

# Eika Boligkreditt

Investor presentation

*January 2020*



# 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 increasing again from 2018 and forward after more than 25% drop from 2014 to 2017

## • Robust, local saving banks

- 3<sup>rd</sup> 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 75% 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

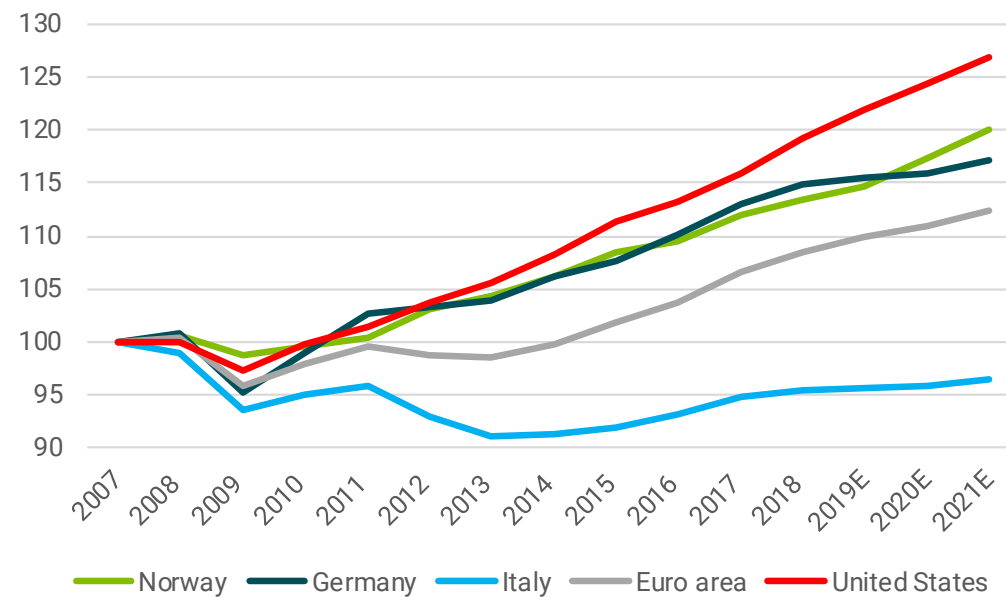
- Constitutional monarchy; Non EU member (EEA member); Population of 5.3 million
- Aaa / AAA / AAA rated country (all with stable outlook)
- GDP per capita amongst the highest in the OECD countries – estimated to be 48% higher than the average in EU (28 countries)
- Expected contributors to growth in 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 %	0.9 %	2.0 %	2.2 %	2.5 %	2.4 %	1.9 %	1.8 %
Consumer price inflation	2.1 %	2.1 %	2.1 %	3.6 %	1.8 %	2.7 %	2.3 %	2.1 %	1.9 %	2.1 %
Unemployment	3.8 %	3.6 %	4.5 %	4.7 %	4.2 %	3.8 %	3.7 %	3.7 %	3.7 %	3.7 %
Private Consumption	2.8 %	2.1 %	2.7 %	1.1 %	2.2 %	1.9 %	1.6 %	1.8 %	2.5 %	2.3 %
Household savings rate	7.2 %	7.7 %	9.8 %	6.9 %	6.6 %	5.9 %	7.3 %	7.6 %	7.5 %	7.1 %
Houseprices	4.0 %	2.7 %	6.1 %	7.0 %	5.0 %	1.4 %	2.4 %	1.8 %	2.2 %	2.3 %
Mortgage rate (flexi loans)	4.0 %	3.9 %	3.2 %	2.6 %	2.6 %	2.7 %	3.0 %	3.4 %	3.4 %	3.5 %
Government net lending as % of GDP	10.7 %	8.6 %	6.0 %	4.1 %	5.0 %	8.1 %	8.8 %	9.1 %	9.0 %	n/a
Government pension fund / GDP	164 %	204 %	239 %	241 %	257 %	233 %	266 %	270 %	277 %	287 %

Source: Statistics Norway – Konjunkturtendensen 4/2019, OECD – Economic Outlook No 106 November 2019 and Norges Bank

# The Norwegian economy – Solid economic situation

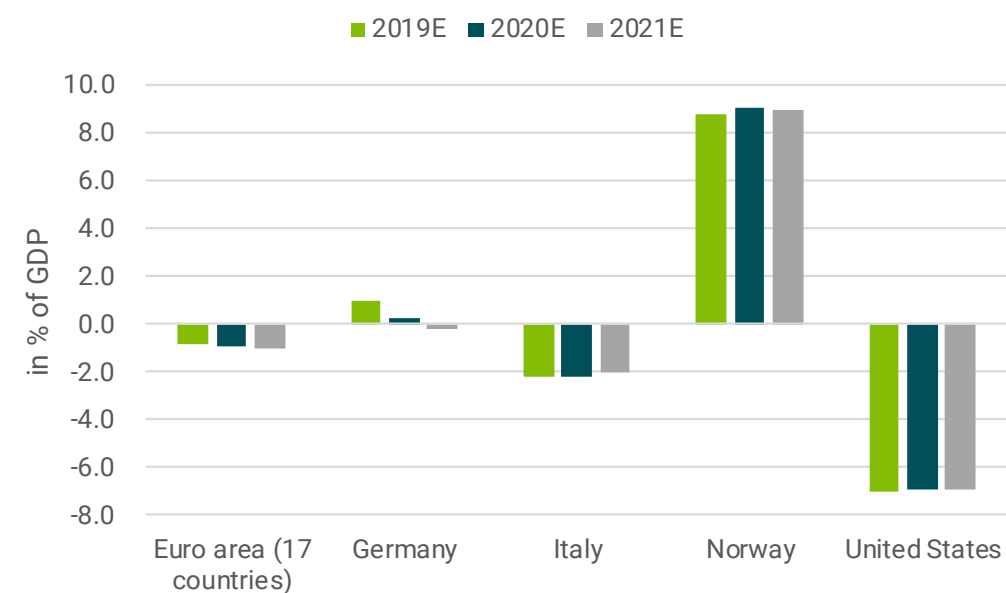
Real GDP growth (rebased to 100 in 2007)



Source: OECD Economic Outlook No. 106 (database), November 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

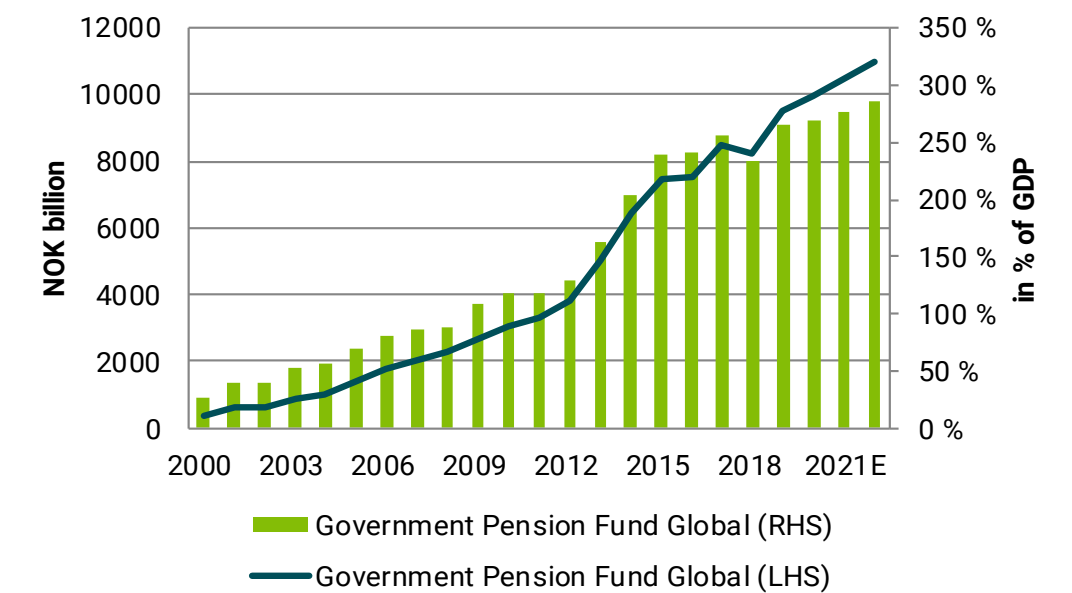
Government net lending



Source: OECD Economic Outlook No. 106 (database), November 2019

- Significant government net lending (8.1% of GDP in 2018) and the Government Pension Fund more than twice the size of GDP

Government Pension Fund Global

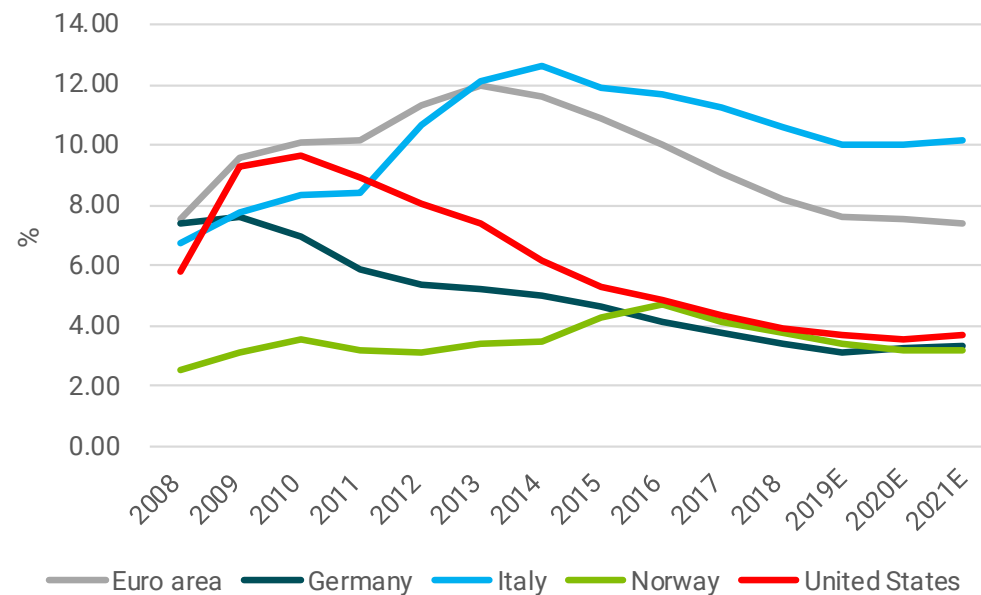


Source : Norges Bank, Statistics Norway

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

# The Norwegian economy – Low unemployment

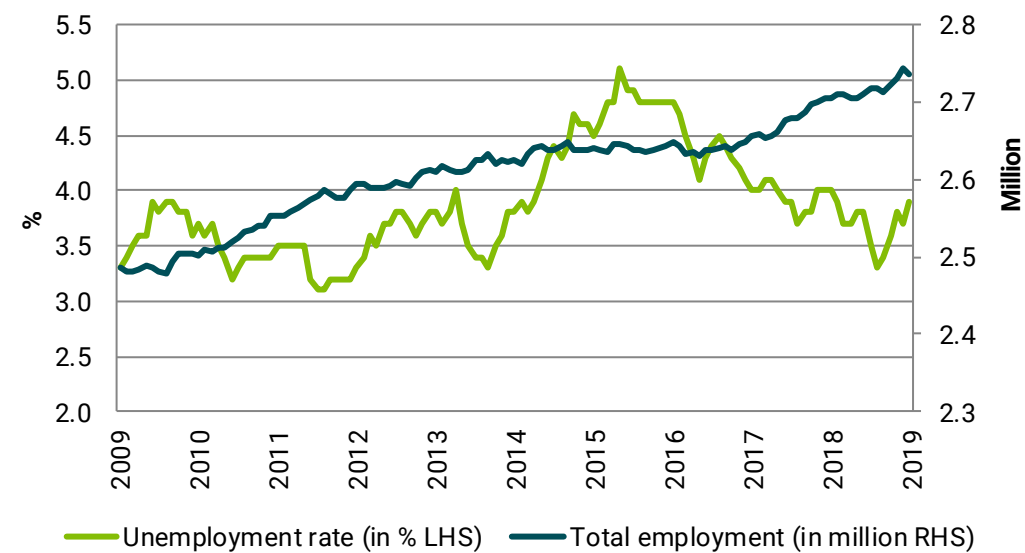
Norway has consistently low unemployment rate



Source: OECD Economic Outlook No. 106 (database), November 2019

- A stable economy ensures a high rate of employment
- The survey based unemployment rate has fallen by 1.1%-points to 3.9% 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

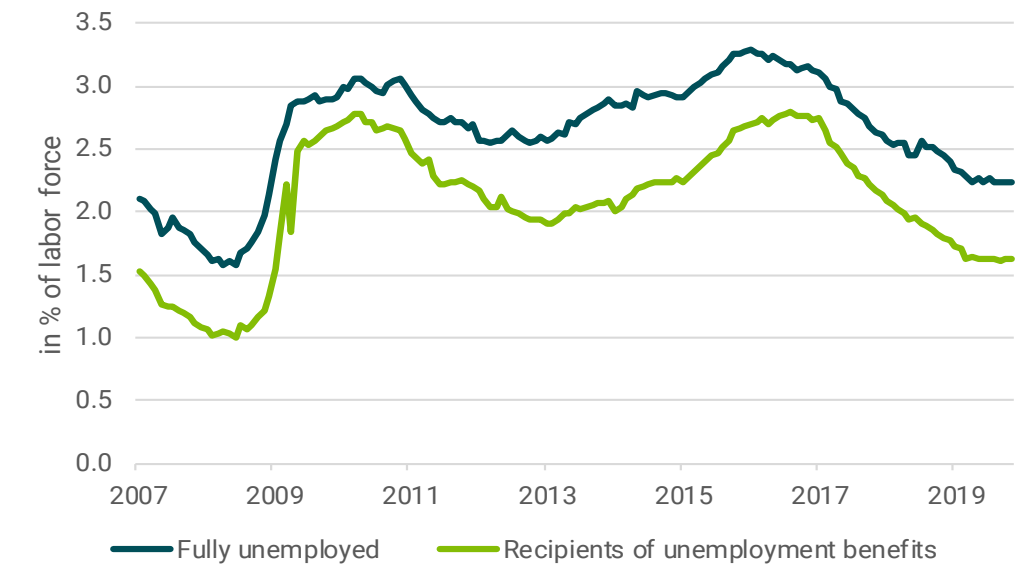
Survey unemployment rate and total employment



Source: Statistics Norway, September 2019

- Significant growth in employment since 2016
- Increased demand for labour and increasing number of vacancies are expected to increase wage growth (+3.6% in 2021 vs +2.8% in 2018)

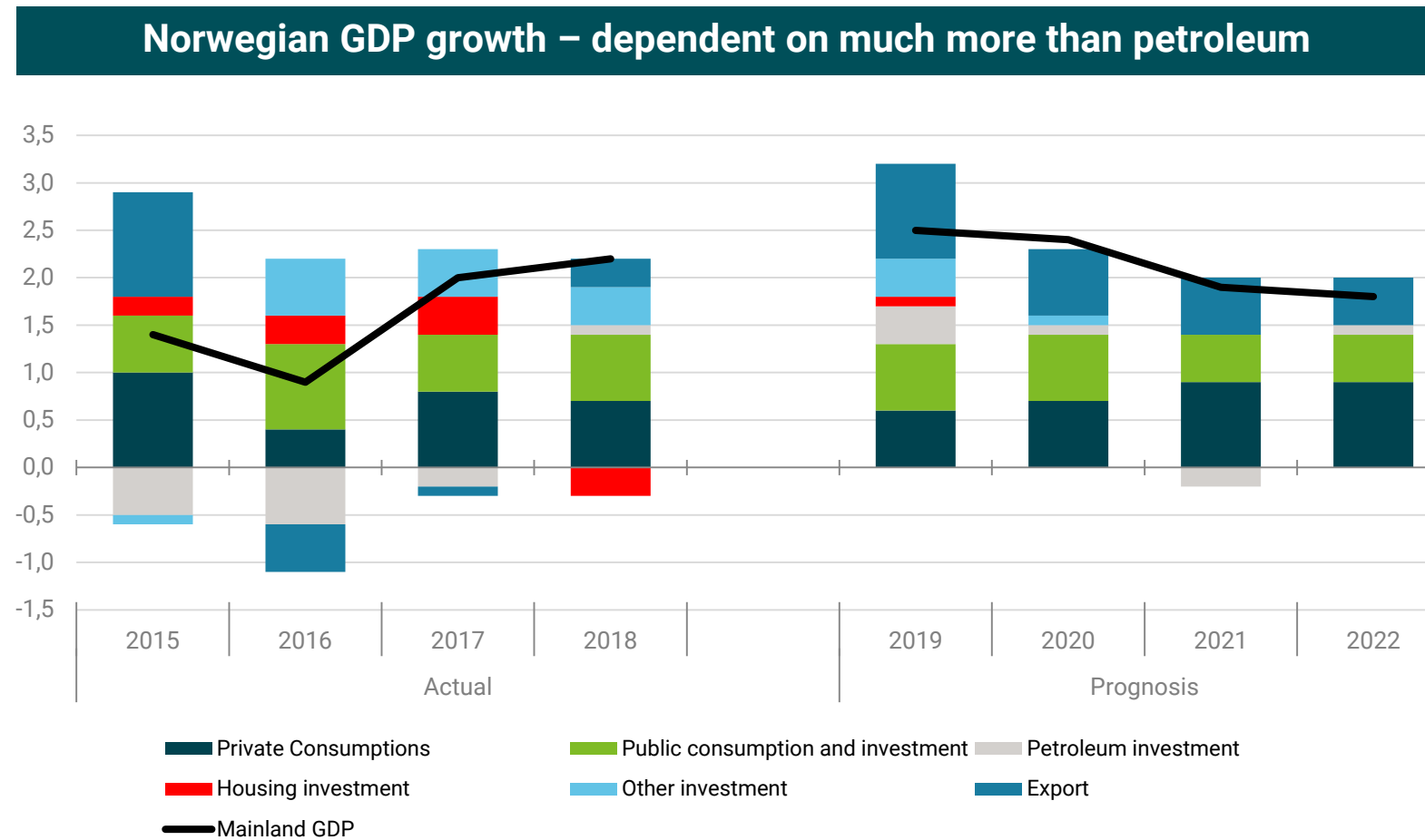
Registered unemployment and unemployment benefit recipients



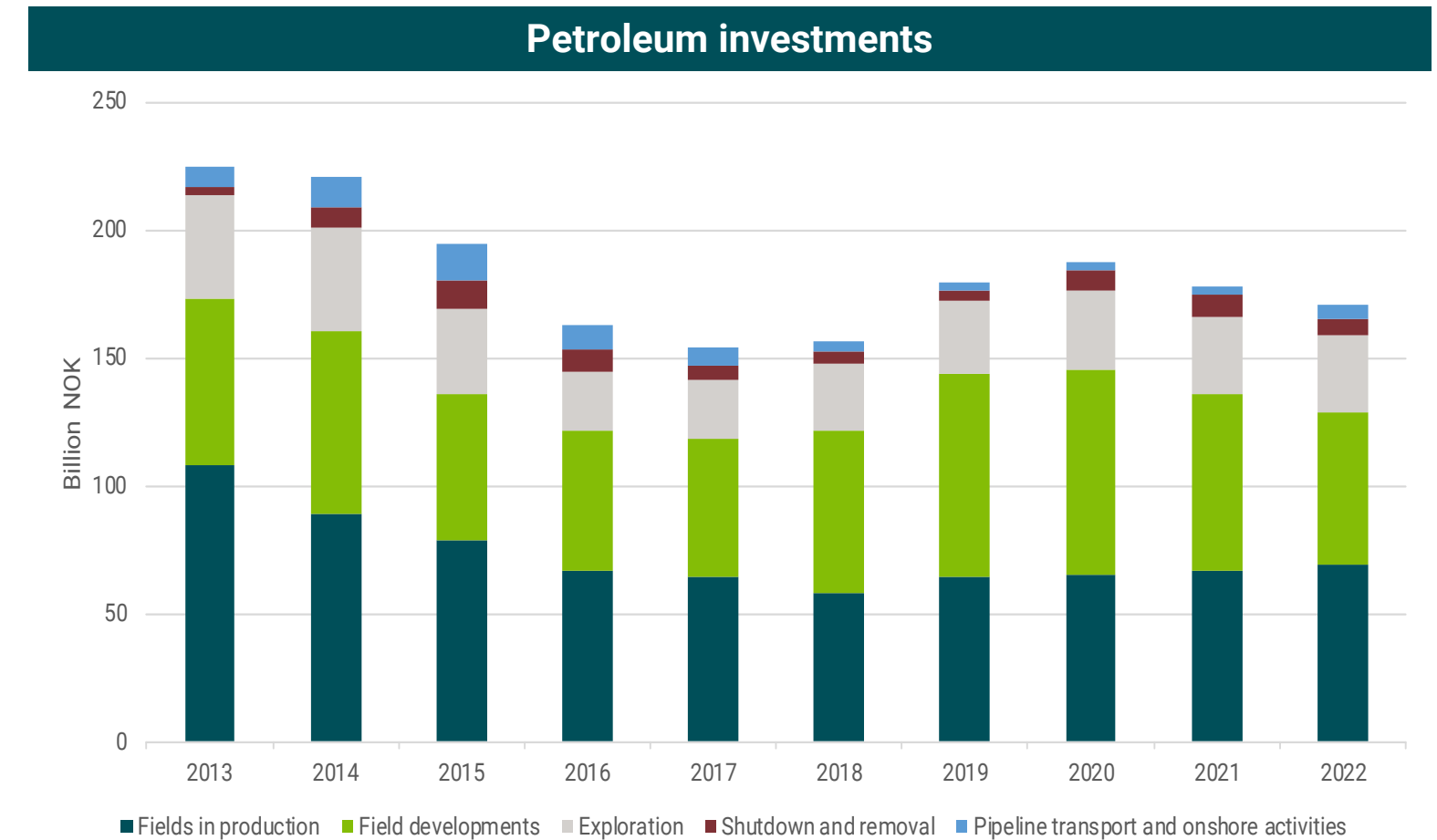
Source: NAV, Monetary Policy Report 4/2019

- A strong welfare system provides significant income protection: unemployment benefit is 62.4% of salary (capped at NOK 599,148) for a minimum of 104 weeks

# The Norwegian economy – much more than petroleum



- Petroleum investments was a marginal positive contributor to GDP growth in 2018 and a significant positive contributor to growth in 2019. Expected to have a marginal positive effect in 2020.
- Contributions from housing investments was negative in 2018, expected to be marginal positive in 2019 and neutral going forward.



- Petroleum investments are picking up in 2019 and 2020 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

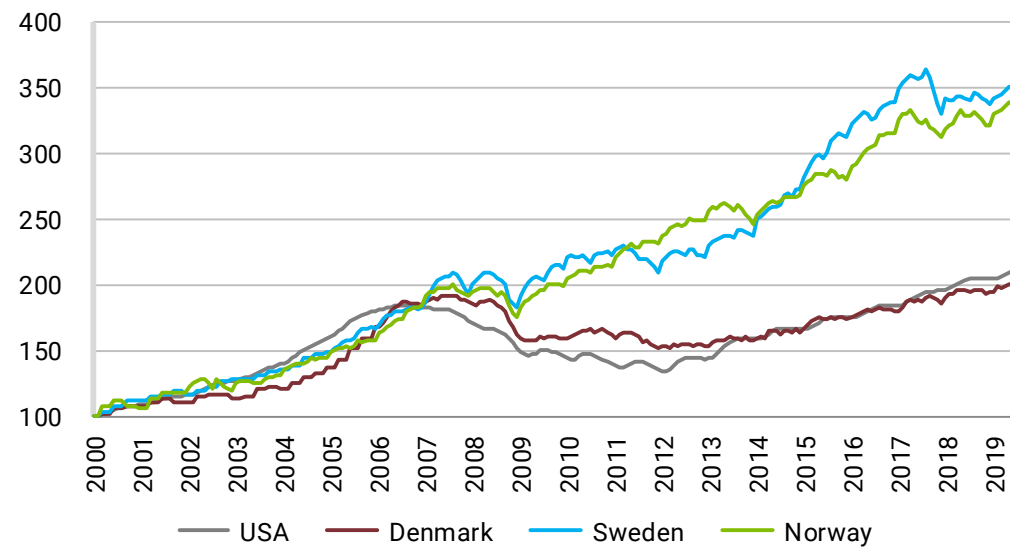
<b>Home ownership</b>	<ul style="list-style-type: none"><li>• Among the highest in the world – <b>76.8%</b> are owner-occupied households</li><li>• Total size of the mortgage market NOK <b>2,851 bn</b> (EUR 288 bn)</li></ul>	<b>Personal liability</b>	<ul style="list-style-type: none"><li>• Borrowers <b>personally liable</b> for their debt – also following foreclosures and forced sales</li><li>• Prompt and <b>efficient foreclosure</b> process upon non-payment</li><li>• Strong incentives to <b>service debt</b> reflected in low arrears</li><li>• Transparent <b>and reliable information</b> about borrowers available to the lenders</li></ul>
<b>MoF lending regulation*</b>	<ul style="list-style-type: none"><li>• Mortgages maximum LTV <b>85%</b> (60% for secondary homes in Oslo)</li><li>• Mortgages with an LTV &gt; <b>60%</b> are required to be amortizing</li><li>• Debt service ability is stress tested for a <b>5%</b> - point increase in interest rates</li><li>• Total debt over gross income less than <b>5</b></li></ul>	<b>Mortgage lending</b>	<ul style="list-style-type: none"><li>• Typical legal maturity 25-30 years, on average <b>22-23 years</b></li><li>• <b>93.3%</b> of residential mortgages have variable interest rate (Q3 2019)</li><li>• Lenders allowed to <b>adjust interest</b> rates with a six week notice</li><li>• <b>No “sub-prime”</b> market in Norway</li><li>• Very limited <b>buy-to-let market</b></li></ul>
<b>Tax incentives</b>	<ul style="list-style-type: none"><li>• All interest expenses are tax deductible in Norway at capital gains tax rate (<b>22%</b>)</li><li>• Preferential treatment of properties when calculating the wealth tax (<b>0.85%</b>)</li><li>• Capital gain on a dwelling tax-free after <b>one year</b> of occupancy by the owner</li></ul>		

\* November 15<sup>th</sup> 2019 the Ministry of Finance decided to continue the current mortgage regulation unchanged with effect from January 1<sup>st</sup> 2020. Current regulation expires 31 December 2019. Renewed regulation expires December 31<sup>st</sup> 2020.

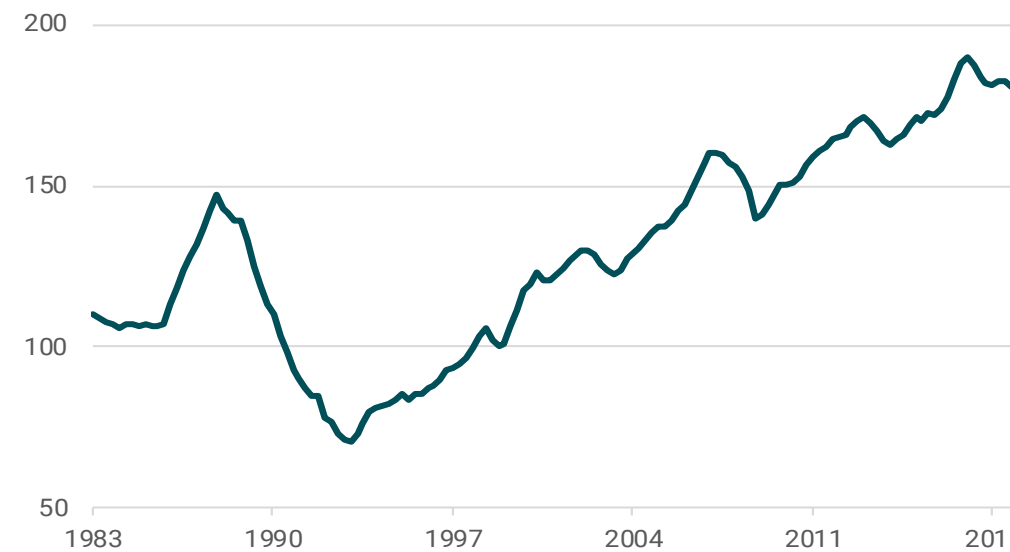


# The housing market – Price development

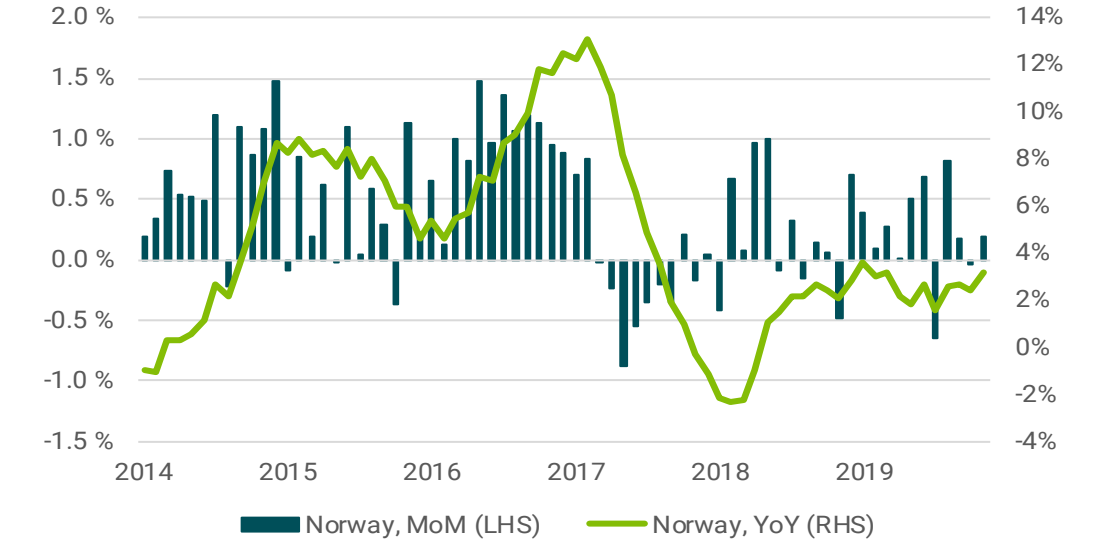
Nominal house price development



House prices/disposable income per capita



House prices (monthly and twelve-month change)

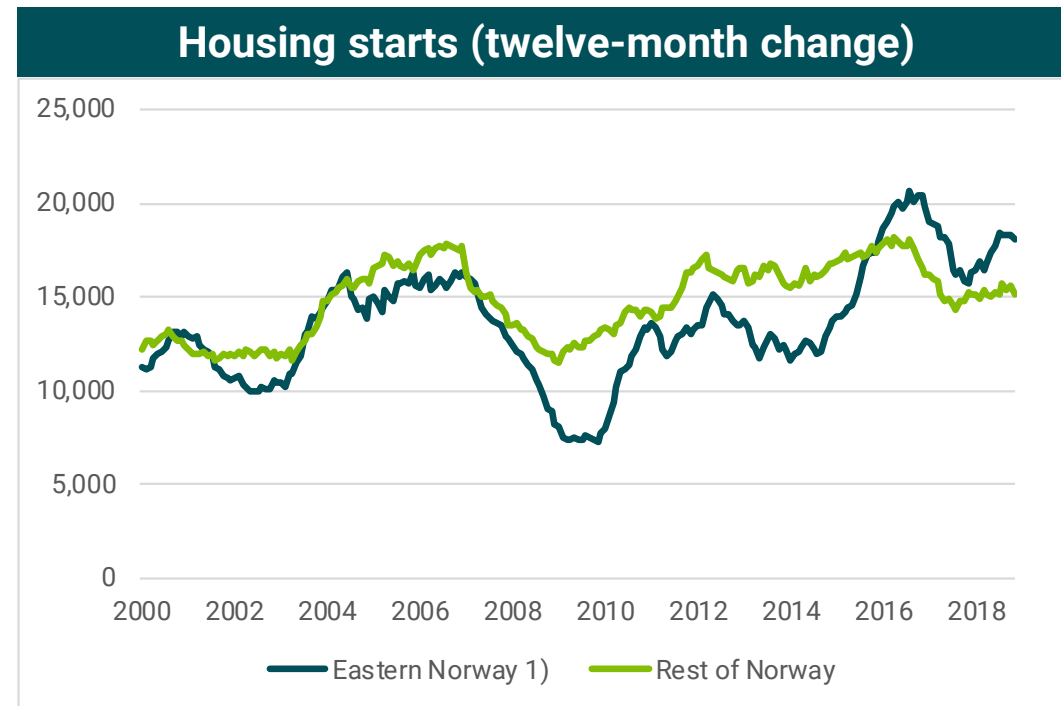


- Nominal house prices have increased by an average of 6.2% per annum since 2000.
- The Norwegian housing market have stabilized in 2018 and 2019 after volatile price development in 2016 and 2017.

- House prices are expected to show moderate increases going forward driven from higher mortgage rates and balanced supply versus population growth
- Reduced the risk for a sudden and significant downward correction in house prices going forward

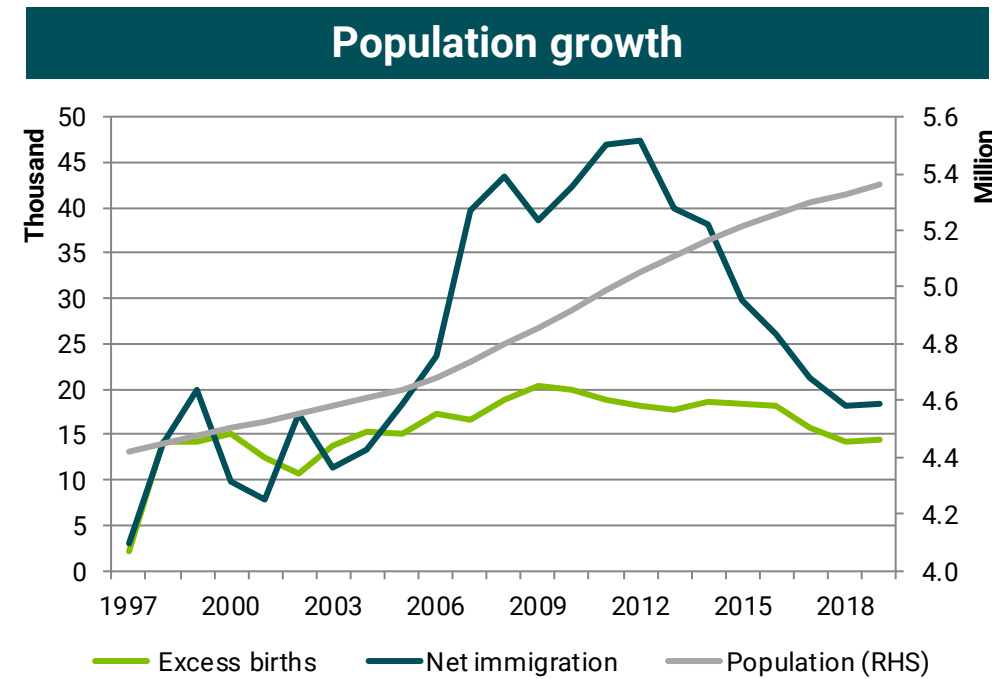
- Median house price (last 6 months) in Norway is € 313,000, median house price in Oslo is € 412,000
- Average m<sup>2</sup> price last 6 months in Norway is € 4,139 , m<sup>2</sup> price in Oslo is € 7,163

# The housing market – Drivers of the housing market



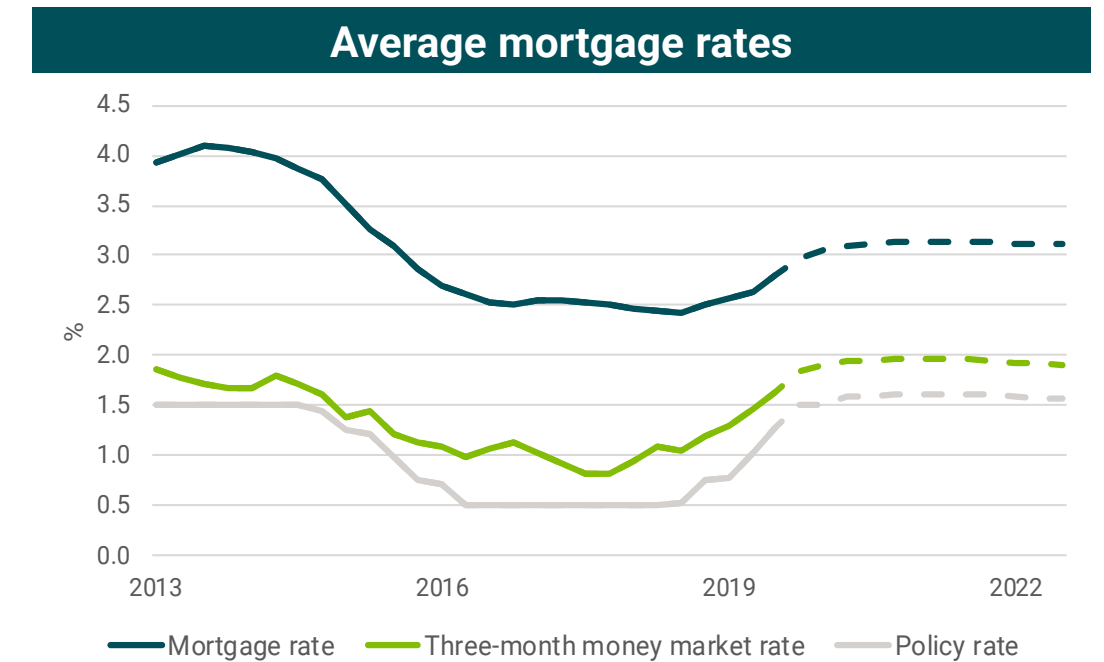
Source: Statistics Norway, October 2019  
1) Akershus, Buskerud, Hedmark, Oppland, Oslo, Telemark, Vestfold and Østfold

- Housing investments and new home construction are expected to remain at current levels going forward after a moderate growth last five quarters.



Source: Statistics Norway, Q3 2019

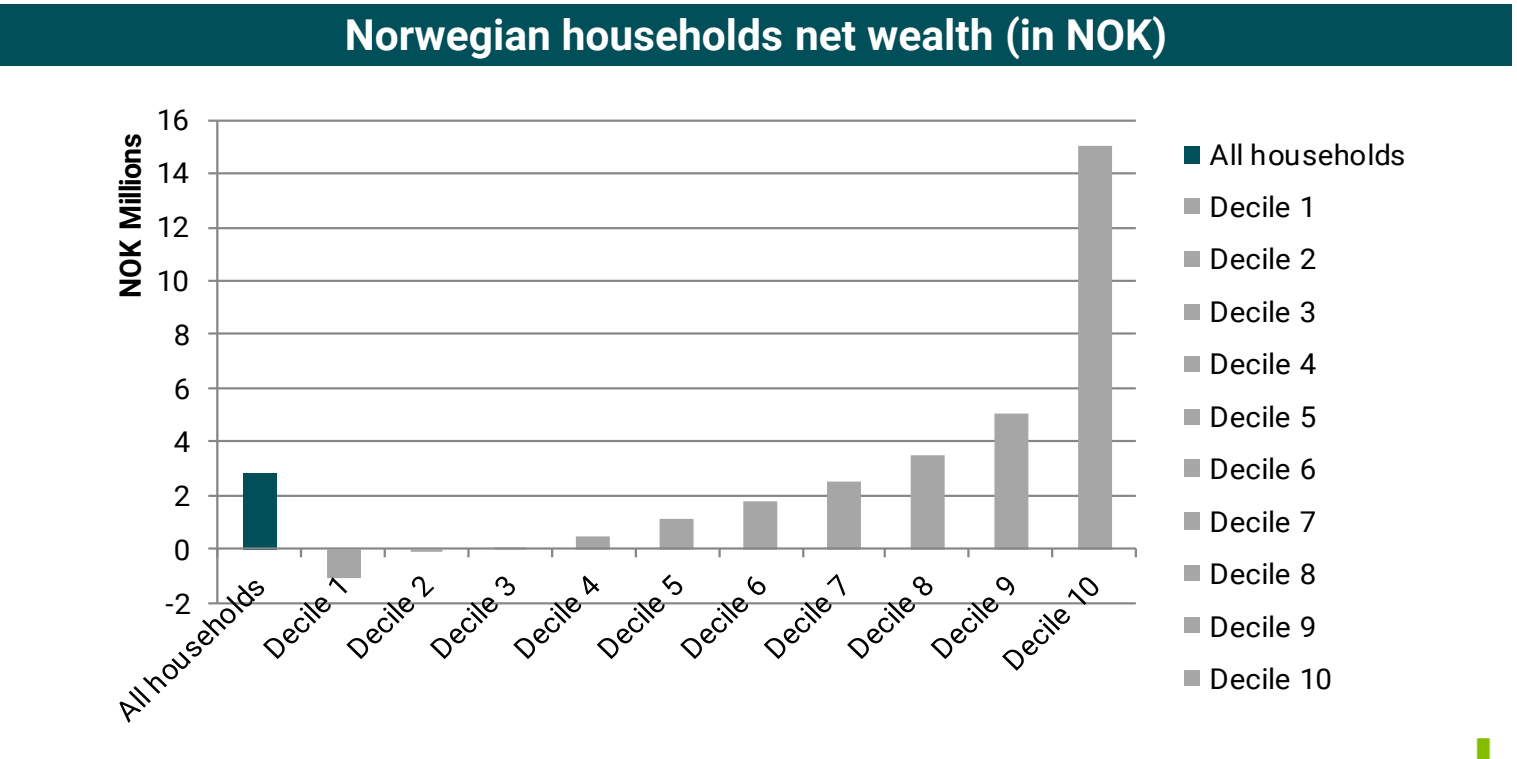
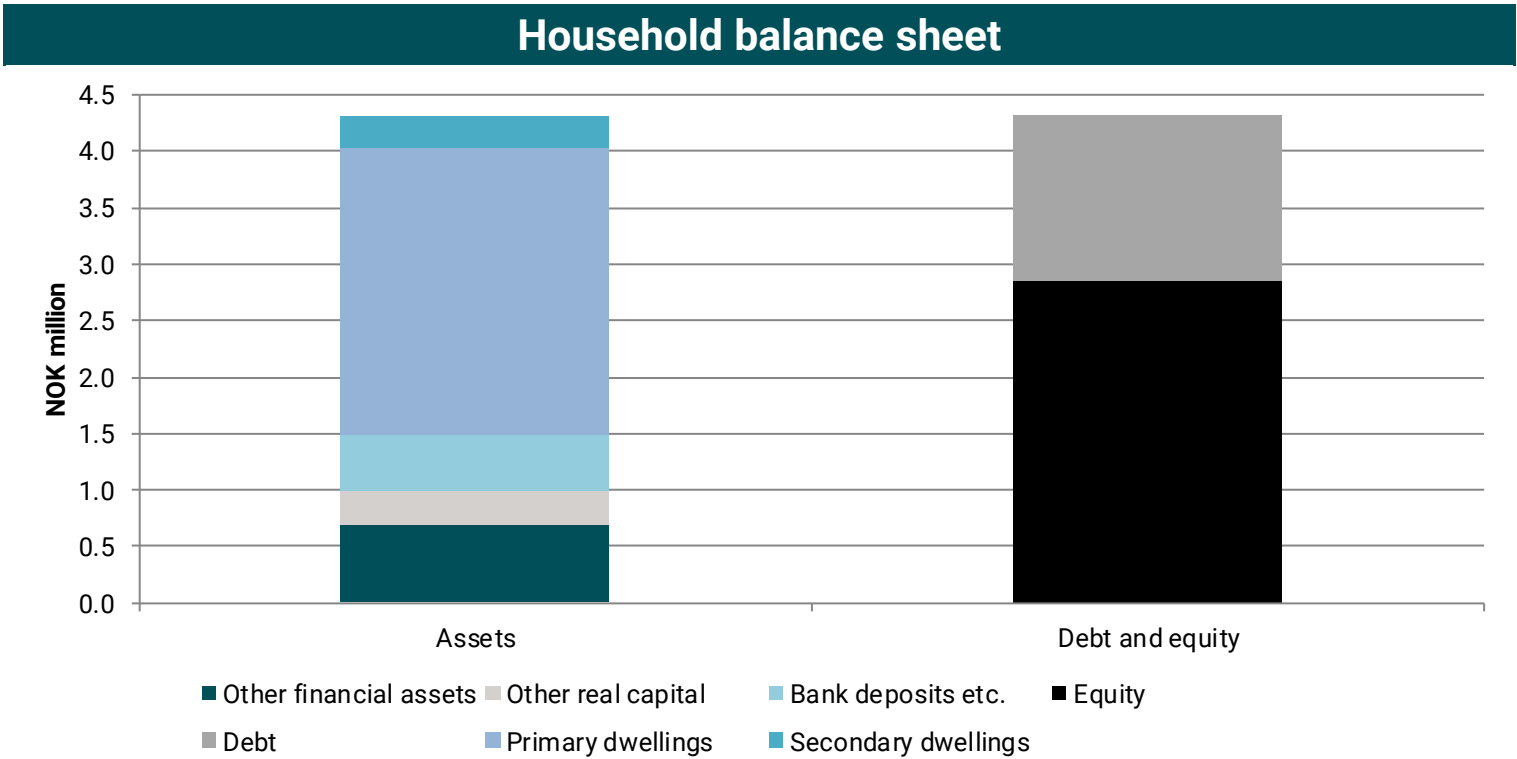
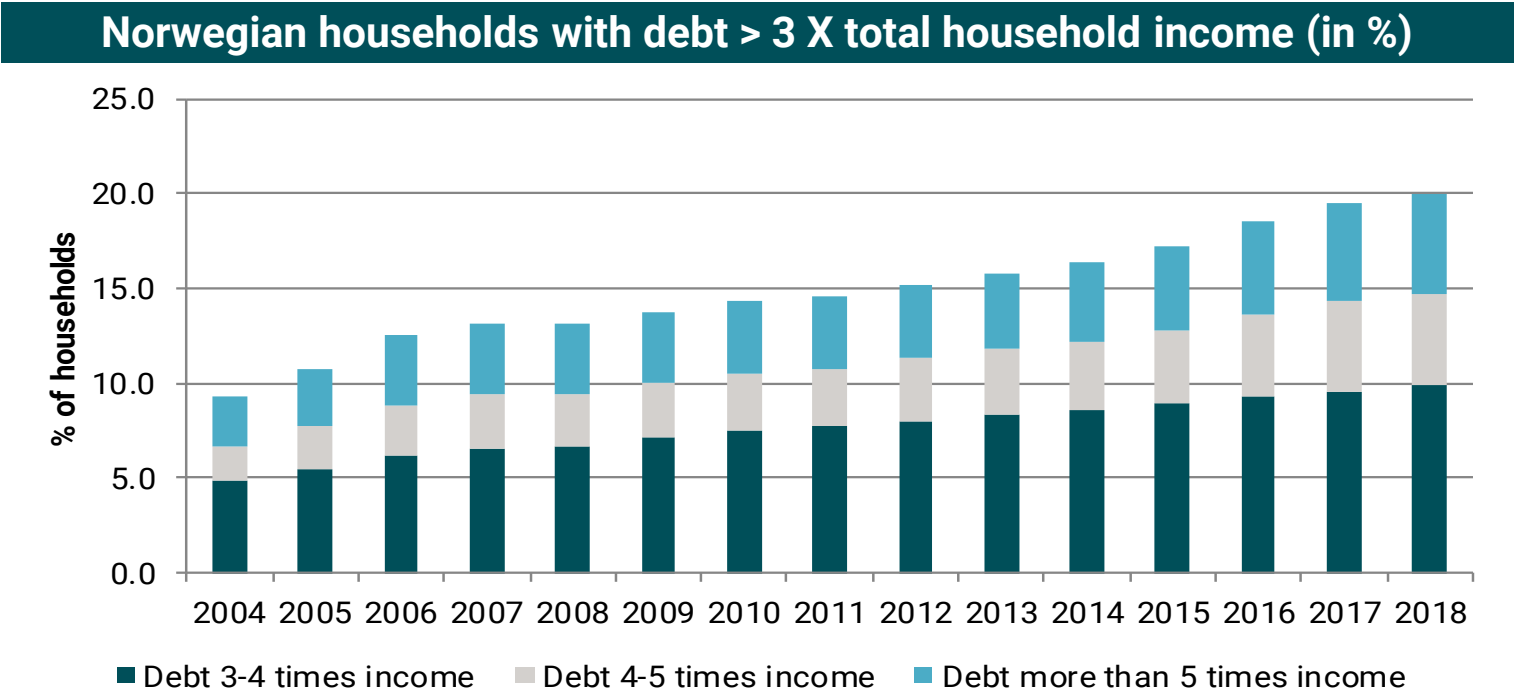
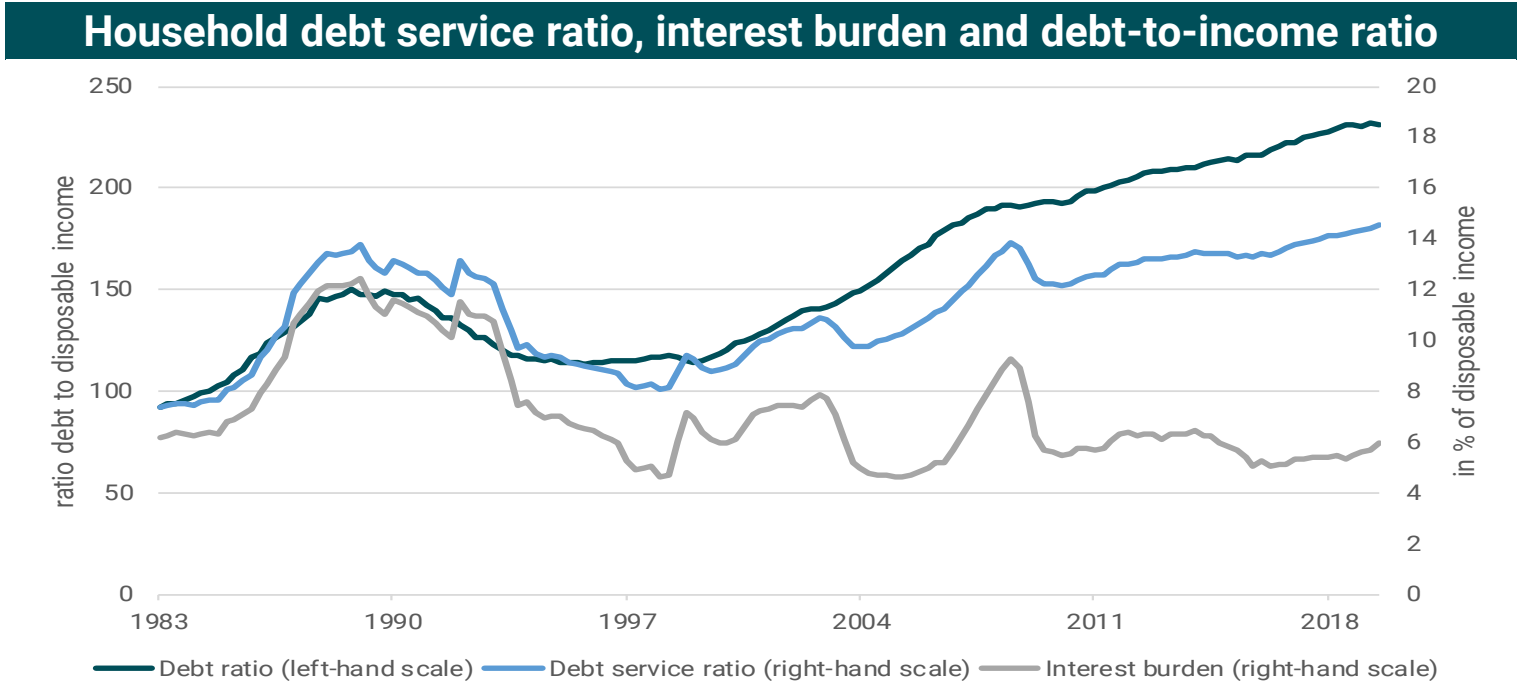
- Net immigration down from above 47,000 in 2011/12 to 18,000 in 2018. Net immigration in 2019 is expected to be in line with 2019
- The population growth of 0.9% p.a. since 1997 has been driven both by excess birth rate (38%) and net immigration (62%)



Source: Statistics Norway, Thomson Reuters, Norges Bank, projections broken lines, Monetary Policy Report 4/2019

- Average mortgage rates expected to increase marginally from 2.9% end of October 2019 to 3.1% in 2022 in line with expected developments in key policy rates, money markets rates and funding costs

# Households financial position



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- Eika Alliance
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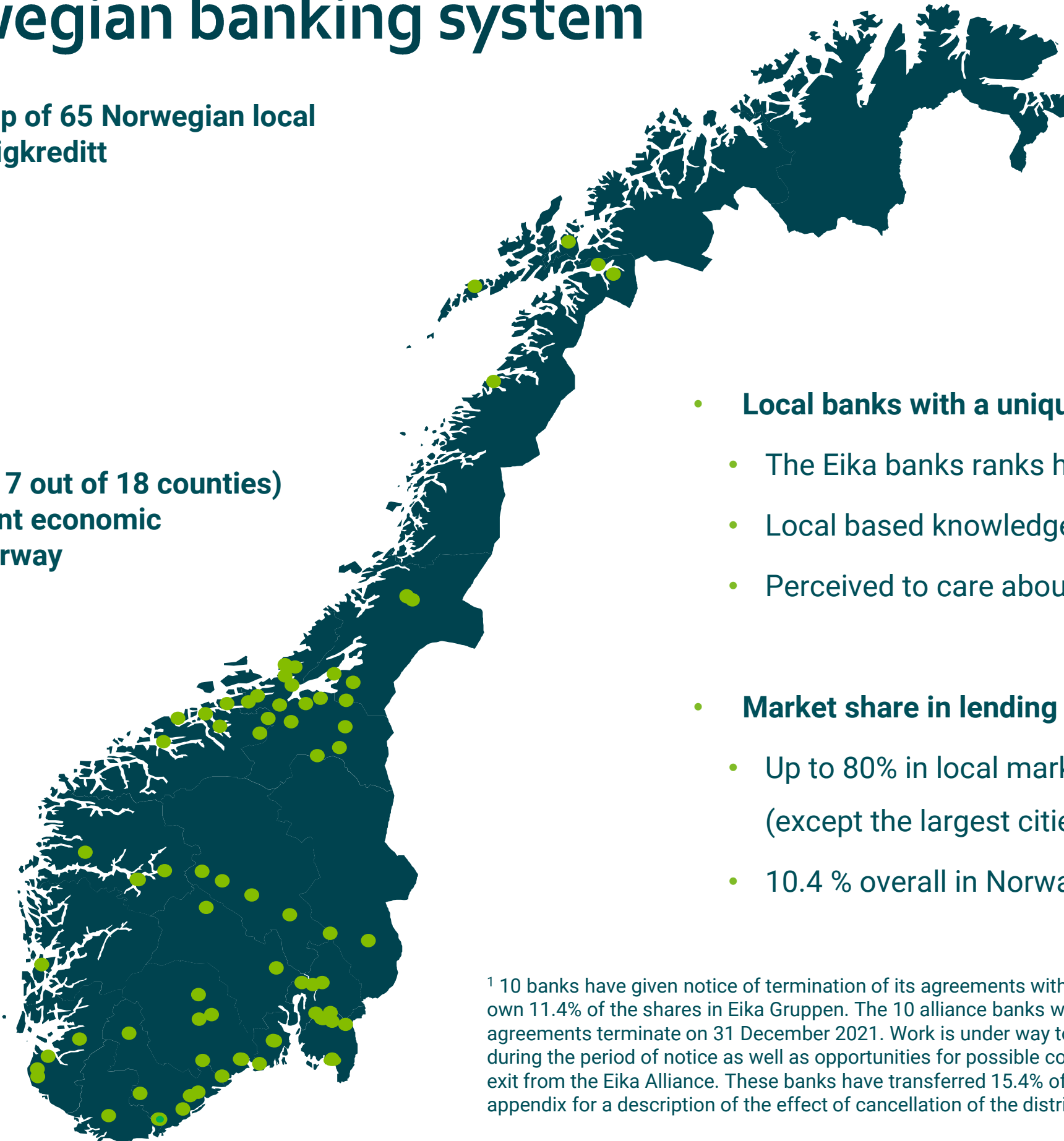


# 3<sup>rd</sup> largest Norwegian banking system

- The Eika Alliance consist of a group of 65 Norwegian local banks<sup>1</sup>, 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

<sup>1</sup> 10 banks have given notice of termination of its agreements with Eika Gruppen. These banks in total own 11.4% of the shares in Eika Gruppen. The 10 alliance banks will leave the alliance when their agreements terminate on 31 December 2021. Work is under way to clarify collaboration and deliveries during the period of notice as well as opportunities for possible commercial collaboration after their exit from the Eika Alliance. These banks have transferred 15.4% of the portfolio in Eika Boligkreditt. See appendix for a description of the effect of cancellation of the distribution agreement.

# The Eika Alliance



## Eika Boligkreditt AS

Covered Bond Funding

## Eika Banksamarbeidet DA\*

Entity that procures products and services on behalf of the alliance members

## 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](http://www.obos.no)  
\* The 10 banks that have given notice of termination to Eika Gruppen are not involved in Eika Banksamarbeidet DA

# 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

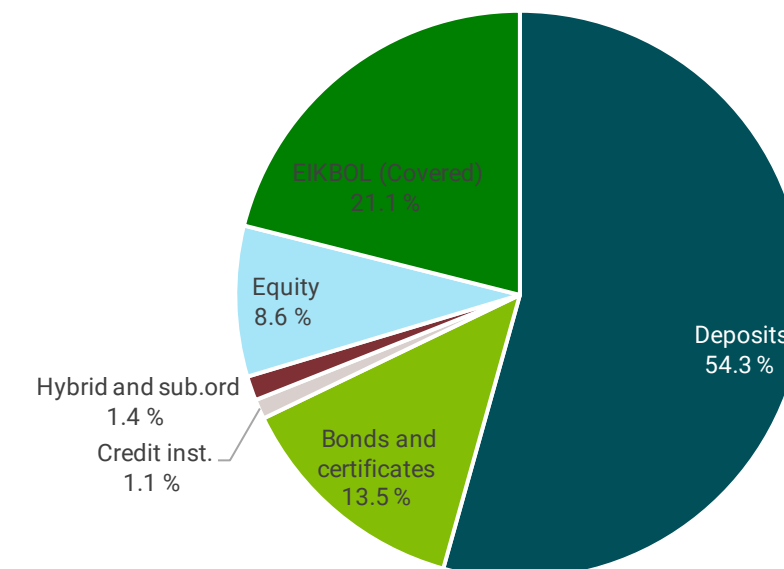
- Work as if one integrated entity
- Operational integration
- Offer non-core banking products through jointly owned product companies



Alliance programme

### Total funding sources

As of Q2 2019



Source: Bank analyst Eika

# Focus on retail customers

- Eika banks have a large and stable retail customer base
- Retail lending accounts for 81.0% 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

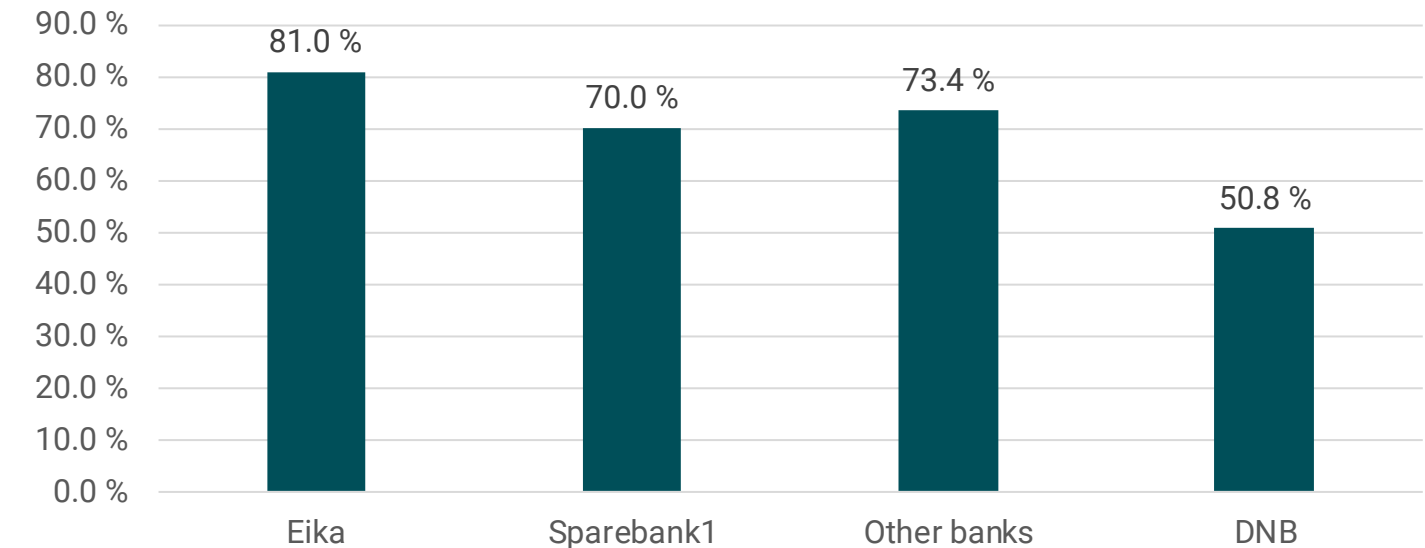
- Decisions are made close to the customer and transaction originations
- Each bank continues to develop its link with its local community
- Keeping its own name and legal identity



Separate legal identities and a common support brand

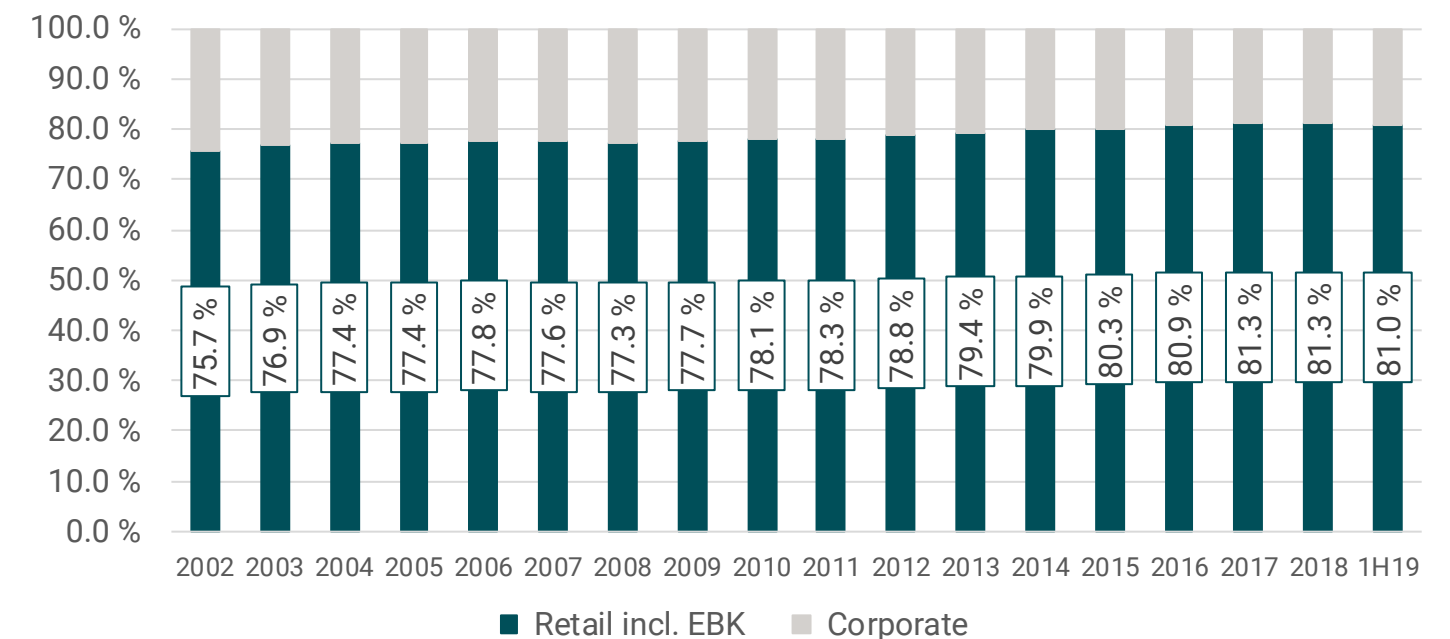
## Retail share - Eika vs. peers

As of Q2 2019



## Breakdown of the Eika banks lending

As of Q2 2019



Source: Bank analyst Eika

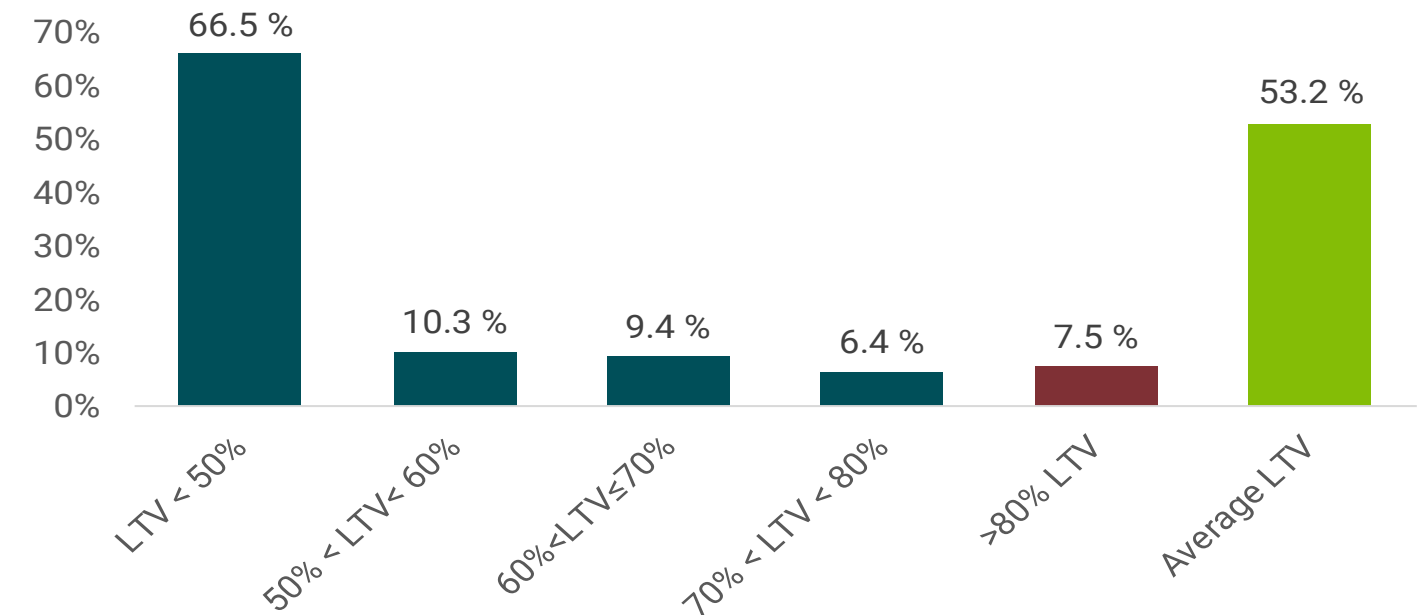


# High asset quality

- 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)

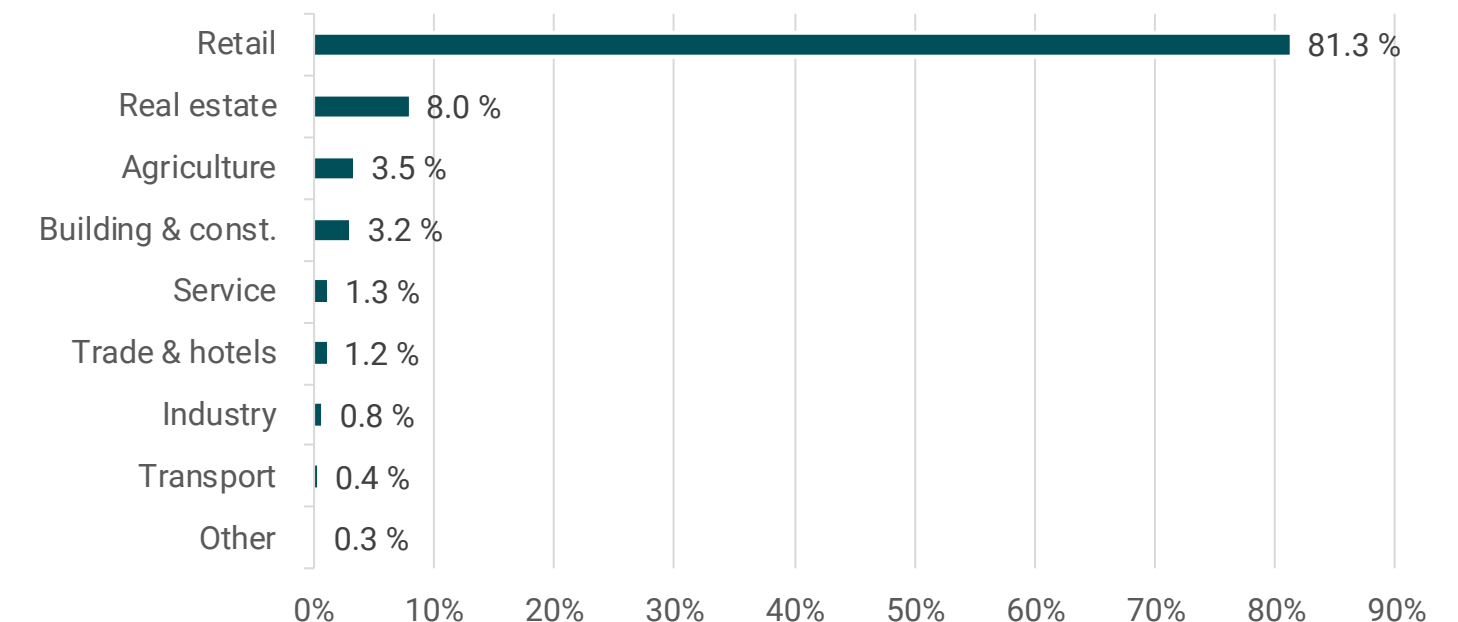
## Low LTV in mortgage portfolio (bank book)

As of Q4 2018



## Sector breakdown of the loan book (incl.EBK)

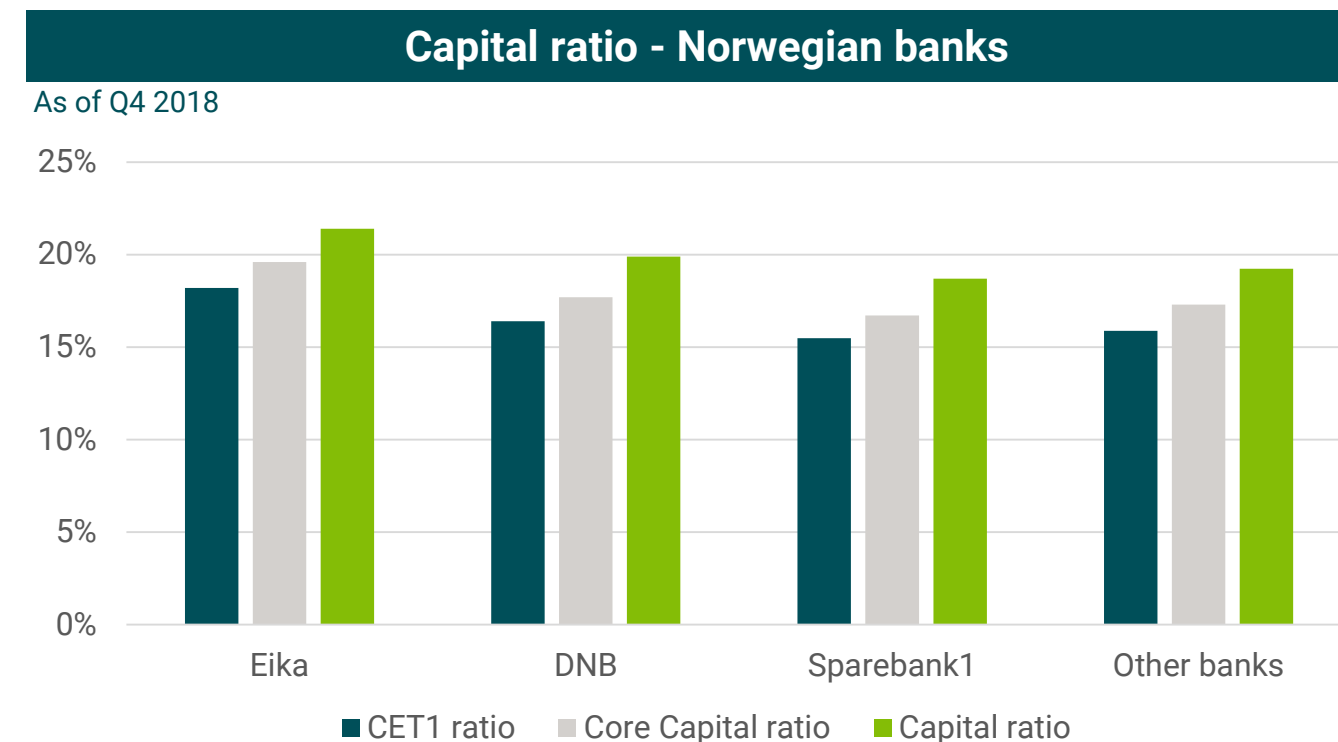
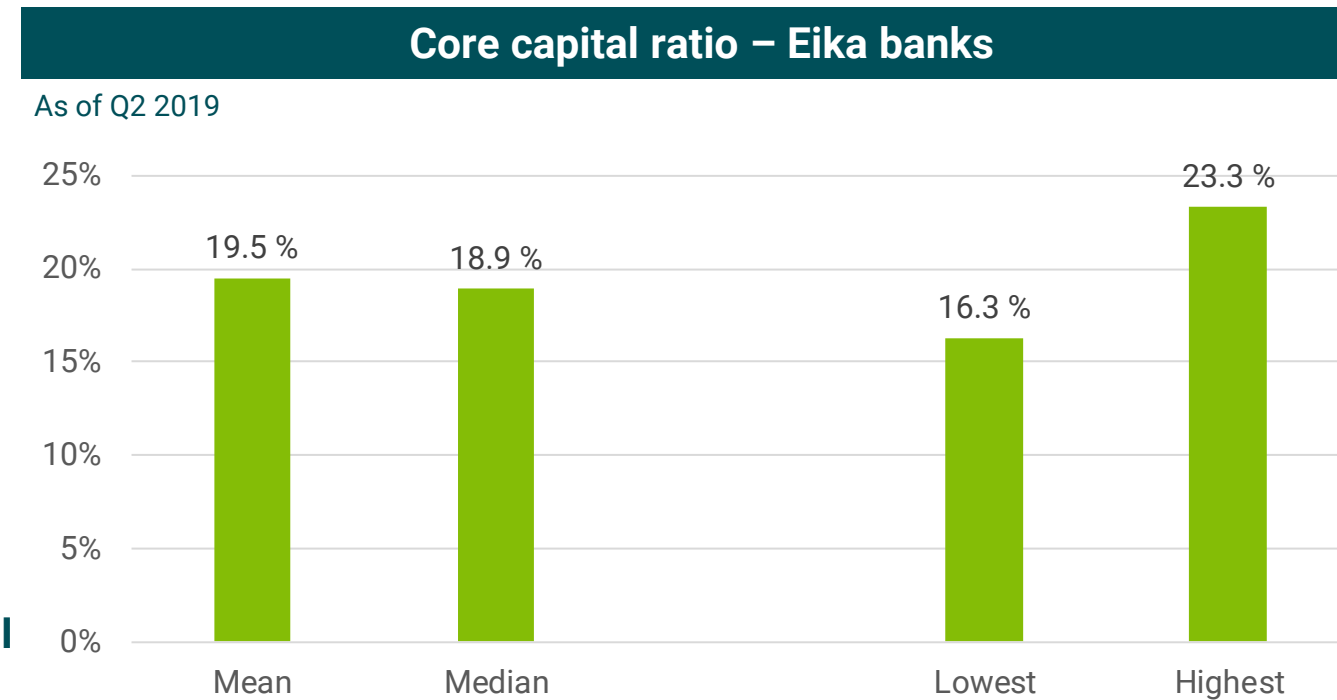
As of Q4 2018



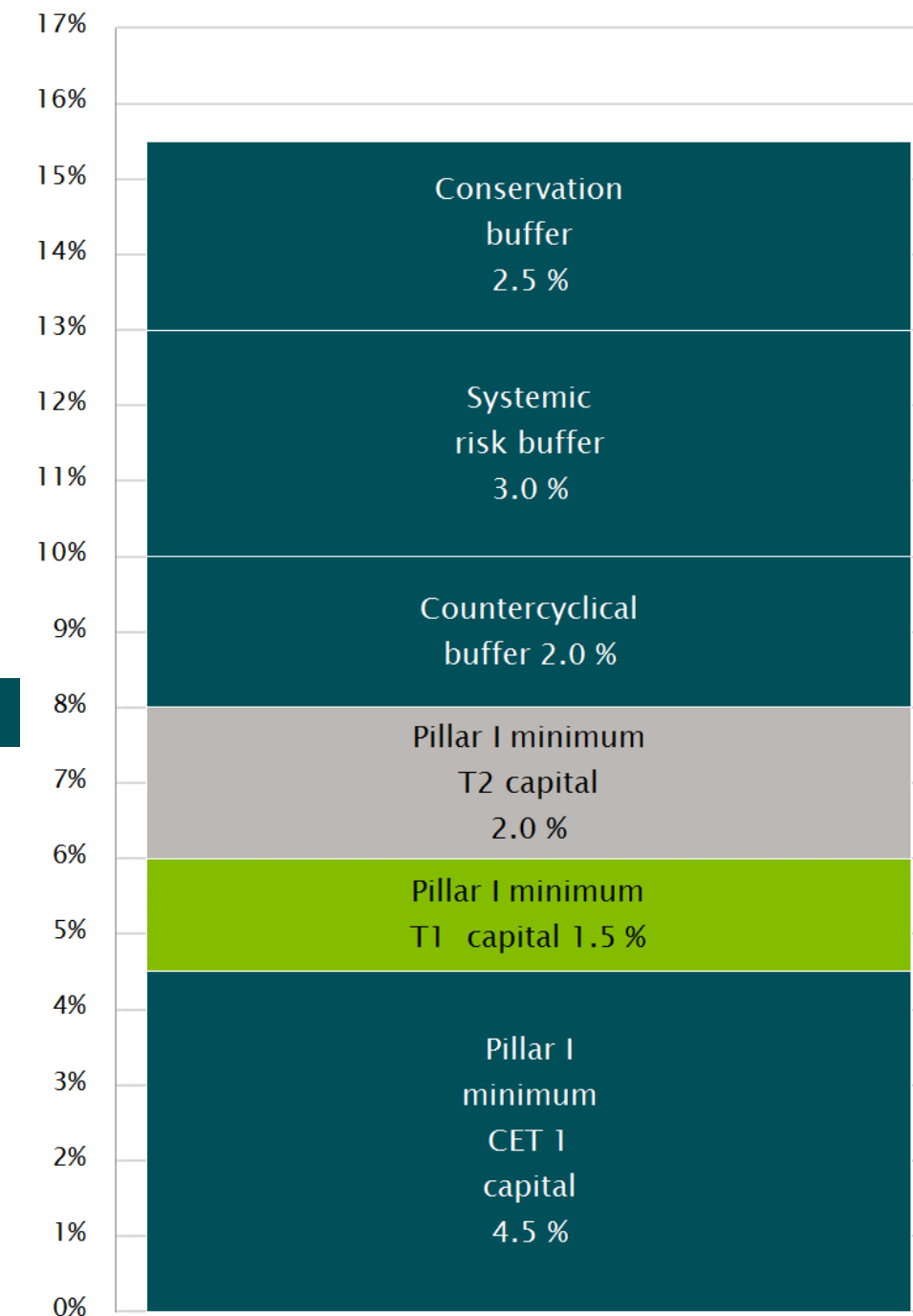
Source: Bank analyst Eika

# Strong capitalization

- **Strong capital ratios – Q2 2019**
  - Common equity ratio (CET1): 17.4%
  - Core capital ratio: 18.8%
  - Capital ratio: 20.6%
  - Equity ratio (Equity/Total assets): 10.8%
- **All Eika banks are well capitalized (core capital ratio)**
  - Lowest: 16.3%
  - Highest: 23.3%
- **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

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

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

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

Industry	Sales (\$B)
Industrials	3.6
Consumer Discretionary	2.5
Consumer Staples	2.2
Materials	1.8
Utilities	1.4
Energy	1.2

eika.



# ESG in Eika Boligkreditt

Eika Boligkreditt does 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.



In 2018, EIKA BOLIGKREDITT AS received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment<sup>1</sup>.

More information about Corporate Social Responsibility and ESG in Eika Boligkreditt:

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

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

<sup>1</sup> THE USE BY EIKA BOLIGKREDITT AS OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF EIKA BOLIGKREDITT AS BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

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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

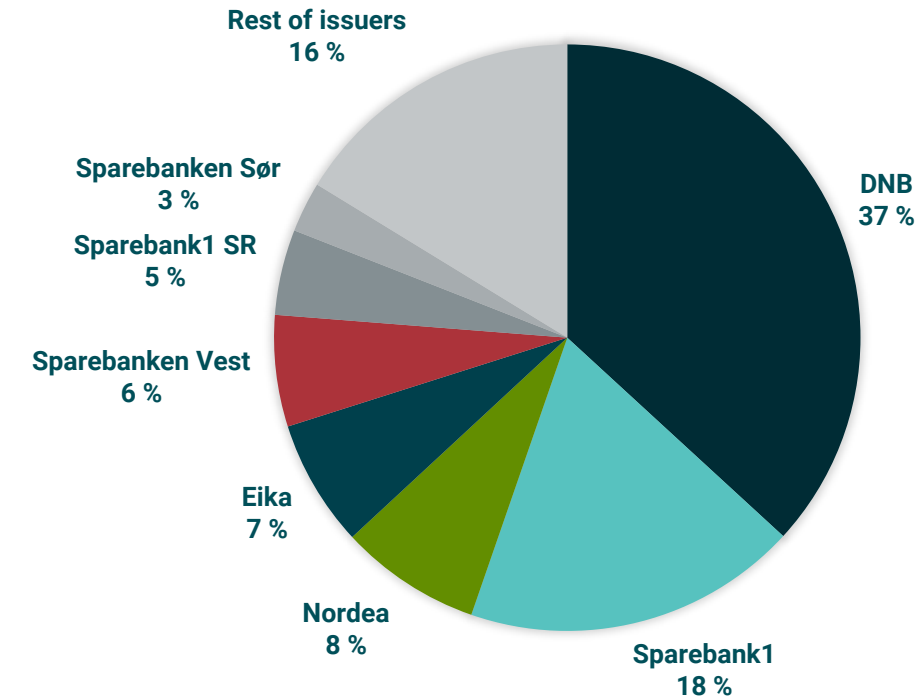
- Norwegian covered bonds are category 1 for LCR purposes (above EUR 500 mill.)
- 10% preferential risk weighting

## III. Eika Boligkreditt covered bonds

- Eika Boligkreditt (**EIKBOL**) is a labelled covered bond issuer ([www.coveredbondlabel.com](http://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

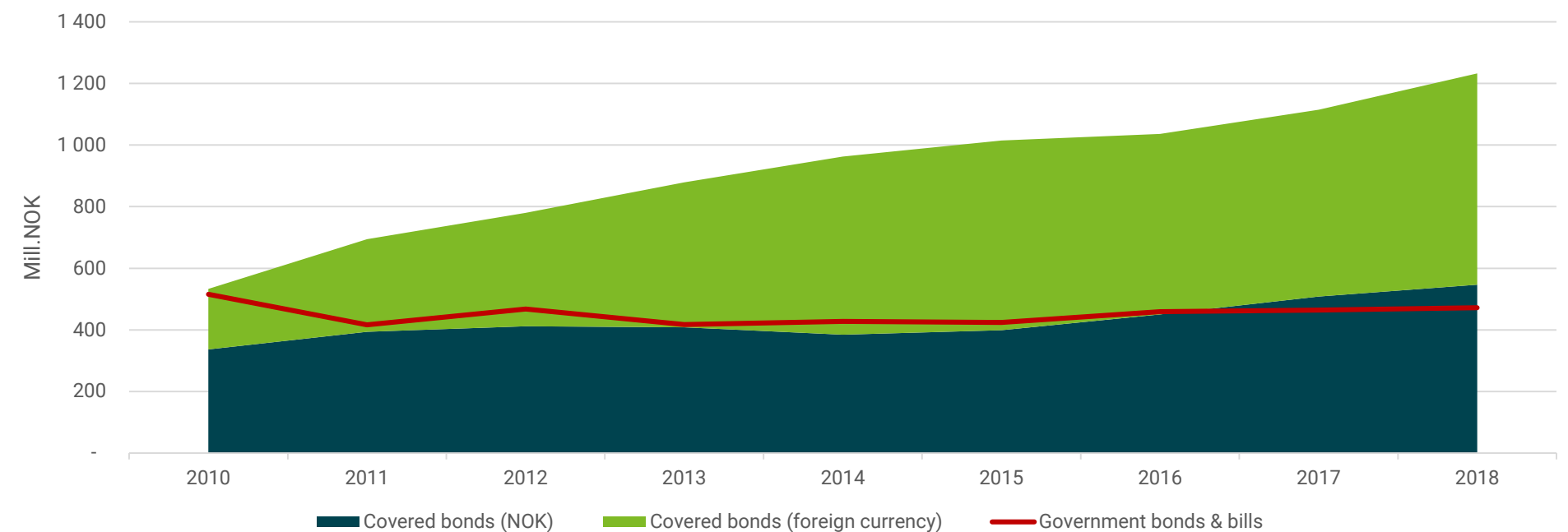
As of 2019Q3



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 75% at time of origination (same as 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

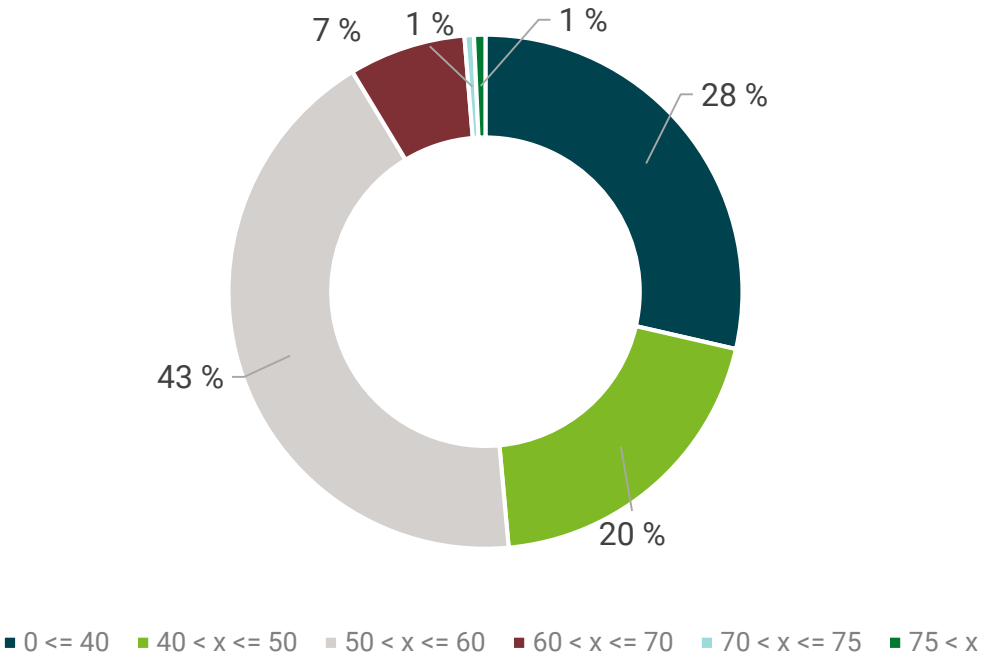
- **The Note Purchase Agreement (NPA)** is structured to ensure that EIKBOL has liquidity, at all times, sufficient to pay the Final Redemption Amount of any series of Notes in a rolling twelve month period
- **The Shareholders' Agreement** is structured to ensure that EIKBOL will uphold a sufficient 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 and a revolving credit facility between Eikbol (borrower) and Eika bank (lender) for the value of mortgages exceeding 75% of the value of the collateral



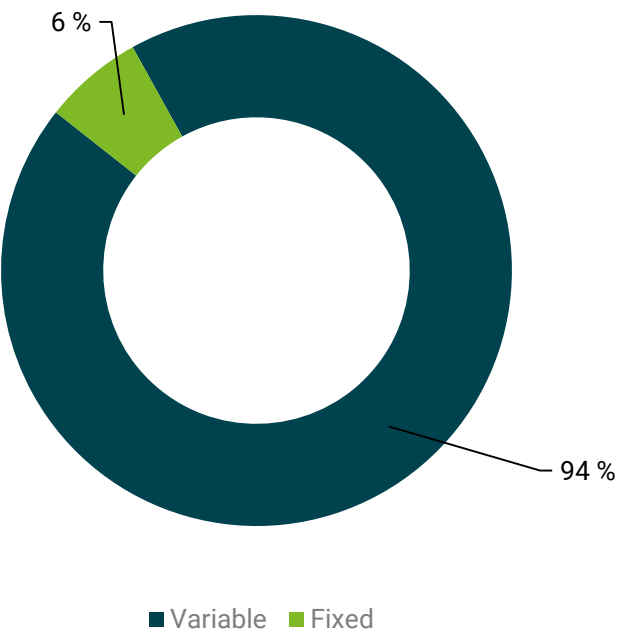
# Summary of the mortgages in the cover pool

Nominal value	EUR 8.5 bn
Number of loans	53,960
Arithmetic average loan (nominal)	EUR 156,946
WA LTV (indexed)	46.1%
WA seasoning (months)	33
Loans in arrears (over 90 days)	0.0
Over-collateralization *	11.9 %

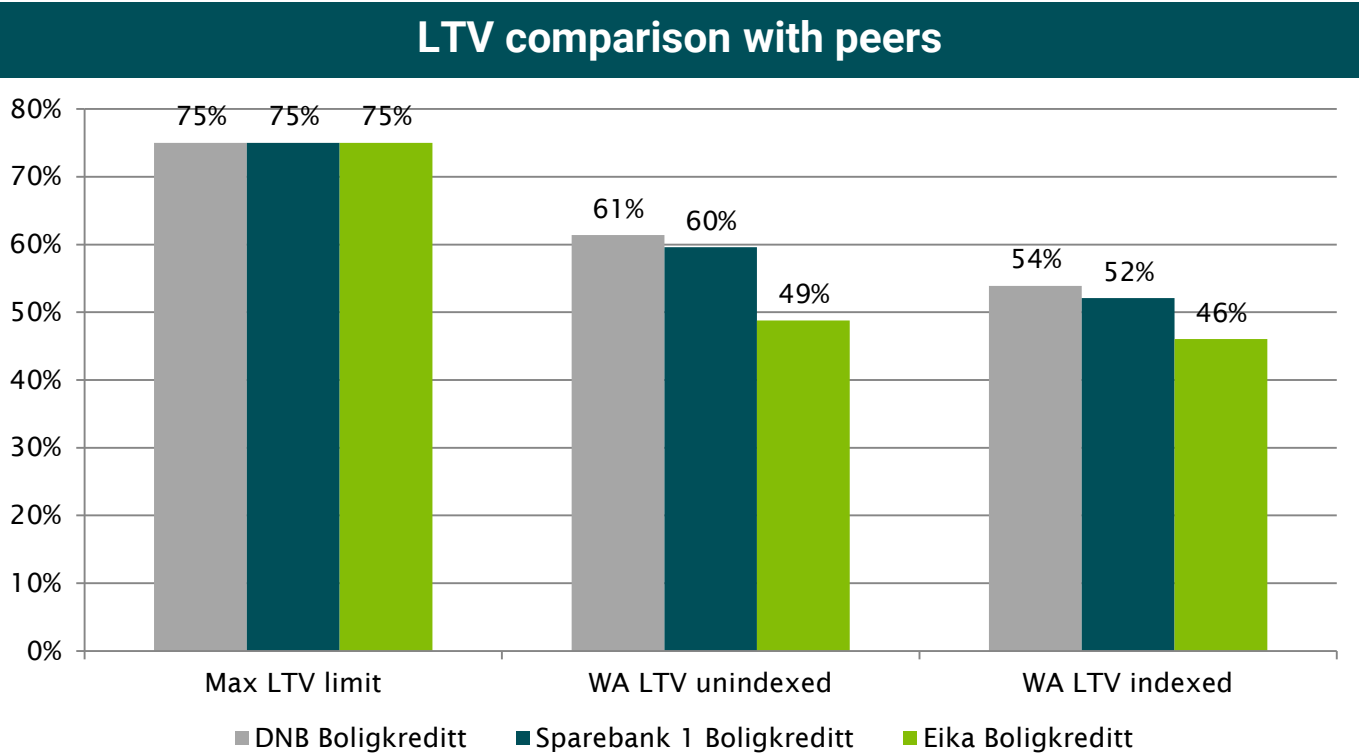
Indexed LTV distribution



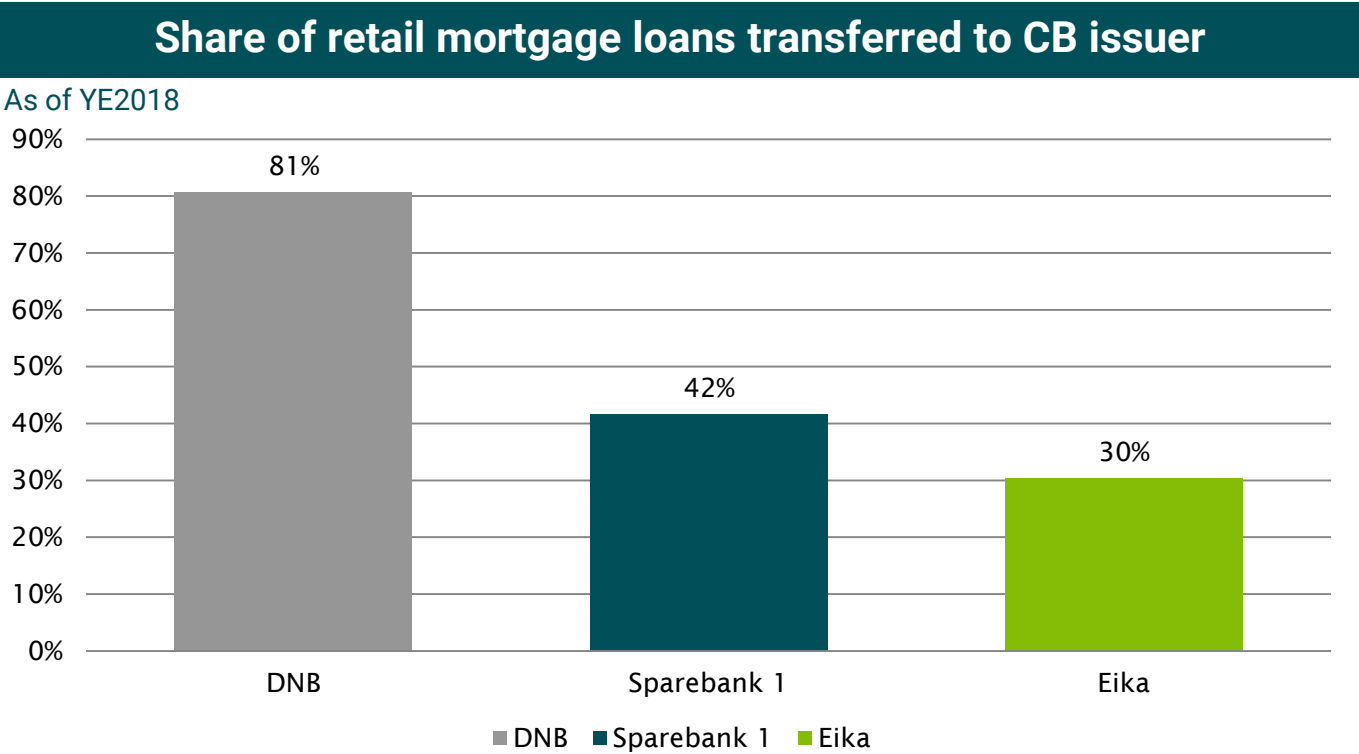
Variable vs fixed rate



# Cover pool comparison and stress test



Source: Cover pool information as of Q3 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	8,469	8,469	8,469	8,469
Part of mortgages exceeding 75% LTV	0	15.5	51.2	363.9
Share of mortgage portfolio >75% LTV	0.00 %	0.2 %	0.6 %	4.3 %
Estimated over-collateralization*	11.9 %	11.7 %	11.3 %	7.7 %

Data as of 30.09.2019. EURNOK 9.8953  
\* OC is estimated based on nominal values

# Current funding

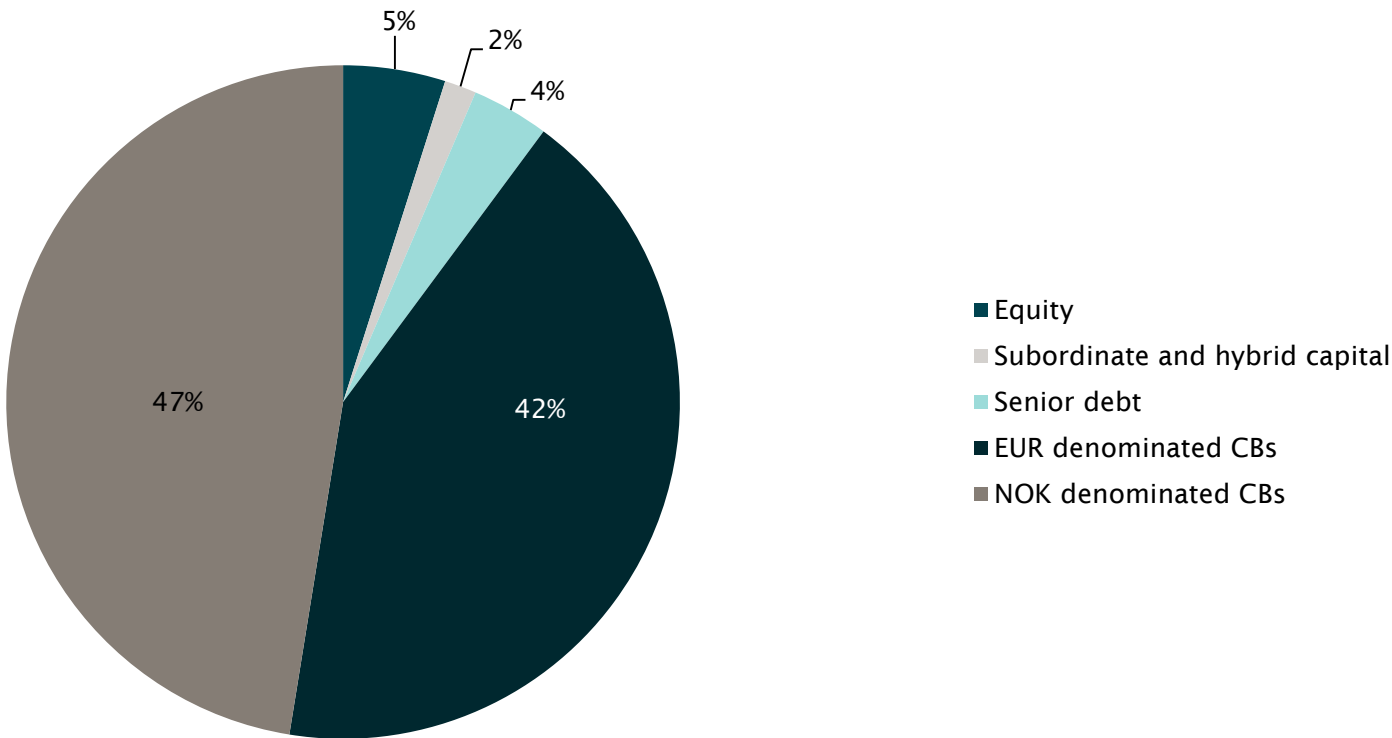
- EIKBOL has the objective to be a frequent benchmark issuer in both EUR and NOK covered bond markets
- Redemptions within any future 12-month rolling period should not exceed 20% of the gross funding at the time of redemption
- Targeting a level of liquidity covering redemptions the next 12 months
-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

## Outstanding EUR benchmark transactions

ISIN	Issue date	Volume (EUR mio)	Maturity date
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

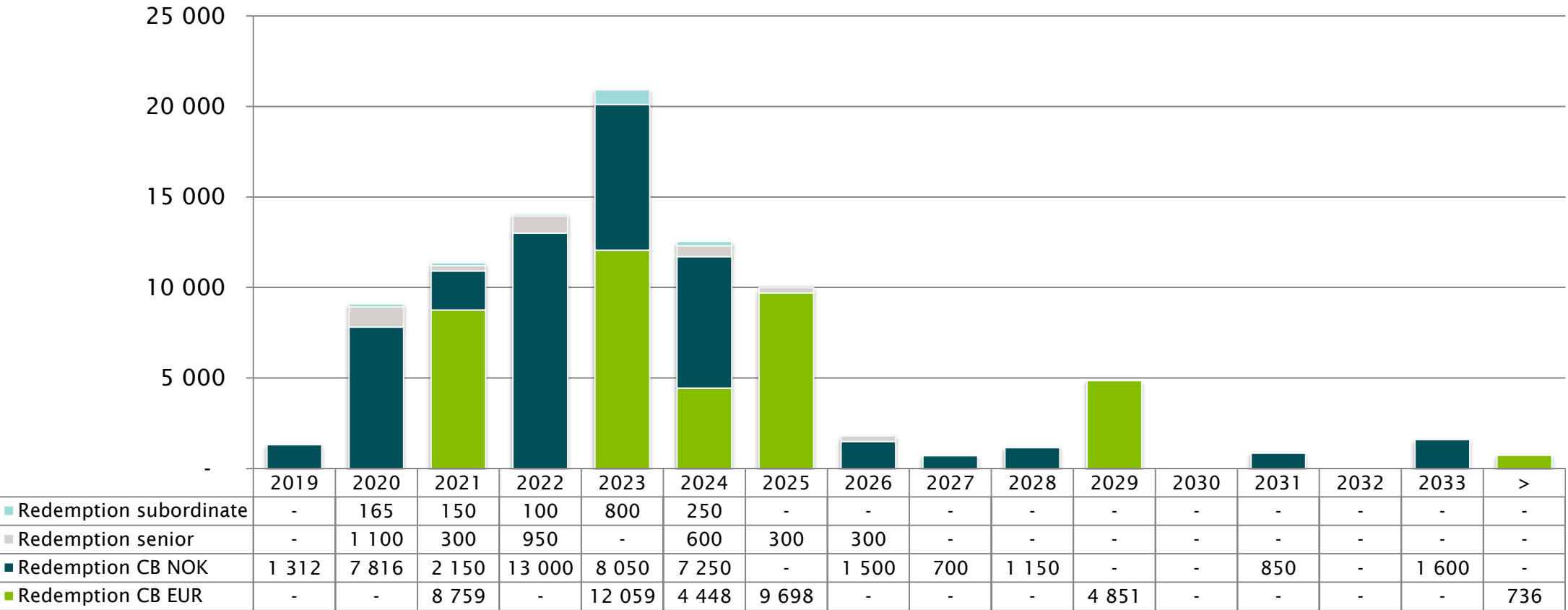
## Funding mix EIKBOL

As of 2019-11-30



## Maturity profile of funding (in million NOK)

As of 2019-11-30

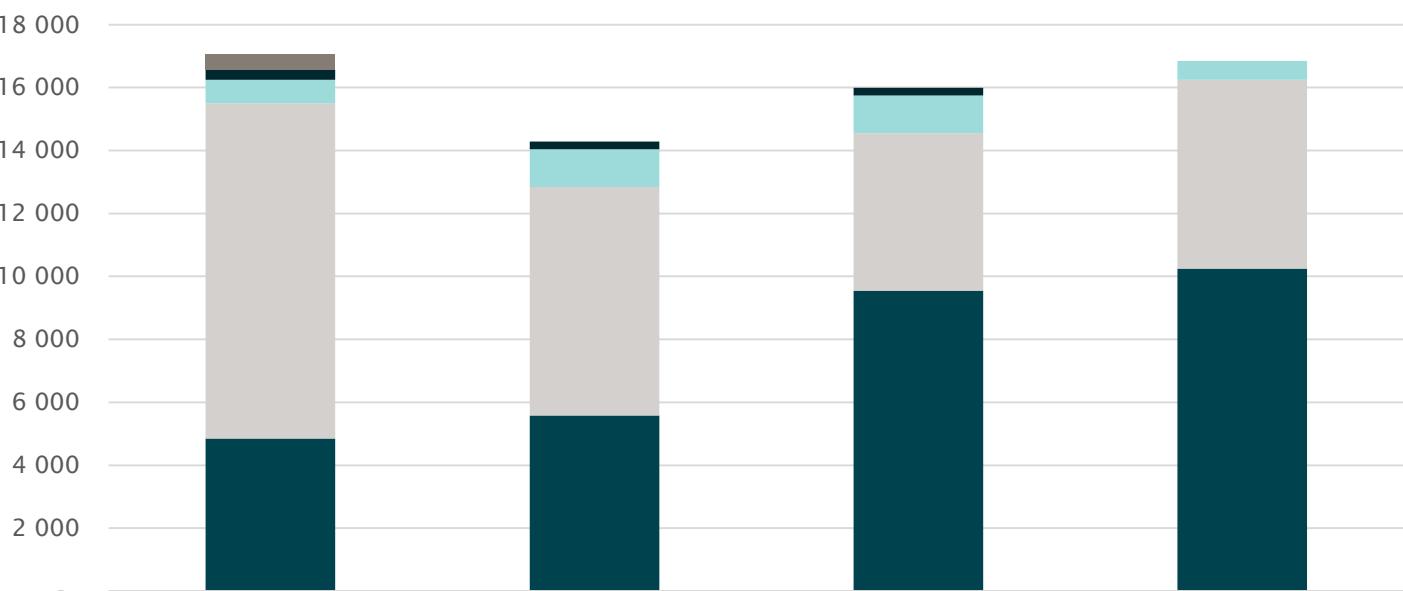


# Planned funding

- Budget for gross funding in 2020 is NOK-equivalent of 16.9 billion (EUR 1.7bn)
  - NOK-equivalent of 16.3 billion in covered bonds
  - NOK 600 million in senior unsecured 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

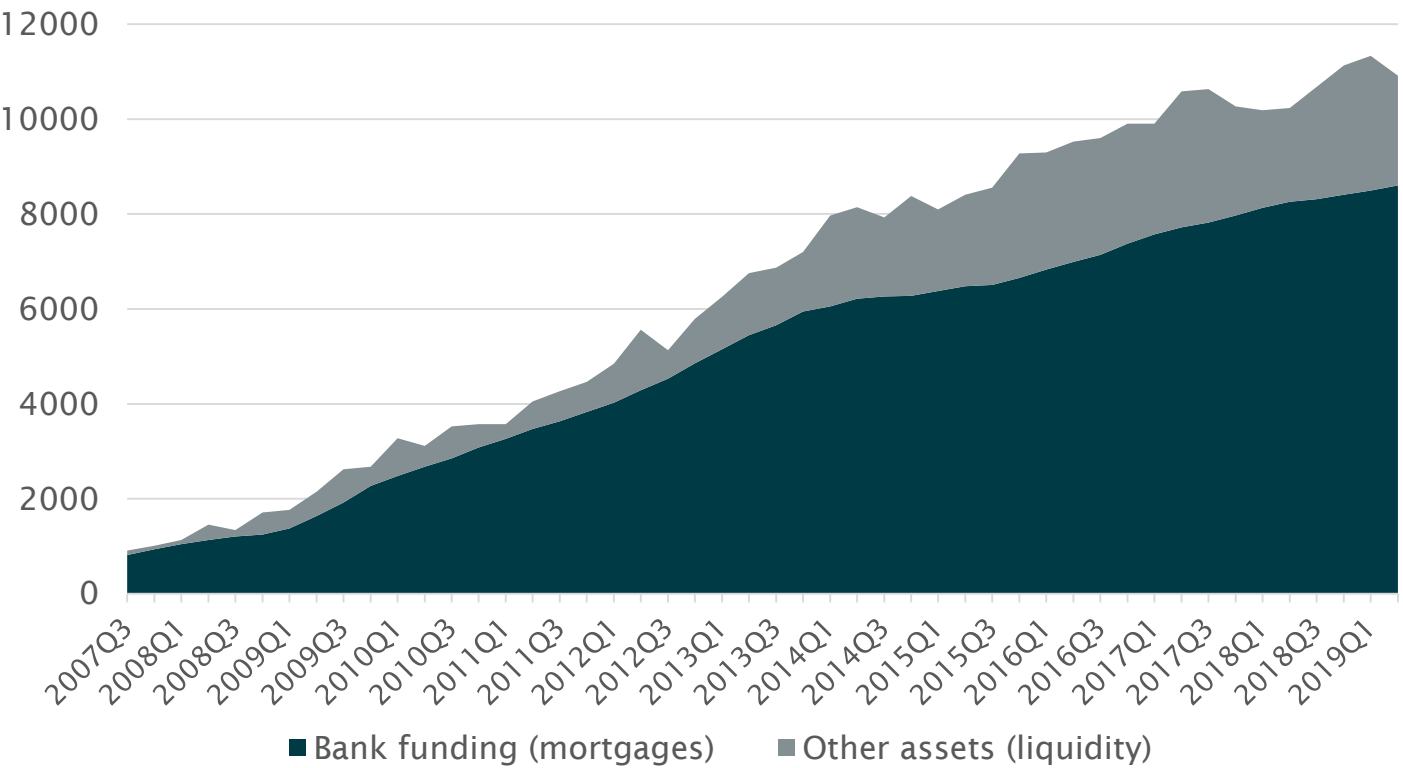
Actual and planned funding by instrument (in million NOK)

As of 2019-11-30



AT1	475	-	-	-
T2	325	250	250	-
Senior unsecured	750	1 200	1 200	600
Covered Bonds (denominated in NOK)	10 650	7 250	5 000	6 000
Covered Bonds (denominated in EUR)	4 848	5 587	9 545	10 251

EIKBOL development in mortgages and AUM (in million €)





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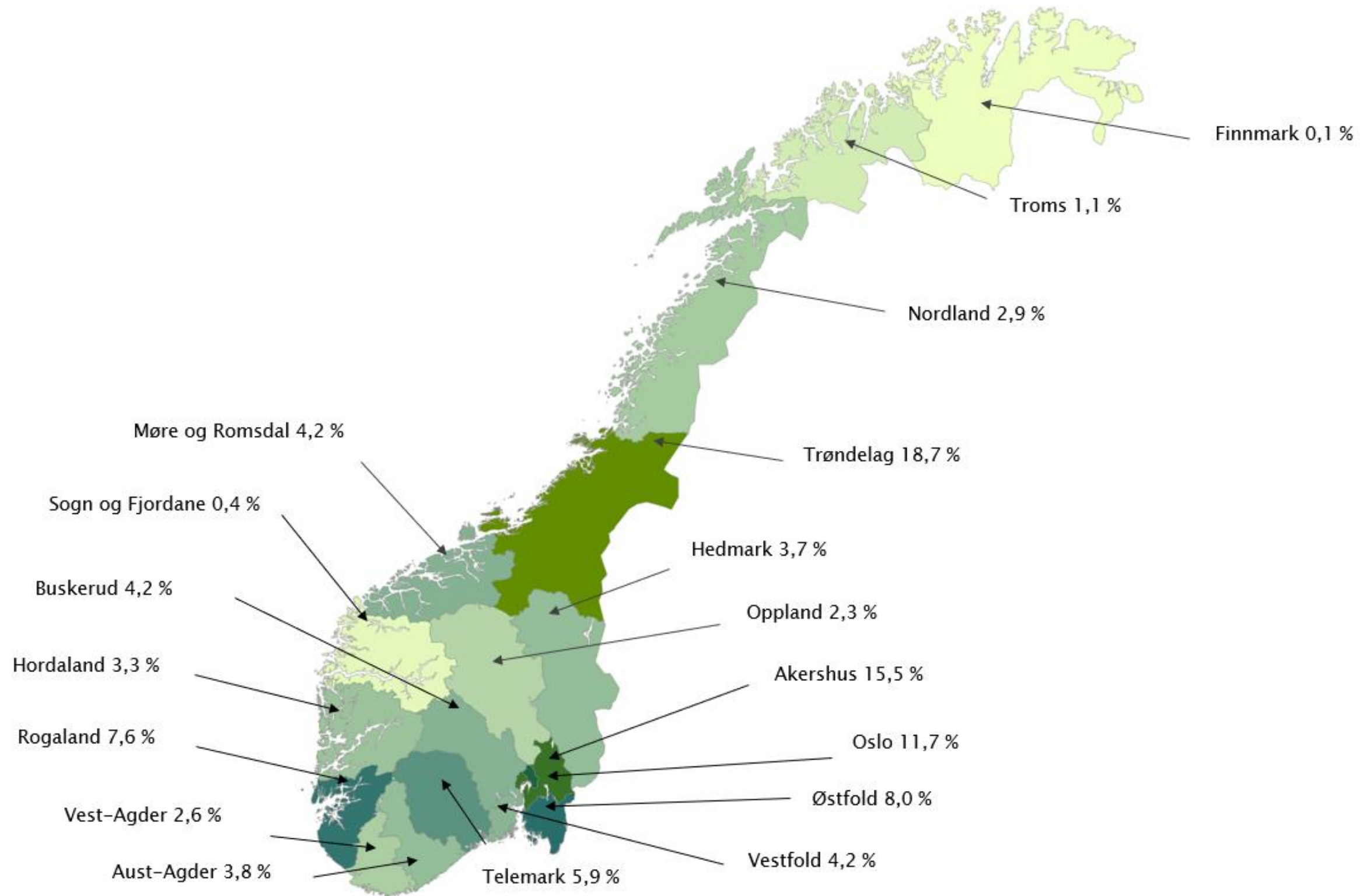
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More information may be found on  
<https://eikabol.no>

# Agenda

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

# Mortgage lending - Strong geographical diversification



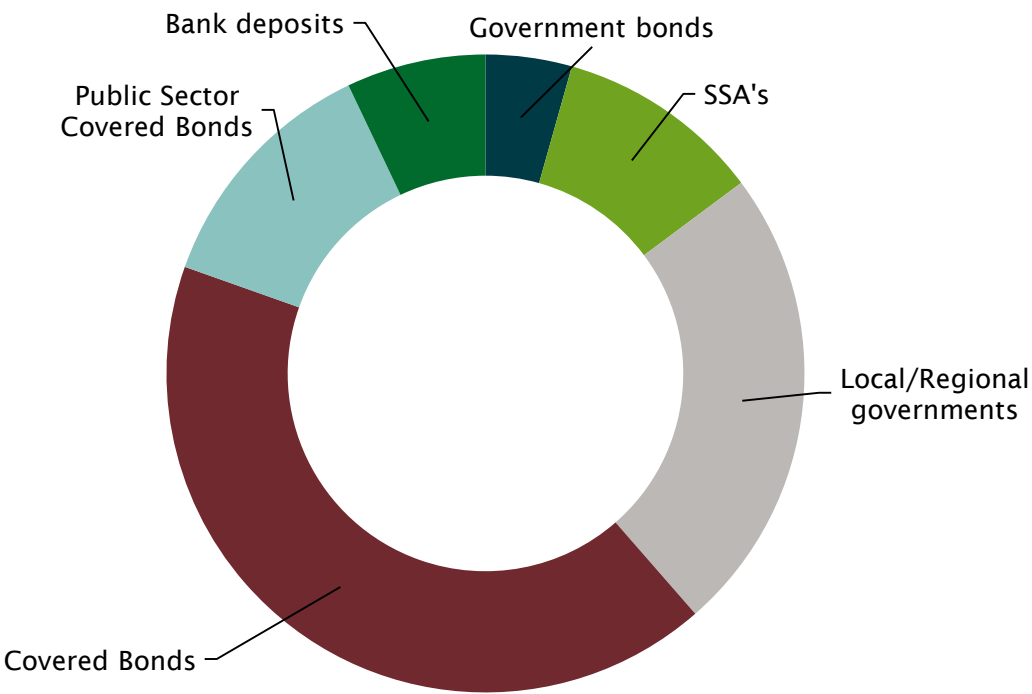
# Liquidity portfolio

- 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	50,299,637	4 %	0.34
SSA's	120,198,606	10 %	1.74
Local/Regional governments	273,796,051	24 %	0.24
Covered Bonds	481,948,293	42 %	2.07
Public Sector Covered Bonds	144,077,674	13 %	1.57
Bank deposits	81,363,281	7 %	0.00
Total portfolio	1,151,683,542	100 %	1.32

- 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](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	2019Q2	2019Q3
Total Interest income	2 461	2 066	1 861	2 049	2 162	604	633	673
Total interest expenses	1 721	1 430	1 380	1 366	1 480	445	473	515
Net interest income	741	636	482	683	682	159	161	158
Dividend from shares classified as available for sale	-	6	6	6	18	3	4	3
Total gains and losses on financial instruments at fair value	51	203	(81)	(135)	22	1	4	(10)
Comission costs	431	443	300	410	458	112	104	135
Total salaries and administrative expenses	32	42	39	48	50	12	12	14
Depreciation	1	2	1	2	2	1	1	1
Other operating expenses	10	13	14	16	16	4	3	3
Losses on loans and gurantees	-	-	-	-	-	-	-	-
PROFIT/(LOSS) BEFORE TAXES	117	344	50	78	197	34	48	(2)
Taxes	30	81	11	18	45	8	11	(1)
PROFIT/(LOSS) FOR THE PERIOD	87	263	39	60	152	27	37	(0.4)
Net gains and losses on bonds and certificates	-	-	-	-	(7)	9	2	(1)
Fair value adjustment, shares	-	-	-	-	(15)	-	-	-
Net gains and losses on basis swaps	-	-	-	-	(106)	(26)	91	(5)
Taxes on other comprehensive income	-	-	-	-	28	4	(23)	1
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	52	14	106	(5)

<sup>1</sup> 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 Q3 2019:

Eika Boligkreditt showed a loss of NOK 0.4 million for the third quarter, compared with a profit of NOK 47 million in the same period of 2018. Net gains and losses on basis swaps came to negative NOK 5 million for the third quarter of 2019 (2018: negative NOK 3 million) , net gains and losses on bonds and certificates came to a loss of NOK 1 million and taxes on other comprehensive income came to NOK 1 million, so that the comprehensive income for the period including such changes came to a loss of NOK 5 million.

The full report is available on: [eikbol.no](http://eikbol.no)

# Eika Boligkreditt - Balance sheet and key figures

Amounts in NOK Million	2014	2015	2016	2017	2018	2019Q1	2019Q2	2019Q3
<b>Balance sheet development</b>								
Lending to customers	60 889	64 527	71 509	77 286	82 015	82 427	83 450	84 232
Debt from issuing securities	72 878	79 876	86 983	90 030	97 288	100 038	95 691	96 244
Subordinated loans	698	450	599	600	674	674	674	889
Equity*	3 024	4 242	4 396	4 770	5 290	5 164	5 378	5 366
Equity in % of total assets*	3.72	4.72	4.58	4.79	4.90	4.70	5.08	5.00
Average total assets	76 845	84 571	92 324	99 466	101 744	108 949	107 917	107 924
Total assets	81 298	89 932	96 017	99 603	107 969	109 929	105 851	107 945
<b>Rate of return / profitability</b>								
Fee and commission income to relation to average total assets, annualised (%)	0.74	0.50	0.32	0.40	0.40	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	0.03	0.03
Return on equity, annualised (%)	4.17	10.70	1.37	1.90	4.50	0.30	3.60	2.30
Total assets per full-time position	4 106	4 542	4 849	5 030	5 453	5 847	5 630	5 452
<b>Finacial strength</b>								
Core tier 1 capital	2 925	3 607	3 833	4 156	4 522	4 523	4 674	4 674
Total tier 1 capital	3 374	4 055	4 282	4 706	5 227	5 096	5 248	5 248
Total primary capital (tier 2 capital)	3 623	4 505	4 882	5 305	5 902	5 771	5 922	6 137
Weighted calculation basis	25 155	27 510	29 766	31 468	33 731	34 084	34 116	34 377
Core tier 1 capital ratio	11.63	13.10	12.88	13.20	13.40	13.30	13.70	13.60
Total tier 1 capital ratio	13.41	14.70	14.39	15.00	15.50	15.00	15.40	15.30
Capital adeqacy ratio	14.40	16.40	16.40	16.90	17.50	16.90	17.40	17.90
Delinquines in % of gross loans	-	-	-	-	-	-	-	-
Loss in % of gross loans	-	-	-	-	-	-	-	-
<b>Staff</b>								
Number of full-time positions at end of period	19.8	19.8	19.8	19.8	19.8	18.8	18.8	19.8

\*Including AT1 capital

Source: EBK quarterly reports

## Eika Boligkreditt –changes in the business model in 2019

We have changed the following elements in the business model:

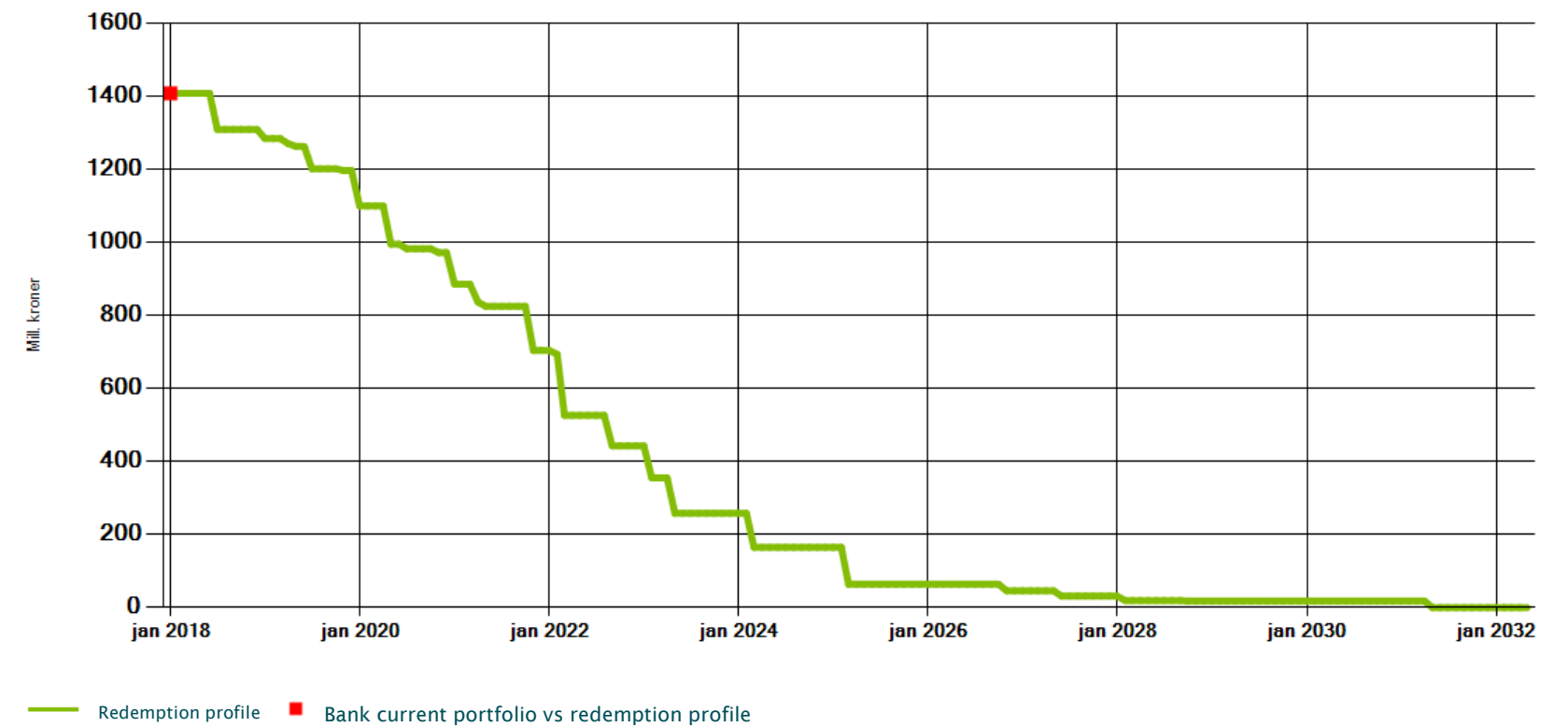
- Maximum LTV – increased the maximum LTV from 60% to the regulatory maximum of 75%.
  - This involves establishing a revolving credit facility (RCF) between Eika Boligkreditt (borrower) and Eika Banks (lender) financing the parts of mortgages exceeding 75% based on current valuation
  - There is a cap on the size of the RFC. The cap is the split amount of the mortgages exceeding 60% LTV based on the original collateral valuation
  - Eika Boligkreditt have to monitor the development in collateral values in the cover pool and have to set new collateral values triggered by significant decreases in collateral values
  - The changes are regulated in a supplement to the distribution agreement. It is voluntary for each Eika Bank to enter into the supplement enabling the increase in maximum LTV
  - This was approved by the board in Eika Boligkreditt November 7th 2019 and the supplement will be made available for the banks on request from November 2019
- ROE target
  - from 3 month NIBOR + 2.0%-points to 0.0%. 100% per cent of the value creation is paid as commission instead of split between dividend and commission. This was approved by the board in Eika Boligkreditt June 19th 2019 and took effect in the transfer pricing July 1st 2019



# 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 1<sup>st</sup> 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 1<sup>st</sup> 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 30<sup>th</sup> 2019 the boards in the banks announced starting negotiations with the intention to merge the
- ... a member in The Eika Alliance while ... Sparebank is a collaborating partner in ... consisting of 9 saving banks on the ... of Norway
- Currently ... if the merged bank will join the Eika A.
- The proposed name ... bank is Lister Sparebank
- Jan Kåre Eie, CEO in Flekkefjord ... is ... dal Sparebank will propose the chair in ... merged bank
- Total assets, including transferred to Eika a. 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

**The banks terminated negotiations December 19th 2019**

# Mergers Eika banks in 2019 continued

## Stadsbygd Sparebank and Ørland Sparebank

- June 18<sup>th</sup> 2019 the boards in the banks announced starting negotiations with the intention to merge the banks
- Both banks are among the 10 banks that have given notice of termination of its agreements with Eika Gruppen. Termination period ends December 31<sup>st</sup> 2021
- Total assets, including transferred to Eika Boligkreditt, of NOK 8.6 billion
- Rationales for considering to merge are to improve competitiveness in local markets, improved profitability and attractiveness as an employer and further enhance ability to contribute to develop their local communities

## Sparebank 68° Nord and Ofoten Sparebank

- September 18<sup>th</sup> 2019 the boards in the banks announced starting negotiations with the intention to merge the banks
- Sparebank 68° Nord is among the 10 banks that have given notice of termination of its agreements with Eika Gruppen. Termination period ends December 31<sup>st</sup> 2021
- Total assets, including transferred to Eika Boligkreditt, of NOK 10.1 billion
- Rationales for considering to merge are to improve competitiveness in local markets, 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&amp;L &amp; 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
<b>Net profit</b>	<b>1,430</b>	<b>855</b>	<b>1,413</b>	<b>1,559</b>	<b>1,930</b>	<b>1,707</b>	<b>2,271</b>	<b>2,282</b>	<b>2,569</b>
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 %

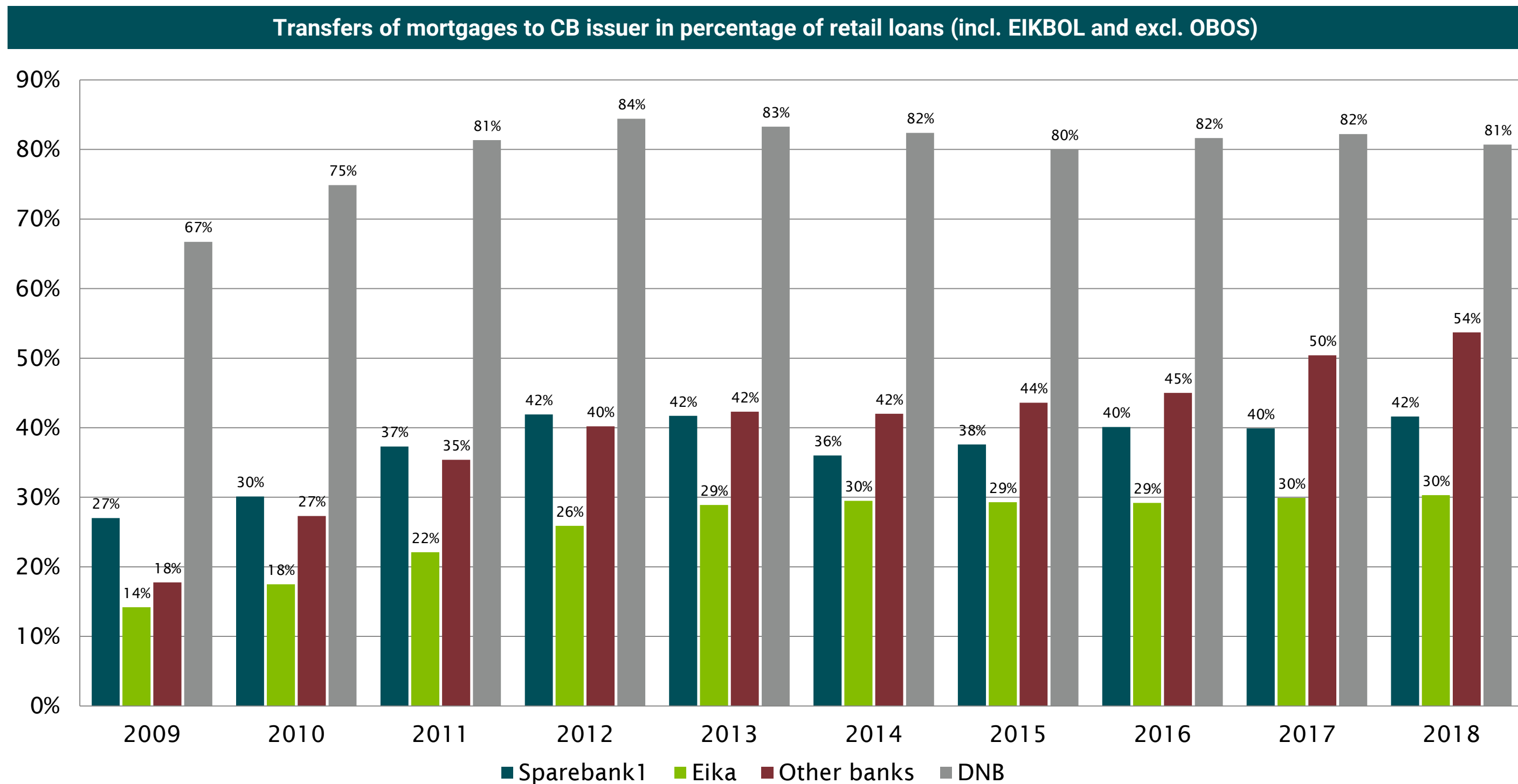
Source: Bank Analyst Eika



# Quarterly data - P&L and Key figures

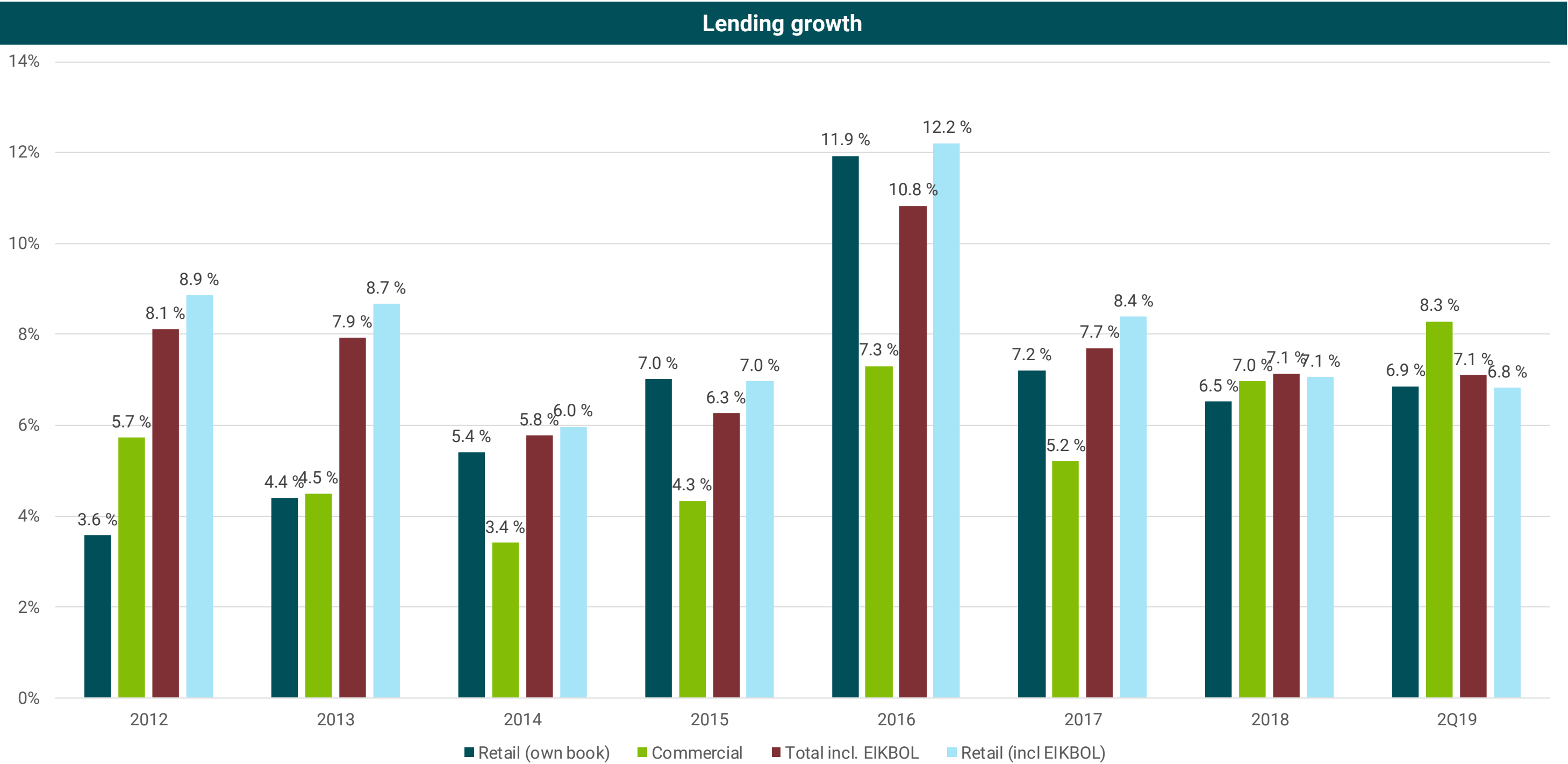
P&L & balance in NOK mil.	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	Key figures	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Net interest income	1,266	1,288	1,235	1,256	1,301	1,359	1,321	1,405	Deposit ratio	82.6 %	82.1 %	82.6 %	84.4 %	81.8 %	81.3 %	81.8 %	83.5 %
Net commission income	351	388	355	362	349	352	340	363	Deposit over total funding	78.3 %	77.6 %	77.8 %	78.1 %	77.2 %	77.0 %	77.1 %	77.2 %
Other income	8	8	7	10	7	9	7	6	(Market funding - Liquid assets)/Total assets	5.6 %	6.3 %	5.8 %	4.0 %	5.9 %	6.8 %	6.2 %	4.4 %
Total income	1,626	1,684	1,597	1,628	1,656	1,720	1,668	1,774	Liquid assets/Total assets	13.6 %	13.5 %	13.9 %	15.4 %	14.2 %	13.5 %	14.0 %	15.7 %
Personnel and adm. expenses	732	774	736	664	738	772	776	658	Market funds/Total assets	19.2 %	19.8 %	19.7 %	19.4 %	20.1 %	20.3 %	20.3 %	20.1 %
Depreciation	35	34	35	35	32	36	38	37	Equity ratio	10.5 %	10.6 %	10.6 %	10.5 %	10.7 %	10.8 %	10.8 %	10.8 %
Other costs	172	161	190	174	176	184	177	201	Common Equity Tier 1 ratio (CET1)	16.8 %	18.0 %	17.5 %	17.2 %	17.1 %	18.2 %	17.8 %	17.4 %
Total costs	939	970	962	873	947	993	990	896	Core capital ratio	18.0 %	19.3 %	19.0 %	18.7 %	18.5 %	19.6 %	19.1 %	18.8 %
Core earnings before loan losses	687	715	635	755	709	727	678	878	Capital ratio	19.4 %	20.7 %	20.7 %	20.4 %	20.3 %	21.4 %	20.9 %	20.6 %
Impairment of loans and guarantees	36	70	26	38	23	91	23	16	Loan loss provision ratio	0.07 %	0.12 %	0.05 %	0.06 %	0.04 %	0.15 %	0.04 %	0.02 %
Core earnings	651	645	609	717	686	637	655	862	Loan loss provision/Pre-provision income	5.1 %	9.2 %	3.9 %	3.2 %	3.1 %	12.5 %	3.1 %	1.1 %
Dividends/associated companies	6	21	24	373	12	13	26	499	Gross problem loans/Gross loans	1.02 %	0.96 %	1.08 %	1.03 %	1.05 %	0.97 %	1.01 %	1.13 %
Net return on financial investments	24	25	10	31	17	-15	35	21	Net problem loans/Gross loans	0.75 %	0.72 %	0.83 %	0.80 %	0.83 %	0.75 %	0.79 %	0.93 %
One-offs and loss/gain on long-term assets	-5	-10	3	44	30	88	0	9	Loan loss reserves/Gross loans	0.61 %	0.59 %	0.57 %	0.55 %	0.53 %	0.54 %	0.54 %	0.51 %
Pre tax profit	676	681	646	1,165	745	724	716	1,391	Problem loans/(Equity + LLR)	7.7 %	7.3 %	8.1 %	7.7 %	7.8 %	7.2 %	7.5 %	8.3 %
Taxes	170	166	163	212	185	152	180	246	Net interest income/total assets	1.88 %	1.90 %	1.80 %	1.78 %	1.80 %	1.87 %	1.80 %	1.85 %
<b>Net profit</b>	<b>506</b>	<b>515</b>	<b>483</b>	<b>953</b>	<b>561</b>	<b>572</b>	<b>536</b>	<b>1,145</b>	Net commission incom/total assets	0.52 %	0.57 %	0.52 %	0.51 %	0.48 %	0.49 %	0.46 %	0.48 %
Gross loans	225,967	228,738	230,308	236,454	240,666	243,903	246,930	253,514	Loss provision ratio	0.07 %	0.12 %	0.05 %	0.06 %	0.04 %	0.15 %	0.04 %	0.02 %
Gross loans incl. EBK	297,252	302,214	305,673	313,395	318,474	323,779	327,672	335,645	Cost/income ratio	56.7 %	56.0 %	59.0 %	43.0 %	56.2 %	57.8 %	57.3 %	39.1 %
Deposits	186,643	187,805	190,313	199,511	196,904	198,358	202,039	211,800	Cost/income ratio (adjusted for net finance)	57.5 %	56.9 %	59.3 %	43.6 %	56.8 %	57.3 %	58.5 %	39.4 %
Equity	28,244	28,865	29,359	30,406	31,041	31,608	32,005	33,408	Cost/income ratio (adj. for net finance and dividends)	57.7 %	57.6 %	60.2 %	53.6 %	57.2 %	57.7 %	59.4 %	50.5 %
Total assets	269,999	273,190	276,442	289,333	289,328	291,614	296,779	310,486	Net profit in % of total assets	0.75 %	0.76 %	0.70 %	1.35 %	0.78 %	0.79 %	0.73 %	1.51 %
Total assets incl. EBK	341,285	346,666	351,807	366,275	367,136	371,491	377,521	392,616	Net profit/average RWA	1.42 %	1.43 %	1.33 %	2.57 %	1.48 %	1.50 %	1.39 %	2.89 %
Growth in loans	1.4 %	1.2 %	0.7 %	2.7 %	1.8 %	1.3 %	1.2 %	2.7 %	Pre-provision income/average RWA	2.02 %	2.11 %	1.84 %	3.12 %	1.96 %	1.91 %	1.91 %	3.53 %
Growth in loans incl. EBK	1.4 %	1.7 %	1.1 %	2.5 %	1.6 %	1.7 %	1.2 %	2.4 %	Core earnings in % of average RWA	1.82 %	1.78 %	1.66 %	1.90 %	1.82 %	1.66 %	1.68 %	2.13 %
Growth in deposits	-0.7 %	0.6 %	1.3 %	4.8 %	-1.3 %	0.7 %	1.9 %	4.8 %	Return on equity	7.2 %	7.2 %	6.6 %	12.8 %	7.3 %	7.3 %	6.7 %	14.0 %

# Banks – transfer rate to Cov. Bond companies



Source: Bank Analyst Eika

# Eika banks - lending growth



Source: Bank Analyst Eika

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