



**FIRST HALF YEAR AND  
SECOND QUARTER 2020**

## **Helgeland Boligkreditt AS,**

Preliminary accounts as of first half year and 2nd quarter 2020.

### **General information**

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

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

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

### **Accounting standards**

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

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

The financial report has not been audited.

### **Rating**

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

### **Result so far this year**

Gross profit was MNOK 39.3 (33.5). This is MNOK 5.8 higher than the same period last year. Net profit was MNOK 30.4 (26.1) which gives a return on equity of 10.4 (9.1) %.

The company is well capitalized with Core tier one Capital ratio of 17.4 (17.8) %.

### **Key figures per 30.06.20 (30.06.19)**

- Net interest MNOK 44.3 (38.9)
- Operation costs MNOK 6.7 (4.9)
- Return on equity 10.4 (9.1) %
- CET1 capital ratio 17.4 (17.8) %
- Cover pool ratio of fullness 18 (17) %
- Indexed LTV 56 (55) %

### **Balance development**

Combined assets in Helgeland Boligkreditt AS constituted MNOK 8 124 as of 30.06.2020. This is an increase of MNOK 64 compared to the same period last year.

### **Cover pool**

By the end of the quarter the mortgage company had mortgages of MNOK 7 662 (7 635). 76.6 (77.6) % of the mortgages are lent to customers in the Helgeland region.

The lending has increased by MNOK 27 (677) or 0.4 (9.7) % the past 12 months. All the mortgages have floating interest rates, and 11 (12) % of the lending volume are flexi loans.

The lending portfolio is considered to be of good quality. Loans qualified for the cover pool amounts to MNOK 7 621 (7 580).

By the end of the quarter, Helgeland Boligkreditt AS had substitute assets of MNOK 384 as per 30.06.20 is fully included in the supplementary security.

Statutory bill of MNOK 50 is included in the LCR calculation.

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

### **Funding**

The lending portfolio is funded by issuing covered bonds totalling MNOK 6 763 (6 842), as well as long term credit from Helgeland Sparebank.

MNOK 80 of the covered bonds is in the parent company's ownership.

The company's debt in finance institutions amounts to MNOK 773 (636) by the end of the quarter. The debt is linked to credit lines in the parent bank.

The value of the cover pool is well above the volume of loans and there is good security in the portfolio. The OC level (in relation to outstanding bonds) was 18 (17) %.

### **Risk conditions and capital ratio**

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

### **Credit risk**

The company's credit strategy is approved by the Board of Directors and determines the framework for management objectives and risk profile.

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

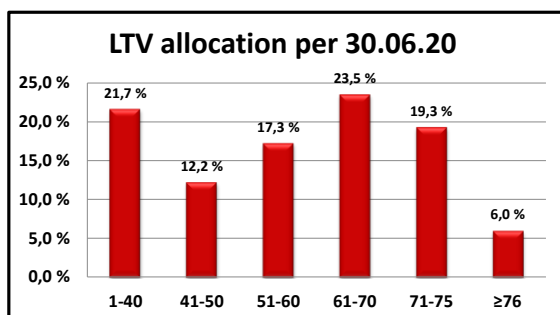
The company has had no individual write downs or established losses.

The Board of Directors considers the quality of the lending portfolio as very good.

A potential fall in housing prices will reduce the net value of the cover pool. Quarterly stress tests are therefore performed to calculate the effect of a

potentially negative development in the housing prices. The Board of Directors considers the results of these stress tests as satisfactory. The credit risk in the lending portfolio is considered to be low.

LTV (Loan to value) was 56 (55) %. The diagram below shows the distribution of the LTVs for the mortgages in the cover pool.



### **Liquidity risk**

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

By the end of the quarter the share of funding over 1 year was 96.4 (95.1) %. This is well above the target of 70%. Average remaining maturity for covered bonds was 3.0 (3.1) years. Helgeland Boligkreditt AS has established committed credit lines with the parent bank that guarantees repayment of bond obligations over the next 12 months on a revolving basis. The company further seeks to reduce the liquidity risk in relation to larger loan maturities by repurchasing its own bonds.

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

### **Operational risk**

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

### **Capital ratio**

The capital ratio per 30.06.20 was 17.4 (17.8) % and consists exclusively of a CET1 capital of MNOK 548.

When calculating capital requirements, the standard method is used for credit risk and the basic method for operational risk. The company's core capital adequacy target is 13.0 % and total capital adequacy ratio exceeds 16.5 %.

### **The prospects ahead**

The corona pandemic has had large effect on Norwegian and international economy. Both for Helgeland Boligkreditt and the customers in Helgeland, everyday life is beginning to normalize after the partly very intrusive measures have been eased.

Despite the fact that the spreading of the virus has been very limited in Helgeland, the total effect of the corona pandemic is uncertain. The uncertainty is mainly related to an eventual new virus spread wave and how the economic losses related to the crisis will develop. The crisis has by the end of the first half year had little effect on the mortgage company. Stable housing market and relative low unemployment considering the crisis indicate that the total effect will be little or moderate for the company.

The turnover of housing in Helgeland has in the first quarter has decreased by 23 housings compared to the same period last year. When it comes to the price on sold housing, these are quite stable with corresponding season variations. The housing market in Helgeland, especially in Mosjøen and Mo I Rana, can be characterized as well functioning.

The turnover speed has decreased some and is now between 35-60 days. The prices are approximately on tariff/valuation. There is no indication that Covid-19 has had significant effect on the real estate market in Helgeland by the end of second quarter.

Unemployment has had a positive development against first quarter of 2020. For Helgeland, the unemployment is by the end of second quarter 2.9% against 4.8 % nationally. The unemployment rate is expected to decrease further towards the level by the end of 2019.

The Board considers the company to have a solid cover pool and that Helgeland Boligkreditt AS still will deliver stable results and be a good source for long term funding.

**STATEMENT UNDER THE SECURITIES TRADING ACT § 5-6**

We declare that to the best of our knowledge the financial statements for the period January 1<sup>st</sup> to June 30<sup>th</sup> 2020 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, August 11<sup>th</sup> 2020

Hanne Nordgaard  
*Chairman*

Dan Hugo Heimstad  
*Deputy Chairman*

Håkon Stanghelle

Sverre Klausen

Sten Ove Lisø  
*General Manager*

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## PROFIT AND LOSS

### PROFIT AND LOSS ACCOUNT

(amounts in NOK 1.000)	Notes	30.06.20	30.06.19	Q2/20	Q2/19	31.12.19
Interest income fom assets measured at amortized cost	3	121 804	109 714	54 948	56 868	238 646
Interest income fom assets measured at real value	3	0	0	0	0	0
Interest payable and similar costs	3	77 509	70 844	33 505	37 089	157 090
<b>Net interest- and credit commission income</b>		<b>44 295</b>	<b>38 870</b>	<b>21 443</b>	<b>19 779</b>	<b>81 556</b>
Commissions receivable and income from banking services		13	10	6	5	23
<b>Net commission income</b>		<b>13</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>23</b>
Net value change gains/losses on financial assets		890	111	1 083	59	-4 969
Operating costs	4	6 693	4 932	3 924	2 336	11 644
Impairment on loans and guarantees	5	-809	537	-501	265	1 407
<b>Profit from ordinary operations</b>		<b>39 314</b>	<b>33 522</b>	<b>18 608</b>	<b>17 507</b>	<b>63 559</b>
<b>Gross profit</b>		<b>39 314</b>	<b>33 522</b>	<b>19 109</b>	<b>17 242</b>	<b>63 559</b>
Tax payable on ordinary result		8 869	7 436	4 382	3 788	13 949
<b>Net profit</b>		<b>30 445</b>	<b>26 086</b>	<b>14 727</b>	<b>13 454</b>	<b>49 610</b>
Result per share in NOK	17	56	48			92
Diluted result per share in NOK	17	56	48			92
<b>Extended income</b>						
<b>Net profit</b>		<b>30 445</b>	<b>26 086</b>	<b>14 727</b>	<b>13 454</b>	<b>49 610</b>
<b>Total period for the period</b>		<b>30 445</b>	<b>26 086</b>	<b>14 727</b>	<b>13 454</b>	<b>49 610</b>

## BALANCE SHEET

### BALANCE SHEET

(amounts in NOK 1.000)	Notes	30.06.20	30.06.19	31.12.19
<b>ASSETS</b>				
Loans to and claims on credit institutions	11	384.277	399.938	399.994
Loans to and claims on customers	6,7,8,9,10	7.662.290	7.635.331	7.597.523
Certificates		49.997	24.936	49.896
Financial derivatives		28.075		
<b>Total assets</b>		<b>8.124.639</b>	<b>8.060.205</b>	<b>8.047.413</b>
<b>LIABILITIES AND EQUITY</b>				
Liabilities to credit institutions	12	772.725	636.074	682.159
Borrowings through the issuance of securities	13,14	6.762.877	6.841.733	6.744.816
Financial derivatives				7.428
Other liabilities		10.224	8.252	15.160
<b>Total liabilities</b>		<b>7.545.826</b>	<b>7.486.059</b>	<b>7.449.563</b>
Paid-in equity	15,16,17	540.010	540.010	540.010
Accrued equity/retained earnings	17	38.803	34.136	57.840
<b>Total equity</b>		<b>578.813</b>	<b>574.146</b>	<b>597.850</b>
<b>Total liabilities and equity</b>		<b>8.124.639</b>	<b>8.060.205</b>	<b>8.047.413</b>

## CHANGE IN EQUITY

### CHANGE IN EQUITY

	Share capital	Premium fund	Other equity	Total
Equity 01.01.19	540 000	10	60 718	600 728
Unrealized gains fund			180	180
Paid out			-52 669	-52 669
Dividend			49 610	49 610
<b>Equity as at 31.12.19</b>	<b>540 000</b>	<b>10</b>	<b>57 840</b>	<b>597 850</b>

	Share capital	Premium fund	Other equity	Total
Equity 01.01.20	540 000	10	57 840	597 850
Unrealized gains fund			128	128
Paid out			-49 610	-49 610
Profit			30 445	30 445
<b>Equity as at 30.06.20</b>	<b>540 000</b>	<b>10</b>	<b>38 803</b>	<b>578 813</b>



## CASH FLOW STATEMENT

### CASH FLOW STATEMENT

	<b>30.06.20</b>	<b>30.06.19</b>	<b>31.12.19</b>
Change in lending to customers	-63 956	-252 047	-215 106
Interest income lending to customers	120 447	108 321	253 854
Change deposits from customers	90 566	-72 891	-26 806
Interest cost deposit from customers	-7 106	-7 172	-15 751
Change certificates and bonds	0	0	-25 000
Comission income	13	10	23
Payments relating to operations	-6 693	-4 933	-11 643
Paid tax	-13 847	-15 050	-15 050
Other cutoffs	-5 728	3 760	4 142
<b>A Net liquidity change from operating activities</b>	<b>113 696</b>	<b>-240 002</b>	<b>-51 337</b>
Long-term investments in shares	0	0	0
Income sale of long-term investments in shares	0	0	0
Dividend from long-term investments in shares	0	0	0
<b>B Liquidity change from financial activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
New borrowing through issuance of securities	20 000	1 100 698	3 776 698
Repayments - issued securities	-30 000	-758 874	-3 546 874
Interest payments borrowing through issuance of securities	-69 803	-63 672	-140 281
Dividend to share owners	-49 610	-52 669	-52 669
<b>C Net liquidity change financing</b>	<b>-129 413</b>	<b>225 483</b>	<b>36 874</b>
<b>A+B+C Net liquidity change in the period</b>	<b>-15 717</b>	<b>-14 519</b>	<b>-14 463</b>
Liquid funds at the start of the period	399 994	414 457	414 457
Liquid funds at the end of the period	384 277	399 938	399 994
Liquid funds specified	<b>-15 717</b>	<b>-14 519</b>	<b>-14 463</b>
<b>Balances with credit institutions without notice periods</b>	<b>384 277</b>	<b>399 938</b>	<b>399 994</b>

## NOTES

### NOTE 1. ACCOUNTING PRINCIPLES

The interim financial statements have been reported in accordance with IFRS and have not been audited. The accounting principles are described in the annual accounts for 2019. Interim report complies with IAS 34 and has not been audited.

### NOTE 2. SEGMENT

The company's operations include just only one strategic area of business, which is organised and managed as one unit. The company's business area is the customer retail market. Lending to corporate retail market is limited to mortgaged loans to sole proprietorships and is a small share of total lending. The geographical segment is the region of Helgeland.

### NOTE 3. NET INTEREST INCOME

	30.06.20	30.06.19	Q2/20	Q2/20	31.12.19
Interest income of lending to and claims on credit institutions	1 357	1 393	669	697	2 792
Interest income of lending to and claims on customers	120 447	108 321	54 279	56 172	235 854
<b>Total interest income</b>	<b>121 804</b>	<b>109 714</b>	<b>54 948</b>	<b>56 869</b>	<b>238 646</b>
Interest expense on liabilities to credit institutions	7 106	7 172	2 898	3 695	15 751
Interest expense on issued securities	70 403	63 672	30 607	33 394	141 339
Other interest expenses					
<b>Total interest expenses</b>	<b>77 509</b>	<b>70 844</b>	<b>33 505</b>	<b>37 089</b>	<b>157 090</b>
<b>Net interest income</b>	<b>44 295</b>	<b>38 870</b>	<b>21 443</b>	<b>19 780</b>	<b>81 556</b>

### NOTE 4. OPERATING COSTS

	30.06.20	30.06.19	Q2/20	Q2/19	31.12.19
Management fee and wage general manager	4 097	4 046	2 056	2 046	8 199
Other administration costs	25	29	25	29	33
<b>Total wages and administration costs</b>	<b>4 122</b>	<b>4 075</b>	<b>2 081</b>	<b>2 075</b>	<b>8 232</b>
Other operating costs	2 571	858	1 843	262	3 411
<b>Total operating costs</b>	<b>6 693</b>	<b>4 933</b>	<b>3 924</b>	<b>2 337</b>	<b>11 643</b>

### NOTE 5. WRITE DOWNS ON LENDING

	30.06.20	30.06.19	31.12.19
<b>Losses on loans</b>			
Periodic change in write-downs step 1-3	-809	537	1.407
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
<b>Write-downs on commitments etc.</b>	<b>-809</b>	<b>537</b>	<b>1.407</b>

## NOTES

### NOTE 6. GEOGRAPHICAL EXPOSURE OF LENDING PORTFOLIO

<b>Geographical exposure of lending portfolio</b>	<b>30.06.20</b>	<b>%</b>	<b>30.06.19</b>	<b>%</b>
Helgeland	5 869 235	76.6 %	5 929 967	77.6 %
Areas other than Helgeland	1 784 477	23.3 %	1 689 875	22.1 %
International1)	10 313	0.1 %	17 167	0.2 %
<b>Total</b>	<b>7 664 025</b>	<b>100 %</b>	<b>7 637 009</b>	<b>100 %</b>

### NOTE 7. LENDING

Expected losses for all accounts are calculated. All account commitments are entered into one of the three "steps" in the loss model, based on their risk change since granting (change in credit risk). For a description of the individual "steps", see explanations below. All commitments 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 later moved to step 2; in cases where there has been a significant increase in credit risk, or step 3; in cases where there is objective evidence of loss.

#### Step 1: 12 months expected loss

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

#### Step 2: Expected loss of life.

In step 2, financial assets that have had a significant increase in credit risk are placed since initial recognition. If an account commitment is significantly worsened or not, it is defined as a function of probability of default (PD) at the time of calculation and the time of grant. The bank has chosen to define that assets with low credit risk (operationalized as assets with PD not exceeding 0.75%) remain in step 1. Expected loss for assets in step 2 is calculated over the residual maturity of the asset. The following events are always considered to have resulted in a significant increase in credit risk:

- Commitment where there is a 30 day cover. This applies to coverings from the first crown, but older than 30 days.
- Commitment where there is greater cover. This applies to overdrafts from the first day, where the balance is considerably larger than the grant.
- Commitment with changed payment obligations or refinancing (forbearance).

#### Step 3: Expected loss of life

In step 3 of the loss model, assets that have had significant increase in credit risk since initial recognition and where there is objective evidence of loss at the reporting date. Expected loss for assets in step 3 is calculated over the remaining maturity of the asset. Interest income is calculated on the assets' net book value.

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

As a consequence of the corona pandemic, the company has made changes related to the loss model. The changes have mainly been related to an increase in PD in the model calculations. Helgeland Boligkreditt has security in real estate, and the real estate prices is expected to be relatively stable in Helgeland. This means that the effects of the corona pandemic has little effect on the write-downs in lending.

## NOTES

<b>30.06.20</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>		
<b>Gross lending</b>	Expected loss over 12 months	Expected loss over the instruments life	Expected loss over the instruments life	Expected loss over the instruments life	Total
<b>Gross lending pr. 01.01.20</b>	<b>7 085 168</b>	<b>514 900</b>	<b>0</b>	<b>0</b>	<b>7 600 068</b>
New loans / credits / guarantees	1 395 210	52 081	0	0	1 447 291
Transfers from step 1 to step 2	-275 251	268 682	0	0	-6 569
Transfers from step 1 to step 3	0	0	0	0	0
Transfers from step 2 to step 3	0	0	0	0	0
Transfers from step 3 to step 2	0	0	0	0	0
Transfers from step 3 to step 3	0	0	0	0	0
Transfers from step 2 to step 1	139 235	-140 584	0	0	-1 349
Reduced portfolio	-1 117 626	-123 887	0	0	-1 241 513
Other adjustments	0	0	0	0	0
Other adjustments	-130 519	-3 384	0	0	-133 903
<b>Gross lending pr. 30.06.20</b>	<b>7 096 218</b>	<b>567 807</b>	<b>0</b>	<b>0</b>	<b>7 664 025</b>
Unused drafts, guarantees etc.	507 156	5 004	-	-	512 160

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

<b>30.06.19</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>		
<b>Gross lending</b>	Expected loss over 12 months	Expected loss over the instruments life	Expected loss over the instruments life	Expected loss over the instruments life	Total
<b>Gross lending pr. 01.01.19</b>	<b>7 098 140</b>	<b>286 822</b>	<b>0</b>	<b>0</b>	<b>7 384 962</b>
New loans / credits / guarantees	1 416 202	45 369	0	0	1 461 571
Transfers from step 1 to step 2	-244 330	242 164	0	0	-2 165
Transfers from step 1 to step 3	0	0	0	0	0
Transfers from step 2 to step 3	0	0	0	0	0
Transfers from step 3 to step 2	0	0	0	0	0
Transfers from step 3 to step 3	0	0	0	0	0
Transfers from step 2 to step 1	103 961	-105 750	0	0	-1 789
Reduced portfolio	-1 017 726	-60 871	0	0	-1 078 597
Other adjustments	0	0	0	0	0
Other adjustments	-124 144	-2 828	0	0	-126 972
<b>Gross lending pr. 30.06.19</b>	<b>7 232 103</b>	<b>404 907</b>	<b>0</b>	<b>0</b>	<b>7 637 009</b>
Unused drafts, guarantees etc.	502 064	249	-	-	502 313

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

## NOTES

	Step 1	Step 2	Step 3		
<b>30.06.20</b>	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>Loss deduction</b>					
<b>Loss deduction pr. 01.01.20</b>	<b>389</b>	<b>2.156</b>	<b>0</b>	<b>0</b>	<b>2.545</b>
New loans / credits / guarantees	71	36	0	0	106
Transfers from step 1 to step 2	-33	420	0	0	387
Transfers from step 1 to step 3	0	0	0	0	0
Transfers from step 2 to step 3	0	0	0	0	0
Transfers from step 3 to step 2	0	0	0	0	0
Transfers from step 3 to step 3	0	0	0	0	0
Transfers from step 2 to step 1	32	-773	0	0	-741
Reduced portfolio	-73	-556	0	0	-629
Other adjustments	33	34	0	0	67
<b>Loss deduction pr. 30.06.20</b>	<b>419</b>	<b>1.317</b>	<b>0</b>	<b>0</b>	<b>1.735</b>

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	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>30.06.19</b>					
<b>Loss deduction</b>					
<b>Loss deduction pr. 01.01.19</b>	<b>421</b>	<b>715</b>	<b>0</b>	<b>0</b>	<b>1.136</b>
New loans / credits / guarantees	48	99	0	0	147
Transfers from step 1 to step 2	-29	698	0	0	668
Transfers from step 1 to step 3	0	0	0	0	0
Transfers from step 2 to step 3	0	0	0	0	0
Transfers from step 3 to step 2	0	0	0	0	0
Transfers from step 3 to step 3	0	0	0	0	0
Transfers from step 2 to step 1	17	-296	0	0	-279
Reduced portfolio	372	-129	0	0	243
Other adjustments	-426	188	0	0	-237
<b>Loss deduction pr. 30.06.19</b>	<b>403</b>	<b>1.275</b>	<b>0</b>	<b>0</b>	<b>1.678</b>

<b>Lending</b>	<b>30.06.20</b>	<b>30.06.19</b>	<b>31.12.19</b>
Lending to customers	7 657 340	7 627 426	7 589 135
Accrued interests	6 685	9 583	10 933
<b>Gross lending to customers</b>	<b>7 664 025</b>	<b>7 637 009</b>	<b>7 600 068</b>
Individual write-downs	0	0	0
Lending to customers after individual write-downs	7 664 025	7 637 009	7 600 068
Write down	-1 735	-1 678	-2 545
<b>Lending to and claims on customers, to amortized cost</b>	<b>7 662 290</b>	<b>7 635 331</b>	<b>7 597 523</b>

## NOTES

### NOTE 8. GUARANTEES AND COMMITMENTS

<b>Unutilised credit and guarantees</b>	<b>30.06.20</b>	<b>30.06.19</b>	<b>31.12.19</b>
Unutilised credit	512 160	502 313	515 312
Guarantees	0	0	0
<b>Total conditional liabilities</b>	<b>512 160</b>	<b>502 313</b>	<b>515 312</b>

### NOTE 9. DOUBTFUL LOANS AND COMMITMENTS

<b>Defaulted commitments</b>	<b>30.06.20</b>	<b>30.06.19</b>	<b>31.12.19</b>
Gross defaulted commitments over 90 days	0	0	0
Individual write-downs of defaulted loans	0	0	0
<b>Net defaulted commitments</b>	<b>0</b>	<b>0</b>	<b>0</b>

### NOTE 10. LENDING AND EXPECTED LOSS DIVIDED ON INDUSTRY

<b>30.06.20</b>	<b>Lending to amortized cost and fair value (OCI)</b>							
	<b>Gross lending</b>		<b>Forventet tap</b>			<b>Gross lending</b>	<b>Gross lending</b>	<b>Net lending</b>
	Amortized cost	Step 1	Step 2	Step 3	Fair value (FVOCI)	Fair value (FVOCI)		Total
Total corporate market	154.612	-36	-39	0	0			154.536
Total retail market	7.509.413	-382	-1.278	0	0	0		7.507.753
<b>Total</b>	<b>7.664.025</b>	<b>-419</b>	<b>-1.317</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.662.290</b>
Expected loss off balance RM			0	0	0			
Expected loss off balance CM			0	0	0			

<b>30.06.19</b>	<b>Lending to amortized cost and fair value (OCI)</b>							
	<b>Gross lending</b>		<b>Forventet tap</b>			<b>Gross lending</b>	<b>Gross lending</b>	<b>Net lending</b>
	Amortized cost	Step 1	Step 2	Step 3	Fair value (FVOCI)	Fair value (FVOCI)		Total
Total corporate market	160.326	-31	-151	0	0		0	160.143
Total retail market	7.476.684	-372	-1.124	0	0	0	0	7.475.188
<b>Total</b>	<b>7.637.009</b>	<b>-403</b>	<b>-1.275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.635.331</b>
Expected loss off balance RM		-8	0	0	0			
Expected loss off balance CM		-1	0	0	0			

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

	<b>30.06.20</b>	<b>30.06.19</b>	<b>31.12.19</b>
Liabilities to credit institutions without agreed maturity	384 277	399 937	399 994
<b>Total lending to and claims on credit institutions</b>	<b>384 277</b>	<b>399 937</b>	<b>399 994</b>
Total exposure at Helgeland in %	100 %	100 %	100 %

## NOTES

### NOTE 12. LIABILITIES TO CREDIT INSTITUTIONS

	30.06.20	30.06.19	31.12.19
Without agreed maturity	772 725	636 074	682 159
<b>Total liabilities to credit institutions</b>	<b>772 725</b>	<b>636 074</b>	<b>682 159</b>

The Company has a credit facility (maturing > one year) of 1 500 million. As of 30/06/20 the idle frame was 727 million.

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

### NOTE 13. DERIVATIVES

	30.06.20		
	Nominal value	Market value	
	Total	Assets	Commitments
Interest rate swaps- fixed interest rate loans			
Interest rate swaps- bank deposits with share Yield			
<b>Total financial derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest rate swaps – fixed interest rate with hedging	300 000	28 075	0
<b>Total financial derivatives with hedging</b>	<b>300 000</b>	<b>28 075</b>	<b>0</b>

	30.06.19		
	Nominal value	Market value	
	Total	Assets	Commitments
Interest rate swaps- fixed interest rate loans			
Interest rate swaps- bank deposits with share Yield			
<b>Total financial derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest rate swaps – fixed interest rate with hedging	0	0	0
<b>Total financial derivatives with hedging</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTES

### NOTE 14. LIABILITIES THROUGH ISSUE OF SECURITIES

Liabilities through issuance of securities are valued at amortized cost.

Covered bonds:

ISIN code	Current Par value	Own hold.	Interest	Admission	Maturity	Soft call	30.06.20
NO0010724065 NOK	500 000		Flytende 3mnd. Nibor+0,30	2014	2021	2022	501 679
NO0010740673 NOK	26 000		Flytende 3 mnd.Nibor+0,49	2015	2020	2021	27 987
NO0010764897 NOK	500 000		Flytende 3 mnd.Nibor+0,86	2016	2021	2022	502 116
NO0010769920 NOK	500 000		Flytende 3 mnd.Nibor+0,78	2016	2021	2022	502 226
NO0010782774 NOK	205 000		Flytende 3 mnd.Nibor+0,52	2017	2022	2023	207 102
NO0010785843 NOK	500 000		Flytende 3 mnd.Nibor+0,64	2017	2022	2023	502 323
NO0010804008 NOK	500 000		Flytende 3 mnd.Nibor+0,45	2017	2021	2022	502 795
NO0010810278 NOK	500 000		Flytende 3 mnd.Nibor+0,41	2017	2021	2022	502 954
NO0010819568 NOK	500 000		Flytende 3 mnd.Nibor+0,40	2018	2022	2023	502 610
NO0010826415 NOK	500 000		Flytende 3 mnd.Nibor+0,47	2018	2022	2023	501 900
NO0010831290 NOK	500 000		Flytende 3 mnd.Nibor+0,42	2018	2023	2024	501 002
NO0010839434 NOK	500 000		Flytende 3 mnd.Nibor+0,55	2018	2023	2024	501 916
NO0010847080 NOK	500 000		Flytende 3 mnd.Nibor+0,48	2019	2024	2025	502 823
NO0010859986 NOK	500 000		Flytende 3 mnd.Nibor+0,40	2019	2025	2026	502 044
NO0010865652 NOK	200 000		Flytende 3 mnd.Nibor+0,43	2019	2025	2026	201 898
NO0010867864 NOK	300 000		Fast 0.0222	2019	2029	2030	299 502
<b>Total listed covered bonds</b>							<b>6 762 877</b>

Issue no: NO0010859986 MNOK 80

All loans have soft call one year before maturity.

ISIN code	Current Par value	Own hold.	Interest	Admission	Maturity	Soft call	30.06.19
NO0010709355 NOK	500 000	295 000	Flytende 3mnd. Nibor+0,40	2014	2020	2021	205 467
NO0010724065 NOK	500 000		Flytende 3mnd. Nibor+0,30	2014	2021	2022	500 162
NO0010748601 NOK	500 000	370 000	Flytende 3 mnd.Nibor+0,78	2015	2019	2020	130 265
NO0010740673 NOK	500 000		Flytende 3 mnd.Nibor+0,49	2015	2020	2021	500 657
NO0010764897 NOK	500 000		Flytende 3 mnd.Nibor+0,86	2016	2021	2022	500 632
NO0010769920NOK	500 000		Flytende 3 mnd.Nibor+0,78	2016	2021	2022	500 456
NO0010782774NOK	500 000		Flytende 3 mnd.Nibor+0,52	2017	2022	2023	500 018
NO0010804008NOK	500 000		Flytende 3 mnd.Nibor+0,45	2017	2021	2022	500 010
NO0010785843NOK	500 000		Flytende 3 mnd.Nibor+0,64	2017	2022	2023	500 241
NO0010810278 NOK	500 000		Flytende 3 mnd.Nibor+0,41	2017	2021	2022	500 356
NO0010819568 NOK	500 000		Flytende 3 mnd.Nibor+0,40	2018	2022	2023	499 768
NO0010826415 NOK	500 000		Flytende 3 mnd.Nibor+0,47	2018	2022	2023	500 546
NO0010831290 NOK	500 000		Flytende 3 mnd.Nibor+0,42	2018	2023	2024	501 014
NO0010839434 NOK	500 000		Flytende 3 mnd.Nibor+0,55	2018	2023	2024	500 615
NO0010847080NOK	500 000		Flytende 3 mnd.Nibor+0,48	2019	2024	2025	501 526
<b>Total listed covered bonds</b>							<b>6 841 733</b>

All loans have soft call one year before maturity.



## NOTES

	30.06.20	30.06.19
<b>Total listed bonds</b>	<b>6 762 877</b>	<b>6 841 733</b>
Loans secured by property	7 621 855	7 580 031
Claims that constitutes cover pool (inc. Interests)	384 277	399 938
<b>Total cover pool</b>	<b>8 006 132</b>	<b>7 979 969</b>
Cover pool capacity utilization	1 243 255	1 138 236
Cover pool capacity utilization %	18 %	17 %
Cover pool capacity utilization %, own share covered bonds deducted	18 %	7 %

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

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

### NOTE 15. CAPITAL ADEQUACY

	30.06.20	30.06.19	31.12.19
Total paid-in capital	540 010	540 010	540 010
Total accrued equity capital/retained earnings	38 802	34 133	57 839
Additional	0	0	0
Deduction	-30 519	-26 086	-50 469
<b>Total core capital</b>	<b>548 293</b>	<b>548 057</b>	<b>547 380</b>
Total net supplementary capital	0	0	0
<b>Total net equity and related capital</b>	<b>548 293</b>	<b>548 057</b>	<b>547 380</b>
Weighted asset calculation basis	3 158 579	3 077 676	3 129 578
Capital adequacy ratio	17.36 %	17.81 %	17.49 %
Of which core capital accounted for	17.36 %	17.81 %	17.49 %

	30.06.20	30.06.19	31.12.19
States and central banks	0	0	0
Local and regional authorities (including municipalities)	0	0	0
Publicly owned enterprises	0	0	0
Institutions	81 692	79 709	79 999
Enterprises	0	0	0
Mass market loans	0	0	0
Loans secured by real property	2 860 016	2 811 613	2 829 548
Loans overdue	67 478	55 950	73 232
Other loans and commitments	0	0	0
<b>Capital requirement credit risk</b>	<b>3 009 186</b>	<b>2 947 272</b>	<b>2 982 779</b>
Capital requirement operational risk	143 534	130 404	143 534
Other deductions/additions to capital requirement	5 859	0	3 265
<b>Total capital requirement</b>	<b>3 158 579</b>	<b>3 077 676</b>	<b>3 129 578</b>

### NOTE 16. SHARE CAPITAL

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

### NOTE 17. PROFIT PER SHARE

	30.06.20	30.06.19	31.12.19
Result so far this year	30 445	26 086	49 610
Number of shares	540 000	540 000	540 000
Result per share in NOK	56	48	92
Diluted result per share in NOK	56	48	92

## NOTES

### NOTE 18. TRANSACTIONS WITH RELATED PARTIES

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

<b>Intragroup transactions</b>	<b>30.06.20</b>	<b>30.06.19</b>	<b>31.12.19</b>
<b>Profit and loss account</b>			
Interest income and similar income	1 357	1 393	2 792
Interest expense and similar expense	7 106	7 172	15 751
Management fee	4 097	4 046	8 199
<b>Balance sheet</b>			
Lending and claims on credit institutions	384 277	399 938	399 994
Liabilities to credit institutions	772 725	636 074	682 159
Liabilities from issue of securities	80 000	0	80 000

### NOTE 19. KEY FIGURES

	<b>30.06.20</b>	<b>30.06.19</b>	<b>31.12.19</b>
<b>Profit &amp; Loss Account</b>			
Gross profit (NOK 1.000)	30 445	26 086	49 610
Net interest as a % of average assets	1.10 %	0.98 %	1.01 %
Operation cost as a % of income	15.1 %	12.7 %	14.3 %
Net profit as a % of average assets	0.75 %	0.66 %	0.62 %
<b>Balance sheet</b>			
Gross lending (NOK 1.000)	7 664 025	7 637 009	7 600 068
Collective write-downs as a % of lending	0.0 %	0.0 %	0.0 %
12 months growth in customer lending	0.4 %	9.7 %	2.9 %
Total assets (NOK 1.000 kr)	8 124 639	8 060 205	8 047 413
Average total assets	8 097 219	7 963 546	8 037 543
<b>Solidity</b>			
Rate of return on equity capital	10.4 %	9.1 %	8.3 %
Core tier one Capital (NOK 1.000)	548 293	548 057	547 380
Core tier one Capital ratio	17.4 %	17.8 %	17.5 %
LR (Leverage Ratio)	6.6 %	6.6 %	6.6 %
<b>Information on lending portfolio</b>			
Surplus value of cover pool (NOK 1.000)	1 243 255	1 138 236	1 167 028
Surplus value of cover pool (%)	18 %	17 %	17 %
Indexed LTV	56 %	55 %	57 %
Proportion of variable-rate loans	100 %	100 %	100 %
Proportion of flexible mortgages*)	11 %	12 %	11 %
Average loan value (NOK 1.000)	1 156	1 134	1 133
Number of loans	6 621	6 727	6 687
Remaining maturity - weighted average (year)	20.7	20.3	20.5
Seasoning - weighted average (year)	2.8	2.7	2.8

\*) Calculated from the drawn amount

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

### **The General Meeting:**

Helgeland Sparebank v/CEO Hanne Nordgaard

### **Board of Directors:**

Hanne Nordgaard, Chairman  
Dag Hugo Heimstad, Deputy Chairman  
Sverre Klausen  
Håkon Stanghelle

### **Contact information**

#### **Helgeland Sparebank**

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### **Investor Relations**

Sverre Klausen, CFO, telephone +47 916 88 286

### **Other sources:**

#### **Annual reports:**

Helgeland Boligkreditt AS is part of the Helgeland Sparebank group. Annual reports are available under investor relations information at [www.hsb.no](http://www.hsb.no)

#### **Interim reports**

Quarterly reports are available at [www.hsb.no](http://www.hsb.no)