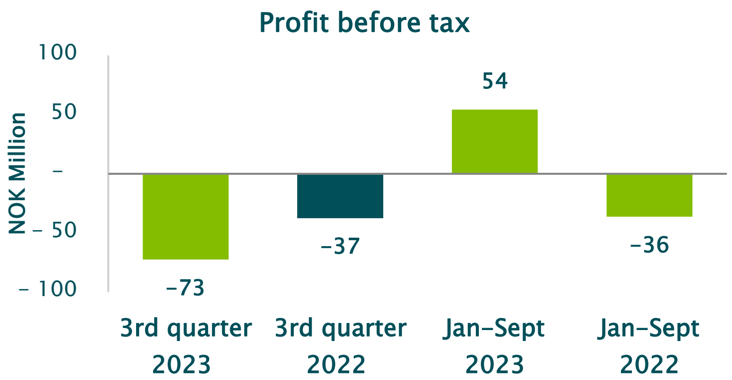
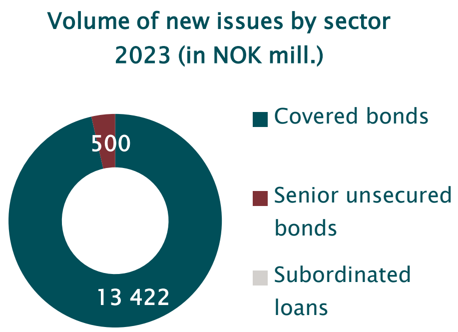
Eika Boligkreditt AS

Interim report for the third quarter 2023

Unaudited

Highlights





Third quarter 2023

- Pre-tax loss of NOK 72.5 million (2022: NOK 37.3 million)
- Comprehensive loss of NOK 124 million (2022: income of NOK 183.4 million)
- Fair value changes to basis swaps corresponding to a negative NOK 124.2 million (2022: positive at NOK 299.1 million)
- Financing of the Eika banks, excluding the LBA and OBOS, up by 2.7 per cent, corresponding to an annualised growth of 10.7 per cent
- Commissions to owner banks of NOK 115.6 million (2022: NOK 111.3 million)
- NOK 2.3 billion in bonds issued (2022: NOK 9.9 billion)

First nine months 2023

- Pre-tax profit of NOK 54.3 million (2022: loss of NOK 36.2 million)
- Comprehensive income of NOK 15.2 million (2022: NOK 342.6 million)
- Fair value changes to basis swaps corresponding to a negative NOK -67.6 million (2022: positive at NOK 537.6 million)
- Financing of the Eika banks, excluding the LBA and OBOS, up by 5.1 per cent, corresponding to an annualised growth of 6.7 per cent
- Commissions to owner banks of NOK 383.2 million (2022: NOK 389.8 million)
- NOK 13.9 billion in bonds issued (2022: NOK 23.1 billion)

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

INTERIM REPORT FOR THE THIRD QUARTER 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 September 2023, the owner banks had NOK 96.4 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 third quarter

Amount in NOK thousand	3rd quarter 2023	3rd quarter 2022	Jan-Sept 2023	Jan-Sept 2022
Total interest income	1 463 715	739 245	3 969 331	1 910 381
Net interest income	133 057	107 354	460 936	441 363
Commission costs	108 075	104 544	362 121	369 696
Total gain and losses on financial instruments at fair value	(89 517)	(19 260)	(3 227)	(58 083)
Profit before tax	**(72 535)**	**(37 339)**	**54 319**	**(36 200)**
Comprehensive income (taking account of fair value changes in basis swaps)	**(123 970)**	**183 447**	**15 208**	**342 599**

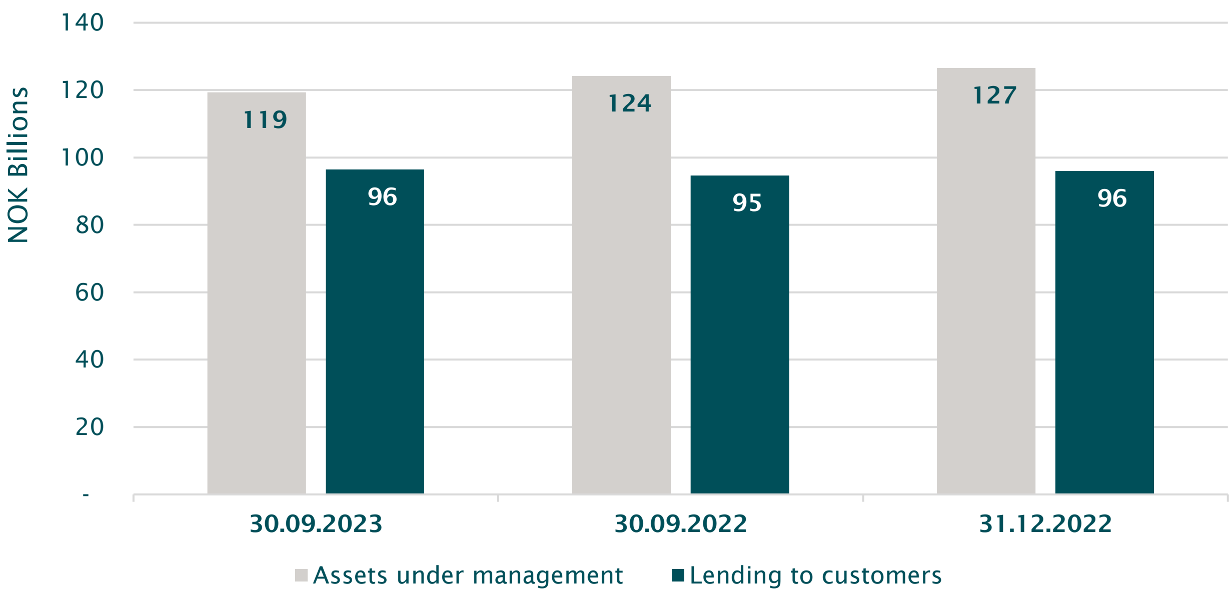
Interest income during the third quarter increased by 98 per cent compared with the same period of last year, reflecting higher interest rates on residential mortgages and growth in the lending volume this year compared with the third quarter of 2022. Net interest income in the third quarter was up by 23.9 per cent from the same period of last year because of higher margins on residential mortgages, with interest rates paid by mortgagees rising more than rates for borrowing. Net interest income was 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 3.8 per cent from the third quarter of 2022 to NOK 115.6 million because bank margins on residential mortgages rose. Changes to the fair value of financial instruments recognised in profit and loss were negative at NOK 89.5 million, a decline of NOK 70.3 million from the same period of 2022. This decrease reflected fair value changes resulting from fluctuations in the level of interest rates. The pre-tax loss for the third quarter was NOK 72.5 million, down by NOK 35.2 million from the same period of 2022.

An increase of 107.8 per cent in the company's interest income for the first nine months 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 nine months was up by 4.4 per cent from the same period of last year because of higher margins on residential mortgages, with interest rates paid by mortgagees rising more than rates for borrowing. Net interest income was also affected by a NOK 17.5 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 1.7 per cent from the first nine months of 2022 because bank margins on residential mortgages declined somewhat. Changes to the fair value of financial instruments were negative at NOK 3.2 million, an improvement of NOK 54.9 million from the same period of 2022. Pre-tax profit for the first nine months was NOK 54.3 million, up by NOK 90.5 million from the same period of 2022.

Interest on tier 1 perpetual bonds of NOK 15.7 million in the third quarter and NOK 38.9 million for the first nine months is not presented as an interest expense in the income statement, but as a reduction in equity.

Comprehensive income includes negative changes of NOK 124,2 million in the value of basis swaps (2022: positive at NOK 299.1 million) for the third quarter and NOK 67.6 million (2022: positive at NOK 537.6 million) in the first nine months. 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



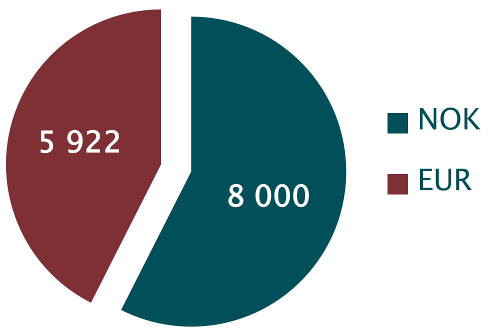
Assets under management by Eika Boligkreditt amounted to NOK 119.3 billion at 30 September 2023, down by NOK 7.2 billion from 31 December 2022. Financing of the owner banks (residential mortgage lending to customers at nominal value excluding accrued interest and changes to the fair value of residential mortgages) totalled NOK 96.7 billion at 30 September, representing a net increase of NOK 0.6 billion in the third quarter and NOK 1.7 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 1.8 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 2.3 billion in the third quarter and NOK 6 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 7.4 per cent in lending year-on-year.

Borrowing

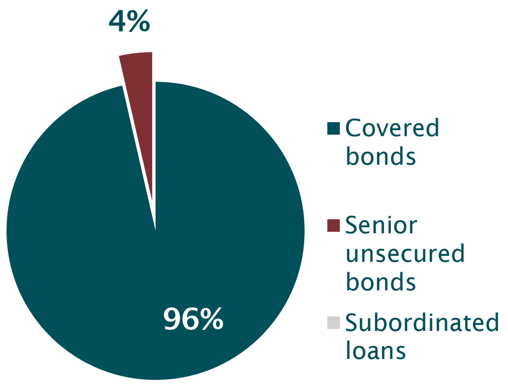
Eika Boligkreditt issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 2.3 billion in the third quarter, compared with NOK 9.9 billion in the same period of 2022. The borrowing volume in the third quarter of 2023 comprised NOK 2 billion in covered bonds and NOK 250 million in senior unsecured bonds.

During the first nine months, the company issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 13.9 billion compared with NOK 23.1 billion in the same period of 2022. The borrowing volume in the first nine months comprised NOK 13.4 billion in covered bonds and NOK 500 million in senior unsecured bonds.

Issuance by currency (in NOK mill) in 2023



Issuance by sector (in %) in 2023



Of issues in the first nine months of 2023, 57.5 per cent were denominated in euros and 42.5 per cent in Norwegian kroner. Covered bonds accounted for 96 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)	Jan.-sept. 2023	Jan.-sept. 2022	2022	2021
Covered bonds (issued in EUR)	5 922	10 194	10 194	5 033
Covered bonds (issued in NOK)	7 500	12 500	14 200	12 000
Senior unsecured bonds and certificates (issued in NOK)	500	-	-	2 300
Subordinated loans (issued in NOK)	-	375	375	150
Total issued	**13 922**	**23 069**	**24 769**	**19 483**

The average tenor for covered bonds issued in 2023 has been 7.1 years. At 30 September, the average tenor for the company's borrowing portfolio was 4.13 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	30.09.2023	30.09.2022	31.12.2022	31.12.2021
Covered bonds	104 649	108 103	109 617	99 400
Senior unsecured bonds	2 795	2 821	2 819	3 749
Senior unsecured certificates	-	-	-	500
Subordinated loans	779	812	813	724
Total borrowing including accrued interest	**108 223**	**111 736**	**113 249**	**104 373**

Total borrowing by the company at 30 September was NOK 108.2 billion, a reduction of NOK 5 billion from 1 January.

Liquidity

At 30 September, the company had a liquidity portfolio of NOK 19.5 billion. The total includes cash collateral of NOK 1.9 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

The boards of Tysnes Sparebank and Haugesund Sparebank have approved a plan for merging the banks. They conduct their business in different neighbouring geographical market areas, which will give the merged bank the basis for achieving continued progress with greater competitiveness and a strengthened market position in the Haugalandet and Sunnhordaland regions. Haugesund Sparebank will be the acquiring bank in legal and accounting terms. The merger and the continuation of the savings bank businesses will be accomplished by Haugesund Sparebank taking over assets, rights and obligations from Tysnes Sparebank when the merger is implemented. Until further notice, the name of the merged bank will remain Haugesund Sparebank. It will be a member of the Eika Alliance, and Haugesund Sparebank has today signed an agreement on such participation. Its terms specify that Haugesund Sparebank will become the owner of 4.45 per cent of the shares in Eika Gruppen AS and will participate in the collaboration on bank operation, Eika Boligkreditt AS and distribution of the Eika group's products. The merged bank will own a total of 4.99 per cent of Eika Gruppen AS and become the fifth largest shareholder in the latter. Implementation of the agreement and subscription to the shares are conditional in part on consent of the Financial Supervisory Authority of Norway. The various agreements related to the collaboration and distribution will be come into force at different times in order to take account of Haugesund Sparebank's existing collaboration and distribution agreements.

Through seven migrations, all the banks in the Eika Alliance converted their core banking system from SDC to Tietoevry between May 2022 and October 2023. The transition to the new core banking platform will strengthen the banks in the face of ever-faster technological advances, and reduce the cost of basic banking technology now that all the Eika banks are assembled on a new platform. Work has begun to realise cost savings and exploit new opportunities for developing ever more competitive solutions together with the alliance's partners.

On 13 September 2023, the board of Eika Boligkreditt approved an agreement with OBOS-banken and OBOS BBL on the purchase of the residential mortgage portfolio held by OBOS-banken in Eika Boligkreditt AS. At its meeting of 9 February 2016, Eika Boligkreditt resolved to terminate its distribution agreement with OBOS-banken following the decision by OBOS to establish a wholly-owned residential mortgage company. An agreement was entered into in October 2016 on continued distribution responsibility pursuant to the distribution agreement. OBOS-banken was in its seventh year of the planned run-down of its portfolio in Eika Boligkreditt when it asked in August 2023 to be allowed to buy out the remainder of the residential mortgages involved. After assessing the various alternatives in the agreement, it was decided that a buy-out was the best option for the mortgagees, OBOS-banken, Eika Boligkreditt and the owner banks. At 31 August 2023, OBOS-banken had a portfolio in Eika Boligkreditt corresponding to NOK 931 million. It had been NOK 8 billion at its peak in late 2013. A clear precondition for conducting a dialogue on buying out the portfolio was that OBOS-banken, in addition to paying the market value of the relevant residential mortgages, also covered the costs incurred through early redemption of the bank financing. The latter totalled NOK 5.4 million.

Eika Kredittbank and SpareBank 1 Kreditt, the product companies for credit cards and consumer finance in the two savings bank alliances, are to integrate their credit businesses. The boards of both alliances have approved this merger, and an application has been submitted to the Financial Supervisory Authority. Assuming official consent is obtained, the intention is to transfer the credit card and unsecured repayment loan product areas from today's Eika Kredittbank to SpareBank 1 Kreditt. Purchase finance and Sparesmart savings portal will remain in Eika Kredittbank. The merged company will be directly owned by the banks in both alliances, and have its business address in Trondheim. The two credit companies currently have more than a million customers between them, and an overall share of 6.3 per cent in the market for credit cards and consumer credit.

Moody's upgrade

Moody's upgraded its long-term issuer rating for Eika Boligkreditt on 31 October 2023 from Baa1 to A3, as well as its long-term and short-term counterparty risk assessments (CRA)/ratings (CRR) from A3 (cr)/P-2(cr) to A2(cr)/P-1(cr).

These upgrades reflect the resilient financial performance demonstrated by the majority of the owner banks over the past 24 months, as well as Moody's unchanged assessment of the likelihood that these banks will support Eika Boligkreditt in case of need.

The owner banks' improved credit profiles stem from (i) their strong and increasing capitalisation (average consolidated common equity tier 1 ratio of the Eika alliance banks was 19.8 per cent at 31 December 2022), (ii) solid historical asset quality (average ratio of problem loans to gross loans was 0.7 per cent at 31 December 2022) and low-risk retail lending focus, albeit constrained by the banks' high single name and geographical concentrations, and exposure to Norway's real estate sector, and (iii) improving profitability, largely driven by higher interest rates benefitting the deposit margins, and by the change in the supplier of the group's core banking system which is improving member banks' efficiency levels.

As a result of the upgrading, the rating status for covered bonds issued by Eika Boligkreditt is even more robust. These now have an Aaa rating with a rating buffer of three notches on the rating scale, compared with two earlier, in the event of a downgrading of the issuer rating/CRA. This means that the rating assessment of the owner banks and the strength of their support for Eika Boligkreditt, as reflected through the issuer rating, can be reduced from A3 to Baa3 while Eika Boligkreditt will retain a covered-bond rating on its covered-bond programme corresponding to Aaa.

Risk management and capital adequacy

Eika Boligkreditt had a total primary capital of NOK 7.5 billion at 30 September, 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 September 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 September was down by NOK 0.4 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 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Risk-weighted assets	38 324	38 929	38 758
Total primary capital (tier 2 capital)	7 495	6 565	7 493
Capital adequacy ratio in per cent	**19.6 %**	**16.9 %**	**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 September 2023)
- tier 1 capital ratio: 15.0% (17.5% at 30 September 2023)
- tier 2 capital ratio: 17.0% (19.6% at 30 September 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 September 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 0.6 billion in the third quarter, and by a net NOK 1.7 billion over the past four quarters. Over the past year, the net portfolio increase represented a 12-month growth of 1.8 per cent. The credit indicator for September 2023 from Statistics Norway showed a 12-month increase of 3.7 per cent in Norwegian household debt, down from 4.3 per cent at 30 September 2022.

In Norges Bank's latest lending survey, the banks reported that demand for residential mortgages in the third quarter declined slightly from the previous three-month period. They also expected rather lower demand in the fourth quarter of 2023. Demand for fixed-interest loans also declined somewhat in the third quarter, and this trend is expected to persist in the fourth quarter as well. Credit practice for households was virtually unchanged in the third quarter, and the banks expect no change in October-December. Overall, the banks reported that margins on residential mortgages declined somewhat in the third quarter, while their financing costs and mortgage interest rates increased. Where the fourth quarter is concerned, the banks expect financing costs, interest rates on residential mortgages and margins on such loans to remain virtually unchanged. Seven out of 10 banks report that the ability of borrowers taking out new residential mortgages to service their debts has declined over the past half-year, and five banks expect some decline in the next six months. Most of the banks report some increase in the use of interest-only terms for new residential mortgages during the past half-year, and expect this rise to continue in the next six months. Few banks report changes in repayment periods or in indebtedness in relation to the value of the residence or income. The banks were also polled on the use of interest-only terms for existing residential mortgages. Half of them reported that this had increased somewhat over the past half-year, while one bank reported that it had declined a little. Nine out of 10 banks expected the use of interest-only terms to rise in the coming six months.

According to the house price report from Real Estate Norway, average Norwegian house prices fell by 1.9 per cent in September, and by 0.2 per cent when adjusted for seasonal variations. This is the second weakest September month since the house price statistics began to be recorded. Only 2022 showed a weaker monthly trend in a September. House prices in Norway rose by 3.7 per cent in the first nine months. The housing market has shown during 2023 that it is less sensitive to interest rates than expected, with the upturn to May considerably stronger than expected. However, the weak trend since June might suggest that interest-rate increases are now starting to bite. The strongest growth in the first nine months was seen in Kristiansand and Greater Stavanger, at 10 and 9.6 per cent respectively. Tromsø has experienced the weakest development so far this year, with zero growth. Norges Bank increased its key policy rate for the 12th time to 4.25 per cent in September. According to projections, the rate is now expected to peak at 4.5 per cent in December 2023, which indicates residential mortgage rates approaching six per cent. Eika Boligkreditt expects that the persistence of higher interest rates for residential mortgages will mean a moderate/weak trend in house prices for the time to come, but a low level of newbuilding and newbuild sales will support prices in the second-hand housing market, particularly in the rather longer term.

The credit spread for the company's covered bonds with a five-year tenor in Norwegian kroner narrowed by four basis points during the third quarter to a level of 0.58 percentage points above the three-month Nibor. Over the past 12 months, the spread in Norwegian kroner narrowed by one basis point. Credit spreads indicated by potential arrangers for a new-issue transaction with a similar tenor in the euro market widened during the third quarter by an estimated 10 basis points, giving a spread of 0.33 percentage points at 30 September. Over the past 12 months, the corresponding credit spread in euros widened by 23 basis points. The currency basis for a five-year tenor to hedge the amount from euros back to Norwegian kroner is about 17 basis points, narrowing by five basis points during the third quarter. The contraction over the past 12 months is no less than 20 basis points. The consensus among market players early in the year indicated that credit spreads in euros would 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 nine months, credit spreads in euros widened by about 10 basis point), primarily in the third quarter.

GDP for mainland Norway rose by 3.8 per cent in 2022, a marginal decline from 4.2 per cent the year before. Activity in the Norwegian economy has lain for rather more than a year close to or slightly above the trend level defined by Statistics Norway, but growth has recently been slowing. The rate of inflation as measured by the consumer price index (CPI) has declined from its October 2022 peak, but underlying inflation remains high. The weakening of the krone so far this year has contributed to inflation taking its time in declining to the target level. Although growth in the Norwegian mainland economy has slowed, Statistics Norway expects it to be close to the trend rate of about 1.7 per cent and that unemployment will rise to roughly four per cent over the next few years.

An active market for new covered-bond issues in both euros and Norwegian kroner prevailed during the first nine months. About NOK 180 billion in covered bonds was issued in the Norwegian market, with EUR 167 billion issued in the euro market. The latter amount represents about 84 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 nine months, which meant that about 93-94 per cent of their issue activity during the period was in Norwegian kroner.

Eika Boligkreditt issued NOK 2.25 billion in bonds during the third quarter, comprising NOK 2 billion in covered bonds and NOK 250 million in senior unsecured bonds. It issued NOK 13.4 billion in covered bonds, NOK 500 million in senior unsecured bonds and NOK 275 million in tier 1 perpetual bonds during the first nine months. Depending on net transfers from the bank, the company expects to issue about another NOK 1 billion in covered bonds during the fourth quarter. By comparison, the company issued covered bonds totalling no less than NOK 24.4 billion in 2022. The 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 for this year.

Oslo, 9 November 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	3Q 2023	3Q 2022	Jan-Sept 2023	Jan-Sept 2022	2022
INTEREST INCOME						
Interest from loans to customers at amortised cost		**1 122 995**	584 329	**3 031 762**	1 544 164	**2 339 661**
Interest from loans to customers at fair value		**105 983**	60 959	**288 138**	161 090	**246 000**
Interest from loans and receivables on credit institutions		**26 295**	5 357	**63 736**	12 555	**18 676**
Interest from bonds, certificates and financial derivatives		**201 866**	79 647	**561 232**	164 851	**333 744**
Other interest income at amortised cost		**5 959**	8 286	**22 574**	25 623	**33 352**
Other interest income at fair value		**617**	666	**1 889**	2 097	**2 692**
Total interest income		**1 463 715**	739 245	3 969 331	1 910 381	**2 974 125**
INTEREST EXPENSES						
Interest on debt securities issued		**1 290 232**	615 010	**3 397 827**	1 428 254	**2 381 753**
Interest on subordinated loan capital		**12 055**	8 118	**32 542**	17 381	**27 063**
Contribution to the Norwegian Banks' Guarantee Fund's Resolution Fund		**5 757**	6 318	**17 485**	19 191	**25 449**
Other interest expenses		**22 615**	2 445	**60 542**	4 192	**11 697**
Total interest expenses		**1 330 658**	631 890	**3 508 396**	1 469 018	**2 445 961**
Net interest income		**133 057**	107 354	**460 936**	441 363	**528 164**
Commission costs		**108 075**	104 544	**362 121**	369 696	**385 852**
Net interest income after commissions costs		**24 981**	2 811	**98 815**	71 667	**142 312**
Income from portfolio sale	Note 3	**5 358**	–	**5 358**	–	–
Income from shares in associated company		**3 977**	2 597	**12 836**	14 076	**17 107**
Total income from shares	Note 4	**3 977**	2 597	**12 836**	14 076	**17 107**
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE						
Net gains and losses on bonds and certificates	Note 5	**(742)**	(15 307)	**(2 007)**	(10 174)	**3 110**
Net gains and losses on fair value hedging on debt securities issued	Note 5, 6	**(39 563)**	5 846	**3 989**	22 735	**(16 287)**
Net gains and losses on financial derivatives	Note 5	**(11 526)**	51 490	**111 617**	349 592	**262 143**
Net gains and losses on loans at fair value	Note 5	**(37 687)**	(61 289)	**(116 825)**	(420 236)	**(386 659)**
Total gains and losses on financial instruments at fair value		**(89 517)**	(19 260)	**(3 227)**	(58 083)	**(137 693)**
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES						
Salaries, fees and other personnel expenses		**8 237**	11 587	**24 095**	29 186	**37 280**
Administrative expenses		**7 451**	10 226	**29 536**	28 909	**42 196**
Total salaries and administrative expenses		**15 688**	21 813	**53 631**	58 094	**79 476**
Depreciation		**950**	700	**3 029**	3 042	**4 014**
Other operating expenses		**695**	973	**2 803**	2 724	**3 619**
PROFIT BEFORE TAXES		**(72 535)**	(37 339)	54 319	(36 200)	**(65 383)**
Taxes		**(24 036)**	(2 033)	**511**	(9 516)	**(29 177)**
PROFIT FOR THE PERIOD		**(48 499)**	(35 306)	53 808	(26 684)	**(36 206)**
ITEMS TRANSFERRABLE TO PROFIT AND LOSS						
Net gains and losses on bonds and certificates	Note 5	**24 794**	(7 441)	**17 370**	(45 194)	**(20 202)**
Net gains and losses on basis swaps	Note 5	**(124 196)**	299 110	**(67 611)**	537 572	**245 491**
Taxes on other comprehensive income		**23 931**	(72 917)	**11 641**	(123 095)	**(56 322)**
COMPREHENSIVE INCOME FOR THE PERIOD		**(123 970)**	183 447	**15 208**	342 599	**132 760**
Price per share				**4.27244**	4.45294	**4.29479**

Of the total comprehensive income for the period above, NOK 11.2 million is attributable to the shareholders of the company, NOK 38.9 million is attributed to the hybrid capital investors and NOK 12.8 million to the fund for valuation differences. The fund for unrealised gains has been decreased by NOK 47.7 million in connection with fair value changes to financial instruments.

Balance sheet

Amounts in NOK 1 000	Notes	**30.09.2023**	30.09.2022	**31.12.2022**
ASSETS				
Lending to and receivables from credit institutions		**2 278 544**	1 313 019	**843 126**
Lending to customers	Note 6, 7	**96 429 356**	94 650 128	**95 971 045**
Other financial assets	Note 8	**267 003**	34 287	**28 367**
Bonds and certificates at fair value	Note 6,9	**17 326 976**	22 643 104	**24 521 072**
Financial derivatives	Note 6,10	**2 944 687**	5 503 035	**5 128 842**
Shares	Note 4,11	**1 650**	1 650	**1 650**
Shares in associated company	Note 4	**56 517**	54 754	**57 785**
Deferred tax assets		**16 056**	20 634	**4 925**
Intangible assets		**501**	992	**829**
Right-of-use assets	Note 12	**12 484**	14 415	**13 605**
TOTAL ASSETS		**119 333 775**	124 236 019	**126 571 248**
LIABILITIES AND EQUITY				
Liabilities				
Loans from credit institutions	Note 13	**1 912 882**	2 973 994	**3 113 873**
Financial derivatives	Note 6,10	**2 371 135**	3 077 137	**3 407 756**
Debt securities issued	Note 14	**107 444 072**	110 923 966	**112 435 578**
Other liabilities		**76 486**	244 140	**61 125**
Pension liabilities		**475**	6 926	-
Lease obligations	Note 12	**12 548**	14 446	**13 611**
Subordinated loan capital	Note 15	**779 204**	812 240	**813 256**
TOTAL LIABILITIES		**112 596 802**	118 052 849	**119 845 199**
Equity				
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**
Fund for unrealised gains		**123 706**	33 863	**123 706**
Fund for valuation differences		**152**	-	**14 255**
Other equity		**(9 995)**	334 198	**7 979**
Tier 1 capital		**735 000**	727 000	**692 000**
TOTAL EQUITY		**6 736 973**	6 183 170	**6 726 050**
TOTAL LIABILITIES AND EQUITY		**119 333 775**	124 236 019	**126 571 248**

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**
Result for the period	-	-	-	-	-	(48 499)	-	(48 499)
Other income and expenses	-	-	-	-	-	(91 157)	15 686	(75 471)
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	102	(15 686)	(15 584)
Disbursed dividends for 2022	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 30 September 2023	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**152**	**(9 995)**	**735 000**	**6 736 973**

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. Eika Boligkreditt has redeemed 115 million in the second quarter of 2023.
- 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	**3Q 2023**	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	15 208	132 760
Taxes	(11 130)	27 146
Income taxes paid	(13 063)	(11 685)
Ordinary depreciation	328	1 023
Non-cash pension costs	-	(6 926)
Change in loans to customers	(458 311)	(4 644 051)
Change in bonds and certificates	7 194 096	(7 552 799)
Change in financial derivatives and debt securities issued	172 686	(3 168 269)
Interest expenses	3 416 825	2 410 055
Paid interest	(3 511 427)	(2 205 479)
interest income	(3 944 858)	(2 938 065)
received interests	4 022 788	3 075 709
Changes in other assets	(316 566)	(60 167)
Changes in short-term liabilities and accruals	123 084	1 839 553
Net cash flow relating to operating activities	**6 689 659**	(13 101 195)
INVESTING ACTIVITIES		
Payments related to acquisition of fixed assets	-	-
Share of profit/loss in associated companies	(12 836)	(17 107)
Payments from shares in associated companies	14 104	16 884
Net cash flow relating to investing activities	**1 268**	(223)
FINANCING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	14 111 427	24 655 913
Gross payments of bonds and commercial paper	(18 128 085)	(12 435 181)
Gross receipts on issue of subordinated loan capital	-	-
Gross payments of subordinated loan capital	(34 052)	88 914
Gross receipts from issue of loan from credit institution	-	-
Gross payments from loan from credit institution	(1 200 990)	(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	(39 085)	(35 295)
Payments of dividend	(7 728)	(61 905)
Paid-up new share capital	-	800 000
Net cash flow from financing activities	**(5 255 513)**	12 973 800
Net changes in lending to and receivables from credit institutions	1 435 414	(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	**2 278 544**	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 third 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 September 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 4, 5, 6, 7, 9 and 11.

Note 3 – Income from portfolio sale

Amounts in NOK 1 000	**3Q 2023**	3Q 2022	**Jan-Sept 2023**	Jan-Sept 2022	**2022**
Total income from portfolio sale	**5 358**	-	**5 358**	-	-

On 13 September 2023, the board of Eika Boligkreditt approved an agreement with OBOS-banken and OBOS BBL on the purchase of the residential mortgage portfolio held by OBOS-banken in Eika Boligkreditt AS. At its meeting of 9 February 2016, Eika Boligkreditt resolved to terminate its distribution agreement with OBOS-banken following the decision by OBOS to establish a wholly-owned residential mortgage company. An agreement was entered into in October 2016 on continued distribution responsibility pursuant to the distribution agreement. At 31 August 2023, OBOS-banken had a portfolio in Eika Boligkreditt corresponding to NOK 931 million. In addition to the principal of the residential mortgages, the bank paid NOK 5.4 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 30 sep 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	12 836	17 107
Dividend	(14 104)	(16 884)
Carrying amount	**56 517**	**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 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	3rd quarter 2023	3rd quarter 2022	Jan-Sept 2023	Jan-Sept 2022	2022
Net gains and losses on bonds and certificates including currency effects [1]	(742)	(15 307)	(2 007)	(10 174)	3 110
Net gains and losses on loans at fair value	(37 687)	(61 289)	(116 825)	(420 236)	(386 659)
Net gains and losses on financial debts, hedged [2]	2 336 789	334 726	1 042 460	2 466 695	3 187 833
Net gains and losses on interest swaps related to lending	(11 526)	51 490	111 617	349 592	262 143
Net gains and losses on interest and currency swaps related to liabilities [2]	(2 376 351)	(328 880)	(1 038 471)	(2 443 960)	(3 204 120)
Net gains and losses on financial instruments at fair value	**(89 517)**	**(19 260)**	**(3 227)**	**(58 083)**	**(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	3rd quarter 2023	3rd quarter 2022	Jan-Sept 2023	Jan-Sept 2022	2022
Net gains and losses on bonds and certificates	23 670	(20 748)	25 205	(82 404)	(37 710)
Net gains and losses on interest-rate swaps related to bonds and certificates	1 124	13 307	(7 835)	37 210	17 508
Net gains and losses on basis swaps [3]	(124 196)	299 110	(67 611)	537 572	245 491
Net gains and losses on financial instruments at fair value	**(99 402)**	**291 669**	**(50 242)**	**492 378**	**225 288**

[3] Comprehensive profit for 2023 includes negative NOK 67.6 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 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 Amounts in NOK 1 000	30 Sep 2023 Nominal amount	30 Sep 2023 Fair value	31 Dec 2022 Nominal amount	31 Dec 2022 Fair value
Interest rate swap lending[1]	7 055 661	472 358	7 782 054	363 195
Interest rate and currency swap[2]	27 240 475	2 456 958	37 599 200	4 741 935
Interest swap placement	100 000	15 371	1 130 676	23 711
Total financial derivative assets including accrued interest	**34 396 136**	**2 944 687**	**46 511 930**	**5 128 842**

Liabilities Amounts in NOK 1 000	30 Sep 2023 Nominal amount	30 Sep 2023 Fair value	31 Dec 2022 Nominal amount	31 Dec 2022 Fair value
Interest rate swap lending[1]	115 000	427	279 690	2 064
Interest rate and currency swap[2]	34 290 675	2 370 708	30 069 250	3 405 202
Interest swap placement	-	-	150 000	489
Total financial derivative liabilities including accrued interest	**34 405 675**	**2 371 135**	**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.

Amounts in NOK 1 000	30 Sep 2023 Nominal amount	30 Sep 2023 recognised in balance sheet	31 Dec 2022 Nominal amount	31 Dec 2022 recognised in balance sheet
Hedging instruments: interest rate and currency swaps[1, 2]	61 531 150	(10 192)	67 668 450	1 072 074
Hedged items: financial commitments incl foreign exchange[2]	61 531 150	140 453	67 668 450	(834 396)
Net capitalised value without accrued interest	**-**	**130 261**	**-**	**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	3rd quarter 2023	3rd quarter 2022	Jan-Sept 2023	Jan-Sept 2022	2022
Hedging instruments	(2 376 351)	(328 880)	(1 038 471)	(2 443 960)	(3 204 120)
Hedged items	2 336 789	334 726	1 042 460	2 466 695	3 187 833
Net gains/losses (inefffectiveness) recorded in profit and loss[3]	**(39 563)**	**5 846**	**3 989**	**22 735**	**(16 287)**

[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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Installment loans - retail market	93 564 749	90 096 748	91 331 535
Installment loans - housing cooperatives	3 164 471	4 902 053	4 899 300
Accrued interest installment loans	226 536	109 904	158 511
Adjustment fair value lending to customers[1]	(526 399)	(458 577)	(418 301)
Total lending before specific and general provisions for losses including accrued interest	**96 429 356**	**94 650 128**	**95 971 045**
Impairments on lending to customers	-	-	-
Total lending to and receivables from customers including accrued interest	**96 429 356**	**94 650 128**	**95 971 045**

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

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 September 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 2.5 million at 30 September 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 September 2023, this implies no accounting loss for the company in the third quarter of 2023.

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

30 Sep 2023

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	89 357 615	89 357 615
Fixed rate loans	7 598 141	7 071 742
Toal lending including accrued interest	**96 955 756**	**96 429 356**

30 Sep 2022

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	86 621 313	86 621 313
Fixed rate loans	8 487 392	8 028 815
Toal lending including accrued interest	**95 108 705**	**94 650 128**

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 8 – Other financial assets

Amounts in NOK 1 000	**30.09.2023**	**30.09.2022**	**31.12.2022**
Prepaid expenses	6 827	14 209	2 561
Repo agreements[1]	-	1 001 929	-
Accrued interests[1]	-	133 389	-
Short-term receivables	260 176	7	25 805
Total other financial assets	**267 003**	**1 149 533**	**28 367**

[1] With effect from the third quarter of 2023, the company has reclassified repo agreements from Other financial assets to Lending to and receivables from credit institutions. Figures from earlier periods have not been restated.

Note 9 – Bonds and certificates at fair value

30 September 2023

Amounts in NOK 1 000

Bonds broken down by issuer sector	**Nominal value**	**Cost price**	**Fair Value**
Municipalities	5 592 819	5 625 643	5 626 830
Credit institutions	8 337 000	8 397 845	8 396 369
Government bonds	3 302 636	3 335 116	3 303 777
Total bonds and certificates at fair value including accrued interest	**17 232 455**	**17 358 605**	**17 326 976**
Change in value charged recognised through profit and loss to other comprehensive income [1]			**(31 628)**

The average effective interest rate is 3.99 per cent annualised. The calculation is based on a weighted fair value of NOK 19.9 billion. The calculation takes account of a return of NOK 591.8 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

30 September 2022

Amounts in NOK 1 000

Bonds broken down by issuer sector	**Nominal value**	**Cost price**	**Fair Value**
Municipalities	7 870 877	7 899 980	7 882 465
Credit institutions	8 474 000	8 526 692	8 487 792
Government bonds	6 342 501	6 374 522	6 272 848
Total bonds and certificates at fair value including accrued interest	**22 687 378**	**22 801 195**	**22 643 104**
Change in value charged recognised through profit and loss to other comprehensive income [1]			**(158 091)**

The average effective interest rate is 0.98 per cent annualised. The calculation is based on a weighted fair value of NOK 16.9 billion. The calculation takes account of a return of NOK 124.3 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 Sep 2023	30 Sep 2022	31 Dec 2022
Average term to maturity	**1.9**	**1.6**	**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 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. 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 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Lending to customers [2]	95 373 220	94 309 817	95 486 996
Substitute assets and derivatives:			
Substitute assets [3]	17 281 136	20 755 617	21 400 047
Total cover pool	**112 654 356**	**115 065 434**	**116 887 043**
The cover pool's overcollateralisation [4]	108.13%	107.80%	107.91%

Covered bonds issued

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Covered bonds	104 089 150	106 202 450	107 902 450
Own holding (covered bonds) [1]	92 000	540 000	416 000
Total covered bonds	**104 181 150**	**106 742 450**	**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 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Lending to customers [2]	95 373 220	94 309 817	95 486 996
Substitute assets:			
Substitute assets [3]	17 281 136	20 755 617	21 400 047
Total cover pool	**112 654 356**	**115 065 434**	**116 887 043**
The cover pool's overcollateralisation [4]	108.23%	108.35%	108.33%

Covered bonds issued

	30 Sep 2023	**30 Sep 2022**	**31 Dec 2022**
Covered bonds	104 089 150	106 202 450	107 902 450
Total covered bonds	**104 089 150**	**106 202 450**	**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 September 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 8.2 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.

30 September 2023

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	7 071 742
Bonds and certificates	1 811 803	15 515 173	-
Financial derivatives	-	2 944 687	-
Shares classified at fair value recognised in profit or loss	-	-	1 650
Total financial assets	**1 811 803**	**18 459 860**	**7 073 392**
Financial liabilities			
Financial derivatives	-	2 371 135	-
Total financial liabilities	**-**	**2 371 135**	**-**

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 Sep 2023**
Lending to customers (fixed-rate loans)	7 941 705	728 553	(1 481 691)	-	(116 825)	-	7 071 742
Shares at fair value over profit or loss	1 650	-	-	-	-	-	1 650
Total	**7 943 355**	**728 553**	**(1 481 691)**	**-**	**(116 825)**	**-**	**7 073 392**

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 September 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 182.1 million. The effect of a decrease in interest rates would be an increase of NOK 182.1 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 September 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 Sep 2023**
Change in debt securities issued [1]	63 891 383	(6 137 300)	(517 218)	57 236 865
Total	**63 891 383**	**(6 137 300)**	**(517 218)**	**57 236 865**

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 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 12.5 million and NOK 12.5 million respectively, in the company’s balance sheet at 30 September 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 September 2023 this was about 4 years for leasing of office premises and about 2.1 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 30 September 2023, Eika Boligkreditt had received cash collateral of NOK 1.9 billion posted by counterparties in derivative contracts. Cash collateral received is held in bank deposits, repo agreements and in various high-quality bonds.

Note 14 – Debt securities issued

Covered bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sep 2023	30 Sep 2022	31 Dec 2022
NO0010625346	1 500 000	NOK	Fixed	4.60 %	2011	2026	1 566 977	1 567 068	1 515 296
NO0010669922	1 000 000	NOK	Fixed	4.00 %	2013	2028	1 026 907	1 026 601	1 036 678
NO0010687023	150 000	NOK	Fixed	4.10 %	2013	2028	150 427	150 427	151 965
NO0010763022	850 000	NOK	Fixed	2.25 %	2016	2031	854 363	853 823	858 739
NO0010780687	700 000	NOK	Fixed	2.60 %	2016	2027	706 784	706 717	711 284
NO0010815376	1 600 000	NOK	Fixed	2.67 %	2018	2033	1 619 878	1 619 048	1 629 935
NO0010821192	8 050 000	NOK	Floating	3M Nibor + 0.34 %	2018	2023	-	5 099 987	5 106 205
NO0010863178	7 250 000	NOK	Floating	3M Nibor + 0.25 %	2019	2024	7 176 545	7 258 843	7 261 830
NO0010881162	6 000 000	NOK	Floating	3M Nibor + 0.41%	2020	2025	6 039 087	6 019 803	6 028 385
NO0010921067	10 500 000	NOK	Floating	3M Nibor + 0.75 %	2021	2026	10 664 653	10 706 495	10 696 756
NO0011135105	6 000 000	NOK	Floating	3M Nibor + 0.50 %	2021	2026	6 056 717	6 073 240	6 069 634
NO0012475609	6 000 000	NOK	Floating	3M Nibor + 0.42 %	2022	2027	6 003 544	5 999 524	6 000 970
NO0012708827	2 000 000	NOK	Fixed	4.00 %	2022	2032	1 991 894	1 990 880	2 011 297
NO0012728643	1 700 000	NOK	Fixed	4.33 %	2022	2034	1 833 610	-	1 782 919
NO0012807421	7 500 000	NOK	Floating	3M Nibor + 0.48 %	2023	2028	7 576 206	-	-
XS0881369770	1 000 000	EUR	Fixed	2.125 %	2013	2023	-	10 743 000	10 722 211
XS1397054245	500 000	EUR	Fixed	0.375 %	2016	2023	-	5 302 668	5 270 331
XS1566992415	500 000	EUR	Fixed	0.375 %	2017	2024	5 650 096	5 302 524	5 269 798
XS1725524471	500 000	EUR	Fixed	0.375 %	2017	2025	5 643 755	5 296 642	5 263 940
XS1869468808	500 000	EUR	Fixed	0.50 %	2018	2025	5 631 067	5 284 770	5 253 802
XS1945130620	500 000	EUR	Fixed	0.875 %	2019	2029	5 642 856	5 295 987	5 269 870
XS1969637740	10 000	EUR	Fixed	1.245 %	2019	2039	113 499	106 627	106 172
XS1997131591	60 000	EUR	Fixed	1.112 %	2019	2039	679 434	638 284	635 355
XS2085864911	5 000	EUR	Fixed	0.56 %	2019	2039	56 596	53 164	52 553
XS2133386685	500 000	EUR	Fixed	0.01 %	2020	2027	5 680 239	5 347 326	5 305 308
XS2234711294	500 000	EUR	Fixed	0.01 %	2020	2028	5 700 851	5 368 450	5 325 836
XS2353312254	500 000	EUR	Fixed	0.125 %	2021	2031	5 612 603	5 269 185	5 232 921
XS2482628851	500 000	EUR	Fixed	1.625 %	2022	2030	5 637 140	5 290 735	5 274 590
XS2536806289	500 000	EUR	Fixed	2.50 %	2022	2028	5 610 576	5 264 729	5 260 616
XS2636611332	500 000	EUR	Fixed	3.25 %	2023	2033	5 636 456	-	-
Value adjustments							(5 913 768)	(5 533 330)	(5 488 537)
Total covered bonds including accrued interest [1]							**104 648 994**	**108 103 217**	**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 Sep 2023	30 Sep 2022	31 Dec 2022
NO0010834716	500 000	NOK	Fixed	3.01 %	2018	2025	308 337	308 268	301 513
NO0010841620	300 000	NOK	Fixed	2.87 %	2019	2026	305 851	305 795	307 961
NO0010845936	500 000	NOK	Floating	3M Nibor + 0.78 %	2019	2024	300 902	300 502	300 626
NO0010849433	500 000	NOK	Floating	3M Nibor + 0.74 %	2019	2024	300 175	300 025	300 059
NO0010874944	300 000	NOK	Floating	3M Nibor + 0.58 %	2020	2025	302 026	301 048	301 467
NO0010891351	500 000	NOK	Floating	3M Nibor + 0.50 %	2020	2023	-	501 494	501 996
NO0010904642	500 000	NOK	Floating	3M Nibor + 0.65 %	2020	2024	504 235	502 123	503 137
NO0010918113	300 000	NOK	Floating	3M Nibor + 0.45 %	2021	2024	302 848	301 493	302 159
NO0012899915	250 000	NOK	Floating	3M Nibor + 1.25 %	2023	2028	252 558	-	-
NO0013013979	250 000	NOK	Floating	3M Nibor + 1.24 %	2023	2028	250 546	-	-
Value adjustments							(32 400)	-	-
Total senior unsecured bonds including accrued interest							**2 795 078**	**2 820 750**	**2 818 919**

Total debt securities issued including accrued interest	**107 444 072**	**110 923 966**	**112 435 578**

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	30 Sep 2023	30 Sep 2022	31 Dec 2022
NO0010814916	325 000	NOK	Floating	3M Nibor + 1.40% [1]	2018	2028	-	35 208	35 275
NO0010864333	250 000	NOK	Floating	3M Nibor + 1.55% [2]	2019	2029	250 075	249 923	249 992
NO0010917735	150 000	NOK	Floating	3M Nibor + 1.04% [3]	2021	2026	151 553	150 760	151 158
NO0012618927	375 000	NOK	Floating	3M Nibor + 2.20% [4]	2022	2027	377 576	376 349	376 831
Total subordinated loan capital including accrued interest							**779 204**	**812 240**	**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.

Note 16 – Capital adequacy ratio

Amounts in NOK 1 000	30 Sep 2023	30 Sep 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	(429)	(60 442)	238
Total equity recognised in the balance sheet (without tier 1 perpetual bonds)	**5 887 682**	**5 027 669**	**5 888 349**
Fund for unrealised gains	123 706	33 863	123 706
Fund for valuation differences	152	-	14 255
Intangible assets	(501)	(992)	(829)
Deferred tax assets [1]	-	-	-
Prudent valuation adjustments of fair valued positions without accrued interest	(25 019)	(31 592)	(33 010)
Total core tier 1 capital	**5 986 019**	**5 028 947**	**5 992 471**

Core capital adequacy ratio (core tier 1 capital)	**30 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Risk-weighted assets	38 323 855	38 929 375	38 758 482
Core tier 1 capital	5 986 019	5 028 947	5 992 471
Core tier 1 capital ratio	**15.6%**	**12.9%**	**15.5%**

Total core tier 1 capital	5 986 019	5 028 947	5 992 471
Tier 1 perpetual bonds	735 000	727 000	692 000
Total tier 1 capital	**6 721 019**	**5 755 947**	**6 684 471**

Capital adequacy ratio (tier 1 capital)	**30 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Risk-weighted assets	38 323 855	38 929 375	38 758 482
Tier 1 capital	6 721 019	5 755 947	6 684 471
Tier 1 capital ratio	**17.5%**	**14.8%**	**17.2%**

Total tier 1 capital	6 721 019	5 755 947	6 684 471
Subordinated loans	774 181	808 866	808 948
Total primary capital (tier 2 capital)	**7 495 200**	**6 564 813**	**7 493 419**

Capital adequacy ratio (tier 2 capital)	**30 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Risk-weighted assets	38 323 855	38 929 375	38 758 482
Total primary capital (tier 2 capital)	7 495 200	6 564 813	7 493 419
Capital adequacy ratio	**19.6%**	**16.9%**	**19.3%**

Required capital corresponding to eight per cent of calculation basis	3 065 908	3 114 350	3 100 679
Surplus equity and subordinated capital	4 429 292	3 450 463	4 392 740

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

30 September 2023

Risk-weighted assets	**Risk-weighted assets**	**Capital requirement**
Credit risk [2]	36 861 524	2 948 922
Operational risk	243 293	19 463
CVA risk [3]	1 219 039	97 523
Total	**38 323 855**	**3 065 908**

Leverage ratio	**30 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Total leverage ratio exposure	120 890 505	124 073 944	126 863 029
Tier 1 capital	6 721 019	5 755 947	6 684 471
Levereage ratio	**5.6 %**	**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 71.6 million at 30 September 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 September 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 September 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 September 2023 was NOK 0,4 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 September 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.

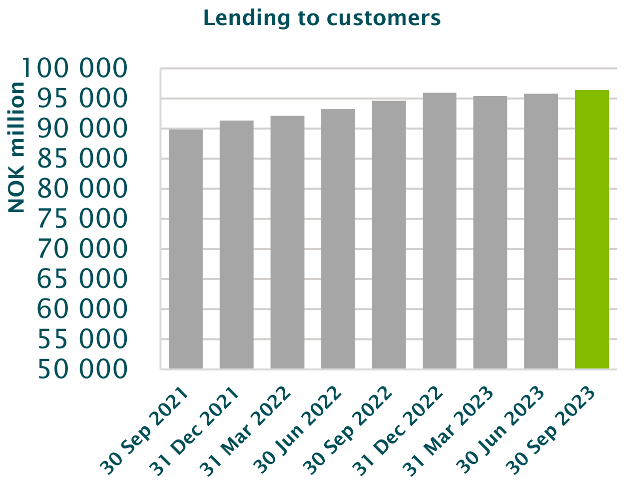
Note 17 – Contingency and overdraft facilities

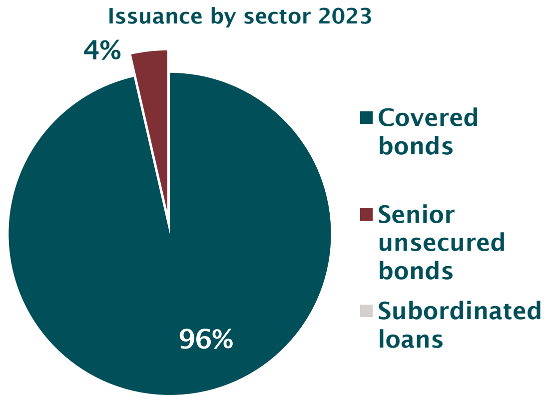
The company has an overdraft facility with DNB Bank ASA (DNB). Note 23 in the annual financial statements for 2022 provides a more detailed presentation of the overdraft with DNB. The company also has a note purchase agreement with the owner banks and OBOS concerning the purchase of covered bonds, whereby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

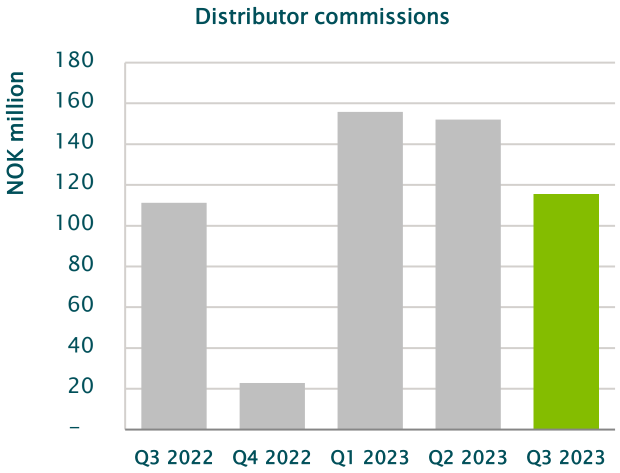
Note 18 – Risk management

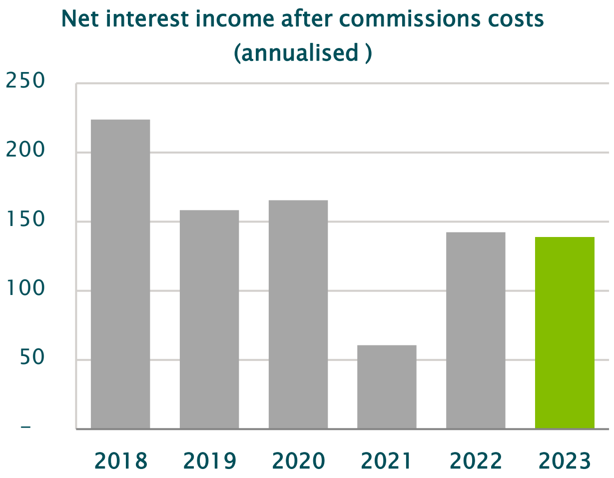
Eika Boligkreditt AS has established a framework for risk management and control in the company, which defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 in the annual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

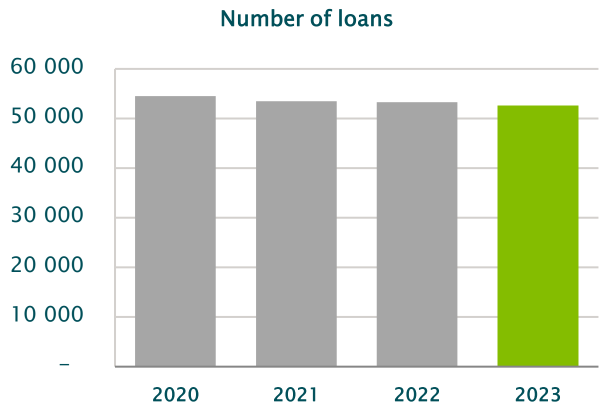
Key figures – Development

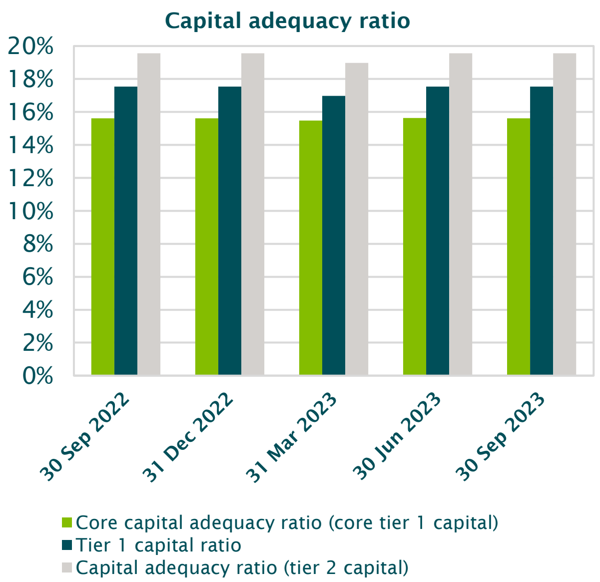












Key figures

Amounts in NOK 1 000	30 Sep 2023	30 Sep 2022	31 Dec 2022
Balance sheet development			
Lending to customers	96 429 356	94 650 128	95 971 045
Debt securities issued	107 444 072	110 923 966	112 435 578
Subordinated loan capital	779 204	812 240	813 256
Equity	6 736 973	6 183 171	6 726 050
Equity in % of total assets	5.6	5.0	5.3
Average total assets [1]	122 554 338	118 494 913	120 065 058
Total assets	119 333 775	124 236 219	126 571 248
Rate of return/profitability			
Fee and commission income in relation to average total assets, annualised (%)	0.4	0.4	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]	1.3	(0.9)	(1.2)
Total assets per full-time position	6 280 725	6 902 001	7 031 736
Cost/income ratio (%) [3]	60.2	89.1	61.2
Financial strength			
Core tier 1 capital	5 986 019	5 028 947	5 992 471
Tier 1 capital	6 721 019	5 755 947	6 684 471
Total primary capital (tier 2 capital)	7 495 200	6 564 813	7 493 419
Risk-weighted assets	38 323 855	38 929 375	38 758 482
Core tier 1 capital ratio (%)	15.6	12.9	15.5
Tier 1 capital ratio (%)	17.5	14.8	17.2
Capital adequacy ratio % (tier 2 capital)	19.6	16.9	19.3
Leverage ratio (%) [4]	5.6	4.6	5.3
NSFR total indicator in % [5]	117	113	116
Defaults in % of gross loans	0.07	0.03	0.02
Loss in % of gross loans	-	-	-
Staff			
Number of full-time positions at end of period	19.0	18.0	18.0

Liquidity Coverage Ratio (LCR) [6]:

30 Sep 2023	Total	NOK	EUR
Stock of HQLA	1 531 631	300 000	109 444
Net outgoing cash flows next 30 days	1 023 206	317 516	109 444
LCR indicator (%)	**150 %**	**94 %**	**100 %**

30 Sep 2022	Totalt	NOK	EUR
Stock of HQLA	2 270 472	304 386	183 156
Net outgoing cash flows next 30 days	1 470 813	328 400	170 409
LCR indicator (%)	**154 %**	**93 %**	**107 %**

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 September 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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