

Eika Boligkreditt

Investor presentation

April 2020



Executive summary

• Economy is strong

- Growth above trend
- Large current account and fiscal surplus
- Low unemployment
- Balanced housing market with moderate increases in house prices
- Petroleum investment increasing again from 2018 and higher than 25% drop from 2014

• 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 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

Some of the information in our macro update contains slides with information from sources that have not been updated since the COVID-19 outbreak

Agenda

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

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COVID-19 situation – Selection of policy announcements in Norway

Monetary policy:

- **Interest rates:** Policy rate cut by 125bp (at two extraordinary meetings) to 0.25%. In its guidance Norges Bank said that it does not rule out that the rate may be cut further.
- **Extraordinary F-loans to banks:** Wide range of maturities, with banks now able to loan 1w, 1m, 3m at the prevailing policy rate (PR). 6m loans at PR+15bp, and 12m loans at PR+30bp. Full allotment. Norges Bank has also changed the guidelines for pledged securities, for example by reducing the minimum requirement outstanding volume on a security issued by a private entity in NOK to NOK100m. In addition, securities in NOK guaranteed by local government authorities are exempt from the credit rating requirement, and the ISIN limit of 20% has been removed.
- **Vocal intervention:** On 20 March Norges Bank published a statement saying that it “is continuously considering whether there is a need to intervene in the market by purchasing Norwegian kroner.” DNB’s FX strategist calculated that Norges Bank intervened actively in the FX market to support the NOK on at least two occasions.

Macroprudential:

- Norges Bank’s Monetary Policy and Financial Stability Committee advised the Ministry of Finance to reduce the buffer rate for banks from 2.5% to 1.0%. The Committee does not expect to advise the Ministry to increase the buffer rate again until Q1 2021 at the earliest (implementation is normally a year after announcement).

COVID-19 situation – Selection of policy announcements in Norway

Fiscal policy:

- A state guarantee scheme for new bank loans to small and medium-sized enterprises suffering losses because of the extraordinary situation arising from the pandemic. The initial package of NOK 50bn will be increased if necessary.
- The Government Bond Fund was re-established to increase liquidity and access to capital in the Norwegian bond market. The Fund will provide up to NOK 50bn, to be invested in bonds issued by Norwegian companies.
- Proposal to increase the equity capital of Kommunalbanken (**KBN**). This would enable KBN to lend up to an extra NOK 25bn to the local government sector.
- Proposal to cover a share of fixed costs for firms that have experienced a significant drop in their revenue as a consequence of the lockdown. The details are not yet ready, but the government estimates a preliminary figure of NOK 10bn – 20bn per month.

The Norwegian economy – Key indicators

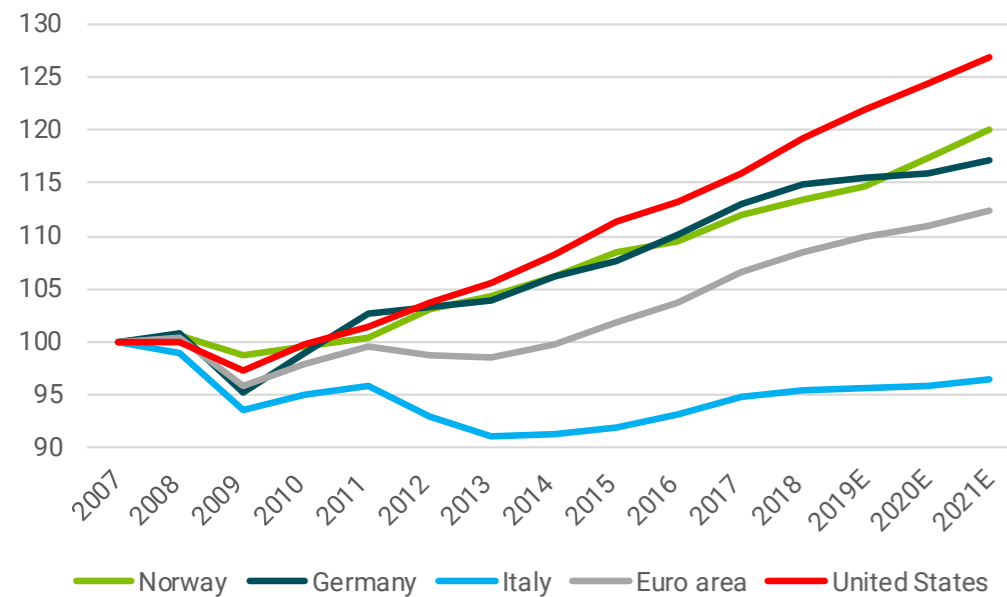
- Constitutional monarchy; Non EU member (EEA member); Population of 5.3 million
- Aaa / AAA / AAA rated country (all with stable outlook)
- GDP per capita amongst the highest in the OECD countries – estimated to be 48% higher than the average in EU (28 countries)
- Expected contributors to growth in 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

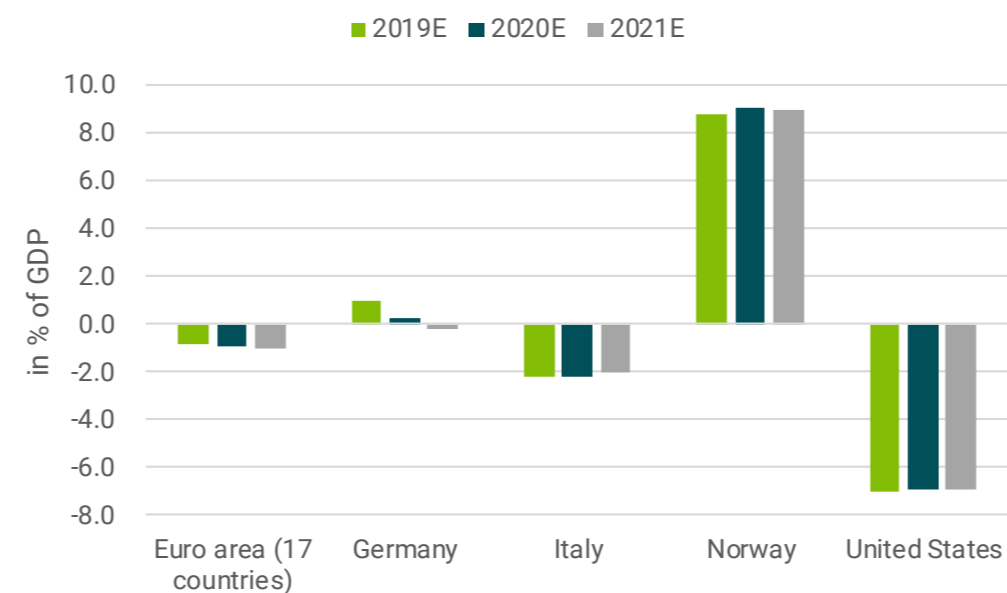
Real GDP growth (rebased to 100 in 2007)



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

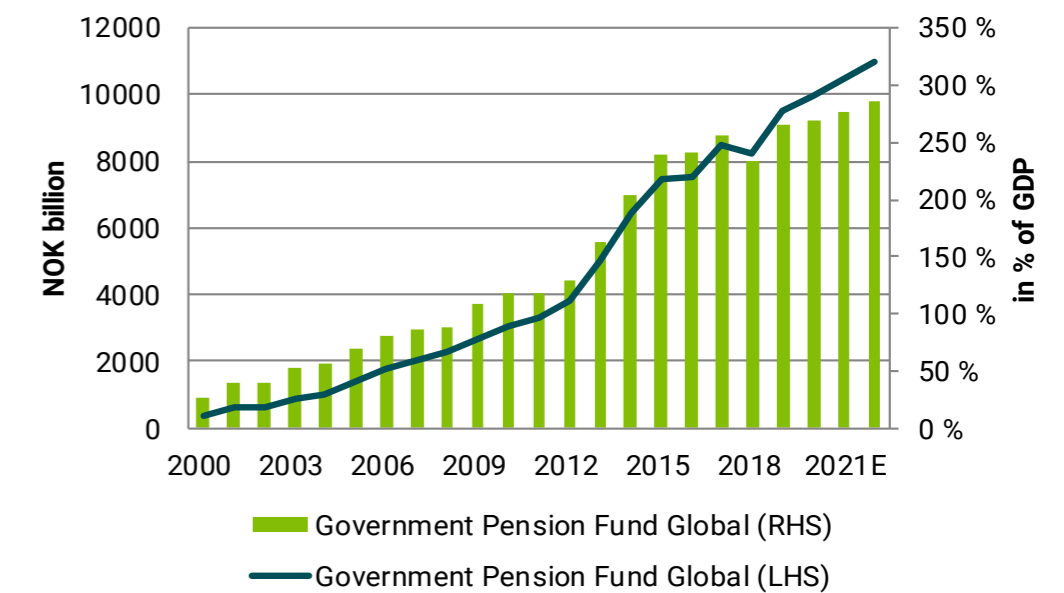
Government net lending



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

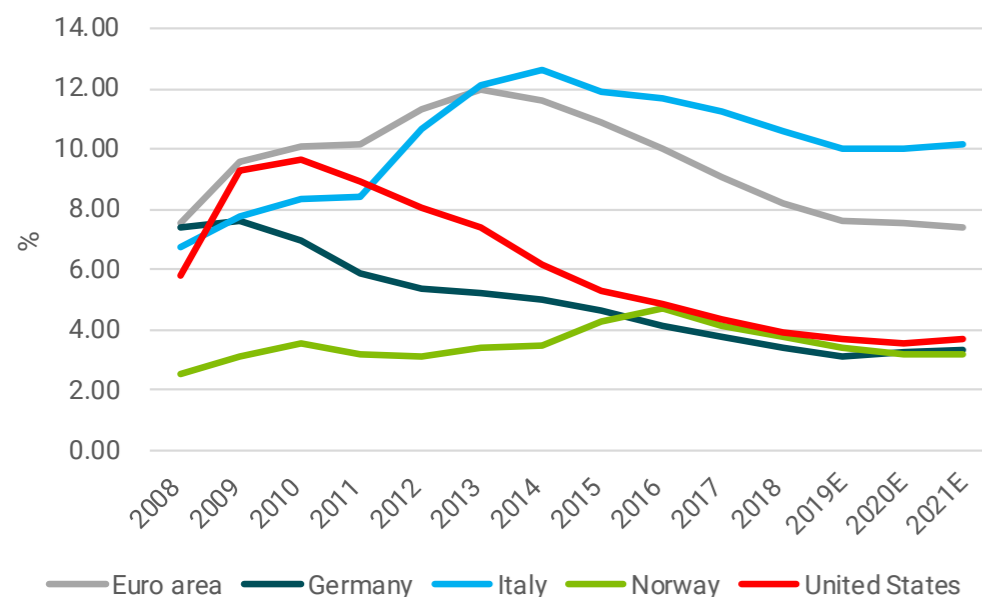


Source : Norges Bank, Statistics Norway

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

The Norwegian economy – Unemployment

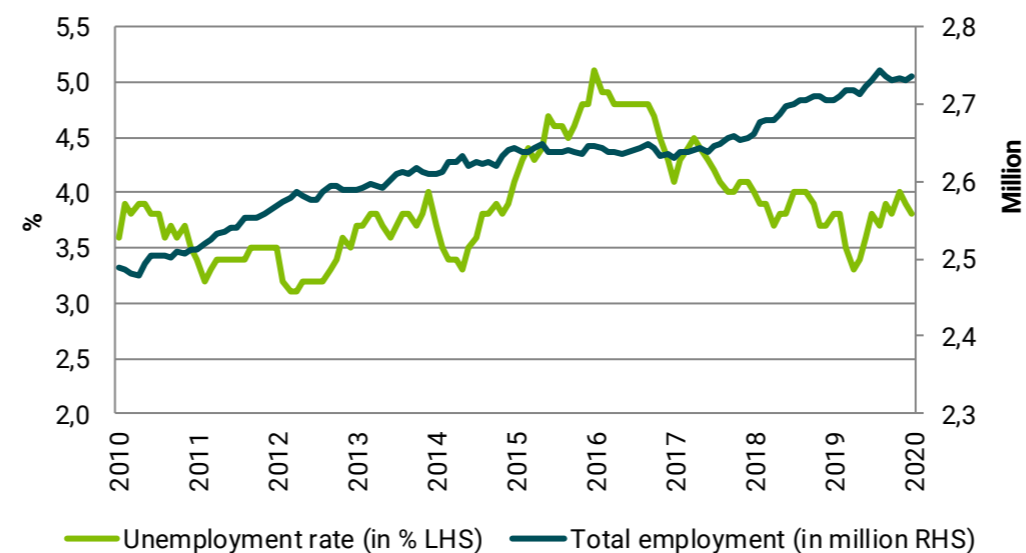
Norway has consistently low unemployment rate



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

- A stable economy has ensured a high rate of employment historically
- After the Corona outbreak unemployment has increased dramatically due to temporary lay-offs

Survey unemployment rate and total employment



Source: Statistics Norway, January 2020

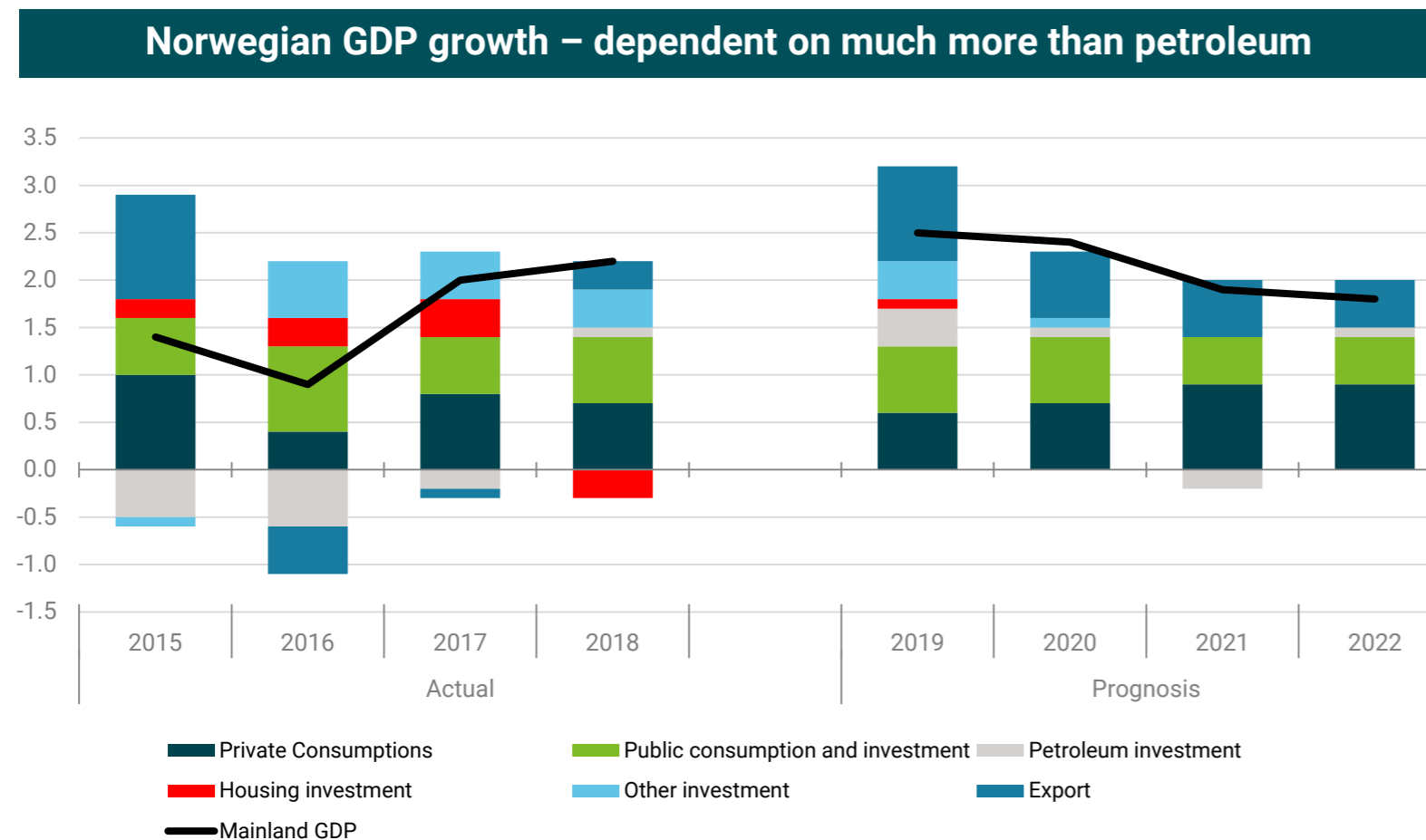
- Significant growth in employment since 2016 before Corona
- NAV have started to publish weekly figures because of the Corona outbreak.
- 10.4% unemployment rate March 24th up from 2.3% two weeks earlier

Registered unemployment in % of labor force and # by profession after Corona outbreak (Source: NAV)

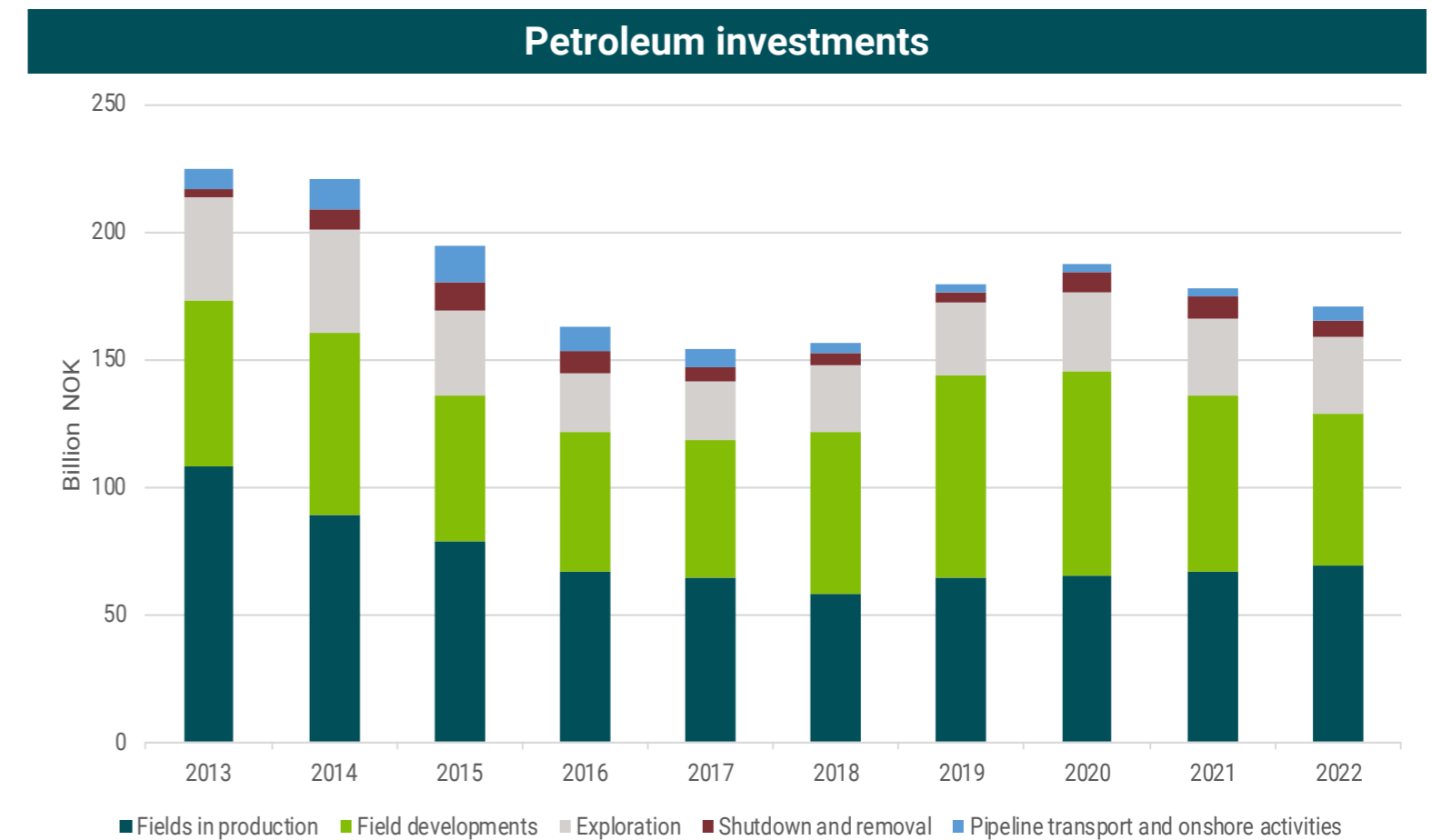
Profesions	03.03.2020	10.03.2020	17.03.2020	24.03.2020	#
All	2.3	2.3	5.3	10.4	291,483
Managers	2.4	2.4	8.7	20.1	18,546
Engineers & IT	1.1	1.1	1.8	4.3	12,266
Teaching	0.7	0.7	1.8	2.5	5,294
Academical professions	0.9	0.8	1.3	2.5	3,364
Health and care services	1.0	1.0	1.9	3.5	14,487
Child and youth work	2.6	2.5	4.7	6.6	6,887
Brokers & consultants	1.3	1.3	2.5	6.2	9,441
Office workers	3.2	3.2	7.1	13.6	23,202
Store and sales work	2.9	2.9	7.7	19.4	52,862
Agriculture, forestry and fishery	2.4	2.3	2.6	3.6	1,961
Construction & building	3.8	3.8	5.8	11.3	24,450
Industrial work	3.2	3.2	4.9	11.0	21,614
Tourism & transportation	3.4	3.5	13.9	25.2	45,761
Services & other employment	2.7	2.7	8.6	13.6	34,213
No profession or unknown	*	*	*	*	17,135

- 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. Corona related measure is to increase benefit to 80% of first NOK 300,000

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.



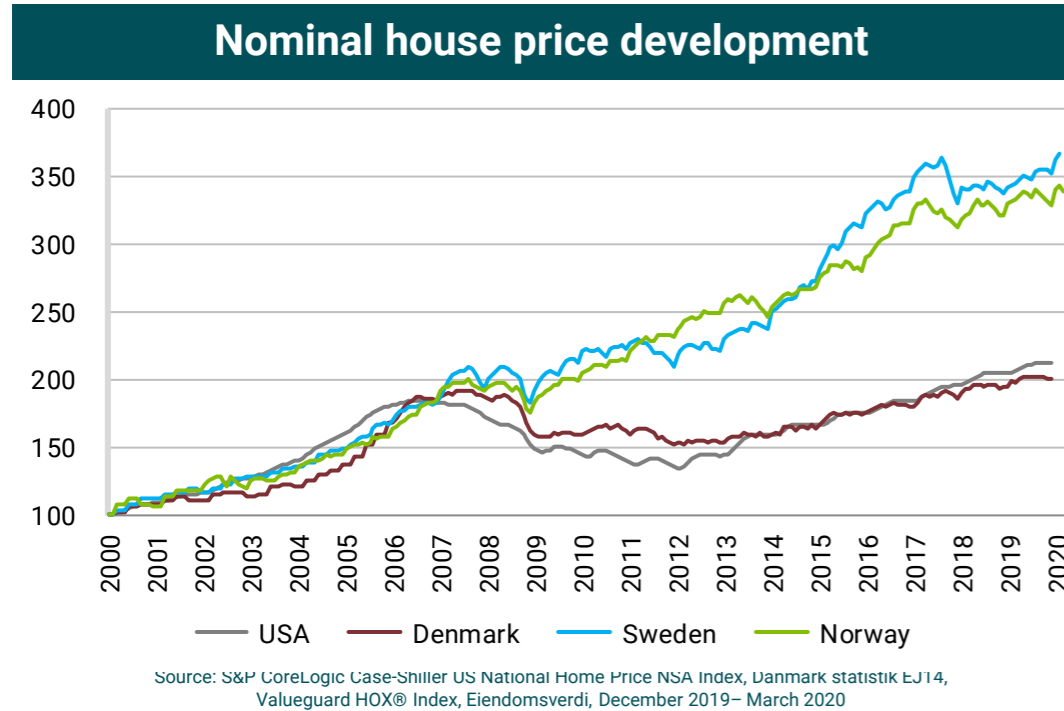
- Petroleum investments are picking up in 2019 and 2020 after sharp reductions 2014-17. Increasing investments are driven by reduced costs in the industry and higher oil and gas prices since the beginning of 2016. Break even costs for new fields being developed is \$10-35 per barrel, much lower than long term expectations for the oil price

The housing market characteristics in Norway

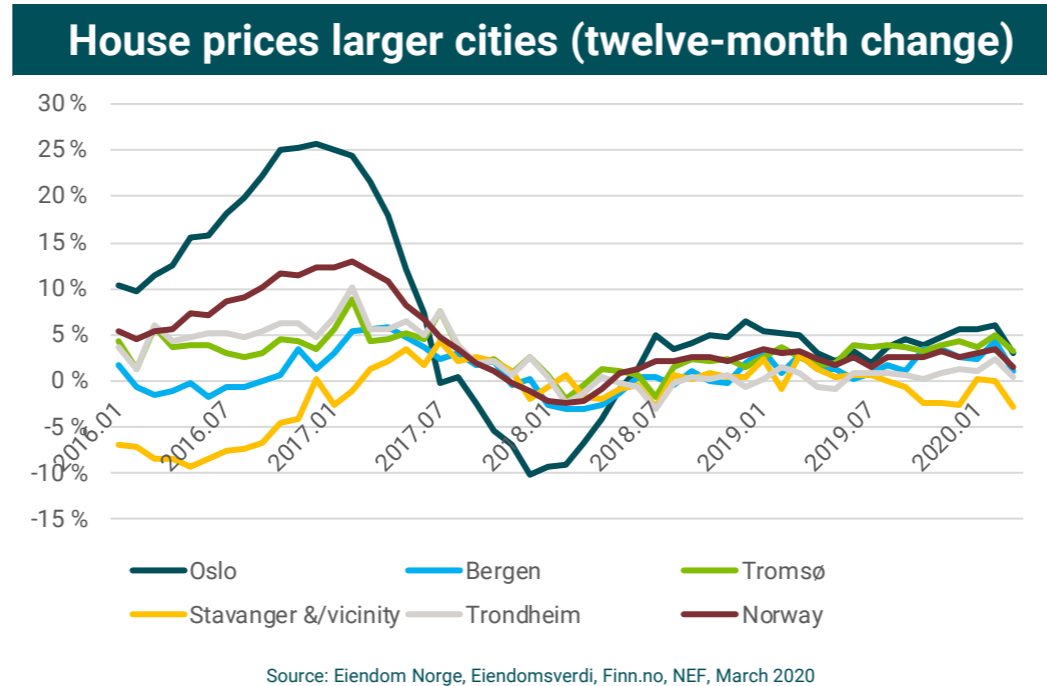
Home ownership	<ul style="list-style-type: none">• Among the highest in the world – 76.8% are owner-occupied households• Total size of the mortgage market NOK 2,851 bn (EUR 288 bn)	Personal liability	<ul style="list-style-type: none">• Borrowers personally liable for their debt – also following foreclosures 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• 93.3% of residential mortgages have variable interest rate (Q3 2019)• 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		

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

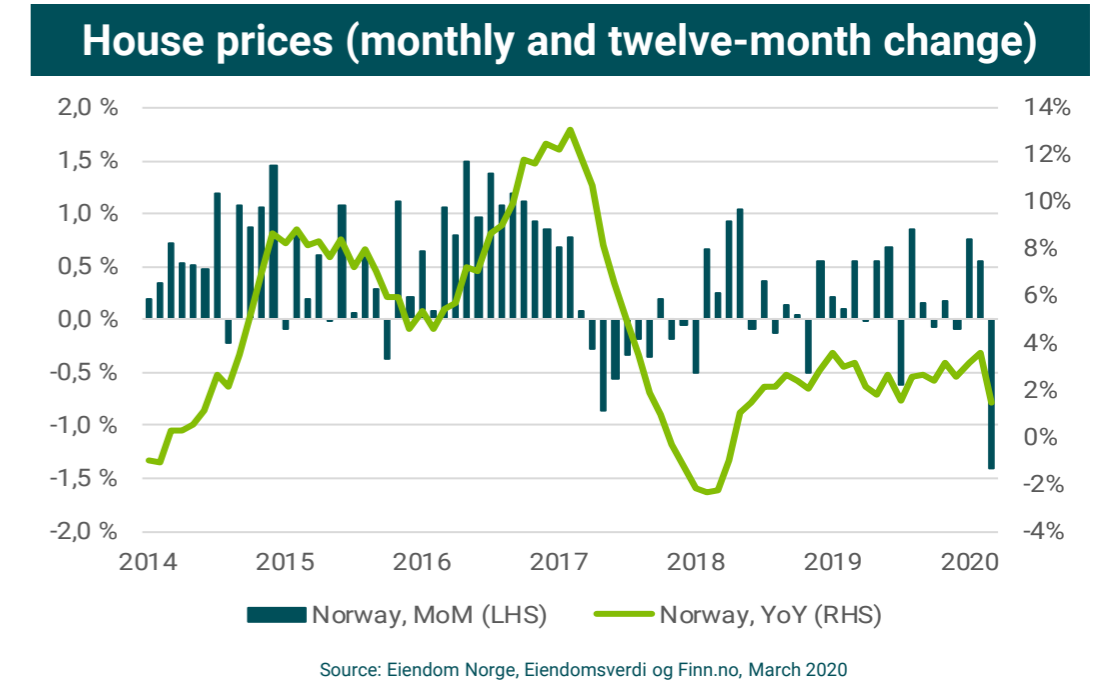
The housing market – Price development



- Nominal house prices have increased by an average of 6.2% per annum since 2000. -1.4% in March 2020.
- The Norwegian housing market have stabilized in 2018 and 2019 after volatile price development in 2016 and 2017.



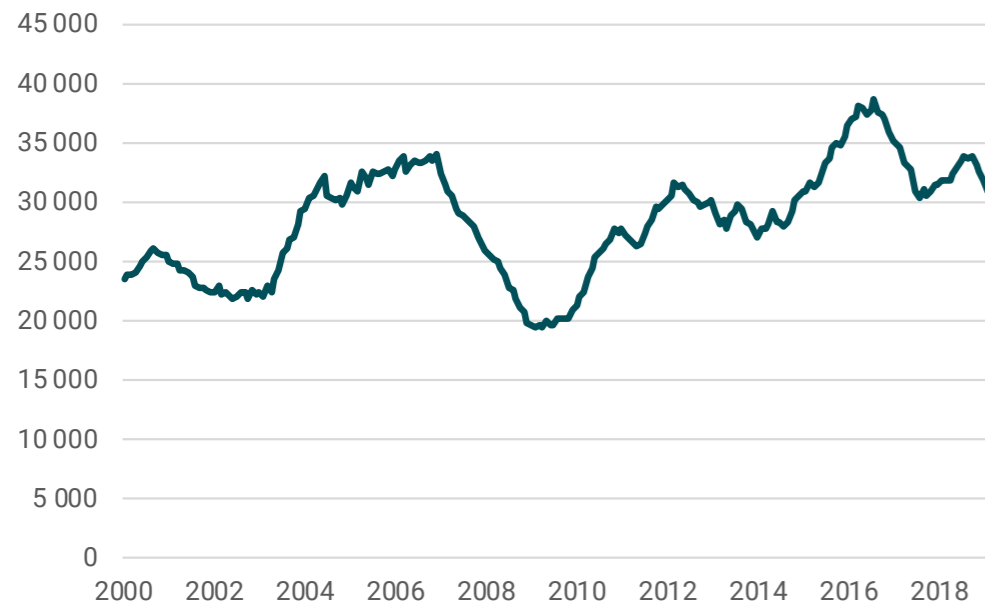
- House prices are expected to show moderate increases going forward driven from higher mortgage rates and balanced supply versus population growth
- Reduced the risk for a sudden and significant downward correction in house prices going forward



- Median house price (last 6 months) in Norway is € 313,000, median house price in Oslo is € 412,000
- Average m² price last 6 months in Norway is € 4,139 , m² price in Oslo is € 7,163

The housing market – Drivers of the housing market

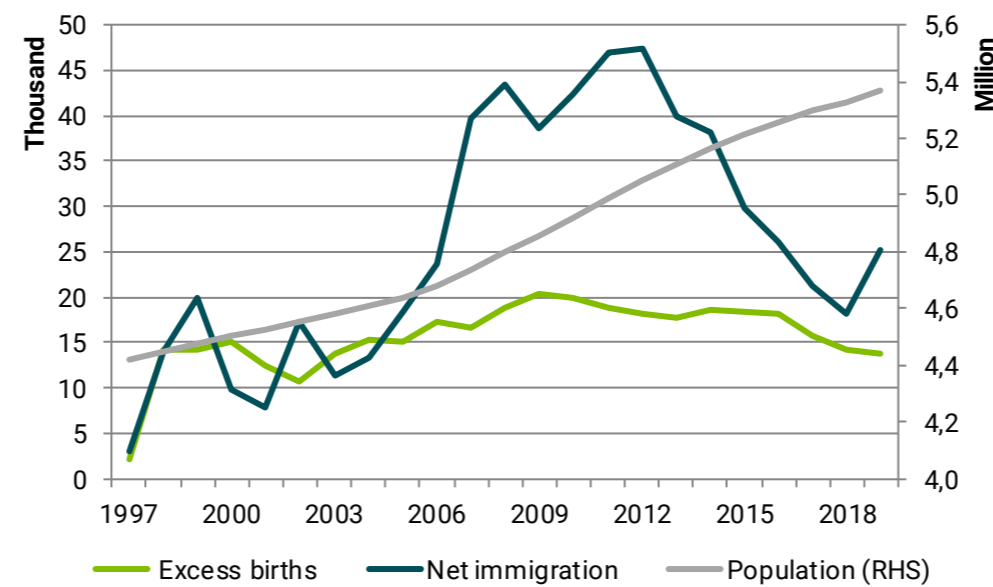
Housing starts (twelve-month change)



Source: Statistics Norway, February 2020

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

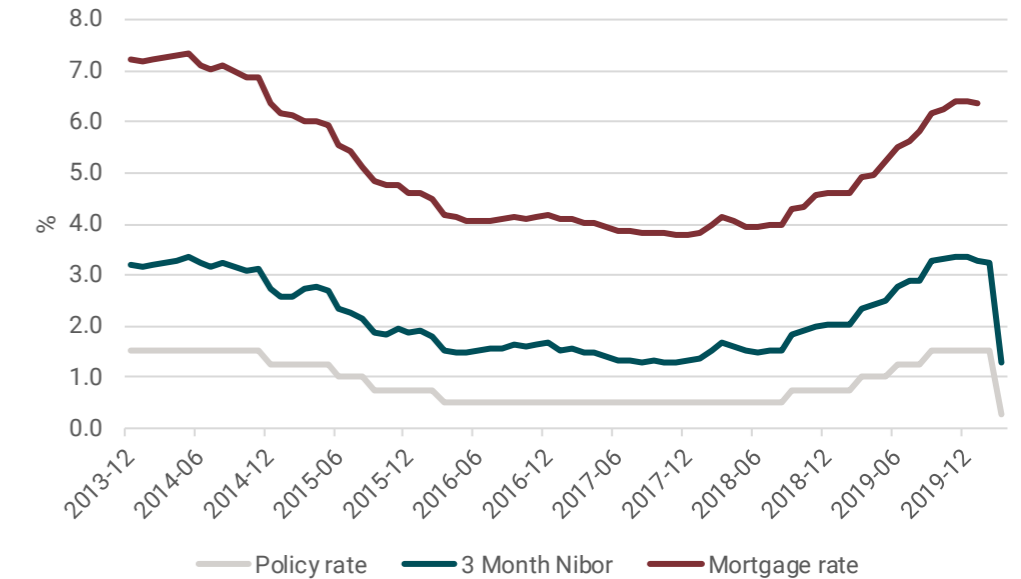
Population growth



Source: Statistics Norway, Q4 2019

- Net immigration down from above 47,000 in 2011/12 to 25,000 in 2019. Net immigration is slightly up in 2019 from 2018.
- The population growth of 0.9% p.a. since 1997 has been driven both by excess birth rate (38%) and net immigration (62%)

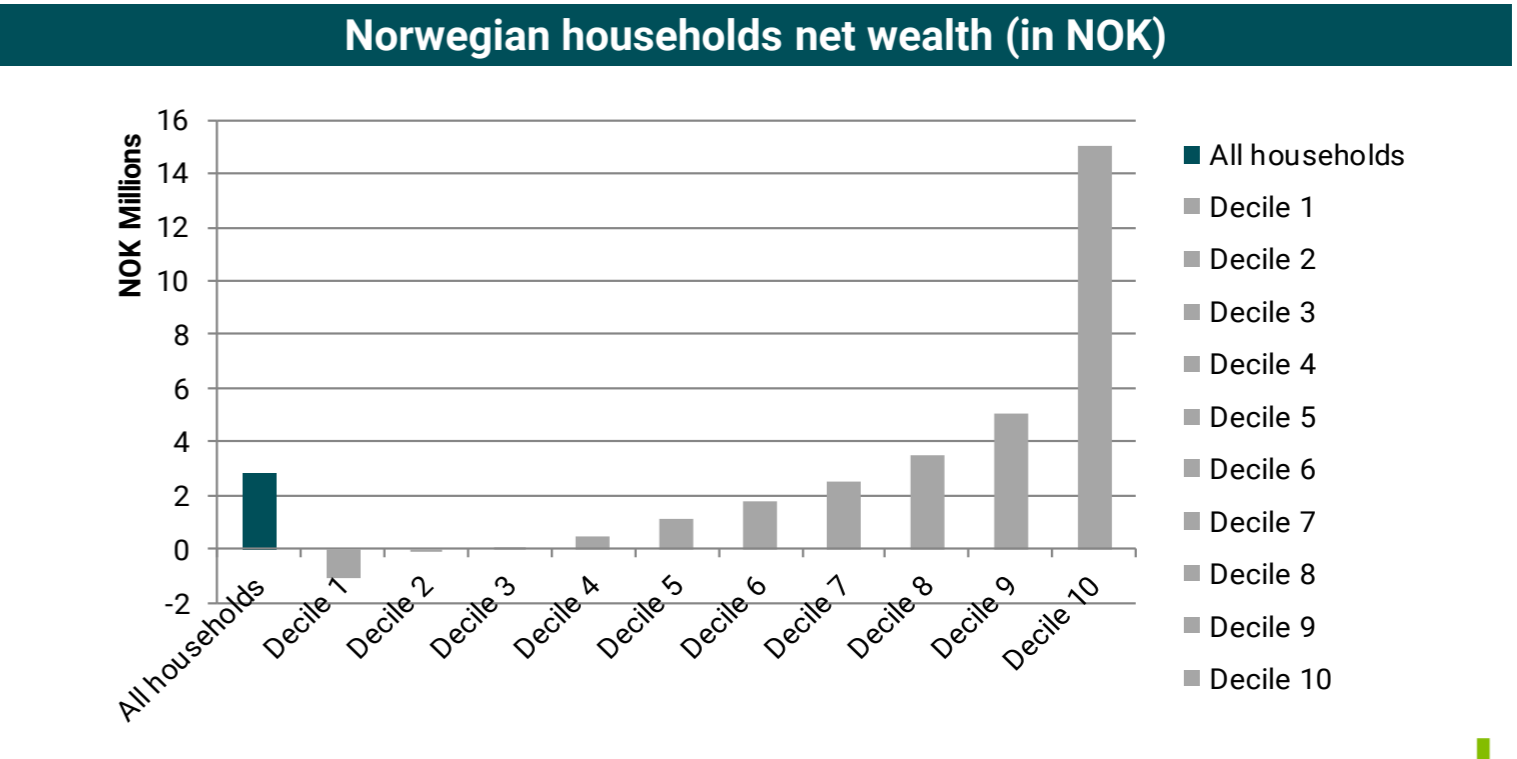
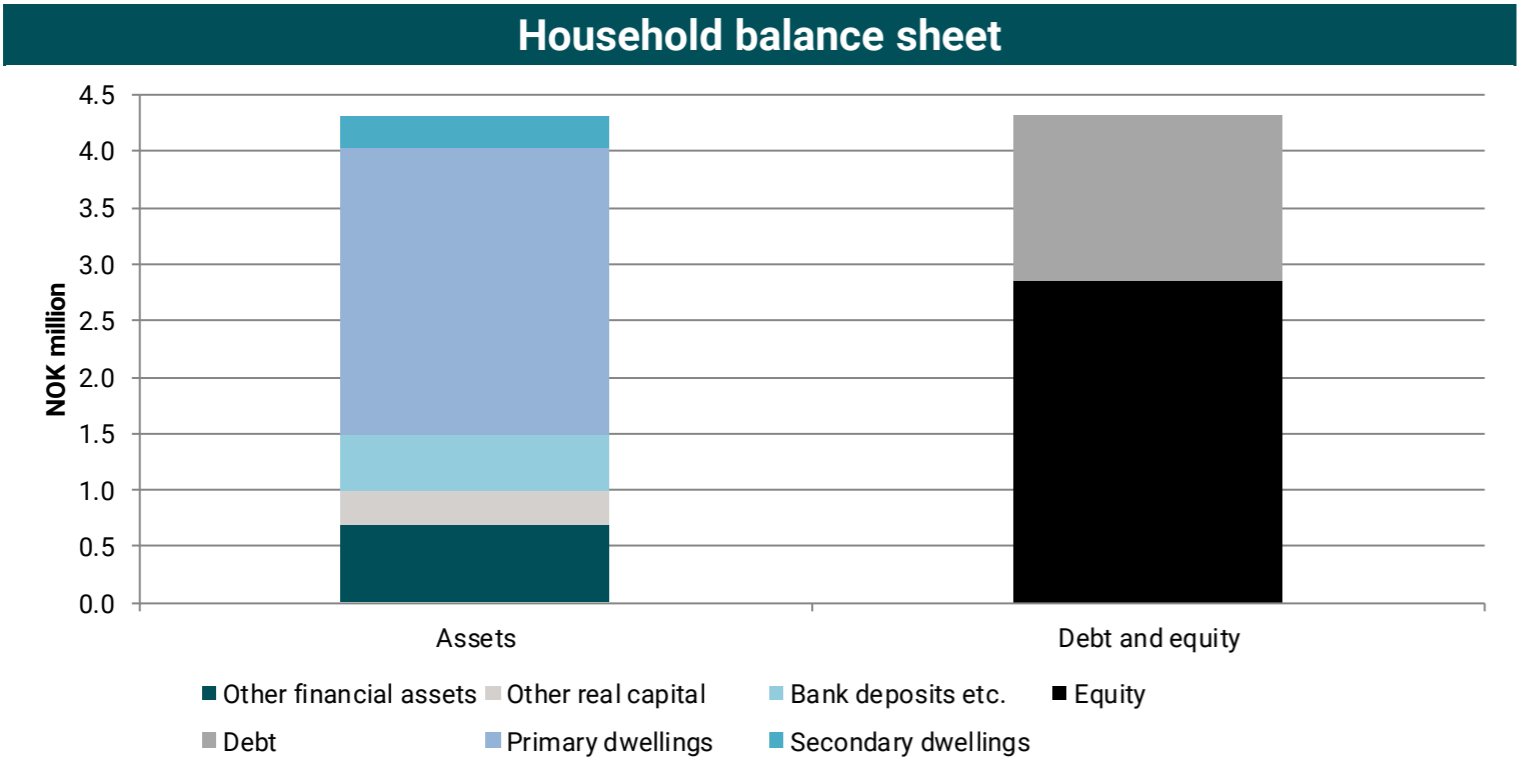
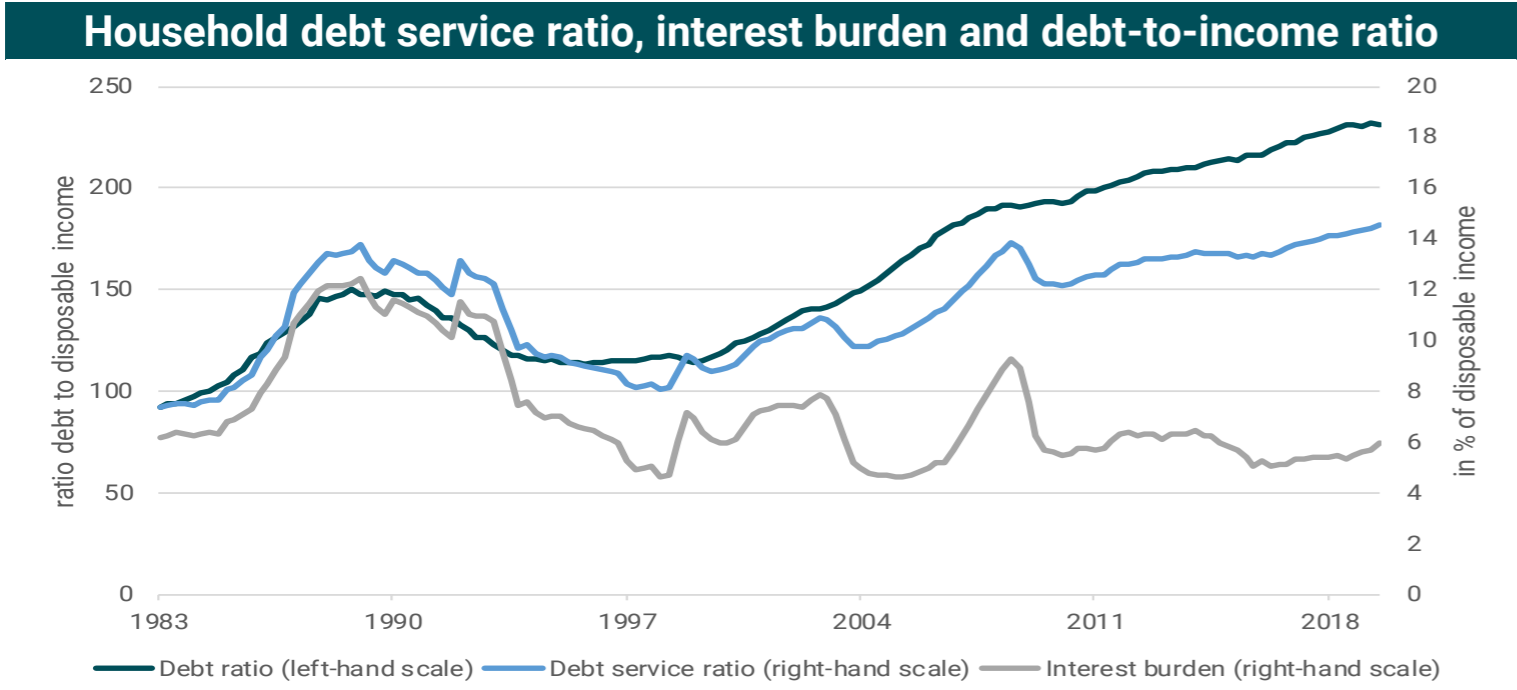
Interest rates



Source: Statistics Norway, Bloomberg

- Average mortgage rates will decrease going forward following the cuts in the policy rate to all time low of 0.25% in March depending on the developments in the money market rates and funding costs

Households financial position



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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 11 banks have given notice of termination of its agreements with Eika Gruppen. These banks in total own 12.1% of the shares in Eika Gruppen. The 11 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 15.8% 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 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
* The 11 banks that have given notice of termination to Eika Gruppen are not involved in Eika Banksamarbeidet

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

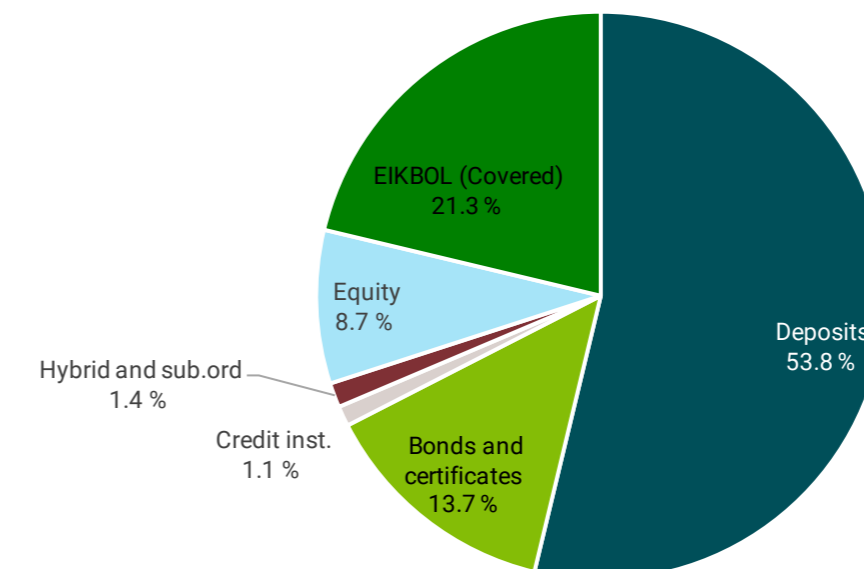
- Work as if one integrated entity
- Operational integration
- Offer non-core banking products through jointly owned product companies



Alliance programme

Total funding sources

As of Q3 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

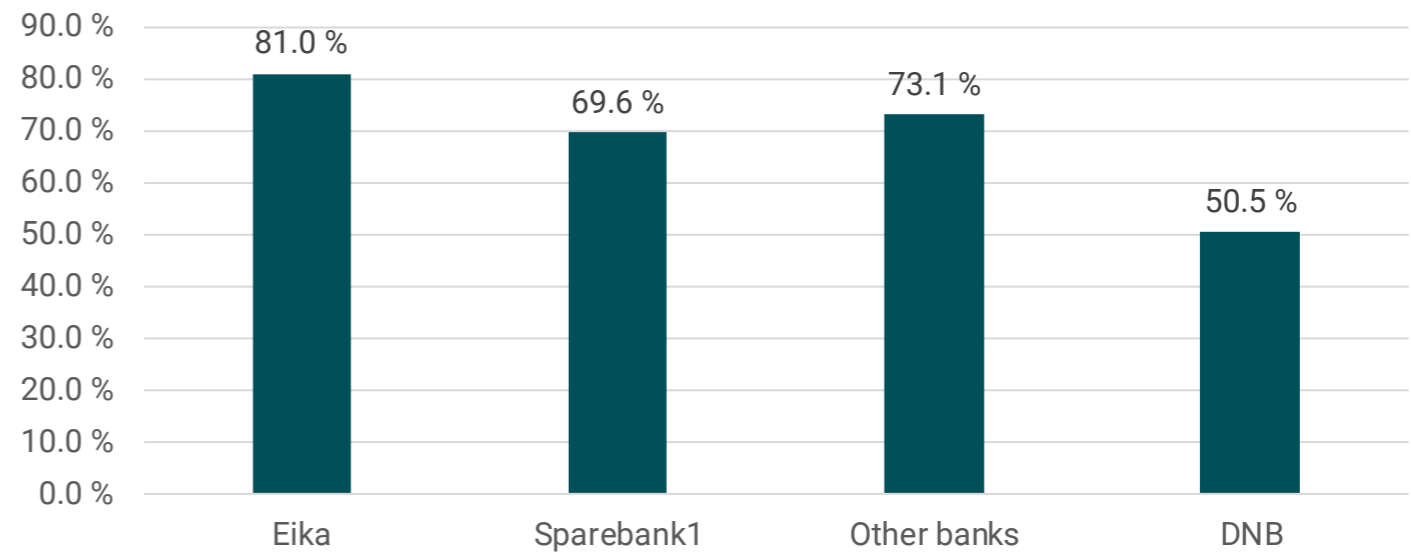
- Decisions are made close to the customer and transaction originations
- Each bank continues to develop its link with its local community
- Keeping its own name and legal identity



Separate legal identities and a common support brand

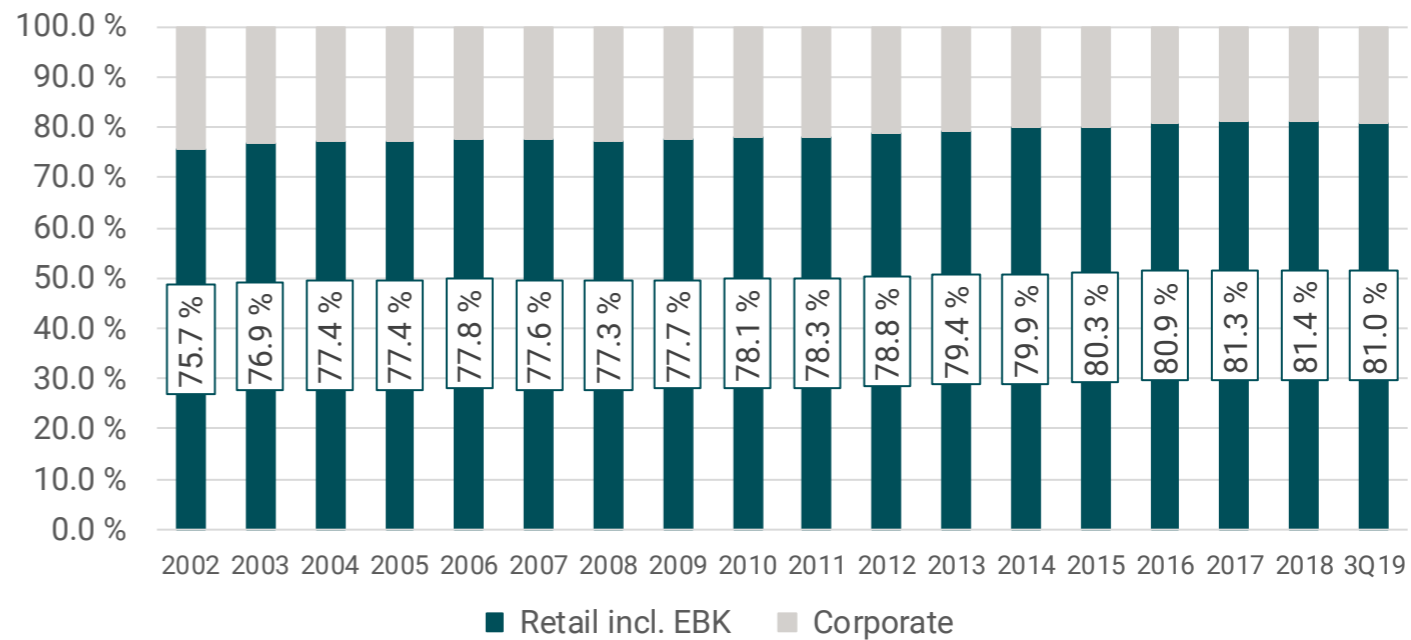
Retail share - Eika vs. peers

As of Q3 2019



Breakdown of the Eika banks lending

As of Q3 2019



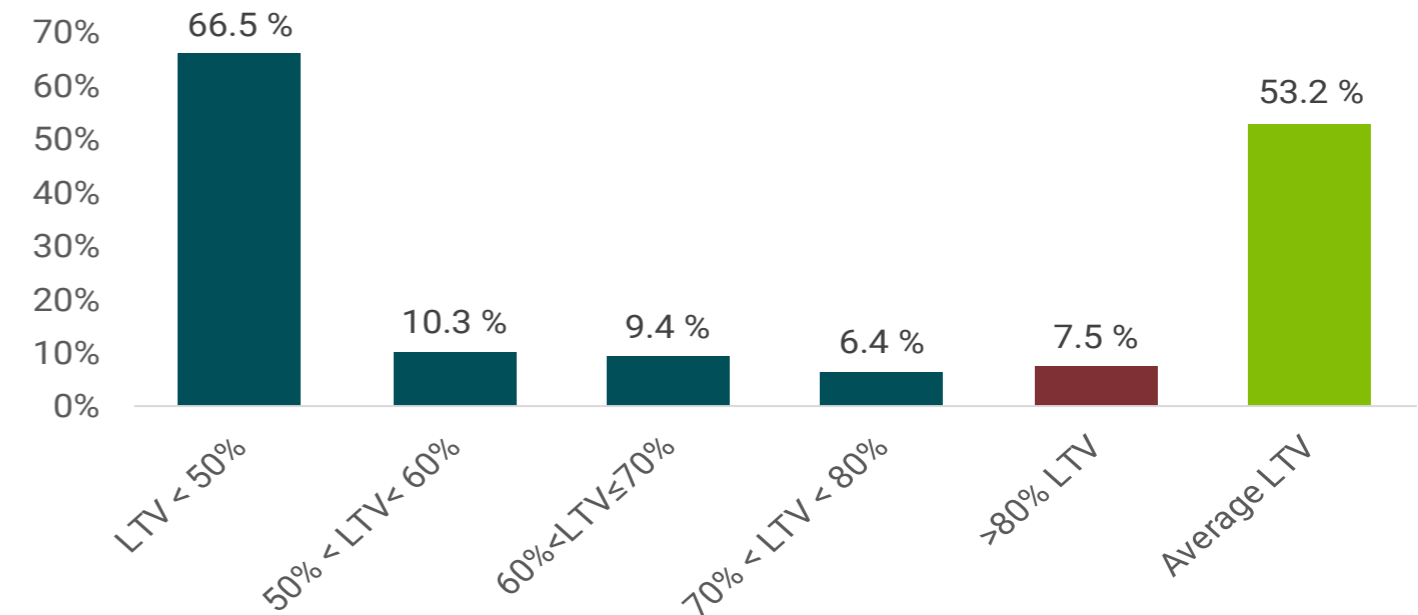
Source: Bank analyst Eika

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)

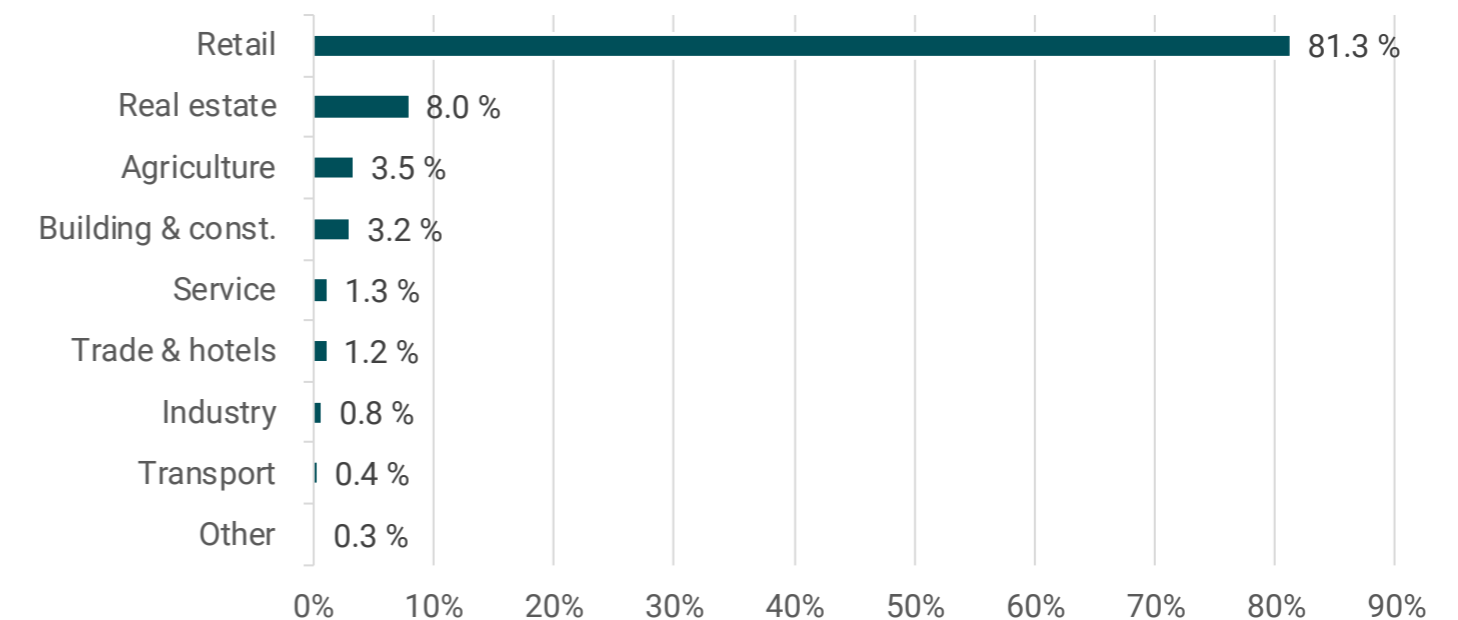
Low LTV in mortgage portfolio (bank book)

As of Q4 2018



Sector breakdown of the loan book (incl.EBK)

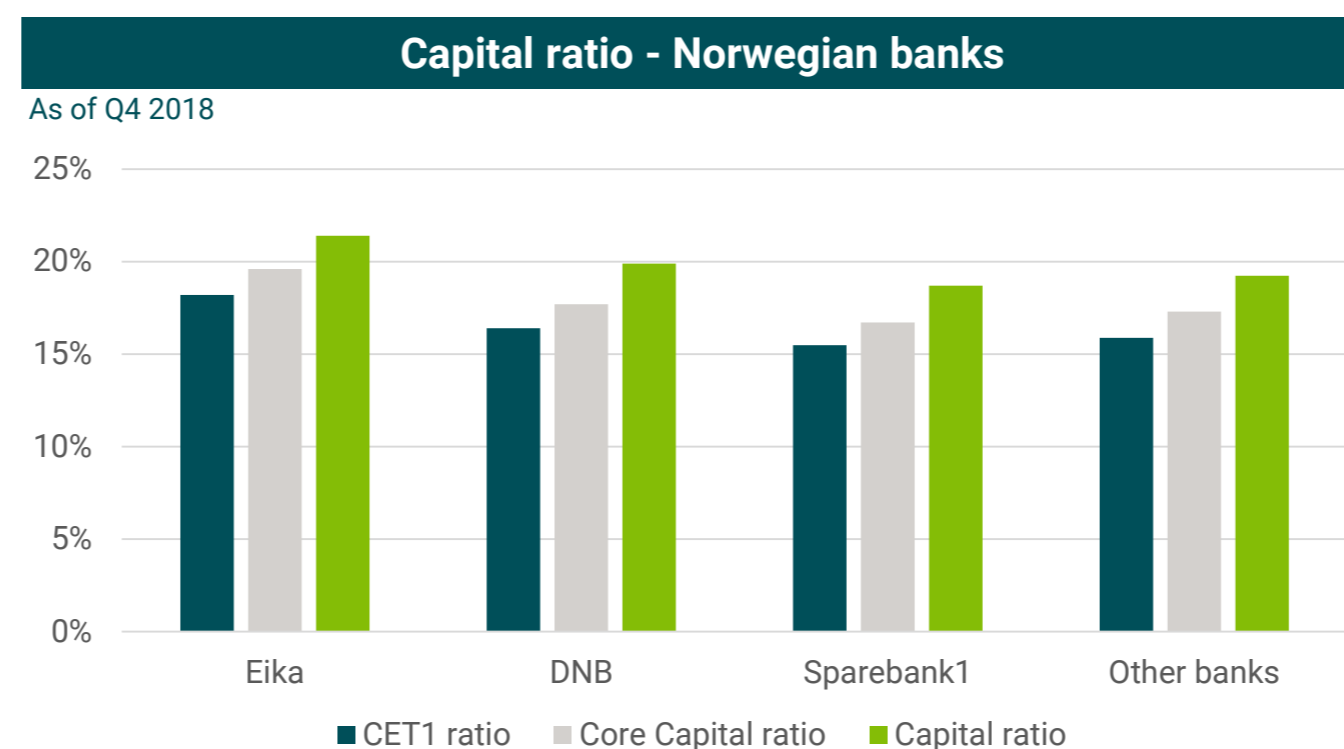
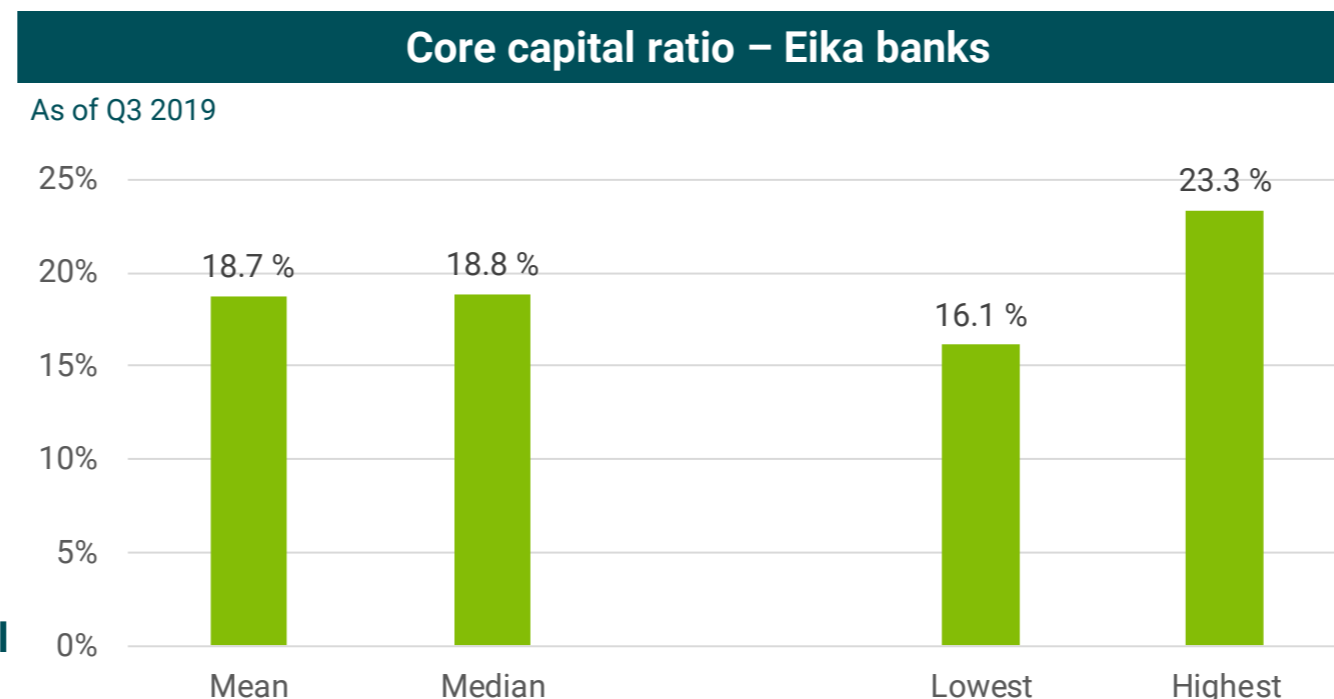
As of Q4 2018



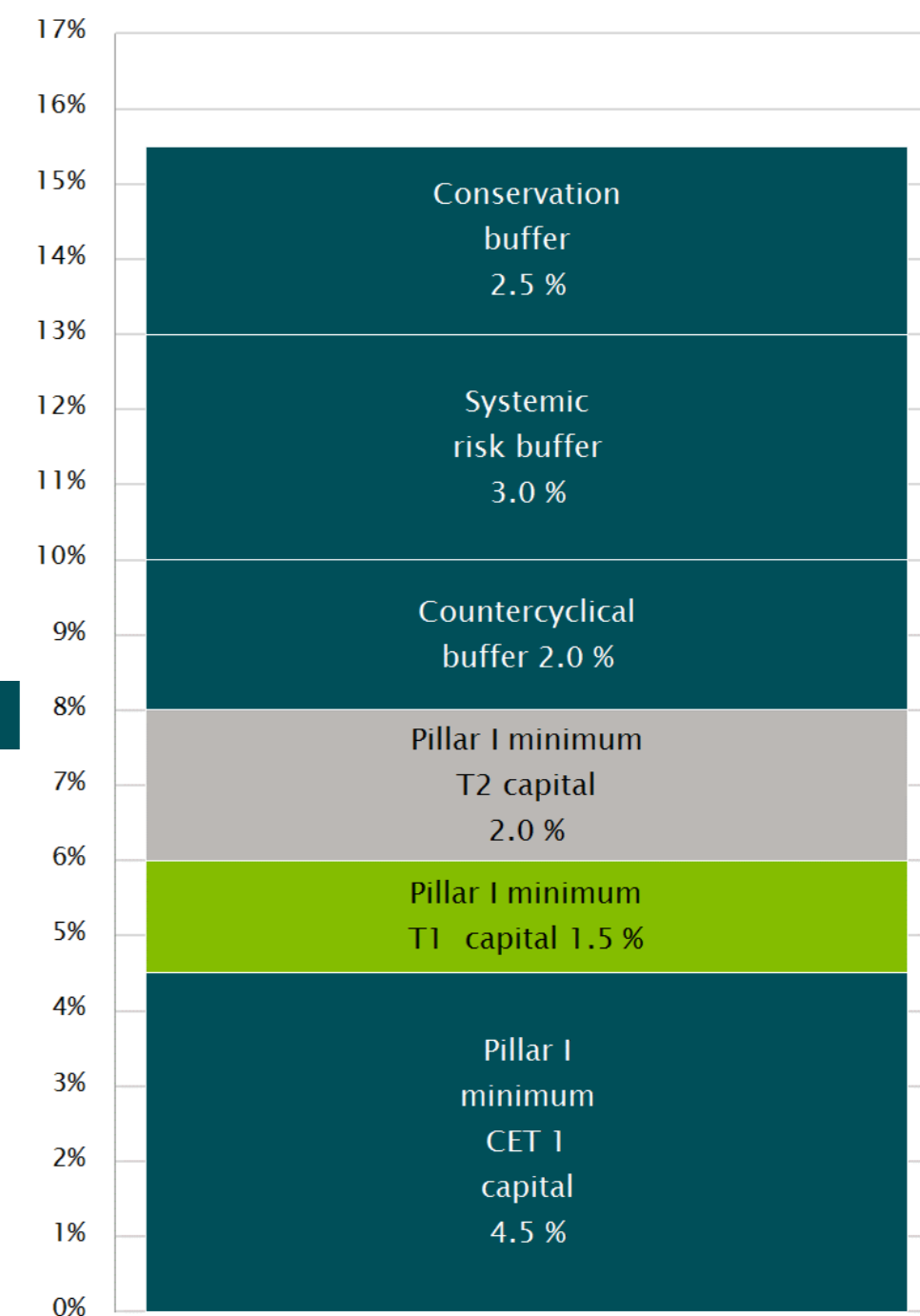
Source: Bank analyst Eika

Strong capitalization

- **Strong capital ratios – Q3 2019**
 - Common equity ratio (CET1): 17.4%
 - Core capital ratio: 18.7%
 - Capital ratio: 20.6%
 - Equity ratio (Equity/Total assets): 11.0%
- **All Eika banks are well capitalized (core capital ratio)**
 - Lowest: 16.1%
 - 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

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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

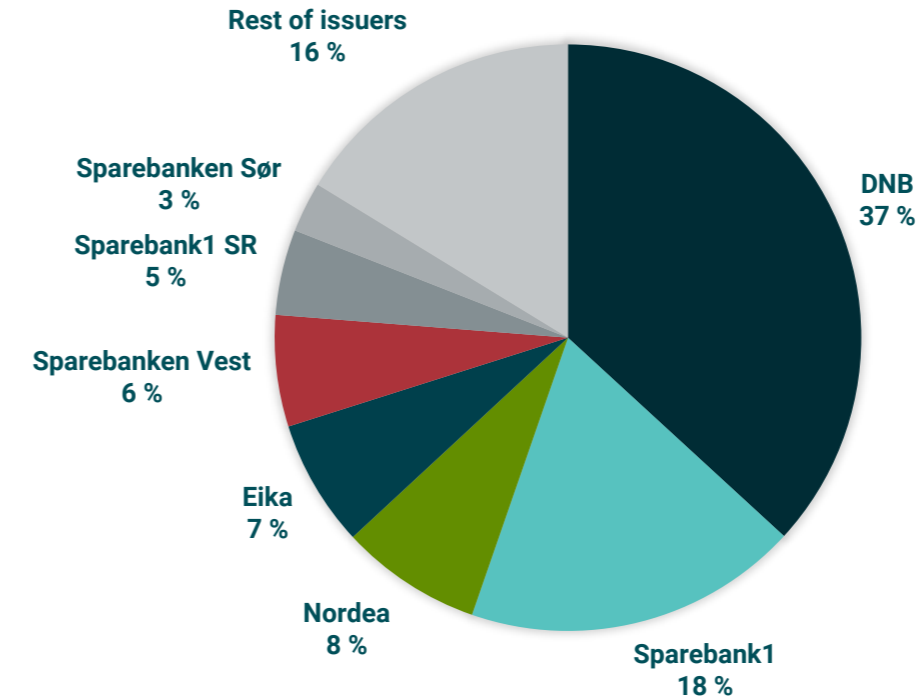
- Norwegian covered bonds are category 1 for LCR purposes (above EUR 500 mill.)
- 10% preferential risk weighting

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

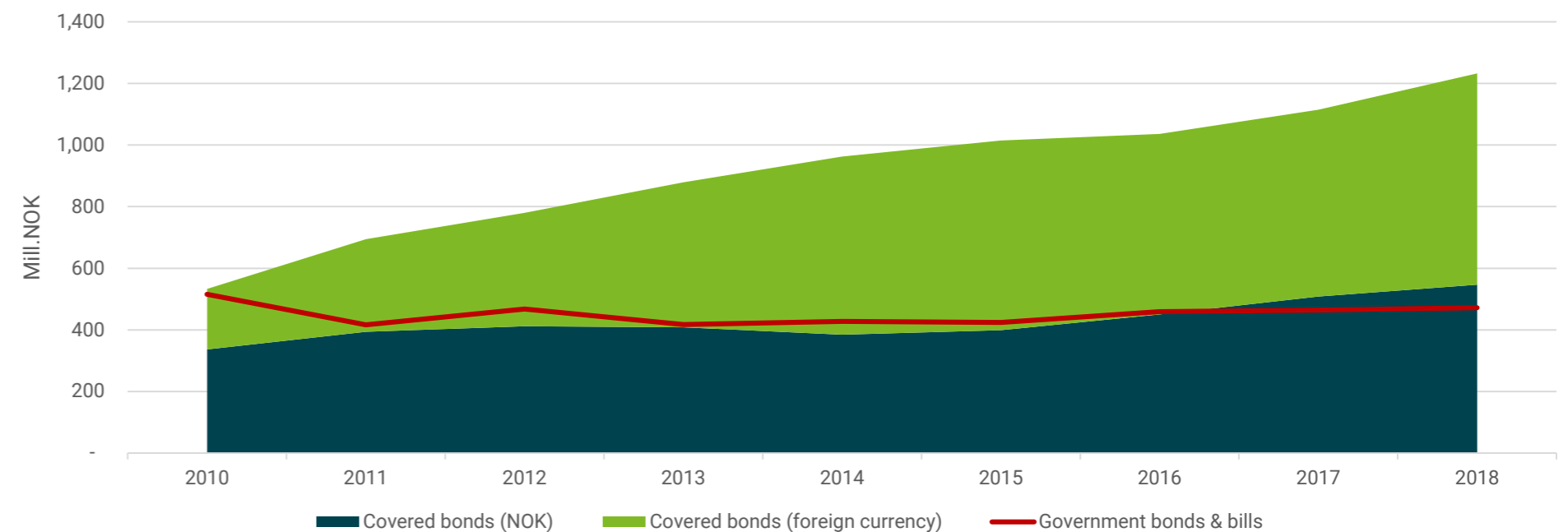
As of 2019Q3



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

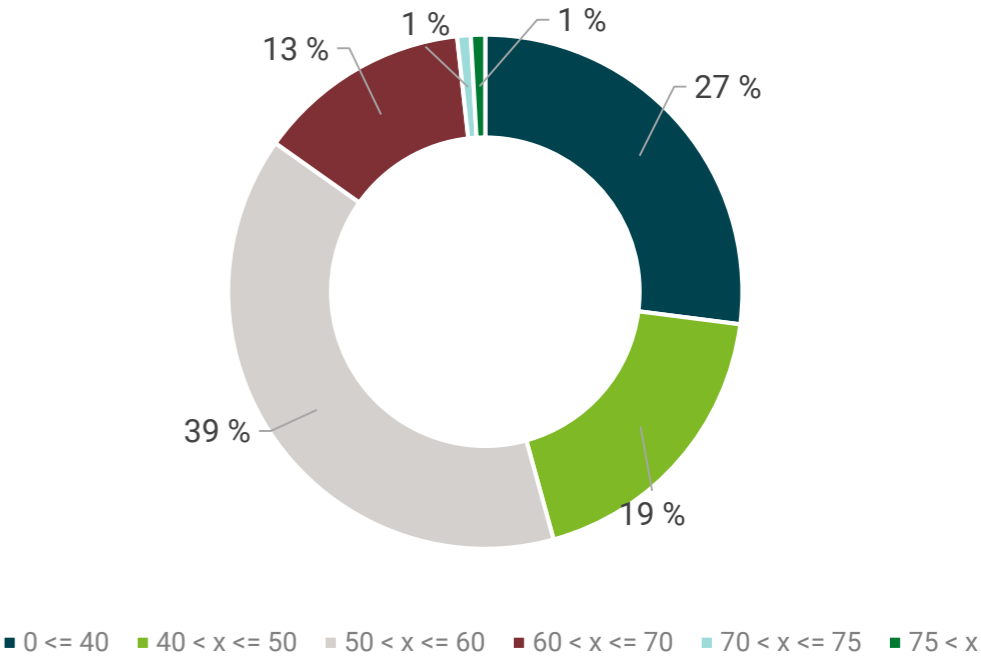
- **The Note Purchase Agreement (NPA)** is structured to ensure that EIKBOL has liquidity, at all times, sufficient to pay the Final Redemption Amount of any series of Notes in a rolling twelve month period
- **The Shareholders' Agreement** is structured to ensure that EIKBOL will uphold a sufficient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



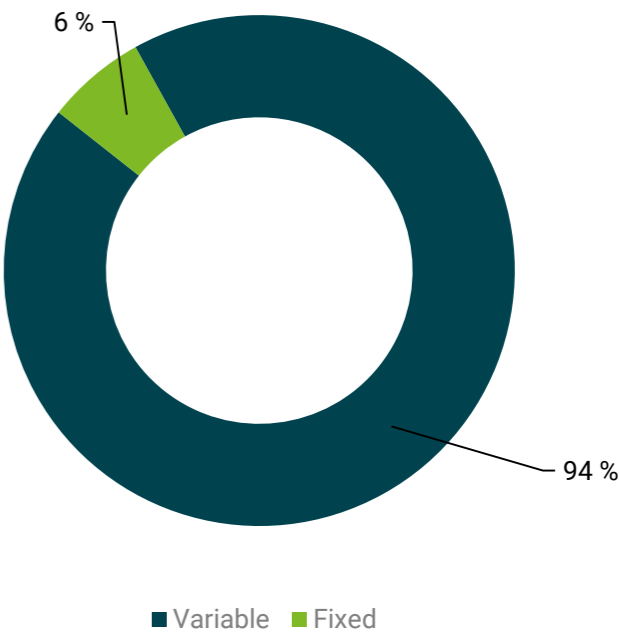
Summary of the mortgages in the cover pool

Nominal value	EUR 8.6 bn
Number of loans	54,126
Arithmetic average loan (nominal)	EUR 158,009
WA LTV (indexed)	47.1%
WA seasoning (months)	33
Loans in arrears (over 90 days)	0.0
Over-collateralization *	12.0 %

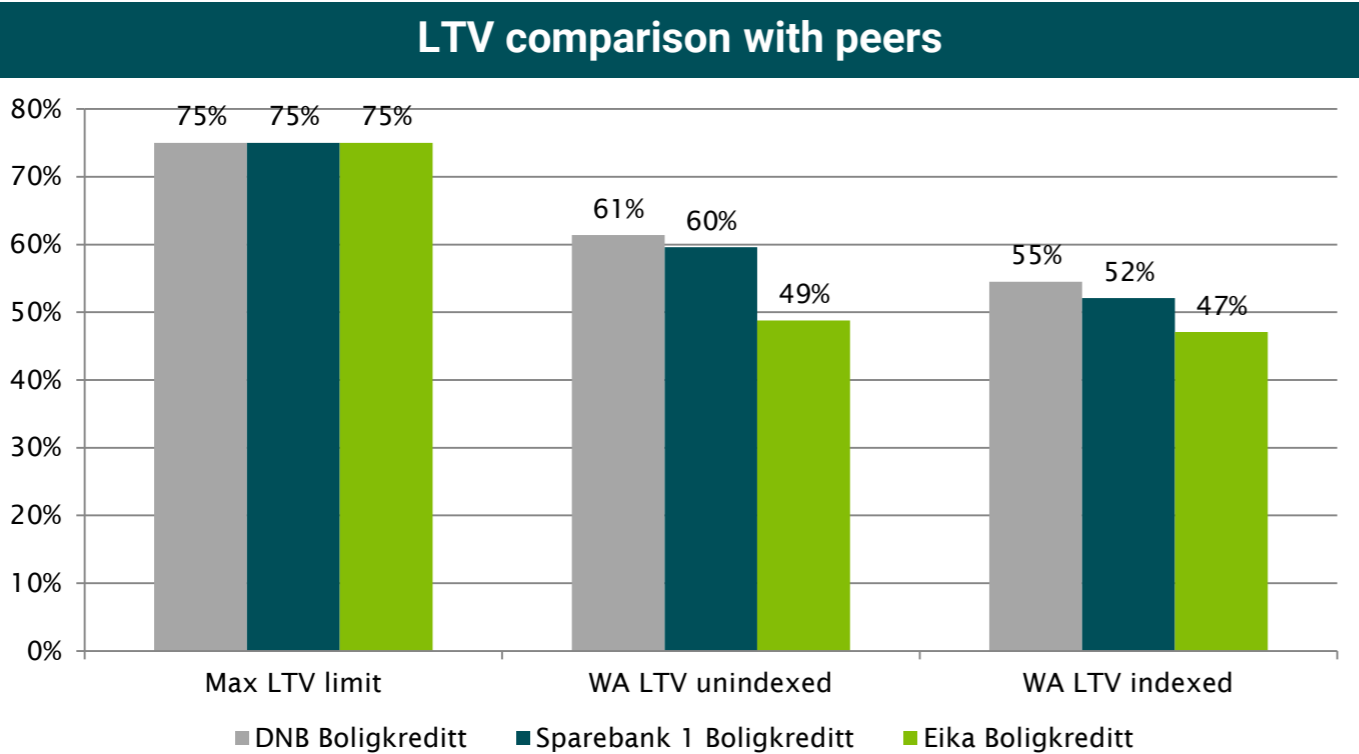
Indexed LTV distribution



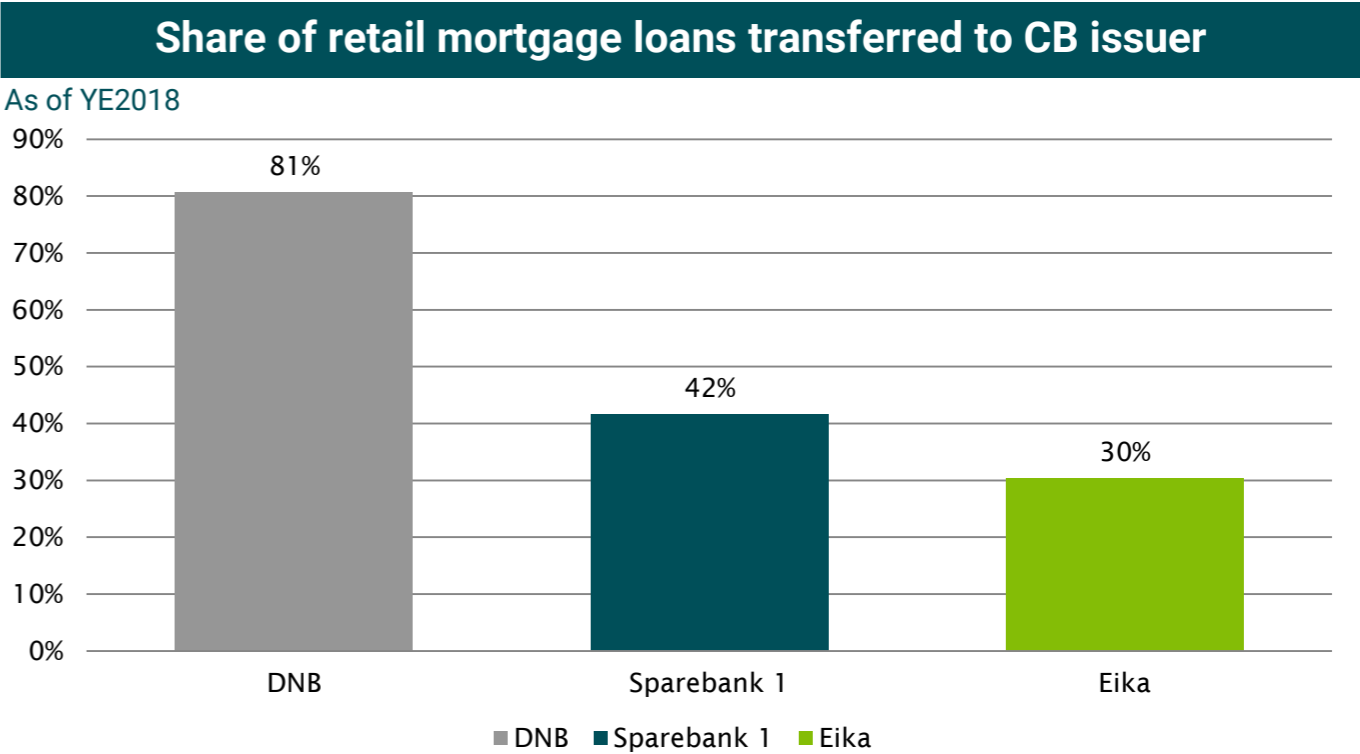
Variable vs fixed rate



Cover pool comparison and stress test



Source: Cover pool information as of Q4 2019 for Eika Boligkreditt and DNB Boligkreditt. Sparebank 1 Boligkreditt as of Q3 2019



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	8,552	8,552	8,552	8,552
Part of mortgages exceeding 75% LTV	0	20.3	72.9	437.9
Share of mortgage portfolio >75% LTV	0.00 %	0.2 %	0.8 %	5.1 %
Estimated over-collateralization*	12.0 %	11.8 %	11.2 %	6.9 %

Current funding

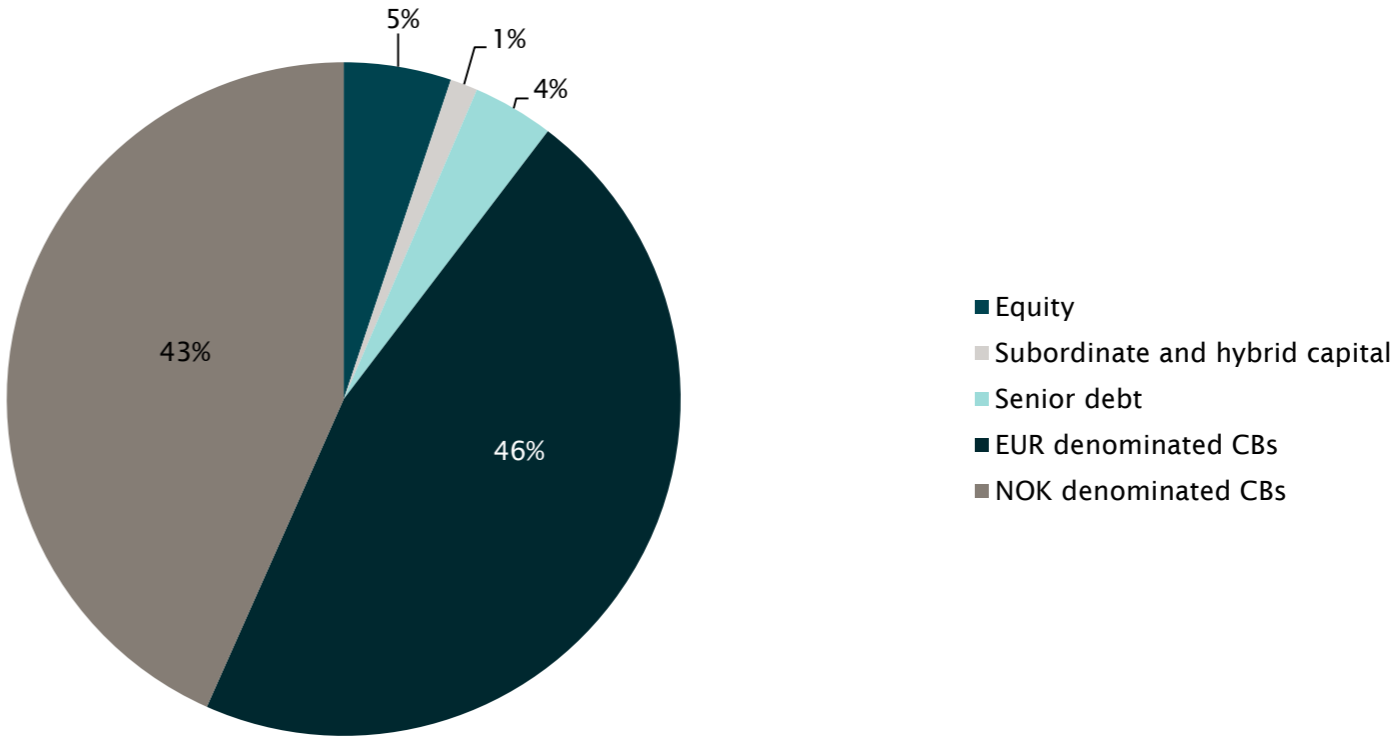
- EIKBOL has the objective to be a frequent benchmark issuer in both EUR and NOK covered bond markets
- Redemptions within any future 12-month rolling period should not exceed 20% of the gross funding at the time of redemption
- Targeting a level of liquidity covering redemptions the next 12 months
- 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
XS2133386685	2020-03-12	500	2027-03-12
XS1945130620	2019-02-01	500	2029-02-01

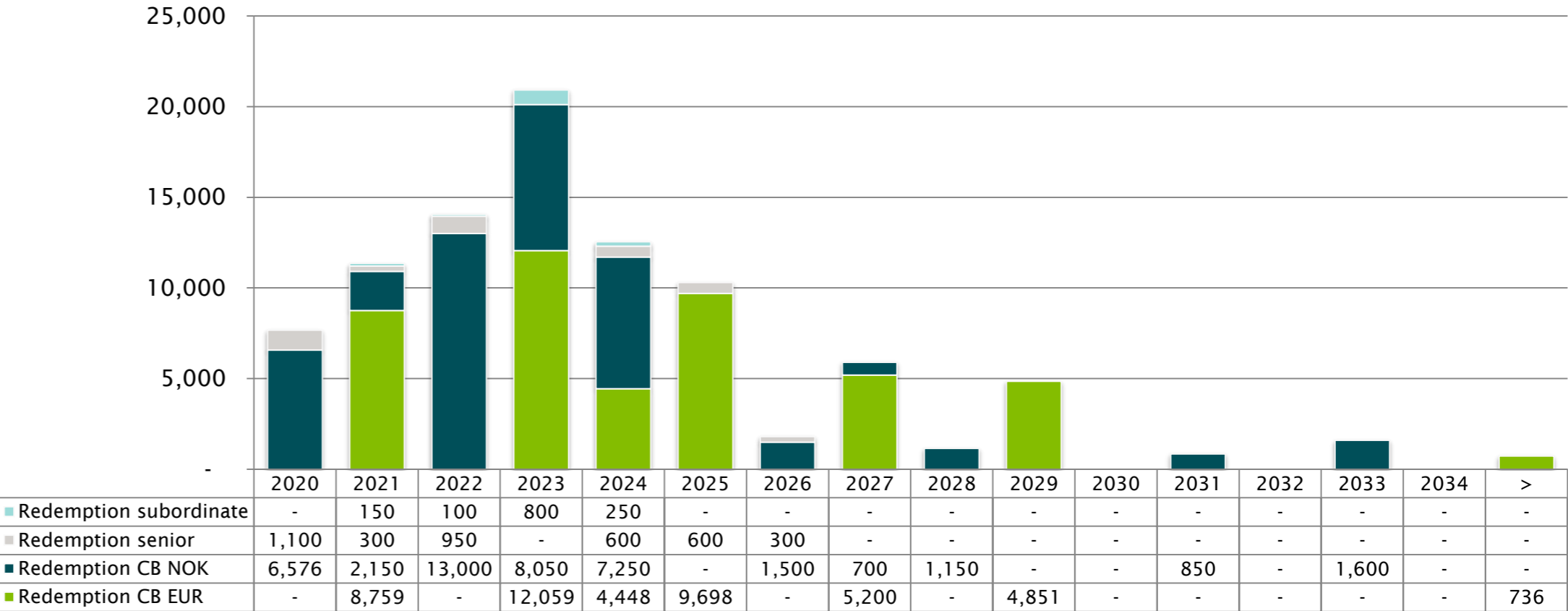
Funding mix EIKBOL

As of 2020-03-31



Maturity profile of funding (in million NOK)

As of 2020-03-31

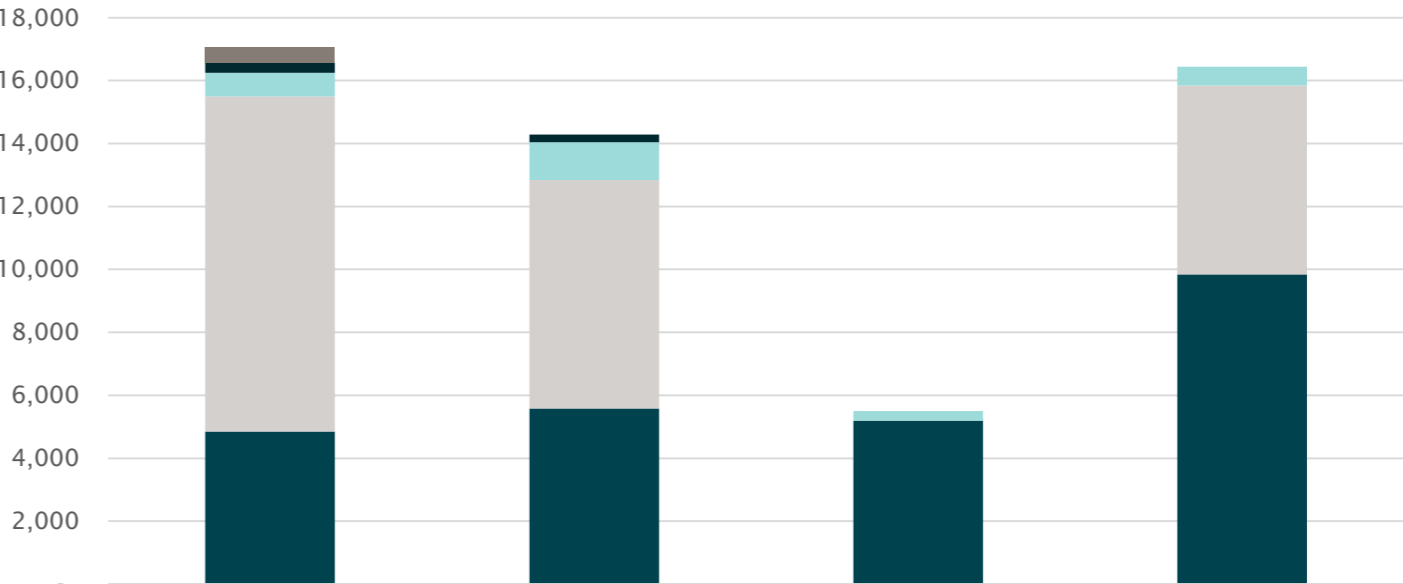


Planned funding

- 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

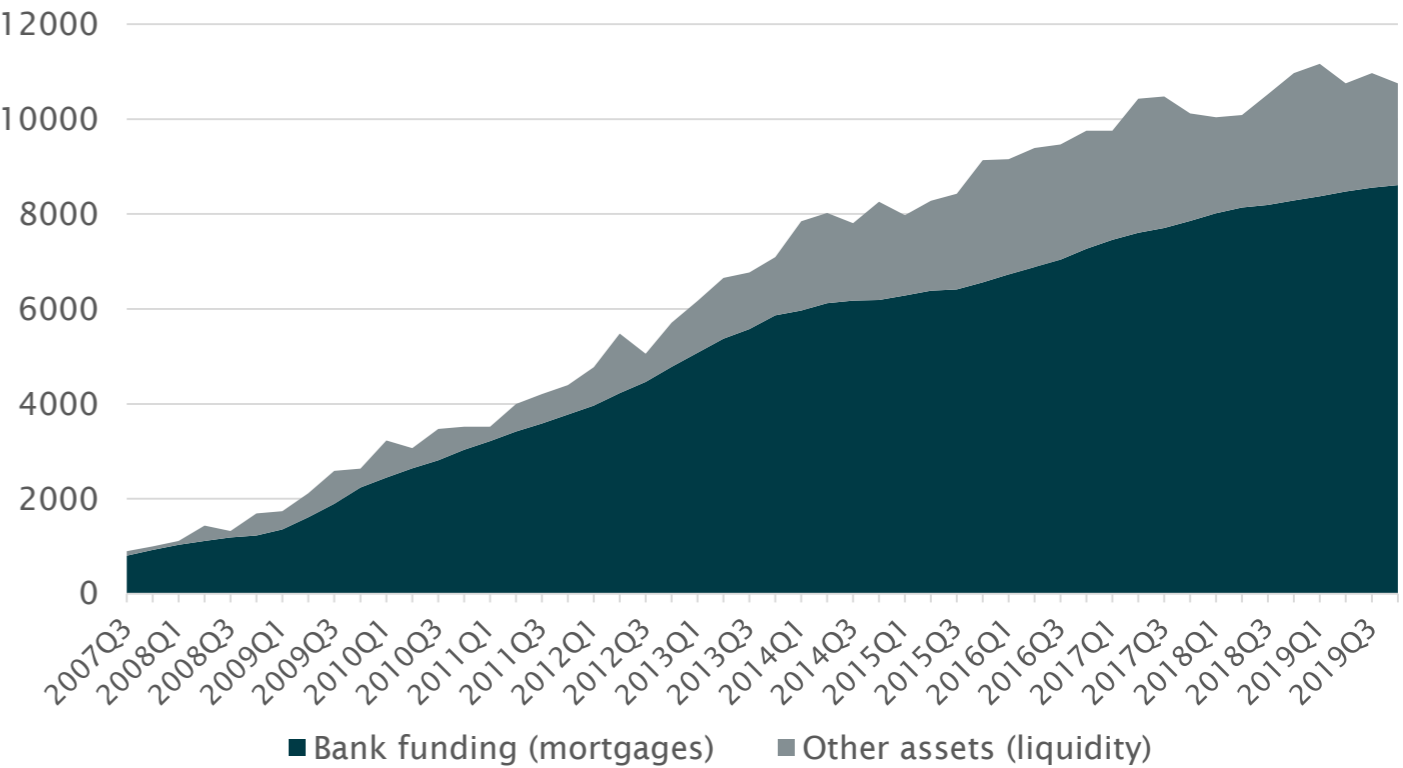
Actual and planned funding by instrument (in million NOK)

As of 2020-03-31



AT1	475	-	-	-
T2	325	250	-	-
Senior unsecured	750	1,200	300	600
Covered Bonds (denominated in NOK)	10,650	7,250	-	6,000
Covered Bonds (denominated in EUR)	4,848	5,587	5,200	9,843

EIKBOL development in mortgages and AUM (in million €)

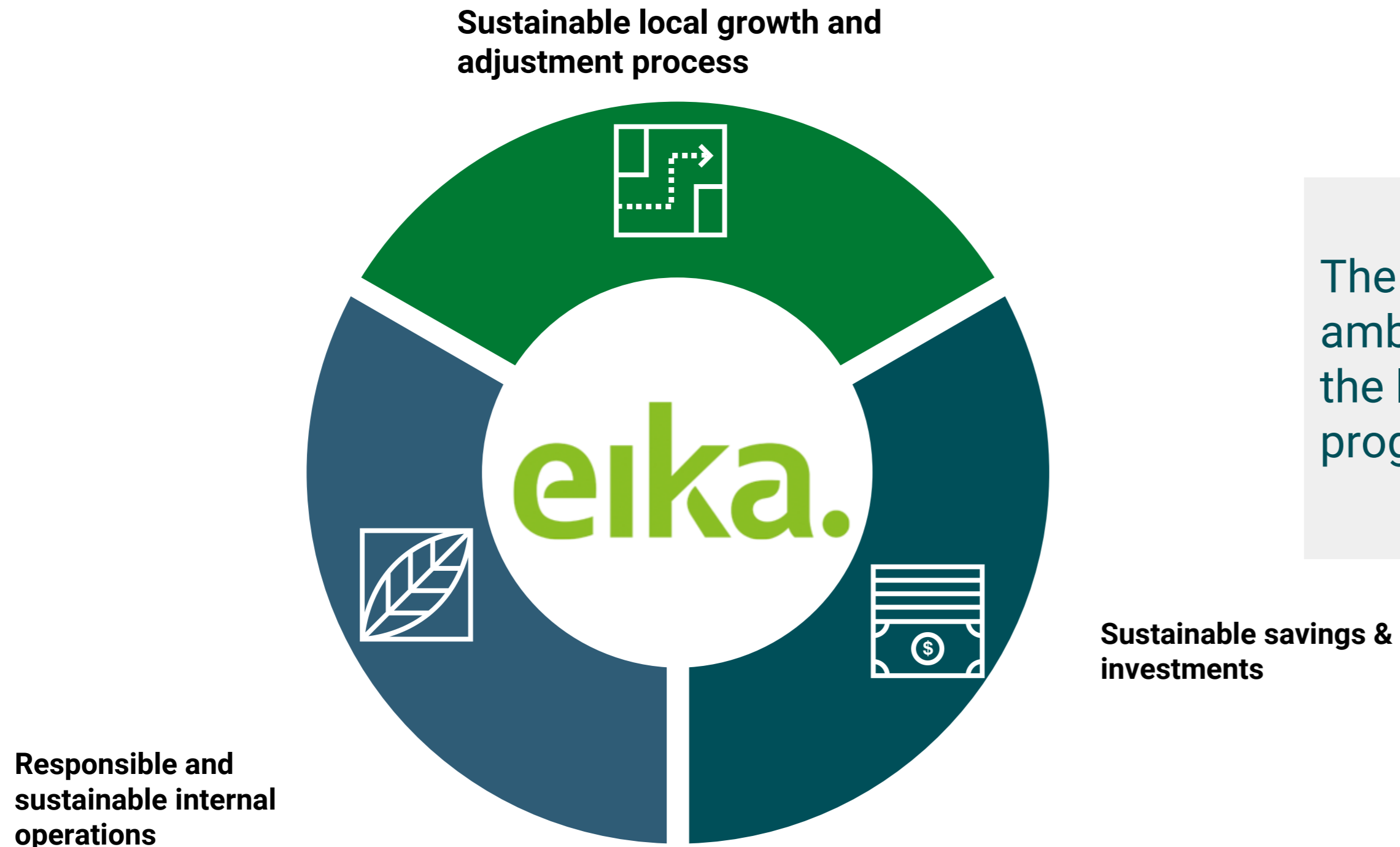


Agenda

- The Norwegian economy
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Focus areas sustainability



The project in the alliance propose two ambition levels within sustainability for the local banks with aligned priority programs to succeed

Strategic framework for sustainability in the Eika Alliance

Local bank 2023

Strong and caring local banks. Driving force for growth and development for you and your local community

Be an initiator for sustainable local growth, development and green readjustment through credit decisions and advisory services

Ambition: Be «the local strategist» for the local businesses and an initiator for sustainable, local growth and readjustment

Strengthen communication about and continuing improvement of sustainable saving products

Ambition: Offer a meny of sustainable and green saving products

Strengthen responsible and sustainable internal operations

Ambition: The Eika Alliance shall improve and prioritize responsible and sustainable internal operation to enable a credible position regarding sustainable local growth and readjustment proses

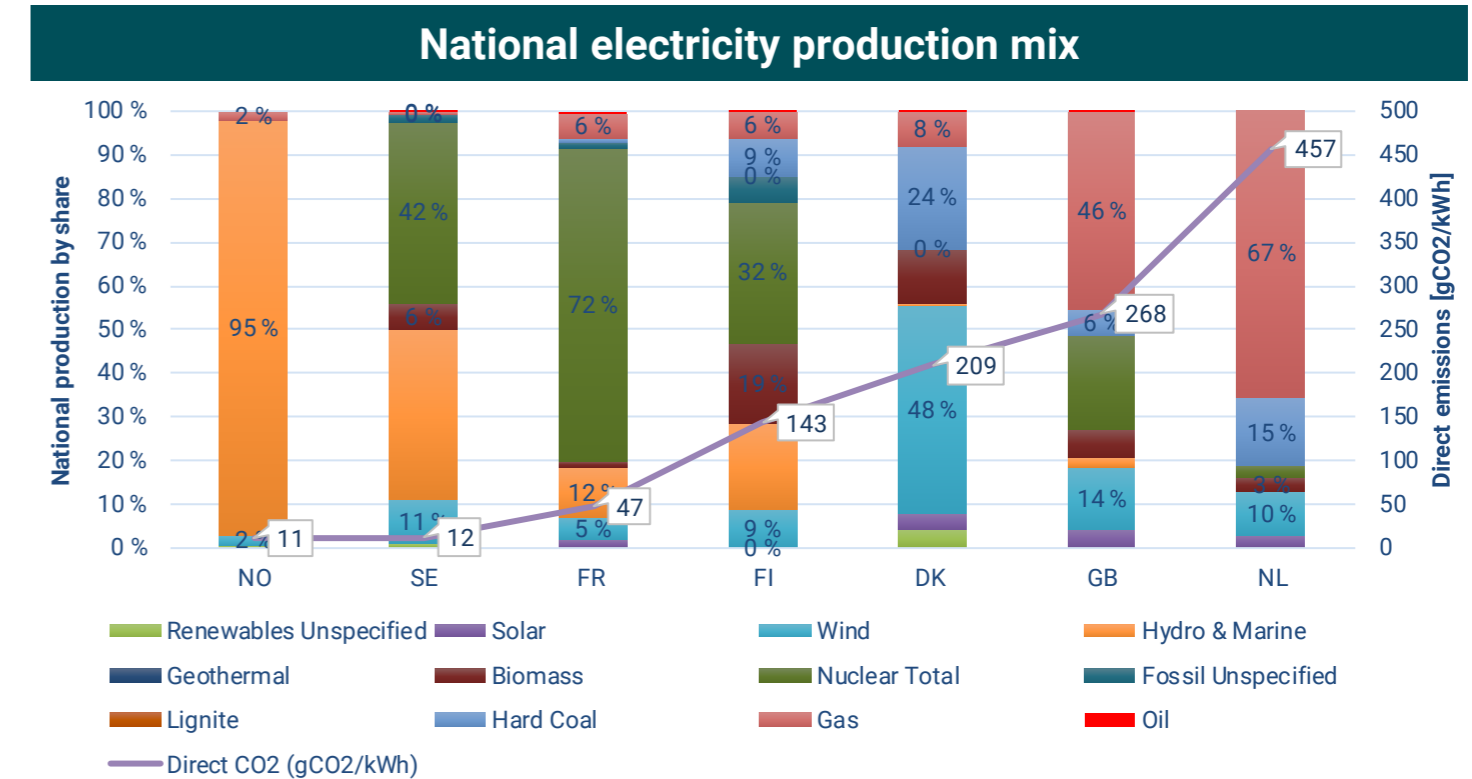


Sustainable savings – a four step process in the investment process

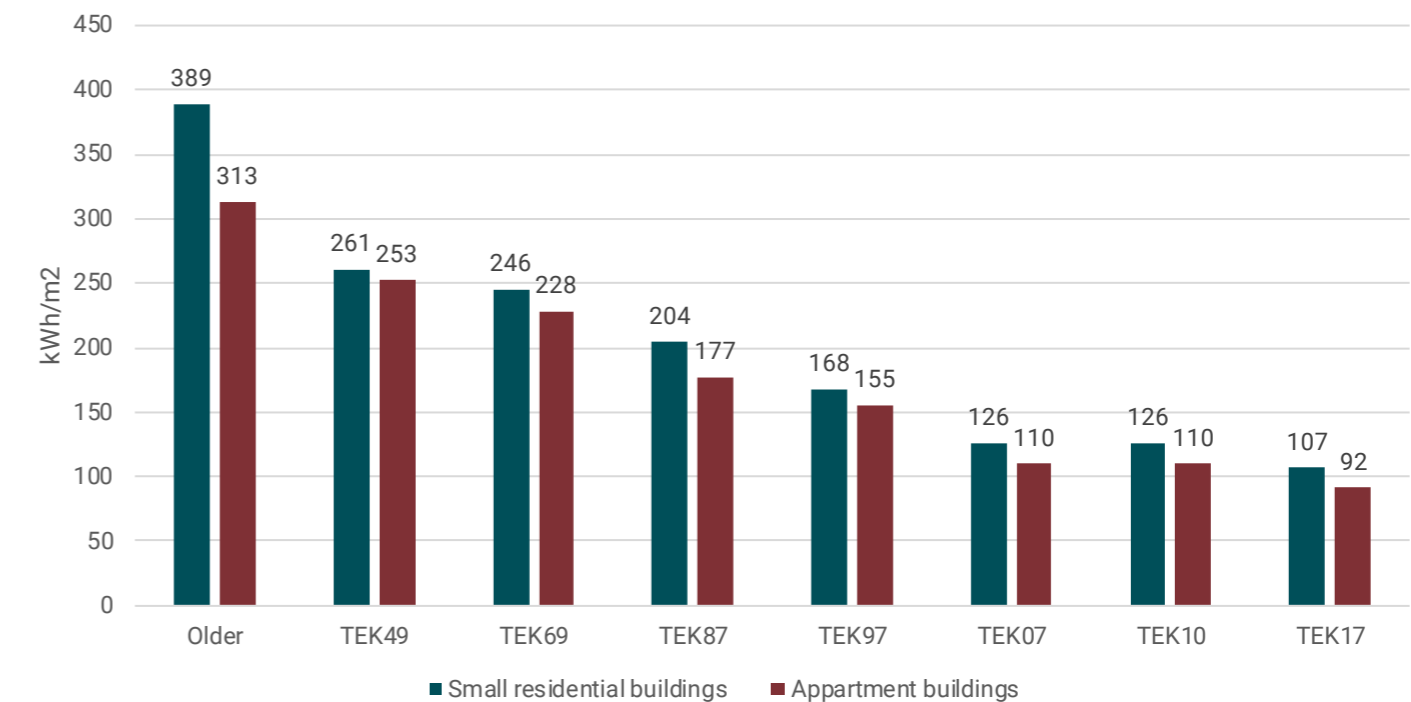


Co2 Footprint Analysis of the Cover Pool – Background

- Norwegian buildings are predominantly heated with electricity
- Norway has one of the greenest energy source mix for electricity (>97% renewable energy =95% Hydro & 2% wind)
- The carbon intensity for the lifetime of a Norwegian residential building = 123gCO₂/Kwh, this compares to much higher carbon intensities for other European countries¹
- Over time, residential buildings in Norway have become more energy efficient – analysing building codes provides a robust proxy as this data is available for the entire building stock (unlike EPC labels which represent ~50% of all buildings)
- With each new building code, energy efficiency standards for buildings have improved over time
- Multiconsult has estimated the CO₂ footprint of the entire Eika cover pool on this basis

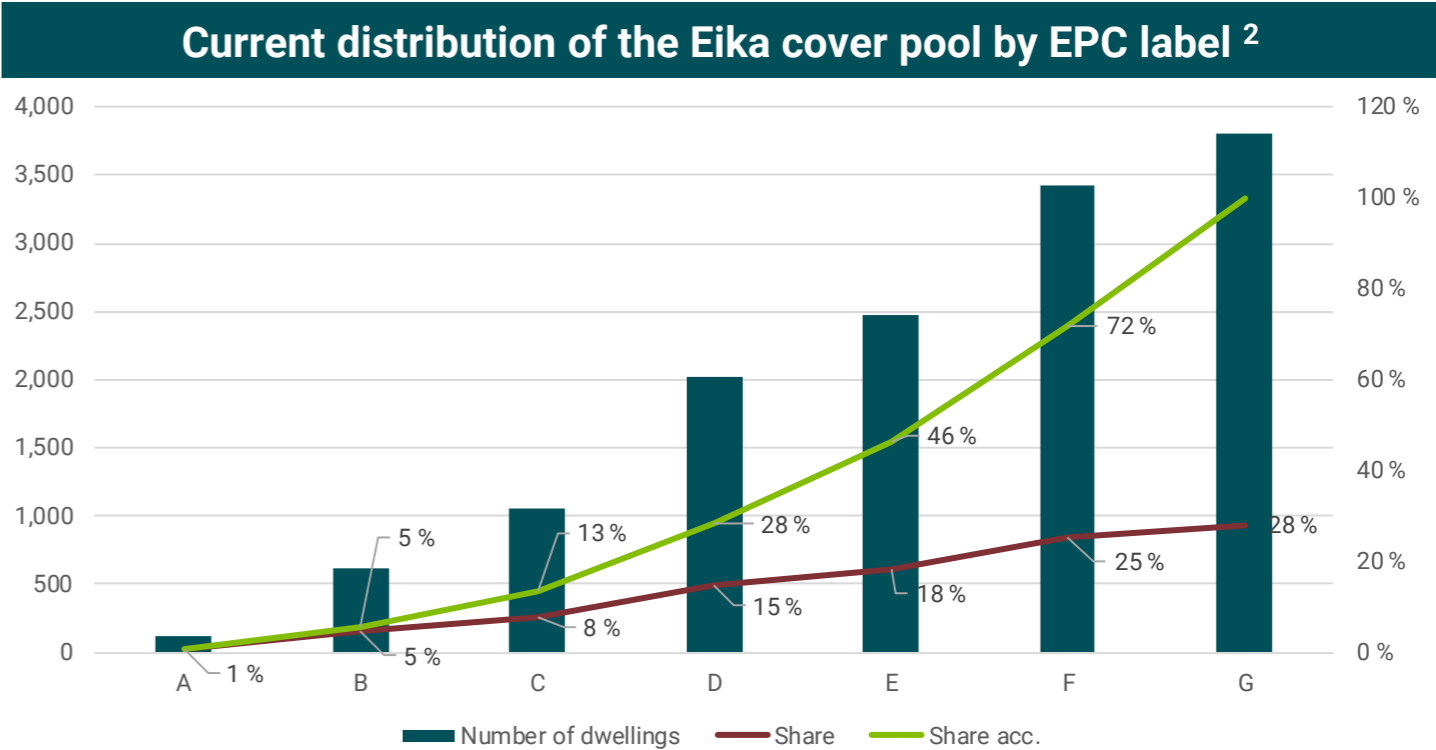


Development in calculated specific net energy demand by building code

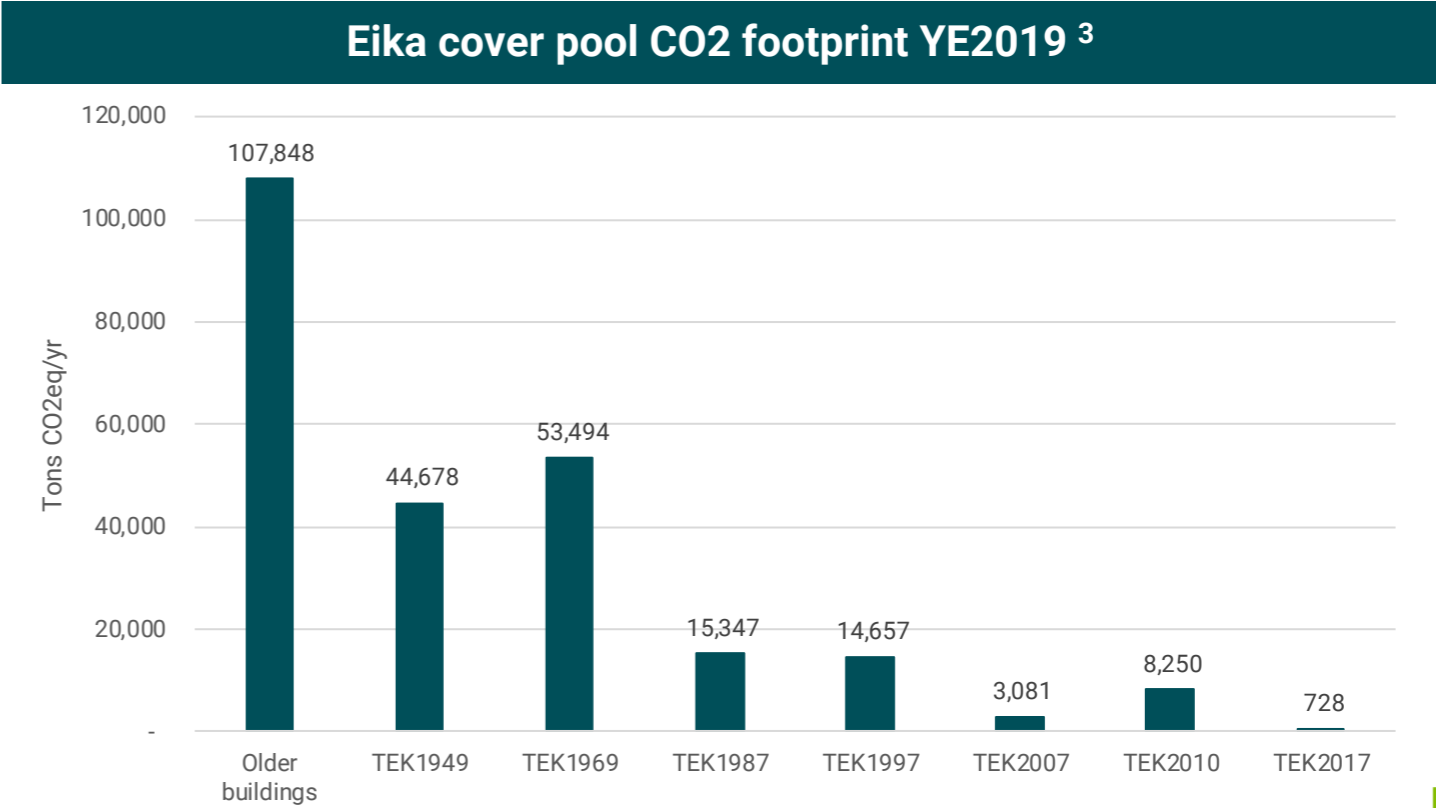
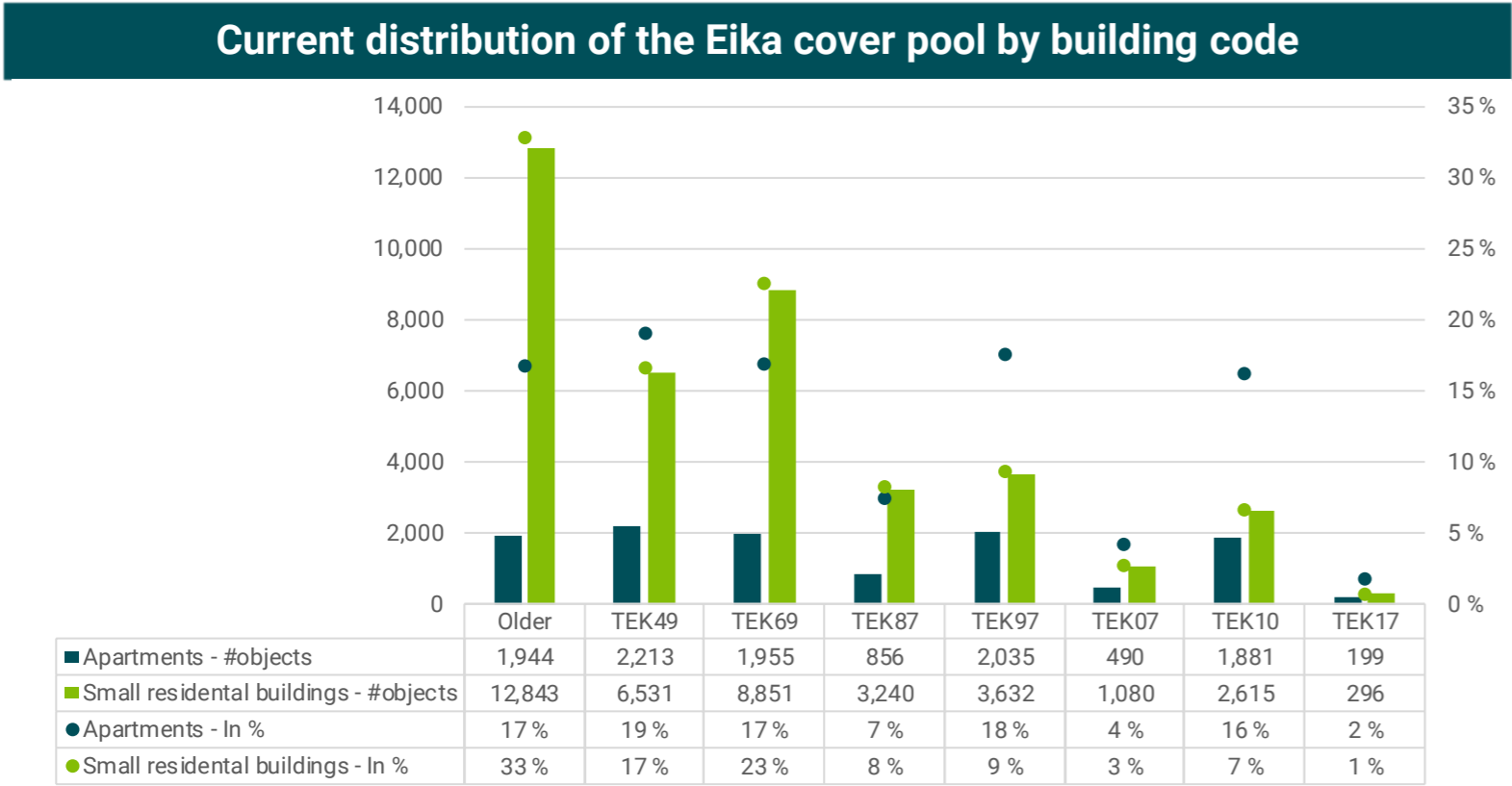


CO₂ Footprint analysis of the Cover Pool – 2019

- As part of our ‘Strategic Framework for Sustainability’, Eika values increased disclosure in terms of scope 3 carbon impact
- The current portfolio, as of December 31st 2019, represents:
 - Yearly energy demand of 2,076 GWh
 - Yearly emissions of 255,839 tons CO₂ eq.



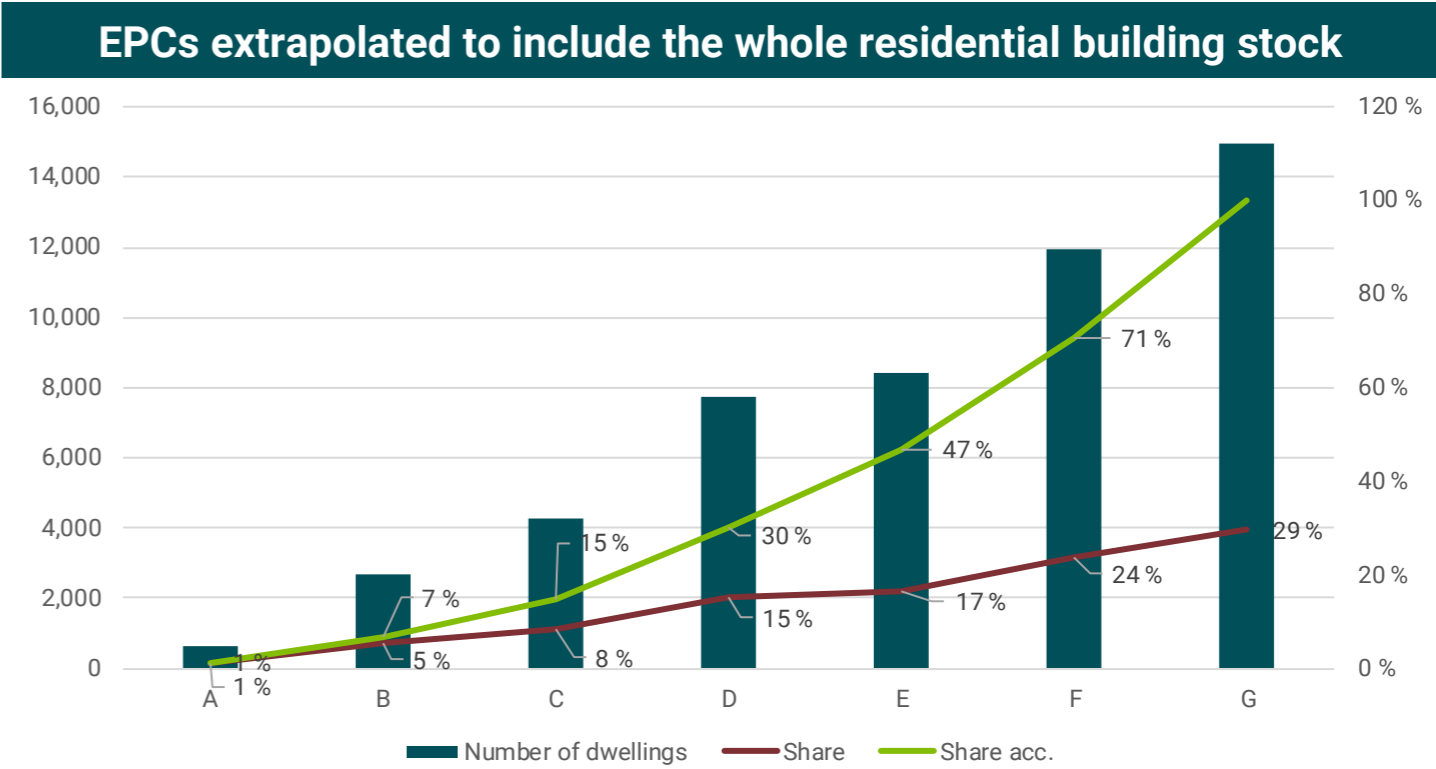
² EPC labels represent only 27% of the Eika cover pool, hence this is not fully representative of the entire cover pool



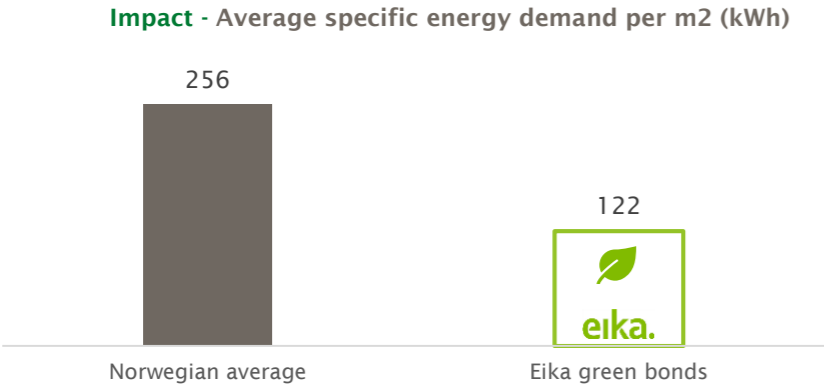
³ Portfolio CO₂-emissions related yearly use in energy demand distributed by age of building

Green bond eligibility criteria and impact

- 2 Criteria: Building code approach & EPC label approach
- Both criterion are used to estimate the top 15% most efficient buildings vs. the total building stock
- Building codes are used as the basis of the analysis, given that they represent the entire building stock (whereas EPC labels represent ~50%)
- Criterion 1 (building code):
 - Apartments: TEK10 or TEK17
 - Other residential dwellings: TEK07, TEK10 or TEK17
- Criterion 2 (EPC):
 - Extrapolating for the total building stock, EPC's with an A, B or C label are proven to be within the top 15% most efficient residential buildings
- This green bond eligibility criteria is aligned with the Climate Bonds Initiative taxonomy for Norwegian residential buildings



Current eligible portfolio				
Criterion	Type of dwelling	Number of objects	Area total [m²]	Portfolio size [MNOK]
Criterion 1 (Building code)	Apartments	2,080	162,695	3,333
	Small residential buildings	3,991	685,365	9,015
Criterion 2 (EPC)	Apartments	292	23,058	417
	Small residential buildings	427	69,586	859
Total		6,790	940,704	13,624



- Eika green bond portfolio has an estimated average energy consumption of less than 50 per cent of the Norwegian average
- Estimated avoided CO2 emissions (entire pool) = 15,500 tons CO2/year

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 assessment¹.

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

<https://eikbol.no/About-us/ESG>

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

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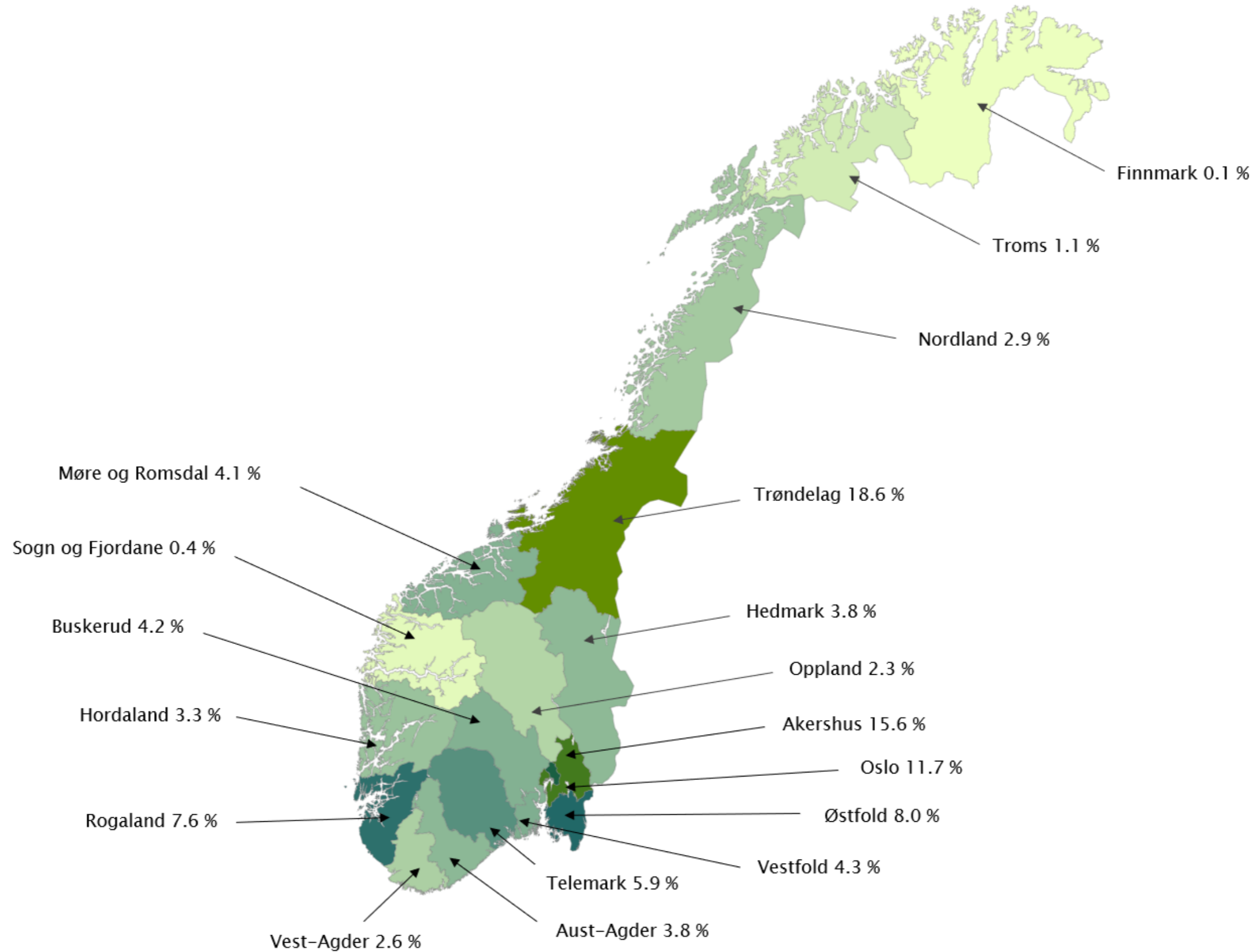
More information may be found on
<https://eikabol.no>

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Mortgage lending - Strong geographical diversification

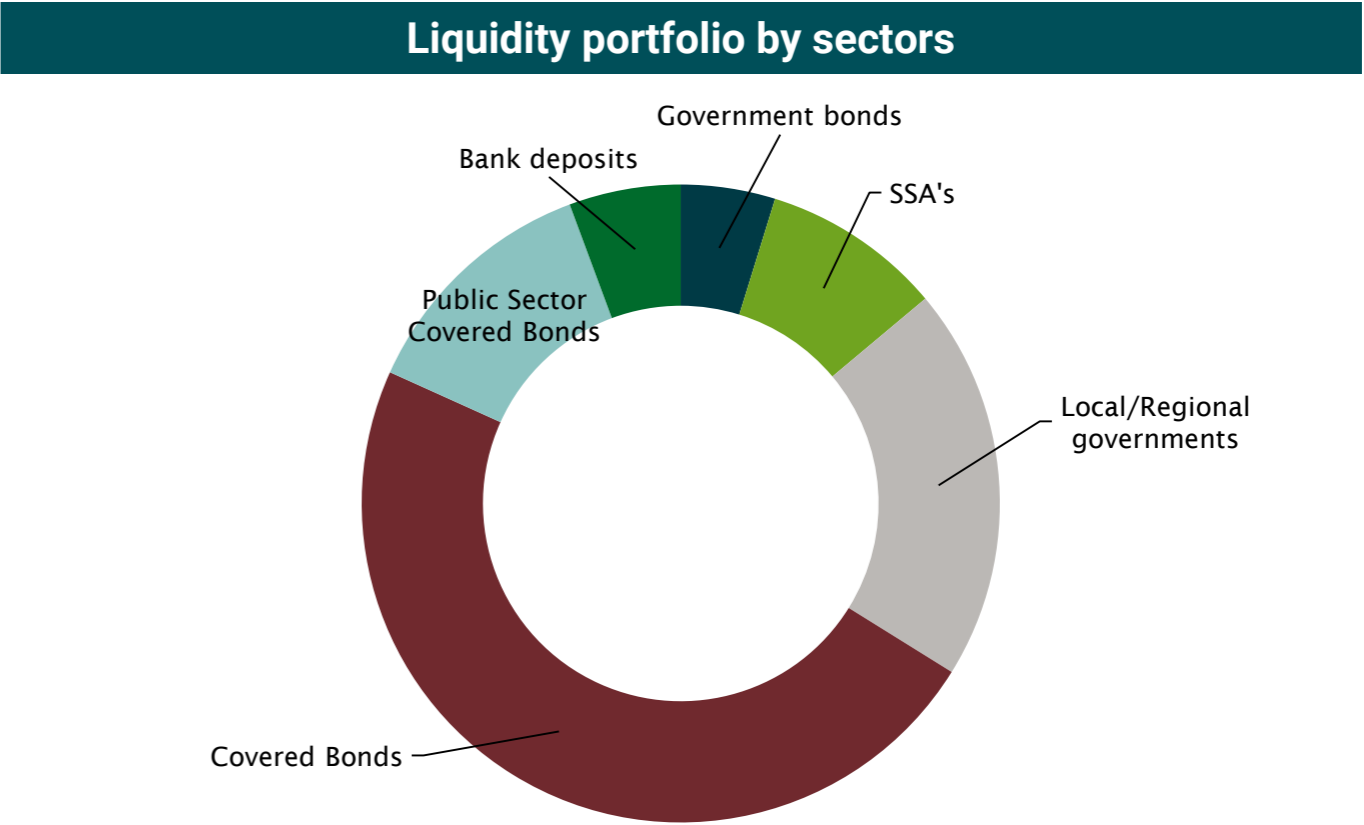


Liquidity portfolio

- **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	50,355,724	5 %	0.34
SSA's	96,233,497	9 %	1.84
Local/Regional governments	210,493,650	20 %	0.37
Covered Bonds	505,027,259	48 %	1.85
Public Sector Covered Bonds	132,784,403	13 %	2.07
Bank deposits	59,696,961	6 %	0.00
Total portfolio	1,054,591,495	100 %	1.40

- **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



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

Eika Boligkreditt - P&L

Amounts in NOK Million	2014	2015	2016	2017	2018	2019
Total Interest income	2 461	2 066	1 861	2 049	2 162	2 624
Total interest expenses	1 721	1 430	1 380	1 366	1 480	1 976
Net interest income	741	636	482	683	682	648
Dividend from shares classified as available for sale	-	6	6	6	18	19
Total gains and losses on financial instruments at fair value	51	203	(81)	(135)	22	(6)
Comission costs	431	443	300	410	458	490
Total salaries and administrative expenses	32	42	39	48	50	51
Depreciation	1	2	1	2	2	4
Other operating expenses	10	13	14	16	16	15
Losses on loans and gurantees	-	-	-	-	-	-
PROFIT/(LOSS) BEFORE TAXES	117	344	50	78	197	102
Taxes	30	81	11	18	45	14
PROFIT/(LOSS) FOR THE PERIOD	87	263	39	60	152	89
Net gains and losses on bonds and certificates	-	-	-	-	(7)	7
Fair value adjustment, shares	-	-	-	-	(15)	-
Net gains and losses on basis swaps	-	-	-	-	(106)	53
Taxes on other comprehensive income	-	-	-	-	28	(15)
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	52	133

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 Q4 2019:

Eika Boligkreditt showed a profit of NOK 89 million for 2019, compared with a profit of NOK 152 million in 2018. Net gains and losses on basis swaps came to NOK 53 million for 2019 (2018: negative NOK 106 million) , net gains and losses on bonds and certificates came to NOK 7 million and taxes on other comprehensive income came to negative NOK 15 million, so that the comprehensive income for the period including such changes came to a profit of NOK 133 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	2019
Balance sheet development						
Lending to customers	60 889	64 527	71 509	77 286	82 015	84 719
Debt from issuing securities	72 878	79 876	86 983	90 030	97 288	94 300
Subordinated loans	698	450	599	600	674	889
Equity*	3 024	4 242	4 396	4 770	5 290	5 777
Equity in % of total assets*	3.72	4.72	4.58	4.79	4.90	5.50
Average total assets	76 845	84 571	92 324	99 466	101 744	107 506
Total assets	81 298	89 932	96 017	99 603	107 969	105 835
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	0.50
Staff and general administration expenses in relation to average total assets, annualised (%)	0.05	0.10	0.04	0.05	0.03	0.03
Return on equity, annualised (%)	4.17	10.70	1.37	1.90	4.50	2.20
Total assets per full-time position	4 106	4 542	4 849	5 030	5 453	5 345
Finacial strength						
Core tier 1 capital	2 925	3 607	3 833	4 156	4 522	5 074
Total tier 1 capital	3 374	4 055	4 282	4 706	5 227	5 648
Total primary capital (tier 2 capital)	3 623	4 505	4 882	5 305	5 902	6 372
Weighted calculation basis	25 155	27 510	29 766	31 468	33 731	34 074
Core tier 1 capital ratio	11.63	13.10	12.88	13.20	13.40	14.90
Total tier 1 capital ratio	13.41	14.70	14.39	15.00	15.50	16.60
Capital adeqacy ratio	14.40	16.40	16.40	16.90	17.50	18.70
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	19.8

*Including AT1 capital

Source: EBK quarterly reports

Eika Boligkreditt –changes in the business model in 2019

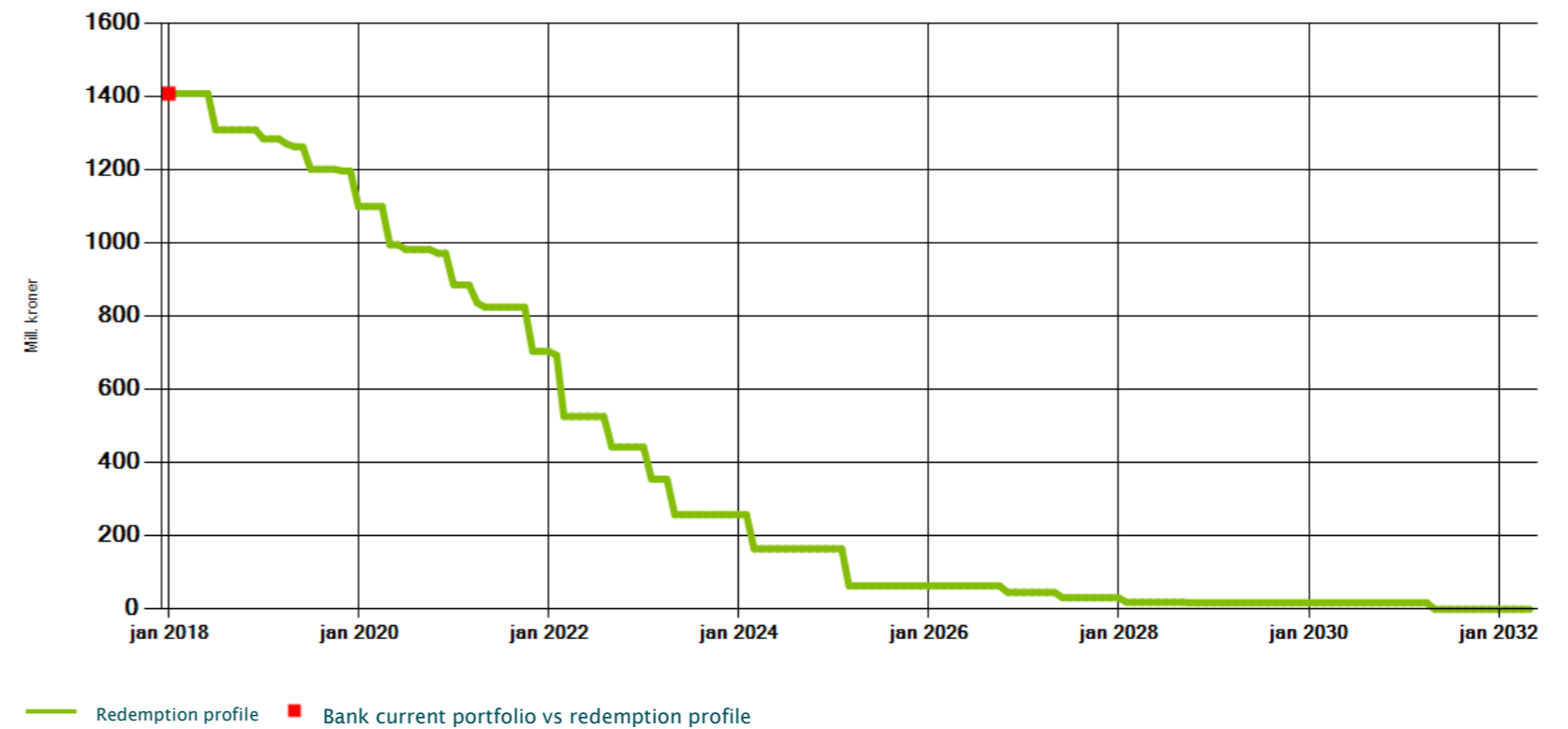
We have changed the following elements in the business model:

- 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 and in process for 2020

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
- ... 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 and in process for 2020 continued

Stadsbygd Sparebank and Ørland Sparebank

- June 18th 2019 the boards in the banks announced starting negotiations with the intention to merge the banks
- February 24th 2020 the boards in the banks approved the agreement to merge the banks
- May 19th 2020 the general meetings in the banks will consider the agreement, if approved the intention is the merger to take effect from September 1st 2020
- Both banks are among the 11 banks that have given notice of termination of its agreements with Eika Gruppen. Termination period ends December 31st 2021
- Stadsbygd Sparebank is merged into Ørland Sparebank with Ørland Sparebank as the continuing bank
- Ola Setsaas, CEO in Stadsbygd Sparebank, is proposed as CEO in the merged bank and Pål Talmo, CEO in Ørland Sparebank, is proposed as chair of the board in the merged bank
- Total assets, including transferred to Eika Boligkreditt, of NOK 8.7 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 18th 2019 the boards in the banks announced starting negotiations with the intention to merge the banks
- February 24th 2020 the boards in the banks approved the agreement to merge the banks
- March 26th 2020 the general meetings in the banks approved the agreements to merge the banks
- The merger is pending approval from the FSA, if approved the intention is the merger to take effect from July 1st 2020
- Both banks are among the 11 banks that have given notice of termination of its agreements with Eika Gruppen. Termination period ends December 31st 2021 for Sparebank 68° Nord and December 31st 2022 for Ofoten Sparebank if merger fails
- Tor-Andrè Grenersen, CEO in Ofoten Sparebank, is proposed as CEO in the merged bank
- Total assets, including transferred to Eika Boligkreditt, of NOK 10.6 billion
- Rationales for considering to merge are to improve competitiveness in local markets, improved profitability and further enhance ability to contribute to develop their local communities

Hønefoss and Skue Sparebank

- March 9th 2020 the boards in the banks announced starting negotiations with the intention to merge the banks
- Next step is expected to be to approval of an agreement to merge the banks in the committee of representatives/general meeting in May
- The name for proposed for the merged bank is Skue Sparebank
- Hans Kristian Glesne, CEO in Skue Sparebank, is proposed as CEO in the merged bank and George H.Fulford, chair in the board of Skue Sparebank is proposed as chair of the board in the merged bank
- Total assets, including transferred to Eika Boligkreditt, of NOK 16 billion
- If the merger succeeds it will be the 4th largest bank in the Eika Alliance
- Rationales for considering to merge are to improve competitiveness in local markets, improved profitability 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

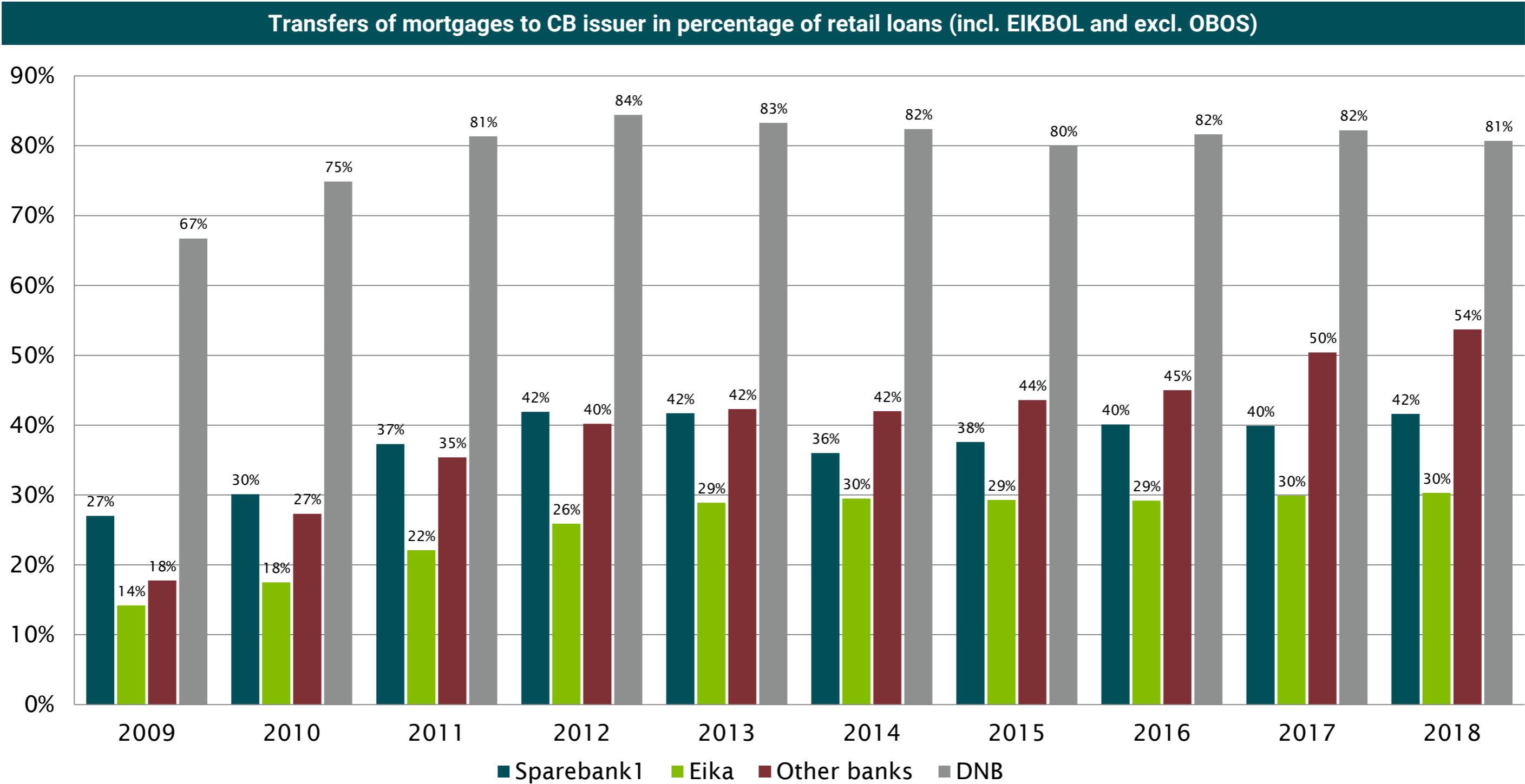
Quarterly data - P&L and Key figures

<i>P&L & balance in NOK mil.</i>	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Net interest income	1,288	1,235	1,256	1,301	1,359	1,321	1,405	1,516
Net commission income	388	355	362	349	352	340	363	420
Other income	8	7	10	7	9	7	6	6
Total income	1,684	1,597	1,628	1,656	1,720	1,668	1,774	1,942
Personnel and adm. expenses	774	736	664	738	772	776	658	767
Depreciation	34	35	35	32	36	38	37	38
Other costs	161	190	174	176	184	177	201	182
Total costs	970	962	873	947	993	990	896	987
Core earnings before loan losses	715	635	755	709	727	678	878	955
Impairment of loans and guarantees	70	26	38	23	91	23	16	21
Core earnings	645	609	717	686	637	655	862	935
Dividends/associated companies	21	24	373	12	13	26	499	7
Net return on financial investments	25	10	31	17	-15	35	21	19
One-offs and loss/gain on long-term assets	-10	3	44	30	88	0	9	-3
Pre tax profit	681	646	1,165	745	724	716	1,391	958
Taxes	166	163	212	185	152	180	246	234
Net profit	515	483	953	561	572	536	1,145	723
Gross loans	228,738	230,308	236,454	240,666	243,903	246,930	253,514	257,299
Gross loans incl. EBK	302,214	305,673	313,395	318,474	323,838	327,672	335,645	340,570
Deposits	187,805	190,313	199,511	196,904	198,358	202,039	211,800	210,493
Equity	28,865	29,359	30,406	31,041	31,608	32,005	33,408	34,202
Total assets	273,190	276,442	289,333	289,328	291,614	296,779	310,486	311,973
Total assets incl. EBK	346,666	351,807	366,275	367,136	371,549	377,521	392,616	395,244
Growth in loans	1.2 %	0.7 %	2.7 %	1.8 %	1.3 %	1.2 %	2.7 %	1.5 %
Growth in loans incl. EBK	1.7 %	1.1 %	2.5 %	1.6 %	1.7 %	1.2 %	2.4 %	1.5 %
Growth in deposits	0.6 %	1.3 %	4.8 %	-1.3 %	0.7 %	1.9 %	4.8 %	-0.6 %

<i>Key figures</i>	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Deposit ratio	82.1 %	82.6 %	84.4 %	81.8 %	81.3 %	81.8 %	83.5 %	81.8 %
Deposit over total funding	77.6 %	77.8 %	78.1 %	77.2 %	77.0 %	77.1 %	77.2 %	76.8 %
(Market funding - Liquid assets)/Total assets	6.3 %	5.8 %	4.0 %	5.9 %	6.8 %	6.2 %	4.4 %	5.6 %
Liquid assets/Total assets	13.5 %	13.9 %	15.4 %	14.2 %	13.5 %	14.0 %	15.7 %	14.8 %
Market funds/Total assets	19.8 %	19.7 %	19.4 %	20.1 %	20.3 %	20.3 %	20.1 %	20.4 %
Equity ratio	10.6 %	10.6 %	10.5 %	10.7 %	10.8 %	10.8 %	10.8 %	11.0 %
Common Equity Tier 1 ratio (CET1)	18.0 %	17.5 %	17.2 %	17.1 %	18.2 %	17.8 %	17.4 %	17.4 %
Core capital ratio	19.3 %	19.0 %	18.7 %	18.5 %	19.6 %	19.1 %	18.8 %	18.7 %
Capital ratio	20.7 %	20.7 %	20.4 %	20.3 %	21.4 %	20.9 %	20.6 %	20.6 %
Loan loss provision ratio	0.12 %	0.05 %	0.06 %	0.04 %	0.15 %	0.04 %	0.02 %	0.03 %
Loan loss provision/Pre-provision income	9.2 %	3.9 %	3.2 %	3.1 %	12.5 %	3.1 %	1.1 %	2.1 %
Gross problem loans/Gross loans	0.96 %	1.08 %	1.03 %	1.05 %	0.97 %	1.01 %	1.13 %	1.16 %
Net problem loans/Gross loans	0.72 %	0.83 %	0.80 %	0.83 %	0.75 %	0.79 %	0.93 %	0.95 %
Loan loss reserves/Gross loans	0.59 %	0.57 %	0.55 %	0.53 %	0.54 %	0.54 %	0.51 %	0.51 %
Problem loans/(Equity + LLR)	7.3 %	8.1 %	7.7 %	7.8 %	7.2 %	7.5 %	8.3 %	8.4 %
Net interest income/total assets	1.90 %	1.80 %	1.78 %	1.80 %	1.87 %	1.80 %	1.85 %	1.95 %
Net commission incom/total assets	0.57 %	0.52 %	0.51 %	0.48 %	0.49 %	0.46 %	0.48 %	0.54 %
Loss provision ratio	0.12 %	0.05 %	0.06 %	0.04 %	0.15 %	0.04 %	0.02 %	0.03 %
Cost/income ratio	56.0 %	59.0 %	43.0 %	56.2 %	57.8 %	57.3 %	39.1 %	50.1 %
Cost/income ratio (adjusted for net finance)	56.9 %	59.3 %	43.6 %	56.8 %	57.3 %	58.5 %	39.4 %	50.6 %
Cost/income ratio (adj. for net finance and divid	57.6 %	60.2 %	53.6 %	57.2 %	57.7 %	59.4 %	50.5 %	50.8 %
Net profit in % of total assets	0.76 %	0.70 %	1.35 %	0.78 %	0.79 %	0.73 %	1.51 %	0.93 %
Net profit/average RWA	1.43 %	1.33 %	2.57 %	1.48 %	1.50 %	1.39 %	2.89 %	1.79 %
Pre-provision income/average RWA	2.11 %	1.84 %	3.12 %	1.96 %	1.91 %	1.91 %	3.53 %	2.43 %
Core earnings in % of average RWA	1.78 %	1.66 %	1.90 %	1.82 %	1.66 %	1.68 %	2.13 %	2.31 %
Return on equity	7.2 %	6.6 %	12.8 %	7.3 %	7.3 %	6.7 %	14.0 %	8.6 %

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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