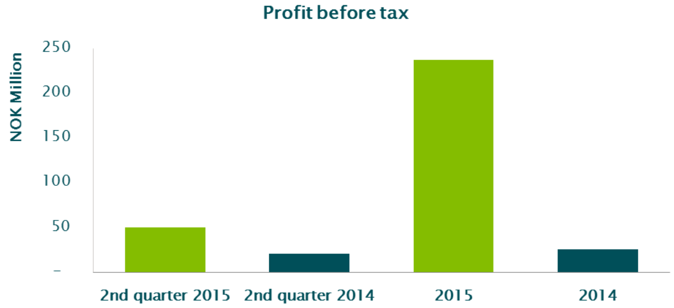
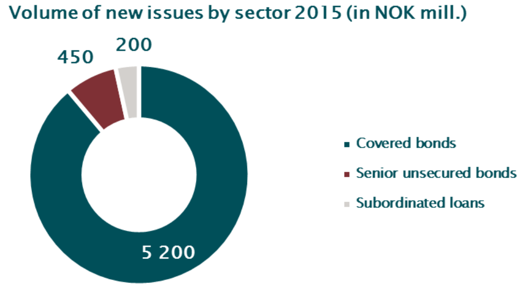
Eika Boligkreditt AS

Interim report for the second quarter and first half 2015

Unaudited

Highlights





Second quarter 2015

- Pre-tax profit NOK 50 million (2014: NOK 27 million)
- Pre-tax profit NOK 27 million (2014: NOK 28 million) excluding NOK 23 million in positive value changes related to the price of basis swaps
- Lending up by 1.7 per cent quarter on quarter
- Commissions to owner banks of NOK 114 million (2014: NOK 154 million)
- NOK 4.1 billion in bonds issued (2014: NOK 1.4 billion)

First half of 2015

- Pre-tax profit NOK 237 million (2014: NOK 25 million)
- Pre-tax profit NOK 68 million (2014: NOK 84 million) excluding NOK 169 million in positive value changes related to the price of basis swaps
- Lending up by 6.5 per cent during the first half (annualised rate)
- Commissions to owner banks of NOK 251 million (2014: NOK 298 million)
- NOK 5.85 billion in bonds issued (2014: NOK 9.5 billion)

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

INTERIM REPORT FOR THE SECOND QUARTER AND FIRST HALF OF 2015

Introduction

Eika Boligkreditt's main purpose is to ensure access for the local banks in Eika Gruppen 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 June 2015, the owner banks had transferred a total of NOK 62.8 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 second quarter and first half of 2015

Pre-tax profit

Eika Boligkreditt showed a pre-tax profit of NOK 50 million for the second quarter, compared with NOK 26.7 million in the same period of 2014. Second-quarter profit included positive changes of NOK 23 million (-1 million) in the value of basis swaps, so that pre-tax profit excluding changes in the value of basis swaps came to NOK 27 million. Value changes to financial instruments in second-quarter profit include NOK 15.4 million in net loss on lending at fair value, NOK 17.7 million in net gain on financial derivatives, NOK 13.9 million in net gain on fair-value hedging of debt securities (including value changes for basis swaps), and NOK 0.5 million in net loss on bonds and certificates. That accordingly gives a total gain of NOK 15.7 million in the fair value of financial instruments, compared with NOK 0.7 million for the second quarter of 2014.

For the first half, the company showed a pre-tax profit of NOK 237.4 million, compared with NOK 25.5 million in the same period of 2014. First-half profit included positive changes of NOK 169.2 million (-59 million) in the value of basis swaps, so that pre-tax profit excluding changes in the value of basis swaps came to NOK 68.2 million. Value changes to financial instruments in first-half profit include NOK 22.2 million in net loss on lending at fair value, NOK 24.6 million in net gain on financial derivatives, NOK 170.4 million in net gain on fair value hedging of debt securities (including value changes for basis swaps), and NOK 7 million in net loss on bonds and certificates. That accordingly gives a total gain of NOK 165.9 million in the fair value of financial instruments, compared with a negative NOK 54.2 million for the first half of 2014.

As reported above, profit for the period was significantly affected by changes in the value of basis swaps related to the company's derivatives. 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 on borrowing. 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 interest income amounted to NOK 530 million in the second quarter, compared with NOK 630 million in the same period of 2014. Its net interest income for the period was NOK 153 million, compared with NOK 186 million for the second quarter of 2014.

The company's interest income amounted to NOK 1 085 million in the first half, compared with NOK 1 239 million in the same period of 2014. Its net interest income for the period was NOK 338 million, compared with NOK 392 million for the first half of 2014. This reduction in the company's income reflected a declining trend for interest rates on residential mortgages in Norway.

Distributor commissions

Distributor commissions, including arrangement commissions, paid to the owner banks came to NOK 114 million in the second quarter, compared with NOK 154 million for the same period of 2014.

NOK 251 million was paid to the owner banks in distributor commissions, including arrangement commissions, during the first half, compared with NOK 298 million for the same period of 2014. This reduction reflected reduced margins for 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 81.5 billion at 30 June, up by NOK 0.2 billion from 1 January. In reality, assets under management have risen by NOK 4.5 billion since 1 January when the reduction in their size related to currency effects is taken into account. These effects reduced the value of derivatives related to borrowing and overall cash collateral from derivative counterparties recognised in the balance sheet.

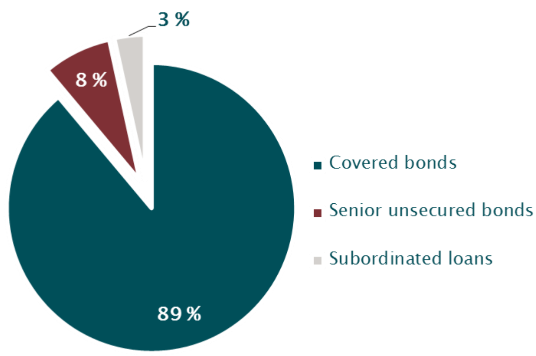
Lending

Eika Boligkreditt's residential mortgage portfolio at 30 June totalled NOK 62.8 billion, which represented a net increase of NOK 2 billion or 3.2 per cent from 1 January. 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 issued bonds with a nominal value of NOK 4.1 billion in the second quarter of 2015, which included NOK 3.9 billion in covered bonds and NOK 200 million in senior unsecured bonds. During the first half, the company issued bonds with a nominal value of NOK 5.85 billion, including NOK 5.2 billion in covered bonds, NOK 450 million in senior unsecured bonds and NOK 200 million in subordinated loans.

Issues by sector (in %) in 2015



All issues in the first half were issued bonds denominated in Norwegian kroner. Covered bonds accounted for 89 per cent of the issue volume.

The table below shows issues in the first half of 2015, first half of 2014 and the two previous years by sector.

New issues (amounts in NOK million)	1st half 2015	1st half 2014	2014	2013
Covered bonds (issued in SEK)	-	-	-	925
Covered bonds (issued in EUR)	-	4 123	4 123	7 409
Covered bonds (issued in NOK)	5 200	3 525	3 750	10 508
Senior unsecured bonds (issued in NOK)	450	1 625	1 975	2 300
Subordinated loans (issued in NOK)	200	-	-	250
Tier 1 perpetual bonds (issued in NOK)	-	200	200	250
Totalt issued	**5 850**	**9 473**	**10 048**	**21 642**

The average tenor for bonds issued in the first half of 2015 was 6.1 years. The average tenor for the company's borrowing portfolio at 30 June 2015 was 4.2 years, a reduction of 0.2 years from 1 January.

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

Carrying value in NOK million	30 Jun 2015	30 Jun 2014	31 Dec 2014	31 Dec 2013
Covered bonds	71 445	69 189	69 952	61 129
Senior unsecured bonds	3 126	3 265	2 926	2 410
Senior unsecured certificates	-	125	-	350
Subordinated loans	449	429	250	429
Tier 1 perpetual bonds[1]	-	448	448	249
Total borrowing	**75 020**	**73 456**	**73 576**	**64 567**

[1] Eika Boligkreditt reclassified tier 1 perpetual bonds during the second quarter from liabilities to equity. Comparable figures have not been restated.

The company's total borrowing at 30 June was NOK 75 billion, up by NOK 1.9 billion from 1 January after taking account of the reclassification of tier 1 perpetual bonds.

Liquidity

At 30 June 2015, the company had a total liquidity portfolio of NOK 11.6 billion, including cash collateral of NOK 1.7 billion received from counterparties to derivative contracts. Cash collateral is held in bank deposits and in various high-quality securities. In addition to cash collateral, the company has received high-quality bonds corresponding in value to NOK 3.5 billion. The value of the bonds provided as collateral is not recognised in the company's liquidity portfolio or balance sheet.

Rating

Moody's Investors Service (Moody's) placed its rating of covered bonds issued by Eika Boligkreditt in "review for upgrade" on 17 March 2015. This formed part of a revision by Moody's of its methods for rating banks and issuers of covered bonds. Moody's announced in a press release of 17 July 2015 that the Aa1 rating for the company's covered bonds would be maintained.[1] In the release, the agency stated that the Aa1 rating was constrained by the level of committed over-collateralisation on the company's covered bonds. It follows from Eika Boligkreditt's EMTCN borrowing programme that the company is committed to maintaining an over-collateralisation of five per cent or more on its cover pool. Although Moody's maintained its Aa1 rating, the company's rating position has been strengthened. This is because the post-review rating of Aa1 contains a leeway which means that the company's sponsor banks – the owners – can be downgraded a notch on the rating scale without the company losing its Aa1 rating. The covered bond anchor or the requirement for committed overcollateralisation is not published by Moody's to third parties.

Risk management and capital adequacy

Eika Boligkreditt had a total primary capital of NOK 4 222 million at 30 June 2015, an increase of NOK 598 during the first half. Primary capital rose by NOK 200 million through a new subordinated loan in the first quarter and a share issue of NOK 400 million to existing shareholders in the second quarter.

Under internal rules, the loan-to-value ratio of residential mortgages in Eika Boligkreditt's cover pool may not exceed 60 per cent of the mortgaged property at origination.

Capital adequacy is calculated in accordance with the standard method specified in the regulations on capital requirements. Since the third quarter of 2014, 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. In line with the growth in overall lending, the basis for calculating the capital adequacy ratio has increased correspondingly and amounted to NOK 26.1 billion at 30 June. 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 Jun 2015	31 Dec 2014	31 Dec 2013
Risk-weighted assets	26 122	25 154	21 445
Total primary capital (tier 2 capital)	4 222	3 623	3 077
Capital adequacy ratio in per cent	16.2%	14.4%	14.3%

Following the rise in the countercyclical capital buffer requirement from 0 to one per cent at 30 June 2015, the company has increased its internal capital targets. The new targets apply from 30 June 2015 and are specified as follows:

- core tier 1 capital ratio: 11 per cent (12.7 per cent at 30 June 2015)
- tier 1 capital ratio: 12.5 per cent (14.4 per cent at 30 June 2015)
- tier 2 capital ratio: 14.5 per cent. (16.2 per cent at 30 June 2015)

These targets are adequate in relation to legal and capital requirements based on the company's internal risk assessment. As shown in the table above, the applicable buffer requirements were fulfilled at 30 June with a core tier 1 capital adequacy of 12.7 per cent.

Outlook

The board expects somewhat higher growth in the residential mortgage portfolio during 2015 compared with 2014. While the company's net lending rose by NOK 3.2 billion in 2014, the budgeted increase for 2015 is NOK 5 billion. The growth in lending during the first half was NOK 2 billion, corresponding to a rise of 6.5

[1] Source: Moody's Investor Service – Rating Action: Moody's confirms Aa1 ratings on Eika Boligkreditt's Mortgage covered bonds.

per cent on an annualised basis. Lending by the company over the past 12 months was up NOK 2.6 billion, corresponding to a growth rate of 4.3 per cent. Statistics Norway's credit indicator showed a 12-monthly increase in household debt of 6.5 per cent in June 2015.

Norwegian house prices grew strongly in the first half of 2015, after a strong performance in 2104. They rose by 1.2 per cent during the second quarter, following a very strong first quarter with an increase of 4.7 per cent. Growth during the first half was 6 per cent, but the statistics show significant regional differences in the growth in the house prices. The rise for the whole of 2014 was 8.1 per cent.[2] Developments in the housing market, particularly in the first quarter, were clearly stronger than expected at 1 January. In its latest economic analyses,[3] Statistics Norway wrote: "House prices are expected to rise by a little over 4.5 per cent on an annual basis in 2015. That represents a real increase of just over two per cent. Since we have seen a strong growth in house prices so far this year, that could involve a flattening out or a modest nominal decline during the second half of this year. That could serve as a correction to the high level of prices, and a slightly stricter practice by the banks in granting credit during the second half could contribute to the correction".

The average margin (commission) for the banks on the company's mortgage portfolio was 0.67 per cent at 30 June, compared with an average of 0.81 per cent at 1 January. In the latest lending survey from the Bank of Norway, dated 16 July, the banks reported higher borrowing demand from households and reduced mortgage margins in the second quarter. The banks expected a stricter practice in granting credit to households and a further decline in mortgage margins in the third quarter. Demand for fixed-interest mortgages continued to rise during the second quarter. Eika Boligkreditt's mortgage margins and borrowing demand have displayed the same trend as that described in the lending survey.

Oil prices at the time of writing were USD 50 per barrel, down by USD 5 since 1 January and by almost USD 20 from the top price so far this year at the beginning of June. The Norwegian krone weakened over the summer by NOK 0.70 against the euro, from around NOK 8.30 at 1 May to NOK 9.00 at the time of writing. That marks a return to level seen at the start of the year. Economic growth in Norway is expected to slow markedly in 2015 (Statistics Norway expects 1.2 per cent compared with 2.2 per cent in 2014) before recovering in 2016 and 2017. Unemployment is expected to rise somewhat (from very low levels). Since Norway has its own currency, the weakening of the krone – combined with more moderate pay rises – has improved Norwegian competitiveness. This will help to simplify restructuring of Norwegian industry towards sectors other than petroleum.

The government pension fund – global and the fiscal rule mean that the Norwegian authorities have considerable room to manoeuvre if required, while the injection of oil money into the economy is virtually divorced from the government's current oil and gas revenues. Norway differs from most of the other major oil and gas exporting countries in this respect. Despite the reduction in oil prices and petroleum revenues, the board believes that interest in Norwegian covered bonds among Norwegian and international investors will be good. The company plans to be an active issuer in both Norwegian and international markets in the time to come.

Oslo, 14 August 2015
The board of directors of Eika Boligkreditt AS

Bjørn Riise
Chair

Olav Sem Austmo

Boddvar Kaale

Tor Egil Lie

Terje Svendsen

Kjartan M Bremnes
CEO

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

[3] Statistics Norway: *Økonomiske analyser* 2/2015, published 4 June 2015.

DECLARATION PURSUANT TO SECTION 5-6 OF THE SECURITIES TRADING ACT

We hereby confirm that, to the best of our knowledge, the company's interim financial statements for the period from 1 January to 30 June 2014 have been prepared in accordance with applicable accounting standards, and that the information in the financial statements provides a true and fair picture of the overall assets, liabilities, financial position and financial results of the business.

To the best of our knowledge, the directors' half-year report provides a true and fair overview of important events in the accounting period and their influence on the financial statements, and a description of the most important risk factors and uncertainties facing the business in the next accounting period

Oslo, 14 August 2014

The board of directors of Eika Boligkreditt AS

Bjørn Riise Chair	Olav Sem Austmo
Boddvar Kaale	Tor Egil Lie
Terje Svendsen	Kjartan M Bremnes CEO

Statement of comprehensive income

Amounts in NOK 1 000	Notes	2Q 2015	2Q 2014	1st half 2015	1 st half 2014	2014
INTEREST INCOME						
Interest from loans to customers		**487 531**	567 069	**1 006 835**	1 127 146	2 242 552
Interest from loans and receivables on credit institutions		**10 500**	11 062	**17 416**	21 617	41 060
Interest from bonds, certificates and financial derivatives		**26 524**	47 165	**51 429**	81 026	159 174
Other interest income		**5 322**	4 548	**9 123**	9 350	18 772
Total interest income		**529 878**	629 844	**1 084 804**	1 239 138	2 461 558
INTEREST EXPENSES						
Interest on debt securities issued		**364 350**	427 507	**721 239**	816 482	1 661 167
Interest on subordinated loan capital		**10 164**	10 947	**20 041**	19 768	41 731
Other interest expenses		**1 878**	5 156	**5 432**	10 927	18 059
Total interest expenses		**376 393**	443 611	**746 712**	847 178	1 720 957
Net interest income		**153 485**	186 233	**338 091**	391 961	740 600
Commission costs		**110 691**	150 591	**244 255**	291 037	571 145
Net interest income after commission costs		**42 794**	35 642	**93 836**	100 924	169 455
Dividend from shares classified as available for sale		**6 429**	4 769	**6 429**	4 769	4 769
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE						
Net gains and losses on bonds and certificates	Note 3	**(462)**	5 779	**(6 993)**	7 678	10 073
Net gains and losses of fair value hedging on debt securities issued	Note 3, 9	**13 857**	(6 403)	**170 443**	(63 032)	(20 653)
Net gains and losses on financial derivatives	Note 3	**17 736**	(3 314)	**24 613**	(845)	(11 264)
Net gains and losses on loans at fair value	Note 3	**(15 426)**	4 623	**(22 170)**	2 030	18 407
Total gains and losses on financial instruments at fair value		**15 704**	684	**165 894**	(54 170)	(3 437)
PAY AND GENERAL ADMINISTRATIVE EXPENSES						
Pay, fees and other personnel expenses		**6 602**	5 881	**12 706**	11 604	24 855
Administrative expenses		**4 686**	4 302	**8 931**	7 239	15 571
Total pay and administrative expenses		**11 288**	10 183	**21 637**	18 843	40 426
Depreciation		**500**	502	**990**	971	1 962
Other operating expenses		**3 144**	3 682	**6 095**	6 260	12 652
Losses on loans and guarantees		-	-	-	-	-
PROFIT BEFORE TAX		**49 995**	26 729	**237 437**	25 450	115 748
Taxes on other comprehensive income		**11 445**	5 722	**61 590**	5 372	29 924
PROFIT FOR THE PERIOD		**38 551**	21 007	**175 846**	20 078	85 824
Other comprehensive income which will not be subsequently reclassified to P&L		-	-	-	-	(1 650)
Taxes on other comprehensive income		-	-	-	-	445
COMPREHENSIVE INCOME FOR THE PERIOD		**38 551**	21 007	**175 846**	20 078	84 620

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

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Balance sheet

Amounts in NOK 1 000	Notes	30 June 2015	30 June 2014	31 Dec 2014
ASSETS				
Lending to and receivable from credit institutions		3 378 776	3 932 609	3 708 022
Lending to customers	Note 4, 9	62 847 303	60 247 974	60 888 984
Other financial assets		130 272	641 369	119 841
Securities		-	-	-
Bonds and certificates at fair value through profit or loss	Note 5,9	8 226 994	9 393 336	7 920 530
Financial derivatives	Note 8,9	6 860 912	4 699 466	8 608 941
Shares classified as available for sale	Note 10	15 000	15 000	15 000
Total securities		15 102 906	14 107 801	16 544 471
Other intangible assets				-
Deferred tax assets		32 419	35 045	32 419
Fixed intangible assets		4 357	6 034	4 609
Total other intangible assets		36 776	41 079	37 028
				-
TOTAL ASSETS		81 496 033	78 970 833	81 298 346
				-
LIABILITIES AND EQUITY				-
Loans from credit institutions	Note 12	1 707 215	2 110 811	4 260 484
Financial derivatives	Note 8,9	87 440	57 141	76 018
Debt securities issued	Note 6	74 922 261	72 578 897	72 877 916
Other liabilities		359 494	382 779	355 539
Pension liabilities		6 683	4 507	6 683
Subordinated loan capital	Note 7	449 437	877 510	697 976
TOTAL LIABILITIES		77 532 530	76 011 646	78 274 617
Called-up and fully paid capital				
Share capital		810 553	713 455	713 455
Share premium		2 049 830	1 746 928	1 746 928
Other paid-in equity		477 728	477 728	477 728
Total called-up and fully paid capital	Note 11	3 338 111	2 938 111	2 938 111
Retained earnings				
Other equity		176 849	21 077	85 618
Total retained equity	Note 11	176 849	21 077	85 618
Hybrid capital				-
Tier 1 capital		448 543	-	-
Total hybrid capital		448 543	-	-
TOTAL EQUITY		3 963 503	2 959 187	3 023 729
TOTAL LIABILITIES AND EQUITY		81 496 033	78 970 833	81 298 346

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]	Tier 1 perpetual bonds [4]	Total equity
Balance sheet as at 1 January 2014	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
Result for the period	-	-	-	28 097	-	**28 097**
Equity issue	-	-	-	-	-	-
Balance sheet as at 31 December 2014	713 455	1 746 928	477 728	85 618	-	3 023 729
Result for the period	-	-	-	137 295	-	**137 295**
Equity issue	-	-	-	-	-	-
Balance sheet as at 31 March 2015	713 455	1 746 928	477 728	222 913	-	3 161 024
Result for the period	-	-	-	38 551	-	**38 551**
Equity issue	97 098	302 902	-	-	-	**400 000**
Tier 1 capital classified as equity	-	-	-	-	448 543	**448 543**
Disbursed dividends for 2014	-	-	-	(84 616)	-	**(84 616)**
Balance sheet as at 30 June 2015	810 553	2 049 829	477 728	176 848	448 543	3 963 503

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

[4] Tier 1 perpetual bonds form part of tier 1 capital pursuant to section 3a of the Norwegian regulations concerning the calculation of regulatory capital. Eika Boligkreditt has the right to pay no interest to the investors. A regulatory right of redemption also exists. Should government regulations introduce changes which affect the extent to which the capital can be regarded as tier 1 capital, the bonds can be redeemed at a price equal to 100 per cent plus accrued interest.

The company has reclassified the following tier 1 perpetual bonds from liabilities to equity with effect from the second quarter of 20

- NOK 250 million of tier 1 perpetual bonds, issued 2013, with interest terms of three months Nibor plus 4.2 per cent. The loan provides for a call at 23 May 2018, and quarterly thereafter on each date interest payment falls due.
- NOK 200 million of tier 1 perpetual bonds, issued 2014, with interest terms of three months Nibor plus 3.5 per cent. The loan provides for a call at 5 March 2019, and quarterly thereafter on each date interest payment falls due.

Statement of cash flows

Amounts in NOK 1 000	2Q 2014	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	175 846	85 824
Taxes	61 590	29 924
Income taxes paid	(35 735)	(37 455)
Ordinary depreciation	990	1 962
Non-cash pension costs	-	527
Change in lending to customers	(1 958 319)	(3 197 131)
Change in bonds and certificates	(306 464)	(2 553 903)
Change in financial derivatives and debt securities issued	(192 682)	52 343
Interest expenses	746 712	1 720 957
Paid interest	(736 737)	(1 741 973)
Interest income	1 075 681	2 461 558
Received interests	(1 088 061)	(2 437 420)
Changes in other financial assets	1 950	(48 985)
Changes in short-term liabilities and accruals	(31 875)	7 914
Net cash flow relating to operating activities	**(2 287 103)**	**(5 655 859)**
INVESTING ACTIVITIES		
Payments related to acquisition of fixed assets	(738)	(1 394)
Net cash flow relating to investing activities	**(738)**	**(1 394)**
FINANCING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	5 662 388	9 866 770
Gross payments of bonds and commercial paper	(1 665 912)	(6 317 480)
Gross receipts on issue of subordinated loan capital	200 004	199 632
Gross payments of subordinated loan capital	-	(179 653)
Gross receipts from issue of loan from credit institution	(2 553 269)	1 913 457
Payments of dividend	(84 616)	(20 089)
Paid-up new share capital	400 000	500 000
Net cash flow from financing activities	**1 958 595**	**5 962 637**
Net changes in lending to and receivables from credit institutions	(329 246)	305 384
Lending to and receivables from credit institutions at 1 January	3 708 022	3 402 638
Lending to and receivables from credit institutions at end of period	**3 378 776**	**3 708 022**

Notes

Note 1 – Accounting policies

General

Eika Boligkreditt has prepared its accounts for 2015 in accordance with the 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, and 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 2014 contains further details of accounting policies in accordance with the IFRS.

Eika Boligkreditt reclassified tier 1 perpetual bonds during the second quarter from liabilities to equity. Interest is not recognised as interest expense in the profit and loss account, but as a reduction to equity. Comparable figures have not been restated. See the statement of changes in equity for more information.

The financial statements for the second quarter of 2015 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 2014, 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 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 (ie, 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 at 30 June 2015.

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	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	2014
Net gains and losses on loans at fair value	(15 426)	4 623	(22 170)	2 030	18 407
Net gains and losses on bonds and certificates	(462)	5 779	(6 993)	7 678	10 073
Net gains and losses on financial debts, hedged[1]	422 604	(1 262 881)	1 952 130	(1 583 359)	(5 439 933)
Net gains and losses on interest swaps related to lending	17 736	(3 314)	24 613	(845)	(11 264)
Net gains and losses on interest swaps related to bonds and certificates	-	-	-	-	-
Net gains and losses on interest and currency swaps related to liabilities	(408 747)	1 256 478	(1 781 687)	1 520 327	5 419 280
Net gains and losses on interest swaps not related to liabilities	-	-	-	-	-
Net gains and losses on financial instruments at fair value[2]	**15 704**	**684**	**165 894**	**(54 170)**	**(3 437)**

[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] Second-quarter profit includes positive changes of NOK 23 million in the value of basis swaps. In addition to value changes for basis swaps, second-quarter profit includes a loss of NOK 7.3 million in other changes to the value of financial instruments. That gives a total positive change of NOK 15.7 million in the value of financial instruments, compared with a positive NOK 0.7 million for the same period of 2014.

In addition to the NOK 169.2 million in positive value changes for basis swaps, value changes to financial instruments for 2015 included NOK 22.2 million in net loss on lending at fair value, a net gain of NOK 24.6 million on financial derivatives, a gain of NOK 1.3 million in fair value hedging on debt securities issued, and a net loss of NOK 7 million on bonds and certificates. Profit for the first six months of 2015 accordingly includes positive changes of NOK 165.9 million in the value of financial instruments, as against a negative NOK 54.2 million for the same period of 2014.

Basis swaps are derivative contracts entered into in connection with long-term borrowing in foreign currency, whereby the foreign currency is converted to Norwegian kroner. These are hedging instruments, and the effect is zero over the term of the instrument. The accounting effects will thereby reverse over time, so that the unrealised gain at 30 June 2015 will be reversed until 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, which would be unusual given 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 June 2015	30 June 2014	31 Dec 2014
Installment loans - retail market	54 110 676	51 185 408	52 047 723
Installment loans - housing cooperatives	8 709 432	9 029 577	8 791 895
Adjustment fair value lending to customers [1]	27 195	32 988	49 365
Total lending before specific and general provisions for losses	**62 847 303**	**60 247 974**	**60 888 984**
Individual impairments	-	-	-
Unspecified group impairments	-	-	-
Total lending to and receivables from customers	**62 847 303**	**60 247 974**	**60 888 984**

All lending concerns residential mortgage loans with a loan-to-value ratio of up to 60 per cent at origination. The company had no non-performing loans at 30 June 2015.

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

30 June 2015

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	60 094 818	60 094 818
Fixed rate loans	2 725 290	2 752 485
Toal lending	**62 820 108**	**62 847 303**

30 June 2014

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	59 091 776	59 091 776
Fixed rate loans	1 123 210	1 156 199
Toal lending	**60 214 986**	**60 247 975**

31 Dec 2014

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	59 818 358	59 818 358
Fixed rate loans	1 021 261	1 070 626
Toal lending	**60 839 619**	**60 888 984**

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 applicable offered fixed rate at the balance sheet date.

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

30 June 2015

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	1 471 915	1 471 934	1 471 982
Credit institutions	5 211 655	5 245 232	5 245 457
Government bonds	226 612	226 922	219 751
Treasury bills	1 287 086	1 286 288	1 289 804
Total bonds and certificates at fair value through profit or loss	**8 197 268**	**8 230 377**	**8 226 994**
Change in value charged to the profit and loss account			**(3 383)**

Average effective interest rate is 1.38 per cent annualised. The calculation is based on a weighted fair value.

30 June 2014

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Market value
Commercial banks	-	-	-
Corporations owned by municipalities	25 000	25 007	25 050
Municipalities	3 937 167	3 937 499	3 937 446
Credit institutions	4 901 000	4 923 052	4 932 111
Treasury bills	500 000	498 588	498 729
Total bonds and certificates at fair value through profit or loss	**9 363 167**	**9 384 146**	**9 393 336**
Change in value charged to the profit and loss account			**9 190**

Average effective interest rate is 1.87 per cent annualised. The calculation is based on a weighted fair value.

31 December 2014

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair value
Municipalities	1 225 524	1 225 549	1 225 999
Credit institutions	4 800 416	4 824 927	4 825 490
Government bonds	726 612	737 758	737 367
Treasury bills	1 132 273	1 132 699	1 131 674
Total bonds and certificates at fair value through profit or loss	**7 884 824**	**7 920 933**	**7 920 530**
Change in value charged to the profit and loss account			**(403)**

Average effective interest rate is 1.92 per cent annualised. The calculation is based on a weighted fair value.

	30 June 2015	30 June 2014	31 Dec 2014
Average term to maturity	**1.6**	**1.1**	**1.4**
Average duration when hedging is taken into account	**0.1**	**0.2**	**0.1**

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 fewer. The rating is performed by an internationally recognised rating agency.

Note 6 – Debt securities issued

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

ISIN	Max. nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 June 2015	30 June 2014	31 Dec 2014
NO0010502149	5 000 000	NOK	Floating	3M Nibor + 0.70%	2009	2019	1 210 888	1 213 825	1 212 344
NO0010536089	315 000	NOK	Floating	3M Nibor + 0.40%	2009	2015	-	314 822	199 948
NO0010561103	2 000 000	NOK	Fixed	5.00%	2009	2019	2 002 570	2 014 793	2 008 631
NO0010565211	827 000	NOK	Fixed	4.40%	2010	2015	-	827 608	327 116
NO0010572373	5 000 000	NOK	Floating	3M Nibor + 0.53%	2010	2016	4 136 172	4 607 971	4 608 526
XS0537088899	487 133	EUR	Fixed	2.13%	2010	2015	4 274 459	4 192 888	4 404 735
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	708 366	711 212	709 778
NO0010612039	3 500 000	NOK	Floating	3M Nibor + 0.55%	2011	2018	2 703 346	2 502 004	2 703 910
NO0010625429	906 000	NOK	Floating	3M Nibor + 0.40%	2011	2014	-	905 789	-
NO0010625346	1 600 000	NOK	Fixed	4.60%	2011	2026	1 501 027	1 501 118	1 501 072
NO0010630148	1 035 000	NOK	Floating	3M Nibor + 0.45%	2011	2014	-	1 035 144	-
NO0010631336	850 000	NOK	Fixed	3.75%	2011	2016	738 436	850 882	850 657
XS0736417642	500 000	EUR	Fixed	2.25%	2012	2017	4 381 362	4 184 631	4 513 900
NO0010648884	588 000	NOK	Floating	3M Nibor + 0.42%	2012	2015	-	972 729	307 961
NO0010648892	2 000 000	NOK	Floating	3M Nibor + 0.74%	2012	2017	1 400 844	1 401 281	1 401 061
XS0794570944	650 000	EUR	Fixed	2.00%	2012	2019	5 679 118	5 423 573	5 851 519
XS0851683473	1 000 000	EUR	Fixed	1.25%	2012	2017	8 760 895	8 370 375	9 027 429
NO0010663727	5 500 000	NOK	Floating	3M Nibor + 0.60%	2012	2019	5 243 871	5 249 263	5 246 545
NO0010664428	1 000 000	NOK	Floating	3M Nibor + 0.53%	2012	2018	1 001 096	1 001 415	1 001 254
NO0010663743	1 000 000	NOK	Fixed	3.25%	2012	2019	1 007 608	1 009 326	1 008 460
NO0010669922	1 000 000	NOK	Fixed	4.00%	2013	2028	996 158	995 852	996 007
XS0881369770	1 000 000	EUR	Fixed	2.125%	2013	2023	8 738 450	8 350 678	9 006 347
NO0010685480	5 000 000	NOK	Floating	3M Nibor + 0.54%	2013	2020	5 030 576	3 004 796	3 029 766
NO0010685704	1 000 000	NOK	Fixed	3.50%	2013	2020	552 451	552 899	552 673
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	285 037	274 506	287 680
NO0010697212	700 000	SEK	Floating	3M Stibor + 0.50%	2013	2018	665 910	641 579	672 197
XS1044766191	500 000	EUR	Fixed	1.50%	2014	2021	4 359 072	4 162 491	4 491 684
NO0010732258	4 000 000	NOK	Floating	3M Nibor + 0.28%	2015	2022	2 217 257	-	-
NO0010733694	2 000 000	NOK	Fixed	1.75%	2015	2021	994 698	-	-
Value adjustments							2 056 942	1 765 493	2 880 442
Total covered bonds [1]							**71 796 611**	**69 188 944**	**69 951 642**

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

Senior unsecured bonds - amounts in NOK 1 000

ISIN	Max. nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 June 2015	30 June 2014	31 Dec 2014
NO0010532906	1 000 000	NOK	Floating	3M Nibor + 0.90%	2009	2014	-	289 980	-
NO0010673106	250 000	NOK	Floating	3M Nibor + 0.80%	2013	2015	-	250 340	250 095
NO0010685043	500 000	NOK	Floating	3M Nibor + 0.42%	2013	2014	-	99 994	-
NO0010685035	300 000	NOK	Floating	3M Nibor + 0.43%	2013	2014	-	299 944	-
NO0010691991	200 000	NOK	Floating	3M Nibor + 0.69%	2013	2015	199 982	199 922	199 953
NO0010697733	600 000	NOK	Floating	3M Nibor + 0.90%	2013	2016	600 014	600 023	600 018
NO0010699234	200 000	NOK	Floating	3M Nibor + 1.14%	2013	2018	199 792	199 732	199 762
NO0010705593	600 000	NOK	Floating	3M Nibor + 0.65 %	2014	2017	600 878	500 607	601 076
NO0010708936	225 000	NOK	Floating	3M Nibor + 0.82%	2014	2019	425 621	224 763	425 693
NO0010711716	400 000	NOK	Floating	3M Nibor + 0.82%	2014	2016	399 928	399 849	399 889
NO0010713753	250 000	NOK	Floating	3M Nibor + 0.72%	2014	2019	249 812	199 801	249 789
NO0010732886	500 000	NOK	Floating	3m Nibor + 0.30%	2015	2017	249 809	-	-
NO0010739287	200 000	NOK	Floating	3m Nibor + 0.70%	2015	2020	199 813	-	-
Total senior unsecured bonds							**3 125 650**	**3 264 956**	**2 926 275**

Senior unsecured certificates - amounts in NOK 1 000

ISIN	Max. nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 June 2015	30 June 2014	31 Dec 2014
NO0010690704	150 000	NOK	Floating	3M Nibor + 0.32%	2013	2014	-	124 997	-
Total senior unsecured certificates							**-**	**124 997**	**-**
Total debt securities issued							**74 922 261**	**72 578 897**	**72 877 916**

Note 7 – Subordinated loan capital

Subordinated loan capital - amounts in NOK 1 000

ISIN	Max. nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 June 2015	30 June 2014	31 Dec 2014
NO0010592991	180 000	NOK	Floating	3M Nibor + 2.40% [1]	2010	2020	-	179 816	-
NO0010679632	250 000	NOK	Floating	3M Nibor + 2.20% [2]	2013	2023	249 711	249 611	249 661
NO0010729650	200 000	NOK	Floating	3M Nibor + 1.85% [3]	2015	2025	199 726	-	-
Total subordinated loans							**449 437**	**429 426**	**249 661**
Total tier 1 perpetual bonds [4]							-	**448 084**	**448 315**
Total subordinated loan capital							**449 437**	**877 510**	**697 976**

[1] NOK 180 million in subordinate loan maturing on 15 December 2020 incorporate the right to a call on 15 December 2015. This loan was redeemed on 15 December 2014 because new official regulations have introduced changes which meant it could no longer be treated in full as tier 2 capital.

[2] Subordinated loan of NOK 250 million maturing on 23 May 2023, with a redemption right (call) on 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.

[3] Subordinated loan of NOK 200 million maturing on 21 January 2025, with a redemption right (call) on 21 January 2020 and thereafter quarterly at each interest date. A regulatory and a tax related 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.

[4] Tier 1 perpetual bonds have been reclassified as equity as of 30 June 2015. See the statement of changes in equity for more information Comparative figures have not been restated.

Note 8 – Coverpool

	Fair value		
Amounts in NOK 1 000	**30 June 2015**	**30 June 2014**	**31 Dec 2014**
Lending to customers	62 847 303	60 247 974	60 888 984
Substitute assets and derivatives:			
Financial derivatives (net)	6 773 472	4 642 324	8 532 923
Substitute assets [1]	9 896 729	11 730 404	7 366 271
Total	**79 517 504**	**76 620 702**	**76 788 178**
The cover pool's overcollateralisation	110.75%	110.69%	109.74%

Covered bonds issued

	30 June 2015	30 June 2014	31 Dec 2014
Covered bonds	71 796 611	69 188 944	69 951 642
Premium/discount	5 115	29 204	22 215
Total covered bonds	**71 801 726**	**69 218 147**	**69 973 856**

[1]Substitute assets include lending to and receivables from 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 from lending at a fixed interest rate.

	30 June 2015		31 Dec 2014	
Assets				
Amounts in NOK 1 000	**Nominal amount**	**Fair value**	**Nominal amount**	**Fair value**
Interest rate swap lending[1]	1 260 500	9 685	-	-
Interest rate and currency swap[2]	41 840 563	6 851 227	43 050 563	8 608 941
Total financial derivative assets	**43 101 063**	**6 860 912**	**43 050 563**	**8 608 941**
Liabilities				
Amounts in NOK 1 000	**Nominal amount**	**Fair value**	**Nominal amount**	**Fair value**
Interest rate swap lending[1]	1 321 352	46 500	1 000 352	61 429
Interest rate and currency swap[2]	1 216 865	40 939	487 865	14 589
Total financial derivative liabilities	**2 538 217**	**87 440**	**1 488 217**	**76 018**

[1]The hedging instruments related to the lending portfolio with fixed interest rate are rebalanced when necessary.

[2]The nominal amount is converted to the 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 June 2015		31 Dec 2014	
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]	40 623 698	6 810 287	42 562 698	8 594 352
Hedged items: financial commitments incl foreign exchange[2]	40 623 698	(6 796 029)	42 562 698	(8 748 159)
Net value recognised in balance sheet	-	**14 259**	-	**(153 807)**

[1]The nominal amount is converted to historical currency exchange rate.

[2]The book value of the hedging instruments is its net market value. The book value of the hedged objects is the cumulative change in value associated with the hedged risk and is an adjustment of financial liabilities at amortised cost.

Gains/losses on fair value hedging

Amounts in NOK 1 000	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	2014
Hedging instruments	(408 747)	1 256 478	(1 781 687)	1 520 327	5 419 280
Hedged items	422 604	(1 262 881)	1 952 130	(1 583 359)	(5 439 933)
Net gains/losses (inefffectiveness)[3]	**13 857**	**(6 403)**	**170 443**	**(63 032)**	**(20 653)**

[3]The positive change in value for financial instruments in the second quarter and first half of 2015 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 value 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 are obtained from an acknowledged 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 applicable offered fixed rate at 30 June 2015.

30 June 2015

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	2 725 485
Bonds and certificates at fair value through profit or loss	1 509 555	6 717 439	-
Financial derivatives	-	6 851 227	-
Shares classified as available for sale	-	-	15 000
Total financial assets	**1 509 555**	**13 568 666**	**2 740 485**
Financial liabilities			
Financial derivatives	-	87 440	-
Total financial liabilities	**-**	**87 440**	**-**

No significant transactions between the different levels have taken place so far in 2015.

31 Dec 2014

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	1 070 626
Bonds and certificates at fair value through profit or loss	1 869 041	6 051 489	-
Financial derivatives	-	8 608 941	-
Shares classified as available for sale	-	-	15 000
Total financial assets	**1 869 041**	**14 660 430**	**1 085 626**
Financial liabilities			
Financial derivatives	-	76 018	-
Total financial liabilities	**-**	**76 018**	**-**

No significant transactions between the different levels took place in 2014.

Detailed statement of assets classified as level 3

2015 Amounts in NOK 1 000	**1 Jan 2015**	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2015	Other comprehensive income	**30 June 2015**
Lending to customers (fixed-rate loans)	1 070 626	1 797 509	(120 481)	-	(22 170)	-	2 725 485
Shares available for sale	15 000	-	-	-	-	-	15 000
Total	**1 085 626**	**1 797 509**	**(120 481)**	**-**	**(22 170)**	**-**	**2 740 485**

2014 Amounts in NOK 1 000	**1 Jan 2014**	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2014	Other comprehensive income	**31 Dec 2014**
Lending to customers (fixed-rate loans)	1 401 495	241 122	(590 398)	-	18 407	-	1 070 626
Shares available for sale	15 000	-	-	-	-	-	15 000
Total	**1 416 495**	**241 122**	**(590 398)**	**-**	**18 407**	**-**	**1 085 626**

Interest rate sensitivity of assets classified as Level 3 at 30 June 2015
A one percentage point increase in all interest rates would reduce the value of the company's fixed-rate loans at fair value at 31 December by NOK 98.3 million. The effect of a decrease in interest rates would be an increase of NOK 98.3 million in the value of fixed-rate loans at fair value. The amounts are calculated by 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
Since 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. That applies both for 30 June 2015 and cumulatively.

Note 11 – Capital adequacy ratio

Amounts in NOK 1 000	30 June 2015	30 June 2014	31 Dec 2014
Share capital	810 553	713 455	713 455
Share premium	2 049 830	1 746 928	1 746 928
Paid, but not registered, share capital	-	-	-
Other paid-in equity	477 728	477 728	477 728
Total comprehensive income for the period	-	-	-
Other equity	1 003	997	999
Total equity recognised in the balance sheet (without tier 1 perpetual bonds)	**3 339 113**	**2 939 109**	**2 939 109**
Intangible assets	(4 357)	(6 034)	(4 609)
Deferred tax assets[1]	-	(35 045)	-
Prudent valuation adjustments of fair valued positions	(11 002)	-	(9 206)
Total core tier 1 capital	**3 323 754**	**2 898 030**	**2 925 294**

Core capital adequacy ratio (core tier 1 capital)	30 June 2015	30 June 2014	31 Dec 2014
Weighted calculation basis	26 121 952	23 181 825	25 154 656
Core tier 1 capital	3 323 754	2 898 030	2 925 294
Core tier 1 capital ratio	**12.7%**	**12.5%**	**11.6%**
Total core tier 1 capital	3 323 754	2 898 030	2 925 294
Tier 1 perpetual bonds	448 543	448 084	448 315
Total tier 1 capital	**3 772 297**	**3 346 114**	**3 373 609**

Capital adequacy ratio (tier 1 capital)	30 June 2015	30 June 2014	31 Dec 2014
Weighted calculation basis	26 121 952	23 181 825	25 154 656
Tier 1 capital	3 772 297	3 346 114	3 373 609
Tier 1 capital ratio	**14.4%**	**14.4%**	**13.4%**
Total tier 1 capital	3 772 297	3 346 114	3 373 609
Subordinated loans	449 437	429 426	249 661
Total primary capital (tier 2 capital)	**4 221 734**	**3 775 540**	**3 623 270**

Capital adequacy ratio (tier 2 capital)	30 June 2015	30 June 2014	31 Dec 2014
Weighted calculation basis	26 121 952	23 181 825	25 154 656
Total primary capital (tier 2 capital)	4 221 734	3 775 540	3 623 270
Capital adequacy ratio	**16.2%**	**16.3%**	**14.4%**
Required capital corresponding to eight per cent of calculation basis	2 089 756	1 854 546	2 012 372
Surplus equity and subordinated capital	2 131 978	1 920 994	1 610 897

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

31 December 2014

Calculation basis	Weighted calculation basis	Capital requirement
Credit risk	23 958 101	1 916 648
Operational risk	324 429	25 954
CVA risk[2]	1 839 422	147 154
Total	**26 121 952**	**2 089 756**

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

[1]Deferred tax assets attributable to temporary differences and amounting to less than 10 per cent of core tier 1 capital are 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 June, 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 the rise in the countercyclical capital buffer requirement from zero to one per cent with effect from 30 June 2015, the company increased its capital targets to 11 per cent core tier 1, 12.5 per cent tier 1 and 14.5 per cent tier 2 capital. These targets satisfy regulatory requirements which came into force on 30 June 2015, 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 June 2015 with a core capital 1 adequacy of 12.7 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 26 to the annual financial statements for 2014.

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 June 2015, Eika Boligkreditt had received cash collateral of NOK 1.7 billion posted by counterparties to derivative contracts. In addition to cash collateral, the company has received bonds worth NOK 3.5 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.

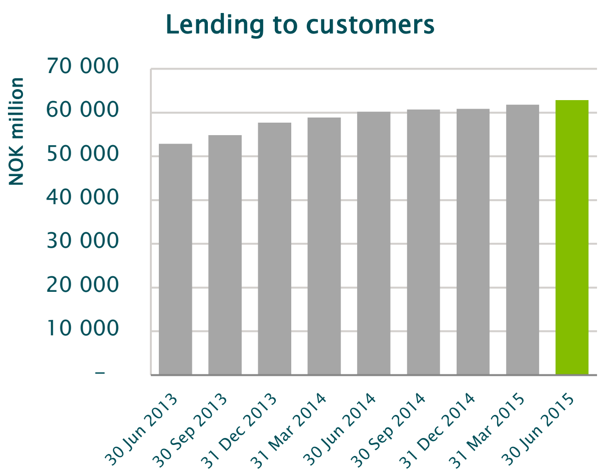
Note 13 – Contingency and overdraft facilities

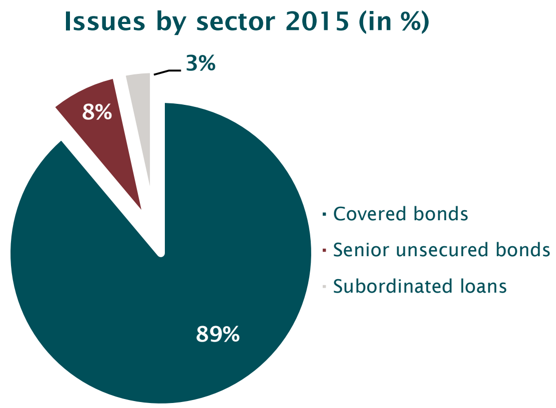
The company has an overdraft facility with DNB Bank ASA (DNB). Note 15 to the annual financial statements for 2014 provides a more detailed presentation of the overdraft with DNB. The company also has a note purchase agreement with the owner banks and OBOS concerning the purchase of covered bonds, whereby 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 2014.

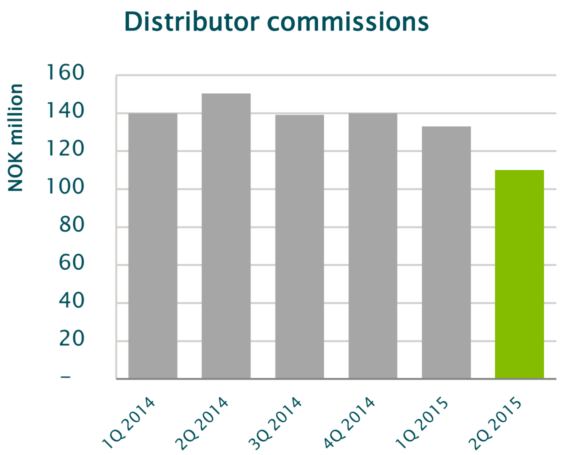
Note 14 – Risk management

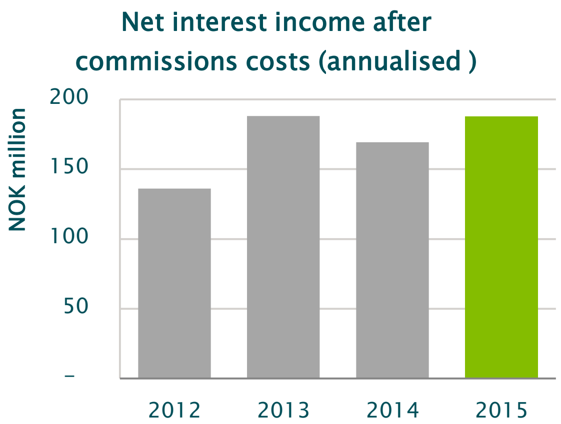
Eika Boligkreditt AS has established a framework for risk management and control in the company, which defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 to the annual accounts for 2014 describes the company's financial risk, which also applies to financial risk in 2015.

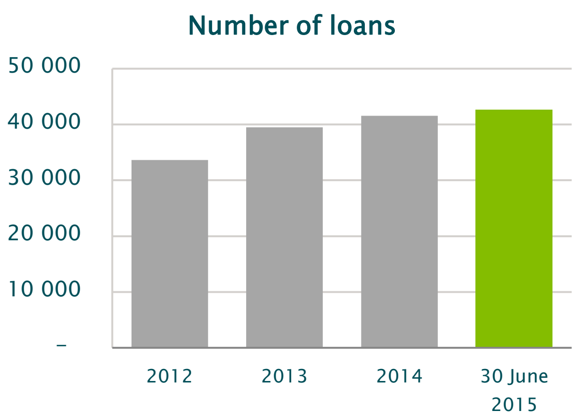
Key figures – Development

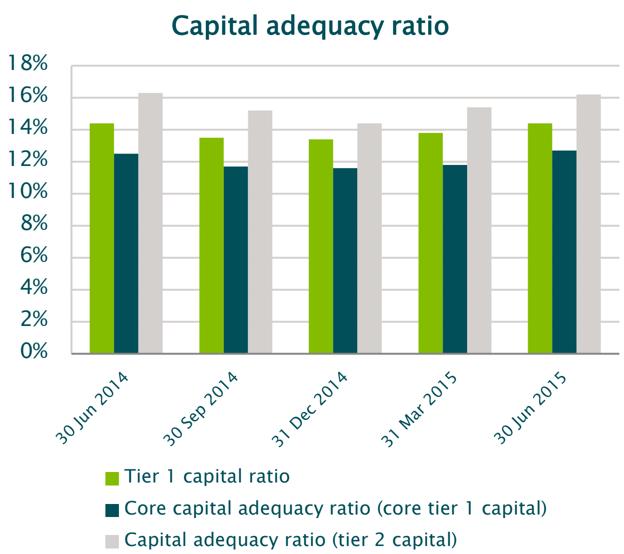












Key figures – Unaudited

Amounts in NOK 1 000	30 June 2015	30 June 2014	31 Dec 2014
Balance sheet development			
Lending to customers	62 847 303	60 247 974	60 888 984
Debt securities issued	74 922 261	72 578 897	72 877 916
Subordinated loan capital	449 437	877 510	697 976
Equity	3 963 503	2 959 187	3 023 729
Equity in % of total assets	4.86	3.75	3.72
Average total assets	80 439 978	75 354 553	76 845 438
Total assets	81 496 033	78 970 833	81 298 346
Rate of return/profitability			
Fee and commission income in relation to average total assets, annualised (%)	0.61	0.77	0.74
Staff and general administration expenses in relation to average total assets, annualised (%)	0.05	0.05	0.05
Return on equity before tax, annualised (%)[1]	15.46	1.95	4.23
Total assets per full-time position	4 115 961	4 200 576	4 105 977
Cost/income ratio (%)[2]	30.61	25.84	32.48
Financial strength			
Core tier 1 capital	3 323 754	2 898 030	2 925 294
Tier 1 capital	3 772 297	3 346 114	3 373 609
Total primary capital (tier 2 capital)	4 221 734	3 775 540	3 623 270
Calculation basis capital adequacy ratio	26 121 952	23 181 825	25 154 656
Core tier 1 capital ratio (%)	12.7	12.5	11.6
Tier 1 capital ratio (%)	14.4	14.4	13.4
Capital adequacy ratio % (tier 2 capital)	16.2	16.3	14.4
Leverage ratio (%)[3]	4.43	-	4.0
Defaults in % of gross loans	-	-	-
Loss in % of gross loans	-	-	-
Staff			
Number of full-time positions at end of period	19.8	18.8	19.8

Overview of liquidity indicators and prognosis

As of	Actual 30 June 2015	Prognosis 30 Sept 2015	31 Dec 2015	31 Mar 2016	30 June 2016
Liquidity Indicator I [4]	100%	102%	108%	105%	110%
Liquidity Indicator II [5]	115%	110%	117%	120%	118%
Average of indicators	**108%**	**106%**	**113%**	**113%**	**114%**

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

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

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

[4] Liquidity indicator I:

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

[5] Liquidity indicator II:

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

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