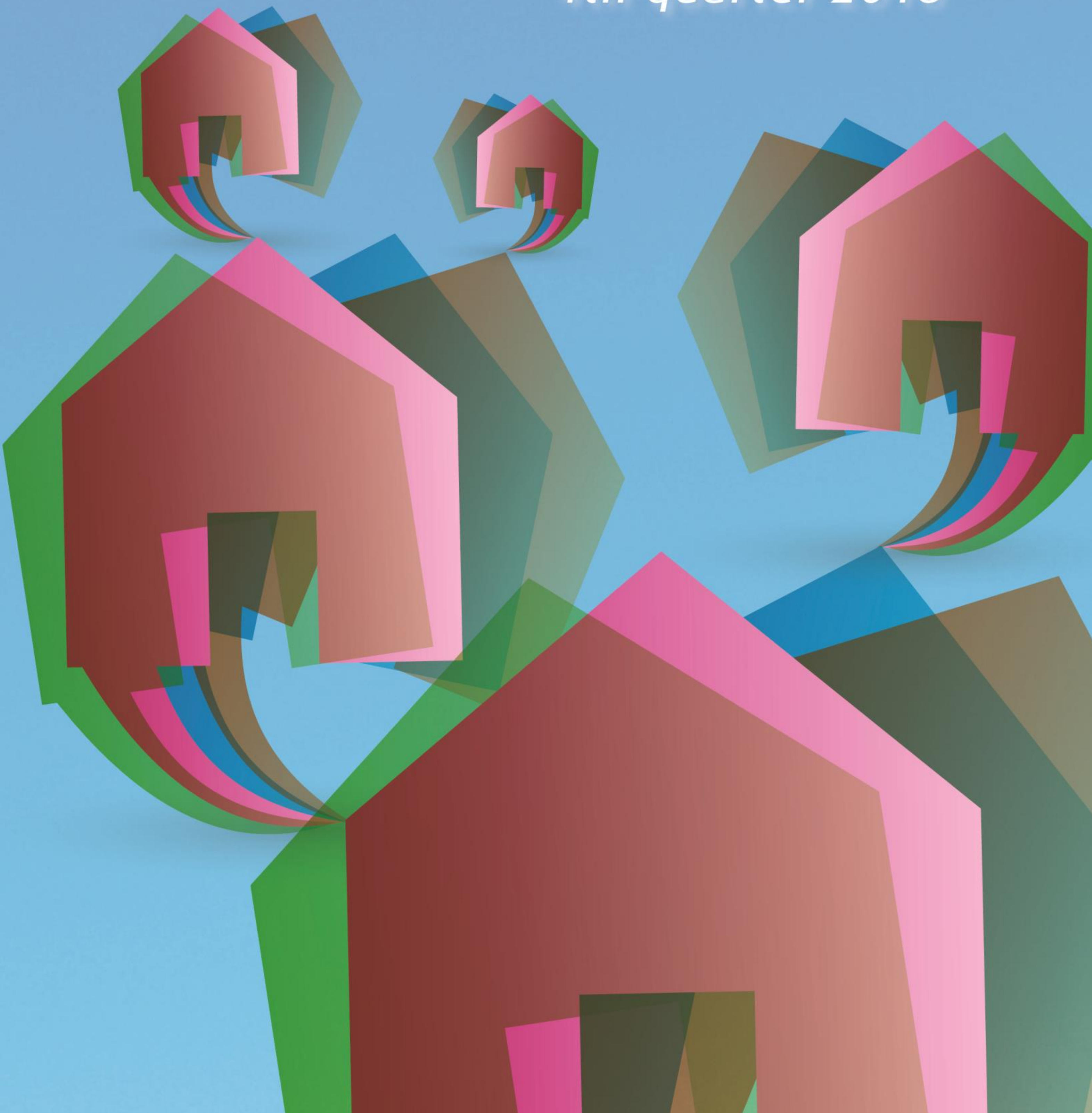
helgeland
boligkreditt

Financial report

4th quarter 2018



Helgeland Boligkreditt AS,
Preliminary accounts as of 31.12.2018 and 4th quarter 2018.

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.

Result per 30.12.18
Profit before tax was MNOK 68.4 (64.3). This is MNOK 4.1 higher than the same period last year. Net interest rate has increased by MNOK 3.6. The company has higher lending volume and interest income on lending has increased by MNOK 20.5, while interest expenses on funding has increased by MNOK 16.9. Increased activity capital has resulted in higher management fees and total operating costs were MNOK 10.3 and has increased by MNOK 1.

Net profit was MNOK 52.7 (48.9) which gives a return on equity of 9.0 (11.1) %. New equity added in Q4 2017 has given lower ROE in 2018.

The company is well capitalized with Core tier one Capital ratio of 18.6 (19.9) %.

Key figures per 30.12.18 (31.12.17)
- Net interest MNOK 77.9 (74.3)
- Operation costs MNOK 10.3 (9.3)
- Return on equity 9.0 (11.1)%
- CET1 capital ratio 18.6 (19.9)%
- Cover pool ratio of fullness 19 (28)%
- Indexed LTV 56 (52)%

Disposal of result
The Board of Directors proposes that the profit for 2018 of MNOK 52.7 be given in group contribution to Helgeland Sparebank. The size of the group contribution is considered justifiable based on the company's position.

Balance development
Combined assets in Helgeland Boligkreditt AS constituted MNOK 7 823 per 30.12.18. Of this, 94% of the assets are mortgages.

Cover pool
By the end of the quarter the mortgage company had mortgages of MNOK 7 384 (6 634). 78.2 (78.3) % of the mortgages are lent to customers in the Helgeland region.

The lending has increased by MNOK 751 or 11.3 (17.9) % the past 12 months. All the mortgages have floating interest rates, and 11 (14) % of the lending volume are flexi loans.
The lending portfolio is considered to be of good quality.
Loans qualified for the cover pool amounts to MNOK 7 325 (6 581).

By the end of the quarter, Helgeland Boligkreditt AS had substitute assets of MNOK 414 as per 30.12.18 is fully included in the supplementary security.
Statutory bill of MNOK 25 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.

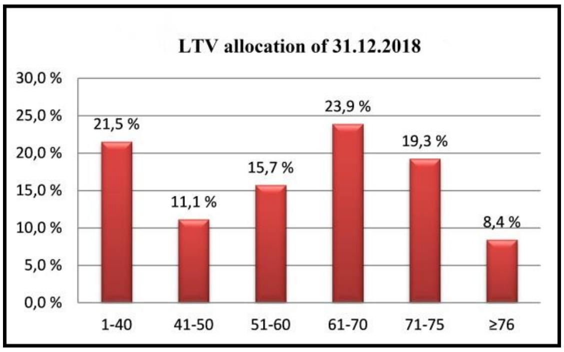
Funding
The lending portfolio is funded by issuing covered bonds totalling MNOK 6 498 (5 476), as well as long term credit from Helgeland Sparebank. None of the covered bonds is in the parent company's ownership.
The company's debt in finance institutions amounts to MNOK 709 (1 042) by the end of the 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 19 (28) %.

Risk conditions and capital ratio
Laws and regulations for companies licensed to issue covered bonds instruct that the risk levels should be low. The company has established guidelines and frames for governing and control of different forms of risk. There is a corporate agreement between Helgeland Boligkreditt AS and Helgeland Sparebank that ensures and maintains frames, proxies, capital management, and risk conditions. The Board of Directors considers the company's combined risk as low.

Credit risk
The company's credit strategy is approved by the Board of Directors and determines the framework for management objectives and risk profile.
Lending in the cover pool fulfils the requirements of the financial services act, and is secured by collateral in real estate within 75% of prudent market value.
The company has had no individual write downs or established losses.
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 56 (52) %. The diagram below shows the distribution of the LTVs for the mortgages in the cover pool.



Liquidity risk
Liquidity risk is the risk that the company will be unable to fulfil its payment obligations. The Board of Directors annually determines the frames for risk management in the company. This includes determining frames for management of liquidity risk, organization and responsibilities, stress tests, routines for monitoring the use of frames and compliance with guidelines, board- and management reporting as well as independent control of systems for governing and control.

By the end of the quarter the share of funding over 1 year was 95.5 (98.7) %. This is well above the target of 70%. Average remaining maturity for covered bonds was 3.2 (3.2) years. Helgeland Boligkreditt AS has established committed credit lines with the parent bank that guarantees repayment of bond obligations over the next 12 months on a revolving basis. The company further seeks to reduce the liquidity risk in relation to larger loan maturities by repurchasing its own bonds.
The company's liquidity risk is considered to be low.

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

Capital ratio
The capital ratio per 30.12.18 was 18.6 (19.9) % and consists exclusively of a CET1 capital of MNOK 543.8.
When calculating capital requirements, the standard method is used for credit risk and the basic method for operational risk. The company's core capital adequacy target is 13.0 % and total capital adequacy ratio exceeds 16.5 %.

The prospects ahead
The unemployment rate remains low within the region with a total unemployment rate in Helgeland by the end of the quarter of 1.6 %. Nordland County had an unemployment rate of 2.0 % and the national average was 2.3%. It is expected that the low level of unemployment will persist.

12 months credit growth in Norway for the retail market as of November was 5.5 %. The growth in Helgeland Boligkreditt AS is adapted to the parent bank's borrowing requirements and will continue to be at a higher level than the credit growth in Norway and Helgeland. Continuous efforts are being made to facilitate further purchases of mortgage loans from the parent bank, as well as the issuance of covered bonds.

The turnover of housing in Helgeland has for the 4th quarter of 2018 been somewhat higher than in the 4th quarter of 2017. With regard to the price trend for resold homes, this has fallen somewhat. For the largest cities in Helgeland, Rana and Mosjøen, prices have fallen by respectively -1.3 % in Rana and -2.6 % in Mosjøen. If you see this over 12 months, the prices have increased for these places with respectively 4.9 % in Rana and 2.6 % in Mosjøen. The average for Norway has been a price increase over 12 months of 2.8 %.

The lending margins are under pressure, interest rate changes with increased lending rates as a result of the interest rate hike, which had a full effect on earnings in December, the net interest rate has increased in the last quarter.

Mo i Rana, February 5th 2019

Hanne Nordgaard *Chairman*	Dan Hugo Heimstad *Deputy Chairman*	Håkon Stanghelle
Ranveig Kråkstad		Lena Båtstrand *General Manager*

TABLE OF CONTENTS:

PROFIT AND LOSS ACCOUNT

(amounts in NOK 1.000)	Notes	31.12.18	31.12.17	Q4/18	Q4/17
Interest income fom assets measured at amortized cost	3	190 718	170 182	50 270	44 778
Interest income fom assets measured at real value	3		0	0	0
Interest payable and similar costs	3	112 802	95 860	31 050	23 422
Net interest- and credit commission income		**77 916**	**74 322**	**19 220**	**21 356**
Commissions receivable and income from banking services		18	14	4	4
Commissions payable and costs relating to banking services			0	0	0
Net commission income		**18**	**14**	**4**	**4**
Net value change gains/losses on financial assets		651	152	199	0
Operating costs	4	10 314	9 301	2 124	2 177
Impairment on loans and guarantees	5	-124	900	-16	900
Profit from ordinary operations		**68 395**	**64 287**	**17 299**	**18 283**
Gross profit		**68 395**	**64 287**	**17 315**	**18 283**
Tax payable on ordinary result		15 726	15 416	3 942	3 913
Net profit		**52 669**	**48 871**	**13 373**	**14 370**
Result per share in NOK	17	98	91		
Diluted result per share in NOK	17	98	91		

Extended income				
Net profit	**52 669**	**48 871**	**13 373**	**14 370**
Net change in value of financial assets over equity	0	0	**0**	0
Total period for the period	**52 669**	**48 871**	**13 373**	**14 370**

BALANCE SHEET

(amounts in NOK 1.000)	Notes	31.12.18	31.12.17
ASSETS			
Loans to and claims on credit institutions	11	414 457	430 762
Loans to and claims on customers	6,7,8,9,10	7 383 826	6 628 775
Certificates		24 957	49 968
Other assets			
Total assets		**7 823 240**	**7 109 505**
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions	12	708 965	1 024 389
Borrowings through the issuance of securities	13,14	6 497 568	5 476 143
Other liabilities		15 979	16 071
Total liabilities		**7 222 512**	**6 516 603**
Paid-in equity capital	15,16,17	540 010	540 010
Accrued equity capital/retained earnings	17	60 718	52 892
Net profit		**600 728**	**592 902**
Total equity capital		**7 823 240**	**7 109 505**

CHANGE IN EQUITY

	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
Equity capital as at 31.12.17	**540 000**	**10**	**52 892**	**592 902**

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.18	540 000	10	52 892	592 902
Issued new share capital			0	0
0			-198	-198
Implementing IFRS 9			4 226	4 226
Paid out			-48 871	-48 871
Profit			52 669	52 669
Equity capital as at 31.12.18	**540 000**	**10**	**60 718**	**600 728**

CASH FLOW STATEMENT

	31.12.18	31.12.17
Change in lending to customers	-750 688	-1 005 251
Interest income lending to custumers	188 416	170 180
Change deposits from customers	-315 423	44 277
Interest cost deposit from customers	-17 108	-17 663
Change sertificates and bonds	25 012	-24 994
Interest income sertificates and bonds	0	1
Comission income	11	14
Payments relating to operations	-10 313	-9 301
Paid tax	-11 608	-12 700
Other cutoffs	-3 039	3 645
A Net liquidity change from operating activities	**-894 740**	**-851 792**
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 Liquidity change from financial activities	**0**	**0**
New borrowing through issuanse of securities	2 447 000	3 195 000
Repayments - issued securities	-1 424 000	-2 244 000
Interest payments borrowing through issuance of securities	-95 694	-78 197
New share capital	0	150 000
Dividend to share owners	-48 871	-33 102
C Net liquidity change financing	**878 435**	**989 701**
A+B+C Net liquidity change in the period	-16 305	137 909
Liquid funds at the start of the period	430 762	292 853
Liquid funds at the end of the period	414 457	430 762
Liquid funds specified	**-16 305**	**137 909**
Balances with credit institutions without notice periods	414 457	430 762

NOTES

NOTE 1. ACCOUNTING PRINCIPLES

The interim financial statements have been reported in accordance with IFRS and have not been audited. The accounting principles are described in the annual accounts for 2017. Effects of implementation of IFRS 9 are described in notes 1 and 9 in the annual report.
Note 9 in the annual report shows the classification and measurement of financial instruments per 31.12.17 in accordance with IAS 39 and 01.01.18 in accordance to IFRS 9. In addition, the note shows reconciliation of loss provisions IAS 39 and IFRS 9, as well as the effect on equity upon implementation. The company has chosen not to recalculate the comparative figures for 2017.
For Helgeland Boligkreditt, IFRS 9 has had consequences for the calculation of loss write-downs as well as for accounting for changes in the value of securities that have been classified as held available for sale in accordance with IAS 39. Changes in value were previously recognized in comprehensive income, but from 01.01.18 such changes in value are recognized in ordinary profit.

Impairment losses on loans and guarantees

Definitions:
The model for impairment of financial assets according to IFRS 9 applies to commitments measured at amortized cost (commitments with floating interest rate are defined under this category). The standard entails requirements for loss provisions also on new commitments, by making a write-down for expected credit losses as a result of expected default in the next twelve months. The model calculates expected losses for all customers at the account level. The calculation includes loans, guarantees, unused credit and loan commitments.

Loss on commitments

For loans where the credit risk has increased substantially after initial recognition, a write-down shall be made for the expected credit loss over the maturity of the loans.

The bank has developed a model in collaboration with several other banks. The model contains macro-scenarios according to IFRS 9 (3 scenarios).

According to previous rules. Write-downs for losses should only take place when there was objective evidence that a loss event has occurred after the initial recognition. According to IFRS 9, loss provisions are recognized based on expected credit loss.

The model calculates expected losses for all accounts. All account commitments are entered into one of the three “steps” in the model, based on their risk change since granting (change in credit risk). For the description of the individual “steps”, see explanations below. All commitments are placed at the time of recognition in step 1, and are moved at a later time to step 2 in those cases where each has a significant increase in credit risk, or step 3; where there is objective evidence of loss.

Step 1: 12 months expected loss
This includes most cases of financial assets that are covered by the general loss model. Financial instruments that have similar credit risk (or better) at initial recognition, and therefore not classified under steps 2 and 3, are included in this step. The estimated expected loss attributable to the accounts corresponds to the expected loss over the next 12 months.

Step 2: Expected loss in the lifetime
Financial assets that have had a significant increase in credit risk since initial recognition are placed in step 2. If an account commitment is significantly aggravated or not, it is defined as a function of probability of default (PD) at the time of calculation and probability of default at the time of grant. Expected loss for assets in step 2 is calculated over the residual maturity of the assets.

The model has the following additional indicators and customer engagement override rules (lending to customers) that would otherwise have been calculated under step 1:

- Commitments where there is a 30 day default/overdraft will be automatically moved to step 2. This applies to overdrafts from the first NOK, but older than 30 days.
- Commitments where there is a greater overlay are automatically moved to step 2 (from step 1). This applies to overdrafts from the first day, where the balance is considerably larger than the grant.
- Commitments with changed payment commitments or refinancing (forbearance) are automatically moved to step 2 (from step 1).

Step 3: Expected loss in the lifetime. Significant increase in credit risk after initial recognition and objective evidence of loss.
In step 3 of the loss model, assets that have had a significant deterioration in credit risk since initial recognition and where there is objective evidence of loss at the reporting date. The bank has defined this as involvement in defaults (>90 days) / bankruptcy/ chord treatment/ established losses etc. or commitments where individual write-downs have been made. In this step, the model calculates an expected loss over the residual maturity of the asset.

Total commitment from a customer is considered to be in default when overdue instalments or interest are not paid 90 days after maturity or framework credits are overdrawn for 90 days or more.

The same model is used for group, parent bank and wholly-owned mortgage companies, but with different data definition when it comes to initial recognition. For the group and the parent bank, the account's grant date must be used, while for the mortgage company the score is used at the transfer date.

In the model, expected credit loss is calculated on the individual account.
In cases where individual assessments of the customer is made, and this can result in an individually assessed loss provision. Individually assessed loss provisions are usually made on commitments that are in step 3. In these cases, expected losses are not calculated on this customer in the calculation model. Step 3 includes both such individually assessed provisions, as well as model-calculated expected losses.

Prerequisites in the calculation model
It is decided whether an engagement is "substantially aggravated" by comparing the probability of default (PD) at the time of grant with PD at the time of calculation.

Assessment of significant deterioration is based on both a relative increase in PD and the absolute change. The level is set so that both the relative change is significant and that the level itself is not insignificant compared to what is considered low risk. In addition, it is envisaged that if there is a major absolute change, it should in any case be considered significantly worse.

An engagement that at the time of calculation has a PD higher than 0.75 %, and at the same time has either twice as high PD or has received a PD which is at least 5 %-points higher, is considered to be significantly worse.

Periodically expected losses are calculated as the product of probability of default (PD), exposure in the event of default (EAD) and loss given default (LGD), and shall be the right of expectation. The PD model has been in use and validated by the bank since 2009, while the LGD model has been developed from 2017.

The bank's PD model gives PD (probability of default), at customer level, one year ahead. The PD model gives the likelihood that the customer will default and will default on all their commitments. The customer's PD can therefore be used at the account level.
The bank does not have a lifetime PD model. The calculation model contains a projection of PD, under the assumption that all customers will tend towards the bank's average.
The data base contains historical data on the observed probability of default (PD) and loss given default (LDG). This will form the basis for validation of model LGD when the data basis is sufficient.
Three different scenarios, affecting projected LGD and PD, have been developed based on historical data and macro variables.

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 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

	31.12.18	31.12.17	Q4/18	Q4/17
Interest income of lending to and claims on credit institutions	2 302	1 639	573	478
Interest income of lending to and claims on customers	188 416	168 543	49 697	44 300
Total interest income	**190 718**	**170 182**	**50 270**	**44 778**
Interest expense on liabilities to credit institutions	17 108	17 663	3 332	3 569
Interest expense on issued securities	95 694	78 197	27 718	19 853
Other interest expenses		0		0
Total interest expenses	**112 802**	**95 860**	**31 050**	**23 422**
Net interest income	**77 916**	**74 322**	**19 220**	**21 356**

NOTE 4. OPERATING COSTS

	31.12.18	31.12.17	Q4/18	Q4/17
Management fee and wage general manager	7 548	6 646	1 943	1 755
Other administration costs	33	29	4	3
Total wages and administration costs	**7 581**	**6 675**	**1 947**	**1 758**
Other operating costs	2 733	2 625	177	418
Total operating costs	**10 314**	**9 300**	**2 124**	**2 176**

NOTE 5. WRITE DOWNS ON LENDING

Losses on loans	**31.12.18**	**31.12.17**
Perodic change in individual write-downs		0
Periodic change in write-downs on groups of loans		900
Periodens endring i nedskrivninger trinn 1-3	-124	0
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
Write-downs on commitments etc.	**-124**	**900**

Deduction for loss and loss cost is calculated in accordance to new accounting standard IFRS 9, method is explained in the annual report note 9. Numbers for corresponding period last year and 31.12.17 is stated in accordance to IAS 39 and will not be directly comparable with 2018.

NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

Geographical exposure of lending portfolio	**31.12.18**	**%**	**31.12.17**	**%**
Helgeland	5 775 821	78.2 %	5 197 130	78.3 %
Areas other than Helgeland	1 590 532	21.5 %	1 427 054	21.5 %
International1)	18 609	0.3 %	10 091	0.2 %
Total	**7 384 962**	**100 %**	**6 634 275**	**100 %**

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

NOTE 7. LENDING

IFRS 9 and expected write-downs on loans are described in note 1 in the quarterly report.

	Step 1	Step 2	Step 3		
	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	With individual write-downs	Total
Gross lending pr. 01.01.18	**6 390 501**	**242 278**	**1 497**	**0**	**6 634 275**
New loans / credits / guarantees	2 959 408	76 848	0	0	3 036 256
Transfers from step 1 to step 2	-153 397	148 700	0	0	-4 697
Transfers from step 1 to step 3	0	0	0	0	0
Transfers from step 2 to step 3	0	0	0	0	0
	0	0	0	0	0
Transfers from step 3 to step 2	0	0	0	0	0
Transfers from step 3 to step 3	0	0	0	0	0
Transfers from step 2 to step 1	94 040	-101 519	0	0	-7 479
Reduced portfolio	-1 983 267	-77 935	-1 497	0	-2 062 699
	0	0	0	0	0
Other adjustments	-209 145	-1 550	0	0	-210 695
Gross lending pr. 31.12.18	**7 098 140**	**286 822**	**0**		**7 384 962**
Unused drafts, guarantees etc.	471 326	6 562	0		477 888

Transition between steps includes changes in lending from the beginning to the end of the period.

	Trinn 1	Trinn 2	Trinn 3		
Tapsavsetninger	Forventet tap over 12 måneder	Forventet tap over levetiden til instrumentet	Forventet tap over levetiden til instrumentet	Individuelle nedskrivninger	Totalt
Tapavsetning pr. 01.01.18	**456**	**762**	**82**	**0**	**1 300**
Nye lån/kreditter/garantier	170	225	0	0	395
Overgang fra steg 1 til steg 2	-16	278	0	0	262
Overgang fra steg 1 til steg 3	0	0	0	0	0
Overgang fra steg 2 til steg 3	0	0	0	0	0
	0	0	0	0	
Overgang fra steg 3 til steg 2	0	0	0	0	0
Overgang fra steg 3 til steg 1	0	0	0	0	0
Overgang fra steg 2 til steg 1	9	-240	0	0	-232
Redusert portefølje (salg/konstatering/mv)	-173	-194	-82	0	-450
	0	0	0	0	
Andre endringer i perioden	-24	-115	0	0	-139
Tapsavsetninger pr. 31.12.18	**421**	**716**	**0**	**0**	**1 136**

Lending	**31.12.18**	**31.12.17**
Lending to customers	7 376 628	6 626 264
Accureds interests	8 334	8 011
Gross lending to customers	**7 384 962**	**6 634 275**
Individual write-downs	0	0
Lending to customers after individual write-downs	7 384 962	6 634 275
Group write-downs	-1 136	-5 500
Lending to and claims on customers, to amortized cost	**7 383 826**	**6 628 775**

NOTE 8. GUARANTEES AND COMMITMENTS

Unutilised credit and guarantees	**31.12.18**	**31.12.17**
Unutilised credit	477 888	449 481
Guarantees	0	0
Total conditional liabilities	**477 888**	**449 481**

NOTE 9. DOUBTFUL LOANS AND COMMITMENTS

Defaulted commitments	**31.12.18**	**31.12.17**
Gross defaulted commitments over 90 days	0	0
Individual write-downs of defaulted loans	0	0
Net defaulted commitments	**0**	**0**

NOTE 10. LENDING AND EXPECTED LOSS DIVIDED ON INDUSTRY

	Lending to amortized cost and fair value (OCI)						
	Gross lending	**Forventet tap**			**Gross lending**	**Gross lending**	**Net lending**
	Amortized cost	Step 1	Step 2	Step 3	Fair value (FVOCI)	Fair value (FVOCI)	Total
Total corporate market	140 517	-27	-110	-	-	-	140 380
Total retail market	7 244 445	-398	-601	-	-	-	7 243 447
Total	7 384 962	-425	-710	-		-	7 383 826
Expected loss off balance RM		-8	-5	-			
Expected loss off balance CM		-1	-	-			

Step 1: Classification at first time balance and healthy loans.
Step 2: Significant increase in credit risk since first time balance.
Step 3: Significant increase in credit risk since first time balance and objective proof (default etc)

NOTE 11. LOANS TO AND CLAIMS ON CREDIT INSTITUTIONS

	31.12.18	**31.12.17**
Liabilities to credit institutions without agreed maturity	414 457	430 762
Total lending to and claims on credit institutions	**414 457**	**430 762**
Total exposure at Helgeland in %	100 %	100 %

NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	31.12.18	31.12.17
Without agreed maturity	708 965	1 024 389
Total liabilities to credit institutions	**708 965**	**1 024 389**

The debt is entirely related to the parent bank Helgeland Sparebank

The Company has a credit facility (maturing> one year) of 1 500 million. As of 30/09/18 the idle frame was 870 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.

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	31.12.18
NO0010686710	NOK	53 000		Flytende	3mnd. Nibor+0,50	2013	2019	2020	53 048
NO0010709355	NOK	500 000		Flytende	3mnd. Nibor+0,40	2014	2020	2021	500 467
NO0010724065	NOK	500 000		Flytende	3mnd. Nibor+0,30	2014	2021	2022	500 162
NO0010748601	NOK	500 000	260 000	Flytende	3 mnd.Nibor+0,78	2015	2019	2020	240 656
NO0010740673	NOK	500 000		Flytende	3 mnd.Nibor+0,49	2015	2020	2021	500 657
NO0010764897	NOK	500 000		Flytende	3 mnd.Nibor+0,86	2016	2021	2022	500 632
NO0010769920	NOK	500 000		Flytende	3 mnd.Nibor+0,78	2016	2021	2022	501 686
NO0010782774	NOK	500 000		Flytende	3 mnd.Nibor+0,52	2017	2022	2023	500 228
NO0010804008	NOK	500 000		Flytende	3 mnd.Nibor+0,45	2017	2021	2022	500 444
NO0010785843	NOK	500 000		Flytende	3 mnd.Nibor+0,64	2017	2022	2023	500 443
NO0010810278	NOK	500 000		Flytende	3 mnd.Nibor+0,41	2017	2021	2022	500 486
NO0010819568	NOK	500 000		Flytende	3 mnd.Nibor+0,40	2018	2022	2023	498 468
NO0010826415	NOK	500 000		Flytende	3 mnd.Nibor+0,47	2018	2022	2023	500 746
NO0010831290	NOK	500 000		Flytende	3 mnd.Nibor+0,42	2018	2023	2024	500 414
NO0010839434	NOK	300 000	100 000	Flytende	3 mnd.Nibor+0,55	2018	2023	2024	199 030
Total listed covered bonds									**6 497 567**

All loans have soft call one year before maturity.

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
NO0010769920	NOK	500 000		Flytende	3 mnd.Nibor+0,78	2016	2021	2022	492 448
NO0010782774	NOK	300 000		Flytende	3 mnd.Nibor+0,52	2017	2022	2023	492 921
NO0010804008	NOK	500 000		Flytende	3 mnd.Nibor+0,45	2017	2021	2022	491 623
NO0010785843	NOK	500 000		Flytende	3 mnd.Nibor+0,64	2017	2022	2023	493 564
NO0010810278	NOK	500 000	100 000	Flytende	3 mnd.Nibor+0,41	2017	2021	2022	492 897
Total listed covered bonds									**5 476 143**

All loans have soft call one year before final maturity.

	31.12.18	31.12.17
Total listed bonds	**6 497 568**	**5 476 143**
Loans secured by property	7 325 150	6 580 923
Claims that constitutes cover pool (inc. Interests)	414 457	430 762
Total cover pool	**7 739 607**	**7 011 685**
Cover pool capacity utilization	1 242 039	1 535 542
Cover pool capacity utilization %	19 %	28 %
Cover pool capacity utilization %, own share covered bonds deducted	15 %	26 %

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

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

NOTE 15. CAPITAL ADEQUACY

	31.12.18	31.12.17
Total paid-in capital	540 010	540 010
Total accrued equity capital/retained earnings	60 719	52 695
Additional	0	
Deduction	-52 667	-48 921
Total core capital	**548 062**	**543 784**
Total net supplementary capital	0	0
Total net equity and related capital	**548 062**	**543 784**
Weighted asset calculation basis	2 954 987	2 736 285
Capital adequacy ratio	18.55 %	19.87 %
Of which core capital accounted for	18.55 %	19.87 %

	31.12.18	31.12.17
States and central banks	0	0
Local and regional authorities (including municipalities)	0	0
Publicly owned enterprises	0	0
Institutions	82 891	86 152
Enterprises	0	
Mass market loans	0	0
Loans secured by real property	2 726 072	2 529 114
Loans overdue	15 387	0
Other loans and commitments	233	142
Capital requirement credit risk	**2 824 583**	**2 615 408**
Capital requirement operational risk	130 404	120 877
Deduction from capital requirement	0	0
Total capital requirement	**2 954 987**	**2 736 285**

NOTE 16. SHARE CAPITAL

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

NOTE 17. RESULT PER SHARE

	31.12.18	31.12.17
Result so far this year	52 669	48 871
Number of shares	540 000	540 000
Result per share in NOK	98	91
Diluted result per share in NOK	98	91

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	**31.12.18**	**31.12.17**
Profit and loss account		
Interest income and similar income	2 302	1 639
Interest expense and similar expense	17 108	17 663
Management fee	7 548	6 646
Balance sheet		
Lending and claims on credit institutions	414 457	430 762
Liabilities to credit institutions	708 965	1 024 389
Liabilities from issue of securities	0	0

NOTE 19. KEY FIGURES

	31.12.18	31.12.17
Profit & Loss Account		
Gross profit (NOK 1.000)	52 669	48 871
Net interest as a % of average assets	1.05 %	1.16 %
Operation cost as a % of income	13.2 %	12.5 %
Net profit as a % of average assets	0.71 %	0.77 %
Balance sheet		
Gross lending (NOK 1.000)	7 384 962	6 634 275
Collective write-downs as a % of lending	0.0 %	0.1 %
12 months growth in customer lending	11.3 %	17.9 %
Total assets (NOK 1.000 kr)	7 823 240	7 109 505
Average total assets	7 434 347	6 381 718
Solidity		
Rate of return on equity capital	9.0 %	11.1 %
Core tier one Capital (NOK 1.000)	548 062	543 784
Core tier one Capital ratio	18.5 %	19.9 %
LR (Leverage Ratio)	6.8 %	7.4 %
Information on lending portfolio		
Surplus value of cover pool (NOK 1.000)	1 242 039	1 535 542
Surplus value of cover pool (%)	19 %	28 %
Indexed LTV	56 %	52 %
Propotion of variable-rate loans	100 %	100 %
Propotion of flexible mortgages*)	11 %	14 %
Average loan value (NOK 1.000)	1 138	1 032
Number of loans	6 486	6 421
Remaining maturity - weighted average (year)	22.25	19.1
Seasoning - weighted average (year)	2.5	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 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
www.hsb.no

Helgeland Boligkreditt AS
Address: PO Box 68, N-8601 Mo i Rana
Organization no.: 993 359 696
www.hsb.no

Investor Relations
Sverre Klausen, CFO, telephone +47 916 88 286
Tore Stamnes, Head of Treasury, telephone +47 415 08 660

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