



# *financial report*

*first quarter 2018*



**Helgeland Boligkreditt AS,**  
Preliminary accounts 1<sup>st</sup> quarter 2018.

**General information**

Helgeland Boligkreditt AS was established in November 2008 and is a fully-owned subsidiary of Helgeland Sparebank. The company is located at the bank's head office in Mo i Rana. The company was licensed as a finance company in February 2009 and may issue bonds where the investors receive preferential rights in the company's cover pool. Security consists mainly of secured mortgages granted by Helgeland Sparebank. Helgeland Boligkreditt AS has no employees. There has been made a deal with Helgeland Sparebank regarding the provision of services relating to loan servicing and operation of the company.

**Accounting standards**

The accounts have been prepared in accordance with international financial reporting standards (IFRS). All numerical quantities are given in thousands if not otherwise stated. Helgeland Boligkreditt AS is listed on the Oslo Stock Exchange as a bond issuer. The financial report has not been audited.

**Rating**

Covered Bonds issued by Helgeland Boligkreditt AS are rated 'Aaa' by Moody's.

**Result per 31.03.18**

Profit before tax was MNOK 19.0 (12.8). This is MNOK 6.2 higher than the same period last year. This is mainly related to increased net interest. The company has higher lending volume and net interest on lending has increased by mnok 12.3, as a result of increased Nibor funding cost is mnok 6.4 higher than the corresponding period last year. Operating cost was MNOK 2.5 (2.2). Expected write-downs on lending is expensed by mnok 0.1.

Net profit was MNOK 14.7 (9.6). This gives a return on equity of 9.9 (9.2%).

The company is well capitalized with Core tier one Capital ratio of 20.1 (16.5) %.

**Key figures per 31.03.18 (31.03.17)**

- Net interest MNOK 21.1 (15.1)
- Operation costs MNOK 2.5 (2.2)
- Return on equity 9.9 (9.2)%
- CET1 capital ratio 20.1 (16.5)%
- Cover pool ratio of fullness 25 (21)%
- Indexed LTV 55 (52)%

**Balance development**

Combined assets in Helgeland Boligkreditt AS constituted MNOK 7 265 per 31.03.18. Of this, 93% of the assets are mortgages.

**Cover pool**

By the end of the quarter the mortgage company had mortgages of MNOK 6 790 (5 825). 78.2 (79.1) % of the mortgages are lent to customers in the Helgeland region.

Loans that qualify for the cover pool amounts to MNOK 6 713 (5 785). The lending has increased by MNOK 996 or 16.6 (26.5) % the past 12 months. All the mortgages have floating interest rates, and 14 (16) % of the lending volume are flexi loans. The lending portfolio is considered to be of good quality.

By the end of the quarter, Helgeland Boligkreditt AS had substitute assets of MNOK 425 as per 31.03.18 is fully included in the supplementary security. Statutory bill of MNOK 50 is included in the LCR calculation.

Purchase of loans in the parent bank is determined by the financing needs of the HSB group and how much of this is appropriate to cover through issuance of covered bonds.

**Funding**

The lending portfolio is funded by issuing covered bonds totalling MNOK 5 707 (4 922), as well as long term credit from Helgeland Sparebank. Covered bonds at the face value of MNOK 0 (97) are in the parent bank's ownership. The company's debt in finance institutions amounts to MNOK 981 (797) by the end of the quarter. The debt is linked to credit lines in the parent bank. The value of the cover pool is well above the volume of loans and there is good security in the portfolio. The OC level (in relation to outstanding bonds) was 25 (21) %.

**Risk conditions and capital ratio**

Laws and regulations for companies licensed to issue covered bonds instruct that the risk levels should be low. The company has established guidelines and frames for governing and control of different forms of risk. There is a corporate agreement between Helgeland Boligkreditt AS and Helgeland Sparebank that ensures and maintains frames, proxies, capital management, and risk conditions. The Board of Directors considers the company's combined risk as low.

### **Credit risk**

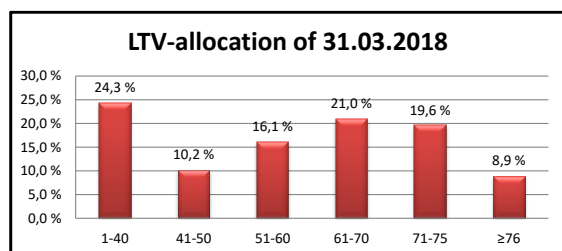
The company's credit strategy is approved by the Board of Directors and determines the framework for management objectives and risk profile. Lending in the cover pool fulfils the requirements of the financial services act, and is secured by collateral in real estate within 75% of prudent market value.

The company has had no individual write downs or established losses.

The Board of Directors considers the quality of the lending portfolio as very good.

A potential fall in housing prices will reduce the net value of the cover pool. Quarterly stress tests are therefore performed to calculate the effect of a potentially negative development in the housing prices. The Board of Directors considers the results of these stress tests as satisfactory. The credit risk in the lending portfolio is considered to be low.

LTV (Loan to value) was 55 (52) %. The diagram below shows the distribution of the LTVs for the mortgages in the cover pool.



### **Liquidity risk**

Liquidity risk is the risk that the company will be unable to fulfil its payment obligations. The Board of Directors annually determines the frames for risk management in the company. This includes determining frames for management of liquidity risk, organization and responsibilities, stress tests, routines for monitoring the use of frames and compliance with guidelines, board- and management reporting as well as independent control of systems for governing and control.

By the end of the quarter the share of funding over 1 year was 91.2 (88.4)%. This is well above the target of 70%. Helgeland Boligkreditt AS has established committed credit lines with the parent bank that guarantees repayment of bond obligations over the next 12 months on a revolving basis. The company further seeks to reduce the liquidity risk in relation to larger loan maturities by repurchasing its own bonds. The company's liquidity risk is considered to be low.

### **Operation risk**

The transfer- and service agreement between Helgeland Boligkreditt AS and Helgeland Sparebank ensures and maintains the operational risk. The agreement covers i.a. administration, bank production and IT-management.

### **Capital ratio**

The capital ratio per 31.03.18 is slightly higher than last year and was 20.1 (16,5) % and consists exclusively of a CET1 capital of MNOK 548.

The standard formula is used to calculate the capital requirements, and the basic indicator approach is used to calculate operational risk.

### **Prospects ahead**

It is expected that interest rates will continue to remain low, and this will result in lower average margins. Costs and losses in Helgeland Boligkreditt AS are however at a low level, and the board believes that the company will remain highly profitable in the future.

The growth in Helgeland Boligkreditt AS is determined by the parent bank's capital needs. There is ongoing work to facilitate further purchases of mortgages from the parent bank, as well as the issuance of covered bonds. This is necessary to maintain competitiveness in the Helgeland Sparebank group.

Average price increase for sold villas in the Helgeland region by the end of the year was 2.8%. The national average was 1.8%.

For sold apartments there was a price increase in 2017 of 6.4% in Helgeland, while the prices nationally decreased by 4.3%.

In Q4 the price development of sold villas in Helgeland showed an increase of 0.2% compared to a decrease of 1.1% nationally.

For apartments, there was a price increase in Helgeland of 3.2% in the 4<sup>th</sup> quarter, while the national average decreased by 2.1%.

The unemployment rate remains low in the region with a total unemployment of 1.6% by the end of the year. Nordland County had an unemployment rate of 1.9% and the national average was 2.4%. Helgeland together has a stable and versatile labor market with a combination of a solid export industry and larger government agencies, and the overall unemployment rate is still expected to remain at a relatively low level.

Mo i Rana, april 27<sup>th</sup> 2018

Hanne J. Nordgaard  
*Chairman*

Dan Hugo Heimstad  
*Deputy Chairman*

Håkon Stanghelle

Ranveig Kråkstad

Brit Søvting  
*General Manager*

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## PROFIT AND LOSS

### PROFIT AND LOSS ACCOUNT

(amounts in NOK 1.000)	Notes	31.03.18	31.03.17	31.12.17
Interest income fom assets measured at amortized cost	3	45 487	39 991	170 182
Interest income fom assets measured at real value	3	0		
Interest payable and similar costs	3	24 384	24 938	95 860
<b>Net interest- and credit commission income</b>		<b>21 103</b>	<b>15 053</b>	<b>74 322</b>
Commissions receivable and income from banking services		5	3	14
Commissions payable and costs relating to banking services		0	0	0
<b>Net commission income</b>		<b>5</b>	<b>3</b>	<b>14</b>
Net value change gains/losses on financial assets		229		152
Operating costs	4	2 474	2 238	9 301
Impairment on loans and guarantees	5	-134	0	900
<b>Profit from ordinary operations</b>		<b>18 997</b>	<b>12 818</b>	<b>64 287</b>
<b>Gross profit</b>		<b>18 997</b>	<b>12 818</b>	<b>64 287</b>
Tax payable on ordinary result		4 317	3 230	15 416
<b>Net profit</b>		<b>14 680</b>	<b>9 588</b>	<b>48 871</b>
Result per share in NOK	17	27	25	91
Diluted result per share in NOK	17	27	25	91
<b>Extended income</b>				
<b>Net profit</b>		<b>14 680</b>	<b>9 588</b>	<b>48 871</b>
Net change in value of financial assets over equity		0	0	0
<b>Total period for the period</b>		<b>14 680</b>	<b>9 588</b>	<b>48 871</b>

# BALANCE SHEET

## BALANCE SHEET

(amounts in NOK 1.000)	Notes	31.03.18	31.03.17	31.12.17
<b>ASSETS</b>				
Loans to and claims on credit institutions	11	425 058	286 240	430 762
Loans to and claims on customers	6,7,8,9,10	6 790 261	5 820 309	6 628 775
Certificates		49 950	24 972	49 968
Other assets			0	
<b>Total assets</b>		<b>7 265 269</b>	<b>6 131 521</b>	<b>7 109 505</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>				
Liabilities to credit institutions	12	980 832	796 649	1 024 389
Borrowings through the issuance of securities	13,14	5 706 861	4 921 868	5 476 143
Other liabilities		14 800	9 458	16 071
<b>Total liabilities</b>		<b>6 702 493</b>	<b>5 727 975</b>	<b>6 516 603</b>
Paid-in equity capital	15,16,17	540 010	390 010	540 010
Accrued equity capital/retained earnings	17	22 766	13 536	52 892
<b>Net profit</b>		<b>562 776</b>	<b>403 546</b>	<b>592 902</b>
<b>Total equity capital</b>		<b>7 265 269</b>	<b>6 131 521</b>	<b>7 109 505</b>

## CHANGE IN EQUITY

### CHANGE IN EQUITY

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.17	390 000	10	36 991	427 001
Issued new share capital	150 000			150 000
Paid out			-32 970	-32 970
Group contribution deduction			48 871	48 871
<b>Equity capital as at 31.12.17</b>	<b>540 000</b>	<b>10</b>	<b>52 892</b>	<b>592 902</b>

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.18	540 000	10	52 892	592 902
Issued new share capital				0
Implementing IFRS 9			4 226	4 226
Paid out			-49 032	-49 032
Profit			14 680	14 680
<b>Equity capital as at 31.03.18</b>	<b>540 000</b>	<b>10</b>	<b>22 766</b>	<b>562 776</b>



## CASH FLOW STATEMENT

### CASH FLOW STATEMENT

	31.03.18	31.03.17	31.12.17
Change in lending to customers	-157 117	-195 886	-1 005 251
Interest income lending to customers	44 908	39 600	170 180
Change deposits from customers	-43 557	-183 463	44 277
Interest cost deposit from customers	-4 858	-4 148	-17 663
Change certificates and bonds	0	0	-24 994
Interest income certificates and bonds	0	0	1
Comission income	5	3	14
Payments relating to operations	-2 474	-2 132	-9 301
Paid tax	-11 608	-6 350	-12 700
Other cutoffs	7 174	-276	3 645
<b>A Net liquidity change from operating activities</b>	<b>-167 527</b>	<b>-352 652</b>	<b>-851 792</b>
Long-term investments in shares	0	0	0
Income sale of long-term investments in shares	0	0	0
Dividend from long-term investments in shares	0	0	0
<b>B Liquidity change from financial activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
New borrowing through issuance of securities	300 000	1 000 523	3 195 000
Repayments - issued securities	-69 790	-600 593	-2 244 000
Interest payments borrowing through issuance of securities	-19 526	-20 789	-78 197
New share capital	0	0	150 000
Dividend to share owners	-48 871	-33 102	-33 102
<b>C Net liquidity change financing</b>	<b>161 813</b>	<b>346 039</b>	<b>989 701</b>
<b>A+B+C Net liquidity change in the period</b>	<b>-5 714</b>	<b>-6 613</b>	<b>137 909</b>
Liquid funds at the start of the period	430 762	292 853	292 853
Liquid funds at the end of the period	425 048	286 240	430 762
<b>Liquid funds specified</b>	<b>-5 714</b>	<b>-6 613</b>	<b>137 909</b>
Balances with credit institutions without notice periods	425 048	286 240	430 762

## NOTES

### NOTE 1. ACCOUNTING PRINCIPLES

The financial statements are reported in accordance to IFRS and are not audited. The accounting principles are presented in the consolidated accounts for 2017. Effect from implementing IFRS 9 is described in note 1 and 9 in the annual report.

### NOTE 2. SEGMENT

The company's operations include just only one strategic area of business, which is organised and managed as one unit. The company's business area is personal the customer retail market. Lending to corporate retail market is limited to mortgaged loans to sole proprietorships and is a small share of total lending. The geographical segment is the region of Helgeland.

### NOTE 3. NET INTEREST INCOME

	31.03.18	31.03.17	31.12.17
Interest income of lending to and claims on credit institutions	579	391	1 639
Interest income of lending to and claims on customers	44 908	39 600	168 543
<b>Total interest income</b>	<b>45 487</b>	<b>39 991</b>	<b>170 182</b>
Interest expense on liabilities to credit institutions	4 858	4 149	17 663
Interest expense on issued securities	19 526	20 789	78 197
Other interest expenses	0	0	0
<b>Total interest expenses</b>	<b>24 384</b>	<b>24 938</b>	<b>95 860</b>
<b>Net interest income</b>	<b>21 103</b>	<b>15 053</b>	<b>74 322</b>

### NOTE 4. OPERATING COSTS

	31.03.18	31.03.17	31.12.17
Management fee and wage general manager	1 815	1 581	6 676
Other administration costs	0	0	0
<b>Total wages and administration costs</b>	<b>1 815</b>	<b>1 581</b>	<b>6 676</b>
Other operating costs	659	551	2 625
<b>Total operating costs</b>	<b>2 474</b>	<b>2 132</b>	<b>9 301</b>

## NOTES

### NOTE 5. WRITE DOWNS ON LENDING

<b>Losses on loans</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.12.17</b>
Periodic change in individual write-downs		0	0
Periodic change in write-downs on groups of loans		0	900
Periodens endring i nedskrivninger trinn 1-3	-133		
Periodic losses on loans covered by previous write-downs	0	0	0
Periodic losses on loans not covered by previous write-downs	0	0	0
Periodic entrance of former confirmed losses	0	0	0
<b>Write-downs on commitments etc.</b>	<b>-133</b>	<b>0</b>	<b>900</b>

Deduction for loss and loss cost is calculated in accordance to new accounting standard IFRS 9, method is explained in the annual report note 9. Numbers for corresponding period last year and 31.12.17 is stated in accordance to IAS 39 and will not be directly comparable with 2018.

### NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

<b>Geographical exposure of lending portfolio</b>	<b>31.03.18</b>	<b>%</b>	<b>31.03.17</b>	<b>%</b>
Helgeland	5 312 785	78.2 %	4 605 174	79.1 %
Areas other than Helgeland	1 465 534	21.6 %	1 210 905	20.8 %
International <sup>1)</sup>	13 072	0.2 %	8 830	0.2 %
<b>Total</b>	<b>6 791 391</b>	<b>100 %</b>	<b>5 824 909</b>	<b>100 %</b>

1) Customers resident abroad, Helgeland Boligkreditt AS has customer's property in Norway mortgaged.

### NOTE 7. LENDING

<b>Lending</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.12.17</b>
Lending to customers	6 783 440	5 818 562	6 626 264
Accureds interests	7 951	6 347	8 011
<b>Gross lending to customers</b>	<b>6 791 391</b>	<b>5 824 909</b>	<b>6 634 275</b>
Individual write-downs	0	0	0
Lending to customers after individual write-downs	6 791 391	5 824 909	6 634 275
Group write-downs	-1 130	-4 600	-5 500
<b>Lending to and claims on customers, to amortized cost</b>	<b>6 790 261</b>	<b>5 820 309</b>	<b>6 628 775</b>

## NOTES

### Loss deduction in the balance

Change in balance posts from 01.01.18 to 31.03.18 in accordance to IFRS 9. The table shows write-downs both for balance posts, unutilized credit and guarantees (directed to the debt side in the balance).

Note 9 in the annual report shows reconciliation of loss deduction IAS 39 and IFRS 9 by implementing 01.01.18. Effect by implementing against equity is also shown in note 9 in the annual report.

	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<i>Hebo</i>
	Expected loss over 12 months	Expected loss over estimated lifetime for the instrument	Expected loss over estimated lifetime for the instrument	Total
<b>Loss deduction per 01.01.18</b>	<b>372</b>	<b>820</b>	<b>82</b>	<b>1 274</b>
Transfers to step 1	229	-229	0	0
Transfers to step 2	-17	17	0	0
Transfers to step 3	0	0	0	0
Net change	-226	259	-82	-49
New losses	25	40	0	65
Expected loss	-21	-128	0	-149
Decided loss	0	0	0	0
Estimated by previously recorded losses	0	0	0	0
Change in risk model/parameters	0	0	0	0
Other adjustments	0	0	0	0
<b>Loss deduction per 31.03.18</b>	<b>361</b>	<b>779</b>	<b>0</b>	<b>1 141</b>

### **NOTE 8. GUARANTEES AND COMMITMENTS**

<b>Unutilised credit and guarantees</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.12.17</b>
Unutilised credit	450 989	429 282	449 481
Guarantees	0	0	0
<b>Total conditional liabilities</b>	<b>450 989</b>	<b>429 282</b>	<b>449 481</b>

### **NOTE 9. DOUBTFUL LOANS AND COMMITMENTS**

<b>Defaulted commitments</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.12.17</b>
Gross defaulted commitments over 90 days	0	0	0
Individual write-downs of defaulted loans	0	0	0
<b>Net defaulted commitments</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTES

### NOTE 10. LENDING AND EXPECTED LOSS DIVIDED ON INDUSTRY

Lending to amortized cost and fair value (OCI)						
	Gross lending	Loss deductions			Gross lending	Net lending
	Amortized cost	Step 1	Step 2	Step 3	Fair value (FVOCI)	Total
Total corporate market	135 358	-35	-91	-	-	135 232
Retail market	6 656 033	-318	-687	-	-	6 655 028
<b>Total</b>	<b>6 791 391</b>	<b>-353</b>	<b>-778</b>	<b>-</b>	<b>-</b>	<b>6 790 260</b>
Expected loss off balance RM		-10	-0	-		
Expected loss off balance CM		-0	-0	-		

### NOTE 11. LOANS TO AND CLAIMS ON CREDIT INSTITUTIONS

	31.03.18	31.03.17	31.12.17
Liabilities to credit institutions without agreed maturity	425 058	286 240	430 762
<b>Total lending to and claims on credit institutions</b>	<b>425 058</b>	<b>286 240</b>	<b>430 762</b>
Total exposure at Helgeland in %	100 %	100 %	100 %

### NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	31.03.18	31.03.17	31.12.17
Without agreed maturity	980 832	796 649	1 024 389
<b>Total liabilities to credit institutions</b>	<b>980 832</b>	<b>796 649</b>	<b>1 024 389</b>

The debt is entirely related to the parent bank Helgeland Sparebank

The Company has a credit facility (maturing > one year) of 1 500 million. As of 31/03/18 the idle frame was 519 million. In addition, the company has an unused credit facility of 1,500 million (with maturities > one year) intended to cover payment obligations in the cover for a rolling 12 month period.

### NOTE 13. DERIVATIVES

All funding is FRN and it has not been agreed any derivative agreements within the company.

## NOTES

### NOTE 14. LIABILITIES THROUGH ISSUE OF SECURITIES

Liabilities through issuance of securities are valued at amortized cost.

Covered bonds:

ISIN code	Currency	Par value	Own hold.	Interest	Admission	Maturity	Soft call	31.03.18
NO0010686710	NOK	500 000		Flytende 3mnd. Nibor+0,50	2013	2019	2020	500 574
NO0010709355	NOK	500 000		Flytende 3mnd. Nibor+0,40	2014	2020	2021	500 224
NO0010724065	NOK	500 000		Flytende 3mnd. Nibor+0,30	2014	2021	2022	500 706
NO0010748601	NOK	500 000		Flytende 3 mnd.Nibor+0,78	2015	2019	2020	501 192
NO0010740673	NOK	500 000		Flytende 3 mnd.Nibor+0,49	2015	2020	2021	500 225
NO0010764897	NOK	500 000		Flytende 3 mnd.Nibor+0,86	2016	2021	2022	500 203
NO0010769920	NOK	500 000		Flytende 3 mnd.Nibor+0,78	2016	2021	2022	500 434
NO0010782774	NOK	500 000		Flytende 3 mnd.Nibor+0,52	2017	2022	2023	500 943
NO0010804008	NOK	500 000		Flytende 3 mnd.Nibor+0,45	2017	2021	2022	500 644
NO0010785843	NOK	500 000		Flytende 3 mnd.Nibor+0,64	2017	2022	2023	500 557
NO0010810278	NOK	500 000	100 000	Flytende 3 mnd.Nibor+0,41	2017	2021	2022	401 011
NO0010819568	NOK	300 000		Flytende 3 mnd.Nibor+0,42	2018	2022	2023	300 148
<b>Total listed covered bonds</b>								<b>5 706 861</b>

All loans have soft call one year before maturity.

ISIN code	Currency	Par value	Own hold.	Interest	Admission	Maturity	Soft call	31.03.17
NO0010623978	NOK	300 000	247 000	Flytende 3mnd. Nibor+0,67	2011	2017	2018	52 960
NO0010645963	NOK	500 000	335 000	Flytende 3mnd. Nibor+1,00	2012	2017	2018	170 584
NO0010660640	NOK	500 000		Flytende 3mnd. Nibor+0,85	2012	2018	2019	500 435
NO0010686710	NOK	500 000		Flytende 3mnd. Nibor+0,50	2013	2019	2020	499 927
NO0010748601	NOK	500 000		Flytende 3 mnd.Nibor+0,78	2015	2019	2020	499 282
NO0010709355	NOK	500 000		Flytende 3mnd. Nibor+0,40	2014	2020	2021	500 281
NO0010740673	NOK	500 000		Flytende 3 mnd.Nibor+0,49	2015	2020	2021	498 713
NO0010724065	NOK	500 000		Flytende 3mnd. Nibor+0,30	2014	2021	2022	499 113
NO0010764897	NOK	500 000		Flytende 3mnd. Nibor+0,86	2016	2021	2022	500 395
NO0010782774	NOK	300 000		Flytende 3mnd. Nibor+0,52	2017	2021	2022	299 894
NO0010769920	NOK	500 000		Flytende 3mnd. Nibor+0,78	2016	2022	2023	500 520
NO0010785843	NOK	400 000		Flytende 3mnd. Nibor+0,64	2017	2023	2024	399 764
<b>Total listed covered bonds</b>								<b>4 921 868</b>

Issue NO0010724065 MNOK 97.

All loans have soft call one year before maturity.

	31.03.18	31.03.17
<b>Total listed bonds</b>	<b>5 706 861</b>	<b>4 921 868</b>
Loans secured by property	6 712 988	5 785 478
Claims that constitutes cover pool (inc. Interests)	425 058	186 244
<b>Total cover pool</b>	<b>7 138 046</b>	<b>5 971 722</b>
Cover pool capacity utilization	1 431 185	1 049 854
Cover pool capacity utilization %	25 %	21 %
Cover pool capacity utilization %, own share covered bonds deducted	23 %	10 %

Collateral assembly is defined in the Financial Institutions Act § 11.8.

\*) Loans that are not qualified are not included in eligible collateral

## NOTES

### NOTE 15. CAPITAL ADEQUACY

	31.03.18	31.03.17	31.12.17
Total paid-in capital	540 010	390 010	540 010
Total accrued equity capital/retained earnings	22 766	13 412	52 695
Additional		0	
Deduction	-14 680	-9 588	-48 921
<b>Total core capital</b>	<b>548 096</b>	<b>393 834</b>	<b>543 784</b>
Total net supplementary capital	0	0	0
<b>Total net equity and related capital</b>	<b>548 096</b>	<b>393 834</b>	<b>543 784</b>
Weighted asset calculation basis	2 724 665	2 380 734	2 736 285
Capital adequacy ratio	20.12 %	16.54 %	19.87 %
Of which core capital accounted for	20.12 %	16.54 %	19.87 %

The note shows calculation basis and capital adequacy after Basel III/II (standard method credit risk)

	31.03.18	31.03.17	31.12.17
States and central banks	0	0	0
Local and regional authorities (including municipalities)	0	0	0
Publicly owned enterprises	0	0	0
Institutions	85 012	57 222	86 152
Enterprises	0	0	
Mass market loans	97 723	162 824	225 058
Loans secured by real property	2 421 053	2 035 901	2 304 056
Loans overdue	0	0	0
Other loans and commitments	0	271	142
<b>Capital requirement credit risk</b>	<b>2 603 788</b>	<b>2 256 218</b>	<b>2 615 408</b>
Capital requirement operational risk	120 877	124 516	120 877
Deduction from capital requirement	0	0	0
<b>Total capital requirement</b>	<b>2 724 665</b>	<b>2 380 734</b>	<b>2 736 285</b>

### NOTE 16. SHARE CAPITAL

The share capital is 540 MNOK. The shares has a face value of 1 000 NOK, and Helgeland Sparebank owns all the shares.

### NOTE 17. RESULT PER SHARE

	31.03.18	31.03.17	31.12.17
Result so far this year	14 680	9 588	48 871
Number of shares	540 000	390 000	540 000
Result per share in NOK	27	25	91
Diluted result per share in NOK	27	25	91

## NOTES

### NOTE 18. TRANSACTIONS WITH RELATED PARTIES

The information is provided regarding to IAS 24 concerning the disclosure of related parties. Helgeland Boligkreditt AS is a wholly owned subsidiary of Helgeland Sparebank and is defined as a related party regarding the accounting standard. Transactions between the company and the parent bank are made in accordance with regular business conditions and principles. Office support and management of the loans are mainly bought services from Helgeland Sparebank. It has been agreed upon an operation agreement between the companies.

<b>Intragroup transactions</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.12.17</b>
<b>Profit and loss account</b>			
Interest income and similar income	579	391	0
Interest expense and similar expense	4 858	4 149	0
Management fee	1 815	1 581	6 646
<b>Balance sheet</b>			
Lending and claims on credit institutions	425 058	286 240	430 762
Liabilities to credit institutions	980 832	796 649	1 024 389
Liabilities from issue of securities	0	97 000	0

### NOTE 19. KEY FIGURES

	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.12.17</b>
<b>Profit &amp; Loss Account</b>			
Gross profit (NOK 1.000)	14 680	9 588	48 871
Net interest as a % of average assets	1.19 %	1.01 %	1.16 %
Operation cost as a % of income	11.7 %	14.3 %	12.5 %
Net profit as a % of average assets	0.83 %	0.64 %	0.77 %
<b>Balance sheet</b>			
Gross lending (NOK 1.000)	6 791 391	5 824 909	6 634 275
Collective write-downs as a % of lending	0.0 %	0.1 %	0.1 %
12 months growth in customer lending	16.6 %	26.5 %	17.9 %
Total assets (NOK 1.000 kr)	7 265 269	6 131 521	7 109 505
Average total assets	7 186 666	6 036 220	6 381 718
<b>Solidity</b>			
Rate of return on equity capital	9.9 %	9.2 %	11.1 %
Core tier one Capital (NOK 1.000)	548 096	393 834	543 784
Core tier one Capital ratio	20.1 %	16.5 %	19.9 %
LR (Leverage Ratio)	7.3 %	6.2 %	7.4 %
<b>Information on lending portfolio</b>			
Surplus value of cover pool (NOK 1.000)	1 431 185	1 049 854	1 535 542
Surplus value of cover pool (%)	25 %	21 %	28 %
Indexed LTV	55 %	52 %	52 %
Proportion of variable-rate loans	100 %	100 %	100 %
Proportion of flexible mortgages*)	14 %	16 %	14 %
Average loan value (NOK 1.000)	1 055	979	1 032
Number of loans	6 411	5 931	6 421
Remaining maturity - weighted average (year)	19.3	18.5	19.1
Seasoning - weighted average (year)	2.7	2.8	2.8

\*) Calculated from the drawn amount



## **Elected representatives and senior management in Helgeland Boligkreditt AS**

### **The General Meeting:**

Helgeland Sparebank v/CEO Hanne J. Nordgaard

### **Board of Directors:**

Hanne J. Nordgaard, Chairman  
Dag Hugo Heimstad, Deputy Chairman  
Ranveig Kråkstad  
Håkon Stanghelle

### **Contact information**

#### **Helgeland Sparebank**

Address: PO Box 68, N-8601 Mo i Rana  
Organization no.: 937 904 029  
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#### **Helgeland Boligkreditt AS**

Address: PO Box 68, N-8601 Mo i Rana  
Organization no.: 993 359 696  
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### **Investor Relations**

Sverre Klausen, CFO, telephone +47 75 12 82 22  
Tore Stamnes, Head of Treasury, telephone +47 75 11 90 91

### **Other sources:**

#### **Annual reports:**

Helgeland Boligkreditt AS is part of the Helgeland Sparebank group. Annual reports are available under investor relations information at [www.hsb.no](http://www.hsb.no)

#### **Interim reports**

Quarterly reports are available at [www.hsb.no](http://www.hsb.no)