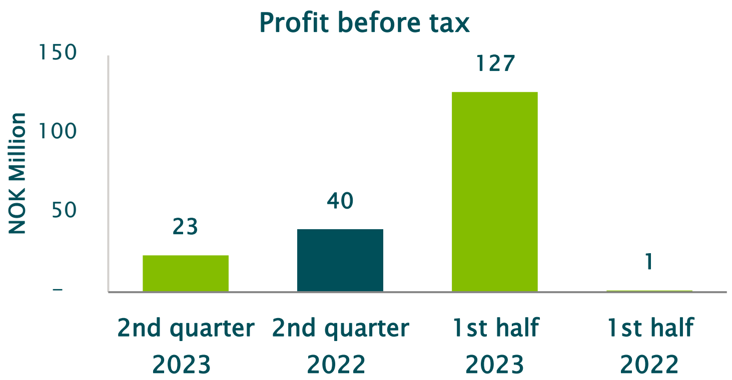
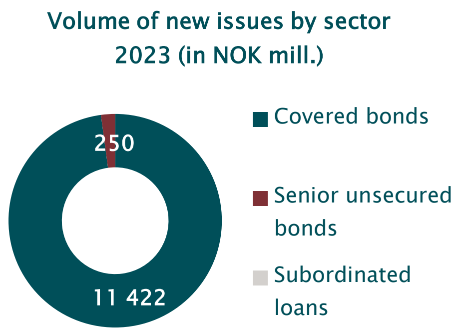
Eika Boligkreditt AS

Interim report for the second quarter and first-half 2023

Unaudited

Highlights





Second quarter 2023

- Pre-tax profit of NOK 23.4 million (2022: NOK 39.7 million)
- Comprehensive income of NOK 69.2 million (2022: NOK 91.8 million)
- Fair value changes to basis swaps corresponding to NOK 63.8 million (2022: NOK 99.8 million)
- Financing of the Eika banks, excluding the LBA and OBOS, up by 1.6 per cent, corresponding to an annualised growth of 6.3 per cent
- Commissions to owner banks of NOK 145.2 million (2022: NOK 122.7 million)
- NOK 6.2 billion in bonds issued (2022: NOK 5.2 billion)

First half 2023

- Pre-tax profit of NOK 126.9 million (2022: NOK 1.1 million)
- Comprehensive income of NOK 139.2 million (2022: NOK 159.2 million)
- Fair value changes to basis swaps corresponding to NOK 56.6 million (2022: NOK 238.5 million)
- Financing of the Eika banks, excluding the LBA and OBOS, up by 2.3 per cent, corresponding to an annualised growth of 4.6 per cent
- Commissions to owner banks of NOK 260.9 million (2022: NOK 278.5 million)
- NOK 11.7 billion in bonds issued (2022: NOK 13.2 billion)

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

INTERIM REPORT FOR THE SECOND QUARTER AND FIRST-HALF 2023

Introduction

Eika Boligkreditt's main purpose is to ensure access for the local banks in the Eika Alliance 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 30 June 2023, the owner banks had NOK 95.8 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 second quarter and first-half

Amount in NOK thousand	**2nd quarter 2023**	**2nd quarter 2022**	**1st half 2023**	**1st half 2022**
Total interest income	1 274 999	629 671	2 505 617	1 171 136
Net interest income	159 817	159 411	327 879	334 008
Commission costs	142 403	115 624	254 046	265 152
Total gain and losses on financial instruments at fair value	20 218	10 649	86 290	(38 823)
Profit before tax	**23 396**	**39 696**	**126 854**	**1 138**
Comprehensive income (taking account of fair value changes in basis swaps)	**69 241**	**91 780**	**139 178**	**159 153**

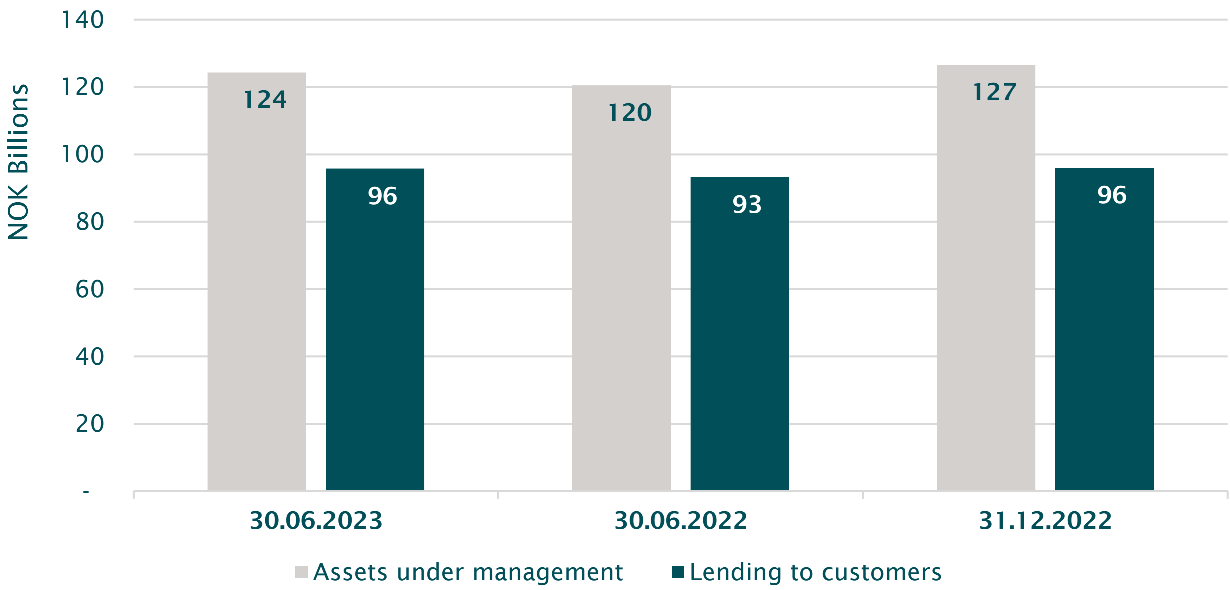
Interest income during the second quarter increased by 102.5 per cent compared with the same period of last year, reflecting higher interest rates on residential mortgages and growth in the lending volume this year compared with the second quarter of 2022. Net interest income in the second quarter was up by 0.3 per cent from the same period of last year because the rise in the interbank rate had a marginally bigger impact on lending than on borrowing. Net interest income was also pulled down by a NOK 5.8 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 rose by 18.3 per cent from the second quarter of 2022 to NOK 145.2 million because bank margins on residential mortgages rose. Changes to the fair value of financial instruments recognised in profit and loss came to NOK 20.2 million, up by NOK 9.6 million from the same period of 2022. This increase reflected fair value changes resulting from fluctuations in the level of interest rates. Pre-tax profit for the second quarter was NOK 23.4 million, down by NOK 16.3 million from the same period of 2022.

An increase of 113.9 per cent in the company's interest income for the first half compared with the same period of 2022 primarily reflected the upward adjustments it made to interest rates on residential mortgages in line with the rising interbank rate and the growth in lending volume. Net interest income in the first half was down by 1.8 per cent from the same period of last year because the rise in the interbank rate had a marginally bigger impact on borrowing than on lending. Net interest income was also affected by a NOK 11.7 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 fell by 6.3 per cent from the first half of 2022 because margins for the banks on residential mortgages declined. Changes to the fair value of financial instruments came to NOK 86.3 million, up by NOK 125.1 million from the same period of 2022. Pre-tax profit for the first half was NOK 126.9 million, up by NOK 125.7 million from the same period of 2022.

Interest on tier 1 perpetual bonds of NOK 12.2 million in the second quarter and NOK 23.2 million for the first half is not presented as an interest expense in the income statement, but as a reduction in equity.

Comprehensive income includes changes of NOK 63.8 million in the value of basis swaps (2022: NOK 99.8 million) for the second quarter and NOK 56.6 million (2022: NOK 238.5 million) in the first half. 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



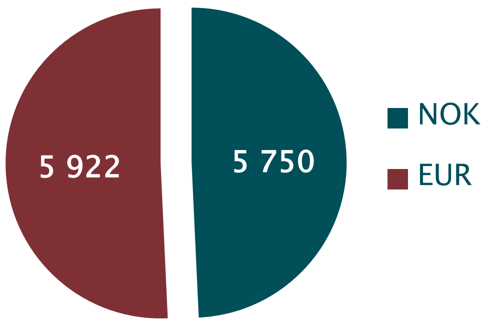
Assets under management by Eika Boligkreditt amounted to NOK 124.3 billion at 30 June 2023, down by NOK 2.3 billion from 31 December 2022. Financing of the owner banks (residential mortgage lending to customers at nominal value excluding accrued interest and changes to the fair value of residential mortgages) totalled NOK 96.1 billion at 30 June, representing a net increase of NOK 0.5 billion in the second quarter and NOK 2.5 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 2.6 per cent in lending year-on-year. Looking exclusively at the Eika banks and excluding running-down by the Local Bank Alliance (LBA) and OBOS, the portfolio showed net growth of NOK 1.3 billion in the second quarter and NOK 5.7 billion over the past 12 months excluding accrued interest and changes to the fair value of residential mortgages. That amounts to a net growth of 7.1 per cent in lending year-on-year.

Borrowing

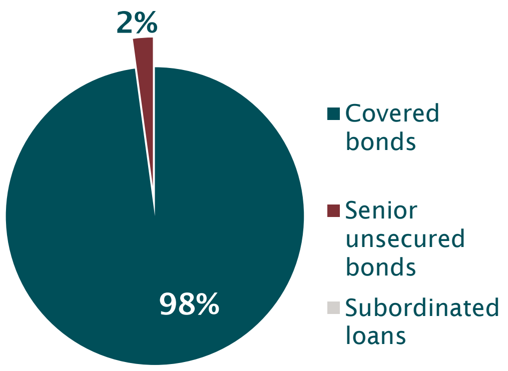
Eika Boligkreditt issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 6.2 billion in the second quarter, compared with NOK 5.2 billion in the same period of 2022. The borrowing volume in the second quarter of 2023 comprised NOK 5.9 billion in covered bonds and NOK 250 million in senior unsecured bonds.

During the first half, the company issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 11.7 billion compared with NOK 13.2 billion in the same period of 2022. The borrowing volume in the first half comprised NOK 11.4 billion in covered bonds and NOK 250 million in senior unsecured bonds.

Issuance by currency (in NOK mill) in 2023



Issuance by sector (in %) in 2023



Of issues in the first half of 2023, 50.7 per cent were denominated in euros and 49.3 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 2023, 2022 and 2021.

New issues (amounts in NOK million)	1st half 2023	1st half 2022	2022	2021
Covered bonds (issued in EUR)	5 922	5 150	10 194	5 033
Covered bonds (issued in NOK)	5 500	8 000	14 200	12 000
Senior unsecured bonds and certificates (issued in NOK)	250	-	-	2 300
Subordinated loans (issued in NOK)	-	-	375	150
Total issued	**11 672**	**13 150**	**24 769**	**19 483**

The average tenor for covered bonds issued in 2023 has been 7.6 years. At 30 June, the average tenor for the company's borrowing portfolio was 4.19 years, compared with 3.84 years at 1 January.

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

Carrying value in NOK million	30.06.2023	30.06.2022	31.12.2022	31.12.2021
Covered bonds	109 178	104 852	109 617	99 400
Senior unsecured bonds	2 787	2 909	2 819	3 749
Senior unsecured certificates	-	410	-	500
Subordinated loans	778	724	813	724
Total borrowing including accrued interest	**112 743**	**108 895**	**113 249**	**104 373**

Total borrowing by the company at 30 June was NOK 112.7 billion, a reduction of NOK 0.5 billion from 1 January.

Liquidity

At 30 June, the company had a liquidity portfolio of NOK 24.2 billion, including repo agreements recognised as other financial assets. The total includes cash collateral of NOK 3.4 billion received from counterparties to derivative contracts. Cash collateral received is held as bank deposits, repo agreements and various high-quality securities.

New developments in the alliance

Through five migrations, 34 of the banks in the Eika Alliance had converted their core banking system from SDC to Tietoevry at 30 June 2023. The transition to the new core banking platform is intended to strengthen the banks for ever-faster technological advances, and will reduce the cost of basic banking technology when all the Eika banks are gathered on a new platform during the autumn. Work has begun to realise cost savings and exploit new opportunities for developing ever more competitive solutions together with the alliance's partners.

Risk management and capital adequacy

Eika Boligkreditt had a total primary capital of NOK 7.5 billion at 30 June, virtually unchanged from 1 January.

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 30 June amounted to NOK 38.3 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 30 June was down by NOK 0.5 billion from 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	**30 Jun 2023**	**30 Jun 2022**	**31 Dec 2022**
Risk-weighted assets	38 288	38 347	38 758
Total primary capital (tier 2 capital)	7 492	6 393	7 493
Capital adequacy ratio in per cent	**19.6 %**	**16.7 %**	**19.3 %**

It was decided in March 2022 to increase the required countercyclical capital buffer to 2.5 per cent with effect from 31 March 2023. This buffer is intended to improve the capital adequacy of the banks and prevent their credit practice from strengthening an economic setback. In December 2022, 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 from 31 December 2023.

The company's capital targets are specified as follows:

- core tier 1 capital ratio: 13.5% (15.6% at 30 June 2023)
- tier 1 capital ratio: 15.0% (17.5% at 30 June 2023)
- tier 2 capital ratio: 17.0% (19.6% at 30 June 2023)

These targets are adequate in relation to legal requirements, the company's Pillar II requirement of 0.5 per cent and its Pillar II guidance of 0.5 per cent. As shown above, the applicable buffer requirements were fulfilled at 30 June with a core tier 1 capital adequacy of 15.6 per cent.

Outlook

The company's financing of the owner banks increased by a net NOK 0.5 billion in the second quarter, and by a net NOK 2.5 billion over the past four quarters. Over the past year, the net portfolio increase represented a 12-month growth of 2.6 per cent. The credit indicator for June 2023 from Statistics Norway showed a 12-month increase of 3.7 per cent in Norwegian household debt, down from five per cent at 30 June 2022.

In Norges Bank's latest lending survey, the banks reported that demand for residential mortgages in the second quarter was virtually unchanged from the previous three-month period. They also expected rather lower demand in the third quarter of 2023. Demand for fixed-interest loans was also virtually unchanged in the second quarter. The use of interest-only loans increased slightly in the second quarter, and the banks expect it to rise a little in the third quarter as well. Credit practice for households was virtually unchanged in the second quarter, and the banks expect no change in July-September. Overall, the banks reported that margins on residential mortgages were somewhat lower in the second quarter, while their financing costs and mortgage interest rates increased. Where the third quarter is concerned, the banks expect financing costs and interest rates on residential mortgages to continue rising a little while the margin on such mortgages will remain virtually unchanged.

According to the house price report from Real Estate Norway, average Norwegian house prices fell by 1.2 per cent in June, and by 0.5 per cent when adjusted for seasonal variations. House prices in Norway rose by 6.4 per cent in the first half, and the greater part of the price fall in the autumn of 2022 is now reversed. The housing market has shown during 2023 that it is less sensitive to interest rates than expected, and the upturn in the first half was considerably stronger than expected. However, the weak trend in June might suggest that interest-rate increases are now starting to bite. The strong performance is attributable to the Norwegian economy performing much better than many predicted at the start of 2023, combined with the easing in the residential mortgage regulations from the New Year as well as the low level of housebuilding – particularly in Oslo. The strongest growth in the first half was seen in Kristiansand and Greater Stavanger, at 11 and 10.3 per cent respectively. Tromsø has experienced the weakest development so far this year, with a rise of 3.1 per cent. Norges Bank increased its key policy rate for the 11th time to 3.75 per cent in June. The rate is now expected to peak at 4.25 per cent during the autumn of 2023, which indicates residential mortgage rates well above five per cent. Eika Boligkreditt expects that the persistence of increased residential-mortgage interest rates suggests a moderate trend for house prices in the time ahead, but low levels of newbuilding and newbuild sales are positive for prices in the second-hand housing market.

The credit spread for the company's covered bonds with a five-year tenor in Norwegian kroner widened by six basis points during the second quarter to a level of 0.62 percentage points above the three-month Nibor. Over the past 12 months, the spread in Norwegian kroner widened by seven basis points. Credit spreads indicated by potential arrangers for a new-issue transaction with a similar tenor in the euro market widened during the second quarter by an estimated two basis points, giving a spread of 0.23 percentage points at 30 June. Over the past 12 months, the corresponding credit spread in euros widened by 13 basis points. The currency basis for a five-year tenor to hedge the amount from euros back to Norwegian kroner is about 22 basis points, up by two basis points during the second quarter, which also corresponds to the widening seen over the past year. The consensus among market players indicates that credit spreads in euros will continue to widen during 2023, by up to 10 basis points for covered bonds, after an increase of roughly 20 basis points was seen in 2022. During the first half, credit spreads in euros tended to widen slightly (by an estimated one basis point) after the widening in the second quarter more than reversed the narrowing in the first three months.

GDP for mainland Norway rose by 3.8 per cent in 2022, a marginal decline from 4.2 per cent the year before. Growth in the Norwegian economy has slowed so far this year, and GDP for mainland Norway is close to the trend level defined by Statistics Norway. At the same time, the rate of inflation as measured by the consumer price index (CPI) has declined from its October 2022 peak and signs suggest that unemployment is rising, but from a low level. Looking ahead, price rises are set to slow further, but a steady weakening in the krone will contribute to inflation taking somewhat longer than previously assumed to reach the target level. The Norwegian economy is set to remain in a cyclically neutral position up to 2026.

An active market prevailed for new covered-bond issues in both euros and Norwegian kroner during the first half. No less than NOK 129 billion in covered bonds was issued in the Norwegian market, while EUR 144 billion was issued in the euro market. The latter amount represents about 75 per cent of the expected annual volume in the euro market for the whole of 2023. Where the Norwegian krone market is concerned, DNB expects the issue volume for 2023 as a whole to be about NOK 160 billion. Only two covered bonds were issued in euros by Norwegian residential mortgage companies in the first half, which meant that about 90 per cent of the issue activity during the period was in Norwegian kroner.

Eika Boligkreditt issued NOK 6.4 billion in bonds during the second quarter, comprising NOK 5.9 billion in covered bonds, NOK 250 million in senior unsecured bonds and NOK 275 million in tier 1 perpetual bonds. With the NOK 5.5 billion in covered bonds issued in the first quarter, that gave a total covered bond issuance of NOK 11.4 billion for the first half. The company expects to issue a further NOK 2-3 billion in covered bonds and NOK 250 million in senior unsecured bonds in the second half. By comparison, the company issued covered bonds totalling no less than NOK 24.4 billion in 2022. The main reason for 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 maturity 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 for this year.

Oslo, 10 August 2023

The board of directors of Eika Boligkreditt AS

Dag Olav Løseth
Chair

Rune Iversen

Terje Svendsen

Lena Jørundland

Gro Furunes Skårsmoen

Pål Ringholm

Odd-Arne Pedersen
CEO

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 2023 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, 10 August 2023

The board of directors of Eika Boligkreditt AS

Dag Olav Løseth
Chair

Rune Iversen

Terje Svendsen

Lena Jørundland

Gro Furunes Skårsmoen

Pål Ringholm

Odd-Arne Pedersen
CEO

Statement of comprehensive income

Amounts in NOK 1 000	Notes	**2Q 2023**	2Q 2022	**1st half 2023**	1 st half 2022	2022
INTEREST INCOME						
Interest from loans to customers at amortised cost		**979 792**	504 583	**1 908 770**	959 835	**2 339 661**
Interest from loans to customers at fair value		**92 554**	55 695	**182 154**	100 131	**246 000**
Interest from loans and receivables on credit institutions		**18 480**	2 187	**37 440**	4 849	**18 676**
Interest from bonds, certificates and financial derivatives		**175 649**	58 113	**359 366**	87 554	**333 744**
Other interest income at amortised cost		**7 927**	8 376	**16 613**	17 337	**33 352**
Other interest income at fair value		**597**	719	**1 273**	1 430	**2 692**
Total interest income		**1 274 999**	629 671	**2 505 617**	1 171 136	**2 974 125**
INTEREST EXPENSES						
Interest on debt securities issued		**1 073 647**	457 501	**2 107 595**	813 244	**2 381 753**
Interest on subordinated loan capital		**10 513**	4 936	**20 488**	9 264	**27 063**
Contribution to the Norwegian Banks' Guarantee Fund's Resolution Fund		**5 757**	6 437	**11 728**	12 873	**25 449**
Other interest expenses		**25 264**	1 386	**37 927**	1 747	**11 697**
Total interest expenses		**1 115 181**	470 260	**2 177 738**	837 128	**2 445 961**
Net interest income		**159 817**	159 411	**327 879**	334 008	**528 164**
Commission costs		**142 403**	115 624	**254 046**	265 152	**385 852**
Net interest income after commissions costs		**17 414**	43 787	**73 833**	68 856	**142 312**
Income from shares in associated company		**5 151**	7 897	**8 858**	11 479	**17 107**
Total income from shares	Note 3	**5 151**	7 897	**8 858**	11 479	**17 107**
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE						
Net gains and losses on bonds and certificates	Note 4	**(1 625)**	2 687	**(1 265)**	5 133	**3 110**
Net gains and losses on fair value hedging on debt securities issued	Note 4, 5	**8 223**	22 805	**43 551**	16 889	**(16 287)**
Net gains and losses on financial derivatives	Note 4	**151 851**	96 501	**123 142**	298 102	**262 143**
Net gains and losses on loans at fair value	Note 4	**(138 230)**	(111 344)	**(79 139)**	(358 947)	**(386 659)**
Total gains and losses on financial instruments at fair value		**20 218**	10 649	**86 290**	(38 823)	**(137 693)**
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES						
Salaries, fees and other personnel expenses		**8 201**	9 369	**15 858**	17 598	**37 280**
Administrative expenses [1]		**8 688**	6 103	**22 085**	10 923	**42 196**
Total salaries and administrative expenses		**16 889**	15 472	**37 942**	28 522	**79 476**
Depreciation		**948**	1 056	**1 853**	2 069	**4 014**
Other operating expenses [1]		**1 549**	6 109	**2 333**	9 783	**3 619**
PROFIT BEFORE TAXES		**23 396**	39 696	**126 854**	1 138	**(65 383)**
Taxes		**1 781**	1 282	**24 547**	(7 483)	**(29 177)**
PROFIT FOR THE PERIOD		**21 615**	38 413	**102 307**	8 621	**(36 206)**
ITEMS TRANSFERRABLE TO PROFIT AND LOSS						
Net gains and losses on bonds and certificates	Note 4	**(315)**	(35 346)	**(7 424)**	(37 753)	**(20 202)**
Net gains and losses on basis swaps	Note 4	**63 816**	99 761	**56 585**	238 462	**245 491**
Taxes on other comprehensive income		**(15 875)**	(11 049)	**(12 290)**	(50 177)	**(56 322)**
COMPREHENSIVE INCOME FOR THE PERIOD		**69 241**	91 780	**139 178**	159 153	**132 760**
Price per share				**4.37183**	4.31047	**4.29479**

[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 32 million is attributable to the shareholders of the company, NOK 23.2 million is attributed to the hybrid capital investors, NOK 75.1 million to the fund for unrealised gains and NOK 8.9 million to the fund for valuation differences.

Balance sheet

Amounts in NOK 1 000	Notes	30.06.2023	30.06.2022	31.12.2022
ASSETS				
Lending to and receivables from credit institutions		**1 445 536**	1 529 864	**843 126**
Lending to customers[1]	Note 5, 6	**95 778 459**	93 229 556	**95 971 045**
Other financial assets[1]	Note 7	**2 611 656**	1 149 533	**28 367**
Securities				
Bonds and certificates at fair value[1]	Note 5,8	**20 226 305**	19 484 136	**24 521 072**
Financial derivatives	Note 5,9	**4 183 007**	5 013 444	**5 128 842**
Shares	Note 3,10	**1 650**	1 650	**1 650**
Total securities		**24 410 963**	24 499 230	**29 651 565**
Shares in associated company	Note 3	**52 540**	52 157	**57 785**
Intangible assets				
Deferred tax assets		**4 484**	20 634	**4 925**
Intangible assets		**610**	1 156	**829**
Total other intangible assets		**5 095**	21 790	**5 754**
Tangible fixed assets				
Right-of-use assets	Note 11	13 325	15 224	13 605
TOTAL ASSETS		**124 317 573**	120 497 354	**126 571 248**
LIABILITIES AND EQUITY				
Loans from credit institutions[1]	Note 12	**3 380 473**	2 872 239	**3 113 873**
Financial derivatives	Note 5,9	**1 151 490**	2 339 764	**3 407 756**
Debt securities issued[1]	Note 13	**111 964 881**	108 171 008	**112 435 578**
Other liabilities[1]		**152 200**	510 700	**61 125**
Pension liabilities		**325**	6 926	-
Lease obligations	Note 11	**13 316**	15 249	**13 611**
Subordinated loan capital[1]	Note 14	**778 363**	724 486	**813 256**
TOTAL LIABILITIES		**117 441 048**	114 640 371	**119 845 199**
Called-up and fully paid capital				
Share capital		**1 405 153**	1 225 497	**1 405 153**
Share premium		**4 005 230**	3 384 886	**4 005 230**
Other paid-in equity		**477 728**	477 728	**477 728**
Total called-up and fully paid capital	Note 15	**5 888 111**	5 088 111	**5 888 111**
Retained earnings				
Fund for unrealised gains		**123 706**	33 863	**123 706**
Fund for valuation differences		**152**	815	**14 255**
Other equity		**129 558**	159 196	**7 979**
Total retained equity	Note 15	**253 415**	193 874	**145 940**
Hybrid capital				
Tier 1 capital		**735 000**	575 000	**692 000**
Total hybrid capital		**735 000**	575 000	**692 000**
TOTAL EQUITY		**6 876 526**	5 856 983	**6 726 050**
TOTAL LIABILITIES AND EQUITY		**124 317 573**	120 497 354	**126 571 248**

[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 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**
Result for the period	-	-	-	-	-	80 692	-	80 692
Other income and expenses	-	-	-	-	-	(21 787)	11 031	(10 756)
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	78	(11 031)	(10 953)
Disbursed dividends for 2022	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	(117 000)	(117 000)
Balance sheet as at 31 March 2023	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**14 255**	**66 963**	**575 000**	**6 668 035**
Result for the period	-	-	-	-	(14 104)	35 718	-	21 614
Other income and expenses	-	-	-	-	-	35 465	12 161	47 626
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	(861)	(12 161)	(13 022)
Disbursed dividends for 2022	-	-	-	-	-	(7 728)	-	(7 728)
Hybrid capital	-	-	-	-	-	-	160 000	160 000
Balance sheet as at 30 June 2023	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**152**	**129 558**	**735 000**	**6 876 526**

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 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 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.
- Tier 1 perpetual bond, issued NOK 275 million in 2023, with interest terms of three months Nibor plus 4.25 per cent. The loan provides for a call at 21 December 2028, 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	**1st half 2023**	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	139 178	132 760
Taxes	36 837	27 146
Income taxes paid	(13 063)	(11 685)
Ordinary depreciation	219	1 023
Non-cash pension costs	-	(6 926)
Change in loans to customers	192 586	(4 644 051)
Change in bonds and certificates	4 294 767	(7 552 799)
Change in financial derivatives and debt securities issued	2 183 579	(3 168 269)
Interest expenses	2 120 126	2 410 055
Paid interest	(2 214 461)	(2 205 479)
interest income	(2 487 719)	(2 938 065)
received interests	2 520 386	3 075 709
Changes in other assets	(2 615 956)	(60 167)
Changes in short-term liabilities and accruals	(2 094 204)	1 839 553
Net cash flow relating to operating activities	**2 062 274**	(13 101 195)
INVESTING ACTIVITIES		
Payments related to acquisition of fixed assets	-	-
Share of profit/loss in associated companies	(8 858)	(17 107)
Payments from shares in associated companies	14 104	16 884
Net cash flow relating to investing activities	**5 245**	(223)
FINANCING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	11 855 410	24 655 913
Gross payments of bonds and commercial paper	(13 563 852)	(12 435 181)
Gross receipts on issue of subordinated loan capital	-	-
Gross payments of subordinated loan capital	(34 894)	88 914
Gross receipts from issue of loan from credit institution	-	-
Gross payments from loan from credit institution	266 601	(155 648)
Gross receipts from issuing tier 1 perpetual bonds	275 000	-
Gross payments from issuing tier 1 perpetual bonds	(232 000)	117 000
Interest to the hybrid capital investors	(23 651)	(35 295)
Payments of dividend	(7 728)	(61 905)
Paid-up new share capital	-	800 000
Net cash flow from financing activities	**(1 465 113)**	12 973 800
Net changes in lending to and receivables from credit institutions	602 406	(127 618)
Lending to and receivables from credit institutions at 1 January	843 126	970 742
Lending to and receivables from credit institutions at end of period	**1 445 536**	843 126

Notes

Note 1 – Accounting policies

General

Eika Boligkreditt will prepare financial statements for 2023 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 2022 provides more details about accounting principles pursuant to the IFRS.

The financial statements for the second quarter of 2023 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 2022, 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 2022 for further information.

No loans were written down at 30 June 2023.

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 3, 4, 5, 6, 8 and 10.

Note 3 – 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 30 jun 2023	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.

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

Amounts in NOK 1 000	2023	2022
Carrying amount at 1 January	57 785	57 563
Addition/disposal	-	-
Revalulation at acquisition cost	-	-
Share of profit/loss	8 858	17 107
Dividend	(14 104)	(16 884)
Carrying amount	**52 540**	**57 785**

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 4 – 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	2nd quarter 2023	2nd quarter 2022	1st half 2023	1st half 2022	2022
Net gains and losses on bonds and certificates including currency effects [1]	(1 625)	2 687	(1 265)	5 133	3 110
Net gains and losses on loans at fair value	(138 230)	(111 344)	(79 139)	(358 947)	(386 659)
Net gains and losses on financial debts, hedged [2]	119 632	(1 394 101)	(1 294 329)	2 131 969	3 187 833
Net gains and losses on interest swaps related to lending	151 851	96 501	123 142	298 102	262 143
Net gains and losses on interest and currency swaps related to liabilities [2]	(111 410)	1 416 905	1 337 880	(2 115 080)	(3 204 120)
Net gains and losses on financial instruments at fair value	**20 218**	**10 649**	**86 290**	**(38 823)**	**(137 693)**

[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	2nd quarter 2023	2nd quarter 2022	1st half 2023	1st half 2022	2022
Net gains and losses on bonds and certificates	(1 543)	(51 545)	1 535	(61 655)	(37 710)
Net gains and losses on interest-rate swaps related to bonds and certificates	1 228	16 199	(8 959)	23 902	17 508
Net gains and losses on basis swaps [3]	63 816	99 761	56 585	238 462	245 491
Net gains and losses on financial instruments at fair value	**63 502**	**64 416**	**49 161**	**200 709**	**225 288**

[3] Comprehensive loss for 2023 includes NOK 56.6 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 5 – 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.

	30 Jun 2023		31 Dec 2022	
Assets Amounts in NOK 1 000	**Nominal amount**	**Fair value**	**Nominal amount**	**Fair value**
Interest rate swap lending[1]	7 312 837	482 731	7 782 054	363 195
Interest rate and currency swap[2]	32 390 225	3 686 845	37 599 200	4 741 935
Interest swap placement	100 000	13 432	1 130 676	23 711
Total financial derivative assets including accrued interest	**39 803 062**	**4 183 007**	**46 511 930**	**5 128 842**

Liabilities Amounts in NOK 1 000	**Nominal amount**	**Fair value**	**Nominal amount**	**Fair value**
Interest rate swap lending[1]	15 000	509	279 690	2 064
Interest rate and currency swap[2]	29 140 925	1 150 981	30 069 250	3 405 202
Interest swap placement	-	-	150 000	489
Total financial derivative liabilities including accrued interest	**29 155 925**	**1 151 490**	**30 498 940**	**3 407 756**

[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.

	30 Jun 2023		31 Dec 2022	
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]	61 531 150	2 367 008	67 668 450	1 072 074
Hedged items: financial commitments incl foreign exchange[2]	61 531 150	(2 072 140)	67 668 450	(834 396)
Net capitalised value without accrued interest	**-**	**294 868**	**-**	**237 678**

[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	2nd quarter 2023	2nd quarter 2022	1st half 2023	1st half 2022	2022
Hedging instruments	(111 410)	(1 394 101)	1 337 880	2 131 969	(3 204 120)
Hedged items	119 632	1 416 905	(1 294 329)	(2 115 080)	3 187 833
Net gains/losses (inefffectiveness) recorded in profit and loss[3]	**8 223**	**22 805**	**43 551**	**16 889**	**(16 287)**

[3] Changes in the value of financial instruments related to changes in basis swaps are recognized in other comprehensive income. See note 4 for more information.

Note 6 – Lending to customers

Amounts in NOK 1 000	30 Jun 2023	30 Jun 2022	31 Dec 2022
Installment loans - retail market	91 917 617	88 565 348	91 331 535
Installment loans - housing cooperatives	4 181 573	5 065 591	4 899 300
Accrued interest installment loans	171 851	-	158 511
Adjustment fair value lending to customers[1]	(492 582)	(401 384)	(418 301)
Total lending before specific and general provisions for losses including accrued interest [2]	**95 778 459**	**93 229 556**	**95 971 045**
Impairments on lending to customers	-	-	-
Total lending to and receivables from customers including accrued interest [2]	**95 778 459**	**93 229 556**	**95 971 045**

[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 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 30 June 2023 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 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 2.6 million at 30 June 2023, compared to NOK 2.1 million at 31 December 2022. 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 1.9 billion from the owner banks at 30 June 2023, this implies no accounting loss for the company in the second quarter of 2023.

See note 13.2.2 in the annual financial statements for 2022 for further information.

30 Jun 2023

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	88 467 656	88 467 656
Fixed rate loans	7 803 385	7 310 803
Toal lending including accrued interest	**96 271 041**	**95 778 459**

30 Jun 2022

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	84 946 253	84 946 253
Fixed rate loans	8 684 687	8 283 303
Toal lending	**93 630 939**	**93 229 556**

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**

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 7 – Other financial assets

Amounts in NOK 1 000	30.06.2023	30.06.2022	31.12.2022
Prepaid expenses	13 269	14 209	2 561
Repo agreements	2 503 447	1 001 929	-
Accrued interests	(598)	133 389	-
Short-term receivables	95 538	7	25 805
Total other financial assets	**2 611 656**	**1 149 533**	**28 367**

Note 8 – Bonds and certificates at fair value

30 June 2023

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	7 545 857	7 596 665	7 592 981
Credit institutions	8 254 000	8 308 484	8 289 373
Government bonds	4 336 314	4 368 454	4 343 951
Total bonds and certificates at fair value including accrued interest	**20 136 171**	**20 273 603**	**20 226 305**
Change in value charged recognised through profit and loss to other comprehensive income [1]			**(47 298)**

The average effective interest rate is 3.54 per cent annualised. The calculation is based on a weighted fair value of NOK 20.6 billion. The calculation takes account of a return of NOK 357.7 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

30 June 2022

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	7 599 021	7 612 446	7 604 903
Credit institutions	8 264 612	8 297 978	8 271 954
Government bonds	3 724 283	3 753 006	3 607 279
Total bonds and certificates at fair value	**19 587 916**	**19 663 429**	**19 484 136**
Change in value charged recognised through profit and loss to other comprehensive income [1]			**(179 293)**

The average effective interest rate is 0.76 per cent annualised. The calculation is based on a weighted fair value of NOK 15.9 billion. The calculation takes account of a return of NOK 59.8 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

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.

[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.

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Average term to maturity	**1.6**	**1.5**	**1.4**
Average duration	**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 9 – 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. Face values (nominal values of hedged exchange rates less accrued interest) are used when calculating the overcollateralisation of five per cent. 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	**30 Jun 2023**	**30 Jun 2022**	**31 Dec 2022**
Lending to customers [2]	95 070 242	92 867 407	95 486 996
Substitute assets and derivatives:			
Substitute assets [3]	20 401 002	18 015 802	21 400 047
Total cover pool	**115 471 244**	**110 883 209**	**116 887 043**
The cover pool's overcollateralisation [4]	107.95%	105.98%	107.91%

Covered bonds issued

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Covered bonds	106 384 150	102 766 450	107 902 450
Own holding (covered bonds) [1]	580 000	1 858 000	416 000
Total covered bonds	**106 964 150**	**104 624 450**	**108 318 450**

[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	**30 Jun 2023**	**30 Jun 2022**	**31 Dec 2022**
Lending to customers [2]	95 070 242	92 867 407	95 486 996
Substitute assets:			
Substitute assets [3]	20 401 002	18 015 802	21 400 047
Total cover pool	**115 471 244**	**110 883 209**	**116 887 043**
The cover pool's overcollateralisation [4]	108.54%	107.90%	108.33%

Covered bonds issued

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Covered bonds	106 384 150	102 766 450	107 902 450
Total covered bonds	**106 384 150**	**102 766 450**	**107 902 450**

[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 30 June 2023, liquid assets totalling NOK 300 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 8.1 per cent.

Note 10 – 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.

30 June 2023

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	7 310 803
Bonds and certificates	2 851 428	17 374 877	-
Financial derivatives	-	4 183 007	-
Shares classified at fair value recognised in profit or loss	-	-	1 650
Total financial assets	**2 851 428**	**21 557 884**	**7 312 453**
Financial liabilities			
Financial derivatives	-	1 151 490	-
Total financial liabilities	**-**	**1 151 490**	**-**

No significant transactions between the different levels took place in 2023.

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 at fair value through profit or loss	4 931 806	19 589 267	-
Financial derivatives	-	5 128 842	-
Shares classified as available for sale	-	-	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.

Detailed statement of assets classified as level 3 assets

2023 Amounts in NOK 1 000	01 Jan 2023	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2023	Other comprehensive income	30 Jun 2023
Lending to customers (fixed-rate loans)	7 941 705	432 420	(984 183)	-	(79 139)	-	7 310 803
Shares at fair value over profit or loss	1 650	-	-	-	-	-	1 650
Total	**7 943 355**	**432 420**	**(984 183)**	**-**	**(79 139)**	**-**	**7 312 453**

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**

Interest rate sensitivity of assets classified as Level 3 at 30 June 2023
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 188.3 million. The effect of a decrease in interest rates would be an increase of NOK 188.3 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 2023 and cumulatively.

Detailed statement of changes in debt related to currency changes

2023 Amounts in NOK 1 000	01 Jan 2023	Issued/matured	Currency changes	30 Jun 2023
Change in debt securities issued [1]	63 891 383	(6 137 300)	1 643 717	59 397 800
Total	**63 891 383**	**(6 137 300)**	**1 643 717**	**59 397 800**

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**

[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 11 – 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 13.3 million and NOK 13.3 million respectively, in the company's balance sheet at 30 June 2023, 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 30 June 2023 this was about 4 years for leasing of office premises and about 2 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 12 – 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 30 June 2023, Eika Boligkreditt had received cash collateral of NOK 3.4 billion posted by counterparties in derivative contracts. Cash collateral received is held in bank deposits, repo agreements and in various high-quality bonds.

Note 13 – Debt securities issued

Covered bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Jun 2023	30 Jun 2022	31 Dec 2022
NO0010625346	1 500 000	NOK	Fixed	4.60 %	2011	2026	1 549 750	1 500 391	1 515 296
NO0010669922	1 000 000	NOK	Fixed	4.00 %	2013	2028	1 016 831	998 303	1 036 678
NO0010687023	150 000	NOK	Fixed	4.10 %	2013	2028	155 040	150 000	151 965
NO0010763022	850 000	NOK	Fixed	2.25 %	2016	2031	849 447	845 241	858 739
NO0010780687	700 000	NOK	Fixed	2.60 %	2016	2027	702 218	699 673	711 284
NO0010794308	5 000 000	NOK	Floating	3M Nibor + 0.43 %	2017	2022	-	3 142 440	-
NO0010815376	1 600 000	NOK	Fixed	2.67 %	2018	2033	1 608 991	1 591 191	1 629 935
NO0010821192	8 050 000	NOK	Floating	3M Nibor + 0.34 %	2018	2023	4 223 706	8 048 514	5 106 205
NO0010863178	7 250 000	NOK	Floating	3M Nibor + 0.25 %	2019	2024	7 264 813	7 246 849	7 261 830
NO0010881162	6 000 000	NOK	Floating	3M Nibor + 0.41%	2020	2025	6 032 228	5 998 610	6 028 385
NO0010921067	10 500 000	NOK	Floating	3M Nibor + 0.75 %	2021	2026	10 672 969	8 166 861	10 696 756
NO0011135105	6 000 000	NOK	Floating	3M Nibor + 0.50 %	2021	2026	6 060 918	6 075 487	6 069 634
NO0012475609	6 000 000	NOK	Floating	3M Nibor + 0.42 %	2022	2027	6 002 386	5 994 332	6 000 970
NO0012708827	2 000 000	NOK	Fixed	4.00 %	2022	2032	2 051 464	-	2 011 297
NO0012728643	1 700 000	NOK	Fixed	4.33 %	2022	2034	1 816 565	-	1 782 919
NO0012807421	5 500 000	NOK	Floating	3M Nibor + 0.48 %	2023	2028	5 546 101	-	-
XS0881369770	1 000 000	EUR	Fixed	2.125 %	2013	2023	-	10 324 924	10 722 211
XS1397054245	500 000	EUR	Fixed	0.375 %	2016	2023	-	5 159 289	5 270 331
XS1566992415	500 000	EUR	Fixed	0.375 %	2017	2024	5 856 388	5 156 188	5 269 798
XS1725524471	500 000	EUR	Fixed	0.375 %	2017	2025	5 849 829	5 151 002	5 263 940
XS1869468808	500 000	EUR	Fixed	0.50 %	2018	2025	5 864 097	5 148 547	5 253 802
XS1945130620	500 000	EUR	Fixed	0.875 %	2019	2029	5 841 574	5 131 962	5 269 870
XS1969637740	10 000	EUR	Fixed	1.245 %	2019	2039	117 418	103 294	106 172
XS1997131591	60 000	EUR	Fixed	1.112 %	2019	2039	703 121	619 670	635 355
XS2085864911	5 000	EUR	Fixed	0.56 %	2019	2039	58 649	51 588	52 553
XS2133386685	500 000	EUR	Fixed	0.01 %	2020	2027	5 897 644	5 215 675	5 305 308
XS2234711294	500 000	EUR	Fixed	0.01 %	2020	2028	5 919 524	5 236 717	5 325 836
XS2353312254	500 000	EUR	Fixed	0.125 %	2021	2031	5 821 695	5 134 299	5 232 921
XS2482628851	500 000	EUR	Fixed	1.625 %	2022	2030	5 824 653	5 125 771	5 274 590
XS2536806289	500 000	EUR	Fixed	2.50 %	2022	2028	5 930 154	-	5 260 616
XS2636611332	500 000	EUR	Fixed	3.25 %	2023	2033	5 799 907	-	-
Value adjustments							(5 859 728)	(3 164 667)	(5 488 537)
Total covered bonds including accrued interest [1,2]							**109 178 350**	**104 852 151**	**109 616 659**

[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	30 Jun 2023	30 Jun 2022	31 Dec 2022
NO0010830367	450 000	NOK	Floating	3M Nibor + 0.56 %	2018	2022	-	109 999	-
NO0010834716	500 000	NOK	Fixed	3.01 %	2018	2025	306 062	299 773	301 513
NO0010841620	300 000	NOK	Fixed	2.87 %	2019	2026	303 684	299 802	307 961
NO0010845936	500 000	NOK	Floating	3M Nibor + 0.78 %	2019	2024	300 737	299 926	300 626
NO0010849433	500 000	NOK	Floating	3M Nibor + 0.74 %	2019	2024	300 137	299 857	300 059
NO0010874944	300 000	NOK	Floating	3M Nibor + 0.58 %	2020	2025	301 733	299 851	301 467
NO0010891351	500 000	NOK	Floating	3M Nibor + 0.50 %	2020	2023	251 104	499 913	501 996
NO0010904642	500 000	NOK	Floating	3M Nibor + 0.65 %	2020	2024	503 423	499 789	503 137
NO0010918113	300 000	NOK	Floating	3M Nibor + 0.45 %	2021	2024	302 312	299 953	302 159
NO0012899915	250 000	NOK	Floating	3M Nibor + 1.25 %	2023	2028	252 118	-	-
Value adjustments							(34 782)	-	-
Total senior unsecured bonds including accrued interest [2]							**2 786 530**	**2 908 862**	**2 818 919**

Senior unsecured certificates - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Jun 2023	30 Jun 2022	31 Dec 2022
NO0011099798	500 000	NOK	Floating	3M Nibor + 0.07 %	2021	2022	-	409 995	-
Total senior unsecured certificates including accrued interest [2]							**-**	**409 995**	**-**

Total debt securities issued including accrued interest [2]	**111 964 881**	**108 171 008**	**112 435 578**

[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 14 – Subordinated loan capital

Subordinated loan capital - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Jun 2023	30 Jun 2022	31 Dec 2022
NO0010814916	325 000	NOK	Floating	3M Nibor + 1.40% [2]	2018	2028	-	324 923	35 275
NO0010864333	250 000	NOK	Floating	3M Nibor + 1.55% [3]	2019	2029	250 039	249 776	249 992
NO0010917735	150 000	NOK	Floating	3M Nibor + 1.04% [4]	2021	2026	151 257	149 787	151 158
NO0012618927	375 000	NOK	Floating	3M Nibor + 2.20% [4]	2022	2027	377 068	-	376 831
Total subordinated loan capital including accrued interest [5]							**778 363**	**724 486**	**813 256**

[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. The company has decided to exercise the redemption right on 2 February 2023.

[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 15 – Capital adequacy ratio

Amounts in NOK 1 000	30 Jun 2023	30 Jun 2022	31 Dec 2022
Share capital	1 405 153	1 225 497	1 405 153
Share premium	4 005 230	3 384 886	4 005 230
Other paid-in equity	477 728	477 728	477 728
Other equity	(531)	536	238
Total equity recognised in the balance sheet (without tier 1 perpetual bonds)	**5 887 580**	**5 088 647**	**5 888 349**
Fund for unrealised gains	123 706	33 863	123 706
Fund for valuation differences	152	815	14 255
Intangible assets	(610)	(1 156)	(829)
Deferred tax assets [1]	-	-	-
Prudent valuation adjustments of fair valued positions without accrued interest	(28 230)	(28 417)	(33 010)
Total core tier 1 capital	**5 982 597**	**5 093 751**	**5 992 471**

Core capital adequacy ratio (core tier 1 capital)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Risk-weighted assets	38 288 363	38 346 625	38 758 482
Core tier 1 capital	5 982 597	5 093 751	5 992 471
Core tier 1 capital ratio	**15.6%**	**13.3%**	**15.5%**

Total core tier 1 capital	5 982 597	5 093 751	5 992 471
Tier 1 perpetual bonds	735 000	575 000	692 000
Total tier 1 capital	**6 717 597**	**5 668 751**	**6 684 471**

Capital adequacy ratio (tier 1 capital)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Risk-weighted assets	38 288 363	38 346 625	38 758 482
Tier 1 capital	6 717 597	5 668 751	6 684 471
Tier 1 capital ratio	**17.5%**	**14.8%**	**17.2%**

Total tier 1 capital	6 717 597	5 668 751	6 684 471
Subordinated loans	774 103	724 486	808 948
Total primary capital (tier 2 capital)	**7 491 699**	**6 393 237**	**7 493 419**

Capital adequacy ratio (tier 2 capital)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Risk-weighted assets	38 288 363	38 346 625	38 758 482
Total primary capital (tier 2 capital)	7 491 699	6 393 237	7 493 419
Capital adequacy ratio	**19.6%**	**16.7%**	**19.3%**

Required capital corresponding to eight per cent of calculation basis	3 063 069	3 067 730	3 100 679
Surplus equity and subordinated capital	4 428 630	3 325 507	4 392 740

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

30 June 2023

Risk-weighted assets	Risk-weighted assets	Capital requirement
Credit risk [2]	36 672 247	2 933 780
Operational risk	243 293	19 463
CVA risk [3]	1 372 823	109 826
Total	**38 288 363**	**3 063 069**

Leverage ratio	30 Jun 2023	30 Jun 2022	31 Dec 2022
Total leverage ratio exposure	127 267 586	121 943 378	126 863 029
Tier 1 capital	6 717 597	5 668 751	6 684 471
Levereage ratio	**5.3 %**	**4.6 %**	**5.3 %**

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 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 57.7 million at 30 June 2023. 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 can 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 30 June 2023, 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 30 June amounted to NOK 38.3 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 30 June 2023 was NOK 0,5 billion lower 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 13.5 per cent, a tier 1 capital ratio of 15 per cent and a tier 2 capital ratio of 17 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 30 June 2023 with a core tier 1 capital ratio of 15.6 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 2022.

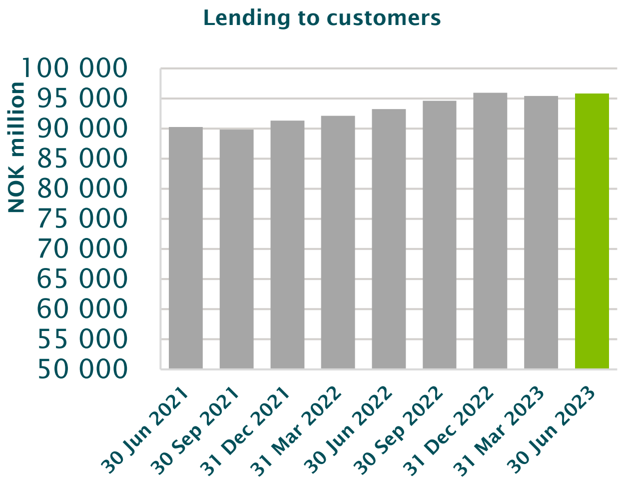
Note 17 – Contingency and overdraft facilities

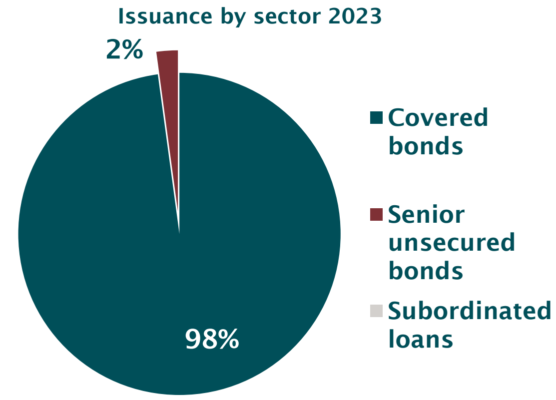
The company has an overdraft facility with DNB Bank ASA (DNB). Note 23 in the annual financial statements for 2022 provides a more detailed presentation of the overdraft with DNB. The company also has a note purchase agreement with the owner banks and OBOS concerning the purchase of covered bonds, whereby 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 2022.

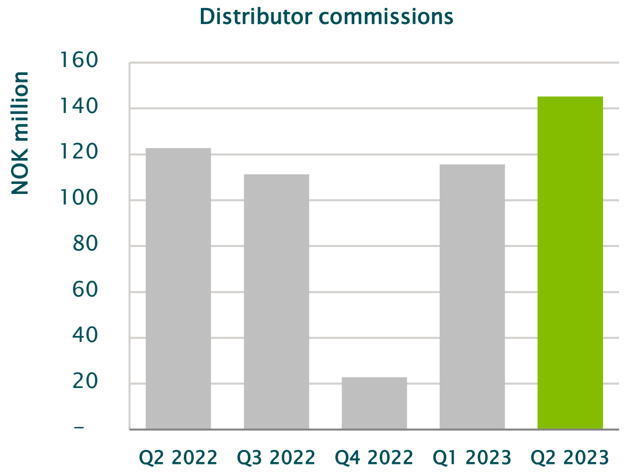
Note 18 – Risk management

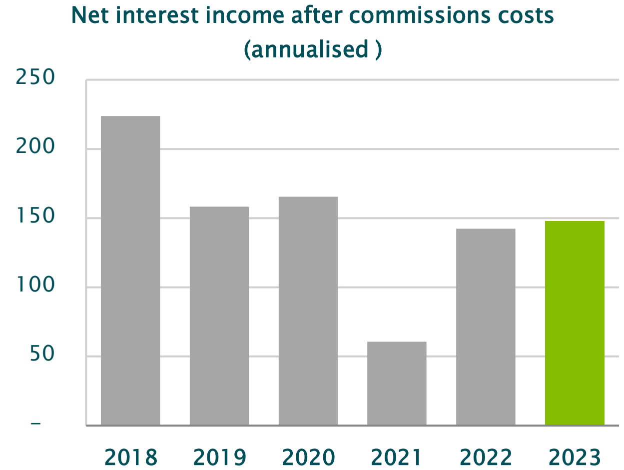
Eika Boligkreditt AS has established a framework for risk management and control in the company, which defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 in the annual report for 2022 describes the company's financial risk, which also applies to financial risk in 2023.

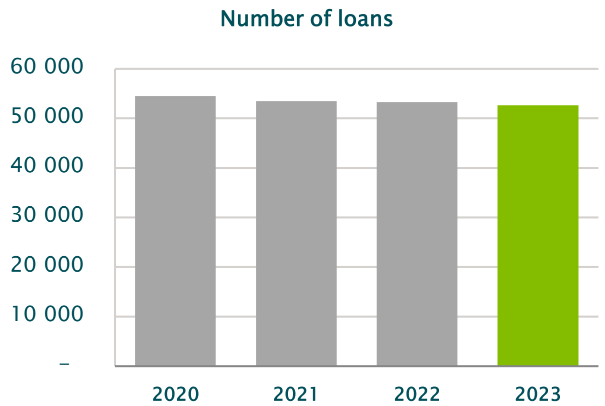
Key figures – Development

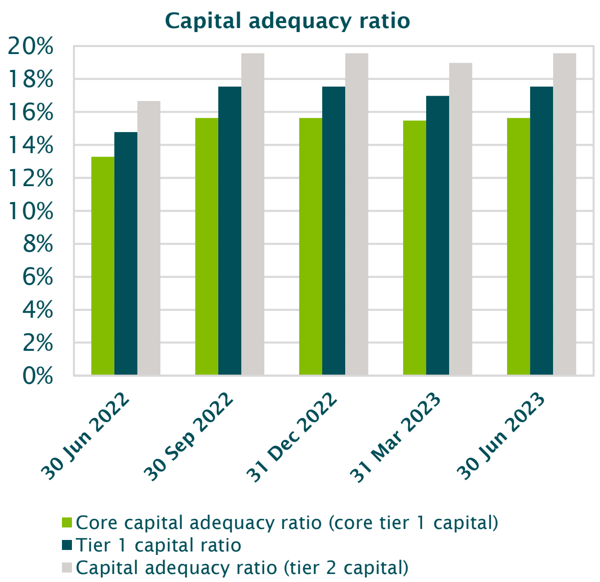












Key figures

Amounts in NOK 1 000	30 Jun 2023	30 Jun 2022	31 Dec 2022
Balance sheet development			
Lending to customers	95 778 459	93 229 556	95 971 045
Debt securities issued	111 964 881	108 171 008	112 435 578
Subordinated loan capital	778 363	724 486	813 256
Equity	6 876 526	5 856 983	6 726 050
Equity in % of total assets	5.5	4.9	5.3
Average total assets [1]	123 783 814	117 324 111	120 065 058
Total assets	124 317 573	120 497 354	126 571 248
Rate of return/profitability			
Fee and commission income in relation to average total assets, annualised (%)	0.5	0.5	0.3
Staff and general administration expenses in relation to average total assets, annualised (%)	0.03	0.03	0.03
Return on equity before tax, annualised (%) [2]	1.7	0.0	(1.2)
Total assets per full-time position	6 906 532	6 341 966	7 031 736
Cost/income ratio (%) [3]	111.3	58.6	61.2
Financial strength			
Core tier 1 capital	5 982 597	5 093 751	5 992 471
Tier 1 capital	6 717 597	5 668 751	6 684 471
Total primary capital (tier 2 capital)	7 491 699	6 393 237	7 493 419
Risk-weighted assets	38 288 363	38 346 625	38 758 482
Core tier 1 capital ratio (%)	15.6	13.3	15.5
Tier 1 capital ratio (%)	17.5	14.8	17.2
Capital adequacy ratio % (tier 2 capital)	19.6	16.7	19.3
Leverage ratio (%) [4]	5.3	4.6	5.3
NSFR total indicator in % [5]	118	116	116
Defaults in % of gross loans	0.06	0.03	0.02
Loss in % of gross loans	-	-	-
Staff			
Number of full-time positions at end of period	18.0	19.0	18.0

Liquidity Coverage Ratio (LCR) [6]:

30 Jun 2023	Total	NOK	EUR
Stock of HQLA	2 571 356	300 000	194 067
Net outgoing cash flows next 30 days	1 880 778	350 824	145 805
LCR indicator (%)	**137 %**	**86 %**	**133 %**

30 Jun 2022	Totalt	NOK	EUR
Stock of HQLA	3 165 908	1 205 382	182 538
Net outgoing cash flows next 30 days	2 958 764	938 347	182 257
LCR indicator (%)	**107 %**	**128 %**	**100 %**

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 %**

[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.

[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 30 June 2023, liquid assets totalling NOK 300 million in the form of bonds and certificates were excluded from the calculation of the cover pool's overcollateralisation.

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