



# ***financial report***

***first half year and second quarter 2017***



**Helgeland Boligkreditt AS,**  
First half year and 2<sup>nd</sup> quarter 2017.

**General information**

Helgeland Boligkreditt AS was established in 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.

**Rating**

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

**Results per 30.06.17**

Profit before tax was MNOK 27.8 (24.1). This is MNOK 3.7 higher than the same period last year. Decrease in Nibor has lowered the funding costs and the net interest has increased by MNOK 4.4. Operating cost has increased by MNOK 0.7. This is mainly related to higher activity and increased management fee by MNOK 0.6.

Net profit was MNOK 20.8 (18.1). This gives a return on equity of 10.1 (9.7%).

The company is well capitalized with Core tier one Capital ratio of 16.3%. Increased lending growth has reduced capital adequacy from the corresponding period last year.

**Key figures per 30.06.17 (30.06.16)**

- Net interest MNOK 32.7 (28.3)
- Operation costs MNOK 4.9 (4.2)
- Return on equity 10.1 (9.7)%
- CET1 capital ratio 16.3 (19.2)%
- Cover pool ratio of fullness 29 (28)%
- Indexed LTV 53 (52)%

**Balance development**

Combined assets in Helgeland Boligkreditt AS constituted MNOK 6.222 per 30.06.17. Of this, 95% of the assets are mortgages.

**Cover pool**

By the end of the quarter the mortgage company had mortgages of MNOK 5.897 (4.898). 79.1 (80.8) % of the mortgages are lent to customers in the Helgeland region.

Loans that qualify for the cover pool amounts to MNOK 5.861 (4.857). The lending is increased by MNOK 998 or 20.3 (10.8) % the past 12 months. All the mortgages have floating interest rates, and 15 (19) % 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 280 as per 30.06.17 is fully included in the supplementary security.

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 4.756 (4.033), as well as long term credit from Helgeland Sparebank. Covered bonds at the face value of MNOK 97 (100) are in the parent bank's ownership. The company's debt in finance institutions amounts to MNOK 1.044 (762) 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 was 29 (28)%.

### **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**

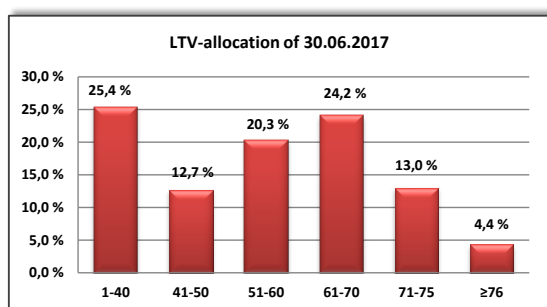
The company's credit strategy is approved by the Board of Directors and determines the framework for management objectives and risk profile. Lending in the cover pool fulfils the requirements of the financial services act, and is secured by collateral in real estate within 75% of prudent market value.

The company has had no individual write downs or established losses. Sum group write-downs on lending constitute MNOK 4.6, or 0.1% of gross lending.

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 53 (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 88.3 (87.5)%. 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 30.06.17 is slightly lower than last year and was 16.3 (19.2)% and consists exclusively of a CET1 capital of MNOK 394.

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 than what we have seen in previous years. 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 villas from January 1<sup>st</sup> to june 30<sup>th</sup> has in the parent bank's market area been 4.2%. This is well under the national average at 6.0%.

The corresponding figures for apartments show an opposite picture with an increase of 6.4% at Helgeland, while nationally there was a decrease of 0.2%.

The price increase in 2<sup>nd</sup> quarter is very low and in some areas of the country negative.

Unemployment rates remains low and total unemployment rate in the region at the end of Q2 is 1.8% - this is a decrease of 0.5%-points from the end of last quarter. Unemployment in the region is slightly lower than in Nordland County as a whole who has an unemployment rate of 2.0%.

Unemployment in Norway is per 30.06.2017 2.6% - down from 2.9% from 31.03.2017.  
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.

#### **STATEMENT UNDER THE SECURITIES TRADING ACT § 5-6**

We declare that to the best of our knowledge the financial statements for the period January 1<sup>st</sup> to June 30<sup>th</sup> 2017 is prepared in accordance with the current accounting standards IAS 34 – interim reporting, and that the information in the financial statements give true and fair view of the company's assets, liabilities, financial positions and result.

The interim report shows after our best conviction a true:

- overview over important events during the accounting period and their influence on the interim report.
- specifications of the most central risk- and uncertain factors the company faces during the next accounting period.
- specification of intimate's considerable transactions.

Mo i Rana, August 15<sup>th</sup> 2017

Lisbeth Flågeng  
*Chairman*

Dan Hugo Heimstad  
*Deputy Chairman*

Håkon Stanghelle

Ranveig Kråkstad

Brit Sjøfting  
*General Manager*

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## PROFIT AND LOSS

### PROFIT AND LOSS ACCOUNT

(amounts in NOK 1.000)	Notes	30.06.17	30.06.16	Q2/17	Q2/16	31.12.16
Interest receivable and similar income	3	82 197	68 442	42 206	34 795	143 341
Interest payable and similar costs	3	49 518	40 101	24 580	20 503	87 749
<b>Net interest- and credit commission income</b>		<b>32 679</b>	<b>28 341</b>	<b>17 626</b>	<b>14 292</b>	<b>55 592</b>
Commissions receivable and income from banking services		7	5	4	3	9
Commissions payable and costs relating to banking services		106	0	0	0	0
<b>Net commission income</b>		<b>-99</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>9</b>
Netto verdiendring og gevinst/tap på finansielle invest.		152		152		
Operating costs	4	4 941	4 218	2 809	2 700	8 031
Impairment on loans and guarantees	5	0	0	0	0	500
<b>Result from ordinary operations</b>		<b>27 791</b>	<b>24 128</b>	<b>14 973</b>	<b>11 595</b>	<b>47 070</b>
<b>Result before tax</b>		<b>27 791</b>	<b>24 128</b>	<b>14 973</b>	<b>11 595</b>	<b>47 070</b>
Tax payable on ordinary result		6 979	6 033	3 749	2 900	13 968
<b>Profit after tax</b>		<b>20 812</b>	<b>18 095</b>	<b>11 224</b>	<b>8 695</b>	<b>33 102</b>
Result per share in NOK	17	53	46			85
Diluted result per share in NOK	17	53	46			85
<b>Extended income</b>						
<b>Result after tax</b>		<b>20 812</b>	<b>18 095</b>	<b>11 224</b>	<b>8 695</b>	<b>33 102</b>
Net change in value of financial assets over equity		0	0	0	0	0
<b>Total result for the period</b>		<b>20 812</b>	<b>18 095</b>	<b>11 224</b>	<b>8 695</b>	<b>33 102</b>

# BALANCE SHEET

## BALANCE SHEET

(amounts in NOK 1.000)	Notes	30.06.17	30.06.16	31.12.16
<b>ASSETS</b>				
Loans to and claims on credit institutions	11	280 086	288 941	292 853
Loans to and claims on customers	6,7,8,9,10	5 892 064	4 893 713	5 624 424
Certificates, bonds and shares available for sale		49 635	24 861	24 913
Other assets		-4	90	775
<b>Total assets</b>		<b>6 221 781</b>	<b>5 207 605</b>	<b>5 942 965</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>				
Liabilities to credit institutions	12	1 042 420	761 724	980 112
Borrowings through the issuance of securities	13,14	4 756 363	4 033 028	4 523 326
Other liabilities		8 489	911	12 526
<b>Total liabilities</b>		<b>5 807 272</b>	<b>4 795 663</b>	<b>5 515 964</b>
Paid-in equity capital	15,16,17	390 010	390 010	390 010
Accrued equity capital/retained earnings	17	24 499	21 932	36 991
<b>Net profit</b>		<b>414 509</b>	<b>411 942</b>	<b>427 001</b>
<b>Total equity capital</b>		<b>6 221 781</b>	<b>5 207 605</b>	<b>5 942 965</b>

## CHANGE IN EQUITY

### CHANGE IN EQUITY

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.16	290 000	10	42 018	332 028
Issued new share capital	100 000			100 000
Paid out			-38 129	-38 129
Dividends transferred to debt				0
Result			33 102	33 102
<b>Equity capital as at 31.12.16</b>	<b>390 000</b>	<b>10</b>	<b>36 991</b>	<b>427 001</b>

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.17	390 000	10	36 991	427 001
Issued new share capital				0
Paid out			-33 102	-33 102
Change over equity			-203	-203
Result			20 813	20 813
<b>Equity capital as at 30.06.17</b>	<b>390 000</b>	<b>10</b>	<b>24 499</b>	<b>414 509</b>

The share capital at 30/6-17 was NOK 390 million, divided into 390,000 shares par NOK 1.000. All shares are owned by Helgeland Sparebank



## CASH FLOW STATEMENT

### CASH FLOW STATEMENT

	30.06.17	30.06.16	31.12.16
Change in lending to customers	-267 541	-586 595	-1 317 306
Interest income lending to customers	81 421	67 066	141 156
Change deposits from customers	62 307	264 711	483 099
Interest cost deposit from customers	-9 359	-6 586	-15 720
Change certificates and bonds	-24 994	-24 848	-24 848
Interest income certificates and bonds	0	0	13
Comission income	-99	5	9
Payments relating to operations	-4 941	-4 218	-8 031
Paid tax	-12 700	-8 867	-17 734
Other cutoffs	2 400	-7 431	5 711
<b>A Net liquidity change from operating activities</b>	<b>-173 506</b>	<b>-306 763</b>	<b>-753 651</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	1 334 535	1 054 738	1 774 951
Repayments - issued securities	-1 100 535	-694 320	-925 218
Interest payments borrowing through issuance of securities	-40 159	-33 514	-72 029
New share capital	0	100 000	100 000
Dividend to share owners	-33 102	-38 109	-38 109
<b>C Net liquidity change financing</b>	<b>160 739</b>	<b>388 795</b>	<b>839 595</b>
<b>A+B+C Net liquidity change in the period</b>	<b>-12 767</b>	<b>82 032</b>	<b>85 944</b>
Liquid funds at the start of the period	292 853	206 909	206 909
Liquid funds at the end of the period	280 086	288 941	292 853
<b>Liquid funds specified</b>	<b>-12 767</b>	<b>82 032</b>	<b>85 944</b>
<b>Balances with credit institutions without notice periods</b>	<b>280 085</b>	<b>288 941</b>	<b>292 853</b>

## 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 2016.

### 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

	30.06.17	30.06.16	Q2/17	Q2/16	31.12.16
Interest income of lending to and claims on credit institutions	775	1 376	-38	563	2 172
Interest income of lending to and claims on customers	81 422	67 066	48 588	34 232	141 169
<b>Total interest income</b>	<b>82 197</b>	<b>68 442</b>	<b>48 550</b>	<b>34 795</b>	<b>143 341</b>
Interest expense on liabilities to credit institutions	9 359	6 586	6 499	3 726	15 720
Interest expense on issued securities	40 159	33 515	23 421	16 777	72 029
Other interest expenses	0	0	0	0	0
<b>Total interest expenses</b>	<b>49 518</b>	<b>40 101</b>	<b>29 920</b>	<b>20 503</b>	<b>87 749</b>
<b>Net interest income</b>	<b>32 679</b>	<b>28 341</b>	<b>18 630</b>	<b>14 292</b>	<b>55 592</b>

### NOTE 4. OPERATING COSTS

	30.06.17	30.06.16	Q2/17	Q2/16	31.12.16
Management fee and wage general manager	3 208	2 597	1 627	1 361	5 679
Other administration costs	22	42	22	42	0
<b>Total wages and administration costs</b>	<b>3 230</b>	<b>2 639</b>	<b>1 649</b>	<b>1 403</b>	<b>5 679</b>
Other operating costs	1 711	1 579	1 160	1 297	2 352
<b>Total operating costs</b>	<b>4 941</b>	<b>4 218</b>	<b>2 809</b>	<b>2 700</b>	<b>8 031</b>
Antall årsverk	0.4	0.4			0.4

### NOTE 5. WRITE DOWNS ON LENDING

Losses on loans	30.06.17	30.06.16	31.12.16
Periodic change in individual write-downs	0	0	0
Periodic change in write-downs on groups of loans	0	0	500
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>0</b>	<b>0</b>	<b>500</b>

## NOTES

### NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

<b>Geographical exposure of lending portfolio</b>	<b>30.06.17</b>	<b>%</b>	<b>30.06.16</b>	<b>%</b>
Helgeland	4 666 664	79.1 %	3 958 038	80.8 %
Areas other than Helgeland	1 221 237	20.7 %	929 595	19.0 %
International <sup>1)</sup>	8 763	0.1 %	10 180	0.2 %
<b>Total</b>	<b>5 896 664</b>	<b>100 %</b>	<b>4 897 813</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>30.06.17</b>	<b>30.06.16</b>	<b>31.12.16</b>
Lending to customers	5 890 929	4 892 879	5 623 064
Accrued interests	5 735	4 934	5 960
<b>Gross lending to customers</b>	<b>5 896 664</b>	<b>4 897 813</b>	<b>5 629 024</b>
Individual write-downs	0	0	0
Lending to customers after individual write-downs	5 896 664	4 897 813	5 629 024
Group write-downs	-4 600	-4 100	-4 600
<b>Lending to and claims on customers, to amortized cost</b>	<b>5 892 064</b>	<b>4 893 713</b>	<b>5 624 424</b>

### NOTE 8. GUARANTEES AND COMMITMENTS

<b>Unutilised credit and guarantees</b>	<b>30.06.17</b>	<b>30.06.16</b>	<b>31.12.16</b>
Unutilised credit	435 491	407 536	424 091
Guarantees	0	0	0
<b>Total conditional liabilities</b>	<b>435 491</b>	<b>407 536</b>	<b>424 091</b>

### NOTE 9. DOUBTFUL LOANS AND COMMITMENTS

<b>Defaulted commitments</b>	<b>30.06.17</b>	<b>30.06.16</b>	<b>31.12.16</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. WRITE DOWNS ON LENDING

Write-downs	30.06.17	30.06.16	31.12.16
Individual write-downs to cover losses on commitments 01.01	0	0	0
Net write-offs, which was previously written down	0	0	0
Increased individual write-downs in the period, which was previously written down	0	0	0
New individual write-downs in the period	0	0	0
Reversal of individual write-downs in the period	0	0	0
<b>Total individual write-downs on loans</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Group write-downs

Group write-downs to cover losses on loans and commitments 01.01	4 600	4100	4100
Periodic change group write-downs	0	0	500
<b>Total group write-downs</b>	<b>4 600</b>	<b>4 100</b>	<b>4 600</b>

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

	30.06.17	30.06.16	31.12.16
Liabilities to credit institutions without agreed maturity	280 086	288 941	292 853
<b>Total lending to and claims on credit institutions</b>	<b>280 086</b>	<b>288 941</b>	<b>292 853</b>
Total exposure at Helgeland in %	100 %	100 %	100 %

### NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	30.06.17	30.06.16	31.12.16
Without agreed maturity	1 042 420	761 724	980 112
<b>Total liabilities to credit institutions</b>	<b>1 042 420</b>	<b>761 724</b>	<b>980 112</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 30/06/17 the idle frame was 458 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	Curren	Par value	Own hold.	Interest	Admission	Maturity	Soft call	30.06.17	
NO0010686710	NOK	500 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	500 900
NO0010709355	NOK	500 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	501 345
NO0010623978	NOK	300 000	247 000	Flytende	3mnd. Nibor+0,67	2011	2017	2018	53 588
NO0010660640	NOK	500 000		Flytende	3mnd. Nibor+0,85	2012	2018	2019	501 761
NO0010724065	NOK	500 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	499 684
NO0010748601	NOK	500 000		Flytende	3 mnd.Nibor+0,78	2015	2019	2020	499 081
NO0010740673	NOK	500 000		Flytende	3 mnd.Nibor+0,49	2015	2020	2021	498 464
NO0010764897	NOK	500 000		Flytende	4 mnd.Nibor+0,86	2016	2021	2022	499 921
NO0010769920	NOK	500 000		Flytende	3 mnd.Nibor+0,78	2016	2021	2022	499 951
NO0010782774	NOK	300 000		Flytende	3 mnd.Nibor+0,52	2017	2022	2023	300 570
NO0010785843	NOK	400 000		Flytende	3 mnd.Nibor+0,64	2017	2022	2023	401 098
Total listed covered bonds									4 756 363

Issue NO0010660640 MNOK 97.

All loans have soft call one year before maturity.

ISIN code	Curren	Par value	Own hold.	Interest	Admission	Maturity	Soft call	30.06.16	
NO0010686710 NOK		500 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	500 900
NO0010709355 NOK		500 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	501 345
NO0010623978 NOK		300 000	170 000	Flytende	3mnd. Nibor+0,67	2011	2017	2018	130 888
NO0010645963 NOK		500 000		Flytende	3mnd. Nibor+1,00	2012	2017	2018	500 984
NO0010660640 NOK		500 000		Flytende	3mnd. Nibor+0,85	2012	2018	2019	501 761
NO0010724065 NOK		500 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	499 684
NO0010748601 NOK		500 000		Flytende	3 mnd.Nibor+0,78	2015	2019	2020	499 081
NO0010740673 NOK		500 000		Flytende	3 mnd.Nibor+0,49	2015	2020	2021	498 464
NO0010764897 NOK		400 000		Flytende	4 mnd.Nibor+0,86	2016	2021	2022	399 921
Total listed covered bonds									4 033 028

Issue No0010764897 MNOK 100

All loans have soft cal one year before maturity.

	30.06.17	30.06.16
<b>Total listed bonds</b>	<b>4 756 363</b>	<b>4 033 028</b>
Loans secured by property	5 861 311	4 855 870
Verdipapirer	0	24 861
Claims that constitutes cover pool	280 086	288 941
<b>Total cover pool</b>	<b>6 141 397</b>	<b>5 169 672</b>
Cover pool capacity utilization	1 385 034	1 136 644
Cover pool capacity utilization %	29 %	28 %

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

	30.06.17	30.06.16	31.12.16
Total paid-in capital	390 010	390 010	390 010
Total accrued equity capital/retained earnings	24 636	21 932	36 927
Additional			0
Deduction	-20 812	-18 095	-33 102
<b>Total core capital</b>	<b>393 834</b>	<b>393 847</b>	<b>393 835</b>
Total net supplementary capital	0	0	0
<b>Total net equity and related capital</b>	<b>393 834</b>	<b>393 847</b>	<b>393 835</b>
Weighted asset calculation basis	2 418 016	2 054 895	2 298 874
Capital adequacy ratio	16.29 %	19.17 %	17.13 %
Of which core capital accounted for	16.29 %	19.17 %	17.13 %

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

	30.06.17	30.06.16	31.12.16
States and central banks	0	0	0
Local and regional authorities (including municipalities)	0	0	0
Publicly owned enterprises	0	0	0
Institutions	55 996	57 760	58 571
Enterprises	0	0	0
Mass market loans	186 171	130 328	136 482
Loans secured by real property	2 051 333	1 723 074	1 978 530
Loans overdue	0	0	0
Other loans and commitments	0	115	775
<b>Capital requirement credit risk</b>	<b>2 293 500</b>	<b>1 911 277</b>	<b>2 174 358</b>
Capital requirement operational risk	124 516	143 618	124 516
Deduction from capital requirement	0	0	0
<b>Total capital requirement</b>	<b>2 418 016</b>	<b>2 054 895</b>	<b>2 298 874</b>

### NOTE 16. SHARE CAPITAL

The share capital is 390 MNOK. The shares has a face value of 1 000 NOK, and Helgeland Sparebank owns all the shares.

### NOTE 17. RESULT PER SHARE

	30.06.17	30.06.16	31.12.16
Result so far this year	20 812	18 095	33 102
Number of shares	390 000	390 000	390 000
Result per share in NOK	53	46	85
Diluted result per share in NOK	53	46	85

## 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>30.06.17</b>	<b>30.06.16</b>	<b>31.12.16</b>
<b>Profit and loss account</b>			
Interest income and similar income	775	1 376	2 172
Interest expense and similar expense	9 359	6 586	15 720
Management fee	3 208	2 597	5 628
<b>Balance sheet</b>			
Lending and claims on credit institutions	280 086	288 941	292 853
Liabilities to credit institutions	1 042 420	761 724	980 112
Liabilities from issue of securities	97 000	100 000	247 000

## NOTES

### NOTE 19. KEY FIGURES

	30.06.17	30.06.16	31.12.16
<b>Profit &amp; Loss Account</b>			
Gros profit (NOK 1.000)	20 812	18 095	33 102
Net interest as a % of average assets	1.07 %	1.17 %	1.05 %
Operation cost as a % of income	15.0 %	14.9 %	14.4 %
Result after tax as a % of average assets	0.68 %	0.75 %	0.62 %
<b>Balance sheet</b>			
Gross lending (NOK 1.000)	5 896 665	4 897 813	5 629 024
Collective write-downs as a % of lending	0.1 %	0.1 %	0.1 %
12 months growth in customer lending	20.3 %	10.8 %	30.6 %
Total assets (NOK 1.000 kr)	6 221 781	5 207 605	5 942 965
Average total assets	6 174 590	4 867 741	5 299 332
<b>Solidity</b>			
Rate of return on equity capital	10.1 %	9.7 %	8.3 %
Core tier one Capital (NOK 1.000)	393 834	393 847	393 835
Ren kjernekapital dekning	16.3 %	19.2 %	17.1 %
Uvektet kjernekapitaldekning	6.1 %	7.0 %	6.4 %
<b>Information on lending portfolio</b>			
Surplus value of cover pool (NOK 1.000)	1 385 034	1 136 643	1 391 210
Surplus value of cover pool (%)	29 %	28 %	31 %
Indexed LTV	53 %	52 %	53 %
Propotion of variable-rate loans	100 %	100 %	100 %
Propotion of flexible mortgages*)	15 %	19 %	17 %
Average loan value (NOK 1.000)	1 006	934	1 020
Number of loans	5 851	5 228	5 512
Remaining maturity - weighted average (year)	19.0	16.3	18.4
Seasoning - weighted average (year)	2.8	3.8	2.8

\*) Calculated from the drawn amount



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

### **The General Meeting:**

Helgeland Sparebank v/CEO Lisbeth Flågeng.

### **Board of Directors:**

Lisbeth Flågeng, Chairman

Dag Hugo Heimstad, Deputy Chairman

Ranveig Kråkstad

Håkon Stanghelle

### **Contact information**

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[www.hsb.no](http://www.hsb.no)

#### **Helgeland Boligkreditt AS**

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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)