eika. Boligkreditt

Annual report 2023

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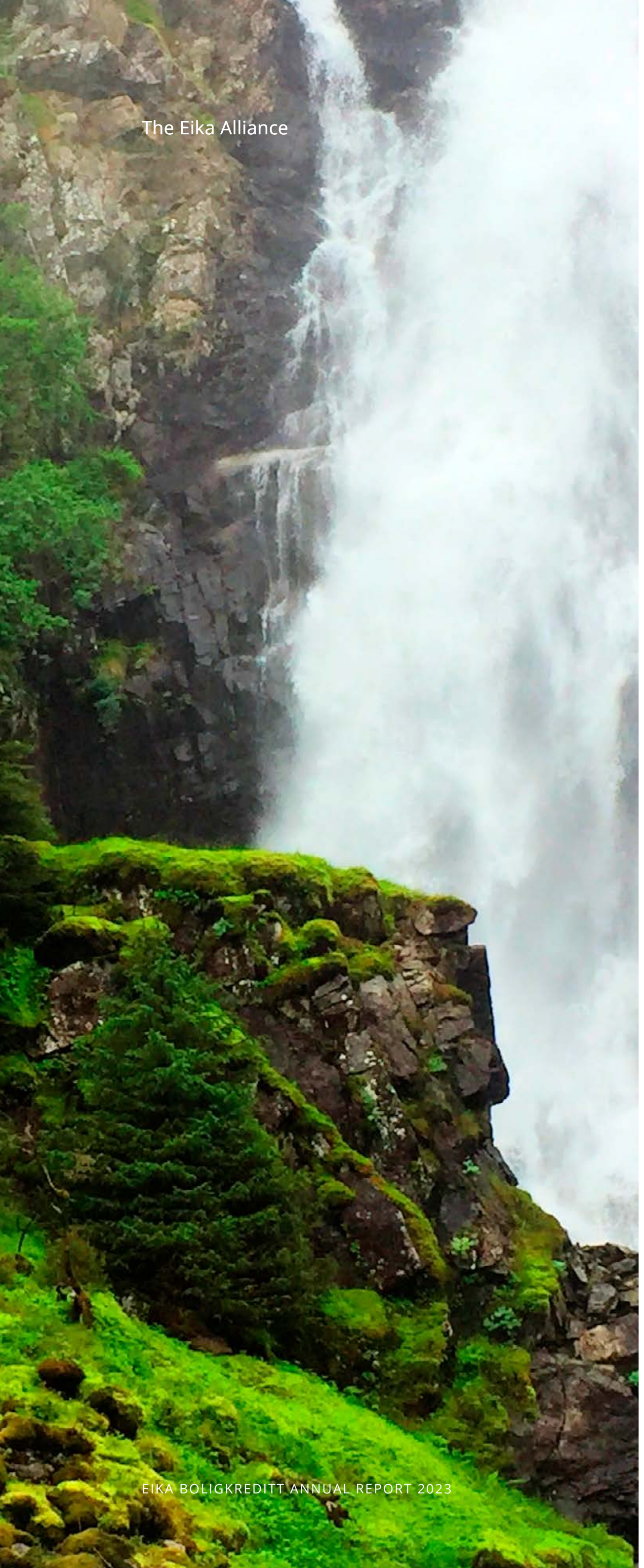


The Eika Alliance

The Eika Alliance comprises just under 50 local banks, Eika Gruppen and Eika Boligkreditt (EBK). The banks are spread over much of Norway, and contribute to economic growth, security and development in their market areas. Collaboration through the alliance provides them with substantial economies of scale. The Eika Alliance has total assets under management of approximately NOK 480 billion and employs around 3 500 people at 170 bank branches in 114 different municipalities. This makes the Eika Alliance one of the largest and most important players in the Norwegian banking sector.

Eika Boligkreditt

Eika Boligkreditt is a credit institution which was owned by 58 local banks and the OBOS housing association at 31 December 2023 . Its principal purpose is to provide the local banks with access to long-term and competitive funding. The company is licensed as a credit institution, and finances the local banks by issuing internationally rated covered bonds. By virtue of its size, Eika Boligkreditt is able to raise loans in both Norwegian and international financial markets, and to seek financing wherever the best market terms can be obtained at any given time. Eika Boligkreditt ensures that the local banks have access to financing on roughly the same terms as the major banks in the Norwegian market. Eika Boligkreditt consequently ranks as an important contributor to reducing financing risk for the local banks and to ensuring that customers of the local banks achieve competitive terms for their residential mortgages.

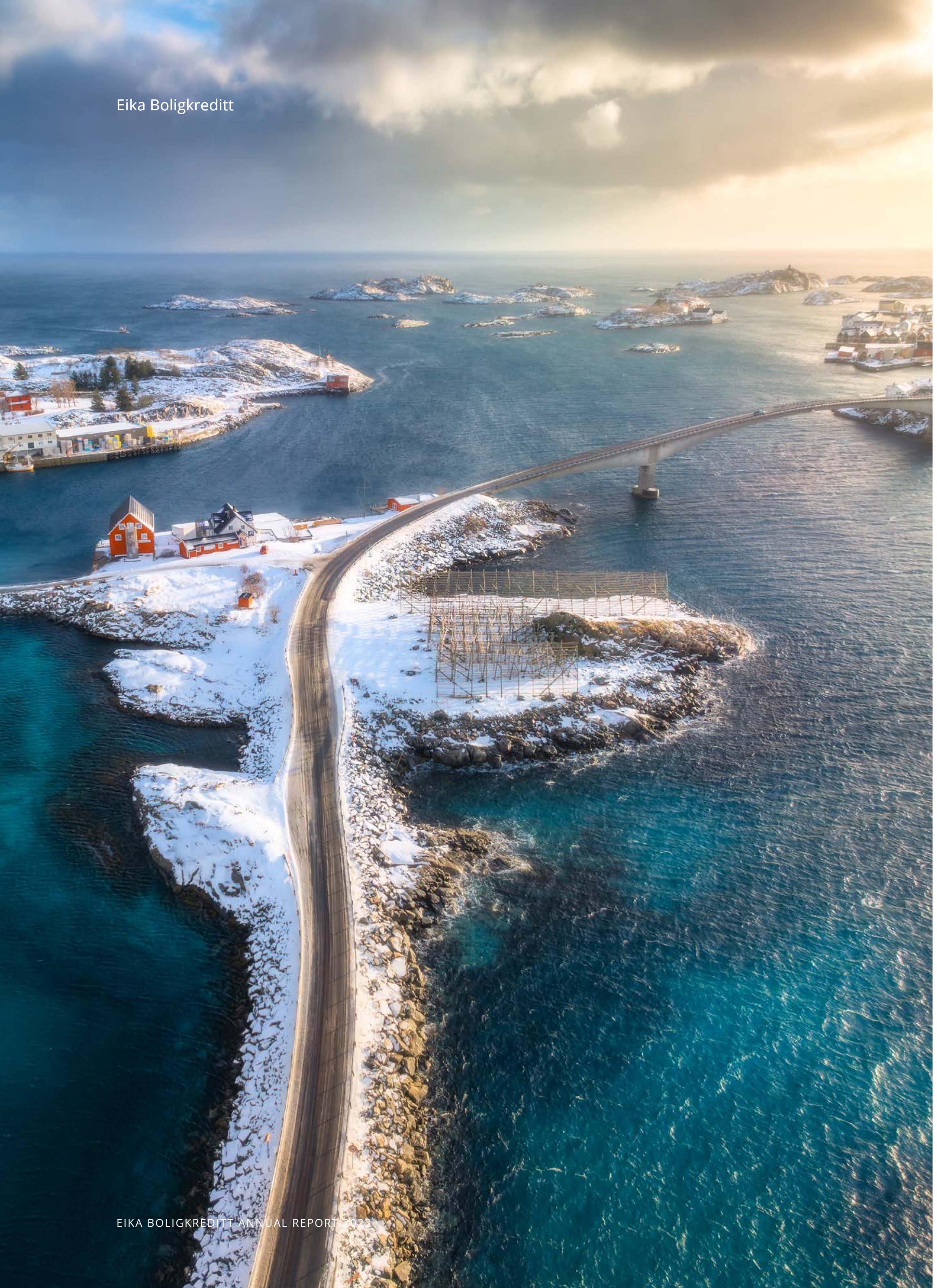
The local banks in Eika

Local savings banks have contributed to population settlement, economic development and security for private customers and the business sector in Norwegian local communities for almost 200 years. The local banks in the Eika Alliance are fully independent and control their own strategy, brand and visual identity.

A local presence, advisers with integrated financial expertise, and a clear commitment to their customers and the local community will also ensure them a strong position in the future. The local bank is, moreover, a trusted and important adviser to the local business community, with the emphasis on small and medium-sized enterprises. Through their philanthropic donations, the banks in the alliance also contribute to innovation, growth and development by financing culture, sports and voluntary organisations. Levels of customer satisfaction with and loyalty to the Eika Alliance banks are among the highest in Norway in both private and business markets.

Eika Gruppen

Eika Gruppen is owned by the banks. Its vision is to strengthen the local banks and to be Norway's most attractive partner for independent savings banks. The group's core business is to deliver good and cost-effective products and services, including a platform for bank infrastructure. Its product areas are insurance, savings, pensions, financing, payment processing and estate agency. Eika Boligkreditt was demerged from the Eika Gruppen financial group in 2012 and is directly owned by the local banks and OBOS.



Eika Boligkreditt in brief

History

2023

- All Eika banks complete their transfer to the new core banking solution from Tietoevry.
- Haugesund Sparebank (the largest bank in the DSS alliance) decides to join the Eika Alliance and merge with Tysnes Sparebank.
- EBK's issuer rating is raised from Baa1 to A3.
- An agreement is reached to sell back OBOS Bank's portfolio, which was worth NOK 931 million at the end of August 2023.

2022

- The first banks have their residential mortgage portfolios in Eika Boligkreditt transferred during September from Banqsoft to the new core banking system supplied by Tietoevry.
- Eika Boligkreditt initiates a broadly entrenched project to comply with the internal ratings-based (IRB) standard for its credit framework and models, with the goal of being able to seek IRB approval of its residential mortgage portfolio.

2021

- Run-off agreements are reached with the members of the Local Bank Alliance. They can no longer transfer loans to EBK, and will enter a run-off phase.
- Agreement is reached on selling back the NOK 1.2 billion portfolio to Spb 1 Nordmøre.
- The loan transfer model is significantly updated, and the banks transfer close to NOK 1.5 billion.
- EBK issues its first bond within the green bond framework.

2020

- Norway experiences the full impact of the coronavirus in March, and home working becomes widespread.
- Eika Gruppen cancels its core banking agreement with SDC and enters into an agreement for a new IT platform from Tietoevry.
- EBK's bond committee approves a new green bond framework.
- EBK also launches green residential mortgages, and the first loans in this category were made in December.

2019

- With effect from 10 December, EBK increases its maximum LTV ratio for residential mortgages from 60 per cent to the legal limit of 75 per cent.
- With effect from 1 July, the required return on equity in EBK is changed from three months Nibor plus two percentage points to zero. Commissions to the owner banks are increased correspondingly.
- EBK adopts Power BI as a visualisation and reporting tool to provide the owner banks with better insight into the financing they have received from the company.

2017

- Eika Boligkreditt exceeds NOK 100 billion in total assets.
- Rating of the company's covered bonds is upgraded from Aa1 to Aaa.
- The company receives its first published issuer rating (Baa1).
- Eight owner banks merge to become four. The number of owner banks is correspondingly reduced.

2015

- Eika Boligkreditt introduces individual lending rates for the owner banks.
- New and improved agreement on credit guarantees comes into force on 1 October.
- The company's covered bonds have their rating further strengthened by a notch in leeway.
- Four owner banks merge into two, and the number of owner banks is correspondingly reduced. The number of owner banks is correspondingly reduced.

2012

- Eika Boligkreditt is demerged from Eika Gruppen AS and becomes directly owned by the local banks and OBOS.
- A tighter structure of agreements is established between the new owners and the company.
- Total assets exceed NOK 50 billion during June.
- The company issues its first "jumbo" (EUR 1 billion) bond in the euro market.

2007

- The Norwegian regulations for covered bonds come into force in June.
- Eika Boligkreditt's covered bonds are rated Aaa by Moody's Investors Service in the same month.
- The company issues its first covered bond in Norway during August, while the first international transaction takes place on 24 October.

2005

- The first residential mortgage is disbursed on 28 February to Rørosbanken.
- The mortgage portfolio exceeds NOK 1 billion as early as October.

2023 Highlights

19 employees

Eika Boligkreditt has 19 permanent employees. In addition, the company has an agreement with Eika Gruppen to purchase services in a number of areas.

58 local banks

At the close of 2023, Eika Boligkreditt is owned by 58 local banks and OBOS.

384 local authorities

Eika Boligkreditt's cover pool includes mortgagees in 384 Norwegian local authorities

121 billion in total assets

At the close of 2023, total assets stood at NOK 121 billion.

53 thousand mortgages

Eika Boligkreditt has 52 952 residential mortgages in its cover pool.

460 million in commission

Distributor commissions to the owner banks totalled NOK 459.7 million in 2023, compared with NOK 412.7 million in 2022.

14.4 billion in new issues

Eika Boligkreditt issues bonds worth NOK 14.4 billion. Of these, 41.1 per cent were issued in euro and 58.9 per cent in NOK.

Currency

49.6 per cent of the company's covered bonds are financed in EUR, while 50.4 per cent are financed in NOK.

Mortgaged property

28.7 per cent of the mortgaged property in the company's cover pool is located in Viken county.

LTV ratio

The average loan-to-value (LTV) on mortgages in the cover pool is 54.6 per cent.

This is Eika Boligkreditt

Eika Boligkreditt is a credit institution which, at 31 December 2023, was directly owned by 58 local banks and the OBOS housing association. The company's main purpose is to ensure the owner banks have access to long-term and competitive funding by issuing covered bonds in the Norwegian and international financial markets. An important part of Eika Boligkreditt's business idea is to increase the owner banks' competitiveness and reduce their risk. At the close of 2023, the banks had transferred a total of NOK 98.3 billion in residential mortgages to Eika Boligkreditt, thereby easing the banks' own financing requirement by an equivalent amount.

The company is licensed as a credit institution and authorised 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 centralising borrowing activity in Eika Boligkreditt, the owner banks have created a player in the bond market whose size enables it to achieve competitive terms in both the Norwegian and international finance markets.

Eika Boligkreditt started operating in February 2005. With its current total assets of NOK 121 billion, the company accounts for a substantial portion of the owner banks' external financing. To secure the best possible terms and conditions for the financing of the owner banks, the company is an active issuer in both the Norwegian and international finance markets.

Shareholders

58 local banks and OBOS [1]

50 local banks

Ownership structure and mangement

100%

Eika Boligkreditt AS

CEO Odd-Arne Pedersen

Risk manager Haakon Andreas Holtaas

Chief marketing officer Kurt E Mikalsen

Chief credit officer Chris Odden Andersen

Chief accounting officer Hugo J Henriksen

100%

Eika Gruppen AS

Deputy CEO / CFO Anders Mathisen

[1] Bank2 and Sandnes Sparebank are only shareholders in Eika Gruppen AS. The 10 members of the Local Bank Alliance – Selbu Sparebank, Nidaros Sparebank, Aasen Sparebank, Sparebank 68° Nord, Tolga Os Sparebank, Drangedal Sparebank, Askim & Spydeberg Sparebank, Sparebanken DIN, Stadsbygd Sparebank and Ørland Sparebank – are solely shareholders in Eika Boligkreditt.

Board of directors

Terje Svendsen
Director

Born: 1956.

Position: Consultant at Tercon AS.

Education: Master of Science in Business Administration from the Norwegian School of Economics (NHH).

Other directorships: chair of Tercon AS, Boxwall AS, Trøndertaxi AS and Wellsoft AS. Director of Spb1 Forvaltning AS.

Director since 2011.

Gro Furunes Skårsmoen
Director

Born: 1968.

Position: CEO Oppdalsbanken.

Education: Master of Science in Business Administration from the Norwegian School of Economics (NHH).

Other directorships: director of Oppdal Eiendomsmegling AS and Nasjonalparken Næringshage AS.

Director since 2020.

Dag Olav Løseth
Chair

Born: 1972.

Position: CEO Orkla Sparebank.

Education: Master of Science in Business Administration from the Norwegian School of Economics (NHH). AFA.

Other directorships: chair of STN Invest. Director of Orkla Eiendomsmegling and TrønderEnergi AS.

Director since 2018, chair since 2020.

Rune Iversen
Vice chair

Born: 1962.

Position: CEO Marker Sparebank.

Education: Diploma in Business Economics, Master of Management from BI Norwegian Business School.

Other directorships: director of Aktiv Østfold Eiendomsmegling AS.

Director since 2018.

Lena Jørundland
Director

Born: 1971.

Position: CEO Bien Sparebank ASA.

Education: Master of Science in Business Administration from the University of Agder (UiA), Solstrand leadership development programme, AFF/NHH.

Other directorships: director of Eika Banksamarbeidet (EBS).

Director since 2023.

Pål Ringholm
Director

Born: 1966.

Position: chief investment officer (CIO) & deputy CEO of Pensjonskassen for Helseforetakene i Hovedstadsområdet (PKH).

Education: Master of Science in Business Administration from the Norwegian School of Economics (NHH). AFA.

Other directorships: director of SVG Property.

Director since 2023.

Executive management

Hugo J Henriksen
Chief accounting officer

Born: 1969.

Education: Master of Science in Business Administration, University of Bodø.

Previous experience: Terra-Gruppen, Ernst & Young.

Joined the company in 2007.

Kurt E Mikalsen
Chief marketing officer

Born: 1968.

Education: Bachelor's degree, University of Bodø.

Previous experience: DNB, GMAC Commercial Finance.

Joined the company in 2006.

Odd-Arne Pedersen
CEO

Born: 1962.

Education: Master of Science in Business Administration from BI Norwegian Business School, AFA, Master's Degree in Finance from NHH.

Previous experience: Terra Forvaltning, Terra Securities, Terra Group, Fearnley Fonds, DN Hypotekforening.

Joined the company in 2008.

Anders Mathisen
Deputy CEO / CFO

Born: 1967.

Education: Master of Science in Business Administration from BI Norwegian Business School. CFA.

Previous experience: Terra Forvaltning, SEB, Norges Bank.

Joined the company in 2012.

Chris Odden Andersen
Chief credit officer

Born: 1982.

Education: Accounting studies, BI Norwegian Business School.

Previous experience: Eika Boligkreditt.

Joined the company in 2011.

A strategically important company for the banks

Common denominators for the local banks in the Eika Alliance are their strong local roots, that they rank among the smallest banks in Norway, and that a generally high proportion of their activity is directed at the private and residential mortgage market.

The decision by the local banks 20 years ago to establish a joint mortgage credit institution was a direct consequence of a trend where they – like all the other banks – experienced a decline in their deposit-to-loan ratio and a corresponding increase in the need for external financing from the bond market.

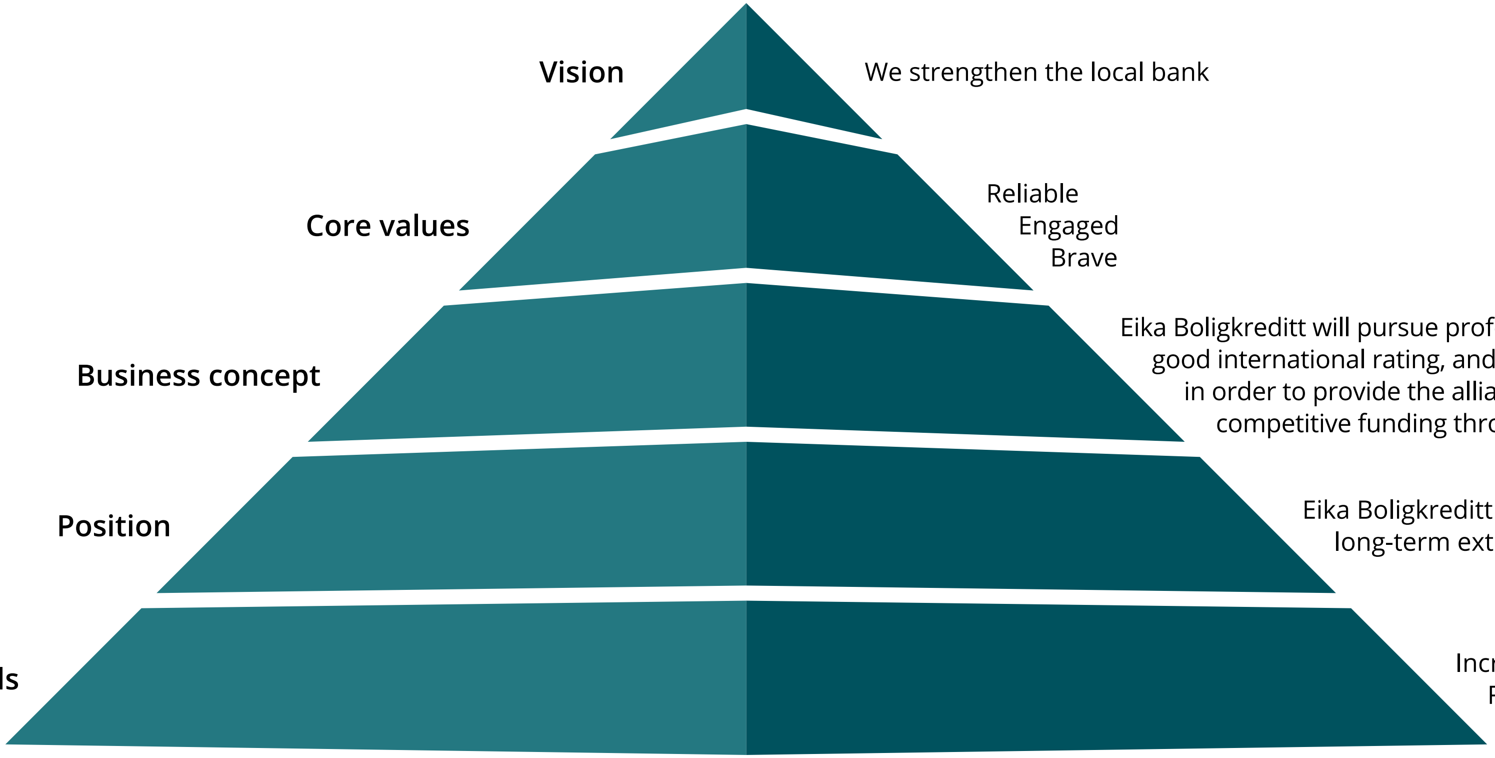
For small local banks, this meant increased difficulty in achieving competitive borrowing costs and higher risk exposure because they would be subject to price fluctuations in the Norwegian bond market. The most important reasons for establishing Eika Boligkreditt were accordingly to maintain competitiveness in the residential mortgage segment – which was and remains the most important market for the local banks – and to reduce financing and refinancing risk in the bond market.

Through Eika Boligkreditt, the local banks and OBOS achieve indirect access to favourable financing in the Norwegian and international markets through the issue of internationally rated covered bonds. The owner banks are active users of the company, and had secured NOK 98.3 billion in overall financing from Eika Boligkreditt at 31 December 2023. At the close of 2023, the Eika banks used Eika Boligkreditt for 63 per cent of their total external financing needs. Financing through Eika Boligkreditt involves generally longer tenors at a significantly more favourable rate than any of the owner banks could have achieved individually. That is precisely why Eika Boligkreditt has become a strategically important company for the owner banks – a company which contributes to enhanced competitiveness and lower risk exposure.

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

Once the IRB system is operational, it will be possible to secure substantial economies of scale through a common risk management process for granting credit. This will initially cover private customers, but the increased internal expertise will also make it possible to strengthen credit risk management for the business market in the rather longer term. Possible synergies could include reduced losses on lending from improved customer selection and increased earnings in the credit arena through better pricing of credit risk. In the longer term, enhancing the professionalism of credit work throughout the value chain could yield a higher return on equity for the individual Eika bank. If the group also succeeds in raising the IRB models to a level which allows it to secure approval of their use for capital purposes, it could also provide capital savings for the individual Eika bank as an additional contribution to improving their return on equity.

Strategy pyramid

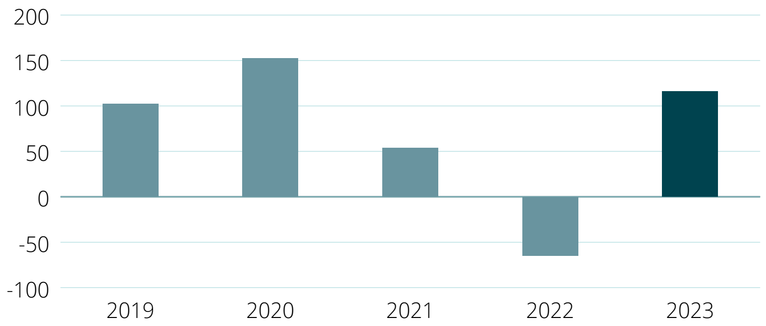


Company priorities

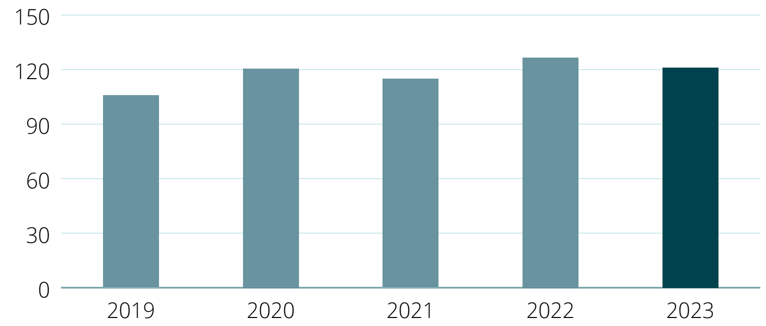
- Optimal use of covered bond financing
- Good international rating
- Profitability and cost-efficiency
- Prudent risk
- Quality at every level

Results and key figures

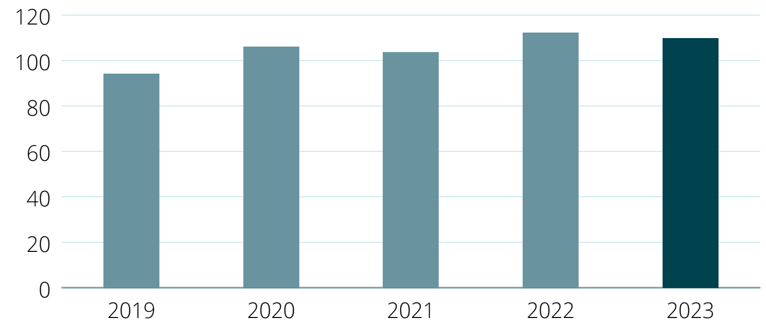
Profit before tax
Amounts in NOK million



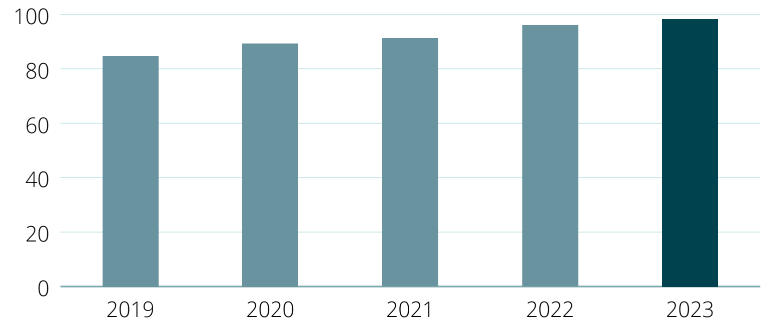
Total assets
Amounts in NOK billion



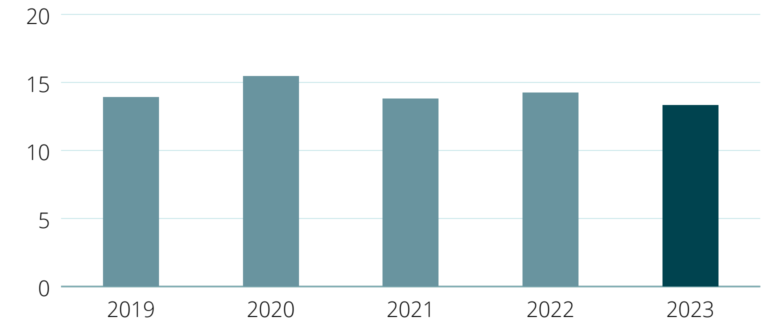
Borrowing portfolio
Amounts in NOK billion



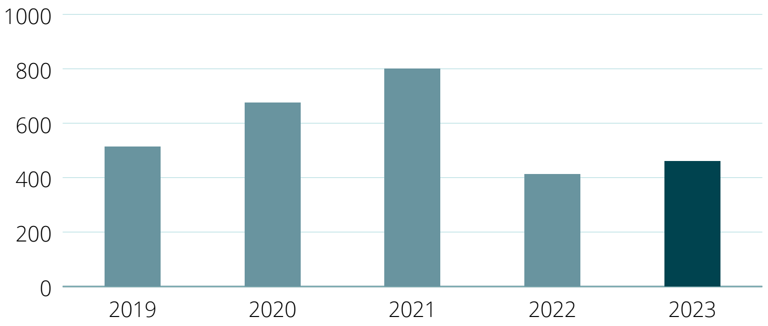
Mortgage portfolio
Amounts in NOK billion



New mortgages
in thousands



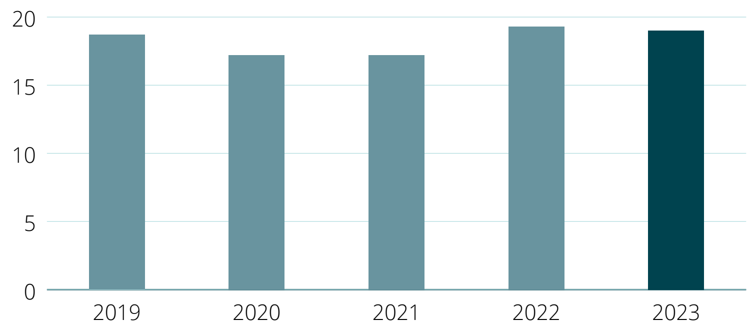
Distributor commissions
Amounts in NOK million



Results and key figures

Capital adequacy ratio[1]

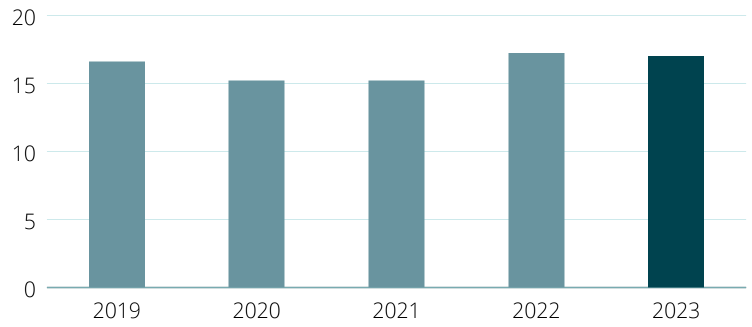
Value in per cent



[1] The company employs the standard method for calculating capital requirements for credit risk.

Core tier 1 capital ratio

Value in per cent



Geographical distribution

By county

Agder	7.1%	Troms og Finnmark	1.7%
Innlandet	7.0%	Trøndelag	17.3%
Møre og Romsdal	3.8%	Vestfold og Telemark	10.4%
Nordland	3.9%	Vestland	3.7%
Oslo	8.2%	Viken	28.7%
Rogaland	8.2%		

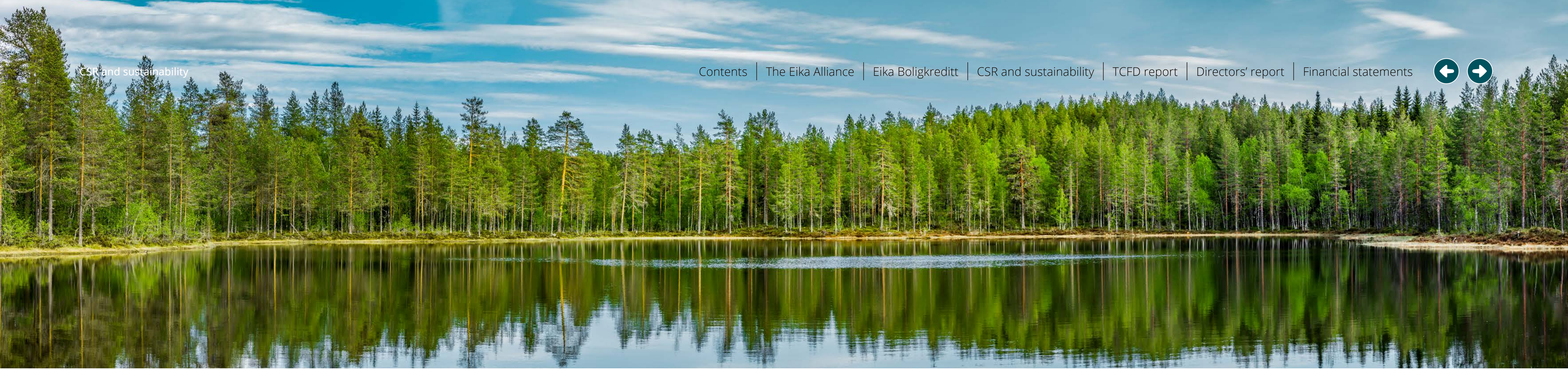
LTV[1]

Specified in per cent and NOK

0-≤40%	NOK	22 693.8 million	23.1%
>40%-≤50%	NOK	17 148.0 million	17.4%
>50%-≤60%	NOK	18 605.6 million	18.9%
>60%-≤70%	NOK	17 238.5 million	17.5%
>70%-≤75%	NOK	5 418.6 million	5.5%
>75%-≤	NOK	17 222.2 million	17.5%

[1] Eika Boligkreditt does not permit an LTV of more than 75 per cent of the value of the residential property provided as collateral. In subsequent calculations of price trends for housing, statistical methods are used to determine the updated value. Variations could arise during this process between the valuation established by a surveyor/valuer or estate agent and that determined using statistical methods. The LTV in the table has been determined solely on the basis of statistical methods. This means that the LTV for certain mortgages could exceed 75 per cent.

Corporate social responsibility and sustainability



Sustainability and societal engagement

Eika's impact on the world at large

Economic growth and prosperity are intrinsic benefits which as many people as possible should have the opportunity to share in. However, activities which contribute much of a positive nature may also have negative aspects. By contributing to growth, new companies, new homes, production and financing in conjunction with the local banks, the Eika Group also helps to reduce greenhouse gas (GHG) emissions, consumption of materials and resources, and pressure on the natural environment.

The cumulative effect of centuries of rising emissions, resource consumption and loss of global biodiversity is reaching a level where people's future livelihoods are under threat. We therefore have a responsibility to reduce the negative consequences of our activities on the world around us in the years ahead in order to ensure that our own wellbeing is not achieved at the expense of coming generations. Nor must our wellbeing come at the expense of the global population's human and labour rights.

Eika has significant opportunities to contribute to sustainable development – and therefore also a great responsibility to ensure the sustainability of its business model. In order to achieve that, the group must first understand its impact on the world today.

Societal engagement

The local banks in Norway were established to contribute to financial and social sustainability in their respective communities. By creating opportunities for companies, jobs, residential mortgages and savings, they have contributed to a vigorous local society and inclusive economic progress. Eika's sustainability work builds on the commitment of the local banks to sustainable development over more than 150 years, both in its own work and by supporting the efforts of the local banks.

Eika's societal engagement is no longer confined to economic and social sustainability. It now involves both safeguarding the local community and overcoming major global problems, such as

Stakeholder analysis for Eika Gruppen

Banks
- Owners
- Customers
- Distributors

Employees
- In Eika Gruppen
- In the rest of the alliance
- Via partners

Partners
- Suppliers
- Investors
- Partners
- Franchisees

Investors
- Bondholders
- Other external owners
- Rating agencies

Customers
- Of the alliance banks
- Of Eika Gruppen
- Of franchisees in Aktiv
- Via partners

Government agencies
- In Norway
- In Europe

Society at large
- Media
- Interest organisations
- Competitors
- Companies part-owned by EKF
- Academia

Local communities
- Communities where the Eika Alliance is represented

climate change, loss of biodiversity and lack of respect for human rights. The financial sector plays an important role in the transition to greater sustainability locally, nationally and globally. As one of the largest and most important players in the Norwegian financial sector, Eika is conscious of its duty to make the necessary changes and accept responsibility for the group's impact on the world through its operations and value chain.

The role of the local banks as drivers of growth and development for private customers, businesses and Norwegian local communities will be more important than ever in the future. Their advisory services and closeness to customers make them key players in the restructuring of small Norwegian companies, and in securing new economic activity and jobs when unsustainable operations must be replaced. Proximity to their customers also gives the local banks a good starting point for offering relevant products to the growing group of customers for whom sustainability is important.

Stakeholders

Eika has identified its most important stakeholder groups and significant issues for its interaction with these. The most important stakeholders are the local banks, employees, customers, partners, government agencies, investors, local communities and society as a whole. Further important sub-categories of these groups are presented in the stakeholder overview on this page. The stakeholder analysis is the result of a cross-disciplinary collaboration involving all Eika companies, and is entrenched in the group's corporate management and board.

Extensive contacts are maintained through various channels with important stakeholder groups, and the local banks deal with and communicate significant issues of concern to their own customers and communities. Eika conducted questionnaire-based surveys of employees and local-bank customers in 2021 in order to identify important sustainability-related issues. In 2022, the group carried out in-depth interviews with a sample of local-bank customers. As a result, Eika's annual sustainability week in 2023 was extended to include local-bank customers, who were given advice intended to increase their awareness of simple steps they can take in their daily lives. Furthermore, Eika conducts regular surveys of its employees and alliance partners, and is involved in a number of other relevant fora for dialogue. In 2023, the group participated in a range of discussions and collaborations on sustainable development with business partners and suppliers, industry associations and the alliance banks.

Vision and purpose

Eika's core business strengthens the local banks through good and cost-effective provision of products and services for modern and efficient banking. Its primary purpose is to "secure strong and caring local banks which serve as a driving force in local growth and sustainable development, for customers and the local community".

The Eika vision of "We strengthen the local bank" describes the group's desired future development. Its core business thereby supports the moral and ethical compass of the local banks and the social mission that the local savings banks in the Eika Alliance fulfil. The motto is: "Present locally – with people you can meet and forge relationships with. Advisers who create a sense of security between people and an assurance that you are making the financial choices which are right for you."

International and national initiatives supported by Eika

Eika draws on recognised national and international initiatives in its work on sustainability.

- UN Sustainable Development Goals (SDGs)
- UN Principles for Responsible Banking
- UN Principles for Responsible Investment (PRI)
- UN Global Compact
- Eco-Lighthouse
- Guide against Greenwashing
- Women in Finance Charter
- Roadmap for green competitiveness in the Norwegian financial sector

UN Sustainable Development Goals (SDGs)

Sustainability in Eika builds on the UN SDGs, which represent the world's shared plan for eliminating poverty, combating inequality and halting climate change by 2030. Coming into effect on 1 January 2016, these objectives provide many companies with a roadmap for their strategies on environmental responsibility and corporate social responsibility (CSR).

The group influences several of the SDGs, but recognises that its impact may be greater for some selected targets than for others. Eika Boligkreditt supports the following SDGs and considers that the most relevant approach is to give particular emphasis to:

- **SDG 8**: Decent work and economic growth. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **SDG 11**: Sustainable cities and communities. Make cities and local communities inclusive, secure, resilient and sustainable.
- **SDG 13**: Climate action. Act immediately to combat climate change and its consequences.

The SDGs are underpinned by several sub-goals. Eika wishes to:

- contribute to better utilisation of resources.
- work to end the link between economic growth and environmental damage.
- achieve full and productive employment and decent work for all.
- protect labour rights and promote a safe and secure working environment for all employees.
- stimulate and expand access to banking, insurance and financial services for all.
- support positive economic, social and environmental links between urban areas, their hinterlands and thinly populated areas.
- ensure that everyone has access to satisfactory and secure homes and basic services at an affordable price.
- strengthen the ability to withstand and adapt to climate-related hazards and natural disasters.
- strengthen the ability of individuals and institutions to counter, adapt to and reduce the consequences of climate change, as well as their ability to give early warning, and strengthen knowledge and awareness of this.

To operationalise these sustainability goals, Eika Boligkreditt has established a scorecard with 11 key performance indicators.

For details of how the climate footprint of the residential mortgage business has been calculated, see the separate report prepared by Multiconsult (eikbol.no/Investor-relations/green-bonds). Eika Boligkreditt aims to set a target for the climate footprint of its residential mortgage business. This has not yet been possible because Eika Boligkreditt is a financing source for lending activities in the alliance banks. Any goal of net zero emissions in the residential mortgage business that is conducted through the company must be set in conjunction with the establishment of such objectives by the owner banks. In 2023, Finance Norway finalised its guide to the calculation of financed emissions. In 2023, Eika endeavoured to calculate relevant Scope 3 emission categories. This work will continue in 2024. As a result of this effort, the owner banks will also have the opportunity to set targets for net zero emissions in their lending portfolios. This is a necessary precondition if Eika Boligkreditt is to be able to set a target for its residential mortgage business.

Principles for responsible banking

Different principles and practices exist for work on sustainability. The UN Environment Programme Finance Initiative (UNEP FI) launched its principles for responsible banking in the autumn of 2019. These provide guidance for banks in their sustainability efforts, and support society's overarching sustainability goals and the Paris agreement – which enshrines the 2°C ceiling for global warming.

In 2020, Eika Gruppen signed the UN's principles for responsible banking derived from the Paris Agreement, and undertook to observe and comply with these. Pursuant to the principles, Eika Gruppen must:

1. Align its business strategy to accord with the needs of individuals and society's goals, as expressed in the SDGs, the Paris Agreement and relevant national frameworks.
2. Continuously increase its positive impacts, while reducing the negative impacts on people, the climate and the environment resulting from its activities, products and services. The company must set and publish specific targets for the areas that have the largest impact.
3. Work proactively with the local banks to encourage sustainable practices and enable activities which create prosperity for both present and future generations.
4. Collaborate proactively with relevant stakeholders to achieve society's overarching goals.
5. Implement effective management tools and a culture of sustainable activity in order to reach its goals for responsible and sustainable banking.
6. Periodically review its individual and collective implementation of these principles, and be transparent about and accountable for its positive and negative impacts on society's overarching goals.

Among other consequences, signing these principles calls for an analysis of the company's climate footprint, a specification of how it will achieve its goals, and regular reporting on the status for this work.

As part of the post-signing process, Eika Gruppen conducted an impact analysis in 2021 with the aim of learning more about how its business affects the wider world for good or ill (the analysis is published in its entirety (in Norwegian only)

KPI	Sustainability targets	Status 2023	Status 2022	Target
Employee satisfaction, index 0–100[1]	8	**83**	89	≥80
Sickness absence	8	**5.1%**	3.7%	≤2,5%
Ambition for internal promotion to managerial positions	8	**1 of 1**	3 of 3	Qualitative assessment
Percentage of female employees	8	**4/19=21.1%**	4/18=22.2%	Short-term: ≥30% / Long-term: ≤40%
Percentage of female directors	8	**2/6=33.33%**	1/6=16.67%	2/6=33.33%
Serious HSE incidents	8	**-**	-	-
Alliance satisfaction, index 0–100	11	**86**	85	≥80
Achieve approx. the same credit spread on covered bond financing as comparable issuers would have done with the same tenor, the same issued volume and the same issue date.	11	**0.75 bp**	0.7 bp	< +3 bp
Percentage of green collateral added to the cover pool	13	**23.4%**	22.1%	≥20%
GHG emissions, CO_2 equivalents from the residential mortgage business	13	**Market-based emissions: 420 000 tonnes CO_2e Location-based emissions: 17 300 tonnes CO_2e**	Market-based emissions: 461 219 tonnes CO_2e Location-based emissions: 17 456 tonnes CO_2e	Not determined
GHG emissions, CO_2 equivalents from other business activity	13	**12.1 tonnes CO_2e**	18.9 tonnes CO_2e	≤21.6 tonnes CO_2e in 2025, decrease of 27.3% from a historic average (2012–2019)

[1] The employee survey was carried out by a different provider in 2023 than in 2022. The change in status from 2022 to 2023 is therefore not comparable.

at https://eika.no/eika-alliansen/eikagruppen/baerekraft). Some minor adjustments were made to the materiality analysis in 2022, by adapting the main sectors to the updated sustainability strategy. Efforts to update the analysis in line with new requirements for the performance of double materiality assessments commenced in 2023 and will continue in 2024. Eika Gruppen has performed an impact assessment to learn more about how the group's operations affect the world at large – both positively and negatively. A strategic choice has been made to carry out this analysis on behalf of both Eika Gruppen, including subsidiaries, and the alliance banks, since opportunities to exert influence are largely channelled through the latter. The analysis was carried out using tools and approaches (where possible) which accord with the recommendations from the UNEP FI. Emphasis has been placed on conducting the analysis with a high level of detail and for all relevant products. Its findings identify three areas which will receive particular attention in Eika Gruppen's future work on sustainability – resource effectiveness, waste and climate. These all receive considerable attention already. Combined with findings from other analyses conducted internally, including those concerning stakeholders and materiality, insights from this work will help to shape Eika Gruppen's continued efforts in the area of sustainability.

UN principles for responsible investment (PRI)

Eika Kapitalforvaltning has adopted the UN PRI in order to prepare and formalise its work on sustainable investment.
The UN PRI represents the biggest global reporting project for responsible investment, and can be regarded as the global norm for best practice in the area. The principles challenge and inspire enterprises to take further account of environmental, social and governance (ESG) considerations in investment activities. The annual reporting will also be useful for customers wishing to make sustainable choices.

UN Global Compact

The Global Compact is the UN's organisation for sustainable business, and has formulated 10 principles which provide guidance for companies on ensuring responsible operation, including human rights, labour relations, anti-corruption and the climate/ environment – including the precautionary approach. Eika bases its work with sustainability on these principles.

Eco-Lighthouse

The Eco-Lighthouse is a Norwegian national standard for environmental management, with EU recognition. While work on the UN principles deals with the way the world at large is affected by Eika's products, services and value chain, Eco-Lighthouse certification ensures a properly-anchored concentration on environmental management, reducing and handling waste, and energy use and transport, in addition to sustainability processes within the group's own operations and products. Eika and its four locations in Gjøvik, Hamar, Oslo and Trondheim were Eco-Lighthouse certified in 2021, in accordance with the common criteria set as well as the criteria sets for tenants, banking and finance, and insurance. Annual climate and environmental reports are also prepared for the business.

Guide against Greenwashing

Eika has signed the Guide against Greenwashing, as one of several measures to firmly entrench how the group will work on sustainability and communicate about its efforts. The guide provides advice on decision-making, and can be a source of new, sustainable ideas and working methods. Eika will give priority to measures which have real effect.

Women in Finance Charter

The Women in Finance Charter aims to help increase the proportion of women in senior positions in Norway's financial sector. Eika recognises the importance of this, and signed the charter in the autumn of 2021. Its goal is for women to hold 40 per cent of its managerial and specialist posts.

Roadmap for green competitiveness in the Norwegian financial sector

Eika takes a fundamentally positive view of sectoral collaboration on sustainability efforts. It uses the roadmap as drawn up to support its work on CSR and sustainability.

Strengthening the banks as a driving force for sustainable growth and development

Eika has the greatest impact on the world at large through the local banks. By raising awareness, enhancing insight and facilitating the banks' sustainability efforts, the group can help to reduce actual negative effects of the value chain on the climate/environment and social conditions.

The group will contribute to sustainability work at the local banks in such areas as bank systems and services, customer interfaces, procurement, expertise and insight. This requires that deliveries to the banks accord with ever-growing demands for and expectations of sustainability. Eika will offer relevant courses and competence enhancement for advisers, and communicate well and effectively with the banks about sustainability in the group's products. It will equip the banks to provide good advice and understanding to customers on sustainability, and communicate relevant requirements in this area to the customer. The banks will receive regular information on where demands and expectations are expected to increase in the future, and Eika will promote experience-sharing within the alliance in the sustainability area.

The local banks account for the bulk of the alliance's direct contact with customers and society. Offers to customers, risk management in the customer relationship and other contributions to the bank's local community are important components in the alliance's sustainability work. Eika's contribution is largely indirect, through the provision of systems, tools and expertise to the banks and their staff. With its deliveries, Eika will support sustainability endeavours at the local banks directed at both their customers and their own operations.

An important precondition for Eika's ability to strengthen the local banks is the way it discharges its role as a reliable financial player with good management and control.

Important milestones in this respect include the following:

- Launch of green residential mortgage products (2020 and 2021).
- Incorporating sustainability assessments in credit evaluations for the banks' business customers, with associated courses and webinars (2021). A total of 7 600 ESG evaluations were conducted in the alliance in 2023 (2022: 8 200).
- Impact assessment for Eika Gruppen and the alliance banks (2021).
- Updated ESG courses for employees throughout the alliance, launched in the autumn of 2022, and made mandatory by a number of the banks. Around half of the alliance banks' workforce has completed the course's introductory module.
- Eika's sustainability week was staged for the third time in January 2023. All employees in Eika Gruppen, Eika Boligkreditt and the local banks were offered daily professional updates, articles and activities during this period. The objective of this week is to increase employees' knowledge of and engagement with sustainability. The 2023 week was also extended to customers of the local banks through a separate tailored programme.
- Launch of support tools to help the banks calculate their financed emissions.
- Project management in support of double materiality analyses for banks, based on the requirements set out in the EU's Corporate Sustainability Reporting Directive (CSRD).

In 2023, Eika gave priority to assisting the banks learn more about the growing requirements and expectations they face. This included a dedicated project for the performance of double materiality analyses, based on CSRD requirements. Eika Gruppen has also supported the banks in connection with the Norwegian Transparency Act, provided advice on sustainability reporting and furnished conversation templates relating to sustainability for corporate advisers, held webinars and otherwise shared relevant insights and knowledge. Priorities are set on the basis of extensive dialogue with the local banks and knowledge about the expectations of customers, investors and the public authorities.

Driver for climate and environment-friendly value creation

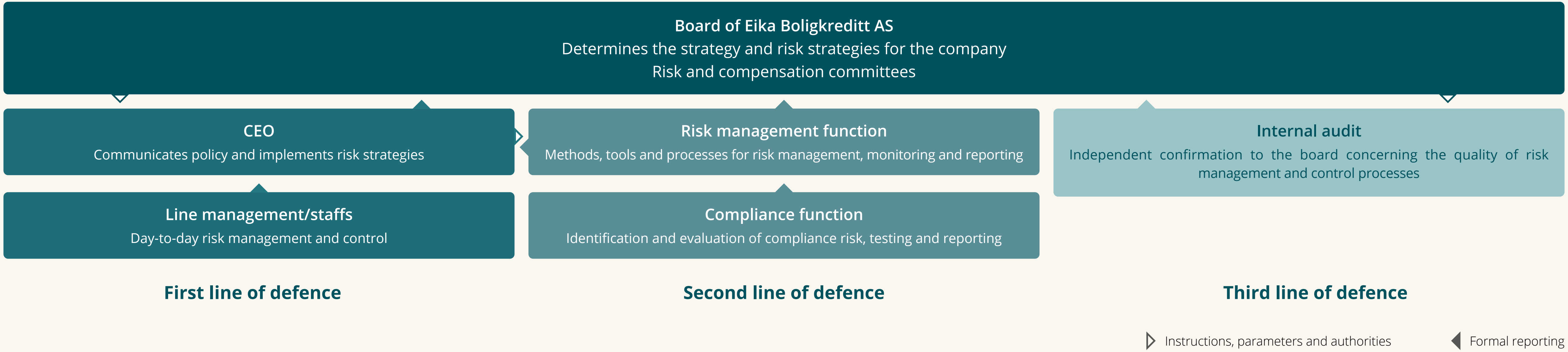
The world faces an acute climate and environmental crisis. As a financial institution, Eika has great opportunities – and responsibilities – to promote climate- and environment-friendly value creation. Through the design of its services and products as well as conscious choices for the value chain, the group can reduce emissions and other negative impacts on the natural environment. The ambition is to comply with the Paris Agreement on net zero emissions in Eika's operations and products by 2050 at the latest, while also respecting the planet's other tolerance thresholds. This is in line with the group's obligations under the UN principles for responsible banking.

Eika prepares annual climate accounting. In 2022 and 2023, Eika Gruppen participated in a working group established by Finance Norway to develop guidance for calculating financed emissions. A prioritised project in 2023 was to calculate Scope 3 emissions from Eika's products, in part through a working group under the UN principles for responsible banking. In 2024, the group will continue working on the calculation of relevant Scope 3 emission categories. This will provide an important basis for setting relevant sub-goals aimed at achieving net zero emissions.

Management and control

Requirements for risk assessments, routines and reporting in the sustainability area are expected to become stricter in the years ahead, in part through the adoption of the EU's taxonomy, the introduction and revision of the non-financial reporting directive (NFRD), introduction of the CSRD and increased emphasis on sustainability in the capital requirement regulations and regulatory practice.

Effective risk management and good internal control are crucial for ensuring that goals are met, and form part of the ongoing management and follow-up of the business. Through good risk management and control, Eika Boligkreditt will be able at all times to identify, assess, deal with, monitor and report risks which could prevent its attainment of approved goals. The company's parameters for risk management and control define its willingness to accept risk and its principles for managing risk and capital. Risk management and control cover all types of risks which Eika Boligkreditt might be exposed to. The way risk is dealt with and controlled depends on its materiality. Risk management covers control, avoidance, acceptance, sharing or transfer of the risk to a third



party. Controls embrace the organisation and division of labour, monitoring, reporting, and system-based and manual controls. They also cover values, attitudes, organisational culture, training and expertise, ethical guidelines, routines and procedures.

Eika Boligkreditt has established an independent risk management and compliance function, which continuously monitors and reports on whether risk management is complied with, functions as intended and is kept within approved limits. This function is organised in accordance with the principle of three lines of defence. Eika Boligkreditt's business is subject to extensive legislation, which regulates its various governance bodies and their composition.

Focus areas in 2023

The transition to a new core banking system was the focus of considerable attention in 2023. In this connection, work has been done from the third quarter of 2021 to assess risk and identify any appropriate measures required in relation to the transition. Overarching attention has been paid to ensuring that the new solution meets necessary requirements for functionality, reporting, operation, processes and legal compliance for Eika Boligkreditt.

Eika Boligkreditt focuses unceasing attention on money laundering and the financing of terrorism. Where the new core banking system is concerned, the company has concentrated on a satisfactory anti-money laundering (AML) module to meet the company's requirements for independent and enterprise-focused risk assessment. It has further focused on revising its guidelines, performing business-appropriate risk assessments and updating its in-house compliance procedures. An objective was to trace risk drivers right through to control mechanisms. Eika Boligkreditt has also drawn up an AML handbook and a supplementary agreement with the owner banks.

The company has outsourced such activities as management of the lending and borrowing systems as well as the operating system and various support systems. Outsourcing is therefore of critical significance for the operational business. Its scope has increased with the transition to the new core banking system because the banks manage the residential mortgages while Eika Boligkreditt receives activity reports. An outsourcing project has therefore been undertaken in connection with the negotiation and framing of a new IT SLA with Eika Gruppen and the establishment of a robust control regime for the follow-up of Eika Gruppen and subcontractors.

The company's governing documents have also been updated on the basis of the measures implemented. The new IT SLA with Eika Gruppen is intended to boost the company's ability to perform checks on the new lending system.

With respect to sustainability and CSR, an ESG project in the Eika Alliance was launched in August 2023. The project's objective is to implement the EU's new Corporate Sustainability Reporting Directive (CSRD). The main purpose of the CSRD is to push the economic "flow" in the direction of more sustainable business models across the EU. The CSRD amends the Accounting Directive and specifies in more detail what kind of sustainability-related information a company must report on via the various European Sustainability Reporting Standards (ESRS). The objective of the

project is to ensure that the Eika Alliance is equipped to implement CSRD reporting no later than the date on which it becomes compulsory, in connection with the 2025 annual report.

The framework related to data protection was established in 2018 and updated in 2023. In keeping with previous years, considerable attention was paid to complying with the EU's General Data Protection Directive (GDPR).

Day-to-day management and follow-up

Eika Boligkreditt's vision is to strengthen the local bank. Its main purpose is to ensure the local banks in the Eika Alliance have access 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. Financing through Eika Boligkreditt involves generally longer tenors at a significantly more favourable rate than any of the owner banks could have achieved individually. That is precisely why Eika Boligkreditt has become a strategically important company for the owner banks – a company which contributes to enhanced competitiveness and lower risk exposure.

The strategic direction being taken by Eika Boligkreditt applies the balanced scorecard approach and provides a basis for implementing that approach alongside projects and action plans. In addition, the company prepares budgets and forecasts, financial and non-financial measurement criteria, authorisations, policies and routines which are reported on and followed up as part of the company's management. Action plans and the status of risk and measures are carefully monitored and incorporated in ongoing reporting to management and the board through the year. Eika Boligkreditt is managed in accordance with approved risk strategies, and guidelines have been developed for risk reviews intended to ensure that the company and outsourced activities deal with risk in a satisfactory manner. Eika Boligkreditt's values – reliable, engaged and brave – reflect the fundamental characteristics of the company. Risk management and control in the company are rooted in these values, together with approved strategies. The strategies are further broken down into operational action plans, which provide specifications, priorities, allocation of responsibilities and deadlines. Given the guidance and parameters in the strategy and action plans, risk management and control are built up around and within the business processes established to deliver the strategy. Management and control are thereby tailored to the business processes and specific requirements. This focuses risk management and control on the contribution to value, the commercial benefit and the most significant conditions for meeting the targets.

Role of the board

The board has adopted a set of instructions which set out the rules governing its work and decision-making. Its annual plan covers duties specified in legislation, statutory regulations, official requirements, the company's articles of association and so forth. The board is responsible for determining the company's overall goals and strategies, including risk strategies and risk profile, as well as other key principles and guidelines, in addition to the company's management and proper organisation. The board has established a separate set of instructions for the CEO. Board meetings are held in accordance with the annual plan, and as and when required. The board has appointed risk and compensation committees to prepare matters for consideration in these areas.

Role of the CEO

The CEO conducts day-to-day management of Eika Boligkreditt and is in overall charge of all the company's operations. Responsibility for implementing strategies and policies approved by the board rests with the CEO. The CEO ensures that risk management and control are implemented, documented, monitored and followed up in an acceptable manner, and ensures that the necessary resources, expertise and independence are provided for the risk management and compliance function. In addition, the CEO ensures that Eika Boligkreditt's risks are managed within the board's approved parameters. The CEO must continuously follow up management and control in all parts of the company's business.

Risk management function

The risk management function ensures that management and the board are at all times adequately informed about the company's risk profile through quarterly risk reporting and annual assessments of risk and capital requirements. It is responsible for continued development and implementation of an integrated framework for risk management, and for ensuring that this accords with external and internal requirements. That means policies and strategies must be in place which ensure the company is managed with the aid of goals and parameters for the desired level of risk, and that such policies and strategies are operationalised in an efficient manner. Ensuring clear responsibilities and roles plays a key role in management and control, along with follow-up of compliance through risk parameters and operational guidelines. The risk management function reports on a quarterly basis to Eika Boligkreditt's executive management and board.

Compliance function

The compliance function is charged with identifying and preventing risk posed by failure to comply with the regulations. Compliance risk is part of Eika Boligkreditt's operational risk, defined as the risk that the company incurs government sanctions or suffers financial or reputational loss because it fails to comply with legislation, statutory regulations and/or standards. The compliance function will have a preventive, advisory and monitoring role in the company, with responsibility for plans and testing in accordance with annual risk-based controls. It reports on a quarterly basis to Eika Boligkreditt's executive management and board of directors.

Internal audit

The internal audit function provides independent confirmation that risk is dealt with in a satisfactory manner and that communication and interaction between the lines of defence work as intended. It represents the company's third line of defence. Eika Boligkreditt's independent internal audit function has been outsourced to PwC. The board approves annual plans for the internal audit function, which reports directly to the board. These reports are considered on a continuous basis by the directors.

IT security

Eika Security is a department which works on incident management related to cybersecurity and cybercrime. Based in Gjøvik, it shares premises with the Eika Service Centre.

All network traffic in Eika is monitored by systems which can pick up and detect malicious activity. Threat actors are constantly coming up with new tactics and techniques for getting past these protections. This calls for personnel with the expertise to handle incidents and keep systems updated, and who are familiar with the threat picture. Eika Security is staffed by highly competent security personnel who deal with security incidents on a daily basis and who are familiar with the threats directed at the banking sector. The department also works in the area of cybercrime, with all payments made via online and mobile banking monitored to prevent fraud.

Eika Security is also part of an industry collaboration within the relevant disciplines, which means it stays informed at all times on current trends in both security and fraud.

In addition to monitoring and incident management, the centre contributes:

- expertise to projects
- support and advice
- information and training
- threat and risk assessments

Data protection

Eika Boligkreditt processes large volumes of personal data and is subject to the relevant regulations. Requirements for such processing are defined in Norway's Personal Data Act, which implements the EU's General Data Protection Regulation (GDPR). The company has developed guidelines for processing personal data which ensure compliance with the overall parameters in this area. Furthermore, a number of operative routines have been drawn up to ensure compliance with the overall guidelines during the day-to-day work.

The processing of personal data is defined in the GDPR as "any information that relates to an identified or identifiable natural person." This includes, for example, the gathering, recording, collation, storage and transfer of such data, or any combination thereof. The company is required to document how it processes data and the assessments made in relation to this. Company managers are responsible for ensuring that their employees have sufficient knowledge of the regulations and that the guidelines are complied with.

In 2023, a total of one data privacy non-conformance was recorded, the same as in 2022. The incident related to end-of-year reports. No cases were reported to the Norwegian Data Protection Authority in 2023. The Authority imposed no data protection-related orders or sanctions on Eika Boligkreditt.

Eika Boligkreditt's customers have the right to access their personal data held by the company. A specific routine has been developed for access to personal information stored about an individual. The routine for enquiries from the data subject is intended to ensure that the company complies with its duty to provide information under the individual's right of access pursuant to the Personal Data Act, and in particular that their personal data is protected against unauthorised access. Eika Boligkreditt's website contains information about data protection, including its data privacy policy, and contact details concerning enquiries by the data subject.

Green bond framework

Eika Boligkreditt introduced a green bond framework on 4 February 2021. ING Bank was used as an adviser for the framework, ISS ESG conducted a third-party assessment, and Multiconsult has been the adviser for the climate-footprint analyses of the mortgage collateral in the cover pool subject to the framework's reporting requirements.

The purpose of the framework is to finance the most energy-efficient mortgage collateral in the cover pool through the issue of green bonds. Identification of the most energy-efficient mortgage collateral is based on the following criteria:

1. Newer residential units
   a. Flats built in accordance with the technical building regulations applicable from 2010 (TEC 10) and 2017 (TEC 17).
   b. Houses built in accordance with the TEC applicable from 2007 (TEC 07), 2010 (TEC 10) and 2017 (TEC 17). For mortgages entered in the cover pool in 2022, the requirements were tightened to a demand for TEC 10 and TEC 17 for houses as well.
2. Older residential units, built before TEC 10 for flats and TEC 07 for houses, with energy classes A, B or C for mortgages entered in the cover pool before 31 December 2020. The requirements have been tightened to energy class A or B for mortgages entered in the cover pool in 2021 or later.
3. Older residential units, built before TEC 10 for flats and for houses, with energy class C or D, which show:
   a. a minimum improvement of two points on their energy class compared the TEC specification for their year of construction
   b. a minimum improvement of 30 per cent in their calculated energy requirement compared with the specified TEC class for their year of construction.

The tightening of the criteria implemented in 2021 and 2022 reflected the need to ensure that the mortgage collateral for new loans approved/transferred to Eika Boligkreditt which qualify pursuant to the first two criteria are among the 15 per cent most energy-efficient residential units in Norway. There was no need for any further tightening of the criteria in 2023. Eika Boligkreditt has identified just over 8 750 residential mortgages totalling NOK 21.6 billion which meet these criteria. 23.4 per cent of the residential mortgages added to the cover pool in 2023 met the criteria set for energy-efficient residential units. The company has established a strategic target that more than 20 per cent of new residential mortgages will finance energy-efficient residential units.

Clarification of the national definition for a near-zero emission building was provided by the Norwegian government on 31 January 2023. The EU taxonomy distinguishes between requirements for existing (year of construction 2020 or earlier) and new (year of construction 2021 and later) buildings under the environmental goal of limiting GHG emissions. Where new buildings are concerned, the requirement in the EU taxonomy is an energy efficiency

corresponding to near-zero-emission buildings minus 10 per cent. Eika Boligkreditt will begin the process of updating its green-bond framework in the second quarter of 2024 in order to distinguish between requirements for new and existing buildings in the framework, and expects to have completed this work by 30 June.

Eika Boligkreditt has issued its first two bonds within the green bond framework. 52 per cent of the green assets in the company's cover pool have been financed via these two bonds. The green bond framework builds on a portfolio principle, which states that the company must have more green assets in its balance sheet than bonds issued under the framework. The last time Eika Boligkreditt issued a bond under the green bond framework was on 14 September 2022.

Responsible investment

At any given time, Eika Boligkreditt has a substantial portfolio of liquid investments held as part of the requirements it is subject to as a credit institution.

These holdings largely comprise bonds issued by states, banks, financial institutions, local authorities and county councils, in addition to repurchase agreements and deposits in banks with a minimum A-/A3 rating.

Eika Boligkreditt has chosen not to invest in enterprises which the Council on Ethics for the Norwegian Government Pension Fund Global (GPFG) has placed on its list of excluded companies. The latter fall into the following categories:

- serious violations of human rights
- severe environmental damage
- serious violations of the rights of individuals in war or conflict
- gross corruption
- other serious breaches of fundamental ethical norms
- unacceptable GHG emissions
- cluster weapons
- nuclear weapons
- anti-personnel mines
- tobacco production
- sale of military materials to certain states

More information on companies excluded can be found here: www.nbim.no/en/the-fund/responsible-investment.

Eika Boligkreditt has also chosen to extend its exclusion list to include all companies in the following industries and sub-industries specified by the global industry classification standard (GICS).

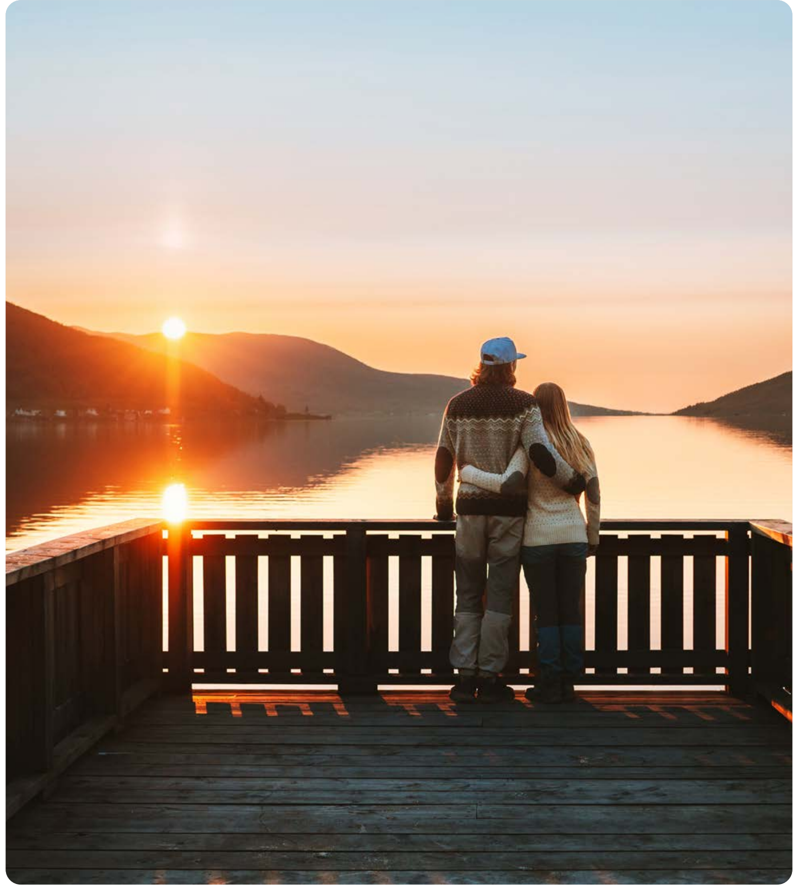
- **Coal** – fossil fuels are significant contributors to adverse climate impacts. Coal-based electricity generation makes a negative contribution to the climate as well as being associated with uncertainties over working conditions and safety in many parts of the world. The company also distances itself from the establishment of new coal mines.
- **Tobacco** – globally, tobacco kills more than 7 million people a year (NHI.no). In addition, it imposes huge health costs and lost production revenues.
- **Gambling** – some people suffer serious problems from an addiction to gambling, which often affects families and children. A large, unregulated and highly opaque gambling market exists internationally. In addition, casino and gambling activities pose a high risk of criminal behaviour, such as money laundering and bribery.
- **Arms production** – armed conflicts are a constant threat in large parts of the world. The arms trade also gives rise to corruption and serious human rights abuses. Eika Boligkreditt will actively disassociate itself from all companies involved in producing, trading and/or maintaining nuclear, biological or chemical weapons, cluster munitions or anti-personnel mines. The same applies to producing, trading and/or maintaining important components for such weapons. Exporting arms to areas where human rights are violated is unacceptable. Nor must profits be made from arms sales at the expense of the primary needs of the inhabitants.

Fund management in Eika is pursued under the vision "So we don't invest in just anything". Daily efforts are made to promote sustainability in funds and saving products. This work reflects a long-term strategy and investment philosophy anchored in the UN PRI.

The main purpose of the strategy is to reduce sustainability-related risk in the savings products. It will also ensure that the funds invest in companies which operate responsibly, and which Eika believes to offer the best basis for providing a good long-term return for its customers. This also means that Eika does not contribute to financing companies which breach important and basic sustainability principles.

Eika Kapitalforvaltning signed the UN PRI in 2021. Together with existing ESG guidelines, this provides a solid foundation and a clear ambition and direction for its sustainability work. Signing the UN PRI commits the company to integrate ESG at all levels in managing and reporting Eika Kapitalforvaltning's activities, and to implement ESG in the savings and investment products Eika manages. The companies in which the companies invest must also provide satisfactory ESG reports. Eika must also be an active owner and collaborate with other investors to promote responsible investments.

Eika Kapitalforvaltning's ESG guidelines contain more detailed requirements with respect to the companies and business sectors in which it is permitted to invest. This ensures consistency in the requirements set for the various companies in different markets, and documents that Eika is actually doing what it claims to do. The ESG strategy ensures clearer communication concerning ESG



in Eika's funds and buttresses the goal that the company's funds will, over time, be competitive with respect to ESG, compared with equivalent funds and purely environmental funds. In 2023, 98.5 per cent of Eika Kapitalforvaltning's investments in shares had in-depth ESG data. In 2022, this figure was 97 per cent. The carbon footprint for share investments, measured in tonnes of CO_2 per million USD invested, came to 92.1 in 2023, down from 132.3 in 2022. This corresponds to a decrease of just over 30 per cent.

An ESG policy has been drawn up for the liquidity portfolio owned by the alliance banks. This policy is endorsed by 86 per cent of the banks.

Eika Kapitalforvaltning shares information with Eika Boligkreditt about companies and issuers which it has excluded and which do not figure in the list of companies excluded by the GPFG. Eika Boligkreditt also excludes these companies from the management of its liquidity portfolio.

Also excluded via Eika Kapitalforvaltning's investment process are companies that:

- do not commit to complying with the following international norms and standards:
  - UN Global Compact (UNGC)
  - UN Guiding Principles on Business and Human Rights (UNGPs)
  - OECD Guidelines for Multinational Enterprises
- have a substantial ESG risk, as classified by Sustainalytics
- have a high or very high carbon footprint, as classified by Sustainalytics
- have been excluded by three other major Norwegian fund managers. This may be a requirement for the distribution of Eika funds through the associated group's pension savings platform.

More on the guidelines for ethical investment may be found at https://www.eika.no/spare/ansvarlige-investeringer.

Responsible credit

Eika Boligkreditt aims to be a responsible creditor and help the local banks adequately fulfil their role as caring advisers for their customers. Responsible credit granting is important to prevent borrowers assuming greater liabilities than they can service, and to help the local banks support the energy transition by providing their clients with information about sustainability and competitive solutions. Eika Boligkreditt provides residential mortgages to private individuals and mortgages to housing cooperatives. However, its approach to the two customer groups is slightly different.

The fundamental principle of sustainable mortgage lending in the private market is further established in the local banks' sustainable lending strategies and their credit policies with respect to private customers. These requirements are operationalised through Eika Boligkreditt's credit strategy, which describes specific requirements relating to AML, the black economy, loan-to-value (LTV) ratio and the customer's risk classification. In this way, the local banks – in partnership with Eika Boligkreditt – help ensure that customers do not take on more debt than they are able to bear.

The local banks also advise customers not to take out loans for certain purposes. This applies, for example, if the customer wishes to borrow money to send to a person or persons unknown, to trigger payment of lottery prizes and inheritances, or other typical scamming methods.

Non-performing engagements

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. The retail market is less exposed to losses on lending than other sectors. The company's lending is confined to residential mortgages with a generally low LTV ratio, and is therefore less exposed to loss.

The company had no engagements overdue by more than 90 days at 31 December 2023. In September 2016, the European Banking Authority (EBA) published new recommendations for the definition of default. These have been applicable since 1 January 2021. Previously, the general rule had been that engagements are regarded as non-performing if payment of a claim is overdue by more than 90 days and the amount is not insignificant. Pursuant to the new EBA recommendation, the company is required to carry out various supplementary evaluations related to the probability of default. This evaluation must take account of the client's overall indebtedness, possible infection between agreements with the same debtor, the level of materiality thresholds 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 in the cover pool, reduce the provision for loss. The company has calculated an expected loss on residential mortgages of NOK 4.4 million at 31 December 2023, compared with NOK 2.1 million at 31 December 2022. The calculation rests on new expectations relating to developments in residential property prices going forward. As a result of credit guarantees from the owner banks, amounting to NOK 1.8 billion at 31 December 2023, the company recognised no accounting loss in the fourth quarter 2023.

On the basis of this new standard for assessing non-performance, non-performing engagements at 31 December 2023 have been set at NOK 16.5 million, equivalent to 0.02 per cent of gross lending.

Green residential mortgages

The Norwegian banking market is highly competitive. If the banks are to win the competition for customers, Eika Boligkreditt must offer competitive products that encourage their customers to behave in a climate- and environment-friendly way. Eika Boligkreditt offers green residential mortgages. This product will be continuously developed to ensure it is always relevant in the market. To qualify for our green residential mortgages, the property in question must meet the following requirements: energy class A or B. We offer green residential mortgages in connection with the purchase or construction of environment-friendly homes. At 31 December 2023, Eika Boligkreditt's cover pool contained 665 green residential mortgages for a total of NOK 2.13 billion. Green residential mortgages for the upgrading of existing homes to a higher environmental standard, as well as for environment-friendly initiatives resulting in a reduction in energy consumption of at least 30 per cent were launched in the first quarter of 2021, are also included in the above-mentioned figure.

Standardisation 2.0

In December 2020, Eika Gruppen AS signed an agreement with Tietoevry for the delivery of a new core banking system. The agreement was entered into on behalf of the Eika Alliance, with the exception of the banks in the Local Bank Alliance and Surnedal Sparebank, which were already in the process of leaving the alliance. The agreement with Tietoevry is expected to save the banks in the Eika Alliance considerable sums compared with the previous agreement. The agreement has a term of five years, with an option to extend. The agreement strengthens the alliance banks' long-term competitiveness through substantial cost savings, enhanced development capacity and increased strategic flexibility. Following their migration to the new system, the banks now have a future-oriented IT platform that meets the customers' constantly rising expectations with respect to digital solutions and services. The first banks were converted to the new core banking system in September 2022. The last group was converted on 21 October 2023. The residential mortgages in Eika Boligkreditt's cover pool were converted in parallel with the individual bank's conversion from SDC to Tietoevry.

Shared credit handbook

The banks in the Eika Alliance have established a shared credit handbook, whose purpose is to reduce the volume of work and the risk of the individual bank not being sufficiently up to date with respect to compliance with laws and regulations. Work on the shared credit handbook was underway during large parts of 2022. It was published and adopted by the banks and Eika Boligkreditt in mid-February 2023. The credit handbook is updated regularly and as needed, most recently in the fourth quarter of 2023.

Norwegian Lending Regulation

Both the banks and Eika Boligkreditt are subject to the Norwegian Lending Regulation and follow up their compliance with it. The Lending Regulation's main requirements are:

- **Debt servicing capacity** – the lender must calculate the borrower's ability to service the debt, based on their income and all relevant expenses, including interest and loan principal repayments, and normal living expenses. In assessing the mortgagor's ability to service the mortgage, the mortgagee must allow for an increase of a minimum of three percentage points from the relevant interest rate. The mortgagor's payable interest rate and the increase in the interest rate included in the calculation cannot be less than 7 per cent.
- **Debt-to-asset ratio** – total debt must not exceed five times the mortgagor's annual income.
- **Loan-to-value ratio** – on the date granted, mortgages may not exceed 85 per cent of a reasonable valuation of the residence concerned.
- **Instalments** – where a mortgage exceeds 60 per cent of the value of the mortgaged residence, the mortgagee must require an annual repayment of at least 2.5 per cent of the mortgage principal.

The flexibility quota allows a mortgagee to grant mortgages which fall short of the requirements in the Norwegian Lending Regulation for up to 10 per cent of the total mortgages it grants per quarter outside Oslo, and 8 per cent in Oslo. This is followed up and reported at an aggregated level, which means the reporting must cover both mortgages carried on the bank's balance sheet and those which are placed with Eika Boligkreditt.

The Eika School

The alliance has its own Eika School, which is a service for all employees at member banks. Over many years, the Eika School has built up a course programme for bank employees and managers, with a strong focus on active customer care. At the same time, through relevant and targeted tuition, in partnership with the banks and the product companies, students are provided with training that supports Eika's vision as well as broader, sector-wide requirements. The Eika School both produces itself and purchases from third parties training courses relevant for alliance employees. The Eika School offers courses in leadership, anti-money laundering, data privacy and IT security.

Customer complaints

As a general rule, Eika Boligkreditt is not in direct contact with the end customer. By agreement, the bank is the intermediary between Eika Boligkreditt and the customer and thereby the point of contact for the latter. If a customer of the bank wants to make a complaint about aspects of a mortgage held by Eika Boligkreditt, they must do so in writing to the bank. If requested, the bank is required to give the customer information in writing about its complaint handling procedures, including details about how to complain.

A complaint received by the distributor bank which concerns Eika Boligkreditt must be forwarded in writing to the latter. If the customer has completed the complaint form made available by the individual bank, this is passed on in its entirety to Eika Boligkreditt. The complaint must include the grounds for making it and other possible details relevant to the case.

Eika Boligkreditt has well-established complaints procedures, which are readily accessible to customers. All cases are dealt with by dedicated complaints staff. The banks also conduct quarterly reviews of lessons learnt from complaints in their own internal complaints committees. These assess the need to change policies, routines, marketing and products.

The management system for the product areas is evaluated annually, on the basis of complaints and incidents over the preceding year. One customer complaint was received in 2023. The last customer complaint prior to 2023 was received in 2016.

Loan-to-value (LTV) ratio

As a general rule, loans must be secured with a first preferred mortgage on the main mortgaged property. To the extent that a second preferred mortgage is involved, the sum of the first and second preferred mortgages must not exceed 75 per cent of the mortgaged property's value for residential properties and 50 per cent for holiday homes. At 31 December 2023, the average LTV ratio in the cover pool was 54.6 per cent.

Residence in Norway

The company's credit manual specifies that, as a general rule, all mortgagors in Eika Boligkreditt must be private customers, but mortgage finance can also be extended in exceptional circumstances to housing cooperatives. A further condition is that lending must be for residential mortgages, and must therefore be defined separately from commercial finance. Where private mortgagors are concerned, a fundamental requirement is that the mortgage sought can be serviced from income which does not derive from the mortgaged property.

Pursuant to Norwegian law, the mortgagor(s) must be an adult and legally competent at the origination of the mortgage. This means that a mortgagor cannot be under 18 years of age (a minor) or placed under legal guardianship (see section 1 of the Norwegian Guardianship Act). No absolute upper age limit has been set for mortgagors. Mortgagors must also be permanently resident in Norway.

Mortgages for housing cooperatives

Eika Boligkreditt also finances mortgages for housing cooperatives, but these differ in certain respects from ordinary residential mortgages for private individuals. That includes the possibility of a somewhat higher risk concentration. As one of the few issuers of covered bonds offering this type of financing, Eika Boligkreditt has therefore chosen to maintain strict standards related to a good financial position, many residential units and a very low LTV ratio. At 31 December 2023, the average LTV ratio for this type of mortgage in Eika Boligkreditt was 32.6 per cent.

Green homes

Eika Boligkreditt has carried out an analysis of its cover pool which specifies three criteria for classifying the mortgaged property as one of the 15 per cent of residential units in Norway defined as energy-efficient – popularly known as "green homes". These criteria are based on building standards, energy certificates and refurbishments which provide a minimum 30 per cent improvement in the unit's energy efficiency. This accords with the principles enshrined in the Climate Bond Initiative, an international scheme with the sole purpose of promoting a rapid transition to a low-carbon and climate-robust economy through the role which the bond market can play. Based on this analysis, there were 8 759 green residential units at 31 December 2023 (8 442 at 31 December 2022), as well as 47 green housing cooperatives, out of a total of 52 721 residential units and 231 housing cooperatives in the cover pool. When analysing the climate footprint of the residential mortgage business, account has been taken of the company's LTV ratio in each residence. This provides a more accurate picture of the company's climate footprint and the improvement in energy efficiency. Eika Boligkreditt's overall portfolio had an estimated annual energy requirement of 930 gigawatt-hours (GWh) in 2023 (2022: 973 GWh). The average requirement for the mortgage-financed share of the green residential units was 114 kilowatt-hours per square metre (2022: 116 kWh/sq.m), 54 per cent lower than the average for Norwegian residential units. The mortgage-financed share of the green residential units in the cover pool reduced the carbon footprint of the residential units financed through mortgages from Eika Boligkreditt by 9 600 tonnes of CO_2 per annum (2022: 8 900 t/CO_2) compared with the figure if these homes had an energy efficiency corresponding to the Norwegian average. Click here to access the full analysis.

Eika Boligkreditt has performed this analysis primarily because measuring the status of the climate footprint for the assets financed by its mortgages represents a first step towards fulfilling an ambition to reduce this footprint for residential units financed by the company over time. The analysis results will provide input to processes under way in the Eika Alliance with the aim of incorporating climate risk and climate footprint in its credit processes. A secondary motive for such an analysis is to provide a key element in a green framework which the company can use for issuing green bonds.

Measuring climate footprint and risk associated with the residences in the cover pool

In 2020, Eika Boligkreditt started working to establish an internal measurement and reporting regime for continuous monitoring of developments both in the climate footprint mentioned above and in the physical climate risk facing residences in the cover pool. The climate footprint of homes in the cover pool is calculated using the method set out in Finance Norway: Guidelines for Calculating Financed Emissions . The guide has been prepared by Finance Norway's central administration in partnership with a number of the organisation's members. The purpose of the guide is to help standardise the way in which Norwegian financial institutions calculate their financed greenhouse gas emissions.

Eika Boligkreditt utilises energy and climate risk data supplied by Eiendomsverdi in its analyses. Every quarter, the residential mortgage portfolio is run against Eiendomsverdi's registers to obtain updated market values for the residences as well as data on such variables as energy class, area, TEC standard and selected environmental factors per residence. Climate risk data provided by Eiendomsverdi are, in turn, sourced from the Norwegian Mapping Authority, the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian Geotechnical Institute (NGI).

As mentioned in the previous section, both the total climate footprint and the energy saving made by green homes in the portfolio are estimated on the basis of Eika Boligkreditt's LTV share in the residence. If the company finances 50 per cent of the LTV in a residence, for example, its climate footprint is estimated as half of that residence's total footprint. This method is also used to estimate the energy saving from green homes. This method reflects a desire to highlight the marginal climate footprint and energy saving contributed by each mortgage krone covered through Eika Boligkreditt.

The company also works actively to map the physical climate risk posed by the mortgage collateral in its cover pool. This work aims initially to identify which residences are vulnerable to damage today and in the future as a result of natural disasters such as floods, landslides and extreme weather events.

Hazard maps are prepared by the Norwegian Water Resources and Energy Directorate (NVE) for quick clay, flooding and landslides in steep terrain, and by the Norwegian Mapping Authority for storm surges (sea levels). The table below breaks down the overall loan value of the mortgage collateral in Eika Boligkreditt's residential mortgage portfolio by the various hazard zone categories.

Physical climate risk

(Figures in NOK million)		2023	Accumulated
Flood zone		2 009	2 009
Flood zone	20 years	195	195
Flood zone	50 years	196	391
Flood zone	100 years	172	563
Flood zone	200 years	584	1 147
Flood zone	500 years	182	1 330
Flood zone	1000 years	679	2 009
Sea level		779	779
Storm surge	20 years	434	434
Storm surge	200 years	239	673
Storm surge	1000 years	106	779
Landslide		456	456
Mountain hazard zone	100 years	10	10
Mountain hazard zone	1000 years	163	173
Mountain hazard zone	5000 years	283	456
Quick clay		2 469	2 469
Hazard level high		163	163
Hazard level medium		1 075	1 238
Hazard level low		1 231	2 469

Where a year is stated in the hazard zone maps, it denotes how often the risk concerned is expected to materialise and affect buildings in this zone. As demonstrated in the overview above, the collateral in the company's portfolio has a relatively low exposure to climate-related risks with the highest probability factor.

In areas where climate change is expected to lead to water levels rising by more than 20 per cent, flood zones corresponding to a 200-year flood in 2100 are drawn up. The company's exposure rises by NOK 125 million (from NOK 584 million to NOK 709 million), an increase of some 20 per cent. Similar calculations are made for storm surge hazard zones in 2050 and 2090. Exposure to a 200-year storm surge in 2090 is calculated at NOK 170 million, which corresponds to an almost 70 per cent increase compared with the same storm surge risk today.

Damage from natural perils covered by the Norwegian Natural Perils Pool is distributed pro rata between the member insurance companies in accordance with their market share. In this way, individual insurance companies are heavily impacted by natural disasters. However, this arrangement also prevents premiums being differentiated by the risk posed to real property. The Norwegian Natural Perils Pool was established by the government in 1979. It covers damage to real property as a result of storms, floods, landslides, storm surges, earthquakes and volcanic eruptions. The insurance companies settle claims between themselves through the scheme, while insurance customers deal exclusively with their own insurance provider. Rapid rain bursts have become more common in recent years and are not covered by the Norwegian Natural Perils Pool. According to a report on the climate published by Finance Norway in March 2022, rapid rain bursts have cost almost as much as the damage covered by the Norwegian Natural Perils Pool over the past decade. In the period 2013–2022, compensation for damage caused by natural and weather events totalled NOK 30.3 billion, CPI-adjusted for buildings and contents. Damage resulting directly from rapid rain bursts is differentiated by price. For example, insurance premiums are higher for houses with flat roofs than for those with pitched roofs. This is because flat-roofed houses suffer more water damage. If torrential rain causes rivers to break their banks, claims arising from such flooding will be settled through the Norwegian Natural Perils Pool.

The Norwegian Mortgagee Guarantee Pool is a collaboration in the insurance sector which aims to safeguard mortgagees (financial or residential mortgage institutions) if a mortgagor has failed to secure the insurance they are required to hold. The guarantee replaces insurance certificates for real property with a normal sales value of NOK 12 million or below, and provides the mortgagee with compensation even if the mortgagor has neglected to secure or maintain insurance. This scheme evens out that risk between the insurance companies. Most companies offering fire insurance are pool members. Eika Forsikring has been a member since 1 January 2000.

A precondition in Eika Boligkreditt's mortgage terms is that the mortgaged object is insured. As a consequence of the insurance pools described above, the general rule is that the financial risk associated with natural perils falls on the insurance sector and that proactive risk management related to physical climate risk for real property should be pursued by the insurance companies rather than by the mortgagee. The exception will be claims made on mortgage collateral where no insurance is in place and which is not covered by the mortgagee guarantee pool. No cases in Eika Boligkreditt have led to identified loss. The company wants the residual physical risk in its residential mortgage portfolio to be low, and feels this has been achieved through a requirement in the mortgage terms on insuring the mortgage object.

EU taxonomy

Eika Boligkreditt is not yet subject to reporting requirements related to the EU taxonomy. The company will, however, be obliged to comply with the CSRD for the 2025 reporting year. Residential mortgages account for 81.2 per cent of the company's total assets. These loans will be covered by the taxonomy regulations (taxonomy eligible). Other assets subject to the taxonomy regulations are the company's derivatives and substitute assets (excluding exposures to central governments and supranational issuers), which account for 3 and 12.5 per cent of total assets. In order for the company's residential mortgages to be classified as "green" (taxonomy aligned), the property concerned must meet one of two criteria:

- Homes built in or before 2021 must meet the requirement for near-zero-emission buildings, less 10 per cent.
- Homes built after 2021 must be among the 15 per cent most energy efficient homes in Norway. These may be homes built in accordance with TEK10 and TEK17 (built in or before 2012), and homes with an energy rating that falls within the top 15 per cent most energy efficient homes in Norway.

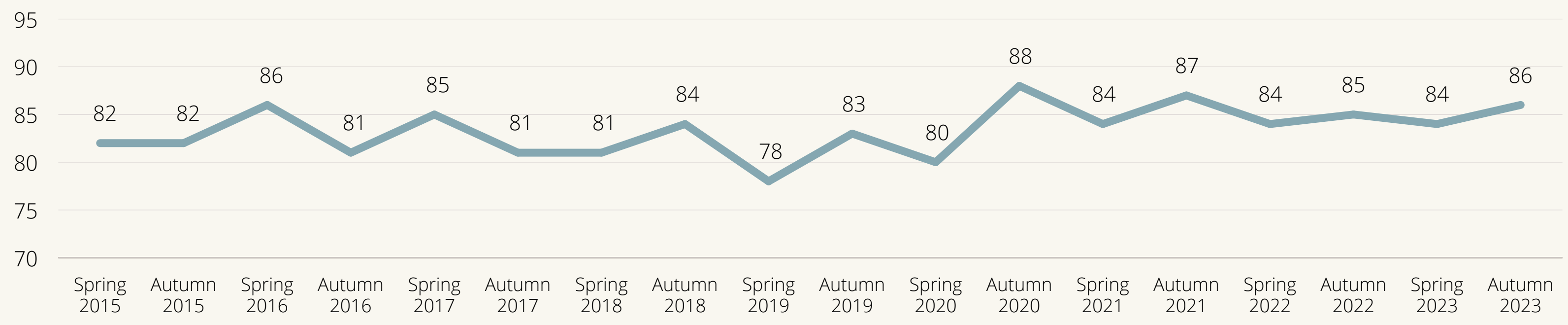
At 31 December 2023, 17.8 per cent of the company's loan portfolio could be categorised as sustainable residential mortgages (taxonomy aligned).

Eika Boligkreditt as a supplier

The company has a clear goal of being predictable and providing a high level of transparency with regard to the processes and changes which occur within the applicable parameters. This is achieved in part through good and clear communication and through placing the needs and risk exposure of the banks at centre stage. A high level of availability and good correspondence between promise and performance are also crucial factors. Eika Boligkreditt works actively to maintain a high score in the annual alliance survey, which measures the satisfaction of the owner banks with the company's deliveries in terms of product and service quality.

I am well pleased with the products and services our bank receives from Eika Boligkreditt

Best score is 100



Measures are given priority where areas for improvement have been identified. Eika Boligkreditt's ambitious goal for overall satisfaction by the owner banks is a score of 80 points or more out of 100. The most recent assessment, carried out in the autumn of 2023, gave the company a score of 86 points.

Financial crime

Eika Boligkreditt regards combating financial crime as an important part of its CSR. The purpose of this work in financial institutions is to protect the integrity and stability of the international financial system, undermine the funding of terrorism, and make it harder for criminals to benefit from their crimes. As a credit institution, Eika Boligkreditt has a statutory reporting obligation pursuant to the AML regulations and is also subject to the statutory regulations relating to economic and other sanctions. In its collaboration agreement with the owner banks, the company has outsourced the implementation of customer measures and associated services related to the AML and sanctions regulations in order to ensure that its obligations pursuant to these regulations are discharged by the owner banks as distributors. Eika Boligkreditt has established policies to combat money laundering and the funding of terrorism as well as internal routines for continuous follow-up of customer relationships and transactions in order to identify possible suspicious transactions pursuant to the AML regulations. The company has established electronic monitoring which regularly provides notification of suspicious transactions. These are then followed up, initially with the relevant bank, and if necessary reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim). No cases were reported to Økokrim in 2023. Eika Boligkreditt has appointed its own money laundering officer, who has special responsibility for following up the AML and sanctions regulations.

Employees, equal opportunities and diversity

Eika Boligkreditt had 19 permanent, full-time employees at 31 December 2023. In addition, the company has an agreement with Eika Gruppen to purchase services in a number of areas. Eika Boligkreditt's mortgage customers are primarily serviced by the owner banks. The working environment is regarded as good, and no personal injuries or occupational accidents were recorded in the workplace during 2023.

The Eika Alliance has a common digital learning platform (learning management system – LMS), which makes courses and training programmes available to employees. Its own curricula and the finance industry's certification schemes form the basis for the alliance's goals on and responsibility for developing employee competence. Together with good adviser practice, the industry's procedures and rules as well as the bank's personnel manual form the basis for policies, guidelines and commitments.

The Eika Alliance belongs to the certification scheme for financial advisers, which requires the use of specific programmes for employee development.

Performance and development reviews, as well as competence surveys are important instruments for ensuring employee follow-up and professional development. The company's personnel manual specifies that all employees will discuss their development and performance with their immediate superior twice a year.

Eika Boligkreditt makes active efforts to maintain a good internal working environment and to ensure that employee rights are safeguarded. This is achieved through extensive cross-departmental work and information flow where appropriate. An employee satisfaction survey (MTU) is also conducted annually. This year, the company engaged a new service provider to conduct the survey, which measures performance in 12 different areas. The average score in 2023 was 83, with sub-sector scores ranging from 78 to 91. Survey scores have been very high, and the findings are reviewed and evaluated with a view to further improvements.

In order to be an attractive employer, Eika Boligkreditt offers or covers the cost of a number of benefits over and above those required by law:

- The company covers the difference between full pay and benefits paid by the Norwegian Labour and Welfare Administration (NAV) while on parental leave.
- The company practises flexible working hours.
- Employees are covered by employer's liability, health and travel insurance paid by the company.
- The company belongs to the AFP early retirement scheme.

Overall sickness absence including long-term sick leave in 2023 amounted to 5.1 per cent of total hours worked. Eika Boligkreditt aims to be a workplace which:

- is forward-looking and development-oriented.
- contributes to resolving important social challenges.
- contributes to higher participation in work.
- increases value creation and provides a competitive working environment.
- reflects the expectations of the market and society, and is open to new business opportunities.

This means the company wants to work actively, purposefully and in a planned manner to promote equal opportunities and prevent discrimination, regardless of gender, pregnancy, paternity or adoption leave, carer responsibilities, ethnicity, religion, beliefs, disabilities or medical conditions, union membership, social background, age, political affiliation or sexual orientation. The company's policy includes regulations on equal opportunities which aim to prevent discriminatory treatment in such areas as pay, promotion and recruitment.

Average female pay as a percentage of the male average is as follows:

All employees	
Women	56%
Specialists and support functions	
Women	86%

Women earn on average 56 per cent of the average salary paid to men in the company. The sub-category "specialists and support functions" comprises 14 full-time equivalents, of whom four are women. Here, women earn on average 86 per cent of the average salary paid to their male counterparts. The remaining five employees are members of the company's executive management team (five men). Lower average pay for women in the company reflects differences in length of service and level of responsibility. The company also has relatively few employees, which may produce substantial variations in average pay for each group.

Eika Boligkreditt has concluded a company-specific agreement in addition to the main agreement and the central agreement negotiated between Finance Norway and the Finance Sector Union of Norway. The company agreement covers all employees except the CEO and other senior executives. 10.5 per cent of the company's employees are members of the Finance Sector Union of Norway. Most of the company's senior executives are men (five men and no women). Among specialists and support functions, there are 10 men and four women. As described above, Eika Boligkreditt wants to work for equality and diversity. Its specialised mandate on behalf of the owner banks requires leading-edge expertise. Most of the company's employees therefore have higher education, and qualifications corresponding to a master's degree are sought when recruiting staff.

Because it also has relatively few directly-employed personnel, Eika Boligkreditt has chosen the following KPIs in relation to equality and diversity – a female share of the company workforce of ≥ 30 per cent in the short term and ≥ 40 per cent in the long term, a female share of directors of 33.33 per cent and an ambition of internal promotion to senior positions where qualitative assessments are made.

One internal promotion was made in 2023. At the end of the year, women accounted for 21.1 per cent of the workforce and 33.33 per cent of the board. All other things being equal, it would be desirable to increase these proportions when making new appointments and when electing new directors. This could help to increase the share of women in the company's management, control bodies and board sub-committees. By the end of 2024, Eika Boligkreditt will be subject to new legal provisions relating to the gender balance in its board of directors, which will also impact the company's KPIs for the share of women board members.

One new employee was appointed in 2023 and one employee handed in their notice. The age and gender composition was as follows:

Appointments	< 30 years	30–40	41–50	< 50 years
Women	-	-	-	-
Men	1	-	-	-

Resignations	< 30 years	30–40	41–50	< 50 years
Women	-	-	-	-
Men	-	1	-	-

Since one employee handed in their notice in 2023, the staff turnover at Eika Boligkreditt came to 5.3 per cent. Eika Boligkreditt employs 19 full-time equivalents.

The age distribution between women and men by job category breaks down as follows:

Senior executives	< 30 years	30–40	41–50	< 50 years
Women	-	-	-	-
Men	-	-	1	4
Specialists and support functions	< 30 years	30–40	41–50	< 50 years
Women	-	2	-	2
Men	4	5	1	-

Board members	< 30 years	30–40	41–50	< 50 years
Women	-	-	-	2
Men	-	-	-	4

Ethics and anti-corruption

Along with the rest of the Eika Alliance, Eika Boligkreditt depends on maintaining public trust and a good reputation. A great responsibility accordingly rests both on the company and on the individual employee to act ethically towards customers, owner banks, investors, partners, colleagues and the world at large. The purpose of the ethical guidelines (code of conduct) is to describe the company's ethical standards.

All Eika Boligkreditt's employees must behave and work in compliance with applicable legislation, statutory regulations and internal guidelines. They are all expected to perform their work in an ethical and socially acceptable manner, and in line with the company's core values of being reliable, engaged and brave.

In any given situation, the ethical response is often not entirely clear cut. As a possible guide, the following questions should be answered with an unqualified "yes":

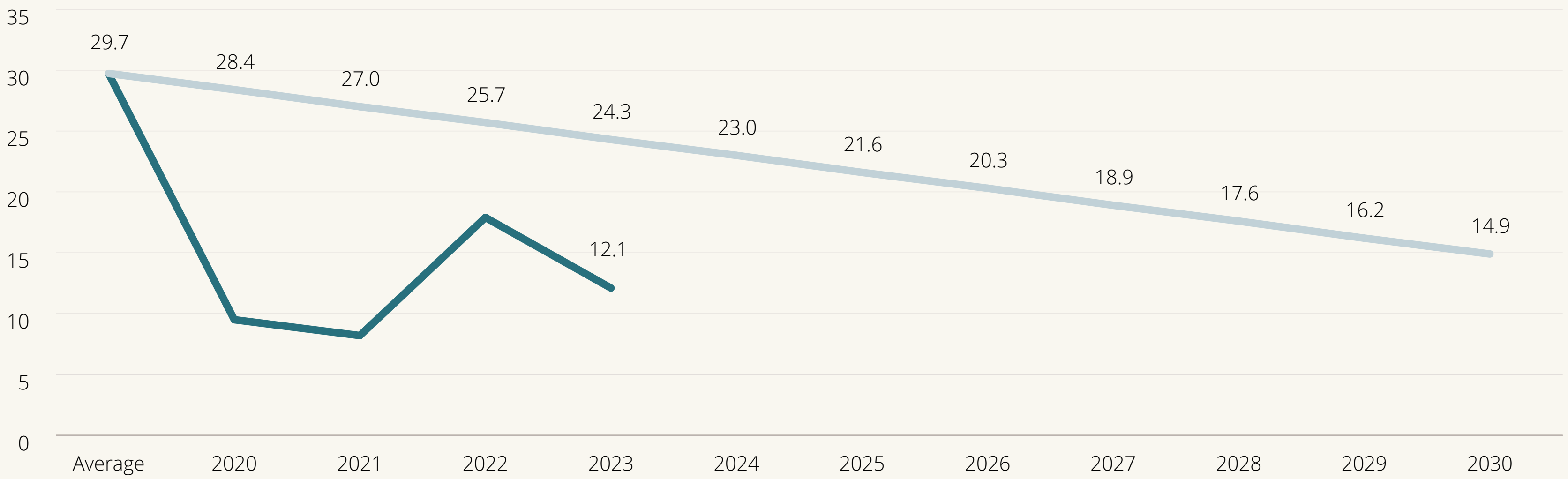
- Would I dislike it if management and my co-workers found out about this?
- Could this in any way undermine trust in Eika Boligkreditt or the alliance were it to be reported in the media?
- Could the action conflict with the interests I am charged with protecting as an employee of Eika Boligkreditt, or be perceived as a benefit I am receiving by virtue of my position?

The guidelines regulate such matters as the individual employee's relationship with customers, suppliers, competitors and the world at large. All employees must avoid forming any kind of dependent relationship with customers or business connections, and must be fully conscious of attempts at corruption or forms of influence-peddling. The ethical guidelines make the company's zero tolerance of corruption clear, and employees must in no circumstances give or receive any form of inappropriate benefit – direct or indirect – through or in connection with Eika Boligkreditt's business operations. All new employees must read the ethical guidelines as part of their induction programme, and ethics are on the agenda at scheduled meetings for these recruits. Click here to access the guidelines.

In addition to the ethical guidelines, the company has established a separate whistleblowing policy. Eika Boligkreditt believes that openness and good communication in the organisation promote the workplace culture. It therefore wishes to facilitate a corporate culture where censurable conditions and irregularities are reported, discussed and resolved. The whistleblowing procedure, which complies with the requirements of Norway's Working Environment and Transparency Acts, helps to support an open culture where trust and dialogue prevail between employees and managers. This procedure is updated as required to comply with new provisions for notifying irregularities in the business. Its purpose is to reduce the risk of internal wrongdoing and to take care of the employee's right and duty to voice their concerns and blow the whistle on censurable conditions in the workplace. The procedure can therefore help to promote respect for fundamental human rights and decent working conditions in the company. Examples of irregularities which could form the basis for whistleblowing are provided in the procedure. These include improper behaviour, corruption, illegal acts, financial crime, unethical or damaging activity, or breaches of other ethical norms, fundamental human

Goal annual GHG emissions towards 2030

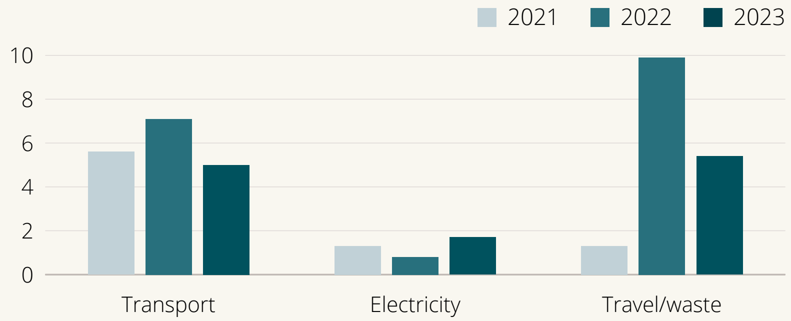
Tonnes of carbon equivalent



Annual GHG emissions

Tonnes of carbon equivalent

	2021	2022	2023
Transport	5.6	7.1	**5.0**
Electricity	1.3	0.8	**1.7**
Travel/waste	1.3	9.9	**5.4**
Total	8.2	17.9	**12.1**



rights and decent working conditions. The procedure also makes provision for employees to notify anonymously if they so wish. Eika Boligkreditt received no whistleblowing notifications in 2023. A breakdown of the whistleblowing notifications received in the past three years is presented below.

Notifications received	2021	2022	2023
No.	-	1	-

Environment- and climate-friendly operation

Eika Boligkreditt wishes to have the smallest possible adverse impact on the natural environment, and entered into an agreement in 2013 with Cemasys.

The latter has developed a dedicated energy and climate accounting (environmental report) for the business. Eika Gruppen, which leases offices to the company, has energy- and heat-saving installations to help limit consumption. Hydropower has also been chosen as the sole energy source, earning the premises a Clean Hydropower certification. The latter contributes to an increased commitment to environment-friendly energy. All areas also have round-the-clock energy saving through regulation of temperature and lighting.

The owner banks are widely spread geographically, which has been a contributory factor in Eika Boligkreditt's extensive and growing use of video and web conferencing in connection with training and information flow. This not only safeguards the environment but also reduces unnecessary travel time and strain in a busy day.

Eika Boligkreditt has a conscious attitude to the use of paper and electronic templates and documents, as well as to postage costs.

Reducing paper consumption to a necessary minimum is a clear objective.

Overviews of the company's GHG emissions and energy consumption have been prepared for 2021, 2022 and 2023. These analyses are based on direct and indirect usage related to Eika Boligkreditt's activities. The company's total GHG emissions in 2023 are estimated to equal 12.1 tonnes of CO_2 equivalents. This represents a decrease of 32.4 per cent compared with 2022. The change relates primarily to a reduction in business travel. In 2023, the company reported the number of overnight hotel stays for the first time. GHG emissions from previous years (2021 and 2022) have been reduced slightly due to changes in some emission factors in Scope 1 and Scope 2. The board has established a management indicator for the company's overall GHG emissions (Scope 1, Scope 2 and Scope 3 business travel and waste), in which the desired development trajectory represents a 50 per cent reduction in emissions up to 2030 compared with the 2012–-2019 average. Click here to access the full analysis. The company's mortgage-financed emissions were included in the climate accounts for the first time in 2023.

To ensure that the goal for 2030 is reached, the company has specified an annual sub-goal. This was set at 24.3 tonnes of CO_2 equivalents for 2023. The climate footprint provides a general overview of the organisation's GHG emissions, converted into tonnes of CO_2 equivalents, and rests on information sourced from both internal and external systems. This analysis has been conducted in accordance with the GHG Protocol Initiative (GHG Protocol), an international standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). It ranks today as the most important standard for measuring GHG emissions from an enterprise. The protocol divides the amounts released into three main segments or scopes, which include both direct and indirect emissions. Reporting takes account of the following GHGs: CO_2, CH_4 (methane), N_2O (nitrous oxide), SF_6, NF_3, HFCs and PFCs.

Responsible procurement

Eika Boligkreditt has established a procurement policy which requires all purchasing agreements entered into to include documented CSR. The policy also covers the purchase of good and services for Eika Boligkreditt. Eika Gruppen has established procurement procedures that also cover purchases made on behalf of Eika Boligkreditt.

The company's procurement must accord with the following general principles:

- Purchases must be environment-friendly and sustainable, and must focus on the product's lifespan and lifecycle, for example with respect to recycling.
- The company must ensure that contracts for the purchase of goods and services are entered into on the best possible terms, and its purchases must be as cost-efficient as possible.
- Eika Boligkreditt must maintain the integrity of its procurement processes in relation to applicable regulations, and primarily make purchases on the basis of competitive tendering.
- Procurement processes must meet requirements for equal treatment, predictability, transparency and verifiability.
- In its procurement processes, Eika Boligkreditt must ensure that no questions can be raised concerning conflicts of interest arising from the relationship between its employees and the supplier company or their personal interests. The company has established a policy for dealing with conflicts of interest.

Eika Boligkreditt's suppliers must comply with national and international legislation and regulations, as well as internationally recognised principles and guidelines. These include provisions related to human and labour rights, the environment, corruption, AML and the funding of terrorism. They must also see to it that any subcontractors comply with the same principles and rules.

Suppliers must self-certify that they comply with the obligations specified in the guidelines, and have a duty to notify Eika Boligkreditt in the event of actual or suspected breaches of these. Breach of these provisions may be grounds for cancelling the contract concerned. Click here to access the guidelines.

In 2021, Eika initiated a project to establish a risk assessment methodology for negative social or environmental effects in the value chain. This work formalised ESG requirements for suppliers and their subcontractors, and their follow-up by the contract owner. The project resulted in a new policy document on procurement in the first half of 2022.

Eika Gruppen is both a major supplier to Eika Boligkreditt and the local banks, and responsible for substantial procurements on their behalf. Eika Gruppen secured Eco-Lighthouse certification in 2021, and part of its certification deals with procurement processes and suppliers. As a result of the Eco-Lighthouse certification of Eika Gruppen AS, a substantial proportion of purchases made in the Eika Alliance will be quality-assured to this standard.

Pursuant to the Norwegian Transparency Act, the company is required to conduct due diligence assessments in line with the OECD's Guidelines for Multinational Enterprises in order to safeguard fundamental human rights and decent working conditions in its operations. Due diligence may be described as a process where a company identifies, prevents, restricts and accounts for its handling of existing and potential negative consequences of its business. Such assessments must be carried out regularly and be proportionate to the undertaking's size and nature, the context in which it operates, and the level of seriousness and probability of negative consequences for fundamental human rights and decent working conditions. As part of the process, Eika Boligkreditt identifies and assesses actual and potential negative consequences for fundamental human rights and decent working conditions which its business has either caused or contributed to, or which are directly related to its business, products or services through the value chain or business partners.

Eika Boligkreditt has a low risk profile, and its business is conducted exclusively in Norway, with strict requirements applied for environmental protection and social rights. The company wishes to contribute to sustainable development of the environment, people and society, which includes taking responsibility for fundamental human rights and decent working conditions being respected in connection with its business. Eika Boligkreditt's suppliers and business associates provide written confirmation that they will comply with its procurement policy. Furthermore, business associates receive a questionnaire when a commercial relationship is established, which is reassessed regularly and ensures that Eika Boligkreditt is able to conduct a detailed survey of the associate's impact. Due diligence assessments by the company have not identified actual negative consequences or significant risk of such outcomes for fundamental human rights and decent working conditions in the business.

The due diligence processes are broadly entrenched in the company, and all managers provide annual confirmation that the requirements of the Transparency Act are met in their area of activity. Overleaf, you can read the company's statement on due diligence, pursuant to the Norwegian Transparency Act.

Eika Boligkreditt AS'

Statement on due diligence pursuant to the Norwegian Transparency Act

for 1 January–31 December 2023

1. General information about Eika Boligkreditt AS (Eika Boligkreditt)

a. Organisation

Eika Boligkreditt is a credit institution which was owned by 58 local banks and the OBOS housing association at 31 December 2023. Its main purpose is to ensure the local banks in the Eika Alliance have access to long-term and competitive funding by issuing covered bonds in the Norwegian and international financial markets.

Eika Boligkreditt is part of the Eika Alliance. The Eika Alliance comprises just under 50 local banks, the Eika Gruppen AS financial group and Eika Boligkreditt. The banks are spread over much of Norway, and contribute to economic growth, security and development in their market areas. Collaboration through the alliance provides them with substantial economies of scale. The Eika Alliance has total assets under management of approx. NOK 480 billion and employs around 3 500 people at 170 bank branches in 114 different municipalities. The Eika Alliance is therefore one of the biggest players in the Norwegian financial market and an important corporate citizen in many local Norwegian communities.

An important aspect of Eika Boligkreditt's business idea is to increase the owner banks' competitiveness and reduce their risk. At the close of 2023, the banks had transferred a total of NOK 98.3 billion in residential mortgages to Eika Boligkreditt, thereby easing the banks' own financing requirements by an equivalent amount.

Eika Boligkreditt had 19 permanent employees at 31 December 2023. In addition, the company has entered into an agreement with Eika Gruppen concerning the purchase of services in a number of areas.

b. Products and services

The company's main purpose is to ensure the owner banks have access to long-term and competitive funding by issuing covered bonds in the Norwegian and international financial markets. The company is licensed as a credit institution and authorised to raise debt in the market through the issuance of covered bonds.

The company exclusively offers residential mortgages with a loan-to-value (LTV) ratio of no more than 75 per cent for houses/apartments and 60 per cent for joint debt in housing cooperatives. The company offers two different lending products: mortgages at a variable rate of interest, or alternatively at a fixed rate with a lock-in period of three, five or ten years.

c. The company's markets

The company finances the local banks by issuing internationally rated covered bonds. By virtue of its size, Eika Boligkreditt is able to raise loans in both Norwegian and international financial markets, and to seek financing wherever the best market terms can be obtained at any given time. Eika Boligkreditt ensures that the local banks have access to financing on roughly the same terms as the major banks in the Norwegian market. Eika Boligkreditt consequently plays an important role in reducing financing risk for the local banks and to ensuring that customers of the local banks achieve competitive terms for their residential mortgages.

d. Foundation for the work relating to human rights and decent working conditions

Eika Boligkreditt is subject to the Norwegian Transparency Act, which came into force on 1 July 2022. The company's board of directors, as the company's highest management authority, is responsible for ensuring compliance with the Transparency Act's provisions.

Eika Boligkreditt is working actively to ensure it has a responsible value chain. Since 2020, the company has had a Procurement Policy, with associated self-declaration forms that suppliers and business partners must complete. As a consequence of the Transparency Act, and to ensure compliance with its provisions, Eika Boligkreditt revised its Procurement Policy and Whistleblowing Policy in advance of the Act coming into force on 1 July 2022. The policies are adopted by the board of directors. The company's Procurement Policy and Whistleblowing Policy may be found at www.eikbol.no/About-us/ESG. The company also has a Privacy Policy covering the processing of personal data.

Pursuant to the Norwegian Transparency Act, the company is required to conduct due diligence assessments in line with the OECD's Guidelines for Multinational Enterprises in order to safeguard fundamental human rights and decent working conditions in its operations. As part of the process, Eika Boligkreditt identifies and assesses actual and potential negative consequences for fundamental human rights and decent working conditions which its business has either caused or contributed to, or which are directly related to its business, products or services through the supply chain or business partners. The company therefore takes a risk-based approach to its due diligence processes, which cover Eika Boligkreditt's in-house operations and those of its external supply chain and business partners. These due diligence processes are broadly entrenched in the company, and all managers provide annual confirmation that the requirements of the Transparency Act are met in their area of activity.

Eika Boligkreditt requires that suppliers and business partners (in the following collectively referred to as "suppliers") comply with national and international laws and regulations, as well as internationally recognised principles and guidelines. All suppliers are also required to help Eika Boligkreditt obtain the information it needs to follow up and perform due diligence on suppliers. This may, for example, include responding to questionnaires on ESG-related matters. Suppliers must self-certify their compliance with internationally recognised principles and guidelines, laws or regulations relating to human and labour rights, environmental protection, corruption prevention and anti-money laundering (AML). Suppliers also have a duty to notify Eika Boligkreditt of any violation or suspected violation these provisions. In the event of any serious violation, Eika Boligkreditt is entitled to cancel its contract with the supplier concerned. If necessary, Eika Boligkreditt may ask suppliers to document their compliance.

The company has opened a page on its website called "Transparency", which contains relevant information concerning the Norwegian Transparency Act. For further details, see www.eikbol.no/About-us/ESG/apenhet. This page includes a list of Eika Boligkreditt's key suppliers.

e. Whistleblowing channels and grievance mechanisms

Eika Boligkreditt adopted an updated code of conduct in March 2019. In addition to the code, the company has established a separate whistleblowing policy. The company believes that openness and good communication in the organisation promote its work culture. As a result, Eika Boligkreditt wishes to make provision for a corporate culture where censurable conditions are reported, discussed and resolved. The whistleblowing routines, which comply with the requirements of Norway's Working Environment and Transparency Acts, help to support an open culture, where trust and dialogue prevail between employees and managers. The whistleblowing routines are updated as required to take account of new provisions for reporting irregular conditions in the enterprise.

The company also has internal routines to ensure protection of employees' personal data.

Third parties who wish to blow the whistle or file a complaint will find Eika Boligkreditt's contact details at the bottom of the company's home page www.eikbol.no, as well as at www.eikbol.no/Contact-us/Address.

2. Negative consequences and risk

The company wishes to contribute to the sustainable development of the environment, people and society, which includes taking responsibility for ensuring that fundamental human rights and decent working conditions are respected in connection with its business.

In 2023, the company's due diligence processes did not identify actual negative consequences or material risk of such outcomes for fundamental human rights and decent working conditions in the business. This is based on an assessment of both the company's in-house operations and those of its suppliers.

The company conducts regular due diligence processes, and all managers provide annual confirmation that the requirements of the Transparency Act are met in their area of activity.

3. Initiatives

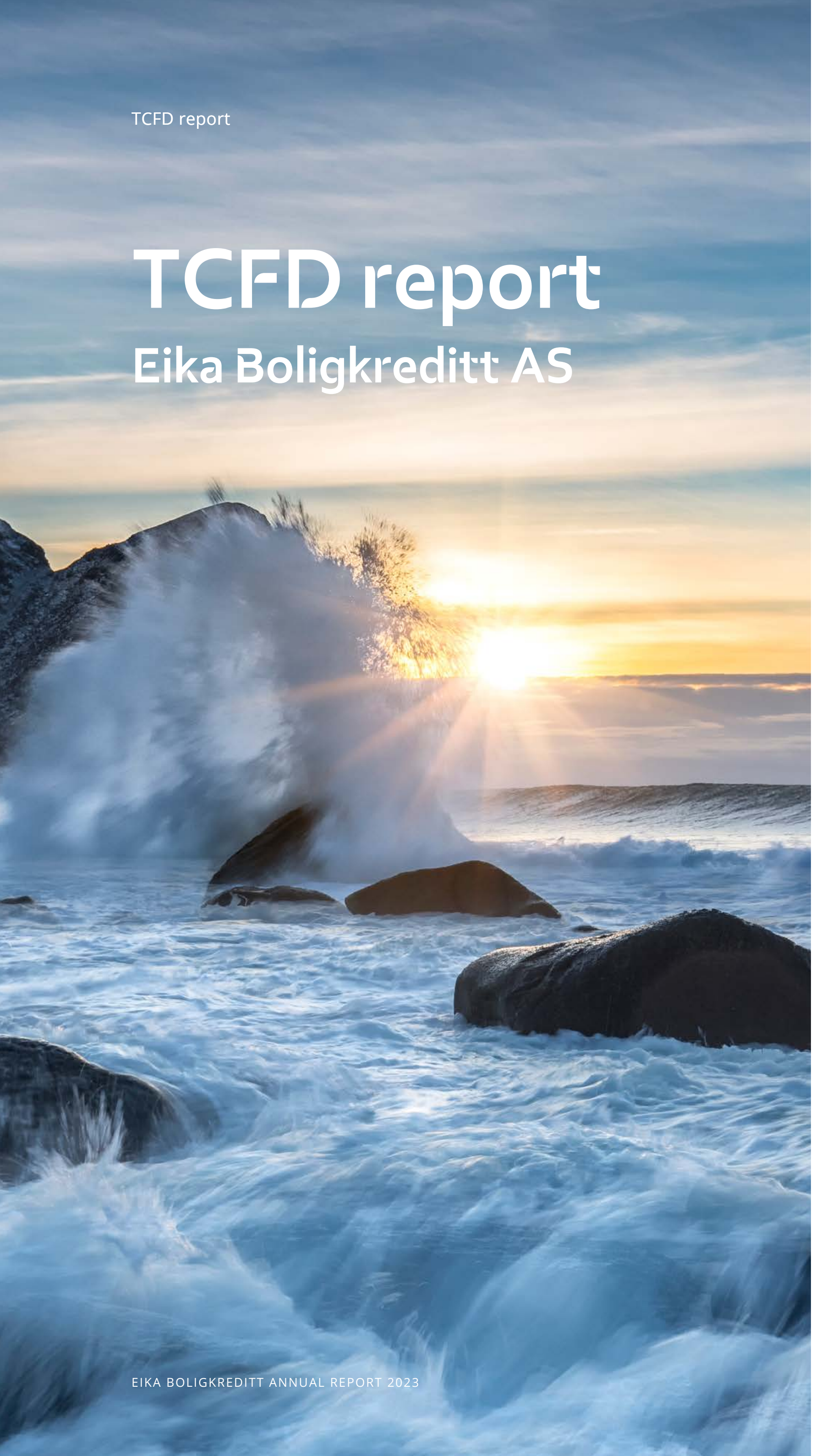
The company has not identified actual negative consequences or material risk of such outcomes for fundamental human rights and decent working conditions during the reporting period. The company has therefore not been obliged to take steps to deal with cases involving negative consequences or material risk.

The company finds that the Transparency Act and its associated legal obligations have been incorporated into its governing documents and management tools. Nevertheless, the company considers further practical experience and training in the implementation of due diligence processes and the follow up of relevant initiatives to be important. This is an area for continuous endeavour in the company's business operations and procurement processes.

For further information, please contact the company at the following email address: boligkreditt@eika.no.

This statement on due diligence was considered and adopted by the Board of directors on 12 March 2024.

Dag Olav Løseth *Chair*	Rune Iversen	Terje Svendsen	Gro Furunes Skårsmoen	Lena Jørundland	Pål Ringholm	Odd-Arne Pedersen *CEO*



Climate and climate risk

Sustainability and climate risk have attracted increased attention in recent years. Good sustainability reporting is needed so that the company's clients, owner banks, investors, partners, colleagues and other stakeholders can assess the impact of the business on society and the environment, and how sustainability influences its risk assessments and decision processes.

Together with the local banks in the Eika Alliance, Eika Boligkreditt has put climate risk on the agenda with a goal of reducing the climate footprint (CO_2 emissions) related both to its residential mortgage portfolio and to its own activities.

Eika Boligkreditt wishes to work towards several of the UN's SDGs, which represent the world's shared plan for eliminating poverty, combating inequality and halting climate change by 2030. It has chosen SDG 13 – act urgently to combat climate change and its impacts – as a priority area and roadmap for its strategy. Promoting this goal is relevant because the company and the Eika Alliance can apply their influence and impact here to help reduce CO_2 emissions.

Climate risk is particularly prominent in three areas where the banking and finance sector can play an important role:

1. physical risk, costs related to physical harm caused by climate changes such as rapid rain bursts, surface water, flooding and landslide damage to buildings and infrastructure as well as failing harvests
2. transition risk, the economic risk associated with the transition to a low-emission society, such as new laws and regulations limiting the use of natural resources or pollution pricing
3. liability risk, compensation claims directed, for example, against businesses which have failed to take the necessary decisions to reduce negative climate changes.

Task Force on Climate-related Financial Disclosures (TCFD)

To be able to describe its climate risks and opportunities in greater detail, Eika Boligkreditt began work in 2021 to identify where it can reduce greenhouse gas (GHG) emissions in the coming years. The company has therefore chosen to report in accordance with the TCFD's recommended framework for climate reporting. This leading global disclosure optimisation tool was published by the Financial Stability Board (FSB) in 2017. Its objective is to obtain standardised information for banks, financial institutions and other stakeholders on significant financial risks and opportunities related to climate change and the transition to a low-emission society.

The TCFD proposes that businesses report how they take account of climate risk in strategy processes and how this risk is identified, measured and managed. Reporting is recommended in four areas: governance, strategy, risk management, and metrics and targets.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

A. Describe the board's oversight of climate-related risks and opportunities.

CSR and ESG have been considered at the board's strategy meeting since 2018. Climate risk has also been on the agenda at board meetings since 2020 in connection with strategy discussions and to establish systems for measuring the climate footprint. The board also incorporated climate risk in its risk strategy in 2020, and chose SDG 13 – act immediately to combat climate change and its consequences – as one of its focus areas.

Climate risk will continue to be a topic for the company's board, where specific targets for KPIs related to CO_2 cuts in the company's residential mortgage business will also be set. Eika Boligkreditt aims to set a target for the climate footprint of its residential mortgage business. This has not yet been possible because Eika Boligkreditt is a financing source for lending activities in the alliance banks. Any goal of net zero emissions in the residential mortgage business that is conducted through the company must be set in conjunction with the establishment of such objectives by the owner banks. In 2023, Finance Norway finalised its guide to the calculation of financed emissions. In 2023, Eika has endeavoured to calculate relevant Scope 3 emission categories. This work will continue in 2024. As a result of this effort, the owner banks will also have the opportunity to set targets for zero emissions in their lending portfolios. This is a necessary precondition if Eika Boligkreditt is to be able to set a target for its residential mortgage activity.

The risk committee, which prepares matters for consideration by the board, places emphasis on climate risk in quarterly reviews of the company's risk reporting. This reporting utilises the results of relevant climate scenarios when calculating climate risk, including the proportion of the residential mortgage portfolio included in the various hazard-zone categories. The proportion of green residences in the cover pool is also reported.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long terms.

The business is exposed to climate risk primarily through its residential mortgage portfolio in the form of physical and transition risk to properties included in the company's cover pool. Physical risk could mainly find expression if a residential property held by Eika Boligkreditt as collateral in its cover pool is exposed to such climate changes as sea-level rises, floods, landslides and extreme weather, which could damage the properties and thereby cause the value of the mortgaged property to decline. Transition risk could involve government or market requirements which cause a fall in the value of properties with high energy consumption or a large climate footprint. The company could also be exposed to liability risk following compensation claims related to decisions, or the failure to take these, which in one way or another can be related to climate policy or climate changes.

Through the distribution agreement, Eika Boligkreditt has contracted out the role of loan intermediary to the owner banks. This means that it is the owner banks as distributors who have all communication and contact with the customer. They are also responsible for ensuring that necessary services are provided, so that Eika Boligkreditt's obligations pursuant to applicable regulations are handled by the owner banks.

As distributors, the latter have an important role in raising customer awareness about how energy-efficient homes can contribute to sustainable development and reduce the climate footprint by offering green residential mortgages. The most energy-efficient residences can be offered such financing on more favourable terms for customers. Green mortgages are therefore expected to attract more customers. In that way, the banks reward good choices while also helping to make homebuyers in general more aware of the significance of energy efficiency. An energy-efficient home uses less power, which also means lower electricity bills to benefit the homeowner's personal economy

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

A. Describe the organisation's processes for identifying and assessing climate-related risks.

In connection with its annual updating of the company's risk strategy, the risk and compliance department has also conducted an analysis of climate-related risk. The board of Eika Boligkreditt has considered and approved the risk strategy. The following assessment of physical and transition risk has been made in the strategies for credit risk on loans and for financing risk.

Strategy for credit risk on loans

The business is exposed to climate risk in its residential mortgage portfolio. This takes the form of transition and physical risk, primarily through the properties accepted as collateral by the company when providing a residential mortgage. Government or market requirements could lead to a fall in value for properties with high energy consumption or a large climate footprint. Physical risk from climate change could damage properties, which may in turn increase the likelihood of defaults because of financial loss and the reduction in the value of the mortgaged property. That involves typical damage to the mortgage collateral where no insurance is in place and the mortgage collateral is not covered by the mortgagee guarantee pool.

Strategy for financing risk

Climate risk is attracting ever greater attention from financial investors. A perception that Eika Boligkreditt or the Eika Alliance is particularly exposed to transition risk could be significant for the price and availability of financing. In that way, climate risk – including transition risk – could represent a financing risk for the company.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Work on sustainability and CSR in Eika has already had a positive effect on the way its sustainability area is assessed by the rating agency. It is therefore also expected to strengthen the company's reputation with investors, banks and so forth. But much work remains to be done in terms of setting specific goals and defining KPIs for monitoring the attainments of goals in this area within Eika.

In order to slow climate changes, the natural long-term goal for Eika Boligkreditt is to be climate neutral in accordance with the Paris agreement. As a first step, it has established an ambition of reducing GHG emissions from its internal operations in line with a development trajectory which envisages a 50 per cent reduction up to 2030 compared with the 2012–2019 average. The company will also set further goals in the longer term as well as associated measure for ensuring climate neutrality in the long term. The main aim of the latter is to keep global warming below 2°C, and preferably limit the rise in temperature to 1.5°C.

Eika Gruppen has also signed the UN's principles for sustainable banking and is a member of UNEP-FI, a global organisation for collaboration between the UN and the financial sector. Eika Gruppen's sharing of knowledge with the Eika Alliance is also expected to help Eika Boligkreditt discharge its role in a way which is relevant and in line with the intentions behind the principles.

Eika Boligkreditt wants to operate in an environmental and climate-friendly way, with the smallest possible negative impact on the natural environment. The company has therefore carried out an analysis of green homes in its cover pool with the aim of reducing CO_2 emissions from the residential mortgage portfolio in the future. This priority area also aims to reduce the climate footprint of Eika Boligkreditt's own activities, measured through a separate environmental report – an energy and climate accounting delivered by Cemasys.

Governance

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Each department manager in Eika Boligkreditt is responsible for identifying and implementing measures to ensure prudent risk management in the sustainability area for their department. The company has chosen not to produce a separate risk management strategy for sustainability, but instead to incorporate this aspect as an integrated part of the various risk management strategies and routines in its work processes. Eika Boligkreditt believes this to be the best way of ensuring adequate progress and implementation drive in its sustainability efforts. The risk and compliance department also has a responsibility to check that the risk framework is being complied with as specified in company's risk strategy.

In order to be able to set specific target levels for the annual rise in CO_2 savings from the residential mortgage portfolio and in the company's internal operations, Eika Boligkreditt must be able to measure its footprint continuously for both residential mortgages which enter the cover pool and activities related to its internal operations. Quarterly measurement of the climate footprint for the residential mortgage business was implemented in 2020 and, as described above, it is desirable to determine a target for the footprint when goals are set by the owner banks. Quarterly measurement of the footprint for the company's internal operations was established in 2021. Annual measurements have been conducted since 2012. The goal for developing the internal climate footprint was set in 2020 at a 50 per cent reduction up to 2030 from a benchmark defined as the 2012–2019 average.

Strategy

B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Eika Boligkreditt can obtain long-term green financing in the international financial market. The company has issued two successful covered bonds, the first in June 2021, and the second, worth EUR 500 million, in September 2022.

These are bonds where Eika Boligkreditt, as issuer, guarantees that the money borrowed will be applied to green residential mortgages or investments, and which can thereby contribute to reducing the CO_2 footprint.

A green mortgage applies to a green residence. In other words, the mortgage in itself is not green, but the home or mortgaged property to be financed. A green residence is defined by Eika Boligkreditt as particularly energy-efficient – in other words, it uses little electricity or other energy source in relation to its area. Other definitions of a green residence exist, such as being constructed of particularly climate-friendly materials or upgraded by its owner with new insulation or heating technology which makes an old, energy-inefficient home more energy-efficient. The criteria for qualifying as the most energy-efficient residential units in Norway have been tightened up. See the section "Green bond framework" under "CSR and sustainability" for further details. A tightening up was needed to ensure that the collateral securing new residential mortgages approved/moved to Eika Boligkreditt qualify under the prevailing criteria. Eika Boligkreditt has identified just over 8 750 residential mortgages totalling NOK 21.6 billion which meet these criteria. 23.4 per cent of the residential mortgages added to the cover pool in 2023 met the criteria set for energy-efficient residential units. The company has established a strategic target that more than 20 per cent of new residential mortgages will finance energy-efficient residential units.

The difference in interest rates between green and ordinary covered bonds is small for the moment. However, this differential may increase in the future where continued growth in demand for green assets could increase the price difference. Furthermore, establishing a green framework is considered to reduce risk for the company. This is primarily because it provides broader access to investors, which in turn helps to lower the risk of conducting covered bond issues when the company offers green covered bonds. It is in any event important for the climate that attention can be focused on energy-efficient homes, which can help to make both customers and investors conscious of the climate footprint of homes.

Several Norwegian banks are active in the market for green covered bonds, and a substantial volume of these have been issued for financial players in Norway. Investor appetite for buying green bonds has been good, and the market appears to be well-functioning. Many investors in the international market also wish to buy these instruments. The EU introduced new and stricter regulations in 2021 on what can be called a sustainable fund, and other regulatory changes are on the way in this area. This could encourage even more people to buy green bonds. A number of customers want to place their savings with funds which invest in green enterprises. Demand for green bonds is therefore expected to rise in coming years.

Risk management

B. Describe the organisation's processes for managing climate-related risks.

Eiendomsverdi can carry out analyses to identify which Norwegian homes lie in areas exposed to risk of flooding, landslides and sea-level changes. Climate risk data provided by Eiendomsverdi are, in turn, sourced from the Norwegian Mapping Authority, the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian Geotechnical Institute (NGI). For an additional description of physical climate risk, see the section on measuring climate footprint and risk associated with the residences in the cover pool in the presentation on sustainability and societal engagement. Running the mortgage collateral in the cover pool against Eiendomsverdi every quarter makes it possible to identify, quantify and estimate the value of residential mortgages exposed to physical risk. With this information about the mortgaged property, the company can handle climate-related risk in its ongoing work and can describe what this could mean for its residential mortgage business and strategy for credit risk. Eika Boligkreditt can also take the necessary decisions to counteract, restructure, control and accept these risk factors. Although its energy sources largely involve climate-friendly hydropower, much remains to be gained from greater energy efficiency. When less power is used to heat homes and offices, more clean electricity is available for such applications as extending its use in cars and pleasure boats or in industries based on clean power. As distributors, the owner banks therefore play an important role for Eika Boligkreditt's credit risk by making customers aware of how energy-efficient homes can contribute to a sustainable development and reduce climate risk.

Provision has been made in the credit portal for distributors to sanction green residential mortgages. Applied to energy-efficient homes, these are a separate product in the Eika credit portal.

Metrics and targets

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

The company describes its measurement of the climate footprint for the residences in its cover pool and prepares a climate accounting for its own activities on the basis of analyses carried out in accordance with the GHG protocol. See the description in the chapter on environment- and climate-friendly operation in the separate section on sustainability and societal engagement which forms part of Eika Boligkreditt's annual report for 2023. The climate accounting can be divided into three levels or scopes which comprise both direct and indirect emission sources. The company has defined the following reporting for the three scopes:

Scope 1
Mandatory reporting of emission sources relates to business assets under the company's operational control. This includes reporting related to emissions which result from transport requirements with both owned and leased vehicles.

Scope 2
Reporting here is mandatory. Reporting typically covers indirect emissions related to purchases of electricity and energy for heating/cooling. Where Eika Boligkreditt is concerned, this applies to leased vehicles and office premises it sublets from Eika Gruppen.

Scope 3
Voluntary reporting of indirect emissions related to purchased goods or services. These are emissions which can be tied indirectly to the company's activities, but which are outside its own control and are therefore indirect. Scope 3 reporting will cover GHG emissions both from the company's residential mortgage portfolio and from its own climate footprint through air travel, hotel nights, transport and waste.

Governance

Strategy

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Incidents such as rapid rain bursts, storm water run-off, floods, landslides, extreme weather, increased precipitation and inundations may damage residences, which can in turn reduce the value of mortgage collateral in the cover pool. Expectations and requirements from government and the market related to the energy consumption or climate footprint of residences could also cause their value to fall.

Eika Boligkreditt started work in 2021 on mapping the climate risk of mortgage collateral in the cover pool. When the Financial Supervisory Authority of Norway produces a framework for relevant scenarios to be used in scenario analyses and stress tests for climate risk, the company will conduct analyses in its ongoing work of the climate risk, seek to implement these in its risk management, and set parameters for the amount of climate risk it can accept. The company will then be able to highlight both transition and physical risk if mortgage collateral in the cover pool is exposed to climate change.

Risk management

C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

The company's strategy requires sustainability (ESG) and climate risk to be included as a permanent feature of its risk management in all business areas. Together with the local banks in the Eika Alliance, Eika Boligkreditt has placed climate risk on the agenda, with the aim of eventually reducing the climate footprint (CO_2 emissions) of the company's residential mortgage portfolio.

Good risk management and control will ensure that Eika Boligkreditt is able to identify, assess, manage, monitor and report risk which could prevent it reaching approved targets. Each department manager is responsible for ensuring responsible risk management and for seeing to it that climate-related risk is integrated in the various risk strategies and other relevant areas. The company's risk strategy is updated and approved by the board at least once a year. The risk strategy provides overall guidelines for the priority areas and the principles for risk management and internal control in the company. The strategy describes Eika Boligkreditt's risk universe and specifies its overall risk profile.

The company's risk management is crucial for its ability to reach strategic goals in the various priority areas. It emerges from the risk strategy that Eika Boligkreditt is exposed to various types of risks. Climate risk covers many aspects – from the physical climate risk to the financial risk associated with the transition to a low-emission society. In addition comes the liability risk associated with compensation claims because the company has failed to take the necessary action to reduce the climate footprint.

The business is in a process of identifying, assessing and dealing with climate-related risk. Eika Boligkreditt regards climate risk as a key area in its risk management. In the time to come, the company will acquire the resources needed to throw an even stronger light on this issue in its future work on reducing the climate footprint. Climate risk is also expected to be considered in coming years at the board's strategy meeting, and to be the subject of several courses and professional seminars.

The Eika Alliance initiated an ESG project in 2023, with a view to implementing the EU's new Corporate Sustainability Reporting Directive (CSRD). The objective of the project is to ensure that the Eika Alliance is equipped to implement CSRD reporting no later than the date on which it becomes compulsory, in connection with the 2025 annual report. The CSRD introduces mandatory reporting requirements as well as a set of European sustainability reporting standards (ESRS). The project will focus on the extent to which the company's operations impact the world around it and which impacts the various sustainability topics have on the company's financial results. The primary purpose of the ESRS is to ensure the meaningful and standardised reporting of sustainability-related information by companies, specified by risks, opportunities and impacts.

Metrics and targets

C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The company's efforts in the area of climate-related threats rest on SDG 13 – act immediately to combat climate change and its consequences.

Within this SDG, the company has chosen two appropriate KPIs:

1. The share of green mortgaged property added to the cover pool will exceed 20 per cent.
2. Eika Boligkreditt will reduce its own climate footprint by 27.3 per cent from the 2012–2019 average by 2025. This development trajectory means that GHG emissions from its own activities will total less than 21.6 tonnes of CO_2 in 2025.

Eika Boligkreditt will also determine goals for CO_2 in its lending business in interaction with such targets set by the owner banks. See the description above.

The company can also set several different sub-goals for reducing its climate footprint. Eika Boligkreditt's target and follow-up for reducing CO_2 emissions from the residential mortgage portfolio and its own climate footprint is described in the chapter on environment- and climate-friendly operation in the section on CSR and sustainability.

Directors' report

Financial highlights 2023

116 **million**
Pre-tax profit of NOK 116.2 million, compared with pre-tax loss NOK 65.4 million in 2022.

121 **billion**
At the close of 2023, the company had total assets of NOK 121 billion, compared with NOK 126.6 billion a year earlier.

110 **billion**
The borrowing portfolio totalled NOK 109.9 billion, a net decrease of NOK 2.6 billion or 2.3 per cent from 31 December 2022.

2.2 **per cent**
Total financing (nominal value) stood at NOK 98.3 billion, a net increase of NOK 2.1 billion or 2.2 per cent from the close of 2022.

601 **million**
Net interest revenues in 2023 totalled NOK 601 million, compared with NOK 528.2 million in 2022.

460 **million**
Distributor commissions to the owner banks totalled NOK 459.7 million in 2023, compared with NOK 412.7 million in 2022.

55 **per cent**
The average LTV for the entire cover pool was 54.6 per cent.

19 **per cent**
At the close of 2023, the company's capital adequacy ratio stood at 19 per cent, compared with 19.3 per cent a year earlier. The capital adequacy ratio is calculated in accordance with the standardised method specified by CRR/CRD IV.

Board of directors' report 2023

The company's business

The nature of the business

Eika Boligkreditt's main purpose is to ensure the local banks in the Eika Alliance (owner banks) have access 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 financing in the Norwegian and international financial markets with regard to maturities, terms and depth. The company's business purpose also includes reducing risk for the owner banks. At 31 December 2023, the owner banks had received total financing in the amount of NOK 98.3 billion from Eika Boligkreditt and had thereby reduced their need for market financing on their own account by a corresponding amount.

The company is licensed as a credit institution and authorised 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. Concentrating funding activities related to covered bonds in Eika Boligkreditt has secured the owner banks in the Eika Alliance a player in the bond market with the necessary requirements to obtain competitive terms in both Norway and internationally. With total assets of NOK 121 billion, the company ranks as one of the largest bond-issuing credit institutions in Norway.

Ownership structure

Eika Boligkreditt was demerged from Eika Gruppen AS in May 2012, and became directly owned by the local banks in the Eika Alliance and the OBOS housing association. In conjunction with the changes to the ownership structure, a shareholder agreement was entered into with all the owners which includes the stipulation that ownership of the company is to be rebalanced on an annual basis. This will ensure an adjustment so that the holding of each owner bank corresponds to its share of the bank financing from the company. Following on from its buyout of its remaining portfolio in September 2023, OBOS will exit as an owner in connection with the rebalancing of the ownership structure in April 2024.

Agreements on liquidity and capital support

Agreements were entered into in 2012 to regulate support for liquidity and capital respectively from the owner banks to Eika Boligkreditt. This liquidity support is regulated by an agreement concerning the purchase of covered bonds which came into effect on 10 May 2012. The main features of this agreement are that the owner banks, for as long as they have residential mortgage portfolios in the company and under given circumstances, are committed to provide Eika Boligkreditt with liquidity. This liquidity obligation is limited to the maturity of the company's covered bonds issued under the Euro Medium Term Covered Note (EMTCN) programme and associated derivative contracts over the coming 12 months. To the extent that covered bonds have been purchased by the owner banks under the liquidity agreement and have not been redeemed, these are deducted from the calculation of each owner bank's outstanding liquidity obligation. Each owner bank's liquidity obligation is primarily limited to its pro rata share of the issued amount, which is calculated on the basis of each owner bank's share of the company's bank financing. Should one or more owner banks fail to fulfil their liquidity obligation pursuant to the agreement, the liquidity obligation of the other owner banks can be increased up to a limit of twice their original pro rata share.

Capital support from the owner banks is regulated by a shareholder agreement dated 10 May 2012. This includes a commitment by the owner banks that, under given circumstances, they will have to provide the company with the capital required to maintain the company's tier 1 capital and total primary capital ratios at levels required or recommended by the Financial Supervisory Authority of Norway. The present capital targets, which have applied from 31 December 2023, are set at a minimum of 14.78 per cent for the core tier 1 capital ratio, 16.38 per cent for the tier 1 capital ratio, and 18.50 per cent for the tier 2 capital ratio. The individual owner bank's capitalisation obligation is primarily limited to its pro rata share of capital issues, calculated on the basis of each owner bank's share of the company's bank financing. Should one or more owner banks fail to fulfil their capitalisation obligation pursuant to the agreement, the capitalisation obligation of the remaining owner banks can be raised to a limit of twice their original pro rata share. The agreement on purchasing covered bonds and the shareholder agreement can be terminated under certain conditions.

Rating

Covered bonds issued by Eika Boligkreditt have an Aaa rating from Moody's Investor Service (Moody's).

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 benefiting 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.

In its EMTCN programme, Eika Boligkreditt has pledged to maintain an overcollateralisation of at least 2.75 per cent. But the precondition for an overcollateralisation below five per cent is that the Aaa rating for the bonds is maintained. The latest available update from Moody's shows an overcollateralisation requirement consistent with the Aaa rating of 2 per cent. This requirement has come down by 2 percentage points, from 4 per cent, after our issuer rating was upgraded to A3. At 31 December 2023, the overcollateralisation was 9.53 per cent (based on nominal values excluding retained bonds). The owner banks have provided guarantees against defaults on transferred residential mortgages.

Development of bank financing

At the close of 2023, the owner banks had a total financing (residential mortgages to customers in nominal value without accrued interest) from Eika Boligkreditt of NOK 98.3 billion. This represents an increase of NOK 2.1 billion or 2.2 per cent over the year, exclusive of changes in the fair value of residential mortgages. Standalone residential mortgages accounted for 96.7 per cent of the mortgages in the cover pool, with mortgages to residential cooperatives accounting for the remaining 3.3 per cent. Standalone residential mortgages also include mortgages for holiday homes. The share of mortgages granted to housing cooperatives has decreased from 5.1 per cent to 3.3 per cent through 2023 due to OBOS reducing its financing from the company, as planned, prior to buying out the residual portfolio in September 2023. The average LTV ratio for the mortgages in the cover pool was 54.2 per cent on the basis of the value of the properties at origination. Adjusted for subsequent price developments affecting the mortgaged objects, the average LTV ratio for mortgages in the company's cover pool was 54.6 per cent at 31 December 2023. Since Eika Boligkreditt's funding activity began in 2005, the company has experienced no defaults exceeding 90 days, provisions for loss or losses related to its mortgage business. Guarantees issued by the owner banks reduce the risk of loss.

About the Eika Alliance

The Eika Alliance comprises just under 50 local banks, the Eika Gruppen financial group and Eika Boligkreditt. The Eika Alliance has total assets of approximately 480 billion and employs around 3 500 people at 170 bank branches in 114 different municipalities. The Eika Alliance is therefore one of the biggest players in the Norwegian financial market and an important player for many Norwegian local communities.

Customer satisfaction with banks in the Eika Alliance is among the highest in Norway for both private and corporate customers. That reflects a conscious commitment to a good customer experience through personal service and advice, an intelligent bank for day-to-day transactions and a genuine combination of local presence and purposeful digital solutions.

Developments in the alliance collaboration

The boards of Hemne Sparebank and Åfjord Sparebank announced on 1 April 2022 that they had decided to merge the two banks. The merger agreement was approved by the boards of the banks on 23 May 2022, their general meetings and boards of trustees on 23 June 2022 and the Financial Supervisory Authority of Norway on 24 March 2023. The merger was implemented on 3 April 2023. The merged bank is now called Trøndelag Sparebank.

On 9 November 2022, the boards of Andebu Sparebank, Larvikbanken and Skagerrak Sparebank announced a letter of intent to merge the three banks. The merger agreement was approved by the boards of the banks on 17 February 2023, their general meetings and boards of trustees on 27 March 2023 and the Financial Supervisory Authority of Norway on 19 December 2023. The merger was implemented on 1 February 2024. The merged bank is now called Skagerrak Sparebank.

On 13 September 2023, the board of Eika Boligkreditt approved an agreement with OBOS-banken and OBOS BBL for 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. In August 2023, OBOS-banken requested permission to buy out the residual residential mortgage portfolio. At this point, OBOS-banken was in the seventh year of the planned downscaling of the portfolio held with the company. Having assessed various courses of action under the agreement, it was concluded that a buyout was the most beneficial for the mortgagors, OBOS-banken, Eika Boligkreditt and the shareholder 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.

At meetings held on 11 December 2023, the board of directors of Tysnes Sparebank and the general meeting of shareholders in Haugesund Sparebank voted in favour of the banks merging through the transfer of assets, rights and liabilities in Tysnes Sparebank to Haugesund Sparebank. The merger remains contingent on the authorities granting the necessary approvals either unconditionally or at terms that do not materially alter the assumptions on which the banks rest the merger plan. The aim is for the merger to be completed on or around 1 July 2024. The merged bank will become part of the Eika Alliance.

The general meeting of shareholders in Sandnes Sparebank and the board of directors of Hjelmeland Sparebank have approved an agreement to merge the two banks. The merger remains contingent on the authorities granting the necessary approvals. The proposal springs from a desire to strengthen the post-merger bank's position in Rogaland County, improve its profitability and attractiveness as an employer, as well as boost its ability to meet regulatory requirements going forward. The merged bank will be known as Rogaland Sparebank. Sandnes Sparebank will be the acquiring bank. Based on figures at the close of the third quarter 2023, the merged bank will have business capital of around 39 billion, making it the largest bank in the Eika Alliance. The merged bank will own 9.84 per cent of Eika Gruppen AS and will therefore be the company's largest owner based on the current shareholder structure.

On 15 January 2024, the boards of Totens Sparebank and SpareBank 1 Østlandet approved an agreement to merge the two banks. This was, in turn approved the companies' boards of trustees on 22 February 2024. The merger is contingent on the approval of the regulatory authorities. As a result of the merger with SpareBank 1 Østlandet, the business currently engaged in by Totens Sparebank will become part of the Sparebank 1 alliance.

The boards of Hjartdal og Gransherad Sparebank and Skue Sparebank have decided to enter negotiations with a view to merging the two banks. The merger was approved by the boards of the banks on 15 February 2024. The proposal springs from the desire to boost the banks' position in the local community. The merged bank will be known as Skue Sparebank. Skue Sparebank will be the acquiring bank. Based on figures at the close of the third quarter 2023, the merged bank will have business capital of over NOK 25 billion, making it one of the largest banks in the Eika Alliance. The merged bank will own approx. 6.6 per cent of Eika Gruppen AS and will therefore be the company's second largest owner based on the current shareholder structure. The merger is expected to be implemented in the third quarter 2024.

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 operating on the same 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 12 December 2023, Eika Forsikring and Fremtind Forsikring, as well as their respective owners Eika Gruppen, SpareBank 1 Gruppen and DNB Bank, reached agreement on a letter of intent to merge. The merged company will be called Fremtind Forsikring, with the merger taking place as a business transfer. This means that Eika Forsikring will be transferred to Fremtind and cease to exist as a separate brand. It is expected that the partnership will provide better insurance solutions for customers and advisers nationwide, and will realise substantial synergies for Fremtind Forsikring's owners. Hege Toft Karlsen, who previously served as CEO of Eika Gruppen, has been appointed as the new CEO of Fremtind Forsikring and took up her new position on 19 January 2024. Steinar Simonsen has taken over as Eika Gruppen's new CEO.

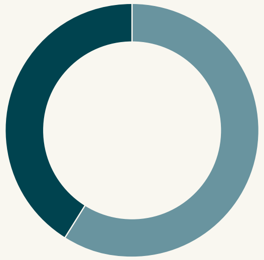
Borrowing

The company's total borrowing (liabilities established through the issue of securities) amounted to NOK 110.7 billion at 31 December 2023, a decrease of NOK 2.6 billion from 1 January. Eika Boligkreditt issued bonds and certificates corresponding to NOK 14.4 billion in 2023. Of these, 41.1 per cent were issued in euro (EUR) and 58.9 per cent in Norwegian kroner (NOK). Covered bonds accounted for 93 per cent of the total issue volume. During 2023, repurchases of the company's own bonds before their call date and bonds redeemed at their call date amounted to NOK 18.3 billion. The company issues covered bonds under its Euro Medium Term Cover Note (EMTCN) programme, which is listed on the Irish Stock Exchange. This programme was last revised in September 2023. The borrowing limit in the programme is EUR 20 billion. Issues in

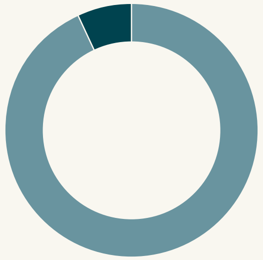
Issues by sector
(Amounts in NOK million)

	2023	2022	2021
Covered bonds (issued in EUR)	**5 922**	10 194	5 033
Covered bonds (issued in NOK)	**7 500**	14 200	12 000
Senior unsecured bonds (issued in NOK)	**1 000**	-	2 300
Subordinated loans (issued in NOK)	**-**	375	150
Total issued	**14 422**	24 769	19 483

Issues by currency
(in NOK mill) in 2023



Issues by sector
(in %) in 2023



2023 and the two previous years by sector are presented in the table above. The volume issued in 2023 was approximately as expected at the start of the year.

In 2023, credit spreads widened marginally for covered bonds issued in NOK. The credit spread that Eika Boligkreditt pays when issuing new covered bonds in NOK with a five-year tenor widened in 2023 by a few basis points to a level approaching 0.55 percentage points. For an equivalent tenor in EUR, credit spreads have widened by slightly more than 0.15 percentage points, giving a credit spread of just over 0.35 percentage points. Credit spreads are expected to widen slightly further in the first half of 2024 because European banks have a substantial need for financing from the bond market as the ECB's long-term lending to banks in the euro zone is gradually reduced in scope. The uncertainty surrounding future developments in credit spreads is less than it has been in the past two years. The average tenor for covered bonds issued in 2023 was 7.1 years. At the close of 2023, the average tenor for the company's borrowing portfolio was 3.89 years, compared with 3.84 at 1 January. The table below shows the breakdown of the company's borrowing in various instruments.

Borrowing via various instruments

Book value in NOK million	31 Dec 2023	31 Dec 2022
Covered bonds	**106 573**	109 617
Senior unsecured bonds	**3 303**	2 819
Senior unsecured certificates	**-**	-
Subordinated loans	**779**	813
Total borrowing	**110 655**	113 249

Profit and loss account

Pre-tax profit/loss

Eika Boligkreditt delivered a pre-tax profit of NOK 116.2 million in 2023, compared with a pre-tax loss of NOK 65.4 million the year before. Profit was affected by changes in value of financial instruments, which yielded a net gain of NOK 8 million (2022: net loss of NOK 137.7 million), such that the profit before tax excluding changes in the value of financial instruments totalled NOK 108.2 million (2022: NOK 72.3 million). A total of NOK 53 million in interest on tier 1 perpetual bonds in 2023 is not presented as an interest expense in the income statement, but as a reduction in equity (2022: NOK 35 million).

Comprehensive income

Comprehensive income for 2023 totalled NOK -71.5 million (2022: NOK 132.8 million). This figure includes NOK -262.4 million in mark-to-market changes on basis swap agreements (2022: NOK 245.5 million) and other mark-to-market changes recognised in other income and expenses. Comprehensive income for 2023 was significantly affected by changes in the value of basis swaps on the company's derivatives. Eika Boligkreditt is an active issuer of bonds in foreign currencies, principally in euro but occasionally in others. All borrowing in foreign currencies is hedged to Norwegian kroner in the derivative market through currency swaps. A pricing and risk component in these derivative contracts is the cross currency basis, which is a premium (or deduction) for swapping cash flow in one currency with cash flow in another. Changes to this premium could give unrealised value changes related to the currency swap contracts. Over the term of the derivatives, the effect of such value changes will be zero. The accounting effect will therefore be reversed in the period to the derivative's maturity, and changes in the value of basis swaps only impact accruals on unrealised gains or losses in the financial statements. Unless Eika Boligkreditt realises the derivative prematurely, such mark-to-market effects do not therefore result in realised gains or losses over the term of the derivative.

Income

The company's total interest income amounted to NOK 5 575 million in 2023, compared with NOK 2 974 million the year before. This change primarily reflected higher interest rates on residential mortgages and an increased residential mortgage portfolio compared with the year before.

Net interest income

Net interest income amounted to NOK 601 million in 2023, compared with NOK 528.2 million the year before. The increase is attributable to higher lending margins as a result of interest rates on residential mortgages payable by customers increasing more than the rates payable on borrowings. Expensing NOK 23.2 million in contributions to the Norwegian Banks Guarantee Fund's resolution fund in 2023 also reduced net interest income. Over 90 per cent of the residential mortgages in Eika Boligkreditt's portfolio have a floating interest rate. This means that the company, in consultation with the owner banks, can adjust the interest rate on its mortgages in line with interest-rate fluctuations in the market.

Distributor commissions

Distributor commissions to the owner banks, including arrangement commissions, amounted to NOK 459.7 million in 2023, compared with NOK 412.7 million the year before. The increase is attributable to the banks' slightly higher lending margins.

Balance sheet and liquidity

Balance sheet

Assets on the company's balance sheet amounted to NOK 121 billion at 31 December 2023, a decrease of NOK 5.5 billion over the year. Lending to customers rose by NOK 2.1 billion, excluding accrued interest and changes in the fair value of residential mortgages. This amounts to a net growth of 2.2 per cent in lending year-on-year. Looking exclusively at the Eika banks and excluding the run-down of the portfolio by the Local Bank Alliance (LBA) and OBOS, the portfolio showed net growth of NOK 6.5 billion since the close of 2022, excluding accrued interest and changes to the fair value of residential mortgages. This amounts to a net growth of 7.7 per cent in lending year-on-year.

Borrowing

The company's total borrowing (liabilities established through the issue of securities) amounted to NOK 109.9 billion at 31 December 2023, down NOK 2.6 billion from the start of the year.

Liquidity

New financing totalling NOK 14.4 billion was raised by Eika Boligkreditt in 2023. During the same period, the lending portfolio grew by NOK 2.1 billion, while loans falling due for payment and the premature buyback of covered and senior bonds totalled NOK 18.2 billion. NOK 35 million in subordinated loans and NOK 392 million in tier 1 perpetual bonds also matured during the year. The company received a NOK 100 million capital increase from its owners, and issued tier 1 perpetual bonds worth NOK 275 million in 2023. Furthermore, the company paid dividends to the owners of NOK 7.7 million. The cash collateral received from derivative agreement counterparties in 2023 decreased by NOK 360 million. Overall, the company's liquidity at the close of 2023 totalled NOK 18.9 billion, down around NOK 6.4 billion since the start of the year. At the close of 2023, the company had received cash collateral corresponding to NOK 2.8 billion from derivative agreement counterparties. Cash collateral is held as bank deposits, repo agreements and investments in various high-quality securities. At the close of 2023, the company had a liquidity portfolio of NOK 18.9 billion, including cash collateral received in the amount of NOK 2.8 billion.

In keeping with the regulations relating to covered bonds, these funds have been invested exclusively in ways that ensure low risk and a high level of liquidity. At the close of 2023, the company's liquidity was placed in Norwegian and European government bonds, municipal securities, covered bonds, repo agreements and bank deposits with an international rating of A-/A3 or better. The size of the company's liquidity reserve, combined with a relatively low rate of return due to an extremely conservative investment universe, represents a not inconsiderable cost to the company. Nevertheless, the company has elected to maintain a relatively high rate of liquidity, based on continuous growth in its lending portfolio and a conservative liquidity policy. The company has an agreement concerning the purchase of covered bonds with the owner banks and OBOS. The purpose of this facility is to ensure the company has access to liquidity should it be unable to borrow in the financial market.

Risk management and capital adequacy

Eika Boligkreditt had a total primary capital of NOK 7.3 billion at 31 December 2023. This is a net reduction of approximately NOK 0.2 billion since the start of the year, taking into account the allocation of funds. The change is primarily attributable to the year's total comprehensive loss, the maturity of tier 1 perpetual bonds worth NOK 117 million and subordinated loans of NOK 35 million in the first quarter, and the maturity of tier 1 perpetual bonds worth NOK 275 million in the fourth quarter. Furthermore, the company issued a tier 1 perpetual bond worth NOK 275 million in the second quarter and undertook an equity issue totalling NOK 100 million in the fourth quarter. Eika Boligkreditt has residential mortgages secured by up to 75 per cent of the mortgaged property's value on origination. The basis for calculating the capital adequacy ratio fell by NOK 0.1 billion from 1 January to reach NOK 38.6 billion at 31 December. This amount represents a quantification of Eika Boligkreditt's risk, where credit risk is calculated in accordance with the standardised method in the (EU) 575/2013 (CRR) regulation. Taking into account growth in overall lending and changes in the company's liquidity portfolio, operational risk and CVA risk.

The company's capital targets are set as follows.

		(at 31 Dec)
Core tier 1 capital ratio	14.78%	(15.5%)
Tier 1 capital ratio	16.38%	(17.0%)
Tier 2 capital ratio	18.50%	(19.0%)

These targets are adequate in relation to legal provisions, the company's Pillar 2 requirement of 0.5 per cent, and capital requirements based on the company's internal risk assessment. As shown in the table above, the applicable buffer requirements were fulfilled at 31 December 2023. The requirement for a countercyclical buffer stands at 2.5 per cent with effect from 31 March 2023. This buffer is intended to improve the banks' capital adequacy and prevent their credit practice from fuelling an economic downturn.

On 11 December 2019, the Ministry of Finance announced adjustments to Norwegian capital requirements intended to counteract an easing which followed from the discount for small and medium-sized enterprises and the removal of the Basel I floor from the EU's CRR/CRD IV regulations. In December 2022, the government decided to postpone the systemic risk buffer requirement by one year. In December 2023, the company's systemic risk buffer was increased from 3 per cent to 4.5 per cent with effect from 31 December 2023. To meet the expected continued growth in lending, the company will seek capital expansions in order to satisfy its targets for core tier 1, tier 1 and tier 2 capital. In addition to capital provided by the owner banks, Eika Boligkreditt will seek to use the financial market to satisfy its capital targets. The table below presents the development in capital adequacy.

Change in capital adequacy

(Amounts in NOK million)	31 Dec 2023		31 Dec 2022	
Risk-weighted assets	**38 644**		38 758	
Core tier 1 capital	**5 978**	**15.5%**	5 992	15.5%
Tier 1 capital	**6 553**	**17.0%**	6 684	17.2%
Total primary capital (tier 2 capital)	**7 327**	**19.0%**	7 493	19.3%

Risk exposure

Eika Boligkreditt AS is exposed to various forms of risk. The company places great emphasis on good continuous management and control of all the risks to which it is exposed. The board has implemented a framework for risk management and control which builds on the COSO framework for coherent risk management. This defines the company's willingness to accept risk and the principles for managing risk and capital, which build on the Basel II regulations. Strategies, routines and instructions have been developed in connection with risk reviews to ensure that the company handles various risk factors in a satisfactory manner.

Periodic checks are conducted to ensure that risk management routines are complied with and function as intended. The company is primarily exposed to the following risks: strategic and commercial, credit and counterparty, market, liquidity and refinancing, and operational – including compliance.

Strategic and commercial risk

Strategic and commercial risk is the risk of weakened profitability because of changes in external conditions, such as the market position or government regulations. It comprises rating, reputational, owner, and reward and incentive risk. The fact that the banks which transfer mortgages are also the company's shareholders reduces its strategic risk. Risk is further reduced because the costs of the company's distribution system depend directly on the size and quality of the portfolio. Agreements with non-shareholder banks will moderately increase the strategic risk. Rating risk relates to the financing and rating risk which the company is exposed to. In addition to the company's own reputation, reputational risk is linked to a considerable extent to Eika as a brand.

Credit and counterparty risk

Eika Boligkreditt is exposed to credit risk from granting credit to its customers. This risk relates primarily to the mortgages included in the company's cover pool. The granting of credit is managed through strategies for asset liability management, credit risk on loans and the credit manual, and through compliance with the administrative approval procedures and a well-developed set of rules for procedures and documentation which help to ensure adequate consideration. Portfolio risk is continuously monitored in order to expose possible defaults and to ensure rapid and adequate treatment of non-performing mortgages and advances. The risk of loss is further reduced through credit guarantees from the owner banks. The company otherwise has counterparty risk in established derivative contracts with other financial institutions. Extensive frameworks have been established for managing counterparty risk, related both to capital management and derivatives. A credit support annex has also been established in association with ISDA agreements with all derivative counterparties, which limits Eika Boligkreditt's counterparty risk in that the counterparty unilaterally provides cash collateral when changes occur in the market value of the derivatives. The company is exposed to climate risk, including transition, physical and liability risk, primarily through the properties accepted by the company as collateral for residential mortgages. Government or market requirements could lead to a fall in value for properties with high energy consumption or a large climate footprint. Physical risk could mean that extreme weather causes damage to properties, which may in turn increase the likelihood of defaults because of financial loss and the reduction in the value of the mortgaged property.

Market risk

The market risk included in the company's risk limits consists of interest-rate risk on the balance sheet and credit spread risk related to securities. Risk associated with net interest income on the balance sheet arises from differences between interest terms for borrowing and lending as well as from the company borrowing in different markets than those it lends to, so that the borrowing interest rate may change without the company being able to adjust the lending rate equally quickly. This risk is reduced by coordinating the interest terms for borrowing and lending. The company is also exposed to credit spread risk on its investment of surplus liquidity. Through strategies for asset liability and capital management, exposure limits have been established for the total credit spread and interest-rate risk, maximum and average duration in the balance sheet, and maximum and average tenors for investments.

Currency risk

The company is not exposed to significant currency risk through its borrowings in foreign currencies. Because the company exclusively lends in Norwegian kroner, significant currency risk related to borrowing in foreign currencies will be hedged through the use of financial derivatives in line with the company's strategy for asset liability management.

Liquidity held in euro may generate a surplus or deficit against the corresponding liability item (cash collateral provided by derivate counterparty or borrowing in euro). Over time, this will produce an excess or shortfall of euro. This shortfall must be covered by purchasing euro. The scope of the shortfall in euro is EUR 5 million.

Operational risk

This type of risk and source of loss relates to day-to-day operation, including failures in systems and routines, lack of competence or mistakes by suppliers, staff and so forth. Operational risk includes compliance, legal, default and data protection risk, as well as risk associated with money laundering and the funding terrorism. The company has developed strategies for operational and IT risks, descriptions of routines, formal approval procedures and so forth. Together with a clear and well-defined division of responsibility, these measures are designed to reduce operational risk. The company has relevant contingency plans for dealing with emergencies.

Refinancing and liquidity risk
Liquidity risk, including refinancing risk, is associated with the company's business. This is the risk that the company will not be able to meet its liabilities when they fall due without incurring heavy costs in the form of expensive refinancing or facing the need to realise assets prematurely. Eika Boligkreditt has substantial external funding and expects somewhat slower growth in its mortgage portfolio. In order to keep liquidity risk at an acceptably low level, the company's financing strategy emphasises a good spread of financial instruments, markets and maturities for its borrowings and for investments made in managing surplus liquidity. As described above in the section covering agreements on liquidity and capital support, the company has an agreement with the owner banks on the purchase of covered bonds which reduces the company's liquidity and refinancing risk.

Climate risk, including transition risk, also represents a refinancing risk for the company. Financial investors are paying ever-greater attention to climate risk, and the company's green bond programme contributes to reducing the refinancing risk.

Internal control for financial reporting and audit committee
Eika Boligkreditt has established frameworks for risk management and internal control related to its financial reporting process. These are considered by the board on an annual basis or as and when required. The purpose of risk management and internal control is to reduce risk to an acceptable level. The company is organised with a chief accounting officer responsible for the company's accounting function. In addition, the company purchases accounting services such as accountancy and financial reporting from Eika Gruppen AS. The company's accounting department is responsible for the compliance of all financial reporting with applicable legislation, accounting standards and board guidelines. Furthermore, the department has established routines to ensure that financial reporting meets acceptable quality standards. All transactions are registered in the front office system and detailed reconciliation checks are conducted on a daily and monthly basis, while control measures such as reasonableness and probability accounting have been established. These measures help to ensure that the company's reporting is accurate, valid and complete.

Pursuant to applicable legal regulations, Eika Boligkreditt is not required to have a separate audit committee. Given the scope, complexity and structure of the company's business and financial reporting, the board does not consider it appropriate to establish such a committee. The board of Eika Boligkreditt has the necessary capacity and time to follow up financial reporting, corporate management and the independence of the auditor pursuant to the Norwegian Accounting Act, as well as the company's systems for internal control and risk management – including its internal audit function. Risk management has been assigned to the risk committee, which performs a preparatory function for the board.

Election and replacement of directors
Candidates for directorships are proposed by the company's nomination committee. This body is enshrined in the articles of association, and the general meeting has established guidelines for it. Fees for members of the nomination committee are determined by the general meeting. Pursuant to the company's articles, the composition of the nomination committee must represent the interests of the shareholders. It has not been the tradition to appoint members to the nomination committee from the company's board or executive management. The nomination committee recommends candidates to sit on the board and the nomination committee, as well as fees for the members of these bodies. The committee has traditionally explained its recommendations orally at the general meeting. The nomination committee consults the chair and the CEO, and encourages contributions to the nomination process from the regional networks in the Eika Alliance. In this way, the alliance regions function as a channel for proposals to the committee without preventing shareholders contacting the committee directly should they so desire.

Directors and Officers (D&O) liability insurance

Insurance has been taken out to cover the possible liability of the directors and the CEO towards the company and third parties.

Working environment, sustainability and corporate social responsibility in Eika Boligkreditt

Eika Boligkreditt's clear intention is to have a good and secure working environment, and to be a positive contributor to society in general and to the many local communities where its owner banks are located in particular. The company's strategy makes it clear that Eika Boligkreditt's vision is to strengthen the local banks. Eika Boligkreditt therefore works closely with the Eika Alliance at a strategic level to ensure a common standard for ambitions and goals, based on a suitable framework for dealing with environmental, social and governance (ESG) aspects. In that connection, the company has drawn up a separate document on sustainability and societal engagement. This reports on the company's specific efforts to ensure sustainable societal development and a healthy working environment. It forms part of the annual report for 2023, and can be found from page 17. The company has also issued a statement pursuant to section 5 of the Norwegian Transparency Act, which may be found as a separate section under "sustainability and societal engagement" on page 46. This statement is also published on Eika Boligkreditt's website: https://www.eikbol.no/About-us/ESG/apenhet

Comments on annual financial statements

The financial statements for 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The board is of the opinion that the financial statements, including the balance sheet, provide a true and fair representation of the performance and financial position of the company at 31 December. The directors' report also provides a true and fair representation of the development and results of the business and of the company's financial position. Interest income totalled NOK 5 575 million, interest charges NOK 4 974 million, net interest income NOK 601 million. Net interest income after commission costs totalled NOK 168.7 million in 2023. No losses on loans or guarantees were incurred in 2023. The financial statements for 2023 show a comprehensive income of NOK -71 497 000 for the period, compared with NOK 132 760 000 in 2022.

Going concern

Pursuant to section 3-3 of the Norwegian Accounting Act, the board confirms that the financial statements for the year have been compiled on the assumption that the company is a going concern. No significant events have occurred since the balance sheet date which are expected to affect the company's business.

Balance sheet, liquidity and capital adequacy

The book value of equity was NOK 6 576 million at 31 December 2023. Eika Boligkreditt had a capital adequacy ratio of 19 per cent at that date. The capital adequacy ratio is calculated in accordance with the standardised method specified by Basel II.

Allocation of funds

The company's total comprehensive loss for 2023, account taken of the NOK 262.4 million negative mark-to-market effect of basis swaps, came to NOK 71.5 million. Since the company made a total comprehensive loss, the board is proposing that no dividend be paid to the owner banks for 2023. The total comprehensive loss of NOK 71.5 million is transferred from other equity. NOK 53 million is attributable to the tier 1 perpetual bond investors. A provision of NOK 16 million has been made to the fund for valuation differences in respect of a positive difference between the book value of investments in associated companies and the investments' cost price. The fund for unrealised gains has been decreased by NOK 123.7 million in connection with the mark-to-market effect of currency swaps, and is transferred to other equity. Furthermore, the company has received dividends from associated companies in the amount of NOK 14.1 million. Other equity is reduced by NOK 2.7 million in 2023.

The dividend is also justified by the contractual capitalisation commitments which apply to the owner banks, and which are outlined in the section above concerning agreements on liquidity and capital support.

Outlook

The company's net financing of the owner banks increased by NOK 1.6 billion in the fourth quarter 2023, and by NOK 2.1 billion over the past four quarters. The past year's net portfolio increase corresponded to a 12-month growth of 2.2 per cent. Statistics

Norway’s credit indicator for December 2023 showed a 12-month increase of 3.1 per cent in Norwegian household debt, down from 4.1 per cent at 31 December 2022.

In Norges Bank’s latest lending survey, the banks reported that demand for residential mortgages was slightly lower in the fourth quarter 2023 than in the previous quarter. They also expected demand to continue declining in the first quarter of 2024. Demand for fixed-rate mortgages also fell slightly in the fourth quarter. Credit practice with respect to households was virtually unchanged in the fourth quarter, and the banks expect no change in the first quarter of 2024. The use of interest-only repayments rose slightly in the fourth quarter, and the banks expect a further slight increase in the first quarter of 2024. Overall, the banks reported slightly higher financing costs and interest rates on residential mortgages in the fourth quarter. For the first quarter of 2024, the banks expect practically unchanged financing costs, while mortgage interest rates will continue to rise somewhat. The lending margin was virtually unchanged in the fourth quarter, and the banks expect no change in the first quarter of 2024. The banks also reported slightly more competition in the fourth quarter, and expect the same in the first quarter this year.

The house price report published by Real Estate Norway (Eiendom Norge) showed that the average price for residential property in Norway fell by 0.9 per cent in December. Adjusted for seasonal variations, prices rose by 0.2 per cent. House prices in Norway rose by 0.5 per cent during 2023. In 2023, the housing market has shown that it is less sensitive to interest rates than expected. The strongest growth in 2023 was seen in Kristiansand and Greater Stavanger, at 5.3 and 5.4 per cent respectively. Price development in 2023 was weakest in Porsgrunn/Skien, with a fall of 3.4 per cent, followed by Bodø (incl. Fauske) and Tromsø, with a fall of 3.2 and 2.9 per cent respectively. Developments in house prices in Stavanger and Kristiansand differ sharply from the rest of the country. Agder and Rogaland were the only areas in Norway to see a small real increase in house prices in 2023. Norges Bank increased its key policy rate for the 14th time in December 2023. It now stands at 4.5 per cent. Based on the interest rate path, interest rates are now assumed to have peaked. This indicates mortgage rates of almost 6.0 per cent when the impact of Norges Bank’s most recent increase percolates through to mortgage rates in mid-February. We expect that high interest rates for residential mortgages will translate into moderate/weak developments in house prices going forward. However, a low level of newbuilding and newbuild sales will support prices in the second-hand housing market, particularly in the slightly longer term.

The credit spread for the company’s covered bonds with a five-year tenor in Norwegian kroner narrowed by four basis points in the fourth quarter 2023 to a level 0.54 percentage points above the three-month Nibor. In 2023, the credit spread in Norwegian kroner widened by two basis points. Credit spreads indicated by potential arrangers for a new-issue transaction with a similar tenor in the euro market widened during the fourth quarter by an estimated 3 basis points, giving a spread of 0.36 percentage points at 31 December 2023. During 2023, the corresponding credit spread in euro widened by 14 basis points. The consensus among market players early in the year indicated that credit spreads in euro 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. The credit spreads for covered bonds in euro therefore widened rather more than expected in 2023. For 2024, it is expected that the credit spreads for covered bonds in euro could widen slightly more in the first six months, but less than we have seen in the past two years. The currency basis for a five-year tenor to hedge the amount from euro back to Norwegian kroner is about 10 basis points, narrowing by 7 basis points during the fourth quarter. The contraction in 2023 as a whole totalled 14 basis points.

The Norwegian economy has been affected by high rates of inflation and interest rate rises. Growth for mainland Norway has been lower than trend growth. At the same time, the labour market has been relatively tight, although the pressure has eased slightly compared with the previous year. In 2023, the policy rate of interest was raised by 1.75 percentage points and currently stands at 4.5 per cent. This is expected to represent the peak level in this cycle. A sharp drop in housing investments will dampen the growth in mainland Norway’s GDP going forward, and Statistics Norway expects the unemployment rate to rise to just over 4 per cent in the next few years. The Norwegian krone (NOK) weakened through 2023, which means that it is taking slightly longer for inflation to come down. The rate of inflation for 2023 is expected to end at around 5.5 per cent. Statistics Norway expects the country’s mainland economy to grow by 0.7 per cent in 2023 and slightly more in 2024, before returning to more or less trend growth in 2025.

There was an active market for new covered-bond issues in both euro and Norwegian kroner in 2023. About NOK 190 billion in covered bonds was issued in the Norwegian market, with EUR 189 billion issued in the euro market. Only five covered bonds were issued in euro (corresponding to EUR 4 billion) by Norwegian residential mortgage companies in 2023, which means that more than 80 per cent of their issue activity during the period was in Norwegian kroner. In 2024, activity relating to the issue of covered bonds in both euro and Norwegian kroner is expected to be slightly reduced. In 2024, NOK 164 billion is due to mature in the Norwegian market, while EUR 143 billion is due to mature in the euro market. Bonds worth around NOK 160–170 billion and EUR 160–170 billion respectively are expected to be issued.

Eika Boligkreditt issued NOK 0.5 billion in senior unsecured bonds in the fourth quarter 2023. In the year as a whole, it issued NOK 13.4 billion in covered bonds, NOK 1 million in senior unsecured bonds and NOK 275 million in tier 1 perpetual bonds. By comparison, the company issued covered bonds totalling no less than NOK 24.4 billion in 2022. The sharp reduction in the volume issued in 2023 compared with 2022 primarily reflects a substantially smaller volume of covered bonds maturing in 2024 than in 2023 – 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 in residential mortgage lending compared with 2022 contributed to the smaller volume issued in 2023. The company expects to issue covered bonds worth around NOK 19 billion in 2024.

Oslo, 12 March 2024
The board of directors for Eika Boligkreditt AS

Dag Olav Løseth *Chair*	Rune Iversen	Terje Svendsen	Gro Furunes Skårsmoen	Lena Jørundland	Pål Ringholm	Odd-Arne Pedersen *CEO*

Declaration pursuant to section 5-5 of the Norwegian Securities Trading Act

We hereby confirm that the company's financial statements for the period from 1 January to 31 December 2023 have been prepared to the best of our knowledge in accordance with prevailing accounting standards, and that the information provided in the financial statements gives a true and fair representation of the company's assets, liabilities, financial position and performance as a whole.

To the best of our knowledge, the annual report provides a true and fair representation of important events during the accounting period and their influence on the financial statements, plus a description of the most important risk factors and uncertainties facing the company during the next accounting period.

Oslo, 12 March 2024
The board of directors for Eika Boligkreditt AS

Dag Olav Løseth *Chair*	Rune Iversen	Terje Svendsen	Gro Furunes Skårsmoen	Lena Jørundland	Pål Ringholm	Odd-Arne Pedersen *CEO*

Financial statements and notes

Statement of comprehensive income

Amounts in NOK 1 000	Notes	2023	2022
Interest income			
Interest from loans to customers at amortised cost		**4 269 825**	2 339 661
Interest from loans to customers at fair value		**399 891**	246 000
Interest from loans and receivables on credit institutions		**79 689**	18 676
Interest from bonds, certificates and financial derivatives		**789 111**	333 744
Other interest income at amortised cost		**33 888**	33 352
Other interest income at fair value		**2 487**	2 692
Total interest income		**5 574 890**	2 974 125
Interest expenses			
Interest on debt securities issued		**4 812 138**	2 381 753
Interest on subordinated loan capital		**45 437**	27 063
Contribution to the Norwegian Banks' Guarantee Fund's Resolution Fund		**23 242**	25 449
Other interest expenses		**93 091**	11 697
Total interest expenses		**4 973 908**	2 445 961
Net interest income		**600 982**	528 164
Commission costs	4	**432 293**	385 852
Net interest income after commissions costs		**168 689**	142 312
Income from portfolio sale	5	**5 358**	-
Income from shares in associated company		**15 991**	17 107
Total income from shares	6	**15 991**	17 107

Amounts in NOK 1 000	Notes	2023	2022
Net gains and losses on financial instruments at fair value			
Net gains and losses on bonds and certificates	7	**(1 941)**	3 110
Net gains and losses of fair value hedging on debt securities issued	7, 8	**5 038**	(16 287)
Net gains and losses on financial derivatives	7	**(74 774)**	262 143
Net gains and losses on loans at fair value	7	**79 682**	(386 659)
Total gains and losses on financial instruments at fair value		**8 006**	(137 693)
Salaries and general administrative expenses			
Salaries, fees and other personnel expenses	9, 10	**33 135**	37 280
Administrative expenses	11	**41 202**	42 196
Total salaries and administrative expenses		**74 337**	79 476
Depreciation	12	**3 754**	4 014
Other operating expenses	11	**3 752**	3 619
Losses on loans and guarantees	13	**-**	-
Profit before taxes		**116 201**	(65 383)
Taxes	14	**11 941**	(29 177)
Profit for the period		**104 260**	(36 206)
Items transferable to profit and loss			
Net gains and losses on bonds and certificates	7	**28 065**	(20 202)
Net gains and losses on basis swaps	7	**(262 407)**	245 491
Taxes on other comprehensive income	14	**58 586**	(56 322)
Comprehensive income for the period		**(71 497)**	132 760
Price per share		**4.20184**	4.29479

The total comprehensive loss of NOK 71.5 million is transferred from other equity. NOK 53 million is attributable to the tier 1 perpetual bond investors, while NOK 16 million is attributable to the fund for valuation differences.

The fund for unrealised gains has been decreased by NOK 123.7 million in connection with the mark-to-market effect of financial instruments and is transferred to other equity.

Balance sheet

Amounts in NOK 1 000	Notes	31 Dec 2023	31 Dec 2022
ASSETS			
Lending to and receivables from credit institutions	13, 15, 16	**1 032 100**	843 126
Lending to customers	13, 15, 16, 17, 18	**98 261 282**	95 971 045
Other financial assets	13, 15, 19	**90 488**	28 367
Bonds and certificates at fair value	13, 17	**17 939 199**	24 521 072
Financial derivatives	8, 13, 17	**3 578 984**	5 128 842
Shares classified at fair value recognised in profit or loss	6, 15, 17	**1 650**	1 650
Shares in associated company	6	**59 673**	57 785
Deferred tax assets	14	**63 869**	4 925
Intangible assets	12	**392**	829
Right-of-use assets	12	**11 643**	13 605
Total assets		**121 039 280**	126 571 248

Amounts in NOK 1 000	Notes	31 Dec 2023	31 Dec 2022
LIABILITIES AND EQUITY			
Loans from credit institutions	13, 20	**2 750 578**	3 113 873
Financial derivatives	8, 15, 17, 20	**962 500**	3 407 756
Debt securities issued	15, 16, 20, 21, 23	**109 875 931**	112 435 578
Other liabilities	15, 20, 24	**82 460**	61 125
Pension liabilities	25	**605**	-
Lease obligations	12	**11 746**	13 611
Subordinated loan capital	15, 16, 20, 23	**779 252**	813 256
Total liabilities		**114 463 071**	119 845 199
EQUITY			
Share capital	26	**1 428 559**	1 405 153
Share premium		**4 081 824**	4 005 230
Other paid-in equity		**477 728**	477 728
Fund for unrealised gains		**-**	123 706
Fund for valuation differences		**16 143**	14 255
Other equity		**(3 044)**	7 979
Tier 1 perpetual bonds		**575 000**	692 000
Total equity	27	**6 576 209**	6 726 050
Total liabilities and equity		**121 039 280**	126 571 248

Oslo, 12 March 2024
The board of directors for Eika Boligkreditt AS

Dag Olav Løseth
Chair

Rune Iversen

Terje Svendsen

Gro Furunes Skårsmoen

Lena Jørundland

Pål Ringholm

Odd-Arne Pedersen
CEO

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]	Other equity [5]	Tier 1 perpetual bonds [6]	**Total equity**
Balance sheet as at 1 January 2021	1 225 496	3 384 886	477 728	27 588	13 911	147 281	574 235	**5 851 125**
Result for the period	-	-	-	-	122	28 099	22 925	**51 146**
Other income and expenses	-	-	-	6 274	-	33 361	-	**39 635**
Equity issue	-	-	-	-	-	-	-	**-**
Accrued unpaid interest tier1 capital	-	-	-	-	-	-	(22 159)	**(22 159)**
Hybrid capital	-	-	-	-	-	-	-	**-**
Dividends for 2020	-	-	-	-	-	(146 263)	-	**(146 263)**
Balance sheet as at 31 December 2021	1 225 496	3 384 886	477 728	33 862	14 033	62 478	575 000	**5 773 484**
Result for the period	-	-	-	-	222	(71 802)	35 374	**(36 206)**
Other income and expenses	-	-	-	89 843	-	79 124	-	**168 967**
Equity issue	179 657	620 343	-	-	-	-	-	**800 000**
Accrued unpaid interest tier1 capital	-	-	-	-	-	79	(35 374)	**(35 295)**
Hybrid capital	-	-	-	-	-	-	117 000	**117 000**
Dividends for 2021	-	-	-	-	-	(61 900)	-	**(61 900)**
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	-	-	-	-	1 887	49 350	53 023	**104 260**
Other income and expenses	-	-	-	(123 706)	-	(52 054)	-	**(175 760)**
Equity issue	23 406	76 594	-	-	-	-	-	**100 000**
Accrued unpaid interest tier1 capital	-	-	-	-	-	(595)	(53 023)	**(53 618)**
Hybrid capital	-	-	-	-	-	-	(117 000)	**(117 000)**
Dividends for 2022	-	-	-	-	-	(7 728)	-	**(7 728)**
Balance sheet as at 31 December 2023	1 428 559	4 081 824	477 728	-	16 143	(3 044)	575 000	**6 576 209**

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 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 thereafter on each banking day in the subsequent interest period and thereafter on each interest payment date.
- 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 14 September 2027, and thereafter on each banking day in the subsequent interest period and thereafter on each interest payment date.
- 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 September 2028, and thereafter on each banking day in the subsequent interest period to 21 December 2028, and thereafter on each interest payment date.

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 flow

Amounts in NOK 1 000	2023	2022
Cash flow from operating activities		
Profit for the period	**(71 497)**	132 760
Taxes	**(46 645)**	27 146
Income taxes paid	**(13 063)**	(11 685)
Ordinary depreciation	**437**	1 023
Non-cash pension costs	**605**	(6 926)
Change in loans to customers	**(2 290 236)**	(4 644 051)
Change in bonds and certificates	**6 581 873**	(7 552 799)
Change in financial derivatives and debt securities issued	**488 626**	(3 168 269)
Interest expenses	**4 837 034**	2 410 055
Paid interest	**(4 848 199)**	(2 205 479)
Interest income	**(5 538 504)**	(2 938 065)
Received interests	**5 654 145**	3 075 709
Changes in other assets	**(177 761)**	(60 167)
Changes in short-term liabilities and accruals	**33 361**	1 839 553
Net cash flow relating to operating activities	**4 610 175**	(13 101 195)

Amounts in NOK 1 000	2023	2022
Investing activities		
Payments related to acquisition of fixed assets	**-**	-
Share of profit/loss in associated companies	**(15 991)**	(17 107)
Payments from shares in associated companies	**14 104**	16 884
Net cash flow relating to investing activities	**(1 887)**	(223)
Financing activities		
Gross receipts from issuance of bonds and commercial paper	**14 622 882**	24 655 913
Gross payments of bonds and commercial paper	**(18 566 553)**	(12 435 181)
Gross receipts on issue of subordinated loan capital	**-**	-
Gross payments of subordinated loan capital	**(34 004)**	88 914
Gross receipts from issue of loan from credit institution	**-**	-
Gross payments from loan from credit institution	**(363 295)**	(155 648)
Gross receipts from issuing tier 1 perpetual bonds	**275 000**	-
Gross payments from issuing tier 1 perpetual bonds	**(392 000)**	117 000
Interest to the hybrid capital investors	**(53 615)**	(35 295)
Payments of dividend	**(7 728)**	(61 905)
Paid-up new share capital	**100 000**	800 000
Net cash flow from financing activities	**(4 419 313)**	12 973 800
Net changes in lending to and receivables from credit institutions	**188 975**	(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	**1 032 100**	843 126

Notes to the accounts

Note 01 Accounting policies

General

Eika Boligkreditt AS (EBK) is licensed as a Norwegian credit institution and permitted to issue covered bonds. The company was established on 24 March 2003, and commenced its lending operations on 15 February 2005. The company offers only residential mortgages for up to 75 per cent of the collateral value (loan to value) at origination, and these loans are distributed via the local banks (the owner banks). Residential mortgages also include mortgages for holiday homes. The company's main purpose is to ensure access for the owner banks in the Eika Alliance to long-term and competitive funding by issuing covered bonds, while simultaneously reducing future refinancing risks for the company's owner banks. EBK has prepared its 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.

The annual financial statements are prepared on the assumption that the entity is a going concern. The financial statements were approved by the board of directors and authorised for issue on 12 March 2024.

Foreign currency

Functional and presentation currency

The financial statements of EBK are presented in NOK, which is also the company's functional currency.

Foreign currency translation

In preparing the financial statements of the company, transactions in currencies other than its functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Revenue recognition

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate which discounts estimated future cash receipts or expenses through the expected life of the financial asset or liability to the net carrying amount of that asset or liability at initial recognition. When calculating the effective interest rate, the cash flows are estimated and all fees and remunerations paid or received between the parties to the contract are included as an integrated part of the effective interest rate. Dividends on investments not treated as an associated company are recognised from the date the dividends were approved at the general meeting.

Financial assets and liabilities

Recognition, derecognition and measurement

Financial assets and liabilities are recognised in the balance sheet when EBK becomes party to the contractual provisions of the instrument. Normal purchase or sale of financial instruments is recognised at the trade date.

When a financial asset or liability is recognised initially, it is measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or liability.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or when the company has transferred the financial asset in a transaction where all or substantially all risks and opportunity for reward related to ownership of the asset are transferred. Financial liabilities are derecognised from the balance sheet when they have terminated – in other words, when the obligation specified in the contract is discharged, cancelled or expires.

Classification – financial assets

Pursuant to IFRS 9, financial assets must be classified in three different measurement categories:

- amortised cost
- fair value through profit and loss
- fair value through other comprehensive income.

The measurement category is determined on initial recognition on the basis of an assessment of both
a. the enterprise's business model for managing its financial assets (the business model test)
b. the characteristics of the financial asset's contractual cash flow (the SPPI test).

A business model says something about how groups of financial assets are managed to achieve a specific commercial goal. A company can therefore have several different business models for managing its financial instruments. The business model test assesses whether the financial asset is held within a business model in order to receive the contractual cash flows instead of selling the asset before maturity in order to realise fair value changes. IFRS 9 groups business models in three categories:
- held to receive contractual cash flows
- held to receive contractual cash flows and for sale
- other business models.

Other business models is a residual category used to classify and measure financial assets held for trade or which do not fall into one of the two prescribed business models.

The solely payments of principal and interest (SPPI) test is applied at the instrument level and focuses on assessing whether the contractual terms for the individual financial asset on specified dates solely involve payment of principal and interest on the outstanding principal. Only financial assets which are debt instruments qualify for measurement at amortised cost on the basis of the SPPI test, since neither derivatives nor investment in equity instruments will meet the requirements of this test.

A financial asset is classified at amortised cost if it meets the following criteria and is not classified at fair value through profit and loss:
- the asset is held grouped in a business model where the purpose is to receive contractual cash flows
- the asset passes the SPPI test.

Where EBK is concerned, this applies to floating-rate lending to customers, lending to credit institutions and other financial assets.

An exception to the above-mentioned description is provided by cases where financial assets which would be measured on the basis of the SPPI test and an assessment of the business model at either amortised cost or fair value through other comprehensive income can be designated for measurement at fair value through profit and loss if such designation provides more relevant and reliable information to the users of the financial statements. In such cases, the company may at initial recognition classify a financial asset which otherwise meets the requirements for measurement at amortised cost or at fair value through other comprehensive income at fair value through profit and loss if such a classification eliminates or significantly reduces the accounting inconsistency which would otherwise have arisen from measuring assets and liabilities on different bases. In this case, the fair value option will be an alternative to hedge accounting. EBK has therefore opted to classify fixed-rate lending to customers at fair value through profit and loss in the same way as the interest swap agreements.

Financial assets which are debt instruments
The classification of financial assets which are debt instruments depends on the outcome of the business model and SPPI tests. If the instrument's cash flows pass the SPPI test and the business model test groups the instruments as held to receive contractual cash flows and for sale, the financial assets must be classified at fair value through other comprehensive income. EBK has assessed that the above-mentioned criteria in IFRS 9 mean that bonds and certificates can be classified at fair value with value changes through other comprehensive income.

Financial assets which are derivatives
All derivatives must basically be measured at fair value through profit and loss, but special rules apply for derivatives designated as hedging instruments.

Financial assets which are equity instruments
Investments in equity instruments do not have cash flows which are confined to payment of principal and interest on the outstanding principal, and must therefore be measured at fair value through profit and loss unless they are designated as measured at fair value through other comprehensive income. EBK has recognised such investments at fair value through profit and loss.

Associated companies
Associated companies are companies where EBK has substantial influence – in other words, can influence financial and operational decisions in the company – but does not have control over the company alone or with others. EBK has basically assumed that substantial influence is exercised in companies where the company has an investment with a shareholding of 20–50 per cent. Associated companies are recognised in accordance with the equity method. When using the equity method, the investment is recognised at the overall acquisition cost and adjusted for subsequent changes to the company's share of profit/loss in the associated company.

Other financial assets
Other financial assets not assessed to be derivatives, debt instruments or equity instruments as mentioned above must be classified at amortised cost. This applies to the items concerning lending to and receivables from credit institutions, floating rate lending to customers and other financial assets.

Classification – financial liabilities

The main rule is that financial liabilities are measured at amortised cost with the exception of financial derivatives, which must be measured at fair value, financial instruments held for trade purposes, with measurement at fair value through profit and loss, and financial liabilities where the fair value option with measurement through other comprehensive income is applied. EBK only has financial derivatives held for risk management purposes, which are measured in the balance sheet at fair value with value changes recognised through profit and loss. Other liabilities are measured at amortised cost. The company has therefore classified liabilities to credit institutions, debt securities issued, subordinated loan capital and other debt in the amortised-cost measurement category.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when EBK

- has a legally enforceable right to offset the recognised amounts, and
- intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

EBK does not have financial assets and liabilities which are offset.

Subsequent measurement of financial assets and liabilities

Fair value

Financial assets classified at fair value through profit and loss or through other comprehensive income are measured at fair value on the reporting date. Fair value is the amount which an asset could be exchanged for between knowledgeable, willing parties in an arm's-length transaction.

The fair value of certificates and bonds traded in an active market is based on the quoted bid price on the final day of trading up to and including the reporting date. Where certificates, bonds, shares and derivatives not traded in an active market are concerned, fair value is determined by using valuation techniques. These include the use of recently undertaken market transactions conducted at arm's length between knowledgeable and independent parties if such transactions available, referring to the current fair value of another instrument which is substantially the same in practice, and using discounted cash flow analysis. Should there be a valuation method which is in common use by market participants for pricing the instrument, and this method has proved to provide reliable estimates of prices obtained in actual market transactions, this method is used. Pursuant to IFRS 9, changes in fair value for bonds and certificates are recognised with fair value changes through other comprehensive income.

Amortised cost

Subsequent to initial recognition, financial instruments classified as loans and receivables as well as financial liabilities are measured at amortised cost using the effective interest method. The effective interest method is described in the section on revenue recognition.

Impairment of financial assets

Pursuant to IFRS 9, provisions for loss must be recognised on the basis of an expected credit loss model. The impairment rules apply to financial instruments measured at amortised cost or at fair value through other comprehensive income. Where EBK is concerned, this applies primarily to lending to customers. The combination of the lending portfolio's loan-to-value ratio and the credit guarantees provided by the owner banks means that the standard has not had significant effects for EBK's results or equity.

Cash and cash equivalents

Cash and cash equivalents include lending to and receivables from credit institutions.

Cash collateral

Pursuant to agreements with counterparties which regulate trades in OTC derivatives, collateral must be provided in certain cases. During 2023, EBK was provided with such collateral in the form of cash. These cash sums are managed by EBK for the duration of the collateral provision, and are recognised in the balance sheet as an asset with an associated liability. Both the cash asset and the liability are thereafter measured at amortised cost.

Hedge accounting

EBK uses fair value hedging of fixed-rate financial liabilities, where the hedged item is the swap interest element in the financial liabilities. Value changes in the hedged item attributable to the hedged risk will adjust the carrying amount of the hedged item and be recognised in profit or loss. Value changes in the hedged item and associated hedge instruments are presented under "net gains and losses of fair value hedging on debt securities issued". IFRS 9 permits the basis margin on foreign currency to be separated from a financial instrument and excluded from the designation of the financial instrument as a hedge instrument.

The company separates out the basis margin related to foreign currency from financial instruments by excluding this from earmarking of the fair-value hedge, and has identified the currency element in the hedging as a cash flow hedge. This means that the fair value changes which arise in basis swaps when utilising currency swap agreements with the company's borrowing in foreign currencies in order to convert the cash flow from (EUR) euros to Norwegian kroner (NOK) are recognised as a cash flow hedge. Changes in fair value related to the basis margin will therefore be recognised in other comprehensive income.

This means that changes in fair value related to the basis margin are recognised in value changes through other comprehensive income instead of in the item "net gains and losses of fair value hedging on debt securities issued" in the statement of comprehensive income, and will be accumulated in a separate component of equity.

IFRS 16 Leases

The standard requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. EBK has two types of leases – for office premises and company cars – which are subject to this standard. The right-of-use and lease obligation are recognised in the company's balance sheet as the present value of future lease payments over the term of the lease. The term of the lease, which forms the basis for calculating future lease payments, corresponds to the remaining period until the termination of the lease. Possible options are not added to the lease's term. The right-of-use is depreciated over the term 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 expenses are calculated by applying the discount rate (the company's incremental borrowing rate) to the lease obligation.

Intangible assets

Intangible assets consist of purchased software and are carried at acquisition cost less accumulated amortisation and possible impairment losses. Depreciation in the accounts is classified as ordinary depreciation under a depreciation schedule with a useful economic life of five years.

Commission costs

The owner banks are paid commissions for arranging and managing residential mortgages. Such commissions are expensed on a current basis and presented in the item "commission costs" in the statement of comprehensive income. Accrued, unpaid costs to the owner banks at 31 December are accrued and recognised as liabilities in the balance sheet.

Segment

The loans are made to private individuals and housing cooperatives. The company's business therefore comprises only one segment.

Pensions

Defined contribution plans

Defined contribution plans are accounted for in accordance with the matching principle. Contributions to the pension plan are expensed.

AFP – early retirement plan

The AFP is an early retirement pension plan for the Norwegian private sector enshrined in collective pay agreements. To benefit from the scheme, an employee must have been employed in a company affiliated to the AFP for seven of the nine years before they reach the age of 62. Premiums are calculated as a fixed percentage of annual pay between one and 7.1 times the average National Insurance Scheme's base rate (G). No premiums are paid for employees after the year they reach the age of 61. All employees in the company are members of the scheme. The premium paid is expensed.

Taxation

Income tax expense represents the sum of the tax payable and deferred tax, and is recognised in the statement of comprehensive income.

Tax payable

The tax payable is calculated on the basis of the taxable profit for the year. Taxable profit differs from the profit reported in the statement of comprehensive income because of income or expense items which are taxable or deductible in other years, and items which are not taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are normally recognised in the balance sheet for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Note 02 Use of estimates and discretion

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

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

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

Lending, non-performing/doubtful loans and writedowns

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 the low loan-to-value ratio for the residential mortgage portfolio and the credit guarantees provided by the owner banks means that the company does not expect significant effects on EBK's profit or equity. See note 13.2.2 for further information.

No loans were written down at 31 December 2023. For more information about lending, see Note 13.

Fair value of financial instruments

The company applies various measurement methods to determine the fair value of financial instruments that are not traded in an active market. The chosen measurement methods are based on market conditions at the end of the reporting period. This means that, if observable market data are unavailable, the company will make assumptions and apply discretion as to what the market will base its evaluation of corresponding financial instruments on. More information about the financial instruments can be found in Notes 7, 8, 13, 15, 17, and 20.

Note 03 Financial risk

Eika Boligkreditt has established a framework for risk management and control in the company to define risk willingness and principles for managing risk and capital. This framework is based on the Basel II regulations. The company is obliged to review its risk pursuant to the regulations relating to CRR/CRD IV regulation and the internal control regulations.

The company's key strategy is, through the issuance of covered bonds in the Norwegian and the international markets, to meet a substantial portion of the local banks' funding requirements and to reduce their refinancing risk. The company's risk management is intended to help attain this objective through tailored growth, good international rating, profitability and cost-efficiency, prudent risk and quality at every level.

Routines and instructions have been established with the aim of ensuring that the company handles the various risk factors in a satisfactory manner. The company's cooperation with the local banks contributes significantly to the management of risk through its customer selection processes. The company is exposed to the following risks: credit and counterparty, including climate (for more information, see the sections on sustainability and societal engagement and the TCFD), market (including interest and currency), liquidity and operational, in addition to its overarching commercial risk, which involves strategic and reputational risk.

The company has implemented risk strategies based on the company's risk management of the balance sheet composition. The strategy for managing assets and liabilities forms the basis for ensuring that collateral for outstanding covered bonds is in compliance with regulatory requirements. Total risk limits have been established for managing the credit and counterparty risk linked to lending, risk related to capital management, liquidity risk related to borrowing, and operational risk.

For additional description of financial risk, see Notes 13, 20 and 21.

Note 04 Commission costs

Amounts in NOK 1 000	2023	2022
Portfolio commission[1]	**416 446**	371 674
Instalment commission	**14 150**	12 941
Banking services	**1 697**	1 237
Total commission costs	**432 293**	385 852

[1] The company's distributors have the right to a portfolio commission for mortgages included in the mortgage portfolio. This commission equals the lending interest rate on the individual mortgage less a specified net interest rate. Distributors qualify for commission on the basis of the same calculation principles applied when calculating the mortgage interest rate to be paid by the mortgagee.

Note 05 Income from portfolio sale

Amounts in NOK 1 000	2023	2022
Total income from portfolio sale	**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 06 Shares at fair value recognised in profit and loss and shares in associated company

Shares classified at fair value recognised in profit or loss

Amounts in NOK 1 000	Number of shares	Cost price	Book value 31 Dec 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[1]	470 125	25.00%
Total	470 125	

Beløp i 1000 kroner	2023	2022
Carrying amount at 1 January 2023	**57 785**	57 563
Addition/disposal	**-**	-
Revaluation at acquisition cost	**-**	-
Share of profit/loss	**15 991**	17 107
Dividend paid	**(14 104)**	(16 884)
Carrying amount at 31 December 2023	**59 673**	57 785

[1] EBK's investment in Eiendomsverdi is treated as an associated company and calculated in accordance with the equity method. The shareholding 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 07 Net gains and losses on financial instruments at fair value

Full year 2023

Amounts in NOK 1 000	Fair value through profit and loss	Fair value through other comprehensive income	Fair value hedge through profit and loss	Cash flow hedge through other comprehensive income	Total	Of which realised	Of which unrealised
Lending to customers (fixed income)	79 682	-	-	-	79 682	(5 966)	85 648
Bonds and certificates[1]	(1 941)	28 065	-	-	26 124	(636 527)	662 651
Debts from issuance of securities	-	-	(1 121 617)	-	(1 121 617)	-	(1 121 617)
Financial derivatives	(74 774)	-	1 126 654	(262 407)	789 473	-	789 473
Total	2 968	28 065	5 038	(262 407)	(226 337)	(642 493)	416 156

Full year 2022

Amounts in NOK 1 000	Fair value through profit and loss	Fair value through other comprehensive income	Fair value hedge through profit and loss	Cash flow hedge through other comprehensive income	Total	Of which realised	Of which unrealised
Lending to customers (fixed income)	(386 659)	-	-	-	(386 659)	(14 289)	(372 370)
Bonds and certificates[1]	3 110	(20 202)	-	-	(17 092)	125 308	(142 400)
Debts from issuance of securities	-	-	3 187 833	-	3 187 833	-	3 187 833
Financial derivatives	262 143	-	(3 204 120)	245 491	(2 696 486)	-	(2 696 486)
Total	(121 406)	(20 202)	(16 287)	245 491	87 596	111 019	(23 423)

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

Note 08 Financial derivatives and hedge accounting

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

Assets	31 Dec 2023		31 Dec 2022	
Amounts in NOK 1 000	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swap lending[1]	**6 236 527**	**303 732**	7 782 054	363 195
Interest rate and currency swap[2]	**35 540 225**	**3 262 324**	37 599 200	4 741 936
Interest swap placement	**268 188**	**12 928**	1 130 676	23 711
Total financial derivative assets including accrued interest	**42 044 940**	**3 578 984**	46 511 930	5 128 842

Liabilities	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swap lending[1]	**849 565**	**18 227**	279 690	2 064
Interest rate and currency swap[2]	**25 990 925**	**943 221**	30 069 250	3 405 202
Interest swap placement	**39 244**	**1 052**	150 000	489
Total financial derivative liabilities including accrued interest	**26 879 734**	**962 500**	30 498 940	3 407 756

1 The hedging instruments related to the lending portfolio with a 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 company separates out the basis margin related to foreign currency from financial instruments by excluding this from earmarking of the fair value hedge, and has identified the currency element in the hedging as a cash flow hedge. This means that the fair value changes which arise in basis swaps when utilising currency swap agreements with the company's borrowing in foreign currencies in order to convert the cash flow from euros to Norwegian kroner are recognised as a cash flow hedge. Changes in fair value related to the basis margin will therefore be recognised in other comprehensive income.

	31 Dec 2023		31 Dec 2022	
Amounts in NOK 1 000	Nominal amount	Value recognised in balance sheet	Nominal amount	Value recognised in balance sheet
Hedging instruments: interest rate and currency swaps[1,2]	**61 531 150**	**2 153 715**	67 668 450	1 072 074
Hedged items: financial commitments incl foreign exchange[2]	**61 531 150**	**(2 218 419)**	67 668 450	(834 396)
Net capitalised value without accrued interest	**-**	**(64 705)**	-	237 678

1 The nominal amount is converted to historical currency exchange rate excluding accrued interest.

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

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

Amounts in NOK 1 000	2023	2022
Hedging instruments	**1 126 654**	(3 204 120)
Hedged items	**(1 121 617)**	3 187 833
Net gains/losses (inefffectiveness) recorded in profit and loss	**5 038**	(16 287)

The change in the value of financial instruments related almost entirely to negative NOK 262.4 million in change to basis swaps (NOK positive 245.5 million), recognised in other income and costs. Basis swaps are derivative contracts entered into in connection with long-term borrowing in foreign currency, whereby the foreign currency is converted to Norwegian kroner. These are hedging instruments, and the effect is zero over the term of the instrument. The accounting effects will thereby reverse over time, so that the unrealised change in value at 31 December 2023 will be reversed until the derivatives mature. This means that changes in margins only have an accrual effect with regard to unrealised gains and losses in the financial statements, but no realised gains or losses over the term of the derivative unless Eika Boligkreditt realises the derivative early. Gains or losses 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 currency 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. The derivatives are valued at fair value, while the hedged bond is valued in accordance with the principles which apply for hedge accounting.

Interest rate benchmark reform (IBOR reform)

The IASB published Interest rate benchmark reform – amendments to IFRS 9 and IFRS 7 in September 2019. These changes mean that the assumption is interest rates will not alter as a result of the interbank offered rate (Ibor) reform, and hedge accounting will continue as before without alterations to hedge documentation.

At 31 December, Eika Boligkreditt is exposed to a single benchmark interest rate (Nibor) which will be subject to this reform in its hedge accounting. The table below shows the company's hedge position by hedge type, maturity structure and currency.

Hedge type	Hedging instruments	Maturity	Nominal value (millions)		Hedged item
Fair value and cash flow hedges	Interest and currency swaps: Receive fixed rate in euros and pay three month NIBOR in Norwegian kroner.	2024	EUR	500	EUR fixed rate issued debt of the same maturity and nominal value of the swaps
		2025	EUR	1 000	
		2027	EUR	500	
		2028	EUR	1 000	
		2029	EUR	500	
		2030	EUR	500	
		2031	EUR	500	
		2033	EUR	500	
		2039	EUR	75	
Fair value hedges	Interest rate swap: Receive fixed rate and pay three month NIBOR in Norwegian kroner.	2025	NOK	300	NOK fixed rate issued debt of the same maturity and nominal value of the swaps
		2026	NOK	1 800	
		2027	NOK	700	
		2028	NOK	1 150	
		2031	NOK	850	
		2032	NOK	2 000	
		2033	NOK	1 600	
		2034	NOK	1 700	

Note 09 Payroll costs

Amounts in NOK 1 000	2023	2022
Pay, fees, etc	**23 355**	25 467
National insurance contributions	**5 775**	6 934
Pension costs	**3 222**	2 853
Other personnel costs	**782**	2 028
Total	**33 135**	37 280

Average number of employees (full-time equivalent)	**19**	18

Note 10 Renumeration of senior executives, governing bodies, auditors, etc

Amounts in NOK 1 000		Pay[1]	Other[2]	Pension costs ordinary scheme	Pension costs additional scheme
Odd-Arne Pedersen	CEO	3 227	348	207	487

1 Includes pay and holiday pay in 2023.

2 Fringe benefits and other benefits.

The CEO is a member of the company's ordinary pension plan. In addition, it has been agreed that a fixed monthly contribution shall be paid into a supplementary (personal) defined-contribution pension for the CEO. Such contributions will be made up until the vesting age (67 years) or an earlier date. The contribution comprises an amount corresponding to 25.1 per cent of salary in excess of 12 times the Norwegian National Insurance Scheme's basic amount (G) and is invested in securities funds. The pension shown in the table above is expense for the year. The company has no bonus schemes. An agreement with the CEO entitles him to nine months of severance pay.

Directors

Amounts in NOK 1 000	Fees
Dag Olav Løseth	213
Rune Iversen	143
Terje Svendsen	143
Olav Sem Austmo	143
Gro F Skårsmoen	143
Torleif Lilløy	143
Geir Magne Tjåland	70
Lena Jørundland	14
Total directors' fees	1 012

Risk committee

Amounts in NOK 1 000	Fees
Terje Svendsen	56
Dag Olav Løseth	42
Torleif Lilløy	56
Total risk committee	154

Nomination committee

Amounts in NOK 1 000	Fees
Glenn M Haglund	50
Eirik Kavli	25
Súsanna Poulsen	25
Rolf E Delingsrud	25
Åse Kjersti Øverdal	25
Total nomination committee	152

Remuneration committee

Amounts in NOK 1 000	Fees
Rune Iversen	14
Olav Sem Austmo	14
Total remuneration committee	28

Auditor

Remuneration to Deloitte AS and their associates is as follows:

Amounts in NOK 1 000	2023	2022
Statutory audit	**1 142**	710
Other assurance services	**151**	289
Total	**1 292**	998

The figures above exclude VAT.

Note 11 Administrative and other operating expenses

Amounts in NOK 1 000	2023	2022
IT costs	**13 368**	14 808
Marketing	**102**	81
External services	**16 398**	18 589
Other administrative expenses	**11 335**	8 719
Total administrative expenses	**41 202**	42 196
Phone, postage, etc	**1 019**	1 003
Accessories and equipment	**471**	500
Insurance cost	**439**	347
Other operating expenses	**1 823**	1 769
Total other operating expenses	**3 752**	3 619

Note 12 Tangible and intangible assets

Amounts in NOK 1 000	Software	Total
Original cost 1 January	24 177	**24 177**
Additions	-	**-**
Disposals	-	**-**
Original cost 31 December	24 177	**24 177**
Accumulated depreciation 1 January	23 349	**23 349**
Accumulated depreciation 31 December	23 786	**23 786**
Book value 31 December	392	**392**
Depreciation charge for the year	437	**437**
Useful economic life	5 yrs	
Depreciation schedule	Linear	
Depreciaton recognised through profit and loss		
Depreciation charge for the year other intangible assets	437	
Depreciation charge of right-of-use assets for the year (IFRS 16)	3 317	
Total	3 754	

IFRS 16 – Leieavtaler

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Balance sheet		
Right-of-use assets	**11 643**	13 605
Lease obligations	**11 746**	13 611
Statement of comprehensive income		
Depreciation	**3 317**	2 991
Interest expenses	**540**	183
Total	**3 857**	3 174
Effects relating to IFRS 16		
Reduction in operating costs relating to IAS 17	**3 759**	3 334
Increase in costs after implementing IFRS 16	**3 857**	3 174
Change in profit before taxes in the period	**(97)**	160

IFRS 16 on lease accounting requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. EBK has leases covering office premises and car leasing which are subject to this standard. The right-of-use asset and lease obligation are recognised as NOK 11.6 million and NOK 11.7 million, respectively, in the company's balance sheet at 31 December 2023, representing the present value of future lease payments over the term of the lease. The term of the lease, which forms the basis for calculating future lease payments, corresponds to the remaining period until the termination of the lease (as of 31 December 2023, this was about 3.5 years for leasing of office premises and about 1.9 years for car leasing). Possible options are not added to the lease's term. In addition, the right-of-use asset is depreciated over the term 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 expenses are calculated by applying the discount rate (the company's incremental borrowing rate) to the lease obligation.

Note 13 Credit and counterparty risk

Credit risk is the risk of loss posed by customers or counterparties failing to meet their payment obligations. Credit risk encompasses all claims on customers/counterparties, lending, and counterparty risk that arises through derivatives and foreign exchange contracts. The credit risk related to lending must be low, and the same applies to counterparty risk. Credit risk is managed through the company's strategy for credit risk on lending. A credit manual and other routines have been prepared and implemented, including preparation of documentation requirements and clarification of the ability of customers who have been granted loans to service their debt, and requirements for collateral for residential mortgage loans of up to 75 per cent of the value of the property at origination. Established requirements to be satisfied by customers and mortgaged objects are considered to entail low risk. In addition, the owner banks have ceded a case guarantee and loss guarantee. This contributes to reducing Eika Boligkreditt's credit risk. See Note 13.2 related to lending to customers.

The company is also exposed to credit risk through its investments in bonds and certificates, bank deposits and counterparties to derivative contracts.

When investing in bonds and certificates, the company is subject to laws and regulations related to the types of investments that may be included in the company's cover pool as substitute assets. The company has also established counterparty limits to reduce counterparty risk related to the issuers to which the company wishes to be exposed. The counterparty risk related to all counterparties in derivative contracts is reduced through the Credit Support Annex to the Schedule to the ISDA Master Agreement. Eika Boligkreditt manages counterparty risk through its investment strategy.

Note 13.1 Maximum exposure to credit risk

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Financial assets recognised in balance sheet		
Lending to and receivables on credit institutions[1]	**1 032 100**	843 126
Lending to customers	**98 261 282**	95 971 045
Other financial assets	**90 488**	28 367
Bonds and certificates at fair value	**17 939 199**	24 521 072
Financial derivatives	**3 578 984**	5 128 842
Total credit risk exposure	**120 902 053**	126 492 452
Off-balance sheet financial assets		
Overdraft facility	**50 000**	50 000
Note Purchase Agreement[2]	**-**	-
Granted, but undisbursed loans	**327 058**	672 549

[1] Restricted funds for tax withholdings were NOK 1 337 000 in 2023 and NOK 4 468 000 in 2022.

[2] The owner banks have accepted a liquidity obligation (Note Purchase Agreement) towards Eika Boligkreditt, see Note 23 for more information. The amount per 31 December 2023 in the table above is NOK 0 since the company's own liquidity is deducted at the time of measurement.

Note 13.2 Lending to customers

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Instalment loans - retail market	**95 143 338**	91 331 535
Instalment loans - housing cooperatives	**3 183 494**	4 899 300
Accrued interest instalment loans	**259 995**	158 511
Adjustment fair value lending to customers[1]	**(325 545)**	(418 301)
Total lending before specific and general provisions for losses incl accrued interest	**98 261 282**	95 971 045
Individual impairments	**-**	-
Unspecified group impairments	**-**	-
Total lending to and receivables from customers including accrued interest	**98 261 282**	95 971 045

All lending concerns residential mortgage loans with a loan-to-value ratio of up to 75 per cent at origination. The company had no non-performing loans where the outstanding instalment was more than 90 days overdue at 31 December 2023.

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

31 December 2023

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	91 118 736	91 118 736
Fixed rate loans	7 468 090	7 142 545
Toal lending including accrued interest	98 586 827	98 261 282

31 December 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 the fair value of loans to customers: The margin on the loans is considered to be on market terms. The market value of residential mortgages with floating interest rates which have experienced no significant increase in credit risk since origination are considered to have a value equal to their amortised cost. The market value of fixed-rate loans is correspondingly measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed rate of interest and the interest rate at the reporting date.

Guarantees and provision of cover

All lending involves residential mortgages with a loan-to-value ratio of up to 75 per cent at origination. Guarantees furnished by the company's distributors (banks) reduce the risk for Eika Boligkreditt. Upon transfer to Eika Boligkreditt, the distributors assume mandatory guarantees for the mortgages they have transferred.

The main features of these guarantees are as follows.

a) Case guarantee

The bank which has transferred the loan to the cover pool guarantees the entire amount of the mortgage over the period from payment until the mortgage's collateral has been perfected (achieved legal protection). The case guarantee is limited to a maximum of the whole principal of the loan plus interest charges and costs.

b) Loss guarantee

The bank guarantees to cover any loss suffered by Eika Boligkreditt was a result of non-performing loans, subject to the restrictions specified below. "Loss" means the residual claim against the mortgagee related to the relevant mortgage after all associated collateral has been realised, and it is to be regarded as recognised at the point when all collateral associated with a non-performing loan has been realised and paid to Eika Boligkreditt. The bank's loss guarantee covers up to 80 per cent of the loss recognised on each loan. The total loss guarantee is limited to 1 per cent of the bank's overall mortgage portfolio in Eika Boligkreditt at any given time, but nevertheless such that the loss guarantee is (i) equal to the value of the mortgage portfolio for portfolios up to NOK 5 million and (ii) amounts to a minimum of NOK 5 million for mortgage portfolios which exceed NOK 5 million, calculated in all cases over the previous four quarters on a rolling basis.

This means that, if the distributor's total share of the recognised losses for each mortgage exceeds the above-mentioned limit, Eika Boligkreditt will cover the excess. As a result, the bank's share of the loss covered by the loss guarantee cannot exceed 80 per cent but, if the overall recognised loss exceeds the framework, the share of total will be lower than 80 per cent.

c) Right to offset against commission due to the bank

The bank's liability for the case and loss guarantees falls due for payment on demand, but Eika Boligkreditt can also choose to offset its claim against the distributor's future commissions and commissions due but not paid pursuant to the commission agreement. This offsetting right applies for a period of up to four quarters from the date when the loss was recognised.

d) Right to offset against commissions due to the bank and all authorised distributors

The bank is jointly liable with all other banks for offsetting losses on mortgages not covered by the loss guarantee – in other words, that part of the loss which exceeds the bank's share. This offsetting right is limited to the bank's pro rata share of the credit loss in Eika Boligkreditt over and above the amount covered by the loss guarantee, up to a maximum of four quarter's commission from the date the loss was recognised. The bank's pro rata share corresponds to the bank's proportionate share of the total residential mortgage portfolio in Eika Boligkreditt transferred by all the distributors at the date the loss was realised.

Defaults

Pursuant to section 7 of the CRR/CRD IV regulation, cf. CRR article 178.1, an engagement is to be regarded as being in default if a claim has fallen due more than 90 days earlier and the amount is not insignificant. Doubtful loans are not necessarily in default, but the customer's financial position and the value of the collateral indicate a risk of loss.

The company had no non-performing loans where the outstanding instalment was more than 90 days overdue at 31 December 2023.

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 non-performing if payment of a claim is overdue by more than 90 days and the amount is not insignificant. Pursuant to the new EBA recommendation, the company is required to carry out various supplementary evaluations related to the probability of default. This evaluation must take account of the client's overall indebtedness, possible infection between agreements with the same debtor, the level of materiality limits and the duration of quarantine after being declared healthy. Should an instalment due on a mortgage be four weeks in arrears, Eika Boligkreditt has the right to request the bank in writing to take over the mortgage. Should the mortgage not be repaid or taken over by the bank within eight weeks of going into default, the mortgage will be transferred for normal enforcement of payment via a debt recovery service, and the distributor could become liable pursuant to the case and loss guarantees as well as the offsetting right as specified above. Should the bank meet the loss guarantee in full, its recourse claim will be on an equal footing with Eika Boligkreditt's residual claim for restitution.

The owner bank's net interest rate

The supplement to the distribution agreement incorporates regulations which mean that the net interest rate for the bank– in other words, the price it pays for financing through Eika Boligkreditt – will be influenced by the market price for new borrowing in the covered bond market and by whether the bank increases or reduces its financing through Eika Boligkreditt. In this way, the terms achieved by the bank as a result of securing finance through Eika Boligkreditt will be influenced by the bank's own use of Eika Boligkreditt, and only affected to a limited extent by the increase in or reduction of financing by other banks in Eika Boligkreditt.

The bank is committed to maintaining an overall financing in Eika Boligkreditt which accords with the maturity profile for the bank's financing in Eika Boligkreditt. The bank's financing in Eika Boligkreditt is the overall value of the bank's share of the mortgage portfolio in Eika Boligkreditt. If the overall value of the bank's share of the mortgage portfolio in Eika Boligkreditt falls at any time below 75 per cent of the bank's commitment pursuant to the supplementary agreement, the bank is obliged – after a written warning – to pay Eika Boligkreditt the present value of the company's estimated costs for a corresponding redemption of its borrowing in the market.

If the bank's overall financing in Eika Boligkreditt is reduced in a way which means that Eika Boligkreditt must conduct an overall repurchase of its borrowing in the market during a calendar year which corresponds to five per cent or more of the mortgage portfolio, the bank's obligation to pay costs pursuant to the agreement can be triggered by a shortfall smaller than the level of 75 per cent of the bank's commitment. This means that the lower limit is moved up. A claim against the bank pursuant to the agreement can be offset by Eika Boligkreditt against commission payments due to the bank.

Loan-to-value (LTV) for residential mortgages

With effect from 10 December 2019, Eika Boligkreditt increased its maximum LTV for residential mortgages from 60 per cent to the legal limit of 75 per cent. A supplementary agreement has been entered into with the banks wishing to increase the LTV limit on their residential mortgages to 75 per cent. Pursuant to this agreement, should house prices for mortgaged properties with an LTV above 60 per cent calculated on the original base value fall so significantly that certain mortgages exceed an LTV of 75 per cent, the bank will either have to replace such mortgages or make a credit framework available to Eika Boligkreditt.

Past-due loans not subject to impairment

The table below shows overdue amounts on loans that are not due to delays in payment transfers from Eika Boligkreditt.

Past-due loans are subject to continual monitoring.

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
1–29 days	**227 303**	553 357
30–60 days	**81 901**	106 187
60–90 days	**3 236**	10 141
> 90 days	**-**	-
Total past due loans not subject to impairment (principal)	**312 440**	669 686

Note 13.2.1 Lending by geographical area[1]

Amounts in NOK 1 000	Lending 31 Dec 2023	Lending 31 Dec 2022	Lending in % 2023
Viken	**28 256 350**	27 194 769	**28.7%**
Oslo	**8 041 407**	9 366 902	**8.2%**
Innlandet	**6 923 137**	5 428 812	**7.0%**
Vestfold og Telemark	**10 247 678**	10 429 890	**10.4%**
Agder	**6 962 114**	6 398 870	**7.1%**
Rogaland	**8 036 379**	7 827 298	**8.2%**
Vestland	**3 620 116**	3 455 545	**3.7%**
Møre og Romsdal	**3 760 235**	3 737 965	**3.8%**
Trøndelag	**16 992 059**	17 112 044	**17.3%**
Nordland	**3 794 284**	3 696 314	**3.9%**
Troms og Finnmark	**1 693 071**	1 582 428	**1.7%**
Total	**98 326 832**	96 230 835	**100%**

[1] The geographical distribution is based on the portfolio at amortised cost excluding accrued interest.

Note 13.2.2 Provision for losses

The retail market is less exposed to losses on lending than other sectors. Eika Boligkreditt's lending is confined to residential mortgages with a generally low LTV ratio, and it is therefore less exposed to loss.

Under the IFRS 9 accounting standard, provision for losses is recognised on the basis of the expected credit loss indicated by relevant information available at the reporting date. The combination of the residential mortgage portfolio's LTV ratio and the credit guarantees provided by the owner banks means that the standard does not have significant effects on EBK's profits or equity.

On initial recognition in the balance sheet, a provision for loss must be made which corresponds to the 12-month loss projection (PD). The 12-month loss projection is the loss expected to arise over the life of the instrument, but which can be related to events occurring in the first 12 months.

If the credit risk for an asset or group of assets is considered to have risen significantly since initial recognition, a provision for loss must be made which corresponds to the whole expected life of the asset (PD-life). EBK has decided that a quarterly review of such a change is an adequate assessment, since the company does not expect any accounting recognition of loss.

Impairment model

Eika Gruppen has developed its own model for calculating the probability of default (PD), and EBK receives PD values for all its lending to customers. Furthermore, a solution has been developed for exposure at default (EAD) and calculating losses as well as a model for assessing whether the credit risk of an engagement has significantly increased since its initial recognition. Expected credit loss (ECL) is calculated as EAD x PD x LGD (loss given default), discounted by the original effective interest rate.

Description of the PD model

The PD model in Eika Gruppen (internal model) estimates the probability of default by estimating statistical correlations between default and the customer's financial position, demographic data and payment behaviour. Default is defined as an overdraft of at least NOK 1 000 over 90 consecutive days, in addition to other qualitative indicators which suggest that the engagement has become non-performing. See CRR/CRD IV regulation. Pursuant to a new recommendation from the EBA, the company also undertakes to make supplementary assessments related to the probability of default. See Note 13.2 for a further description of the new definition of non-performing loans.

The model distinguishes between private and corporate customers, and measures PD for the next 12 months (PD). Payment behaviour requires six months of history before it can influence the internal model. This means that new customers will have six months with only the external model before the internal model can be used.

The model is validated annually and recalibrated as and when required. When model quality deteriorates, new models are developed.

Significant increase in credit risk

Should a significant increase in credit risk occur, the contract's expected credit loss is assessed over the whole life of the contract (PD-life). A significant increase in credit risk is measured on the basis of the development in PD. EBK has defined a significant increase in credit risk as a rise in the original PD at initial recognition (PD-ini) for different levels, so that the model can identify the relevant development in credit risk. For engagements with a PD-ini of less than 1 per cent, a relative change in PD of > 0.5 per cent and a PD-ini x 2 are deemed to constitute a material increase in credit risk. If the PD-ini is equal to or higher than 1 per cent, a relative change in PD of > 2 per cent and a PD-ini x 2 are deemed to constitute a material increase in credit risk.

Extra criteria are also defined for engagements to indicate a significant increase in credit risk:

- non-performance for 30 days (moved to step 2)
- forbearance (moved to step 2)
- non-performance for 90 days (moved to step 3)
- customers classified as being in default because they are unlikely to pay (moved to step 3)

Calculation of loss given default (LGD)

EBK's cover pool comprises objects with a low LTV ratio (<=75 per cent LTV at origination), and calculating ECL will be based on information which is current, forward-looking and historical. EBK utilises the expected development of house prices when calculating LGD. The scenarios are given equal weighting and calculated for each contract. Valuation of the collateral is based on its estimated net realisable value.

Exposure at default (EAD)

EAD for agreements comprises mortgages to customers discounted by the effective interest rate for future cash flows. The expected tenor is derived from the engagement's contractual residual tenor multiplied by a tenor factor.

Expected credit loss (ECL) based on future expectations

EBK will adjust its provision for loss by the expected development in house prices, which is considered to influence expected loss. Future expectations are derived from a macro model, which takes account of three scenarios – the main estimate, the best estimate and a stress scenario – for expected macroeconomic developments one to three years ahead. The main estimate is based on values from Norges Bank and Statistics Norway (SSB). These scenarios are given equal weighting. In addition, macroeconomic factors will be included in the calculation of PD and Lifetime PD, in the calculation of loss and the stepwise migration model.

Stress scenario

At 31 December 2023, EBK had the following expectations for the development of the macroeconomic variables

Changes in house prices	2024	2025	2026
Main estimate	(0.2%)	2.8%	4.6%
Stress scenario	(19.8%)	(26.9%)	(30.9%)
Best estimate	(5.6%)	(3.3%)	(0.6%)
Average	(8.5%)	(9.1%)	(9.0%)

Mortgages to customers by steps 1–3 in nominal value

Amounts in NOK 1 000	Step 1	Step 2	Step 3	Total
Mortgages 31 December 2022	96 014 283	192 828	23 724	**96 230 835**
Mortgages 31 December 2023[1]	98 116 774	193 560	16 497	**98 326 832**

[1] EBK had 80 loans in step 2 and 13 in step 3 at 31 December 2023. A low indexed LTV means that these loans will not generate losses in the loss model.

Increased credit risk means that NOK 193.6 million of EBK's residential mortgages are in step 2 and NOK 16.5 million in step 3. The change in credit risk for these relates to forbearance, high risk class, payment delayed by more than 30 days or various supplementary evaluations. Expected loss on residential mortgages was calculated pursuant to IFRS 9 as amounting to NOK 4.4 million at 31 December 2023. Given credit guarantees of NOK 1.8 billion from the owner banks at the same date, however, this will not result in the company incurring any accounting loss at 31 December 2023. Climate risk is not at present included in the company's loss model. The combination of low LTV and credit guarantees issued by the banks will result in the inclusion of this factor having no material impact on Eika Boligkreditt's profit/loss or equity.

Stress-test change from falling house prices and PD value

Price fall	PD values				
(Amounts in NOK 1 000)	1%	2%	3%	4%	5%
10%	4 920	9 841	14 762	19 682	24 496
20%	8 582	17 164	25 746	34 327	42 707
30%	24 905	49 810	74 714	99 619	123 924
40%	66 271	132 542	198 813	265 084	329 612
50%	138 197	276 394	414 591	552 789	686 658

EBK conducted a stress test at 31 December 2023 for expected losses on residential mortgages in the event of changes to the probability of default (PD) from one to five per cent and a fall in house prices from 10 to 50 per cent. A fall in house prices as high as 50 per cent and a calculated PD value of five per cent, for example, would give an expected loss on residential mortgages of NOK 687 million. Given credit guarantees from the owner banks, however, this would not result in the company incurring any accounting loss.

Note 13.3 Derivatives

Counterparty exposure related to derivative contracts

Assets	31 Dec 2023		31 Dec 2022	
Amounts in NOK 1 000	Book value	Net value [1]	Book value	Net value [1]
Financial derivatives	**3 578 984**	**3 173 365**	5 128 842	4 630 011
Received collateral	**2 750 578**	**2 750 578**	3 113 873	3 238 883
Net exposure	**828 407**	**422 788**	2 014 970	1 391 129

Liability	31 Dec 2023		31 Dec 2022	
Amounts in NOK 1 000	Book value	Net value [1]	Book value	Net value [1]
Financial derivatives	**962 500**	**556 871**	3 407 756	2 909 066
Posted collateral	**17 648**	**17 648**	15 766	15 766
Net exposure	**944 852**	**539 223**	3 391 990	2 893 300

[1] Net value is the book value of the financial assets less the financial liabilities related to the same counterparty. Similarly, the net value of financial liabilities is adjusted for collateral related to the same counterparty. The company received NOK 2.8 billion in cash collateral from counterparties in hedging contracts during 2023, compared to NOK 3.1 billion in 2022, and provided NOK 17.6 million in collateral during 2023 compared to NOK 15.8 million in 2022. Cash collateral is held as bank deposits, repo agreements and as various high-quality securities.

Note 13.4 Bond and certificates at fair value

Bonds broken down by issuer sector

31 December 2023 (Amounts in NOK 1 000)	Nominal value	Cost price	Fair value
Municipalities	5 171 674	5 217 302	5 218 282
Credit institutions	8 475 000	8 536 742	8 546 464
Government bonds	4 263 533	4 284 177	4 174 454
Total bonds and certificates at fair value including accrued interest	17 910 207	18 038 221	17 939 199
Change in value recognised through profit and loss to other comprehensive income [1]			(99 021)

The average effective interest rate is 4.26 per cent annualised. The calculation is based on a weighted fair value of NOK 19.2 billion. The calculation takes account of a return of NOK 817 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)	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 recognised through profit and loss to other comprehensive income [1]			(141 295)

[1] The value change 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.

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

	31 Dec 2023	31 Dec 2022
Average term to maturity	**2.0**	1.4
Average duration	**0.1**	0.1

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

Note 13.5 Lending to and receivables from credit institutions

When assessing ratings, only those from approved rating agencies are taken into account. Pursuant to the CRR/CRD IV regulations, credit assessments from approved credit rating agencies can be used to determine credit quality for individual engagements. The new European Commission regulations cover a number of credit rating agencies, and ratings from approved agencies can be used for the credit assessments. If a counterparty is rated by at least three of the agencies, the credit quality step is determined on the basis of the two highest ratings. If these two ratings differ, the lowest of these is used to assess the credit quality step. If the counterparty is rated by two agencies, the lowest is applied, and if there is only one rating from an accredited agency, it is applied.

Of the company's lending to and receivables from credit institutions, 60 per cent are in banks with credit quality step 1 and 40 per cent in banks with credit quality step 2.

Note 14 Taxes

Amounts in NOK 1 000	2023	2022
Tax on ordinary profit and loss		
Income tax payable in the balance sheet	**12 299**	13 063
Change in deferred tax ordinary profit and loss	**(58 944)**	14 083
Change in deferred tax other comprehensive income	**58 586**	(56 322)
Total tax on ordinary profit and loss	**11 941**	(29 177)
Reconciliation of expected and actual tax - ordinary profit and loss		
Profit before taxes	**116 201**	(65 383)
Expected tax on income at nominal tax rate (25%)	**29 050**	(16 346)
Tax effect of permanent differences	**(17 110)**	(12 831)
Total tax on ordinary profit and loss	**11 941**	(29 177)
Effective tax rate	**10.3%**	44.6%
Tax on other comprehensive income		
Change in deferred tax on net gains and losses on bonds and certificates	**7 016**	(5 051)
Change in deferred tax on net gains and losses on basis swaps	**(65 602)**	61 373
Total tax on other comprehensive income	**(58 586)**	56 322
Reconciliation of expected and actual tax - other comprehensive income		
Other comprehensive income before tax	**(234 343)**	225 288
Expected tax on income at nominal tax rate (25%)	**(58 586)**	56 322
Total tax on other comprehensive income	**(58 586)**	56 322
Deferred tax related to the following temporary differences		
Fixed assets	**(1)**	(2)
Pensions	**151**	(1 732)
Financial instruments	**59 197**	(12 716)
Other temporary differences	**(403)**	367
Effect on change in tax rate deferred tax	**-**	-
Total change in deferred tax	**58 944**	(14 083)

Deferred tax asset and deferred tax in the balance sheet relate to the following temporary differences

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Fixed assets	**12**	17
Net pension commitments	**605**	-
Financial instruments	**254 758**	17 970
Other temporary differences	**103**	1 714
Total temporary differences	**255 478**	19 701
Deferred taxes before changes to tax rate	**63 869**	4 925
Change in tax rate	**-**	-
Deferred tax assets	**63 869**	4 925

Note 15 Classification of financial instruments

31 December 2023

Amounts in NOK 1 000	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments at amortised cost	Total
Financial assets				
Lending to and receivables from credit institutions	-	-	1 032 100	**1 032 100**
Lending to customers	7 142 545	-	91 118 736	**98 261 282**
Bonds and certificates	-	17 939 199	-	**17 939 199**
Financial derivatives	3 578 984	-	-	**3 578 984**
Shares classified at fair value recognised in profit or loss	1 650	-	-	**1 650**
Other financial assets	-	-	90 488	**90 488**
Total financial assets	10 723 179	17 939 199	92 241 324	**120 903 703**
Financial liabilities				
Financial derivatives	962 500	-	-	**962 500**
Debt securities issued	-	-	109 875 931	**109 875 931**
Loans from credit institutions	-	-	2 750 578	**2 750 578**
Other liabilities	-	-	82 460	**82 460**
Subordinated loan capital	-	-	779 252	**779 252**
Total financial liabilities	962 500	-	113 488 221	**114 450 720**

31 December 2022

Amounts in NOK 1 000	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments at amortised cost	Total
Financial assets				
Lending to and receivables from credit institutions	-	-	843 126	**843 126**
Lending to customers	7 941 705	-	88 029 340	**95 971 045**
Bonds and certificates	-	24 521 072	-	**24 521 072**
Financial derivatives	5 128 842	-	-	**5 128 842**
Shares classified at fair value recognised in profit or loss	1 650	-	-	**1 650**
Other financial assets	-	-	28 367	**28 367**
Total financial assets	13 072 197	24 521 072	88 900 833	**126 494 102**
Financial liabilities				
Financial derivatives	3 407 756	-	-	**3 407 756**
Debt securities issued	-	-	112 435 578	**112 435 578**
Loans from credit institutions	-	-	3 113 873	**3 113 873**
Other liabilities	-	-	61 125	**61 125**
Subordinated loan capital	-	-	813 256	**813 256**
Total financial liabilities	3 407 756	-	116 423 832	**119 831 587**

Note 16 Fair value of financial instruments at amortised cost

	31 Dec 2023		31 Dec 2022	
Amounts in NOK 1 000	Book value	Fair value	Book value	Fair value
Financial assets				
Loans to and deposits with credit institutions	**1 032 100**	**1 032 100**	843 126	843 126
Lending to customers	**98 261 281**	**98 261 281**	95 971 045	95 971 045
Total financial assets	**99 293 382**	**99 293 382**	96 814 172	96 814 172
Financial liabilities				
Debt securities issued	**109 875 931**	**108 750 370**	112 435 578	111 637 710
Subordinated loan capital	**779 252**	**773 795**	813 256	800 159
Total financial liabilities	**110 655 183**	**109 524 165**	113 248 834	112 437 869

The fair value of lending to customers with floating interest rates and of lending to and receivables from credit institutions is considered to be equal to book value, and is considered to be equal to amortised cost. The fair value of fixed-rate loans is measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed rate of interest and the interest rate at the reporting date. The share of fixed and floating rate loans is presented in Note 13.2. The fair value of Norwegian debt securities in issue and subordinated loan capital are based on tax-related prices published by the Investment Firm Association (Verdipapirforetakenes forbund). The fair value of foreign debt securities in issue is based on quoted prices provided by Bloomberg.

Note 17 Fair value hierarchy

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

Level 1: Financial instruments where the measurement is based on quoted prices in an active market

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

Level 2: Financial instruments where the measurement is based on observable market data

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

Level 3: Financial instruments where the measurement is based on information other than observable market data

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

31 December 2023

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	7 142 545
Bonds and certificates	2 686 804	15 252 395	-
Financial derivatives	-	3 578 984	-
Shares classified at fair value recognised in profit or loss	-	-	1 650
Total financial assets	2 686 804	18 831 380	7 144 195
Financial liabilities			
Financial derivatives	-	962 500	-
Total financial liabilities	-	962 500	-

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	4 931 806	19 589 267	-
Financial derivatives	-	5 128 842	-
Shares classified at fair value recognised in profit or loss	-	-	1 650
Total financial assets	4 931 806	24 718 109	7 943 355
Financial liabilities			
Financial derivatives	-	3 407 756	-
Total financial liabilities	-	3 407 756	-

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

Detailed statement of assets classified as level 3

2023

Amounts in NOK 1 000	1 Jan 2023	Purchases/issues	Disposals/settlements	Transfers in/out of level 3	Allocated to profit or loss 2023	Other comprehensive income	31 Dec 2023
Lending to customers (fixed-rate loans)	7 941 705	935 321	(1 814 164)	-	79 682	-	7 142 545
Shares classified at fair value recognised in profit or loss	1 650	-	-	-	-	-	1 650
Total	7 943 355	935 321	(1 814 164)	-	79 682	-	7 144 195

2022

Amounts in NOK 1 000	1 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 classified at fair value recognised in profit or loss	1 650	-	-	-	-	-	1 650
Total	8 479 091	1 201 768	(1 350 845)	-	(386 659)	-	7 943 355

Detailed statement of changes in debt related to currency changes

2023

Amounts in NOK 1 000	1 Jan 2023	Issued/matured	Currency changes	31 Dec 2023
Change in debt securities issued[1]	63 891 383	(6 137 300)	(850 646)	56 903 438
Total	63 891 383	(6 137 300)	(850 646)	56 903 438

2022

Amounts in NOK 1 000	1 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.

Interest rate sensitivity of assets classified as Level 3 at 31 December 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 182.8 million. The effect of a decrease in interest rates would be an increase of NOK 182.8 million in the value of fixed-rate loans at fair value. The amounts are calculated by duration, which is the remaining portion of the fixed interest period.

Changes in fair value of fixed-rate loans attributable to a change in credit risk

Since the company's fixed-rate lending at fair value has an unchanged credit spread, no change in fair value is attributable to a change in the credit risk. That applies both for 31 December 2023 and cumulatively.

Note 18 Cover pool

Section 11-7 of the Regulations relating to Financial Institutions, which came into effect on 8 July 2022, requires overcollateralisation of at least 5 per cent of the value of covered bonds in the cover pool. The 5 per cent requirement is calculated on the basis of nominal values (nominal value of hedged foreign exchange rates, not including accrued interest), while the company's own holding of covered bonds is also taken into account. Eika Boligkreditt has pledged to maintain an overcollateralisation of at least 2.75 per cent in their EMTCN-programme. But the precondition for an overcollateralisation below five per cent is that the Aaa rating for the bonds is maintained. An overcollateralisation of 2 per cent is also necessary to maintain the Aaa rating from Moody's Investor Service. In the calculation of overcollateralisation in accordance with the rating and the loan programme nominal values have been used.

Calculation of overcollateralisation using nominal value (calculated in accordance with section 11-7 of the Financial institutions regulations)

Cover pool	Nominal values including retained bonds	
Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Loans to customers without accrued interest	**98 327 079**	96 229 641
Loans not qualified for the cover pool[1]	**(1 023 913)**	(742 645)
Substitute assets:		
Substitute assets[2]	**16 107 448**	22 150 047
Substitute assets excluded from calculation of overcollateralisation for LCR purposes[3]	**(250 000)**	(750 000)
Total cover pool	**113 160 614**	116 887 043
The cover pool's overcollateralisation	**109.24%**	107.91%

Covered bonds issued		
Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Covered bonds	**103 589 150**	107 902 450
Retained bonds (covered bonds)[4]	**-**	416 000
Total covered bonds	**103 589 150**	108 318 450

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

Cover pool	Nominal values	
Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Lending to customers without accrued interest	**98 327 079**	96 229 641
Loans not qualified for the cover pool[5]	**(976 976)**	(719 796)
Substitute assets:		
Substitute assets[2, 6]	**16 107 448**	22 150 047
Total cover pool	**113 457 551**	117 659 892
The cover pool's overcollateralisation	**109.53%**	109.04%

Covered bonds issued

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Covered bonds	**103 589 150**	107 902 450
Total covered bonds	**103 589 150**	107 902 450

1 Residential mortgages without legal protection, non-performing engagements and any share of loans with a loan-to-value (LTV) ratio in excess of 80 per cent are excluded when calculating the carrying amount in the balance sheet.

2 Substitute assets include loans to and receivables from credit institutions, including underlying security in repo agreements as well as bonds and certificates at nominal value.

3 Pursuant to the Financial Supervisory Authority's guidance for reporting LCR, the liquidity cover ratio is excluded when calculating the cover pool's overcollateralisation.

4 When calculating the 5 per cent requirement, account has been taken of the company's retained covered bonds.

5 Residential mortgages without legal protection have been excluded when calculating the carrying amount in the balance sheet.

6 The calculations of overcollateralisation in previous periods have also been restated in accordance with Moody's Investor Service methodology.

If the overcollateralisation is calculated on the basis of fair values, with the exception of the credit spread for the covered bonds, and the company's retained bonds is taken into account, the overcollateralisation comes to 9 per cent.

Note 19 Other financial assets

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Prepaid expenses	**1 165**	2 561
Short-term receivables	**89 323**	25 805
Total other financial assets	**90 488**	28 367

Note 20 Liquidity risk

Liquidity risk is the risk of the company failing to meet its commitments at the due date without major costs arising in the form of refinancing or the need for premature realisation of assets. In the worst case, liquidity risk is the risk of the company being unable to obtain sufficient refinancing to meet its commitments on the due date. The company has loans maturing in 2024 of NOK 12.8 billion net when the currency hedge is taken into account. At 31 December 2023, the company had liquid funds in the form of bank deposits amounting to NOK 1 billion, a securities portfolio of NOK 17.9 billion and an overdraft facility of NOK 50 million. These assets can be sold to cover the company's liabilities. A Note Purchase Agreement has also been entered into with the owners on buying the company's bonds.

More information and conditions related to the Note Purchase Agreement are provided in note 23. The liquidity risk is managed through set limits for funding structures, requirements for spreads on securities, tenors and markets, and the establishment of contingency facilities.

Liquidity risk

The tables show the undiscounted contractual cash flows of the financial liabilities.

Financial liabilities at 31 December 2023

Amounts in NOK 1 000	Book value 31 Dec 2023	Without predetermined maturity	Term to maturity 0–1 month	Term to maturity 1–3 months	Term to maturity 3–12 months	Term to maturity 1–5 years	Term to maturity > 5 years	Total
Financial liabilities								
Debt securities issued	109 875 931	-	370 542	6 550 496	7 021 975	88 479 253	25 552 706	**127 974 972**
Subordinated loan capital	779 252	-	2 240	10 579	284 081	598 521	-	**895 422**
Financial derivatives (net)	(2 616 485)	-	32 510	(558 837)	1 431 625	465 691	(274 002)	**1 096 987**
Loans from credit institutions[1]	2 750 578	2 750 578	-	-	-	-	-	**2 750 578**
Other debt with remaining term to maturity[2]	82 460	-	57 164	3 042	19 525	-	-	**79 731**
Total financial liabilities	110 871 736	2 750 578	462 456	6 005 280	8 757 206	89 543 465	25 278 704	**132 797 690**
Derivatives								
Financial derivatives (gross)								
Incoming flow		-	(72 510)	(5 183 752)	(2 154 005)	(37 864 060)	(19 128 704)	**(64 403 031)**
Outgoing flow		-	40 000	5 742 589	722 380	37 398 369	19 402 706	**63 306 044**
Financial derivatives (net)		-	(32 510)	558 837	(1 431 625)	(465 691)	274 002	**(1 096 987)**

Ordinary maturity is used as the basis for classification

1 Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt AS has been provided with such collateral in the form of cash in both 2023 and 2022. These cash sums are managed by Eika Boligkreditt AS for the duration of the collateral provision, and are recognised in the balance sheet as an asset with an associated liability. Both the cash asset held as bank deposits and the liability are thereafter measured at amortised cost.

2 Accrued interest related to debt established through the issue of securities, subordinated loan capital and financial derivatives is included under the respective items in the balance sheet. Other debt with remaining term to maturity at 31 December 2023 relates to accrued interest on tier 1 perpetual bonds.

Financial liabilities at 31 December 2022

Amounts in NOK 1 000	Book value 31 Dec 2022	Without predetermined maturity	Term to maturity 0–1 month	Term to maturity 1–3 months	Term to maturity 3–12 months	Term to maturity 1–5 years	Term to maturity > 5 years	Total
Financial liabilities								
Debt securities issued	112 435 578	-	274 988	533 096	12 881 437	85 746 580	24 719 714	**124 155 815**
Subordinated loan capital	813 256	-	1 691	8 806	31 511	876 847	-	**918 855**
Financial derivatives (net)	(1 721 086)	-	(3 190 461)	345 613	584 967	2 451 504	(223 245)	**(31 621)**
Loans from credit institutions[1]	3 113 873	3 113 873	-	-	-	-	-	**3 113 873**
Other debt with remaining term to maturity[2]	61 125	-	30 726	7 676	16 435	-	-	**54 836**
Total financial liabilities	114 702 745	3 113 873	(2 883 057)	895 191	13 514 350	89 074 932	24 496 469	**128 211 757**
Derivatives								
Financial derivatives (gross)								
Incoming flow		-	(7 589 975)	(476 146)	(6 386 414)	(37 097 714)	(17 705 287)	**(69 255 535)**
Outgoing flow		-	10 780 435	130 533	5 801 447	34 646 210	17 928 532	**69 287 156**
Financial derivatives (net)		-	3 190 461	(345 613)	(584 967)	(2 451 504)	223 245	**31 621**

Ordinary maturity is used as the basis for classification

[1] Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt AS has been provided with such collateral in the form of cash in both 2022 and 2021. These cash sums are managed by Eika Boligkreditt AS for the duration of the collateral provision, and are recognised in the balance sheet as an asset with an associated liability. Both the cash asset held as bank deposits and the liability are thereafter measured at amortised cost.

[2] Accrued interest related to debt established through the issue of securities, subordinated loan capital and financial derivatives is included under the respective items in the balance sheet. Other debt with remaining term to maturity at 31 December 2022 relates to accrued interest on tier 1 perpetual bonds.

Note 21 Market risk

Market risk arises through the company's exposure in the interest and foreign exchange market.

Note 21.1 Interest rate risk

The company is also exposed to interest-rate risk related to net interest loss. Eika Boligkreditt finances its loan portfolio through external funding in the form of covered bonds and senior financing. Varying fixed interest rates and benchmark rates of interest on lending and borrowing affect the company's net interest income. The interest-rate risk is reduced to a great extent by adapting borrowing and lending to the same interest terms.

Interest sensitivity

Changes in the level of interest rates will have an effect on profits as a result of changes in both fair value and net interest income.

Effect on profit of a change in fair value

A one percentage point increase in all interest rates, calculated over a period of 12 months on the basis of the portfolio at 31 December 2023, would reduce the value of the company's assets at 31 December by NOK 35.5 million, while the value of liabilities would be cut by NOK 62.5 million. The net effect on pre-tax profit would consequently have been a increase of NOK 27 million. The effect of a decrease in interest rates would be an increase of NOK 35.5 million of the value of assets, an increase of NOK 62.5 million in the value of liabilities and an reduction in pre-tax profit of NOK 27 million. These amounts are calculated on the basis of duration – in other words, the remainder of the fixed-interest period – for both assets and liabilities. The corresponding interest-rate hedge is taken into account when calculating duration. The valuation comprises the fair value of fixed-interest mortgages, bonds and certificates at fair value through profit and loss, derivatives and debt established through the issue of fixed-interest securities, which are financial instruments not measured at amortised cost.

Effect on profit of change in net interest income

The effect of a one percentage point increase in all interest rates would be to increase interest income at 31 December by NOK 1.15 billion, while interest expense would be increased by NOK 1.08 billion. The effect on net interest income would accordingly have been an increase of NOK 66.6 million. A reduction in interest rates would decrease interest income by NOK 1.15 billion and interest expenses by NOK 1.08 million. That would yield a reduction of NOK 66.6 million in net interest income. When calculating the profit effect on net interest income, the change in interest rates comprises the company's portfolio with floating interest rates and the fair value of fixed-interest mortgages, loans to and receivables from credit institutions, derivatives, bonds and certificates at fair value through profit and loss, debt securities issued and subordinated loans.

Overall effect on profit of changes in fair value and net interest income

A one percentage point increase in all interest rates would produce an overall change through fair value and net interest income of NOK 93.6 million in pre-tax profit. A reduction of one percentage point in all interest rates would produce an overall negative change through fair value and net interest income of NOK 93.6 million in pre-tax profit. It is assumed in the calculation that the distributor commissions are not affected by this change.

Note 21.2 Currency risk

Provision of cash collateral in euros by derivative counterparties yields a shortfall in euros because interest rates on Eika Boligkreditt's alternative investments are lower than the rates it receives on this cash collateral. This shortfall must be covered by purchasing euros. The scope of the shortfall in euros is EUR 5 million.The company has debt through covered bonds issued in euros. The debt are hedged through currency derivatives. Since the debt are fully hedged through currency derivatives, the company has no currency risk when issuing covered bonds. An overview of the book value of financial instruments in foreign currencies is provided below. The table is stated in NOK. Fair value adjustments related to the interest element and changes in basis swap in the currency hedge on debt securities issued are not included in the statement.

Currency risk at 31 December 2023

Amounts in NOK 1 000	Term to maturity 0–1 month	Term to maturity 1–3 months	Term to maturity 3–12 months	Term to maturity 1–5 years	Term to maturity > 5 years	**Total**
Debt securities issued in EUR	-	5 623 910	-	28 147 692	23 332 332	**57 103 934**
Currency derivatives in EUR	-	(5 623 910)	-	(28 147 692)	(23 332 332)	**(57 103 934)**
Net currency exposure	-	-	-	-	-	**-**

Currency risk at 31 December 2022

Amounts in NOK 1 000	Term to maturity 0–1 month	Term to maturity 1–3 months	Term to maturity 3–12 months	Term to maturity 1–5 years	Term to maturity > 5 years	**Total**
Debt securities issued in EUR	10 722 211	-	5 270 331	21 057 410	27 193 351	**64 243 304**
Currency derivatives in EUR	(10 722 211)	-	(5 270 331)	(21 057 410)	(27 193 351)	**(64 243 304)**
Net currency exposure	-	-	-	-	-	**-**

Note 22 Other risk

Risk relating to capital management

Borrowing through the issuance of covered bonds means the company will have surplus liquidity in the period immediately after raising such loans. The need for liquid funds increases as a result of balance sheet growth. This means there is a need to increase the number of lines to place liquidity with solvent counterparties pursuant to the regulations governing covered bonds. The company is exposed to risk linked to capital management through securities in Norway, including government securities, municipal bonds, and Norwegian covered bonds. A framework for managing surplus liquidity has been established to limit the interest and credit spread risk on the investments. The management is subject to the reporting and position framework determined by the company's board of directors. This framework is reviewed once a year. The company's total market risk is assessed on the basis of stress scenarios prepared in line with the recommendations of Norway's Financial Supervisory Authority and the Basel Committee. See Note 13.4 relating to certificates, bonds and other securities with a fixed yield.

Management and control of IT systems

The company's IT systems play a crucial role in accounting and reporting of implemented transactions, in providing the basis for important estimates and calculations, and in securing relevant supplementary information. IT systems are standardised, with parts of their management and operation largely outsourced to service providers. Good management and control of the IT systems, both in Eika Boligkreditt and at the service providers, are crucial for ensuring accurate, complete and reliable financial reporting.

Note 23 Liabilities

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Nominal value of bonds	**106 889 150**	110 702 450
Nominal value of certificates	**-**	-
Difference in fair value	**2 986 781**	1 733 128
Nominal value of subordinated loan capital	**775 000**	810 000
Difference in fair value	**4 252**	3 256
Total	**110 655 183**	113 248 834

Eika Boligkreditt has an overdraft facility with DNB Bank ASA (DNB). Amounting to NOK 50 million, this facility was undrawn at 31 December 2023 and 31 December 2022. Equity conditions apply to the overdraft facility.

Liquidity support from the owner banks is regulated by an agreement dated 10 May 2012 on the purchase of covered bonds. The main features of this agreement are that the owner banks, for as long as they have residential mortgage portfolios in the company and under given circumstances, are committed to provide Eika Boligkreditt with liquidity. This liquidity obligation is limited to the maturity of the company's covered bonds issued under the Euro Medium Term Covered Note Programme (EMTCN Programme) and associated swap agreements over the coming 12 months. To the extent that covered bonds have been purchased by the owner banks under the liquidity agreement and have not been redeemed, these are deducted from the calculation of each owner bank's outstanding liquidity obligation. Each owner bank's liquidity obligation is primarily limited to its pro rata share of the issued amount, which is calculated on the basis of each owner bank's share of the company's mortgage portfolio. Should one or more owner banks fail to fulfil their liquidity obligation pursuant to the agreement, the liquidity obligation of the other owner banks can be increased up to a limit of twice their original pro rata share.

The agreement on purchasing covered bonds can be terminated under certain conditions.

Conditions also apply to the lender concerning overcollateralisation. For CBs ascribed to the company's cover pool, requirements relating to overcollateralisation of 5 per cent apply to loans included in the EMTCN-Programme. This means that the company must at all times have assets in its cover pool that constitute at least 105 per cent of total outstanding covered bonds. See Note 18 for more information.

At 31 December 2023, the company had bonds and certificates in issue with a nominal value of NOK 106 889 150 thousand.

Note 23.1 Debt from issuance of securities

Covered bonds

ISIN (Amounts in NOK 1 000)	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	**31 Dec 2023**	31 Dec 2022
NO0010625346	1 500 000	NOK	Fixed	4.60%	2011	2026	**1 515 204**	1 515 296
NO0010669922	1 000 000	NOK	Fixed	4.00%	2013	2028	**1 036 984**	1 036 678
NO0010687023	150 000	NOK	Fixed	4.10%	2013	2028	**151 965**	151 965
NO0010763022	850 000	NOK	Fixed	2.25%	2016	2031	**859 279**	858 739
NO0010780687	700 000	NOK	Fixed	2.60%	2016	2027	**711 351**	711 284
NO0010815376	1 600 000	NOK	Fixed	2.67%	2018	2033	**1 630 766**	1 629 935
NO0010821192	8 050 000	NOK	Floating	3M Nibor + 0.34%	2018	2023	**-**	5 106 205
NO0010863178	7 250 000	NOK	Floating	3M Nibor + 0.25%	2019	2024	**6 676 002**	7 261 830
NO0010881162	6 000 000	NOK	Floating	3M Nibor + 0.41%	2020	2025	**6 039 914**	6 028 385
NO0010921067	10 500 000	NOK	Floating	3M Nibor + 0.75%	2021	2026	**10 651 773**	10 696 756
NO0011135105	6 000 000	NOK	Floating	3M Nibor + 0.50%	2021	2026	**6 053 125**	6 069 634
NO0012475609	6 000 000	NOK	Floating	3M Nibor + 0.42%	2022	2027	**6 004 786**	6 000 970
NO0012708827	2 000 000	NOK	Fixed	4.00%	2022	2032	**2 012 144**	2 011 297
NO0012728643	1 700 000	NOK	Fixed	4.33%	2022	2034	**1 776 962**	1 782 919
NO0012807421	7 500 000	NOK	Floating	3 M Nibor+ 0.48%	2023	2028	**7 581 679**	-
XS0881369770	1 000 000	EUR	Fixed	2.125%	2013	2023	**-**	10 722 211
XS1397054245	500 000	EUR	Fixed	0.375%	2016	2023	**-**	5 270 331
XS1566992415	500 000	EUR	Fixed	0.375%	2017	2024	**5 623 910**	5 269 798
XS1725524471	500 000	EUR	Fixed	0.375%	2017	2025	**5 617 586**	5 263 940
XS1869468808	500 000	EUR	Fixed	0.50%	2018	2025	**5 606 708**	5 253 802
XS1945130620	500 000	EUR	Fixed	0.875%	2019	2029	**5 623 707**	5 269 870
XS1969637740	10 000	EUR	Fixed	1.245%	2019	2039	**113 189**	106 172
XS1997131591	60 000	EUR	Fixed	1.112%	2019	2039	**677 358**	635 355
XS2085864911	5 000	EUR	Fixed	0.56%	2019	2039	**56 032**	52 553
XS2133386685	500 000	EUR	Fixed	0.01%	2020	2027	**5 644 322**	5 305 308
XS2234711294	500 000	EUR	Fixed	0.01%	2020	2028	**5 664 344**	5 325 836
XS2353312254	500 000	EUR	Fixed	0.125%	2021	2031	**5 582 597**	5 232 921
XS2482628851	500 000	EUR	Fixed	1.625%	2022	2030	**5 628 551**	5 274 590
XS2536806289	500 000	EUR	Fixed	2.50%	2022	2028	**5 614 732**	5 260 616
XS2636611332	500 000	EUR	Fixed	3.25%	2023	2033	**5 650 898**	-
Value adjustments							**(3 233 051)**	(5 488 537)
Total covered bonds including accrued interest[1]							**106 572 817**	109 616 659

[1] For covered bonds ascribed to the company's cover pool, an overcollateralisation requirement of 5 per cent applies in accordance with the company's borrowing programme (Euro Medium Term Covered Note Programme). An overcollateralisation of 2 per cent is also necessary to maintain the Aaa rating from Moody's Investor Service.

Senior unsecured bonds

ISIN (Amounts in NOK 1 000)	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 2023	31 Dec 2022
NO0010834716	500 000	NOK	Fixed	3.01%	2018	2025	**301 581**	301 513
NO0010841620	300 000	NOK	Fixed	2.87%	2019	2026	**308 017**	307 961
NO0010845936	500 000	NOK	Floating	3M Nibor + 0.78%	2019	2024	**300 937**	300 626
NO0010849433	500 000	NOK	Floating	3M Nibor + 0.74%	2019	2024	**300 194**	300 059
NO0010874944	300 000	NOK	Floating	3M Nibor + 0.58%	2020	2025	**302 101**	301 467
NO0010891351	500 000	NOK	Floating	3M Nibor + 0.50%	2020	2023	**-**	501 996
NO0010904642	500 000	NOK	Floating	3M Nibor + 0.65%	2020	2024	**504 101**	503 137
NO0010918113	300 000	NOK	Floating	3M Nibor + 0.45%	2021	2024	**302 997**	302 159
NO0012899915	250 000	NOK	Floating	3M Nibor + 1.25%	2023	2028	**252 628**	-
NO0013013979	250 000	NOK	Floating	3M Nibor + 1.24%	2023	2028	**250 579**	-
NO0013101576	500 000	NOK	Floating	3 M Nibor+ 0.87%	2023	2026	**500 797**	-
Value adjustments							**(20 817)**	-
Total senior unsecured bonds including accrued interest							**3 303 114**	2 818 919
Total debt securities issued including accrued interest							**109 875 931**	112 435 578

Subordinated loan capital

ISIN (Amounts in NOK 1 000)	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 2023	31 Dec 2022
NO0010814916	325 000	NOK	Floating	3M Nibor + 1.40% [2]	2018	2028	**-**	35 275
NO0010864333	250 000	NOK	Floating	3M Nibor + 1.55% [3]	2019	2029	**250 145**	249 992
NO0010917735	150 000	NOK	Floating	3M Nibor + 1.04% [4]	2021	2026	**151 617**	151 158
NO0012618927	375 000	NOK	Floating	3M Nibor + 2.20% [5]	2022	2027	**377 491**	376 831
Total subordinated loan capital including accrued interest							**779 252**	813 256

[2] 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

[3] 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.

[4] 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.

[5] Subordinated loan of NOK 375 million maturing on 18 November 2032, with a redemption right (call) on 18 August and thereafter on each banking day in the subsequent interest period and thereafter on each interest payment date. Regulatory and tax-related call rights 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 24 Other liabilities

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Accrued costs		
Commissions on bank lending	**55 286**	21 691
Accrued interest	**2 729**	6 289
Accrued employer's national insurance contributions	**1 677**	3 071
Deferred directors' fees	**938**	835
Accrued holiday pay	**2 517**	2 537
Deferred bonus	**-**	-
Other accrued costs	**3 776**	7 128
Total	**66 922**	41 551
Other debt		
Debt to companies in the same group	**-**	-
Accounts payable	**1 878**	1 907
Unpaid withholding tax	**1 277**	4 368
Unpaid VAT	**88**	237
Tax payable	**12 299**	13 063
Other debt	**(5)**	-
Total	**15 538**	19 574
Total other liabilities	**82 460**	61 125

Note 25 Pension cost

The company is required to have an occupational pension scheme in accordance with Norwegian legislation on defined contribution pensions (Lov om innskuddspensjon). The company has arrangements that comply with the statutory requirements. Eika Boligkreditt decided in 2016 to close its defined-benefit pension plan, which means that all employees are now covered by a defined-contribution scheme.

Defined contribution scheme

This scheme is based on an agreement that the company has to provide a contribution of seven per cent of pay rates from zero to 7.1 times the National insurance Scheme's base rate (G) and 20 per cent of pay from 7.1 to 12 G. In addition, the company provides risk insurance that includes disability and children's pensions for those included in the defined contribution scheme.

AFP – early retirement pension

The AFP is an early retirement pension plan for the private sector enshrined in collective pay agreements. To benefit from the scheme, an employee must have been employed in a company affiliated to the AFP for seven of the nine years before they reach the age of 62. Premiums are calculated as a fixed percentage of annual pay between one and 7.1 times the National Insurance Scheme's base rate (G). No premiums are paid for employees after the year they reach the age of 61. All employees in the company are members of the scheme from 1 April 2016. The premium paid is expensed.

Personal pension plan

At 31 December 2023, the company had a personal pension plan for the CEO. In this connection, it has been agreed that a fixed monthly contribution shall be paid into a supplementary (personal) defined-contribution pension.

	2023	2022
Number of employees in the unfunded scheme	**1**	-
Number of employees in the defined contribution pension scheme	**19**	18

Pension expenses

Amounts in NOK 1 000	2023	2022
Defined contribution pension schemes	**2 841**	2 981
Individual plan	**580**	44
AFP – early retirement pension	**372**	372
Net pension expenses	**3 794**	3 397

Pension commitments

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Value of pension funds	**605**	-
Pension liability	**605**	-

Note 26 Share capital and shareholder information

The share capital consists of 1 428 559 149 shares, each with a nominal value of NOK 1.00.
All shares were authorised, issued and fully paid at 31 December 2023.

List of shareholders at 31 December 2023	Number of shares	Ownership share
JBF Sparebank	126 308 009	8.84%
Jæren Sparebank	89 996 944	6.30%
Skagerrak Sparebank	72 142 381	5.05%
Romerike Sparebank	55 034 962	3.85%
Orkla Sparebank	53 563 652	3.75%
Odal Sparebank	51 192 435	3.58%
Askim & Spydeberg Sparebank	48 493 936	3.39%
Grong Sparebank	48 110 139	3.37%
Sparebanken Narvik	42 028 253	2.94%
Totens Sparebank	38 600 525	2.70%
Agder Sparebank	37 911 419	2.65%
Aurskog Sparebank	36 747 143	2.57%
Melhus Sparebank	34 238 915	2.40%
Larvikbanken - Din Sparebank	33 671 665	2.36%
Skue Sparebank	29 361 448	2.06%
Eidsberg Sparebank	29 081 973	2.04%
Sunndal Sparebank	28 803 883	2.02%
Romsdal Sparebank	28 073 328	1.97%
Andebu Sparebank	27 409 597	1.92%
OBOS-banken	26 704 439	1.87%

List of shareholders at 31 December 2023	Number of shares	Ownership share
Rørosbanken	25 660 581	1.80%
Drangedal Sparebank	22 973 956	1.61%
Berg Sparebank	21 312 343	1.49%
Marker Sparebank	20 960 086	1.47%
Trøgstad Sparebank	20 173 358	1.41%
Bien Sparebank ASA	19 826 280	1.39%
Sparebank 68° Nord	19 727 676	1.38%
Grue Sparebank	19 051 609	1.33%
Tysnes Sparebank	18 542 596	1.30%
Strømmen Sparebank	17 867 192	1.25%
Kvinesdal Sparebank	17 574 179	1.23%
Trøndelag Sparebank	16 982 648	1.19%
Hjartdal og Gransherad Sparebank	15 805 760	1.11%
Aasen Sparebank	15 782 309	1.10%
Hegra Sparebank	14 139 854	0.99%
Ørskog Sparebank	13 358 050	0.94%
Hjelmeland Sparebank	13 128 470	0.92%
Sogn Sparebank	13 068 464	0.91%
Selbu Sparebank	13 044 129	0.91%
Birkenes Sparebank	12 447 623	0.87%

List of shareholders at 31 December 2023	Number of shares	Ownership share
Stadsbygd Sparebank	12 043 409	0.84%
Valle Sparebank	11 597 178	0.81%
Høland Og Setskog Sparebank	11 263 438	0.79%
Evje Og Hornnes Sparebank	11 084 811	0.78%
Sparebanken Din Telemark	9 675 146	0.68%
Tinn Sparebank	9 548 772	0.67%
Oppdalsbanken	8 505 771	0.60%
Voss Veksel- Og Landmandsbank Asa	8 069 085	0.56%
Haltdalen Sparebank	7 630 864	0.53%
Rindal Sparebank	7 342 156	0.51%
Soknedal Sparebank	7 193 345	0.50%
Nidaros Sparebank	7 167 861	0.50%
Tolga-Os Sparebank	6 004 943	0.42%
Oslofjord Sparebank	5 883 428	0.41%
Ørland Sparebank	5 013 377	0.35%
Bjugn Sparebank	4 584 143	0.32%
Gildeskål Sparebank	3 977 507	0.28%
Valdres Sparebank	1 588 164	0.11%
Etnedal Sparebank	1 483 542	0.10%
Total	1 428 559 149	100%

The shares have full voting rights pursuant to the company's articles of association.

Note 27 Capital adequacy ratio

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Share capital	**1 428 559**	1 405 153
Share premium	**4 081 824**	4 005 230
Other paid-in equity	**477 728**	477 728
Other equity[1]	**(343)**	238
Total equity recognised in the balance sheet (without tier 1 perpetual bonds)	**5 987 768**	5 888 349
Fund for unrealised gains	**-**	123 706
Fund for valuation differences	**16 143**	14 255
Intangible assets	**(392)**	(829)
Deferred tax assets[2]	**-**	-
Prudent valuation adjustments of fair valued positions without accrued interest	**(25 371)**	(33 010)
Total core tier 1 capital	**5 978 147**	5 992 471

Core capital adequacy ratio (core tier 1 capital)	31 Dec 2023	31 Dec 2022
Risk-weighted assets	**38 644 408**	38 758 482
Core tier 1 capital	**5 978 147**	5 992 471
Core tier 1 capital ratio	**15.5%**	15.5%
Total core tier 1 capital	**5 978 147**	5 992 471
Tier 1 perpetual bonds	**575 000**	692 000
Total tier 1 capital	**6 553 147**	6 684 471

Capital adequacy ratio (tier 1 capital)	31 Dec 2023	31 Dec 2022
Risk-weighted assets	**38 644 408**	38 758 482
Tier 1 capital	**6 553 147**	6 684 471
Tier 1 capital ratio	**17.0%**	17.2%
Total tier 1 capital	**6 553 147**	6 684 471
Subordinated loans	**774 249**	808 948
Total primary capital (tier 2 capital)	**7 327 397**	7 493 419

Capital adequacy ratio (tier 2 capital)	31 Dec 2023	31 Dec 2022
Risk-weighted assets	**38 644 408**	38 758 482
Total primary capital (tier 2 capital)	**7 327 397**	7 493 419
Capital adequacy ratio	**19.0%**	19.3%
Required capital corresponding to 8 per cent of calculation basis	**3 091 553**	3 100 679
Surplus equity and subordinated capital	**4 235 844**	4 392 740

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

31 December 2023

Risk-weighted assets	Risk-weighted assets	Capital requirement
Credit risk[3]	**37 118 213**	2 969 457
Operational risk	**262 527**	21 002
CVA risk[4]	**1 263 668**	101 093
Total	**38 644 408**	3 091 553

Leverage ratio	31 Dec 2023	31 Dec 2022
Total leverage ratio exposure	**120 787 645**	126 863 029
Tier 1 capital	**6 553 147**	6 684 471
Leverage ratio	**5.4%**	5.3%

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

[1] Pursuant to the rules for hedge accounting set out in IFRS 9, changes in fair value relating to cross-currency interest rate swaps may be recognised as cash-flow hedging. Because it is possible to disaggregate the basis spread as cash-flow hedging under IFRS 9, changes in value relating to the basis spread are neutralised in line with Article 33(1) of the CRR when calculating core tier 1 capital. This is the same as was the case for cash-flow hedging under IAS 39.

[2] 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.

[3] 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 non-performing if payment of a claim is overdue by more than 90 days and the amount is not insignificant. Pursuant to the new EBA recommendation, the company is required to carry out various supplementary evaluations related to the probability of default. This evaluation must take account of the client's overall indebtedness, possible infection between agreements with the same debtor, the level of materiality limits and the duration of quarantine after being declared healthy. On the basis of this new standard for assessing defaults, these are estimated to amount to NOK 16.5 million at 31 December 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 will also be deducted from tier 1 capital pursuant to article 47c of the CRR if the mortgage is entered into after 26 April 2019.

[4] At 31 December 2023, Eika Boligkreditt had taken account of the risk of credit valuation adjustment (CVA) when calculating capital requirements for credit risk. This represents a supplement to the capital requirement for credit risk related to counterparty risk for derivatives.

Risk-weighted assets at 31 December amounted to NOK 38.6 billion, and represents a quantification of the company's risk. After accounting for growth in overall lending and changes in the company's liquidity portfolio, operational risk and CVA risk, the calculation basis for capital adequacy at 31 December 2023 was NOK 0.1 billion lower than at 1 January.

At all times, the company must have a buffer in relation to the minimum capital adequacy requirement of 8 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. The company's capital targets are a core tier 1 capital ratio of 14.78 per cent, a tier 1 capital ratio of 16.38 per cent and a tier 2 capital ratio of 18.5 per cent. These targets are adequate in relation to the legal requirements, the company's Pillar 2 demands, and capital requirements based on the company's internal assessment of risk. As can be seen above, the applicable buffer requirement was met at 31 December 2023 with a core tier 1 capital ratio of 15.5 per cent. Capital support from the owner banks is regulated by a shareholder agreement dated 10 May 2012. This includes a commitment by the owner banks that, under given circumstances, they will have to provide the company with the capital required to maintain the company's applicable targets at any given time for tier 1 capital and total primary capital ratios, or higher tier 1 capital and/or total primary capital ratios as required or recommended by the Financial Supervisory Authority of Norway. The individual owner bank's capitalisation obligation is primarily limited to its pro rata share of capital issues, calculated on the basis of each owner bank's share of the company's mortgage portfolio. Should one or more owner banks fail to fulfil their capitalisation obligation pursuant to the agreement, the capitalisation obligation of the remaining owner banks can be raised to a limit of twice their original pro rata share. The agreement on purchasing covered bonds and the shareholder agreement can be terminated under certain conditions.

Note 28 Ownership

Eika Boligkreditt was demerged from Eika Gruppen AS with effect from 18 May 2012. Following the demerger, the company is owned directly by 58 Norwegian banks and OBOS (the owner banks). In conjunction with the owner banks becoming the shareholders of Eika Boligkreditt, a shareholder agreement was entered into which stipulates in part that the ownership of the company is to be rebalanced on an annual basis. This will ensure an annual adjustment so that the holding of each owner bank corresponds to its share of the company's residential mortgage portfolio.

Independent auditor's report

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To the General Meeting of Eika Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eika Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2023, statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Eika Boligkreditt AS for 21 years since the company was founded on 24. March 2003 for the accounting year 2003.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IT-systems and control activities relevant for financial reporting

Description of the Key Audit Matter	How the matter was addressed in the audit
Eika Boligkreditt AS's IT-systems are essential for the accounting and reporting of completed transactions, in order to provide the basis for	Eika Boligkreditt AS has established an overall governance model and control activities related to its IT-systems. We gained an understanding of Eika Boligkreditt

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important estimates and calculations, and to provide relevant notes. The IT-systems are standardized, and parts of management and operation is outsourced to service providers. Refer to note 22 Other risk to the financial statements for a more detailed description of development, management and operation of IT-systems in Eika Boligkreditt AS. Effective internal control related to the lending system at Eika Boligkreditt AS is vital to ensure accurate, complete and reliable financial reporting and is therefore a key audit matter.	AS's overall governance model for IT-systems relevant to financial reporting. We assessed and tested for the lending system the design of selected control activities relevant to financial reporting related to IT- operations, change management, and information security. For a sample of these control activities, we tested if they operated effectively in the reporting period. We assessed and tested the design of selected automated control activities within the lending system related to among other calculations and preventive automated controls. For a sample of these control activities, we tested if they operated effectively in the reporting period. We used our own IT specialists to understand the overall governance model for IT-systems and in the assessment and testing of the control activities related to the lending system.

Valuation of financial instruments

Description of the Key Audit Matter	How the matter was addressed in the audit
Eika Boligkreditt AS has financial derivatives with a net value in the balance sheet of 2,6 billion NOK as per December 31, 2023 whereof combined interest- and currency swaps constitutes 2,3 billion NOK as per December 31, 2023. The estimates and judgmental assessments concerning the valuation of these financial instruments are described in note 2 and 8 to the financial statements. The risk related to valuation of financial derivatives is particularly related to financial derivatives that are not traded in an active market. At Eika Boligkreditt AS this is the case for their combined interest- and currency swaps used to hedge exchange and interest risk related to their funding.	Eika Boligkreditt AS has established certain control activities related to the valuation of combined interest- and currency swaps. We have assessed the design of selected key control activities. For a sample of these control activities, we tested if they operated effectively in the reporting period. The control activities we tested were related to the calculation method, determination of the assumptions used and the reasonability of the net gain and loss from the value changes from basis swaps. We challenged management's selection of method and the applied assumptions by considering if these were in line with commonly used valuation standards and industry practice. For a sample of

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Elements of basis swaps are included in the valuation of these derivatives. Net gain and loss from basis swaps results in annual net gain and loss in the income statement as there is no corresponding change in fair value on the funding. Valuation combined interest- and currency swaps is therefore considered a key audit matter in our audit.	combined interest- and currency swaps, we reconciled the applied assumptions with the external sources used by the company. Based on the company's own assumptions we also calculated the accuracy of gain and loss related to value changes from basis swaps. We also assessed whether the information in related notes was adequate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 12 March 2024
Deloitte AS

Eivind Skaug
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Auditor's assurance report on TCFD reporting

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To the Board of Directors of Eika Boligkreditt AS

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON EIKA BOLIGKREDITT AS SUSTAINABILITY REPORTING FOR 2023

We have performed a limited assurance engagement for the Board of Directors of Eika Boligkreditt AS on selected Environmental, Social and Governance ("ESG") information (the "Selected Information") within the Annual Report for the reporting period ended 31 December 2023.

Our limited assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the 2023 ended 31 December 2023, as described below, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Eika Boligkreditt AS has engaged us to provide independent Limited assurance in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in the Annual Report for the 2023 ended 31 December 2023 is as follows:

TCFD Index 2023.	Reporting of the companies status stated in the TCFD index in the Annual Report on page 49 to 52, prepared in accordance with the TCFD recommendations as presented in "Recommendations of the Task Force on Climate-related Financial Disclosures – Final Report", published by the Financial Stability Board at https://fsb-tcfd.org.

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

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Board of Directors responsibilities

The Board of Directors are responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Board of Directors.

Our independence and quality management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment and included, among others, an assessment of the appropriateness of the Applicable Criteria. In carrying out our Limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Through inquiries of relevant personnel, we have obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify areas where material misstatement in the Selected Information is likely to arise, Deloitte.

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providing a basis for designing and performing procedures to respond to address these areas and to obtain limited assurance to support a conclusion.

- Through inquiries of relevant personnel, we have obtained an understanding of the internal processes relevant to the Selected Information and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information.
- Performed procedures on a sample basis to assess whether the Selected Information has been collected and reported in accordance with the Applicable Criteria, including comparing to source documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Oslo, 14. Mars 2024
Deloitte AS

Eivind Skaug
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

Key figures

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Balance sheet development		
Lending to customers	**98 261 282**	95 971 045
Debt securities issued	**109 875 931**	110 923 966
Subordinated loan capital	**779 252**	812 240
Equity	**6 576 209**	6 726 050
Equity in % of total assets	**5.4**	5.3
Average total assets[1]	**122 256 092**	120 065 058
Total assets	**121 039 280**	126 571 248
Rate of return/profitability		
Fee and commission income in relation to average total assets, annualised (%)	**0.4**	0.3
Sum operating expenses in relation to average lending to customers (%)	**0.085**	0.093
Return on equity before tax, annualised (%)[2]	**2.0**	(1.2)
Total assets per full-time position	**6 370 488**	7 031 736
Cost/income ratio (%)[3]	**48.5**	61.2
Financial strength		
Core tier 1 capital	**5 978 147**	5 992 471
Tier 1 capital	**6 553 147**	6 684 471
Total primary capital (tier 2 capital)	**7 327 397**	7 493 419
Risk-weighted assets	**38 644 408**	38 758 482
Core tier 1 capital ratio (%)	**15.5**	15.5
Tier 1 capital ratio (%)	**17.0**	17.2
Capital adequacy ratio % (tier 2 capital)	**19.0**	19.3
Leverage ratio (%)[4]	**5.4**	5.3
NSFR total indicator i %[5]	**115**	116
Defaults in % of gross loans	**0.02**	0.02
Loss in % of gross loans	**-**	-
Staff		
Number of full-time positions at end of period	**19.0**	18.0

Liquidity Coverage Ratio (LCR)[6]

31 December 2023	Total	NOK	EUR
Stock of HQLA	2 359 377	250 000	187 659
Net outgoing cash flows next 30 days	1 696 792	266 074	161 418
LCR indicator (%)	**139%**	**94%**	**116%**

31 December 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):

$$\frac{\text{High-quality liquid assets}}{\text{Net outgoing cash flows next 30 days}}$$

LCR indicators: Pursuant to the Financial Supervisory Authority's guidance for reporting LCR, the liquidity cover ratio is excluded when calculating the cover pool's overcollateralisation. At 31 December 2023, liquid assets totalling NOK 250 million in the form of bonds and certificates were excluded from the calculation of the cover pool's overcollateralisation.

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Teigens design