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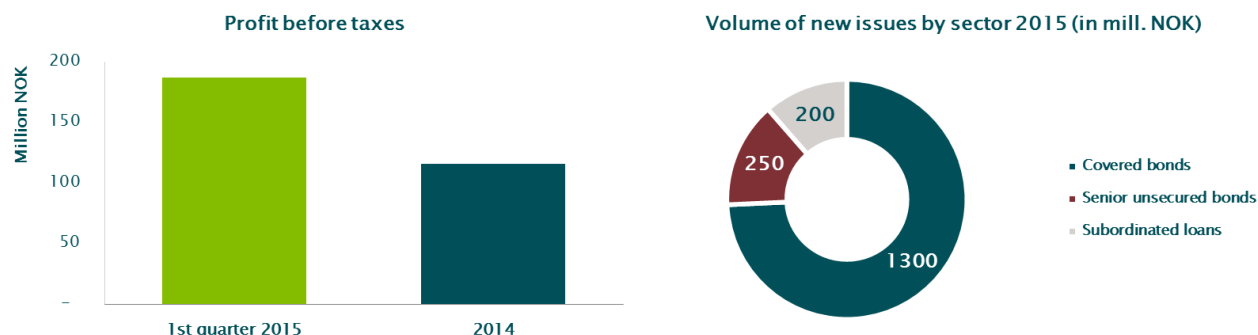
Eika Boligkreditt AS

Interim report for the first quarter 2015

Unaudited



Highlights



First quarter 2015

- Pre-tax profit NOK 187.4 million (2014: loss of NOK 1.3 million)
- Pre-tax profit NOK 41.3 million excluding NOK 146.1 million in positive value changes related to changes in the price of basis swaps
- Lending up by 1.5 per cent quarter on quarter
- Commissions to owner banks of NOK 137.3 million (2014: NOK 143.5 million)
- NOK 1.75 billion in debt instruments issued
- NOK 200 million in new tier 1 perpetual bonds issued
- NOK 78.5 billion in assets under management at 31 March

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

INTERIM REPORT FOR THE FIRST QUARTER

Introduction

Eika Boligkreditt's main purpose is to ensure access for the local banks in Eika Gruppen 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. The object of the company's business is to reduce risk for the owner banks. At 31 March 2015, the owner banks had transferred a total of NOK 61.8 billion in residential mortgages and thereby reduced their own funding needs by a corresponding amount. Eika Boligkreditt 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. By concentrating funding 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 both in Norway and internationally.

Profit and loss account for the first quarter

Pre-tax profit

Eika Boligkreditt showed a pre-tax profit of NOK 187.4 million for the first quarter, compared with a loss of NOK 1.3 million in the same period of 2014. First-quarter profit included positive changes of NOK 146.1 million in the value of basis swaps, so that pre-tax profit excluding changes in the value of basis swaps came to NOK 41.3 million. In addition to value changes for basis swaps, first-quarter profit included NOK 6.7 million in net loss on lending at fair value, NOK 6.9 million in net gain on financial derivatives, NOK 10.5 million in positive fair-value hedging of debt securities, and NOK 6.5 million in net loss on bonds and certificates. That accordingly gives a total positive change of NOK 150.2 million in the value of financial instruments, compared with a negative change of NOK 54.9 million for the first quarter of 2014.

Basis swaps are a price component in the derivative contracts entered into in connection with long-term borrowing. The derivatives are valued at fair value, while the hedged bond is valued in accordance with the principles which apply for hedge accounting. The derivatives are intended to hedge foreign exchange and interest rate risks on borrowing. They accordingly serve as hedging instruments, and the effect of such value changes will be zero over the term of the instruments. The accounting effects will thereby reverse until the derivatives mature. This means that changes in the value of basis swaps only have an accrual effect with regard to unrealised gains and losses in the financial statements, but no realised gains or losses over the term of the derivative unless Eika Boligkreditt realises the derivative early.

Income

Eika Boligkreditt's interest income amounted to NOK 555 million in the first quarter, compared with NOK 609 million in the same period of 2014. Its net interest income for the period was NOK 185 million, compared with NOK 206 million for the first quarter of 2014.

Distributor commissions

Distributor commissions, including arrangement commissions, paid to the owner banks came to NOK 137.3 million in the first quarter, compared with NOK 143.5 million for the same period of 2014.

Balance sheet and liquidity

Balance sheet

Assets under management by Eika Boligkreditt amounted to NOK 78.5 billion at 31 March, down by NOK 2.8 billion or 3.4 per cent from 1 January. This fall primarily reflected currency effects, which reduced the value of derivatives related to borrowing and overall cash collateral from derivative counterparties.

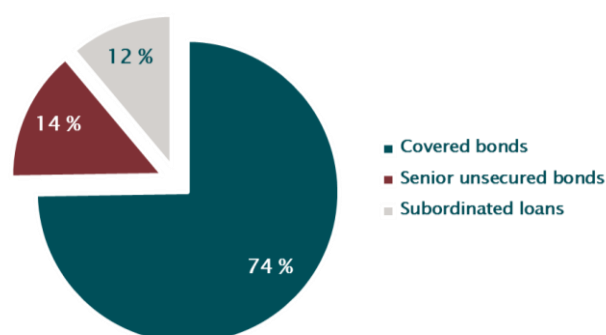
Lending

Eika Boligkreditt's residential mortgage portfolio at 31 March totalled NOK 61.8 billion, which represented a net increase of NOK 0.9 billion or 1.5 per cent from 1 January. This rise reflected a general growth in lending by the owner banks, combined with the fact that the owner banks transfer current residential mortgages from their own balance sheets to Eika Boligkreditt.

Borrowing

Eika Boligkreditt had a total issue volume of NOK 1.75 billion in the first quarter of 2015, which included NOK 1.3 billion as covered bonds, NOK 250 million as senior unsecured bonds and NOK 200 million in subordinated loans.

Issues by sector (in %) in 2015



All issues in the first quarter were made in Norwegian kroner. Covered bond issues accounted for 74 per cent of the issue volume.

The table below shows issues in the first quarter of 2015 and the three previous years by sector.

New issues (amounts in NOK million)	Q1 2015	2014	2013	2012
Covered bonds (issued in SEK)	-	-	925	-
Covered bonds (issued in EUR)	-	4 123	7 409	15 687
Covered bonds (issued in NOK)	1 300	3 750	10 508	5 713
Senior unsecured bonds (issued in NOK)	250	1 975	2 300	1 900
Subordinated loans (issued in NOK)	200	-	250	-
Tier 1 perpetual bonds (issued in NOK)	-	200	250	-
Totall issued	1 750	10 048	21 642	23 300

The average tenor for issues in the first quarter was 6.5 years for covered bonds issues and 2.1 years for senior unsecured bonds. The average tenor for the company's whole portfolio of senior unsecured and covered bonds at 31 March 2015 was 4.3 years – down by 0.1 years from 1 January.

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

Carrying value in NOK million	31 Mar. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012
Covered Bonds	69 016	69 952	61 129	43 613
Swap arrangement with the Norwegian govt.	-	-	-	6 920
Senior unsecured bonds	2 926	2 926	2 410	1 150
Senior unsecured certificates	-	-	350	900
Subordinated loans	449	250	429	319
Tier 1 perpetual bonds	448	448	249	-
Total borrowing	72 840	73 576	64 567	52 902

The company's total borrowing at 31 March was NOK 72.8 billion, down by NOK 736 million from 1 January.

Liquidity

At 31 March, the company had a total liquidity portfolio of NOK 9.3 billion, including cash collateral of NOK 2.1 billion received from counterparties to derivative contracts. Cash collateral is held in bank deposits and in various high-quality securities. In addition to cash collateral, the company has received high-quality bonds corresponding in value to NOK 3.8 billion. The value of the bonds provided as collateral is not recognised in the company's balance sheet.

Risk management and capital adequacy

Eika Boligkreditt had a total primary capital of NOK 3 823 million at 31 March 2015. Primary capital rose by NOK 200 million in the first quarter in connection with the issue of new subordinated loans.

Under internal rules, the loan-to-value ratio of residential mortgages in Eika Boligkreditt's cover pool may not exceed 60 per cent of the mortgaged property at origination.

Capital adequacy is calculated in accordance with the standard method specified in the regulations on capital requirements. Since the third quarter of 2014, Eika Boligkreditt had taken account of the risk of credit valuation adjustment (CVA) when calculating capital requirements for credit risk. This represents a supplement to the existing capital requirement for credit risk related to counterparty risk for derivatives. Taking account of the decline in CVA risk and lower capital requirements for credit risk meant a corresponding reduction in the basis for calculating the capital adequacy ratio, which amounted to NOK 24.8 billion at 31 March. 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	31 Mar. 2015	31 Dec. 2014	31 Dec. 2013
Risk-weighted assets	24 833	25 155	21 445
Total primary capital (tier 2 capital)	3 823	3 623	3 077
Capital adequacy ratio in per cent	15.4 %	14.4 %	14.3 %

Following the rise in the systemic risk buffer from two to three per cent at 1 July 2014, the company has increased its internal capital targets. The new targets apply from 1 July 2014 and are specified as follows:

- core tier 1 capital ratio: 10 per cent (11.8 per cent at 31 March 2015)
- tier 1 capital ratio: 11.5 per cent (13.6 per cent at 31 March 2015)
- tier 2 capital ratio: 13.5 per cent. (15.4 per cent at 31 March 2015)

These targets are adequate in relation to legal and capital requirements based on the company's internal risk assessment. As shown in the table above, the applicable buffer requirements were fulfilled at 31 March with a capital adequacy of 15.4 per cent.

Outlook

The board expects somewhat higher growth in the residential mortgage portfolio during 2015 compared with 2014. While the portfolio rose by NOK 3.2 billion in 2014, the budgeted increase for 2015 is NOK 5 billion or nine per cent. This level exceeds the general growth in lending in Norway. Statistics Norway's credit indicator showed a 12-monthly increase in household debt of 6.2 per cent in January 2015.

Growth in house prices was very strong in the first quarter of 2015, after a strong performance in 2014. These prices rose by 4.7 per cent during the quarter, following a rise of 8.1 per cent in 2014.¹ Developments in the housing market for the first quarter were clearly stronger than expected at 1 January. The consensus among analysts indicates a weaker trend for house prices in 2015 than in 2014, with a rise of about six per cent for the year.

The average margin (commission) of the banks on the company's mortgage portfolio was 0.70 per cent at 31 March, compared with an average of 0.81 per cent at 1 January. In the latest lending survey from the Bank of Norway, dated 23 April, the banks reported higher borrowing demand from households and reduced mortgage margins in the first quarter. Furthermore, the banks expect unchanged borrowing demand and a further decline in mortgage margins for the second quarter. Demand for fixed-interest mortgages has risen considerably. Eika Boligkreditt's mortgage margins and borrowing demand have displayed the same trend as that described in the survey.

Oil prices have stabilised and risen somewhat this year after halving in September-December 2014. The Norwegian krone has strengthened by NOK 0.60 against the euro, from about NOK 9 at 1 January to NOK 8.4 at the time of writing. Economic growth in Norway is expected to slow markedly in 2015 (Statistics Norway expects 1.1 per cent compared with 2.3 per cent in 2014) before recovering in 2016 and 2017. Unemployment is expected to rise somewhat (from very low levels). Since Norway has its own currency, the weakening of the krone - combined with more moderate pay rises - has improved Norwegian competitiveness. This will help to simplify restructuring of Norwegian industry towards sectors other than petroleum. The government pension fund - global and the fiscal rule mean that the Norwegian authorities have considerable room to manoeuvre if required, while the injection of oil money into the economy is virtually divorced from the government's current oil and gas revenues. Norway differs from most of the other major oil and gas exporting countries in this respect. Despite the reduction in oil prices and petroleum revenues, the board believes that interest in Norwegian covered bonds among Norwegian and international investors will be good.

Oslo, 12 May 2015

The board of directors of Eika Boligkreditt AS

Bjørn Riise
Chair

Tor Egil Lie

Boddvar Kaale

Olav Sem Austmo

Terje Svendsen

Kjartan M Bremnes
CEO

¹ Source: Eiendom Norge, FINN.NO and Eiendomsverdi

Statement of comprehensive income

Amounts in NOK 1,000	Notes	1Q 2015	1Q 2014	2014
INTEREST INCOME				
Interest from loans to customers		519 304	560 077	2 242 552
Interest from loans and receivables on credit institutions		6 916	10 554	41 060
Interest from bonds, certificates and financial derivatives		24 905	33 862	159 174
Other interest income		3 801	4 802	18 772
Total interest income		554 926	609 295	2 461 558
INTEREST EXPENSES				
Interest on debt securities issued		356 889	388 975	1 661 167
Interest on subordinated loan capital		9 877	8 821	41 731
Other interest expenses		3 553	5 771	18 059
Total interest expenses		370 319	403 567	1 720 957
Net interest income		184 607	205 728	740 600
Commission costs		133 565	140 446	571 145
Net interest income after commissions costs		51 042	65 282	169 455
Dividend from shares classified as available for sale		-	-	4 769
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE				
Net gains and losses on bonds and certificates	Note 3	(6 531)	1 899	10 073
Net gains and losses of fair value hedging on debt securities issued	Note 3, 9	156 586	(56 630)	(20 653)
Net gains and losses on financial derivatives	Note 3	6 877	2 469	(11 264)
Net gains and losses on loans at fair value	Note 3	(6 743)	(2 592)	18 407
Total gains and losses on financial instruments at fair value		150 189	(54 854)	(3 437)
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES				
Salaries, fees and other personnel expenses		6 104	5 723	24 855
Administrative expenses		4 245	2 937	15 571
Total salaries and administrative expenses		10 349	8 660	40 426
Depreciation		490	470	1 962
Other operating expenses		2 951	2 578	12 652
Losses on loans and guarantees		-	-	-
PROFIT BEFORE TAXES		187 441	(1 280)	115 748
Taxes		50 146	(350)	29 924
PROFIT FOR THE PERIOD		137 295	(930)	85 824
Other comprehensive income that will not be reclassified subsequently to P&L		-	-	(1 650)
Taxes on other comprehensive income		-	-	445
COMPREHENSIVE INCOME FOR THE PERIOD		137 295	20 498	84 620

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

Balance sheet

Amounts in NOK 1,000	Notes	31 March 2015	31 March 2014	31 Dec. 2014
ASSETS				
Lending to and receivables from credit institutions		2 007 474	4 036 411	3 708 022
Lending to customers	Note 4, 9	61 820 992	58 723 069	60 888 984
Other financial assets		120 382	617 790	119 841
Securities				
Bonds and certificates at fair value through profit or loss	Note 5,9	7 292 402	10 385 649	7 920 530
Financial derivatives	Note 8,9	7 232 028	3 444 623	8 608 941
Shares classified as available for sale	Note 10	15 000	15 000	15 000
Total securities		14 539 430	13 845 272	16 544 471
Other intangible assets				
Deferred tax assets		32 419	35 395	32 419
Intangible assets		4 858	6 130	4 609
Total other intangible assets		37 277	41 525	37 028
TOTAL ASSETS		78 525 555	77 264 067	81 298 346
LIABILITIES AND EQUITY				
Loans from credit institutions	Note 12	2 082 344	2 312 031	4 260 484
Financial derivatives	Note 8,9	63 787	56 829	76 018
Debt securities issued	Note 6	71 941 947	71 182 505	72 877 916
Other liabilities		371 944	372 587	355 539
Pension liabilities		6 683	4 507	6 683
Subordinated loan capital	Note 7	897 826	877 339	697 976
TOTAL LIABILITIES		75 364 531	74 805 798	78 274 617
Called-up and fully paid capital				
Share capital		713 455	592 082	713 455
Share premium		1 746 928	1 368 300	1 746 928
Other paid-in equity		477 728	477 728	477 728
Total called-up and fully paid capital	Note 11	2 938 111	2 438 110	2 938 111
Retained earnings				
Other equity		222 913	20 159	85 618
Total retained equity	Note 11	222 913	20 159	85 618
TOTAL EQUITY		3 161 024	2 458 269	3 023 729
TOTAL LIABILITIES AND EQUITY		78 525 555	77 264 067	81 298 346

Statement of changes in equity

Amounts in NOK 1,000	Share capital ¹⁾	Share premium ¹⁾	Other paid in equity ²⁾	Retained earnings: other equity ³⁾	Total equity
Balance sheet as at 1 January 2014	592 082	1 368 300	477 728	21 088	2 459 198
Result for the period	-	-	-	(929)	(929)
Equity issue	-	-	-	-	-
Balance sheet as at 31 March 2014	592 082	1 368 300	477 728	20 159	2 458 269
Result for the period	-	-	-	21 007	21 007
Equity issue	121 373	378 628	-	-	500 000
Disbursed dividends for 2013	-	-	-	(20 089)	(20 089)
Balance sheet as at 30 June 2014	713 455	1 746 928	477 728	21 077	2 959 187
Result for the period	-	-	-	36 446	36 446
Equity issue	-	-	-	-	-
Balance sheet as at 30 September 2014	713 455	1 746 928	477 728	57 522	2 995 632
Result for the period	-	-	-	28 097	28 097
Equity issue	-	-	-	-	-
Balance sheet as at 31 December 2014	713 455	1 746 928	477 728	85 618	3 023 729
Result for the period	-	-	-	137 295	137 295
Equity issue	-	-	-	-	-
Balance sheet as at 31 March 2015	713 455	1 746 928	477 728	222 913	3 161 024

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⁾ Other equity comprises earned and retained profits

Statement of cash flows

Amounts in NOK 1,000	1Q 2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	137 295	85 824
Taxes	50 146	29 924
Income taxes paid	(17 680)	(37 455)
Ordinary depreciation	490	1 962
Non-cash pension costs	-	527
Change in loans to customers	(932 008)	(3 197 131)
Change in bonds and certificates	628 128	(2 553 903)
Change in financial derivatives and debt securities issued	(152 613)	52 343
Interest expenses	370 319	1 720 957
Paid interest	(377 061)	(1 741 973)
interest income	(551 125)	2 461 558
received interests	550 322	(2 437 420)
Changes in other assets	262	(48 985)
Changes in short-term liabilities and accruals	(21 551)	7 914
Net cash flow relating to operating activities	(315 076)	(5 655 859)
INVESTING ACTIVITIES		
Payments related to acquisition of fixed assets	(739)	(1 394)
Net cash flow relating to investing activities	(739)	(1 394)
FINANCING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	1 556 672	9 866 770
Gross payments of bonds and commercial paper	(963 115)	(6 317 480)
Gross receipts on issue of subordinated loan capital	199 850	199 632
Gross payments of subordinated loan capital	-	(179 653)
Gross receipts from issue of loan from credit institution	(2 178 140)	1 913 457
Payments of dividend	-	(20 089)
Paid-up new share capital	-	500 000
Net cash flow from financing activities	(1 384 733)	5 962 637
Net changes in lending to and receivables from credit institutions	(1 700 548)	305 384
Lending to and receivables from credit institutions at 1 January	3 708 022	3 402 638
Lending to and receivables from credit institutions at end of period	2 007 474	3 708 022

Noter

Note 1 – Accounting policies

General

Eika Boligkreditt has prepared the accounts for 2015 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 2014 contains further details of accounting policies after IFRS.

The financial statements for the first quarter of 2015 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 2014, management is required to make judgments, 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 31 March 2015.

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 gain and loss on financial instruments at fair value

Net gains and losses on financial instruments at fair value

Amounts in NOK 1,000	1st quarter 2015	1st quarter 2014	2014
Net gains and losses on loans at fair value	(6 743)	(2 593)	18 407
Net gains and losses on bonds and certificates	(6 531)	1 899	10 073
Net gains and losses on financial debts, hedged ¹	1 529 526	(320 478)	(5 439 933)
Net gains and losses on interest swaps related to lending	6 877	2 469	(11 264)
Net gains and losses on interest swaps related to bonds and certificates	-	-	-
Net gains and losses on interest and currency swaps related to liabilities	(1 372 940)	263 848	5 419 280
Net gains and losses on interest swaps not related to liabilities	-	-	-
Net gains and losses on financial instruments at fair value ²	150 189	(54 854)	(3 437)

¹ The company utilises 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.

² First-quarter profit includes positive changes of NOK 146.1 million in the value of basis swaps. In addition to value changes for basis swaps, first-quarter profit includes NOK 4.1 million in other changes to the value of financial instruments. That gives a total positive change of NOK 150.2 million in the value of financial instruments, compared with negative NOK 54.9 million for the same period of 2014.

Basis swaps are derivative contracts entered into in connection with long-term borrowing in foreign currency, whereby the foreign currency is converted to Norwegian kroner. These are hedging instruments, and the effect is zero over the term of the instrument. The accounting effects will thereby reverse over time, so that the unrealised gain at 31 March 2015 will be reversed until the derivatives mature. This means that changes in margins only have an accrual effect with regard to unrealised gains and losses in the financial statements, but no realised gains or losses over the term of the derivative unless Eika Boligkreditt realises the derivative early, which would be unusual given the company's business.

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 4 – Lending to customers

Amounts in NOK 1,000	31 March 2015	31 March 2014	31 Dec. 2014
Installment loans - retail market	53 236 077	49 834 167	52 047 723
Installment loans - housing cooperatives	8 542 294	8 860 537	8 791 895
Adjustment fair value lending to customers ¹	42 622	28 366	49 365
Total lending before specific and general provisions for losses	61 820 992	58 723 069	60 888 984
Individual impairments	-	-	-
Unspecified group impairments	-	-	-
Total lending to and receivables from customers	61 820 992	58 723 069	60 888 984

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 31 March 2015.

¹The table below shows fair value lending to customers

31 March 2015

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	59 773 135	59 773 135
Fixed rate loans	2 005 236	2 047 858
Total lending	61 778 371	61 820 992

31 March 2014

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	57 496 743	57 496 743
Fixed rate loans	1 197 961	1 226 327
Total lending	58 694 703	58 723 069

31 Dec. 2014

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	59 818 358	59 818 358
Fixed rate loans	1 021 261	1 070 626
Total lending	60 839 619	60 888 984

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

31 March 2015

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	558 950	558 905	558 955
Credit institutions	5 124 916	5 158 216	5 142 636
Government bonds	726 612	731 180	721 429
Treasury bills	905 661	905 745	869 382
Total bonds and certificates at fair value through profit or loss	7 316 139	7 354 046	7 292 402
Change in value charged to the profit and loss account			(61 644)

Average effective interest rate is 1.18 per cent annualised. The calculation is based on a weighted fair value.

31 March 2014

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Market value
Commercial banks	50 000	50 100	50 128
Corporations owned by municipalities	25 000	25 011	25 047
Municipalities	3 998 367	3 998 564	3 998 199
Credit institutions	4 596 500	4 614 197	4 618 729
Treasury bills	1 700 000	1 693 617	1 693 545
Total bonds and certificates at fair value through profit or loss	10 369 867	10 381 489	10 385 649
Change in value charged to the profit and loss account			4 160

Average effective interest rate is 1.87 per cent annualised. The calculation is based on a weighted fair value.

31 December 2014

Amounts in NOK 1,000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	1 225 524	1 225 549	1 225 999
Credit institutions	4 800 416	4 824 927	4 825 490
Government bonds	726 612	737 758	737 367
Treasury bills	1 132 273	1 132 699	1 131 674
Total bonds and certificates at fair value through profit or loss	7 884 824	7 920 933	7 920 530
Change in value charged to the profit and loss account			(403)

Average effective interest rate is 1.92 per cent annualised. The calculation is based on a weighted fair value.

	31 March 2015	31 March 2014	31 Dec. 2014
Average term to maturity	1.9	1.0	1.4
Average duration when hedging is taken into account	0.1	0.2	0.1

All the bonds are rated AA-/Aa3 or better if the maturity exceeds 100 days, and A-/A3 if the maturity is 100 days or 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	31 Dec. 2014	31 March 2014	31 Dec. 2014
NO0010502149	5 000 000	NOK	Floating	3M Nibor + 0.70 %	2009	2019	1 211 620	1 214 557	1 212 344
NO0010536089	315 000	NOK	Floating	3M Nibor + 0.40 %	2009	2015	-	349 763	199 948
NO0010561103	2 000 000	NOK	Fixed	5.00 %	2009	2019	2 005 618	2 017 840	2 008 631
NO0010565211	827 000	NOK	Fixed	4.40 %	2010	2015	-	827 852	327 116
NO0010572373	5 000 000	NOK	Floating	3M Nibor + 0.53 %	2010	2016	4 608 798	4 607 696	4 608 526
XS0537088899	487 133	EUR	Fixed	2.13 %	2010	2015	4 230 655	4 129 415	4 404 735
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	709 076	711 922	709 778
NO0010612039	3 500 000	NOK	Floating	3M Nibor + 0.55 %	2011	2018	2 703 630	2 502 131	2 703 910
NO0010625429	906 000	NOK	Floating	3M Nibor + 0.40 %	2011	2014	-	905 620	-
NO0010625346	1 600 000	NOK	Fixed	4.60 %	2011	2026	1 501 050	1 501 141	1 501 072
NO0010630148	1 035 000	NOK	Floating	3M Nibor + 0.45 %	2011	2014	-	1 234 770	-
NO0010631336	850 000	NOK	Fixed	3.75 %	2011	2016	850 547	850 993	850 657
XS0736417642	500 000	EUR	Fixed	2.25 %	2012	2017	4 335 808	4 121 077	4 513 900
NO0010648884	588 000	NOK	Floating	3M Nibor + 0.42 %	2012	2015	119 994	1 097 612	307 961
NO0010648892	2 000 000	NOK	Floating	3M Nibor + 0.74 %	2012	2017	1 400 953	1 401 390	1 401 061
XS0794570944	650 000	EUR	Fixed	2.00 %	2012	2019	5 619 950	5 341 004	5 851 519
XS0851683473	1 000 000	EUR	Fixed	1.25 %	2012	2017	8 670 521	8 244 000	9 027 429
NO0010663727	5 500 000	NOK	Floating	3M Nibor + 0.60 %	2012	2019	5 245 216	5 047 310	5 246 545
NO0010664428	1 000 000	NOK	Floating	3M Nibor + 0.53 %	2012	2018	1 001 175	1 001 495	1 001 254
NO0010663743	1 000 000	NOK	Fixed	3.25 %	2012	2019	1 008 036	1 009 754	1 008 460
NO0010669922	1 000 000	NOK	Fixed	4.00 %	2013	2028	996 082	995 776	996 007
XS0881369770	1 000 000	EUR	Fixed	2.125 %	2013	2023	8 648 761	8 224 989	9 006 347
NO0010685480	5 000 000	NOK	Floating	3M Nibor + 0.54 %	2013	2020	3 537 855	2 833 166	3 029 766
NO0010685704	1 000 000	NOK	Fixed	3.50 %	2013	2020	552 563	553 011	552 673
NO0010687023	1 000 000	NOK	Fixed	4.10 %	2013	2028	150 000	150 000	150 000
NO0010697204	300 000	SEK	Fixed	2.38 %	2013	2018	280 396	277 150	287 680
NO0010697212	700 000	SEK	Floating	3M Stibor + 0.50%	2013	2018	655 142	647 809	672 197
XS1044766191	500 000	EUR	Fixed	1.50 %	2014	2021	4 313 556	4 098 974	4 491 684
NO0010732258	4 000 000	NOK	Floating	3M Nibor + 0.28 %	2015	2022	798 800	-	-
Value adjustments							2 860 292	1 009 612	2 880 442
Total covered bonds¹							69 016 060	67 907 828	69 951 642

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.

Senior unsecured bonds - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec. 2014	31 March 2014	31 Dec. 2014
NO0010532906	1 000 000	NOK	Floating	3M Nibor + 0.90 %	2009	2014	-	289 946	-
NO0010662521	1 000 000	NOK	Floating	3M Nibor + 0.80 %	2012	2014	-	109 996	-
NO0010672157	500 000	NOK	Floating	3M Nibor + 0.65 %	2013	2014	-	199 985	-
NO0010673106	250 000	NOK	Floating	3M Nibor + 0.80 %	2013	2015	-	250 461	250 095
NO0010685043	500 000	NOK	Floating	3M Nibor + 0.42 %	2013	2014	-	499 945	-
NO0010685035	300 000	NOK	Floating	3M Nibor + 0.43 %	2013	2014	-	299 907	-
NO0010691991	200 000	NOK	Floating	3M Nibor + 0.69%	2013	2015	199 967	199 907	199 953
NO0010697733	600 000	NOK	Floating	3M Nibor + 0.90%	2013	2016	600 016	600 026	600 018
NO0010699234	200 000	NOK	Floating	3M Nibor + 1.14%	2013	2018	199 777	199 717	199 762
NO0010705593	600 000	NOK	Floating	3M Nibor + 0.65 %	2014	2017	600 978	299 799	601 076
NO0010708936	225 000	NOK	Floating	3M Nibor + 0.82%	2014	2019	425 657	-	425 693
NO0010711716	400 000	NOK	Floating	3M Nibor + 0.82%	2014	2016	399 909	-	399 889
NO0010713753	250 000	NOK	Floating	3M Nibor + 0.72%	2014	2019	249 801	-	249 789
NO0010732886	500 000	NOK	Floating	3m Nibor + 0.30%	2015	2017	249 783	-	-
Total senior unsecured bonds							2 925 888	2 949 689	2 926 275

Senior unsecured certificates - amounts in NOK 1,000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec. 2014	31 March 2014	31 Dec. 2014
NO0010682123	200 000	NOK	Fixed	2.13 %	2013	2014	-	199 994	-
NO0010690704	150 000	NOK	Floating	3M Nibor + 0.32 %	2013	2014	-	124 994	-
Total senior unsecured certificates							-	324 988	-
Total debt securities issued							71 941 947	71 182 505	72 877 916

Note 7 – Subordinated loan capital

Tier 1 perpetual bonds - amounts in NOK 1,000

ISIN	Nominal amount	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 March 2015	31 March 2014	31 Dec. 2014
NO0010679640	250 000	NOK	Floating	3M Nibor + 4.20 % ¹	2013	Perpetual	249 057	248 757	248 983
NO0010701220	250 000	NOK	Floating	3M Nibor + 3.50 % ²	2014	Perpetual	199 372	199 212	199 332
Total tier 1 perpetual bonds							448 429	447 969	448 315

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.

² NOK 200 million in tier 1 perpetual bonds which can be called at 5 March 2019 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 amount	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 March 2015	31 March 2014	31 Dec. 2014
NO0010592991	180 000	NOK	Floating	3M Nibor + 2.40 % ¹	2010	2020	-	179 784	-
NO0010679632	250 000	NOK	Floating	3M Nibor + 2.20 % ²	2013	2023	249 686	249 586	249 661
NO0010729650	200 000	NOK	Floating	3M Nibor + 1.88 % ³	2015	2025	199 712	-	-
Total subordinated loans							449 397	429 370	249 661

¹ NOK 180 million in subordinate loan maturing on 15 December 2020 incorporate the right to a call on 15 December 2015.

This loan was redeemed on 15 December 2014 because new official regulations have introduced changes which meant it could no longer be treated in full as tier 2 capital.

² 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.

³ Subordinated loan of NOK 200 million with maturity date 21 January 2025, with redemption right (call) 21 January 2020 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							897 826	877 339	697 976
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Note 8 – Coverpool

Amounts in NOK 1,000	Fair Value		
	31 March 2015	31 March 2014	31 Dec. 2014
Lending to customers	61 820 992	58 723 069	60 888 984
Substitute assets and derivatives:			
Financial derivatives (net)	7 168 241	3 387 794	8 532 923
Substitute assets ¹	7 217 727	12 608 341	7 366 271
Total	76 206 961	74 719 205	76 788 178
The cover pool's overcollateralisation	110.40 %	109.97 %	109.74 %

Issued Covered Bonds

	31 March 2015	31 March 2014	31 Dec. 2014
Covered Bonds	69 016 060	67 907 828	69 951 642
Premium/Discount	13 270	37 438	22 215
Total Covered Bonds	69 029 330	67 945 266	69 973 856

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	31 March 2015		31 Dec. 2014	
	Nominal amount	Fair value	Nominal amount	Fair value
Amounts in NOK 1,000				
Interest rate swap lending ¹	538 500	1 213	-	-
Interest rate and currency swap ²	41 840 562	7 230 814	43 050 563	8 608 941
Total financial derivative assets	42 379 062	7 232 028	43 050 563	8 608 941
Liabilities				
Amounts in NOK 1,000				
Interest rate swap lending ¹	1 369 852	55 765	1 000 352	61 429
Interest rate and currency swap ²	104 865	8 021	487 865	14 589
Total financial derivative liabilities	1 474 717	63 787	1 488 217	76 018

¹The 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.

²Nominal 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	31 March 2015		31 Dec. 2014	
	Nominal amount	Value recognised in balance sheet	Nominal amount	Value recognised in balance sheet
Hedging instruments: Interest rate and currency swaps ^{1,2}	41 735 697	7 222 793	42 562 698	8 594 352
Hedged items: Financial commitments incl foreign exchange ²	41 735 697	(7 218 633)	42 562 698	(8 748 159)
Net value recognised in Balance Sheet	-	4 160	-	(153 807)

¹Nominal amount is converted to historical currency exchange rate.

²The 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			
Amounts in NOK 1,000	1st quarter 2015	1st quarter 2014	2014
Hedging instruments	(1 372 940)	263 848	5 419 280
Hedged items	1 529 526	(320 478)	(5 439 933)
Net gains/losses (ineffectiveness) ³	156 586	(56 630)	(20 653)

³The positive change in value for financial instruments in the first quarter of 2015 relate almost entirely to changes in basis swaps. See note 3 for more information.

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. Quoted prices are obtained from the Oslo Stock Exchange. 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 fair values of interest and currency swaps based on swap curves and investments in certificates and bonds not issued by a national state. Discounted cash flow is used in the valuation. Market data is obtained from an acknowledge provider of market data.

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

Level 3 comprises loans at fixed interest rates and shares available for sale. The fair value of fixed-rate loans is measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed rate of interest and the corresponding applicable offered fixed rate at 31 March 2015.

31 March 2015

Amounts in NOK 1,000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	2 047 858
Bonds and certificates at fair value through profit or loss	1 590 811	5 701 591	-
Financial derivatives	-	7 232 028	-
Shares classified as available for sale	-	-	15 000
Total financial assets	1 590 811	12 933 619	2 062 858
Financial liabilities			
Financial derivatives	-	63 787	-
Total financial liabilities	-	63 787	-

No significant transactions between the different levels have taken place in the first quarter of 2015.

31 Dec. 2014

Amounts in NOK 1,000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	1 070 626
Bonds and certificates at fair value through profit or loss	1 869 041	6 051 489	-
Financial derivatives	-	8 608 941	-
Shares classified as available for sale	-	-	15 000
Total financial assets	1 869 041	14 660 430	1 085 626
Financial liabilities			
Financial derivatives	-	76 018	-
Total financial liabilities	-	76 018	-

No significant transactions between the different levels took place in 2014.

Detailed statement of assets classified at level 3

2015		Purchases/i	Disposals/	Transfers	Allocated to	Other	31 March
Amounts in NOK 1,000	1 Jan. 2015	ssues	Settlements	in/out of	profit or	comprehensive	2015
				level 3	loss 2015	income	
Lending to customers (fixed rate loans)	1 070 626	1 028 253	(44 278)	-	(6 743)	-	2 047 858
Shares available for sale	15 000	-	-	-	-	-	15 000
Total	1 085 626	1 028 253	(44 278)	-	(6 743)	-	2 062 858

2014		Purchases/i	Disposals/	Transfers	Allocated to	Other	31 Dec. 2014
Amounts in NOK 1,000	1 Jan. 2014	ssues	Settlements	in/out of	profit or	comprehensive	
				level 3	loss 2014	income	
Lending to customers (fixed rate loans)	1 401 495	241 122	(590 398)	-	18 407	-	1 070 626
Shares available for sale	15 000	-	-	-	-	-	15 000
Total	1 416 495	241 122	(590 398)	-	18 407	-	1 085 626

Interest rate sensitivity of assets classified at Level 3 at 31 March 2015

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 72.6 million. The effect of a decrease in interest rates would be an increase of NOK 72.6 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 31 March 2015 and cumulatively.

Note 11 – Capital adequacy ratio

Amounts in NOK 1,000	31 March 2015	31 March 2014	31 Dec. 2014
Share capital	713 455	592 082	713 455
Share premium	1 746 928	1 368 300	1 746 928
Paid, but not registered, share capital	-	-	-
Other paid-in equity	477 728	477 728	477 728
Total comprehensive income for the period	-	(929)	-
Other equity	999	997	999
Total equity recognised in the balance sheet	2 939 109	2 438 178	2 939 109
Intangible assets	(4 858)	(6 130)	(4 609)
Deferred tax assets ¹	-	(35 395)	-
Prudent valuation adjustments of fair valued positions	(9 391)	-	(9 206)
Total core tier 1 capital	2 924 861	2 396 653	2 925 294

Core capital adequacy ratio (core tier 1 capital)	31 March 2015	31 March 2014	31 Dec. 2014
Weighted calculation basis	24 832 964	22 682 538	25 154 656
Core tier 1 capital	2 924 861	2 396 653	2 925 294
Core tier 1 capital ratio	11.8 %	10.6 %	11.6 %

Total core tier 1 capital	2 924 861	2 396 653	2 925 294
Tier 1 perpetual bonds	448 429	447 969	448 315
Total tier 1 capital	3 373 289	2 844 622	3 373 609

Capital adequacy ratio (tier 1 capital)	31 March 2015	31 March 2014	31 Dec. 2014
Weighted calculation basis	24 832 964	22 682 538	25 154 656
Tier 1 capital	3 373 289	2 844 622	3 373 609
Tier 1 capital ratio	13.6 %	12.5 %	13.4 %

Total tier 1 capital	3 373 289	2 844 622	3 373 609
Subordinated loans	449 397	429 370	249 661
Total primary capital (tier 2 capital)	3 822 687	3 273 992	3 623 270

Capital adequacy ratio (tier 2 capital)	31 March 2015	31 March 2014	31 Dec. 2014
Weighted calculation basis	24 832 964	22 682 538	25 154 656
Total primary capital (tier 2 capital)	3 822 687	3 273 992	3 623 270
Capital adequacy ratio	15.4 %	14.4 %	14.4 %

Required capital corresponding to eight per cent of calculation basis	1 986 637	1 814 603	2 012 372
Surplus equity and subordinated capital	1 836 050	1 459 389	1 610 897

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

31 December 2014

Calculation basis	Weighted calculation basis	Capital requirement
Credit risk	22 926 207	1 834 097
Operational risk	311 628	24 930
CVA risk ²	1 595 129	127 610
Total	24 832 964	1 986 637

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

¹Deferred tax asset attributable to temporary differences and amounting to less than 10 per cent of core tier 1 capital is 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.

²At 31 March, Eika Boligkreditt had taken account of the risk of credit valuation adjustment (CVA) when calculating capital requirements for credit risk. This represents a supplement to the existing capital requirement for credit risk related to counterparty risk for derivatives.

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. Because of increased systemic risk buffer from 2 % to 3 % effective from 1 July 2014 the company increased its capital targets to 10 per cent core tier 1, 11.5 per cent tier 1 capital and 13.5 per cent tier 2 capital. These targets satisfy regulatory requirements which came into force on 1 July 2014, and are adequate in relation to capital requirements based on the company's internal risk assessment. As presented in the table above, the applicable buffer requirements were fulfilled at 31 December 2014 with a capital adequacy of 15.4 per cent.

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 2014.

Note 12 – Loans from credit institutions

Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt AS has been provided with such collateral in the form of cash. These cash sums are managed by Eika Boligkreditt AS for the duration of the collateral provision, and are recognised in the balance sheet as an asset with an associated liability. Both the cash asset and the liability are thereafter measured at amortised cost. At 31 March 2015, Eika Boligkreditt had received cash collateral of NOK 2.1 billion posted by counterparties to derivative contracts. In addition to cash collateral, the company has received bonds worth NOK 3.8 billion as collateral from counterparties to some of the derivative contracts. The value of the bonds provided as collateral is not recognised in the company's balance sheet.

Note 13 – Contingency and overdraft facilities

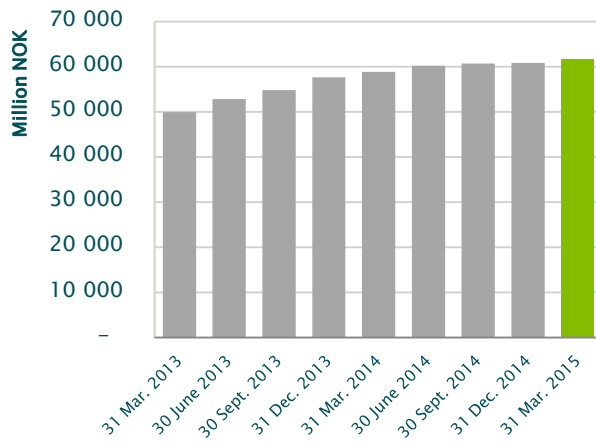
The company has an overdraft facility with DNB Bank ASA (DNB). It also has a contingency facility with DNB which allows covered bonds to be issued for an amount not exceeding NOK 1 billion. Note 15 to the annual financial statements for 2014 provides a more detailed presentation of the overdraft and 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 2014.

Note 14 – Risk management

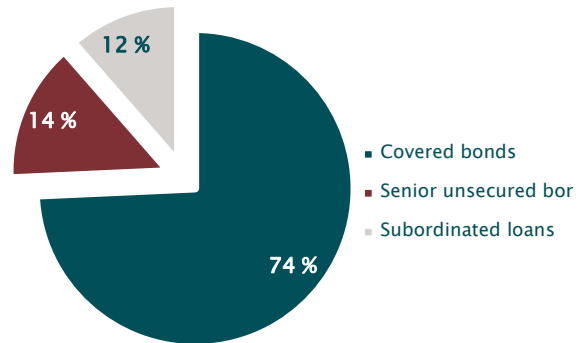
Eika Boligkreditt AS has established a framework for risk management and control in the company that defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 to the annual accounts for 2014 describes the company's financial risk which also applies to the financial risk in 2015.

Key figures – Development

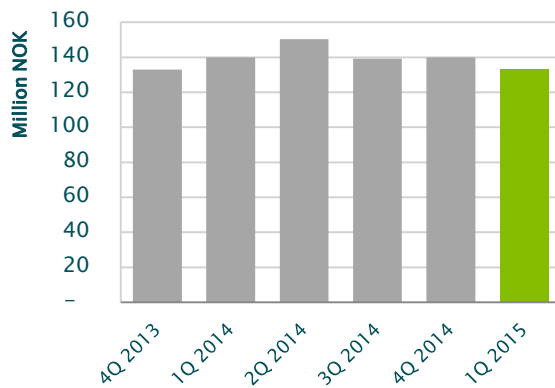
Lending to customers



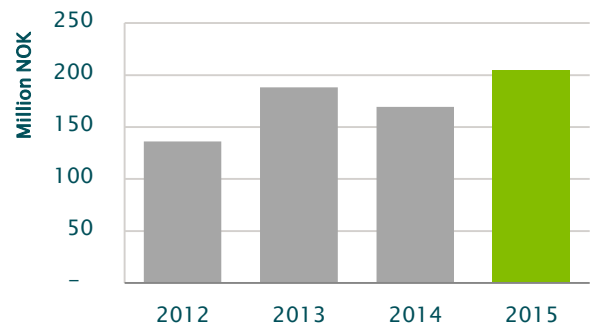
Issues by sector 2015 (in %)



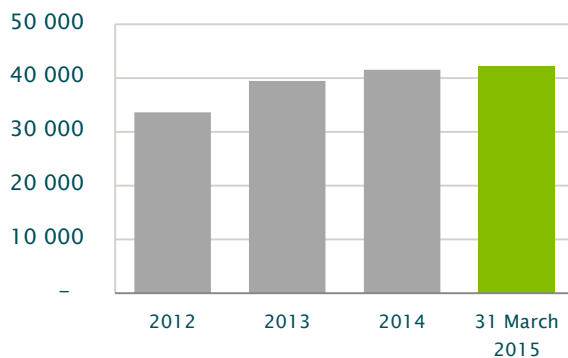
Distributor commissions



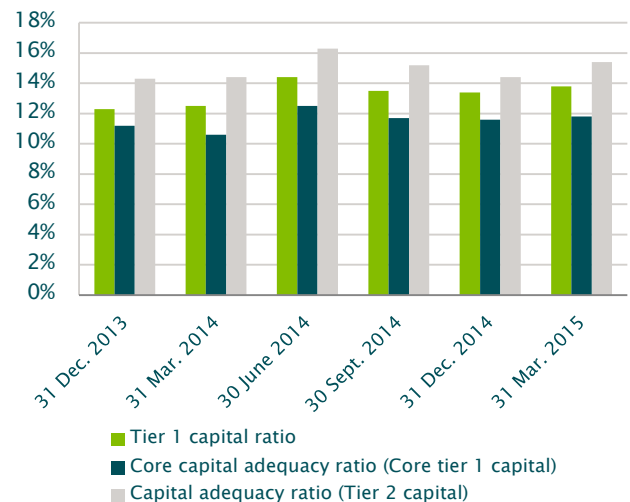
Net interest income after commissions costs (annualised)



Number of loans



Capital adequacy ratio



Key figures – Unaudited

Amounts in NOK 1,000	31 March 2015	31 March 2014	31 Dec. 2014
Balance sheet development			
Lending to customers	61 820 992	58 723 069	60 888 984
Debt securities issued	71 941 947	71 182 505	72 877 916
Subordinated loan capital	897 826	877 339	697 976
Equity	3 161 024	2 458 269	3 023 729
Equity in % of total assets	4.03	3.18	3.72
Average total assets	79 911 951	73 546 414	76 845 438
Total assets	78 525 555	77 264 067	81 298 346
Rate of return / profitability			
Fee and commission income in relation to average total assets, annualised (%)	0.67	0.76	0.74
Staff and general administration expenses in relation to average total assets, annualised (%)	0.05	0.05	0.05
Return on equity, before taxes annualised (%) ¹	25.52	-0.21	4.23
Total assets per full-time position	3 965 937	4 109 791	4 105 977
Cost/income ratio (%) ²	27.02	17.93	32.48
Financial strength			
Core tier 1 capital	2 924 861	2 396 653	2 925 294
Tier 1 capital	3 373 289	2 844 622	3 373 609
Total primary capital (Tier 2 capital)	3 822 687	3 273 992	3 623 270
Calculation basis capital adequacy ratio	24 832 964	22 682 538	25 154 656
Core tier 1 capital ratio (%)	11.8	10.6	11.6
Tier 1 capital ratio (%)	13.6	12.5	13.4
Capital adequacy ratio % (Tier 2 capital)	15.4	14.4	14.4
Leverage ratio (%) ³	4.10	-	4.0
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	19.8	18.8	19.8

Overview of liquidity indicators and prognosis

As of	Actual		Prognosis		
	31 Mar. 2015	30 Jun. 2015	30 Sep. 2015	31 Dec. 2015	31 Mar. 2016
Liquidity Indicator I ⁴	104 %	100 %	107 %	108 %	105 %
Liquidity Indicator II ⁵	111 %	116 %	116 %	118 %	121 %
Average of indicators	107 %	108 %	112 %	113 %	113 %

¹ Profit/loss before taxes, in % of average equity (return on equity).

² Total operating expenses in % of net interest income after commissions costs.

³ Leverage ratio is calculated in accordance to the CRR/CRD IV regulatory. The calculation of the leverage ratio is described in the regulations article 416 and 417.

⁴ Liquidity Indicator I:

Funding with remaining time to maturity exceeding 12 months
Illiquid assets

⁵ Liquidity Indicator II:

Funding with remaining time to maturity exceeding 1 month
Illiquid assets

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