
eika. Boligkreditt
Annual report 2013

At your side.

Front page: *Northern lights over the sea. Utakleiv, Vestvågøy in Lofoten.*

***Røros:** Røros church*

Contents

The Eika Alliance

The Eika Alliance comprises the Eika banks, Eika Gruppen and Eika Boligkreditt. It ranks collectively as one of the largest players in the Norwegian financial market, with total assets of NOK 300 billion and almost a million customers. The alliance pays close attention to private customers and small businesses, and combines a unique closeness to customers with solid financial expertise. Competitive financial products, services and infrastructure for both private and business markets are supplied to the alliance through Eika Gruppen. Taken together, this makes the Eika Alliance one of the most important players in Norway's local communities.

EIKA BOLIGKREDITT

Eika Boligkreditt is a credit institution owned by 77 local banks and OBOS. Its principal purpose is to provide access for the local banks to long-term and competitive funding. The company has an international rating and is licensed as a credit institution, and funds its lending by issuing covered bonds. This means that Eika Boligkreditt can raise loans in the Norwegian and international financial markets, and secure finance wherever the best market terms can be obtained at any given time. Through Eika Boligkreditt, the alliance banks can accordingly access very favourable financing and maintain their competitiveness in relation to large Norwegian and international banks. Eika Boligkreditt thereby makes an important contribution to ensuring that customers of the local banks achieve competitive terms for their residential mortgages.

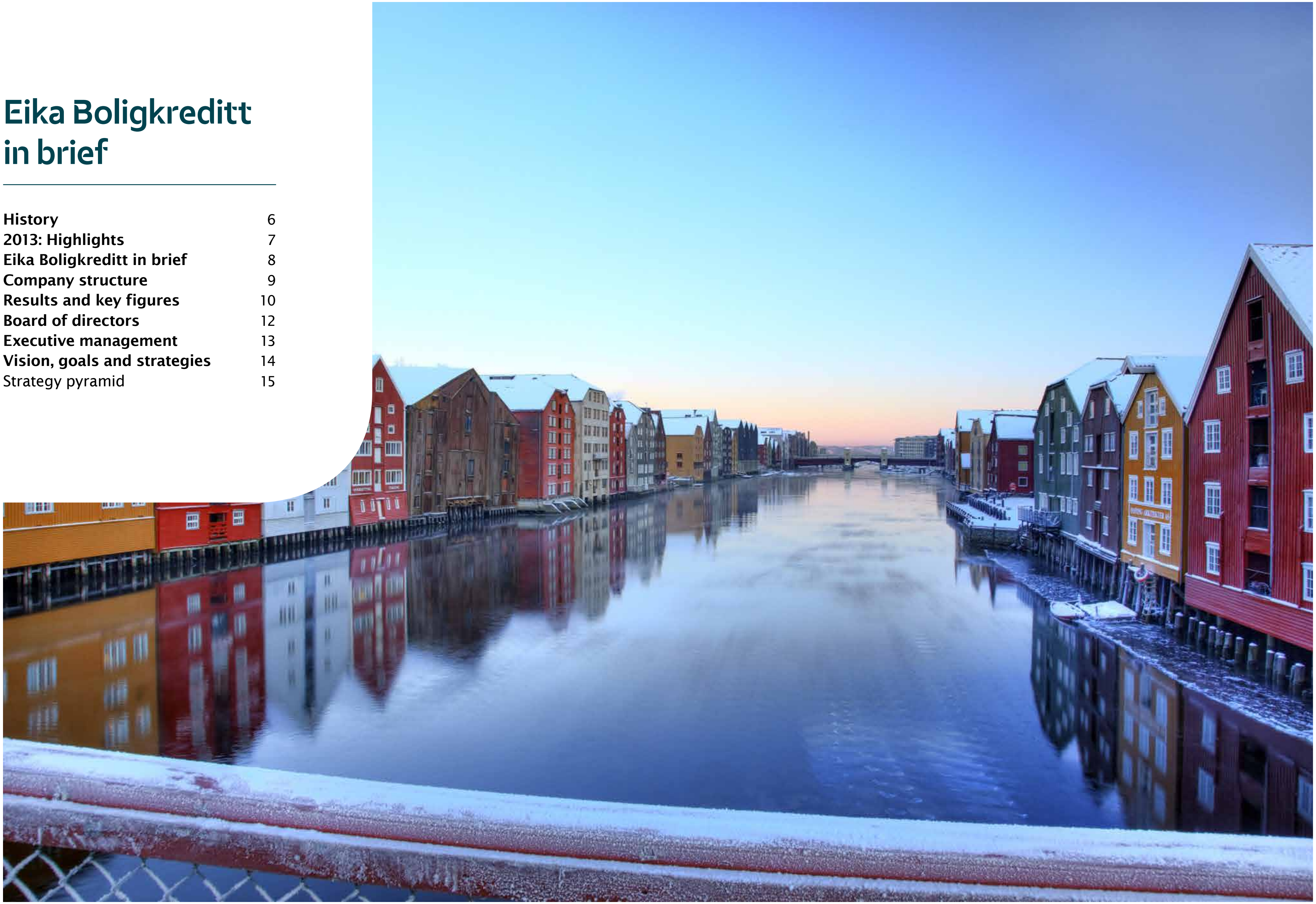
THE ALLIANCE BANKS IN EIKA

Savings banks have contributed to local settlement, economic development and security for private customers and small companies in Norwegian communities for almost 200 years. The banks in the Eika Alliance are fully independent and control their own strategy, brand and visual identity. Closeness to their communities plus a personal relationship with customer and detailed knowledge of local markets are the banks' most important competitive advantage. They are familiar with their customers and understand their needs, whether as private individuals or enterprises. The local banks serve as an important financial adviser and credit provider for individuals and businesses, and as a source of funding through their philanthropic donations for local culture, sport and voluntary organisations. Levels of customer satisfaction with and loyalty to the local banks in Eika are among the highest in Norway.

EIKA GRUPPEN

Eika Gruppen serves as the financial services group in the Eika Alliance, and is owned in part by 75 local banks. Its strategic foundation is to strengthen the local banks. The group delivers a complete platform for bank infrastructure, including IT and payment processing, and a broad range of financial products and expertise-boosting services. Collectively, Eika Gruppen's deliveries contribute to the competitiveness of the local banks. Its most important product companies are Eika Forsikring, Eika Kapitalforvaltning, Eika Kredittbank and Aktiv Eiendomsmegling. Eika Gruppen's products and services are distributed through some 400 offices in Norway. Including its owner banks and the stockbroking business, it has some 3 600 employees – including about 400 who work directly for Eika Gruppen AS – and thereby ranks as one of the biggest players in the Norwegian market for the development and sale of financial products and services.

Eika Boligkreditt in brief



Trondheim: *Piers along Nidelven.*

History

2003

- Eika Boligkreditt is founded on 24 March.

2005

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

2007

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

2008

- The net mortgage portfolio exceeds NOK 10 billion in March.
- The company issues its first "jumbo-lino", a EUR 500 million bond.

2009

- The net mortgage portfolio exceeds NOK 20 billion during November.
- The company's covered bonds are down-graded to Aa2 by Moody's Investor Service.
- Activity is increasing, and the company receives more than 1 000 loan applications in a single month for the first time in June.
- Eika Boligkreditt participates in a NOK 10.4 billion swap arrangement with the Norwegian government.

2010

- Eika Boligkreditt moves with Eika Gruppen to new premises in Parkveien.
- Kjartan M Bremnes takes over as chief executive of Eika Boligkreditt.

2012

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

2013

- The company changes its name to Eika Boligkreditt on 21 March.
- Eika Boligkreditt issues its first jumbo with a 10-year tenor in the euro market.
- The net mortgage portfolio grows by 22.6 per cent to NOK 57.7 billion
- Record distributor commissions of NOK 467 million (including origination), compared with NOK 229 million in 2012.

2013: Highlights

77

LOCAL BANKS

Eika Boligkreditt is directly owned by 77 local banks and OBOS.

381

LOCAL AUTHORITIES

Eika Boligkreditt has mortgagees in 381 local authorities.

69.8 BN

TOTAL ASSETS

Total assets were NOK 69.8 billion at 31 December.

39 THOUSAND

MORTGAGEES

Eika Boligkreditt has 39 467 mortgagees in its portfolio.

31.1%

MORTGAGEES

Proportion of residential mortgagees who live in Norway's 10 largest cities.

37.3%

MORTGAGED PROPERTY

37.3 per cent of the mortgaged property lies in Oslo and Akershus.

43.5%

LTV

The average loan to value (LTV) on the whole mortgage portfolio was 43.5 per cent, and 15.8 per cent on mortgages to residential cooperatives.

585

MORTGAGES TO RESIDENTIAL COOPERATIVES

In addition to standalone residential mortgages, the portfolio included 585 mortgages to residential cooperatives.

Eika Boligkreditt in brief

Eika Boligkreditt is a credit institution directly owned by 77 Norwegian local banks and the OBOS housing association. Its main purpose is to secure access for the owner banks (the banks and OBOS) in the Eika Alliance to long-term competitive funding by issuing covered bonds in the Norwegian and international financial markets. An important part of the company's business concept is to increase the competitiveness of the owner banks and reduce their financing risk – including refinancing risk. At 31 December 2013, the local banks and OBOS had transferred a total of NOK 57.7 billion in residential mortgages to Eika Boligkreditt and thereby relieved their own funding requirements by a corresponding amount.

The company is licensed as a credit institution and authorised to raise loans in the market by issuing covered bonds. Norwegian regulations for covered bonds were adopted in 2007, establishing a new type of bond which has become within a few years an important source of financing for banks and credit institutions. By concentrating funding activities related to covered bonds in Eika Boligkreditt, the local banks and OBOS have secured a player in the bond market which can, by virtue of its size, achieve competitive terms in both Norwegian and international bond markets.

Funding activity began at Eika Boligkreditt in February 2005 and, with current total assets of NOK 69.8 billion, the company represents an important funding channel for the alliance banks and OBOS. To secure diversified funding sources for the banks and OBOS, the company aims to be an active issuer in both Norwegian and international markets.

Tinn, Telemark: *Gaustatoppen near Rjukan*

New owner structure and change of name

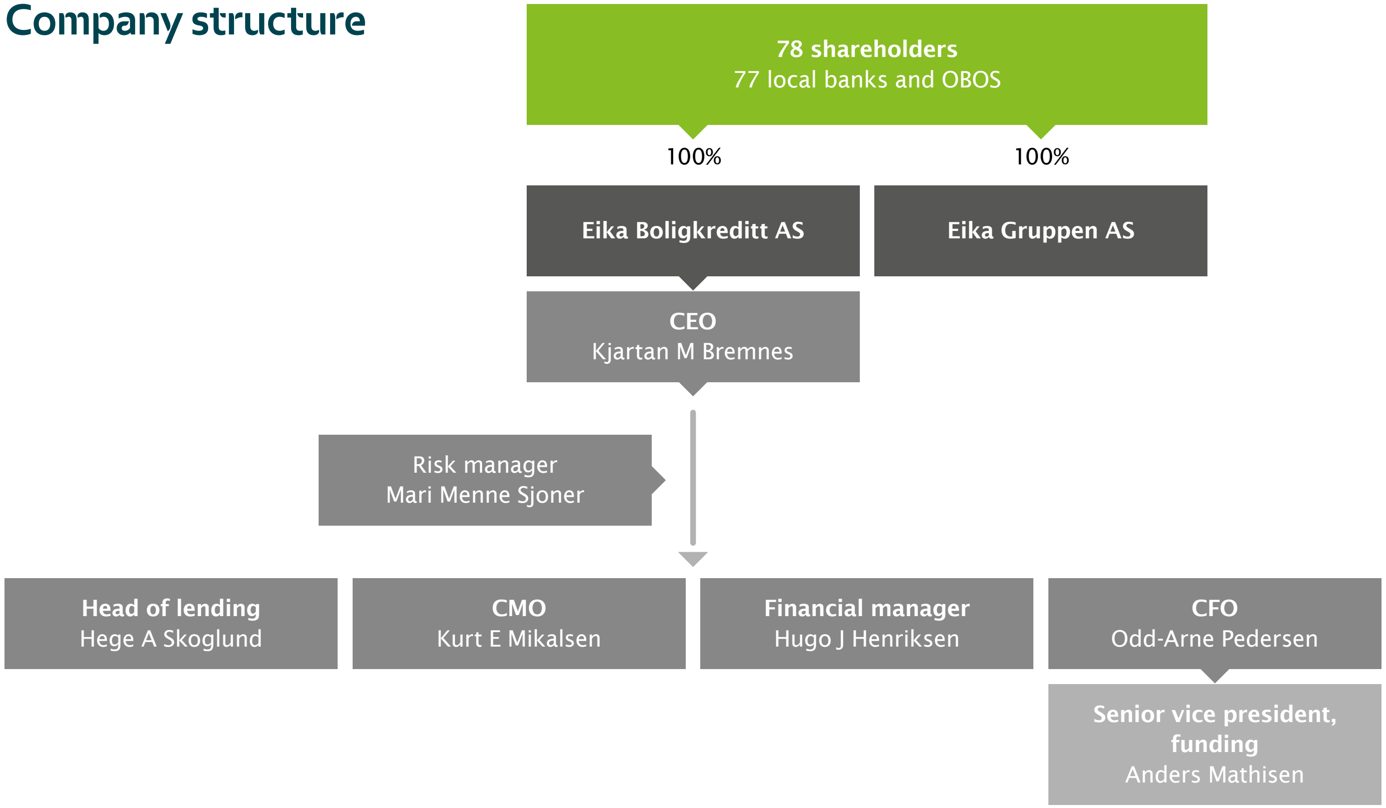
Eika Boligkreditt was demerged from Eika Gruppen AS with effect from 18 May 2012. Following the demerger, the company is directly owned by 77 Norwegian banks and the OBOS housing association (the owner banks).

In conjunction with the owner banks becoming shareholders in Eika Boligkreditt in the spring of 2012, a shareholder agreement was entered into which stipulates in part that the ownership of the company is to be rebalanced on an annual basis. This will ensure an annual adjustment so that the holding of each owner bank corresponds to its share of the company's residential mortgage portfolio.

New name

At the recommendation of the board of Eika Boligkreditt, the company's general meeting resolved on 28 February 2013 that the company would change its name from Terra BoligKreditt AS to Eika Boligkreditt AS. The background for this decision is that the Eika Gruppen financial group and bank alliance resolved in the spring of 2013 to change its name from Terra-Gruppen to Eika Gruppen. Since Eika Boligkreditt secures funding exclusively for the owner banks, and is wholly owned by these same local banks and OBOS, it was natural for the company to change to the same brand as the bank alliance. The change of name was launched and implemented in late March 2013.

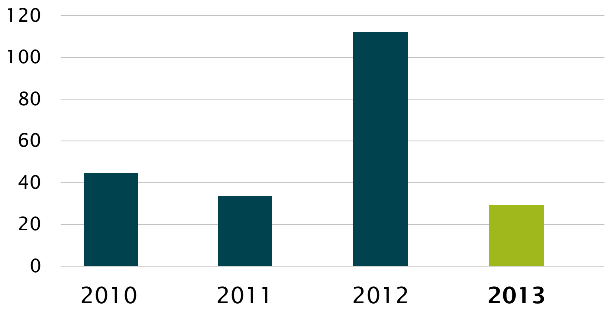
Company structure



Results and key figures

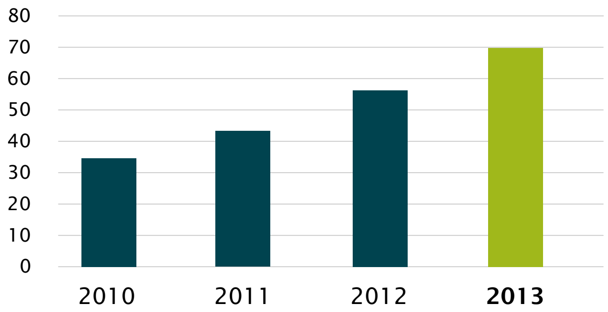
PROFIT BEFORE TAX

Amounts in NOK million



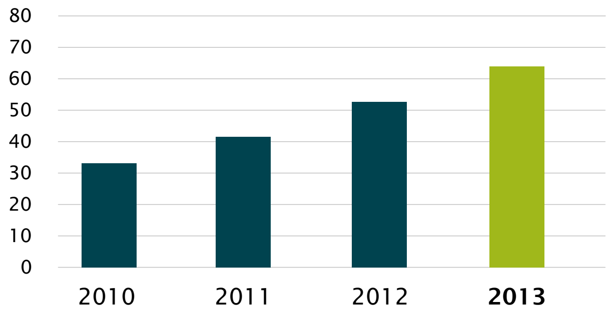
TOTAL ASSETS

Amounts in NOK billion



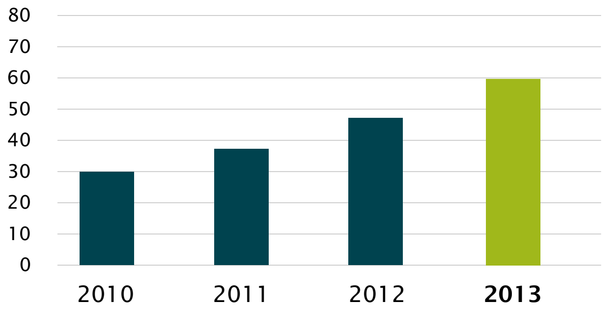
BORROWING PORTFOLIO

Amounts in NOK billion



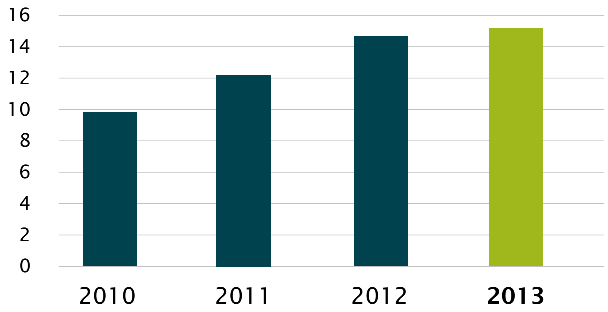
MORTGAGE PORTFOLIO

Amounts in NOK billion



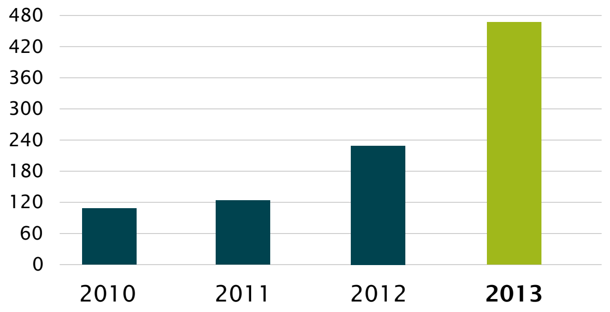
NEW MORTGAGES

In thousands



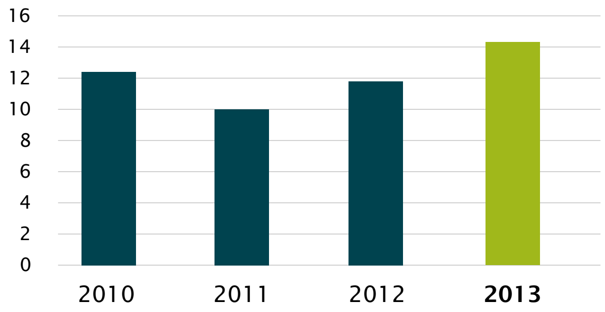
DISTRIBUTOR COMMISSIONS

Amounts in NOK million



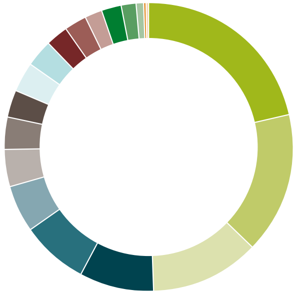
CAPITAL ADEQUACY RATIO

Value in per cent



GEOGRAPHICAL DISTRIBUTION

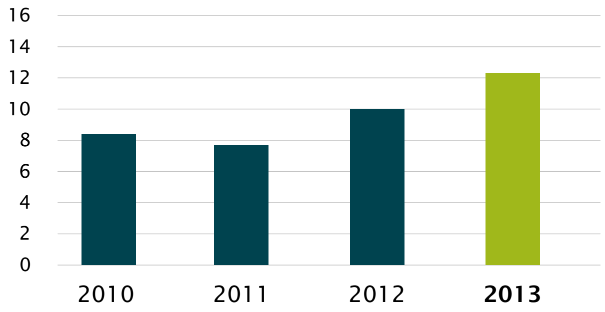
By county



Oslo	21.47%
Akershus	15.89%
Sør-Trøndelag	12.29%
Rogaland	8.37%
Østfold	7.44%
Telemark	5.35%
Buskerud	4.01%
Nord-Trøndelag	3.63%
Møre og Romsdal	3.20%
Vestfold	3.19%
Nordland	3.12%
Aust-Agder	2.52%
Vest-Agder	2.32%
Hedmark	2.18%
Hordaland	2.04%
Oppland	1.63%
Troms	0.99%
Sogn og Fjordane	0.32%
Finnmark	0.05%

CORE TIER 1 CAPITAL RATIO

Value in per cent



LTV[1]

Specified in per cent and NOK

LTV: 0-≤40%	NOK 19 111.8 mill	33.14%
LTV:>40%-≤50%	NOK 11 198.7 mill	19.42%
LTV:>50%-≤60%	NOK 20 739.0 mill	35.97%
LTV:>60%-≤70%	NOK 6 526.1 mill	11.32%
LTV:>70%-≤75%	NOK 86.4 mill	0.15%

[1] Eika Boligkreditt does not permit an LTV of more than 60 per cent of the value of the residential property provided as collateral. In subsequent calculations of price trends for housing, statistical methods are used to determine the updated value. Variations could arise during this process between the valuation established by a surveyor/valuer or estate agent and that determined using statistical methods. The LTV in the table has been determined solely on the basis of statistical methods. This means that the LTV for certain mortgages could exceed 60 per cent.

Board of directors

Øivind Gaarder
Director
- Born: 1948
- Position: CEO, Jernbanepersonalets Bank og Forsikring.
- Education: further education college, and studies of administration, management, IT and law.
- Other directorships: Deputy chair, Eika Kredittbank, director, FNH.
- Director since 2012.

Bjørn Riise
Director
- Born: 1963
- Position: CEO, Klæbu Sparebank.
- Education: BSc computing finance, Trondheim Engineering College, business economics, Trondheim Business School.
- Other directorships: chair, Klæbu Næringsforum AS and AITel Sør-Trøndelag University College.
- Director since 2008.

Martin Mæland
Chair
- Born: 1949
- Position: CEO, OBOS.
- Education: BA, MSc economics, University of Oslo.
- Other directorships: chair, Veidekke ASA, deputy chair, Entra Eiendom AS, director, Fornebu Utvikling AS.
- Director since 2009 and chair from 2012.

Odd Inge Løfald
Director
- Born: 1950
- Position: CEO, Midt-Norsk Sparebankgruppe, consultant.
- Education: civil engineer, business economist.
- Other directorships: chair, Skog-Kompaniet AS.
- Director since 2012.

Terje Svendsen
Director
- Born 1956
- Position: independent consultant.
- Education: MSc business economics, Norwegian School of Economics.
- Other directorships: chair, Tercon AS, Nordenfjeldske Eiendomsfond AS, Fotball Media AS, etc
- Director since 2011.

Executive management

Kurt E Mikalsen
Chief marketing officer
- Born: 1968
- Education: BA, University of Bodø.
- Career: DNB, GMAC Commercial Finance.
- Joined company in 2006.

Odd Arne Pedersen
CFO
- Born: 1962
- Education: MBE, BI Norwegian Business School, AFA and Master of Finance, Norwegian School of Economics.
- Career: Terra Forvaltning, Terra Securities, Terra-Gruppen, Fearnley Fonds, DN Hypotekforening
- Joined company in 2008.

Anders Mathisen
Senior vice president, funding
- Born: 1967
- Education: MBE, BI Norwegian Business School.
- Career: Terra Forvaltning, SEB, Bank of Norway.
- Joined company in 2012.

Hugo J Henriksen
Financial manager
- Born: 1969
- Education: MSc business economics, University of Bodø.
- Career: Terra-Gruppen, Ernst & Young.
- Joined company in 2007.

Hege Skoglund
Head of lending
- Born 1966
- Education: Diploma, business economics, BI Norwegian Business School.
- Career: Sparebanken Gjensidige Nor, Sparebanken Kreditt AS.
- Joined company in 2005.

Kjartan M Bremnes
CEO
- Born: 1965
- Education: law degree, University of Oslo/King's College London.
- Career: BA-HR law firm, Follo Consulting Team AS, Vesta Hygea AS.
- Joined company in 2004.

***Fjærland, Sogn og Fjordane:** Fjærlandsfjorden.*

A strategically important company for the banks and OBOS

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

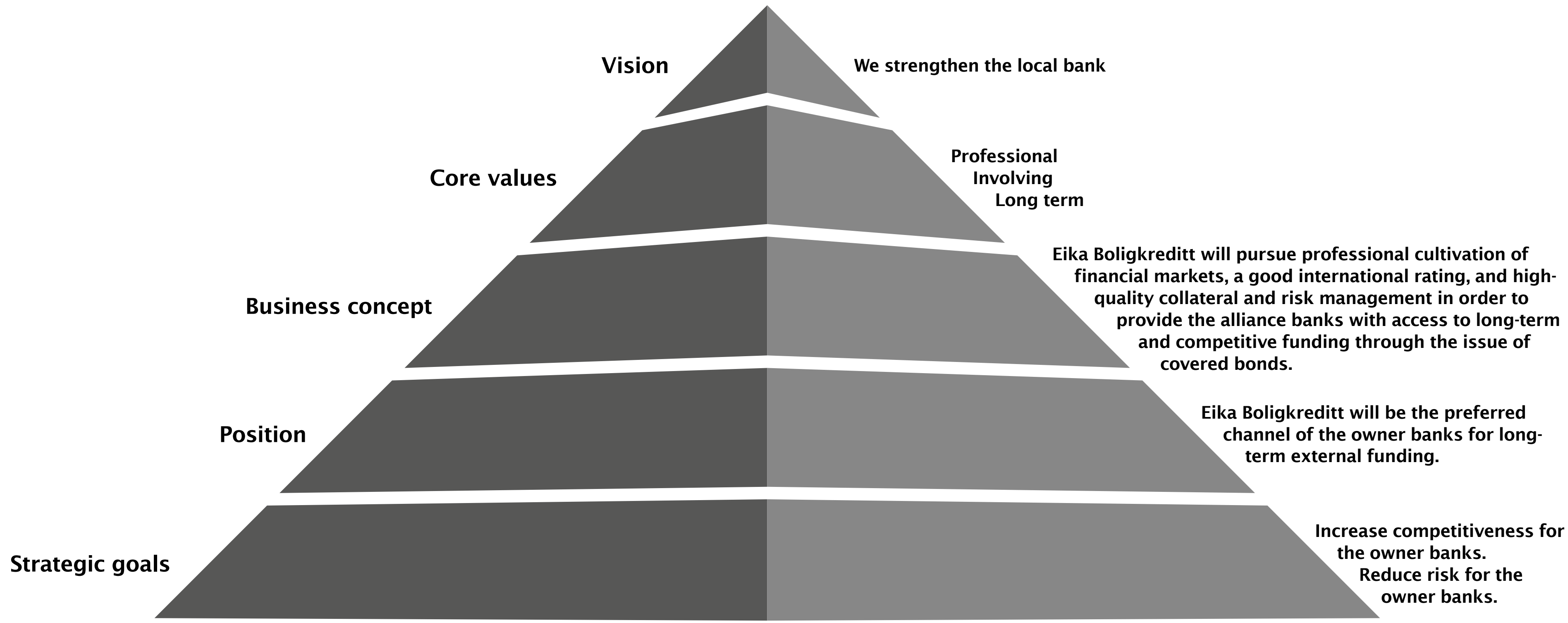
The decision by the local banks 10 years ago to establish a joint mortgage credit institution was a direct consequence of a trend where they – like all the other banks – experienced a decline in their deposit-to-loan ratio and a corresponding increase in the need for external financing from the bond market.

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

Through Eika Boligkreditt, the local banks and OBOS achieve indirect access to favourable borrowing through an internationally rated credit institution licensed to issue covered bonds in the Norwegian and international markets. Use by the local banks is very broad (95 per cent), and the owner banks had established a mortgage portfolio of NOK 57.7 billion in Eika Boligkreditt at 31 December 2013. That corresponds to about half of total external financing for the local banks, and this share is rising.

The borrowing profile through Eika Boligkreditt involves a generally longer term at a significantly more favourable rate and with access to far larger and more stable investor markets than the local banks or OBOS could have achieved individually. This is precisely why Eika Boligkreditt has become strategically important for the local banks and OBOS, contributing to enhanced competitiveness and lower risk exposure.

Strategy pyramid



COMPANY PRIORITIES

Sustainable growth	Good international rating	Profitability and cost-efficiency	Quality at every level

Improved competitiveness
Reduced risk exposure

Directors' report and financial statements

Lofoten: *Sløverfjorden, Austvågøy.*

Financial highlights

29.4 MILL

Pre-tax profit of NOK 29.4 million, compared with NOK 112.3 million in 2012.

69.8 BN

The company had total assets of NOK 69.8 billion at 31 December, compared with NOK 56.3 billion a year earlier.

63.9 BN

The borrowing portfolio totalled NOK 63.9 billion, a net increase of NOK 11.2 billion or 21.3 per cent from 31 December 2012.

22.5%

The mortgage portfolio totalled NOK 57.7 billion, a net increase of NOK 10.6 billion or 22.5 per cent since 31 December 2012.

636.8 MILL

Net interest revenues were NOK 636.8 million, up by 82.8 per cent from 2012.

467 MILL

Distributor commissions (including arrangement commissions) to the owner banks totalled NOK 467 million, compared with NOK 229 million in 2012.

14.3%

The company's capital adequacy ratio was 14.35 per cent at 31 December, compared with 11.8 per cent a year earlier. Capital adequacy is calculated in accordance with the standard method specified by Basel II.

43.5%

The average LTV was 43.5 per cent for the whole mortgage portfolio, and 16.2 per cent on mortgages to residential cooperatives.

Directors' report 2013

The company's business

Nature of the business

Eika Boligkreditt's principal purpose is to secure access for the local banks and OBOS (the owner banks) to long-term and competitive funding through the issue of covered bonds. An important part of the company's business concept is to increase the competitiveness of the owner banks by improving their access to external financing in the Norwegian and international financial markets with regard to maturities, terms and depth. At 31 December 2013, the owner banks had transferred a total of NOK 57.7 billion in mortgages and thereby reduced their own funding requirements by a corresponding amount. The company is licensed as a credit institution and authorised to raise loans in the market through the issue of covered bonds. Norwegian regulations for covered bonds were adopted in 2007, and thereby established a new type of bond which has become important within a few years as a source of finance for lending by banks and credit institutions to the household sector. By concentrating funding activities related to covered bonds in Eika Boligkreditt, its owners have secured a player in the bond market with the necessary requirements to obtain competitive terms in both Norway and internationally.

Funding activity began at Eika Boligkreditt in February 2005 and, with today's total assets of NOK 69.8 billion, it serves as an important funding channel for the owner banks. To secure diversified funding sources for the latter, the company's goal is to be an active issuer in both Norwegian and international markets.

New name

At the recommendation of the board of Eika Boligkreditt, the company's general meeting resolved on 28 February 2013 that the company would change its name from Terra BoligKreditt AS to Eika Boligkreditt AS. The background for this decision was that the Eika Gruppen financial group and bank alliance resolved in the spring of 2013 to change its name from Terra-Gruppen to Eika Gruppen. Since Eika Boligkreditt secures funding exclusively for the owner banks, and is wholly owned by these same local banks and OBOS, it was natural for the company to change to the same brand as the bank alliance.

Ownership structure

Eika Boligkreditt was demerged from Eika Gruppen AS with effect from 18 May 2012 and owned directly by the owner banks. At 31 December 2013, the company was owned by 77 Norwegian local banks and OBOS. In conjunction with the owner banks becoming the shareholders of Eika Boligkreditt, a shareholder agreement was entered into which stipulates in part that the ownership of the company is to be rebalanced on an annual basis. This will ensure an annual adjustment so that the holding of each owner bank corresponds to its share of the company's residential mortgage portfolio.

Agreements on liquidity and capital support

In connection with the establishment of direct ownership by the owner banks, agreements were entered into which regulate support for liquidity and capital respectively from the owner banks to Eika Boligkreditt.

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

Capital support from the owner banks is regulated by a shareholder agreement dated 10 May 2012. This includes a commitment by the owner banks that, under given circumstances, they will have to provide the company with the capital required to maintain the company's tier 1 capital and total primary capital ratios as required or recommended by the Financial Supervisory Authority of Norway. The board of Eika Boligkreditt resolved in April 2013 to increase the company's internal capital targets. With effect from 30 June 2013, the company's targets are set at minimums of nine per cent for the core tier 1 capital ratio, 10.5 per cent for the tier 1 capital ratio, and 12.5 per cent for the tier 2 capital ratio. The individual owner bank's capitalisation obligation is primarily limited to its pro rata share of capital issues, calculated on the basis of each owner bank's share of the company's mortgage portfolio.

Should one or more owner banks fail to fulfil their capitalisation obligation pursuant to the agreement, the capitalisation obligation of the remaining owner banks can be raised to a limit of twice their original pro rata share. The agreement on purchasing covered bonds and the shareholder agreement can be terminated under certain conditions.

International rating

The company's covered bonds have an international rating from Moody's Investor Service (Moody's), and currently have a stable rating of Aa2 (AA). The maximum loan-to-value (LTV) for residential mortgages included in Eika Boligkreditt's cover pool is set at 60 per cent at origination, while the Norwegian covered bond regulations and most other comparable companies permit up to 75 per cent. In addition, the distributors have provided guarantees to the extent defaults occur on residential mortgages transferred.

The high credit quality of the mortgage portfolio, combined with good risk management, has been confirmed by the EMEA Covered Bonds Monitoring Overview, a quarterly report issued by Moody's. The primary purpose of the report is to support Moody's rating of covered bonds, and to provide insight into various key assumptions which are decisive for the rating. In the latest report, published by Moody's on 31 January 2014, Eika Boligkreditt was ranked first in Europe for collateral score. The report embraced all the European covered-bond issuers (more than 200) rated by Moody's. This ranking confirms that the owner banks provide the company with high-quality residential mortgages.

Development of the mortgage portfolio

The company's mortgage portfolio rose from NOK 47.1 billion to NOK 57.7 billion in 2013, representing a net increase of NOK 10.6 billion or 22.6 per cent. The company maintained its LTV ceiling of 60 per cent, even though the regulations for covered bonds permit up to 75 per cent. An important reason for this rule is the need to have a value buffer against future periods in which house prices fall. At 31 December, the average LTV for the company's mortgages was 46.1 per cent based on the value of the properties at origination and 43.5 per cent if subsequent indexed price developments for the mortgaged properties are taken into account. The average LTV is calculated per mortgage and weighted in relation to total mortgages.

The mortgage portfolio comprises both standalone residential mortgages and mortgages to residential cooperatives. Standalone residential mortgages also include vacation homes. At 31 December, standalone residential mortgages accounted for 84.2 per cent of the portfolio and residential cooperative mortgages for 15.8 per cent. The average LTV for residential cooperative mortgages at 31 December 2013 was 18.5 per cent based on the value of the properties at origination, and 16.2 per cent if subsequent price developments for the mortgaged properties are taken into account. Since funding activity began in 2005, the company has experienced no defaults exceeding 90 days or losses related to its mortgage business. The risk of loss is therefore reduced through guarantees from the banks.

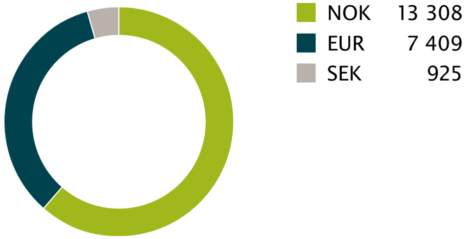
Borrowing

The company's total borrowing (debt securities issued) amounted to NOK 63.9 billion at 31 December, up by NOK 11.2 billion from the end of 2012.

Eika Boligkreditt issued bonds and certificates corresponding to NOK 21.6 billion in 2013. About 34 per cent were issued in euros, 62 per cent in Norwegian kroner and the remaining four per cent in Swedish kroner. Of the total issue volume, 87 per cent related to the issue of covered bonds. During 2013, repurchases of the company's own bonds totalled NOK 3.7 billion, early redemption of the swap agreement with the Norwe-

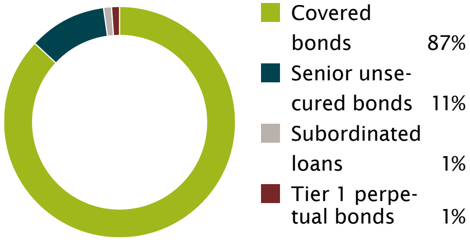
ISSUES BY CURRENCY

(in NOK mill) in 2013



ISSUES BY SECTOR

(in %) in 2013



ISSUES BY SECTOR

(amounts in NOK million)

	2013	2012	2011	2010
Covered bonds (issued in SEK)	**925**	-	-	-
Covered bonds (issued in EUR)	**7 409**	15 687	-	8 787
Covered bonds (issued in NOK)	**10 508**	5 713	11 830	4 300
Senior unsecured bonds (issued in NOK)	**2 300**	1 900	340	550
Subordinated loans (issued in NOK)	**250**	-	-	180
Tier 1 perpetual bonds (issued in NOK)	**250**	-	-	-
Total issued	**21 642**	23 300	12 170	13 817

gian government came to NOK 3.9 billion, and maturing bonds corresponded to NOK 5.4 billion. Net growth in borrowing, including subordinated loans and tier 1 perpetual bonds amounted to NOK 8.6 billion in 2013.

The company's covered-bond issues are conducted under its Euro Medium Term Covered Note Programme, which is listed on the London Stock Exchange. This programme was last revised in September 2013. The borrowing limit in the programme is EUR 20 billion.

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

The 2013 level was the highest volume of covered bond issues in Norwegian kroner since 2011. Eika Boligkreditt is very satisfied that it enjoyed greater depth and better liquidity in the Norwegian bond market during 2013 than the year before. Issues in other currencies call for transactions to hedge the foreign exchange risk through the derivatives market, which increases financing costs and draws on the capacity of the company's lines of credit with key counterparties.

The average tenor for new financing in 2013 was 7.5 years, while the average tenor for the company's borrowing portfolio at 31 December rose from 3.9 years in 2012 to 4.8 years.

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

BORROWING IN VARIOUS INSTRUMENTS

Capitalised amounts in NOK million

	31.12.2013	31.12.2012
Covered bonds	**61 129**	43 613
Bond loans from the government	-	6 920
Senior unsecured bonds	**2 410**	1 150
Senior unsecured certificates	**350**	900
Subordinated loans	**429**	319
Tier 1 perpetual bonds	**249**	-
Total borrowing	**64 567**	52 901

Profit and loss account

Pre-tax profit

Eika Boligkreditt delivered a pre-tax profit of NOK 29.4 million for 2013, compared with NOK 112.3 million in the year before. The 2013 result was affected by a negative change of NOK 111 million in the value of financial instruments, compared with NOK 15.9 million for 2012. The negative change in the value of financial instruments related almost entirely to NOK 118.5 million in change to 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. The accounting effects will thereby reverse over time, so that the unrealised loss at 31 December 2013 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 currency to Norwegian kroner. A typical example is when a loan raised in euros is converted to Norwegian kroner through an interest rate and currency swap which includes a basis swap. In this case, Eika Boligkreditt would pay a Norwegian interest rate with a margin of three months Nibor in the swap and receive a euro interest rate in the swap which corresponds to the coupon it pays on the loan in euros. The derivatives are valued at fair value, while the hedged bond is valued in accordance with the principles which apply for hedge accounting.

Pre-tax profit for 2013, excluding the negative value changes related to the change in basis swaps, came to NOK 148 million. It was influenced by a declining money market interest rate (three month Nibor) from a level around 1.80 per cent in January 2013 to 1.69 per cent in December. This decline reduced interest charges for the company without the owner banks lowering their interest rates correspondingly. Overall, that boosted net interest earnings for the company and increased the operating margin for the mortgage portfolio.

Revenues

The company's total interest income amounted to NOK 2 205 million in 2013, compared with NOK 1 806 million the year before. This change primarily reflected growth in the mortgage portfolio and total assets during the year.

Net interest income

Net interest income amounted to NOK 637 million in 2013, compared with NOK 348 million the year before. This substantial increase reflects considerable growth in the mortgage portfolio, a reduced money market interest rate (three month Nibor), and increased margins on mortgages. About 97.6 per cent of the residential mortgages in Eika Boligkreditt's portfolio have a variable interest rate. This means that the company, in consultation with the owner banks, can adjust the interest rate on its mortgages in line with interest-rate fluctuations in the market.

Distributor commissions

Comission costs amounted to 449 million in 2013. Distributor commissions, including arrangement commissions, to the owner banks increased to NOK 467 million in 2013, compared with NOK 229 million the year before. Together with the growth in the mortgage portfolio, the rise in commissions showed that the owner banks were able to increase their margins on the portfolio during the year.

Balance sheet and liquidity

Balance sheet

Assets in the company's balance sheet amounted to NOK 69.8 billion at 31 December 2013, up from NOK 13.7 billion a year earlier. Lending to customers rose by NOK 10.6 billion or 22.6 per cent since 31 December 2012.

Borrowing

The company's borrowing (debt securities issued) totalled NOK 63.9 billion at 31 December 2013, up by NOK 11.2 billion from a year earlier.

Liquidity

Following the EUR 1 billion covered bond issue at the end of January 2013, and a high level of issuing activity with covered bonds in

Norwegian kroner during the year, the company had substantial liquidity during 2013.

New funding totalling NOK 21.6 billion was raised by Eika Boligkreditt during 2013. Over the same period, the mortgage portfolio increased by NOK 10.6 billion while loan maturities and early redemptions amounted to NOK 12.9 billion. The company secured NOK 720 million in new equity during the year and received cash collateral of NOK 2.3 billion posted by counterparties to derivative contracts. Liquidity for the company increased by about NOK 0.8 billion in 2013. At 31 December, it had an overall liquidity portfolio of NOK 8.8 billion – including NOK 2.3 billion in cash collateral received from counterparties to hedging contracts. Cash collateral is held as bank deposits.

In line with the regulations governing covered bonds, this liquidity is exclusively invested in a way which ensures low risk and a high degree of liquidity. It was invested at 31 December 2013 in Norwegian government securities, municipal bonds and covered bonds, and as deposits in banks with an international rating of A-/A3 or better. The size of the company's liquidity reserve, combined with a relatively low return resulting from a very conservative investment universe, involves not insignificant costs for the company. Eika Boligkreditt has nevertheless elected to maintain a relatively high liquidity ratio on the basis of continued strong growth in the mortgage portfolio and a conservative liquidity policy.

In addition to the agreement with the owner banks on purchasing covered bonds, the company has a contingency facility with DNB Bank ASA for an amount not exceeding NOK 1 billion. Both facilities are intended to secure liquidity for the company in circumstances where it cannot borrow in the financial market.

Eika Boligkreditt participated during 2009 in the swap arrangement with the Norwegian government, whereby the company could deposit its own covered bonds in exchange for six-month Treasury bills. Totalling NOK 10.4 billion, the arrangements entered into under the arrangement had a repo end in 2013 and 2014. The company opted for early redemption of NOK 1.5 billion in June 2013 and NOK 2.5 billion in September which were due to mature in December 2013 and March 2014 respectively. With these dispositions, the company has redeemed the full financing obtained through the swap agreement with the government, which has been refinanced with new covered bonds with long tenors.

Risk management and capital adequacy

Eika Boligkreditt raised a total of NOK 1 220 million in additional primary capital (tier 2 capital) during 2013 through NOK 720 million in core tier 1 capital, NOK 250 million in tier 1 perpetual bonds and NOK 250 million in subordinated loans. During the first quarter, the company exercised its right to reedem a subordinate loan (subordinate loan capital) of NOK 139 million. Intangible assets and deferred tax increased by NOK 31 million during the year, primarily as a result of temporary differences related net recognized value adjustments on financial instruments. At 31 December, the company had a total primary capital (tier 2 capital) of NOK 3 077 million, up by NOK 1 048 million from a year earlier.

Eika Boligkreditt's operations are confined exclusively to residential mortgage lending with security of up to 60 per cent of the mortgaged property at origination. The basis for calculating the capital adequacy ratio has increased in line with the growth in total lending, and amounted to NOK 21.4 billion at 31 December 2013. This represents a quantification of Eika Boligkreditt's risk, and the company's total primary capital (tier 2 capital) is calculated as an economic variable in relation to this calculation basis.

The table below presents developments in capital adequacy.

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

		(At 31 Dec)
Core tier 1 capital ratio (unchanged)	9.0%	(11.2%)
Tier 1 capital ratio	10.5%	(12.3%)
Total primary capital (tier 2 capital) ratio	12.5%	(14.3%)

The new targets satisfy new legal requirements which came into force on 1 July 2013, and are adequate in relation to capital requirements based on the company's internal risk assessment. To satisfy higher capital requirements expected in coming years, the company will need to increase both its tier 1 and tier 2 capital. In addition to capital provided by the owner banks, Eika Boligkreditt will seek to use the financial market to meet the new targets, primarily through issuing new tier 1 perpetual bonds and subordinated loans. Based on amendments to the Norwegian Financial Institutions Act, the company's capital targets will need to be increased again with effect from 1 July 2014, since the systemic risk buffer will be increased from two to three per cent. On the basis of forthcoming changes in capital requirements, the company will make a new assessment of capital targets as part of this year's ICAAP. The company uses the standard method specified by Basel II for calculating capital requirement for credit risk.

Risk exposure

Activities in Eika Boligkreditt AS are exposed to various forms of risk. The company gives great emphasis to good continuous management and control of all the risks to which it is exposed. The board has implemented a framework for risk management and control which builds on the Coso framework for coherent risk management. This defines the company's willingness to accept risk and the principles for managing risk and capital, which build on the Basel II regulations. The company's performance target is to achieve a competitive return on equity. Its risk management will contribute to the attainment of this target both through the exploitation of business opportunities

DEVELOPMENT IN CAPITAL ADEQUACY

(amounts in NOK million)

	31 Dec 2013		31 Dec 2012	
Risk-weighted calculation basis	**21 445**		17 150	
Core tier 1 capital	**2 399**	11.2%	1 710	10.0%
Tier 1 capital	**2 648**	12.3%	1 710	10.0%
Total primary capital (tier 2 capital)	**3 077**	14.3%	2 029	11.8%

and by limiting the risk of possible negative results. Strategies, routines and instructions have been developed in connection with risk reviews to ensure that the company handles various risk factors in a satisfactory manner. Periodic checks are conducted to ensure that risk management routines are complied with and functioning as intended.

The company has identified the following risks: credit, market, operational, liquidity and business.

Credit risk

Eika Boligkreditt is exposed to credit risk from granting credit to its customers. This risk relates primarily to mortgage lending with real property as collateral. The granting of credit is managed through strategies for asset liability management, credit risk on loans and the credit manual, and through compliance with the administrative approval procedures and a well-developed set of rules for procedures and documentation which help to ensure adequate consideration. Portfolio risk is continuously monitored in order to expose possible defaults and to ensure rapid and adequate treatment of non-performing mortgages and advances. The risk of loss is further reduced through guarantees from the distributing banks. The company had no losses on lending or guarantees in 2013. It maintains a conservative credit policy and expects no changes in future credit risk.

The company also has credit risk associated with the management of surplus liquidity, including bank deposits and the investment of surplus liquidity in interest-bearing instruments. In addition, the company has counterparty risk in established derivative contracts with other financial institutions and banks. Extensive frameworks have been established for managing counterparty risk, related both to capital management and derivatives. A credit support annex has also been established in association with ISDA agreements with all derivative counterparties, which limits Eika Boligkreditt's counterparty risk in that the counterparty unilaterally provides cash collateral in accordance with limits defined in relation to the counterparty's rating risk.

Market risk

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

Currency risk

The company is exposed to currency risk through its borrowings in foreign currencies. This risk is linked to fluctuations in the value of foreign currency borrowings. The company's currency risk is reduced to a minimum through the use of financial derivatives in line with the company's asset liability management strategy.

Operational risk

This type of risk and source of loss relates to day-to-day operation, including failures in systems and routines, lack of competence or mistakes by suppliers, staff and so forth. Operational risk comprises compliance and legal risk. The company has developed strategies for operational risk, descriptions of routines, formal approval procedures and so forth. Together with a clearly defined division of responsibility, these measures are designed to reduce operational risk. Relevant contingency plans for dealing with emergencies have also been put in place.

Liquidity risk

A liquidity risk, including a refinancing risk, is associated with the company's business. This is the risk that the company will not be able to meet its liabilities when they fall due without incurring heavy costs in the form of expensive refinancing or facing the need to realise assets prematurely. Eika Boligkreditt has substantial external funding and expects continued growth in its mortgage portfolio. In order to keep liquidity risk at an acceptably low level, the company's financing strategy emphasises a good spread of financial instruments, markets and maturities for its borrowings and for investments made in managing surplus liquidity. As described above under paragraph agreements on liquidity and capital support, the company has an agreement with the owner banks to purchase bonds that reduce liquidity and refinancing risk. The company also has an overdraft facility with DNB Bank ASA (DNB) of 50 million. The company also has a contingency facility with DNB which allows covered bonds to be issued for an amount not exceeding NOK 1 billion.

Business risk

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

Internal control for financial reporting

Eika Boligkreditt has established frameworks for risk management and internal control related to its financial reporting process. These are considered by the board on an annual basis. The purpose of risk management and internal control is to reduce risk to an acceptable level. The company is organised with a financial manager responsible for the company's accounting function. In addition, the company purchases accounting services such as accountancy and financial reporting from Eika Gruppen AS.

The company's accounting department is responsible for ensuring that all financial reporting complies with applicable legislation, accounting standards and board guidelines. Furthermore, the department has established routines to ensure that financial reporting meets acceptable quality standards. All transactions are registered in the front office system and detailed reconciliation checks are conducted on a daily and monthly basis. These measures help to ensure that the company's reporting is accurate, valid and complete. Control measures such as reasonableness and probability tests have also been established.

Corporate social responsibility at Eika Boligkreditt

Eika Boligkreditt's clear intentions is to be a positive contributor to society in general and to the many local communities where its owner banks are located in particular. The company's strategy makes it clear that Eika Boligkreditt's vision is to strengthen the local banks.

Strengthening local communities

Eika Boligkreditt is strongly entrenched in the respective local communities through its owner banks. Many of these have histories which reach back to the 19th century, and have been and remain an important contributor to the self-government, self-financing and development of their local communities. Their primary concern is with private customers, combined with local small-scale industries and the primary sector, and loans have been financed almost entirely through deposits.

Ever since the owner banks were established, they have made donations to philanthropic causes in their local communities, including culture, sports, clubs and societies. Increased market shares and high levels of customer satisfaction and loyalty confirm the important position and significance of the owner banks in their local communities.

Despite enormous social and structural changes since the first of the owner banks were established, it is not difficult to recognise the profile and role of these institutions today. As a result of such factors as the sharp increase in house prices over the past 20 years, the owner banks have become more dependent on external financing. For many of them, the growth in their lending and their overall loan portfolios have exceeded their total deposits. The establishment of Eika Boligkreditt is a direct consequence of this development.

Through long-term and competitive funding, Eika Boligkreditt enhances the competitiveness of its owner banks and helps to reduce their risk exposure. That makes it indirectly an important contributor to strengthening a great many local communities in Norway. Profits made by Eika Boligkreditt are also returned directly to these communities in the form of commissions and dividends to the owner banks.

Professional and ethical perspective

Eika Boligkreditt has a clear goal of acting in a predictable manner and maintaining a high level of transparency in relation to processes and changes taking place within the applicable framework. This is achieved in part by good and clear communication and by a concentration on the needs and risk exposure of the owner banks. A high level of accessibility and a good correspondence between promises and deliveries are other crucial factors.

The company works actively to maintain a high score in the annual alliance survey, which measures the satisfaction of the owner banks with the quality of its products and services. Priority is given to taking action when areas for improvement are identified. Eika Boligkreditt's goal for overall satisfaction by the owner banks is high, at 75 per cent or better. It scored 81 points in the 2013 survey.

Eika Boligkreditt works actively to maintain a good internal working environment, and to ensure that employee rights are well maintained in accordance with Norwegian law. This is done in part through extensive efforts in and information flow across departments where appropriate. An annual employee satisfaction survey is also conducted, where scores have been very high (80) and where results are reviewed and evaluated with a view to further improvements.

All financial institutions are required to comply with the provisions of the money laundering regulations, which are intended to prevent and expose transactions associated with the proceeds of crime or terrorist activities. Eika Boligkreditt's collaboration agreement with the owner banks contains provisions which ensure that identity checks are conducted when establishing mortgages or transferring them to the company. In addition, it has good routines for on-going checks of the mortgage portfolio aimed at exposing possible suspicious transactions pursuant to the money laundering rules. Eika Boligkreditt has established electronic monitoring of its mortgage portfolio, which regularly identifies suspicious transactions and then follows them up – initially with the bank concerned and subsequently by reporting if necessary to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim). The company did not report any cases to Økokrim in 2013.

Human rights are not considered a particularly relevant issue for the company's own business but are incorporated in Eika Gruppen's procurement routines, which are transferrable to Eika Boligkreditt in most contexts. When selecting suppliers, Eika Gruppen has routines for choosing reputable companies with solid references and their own ethical guidelines.

Eika Boligkreditt places its surplus liquidity in securities issued by the Norwegian government, Norwegian county councils and local authorities, credit institutions and banks, and on deposit with banks which have an international rating of A-/A3 or better. These are all enterprises with a core activity which the company regards as sound, and with operations which fall well within recognised principles for ethical behaviour. There is limited risk that these enterprises engage in breaches of human rights, corruption, serious harm to the climate or the environment, or the manufacture of landmines, cluster bombs, nuclear weapons or tobacco products.

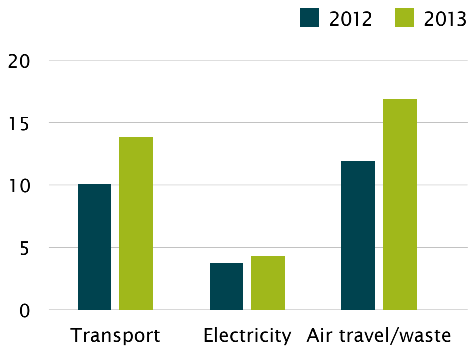
Natural environment, working environment and equal opportunities

Eika Boligkreditt had 19 permanent employees at 31 December. It also has an agreement with Eika Gruppen concerning the purchase of services in a number of areas. Customers of the company are mainly serviced by the owner banks. The working environment is regarded as good, and there were no injuries or accidents involving employees at work in 2013. Sickness absence was 1.4 per cent of total working hours. The goal of Eika Boligkreditt is to be a workplace where full equality prevails between men and women. Its policy incorporates regulations related to equal opportunities, which aim to ensure

ANNUAL GREENHOUSE GAS EMISSIONS

Tonnes of carbon equivalent

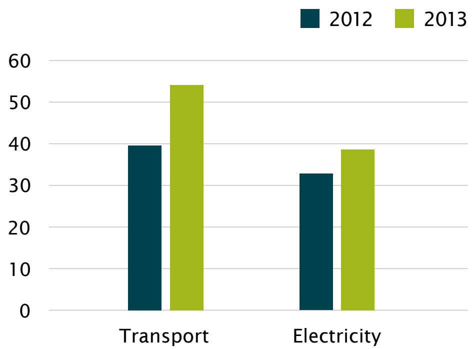
	2013	2012
Transport	**13.8**	10.1
Electricity	**4.3**	3.7
Air travel/waste	**16.9**	11.9
Total	**35.1**	25.7



ANNUAL ENERGY CONSUMPTION

MWh

	2013	2012
Transport	**54.1**	39.6
Electricity	**38.6**	32.8
Total	**92.8**	72.4



that no gender-based discrimination occurs in such areas as pay, promotion or recruitment. Women made up 26 per cent of the workforce at 31 December and, all other conditions being equal, it will desirable to increase this proportion when making new appointments. The business in which Eika Boligkreditt is engaged causes no significant pollution or emissions which could harm the natural environment.

Environment- and climate-friendly operation

Eika BoligKreditt wants to have the smallest possible impact on the natural environment. It entered into an agreement in 2013 with CO_2focus, which has prepared a dedicated energy and climate accounting (environmental report) for the business.

Eika Gruppen, the company's landlord, has energy- and heat-saving installations which help to limit energy consumption. Hydropower has also been selected as the sole energy source, which has led to the company receiving a "Pure Hydropower" certificate. This certification helps to increase the commitment to environment-friendly energy. All areas in the offices also have round-the-clock energy-saving regulation of both temperature and light sources.

The owner banks are widely spread around Norway, which has helped encourage Eika Boligkreditt to utilise video and web conferencing to a great and growing extent for training and information flow. That not only saves the environment but also reduces unnecessary travel time and stress in a busy life for everyone concerned.

Eika Boligkreditt has a conscious approach to the use of paper and electronic templates and documents, in addition to postage costs. It has a clear goal of reducing paper consumption to a necessary minimum.

The company commissioned an overview of its greenhouse gas emissions and energy consumption in 2012 and 2013. This analysis is based on direct and indirect energy consumption related to its activities.

A climate footprint provides a general overview of the company's greenhouse gas emissions converted to tonnes of carbon equivalent, and is based on information from both internal and external systems. This analysis has been conducted in accordance with the Greenhouse Gas (GHG) Protocol Initiative. Developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), this ranks today as the most important international standard for measuring greenhouse gas emissions from an enterprise.

The GHG Protocol divides emissions into three main scopes, covering both direct and indirect sources, and takes the following greenhouse gases into account: carbon dioxide, methane, nitrous oxide, sulphur hexafluoride, hydrofluorocarbons and perfluorocarbons.

Comments on the annual financial statements

The financial statements for 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The board is of the opinion that the financial statements, including the balance sheet, give a true and fair view of the operations and financial position of the company at 31 December. The directors' report also gives a true and fair view of the development and results of operations and of the company's financial position. Interest income totalled NOK 2 205 million, interest charges NOK 1 568 million, net interest income NOK 637 million, and net interest charges after commission costs NOK 188.2 million in 2013. No losses were incurred in 2013 on loans or guarantees. The financial statements for 2013 show a net profit of NOK 20 091 000, compared with NOK 82 054 000 for 2012.

Going concern

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

Balance sheet, liquidity and capital adequacy ratio

The book value of equity was NOK 2 459 million at 31 December 2013. Eika Boligkreditt had a capital adequacy ratio of 14.3 per cent at that date. The capital adequacy ratio is calculated in accordance with the standard method specified by Basel II.

Allocation of net profit

Net profit for 2013 is NOK 20 091 000. In its assessment of the proposed dividend for 2013, the board has given emphasis to conducting a consistent dividend policy over time. The board has accordingly proposed that the whole of the net profit of NOK 20 091 000 be allocated to dividend for 2013. Allocating the whole profit for the period to dividend is also justified by the contractual capitalisation commitments which apply to the owner banks, and which are outlined in the section above concerning agreements on liquidity and capital support.

Outlook

The board expects continued strong growth in the residential mortgage portfolio as its owner banks reduce their own funding requirements with financing from the company. It expects net growth of about NOK 9 billion or roughly 16 per cent in the mortgage portfolio during 2014. By comparison, net growth in the mortgage portfolio in 2013 was NOK 10.6 billion.

The temperature in the Norwegian housing market changed in the course of 2013. After an initial growth in house prices of 3.3 per cent during the first quarter, they declined by about 1.4 per cent over the year as a whole. Somewhat lower activity has been reported in house viewings and bidding rounds. Developments in January 2014 showed a price rise of 2.4 per cent, which means that cumulative prices are down by about one per cent from a year earlier. Although some disagreement exists between housing market analysts on future price trends, the general impression is that the trend in the housing market will be weaker than in recent years, and the possibility cannot be excluded of some decline in prices over the short and medium terms. In so far as the housing market performs more weakly in 2014 than in recent years, this is expected to have some effect on mortgage demand in Eika Boligkreditt's owner banks, and could thereby slow the rate of growth in its mortgage portfolio.

A possible reduction in house prices during 2014 will have little significance for the credit quality of loans in Eika Boligkreditt. The average LTV ratio in the company's mortgage portfolio is as low as 43.5 per cent, based on indexed market prices for the residential properties at 31 December 2013. This low LTV ratio reflects the fact that the company has maintained 60 per cent as the highest permitted loan-to-value ratio since it commenced mortgage lending in 2005, while the regulations for Norwegian covered bonds permit an LTV ratio of up to 75 per cent. The company accordingly has a substantial buffer against falling prices before mortgages exceed the 75 per cent limit.

The average margin (commission) of the banks on the company's mortgage portfolio was 0.97 per cent at 31 December 2013. The corresponding figure was 0.76 per cent in January 2013 and as low as 0.31 per cent in January 2012. The margin was stable during the final four months of 2013. Increased mortgage margins over the past couple of years are a consequence of the fact that banks and financial institutions need more capital to satisfy the higher capital requirements set by the authorities. The board expects margins to stabilise at the present level, but they could come under pressure at banks which wish to increase their market share.

Growth in the international economy is expected to be moderate in the time to come, but with big differences between individual countries. Both the USA and the UK experienced a marked improvement in growth during 2013. After experiencing recession for six consecutive quarters, the eurozone showed weak progress during the second half of 2013. Norway's mainland economy grew below trend during the year. A sharp weakening in the Norwegian kroner during 2013 and increased international growth are expected to boost exports from Norway in coming years.

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

Oslo, 25 march 2014
The board of directors for Eika Boligkreditt AS

Martin Mæland *Chair*	Odd Inge Løfald	Bjørn Riise	Øivind Gaarder	Terje Svendsen	Kjartan M Bremnes *CEO*

Translation - not to be signed.

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

We hereby confirm that the company's financial statements for the period from 1 January to 31 December 2012 have been prepared to the best of our knowledge in accordance with prevailing accounting standards, and that the information provided in the financial statements gives a true and fair view of the company's assets, liabilities, financial position and performance as a whole.

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

Oslo, 25 march 2014
The board of directors for Eika Boligkreditt AS

Martin Mæland *Chair*	Odd Inge Løfald	Bjørn Riise	Øivind Gaarder	Terje Svendsen	Kjartan M Bremnes *CEO*

Translation - not to be signed.

Statement of comprehensive income

Amounts in NOK 1 000	Notes	2013	2012
INTEREST INCOME			
Interest from loans to customers		**2 006 957**	1 613 171
Interest from loans and receivables on credit institutions		**33 999**	58 572
Interest from bonds, certificates and financial derivatives		**147 952**	120 992
Other interest income		**16 033**	13 222
Total interest income		**2 204 941**	1 805 957
INTEREST EXPENSES			
Interest on debt securities issued		**1 533 154**	1 436 900
Interest on subordinated loan capital		**24 114**	14 771
Other interest expenses		**10 903**	5 854
Total interest expenses		**1 568 171**	1 457 524
Net interest income		**636 770**	348 432
Commission costs	23	**448 527**	212 315
Net interest income after commissions costs		**188 243**	136 118
Dividend from shares classified as available for sale	11	**4 769**	3 356
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE			
Net gains and losses on bonds and certificates	11	**(994)**	6 274
Net gains and losses of fair value hedging on debt securities issued	8,11	**(115 654)**	3 601
Net gains and losses on financial derivatives	11	**22 606**	(1 327)
Net gains and losses on loans at fair value	11	**(16 937)**	7 361
Total gains and losses on financial instruments at fair value		**(110 979)**	15 909
SALARIES AND GENERAL ADMINISTRATIVE EXPENSES			
Salaries, fees and other personnel expenses	17,18	**22 235**	17 165
Administrative expenses	24	**14 742**	13 386
Total salaries and administrative expenses		**36 977**	30 551
Depreciation	13	**1 730**	1 553
Other operating expenses	24	**13 893**	10 999
Losses on loans and guarantees	4	**-**	-
PROFIT BEFORE TAXES		**29 433**	112 280
Taxes	20	**8 357**	30 541
PROFIT FOR THE PERIOD		**21 076**	81 739
Other comprehensive income that will not be reclassified subsequently to P & L		**(1 350)**	315
Taxes on other comprehensive income		**365**	-
COMPREHENSIVE INCOME FOR THE PERIOD		**20 091**	82 054

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

Balance sheet
Assets

Amounts in NOK 1 000	Notes	31 Dec 2013	31 Dec 2012
ASSETS			
Lending to and receivables from credit institutions	4,10,12	**3 402 638**	1 934 368
Lending to customers	4,9,10,12,16	**57 691 853**	47 085 795
Other financial assets	4,10,21	**94 994**	79 372
Securities			
Bonds and certificates at fair value through profit or loss	4,9	**5 366 627**	6 070 099
Financial derivatives	4,8,9	**3 217 425**	970 974
Shares classified as available for sale	9,10,14	**15 000**	15 000
Total securities		**8 599 052**	7 056 073
Other intangible assets			
Deferred tax assets	20	**35 045**	5 186
Intangible assets	13	**5 177**	4 318
Total other intangible assets		**40 222**	9 504
TOTAL ASSETS		**69 828 760**	56 165 112

Balance sheet

Liabilities and equity

Amounts in NOK 1 000	Notes	31 Dec 2013	31 Dec 2012
LIABILITIES AND EQUITY			
Loans from credit institutions	4,5	**2 347 027**	395 032
Financial derivatives	5,8,9,10	**72 092**	786 703
Debt securities issued	5,6,10,12,15	**63 888 693**	52 582 767
Other liabilities	4,10,22	**379 245**	278 454
Pension liabilities	19	**4 507**	2 709
Subordinated loan capital	5,10,12,15	**677 998**	318 601
TOTAL LIABILITIES		**67 369 562**	54 364 266
Called-up and fully paid capital			
Share capital	25	**592 082**	391 735
Share premium		**1 368 300**	728 648
Paid-in, non-registered capital increase		-	120 000
Other paid-in equity		**477 728**	477 728
Total called-up and fully paid capital	25,26	**2 438 110**	1 718 111
Retained earnings			
Other equity		**21 088**	82 735
Total retained equity	25,26	**21 088**	82 735
TOTAL EQUITY		**2 459 198**	1 800 846
TOTAL LIABILITIES AND EQUITY		**69 828 760**	56 165 112

Oslo, 25 march 2014
The board of directors for Eika Boligkreditt AS

Martin Mæland	Odd Inge Løfald	Bjørn Riise	Øivind Gaarder	Terje Svendsen	Kjartan M Bremnes
Chair					*CEO*

Translation - not to be signed.

Statement of changes in equity

Amounts in NOK 1 000	Share capital[1]	Share premium reserve[1]	Other paid in equity[2]	Retained earnings: other equity[3]	**Total equity**
Balance sheet as at 1 January 2011	**222 871**	**207 512**	**477 728**	**998**	**909 109**
Profit for the period	-	-	-	24 831	24 831
Equity issue	40 000	120 000	-	-	160 000
Disbursed group contribution and dividends for 2010	-	-	-	(24 408)	(24 408)
Balance sheet as at 31 December 2011	**262 871**	**327 512**	**477 728**	**1 422**	**1 069 533**
Implementation IAS 19R	-	-	-	(740)	(740)
Result for the period	-	-	-	82 054	82 054
Equity issue	157 143	492 857	-	-	650 000
Balance sheet as at 31 December 2012	**420 014**	**820 369**	**477 728**	**82 736**	**1 800 846**
Result for the period	-	-	-	20 092	20 092
Equity issue	172 069	547 931	-	-	720 000
Dividends for 2012				(81 738)	(81 738)
Balance sheet as at 31 December 2013	**592 082**	**1 368 300**	**477 728**	**21 089**	**2 459 198**

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	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	**21 056**	81 739
Taxes	**8 357**	30 541
Income taxes paid	**(24 495)**	(7 615)
Ordinary depreciation	**1 730**	1 553
Non-cash pension costs	**465**	393
Change in loans to customers	**(10 606 058)**	(9 891 963)
Change in bonds and certificates	**703 472**	(4 187 518)
Change in financial derivatives and debt securities issued	**61 353**	15 506
Interest expenses	**1 568 171**	1 457 524
Paid interest	**(1 534 814)**	(1 455 543)
Interest income	**(2 188 908)**	(1 792 735)
Received interests	**2 173 016**	1 788 274
Changes in other assets	**271**	(273)
Changes in short-term liabilities and accruals	**54 078**	64 803
Net cash flow relating to operating activities	**(9 762 306)**	(13 895 314)
INVESTING ACTIVITIES		
Payments related to acquisition of fixed assets	**(2 589)**	(1 172)
Net cash flow relating to investing activities	**(2 589)**	(1 172)
FINANCING ACTIVITIES		
Gross receipts from issuance of bonds and commercial paper	**21 124 354**	23 326 643
Gross payments of bonds and commercial paper	**(12 840 843)**	(11 771 452)
Gross receipts on issue of subordinated loan capital	**498 244**	-
Gross payments of subordinated loan capital	**(138 847)**	280
Gross receipts from issue of loan from credit institution	**1 951 995**	395 032
Gross payments from loan from credit institution	**-**	(100 000)
Payments of dividend	**(81 738)**	-
Paid-up new share capital	**720 000**	650 000
Net cash flow from financing activities	**11 233 165**	12 500 503
Net changes in lending to and receivables from credit institutions	**1 468 270**	(1 395 983)
Lending to and receivables from credit institutions at 1 January	**1 934 368**	3 330 351
Lending to and receivables from credit institutions at end of period	**3 402 638**	1 934 368

Notes to the accounts

NOTE 1: ACCOUNTING POLICIES

General

Eika Boligkreditt AS is licensed as a credit institution and entitled to issue covered bonds (CB). The company was established on 24 March 2003, and commenced its lending operations on 15 February 2005. The company exclusively offers residential mortgages up to 60 per cent of the collateral value (loan to value) at origination, and the loans are distributed via the local banks (savings banks and two commercial banks) and the OBOS-Bank, hereafter called the distributors. Residential mortgages also include mortgages for holiday homes. The company's objectives are to cover a substantial part of the funding needs of the owner banks and OBOS BBL housing association, hereafter called the owner banks, while reducing the future refinancing risks for the company's owner banks.

Eika Boligkreditt has prepared the accounts for 2013 in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The accounts have been prepared in accordance with the historical 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, and fair value hedges, which have been recorded at fair value. Financial statements are prepared on the assumption that the entity is a going concern. The financial statements were approved by the board of directors and authorised for issue on 25 March 2013.

New name

At the recommendation of the board of Eika Boligkreditt, the company's general meeting resolved on 28 February 2013 that the company would change its name from Terra BoligKreditt AS to Eika Boligkreditt AS. The background for this decision is that the Eika Gruppen financial group and bank alliance resolved in the spring of 2013 to change its name from Terra-Gruppen to Eika Gruppen. Since Eika Boligkreditt secures funding exclusively for the owner banks, and is wholly owned by these same local banks and OBOS, it was natural for the company to change to the same brand as the bank alliance.

Approved and implemented standards and interpretations

New or amended standards or interpretations which came into effect during 2013, and which are significant for Eika Boligkreditt's financial statements, are specified below.

IFRS 13 Fair value measurement

IFRS 13 Fair value measurement established a uniform framework for measuring fair value in accounts reported in accordance with IFRS. It is applied when other IFRS standards require or permit measurement and note information in accordance with fair value. IFRS 13 came into force for accounting periods starting on or after 1 January 2013. Implementation of IFRS 13 has not significantly affected measurement of financial assets or financial liabilities for Eika Boligkreditt.

IAS 19 Employee benefits

The amendments to IAS 19 will affect the recognition and presentation of the company's defined benefit pension schemes. Amendments to IAS 19 mean that the corridor approach is no longer permitted, and actuarial gains and losses must be recognised directly in other comprehensive income when these arise. Furthermore, calculation of the interest element must use the discount rate and be based on net liabilities or net assets. Under earlier rules, the discount rate was used to calculate interest cost on the basis of the gross pension obligation, and an expected rate of return was applied when calculating interest income on the basis of gross plan assets. The concept of expected return on plan assets is accordingly eliminated. The difference between the actual return on plan assets and the return calculated using the discount rate is treated as a change in estimates and recognised in other comprehensive income.

Implementation at 1 January 2012 meant an increase of NOK 1 028 000 in the carrying amount of pension liabilities, an increase of NOK 288 000 in deferred tax asset and a reduction of NOK 740 000 in other equity. Comparative figures for 2012 have been restated. Total comprehensive income for 2012 increased by NOK 315 000 through the recognition of actuarial gains after tax under other comprehensive income. Other equity at 31 December 2012 was thereby reduced by NOK 425 000, deferred tax asset increased by NOK 165 000 and pension liabilities increased by NOK 591 000.

New and revised IFRSs in issue but not yet effective

IFRS 9 Financial instruments

The regulations in IFRS 9 will be effective for fiscal years beginning on 1 January 2015 or subsequent periods. Earlier adoption is permitted, provided that all completed sub-projects are implemented at the same time. Adoption of the standard in Norway is subject to EU endorsement. EU endorsement has been deferred, pending complementation of remaining sub-projects (impairment and hedge accounting). Eika Boligkreditt will continue to assess the impact of the regulations in the new IFRS 9. However, it is considered appropriate to await the completion of all phases of the project on the new IFRS 9 before conducting a full assessment of the accounting effects of the new classification and measurement of the entity's financial instruments.

Approved, not implemented standards and interpretations but has chosen to apply this for 2013

The IASB adopted minor amendments on 27 June 2013 to the chapter on hedge accounting in IAS 39 Financial Instruments: Recognition and Measurement. Without these amendments to IAS 39, a change of counterparty (noviation) in derivative contracts would have terminated recognition of the hedge in the financial statements, and required the possible establishment of a new hedge contract.

The amendments to IAS 39 provide a specific exemption which means it will no longer be compulsory to terminate a hedge when the following conditions are satisfied:

- the change of counterparty in the hedge instrument must be a consequence of legislation or statutory regulations, or the adoption of new legislation or statutory regulations
- changes to the contract are limited to those necessary to implement the change of counterparty.

The amendments have retrospective application, and came into force for accounting periods commencing on 1 January 2014 or later. The amendments were approved by the EU on 19 December 2013.

Foreign currency

Functional and presentation currency

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

Foreign currency translation

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

Revenue recognition

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts or expenses of the financial asset or liability through the expected life to that asset or liability's net carrying amount on initial recognition. When calculating the effective interest, the cash flows are estimated and all fees and remunerations paid or received between the parties of the contract are included as an integrated part of the effective interest rate. Dividends on investments are recognised from the date the dividends were approved at the general meeting.

Financial instruments

Classification

Financial assets and liabilities are classified into one of the following categories:

- financial asset and liability at fair value through profit or loss:
- held for trading
- designated at fair value through profit or loss
- loans and receivables
- available for sale
- Other financial liabilities

Financial asset and liability at fair value through profit or loss

Apart from derivatives, Eika Boligkreditt does not have financial assets and liabilities classified as held for trading.

A financial asset is designated through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial assets, financial liabilities or both financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the entity's key management personnel.

Fixed-rate loans to customers, bills and bonds are designated as at fair value through profit or loss.

The company does not classify any financial assets as held to maturity.

Loans and receivables

A financial asset is classified in the category loans and receivables if it is a non-derivative financial asset with payments that are fixed or determinable, and is not quoted in an active market, except if it is

- classified as held for trading,
- designated as at fair value through profit or loss, or
- designated as available for sale

For Eika Boligkreditt, this category includes lending to and receivables from credit institutions, floating rate lending to customers, interest revenues earned and other short-term claims.

Financial assets available for sale

A financial asset that is not a derivative and not classified as a loan and a receivable or as financial asset designated as at fair value through profit or loss, is classified as available for sale. Eika Boligkreditt has classified shares as available for sale.

Other financial liabilities

Financial liabilities are classified in the category other financial liabilities if the financial asset is a non-derivative financial liability and if it is not designated as at fair value through profit or loss. Eika Boligkreditt has classified loans from credit institutions, debt securities issued, subordinated loan capital, and other liabilities in this category.

Cash collateral

Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt AS has been provided with such collateral in the form of cash in 2013. 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.

Recognition and derecognition

Financial assets and liabilities are recognised when Eika Boligkreditt becomes party to the contractual provisions of the instrument. Normal purchase or sale of a financial instrument is recognised at the trade date.

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

Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or when Eika Boligkreditt has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Subsequent measurement of financial assets and liabilities

Fair value

Financial assets classified as at fair value through profit or loss and financial assets classified as available for sale are measured at fair value on the balance-sheet date. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The fair value of bills and bonds traded in active markets is based on the current quoted bid price. For bills, bonds, shares and derivatives that are not traded in an active market, the fair value is determined by using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions between knowledgeable and willing parties, if available, reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. If there is a valuation method that is commonly used by market participants to price the instrument and this method has proven to provide reliable estimates of prices obtained in actual market transactions, this method is used.

Amortised cost

Subsequent to initial recognition, financial instruments classified as loans and receivables or financial liabilities are measured at amortised cost using the effective interest method. The effective interest method is described under the "Revenue recognition" section.

Cash and cash equivalents

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

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if Eika Boligkreditt

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

Eika Boligkreditt does not have financial assets and liabilities that are offset.

Impairment of financial assets

Financial assets measured at amortised cost or classified as available for sale are assessed at each balance sheet date to determine whether any objective evidence exists that the financial asset or group of financial assets are impaired. If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in statement of comprehensive income.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and objective evidence exists that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income will be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

By the end of 2013, there is no objective evidence that impairment loss on financial assets carried at amortised cost has incurred.

Hedge accounting

Eika Boligkreditt AS use fair value hedging of fixed-rate financial liabilities, where the hedged item is the interest rate and the financial liability, excluding credit spreads. Gain or loss on the hedged item attributable to the hedged risk will adjust the carrying amount of the hedged item and be recognised in profit or loss. Gain or loss on the hedged item is presented under "Net gains and losses of fair value hedging on debt securities issued".

Intangible assets

Intangible assets consist of purchased software and are carried at cost less accumulated amortisation or impairment losses. Depreciation in the accounts is classified as ordinary depreciation under a depreciation schedule with a useful economic life on 5 years.

Commission costs

The distributors are paid commissions for arranging and managing mortgages. Commissions are expensed on a current basis and presented in the line "commission costs" in the statement of comprehensive income. Accrued, unpaid costs to the distributors at year-end are accrued and recognised as liabilities in the balance sheet.

Segment

The loans are made to private individuals and housing cooperatives. The company's business therefore consists solely of one segment.

Government swap arrangement

The Storting (parliament) authorised the Ministry of Finance on 24 October 2008 to establish an arrangement that allows the government and the banks to swap Treasury bills for covered bonds over an agreed period. Administered by the Bank of Norway on behalf of the Ministry of Finance, the swap arrangement applies to banks entitled to obtain fixed interest loans from the Bank of Norway and to credit institutions authorised to issue covered bonds owned by such banks.

At 31 December, all debt related to the swap arrangement had matured or been redeemed early, so that Eika Boligkreditt has no debt outstanding under the swap arrangement with the government.

Pensions

Defined contribution plans

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

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. In accounting for defined benefit plans, the obligation is expensed over the service life in accordance with the plan benefit formula. The method of allocation corresponds to the plan benefit formula, unless the bulk of the service costs accrue towards the end of the service life. In such instances, the service cost is allocated on a straight-line basis. A straight-line allocation is therefore applied for post-employment benefit plans operated in accordance with the occupational pension legislation.

The difference between the actual return on plan assets and the return calculated using the discount rate is treated as a change in estimates.Actuarial gains and losses are incorporated in other comprehensive income. The effects of retrospective plan amendments that are not dependent on future service by the employee are recognised in the income statement immediately. Retrospective plan amendments that are dependent on future service are amortised on a straight-line basis until future service is no longer a condition.

The net post-employment benefit obligation is the difference between the present value of the pension obligations and the value of plan assets that are invested for the purpose of paying the post-employment benefits. Plan assets are recognised at fair value. A valuation of post-employment benefit obligations and plan assets is carried out at the balance sheet date. An accrual for social security costs is included in the figures, calculated on the basis of the net actual post-employment benefit deficit.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTE 2: USE OF ESTIMATES AND DISCRETION

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

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

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

Lending, non-performing/doubtful loans and writedowns

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 (ie., the effective interest rate calculated at initial recognition). In measuring future cash flows, guarantees furnished by the distributors of 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 at 31 December 2013. For more information about lending, see note 4.

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, 8, 9, 10 and 11.

NOTE 3: FINANCIAL RISK

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

The company's key strategy is, through the issuance of covered bonds in the Norwegian and the international markets, to resolve a substantial part of the owner banks' funding requirements and to reduce their refinancing risk. The company's risk management is intended to help attain this objective through profitability and growth, funding and rating, cost efficiency and quality in all parts of the company's operations.

Routines and instructions have been established aimed at ensuring that the company handles the various risk factors in a satisfactory manner. The company's cooperation with the owner banks contributes significantly to the management of risk through its customer selection processes. The owner banks operate in their local environments and are therefore close to their customers. The company is exposed to the following risks: credit risk, market risk (including interest rate and currency risk), liquidity risk and operational risk, in addition to the company's overarching business risk, which entails strategic risk and reputation risk.

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

For additional description of risk, see notes 4, 5 and 6.

NOTE 4: CREDIT RISK

Credit risk is the risk of loss posed by customers or counterparties failing to meet their payment obligations. Credit risk affects all claims on customers/counterparties, lending, and counterparty risk that arises through derivatives and foreign exchange contracts. The credit risk related to lending shall be low. Credit risk is managed through the company's strategy for credit risk on lending. A credit manual and other routines have been prepared and implemented, including preparation of documentation requirements and clarification of the ability of customers who have been granted loans to service their loan, and requirements for collateral for residential mortgage loans of up to 60 percent of the value of the property at origination. Established requirements to be satisfied by customers and mortgaged objects are considered to entail low risk. In addition, the distributors have ceded a case guarantee, loss guarantee and a pro rata framework guarantee. This contributes to reducing Eika Boligkreditt's credit risk. See note 4.2 related to lending to customers.

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

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

Note 4.1 Maximum exposure to credit risk

Amounts in NOK 1 000	**31 Dec 2013**	31 Dec 2012
Financial assets recognised in balance sheet		
Lending to and receivables on credit institutions [1]	**3 402 638**	1 934 368
Lending to customers	**57 691 853**	47 085 795
Others financial assets	**94 994**	79 372
Bonds and certificates at fair value through profit or loss	**5 366 627**	6 070 099
Financial derivatives	**3 217 425**	970 974
Total credit risk exposure	**69 773 537**	56 140 608
Off-balance sheet financial assets		
Overdraft facility	**50 000**	50 000
Drawing-rights, limit [2]	**1 000 000**	1 000 000
Note Purchase Agreement [3]	**-**	-
Granted, but undisbursed loans	**1 316 262**	1 371 900

[1] Restricted funds for tax withholdings were NOK 765 thousand in 2013 and NOK 688 thousand in 2012. Restricted funds for pension liabilities were NOK 567 thousand in 2013 and NOK 183 thousand in 2012.

[2] The company has a contingency facility through the ability to issue listed covered bonds up to a limit of NOK 1 billion set by DNB.

[3] The owner banks have accepted a liquidity obligation (Note Purchase Agreement) towards Eika Boligkreditt, see note 15 for more information. The amount per 31 December 2013 in the table above is NOK 0,- as the company's own liquidity is deducted at the time of measurement.

Note 4.2 Lending to customers

Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012
Installment loans - retail market	**48 557 318**	40 349 237
Installment loans - housing cooperatives	**9 103 576**	6 688 662
Adjustment fair value lending to customers [1]	**30 959**	47 896
Total lending before specific and general provisions for losses	**57 691 853**	47 085 795
Individual impairments	**0**	0
Unspecified group impairments	**0**	0
Total lending to and receivables from customers	**57 691 853**	47 085 795

All lending concerns residential mortgage loans with a loan-to-value ratio of up to 60 per cent at origination. The company has no non-performing loans as of 31 December 2013.

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

31 Dec 2013

Amounts in NOK 1 000	Nominal value	Fair value
Variable rate loans	56 290 358	56 290 358
Fixed rate loans	1 370 536	1 401 495
Toal lending	**57 660 894**	**57 691 853**

31 Dec 2012

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

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

Guarantees

All lending involves residential mortgages with a loan-to-value ratio of up to 60 per cent at origination. Guarantees furnished by the company's distributors reduce the risk for Eika Boligkreditt. Upon transfer to Eika Boligkreditt, the distributors assume mandatory guarantees for the mortgages they have transferred. The main features of these guarantees are as follows:

1. **Case guarantee**, covering the entire amount of the mortgage over the period from the distributor's request for payment until the mortgage's collateral has been perfected (legally registered) and the custody department of the distributor has checked the documentation.
2. **Loss guarantee**, covering the portion of the principal upon payment that exceeds 50 per cent of the reasonable value of the mortgaged property or properties (determined upon payment). The minimum loss guarantee liability of the distributors will be NOK 25 000 per mortgage, irrespective of the mortgaged amount and the value of the collateral. The guarantee will remain in force for a period of six years from the date on which the collateral has been perfected (legally registered) or on which payment is requested, if later. The loss guarantee comes into effect when the case guarantee expires.
3. **Proportion of a framework guarantee**, covering a total of one per cent of the mortgage portfolio transferred by the distributors at any given time. The distributor's share in the framework guarantee will be calculated on the basis of the distributor's actual share of the mortgage portfolio transferred by the distributors at any given time.

If a mortgage transferred to Eika Boligkreditt by the distributors remains in default one month after the due date of an instalment, Eika Boligkreditt will be entitled to invoke the loss guarantee and, if applicable, the case guarantee. The distributor concerned can thereby choose between paying the outstanding and overdue instalment, paying the full amount of the guarantee to Eika Boligkreditt or having the mortgage transferred back to it.

A mortgage is defined as being in default when payments are delayed by more than 90 days, and the delay is not the result of random circumstances affecting the borrower. Doubtful loans are not necessarily in default, but the customer's financial position and the value of the collateral indicate a risk of loss.

The company had no non-performing loans at 31 December 2013.

Past due loans not subject to impairment

The table below shows overdue amounts on loans that are not due to delays in payment transfers from Eika BoligKreditt. Past due loans are subject to continual monitoring.

Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012
1 - 29 days	**44 848**	55 614
30 - 60 days	**89 811**	107 972
60 - 90 days	-	-
> 90 days	-	-
Total past due loans not subject to impairment (principal)	**134 659**	163 586

Note 4.2.1 Lending by geographical area[1]

Amounts in NOK 1 000		Lending 31 Dec 2013	Lending 31 Dec 2012	Lending as a % 2013
NO01	Østfold county	4 289 555	3 666 503	7.44%
NO02	Akershus county	9 160 104	8 326 391	15.89%
NO03	Oslo	12 382 631	9 431 581	21.47%
NO04	Hedmark county	1 257 764	1 024 714	2.18%
NO05	Oppland county	938 100	738 632	1.63%
NO06	Buskerud county	2 314 573	1 756 336	4.01%
NO07	Vestfold county	1 839 744	1 530 397	3.19%
NO08	Telemark county	3 085 399	2 626 601	5.35%
NO09	Aust-Agder county	1 454 294	1 159 278	2.52%
NO10	Vest-Agder county	1 334 874	1 117 749	2.32%
NO11	Rogaland county	4 828 667	4 127 173	8.37%
NO12	Hordaland county	1 176 398	940 659	2.04%
NO14	Sogn og Fjordane county	183 319	89 286	0.32%
NO15	Møre og Romsdal county	1 842 765	1 184 775	3.20%
NO16	Sør-Trøndelag county	7 083 773	5 754 893	12.29%
NO17	Nord-Trøndelag county	2 092 629	1 615 698	3.63%
NO18	Nordland county	1 797 226	1 488 525	3.12%
NO19	Troms county	572 640	438 776	0.99%
NO20	Finnmark county	26 437	19 932	0.05%
Total		**57 660 894**	**47 037 899**	**100.0%**

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

Note 4.3 Derivatives

Counterparty exposure related to derivative contracts

Assets	31 Dec 2013		31 Dec 2012	
Amounts in NOK 1 000	**Book value**	**Net value[1]**	Book value	Net value[1]
Financial derivatives	**3 217 425**	**3 145 333**	970 974	942 723
Collateral received	**2 347 027**	**2 347 027**	395 032	395 032
Net exposure	**870 397**	**798 306**	**575 942**	**547 691**

Liability	31 Dec 2013		31 Dec 2012	
Amounts in NOK 1 000	**Book value**	**Net value[1]**	Book value	Net value[1]
Financial derivatives	**72 092**	-	786 703	758 350
Collateral pledged	-	-	-	-
Net exposure	**72 092**	-	**786 703**	**758 350**

[1] Net value is the book value of the financial assets less the financial liabilities related to the same counterparty.

Note 4.4 Bonds and certificates at fair value through profit or loss

Bonds broken down by issuer sector

31 Dec 2013 Amounts in NOK 1 000	Nominal value	Cost price	Fair Value
Commercial banks	50 000	50 228	50 273
Corporations owned by municipalities	25 000	25 015	25 077
Municipalities	1 652 300	1 652 395	1 652 602
Credit institutions	3 323 500	3 338 629	3 340 580
Treasury bills	300 000	298 089	298 095
Total bonds and certificates at fair value through profit or loss	**5 350 800**	**5 364 355**	**5 366 627**
Change in value charged to the profit and loss account			**2 272**

Average effective interest rate is 1.85 per cent annualised. The calculation is based on a weighted fair value.

	31 Dec 2013
Average term to maturity	1.1
Average duration when hedging is taken into account	0.2

31 Dec 2012 Amounts in NOK 1 000	Nominal value	Cost price	Fair Value
Commercial banks	50 000	50 747	50 756
Savings banks	25 000	25 031	25 057
Municipalities	2 217 219	2 217 478	2 217 543
Credit institutions	2 094 000	2 099 357	2 104 264
Treasury bills	1 678 000	1 671 983	1 672 478
Total bonds and certificates at fair value through profit or loss	**6 064 219**	**6 064 595**	**6 070 099**
Change in value charged to the profit and loss account			**5 504**

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

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

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

Note 4.5 Lending to and receivables from credit institutions

When assessing the rating, only ratings from Standard & Poor's, Moody's and Fitch are utilised. If a counterparty is rated by all three agencies, the median is applied to assess the credit quality step. If the counterparty is rated by two agencies, the average is applied, and if there is only one rating from an accredited agency, it is applied.

Of the company's lending to and receivables from credit institutions, 29 per cent are deposited in banks with Aa3/AA- rating, 11 per cent in banks with A1/A+ rating, 28 per cent in banks with A2/A rating, 33 per cent in banks with A3/A- rating.

NOTE 5: LIQUIDITY RISK

Liquidity risk is the risk of the company failing to meet its commitments at the due date without major costs arising in the form of refinancing or the need for premature realisation of assets. In the worst case, liquidity risk is the risk of the company being unable to obtain sufficient refinancing to meet its commitments on the due date. The company has loans maturing in 2014 of NOK 4 billion net when the currency hedge is taken into account. At 31 December 2013, the company had liquid funds in the form of bank deposits amounting to NOK 3.4 billion, a securities portfolio of NOK 5.4 billion and overdraft facility of NOK 50 million. These assets can be sold to cover the company's liabilities. The company also has a contingency facility with DNB through the ability to issue covered bonds up to a limit of NOK 1 billion. A note purchase agreement has also been entered into with the owners on buying the company's bonds.

More information and conditions related to the contingency facilities and the Note Purchase Agreement are provided in note 15. The liquidity risk is managed through set limits for funding structures, requirements for spreads on securities, tenors and markets, and the establishment of contingency facilities.

Liquidity risk

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

Financial liabilities as at 31 December 2013 Amounts in NOK 1 000	Book value 31 Dec. 2013	Without predetermined maturity	Term to maturity 0-1 month	Term to maturity 1-3 months	Term to maturity 3-12 months	Term to maturity 1-5 years	Term to maturity > 5 years	**Total**
Financial liabilities								
Debt securities issued	63 888 693	-	327 078	186 645	5 029 180	37 731 521	29 457 261	**72 731 685**
Subordinated loan capital	677 998	-	-	7 960	25 373	789 245	-	**822 578**
Financial derivatives (net)	(3 145 333)	-	(213 502)	108 792	81 591	(862 079)	(677 928)	**(1 563 126)**
Loans from credit institutions[1]	2 347 027	2 347 027	-	-	-	-	-	**2 347 027**
Other debt with remaining term to maturity[2]	379 245	-	141 532	2 393	43 291	-	-	**187 217**
Total financial liabilities	**64 147 630**	**2 347 027**	**259 699**	**312 746**	**7 026 189**	**38 355 162**	**28 779 332**	**77 080 155**

Amounts in NOK 1 000	Without predetermined maturity	Term to maturity 0-1 month	Term to maturity 1-3 months	Term to maturity 3-12 months	Term to maturity 1-5 years	Term to maturity > 5 years	**Total**
Derivatives							
Financial derivatives (gross)							
Incoming flow	-	(107 670)	(180 958)	(800 893)	(20 331 917)	(15 465 353)	**(36 886 791)**
Outgoing flow	-	321 172	72 166	719 302	21 193 996	16 143 281	**38 449 917**
Financial derivatives (net)	**-**	**213 502**	**(108 792)**	**(81 591)**	**862 079**	**677 928**	**1 563 126**

Ordinary maturity is used as the basis for classification

Financial liabilities at 31 December 2012 Amounts in NOK 1 000	Book value 31 Dec. 2012	Without predetermined maturity	Term to maturity 0-1 month	Term to maturity 1-3 months	Term to maturity 3-12 months	Term to maturity 1-5 years	Term to maturity > 5 years	**Total**
Financial liabilities								
Debt securities issued	52 582 767	-	104 107	3 780 921	5 163 393	35 876 050	12 951 706	**57 876 177**
Subordinated loan capital	318 601	-	-	142 052	6 516	196 311	-	**344 879**
Financial derivatives (net)	(184 271)	-	(25 815)	66 147	(249 655)	1 187 038	198 165	**1 175 880**
Loans from credit institutions[1]	395 032	395 032	-	-	-	-	-	**395 032**
Other debt with remaining term to maturity[2]	278 454	-	89 617	2 191	27 977	-	-	**119 785**
Total financial liabilities	**53 390 583**	**395 032**	**219 207**	**4 098 681**	**4 948 232**	**37 259 399**	**13 149 870**	**60 070 422**

Amounts in NOK 1 000	Without predetermined maturity	Term to maturity 0-1 month	Term to maturity 1-3 months	Term to maturity 3-12 months	Term to maturity 1-5 years	Term to maturity > 5 years	**Total**
Derivatives							
Financial derivatives (gross)							
Incoming flow	-	(57 331)	(204 122)	(1 813 040)	(18 397 973)	(6 211 107)	**(26 683 572)**
Outgoing flow	-	83 145	137 975	2 062 694	17 210 935	6 012 942	**25 507 692**
Financial derivatives (net)	**-**	**25 815**	**(66 147)**	**249 655**	**(1 187 038)**	**(198 165)**	**(1 175 880)**

Ordinary maturity is used as the basis for classification

[1] Agreements with counterparties regulating trades in OTC derivatives require collateral to be provided in certain cases. Eika Boligkreditt AS has been provided with such collateral in the form of cash. 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.

[2] Accrued interest related to debt established through the issue of securities, subordinated loan capital and financial derivatives is included under the respective items.

NOTE 6: MARKET RISK

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

Note 6.1 Interest rate risk

Interest rate risk

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

Interest sensitivity

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

Effect on profit of change in fair value

A one percentage point increase in all interest rates would reduce the value of the company's assets at 31 December by NOK 13.6 million, while the value of liabilities would be cut by NOK 48.3 million. The net effect on pre-tax profit would consequently have been an increase of NOK 34.7 million. The effect of a decrease in interest rates would be an increase of NOK 13.6 million of the value of assets, an increase of NOK 48.3 million in the value of liabilities and a reduction in pre-tax profit of NOK 34.7 million. These amounts are calculated on the basis of duration – in other words, the remainder of the fixed interest period – for both assets and liabilities. The corresponding interest-rate hedge is taken into account when calculating duration. The valuation comprises the fair value of fixed-interest mortgages, bonds and certificates at fair value through profit and loss, derivatives and debt established through the issue of fixed-interest securities, which are financial instruments not measured at amortised cost.

Effect on profit of change in net interest income

The effect of a one percentage point increase in all interest rates, calculated over a period of 12 months based on the portfolio as of 31 December 2013, would be to increase interest income at 31 December by NOK 665 million, while interest expense would be increased by NOK 646 million. The effect on net interest income would accordingly have been an increase of NOK 19 million. A reduction in interest rates, calculated over a period of 12 months based on the portfolio as of 31 December 2013, would decrease interest income by NOK 665 million and interest expenses by NOK 646 million. That would yield a reduction of NOK 19 million in net interest income. When calculating the profit effect on net interest income, the change in interest rates comprises all interest-bearing assets and liabilitets. This include lending to customers, lending to and receivables from credit institutions, financial derivatives, bonds and certificates at fair value through profit and loss, debt securities issued and subordinated loan capital.

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

A one percentage point increase in all interest rates would produce an overall change through fair value and net interest income of NOK 54 million in pre-tax profit. A reduction of one percentage point in all interest rates would produce an overall negative change through fair value and net interest income of NOK 54 million in pre-tax profit. It is assumed in the calculation that the distributor commissions are not affected by this change.

Note 6.2 Currency risk

The company has debts through covered bonds issued in euros and Swedish kroner. These debts cashflows are hedged through currency derivatives. This means that the company has no currency risk. An overview of the book value of financial instruments in foreign currencies is provided below. The table is stated in NOK. Fair value adjustments related to the interest element and changes in basis swap in the currency hedge on debt securities issued are not included in the statement.

Currency risk as at 31 December 2013 Amounts in NOK 1 000	Term to maturity 0-1 month	Term to maturity 1-3 months	Term to maturity 3-12 months	Term to maturity 1-5 years	Term to maturity > 5 years	Total
Debt securities issued in CHF	-	-	-	-	-	-
Debt securities issued in EUR	-	-	-	16 664 935	13 707 398	30 372 333
Debt securities issued in SEK	-	-	-	943 508	-	943 508
Currency derivatives in CHF	-	-	-	-	-	-
Currency derivatives in EUR	-	-	-	(16 664 935)	(13 707 398)	(30 372 333)
Currency derivatives in SEK	-	-	-	(943 508)	-	(943 508)
Net currency exposure	-	-	-	-	-	-

Currency risk as at 31 December 2012 Amounts in NOK 1 000	Term to maturity 0-1 month	Term to maturity 1-3 months	Term to maturity 3-12 months	Term to maturity 1-5 years	Term to maturity > 5 years	Total
Debt securities issued in CHF	-	-	1 369 966	-	-	1 369 966
Debt securities issued in EUR	-	-	-	14 616 757	4 729 672	19 346 429
Debt securities issued in SEK	-	-	-	-	-	-
Currency derivatives in CHF	-	-	(1 369 966)	-	-	(1 369 966)
Currency derivatives in EUR	-	-	-	(14 616 757)	(4 729 672)	(19 346 429)
Currency derivatives in SEK	-	-	-	-	-	-
Net currency exposure	-	-	-	-	-	-

NOTE 7: OTHER RISK

Risk relating to capital management

Issuance of covered bonds causes the company to have surplus liquidity during the periods after the loan is raised.

The need for liquid funds increases as a result of balance sheet growth. This means there is a need to increase the number of lines to place liquidity with solvent counterparties pursuant to the regulations governing covered bonds. The company is exposed to risk linked to capital management through securities in Norway, including government securities, municipal bonds, and Norwegian covered bonds. A framework for managing surplus liquidity has been established to limit the interest and credit spread risk on the investments. The management is subject to the reporting and position framework determined by the company's board of directors. This framework is reviewed once a year. The company's total market risk is assessed on the basis of stress scenarios prepared in line with the recommendations of Norway's Financial Supervisory Authority and the Basel Committee. See note 4.4 relating to certificates, bonds and other securities with fixed yield.

NOTE 8: FINANCIAL DERIVATIVES

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.

The negative change in the value of financial instruments related almost entirely to NOK 118.5 million in negative change to 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. The accounting effects will thereby reverse over time, so that the unrealised loss at 31 December 2013 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 currency to Norwegian kroner. A typical example is when a loan raised in euros is converted to Norwegian kroner through an interest rate and currency swap which includes a basis swap. In this case, Eika Boligkreditt would pay a Norwegian interest rate with a margin of three months Nibor in the swap and receive a euro interest rate in the swap which corresponds to the coupon it pays on the loan in euros. The derivatives are valued at fair value, while the hedged bond is valued in accordance with the principles which apply for hedge accounting.

Financial derivatives

Amounts in NOK 1 000	31 Dec 2013 Nominal amount	31 Dec 2013 Fair value	31 Dec 2012 Nominal amount	31 Dec 2012 Fair value
Assets				
Interest rate swap lending [1]	**(41 060)**	**229**	(90 000)	1 033
Interest rate and currency swap [2]	**37 178 063**	**3 217 196**	13 735 805	969 940
Total financial derivative assets	**37 237 003**	**3 217 425**	13 645 805	970 974

Amounts in NOK 1 000	31 Dec 2013 Nominal amount	31 Dec 2013 Fair value	31 Dec 2012 Nominal amount	31 Dec 2012 Fair value
Liabilities				
Interest rate swap investments	-	-	80 500	103
Interest rate swap lending [1]	**1 520 425**	**50 394**	1 796 521	77 409
Interest rate and currency swap [2]	**1 500 000**	**21 698**	21 810 763	709 191
Total financial derivative liabilities	**3 020 425**	**72 092**	23 687 784	786 703

[1] The hedging instruments related to the lending portfolio with fixed interest rate are rebalanced when necessary. The negative nominal value is a result of a previously entered swap being reversed as a result of rebalancing.
[2] Nominal amount is converted to historical currency exchange rate.

Fair value hedging

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

Amounts in NOK 1 000	31 Dec 2013 Nominal amount	31 Dec 2013 Value recognised in balance sheet	31 Dec 2012 Nominal amount	31 Dec 2012 Value recognised in balance sheet
Hedging instruments: Interest rate and currency swaps [1] and [2]	**38 678 063**	**3 195 498**	28 634 568	258 113
Hedged items: Financial commitments incl foreign exchange [2]	**38 678 063**	**(3 308 226)**	28 634 568	(285 811)
Net value recognised in Balance Sheet	**-**	**(112 728)**	-	(27 698)

[1] Nominal amount is converted to historical currency exchange rate.
[2] The book value of the hedging instruments is net fair 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	2013	2012
Hedging instruments	**2 906 761**	(180 350)
Hedged items	**(3 022 415)**	183 951
Net gains/losses (inefffectiveness) [1]	**(115 654)**	3 601

[1] The negative change in the value of financial instruments related almost entirely to NOK 118.5 million in negative change to basis swaps More details are described above.

NOTE 9: 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 interest rate at 31 December.

31 Dec 2013

Amounts in NOK 1 000	Level 1	Level 2	Level 3
Financial assets			
Lending to customers (fixed income)	-	-	1 401 495
Bonds and certificates at fair value through profit or loss	298 095	5 068 532	-
Financial derivatives	-	3 217 425	-
Shares classified as available for sale	-	-	15 000
Total financial assets	**298 095**	**8 285 957**	**1 416 495**
Financial liabilities			
Financial derivatives	-	72 092	-
Total financial liabilities	**-**	**72 092**	**-**

No significant transactions between the different levels took place in 2013.

31 Dec 2012

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

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

Detailed statement of assets classified at level 3

2013 Amounts in NOK 1 000	Opening balance 1 Jan 2013	Purchases/ issues	Disposals/ Settlements	Transfers in/out of level 3	Allocated to profit or loss 2013	Other comprehensive income	Closing balance 31 Dec 2013
Lending to customers (fixed rate loans)	1 701 189	85 988	(368 744)	-	(16 937)	-	1 401 495
Shares available for sale	15 000	-	-	-	-	-	15 000
Total	**1 716 189**	**85 988**	**(368 744)**	**-**	**(16 937)**	**-**	**1 416 495**

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

Interest rate sensitivity of assets classified at Level 3 at 31 December 2013

A one percentage point increase in all interest rates would reduce the value of the company's fixed-rate loans at fair value at year-end by NOK 33.4 million. The effect of a decrease in interest rates would be an increase of NOK 33.4 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 is considered to have an unchanged credit spread, no change in fair value is attributable to a change in the credit risk. This applies both for 31 December 2012, 2013 and cumulatively.

NOTE 10: CLASSIFICATION OF FINANCIAL INSTRUMENTS

31 Dec 2013	Financial instruments at fair value through profit or loss				Financial instruments at amortised cost		
Amounts in NOK 1 000	Held for trading	Fair value option	Derivatives for hedging	Available for sale	Financial assets and liabilities	Held to maturity	Total
Financial assets							
Lending to and receivables from credit institutions	-	-	-	-	3 402 638	-	3 402 638
Lending to customers	-	1 401 495	-	-	56 290 358	-	57 691 853
Bonds and certificates at fair value through profit or loss	-	5 366 627	-	-	-	-	5 366 627
Financial derivatives	229	-	3 217 196	-	-	-	3 217 425
Shares classified as available for sale	-	-	-	15 000	-	-	15 000
Other fnancial assets	-	-	-	-	94 994	-	94 994
Total financial assets	**229**	**6 768 122**	**3 217 196**	**15 000**	**59 787 990**	**-**	**69 668 041**
Financial liabilities							
Financial derivatives	50 394	-	21 698	-	-	-	72 092
Debt securities issued	-	-	-	-	63 888 693	-	63 888 693
Loans from credit institutions	-	-	-	-	2 347 027	-	2 347 027
Other liabilities	-	-	-	-	379 245	-	379 245
Subordinated loan capital	-	-	-	-	677 998	-	677 998
Total financial liabilities	**50 394**	**-**	**21 698**	**-**	**67 292 963**	**-**	**67 452 548**

31 Dec 2012	Financial instruments at fair value through profit or loss				Financial instruments at amortised cost		
Amounts in NOK 1 000	Held for trading	Fair value option	Derivatives for hedging	Available for sale	Financial assets and liabilities	Held to maturity	Total
Financial assets							
Lending to and receivables from credit institutions	-	-	-	-	1 934 368	-	1 934 368
Lending to customers	-	1 701 189	-	-	45 384 606	-	47 085 795
Bonds and certificates at fair value through profit or loss	-	6 070 099	-	-	-	-	6 070 099
Financial derivatives	3 920	-	967 054	-	-	-	970 974
Shares classified as available for sale	-	-	-	15 000	-	-	15 000
Other fnancial assets	-	-	-	-	79 372	-	79 372
Total financial assets	**3 920**	**7 771 288**	**967 054**	**15 000**	**47 398 346**	**-**	**56 155 608**
Financial liabilities							
Financial derivatives	77 762	-	708 941	-	-	-	786 703
Debt securities issued	-	-	-	-	52 582 767	-	52 582 767
Loans from credit institutions	-	-	-	-	395 032	-	395 032
Other liabilities	-	-	-	-	278 454	-	278 454
Subordinated loan capital	-	-	-	-	318 601	-	318 601
Total financial liabilities	**77 762**	**-**	**708 941**	**-**	**53 574 854**	**-**	**54 361 557**

NOTE 11: NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE

Full year 2013

Amounts in NOK 1 000	Held for trading	Fair value option	Hedging accounting	Available for sale	Total	Of which realised	Of which unrealised
Lending to customers (fixed income)	-	(16 937)	-	-	(16 937)	-	(16 937)
Bonds and certificates at fair value through profit or loss	-	(994)	-	-	(994)	2 196	(3 190)
Shares available for sale	-	-	-	4 769	4 769	4 769	
Debts from issuance of securities	-	-	(3 022 415)	-	(3 022 415)	-	(3 022 415)
Financial derivatives	22 606	-	2 906 761	-	2 929 367	(969)	2 930 336
Total	**22 606**	**(17 932)**	**(115 654)**	**4 769**	**(106 210)**	**5 997**	**(112 207)**

Full year 2012

Amounts in NOK 1 000	Held for trading	Fair value option	Hedging accounting	Available for sale	Total	Of which realised	Of which unrealised
Lending to customers (fixed income)	-	7 361	-	-	7 361	-	7 361
Bonds and certificates at fair value through profit or loss	-	6 274	-	-	6 274	2 847	3 427
Shares available for sale	-	-	-	3 356	3 356	3 356	-
Debts from issuance of securities	-	-	183 951	-	183 951	-	183 951
Financial derivatives	(1 327)	-	(180 350)	-	(181 676)	967	(182 643)
Total	**(1 327)**	**13 634**	**3 601**	**3 356**	**19 265**	**7 170**	**12 095**

NOTE 12: FAIR VALUE OF FINANCIAL INSTRUMENTS AT AMORTISED COST

	31 Dec 2013		31 Dec 2012	
Amounts in NOK 1 000	**Book value**	**Fair value**	Book value	Fair value
Financial assets				
Loans to and deposits with credit institutions	**3 402 638**	**3 402 638**	1 934 368	1 934 368
Lending to customers	**57 691 853**	**57 691 853**	47 085 795	47 085 795
Total financial assets	**61 094 491**	**61 094 491**	**49 020 163**	**49 020 163**
Financial liabilities				
Debt securities in issue	**63 888 693**	**64 224 609**	52 582 767	53 280 703
Subordinated loan capital	**677 998**	**650 170**	318 601	317 070
Total financial liabilities	**64 566 691**	**64 874 779**	**52 901 368**	**53 597 773**

The fair value of lending to customers with floating interest rates and of lending to and receivables from credit institutions is considered to be equal to book value, and is considered to be equal to amortised cost. The fair value of fixed-rate loans is measured as equal to amortised cost adjusted for the present value of the difference between the loans' fixed rate of interest and the interest rate at the balance sheet date. The share of fixed and floating rate loans is presented in note 4.2. The fair value of Norwegian debt securities in issue and subordinated loan capital are based on prices published by the Norwegian Securities Dealers Association (Norsk Fondsmeglerforbund). The fair value of foreign debt securities in issue is based on quoted prices provided by Bloomberg.

NOTE 13: INTANGIBLE ASSETS

Amounts in NOK 1 000	Software	Total
Original cost 1 January	14 741	14 741
Additions	2 588	2 588
Disposals	-	-
Original cost 31 December	**17 329**	**17 329**
Accumulated depreciation 1 January	10 422	10 422
Accumulated depreciation 31 December	12 152	12 152
Book value 31 December	**5 177**	**5 177**
Depreciation charge for the year	1 730	1 730
Useful economic life	5 years	
Depreciation schedule	Linear	
Off-balance-sheet annual rent on fixed tangible assets and rent on premises	2 585	

NOTE 14: SHARES CLASSIFIED AS AVAILABLE FOR SALE

Amounts in NOK 1 000	Number of shares	Cost price	Book value	Owner share
Eiendomsverdi AS	353 269	15 000	15 000	18.79%
Total	-	**15 000**	**15 000**	-

NOTE 15: LIABILITIES

Eika Boligkreditt has an overdraft facility with DNB Bank ASA (DNB). Amounting to NOK 50 million, this facility was undrawn at 31 December 2013 and 31 December 2012. Equity conditions apply to the overdraft facility.

The company also has a contingency facility through its ability to issue covered bonds (CB) up to a limit of NOK 1 billion set by DNB. The committed credit line from DNB has a rolling 12-month duration. These bonds will have a maximum of 18 months to maturity when issued, but EBK is obliged to buy back the bonds after 12 months following the issue if DNB so requires. The credit agreement with DNB contains terms and conditions related to equity ratio, ownership changes and the rating of issued bonds, plus the guarantee structure with the company's owner banks.

The credit agreement with DNB was undrawn at 31 December 2013 and 31 December 2012.

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

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

At 31 December 2013, the company had bonds and certificates in issue with a nominal value of NOK 60 602 063 000.

Amounts in NOK 1 000	**31 Dec 2013**	31 Dec 2012
Nominal value of certificates	**350 000**	900 000
Difference in fair value	**(27)**	(175)
Nominal value of bonds	**60 252 063**	51 476 171
Difference in fair value	**3 286 658**	206 772
Nominal value of subordinated loan capital	**680 000**	319 000
Difference in fair value	**(2 003)**	(399)
Total	**64 566 691**	52 901 369

Note 15.1 Debts from issuance of securities

Covered bonds

Amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Establishment	Maturity	31 Dec 2013	31 Dec 2012
CH0034269511	225 000	CHF	Fixed	3.14%	2007	2013	-	1 369 966
NO0010421332	250 000	NOK	Fixed	5.40%	2008	2013	-	104 996
NO0010421340	441 000	NOK	Floating	3M Nibor + 0.20%	2008	2013	-	316 488
NO0010502149	5 000 000	NOK	Floating	3M Nibor + 0.70%	2009	2019	**860 225**	-
NO0010542244	1 000 000	NOK	Floating	3M Nibor + 0.35%	2009	2014	**21 002**	999 671
NO0010536089	5 000 000	NOK	Floating	3M Nibor + 0.40%	2009	2015	**349 699**	454 492
NO0010561103	2 000 000	NOK	Fixed	5.00%	2009	2019	**2 020 854**	1 468 208
NO0010565211	2 000 000	NOK	Fixed	4.40%	2010	2015	**1 211 093**	1 212 070
NO0010572373	5 000 000	NOK	Floating	3M Nibor + 0.53%	2010	2016	**4 997 196**	4 995 997
XS0537088899	500 000	EUR	Fixed	2.13%	2010	2015	**4 171 905**	3 659 368
NO0010605587	1 000 000	NOK	Fixed	5.20%	2011	2021	**1 000 000**	1 000 000
NO0010612179	1 000 000	NOK	Fixed	4.65%	2011	2018	**712 624**	715 470
NO0010612039	2 500 000	NOK	Floating	3M Nibor + 0.55%	2011	2018	**2 502 256**	1 197 916
NO0010625429	2 000 000	NOK	Floating	3M Nibor + 0.40%	2011	2014	**914 451**	1 728 414
NO0010625346	1 600 000	NOK	Fixed	4.60%	2011	2026	**1 501 164**	1 501 255
NO0010630148	2 500 000	NOK	Floating	3M Nibor + 0.45%	2011	2014	**1 234 685**	2 008 995
NO0010631336	1 000 000	NOK	Fixed	3.75%	2011	2016	**851 103**	851 549
XS0736417642	500 000	EUR	Fixed	2.25%	2012	2017	**4 163 486**	3 650 625
NO0010648884	2 000 000	NOK	Floating	3M Nibor + 0.42%	2012	2015	**1 097 531**	1 199 127
NO0010648892	2 000 000	NOK	Floating	3M Nibor + 0.74%	2012	2017	**1 401 497**	1 401 934
XS0794570944	650 000	EUR	Fixed	2.00%	2012	2019	**5 396 187**	4 729 672
XS0851683473	1 000 000	EUR	Fixed	1.25%	2012	2017	**8 329 544**	7 306 763
NO0010663727	5 500 000	NOK	Floating	3M Nibor + 0.60%	2012	2019	**4 140 899**	499 199
NO0010664428	1 000 000	NOK	Floating	3M Nibor + 0.53%	2012	2018	**1 001 574**	199 777
NO0010663743	1 000 000	NOK	Fixed	3.25%	2012	2019	**1 010 178**	350 000
NO0010669922	1 000 000	NOK	Fixed	4.00%	2013	2028	**995 701**	-
XS0881369770	1 000 000	EUR	Fixed	2.13%	2013	2023	**8 311 211**	-
NO0010685480	3 000 000	NOK	Floating	3M Nibor + 0.54%	2013	2020	**1 173 554**	-
NO0010685704	1 000 000	NOK	Fixed	3.50%	2013	2020	**300 749**	-
NO0010687023	1 000 000	NOK	Fixed	4.10%	2013	2028	**150 000**	-
NO0010697204	500 000	SEK	Fixed	2.38%	2013	2018	**282 697**	-
NO0010697212	1 500 000	SEK	Floating	3M Stibor + 0.50%	2013	2018	**660 811**	-
Value adjustments							**365 276**	691 244
Total covered bonds [1]							**61 129 152**	43 613 195

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

Covered bonds used as collateral in the swap arrangement with the Norwegian government

Amounts in NOK 1 000

ISIN	Nominal amounts[2]	Local currency	Interest rate terms	Interest rate	Estab-lishment	Maturity	**31 Dec 2013**	31 Dec 2012
NO0010502149	5 000 000	NOK	Floating	3M Nibor + 0.70%	2009	2019	-	4 791 000
NO0010513476	5 000 000	NOK	Floating	3M Nibor + 0.65%	2009	2015	-	1 061 500
NO0010536089	5 000 000	NOK	Floating	3M Nibor + 0.40%	2009	2015	-	1 586 000
Covered bonds used as collateral in the swap arrangement with the Norwegian government[1] and[2]							-	**7 438 500**
Unrecognised covered bonds issued related to the swap arrangement with the Norwegian Government							-	(7 438 500)
Total covered bonds[1]							**61 129 152**	**43 613 195**

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

Swap arrangement with the Norwegian government

Amounts in NOK 1 000

Description	Nominal amounts	Local currency	Interest rate terms	Interest rate	Estab-lishment	Maturity	**31 Dec 2013**	31 Dec 2012
Swap agreement with the Govt.	2 971 071	NOK	Floating	6 M Nibor - 0.11%	2009	2013	-	2 971 071
Swap agreement with the Govt.	1 487 382	NOK	Floating	6 M Nibor - 0.11%	2009	2014	-	1 487 382
Swap agreement with the Govt.	987 036	NOK	Floating	6 M Nibor - 0.11%	2009	2014	-	987 036
Swap agreement with the Govt.	1 474 614	NOK	Floating	6 M Nibor + 0.24%	2009	2013	-	1 474 614
Total borrowing from Norwegian government[2]							-	**6 920 103**

[2] At 31 December, all debt related to the swap arrangement had matured or been redeemed early, so that Eika Boligkreditt has no debt outstanding under the swap arrangement with the government.

Senior unsecured bonds

Amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Estab-lishment	Maturity	**31 Dec 2013**	31 Dec 2012
NO0010532906	1 000 000	NOK	Floating	3M Nibor + 0.90%	2009	2014	**349 894**	349 730
NO0010662521	1 000 000	NOK	Floating	3M Nibor + 0.80%	2012	2014	**109 982**	199 868
NO0010672157	500 000	NOK	Floating	3M Nibor + 0.65%	2013	2014	**199 975**	-
NO0010673106	250 000	NOK	Floating	3M Nibor + 0.80%	2013	2015	**250 581**	-
NO0010685043	500 000	NOK	Floating	3M Nibor + 0.42%	2013	2014	**499 921**	-
NO0010685035	300 000	NOK	Floating	3M Nibor + 0.43%	2013	2014	**299 870**	-
NO0010691991	500 000	NOK	Floating	3M Nibor + 0.69%	2013	2015	**199 893**	-
NO0010697733	600 000	NOK	Floating	3M Nibor + 0.90%	2013	2016	**299 751**	-
NO0010699234	500 000	NOK	Floating	3M Nibor + 1.14%	2013	2018	**199 702**	-
NO0010637531	200 000	NOK	Floating	3M Nibor + 0.70%	2012	2013	-	199 936
NO0010656804	500 000	NOK	Floating	3M Nibor + 0.50%	2012	2013	-	400 110
Total senior unsecured bonds							**2 409 569**	1 149 644

Senior unsecured certificates

Amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Estab-lishment	Maturity	31 Dec 2013	31 Dec 2012
NO0010682123	200 000	NOK	Fixed	2.13%	2013	2014	**199 984**	-
NO0010690704	150 000	NOK	Floating	3M Nibor + 0.32%	2013	2014	**149 989**	-
NO0010649031	100 000	NOK	Fixed	3.06%	2012	2013	-	99 992
NO0010649023	200 000	NOK	Fixed	2.93%	2012	2013	-	199 994
NO0010656549	200 000	NOK	Floating	3M Nibor + 0.40%	2012	2013	-	199 938
NO0010659980	250 000	NOK	Fixed	2.50%	2012	2013	-	249 913
NO0010661697	150 000	NOK	Fixed	2.49%	2012	2013	-	149 989
Total senior unsecured certificates							**349 973**	**899 825**

Total debt securities issued	**63 888 693**	**52 582 767**

Tier 1 perpetual bonds

Amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Estab-lishment	Maturity	31 Dec 2013	31 Dec 2012
NO0010679640	250 000	NOK	Floating	3M Nibor + 4.20%[1]	2013	Perpetual	**248 683**	-
Total tier 1 perpetual bonds							**248 683**	**-**

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

Subordinated loan capital

Amounts in NOK 1 000

ISIN	Nominal amounts	Local currency	Interest rate terms	Interest rate	Estab-lishment	Maturity	31 Dec 2013	31 Dec 2012
NO0010418924	139 000	NOK	Floating	3M Nibor + 1.50%[1]	2008	2018	-	138 973
NO0010592991	180 000	NOK	Floating	3M Nibor + 2.40%[2]	2010	2020	**179 753**	179 627
NO0010679632	250 000	NOK	Floating	3M Nibor + 2.20%[3]	2013	2023	**249 561**	-
Total subordinated loan capital							**429 314**	**318 601**

[1] Subordinated loan of NOK 139 million with maturity date 6 March 2018, with redemption right (call) 6 March 2013. The call option is exercised, and the loan was repaid 6 March 2013.
[2] Subordinated loan of NOK 180 million with maturity date 15 December 2020, with redemption right (call) 15 December 2015. If the redemption right is unexercised, interest terms are 3M Nibor + 3.15%. This issue has a regulatory call allowing the issuer to call the bond at par + accrued interest should regulatiory changes mean that the issuer is prohibited from including the capital in its tier 2 capital calculation.
[3] Subordinated loan of NOK 250 million with maturity date 23 May 2023, with redemption right (call) 23 May 2018 and thereafter quarterly at each interest date. A regulatory call is also provided. Should official regulation lead to changes which affect how far the capital can be regarded as tier 2 capital, the bond can be redeemed at a price equal to 100 per cent plus accrued interest.

	31 Dec 2013	31 Dec 2012
Total subordinated loan capital	**677 998**	**318 601**

NOTE 16: COVER POOL

Cover Pool

Amounts in NOK 1 000	Fair Value 31 Dec 2013	31 Dec 2012
Lending to customers	**57 691 853**	47 085 795
Substitute assets and derivatives:		
Financial derivatives (net)	**3 145 333**	181 635
Substitute assets [1]	**6 420 907**	7 607 339
Total	**67 258 093**	**54 874 768**
The cover pool's overcollateralisation	**109.99%**	**107.32%**

Issued Covered Bonds

Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012
Covered Bonds	**61 129 152**	43 613 195
Swap arrangment with the Norwegian government	-	7 438 500
Premium/Discount	**21 137**	78 683
Total Covered Bonds	**61 150 288**	**51 130 378**

[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 17: PAYROLL COSTS

Amounts in NOK 1 000	2013	2012
Pay, fees, etc	**16 895**	12 787
National insurance contributions	**2 774**	2 029
pension costs	**1 588**	1 206
Other personnel costs	**978**	1 142
Total	**22 235**	**17 165**
Average number of employees (full-time equivalent)	**17.2**	14.4

NOTE 18: REMUNERATION OF SENIOR EXECUTIVES, GOVERNING BODIES, AUDITORS, ETC

Amounts in NOK 1 000		Pay	Other	Bonus accrued 2013 [1]	Bonus paid 2013 [2]	Pension costs [3]
Kjartan M. Bremnes	CEO	1 769	267	450	266	560

The company has implemented new guidelines for variable remuneration in order to ensure compliance with the remuneration regulations for financial institutions. The CEO is included in the company's bonus scheme. Bonuses are calculated on the basis of a number of criteria, including the company's pre-tax profit, cost developments and development of the mortgage portfolio. Fifty per cent of the bonus awarded is paid as a lump sum in March of the year of award. The remaining 50 per cent is retained by the company and paid in equal annual instalments over a three-year period. Interest at the three-month Nibor rate is paid on bonuses awarded but not paid. All amounts in the bonus bank remain the company's property until payment takes place.

[1] 50 per cent of the bonus earned for 2013 will, in accordance with the guidelines mentioned above, be paid in 2014.
[2] UUnpaid bonus in 2013 comprises the share of bonuses earned for 2011 and 2012, in accordance with the guidelines mentioned above.
[3] The CEO is included in the company's ordinary pension scheme. In addition, an agreement was entered into in 2012 on a individual pension for Kjartan M Bremnes which gives him the right to receive 66 per cent of his pay between the ages of 63 to 67.

The CEO has no agreement on pay after termination of his employment.

Directors

Amounts in NOK 1 000	Fees
Martin Mæland	150
Odd Inge Løfald	100
Bjørn Arne Riise	100
Terje Svendsen	100
Øyvind Gaarder	100
Steinar Moslet	5
Elling Berntsen	5
Jon Guste-Pedersen	5
Total director's fee	**565**

Control committee

Amounts in NOK 1 000	Fees
Siv Sandvik	28
Rune Iversen	14
Hans Petter Gjeterud	14
Total control committee	**56**

Supervisory board

Amounts in NOK 1 000	Fees
Jon Håvard Solum	8
Svein Solberg	4
Tore Karlsen	4
Bjørg Storengen	4
Tor Egil Lie	4
Per Evjen	2
Total supervisory board	**26**

Nomination committee

Amounts in NOK 1 000	Fees
Knut Harald Nafstad	8
Odd Strand	4
Gunnar Johan Onarheim Sulen	4
Total	**16**

Auditor

Remuneration to Deloitte AS and their associates is as follows:

Amounts in NOK 1 000	2013	2012
Statutory audit	**705**	549
Other assurance services	**336**	439
Other services unrelated to audit	**28**	-
Total	**1 069**	988

The figures above exclude VAT.

NOTE 19: PENSION COST

The company is required to have an occupational pension scheme in accordance with Norwegian legislation on defined contribution pensions ("lov om innskuddspensjon"). The company has arrangements that comply with the statutory requirements. The company's defined benefit scheme was closed with effect from 1 January 2005, and a defined contribution scheme covering all employees was established instead. Those who were employed before the defined benefit scheme was closed had the opportunity to switch voluntarily to the defined contribution scheme.

Defined contribution scheme

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

Defined benefit scheme

This arrangement gives the right to defined future benefits based on years of service, salary at retirement and payments from the national insurance systems. The obligations are wholly guaranteed by contract with an insurance company.

Unfunded scheme

The company has an unfunded pension plan for the chief executive. In connection with this plan, a secured loan agreement provides that an amount corresponding to the pension obligation is deposited in an escrow account.

Pension costs and pension liabilities include employer's national insurance contributions.

Financial assumptions:

	2013	2012
Discount rate	**4.10%**	3.80%
Expected increase in salaries	**3.75%**	3.50%
Expected increase in the NI base rate	**3.50%**	3.25%
Expected increase in pensions	**3.50%**	3.25%
Expected return on pension plan assets	**4.10%**	3.80%

Acturial assumptions:
Actuarial assumptions for demographic factors and retirement are based on assumptions commonly used in insurance.

	2013	2012
Number of employees in the defined benefit pension scheme	**3**	3
Number of employees in the unfunded scheme	**1**	1
Number of employees in the defined contribution pension scheme	**16**	13

Pension expenses Amounts in NOK 1 000	Unfunded scheme 2013	Unfunded scheme 2012	Funded scheme 2013	Funded scheme 2012
Net present value of pension entitlements	422	207	583	477
Interest expenses on pension commitments	12	2	205	149
Anticipated return on pension funds	-	-	(96)	(66)
Amortisation of changes in estimates not recorded in the accounts	-	-	-	36
Total defined benfit pension schemes	434	209	692	595
Defined contribution pension schemes	-	-	683	516
Net pension expenses	434	209	1 375	1 111

Pension commitments Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Accrued pension commitments	564	183	6 836	5 046
Value of pension funds	-	-	3 450	2 855
Net pension commitments	564	183	3 386	2 191
Employer's contributions	79	26	478	309
Net pension liability	643	209	3 864	2 500

Distribution of pension funds	31 Dec 2013	31 Dec 2012
Equity	11%	6%
Bonds	56%	56%
Real property	16%	14%
Money market	12%	18%
Other	5%	6%
Total	100%	100%

NOTE 20: TAXES

Amounts in NOK 1 000	2013	2012
Total tax		
Income tax payable for the year	37 749	23 822
Change in deferred tax	(30 778)	6 718
Change in tax from previous years	102	-
Effect of changes to the tax rate on deferred tax	1 284	-
Taxes	8 357	30 541
Reconciliation of expected and actual tax		
Pre-tax profit	29 433	112 279
Expected tax on income at nominal tax rate (28%)	8 241	31 438
Reversal of earlier provisions for taxes	102	-
Tax effect of permanent differences	(1 270)	(897)
Deferred tax for change in tax rate	1 284	-
Taxes	8 357	30 541
Effective tax rate	28.0%	27.2%
Deferred tax asset and deferred tax in the balance relate to the following temporary differences		
Effect of changes to the tax rate on deferred tax	(365)	-
Taxes	(365)	-
Deferred taxes in the income statement affect the following temporary differences		
Fixed assets	55	72
Pensions	(94)	(110)
Financial instruments	(28 416)	6 756
Other temporary differences	(1 039)	-
Total change in deferred tax	(29 494)	6 718

Deferred tax assets and deferred taxes in the balance sheet affect the following temporary differences

Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012
Fixed assets	422	603
Net pension commitments	4 507	2 709
Financial instruments	121 017	15 210
Other temporary differences	3 849	-
Total temporary differences	129 795	18 523
Effect of changes to the tax rate on deferred tax	36 343	5 186
Change in tax rate from 28% to 27%	(1 298)	-
Deferred tax assets	35 045	5 186

NOTE 21: OTHER FINANCIAL ASSETS

Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012
Prepaid expenses	1 941	2 210
Accrued interests	93 053	77 161
Short-term receivables	-	1
Total other financial assets	**94 994**	**79 372**

NOTE 22: OTHER LIABILITIES

Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012
Accrued costs		
Commissions on bank lending	139 838	87 171
Accrued interest	192 026	158 669
Accrued employer's national insurance contributions	1 417	1 014
Deferred directors' fees	690	600
Accrued holiday pay	1 574	1 154
Deferred bonus	3 849	2 401
Other accrued costs	475	211
Total accrued costs	**339 869**	**251 221**
Other debt		
Accounts payable	1 221	2 234
Unpaid withholding tax	737	660
Unpaid VAT	239	517
Tax payable	37 179	23 822
Total	**39 376**	**27 233**
Total other liabilities	**379 245**	**278 454**

NOTE 23: COMMISSION COSTS

Amounts in NOK 1 000	2013	2012
Portfolio commission[1]	444 303	209 161
Underwriter's commission	2 596	2 056
Banking services	1 628	1 097
Total commission costs	**448 527**	**212 315**

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

NOTE 24: ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Amounts in NOK 1 000	2013	2012
IT costs	4 239	3 728
Phone, postage, etc	722	578
Accessories and equipment	269	330
Marketing	433	1 679
Other administrative expenses	9 080	7 072
Total administrative expenses	**14 742**	**13 386**
External services	9 704	7 788
Operating expenses on rented premises	2 146	1 928
Insurance cost	367	110
Other operating expenses	1 676	1 173
Total other operating expenses	**13 893**	**10 999**

NOTE 25: SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital consists of 592 082 433 shares, each with a nominal value of NOK 1.00.
All shares were authorised, issued and fully paid at 31 December 2013.

List of shareholders at 31 December 2013	Number of shares	Ownership share
OBOS BBL	73 338 363	12.39%
Jernbanepersonalets Sparebank	43 277 108	7.31%
Lillestrøm Sparebank	26 899 635	4.54%
Aurskog Sparebank	20 047 427	3.39%
Time Sparebank	19 312 128	3.26%
Klepp Sparebank	18 522 986	3.13%
Sparebanken Narvik	17 258 180	2.91%
Askim Sparebank	15 971 503	2.70%
Totens Sparebank	15 435 985	2.61%
Melhus Sparebank	13 539 456	2.29%
Selbu Sparebank	11 885 930	2.01%
Spydeberg Sparebank	10 946 405	1.85%
Hjartdal og Gransherad Sparebank	10 523 226	1.78%
Bamble Sparebank	10 471 157	1.77%
Rørosbanken Røros Sparebank	10 350 377	1.75%
Aasen Sparebank	10 190 332	1.72%
Eidsberg Sparebank	9 993 001	1.69%
Larvikbanken Brunlanes Sparebank	9 528 772	1.61%
Trøgstad Sparebank	9 358 163	1.58%
Berg Sparebank	8 977 985	1.52%
Marker Sparebank	8 818 377	1.49%
Blaker Sparebank	8 476 771	1.43%
Kragerø Sparebank	8 317 988	1.40%
Orkdal Sparebank	8 011 092	1.35%
Drangedal og Tørdal Sparebank	7 887 066	1.33%
Grong Sparebank	7 552 102	1.28%
Bud,Fræna Og Hustad Sparebank	7 385 100	1.25%
Skue Sparebank	7 356 082	1.24%
Kvinesdal Sparebank	7 305 203	1.23%
Andebu Sparebank	7 156 319	1.21%
Klæbu Sparebank	7 088 723	1.20%
Strømmen Sparebank	6 612 318	1.12%
Indre Sogn Sparebank	6 287 738	1.06%
Høland og Setskog Sparebank	6 171 839	1.04%
Tinn Sparebank	6 020 411	1.02%
Surnadal Sparebank	6 007 142	1.01%
Fornebu Sparebank	5 883 538	0.99%
Bien Sparebank AS	5 843 777	0.99%
Odal Sparebank	5 771 938	0.97%

List of shareholders at 31 December 2013	Number of shares	Ownership share
Tolga-Os Sparebank	5 580 388	0.94%
Stadsbygd Sparebank	5 343 002	0.90%
Hegra Sparebank	5 265 740	0.89%
Ørland Sparebank	4 842 417	0.82%
Valle Sparebank	4 480 166	0.76%
Meldal Sparebank	4 455 972	0.75%
Hønefoss Sparebank	4 429 085	0.75%
Hjelmeland Sparebank	4 404 235	0.74%
Birkenes Sparebank	4 045 382	0.68%
Opdals Sparebank	3 905 758	0.66%
Harstad Sparebank	3 800 365	0.64%
Ofoten Sparebank	3 663 485	0.62%
Gjerstad Sparebank	3 600 662	0.61%
Vegårshei Sparebank	3 140 138	0.53%
Sparebanken Telemark	3 103 254	0.52%
Sparebanken Din	2 814 043	0.48%
Sunndal Sparebank	2 733 587	0.46%
Ørskog Sparebank	2 694 715	0.46%
Evje og Hornnes Sparebank	2 509 619	0.42%
Sparebanken Hemne	2 370 118	0.40%
Grue Sparebank	2 285 935	0.39%
Haltdalen Sparebank	2 280 893	0.39%
Arendal og Omegns Sparekasse	2 165 857	0.37%
Soknedal Sparebank	2 012 965	0.34%
Tysnes Sparebank	1 571 851	0.27%
Åfjord Sparebank	1 293 613	0.22%
Vang Sparebank	884 725	0.15%
Vik Sparebank	826 757	0.14%
Rindal Sparebank	493 277	0.08%
Sparebank 1 Hallingdal	305 170	0.05%
Nesset Sparebank	303 751	0.05%
Aurland Sparebank	218 890	0.04%
Vestre Slidre Sparebank	190 470	0.03%
Sparebanken Sogn og Fjordane	176 252	0.03%
Gildeskål Sparebank	56 754	0.01%
Lofoten Sparebank	31 109	0.01%
Etnedal Sparebank	20 388	0.00%
Bjugn Sparebank	1	0.00%
Voss Veksel- og Landmandsbank ASA	1	0.00%
Total	**592 082 433**	**100%**

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

NOTE 26: CAPITAL ADEQUACY RATIO

Amounts in NOK 1 000

Total primary capital	**31 Dec 2013**	31 Dec 2012
Share capital	**592 082**	391 735
Share premium reserve	**1 368 300**	728 648
Paid, but not registered, share capital	-	120 000
Other paid-in equity	**477 728**	477 728
Other equity	**997**	1 422
Total equity recognised in the balance sheet	**2 439 107**	**1 719 533**
Intangible assets	**(5 177)**	(4 318)
Deferred tax assets	**(35 045)**	(5 021)
Total core tier 1 capital	**2 398 885**	**1 710 194**

Core capital adequacy ratio (core tier 1 capital)	**31 Dec 2013**	31 Dec 2012
Weighted calculation basis	**21 444 688**	17 149 938
Core tier 1 capital	**2 398 885**	1 710 194
Core tier 1 capital ratio	**11.2%**	**10.0%**
Total core tier 1 capital	**2 398 885**	1 710 194
Tier 1 perpetual bonds	**248 683**	-
Total tier 1 capital	**2 647 568**	**1 710 194**

Capital adequacy ratio (tier 1 capital)	**31 Dec 2013**	31 Dec 2012
Weighted calculation basis	**21 444 688**	17 149 938
Tier 1 capital	**2 647 568**	1 710 194
Tier 1 capital ratio	**12.3%**	10.0%
Total tier 1 capital	**2 647 568**	1 710 194
Subordinated loan capital	**429 314**	318 601
Total primary capital (tier 2 capital)	**3 076 882**	2 028 795

Capital adequacy ratio (tier 2 capital)	**31 Dec 2013**	31 Dec 2012
Weighted calculation basis	**21 444 688**	17 149 938
Total primary capital (tier 2 capital)	**3 076 882**	2 028 795
Capital adequacy ratio	**14.3%**	11.8%
Required capital corresponding to eight per cent of calculation basis	**1 715 575**	1 371 995
Surplus equity and subordinated capital	**1 361 307**	656 800

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

2013

Calculation basis	Weighted calculation basis	Capital requirement
Credit risk	21 194 875	1 695 590
Operational risk	249 813	19 985
Total	**21 444 688**	**1 715 575**

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

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

The company will maintain a buffer at all times in relation to the minimum requirement of eight per cent capital adequacy. This buffer will be sufficient to cope with relevant risks the company may face. The company's internal capital adequacy assessment process (ICAAP) is pursued to ensure that it has a sufficient buffer in relation to the minimum requirements. The company is planning to capitalise continued strong growth in the residential mortgage portfolio. The board of Eika Boligkreditt resolved in April 2013 to increase the company's internal capital targets. With effect from 30 June 2013, the company's targets are set at minimums of nine per cent for the core tier 1 capital ratio, 10.5 per cent for the tier 1 capital ratio, and 12.5 per cent for the tier 2 capital ratio. To satisfy new capital requirements, the company will need to increase both its tier 1 and tier 2 capital. Based on the regulatory requirement from the Ministry of Finance, the company's capital targets will need to be increased with effect from 1 July 2014. On the basis of forthcoming changes in capital requirements, the company will make a new assessment of capital targets as part of next year's ICAAP.

Capital support from the owner banks is regulated by a shareholder agreement dated 10 May 2012. This includes a commitment by the owner banks that, under given circumstances, they will have to provide the company with the capital required to maintain the company's tier 1 capital and total primary capital ratios as required or recommended by the Financial Supervisory Authority of Norway. The individual owner bank's capitalisation obligation is primarily limited to its pro rata share of a capital issue, which is calculated on the basis of each owner bank's share of the company's mortgage portfolio. Should one or more owner banks fail to fulfil their capitalisation obligation under the agreement, the capitalisation obligation of the remaining owner banks can be increased to a limit of twice their original pro rata share. The shareholder agreement can be terminated under certain conditions.

NOTE 27: OWNERSHIP

Eika Boligkreditt was demerged from Eika Gruppen AS with effect from 18 May 2012. Following the demerger, the company is owned directly by 77 Norwegian banks and OBOS (the owner banks). In conjunction with the owner banks becoming the shareholders of Eika Boligkreditt, a shareholder agreement was entered into which stipulates in part that the ownership of the company is to be rebalanced on an annual basis. This will ensure an annual adjustment so that the holding of each owner bank corresponds to its share of the company's residential mortgage portfolio.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Eika Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Eika Boligkreditt AS, which comprise the balance sheet as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Eika Boligkreditt AS as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Deloitte.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and in the statements on Corporate Governance and Corporate Social Responsibility, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, March 25, 2014
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant (Norway)

[Translation has been made for information purposes only]

Translation from the original Norwegian version

To:
The Supervisory Board and General Meeting of Eika Boligkreditt AS

The Control Committee's statement for the financial year of 2013

The control committee of Eika Boligkreditt AS has reviewed the financial statements adopted by the board for the financial year 2013, as presented on 25 March 2013, including the auditor's report issued by the certified public accountant Henrik Woxholt on the same date.

On this basis, the control committee recommends the financial statements adopted by the board being approved as the annual financial statements for Eika Boligkreditt AS for 2013.

Oslo, 27 March 2014

Siv Sandvik Chair	Rune Iversen	Hans Petter Gjeterud

Key figures

Amounts in NOK 1 000	31 Dec 2013	31 Dec 2012
Balance sheet development		
Lending to customers	**57 691 853**	47 085 795
Debt securities issued	**69 468 995**	52 582 767
Subordinated loan capital	**677 998**	318 601
Equity	**2 459 198**	1 800 846
Equity in % of total assets	**3.54**	3.21
Average total assets	**63 765 113**	50 013 244
Total assets	**69 468 995**	56 165 112
Rate of return / profitability		
Combined average spread for lending and deposits, annualised (%)[1]	**1.00**	0.70
Fee and commission income in relation to average total assets, annualised (%)	**0.70**	0.42
Other operating expences in relation to average total assets, annualised (%)	**0.02**	0.02
Staff and general administration expenses in relation to average total assets, annualised (%)	**0.06**	0.06
Cost/income ratio (%)[2]	**8.26**	12.37
Return on total capital, annualised (%)[3]	**0.03**	0.16
Return on equity, after taxes annualised (%)[4]	**1.01**	8.29
Return on equity, before taxes annualised (%)[5]	**1.48**	7.82
Total assets per full-time position	**3 695 159**	3 554 754
Financial strength		
Core tier 1 capital	**2 398 885**	1 710 194
Tier 1 capital	**2 647 568**	1 710 194
Total primary capital (Tier 2 capital)	**3 076 882**	2 028 795
Calculation basis capital adequacy ratio	**21 444 688**	17 149 938
Core tier 1 capital ratio (%)	**11.2**	10.0
Tier 1 capital ratio (%)	**12.3**	10.0
Capital adequacy ratio % (Tier 2 capital)	**14.3**	11.8
Defaults in % of gross loans	**0.00**	0.00
Loss in % of gross loans	**0.00**	0.00
Staff		
Number of full-time positions at end of period	**18.8**	15.8

Overview of liquidity indicators and prognosis

	Actual	Prognosis			
As of	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014
Liquidity Indicator I[6]	104%	110%	107%	100%	105%
Liquidity Indicator II[7]	110%	119%	117%	112%	115%
Average of indicators	107%	115%	112%	106%	110%

1 Net interest income in % of average total assets.
2 Total operating expences in % of net interest income.
3 Net profit/loss for the year in % of average total assets.
4 Net profit/loss for the year in % of average equity (return on equity).
5 Profit/loss before takes for the year in % of average equity (return on equity).
6 Liquidity Indicator I : $\frac{\text{Funding with remaining time to maturity exceeding 12 months}}{\text{Illiquid assets}}$
7 Liquidity Indicator II: $\frac{\text{Funding with remaining time to maturity exceeding 1 month}}{\text{Illiquid assets}}$