

Q4
2014

financial report

interim report fourth quarter 2014



Helgeland Boligkreditt AS,
Interim report 4th quarter of 2014

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 is licensed to operate as a mortgage company, issuing covered bonds. Helgeland Sparebank provides services such as following up customers, management of loans, as well as a number of 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 is listed on the Oslo Stock Exchange as a bond issuer.

Rating

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

Result per 31.12.2014

The company's gross profit was MNOK 66.1. This is a reduction of MNOK 1.9 compared to the same period last year. Net interest- and commission earnings amounted to MNOK 80.3, compared to MNOK 86.1 in 2013. The reduction in interest- and commission earnings of MNOK 5.8 is a combination of a decline in lending volume and the effect of interest rate changes on the lending portfolio. The lending rates were reduced in 2014 in order to meet the competition in the mortgage market. In percent of average total assets the interest income has been reduced relatively less than the interest costs. The reduction in 3-month NIBOR has given a lower borrowing cost and the net interest was 1.77 %, compared to 1.73 % in 2013. Operating costs in NOK is almost unchanged and were MNOK 14.2, compared to MNOK 14.0 in 2013. The amount allocated for collective impairment is unchanged in 2014.

Net profit was MNOK 48.3. This gives a return on equity of 14.5%.

Key figures per 31.12.2014 (31.12.2013)

- Net profit MNOK 48.3 (51.1)
- Net interest MNOK 80.3 (86.1)
- Operation costs MNOK 14.2 (14.0)
- Return on equity 14.2 (15.4) %
- CET1 ratio 16.7 (15.1) %
- OC level 29 (23) %
- Indexed LTV 52 (52) %

Allocation of profit

The Board of Directors suggests that the result for 2014 of MNOK 48.3 is given as a group contribution to Helgeland Sparebank. The group contribution's size is considered justifiable since the parent bank will increase the company's equity when needed.

Balance development

Total assets in Helgeland Boligkreditt AS amounted to MNOK 4,437.9 by the end of the year. 95% of the assets are mortgages.

The cover pool

By the end of the year the mortgage company had 4,905 mortgages, totalling MNOK 4,217.9 (4,803.9). 81.5 % of the mortgages are to customers in the Helgeland region.

All mortgages have floating interest rates and 22 (21) % of the lending volume is flexi loans. The lending has been reduced by MNOK 586.0 over the last 12 months. Lower growth in the parent bank has also affected the growth in the mortgage company. Loans that qualify for the cover pool amounts to MNOK 4150.4 (4,698.0). The lending portfolio is considered to be of good quality. When calculating the OC the company's substitute assets of MNOK 223.6 (238.9) are included. This is entirely deposits in the parent bank.

Funding

The loan portfolio is funded by issuing covered bonds with a total sum of MNOK 3,394.9 (4,011.4), as well as credit lines in Helgeland Sparebank. Covered bonds with the face value of MNOK 267 (804) are owned by the parent bank. The company's debt in finance institutions amounts to MNOK 683 (665) by the end of the year. 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 (23) %.

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 various 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 to be low.

Credit risk

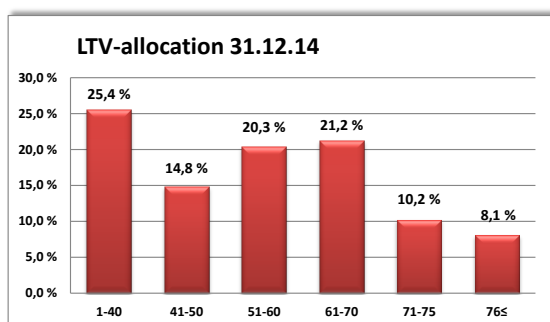
The company's credit strategy is approved by the Board of Directors and establishes the framework for management objectives and risk profile. The mortgages in the cover pool meet the requirements of the financial services act, and are secured by real estate within 75% of prudent market value.

The company has had no individual write-downs or established losses. Total write-downs on groups of lending amounted to MNOK 4.1, or 0.1% of gross lending.

The Board of Directors regards the quality of the loan portfolio as very good and the credit risk as low.

A potential fall in housing prices will reduce the net value of the cover pool. Quarterly stress tests are therefore performed to calculate the effects of a potentially negative development in the housing prices. The Board of Directors considers the results of these stress tests as satisfactory.

The Loan-to-value ratio was 52 (52) % at the end of fourth quarter. 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 determines the framework for risk management in the company on an annual basis. This includes determining frames for liquidity risk management, organization and responsibilities, stress tests, routines for monitoring the utilization of frameworks and compliance with guidelines, board- and management reporting as well as independent control of systems for governing and control.

By the end of the year the share of funding over 1 year was 80.1 (87.6) %. This is well above the target of 70 %.

Helgeland Boligkreditt AS has established committed credit lines in the parent bank that guarantees repayment of covered bond maturities over the next 12 months on a revolving basis. The company further seeks to reduce the liquidity risk associated with larger maturities by repurchasing its own bonds. The company's liquidity risk is considered to be low.

Operating risk

The transfer- and service agreement between Helgeland Boligkreditt AS and Helgeland Sparebank ensures and maintains the operational risk. The agreement includes administration, banking services and IT-management.

Capital ratio

The capital ratio per 31.12.2014 was 16.7 (15.1) % and consists solely of MNOK 293.8 CET1 capital. The standard formula is used to calculate the capital requirements, and the basic indicator approach is used to calculate operating risk.

Prospects ahead

The competition in the retail market remains strong. An increase in the norm rate improves the bank's competitiveness against Statens Pensjonskasse which has a significant market share in the Helgeland region. Helgeland Sparebank has effectuated a number of measures to take its share of the growth in the bank's market area, and the lending growth in 2015 is expected to be on level with the national average.

The housing prices have historically been relatively stable compared with the larger cities. The prices for sold houses and flats have increased by respectively 7.13 % and 1.48 % compared with last year. A continued stable development in property prices is expected in the region.

Low oil price and uncertainties in the economy both nationally and internationally give a general expectation of reduced growth in Norway in 2015. The low oil price and low NOK exchange rate also have positive aspects for the Helgeland region due to its strong aquaculture industry and large industrial corporations within aluminium, iron ore, steel and ferroalloys. The unemployment rate varies within the region, but the total unemployment rate is 2.6 % per 31.12.2014. This is somewhat lower than the national average. The Helgeland region has a stable and diverse labour market, with a combination of solid export companies and governmental institutions, and the total unemployment rate is expected to remain at a low level.

Summarised the economy in the Helgeland region seems to be working well despite the weak economic cycle in Europe

Helgeland Boligkreditt AS can show a good result in 2014, with stable income and low risk. We expect that this will continue in the coming quarters. The company is planning to acquire

further mortgage loans from Helgeland Sparebank in 2015, and also to further increase volume of outstanding covered bonds.

Mo i Rana, 9th February 2015

Lisbeth Flångeng
Chairman

Dag Hugo Heimstad
Deputy Chairman

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	31.12.14	31.12.13	Q4/14	Q4/13
Interest receivable and similar income	3	185 411	206 077	43 066	52 480
Interest payable and similar costs	3	105 113	119 932	24 913	29 795
Net interest- and credit commission income		80 298	86 145	18 153	22 685
<hr/>					
Commissions receivable and income from banking services		12	19	3	4
Commissions payable and costs relating to banking services		0	0	0	0
Net commission income		12	19	3	4
<hr/>					
Operating costs	4	14 209	14 039	3 130	3 484
Impairment on loans and guarantees	5	0	4 100	0	0
Result from ordinary operations		66 101	68 025	15 026	19 205
Result before tax		66 101	68 025	15 026	19 205
Tax payable on ordinary result		17 953	17 930	4 162	4 260
Profit after tax		48 148	50 095	10 864	14 945
<hr/>					
Result per share in NOK	17	166	173		
Diluted result per share in NOK	17	166	173		
<hr/>					
Extended income					
Result after tax		48 148	50 095	10 864	14 945
Net change in value of financial assets over equity		0	0	0	0
Total result for the period		48 148	50 095	10 864	14 945

BALANCE SHEET

BALANCE SHEET

(amounts in NOK 1.000)

	Notes	31.12.14	31.12.13
ASSETS			
Loans to and claims on credit institutions	11	223 627	238 945
Loans to and claims on customers	6,7,8,9,10	4 213 845	4 799 786
Other assets		417	315
Total assets		4 437 889	5 039 046
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions	12	683 223	665 443
Borrowings through the issuance of securities	13,14	3 394 883	4 011 414
Other liabilities		17 801	18 260
Committed group contribution			0
Total liabilities		4 095 907	4 695 118
Paid-in equity capital	15,16,17	290 010	290 010
Accrued equity capital/retained earnings	17	51 972	53 918
Net profit		341 982	343 928
Total equity capital		4 437 889	5 039 046

CHANGE IN EQUITY AND CASH FLOW STATEMENT

CHANGE IN EQUITY

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.14	290 000	10	53 918	343 928
Issued new share capital				0
Paid out				0
Dividends transferred to debt			-50 094	-50 094
Result			48 148	48 148
Equity capital as at 30.09.14	290 000	10	51 972	341 982

	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			-29 772	-29 772
Result			50 094	50 094
Equity capital as at 30.09.13	290 000	10	53 918	343 928

CASH FLOW STATEMENT

	31.12.14	31.12.13
Result of ordinary operations	66 101	68 024
+ Ordinary depreciations	0	0
+ Impairment and gain/loss on assets	0	4100
+ Losses on loans, guarantees, etc	0	0
- Tax expense	18 457	17 930
= Provided from the year's operations	47 644	54 194
Change miscellaneous debt: + increase/-decrease	-459	5 921
New loans customers	-50 698	-150 378
Installment loans customers	637 880	426 157
Change in liabilities to credit institutions: + increase/-decrease	-17 780	-42 061
A Net liquidity change from operating activities	616 587	293 833
Financing by issuance of securities	803 714	500 804
Financing on redemption of securities	-1 385 526	-800 347
- Group contribution	-50 094	-29 772
B Liquidity change from financial activities	-631 906	-329 315
A+B Change in liquid assets	-15 319	-35 482
+ Liquid assets at the start of the period	238 945	274 427
= Liquid assets at the close of the period	223 626	238 945

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 recognized 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:	31.12.14	31.12.13	Q4/14	Q4/13
Interest income of lending to and claims on credit institutions	5 987	7 743	1 243	1 766
Interest income of lending to and claims on customers	179 424	198 334	41 823	50 714
Total interest income	185 411	206 077	43 066	52 480
Interest expense on liabilities to credit institutions	18 642	14 506	4 458	4 209
Interest expense on issued securities	86 471	105 426	20 455	25 586
Other interest expenses	0	0	0	0
Total interest expenses	105 113	119 932	24 913	29 795
Net interest income	80 298	86 145	18 153	22 685

NOTE 4. OPERATING COSTS

Specification of costs:	31.12.14	31.12.13	Q4/14	Q4/13
Management fee and wage general manager	11 428	12 547	2 739	3 144
Other administration costs	46	46	1	2
Total wages and administration costs	11 474	12 593	2 740	3 146
Other operating costs	2 735	1 446	390	338
Total operating costs	14 209	14 039	3 130	3 484

NOTE 5. WRITE DOWNS ON LENDING

Losses on loans	31.12.14	31.12.13	Q4/14	Q4/13
Periodic change in individual write-downs	0	0	0	0
Periodic change in write-downs on groups of loans	0	4 100	0	0
Total losses on loans and guarantees	0	4 100	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.	0	4 100	0	0

NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

Geographical exposure of lending portfolio	31.12.14	%	31.12.13	%
Helgeland	3 436 832	81.5 %	3 901 185	81.2 %
Areas other than Helgeland	770 247	18.3 %	893 872	18.6 %
International ¹⁾	10 866	0.3 %	8 829	0.2 %
Total	4 217 945	100 %	4 803 886	100 %

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

NOTES

NOTE 7. LENDING

Lending	31.12.14	31.12.13
Lending to customers	4 211 392	4 796 222
Accureds interests	6 553	7 664
Gross lending to customers	4 217 945	4 803 886
Individual write-downs	0	0
Lending to customers after individual write-downs	4 217 945	4 803 886
Group write-downs	-4 100	-4 100
Lending to and claims on customers, to amortized cost	4 213 845	4 799 786

NOTE 8. GUARANTEES AND COMMITMENTS

Unutilised credit and guarantees	31.12.14	31.12.13
Unutilised credit	316 777	336 206
Guarantees	0	0
Total conditional liabilities	316 777	336 206

NOTE 9. DOUBTFUL LOANS AND COMMITMENTS

Defaulted commitments	31.12.14	31.12.13
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	31.12.14	31.12.13
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 down	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	4 100	0
Periodic change group write-downs	0	4 100
Total group write-downs	4 100	4 100

NOTES

NOTE 11. LOANS TO AND CLAIMS ON CREDIT INSTITUTIONS

	31.12.14	31.12.13
Liabilities to credit institutions without agreed maturity	223 627	238 945
Total lending to and claims on credit institutions	223 627	238 945
Total exposure at Helgeland in %	100 %	100 %

NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	31.12.14	31.12.13
Without agreed maturity	683 223	665 443
Total liabilities to credit institutions	683 223	665 443

All debt is to Helgeland Sparebank

The Company has a credit facility (maturing > one year) of 1.500 million As of 09/30/14 was idle frame 714 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.

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	0 Admission	Maturity	Ext. maturity	31.12.14	
NO0010628431	NOK	300 000		Flytende	3mnd. Nibor+0,80	2011	2015	2016	301 790
NO0010686710	NOK	500 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	502 500
NO0010709355	NOK	500 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	500 450
NO0010592553	NOK	500 000		Flytende	3mnd. Nibor+0,58	2010	2016	2017	500 387
NO0010623978	NOK	300 000	170 000	Flytende	3mnd. Nibor+0,67	2011	2017	2018	130 257
NO0010635253	NOK	200 000	100 500	Flytende	3mnd. Nibor+0,75	2012	2015	2016	99 940
NO0010645963	NOK	500 000		Flytende	3mnd. Nibor+1,00	2012	2017	2018	500 806
NO0010660640	NOK	300 000	15 000	Flytende	3mnd. Nibor+0,85	2012	2018	2019	284 562
NO0010571573	NOK	500 000	225 000	Flytende	3mnd. Nibor+0,65	2010	2015	2016	274 656
NO0010724065	NOK	300 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	299 535
Total listed covered bonds									3 394 883

Issue NO0010628431 MNOK 30, NO0010686710 MNOK 100, NO10709355 MNOK 100, NO0010635253 MNOK 17 and NO0010571573 MNOK 20, total MNOK 267, are entirely bought by Helgeland Sparebank. All loans have soft call one year before maturity.

NOTES

ISIN code	Currency	Par value	Own hold.	0 Interest	Admission	Maturity	Ext. maturity	31.12.13
NO0010628431 NOK		300 000		Flytende	3mnd. Nibor+0,80	2011	2015	2016 300 685
NO0010515489 NOK		450 000	100 000	Flytende	3mnd. Nibor+0,50	2009	2014	2015 350 687
NO0010515497 NOK		450 000	100 000	Flytende	3mnd. Nibor+0,59	2009	2014	2015 350 687
NO0010592553 NOK		500 000		Flytende	3mnd. Nibor+0,65	2010	2016	2017 499 831
NO0010623978 NOK		300 000	170 000	Flytende	3mnd. Nibor+0,67	2011	2017	2018 131 230
NO0010635253 NOK		200 000	10 000	Flytende	3mnd. Nibor+0,75	2012	2015	2016 190 650
NO0010645963 NOK		500 000		Flytende	3mnd. Nibor+0,65	2012	2017	2018 500 628
NO0010660640 NOK		300 000	15 000	Flytende	3mnd. Nibor+0,85	2012	2018	2019 285 262
NO0010686710 NOK		500 000	100 000	Flytende	3mnd. Nibor+0,73	2013	2019	2020 400 438
NO0010566839 NOK		500 000		Flytende	3mnd. Nibor+0,65	2010	2014	2015 500 728
NO0010571573 NOK		500 000		Flytende	3mnd. Nibor+0,65	2010	2015	2016 500 588
Total listed covered bonds								4 011 414

Issue No0010515489 MNOK 350, No0010515497 MNOK 350 and NO10566839 MNOK 104 are entirely bought by Helgeland Sparebank. All loans have soft cal one year before maturity.

	31.12.14	31.12.13
Total listed bonds	3 394 883	4 011 414
Loans secured by property	4 150 418	4 698 007
Claims that constitutes cover pool	223 627	238 945
Total cover pool	4 374 045	4 936 952
Cover pool capacity utilization	979 162	925 538
Cover pool capacity utilization %	29 %	23 %

Collateral assembly is defined in the Financial Institutions Act § 2.28.

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

NOTE 15. CAPITAL ADEQUACY

	31.12.14	31.12.13
Total paid-in capital	290 010	290 010
Total accrued equity capital/retained earnings	51 971	53 918
Additional	0	0
Deduction	-48 463	-50 409
Total core capital	293 518	293 519
Total net supplementary capital	0	0
Total net equity and related capital	293 518	293 519
Weighted asset calculation basis	1 757 385	1 942 050
Capital adequacy ratio	16 70 %	15 11 %
Of which core capital accounted for	16 70 %	15 11 %

NOTES

The note shows calculation basis and capital adequacy after Basel II (standard method credit risk). Comparative figures are not restated and the other periods are according to Basel II.

	31.12.14	31.12.13
States and central banks	0	0
Local and regional authorities (including municipalities)	0	0
Publicly owned enterprises	0	0
Institutions	44 725	47 788
Enterprises	0	0
Mass market loans	78 571	118 251
Loans secured by real property	1 495 410	1 669 175
Loans overdue	0	0
Other loans and commitments	600	45 613
Capital requirement credit risk	1 619 306	1 880 826
Capital requirement operational risk 1)	138 079	61 225
Deduction from capital requirement	0	0
Total capital requirement	1 757 385	1 942 050

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

	31.12.14	31.12.13
Result so far this year	48 148	50 095
Number of shares	290 000	290 000
Result per share in NOK	166	173
Diluted result per share in NOK	166	173

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	31.12.14	31.12.13
Profit and loss account		
Interest income and similar income	5 987	7 742
Interest expense and similar expense	23 051	33 406
Management fee	11 428	12 547
Balance sheet		
Lending and claims on credit institutions	223 627	238 945
Liabilities to credit institutions	683 223	665 443
Liabilities from issue of securities	267 000	804 000

NOTES

NOTE 19. KEY FIGURES

	31.12.14	31.12.13	31.12.12	31.12.11
Profit & Loss Account				
Gros profit (NOK 1.000)	48 148	50 094	29 773	9 315
Net interest as a % of average assets	1 77 %	1 69 %	1 07 %	0 65 %
Operation cost as a % of income	17 7 %	21 1 %	24 0 %	43 4 %
Result after tax as a % of average assets	1 07 %	0 94 %	0 59 %	0 26 %
Balance sheet				
Gross lending (NOK 1.000)	4 217 945	4 803 886	5 079 691	3 730 495
Collective write-downs as a % of lending	0 1 %	0 1 %	0 0 %	0 0 %
12 months growth in customer lending	-12 1 %	-5 4 %	36 2 %	25 9 %
Total assets (NOK 1.000 kr)	4 437 889	5 039 046	5 354 405	3 912 403
Average total assets	4 527 668	4 987 846	5 078 233	3 577 893
Solidity				
Rate of return on equity capital	14 5 %	15 4 %	12 4 %	6 5 %
Core tier one Capital (NOK 1.000)	293 518	293 833	293 833	193 833
Core tier one Capital ratio	16 7 %	15 1 %	14 8 %	12 8 %
Information on lending portfolio				
Surplus value of cover pool (NOK 1.000)	979 162	925 538	476 382	602 116
Surplus value of cover pool (%)	29 %	23 %	19 %	18 %
Indexed LTV	52 %	52 %	54 %	55 %
Propotion of variable-rate loans	100 %	100 %	100 %	100 %
Propotion of flexible mortgages*)	21 %	21 %	20 %	17 %
Average loan value (NOK 1.000)	854	796	894	718
Number of loans	4 934	6 035	5 683	5 194
Remaining maturity - weighted average (year)	16 8	16 4	15 3	14 2
Seasoning - weighted average (year)	3 4	3 5	3 0	2 9

*) Calculated from the drawn amount

Elected representatives and senior management in Helgeland Boligkreditt AS

The General Meeting:

Helgeland Sparebank v/ CEO Lisbeth Flågeng.

Supervisory Board:

Thore Michalsen, Mo i Rana, Chairman.
Geir Sætran, Mo i Rana Deputy Chairman.
Øyvind Karlsen, Mo i Rana
Ann Karin Krogli, Mo i Rana
Kenneth L. Nilsson, Korgen
Svein Hansen, Mosjøen

Board of Directors:

Lisbeth Flågeng, CEO Helgeland Sparebank, Chairman
Dag Hugo Heimstad, Director of Retail Market Helgeland Sparebank, Deputy Chairman
Ranveig Kråkstad, Chief Accounting Officer , Helgeland Sparebank
Helge Stanghelle, CEO Fesil Rana Metall

Control Committee:

Frank Høyen, General Manager ProLink International - Chairman
Nina Lundel, Lawyer Statens Innkrevningssentral (National Collection Agency)
Kåre J. Åsli, self-employed

General Manager

Brit Søfting, admin.assistant, Helgeland Sparebank

Contact information

Helgeland Sparebank

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Organization no.: 937 904 029
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Helgeland Boligkreditt AS

Organization no.: 993 359 696
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Investor Relations

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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

Interim reports

Quarterly reports are available at www.hsb.no