BOLIGKREDITT

Annual report 2024

Annual report Helgeland Boligkreditt AS 2024

General information

Enterprise

Helgeland Boligkreditt AS was established in 2008 and is a fully owned subsidiary of SpareBank 1 Helgeland. The company is located at the bank's head office in Mo I Rana.

The company got licensed as a credit company in February 2009 and is able to issue covered bonds. The cover pool is primarily made up of residential mortgages granted by SpareBank 1 Helgeland. It is made agreements with the bank around services such as following up customers, management of loans, as well as administrative services.

Accounting standards

The accounts have been prepared in accordance with IFRS® Accounting Standards, approved by EU (IFRS). All numerical quantities are given in thousands if not otherwise stated. Helgeland Boligkreditt AS is listed on the Oslo Stock Exchange as a bond issuer.

Rating

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

Profit and loss account

The company's gross profit was MNOK 30.3. This is an increase of MNOK 2.0 compared to 2023. The increase is mainly related to a increased net interest by MNOK 5.9 while decrease in value change on financial instruments of MNOK 1.4, increase of operating costs of MNOK 1.2 and an increase in write-downs of MNOK 1.3 draws down the profit.

Net profit was MNOK 23.4 (22.2) which gives a return on equity of 4.1 (3.9) %. The company is well capitalized with CET1 ratio of 32.2 (29.8) %.

Key figures per 31.12.24 (31.12.23)

- Net profit MNOK 23.4 (22.2)
- Net interest MNOK 39.6 (33.8)
- Operation costs MNOK 9.9 (8.7)
- Return on equity 4.1 (3.9) %
- CET1 capital ratio 32.2 (29.8) %
- Cover pool ratio of fullness 25 (38) %
- Indexed LTV 51 (50) %

Allocation of profit

The Board of Directors proposes that the profit for 2024 of MNOK 23.1 be given in dividend to SpareBank 1 Helgeland. The size of the group contribution is considered justifiable based on the company's capital situation.

Balance development

Combined assets in Helgeland Boligkreditt AS constituted MNOK 4 655 (5 085) as of 31.12.24.

Cover pool

By the end of the quarter the company had mortgages of MNOK 4 093 (4 427). 80.2 (79.7) % of the mortgages are lent to customers in the Helgeland region. All the mortgages have floating interest rates, and 18.5 (14) % of the lending volume are flexi loans. The lending volume is reduced by MNOK 334, or 7.5 % over the last 12 months.

Loans qualified for the cover pool amounts to MNOK 4 069 (4 380). Loans in the cover pool meet the requirements of the Financial Institutions Act and are secured by residential mortgages within 75 % of appraised value. The lending portfolio is considered very good.

Helgeland Boligkreditt AS had a deposit in SpareBank 1 Helgeland of MNOK 413.5 as per 31.12.24 and are included in the supplementary security. Statutory bill of MNOK 50 and cover bonds of MNOK 100 are also included in the LCR calculation.

Funding

The lending portfolio is funded by issuing covered bonds totalling MNOK 3 535 (3 411), as well as long term credit from SpareBank 1 Helgeland.

The company's debt in finance institutions amounts to MNOK 473 (1 023). The debt is related 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 25 (38) %.

Cash-flow

The cash flow statement shows how Helgeland Boligkreditt AS has received liquid funds and how these have been used. It has been prepared based on gross cash flows from operating, invest and financing activities. Lending in 2024 decreased by MNOK 334. Liabilities to credit institutions decreased by MNOK 550 and Covered Bonds decreased by MNOK 111. Total liquidity change is MNOK 5.6.

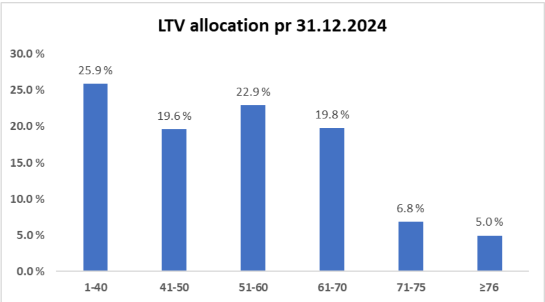
Risk conditions and capital ratio
Laws and regulations for companies licensed to issue covered bonds instruct that the risk levels should be low. The company has established guidelines and frames for governing and control of various forms of risk. There is a corporate agreement between Helgeland Boligkreditt AS and SpareBank 1 Helgeland 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 determines the framework for management objectives and risk profile. The company had no individual write-downs or write-offs. Total write-downs of loans by IFRS 9 amount to MNOK 1.7, or 0.04 % of gross lending.

The Board of Directors assesses the quality of the loan portfolio to be very good. A potential decrease in housing prices will reduce the net value of the cover pool. Quarterly stress tests are therefore carried out to calculate the effects of any negative development in the housing prices. The Board considers the results of these stress tests satisfying.

The average LTV (Loan-to-value) ratio was per 31.12.24 are 51 (50) %. 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 with maturity exceeding 1 year was 89.4 (83.6) %. This is well above the target of 70 %. Average remaining term for covered bonds was 3.6 (2.1) years.

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

At the end of the year, the company has an LCR of 1 599 (3 748) % and a NSFR of 122 (121) %.

Market risk
The company has some exposures in stocks or securities, and only owns a treasury bill. Mainly, the funding carry floating interest rates, and one loan with fixed interest. There are no loans in foreign currency. Interest rate risk is within the company's governing framework.

Operating risk
The transfer- and service agreement between Helgeland Boligkreditt AS and SpareBank 1 Helgeland ensures and maintains the operational risk. The agreement includes administration, customer care, IT-management, finance- and risk management.

ESG risk
ESG risk is the risk for loss as a consequence of current or future effects from ESG factors affecting the core operation of the company. Either through counterparts or investments. ESG risk materializes through traditional categories of financial risk (credit risk, market risk, operational and reputational risk, liquidity and financial risk).

Helgeland Boligkreditt's work with ESG risk is anchored in the sustainability strategy, policy for social responsibility and sustainability adopted in the group.

A more detailed description of the group's work related to ESG is available in the group's annual report, and in the sustainability library at www.sbh.no

Capital ratio
The capital ratio per 31.12.24 was 32.2 (29.8) % and consists solely of MNOK 547 CET1 capital.

The standard formula is used to calculate the capital requirements, and the basic indicator approach is used to calculate operating risk. The company's goal for CET 1 capital is 15.5 % and total capital ratio of over 19.0 %.

Corporate responsibility
Large companies are required to prepare a statement about how they exercise CSR, cf. the Accounting Act §3-3C. The parent bank, SpareBank 1 Helgeland, prepares such a statement for the Group that also covers subsidiaries. Reference is therefore made to our parent bank's annual report for further information.

Staff
Helgeland Boligkreditt AS has no employees. An agreement has been made with SpareBank 1 Helgeland regarding the provision of services relating to loan servicing and administration of the company. Helgeland Boligkreditt AS is committed to gender equality. The Board has 3 members where all members are women.

Events after the day of balance
There have not been any events of significant importance for the report after the balance date.

Prospects ahead
The future for Helgeland Boligkreditt AS and Helgeland, looks positive in the first place. Low unemployment, large infrastructure and industry projects and relatively stable turnover numbers is factors that substantiates this. However, we have seen a decrease in housing prices through 2024 and there is uncertainty related to the macroeconomic situation, and which consequences these aspects will have for the company.

The housing market in Helgeland, especially in Mosjøen and Mo I Rana, can be characterized as well-functioning, but there has been a decrease in prices in Helgeland through the whole of 2024. The decrease in prices in Helgeland in 2024 is larger compared to a price index for Norway overall. It is however varying degrees of price decrease between different parts of Helgeland.

Unemployment has stabilized on a low level. For Helgeland, the unemployment is by the end of 2024 1.6 % against 2.0 % nationally.

Helgeland Boligkreditt AS is expected to operate further with total assets of current level.

Mo i Rana, 17. march 2025

Hanne Nordgaard *Chairman*	Svenn Harald Johannessen	Brit Søfting
		Sten Ove Lisø *General Manager*

Corporate Governance
The company's policy for corporate governance shall ensure that governance of the company's activities is in line with general and recognized perceptions and standards, in addition to laws and regulations. The policy describes values, goals, and general principles. The objective is to ensure good interaction between the company's various stakeholders to protect the owners, and other groups interests in the company.

The company's policy is concretized in various governing documents for the activities of Helgeland Boligkreditt AS. These include the company's articles of association, strategy document, policy documents, budget, mandates and frameworks, descriptions of procedures, framework for governance and control, guidelines for systems and processes that focus on risk management and internal control in the company. These documents are based on the Norwegian Code of Corporate Governance and the Committee of European Banking Supervisors principles for overall governance and control.

It is Helgeland Boligkreditt AS ambition to follow the above recommendations as far as appropriate.

In accordance with point one in the Norwegian Code of Practice for Corporate Governance, follows an account of the company's compliance with the provisions of the Code.

The General Meeting is the company's highest body and is exercised by the CEO of SpareBank 1 Helgeland.

Operations
Helgeland Boligkreditt AS was established to be the bank's company for issuing covered bonds.
The mortgage company acquires residential mortgages which are secured within 75% of appraised property value. The mortgage loans are purchased from SpareBank 1 Helgeland.

The mortgages are granted through the bank's distribution channels and the bank is responsible for customer relations, customer contact and marketing.

The company's strategic platform is summarized in strategic and financial goals that are updated at least annually.

Equity
The company's equity consists of share capital, share premium reserve and retained earnings. The company's goal for tier one capital adequacy is 15.5 %. Internal target requirements were last revised in accordance with CRD IV requirements in connection with the company's strategy process in 2024.

Elections
The general meeting elects the Board of Directors.

The Board's composition and independence
The Board of Directors consists of 3 permanent members, whereof two women and one man.

Important criteria for the Board members and composition of the Board are qualifications, gender, capacity, and independence.
In its activity plan the Board has assumed an annual evaluation of the independence of its members and the Board's overall competence.

The Board meets at least once every quarter and works according to a set schedule for the year. In addition to the elected members, the general manager also attends the Board meetings. The Board of Directors has overall responsibility for the administration of Helgeland Boligkreditt AS and to oversee the daily management and operations. The Board's management responsibilities include responsibility for organizing the company in a proper manner, the responsibility to draw up plans and budgets for the company, for keeping itself informed about the company's financial position and the company's activities, asset management and accounts are subject to adequate controls. The annual strategy process/rollover of the strategic plans is a priority. Overall goals and strategies are determined, and on the basis of those action plans and budgets are drawn up. The general manager prepares matters to be considered by the board, together with the chairman.

Risk management and internal control
Good risk and capital management is essential to the long-term value creation of Helgeland Boligkreditt AS. Risk management is linked to four risk areas:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk, including HSE, IT, communications, market, compliance and anti-money laundering (AHV) and terrorist financing.
- ESG risk

The choice of method for risk assessment should be based on the company's complexity and the scope of the various business areas. The Board of Directors of Helgeland Boligkreditt AS assumes that the company shall be well capitalized.
Capital assessments (ICAAP) are included in the SpareBank 1 Helgeland Group and are completed at least once a year. The company's capital strategy will be based on real risk in the activities, supplemented by the effect of various stress scenarios.

The responsibility for implementation of the company's risk and capital management is divided between the Board of Directors, the General Manager and the operational units of the parent bank; SpareBank 1 Helgeland. The Board is responsible for ensuring that the company has sufficient capital, based on the desired risk and the company's activities. The General Manager is responsible for the company's overall risk management, including the development of effective models and framework for management and control.
Helgeland Boligkreditt AS has adopted a policy for risk management and internal control that determines objectives for and the organization and implementation of internal control activities (including through agreements with the parent bank). This also includes requirements for reporting the status of the company's risk profile and the quality of internal control, as well as monitoring risk reducing measures.

The internal auditing is outsourced to an external auditing and consulting company.

Remuneration to the Board
The General Meeting determines remuneration rates for the Board.

Management remuneration
The company has no employees. An agreement has been made with SpareBank 1 Helgeland regarding the provision of services related to management and operation of the company.
The company has no option- or bonus agreements.

Information and communication
Helgeland Boligkreditt AS is listed on the Oslo Stock Exchange (ABM) as an issuer of covered bonds and reports dates of major events such as the publication of financial information in the form of interim reports and annual reports. Corresponding information is published on the parent bank's website.

Auditor
The General Meeting has appointed PricewaterhouseCoopers as external auditor and approves the auditor's fees.

Investigator
BDO AS is appointed by the Financial Supervisory Authority of Norway as an independent investigator of Helgeland Boligkreditt AS.

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INCOME STATEMENT (amounts in NOK 1.000)

	Note	31.12.24	31.12.23
Interest income fom assets measured at amortized cost	4	36 038	31 211
Interest income fom assets measured at fair value	4	236 923	210 744
Interest payable and similar costs	4	233 326	208 180
Net interest- and credit commission income		**39 635**	**33 775**
Commissions receivable and income from banking services		5	7
Net commission income		**5**	**7**
Gains/losses on financial assets available for sale	5	1 070	2 448
Operating costs	6,22	9 856	8 694
Losses on loans, guarantees etc.	2	556	-761
Operating profit		**30 297**	**28 299**
Profit before tax		**30 297**	**28 299**
Tax payable on ordinary result	7	6 927	6 135
Profit from ordinary operations after tax		**23 370**	**22 164**
Yield per share in NOK	24	43	41
Diluted result per share in NOK	24	43	41

OCI	**31.12.24**	**31.12.23**
Net profit	**23 370**	**22 164**
Posts in the OCI	-223	-642
Total profit in the period	**23 147**	**21 522**

BALANCE SHEET (amounts in NOK 1.000)

	Note	31.12.24	31.12.23
ASSETS			
Loans to and claims on credit institutions	2,9,10,17,22	413 539	407 921
Loans to and claims on customers	2,3,9,11,12,13,17	4 091 018	4 425 736
Certificates	2,9	150 188	247 063
Other assets	17	341	4 329
Total assets		**4 655 086**	**5 085 049**
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions	2,9,17,22	472 951	1 022 820
Borrowings through the issuance of securities	2,9,14,15,17	3 534 586	3 411 268
Financial derivatives	2,14,17	68 673	74 985
Other liabilities	8,14	7 696	6 423
Total liabilities		**4 083 906**	**4 515 495**
Paid-in equity	19,20,23	540 010	540 010
Accrued equity/retained earnings	19,20,22	31 169	29 544
Total equity		**571 179**	**569 554**
Total liabilities and equity		**4 655 086**	**5 085 049**

Mo i Rana, 17. march 2025

Hanne Nordgaard
Chairman

Svenn Harald Johannessen

Brit Søfting

Sten-Ove Lisø
General Manager

CHANGE IN EQUITY DURING THE YEAR

	ECC capital	Premium fund	Other equity	Total
Equity 01.01.24	540 000	10	29 544	569 554
Unrealized gains fund				0
Paid out during the year			-21 522	-21 522
Allocated dividend			23 147	23 147
Equity 31.12.24	**540 000**	**10**	**31 169**	**571 179**

	ECC capital	Premium fund	Other equity	Total
Equity 01.01.23	540 000	10	36 705	576 715
Unrealized gains fund				0
Paid out during the year			-28 683	-28 683
Allocated dividend			21 522	21 522
Equity 31.12.23	**540 000**	**10**	**29 544**	**569 554**

CASH FLOW STATEMENT

	31.12.24	**31.12.23**
Lending to customers	333 649	734 336
Interest income lending to custumers	257 433	230 779
Sertificates and bonds	100 000	-100 000
Interest income securities	5 302	3 677
Comission income	5	7
Payments relating to operations	-9 856	-8 694
Paid tax	-6 269	-7 803
Other cutoffs	8 133	3 751
A Net liquidity change from operating activities	688 397	856 053
New borrowing through issuanse of securities	2 807 000	1 890 000
Repayments - issued securities	-2 696 000	-2 798 000
Deposits from credit and financial institutions	-549 868	307 127
Interest cost deposit from credit and financial institutions	-56 769	-36 108
Interest income credit and financial institutions	10 226	7 500
Interest payments borrowing through issuance of securities	-175 845	-170 663
Dividend to share owners	-21 522	-28 295
C Net liquidity change financing	**-682 778**	**-828 439**
A+B+C Net liquidity change in the period	5 619	27 614
Liquid funds at the start of the period	407 921	380 307
Liquid funds at the end of the period	413 539	407 921
Liquid funds specified	5 618	27 614
Balances with credit institutions without notice periods	413 539	407 921

NOTE 1. ACCOUNTING PRINCIPLES

General background
Helgeland Boligkreditt AS obtained its license as a finance institution in February 2009. The company is a fully owned subsidiary of SpareBank 1 Helgeland and was established to be the parent bank's enterprise for issuance of covered bonds. The company has its head office in Mo i Rana, with address Jernbanegata 15, 8622 Mo i Rana,

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 with international accounting rules (IFRS). The company is a part of the SpareBank 1 Helgeland Group. The company uses the same principles of measurement, classification, and presentation as the consolidated accounts for SpareBank 1 Helgeland. In the annual accounts, prerequisite of continued operation is assumed.

Presentation in the balance sheet and profit and loss account
Loans and claims to customers
Interest income on loans is included in the line for "net interest income of assets measured at amortized cost". Value changes related to write-downs is recognized in "write-downs of loans and guarantees".

Loans and claims on credit institution
Interest income on loans and claims on credit institutions is recognized on the line “net interest income of assets measured at amortized cost”.

Security
Interest income on certificates is recognized on the line “net interest income of assets measured at real value”.

Financial derivates
Financial derivates is exclusively interest derivates related to the company’s hedging. Interest income and costs related to the interest derivates is recognized in “interest payable and similar cost”. Financial derivates is measured at real value over the PLA.

Liabilities to credit institutions
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.

Changes in accounting principles and information
There are no changes in standards or interpretations in 2024 lead to significant changes in the accounting principles in the company.

There are no standards or interpretations not implemented yet, that is expected to have significant effect on the company’s annual report.

Financial instruments
Financial instruments are recognized in accordance with IFRS 9. IFRS 9 has a principle-based approach to whether financial assets should measure at amortized cost or at fair value. The measurement categories for financial assets in IFRS 9 consist of fair value with changes in value through profit or loss, fair value through change (OCI) and amortized cost.

Initial recognition of the asset determines the measurement of the financial asset. The business model for keeping the financial instruments will be crucial for choosing the category. Financial instruments held to receive contractual cash flows shall, in principle, measure at amortized cost.

Financial assets, which are both kept to receive contractual cash flows and for resale shall in principle measure at fair value with changes in value over extended earnings (OCI).

Derivatives used in connection with hedge accounting are measured according to the principles of hedge accounting.

Note 2.1.1 shows loans and write-downs in accordance with IFRS 9.

Financial instruments at amortized cost
Debt instruments that have cash flows that only represent the payment of interest and installments, and where the purpose is only to keep the instrument to receive contractual cash flow, shall be carried at amortized cost. In the Group, all loans and loans with floating interest rates are classified at amortized cost.

Assets and liabilities:

- Lending at floating interest rate
- Liabilities to credit institutions
- Debt securities at floating interest rate

Lending to customers

Loans to and receivables from customers are initially measured at fair value with the addition of the direct transaction costs. During periods after the first measurement, loans at amortized cost are valued according to the effective interest method. The loans are written down in accordance with IFRS 9.

Potential exposure

Unused credits, non-discounted loans and guarantees granted are off balance sheet items presented in notes. Off balance posts are mainly related to unused credits on flexible loans. Revenue is presented in commission income and income from banking services. Off balance sheet items included in the calculation of expected losses are presented in the balance sheet under other liabilities.

Write-downs on loans

The rules in IFRS 9 for impairment of financial assets apply to commitments measured at amortized cost (commitments with floating interest rates 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. Expected losses for all customers at the account level are calculated. The calculation includes loans, guarantees, unutilized credit and loan commitment.

For loans where the credit risk has increased substantially after initial recognition, write-downs shall be made for the expected credit loss over the maturity of the loans. The bank uses a model for this that was developed by the SpareBank 1 Alliance, and which is used by the banks in the alliance. The model contains macro scenarios according to IFRS 9 (3 scenarios). The model is described in more detail in note 2.1.1.

The expected loss is calculated for all accounts. All account exposures are entered into one of the three “steps” in the loss model, based on their change in risk since approval (change in credit risk). For a description of the individual "steps", see the explanations below.

All engagements that do not already have objective evidence of loss at the time of recognition are placed at the time of recognition in step 1, and are moved at a later time to step 2; in those cases where there has been a significantincrease in credit risk, or stage 3; in those cases where there is objective evidence of loss.

Step 1: 12 months expected loss.

This includes most cases of financial assets covered by the general loss model. Financial instruments that have a similar probability of default (or better) over the remaining term that are covered by this step when initially recognized. The calculated expected loss set aside in the accounts corresponds to the expected loss from default in the next 12 months.

Step 2: Expected loss of life.

In step 2, financial assets are placed that have had a significant increase in probability of default (PD) since initial recognition. Whether a commitment is "significantly deteriorated" is determined by comparing the probability of default (PD) at the time of approval with the 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 in itself is not insignificant compared to what is considered low risk. A commitment which, at the time of calculation, has a PD higher than 0.60% and at the same time has an increase in PD of 150% or more, is considered to have significantly deteriorated.

In addition, the following events are also considered to constitute a significant increase in credit risk:

- Engagement where there is a 30-day overdraft or arrears.
- Customers active forbearance measures or customers in a trial period
- Customers under surveillance (watchlist)

The bank has internal routines for marking and identifying customers who have received a payment deferral. A customer who has been granted payment relief that is covered by the Norwegian Financial Supervisory Authority's guidelines for reporting will be marked for a period of at least 2 years.

Step 3: Expected loss of life
In step 3 of the loss model are assets where there is objective evidence of loss at the time of reporting. Expected loss for assets in step 3 is calculated over the remaining life of the asset. Interest income is calculated from the asset's net book value. Step 3 includes both non-performing loans and credits, as well as commitments where there is other objective evidence of losses.

The same model is used for the group, parent bank and wholly owned mortgage companies.

Objective evidence for loss
With background of current internal guidelines, commitments are monitored on an ongoing basis with a view to identifying commitments at risk of loss. Objective evidence of loss is default according to definition below, as well as loans and other engagements that are not in default, but where the customer's financial situation makes it likely that the group will suffer a loss.

In addition to defaulted engagements, the bank has defined that there is objective evidence of loss in an engagement where bankruptcy has been opened, losses on the engagement have been ascertained, individually assessed provisions have been made, or other individual assessments that indicate that there is objective evidence of loss. In the case of individually assessed write-downs, model write-downs for the relevant commitment are overridden. Objective evidence of loss is assessed at customer level.

Default loans
Total commitment from a customer is considered defaults when overdue installments or interest are not paid 90 days after maturity, and defaulted amount coherent is over NOK 1000 for the retail market and NOK 2000 for the corporate market, together with a relative amount limit of 1 % of the total amount.

Changed payment terms because of payment difficulties are marked as in default if this results in a change in the value of the cash flow of more than 1%. In the event of several changed payment terms related to payment difficulties within a time period of one year, this results in the customer being treated as in default. Customers for whom there are individual write-downs are treated as in default. In addition, the portfolio is reviewed quarterly to identify customers who are to be individually marked with "unlikeliness to pay". See also point about objective evidence of loss.

Refreshment
Stage 1 is considered the standard stage. Any account commitment which at the time of calculation, does not meet the criteria for being in stage 2 or 3, as described above, will be calculated in stage 1.

Modification
When the contractually regulated cash flows from a financial asset are renegotiated or otherwise changed, and the renegotiation or change does not result in the financial asset being deducted, the financial asset's gross balance sheet value is recalculated and a change gain or a change loss is recognized in the result. The financial asset's gross carrying value is recalculated as the present value of the renegotiated or changed contractually regulated cash flows, discounted with the financial asset's original effective interest rate. Any incurred costs or fees are taken into account in the calculation.

Securities with floating interest rates
On initial recognition, the debt is measured at fair value with the addition of direct transaction costs. In subsequent measurements, the debt is valued at amortized cost using the effective interest method.
• Financial instruments at fair value above profit
• Assets and liabilities:
• Lending at a fixed rate
• Derivatives outside of hedging
• Certificates, bonds (interest-bearing securities) and shares

Financial instruments at fair value through profit or loss:
Certificates and bonds
Certificates are classified at fair value.

Financial instruments hedging
Assets and liabilities:
• Fixed rate debt securities
• Derivatives hedging

The company uses hedge accounting when it comes to fixed rate debt securities. The hedge covers the interest rate risk in the bonds. Changes in value are recognized in the income statement under net gains / losses on financial instruments. Upon early redemption or repurchase of issued bonds, any gain / loss on net gain / loss on financial instruments is recorded. The Group has a policy of securing all exposure to fixed-income securities. The hedging instruments secure the total amount and have maturity, volume and fixed interest rate corresponding to the individual fixed rate salary. The floating leg of the hedging instrument has been agreed with NIBOR for 3 months.

IFRS 9 simplified the requirements for hedge accounting by linking hedge effectiveness more closely with risk management activities, thus providing greater opportunity for qualitative assessment. In order to use hedge accounting in accordance with IFRS 9 requires there to be an economic relationship between the hedging instrument and the hedged item. In addition, the effect of credit risk cannot dominate value changes in the hedging relationship. According to IFRS 9, a prospective (future-oriented) efficiency test is sufficient, the efficiency test is carried out in accordance with the requirements of IFRS 9. Hedging ineffectiveness, defined as the difference between the value adjustment of hedging instruments and the value adjustment of the hedged risk, is recognized in the income statement as it occurs. The fair value of the derivatives used in hedging relationships is shown in note 22.2.

Financial instruments at fair value over the OCI
Assets:

- Mortgages at floating interest

According to IFRS 9, these loans must be classified at fair value over comprehensive income (held to receive contractual cash flows and resale). The company only sells parts of the loans that qualify for transfer to housing credit companies. Loans that are part of the business model that qualify for sale are therefore held to receive contractual cash flows and for sale. Based on this, the company therefore classifies all mortgages at fair value above other income and costs.

Interest income and interest cost
Interest income is recognized using the effective interest method. This entails ongoing income recognition of nominal interest with the addition of amortization of establishment fees less direct establishment costs. Income recognition of interest according to the effective interest method is used for balance sheet items assessed at amortized cost. Interest income for financial assets in step 1 and step 2 is calculated using the effective interest method on the financial asset's gross value, while interest income for financial assets in step 3 is calculated based on the financial asset's amortized cost.

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 PLA 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 flows
The cash flow statement (IAS 17) shows payments and payouts of cash and cash equivalents throughout the year. Cash and cash equivalents are defined as cash and receivables from central banks.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits, other short-term highly liquid investments with maturities of three months or less and company overdrafts.

Comparability
Comparative figures have been adjusted where it is considered necessary for them to be in accordance with the presentation for the current year.

Note 1.1 Estimates and discretionary assessments

The company makes estimates and assumptions that has effect on the reported balance numbers for the next accounting year. Estimates and evaluations is frequently an object for evaluation and is based on historically experience and other factors, hereunder expectations in relation to future events seen as reasonable.

Write downs on lending
Evaluation for write downs will partly be based on judgement. Loan portfolios/ guarantee liabilities are monitored continuously with need for write downs/provisions.
Write downs/provision is made in accordance with IFRS 9. See accounting principles and note 2.1.2.

NOTE 2 CAPITAL MANAGEMENT AND RISK CONDITIONS

Risk and capital management

Risk and capital management supports the company's strategic development and ambitions. The main objective is to ensure the realization of the group's financial and operational goals. Regardless of how good the risk management is, unexpected losses may occur which require the group to have sufficient equity capital. As part of the risk management work, the need for additional capital has been assessed for the various risk areas. The assessments are supported by various internal assessments and calculation models. This is summarized in the group's internal capital needs assessment process (ICAAP).

Risk categories and definitions:
• Credit risk: the risk of loss because of customers or counterparties not being able to fulfill their obligations
• Liquidity risk: the risk that the group will not be able to fulfill its obligations when due.
• Market risk: the risk of loss because of changes in market prices linked to activities and positions in securities (interest).
• Operational risk: risk of direct or indirect loss due to failure of internal routines, systems and processes, insufficient competence, damage to assets, operational interruptions, system errors and internal or external fraud.
  - Compliance risk: Risk of not complying with regulatory requirements and internal routines/guidelines
  - AML risk: Risk of not complying with the anti-money laundering and terrorist financing law and regulations and not complying with internal regulations with the intention of fulfilling the law's requirements.
  - ICT risk Risk that our ICT solutions do not work as intended, are misused or that data is compromised or goes astray
  - ESG risk: Risk arising from current or future effects from ESG factors that affect the core business of the bank.

Risk management is central to day-to-day operations and the board's ongoing work. The risk is managed primarily through policy and guidelines, frameworks, authorizations, reporting requirements and requirements for competence.

The board determines the group's credit policy, which covers credit risk, and the group's financial strategy, which covers liquidity risk and market risk. The bank has a credit committee and a finance committee for the management and follow-up of risk in line with the management framework and powers given by the board.

An agreement has been concluded with SpareBank 1 Helgeland which, among other things, takes care of operational risk.In addition, a number of underlying delivery agreements have been entered into with the parent bank, which include, among other things, services regarding administration, bank production and IT operations.
The company has no exposure in foreign currency.

NOTE 2.1 CREDIT RISK

Overall, the credit risk of the company is characterized low; average LTV per 31.12.24 was 50,6 (50) %.

NOTE 2.1.1 CREDIT EXPOSURE

Balance items	31.12.24	31.12.23
Loans to and claims on credit institutions	413 539	407 921
Loans to and claims on customers	165 746	209 933
Lending to and claims on customers, to amortized cost	**579 285**	**617 854**
Leding to customers at fair value	3 926 950	4 216 710
Certificates and obligations	150 188	247 063
Lending to and claims on customers, at fair value	**4 077 138**	**4 463 773**
Potetntial exposure to credit lines	414 759	376 199
Total credit exposure, balance items	**414 759**	**376 199**
Unused credit limit	0	0
Total credit exposure, off-balance sheet	**414 759**	**376 199**
Total credit exposure 1)	**5 071 182**	**5 457 826**

1) The credit exposure by IFRS is the amount that best represents the maximum exposure to credit risk. For a financial asset this is the gross carrying value and any potential exposure.

NOTE 2.1.2 COMMITMENTS AND LOSSES AND RISK CLASSES

31.12.24	Step 1	Step 2	Step 3	
Gross lending	**Expected loss over 12 months**	**Expected loss over the instruments life time**	**Expected loss over the instruments life time**	**Total**
Gross lending pr. 01.01.24	**4 273 285**	**153 275**	**84**	**4 426 644**
Provission loss transferred to step 1	38 206	-38 206	0	0
Provission loss transferred to step 2	-51 494	51 494	0	0
Provission loss transferred to step 3	-1 350	-819	2 169	0
New issued or purchased financial assets	844 393	17 539	0	861 932
Increase in draw on existing loans	41 632	3 980	0	45 612
Reduction in draw on existing loans	-188 923	-8 559	-25	-197 507
Financial assets deducted	-986 353	-57 550	-84	-1 043 986
Change due to confirmed write-downs (confirmed losses)	0	0	0	0
Gross lending pr. 31.12.24	**3 969 397**	**121 154**	**2 143**	**4 092 695**
Unused drafts	414 648	111	-	414 759

31.12.23	Step 1	Step 2	Step 3	
Gross lending	**Expected loss over 12 months**	**Expected loss over the instruments life time**	**Expected loss over the instruments life time**	**Total**
Gross lending pr. 01.01.23	**4 928 714**	**231 209**	**755**	**5 160 678**
Provission loss transferred to step 1	63 238	-63 238	0	0
Provission loss transferred to step 2	-59 405	60 161	-755	0
Provission loss transferred to step 3	0	-107	107	0
New issued or purchased financial assets	565 511	12 126	0	577 637
Increase in draw on existing loans	252 112	8 311	0	260 423
Reduction in draw on existing loans	-381 677	-18 863	-23	-400 563
Financial assets deducted	-1 095 206	-76 325	0	-1 171 531
Change due to confirmed write-downs (confirmed losses)	0	0	0	0
Gross lending pr. 31.12.23	**4 273 285**	**153 275**	**84**	**4 426 644**
Unused drafts	376 038	161	-	376 199

31.12.24	Step 1	Step 2	Step 3	
Loss Provission	**Expected loss over 12 months**	**Expected loss over the instruments life time**	**Expected loss over the instruments life time**	**Total**
Loss provission pr. 01.01.24	**255**	**653**	**0**	**907**
Provission loss transferred to step 1	110	-110	0	0
Provission loss transferred to step 2	-9	9	0	0
Provission loss transferred to step 3	0	-17	17	0
New issued or purchased financial assets	139	163	0	302
Increase in draw on existing loans	166	752	84	1 002
Reduction in draw on existing loans	-105	-63	0	-168
Financial assets deducted	-78	-288	0	-366
Change due to confirmed write-downs (confirmed losses)	0	0	0	0
Loss Provission pr. 31.12.24	**477**	**1 099**	**100**	**1 677**
Unused drafts	13	1	-	14

31.12.23	Step 1	Step 2	Step 3	
Loss Provission	**Expected loss over 12 months**	**Expected loss over 12 months**	**Expected loss over 12 months**	
Loss provission pr. 01.01.23	**389**	**984**	**37**	**1 410**
Provission loss transferred to step 1	269	-269	0	**0**
Provission loss transferred to step 2	-9	46	-37	**0**
Provission loss transferred to step 3	0	-1	1	**0**
New issued or purchased financial assets	43	32	0	**75**
Increase in draw on existing loans	41	396	0	**437**
Reduction in draw on existing loans	-356	-196	-1	**-553**
Financial assets deducted	-123	-339	0	**-462**
Change due to confirmed write-downs (confirmed losses)	0	0	0	**0**
Loss Provission pr. 31.12.23	**255**	**653**	**0**	**907**
Unused drafts	5	0	-	5

<u>Write-downs for losses on loans and off-balance sheet items in accordance with IFRS 9</u>

See description Note 1 accounting principles and description under for extended information regarding calculation and pre assumptions in the groups model for write-downs.

<u>Assumptions used in the calculation model</u>

Periodic expected loss is calculated as the product of probability of default (PD), exposure at default (EAD) and loss given default (LGD), and must be expected. As a result of the transition to the SpareBank 1 alliance, the bank switched to the joint IFRS 9 model in 2022. The model is continuously developed and improved, and the bank is now on version 3 of the loss model. Development and changes to the model have not led to significant changes in the group's loss provisions.

PD

The PD model expresses the probability of default at customer level, one year into the future. The PD model gives a probability that the customer will default on all his commitments. The customer's PD can therefore be used at account level. The PD model has been in use since 2002, and has been continuously revised and validated.

The company has not developed any models to calculate lifetime PD. Models are therefore used which calculate the probability of default in the next 12 months (12-month PD). The probability of default is calculated based on historical data series for financial key figures, and not financial criteria such as behaviour and age. Nine risk classes (A – I) are used to group the customers according to the probability of default. In addition, 2 risk classes (J and K) are used for customers with defaulted and/or written down commitments.

LGD
The LGD model (loss given default) is a function of the relationship between the commitment and the underlying collateral, the probability of recovery and the costs associated with realisation. The collateral coverage is calculated on customer level from realization values on the objects and is used on collateral commitments. Collateral coverage is limited upwards to the usable collateral that constitutes collateral coverage with quantitative limitations, including downwards adjustment of collateral coverage based on the quality of the collateral. See Note 21 for a more detailed description of collateral. It is used seven classes (1-7) for classification of collateral in %.

EAD
EAD (exposure at default) provides an indication of the expected exposure on the time of the default. EAD is a function of balance, granting and a conversion factor. This means that EAD always will lie in a place between balance and granting.

Scenarios
The model uses three different scenarios, which impact on the projected LGD and PD and PP. These scenarios have been developed using historical data, future view, and central macro variables.

Description of scenarios
The background for determining the scenarios is an overall assessment of several macro variables and other factors, including unemployment, falling prices and interest rates. There are effects on the total level of PD and security values which are the basis for any adjustments to scenarios. In 2023, a macro model was put into use, which based on Norges Bank's monetary policy report and Statistics Norway, projects PD based on expectations of unemployment and interest rates, in each scenario

Three scenarios have been defined:
Scenario 1 – Normal conjuncture is a macroeconomic scenario that represents expected future economic growth over the next five years. Realistic scenario is a scenario comparable to the 'Base case' ICAAP scenario. The scenario represents a stable and moderate economic growth. This scenario is weighted 80 %.

Scenario 2 – Low conjuncture: Economic view is worse than scenario 1 (given that one is not actually in and facing a continuing serious recession). Here, a recession comparable to that used in ICAAP is assumed. PD and LGD are significantly higher than in scenario 1, corresponding to the levels of the previous financial crisis, adjusted for changes in portfolio quality. The scenario is weighted with 10%.

*Scenario 3 – High conjuncture: I*s a macroeconomic scenario that represents a better scenario than scenario 1, with significant economic growth, low unemployment and low interest rate. The scenario is weighted 10 %.

Sensitivity assessments of key assumptions
The model is most sensitive to the parameters LGD and PD. These have a sensitivity of up to 70 % when they are altered for both the RM and the CM. Accordingly, a 10 % change in LGD/PD will result in a change in loss provisions of up to 7.3 and 5.9 %. A high sensitivity indicates that the outcome of the model is particularly affected by changes in these parameters. Parameters with high sensitivity are therefore closely monitored regarding model input and validation.

Estimate uncertainty
There is estimate uncertainty linked to several the parameters used in the model. This is mainly related to underlying collateral values, parameters in LGD, and PD. There are no indications of significant errors or deficiencies in the model as of the end of 2023, but it is significant uncertainty around the estimate on the loss provisions, especially related to how the macroeconomic picture develops.

			31.12.24
Effect of Macro Scenarios on Calculated Loss	**Loss provisions on loans in steps 1 and 2**	**Base**	**Effect of Scenarios**
Loss provisions IFRS 9	1 677	1 351	326

			31.12.23
Effect of Macro Scenarios on Calculated Loss	**Loss provisions on loans in steps 1 and 2**	**Base**	**Effect of Scenarios**
Loss provisions IFRS 9	907	631	276

Lending by risk class	Step 1	Step 2	Step 3	31.12.24
Very low risk	3 704 450	18 042		3 722 492
Low risk	136 388	5 330		141 718
Medium risk	122 670	52 040		174 710
High risk	3 724	25 504		29 228
Very high risk	2 166	20 237		22 403
Defaulted			2 144	2 144
Total lending	**3 969 397**	**121 153**	**2 144**	**4 092 695**

Lending by risk class	Step 1	Step 2	Step 3	31.12.23
Very low risk	3 975 809	23 508		3 999 317
Low risk	174 803	12 149		186 952
Medium risk	113 389	68 437		181 826
High risk	6 384	37 526		43 910
Very high risk	2 900	11 655		14 555
Defaulted			84	84
Total lending	**4 273 285**	**153 275**	**84**	**4 426 644**

Secured; LTV distribution	31.12.24	31.12.23
1-40	25.9 %	27.2 %
41-50	19.6 %	18.7 %
51-60	22.9 %	23.3 %
61-70	19.8 %	19.8 %
71-75	6.8 %	5.9 %
76-80	2.8 %	2.5 %
81-90	1.6 %	1.4 %
91-100	0.4 %	0.4 %
101-110	0.2 %	0.4 %
≥111	0.0 %	0.3 %
Total LTV	**51 %**	**50 %**

Credit institutions

For the balance sheet item loans and receivables from credit institutions, the company has made use of the exception for low credit risk. The company's "loans and receivables from credit institutions" are exclusively against the parent bank with credit ratings and which meet the standard's presumption of low credit risk and the bank has considered that this compared to LGD and low exposure to provide material loss provisions. Consequently, the company has not made any loss provisions related to this balance sheet item.

Loans and receivables from credit institutions by external rating

	31.12.24	31.12.23
Rating Moodys A3	413 539	407 921
Total	**413 539**	**407 921**

Certificates: classification of issuers by sector

	31.12.24	31.12.23
State	150 188	247 063
Total	**150 188**	**247 063**

Certificates: classification of issuers by rating

	31.12.24	31.12.23
Rating Moodys A3	150 188	247 063
Total	**150 188**	**247 063**

NOTE 2.1.3 DOUBTFUL LOANS AND COMMITMENTS

Defaulted commitments	31.12.24	31.12.23
Gross defaulted commitments over 90 days	1 350	0
Individual write-downs of defaulted loans	0	0
Net defaulted commitments	**1 350**	**0**
Other non-performing and impaired commitments and guara., not in default	794	84
Step 3 write-downs	-100	0
Total non-performing and impaired commitments and guara., not in default	**694**	**84**

NOTE 2.2 MARKET RISK

Helgeland Boligkreditt AS is through its operations exposed to interest rate risk.
The Board sets limits for interest rate risk and the positions are monitored continuously. The prepared reports showing exposure are reported monthly to the finance committee of the parent bank and to the CEO, and quarterly to the Board of Directors.

The sensitivity analysis (lending and borrowing) shows the expected result reflected by 1 percentage points' parallel shift in the entire interest rate curve.

Interest rate risk at 31.12.24 is MNOK -4.0 (MNOK -1.5) and is well within the company's target of < MNOK 10 with 1 % parallel shift in the interest rate curve.

Helgeland Boligkreditt AS is not exposed to market risk related to foreign currency and equity instruments.

NOTE 2.2.1 REMAINING TIME TO INTEREST RATE ADJUSTMENT

Interest rate risk- remaining perionds until next interest rate re-fix							31.12.24
	Up to 1 mth.	From 1-3 mnt	From 3 mnt	From 1-5 years	Over 5 years	No int.rate change	Total
ASSETS							
Loans to and claims on credit inst with no a/maturity		413 539					413 539
Net loans to and claims on customers		4 091 018					4 091 018
Securities available for sale		150 188					150 188
Other non-int-bearing assets						341	341
Total assets	**0**	**4 654 745**	**0**	**0**	**0**	**341**	**4 655 086**
Liabilities and EQ. CAP							
Liabilities to credit inst. With no agreed m	472 951						472 951
Borrowings through the issuance of securi	1 325 396	790 790	507 241	421 530	489 629		3 534 586
Other non-int-bearing liabilities						76 369	76 369
Total liabilities	**1 798 347**	**790 790**	**507 241**	**421 530**	**489 629**	**76 369**	**4 083 906**
Net int rate sensitivity gap	**-1 798 347**	**3 863 955**	**-507 241**	**-421 530**	**-489 629**	**-76 028**	**571 180**

Interest rate risk- remaining perionds until next interest rate re-fix							31.12.23
	Up to 1 mth.	From 1-3 mnt	From 3 mnt	From 1-5 years	Over 5 years	No int.rate change	Total
ASSETS							
Loans to and claims on credit inst with no a/maturity		407 921					407 921
Net loans to and claims on customers		4 425 736					4 425 736
Securities available for sale		247 063					247 063
Other non-int-bearing assets						4 329	4 329
Total assets	**0**	**5 080 720**	**0**	**0**	**0**	**4 329**	**5 085 049**
Liabilities and EQ. CAP							
Liabilities to credit inst. With no agreed m	1 022 820						1 022 820
Borrowings through the issuance of securi	500 152	2 485 532			425 584		3 411 268
Other non-int-bearing liabilities						81 408	81 408
Total liabilities	**1 522 972**	**2 485 532**	**0**	**0**	**425 584**	**81 408**	**4 515 495**
Net int rate sensitivity gap	**-1 522 972**	**2 595 188**	**0**	**0**	**-425 584**	**-77 079**	**569 554**

NOTE 2.2.2 FINANCIAL DERIVATIVES

Hedging is used for fixed-rate securities debt. When entering the hedging relationship, the relationship between the hedging instruments and the hedging objects is documented. Helgeland Boligkreditt also documents its assessment of whether the derivatives used are very effective in offsetting the changes in fair value related to hedging risk in the hedged items. Such assessments are documented both on entering into the hedging relationship and on an ongoing basis during the hedging period. Interest rate risk is hedged at an individual level. Changes in credit spread are not part of hedged risk. Changes in value related to changes in NIBOR are recognized in the income statement and adjust the book value of the secured fixed rate loans on an ongoing basis. The book value of securities debt hedging, including interest, amounts to NOK 955 (472) million. Net gains and losses related to hedging instruments and hedged items related to hedged risk were NOK 2 162 (0.3) million.

Inefficiancy hedging over the income statement	31.12.2024	31.12.2023
Value change related to hedging objects	5 954	-298
Value change related to the hedging instruments	-8 116	-24 706
Net inefficiancy over the income statement	**-2 162**	**-261**

			31.12.2024
Fair value over the income statement	**Contract**	**Fair value**	
	Total	**Assets**	**Debt**
Interest swap agreements fixed rate loans hedgning	1 000 000	0	68 673
Total financial derivatives hedging	**1 000 000**	**0**	**68 673**

			31.12.2023
Fair value over the income statement	**Contract**	**Fair value**	
	Total	**Assets**	**Debt**
Interest swap agreements fixed rate loans hedgning	500 000	0	74 985
Total financial derivatives hedging	**500 000**	**0**	**74 985**

The hedging intruments are accounted in the balance under financial derivatives

NOTE 2.3 LIQUIDITY RISK

Liquidity risk is the risk that the company will be unable to fulfil its payment obligations.

The Board sets limits on an annual basis for the management of liquidity risk in the company. This involves determining the framework for liquidity risk management, organization and responsibilities, stress tests (both for the Group and for Helgeland Boligkreditt AS), routines for monitoring limit utilization and compliance of policies, board- and management reporting, and independent monitoring of the systems of governance.

According to the Financial Institutions Act § 11-12(1) "the credit institution must ensure that the cash flow from the cover pool at all times makes the mortgage company able to meet its payment obligations to holders of covered bonds and counterparties in derivative agreements." The company has established credit facilities to reduce liquidity risk.

Overall, Helgeland Boligkreditt AS's liquidity situation per 31.12.24 is considered good. Long-term funding with maturities over one year is 89.4 % (83.6 %).

31.12.2024

Reference	Hedging object	Contract amount	Settlement date	Interest in %	Currency	Acc. Value change from hedging	Accounting line
6	Fixed rate loan	500	2029	2.22	NOK	79 495	Debt through the issuance of security

Reference	Hedging object	Contract amount	Settlement date	Interest in %	Currency	Acc. Value change from hedging	Accounting line
6	Interet swap, fixed	300	2029	2.22	NOK	26 480	Financial derivatives
6	Interet swap, float	-300	2029	5.19	NOK	6 982	Financial derivatives
6	Interet swap, fixed	200	2029	2.22	NOK	40 493	Financial derivatives
6	Interet swap, float	-200	2029	5.45	NOK	6 956	Financial derivatives

No installments are paid on the instruments

31.12.2023

Reference	Hedging object	Contract amount	Settlement date	Interest in %	Currency	Acc. Value change from hedging	Accounting line
6	Fixed rate loan	500	2029	2.22	NOK	71 253	Debt through the issuance of security

Reference	Hedging object	Contract amount	Settlement date	Interest in %	Currency	Acc. Value change from hedging	Accounting line
6	Interet swap, fixed	300	2029	2.22	NOK	17 543	Financial derivatives
6	Interet swap, float	-300	2029	5.19	NOK	8 238	Financial derivatives
6	Interet swap, fixed	200	2029	2.22	NOK	38 561	Financial derivatives
6	Interet swap, float	-200	2029	5.45	NOK	8 267	Financial derivatives

No installments are paid on the instruments

NOTE 2.3.1 LIQUIDITY RISK, MATURITY

Funding risk. Remaing periods					**31.12.24**
	0-3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**Totalt**
Liabilities to credit institutions	472 951				472 951
Borrowings through the issuance of secutities	250 100	530 144	2 252 568	489 629	3 522 441
Financial derivatives gross settlement (outflows)	13 243	39 728	211 880	53 000	317 851
Total outflow	**736 294**	**569 872**	**2 464 448**	**542 629**	**4 313 243**
	413539				413 539
Loans to and claims on customers	801 432	3 214	98 149	4 204 434	5 107 229
Certificates, bonds and shares available for sale	49 539		100 295		149 834
Total inflow	**1 264 510**	**3 214**	**198 444**	**4 204 434**	**5 670 602**
1)Financial derivatives gross settlement (inflows)		32 500	130 000	42 800	205 300

Funding risk. Remaing periods					**31.12.23**
	0-3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**Totalt**
Liabilities to credit institutions			1 022 820		1 022 820
Borrowings through the issuance of secutities	104 000	911 191	2 106 800	538 850	3 660 841
Financial derivatives gross settlement (outflows)	6 618	19 853	79 410	19 852	125 733
Total outflow	**110 618**	**931 044**	**3 209 030**	**558 702**	**4 809 394**
		407 921			407 921
Loans to and claims on customers	651 879	19 549	113 476	4 789 089	5 573 993
Certificates, bonds and shares available for sale	49 520	106 911	100 532		256 963
Total inflow	**701 399**	**534 381**	**214 008**	**4 789 089**	**6 238 877**
1)Financial derivatives gross settlement (inflows)		11 100	33 300	11 100	55 500

Gross settlement (interest payments are included)

The company has an operating credit (with maturity> one year) of NOK 1 500 million as of 31.12.24, the vacant limit was MNOK 1 027. In addition, the company has a revolving credit facility (with maturity> one year) that will cover payment obligations in the security pool for a rolling 12-month period. This credit facility shall cover payment obligations in the Cover Pool for a rolling 12-months period and is entirely unused. Treasure bill is valued at fair value.

NOTE 3. SEGMENT

The company operates at one strategic business area only.
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 geographic segment is Helgeland. The company only reports one segment.

	31.12.24	31.12.23
Corporate market	43 030	66 303
Retail market	4 049 665	4 360 341
Total	**4 092 695**	**4 426 644**
Collective write-downs	-1 677	-907
Total	**4 091 018**	**4 425 737**

Geographical exposure within the loan portfolio	31.12.24	31.12.23
Helgeland	3 284 277	3 528 535
Areas other than Helgeland	797 546	885 037
International 1)	10 872	13 071
Total	**4 092 695**	**4 426 643**

1) Customers that are living abroad - Helgeland Boligkreditt AS has collateral in Norwegian residential properties.

NOTE 4. NET INTEREST INCOME

Specifications of income:	31.12.24	31.12.23
Interest income of lending to and claims on credit institutions	10 226	7 500
Interest income of lending to and claims on customers	257 433	230 779
Interest income of bonds and certificates	5 302	3 677
Total interest income	**272 961**	**241 956**
Interest expense on liabilities to credit institutions	56 769	36 108
Interest expense on issued securities	175 845	170 663
Emergency fund	712	1 410
Total interest expenses	**233 326**	**208 181**
Net interest income	**39 635**	**33 775**

NOTE 5. NET CHANGE IN VALUE OF FINANCIAL INSTRUMENTS

Specification of costs	31.12.24	31.12.23
Unrealized change securities	1 070	2 448
Total value financial instruments	**1 070**	**2 448**

NOTE 6. OPERATING COSTS

Specification of costs:	31.12.24	31.12.23
Management fee and wage general manager (note23)	5 920	5 670
Other administration costs	29	29
Total wages and administration costs	**5 949**	**5 699**
Other operating costs	3 907	2 995
Total operating costs	**9 856**	**8 694**
Number of FTEs	**0**	**0**

Specification of costs auditing	31.12.24	31.12.23
statutory audit	260	158
Other services and certifications	154	153
Attestation		
Total costs auditing	**311**	**289**

NOTE 7. TAX

	31.12.24	31.12.23
Tax for the year:		
Tax payable	6 797	6 007
Insufficent provision previous year	262	-91
Change in deferred tax (note 8)	-132	219
Tax cost for the year	**6 927**	**6 135**

Breakdown between accounts-related result before tax and the year's income liable to tax		
Accounts-related result before tax	30 297	28 299
Permanent differences	0	0
Change in temporary differences (note 8)		-995
Income subject to tax	**30 297**	**35 883**
	6 665	6 007

NOTE 8. DEFERRED TAXES

Deferred tax / Deferred tax benefit	**31.12.24**	**31.12.23**
Positive temporary differences:		
Hedging/market value adjustment certificates	-8	-8
Value change financial derivatives	-53 771	-45 743
Change in value of cover bonds at amortizied cost	1 115	-847
Total positive temporary differences	**-52 664**	**-46 598**
Negative temporary differences		
Value change financial derivatives	50 341	44 387
Hedging/market value adjustment certificates	1 640	2 128
Total negative temporary differences	**51 981**	**46 515**
Losses carried forward	0	0
Total negative temporary differences	**-683**	**-83**
Deferred tax asset		
Deferred tax	-150	-18

Reconciliation of tax	**31.12.24**	**31.12.24**
Accouting profit before tax	30 297	28 299
Tax calculated at the entity's weighted average tax	6 665	6 226
Tax effect of:		
Tax-free income		
Adjustment from previous year	262	-91
Taxes in the income statement	**6 927**	**6 135**

NOTE 9. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Classification of financial instruments

31.12.24	FVOCI	Fair value Over the PLA	Amortized cost	Total
Loans to and claims on credit institutions *)			413 539	413 539
Loans to and claims on customers	3 926 950		164 068	4 091 018
Certificates		150 188		150 188
Total assets	**3 926 950**	**150 188**	**577 607**	**4 654 745**

	FVOCI	Fair value Over the PLA	Amortized cost	Total
Liabilities to credit institutions *)			472 951	472 951
Borrowings through the issuance of securities			3 534 586	3 534 586
Financial derivatives		68 673		68 673
Total liabilities		**68 673**	**4 007 538**	**4 076 210**

*) Entirely related to SparebBank 1 Helgeland

31.12.23	FVOCI	Fair value Over the PLA	Amortized cost	Total
Loans to and claims on credit institutions *)			407 921	407 921
Loans to and claims on customers	4 216 710		209 026	4 425 736
Certificates		247 063		247 063
Total assets	**4 216 710**	**247 063**	**616 947**	**5 080 720**

	FVOCI	Fair value Over the PLA	Amortized cost	Total
Liabilities to credit institutions *)			1 022 820	1 022 820
Borrowings through the issuance of securities			3 411 268	3 411 268
Financial derivatives		74 985		74 985
Total liabilities		**74 985**	**4 434 088**	**4 509 072**

*) Entirely related to SpareBank 1 Helgeland

NOTE 10. LOANS TO AND CLAIMS ON CREDIT INSTITUTIONS

	31.12.24	31.12.23
Liabilities to credit institutions without agreed maturity	413 539	407 921
Total loans to and liabilities to credit institutions	**413 539**	**407 921**

Fully applies bank deposits in SpareBank 1 Helgeland.

NOTE 11. LOANS AND WRITE-DOWNS

Lending	**31.12.24**	**31.12.23**
Gross lending to customers	**4 092 694**	**4 426 643**
Individual write-downs on lending	0	0
Lending to customers after individual write-downs	**4 092 694**	**4 426 643**
Collective write-downs	1 677	907
Lending to and claims on customers, to amortized cost	**4 091 017**	**4 425 736**

NOTE 12. DISTRIBUTION LOANS

	31.12.24	**31.12.23**
Loans secured by residential property	4 082 315	4 414 868
Accrued interest	8 703	10 868
Total	**4 091 018**	**4 425 736**

31.12.24	**Lending to amortized cost and fair value**							
	Gross lending		**Expected loss**			**Individual write downs**	**Gross lending**	**Net lending**
	Amortized cost	(FVOCI)	Step 1	Step 2	Step 3	Fair value	Fair value	Total
Total corporate market	43 030	0	-9	-84	0	0	0	42 938
Total retail market	122 716	3 926 950	-468	-1 016	-101	0	0	4 048 081
Total	165 746	3 926 950	-477	-1 099	-101	0	0	4 091 019
Expected loss off balance RM			-13	0	0	0		
Expected loss off balance CM			0	-1	0	0		

31.12.23	**Lending to amortized cost and fair value**							
	Gross lending		**Expected loss**			**Individual write downs**	**Gross lending**	**Net lending**
	Amortized cost	(FVOCI)	Step 1	Step 2	Step 3	Fair value (FVOCI)	Fair value (FVOCI)	Total
Total corporate market	59 115	7 187	-4	-22	0	0	0	66 277
Total retail market	150 818	4 209 523	-250	-631	0	0	0	4 359 459
Total	209 933	4 216 710	-254	-653	0	0	0	4 425 736
Expected loss off balance RM			-5	0	0	0		
Expected loss off balance CM			0	0	0	0		

NOTE 13. WARRANTIES AND LIABILITIES

The company has no such obligations.

NOTE 14. LIABILITIES

	31.12.24	31.12.23
Loans and deposits at credit institutuons with agreed maturity*)	472 951	1 022 820
Liabilities to credit institutions	**472 951**	**1 022 820**
Bond liabilities	3 534 586	3 411 268
Financial derivatives	68 673	74 985
Liabilities securities	**3 603 259**	**3 486 253**
Tax liabilities	6 853	6 007
Deferred tax	0	0
Other liabilities	843	416
Total ather liabilities	**7 696**	**6 423**
Total liabilities	**4 083 906**	**4 515 495**

*) The debt is entirely related to the parent bank SpareBank 1 Helgeland.

NOTE 15. FINANCIAL LIABILITIES INCURRED THROUGH ISSUANCE OF SECURITIES (COVER BONDS)

Liabilities through issuance of securities are valued at amortized cost.

Covered bonds:

ISIN code	Currency	Par value	Own hold.		Interest	Admission	Maturity	Extended maturity	31.12.23
NO0010859986	NOK	250 000		Float	3 mnd.Nibor+0,40	2019	2025	2026	250 142
NO0010865652	NOK	280 000		Float	3 mnd.Nibor+0,43	2019	2025	2026	280 330
NO0010867864	NOK	500 000		Fixed	0.0222	2019	2029	2030	454 465
NO0013251181	NOK	500 000		Fixed	0.0428	2024	2032	2033	500 239
NO0013333435	NOK	500 000		Float	3 mnd.Nibor+0,55	2024	2030	2031	499 757
NO0012852658	NOK	500 000		Float	3 mnd.Nibor+0,60	2023	2028	2029	499 981
NO0011117186	NOK	250 000		Float	3 mnd.Nibor+0,18	2021	2025	2026	250 127
NO0013119875	NOK	500 000		Float	3 mnd.Nibor+0,67	2024	2029	2030	499 704
NO0013431148	NOK	300 000		Float	3 mnd.Nibor+0,58	2024	2030	2031	299 840
Total listed covered bonds									**3 534 586**

All loans have soft call one year before maturity.

ISIN code	Currency	Par value	Own hold.		Interest	Admission	Maturity	Extended maturity	31.12.23
NO0010831290	NOK	104 000		Float	3 mnd.Nibor+0,42	2018	2024	2025	103 554
NO0010839434	NOK	375 000		Float	3 mnd.Nibor+0,55	2018	2024	2025	374 618
NO0010847080	NOK	500 000	10 000	Float	3 mnd.Nibor+0,48	2019	2024	2025	489 765
NO0010859986	NOK	500 000		Float	3 mnd.Nibor+0,40	2019	2025	2026	499 636
NO0010865652	NOK	500 000		Float	3 mnd.Nibor+0,43	2019	2025	2026	500 716
NO0010867864	NOK	500 000		Fixed	2.22 %	2019	2029	2030	444 029
NO0012852658	NOK	500 000		Float	3 mnd.Nibor+0,60	2023	2028	2029	499 420
NO0011117186	NOK	500 000		Float	3 mnd.Nibor+0,18	2021	2025	2026	499 530
Total listed covered bonds									**3 411 268**

All loans have soft call one year before maturity.

	31.12.2024	31.12.2023
Total listed bonds	**3 580 000**	**3 469 000**
Own hold	0	10 000
Total listed bonds own hold included	**3 580 000**	**3 479 000**
	4 069 092	4 380 014
Loans secured by property	413 539	407 921
Claims that constitutes cover pool (inc. Interests)	4 482 631	4 787 935
Total cover pool		
Cover pool capacity utilization	902 631	1 308 935
Cover pool capacity utilization %	25 %	38 %

The composition of the cover pool is defined in the Financial Undertakings Act § 11-8.
*) Loans that are not qualified are not included in eligible cover pool.

Change in security liabilities					
Total	**31.12.2023**	**Issued**	**Due/redeemed**	**Other change**	**31.12.2024**
Covered bonds, nominal value	3 469 000	2 807 000	-2 696 000		3 580 000
Value adjustments	-70 468			-3 726	-74 194
Interests	12 736			16 044	28 780
Total	3 411 268	2 807 000	-2 696 000	12 318	3 534 586

Change in security liabilities					
Amortized cost	**31.12.2023**	**Issued**	**Due/redeemed**	**Other change**	**31.12.2024**
Covered bonds, nominal value	2 969 000	2 307 000	-2 696 000		2 580 000
Interests	-3 338			18 074	14 736
Total	2 965 662	2 307 000	-2 696 000	18 074	2 594 736

Change in security liabilities					
Hedging	**31.12.2023**	**Issued**	**Due/redeemed**	**Other change**	**31.12.2024**
Covered bonds, nominal value	500 000	500 000			1 000 000
Value adjustments	-70 468			-3 726	-74 194
Interests	16 074			-2 030	14 044
Total	445 606	500 000	0	-5 756	939 850

NOTE 16. COVER POOL CAPACITY UTILIZATION

Assembly of the cover pool is defined in the Financial Undertakings Act § 11-8.
LTV (loan to value) per 31.12.24 was 50.6 (50) %

NOTE 17. BALANCE SHEET DIVIDED IN SHORT AND LONG TERM

	31.12.24	**31.12.23**
ASSETS		
Loans to and claims on credit institutions	413 539	407 921
Loans to and claims on customers	759 888	633 842
Securities	150 188	247 063
Other assets	341	4 329
Total short term assets	**1 323 956**	**1 293 155**
Loans to and claims on customers	3 331 130	3 791 894
Total long term assets	**3 331 130**	**3 791 894**
Total Assets	**4 655 086**	**5 085 049**
LIABILITIES AND EQUITY CAPITAL		
Other liabilities	7 696	6 423
Borrowings through the issuance of securities	780 244	967 262
Financial derivatives	68 673	74 985
Total short term liabilities	**856 613**	**1 048 670**
Liabilities to credit institutions	472 951	1 022 820
Liabilities through the issuance of securities	2 754 342	2 444 006
Total long term liabilities	**3 227 294**	**3 466 826**
Total liabilities	**4 083 906**	**4 515 495**
Paid-in equity	540 010	540 010
Accrued equity/retained earnings	31 169	29 544
Total equity	**571 179**	**569 554**
Total liabilities and equity	**4 655 086**	**5 085 049**

NOTE 18. SUBORDINATED LOANS

The company has no subordinated loans per 31.12.24 or 31.12.23.

NOTE 19. CAPITAL ADEQUACY

Capital adequacy is prepared following regulatory framework CRD IV/Basel III (standard method credit risk).

	31.12.24	31.12.23
Total paid-in capital	**540 010**	**540 010**
Total accrued equity capital/retained earnings	**31 169**	**29 544**
Additional		0
Deduction dividend provision	-23 147	-21 522
Deduction proper valuation	-1 160	-791
Total core capital	**546 872**	**547 241**
Total net supplementary capital	**0**	**0**
Total net equity and related capital	**546 872**	**547 241**
Weighted asset calculation basis	1 697 370	1 834 673
Capital adequacy ratio	32.22 %	29.83 %
Of which core capital accounted for	32.22 %	29.83 %

Share capital amounts to MNOK 540. SpareBank 1 Helgeland is the sole shareholder in the company.

The standard formula is used to calculate the capital requirements, and the basic indicator approach is used to calculate operating risk. The company's goal for CET 1 capital is 15.5 % and total capital ratio of over 19.0 %. Leverage Ratio is 11.2 (10.4) % pr 31.12.24.

NOTE 20. CAPITAL ADEQUACY REGULATIONS BASEL II

	31.12.24	31.12.23
States and central banks	0	0
Local and regional authorities (including municipalities)	0	0
Publicly owned enterprises	0	0
Institutions	82 573	81 421
Enterprises	2 181	1 592
Mass market loans	30 987	81 294
Loans secured by real property	1 485 457	1 571 023
Loans overdue	2 696	84
Other loans and commitments	11 079	15 223
Calculation basis credit risk	**1 614 971**	**1 750 637**
Capital requirement operational risk	77 024	80 267
Deduction/addition from capital requirement	5 375	3 768
Total calculation basis	**1 697 370**	**1 834 672**

NOTE 21. SHARE CAPITAL

The company has a share capital of MNOK 540, with shares par value NOK 1 000.
SpareBank 1 Helgeland owns all the shares.

NOTE 22. TRANSACTIONS WITH RELATED PARTIES

Helgeland Boligkreditt AS is fully owned by SpareBank 1 Helgeland. Transactions are entered between Helgeland Boligkreditt AS and SpareBank 1 Helgeland as ordinary business transactions. This includes loans and financial derivatives as part of the foreign exchange- and rent risk management. Transactions enters in market terms and is regulated by

- Transfer and service agreement for the transfer of loans from SpareBank 1 Helgeland to Helgeland Boligkreditt AS.
- Main Agreement on intra-group services and infrastructure

All loans in the balance sheet of Helgeland Boligkreditt AS are transferred from SpareBank 1 Helgeland. These loans are well secured mortgages within a loan to value of 75% or less. From the transfer date, revenues and repayments are recorded in the mortgage company. The parent bank administers the loans and a separate transfer and service agreement between Helgeland Boligkreditt AS and SpareBank 1 Helgeland is entered into. The transfer and service agreement regulates the transfer of loans qualifying as collateral for the issuance of Covered bonds. Helgeland Boligkreditt AS pays management fees to the bank.
As of 2023 there were transferred loans totaling MNOK 4 427. The acquisition is based on market conditions. Under the Main Agreement Helgeland Boligkreditt AS purchases services from the parent bank, including administration, banking, distribution, customer service, IT-services, financial and liquidity management. For these services Helgeland Boligkreditt AS pays an annual management fee based on the lending volume MNOK 5.7 (7.1), in addition to payment for hired staff.

Group contribution
Allocated group contribution in 2023 of MNOK 21.5 was paid in 2024 to SpareBank 1 Helgeland. In allocation of profits per 31.12.24 MNOK 23.1 is allocated as group contribution to the parent bank.

Intragroup transactions	**31.12.24**	**31.12.23**
Profit and loss account		
Interest income and similar income	10 226	7 500
Interest expense and similar expense	56 769	36 108
Dividend	21 522	28 683
Management fee	5 920	5 670
Balance sheet		
Lending and claims on credit institutions	413 539	407 921
Liabilities to credit institutions	472 951	1 022 820
Liabilities from issue of securities		

NOTE 23. RESULT PER SHARE

	31.12.24	**31.12.23**
Profit this year	23 370	22 164
Number of shares	540 000	540 000
Average number og shares	540 000	540 000
Profit per share in NOK	43	41
Diluted profit per share in NOK	43	41

NOTE 24. EVENTS AFTER THE BALANCE SHEET DATE

The company is not aware of any post balance sheet events that will affect the financial statements.
Ongoing legal disputes: Helgeland Boligkreditt AS has not been involved in administrative matters, court proceedings or arbitration cases over the past 12 months, the company is not aware of any pending or threats which include such matters that may have or recently have had a significant impact on the company's financial position or profitability.

NOTE 25. RESULT IN PERCENT OF AVERAGE TOTAL ASSETS

	31.12.24	31.12.23
Interest receivable and similar income	5.60 %	4.79 %
Interest payable and similar costs	4.79 %	4.12 %
Net interest- and credit commission income	**0.81 %**	**0.67 %**
Commissions receivable and income from banking services	0.00 %	0.00 %
Commissions payable and costs relating to banking services	0.00 %	0.00 %
Net commission income	**0.00 %**	**0.00 %**
Net value change and gains/loss on financial investments	0.02 %	0.05 %
Operating costs	0.20 %	0.17 %
Operating profit	**0.63 %**	**0.54 %**
Losses on loans, guarantees etc.	0.01 %	-0.02 %
Profit before tax	**0.62 %**	**0.56 %**
Tax payable on ordinary result	0.14 %	0.12 %
Result from ordinary operations after tax	**0.48 %**	**0.44 %**

NOTE 26. ACCOUNTING ESTIMATES

Helgeland Boligkreditt prepares estimates and assumptions that has effect on the company's financial position. Estimates and evaluations are continuously an item for evaluation and based on historical experience and other factors including expectations in relation to future events seen as reasonable. The most central accounting estimate for the company is write-downs on loans. Assessment of write-downs will partly be based on judgement. Lending portfolios/guarantee commitments are continuously monitored regarding the need for write-downs/provisions. Write-downs/provision is done in accordance with IFRS 9. Se accounting principles and note 2.

STATEMENT UNDER THE SECURITIES TRADING ACT § 5-5

We confirm to the best of our knowledge that the financial statements for the period 1 January to 31 December 2024 have been prepared in accordance with the applicable accounting standards, and that the information in the financial statements give true and fair view of the company's assets, liabilities, financial positions and result. We also declare that the annual report gives a fair review of the development, performance and position of the company, together with a description of the principal risks and uncertainties facing the company.

Mo i Rana, 17. march 2025

Hanne Nordgaard
Chairman

Svenn Harald Johannessen

Brit Søfting

Sten Ove Lisø
General Manager

OTHER KEY FIGURES

	31.12.24	31.12.23
Profit & Loss Account		
Gross profit	23 370	22 164
Net interest as a % of average assets	0.81 %	0.67 %
Operation cost as a % of income	24.9 %	25.7 %
Net profit as a % of average assets	0.48 %	0.44 %
Balance sheet		
Gross lending	4 092 695	4 426 644
Collective write-downs as a % of lending	0.00 %	0.00 %
12 months growth in customer lending	-7.54 %	-14.20 %
Total assets	4 655 086	5 085 049
Average total assets	4 870 068	5 054 235
Solidity		
Rate of return on equity capital	4.1 %	3.9 %
Core tier one Capital	546 873	547 241
Core tier one Capital ratio	32.2 %	29.8 %
Leveral Ratio	11.2 %	10.4 %
Information on lending portfolio		
Surplus value of cover pool	902 631	1 308 935
Surplus value of cover pool (%)	25 %	38 %
Indexed LTV	51 %	50 %
Propotion of variable-rate loans	100 %	100 %
Propotion of flexible mortgages*)	18.5 %	14.0 %
Average loan value	1 134	1 099
Number of loans	3 593	3 995
Remaining maturity - weighted average (year)	18.3	19.2
Seasoning - weighted average (year)	5.2	4.6

*) Calculated from the drawn amount

Elected representatives and senior management in Helgeland Boligkreditt AS

The General Meeting:
SpareBank 1 Helgeland through its CEO, Hanne Nordgaard

General Manager
Sten Ove Lisø

Board of Directors:
Hanne Nordgaard, Chairman
Svenn Harald Johannessen
Brit Søfting

Contact information

SpareBank 1 Helgeland
Address: PO Box 68, N-8601 Mo i Rana
Organization no.: 937 904 029
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Helgeland Boligkreditt AS
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Investor Relations
Anne Ekroll, CFO, telephone +47 913 36 452

Other sources:

Annual reports:
Helgeland Boligkreditt AS is part of the SpareBank 1 Helgeland group. Annual reports are available under investor relations information at www.sbh.no

Interim reports
Quarterly reports are available at www.sbh.no