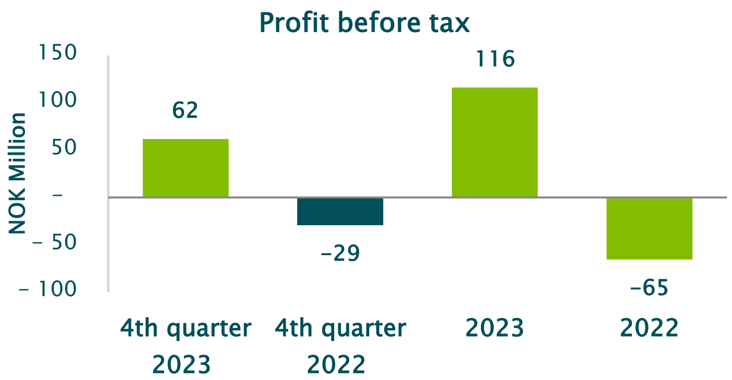
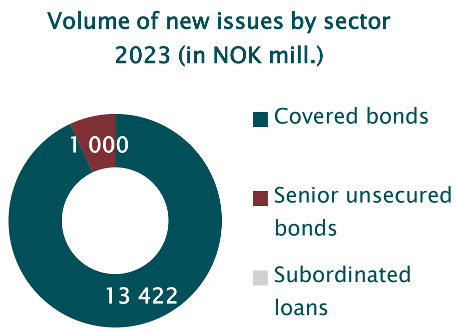
Eika Boligkreditt AS

Interim report for the fourth quarter 2023

Unaudited

Highlights





Fourth quarter 2023

- Pre-tax profit of NOK 61.9 million (2022: loss of NOK 29.2 million)
- Total comprehensive loss of NOK 86.7 million (2022: loss of NOK 209.8 million)
- Mark-to-market effect of basis swaps negative at NOK 194.8 million (2022: negative at NOK 292.1 million)
- Financing of the Eika banks, excluding the Local Bank Alliance, up by 2.5 per cent, corresponding to an annualised growth of 10.2 per cent
- Commissions to owner banks of NOK 76.5 million (2022: NOK 22.9 million)
- NOK 0.5 billion in bonds issued (2022: NOK 1.7 billion)

Year-end 2023

- Pre-tax profit of NOK 116.2 million (2022: loss of NOK 65.4 million)
- Total comprehensive loss of NOK 71.5 million (2022: income of NOK 132.8 million)
- Mark-to-market effect of basis swaps negative at NOK 262.4 million (2022: positive at NOK 245.5 million)
- Financing of the Eika banks, excluding the Local Bank Alliance and OBOS, up by 7.7 per cent (2022: 10 per cent)
- Commissions to owner banks of NOK 459.7 million (2022: NOK 412.7 million)
- NOK 14.4 billion in bonds issued (2022: NOK 24.8 billion)

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

INTERIM REPORT FOR THE FOURTH QUARTER 2023

Introduction

Eika Boligkreditt's main purpose is to ensure access for the local banks in the Eika Alliance to long-term and competitive funding by issuing covered bonds. An important part of the company's business concept is to increase the competitiveness of the owner banks by improving their access to external funding in the Norwegian and international financial markets with regard to the tenor of loans, their terms and the depth of access. The object of the company's business is to reduce risk for the owner banks. At 31 December 2023, the owner banks had NOK 98.3 billion in total financing with Eika Boligkreditt and had thereby reduced the need for their own market and deposit financing by a corresponding amount.

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

Profit and loss account for the fourth quarter

Amount in NOK thousand	4th quarter 2023	4th quarter 2022	2023	2022
Total interest income	1 605 559	1 063 744	5 574 890	2 974 125
Net interest income	140 046	86 800	600 982	528 164
Commission costs	70 172	16 156	432 293	385 852
Total gain and losses on financial instruments at fair value	11 233	(79 609)	8 006	(137 693)
Profit before tax	**61 882**	**(29 183)**	**116 201**	**(65 383)**
Comprehensive income (taking account of fair value changes in basis swaps)	**(86 705)**	**(209 840)**	**(71 497)**	**132 760**

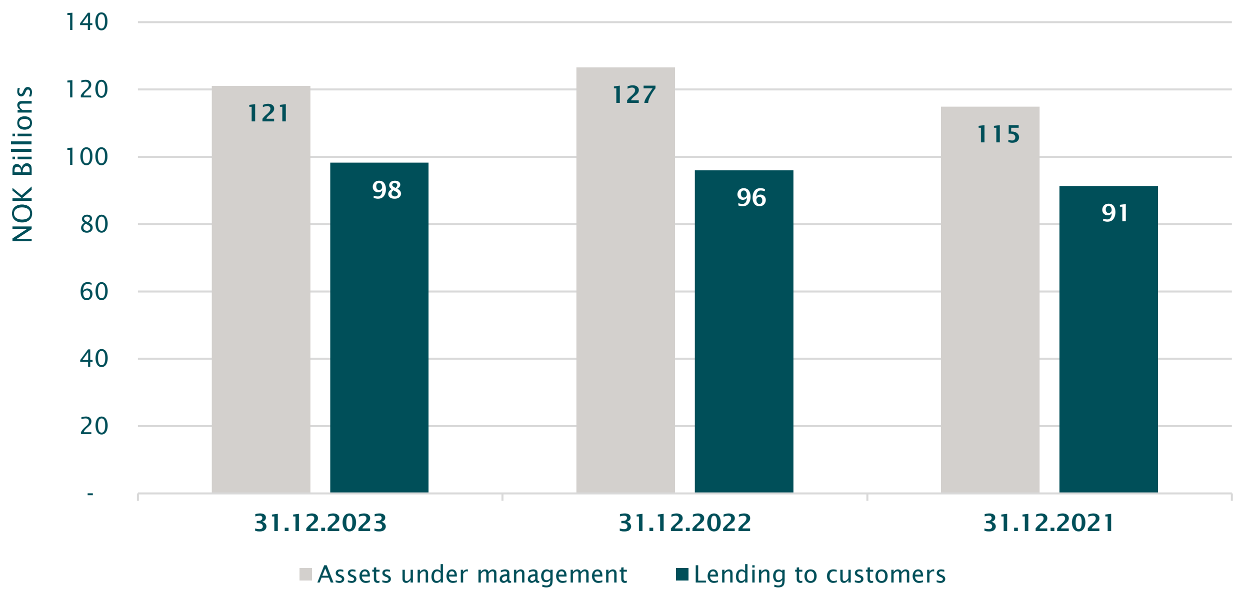
The company's interest income in the fourth quarter 2023 was 50.9 per cent higher than in the same period the year before. This increase is attributable to higher interest rates on residential mortgages and a higher lending volume than in the same period in 2022. Net interest income in the fourth quarter was up by 61.3 per cent from the same period last year because of higher margins on residential mortgages, with interest rates paid by mortgagees rising more than rates for borrowing. Net interest income was reduced by a NOK 5.8 million contribution to the Norwegian Banks Guarantee Fund's resolution fund, which is recognised as an interest expense. Total commission (portfolio and arrangement) payments to the owner banks in the fourth quarter came to NOK 75.6 million. This is 234.7 per cent more than in the same period in 2022. The increase is attributable to the banks' higher lending margins. The mark-to-market effect of financial instruments was positive at NOK 11.2 million. This is an increase of NOK 90.8 million compared with the same period last year, and is attributable to changes in value resulting from interest rate adjustments. The pre-tax profit for the fourth quarter 2023 was NOK 61.8 million, up by NOK 91.1 million from the same period of 2022.

The 87.4 per cent increase in the company's interest income in 2023 compared with the previous year, primarily reflected the upward adjustments the company made to interest rates on residential mortgages in line with the rising interbank rate and the growth in lending volume. Net interest income in 2023 is 13.8 per cent up on the corresponding period last year. 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. Net interest income was also affected by a NOK 23.2 million contribution to the Norwegian Banks Guarantee Fund's resolution fund, which is recognised as an interest expense. Total commission (portfolio and arrangement) payments rose by 11.4 per cent in 2023, compared with the same period in 2022. The increase is attributable to the banks' slightly higher lending margins. The mark-to-market effect of financial instruments was positive at NOK 8 million, an improvement of NOK 145.7 million from the same period last year. Pre-tax profit for 2023 came to NOK 116.2 million, up by NOK 181.6 million from 2022.

Interest on tier 1 perpetual bonds totalled NOK 14.1 million in the fourth quarter and NOK 53 million in 2023 as a whole. This cost is not presented as an interest expense in the profit and loss account, but as a reduction in equity in the balance sheet.

For the fourth quarter of 2023, comprehensive income includes a negative mark-to-market effect of NOK 194.8 million in the value of basis swaps (2022: a negative effect of NOK 292.1 million). For 2023 as a whole, a negative effect of NOK 262.4 million was recorded (2022: a positive effect of NOK 245.5 million). Over the term of the derivatives, the effect of such value changes will be zero. The accounting effects will thereby reverse until the derivatives mature. This means that the mark-to-market effect of basis swaps only impacts accruals relating to unrealised gains and losses in the financial statements. Unless Eika Boligkreditt realises the derivative agreement prematurely, such mark-to-market effects do not result in realised gains or losses over the term of the derivative.

Balance sheet and liquidity



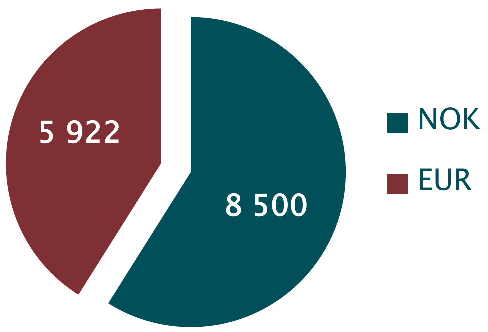
Assets under management by Eika Boligkreditt amounted to NOK 121 billion at 31 December 2023, down by NOK 5.5 billion from 31 December 2022. Financing of the owner banks (residential mortgage lending to customers at nominal value excluding accrued interest and changes to the fair value of residential mortgages) totalled NOK 98.3 billion at 31 December, representing a net increase of NOK 1.6 billion in the fourth quarter and NOK 2.1 billion for the past 12 months, excluding accrued interest and changes to 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 running-down by the Local Bank Alliance (LBA) and OBOS, the portfolio showed net growth of NOK 2.2 billion in the fourth quarter and NOK 6.5 billion over the past 12 months, 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

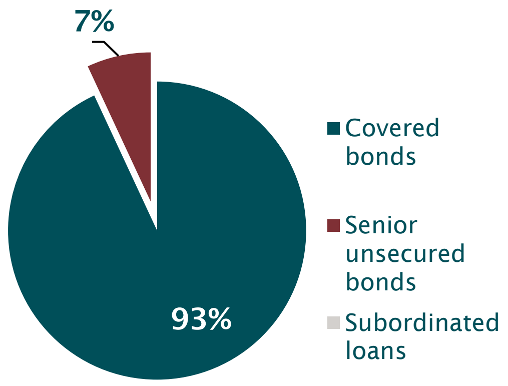
Eika Boligkreditt issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 500 million in the fourth quarter 2023, compared with NOK 1.7 billion in the same period of 2022. The entire volume issued in the fourth quarter 2023 comprises senior unsecured bonds.

In 2023 as a whole, the company issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 14.4 billion, compared with NOK 24.8 billion in the same period of 2022. The volume issued in 2023 comprised NOK 13.4 billion in covered bonds and NOK 1 million in senior unsecured bonds.

Issuance by currency (in NOK mill) in 2023



Issuance by sector (in %) in 2023



Of the issues undertaken in 2023, 41.1 per cent were denominated in euros (EUR) and 58.9 per cent in Norwegian kroner (NOK). Covered bonds accounted for 93 per cent of the total volume issued.

The table below shows the issues (excluding tier 1 perpetual bonds) undertaken in 2023, 2022 and 2021.

New issues (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 and certificates (issued in NOK)	1 000	-	2 300
Subordinated loans (issued in NOK)	-	375	150
Total issued	**14 422**	**24 769**	**19 483**

The average tenor for covered bonds issued in 2023 has been 7.1 years. At 31 December, the average tenor for the company's borrowing portfolio was 3.89 years, compared with 3.84 years at 1 January.

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

Carrying value in NOK million	31.12.2023	31.12.2022	31.12.2021
Covered bonds	106 573	109 617	99 400
Senior unsecured bonds	3 303	2 819	3 749
Senior unsecured certificates	-	-	500
Subordinated loans	779	813	724
Total borrowing including accrued interest	**110 655**	**113 249**	**104 373**

Total borrowing by the company at 31 December was NOK 110.7 billion, a reduction of NOK 2.6 billion from 1 January.

Liquidity

At 31 December 2023, the company had a liquidity portfolio of NOK 18.9 billion. The total includes cash collateral of NOK 2.8 billion received from counterparties to derivative contracts. Cash collateral received is held as bank deposits, repo agreements and various high-quality securities.

New developments in the alliance

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 NOK 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.

Totens Sparebank and SpareBank 1 Østlandet have signed a letter of intent to merge. On 15 January, the boards of Totens Sparebank and SpareBank 1 Østlandet approved an agreement to merge the two banks. 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 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.

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's owners. Hege Toft Karlsen, who serves as CEO of Eika Gruppen, has been appointed as the new CEO of Fremtind and will take up her position on a date to be agreed. At the same time, Eika Gruppen's board of directors has appointed Steinar Simonsen as Hege Toft Karlsen's replacement.

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 approx. 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.

Capital adequacy is calculated in accordance with the standardised method specified in the Capital Requirements Regulation (CRR).

The basis for calculating the capital adequacy ratio at 31 December amounted to NOK 38.6 billion. 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. Eika Boligkreditt's primary capital ratio is calculated as a proportion of this basis.

The table below presents developments in the capital adequacy ratio.

Amounts in NOK million	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2021**
Risk-weighted assets	38 644	38 758	37 296
Total primary capital (tier 2 capital)	7 327	7 493	6 408
Capital adequacy ratio in per cent	**19.0 %**	**19.3 %**	**17.2 %**

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. 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.

The company's capital targets are specified as follows:

- Core tier 1 capital ratio: 14.78% (15.5% at 31 December 2023)
- Tier 1 capital ratio: 16.38% (17% at 31 December 2023)
- Tier 2 capital ratio: 18.50% (19% at 31 December 2023)

These targets are adequate in relation to legal requirements, the company's Pillar II requirement of 0.5 per cent and its Pillar II guidance of 0.5 per cent. As shown above, the applicable buffer requirements were fulfilled at 31 December 2023, with a core tier 1 capital adequacy of 15.5 per cent.

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.

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 euros widened by 14 basis points. The currency basis for a five-year tenor to hedge the amount from euros 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 consensus among market players early in the year indicated that credit spreads in euros would continue to widen during 2023 by up to 10 basis points for covered bonds, after an increase of roughly 20 basis points was seen in 2022. The credit spreads for covered bonds in euros has therefore widened rather more than expected in 2023. For 2024, it is expected that the credit spreads for covered bonds in euros could widen slightly more in the first six months, but less than we have seen in the past two years.

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 base 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 euros 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 euros (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 euros 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 covered 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, 8 February 2024

The board of directors of Eika Boligkreditt AS

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

Statement of comprehensive income

Amounts in NOK 1 000	Notes	4Q 2023	4Q 2022	2023	2022
INTEREST INCOME					
Interest from loans to customers at amortised cost		**1 238 062**	795 497	**4 269 825**	2 339 661
Interest from loans to customers at fair value		**111 753**	84 910	**399 891**	246 000
Interest from loans and receivables on credit institutions		**15 953**	6 121	**79 689**	18 676
Interest from bonds, certificates and financial derivatives		**227 879**	168 893	**789 111**	333 744
Other interest income at amortised cost		**11 320**	7 729	**33 888**	33 352
Other interest income at fair value		**591**	595	**2 487**	2 692
Total interest income		**1 605 559**	1 063 744	**5 574 890**	2 974 125
INTEREST EXPENSES					
Interest on debt securities issued		**1 414 311**	953 499	**4 812 138**	2 381 753
Interest on subordinated loan capital		**12 895**	9 681	**45 437**	27 063
Contribution to the Norwegian Banks' Guarantee Fund's Resolution Fund		**5 757**	6 258	**23 242**	25 449
Other interest expenses		**32 550**	7 505	**93 091**	11 697
Total interest expenses		**1 465 512**	976 943	**4 973 908**	2 445 961
Net interest income		**140 046**	86 800	**600 982**	528 164
Commission costs		**70 172**	16 156	**432 293**	385 852
Net interest income after commissions costs		**69 874**	70 645	**168 689**	142 312
Income from portfolio sale	Note 3	–	–	**5 358**	–
Income from shares in associated company		**3 155**	3 031	**15 991**	17 107
Total income from shares	Note 4	**3 155**	3 031	**15 991**	17 107
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE					
Net gains and losses on bonds and certificates	Note 5	**66**	13 284	**(1 941)**	3 110
Net gains and losses on fair value hedging on debt securities issued	Note 5, 6	**1 049**	(39 022)	**5 038**	(16 287)
Net gains and losses on financial derivatives	Note 5	**(186 390)**	(87 449)	**(74 774)**	262 143
Net gains and losses on loans at fair value	Note 5	**196 508**	33 577	**79 682**	(386 659)
Total gains and losses on financial instruments at fair value		**11 233**	(79 609)	**8 006**	(137 693)
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES					
Salaries, fees and other personnel expenses		**9 040**	8 095	**33 135**	37 280
Administrative expenses		**11 666**	13 287	**41 202**	42 196
Total salaries and administrative expenses		**20 706**	21 382	**74 337**	79 476
Depreciation		**951**	973	**3 754**	4 014
Other operating expenses		**724**	895	**3 752**	3 619
PROFIT BEFORE TAXES		**61 882**	(29 183)	**116 201**	(65 383)
Taxes		**11 430**	(19 661)	**11 941**	(29 177)
PROFIT FOR THE PERIOD		**50 452**	(9 523)	**104 260**	(36 206)
ITEMS TRANSFERRABLE TO PROFIT AND LOSS					
Net gains and losses on bonds and certificates	Note 5	**10 695**	24 992	**28 065**	(20 202)
Net gains and losses on basis swaps	Note 5	**(194 796)**	(292 081)	**(262 407)**	245 491
Taxes on other comprehensive income		**46 945**	66 772	**58 586**	(56 322)
COMPREHENSIVE INCOME FOR THE PERIOD		**(86 705)**	(209 840)	**(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	31.12.2023	31.12.2022
ASSETS			
Lending to and receivables from credit institutions		1 032 100	843 126
Lending to customers	Note 6, 7	98 261 282	95 971 045
Other financial assets	Note 8	90 488	28 367
Bonds and certificates at fair value	Note 6,9	17 939 199	24 521 072
Financial derivatives	Note 6,10	3 578 984	5 128 842
Shares	Note 4,11	1 650	1 650
Shares in associated company	Note 4	59 673	57 785
Deferred tax assets		63 869	4 925
Intangible assets		392	829
Right-of-use assets	Note 12	11 643	13 605
TOTAL ASSETS		**121 039 280**	**126 571 248**
LIABILITIES AND EQUITY			
Liabilities			
Loans from credit institutions	Note 13	2 750 578	3 113 873
Financial derivatives	Note 6,10	962 500	3 407 756
Debt securities issued	Note 14	109 875 931	112 435 578
Other liabilities		82 460	61 125
Pension liabilities		605	-
Lease obligations	Note 12	11 746	13 611
Subordinated loan capital	Note 15	779 252	813 256
TOTAL LIABILITIES		**114 463 071**	**119 845 199**
Equity			
Share capital		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 capital		575 000	692 000
TOTAL EQUITY		**6 576 209**	**6 726 050**
TOTAL LIABILITIES AND EQUITY		**121 039 280**	**126 571 248**

Statement of changes in equity

Amounts in NOK 1 000	Share capital [1]	Share premium [1]	Other paid in equity [2]	Fund for unrealised gains [3]	Fund for valuation differences [4]	Retained earnings: other equity [5]	Tier 1 perpetual bonds [6]	Total equity
Balance sheet as at 31 December 2021	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**14 033**	**62 478**	**575 000**	**5 773 484**
Result for the period	-	-	-	-	-	60 963	6 412	67 373
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	79	(6 412)	(6 333)
Disbursed dividends for 2021	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 31 March 2022	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**14 033**	**123 519**	**575 000**	**5 834 525**
Result for the period	-	-	-	-	(13 218)	97 693	7 236	91 711
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	(116)	(7 236)	(7 352)
Disbursed dividends for 2021	-	-	-	-	-	(61 900)	-	(61 900)
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 30 June 2022	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**815**	**159 196**	**575 000**	**5 856 983**
Result for the period	-	-	-	-	(815)	175 002	8 462	182 649
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	-	(8 462)	(8 462)
Disbursed dividends for 2021	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	152 000	152 000.00
Balance sheet as at 30 September 2022	**1 225 497**	**3 384 886**	**477 728**	**33 863**	**-**	**334 198**	**727 000**	**6 183 170**
Result for the period	-	-	-	-	14 255	(23 777)	-	(9 522)
Other income and expenses	-	-	-	89 843	-	(302 442)	12 281	(200 318)
Equity issue	179 657	620 343	-	-	-	-	-	800 000
Interest tier 1 capital	-	-	-	-	-	-	(12 281)	(12 281)
Disbursed dividends for 2021	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	(35 000)	(35 000)
Balance sheet as at 31 December 2022	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**14 255**	**7 979**	**692 000**	**6 726 050**
Result for the period	-	-	-	-	-	80 692	-	80 692
Other income and expenses	-	-	-	-	-	(21 787)	11 031	(10 756)
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	78	(11 031)	(10 953)
Disbursed dividends for 2022	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	(117 000)	(117 000)
Balance sheet as at 31 March 2023	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**14 255**	**66 963**	**575 000**	**6 668 035**
Result for the period	-	-	-	-	(14 104)	35 718	-	21 614
Other income and expenses	-	-	-	-	-	35 465	12 161	47 626
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	(861)	(12 161)	(13 022)
Disbursed dividends for 2022	-	-	-	-	-	(7 728)	-	(7 728)
Hybrid capital	-	-	-	-	-	-	160 000	160 000
Balance sheet as at 30 June 2023	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**152**	**129 558**	**735 000**	**6 876 526**
Result for the period	-	-	-	-	-	(48 499)	-	(48 499)
Other income and expenses	-	-	-	-	-	(91 157)	15 686	(75 471)
Equity issue	-	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	102	(15 686)	(15 584)
Disbursed dividends for 2022	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	-	-
Balance sheet as at 30 September 2023	**1 405 153**	**4 005 230**	**477 728**	**123 706**	**152**	**(9 995)**	**735 000**	**6 736 972**
Result for the period	-	-	-	-	15 991	50 452	-	(57 262)
Other income and expenses	-	-	-	-	-	(43 588)	14 145	(29 443)
Equity issue	23 406	76 594	-	-	-	-	-	100 000
Interest tier 1 capital	-	-	-	-	-	86	(14 145)	(14 059)
Disbursed dividends for 2022	-	-	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-	(160 000)	(160 000)
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 flows

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)
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

Note 1 – Accounting policies

General

Eika Boligkreditt will prepare financial statements for 2023 in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). Financial assets and liabilities are measured at amortised cost, at fair value through profit or loss or at fair value through other comprehensive income. Note 1 in the annual financial statements for 2022 provides more details about accounting principles pursuant to the IFRS.

The financial statements for the fourth quarter of 2023 have been prepared in accordance with IAS 34 Interim financial reporting.

Note 2 – Use of estimates and discretion

In the application of the accounting policies described in note 1 in the annual financial statements for 2022, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities which are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

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

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

Lending, non-performing/doubtful loans and writedowns

Pursuant to IFRS 9, provisions for losses will be recognised on the basis of expected credit losses in the light of relevant information available at the reporting date. The combination of low loan-to-value ratio in the residential mortgage portfolio and the credit guarantees provided by the owner banks implies that the company does not expect significant effects on EBK's profit or equity. See note 13 and 13.2.2 in the annual financial statements for 2022 for further information.

No loans were written down at 31 December 2023.

Fair value of financial instruments

Eika Boligkreditt applies various measurement methods to determine the fair value of financial instruments which are not traded in an active market. The chosen methods are based on market conditions at the end of the reporting period. This means that, if observable market data are not available, the company will make assumptions and apply discretion as to what the market will base its evaluation of corresponding financial instruments on. More information about the financial instruments can be found in notes 4, 5, 6, 7, 9 and 11.

Note 3 – Income from portfolio sale

Amounts in NOK 1 000	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 4 – Shares at fair value recognised in profit and loss and shares in associated company

Shares classified at fair value recognised in profit and loss

Amounts in NOK 1 000	Number of shares	Cost price	Book value 31 des 2023	Owner share
Nordic Credit Rating AS	10 000	2 500	1 650	1.67 %
Total	**10 000**	**2 500**	**1 650**	

Shares in associated company

Assets in associated companies are recognised using the equity method.

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

Amounts in NOK 1 000	2023	2022
Carrying amount at 1 January	57 785	57 563
Addition/disposal	-	-
Revalulation at acquisition cost	-	-
Share of profit/loss	15 991	17 107
Dividend	(14 104)	(16 884)
Carrying amount	**59 673**	**57 785**

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

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

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

Amounts in NOK 1 000	4th quarter 2023	4th quarter 2022	2023	2022
Net gains and losses on bonds and certificates including currency effects [1]	66	13 284	(1 941)	3 110
Net gains and losses on loans at fair value	196 508	33 577	79 682	(386 659)
Net gains and losses on financial debts, hedged [2]	(2 164 076)	721 138	(1 121 617)	3 187 833
Net gains and losses on interest swaps related to lending	(186 390)	(87 449)	(74 774)	262 143
Net gains and losses on interest and currency swaps related to liabilities [2]	2 165 125	(760 160)	1 126 654	(3 204 120)
Net gains and losses on financial instruments at fair value	**11 233**	**(79 609)**	**8 006**	**(137 693)**

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

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

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

Amounts in NOK 1 000	4th quarter 2023	4th quarter 2022	2023	2022
Net gains and losses on bonds and certificates	20 550	44 693	45 755	(37 710)
Net gains and losses on interest-rate swaps related to bonds and certificates	(9 855)	(19 702)	(17 690)	17 508
Net gains and losses on basis swaps [3]	(194 796)	(292 081)	(262 407)	245 491
Net gains and losses on financial instruments at fair value	**(184 101)**	**(267 090)**	**(234 343)**	**225 288**

[3] Comprehensive profit for 2023 includes negative NOK 262.4 million related to changes in fair value of basis swaps.

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

Eika Boligkreditt utilises interest-rate and currency swaps in order to convert borrowing in foreign currencies to Norwegian kroner. A typical example is when a loan raised in euros is converted to Norwegian kroner through an interest-rate and currency swap which includes a basis swap. In this case, Eika Boligkreditt would pay a Norwegian interest rate with a margin of three months Nibor in the swap and receive a euro interest rate in the swap which corresponds to the coupon it pays on the loan in euros. Derivatives are valued at fair value, while the hedged bond is valued in accordance with the principles which apply for hedge accounting.

Note 6 – Derivatives and hedging

The purpose of all derivative transactions in Eika Boligkreditt is to reduce the interest rate and currency risk. Interest rate swaps, where Eika Boligkreditt receives a fixed interest rate and pays a floating interest rate, are used to convert issued bonds and certificates from a fixed rate to a floating rate exposure. Financing at a floating rate would reduce the risk for the company, since most lending is done at a floating interest rate. Interest rate swaps where Eika Boligkreditt receives a floating interest rate and pays a fixed interest rate are used to hedge the interest rate margin from lending at a fixed interest rate.

Assets Amounts in NOK 1 000	**31 Dec 2023** **Nominal amount**	**Fair value**	**31 Dec 2022** **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	4 741 935
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 Amounts in NOK 1 000	**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 fixed interest rate are rebalanced when necessary.

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

Fair value and cash flow hedging on debt securities issued

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

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

Amounts in NOK 1 000	**31 Dec 2023** **Nominal amount**	**recognised in balance sheet**	**31 Dec 2022** **Nominal amount**	**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.

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

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

Amounts in NOK 1 000	**4th quarter 2023**	**4th quarter 2022**	**2023**	**2022**
Hedging instruments	2 165 125	(760 160)	1 126 654	(3 204 120)
Hedged items	(2 164 076)	721 138	(1 121 617)	3 187 833
Net gains/losses (inefffectiveness) recorded in profit and loss[3]	**1 049**	**(39 022)**	**5 038**	**(16 287)**

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

Note 7 – Lending to customers

Amounts in NOK 1 000	31 Dec 2023	31 Dec 2022
Installment loans - retail market	95 143 338	91 331 535
Installment loans - housing cooperatives	3 183 494	4 899 300
Accrued interest installment 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 including accrued interest	**98 261 282**	**95 971 045**
Impairments on lending to customers	-	-
Total lending to and receivables from customers including accrued interest	**98 261 282**	**95 971 045**

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

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

Provision for losses

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

Eika Boligkreditt had no non-performing engagements at 31 December 2023 where instalments due remained unpaid beyond 90 days. The European Banking Authority (EBA) published new recommendations in September 2016 for the definition of default, applicable from 1 January 2021. The general rule has previously been that engagements are regarded as in default if payment of a claim is overdue by more than 90 days and the amount is not insignificant. Pursuant to the EBA recommendation, the company is required to carry out various supplementary evaluations related to the probability of default. This evaluation must take account of the client's overall indebtedness, possible infection between agreements with the same debtor, the level of materiality limits and the duration of quarantine after being declared healthy.

Loss in the accounts is calculated on the basis of the loss model pursuant to IFRS 9. Non-performing engagements are presented in step 3, where an individual impairment is to be carried out per customer without the use of models. Credit guarantees provided by the owner banks in combination with the low LTV ratio for the mortgage portfolio, reduce provision for loss. The company has calculated that expected loss on residential mortgages will amount to NOK 4.4 million at 31 December 2023, compared to NOK 2.1 million at 31 December 2022. This assessment rests on new assumptions about the development of house prices in the time to come. As a result of credit guarantees of NOK 1.8 billion from the owner banks at 31 December 2023, this implies no accounting loss for the company in the fourth quarter of 2023.

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

31 Dec 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 Dec 2022

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

Calculation of fair value of loans: The margin on the loans is considered to be on market terms. The market value of variable rate loans is therefore measured as equal to amortised cost. The market value of fixed-rate loans is correspondingly measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed rate of interest and the applicable offered fixed rate at the balance sheet date.

Note 8 – Other financial assets

Amounts in NOK 1 000	31.12.2023	31.12.2022
Prepaid expenses	1 165	2 561
Repo agreements[1]	-	-
Accrued interests[1]	-	-
Short-term receivables	89 323	25 805
Total other financial assets	**90 488**	**28 367**

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

Note 9 – Bonds and certificates at fair value

31 December 2023

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

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

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

	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 10 – Coverpool

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

	Nominal values including own holding	
Amounts in NOK 1 000	**31 Dec 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 and derivatives:		
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

	31 Dec 2023	31 Dec 2022
Covered bonds	103 589 150	107 902 450
Own holding (covered bonds) [4]	-	416 000
Total covered bonds	**103 589 150**	**108 318 450**

[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% are excluded when calculating the carrying amount in the balance sheet.

[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 own holding of covered bonds.

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

	Nominal values	
Amounts in NOK 1 000	**31 Dec 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

	31 Dec 2023	31 Dec 2022
Covered bonds	103 589 150	107 902 450
Total covered bonds	**103 589 150**	**107 902 450**

[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.

[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 own holding of covered bonds is taken into account, the overcollateralisation comes to 9 per cent.

Note 11 – Fair value hierarchy

Eika Boligkreditt measures financial instruments at fair value and classifies the related fair value at three different levels which are based on the market conditions at the balance sheet date.

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

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

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

31 December 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 at fair value through profit or loss	4 931 806	19 589 267	-
Financial derivatives	-	5 128 842	-
Shares classified as available for sale	-	-	1 650
Total financial assets	**4 931 806**	**24 718 109**	**7 943 355**
Financial liabilities			
Financial derivatives	-	3 407 756	-
Total financial liabilities	**-**	**3 407 756**	**-**

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

Detailed statement of assets classified as level 3 assets

2023 Amounts in NOK 1 000	01 Jan 2023	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2023	Other comprehensive income	31 Dec 2023
Lending to customers (fixed-rate loans)	7 941 705	935 321	(1 814 164)	-	79 682	-	7 142 545
Shares at fair value over 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	01 Jan 2022	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2022	Other comprehensive income	31 Dec 2022
Lending to customers (fixed-rate loans)	8 477 441	1 201 768	(1 350 845)	-	(386 659)	-	7 941 705
Shares at fair value over profit or loss	1 650	-	-	-	-	-	1 650
Total	**8 479 091**	**1 201 768**	**(1 350 845)**	**-**	**(386 659)**	**-**	**7 943 355**

Interest rate sensitivity of assets classified as Level 3 at 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.

Detailed statement of changes in debt related to currency changes

2023 Amounts in NOK 1 000	01 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	01 Jan 2022	Issued/matured	Currency changes	31 Dec 2022
Change in debt securities issued 1	50 846 425	10 193 750	2 851 208	63 891 383
Total	**50 846 425**	**10 193 750**	**2 851 208**	**63 891 383**

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

Note 12 – Leases

IFRS 16 on lease accounting requires that all leases are recognised in the balance sheet by recognising the beneficial use of an asset as an asset, while making provision for the lease obligation as a liability. Eika Boligkreditt has leases, covering office premises and car leasing which is subject to this standard. The beneficial use and lease obligation are recognised as NOK 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 rent payments over the duration of the lease. The lease duration which forms the basis for calculating future rent payments corresponds to the remaining period until the termination of the lease (as of 31 December 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 duration. In addition, the beneficial use is depreciated over the duration of the lease while interest on the lease obligation is expensed. Depreciation is presented together with other depreciation in the statement of comprehensive income, while interest is included in financial expenses in the statement of comprehensive income. Interest costs are calculated by applying the discount rate (the company's incremental borrowing rate) to the lease obligation.

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Note 13 – Loans from credit institutions

Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt has been provided with such collateral in the form of cash. The cash is managed by Eika Boligkreditt for the duration of the collateral provision and are recognised on the balance sheet as an asset with an associated liability. At 31 December 2023, Eika Boligkreditt had received cash collateral of NOK 2.8 billion posted by counterparties in derivative contracts. Cash collateral received is held in bank deposits, repo agreements and in various high-quality bonds.

Note 14 – Debt securities issued

Covered bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	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	3M 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 linked to the company's cover pool, an overcollateralisation requirement of five per cent applies in accordance with the company's borrowing programme (Euro Medium Term Covered Note Programme). An overcollateralization of two per cent is also necessary to maintain the Aaa rating from Moody's Investor Service.

Senior unsecured bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 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**

Note 15 – Subordinated loan capital

Subordinated loan capital - amounts in NOK 1 000

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

[1] Subordinated loan of NOK 325 million maturing on 2 February 2028, with a redemption right (call) on 2 February 2023 and thereafter quarterly at each interest date. A regulatory and a tax related call are also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 2 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest. The company has decided to exercise the redemption right on 2 February 2023.

[2] Subordinated loan of NOK 250 million maturing on 27 September 2029, with a redemption right (call) on 27 September 2024 and thereafter quarterly at each interest date. A regulatory and a tax related call are also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 2 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

[3] Subordinated loan of NOK 150 million maturing on 20 January 2031, with a redemption right (call) on 20 January 2026 and thereafter quarterly at each interest date. A regulatory and a tax related call are also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 2 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

[4] Subordinated loan of NOK 375 million maturing on 18 November 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. A regulatory and a tax related call are also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 2 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

Note 16 – Capital adequacy ratio

Amounts in NOK 1 000	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	(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 [1]	-	-
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 eight 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 [2]	37 118 213	2 969 457
Operational risk	262 527	21 002
CVA risk [3]	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
Levereage ratio	**5.4 %**	**5.3 %**

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

[1]Deferred tax assets attributable to temporary differences and amounting to less than 10 per cent of core tier 1 capital are not deducted from core tier 1 capital, but risk-weighted by 250 per cent. See the changes to the calculation regulations which came into force on 30 September 2014.

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

On the basis of this new standard for assessing defaults, these are estimated to amount to NOK 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 can also be deducted from tier 1 capital pursuant to article 47c of the CRR if the mortgage is entered into after 26 April 2019.

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

The risk-weighted assets at 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 eight per cent. This buffer must be sufficient to cover relevant risks which could affect the company. The company's internal capital adequacy assessment process (ICAAP) is pursued to ensure that it has an adequate buffer in relation to the minimum requirement. The company plans to capitalise continued growth in the residential mortgage portfolio and capital requirements. The company's capital targets are a core tier 1 capital ratio of 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 (0.5 per cent). 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.

The company has a shareholder agreement which commits the owner banks, under given circumstances, to provide Eika Boligkreditt with necessary capital. More information on the shareholder agreement can be found in note 27 in the annual financial statements for 2022.

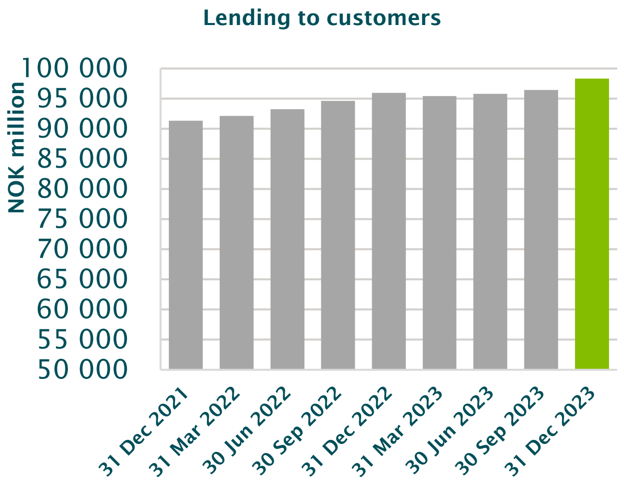
Note 17 – Contingency and overdraft facilities

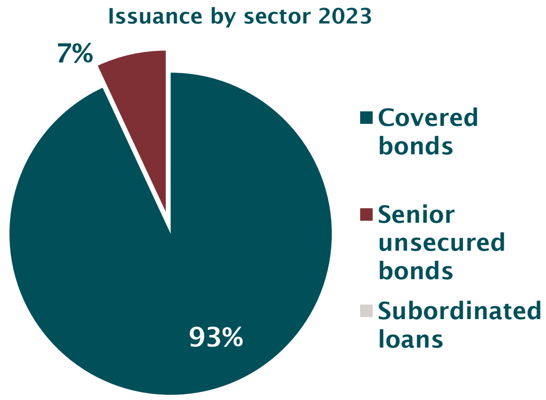
The company has an overdraft facility with DNB Bank ASA (DNB). Note 23 in the annual financial statements for 2022 provides a more detailed presentation of the overdraft with DNB. The company also has a note purchase agreement with the owner banks and OBOS concerning the purchase of covered bonds, whereby the owner banks and OBOS have accepted a liquidity obligation towards Eika Boligkreditt. More information on the note purchase agreement can be found in note 23 to the annual financial statements for 2022.

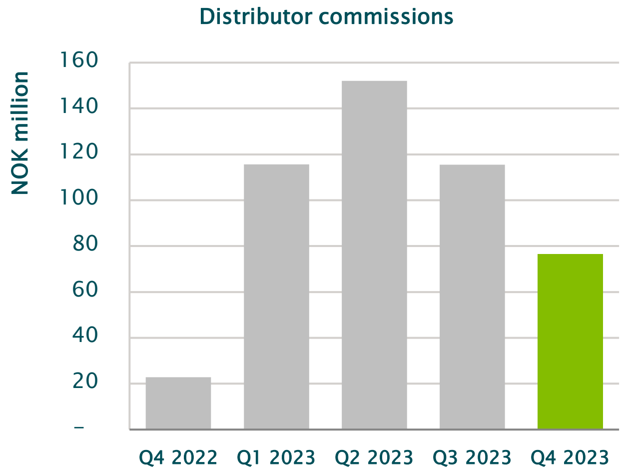
Note 18 – Risk management

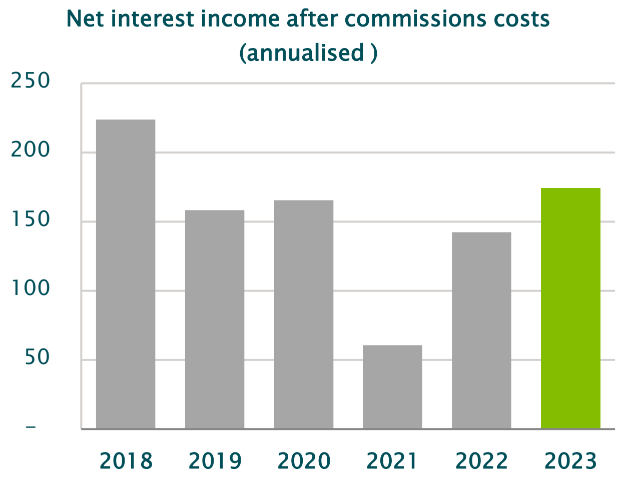
Eika Boligkreditt AS has established a framework for risk management and control in the company, which defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 in the annual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

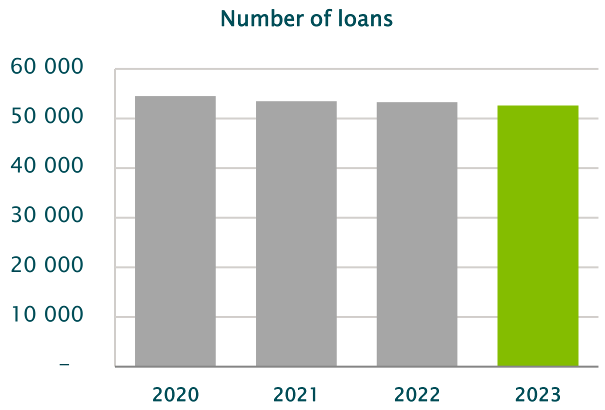
Key figures – Development

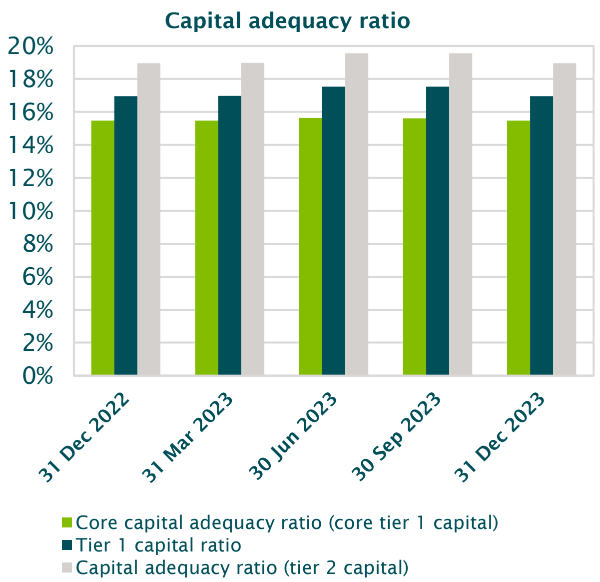












Key figures

Amounts in NOK 1 000	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 in % [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 Dec 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 Dec 2022	Total	NOK	EUR
Stock of HQLA	9 762 517	7 124 314	250 928
Net outgoing cash flows next 30 days	9 622 874	6 838 116	250 516
LCR indicator (%)	**101 %**	**104 %**	**100 %**

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

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

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

[4] Leverage ratio is calculated in accordance with the CRR/CRD IV regulatory.

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

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

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