

Eika Boligkreditt

Investor presentation

May 2019



Executive summary

• The economy is strong

- GDP-growth above trend
- Large current account and fiscal surpluses
- Low unemployment
- Balanced housing market with moderate increases in house prices
- Petroleum investments are expected to increase again from 2018 and forward 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

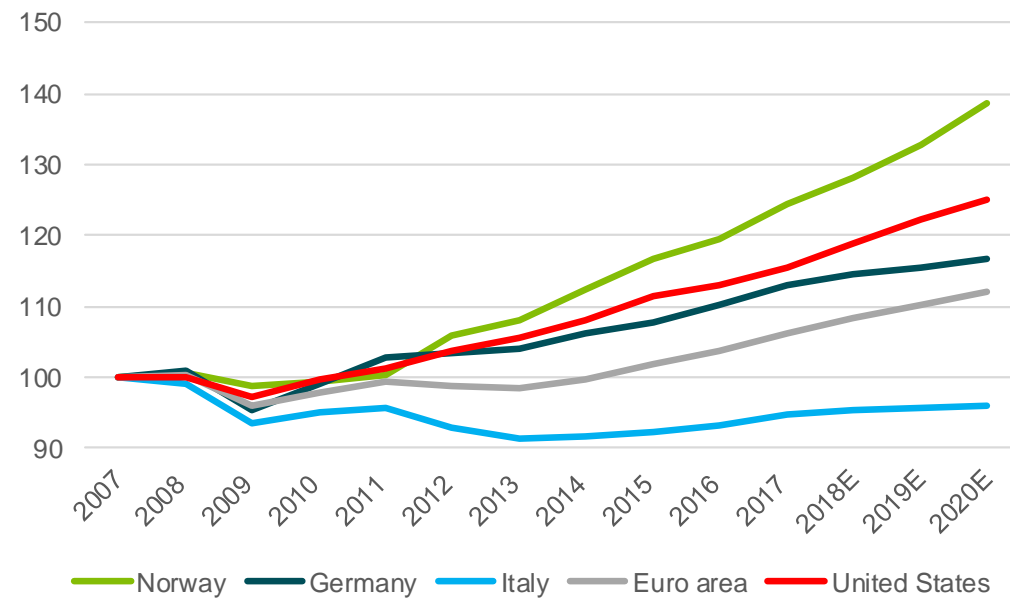
- Constitutional monarchy; Non EU member (EEA member); Population of 5.3 million
- Aaa / AAA / AAA rated country (all with stable outlook)
- GDP per capita amongst the highest in the OECD countries – estimated to be 48% higher than the average in EU (28 countries)
- Expected contributors to growth in 2019:
 - Positive contribution from private consumption, increased export, public investments & consumption, petroleum investments and other mainland industrial investments

	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
GDP growth (Mainland)	2.3 %	2.2 %	1.4 %	1.1 %	2.0 %	2.2 %	2.4 %	2.3 %	2.0 %	1.9 %
Consumer price inflation	2.1 %	2.1 %	2.1 %	3.6 %	1.8 %	2.7 %	2.3 %	1.7 %	1.9 %	2.1 %
Unemployment	3.8 %	3.6 %	4.5 %	4.7 %	4.2 %	3.8 %	3.7 %	3.7 %	3.7 %	3.6 %
Private Consumption	2.8 %	2.1 %	2.6 %	1.3 %	2.2 %	2.0 %	2.2 %	2.3 %	2.3 %	2.3 %
Household savings rate	7.4 %	8.2 %	10.3 %	7.3 %	6.7 %	6.5 %	6.7 %	7.5 %	8.2 %	8.2 %
Houseprices	4.0 %	2.7 %	6.1 %	7.0 %	5.0 %	1.4 %	2.1 %	0.8 %	0.9 %	1.8 %
Interest rates (money market)	1.8 %	1.7 %	1.3 %	1.1 %	0.9 %	1.1 %	1.4 %	1.9 %	2.3 %	2.3 %
Government net lending as % of GDP	10.8 %	8.7 %	6.1 %	4.0 %	4.9 %	7.2 %	7.8 %	7.8 %	n/a	n/a
Government pension fund / GDP	164 %	204 %	239 %	241 %	257 %	246 %	255 %	260 %	268 %	277 %

Source: Statistics Norway – Konjunkturtendensen 1/2019, OECD – Economic Outlook No 105 May 2019 and Norges Bank

The Norwegian economy – Solid economic situation

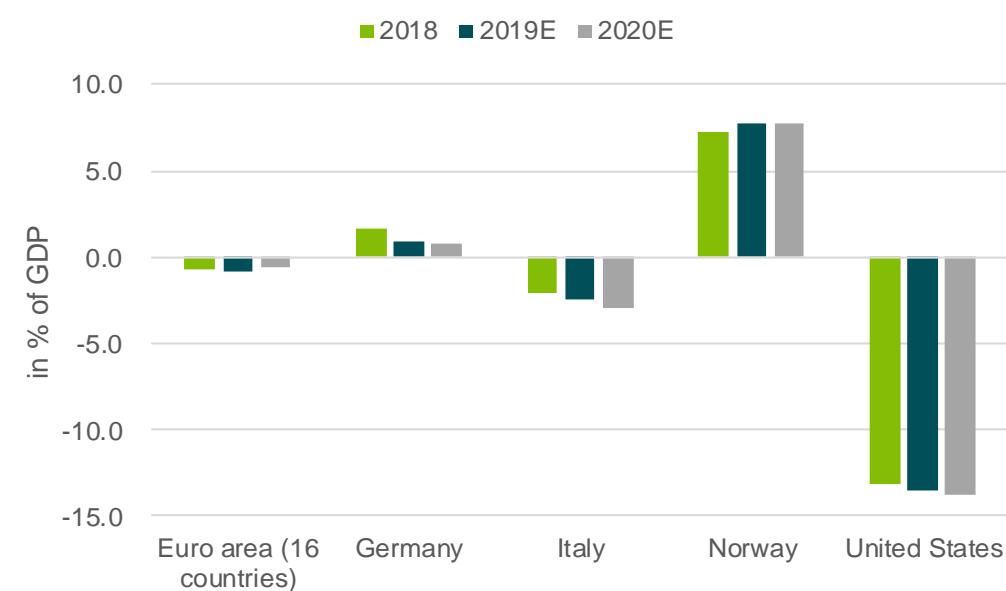
Real GDP growth (rebased to 100 in 2007)



Source: OECD Economic Outlook No. 105 (database), May 2019

- Economic growth at an annual average of 1.9% for Norwegian mainland GDP last 10 years
- Strong current account surplus averaging 9.3% of GDP since 2009

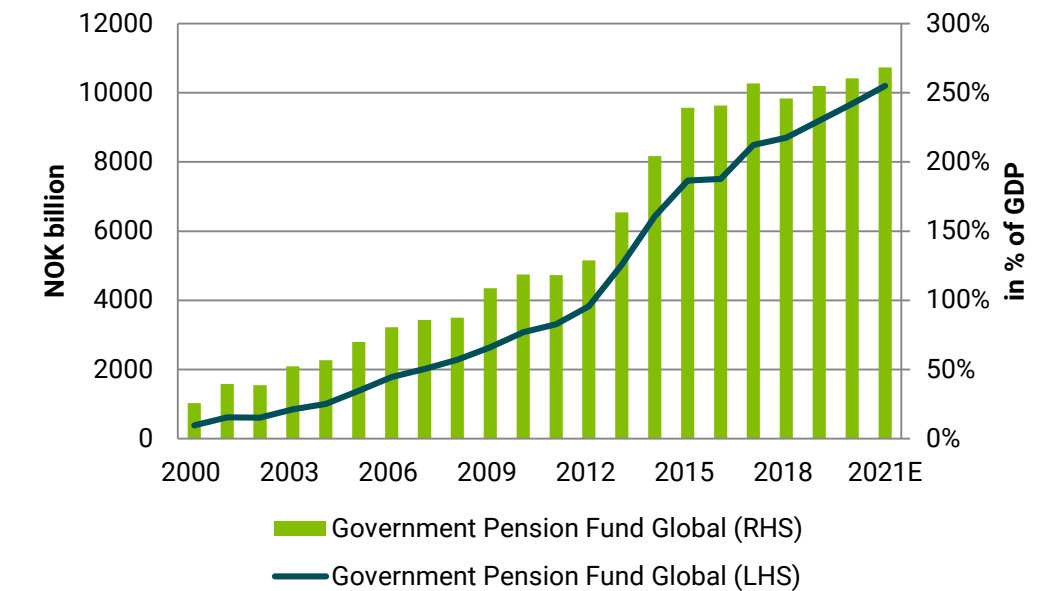
Government net lending



Source: OECD Economic Outlook No. 105 (database), May 2019

- Significant government net lending (7.2% of GDP in 2018) and the Government Pension Fund more than twice the size of GDP

Government Pension Fund Global

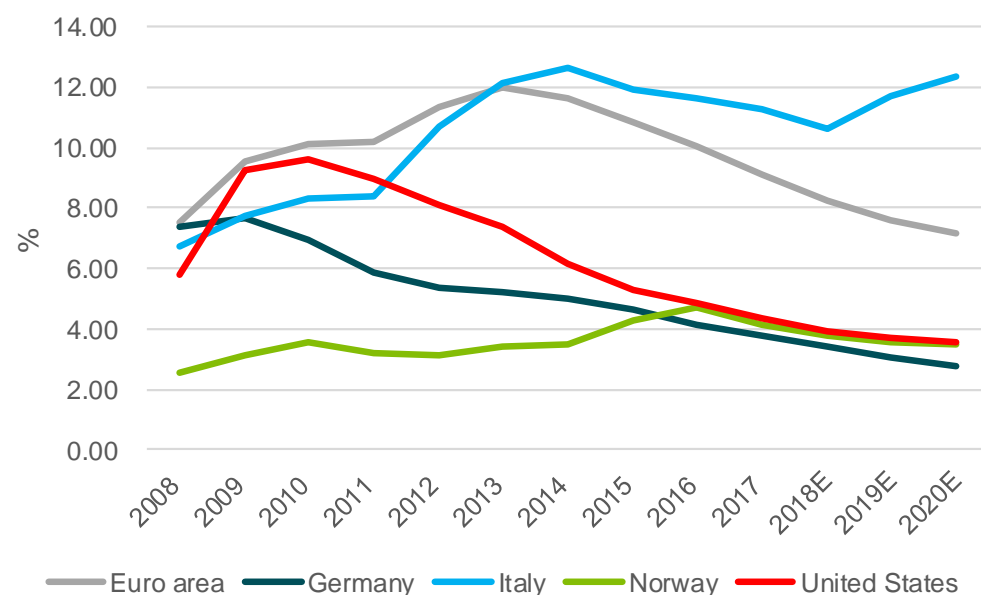


Source : Norges Bank, Statistics Norway, Q4 2018

- Norway has a strong balance sheet
- High net central government financial assets (280% of GDP in 2018)

The Norwegian economy – Low unemployment

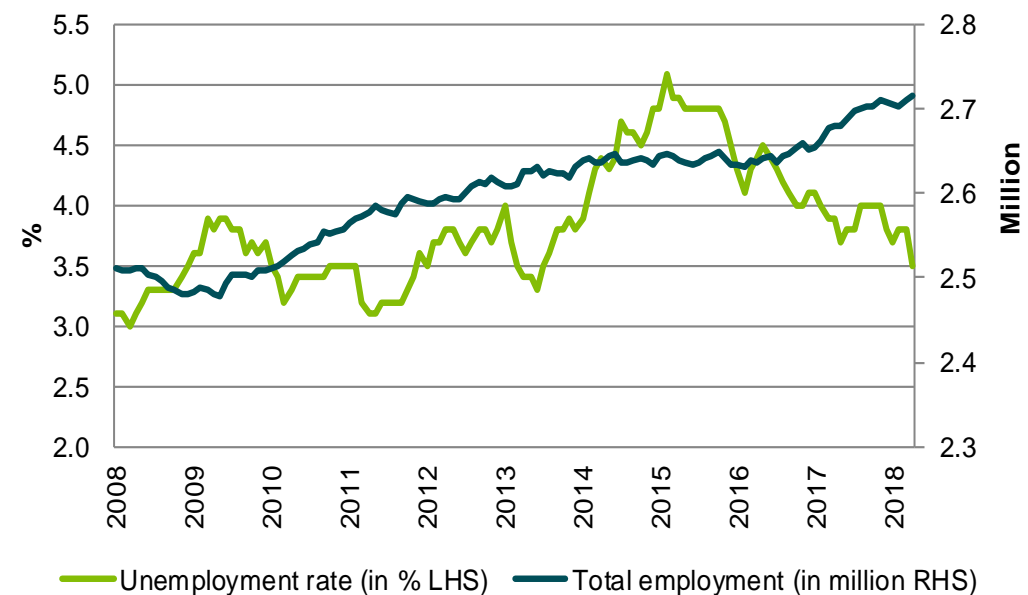
Norway has consistently low unemployment rate



Source: OECD Economic Outlook No. 105 (database), May 2019

- A stable economy ensures a high rate of employment
- The survey based unemployment rate has fallen by 1.5%-points to 3.5% after hitting the highest level in the last decade of 5.0% in July 2016. Unemployment is expected to remain at low levels going forward

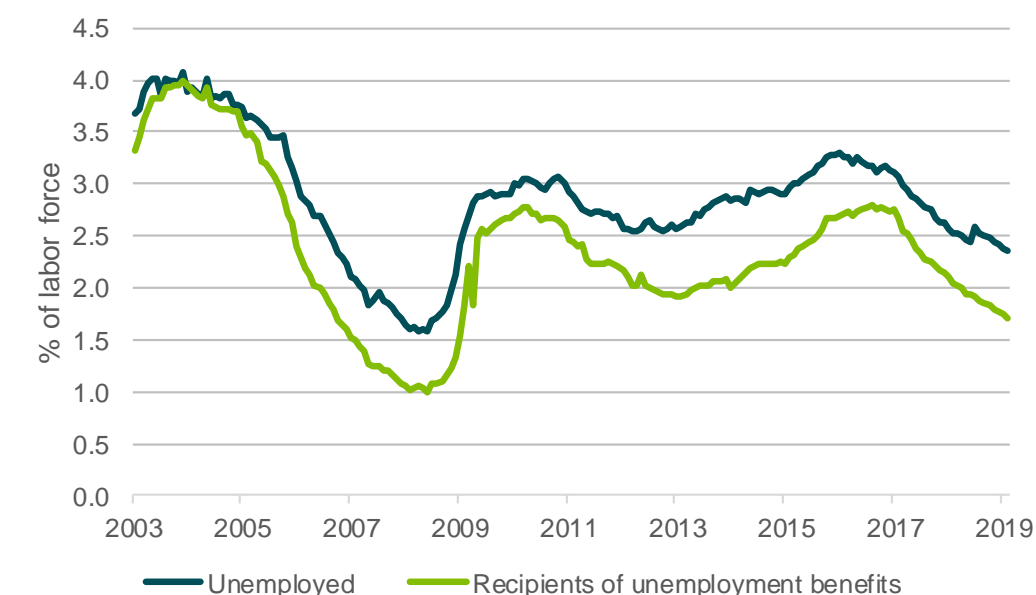
Survey unemployment rate and total employment



Source: Statistics Norway, February 2019

- Significant growth in employment through 2017 and 2018 and growth is expected to continue going forward
- Increased demand for labour and increasing number of vacancies are expected to increase wage growth (+3.6% in 2022 vs +2.8% in 2018)

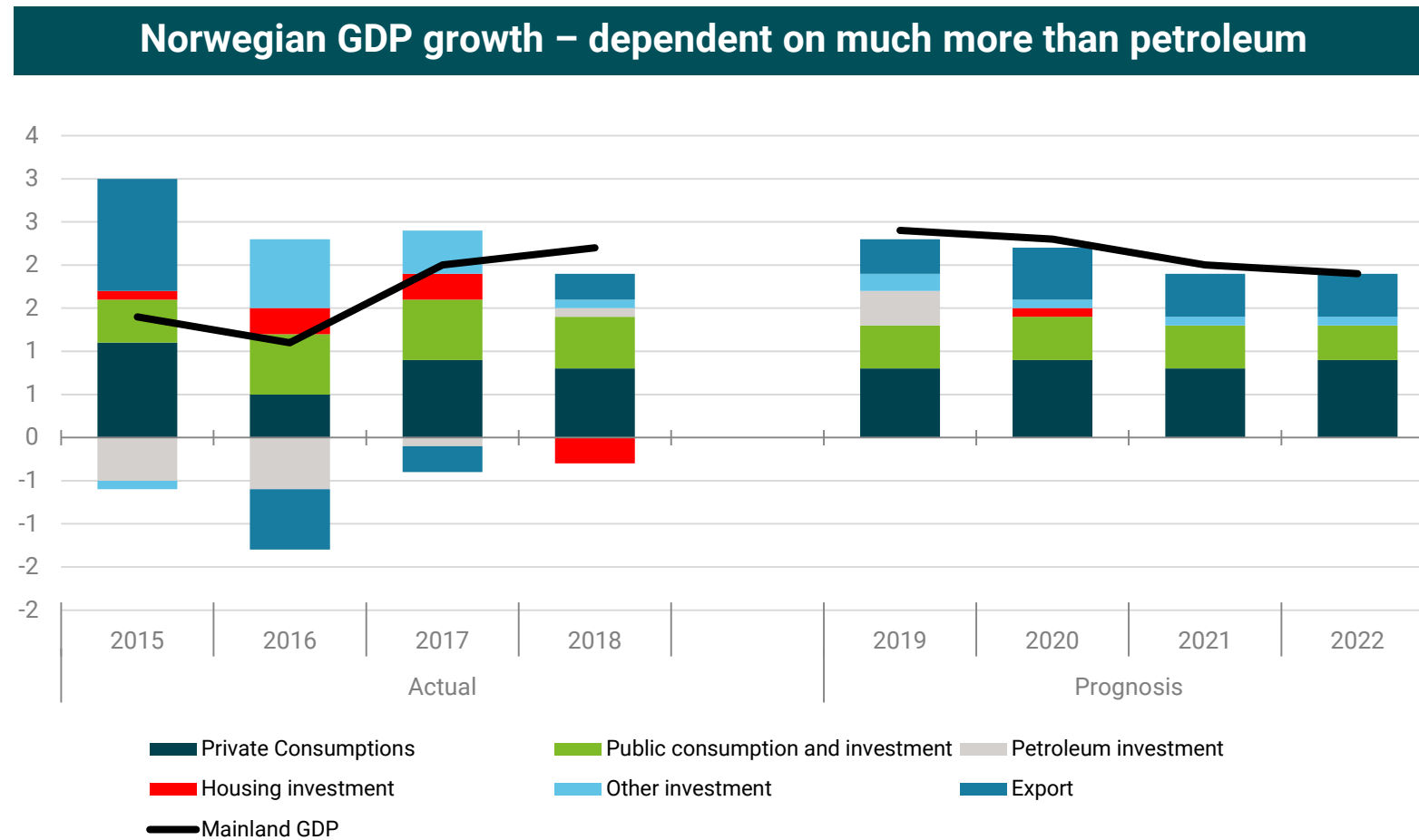
Registered unemployment and unemployment benefit recipients



Source: NAV, Monetary Policy Report 1/2019

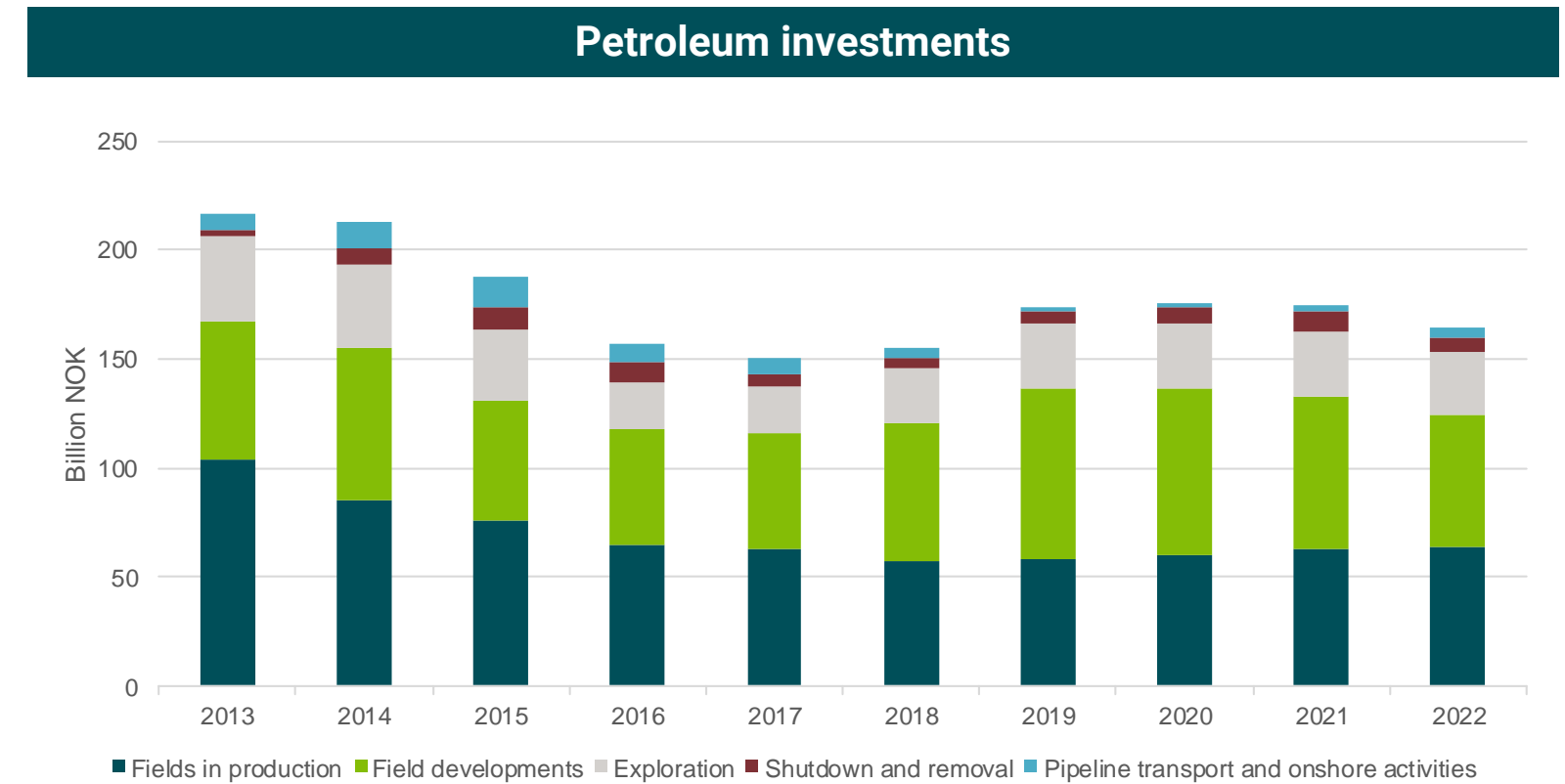
- A strong welfare system provides significant income protection: average unemployment benefit is 62.4% of salary (capped at NOK 540,408) for a minimum of 104 weeks

The Norwegian economy – much more than petroleum



Source: Statistics Norway, Konjunkturtendensene 1/2019

- Petroleum investments has been a drag on growth 2015-17, but was a positive contributor to GDP growth in 2018. Positive contribution is expected also for 2019.
- Contributions from housing investments was negative in 2018, expected to be relatively neutral going forward.



Source: Statistics Norway and Norges bank, Monetary Policy Report 1/2019

- Petroleum investments are expected to pick up going forward after sharp reductions 2014-17. Increasing investments are driven by reduced costs in the industry and higher oil and gas prices since the beginning of 2016. Break even costs for new fields being developed is \$10-35 per barrel, much lower than long term expectations for the oil price

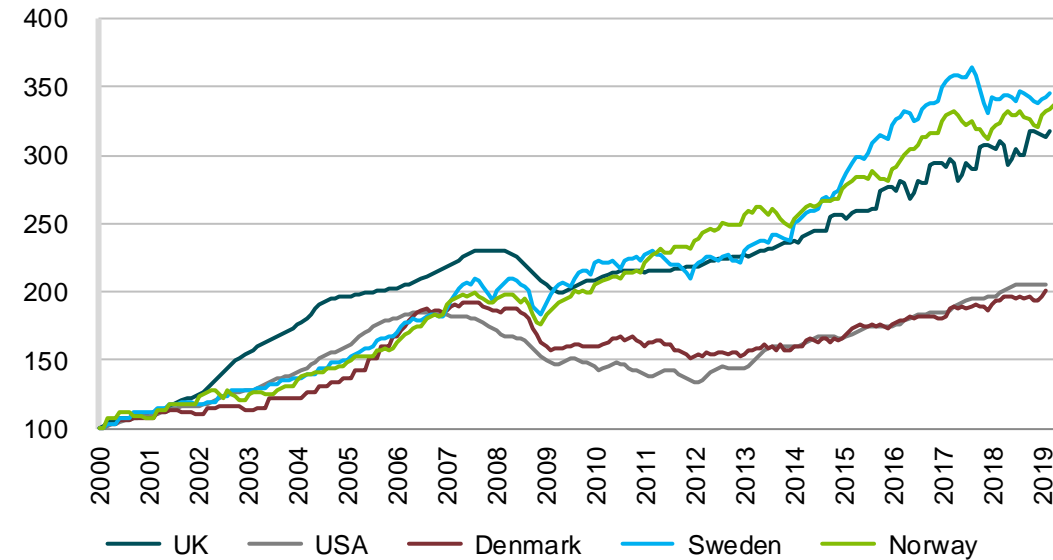
The housing market characteristics in Norway

Home ownership	<ul style="list-style-type: none">• Among the highest in the world – 76.8% are owner-occupied households• Total size of the mortgage market NOK 2,681 bn (EUR 271bn)	Personal liability	<ul style="list-style-type: none">• 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
MoF lending regulation*	<ul style="list-style-type: none">• 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	Mortgage lending	<ul style="list-style-type: none">• Typical legal maturity 25-30 years, on average 22-23 years• 93.4% of residential mortgages have variable interest rate (Q4 2018)• Lenders allowed to adjust interest rates with a six week notice• No “sub-prime” market in Norway• Very limited buy-to-let market
Tax incentives	<ul style="list-style-type: none">• All interest expenses are tax deductible in Norway at capital gains tax rate (22%)• 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		

* The Ministry of Finance updated the mortgage regulation with effect from 1st July 2018. Was mainly unchanged from existing regulation expiring June 30th 2018

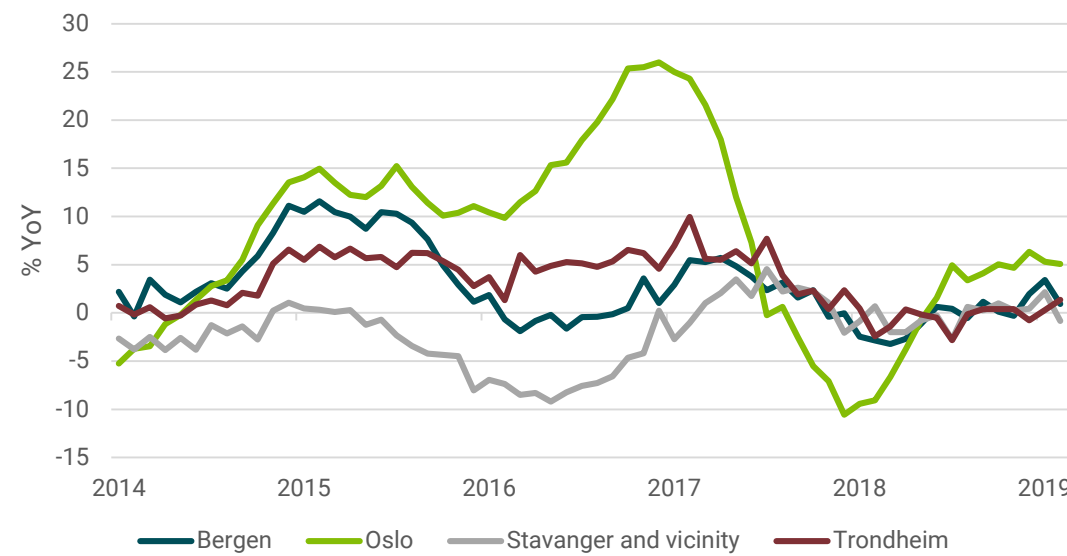
The housing market – Price development

Nominal house price development



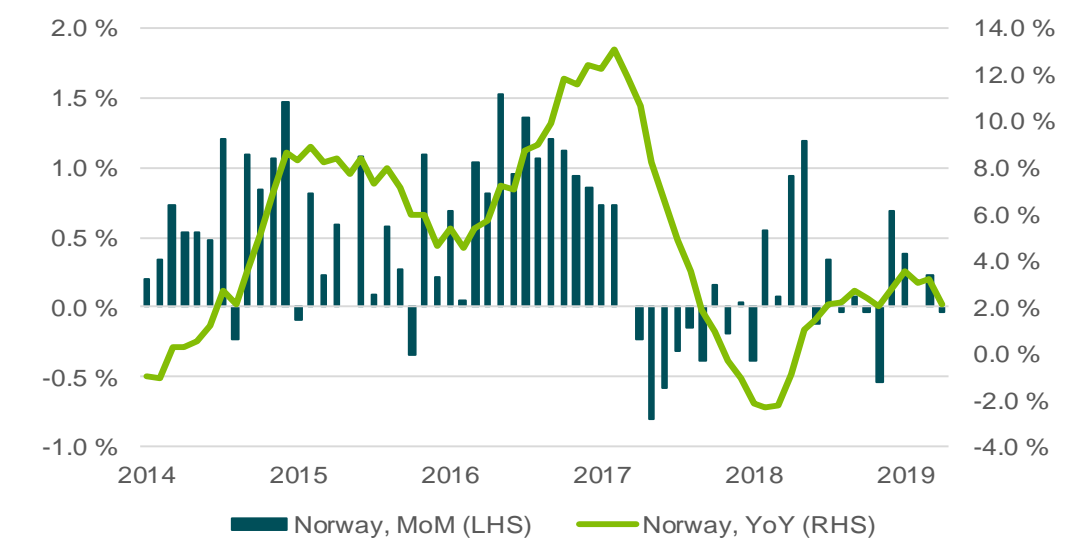
- Nominal house prices have increased by an average of 6.5% per annum since 2000.
- The Norwegian housing market have stabilized in 2018 and 2019 after volatile price development in 2016 and 2017.

House prices – larger cities (rolling 12m change)



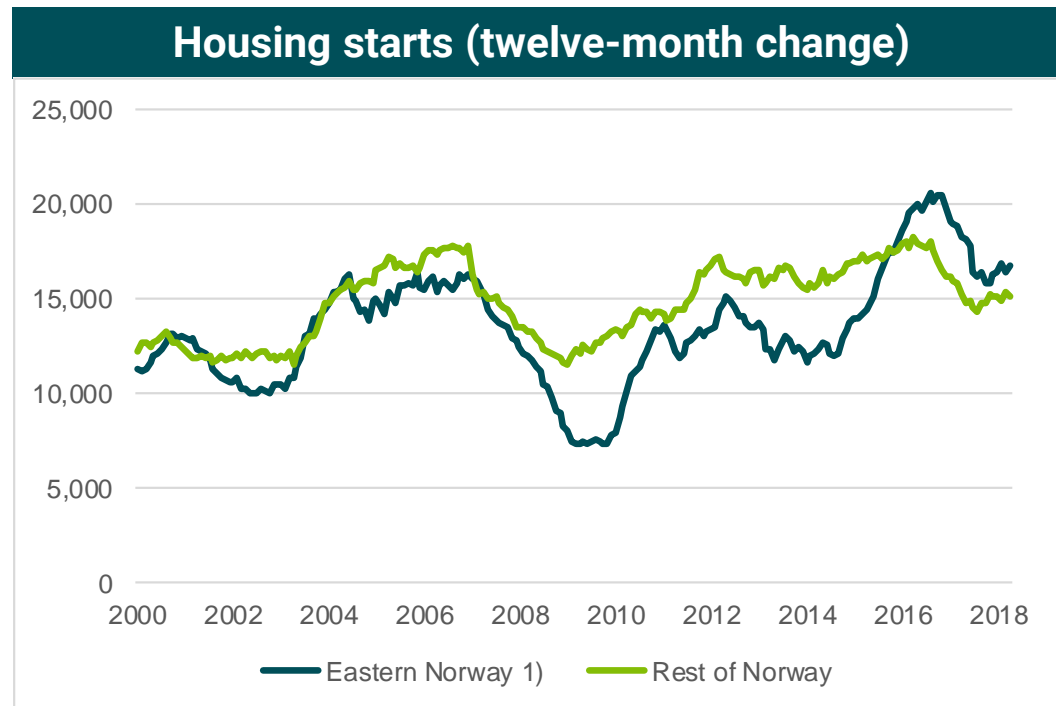
- House prices are expected to show moderate increases going forward driven from expected increase in mortgage rates, increased supply and slower population growth
- The soft landing in housing prices in 2017, lower housings starts and improved growth in the economy have reduced the risk for a sudden and significant downward correction in house prices going forward

House prices (monthly and twelve-month change)



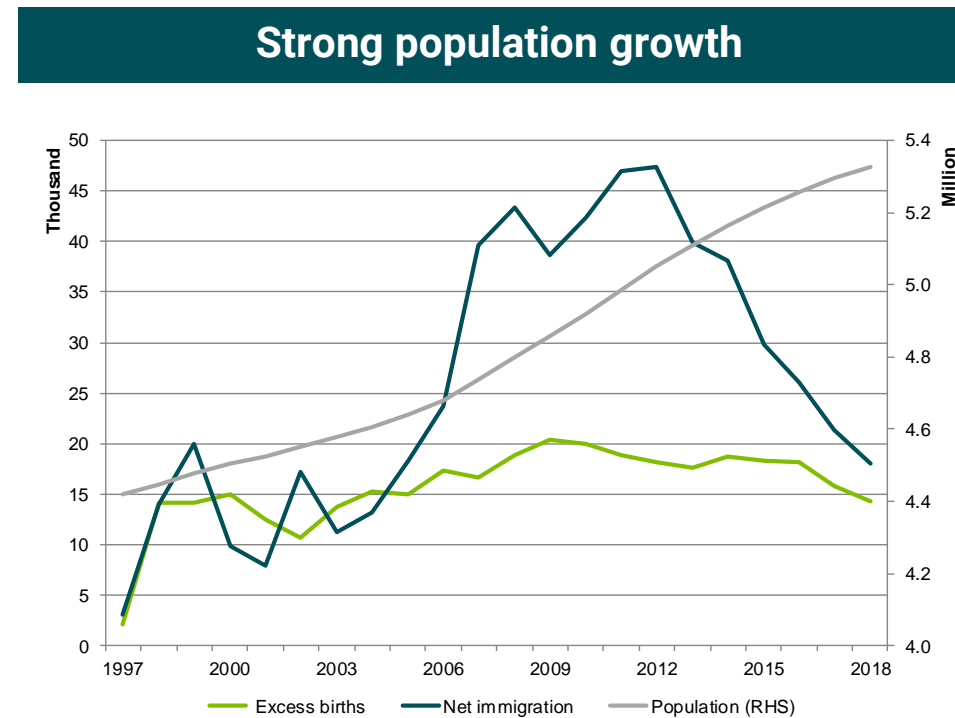
- Median house price in Norway is € 323,000, median house price in Oslo is € 407,000
- m² price in Norway is € 4,273 , m² price in Oslo is € 7,137

The housing market – Drivers of the housing market



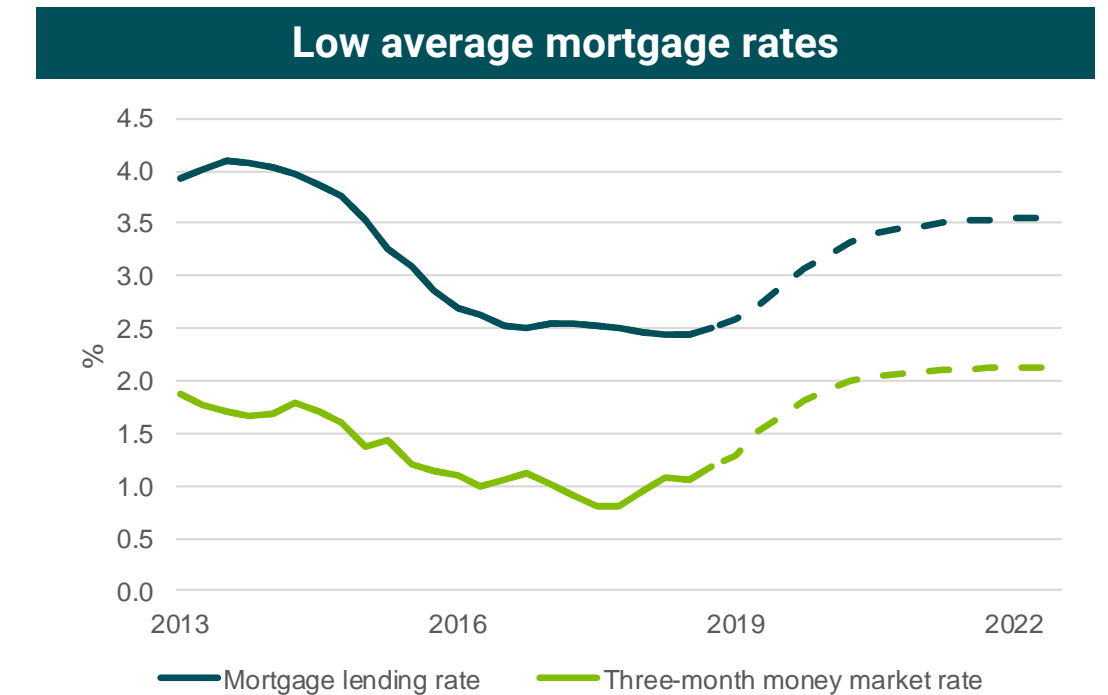
Source: Statistics Norway, March 2019
1) Akershus, Buskerud, Hedmark, Oppland, Oslo, Telemark, Vestfold and Østfold

- New home construction is down from “all time high”. Housing investments are expected to show a marginal increase in 2019-22 after a significant reduction in the last 4 quarters



Source: Statistics Norway, Q4 2018

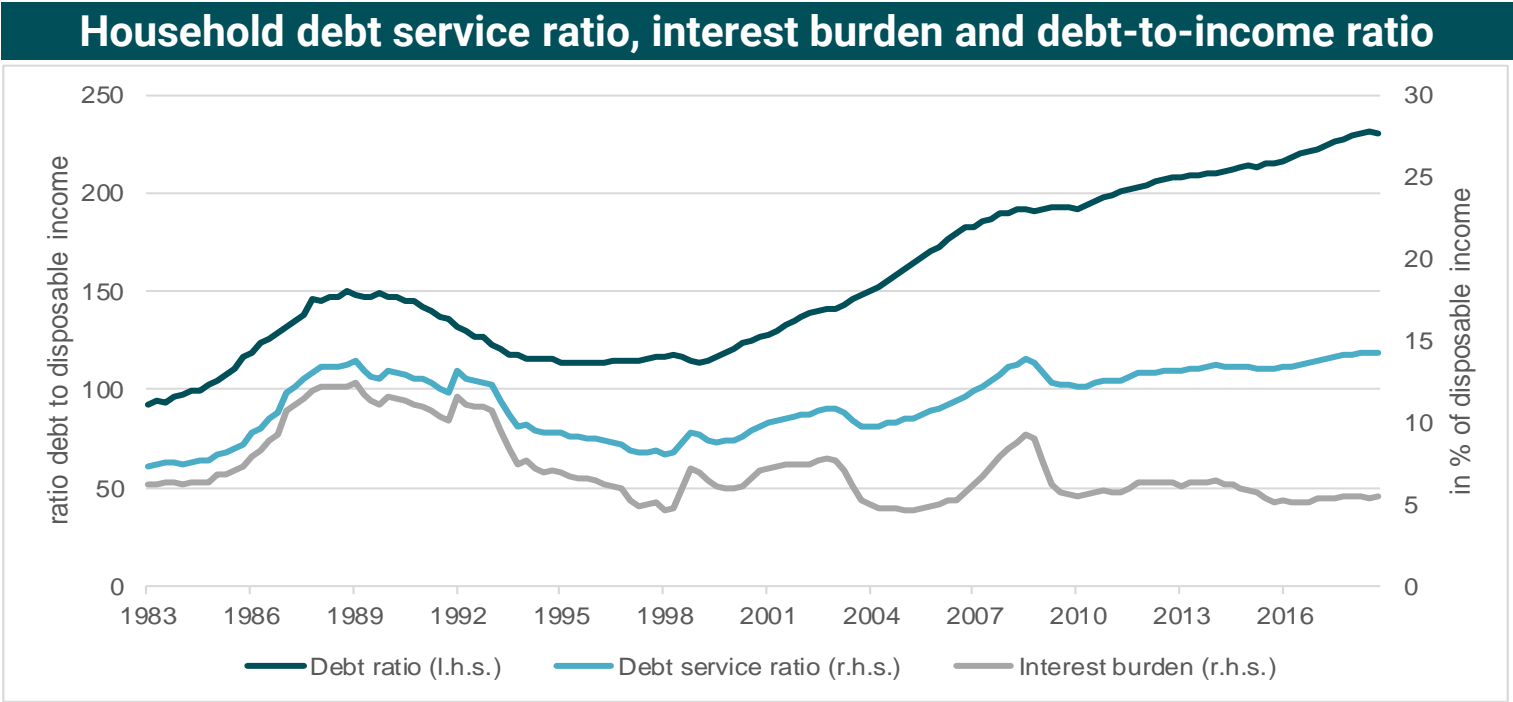
- Net immigration down from above 47,000 in 2011/12 to 18,000 in 2018
- The population growth of 0.9% p.a. since 1997 has been driven both by excess birth rate (38%) and net immigration (62%)



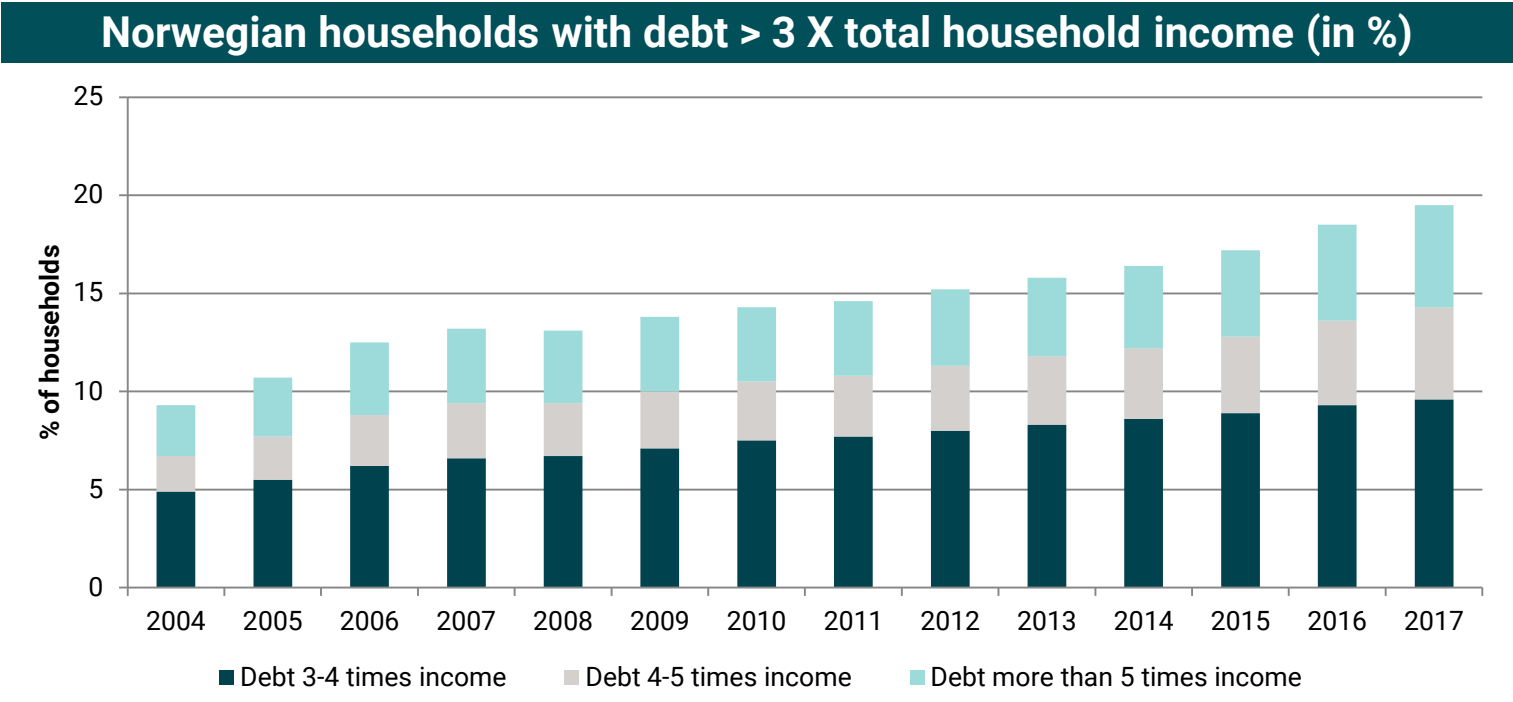
Source: Statistics Norway, Thomson Reuters, Norges Bank, projections broken lines, Monetary Policy Report 1/2019

- Low average mortgage rates for households. Mortgage rates are expected to increase from 2.5% to 3.5% over the next 3 years in line with expected increases in money markets and key policy rates

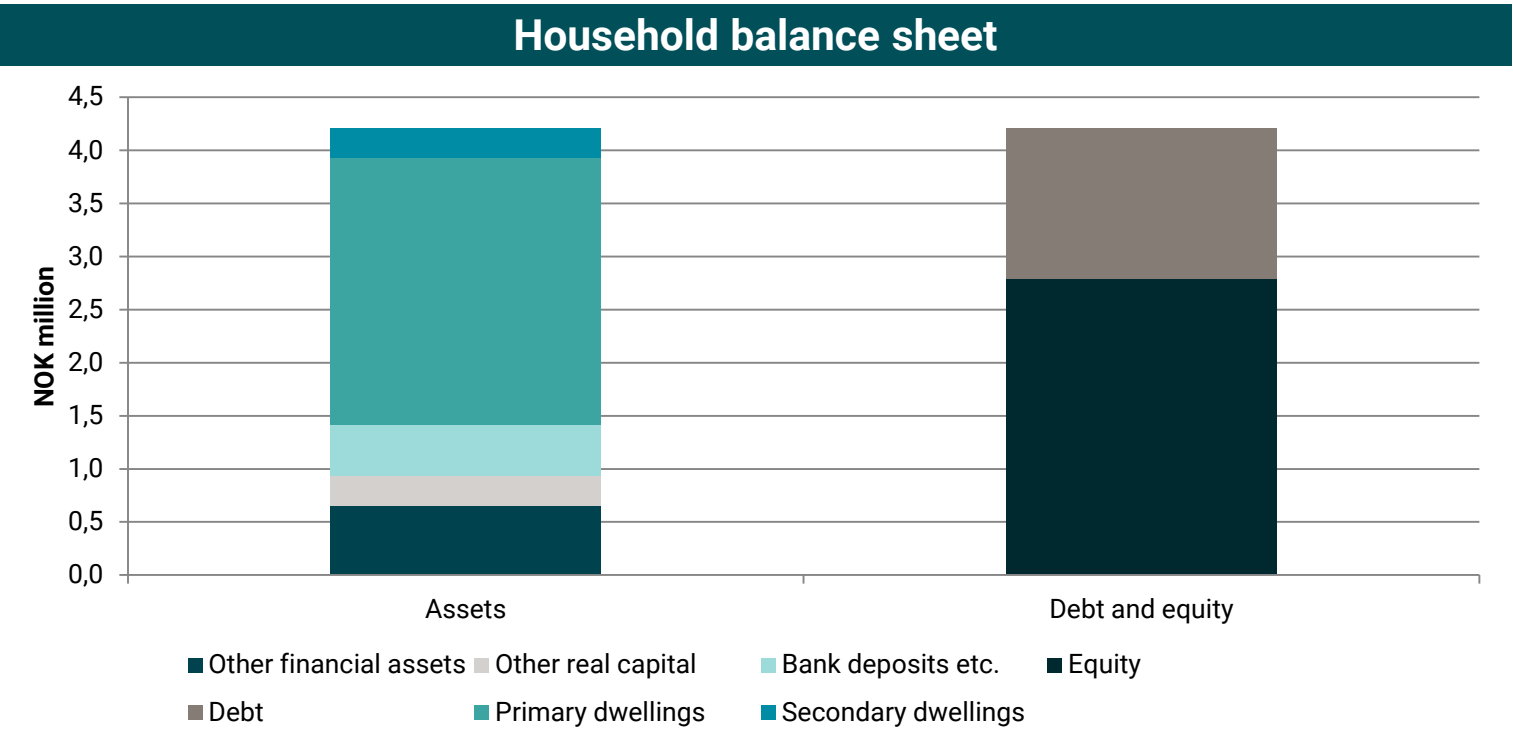
Households financial position



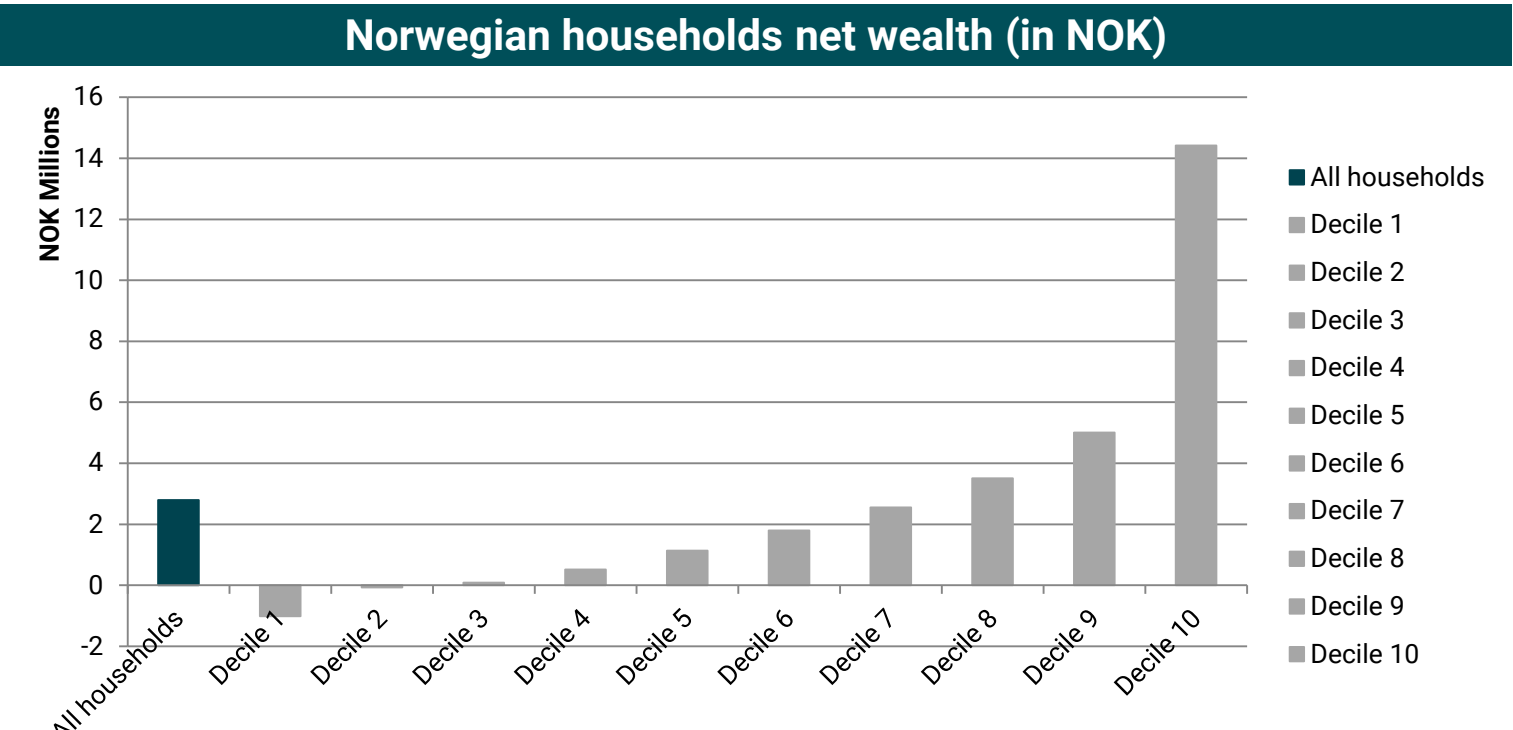
Source: Statistics Norway and Norges Bank, Q4 2018



Source: Statistics Norway, Updated 2017



Source: Statistics Norway Updated 2017



Source: Statistics Norway, Updated 2017

Agenda

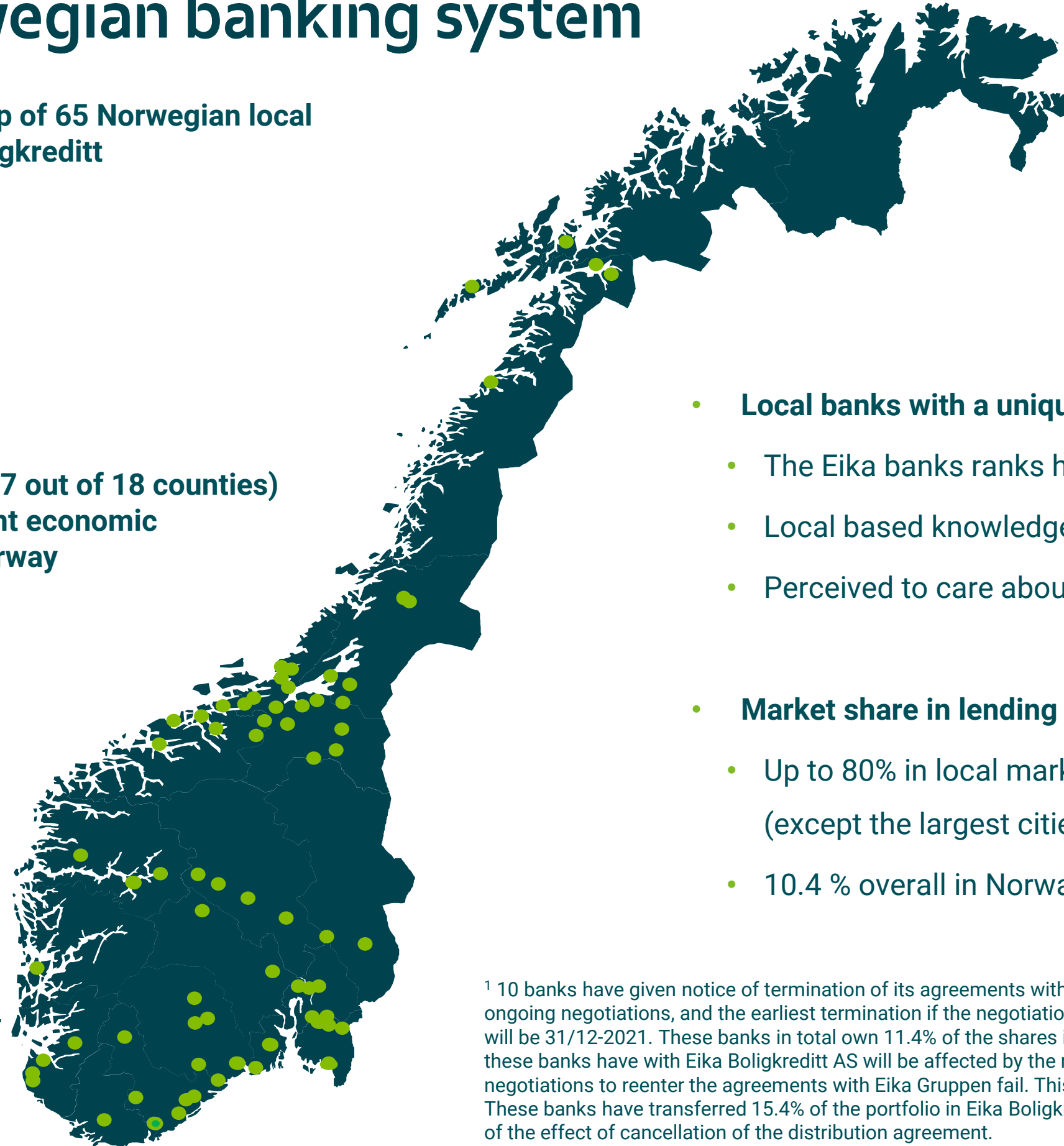
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3rd largest Norwegian banking system

- The Eika Alliance consist of a group of 65 Norwegian local banks¹, Eika Gruppen and Eika Boligkreditt

- Total assets EUR 46 bn
- 900,000 customers
- 2,191 employees
- 212 branch offices

- The banks have a wide geographical reach (presence in 17 out of 18 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 ranks high on client experience
- 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)
- 10.4 % overall in Norway

¹ 10 banks have given notice of termination of its agreements with Eika Gruppen. There are still ongoing negotiations, and the earliest termination if the negotiations does not conclude successfully will be 31/12-2021. These banks in total own 11.4% of the shares in Eika Gruppen. The agreements these banks have with Eika Boligkreditt AS will be affected by the notice of termination if the negotiations to reenter the agreements with Eika Gruppen fail. This will take effect from 31/12-2021. These banks have transferred 15.4% of the portfolio in Eika Boligkreditt. Se appendix for a description of the effect of cancellation of the distribution agreement.

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 only shareholder in Eika Boligkreditt AS. OBOS is the largest Nordic Cooperative Housing Association, established in 1929 and is owned by 454,000 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

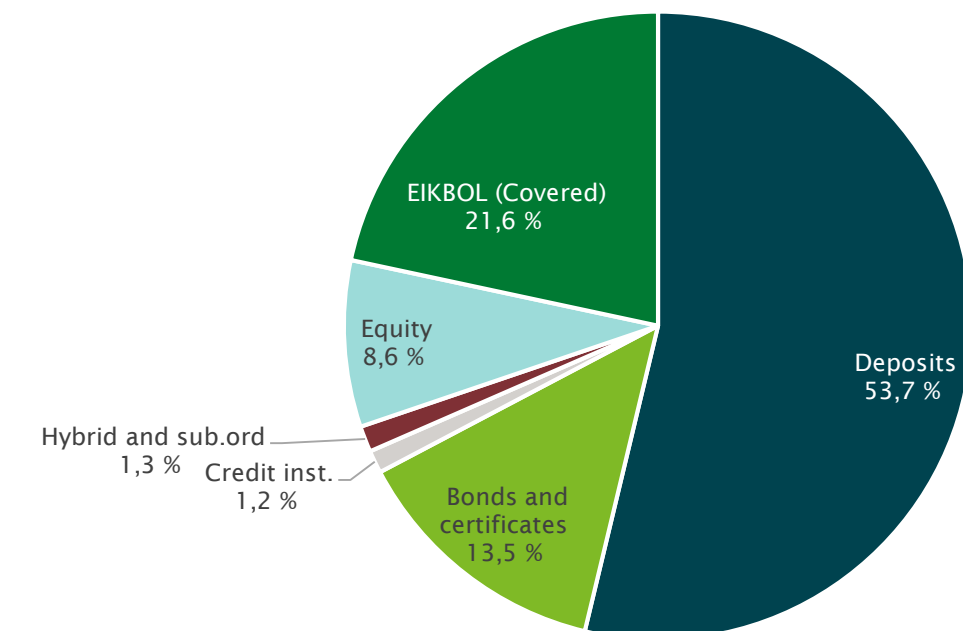
- Work as if one integrated entity
- Operational integration
- Offer non-core banking products through jointly owned product companies



Alliance programme

Total funding sources

As of Q4 2018



Source: Bank analyst Eika

Focus on retail customers

- Eika banks have a large and stable retail customer base
- Retail lending accounts for 81.3% 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 53.2% in mortgage portfolio

Local market focus

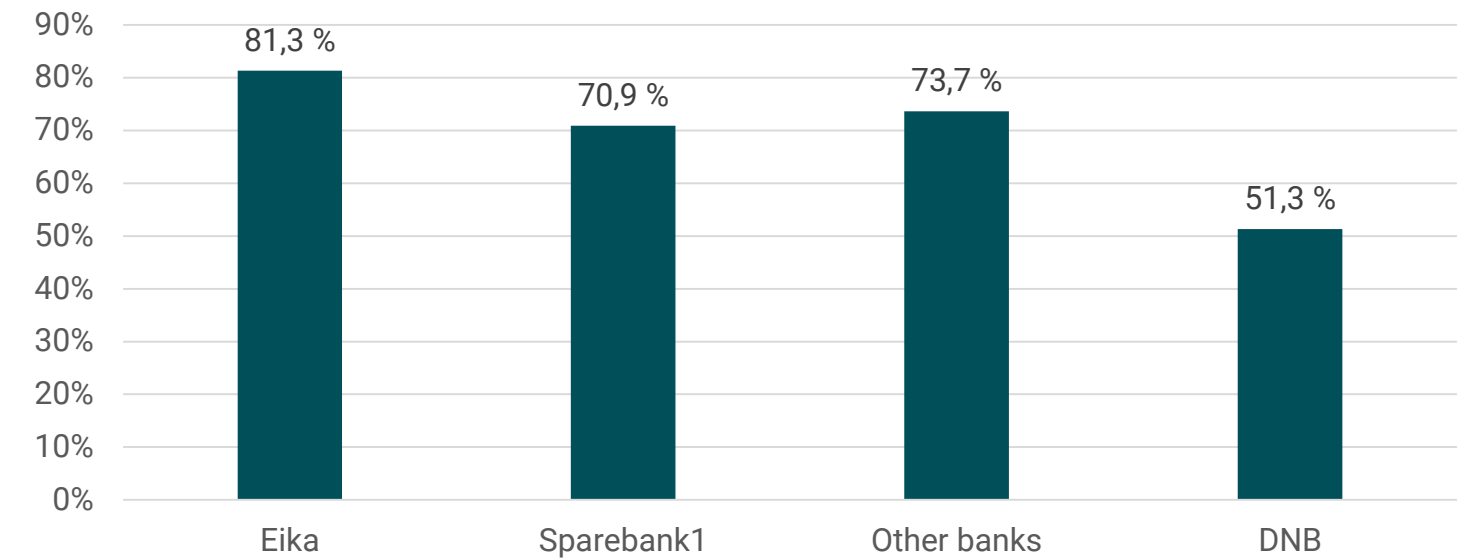
- Decisions are made close to the customer and transaction originations
- Each bank continues to develop its link with its local community
- Keeping its own name and legal identity



Separate legal identities and a common support brand

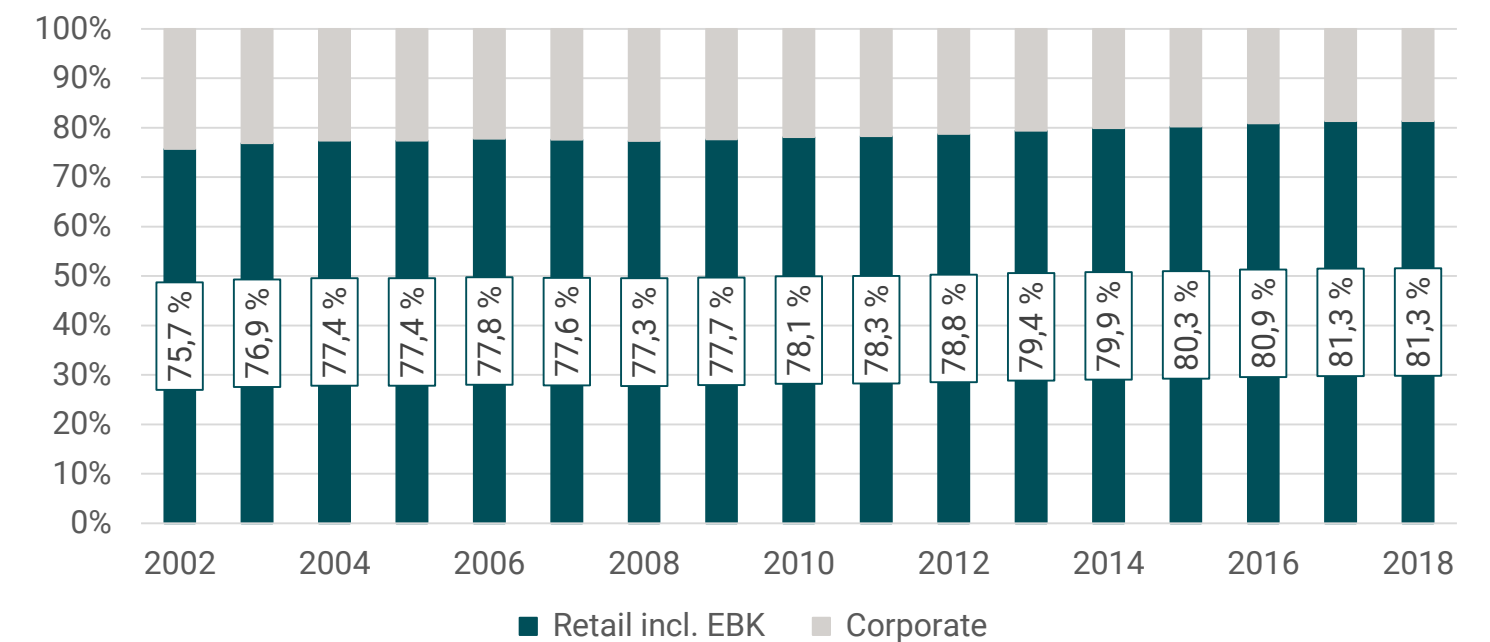
Retail share - Eika vs. peers

As of Q4 2018



Breakdown of the Eika banks lending

As of Q4 2018



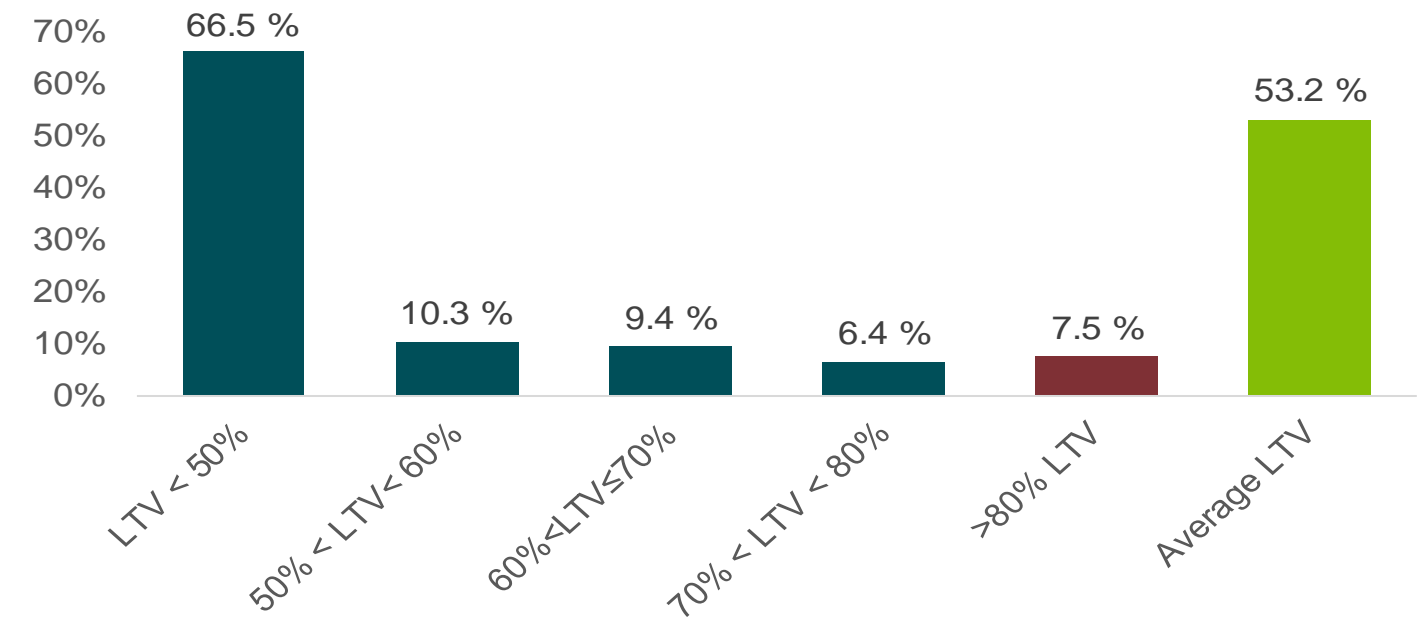
Source: Bank analyst Eika

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 0.47% of gross loans 2018
 - Gross doubtful loans constitute 0.51% of gross loans 2018
 - Provisioning ratio on problem loans of 56.0% 2018
- Gross problem loans relative to equity + loan loss reserves has been declining gradually over the last 10 years and is now at 7.2% (2018)

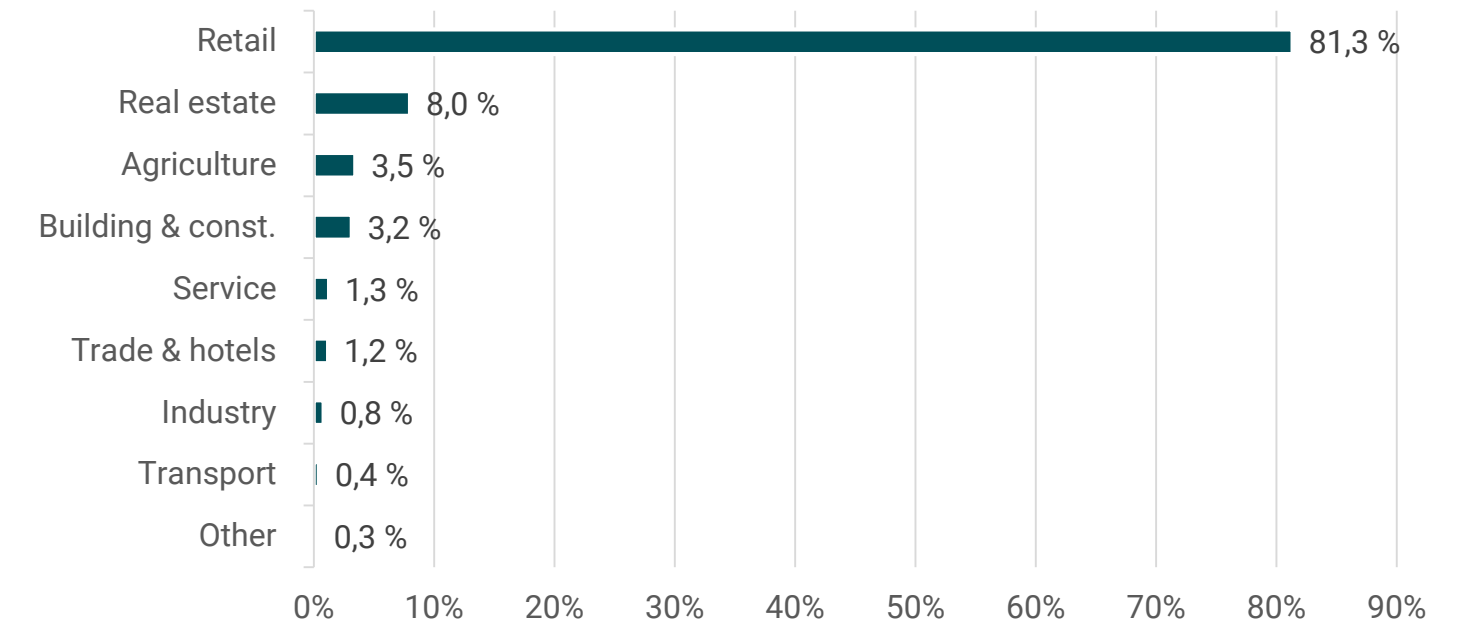
Low LTV in mortgage portfolio (bank book)

As of Q4 2018



Sector breakdown of the loan book (incl.EBK)

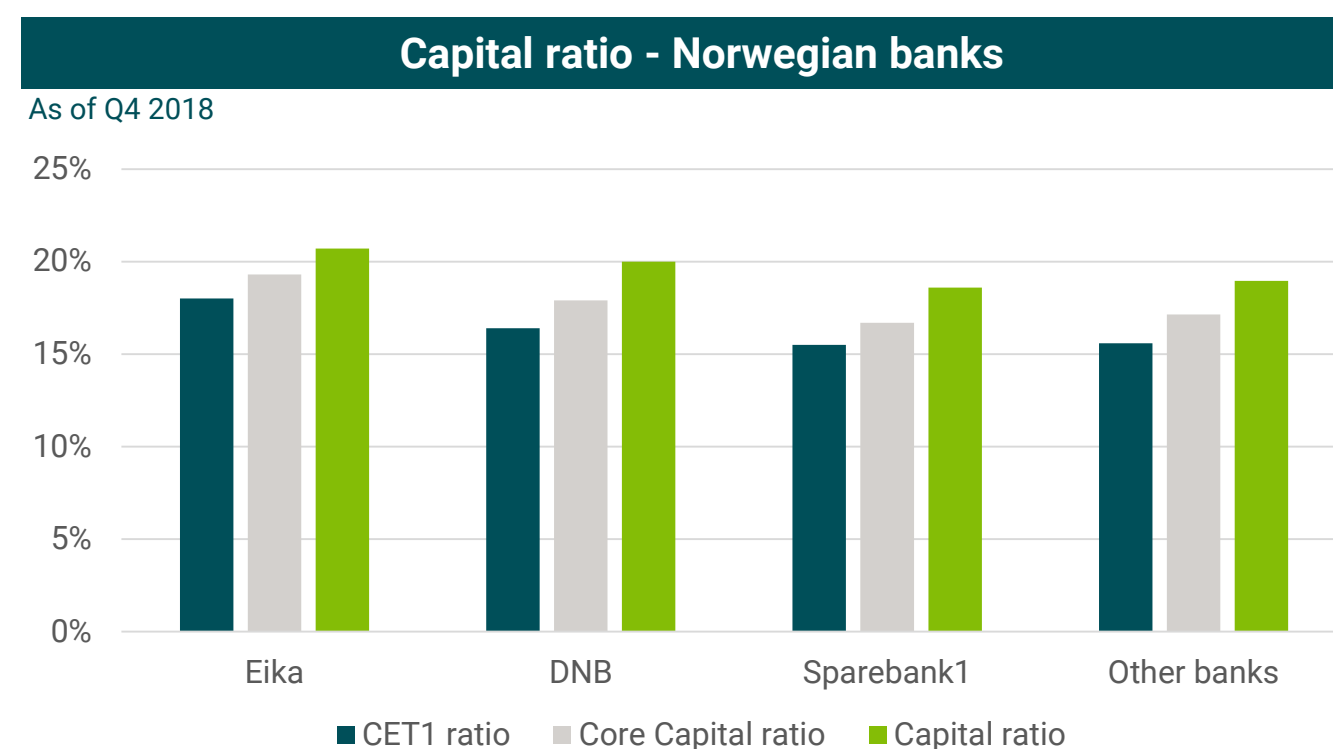
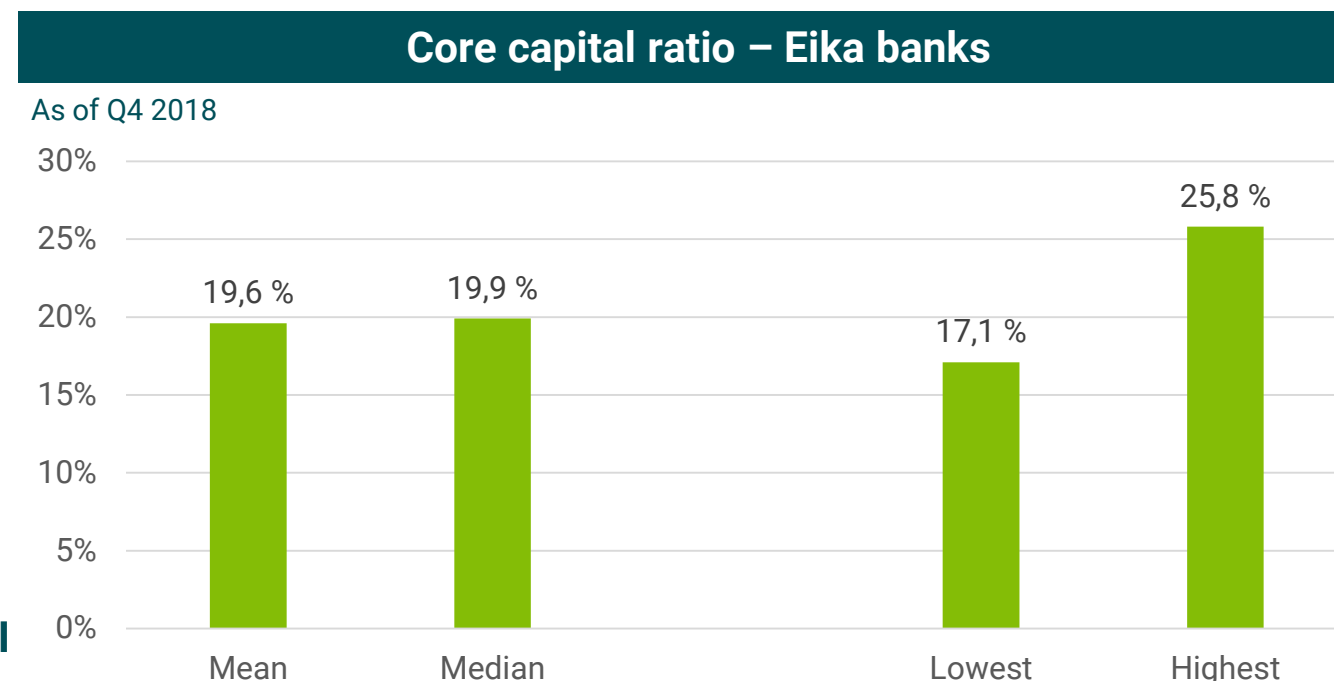
As of Q4 2018



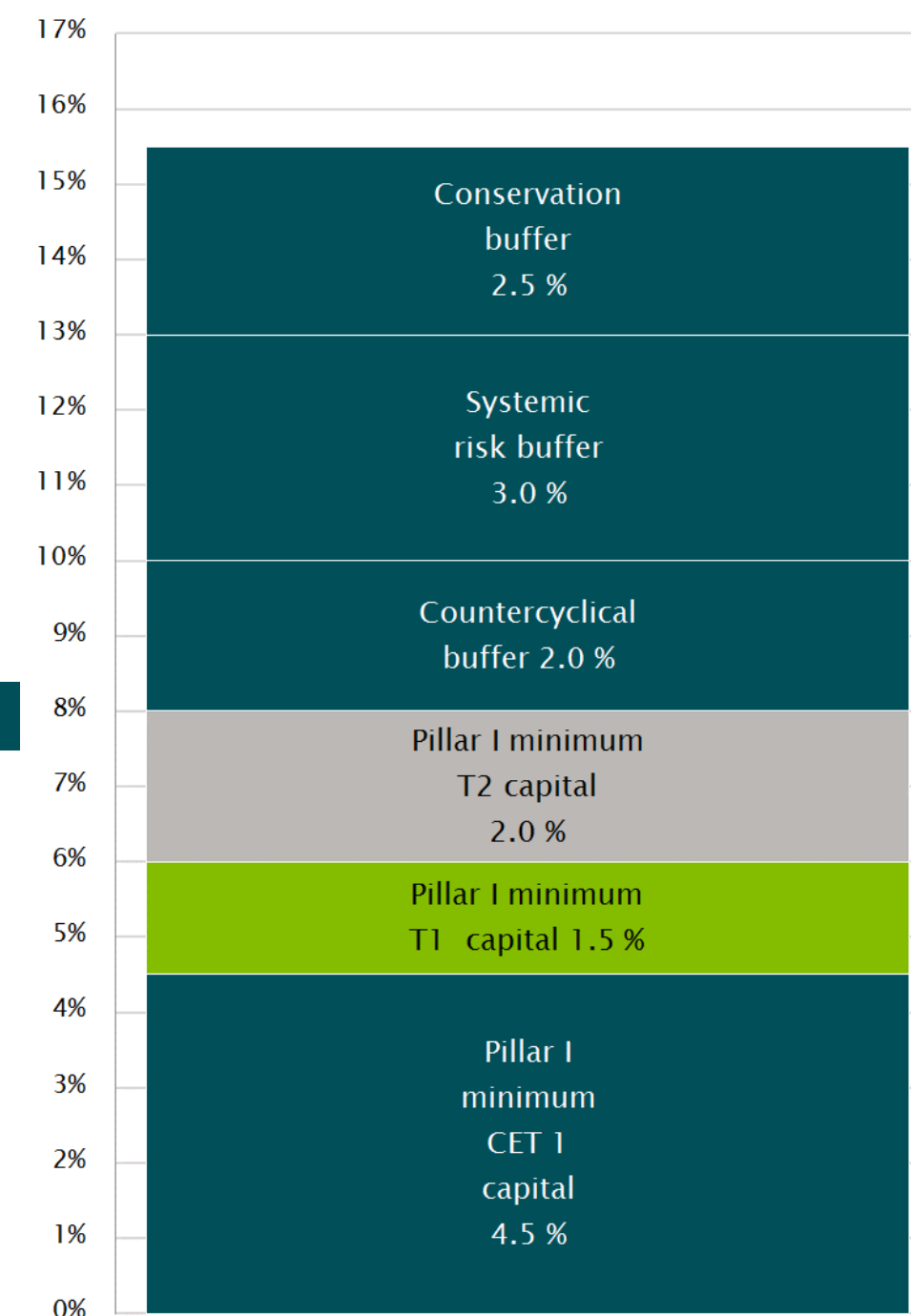
Source: Bank analyst Eika

Strong capitalization

- **Strong capital ratios – 2018**
 - Common equity ratio (CET1): 18.2%
 - Core capital ratio: 19.6%
 - Capital ratio: 21.4%
 - Equity ratio (Equity/Total assets): 10.8%
- **All Eika banks are well capitalized (core capital ratio)**
 - Lowest: 17.1%
 - Highest: 25.8%
- **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 26.7% and 29.1% at end 2018**



Minimum capital requirements for Eika Banks*



* The countercyclical buffer increases to 2.5 percent from 31 December 2019
No Eika Bank has SIFI requirements

AML initiatives in the Eika Alliance

System



AHV-Risk 2.0

- Onboarding / KYC
- Risk classification
- Ongoing updates
- Terror, sanctions and PEP-lists

SAS AML

- Transaction monitoring
- Ongoing screening of lists
- Evaluates parameters and scenarios

Coordinating banks and group companies

- Customize for common system
- Improved customer experience
- Ensure common practice

Structure

Templates

- Risk assessment
- Policies
- Routines
- A common thread from risk assessment to daily work

Reporting templates

- Annual reports
- Quarterly reports

Data

- Quantifying risks
- Basis for risk assessment and internal controls



Competence



Seminars

- Internal certification
- Training

Webinars

- Information and training

Guidelines

- Various themes

ESG in the Eika Alliance

Eika Kapitalforvaltning do not invest in companies listed by the Council on Ethics for Government Pension Fund Global inconsistent with its Ethical Guidelines or companies within the sectors coal, tobacco, gambling and weapon production. Eika Kapitalforvaltning is in process of integrating ESG in the investment process. Companies with the best ESG score will be picked in the portfolio construction process from a range of qualified companies.

More information about Corporate Social Responsibility and ESG in the Eika Alliance:

<https://eika.no/eika-alliansen/visjon-verdier/samfunnsansvar>

<https://eikbol.no/About-us/Ethical-Guidelines>

<https://etikkradet.no/en/>

← → ↻ 🏠 EIKA GRUPPEN AS [NO] | <https://sandnes-sparebank.no/spare/fondssparing> ☆ 📱 📺 📺 📺

Apper ★ Bookmarks 📁 Aviser 📁 Finans 📁 Bokmerker 📁 Advent OnDemand 📁 Stamdata NTM 📁 Eika Gruppen » 📁 Andre bokmerker

Blir pengene investert i etisk forsvarlige selskaper? ^

Eika Kapitalforvaltning har valgt å ikke investere i selskaper som Etikkrådet for Statens pensjonsfond utland (SPU) har ført opp på sin liste med utelukkende selskaper.

Dette er selskaper som faller inn under følgende kategorier:

- Grove krenkelser av menneskerettigheter
- Alvorlig miljøskade
- Alvorlige krenkelser av individers rettigheter i krig og konflikt
- Grov korrupsjon
- Andre grove brudd på grunnleggende etiske normer
- Klasevåpen
- Kjernevåpen
- Antipersonell landminer
- Produksjon av tobakk
- Salg av militært materiell til visse stater
- [Les mer her](#)

Mer om selskaper som utelukkes

Kontakt oss

eika.

Eika Kapitalforvaltning AS

ESG dokument for aksje- og renteforvaltning

Formålet med retningslinjene som er beskrevet under her, er å sikre at investeringsproduktene forvaltes på en måte som er i samsvar med verdigrunnlaget i Eika Kapitalforvaltning AS (EKF). Grunntanken i Eika Kapitalforvaltning AS sitt ESG-arbeid er at vi ikke skal investere i selskaper hvor virksomheten anklages for:

- Grove krenkelser av menneskerettigheter
- Alvorlig miljøskade
- Alvorlige krenkelser av individers rettigheter i krig og konflikt
- Grov korrupsjon
- Andre grove brudd på grunnleggende etiske normer

Eika Kapitalforvaltning AS vil heller ikke investere i selskaper som operer innenfor følgende

EIKA GLOBAL

ESG ekskluderinger fra investeringsunivers

2019-05-09

Kriterier for ekskluderinger

Universet som filteres består av alle selskaper i velutviklede markeder som ikke er microcaps. Microcaps er definert som selskaper med markedsverdi under 3 mrd NOK. Denne gruppen utgjør samlet mindre enn 1% av verdens markedskapitalisering.

I ekskluderinger av alle selskaper i Statens Pensjonsfond Utland (SPU) er ESG data tilgjengelig for Eika Global valgt å ta ut alle selskaper som inngår i følgende OIC Industri:

- Kull (delindustri 10102050)
- Tobakk (industri 302030)
- Gaming (delindustri 25301010)
- Våpenproduksjon (industri 202020)

Exkluderte selskaper pr. land

Region	Land	Selskaper	MF med NOK
Amerika	CA	13	807
	US	102	17.055
Asia	AU	13	588
	HK	30	1.885
	JP	10	451
	KZ	1	35
Europa	DE	4	185
	IT	1	4
	SE	6	1.662
	UK	1	35
Totalt		237	26.811

20 største ekskluderte selskaper i markedsverdi (mrd. NOK)

Selskapsnavn	Land	Markedsverdi (mrd. NOK)
WAL MART STORES INC	Amerika	1.815
BOEING CO	Amerika	1.749
ARMEDS SE	Europa	1.715
PHILIP MORRIS INTL INC	Amerika	1.146
HONEYWELL INTL INC	Amerika	1.085
UNITED TECHNOLOGIES CORP	Amerika	1.075
ALTRIA GROUP INC	Amerika	854
LOCKHEED MARTIN CORP	Amerika	842
BRIT AMER TOBACCO	Europa	798
KIO TRITO	Europa	632
BARRICK GOLD CORPORATION	Amerika	393
DUNE ENERGY CORP NEW	Amerika	355
GENERAL DYNAMICS CORP	Amerika	408
JAPAN TOBACCO INC	Asia	395
LAS VEGAS SANDS CORP	Amerika	440
NORTHROP GRUMMAN CORP	Amerika	440
NUTRENT LTD	Amerika	550
RAYTHEON CO	Amerika	442
SAFARI	Europa	484
SOUTHERN CO	Amerika	478

Exkluderte selskaper pr. sektor

Faktiske ESG ekskluderinger i Eika Global

2019-05-09

Forklaring på beregning

Utrekk fra porteføljen er beregnet ved å konstruere Global porteføljen uten de ESG uttrekkene som gjøres i faktisk portefølje. Selskaper og posisjonene oppsummeres på denne siden reflekterer dermed de faktiske posisjonene vi ville hatt dersom ESG filtrering av investeringsuniverset ikke hadde blitt gjennomført.

Kriterier for ekskluderinger

- Statens Pensjonsfond Utland (SPU) uttrekk
- Eika Kapitalforvaltning (EKF) uttrekk
 - Coal & Consumable Fuels (delindustri 10102050)
 - Tobacco (industri 302030)
 - Casinos & Gaming (delindustri 25301010)
 - Aerospace & Defense (industri 201010)

Antall posisjoner fjernet fra porteføljen

Exkluderinger innenfor industrigrupper

Industri	Selskaper	Posisjon (NOK)
Electric Utilities	2	8.11M
Food & Staples Retailing	1	7.74M
Independent Power and Renewable Electricity ...	2	9.68M
Metals & Mining	1	4.25M
Oil Gas & Consumable Fuels	2	9.32M
Tobacco	1	7.74M
Grand Total	9	46.68M

Exkluderinger land

Land	Selskaper	Posisjon (NOK)
CA	1	4.84M
ES	1	5.19M
GB	1	4.29M
JP	1	2.92M
US	5	29.47M
Totalt	9	46.68M

Exkluderte Selskaper

Selskapsnavn	Kriterie	Delindustri	Land	Sedol
AES CORP	xSTB	Independent Power Producers & Energy Traders	US	2002479
CAPITAL PWK CORP	SPU	Independent Power Producers & Energy Traders	CA	862493
CONSOL ENERGY INC NEW	SPU	Coal & Consumable Fuels	US	8F4J270
ENDESA SA	SPU	Electric Utilities	ES	6271782
PEABODY ENERGY CORP NEW	SPU	Coal & Consumable Fuels	US	804P210
PHILIP MORRIS INTL INC	SPU	Tobacco	US	829H923
RIO TINTO	SPU	Diversified Metals & Mining	GB	0718878
TOHOKU ELEC POWER	SPU	Electric Utilities	JP	6896266
WAL MART STORES INC	xSTB	Hypermarkets & Super Centers	US	2389921

eika.

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Agenda

- The Norwegian economy
- Eika Alliance
- Eika Boligkreditt
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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

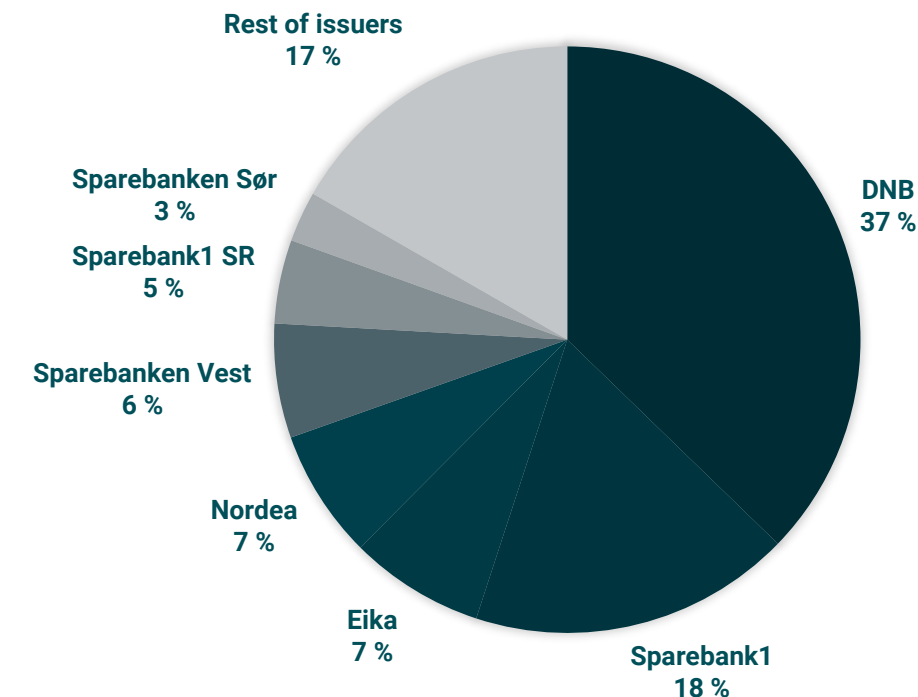
- Norwegian covered bonds are category 1 for LCR purposes (above EUR 500 mill.)
- 10% preferential risk weighting

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

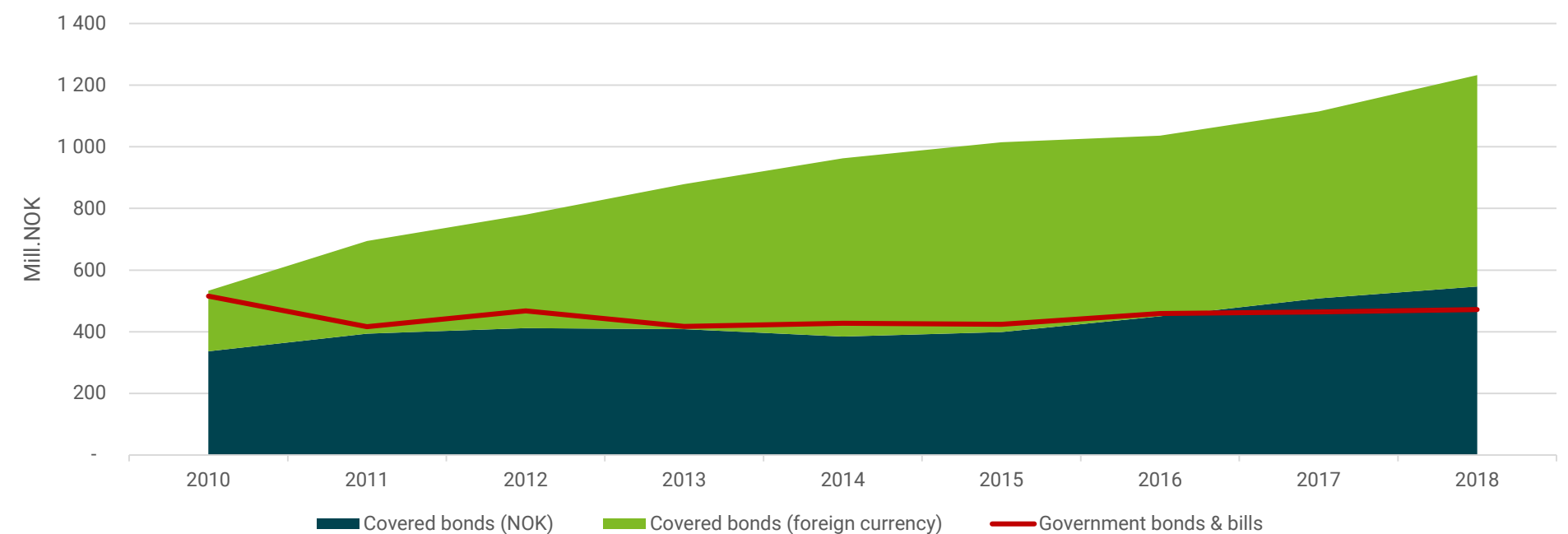
As of 2018Q4



Source: Finance Norway

Norwegian covered bonds and government bonds outstanding

As of 2018Q4



Source: Finance Norway, Oslo Stock Exchange

Eligibility criteria for mortgages in the cover pool

I. Customer categories

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

II. Credit Criteria

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

III. 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

IV. Type of properties

- Stand alone residential mortgages
- Cooperative housing residential mortgages

V. Type of products

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

VI. Origination process

- Loan-by-loan origination

Structure of liquidity and capital support from owners

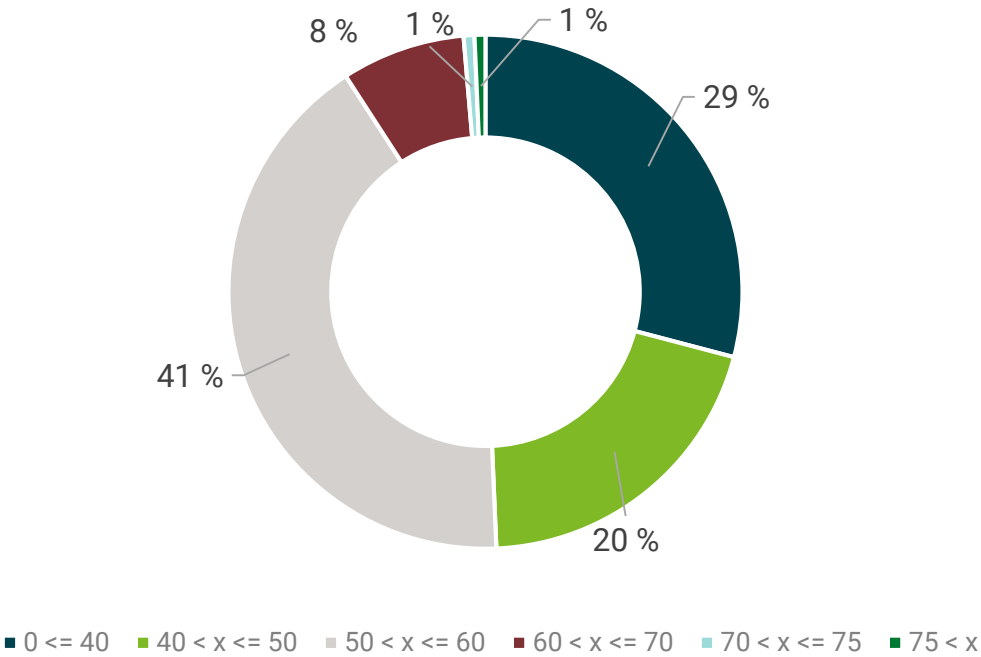
- **The Note Purchase Agreement (NPA)** is structured to ensure that EIKBOL has liquidity, at all times, sufficient to pay the Final Redemption Amount of any series of Notes in a rolling twelve month period
- **The Shareholders' Agreement** is structured to ensure that EIKBOL will uphold a sufficient 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.



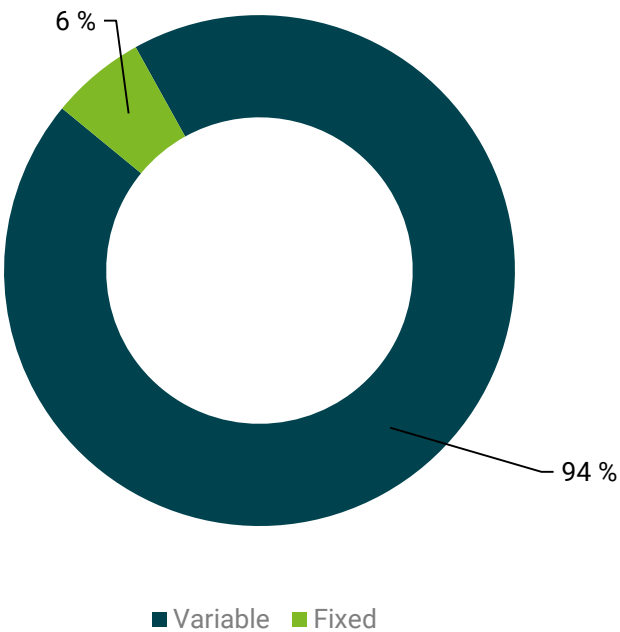
Summary of the mortgages in the cover pool

Nominal value	EUR 8.5 bn
Number of loans	53,468
Arithmetic average loan (nominal)	EUR 158,900
WA LTV (indexed)	45.8%
WA seasoning (months)	32
Loans in arrears (over 90 days)	0.0
Over-collateralization *	10.4 %

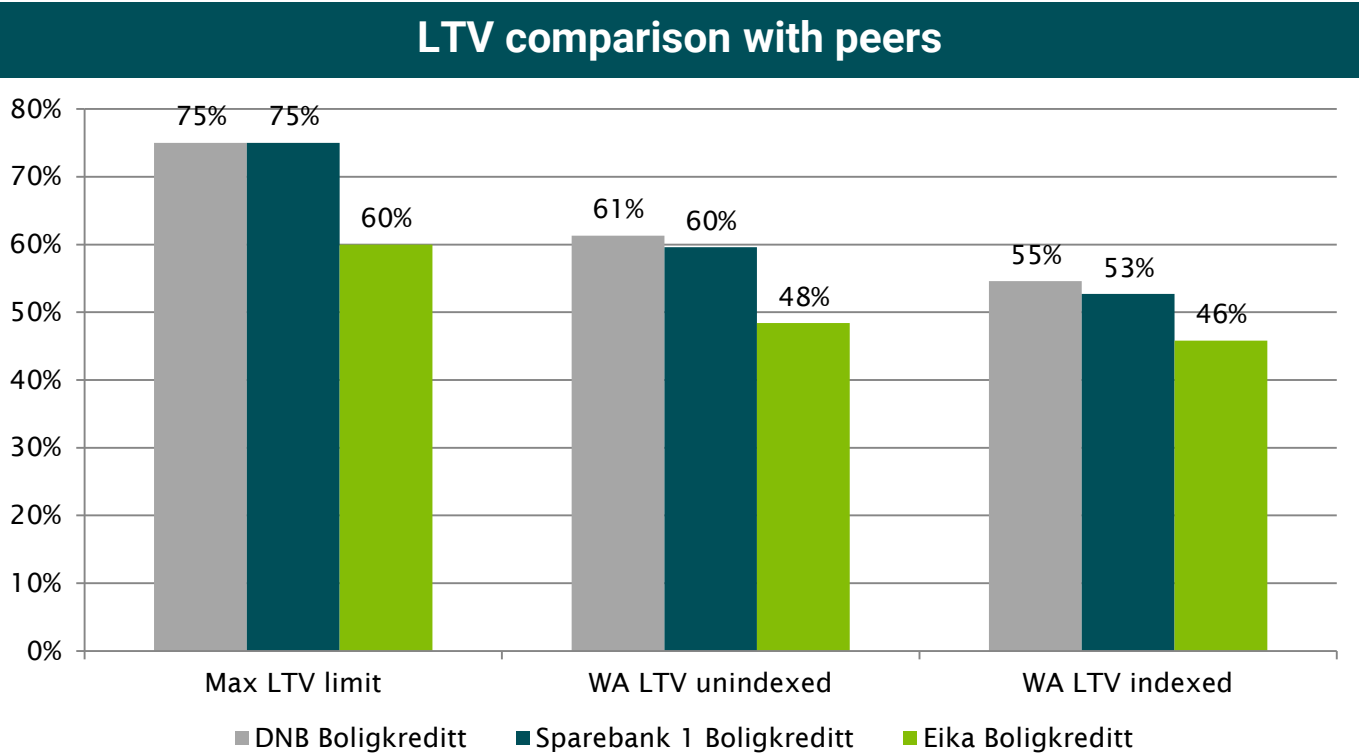
Indexed LTV distribution



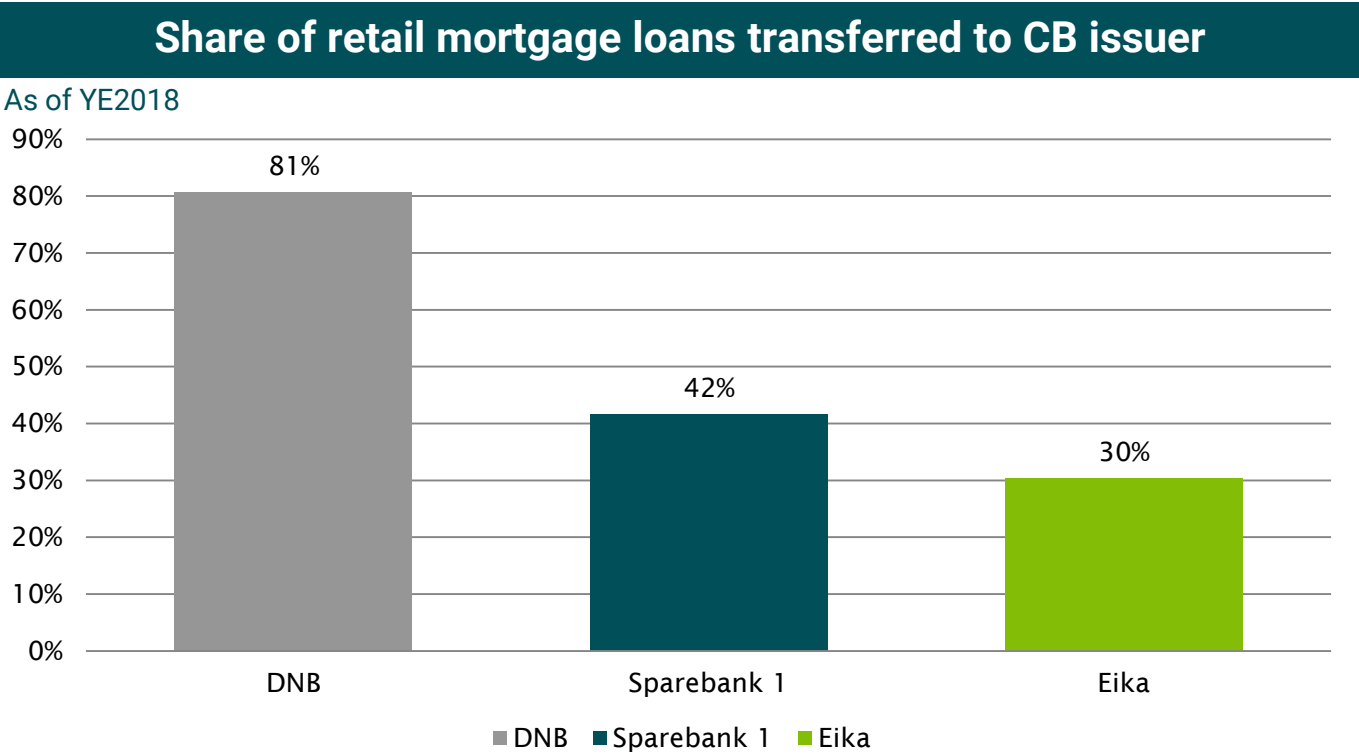
Variable vs fixed rate



Cover pool comparison and stress test



Source: Cover pool information as of Q1 2019 for Eika Boligkreditt, DNB Boligkreditt and Sparebank 1 Boligkreditt



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	8,496	8,496	8,496	8,496
Part of mortgages exceeding 75% LTV	0	15.2	52.6	370.6
Share of mortgage portfolio >75% LTV	0.00 %	0.2 %	0.6 %	4.4 %
Estimated Over collateralization*	10.4 %	10.3 %	9.9 %	6.4 %

Current funding

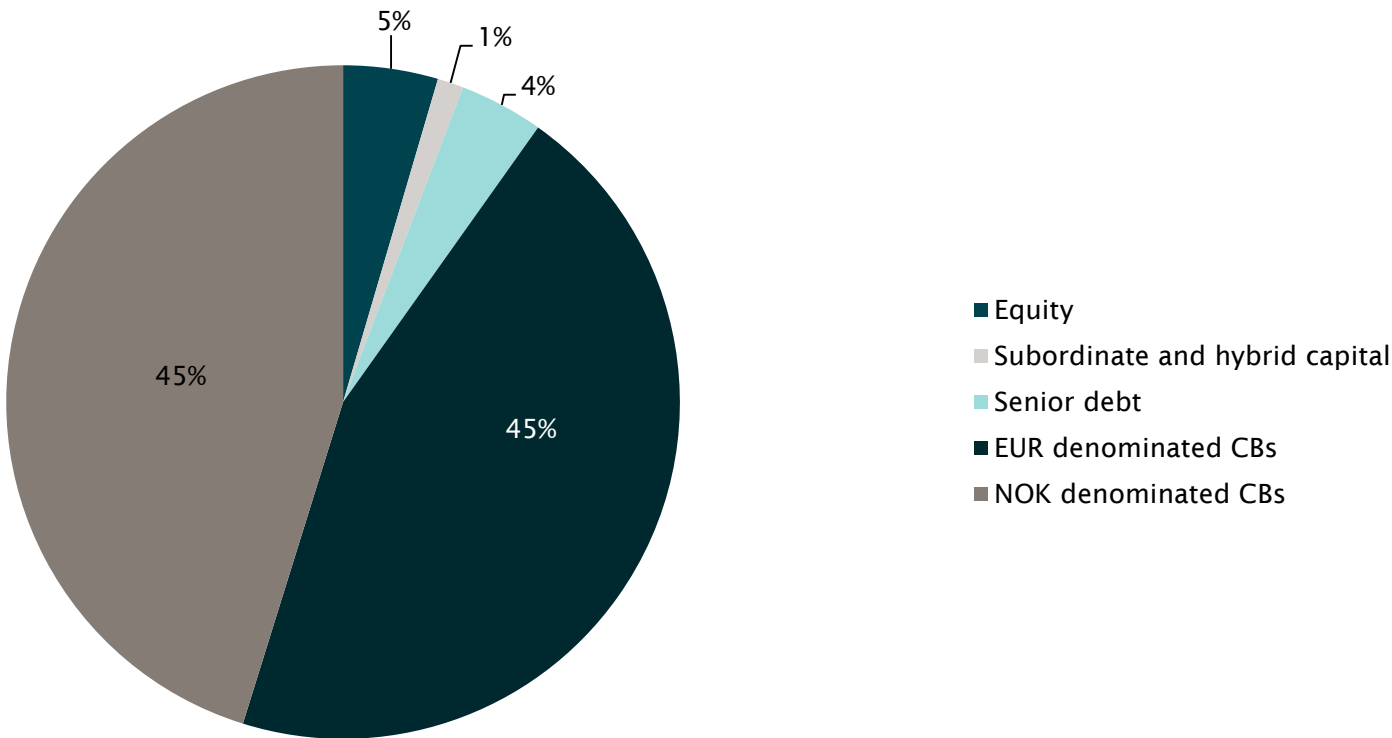
- EIKBOL has the objective to be a frequent benchmark issuer in both EUR and NOK covered bond markets
- Redemptions within any future 12-month rolling period should not exceed 20% of the gross funding at the time of redemption
- Targeting a level of liquidity covering redemptions the next 12 months
-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

Outstanding EUR benchmark 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
XS1869468808	2018-08-28	500	2025-08-28
XS1945130620	2019-02-01	500	2029-02-01

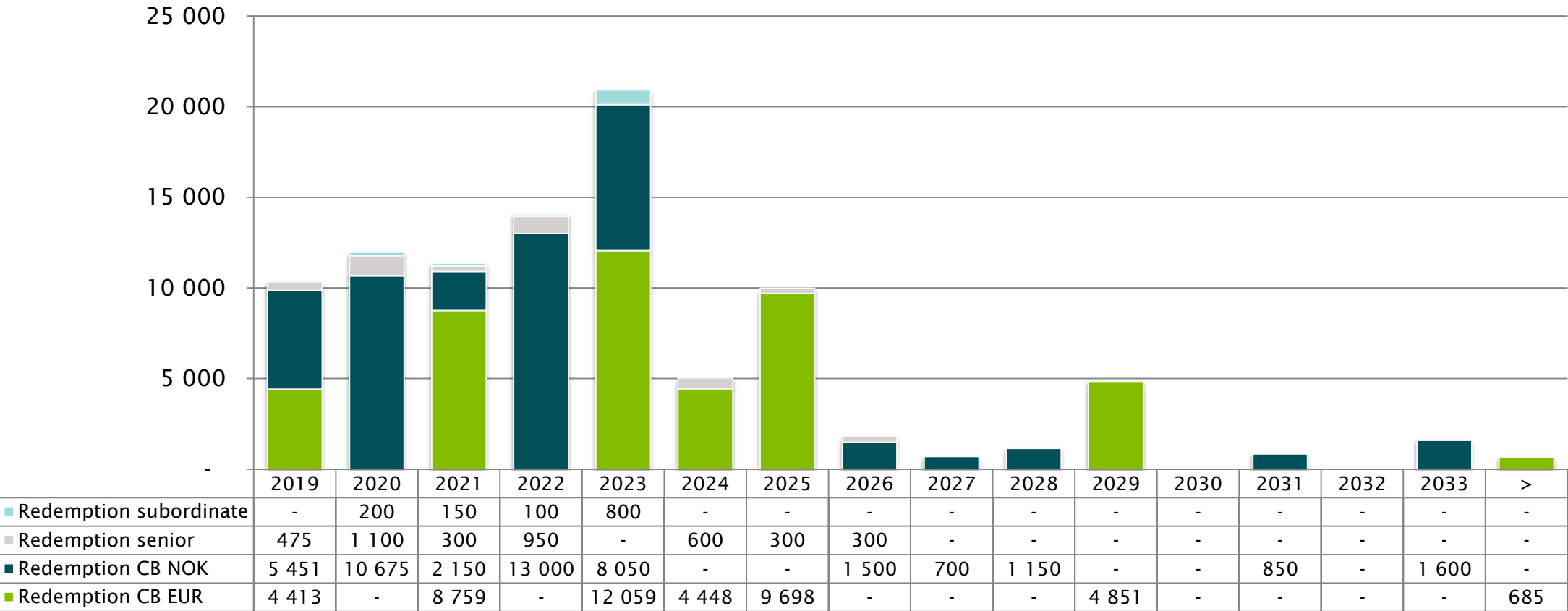
Funding mix EIKBOL

As of 2019-05-22



Maturity profile of funding (in million NOK)

As of 2019-05-22

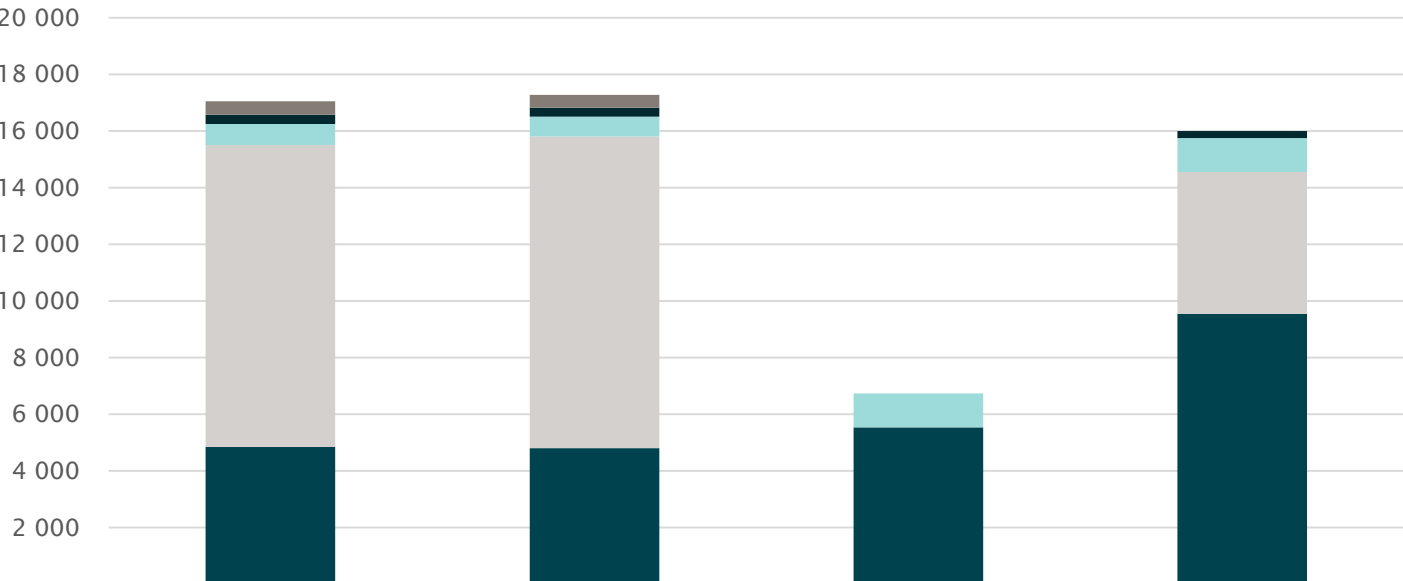


Planned funding

- Budget for gross funding in 2019 is NOK-equivalent of 16.0 billion (EUR 1.7bn)
 - NOK-equivalent of 14.5 billion in covered bonds
 - NOK 1,200 million in senior unsecured bonds
 - NOK 250 million in Tier 2 bonds
- EIKBOL has the flexibility to pre-fund expected need in coming periods or shifting between covered bond funding in EUR vs NOK on a discretionary basis.
- Stable growth of mortgage book

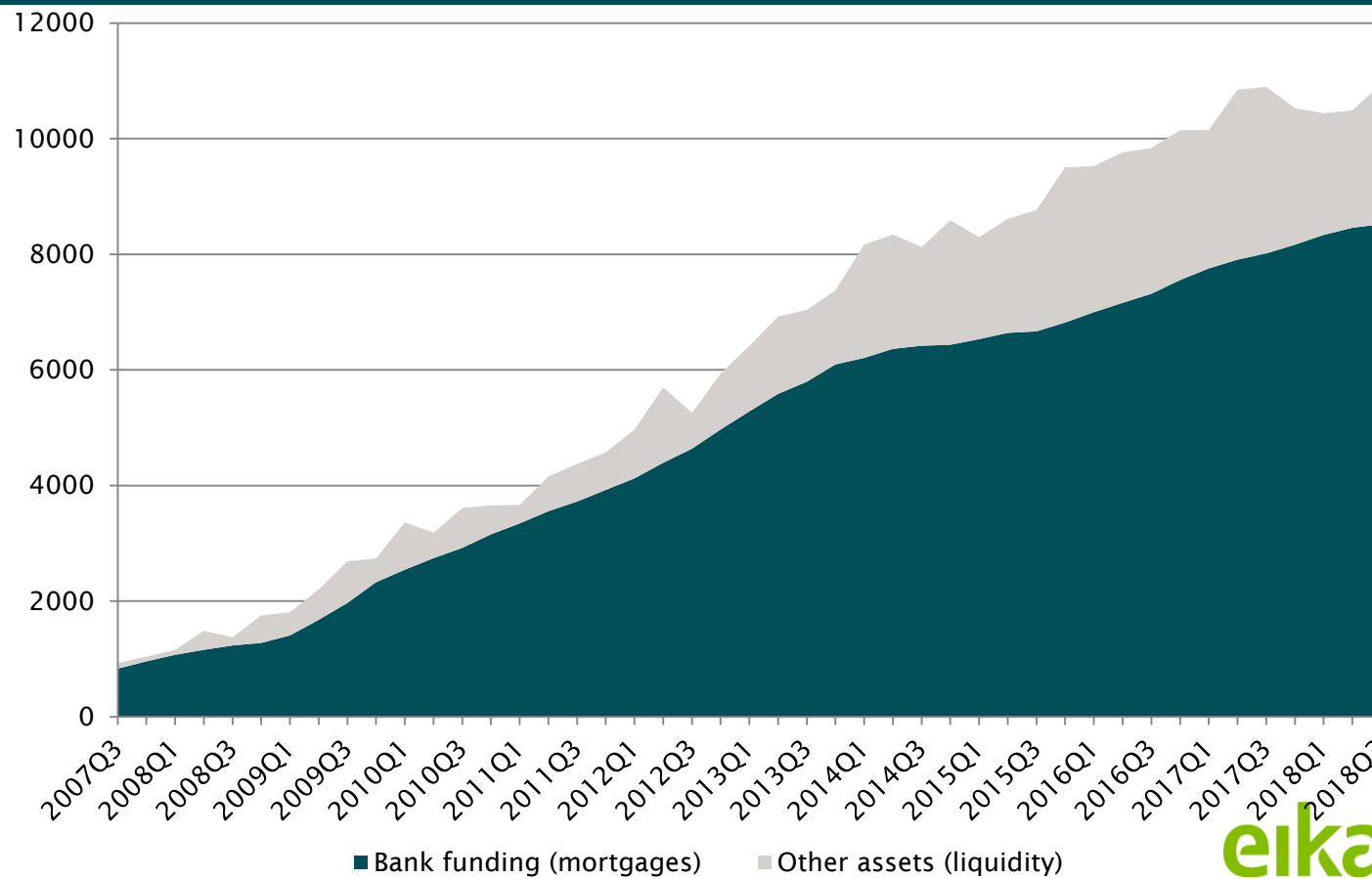
Actual and planned funding by instrument (in million NOK)

As of 2019-05-22



	Actual funding 2018	Planned funding 2018	Actual funding 2019 ytd	Planned funding 2019
AT1	475	450	-	-
T2	325	325	-	250
Senior unsecured	750	700	1 200	1 200
Covered Bonds (denominated in NOK)	10 650	11 000	-	5 000
Covered Bonds (denominated in EUR)	4 848	4 800	5 536	9 545

EIKBOL development in mortgages and AUM (in million €)



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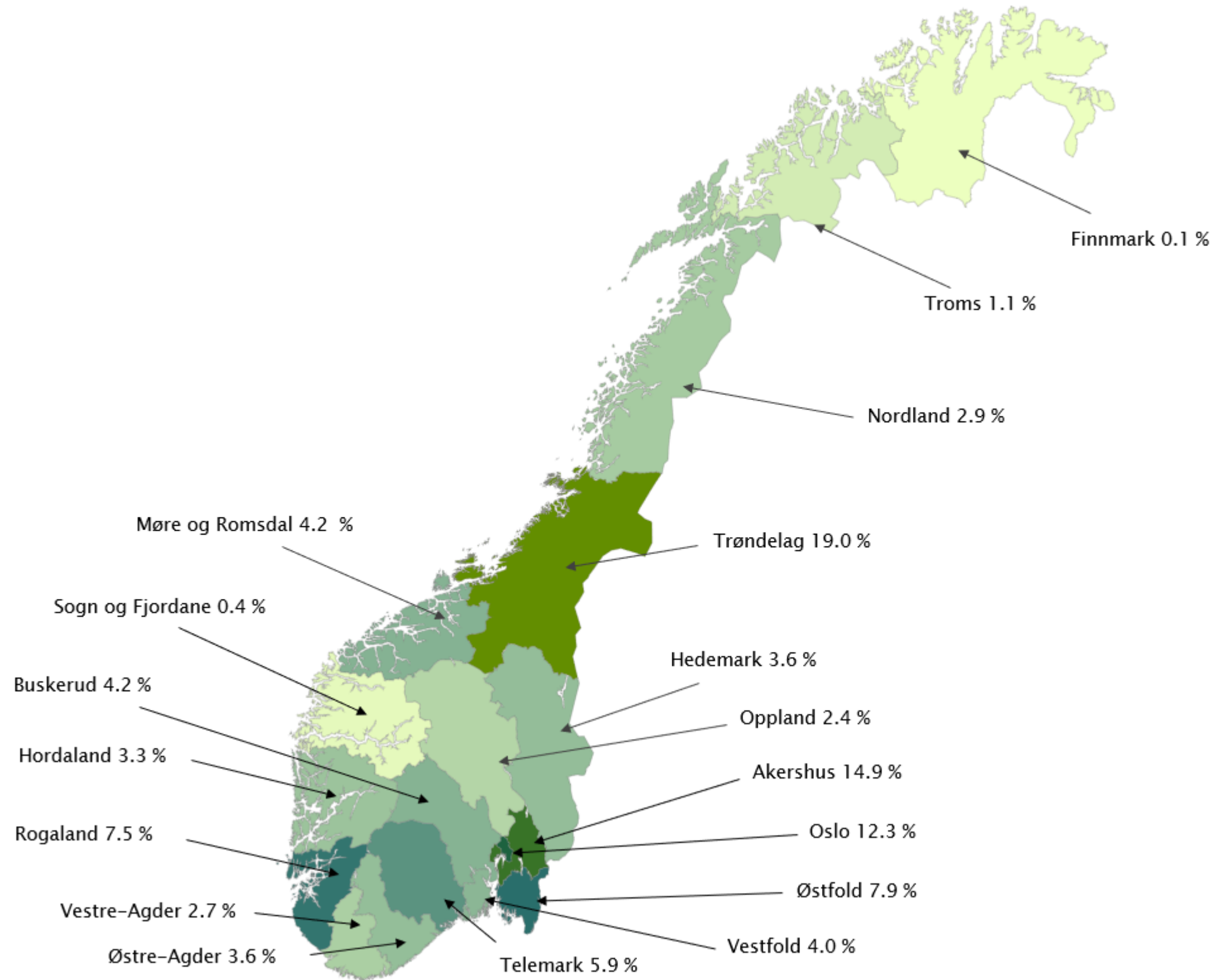
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More information may be found on
<https://eikabol.no>

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Mortgage lending - Strong geographical diversification



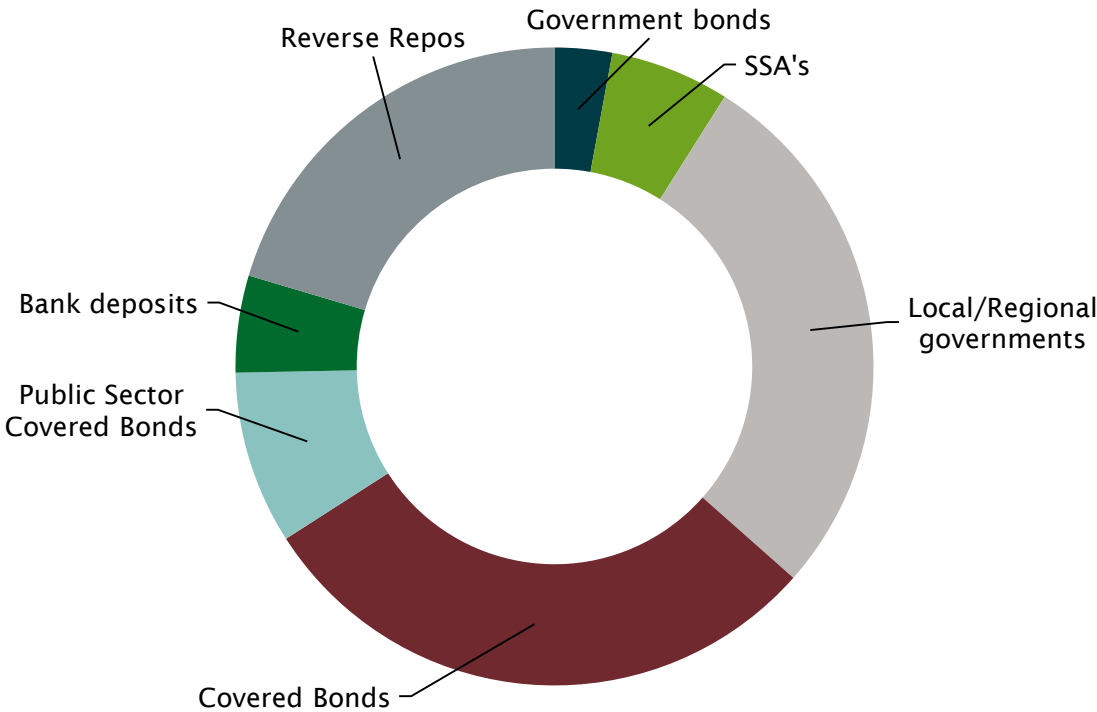
Liquidity portfolio

- **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	Market values (EUR)	In % of portfolio	TtM
Government bonds	51,563,568	3 %	0.35
SSA's	107,177,794	6 %	1.87
Local/Regional governments	488,086,389	28 %	0.20
Covered Bonds	520,374,422	29 %	1.88
Public Sector Covered Bonds	155,329,454	9 %	1.64
Bank deposits	86,942,993	5 %	0.02
Reverse Repos	361,206,073	20 %	0.03
Total portfolio	1,770,680,692	100 %	0.88

- **The Liquidity portfolio conforms to a conservative investment policy**
 - Nordic and German 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

Liquidity portfolio by sectors



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	Denmark	Swedbank	Germany
Product name	Norwegian Covered Bonds	Særligt Dækkede Obligationer	Säkerställda Obligationer	Pfandbrief
Covered bond model	Specialised bank issuance model	Universal bank + specialised bank issuance model	Universal bank issuance model + specialised bank issuance model	Universal bank issuance model
Eligible cover assets	Public sector, mortgage loans	Public sector, mortgage loans, ship mortgages	Public sector, mortgage loans (commercial max. 10%)	Public sector, mortgage loans, ship + aircraft mortgages
Maximum LTVs	Residential: 75%, commercial: 60%	Commercial: 60%, agricultural: 60%, ships: 70%, residential: 80%	Commercial: 60%, residential: 75%, agricultural: 70%	Residential, commercial, ship, aircraft: 60%
Basis for LTV calculation	Market value	Market value	Market value	Mortgage lending value
If a loan's LTV exceeds the LTV cap after inclusion into the pool, does the part below the limit still remain part of the cover pool?	Yes	Yes	Yes	Yes
Minimum OC	2 %	Universal banks: 0%; Mortgage banks: 8% of RWA	2 %	2 %
Type of coverage test	NPV	NPV after stress test	Nominal + NPV after stress test	Nominal + NPV after stress test
Is OC above the minimum protected?	Yes	Yes	Yes	Yes
Legal transparency requirements?	No	Yes	No	Yes
Is there an issuance limit in place?	No	No	No	No

P&L Eika Boligkreditt - Strong income growth

Amounts in NOK Million	2014	2015	2016	2017	2018	2019Q1
Total Interest income	2 461	2 066	1 861	2 049	2 162	604
Total interest expenses	1 721	1 430	1 380	1 366	1 480	445
Net interest income	741	636	482	683	682	159
Dividend from shares classified as available for sale	-	6	6	6	18	3
Total gains and losses on financial instruments at fair value	51	203	(81)	(135)	22	1
Comission costs	431	443	300	410	458	112
Total salaries and administrative expenses	32	42	39	48	50	12
Depreciation	1	2	1	2	2	1
Other operating expenses	10	13	14	16	16	4
Losses on loans and gurantees	-	-	-	-	-	-
PROFIT/(LOSS) BEFORE TAXES	117	344	50	78	196	34
Taxes	30	81	11	18	45	8
PROFIT/(LOSS) FOR THE PERIOD	87	263	39	60	151	27
Net gains and losses on bonds and certificates	-	-	-	-	(7)	9
Fair value adjustment, shares	-	-	-	-	(15)	-
Net gains and losses on basis swaps	-	-	-	-	(106)	(26)
Taxes on other comprehensive income	-	-	-	-	28	4
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	52	14

¹ Pursuant to IFRS 9, net gains and loss on basis swaps and net gain and loss on bonds and certificates are recognised as other comprehensive income from 1 January 2018.

Eika Boligkreditt AS - Report Q1 2019:

Eika Boligkreditt showed a profit of NOK 27 million for the first quarter, compared with a profit of NOK 51 million in the same period of 2018. Net gains and losses on basis swaps came to negative NOK 26 million for the first quarter of 2019 (2018: negative NOK of 12 million) , net gains and losses on bonds and certificates came to gain NOK 9 million and taxes on other comprehensive income came to NOK 4 million, so that the comprehensive income for the period including such changes came to a gain of NOK 14 million.

The full report is available on: eikbol.no

Eika Boligkreditt - Balance sheet and key figures

Amounts in NOK Million	2014	2015	2016	2017	2018	2019Q1
Balance sheet development						
Lending to customers	60 889	64 527	71 509	77 286	82 015	82 427
Debt from issuing securities	72 878	79 876	86 983	90 030	97 288	100 038
Subordinated loans	698	450	599	600	674	674
Equity	3 024	4 242	4 396	4 770	5 290	5 164
Equity in % of total assets	3.72	4.72	4.58	4.79	4.90	4.70
Average total assets	76 845	84 571	92 324	99 466	101 744	108 949
Total assets	81 298	89 932	96 017	99 603	107 969	109 929
Rate of return / profitability						
Fee and commission income to relation to average total assets, annualised (%)	0.74	0.50	0.32	0.40	0.40	0.40
Staff and general administration expenses in relation to average total assets, annualised (%)	0.05	0.10	0.04	0.05	0.03	0.04
Return on equity, annualised (%)	4.17	10.70	1.37	1.90	4.50	0.30
Total assets per full-time position	4 106	4 542	4 849	5 030	5 453	5 847
Finacial strength						
Core tier 1 capital	2 925	3 607	3 833	4 156	4 522	4 523
Total tier 1 capital	3 374	4 055	4 282	4 706	5 227	5 096
Total primary capital (tier 2 capital)	3 623	4 505	4 882	5 305	5 902	5 771
Weighted calculation basis	25 155	27 510	29 766	31 468	33 731	34 084
Core tier 1 capital ratio	11.63	13.10	12.88	13.20	13.40	13.30
Total tier 1 capital ratio	13.41	14.70	14.39	15.00	15.50	15.00
Capital adeqacy ratio	14.40	16.40	16.40	16.90	17.50	16.90
Delinquinces in % of gross loans	-	-	-	-	-	-
Loss in % of gross loans	-	-	-	-	-	-
Staff						
Number of full-time positions at end of period	19.8	19.8	19.8	19.8	19.8	18.8

Source: EBK quarterly reports

Eika Boligkreditt –changes under consideration in the business model

We are currently reviewing the following elements in the business model:

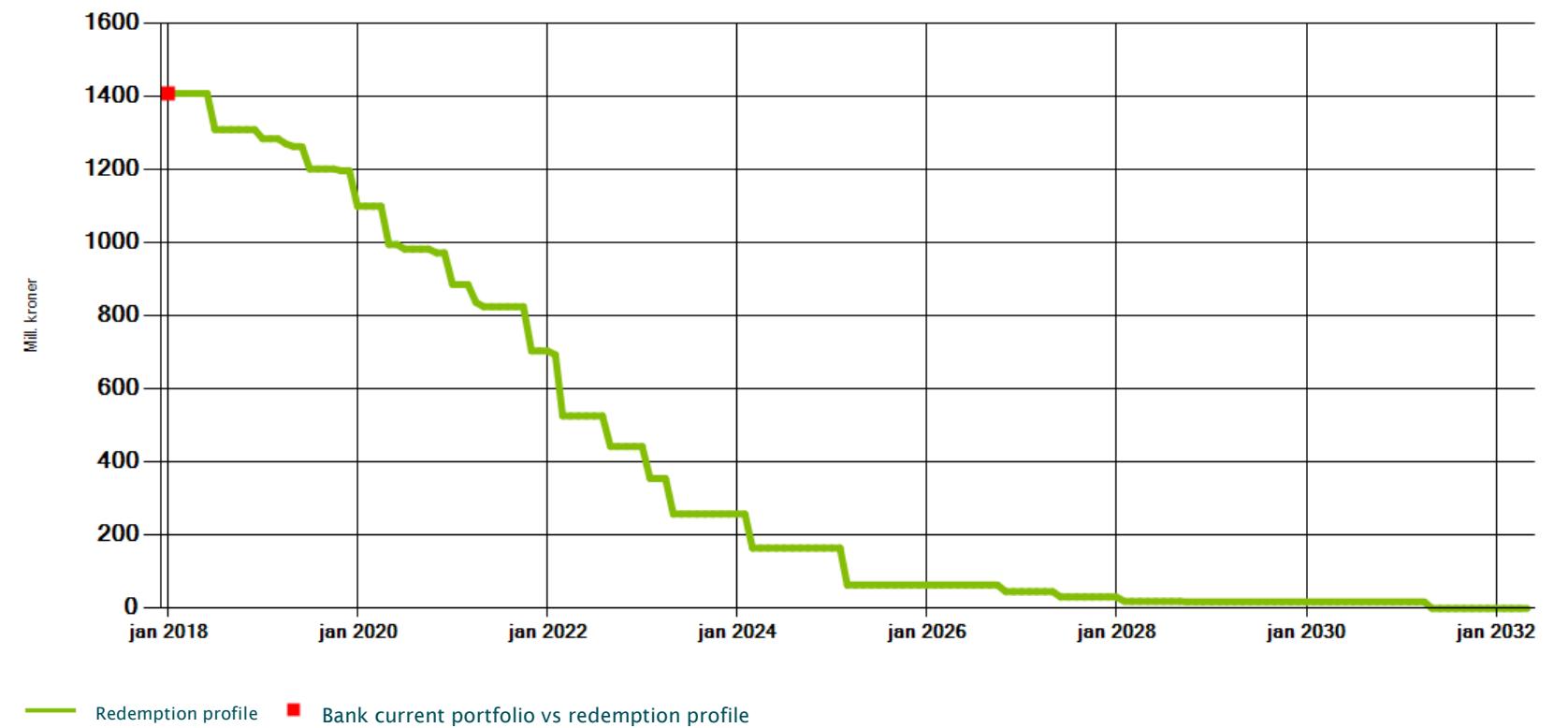
- Maximum LTV – increase the maximum LTV from 60% to the regulatory maximum of 75%, will involve considering a senior facility to finance the value of mortgages exceeding 75% of the value of the collateral
- ROE target – from 3 month NIBOR + 2.0%-points to 0.0%, involve that 100% per cent of the value creation is paid as commission instead of split between dividend and commission

This will be presented for approval from the board in Eika Boligkreditt medio June (ROE target) and primo September 2019 (maximum LTV).

Cancellation of distribution agreement

- An EIKBOL Distributor (**EBKD**) can terminate the distribution agreement with EIKBOL with 3 months notice
- EIKBOL 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 EIKBOL
 - The EKBD is required to uphold its mortgage portfolio in line with the redemptions of EIKBOL'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 Eika banks in 2019

Lofoten Sparebank and Harstad Sparebank

- Merged January 1st 2019
- The name of the merged bank is Sparebank 68 grader nord
- Tore Karlsen, CEO in Harstad Sparebank, is CEO in the merged bank
- Total assets, including transferred to Eika Boligkreditt, of NOK 6.4 billion
- Rationales for the merger was to improve competitiveness while still being present in local markets, improve profitability and further enhance ability to contribute to develop their local communities

Indre Sogn, Aurland and Vik Sparebank

- Merged April 1st 2019
- The name for the merged bank is Sogn Sparebank
- Mads Indrehus, former CEO in Vik Sparebank, is CEO in the merged bank and Morten Kristiansen, former chair in the board of Indre Sogn will be chair of the board in the merged bank
- Total assets, including transferred to Eika Boligkreditt, of NOK 7.6 billion
- Rationales for the merger was to improve competitiveness in local markets, expand market reach, improve cost efficacy and attractiveness as an employer and further enhance ability to contribute to develop their local communities

Kvinesdal Sparebank and Flekkefjord Sparebank

- April 30th 2019 the boards in the banks announced starting negotiations with the intention to merge the banks
- Kvinesdal is a member in The Eika Alliance while Flekkefjord Sparebank is a collaborating partner in DSS (dssbank.no) consisting of 9 saving banks on the south/west coast of Norway
- Currently not communicated if the merged bank will join the Eika Alliance or DSS
- The proposed name for the merged bank is Lister Sparebank
- Jan Kåre Eie, CEO in Flekkefjord Sparebank, is proposed as CEO in the merged bank and Kvinesdal Sparebank will propose the chair in the board of the merged bank
- Total assets, including transferred to Eika and Verd Boligkreditt, of NOK 11.6 billion
- Rationales for considering to merge are to improve competitiveness in local markets, expand market reach, improved profitability and attractiveness as an employer and further enhance ability to contribute to develop their local communities

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

<i>P&L & balance in NOK mil.</i>	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net interest income	3,512	3,631	3,777	3,949	4,163	4,275	4,556	4,955	5,151
Net commission income	662	734	863	1,142	1,320	1,260	1,195	1,359	1,418
Other income	43	44	40	39	39	37	38	35	38
Total income	4,217	4,409	4,681	5,130	5,523	5,572	5,789	6,349	6,607
Personnel and adm. expenses	2,061	2,134	2,243	2,344	2,491	2,669	2,780	2,913	2,910
Depreciation	123	98	95	100	110	117	131	139	139
Other costs	469	495	515	578	605	665	687	705	725
Total costs	2,653	2,726	2,852	3,023	3,206	3,451	3,598	3,756	3,773
Core earnings before loan losses	1,564	1,683	1,828	2,108	2,317	2,121	2,191	2,592	2,834
Impairment of loans and guarantees	404	458	329	389	315	237	233	197	178
Core earnings	1,160	1,225	1,499	1,719	2,002	1,884	1,957	2,395	2,656
Dividends/associated companies	177	189	89	257	238	348	397	421	422
Net return on financial investments	218	-78	217	228	132	-189	182	147	44
One-offs and loss/gain on long-term assets	376	-69	150	-61	181	217	314	-12	158
Pre tax profit	1,931	1,267	1,955	2,142	2,553	2,260	2,851	2,951	3,280
Taxes	501	412	542	583	623	553	579	669	711
Net profit	1,430	855	1,413	1,559	1,930	1,707	2,271	2,282	2,569
Gross loans	157,375	159,645	166,255	173,617	182,081	193,576	214,360	228,738	243,903
Gross loans incl. EBK	182,382	193,092	208,764	225,292	238,296	253,212	280,620	302,214	323,779
Deposits	120,419	128,567	137,142	144,975	156,594	164,697	178,098	187,805	198,358
Equity	16,748	17,525	18,833	20,422	22,268	23,624	26,240	28,865	31,608
Total assets	190,813	196,623	200,895	210,302	224,157	231,814	254,313	273,190	291,614
Total assets incl. EBK	215,820	230,070	243,403	261,977	280,371	291,450	320,573	346,666	371,491
Growth in loans	4.1 %	1.4 %	4.1 %	4.4 %	4.9 %	6.3 %	10.7 %	6.7 %	6.6 %
Growth in loans incl. EBK	7.3 %	5.9 %	8.1 %	7.9 %	5.8 %	6.3 %	10.8 %	7.7 %	7.1 %
Growth in deposits	7.5 %	6.8 %	6.7 %	5.7 %	8.0 %	5.2 %	8.1 %	5.5 %	5.6 %

Source: Bank Analyst Eika

Eika banks - Key figures

Key figures	2010	2011	2012	2013	2014	2015	2016	2017	2018
Deposit ratio	76.5 %	80.5 %	82.5 %	83.5 %	86.0 %	85.1 %	83.1 %	82.1 %	81.3 %
Deposit over total funding	69.9 %	72.6 %	76.1 %	77.2 %	78.4 %	79.9 %	78.9 %	77.6 %	77.0 %
(Market funding - Liquid assets)/Total assets	11.6 %	7.8 %	6.3 %	5.4 %	3.1 %	4.2 %	5.9 %	6.3 %	6.7 %
Liquid assets/Total assets	15.5 %	16.9 %	15.1 %	15.0 %	16.2 %	13.7 %	12.9 %	13.5 %	13.6 %
Market funds/Total assets	27.1 %	24.7 %	21.4 %	20.4 %	19.3 %	17.8 %	18.8 %	19.8 %	20.3 %
Equity ratio	8.8 %	8.9 %	9.4 %	9.7 %	9.9 %	10.2 %	10.3 %	10.6 %	10.8 %
Common Equity Tier 1 ratio (CET1)	15.0 %	15.2 %	15.8 %	16.0 %	16.9 %	17.5 %	17.8 %	18.0 %	18.2 %
Core capital ratio	17.0 %	17.3 %	18.1 %	18.5 %	18.3 %	18.5 %	18.9 %	19.3 %	19.6 %
Capital ratio	18.2 %	18.2 %	18.6 %	18.7 %	18.9 %	19.2 %	20.0 %	20.7 %	21.4 %
Loan loss provision ratio	0.26 %	0.29 %	0.20 %	0.23 %	0.18 %	0.13 %	0.11 %	0.09 %	0.08 %
Loan loss provision/Pre-provision income	20.6 %	25.5 %	15.4 %	15.0 %	11.7 %	10.4 %	8.4 %	6.2 %	5.4 %
Gross problem loans/Gross loans	1.83 %	1.89 %	1.78 %	1.62 %	1.53 %	1.38 %	1.12 %	0.96 %	0.97 %
Net problem loans/Gross loans	1.34 %	1.38 %	1.32 %	1.20 %	1.13 %	1.01 %	0.84 %	0.72 %	0.75 %
Loan loss reserves/Gross loans	0.88 %	0.92 %	0.88 %	0.82 %	0.79 %	0.73 %	0.64 %	0.59 %	0.54 %
Problem loans/(Equity + LLR)	15.9 %	15.9 %	14.6 %	12.9 %	11.8 %	10.7 %	8.7 %	7.3 %	7.2 %
Net interest income/total assets	1.87 %	1.87 %	1.90 %	1.92 %	1.92 %	1.88 %	1.87 %	1.88 %	1.82 %
Net commission incom/total assets	0.35 %	0.38 %	0.43 %	0.56 %	0.61 %	0.55 %	0.49 %	0.52 %	0.50 %
Loss provision ratio	0.26 %	0.29 %	0.20 %	0.23 %	0.18 %	0.13 %	0.11 %	0.09 %	0.08 %
Cost/income ratio	57.5 %	60.3 %	57.2 %	53.8 %	54.4 %	60.2 %	56.5 %	54.3 %	53.3 %
Cost/income ratio (adjusted for net finance)	60.4 %	59.3 %	59.8 %	56.1 %	55.6 %	58.3 %	58.2 %	55.5 %	53.7 %
Cost/income ratio (adj. for net finance and dividends)	62.9 %	61.8 %	60.9 %	58.9 %	58.0 %	61.9 %	62.2 %	59.2 %	57.1 %
Net profit in % of total assets	0.76 %	0.44 %	0.71 %	0.76 %	0.89 %	0.75 %	0.93 %	0.87 %	0.91 %
Net profit/average RWA	1.38 %	0.80 %	1.29 %	1.37 %	1.61 %	1.37 %	1.74 %	1.63 %	1.72 %
Pre-provision income/average RWA	1.89 %	1.68 %	1.94 %	2.28 %	2.25 %	1.83 %	2.12 %	2.25 %	2.21 %
Core earnings in % of average RWA	1.12 %	1.14 %	1.36 %	1.51 %	1.67 %	1.52 %	1.50 %	1.71 %	1.78 %
Return on equity	8.9 %	5.0 %	7.8 %	7.9 %	9.0 %	7.4 %	9.1 %	8.3 %	8.5 %

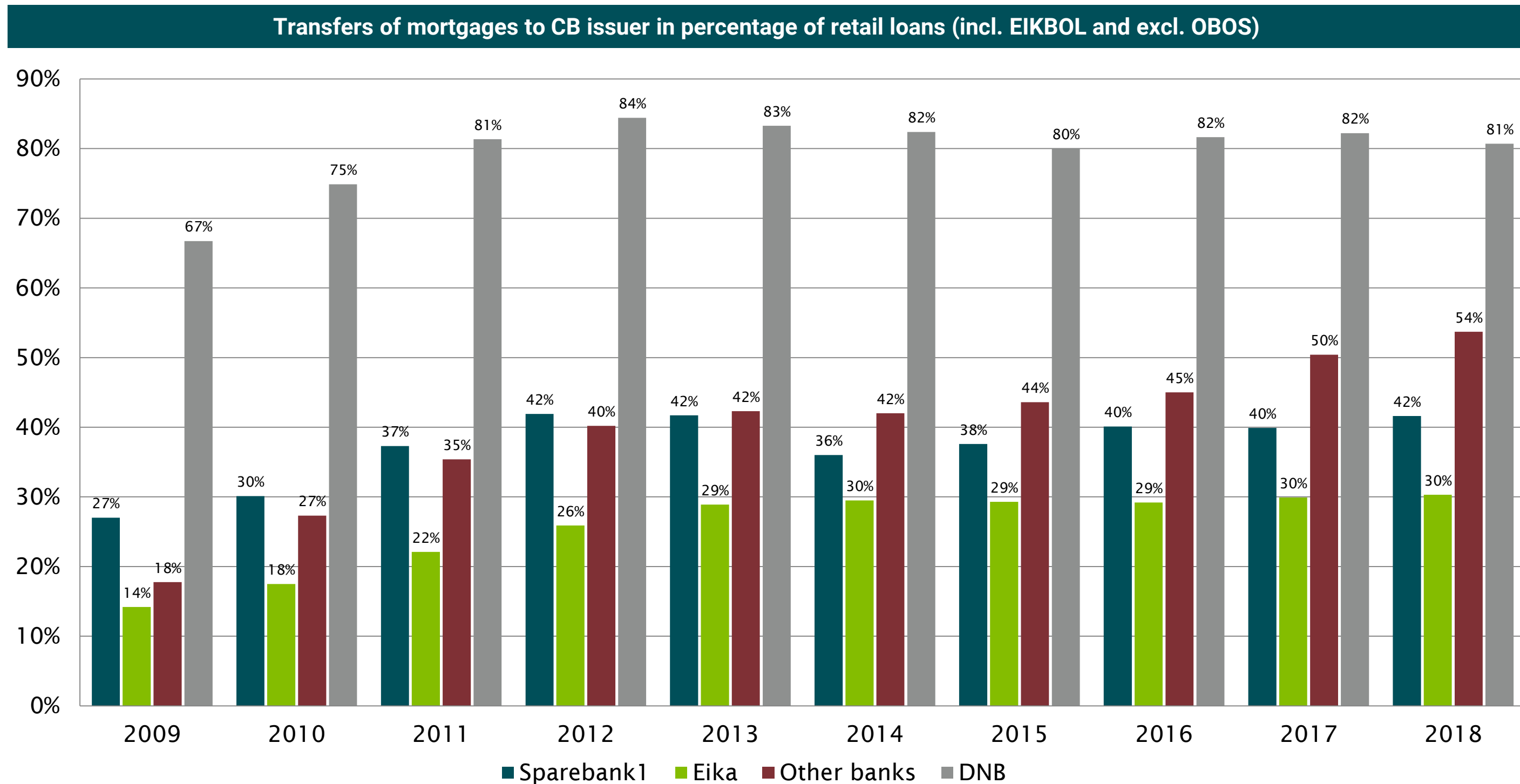
Source: Bank Analyst Eika

Quarterly data - P&L and Key figures

P&L & balance in NOK mil.	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	Key figures	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Net interest income	1,176	1,224	1,266	1,288	1,235	1,256	1,301	1,359	Deposit ratio	82.7 %	84.4 %	82.6 %	82.1 %	82.6 %	84.4 %	81.8 %	81.3 %
Net commission income	298	322	351	388	355	362	349	352	Deposit over total funding	78.3 %	78.6 %	78.3 %	77.6 %	77.8 %	78.1 %	77.2 %	77.0 %
Other income	9	8	8	8	7	10	7	15	(Market funding - Liquid assets)/Total assets	6.3 %	4.4 %	5.6 %	6.3 %	5.8 %	4.0 %	5.9 %	6.9 %
Total income	1,483	1,554	1,626	1,684	1,597	1,628	1,656	1,726	Liquid assets/Total assets	13.0 %	14.6 %	13.6 %	13.5 %	13.9 %	15.4 %	14.2 %	13.4 %
Personnel and adm. expenses	738	669	732	774	736	664	738	770	Market funds/Total assets	19.3 %	19.0 %	19.2 %	19.8 %	19.7 %	19.4 %	20.1 %	20.3 %
Depreciation	35	35	35	34	35	35	32	36	Equity ratio	10.3 %	10.3 %	10.5 %	10.6 %	10.6 %	10.5 %	10.7 %	10.8 %
Other costs	187	184	172	161	190	174	176	184	Common Equity Tier 1 ratio (CET1)	17.1 %	17.0 %	16.8 %	18.0 %	17.5 %	17.2 %	17.1 %	18.2 %
Total costs	961	888	939	970	962	873	947	991	Core capital ratio	18.5 %	18.2 %	18.0 %	19.3 %	19.0 %	18.7 %	18.5 %	19.6 %
Core earnings before loan losses	522	667	687	715	635	755	709	735	Capital ratio	19.8 %	19.6 %	19.4 %	20.7 %	20.7 %	20.4 %	20.3 %	21.4 %
Impairment of loans and guarantees	23	68	36	70	26	38	23	91	Loan loss provision ratio	0.04 %	0.12 %	0.07 %	0.12 %	0.05 %	0.06 %	0.04 %	0.15 %
Core earnings	499	599	651	645	609	717	686	644	Loan loss provision/Pre-provision income	3.8 %	6.3 %	5.1 %	9.2 %	3.9 %	3.2 %	3.1 %	12.4 %
Dividends/associated companies	27	367	6	21	24	373	12	13	Gross problem loans/Gross loans	1.14 %	1.08 %	1.02 %	0.96 %	1.08 %	1.03 %	1.05 %	0.97 %
Net return on financial investments	60	38	24	25	10	31	17	-15	Net problem loans/Gross loans	0.86 %	0.80 %	0.75 %	0.72 %	0.83 %	0.80 %	0.83 %	0.75 %
One-offs and loss/gain on long-term assets	-9	13	-5	-10	3	44	30	81	Loan loss reserves/Gross loans	0.63 %	0.63 %	0.61 %	0.59 %	0.57 %	0.55 %	0.53 %	0.54 %
Pre tax profit	577	1,017	676	681	646	1,165	745	724	Problem loans/(Equity + LLR)	8.9 %	8.3 %	7.7 %	7.3 %	8.1 %	7.7 %	7.8 %	7.2 %
Taxes	142	191	170	166	163	212	185	152	Net interest income/total assets	1.83 %	1.85 %	1.88 %	1.90 %	1.80 %	1.78 %	1.80 %	1.87 %
Net profit	435	826	506	515	483	953	561	572	Net commission incom/total assets	0.46 %	0.49 %	0.52 %	0.57 %	0.52 %	0.51 %	0.48 %	0.49 %
Gross loans	217,908	222,793	225,967	228,738	230,308	236,454	240,666	243,903	Loss provision ratio	0.04 %	0.12 %	0.07 %	0.12 %	0.05 %	0.06 %	0.04 %	0.15 %
Gross loans incl. EBK	286,361	293,026	297,252	302,214	305,673	313,395	318,474	323,779	Cost/income ratio	61.2 %	45.3 %	56.7 %	56.0 %	59.0 %	43.0 %	56.2 %	57.5 %
Deposits	180,211	188,040	186,643	187,805	190,313	199,511	196,904	198,358	Cost/income ratio (adjusted for net finance)	63.6 %	46.2 %	57.5 %	56.9 %	59.3 %	43.6 %	56.8 %	57.0 %
Equity	26,634	27,735	28,244	28,865	29,359	30,406	31,041	31,608	Cost/income ratio (adj. for net finance and dividends)	64.8 %	57.1 %	57.7 %	57.6 %	60.2 %	53.6 %	57.2 %	57.4 %
Total assets	259,210	269,633	269,999	273,190	276,442	289,333	289,328	291,614	Net profit in % of total assets	0.68 %	1.25 %	0.75 %	0.76 %	0.70 %	1.35 %	0.78 %	0.79 %
Total assets incl. EBK	327,663	339,866	341,285	346,666	351,807	366,275	367,136	371,491	Net profit/average RWA	1.27 %	2.37 %	1.42 %	1.43 %	1.33 %	2.57 %	1.48 %	1.50 %
Growth in loans	1.7 %	2.2 %	1.4 %	1.2 %	0.7 %	2.7 %	1.8 %	1.3 %	Pre-provision income/average RWA	1.78 %	3.07 %	2.02 %	2.11 %	1.84 %	3.12 %	1.96 %	1.93 %
Growth in loans incl. EBK	2.0 %	2.3 %	1.4 %	1.7 %	1.1 %	2.5 %	1.6 %	1.7 %	Core earnings in % of average RWA	1.45 %	1.69 %	1.82 %	1.78 %	1.66 %	1.90 %	1.82 %	1.68 %
Growth in deposits	1.2 %	4.3 %	-0.7 %	0.6 %	1.3 %	4.8 %	-1.3 %	0.7 %	Return on equity	6.6 %	12.2 %	7.2 %	7.2 %	6.6 %	12.8 %	7.3 %	7.3 %

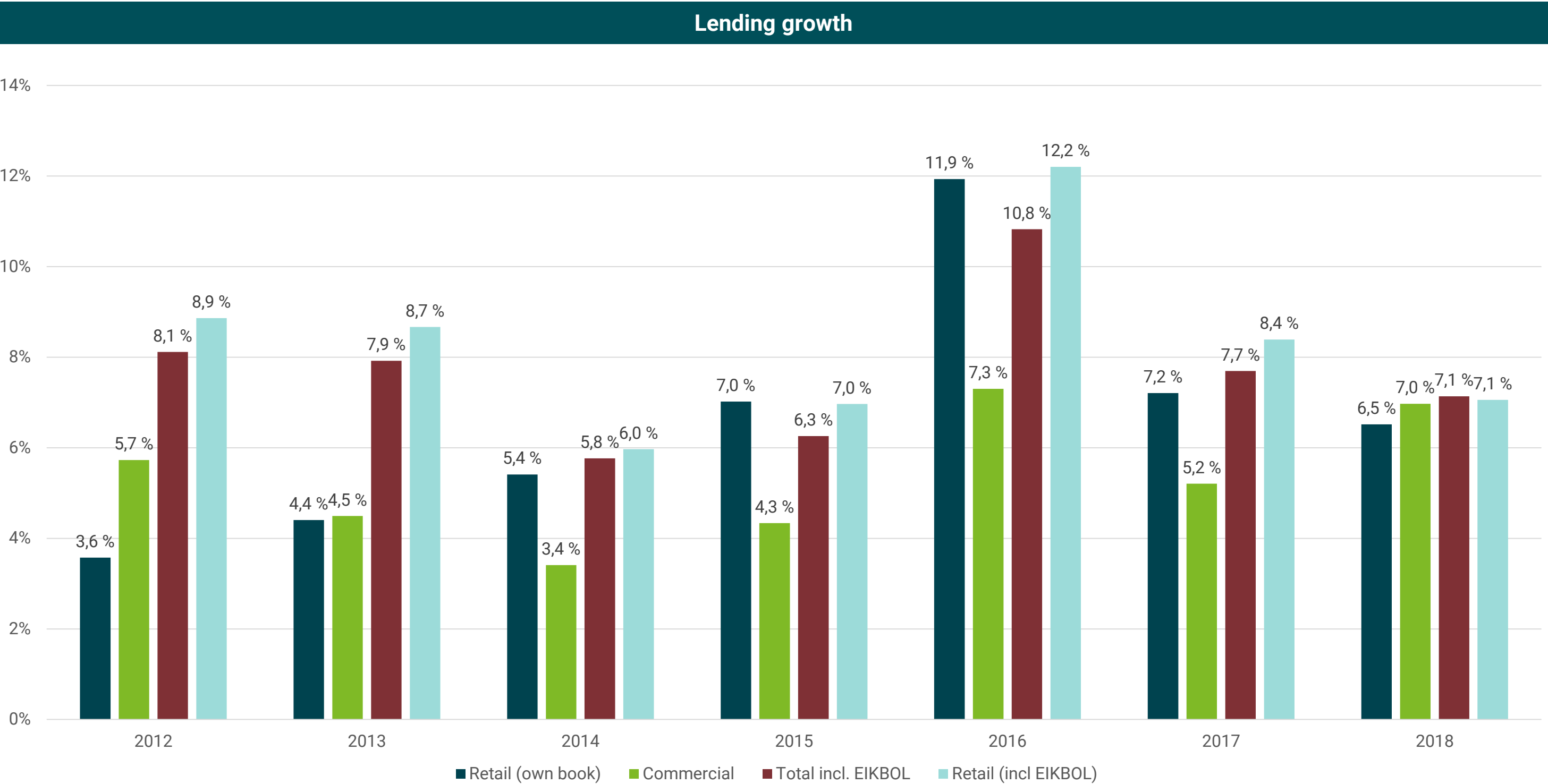
Source: Bank Analyst Eika

Banks – transfer rate to Cov. Bond companies



Source: Bank Analyst Eika

Eika banks - lending growth



Source: Bank Analyst Eika

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