

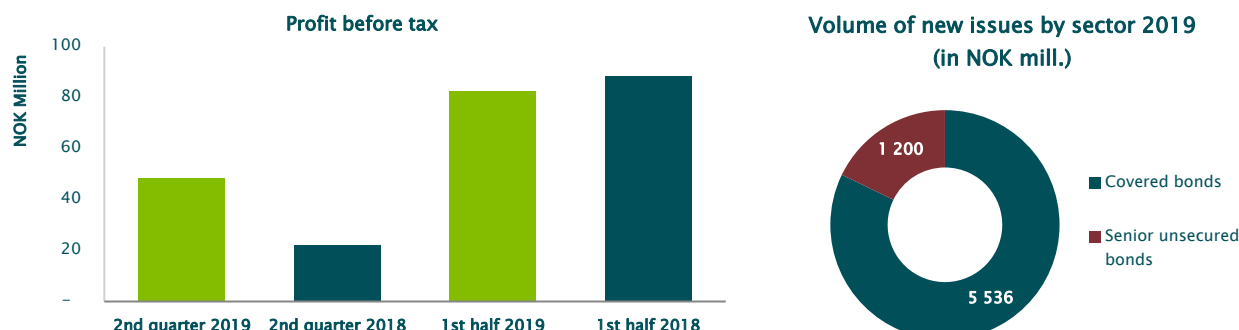
## Eika Boligkreditt AS

# Interim report for the second quarter and first half of 2019

Unaudited



# Highlights



## Second quarter 2019

- Pre-tax profit NOK 48.3 million (2018: NOK 22.2 million)
- Comprehensive income (taking account of fair value changes in basis swaps) of NOK 106.5 million (2018: negative at NOK 4 million)
- Financing of owner banks up by 1.2 per cent, corresponding to an annualised growth of five per cent
- Commissions to owner banks of NOK 110.1 million (2018: NOK 127.5 million)
- NOK 1.2 billion in bonds issued (2018: NOK 5 billion)

## First half 2019

- Pre-tax profit NOK 82.8 million (2018: NOK 88.7 million)
- Comprehensive income (taking account of fair value changes in basis swaps) of NOK 120.3 million (2018: NOK 39.2 million)
- Financing of owner banks up by 1.8 per cent, corresponding to an annualised growth of 3.5 per cent
- Commissions to owner banks of NOK 227.2 million (2018: NOK 266.7 million)
- NOK 6.7 billion in bonds issued (2018: NOK 7.9 billion)

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

## INTERIM REPORT FOR THE SECOND QUARTER AND FIRST HALF OF 2019

### Introduction

Eika Boligkreditt's main purpose is to ensure access for the local banks in the Eika Alliance (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 tenor of loans, their terms and the depth of access. The object of the company's business is to reduce risk for the owner banks. At 30 June 2019, the owner banks had NOK 83.5 billion in total financing with Eika Boligkreditt and had thereby reduced the need for their own market and deposit financing by a corresponding amount.

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

### Profit and loss account for the second quarter

Amount in NOK thousand	2nd quarter 2019	2nd quarter 2018	1st half 2019	1st half 2018
Total interest income	633 203	532 568	1 237 055	1 052 833
Net interest income	160 569	157 861	319 707	358 646
Commission costs	103 828	120 408	215 485	254 045
Total gain and losses on financial instruments at fair value	3 605	(6 681)	4 547	8 529
<b>Profit before tax</b>	<b>48 277</b>	<b>22 165</b>	<b>82 764</b>	<b>88 685</b>
<b>Comprehensive income (taking account of fair value changes in basis swaps)</b>	<b>106 496</b>	<b>(3 960)</b>	<b>120 325</b>	<b>39 214</b>

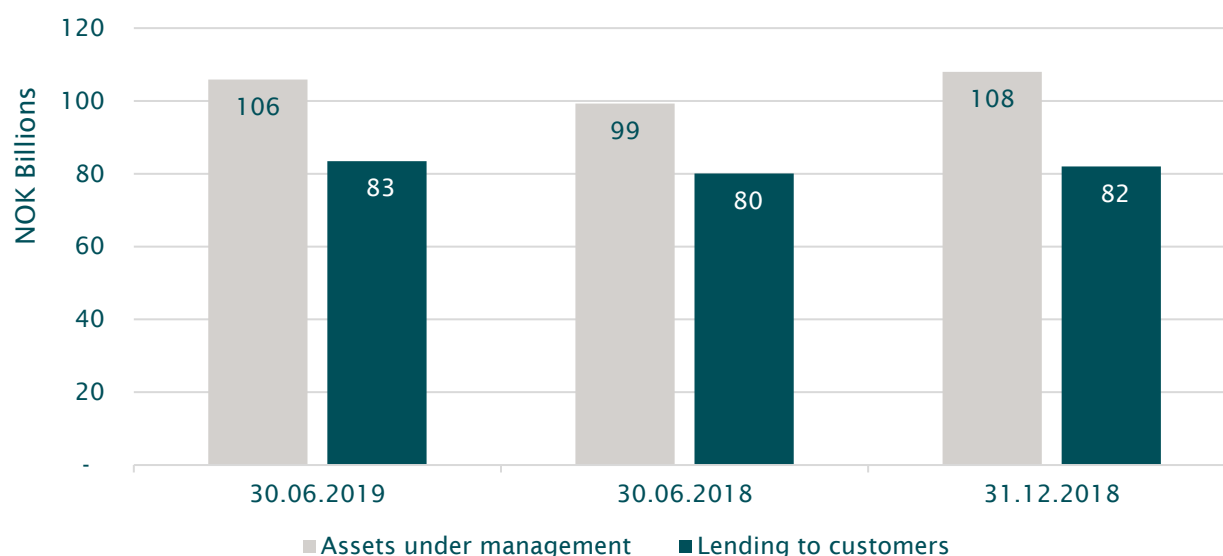
A rise corresponding to 18.9 per cent in the company's interest income in the second quarter compared with the same period of 2018 reflected some increase in lending volumes, but was primarily caused by higher interest rates on residential mortgages. Net interest income in the second quarter was up by 1.7 per cent from the same period of last year because higher money market interest rates have had less impact on borrowing rates than on repricing of lending rates. Commission payments to the owner banks declined by 13.8 per cent from the second quarter of 2018 as a result of lower margins on residential mortgages at the owner banks. Changes to the fair value of financial instruments came to NOK 3.6 million, which was up by NOK 10.3 million from the same period of 2018. Pre-tax profit for the second quarter was NOK 48.3 million, up by NOK 26.1 million from the same period of 2018.

A rise corresponding to 17.5 per cent in the company's interest income in the first half compared with the same period of 2018 reflected some increase in lending volumes, but was primarily caused by higher interest rates on residential mortgages. Net interest income in the first half was down by 10.9 per cent from the same period of last year because interest rates on borrowing have risen by more than repricing of lending rates. Commission payments to the owner banks also declined by 15.2 per cent from the first half of 2018 as a result of lower margins on residential mortgages. Changes to the fair value of financial instruments came to NOK 4.5 million, down by NOK 4 million from the same period of 2018. Pre-tax profit for the first half of 2019 was thereby down by NOK 5.9 million from the same period of last year.

Interest of NOK 7.1 million on tier 1 perpetual bonds in the second quarter and NOK 15 million for the first half is not presented as an interest expense in the income statement, but as a reduction in equity.

Comprehensive income includes changes in the value of basis swaps of NOK 90.7 million (2018: negative at NOK 35.2 million) for the second quarter and NOK 65 million (2018: negative at NOK 47.4 million) in the first half. Over the term of the derivatives, the effect of such value changes will be zero. The accounting effects will thereby reverse until the derivatives mature. This means that changes in the value of basis swaps only have accrual effects with regard to unrealised gains and losses in the financial statements, but no realised gains or losses over the term of the derivative unless Eika Boligkreditt realises the derivative early.

## Balance sheet and liquidity



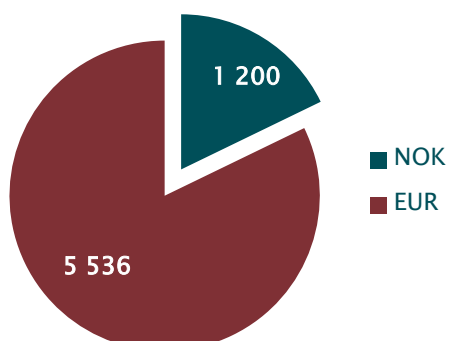
Assets under management by Eika Boligkreditt amounted to NOK 105.9 billion at 30 June 2019. Financing of the owner banks (residential mortgage lending to customers) came to NOK 83.4 billion at 30 June, representing a net increase of NOK 1 billion in the second quarter and NOK 3.4 billion for the past 12 months. That represents a net growth in lending of 4.2 per cent year on year. This reflected an increased financing requirement at the owner banks related to the growth in their mortgage lending.

## Borrowing

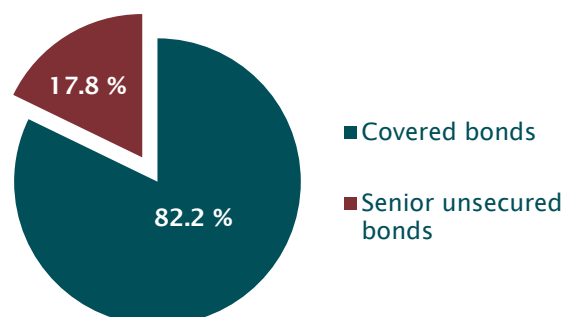
Eika Boligkreditt issued bonds (excluding tier 1 perpetual bonds) with a nominal value of NOK 1.2 billion in the second quarter, compared with NOK 5 billion in the same period of 2018. Issues in the second quarter broke down between NOK 588 million in covered bonds and NOK 600 million in senior unsecured loans.

During the first half, Eika Boligkreditt issued bonds with a nominal value of NOK 6.7 billion, compared with NOK 7.9 billion in the same period of 2018. Issues in the first half broke down between NOK 5.5 billion in covered bonds and NOK 1.2 billion in senior unsecured loans.

### Issues by currency (in NOK mill) in 2019



### Issues by sector (in %) in 2019



Of bond issues in 2019, 82.2 per cent were denominated in euros and 17.8 per cent in Norwegian kroner. Covered bonds accounted for 82.2 per cent of the issue volume.

The table below shows issues (excluding tier 1 perpetual bonds) in 2019, 2018 and 2017.

New issues (amounts in NOK million)	1st half 2019	1st half 2018	2018	2017
Covered bonds (issued in EUR)	5 536	-	4 848	9 298
Covered bonds (issued in NOK)	-	7 600	10 650	7 625
Senior unsecured bonds (issued in NOK)	1 200	-	750	1 800
Subordinated loans (issued in NOK)	-	325	325	-
<b>Totalt issued</b>	<b>6 736</b>	<b>7 925</b>	<b>16 573</b>	<b>18 723</b>

The average tenor for covered bonds issued in the first half was 11.2 years. The average tenor for the company's borrowing portfolio at 30 June was 4.01 years, compared with 3.74 years at 1 January.

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

Carrying value in NOK million	30 Jun 2019	30 Jun 2018	31 Dec 2018	31 Dec 2017
Covered bonds	91 717	87 133	93 913	87 203
Senior unsecured bonds	3 974	2 827	3 376	2 827
Subordinated loans	674	674	674	600
<b>Total borrowing</b>	<b>96 366</b>	<b>90 634</b>	<b>97 963</b>	<b>90 630</b>

The company's total borrowing at 30 June was NOK 96.4 billion, down by NOK 1.6 billion from 1 January.



## Liquidity

At 30 June, the company had a liquidity portfolio of NOK 15.9 billion when account is taken of NOK 0.35 billion in existing repo agreements recognised as other financial assets. The overall liquidity figure includes cash collateral of NOK 3.4 billion received from counterparties to derivative contracts. Cash collateral received is held as bank deposits, repo agreements and various high-quality securities. In addition to cash collateral, the company has received collateral in the form of high-quality bonds corresponding in value to NOK 0.8 billion. The value of bonds provided as collateral is not recognised in the company's liquidity portfolio or balance sheet.

## Corporate governance and collaboration model in the alliance and banks leaving the alliance

Extensive efforts have been devoted over the past year to revising the alliance's corporate governance and collaboration model. As a result of this work, an extraordinary general meeting in June 2019 resolved to establish Eika Banksamarbeidet DA. This company will be owned directly by the alliance banks and will further formalise and enhance the accountability of the banks' role in placing orders and Eika Gruppen/Eika Boligkreditt's role as suppliers and partners. The new company will be an important link between the owner banks, Eika Boligkreditt and Eika Gruppen for ensuring correct and cost-effective deliveries to the banks.

The 10 alliance banks which cancelled their agreements with Eika Gruppen in 2018 will leave the alliance when their agreements terminate on 31 December 2021. These banks will not participate in Eika Banksamarbeidet DA. Work is under way to clarify collaboration and deliveries during the period of notice as well as opportunities for possible commercial collaboration after their exit from the Eika Alliance.

## Risk management and capital adequacy

Eika Boligkreditt had a total primary capital of NOK 5.9 billion at 30 June, a net increase of NOK 20 million since 1 January. This rise reflected the redemption of a tier 1 perpetual bond amounting to NOK 131 million in the first quarter and an equity issue of NOK 150 million in the second quarter.

Capital adequacy is calculated in accordance with the standard method specified in the regulations on capital requirements.

The basis for calculating the capital adequacy ratio at 30 June amounted to NOK 34.1 billion. This amount represents a quantification of the company's credit and counterparty risk. Eika Boligkreditt's primary capital ratio is calculated as a proportion of this calculation base. The calculation base also includes the risk of credit value adjustment (CVA) at counterparties.

The table below presents developments in the capital adequacy ratio.

Amounts in NOK million	30 Jun 2019	31 Dec 2018	31 Dec 2017
Risk-weighted assets	34 116	33 731	31 447
Total primary capital (tier 2 capital)	5 922	5 902	5 305
<b>Capital adequacy ratio in per cent</b>	<b>17.4 %</b>	<b>17.5 %</b>	<b>16.9 %</b>

The company's capital targets are specified as follows:

- core tier 1 capital ratio: 13.0% (13.7% at 30 June 2019)
- tier 1 capital ratio: 14.5% (15.4% at 30 June 2019)
- tier 2 capital ratio: 16.5% (17.4% at 30 June 2019)

These targets are adequate in relation to legal requirements, the company's Pillar 2 requirement of 0.5 per cent and capital requirements based on Eika Boligkreditt's internal risk assessment. As shown above, the applicable buffer requirements were fulfilled at 30 June with a core tier 1 capital adequacy of 13.7 per cent. The Norwegian Ministry of Finance resolved on 13 December 2018, on the advice of Norges Bank, to increase the requirement for the countercyclical capital buffer from two to 2.5 per cent with effect from 31 December 2019. This will mean a corresponding rise in the company's capital targets.

## Outlook

The company's financing of the owner banks grew by a net NOK 1 billion in the second quarter and NOK 3.4 billion over the past 12 months, representing a 12-monthly growth of 4.2 per cent. Statistics Norway's credit indicator for May 2019 showed a 12-monthly increase of 5.6 per cent in Norwegian household debt.

The lending survey from Norges Bank for the second quarter of 2019 showed some rise in demand for residential mortgages, unchanged credit practice and higher interest rates for residential mortgages in line with increased financing costs, which meant no changes in margins on lending. The banks expected small changes in mortgage demand, credit practice, mortgage terms and margins on lending to households. Nevertheless, a number of banks mention the new debt register as a factor which could change credit practice. The banks expect interest rates for residential mortgage to rise somewhat in the time to come. That relates to the increase in the base rate during June.

According to the house price report from Real Estate Norway for June 2019, average Norwegian house prices were 5.3 per cent higher than at 1 January and up by 2.6 per cent over the previous 12 months. Price growth has continuously shown a moderate trend for more than a year. The balance between supply and demand in the housing market is good, with many sales across much of the country during the first half. That trend is expected to persist in the second half in line with the arrival of many completed new homes on the market because of the increased level of housebuilding in recent years. Combined with the base rate rises already implemented and warned of by Norges Bank, the company expects the growth in house prices to remain moderate in the second half.

The bond market in the first half of 2019 was characterised by a high level of activity, particularly in the first quarter. The credit margin paid by Eika Boligkreditt when issuing new five-year covered bonds in Norwegian kroner declined by about nine basis points during the period. That reversed the whole upturn seen in the Norwegian market in the autumn of 2018. By comparison, credit margins in the euro market for similar bonds declined about six basis points in the first half. An important explanation for the fall in credit margins for covered bonds seen so far in 2019 is that these bonds were perceived by the banks as attractive placements for their liquidity reserves after the margin rise in 2018. Covered bonds are part of the bond purchase programme at the European Central Bank (ECB), and it has subscribed for substantial proportions of new issues from issuers domiciled in the eurozone during recent years. Following the contraction in credit margins during the first half, many analysts anticipate that margins in the euro market will lie at the lower end of the interval they are expected to move within during 2019.

The Norwegian economy is experiencing a moderate and broad-based cyclical upturn. Annual growth in mainland GDP has exceeded the estimated annual trend increase of just over two per cent for more than two years. An expansive financial policy, a weak exchange rate for the Norwegian krone, low pay growth and low interest rates have contributed to the upturn. The upturn looks like continuing for the present year and will be driven by higher oil and industrial investment. From 2020, Statistics Norway expects higher interest rates and lower growth internationally to moderate growth, so that the Norwegian economy is expected to be almost cyclically neutral up to 2022. Norway's robust macroeconomic conditions and good results for Norwegian financial institutions suggest good future demand for covered bonds from Norwegian issuers. The bond market is also affected positively by substantial redemptions of bonds and by the fact that the ECB has a substantial requirement for reinvestment in covered bonds. The ECB is also expected to announce that it will

be stepping up its bond purchase programme again during the autumn in view of prospects for weaker growth and inflation in the eurozone. Liquidity is good in both Norwegian and international financial markets. Eika Boligkreditt expects to be an active issuer in both Norwegian and international financial markets in the time to come.

Oslo, 12 August 2019

The board of directors of Eika Boligkreditt AS

Tor Egil Lie  
Chair

Dag Olav Løseth

Terje Svendsen

Olav Sem Austmo

Rune Iversen

Torleif Lilløy

Kjartan M Bremnes  
CEO



## DECLARATION PURSUANT TO SECTION 5-6 OF THE SECURITIES TRADING ACT

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We hereby confirm that, to the best of our knowledge, the company's interim financial statements for the period from 1 January to 30 June 2019 have been prepared in accordance with applicable accounting standards, and that the information in the financial statements provides a true and fair picture of the overall assets, liabilities, financial position and financial results of the business.

To the best of our knowledge, the directors' half-year report provides a true and fair overview of important events in the accounting period and their influence on the financial statements, and a description of the most important risk factors and uncertainties facing the business in the next accounting period.

Oslo, 12 August 2019

The board of directors of Eika Boligkreditt AS

Tor Egil Lie  
Chair

Dag Olav Løseth

Terje Svendsen

Olav Sem Austmo

Rune Iversen

Torleif Lilløy

Kjartan M Bremnes  
CEO

# Statement of comprehensive income

Amounts in NOK 1 000	Notes	2Q 2019	2Q 2018	1 st half 2019	1 st half 2018	2018
<b>INTEREST INCOME</b>						
Interest from loans to customers at amortised cost		535 667	475 423	1 051 657	943 878	1 892 554
Interest from loans to customers at fair value		33 938	20 016	65 428	39 072	112 835
Interest from loans and receivables on credit institutions		4 548	5 050	8 234	10 506	17 323
Interest from bonds, certificates and financial derivatives		50 653	24 324	95 071	44 036	107 905
Other interest income at amortised cost		7 956	7 755	15 808	15 341	29 931
Other interest income at fair value		440	-	857	-	1 303
<b>Total interest income</b>		<b>633 203</b>	<b>532 568</b>	<b>1 237 055</b>	<b>1 052 833</b>	<b>2 161 852</b>
<b>INTEREST EXPENSES</b>						
Interest on debt securities issued		466 559	368 411	905 580	682 541	1 457 774
Interest on subordinated loan capital		5 787	6 611	11 286	11 526	22 199
Other interest expenses		288	(316)	482	119	358
<b>Total interest expenses</b>		<b>472 634</b>	<b>374 706</b>	<b>917 348</b>	<b>694 187</b>	<b>1 480 331</b>
<b>Net interest income</b>		<b>160 569</b>	<b>157 861</b>	<b>319 707</b>	<b>358 646</b>	<b>681 521</b>
<b>Commission costs</b>		<b>103 828</b>	<b>120 408</b>	<b>215 485</b>	<b>254 045</b>	<b>457 836</b>
<b>Net interest income after commissions costs</b>		<b>56 740</b>	<b>37 453</b>	<b>104 222</b>	<b>104 601</b>	<b>223 686</b>
Income from shares in associated company		4 090	-	7 154	-	10 911
Dividend from shares		-	7 419	-	7 419	7 419
<b>Total income from shares</b>	Note 11	<b>4 090</b>	<b>7 419</b>	<b>7 154</b>	<b>7 419</b>	<b>18 330</b>
<b>NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE</b>						
Net gains and losses of fair value hedging on debt securities issued	Note 3, 9	1 247	(10 583)	(997)	(4 708)	5 994
Net gains and losses on financial derivatives	Note 3	(2 085)	(8 437)	(1 612)	17 307	13 933
Net gains and losses on loans at fair value	Note 3	4 443	12 339	7 156	(4 070)	2 126
<b>Total gains and losses on financial instruments at fair value</b>		<b>3 605</b>	<b>(6 681)</b>	<b>4 547</b>	<b>8 529</b>	<b>22 053</b>
<b>SALARIES AND GENERAL ADMINISTRATIVE EXPENSES</b>						
Salaries, fees and other personnel expenses		7 944	7 384	15 687	14 917	31 132
Administrative expenses		4 278	4 448	8 194	8 829	18 435
<b>Total salaries and administrative expenses</b>		<b>12 223</b>	<b>11 831</b>	<b>23 881</b>	<b>23 746</b>	<b>49 567</b>
Depreciation		975	482	1 963	963	1 942
Other operating expenses		2 961	3 713	7 316	7 155	15 932
Losses on loans and guarantees		-	-	-	-	-
<b>PROFIT BEFORE TAXES</b>		<b>48 277</b>	<b>22 166</b>	<b>82 764</b>	<b>88 685</b>	<b>196 627</b>
Taxes		11 068	3 133	18 928	18 148	44 672
<b>PROFIT FOR THE PERIOD</b>		<b>37 209</b>	<b>19 033</b>	<b>63 836</b>	<b>70 537</b>	<b>151 956</b>
Net gains and losses on bonds and certificates	Note 3	1 716	4 494	10 328	5 590	(6 880)
Fair value adjustment, shares		-	-	-	-	(14 700)
Net gains and losses on basis swaps	Note 3	90 668	(35 151)	64 991	(47 353)	(106 139)
Taxes on other comprehensive income		(23 096)	7 664	(18 830)	10 440	28 255
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>106 496</b>	<b>(3 960)</b>	<b>120 325</b>	<b>39 214</b>	<b>52 491</b>

Of the total comprehensive income for the period above, NOK 105.3 million is attributable to the shareholders of the company and NOK 15 million to the hybrid capital investors.

# Balance sheet

Amounts in NOK 1 000	Notes	30 June 2019	30 June 2018	31 Dec. 2018
<b>ASSETS</b>				
<b>Lending to and receivables from credit institutions</b>		<b>883 889</b>	1 226 799	956 021
<b>Lending to customers</b>	Note 4, 9	<b>83 450 238</b>	80 063 338	82 014 685
<b>Other financial assets</b>	Note 13	<b>437 396</b>	123 453	486 551
<b>Securities</b>				
Bonds and certificates at fair value through profit or loss	Note 5,9	14 758 738	11 671 912	16 593 308
Financial derivatives	Note 8,9	6 199 960	6 114 517	7 812 493
Shares classified as available for sale	Note 10,11	2 500	-	2 500
Shares in associated company	Note 11	51 723	32 200	54 441
<b>Total securities</b>		<b>21 012 920</b>	17 818 629	24 462 742
<b>Other intangible assets</b>				
Deferred tax assets		44 085	20 578	44 085
Lease benefits	Note 15	17 745	-	-
Intangible assets		5 066	6 095	5 116
<b>Total other intangible assets</b>		<b>66 896</b>	26 673	49 201
<b>TOTAL ASSETS</b>		<b>105 851 340</b>	99 258 892	107 969 200
<b>LIABILITIES AND EQUITY</b>				
<b>Loans from credit institutions</b>	Note 14	<b>3 401 329</b>	2 921 442	3 855 067
<b>Financial derivatives</b>	Note 8,9	<b>69 660</b>	250 466	70 406
<b>Debt securities issued</b>	Note 6	<b>95 691 296</b>	89 959 847	97 288 469
<b>Other liabilities</b>		<b>614 395</b>	569 104	787 100
<b>Pension liabilities</b>		<b>4 075</b>	3 005	4 075
<b>Lease obligations</b>	Note 15	<b>17 722</b>	-	-
<b>Subordinated loan capital</b>	Note 7	<b>674 397</b>	674 147	674 273
<b>TOTAL LIABILITIES</b>		<b>100 472 874</b>	94 378 011	102 679 390
<b>Called-up and fully paid capital</b>				
Share capital		1 129 368	1 045 700	1 093 319
Share premium		3 081 015	2 814 683	2 967 063
Other paid-in equity		477 728	477 728	477 728
<b>Total called-up and fully paid capital</b>	Note 12	<b>4 688 111</b>	4 338 111	4 538 111
<b>Retained earnings</b>				
Fund for unrealised gains		10 265	14 700	10 265
Other equity		106 340	30 218	36 461
<b>Total retained equity</b>	Note 12	<b>116 605</b>	44 918	46 726
<b>Hybrid capital</b>				
Tier 1 capital		573 751	497 853	704 974
<b>Total hybrid capital</b>		<b>573 751</b>	497 853	704 974
<b>TOTAL EQUITY</b>		<b>5 378 466</b>	4 880 881	5 289 810
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>105 851 340</b>	99 258 892	107 969 200

# Statement of changes in equity

Amounts in NOK 1 000	Share capital <sup>1</sup>	Share premium <sup>1</sup>	Other paid in equity <sup>2</sup>	Fund for unrealised gains <sup>3</sup>	Retained earnings: other equity <sup>4</sup>	Tier 1 perpetual bonds <sup>5</sup>	Total equity
<b>Balance sheet as at 31 December 2017</b>	<b>1 003 932</b>	<b>2 681 452</b>	<b>477 728</b>	<b>14 700</b>	<b>42 297</b>	<b>549 540</b>	<b>4 769 647</b>
Result for the period	-	-	-	-	36 363	6 811	43 174
Equity issue	41 768	133 231	-	-	-	-	175 000
Interest tier 1 capital	-	-	-	-	-	(7 249)	(7 249)
Hybrid capital	-	-	-	-	-	76 800	76 800
Taxes on interest tier 1 capital	-	-	-	-	1 703	-	1 703
<b>Balance sheet as at 31 March 2018</b>	<b>1 045 700</b>	<b>2 814 683</b>	<b>477 728</b>	<b>14 700</b>	<b>80 363</b>	<b>625 902</b>	<b>5 059 075</b>
Result for the period	-	-	-	-	(10 497)	6 537	(3 960)
Equity issue	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	(7 787)	(7 787)
Disbursed dividends for 2017	-	-	-	-	(41 282)	-	(41 282)
Hybrid capital	-	-	-	-	-	(126 800)	(126 800)
Taxes on interest tier 1 capital	-	-	-	-	1 634	-	1 634
<b>Balance sheet as at 30 June 2018</b>	<b>1 045 700</b>	<b>2 814 683</b>	<b>477 728</b>	<b>14 700</b>	<b>30 218</b>	<b>497 852</b>	<b>4 880 881</b>
Result for the period	-	-	-	-	35 124	6 978	42 102
Equity issue	47 620	152 380	-	-	-	-	200 000
Interest tier 1 capital	-	-	-	-	-	(5 549)	(5 549)
Taxes on interest tier 1 capital	-	-	-	-	1 745	-	1 745
<b>Balance sheet as at 30 September 2018</b>	<b>1 093 319</b>	<b>2 967 064</b>	<b>477 728</b>	<b>14 700</b>	<b>67 087</b>	<b>499 282</b>	<b>5 119 179</b>
Result for the period	-	-	-	(4 435)	(32 705)	8 314	(28 826)
Equity issue	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	(9 021)	(9 021)
Hybrid capital	-	-	-	-	-	206 400	206 400
Taxes on interest tier 1 capital	-	-	-	-	2 078	-	2 078
<b>Balance sheet as at 31 December 2018</b>	<b>1 093 319</b>	<b>2 967 064</b>	<b>477 728</b>	<b>10 265</b>	<b>36 461</b>	<b>704 974</b>	<b>5 289 810</b>
Result for the period	-	-	-	-	5 902	7 927	13 829
Equity issue	-	-	-	-	-	-	-
Interest tier 1 capital	-	-	-	-	-	(7 830)	(7 830)
Hybrid capital	-	-	-	-	-	(131 400)	(131 400)
<b>Balance sheet as at 31 March 2019</b>	<b>1 093 319</b>	<b>2 967 064</b>	<b>477 728</b>	<b>10 265</b>	<b>42 362</b>	<b>573 671</b>	<b>5 164 409</b>
Result for the period	-	-	-	-	99 423	7 073	106 496
Equity issue	36 048	113 952	-	-	-	-	150 000
Interest tier 1 capital	-	-	-	-	-	(6 994)	(6 994)
Disbursed dividends for 2018	-	-	-	-	(35 445)	-	(35 445)
Hybrid capital	-	-	-	-	-	-	-
<b>Balance sheet as at 30 June 2019</b>	<b>1 129 368</b>	<b>3 081 015</b>	<b>477 728</b>	<b>10 265</b>	<b>106 340</b>	<b>573 751</b>	<b>5 378 466</b>

The specification of equity comprises accounting items pursuant to the provisions in the Norwegian Private Limited Liability Companies Act:

<sup>1</sup>Share capital and the share premium comprises paid-in capital.

<sup>2</sup>Other paid-in capital comprises paid-in capital which has earlier been taken from the share premium reserve.

<sup>3</sup>The fund for unrealised gains comprises from value changes on financial instruments at fair value.

<sup>4</sup>Other equity comprises earned and retained profits.

<sup>5</sup>Tier 1 perpetual bonds form part of tier 1 capital pursuant to section 3a of the Norwegian regulations concerning the calculation of regulatory capital. A regulatory right of redemption also exists. Should government regulations introduce changes which affect the extent to which the capital can be regarded as tier 1 capital, the bonds can be redeemed at a price equal to 100 per cent plus accrued interest. The company has recognised the following tier 1 perpetual bonds as equity:

- Tier 1 perpetual bond, issued NOK 100 million in 2017, with interest terms of three months Nibor plus 3.25 per cent. The loan provides for a call at 16 June 2022, and quarterly thereafter on each date interest payment falls due.
- Tier 1 perpetual bond, issued NOK 200 million in 2018, with interest terms of three months Nibor plus 3.15 per cent. The loan provides for a call at 2 February 2023, and quarterly thereafter on each date interest payment falls due.
- Tier 1 perpetual bond, issued NOK 275 million in 2018, with interest terms of three months Nibor plus 3.75 per cent. The loan provides for a call at 30 October 2023, and quarterly thereafter on each date interest payment falls due.

Eika Boligkreditt has the right to pay no interest to the investors. Interest is not recognised as interest expense in the profit and loss account, but as a reduction to equity.

# Statement of cash flows

Amounts in NOK 1 000	2Q 2019	2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period	120 325	52 491
Taxes	37 758	16 417
Income taxes paid	(32 764)	(20 501)
Ordinary depreciation	919	1 942
Non-cash pension costs	-	1 070
Change in loans to customers	(1 435 553)	(4 728 735)
Change in bonds and certificates	1 834 570	(3 881 008)
Change in financial derivatives and debt securities issued	186 753	(421 695)
Interest expenses	917 348	1 480 331
Paid interest	(1 092 659)	(1 008 943)
interest income	(1 220 390)	(2 130 618)
received interests	1 207 034	2 108 818
Changes in other assets	44 765	(131 732)
Changes in short-term liabilities and accruals	14 589	(28 657)
<b>Net cash flow relating to operating activities</b>	<b>582 695</b>	<b>(8 690 819)</b>
<b>INVESTING ACTIVITIES</b>		
Payments related to acquisition of fixed assets	(869)	(1 069)
Share of profit/loss in associated companies	(7 154)	-
Payments from shares in associated companies	9 872	-
<b>Net cash flow relating to investing activities</b>	<b>1 849</b>	<b>(1 069)</b>
<b>FINANCING ACTIVITIES</b>		
Gross receipts from issuance of bonds and commercial paper	6 691 876	16 306 972
Gross payments of bonds and commercial paper	(6 863 269)	(8 993 413)
Gross receipts on issue of subordinated loan capital	124	324 588
Gross payments of subordinated loan capital	-	(249 961)
Gross receipts from issue of loan from credit institution	-	63 534
Gross payments from loan from credit institution	(453 738)	-
Gross receipts from issuing tier 1 perpetual bonds	-	475 000
Gross payments from issuing tier 1 perpetual bonds	(131 400)	(376 846)
Interest to the hybrid capital investors	(14 824)	28 640
Payments of dividend	(35 445)	(41 282)
Paid-up new share capital	150 000	375 000
<b>Net cash flow from financing activities</b>	<b>(656 676)</b>	<b>7 912 233</b>
Net changes in lending to and receivables from credit institutions	(72 132)	(779 655)
Lending to and receivables from credit institutions at 1 January	956 021	1 735 677
<b>Lending to and receivables from credit institutions at end of period</b>	<b>883 889</b>	<b>956 021</b>

# Notes

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## Note 1 – Accounting policies

### General

Eika Boligkreditt will prepare financial statements for 2019 in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). Financial assets and liabilities are measured at amortised cost, at fair value through profit or loss or at fair value through other comprehensive income. Note 1 to the annual financial statements for 2018 provides more details about accounting principles pursuant to the IFRS.

The financial statements for the second quarter of 2019 have been prepared in accordance with IAS 34 Interim financial reporting.

## Note 2 – Use of estimates and discretion

In the application of the accounting policies described in note 1 to the annual financial statements for 2018, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities which are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

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

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

### Lending, non-performing/doubtful loans and writedowns

Pursuant to IFRS 9, provisions for losses will be recognised on the basis of expected credit losses in the light of relevant information available at the reporting date. The combination of the low loan-to-value ratio for the residential mortgage portfolio and the credit guarantees provided by the owner banks means that the company does not expect significant effects on EBK's profit or equity. See note 4.2.2 to the annual financial statements for 2018 for further information.

No loans were written down at 30 June 2019.

### Fair value of financial instruments

The company applies various measurement methods to determine the fair value of financial instruments which 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, 10 and 11.



## Note 3 – Net gain and loss on financial instruments at fair value

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

Amounts in NOK 1 000	2nd quarter 2019	2nd quarter 2018	1st half 2019	1st half 2018	2018
Net gains and losses on loans at fair value	4 443	12 339	7 156	(4 070)	2 126
Net gains and losses on financial debts, hedged <sup>1</sup>	592 294	604 419	1 360 789	1 748 865	50 791
Net gains and losses on interest swaps related to lending	(2 085)	(8 437)	(1 612)	17 307	13 933
Net gains and losses on interest and currency swaps related to liabilities	(591 047)	(615 002)	(1 361 786)	(1 753 573)	(44 797)
<b>Net gains and losses on financial instruments at fair value</b>	<b>3 605</b>	<b>(6 681)</b>	<b>4 547</b>	<b>8 529</b>	<b>22 053</b>

<sup>1</sup> 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.

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

Amounts in NOK 1 000	2nd quarter 2019	2nd quarter 2018	1st half 2019	1st half 2018	2018
Net gains and losses on bonds and certificates	6 676	4 474	18 384	5 628	(6 715)
Net gains and losses on interest-rate swaps related to bonds and certificates	(4 961)	20	(8 056)	(38)	(165)
Fair value adjustment, shares	-	-	-	-	(14 700)
Net gains and losses on basis swaps <sup>1</sup>	90 668	(35 151)	64 991	(47 353)	(106 139)
<b>Net gains and losses on financial instruments at fair value</b>	<b>92 383</b>	<b>(30 657)</b>	<b>75 319</b>	<b>(41 763)</b>	<b>(127 720)</b>

<sup>1</sup> Comprehensive profit for the first half of 2019 includes positive changes of NOK 65 million in the value of basis swaps.

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. 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.

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	30 Jun 2019	30 Jun 2018	31 Dec 2018
Installment loans - retail market	77 630 844	73 173 810	75 685 305
Installment loans - housing cooperatives	5 792 302	6 875 379	6 309 164
Adjustment fair value lending to customers <sup>1</sup>	27 092	14 148	20 214
<b>Total lending before specific and general provisions for losses</b>	<b>83 450 238</b>	<b>80 063 338</b>	<b>82 014 685</b>
Impairments on lending to customers	-	-	-
<b>Total lending to and receivables from customers</b>	<b>83 450 238</b>	<b>80 063 338</b>	<b>82 014 685</b>

<sup>1</sup>The table below shows fair value lending to customers.

All lending concerns residential mortgage loans with a loan-to-value ratio of up to 60 per cent at origination. The company had no non-performing loans where the outstanding instalment was more than 90 days overdue at 30 June 2019.

### IFRS9

Pursuant to IFRS 9, provision for losses must be recognised on the basis of the expected credit loss indicated by relevant information available at the reporting date. The combination of the residential mortgage portfolio's loan-to-value ratio and the credit guarantees provided by the owner banks means that implementation of the standard has not had significant effects on EBK's profits or equity. See note 4.2.2 to the annual financial statements for 2018 for further information.

#### 30 Jun 2019

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	78 155 785	78 155 785
Fixed rate loans	5 267 361	5 294 453
<b>Total lending</b>	<b>83 423 147</b>	<b>83 450 238</b>

#### 30 Jun 2018

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	76 012 543	76 012 543
Fixed rate loans	4 036 647	4 050 795
<b>Total lending</b>	<b>80 049 189</b>	<b>80 063 338</b>

#### 31 Dec 2018

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	77 184 505	77 184 505
Fixed rate loans	4 809 964	4 830 180
<b>Total lending</b>	<b>81 994 470</b>	<b>82 014 685</b>

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

### 30 June 2019

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	6 584 997	6 608 438	6 608 373
Credit institutions	6 476 000	6 512 282	6 523 248
Government bonds	1 629 718	1 632 025	1 627 117
<b>Government bonds</b>	<b>14 690 715</b>	<b>14 752 745</b>	<b>14 758 738</b>
<b>Change in value charged to other comprehensive income</b>			<b>5 993</b>

Average effective interest rate is 1.49 per cent annualised. The calculation is based on a weighted fair value of NOK 16 billion. The calculation takes account of a return of NOK 65.2 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

### 30 June 2018

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair Value
Municipalities	3 373 623	3 375 705	3 400 491
Credit institutions	5 828 264	5 849 395	5 866 790
Government bonds	2 417 770	2 419 247	2 404 631
<b>Total bonds and certificates at fair value</b>	<b>11 619 657</b>	<b>11 644 346</b>	<b>11 671 912</b>
<b>Change in value charged to other comprehensive income</b>			<b>27 566</b>

Average effective interest rate is 1.12 per cent annualised. The calculation is based on a weighted fair value of NOK 11.7 billion. The calculation takes account of a return of NOK 65.2 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

### 31 December 2018

Amounts in NOK 1 000

Bonds broken down by issuer sector	Nominal value	Cost price	Fair value
Municipalities	5 438 386	5 439 810	5 437 976
Credit institutions	6 485 000	6 519 729	6 525 679
Government bonds	4 538 440	4 544 130	4 629 653
<b>Total bonds and certificates at fair value</b>	<b>16 461 826</b>	<b>16 503 669</b>	<b>16 593 308</b>
<b>Change in value charged to other comprehensive income</b>			<b>89 639</b>

Average effective interest rate is 1.09 per cent annualised. The calculation is based on a weighted fair value of NOK 11.9 billion. The calculation takes account of a return of NOK 129.39 million on bank deposits, bonds and certificates. The return on reinvested cash collateral received is excluded from the calculation.

	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Average term to maturity</b>	<b>1,2</b>	<b>1,1</b>	<b>0,9</b>
<b>Average duration</b>	<b>0,2</b>	<b>0,2</b>	<b>0,2</b>

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

## Note 6 – Debt securities issued

Covered bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Jun 2019	30 Jun 2018	31 Dec 2018
NO0010502149	-	NOK	Floating	3M Nibor + 0.70 %	2009	2019	-	520 972	430 233
NO0010561103	1 948 000	NOK	Fixed	5,00 %	2009	2019	1 269 740	1 965 898	1 959 785
NO0010605587	1 000 000	NOK	Fixed	5,20 %	2011	2021	1 000 000	1 000 000	1 000 000
NO0010625346	1 500 000	NOK	Fixed	4,60 %	2011	2026	1 500 666	1 500 757	1 500 712
NO0010663727	5 220 000	NOK	Floating	3M Nibor + 0.60%	2012	2019	3 989 036	5 227 681	4 256 621
NO0010663743	1 000 000	NOK	Fixed	3,25 %	2012	2019	200 223	1 002 456	200 470
NO0010664428	-	NOK	Floating	3M Nibor + 0.53%	2012	2018	-	65 012	-
XS0794570944	-	EUR	Fixed	2,00 %	2012	2019	-	6 178 473	6 436 913
NO0010669922	1 000 000	NOK	Fixed	4,00 %	2013	2028	997 381	997 076	997 229
NO0010685480	5 125 000	NOK	Floating	3M Nibor + 0.54 %	2013	2020	5 133 353	5 139 063	5 136 185
NO0010685704	550 000	NOK	Fixed	3,50 %	2013	2020	550 659	551 105	550 881
NO0010687023	150 000	NOK	Fixed	4,10 %	2013	2028	150 000	150 000	150 000
NO0010697204	-	SEK	Fixed	2,38 %	2013	2018	-	273 017	-
NO0010697212	-	SEK	Floating	3M Stibor + 0.50%	2013	2018	-	637 140	-
XS0881369770	1 000 000	EUR	Fixed	2,13 %	2013	2023	9 689 626	9 486 282	9 879 560
XS1044766191	500 000	EUR	Fixed	1,50 %	2014	2021	4 846 843	4 742 373	4 940 427
NO0010732258	8 000 000	NOK	Floating	3M Nibor + 0.28%	2015	2022	7 972 273	7 961 676	7 967 018
NO0010733694	1 150 000	NOK	Fixed	1,75 %	2015	2021	1 147 089	1 145 808	1 146 452
XS1312011684	500 000	EUR	Floating	0,625 %	2015	2021	4 845 544	4 742 255	4 939 699
NO0010763022	850 000	NOK	Fixed	2,25 %	2016	2031	843 614	843 077	843 347
NO0010775190	5 000 000	NOK	Floating	3M Nibor + 0.40 %	2016	2020	4 999 614	4 999 147	4 999 382
NO0010780687	700 000	NOK	Fixed	2,60 %	2016	2027	699 471	699 404	699 438
XS1397054245	500 000	EUR	Fixed	0,375 %	2016	2023	4 833 622	4 729 499	4 926 983
NO0010794308	5 000 000	NOK	Floating	3M Nibor + 0.43 %	2017	2022	5 008 485	5 011 174	5 009 818
XS1566992415	500 000	EUR	Fixed	0,375 %	2017	2024	4 834 996	4 732 245	4 929 108
XS1725524471	500 000	EUR	Fixed	0,375 %	2017	2025	4 830 324	4 727 735	4 924 377
NO0010815376	1 600 000	NOK	Fixed	2,67 %	2018	2033	1 588 693	1 587 867	1 588 282
NO0010821192	5 000 000	NOK	Floating	3M Nibor + 0.34 %	2018	2023	8 044 571	4 995 190	8 043 920
XS1869468808	500 000	EUR	Fixed	0,50 %	2018	2025	4 828 128	-	4 922 155
XS1945130620	500 000	EUR	Fixed	0,875 %	2019	2029	4 812 937	-	-
XS1969637740	10 000	EUR	Fixed	1,25 %	2019	2039	97 155	-	-
XS1997131591	60 000	EUR	Fixed	1,11 %	2019	2039	582 826	-	-
Value adjustments							2 420 009	1 520 759	1 533 790
<b>Total covered bonds<sup>1</sup></b>							<b>91 716 877</b>	<b>87 133 141</b>	<b>93 912 784</b>

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

## Senior unsecured bonds - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Jun 2019	30 Jun 2018	31 Dec 2018
NO0010699234	-	NOK	Floating	3M Nibor + 1.14%	2013	2018	-	199 972	-
NO0010708936	425 000	NOK	Floating	3M Nibor + 0.80%	2014	2019	425 038	425 183	425 110
NO0010713753	-	NOK	Floating	3M Nibor + 0.70%	2014	2019	-	249 954	249 978
NO0010739287	600 000	NOK	Floating	3M Nibor + 0.70%	2015	2020	599 868	599 725	599 797
NO0010764160	-	NOK	Floating	3M Nibor + 0.95%	2016	2019	-	350 245	350 096
NO0010776099	500 000	NOK	Floating	3M Nibor + 0.92%	2016	2020	499 907	499 834	499 871
NO0010782048	500 000	NOK	Floating	3M Nibor + 0.95%	2017	2022	501 286	501 792	501 537
NO0010830367	450 000	NOK	Floating	3M Nibor + 0.56 %	2018	2022	449 796	-	449 764
NO0010834716	500 000	NOK	Fixed	3,01 %	2018	2025	299 567	-	299 533
NO0010841620	300 000	NOK	Fixed	2,87 %	2019	2026	299 634	-	-
NO0010845936	500 000	NOK	Floating	3M Nibor + 0.78 %	2019	2024	299 794	-	-
NO0010849433		NOK	Floating	3M Nibor + 0.74 %	2019	2024	299 641	-	-
NO0010851975		NOK	Floating	3M Nibor + 0.27 %	2019	2021	299 888	-	-
<b>Total senior unsecured bonds</b>							<b>3 974 419</b>	<b>2 826 706</b>	<b>3 375 685</b>
<b>Total debt securities issued</b>							<b>95 691 296</b>	<b>89 959 847</b>	<b>97 288 469</b>

## Note 7 – Subordinated loan capital

### Subordinated loan capital - amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	30 Jun 2019	30 Jun 2018	31 Dec 2018
NO0010729650	200 000	NOK	Floating	3M Nibor + 1.85% <sup>1</sup>	2015	2025	199 966	199 907	199 937
NO0010759475	150 000	NOK	Floating	3M Nibor + 3.40% <sup>2</sup>	2016	2026	149 897	149 837	149 868
NO0010814916	325 000	NOK	Floating	3M Nibor + 1.40% <sup>3</sup>	2018	2028	324 533	324 403	324 469
<b>Total subordinated loan capital</b>							<b>674 397</b>	<b>674 147</b>	<b>674 273</b>

<sup>1</sup> Subordinated loan of NOK 200 million maturing on 21 January 2025, with a redemption right (call) on 21 January 2020 and thereafter quarterly at each interest date. A regulatory and a tax related 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.

<sup>2</sup> Subordinated loan of NOK 150 million maturing on 17 March 2026, with a redemption right (call) on 17 March 2021 and thereafter quarterly at each interest date. A regulatory and a tax related 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.

<sup>3</sup> Subordinated loan of NOK 325 million maturing on 2 February 2028, with a redemption right (call) on 2 February 2023 and thereafter quarterly at each interest date. A regulatory and a tax related call 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.

## Note 8 – Coverpool

For covered bonds ascribed to the company's cover pool, an overcollateralisation requirement of five per cent applies in accordance with the company's borrowing programme (Euro Medium Term Covered Note Programme). An overcollateralization of five per cent is also necessary to maintain the Aaa rating from Moody's Investor Service. Nominal values are used when calculating the five-per-cent overcollateralisation. Pursuant to section 11-7 of the financial institutions regulations, an overcollateralisation of at least two per cent of the value of the covered bonds in the cover pool is required. Calculating the two-per-cent requirement is based on fair value with the exception of the credit spread on covered bonds, and account is also taken of the company's own holding of covered bonds.

### Calculation of overcollateralisation at fair value (calculated in accordance to section 11-7 of the financial institutions regulations)

#### Cover Pool

	Fair value		
Amounts in NOK 1 000	30 Jun 2019	30 Jun 2018	31 Dec 2018
Lending to customers <sup>2</sup>	82 988 046	79 442 228	81 541 489
<b>Substitute assets and derivatives:</b>			
Financial derivatives without accrued interest (net)	5 922 004	5 639 017	7 323 128
Substitute assets <sup>3</sup>	11 931 138	9 973 571	14 046 298
<b>Total cover pool</b>	<b>100 841 188</b>	<b>95 054 816</b>	<b>102 910 916</b>
The cover pool's overcollateralisation <sup>4</sup>	107.26%	107.76%	107.06%

#### Covered bonds issued

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Covered bonds	91 716 877	87 133 141	93 912 784
Premium/discount	217 952	178 341	200 252
Own holding (Covered bonds) <sup>1</sup>	2 083 000	902 000	2 010 000
<b>Total covered bonds</b>	<b>94 017 829</b>	<b>88 213 482</b>	<b>96 123 036</b>

<sup>1</sup>When calculating the two-per-cent requirement, account has been taken of the company's own holding of covered bonds.



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

**Cover Pool**

Amounts in NOK 1 000	Nominal values		
	30 Jun 2019	30 Jun 2018	31 Dec 2018
Lending to customers <sup>2</sup>	82 960 955	79 428 080	81 521 274
<b>Substitute assets:</b>			
Substitute assets <sup>3</sup>	11 847 676	9 932 668	13 993 519
<b>Total cover pool</b>	<b>94 808 630</b>	<b>89 360 748</b>	<b>95 514 793</b>
The cover pool's overcollateralisation <sup>4</sup>	110.72%	109.88%	110.58%

**Covered bonds issued**

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Covered bonds	85 626 500	81 323 213	86 373 213
<b>Total covered bonds</b>	<b>85 626 500</b>	<b>81 323 213</b>	<b>86 373 213</b>

<sup>2</sup>Loans, which have collateral without legal protection, are excluded.

<sup>3</sup>Substitute assets include lending to and receivables from credit institutions, bond and certificates at fair value and repo agreements.

<sup>4</sup> Pursuant to the Financial Supervisory Authority's guidance for reporting LCR, the liquidity cover ratio is excluded when calculating the cover pool's overcollateralisation. At 30 June 2019, liquid assets totalling NOK 600 million in the form of bonds and certificates were excluded from the calculation of the cover pool's overcollateralisation. Had this liquidity also been taken into account when valuing the cover pool, overcollateralisation would have been 107.90 per cent at fair value and 111.42 per cent at nominal value.

## 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 from lending at a fixed interest rate.

	30 Jun 2019		31 Dec 2018	
<b>Assets</b>				
Amounts in NOK 1 000	<b>Nominal amount</b>	<b>Fair value</b>	<b>Nominal amount</b>	<b>Fair value</b>
Interest rate swap lending <sup>1</sup>	2 760 040	13 614	1 864 130	12 005
Interest rate and currency swap <sup>2</sup>	54 113 835	6 186 346	55 027 640	7 800 488
<b>Total financial derivative assets including accrued interest</b>	<b>56 873 875</b>	<b>6 199 960</b>	<b>56 891 770</b>	<b>7 812 493</b>
<b>Liabilities</b>				
Amounts in NOK 1 000	<b>Nominal amount</b>	<b>Fair value</b>	<b>Nominal amount</b>	<b>Fair value</b>
Interest rate swap lending <sup>1</sup>	2 062 163	22 016	2 562 335	18 997
Interest rate and currency swap <sup>2</sup>	850 000	32 239	2 000 000	51 410
Interest swap placement	1 058 990	15 406	-	-
<b>Total financial derivative liabilities including accrued interest</b>	<b>3 971 153</b>	<b>69 660</b>	<b>4 562 335</b>	<b>70 406</b>

<sup>1</sup>The hedging instruments related to the lending portfolio with fixed interest rate are rebalanced when necessary.

<sup>2</sup>The nominal amount is converted to the historical currency exchange rate.

### Fair value hedging

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

	30 Jun 2019		31 Dec 2018	
Amounts in NOK 1 000	<b>Nominal amount</b>	<b>Value recognised in balance sheet</b>	<b>Nominal amount</b>	<b>Value recognised in balance sheet</b>
Hedging instruments: interest rate and currency swaps <sup>1,2</sup>	49 498 550	5 955 250	46 866 213	7 334 528
Hedged items: financial commitments incl foreign exchange <sup>2</sup>	49 498 550	(6 319 350)	46 866 213	(7 745 130)
<b>Net capitalised value without accrued interest</b>	<b>-</b>	<b>(364 099)</b>	<b>-</b>	<b>(410 602)</b>

<sup>1</sup>The nominal amount is converted to historical currency exchange rate.

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

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

Amounts in NOK 1 000	1st quarter 2019	1st quarter 2018	1st half 2019	1st half 2018	2018
Hedging instruments	(591 047)	(606 929)	(1 361 786)	(1 753 573)	(44 797)
Hedged items	592 294	596 346	1 360 789	1 748 865	50 791
<b>Net gains/losses (ineffectiveness) recorded in profit and loss<sup>3</sup></b>	<b>1 247</b>	<b>(10 583)</b>	<b>(997)</b>	<b>(4 708)</b>	<b>5 994</b>

<sup>3</sup>The change in value for financial instruments in 2019 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 and Bloomberg. 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 value of interest and currency swaps based on swap curves and investments in certificates and bonds not issued by a national state and not issued in Euro. Discounted cash flow is used in the valuation. Market data are obtained from an acknowledged provider of market data.

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

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

#### 30 June 2019

Amounts in NOK 1 000	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Lending to customers (fixed income)	-	-	5 294 453
Bonds and certificates	984 119	13 774 618	-
Financial derivatives	-	6 199 960	-
Shares classified at fair value recognised in profit or loss	-	-	2 500
<b>Total financial assets</b>	<b>984 119</b>	<b>19 974 578</b>	<b>5 296 953</b>
<b>Financial liabilities</b>			
Financial derivatives	-	69 660	-
<b>Total financial liabilities</b>	<b>-</b>	<b>69 660</b>	<b>-</b>

No significant transactions between the different levels have taken place in 2019.

#### 31 December 2018

Amounts in NOK 1 000	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Lending to customers (fixed income)	-	-	4 830 180
Bonds and certificates at fair value through profit or loss	5 437 976	11 155 332	-
Financial derivatives	-	7 812 493	-
Shares classified as available for sale	-	-	2 500
<b>Total financial assets</b>	<b>5 437 976</b>	<b>18 967 825</b>	<b>4 832 680</b>
<b>Financial liabilities</b>			
Financial derivatives	-	70 406	-
<b>Total financial liabilities</b>	<b>-</b>	<b>70 406</b>	<b>-</b>

No significant transactions between the different levels have taken place in 2018.

### Detailed statement of assets classified as level 3 assets

2019 Beløp i tusen kroner	01 Jan 2019	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2019	Other comprehensive income	30 Jun 2019
Lending to customers (fixed-rate loans)	4 830 180	838 217	(381 100)	-	7 156	-	5 294 453
Shares at fair value over profit or loss	2 500	-	-	-	-	-	2 500
<b>Total</b>	<b>4 832 680</b>	<b>838 217</b>	<b>(381 100)</b>	<b>-</b>	<b>7 156</b>	<b>-</b>	<b>5 296 953</b>

2018 Amounts in NOK 1 000	01 Jan 2018	Purchases/ issues	Disposals/ settlements	Transfers in/out of level 3	Allocated to profit or loss 2018	Other comprehensive income	31 Dec 2018
Lending to customers (fixed-rate loans)	3 647 877	2 202 231	(1 022 055)	-	2 126	-	4 830 180
Shares at fair value over OCI	29 700	-	-	(29 700)	-	-	-
Shares at fair value over profit or loss	2 500	-	-	-	-	-	2 500
<b>Total</b>	<b>3 680 077</b>	<b>2 202 231</b>	<b>(1 022 055)</b>	<b>(29 700)</b>	<b>2 126</b>	<b>-</b>	<b>4 832 680</b>

### Interest rate sensitivity of assets classified as Level 3 at 30 June 2019

A one-percentage point increase in all interest rates would reduce the value of the company's fixed-rate loans at fair value at by NOK 180 million. The effect of a decrease in interest rates would be an increase of NOK 180 million in the value of fixed-rate loans at fair value. The amounts are calculated by duration, which is the remaining portion of the fixed interest period.

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

Since the company's fixed-rate lending at fair value has an unchanged credit spread, no change in fair value is attributable to a change in the credit risk. That applies both for 30 June 2019 and cumulatively.

### Detailed statement of changes in debt related to currency changes

2019 Amounts in NOK 1 000	01 Jan 2019	Issued/matured	Currency changes	30 Jun 2019
Change in debt securities issued <sup>1</sup>	46 079 640	1 123 313	(2 803 118)	44 399 835
<b>Total</b>	<b>46 079 640</b>	<b>1 123 313</b>	<b>(2 803 118)</b>	<b>44 399 835</b>

2018 Amounts in NOK 1 000	01 Jan 2018	Issued/matured	Currency changes	31 Dec 2018
Change in debt securities issued <sup>1</sup>	41 887 570	3 923 000	269 070	46 079 640
<b>Total</b>	<b>41 887 570</b>	<b>3 923 000</b>	<b>269 070</b>	<b>46 079 640</b>

<sup>1</sup>The table shows currency changes related to bonds issued in foreign currencies. Currency changes related to liabilities with credit institutions are not shown.

## Note 11 – Shares at fair value recognised in profit in loss and shares in associated company

### Shares classified at fair value recognised in profit and loss

Amounts in NOK 1 000	Number of shares	Cost price	Book value	Owner share
Nordic Credit Rating AS	10 000	2 500	2 500	4.99 %
<b>Total</b>	<b>10 000</b>	<b>2 500</b>	<b>2 500</b>	

### Shares in associated company

Assets in associated companies are recognised using the equity method.

Amounts in NOK 1 000	Number of shares	Owner share
Eiendomsverdi AS	470 125	25.00 %
<b>Total</b>	<b>470 125</b>	

Amounts in NOK 1 000	2019	2018
Carrying amount at 1 January	54 441	29 700
Addition/disposal	-	28 530
Revaluation at acquisition cost	-	(14 700)
Share of profit/loss	7 154	10 911
Dividend	(9 873)	-
<b>Carrying amount</b>	<b>51 723</b>	<b>54 441</b>

EBK's investment in Eiendomsverdi during 2018 increased its shareholding to 25 per cent. The investment the investment is treated as an associated company calculated in accordance with the equity method. The shareholding in Eiendomsverdi is valued at the overall acquisition price on the basis of a staged acquisition adjusted for EBK's share of the profit and dividend received.

## Note 12 – Capital adequacy ratio

Amounts in NOK 1 000	30 Jun 2019	30 Jun 2018	31 Dec 2018
Share capital	1 129 368	1 045 700	1 093 319
Share premium	3 081 015	2 814 683	2 967 063
Other paid-in equity	477 728	477 728	477 728
Other equity	1 015	1 015	1 015
<b>Total equity recognised in the balance sheet (without tier 1 perpetual bonds)</b>	<b>4 689 126</b>	<b>4 339 125</b>	<b>4 539 126</b>
Fund for unrealised gains	10 265	14 700	10 265
Intangible assets	(5 066)	(6 095)	(5 116)
Deferred tax assets <sup>1</sup>	-	-	-
Prudent valuation adjustments of fair valued positions without accrued interest	(20 467)	(15 879)	(21 867)
<b>Total core tier 1 capital</b>	<b>4 673 858</b>	<b>4 331 852</b>	<b>4 522 408</b>
<b>Core capital adequacy ratio (core tier 1 capital)</b>	<b>30 Jun 2019</b>	<b>30 Jun 2018</b>	<b>31 Dec 2018</b>
Weighted calculation basis	34 116 100	32 077 493	33 731 370
Core tier 1 capital	4 673 858	4 331 852	4 522 408
<b>Core tier 1 capital ratio</b>	<b>13.7%</b>	<b>13.5%</b>	<b>13.4%</b>
Total core tier 1 capital	4 673 858	4 331 852	4 522 408
Tier 1 perpetual bonds	573 751	497 853	704 974
<b>Total tier 1 capital</b>	<b>5 247 608</b>	<b>4 829 705</b>	<b>5 227 381</b>
<b>Capital adequacy ratio (tier 1 capital)</b>	<b>30 Jun 2019</b>	<b>30 Jun 2018</b>	<b>31 Dec 2018</b>
Weighted calculation basis	34 116 100	32 077 493	33 731 370
Tier 1 capital	5 247 608	4 829 705	5 227 381
<b>Tier 1 capital ratio</b>	<b>15.4%</b>	<b>15.1%</b>	<b>15.5%</b>
Total tier 1 capital	5 247 608	4 829 705	5 227 381
Subordinated loans	674 397	674 147	674 273
<b>Total primary capital (tier 2 capital)</b>	<b>5 922 005</b>	<b>5 503 852</b>	<b>5 901 654</b>
<b>Capital adequacy ratio (tier 2 capital)</b>	<b>30 Jun 2019</b>	<b>30 Jun 2018</b>	<b>31 Dec 2018</b>
Weighted calculation basis	34 116 100	32 077 493	33 731 370
Total primary capital (tier 2 capital)	5 922 005	5 503 852	5 901 654
<b>Capital adequacy ratio</b>	<b>17.4%</b>	<b>17.2%</b>	<b>17.5%</b>
Required capital corresponding to eight per cent of calculation basis	2 729 288	2 566 199	2 698 510
Surplus equity and subordinated capital	3 192 717	2 937 653	3 203 145
The capital adequacy ratio is calculated using the standard method in Basel II.			
<b>30 June 2019</b>	<b>Weighted calculation basis</b>	<b>Capital requirement</b>	
Calculation basis			
Credit risk	31 897 708	2 551 817	
Operational risk	450 599	36 048	
CVA risk <sup>2</sup>	1 767 792	141 423	
<b>Total</b>	<b>34 116 100</b>	<b>2 729 288</b>	
<b>Leverage Ratio</b>	<b>30 Jun 2019</b>	<b>30 Jun 2018</b>	<b>31 Dec 2018</b>
Total Leverage Ratio exposure	108 755 847	101 589 758	110 627 267
Tier 1 capital	5 247 608	4 829 705	5 227 381
<b>Leverage Ratio</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>4.7 %</b>

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



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

<sup>2</sup>At 30 June 2019, Eika Boligkreditt had taken account of the risk of credit valuation adjustment (CVA) when calculating capital requirements for credit risk. This represents a supplement to the capital requirement for credit risk related to counterparty risk for derivatives.

The calculation basis comprised NOK 34.1 billion at 30 June. This amount represented a quantification of the company's risk. After account has been taken of the growth in overall lending, and changes to the company's liquidity portfolio, the calculation basis for capital adequacy at 30 June was NOK 0.4 billion higher than at 1 January.

At all times, the company must have a buffer in relation to the minimum capital adequacy requirement of eight per cent. This buffer must be sufficient to cover relevant risks which could affect the company. The company's internal capital adequacy assessment process (ICAAP) is pursued to ensure that it has an adequate buffer in relation to the minimum requirement. The company plans to capitalise continued growth in the residential mortgage portfolio. The company's capital targets are a core tier 1 capital ratio of 13 per cent, a tier 1 capital ratio of 14.5 per cent and a tier 2 capital ratio of 16.5 per cent. These targets are adequate in relation to the legal requirements, the company's Pillar 2-demands, and capital requirements based on the company's internal assessment of risk. As can be seen above, the applicable buffer requirement was met at 30 June 2019 with a core tier 1 capital ratio of 13.7 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 26 to the annual financial statements for 2018.

## Note 13 – Other financial assets

Amounts in NOK 1 000	30.06.2019	30.06.2018	31.12.2018
Prepaid expenses	1 095	1 908	1 452
Repo agreements	294 479	-	356 439
Accrued interests	142 015	116 896	128 660
Short-term receivables	0	-	-
<b>Total other financial assets</b>	<b>437 590</b>	<b>118 804</b>	<b>486 551</b>

## Note 14 – Loans from credit institutions

Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt has been provided with such collateral in the form of cash. These cash sums are managed by Eika Boligkreditt 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 30 June 2019, Eika Boligkreditt had received cash collateral of NOK 3.4 billion posted by counterparties to derivative contracts. Cash collateral is held in bank deposits, repo agreements and in various high-quality bonds. In addition to cash collateral, the company had also received NOK 0.8 billion in bonds as collateral from counterparties to derivative agreements. The value of the bonds provided as collateral is not recognised in the company's balance sheet.

## Note 15 – IFRS 16 Lease benefits

IFRS 16 on lease accounting requires that all leases are recognised in the balance sheet by recognising the beneficial use of an asset as an asset, while making provision for the lease obligation as a liability. EBK has only one lease, covering office premises, which is subject to this standard. The beneficial use and lease obligation are recognized as NOK 17.7 million in the company's balance sheet at 30 June 2019, representing the present value of future rent payments over the duration of the lease. The lease duration which forms the basis for calculating future rent payments corresponds to the remaining period until the termination of the lease (about eight and a half years at 30 June 2019). Possible options are not added to the lease duration. In addition, the beneficial use is depreciated over the duration of the lease while interest on the lease obligation is expensed. Depreciation is presented together with other depreciation in the statement of comprehensive income, while interest is included in financial expenses in the statement of comprehensive income. Interest costs are calculated by applying the discount rate (the company's incremental borrowing rate) to the lease obligation.

## Note 15 – Contingency and overdraft facilities

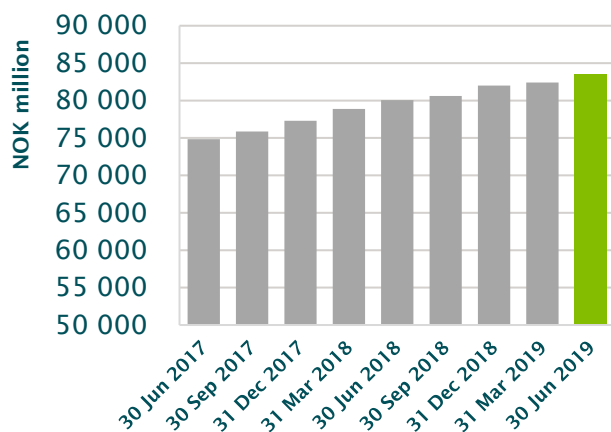
The company has an overdraft facility with DNB Bank ASA (DNB). Note 15 to the annual financial statements for 2018 provides a more detailed presentation of the overdraft with DNB. The company also has a note purchase agreement with the owner banks and OBOS concerning the purchase of covered bonds, whereby the owner banks and OBOS have accepted a liquidity obligation towards Eika Boligkreditt. More information on the note purchase agreement can be found in note 15 to the annual financial statements for 2018.

## Note 16 – Risk management

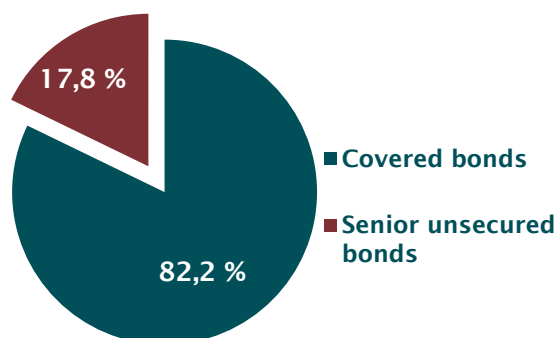
Eika Boligkreditt AS has established a framework for risk management and control in the company, which defines risk willingness and the principles for managing risk and capital. The value of financial assets and liabilities fluctuates as a result of risk in the financial markets. Note 3 to the annual accounts for 2018 describes the company's financial risk, which also applies to financial risk in 2019.

## Key figures – Development

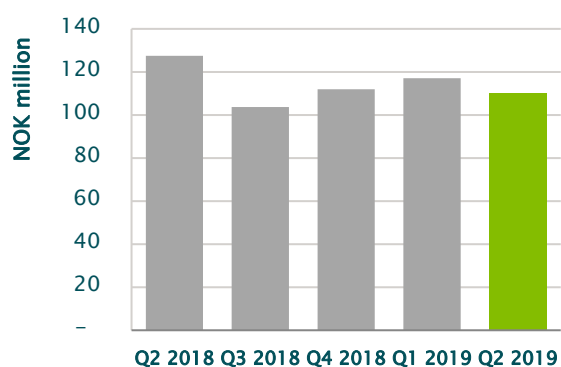
Lending to customers



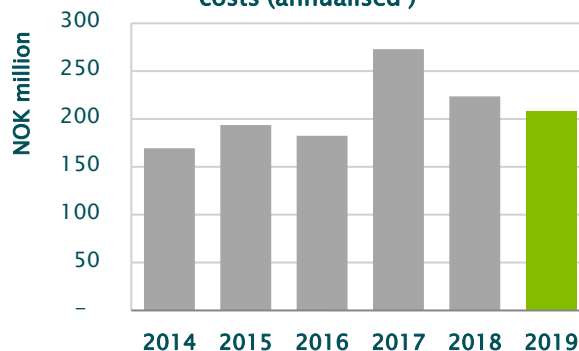
Issues by sector 2019



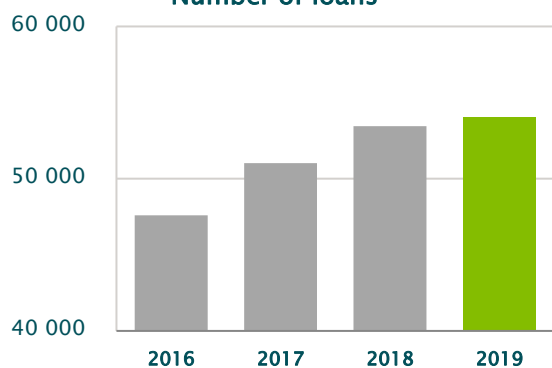
Distributor commissions



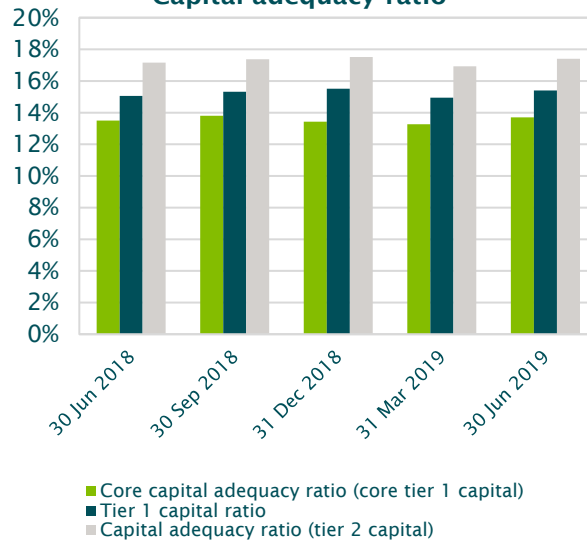
Net interest income after commissions costs (annualised)



Number of loans



Capital adequacy ratio



## Key figures – Unaudited

Amounts in NOK 1 000	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Balance sheet development</b>			
Lending to customers	83 450 238	80 063 338	82 014 685
Debt securities issued	95 691 296	89 959 847	97 288 469
Subordinated loan capital	674 397	674 147	674 273
Equity	5 378 466	4 880 881	5 289 810
Equity in % of total assets	5.1	4.9	4.9
Average total assets <sup>1</sup>	107 916 622	99 068 594	101 744 032
Total assets	105 851 340	99 258 892	107 969 200
<b>Rate of return/profitability</b>			
Fee and commission income in relation to average total assets, annualised (%)	0.4	0.5	0.4
Staff and general administration expenses in relation to average total assets, annualised (%)	0.03	0.05	0.03
Return on equity before tax, annualised (%) <sup>2</sup>	3.6	2.1	4.5
Total assets per full-time position	5 630 390	5 013 075	5 452 990
Cost/income ratio (%) <sup>3</sup>	31.8	30.5	30.1
<b>Financial strength</b>			
Core tier 1 capital	4 673 858	4 331 852	4 522 408
Tier 1 capital	5 247 608	4 829 705	5 227 381
Total primary capital (tier 2 capital)	5 922 005	5 503 852	5 901 654
Calculation basis capital adequacy ratio	34 116 100	32 077 493	33 731 370
Core tier 1 capital ratio (%)	13.7	13.5	13.4
Tier 1 capital ratio (%)	15.4	15.1	15.5
Capital adequacy ratio % (tier 2 capital)	17.4	17.2	17.5
Leverage ratio (%) <sup>4</sup>	4.8	4.8	4.7
NSFR totalindicator i % <sup>5</sup>	96	101	97
Defaults in % of gross loans	-	-	-
Loss in % of gross loans	-	-	-
<b>Staff</b>			
Number of full-time positions at end of period	18.8	19.8	19.8
<b>Liquidity Coverage Ratio (LCR)<sup>6</sup> :</b>			
<b>30 Jun 2019</b>	<b>Totalt</b>	<b>NOK</b>	<b>EUR</b>
Stock of HQLA	4 204 134	812 270	299 614
Net outgoing cash flows next 30 days	1 926 890	1 276 522	92 967
<b>LCR indicator (%)</b>	<b>218 %</b>	<b>64 %</b>	<b>322 %</b>
<b>30 Jun 2018</b>	<b>NOK</b>	<b>EUR</b>	<b>Totalt</b>
Stock of HQLA	2 486 798	262 996	6 247 090
Net outgoing cash flows next 30 days	1 062 563	48 903	2 561 028
<b>LCR indicator (%)</b>	<b>234 %</b>	<b>538 %</b>	<b>244 %</b>
<b>31 Dec 2018</b>	<b>Totalt</b>	<b>NOK</b>	<b>EUR</b>
Stock of HQLA	10 105 760	4 438 752	334 757
Net outgoing cash flows next 30 days	2 512 269	685 595	21 278
<b>LCR indicator (%)</b>	<b>402 %</b>	<b>647 %</b>	<b>1573 %</b>

<sup>1</sup> Total assets are calculated as a quarterly average for the last period.

<sup>2</sup> Annualised profit before tax as a percentage of average equity on a quarterly basis (return on equity).

<sup>3</sup> Total operating expenses in % of net interest income after commissions costs.

<sup>4</sup> Leverage ratio is calculated in accordance with the CRR/CRD IV regulatory. The calculation of the leverage ratio is described in articles 416 and 417 of the regulations.

<sup>5</sup> NSFR totalindicator: Is calculated in accordance with the CRR/CRD IV regulatory and is based on the Basel Committee recommendations.

<sup>6</sup> Liquidity Coverage Ratio (LCR):  $\frac{\text{High-quality liquid assets}}{\text{Net outgoing cash flows next 30 days}}$

LCR indicators: Pursuant to the Financial Supervisory Authority's guidance for reporting LCR, the liquidity cover ratio is excluded when calculating the cover pool's overcollateralisation. At 30 June 2019, liquid assets totalling NOK 600 million in the form of bonds and certificates were excluded from the calculation of the cover pool's overcollateralisation.

**eika.**

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