

Eika Boligkreditt

Investor presentation

February 2018



Executive summary

• The economy is improving

- GDP-growth above trend in 2017-2018 after low growth in 2015-2016
- Large current account and fiscal surpluses
- Lower unemployment
- Correction in house prices in 2017 after very strong development in 2016
- Petroleum investments are expected to increase again from 2018 after more than 25% drop from 2014 to 2017

• Robust, local saving banks

- 3rd largest Norwegian banking group
- Focus on retail lending
- High asset quality with low levels of doubtful & non-performing loans, low LTV and no direct exposure to oil/offshore
- Strong and diversified deposit base
- Strong capitalization and high level of liquidity buffers
- Strong position in the local markets

• Conservative cover pool

- Maximum 60% LTV for mortgages at origination and strict underwriting criteria
- No arrears or losses since inception
- Prudent risk management with regards to refinancing, liquidity, currency, interest rate and counterparty risk
- Credit guarantees from the distributors and capital and liquidity support agreements with the owners

Agenda

- The Norwegian economy
- Eika Alliance
- Eika Boligkreditt
- Appendix
- Disclaimer

The Norwegian economy – Key indicators

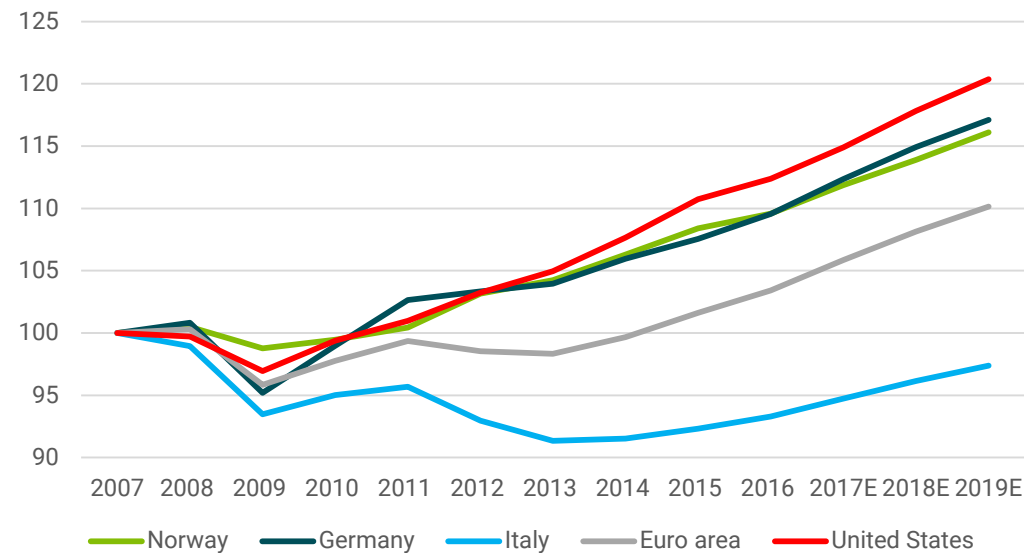
- Constitutional monarchy; Non EU member (EEA member); Population of 5.3 million
- Aaa / AAA / AAA rated country (all with stable outlook)
- GDP per capita amongst the highest in the OECD countries – estimated to be 48% higher than the average in EU (28 countries)
- Contributors to growth in 2017:
 - Positive contribution from private consumption, housing investments, public investments & consumption, other mainland industrial investments and increased export
 - Marginal, negative contribution from reduced petroleum investments, expected to be positive going forward

	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
GDP growth (Mainland)	1.9 %	3.8 %	2.3 %	2.2 %	1.1 %	1.0 %	1.9 %	2.5 %	2.4 %	2.3 %
Consumer price inflation	1.2 %	0.8 %	2.1 %	2.0 %	2.1 %	3.6 %	1.8 %	1.9 %	2.0 %	2.0 %
Unemployment	3,3%	3.2 %	3.5 %	3.5 %	4.4 %	4.7 %	4.2 %	3.9 %	3.8 %	3.7 %
Private Consumption	2.3 %	3.5 %	2.1 %	2.0 %	2.1 %	1.5 %	2.5 %	2.5 %	2.8 %	3.2 %
Household savings rate	6.2 %	7.4 %	7.4 %	8.5 %	10.4 %	6.7 %	6.1 %	6.9 %	7.0 %	7.2 %
Houseprices	8.0 %	6.7 %	4.1 %	2.7 %	6.1 %	7.0 %	4.6 %	-5.0 %	-1.6 %	3.1 %
Interest rates (money market)	2.9 %	2.2 %	1.8 %	1.7 %	1.3 %	1.1 %	0.9 %	0.8 %	0.9 %	1.2 %
Government net lending as % of GDP	-13.4 %	-13.8 %	-10.8 %	-8.7 %	-6.4 %	-3.1 %	-4.6 %	-4.5 %	-4.5 %	n/a
Government pension fund / GDP	118 %	129 %	164 %	204 %	238 %	238 %	245 %	250 %	255 %	n/a

Source: Statistics Norway – Økonomiske analyser 4/2017 , OECD – Economic Outlook No 102 November 2017 and Norges Bank

The Norwegian economy – Solid economic situation

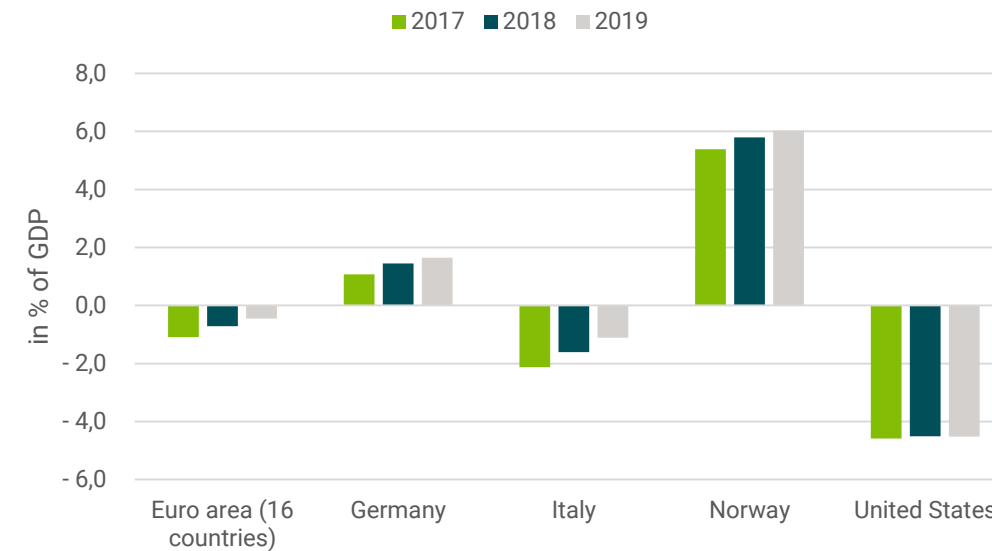
Real GDP growth (rebased to 100 in 2007)



Source: OECD Economic Outlook No. 102 (database), November 2017

- Economic growth at an annual average of 1.5% for Norwegian mainland GDP last 10 years
- Strong current account surplus averaging 10.7% of GDP since 2007

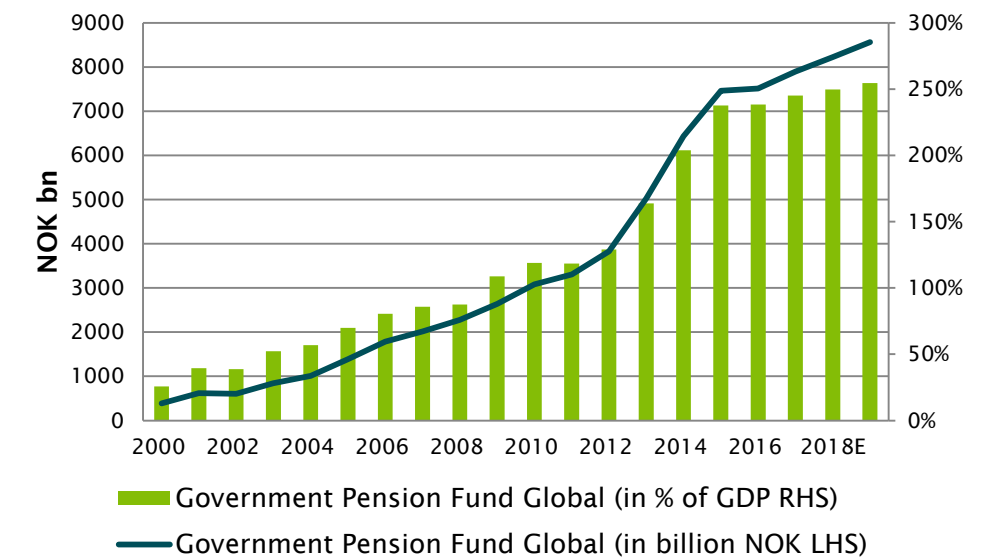
Government net lending



Source: OECD Economic Outlook No. 102 (database), November 2017

- Significant government net lending (5.4% of GDP in 2017) and the Government Pension Fund more than twice the size of GDP

Government Pension Fund Global

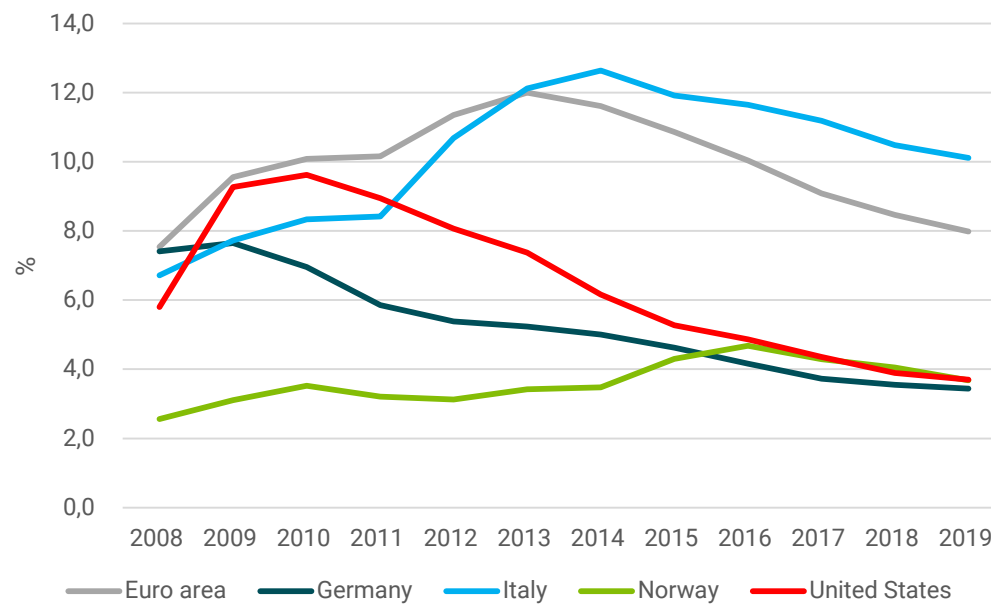


Source : Norges Bank, Statistics Norway, Q3 2017

- Norway has a strong balance sheet
- High net central government financial assets (290% of GDP in 2016)

The Norwegian economy – Low unemployment

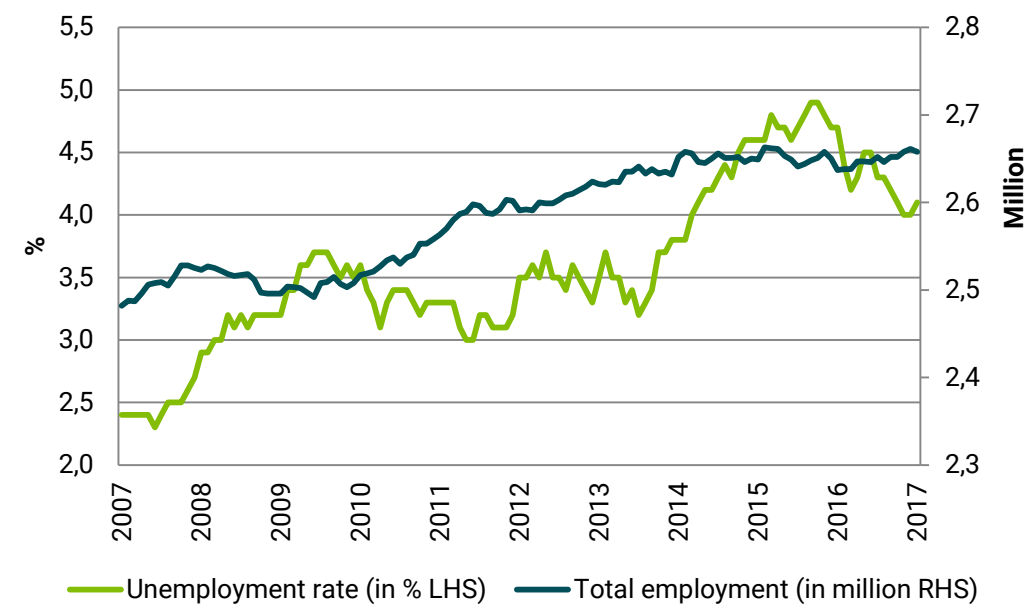
Norway has consistently low unemployment rate



Source: OECD Economic Outlook No. 102 (database), November 2017

- A stable economy ensures a high rate of employment
- The survey based unemployment rate has fallen by 0.9%-points to 4.1% after hitting the highest level in the last decade of 5.0% in July 2016. Unemployment is expected to decline somewhat over the next couple of years from current levels of 4.1% and remain at low levels compared to elsewhere in Europe

Survey unemployment rate and total employment



Source: Statistics Norway, November 2017

- Labour immigration to Norway has been high over the past 10 years but is sensitive to changes in unemployment. Thus lower migration have counterbalanced increase unemployment

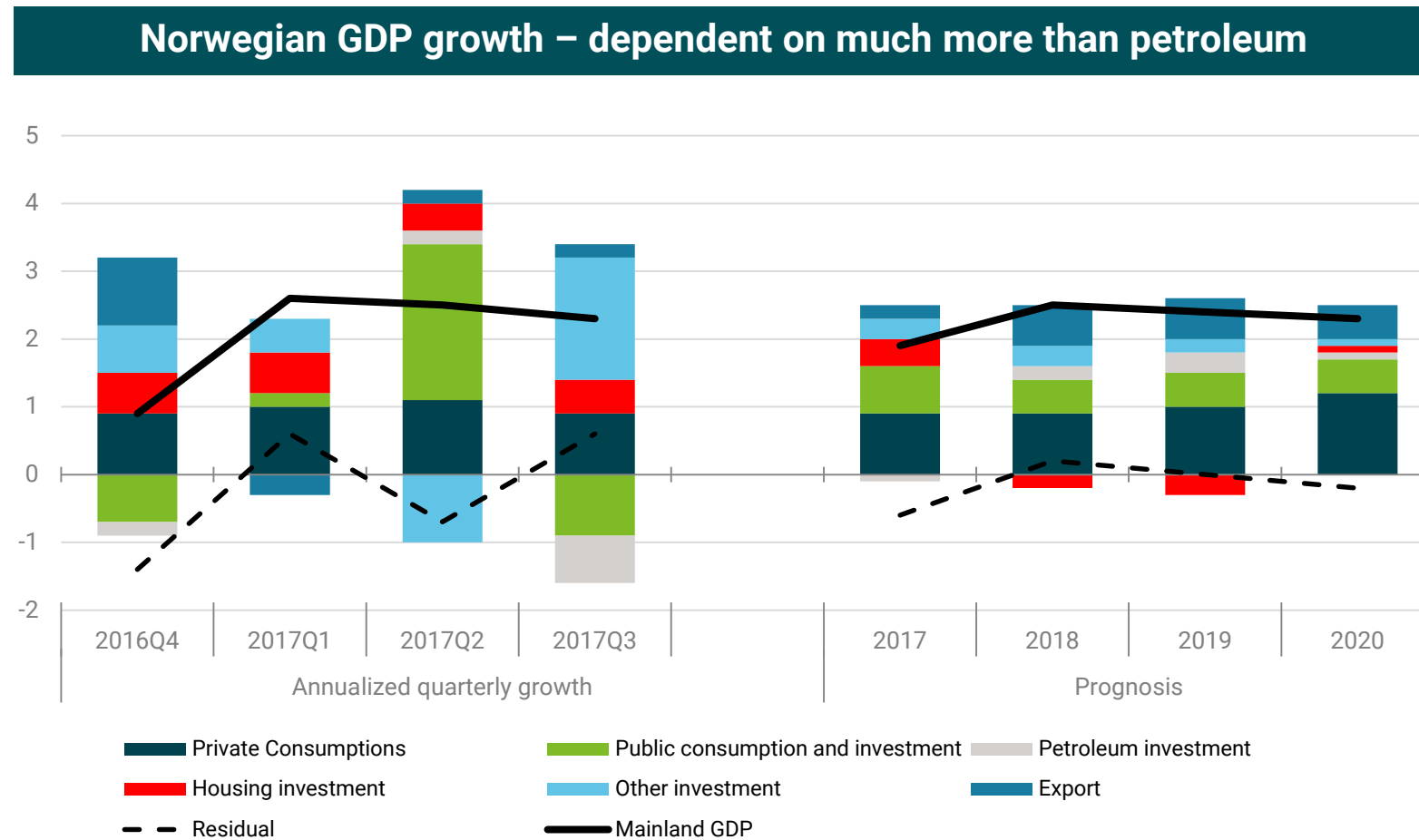
New job applicants per business day



Source: Norwegian Labour and Welfare Administration (NAV), November 2017

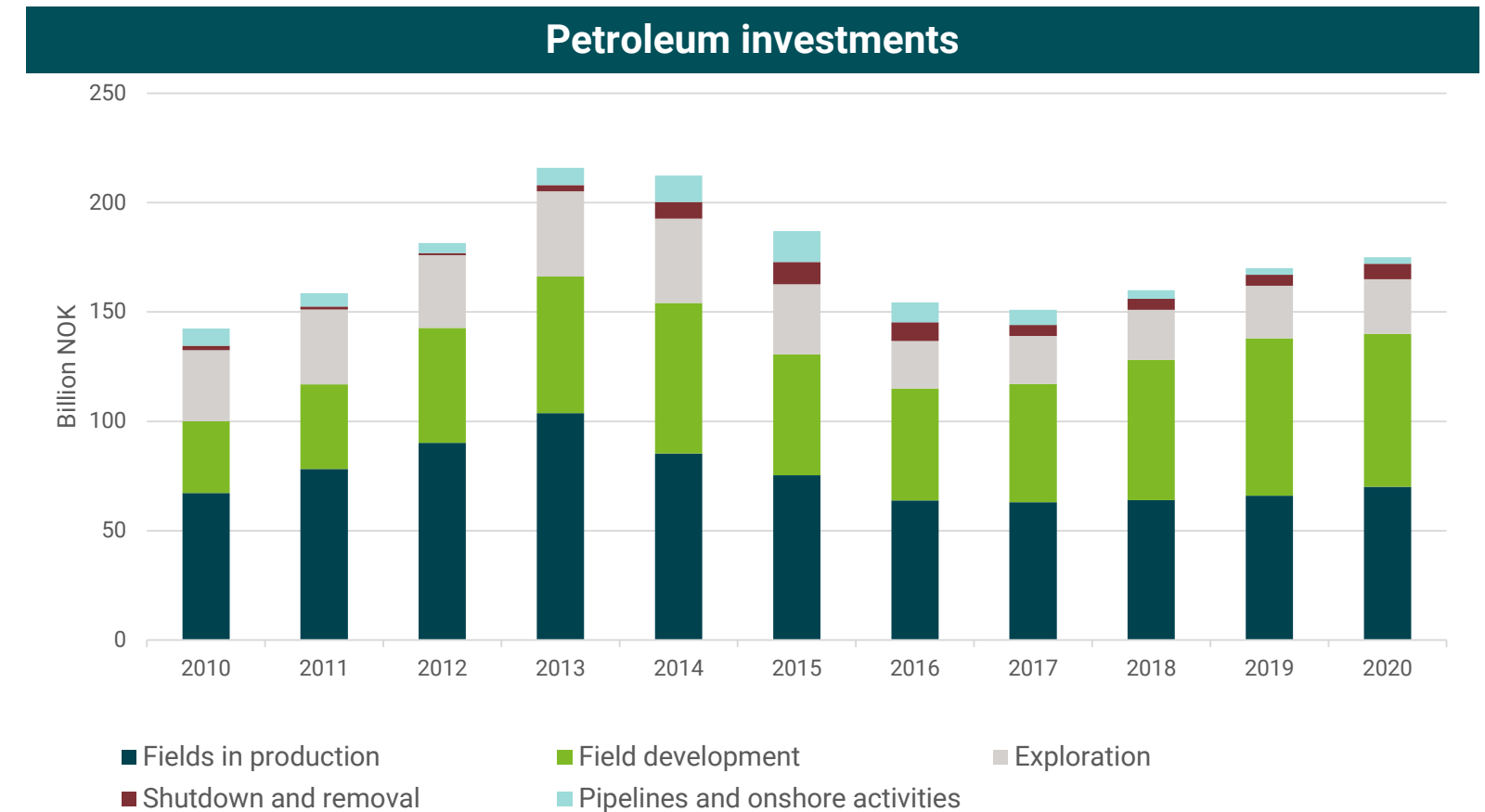
- A strong welfare system provides significant income protection: average unemployment benefit is 62.4% of salary (capped at NOK 540,408) for a minimum of 104 weeks

The Norwegian economy – much more than petroleum



Source: Statistics Norway, Økonomiske analyser 4/2017

- Public and private consumption, housing investment, other investment and export have been positive contributors to growth in 2017. Petroleum investments has been a drag on growth for the last 2015/16, but only a marginal negative effect in 2017



Source: Statistics Norway and Norges bank, Q3 2017

- The reduction in petroleum investments have decelerated in 2017. These investments are expected to pick up going forward driven by reduced costs in the industry and improved prospects for the oil price

The housing market characteristics in Norway

Home ownership

- Among the highest in the world - around **80%** are owner-occupied households
- Total size of the mortgage market NOK **2,628bn** (EUR 279bn)

MoF lending regulation*

- Mortgages maximum LTV **85%** (60% for secondary homes in Oslo)
- Mortgages with an LTV > **60%** are required to be amortizing
- Debt service ability is stress tested for a **5%** - point increase in interest rates
- Total debt over gross income less than **5**

Tax incentives

- All interest expenses are tax deductible in Norway at capital gains tax rate (**23%**)
- Preferential treatment of properties when calculating the wealth tax (**0.85%**)
- Capital gain on a dwelling tax-free after **one year** of occupancy by the owner

Personal liability

- Borrowers **personally liable** for their debt – also following foreclosures and forced sales
- Prompt and **efficient foreclosure** process upon non-payment
- Strong incentives to **service debt** reflected in low arrears
- Transparent **and reliable information** about borrowers available to the lenders

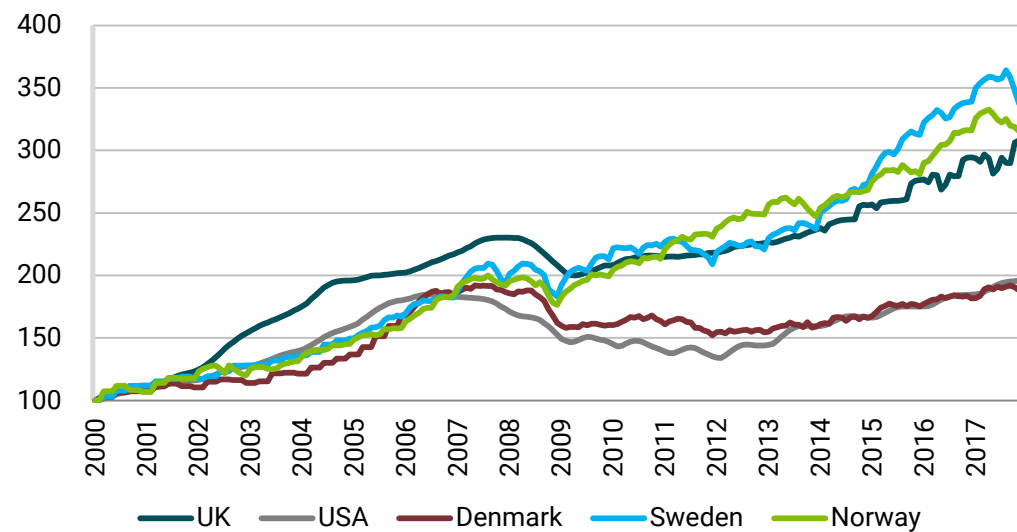
Mortgage lending

- **97.4 %** of residential mortgage loans granted by banks/mortgage companies (Q3 2017)
- Typical legal maturity 25-30 years, on average **22-23 years**
- **92.3%** of residential mortgages have variable interest rate (Q3 2017)
- Lenders allowed to **adjust interest** rates with a six week notice
- **No “sub-prime”** market in Norway
- Very limited **buy-to-let market**

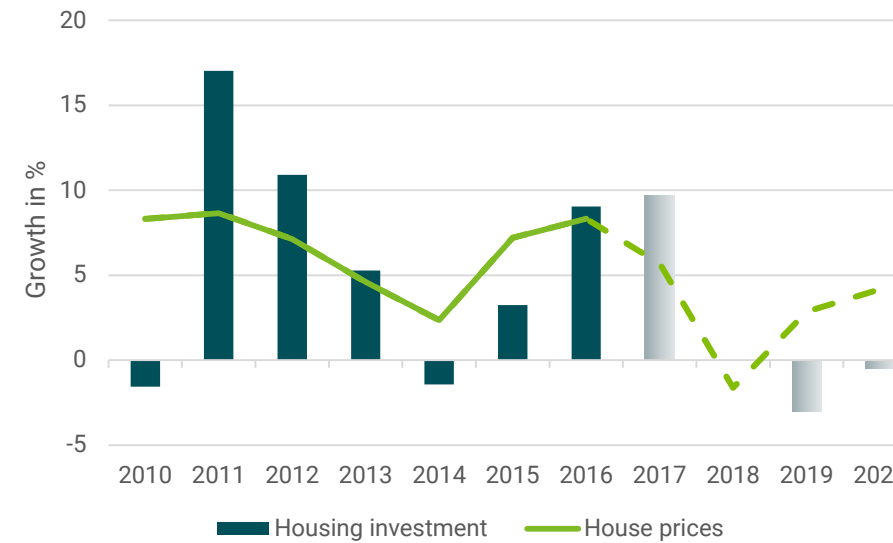
* The Ministry of Finance sets mortgage guidelines in the regulation as of 1. June 2015, a stricter set of rules than the guidelines set prior to that

The housing market – Price development

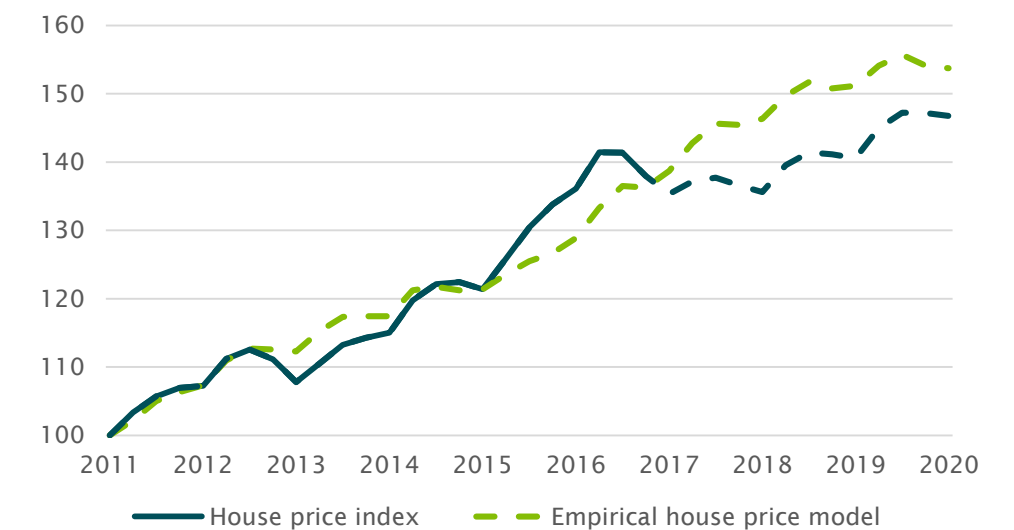
Nominal house price development



House prices and housing investment



House price index and empirical house price model



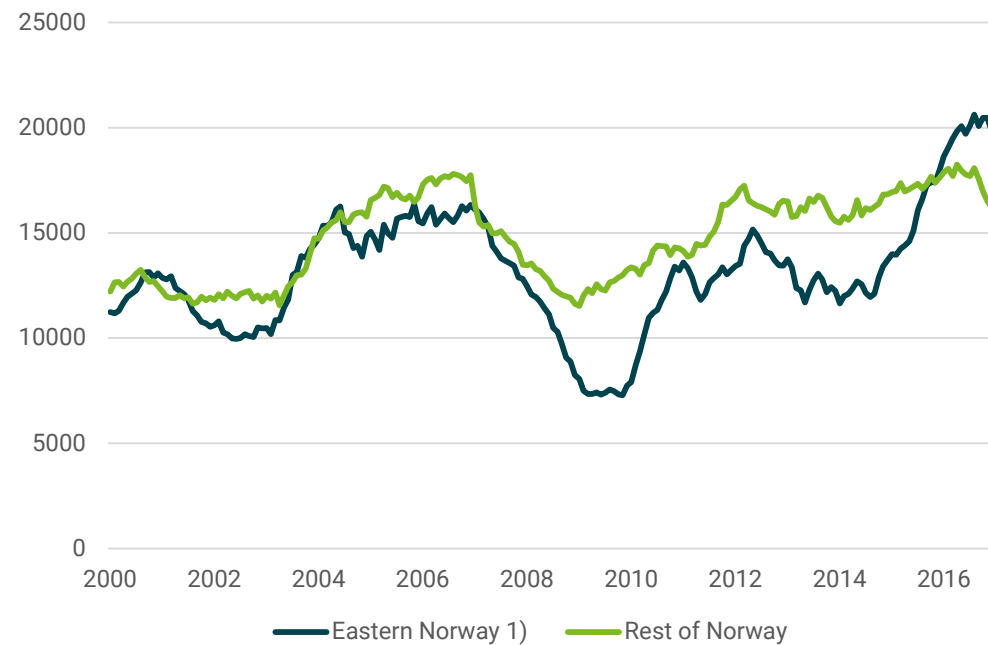
- Nominal house prices have increased by an average of 6.6% per annum since 2000.
- The Norwegian housing market have been through a clear shift in trend in 2017 where prices on a countrywide basis are influenced by falling prices in the Oslo area

- Changes in housing investments are expected to flatten out going forward after increasing strongly in 2016/17
- Changes in house prices are expected to follow the same path as housing investments

- Median house price in Norway is € 294,000, median house price in Oslo is € 365,000
- Median m² price in Norway is € 3,512, median m² price in Oslo is € 6,621

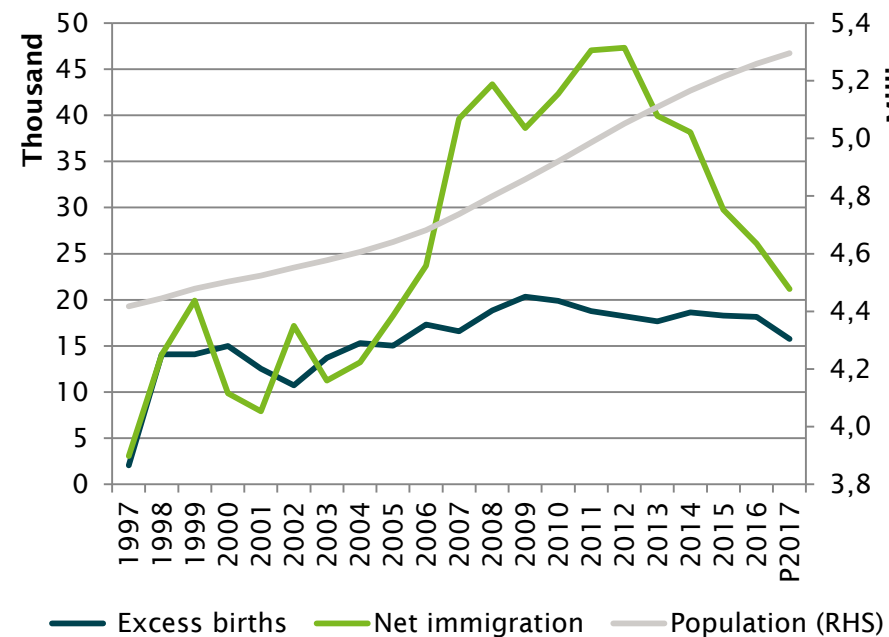
The housing market – Drivers of the housing market

Housing starts (past 12 months)



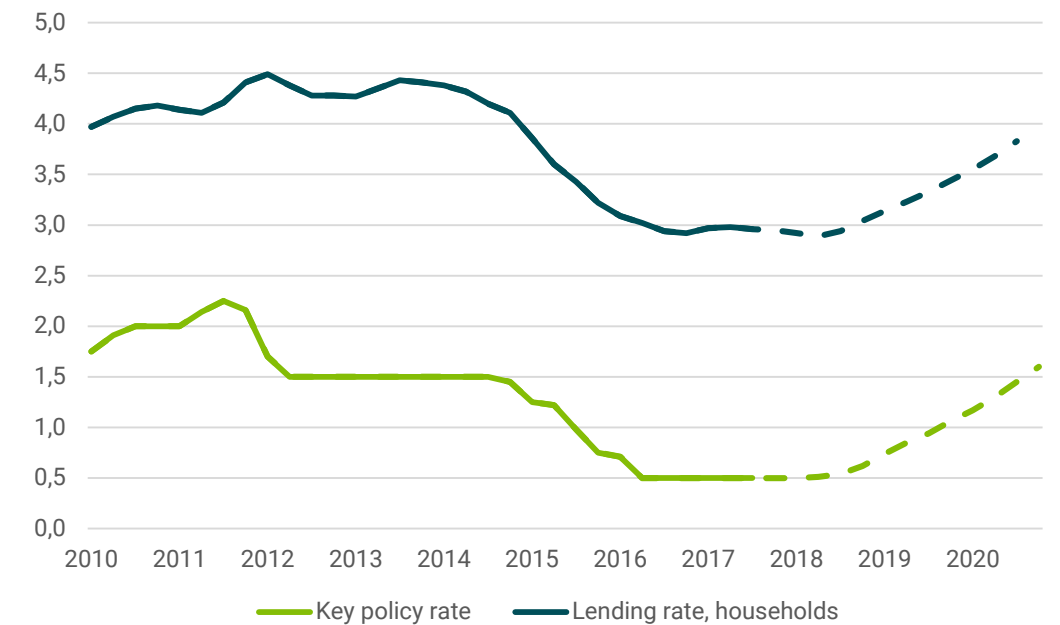
Source: Statistics Norway, December 2017
1) Akershus, Buskerud, Hedmark, Oppland, Oslo, Telemark, Vestfold and Østfold

Strong population growth



Source: Statistics Norway, Q3 2017

Low average lending rates



Source: Statistics Norway, Thomson Reuters,, Norges Bank, projections broken lines, Q3 2017

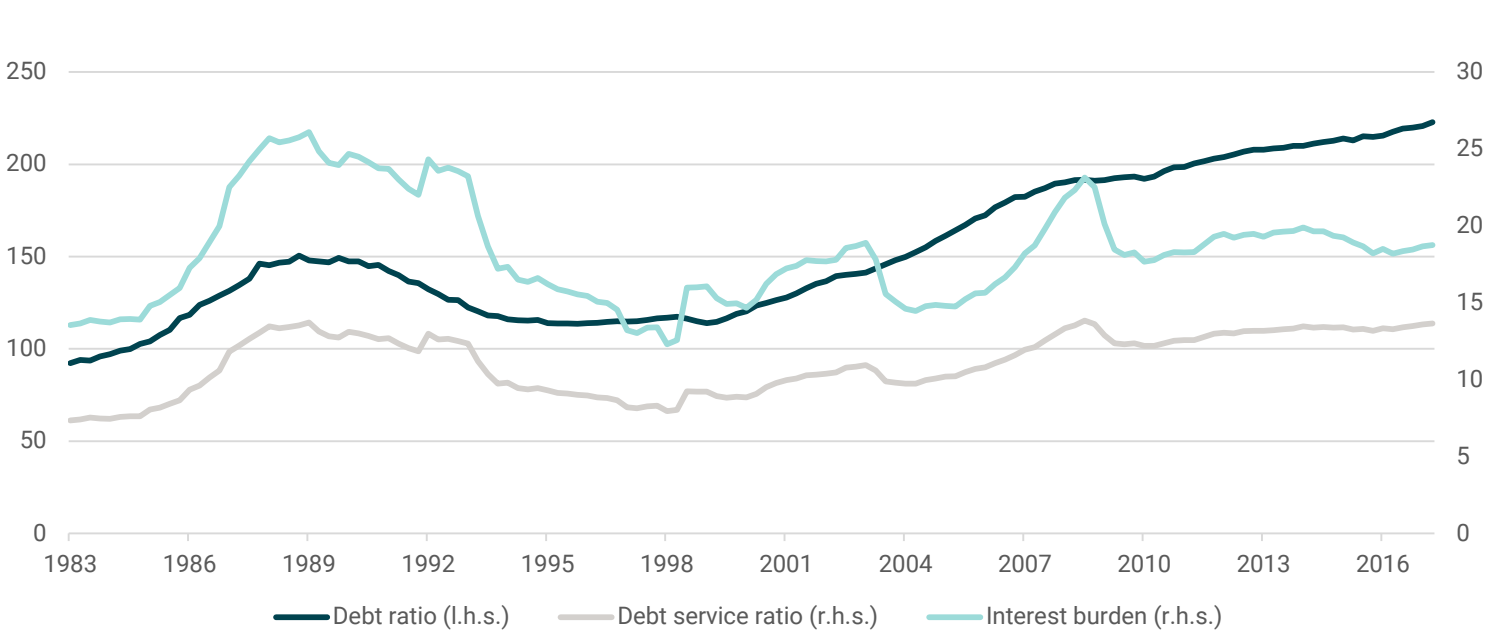
- New home construction is down from “all time high”. Reduced housing investments are expected to bring down housing starts further going forward

- Net immigration down from above 47,000 in 2011/12 to low 20,000 in 2017
- The population growth of 0.92% p.a. since 1997 has been driven both by excess birth rate (37%) and net immigration (63%)

- Low average lending rates for households

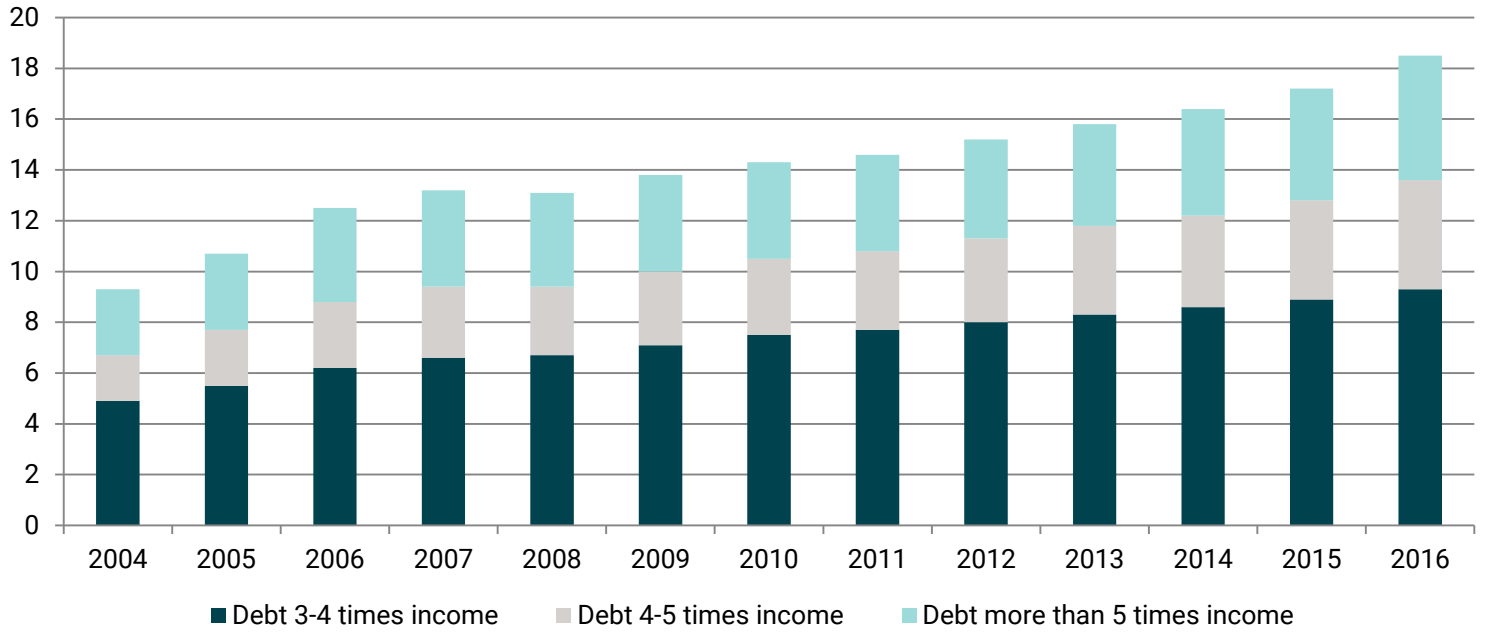
Households financial position

Household debt service ratio, interest burden and debt-to-income ratio (in %)



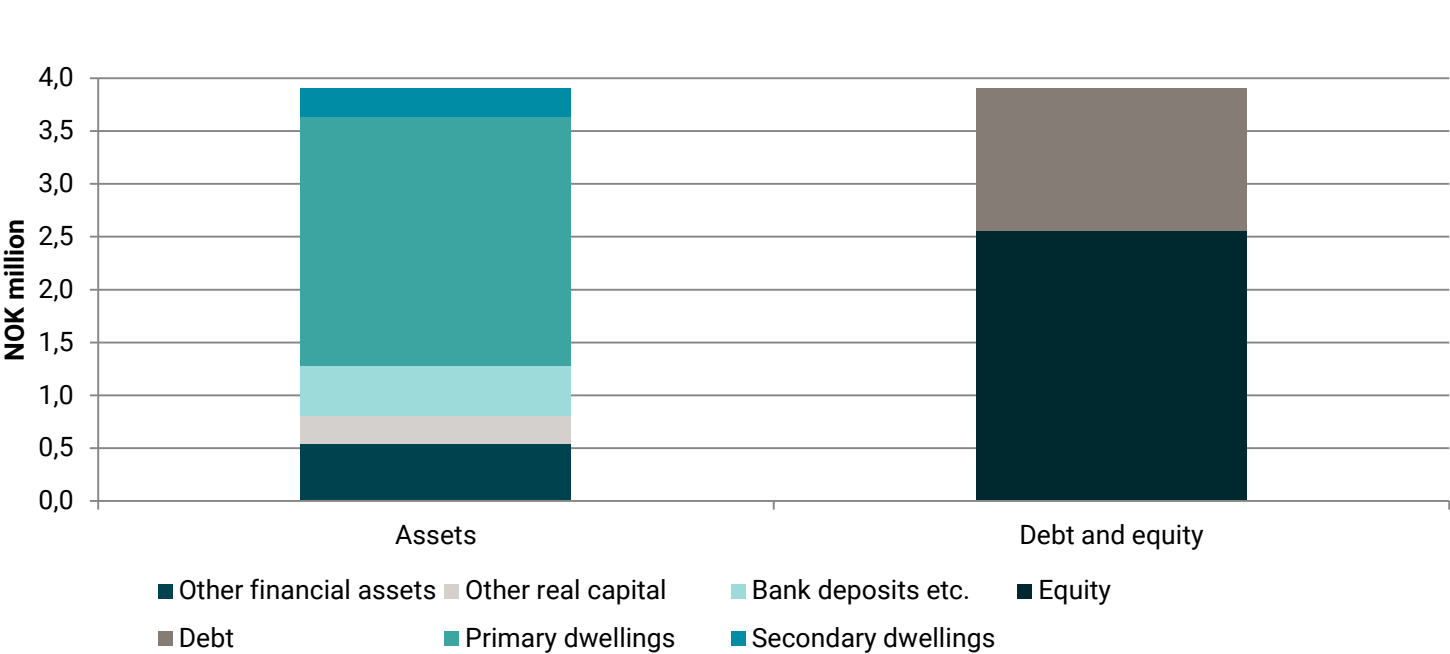
Source: Statistics Norway and Norges Bank, Q2 2017

Norwegian households with debt > 3 X total household income (in %)



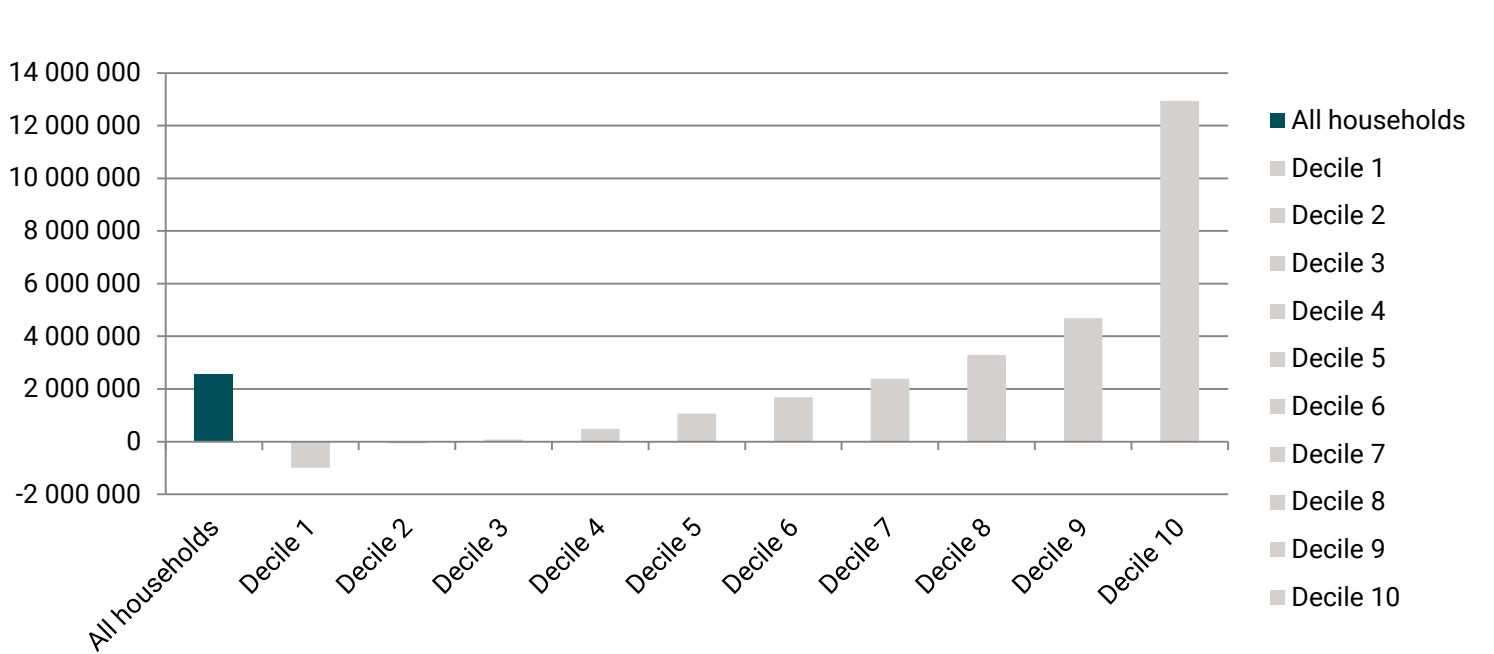
Source: Statistics Norway, Updated 2016

Household balance sheet



Source: Statistics Norway Updated 2016

Norwegian households net wealth (in NOK)



Source: Statistics Norway, Updated 2016

Agenda

- The Norwegian economy
- Eika Alliance
- Eika Boligkreditt
- Appendix
- Disclaimer

3rd largest Norwegian banking system

- The Eika Alliance consist of a group of 69 Norwegian local banks¹, Eika Gruppen and Eika Boligkreditt
 - Total assets EUR 43 bn
 - Gross loans amounts to approx. EUR 30bn
 - Total funding incl. equity of Eika Alliance amounts to EUR 35bn
 - 900,000 customers
 - 2,332 employees
 - 209 branch offices
- The banks have a wide geographical reach (presence in 18 out of 19 counties) with a strong position in the vibrant economic centres in Central and Eastern Norway



- **Local banks with a unique market position**
 - The Eika banks have high client satisfaction and loyalty among retail- and corporate clients
 - Local based knowledge and credit committee decisions
 - Perceived to care about their clients
- **Market share in lending to retail customers**
 - Up to 80% in local markets (except the largest cities)
 - 10.2 % overall in Norway

¹ 11 banks have terminated agreements with Eika-Gruppen, the final termination date is 31/12-2021. These banks in total own 11.4% of the shares. The agreements these banks have with Eika Boligkreditt AS are not affected by the notices of termination.

The Eika Alliance



Eika Boligkreditt AS

Covered Bond Funding

Eika Gruppen AS

Provides products and services to bank clients

Provide services to banks

Infrastructure / IT

Strategy and Lobbying

Bank2 and Sandnes sparebank are only shareholders in Eika Gruppen AS
OBOS is the largest Nordic Cooperative Housing Association, established in 1929 and is owned by 415,000 members, mostly located in the Oslo-area. More information about OBOS can be found on www.obos.no

Achieving economies of scale, while being local

I. Eika banks

- The saving banks are independent banks with very strong local focus, and operate solely in the local markets where they have been active for almost 200 years

II. Eika Gruppen

- The smaller Norwegian Savings banks established the Eika Alliance in 1997.
- Efficiency in banking operations and IT infrastructure
- Realize the economics of scale
- Jointly owned product companies (insurance, mutual funds etc)
- Shared resources to handle regulatory changes

III. Eika Boligkreditt

- Provider of covered bond funding

Efficiency

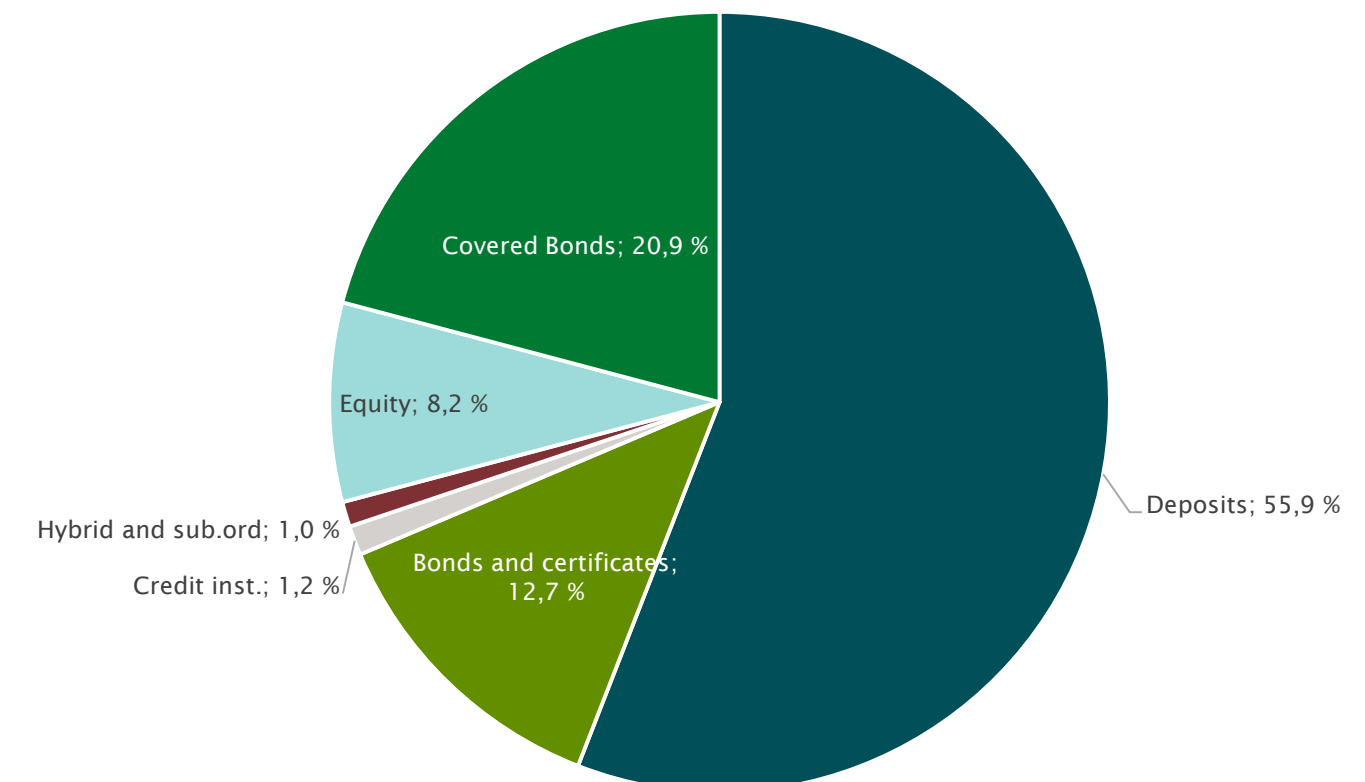
- Work as if one integrated entity
- Operational integration
- Offer non-core banking products through jointly owned product companies



Alliance programme

Total funding sources

As of 2017Q2



Source: Bank analyst Eika , EURNOK 30.06.2017: 9.5713

Focus on retail customers

- Eika banks have a large and stable retail customer base
- Retail lending accounts for 81.2% of Eika banks' total lending.
- Eika banks have a higher share of retail lending compared to the other Norwegian peers
- Retail lending consist predominantly of mortgage collateralized housing loans (approx. 93% of total)
- Low average LTV of 52.9% in mortgage portfolio

Local market focus

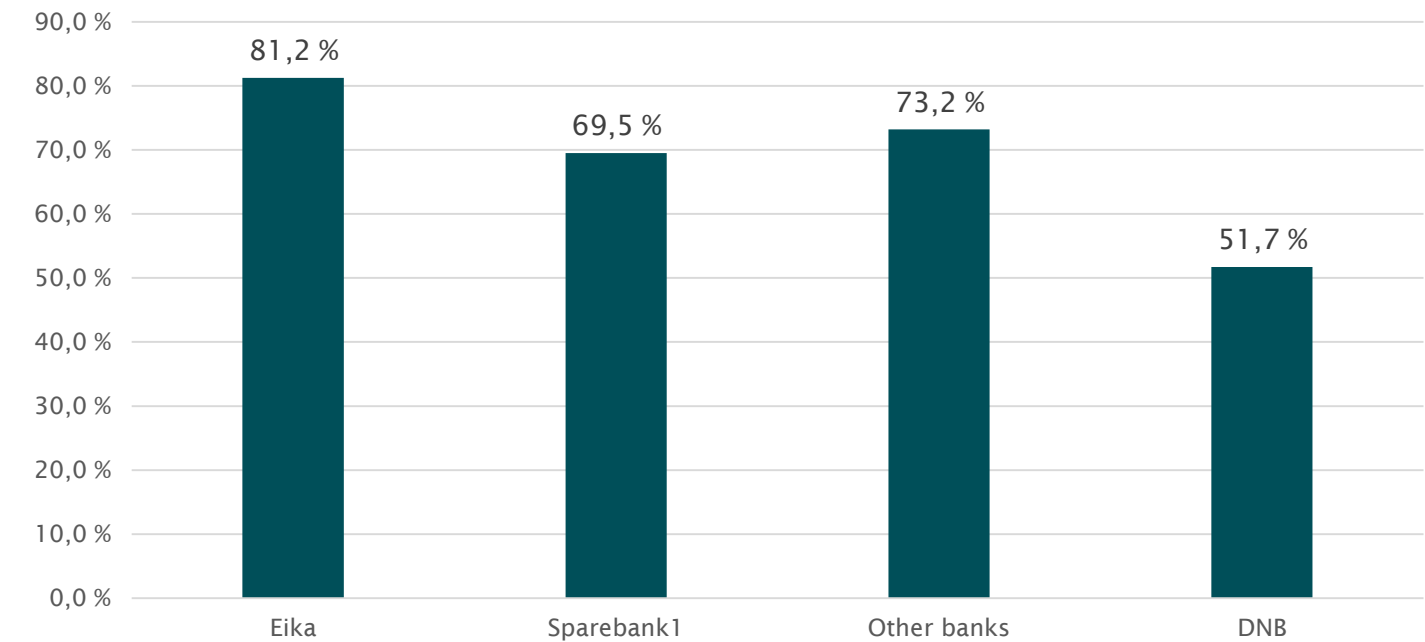
- Decisions are made close to the customer and transaction originations
- Each bank continues to develop its link with its local community
- Keeping its own name and legal identity



Separate legal identities and a common support brand

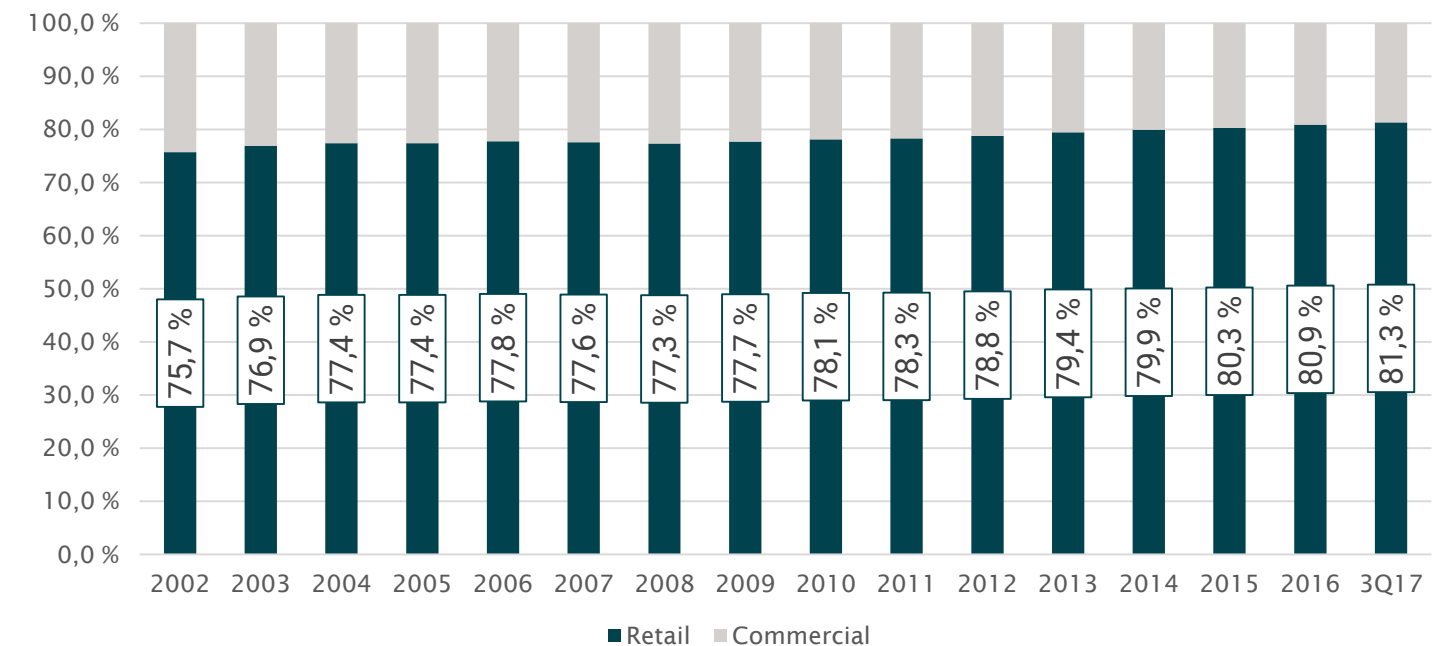
Retail share - Eika vs. peers

As of 2017Q2



Breakdown of the Eika banks lending

As of 2017Q3



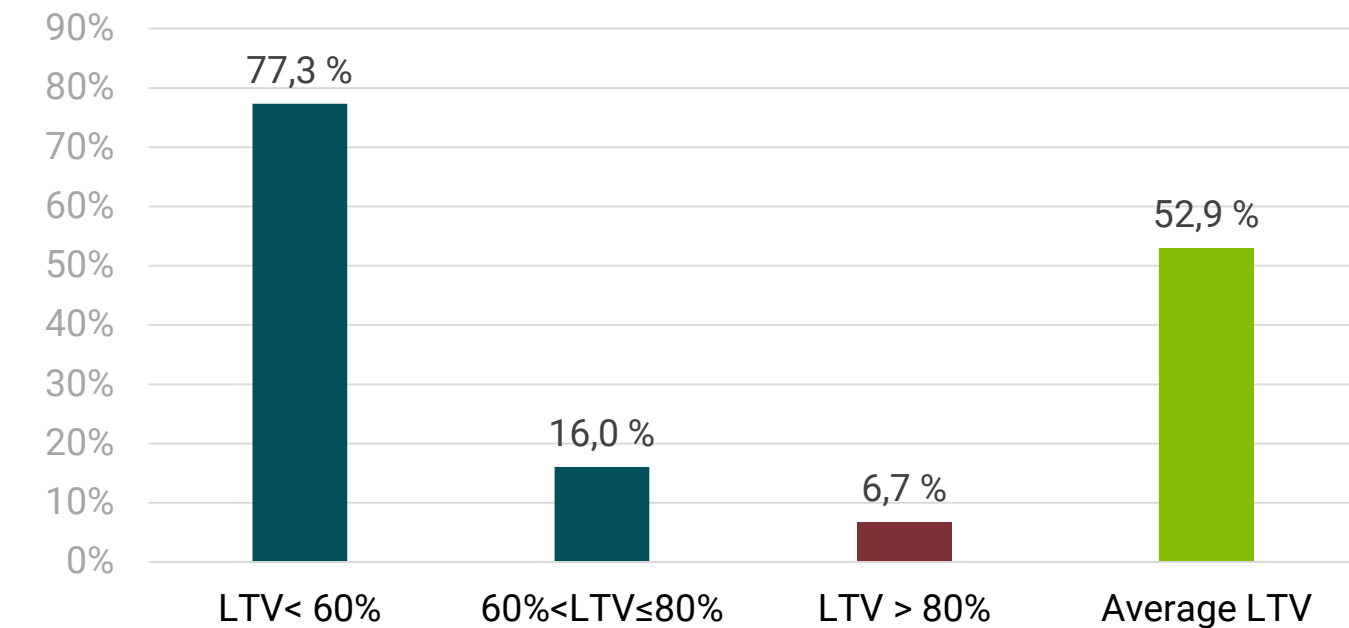
Source: Bank analyst Eika

High asset quality

- Conservative risk profile within the banks
- Eika banks have low exposure to the corporate sector with no lending to shipping, oil sector and relatively low exposure to commercial real estate
- Few non-performing and doubtful loans
 - Gross non-performing loans constitute 0.53% of gross loans 2017Q2
 - Gross doubtful loans constitute 0.59% of gross loans 2017Q2
 - Provisioning ratio on problem loans of 58.1% 2017Q2
- Gross problem loans relative to equity + loan loss reserves has been declining gradually over the last 8 years and is now at 8.2% (Q2 2017)

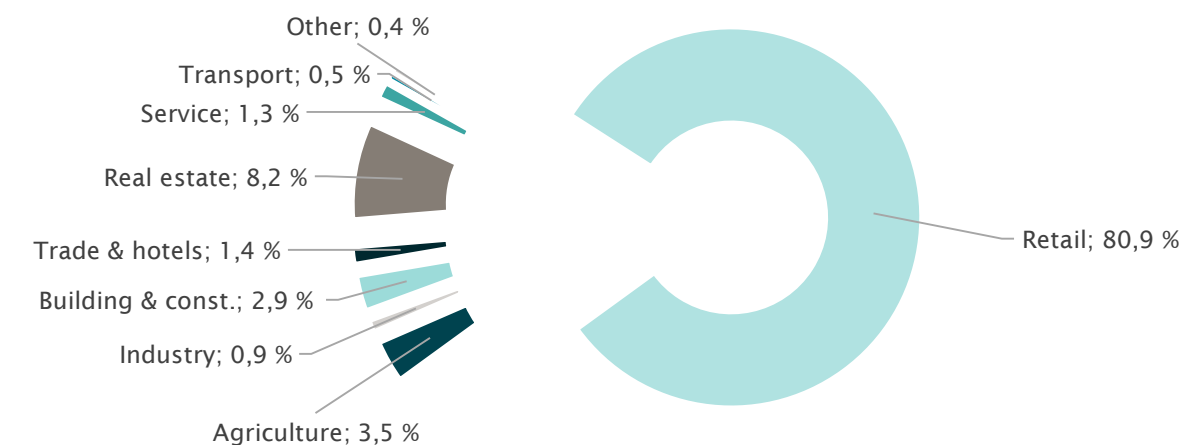
Low LTV in mortgage portfolio (bank book)

As of 2016Q3



Sector breakdown of the loan book

As of YE2016



Source: Bank analyst Eika

Strong capitalization

Strong capital ratios – YE2016

- Common equity ratio (CET1): 17.8%
- Core capital ratio: 18.9%
- Capital ratio: 20.0%
- Equity ratio (Equity/Total assets): 10.3%

All Eika banks are well capitalized (T1 ratio)

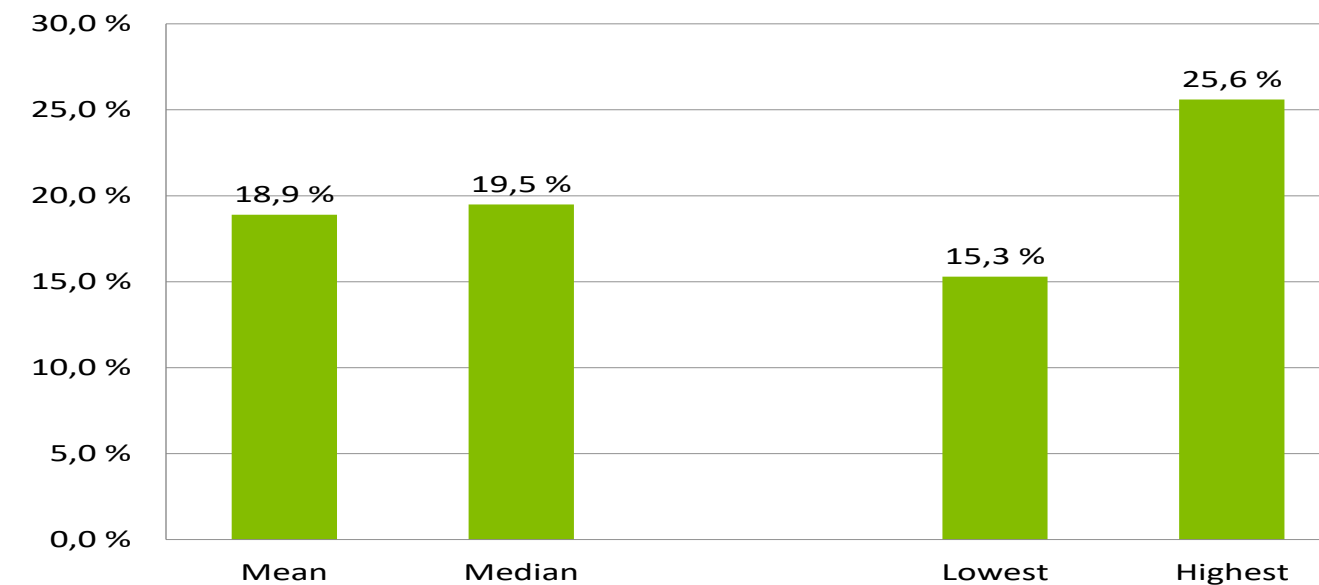
- Lowest: 15.3%
- Highest: 25.6%

- All Eika banks use the standard approach under Basel II and therefore increase in mortgage risk-weights will not impact capital levels of Eika banks

- If Eika banks were using the IRB method, the core and capital ratios are estimated to have been at 26.8% and 28.4% at end 2016

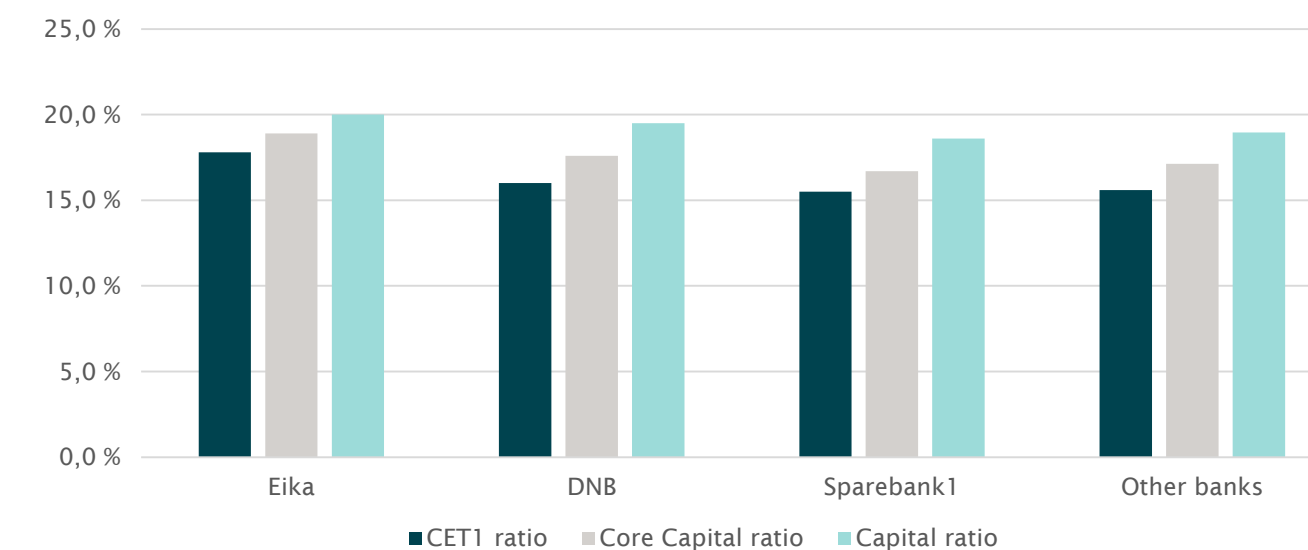
Core capital ratio – Eika banks

As of YE2016



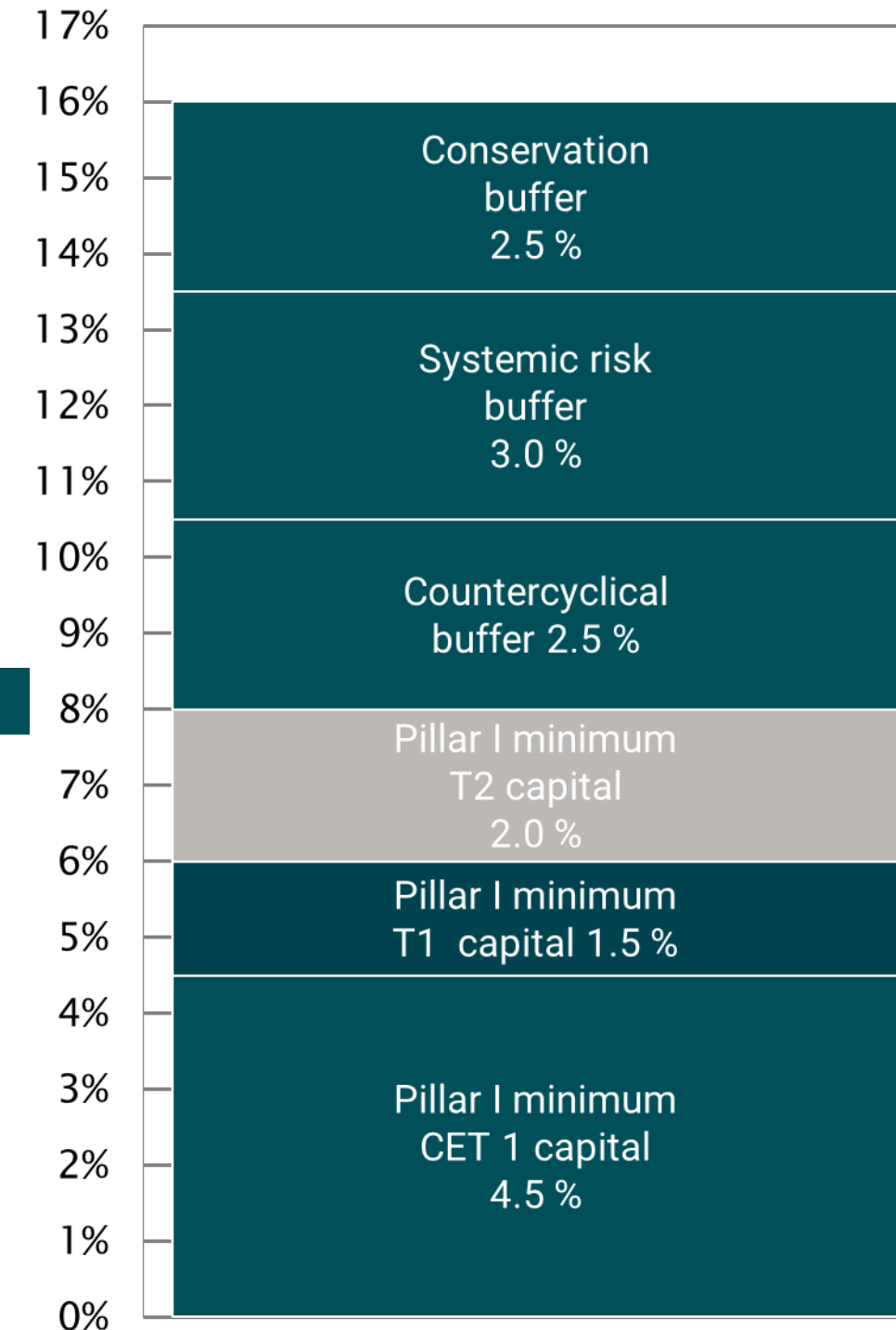
Capital ratio - Norwegian banks

As of YE2016



Source: Bank Analyst Eika

Minimum capital requirements for Eika Banks*



* No Eika Bank has SIFI requirements

Agenda

- The Norwegian economy
- Eika Alliance
- Eika Boligkreditt
- Appendix
- Disclaimer

Norwegian covered bonds

I. Norway's covered bonds legislation

- Specialist banking principle, ring fencing of assets and transparency
- Standard principles in the legislation in effect since 2007
- Harmonisation (EBA proposal from 2017) can easily be implemented in Norwegian law with minor changes

II. Regulatory

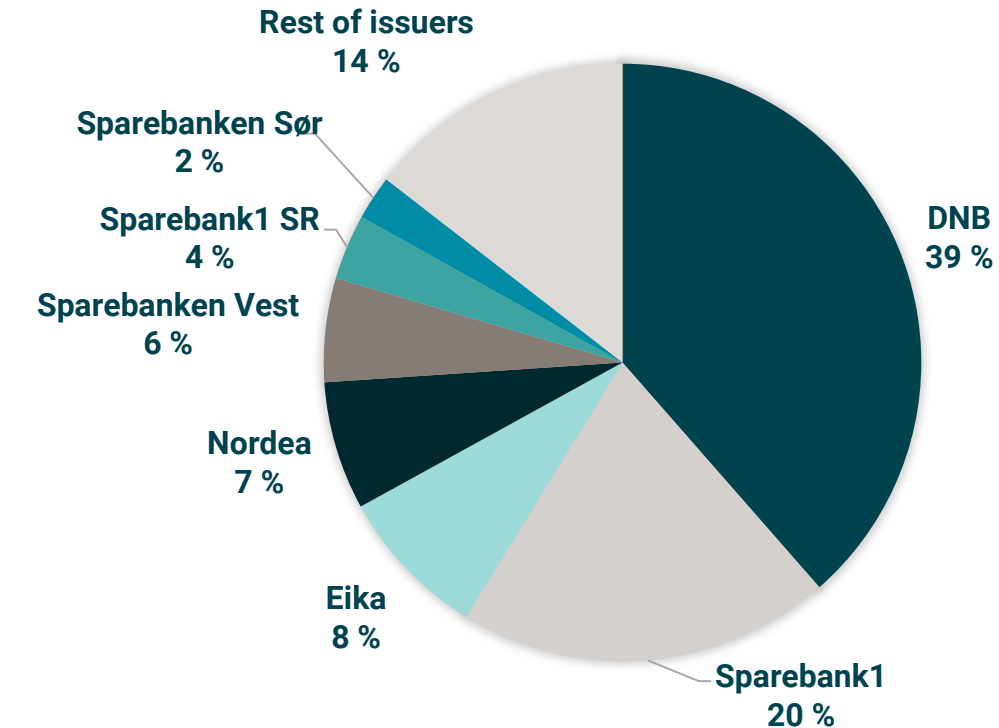
- Norwegian covered bonds are category 1 for LCR purposes (above EUR 500 mill.)
- 10% preferential risk weighting

III. Eika Boligkreditt covered bonds

- Eika Boligkreditt (**EIKBOL**) is a labelled covered bond issuer (www.coveredbondlabel.com)
- EIKBOL covered bonds are rated **Aaa** by Moody's
- Committed minimum OC of 5%
- 12 month soft-bullet on all CBs

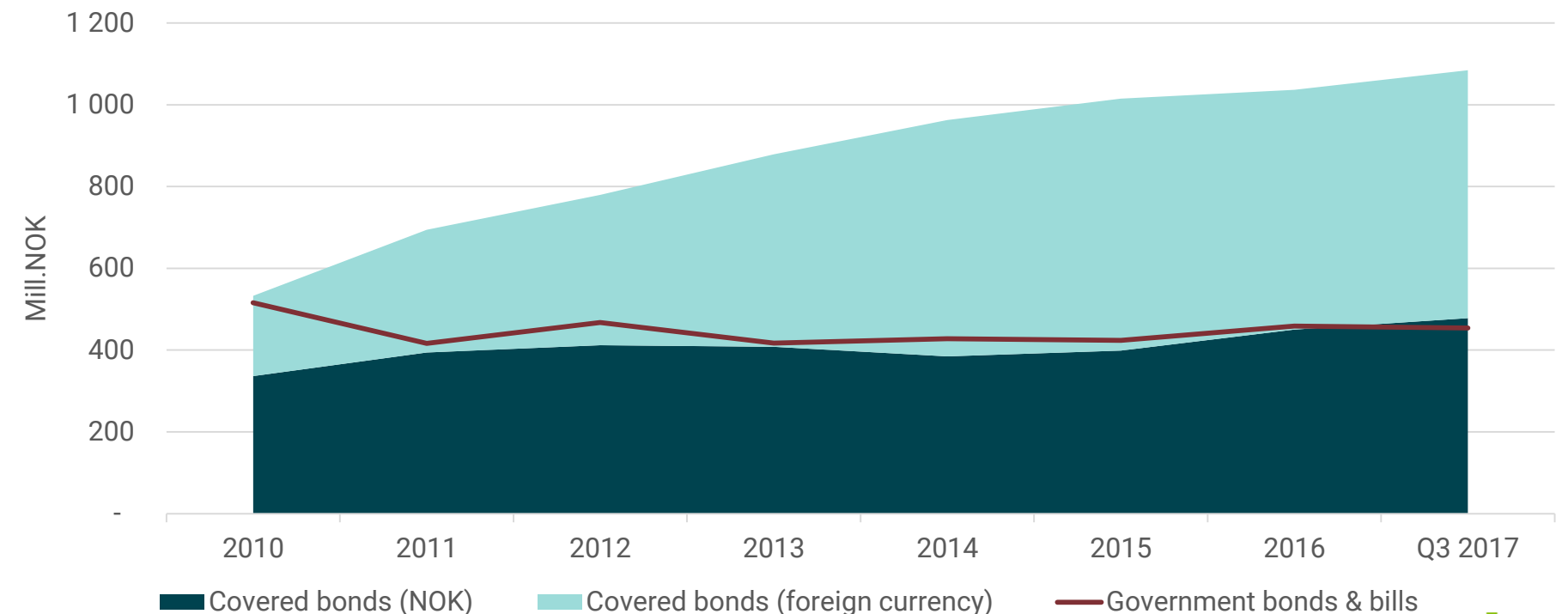
Norwegian covered bond market- biggest issuers

As of 2017Q3



Source: Finance Norway

Norwegian covered bonds and government bonds outstanding



Source: Finance Norway, Oslo Stock Exchange

Eligibility criteria for the cover pool

I. Origination process

- Loan-by-loan origination

II. Customer categories

- Norwegian residents (Retail)
- Cooperative housing associations (common debt between multiple individuals)

III. Credit Criteria

- Eika Boligkreditt sets the credit policy for acceptable mortgages (credit manual)
- No arrears

IV. Collateral

- Max LTV 60% at time of origination (vs. max 75% in the Norwegian legislation)
- Recent valuations (within 6 months at time of origination)
- Quarterly valuation from independent 3rd party, documented

V. Type of properties

- Stand alone residential mortgages
- Cooperative housing residential mortgages

VI. Type of products

- Principal repayment loans (currently no flexi loans)
- Fixed and variable interest rate loans

Structure of liquidity and capital support from owners

- **The Note Purchase Agreement (NPA)** is structured to ensure that EIKBOL has liquidity, at all times, sufficient to pay the Final Redemption Amount of any series of Notes in a rolling twelve month period
- **The Shareholders' Agreement** is structured to ensure that EIKBOL will uphold a sufficient capital adequacy ratio at all times. The Owner Banks are obliged to pay their pro-rata share of any capital increase adopted by EIKBOL's general meeting and of any capital instruments to be issued
- **The Distribution Agreement** is structured to provide servicing of the mortgages and includes credit guarantees for mortgages transferred to EIKBOL.

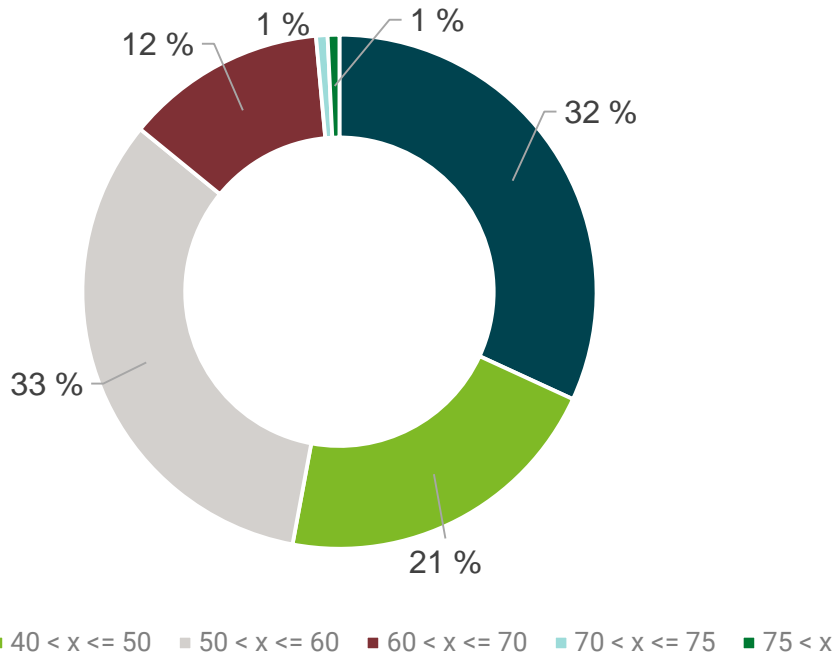


Summary of the cover pool

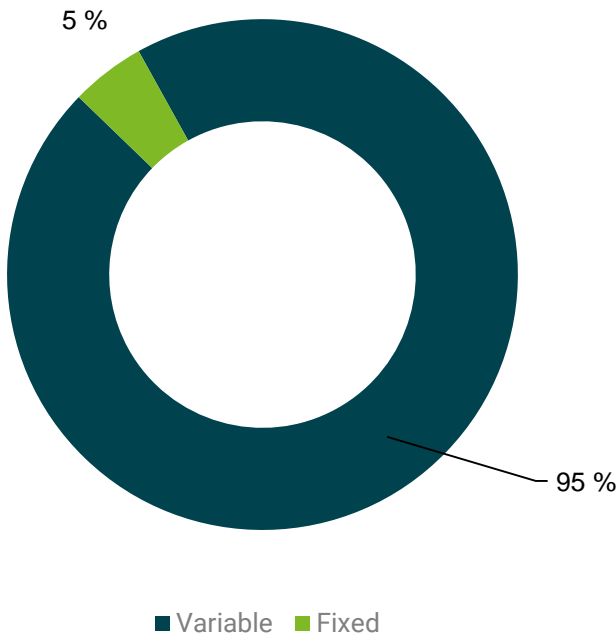
Nominal value	EUR 7.8 bn
In % of total mortgage pool	100 %
Number of loans	50,650
Arithmetic average loan (nominal)	EUR 153,789
WA LTV (indexed)	44.8%
WA seasoning (months)	31
Loans in arrears (over 90 days)	0.0
Estimated over collateralization *	9.81 %

All data as of 31.12.2017. EURNOK 9.8403
* OC is estimated based on nominal values

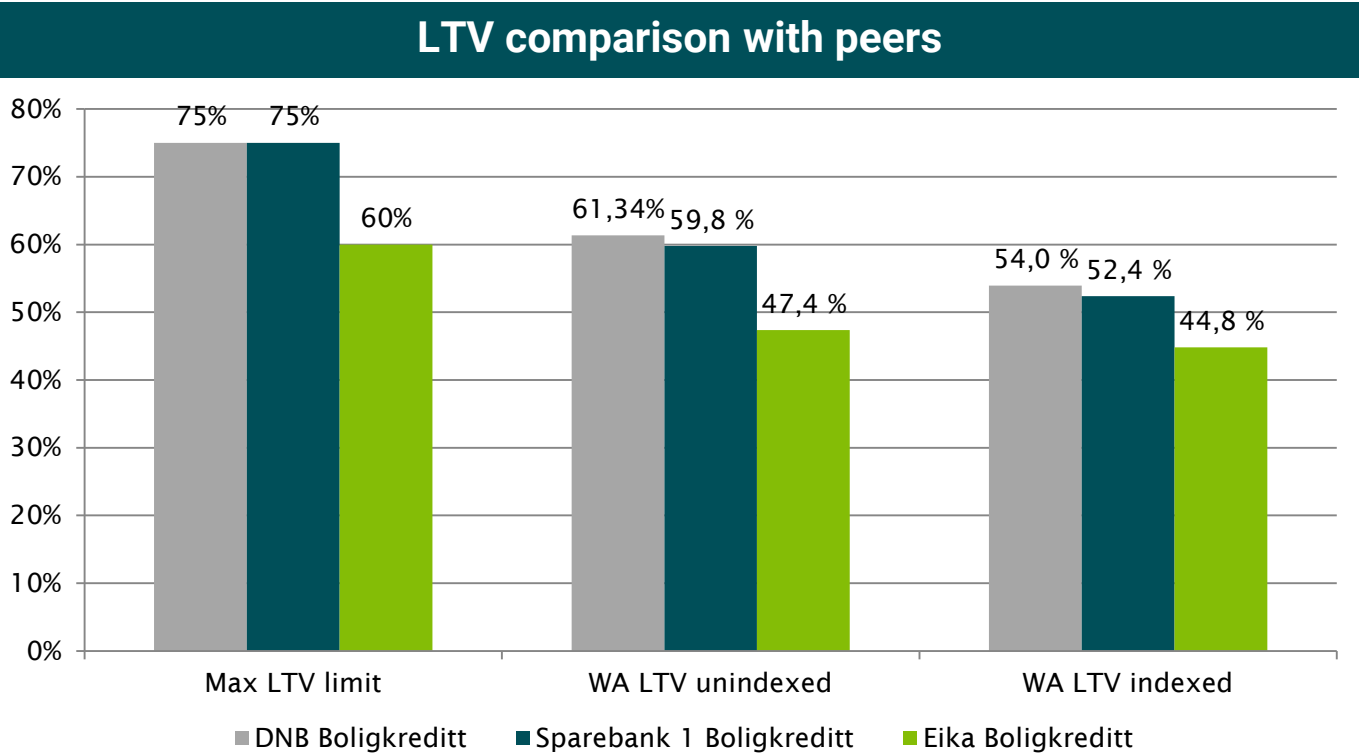
Indexed LTV distribution



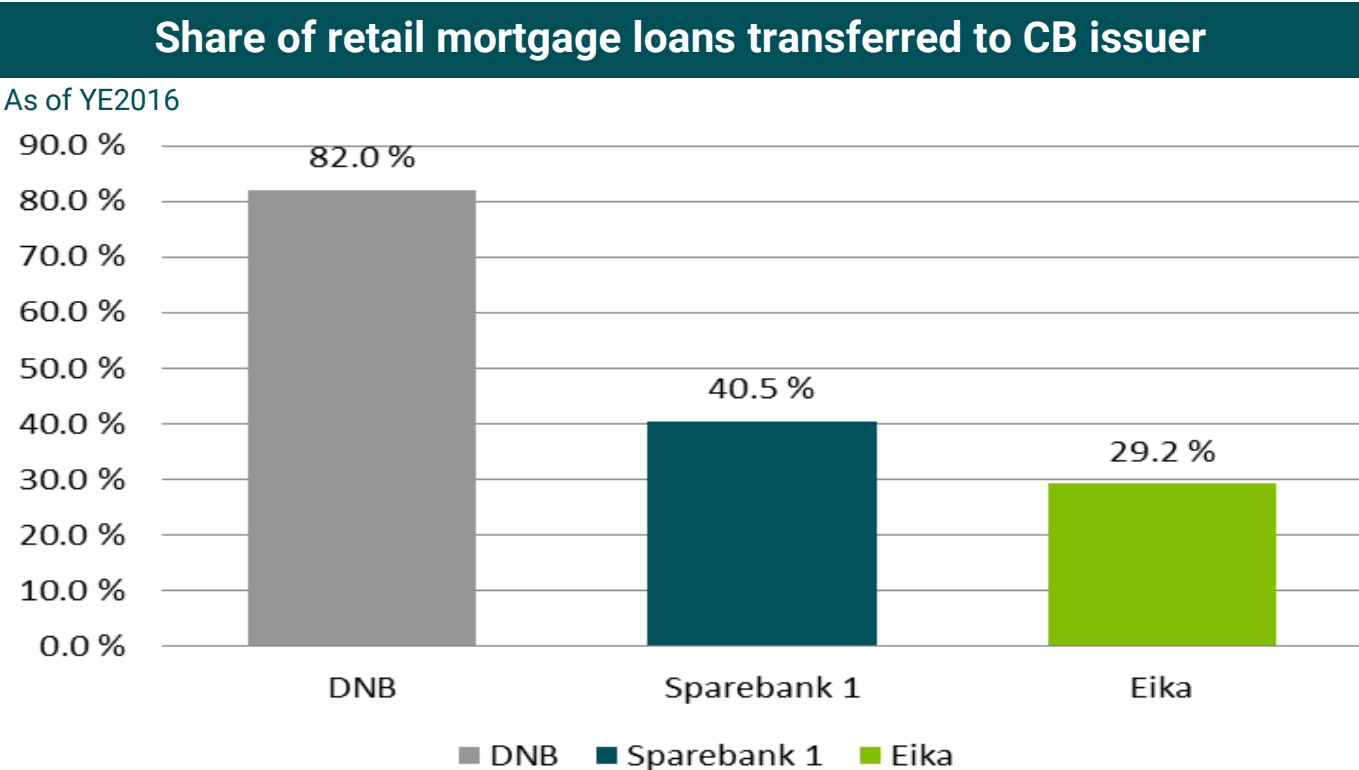
Variable vs fixed rate



Cover pool comparison and stress test



Source: Cover pool information as of Q4 2017



Source: Bank Analyst Eika

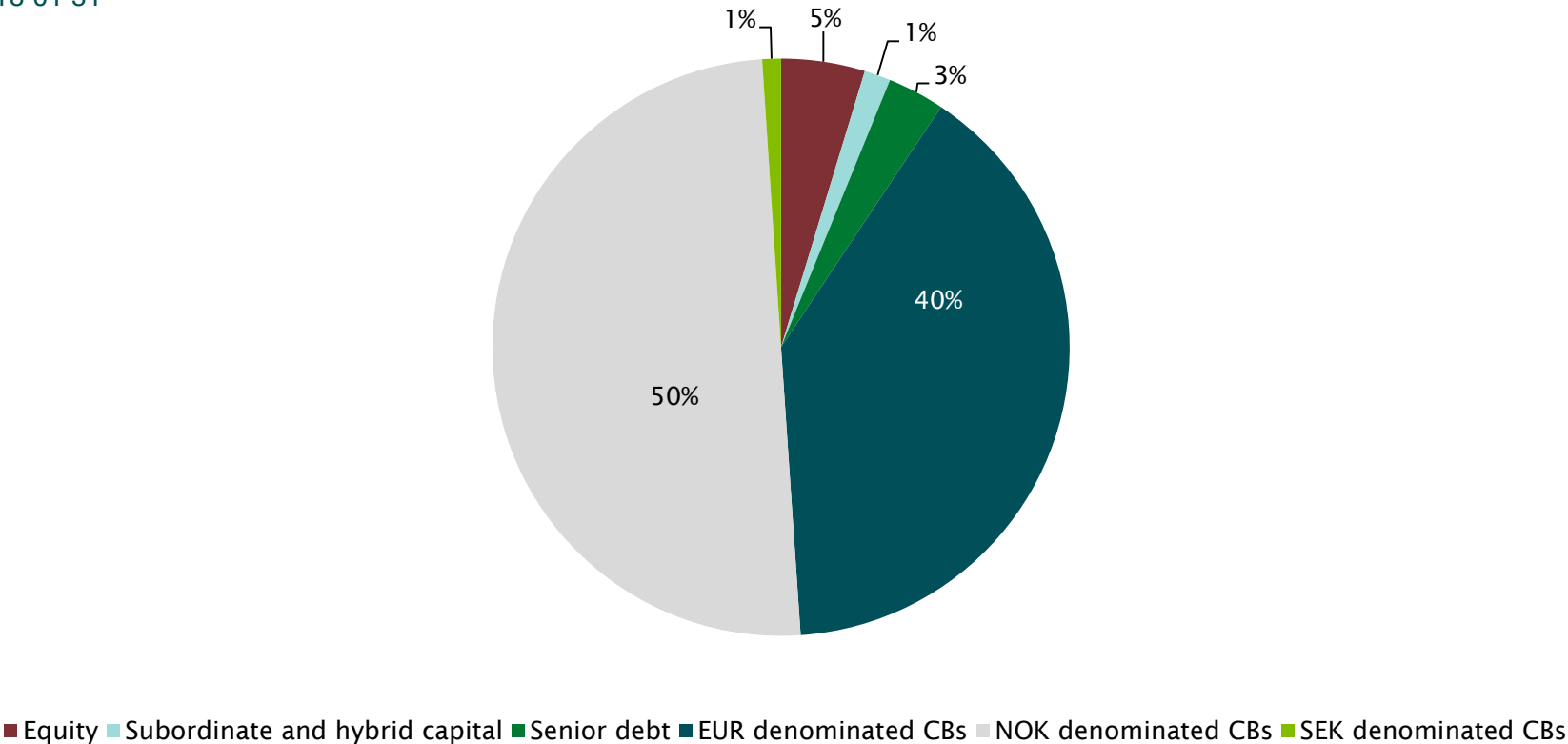
Stress test: Decline in house prices				
Stress test house price reduction (numbers in € million)	Unchanged	Decline of 10%	Decline of 20%	Decline of 30%
Mortgage Portfolio	7,789	7,789	7,789	7,789
Part of mortgages exceeding 75% LTV	-	15.3	56.2	308.7
Share of mortgage portfolio >75% LTV	0.00 %	0.20 %	0.72 %	3.96 %
Estimated Over collateralization*	9.81 %	9.62%	9.12%	6.00%

Current funding

- EIKBOL has the objective to be a frequent benchmark issuer in both EUR and NOK covered bond markets
- Redemptions within any future 12-month rolling period should not exceed 20% of the gross funding at the time of redemption
- Targeting a level of liquidity covering redemptions the next 12 months
- Balance swapped to 3M NIBOR on both sides

Funding mix EIKBOL

As of 2018-01-31

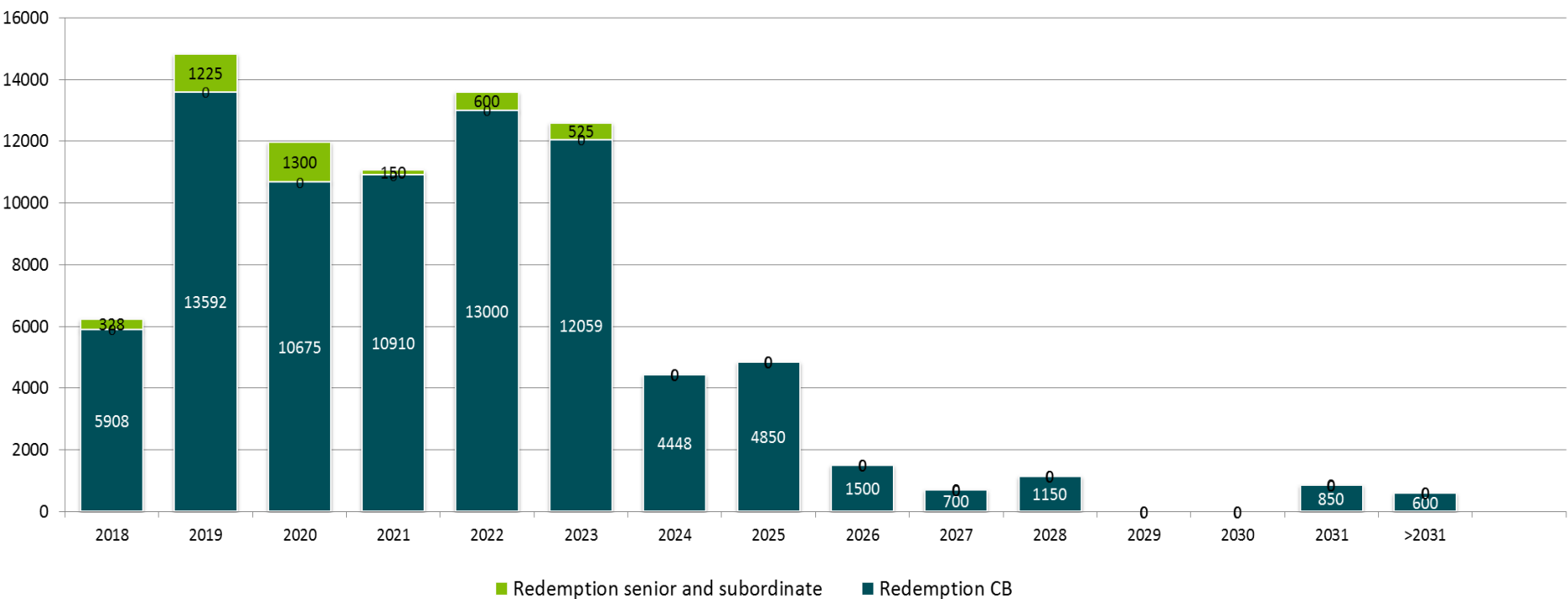


Outstanding EUR transactions

ISIN	Issue date	Volume (EUR mio)	Maturity date
XS0794570944	2012-06-19	650	2019-06-19
XS1044766191	2014-03-12	500	2021-03-12
XS1312011684	2015-10-28	500	2021-10-28
XS0881369770	2013-01-30	1000	2023-01-30
XS1397054245	2016-04-20	500	2023-04-20
XS1566992415	2017-02-16	500	2024-02-16
XS1725524471	2017-11-28	500	2025-02-26

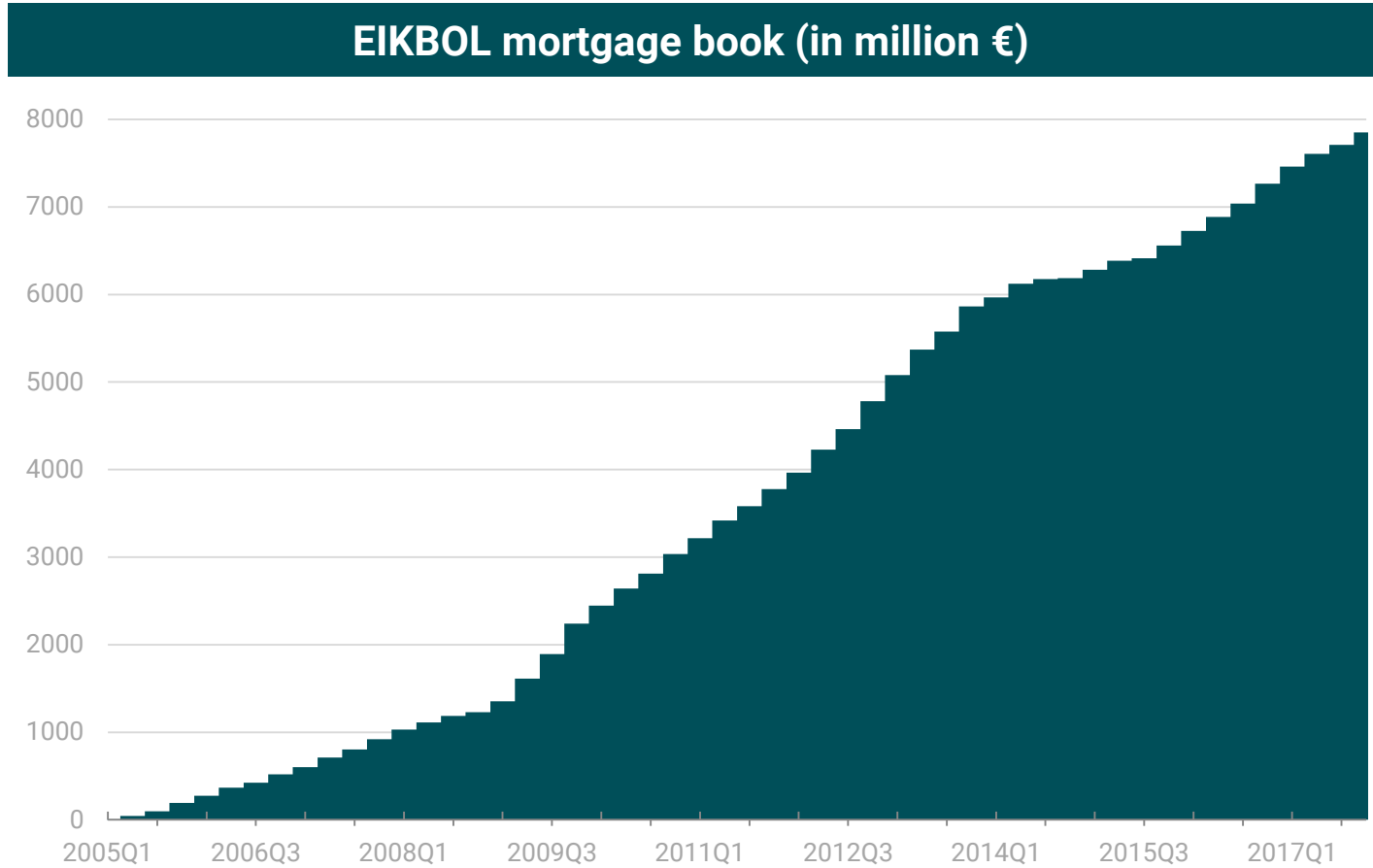
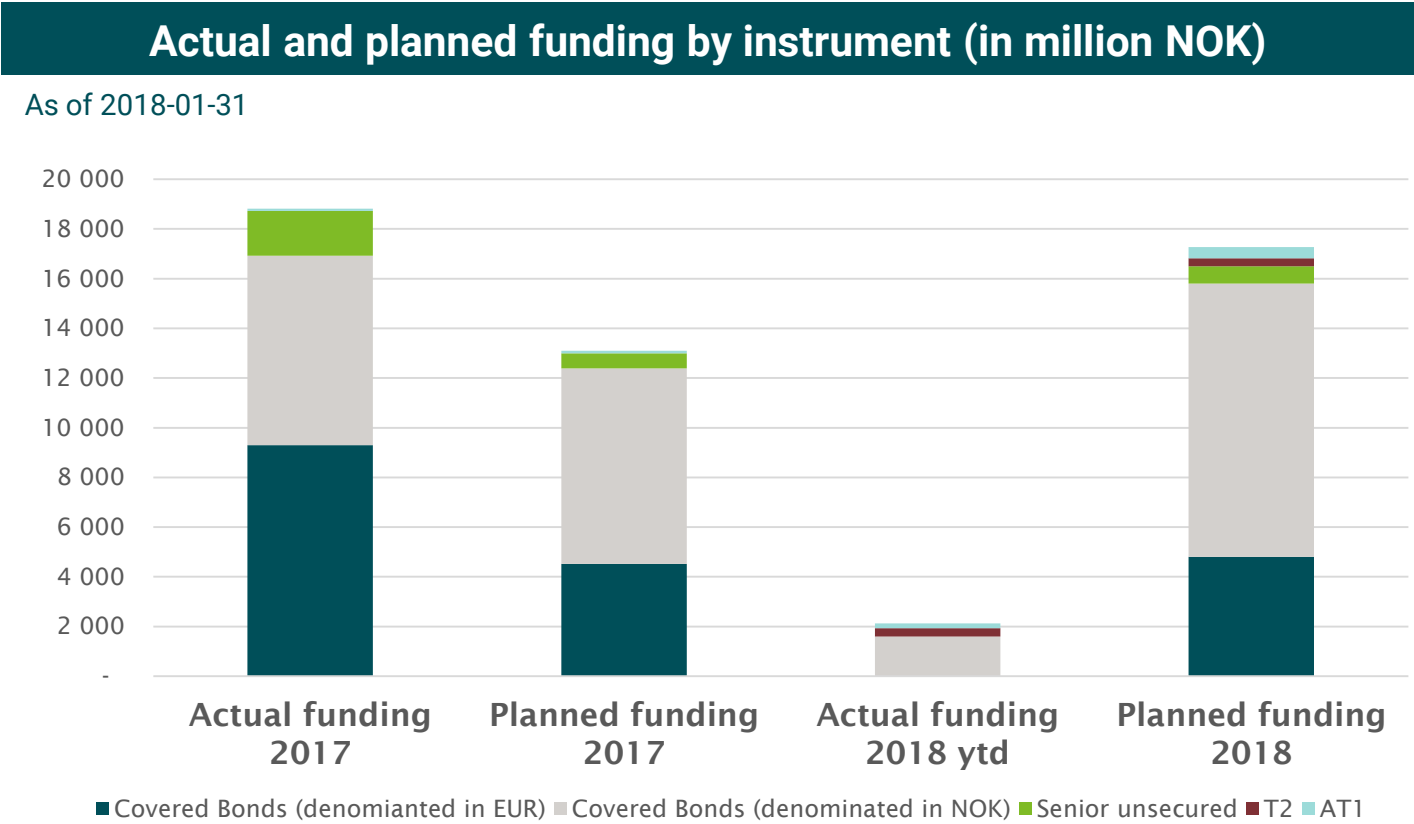
Maturity profile of funding (in million NOK)

As of 2018-01-31



Planned funding

- Budget for gross funding in 2018 is NOK-equivalent of 17.3 billion (EUR 1.8bn)
 - NOK-equivalent of 15.8 billion in covered bonds
 - NOK 700 million in senior unsecured bonds
 - NOK 450 million in Tier 1 bonds
 - NOK 325 million in Tier 2 bonds
- EIKBOL has the flexibility to pre-fund expected need in coming periods or shifting between funding in EUR vs NOK on a discretionary basis.
- Stable growth of mortgage book



Contacts



Kjartan M. Bremnes

CEO

Tel: +47 22 87 80 36

kmb@eika.no



Odd-Arne Pedersen

CFO

Tel: +47 22 87 81 44

oap@eika.no



Anders Mathisen

*Senior Vice President,
Funding*

Tel: +47 22 87 80 33

ama@eika.no



Kristian Fiskerstrand

*Vice President,
Funding*

Tel: +47 22 87 80 57

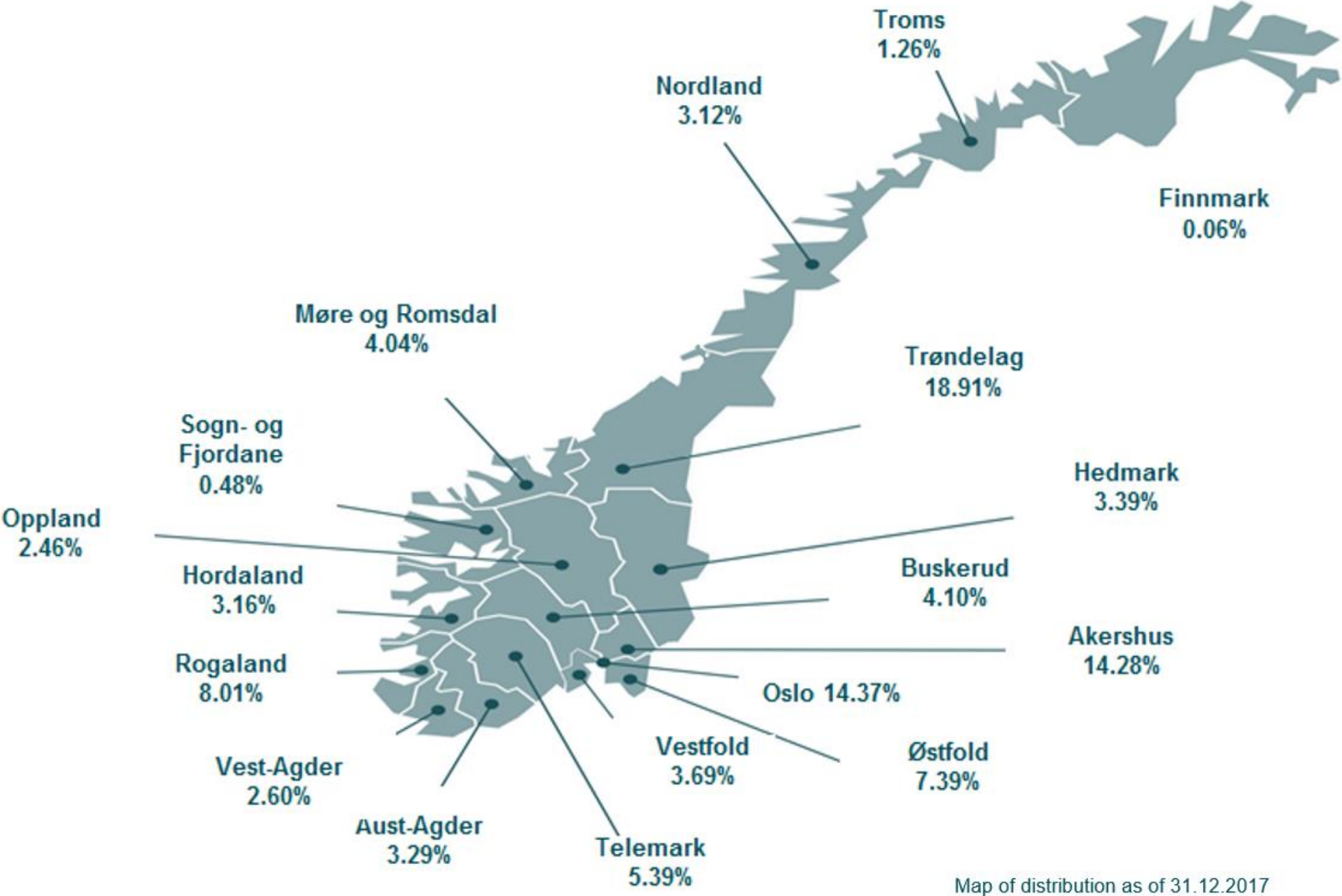
kf@eika.no

More information may be found on eikbol.no

Agenda

- The Norwegian economy
- Eika Alliance
- Eika Boligkreditt
- Appendix
- Disclaimer

Eika Boligkreditt - Strong geographical diversification

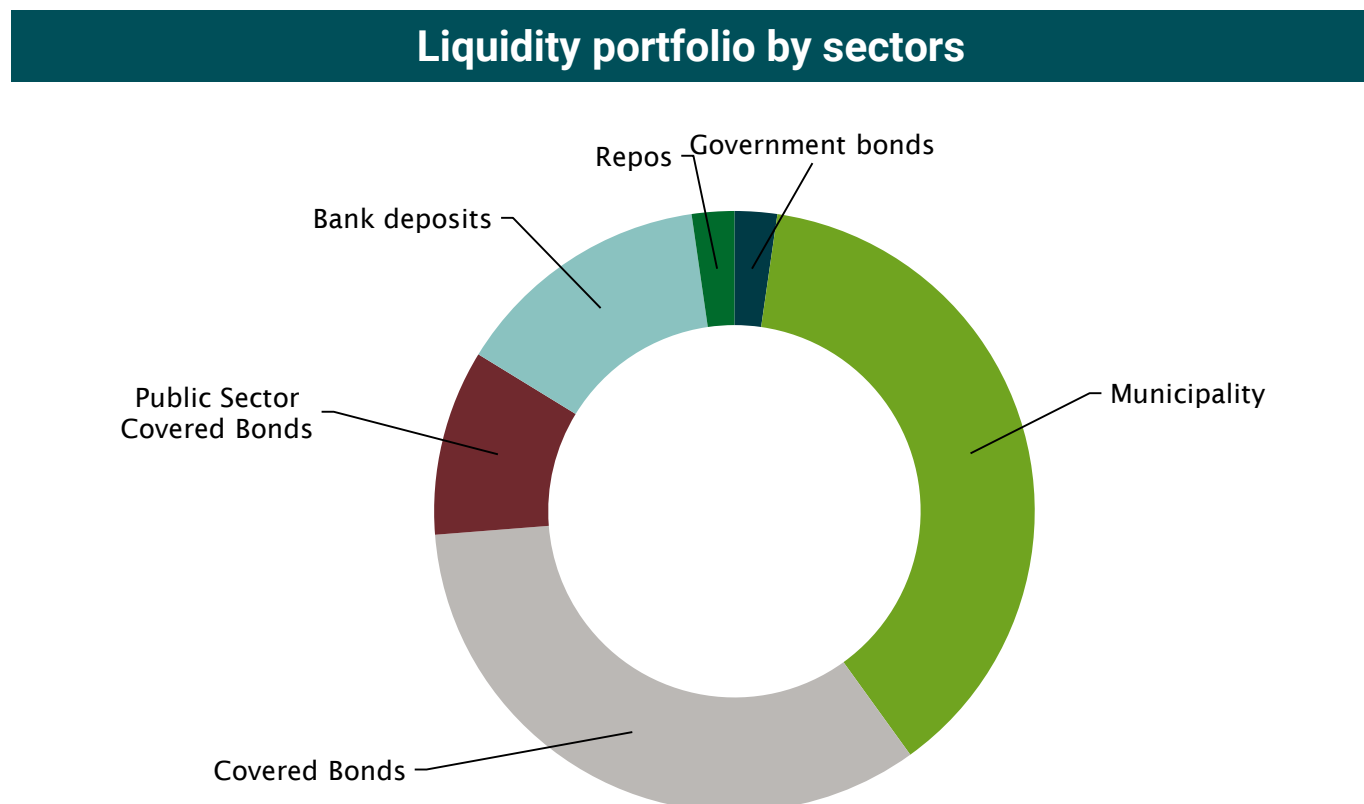


Liquidity portfolio

- **The substitute assets constitute EIKBOL's liquidity buffer**
 - Minimum liquidity > 6% of outstanding covered bonds (hard limit)
 - Minimum liquidity > 100% of next 6 months redemptions (hard limit)
 - Internal target is to have liquid assets covering at least 75% of redemptions within the next 12 months

Sectors and tenors			
Sector	Nominal values (EUR)	In % of portfolio	TtM
Government bonds	25,405,730	2 %	0.22
Municipality	419,050,599	38 %	0.42
Covered Bonds	374,175,584	34 %	2.12
Public Sector Covered Bonds	110,972,226	10 %	1.85
Bank deposits	155,044,766	14 %	-
Repos	25,308,283	2 %	0.05
Total portfolio	1,109,957,188	100 %	1.06

- **The Liquidity portfolio conforms to a conservative investment policy**
 - Norwegian and Swedish exposure, only NOK denominated
 - Portfolio weighted average time to maturity of maximum 2 years
 - An individual investment can have a remaining maturity of max 3.5 years
 - Rated AA-/Aa3 or better if the maturity exceeds 100 days, or A-/A3 if the maturity less than 100 days
 - Weighted average portfolio interest rate duration of less than 0.3 years, and individual securities less than 1 year



Strong incentive structure

With regards to the mortgages in the Eika Boligkreditt cover pool there is a 2 pillar guarantee mechanism; this is to ensure that the originating banks are held responsible for potential losses on mortgages transferred to Eika Boligkreditt

I Loss Guarantee

- 80% of any losses, including unpaid interest, on mortgages in EBK's portfolio will be covered by the owner bank
- The guarantee from an owner bank will have a floor of (i) NOK 5 million; or (ii) 100 per cent. of the relevant owner bank's loan portfolio if it is lower than NOK 5 million
- The guarantee from an owner bank is limited to 1% of the owner bank's total portfolio
- 100% of the loan is guaranteed by the bank until the collateral is registered

II Set-off rights

- The remaining 20% of the losses will be covered by a counter-claim on all commission receivables due from EBK to each owner bank
- The set-off rights are limited to a period of up to 12 months after such losses are incurred.

LCR Level 1 Eligibility

- All EUR denominated Covered bonds issued by Eika Boligkreditt AS fulfil the requirements to qualify as Level 1 assets pursuant to Commission Delegated Regulation (EU) 2015/61 regarding liquidity coverage requirement for credit institutions (“LCR regulation”).
- With reference to Article 10(1)(f) of the LCR-regulation, Eika Boligkreditt AS confirms the following:
 - Covered bonds issued by Eika Boligkreditt AS meet the requirements to be eligible for the treatment set out in Article 129(4) of Regulation (EU) No 575/2013 (“CRR”) and the requirements referred to in Article 52(4) of Directive 2009/65/EC, cf. the European Commission’s website: http://ec.europa.eu/finance/investment/legal_texts/index_en.htm
 - The exposures to institutions in the cover pool meet the conditions laid down in Article 129(1)(c) and in Article 129(1) last subparagraph of CRR
 - Eika Boligkreditt AS gives the information required in Article 129(7) of CRR to its investors: <http://eikabk.no/investorrelations/coverpool>
 - Covered bonds issued by Eika Boligkreditt AS are assigned a credit assessment by a nominated ECAI which is at least credit quality step 1 in accordance with Article 129(4) of CRR, and the equivalent credit quality step in the event of short term credit assessment
 - Eika Boligkreditt AS’ EMTCN Programme requires a level of overcollateralization higher than the 2% needed for LCR level 1 classification

Comparison of legal frameworks for covered bonds

	Norway	Sweden	Denmark	Finland	Germany
Special Banking Principle	Yes; Kredittforetaks	No, but specialist banks still exist	No, but specialist banks still exist	No, but specialist banks still exist	No
Allowed Collateral	Residential mortgages, commercial mortgages, public sector debt	Residential Mortgages, commercial mortgages (max 10%), public sector debt	Residential and commercial mortgage loans Commercial banks are also allowed to introduce ship loans.	Residential mortgages, commercial mortgages (max. 10%), public sector debt and shares in Finnish real estate corporations	Mortgage loans, public sector debt, ship loans, aircraft loans
RMBS inclusion	Yes (allowed in regulation, but not used)	No	No	No	No
Inclusion of Hedge Positions	Yes	Yes	Yes	Yes	Yes, 12% of the pool's NPV
Substitute collateral	Max. 20%; 30% for a limited period if authorized by the Norwegian FSA	Up to 20% (30% for a limited period if authorised by the Swedish FSA)	Up to 15 %	Up to 20%	Max. 20%
Geographical scope for public assets	OECD	OECD	Denmark, Greenland and Faroe Islands without restrictions - other countries with approval of Supervisory Authority	EEA	EEA, Switzerland, USA, Canada and Japan
Geographical scope for mortgage assets	OECD	EEA	Denmark, Greenland and Faroe Islands without restrictions - other countries with approval of Supervisory Authority	EEA	EEA, Switzerland, USA, Canada and Japan
LTV barrier residential	75%	75% (70% for agricultural purposes)	80%	70%	60%
LTV barrier commercial	60%	60%	60%	60%	60%
Basis for valuation	Market value	Market value	Market value	Market value	Mortgage lending value
Valuation check	Regular monitoring	Regular monitoring	Regular monitoring	Regular monitoring	Regular (at least every 2 years) examination of the cover register
Special supervision	Yes; Finanstilsynet	Yes; Finansinspektionen	Yes ; Finanstilsynet	Yes; Finanssivalvonta Finansinspektionen	Yes; BaFin
Protection against mismatching	The law stipulates that cash-flows should be matched narrowly	Nominal coverage, NPV coverage	Yes; general or specific balance principles govern several restrictions on max. mismatches possible	Nominal coverage, NPV coverage; 12 month cash flow coverage, stress testing, liquidity management	Nominal coverage, NPV coverage, 180d liq. buffer
Obligation to replace non-performing loans	No, but haircuts for loans in-arrears for more than 90 days	No	No	Readjustment of valuation	No
Mandatory overcollateralization			8% on a risk-weighted basis for specialised institutions	Yes (2% on a NPV basis)	2% NPV
Fulfills UCITS 22(4)/CRD	Yes Yes (2% on NPV basis)	Yes No	Yes	Yes	Yes

Source: Natixis Covered Bond Research, Nordea Markets and Eika Boligkreditt

P&L Eika Boligkreditt - Strong income growth

Amounts in NOK Million	2010	2011	2012	2013	2014	2015	2016	1Q17	2Q17	3Q17	4Q17
Total Interest income	1 029	1 403	1 806	2 205	2 461	2 066	1 861	498	514	518	520
Total interest expenses	866	1 229	1 458	1 568	1 721	1 430	1 380	358	356	335	318
Net interest income	163	173	348	637	741	636	482	140	158	183	203
Dividend from shares classified as available for sale	1	3	3	5	-	6	6	-	6	-	-
Total gains and losses on financial instruments at fair value	14	6	16	(111)	51	203	(81)	(48)	(66)	10	(32)
Comission costs	97	111	212	449	431	443	300	76	88	114	132
Total salaries and administrative expenses	26	26	31	37	32	42	39	12	11	11	13
Depreciation	1	1	2	2	1	2	1	0	1	0	0
Other operating expenses	8	11	11	14	10	13	14	4	4	4	4
Losses on loans and gurantees	-	-	-	-	-	-	-	-	-	-	-
PROFIT/(LOSS) BEFORE TAXES	45	112	112	29	117	344	50	(2)	(6)	63	22
Taxes	12	31	31	8	30	81	11	(1)	(3)	16	6
PROFIT/(LOSS) FOR THE PERIOD	33	81	81	21	87	263	39	(1)	(3)	48	16

Eika Boligkreditt AS - Report Q4 2017:

Eika Boligkreditt showed a pre-tax profit of NOK 22 million for the fourth quarter, compared with a loss of NOK 129 million in the same period of 2016. The fourth-quarter profit included negative changes of NOK 33 million (2016: NOK 125 million) in the value of basis swaps, so that the pre-tax profit excluding such changes came to NOK 54.9 million (2016: NOK loss of 5 million). For the full year, negative changes in basis swaps amounted to NOK 164 million (2016: NOK 115 million), so that the pre-tax profit excluding such value changes was NOK 242 million (NOK 165 million).

The full report is available on: eika.no

Eika Boligkreditt - Balance sheet and key figures

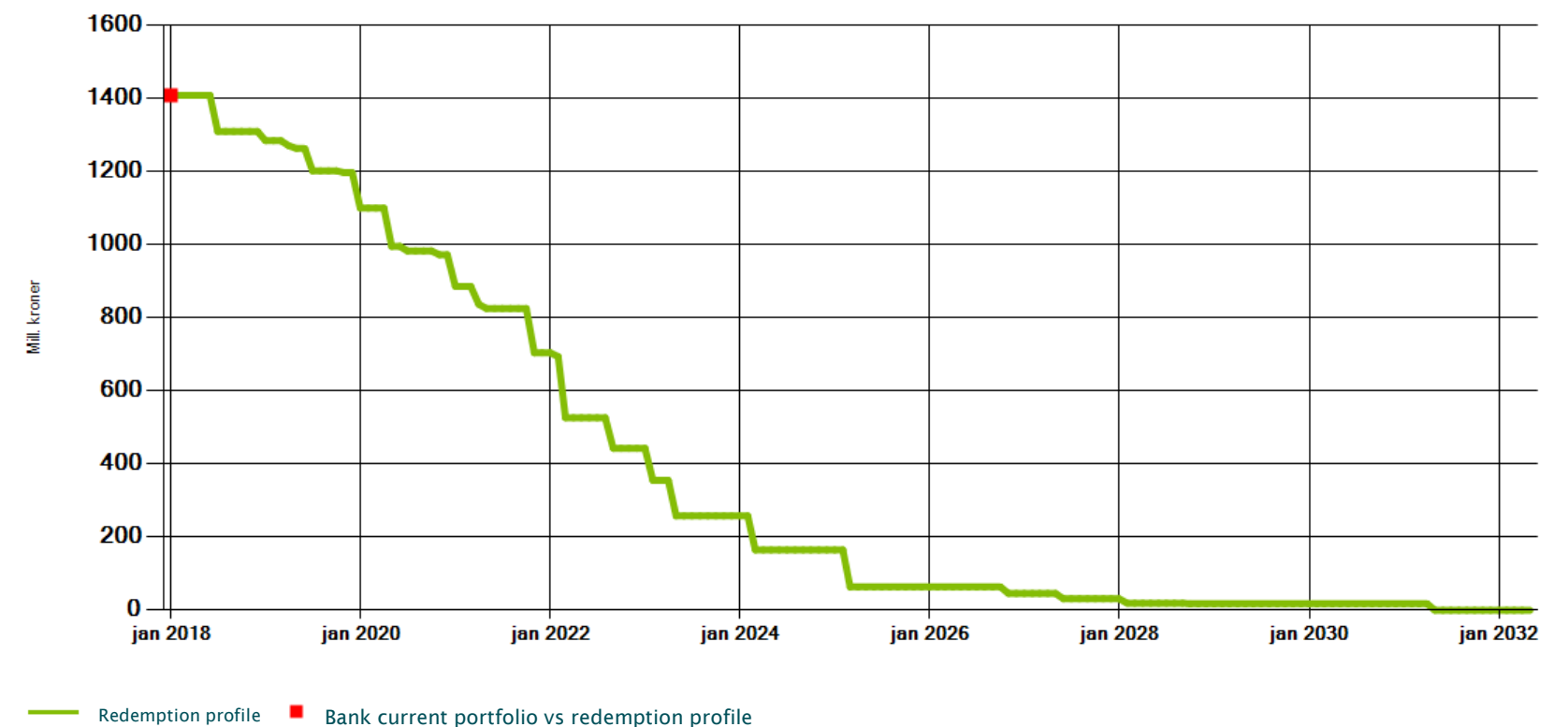
Amounts in NOK Million	2010	2011	2012	2013	2014	2015	2016	1Q2017	2Q2017	3Q2017	4Q2017
Balance sheet development											
Lending to customers	29 904	37 194	47 086	57 692	60 889	64 527	71 509	73 420	74 857	75 868	77 286
Debt from issuing securities	32 719	41 212	52 583	63 889	72 878	79 876	86 983	87 130	93 172	93 720	90 030
Subordinated loans	438	318	319	678	698	450	599	599	600	600	600
Equity	909	1 070	1 801	2 459	3 024	4 242	4 396	4 516	4 514	4 756	4 770
Equity in % of total assets	2.63	2.47	3.21	3.52	3.72	4.72	4.58	4.70	4.40	4.61	4.79
Average total assets	31 337	38 645	50 013	63 765	76 845	84 571	92 324	96 022	98 225	99 431	99 466
Total assets	34 612	43 255	56 165	69 829	81 298	89 932	96 017	96 026	102 632	103 051	99 603
Rate of return / profitability											
Fee and commission income to relation to average total assets, annualised (%)	0.31	0.29	0.42	0.70	0.74	0.50	0.32	0.32	0.33	0.37	0.41
Staff and general administration expenses in relation to average total assets, annualised (%)	0.08	0.07	0.06	0.06	0.05	0.10	0.04	0.05	0.05	0.05	0.05
Return on equity, annualised (%)	4.92	3.12	6.54	1.21	4.17	10.70	1.37	(0.04)	(0.19)	1.43	1.94
Total assets per full-time position	2 704	2 923	3 555	3 714	4 106	4 542	4 849	4 850	5 183	5 205	5 030
Finacial strength											
Core tier 1 capital	904	1 053	1 710	2 399	2 925	3 607	3 833	3 955	3 934	4 154	4 156
Total tier 1 capital	904	1 053	1 710	2 648	3 374	4 055	4 282	4 405	4 483	4 703	4 706
Total primary capital (tier 2 capital)	1 342	1 371	2 029	3 077	3 623	4 505	4 882	5 004	5 083	5 303	5 305
Weighted calculation basis	10 829	13 724	17 150	21 445	25 155	27 510	29 766	30 446	31 292	31 557	31 468
Core tier 1 capital ratio	8.35	7.67	9.97	11.19	11.63	13.10	12.88	12.99	12.57	13.15	13.22
Total tier 1 capital ratio	8.35	7.67	9.97	12.35	13.41	14.70	14.39	14.47	14.33	14.89	14.96
Capital adeqacy ratio	12.39	9.99	11.83	14.35	14.40	16.40	16.40	16.44	16.24	16.79	16.87
Delinquinces in % of gross loans	-	-	-	-	-	-	-	-	-	-	-
Loss in % of gross loans	-	-	-	-	-	-	-	-	-	-	-
Staff											
Number of full-time positions at end of period	12.8	14.8	15.8	18.8	19.8	19.8	19.8	19.8	19.8	19.8	19.8

Source: EBK quarterly reports

Cancellation of distribution agreement

- An EKBOL Distributor (**EBKD**) can terminate the distribution agreement with EKBOL with 3 months notice
- EKBOL can terminate a distribution agreement with an EBKD with 12 months notice
- In the event a distribution agreement is terminated, obligations continues to apply with regards to the various agreements;
 - At the expiry date for the distribution agreement, the EBKD will no longer have the right to transfer new residential mortgages to EKBOL
 - The EBKD is required to uphold its mortgage portfolio in line with the redemptions of EKBOL's funding
 - The EBKD has continued responsibilities for servicing the mortgages in the existing residential mortgage portfolio, including other rights and obligations pursuant to the guarantee, custody, commission and shareholder agreements and the agreement on the purchase of covered bonds

Example of an EBKD's redemption profile



Mergers between Eika banks in 2017

Kragerø and Bamble Sparebank

- Merged January 1st 2017
- The name of the merged bank is Skagerrak Sparebank
- Jon Guste-Pedersen is CEO in the merged bank
- Strong market position in lower Telemark/greater Grenland
- 4 branches/69 employees
- After the merger Skagerrak Sparebank is the 5th largest bank in the Eika Alliance
- Total assets of NOK 11.1 billion (including transfers to EBK NOK 2.5 billion)
- Gross loans of NOK 9.5 billion (including transfers to EBK NOK 2.5 billion)
- Deposits of NOK 5.7 billion
- Equity of NOK 842 million
- Rationales for the merger were to increase competitiveness in local markets and expand market reach, strengthen profitability and contribute to sustainable development of their local communities

Orkdal og Meldal Sparebank

- Merged October 1st 2017
- The name of the merged bank is Orkla Sparebank
- Dag Olav Løseth, CEO from Orkdal Sparebank, is CEO in the merged bank
- 64 employees
- After the merger the bank will be the 9th largest bank in the Eika Alliance
- Total assets of NOK 9,5 billion (including transfers to EBK NOK 1,9 billion)
- Rationales for the merger were to increase competitiveness in local markets and attractiveness as an employer and contribute to sustainable development of their local communities

Mergers between Eika banks in 2017

Gjerstad og Vegårshei Sparebank

- Merged October 1st 2017
- The name of the merged bank is Østre Agder Sparebank
- Nina Holte, CEO from Gjerstad Sparebank, is CEO in the merged bank
- 28 employees
- After the merger the bank will be the 54th largest bank in the Eika Alliance
- Total assets of NOK 3,0 billion (including transfers to EBK NOK 0,8 billion)
- Rationales for the merger were regulative requirements, digitalization, market position and development of expertise

Vang og Vestre Slidre Sparebank

- Merged August 21st 2017
- The name of the merged bank is Valdres Sparebank
- Arnfinn-Helge Kvam, CEO from Vang Sparebank, is CEO in the merged bank
- Adjusted total assets under management (including CB transferred) of the banks are NOK 1.0 bn and NOK 0.8bn (3rd smallest and 2nd smallest bank in the alliance, the combined bank ranks 58th)
- Rationales for the merger is to reduce operational risk, form larger specialized teams, increase competitiveness in local markets and increase capacity for lending to local corporates

Bud, Fræna og Hustad Sparebank og Nesset Sparebank

- Will be merged January 1st 2018
- The name of the merged bank will be Romsdal Sparebank
- Odd Kjetil Sørgaard, CEO in BFH Sparebank, is proposed as CEO in the merged bank
- Total assets of NOK 6 billion
- Rationales for the merger is to increase competitiveness in local markets, expand market reach and improve attractiveness as an employer

P&L Eika banks - Strong income growth and low loan losses

P&L & balance in NOK mil.	2010	2011	2012	2013	2014	2015	2016
Net interest income	3.512	3.631	3.777	3.949	4.163	4.275	4.556
Net commission income	662	734	863	1.142	1.320	1.260	1.195
Other income	43	44	40	39	39	37	38
Total income	4.217	4.409	4.681	5.130	5.523	5.572	5.789
Personnel and adm. expenses	2.061	2.134	2.243	2.344	2.491	2.669	2.780
Depreciation	123	98	95	100	110	117	131
Other costs	469	495	515	578	605	665	687
Total costs	2.653	2.726	2.852	3.023	3.206	3.451	3.598
Core earnings before loan losses	1.564	1.683	1.828	2.108	2.317	2.121	2.191
Impairment of loans and guarantees	404	458	329	389	315	237	233
Core earnings	1.160	1.225	1.499	1.719	2.002	1.884	1.957
Dividends/associated companies	177	189	89	257	238	348	397
Net return on financial investments	218	-78	217	228	132	-189	182
One-offs and loss/gain on long-term assets	376	-69	150	-61	181	217	314
Pre tax profit	1.931	1.267	1.955	2.142	2.553	2.260	2.851
Taxes	501	412	542	583	623	553	579
Net profit	1.430	855	1.413	1.559	1.930	1.707	2.271
Gross loans	157.375	159.645	166.255	173.617	182.081	193.576	214.360
Gross loans incl. EBK	182.382	193.092	208.764	225.292	238.296	253.212	280.620
Deposits	120.419	128.567	137.142	144.975	156.594	164.697	178.098
Equity	16.748	17.525	18.833	20.422	22.268	23.624	26.240
Total assets	190.813	196.623	200.895	210.302	224.157	231.814	254.313
Total assets incl. EBK	215.820	230.070	243.403	261.977	280.371	291.450	320.573

Source: Bank Analyst Eika

Eika banks - Key figures

Key figures	2010	2011	2012	2013	2014	2015	2016
Growth in loans	4,1 %	1,4 %	4,1 %	4,4 %	4,9 %	6,3 %	10,7 %
Growth in loans incl. EBK	7,3 %	5,9 %	8,1 %	7,9 %	5,8 %	6,3 %	10,8 %
Growth in deposits	7,5 %	6,8 %	6,7 %	5,7 %	8,0 %	5,2 %	8,1 %
Deposit ratio	76,5 %	80,5 %	82,5 %	83,5 %	86,0 %	85,1 %	83,1 %
Deposit over total funding	69,9 %	72,6 %	76,1 %	77,2 %	78,4 %	79,9 %	78,9 %
(Market funding - Liquid assets)/Total assets	11,6 %	7,8 %	6,3 %	5,4 %	3,1 %	4,2 %	5,8 %
Liquid assets/Total assets	15,5 %	16,9 %	15,1 %	15,0 %	16,2 %	13,7 %	13,0 %
Market funds/Total assets	27,1 %	24,7 %	21,4 %	20,4 %	19,3 %	17,8 %	18,8 %
Equity ratio	8,8 %	8,9 %	9,4 %	9,7 %	9,9 %	10,2 %	10,3 %
Common Equity Tier 1 ratio (CET1)	15,0 %	15,2 %	15,8 %	16,1 %	16,9 %	17,5 %	17,8 %
Core capital ratio	17,0 %	17,3 %	18,1 %	18,5 %	18,3 %	18,5 %	18,9 %
Capital ratio	18,2 %	18,2 %	18,6 %	18,7 %	18,9 %	19,2 %	20,0 %
Loan loss provision ratio	0,26 %	0,29 %	0,20 %	0,23 %	0,18 %	0,13 %	0,11 %
Loan loss provision/Pre-provision income	20,6 %	25,5 %	15,4 %	15,0 %	11,7 %	10,4 %	8,4 %
Gross problem loans/Gross loans	1,83 %	1,89 %	1,78 %	1,62 %	1,53 %	1,38 %	1,12 %
Net problem loans/Gross loans	1,34 %	1,38 %	1,32 %	1,20 %	1,13 %	1,01 %	0,84 %
Loan loss reserves/Gross loans	0,88 %	0,92 %	0,88 %	0,82 %	0,79 %	0,73 %	0,64 %
Problem loans/(Equity + LLR)	15,9 %	15,9 %	14,6 %	12,9 %	11,8 %	10,7 %	8,7 %
Net interest income/total assets	1,87 %	1,87 %	1,90 %	1,92 %	1,92 %	1,88 %	1,87 %
Net commission incom/total assets	0,35 %	0,38 %	0,43 %	0,56 %	0,61 %	0,55 %	0,49 %
Cost/income ratio	57,5 %	60,3 %	57,2 %	53,8 %	54,4 %	60,2 %	56,5 %
Cost/income ratio (adjsted)	62,9 %	61,8 %	60,9 %	58,9 %	58,0 %	61,9 %	62,2 %
Net profit in % of total assets	0,76 %	0,44 %	0,71 %	0,76 %	0,89 %	0,75 %	0,93 %
Net profit/average RWA	1,38 %	0,80 %	1,29 %	1,37 %	1,61 %	1,37 %	1,74 %
Pre-provision income/average RWA	1,89 %	1,68 %	1,94 %	2,28 %	2,25 %	1,83 %	2,12 %
Core earnings in % of average RWA	1,12 %	1,14 %	1,36 %	1,51 %	1,67 %	1,52 %	1,50 %
Return on equity	8,9 %	5,0 %	7,8 %	7,9 %	9,0 %	7,4 %	9,1 %

Source: Bank Analyst Eika

P&L Eika banks quarterly figures

P&L & balance in NOK mil.	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Net interest income	1.022	1.053	1.087	1.114	1.086	1.117	1.167	1.186	1.176	1.224
Net commission income	318	312	325	305	278	285	320	311	298	322
Other income	8	9	10	10	10	9	9	10	9	10
Total income	1.348	1.373	1.422	1.429	1.375	1.411	1.496	1.506	1.483	1.556
Personnel and adm. expenses	667	600	692	710	687	642	686	765	739	668
Depreciation	29	28	29	31	32	34	33	32	35	35
Other costs	161	155	164	185	176	180	160	172	187	185
Total costs	857	784	884	927	894	855	879	969	961	888
Core earnings before loan losses	492	590	537	502	481	556	617	537	522	668
Impairment of loans and guarantees	22	40	65	110	42	53	81	57	23	68
Core earnings	469	550	472	393	439	503	536	480	499	600
Dividends/associated companies	24	308	2	13	21	343	18	15	25	370
Net return on financial investments	5	16	-173	-37	-20	67	82	53	62	35
One-offs and loss/gain on long-term assets	121	2	7	88	-15	189	28	111	-8	12
Pre tax profit	620	876	308	456	425	1.102	664	659	577	1.017
Taxes	137	189	97	130	110	203	165	102	142	191
Net profit	483	687	211	327	314	899	499	557	435	826
Gross loans	182.360	185.797	190.144	193.576	197.107	204.103	209.583	214.360	217.908	222.793
Gross loans incl. EBK	240.034	244.137	248.609	253.212	257.689	266.507	273.450	280.620	286.361	293.026
Deposits	157.601	164.461	163.216	164.697	165.747	175.619	175.243	178.098	180.211	188.040
Equity	22.200	23.049	23.255	23.624	23.913	25.009	25.598	26.240	26.634	27.735
Total assets	225.034	231.543	231.088	231.814	234.504	248.270	250.379	254.313	259.210	269.633
Total assets incl. EBK	282.708	289.883	289.553	291.450	295.086	310.675	314.246	320.573	327.663	339.866

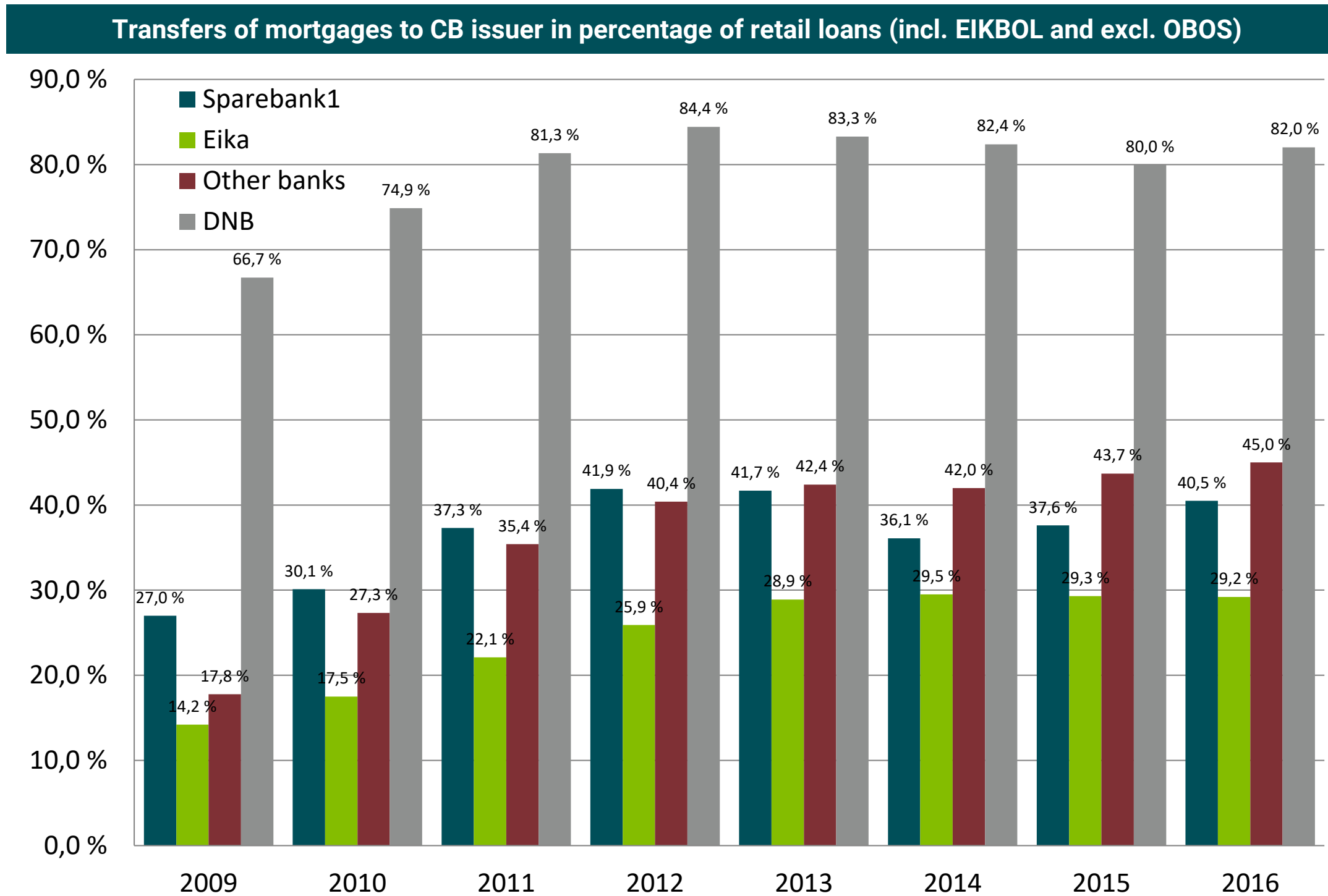
Source: Bank Analyst Eika

Eika banks - Key figures quarterly

Key figures	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Growth in loans	0,2 %	1,9 %	2,3 %	1,8 %	1,8 %	3,5 %	2,7 %	2,3 %	1,7 %	2,2 %
Growth in loans incl. EBK	0,7 %	1,7 %	1,8 %	1,9 %	1,8 %	3,4 %	2,6 %	2,6 %	2,0 %	2,3 %
Growth in deposits	0,6 %	4,4 %	-0,8 %	0,9 %	0,6 %	6,0 %	-0,2 %	1,6 %	1,2 %	4,3 %
Deposit ratio	86,4 %	88,5 %	85,8 %	85,1 %	84,1 %	86,0 %	83,6 %	83,1 %	82,7 %	84,4 %
Deposit over total funding	78,9 %	80,3 %	80,1 %	79,9 %	79,7 %	79,7 %	79,1 %	78,9 %	78,3 %	78,6 %
(Market funding - Liquid assets)/Total assets	2,5 %	0,4 %	2,6 %	4,2 %	4,9 %	3,0 %		5,8 %		
Liquid assets/Total assets	16,3 %	16,9 %	14,9 %	13,7 %	13,0 %	14,9 %	13,6 %	13,0 %	13,0 %	14,6 %
Market funds/Total assets	18,8 %	17,4 %	17,5 %	17,8 %	18,0 %	18,0 %	18,5 %	18,8 %	19,3 %	19,0 %
Equity ratio	9,9 %	10,0 %	10,1 %	10,2 %	10,2 %	10,1 %	10,2 %	10,3 %	10,3 %	10,3 %
Common Equity Tier 1 ratio (CET1)	16,5 %	16,2 %	16,2 %	17,5 %	17,0 %	16,5 %	16,4 %	17,8 %	17,1 %	18,0 %
Core capital ratio	17,6 %	17,3 %	17,2 %	18,5 %	18,2 %	17,6 %	17,5 %	18,9 %	18,5 %	18,2 %
Capital ratio	18,4 %	17,9 %	17,9 %	19,2 %	19,0 %	18,5 %	18,5 %	20,0 %	19,8 %	19,6 %
Loan loss provision ratio	0,05 %	0,09 %	0,14 %	0,23 %	0,09 %	0,11 %	0,16 %	0,11 %	0,04 %	0,12 %
Loan loss provision/Pre-provision income	4,3 %	4,4 %	17,8 %	23,0 %	8,7 %	5,5 %	11,4 %	9,4 %	3,8 %	6,3 %
Gross problem loans/Gross loans	1,52 %	1,51 %	1,47 %	1,38 %	1,47 %	1,40 %	1,35 %	1,13 %	1,14 %	1,08 %
Net problem loans/Gross loans	1,15 %	1,14 %	1,09 %	1,01 %	1,11 %	1,05 %	1,00 %	0,84 %	0,86 %	0,80 %
Loan loss reserves/Gross loans	0,76 %	0,74 %	0,74 %	0,73 %	0,72 %	0,71 %	0,71 %	0,64 %	0,63 %	0,63 %
Problem loans/(Equity + LLR)	11,8 %	11,5 %	11,3 %	10,7 %	11,4 %	10,8 %	10,5 %	8,7 %	8,9 %	8,2 %
Net interest income/total assets	1,82 %	1,84 %	1,88 %	1,93 %	1,86 %	1,85 %	1,87 %	1,88 %	1,83 %	1,85 %
Net commission incom/total assets	0,57 %	0,55 %	0,56 %	0,53 %	0,48 %	0,47 %	0,51 %	0,49 %	0,46 %	0,49 %
Cost/income ratio	62,2 %	46,2 %	70,7 %	66,0 %	65,0 %	47,0 %	55,1 %	61,6 %	61,2 %	45,3 %
Cost/income ratio (adjsted)	63,5 %	57,1 %	62,2 %	64,8 %	65,0 %	60,6 %	58,7 %	64,4 %	64,8 %	57,1 %
Net profit in % of total assets	0,86 %	1,20 %	0,36 %	0,56 %	0,54 %	1,49 %	0,80 %	0,88 %	0,68 %	1,25 %
Net profit/average RWA	1,56 %	2,19 %	0,67 %	1,04 %	1,00 %	2,78 %	1,51 %	1,66 %	1,27 %	2,37 %
Pre-provision income/average RWA	1,68 %	2,92 %	1,16 %	1,52 %	1,53 %	2,99 %	2,16 %	1,80 %	1,78 %	3,08 %
Core earnings in % of average RWA	1,51 %	1,74 %	1,49 %	1,25 %	1,38 %	1,53 %	1,60 %	1,42 %	1,45 %	1,70 %
Return on equity	8,7 %	12,1 %	3,6 %	5,6 %	5,3 %	14,7 %	7,9 %	8,6 %	6,6 %	12,2 %

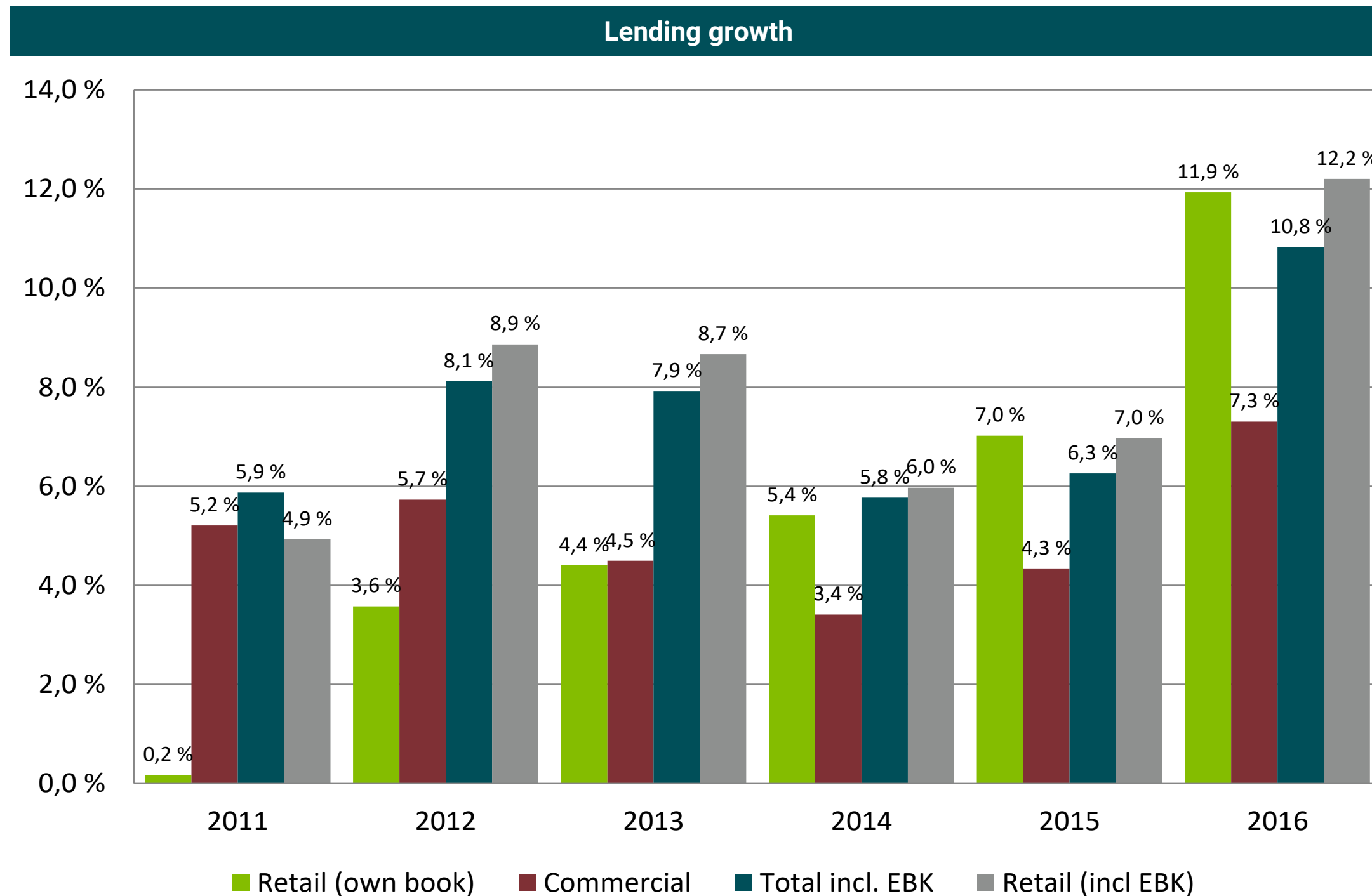
Source: Bank Analyst Eika

Banks – transfer rate to Cov. Bond companies



Source: Bank Analyst Eika

Eika banks - lending growth



Source: Bank Analyst Eika

Disclaimer

By attending a meeting where this presentation is held, or by reading the presentation slides, you agree to be bound by the following conditions:

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Eika Boligkreditt AS (the “Company”), in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

This presentation has been prepared solely for use in connection with the presentation of the Company. The information contained in this document may not be reproduced, redistributed, passed on or published, in whole or in part, to any other person for any purpose. Failure to comply with this and the following restrictions may constitute a violation of applicable securities laws. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of their respective affiliates, advisors, directors or employees shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

The statements contained in this presentation may include forward-looking statements such as statements of future expectations. These statements are based on the Company’s current views and assumptions and involve both known and unknown risks and uncertainties. Although the Company believes that the expectations reflected in any such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/ or foreign governments, or supra-national entities.

All opinions and estimates included in this presentation constitute the Company’s judgement, as of the date of the presentation and are subject to change without notice and the Company is not under any obligation to update or keep current the information contained herein.

This presentation is not an offer of securities for sale in the United States. Neither the presentation nor any copy of it may be taken or transmitted into United States, its territories or possessions or distributed, directly or indirectly, in the United States, its territories or possessions, except to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or outside the United States in reliance on Regulation S under the Securities Act. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

Additional information about the Company can be found at eikbol.no.