

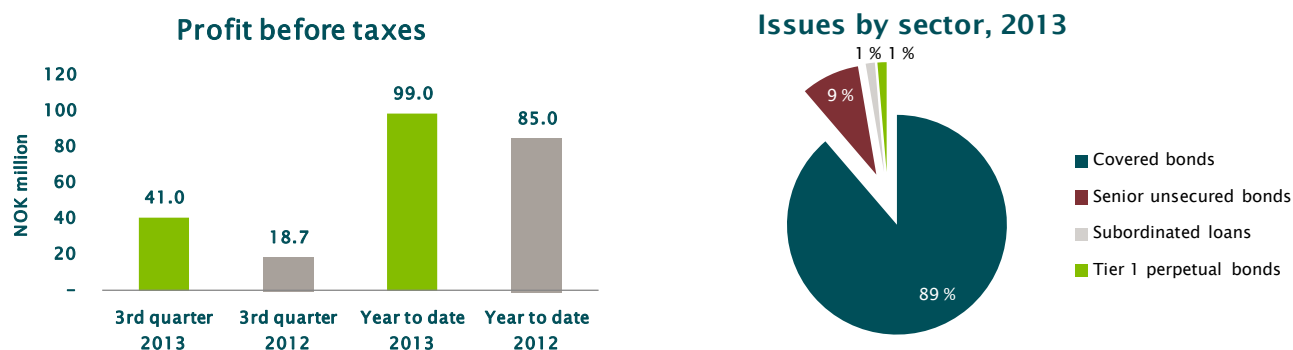
Eika Boligkreditt AS

Interim report for the third quarter 2013

Unaudited



HIGHLIGHTS



Third quarter 2013

- Record quarterly profit
- Return on equity before tax (annual rate) 8.2 per cent
- Turnover up by 5.9 per cent
- Lending up by 3.8 per cent
- Commissions, including arrangement commissions to distributors, NOK 125 million (NOK 59 million)
- NOK 3.9 billion in bond and certificate issues
- Final NOK 2.5 billion of swap arrangement with Norwegian government redeemed

First nine months 2013

- Record profit
- Return on equity before tax (annual rate) seven per cent
- Turnover up by 21.7 per cent
- Lending up by 16.5 per cent
- Commissions, including arrangement commissions to distributors, NOK 329 million (NOK 147 million)
- NOK 18.6 billion in bond and certificate issues
- NOK 770 million raised in new primary (tier 2) capital (core tier 1 capital, tier 1 perpetual bonds and subordinated loans)
- Brand name changed to Eika Boligkreditt

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

INTERIM REPORT FOR THE THIRD QUARTER 2013

INTRODUCTION

Eika Boligkreditt's main purpose is to ensure access for the local banks and OBOS (the owner banks) to long-term and competitive funding by issuing covered bonds. An important part of the company's business concept is to increase the competitiveness of the owner banks by improving their access to external funding in the Norwegian and international financial markets with regard to the length of loans, their terms and the depth of access. At 30 September 2013, the owner banks had transferred a total of NOK 54.9 billion in residential mortgages and thereby reduced their own funding needs by a corresponding amount. The company is licensed as a credit institution and entitled to raise loans in the market through the issuance of covered bonds. Norwegian regulations for covered bonds were adopted in 2007, and thereby established a new type of bond which has become an important source of financing within a few years for the lending activities of banks and credit institutions directed at the household sector. By concentrating funding activities relating to covered bonds in Eika Boligkreditt, the owners have secured a player in the bond market with the necessary requirements for securing competitive terms both in Norway and internationally.

PROFIT AND LOSS ACCOUNT FOR THE THIRD QUARTER 2013

Pre-tax profit

Eika Boligkreditt achieved a pre-tax profit of NOK 41 million for the third quarter, compared with NOK 18.7 million in the same period of 2012. Pre-tax profit includes changes in the value of financial instruments of NOK 6 million, as against a negative NOK 2.9 million for the same period of 2012.

For the first nine months, pre-tax profit was NOK 99 million as against NOK 85 million in the same period of 2012. Pre-tax profit includes changes in the value of financial instruments of NOK 3.6 million, compared with a NOK 13.6 million for the same period of 2012.

Income

Eika Boligkreditt's total income amounted to NOK 573.1 million in the third quarter, compared with NOK 456.6 million in the same period of 2012. Its net interest income was NOK 168.1 million, compared with NOK 86.6 million for the third quarter of last year.

Total income for the first nine months was NOK 1 622.3 million, compared with NOK 1 333.2 million in the same period of 2012. Net interest income was NOK 445.3 million, compared with NOK 233.2 million for the first nine months of last year.

Distributor commissions

Distributor commissions, including arrangement commissions, paid to the local banks and OBOS came to NOK 124.9 million in the third quarter, compared with NOK 58.8 million for the same period of 2012. The sharp increase in these commissions reflected a combination of growth in the mortgage portfolio and higher margins to the owner banks on the company's residential mortgage portfolio.

Commission payments for the first nine months totalled NOK 329.1 million, compared with NOK 146.9 million in the same period of 2012.

BALANCE SHEET AND LIQUIDITY

Balance sheet

Assets under management by Eika Boligkreditt amounted to NOK 66.6 billion at 30 September, up by NOK 10.5 billion or 18.7 per cent from 31 December 2012.

Lending

Eika Boligkreditt's residential mortgage portfolio at 30 September totalled NOK 54.9 billion, which represented a net increase of NOK 7.8 billion or 16.5 per cent from 31 December 2012. This rise reflected a general growth in lending by the owner banks combined with the fact that the owner banks reduce their own need for market financing through the transfer of residential mortgages to Eika Boligkreditt.

Borrowing

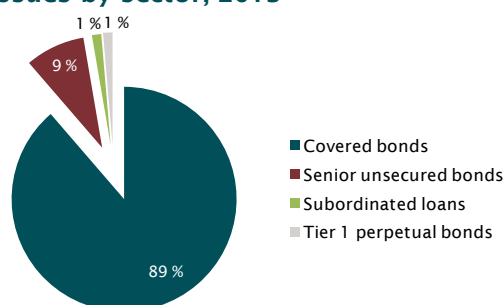
Eika Boligkreditt's borrowing at 30 September totalled NOK 61.8 billion, which represented a net increase of NOK 9.2 billion from 31 December 2012.

Eika Boligkreditt raised NOK 2.7 billion from issuing covered bonds during the third quarter, as well as NOK 1.15 billion from senior unsecured bonds, representing a total issue volume of NOK 3.9 billion.

Issues by currency, 2013 (in NOK million)



Issues by sector, 2013



The company raised NOK 18.6 billion in bond and certificate issues during the first nine months, with about 40 per cent issued in euros and the remainder in Norwegian kroner. Covered bond issues accounted for 89 per cent of the issue volume. During the period, the company repurchased its own bonds for NOK 2.9 billion, redeemed NOK 3.9 billion of the swap arrangement with the Norwegian government early, and redeemed maturing bonds corresponding to NOK 4.3 billion. Net growth in borrowing – including subordinated loans and tier 1 perpetual bonds – was NOK 7.5 billion for the first nine months.

The table below shows issues in 2013 and the three previous years by sector.

Issues (amounts in NOK million)	30.09.2013	2012	2011	2010
Covered bonds (issued in EUR)	7,409	15,687	-	8,787
Covered bonds (issued in NOK)	9,113	5,713	11,830	4,300
Senior unsecured bonds (issued in NOK)	1,600	1,900	340	550
Subordinated loans (issued in NOK)	250	-	-	180
Tier 1 perpetual bonds (issued in NOK)	250	-	-	-
Totalt issued	18,622	23,300	12,170	13,817

This represents the highest volume of covered bond issues in Norwegian kroner since 2011. It is very positive that the company is experiencing greater depth of access and better liquidity in Norway's bond market during

2013 than the year before. Issues in euros require hedging transactions in the derivatives market for currency risk in particular, which increases financing costs and draws on the capacity of Eika Boligkreditt's lines of credit with key counterparties.

The average tenor for new financing in the first nine months was 8.6 years, while the average tenor for the company's whole borrowing portfolio rose from 3.9 years at 31 December to five years at 30 September.

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

Carrying value in NOK million	30 Sept. 2012	30 Sept. 2013	31 Dec. 2013
Covered bonds	59,676	34,420	43,613
Swap arrangement with the Norwegian govt.	-	10,365	6,920
Senior unsecured bonds	1,800	750	1,150
Senior unsecured certificates	350	900	900
Subordinated loans	429	319	319
Tier 1 perpetual bonds	249	-	-
Total borrowing	62,504	46,754	52,901

Liquidity

Following the EUR 1 billion bond issue in late January and a high level of activity in issuing covered bonds denominated in NOK, the company maintained a high level of liquidity through the first nine months. At 30 September, the company had a total liquidity portfolio of NOK 9.2 billion, including cash collateral of NOK 1.6 billion received from counterparties related to derivative contracts. Cash collateral is held in bank deposits.

RISK MANAGEMENT AND CAPITAL ADEQUACY

Eika Boligkreditt obtained NOK 770 million in new equity and subordinated loan capital during 2013 in the form of NOK 270 million in core tier one capital, NOK 250 million in tier 1 perpetual bonds and NOK 250 million in subordinated loans. The company exercised its right to redeem a subordinated loan of NOK 139 million during the first quarter. The company had a total primary capital (tier 2 capital) of NOK 2 657 million at 30 September 2013, which represents an increase of NOK 628 million from 31 December 2012.

Eika Boligkreditt's operations are confined exclusively to mortgage lending secured with collateral in residential property, where the maximum loan to value of the property is 60 per cent at origination. The basis for calculating the capital adequacy ratio has increased in line with the growth in total lending, and amounted to NOK 20.4 billion at 30 September. This amount represents a quantification of the company's risk, and its primary capital is calculated as a value in relation to this calculation base.

The table below presents developments in the capital adequacy ratio.

Amounts in NOK million	30 Sept. 2012	30 Sept. 2013	31 Dec. 2013
Risk-weighted assets	20,361	16,079	17,150
Total primary capital (tier 2 capital)	2,657	1,902	2,029
Capital adequacy ratio in per cent	13.1 %	11.8 %	11.8 %

Capital adequacy is calculated in accordance with the standard method specified by Basel II.

The board of Eika Boligkreditt resolved at its meeting of 10 April 2013 to increase the company's capital targets from a core tier 1 capital ratio of nine per cent and a primary capital (tier 2 capital) ratio of 10 per cent. These new targets apply from 1 July 2013 and are as follows:

- core tier 1 capital ratio: 9 per cent (unchanged) (9.7 per cent at 30 September 2013)
- tier 1 capital ratio: 10.5 per cent (10.9 per cent at 30 September 2013)
- tier 2 capital ratio: 12.5 per cent (13.1 per cent at 30 September 2013)

The new targets will satisfy new regulatory requirements which came into force on 1 July 2013, and are adequate in relation to capital requirements based on the company's internal risk assessment. To satisfy higher capital requirements expected in coming years, the company will need to increase both its 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 meet the new targets, primarily through issuing new tier 1 perpetual bonds and subordinated loans. Based on the regulatory requirement from the Ministry of Finance, the company's capital targets will need to be increased again with effect from 1 July 2014. On the basis of forthcoming changes in capital requirements, the company will make a new assessment of capital targets as part of next year's ICAAP.

OUTLOOK

The board expects continued strong growth in the mortgage portfolio as its owner banks reduce their own funding requirements with financing from the company. At NOK 7.8 billion, growth in the residential mortgage portfolio during the first nine months was about NOK 1 billion above the expectations reported by the owner banks when setting budget targets for the first nine months of 2013. This suggests that the relative competitiveness of the owner banks remains strong, which supports expectations of continued substantial growth in the residential mortgage portfolio.

House prices in Norway rose by 3.4 per cent during the first nine months, but fell by 1.1 per cent in the third quarter after a flattening out in the second quarter from strong growth of 4.3 per cent in the first three months of 2013. Growth over the past 12 months was 2.6 per cent. The 12-monthly figure for the rise in house prices has fallen for every month in 2013. Sale prices in September were 1.2 per cent higher than the guideline prices set when properties were put on the market. That represents a reduction from 6.3 per cent in March, which was on a par with the all-time high. Average sales prices have been 2.3 per cent higher than guideline prices since 2005. This indicates a moderate and declining temperature in the bidding rounds. Unsold homes in September totalled 16 293, continuing a rising trend from an all-time low of 7 897 residential units at 31 December. At just over 30 000 units, housebuilding over the past 12 months is approaching the peak level set before the 2008 financial crisis. Taken together, this points to a weakening of house prices in the time to come. But good growth and capacity utilisation in the Norwegian economy and low unemployment, which contributes in turn to rising incomes and demand, are factors providing continued support for prices. Low interest rates and population growth also contribute to higher demand for homes. The consensus in the market is that house prices will probably flatten out and decline marginally in the time to come.

Although the international financial market is expected to remain affected by some turbulence in the time to come, the board believes that interest in Norwegian covered bonds will be good. Norway's good macroeconomic position compared with other European countries, combined with a generally positive economic position for households and companies, means that Norwegian issuers of covered bonds are in demand among domestic and international investors. The company accordingly aims to be an active issuer in the Norwegian and international financial markets in the time to come.

Oslo, 30 October 2013

The board of directors for Eika Boligkreditt AS

Martin Mæland
Chair

Odd Inge Løfald

Bjørn Riise

Øivind Gaarder

Terje Svendsen

Kjartan M Bremnes
CEO

Statement of comprehensive income

Amounts in NOK 1,000	Notes	3Q 2013	3Q 2012	Jan-Sept 2013	Jan-Sept 2012	2012
INTEREST INCOME						
Interest from loans to customers		522,554	404,359	1,463,361	1,182,645	1,613,171
Interest from loans and receivables on credit institutions		7,438	8,750	24,276	50,104	58,572
Interest from bonds, certificates and financial derivatives		38,961	40,101	122,724	90,764	120,992
Other interest income		4,180	3,382	11,958	9,644	13,222
Total interest income		573,133	456,592	1,622,319	1,333,157	1,805,957
INTEREST EXPENSES						
Interest on debt securities issued		394,313	364,621	1,155,367	1,084,460	1,436,900
Interest on subordinated loan capital		8,351	3,580	15,835	11,464	14,771
Other interest expenses		2,412	1,766	5,834	3,989	5,854
Total interest expenses		405,076	369,967	1,177,036	1,099,913	1,457,524
Net interest income		168,057	86,625	445,283	233,244	348,432
Commission costs		120,294	54,462	315,088	135,050	212,315
Net interest income after commissions costs		47,763	32,163	130,195	98,194	136,118
Dividend from shares classified as available for sale		-	-	4,769	3,356	3,356
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE						
Net gains and losses on bonds and certificates	Note 3	(478)	1,017	(27)	5,584	6,274
Net gains and losses of fair value hedging on debt securities issued	Note 3, 9	4,295	(1,283)	807	3,502	3,601
Net gains and losses on financial derivatives	Note 3	9,767	(8,574)	22,028	(5,802)	(1,327)
Net gains and losses on loans at fair value	Note 3	(7,587)	5,906	(19,189)	10,306	7,361
Total gains and losses on financial instruments at fair value		5,997	(2,934)	3,619	13,590	15,909
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES						
Salaries, fees and other personnel expenses		5,818	4,021	16,120	11,329	17,165
Administrative expenses		3,599	3,266	12,095	9,707	13,386
Total salaries and administrative expenses		9,417	7,287	28,215	21,036	30,551
Depreciation		429	387	1,270	1,155	1,553
Other operating expenses		2,934	2,838	10,114	7,917	10,999
Losses on loans and guarantees		-	-	-	-	-
PROFIT BEFORE TAXES		40,980	18,722	98,984	85,037	112,280
Taxes		11,030	4,808	25,698	22,353	30,541
PROFIT FOR THE PERIOD		29,950	13,914	73,286	62,684	81,739
Other comprehensive income		-	-	-	-	315
COMPREHENSIVE INCOME FOR THE PERIOD		29,950	13,914	73,286	62,684	82,054

The total comprehensive income for the period above is attributable to the shareholders of the company.

Balance sheet

Amounts in NOK 1,000	Notes	30 Sept. 2013	30 Sept. 2012	31 Dec 2012
ASSETS				
Lending to and receivables from credit institutions		2,701,639	2,430,770	1,934,368
Lending to customers	Note 4,10	54,858,269	43,959,197	47,085,795
Securities				
Bonds and certificates at fair value through profit or loss	Note 5,10	6,529,382	2,271,705	6,070,099
Financial derivatives	Note 9,10	2,422,390	921,277	970,974
Shares classified as available for sale	Note 10	15,000	15,000	15,000
Total securities		8,966,772	3,207,982	7,056,073
Other intangible assets				
Deferred tax assets		5,858	12,027	5,186
Intangible assets		3,827	4,136	4,318
Total other intangible assets		9,685	16,163	9,504
Other financial assets		104,356	118,512	79,372
TOTAL ASSETS		66,640,722	49,732,624	56,165,112
LIABILITIES AND EQUITY				
Loans from credit institutions		1,643,808	387,559	395,032
Financial derivatives	Note 9,10	70,372	697,820	786,703
Debt securities issued	Note 6	61,825,922	46,434,964	52,582,767
Other liabilities		357,652	229,520	278,454
Pension liabilities		2,709	2,753	2,709
Subordinated loan capital	Note 7	677,865	318,530	318,601
TOTAL LIABILITIES		64,578,328	48,071,146	54,364,266
Called-up and fully paid capital				
Share capital		484,754	356,088	391,735
Share premium reserve		1,025,629	614,294	728,648
Paid-in, non-registered capital increase		-	150,000	120,000
Other paid-in equity		477,728	477,728	477,728
Total called-up and fully paid capital		1,988,111	1,598,110	1,718,111
Retained earnings				
Other equity		74,283	63,368	82,735
Total retained equity		74,283	63,368	82,735
TOTAL EQUITY		2,062,394	1,661,478	1,800,846
TOTAL LIABILITIES AND EQUITY		66,640,722	49,732,624	56,165,112

Statement of changes in equity

Amounts in NOK 1,000	Share capital	Share premium reserve	Other paid in equity	Retained earnings: other equity	Total equity
Balance sheet as at 1 January 2010	155,383	477,413	315	2,857	635,968
Result for the period	-	-	-	32,220	32,220
Equity issue	67,488	207,512	-	-	275,000
Reduction of share premium reserve	-	(477,413)	477,413	-	-
Disbursed group contribution and dividends for 2009	-	-	-	(34,079)	(34,079)
Balance sheet as at 31 December 2010	222,871	207,512	477,728	998	909,109
Profit for the period	-	-	-	24,831	24,831
Equity issue	40,000	120,000	-	-	160,000
Disbursed group contribution and dividends for 2010	-	-	-	(24,408)	(24,408)
Balance sheet as at 31 December 2011	262,871	327,512	477,728	1,422	1,069,533
Amendment to IAS 19 effective at 1 January 2012	-	-	-	(740)	(740)
Result for the period	-	-	-	22,553	22,553
Equity issue	40,000	120,000	-	-	160,000
Balance sheet as at 31 March 2012	302,871	447,512	477,728	23,235	1,251,345
Result for the period	-	-	-	26,218	26,218
Equity issue	53,217	166,783	-	-	220,000
Balance sheet as at 30 June 2012	356,088	614,295	477,728	49,453	1,497,564
Result for the period	-	-	-	13,914	13,914
Equity issue	35,646	114,354	-	-	150,000
Balance sheet as at 30 September 2012	391,734	728,649	477,728	63,367	1,661,478
Result for the period after the amendment to IAS 19	-	-	-	19,369	19,369
Equity issue	28,280	91,720	-	-	120,000
Balance sheet as at 31 December 2012	420,014	820,369	477,728	82,736	1,800,846
Result for the period	-	-	-	20,498	20,498
Equity issue	23,319	76,681	-	-	100,000
Balance sheet as at 31 March 2013	443,333	897,050	477,728	103,234	1,921,344
Result for the period	-	-	-	22,838	22,838
Equity issue	41,421	128,579	-	-	170,000
Disbursed dividends for 2012	-	-	-	(81,738)	(81,738)
Balance sheet as at 30 June 2013	484,754	1,025,629	477,728	44,333	2,032,444
Result for the period	-	-	-	29,950	29,950
Balance sheet as at 30 September 2013	484,754	1,025,629	477,728	74,282	2,062,394

Statement of cash flows

Amounts in NOK 1,000	3Q 2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	73,286	112,279
Income taxes paid	(23,822)	(7,614)
Ordinary depreciation	1,270	1,553
Non-cash pension costs	-	393
Change in loans to customers	(7,772,474)	(9,891,963)
Change in bonds and certificates	(459,283)	(4,187,518)
Change in financial derivatives	(2,167,747)	199,457
Changes in other assets	(24,984)	(4,734)
Changes in short-term liabilities and accruals	102,346	66,784
Net cash flow relating to operating activities	(10,271,408)	(13,711,363)
INVESTMENT ACTIVITIES		
Payments related to acquisition of fixed assets	(779)	(1,172)
Net cash flow relating to investment activities	(779)	(1,172)
FUNDING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	18,100,392	23,326,643
Gross payments of bonds and commercial paper	(10,972,163)	(11,771,452)
Gross receipts on issue of subordinated loan capital	498,206	-
Gross payments of subordinated loan capital	(138,942)	280
Gross receipts from issue of loan from credit institution	-	395,032
Gross receipts from loan from credit institution	1,248,776	-
Gross payments from loan from credit institution	-	(100,000)
Payments of group contribution and dividend	(81,737)	-
Paid-up new share capital	270,000	650,000
Currency and hedging effects	2,114,926	(183,951)
Net cash flow from funding activities	11,039,458	12,316,552
Net changes in bank deposits, cash and cash equivalents	767,271	(1,395,983)
Bank deposits, cash and cash equivalents at 1 January	1,934,368	3,330,351
Bank deposits, cash and cash equivalents at end of period	2,701,639	1,934,368

Notes

Note 1 - Accounting policies

General

Eika Boligkreditt has prepared the accounts for 2013 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The accounts have been prepared in accordance with the historic cost principle, with the exception of financial assets and financial liabilities at fair value through profit or loss, financial assets classified as available for sale as well as financial assets and liabilities that are part of fair value hedges, which have been recorded at fair value. Note 1 of the annual report for 2012 contains further details of accounting policies after IFRS.

The financial statements for the third quarter of 2013 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, which are described in note 1 of the annual report for 2012, 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

If there are objective indications of an impairment loss having occurred, the loss is measured as the difference between the value of the asset recognised in the Balance Sheet and the present value of the estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate calculated at initial recognition). In measuring future cash flows, guarantees furnished by the banks distributing the loans are taken into account. The value of the asset recognised in the Balance Sheet is reduced by means of a provision account. The amount of loss is recognised in the result for the year.

No loans were written down per 30 September 2013.

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 4, 5, 9 and 10.

Note 3 – Net gains and losses on financial instruments at fair value

Amounts in NOK 1,000	3rd quarter 2013	3rd quarter 2012	Jan-Sept 2013	Jan-Sept 2012	2012
Net gains and losses on loans at fair value	(7,587)	5,905	(19,190)	10,306	7,361
Net gains and losses on bonds and certificates	(478)	1,102	(69)	6,404	6,754
Net gains and losses on financial debts, hedged 1)	(883,944)	(302,752)	(2,114,926)	113,689	183,951
Net gains and losses on interest swaps related to lending	9,794	(11,258)	24,664	(14,255)	(4,375)
Net gains and losses on interest swaps related to bonds and certificates	-	(85)	42	(820)	(481)
Net gains and losses on interest and currency swaps related to liabilities	888,240	301,470	2,115,733	(110,187)	(180,350)
Net gains and losses on interest swaps not related to liabilities	(27)	2,684	(2,636)	8,453	3,048
Net gains and losses on financial instruments at fair value	5,997	(2,934)	3,619	13,590	15,909

1) The company utilizes hedge accounting for long term borrowing in foreign currency where the cash flows are matched 1:1 through derivative contracts versus the corresponding hedging object.

Note 4 – Lending to customers

Amounts in NOK 1,000	30 Sept. 2013	30 Sept. 2012	31 Dec 2012
Installment loans - retail market	46,843,008	37,801,530	40,349,237
Installment loans - housing cooperatives	7,986,554	6,106,826	6,688,662
Adjustment fair value lending to customers ¹	28,706	50,841	47,896
Total lending before specific and general provisions for losses	54,858,269	43,959,197	47,085,795
Individual impairments	0	0	0
Unspecified group impairments	0	0	0
Total lending to and receivables from customers	54,858,269	43,959,197	47,085,795

All lending concerns residential mortgage loans with a loan-to-value ratio of up to 60 per cent at origination. The company has no non-performing loans as of 30 September 2013.

¹ The table below shows fair value lending to customers

30 Sept. 2013

Amounts in NOK 1 000	Book value	Fair value
Variable rate loans	53,416,439	53,416,439
Fixed rate loans	1,413,124	1,441,830
Total lending	54,829,563	54,858,269

30 Sept. 2012

Amounts in NOK 1 000	Book value	Fair value
Variable rate loans	42,135,482	42,135,482
Fixed rate loans	1,772,874	1,823,715
Total lending	43,908,356	43,959,197

31 Dec 2012

Amounts in NOK 1 000	Book value	Fair value
Variable rate loans	45,384,606	45,384,606
Fixed rate loans	1,653,293	1,701,189
Total lending	47,037,899	47,085,795

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 interest rate at the balance sheet date.

Note 5 – Bonds and certificates at fair value through profit or loss

30 Sept. 2013

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Market value
Commercial banks	50,000	50,358	50,437
Corporations owned by municipalities	25,000	25,019	25,078
Municipalities	1,856,795	1,856,883	1,857,427
Credit institutions	3,035,500	3,048,918	3,051,556
Treasury bills	1,550,000	1,545,045	1,544,883
Total bonds and certificates at fair value through profit or loss	6,517,295	6,526,223	6,529,382
Change in value charged to the profit and loss account			3,159

The average effective interest rate is 1.82 per cent. The calculation is based on a weighted market value.

	30 Sept. 2013
Average term to maturity	0.8
Average duration when hedging is taken into account	0.2

31 Dec. 2012

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Market value
Commercial banks	50,000	50,747	50,756
Savings banks	25,000	25,031	25,057
Municipalities	2,217,219	2,217,478	2,217,543
Credit institutions	2,094,000	2,099,357	2,104,264
Treasury bills	1,678,000	1,671,983	1,672,478
Total bonds and certificates at fair value through profit or loss	6,064,219	6,064,595	6,070,099
Change in value charged to the profit and loss account			5,504

Average effective interest rate was 1.98 per cent taking into account the fair value of the corresponding interest rate swap. The calculation is based on a weighted market value.

	31 Dec. 2012
Average term to maturity	0.9
Average duration when hedging is taken into account	0.2

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 below. The rating is performed by an internationally recognised rating agency.

Note 6 – Debt securities issued

Covered bonds - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
CH0034269511	225,000	CHF	Fixed	3.14 %	2007	2013	1,494,892	1,371,447	1,369,966
NO0010421332	250,000	NOK	Fixed	5.40 %	2008	2013	-	154,986	104,996
NO0010421340	441,000	NOK	Floating	3M Nibor + 0.20 %	2008	2013	-	316,472	316,488
NO0010502149	5,000,000	NOK	Floating	3M Nibor + 0.70 %	2009	2019	810,062	-	-
NO0010542244	1,000,000	NOK	Floating	3M Nibor + 0.35 %	2009	2014	150,027	999,602	999,671
NO0010536089	5,000,000	NOK	Floating	3M Nibor + 0.40 %	2009	2015	454,667	454,432	454,492
NO0010561103	2,000,000	NOK	Fixed	5.00 %	2009	2019	2,023,935	1,138,059	1,468,208
NO0010565211	2,000,000	NOK	Fixed	4.40 %	2010	2015	1,211,339	1,212,317	1,212,070
NO0010572373	5,000,000	NOK	Floating	3M Nibor + 0.53 %	2010	2016	4,996,894	4,995,694	4,995,997
XS0537088899	500,000	EUR	Fixed	2.13 %	2010	2015	4,054,843	3,670,231	3,659,368
NO0010605587	1,000,000	NOK	Fixed	5.20 %	2011	2021	1,000,000	1,000,000	1,000,000
NO0010612179	1,000,000	NOK	Fixed	4.65 %	2011	2018	713,341	500,000	715,470
NO0010612039	2,500,000	NOK	Floating	3M Nibor + 0.55 %	2011	2018	2,502,385	1,197,819	1,197,916
NO0010625429	2,000,000	NOK	Floating	3M Nibor + 0.40 %	2011	2014	1,159,210	1,728,193	1,728,414
NO0010625346	1,600,000	NOK	Fixed	4.60 %	2011	2026	1,501,187	1,501,278	1,501,255
NO0010630148	2,500,000	NOK	Floating	3M Nibor + 0.45 %	2011	2014	1,379,565	2,008,862	2,008,995
NO0010631336	1,000,000	NOK	Fixed	3.75 %	2011	2016	851,216	851,662	851,549
XS0736417642	500,000	EUR	Fixed	2.25 %	2012	2017	4,046,342	3,661,405	3,650,625
NO0010648884	2,000,000	NOK	Floating	3M Nibor + 0.42 %	2012	2015	1,199,396	1,199,036.38	1,199,127
NO0010648892	2,000,000	NOK	Floating	3M Nibor + 0.74 %	2012	2017	1,401,607	1,098,456	1,401,934
XS0794570944	650,000	EUR	Fixed	2.00 %	2012	2019	5,243,951	4,743,739	4,729,672
XS0851683473	1,000,000	EUR	Fixed	1.25 %	2012	2017	8,095,998	-	7,306,763
NO0010663727	3,500,000	NOK	Floating	3M Nibor + 0.60 %	2012	2019	3,014,614	-	499,199
NO0010664428	1,000,000	NOK	Floating	3M Nibor + 0.53 %	2012	2018	1,001,654	-	199,777
NO0010663743	1,000,000	NOK	Fixed	3.25 %	2012	2019	1,010,611	-	350,000
NO0010669922	1,000,000	NOK	Fixed	4.00 %	2013	2028	995,624	-	-
XS0881369770	1,000,000	EUR	Fixed	2.125 %	2013	2023	8,078,357	-	-
NO0010685480	3,000,000	NOK	Floating	3M Nibor + 0.54 %	2013	2020	998,502	-	-
NO0010685704	1,000,000	NOK	Fixed	3.500 %	2013	2020	250,000	-	-
NO0010687023	1,000,000	NOK	Fixed	4.100 %	2013	2028	150,000	-	-
Value adjustments							(114,446)	616,644	691,244
Total covered bonds¹							59,675,771	34,420,334	43,613,195

Covered bonds used as collateral in the swap arrangement with the Norwegian government - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
NO0010502149	5,000,000	NOK	Floating	3M Nibor + 0.70 %	2009	2019	-	4,791,000	4,791,000
NO0010513476	5,000,000	NOK	Floating	3M Nibor + 0.65 %	2009	2015	-	4,766,500	1,061,500
NO0010536089	5,000,000	NOK	Floating	3M Nibor + 0.40 %	2009	2015	-	1,586,000	1,586,000
Covered bonds used as collateral in the swap arrangement with the Norwegian government¹							-	11,143,500	7,438,500
Unrecognised covered bonds issued related to the swap arrangement							-	(11,143,500)	(7,438,500)
Total covered bonds¹							59,675,771	34,420,334	43,613,195

¹ For covered bonds ascribed to the company's cover pool, an overcollateralization requirement of 5 per cent applies. This means that the company must at all times have assets in its cover pool that exceed at least 105 per cent of the total outstanding covered bonds.

Swap arrangement with the Norwegian government - amounts in NOK 1,000

Description	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
Swap agreement with the Gov	2,971,071	NOK	Floating	6 M Nibor - 0.11 %	2009	2013	-	2,971,071	2,971,071
Swap agreement with the Gov	1,487,382	NOK	Floating	6 M Nibor - 0.11 %	2009	2014	-	1,487,382	1,487,382
Swap agreement with the Gov	987,036	NOK	Floating	6 M Nibor - 0.11 %	2009	2014	-	987,036	987,036
Swap agreement with the Gov	3,445,211	NOK	Floating	6 M Nibor + 0.21 %	2009	2013	-	3,445,211	-
Swap agreement with the Gov	1,474,614	NOK	Floating	6 M Nibor + 0.24 %	2009	2013	-	1,474,614	1,474,614
Total borrowing from Norwegian government							-	10,365,314	6,920,103

Eika Boligkreditt participated during 2009 in a swap arrangement with the Norwegian government. Administered by the Bank of Norway, this scheme gave the company the right to swap its own covered bonds for government securities. Through its five participations in the swap arrangement, Eika Boligkreditt acquired interest-bearing debt totalling NOK 10 365 314 000. See the table above. These swap arrangements had tenors of four and five years. At 30 September, all debt related to the swap arrangement had matured or been redeemed early, so that Eika Boligkreditt has no debt outstanding under the swap arrangement with the government.

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
NO0010532906	1,000,000	NOK	Floating	3M Nibor + 0.90 %	2009	2014	349,853	349,689	349,730
NO0010637531	200,000	NOK	Floating	3M Nibor + 0.70 %	2012	2013	-	199,911	199,936
NO0010656804	500,000	NOK	Floating	3M Nibor + 0.50 %	2012	2013	-	199,959	400,110
NO0010662521	1,000,000	NOK	Floating	3M Nibor + 0.80 %	2012	2014	199,942	-	199,868
NO0010672157	500,000	NOK	Floating	3M Nibor + 0.65 %	2013	2014	199,965	-	-
NO0010673106	250,000	NOK	Floating	3M Nibor + 0.80 %	2013	2015	250,703	-	-
NO0010685043	500,000	NOK	Floating	3M Nibor + 0.42 %	2013	2014	499,896	-	-
NO0010685035	300,000	NOK	Floating	3M Nibor + 0.43 %	2013	2014	299,832	-	-
Total senior unsecured bonds							1,800,191	749,559	1,149,644

Senior unsecured certificates - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
NO0010637382	150,000	NOK	Fixed	3.24 %	2012	2012	-	149,994	-
NO0010649031	100,000	NOK	Fixed	3.06 %	2012	2013	-	99,987	99,992
NO0010649023	200,000	NOK	Fixed	2.93 %	2012	2013	-	199,984	199,994
NO0010656549	200,000	NOK	Floating	3M Nibor + 0.40 %	2012	2013	-	199,913	199,938
NO0010659980	250,000	NOK	Fixed	2.50 %	2012	2013	-	249,881	249,913
NO0010661697	150,000	NOK	Fixed	2.49 %	2012	2013	-	-	149,989
NO0010682123	200,000	NOK	Fixed	2.13 %	2013	2014	199,974	-	-
NO0010690704	150,000	NOK	Floating	3M Nibor + 0.32 %	2013	2014	149,985	-	-
Total senior unsecured certificates							349,959	899,759	899,825
Total debt securities issued							61,825,922	46,434,964	52,582,767

Note 7 – Subordinated loan capital

Tier 1 perpetual bonds - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2013	30 Sept. 2012	31 Dec 2012
NO0010679640	250,000	NOK	Floating	3M Nibor + 4,20 % ¹	2013	Perpetual	248,608	-	-
Total tier 1 perpetual bonds							248,608	-	-

¹ NOK 250 million in tier 1 perpetual bonds which can be called at 23 May 2018 and thereafter quarterly at each interest date. A regulatory call is also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 1 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

Subordinated loans - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Sept. 2013	30 Sept. 2012	31 Dec 2012
NO0010418924	139,000	NOK	Floating	3M Nibor + 1,50 % ¹	2008	2018	-	138,935	138,973
NO0010592991	180,000	NOK	Floating	3M Nibor + 2,40 % ²	2010	2020	179,722	179,596	179,627
NO0010679632	250,000	NOK	Floating	3M Nibor + 2,40 % ³	2013	2023	249,536	-	-
Total subordinated loans							429,257	318,530	318,601

¹ Subordinated loan of NOK 139 million with maturity date 6 March 2018, with redemption right (call) 6 March 2013.

The call option is exercised, and the loan was repaid 6 March 2013.

² Subordinated loan of NOK 180 million with maturity date 15 December 2020, with redemption right (call) 15 December 2015.

If the redemption right is unexercised, interest terms are 3M Nibor + 3,15%.

This issue has a regulatory call allowing the issuer to call the bond at par + accrued interest should regulatory changes mean that the issuer is prohibited from including the capital in its tier 2 capital calculation.

³ Subordinated loan of NOK 250 million with maturity date 23 May 2023, with redemption right (call) 23 May 2018 and thereafter quarterly at each interest date.

A regulatory call is 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.

Total subordinated loan capital							677,865	318,530	318,601
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Note 8 – Coverpool

Amounts in NOK 1,000	Market value		
	30 Sept. 2013	30 Sept. 2012	31 Dec 2012
Lending to customers	54,858,269	43,959,197	47,085,795
Substitute assets and derivatives:			
Financial derivatives (net)	2,352,018	216,943	181,635
Substitute assets ¹	7,586,519	4,313,163	7,607,339
Total	64,796,805	48,489,303	54,874,768
The cover pool's overcollateralisation	108.52 %	106.21 %	107.32 %

¹ Substitute assets include lending to and receivables on credit institutions, bond and certificates at fair value through profit or loss and reverse repurchase agreements (reverse repo).

Note 9 – 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, 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 lending at a fixed interest rate.

Assets	30 Sept. 2013			31 Dec 2012	
	Nominal amount	Market value		Nominal amount	Market value
Amounts in NOK 1,000					
Interest rate swap lending ¹	(31,190)		447	(90,000)	1,033
Interest rate and currency swap ²	36,011,868	2,421,943		13,735,805	969,940
Total financial derivative assets	35,980,678	2,422,390		13,645,805	970,974
Liabilities					
Amounts in NOK 1,000	Nominal amount	Market value		Nominal amount	Market value
Interest rate swap investments	-	-		80,500	103
Interest rate swap lending	1,552,356		52,158	1,796,521	77,409
Interest rate and currency swap ¹	2,250,000		18,214	21,810,763	709,191
Total financial derivative liabilities	3,802,356		70,372	23,687,784	786,703

¹ The hedging instruments related to the lending portfolio with fixed interest rate are rebalanced when necessary. The negative nominal value is a result of a previously entered swap being reversed as a result of rebalancing.

² Nominal amount is converted to historical currency exchange rate.

Fair value hedging

Eika Boligkreditt applies fair value hedging on fixed-rate financial liabilities with the exception of loans related to the swap arrangement with the Norwegian government. The hedge object is the swap interest element of the financial liabilities. Interest and currency swaps are used as hedging instruments.

Amounts in NOK 1,000	30 Sept. 2013		31 Dec 2012	
	Nominal amount	Value recognised in balance sheet	Nominal amount	Value recognised in balance sheet
Hedging instruments: Interest rate and currency swaps ^{1,2}	38,261,868	2,403,729	28,634,568	258,113
Hedged items: Financial commitments incl foreign exchange ²	38,261,868	(2,400,737)	28,634,568	(285,811)
Net value recognised in Balance Sheet	-	2,992	-	(27,698)

¹ Nominal amount is converted to historical currency exchange rate.

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

Gains/losses on fair value hedging	3rd quarter 2013		3rd quarter 2012		2012
	3rd quarter 2013	3rd quarter 2012	Jan-Sept. 2013	Jan-Sept. 2012	
Amounts in NOK 1,000					
Hedging instruments	888,240	301,470	2,115,733	(110,187)	(180,350)
Hedged items	(883,944)	(302,752)	(2,114,926)	113,689	183,951
Net gains/losses (ineffectiveness)	4,296	(1,282)	807	3,502	3,601

Note 10 – 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 balance sheet 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. The company's investments in Treasury bills are included in this category.

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

Level 2 comprises financial instruments that 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 market values of interest and currency swaps based on swap curves and investments in certificates and bonds not issued by a national state.

Level 3: Financial instruments where the measurement is based on unobservable market data

Level 3 comprises loans at fixed interest rates and shares available for sale. The market value of fixed-rate loans is measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed interest rate and the interest rate at the balance sheet date.

30 September 2013

Amounts in NOK 1,000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	1,441,830
Bonds and certificates at fair value through profit or loss	1,544,883	4,984,499	-
Financial derivatives	-	2,422,390	-
Shares classified as available for sale	-	-	15,000
Total financial assets	1,544,883	7,406,889	1,456,830
Financial liabilities			
Financial derivatives	-	70,372	-
Total financial liabilities	-	70,372	-

No significant transactions between the different levels have taken place in 2013.

31 Dec 2012

Amounts in NOK 1,000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	1,701,189
Bonds and certificates at fair value through profit or loss	1,672,478	4,397,621	-
Financial derivatives	-	970,974	-
Shares classified as available for sale	-	-	15,000
Total financial assets	1,672,478	5,368,595	1,716,189
Financial liabilities			
Financial derivatives	-	786,703	-
Total financial liabilities	-	786,703	-

No significant transactions between the different levels took place in 2012.

Detailed statement of assets classified at level 3

2013		Purchases/ issues	Disposals/ Settlements	Transfers in/out of level 3	Allocated to profit or loss 2013	Other comprehensive income	30 Sept. 2013
Amounts in NOK 1,000	1 Jan 2013						
Lending to customers (fixed rate loans)	1,701,189	58,832	(299,002)	-	(19,189)	-	1,441,830
Shares available for sale	15,000	-	-	-	-	-	15,000
Total	1,716,189	58,832	(299,002)	-	(19,189)	-	1,456,830

2012		Purchases/ issues	Disposals/ Settlements	Transfers in/out of level 3	Allocated to profit or loss 2013	Other comprehensive income	31 Dec 2012
Amounts in NOK 1,000	1 Jan 2013						
Lending to customers (fixed rate loans)	2,564,687	14,389	(885,247)	-	7,361	-	1,701,189
Shares available for sale	15,000	-	-	-	-	-	15,000
Total	2,579,687	14,389	(885,247)	-	7,361	-	1,716,189

Interest rate sensitivity of assets classified at Level 3 at 30 September 2013

A one percentage point increase in all interest rates would reduce the value of the company's fixed-rate loans at fair value at year-end by NOK 36.5 million. The effect of a decrease in interest rates would be an increase of NOK 36.5 million in the value of fixed-rate loans at fair value. The amounts are calculated by means of 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

Because of 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. This applies both for 30 September 2013 and cumulatively.

Note 11 – Capital adequacy ratio

Amounts in NOK 1,000	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
Share capital	484,754	356,088	391,735
Share premium reserve	1,025,629	614,294	728,648
Paid, but not registered, share capital	-	150,000	120,000
Other paid-in equity	477,728	477,728	477,728
Other equity	997	1,422	1,422
Total equity recognised in the balance sheet	1,989,108	1,599,532	1,719,533
Intangible assets	(3,827)	(4,136)	(4,318)
Deferred tax assets	(5,858)	(11,738)	(5,021)
Total core tier 1 capital	1,979,423	1,583,658	1,710,194

Core capital adequacy ratio (core tier 1 capital)	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
Weighted calculation basis	20,361,438	16,078,575	17,149,938
Core tier 1 capital	1,979,423	1,583,658	1,710,194
Core tier 1 capital ratio	9.7 %	9.8 %	10.0 %
Total core tier 1 capital	1,979,423	1,583,658	1,710,194
Tier 1 perpetual bonds	248,608	-	-
Total tier 1 capital	2,228,031	1,583,658	1,710,194

Capital adequacy ratio (tier 1 capital)	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
Weighted calculation basis	20,361,438	16,078,575	17,149,938
Tier 1 capital	2,228,031	1,583,658	1,710,194
Tier 1 capital ratio	10.9 %	9.8 %	10.0 %
Total tier 1 capital	2,228,031	1,583,658	1,710,194
Subordinated loan capital	429,257	318,530	318,601
Total primary capital (tier 2 capital)	2,657,288	1,902,188	2,028,795

Capital adequacy ratio (tier 2 capital)	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
Weighted calculation basis	20,361,438	16,078,575	17,149,938
Total primary capital (tier 2 capital)	2,657,288	1,902,188	2,028,795
Capital adequacy ratio	13.1 %	11.8 %	11.8 %

Required capital corresponding to eight per cent of calculation basis	1,628,915	1,286,286	1,371,995
Surplus equity and subordinated capital	1,028,373	615,902	656,800

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

30 September 2013

Calculation basis	Weighted calculation basis	Capital requirement
Credit risk	20,169,200	1,613,536
Operational risk	192,238	15,379
Total	20,361,438	1,628,915

The capital adequacy calculation for 2012 has not been restated to take account of the adjustment to the balance sheet as a consequence of the change to IAS 19.

The company employs the standardised approach for calculating credit risk and the basic indicator approach for calculating operational risk. In 2013, the company has changed its method for calculating capital requirements for the liquidity portfolio to the standardised method under credit risk. The standardised method for market risk was applied at 31 December 2012.

The company will maintain a buffer at all times in relation to the minimum requirement of eight per cent capital adequacy. This buffer will be sufficient to cope with relevant risks the company may face. The company's internal capital adequacy assessment process (ICAAP) is pursued to ensure that it has a sufficient buffer in relation to the minimum requirements. The company is planning to capitalise continued strong growth in the residential mortgage portfolio. Its internal capital targets are nine per cent core tier 1 capital, 10.5 per cent tier 1 capital and 12.5 per cent tier 2 capital. These targets satisfy proposed regulatory requirements which came into force on 1 July 2013, and will be adequate in relation to capital requirements based on the company's internal risk assessment. To satisfy new capital requirements, the company will need to increase both its tier 1 and tier 2 capital. Based on the regulatory requirements from the Ministry of Finance, the company's capital targets will need to be increased with effect from 1 July 2014. On the basis of forthcoming changes in capital requirements, the company will make a new assessment of capital targets as part of next year's ICAAP.

The company has a shareholder agreement which commits the owner banks, under given circumstances, to provide it with necessary capital. More information on the shareholder agreement can be found in note 25 to the annual financial statements for 2012.

Note 12 – Contingency and overdraft facilities

The company has an overdraft facility with DNB Bank ASA (DNB). It also has a contingency facility with DNB which allows covered bonds to be issued for an amount not exceeding NOK 1 billion. Note 15 to the annual financial statements for 2012 provides a more detailed presentation of the overdraft and contingency facilities 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 15 to the annual financial statements for 2012.

Note 13 – Risk management

Eika Boligkreditt AS has established a framework for risk management and control in the company that 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 to the annual accounts for 2012 describes the company's financial risk which also applies to the financial risk in 2013.

Key figures – unaudited

Amounts in NOK 1,000

30 Sept. 2013 30 Sept. 2012 31 Dec. 2012

Balance sheet development

Lending to customers	54,858,269	43,959,197	47,085,795
Debt securities issued	61,825,922	46,434,964	52,582,767
Subordinated loan capital	677,865	318,530	318,601
Equity	2,062,394	1,661,478	1,800,846
Equity in % of total assets	3.09	3.34	3.21
Average total assets	62,249,202	48,475,277	50,013,244
Total assets	66,640,722	49,732,624	56,165,111

Rate of return / profitability

Combined average spread for lending and deposits, annualised (%) ¹	0.95	0.64	0.70
Fee and commission income in relation to average total assets, annualised (%)	0.67	0.37	0.42
Other operating expences in relation to average total assets, annualised (%)	0.02	0.02	0.02
Staff and general administration expenses in relation to average total assets, annualised (%)	0.06	0.06	0.06
Cost/income ratio (%) ²	8.89	12.91	12.37
Return on total capital, annualised (%) ³	0.16	0.17	0.16
Return on equity, after taxes annualised (%) ⁴	5.20	6.12	8.29
Return on equity, before taxes annualised (%) ⁵	7.02	8.31	9.77
Total assets per full-time position	3,544,719	3,603,813	3,554,754

Financial strength

Core tier 1 capital	1,979,423	1,583,658	1,710,194
Tier 1 capital	2,228,031	1,583,658	1,710,194
Total primary capital (Tier 2 capital)	2,657,288	1,902,188	2,028,795
Calculation basis capital adequacy ratio	20,361,438	16,078,575	17,149,938
Core tier 1 capital ratio (%)	9.7	9.8	10.0
Tier 1 capital ratio (%)	10.9	9.8	10.0
Capital adequacy ratio % (Tier 2 capital)	13.1	11.8	11.8
Defaults in % of gross loans	0.00	0.00	0.00
Loss in % of gross loans	0.00	0.00	0.00

Staff

Number of full-time positions at end of period	18.8	13.8	15.8
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Overview of liquidity indicators and prognosis

As of	Actual		Prognosis		
	30 Sep. 2013	31 Dec. 2013	31 Mar. 2014	30 Jun. 2014	30 Sep. 2014
Liquidity Indicator I ⁶	108 %	101 %	103 %	102 %	95 %
Liquidity Indicator II ⁷	111 %	109 %	113 %	113 %	109 %
Average of indicators	109 %	105 %	108 %	107 %	102 %

¹ Net interest income in % of average total assets.

² Total operating expences in % of net interest income.

³ Net profit/loss for the year in % of average total assets.

⁴ Net profit/loss for the year in % of average equity (return on equity).

⁵ Profit/loss before taxes for the year in % of average equity (return on equity).

⁶ Liquidity Indicator I

Funding with remaining time to maturity exceeding 12 months

Illiquid assets

⁷ Liquidity Indicator II

Funding with remaining time to maturity exceeding 1 month

Illiquid assets

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