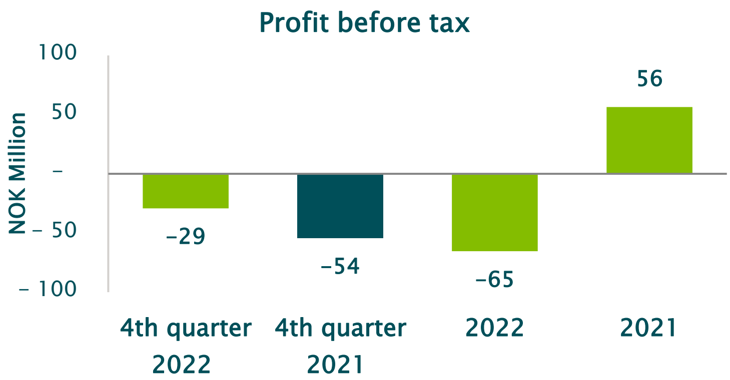
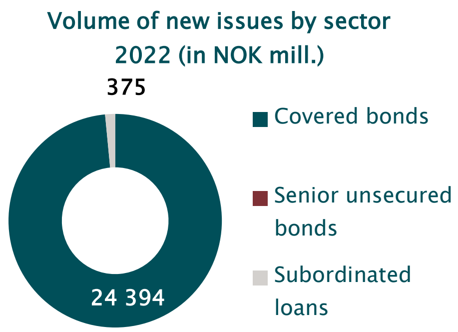
Eika Boligkreditt AS

Interim report for the fourth quarter 2022

Unaudited

Highlights





Fourth quarter 2022

- Pre-tax loss of NOK 29.2 million (2021: NOK 54.3 million)
- Comprehensive loss of NOK 209.8 million (2021: income of NOK 54.4 million)
- Fair value changes to basis swaps negative at NOK 292.1 million (2021: positive at NOK 135.3 million)
- Financing of owner banks up by 1.4 per cent, corresponding to an annualised growth of five per cent
- Commissions to owner banks of NOK 22.9 million (2021: NOK 207.9 million)
- NOK 1.7 billion in bonds issued (2021: NOK 6 billion)

Full year 2022

- Pre-tax loss of NOK 65.4 million (2021: profit of NOK 56.3 million)
- Comprehensive income of NOK 132.8 million (2021: NOK 91.2 million)
- Fair value changes to basis swaps of NOK 245.5 million (2021: NOK 62.7 million)
- Financing of owner banks up by five per cent, (2021: 2.5 per cent)
- Commissions to owner banks of NOK 412.7 million (2021: NOK 800.9 million)
- NOK 24.8 billion in bonds issued (2021: NOK 19.5 billion)

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

INTERIM REPORT FOR THE FOURTH QUARTER

Introduction

Eika Boligkreditt's main purpose is to ensure access for the local banks in the Eika Alliance (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 tenor 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 31 December 2022, the owner banks had NOK 96 billion in total financing with Eika Boligkreditt and had thereby reduced the need for their own market and deposit financing by a corresponding amount.

Eika Boligkreditt is licensed as a credit institution and entitled to raise debt in the market through the issuance of covered bonds. Norwegian regulations for covered bonds were adopted in 2007, and this type of bond has become an important source of financing for the lending activities of banks and credit institutions. By concentrating financing 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 and depth of access to financing, both in Norway and internationally.

Profit and loss account for the fourth quarter

Amount in NOK thousand	4th quarter 2022	4th quarter 2021	2 022	2 021
Total interest income	1 063 744	447 281	2 974 125	1 830 832
Net interest income	86 800	189 931	528 164	834 877
Commission costs	16 156	201 583	385 852	774 306
Total gain and losses on financial instruments at fair value	(79 609)	(26 237)	(137 693)	30 721
Profit before tax	**(29 183)**	**(54 266)**	**(65 383)**	**56 327**
Comprehensive income (taking account of fair value changes in basis swaps)	**(209 840)**	**54 433**	**132 760**	**91 226**

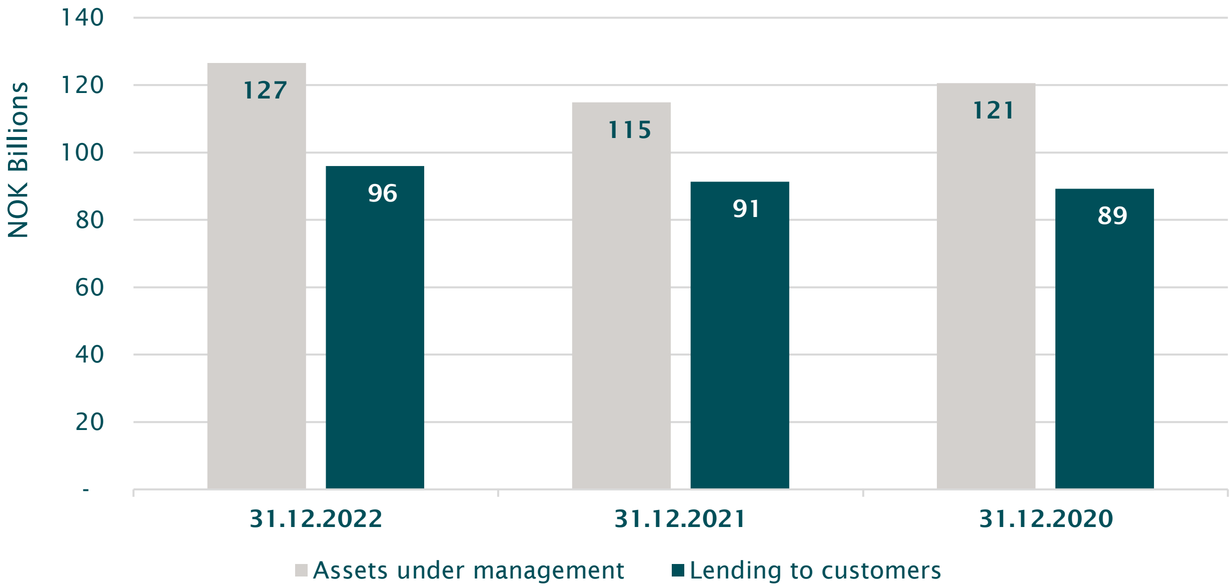
Interest income during the fourth quarter increased by 122.8 per cent compared with the same period of last year, reflecting higher interest rates on residential mortgages and growth in the lending volume from the fourth quarter of 2021. Net interest income in the fourth quarter was down by 54.3 per cent from the same period of last year because the rise in the interbank rate had a bigger impact on borrowing than on lending. Net interest income was also pulled down by a NOK 6.3 million contribution to the Norwegian Banks Guarantee Fund's resolution fund, which is recognised as an interest charge. Total commission (portfolio and arrangement) payments to the owner banks decreased by 89 per cent from the fourth quarter of 2021 to NOK 22.9 million because bank margins on residential mortgages declined. Changes to the fair value of financial instruments recognised in profit and loss were negative at NOK 79.6 million, a reduction of NOK 53.4 million from the same period of 2021. This decrease reflected fair value changes resulting from fluctuations in the level of interest rates. The pre-tax loss for the fourth quarter was NOK 29.2 million, up by NOK 25.1 million from the same period of 2021.

An increase of 62.4 per cent in the company's interest income for the full year compared with the same period of last year primarily reflected an upward adjustment of the company's interest rates on residential mortgages in line with the rising interbank rate and increased lending volumes. Net interest income for the full year was down by 36.7 per cent from the same period of last year, which reflected lower margins on residential mortgages because the interbank rate rise had a bigger impact on borrowing than on lending. Net interest income was also pulled down by a NOK 25.4 million contribution to the Norwegian Banks Guarantee Fund's resolution fund, which is recognised as an interest charge. Total commission payments to the owner banks decreased by 48.5 per cent from the full year of 2021 because bank margins on residential mortgages declined. Changes to the fair value of financial instruments recognised in profit and loss were negative at NOK 137.7 million, a reduction of NOK 168.4 million from the full year of 2021. The pre-tax loss for the full year was NOK 65.4 million, down by NOK 121.7 million from 2021.

Interest on tier 1 perpetual bonds of NOK 12.4 million in the fourth quarter and NOK 35 million for the full year is not presented as an interest expense in the income statement, but as a reduction in equity.

Comprehensive income includes negative changes of NOK 292.1 million in the value of basis swaps (2021: positive at NOK 135.3 million) for the fourth quarter and positive changes of NOK 245.5 million (2021: NOK 62.7 million) for the full year. Over the term of the derivatives, the effect of such value changes will be zero. The accounting effects will thereby reverse until the derivatives mature. This means that changes in the value of basis swaps only have accrual effects 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 terminates the derivative early.

Balance sheet and liquidity



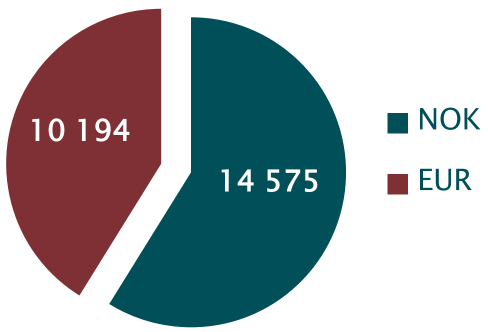
Assets under management by Eika Boligkreditt amounted to NOK 126.6 billion at 31 December 2022, up by NOK 11.7 billion from 31 December 2021. Financing of the owner banks (residential mortgage lending to customers at nominal value excluding accrued interest) totalled NOK 96.2 billion at 31 December, representing net increases of NOK 1.2 billion in the fourth quarter and NOK 4.9 billion for the past 12 months excluding accrued interest and changes to the fair value of residential mortgages. That amounts to a net growth of 5.3 per cent in lending year-on-year.

Borrowing

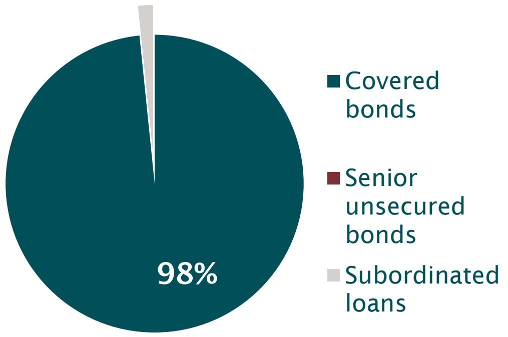
Eika Boligkreditt issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 1.7 billion in the fourth quarter, compared with NOK 6 billion in the same period of 2021. Covered bonds accounted for the whole issue volume.

During the full year, Eika Boligkreditt issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 24.8 billion, compared with NOK 19.5 billion in the same period of 2021. Covered bonds accounted for NOK 24.4 billion of the issue volume in the full year and subordinated loans for NOK 375 million.

Issuance by currency (in NOK mill) in 2022



Issuance by sector (in %) in 2022



Of issues in 2022, 41.2 per cent were denominated in euros and 58.8 per cent in Norwegian kroner. Covered bonds accounted for 98 per cent of the total issue volume.

The table below shows issues (excluding tier 1 perpetual bonds) in 2022, 2021 and 2020.

New issues (amounts in NOK million)	2022	2021	2020
Covered bonds (issued in EUR)	10 194	5 033	10 550
Covered bonds (issued in NOK)	14 200	12 000	6 000
Senior unsecured bonds and certificates (issued in NOK)	-	2 300	1 300
Subordinated loans (issued in NOK)	375	150	-
Total issued	**24 769**	**19 483**	**17 850**

The average tenor for covered bonds issued in 2022 was 6.5 years. At 31 December, the average tenor for the company's borrowing portfolio was 3.84 years, compared with 3.74 years at 1 January.

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

Carrying value in NOK million	31.12.2022	31.12.2021	31.12.2020
Covered bonds	109 617	99 400	102 378
Senior unsecured bonds	2 819	3 749	3 749
Senior unsecured certificates	-	500	-
Subordinated loans	813	724	724
Total borrowing including accrued interest	**113 249**	**104 373**	**106 851**

Total borrowing by the company at 31 December was NOK 113.2 billion, up by NOK 8.9 billion from 1 January.

Liquidity

At 31 December, the company had a liquidity portfolio of NOK 25.3 billion, including repo agreements recognised as other financial assets. The total includes cash collateral of NOK 3.1 billion received from counterparties to derivative contracts. Cash collateral received is held as bank deposits, repo agreements and various high-quality securities. In addition to cash collateral, the company has received collateral in the form of high-quality bonds corresponding in value to NOK 0.1 billion. The value of bonds provided as collateral is not recognised in the company's liquidity portfolio or balance sheet.

New developments in the alliance

The boards of Hemne Sparebank and Åfjord Sparebank announced on 1 April 2022 that they had decided to merge the two banks. The merger agreement was approved by the boards of the banks on 23 May 2022 and by the annual general meetings and boards of trustees of the banks on 23 June 2022. Subject to the consent of the Financial Supervisory Authority, the intention is to implement the merger on 1 April 2023. That represents a postponement from the original planned date of 1 January 2023 because the process has taken longer than expected. The name of the merged bank proposed to Trøndelag Sparebank continues in the Eika Alliance.

On 9 November 2022, the boards of Andebu Sparebank, Larvikbanken and Skagerakk Sparebank announced a letter of intent to merge the three banks. The ambition is for the merger agreement to be approved by the respective boards during February and by the general meetings/boards of trustees no later than 31 March 2023. Assuming that the merger is approved and the Financial Supervisory Authority gives its consent, the intention is to implement the merger on 1 February 2024. The name of the merged bank proposed to Skagerakk Sparebank, with Skagerakk Sparebank acting as the acquiring bank continues in the Eika Alliance.

Eika Boligkreditt has initiated work to strengthen the credit quality of its residential mortgage portfolio through further development of today's framework and models for credit risk management. The aim is to achieve an internal ratings-based (IRB) standard for the credit framework and models so that they can be used to seek possible IRB approval for the company's residential mortgage portfolio.

Change in management Eika Boligkreditt

The board of Eika Boligkreditt unanimously resolved in December 2022 to appoint Odd Arne Pedersen as the company's new CEO. His appointment follows a thorough process, where several very good candidates were included in the assessment. Pedersen was CFO of Eika Boligkreditt before being appointed acting CEO on 22 June 2022. He has substantial experience from several top management posts in the financial sector, and the board is very satisfied that he has now become CEO of Eika Boligkreditt on a permanent basis.

Anders Mathisen was appointed on 16 December 2022 as the new CFO of Eika Boligkreditt. He had been serving as acting CFO since 22 June 2022 following the appointment of Pedersen as acting CEO on the same date. Mathisen was senior vice president funding at Eika Boligkreditt from September 2012, playing a key role in the work of funding and rating as well as management of the company's liquid assets. He has a lengthy background of service in the Eika Boligkreditt management team, as well as valuable experience from a number of earlier positions and management roles in Norges Bank, SEB and Eika Kapitalforvaltning. The board and CEO are very gratified that Mathisen has now become CFO of Eika Boligkreditt on a permanent basis.

Risk management and capital adequacy

Eika Boligkreditt had a total primary capital of NOK 7.5 billion at 31 December, representing a net increase after allocations of about NOK 1.1 million from 1 January. Part of the change is attributable to the issue of tier 1 perpetual bonds amounting to NOK 100 million during the second quarter and NOK 200 million in the third quarter, maturity of a NOK 100 million tier 1 perpetual bond in the second quarter and redemptions of tier 1 perpetual bonds amounting to NOK 48 million in the third quarter and NOK 35 million in the fourth. In addition, the company issued a subordinated loan of NOK 375 million and redeemed a subordinated loan of NOK 290 million during the third quarter. An equity issue of NOK 800 million was conducted in the fourth quarter.

Capital adequacy is calculated in accordance with the standardised method specified in the capital requirements regulation (CRR).

The basis for calculating the capital adequacy ratio at 31 December amounted to NOK 38.8 billion. Taking into account the growth in overall lending and changes to the company's liquidity portfolio, operational risk and CVA risk, the calculation basis at 31 December was NOK 1.5 billion higher than at 1 January. Eika Boligkreditt's primary capital ratio is calculated as a proportion of this basis.

The table below presents developments in the capital adequacy ratio.

Amounts in NOK million	31 Dec 2022	31 Dec 2021	31 Dec 2020
Risk-weighted assets	38 758	37 296	37 222
Total primary capital (tier 2 capital)	7 493	6 408	6 397
Capital adequacy ratio in per cent	**19.3 %**	**17.2 %**	**17.2 %**

The required countercyclical capital buffer was increased from one per cent to 1.5 per cent with effect from 30 June 2022. On 3 September 2021, the government resolved to give the central bank the authority to determine the countercyclical capital buffer with effect from 10 September 2021. Norges Bank's committee on monetary policy and financial stability decided at its meeting of 15 December 2021 to increase the countercyclical capital buffer to two per cent with effect from 31 December 2022. This buffer is intended to improve the capital adequacy of the banks and prevent their credit practice from strengthening an economic setback. The decision was taken in March 2022 to increase the buffer to 2.5 per cent with effect from 31 March 2023. In December, the government resolved to postpone the requirement to increase the buffer by one year, so that the company's systemic risk buffer will rise from three to 4.5 per cent at 31 December 2023.

The company's capital targets are specified as follows:

- core tier 1 capital ratio: 13.0% (15.5% at 31 December 2022)
- tier 1 capital ratio: 14.5% (17.2% at 31 December 2022)
- tier 2 capital ratio: 16.5% (19.3% at 31 December 2022)

These targets are adequate in relation to legal requirements, the company's Pillar II requirement of 0.5 per cent and its capital requirement margin of 0.5 per cent. As shown above, the applicable buffer requirements were fulfilled at 31 December with a core tier 1 capital adequacy of 15.5 per cent.

Allocation of profit

Comprehensive income for 2022, after taking account of NOK 245.5 million in positive changes to the fair value of basis swaps, amounted to NOK 132.8 million. The reserve for unrealised profit has been increased by NOK 89.9 million in connection with fair value changes to basis swaps. This year's increase thereby reduces the dividend basis by a corresponding amount. In assessing its proposed dividend for 2022, the board has emphasised conducting a consistent dividend policy over time. NOK 17.1 million has also been allocated to the revaluation reserve fund for valuation differences related to positive differences arising between the carrying amount of investments in shares in associates and their acquisition cost. The company has also received NOK 16.9 million in dividend from associates. Capital adequacy for the company is considered to be good, with a good buffer against its capital requirements. The company has assessed the risk of breaching its capital targets and of suffering actual losses on lending to be low. In addition, dividend paid will remain within the Eika Alliance, helping to strengthen the system as a whole. The board therefore proposes to pay a dividend of NOK 7.7 million to the owner banks for 2022. NOK 35 million of comprehensive income is attributed to the investors in the tier 1 perpetual bonds. Furthermore, the dividend payment is considered to leave Eika Boligkreditt with a prudent level of equity and liquidity.

Outlook

The company's financing of the owner banks increased by a net NOK 1.2 billion in the fourth quarter, and by a net NOK 4.9 billion over the past four quarters. During 2022, the net portfolio increase represented a 12-monthly growth of 5.3 per cent. The credit indicator for December 2022 from Statistics Norway showed a 12-monthly increase of 4.2 per cent in Norwegian household debt, down from five per cent at 1 January. Growth in residential-mortgage lending by Eika Boligkreditt was significantly higher during 2022 than the year before. That reflects a sharp widening in the credit spread for bonds, which has meant that the owner banks have reduced refinancing of their own senior unsecured bonds on maturity in favour of increased transfers to Eika Boligkreditt and financing of residential mortgages through covered bonds. While the company expects this development to continue in 2023, growth is expected to be substantially lower than last year because of a bigger expected effect from the banks which are running down their portfolios in Eika Boligkreditt (the members of the Local Bank Alliance and Obos).

Norges Bank's latest lending survey showed that demand for residential mortgages in the fourth quarter was somewhat lower than in the third quarter. Overall, the banks expect a continued decline in demand for residential mortgages during the first quarter of 2023. Demand for fixed-interest loans is little changed at a low level. The use of interest-only loans increased somewhat in the fourth quarter, and is expected to continue rising slightly during the first quarter of 2023. Credit practice for households was rather tighter in the fourth quarter, but is expected to remain unchanged in the time to come. Some banks observed that the easing of regulatory requirements for the ability to service residential mortgages from 1 January 2023 may make it a little easier to obtain such loans. At the same time, some banks noted that the new Financial Contracts Act, which requires the banks to refuse loans where a customer is insufficiently creditworthy, could have some effect in tightening future credit practice. The banks report that margins on residential mortgages declined slightly in the fourth quarter. Financing costs rose slightly and interest rates increased quite considerably in October-December, and the banks expect both will also continue to grow somewhat in the first quarter of 2023 while the margin on residential mortgages is likely to show little change.

According to the house price report from Real Estate Norway, average Norwegian house prices declined by 0.9 per cent in December, and were up by 0.2 per cent when adjusted for seasonal variations. House prices in Norway rose by 1.5 per cent in 2022, but with large fluctuations over the year. The biggest rise in history during the first quarter, encouraged by the new Alienation Act, was subsequently followed by a sharp fall during the second half owing to the impact of interest-rate increases by Norges Bank on residential mortgage rates. The outcome for the full year was a weak rise of 1.5 per cent in house prices. With an inflation rate of 5.9 per cent for 2022, this represents a drop in real house prices over the year. A total of 91 417 dwellings were sold in Norway during 2022, down by 10.2 per cent from the year before but back to roughly the same level as before the pandemic – which undoubtedly stimulated Norwegian housing sales. The strongest growth during 2022 was seen in Kristiansand, Greater Ålesund and Greater Tønsberg, at four-five per cent. Follo, Asker, Bærum and Romerike experienced the weakest development, falling by 1.1 per cent to 1.7 per cent. In August, September and December, Norges Bank increased its key policy rate for the fifth, sixth and seventh times since September 2021, from 1.25 per cent at 30 June 2022 to 2.75 per cent at 31 December. The rate rise is now expected to peak at 3.25 per cent during the first half of 2023. In view of this, a more moderate trend is likely for house prices in the time to come.

The credit spread for the company's covered bonds with a five-year tenor in Norwegian kroner narrowed by 11 basis points during the fourth quarter to a level of 0.52 percentage points above the three-month Nibor. Over the past 12 months, the spread widened by 0.32 percentage points. Credit spreads indicated by potential arrangers for a new-issue transaction with a similar tenor in the euro market widened during the fourth quarter by 10 basis points, giving a spread of 0.22 percentage points at 31 December. The credit spread in euros widened by just over 20 basis points in 2022. The currency basis for a five-year tenor to hedge the amount from euros back to Norwegian kroner fell by no less than 15 basis points during the fourth quarter, but was still up by 14 basis points over the year. These relatively large increases in credit spreads and the currency basis are related to the outbreak of war on 24 February 2022, when Russia invaded Ukraine. That conflict has increased demand for all types of risk premiums. Following its outbreak, the market for new bonds was closed for up to a week and turnover in the secondary market fell dramatically – with wider bid-ask spreads. Activity and turnover have gradually revived since then, although some bottlenecks remain for longer tenors in euros. One explanation for why credit spreads for covered bonds in euros have not risen more is the sharp rise seen in interest rates. The euro swap rate for a five-year tenor, which lay around zero per cent at 1 January, was no less than 3.24 per cent at 31 December. This large increase in rates means that a number of investors see far greater value in a covered bond denominated in euros with an interest rate of roughly 3.5 per cent than in one at zero per cent as it was at 1 January. Uncertainty surrounding future developments in credit spreads increased substantially during 2022. High inflation, persisting bottlenecks in global supply chains, increased geopolitical risk, war in Europe, reversal of the globalisation trends of recent decades, normalisation of monetary policy at the central banks, and lower economic growth create unusually large challenges for central banks and political decision-makers. That will also make it more demanding for both investors and issuers to navigate. The consensus among market players indicates a continued widening of credit spreads in euros during 2023, by up to 10 basis points for covered bonds.

Statistics Norway expects GDP to rise by 3.8 per cent in the mainland economy for 2022, down from 4.1 per cent the year before. Growth prospects for 2022 have been revised downwards by 0.3 per cent from the estimates in December 2021. Looking ahead, the upturn in the economy is expected to continue at a more moderate pace. It is being slowed by interest-rate rises and lower growth internationally. Unemployment in November 2022 was 1.6 per cent, below the pre-coronavirus level and at its lowest since before the 2008 financial crisis. After the Russian invasion of Ukraine, western nations have introduced substantial economic, cultural and political sanctions against Russia and Belarus. The direct economic consequences for Norway are small because its trade with these two countries is limited. Norway's large energy sector also helps to ensure that the negative effects will not be greater, because the country is experiencing beneficial terms of trade as a result of high energy prices. Norwegian banks have little exposure to the countries directly involved in the conflict and only a few enterprises have exposure to or operations of particular dimensions in Russia, Belarus or Ukraine. The economic effect for Norway is expected to be indirect, via increased prices for certain raw materials where Russia and Ukraine are substantial exporters, including oil, gas, metals and certain types of grain. The result could be some increase in inflation, particularly related to the price of energy. That could in turn mean lower economic growth in Europe.

Despite increasing geopolitical uncertainty, investor interest in new covered-bond issuances in euros and Norwegian kroner is expected to be good in the time to come. Eika Boligkreditt has again been an active issuer in both Norwegian and international financial markets in 2022. Its financing requirement for 2022 indicated a need to issue bonds totalling about NOK 19 billion, including NOK 18.4 billion in covered bonds and NOK 675 million divided between subordinate loans and tier 1 perpetual bonds. During the first quarter, the company issued the equivalent of NOK 8 billion in covered bonds in the Norwegian market, including NOK 6 billion after the outbreak of war. In the second quarter, it issued covered bonds for EUR 500 million, corresponding to NOK 5.15 billion, as well as NOK 100 million in tier 1 perpetual bonds. Eika Boligkreditt's issues in the third quarter included EUR 500 million in the euro market, corresponding to NOK 5 billion, and NOK 4.5 billion in the domestic market as well as NOK 375 million in subordinated loans and NOK 200 million in tier 1 perpetual bonds. During the fourth quarter, it issued NOK 1.7 billion in covered bonds in the Norwegian market. That brought the overall issue volume in 2022 to just over NOK 25 billion, including NOK 24.4 billion in covered bonds. The main reason why this figure exceeded the original expectation for the year is that the banks transferred more residential mortgages than anticipated to Eika Boligkreditt. For 2023, the volume of issues in the bond market is expected to be at a more normal level and to total about NOK 13 billion. This substantial reduction in the anticipated issue volume for 2023 compared with last year primarily reflects a substantially smaller volume of covered bonds maturing in 2024 than in the present year – NOK 11.7 billion compared with NOK 17.1 billion. Eika Boligkreditt typically refinances 12 months in advance of the call date for covered bonds. In addition, the lower growth anticipated for residential mortgage lending compared with 2022 contributes to expectations of a smaller issue volume in 2023.

Oslo, 02 February 2023

The board of directors of Eika Boligkreditt AS

Dag Olav Løseth
Chair

Rune Iversen

Terje Svendsen

Olav Sem Austmo

Gro Furunes Skårsmoen

Torleif Lilløy

Odd-Arne Pedersen
CEO

Statement of comprehensive income

Amounts in NOK 1 000	Notes	4Q 2022	4Q 2021	2022	2021
INTEREST INCOME					
Interest from loans to customers at amortised cost		**795 497**	407 541	**2 339 661**	1 588 640
Interest from loans to customers at fair value		**84 910**	38 449	**246 000**	140 450
Interest from loans and receivables on credit institutions		**6 121**	2 791	**18 676**	13 278
Interest from bonds, certificates and financial derivatives		**168 893**	20 451	**333 744**	53 575
Other interest income at amortised cost		**7 729**	7 340	**33 352**	32 091
Other interest income at fair value		**595**	708	**2 692**	2 799
Total interest income		**1 063 744**	477 281	**2 974 125**	1 830 832
INTEREST EXPENSES					
Interest on debt securities issued		**953 499**	277 487	**2 381 753**	957 235
Interest on subordinated loan capital		**9 681**	3 711	**27 063**	14 501
Contribution to the Norwegian Banks' Guarantee Fund's Resolution Fund		**6 258**	5 322	**25 449**	21 289
Other interest expenses		**7 505**	830	**11 697**	2 929
Total interest expenses		**976 943**	287 350	**2 445 961**	995 955
Net interest income		**86 800**	189 931	**528 164**	834 877
Commission costs		**16 156**	201 583	**385 852**	774 306
Net interest income after commissions costs		**70 645**	(11 652)	**142 312**	60 571
Income from portfolio sale	Note 3	-	-	-	22 628
Income from shares in associated company		**3 031**	3 000	**17 107**	13 218
Total income from shares	Note 4	**3 031**	3 000	**17 107**	13 218
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE					
Net gains and losses on bonds and certificates	Note 5	**13 284**	3 266	**3 110**	10 213
Net gains and losses of fair value hedging on debt securities issued	Note 5, 6	**(39 022)**	(386)	**(16 287)**	4 364
Net gains and losses on financial derivatives	Note 5	**(87 449)**	29 129	**262 143**	214 408
Net gains and losses on loans at fair value	Note 5	**33 577**	(58 247)	**(386 659)**	(198 263)
Total gains and losses on financial instruments at fair value		**(79 609)**	(26 237)	**(137 693)**	30 721
Other income		-	-	-	-
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES					
Salaries, fees and other personnel expenses		**8 095**	8 184	**37 280**	32 982
Administrative expenses		**13 287**	5 238	**42 196**	19 161
Total salaries and administrative expenses		**21 382**	13 422	**79 476**	52 143
Depreciation		**973**	1 075	**4 014**	3 968
Other operating expenses[1]		**895**	4 880	**3 619**	14 700
PROFIT BEFORE TAXES		(29 183)	(54 266)	**(65 383)**	56 327
Taxes		**(19 661)**	(15 709)	**(29 177)**	5 181
PROFIT FOR THE PERIOD		(9 522)	(38 556)	**(36 206)**	51 146
ITEMS TRANSFERRABLE TO PROFIT AND LOSS					
Net gains and losses on bonds and certificates	Note 5	**24 992**	(11 335)	**(20 202)**	(9 273)
Net gains and losses on basis swaps	Note 5	**(292 081)**	135 321	**245 491**	62 713
Taxes on other comprehensive income		**66 772**	(30 997)	**(56 322)**	(13 360)
COMPREHENSIVE INCOME FOR THE PERIOD		**(209 840)**	54 433	**132 760**	91 226
Price per share				**4.29479**	4.24231

[1] With effect from the third quarter of 2022, the company has opted to reclassify costs under other operating costs as administrative costs. Figures for earlier periods have not been restated.

Of the total comprehensive income for the period above, NOK 7.7 million is attributable to the shareholders of the company after taking account NOK 16.9 million received in dividend from associates. Furthermore, of the total comprehensive income NOK 35 million is attributed to the hybrid capital investors, NOK 89.9 million to the fund for unrealised gains and NOK 17.1 million to the fund for valuation differences.

Balance sheet

Amounts in NOK 1 000	Notes	31.12.2022	31.12.2021
ASSETS			
Lending to and receivables from credit institutions		843 126	970 742
Lending to customers [1]	Note 6, 7	95 971 045	91 326 994
Other financial assets [1]	Note 8	28 367	105 843
Securities			
Bonds and certificates at fair value [1]	Note 6,9	24 521 072	16 968 273
Financial derivatives	Note 6,10	5 128 842	5 393 896
Shares	Note 4,11	1 650	1 650
Total securities		29 651 565	22 363 820
Shares in associated company	Note 4	57 785	57 563
Intangible assets			
Deferred tax assets		4 925	19 008
Intangible assets		829	1 852
Total other intangible assets		5 754	20 860
Tangible fixed assets			
Right-of-use assets	Note 12	13 605	15 019
Tangible fixed assets		13 605	15 019
TOTAL ASSETS		126 571 248	114 860 840
LIABILITIES AND EQUITY			
Loans from credit institutions [1]	Note 13	3 113 873	3 269 520
Financial derivatives	Note 6,10	3 407 756	711 486
Debt securities issued [1]	Note 14	112 435 578	103 648 169
Other liabilities [1]		61 125	711 648
Pension liabilities		-	6 926
Lease obligations	Note 12	13 611	15 265
Subordinated loan capital [1]	Note 15	813 256	724 342
TOTAL LIABILITIES		119 845 199	109 087 356
Called-up and fully paid capital			
Share capital		1 405 153	1 225 497
Share premium		4 005 230	3 384 886
Other paid-in equity		477 728	477 728
Total called-up and fully paid capital	Note 16	5 888 111	5 088 111
Retained earnings			
Fund for unrealised gains		123 706	33 863
Fund for valuation differences		14 255	14 033
Other equity		7 979	62 478
Total retained equity	Note 16	145 940	110 374
Hybrid capital			
Tier 1 capital		692 000	575 000
Total hybrid capital		692 000	575 000
TOTAL EQUITY		6 726 050	5 773 485
TOTAL LIABILITIES AND EQUITY		126 571 248	114 860 840

[1] With effect from the third quarter of 2022, the company has reclassified accrued interest to include this in balance sheet items. Figures from earlier periods have not been restated.

Statement of changes in equity

Amounts in NOK 1 000	Share capital [1]	Share premium [1]	Other paid in equity [2]	Fund for unrealised gains [3]	Fund for valuation differences [4]	Retained earnings: other equity [5]	Tier 1 perpetual bonds [6]	Total equity
Balance sheet as at 31 December 2020	**1 225 497**	**3 384 886**	**477 728**	**27 588**	**13 911**	**147 284**	**574 232**	**5 851 125**
Result for the period	-	-	-	-	-	(77 057)	5 674	(71 383)
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	-	(5 595)	(5 595)
Disbursed dividends for 2020	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 31 March 2021	**1 225 497**	**3 384 886**	**477 728**	**27 588**	**13 911**	**70 227**	**574 311**	**5 774 147**
Result for the period	-	-	-	-	(13 096)	20 339	5 632	12 874
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	-	(5 552)	(5 552)
Disbursed dividends for 2020	-	-	-	-	-	(146 263)	-	(146 263)
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 30 June 2021	**1 225 497**	**3 384 886**	**477 728**	**27 588**	**815**	**(55 697)**	**574 391**	**5 635 208**
Result for the period	-	-	-	-	-	89 707	5 596	95 303
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	-	(5 516)	(5 516)
Disbursed dividends for 2020	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 30 September 2021	**1 225 497**	**3 384 886**	**477 728**	**27 588**	**815**	**34 007**	**574 471**	**5 724 994**
Result for the period	-	-	-	6 274	13 218	28 470	6 023	53 985
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	-	(5 495)	(5 495)
Disbursed dividends for 2020	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 31 December 2021	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**14 033**	**62 478**	**575 000**	**5 773 484**
Result for the period	-	-	-	-	-	60 963	6 412	67 373
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	79	(6 412)	(6 333)
Disbursed dividends for 2021	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 31 March 2022	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**14 033**	**123 519**	**575 000**	**5 834 525**
Result for the period	-	-	-	-	(13 218)	97 693	7 236	91 711
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	(116)	(7 236)	(7 352)
Disbursed dividends for 2021	-	-	-	-	-	(61 900)	-	(61 900)
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 30 June 2022	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**815**	**159 196**	**575 000**	**5 856 983**
Result for the period	-	-	-	-	(815)	175 002	8 462	182 649
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	-	(8 462)	(8 462)
Disbursed dividends for 2021	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	152 000	152 000.00
Balance sheet as at 30 September 2022	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**-**	**334 198**	**727 000**	**6 183 170**
Result for the period	-	-	-	-	14 255	(23 777)	-	(9 522)
Other income and expenses	-	-	-	89 843	-	(302 442)	12 281	(200 318)
Equity issue	179 657	620 343	-	-	-	-	-	800 000
Interest tier 1 capital	-	-	-	-	-	-	(12 281)	(12 281)
Disbursed dividends for 2021	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	(35 000)	(35 000)
Balance sheet as at 31 December 2022	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**14 255**	**7 979**	**692 000**	**6 726 050**

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]The fund for unrealised gains comprises from value changes on financial instruments at fair value.

[4] The fund for valuation differences comprises the positive difference between the carried amount in the balance sheet and the acquisition price for investments in shares in associated companies.

[5]Other equity comprises earned and retained profits.

[6]Tier 1 perpetual bonds form part of tier 1 capital pursuant to section 3a of the Norwegian regulations concerning the calculation of regulatory capital. 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 recognised the following tier 1 perpetual bonds as equity:

- Tier 1 perpetual bond, issued NOK 200 million in 2018, with interest terms of three months Nibor plus 3.15 per cent. The loan provides for a call at 2 February 2023, and quarterly thereafter on each date interest payment falls due.
- Tier 1 perpetual bond, issued NOK 275 million in 2018, with interest terms of three months Nibor plus 3.75 per cent. The loan provides for a call at 30 October 2023, and quarterly thereafter on each date interest payment falls due.
- Tier 1 perpetual bond, issued NOK 100 million in 2022, with interest terms of three months Nibor plus 3.15 per cent. The loan provides for a call at 11 May 2027, and quarterly thereafter on each date interest payment falls due.
- Tier 1 perpetual bond, issued NOK 200 million in 2022, with interest terms of three months Nibor plus 4.40 per cent. The loan provides for a call at 13 December 2027, and quarterly thereafter on each date interest payment falls due.

Eika Boligkreditt has the right to pay no interest to the investors. Interest is not recognised as interest expense in the profit and loss account, but as a reduction to equity.

Statement of cash flows

Amounts in NOK 1 000	**2022**	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	132 760	91 226
Taxes	27 146	18 541
Income taxes paid	(11 685)	(3 488)
Ordinary depreciation	1 023	1 799
Non-cash pension costs	(6 926)	952
Change in loans to customers	(4 644 051)	(2 058 332)
Change in bonds and certificates	(7 552 799)	2 842 085
Change in financial derivatives and debt securities issued	(3 168 269)	(711 304)
Interest expenses	2 410 055	995 955
Paid interest	(2 205 479)	(1 082 079)
interest income	(2 938 065)	(1 795 943)
received interests	3 075 709	1 795 860
Changes in other assets	(60 167)	(98)
Changes in short-term liabilities and accruals	1 839 553	544 591
Net cash flow relating to operating activities	**(13 101 195)**	639 766
INVESTING ACTIVITIES		
Payments related to acquisition of fixed assets	-	(381)
Share of profit/loss in associated companies	(17 107)	(13 218)
Payments from shares in associated companies	16 884	13 097
Net cash flow relating to investing activities	**(223)**	(502)
FINANCING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	24 655 913	19 764 156
Gross payments of bonds and commercial paper	(12 435 181)	(16 623 668)
Gross receipts on issue of subordinated loan capital	-	-
Gross payments of subordinated loan capital	88 914	(1)
Gross receipts from issue of loan from credit institution	-	-
Gross payments from loan from credit institution	(155 648)	(3 611 900)
Gross receipts from issuing tier 1 perpetual bonds	-	-
Gross payments from issuing tier 1 perpetual bonds	117 000	-
Interest to the hybrid capital investors	(35 295)	(22 606)
Payments of dividend	(61 905)	(146 263)
Paid-up new share capital	800 000	-
Net cash flow from financing activities	**12 973 800**	(640 282)
Net changes in lending to and receivables from credit institutions	(127 618)	(1 017)
Lending to and receivables from credit institutions at 1 January	970 742	971 759
Lending to and receivables from credit institutions at end of period	**843 126**	970 742

Notes

Note 1 – Accounting policies

General

Eika Boligkreditt will prepare financial statements for 2022 in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). Financial assets and liabilities are measured at amortised cost, at fair value through profit or loss or at fair value through other comprehensive income. Note 1 in the annual financial statements for 2021 provides more details about accounting principles pursuant to the IFRS.

The financial statements for the fourth quarter of 2022 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 described in note 1 in the annual financial statements for 2021, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities which are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which 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 uncertainty at the end of the reporting period, which 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

Pursuant to IFRS 9, provisions for losses will be recognised on the basis of expected credit losses in the light of relevant information available at the reporting date. The combination of low loan-to-value ratio in the residential mortgage portfolio and the credit guarantees provided by the owner banks implies that the company does not expect significant effects on EBK's profit or equity. See note 13 and 13.2.2 in the annual financial statements for 2021 for further information.

No loans were written down at 31 December 2022.

Fair value of financial instruments

Eika Boligkreditt applies various measurement methods to determine the fair value of financial instruments which are not traded in an active market. The chosen methods are based on market conditions at the end of the reporting period. This means that, if observable market data are not available, 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, 6, 7, 9 and 11.

Note 3 – Income from portfolio sale

Income from portfolio sale

Amounts in NOK 1 000	2022	2021
Total income from portfolio sale	**-**	**22 628**

Surnadal Sparebank merged with SpareBank1 Nordvest on 3 May 2021 under the name SpareBank 1 Nordmøre and became part of the SpareBank1 Alliance. A natural consequence of this merger is that the distribution agreement between the merged bank and Eika Boligkreditt was terminated. An agreement was furthermore entered into whereby SpareBank 1 Nordmøre bought out its NOK 1.2 billion residential mortgage portfolio in Eika Boligkreditt. In addition to the principal of the residential mortgages, the bank paid NOK 22.6 million in compensation for early redemption of its financing with Eika Boligkreditt.

Note 4 – Shares at fair value recognised in profit and loss and shares in associated company

Shares classified at fair value recognised in profit and loss

Amounts in NOK 1 000	Number of shares	Cost price	Book value 31 des 2022	Owner share
Nordic Credit Rating AS	10 000	2 500	1 650	1.67 %
Total	**10 000**	**2 500**	**1 650**	

Shares in associated company

Assets in associated companies are recognised using the equity method.

Shares in associated companies

Amounts in NOK 1 000	Number of shares	Owner share
Eiendomsverdi AS	470 125	25.0 %
Total	**470 125**	

Amounts in NOK 1 000	2022	2021
Carrying amount at 1 January	57 563	57 441
Addition/disposal	-	-
Revalulation at acquisition cost	-	-
Share of profit/loss	17 107	13 218
Dividend	(16 884)	(13 096)
Carrying amount	**57 785**	**57 563**

EBK's investment in Eiendomsverdi is treated as an associated company calculated in accordance with the equity method. The shares in Eiendomsverdi is valued at the overall acquisition price on the basis of a staged acquisition adjusted for EBK's share of the profit and dividend received. The positive difference between the carried amount in the balance sheet and the acquisition price is recognised in fund for valuation differences.

Note 5 – Net gain and loss on financial instruments at fair value

Net gains and losses on financial instruments at fair value recognised through profit and loss

Amounts in NOK 1 000	4th quarter 2022	4th quarter 2021	2022	2021
Net gains and losses on bonds and certificates including currency effects [1]	13 284	3 266	3 110	10 213
Net gains and losses on loans at fair value	33 577	(58 247)	(386 659)	(198 263)
Net gains and losses on financial debts, hedged [2]	721 138	1 372 564	3 187 833	5 556 711
Net gains and losses on interest swaps related to lending	(87 449)	29 129	262 143	214 408
Net gains and losses on interest and currency swaps related to liabilities [2]	(760 160)	(1 372 950)	(3 204 120)	(5 552 347)
Net gains and losses on financial instruments at fair value	**(79 609)**	**(26 237)**	**(137 693)**	**30 721**

[1] The accounting line comprises net realised gain and loss on bonds and certificates, and currency effects related to cash collateral received and reinvested cash collateral in foreign currencies.

[2] The company utilises hedge accounting for long-term borrowing in foreign currency, where the cash flow arising from the derivative contract is matched 1:1 with the hedging object.

Net gains and losses on financial instruments at fair value recognised through comprehensive income

Amounts in NOK 1 000	4th quarter 2022	4th quarter 2021	2022	2021
Net gains and losses on bonds and certificates	44 693	(13 242)	(37 710)	(16 638)
Net gains and losses on interest-rate swaps related to bonds and certificates	(19 702)	1 907	17 508	7 365
Net gains and losses on basis swaps [3]	(292 081)	135 321	245 491	62 713
Net gains and losses on financial instruments at fair value	**(267 090)**	**123 986**	**225 288**	**53 440**

[3] Comprehensive profits for 2022 includes NOK 245.5 million related to changes in fair value of basis swaps.

Basis swaps are derivative contracts used in connection with long-term borrowing in foreign currency, whereby the foreign currency is converted to Norwegian kroner. These are hedging instruments, and the value is zero over the term of the instrument. As a rule, the company holds both its borrowings and hedging instruments until maturity. This means that changes to margins only have accrual effects with respect to unrealised gains or losses in the accounts, and no realised gains or losses over the tenor of the derivative unless Eika Boligkreditt terminates the derivative early. Gain or loss related to basis swaps will be reclassified to profit and loss if the hedge is terminated early.

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 6 – 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 used to convert issued bonds and certificates from a fixed rate to a floating rate exposure. Financing at a floating 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 used to hedge the interest rate margin from lending at a fixed interest rate.

Assets	31 Dec 2022		31 Dec 2021	
Amounts in NOK 1 000	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swap lending[1]	7 782 054	363 195	4 882 600	109 693
Interest rate and currency swap[2]	37 599 200	4 741 935	37 291 300	5 283 767
Interest swap placement	1 130 676	23 711	100 190	436
Total financial derivative assets including accrued interest	**46 511 930**	**5 128 842**	**42 274 090**	**5 393 896**

Liabilities				
Amounts in NOK 1 000	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swap lending[1]	279 690	2 064	3 177 293	19 443
Interest rate and currency swap[2]	30 069 250	3 405 202	16 483 400	686 482
Interest swap placement	150 000	489	1 723 268	5 562
Total financial derivative liabilities including accrued interest	**30 498 940**	**3 407 756**	**21 383 961**	**711 486**

[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 and cash flow hedging on debt securities issued

Eika Boligkreditt applies fair value hedging on fixed-rate financial liabilities. The hedge object is the swap interest element of the financial liabilities. Interest and currency swaps are used as hedging instruments.

The basis margin related to foreign currency from financial instruments is separated out by excluding this earmarking of the fair-value hedge and the currency element in the hedge is identified as a cash flow hedge. This implies that changes in the basis swap, which arise when entering a currency swap to covert the company's borrowing in foreign currency to Norwegian kroner, are recognised as a cash flow hedge. Changes in fair value related to the basis margin will therefore be recognised in other comprehensive income.

	31 Dec 2022		31 Dec 2021	
Amounts in NOK 1 000	Nominal amount	recognised in balance sheet	Nominal amount	recognised in balance sheet
Hedging instruments: interest rate and currency swaps[1,2]	67 668 450	1 072 074	53 774 700	4 261 748
Hedged items: financial commitments incl foreign exchange[2]	67 668 450	(834 396)	53 774 700	(4 267 719)
Net capitalised value without accrued interest	**-**	**237 678**	**-**	**(5 971)**

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

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

Gains and losses on fair value hedging recorded in profit and loss

Amounts in NOK 1 000	4th quarter 2022	4th quarter 2021	2022	2021
Hedging instruments	(760 160)	(1 372 950)	(3 204 120)	(5 552 347)
Hedged items	721 138	1 372 564	3 187 833	5 556 711
Net gains/losses (inefffectiveness) recorded in profit and loss[3]	**(39 022)**	**(386)**	**(16 287)**	**4 364**

[3] Changes in the value of financial instruments related to changes in basis swaps are recognized in other comprehensive income. See note 5 for more information.

Note 7 – Lending to customers

Amounts in NOK 1 000	31 Dec 2022	31 Dec 2021
Installment loans - retail market	91 331 535	86 547 778
Installment loans - housing cooperatives	4 899 300	4 826 197
Accrued interest installment loans	158 511	-
Adjustment fair value lending to customers[1]	(418 301)	(46 980)
Total lending before specific and general provisions for losses including accrued interest [2]	**95 971 045**	**91 326 994**
Impairments on lending to customers	-	-
Total lending to and receivables from customers including accrued interest [2]	**95 971 045**	**91 326 994**

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

[2] With effect from the third quarter of 2022, accrued interest has been reclassified by incorporating this in loans to customers. Figures from earlier periods have not been restated.

With effect from 10 December 2019, the company increased its maximum loan-to-value (LTV) ratio for residential mortgages from 60 per cent of the property's value to the legal limit of 75 per cent. Prior to 10 December 2019, all lending related to residential mortgages fell within the 60 per cent LTV limit at origination.

Provision for losses

Pursuant to IFRS 9, provision for losses must be recognised on the basis of the expected credit loss indicated by relevant information available at the reporting date.

Eika Boligkreditt had no non-performing engagements at 31 December 2022 where instalments due remained unpaid beyond 90 days. The European Banking Authority (EBA) published new recommendations in September 2016 for the definition of default, applicable from 1 January 2021. The general rule has previously been that engagements are regarded as in default if payment of a claim is overdue by more than 90 days and the amount is not insignificant. Pursuant to the new EBA recommendation, the company is required to carry out various supplementary evaluations related to the probability of default. This evaluation must take account of the client's overall indebtedness, possible infection between agreements with the same debtor, the level of materiality limits and the duration of quarantine after being declared healthy.

Loss in the accounts is calculated on the basis of the loss model pursuant to IFRS 9. Non-performing engagements are presented in step 3, where an individual impairment is to be carried out per customer without the use of models. Credit guarantees provided by the owner banks in combination with the low LTV ratio for the mortgage portfolio, reduce provision for loss. The company has calculated that expected loss on residential mortgages will amount to NOK 2.1 million at 31 December 2022, compared to NOK 43 000 at 31 December 2021. The increase in the calculated estimated loss at 31 December 2022 arises primarily because the company has changed its method of caculating LTV. This assessment rests on new assumptions about the development of house prices in the time to come. As a result of credit guarantees of NOK 1.16 billion from the owner banks at 31 December 2022, this implies no accounting loss for the company in the fourth quarter of 2022.

See note 13.2.2 in the annual financial statements for 2021 for further information.

31 Dec 2022

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	88 029 340	88 029 340
Fixed rate loans	8 360 006	7 941 705
Toal lending including accrued interest	**96 389 346**	**95 971 045**

31 Dec 2021

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	82 849 533	82 849 553
Fixed rate loans	8 524 421	8 477 441
Toal lending	**91 373 954**	**91 326 994**

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 8 – Other financial assets

Amounts in NOK 1 000	31.12.2022	31.12.2021
Prepaid expenses	2 561	2 734
Repo agreements	-	-
Accrued interests	-	103 109
Short-term receivables	25 805	-
Total other financial assets	**28 367**	**105 843**

Note 9 – Bonds and certificates at fair value

31 December 2022

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	8 328 694	8 374 531	8 368 366
Credit institutions	8 474 000	8 530 609	8 522 149
Government bonds	7 712 288	7 757 228	7 630 558
Total bonds and certificates at fair value including accrued interest	**24 514 982**	**24 662 368**	**24 521 072**
Change in value charged recognised through profit and loss to other comprehensive income [1]			**(141 295)**

The average effective interest rate is 1.83 per cent annualised. The calculation is based on a weighted fair value of NOK 18.1 billion. The calculation takes account of a return of NOK 331.6 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

31 December 2021

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair value
Municipalities	7 161 472	7 171 622	7 174 479
Credit institutions	7 230 000	7 259 352	7 259 745
Government bonds	2 673 158	2 699 156	2 534 049
Total bonds and certificates at fair value	**17 064 629**	**17 130 129**	**16 968 273**
Change in value charged recognised through profit and loss to other comprehensive income [1]			**(161 856)**

The average effective interest rate is 0.46 per cent annualised. The calculation is based on a weighted fair value of NOK 16.7 billion. The calculation takes account of a return of NOK 76.6 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

[1] The change in value is primarily related to agio effects on bonds denominated in euros (reinvested cash collateral received) recognised through profit and loss. Corresponding agio effects on loans to credit institutions are also recognised through profit and loss as net gains and losses on bonds and certificates.

	31 Dec 2022	31 Dec 2021
Average term to maturity	**1.4**	**1.4**
Average duration	**0.1**	**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 10 – Coverpool

For covered bonds linked to the company's cover pool, an overcollateralisation requirement of five per cent applies in accordance with the company's borrowing programme (Euro Medium Term Covered Note Programme). An overcollateralization of five per cent is also necessary to maintain the Aaa rating from Moody's Investor Service. Nominal values are used when calculating the five-per-cent overcollateralisation. Section 11-7 of the regulations for financial institutions, which came into effect on 8 July 2022, requires overcollateralisation of at least five per cent of the value of covered bonds in the cover pool. Calculating the five per cent requirement is based on nominal values while the company's own holding of covered bonds is also taken into account. Calculations of overcollateralisation in earlier periods have also been restated in accordance with the new regulations.

Calculation of overcollateralisation at fair value (calculated in accordance with section 11-7 of the financial institutions regulations)

	Nominal values including own holding	
Amounts in NOK 1 000	**31 Dec 2022**	**31 Dec 2021**
Lending to customers [2]	95 486 996	90 860 346
Substitute assets and derivatives:		
Substitute assets [3]	21 400 047	13 292 049
Total cover pool	**116 887 043**	**104 152 395**
The cover pool's overcollateralisation [4]	107.91%	109.09%

Covered bonds issued

	31 Dec 2022	31 Dec 2021
Covered bonds	107 902 450	94 925 700
Own holding (covered bonds) [1]	416 000	549 000
Total covered bonds	**108 318 450**	**95 474 700**

[1]When calculating the five-per-cent requirement, account has been taken of the company's own holding of covered bonds.

Calculation of overcollateralisation using nominal values (calculated in accordance with the requirements in the company's borrowing programme and Moody's Investors Service methodology)

	Nominal values	
Amounts in NOK 1 000	**31 Dec 2022**	**31 Dec 2021**
Lending to customers [2]	95 486 996	90 860 346
Substitute assets:		
Substitute assets [3]	21 400 047	13 292 049
Total cover pool	**116 887 043**	**104 152 395**
The cover pool's overcollateralisation [4]	108.33%	109.72%

Covered bonds issued

	31 Dec 2022	**31 Dec 2021**
Covered bonds	107 902 450	94 925 700
Total covered bonds	**107 902 450**	**94 925 700**

[2] Residential mortgages without legal protection and non-performing engagements have been deducted when calculating the carrying amount in the balance sheet.

[3]Substitute assets include lending to and receivables from credit institutions, bonds and certificates at fair value and repo agreements.

[4] Pursuant to the Financial Supervisory Authority's guidance for reporting LCR, the liquidity cover ratio is excluded when calculating the cover pool's overcollateralisation. At 31 December 2022, liquid assets totalling NOK 750 million in the form of bonds and certificates were excluded from the calculation of the cover pool's overcollateralisation.

If calculation of the overcollateralisation is based on fair values with the exception of the credit spread for the covered bonds, and the company's own holding of covered bonds is taken into account, the overcollateralisation is 7.91 per cent.

Note 11 – Fair value hierarchy

Eika Boligkreditt 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 value is based on quoted prices in an active market
Included in Level 1 are financial instruments where the value is based on quoted prices in active markets for identical assets. Quoted prices are obtained from Bloomberg. The company's investments in government bonds are included in this category.

Level 2: Financial instruments where the value is based on observable market data
Level 2 comprises financial instruments which are valued 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 bonds and certificates not issued by a national state. Market data are obtained from an acknowledged provider of market data.

Level 3: Financial instruments where the value is based on information other than observable market data
Level 3 includes fixed-interest mortgages and shares at fair value over profit and loss. The fair value of the fixed-interest mortgages is their amortised cost adjusted for the present value of the difference between the mortgage's fixed interest rate and the applicable fixed interest rate offered on the balance sheet date. Shares are valued on the basis of discounted cash flows.

31 December 2022

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	7 941 705
Bonds and certificates	4 931 806	19 589 267	-
Financial derivatives	-	5 128 842	-
Shares classified at fair value recognised in profit or loss	-	-	1 650
Total financial assets	**4 931 806**	**24 718 109**	**7 943 355**
Financial liabilities			
Financial derivatives	-	3 407 756	-
Total financial liabilities	**-**	**3 407 756**	**-**

No significant transactions between the different levels took place in 2022.

31 December 2021

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	8 477 441
Bonds and certificates at fair value through profit or loss	3 233 037	13 735 236	-
Financial derivatives	-	5 393 896	-
Shares classified as available for sale	-	-	1 650
Total financial assets	**3 233 037**	**19 129 132**	**8 479 091**
Financial liabilities			
Financial derivatives	-	711 486	-
Total financial liabilities	**-**	**711 486**	**-**

No significant transactions between the different levels took place in 2021.

Detailed statement of assets classified as level 3 assets

2022 Amounts in NOK 1 000	01 Jan 2022	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2022	Other comprehensive income	31 Dec 2022
Lending to customers (fixed-rate loans)	8 477 441	1 201 768	(1 350 845)	-	(386 659)	-	7 941 705
Shares at fair value over profit or loss	1 650	-	-	-	-	-	1 650
Total	**8 479 091**	**1 201 768**	**(1 350 845)**	**-**	**(386 659)**	**-**	**7 943 355**

2021 Amounts in NOK 1 000	01 Jan 2021	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2021	Other comprehensive income	31 Dec 2021
Lending to customers (fixed-rate loans)	8 456 402	1 801 537	(1 582 235)	-	(198 263)	-	8 477 441
Shares at fair value over profit or loss	1 650	-	-	-	-	-	1 650
Total	**8 458 052**	**1 801 537**	**(1 582 235)**	**-**	**(198 263)**	**-**	**8 479 091**

Interest rate sensitivity of assets classified as Level 3 at 31 December 2022
A one-percentage point increase in all interest rates would reduce the value of the company's fixed-rate loans at fair value by NOK 218.4 million. The effect of a decrease in interest rates would be an increase of NOK 218.4 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 31 December 2022 and cumulatively.

Detailed statement of changes in debt related to currency changes

2022 Amounts in NOK 1 000	01 Jan 2022	Issued/matured	Currency changes	31 Dec 2022
Change in debt securities issued [1]	50 846 425	10 193 750	2 851 208	63 891 383
Total	**50 846 425**	**10 193 750**	**2 851 208**	**63 891 383**

2021 Amounts in NOK 1 000	01 Jan 2021	Issued/matured	Currency changes	31 Dec 2021
Change in debt securities issued 1	58 371 923	(3 726 250)	(3 799 248)	50 846 425
Total	**58 371 923**	**(3 726 250)**	**(3 799 248)**	**50 846 425**

[1]The table shows currency changes related to bonds issued in foreign currencies. Currency changes related to liabilities with credit institutions are not shown.

Note 12 – Leases

IFRS 16 on lease accounting requires that all leases are recognised in the balance sheet by recognising the beneficial use of an asset as an asset, while making provision for the lease obligation as a liability. Eika Boligkreditt has leases, covering office premises and car leasing which is subject to this standard. The beneficial use and lease obligation are recognised as NOK 13.6 million and NOK 13.6 million respectively, in the company’s balance sheet at 31 December 2022, representing the present value of future rent payments over the duration of the lease. The lease duration which forms the basis for calculating future rent payments corresponds to the remaining period until the termination of the lease (as of 31 December 2022 this was about 5 years for leasing of office premises and about 1.9 years for car leasing). Possible options are not added to the lease duration. In addition, the beneficial use is depreciated over the duration of the lease while interest on the lease obligation is expensed. Depreciation is presented together with other depreciation in the statement of comprehensive income, while interest is included in financial expenses in the statement of comprehensive income. Interest costs are calculated by applying the discount rate (the company’s incremental borrowing rate) to the lease obligation.

Note 13 – Loans from credit institutions

Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt has been provided with such collateral in the form of cash. The cash is managed by Eika Boligkreditt for the duration of the collateral provision and are recognised on the balance sheet as an asset with an associated liability. At 31 December 2022, Eika Boligkreditt had received cash collateral of NOK 3.1 billion posted by counterparties in derivative contracts. Cash collateral received is held in bank deposits, repo agreements and in various high-quality bonds. In addition to cash collateral, the company had also received NOK 0.1 billion in bonds as collateral from counterparties in derivative contracts. The value of bonds provided as collateral is not recognised in the company's balance sheet.

Note 14 – Debt securities issued

Covered bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 2022	31 Dec 2021
NO0010625346	1 500 000	NOK	Fixed	4.60 %	2011	2026	1 515 296	1 500 437
NO0010669922	1 000 000	NOK	Fixed	4.00 %	2013	2028	1 036 678	998 149
NO0010687023	150 000	NOK	Fixed	4.10 %	2013	2028	151 965	150 000
NO0010732258	8 000 000	NOK	Floating	3M Nibor + 0.28%	2015	2022	-	3 450 484
NO0010763022	850 000	NOK	Fixed	2.25 %	2016	2031	858 739	844 971
NO0010780687	700 000	NOK	Fixed	2.60 %	2016	2027	711 284	699 640
NO0010794308	5 000 000	NOK	Floating	3M Nibor + 0.43 %	2017	2022	-	5 001 746
NO0010815376	1 600 000	NOK	Fixed	2.67 %	2018	2033	1 629 935	1 590 775
NO0010821192	8 050 000	NOK	Floating	3M Nibor + 0.34 %	2018	2023	5 106 205	8 047 863
NO0010863178	7 250 000	NOK	Floating	3M Nibor + 0.25 %	2019	2024	7 261 830	7 246 138
NO0010881162	6 000 000	NOK	Floating	3M Nibor + 0.41%	2020	2025	6 028 385	5 998 370
NO0010921067	10 500 000	NOK	Floating	3M Nibor + 0.75 %	2021	2026	10 696 756	6 140 344
NO0011135105	6 000 000	NOK	Floating	3M Nibor + 0.50 %	2021	2026	6 069 634	6 084 302
NO0012475609	6 000 000	NOK	Floating	3M Nibor + 0.42 %	2022	2027	6 000 970	-
NO0012708827	2 000 000	NOK	Fixed	4.00 %	2022	2032	2 011 297	-
NO0012728643	1 700 000	NOK	Fixed	4.33 %	2022	2034	1 782 919	-
XS0881369770	1 000 000	EUR	Fixed	2.125 %	2013	2023	10 722 211	10 010 969
XS1397054245	500 000	EUR	Fixed	0.375 %	2016	2023	5 270 331	5 001 009
XS1566992415	500 000	EUR	Fixed	0.375 %	2017	2024	5 269 798	4 998 732
XS1725524471	500 000	EUR	Fixed	0.375 %	2017	2025	5 263 940	4 993 737
XS1869468808	500 000	EUR	Fixed	0.50 %	2018	2025	5 253 802	4 991 375
XS1945130620	500 000	EUR	Fixed	0.875 %	2019	2029	5 269 870	4 975 358
XS1969637740	10 000	EUR	Fixed	1.245 %	2019	2039	106 172	100 190
XS1997131591	60 000	EUR	Fixed	1.112 %	2019	2039	635 355	601 046
XS2085864911	5 000	EUR	Fixed	0.56 %	2019	2039	52 553	50 036
XS2133386685	500 000	EUR	Fixed	0.01 %	2020	2027	5 305 308	5 064 162
XS2234711294	500 000	EUR	Fixed	0.01 %	2020	2028	5 325 836	5 085 397
XS2353312254	500 000	EUR	Fixed	0.125 %	2021	2031	5 232 921	4 978 381
XS2482628851	500 000	EUR	Fixed	1.625 %	2022	2030	5 274 590	-
XS2536806289	500 000	EUR	Fixed	2,50%	2022	2028	5 260 616	-
Value adjustments							(5 488 537)	795 994
Total covered bonds including accrued interest [1,2]							**109 616 659**	**99 399 605**

[1] For covered bonds linked to the company's cover pool, an overcollateralisation requirement of five per cent applies in accordance with the company's borrowing programme (Euro Medium Term Covered Note Programme). An overcollateralization of five per cent is also necessary to maintain the Aaa rating from Moody's Investor Service.

Senior unsecured bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 2022	31 Dec 2021
NO0010782048	500 000	NOK	Floating	3M Nibor +0.95%	2017	2022	-	500 015
NO0010830367	450 000	NOK	Floating	3M Nibor + 0.56 %	2018	2022	-	449 959
NO0010834716	500 000	NOK	Fixed	3.01 %	2018	2025	301 513	299 739
NO0010841620	300 000	NOK	Fixed	2.87 %	2019	2026	307 961	299 774
NO0010845936	500 000	NOK	Floating	3M Nibor + 0.78 %	2019	2024	300 626	299 904
NO0010849433	500 000	NOK	Floating	3M Nibor + 0.74 %	2019	2024	300 059	299 821
NO0010874944	300 000	NOK	Floating	3M Nibor + 0.58 %	2020	2025	301 467	299 822
NO0010891351	500 000	NOK	Floating	3M Nibor + 0.50 %	2020	2023	501 996	499 875
NO0010904642	500 000	NOK	Floating	3M Nibor + 0.65 %	2020	2024	503 137	499 744
NO0010918113	300 000	NOK	Floating	3M Nibor + 0.45 %	2021	2024	302 159	299 938
Total senior unsecured bonds including accrued interest [2]							**2 818 919**	**3 748 593**

Senior unsecured certificates - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 2022	31 Dec 2021
NO0011099798	500 000	NOK	Floating	3M Nibor + 0.07 %	2021	2022	-	499 971
Total senior unsecured certificates including accrued interest [2]							**-**	**499 971**

Total debt securities issued including accrued interest [2]	**112 435 578**	**103 648 169**

[2] With effect from the third quarter of 2022, accrued interest has been reclassified by incorporating this in debt securities issued. Figures from earlier periods have not been restated.

Note 15 – Subordinated loan capital

Subordinated loan capital - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 2022	31 Dec 2021
NO0010814916	325 000	NOK	Floating	3M Nibor + 1.40%[2]	2018	2028	35 275	324 859
NO0010864333	250 000	NOK	Floating	3M Nibor + 1.55%[3]	2019	2029	249 992	249 726
NO0010917735	150 000	NOK	Floating	3M Nibor + 1.04%[4]	2021	2026	151 158	149 757
NO0012618927	375 000	NOK	Floating	3M Nibor + 2.20%[4]	2022	2027	376 831	-
Total subordinated loan capital including accrued interest [5]							**813 256**	**724 342**

[1] Subordinated loan of NOK 325 million maturing on 2 February 2028, with a redemption right (call) on 2 February 2023 and thereafter quarterly at each interest date. A regulatory and a tax related call are 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.

[2] Subordinated loan of NOK 250 million maturing on 27 September 2029, with a redemption right (call) on 27 September 2024 and thereafter quarterly at each interest date. A regulatory and a tax related call are 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 150 million maturing on 20 January 2031, with a redemption right (call) on 20 January 2026 and thereafter quarterly at each interest date. A regulatory and a tax related call are 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] Subordinated loan of NOK 375 million maturing on 18 November 2033, with a redemption right (call) on 17 November 2027 and thereafter quarterly at each interest date. A regulatory and a tax related call are 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.

[5] With effect from the third quarter of 2022, the company has reclassified accrued interest by including this in the balance sheet item for subordinated loan capital. Figures from earlier periods have not been restated.

Note 16 – Capital adequacy ratio

Amounts in NOK 1 000	31 Dec 2022	31 Dec 2021
Share capital	1 405 153	1 225 497
Share premium	4 005 230	3 384 886
Other paid-in equity	477 728	477 728
Other equity	238	573
Total equity recognised in the balance sheet (without tier 1 perpetual bonds)	**5 888 349**	**5 088 684**
Fund for unrealised gains	123 706	33 863
Fund for valuation differences	14 255	14 033
Intangible assets	(829)	(1 852)
Deferred tax assets [1]	-	-
Prudent valuation adjustments of fair valued positions without accrued interest	(33 010)	(25 584)
Total core tier 1 capital	**5 992 471**	**5 109 143**

Core capital adequacy ratio (core tier 1 capital)	31 Dec 2022	31 Dec 2021
Risk-weighted assets	38 758 482	37 295 905
Core tier 1 capital	5 992 471	5 109 143
Core tier 1 capital ratio	**15.5%**	**13.7%**

Total core tier 1 capital	5 992 471	5 109 143
Tier 1 perpetual bonds	692 000	575 000
Total tier 1 capital	**6 684 471**	**5 684 143**

Capital adequacy ratio (tier 1 capital)	31 Dec 2022	31 Dec 2021
Risk-weighted assets	38 758 482	37 295 905
Tier 1 capital	6 684 471	5 684 143
Tier 1 capital ratio	**17.2%**	**15.2%**

Total tier 1 capital	6 684 471	5 684 143
Subordinated loans	808 948	724 342
Total primary capital (tier 2 capital)	**7 493 419**	**6 408 485**

Capital adequacy ratio (tier 2 capital)	31 Dec 2022	31 Dec 2021
Risk-weighted assets	38 758 482	37 295 905
Total primary capital (tier 2 capital)	7 493 419	6 408 485
Capital adequacy ratio	**19.3%**	**17.2%**

Required capital corresponding to eight per cent of calculation basis	3 100 679	2 983 672
Surplus equity and subordinated capital	4 392 740	3 424 813

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

31 December 2022

Risk-weighted assets	**Risk-weighted assets**	**Capital requirement**
Credit risk [2]	37 079 327	2 966 346
Operational risk	243 293	19 463
CVA risk [3]	1 435 862	114 869
Total	**38 758 482**	**3 100 679**

Leverage ratio	31 Dec 2022	31 Dec 2021
Total leverage ratio exposure	126 863 029	118 149 672
Tier 1 capital	6 684 471	5 684 143
Levereage ratio	**5.3 %**	**4.8 %**

The company applies 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] The European Banking Authority (EBA) published new recommendations in September 2016 for the definition of default, applicable from 1 January 2021. The general rule has previously been that engagements are regarded as in default if payment of a claim is overdue by more than 90 days and the amount is not insignificant. Pursuant to the new EBA recommendation, the company is required to carry out various supplementary evaluations related to the probability of default. This evaluation must take account of the client's overall indebtedness, possible infection between agreements with the same debtor, the level of materiality limits and the duration of quarantine after being declared healthy.

On the basis of this new standard for assessing defaults, these are estimated to amount to NOK 23.7 million at 31 December 2022. This definition of default will affect the company's calculation of capital adequacy, where mortgages defined as in default have their risk weighting in the calculation base changed from 35 to 100 per cent, assuming that the LTV for the defaulting mortgages is below 100 per cent. The mortgages will also be deducted from tier 1 capital pursuant to article 47c of the CRR if the mortgage is entered into after 26 April 2019.

[3]At 31 December 2022, Eika Boligkreditt accounts for the risk of credit valuation adjustment (CVA) when calculating capital requirements for credit risk. This represents a supplement to the capital requirement for credit risk related to counterparty risk for derivatives.

The risk-weighted assets at 31 December amounted to NOK 38.8 billion, and represents a quantification of the company's risk. After accounting for growth in overall lending and changes in the company's liquidity portfolio, operational risk and CVA risk, the calculation basis for capital adequacy at 31 December 2022 was NOK 1,5 billion higher than at 1 January.

At all times, the company must have a buffer in relation to the minimum capital adequacy requirement of eight per cent. This buffer must be sufficient to cover relevant risks which could affect the company. The company's internal capital adequacy assessment process (ICAAP) is pursued to ensure that it has an adequate buffer in relation to the minimum requirement. The company plans to capitalise continued growth in the residential mortgage portfolio and capital requirements. The company's capital targets are a core tier 1 capital ratio of 13.0 per cent, a tier 1 capital ratio of 14.5 per cent and a tier 2 capital ratio of 16.5 per cent. These targets are adequate in relation to the legal requirements, the company's Pillar 2 demands, and capital requirements based on the company's internal assessment of risk (0.5 per cent). As can be seen above, the applicable buffer requirement was met at 31 December 2022 with a core tier 1 capital ratio of 15.5 per cent.

The company has a shareholder agreement which commits the owner banks, under given circumstances, to provide Eika Boligkreditt with necessary capital. More information on the shareholder agreement can be found in note 27 in the annual financial statements for 2021.

Note 17 – Contingency and overdraft facilities

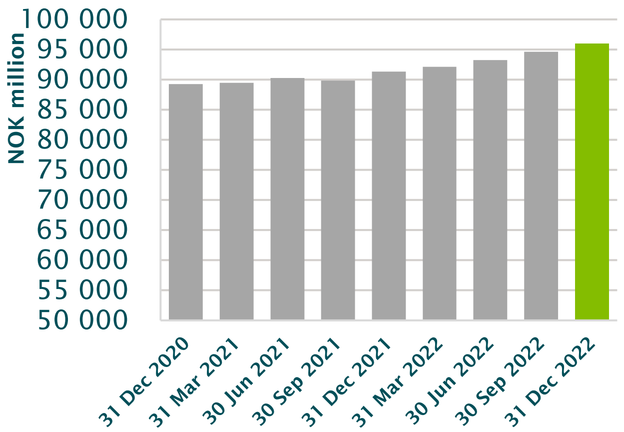
The company has an overdraft facility with DNB Bank ASA (DNB). Note 23 in the annual financial statements for 2021 provides a more detailed presentation of the overdraft with DNB. The company also has a note purchase agreement with the owner banks and OBOS concerning the purchase of covered bonds, whereby 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 23 to the annual financial statements for 2021.

Note 18 – Risk management

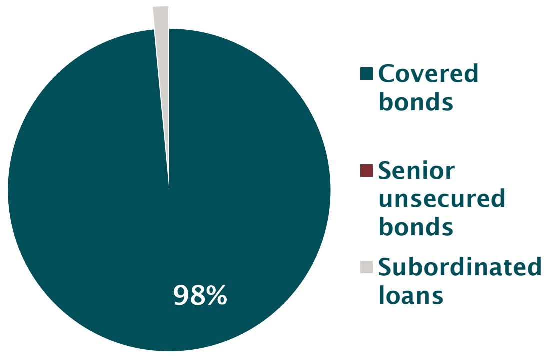
Eika Boligkreditt AS has established a framework for risk management and control in the company, which defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 in the annual report for 2021 describes the company's financial risk, which also applies to financial risk in 2022.

Key figures – Development

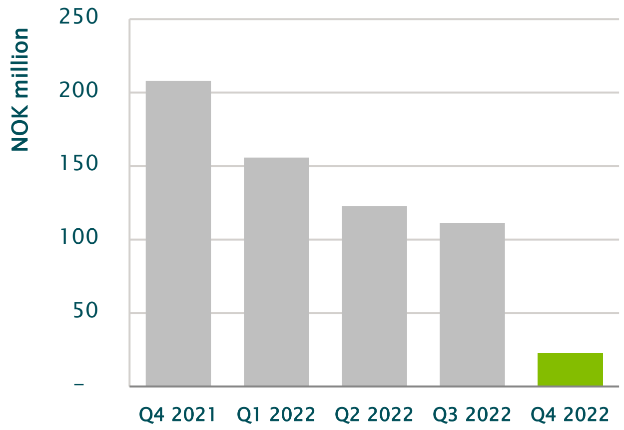
Lending to customers



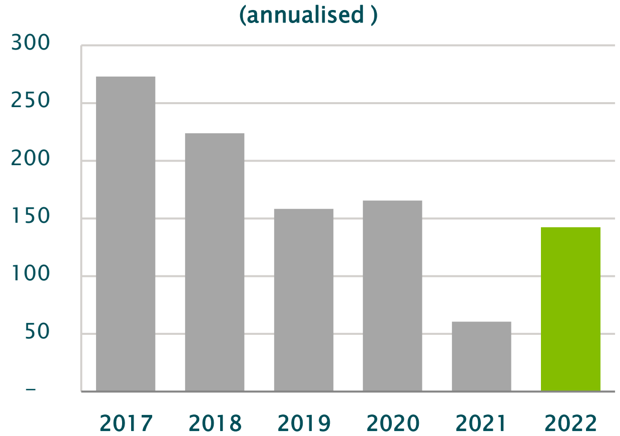
Issuance by sector 2022



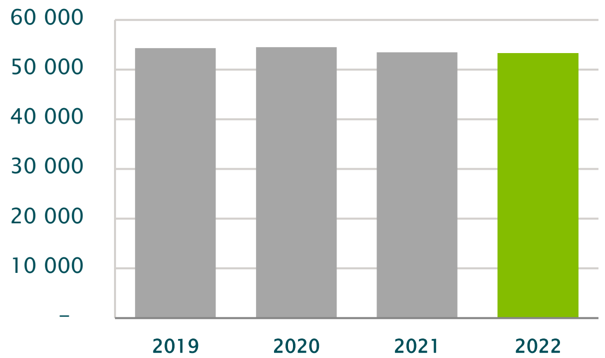
Distributor commissions



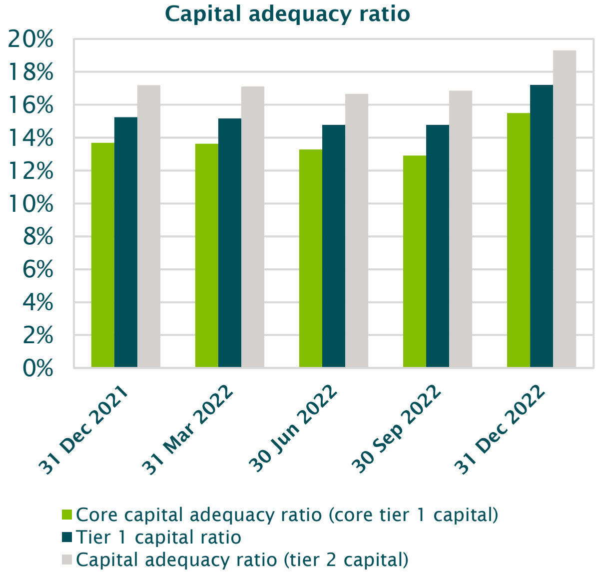
Net interest income after commissions costs (annualised)



Number of loans



Capital adequacy ratio



Key figures

Amounts in NOK 1 000	31 Dec 2022	31 Dec 2022
Balance sheet development		
Lending to customers	95 971 045	91 326 994
Debt securities issued	112 435 578	103 648 169
Subordinated loan capital	813 256	724 342
Equity	6 726 050	5 773 485
Equity in % of total assets	5.3	5.0
Average total assets[1]	120 065 058	117 691 962
Total assets	126 571 248	114 860 840
Rate of return/profitability		
Fee and commission income in relation to average total assets, annualised (%)	0.3	0.7
Staff and general administration expenses in relation to average total assets, annualised (%)	0.03	0.03
Return on equity before tax, annualised (%) [2]	-1.2	1.1
Total assets per full-time position	7 031 736	6 045 307
Cost/income ratio (%) [3]	61.2	116.9
Financial strength		
Core tier 1 capital	5 992 471	5 109 143
Tier 1 capital	6 684 471	5 684 143
Total primary capital (tier 2 capital)	7 493 419	6 408 485
Risk-weighted assets	38 758 482	37 295 905
Core tier 1 capital ratio (%)	15.5	13.7
Tier 1 capital ratio (%)	17.2	15.2
Capital adequacy ratio % (tier 2 capital)	19.3	17.2
Leverage ratio (%) [4]	5.3	4.8
NSFR total indicator in % [5]	116	99
Defaults in % of gross loans	0.02	0.05
Loss in % of gross loans	-	-
Staff		
Number of full-time positions at end of period	18.0	19.0

Liquidity Coverage Ratio (LCR) [6]:

31 Dec 2022	Total	NOK	EUR
Stock of HQLA	9 762 517	7 124 314	250 928
Net outgoing cash flows next 30 days	9 622 874	6 838 116	250 516
LCR indicator (%)	**101 %**	**104 %**	**100 %**

31 Dec 2021	Total	NOK	EUR
Stock of HQLA	4 249 202	1 411 876	272 885
Net outgoing cash flows next 30 days	4 124 931	1 253 419	272 885
LCR indicator (%)	**103 %**	**113 %**	**100 %**

[1] Total assets are calculated as a quarterly average for the last period.

[2] Annualised profit before tax as a percentage of average equity on a quarterly basis (return on equity).

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

[4] 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.

[5] NSFR total indicator: Is calculated in accordance with the CRR/CRD IV regulations and is based on the Basel Committee recommendations.

[6] Liquidity coverage ratio (LCR): $\frac{High-quality\ liquid\ assets}{Net\ outgoing\ cash\ flows\ next\ 30\ days}$

LCR indicators: Pursuant to the Financial Supervisory Authority's guidance for reporting LCR, the liquidity cover ratio is excluded when calculating the cover pool's overcollateralisation. At 31 December 2022, liquid assets totalling NOK 750 million in the form of bonds and certificates were excluded from the calculation of the cover pool's overcollateralisation.

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