

Q4
2013

financial report

preliminary annual report 2013



Accounts Q4 2013, and so far this year.

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 the town of Mo I Rana.

The company obtained a license as a finance institution in 2009 and can issue covered bonds (bonds where investors are secured collateral in property through mortgages issued by Helgeland Sparebank). The bank delivers services such as following up customers, management of loans, as well as a number of administrative services. The General Manager is employed with a 30% position.

Helgeland Boligkreditt AS has no official ratings from international rating agencies, but has shadow ratings by Norwegian broker houses. The last shadow ratings were AAA from both DNB and Nordea.

Helgeland Boligkreditt AS is listed as a covered bond issuer on the Oslo Stock Exchange.

Accounting standards

The accounts are conducted in line with international financial reporting standards (IFRS). All numerical quantities are given in thousands if not otherwise stated.

Key figures per 31.12.13 (31.12.12)

- Net profit MNOK 50.1 (29.8)
- Net interest MNOK 86.1 (54.4)
- Operations costs MNOK 14.0 (13.0)
- Group write-downs on lending MNOK 4.1 (0)
- Return on equity 15.4 (12.8) %
- CET1 capital ratio 15.1 (14.8) %
- Cover pool ratio of fullness 123.3 (118.5) %
- Indexed LTV 52.1 (53.1) %

Profit so far this year

Gross profit was MNOK 68.0. This is an increase of MNOK 26.6 compared to the same period last year. Net interest- and commission earnings have increased by MNOK 31.7 and were MNOK 86.1. This was caused by decreasing borrowing costs, and interest changes on the running lending portfolio that were conducted in Q2 2013.

Operations costs were MNOK 14.0; this is an increase of MNOK 1 compared to the same period last year. A somewhat higher average lending volume throughout the year results in increased costs for lending management.

Management of profits

Net profit for 2013 was MNOK 50.1. The board suggests giving this to Helgeland Sparebank as group contribution. The size of the group contribution is considered responsible as the board takes into account that the parent bank will increase the company's capital if needed.

Profit for the quarter

The gross profit for the quarter was MNOK 19.1 (15.4). This is an improvement on the profits of MNOK 3.8 compared with Q4 2012. Even though the lending volume has decreased, the interest increase on lending has given a positive effect on the net interest.

Balance development

Combined assets constituted MNOK 5,039. Of this, 95% was lending to customers.

Lending to customers and other security

By the end of the year the mortgage company had 6,035 mortgages of MNOK 4,803.9 combined. 81.2% of the mortgages are lent to customers in the Helgeland region. All the mortgages have floating interest rates, and 20.5 (20.4) % of the lending volume are flexi loans. Over the last 12 months, lending to customers has been reduced by MNOK 275.9.

Loans that are qualified in the cover pool constitute MNOK 4,698.0 (4,310.9). The lending portfolio is considered as good. By the calculation of the cover pool ratio of fullness, other collateral of MNOK 238.9 (274.4) also goes in as security. This is in its entirety bank deposits.

Funding

The lending portfolio is funded by issuing MNOK 4,011.4 (4,310.9) of covered bonds, as well as long term credit from Helgeland Sparebank. Covered bonds at the face value of MNOK 700 (900) are in the parent bank's ownership.

The value of the cover pool is well above the volume of borrowing and there is good security in the portfolio. The cover pool ratio of fullness per 31.12.13 was 123.1%.

Risk conditions and capital ratio

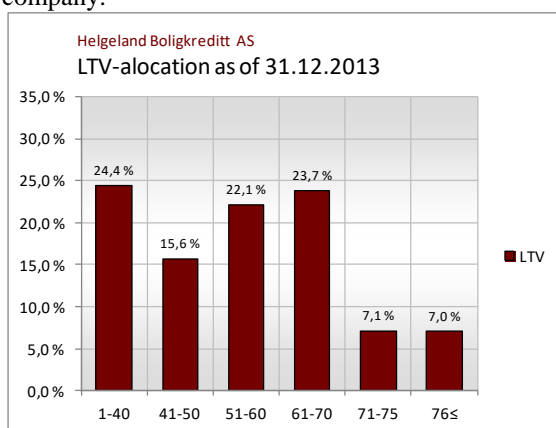
Laws and regulations for companies with concessions to issue covered bonds instruct that the risk levels should be low. The company has established guidelines and frames for governing and control of different forms of risk. There is a corporate agreement between Helgeland Boligkreditt AS and Helgeland 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 frames for steering goals and risk profile. Lending in the cover pool fulfils the requirements of the financial services act, and is safeguarded with 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 0.09% 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 conducted to calculate the effects of a potentially negative development in the housing prices. The Board of Directors considers the results of conducted stress tests as satisfactory. The credit risk in the lending portfolio is considered to be low.

LTV (Loan to value) per 31.12.13 was 52.1 (53.5) %. The diagram below shows the weighted debt to asset ratio for the loans that are in the mortgage company.



Liquidity risk

Liquidity risk is the risk that the company cannot meet 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 responsibility, 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.

Helgeland Boligkreditt AS has established committed credit lines with the parent bank that guarantees payment of bond obligations over the next 12 months on a continuous 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 31.12.13 was 15.11 (14.77) % and consists exclusively of a CET1 capital of MNOK 293.5. The standard formula is used to calculate the capital requirements, and the basic indicator approach is used to calculate operational risk.

Prospects ahead

The company can show to a good result in 2013, with a stable income and low risk. We expect that this will also be the situation ahead. Low interest rates, low unemployment and stable housing prices in the Helgeland region contributes to keep the activity in the housing market up, something that will likely give a good lending growth in the personal market for Helgeland Sparebank. This will also lay the foundation for further growth in Helgeland Boligkreditt AS in the years to come and the company plans to take over additional mortgages from Helgeland Sparebank.

Mo i Rana, 11 February 2014

Jan Erik Furunes
Chairman of the Board

Lisbeth Flågeng
Deputy Chairman of the Board

Helge Stanghelle

Inger Lise Strøm

Brit Søfting
General Manager

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PROFIT AND LOSS

PROFIT AND LOSS ACCOUNT

	Notes	31.12.13	31.12.12	Q4/13	Q4/12
Interest receivable and similar income	3	206 077	187 105	52 480	49 618
Interest payable and similar costs	3	119 932	132 673	29 795	31 100
Net interest- and credit commission income		86 145	54 432	22 685	18 518
Commissions receivable and income from banking services		19	20	4	4
Commissions payable and costs relating to banking services		0	0	0	0
Net commission income		19	20	4	4
Operating costs	4	14 039	13 047	3 484	3 126
Impairment on loans and guarantees	5	4 100	0	0	0
Result from ordinary operations		68 025	41 405	19 205	15 396
Result before tax		68 025	41 405	19 205	15 396
Tax payable on ordinary result		17 930	11 632	4 260	4 349
Profit after tax		50 094	29 773	14 944	11 047
Result per share in NOK	17	173	103		
Diluted result per share in NOK	17	173	103		
Extended income					
Result after tax		50 094	29 773	14 944	11 047
Net change in value of financial assets over equity		0	0	0	0
Total result for the period		50 094	29 773	14 944	11 047

BALANCE SHEET

BALANCE SHEET

	Notes	31.12.13	31.12.12
ASSETS			
Loans to and claims on credit institutions	11	238 945	274 427
Loans to and claims on customers	6,7,8,9,10	4 799 786	5 079 691
Other assets		315	287
Total assets		5 039 046	5 354 405
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions	12	665 443	707 504
Borrowings through the issuance of securities	13,14	4 011 414	4 310 956
Other liabilities		18 260	12 339
Committed group contribution		0	0
Total liabilities		4 695 117	5 030 799
Paid-in equity capital	15,16,17	290 010	290 010
Accrued equity capital/retained earnings	17	53 918	33 596
Total equity capital		343 928	323 606
Total liabilities and equity capital		5 039 046	5 354 405

CHANGE IN EQUITY AND CASH FLOW STATEMENT

CHANGE IN EQUITY

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.13	290 000	10	33 596	323 606
Issued new share capital				0
Paid out				0
Dividends transferred to debt			-29 771	-29 771
Result			50 094	50 094
Equity capital as at 31.12.13	290 000	10	53 919	343 929

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.12	190 000	10	13 138	203 148
Issued new share capital	100 000			100 000
Paid out				0
Dividends transferred to debt			-9 314	-9 314
Result		0	29 772	29 772
Equity capital as at 31.12.12	290 000	10	33 596	323 606

CASH FLOW STATEMENT

	31.12.13	31.12.12
Result of ordinary operations	68 024	41 404
+ Ordinary depreciations	0	0
+ Impairment and gain/loss on assets	0	0
+ Losses on loans, guarantees, etc	4 100	0
- Tax expense	17 930	3 793
= Provided from the year's operations	54 194	37 611
Change miscellaneous debt: + increase/-decrease	5 921	7 524
New loans customers	-150 378	-3 302 728
Installment loans customers	426 157	1 944 916
Change in deposits from and liabilities to customers: +increase/-decrease	-42 061	287 449
Change in liabilities to credit institutions: + increase/-decrease		
A Net liquidity change from operating activities	293 833	-1 025 228
Financing by issuance of securities	500 804	1 027 363
Financing on redemption of securities	-800 347	0
- Group contribution	-29 772	-9 314
Change in subordinated dept/equity certificates + increase/-decrease	0	100 000
B Liquidity change from financial activities	-329 315	1 118 049
A+B Change in liquid assets	35 482	92 821
+ Liquid assets at the start of the period	274 427	181 607
= Liquid assets at the close of the period	238 945	274 427

NOTES

NOTE 1. ACCOUNTING PRINCIPLES

General background

Helgeland Boligkreditt AS received its license as finance company February 2009. The company is a wholly-owned subsidiary of Helgeland Sparebank and was established to be the parent bank's enterprise for issuance of covered bonds. The company is headquartered in Mo i Rana, with address Jernbanegata 8601 Mo i Rana, Norway.

Presentation currency

All amounts are stated in NOK thousand unless otherwise specified. Presentation currency and functional currency are both NOK.

Basis of preparation of financial statements

The accounts have been prepared in accordance to Ministry of Finance's regulations on annual accounting for banks, etc., § 1-5 Simplified use of international accounting standards. The company is a part of the Helgeland Sparebank Group, who implemented IFRS in the consolidated accounts from 1 January 2005. The company uses the same principles of measurement, classification and presentation as the consolidated accounts for Helgeland Sparebank. The annual accounts have been prepared on a going concern basis.

Presentation in the balance sheet and profit and loss account

Loans

Loans are recognised in the balance sheet depending on the counterparty, either as loans to and deposits with credit institutions or as loans to customers, depending on the measurement principle.

Interest income on loans is included in the line for "net interest income".

Changes in value that can be linked to identify objective evidence of impairment on the balance-sheet date for loans carried at amortised cost and for the portfolios of loans at fixed interest rates that are carried at fair value are included in "write-downs of loans and guarantees".

Liabilities to credit institutions and deposits from customers

Liabilities to financial institutions are recognised as liabilities to credit institutions regardless of the measurement principle. Interest expense on the instruments is included in net interest income based on the internal rate of return method. Other changes in value are included in "net gains on financial instruments at fair value".

Segment reporting

The company's operations involve only one strategic business area, which is organised and managed on a total basis. The company's business area is the retail market. Lending to the corporate market is mortgages to sole proprietorships and represents a smaller share of total lending. The company does not report this as a separate segment.

Financial instruments

The company defines its financial assets and liabilities within the following classes:

- Financial derivatives
- Securities issued and subordinated loan capital
 - Securities issued at floating rates of interest
 - Securities issued, fixed-interest
 - Securities issued, hedges
- Loans to customers
 - Loans at floating rates of interest

Financial instruments are valued in accordance with IAS 39. All purchases and sales of financial instruments are recognised in the accounts at the transaction date.

Financial derivatives

The agreements entered into by the company are derivatives related to interest rates and exchange rates. Interest swaps are related to fixed-interest deposits and loans; currency swaps are related to syndicate borrowing in euro.

Derivatives are carried at fair value (clean value) and are together with accrued/earned interest value in the balance sheet (see also section on hedge accounting). The effect of change in fair value is recognised as "gain/loss on financial instruments".

Interest on derivatives hedging is a part of the net interest rate.

NOTES

Fair value is equal to the market price for listed securities. For securities that are not listed and which there is no market for, uses the company valuation techniques to determine fair values. The derivatives are recognised in the profit and loss account as an asset when the fair value is positive, and as a liability when the fair value is negative

Securities issued

Securities issued are defined as securities which the company does not intend to trade and which were originally issued by the company. Buy-backs of own bonds in connection with debt reduction are netted against bond debt.

Liabilities at floating rates of interest are assessed at fair value when they are first included in the accounts and later at amortised cost through the use of the effective interest method. Any premium/discount is accrued over the term to maturity. The liabilities are shown in the balance sheet at amortised cost (including accrued interest). Changes in value for amortised cost are recognised in the profit and loss account and net interest.

Liabilities at fixed rates of interest are assessed at fair value. The liabilities are shown in the balance sheet at fair value (clean price) including accrued interest, less own portfolio. Changes in value are recognised in the profit and loss account as "gains/losses on financial instruments" and interest expense in the profit and loss account against net interest.

Appreciation at fair value over the result is expected to significantly reduce the result volatility that otherwise would have occurred when the company have signed interest rate derivatives to achieve efficient floating rate

Hedge accounting; the company evaluates and documents the hedge effectiveness, both at the initial classification and on an ongoing basis. At value hedging, both the hedging instrument and the hedged item are recognized at fair value, and changes in these values from the opening balance are recognized.

The company has no cash-flow hedges.

The fair value is calculated by discounting the cash flow. Credit spreads on interest-bearing securities are changed on the basis of an all-round assessment in which observed trades in the market, credit margin reports from various securities houses, and internal assessments are included as a basis for the overall assessment. A change in credit spreads will influence the required rate of return, as the supplement added to the zero coupon curve is changed. In the case of purchase of own securities, liabilities are reduced, and the difference between book value and the payment made (premium or discount) is recognised in the profit and loss account as a gain or loss relating to securities issued.

Loans to customers

The company has defined its market area (Helgeland) as one segment.

Loans at floating rates of interest are measured at amortised cost in compliance with IAS 39. The amortised cost is the purchase cost less repayments on capital, plus or minus cumulative amortisation resulting from an effective interest method, less any amount for impairment. Loans at amortised cost, including accrued interest, reflect the value in the balance sheet. Interest income on loans to customers is recognised as income under net interest. When loans are first recognised in the balance sheet, they are valued at fair value.

Write-downs on loans

A loan or a group of loans is written down when there is objective evidence of impairment of value as a result of loss events which can be reliably estimated, and which are important for the expected future cash flows from the loan or group of loans.

Loans are written down individually when there is objective evidence of the loan's impairment of value. The amount of the write-down is calculated as the difference between the book and present value of future cash flows calculated according to the expected life of the loan in question. The discounting is done through the use of the effective interest method. Calculated loss is shown on a gross basis in the balance sheet as an individual write-down on loans and is recognised in the profit and loss account as a loss cost. Loans which have been written down individually are not included in the basis for collective write-downs.

Loans are written down collectively when there is objective evidence suggesting impairment of a group of loans. Customers are classified in risk groups on the basis of different parameters such as financial strength, revenue generation, liquidity and funding, business sector, geographical location and behavioural score. These factors provide indications of debtors' ability to service their loans, and are relevant for the calculation of future cash flows from the different risk groups. Each individual risk group is assessed collectively with regard to the need for write-downs.

Interest income and interest cost

Interest income and interest costs relating to assets and liabilities measured at amortised cost are recognised in the profit and loss account on an ongoing basis through the use of the effective interest method.

Interest income on loans which have been written down is calculated by using the same effective rate of interest as the one applied when discounting the original cash flow. Interest income on fixed-interest loans is recognised at fair value. Changes in the fair value of fixed-interest loans are recognised in the profit and loss account as a change in the value of financial instruments.

NOTES

Commission income and expenses

In general, commission income and expenses are accrued as a service is provided.

Cash and cash equivalents

In the cash flow statement, cash and cash equivalents are defined as cash, deposits with Norges Bank and other banks, certificates, bonds and loans and credits provided for other banks. Cash equivalents are short-term liquid funds, which can be converted into cash within 3 months

Provisions

Provisions are included in the accounts when the company has a currently valid obligation (legal or assumed) as a result of events, which have occurred, and when it is more likely than not that a financial settlement as a result of the obligation will take place, and when the size of the amount involved can be reliably estimated.

Provisions are reviewed on each balance sheet date in question, the level reflecting the best estimate of the obligation. When the effect of time is insignificant, the provisions will be equal to the amount of the cost required in order to be free of the obligation. When the effect of time is significant, the provisions will be equal to the present value of the future cash payments needed to meet the obligation.

In cases where there are several obligations of the same kind, the likelihood of the obligation resulting in a settlement is determined by assessing the group as a whole. Provisions for the company are included in the accounts even if the likelihood of a settlement relating to the company's individual elements may be low.

Tax

Deferred tax is calculated on all temporary differences between accounts-related and tax-related balance sheet values according to the currently applicable tax rate at the end of the period (the liabilities method). Tax-increasing temporary differences include a deferred tax liability, and tax-reducing, temporary differences, together with any loss to be carried forward, include a possible deferred tax benefit. Deferred tax benefit is shown in the balance sheet when it is likely that in the future there will be taxable income against which the deferred tax benefit can be used.

The tax cost in the profit and loss account comprises both the period's payable tax and any change in deferred tax. The change in deferred tax reflects future payable taxes which are incurred as a result of the operations during the year.

Cash flow statement

The cash flow statement shows cash flows classified by sources and fields of application.

Share capital

Provision for dividends and group contributions are classified as equity capital in the period until the dividend is decided by the company's supervisory board. Provisions are not included in the calculation of capital adequacy. When the dividend or group contribution is decided by the General Assembly, it will be removed from the equity capital and classified as short-term liability until payment is made.

NOTE 2. SEGMENT

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

NOTES

NOTE 3. NET INTEREST INCOME

Specifications of income:	31.12.13	31.12.12	Q4/13	Q4/12
Interest income of lending to and claims on credit institutions	7 743	6 764	1 766	2 150
Interest income of lending to and claims on customers	198 334	180 341	50 714	47 468
Total interest income	206 077	187 105	52 480	49 618
Interest expense on liabilities to credit institutions	14 506	16 576	4 209	2 640
Interest expense on issued securities	105 426	116 097	25 586	28 474
Other interest expenses	0	0	0	-14
Total interest expenses	119 932	132 673	29 795	31 100
Net interest income	86 145	54 432	22 685	18 518

NOTE 4. OPERATING COSTS

Specification of costs:	31.12.13	31.12.12	Q4/13	Q4/12
Management fee and wage general manager	12 547	11 739	3 144	3 180
Other administration costs	46	41	2	0
Total wages and administration costs	12 593	11 780	3 146	3 180
Other operating costs	1 446	1 267	338	-55
Total operating costs	14 039	13 047	3 484	3 126

NOTE 5. WRITE DOWNS ON LENDING

Losses on loans	31.12.13	31.12.12	Q4/13	Q4/12
Periodic change in individual write-downs	0	0	0	0
Periodic change in write-downs on groups of loans	4 100	0	0	0
Total losses on loans and guarantees	4 100	0	0	0
Periodic losses on loans covered by previous write-downs	0	0	0	0
Periodic losses on loans not covered by previous write-downs	0	0	0	0
Periodic entrance of former confirmed losses	0	0	0	0
Write-downs on commitments etc.	4 100	0	0	0

It has in 2013 been worked with a group write down model for Helgeland Boligkreditt AS. This is concluded in 2013 and comes in as a one-time-effect of MNOK 4.1.

NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

Geographical exposure of lending portfolio	31.12.13	%	31.12.12	%
Helgeland	3 901 185	81,2 %	4 137 407	81,4 %
Areas other than Helgeland	893 872	18,6 %	939 003	18,5 %
International ¹⁾	8 829	0,2 %	3 281	0,1 %
Total	4 803 886	100 %	5 079 691	100 %

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

NOTES

NOTE 7. LENDING

Lending	31.12.13	31.12.12
Gross lending to customers	4 796 222	5 072 169
Accrued interests	7 664	7 522
Lending to customers after individual write-downs	4 803 886	5 079 691
Group write-downs	4 100	0
Lending to and claims on customers, to amortized cost	4 799 786	5 079 691

NOTE 8. GUARANTEES AND COMMITMENTS

Unutilised credit and guarantees	31.12.13	31.12.12
Unutilised credit	336 206	318 987
Guarantees	0	0
Total contingent liabilities	336 206	318 987

NOTE 9. DOUBTFUL LOANS AND COMMITMENTS

Defaulted commitments	31.12.13	31.12.12
Gross defaulted commitments over 90 days	0	0
Individual write-downs of defaulted loans	0	0
Net defaulted commitments	0	0

NOTE 10. WRITE DOWNS ON LENDING

Write-downs	31.12.13	31.12.12
Individual write-downs to cover losses on commitments 01.01	0	0
Net write-offs, which was previously written down	0	0
Increased individual write-downs in the period, which was previously written dc	0	0
New individual write-downs in the period	0	0
Reversal of individual write-downs in the period	0	0
Total individual write-downs on loans	0	0
Group write-downs		
Group write-downs to cover losses on loans and commitments 01.01	0	0
Periodic change group write-downs	4 100	0
Total group write-downs	4100	0

NOTES

NOTE 11. LOANS TO AND CLAIMS ON CREDIT INSTITUTIONS

	31.12.13	31.12.12
Liabilities to credit institutions without agreed maturity	238 945	274 427
Total lending to and claims on credit institutions	238 945	274 427

Geographic areas	31.12.13	%	31.12.12	%
Total Helgeland	238 945	100 %	274 427	100 %

NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	31.12.13	31.12.12
Without agreed maturity	420 056	707 504
Total liabilities to credit institutions	420 056	707 504

The liabilities are wholly related to the parent bank, Helgeland Sparebank.

The company has signed agreements with Helgeland Sparebank on credit facilities totalling 3.1 BnNOK which mainly is to be used for reducing liquidity risk. The Company had as of 31.12.13 unutilized credit facilities at the parent bank totaling 2.4 BnNOK.

NOTE 13. DERIVATIVES

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

NOTE 14. LIABILITIES THROUGH ISSUE OF SECURITIES

Liabilities through issuance of securities are valued at amortized cost.

ISIN code	Currency	Par value	Own hold.	Interest	Admission	Maturity	Soft call	31.12.13	
NO0010628431	NOK	300 000	-	Floating	3mnd. Nibor+0,80	2011	2016	2015	300 685
NO0010515489	NOK	450 000	100 000	Floating	3mnd. Nibor+0,50	2009	2016	2015	350 687
NO0010515497	NOK	450 000	100 000	Floating	3mnd. Nibor+0,59	2009	2016	2015	350 687
NO0010592553	NOK	500 000	-	Floating	3mnd. Nibor+0,65	2010	2017	2016	499 831
NO0010623978	NOK	300 000	170 000	Floating	3mnd. Nibor+0,67	2011	2018	2017	131 230
NO0010635253	NOK	200 000	10 000	Floating	3mnd. Nibor+0,75	2012	2016	2015	190 650
NO0010645963	NOK	500 000	-	Floating	3mnd. Nibor+0,65	2010	2016	2015	500 628
NO0010660640	NOK	300 000	15 000	Floating	3mnd. Nibor+0,85	2012	2019	2018	285 262
NO0010686710	NOK	500 000	100 000	Floating	3mnd. Nibor+0,73	2013	2019	2018	400 438
NO0010566839	NOK	500 000	-	Floating	3mnd. Nibor+0,65	2010	2015	2014	500 728
NO0010571573	NOK	500 000	-	Floating	3mnd. Nibor+0,65	2010	2016	2015	500 588
Total listed covered bonds								4 011 414	

Issue No0010515489 og No0010515497 nominal MNOK 700 are entirely bought by Helgeland Sparebank, and is used by the parent bank as collateral for participation in Government swap scheme. All loans have soft cal one year before maturity.

NOTES

ISIN code	Currency	Par value	Own hold.		Interest	Admission	Maturity	Soft call	31.12.12
No0010515489	NOK	450 000	-	Floating	3mnd. Nibor+0,50	2009	2015	2014	450 411
No0010515497	NOK	450 000	-	Floating	3mnd. Nibor+0,60	2009	2016	2015	450 429
No0010561798	NOK	500 000	-	Floating	3mnd. Nibor+0,40	2009	2014	2013	500 494
No0010566839	NOK	500 000	-	Floating	3mnd. Nibor+0,65	2010	2015	2014	500 499
No0010571573	NOK	500 000	-	Floating	3mnd. Nibor+0,65	2010	2016	2015	500 271
No0010592553	NOK	500 000	-	Floating	3mnd. Nibor+0,58	2010	2017	2016	500 099
No0010623978	NOK	300 000	170 000	Floating	3mnd. Nibor+0,67	2011	2018	2017	130 078
No0010628431	NOK	300 000	-	Floating	3mnd. Nibor+0,80	2011	2016	2015	300 982
No0010635253	NOK	200 000	10 000	Floating	3mnd. Nibor+0,75	2012	2016	2014	190 881
No0010645963	NOK	500 000	-	Floating	3mnd. Nibor+1,00*	2012	2018	2017	502 244
No0010660640	NOK	300 000	15 000	Floating	3mnd. Nibor+0,85*	2012	2019	2018	284 568
Total listed covered bonds									4 310 956

Issue No0010515489 og No0010515497 nominal MNOK 900 are entirely bought by Helgeland Sparebank, and is used by the parent bank as collateral for participation in Government swap scheme. All loans have soft cal one year before maturity.

	31.12.2013	31.12.2012
Total listed bonds	4 011 414	4 310 956
Loans secured by property	4 698 007	4 836 038
Claims that constitutes cover pool	238 945	274 427
Total cover pool	4 936 952	5 110 465

*Loans are capped with loans in default and loans which during the periode has been given a loan to value ratio in excess of 75 %

(these loans are reset after the periods ending)

Cover pool capacity utilization	123 %	119 %
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NOTE 15. CAPITAL ADEQUACY

	31.12.13	31.12.12
Total paid-in capital	290 010	290 010
Total accrued equity capital/retained earnings	53 918	33 597
Additional	0	0
Deduction	50 409	29 772
Total core capital	293 519	293 835
Total net supplementary capital	0	0
Total net equity and related capital	293 519	293 835
Weighted asset calculation basis	1 942 050	1 989 200
Capital adequacy ratio	15,11 %	14,77 %
Of which core capital accounted for	15,11 %	14,77 %

NOTES

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

	31.12.13	31.12.12
States and central banks	0	0
Local and regional authorities (including municipalities)	0	0
Publicly owned enterprises	0	0
Institutions	47 788	54 888
Enterprises	2 563	250
Mass market loans	115 688	0
Loans secured by real property	1 669 175	1 871 075
Loans overdue	0	0
Covered bonds	0	0
Units in securities funds	0	0
Other loans and commitments	45 613	1 775
Capital requirement credit risk	1 880 825	154 239
Capital requirement operational risk 1)	61 225	61 225
Deduction from capital requirement	0	0
Total capital requirement	1 942 050	215 464

NOTE 16. SHARE CAPITAL

The share capital is 290 MNOK. The shares has a face value of 1 000 NOK, and Helgeland Sparebank owns all the shares.

NOTE 17. RESULT PER SHARE

	31.12.13	31.12.12
Result so far this year	54 974	29 773
Number of shares	290 000	290 000
Result per share in NOK	190	103
Diluted result per share in NOK	190	103

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.

Intragroup transactions	31.12.13	31.12.12
Profit and loss account		
Interest income and similar income	7 742	6 764
Interest expense and similar expense	33 406	43 031
Management fee	12 547	11 739
Balance sheet		
Lending and claims on credit institutions	238 945	274 427
Liabilities to credit institutions	665 443	707 504
Liabilities from issue of securities	804 000	900 000

NOTES

NOTE 19. KEY FIGURES

	31.12.13	31.12.12	31.12.11
Profit & Loss Account			
Gros profit (NOK 1.000)	50 094	29 773	9 315
Net interest as a % of average assets	1,69 %	1,07 %	0,65 %
Operation cost as a % of income	21,1 %	24,0 %	43,4 %
Result after tax as a % of average assets	0,94 %	0,59 %	0,26 %
Balance sheet			
Gross lending (NOK 1.000)	4 803 886	5 079 691	3 730 495
Collective write-downs as a % of lending	0,09 %	0,00 %	0,00 %
12 months growth in customer lending	-5,4 %	36,2 %	25,9 %
Total assets (NOK 1.000 kr)	5 039 046	5 354 405	3 912 403
Average total assets	4 987 846	4 593 787	3 577 893
Solidity			
Rate of return on equity capital	15,4 %	12,8 %	4,7 %
Core tier one Capital (NOK 1.000)	293 519	293 835	193 833
Core tier one Capital ratio	15,1 %	15,4 %	12,8 %
Information on lending portfolio			
Surplus value of cover pool (NOK 1.000)	933 086	476 382	602 116
Surplus value of cover pool (%)	23 %	19 %	18 %
Indexed LTV	52 %	54 %	55 %
Propotion of variable-rate loans	100 %	100 %	100 %
Propotion of flexible mortgages*)	21 %	20 %	17 %
Average loan value (NOK 1.000)	796	894	718
Number of loans	6 035	5 683	5 194
Remaining maturity - weighted average (year)	16,4	15,3	14,2
Seasoning - weighted average (year)	3,5	3,0	2,9

*) Calculated from the drawn amount

Elected representatives and senior management in Helgeland Boligkreditt AS

The General Assembly:

Helgeland Sparebank v/ CEO Jan Erik Furunes.

Representatives:

Thore Michalsen, Mo i Rana, Chairman.
Geir Sætran, Mo i Rana Deputy Chairman.
Dag Hugo Heimstad, Mosjøen
Ann Karin Krogli, Mo i Rana
Halvor Braaten, Mo i Rana
Fredrik Hagen, Mosjøen

Members of the Board of Directors:

Jan Erik Furunes, CEO Helgeland Sparebank, Chairman
Lisbeth Flågeng, Deputy CEO and Chief Executive, Region North Helgeland Sparebank
Inger Lise Strøm, Chief Financial Officer Helgeland Sparebank
Helge Stanghelle, CEO Fesil Rana Metall

Members of the Control Committee:

Heidi Dahl, Jurist Statens Innkrevningssentral - Chairman
Kåre Åsli, self-employed
Frank Høyen, General Manager ProLink International

Contact information

Helgeland Sparebank

Postadresse: Postboks 68, 8601 Mo i Rana
Organisasjonsnummer: 937 904 029
www.hsb.no

Helgeland Boligkreditt AS

Organisasjonsnummer: 993 359 696
www.hsb.no

Investor Relations

Inger Lise Strøm, Chief Financial Officer, telephone +47 75 11 91 11
Tore Stamnes, Head of Treasury, telephone +47 75 11 90 91

Other sources:

Annual reports

Helgeland Boligkreditt AS is a part of the Helgeland Sparebank group. Annual reports are available under investor relations information at www.hsb.no

Interim reports

Quarterly reports are available at www.hsb.no