

Q1
2016

financial report
1. quarter 2016



Helgeland Sparebank

Interim report first quarter 2016

General information

Helgeland Sparebank is an independent savings bank with a clear target to be the leading bank and a driving force for growth in Helgeland. Helgeland Sparebank is the only bank with a head office in the region and has a solid equity. The bank's strong market position combined with professional expertise, competitive prices and solid capital adequacy makes the bank well prepared to meet the competition ahead.

The bank has 14 offices in 13 municipalities in Helgeland and is the 12th largest savings bank in Norway.

The accounts are produced in line with IFRS, hereunder IAS 34 on interim reporting. Further information on the accounting principles is given in the annotations to the annual accounts. The numbers used are consolidated figures unless it is otherwise stated. Figures in brackets are the previous year's comparative figures. The interim accounts have not been audited.

Main features this year (HSB group)

The HSB group has a gross profit of MNOK 154 (71).

- Good profitability in the bank's basic operations with increased net interest in NOK and percent.
- Significant income with conversing to defined contribution
- The bank has reached the target of the planned downsizing process
- Good lending growth to both retail and corporate customers
- CET1 capital well above the regulatory requirements

The earnings give an annual net ROE of 12.1 (10.2) %. The EPS is NOK 4.7 (2.1).

Result 1st quarter

Key figures:

(Comparison per 31.03.15)

- Net interest 1.84 (1.76) %
- Costs in percent of BTA 0.96 (1.05) %
- Write-downs on lending 0.07 (0.00) %
- 3-month lending growth 1.9 (1.0)
- 3-month deposit growth 0.9 (1.7)
- CET1 ratio 14.9 (14.6) %
- Capital ratio 18.2 (18.1) %

The net interest

Helgeland Sparebank's ambition is to be competitive on mortgage interest rates and implemented the last interest rate reduction on

existing loans from December 1st 2015. Further reduction is implemented with effect from June 8th 2016. The deposit rate is market adjusted and has contributed strongly to the maintenance of the net interest.

The credit spreads are still at a relatively high level both in the senior bond and covered bond segments. This has given a marginal increase of the HSB groups funding costs.

The bank has managed to maintain the net interest despite the generally low interest level and strong competition. Net interest and credit commission earnings was MNOK 125 (112), or 1.84 (1.76) % of average total assets.

Interest on subordinated bonds is in 2016 recognized in retained earnings. This has improved the net interest with 6 bps, from 1.78 % to 1.84 % (in Q1 2015 interest cost on subordinated bonds was recognized as profit by MNOK 3).

HSB has continued its previous practice. The hedge fund fee is accrued monthly. See also note 1 comment.

Net commission earnings

The net commission earnings were MNOK 20 (21). In percent of average total assets, the net commission earnings were 0.30 (0.33) %.

The bank's ownership in product companies provides the bank with a complete product and service spectrum.

The bank owns 7.9 % of the insurance company Frende Holding AS. In the leasing company Brage Finans AS, Helgeland Sparebank's owner share is 10% and in the brokerage Norne 7.4 %.

Commission from general insurance constitute a significant part of the income and per 31.03.16 constitute MNOK 5 (4).

Net value change and profit/loss from financial instruments

Net income from financial instruments was MNOK 2 (3). In the profit share from associated companies, the profit from the Helgeland Invest group is included with MNOK 5. Value change fixed rate loans is expensed with MNOK 4.

In the parent bank's financial statements, dividend from Helgeland Boligkreditt AS is included with MNOK 38, which is the company's profit in 2015. This is included in the banks dividend basis for 2016.

Operating costs

Total operating costs were MNOK 65 (67) (excluding on time effect of income regarding conversion to defined contribution).

All bank employees with performance scheme that in accordance to pension laws can be transferred from the benefit plan is transferred to defined contribution pension with effect from 01.03.16. This resulted in a one-time income recognized by MNOK 76.

People on sick leave and disability pensions are not transferred to the new scheme and the liabilities related to these members are still in the balance sheet.

Transition from defined benefit to defined contribution plan will provide lower costs in the long term. The cost for the current year will be in line with 2015.

The bank works actively to reduce costs. The bank adapts for the future and adopted in 2015 changes in the organization. The staffing is adjusted in accordance to the changes in customer behaviour and technological development.

The deadline to apply for downsizing packages was April 8th, and the bank has reached the target regarding downsizing by 15 man years.

Costs resulting from the restructuring program were expensed in 2015 by MNOK 7.5. This provision covers costs for agreed downsizing packages.

The operating costs in per cent of average total assets was 0.96 (1.05) %, and costs in percent of earnings was 43.6 (48.2) %.

The staff in the HSB group is reduced with 5 annual positions in the last 12 months. The bank's absence due to sickness is still at a moderate level with 4.7 (3.6) %.

Expensed write-downs on commitments

Write-downs on loans to customers and guarantees amounts to MNOK 5 and breaks down to an increase in group write-downs of MNOK 2, an increase in the corporate market of MNOK 4 and a reduction in the retail market of MNOK 1.

The group write-downs have increased from a combined evaluation of the model (PD/LGD), the solvency development in the retail market, and the defaults.

The equity certificate – HELG

The number of EC owners are stable and amounts to 2 188 by the end of the quarter. The 20 largest owners are noted with 81.9 % of the EC capital. Sparebankstiftelsen Helgeland is the largest owner with 35.3% of the ECs in HELG.

The price of the EC was per 31.03.15 NOK 60.00, which is an increase of NOK 1.00 per EC from the turn of the year.

Balance development per 31.03.16

The total assets constitute NOK 27.5bn. Over the last 12 months, total assets have increased with MNOK 1 870 or 7.3 (-0.6) %.

Commitments

By the end of the quarter, gross lending constituted MNOK 22,965. The 12-month lending growth was MNOK 1,925 (283), or 9.1 (1.4) %. 83.6 (84.0) % of the HSB group's lending is to customers in the Helgeland region.

MNOK 15,607, or 68.0 (67.3) % of gross lending is lending to retail customers, whereof MNOK 4,605 (20.0%) is transferred to the bank's mortgage company.

Despite the macroeconomic uncertainties in Norway, the growth in the retail market has been good and significantly higher than the same time last year. The 12-month growth in the retail market was MNOK 1,451 (554), or 10.3 (4.1) %, which is higher than the national lending growth. DNB's closure of offices in Helgeland contributes to increased growth.

The 12-month growth for corporate customers was MNOK 474 or 6.9 (-3.8) %.

Deposits from customers

By the end of the quarter, deposits from customers constituted MNOK 14,546. The deposits over the last 12 months have increased by MNOK 594 (852), or 4.3 (6.5) %. The deposit growth is slightly lower than in 2015, but still on level with national growth. The HSB group has stable and local depositors, whereby 91.0 (91.6) are deposits from customers in the Helgeland region.

The 12-month deposit growth in the retail market was MNOK 566 (655), or 6.6 (8.2) %. Of total deposits at NOK 14.5bn, NOK 9.2bn, or 63.2 (61.8) % are deposits from retail customers.

The 12-month deposit growth in the corporate market was MNOK 28 (197), or 0.5 (3.8) %. The municipal deposits that are part of the corporate market are slightly reduced.

The deposit ratio is good and was 63.3 (66.3) % in the HSB group, and 80.7 (83.2) % in the parent bank.

Funding

Deposits from customers are of priority of funding for the bank. The volume difference between loans to customers and deposits is funded in the Norwegian money- and securities market. The HSB group has a long term funding from the capital market and by the end of the quarter, the share of loans beyond one year was 87.6 (83.7) %.

The bank is continually preparing for the transferral of approved mortgages to the wholly-owned mortgage company. The fixed maximum limit for transferring loans to Helgeland Boligkreditt AS is

30% of gross lending. Per 31.03.16, 20 % are transferred. Prepared mortgages will increase the rate to 25%.

Rating

Helgeland Sparebank is rated by Moody's. The bank's rating is A3 with a "stable outlook". Bonds issued by Helgeland Boligkreditt AS are given a Aaa rating by Moody's.

Subsidiaries and associated companies

The HSB group consists of Helgeland Sparebank and the consolidated subsidiaries Helgeland Boligkreditt AS, ANS Bankbygg Mo, AS Sparebankbygg, Helgeland Sparebank's Eiendomsselskap AS, Helgeland Utviklingselskap AS, and Storgata 73 AS.

The HSB group's associated companies are Helgeland Invest AS with an ownership of 48%, and REDE Eiendomsmedling AS with an ownership of 40%.

Risk and capital management

The HSB group's combined risk is governed through proxies, targets, and frames determined by the Board of Directors.

The combined capital requirement is summarised in the bank's ICAAP.

Credit risk

The HSB group's strategy for the credit area is derived from the overall strategy and contains guidelines for the distribution of loans between the retail and corporate markets, exposure to industries (concentration risk) and geographic limitations. Lending to retail customers consists of a high level of secure mortgages that give a low risk in the portfolio.

The development in the bank's credit risk is monitored closely.

The corporate customers are given individual close follow-up in addition to monitoring development of risk based on the bank's score models, as well as significant industries. It is established monitoring according to the approved targets for the portfolio.

Net non-performing (>90 days) and impaired commitment constitute MNOK 114 (104), which equals 0.5 (0.5) % of gross lending.

Market risk

The HSB group's interest rate risk is managed within frames approved by the Board, and is considered low.

The bank takes on credit risk, primarily through the management of interest bearing assets in the bank's liquidity portfolio. The portfolio mainly consist of securities issued by Norwegian banks, mortgage companies, municipalities, government, and non-financial institutions. The credit risk is within the Board's approved frames.

Liquidity and funding

The Board has approved a strategy for liquidity management that determined the purpose, steering goals, and risk tolerance for the management of liquidity risk.

The bank's liquidity situation is considered satisfactory, and the share of long-term funding is well above the target.

The HSB groups combined liquidity reserves (cash, deposits, and interest bearing assets) constitute NOK 3.8 (3.9) bn, or 13.7 (15.2) % of the group's total assets. The combined duration of the interest portfolio is 1.9 (2.1) years.

Solidity

The HSB group has a CET1 capital ratio of 14.9 (14.6) %, which is well above the regulatory minimum requirements of 11.5% from 1 July 2016. The T1 capital ratio was 16.3 (16.0) %, the total capital ratio 18.2 (18.1) %.

The bank's board has approved a capital plan for 2015 – 2019, where the satisfaction of new capital requirements in Norway due to CRD IV is central. The Board has determined capital targets, where the objective is a CET1 capital ratio for the group of at least 14.0% and a total capital ratio up towards 17.5%.

Prospects ahead

Despite differences in the regions, activities in the housing market in Helgeland are still relatively high. This combined with offensive external activity and DNB's closure of offices means that we expect a slightly higher growth in the retail market than the rest of the country. There is greater uncertainty around the growth in the corporate market, but is expected to be on level with first quarter.

The bank's capital situation is good and satisfying in accordance to profitable growth.

The low interest level and persistently increased interest for alternative forms of saving has so far not resulted in lower deposit growth. The deposit interest rate was further market adapted in the beginning of April and we are monitoring the development closely.

Notified reduction in the mortgage interest rates is financed virtually through reduced deposit rates. Credit spread on the funding is still relatively high compared to last year. The interest development and the credit spread development make us expect a flattening in the net interest.

The level of commission income is expected to be maintained.

The process of adapting the staff through reduction of 15 man years is completed within the downsizing package.

The cost reduction will come gradually through out the year with full effect from the end of 3rd quarter. Changes in the pension plan are completed from Mars 1st and the pension liability is recognized as

income and reduced with transition costs. In the long term, this will provide a reduction in the bank's pension costs.

Non-performing and other impaired commitments are still relatively low seen against gross lending. Due to the insecurity in the Norwegian economy, a somewhat higher level of write-downs is expected ahead.

Still low exchange rates are favourable for Helgelands export companies and contribute to optimism in the tourist industry. The aquaculture meets the challenges with salmon lice with research and development of alternative methods both for delousing and breeding. ISA in localities in Helgeland provides a reminder of the vulnerability of the industry. Very high salmon prices still contributes to increased solidity and investments in new technology and future-oriented equipment.

The unemployment is still low in the region, with a combined unemployment of 2.5 % per 31.03.16. Nordland County had an unemployment rate of 2.7 % and the national average was 3.3 %.

The housing price development has over time been stable and less volatile than nationwide. In the first quarter the average increase was 8.9% for detached houses, which is higher than the national average price increase of 2.2 %. The price increase in city municipalities like Bodø and Oslo was respectively 13.6 and 11.2 %. Corresponding numbers for flats show a price increase of 5.6 % for the Helgeland region, 4.2 % nationwide and 5.8 % in Bodø.

Helgeland is still not to the same degree as other regions of the country affected by unemployment as a result of lower activity in business. There is still reason to expect that we eventually will be able to have ripple effects also in this region of the country.

Mo i Rana, April 27th 2016

Ove Brattbakk
Chairman of the Board

Stein Andre Herigstad-Olsen
Deputy Chairman of the Board

Eva Monica Hestvik

Bjørn Audun Risøy

Inga Marie Lund

Nils Terje Furunes

Marianne Terese Steinmo

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Employee representative

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CEO

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PROFIT AND LOSS ACCOUNT (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.2015	31.03.16		31.03.16	31.03.15	31.12.15
814	211	189	Interest receivable and similar income	218	244	940
398	112	74	Interest payable and similar costs	90	129	465
12	3	3	Hedge fund fees	3	3	12
404	96	112	Net interest- and credit commission income	125	112	463
97	24	23	Commissions receivable and income from banking services	23	24	97
10	2	3	Commissions payable and costs relating to banking services	3	2	10
87	21	20	Net commission income	20	21	87
50	0	40	Dividend	1	0	1
27	4	5	Net profit from associates	5	4	27
-15	-2	-4	Net profit from other financial investments	-4	-1	-7
62	2	41	Gains/losses on financial assets available for sale (note 3)	2	3	21
15	3	1	Other operating income	2	2	11
	0	75	Income by converting to defined contribution	75		
261	64	63	Operating costs (note 4)	65	67	270
32	0	5	Losses on loans, guarantees etc. (note 5)	5	0	32
275	58	181	Result before tax	154	71	280
61	15	34	Tax payable on ordinary result	37	18	72
214	43	147	Result from ordinary operations after tax	117	53	208
8.6	1.7	5.9	Yield per equity capital certificate (note 6)	4.7	2.1	8.4
8.6	1.7	5.9	Diluted result per ECC in Norwegian currency (note 6)	4.7	2.1	8.4
			Extended Income Statement			
214	43	147	Result from ordinary operations after tax	117	53	208
			<u>Items that are not subsequently reversed through profit or loss:</u>			
0	0	0	Estimate variances, pensions will not be reversed over the income	0	0	0
0	0	0	Tax on extended profit	0	0	0
0	0	0	Net extended profit or loss items	0	0	0
			<u>Items that are not subsequently reversed through profit or loss:</u>			
14	-10	1	Net change in fair value available-for-sale fin. assets	1	-10	12
0	2	0	Tax on extended profit	0	2	0
14	-8	1	Net extended profit or loss items	1	-8	12
228	35	148	Total result for the period	118	45	220

BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
ASSETS						
91	102	99	Cash and claims on central banks	99	102	91
1 007	915	1 134	Loans to and claims on credit institutions	609	510	510
18 201	16 958	18 346	Loans to and claims on customers (note 7,8,9,10)	22 867	20 948	22 444
127	171	109	Financial derivatives (note 16)	109	171	127
3 643	3 869	3 374	Certificates, bonds and shares available for sale	3 274	3 465	3 462
267	175	272	Investments in associated companies (note 12)	272	172	267
345	346	445	Investments in subsidiaries (note 12)			
33	28	13	Deferred tax benefit	17	30	37
36	32	34	Fixed assets (note 13)	100	93	92
52	65	82	Other assets	118	104	102
23 802	22 661	23 908	Total assets	27 465	25 595	27 132
LIABILITIES AND EQUITY CAPITAL						
18	0	1	Liabilities to credit institutions	3	2	20
14 644	14 189	14 878	Deposits from customers and liabilities to customers (note 17,18)	14 546	13 952	14 418
6 058	5 602	5 879	Borrowings through the issuance of securities (note 15)	9 742	8 692	9 549
58	57	65	Financial derivatives (note 16)	65	57	58
224	247	191	Other liabilities	193	255	232
519	519	300	Fundbonds and subordinated loan capital	300	519	519
21 521	20 614	21 314	Total liabilities	24 849	23 477	24 796
1 028	1 028	1 029	Paid-in equity capital (note 19,20)	1 029	1 028	1 029
		220	Hybrid capital (Note 1,17)	220		
1 253	976	1 198	Accrued equity capital/retained earnings (note 20)	1 248	1 035	1 305
	43	147	Result from ordinary operations after tax	117	53	
2 281	2 047	2 594	Total equity capital exclusive minority interest	2 614	2 116	2 334
			Non-controlling interest	2	2	2
2 281	2 047	2 594	Total equity capital	2 616	2 118	2 336
23 802	22 661	23 908	Total liabilities and equity capital	27 465	25 595	27 132

Conditional liabilities off balance sheet (note 11)

CHANGE IN EQUITY CAPITAL

Group

31.12.15

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other :qu.cap.	Min. int.	Total
												0
Equity capital as at 01.01.15	187	845	-4	0	241	437	20	8	338	106	2	2 180
Result for the period					31	29	8	8	89	43		208
Extended profit or loss items					9					2		11
Sum total ext. profit or loss	0	0	0	0	40	29	8	8	89	45	0	219
Gift fund							-8	-8				-16
Transactions with owners												0
Impairment to par												0
Dividend paid										-47		-47
Equity capital 31.12.15	187	845	-4	0	281	466	20	8	427	104	2	2 336
Paid-in/accrued equity capital/retained earnings				1 028								1 308

31.03.16

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other :qu.cap.	Min. int.	Total
Equity capital as at 01.01.16	187	845	-4	220	281	466	20	8	427	104	2	2 556
IAS19R*)										117		117
result for the period										1		1
Extended profit or loss items	0	0	0	0	0	0	0	0	0	118	0	118
Sum total ext. profit or loss							-3					-3
Gift fund												0
Transactions with owners												0
Dividend paid										-55		-55
Equity capital 31.03.16	187	845	-4	220	281	466	17	8	427	167	2	2 616
Paid-in/accrued equity capital/retained earnings				1 248								1 368

Parent bank

31.12.15

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Other Equ.cap.	Total	
Equity capital as at 01.01.15		187	845	0	-4	240	437	20	8	338	45	2 116
Extended profit or loss items						31	29	8	8	89	49	214
Sum total ext. profit or loss						10					4	14
Totalresultat		0	0	0	0	41	29	8	8	89	53	228
Gift fund								-8	-8			-16
Transactions with owners												0
Impairment to par												0
Dividend paid											-47	-47
Equity capital 31.12.15		187	845	0	-4	281	466	20	8	427	51	2 281
Paid-in/accrued equity capital/retained earnings					1 028							1 253

31.03.16

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0	
Equity capital as at 01.01.16		187	845	220	-4	281	466	20	8	427	51	2 501
IAS19R*)											147	147
result for the period											1	1
Extended profit or loss items		0	0	0	0	0	0	0	0	0	148	148
Sum total ext. profit or loss												0
Gift fund												0
Dividend paid											-55	-55
Equity capital 31.03.16		187	845	220	-4	281	466	20	8	427	144	2 594
Paid-in/accrued equity capital/retained earnings					1 248							1 346

CASH FLOW STATEMENT

<i>Parent bank</i>				<i>Group</i>		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
-1 672	-377	-145	Change in lending to customers	-423	-212	-1 747
722	185	169	Interest income lending to customers	201	216	849
673	218	234	Change deposits from customers	127	227	692
-229	-68	-41	Interest cost deposit from customers	-45	-68	-229
319	137	270	Change certificates and bonds	190	137	296
68	18	14	Interest income certificates and bonds	14	18	68
97	24	23	Comission income	23	24	97
-248	-61	-63	Payments relating to operations	-65	-62	-250
-52	-25	-26	Paid tax	-26	-25	-52
19	43	32	Other cutoffs	19	25	13
-303	94	467	A Net liquidity change from operating activities	15	280	-263
-14	-3	-1	Investment in long-term securities	-3	-3	-20
5	0	0	Income sale of long-term securities	0	0	7
0	0	-100	Long-term investments in shares	0	0	0
65	5	40	Dividend from long-term investments in shares	1	5	18
56	2	-61	B Net liquidity change from investments	-2	2	5
2 033	0	634	New borrowing through issuance of securities	934	99	3 359
-1 950	-500	-871	Repayments - issued securities	-790	-492	-2 995
-143	-37	-32	Interest payments borrowing through issuance of securities	-48	-52	-225
-10	-3	-2	Interest payments on subordinated debt	-2	-3	-10
-48	0	0	dividend to share owners	0	0	-48
-118	-540	-271	C Net liquidity change financing	94	-448	81
-365	-444	135	A+B+C Net liquidity change in the period	107	-166	-177
1 461	1 461	1 098	Liquid funds at the start of the period	601	778	778
1 098	1 017	1 233	Liquid funds at the end of the period	708	612	601
Liquid funds specified						
91	102	99	Cash and balances with central banks	99	102	91
1 007	915	1 134	Balances with credit institutions without notice periods	609	510	510
1 098	1 017	1 233	Liquid funds	708	612	601

NOTE 1. ACCOUNTING PRINCIPLES

Both the consolidated financial statements and the Parent Bank's separate financial statements have been prepared in compliance with IFRS, while the accounting policies applied in individual areas are described in the annual financial statements for 2015. The interim report for the second quarter is in compliance with IAS 34 and has not been audited.

Hedge fund fee

The fee to the banks hedge fund us normally calculated based on the average of guaranteed deposits and the average calculation for previous quarters. It is not regulated whether a withdrawal from the arrangement will result in repayment of too much fees paid. Practice has been a pro-rata impact on enrolment. Practice of and consideration of equal treatment implies pro-rata also upon withdrawal. This determines when the fee should be recognized in the accounts. HSB has provisionally continued previous practice in that the fee is accrued monthly.

Financial instrument with characteristics as equity

Issued hybrid capital instruments in HSB have a unilateral right not to repay interest or principal to investors. As a result of these conditions, the instruments don't satisfy conditions and requirements and are recognized in equity on the line Hybrid Capital. Transaction costs and accrued interests are presented as a reduction in retained earnings, while the benefit of tax deductions for interest rates provides an increase in retained earnings.

NOTE 2. SEGMENT

The Group has defined its geographical segment as a main area of Norway – Helgeland. The Group only has smaller exposure to credit risk in areas other than its geographically defined main area.

The group has split the bank into two segments, corporate and retail banking.

<i>Parent bank</i>				<i>Group</i>				
31.03.15				31.03.16				
Retail	Corp.	Not divided	Total	Segmentinformation	Retail	Corp.	Not divided	Total
56	52	4	112	Net interest and credit commission i	72	52	1	125
6	3	11	20	Net commission income	6	3	11	20
		42	42	Other operating income			4	4
0	0	-12	-12	Operating costs	0	0	-10	-10
-1	3	3	5	Losses on loans guaranteed	-1	3	3	5
63	52	66	181	Result before tax	79	52	23	154
11 094	7 346		18 440	Loans to and claims on customers	15 607	7 358		22 965
-4	-12		-16	Individual write-downs	-4	-12		-16
-13	-64		-78	Collective write-downs on loans	-17	-64		-82
		5 562	5 562	Other assets			4 598	4 598
11 077	7 270	5 562	23 908	Total assts per segment	15 586	7 282	4 598	27 465
9 190	5 688		14 878	Deposits from customers and liabilit	9 190	5 356		14 546
		9 030	9 030	Other liabilities and equity			12 919	12 919
9 190	5 688	9 030	23 908	Total liabilities and equity per €	9 190	5 356	12 919	27 465

<i>Parent bank</i>				<i>Group</i>				
31.03.15				31.03.16				
Retail	Corp.	Not divided	Total	Segmentinformation	Retail	Corp.	Not divided	Total
47	47	1	95	Net interest and credit commission i	67	52	-7	112
7	3	11	21	Net commission income	7	3	11	21
		5	5	Other operating income			5	5
21	7	35	63	Operating costs	22	8	37	67
-1	1		0	Losses on loans guaranteed	-1	1		0
34	42	-18	58	Result before tax	53	46	-28	71
10 191	6 855		17 046	Loans to and claims on customers	14 156	6 884		21 040
-4	-15		-19	Individual write-downs	-4	-15		-19
-13	-55		-68	Collective write-downs on loans	-17	-55		-72
		5 702	5 702	Other assets			4 646	4 646
10 174	6 785	5 702	22 661	Total assts per segment	14 135	6 814	4 646	25 595
8 624	5 565		14 189	Deposits from customers and liabilit	8 624	5 328		13 952
		8 472	8 472	Other liabilities and equity			11 643	11 643
8 624	5 565	8 472	22 661	Total liabilities and equity per €	8 624	5 328	11 643	25 595

NOTE 3. SPECIFICATION OF NET CHANGE IN VALUE OF FINANCIAL INSTRUMENTS

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
-1	-1	0	Value change in interest-bearing securities	0	-1	-1
4	0	-1	Net gain/loss in interest-bearing securities	-1	0	4
-12	-2	2	Net gain/loss shares	1	-2	-5
49	1	39	Share dividend	1	1	1
28	4	5	Income AC Helgeland Invest AS	5	5	28
-1	0	0	Income AC REDE	0	0	-1
-6	0	-4	Value change in value on lending	-4	0	-6
1	0	0	Value change on funding and derivatives	0	0	1
62	2	41	Total value change financial instruments	2	3	21

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
130	32	32	Wages, salaries and social costs	32	33	129
8	0	0	Change package	0	0	8
74	19	18	General administration costs	18	18	74
12	3	3	Depreciation etc of fixed- and intangible assets	5	5	20
37	10	10	Other operating costs	10	11	39
261	64	63	Total operating costs	65	67	270
		75	Income conversing to defined contribution	75		
261	64	-12	Net operating costs	-10	67	270

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
4	-3	-3	+/- Period's change in individual write-downs	-3	-3	4
7	0	2	+ Period's change in collective write-downs	2	0	7
20	1	5	+ Period's conf. Losses against which ind. write-downs were made	5	1	20
2	4	3	+ Period's confirmed losses against which no ind. write-downs, r	3	4	2
-1	-2	-2	- Period's recoveries from previous periods' conf. losses	-2	-2	-1
32	0	5	Total losses on loans, guarantees etc.	5	0	32

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
214	43	147	Profit	117	53	208
75.1 %	75.1 %	75.1 %	ECC percentage	75.1 %	75.1 %	75.1 %
8.6	1.7	5.9	Yield per equity capital certificate	4.7	2.1	8.4
8.6	1.7	5.9	Diluted result per ECC in Norwegian currency	4.7	2.1	8.4

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>					<i>Group</i>			
31.03.15	%	31.03.16	%		31.03.16	%	31.03.15	%
14 453	84.8	15 565	84.4	Helgeland	19 201	83.6	17 668	84.0
2 574	15.1	2 857	15.5	Areas other than Helgeland	3 737	16.3	3 342	15.9
19	0.1	18	0.1	International	27	0.1	30	0.1
17 046	100	18 440	100	Total	22 965	100	21 040	100

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	31.03.16				31.03.15			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	0	0.0 %	0	0	0	0.0 %	0	0
Insurance and finance	8	0.0 %	0	0	8	0.0 %	0	0
Agriculture and forestry	1 276	5.6 %	2	0	1 267	6.0 %	1	0
Fisheries and aquaculture	794	3.5 %	0	0	666	3.2 %	1	0
Mining and industry	410	1.8 %	0	1	351	1.7 %	3	-2
Building and construction	924	4.0 %	6	0	823	3.9 %	2	1
Trade, hotel, restaurants.	284	1.2 %	3	1	314	1.5 %	5	2
Transport and services	642	2.8 %	0	2	670	3.2 %	3	-1
Property, property development	3 020	13.2 %	2	0	2 785	13.2 %	0	1
Total corporate market	7 358	32.0 %	13	4	6 884	32.7 %	15	1
Retail market	15 607	68.0 %	3	-1	14 156	67.3 %	4	-1
Total	22 965	100 %	16	3	21 040	100 %	19	0
Change collective write-downs			82	2			72	0
Total			98	5			91	0
Of which gross loans Helgeland Boligkreditt AS	4 604	20.0 %			4 054	19.3 %		

	31.03.16				31.03.15			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	0	0.0 %	0	0	0	0.0 %	0	0
Insurance and finance	8	0.0 %	0	0	8	0.0 %	0	0
Agriculture and forestry	1 266	6.9 %	2	0	1 259	7.4 %	1	0
Fisheries and aquaculture	793	4.3 %	0	0	665	3.9 %	1	0
Mining and industry	408	2.2 %	0	1	348	2.0 %	3	-2
Building and construction	903	4.9 %	6	0	805	4.7 %	2	1
Trade, hotel, restaurants.	280	1.5 %	3	1	306	1.8 %	5	2
Transport and services	602	3.3 %	0	2	632	3.7 %	3	-1
Property, property development	3 086	16.7 %	2	0	2 832	16.6 %	0	1
Total corporate market	7 346	39.8 %	13	4	6 855	40.2 %	15	1
Retail market	11 094	60.2 %	3	-1	10 191	59.8 %	4	-1
Total	18 440	100 %	16	3	17 046	100 %	19	0
Change collective write-downs			78	2			68	0
Total			94	5			87	0

NOTE 9. BAD AND DOUBTFUL LOANS

<i>Parent bank</i>				<i>Group</i>		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
88	106	126	Loans, guarantees etc. in default	126	106	88
16	12	16	Loss provisions for loans, guarantees etc. in default	16	12	16
72	94	110	Total net loans, guarantees etc. in default	110	94	72
5	17	6	Other bad and doubtful loans and guar., not in default	6	17	5
2	7	2	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	2	7	2
3	10	4	Total net bad and doubtful commitments, not in default	4	10	3
75	104	114	Total bad and doubtful loans	114	104	75
0.4 %	0.6 %	0.6 %	In % of total loans	0.5 %	0.5 %	0.3 %

NOTE 10. INDIVIDUAL AND COLLECTIVE WRITE DOWNS OF LOANS AND GUARANTEES

<i>Parent bank</i>				<i>Group</i>		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
24	24	19	Individual write-downs to cover losses on loans and guarantees as at 01.01	19	24	24
-9	-3	-5	Period's conf. losses, against which indi. Write-down was previously made	-5	-3	-9
0	3	0	Period's increased individual write-downs, against which write-down was previously made	0	3	0
10	0	3	New individual write-downs during the period	3	0	10
-6	-5	0	Reversal of individual write-downs during the period	0	-5	-6
19	19	17	= Total individual write-downs on loans	17	19	19
18	19	16	*Of which individual write-downs on loans accounted for	16	19	18
1	0	1	* Of which ind. Write-downs on guar. accounted for	1	0	1
			Collective write-downs:			
68	68	75	Collective write-downs to cover losses on loans at 01.01	79	72	72
7	0	2	+ /- Period's change in collective write-downs	2	0	7
75	68	77	Total collective write-downs	81	72	79

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>				<i>Group</i>		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
1 557	1 497	1 520	Unutilized drawing rights	1 930	1 874	1 959
552	502	500	Guarantee obligations	500	484	552
2 503	2 594	2 474	Unutilized drawing rights Helgeland Boligkreditt AS	0	0	0
4 612	4 593	4 494	Net guarantee and draw rights	2 430	2 358	2 511

NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

Subsidiaries are consolidated and substantial interests are included under the equity method. Preliminary quarterly data from subsidiaries and associates have applied in the consolidated financial statements.

Parent bank

	Share capital	Number of shares	Equity stake	Market value	
				31.03.16	31.03.15
ANS Bankbygg Mo	49.0	5 591	97 %	45	45
Helgeland Boligkreditt AS	190.0	190 000	100 %	390	290
AS Sparebankbygg	0.1	100	100 %	0.1	0.1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100 %	8	8
Storgata 73 AS	5.0	74	53 %	2	2
Total investment in AC				445	346

The share capital of Helgeland Sparebank is expanded with MNOK 100 in Q1 2016. The capital increase is not registered in Brønnøysund at the balance sheet date.

Associated companies

Financial information associated companies:

Group and parent bank

							31.03.16
100% ownership		Fixed assets	Current Assets	Current liabilities	Long term debt	Equity	
Helgeland Invest AS		524	10	0	0	534	
REDE eiendomsmegling AS		5	29	3	2	29	
Total		529	39	3	2	563	
The banks ownership	Ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Equity	
Helgeland Invest AS	48.3 %	253	5	0	0	258	
REDE Eiendomsmegling AS (inkl merverdi)	40.0 %	2	14	1	1	14	
Total		256	19	1	1	272	

Group and parent bank

							31.12.15
100% ownership		Fixed assets	Current Assets	Current liabilities	Equity	Equity	
Helgeland Invest AS		514	10	0	0	524	
Eiendomsmegleren Helgeland AS		5	29	3	2	29	
Total		519	39	3	2	553	
The banks ownership	Ownership	Fixed assets	Current Assets	Current liabilities	Equity	Equity	
Helgeland Invest AS	48.3 %	248	5	0	0	253	
Eiendomsmegleren Helgeland AS	34.0 %	2	14	1	1	14	
Total		250	19	1	1	267	

	<i>Group and parent bank</i>	
Changes in the banks ownership in HI	31.03.16	31.12.15
Opening balance	253	235
Dividend	0	-9
Result HI	5	28
Closing balance	258	253

	<i>Group and parent bank</i>	
Changes in the banks ownership in REDE	31.03.16	31.12.15
Opening balance	13.6	0
Dividend	0.0	-0.7
Result REDE	0.0	-0.7
Additional value/goodwill	0.0	15
Closing balance	13.6	13.6

Financial information Associated companies

							<i>Parent bank and group</i>
							31.03.16
Result 100 % ownership		Revenue	Finance cost	Other income	Operating cost	Result	
Helgeland Invest AS		11	0	0	0.8	10	
REDE eiendomsmegling AS		5.25	0	0	5.25	0	
Total		16.25	0	0	6.05	10	
Result bank's share	Ownership	Revenue	Finance cost	Other income	Operating cost	Result	
Helgeland Invest AS	48.3 %	5	0	0	0	5	
REDE Eiendomsmegling AS	40.0 %	2	0	0	2	0	
Total		7	0	0	2	5	

							<i>Parent bank and group</i>
							31.12.15
Result 100 % ownership		Revenue	Finance cost	Other income	Operating cost	Result	
Helgeland Invest AS		67	3	0	6	58	
Eiendomsmegleren Helgeland AS		21	0	0	22	-2	
Total		88	3	0	28	56	
Result bank's share	Ownership	Revenue	Finance cost	Other income	Operating cost	Result	
Helgeland Invest AS	48.3 %	32	1	0	3	28	
Eiendomsmegleren Helgeland AS	34.0 %	8	0	0	9	-1	
Total		40	1	0	12	27	

REDE: Earlier «Eiendomsmegleren Helgeland» has teamed up with Mo og Omegn Boligbyggelags, and Mosjøen Boligbyggelags brokerage into one company in 2015. The bank's owner share is 40 %, and the two boligbyggelagene own respectively 40 and 20 %.

NOTE 13. OPERATING FUNDS

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.15	31.03.16	31.03.16	31.03.15	31.12.15	
36	32	34	Operating funds*)	100	93	92
36	32	34	Total operating funds	100	93	92

NOTE 14. DISCLOSURES OF RELATED PARTIES

The information is given in line with IAS 24 for "Information regarding close parties" (Transactions toward leading employees and representatives comes forth in a note in the annual accounts). Helgeland Sparebank defines its subsidiaries and associated companies as close parties in relation to this accounting standard. The transactions between the parent bank, affiliated companies and associated companies are conducted in line with regular commercial terms and principles.

Significant transactions with related parties:

Helgeland Boligkreditt AS (share of ownership 100 %)

Transferred loans per 31.03.16 constitute totally MNOK 4,605. Covered bonds in the housing mortgage company constitute MNOK 3 963 where MNOK 100 (404) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is per 31.03.16 drawn with MNOK 526. The bank has additionally entered into agreements with Helgeland Boligkreditt AS concerning credit lines of NOK 1.5 bn (duration 1 year), which mainly should be used in the settlement of purchased loans and repayment of covered bonds in a 12 month rolling period, and is entirely unused. The agreements are entered according to the principle of an arm's lengths distance. The effects of the credit lines are eliminated in the consolidated accounts. HSB has received corporate contributions of MNOK 38 in 2015.

Ans Bankbygg (share of ownership 97 %)

The bank rents premises from ANS Bankbygg and has paid MNOK 1.0 in 2016.

Helgeland Invest AS

Corporate market manager in the local bank Sandnessjøen, Roger Hermansen is a member of the board and the bank's CEO, Lisbeth Flångeng, is a deputy member of the board in Helgeland invest. (see note 12 regarding Helgeland Invest).

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

Measurement of fair value of financial instruments by level

The table shows financial instruments to fair value according to fair value measurement method (IFRS13). The changes demand presentation of fair value measurements per level with the following divisions into levels. The different levels are defined like this:

- Level 1 - Noted price in an active market for an identical asset or liability
- Level 2 – Valuation based on observable factors either direct (price) or indirect (derived from prices) other than noted priced (used in level 1) for the asset or liability
- Level 3 Valuation based on factors not obtained from observable markets (non-observable assumptions)

The fair value of financial instruments that are traded in an active market is based on the market price at the end of the reporting period. A market is considered active if the markets rates are simply and regularly available from a stock exchange, trader, broker, business group pricing service or regulatory authority, and these prices represent actual and regularly occurring arm's length market transactions. The market price used for financial assets is the current bid price, while for financial liabilities it is the current offer price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation methods. These valuation methods maximize the use of observable data where these are available, and are based as little as possible on the Group's own estimates. If all the significant data required to determine the fair value of an instrument are observable data, the instrument are included in level 2.

Unlisted equities and fixed-rate loans are classified under level 3. The fair value of shares where it's no active market, known market value or the last issue price is used. For papers without turnover, the value is set based on available financial information, etc. fixed rate loans are measured at fair value.

Assets and liabilities measured at fair value

<i>Parent bank</i>			<i>Group</i>			
31.03.16			31.03.16			
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit						
0	0	1 281	- Loans to and claims on customers at fair value	0	0	1 281
Financial assets available for sale						
3 146	0	227	- Certificates, bonds and equities available for sale	3 046	0	227
	109		- Financial derivatives	0	109	0
3 146	109	1 508	Tota assets	3 046	109	1 508
LIABILITIES						
Financial liabilities at fair value through profit						
0	65		- Debt issuance of securities	0	65	0
0	65	65	Total liabilities	0	65	0

Aksjer	Utlån	Sum	Changes in instruments classified in Level 3	Aksjer	utlån	Sum
227	1 310	1 537	Opening balance	227	1 310	1 537
0	-52	-52	payments	0	-52	-52
0	27	27	New loans	0	27	27
0	-4	-4	Value change	0	-4	-4
0	0	0	Reclassification	0	0	0
227	1 281	1 508	Financial instruments valued on Level 3	227	1 281	1 508

Principal fixed rate loans per 31.03.16 were MNOK 1.265 and MNOK 1.295 mill per 31.12.15. Net interest rate risk by a parallel interest rate shift of 1 %-point for fixed rate loans and derivatives, fixed rate loans was MNOK 4.0 per 31.03.16 and MNOK 3.0 per 31.12.15.

Assets and liabilities measured at fair value

<i>Parent bank</i>			<i>Group</i>			
31.12.15			31.12.15			
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit						
0	0	1 310	- Loans to and claims on customers at fair value	0	0	1 310
Financial assets available for sale						
3 416		227	- Certificates, bonds and equities available for sale	3 236		227
	127		- Financial derivatives		127	
3 416	127	1 537	Tota assets	3 236	127	1 537
LIABILITIES						
Financial liabilities at fair value through profit						
0	2 826		- Debt issuance of securities		2 826	
	58		- Financial derivatives		58	
0	2 884	0	Total liabilities	0	2 884	0

Shares	Lending	Sum	Level 3	Shares	Lending	Sum
189	1044	1 233	Opening balance	189	1 044	1 233
	-259	-259	Installments and loans redeemed		-259	-259
	538	538	New loans		538	538
38	-13	25	Value change	38	-13	25
0			Reclassification			
227	1 310	1 537	Financial instruments valued on Level 3	227	1 310	1 537

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>			
31.03.16				31.03.16			
Nominal value	Market value			Nominal value	Market value		
	Total	Assets			Commitments	Total	
1 486	0	62	Interest rate swaps- fixed interest rate loans	1 486	0	62	
50	0	3	Interest rate swaps- bank deposits with share Yield	50	0	3	
1 536	0	65	Total financial derivatives	1 536	0	65	
2 500	109	0	Interest rate swaps – fixed interest rate with hedging	2 500	109	0	
2 500	109	0	Total financial derivatives with hedging	2 500	109	0	

<i>Parent bank</i>				<i>Group</i>			
31.03.15				31.03.15			
Nominal value	Market value			Nominal value	Market value		
	Total	Assets			Commitments	Total	
1 136	0	57	Interest rate swaps- fixed interest rate loans	1 136	0	57	
0	0		Interest rate swaps- bank deposits with share Yield	0	0		
1 136	0	57	Total financial derivatives	1 136	0	57	
2 362	171	0	Interest rate swaps – fixed interest rate with hedging	2 362	171	0	
2 362	171	0	Total financial derivatives with hedging	2 362	171	0	

Net presentation of financial assets and liabilities

<i>Parent bank and group</i>					
31.03.16					
	Gross financial assets	Financial assets that are recognized	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as assets	109		0	109	44
Derivaives carried as liabilities	65		0	65	0

<i>Parent bank and group</i>					
31.03.15					
	Gross financial assets	Financial assets that are recognized	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as assets	171		0	171	114
Derivaives carried as liabilities	57		0	57	0

Relevant instruments for interest rate risk management will be primarily interest rate swaps. Trading in derivatives can be made with various counterparties. To differentiate counterparty structure used a selection of the major banks / brokerages that account for the bulk of turnover in interest-related products in the market. If the bank has the same counterparty derivatives on both the asset side and the liability side, these are offset.

NOTE 17. SECURITIES

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.03.16	(MNOK)	31.03.16	31.12.15
5 945	5 767	Bonds, nominal value	9 627	9 433
52	51	Value adjustments	48	49
61	61	Accrued interest	67	67
6 058	5 879	Total securities	9 742	9 549

Change in securities issued					<i>Group</i>
	31.12.15	Issued	Matured/redeemed	Other change	31.03.16
Bonds, nominal value	9 433	700	-505	0	9 628
Value adjustments	49			-2	47
Accrued interest	67			0	67
Total	9 549	700	-505	-2	9 742

Change in securities issued					<i>Parent bank</i>
	31.12.15	Issued	Matured/redeemed	Other change	31.03.16
Bonds, nominal value	5 945	300	-479	0	5 767
Value adjustments	52			-1	51
Accrued interest	61			0	61
Total	6 058	300	-479	-1	5 879

Change in subordinated debt and hybrid capital					<i>Group/parent bank</i>
	31.12.15	Issued	Matured/redeemed	Other change	31.03.16
Subordinated bonds, nominal value	220			-220	-
equity and related capital, nominal value	300	0	0	0	300
Value adjustments	-1			0	-1
Accrued interest	1			0	1
Total	520	0	0	0	300

Accounted value			<i>Group</i>
		31.03.16	31.12.15
Bonds, amortized cost		7 162	6 726
Bonds, hedging		2 580	2 823
Total debt securities		9 742	9 549

Accounted value			<i>Parent bank</i>
		31.03.16	31.12.15
Bonds, amortized cost		3 299	3 235
Bonds, hedging		2 580	2 823
Total debt securities		5 879	6 058

NOTE 18. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>				<i>Group</i>				
%	31.03.15	%	31.03.16		31.03.16	%	31.03.15	%
91.7 %	13 012	91.0 %	13 543	Helgeland	13 211	91.0 %	12 782	91.6 %
7.5 %	1 067	8.2 %	1 225	Areas other than Helgeland	1 225	8.2 %	1 060	7.6 %
0.8 %	110	0.7 %	110	International	110	0.7 %	110	0.8 %
100 %	14 189	100 %	14 878	Total	14 546	100 %	13 952	100 %

NOTE 19. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>				<i>Group</i>				
%	31.03.15	%	31.03.16		31.03.16	%	31.03.15	%
2.9 %	406	3.1 %	454	Financial institutions	156	1.1 %	191	1.4 %
11.3 %	1 604	9.2 %	1 373	Municipalities and municipal ente	1 373	9.4 %	1 604	11.5 %
2.4 %	339	2.1 %	314	Agriculture and forestry	314	2.2 %	339	2.4 %
3.9 %	548	5.6 %	835	Fisheries and aquaculture	835	5.7 %	548	3.9 %
1.4 %	203	1.1 %	162	Mining and industry	162	1.1 %	203	1.5 %
5.1 %	725	5.4 %	806	Building and construction	806	5.5 %	725	5.2 %
3.1 %	440	2.7 %	408	Trade, hotel, restaurants.	408	2.8 %	440	3.2 %
5.9 %	838	5.5 %	818	Transport and services	818	5.6 %	838	6.0 %
3.3 %	462	3.5 %	518	Property, property development	484	3.3 %	440	3.2 %
39.2 %	5 565	38.2 %	5 688	Total corporate market	5 356	36.8 %	5 328	38.2 %
60.8 %	8 624	61.8 %	9 190	Retail market	9 190	63.2 %	8 624	61.8 %
100 %	14 189	100 %	14 878	Total	14 546	100 %	13 952	100 %

NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

Per 31.03.16	Numbers	% share	<i>Parent bank</i>		
			Numbers	% share	
Sparebankstiftelsen Helgeland	6 599 598	35.3 %	Helgeland Kraft AS	340 494	1.8 %
Pareto AS	1 570 836	8.4 %	Verdipapirfondet Pareto	269 000	1.4 %
UBS AG, London Branc A/C	1 198 900	6.4 %	Sniptind Holding AS	201 801	1.1 %
Merrill Lynch Prof.	1 130 015	6.0 %	Catilina invest AS	170 000	0.9 %
Pope Asset Management BNY	654 441	3.5 %	Brødrene Johanssen AS	137 731	0.7 %
EIKA Utbytte VPF	569 120	3.0 %	Nordenfjelske Bykreditt	134 194	0.7 %
VPF Nordea Norge	565 712	3.0 %	Melum Mølle AS	124 000	0.7 %
MP Pensjon PK	562 203	3.0 %	Steffen Nervik	110 000	0.6 %
Lamholmen AS	398 788	2.1 %	Melesio Capital AS	100 000	0.5 %
Bergen Kommunale pensj.	390 000	2.1 %	Harald P. Hartviksen	79 898	0.4 %
Total 10 biggest owners	13 639 613	72.9 %	Total 20 biggest owners	15 306 731	81.9 %

The bank has issued a total of 18 700 000 primary certificates value of NOK 10,-.

NOTE 21. CAPITAL ADEQUACY

The capital ratio is worked out according to CRD IV/Basel III regulations (standard method credit risk)

(Transition rules for no significant shares in finance institutions, involve full implementation from 01.01.19).

Parent bank				Group		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
187	187	187	ECC-capital	187	187	187
845	845	845	Premium Fund	845	845	845
-4	-4	-4	Own ECCs	-4	-4	-4
		220	Hybrid capital (CB)	220		
1 028	1 028	1 248	Total paid-in capital	1 248	1 028	1 028
466	438	463	Savings Bank's fund	463	438	466
281	175	281	Reserve for unrealized gains	281	152	281
29	25	29	Donations Fund	29	25	29
425	338	425	Dividend equalisation reserve	425	338	425
52	0	0	Cash dividend	0	0	52
0	0	0	Other equity capital	54	81	54
1 253	976	1 198	Total accrued equity capital	1 252	1 034	1 307
2 281	2 004	2 446	Total equity capital	2 500	2 062	2 335
0	0	0	Reserve for unrealized gains	0	0	0
		-220	Hybrid capital (CB)	-220		
-33	-25	-13	Deferred tax assets	-16	-30	-37
-38	-35	-22	Shares in financial institutions	-21	-31	-37
23	21	9	Transition Rule; share net of non significant assets	8	18	22
-60	-8	-9	Cash dividend /gifts employee	-9	-8	-60
2 173	1 957	2 191	Total core tier one	2 242	2 011	2 223
-12	-11	-6	Shares in financial institutions	-6	-9	-11
-11	-11	-5	Transition Rule; share net of non significant assets	-4	-9	-10
220	219	220	Hybrid capital (CB)	220	219	220
2 370	2 154	2 400	Total core capital	2 452	2 212	2 422
300	300	300	Subordinatet dept	300	300	300
-7	-7	-4	Shares in financial institutions	-4	-6	-6
-11	-10	-5	Transition Rule; share net of non significant assets	-4	-9	-11
0	0	0	Additional	0	0	0
282	283	291	Total net supplementary capital	292	285	283
2 652	2 437	2 691	Total net equity and related capital	2 744	2 497	2 705
13 931	12 848	14 274	Weight assets calculation basis *)	15 086	13 811	14 676
15.60 %	15.23 %	15.35 %	Core tier one Capital ratio	14.86 %	14.56 %	15.15 %
17.01 %	16.77 %	16.81 %	Core capital ratio	16.25 %	16.02 %	16.50 %
19.04 %	18.97 %	18.85 %	Capital ratio	18.19 %	18.08 %	18.43 %

31.12.15	31.03.15	31.03.16	0	31.03.16	31.03.15	31.12.15
0	0	0	States and central banks	0	0	0
35	32	36	Local and regional authorities (including municipalities)	36	33	35
439	405	451	Institutions	218	200	211
399	368	410	Enterprises	410	376	398
1 828	1 660	1 806	Mass market loans	1 886	1 769	1 896
8 691	8 014	8 810	Loans secured by real property	10 425	9 661	10 221
78	95	148	Loans overdue	148	96	78
535	494	550	Covered bonds	153	141	149
0	0	0	Units in securities funds	0	0	0
858	783	982	Equity positions	537	392	421
96	89	111	Other loans and commitments	225	206	218
12 959	11 939	13 302	Capital requirement credit risk	14 037	12 873	13 628
968	909	968	Capital requirement operational risk	1 045	938	1 045
4	0	4	Deducted from capital requirement	4	0	4
13 931	12 848	14 274	Total capital requirement	15 086	13 811	14 676

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Parent bank</i>				<i>Group</i>		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
3.51	3.76	3.20	Interest receivable and similar income	3.22	3.85	3.58
1.77	2.05	1.31	Interest payable and similar costs	1.37	2.09	1.82
1.74	1.71	1.90	Net interest- and credit commission income	1.84	1.76	1.76
0.42	0.40	0.39	Commissions receivable and income from banking services	0.34	0.37	0.37
0.04	0.04	0.05	Commissions payable and costs relating to banking services	0.04	0.04	0.04
0.38	0.36	0.34	Net commission income	0.30	0.33	0.33
0.27	0.03	0.70	Gains/losses on financial assets available for sale	0.03	0.05	0.08
0.06	0.05	0.02	Other operating income	0.03	0.03	0.04
		1.27	Income by conversing to defined contribution	1.11		
1.13	1.14	1.07	Operating costs	0.96	1.05	1.03
0.14	0.00	0.08	Losses on loans, guarantees etc. and fixed assets	0.07	0.00	0.12
1.18	1.01	3.07	Result before tax	2.27	1.12	1.06
0.26	0.25	0.58	Tax payable on ordinary result	0.55	0.28	0.27
0.92	0.76	2.49	Result from ordinary operations after tax	1.73	0.84	0.79

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Parent bank						Group				
Q1/15	Q2/15	Q3/15	Q4/15	Q1/16		Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
211	203	204	196	189	Interest receivable and similar income	218	226	235	235	244
115	104	101	90	77	Interest payable and similar costs	93	105	118	122	132
96	99	103	106	112	Net interest- and credit commission income	125	121	117	113	112
24	23	25	25	23	Commissions receivable and income from banking serv	23	25	25	23	24
2	3	2	3	3	Commissions payable and costs relating to banking ser	3	3	2	3	2
22	20	23	22	20	Net commission income	20	22	23	20	22
2	41	-12	31	41	Gains/losses on financial assets available for sale	2	33	-11	-4	3
3	4	7	1	1	Other operating income	2	2	6	1	2
				75	Income by converting to defined contribution	75				
64	62	64	71	63	Operating costs	65	74	66	63	67
0	11	9	12	5	Losses on loans, guarantees etc.	5	12	9	11	11
59	91	48	77	181	Result before tax	154	92	59	56	72
15	10	11	25	34	Tax payable on ordinary result	37	22	14	18	18
44	81	37	52	147	Result from ordinary operations after tax	117	70	45	38	54

Parent bank						Group				
Q1/15	Q2/15	Q3/15	Q4/15	Q1/16		Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
3.76	3.57	3.48	3.27	3.20	Interest receivable and similar income	3.22	3.31	3.55	3.64	3.85
2.05	1.83	1.72	1.50	1.30	Interest payable and similar costs	1.37	1.54	1.78	1.90	2.09
1.71	1.74	1.76	1.77	1.90	Net interest- and credit commission income	1.84	1.77	1.77	1.77	1.76
0.42	0.40	0.43	0.42	0.39	Commissions receivable and income from banking serv	0.34	0.37	0.38	0.36	0.37
0.04	0.05	0.03	0.05	0.05	Commissions payable and costs relating to banking ser	0.04	0.04	0.03	0.05	0.04
0.38	0.35	0.39	0.37	0.34	Net commission income	0.30	0.32	0.35	0.31	0.33
0.04	0.73	-0.21	0.52	0.69	Gains/losses on financial assets available for sale	0.03	0.48	-0.16	-0.06	0.05
0.05	0.07	0.12	0.02	0.02	Other operating income	0.03	0.03	0.09	0.02	0.03
				1.27	Income by converting to defined contribution	1.11				
1.14	1.09	1.09	1.19	1.07	Operating costs	0.96	1.08	1.00	0.98	1.05
0.00	0.19	0.15	0.20	0.08	Losses on loans, guarantees etc.	0.07	0.18	0.14	0.17	0.00
1.04	1.60	0.82	1.29	3.06	Result before tax	2.28	1.35	0.91	0.89	1.12
0.27	0.17	0.19	0.42	0.58	Tax payable on ordinary result	0.55	0.32	0.21	0.27	0.28
0.77	1.43	0.63	0.87	2.49	Result from ordinary operations after tax	1.73	1.03	0.70	0.62	0.84

Parent bank						Group				
Q1/15	Q2/15	Q3/15	Q4/15	Q1/16		Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
ASSETS										
102	102	81	91	99	Cash and claims on central banks	99	91	81	102	102
915	1 521	888	1 007	1 134	Loans to and claims on credit institutions	609	510	380	638	510
16 958	17 128	17 765	18 201	18 346	Loans to and claims on customers	22 867	22 444	22 012	21 490	20 948
171	78	119	127	109	Financial derivatives	109	127	119	78	171
3 869	3 781	3 822	3 643	3 374	Certificates, bonds and shares available for sale	3 274	3 462	3 527	3 436	3 465
175	185	186	267	272	Investments in associated companies	272	267	186	185	172
346	345	345	345	445	Investments in subsidiaries	0				
28	28	25	33	13	Deferred tax benefit	17	37	25	30	30
32	81	81	36	34	Fixed assets	100	92	188	183	181
65	11	40	52	82	Other assets	118	102	40	11	16
22 661	23 260	23 352	23 802	23 908	Total assets	27 465	27 132	26 558	26 153	25 595
LIABILITIES AND EQUITY CAPITAL										
0	0	0	18	1	Liabilities to credit institutions	3	20	3	2	2
14 189	14 572	14 318	14 644	14 878	Deposits from customers and liabilities to customers	14 546	14 418	14 093	14 350	13 952
5 602	5 832	6 111	6 058	5 879	Borrowings through the issuance of securities	9 742	9 549	9 489	8 907	8 692
57			58	65	Financial derivatives	65	58			57
247	219	265	224	191	Other liabilities	193	232	279	229	255
519	519	519	519	300	Fund bonds	300	519	519	520	519
20 614	21 142	21 213	21 521	21 314	Total liabilities	24 849	24 796	24 383	24 008	23 477
1 028	1 028	1 028	1 028	1 029	Paid-in equity capital	1 029	1 029	1 028	1 028	1 028
				220	Hybrid capital	220				
976	964	949	1 253	1 198	Accrued equity capital/retained earnings	1 248	1305	1005	1019	1 035
43	126	162		147	Profit after taxes	117		138	94	53
					Minority interest	2	2	4	4	2
2 047	2 118	2 139	2 281	2 594	Total equity capital	2 616	2 336	2 175	2 145	2 118
22 661	23 260	23 352	23 802	23 908	Total liabilities and equity capital	27 465	27 132	26 558	26 153	25 595

OTHER KEY FIGURES

<i>Parent bank</i>			<i>Group</i>			
31.12.15	31.03.15	31.03.16	31.03.16	31.03.15	31.12.15	
BALANCE SHEET						
Utvikling siste 3 mnd						
	-0.8	0.4	Total assets	1.2	-0.8	
	2.3	0.8	Gross lending	1.9	1.0	
	1.6	1.6	Deposit	0.9	1.7	
Development in the last 12 months						
4.2	-0.8	5.5	Total assets	7.3	-0.6	5.2
9.8	3.0	8.2	Gross lending	9.1	1.4	8.2
4.8	6.3	4.9	Deposit	4.3	6.5	5.0
80.0	83.2	80.7	Deposit coverage as a percentage of gross loans	63.3	66.3	64.0
60.7	59.8	60.2	Lending to retail customers	68.0	67.3	67.7
23 181	22 731	23 724	Average assets	27 251	25 750	26 279
18 295	17 046	18 440	Gross loans	22 965	21 040	22 541
-19	-19	-16	Individual write-downs	-16	-19	-19
-75	-68	-77	Period's change in collective write downs	-81	-72	-79
-1	0	-1	Individual write-downs on guarantees	-1	0	-1
SOLIDITY						
15.6	15.2	15.3	Capital adequacy ratio as percentage	14.9	14.6	15.2
17.0	16.8	16.8	Core capital ratio as percentage	16.3	16.0	16.5
19.0	19.0	18.9	Core tier one Capital ratio	18.2	18.1	18.4
9.6	9.1	10.8	Equity capital ratio	9.5	8.3	9.6
9.9	8.5	12.3	Rate of return on equity capital	12.1	10.2	9.3
0.9	0.8	2.5	Return on assets	1.7	0.8	0.8
KEY FIGURES PCC						
8.6	1.7	5.9	Yield per primary certificate	4.7	2.1	8.4
8.6	1.7	5.9	Diluted result per ECC, in Norwegian currency	4.7	2.1	8.4
75.1	75.1	75.1	ECCs split as of 31.12	75.1	75.1	75.1
91.6	82.2	95.3	Equity capital per ECC	96.1	84.9	93.7
59.0	56.5	60.0	PCC price quoted on the stock exchange	60.0	56.5	59.0
6.9	8.0	2.5	P/E (price as at 30.09 divided by profit per ECC)	3.2	6.5	7.1
0.6	0.7	0.6	P/B (price as ar 30.09. divided by book value of equity capital)	0.6	0.7	0.6
44.4	52.4	36.2	Costs as a percentage of income	43.6	48.2	46.4
1.1	1.1	1.1	Cost in percent of average total assets	1.0	1.1	1.0
164	167	162	Number of man-years	162	167	164
LOSSES ON LOANS AND GROSS DEFAULTS						
22.7	18.9	13.5	Specified loan provision in % of gross default on loan	13.5	18.9	22.7
As a percentage of gross lending:						
0.5	0.6	0.7	Gross defaults over 90 days	0.5	0.5	0.4
0.4	0.6	0.6	Net defaults over 90 days	0.5	0.4	0.3
0.5	0.5	0.5	Total loan loss provision	0.4	0.4	0.4
0.1	0.0	0.1	Losses on lending	0.1	0.0	0.1

Information concerning Helgeland Sparebank

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Bjørn Audun Risøy
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Marianne Terese Steinmo
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Other sources of information

Annual reports

The annual report for Helgeland Sparebank is available at www.hsb.no

Quarterly publications

Quarterly reports and presentations are available at www.hsb.no