



# *financial report*

*fourth quarter 2017*



## **Helgeland Boligkreditt AS,**

Preliminary accounts, so far this year and fourth quarter 2017.

### **General information**

Helgeland Boligkreditt AS was established in November 2008 and is a fully-owned subsidiary of Helgeland Sparebank. The company is located at the bank's head office in Mo i Rana.

The company was licensed as a finance company in February 2009 and may issue bonds where the investors receive preferential rights in the company's cover pool. Security consists mainly of secured mortgages granted by Helgeland Sparebank.

Helgeland Boligkreditt AS has no employees. There has been made a deal with Helgeland Sparebank regarding the provision of services relating to loan servicing and operation of the company.

### **Accounting standards**

The accounts have been prepared in accordance with international financial reporting standards (IFRS). All numerical quantities are given in thousands if not otherwise stated.

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

The financial report has not been audited.

### **Rating**

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

### **Results per 31.12.17**

Profit before tax was MNOK 64.3 (47.1). This is MNOK 17.2 higher than the same period last year. Net interest has increased by MNOK 18.7. After interest rate change on mortgages in January and credit growth, the interest income has increased by MNOK 26.9. The interest cost is so far this year increased by MNOK 8.2. Operating cost was MNOK 9.3 and has increased by MNOK 1.3 compared to the same period last year. This is mainly related to increased management fee.

Net profit was MNOK 48.9 (33.1). This gives a return on equity of 11.1 (8.3%).

The company is well capitalized with Core tier one Capital ratio of 19.9%. The capital adequacy has increased from 17.1% corresponding period last year.

### **Key figures per 31.12.17 (31.12.16)**

- Net interest MNOK 74.3 (55.6)
- Operation costs MNOK 9.3 (8.0)
- Return on equity 11.1 (8.3)%
- CET1 capital ratio 19.9 (17.1)%
- Cover pool ratio of fullness 26 (31)%
- Indexed LTV 52 (53)%

### **Balance development**

Combined assets in Helgeland Boligkreditt AS constituted MNOK 7.110 per 31.12.17. Of this, 93% of the assets are mortgages.

### **Cover pool**

By the end of the quarter the mortgage company had mortgages of MNOK 6.634 (5.629). 78.3 (79.6) % of the mortgages are lent to customers in the Helgeland region.

Loans that qualify for the cover pool amounts to MNOK 6.580 (5.597). The lending has increased by MNOK 1.005 or 17.9 (30.6) % the past 12 months. All the mortgages have floating interest rates, and 14 (17) % of the lending volume are flexi loans. The lending portfolio is considered to be of good quality.

By the end of the quarter, Helgeland Boligkreditt AS had substitute assets of MNOK 431 as per 31.12.17 is fully included in the supplementary security. Statutory bill of MNOK 50 is included in the LCR calculation.

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

### **Funding**

The lending portfolio is funded by issuing covered bonds totalling MNOK 5.476 (4.523), as well as long term credit from Helgeland Sparebank. Covered bonds at the face value of MNOK 0 (247) are in the parent bank's ownership.

The company's debt in finance institutions amounts to MNOK 1.024 (980) by the end of the quarter. The debt is linked to credit lines in the parent bank. The value of the cover pool is well above the volume of loans and there is good security in the portfolio. The OC level (in relation to outstanding bonds) was 28 (30) %.

### **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.

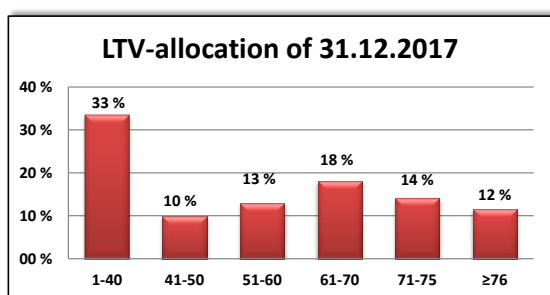
Lending in the cover pool fulfils the requirements of the financial services act, and is secured by collateral in real estate within 75% of prudent market value.

The company has had no individual write downs or established losses. Sum group write-downs on lending constitute MNOK 5.5, 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 (53)%. 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 98.7 (88.5)%. This is well above the target of 70%.

Helgeland Boligkreditt AS has established committed credit lines with the parent bank that guarantees repayment of bond obligations over the next 12 months on a revolving basis. The company further seeks to reduce the liquidity risk in relation to larger loan maturities by repurchasing its own

bonds. The company's liquidity risk is considered to be low.

### Operation risk

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

### Capital ratio

The capital ratio per 31.12.17 is slightly higher than last year and was 19.9 (17,1) % and consists exclusively of a CET1 capital of MNOK 544.

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

### Prospects ahead

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

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

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

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

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

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

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

Mo i Rana, February 6<sup>th</sup> 2018

Hanne J. Nordgaard  
*Chairman*

Dan Hugo Heimstad  
*Deputy Chairman*

Håkon Stanghelle

Ranveig Kråkstad

Brit Søvting  
*General Manager*

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## PROFIT AND LOSS

### PROFIT AND LOSS ACCOUNT

(amounts in NOK 1.000)	Notes	31.12.17	31.12.16	Q4/17	Q4/16
Interest receivable and similar income	3	170 182	143 341	44 778	38 307
Interest payable and similar costs	3	95 860	87 749	23 422	25 836
<b>Net interest- and credit commission income</b>		<b>74 322</b>	<b>55 592</b>	<b>21 356</b>	<b>12 471</b>
Commissions receivable and income from banking services		14	9	4	2
Commissions payable and costs relating to banking services		0	0	0	0
<b>Net commission income</b>		<b>14</b>	<b>9</b>	<b>4</b>	<b>2</b>
Net value change gains/losses on financial assets		152		0	
Operating costs	4	9 301	8 031	2 177	1 521
Impairment on loans and guarantees	5	900	500	900	500
<b>Profit from ordinary operations</b>		<b>64 287</b>	<b>47 070</b>	<b>18 283</b>	<b>10 452</b>
<b>Gross profit</b>		<b>64 287</b>	<b>47 070</b>	<b>18 283</b>	<b>10 452</b>
Tax payable on ordinary result		15 416	13 968	3 913	4 813
<b>Net profit</b>		<b>48 871</b>	<b>33 102</b>	<b>14 370</b>	<b>5 639</b>
Result per share in NOK	17	91	85		
Diluted result per share in NOK	17	91	85		
<b>Extended income</b>					
<b>Net profit</b>		<b>48 871</b>	<b>33 102</b>	<b>14 370</b>	<b>5 639</b>
Net change in value of financial assets over equity		0	0	0	0
<b>Total period for the period</b>		<b>48 871</b>	<b>33 102</b>	<b>14 370</b>	<b>5 639</b>

## BALANCE SHEET

### BALANCE SHEET

(amounts in NOK 1.000)	Notes	31.12.17	31.12.16
<b>ASSETS</b>			
Loans to and claims on credit institutions	11	430 762	292 853
Loans to and claims on customers	6,7,8,9,10	6 628 775	5 624 424
Certificates		49 968	24 913
Other assets			775
<b>Total assets</b>		<b>7 109 505</b>	<b>5 942 965</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>			
Liabilities to credit institutions	12	1 024 389	980 112
Borrowings through the issuance of securities	13,14	5 476 143	4 523 326
Other liabilities		16 071	12 526
<b>Total liabilities</b>		<b>6 516 603</b>	<b>5 515 964</b>
Paid-in equity capital	15,16,17	540 010	390 010
Accrued equity capital/retained earnings	17	52 892	36 991
<b>Net profit</b>		<b>592 902</b>	<b>427 001</b>
<b>Total equity capital</b>		<b>7 109 505</b>	<b>5 942 965</b>

## CHANGE IN EQUITY

### CHANGE IN EQUITY

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

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



## CASH FLOW STATEMENT

### CASH FLOW STATEMENT

	<b>31.12.17</b>	<b>31.12.16</b>
Change in lending to customers	-1 005 251	-1 317 306
Interest income lending to customers	170 180	141 156
Change deposits from customers	44 277	483 099
Interest cost deposit from customers	-17 663	-15 720
Change certificates and bonds	-24 994	-24 848
Interest income certificates and bonds	1	13
Commission income	14	9
Payments relating to operations	-9 301	-8 031
Paid tax	-12 700	-17 734
Other cutoffs	3 645	5 711
<b>A Net liquidity change from operating activities</b>	<b>-851 792</b>	<b>-753 651</b>
Long-term investments in shares	0	0
Income sale of long-term investments in shares	0	0
Dividend from long-term investments in shares	0	0
<b>B Liquidity change from financial activities</b>	<b>0</b>	<b>0</b>
New borrowing through issuance of securities	3 195 000	1 774 951
Repayments - issued securities	-2 244 000	-925 218
Interest payments borrowing through issuance of securities	-78 197	-72 029
New share capital	150 000	100 000
Dividend to share owners	-33 102	-38 109
<b>C Net liquidity change financing</b>	<b>989 701</b>	<b>839 595</b>
<b>A+B+C Net liquidity change in the period</b>	<b>137 909</b>	<b>85 944</b>
Liquid funds at the start of the period	292 853	206 909
Liquid funds at the end of the period	430 762	292 853
<b>Liquid funds specified</b>	<b>137 909</b>	<b>85 944</b>
<b>Balances with credit institutions without notice periods</b>	<b>430 762</b>	<b>292 853</b>

## NOTES

### NOTE 1. ACCOUNTING PRINCIPLES

The financial statements are reported in accordance to IFRS and are not audited. The accounting principles are presented in the consolidated accounts for 2016.

#### IFRS 9

IFRS 9 take effect 1.1.2018. IFRS 9 introduces a business oriented model for classification and measuring financial assets. The standard is supposed to replace current standard IAS 39.

For Helgeland Boligkreditt, the transition to IFRS 9 will have consequences for the calculation of the Group's write-downs as well as for the accounting of bonds and certificates that have been classified as held available for sale in accordance with IAS 39. Certificates and bonds available for sale with changes in value of extended income change from 1.1.2018 and will be recognized in the ordinary income from that date.

#### Write-downs losses on loans and guarantees

Under current rules, write-downs for losses will only take place when there is objective proof that a loss event has occurred after the first time capitalization. According to IFRS 9, loss provisions will be recognized based on expected credit losses. The measurement of the provision for expected loss depends on whether credit risk has increased significantly since the first time capitalization. This is done in 3 "steps": Step 1: It will be devoted to 12-month expected loss on initial recognition when credit risk has not increased substantially after initial capitalization or the instrument has low credit risk on the reporting date. Step 2: The expected loss for the remaining maturity is expected if the credit risk is significantly worsened after initial recognition, but there is no objective proof of loss. Step 3: The expected loss for remaining maturity of defaulted commitment will be allocated.

The Group's equity will 01.01.18 become increased by NOK 3.2 million after tax as a result of the entry of IFRS 9.

	IAS 39		IFRS 9	
	Measurement category	Accounted value	Measurement category	Accounted value
Financial assets		<b>31.12.2017</b>		<b>01.01.2018</b>
Loans to and claims on credit institutions	Amortized cost (Loans and claims)	430 762	Amortized cost	430 762
Loans to customers, floating interest rate	Amortized cost (Loans and claims)	6 628 775	Amortized cost	6 628 775
Certificates and bonds	Fair value over comprehensive income	49 968	Fair value through profit and loss (designated)	49 968
<b>Financial liabilities</b>				
Deposits from credit institutions	Amortized cost	1 024 389	Amortized cost	1 024 389
Debts founded on the issuance of securities, floating interest rates	Amortized cost	5 476 143	Amortized cost	5 476 143

### 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.

## NOTES

### NOTE 3. NET INTEREST INCOME

	31.12.17	31.12.16	Q4/17	Q4/16
Interest income of lending to and claims on credit institutions	1 639	2 172	478	400
Interest income of lending to and claims on customers	168 543	141 169	44 300	37 907
<b>Total interest income</b>	<b>170 182</b>	<b>143 341</b>	<b>44 778</b>	<b>38 307</b>
Interest expense on liabilities to credit institutions	17 663	15 720	3 569	4 748
Interest expense on issued securities	78 197	72 029	19 853	21 088
Other interest expenses	0	0	0	0
<b>Total interest expenses</b>	<b>95 860</b>	<b>87 749</b>	<b>23 422</b>	<b>25 836</b>
<b>Net interest income</b>	<b>74 322</b>	<b>55 592</b>	<b>21 356</b>	<b>12 471</b>

### NOTE 4. OPERATING COSTS

	31.12.17	31.12.16	Q4/17	Q4/16
Management fee and wage general manager	6 676	5 679	1 785	1 604
Other administration costs	0	0	-26	-48
<b>Total wages and administration costs</b>	<b>6 676</b>	<b>5 679</b>	<b>1 759</b>	<b>1 556</b>
Other operating costs	2 625	2 352	418	-35
<b>Total operating costs</b>	<b>9 301</b>	<b>8 031</b>	<b>2 177</b>	<b>1 521</b>

### NOTE 5. WRITE DOWNS ON LENDING

<b>Losses on loans</b>	<b>31.12.17</b>	<b>31.12.16</b>
Periodic change in individual write-downs	0	0
Periodic change in write-downs on groups of loans	900	500
Periodic losses on loans covered by previous write-downs	0	0
Periodic losses on loans not covered by previous write-downs	0	0
Periodic entrance of former confirmed losses	0	0
<b>Write-downs on commitments etc.</b>	<b>900</b>	<b>500</b>

## NOTES

### NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

<b>Geographical exposure of lending portfolio</b>	<b>31.12.17</b>	<b>%</b>	<b>31.12.16</b>	<b>%</b>
Helgeland	5 197 130	78.3 %	4 477 971	79.6 %
Areas other than Helgeland	1 427 054	21.5 %	1 140 131	20.3 %
International <sup>1)</sup>	10 091	0.2 %	10 922	0.2 %
<b>Total</b>	<b>6 634 275</b>	<b>100 %</b>	<b>5 629 024</b>	<b>100 %</b>

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

### NOTE 7. LENDING

<b>Lending</b>	<b>31.12.17</b>	<b>31.12.16</b>
Lending to customers	6 626 264	5 623 064
Accrued interests	8 011	5 960
<b>Gross lending to customers</b>	<b>6 634 275</b>	<b>5 629 024</b>
Individual write-downs	0	0
Lending to customers after individual write-downs	6 634 275	5 629 024
Group write-downs	-5 500	-4 600
<b>Lending to and claims on customers, to amortized cost</b>	<b>6 628 775</b>	<b>5 624 424</b>

### NOTE 8. GUARANTEES AND COMMITMENTS

<b>Unutilised credit and guarantees</b>	<b>31.12.17</b>	<b>31.12.16</b>
Unutilised credit	449 481	424 091
Guarantees	0	0
<b>Total conditional liabilities</b>	<b>449 481</b>	<b>424 091</b>

### NOTE 9. DOUBTFUL LOANS AND COMMITMENTS

<b>Defaulted commitments</b>	<b>31.12.17</b>	<b>31.12.16</b>
Gross defaulted commitments over 90 days	0	0
Individual write-downs of defaulted loans	0	0
<b>Net defaulted commitments</b>	<b>0</b>	<b>0</b>

## NOTES

### NOTE 10. WRITE DOWNS ON LENDING

Write-downs	31.12.17	31.12.16
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
<b>Total individual write-downs on loans</b>	<b>0</b>	<b>0</b>

#### Group write-downs

Group write-downs to cover losses on loans and commitments 01.01	4 600	4100
Periodic change group write-downs	900	500
<b>Total group write-downs</b>	<b>5 500</b>	<b>4 600</b>

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

	31.12.17	31.12.16
Liabilities to credit institutions without agreed maturity	430 762	292 853
<b>Total lending to and claims on credit institutions</b>	<b>430 762</b>	<b>292 853</b>
Total exposure at Helgeland in %	100 %	100 %

### NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	31.12.17	31.12.16
Without agreed maturity	1 024 389	980 112
<b>Total liabilities to credit institutions</b>	<b>1 024 389</b>	<b>980 112</b>

The debt is entirely related to the parent bank Helgeland Sparebank

The Company has a credit facility (maturing > one year) of 1.500 million. As of 31/12/17 the idle frame was 476 million.

In addition, the company has an unused credit facility of 1,500 million (with maturities > one year) intended to cover payment obligations in the cover for a rolling 12 month period.

### NOTE 13. DERIVATIVES

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

## NOTES

### NOTE 14. LIABILITIES THROUGH ISSUE OF SECURITIES

Liabilities through issuance of securities are valued at amortized cost.

Covered bonds:

ISIN code	Curren	Par value	Own hold.	Interest	Admission	Maturity	Soft call	31.12.17	
NO0010686710 NOK		500 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	491 956
NO0010709355 NOK		500 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	492 218
NO0010660640 NOK		70 000		Flytende	3mnd. Nibor+0,85	2012	2018	2019	62 483
NO0010724065 NOK		500 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	491 253
NO0010748601 NOK		500 000		Flytende	3 mnd.Nibor+0,78	2015	2019	2020	491 486
NO0010740673 NOK		500 000		Flytende	3 mnd.Nibor+0,49	2015	2020	2021	490 968
NO0010764897 NOK		500 000		Flytende	3 mnd.Nibor+0,86	2016	2021	2022	492 326
NO0010769920NOK		500 000		Flytende	3 mnd.Nibor+0,78	2016	2021	2022	492 448
NO0010782774NOK		500 000		Flytende	3 mnd.Nibor+0,52	2017	2022	2023	492 921
NO0010804008NOK		500 000		Flytende	3 mnd.Nibor+0,45	2017	2021	2022	491 623
NO0010785843NOK		500 000		Flytende	3 mnd.Nibor+0,64	2017	2022	2023	493 564
NO0010810278 NOK		500 000	100 000	Flytende	4 mnd.Nibor+0,41	2017	2021	2022	492 897
<b>Total listed covered bonds</b>									<b>5 476 143</b>

All loans have soft call one year before maturity.

ISIN code	Curren	Par value	Own hold.	Interest	Admission	Maturity	Soft call	31.12.16	
NO0010686710 NOK		500 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	492 395
NO0010709355 NOK		300 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	292 779
NO0010623978 NOK		300 000	170 000	Flytende	3mnd. Nibor+0,67	2011	2017	2018	292 412
NO0010645963 NOK		500 000	111 000	Flytende	3mnd. Nibor+1,00	2012	2017	2018	492 469
NO0010660640 NOK		500 000		Flytende	3mnd. Nibor+0,85	2012	2018	2019	493 018
NO0010724065 NOK		500 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	491 543
NO0010748601 NOK		500 000		Flytende	3 mnd.Nibor+0,78	2015	2019	2020	491 691
NO0010740673 NOK		500 000		Flytende	3 mnd.Nibor+0,49	2015	2020	2021	491 107
NO0010764897 NOK		500 000		Flytende	3 mnd.Nibor+0,86	2016	2021	2022	492 893
NO0010769920 NOK		500 000		Flytende	3 mnd Nibor+0.78	2016	2022	2023	493 019
<b>Total listed covered bonds</b>									<b>4 523 326</b>

Issue No0010645963 MNOK 247, total MNOK 247

All loans have soft cal one year before maturity.

	31.12.17	31.12.16
<b>Total listed bonds</b>	<b>5 476 143</b>	<b>4 523 326</b>
Loans secured by property	6 580 923	5 596 770
Claims that constitutes cover pool (inc. Interests)	430 762	292 853
<b>Total cover pool</b>	<b>7 011 685</b>	<b>5 889 623</b>
Cover pool capacity utilization	1 535 542	1 366 297
Cover pool capacity utilization %	28 %	30 %
Cover pool capacity utilization %, own share covered bonds deducted	26 %	24 %

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

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

## NOTES

### NOTE 15. CAPITAL ADEQUACY

	31.12.17	31.12.16
Total paid-in capital	540 010	390 010
Total accrued equity capital/retained earnings	52 695	36 927
Additional		0
Deduction	-48 921	-33 102
<b>Total core capital</b>	<b>543 784</b>	<b>393 835</b>
Total net supplementary capital	0	0
<b>Total net equity and related capital</b>	<b>543 784</b>	<b>393 835</b>
Weighted asset calculation basis	2 736 285	2 298 874
Capital adequacy ratio	19.87 %	17.13 %
Of which core capital accounted for	19.87 %	17.13 %

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

	31.12.17	31.12.16
States and central banks	0	0
Local and regional authorities (including municipalities)	0	0
Publicly owned enterprises	0	0
Institutions	86 152	58 571
Enterprises		0
Mass market loans	225 058	136 482
Loans secured by real property	2 304 056	1 978 530
Loans overdue	0	0
Other loans and commitments	142	775
<b>Capital requirement credit risk</b>	<b>2 615 408</b>	<b>2 174 358</b>
Capital requirement operational risk	120 877	124 516
Deduction from capital requirement	0	0
<b>Total capital requirement</b>	<b>2 736 285</b>	<b>2 298 874</b>

### NOTE 16. SHARE CAPITAL

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

### NOTE 17. RESULT PER SHARE

	31.12.17	31.12.16
Result so far this year	48 871	33 102
Number of shares	540 000	390 000
Result per share in NOK	91	85
Diluted result per share in NOK	91	85

## NOTES

### NOTE 18. TRANSACTIONS WITH RELATED PARTIES

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

<b>Intragroup transactions</b>	<b>31.12.17</b>	<b>31.12.16</b>
<b>Profit and loss account</b>		
Interest income and similar income	1 639	2 172
Interest expense and similar expense	17 663	15 720
Management fee	6 646	5 628
<b>Balance sheet</b>		
Lending and claims on credit institutions	430 762	292 853
Liabilities to credit institutions	1 024 389	980 112
Liabilities from issue of securities	0	247 000



## NOTES

### NOTE 19. KEY FIGURES

	<b>31.12.17</b>	<b>31.12.16</b>
<b>Profit &amp; Loss Account</b>		
Gross profit (NOK 1.000)	48 871	33 102
Net interest as a % of average assets	1.16 %	1.05 %
Operation cost as a % of income	12.5 %	14.4 %
Net profit as a % of average assets	0.77 %	0.62 %
<b>Balance sheet</b>		
Gross lending (NOK 1.000)	6 634 275	5 629 024
Collective write-downs as a % of lending	0.1 %	0.1 %
12 months growth in customer lending	17.9 %	30.6 %
Total assets (NOK 1.000 kr)	7 109 505	5 942 965
Average total assets	6 381 718	5 299 332
<b>Solidity</b>		
Rate of return on equity capital	11.1 %	8.3 %
Core tier one Capital (NOK 1.000)	543 784	393 835
Core tier one Capital ratio	19.9 %	17.1 %
LR (Leverage Ratio)	7.4 %	6.4 %
<b>Information on lending portfolio</b>		
Surplus value of cover pool (NOK 1.000)	1 535 542	1 391 210
Surplus value of cover pool (%)	28 %	30 %
Indexed LTV	52 %	53 %
Proportion of variable-rate loans	100 %	100 %
Proportion of flexible mortgages*)	14 %	17 %
Average loan value (NOK 1.000)	1 032	1 020
Number of loans	6 421	5 512
Remaining maturity - weighted average (year)	19.1	18.4
Seasoning - weighted average (year)	2.8	2.8

\*) Calculated from the drawn amount

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

### **The General Meeting:**

Helgeland Sparebank v/CEO Hanne J. Nordgaard

### **Board of Directors:**

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

### **Contact information**

#### **Helgeland Sparebank**

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

Address: PO Box 68, N-8601 Mo i Rana  
Organization no.: 993 359 696  
[www.hsb.no](http://www.hsb.no)

### **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)