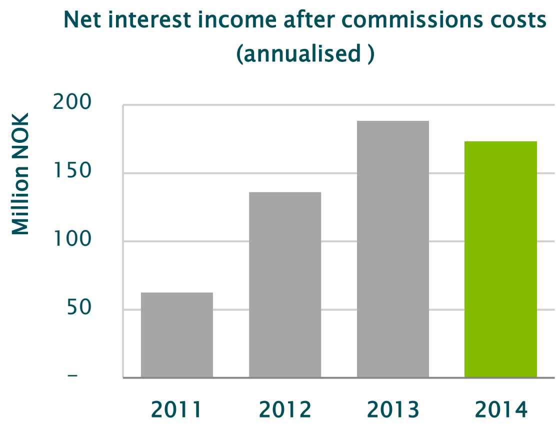
Eika Boligkreditt AS has established a framework for risk management and control in the company that defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 to the annual accounts for 2013 describes the company's financial risk which also applies to the financial risk in 2014.

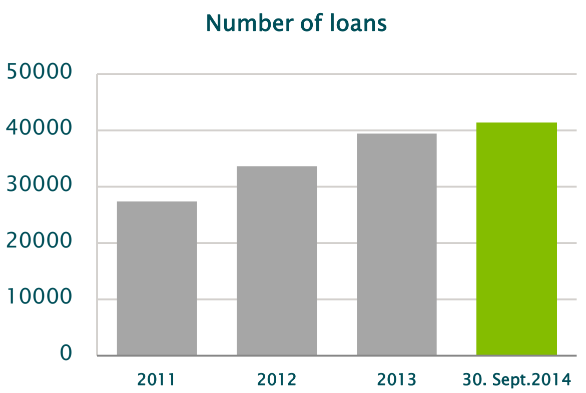
Key figures – Development

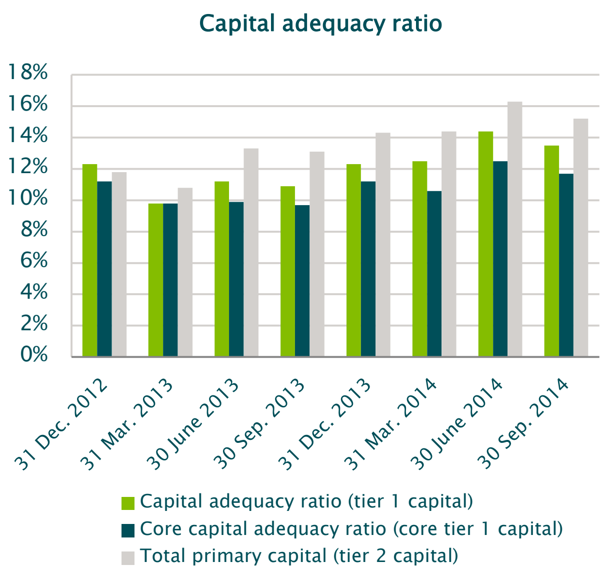












Key figures – Unaudited

Amounts in NOK 1,000	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Balance sheet development			
Lending to customers	60 756 908	54 858 269	57 691 853
Debt securities issued	71 131 446	61 825 922	63 888 693
Subordinated loan capital	877 683	677 865	677 998
Equity	2 995 632	2 062 394	2 459 198
Equity in % of total assets	3,90	3,09	3,52
Average total assets	75 731 555	62 249 202	63 765 113
Total assets	76 862 560	66 640 722	69 828 760
Rate of return / profitability			
Fee and commission income in relation to average total assets, annualised (%)	0,76	0,67	0,70
Staff and general administration expenses in relation to average total assets, annualised (%)	0,05	0,06	0,06
Return on equity, before taxes annualised (%) [1]	3,73	7,46	1,48
Total assets per full-time position	3 881 947	3 544 719	3 714 296
Cost/income ratio (%) [2]	30,86	30,42	27,94
Financial strength			
Core tier 1 capital	2 933 341	1 979 423	2 398 885
Tier 1 capital	3 381 540	2 228 031	2 647 568
Total primary capital (Tier 2 capital)	3 811 023	2 657 288	3 076 882
Calculation basis capital adequacy ratio	25 074 470	20 361 438	21 444 688
Core tier 1 capital ratio (%)	11,7	9,7	11,2
Tier 1 capital ratio (%)	13,5	10,9	12,3
Capital adequacy ratio % (Tier 2 capital)	15,2	13,1	14,3
Leverage ratio (%) [3]	3,59	-	-
Defaults in % of gross loans	0,00	0,00	0,00
Loss in % of gross loans	0,00	0,00	0,00
Staff			
Number of full-time positions at end of period	19,8	18,8	18,8

Overview of liquidity indicators and prognosis

	Actual		Prognosis		
As of	30 Sept. 2014	31 Dec. 2014	31 Mar. 2014	30 Jun. 2015	30 Sept. 2015
Liquidity Indicator I [4]	103 %	103 %	109 %	101 %	107 %
Liquidity Indicator II [5]	115 %	113 %	116 %	117 %	116 %
Average of indicators	**109 %**	**108 %**	**113 %**	**109 %**	**112 %**

[1] Profit/loss before taxes, in % of average equity (return on equity).

[2] Total operating expences in % of net interest income after commissions costs.

[3] Leverage ratio is calculated in accordance to the CRR/CRD IV regulatory. The calculation of the leverage ratio is described in the regulations article 416 and 417.

[4] Liquidity Indicator I:

$$\frac{\text{Funding with remaining time to maturity exceeding 12 months}}{\text{Illiquid assets}}$$

[5] Liquidity Indicator II:

$$\frac{\text{Funding with remaining time to maturity exceeding 1 month}}{\text{Illiquid assets}}$$

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