

Q3  
2016

# *financial report*

*third quarter 2016*



**Helgeland Boligkreditt AS,**  
Third quarter 2016.

**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. The bank provides services such as customer and loan management and administrative services. The General Manager is employed in a 35% position.

**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 30.09.16**

Profit before tax was MNOK 36.6. This is a reduction of MNOK 0.5 compared to the same period last year. The net interest is reduced by MNOK 4.7 and operating cost is MNOK 4.2 lower.

To meet the competition in the retail market the lending interest rate was changed several times in the last year. The reduction in 3-month NIBOR has given a lower borrowing cost and therefore reduced rate costs.

Operating costs in NOK are lower than last year and were MNOK 6.5 compared to MNOK 10.7 third quarter 2015. Management fee is reduced by MNOK 4.0 from last year. There have not been individual or group write-downs on lending in 2016.

Net profit was MNOK 27.5 (27,1). This gives a return on equity of 9.4% (11.2%). Equity in the company is increased by MNOK 100 in 2016 and gives reduced return on equity. The company is well capitalized with Core tier one Capital ratio of 17.5%.

**Key figures per 30.09.16 (30.09.15)**

- Net profit MNOK 27.5 (27.1)
- Net interest MNOK 43.1 (47.8)
- Operations costs MNOK 6.5 (10.7)
- Return on equity 9.4 (11.2)%
- CET1 capital ratio 17.5 (16.2)%
- Cover pool ratio of fullness 24 (21)%
- Indexed LTV 52 (52)%

**Balance development**

Combined assets in Helgeland Boligkreditt AS constituted MNOK 5.755 per 30.09.16. Of this, 94.6% of the assets are mortgages.

**Cover pool**

By the end of the quarter the mortgage company had mortgages of MNOK 5.445 (4.312). 79.6 (81.1)% of the mortgages are lent to customers in the Helgeland region.

All the mortgages have floating interest rates, and 18 (24) % of the lending volume are flexi loans. The lending has been increased by MNOK 1.133 the past 12 months.

Loans that qualify for the cover pool amounts to MNOK 5.470 (4.236). The lending portfolio is considered to be of good quality.

By the end of the quarter, Helgeland Boligkreditt had substitute assets of MNOK 289 and supplementary security in the form of government securities at MNOK 25.

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 4.633 (3.673), as well as long term credit from Helgeland Sparebank.

Covered bonds at the face value of MNOK 342 (345) are in the parent bank's ownership.

The company's debt in finance institutions amounts to MNOK 695 (512) by the end of first 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 24 (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.

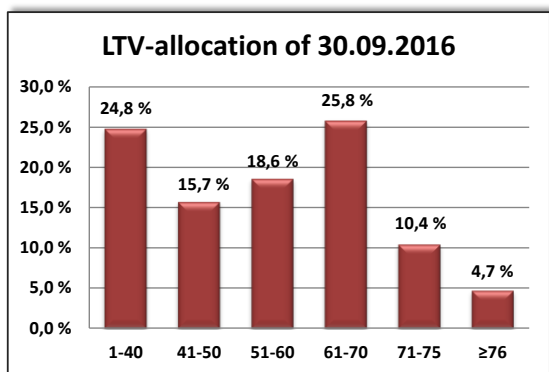
### **Credit risk**

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. Sum group write-downs on lending constitute MNOK 4.1, 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 52 (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 86.4 (79.4)%. 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 30.09.16 is slightly higher than last year and was 17.5 (16.2)% and consists exclusively of a CET1 capital of MNOK 393.9. The standard formula is used to calculate the capital requirements, and the basic indicator approach is used to calculate operational risk.

### **Prospects ahead**

Declining margins gives lower profits than the same period in 2015. It is expected that interest rates in the will 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.

Activity in the property market in the parent banks market area has flattened a bit in the beginning of 4<sup>th</sup> quarter. If this is because of season variations or a signal of more caution is a bit early to say. However, we still see effect of DNBs closure of offices, and the parent bank expects a higher growth than nationally in the last quarter aswell. 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.

The property price development in the region continued in the 3<sup>rd</sup> quarter in the same trend as earlier this year and showed an average increase so far this year for villas at 10.1% - nationwide this was at 8.1% - both compared to the average price index for 2015. The corresponding figures for apartments show an increase of 7.6% at Helgeland, while the nationwide increase was 13.0%.

The tourist sector reports 10-15% higher occupancy this year compared with last year. The aquaculture industry still enjoys high salmon prices and makes significant investments in new technology and future oriented equipment. Construction industry have strong order books, partly because of the development of the E6 and partly because of major construction projects in both the private and public sector.

The regions's industrial companies are investing in innovative "green" solutions and it is expected effects of SINTEF'S establishment in Mo I Rana.

Unemployment rates remains low and total unemployment rate in the region at the end of Q3 is 2.2% - this is a slight decrease since from Q2 when unemployment was at 2.3%. Unemployment in the region is slightly lower than in Nordland County as a whole who has an unemployment rate

of 2.4%. Unemployment in Norway is per 30.09.2016 2.8%

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. There is still a willingness to invest and optimism among the business actors.

The region's unemployment is still low and retail customer purchasing power is maintained. To the extent that the low oil price and the reduced level of investment have given repercussions in Helgeland, this is related to individual players within the base business and housing prices in a limited part of the bank's market area. There is however still reason to expect that we at some point will get negative influences also in this region.

Mo i Rana, October 20<sup>th</sup> 2016

Lisbeth Flågeng  
*Chairman of the Board*

Dan Hugo Heimstad  
*Deputy Chairman of the Board*

Helge Stanghelle

Ranveig Kråkstad

Brit Søvting  
*General Manager*

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## PROFIT AND LOSS

### PROFIT AND LOSS ACCOUNT

(amounts in NOK 1.000)	Notes	30.09.16	30.09.15	Q3/16	Q3/15	31.12.15
Interest receivable and similar income	3	105 034	114 666	36 592	37 489	149 402
Interest payable and similar costs	3	61 913	66 860	21 812	21 946	86 096
<b>Net interest- and credit commission income</b>		<b>43 121</b>	<b>47 806</b>	<b>14 780</b>	<b>15 543</b>	<b>63 306</b>
Commissions receivable and income from banking services		7	6	2	2	8
Commissions payable and costs relating to banking services		0	0	0	0	0
<b>Net commission income</b>		<b>7</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>8</b>
Operating costs	4	6 510	10 722	2 292	3 760	12 511
Impairment on loans and guarantees	5	0	0	0	0	0
<b>Result from ordinary operations</b>		<b>36 618</b>	<b>37 090</b>	<b>12 490</b>	<b>11 785</b>	<b>50 803</b>
<b>Result before tax</b>		<b>36 618</b>	<b>37 090</b>	<b>12 490</b>	<b>11 785</b>	<b>50 803</b>
Tax payable on ordinary result		9 155	10 014	3 122	3 182	12 674
<b>Profit after tax</b>		<b>27 463</b>	<b>27 076</b>	<b>9 368</b>	<b>8 603</b>	<b>38 129</b>
Result per share in NOK	17	70	93			131
Diluted result per share in NOK	17	70	93			131
<b>Extended income</b>						
<b>Result after tax</b>		<b>27 463</b>	<b>27 076</b>	<b>9 368</b>	<b>8 603</b>	<b>38 129</b>
Net change in value of financial assets over equity		0	0	0	0	0
<b>Total result for the period</b>		<b>27 463</b>	<b>27 076</b>	<b>9 368</b>	<b>8 603</b>	<b>38 129</b>

## BALANCE SHEET

### BALANCE SHEET

(amounts in NOK 1.000)	Notes	30.09.16	30.09.15	31.12.15
<b>ASSETS</b>				
Loans to and claims on credit institutions	11	288 537	206 938	206 909
Loans to and claims on customers	6,7,8,9,10	5 441 190	4 308 360	4 307 118
Certificates, bonds and shares available for sale		24 905	0	0
Other assets		0	90	90
<b>Total assets</b>		<b>5 754 632</b>	<b>4 515 388</b>	<b>4 514 117</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>				
Liabilities to credit institutions	12	695 227	511 666	497 013
Borrowings through the issuance of securities	13,14	4 632 811	3 672 624	3 672 610
Other liabilities		5 240	10 188	12 532
<b>Total liabilities</b>		<b>5 333 278</b>	<b>4 194 478</b>	<b>4 182 155</b>
Paid-in equity capital	15,16,17	390 010	290 010	290 010
Accrued equity capital/retained earnings	17	31 344	30 900	41 952
<b>Net profit</b>		<b>421 354</b>	<b>320 910</b>	<b>331 962</b>
<b>Total equity capital</b>		<b>5 754 632</b>	<b>4 515 388</b>	<b>4 514 117</b>

## CHANGE IN EQUITY AND CASH FLOW STATEMENT

### CHANGE IN EQUITY

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.16	290 000	10	3 881	293 891
Issued new share capital	100 000			100 000
Paid out				0
Dividends transferred to debt				0
Result			27 463	27 463
<b>Equity capital as at 30.09.16</b>	<b>390 000</b>	<b>10</b>	<b>31 344</b>	<b>421 354</b>

The share capital per 30.09.16 was NOK 390 million, divided into 390,000 shares par NOK 1.000. All shares are owned by Helgeland Sparebank

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.15	290 000	10	3 824	293 834
Issued new share capital				0
Paid out				0
Dividends transferred to debt				0
Result			27 076	27 076
<b>Equity capital as at 30.09.15</b>	<b>290 000</b>	<b>10</b>	<b>30 900</b>	<b>320 910</b>

### CASH FLOW STATEMENT

	30.09.16	30.09.15	31.12.15
Result of ordinary operations	36 618	37 090	50 803
- Tax expense	9 155	10 014	12 674
<b>= Provided from the year's operations</b>	<b>27 463</b>	<b>27 076</b>	<b>38 129</b>
Change miscellaneous debt: + increase/-decrease	-7 381	-8 528	-5 893
New loans customers	-1 350 924	-246 101	-256 358
Installment loans customers	216 852	150 675	162 232
Purchase of securities	-24 905	0	0
Change in liabilities to credit institutions: + increase/-decrease	198 214	-171 578	-186 210
<b>A Net liquidity change from operating activities</b>	<b>-940 681</b>	<b>-248 456</b>	<b>-248 100</b>
Financing by issuance of securities	1 754 738	599 444	1 280 275
Financing on redemption of securities	-794 320	-319 529	-1 000 745
New share capital	100 000		
- Group contribution	-38 109	-48 148	-48 148
<b>B Liquidity change from financial activities</b>	<b>1 022 309</b>	<b>231 767</b>	<b>231 382</b>
A+B Change in liquid assets	81 628	-16 689	-16 718
+ Liquid assets at the start of the period	206 909	223 627	223 627
= Liquid assets at the close of the period	288 537	206 938	206 909



## 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 2015.

### 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

	30.09.16	30.09.15	Q3/16	Q3/15	31.12.15
Interest income of lending to and claims on credit institutions	1 772	2 686	396	822	3 505
Interest income of lending to and claims on customers	103 262	111 980	36 196	36 667	145 897
<b>Total interest income</b>	<b>105 034</b>	<b>114 666</b>	<b>36 592</b>	<b>37 489</b>	<b>149 402</b>
			0		
Interest expense on liabilities to credit institutions	10 972	12 820	4 386	4 462	15 466
Interest expense on issued securities	50 941	54 040	17 426	17 484	70 630
Other interest expenses	0	0	0	0	0
<b>Total interest expenses</b>	<b>61 913</b>	<b>66 860</b>	<b>21 812</b>	<b>21 946</b>	<b>86 096</b>
<b>Net interest income</b>	<b>43 121</b>	<b>47 806</b>	<b>14 780</b>	<b>15 543</b>	<b>63 306</b>

### NOTE 4. OPERATING COSTS

	30.09.16	30.09.15	Q3/16	Q3/15	31.12.15
Management fee and wage general manager	4 075	8 525	1 478	2 914	9 834
Other administration costs	48	52	6	7	0
<b>Total wages and administration costs</b>	<b>4 123</b>	<b>8 577</b>	<b>1 484</b>	<b>2 921</b>	<b>9 834</b>
Other operating costs	2 387	2 145	808	839	2 677
<b>Total operating costs</b>	<b>6 510</b>	<b>10 722</b>	<b>2 292</b>	<b>3 760</b>	<b>12 511</b>
Antall årsverk	0.4	0.4			0.4

### NOTE 5. WRITE DOWNS ON LENDING

	30.09.16	30.09.15	31.12.15
<b>Losses on loans</b>			
Periodic change in individual write-downs	0	0	0
Periodic change in write-downs on groups of loans	0	0	0
<b>Total losses on loans and guarantees</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>0</b>

## NOTES

### NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

<b>Geographical exposure of lending portfolio</b>	<b>30.09.16</b>	<b>%</b>	<b>30.09.15</b>	<b>%</b>
Helgeland	4 333 724	79.6 %	3 498 775	81.1 %
Areas other than Helgeland	1 102 635	20.2 %	804 206	18.6 %
International <sup>1)</sup>	8 931	0.2 %	9 479	0.2 %
<b>Total</b>	<b>5 445 290</b>	<b>100 %</b>	<b>4 312 460</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>30.09.16</b>	<b>30.09.15</b>	<b>31.12.15</b>
Lending to customers	5 439 865	4 307 382	4 306 211
Accrued interests	5 425	5 078	5 007
<b>Gross lending to customers</b>	<b>5 445 290</b>	<b>4 312 460</b>	<b>4 311 218</b>
Individual write-downs	0	0	0
Lending to customers after individual write-downs	5 445 290	4 312 460	4 311 218
Group write-downs	-4 100	-4 100	-4 100
<b>Lending to and claims on customers, to amortized cost</b>	<b>5 441 190</b>	<b>4 308 360</b>	<b>4 307 118</b>

### NOTE 8. GUARANTEES AND COMMITMENTS

<b>Unutilised credit and guarantees</b>	<b>30.09.16</b>	<b>30.09.15</b>	<b>31.12.15</b>
Unutilised credit	418 247	407 659	402 425
Guarantees	0	0	0
<b>Total conditional liabilities</b>	<b>418 247</b>	<b>407 659</b>	<b>402 425</b>

### NOTE 9. DOUBTFUL LOANS AND COMMITMENTS

<b>Defaulted commitments</b>	<b>30.09.16</b>	<b>30.09.15</b>	<b>31.12.15</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	30.09.16	30.09.15	31.12.15
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	30.09.16	30.09.15	31.12.15
Group write-downs to cover losses on loans and commitments 01.01	4 100	4100	4100
Periodic change group write-downs	0	0	0
<b>Total group write-downs</b>	<b>4 100</b>	<b>4 100</b>	<b>4 100</b>

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

	30.09.16	30.09.15	31.12.15
Liabilities to credit institutions without agreed maturity	288 537	206 938	206 909
<b>Total lending to and claims on credit institutions</b>	<b>288 537</b>	<b>206 938</b>	<b>206 909</b>
Total exposure at Helgeland in %	100 %	100 %	100 %

### NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	30.09.16	30.09.15	31.12.15
Without agreed maturity	695 227	511 666	497 013
<b>Total liabilities to credit institutions</b>	<b>695 227</b>	<b>511 666</b>	<b>497 013</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 30/09/16 the idle frame was 805 million. In addition, the Company has a revolving credit facility of 1,500 million (with maturities > one year) given by Helgeland Sparebank. The credit facility is intended to cover payment obligations in the cover for a rolling 12 month period, and is entirely unused

### 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.

ISIN code	Curren	Par value	Own hold.		0 Admission	Maturity	Soft call	30.09.16	
NO0010686710 NOK		500 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	503 912
NO0010709355 NOK		300 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	304 326
NO0010623978 NOK		300 000	170 000	Flytende	3mnd. Nibor+0,67	2011	2017	2018	303 914
NO0010645963 NOK		500 000		Flytende	3mnd. Nibor+1,00	2012	2017	2018	503 991
NO0010660640 NOK		500 000		Flytende	3mnd. Nibor+0,85	2012	2018	2019	503 654
NO0010724065 NOK		500 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	502 025
NO0010748601 NOK		500 000		Flytende	3 mnd.Nibor+0,78	2015	2019	2020	502 150
NO0010740673 NOK		500 000		Flytende	3 mnd.Nibor+0,49	2015	2020	2021	501 550
NO0010764897 NOK		500 000		Flytende	3 mnd.Nibor+0,86	2016	2021	2022	503 442
NO0010769920 NOK		500 000		Flytende	3 mnd.Nibor+0,78	2016	2022	2023	503 847
<b>Total listed covered bonds</b>									<b>4 632 811</b>

Issue NO0010764897 MNOK 100 and NO0010645963 MNOK 242, total MNOK 342

All loans have soft call one year before maturity.

ISIN code	Curren	Par value	Own hold.	Interest	Admission	Maturity	Soft call	30.09.15	
NO0010628431 NOK		300 000		Flytende	3mnd. Nibor+0,80	2011	2015	2016	306 904
NO0010686710 NOK		500 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	508 997
NO0010709355 NOK		500 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	507 136
NO0010592553 NOK		500 000	45 000	Flytende	3mnd. Nibor+0,58	2010	2016	2017	508 262
NO0010623978 NOK		300 000	170 000	Flytende	3mnd. Nibor+0,67	2011	2017	2018	308 950
NO0010645963 NOK		500 000		Flytende	3mnd. Nibor+1,00	2012	2017	2018	514 691
NO0010660640 NOK		300 000	15 000	Flytende	3mnd. Nibor+0,85	2012	2018	2019	310 120
NO0010740673 NOK		200 000		Flytende	3mnd. Nibor+0,40	2015	2020	2016	205 738
NO0010724065 NOK		500 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	501 826
<b>Total listed covered bonds</b>									<b>3 672 624</b>

Issue No0010686710 MNOK 100, No0010709355 MNOK 100, NO0010628431 MNOK 45,

NO0010724065 MNOK 100, total MNOK 345.

All loans have soft cal one year before maturity.

	30.09.16	30.09.15
<b>Total listed bonds</b>	<b>4 632 811</b>	<b>3 672 623</b>
Loans secured by property	5 470 195	4 236 414
Verdipapirer	24 905	0
Claims that constitutes cover pool	288 537	206 938
<b>Total cover pool</b>	<b>5 783 637</b>	<b>4 443 352</b>
Cover pool capacity utilization	1 124 149	770 729
Cover pool capacity utilization %	24 %	21 %

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

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

## NOTES

### NOTE 15. CAPITAL ADEQUACY

	30.09.16	30.09.15	31.12.15
Total paid-in capital	390 010	290 010	290 010
Total accrued equity capital/retained earnings	31 344	30 899	41 953
Additional		0	0
Deduction	-27 463	-27 076	-38 129
<b>Total core capital</b>	<b>393 891</b>	<b>293 833</b>	<b>293 834</b>
Total net supplementary capital	0	0	0
<b>Total net equity and related capital</b>	<b>393 891</b>	<b>293 833</b>	<b>293 834</b>
Weighted asset calculation basis	2 248 241	1 819 343	1 885 712
Capital adequacy ratio	17.52 %	16.15 %	15.58 %
Of which core capital accounted for	17.52 %	16.15 %	15.58 %

The share capital pr 30/9-16 amounts to NOK 390, divided into 390.000 shares par NOK.1.000. All shares are owned by Helgeland Sparebank.

Increased equity after capital increase of MNOK 100 in Q1/2016.

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

	30.09.16	30.09.15	31.12.15
States and central banks	0	0	0
Local and regional authorities (including municipalities)	0	0	0
Publicly owned enterprises	0	0	0
Institutions	57 707	41 388	41 382
Enterprises	0	764	0
Mass market loans	130 315	88 590	70 219
Loans secured by real property	1 916 601	1 530 185	1 546 333
Loans overdue	0	0	0
Other loans and commitments	0	20 337	86 035
<b>Capital requirement credit risk</b>	<b>2 104 623</b>	<b>1 681 264</b>	<b>1 743 969</b>
Capital requirement operational risk	143 618	138 079	141 743
Deduction from capital requirement	0	0	0
<b>Total capital requirement</b>	<b>2 248 241</b>	<b>1 819 343</b>	<b>1 885 712</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

	30.09.16	30.09.15	31.12.15
Result so far this year	27 463	27 076	38 129
Number of shares	390 000	290 000	290 000
Result per share in NOK	70	93	131
Diluted result per share in NOK	70	93	131

## 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>30.09.16</b>	<b>30.09.15</b>	<b>31.12.15</b>
<b>Profit and loss account</b>			
Interest income and similar income	1 772	2 686	3 505
Interest expense and similar expense	10 972	12 820	15 466
Management fee	4 075	8 525	9 783
<b>Balance sheet</b>			
Lending and claims on credit institutions	288 537	206 938	206 909
Liabilities to credit institutions	695 227	511 645	497 013
Liabilities from issue of securities	342 000	295 000	181 000

## NOTES

### NOTE 19. KEY FIGURES

	30.09.16	30.09.15	31.12.15
<b>Profit &amp; Loss Account</b>			
Gros profit (NOK 1.000)	27 463	27 076	38 129
Net interest as a % of average assets	1.13 %	1.44 %	1.42 %
Operation cost as a % of income	15.1 %	22.4 %	19.8 %
Result after tax as a % of average assets	0.72 %	0.81 %	0.86 %
<b>Balance sheet</b>			
Gross lending (NOK 1.000)	5 445 290	4 312 460	4 311 218
Collective write-downs as a % of lending	0.1 %	0.1 %	0.1 %
12 months growth in customer lending	26.3 %	1.9 %	2.2 %
Total assets (NOK 1.000 kr)	5 754 632	4 515 388	4 514 117
Average total assets	5 099 805	4 444 576	4 455 209
<b>Solidity</b>			
Rate of return on equity capital	9.4 %	11.2 %	11.8 %
Core tier one Capital (NOK 1.000)	393 891	293 883	293 833
Core tier one Capital ratio	17.5 %	16.2 %	15.6 %
<b>Information on lending portfolio</b>			
Surplus value of cover pool (NOK 1.000)	1 124 149	770 729	769 471
Surplus value of cover pool (%)	23 %	21 %	21 %
Indexed LTV	52 %	52 %	53 %
Propotion of variable-rate loans	100 %	100 %	100 %
Propotion of flexible mortgages*)	18 %	24 %	22 %
Average loan value (NOK 1.000)	995	893	872
Number of loans	5 463	4 791	4 886
Remaining maturity - weighted average (year)	18.2	16.4	16.3
Seasoning - weighted average (year)	3.0	3.5	3.8

\*) Calculated from the drawn amount

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

### **The General Meeting:**

Helgeland Sparebank v/CEO Lisbeth Flångeng.

### **Board of Directors:**

Lisbeth Flångeng, Chairman  
Dag Hugo Heimstad, Deputy Chairman  
Ranveig Kråkstad  
Helge Stanghelle

### **General Manager**

Brit Søvting

### **Contact information**

#### **Helgeland Sparebank**

Address: PO Box 68, N-8601 Mo i Rana  
Organization no.: 937 904 029  
[www.hsb.no](http://www.hsb.no)

#### **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)