Q2
2012

financial report

first half year and second quarter 2012

helgeland boligkreditt

REPORT OF THE BOARD OF DIRECTORS

Helgeland Boligkreditt AS,

accounts first half year and second quarter 2012.

General information

Helgeland Boligkreditt AS was established in November 2008 and is a wholly-owned subsidiary of Helgeland Sparebank. The company is located in the same premises as the bank's head office in Mo i Rana. The company has a licence as a finance company and can issue bonds in which the investors have a preferential right to coverage in the company's security. The security consists mainly of secured mortgages that have been granted by Helgeland Sparebank, and fulfils those demands which the company has for loans which can enter the cover pool. One of the main requirements is that outstanding loan balance of each loan shall not exceed 75% of the mortgage property's market value.

Helgeland Boligkreditt AS is listed on the Oslo Stock Exchange as an issuer of bonds. The accounts are prepared according to international accounting principles (IFRS). The account for the period has not been audited. The figures are presented in NOK thousands.

Profit and loss account as at 30.06.12

The company can show to good results during first half of 2012.
Profit before tax was 16.3 MNOK. This was an increase of 9.0 MNOK from the same period in 2011.

Net interest and commission income was 22.5 MNOK and has increased by 10.6 MNOK compared with the same period in 2011. This is caused by a combination of increased lending volume and reduction in funding costs as a result of fall in nibor.

Higher lending volume leads to increased costs to lending managing. Operating costs was 6.2 MNOK, which is an increase of 1.7 MNOK compared to same period in 2011.

Profit after tax as at 30.06.12 was 11.7 MNOK. Calculated to a yearly basis, this gives a ROE of 11.6%.

Balance sheet development

Total assets was 4 486.3 MNOK. As at 30.06.12 a total of 4 315.1 MNOK loans are transferred from Helgeland Sparebank to Helgeland Boligkreditt. During the last 12 months, total lending volume has increased by 935.9 MNOK, which gives a one year growth at 27.7%. 82.9% of total lending is lending to customers within the region of Helgeland.

The loan portfolio is considered as good, and there are no individual write downs or defaulted loans on the loans within the company. Value of the cover pool lies well above funding volume and there is good collateral within the portfolio.
LTV (Loan to value) as at 30.06.12 was 43.3 % and utilization of the cover pool was 115 %.

Financing

By the exit of the quarter a total of CB's amounting 3 876.4 MNOK were issued. CB's par value 900 MNOK is owned by the parent bank.

The cover pool amounts 4 478.6 MNOK whereas mortgage loans represents 4 307.4 MNOK of this.

Risk and capital adequacy

Laws and regulations for enterprises with licence to issue CBs is required a low risk level.
The Helgeland Sparebank group has established guidelines and frames for managing and control of the different types of risk. As a part of the group, Helgeland Boligkreditt AS operates within these regulations.
Because of its licence as a credit company, Helgeland Boligkreditt AS is subject to a number of laws, regulations, recommendations and rules.
A transfer and service agreement has been entered into with Helgeland Sparebank to ensure that the value of the security portfolio exceeds the value of the company's borrowing.
The board of directors considers the company's overall risk to be low.

Credit risk

The company's credit strategy has been adopted by the board of directors and a framework for risk profile and management goals has been determined.
Lending against security fulfils the requirements of the Finance Activities Act and is secured on property at no more than 75% of market value. The credit risk is therefore considered to be low.

Liquidity risk

The company's strategy for managing liquidity risk has been adopted by the board of directors and determines the company's overall risk tolerance with concrete ceilings and control parameters. The company's liquidity risk is considered to be low. As at 30.06.12 the percentage of long-term financing (more than one year) was 100 %.

Operational risk

A main agreement with underlying delivery agreements has been entered into between Helgeland Sparebank and Helgeland Boligkreditt AS to take care of operational risk. Among other things, the agreement covers administration, bank production and IT operations.

Capital adequacy

The capital adequacy as at 30.06.12 was 11.02 % and consists entirely of core capital. The company's net capital base was 193.8 MNOK during the ending of second quarter 2012. Helgeland Boligkreditt AS uses the standard method for calculating the capital requirement.

Prospects

Helgeland is in a period of growth both in population and value creation, and the prospects are bright as far as we can see. The credit growth within the households is expected to remain stable. Continued low interest rates and low unemployment contributes to maintain the activity in the housing market. House prices within the region are rising and there is a considerable amount in turnover of used houses, and relatively large activity in new-house building.

Houses sold in 2011, in the largest cities of Helgeland, showed an increase in the average price per square meter that is well above the national average, but still the price per square meter is still lower than other big cities in Norway.
Helgeland Boligkreditt AS can show to increased earnings and stable low risk. We expect that this market situation will continue.

Mo i Rana, 30 June 2012
Mo i Rana, 15 August 2012

Jan Erik Furunes
Chairman of the Board

Lisbeth Flågeng
Deputy chairman of the Board

Helge Stanghelle

Inger Lise Strøm

Brit Søfting
General manager

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PROFIT AND LOSS ACCOUNT

	Notes	30.06.12	30.06.11	Q2/12	Q2/11	31.12.11
Interest receivable and similar income	3	90 174	63 195	45 754	32 160	141 451
Interest payable and similar costs	3	67 664	51 247	32 594	26 603	118 102
Net interest- and credit commission income		**22 510**	**11 948**	**13 160**	**5 557**	**23 350**
Commissions receivable and income from banking services		12	13	6	7	23
Commissions payable and costs relating to banking services		0	0	0	0	0
Net commission income		**12**	**13**	**6**	**7**	**23**
Gains/losses on financial instruments available for sale		0	-175	0	-175	0
Other operating income		0	0	0	0	0
Operating costs	4	6 199	4 499	3 080	2 268	10 138
Losses on loans guarantees etc	5	0	0	0	0	0
Result from ordinary operations		**16 323**	**7 287**	**10 086**	**3 121**	**13 235**
Result before tax		**16 323**	**7 287**	**10 086**	**3 121**	**13 235**
Tax payable on ordinary result		4 570	2 040	2 823	874	3 920
Result after tax		**11 753**	**5 247**	**7 263**	**2 247**	**9 315**
Result per share in NOK	18	62	35	48	22	49
Diluted result per share in NOK	18	62	35	48	22	49
Extended income						
Result after tax		**11 753**	**5 247**	**7 263**	**2 247**	**9 315**
Net change in value of financial assets over equity		0	0	0	0	0
Total result for the period		**11 753**	**5 247**	**7 263**	**2 247**	**9 315**

B A L A N C E S H E E T

BALANCE SHEET

	Notes	30.06.12	30.06.11	31.12.11
ASSETS				
Loans to and claims on credit institutions	12	171 217	141 991	181 908
Loans to and claims on customers	6,7,8,10,11	4 315 094	3 379 159	3 730 495
Deferred tax assets		1	0	0
Total assets		**4 486 312**	**3 521 150**	**3 912 403**
LIABILITIES AND EQUITY CAPITAL				
Liabilities to credit institutions	13	399 457	554 123	420 056
Borrowings through the issuance of securities	15	3 876 393	2 803 652	3 284 370
Other liabilities		4 876	4 294	4 829
Committed group contribution		0	0	0
Total liabilities		**4 280 726**	**3 362 069**	**3 709 255**
Paid-in equity capital	16,17	190 010	150 010	190 010
Accrued equity capital/retained earnings	16	3 823	3 824	3 823
Result after tax		11 753	5 247	9 315
Total equity capital		**205 586**	**159 081**	**203 148**
Total liabilities and equity capital		**4 486 312**	**3 521 150**	**3 912 403**

Mo i Rana, 30 June 2012

Mo i Rana, 15 August 2012

Jan Erik Furunes
Chairman of the Board

Lisbeth Flågeng
Deputy Chairman of the Board

Helge Stanghelle

Inger Lise Strøm

Brit Søfting
General Manager

CHANGE IN EQUITY

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.12	190 000	10	13 138	203 148
Issued new share capital				0
Paid out			-9 315	-9 315
Dividends transferred to debt				0
Result				11 753
Equity capital as at 30.06.12	**190 000**	**10**	**3 823**	**205 588**

	Share capital	Premium fund	Other equity capital	Total
Equity capital 01.01.11	150 000	10	3 824	153 834
Issued new share capital				0
Paid out				0
Dividends transferred to debt				0
Result				5 247
Equity capital as at 30.06.11	**150 000**	**10**	**3 824**	**159 081**

CASH FLOW STATEMENT

	30.06.12	30.06.11	31.12.11
Result of ordinary operations	16 323	7 287	13 235
+ Losses on loans, guarantees, etc	0	0	0
- Tax expense	4 570	2 040	3 920
- Dividend paid	0	0	0
= Provided from the year's operations	**11 753**	**5 247**	**9 315**
Change miscellaneous debt: + increase/-decrease	47	431	0
Change miscellaneous claims: - increase/+ decrease	0	0	0
Change in lendings to and claims on customers: -increase/+decrease	-584 599	-415 476	-766 944
Change in deposits from and liabilities to customers: +increase/-decrease	0	0	796
Change in liabilities to credit institutions: + increase/-decrease	-20 599	8 860	-125 207
A Net liquidity change from operating activities	**-593 398**	**-400 938**	**-882 040**
- Invested in tangible fixed assets	0	0	0
Change in long-term securities: - increase/+ decrease	0	0	0
B Liquidity change from investing activities	**0**	**0**	**0**
- Dividend paid	-9 014	-9132	-9 133
Liabilities securities in issue increase: +increase/- decrease	592 023	400 790	881 508
New share capital: +increase/-decrease	0	0	40 000
C Liquidity change from financing activities	**583 009**	**391 658**	**912 375**
A+B+C Sum total change liquid assets	-10 389	-9 280	30 335
+ Liquid assets at the start of the period	181 606	151 271	151 271
= Liquid assets at the close of the period	171 217	141 991	181 606

NOTES

NOTE 1. ACCOUNTING PRINCIPLES

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

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

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

Presentation in the balance sheet and profit and loss account

Loans

Loans are recognised in the balance sheet depending on the counterparty, either as loans to and deposits with credit institutions or as loans to customers, depending on the measurement principle.
Interest income on loans is included in the line for "net interest income".
Changes in value that can be linked to identify objective evidence of impairment on the balance-sheet date for loans carried at amortised cost and for the portfolios of loans at fixed interest rates that are carried at fair value are included in "write-downs of loans and guarantees".

Liabilities to credit institutions and deposits from customers

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

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

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

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

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

Financial derivatives

The agreements entered into by the company are derivatives related to interest rates and exchange rates. Interest swaps are related to fixed-interest deposits and loans; currency swaps are related to syndicate borrowing in euro.
Derivatives are carried at fair value (clean value) and are together with accrued/earned interest value in the balance sheet (see also section on hedge accounting). The effect of change in fair value is recognized as "gain/loss on financial instruments".
Interest on derivatives hedging is a part of the net interest rate.

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

Securities issued
Securities issued are defined as securities which the company does not intend to trade and which were originally issued by the company. Buy-backs of own bonds in connection with debt reduction are netted against bond debt.
Liabilities at floating rates of interest are assessed at fair value when they are first included in the accounts and later at amortised cost through the use of the effective interest method. Any premium/discount is accrued over the term to maturity. The liabilities are shown in the balance sheet at amortised cost (including accrued interest). Changes in value for amortised cost are recognised in the profit and loss account and net interest.
Liabilities at fixed rates of interest are assessed at fair value. The liabilities are shown in the balance sheet at fair value (clean price) including accrued interest, less own portfolio. Changes in value are recognised in the profit and loss account as "gains/losses on financial instruments" and interest expense in the profit and loss account against net interest.
Appreciation at fair value over the result is expected to significantly reduce the result volatility that otherwise would have occurred when the company have signed interest rate derivatives to achieve efficient floating rate

Hedge accounting; the company evaluates and documents the hedge effectiveness, both at the initial classification and on an ongoing basis. At value hedging, both the hedging instrument and the hedged item are recognized at fair value, and changes in these values from the opening balance are recognized.
The company has no cash-flow hedges.

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

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

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

Loans are written down individually when there is objective evidence of the loan's impairment of value. The amount of the write-down is calculated as the difference between the book and present value of future cash flows calculated according to the expected life of the loan in question. The discounting is done through the use of the effective interest method. Calculated loss is shown on a gross basis in the balance sheet as an individual write-down on loans and is recognised in the profit and loss account as a loss cost. Loans which have been written down individually are not included in the basis for collective write-downs.
Loans are written down collectively when there is objective evidence suggesting impairment of a group of loans. Customers are classified in risk groups on the basis of different parameters such as financial strength, revenue generation, liquidity and funding, business sector, geographical location and behavioural score. These factors provide indications of debtors' ability to service their loans, and are relevant for the calculation of future cash flows from the different risk groups. Each individual risk group is assessed collectively with regard to the need for write-downs.

Interest income and interest cost
Interest income and interest costs relating to assets and liabilities measured at amortised cost are recognised in the profit and loss account on an ongoing basis through the use of the effective interest method.
Interest income on loans which have been written down is calculated by using the same effective rate of interest as the one applied when discounting the original cash flow. Interest income on fixed-interest loans is recognised at fair value. Changes in the fair value of fixed-interest loans are recognised in the profit and loss account as a change in the value of financial instruments.

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

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

Provisions
Provisions are included in the accounts when the company has a currently valid obligation (legal or assumed) as a result of events, which have occurred, and when it is more likely than not that a financial settlement as a result of the obligation will take place, and when the size of the amount involved can be reliably estimated.
Provisions are reviewed on each balance sheet date in question, the level reflecting the best estimate of the obligation. When the effect of time is insignificant, the provisions will be equal to the amount of the cost required in order to be free of the obligation. When the effect of time is significant, the provisions will be equal to the present value of the future cash payments needed to meet the obligation.
In cases where there are several obligations of the same kind, the likelihood of the obligation resulting in a settlement is determined by assessing the group as a whole. Provisions for the company are included in the accounts even if the likelihood of a settlement relating to the company’s individual elements may be low.

Tax
Deferred tax is calculated on all temporary differences between accounts-related and tax-related balance sheet values according to the currently applicable tax rate at the end of the period (the liabilities method). Tax-increasing temporary differences include a deferred tax liability, and tax-reducing, temporary differences, together with any loss to be carried forward, include a possible deferred tax benefit. Deferred tax benefit is shown in the balance sheet when it is likely that in the future there will be taxable income against which the deferred tax benefit can be used.
The tax cost in the profit and loss account comprises both the period's payable tax and any change in deferred tax. The change in deferred tax reflects future payable taxes which are incurred as a result of the operations during the year.

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

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

NOTE 2. SEGMENT

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

NOTE 3. NET INTEREST INCOME

Specifications of income:	30.06.12	30.06.11	Q2/12	Q2/11	31.12.11
Interest income of lending to and claims on credit institutions	3 030	2 175	1 462	1 075	4 775
Interest income of lending to and claims on customers	87 144	61 020	44 292	31 085	136 676
Total interest income	**90 174**	**63 195**	**45 754**	**32 160**	**141 451**
Interest expense on liabilities to credit institutions	8 992	10 049	4 219	4 798	23 011
Interest expense on issued securities	58 672	41 198	28 375	21 804	95 090
Other interest expenses	0	0	0	0	1
Total interest expenses	**67 664**	**51 247**	**32 594**	**26 603**	**118 102**
Net interest income	**22 510**	**11 948**	**13 160**	**5 557**	**23 350**

NOTE 4. OPERATING COSTS

Specification of costs:	30.06.12	30.06.11	Q2/12	Q2/11	31.12.11
Management fee and wage general manager	5 564	4 316	2 887	2 207	9 340
Other administration costs	0	0	0	0	34
Total wages and administration costs	**5 564**	**4 316**	**2 887**	**2 207**	**9 374**
Other operating costs	635	183	193	61	764
Total operating costs	**6 199**	**4 499**	**3 080**	**2 268**	**10 138**

NOTE 5. WRITE DOWNS ON LENDING

Losses on loans	30.06.12	30.06.11	31.12.11
Perodic change in individual write-downs	0	0	0
Periodic change in write-downs on groups of loans	0	0	0
Total losses on loans and guarantees	**0**	**0**	**0**
Periodic losses on loans covered by previous write-downs	0	0	0
Periodic losses on loans not covered by previous write-downs	0	0	0
Periodic entrance of former confirmed losses	0	0	0
Write-downs on commitments etc.	**0**	**0**	**0**

NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

Geographical exposure of the lending portfolio	30.06.12	%	30.06.11	%	31.12.11	%
Helgeland	3 548 217	82.2 %	2 716 736	80.4 %	3 045 014	81.6 %
Areas other than Helgeland	763 639	17.7 %	662 423	19.6 %	683 063	18.3 %
International1)	3 238	0.1 %	0	0.0 %	2 418	0.1 %
Total	**4 315 094**	**100.0 %**	**3 379 159**	**100.0 %**	**3 730 495**	**100.0 %**

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

NOTE 7. LENDING

Lending	30.06.12	30.06.11	31.12.11
Gross lending to customers	**4 308 049**	**3 374 288**	**3 723 962**
Individual write-downs on lending	0	0	0
Lending to customers after individual write-downs	**4 308 049**	**3 374 288**	**3 723 962**
Accrued interest	7 045	4 871	6 533
Group write/downs	0	0	0
Lending to and claims on customers, to amortized cost	**4 315 094**	**3 379 159**	**3 730 495**

NOTE 8. COMMITMENTS BY RISK CLASS

30.06.12	Gross lending	Guarantees	Potential exposure	Total exposure	Share
	Behavior score				
Personal customer retail market:					
Low risk	3 759 077	0	256 646	4 015 723	90.1 %
Medium risk	378 395	0	4 278	382 673	8.6 %
High risk	53 645	0	771	54 416	1.2 %
Defaulted >30 days	0	0	0	0	0.0 %
Not classified	3 949	0	0	3 949	0.1 %
Total personal customer retail market	**4 195 066**	**0**	**261 695**	**4 456 761**	**100.0 %**
Corporate retail market					
Low risk	96 197	0	4 859	101 056	80.9 %
Medium risk	19 686	0	5	19 691	15.8 %
High risk	4 145	0	0	4 145	3.3 %
Defaulted >30 days	0	0	0	0	0.0 %
Not classified	0	0	0	0	0.0 %
Total corporate retail market	**120 028**	**0**	**4 864**	**124 892**	**100.0 %**
Grand total	**4 315 094**	**0**	**266 559**	**4 581 653**	

Risk classification is based on economy, security coverage is not considered.

30.06.11	Gross lending	Guarantees	Potential exposure	Total exposure	Share
	Behavior score				
Personal customer retail market:					
Low risk	2 841 518	0	184 548	3 026 066	87.2 %
Medium risk	371 438	0	2 814	374 252	10.8 %
High risk	37 274	0	5	37 279	1.1 %
Defaulted >30 days	6 233	0	904	7 137	0.2 %
Not classified	25 931	0	0	25 931	0.7 %
Total personal customer retail market	**3 282 394**	**0**	**188 271**	**3 470 665**	**100.0 %**
Corporate retail market					
Low risk	80 562	0	2 789	83 351	83.6 %
Medium risk	9 797	0	143	9 940	10.0 %
High risk	6 083	0	0	6 083	6.1 %
Defaulted >30 days	323	0	0	323	0.3 %
Not classified	0	0	0	0	0.0 %
Total corporate retail market	**96 765**	**0**	**2 932**	**99 697**	**100.0 %**
Grand total	**3 379 159**	**0**	**191 203**	**3 570 362**	

NOTE 9. GUARANTEES AND COMMITMENTS

The company has no such committments.

NOTE 10. DOUBTFUL LOANS AND COMMITMENTS

Defaulted commitments	30.06.12	30.06.11	31.12.11
Gross defaulted commitments over 90 days	0	2 394	0
Individual write-downs of defaulted loans	0	0	0
Net defaulted commitments	**0**	**2 394**	**0**

Defaulted commitments 0-90 days are 0 MNOK.

NOTE 11. WRITE DOWNS ON LENDING

Write-downs	30.06.12	30.06.11	31.12.11
Individual write-downs to cover losses on commitments 01.01	0	0	0
Net write-offs, which was previously written down	0	0	0
Increased individual write-downs in the period, which was previously written down	0	0	0
New individual write-downs in the period	0	0	0
Reversal of individual write-downs in the period	0	0	0
Total individual write-downs on loans	**0**	**0**	**0**
Group write-downs			
Group write-downs to cover losses on loans and commitments 01.01	0	0	0
Periodic change group write-downs	0	0	0
Total group write-downs	**0**	**0**	**0**

NOTE 12. LOANS TO AND CLAIMS ON CREDIT INSTITUTIONS

	30.06.12	30.06.11	31.12.11
Liabilities to credit institutions without agreed maturity	171 217	141 991	181 908
Total lending to and claims on credit institutions	**171 217**	**141 991**	**181 908**

Geographic areas	30.06.12	%	30.06.11	%
Total Helgeland	171 217	100.0 %	141 991	100.0 %

NOTE 13. LIABILITIES TO CREDIT INSTITUTIONS

	30.06.12	30.06.11	31.12.11
Without agreed maturity	399 457	554 123	420 056
Total liabilities to credit institutions	399 457	554 123	420 056

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

The company has signed agreements with Helgeland Sparebank on credit facilities totalling 3.1 BnNOK which mainly is to be used for payment for purchased loans and repayment of covered bonds. The agreement is entered after principles of arm' s length principle. The credit is extended with 0.4 BnNOK as at 30.06.12

NOTE 14. DERIVATIVES

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

NOTE 15. LIABILITIES THROUGH ISSUE OF SECURITIES

Liabilities through issuance of securities are valued at amortized cost.

ISIN code	Currency	Par value	Own hold.	Interest	Admission	Maturity	Soft call	30.06.12
No0010515489	NOK	450 000	0 Floating	3mth. Nibor+0.49	2009	2015	2014	450461
No0010515497	NOK	450 000	0 Floating	3mth. Nibor+0.49	2009	2016	2015	450 461
No0010561798	NOK	500 000	0 Floating	3mth. Nibor+0.59	2009	2014	2013	500 508
No0010566839	NOK	500 000	0 Floating	3mth. Nibor+0.40	2010	2015	2014	500 561
No0010571573	NOK	500 000	0 Floating	3mth. Nibor+0.65	2010	2016	2015	500 292
No0010592553	NOK	500 000	0 Floating	3mth. Nibor+0.65	2010	2017	2016	500 471
No0010623978	NOK	300 000	170 000 Floating	3mth. Nibor+0.65	2011	2018	2017	130 195
No0010628431	NOK	300 000	0 Floating	3mth. Nibor+0.67	2011	2016	2015	301 250
No0010635253	NOK	200 000	10 000 Floating	3mth. Nibor+0.80	2012	2016	2014	191 106
No0010645963	NOK	400 000	50 000 Floating	3mth. Nibor+0.75	2012	2018	2017	351 088
Total listed covered bonds								3 876 393

ISIN code	Currency	Par value	Own hold.	Interest	Admission	Maturity	Soft call	30.06.11
No0010515489	NOK	450 000	0 Floating	3mth. Nibor+0.49	2009	2015	2014	450 559
No0010515497	NOK	450 000	0 Floating	3mth. Nibor+0.59	2009	2016	2015	450 559
No0010561798	NOK	400 000	0 Floating	3mth. Nibor+0.40	2009	2014	2013	400 434
No0010566839	NOK	500 000	0 Floating	3mth. Nibor+0.65	2009	2015	2014	500 707
No0010571573	NOK	500 000	0 Floating	3mth. Nibor+0.65	2010	2016	2015	500 961
No0010592553	NOK	500 000	0 Floating	3mth. Nibor+0.65	2010/11	2017	2016	500 431
Total listed covered bonds								2 803 651

Emition No0010515489 and No0010515497 is wholly bought by Helgeland Sparebank, and is utilized by the parent bank as a guarantee for participation in the Government Swap Agreement. All loans has soft call one year before falling due.

	30.06.2012	30.06.2011	31.12.2011
Loans secured by property	4 302 579	3 341 018	3 704 578
Claims that constitutes cover pool	171 217	141 991	181 908
Total cover pool	**4 473 796**	**3 483 009**	**3 886 486**

*Utlån er avkortet med lån i mislighold og utlån som i perioden har fått en belåningsgrad utover 75 %
(disse lånene tilbakeføres etter periodeslutt).

Cover pool capacity utilization	115 %	124 %	118 %

The cover pool assembly is defined in the Financial Institutions Act § 2.28
LTV (loan to value) as at 30.06.12 was 43.3 %.

NOTE 16. CAPITAL ADEQUACY

	30.06.12	30.06.11	31.12.11
Total paid-in capital	190 010	150 010	190 010
Total accrued equity capital/retained earnings	3 823	3 823	13 138
Additional	0	0	0
Deduction	0	0	9 315
Total core capital	**193 833**	**153 833**	**193 833**
Total net supplementary capital	0	0	0
Total net equity and related capital	**193 833**	**153 833**	**193 833**
Weighted asset calculation basis	1 759 263	1 352 350	1 510 085
Capital adequacy ratio	11.02 %	11.38 %	12.84 %
Of which core capital accounted for	11.02 %	11.38 %	12.84 %

The note shows calculation basis and capital adequacy after Basel II (standardmethod credit risk)
Capital requirement Basel II

	30.06.12	30.06.11	31.12.11
States and central banks	0	0	0
Local and regional authorities (including municipalities)	0	0	0
Publicly owned enterprises	0	0	0
Institutions	2 739	2 272	2 912
Enterprises	65	420	91
Mass market loans	0	0	0
Loans secured by real property	124 540	97 267	109 642
Loans overdue	0	193	0
Covered bonds	0	0	0
Units in securities funds	0	0	0
Other loans and commitments	10 827	5 931	6 058
Capital requirement credit risk	**138 171**	**106 083**	**118 703**
Capital requirement operational risk 1)	2 570	2 105	2 104
Deduction from capital requirement	0	0	0
Total capital requirement	**140 741**	**108 188**	**120 807**

NOTE 17. SHARE CAPITAL

The share capital is 190 MNOK. The shares has a face value of 1 000 NOK, and Helgeland Sparebank owns all the shares.

NOTE 18. RESULT PER SHARE

	30.06.12	**30.06.11**	**31.12.11**
Result so far this year	11 753	5 247	9 315
Number of shares	190 000	150 000	190 000
Result per share in NOK	62	35	49
Diluted result per share in NOK	62	35	49

NOTE 19. 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	**30.06.12**	**30.06.11**	**31.12.11**
Profit and loss account			
Interest income and similar income	3 030	2 175	4 775
Interest expense and similar expense	8 992	15 000	53 454
Management fee	5 564	4 316	9 340
Balance sheet			
Lending and claims on credit institutions	171 217	141 991	181 908
Liabilities to credit institutions	399 457	554 123	420 056
Liabilities from issuance of securities	900 000	900 000	900 000

STATEMENT UNDER THE SECURITIES TRADING ACT § 5-6

We declare that to the best of our knowledge the financial statements for the period 1 January to 30 June 2012 is prepared in accordance with the current accounting standards IAS 34 – interim reporting, and that the information in the financial statements give true and fair view of the company's assets, liabilities, financial positions and result.

The interim report shows after our best conviction a true:

- overview over important events during the accounting period and their influence on the interim report.
- specifications of the most central risk- and uncertain factors the company faces during the next accounting period.
- specification of intimate's considerable transactions.

Mo i Rana, 30 June 201

Mo i Rana, 15 August 2012

Jan Erik Furunes	Lisbeth Flågeng	Helge Stanghelle
Chairman of the Board	*Deputy Chairman of the Board*	

Inger Lise Strøm

Brit Søfting
General Manager

Elected representatives and senior management in Helgeland Boligkreditt AS

The General Assembly:
Helgeland Sparebank v/ CEO Jan Erik Furunes.

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

Members of the Board of Directors:
Jan Erik Furunes, CEO Helgeland Sparebank, Chairman
Lisbeth Flågeng, DCEO Helgeland Sparebank
Inger Lise Strøm, General Manager Corporate Staff Helgeland Sparebank
Helge Stanghelle, Fesil

Members of the Control Comittee:
Heidi Dahl, Jurist Statens Innkrevningssentral - Chairman
Kåre Åsli, self-employed
Frank Høyen, General Manager ProLink International

Contact information

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Organisasjonsnummer: 937 904 029
www.hsb.no

Helgeland Boligkreditt AS
Organisasjonsnummer: 993 359 696
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Tore Stamnes, General Manager Finance, telephone +47 75 11 90 91

Other sources:

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

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