

Eika Boligkreditt

Investor presentation

February 2022



Executive summary

• The economy

- GDP-growth -2.3% in 2020, but strong rebound of +4.1% expected in 2021
- Unemployment rate 2.6% in January 2022
- Expected higher mortgage rates are expected to lead to moderate to low increases in housing prices going forward
- Lower petroleum investments (-4.1% in 2020 and expected -2.0% in 2021)

• 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/shipping
- 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
- 100% residential assets as collateral
- 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
- ESG at Eika
- Eika Boligkreditt's Green Bond Framework
- Appendix
- Disclaimer

The Norwegian economy – Key indicators

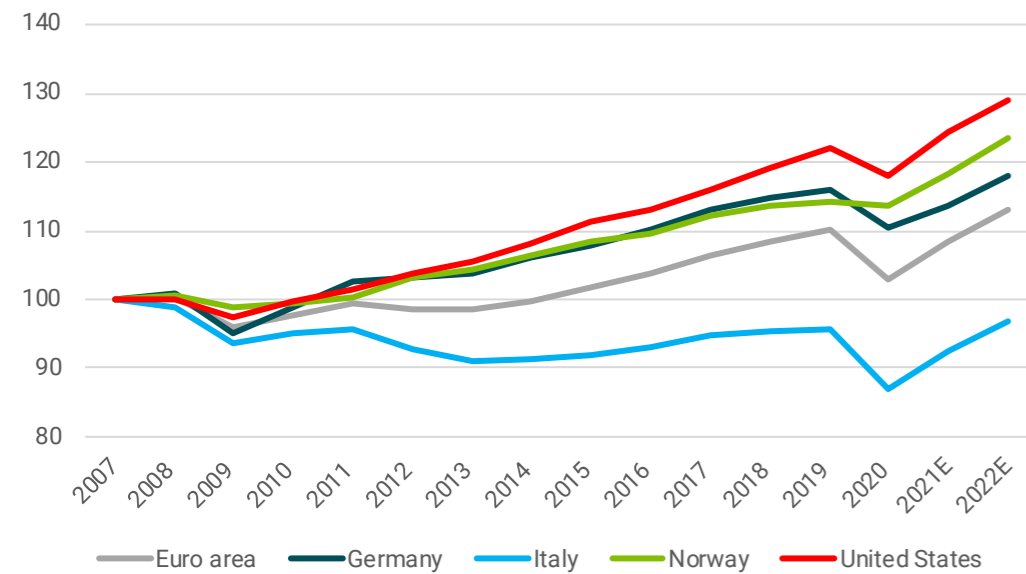
- Constitutional monarchy; Non EU member (EEA member); Population of 5.4 million
- Aaa / AAA / AAA rated country (all with stable outlook)
- GDP per capita amongst the highest in the OECD countries – estimated to be 40% higher than the average in EU (28 countries)
- GDP contracted by 2.3 % in 2020 driven by reduced private consumption, reduced investments and reduced export.
- Rebound in GDP expected in 2021 with growth of 4.1% driven by a reversal of negative development in private consumption, investments and export in 2020.

	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E
GDP growth (Mainland)	1.4 %	0.9 %	2.0 %	2.2 %	2.0 %	-2.3 %	4.1 %	4.1 %	2.4 %	1.9 %
Consumer price inflation	2.1 %	3.6 %	1.8 %	2.7 %	2.2 %	1.3 %	3.4 %	2.6 %	1.5 %	2.2 %
Unemployment	4.5 %	4.7 %	4.2 %	3.8 %	3.7 %	4.6 %	4.6 %	3.7 %	3.9 %	3.9 %
Private Consumption	2.7 %	1.1 %	2.2 %	1.6 %	1.1 %	-6.6 %	4.2 %	8.5 %	3.4 %	2.1 %
Household savings rate	9.8 %	6.9 %	6.6 %	5.9 %	7.0 %	14.3 %	12.9 %	8.0 %	8.1 %	8.1 %
Houseprices	6.1 %	7.0 %	5.0 %	1.4 %	2.5 %	3.9 %	10.4 %	4.0 %	1.4 %	1.5 %
Mortgage rate (flexi loans)	3.2 %	2.6 %	2.6 %	2.7 %	3.0 %	2.6 %	2.1 %	2.5 %	3.1 %	3.5 %
Government net lending as % of GDP	6.0 %	4.1 %	5.0 %	7.9 %	6.6 %	-3.0 %	-2.4 %	-0.7 %	0.0 %	n/a
Government pension fund / GDP	239 %	241 %	257 %	233 %	283 %	291 %	287 %	287 %	292 %	302 %

Source: Statistics Norway – Konjunkturtendensen 4/2021 , OECD – Economic Outlook No . 110 December 2021 and Norges Bank

The Norwegian economy – Relatively solid economic situation

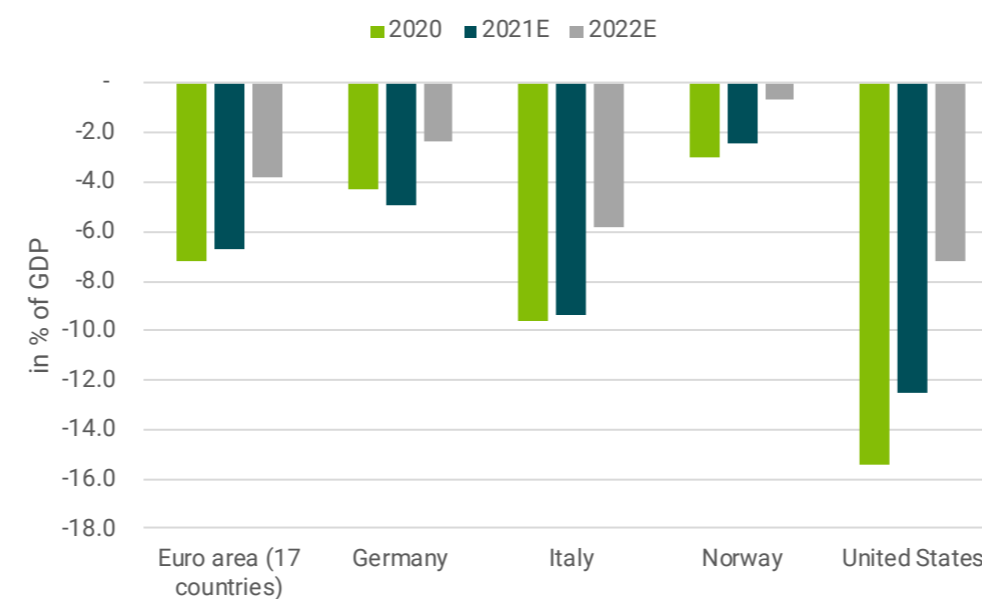
Real GDP growth (rebased to 100 in 2007)



Source: OECD Economic Outlook No. 110 (database), December 2021

- Economic growth at an annual average of 1.4% for Norwegian mainland GDP last 10 years, dragged down by -2.3% in 2020
- Strong current account surplus averaging 7.7% of GDP since 2011

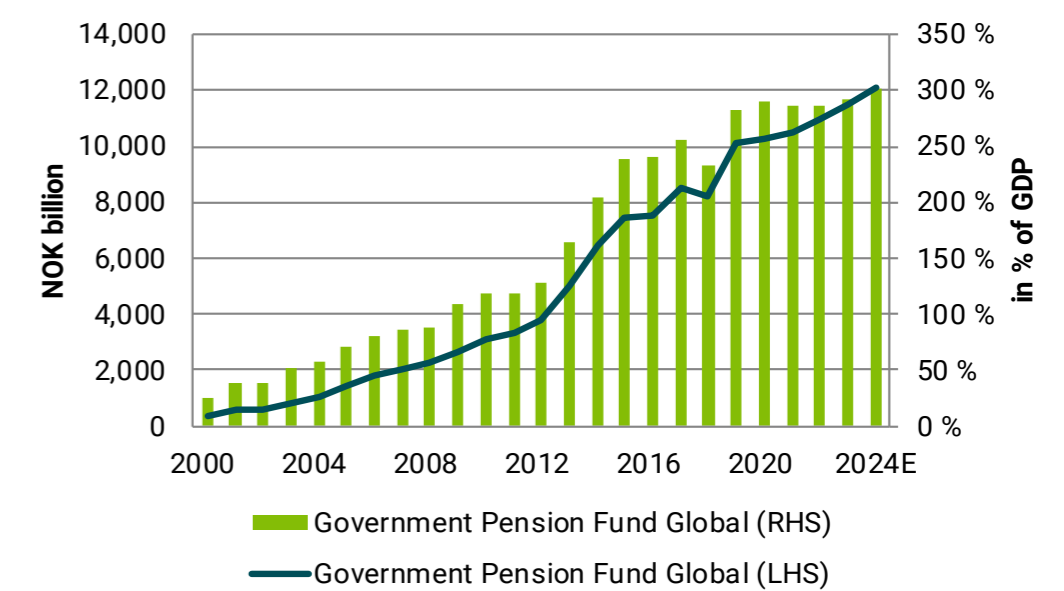
Government net lending (% of GDP)



Source: OECD Economic Outlook No. 110 (database), December 2021

- Due to Covid19-measures negative government net lending (-2.4% of GDP-) in 2021, but OECD expect significant improvement in 2022 and the Government Pension Fund is almost three times the size of GDP

Government Pension Fund Global

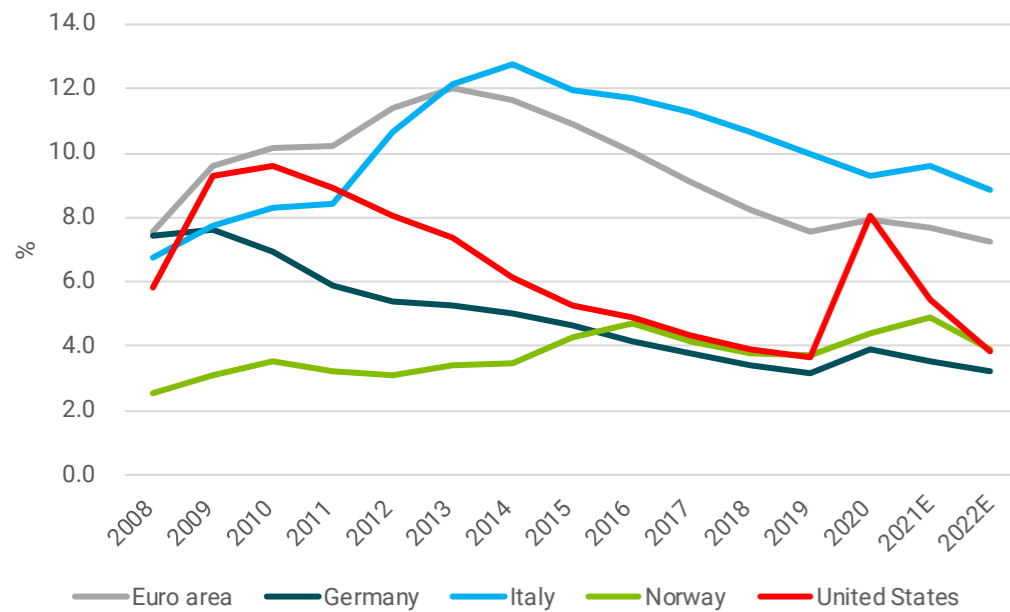


Source : Norges Bank, Statistics Norway

- Norway has a strong balance sheet
- High net central government financial assets (380% of GDP in 2020)

The Norwegian economy – Unemployment

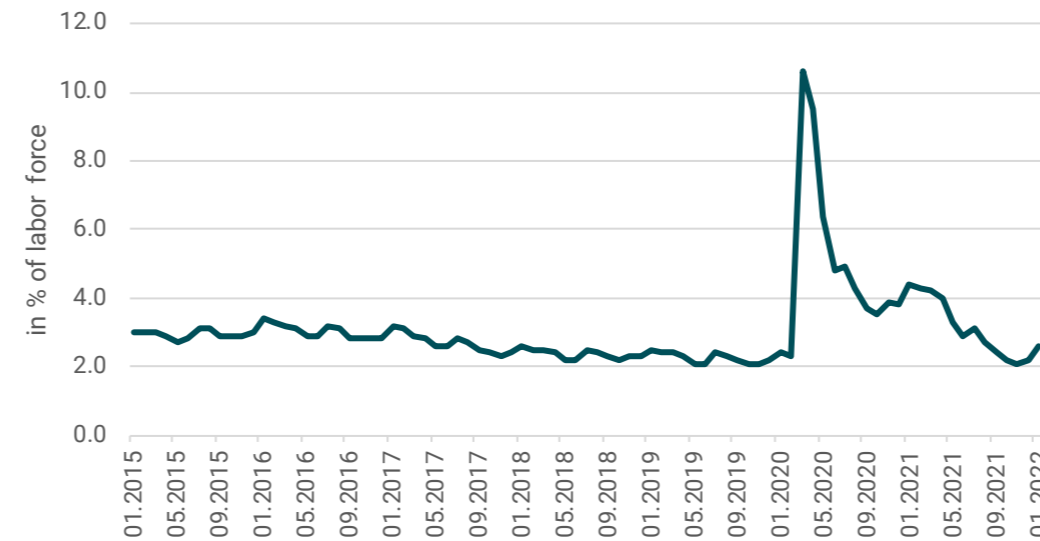
Norway has consistently low unemployment rate historically



Source: OECD Economic Outlook No. 110 (database), December 2021

- A stable economy has ensured a high rate of employment
- After the COVID-19 outbreak unemployment increased dramatically due to temporary lay-offs, but labour market is almost back to normal after reopening of the economy

Unemployment rate



Source: NAV, January 2022

- 2.6% unemployment rate in January, slightly up from 2.2% in December due to some COVID-19 measures were reimplemented in December because of the Omicron variant and high infection rates. Most measures were lifted February 1st

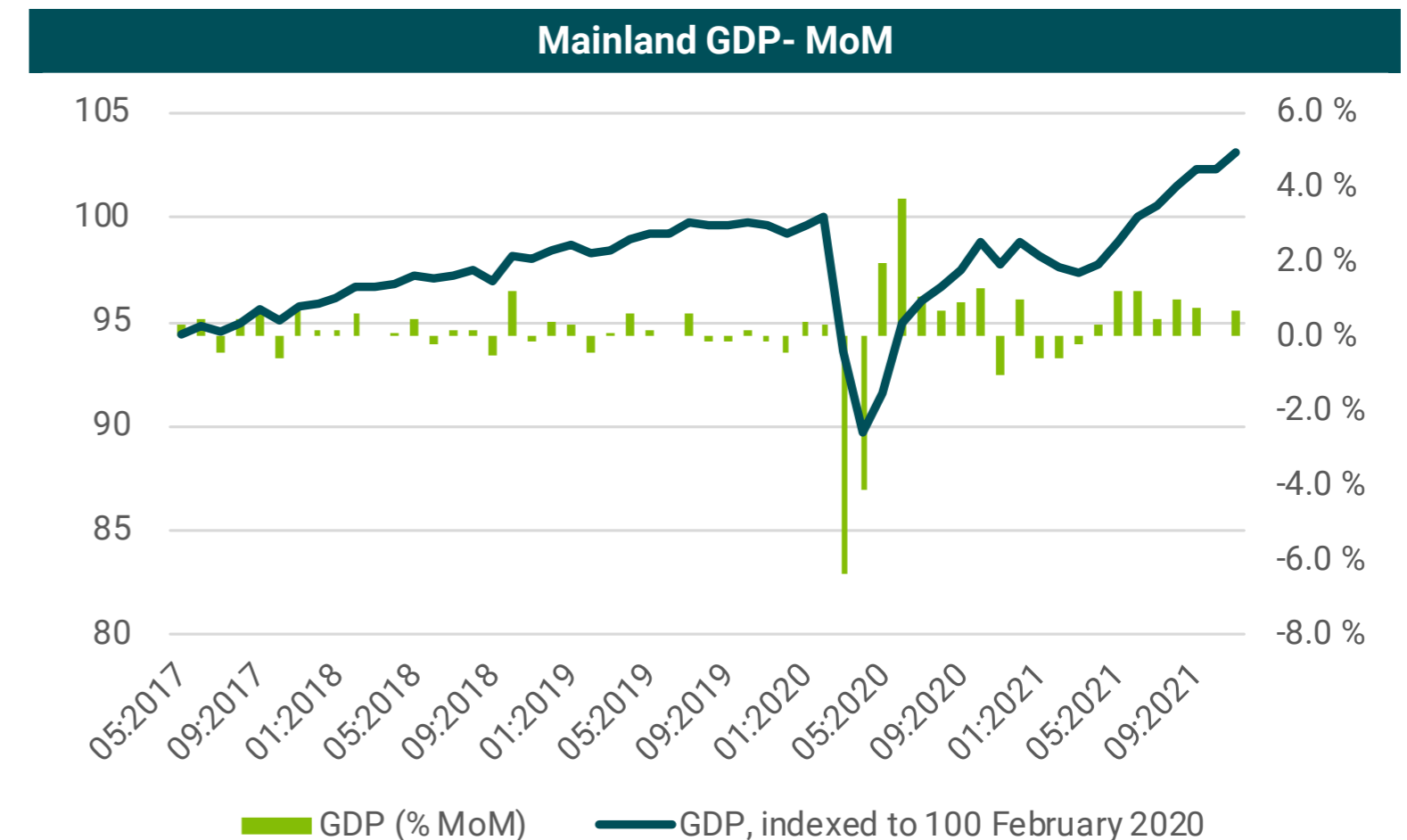
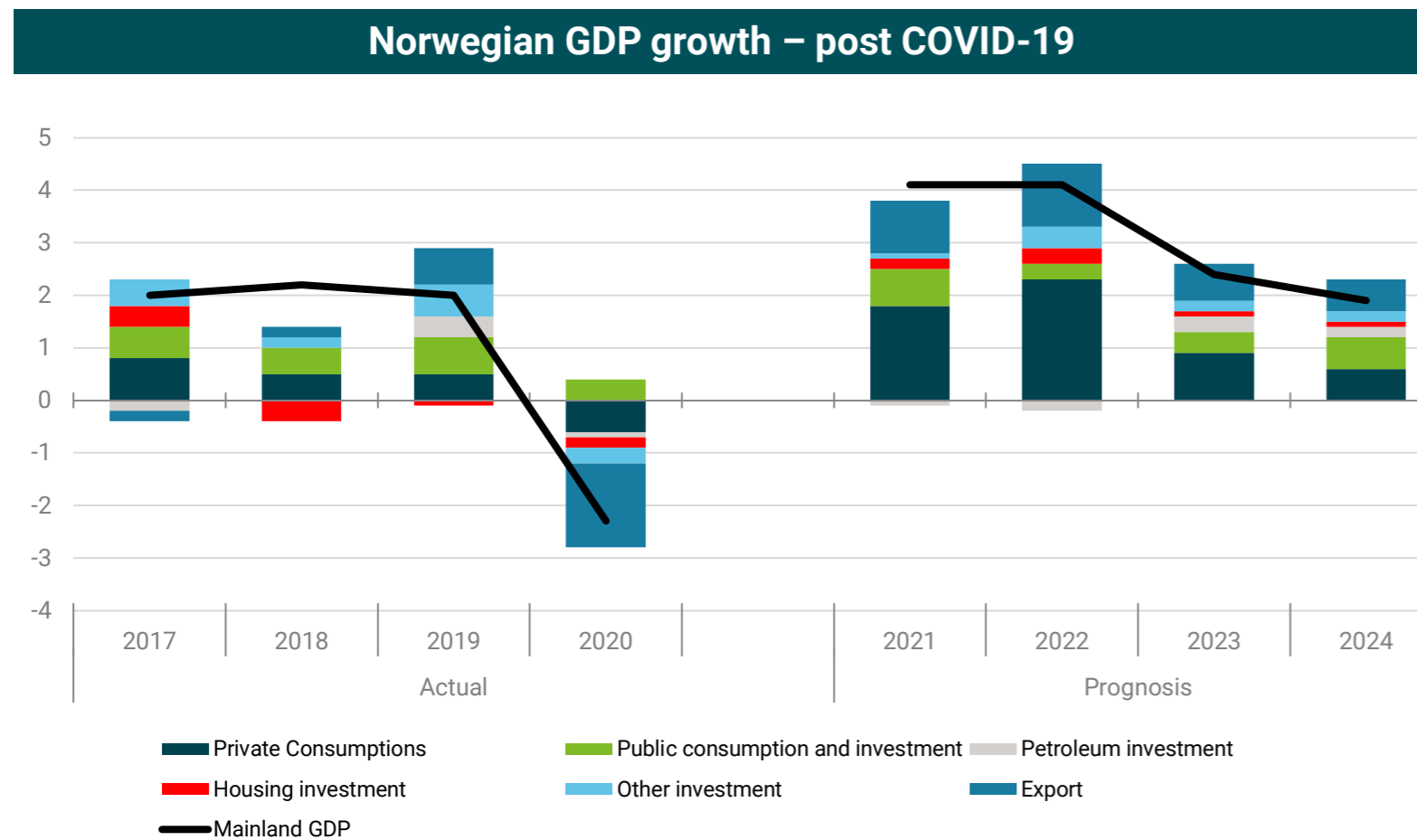
Registered unemployment in % of labour force and # by profession

Profesions	#	% of labour force	Change in # YoY	Change in % YoY	% of labour force last year
All	74 143	2,6	-49 826	-40	4,4
Managers	3 139	3,0	-2 096	-40	5,0
Engineers & IT	3 007	1,2	-2 405	-44	2,1
Teaching	1 538	0,7	-895	-37	1,2
Academical professions	1 046	0,7	-643	-38	1,2
Health and care services	3 857	0,9	-1 489	-28	1,3
Child and youth work	2 465	2,3	-1 135	-32	3,4
Brokers & consultants	1 681	1,4	-1 410	-46	2,6
Office workers	5 886	2,9	-4 530	-43	5,2
Store and sales work	7 400	2,7	-8 048	-52	5,6
Agriculture, forestry and fishery	1 310	*	-406	-24	*
Construction & building	7 812	3,3	-3 912	-33	5,0
Industrial work	6 660	2,9	-3 248	-33	4,3
Tourism & transportation	12 434	6,9	-12 483	-50	13,9
Services & other employment	8 595	3,9	-5 849	-40	6,5
No profession or unknown	7 313	*	-1 277	-15	*

Source: NAV, January 2022

- 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. COVID-19 related measure increased benefit to 80% of first NOK 300,000

The Norwegian economy – post COVID-19 outbreak



- GDP growth contracted by 2.3 % in 2020 driven by reduced private consumption, reduced investments and reduced export.
- Rebound in GDP in 2021 with growth of 4.1% driven by a reversal of negative development in private consumption, investments and export in 2020.

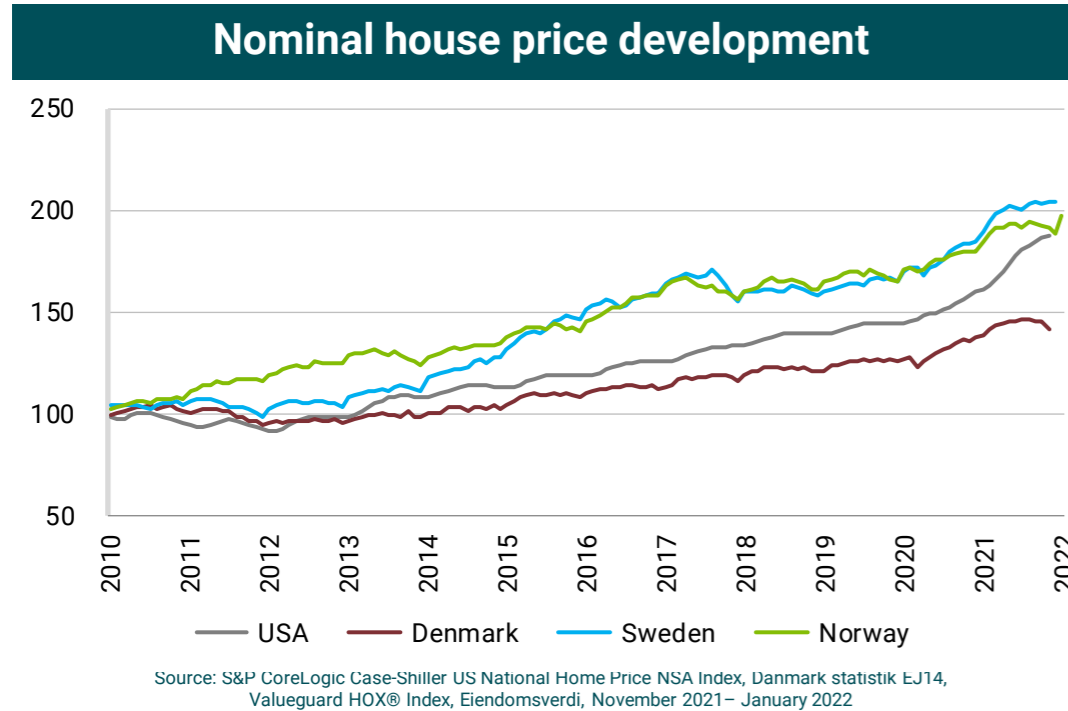
- The Norwegian economy contracted in March and April 2020 (-10.5%) but showed a strong rebound from May to October 2020 and again from April in 2021. Mainland GDP contracted 2.3 % in 2020. -0.7% in Q1 2021, +1.1% in Q2 2021 and +2.6% in Q3 2021. Lower infection rates, higher vaccination rates and easing in infection control measures have lifted the economy and most remaining infection control measures were lifted September 24th, but due to spreading of the Omicron variant and increased uncertainty some measures were reimplemented again December 9th, but mostly lifted again February 1st

The housing market characteristics in Norway

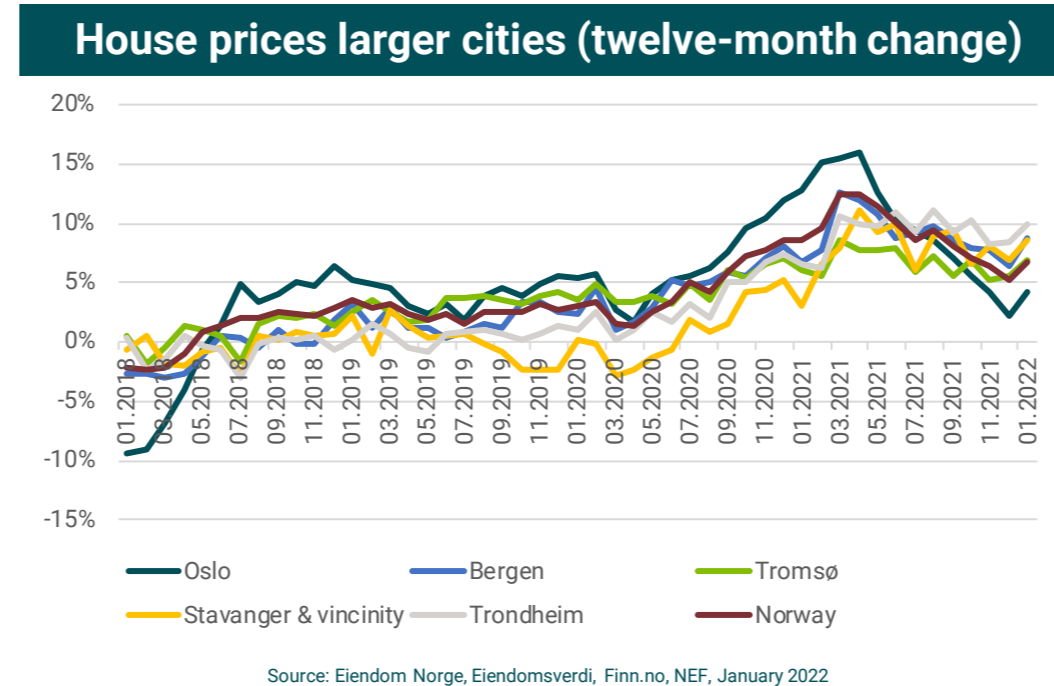
Home ownership	<ul style="list-style-type: none">• Among the highest in the world – 76.8% are owner-occupied households• Total size of the mortgage market NOK 3,300 bn (EUR 320 bn)	Personal liability	<ul style="list-style-type: none">• Borrowers personally liable for their debt – also following foreclosures 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• Flexibility quota per quarter 10% (8% in Oslo)	Mortgage lending	<ul style="list-style-type: none">• Typical legal maturity 25-30 years, on average 22-23 years• 94.4% of residential mortgages have variable interest rate (Q4 2020)• Lenders allowed to adjust interest rates with a six week notice• No “sub-prime” market in Norway• 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		

* January 20th 2021 the Ministry of Finance decided to continue the current mortgage regulation unchanged with effect from January 1st 2021. Current regulation expired 31 December 2024. Due to Covid 19 the flexibility quota was increased to 20 percent on March 23rd for Q2 2020 and June 11th the increased flexibility quota of 20 percent was extended for Q3 2020, but was not extended for Q4 2020

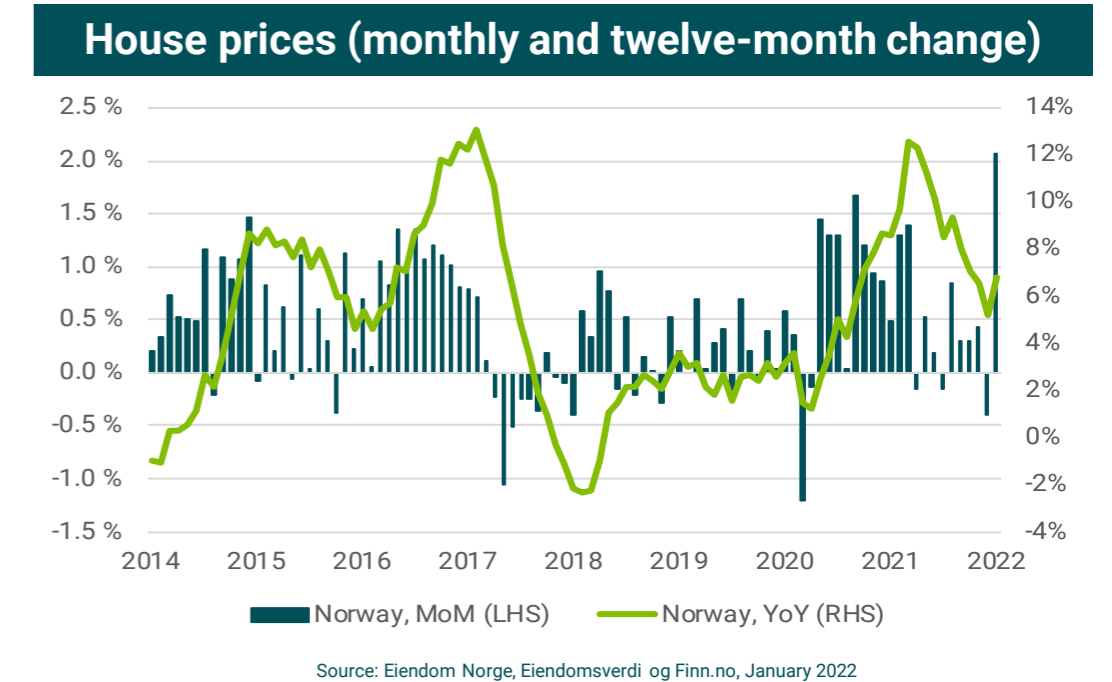
The housing market – Price development



- Nominal house prices have increased by an average of 5.8% per annum since 2010
- Nominal house prices have increased by +8.7% in 2020 and +5.2% 2021



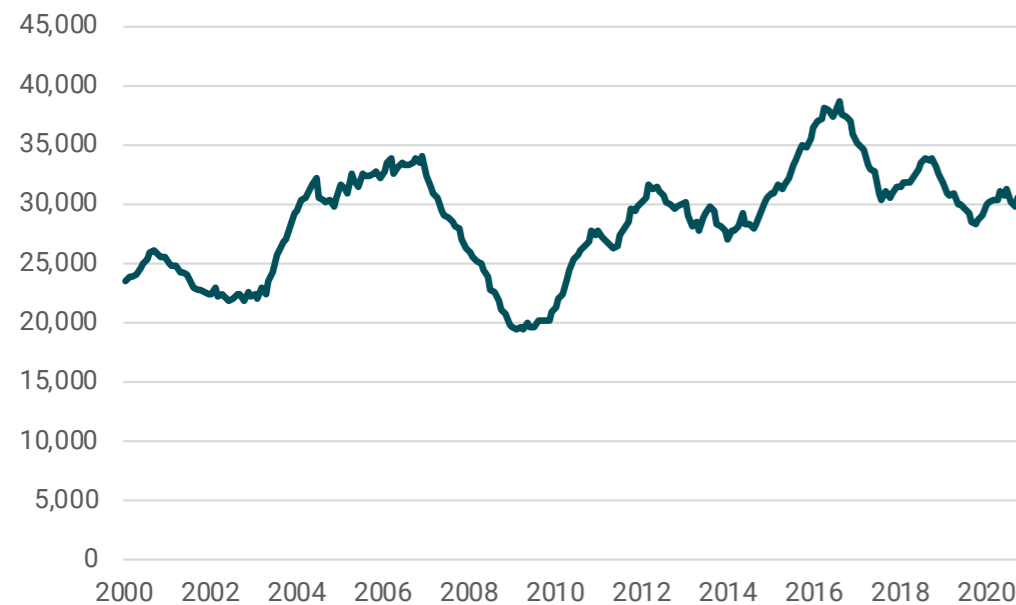
- The strong rise in January may be related to the introduction of a new Disposal Act, coming into force on 1 January. The new act may have caused a temporary drop in supply.
- Expected higher mortgage rates are expected to lead to moderate to low increases in housing prices going forward



- Median house price (last 6 months) in Norway is €360 000, median house price in Oslo is €485,000
- Average m² price last 6 months in Norway is €4,900 , m² price in Oslo is €8,500

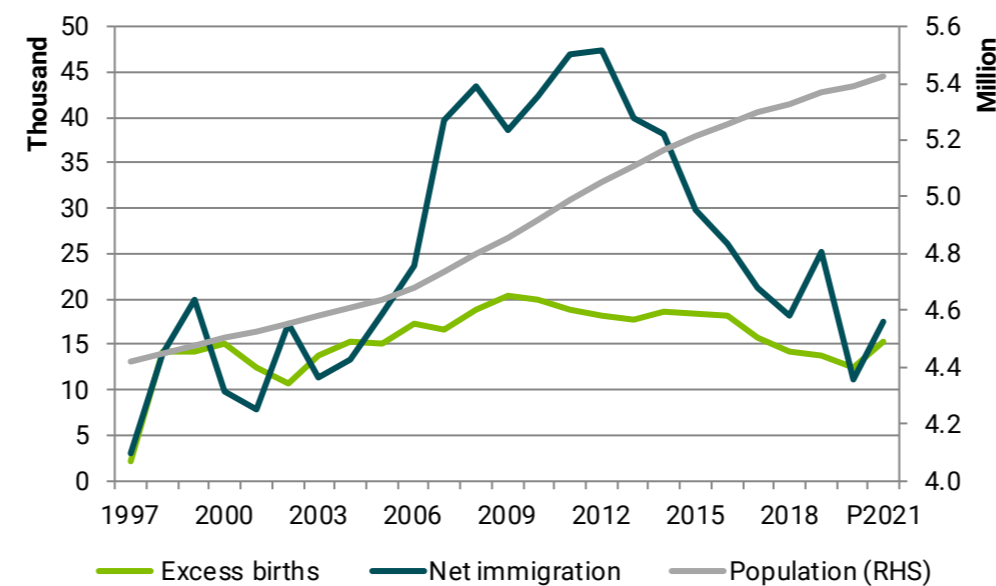
The housing market – Drivers of the housing market

Housing starts (twelve-month change)



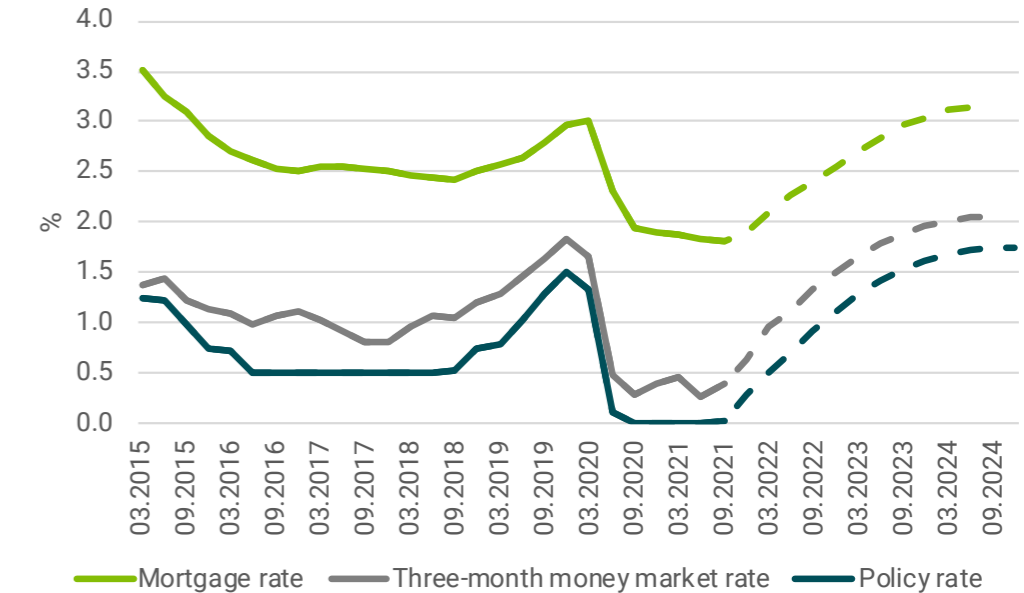
Source: Statistics Norway, October 2021

Population growth



Source: Statistics Norway, Q3 2021

Interest rates



Source: Norges Bank, MPR December 2021

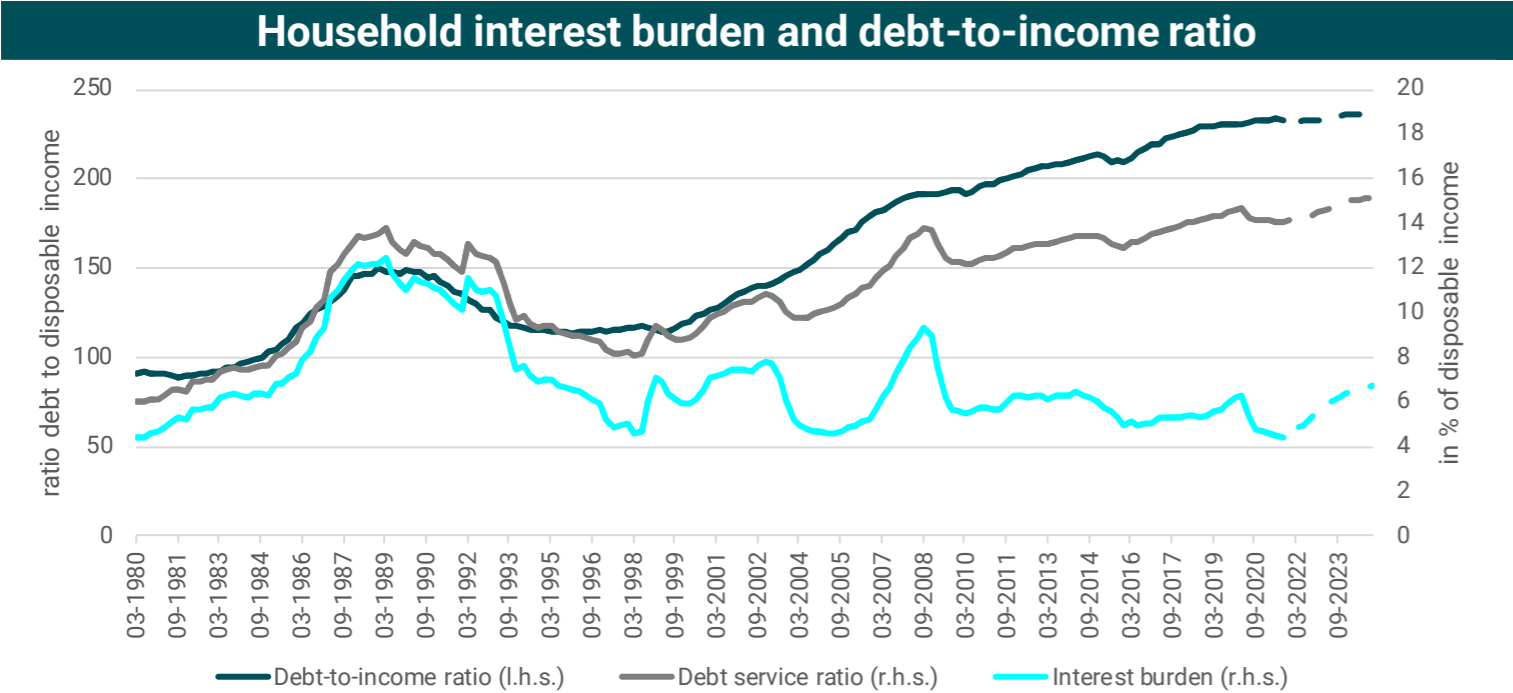
- Housing investments are expected to increase with 3.5% in 2021 and 6% in 2022 after -4% in 2020. Housing starts down by 5.8 % in 2020 compared to 2019

- Net immigration down from above 47,000 in 2011/12 to 11,000 in 2020. -1,828 in Q2 2020 and -1,736 in Q2 2021. Net immigration in Q2 2020 and 2021 were the first negative quarters since interception of this statistic series in Q4 1997.

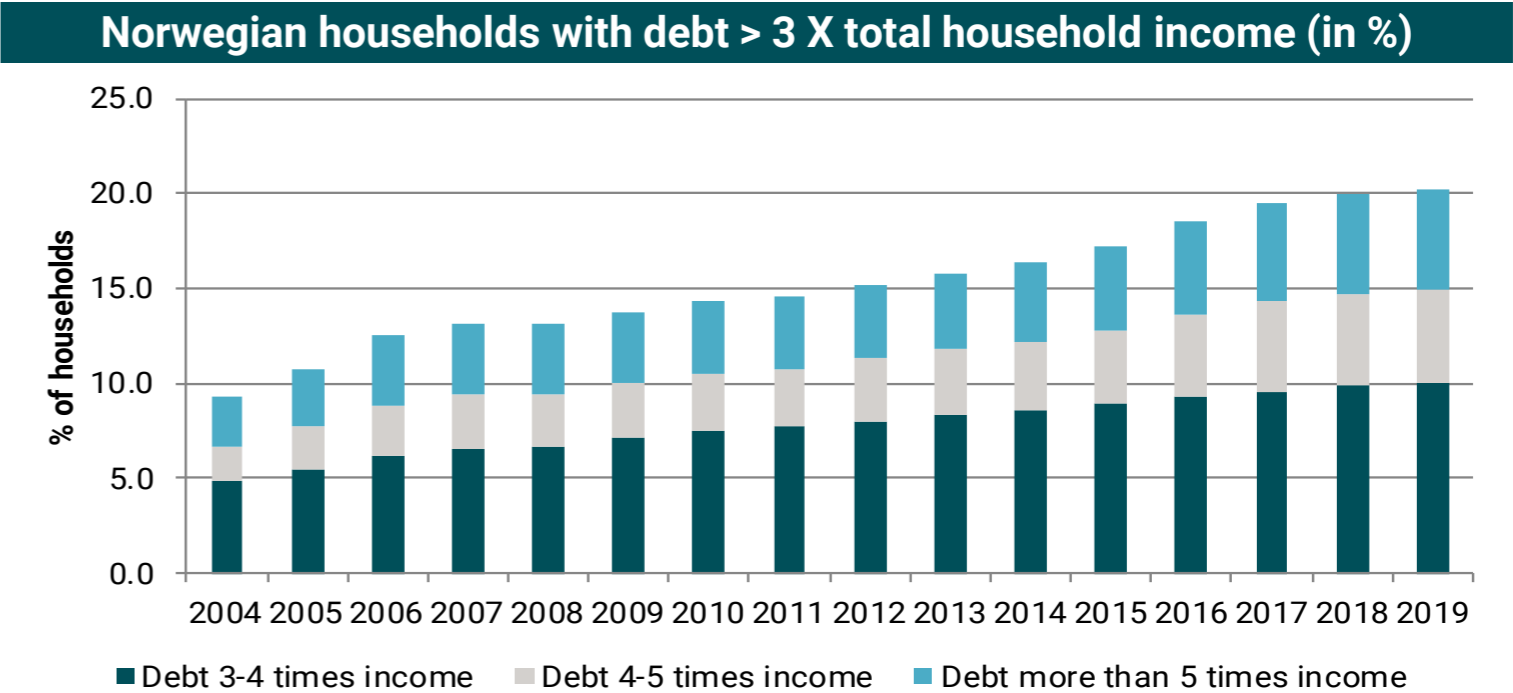
- The population growth of 0.9% p.a. since 1997 has been driven both by excess birth rate (38%) and net immigration (62%)

- Average variable mortgage rates was 1.96% in December. Average deposits rates was 0.35%. They are expected to increase going forward due to expectations for increased policy and money markets rates

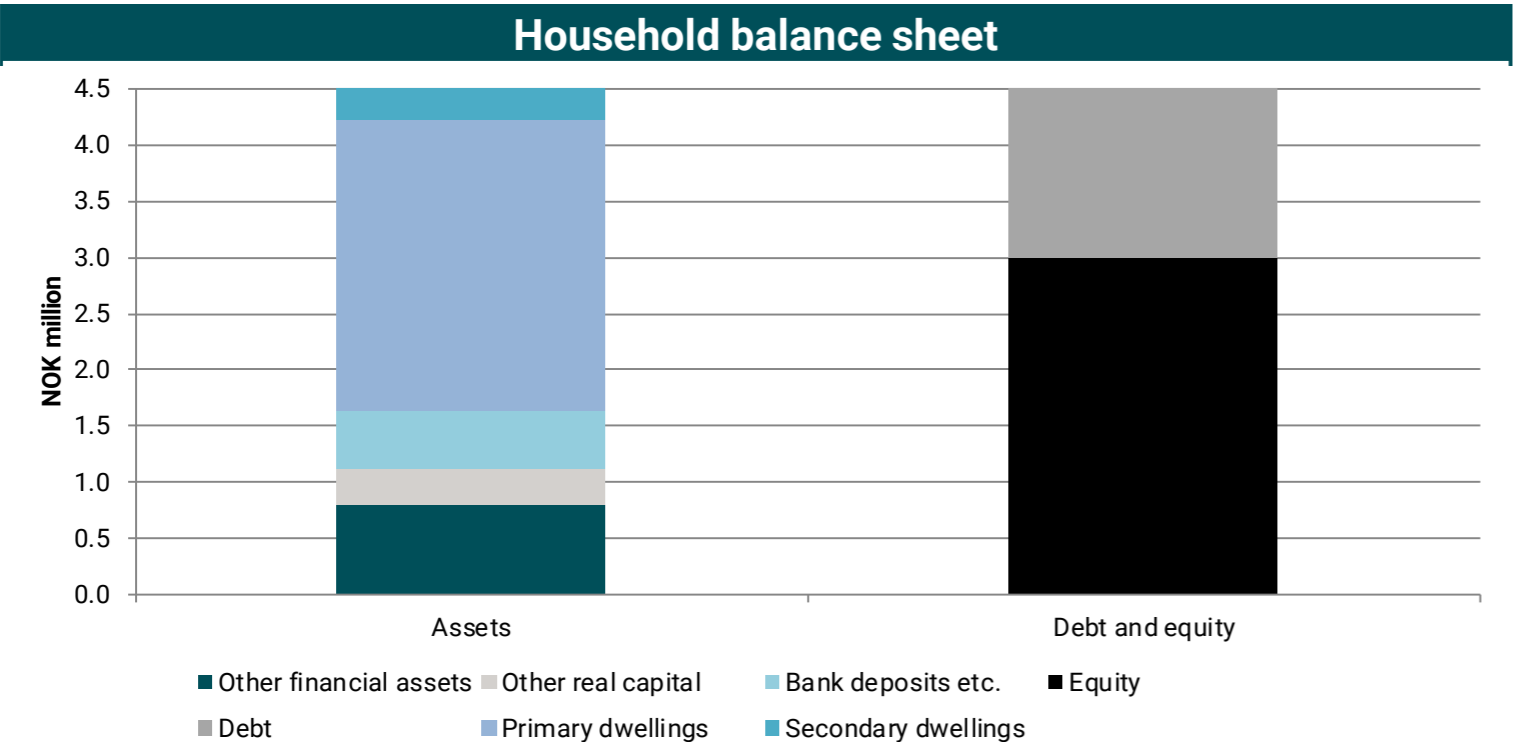
Households financial position



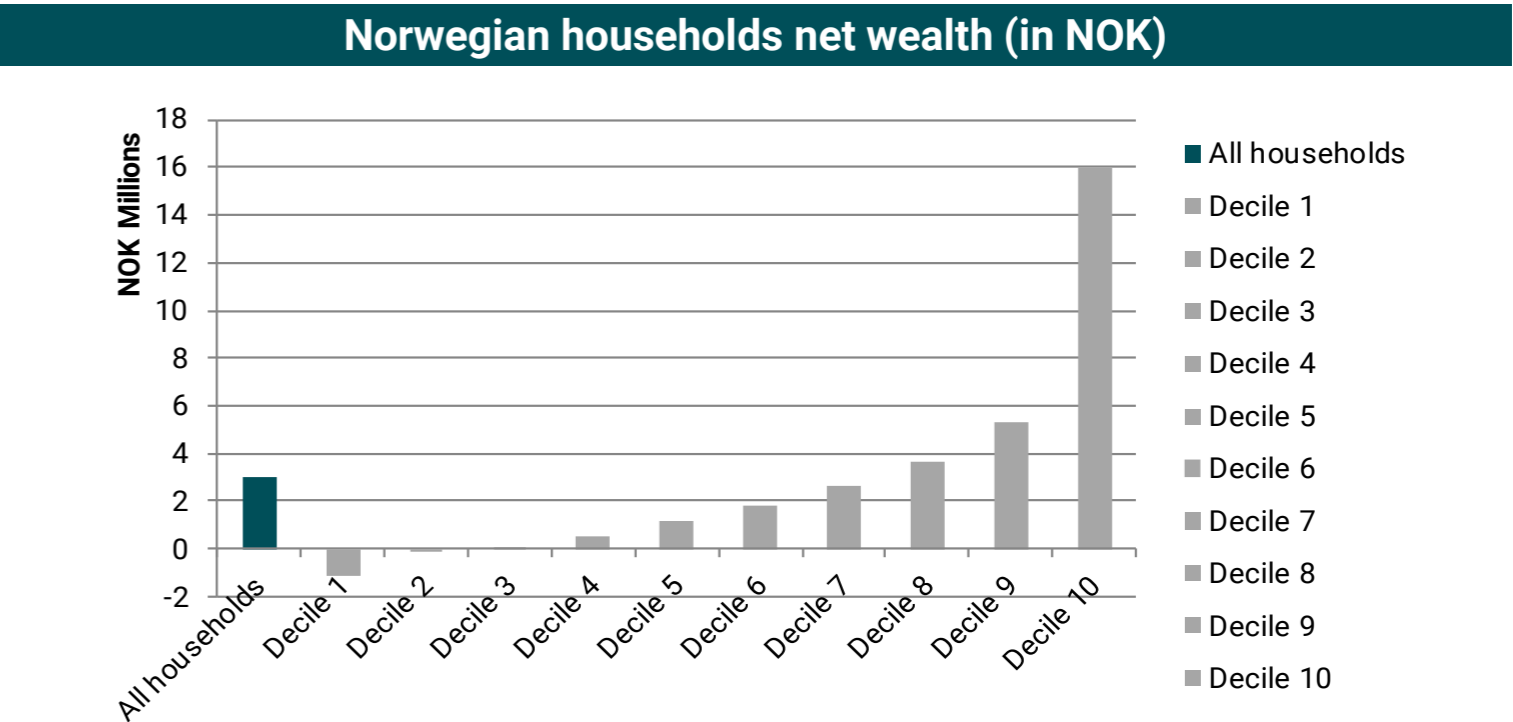
Source: Statistics Norway and Norges Bank, MPR December 2021



Source: Statistics Norway, Updated 2019



Source: Statistics Norway Updated 2019



Source: Statistics Norway, Updated 2019

Agenda

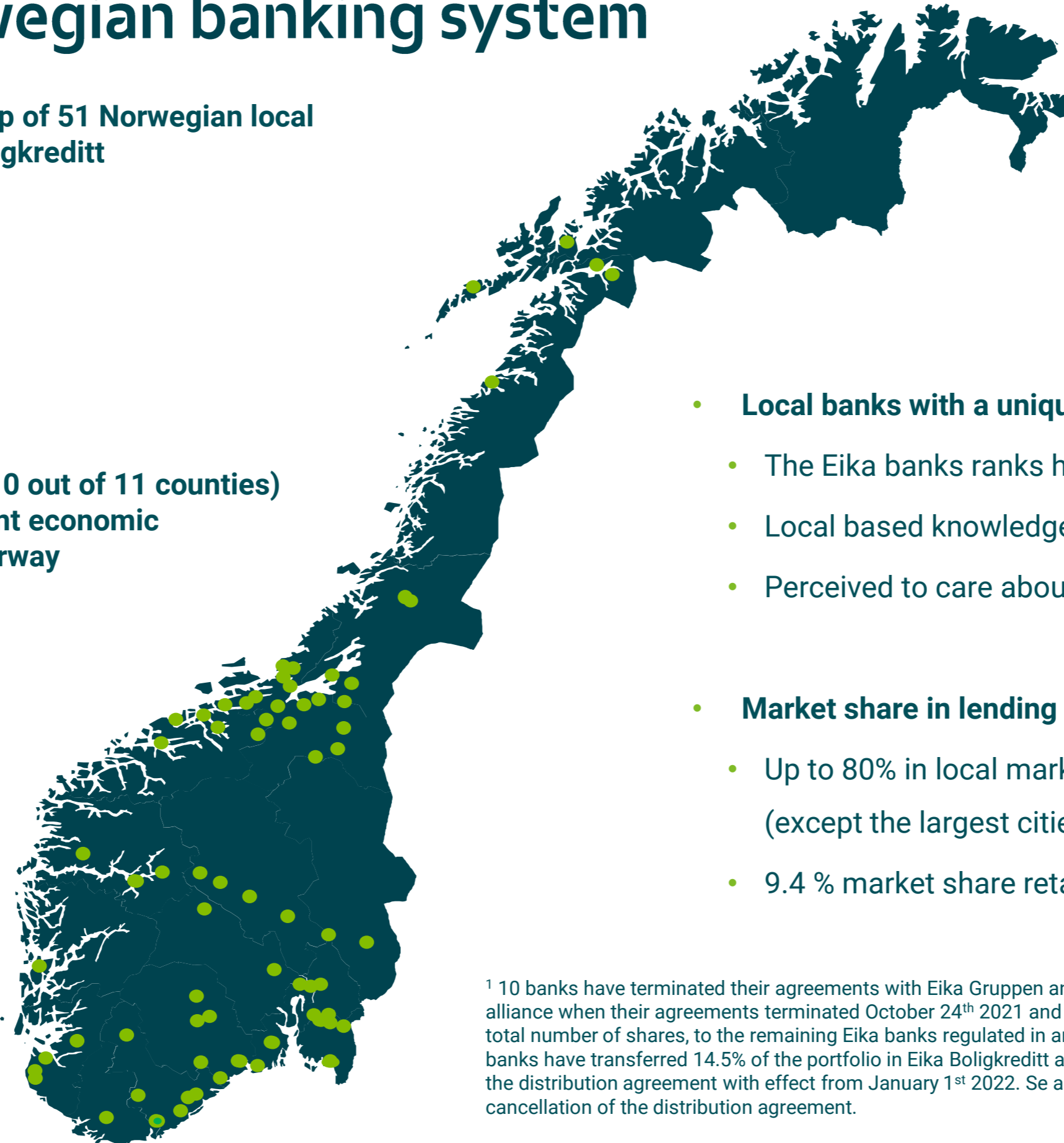
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3rd largest Norwegian banking system

- The Eika Alliance consist of a group of 51 Norwegian local banks¹, Eika Gruppen and Eika Boligkreditt

- Total assets EUR 45 bn
- 700,000 customers
- 1,850 employees
- 177 branch offices

- The banks have a wide geographical reach (presence in 10 out of 11 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)
- 9.4 % market share retail lending in Norway

¹ 10 banks have terminated their agreements with Eika Gruppen and left the Eika Alliance. The 10 banks left the alliance when their agreements terminated October 24th 2021 and sold their shares in Eika Gruppen, 11.9% of total number of shares, to the remaining Eika banks regulated in an agreement dated February 10th 2022. These banks have transferred 14.5% of the portfolio in Eika Boligkreditt as of 2021Q4. Eika Boligkreditt have terminated the distribution agreement with effect from January 1st 2022. Se appendix for a description of the effect of cancellation of the distribution agreement.

The Eika Alliance



Eika Boligkreditt AS

Covered Bond Funding

Eika Gruppen AS

Provides products and services to bank clients

Provide services to banks

Infrastructure / IT

Strategy and Lobbying

Bank2 and Sandnes Sparebank are only shareholders in Eika Gruppen AS. OBOS and the 10 banks that left The Alliance are 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 10 banks that have terminated their agreements with Eika Gruppen, sold their shares and left the alliance

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

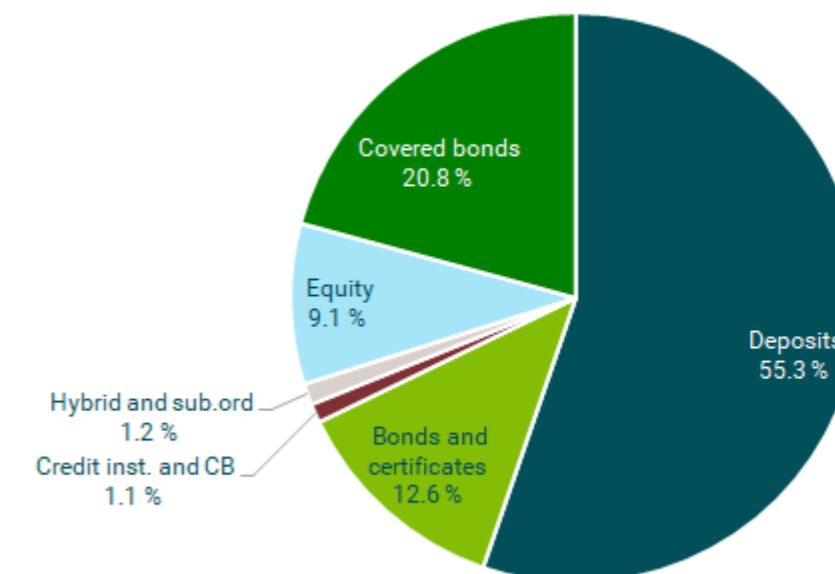
Efficiency

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



Alliance programme

Total funding sources



Source: Bank analyst Eika as of Q2 2021

Focus on retail customers

- Eika banks have a large and stable retail customer base
- Retail lending accounts for 81.1% 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

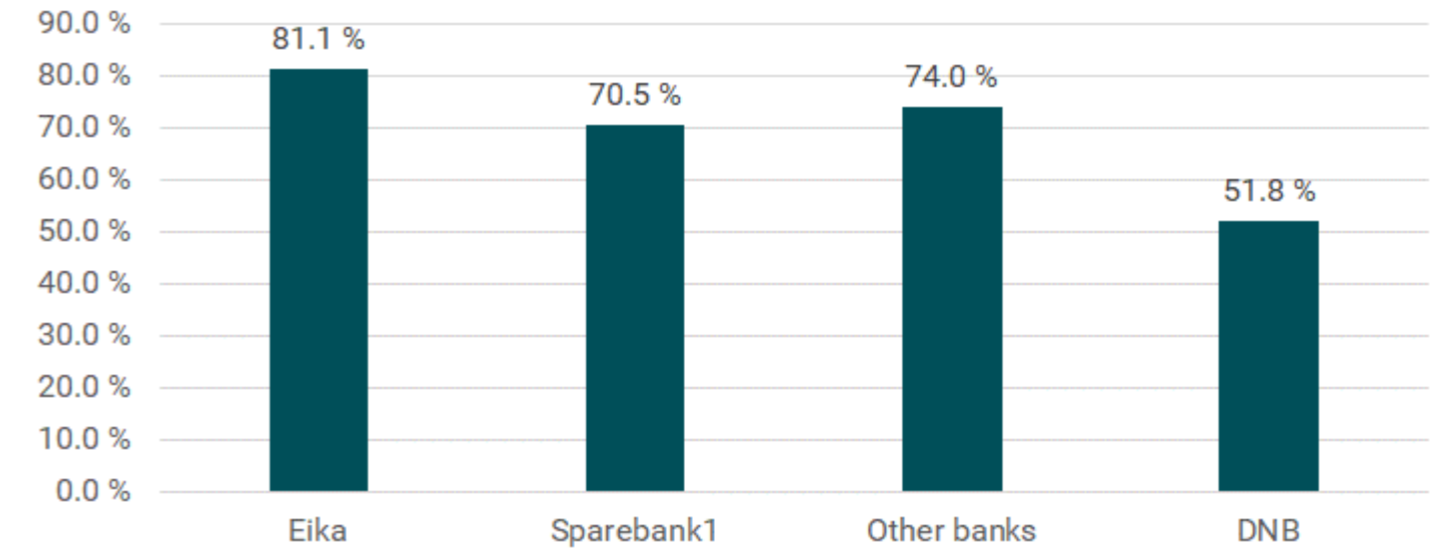
Local market focus

- 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



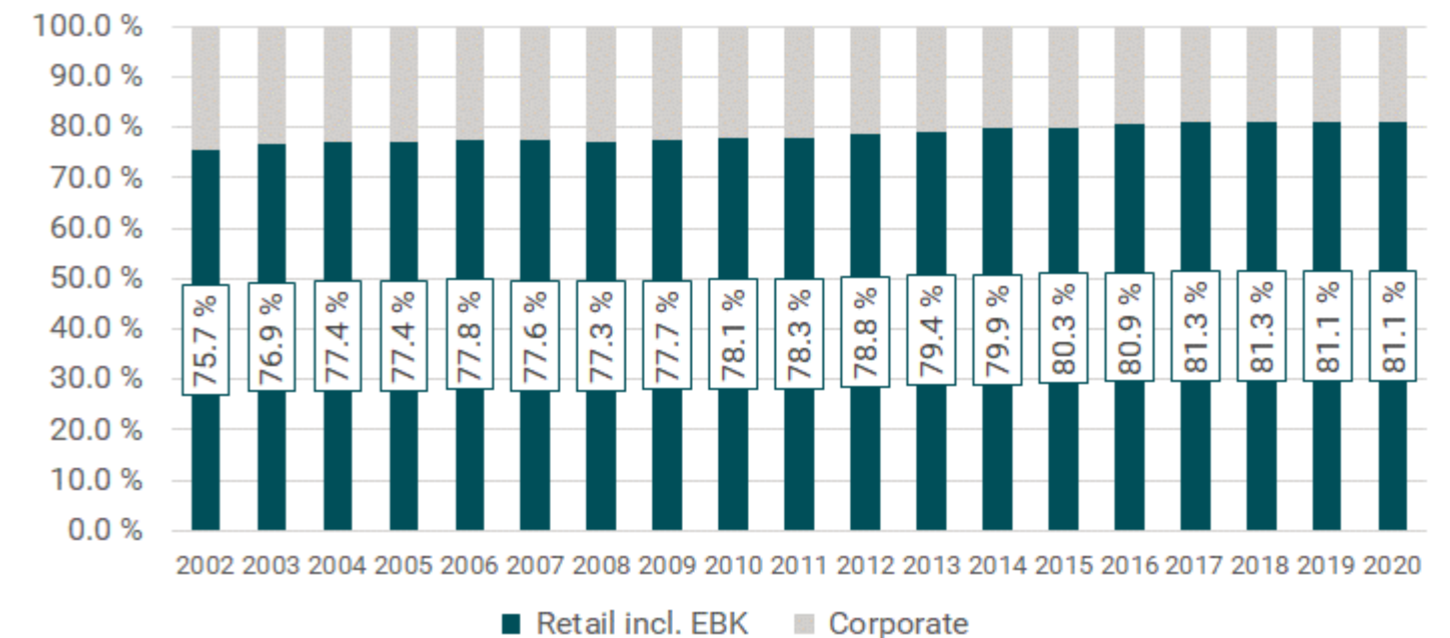
Separate legal identities and a common support brand

Retail share - Eika vs. peers



Source: Bank analyst Eika as of Q4 2020

Breakdown of the Eika banks lending

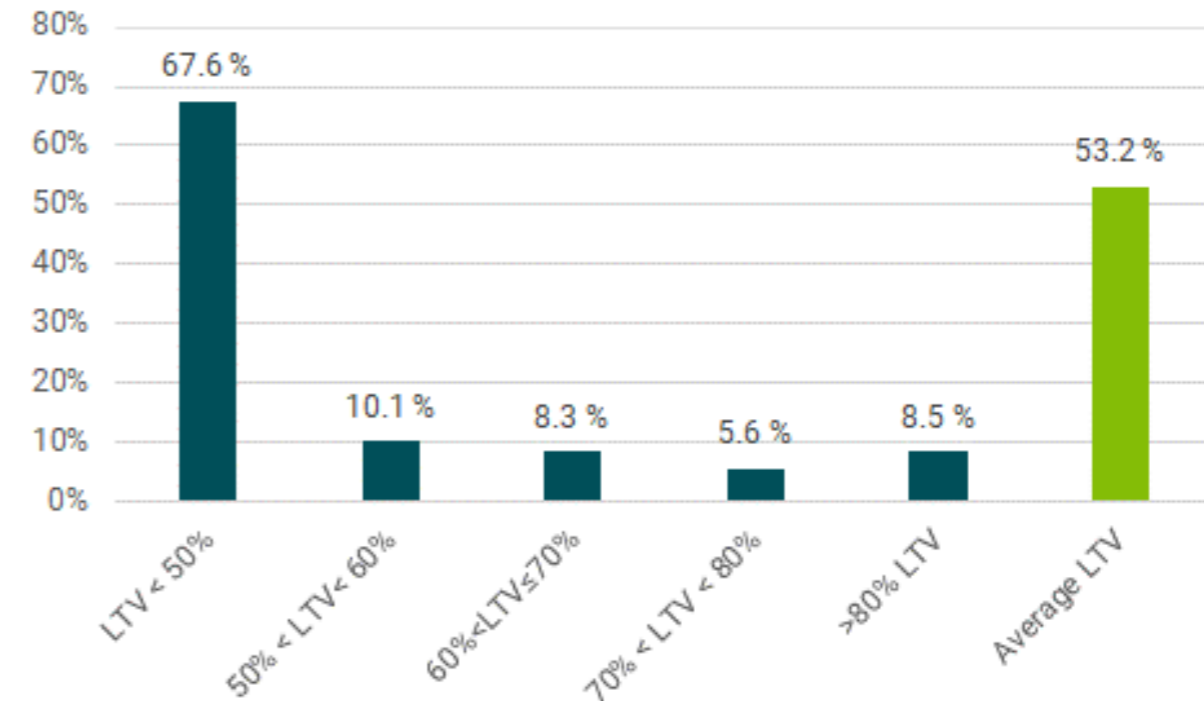


Source: Bank analyst Eika as of Q4 2020

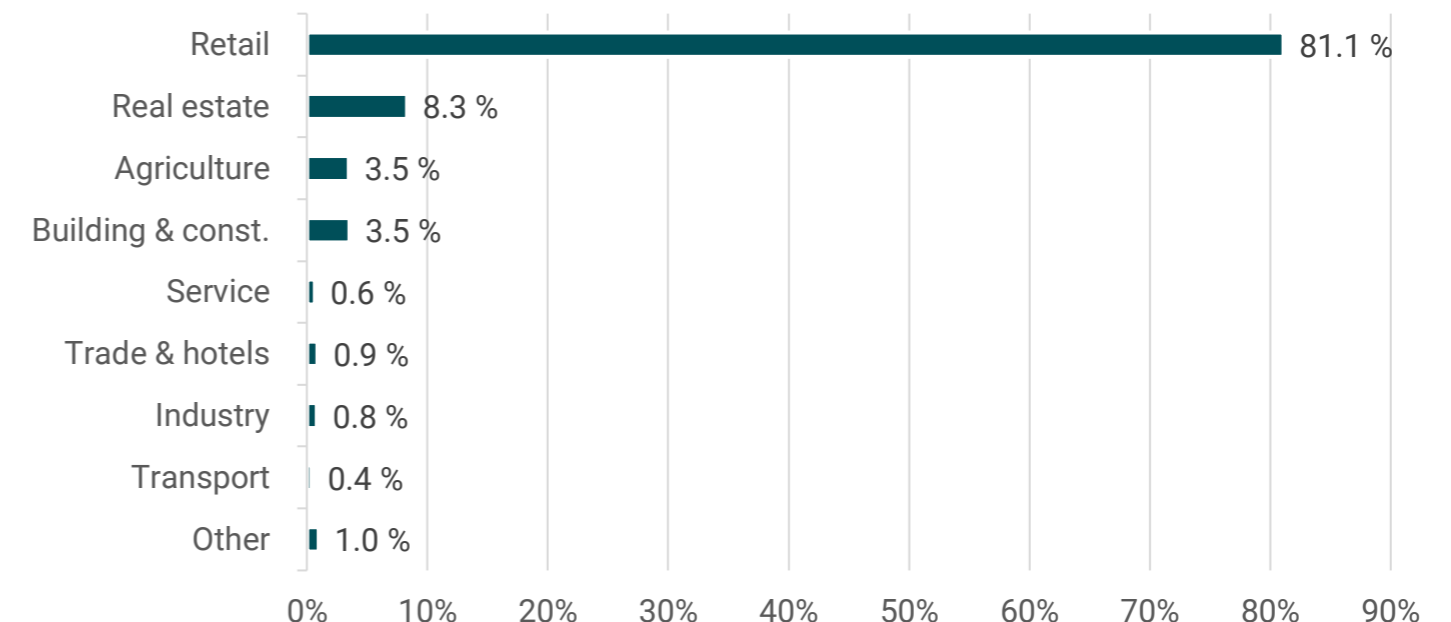
High asset quality

- 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 0.52% of gross loans Q2 2021
 - Gross doubtful loans constitute 0.74% of gross loans Q2 2021
 - Provisioning ratio on problem loans of 41.4% Q2 2021
- Gross problem loans relative to equity + loan loss reserves was 8.4% in Q2 2021, down from 8.9 % in Q4 2020
- Loan loss provision ratio was 0.20% in 2020, up from 0.07% in 2019. Average last 10 years has been 0.16%. Average for sector in 2020 was 0.6%

Low LTV in mortgage portfolio (bank book)

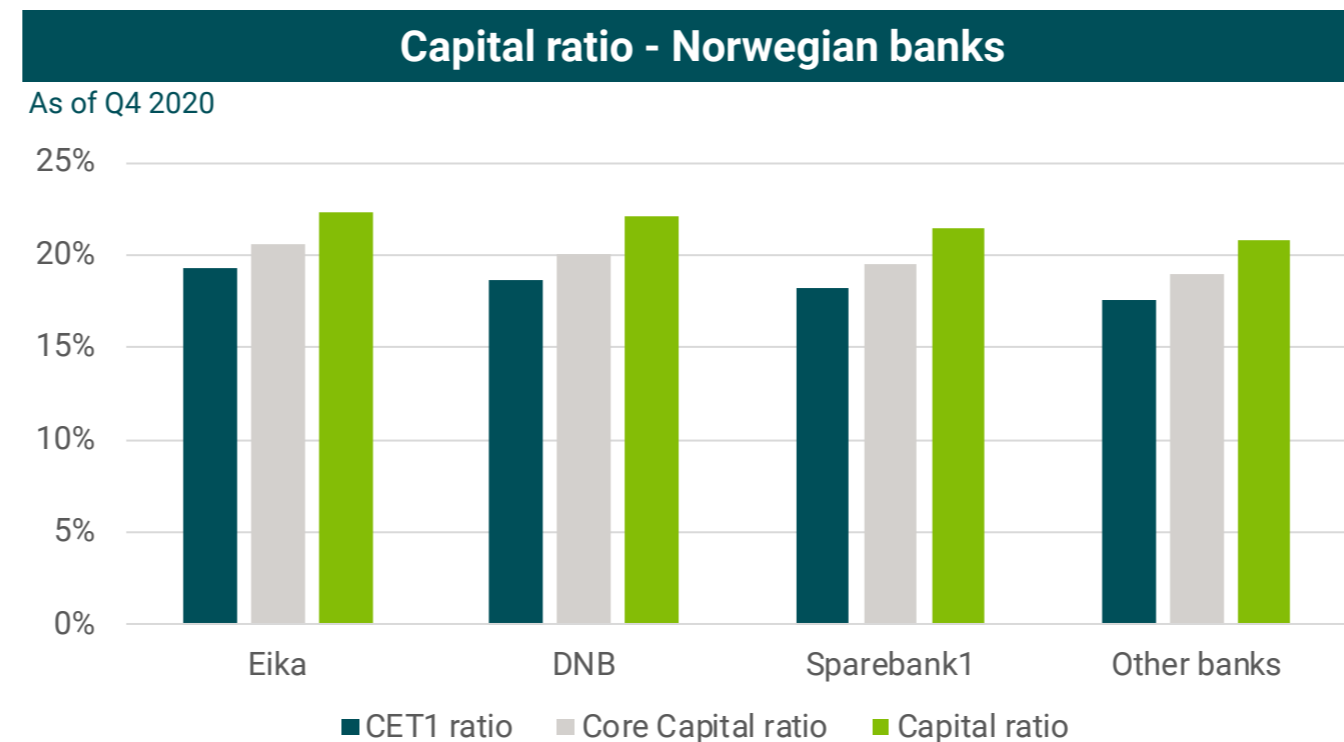
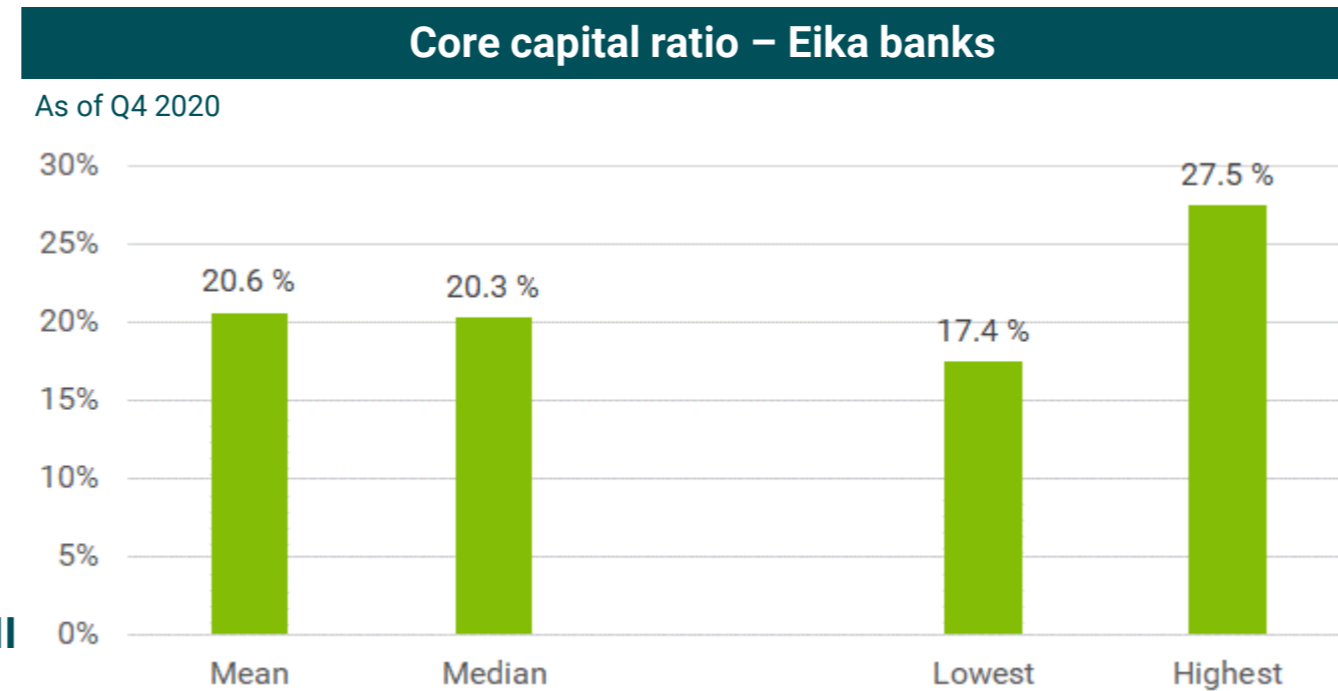


Sector breakdown of the loan book (incl.EBK)

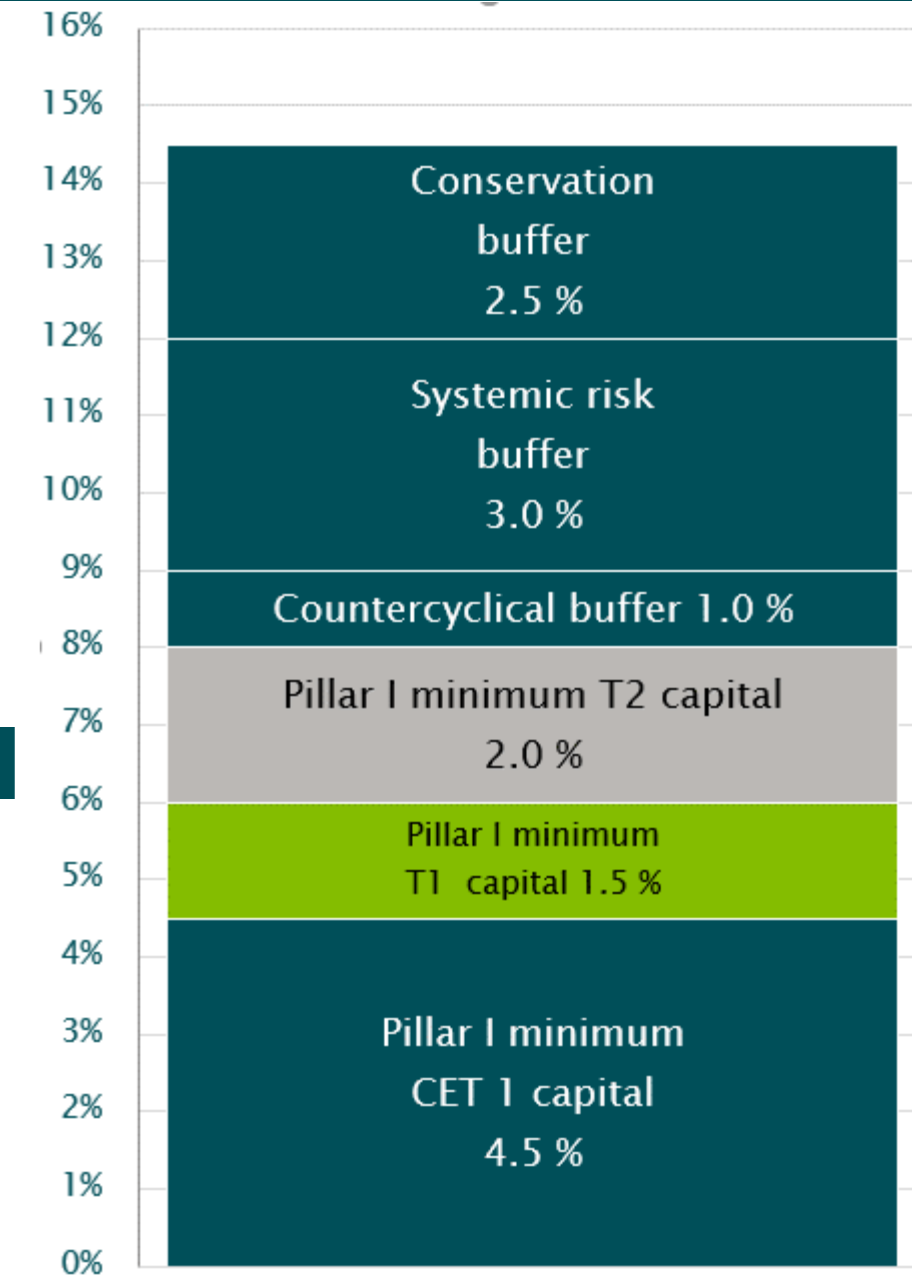


Strong capitalization

- **Strong capital ratios – Q4 2020**
 - Common equity ratio (CET1): 19.3%
 - Core capital ratio: 20.6%
 - Capital ratio: 22.3%
 - Equity ratio (Equity/Total assets): 11.8%
- **All Eika banks are well capitalized (core capital ratio)**
 - Lowest: 17.4%
 - Highest: 27.5%
- **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 26.6% and 28.8% Q4 2020**



Minimum capital requirements for Eika Banks*



* The countercyclical buffer was decreased from 2.5 percent to 1 percent with immediate effect from March 13th 2020. The buffer will be increased from 1 percent to 1.5 percent with effect from June 30th 2022. 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

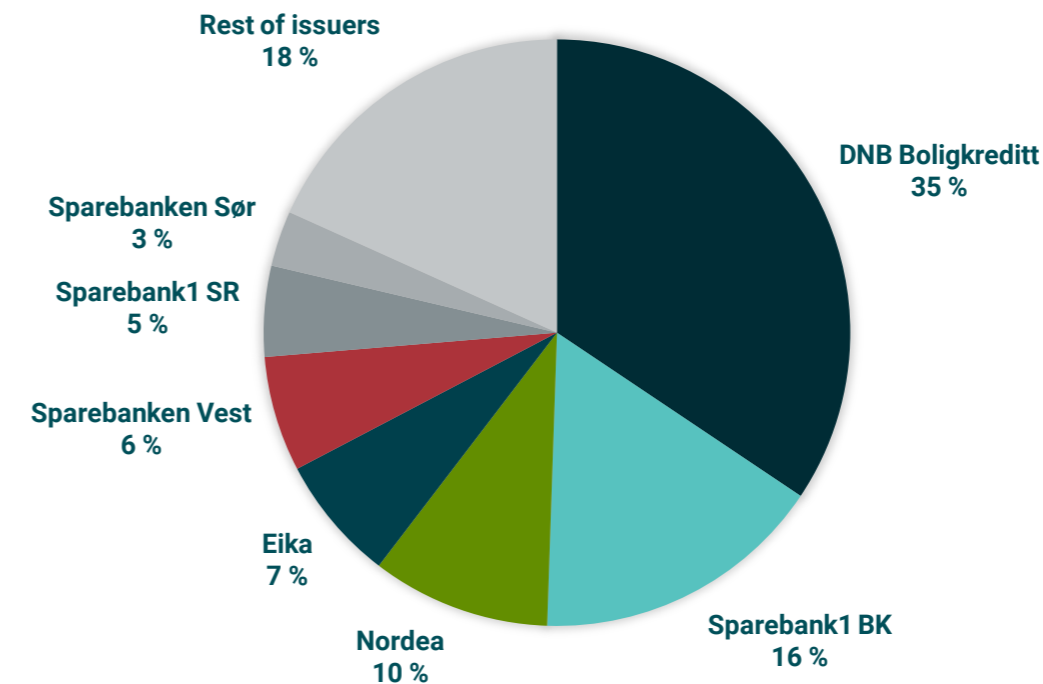
- Norwegian covered bonds are category 1 for LCR purposes (above EUR 500 mill.)
- 10% preferential risk weighting

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

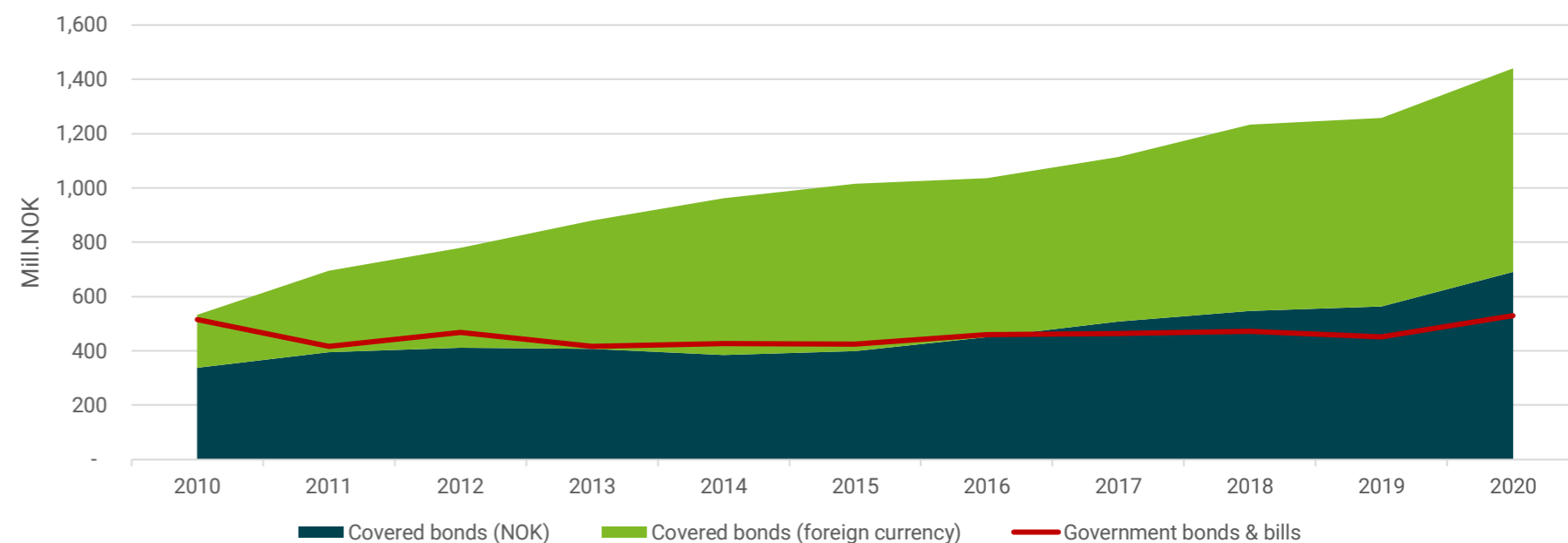
As of YE2020



Source: Finance Norway

Norwegian covered bonds and government bonds outstanding

As of YE2020



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

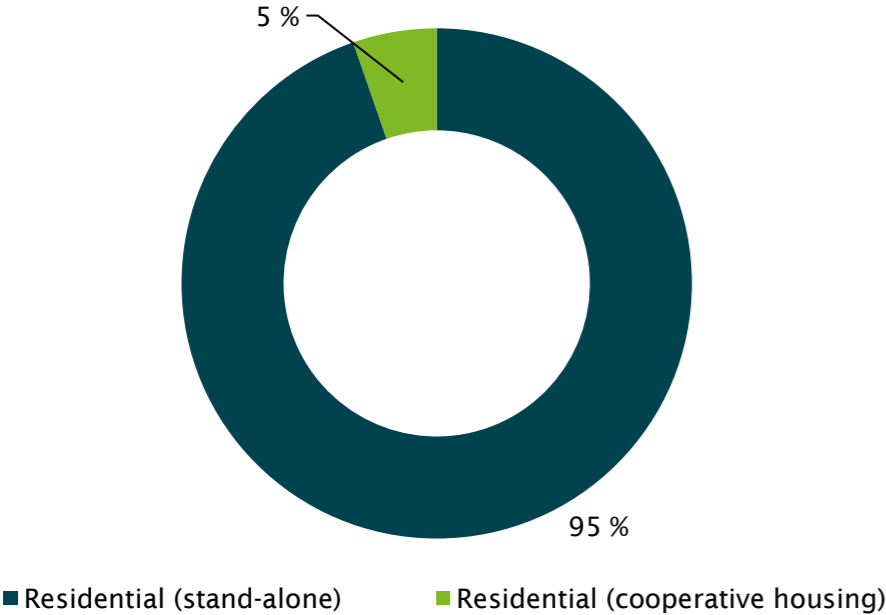
- **The Note Purchase Agreement (NPA)** is structured to ensure that EIKBOL has liquidity, at all times, sufficient to pay the Final Redemption Amount of any series of Notes in a rolling twelve month period
- **The Shareholders' Agreement** is structured to ensure that EIKBOL will uphold a sufficient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



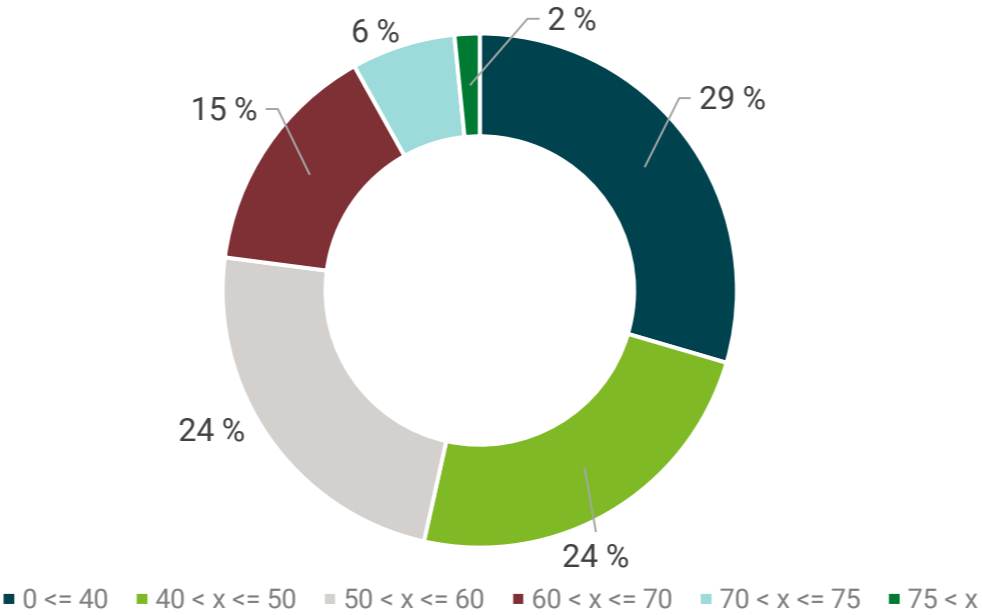
Summary of the mortgages in the cover pool

Nominal value	EUR 9.1 bn
Number of loans	53,043
Arithmetic average loan (nominal)	EUR 171,581
WA LTV (indexed)	47.4%
WA seasoning (months)	33
Doubtful loans in % of gross loans	0.05%
Over-collateralization *	11.1 %

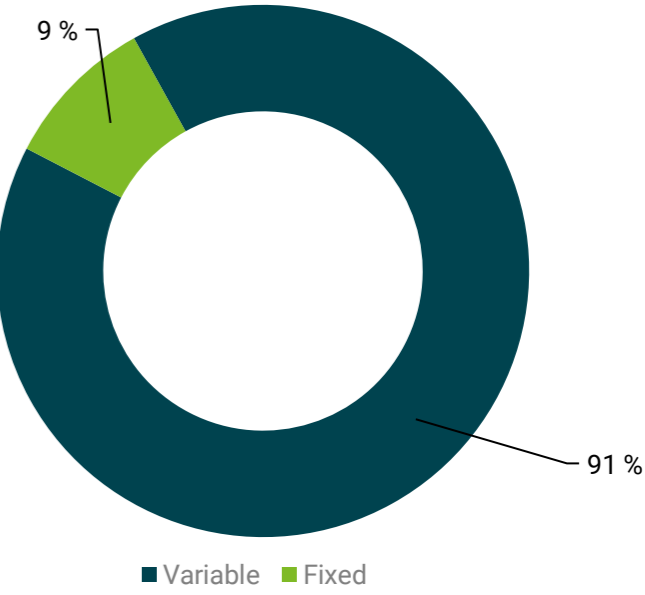
Type of collateral



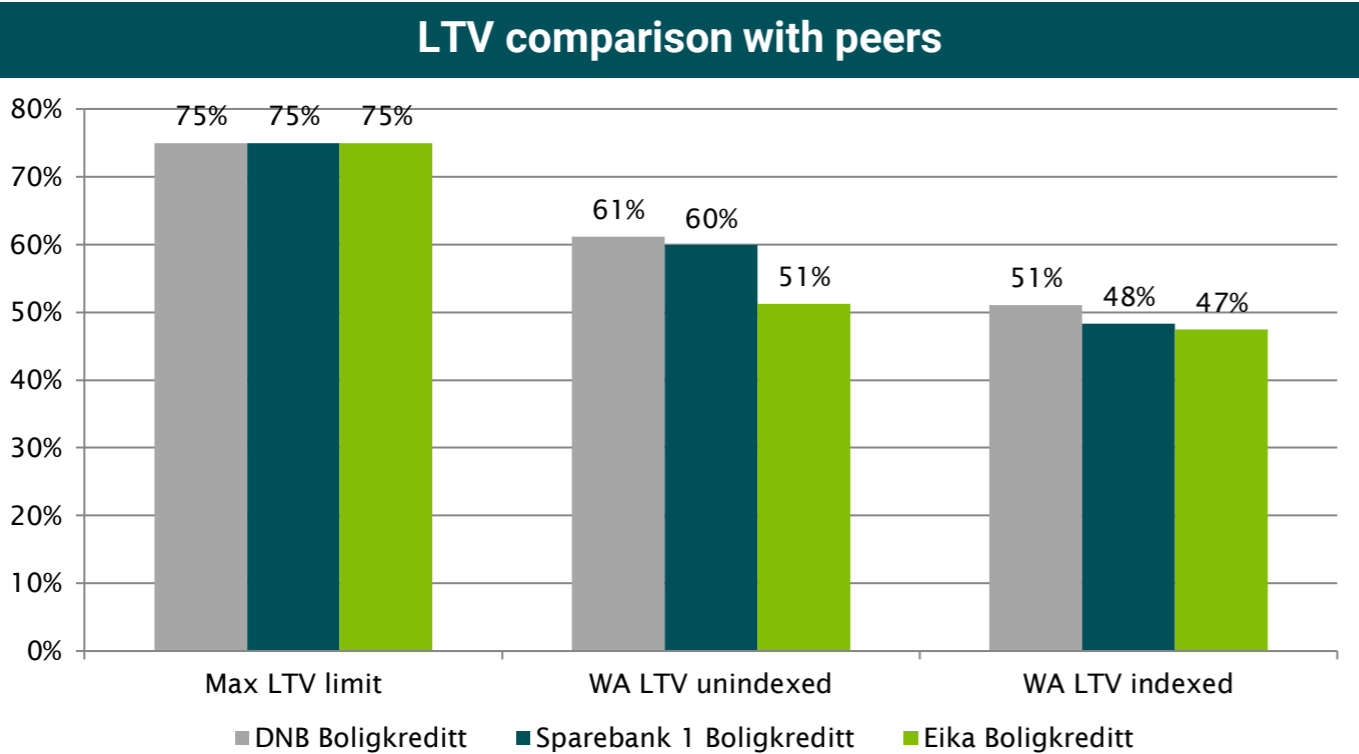
Indexed LTV distribution



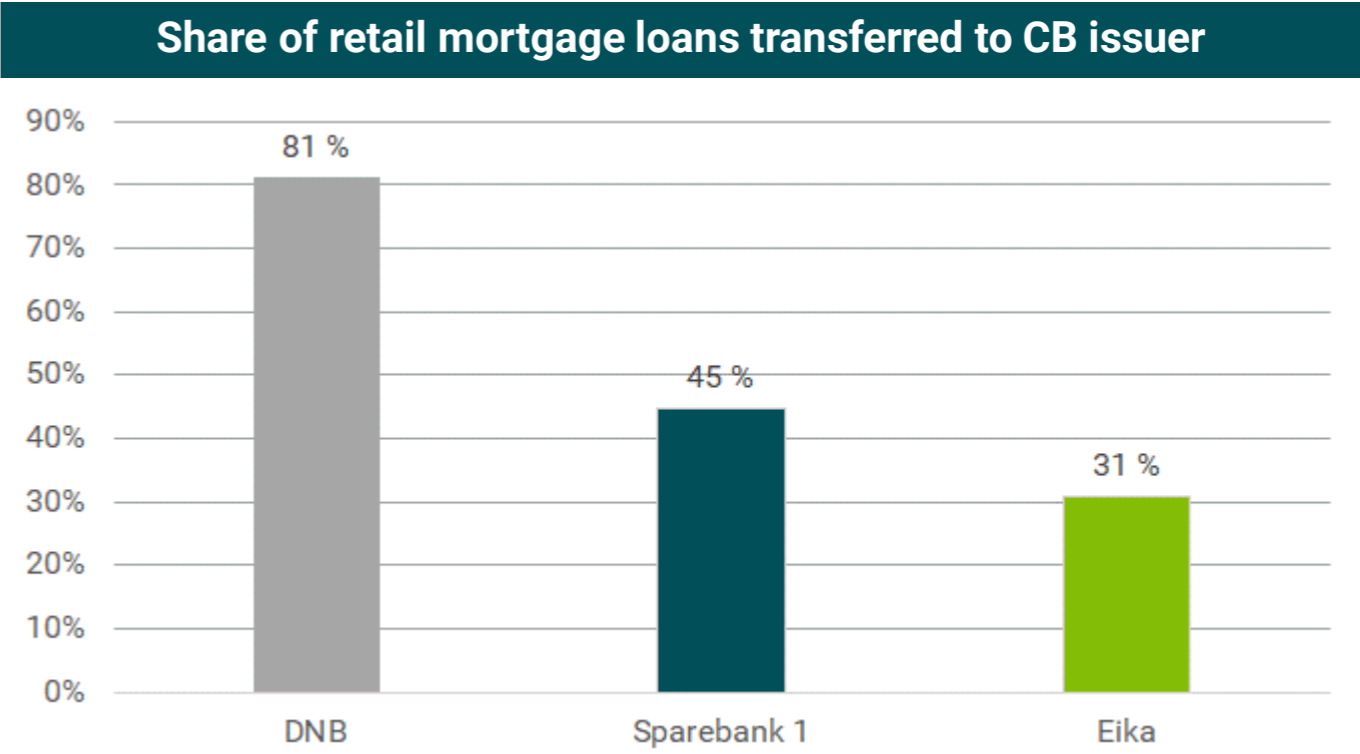
Variable vs fixed rate



Cover pool comparison and stress test



Source: Cover pool information as of Q4 2021 for Eika, Q3 2021 for Sparebank 1 and DNB.



Source: Bank Analyst Eika, Q4 2020

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	9,101	9,101	9,101	9,101
Part of mortgages exceeding 75% LTV	0	67.5	233.4	567.6
Share of mortgage portfolio >75% LTV	0.0 %	0.7 %	2.6 %	6.2 %
Estimated over-collateralization*	11.1 %	10.4 %	8.6 %	5.1 %

Data as of 31.12.2021. EURNOK 9.99
* OC is estimated based on nominal values. Doubtful loans are excluded from OC-calculations.

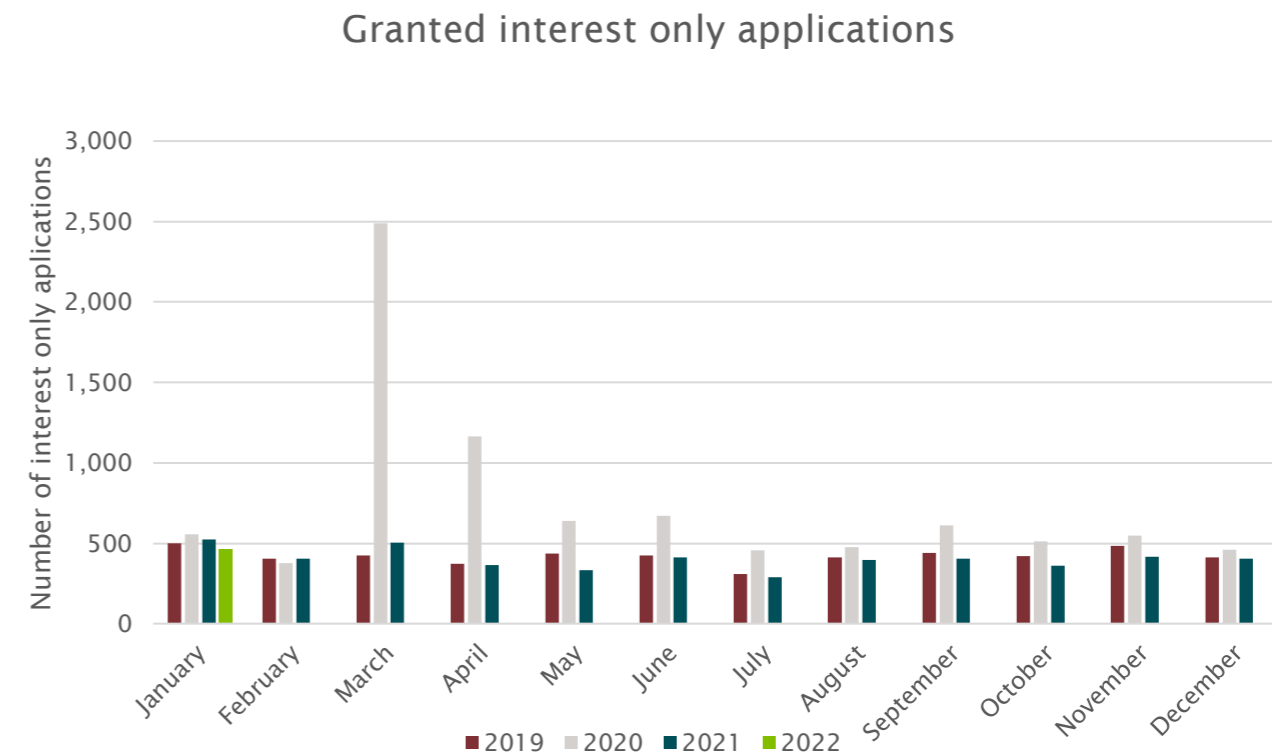
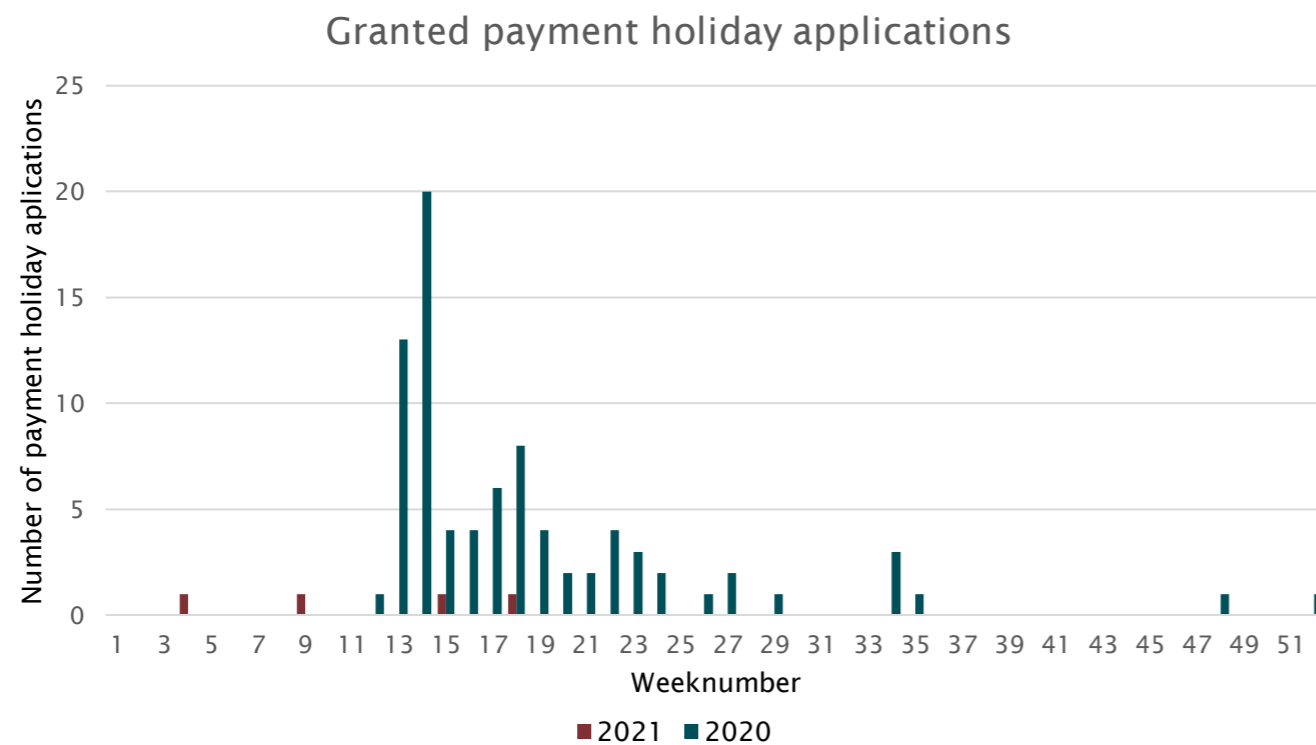
COVID-19 situation – Credit quality of the cover pool

Eika Boligkreditt has never experienced mortgages being delinquent for more than three months since startup of company

- After the COVID-19 outbreak and the increase in unemployment there was an increased demand for payment holidays and to temporarily pay interest only. This has now normalized. The option for payment holidays was closed in April 2021
- The graph on the bottom right shows monthly data for granted applications to pay interest only for a limited period.

During the pandemic, Eika Boligkreditt had the following policies regarding payment holidays/temporarily interest only:

- LTV ≤60%, variable mortgage rate – Banks can grant an interest only period for up to 10 years
- LTV >60%, variable mortgage rate - Banks can grant an interest only period for up to 6 + 6 months
- Fixed mortgage rate - Banks can grant an interest only period for up to 6 + 6 months
- Interest & repayment – Banks can grant a grace period for up to 6 months. The interest is added to the principal. The maturity of the loan is extended with the grace period. The principal after the grace period cannot exceed original principal for the mortgage.



Current funding

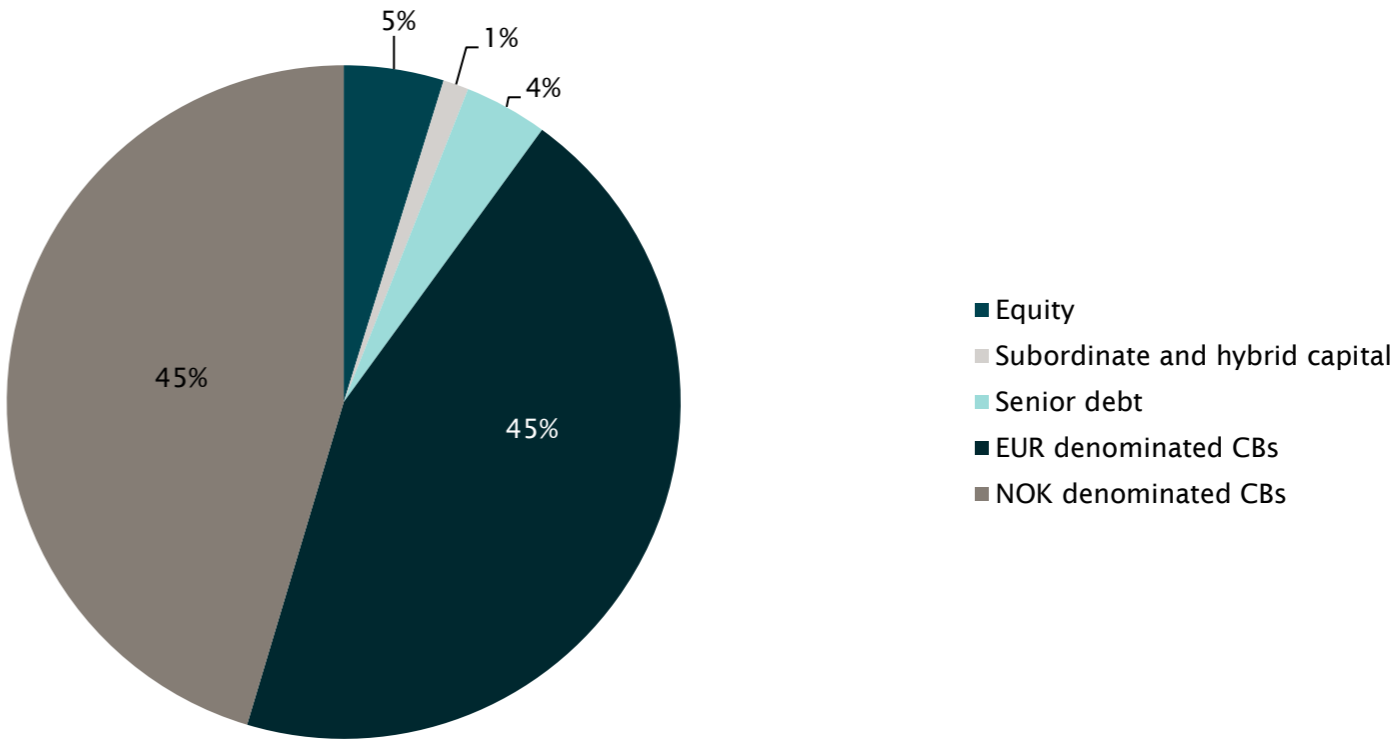
- EIKBOL has the objective to be a frequent benchmark issuer in both EUR and NOK covered bond markets
- Redemptions within any future 12-month rolling period should not exceed 25% of the gross funding at the time of redemption
- Targeting a level of liquidity covering redemptions the next 12 months
- Balance sheet hedged to 3M NIBOR on both asset and liability side

Outstanding EUR benchmark transactions

ISIN	Issue date	Volume (EUR mio)	Maturity date
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
XS2234711294	2020-09-16	500	2028-03-23
XS1945130620	2019-02-01	500	2029-02-01
XS2353312254	2021-06-16	500	2031-06-16

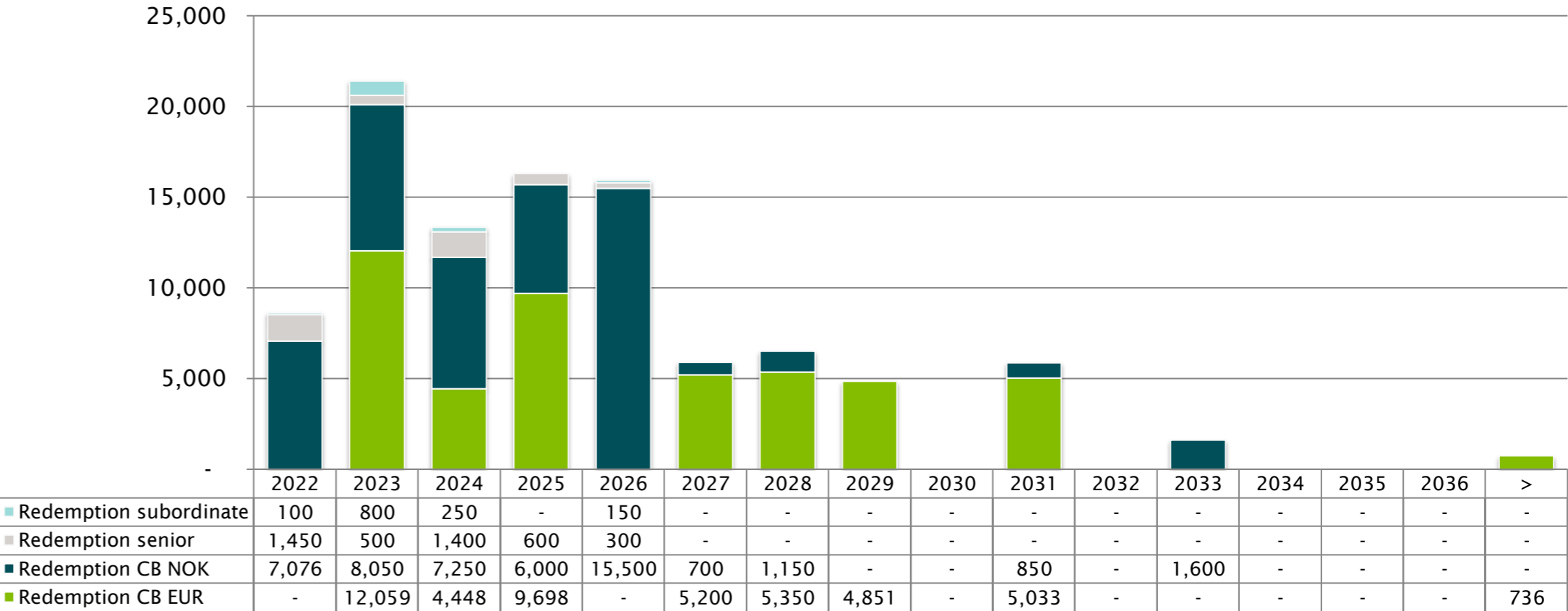
Funding mix EIKBOL

As of 2022-01-31



Maturity profile of funding (in million NOK)

As of 2022-01-31

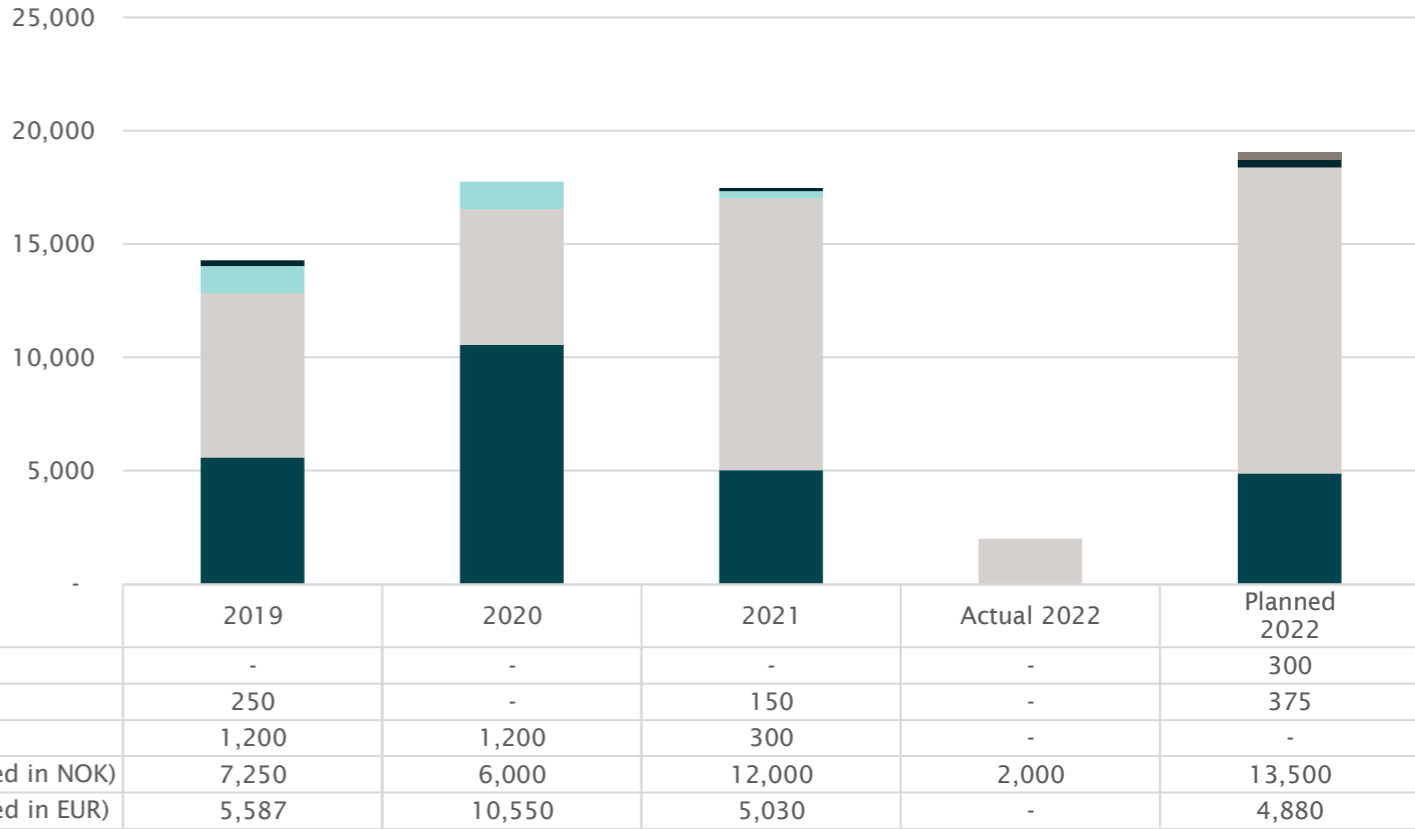


Planned long term funding

- Budget for gross long term funding in 2022 is NOK-equivalent of 19.1 bn (EUR 2 bn)
 - NOK-equivalent of 18.4 bn in covered 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

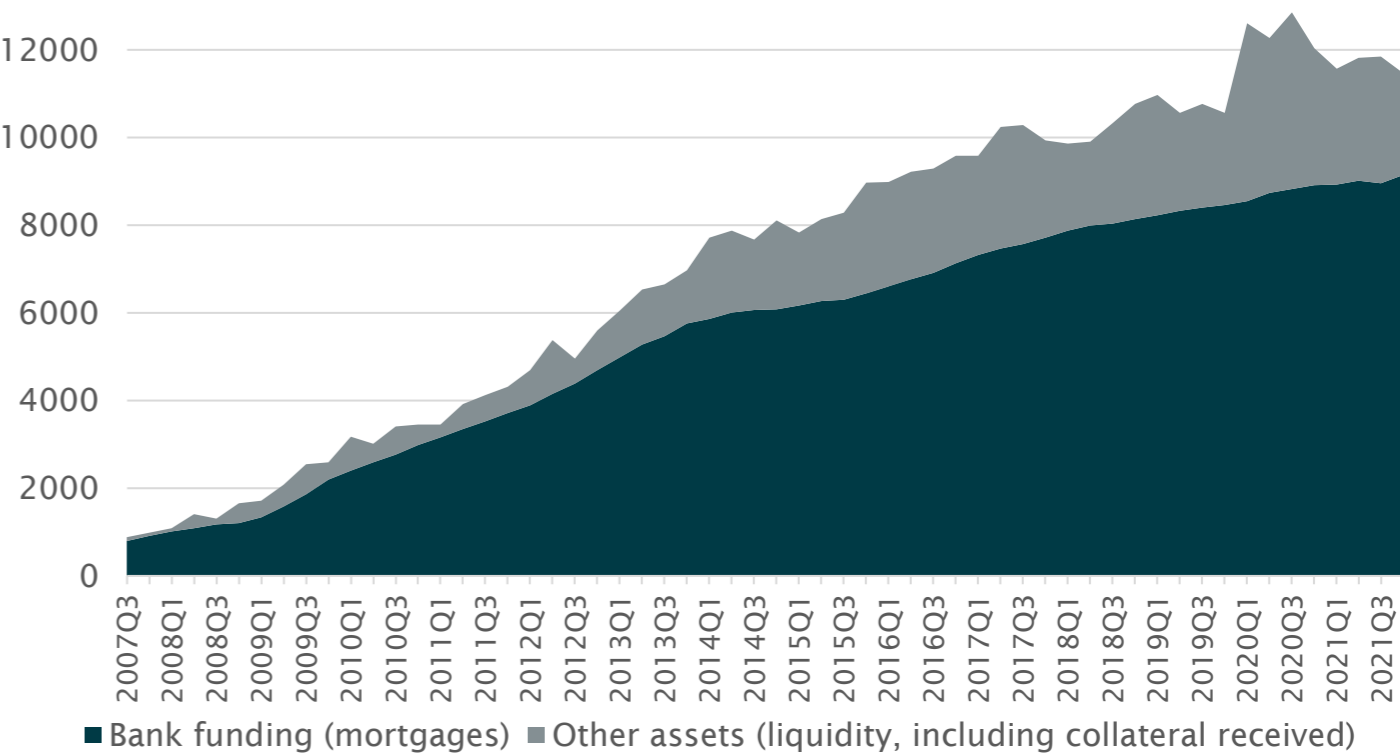
Actual and planned long term funding by instrument (in million NOK)

As of 2022-01-31



EIKBOL development in mortgages and AUM (in million €)

As of 2021-12-31

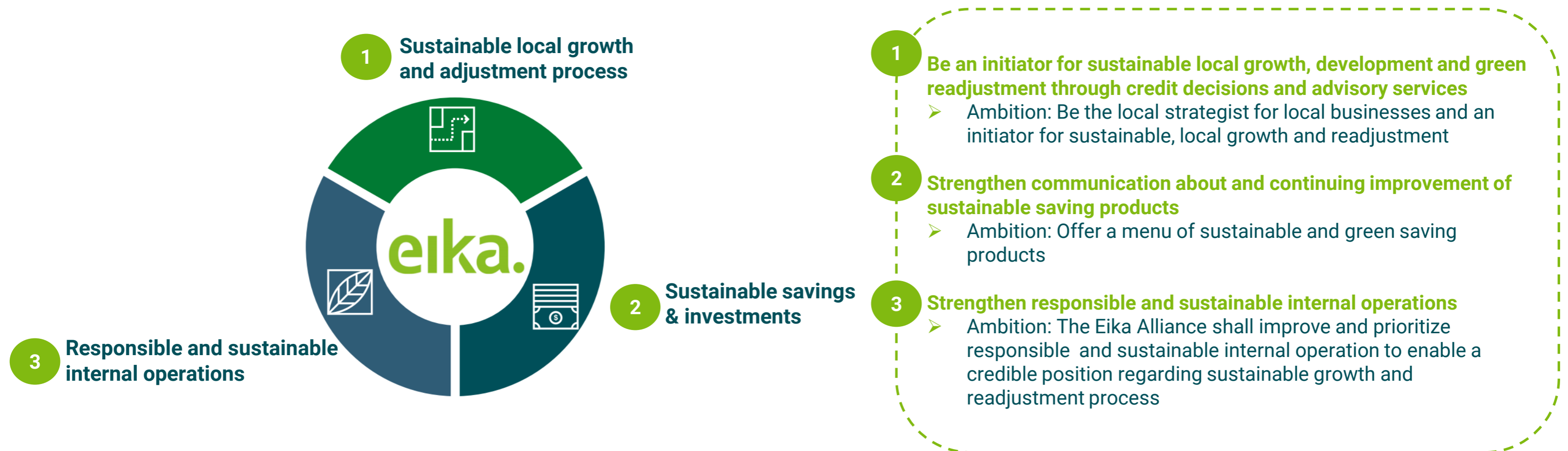


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Strategic framework for sustainability in the Eika Alliance

- Eika uses an integrated strategy for the whole Eika Alliance, which sets a common standard for ambitions and goals based on a suitable ESG framework for sustainability
- The Eika vision of <<**We strengthen the local bank**>> describes our desired future development. Our core business thereby supports the moral and ethical compass of the local banks and the societal engagement discharged by the local savings banks in the Eika Alliance
- 3 pillar approach: (i) **sustainable local growth and change**, (ii) **sustainable financial products**, and (iii) **responsibility and sustainability in internal operations**



Local bank 2023 Initiative

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

Eika's main UN SDG & UNEP contributions



Eika Alliance supports the following SDG's and considers that the most relevant approach is to give emphasis to:



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Make cities and human settlements inclusive, safe, resilient and sustainable

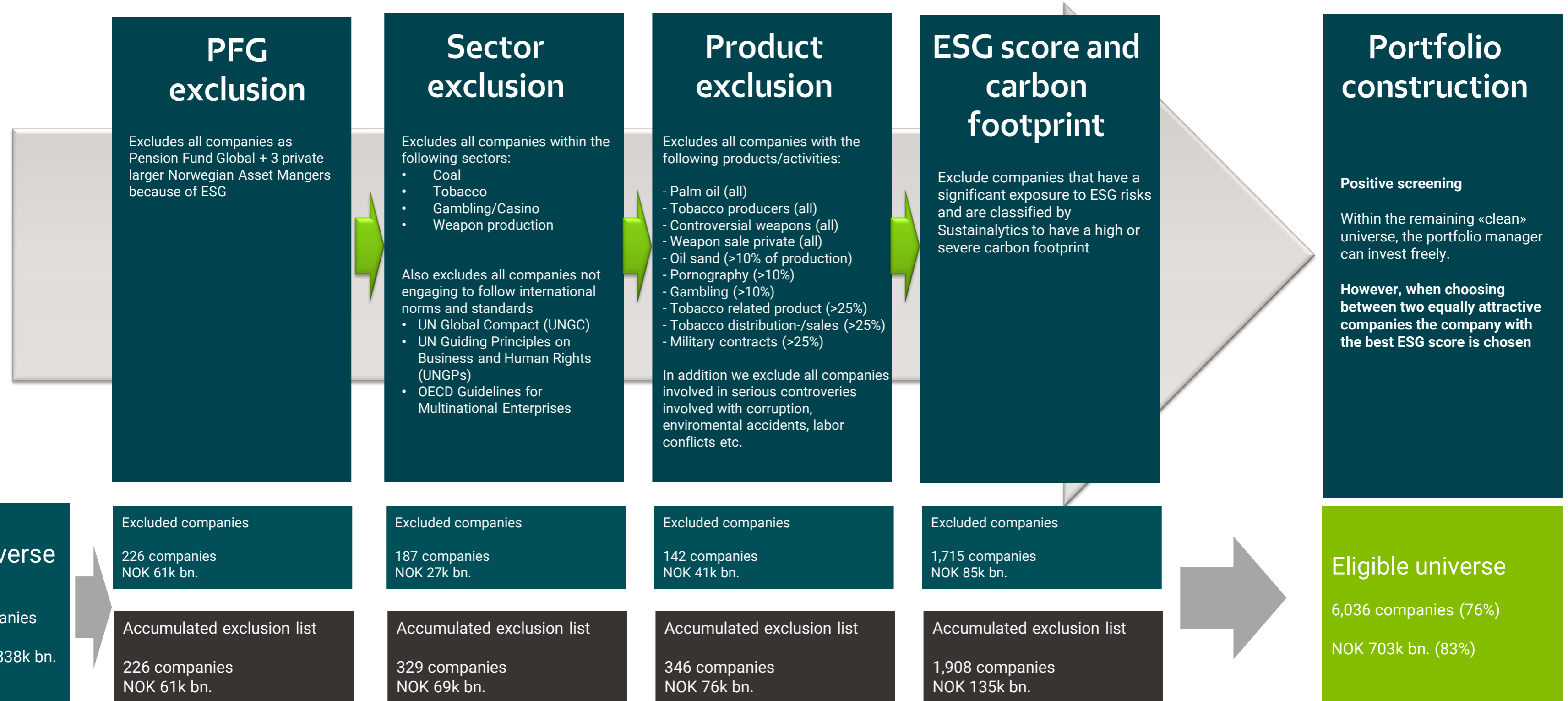


Take urgent action to combat climate change and its impacts

Eika Gruppen has signed the UN Environment Programme Finance Initiative (UNEP-FI), pledging to follow UN guidance for banks in their sustainability efforts

1. Align its business strategy to be consistent with and contribute to individuals' needs and society's goals in accordance with the SDGs
2. Continuously increase its positive impacts and ESG managing risks to, people and the environment and, to this end, establish and publish targets for areas where the most significant impacts can be achieved
3. Work responsibly with the local banks and customers to encourage sustainable practices
4. Proactively and responsibly consult, engage with and partner with relevant stakeholders to achieve society's overarching goals
5. Pursue its commitment to these principles by implementing effective management tools and a culture of responsible banking
6. Periodically review its individual and collective implementation of these principles and be transparent about and accountable for its positive and negative impacts and its contribution to society's overarching

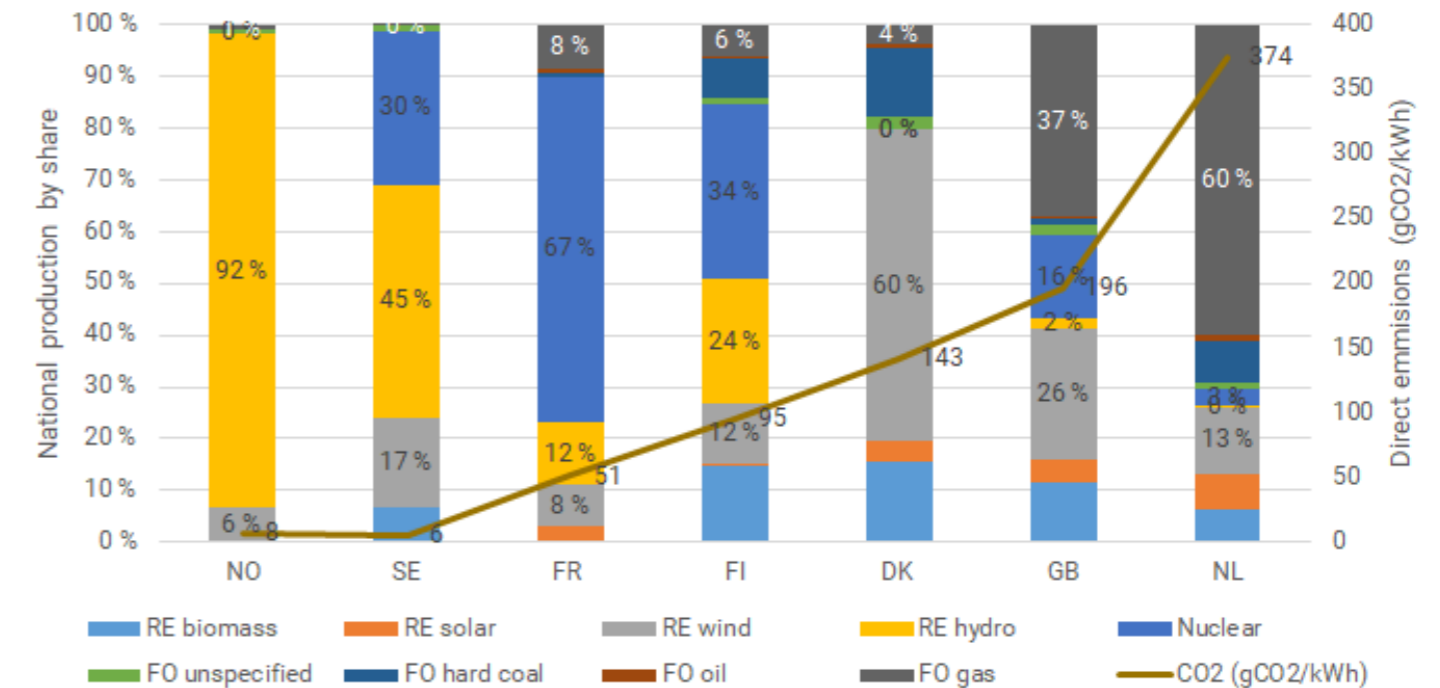
ESG screening for all investments – a four step process



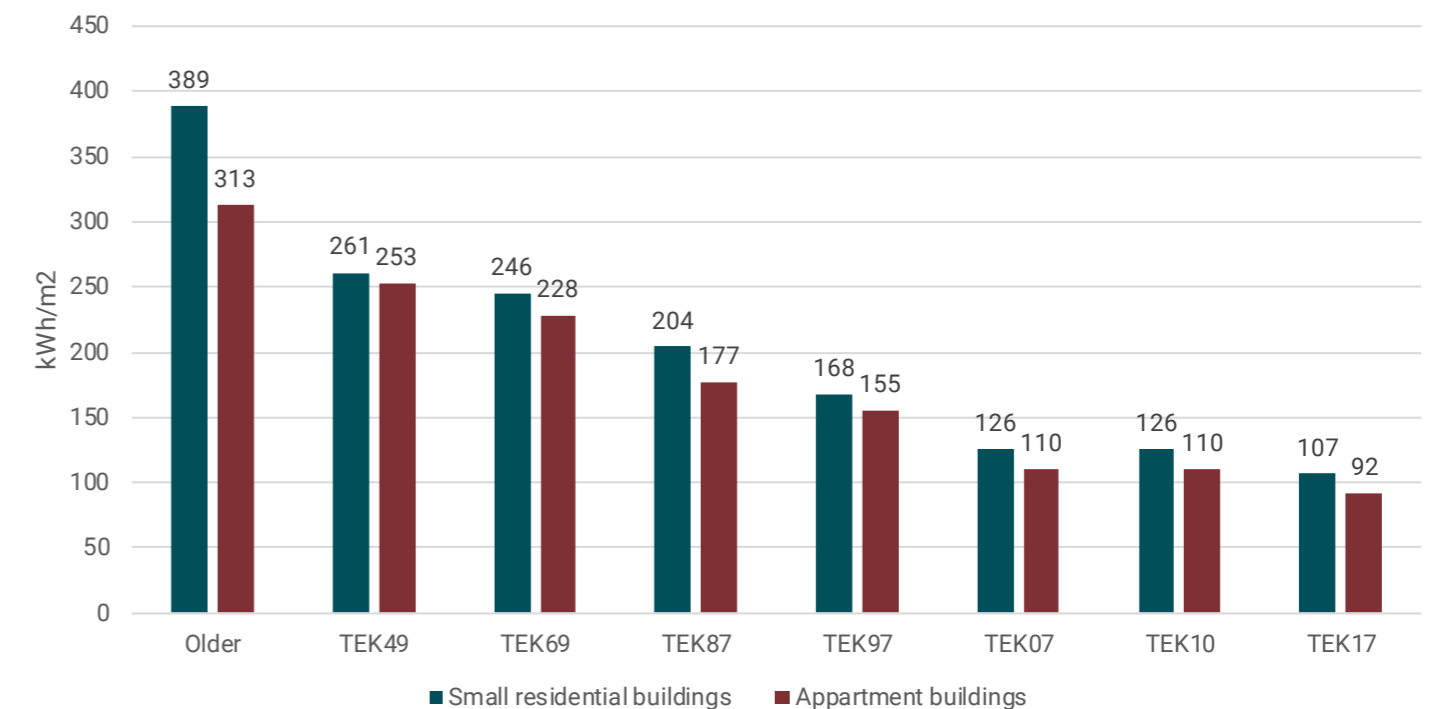
CO₂ Footprint Analysis of the Cover Pool – Background

- Norwegian buildings are predominantly heated with electricity
- Norway has one of the greenest energy source mix for electricity (>98% renewable energy, 92% Hydro & 6% wind)
- The carbon intensity for the lifetime of a Norwegian residential building = 111g CO₂/Kwh, this compares to much higher carbon intensities for other European countries¹
- Over time, residential buildings in Norway have become more energy efficient – analyzing building codes provides a robust proxy as this data is available for the entire building stock (unlike EPC labels which represent 44% 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

National electricity production mix (2020)



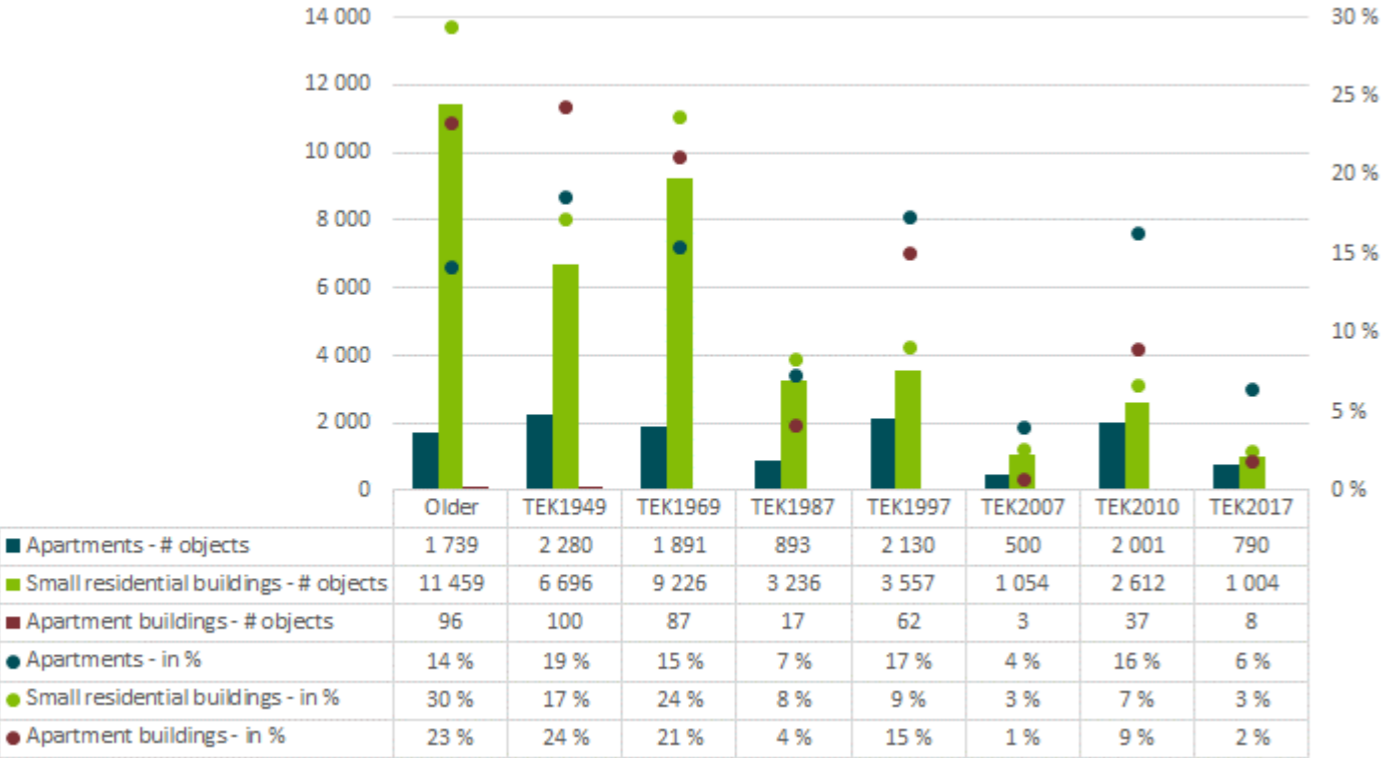
Development in calculated specific net energy demand by building code



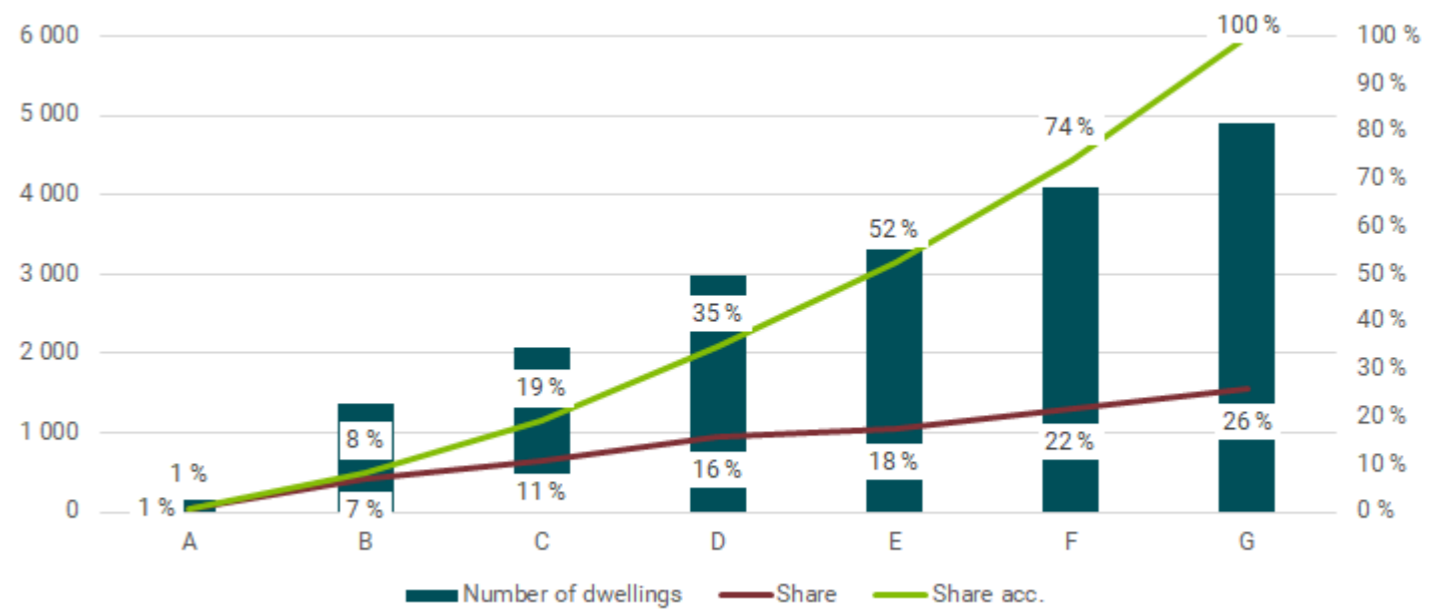
CO2 Footprint Analysis of the Cover Pool – 2021

- 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 2021, represents:
 - Yearly energy demand of 2 504 GWh
 - Yearly emissions of 192 273 tons CO₂ eq. based on European production mix (2019/20) and 15 201 tons CO₂ eq. based on Norwegian production mix (2019/20) for Eika funded share of collateral

Distribution of the Eika cover pool by building code and building type YE2021

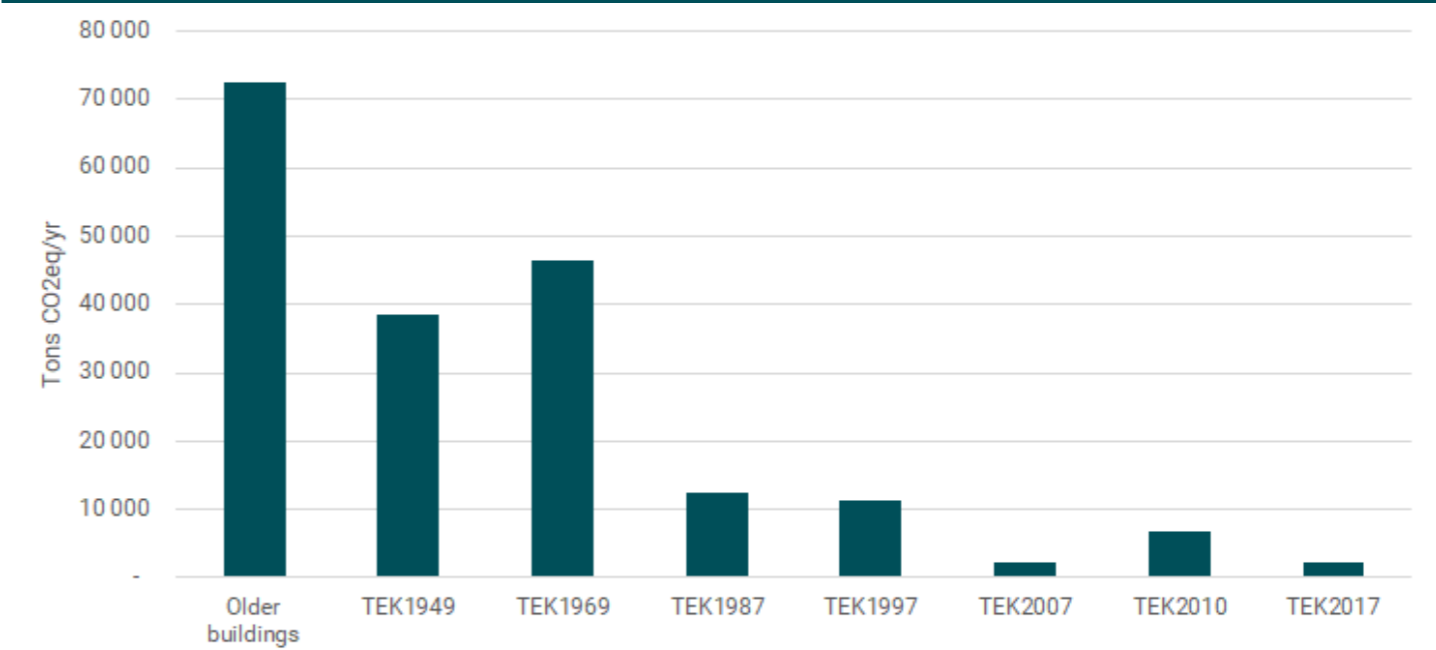


Distribution of the Eika cover pool by EPC label YE2021²



² EPC labels represent only 37% of the Eika cover pool, hence this is not fully representative of the entire cover pool

Eika cover pool CO₂ (European mix) footprint YE2021³



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

New Green mortgage products



1. Green Mortgages (Construction or Purchase)

New Green Mortgage Product

- In the fourth quarter 2020 the Eika Alliance banks launched an inaugural common green mortgage product.
- Green mortgages are mortgages secured by energy efficient housing with favorable loan interest rates.
- With a green mortgage, you **typically get lower interest rates** compared to a non-green mortgage (sample average in Eika 0.3%, range 0.1-0.6%).

Loan criteria

- The criteria for the mortgage product are based on Energy Performance Certificates (EPC).
- The criteria for qualifying for the green mortgage product in Eika will be an EPC of A or B.



2. Green Mortgages (Refurbishments)

New Green Refurbishment Product

- In the first quarter 2021 the Eika Alliance launched a green mortgage product relating to refurbishments.
- A lower EPC may qualify for refurbished residential buildings in Norway with an improved energy efficiency of minimum 30% due to a combination of measures like:
 - insulation of old construction (walls, roof, floor, windows, doors)
 - balanced ventilation
 - night set-back of temperature
 - energy efficient lighting appliances
 - solar cells or collector
 - heat pump air to air, air to water, water to water or exhaust fan

ESG Ratings in Eika Boligkreditt



MSCI

- A (scale AAA-CCC)

Sustainalytics

- 25.1 risk rating
- Medium risk
- Last update November 2020

ISS ESG

- C (scale A+ - D-)
- Status: Prime
- 2nd decile ranking
- Last update August 2021

Norwegian Client Experience Index (CEI)

- 74.6/100
- #4 rank out of 149 companies/brands across 33 sectors

We are working to build relationships with the ESG rating agencies to improve our scores through regular engagement with them and providing transparent data that they can collate, track and benchmark

Eika's roadmap towards sustainable banking



In light of its sustainability objectives and its strategy, Eika has established a Green Bond Framework

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Eika Boligkreditt Green Bond Framework



Use of proceeds:

Allocation of the net proceeds of the Green Bonds to a loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway



Process for Project Evaluation and Selection:

Eika Boligkreditt will select and track the Eligible Green Loans based on information from the official Land Register. The information is received from a third-party, Eiendomsverdi



Management of Proceeds:

Eika Boligkreditt intends to allocate the proceeds from the Green Bonds to a portfolio of loans that meet the Eligibility Criteria and in accordance with the evaluation and selection process



Reporting:

Pre-issuance Allocation and Impact Reporting will be made available to investors. Eika Boligkreditt intends to report to investors within one year from the date of a Green bond transaction and annually thereafter. Reporting will be on both the Allocation and Impact of the proceeds from green bond issuance



External Review:

ISS-ESG has provided a Second-Party Opinion (including on EU Taxonomy alignment) on Eika Boligkreditt's Green Bond Framework¹. Eika has received CBI certification for its inaugural green bond. Eika Boligkreditt may request a limited assurance on the Allocation Report

Use of Proceeds Criteria

Eligible use of proceeds categories: Green Residential Buildings	
1. New Residential buildings in Norway (built after 2009)	
<ul style="list-style-type: none">New or existing Norwegian apartments that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built in 2012 or laterNew or existing Norwegian other residential dwellings that comply with the Norwegian building codes of 2007 (TEK07), 2010 (TEK10) or 2017 (TEK17). Hence, built in 2009 or later	
2. Residential buildings in Norway (built before 2009)	
<ul style="list-style-type: none">Existing Norwegian residential buildings built using older building codes than TEK10 for apartments and TEK07 for other residential dwellings with EPC-labels A and B. These buildings may be identified in data from the Energy Performance Certificate (EPC) database	
3. Refurbished Residential buildings in Norway with an improved energy efficiency of 30%	
One of two criteria below must be met: <ul style="list-style-type: none">Refurbished Norwegian residential buildings with at least two steps of improvement in energy label compared to the calculated label based on building code in the year of constructionRefurbished Norwegian residential buildings with at least a 30% improvement in energy efficiency measured in specific energy, kWh/m2, compared to the calculated label based on building code in the year of construction	

Alignment with international initiatives & involved parties:

ICMA GBP category	UN SDG	TEG Report Technical Screening Criteria	TEG Report Do No Significant Harm & Minimum Social Safeguards	Consultants & Third Parties
Green Buildings		<ul style="list-style-type: none">Top 15% approach for buildings built up until end 2020≥30% improvement in Primary Energy Demand for refurbishments	<ul style="list-style-type: none">Compliance with international, national and local Regulation and monitoring of environmental and social risksDNSH and Minimum Social Safeguards met in accordance with ISS-ESG SPO in alignment with the EU Green Bond Standard	<div>Multiconsult</div> <div>ISS ESG</div> <div></div>

Project Evaluation and Selection

Process for Project Evaluation and Selection



This Framework & Green Assets are managed by a dedicated Green Bond Committee. The committee consists of: CEO, CFO, CCO and another representants from the Treasury Department in Eika Boligkreditt as issuer, and the CSR department in Eika Gruppen.

The Green Bond Committee will meet on a regular basis (at least annually) and will conduct an additional review on the selected mortgages to ensure ongoing compliance with the Eligibility Criteria.

Eligible Green Loans selected and tracked based on information from the official Land Register. Information from the Land Register regarding building year used to determine the Eligible Residential Green Buildings.

All residential mortgages within the Cover Pool are originated in line with Eika credit risk policies. Loans secured by mortgages on Eligible Residential Green Buildings are selected as Eligible Green Loans. All selected Eligible Green Loans comply with official national standards and local laws and regulations.

Management of Proceeds

Portfolio Approach

- The proceeds from Green Bonds will be managed by Eika Boligkreditt in a portfolio approach.
- Eika Boligkreditt intends to allocate these proceeds to an Eligible Green Loan Portfolio, that meet the Eligibility Criteria and in accordance with the evaluation and selection process

Proceeds Allocation

- Sufficient Eligible Green Loans will be designated in the Eligible Green Loan Portfolio to ensure that the size of the Eligible Green Loan Portfolio matches or exceeds the total balance of all outstanding Green Bonds.
- Additional Eligible Green Loans will be added to the Eligible Green Loan Portfolio to ensure the sufficient and timely allocation of the incremental net proceeds

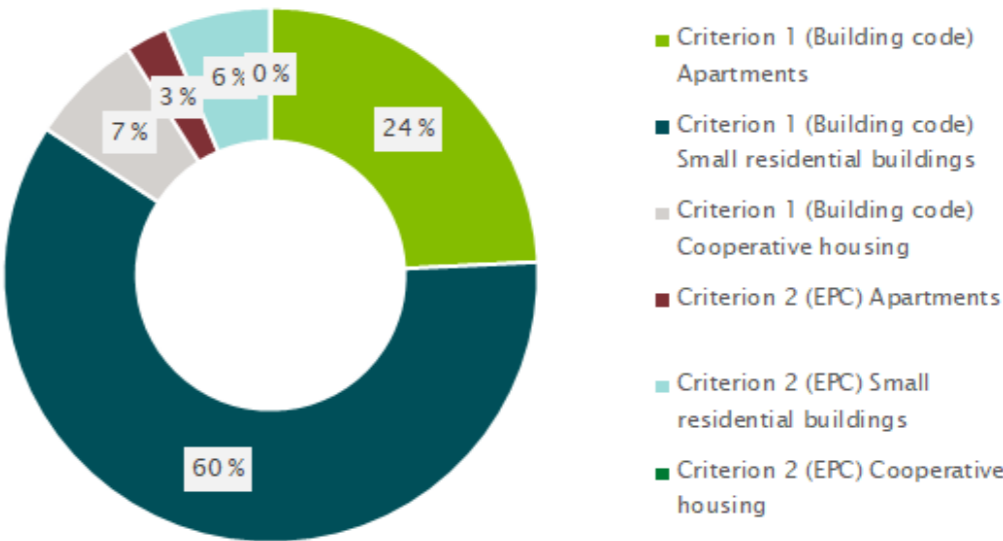
Unallocated Proceeds

- Any unallocated Green Bond net proceeds will be invested in a liquidity portfolio in money market instruments



Green Portfolio

As of 2021-12-31



Criterion	Type of dwelling	Number of objects	Area total [m2]	Area financed by EBK total [m2]	Portfolio size [MNOK]
Criterion 1 (Building code)	Apartments	2 791	212 750	92 749	4 563
	Small residential buildings	4 671	822 915	404 198	11 307
	Cooperative housing	45	67 042	25 944	1 288
Criterion 2 (EPC)	Apartments	360	70 613	26 007	489
	Small residential buildings	577	102 775	46 617	1 202
	Cooperative housing	-	-	-	-
Total		8 444	1 276 095	595 515	18 849

Impact Reporting FY21

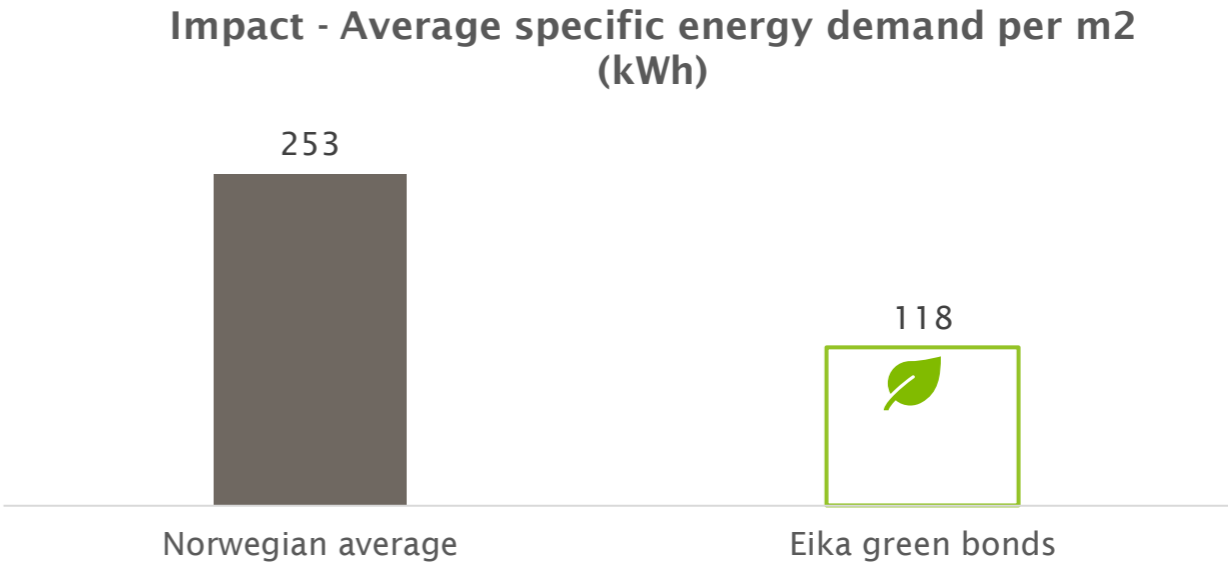


Impact Reporting

Portfolio date: 31 December 2021

Eligible Project Category	Eligible portfolio (NOK bn)	Share of <u>Total Financing</u>	Eligibility for Green Bonds	Estimated Site Energy Savings (in GWh/year)	Estimated Emissions Avoidance (in tons of CO2 /year)
a/	b/	c/	d/	e/	e/
Green Residential Buildings	18.85	100%	100%	79	8,778
Total	18.85	100%	100%	79	8,778

- a/ Eligible category
- b/ Amount committed by the issuer for the portfolio eligible for Green Bond financing
- c/ This is the share of the total budget financing
- d/ This is the share of the total portfolio costs that is Green Bond eligible
- e/ Impact indicators



- 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) = 8,778 tons CO2/year based on European mix and 1,702 tons CO2/year based on Norwegian mix on Eika funded share of collateral**

External Review

1 Second Party Opinion by ISS ESG

- Eika Boligkreditt has obtained an independent Second Party Opinion from ISS-ESG to confirm the validity of the Eika Boligkreditt's Green Bond Framework
- ISS ESG assessed the alignment of the Green Bond pool and the due diligence and selection processes in place, with the EU Taxonomy. Technical screening criteria and do no significant harm criteria have been taken into account

"The issuer's eligible category corresponds to the following EU Taxonomy category: "Acquisition and Ownership" (activity 8.4. of the EU Taxonomy). Based on robust processes for selection of Green Projects, the Green Bond asset pool is considered as aligned with the EU Taxonomy and the relevant activity-specific Technical Screening Criteria, Do No Significant Harm Criteria and Minimum Social Safeguards."



2 Pre-Issuance CBI Certification

- Eika Boligkreditt has received Certification from the CBI for its inaugural EUR green bond



SPO SECTION	EVALUATION
Part 1: Issuer sustainability performance	Status: NOT PRIME Rating: C- Decile Rank: 3
Part 2: Performance against the draft of EU GBS and GBPs	Positive
Part 3: Alignment of the asset pool with the EU Taxonomy	Positive

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Mortgages for energy efficient residential buildings	Significant contribution ¹¹	13 CLIMATE ACTION
	Limited contribution	11 SUSTAINABLE CITIES AND COMMUNITIES



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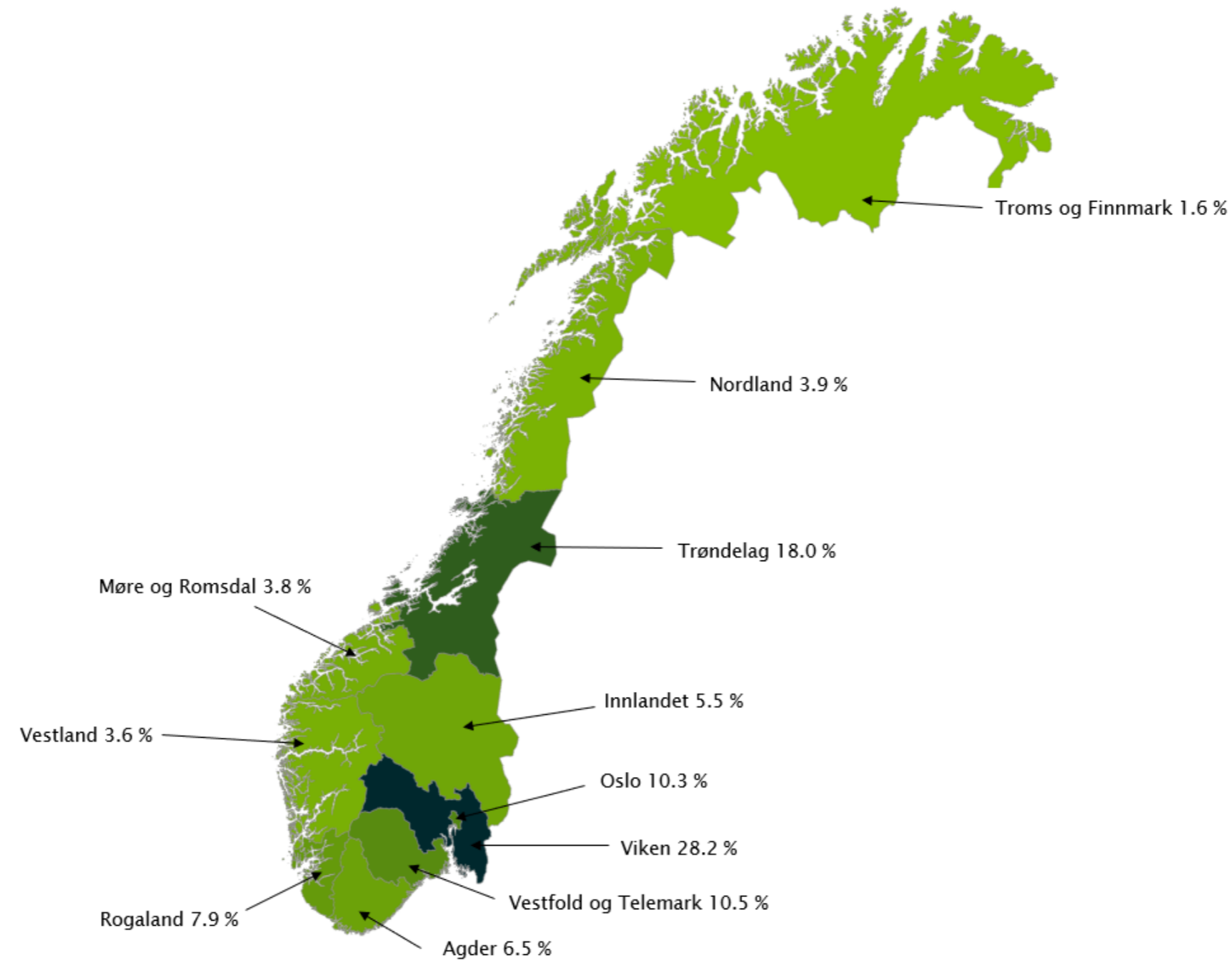
kf@eika.no

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

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Mortgage lending - Strong geographical diversification

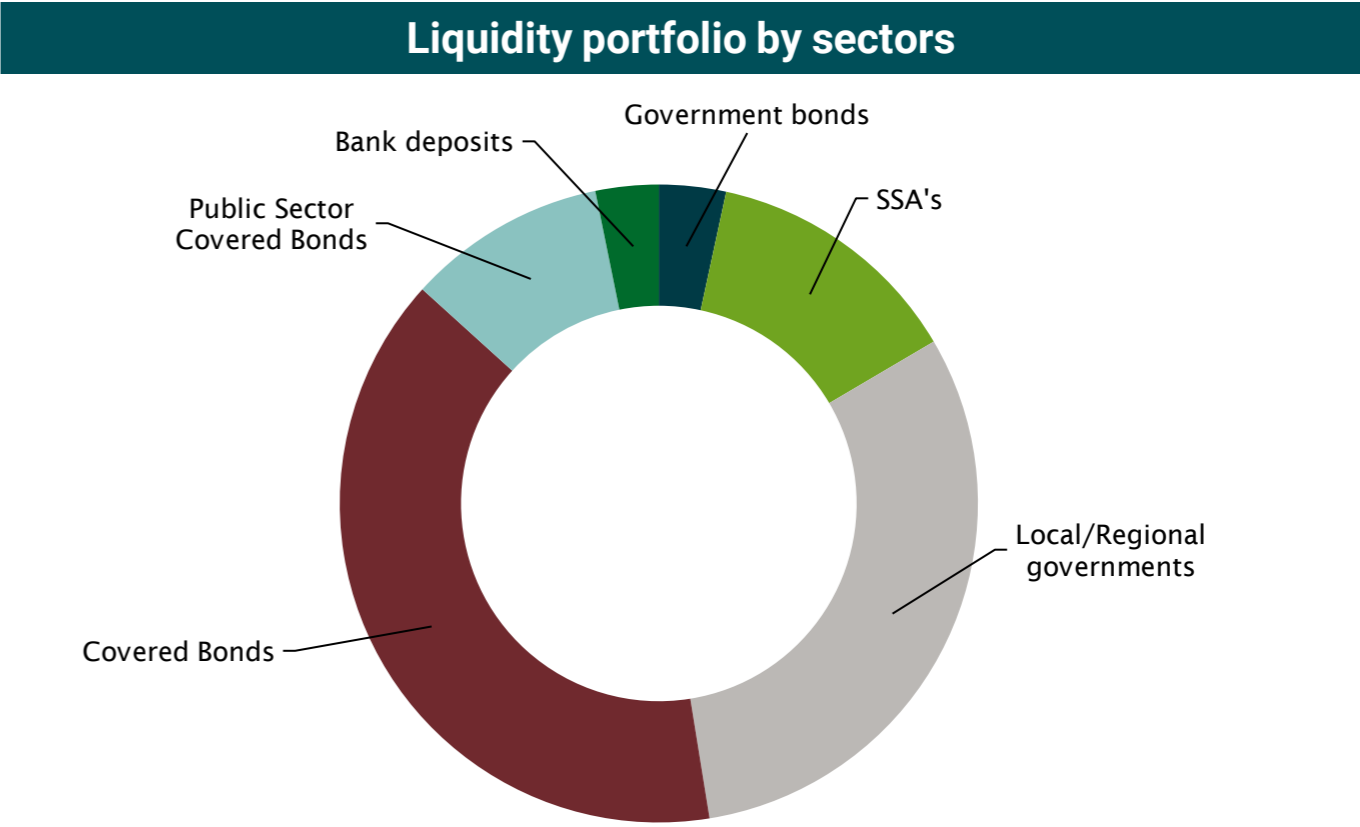


Liquidity portfolio

- **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	49,058,417	3 %	0.33
SSA's	190,229,786	13 %	1.00
Local/Regional governments	447,787,327	31 %	0.62
Covered Bonds	568,399,783	39 %	2.17
Public Sector Covered Bonds	146,093,241	10 %	1.89
Bank deposits	46,208,825	3 %	0.00
Total portfolio	1,447,777,379	100 %	1.38

- **The Liquidity portfolio conforms to a conservative investment policy**
 - Nordic, German and SSA 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	Sweden	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	2017	2018	2019	2020	2021
Total Interest income	2 049	2 162	2 624	2 230	1 831
Total interest expenses	1 366	1 480	1 976	1 418	996
Net interest income	683	682	648	812	835
Income from portfolio sale	-	-	-	-	23
Dividend from shares classified as available for sale	6	18	19	13	13
Total gains and losses on financial instruments at fair value	(135)	22	(6)	43	31
Comission costs	410	458	490	647	774
Total salaries and administrative expenses	48	50	51	51	52
Depreciation	2	2	4	4	4
Other operating expenses	16	16	15	14	15
Losses on loans and gurantees	-	-	-	-	-
PROFIT/(LOSS) BEFORE TAXES	78	197	102	153	56
Taxes	18	45	14	29	5
PROFIT/(LOSS) FOR THE PERIOD	60	152	89	124	51
Net gains and losses on bonds and certificates	-	(7)	7	8	(9)
Fair value adjustment, shares	-	(15)	-	-	-
Net gains and losses on basis swaps	-	(106)	53	99	63
Taxes on other comprehensive income	-	28	(15)	(27)	(13)
COMPREHENSIVE INCOME FOR THE PERIOD	-	52	133	204	91

Eika Boligkreditt AS – Report Q4 2021:

Eika Boligkreditt showed a profit of NOK 56 million for 2021, compared with a profit of NOK 153 million for the same period in 2020. Net gains and losses on basis swaps came to NOK 63 million for 2021 (2020: NOK 99 million), net gains and losses on bonds and certificates came to negative NOK 9 million and taxes on other comprehensive income came to negative NOK 13 million, so that the comprehensive income for the period including such changes came to a profit of NOK 91 million.

The full report is available on: eikbol.no

Eika Boligkreditt - Balance sheet and key figures

Amounts in NOK Million	2017	2018	2019	2020	2021
Balance sheet development					
Lending to customers	77 286	82 015	84 719	89 269	91 327
Debt from issuing securities	90 030	97 288	94 300	106 127	103 648
Subordinated loans	600	674	889	724	724
Equity*	4 770	5 290	5 777	5 851	5 774
Equity in % of total assets*	4.8	4.9	5.5	4.9	5.0
Average total assets	99 466	101 744	107 506	120 881	117 692
Total assets	99 603	107 969	105 835	120 563	114 861
Rate of return / profitability					
Fee and commission income in relation to average total assets, annualised (%)	0.40	0.40	0.50	0.50	0.70
Staff and general administration expenses in relation to average total assets, annualised (%)	0.05	0.03	0.03	0.03	0.03
Return on equity, annualised (%)	1.90	4.50	2.20	3.00	1.10
Total assets per full-time position	5 030	5 453	5 345	6 345	6 045
Finacial strength					
Core tier 1 capital	4 156	4 522	5 074	5 099	5 109
Total tier 1 capital	4 706	5 227	5 648	5 673	5 684
Total primary capital (tier 2 capital)	5 305	5 902	6 372	6 397	6 409
Weighted calculation basis	31 468	33 731	34 074	37 222	37 296
Core tier 1 capital ratio	13.20	13.40	14.90	13.70	13.70
Total tier 1 capital ratio	15.00	15.50	16.60	15.20	15.20
Capital adeqacy ratio	16.90	17.50	18.70	17.20	17.20
Doubtful loans in % of gross loans	-	-	-	-	0.05
Loss in % of gross loans	-	-	-	-	-
Staff					
Number of full-time positions at end of period	19.8	19.8	19.8	19.0	19.0

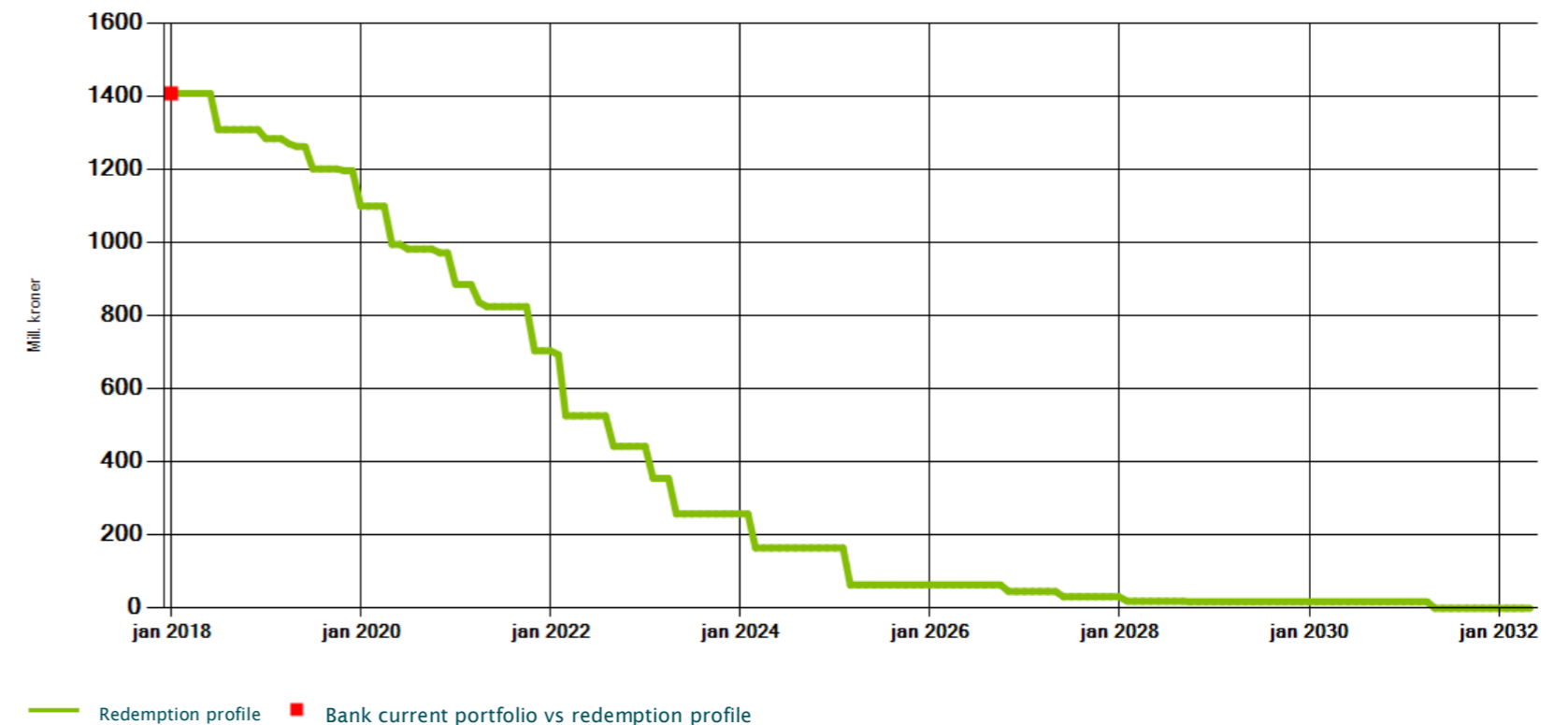
*Including AT1 capital

Source: EBK quarterly reports

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 2020

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 an agreement to merge the banks
- In April 2020 the boards announced putting the process on hold due to uncertainty because of the COVID-19 situation
- Both banks are among the 11 banks that have given notice of termination of its agreements with Eika Gruppen. The agreement ends December 31st 2021
- Stadsbygd Sparebank and Ørland Sparebank with Ørland Sparebank as the continuing bank
- Ola Setsaas, CEO in Stadsbygd Sparebank, is proposed as CEO in the merged bank. Hans Kristian Glesne, CEO in Ørland Sparebank, is proposed as chair 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

- Merged July 1st 2020
- The name for the merged bank is Sparebank 68° Nord
- Both banks are among the 11 banks that have given notice of termination of its agreements with Eika Gruppen.
- Tor-Andrè Grenersen, CEO in Ofoten Sparebank, is CEO in the merged bank
- Total assets, including transferred to Eika Boligkreditt, of NOK 10.6 billion
- Rationales for the merger was to improve competitiveness in local markets, improve profitability and further enhance ability to contribute to develop their local communities

Hønefoss and Skue Sparebank

- Merged August 3rd 2020
- The name for the merged bank is Skue Sparebank
- Hans Kristian Glesne, CEO in Skue Sparebank, is CEO in the merged bank and George H. Fulford, chair in the board of Skue Sparebank is chair of the board in the merged bank
- Total assets, including transferred to Eika Boligkreditt, of NOK 16 billion
- The 4th largest bank in the Eika Alliance
- Rationales for the merger was to improve competitiveness in local markets, improve profitability and further enhance ability to contribute to develop their local communities

The banks decided to terminate negotiations in November 2020

Mergers Eika banks in 2021/22

Surnadal Sparebank and Sparebank1 Nordvest

- The banks merged May 1st 2021
- The merged bank is part of the Sparebank1 Alliance
- The name for the merged bank is Sparebank1 Nordmøre
- Surnadal was a member in The Eika Alliance while Sparebank1 Nordvest was a member of the Sparebank1 Alliance.
- Both banks are located on the northern part of the west coast of Norway
- Allan Troelsen, CEO in Surnadal Sparebank, is CEO in the merged bank and Runar Wiik, chair in Sparebank1 Nordvest, is chair in the board of the merged bank
- Total assets, including transferred to Eika and Sparebank1 Boligkreditt, of NOK 30 billion
- Rationales for the merger was 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

Tysnes Sparebank and Etne Sparebank

- December 16th 2020 the boards in the banks announced starting negotiations with the intention to merge the banks
- Surnadal is a member in The Eika Alliance while Etne is a collaborating partner in DSS
- The merged bank is part of the Sparebank1 Alliance consisting of 9 saving banks on the south coast of Norway
- Currently the merged bank will join the Eika Alliance decided in 2021
- Rune Ramsvik, CEO in Surnadal Sparebank, is proposed as CEO in the merged bank and Svein Aaling, CEO in Tysnes Sparebank is proposed as chair for the board of the merged bank
- Total assets, including transferred to Eika and Sparebank1 Boligkreditt, of NOK 6.8 billion
- Rationales for considering to merge are to improve competitiveness in Sunnhordland, expand market reach, reduce funding costs and secure jobs
- The merged banks will be more attractive for clients, owners, employees and further enhance ability to contribute to develop their local communities

Romerike Sparebank and Blaker Sparebank

- October 27th 2021 the boards in the banks approved a letter of intent to merge the banks
- December 13th 2021 the boards in the banks approved the agreement to merge the banks
- January 25th 2022 the general meetings/boards of trustees approved the agreement to merge the banks
- Both banks are members in the Eika Alliance
- Blaker Sparebank is intended merged into Romerike Sparebank with Romerike Sparebank as the continuing bank
- Siri Berggren, CEO in Romerike Sparebank, is proposed as CEO in the merged bank and Svein Aaling, chair of the board in Blaker Sparebank, is proposed as chair of the board in the merged bank
- Total assets for the merged bank, including transferred to Eika Boligkreditt, of NOK 17.9 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

Mergers Eika banks in 2021/22 continued

Arendal og Omegns Sparekasse and Østre Agder Sparebank

- November 15th 2021 the boards in the banks announced starting negotiations with the intention to merge the banks
- Both banks are members in the Eika Alliance
- Arendal og Omegns Sparekasse is intended merged into Østre Agder Sparebank with Østre Agder Sparebank as the continuing bank
- The proposed name for the merged bank is Agder Sparebank
- Nina Holte, CEO in Østre Agder Sparebank, is proposed as CEO in the merged bank and Per Olav Nærstad, CEO in Arendal og Omegns Sparekasse, is proposed as chair of the board in the merged bank
- Total assets for the merged bank, including transferred to Eika Boligkreditt, of NOK 9.2 billion
- Rationales for considering to merge are to improve competitiveness in local markets, improved attractiveness as an employer and further enhance ability to contribute to develop their local communities

P&L Eika banks

<i>P&L & balance in NOK mil.</i>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net interest income	3 461	3 580	3 720	3 889	4 101	4 205	4 482	4 868	5 054	5 711	5 558
Net commission income	653	721	850	1 125	1 297	1 235	1 170	1 330	1 388	1 539	1 694
Other income	43	44	40	39	39	37	38	34	32	27	28
Total income	4 156	4 345	4 610	5 052	5 436	5 478	5 689	6 232	6 474	7 278	7 280
Personnel and adm. expenses	2 030	2 101	2 210	2 308	2 450	2 628	2 736	2 867	2 865	2 975	2 023
Depreciation	120	96	92	98	107	114	128	136	136	151	158
Other costs	460	485	505	566	593	653	672	689	710	755	1 846
Total costs	2 610	2 681	2 807	2 972	3 151	3 395	3 535	3 692	3 711	3 882	4 027
Core earnings before loan losses	1 546	1 665	1 803	2 080	2 286	2 083	2 154	2 540	2 763	3 396	3 253
Impairment of loans and guarantees	394	455	323	387	311	234	229	193	174	163	518
Core earnings	1 152	1 210	1 480	1 693	1 975	1 849	1 925	2 347	2 589	3 234	2 735
Dividends/associated companies	175	184	88	251	232	342	391	414	414	566	649
Net return on financial investments	215	-76	213	226	128	-189	179	145	44	79	41
One-offs and loss/gain on long-term assets	371	-60	149	-61	178	217	312	-11	165	-5	-248
Pre tax profit	1 914	1 258	1 929	2 109	2 513	2 219	2 806	2 895	3 212	3 874	3 177
Taxes	497	407	535	574	613	542	572	657	695	853	627
Net profit	1 417	851	1 395	1 535	1 900	1 677	2 234	2 238	2 517	3 022	2 550
Gross loans	154 867	157 128	163 460	170 782	178 891	190 203	210 532	224 279	238 996	255 161	265 999
Gross loans incl. EBK	179 719	190 282	205 512	221 587	234 013	248 598	275 458	296 291	317 175	337 592	354 754
Deposits	118 671	126 641	135 038	142 754	154 063	162 046	175 189	184 518	194 416	207 234	224 395
Equity	16 487	17 261	18 551	20 116	21 932	23 261	25 786	28 375	31 001	34 214	38 837
Total assets	187 710	193 582	197 632	206 833	220 301	227 766	249 787	267 870	285 653	306 286	329 784
Total assets incl. EBK	212 562	226 736	239 683	257 638	275 424	286 161	314 713	339 882	363 831	388 717	418 539
Growth in loans	4.1 %	1.5 %	4.0 %	4.5 %	4.7 %	6.3 %	10.7 %	6.5 %	6.6 %	6.8 %	4.2 %
Growth in loans incl. EBK	7.3 %	5.9 %	8.0 %	7.8 %	5.6 %	6.2 %	10.8 %	7.6 %	7.0 %	6.4 %	5.1 %
Growth in deposits	7.4 %	6.7 %	6.6 %	5.7 %	7.9 %	5.2 %	8.1 %	5.3 %	5.4 %	6.6 %	8.3 %

Source: Bank Analyst Eika

Eika banks - Key figures

Key figures	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Deposit ratio	76.6 %	80.6 %	82.6 %	83.6 %	86.1 %	85.2 %	83.2 %	82.3 %	81.3 %	81.2 %	84.4 %
Deposit over total funding	70.1 %	72.6 %	76.2 %	77.3 %	78.5 %	80.1 %	79.0 %	77.8 %	77.1 %	76.9 %	77.8 %
(Market funding - Liquid assets)/Total assets	11.5 %	7.7 %	6.2 %	5.3 %	3.0 %	4.0 %	5.8 %	6.1 %	6.8 %	6.7 %	3.5 %
Liquid assets/Total assets	15.5 %	17.0 %	15.2 %	15.0 %	16.2 %	13.7 %	12.9 %	13.6 %	13.5 %	13.6 %	15.9 %
Market funds/Total assets	27.0 %	24.6 %	21.3 %	20.3 %	19.2 %	17.7 %	18.7 %	19.7 %	20.3 %	20.3 %	19.4 %
Equity ratio	8.8 %	8.9 %	9.4 %	9.7 %	10.0 %	10.2 %	10.3 %	10.6 %	10.9 %	11.2 %	11.8 %
Common Equity Tier 1 ratio (CET1)	15.1 %	15.3 %	15.9 %	16.0 %	17.0 %	17.5 %	17.8 %	18.1 %	18.2 %	19.6 %	19.3 %
Core capital ratio	17.1 %	17.4 %	18.2 %	18.5 %	18.3 %	18.5 %	18.9 %	19.3 %	19.6 %	20.9 %	20.5 %
Capital ratio	18.2 %	18.2 %	18.7 %	18.8 %	18.9 %	19.2 %	20.0 %	20.8 %	21.4 %	22.9 %	22.2 %
Loan loss provision ratio	0.26 %	0.29 %	0.20 %	0.23 %	0.18 %	0.13 %	0.11 %	0.09 %	0.07 %	0.07 %	0.20 %
Loan loss provision/Pre-provision income	20.3 %	25.7 %	15.4 %	15.1 %	11.8 %	10.5 %	8.4 %	6.2 %	5.4 %	4.0 %	13.1 %
Gross problem loans/Gross loans	1.84 %	1.89 %	1.80 %	1.64 %	1.55 %	1.39 %	1.13 %	0.97 %	1.01 %	1.33 %	1.36 %
Net problem loans/Gross loans	1.35 %	1.38 %	1.33 %	1.21 %	1.14 %	1.02 %	0.84 %	0.72 %	0.78 %	1.07 %	1.08 %
Loan loss reserves/Gross loans	0.88 %	0.92 %	0.88 %	0.83 %	0.79 %	0.74 %	0.64 %	0.59 %	0.55 %	0.52 %	0.59 %
Problem loans/(Equity + LLR)	15.9 %	15.9 %	14.7 %	13.0 %	11.9 %	10.8 %	8.8 %	7.3 %	7.4 %	9.6 %	8.9 %
Net interest income/total assets	1.87 %	1.88 %	1.90 %	1.92 %	1.92 %	1.88 %	1.88 %	1.88 %	1.83 %	1.93 %	1.75 %
Net commission incom/total assets	0.35 %	0.38 %	0.43 %	0.56 %	0.61 %	0.55 %	0.49 %	0.51 %	0.50 %	0.52 %	0.53 %
Loss provision ratio	0.26 %	0.29 %	0.20 %	0.23 %	0.18 %	0.13 %	0.11 %	0.09 %	0.07 %	0.07 %	0.20 %
Cost/income ratio	57.4 %	60.2 %	57.2 %	53.8 %	54.4 %	60.3 %	56.5 %	54.4 %	53.5 %	49.0 %	50.5 %
Cost/income ratio (adjusted for net finance)	60.3 %	59.2 %	59.7 %	56.0 %	55.6 %	58.3 %	58.1 %	55.5 %	53.9 %	49.5 %	50.8 %
Cost/income ratio (adj. for net finance and dividend)	62.8 %	61.7 %	60.9 %	58.8 %	58.0 %	62.0 %	62.1 %	59.2 %	57.3 %	53.3 %	55.3 %
Net profit in % of total assets	0.77 %	0.45 %	0.71 %	0.76 %	0.89 %	0.75 %	0.94 %	0.86 %	0.91 %	1.02 %	0.80 %
Net profit/average RWA	1.39 %	0.81 %	1.29 %	1.37 %	1.62 %	1.37 %	1.74 %	1.63 %	1.72 %	1.99 %	1.59 %
Pre-provision income/average RWA	1.90 %	1.68 %	1.95 %	2.29 %	2.25 %	1.83 %	2.13 %	2.25 %	2.20 %	2.67 %	2.46 %
Core earnings in % of average RWA	1.13 %	1.15 %	1.37 %	1.52 %	1.68 %	1.51 %	1.50 %	1.71 %	1.77 %	2.13 %	1.70 %
Return on equity	8.9 %	5.0 %	7.8 %	7.9 %	9.0 %	7.4 %	9.1 %	8.3 %	8.5 %	9.3 %	7.0 %

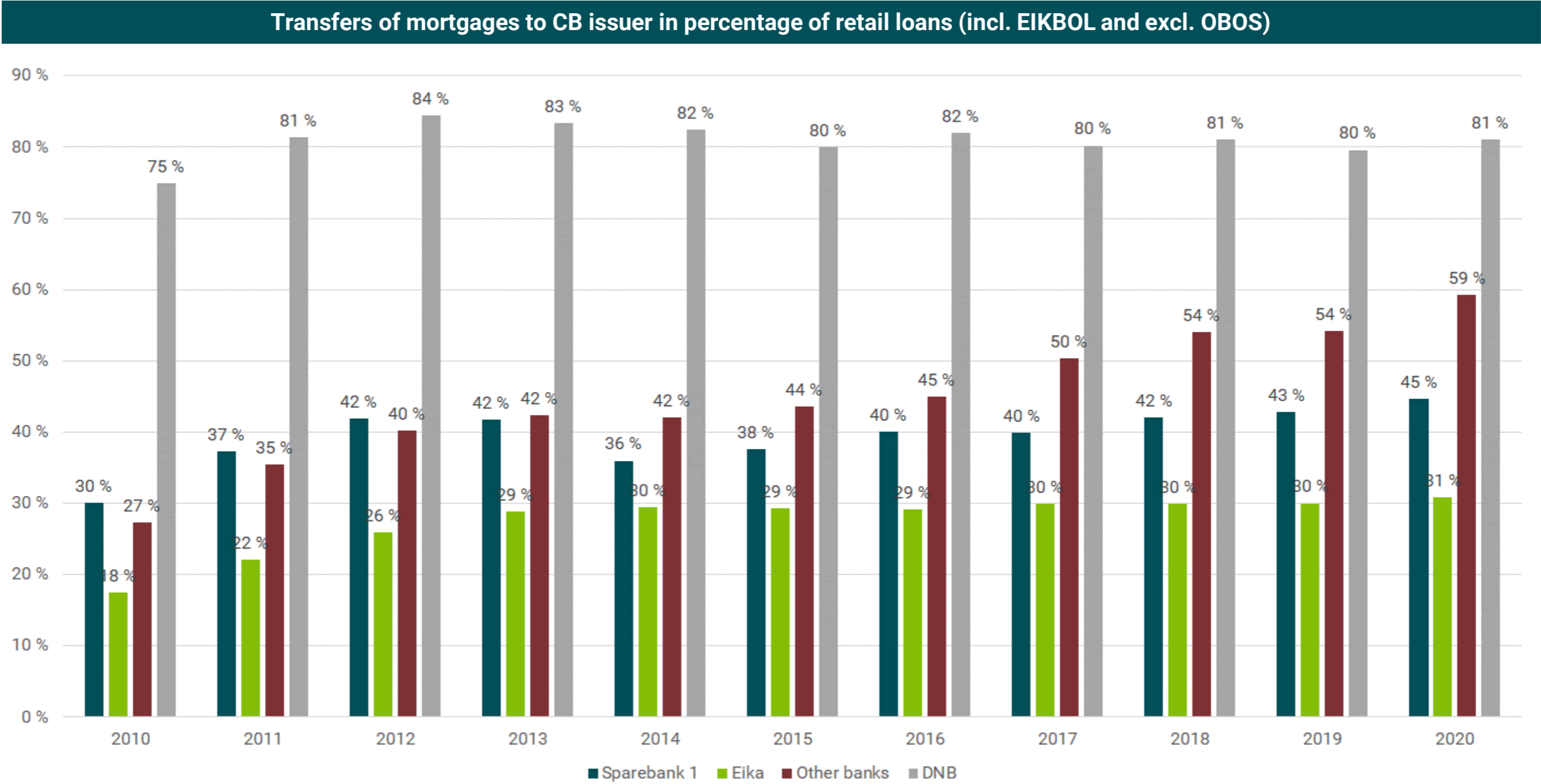
Source: Bank Analyst Eika

Quarterly data - P&L and Key figures

P&L & balance in NOK mil.	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	Key figures	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Net interest income	1 377	1 484	1 554	1 513	1 256	1 382	1 407	1 368	1 409	Deposit ratio	83.6 %	81.9 %	81.2 %	82.3 %	85.4 %	84.5 %	84.4 %	84.9 %	87.6 %
Net commission income	354	410	443	399	357	435	502	438	450	Deposit over total funding	77.5 %	77.1 %	77.5 %	76.6 %	77.7 %	77.7 %	77.8 %	77.8 %	78.8 %
Other income	6	6	8	8	6	7	8	7	7	(Market funding - Liquid assets)/Total assets	4.3 %	5.4 %	6.0 %	5.4 %	3.1 %	4.0 %	3.5 %	3.3 %	1.3 %
Total income	1 738	1 899	2 005	1 920	1 619	1 824	1 917	1 812	1 866	Liquid assets/Total assets	15.5 %	14.6 %	13.6 %	15.1 %	16.5 %	15.6 %	15.9 %	16.1 %	17.3 %
Personnel and adm. expenses	648	753	823	542	432	511	538	546	448	Market funds/Total assets	19.8 %	20.0 %	19.6 %	20.5 %	19.5 %	19.6 %	19.4 %	19.5 %	18.6 %
Depreciation	37	37	41	38	38	39	43	49	53	Equity ratio	10.8 %	11.0 %	11.2 %	11.5 %	11.3 %	11.5 %	11.8 %	11.7 %	11.4 %
Other costs	196	179	196	453	441	432	520	456	455	Common Equity Tier 1 ratio (CET1)	17.7 %	17.7 %	19.8 %	19.5 %	19.2 %	18.9 %	19.3 %	18.9 %	18.7 %
Total costs	881	968	1 060	1 034	911	982	1 100	1 051	956	Core capital ratio	18.8 %	18.8 %	20.9 %	20.7 %	20.3 %	20.2 %	20.5 %	20.1 %	19.9 %
Core earnings before loan losses	857	931	945	886	708	842	817	761	909	Capital ratio	20.6 %	20.6 %	22.9 %	22.5 %	22.1 %	22.0 %	22.2 %	21.8 %	21.7 %
Impairment of loans and guarantees	15	19	104	295	123	43	57	-16	-53	Loan loss provision ratio	0.02 %	0.03 %	0.16 %	0.46 %	0.19 %	0.07 %	0.09 %	-0.02 %	-0.08 %
Core earnings	842	912	841	591	585	799	760	777	962	Loan loss provision/Pre-provision income	1.1 %	2.0 %	10.5 %	46.1 %	8.3 %	4.8 %	6.2 %	-2.0 %	-3.8 %
Dividends/associated companies	486	11	44	17	547	12	74	18	481	Gross problem loans/Gross loans	1.15 %	1.18 %	1.33 %	1.40 %	1.36 %	1.35 %	1.36 %	1.26 %	1.26 %
Net return on financial investments	21	18	7	-263	228	48	28	50	-8	Net problem loans/Gross loans	0.94 %	0.96 %	1.07 %	1.12 %	1.06 %	1.05 %	1.08 %	0.99 %	0.99 %
One-offs and loss/gain on long-term assets	10	-3	-13	-10	-11	2	-229	-14	-46	Loan loss reserves/Gross loans	0.51 %	0.51 %	0.52 %	0.58 %	0.60 %	0.61 %	0.59 %	0.57 %	0.52 %
Pre tax profit	1 359	939	879	335	1 349	860	633	831	1 390	Problem loans/(Equity + LLR)	8.4 %	8.5 %	9.6 %	9.6 %	9.2 %	9.1 %	8.9 %	8.3 %	8.4 %
Taxes	241	230	208	94	217	203	113	204	252	Net interest income/total assets	1.85 %	1.95 %	2.03 %	1.94 %	1.57 %	1.70 %	1.72 %	1.64 %	1.64 %
Net profit	1 119	709	671	241	1 132	658	520	627	1 137	Net commission incom/total assets	0.48 %	0.54 %	0.58 %	0.51 %	0.45 %	0.53 %	0.61 %	0.53 %	0.52 %
Gross loans	248 398	252 008	255 161	257 258	259 852	263 088	265 999	269 979	276 790	Loss provision ratio	0.02 %	0.03 %	0.16 %	0.46 %	0.19 %	0.07 %	0.09 %	-0.02 %	-0.08 %
Gross loans incl. EBK	328 817	333 595	337 592	341 199	346 023	350 523	354 754	359 558	367 928	Cost/income ratio	39.2 %	50.2 %	51.5 %	61.8 %	38.1 %	52.1 %	54.5 %	55.9 %	40.9 %
Deposits	207 596	206 365	207 234	211 823	221 969	222 278	224 395	229 320	242 373	Cost/income ratio (adjusted for net finance)	39.6 %	50.7 %	51.7 %	53.4 %	42.1 %	53.5 %	55.3 %	57.5 %	40.7 %
Equity	32 726	33 504	34 214	36 217	36 795	37 452	38 837	39 253	39 918	Cost/income ratio (adj. for net finance and divid	50.7 %	51.0 %	52.9 %	53.8 %	56.3 %	53.8 %	57.4 %	58.0 %	51.3 %
Total assets	304 272	305 498	306 286	316 116	325 219	325 839	329 784	336 653	350 133	Net profit in % of total assets	1.50 %	0.93 %	0.88 %	0.31 %	1.41 %	0.81 %	0.63 %	0.75 %	1.32 %
Total assets incl. EBK	384 691	387 084	388 717	400 058	411 390	413 273	418 539	426 232	441 271	Net profit/average RWA	2.88 %	1.79 %	1.72 %	0.62 %	2.86 %	1.64 %	1.26 %	1.48 %	2.63 %
Growth in loans	2.7 %	1.5 %	1.3 %	0.8 %	1.0 %	1.2 %	1.1 %	1.5 %	2.5 %	Pre-provision income/average RWA	3.51 %	2.43 %	2.56 %	1.65 %	3.74 %	2.25 %	2.23 %	1.95 %	3.20 %
Growth in loans incl. EBK	2.4 %	1.5 %	1.2 %	1.1 %	1.4 %	1.3 %	1.2 %	1.4 %	2.3 %	Core earnings in % of average RWA	2.13 %	2.30 %	2.20 %	1.51 %	1.46 %	1.99 %	1.81 %	1.81 %	2.21 %
Growth in deposits	4.9 %	-0.6 %	0.4 %	2.2 %	4.8 %	0.1 %	1.0 %	2.2 %	5.7 %	Return on equity	14.0 %	8.6 %	7.9 %	2.7 %	12.4 %	7.1 %	5.5 %	6.4 %	11.5 %

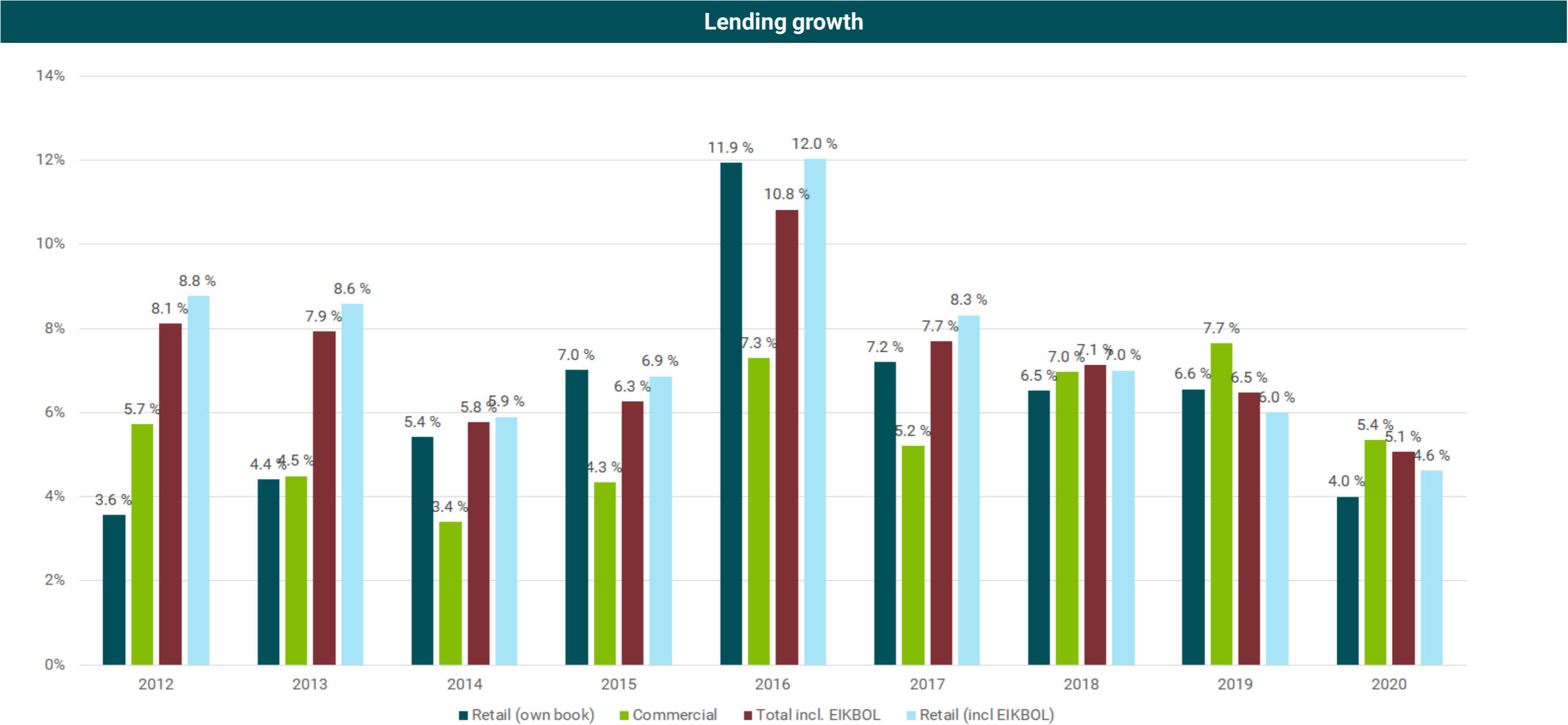
Source: Bank Analyst Eika

Banks – transfer rate to Cov. Bond companies



Source: Bank Analyst Eika

Eika banks - lending growth



Source: Bank Analyst Eika

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