



Q1

financial report

first quarter 2019

Helgeland Sparebank

Accounts 1st quarter 2019.

General information

Helgeland Sparebank is an independent savings bank determined 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. The bank's strong market position combined with professional expertise, competitive prices and solid capital makes the bank well prepared to meet the competition ahead. The bank has 6 offices in 6 municipalities in Helgeland, and is the 11th largest savings bank in Norway.

The accounts are produced in line with IFRS, including IAS 34 on interim reporting. Further information on the accounting principles is given in the annotations to the annual accounts for 2018 and annotations 1 in the quarterly report. The numbers used are consolidated figures unless it is otherwise stated. Figures in brackets are the previous year's comparative figures. The financial report has not been audited.

Main features first quarter (HSB group)

- Gross profit of MNOK 93 (94).
- Low loan losses during the quarter.
- 12 months lending growth is on a par with last year while deposit growth is somewhat lower.
- Net profit of MNOK 71 (73) gives an annual return on equity of 8.7 (9.0) %.

3 new representatives on the bank's board representanter i bankens styre.

New chairman of the board is Stein Andre Herigstad Olsen. Stein Andre Herigstad-Olsen is 42 years old, a business economist with specialization in finance. He is CEO of Torghatten Trafikkselskap, and Chief Financial Officer of Torghatten ASA. Joining him as new members on the board is Siv Moxness; civil engineer with long time in the aquaculture industry from Aquarius, Kystinkubatoren and general manager (as of 01.07.19) in Vigner Olaisen, and Tone Helen Hauge who is a Pharmacist and regional manager for Apotek 1 Norge.

Sale of hotel Q1 2019

In connection with a bankruptcy, the bank took over two hotel properties in 2018. The large Norwegian property owner Ragde Eiendom AS, together with Bredablikk Eiendom AS, are the buyers and have signed the contract for the purchase of Hotell Syv Søstre in Sandnessjøen. These are long-term owners who work to open the hotel as soon as possible. The sales price harmonizes with the loss assessment made in Q4 2018.

Result first quarter

Key figures

(Comparison per 31.03.18)

- Net interest 1.74 (1.79) %
- Costs in percent of BTA 0.89 (0.91) %
- Write-downs on lending 0.06 (0.10) %
- Profit per EC amounts to NOK 2.5 (2.6)
- 12-month lending growth 5.7 (5.8) %
- 12-month deposit growth 2.6 (3.5) %
- CET1 ratio 15.1 (15.6) %
- Capital ratio 19.1 (19.0) %

The net interest

Net interest and credit commission income amounted to MNOK 142. In NOK, this is on a par with last year. As a percentage of average total assets, the net interest was 1.74 (1.79). As is known, Norges Bank increased its key rate in March. Helgeland Sparebank has decided to increase lending and deposit rates on an ongoing portfolio with effect from May. The interest rate change will have positive effect on the net interest rate.

Net commission earnings

The net commission earnings were MNOK 23 (22), and has been maintained as a percentage of average total assets 0.28 (0.28).

Net value change and profit/loss from financial investments

Net income from financial investments was MNOK 4, a reduction of MNOK 6 compared to Q1 2018, which is mainly related to the share of profits from associated companies.

In the parent bank, group contributions from Helgeland Boligkreditt AS have been recognized as income with MNOK 52.8 (48.8).

Operating costs

Total operating costs amounted to MNOK 73 (72). As a percentage of average total assets, costs were 0.89 (0.91), while costs in relation to revenue were 42.7 % (41.4 %).

The bank's sick leave has decreased and was 4.6 (5.9) %.

Write-downs on loans

MNOK 5 (8) has been expensed in write-downs on loans, which as a percentage of average total assets were 0.06 (0.10).

The equity certificate – HELG

By the end of the quarter, the number of EC owners amounts to 2 201. The 20 largest owners are noted with 79.2 % of the EC capital. Of this, Sparebankstiftelsen owns 35.0 %.

The number of total EC's is 20 871 427. As of 31.03.19, the bank owned 29.626 of our own EC's.

These are acquired through Oslo Børs at market value. At the end of the quarter, the price of the EC – HELG was NOK 72.00, which represents an increase of NOK 2.50 from the beginning of the year.

Balance development per 31.03.19

Total assets amount to 33.4 bn. Over the last 12 months, total assets increased by MNOK 1 202 (2 050) or 3.7 (6.8) %.

Commitments

By the end of the quarter, gross lending constituted MNOK 28 187. The 12-month lending growth was MNOK 1 521 (1 454), or 5.7 (5.8) %. 82.4 (83.5) % of the HSB group's lending is to customers in Helgeland.

Of gross lending, MNOK 18 691, or 66.3 (67.0) % is lending to retail customers, of which MNOK 7 494 has been transferred to the bank's mortgage company.

The 12-month growth in the retail market was MNOK 838 (897), or 4.7 (5.3) %.

In the corporate market, the 12-month growth was MNOK 683 (557), or 7.7 (6.7) %.

Deposits from customers

By the end of the quarter, deposits from customers constituted MNOK 17 271. The deposits have over the last 12 months increased by MNOK 439 (562), or 2.6 (3.5) %.

The HSB group has stable and local depositors; 89.9 (90.2) % are deposits from customers in Helgeland.

The 12-month deposit growth in the retail market was MNOK 457 (387), or 4.8 (4.2) %. Of total deposits of MNOK 17 271, MNOK 9.968, or 57.7 (56.5) % are deposits from retail customers.

In the corporate market, deposits have been reduced the last 12 months by MNOK -18 (+175) or -0.2 (+ 2.4) %.

Higher lending growth than deposit growth has resulted in somewhat lower deposit coverage, which was 61.3 (63.1) % in the group and 85.4 (86.9) % in the parent bank.

Funding

Deposits from customers are a significant funding source for the bank. The volume difference between loans to customers and deposits is funded in the Norwegian money- and securities market. Total capital market funding amounted to MNOK 11 837 (11.245). The HSB group has a long term funding. By the end of the quarter, the share of loans beyond one year was 94.3 (88.9) %. The average remaining term for these debt securities was 2.9 (2.9) years. The target for the Group is duration > 2.5 years. Duration in the mortgage company is slightly higher with 3.1 years.

The bank is continually preparing for the transferral of approved mortgages to the wholly-owned

mortgage company. The volume has increased from MNOK 6 791 per 31.03.18 to MNOK 7 494 per 31.03.19. The fixed maximum limit for transferring loans to Helgeland Boligkreditt AS is 30 % of gross lending and 50 % of gross lending RM. As of 31.03.19 transfer level is 26.6 % and 40.1 %.

Cash flow

The cash flow statement shows how Helgeland Sparebank has received cash and how these are used. It is based on gross cash flows from operational activities, investment- and financing activities. Increased lending to customers and securities holdings is financed with increased financial debt. The liquidity holding has increased by MNOK 181 since the beginning of the year.

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 an 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 Utviklingsselskap AS, Storgata 73 AS and Strendene Utviklingsselskap AS.

The HSB group's associated companies are Helgeland Invest AS with an ownership of 48 %, and REDE Eiendomsmegling 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. Monitoring of development has been established in relation to approved management objectives for the portfolio.

By the end of the quarter net non-performing (>90 days) and impaired commitment constitute MNOK 340 (279). In percentage of gross lending this equals 1.2 (0.9) %.

After the sale of Hotell Syv Søstre has been completed in the second quarter of 2019, the

volume of default will be reduced by this commitment.

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

The banks positions in shares are primarily strategically motivated through investments in shares in daughter companies, associated companies and product companies. The market risk associated to these share investments are considered to be moderate. The bank has a large owners post in Helgeland Invest AS. The ownership will be subject to fluctuations in value depending on the results of the underlying companies. Profit share is shown in note 3 and 12.

Operational risk

The risk management is central in the daily operation and in the board's work. The risk is primarily managed through policy and guidelines, frameworks, power of attorney, reporting requirements and competence requirements. In 2019 it has not been revealed any conditions that are critical to the bank's activities.

Liquidity and funding

The Board has approved a strategy for liquidity management that determine the purpose, management objectives, 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 group's combined liquidity reserves (cash, deposits, and interest-bearing assets) constitute NOK 4.5 (4.6) bn, or 13.4 (14.3) % of the group's total assets. The combined duration of the interest portfolio is 1.7 (2.2) years.

The banks liquidity reserve portfolio mainly consists of solid issuers of interest-bearing securities that qualify for LCR reporting. By the end of the quarter the HSB Group has a LCR of 135 (149) %.

Solidity

Net capital amounts to MNOK 3 589, hereby fund obligations by MNOK 299 and subordinated loan by MNOK 451. Including proportionate consolidation of collaborating groups, the HSB group has a CET1 capital ratio of 15.1 (15.6) % and a total capital ratio of 19.1 (19.0) %. The result for the year is then not added to the capital. If 50 % of the result is taken into account, this will provide a core capital ratio of 15.3 %.

Statutory minimum requirement for pure core capital adequacy is 12.0 % (12.5 % from 31.12.19). The bank has a Pilar 2 addition of 2.2 %. The group's capital requirement including Pilar 2 addition amounts to 14.2 %.

The target of CET1 is 15.0 %, and 18.5 % for total capital adequacy.

Helgeland Sparebank uses the standard method in the CET1 calculation. If the bank had used the IRB method, this would have given a significant higher CET1.

The group's Leverage Ratio (unweighted core capital ratio) was 9.1 (9.3) %.

Prospects ahead

At the end of the quarter, the monthly growth in the private market was 4.7 %. This is at the same level as the credit growth as a whole in Helgeland. We expect moderate market growth and consequently moderate and healthy lending growth to the private market in 2019. The lending margins in this segment are under pressure, also as a result of increased borrowing costs; but as a result of the interest rate change in May, the net interest rate will increase.

The turnover of housing in Helgeland has throughout 2018 been higher than in 2017, and this trend continues in Q1 2019 with 224 registered sales compared to 181 in the first quarter of 2018. With regard to the price of sold detached houses, the price increase in the 1st quarter is considerable with 8.3 %, but this is the result of a few and large single transactions in Mo I Rana and is not representative of the expectations of future price increases. The price increase for apartments is at moderate 2.2 %. The average for Norway has been a price increase over 12 months of 3.0 %.

In the corporate market in Helgeland, activity and investment willingness remain high both in the private and public sectors. Unemployment is still low in Helgeland by 2.1 %, while the figure for Norway is 2.4 %. It is expected that the low level of unemployment will persist. The 12-month growth in the corporate segment is 7.7 %. This is somewhat higher than in the first quarter of 2018. There has been some restructuring of the portfolio through 2018. The restructuring will continue in 2019, and the growth in the corporate segment is therefore expected to be lower in the coming quarters.

Overall, the level of commission income is satisfactory. Established measures and an aggressive sales organization provide the basis for expecting this to be maintained in 2019 as well.

Several large IT projects will be completed during 2019 and will result in increased depreciations costs. The bank also incurs increased IT costs to be

compliant with regulatory requirements within the GDPR and PSD II. There is a continuous focus on streamlining the bank's organization and work processes, and the goal is cost growth lower than 1 %. The bank has implemented a profitability so that the bank reaches the target of 10 %. We will look at the accounting effect of this in 2019 and 2020.

Helgeland Sparebank has sufficient capital, and the bank is prepared to take its share of profitable growth in the region. However, the competitive situation in the retail market challenges the opportunities in this segment. The level of activity and investment in Helgeland remains high in both aquaculture, industry and tourism.

Based on the losses taken in 2018, normalized losses are expected in 2019.

Mo i Rana, May 2nd 2019

Stein Andre Herigstad-Olsen
Chairman of the Board

Bjørn Audun Risøy
Deputy Chairman of the Board

Marianne Terese Steinmo

Siw Moxness

Nils Terje Furunes

Tone Helen Hauge

Birgitte Lorentzen
Employee representative

Geir Pedersen
Employee representative

Hanne Nordgaard
CEO

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PROFIT AND LOSS ACCOUNT (amounts in NOK million)

Parent bank				Group		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
788	191	206	Interest income and similar income (note 2.1)	257	231	957
286	68	79	Interest payable and similar costs	112	87	379
12	3	3	Hedge fund fees	3	3	12
490	120	124	Net interest- and credit commission income	142	141	566
100	25	26	Commissions receivable and income from banking services	26	25	100
10	3	3	Commissions payable and costs relating to banking services	3	3	10
90	22	23	Net commission income	23	22	90
56	50	53	Dividend	0	0	6
50	10	3	Net profit from associates	3	10	50
-12	0	1	Net profit from other financial investments	1	0	-8
94	60	57	Gains/losses on financial assets available for sale (note 3)	4	10	48
18	2	2	Other operating income	2	1	16
279	71	70	Operating costs (note 4)	73	72	286
249	8	5	Losses on loans, guarantees etc. (note 10)	5	8	249
164	125	131	Gross profit	93	94	185
20	16	19	Tax payable on ordinary result	22	21	36
144	109	112	Net profit	71	73	149
4.4	3.9	4.0	Yield per equity capital certificate (note 5)	2.5	2.6	5.0
4.4	3.9	4.0	Diluted result per ECC in Norwegian currency (note 5)	2.5	2.6	5.0
			Extended Income Statement			
144	109	112	Net profit	71	73	149
			<u>Items that are subsequently reversed through profit or loss:</u>			
0	1	0	Estimate variances, pensions will not be reversed over the income statement later	0	1	0
0	0	0	Tax on extended profit	0	0	0
0	1	0	Net extended profit or loss items	0	1	0
144	110	112	Total profit of the period	71	74	149

BALANCE SHEET (amounts in NOK million)

Parent bank			Group			
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
ASSETS						
82	78	73	Cash and claims on central banks	73	78	82
1 170	1 818	1 166	Loans to and claims on credit institutions	651	838	461
20 289	19 746	20 367	Loans to and claims on customers (note 7,8,9,10)	27 802	26 503	27 614
54	135	71	Financial derivatives (note 16)	71	135	54
4 132	3 978	4 064	Certificates, bonds and shares	4 089	4 028	4 157
382	352	384	Investments in associated companies (note 12)	385	352	382
595	595	595	Investments in subsidiaries (note 12)			
11	12	11	Deferred tax benefit	15	19	15
69	67	68	Fixed assets (note 13)	132	142	133
70	64	162	Other assets (note 13.1)	137	58	71
26 854	26 845	26 961	Total assets	33 355	32 153	32 969
LIABILITIES AND EQUITY CAPITAL						
250	250	250	Liabilities to credit institutions	252	252	252
17 718	17 273	17 730	Deposits from customers and liabilities to customers (note 17,18)	17 271	16 832	17 248
5 058	5 538	5 002	Borrowings through the issuance of securities (note 15)	11 837	11 245	11 556
22	24	27	Financial derivatives (note 16)	27	24	22
104	217	172	Other liabilities (note 13.1)	161	227	118
451	300	451	Subordinated loan capital	451	300	451
23 603	23 602	23 632	Total liabilities	29 999	28 880	29 647
Equity capital						
209	209	209	Equity share capital (note 5,6,20)	209	209	209
-2	-3	-2	Own portfolio equity share capital	-2	-3	-2
971	971	971	Premium Fund	971	971	971
710	654	710	Cohesion Fund	710	654	710
1 888	1 831	1 888	Total equity share capital	1 888	1 831	1 888
558	540	558	Primary capital	558	540	558
33	42	32	Gift fund	32	42	33
591	582	590	Total primary capital	590	582	591
440	425	440	Unrealized gains reserve	440	425	440
299	296	299	Hybrid Capital (Note 1,17)	299	299	299
33	0	0	Other equity capital	66	61	102
0	109	112	Result from ordinary operations after tax	71	73	0
3 251	3 243	3 329	Total equity capital exclusive minority interest	3 354	3 271	3 320
			Non-controlling interest	2	2	2
3 251	3 243	3 329	Total equity capital	3 356	3 273	3 322
26 854	26 845	26 961	Total liabilities and equity capital	33 355	32 153	32 969

Conditional liabilities off balance sheet (note 11)

CHANGE IN EQUITY CAPITAL

Group

	31.12.18											0
	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Other Equ.cap.	Min. int.	Total
Equity capital as at 01.01.18	208	971	-3	299	424	541	31	12	659	144	2	3 287
Implementation effect 01.01. IFRS 9						-1			-5	4		-2
Change account prinsipp in interest -bearing securities					-10	2			7			-1
Result for the period				12	26	15	4	6	48	38		149
Extended profit or loss items												0
Total ext. profit or loss	0	0	0	12	16	16	4	6	50	42	0	149
Gift fund				-12								-12
Transactions with owners							-8	-12				-20
Transactions with owners			1									1
Dividend paid										-83		-83
Equity capital 31.12.18	208	971	-2	299	440	557	27	6	709	104	2	3 322
Paid-in/accrued equity capital/retained earnings			1 177								2 145	3 322

	31.03.19											
	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Other Equ.cap.	Min. int.	Total
Equity capital as at 01.01.19	208	971	-2	299	440	557	27	5	709	104	2	3 322
Equity capital as at 01.01.19				3						68		71
result for the period												0
Extended profit or loss items	0	0	0	3	0	0	0	0	0	68	0	71
Paid interest FO				-3								-3
Gift fund							-1					-1
Transactions with owners												0
Dividend paid										-33		-33
Equity capital 31.03.19	208	971	-2	299	440	557	26	5	709	139	2	3 355
Paid-in/accrued equity capital/retained earnings			1 177								2 178	3 355

Parent bank

	31.12.18										
	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Other Equ.cap.	Total
Equity capital as at 01.01.18	209	971	-3	299	424	541	31	12	659	83	3 226
Implementation effect 01.01. IFRS 9						-1			-4		-5
Change account prinsipp in interes	0				-10	2			8		0
result for the period				12	26	15	4	6	48	33	144
Extended profit or loss items											0
Totalresultat	0	0	0	12	26	15	4	6	48	33	144
Paid interest FO				-12							-12
Gift fund							-8	-12			-20
Transactions with owners			1								1
Dividend paid										-83	-83
Equity capital 31.12.18	209	971	-2	299	440	557	27	6	711	33	3 251
Paid-in/accrued equity capital/retained earnings			1 178							2 073	3 251

	31.03.19										
	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0
Equity capital as at 01.01.19	209	971	-2	299	440	557	27	6	711	33	3 251
result for the period				3						110	113
Extended profit or loss items											0
Total ext. profit or loss	0	0	0	3	0	0	0	0	0	110	113
Paid interest FO				-3							-3
Gift fund							-1				-1
Transactions with owners											0
Dividend paid										-31	-31
Equity capital 31.03.19	209	971	-2	299	440	557	26	6	711	112	3 329
Paid-in/accrued equity capital/retained earnings			1 178							2 151	3 329

CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>			
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
-689	104	-81	Change in lending to customers	-192	-97	-1 398
710	173	205	Interest income lending to customers	236	218	898
278	-149	12	Change deposits from customers	23	-140	246
-178	-44	-51	Interest cost deposit from customers	-52	-43	-180
0	0	0	Change in receivables and liabilities to credit institutions	0	0	0
15	160	72	Change certificates and bonds	93	140	15
55	12	16	Interest income certificates and bonds	16	12	55
89	25	23	Comission income	23	25	90
-266	-68	-67	Payments relating to operations	-69	-67	-267
-60	-30	-61	Paid tax	-76	-30	-72
33	-15	-40	Other cutoffs	-34	24	37
-13	168	28	A Net liquidity change from operating activities	-32	42	-576
-9	-2	-1	Investment in long-term securities	-1	-2	-9
8	0	0	Income sale of long-term securities	0	0	8
-23	-24	0	Long-term investments in shares	0	-24	-23
0	0	0	Payment from sales long-term investments in shares	0	0	0
56	50	52	Dividend from long-term investments in shares	0	0	7
32	24	51	B Net liquidity change from investments	-1	-26	-17
2 943	855	500	New borrowing through issuance of securities	1 201	1 165	5 390
-3249	-700	-565	Repayments - issued securities	-927	-770	-4673
150	0	0	Opptak ansvarlig lånekapital	0	0	150
-92	-23	-24	Interest payments borrowing through issuance of securities	-57	-43	-188
-11	-3	-3	Interest payments on subordinated debt	-3	-3	-11
-83	0	0	dividend to share owners	0	0	-83
-342	129	-92	C Net liquidity change financing	214	349	585
-323	321	-13	A+B+C Net liquidity change in the period	181	365	-8
1 575	1 575	1 252	Liquid funds at the start of the period	543	551	551
1 252	1 896	1 239	Liquid funds at the end of the period	724	916	543
			Liquid funds specified			
82	78	73	Cash and balances with central banks	73	78	82
1 170	1 818	1 166	Balances with credit institutions without notice periods	651	838	461
1 252	1 896	1 239	Liquid funds	724	916	543

NOTE 1. ACCOUNTING PRINCIPLES

Both the consolidated financial statements and the parent bank's financial statements have been prepared in accordance with the IFRS standards, the accounting principles within the individual areas are described in the annual accounts for 2018. Interim reports are in accordance with IAS 34 and have not been audited.

IFRS 16 implemented with effect from 01.01.19. Helgeland Sparebank uses the simplified method when implementing IFRS 16, which means that the value of the rights of use and associated lease obligations is calculated based on the remaining lease period and marginal borrowing rates as of 1st January 2019. See note 13.1 in the quarterly accounts.

NOTE 2. SEGMENT

The Group has defined its geographical segment as a main area of Norway – Helgeland and the Group only has minor 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>				
31.03.19					31.03.19				
Retail	Corp.	Unallocated	Total	Segment information	Retail	Corp.	Unallocated	Total	
49	68	6	123	Net interest and credit commission income	71	69	2	142	
6	3	15	24	Net commission income	6	3	14	23	
		59	59	Other operating income			6	6	
17	9	44	70	Operating costs	17	10	46	73	
0	5		5	Losses on loans guaranteed		5	0	5	
38	57	36	131	Gross profit	60	57	-24	93	
11 344	9 406		20 750	Loans to and claims on customers	18 691	9 496		28 187	
-17	-367		-384	Provision of loss	-18	-367		-385	
		6 596	6 596	Other assets			5 553	5 553	
11 327	9 039	6 596	26 962	Total assts per segment	18 673	9 129	5 553	33 355	
9 968	7 762		17 730	Deposits from customers and liabilities	9 968	7 303		17 271	
	5		5	Provisions of loss, unutilized deductions and guarantees		5		5	
		9 227	9 227	Other liabilities and equity			16 079	16 079	
9 968	7 767	9 227	26 962	Total liabilities and equity per segment	9 968	7 308	16 079	33 355	

<i>Parent bank</i>					<i>Group</i>				
31.03.18					31.03.18				
Retail	Corp.	Unallocated	Total	Segment information	Retail	Corp.	Unallocated	Total	
48	66	6	120	Net interest and credit commission income	72	66	3	141	
6	3	13	22	Net commission income	6	3	13	22	
		62	62	Other operating income			11	11	
18	12	41	71	Operating costs	18	12	42	72	
	8		8	Losses on loans guaranteed		8		8	
36	49	40	125	Gross profit	60	49	-15	94	
11 197	8 711		19 908	Loans to and claims on customers	17 853	8 813		26 666	
-19	-143		-162	Provision of loss	-20	-143		-163	
		7 099	7 099	Other assets			5 650	5 650	
11 178	8 568	7 099	26 845	Total assts per segment	17 833	8 670	5 650	32 153	
9 511	7 762		17 273	Deposits from customers and liabilities	9 511	7 321		16 832	
	8		8	Provisions of loss, unutilized deductions and guarantees		8		8	
		9 564	9 564	Other liabilities and equity			15 313	15 313	
9 511	7 770	9 564	26 845	Total liabilities and equity per segment	9 511	7 329	15 313	32 153	

NOTE 2.1 NET INTEREST

<i>Parent bank</i>			Intrest income	<i>Group</i>		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
			Interest from financial instuments at amortized cost			
23	6	5	Interest from credit institutions	4	5	9
404	95	106	Interest receivable on loans	229	208	868
427	101	111	Total intrest from financial instruments at amortized cost	233	213	877
			Interest from financial instuments vauled to fair value over net profit			
25	6	8	Interest receivable on loans (fair value loans)	8	6	25
55	12	16	Interest from bearer bonds and certificates	16	12	55
80	18	24	Total intrest from financial instruments valued to fair value over net profil	24	18	80
			Interest from financial instuments vauled to fair value OCI			
281	72	71	interest receivable on loans (loans who can transferres to the bank's mortgage company)	0	0	0
281	72	71	Total intrest from financial instruments valued to fair value OCI	0	0	0
788	191	206	Total intrest income	257	231	957

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

<i>Parent bank</i>				<i>Group</i>		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
-5	0	-3	Value change in interest-bearing securities	-3	0	-5
-4	-1	1	Net gain/loss in interest-bearing securities	1	-1	-4
-6	0	0	Net gain/loss shares	0	0	-2
56	50	53	Share dividend	0	0	6
50	10	3	Income AC Helgeland Invest AS	3	10	50
0	0	0	Income AC REDE	0	0	0
5	1	2	Value change in value on lending	2	1	5
-2	0	1	Value change on funding and derivatives	1	0	-2
94	60	57	Total value change financial instruments	4	10	48

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>				<i>Group</i>		
Q4/17	31.03.18	31.03.19		31.03.19	31.03.18	Q4/17
134	34	35	Wages, salaries and social costs	35	34	135
88	22	21	General administration costs	21	22	88
12	3	3	Depreciation etc of fixed- and intangible assets	4	5	18
45	12	11	Other operating costs	13	11	45
279	71	70	Total operating costs	73	72	286

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>				<i>Group</i>		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
-2	1	-1	Period's change in write-downs step 1	-1	1	-2
8	-11	-9	Period's change in write-downs step 1	-9	-11	8
229	19	15	Period's change in write-downs step 1	15	19	229
16	0	0	+ Period's confirmed loss	0	0	16
-2	-1	0	- Period's recoveries from previous periods' conf.losses	0	-1	-2
249	8	5	Total losses on loans, guarantees etc.	5	8	249

Provisions for losses and loss costs are calculated in accordance with IFRS 9, the method is described in the annual accounts note 22 and note 1 in the quarterly accounts.

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>				<i>Group</i>		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
144	109	112	Net profit	71	73	149
-12	-3	-3	Interest fund bond	-3	-3	-12
132	106	109	Profit (excl. Interest fund bond)	68	70	137
76.3 %	76.3 %	76.4 %	ECC percentage	76.4 %	76.3 %	76.3 %
4.8	3.9	4.0	Yield per equity capital certificate	2.5	2.6	5.0
4.8	3.9	4.0	Diluted result per ECC in Norwegian currency	2.5	2.6	5.0
				<i>Morbank</i>		
				31.03.19	31.03.18	31.12.18
Net profit				112	109	144
Interest fund bond				-3	-3	-12
Transferred reserve for valuation variances				-3	-10	-25
Basis dividend				106	96	107

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>				<i>Group</i>				
31.03.18	%	31.03.19	%	31.03.19	%	31.03.18	%	
16 979	85.3	17 437	84.0	Helgeland	23 234	82.4	22 259	83.5
2 912	14.6	3 286	15.8	Areas other than Helgeland	4 909	17.4	4 377	16.4
17	0.1	27	0.1	International	44	0.2	30	0.1
19 908	100	20 750	100	Total	28 187	100	26 666	100

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

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.

Group

	Lending to amortized cost and fair value (OCI)						
	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Step 1	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	8		0	0	0	0	8
Insurance and finance	0		0	0	0	0	0
Agriculture and forestry	1 408		-1	-3	-10	16	1 410
Fisheries and aquaculture	1 398		-1	-3	0	0	1 393
Mining and industry	457		0	-2	0	0	455
Building and construction	1 425		-4	-19	-102	9	1 309
Trade, hotel, restaurants.	405		0	-2	-7	0	396
Transport and services	1 125		-2	-4	-66	22	1 075
Property, property development	3 203		-5	-14	-122	20	3 082
Total corporate market	9 429	0	-14	-47	-307	67	9 128
Retail market	17 514		-1	-5	-11	1 177	18 674
Total	26 943	0	-15	-52	-318	1 244	27 802
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-1	-3	-2		

Group

	Lending to amortized cost and fair value (OCI)						
	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Step 1	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	7		0	0	0	0	7
Insurance and finance	0		0	0	0	0	0
Agriculture and forestry	1 326		-1	-2	-7	23	1 339
Fisheries and aquaculture	1 140		-1	-1	0	0	1 138
Mining and industry	617		-1	0	-1	0	615
Building and construction	1 259		-5	-12	-4	9	1 247
Trade, hotel, restaurants.	318		-1	-1	-2	4	318
Transport and services	828		-1	-4	-48	37	812
Property, property development	3 222		-5	-14	-33	23	3 193
Total corporate market	8 717	0	-15	-34	-95	96	8 669
Retail market	17 060		-1	-5	-13	793	17 834
Total	25 777	0	-16	-39	-108	889	26 503
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-2	-3	-2		

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Lending to amortized cost and fair value (OCI)

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	8		0	0	0	0	8
Insurance and finance	0		-0	0	0	0	-0
Agriculture and forestry	1 254	134	-1	-3	-10	16	1 390
Fisheries and aquaculture	1 373	17	-1	-3	-0	0	1 385
Mining and industry	438	13	-0	-2	-0	0	449
Building and construction	1 371	38	-4	-19	-102	9	1 293
Trade, hotel, restaurants.	387	11	-0	-2	-7	0	389
Transport and services	960	93	-2	-4	-66	22	1 003
Property, property development	3 109	133	-5	-14	-121	20	3 122
Total corporate market	8 900	439	-14	-47	-306	67	9 039
Retail market	507	9 660	-1	-5	-11	1 177	11 328
Total	9 407	10 099	-15	-51	-317	1 244	20 367
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-1	-3	-2		

31.03.18

Lending to amortized cost and fair value (OCI)

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	7		0	0	0	0	7
Insurance and finance	0		0	0	0	0	-0
Agriculture and forestry	1 185	124	-1	-2	-7	23	1 322
Fisheries and aquaculture	1 118	16	-1	-1	0	0	1 132
Mining and industry	606	7	-1	0	-1	0	611
Building and construction	1 210	31	-5	-12	-4	9	1 229
Trade, hotel, restaurants.	297	14	-1	-1	-2	4	311
Transport and services	668	90	-1	-4	-48	37	742
Property, property development	3 120	122	-5	-14	-33	23	3 213
Total corporate market	8 211	404	-15	-34	-95	96	8 567
Retail market	308	10 097	-1	-5	-13	793	11 180
Total	8 519	10 501	-16	-39	-108	889	19 746
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-2	-3	-2		

NOTE 9. NET NON-PERFORMING AND IMPAIRED COMMITMENT

Parent bank

Group

	31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
305	265	413	Default commitments over 90 days		413	265	305
-115	-44	-176	Step 3 write-downms		-176	-44	-115
190	221	237	Total net loans, guarantees etc. in default		237	221	190
333	104	234	Other non-performing and impaired commitments and guara., not in default ¹⁴		234	104	333
-190	-46	-131	Step 3 write-downs		-131	-46	-190
143	58	103	Total non-performing and impaired commitments and guara., not in default		103	58	143
333	279	340	Total non-performing and impaired commitments and guara¹⁵		340	279	333
1.6 %	1.2 %	1.6 %	In % of total loans		1.2 %	0.9 %	1.2 %

A default commitment is the total of the customer total commitment if a part of the commitment has been overdue in more than 90 days. Non-performing and impaired commitments are commitments that are not in default but has a loss deduction. Note 22 in the annual report describe commitments placed in step 3 by calculating expected loss. In step 3 write-downs on default loans expected loss and individual write-downs are included. See also note 1 in the quarterly accounts.

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

Change in balance posts from 01.01.18 to 31.12.18 in accordance to IFRS 9. Individual write-downs are included in step 3. In the tables under, write-downs on off balance sheet items (unused credit and guarantees) directed to the balance debt side are included. Note 22 in the annual report shows reconciliation of loss deductions IAS 39 and IFRS 9 by implementing 01.01.18, and also effect by implementing against equity. See also note 1 in the quarterly accounts.

Gross lending	Step 1	Step 2	Step 3	Group Step 1
	With expected loss over 12 months	With expected loss over the instruments life time	With expected loss over the instruments life time	Total
Gross lending pr. 01.01.19	22 813	3 338	638	26 789
New loans / credits / guarantees	1 483	220	4	1 707
Transfers from step 1 to step 2	-1 031	1 036	0	5
Transfers from step 1 to step 3	-3	0	3	0
Transfers from step 2 to step 3	0	-26	26	0
		0	0	
Transfers from step 3 to step 2	0	12	-13	-1
Transfers from step 3 to step 3	4	0	-4	0
Transfers from step 2 to step 1	970	-974	0	-4
Reduced portfolio	-1 261	-245	-7	-1 513
		0	0	
Other adjustments	-32	-8	0	-40
Gross lending pr. 31.03.19	22 943	3 353	647	26 943
IB unused drafts, guarantees etc.	2 702	290	15	3 007
UB unused drafts, guarantees etc.	2 797	262	17	3 076

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

Lending fixed interest rate, which is measured at fair value with value change over profit, is not included.

Gross lending	Step 1	Step 2	Step 3	Group Step 1
	With expected loss over 12 months	With expected loss over the instruments life time	With expected loss over the instruments life time	Total
Gross lending pr. 01.01.18	22 025	3 336	316	25 677
New loans / credits / guarantees	1 784	176	6	1 966
Transfers from step 1 to step 2	-1 066	1 102	0	36
Transfers from step 1 to step 3	-12	0	16	4
Transfers from step 2 to step 3	0	-118	117	-1
				0
Transfers from step 3 to step 2	0	12	-12	0
Transfers from step 3 to step 3	652	0	0	652
Transfers from step 2 to step 1	-1 351	-662	-18	-2 031
Reduced portfolio	139	-201	0	-62
				0
Other adjustments	-422	-36	-6	-464
Gross lending pr. 31.03.18	21 749	3 609	419	25 777
IB unused drafts, guarantees etc.	2 759	189	6	2 954
UB unused drafts, guarantees etc.	2 754	315	6	3 075

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

Lending fixed interest rate, which is measured at fair value with value change over profit, is not included.

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	Step 1
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.19	15 771	3 054	638	19 463
New loans / credits / guarantees	1 317	230	4	1 551
Transfers from step 1 to step 2	-806	816	0	10
Transfers from step 1 to step 3	-3	0	3	0
Transfers from step 2 to step 3	0	-26	25	-1
		0	0	
Transfers from step 3 to step 2	0	12	-13	-1
Transfers from step 3 to step 3	4	0	-4	0
Transfers from step 2 to step 1	692	-695	-8	-11
Reduced portfolio	-1 295	-256	0	-1 551
				0
Other adjustments	39	-3	2	38
Gross lending pr. 31.12.19	15 719	3 132	647	19 498
IB unused drafts, guarantees etc.	2 228	290	15	2 533
UB unused drafts, guarantees etc.	2 308	257	16	2 581

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

Lending fixed interest rate, which is measured at fair value with value change over profit, is not included.

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	Step 1
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.18	15 986	2 777	315	19 078
New loans / credits / guarantees	1 622	177	6	1 805
Transfers from step 1 to step 2	-837	876	0	39
Transfers from step 1 to step 3	-12	0	16	4
Transfers from step 2 to step 3	0	-118	117	-1
		12	-12	0
Transfers from step 3 to step 2	0	12	-12	0
Transfers from step 3 to step 3	1	0	-1	0
Transfers from step 2 to step 1	470	-477	0	-7
Reduced portfolio	-1 298	-195	-17	-1 510
				0
Other adjustments	-349	-33	-7	-389
Gross lending pr. 31.12.19	15 583	3 019	417	19 019
IB unused drafts, guarantees etc.	2 314	184	6	2 504
UB unused drafts, guarantees etc.	2 306	312	7	2 625

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

Lending fixed interest rate, which is measured at fair value with value change over profit, is not included.

	Step 1	Step 2	Step 3	<i>Group</i> Step 1
Loss deduction	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.19	17	63	305	385
New or increased loans / credits / guarantees	1	3	5	9
Transfers from step 1 to step 2	-1	9	0	8
Transfers from step 1 to step 3	0	0	0	0
Transfers from step 2 to step 3	0	-1	5	4
				0
Transfers from step 3 to step 2	0	0	-1	-1
Transfers from step 3 to step 3	0	0	0	0
Transfers from step 2 to step 1	2	-9	0	-7
Reduced portfolio	-1	-2	-1	-4
				0
Other adjustments	-2	-7	5	-4
Loss deduction pr. 31.03.19	16	56	318	390

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

	Step 1	Step 2	Step 3	<i>Group</i> Step 1
Loss deduction	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.18	20	56	85	161
New or increased loans / credits / guarantees	1	0	0	1
Transfers from step 1 to step 2	-1	12	0	11
Transfers from step 1 to step 3	0	0	1	1
Transfers from step 2 to step 3	0	-16	18	2
				0
Transfers from step 3 to step 2	0	0	0	0
Transfers from step 3 to step 3	0	0	0	0
Transfers from step 2 to step 1	1	-3	0	-2
Reduced portfolio	-1	-1	-2	-4
				0
Other adjustments	-1	-3	5	1
Loss deduction pr. 31.03.18	19	45	107	171

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	Step 1
Loss deduction	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.19	17	64	304	385
New or increased loans / credits / guarantees	1	3	5	9
Transfers from step 1 to step 2	-1	9	0	8
Transfers from step 1 to step 3	0	0	0	0
Transfers from step 2 to step 3	0	-1	5	4
Transfers from step 3 to step 2	0	0	-1	-1
Transfers from step 3 to step 3	0	0	0	0
Transfers from step 2 to step 1	2	-9	0	-7
Reduced portfolio	-1	-2	-1	-4
				0
Other adjustments	-2	-7	4	-5
Loss deduction pr. 31.03.19	16	57	316	389

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

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	Step 1
Loss deduction	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.18	19	55	86	160
New or increased loans / credits / guarantees	1	0	0	1
Transfers from step 1 to step 2	-1	12	0	11
Transfers from step 1 to step 3	0	0	1	1
Transfers from step 2 to step 3	0	-16	18	2
Transfers from step 3 to step 2	0	0	0	0
Transfers from step 3 to step 3	0	0	0	0
Transfers from step 2 to step 1	1	-3	0	-2
Reduced portfolio	-1	-1	-2	-4
Other adjustments	-1	-3	5	1
Loss deduction pr. 31.03.18	18	44	108	170

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

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>			<i>Group</i>			
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
2 062	2 104	2 109	Unutilized drawing rights	2 604	2 555	2 536
471	521	472	Guarantee obligations	472	521	471
791	519	984	Unutilized drawing rights Helgeland Boligkreditt AS			
3 324	3 144	3 565	Net guarantee and draw rights	3 076	3 076	3 007

In addition, the parent bank has a liability to Helgeland Boligkreditt AS which has a revolving credit facility to (with maturity > one year) which is intended to cover payment obligations in the cover for a rolling 12-month period.

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.

Subsidiaries

	Share capital	Number of shares	Equity stake	Parent bank	
				Market value	
				31.03.19	31.03.18
ANS Bankbygg Mo	49.0		97.5 %	46	46
Helgeland Boligkreditt AS	540.0	540 000	100 %	540	540
AS Sparebankbygg	0.1	100	100 %	1	1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsseelskap AS	0.5	500	100 %	6	6
Strendene Utviklingsseelskap AS	0.03	300	100 %	0	0
Storgata 73 AS	0.1	140	53 %	1	2
Total investment in AC				595	595

Associated companies (AC)

The bank has evaluated that HSB have significant influence, but not actual control in Helgeland Invest AS.

See other information in note 1 and note 27 in the annual accounts for 2017. Director of the corporate market in HSB is p.t deputy member of the board in Helgeland Invest AS.

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Parent bank and group	
					31.03.19	
					Equity	
Helgeland Invest AS		118	648	0	0	766
REDE Eiendomsmegling AS		40	31	34	1	36
Total		158	679	34	1	802
The bank's share						
Helgeland Invest AS	48.3 %	57	313	16	0	370
REDE AS (inkl. merverdi)	40.0 %	16	12	14	0	14
Total		73	325	30	1	384

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Parent bank and group	
					31.12.18	
					Equity	
Helgeland Invest AS		118	643	0	0	761
REDE Eiendomsmegling AS		40	31	34	1	36.0
Total		158	674	34	1	797
The bank's share						
Helgeland Invest AS	48.3 %	57	311	16	0	367
REDE AS (inkl. merverdi)	40.0 %	16	12	14	0	14
Total		73	323	30	1	381

Financial information Associated companies, balance values

Change in the bank's ownership in HI	<i>Parent bank and group</i>	
	31.03.19	31.12.18
Opening balance	367	328
Adjusted value	0	0
Dividend	0	-10
Result HI	3	50
Closing balance	370	367

Change in the bank's ownership in REDE	<i>Parent bank and group</i>	
	31.03.19	31.12.18
Opening balance	14	14
Dividend	0	0
Result REDE	0	0
Additional value/goodwill	0	0
Closing balance	14	14
Total	384	381

Financial information Associated companies, profit/loss posts

	<i>Parent bank and group</i>				
	31.03.19				
	Revenue	Finance cost	Other income	Operating cost	Net profit
Result 100% ownership					
Helgeland Invest AS	7	0	0	1	6
REDE Eiendomsmegling AS	6	0	0	6	0
Total	13	0	0	7	6
Result bank's share					
Helgeland Invest AS 48.3 %	3	0	0	0	3
REDE Eiendomsmegling AS 40.0 %	2	0	0	2	0
Total	6	0	0	3	3

	<i>Parent bank and group</i>				
	31.12.18				
	Revenue	Finance cost	Other income	Operating cost	Net profit
Result 100% ownership					
Helgeland Invest AS	108	0	0	4	104
REDE Eiendomsmegling AS	23	1	0	22	0
Total	131	1	0	26	104
Result bank's share					
Helgeland Invest AS 48.3 %	52	0	0	2	50
REDE Eiendomsmegling AS 40.0 %	9	0	0	9	0
Total	61	0	0	11	50

<i>Parent bank</i>			<i>Group</i>		
31.12.18	31.03.18	31.03.19	31.03.19	31.03.18	31.12.18
69	67	68	Operating funds	132	142
69	67	68	Total operating funds	132	133

NOTE 13.1 LEASES

IFRS 16 Leases

The new standard for accounting for leases requires the lessee to capitalize assets and liabilities for most leases. For the bank this applies to leases (mainly office premises). Usage rights and obligations are shown in the note below.

<i>Parent bank</i>		<i>Group</i>
31.03.19		31.03.19
Assets		
45,6	Rights of use 01.01.19	18,8
-2,9	Impairment	-1,2
42,7	Rights of use OB	17,6
Liabilities		
45,6	Lease obligations 01.01.19	18,8
-3,0	Reduction of rent	-1,3
0,2	Interest	0,1
42,8	Leas obligations OB	17,6

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 appear 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 as of 31.03.19 constitute totally MNOK 7 494. Covered bonds in the housing mortgage company constitute MNOK 6 836 where MNOK 0 (0) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is per 31.01.19 drawn with MNOK 516. In addition, the bank has a revolving credit facility (with maturity > one year) provided by Helgeland Sparebank, which will cover payment obligations in the security pool for a rolling 12-month period. The agreements are based on the principle of arm's length. In the consolidated accounts, the effects of the facilities are eliminated. HSB has received corporate contributions of MNOK 52.7 in 2019.

ANS Bankbygg (share of ownership 97 %)

The bank rents premises from ANS Bankbygg and has paid MNOK 1.1 in 2019.

Helgeland Invest AS (48,3 %)

Note 12 provide detailed information on the accounting effects of the bank's ownership position in Helgeland Invest AS.

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.

Principal fixed rate loans per 31.12.17 were MNOK 1 161 and MNOK 1 005 mill per 31.12.18. Net interest rate risk by a parallel interest rate shift of 1 %-point for fixed rate loans and derivatives, fixed rate loans was MNOK -1 per 31.12.17 and MNOK 2.5 per 31.12.18.

<i>Parent bank</i>			Assets and liabilities measured at fair value			<i>Group</i>		
31.03.19						31.03.19		
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	1 244	- Loans to and claims on customers at fair value			0	0	1 244
0	3 706	358	- Certificates, bonds and equities at fair value			0	3 731	358
Financial assets available for sale								
0	0	10 099	- Mortgages					
0	71	0	- Financial derivatives				54	
0	3 777	11 701	Total assets			0	3 785	1 602
LIABILITIES								
Financial liabilities at fair value through profit								
		22	- Debt issuance of securities				22	
0	22	22	Total liabilities			0	22	0
Changes in instruments classified in Level 3								
Shares	Loans	Total				Shares	Loans	Total
358	11 785	12 143	Opening balance			358	1206	1 564
0	-582	-582	Payment loan/sale of shares			0	-32	-32
0	144	144	New loans			0	74	74
0	-4	-4	Value change			0	-4	-4
358	11 343	11 701	Financial instruments valued on Level 3			358	1 244	1 602

<i>Parent bank</i>			Assets and liabilities measured at fair value			<i>Group</i>		
31.12.18						31.12.18		
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	1 206	- Loans to and claims on customers at fair value			0	0	1 206
0	3 774	358	- Certificates, bonds and equities at fair value			0	3 799	358
Financial assets available for sale								
0	0	10 579	- Mortgages					
0	54	0	- Financial derivatives				54	
0	3 828	12 143	Total assets			0	3 853	1 564
LIABILITIES								
Financial liabilities at fair value through profit								
		22	- Financial derivatives				22	
0	22	0	Total liabilities			0	22	0
Changes in instruments classified in Level 3								
Shares	Loans	Total				Shares	Loans	Total
322	10 318	10 640	Opening balance			322	934	1 256
0	-526	-526	Payment loan/sale of shares			0	-348	-348
42	1 995	2 037	New loans			42	600	642
-6	-2	-8	Value change			-6	20	14
358	11 785	12 143	Financial instruments valued on Level 3			358	1 206	1 564

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>		
31.03.19				31.03.19		
Nominal value	Market value			Nominal value	Market value	
	Assets	Commitments			Assets	Commitments
Total				Total		
1 005	0	25	Interest rate swaps- fixed interest rate loans	1 005	0	25
75	0	1	Interest rate swaps- bank deposits with share Yield	75	0	1
1 080	0	26	Total financial derivatives	1 080	0	26
2 530	71		Interest rate swaps – fixed interest rate with hedging	2 530	71	0
2 530	71	0	Total financial derivatives with hedging	2 530	71	0

Net presentation of financial assets and liabilities

<i>Parent bank</i>				<i>Group</i>		
31.03.18				31.03.18		
Nominal value	Market value			Nominal value	Market value	
	Assets	Commitments			Assets	Commitments
Total				Total		
1 030	0	22	Interest rate swaps- fixed interest rate loans	1 030	0	22
75	0	2	Interest rate swaps- bank deposits with share Yield	75	0	2
1 105	0	24	Total financial derivatives	1 105	0	24
2 800	135	0	Interest rate swaps – fixed interest rate with hedging	2 800	135	0
2 800	135	0	Total financial derivatives with hedging	2 800	135	0

<i>Parent bank and group</i>					
31.03.19					
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as assets	71	0	71	-26	45
Derivaives carried as liabilities	26	0	26	-26	0

<i>Parent bank and group</i>					
31.03.18					
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as assets	135	0	135	-24	111
Derivaives carried as liabilities	24	0	24	-24	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 ISSUED

<i>Parent bank</i>			<i>Group</i>	
31.12.18	31.03.19	(MNOK)	31.03.19	31.12.18
5 009	4 945	Bonds, nominal value	11 775	11 502
25	24	Value adjustments	20	21
24	34	Accrued interest	43	33
5 058	5 002	Total securities	11 837	11 556

Change in securities issued					<i>Group</i>
	31.12.18	Issued	Matured/redeemed	Other change	31.03.19
Bonds, nominal value	11 502	1 201	-927	-2	11 774
Value adjustments	21			-1	20
Accrued interest	33			10	43
Total	11 556	1 201	-927	7	11 837

Change in subordinated debt					<i>parent bank</i>
	31.12.18	Issued	Matured/redeemed	Other change	31.03.19
Bonds, nominal value	5 009	500	-565	0	4 944
Value adjustments	25			-1	24
Accrued interest	24			10	34
Total	5 058	500	-565	9	5 002

Change in securities issued					<i>Group/Parent bank</i>
	31.12.18	Issued	Matured/redeemed	Other change	31.03.19
equity and related capital, nominal value	450				450
Value adjustments	-1				-1
Accrued interest	2				2
Total	451	-	-	-	451

Accounted value					<i>Group</i>	
					31.03.19	31.12.18
Bonds, amortized cost					9 467	9 186
Bonds, hedging					2 370	2 370
Total debt securities					11 837	11 556

Accounted value					<i>Parent bank</i>	
					31.03.19	31.12.18
Bonds, amortized cost					2 473	2 688
Bonds, hedging					2 529	2 370
Total debt securities					5 002	5 058

NOTE 18. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>						<i>Group</i>		
%	31.03.18	%	31.03.19		31.03.19	%	31.03.18	%
90.5 %	15 631	90.2 %	15 984	Helgeland	15 525	89.9 %	15 190	90.2 %
8.9 %	1 532	9.1 %	1 610	Areas other than Helgeland	1 610	9.3 %	1 532	9.1 %
0.6 %	110	0.8 %	136	International	136	0.8 %	110	0.7 %
100 %	17 273	100 %	17 730	Total	17 271	100 %	16 832	100 %

NOTE 19. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>				<i>Group</i>				
%	31.03.18	%	31.03.19		31.03.19	%	31.03.18	%
3.5 %	596	3.9 %	690	Financial institutions	284	1.6 %	172	1.0 %
9.2 %	1 585	11.2 %	1 986	Municipalities and municipal ente	1 986	11.5 %	1 585	9.4 %
2.3 %	391	2.3 %	412	Agriculture and forestry	412	2.4 %	391	2.3 %
6.5 %	1 115	3.3 %	581	Fisheries and aquaculture	581	3.4 %	1 115	6.6 %
1.0 %	172	1.0 %	170	Mining and industry	170	1.0 %	172	1.0 %
6.1 %	1 048	3.5 %	617	Building and construction	617	3.6 %	1 048	6.2 %
2.5 %	427	2.0 %	361	Trade, hotel, restaurants.	361	2.1 %	427	2.5 %
9.7 %	1 668	10.7 %	1 892	Transport and services	1 892	11.0 %	1 668	9.9 %
4.4 %	760	5.9 %	1 053	Property, property development	1 000	5.8 %	743	4.4 %
44.9 %	7 762	43.8 %	7 762	Total corporate market	7 303	42.3 %	7 321	43.5 %
55.1 %	9 511	56.2 %	9 968	Retail market	9 968	57.7 %	9 511	56.5 %
100 %	17 273	100 %	17 730	Total	17 271	100 %	16 832	100 %

NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

			<i>Parent bank</i>		
Per 31.03.19	Numbers	% share	Numbers	% share	
Sparebankstiftelsen Helgeland	7 315 020	35.0 %	Catilina Invest AS	256 046	1.2 %
Pareto AS	1 949 392	9.3 %	VPF Nordea Avkastning	244 270	1.2 %
VPF Nordea Norge	1 407 987	6.7 %	VPF Nordea Kapital	238 245	1.1 %
Merrill Lynch Prof.	1 126 043	5.4 %	AF Kapital Managemet	181 749	0.9 %
VPF Eika Egenkapital	719 823	3.4 %	Melum Mølle AS	177 000	0.8 %
Pope Asset Management BNY	532 973	2.6 %	Vigner Olaisen AS	144 653	0.7 %
Bergen Kommunale Pensjon.	475 000	2.3 %	Melesio Capital AS	137 188	0.7 %
MP Pensjon PK	462 203	2.2 %	VPF Nordea Norge Pluss	123 527	0.6 %
Lamholmen Invest AS	447 353	2.1 %	Nervik Steffen	115 000	0.6 %
Helgeland Kraft AS	377 691	1.8 %	VPF DNB	99 930	0.5 %
Total 10 biggest owners	14 813 485	71.0 %	Total 20 biggest owners	16 531 093	79.2 %

The bank has issued a total of 20 871 427 primary certificates value of NOK 10,-.

NOTE 21. CAPITAL ADEQUACY

Parent bank				Group		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
208	208	208	ECC-capital	208	208	208
971	971	971	Premium Fund	971	971	971
-2	-3	-2	Own ECCs	-2	-3	-2
299	299	299	Hybrid capital (CB)	299	299	299
1 476	1 475	1 476	Total paid-in capital	1 476	1 475	1 476
558	540	558	Savings Bank's fund	558	540	558
440	425	440	Reserve for unrealized gains	440	425	440
33	42	31	Donations Fund	31	42	33
710	654	710	Dividend equalisation reserve	710	654	710
33	0	0	Cash dividend	0	0	33
0	0	0	Other equity capital	70	61	70
1 774	1 661	1 739	Total accrued equity capital	1 809	1 722	1 844
3 250	3 136	3 215	Total equity capital	3 285	3 197	3 320
-299	-299	-299	Hybrid capital (CB)	-299	-299	-299
-74	-84	-94	Shares in financial institutions	-88	-84	-68
-102	-49	-47	Cash dividend /gifts employee	-47	-49	-102
2 775	2 704	2 775	Total core tier one	2 851	2 765	2 851
-16	-15	-13	Shares in financial institutions	-12	-15	-14
0	0	0	Other	0	0	0
299	299	299	Hybrid capital (CB)	299	299	299
3 058	2 988	3 061	Total core capital	3 138	3 049	3 136
451	300	451	Subordinatet dept	451	300	451
0	-1	0	Shares in financial institutions	0	-1	0
0	0	0	Other	0	0	0
451	299	451	Total net supplementary capital	451	299	451
3 509	3 287	3 512	Total net equity and related capital	3 589	3 348	3 587
16 950	16 436	17 206	Weight assets calculation basis *)	18 594	17 568	18 310
16.37 %	16.45 %	16.13 %	Core tier one Capital ratio in%	15.33 %	15.74 %	15.57 %
18.04 %	18.18 %	17.79 %	Core capital ratio in%	16.88 %	17.36 %	17.13 %
20.70 %	20.00 %	20.41 %	Total Capital ratio in%	19.30 %	19.06 %	19.59 %
			Total core tier one including cooperative group	2 943	2 835	2 923
			Total core capital including cooperative group	3 251	3 141	3 232
			Total net equity and related capital including cooperative group	3 720	3 451	3 700
			Weight assets calculation basis including cooperative group	19 471	18 213	19 174
			Including cooperative group			
			Core tier one Capital ratio, after proportionally consolidation in%	15.11 %	15.57 %	15.25 %
			Core capital ratio, after proportionally consolidation in%	16.70 %	17.24 %	16.86 %
			Total Capital ratio, after proportionally consolidation in%	19.10 %	18.95 %	19.30 %

31.12.18	31.03.18	31.03.19	Calculation basis	31.03.19	31.03.18	31.12.18
0	0	0	States and central banks	0	0	0
240	204	227	Local and regional authorities (including municipalities)	227	204	240
393	471	410	Institutions	208	223	172
1 696	1 159	1 646	Enterprises	1 646	1 258	1 696
1 067	1 012	1 045	Mass market loans	1 002	987	1 022
9 605	9 815	9 625	Loans secured by real property	12 385	12 235	12 331
530	391	720	Loans overdue	772	391	545
763	693	795	Covered bonds	111	123	114
0	0	0	Units in securities funds	0	0	0
1 213	1 342	1 236	Equity positions	648	747	630
155	138	208	Other loans and commitments	247	209	220
15 662	15 224	15 911	Capital requirement credit risk	17 248	16 377	16 970
1 268	1 188	1 268	Capital requirement operational risk	1 320	1 168	1 320
20	25	26	Deducted from capital requirement	26	23	20
16 950	16 436	17 206	Total capital requirement	18 594	17 568	18 310

Transition from construction finance to private housing financing has reduced the calculation basis.

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Morbank</i>				<i>Konsern</i>		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
2.94	2.89	3.11	Interest receivable and similar income	3.15	2.93	2.95
1.11	1.07	1.24	Interest payable and similar costs	1.41	1.14	1.21
1.83	1.82	1.87	Net interest- and credit commission income²	1.74	1.79	1.74
0.37	0.38	0.39	Commissions receivable and income from banking services	0.32	0.32	0.31
0.04	0.05	0.05	Commissions payable and costs relating to banking services	0.04	0.04	0.03
0.34	0.33	0.35	Net commission income	0.28	0.28	0.28
0.35	0.91	0.86	Gains/losses on financial assets available for sale	0.05	0.13	0.15
0.07	0.03	0.03	Other operating income	0.02	0.01	0.05
1.04	1.07	1.06	Operating costs	0.89	0.91	0.88
0.93	0.12	0.08	Losses on loans, guarantees etc. and fixed assets	0.06	0.10	0.77
0.61	1.89	1.98	Gross profit	1.14	1.19	0.57
0.07	0.24	0.29	Tax payable on ordinary profit	0.27	0.27	0.11
0.54	1.65	1.69	Net profit	0.87	0.93	0.46

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Profit and loss account (Amounts in NOK million)

Parent bank					Group					
Q1/18	Q2/18	Q3/18	Q4/18	Q1/19		Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
191	197	194	206	206	Interest receivable and similar income	257	252	238	237	231
71	74	73	80	82	Interest payable and similar costs	115	107	98	96	90
120	123	121	126	124	Net interest- and credit commission income	142	145	140	141	141
25	24	24	27	26	Commissions receivable and income from banking servi	26	27	24	24	25
3	2	2	3	3	Commissions payable and costs relating to banking ser	3	3	2	2	3
22	22	22	24	23	Net commission income	23	24	22	22	22
60	35	-1	0	57	Gains/losses on financial assets available for sale	4	4	-1	35	10
2	4	7	5	2	Other operating income	2	6	6	3	1
71	68	70	70	70	Operating costs	73	74	71	69	72
8	83	20	138	5	Losses on loans, guarantees etc.	5	138	20	83	8
125	33	59	-53	131	Gross profit	93	-34	76	49	94
16	4	10	-10	19	Tax payable on ordinary result	22	-6	14	7	21
109	29	49	-43	112	Net profit	71	-28	62	42	73

Parent bank					Group					
Q1/18	Q2/18	Q3/18	Q4/18	Q1/19		Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
2.89	2.93	2.88	3.02	3.11	Interest receivable and similar income	3.15	3.05	2.89	2.94	2.93
1.07	1.10	1.08	1.17	1.24	Interest payable and similar costs	1.41	1.30	1.19	1.19	1.14
1.81	1.83	1.79	1.85	1.87	Net interest- and credit commission income	1.74	1.75	1.70	1.75	1.79
0.38	0.36	0.36	0.40	0.39	Commissions receivable and income from banking servi	0.32	0.33	0.29	0.30	0.32
0.05	0.03	0.03	0.04	0.05	Commissions payable and costs relating to banking ser	0.04	0.04	0.02	0.02	0.04
0.33	0.33	0.33	0.35	0.35	Net commission income	0.28	0.29	0.27	0.27	0.28
0.91	0.52	-0.01	0.00	0.86	Gains/losses on financial assets available for sale	0.05	0.05	-0.01	0.43	0.13
0.03	0.06	0.10	0.07	0.03	Other operating income	0.02	0.07	0.07	0.04	0.01
1.07	1.01	1.04	1.03	1.06	Operating costs	0.89	0.90	0.86	0.86	0.91
0.12	1.23	0.30	2.02	0.08	Losses on loans, guarantees etc.	0.06	1.67	0.24	1.03	0.10
1.89	0.49	0.87	-0.78	1.98	Gross profit	1.14	-0.41	0.92	0.61	1.19
0.24	0.06	0.15	-0.15	0.29	Tax payable on ordinary result	0.27	-0.07	0.17	0.09	0.27
1.65	0.43	0.73	-0.63	1.69	Net profit	0.87	-0.33	0.75	0.52	0.93

Parent bank					Group					
Q1/18	Q2/18	Q3/18	Q4/18	Q1/19		Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
ASSETS										
78	78	79	82	73	Cash and claims on central banks	73	82	78	78	78
1 818	1 558	1 149	1 170	1 166	Loans to and claims on credit institutions	651	461	520	797	838
19 746	20 009	20 294	20 289	20 367	Loans to and claims on customers	27 802	27 614	27 254	26 929	26 503
135	86	87	54	71	Financial derivatives	71	54	87	86	135
3 978	3 882	4 243	4 132	4 064	Certificates, bonds and shares available for sale	4 089	4 157	4 293	3 882	4 028
352	351	371	382	384	Investments in associated companies	385	382	371	351	352
595	595	595	595	595	Investments in subsidiaries	0	0	0	0	0
12	14	15	11	11	Deferred tax benefit	15	15	19	18	19
67	68	66	69	68	Fixed assets	132	133	138	141	142
64	34	42	70	162	Other assets	137	71	42	33	58
26 845	26 675	26 941	26 854	26 961	Total assets*	33 355	32 969	32 802	32 315	32 153
LIABILITIES AND EQUITY CAPITAL										
250	250	501	250	250	Liabilities to credit institutions	252	252	502	252	252
17 273	17 458	17 522	17 718	17 730	Deposits from customers and liabilities to customers	17 271	17 248	17 077	17 014	16 832
5 538	5 274	5 035	5 058	5 002	Borrowings through the issuance of securities	11 837	11 556	11 267	11 301	11 245
24	22	14	22	27	Financial derivatives	27	22	14	22	24
217	114	118	104	172	Other liabilities	161	118	134	126	227
300	301	451	451	451	Fund bonds	451	451	451	301	300
23 602	23 419	23 641	23 603	23 632	Total liabilities	29 999	29 647	29 445	29 016	28 880
1 177	1 177	1 178	1 178	1 178	Paid-in equity capital	1 178	1 178	1 178	1 177	1 177
296	299	291	299	299	Hybrid capital	299	299	291	299	299
1 661	1 642	1 644	1 774	1 740	Accrued equity capital/retained earnings	1 806	1 843	1 710	1 706	1 722
109	138	187	0	112	Profit after taxes	71	0	176	115	73
					Minority interest	2	2	2	2	2
3 243	3 256	3 300	3 251	3 329	Total equity capital	3 356	3 322	3 357	3 299	3 273
26 845	26 675	26 941	26 854	26 961	Total liabilities and equity capital	33 355	32 969	32 802	32 315	32 153

OTHER KEY FIGURES

Parent bank			Group			
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
BALANCE SHEET						
Development in the last 3 months						
	0.4	0.4	Total assets	1.2	1.0	
	-0.5	0.4	Gross lending	0.7	0.2	
	-0.9	0.1	Customer deposits	0.1	-0.8	
Development in the last 12 months						
0.4	5.0	0.4	Total assets ⁹	3.7	6.8	3.5
3.3	-0.5	4.2	Gross lending ⁶	5.7	5.8	5.2
1.7	-0.9	2.6	Customer deposits ⁷	2.6	3.5	1.6
85.7	86.8	85.4	Deposit coverage as a percentage of gross loans ⁵	61.3	63.1	61.6
55.2	56.2	54.7	Lending to retail customers	66.3	67.0	66.6
26 830	26 822	26 868	Average assets ¹⁰	33 088	31 981	32 443
20 669	19 908	20 750	Gross loans ⁴	28 187	26 666	27 995
SOLIDITY						
16.4	16.5	16.1	Core tier one Capital ratio	15.3	15.7	15.6
18.0	18.2	17.8	Core Capital ratio	16.9	17.4	17.1
20.7	20.0	20.4	Total Capital ratio ²¹	19.3	19.1	19.6
			Core tier one Capital ratio, after proportionally consolidation in%	15.1	15.6	15.2
			Core capital ratio, after proportionally consolidation in%	16.7	17.2	16.9
			Total Capital ratio, after proportionally consolidation in%	19.1	19.0	19.3
8.9	8.9	8.7	Leverage ratio ²²	9.1	9.3	9.2
4.4	13.6	13.8	Rate of return on equity capital ¹	8.7	9.0	4.6
0.5	1.6	1.7	Return on assets	0.9	0.9	0.5
KEY FIGURES PCC						
4.8	3.9	4.0	Yield per primary certificate ¹⁶	2.5	2.6	5.0
4.8	3.9	4.0	Diluted result per ECC, in Norwegian currency	2.5	2.6	5.0
76.3	76.3	76.4	ECCs split (01.01) ¹⁸	76.4	76.3	76.3
108	107	111	Equity capital per ECC ¹⁷	112	108	110
69.5	87.0	72.0	PCC price quoted on the stock exchange	72.0	87.0	69.5
14.4	5.5	4.4	P/E (price divided by profit per ECC) ¹⁹	7.1	8.4	13.9
0.6	0.8	0.7	P/B (price divided by book value of equity capital) ²⁰	0.6	0.8	0.6
40.3	34.8	34.0	Costs as a percentage of income ³	42.7	41.4	39.7
1.0	1.1	1.1	Cost in percent of average total assets	0.9	0.9	0.9
150	148	150	Number of man-years	150	148	150
LOSSES ON LOANS AND GROSS DEFAULTS						
As a percentage of gross lending:						
1.5	1.1	2.0	Gross defaults over 90 days ¹³	1.5	0.8	1.1
0.9	0.9	1.1	Net defaults over 90 days	0.8	0.6	0.7
1.2	0.2	0.1	Losses on lending ¹²	0.1	0.1	0.9

1) Percentage of equity excl. Hybrid capital

OTHER CALCULATIONS

Parent bank				Group		
31.12.18	31.03.18	31.03.19	(Figures in MNOK and %)	31.03.19	31.03.18	31.12.18
			Operating costs, adjusted for one-time effects			
279	71	70	Operating costs	73	275	286
0	0	0	One-time effects	0	0	0
279	71	70	Operating costs, adjusted for one-time effects	73	275	286
1.04 %	1.06 %	0.86 %	Operating costs in % of BTA, adjusted for one-time effects	0.89 %	1.19 %	0.88 %
40.3 %	34.8 %	34.0 %	Operating costs in % of income, adjusted for one-time effects	42.7 %	39.9 %	39.7 %
144	109	112	Profit	71	273	149
-12	-3	-3	Paid interests subordinated bonds	-3	-14	-12
132	106	109	Net profit, incl. Interests subordinated bonds	68	259	137
0	0	0	one-time effect pension	0	0	0
132	106	109	Profit, adjusted for one-time effects	68	259	137
144	442	454	Profit (annualized)	288	273	149
132	430	442	Profit (annualized), eks one-time effects and incl. interests subordi	276	259	137
3 285	3 244	3 286	Average equity	3 307	3 171	3 268
-299	-299	-299	Average subordinated bonds	-299	-333	-299
2 986	2 945	2 987	Average equity adjusted for subordinated bonds	3 008	2 838	2 969
4.4 %	13.6 %	13.8 %	ROE	8.7 %	8.6 %	4.6 %
4.4 %	14.6 %	14.8 %	ROE adjusted for one-time effects and interests FO11	9.2 %	9.1 %	4.6 %
144	109	112	Profit	71	273	149
144	442	454	Profit (annualized)	288	273	149
132	430	442	Profit (annualized), eks one-time effects and subordinated bonds	276	259	137
26 830	26 822	26 868	Average assets	33 088	30 852	32 443
0.5 %	1.6 %	1.7 %	Return on assets (annualized)	0.9 %	0.9 %	0.5 %
0.5 %	1.6 %	1.6 %	Return on assets (annualized) adjusted for one-time effects	0.8 %	0.8 %	0.4 %
3 058	2 988	3 060	CET1	3 137	3 068	3 136
34 500	33 695	35 028	Unweighted calculation basis	34 423	32 842	33 997
8.9 %	8.9 %	8.7 %	Leverage ratio	9.1 %	9.3 %	9.2 %

APM (Alternative performance measures)

In the board' s report and in accounting presentations, Helgeland Sparebank uses alternative performance measures or APM (alternative performance measures) with the purpose of giving a true and fair view of the bank' s financial development and position, in order to ensure the correct information. Key figures that are regulated in IFRS or other legislation are not defined as APM. The same applies to non-financial information. APMs presented as part of the accounting portion of the reports are basically exempt from the APM guidelines, but are included in the schedule below to the extent that they are not defines in the financial statements. The reason for presenting adjusted results is to bring out the underlying operations in a better way and is not intended to replace ordinary reporting.

Definitions key figures:

- 1) **Return on equity.** Reason for use: The key figure indicates the return on the Group' s equity. The key figure reflects the Group' s ability to turn the capital into profitable business. Definition: Return on equity (total profit after tax) is calculated by dividing the profit/loss for the period for the financial year by the average equity for the past year. For information on return on equity for more than one profit for the period, the profit for the period is annualized.
- 2) **Net interest.** Reason for use: Net interest income is a normal key figure within banking/finance and reflects the bank' s net interest income as a percentage of average total assets. Definition: Net interest income is the difference between gross interest income and interest expenses – net interest income in the result summary. Net interest income is annualized in the interim reports.
- 3) **Expense ratio.** Reason for use: Cost percentage is a normal key figure in banking/finance. The key figure reflects how effectively the bank/group operates. Definition: The cost percentage reflects the bank' s/group' s ability to translate its operating expenses into revenue recovery. The cost percentage is calculated by dividing the total operating costs by total income.
- 4) **Gross lending, the Group (incl. transfer for mortgage companies):** Reason for use: The bank owns Helgeland Boligkreditt 100 % and key figures reflect the bank' s total lending volume. Definition: loan volume including transferred from the mortgage company.
- 5) **Deposit coverage.** Reason for use: Deposit coverage is a normal key figure in banking/finance. The key figure shows the share of the bank' s lending activities that are financed by deposits from customers. Definition: The deposit coverage reflects the bank' s ability to finance lending to customers through deposits from customers. Deposits are calculated by dividing the total deposits from customers by gross loans, excl. transfer to mortgage companies in the parent bank and including transfer to mortgage companies in the group.
- 6) **Lending growth last 12 months.** Reason for use: Lending growth over the last 12 months is a normal key figure in banking/finance. The key figure reflects the activity and growth of the bank' s lending activities. The Group includes transfers from the mortgage company,

growth in the parent bank excl. volume of the mortgage company. **Definition:** Lending growth is calculated from the corresponding period last year to this year. The group includes the volume of the mortgage company, while the parent bank is excl. volume of the mortgage company.

- 7) **Deposits growth last 12 months.** **Reason for use:** Deposit growth over the last 12 months is a normal key figure in banking/finance. The key figure reflects the activity and growth of the bank's deposit operations. **Definition:** Deposit growth over the last 12 months reflects the growth in deposits in the balance sheet from the corresponding period last year to this year.
- 8) **Total assets.** **Reason for use:** The key figure reflects the bank's total assets. **Definition:** Total assets in the balance sheet.
- 9) **Growth last 12 months in total assets.** **Reason for use:** The key figure reflects the growth in the bank's total assets including transferred to the mortgage company in the group and excl. volume transferred to the mortgage company in the parent bank. **Definition:** Growth assets in the balance sheet are calculated from the corresponding period last year to this year.
- 10) **Average total assets.** **Reason for use:** Several key figures are calculated on average total assets. **Definition:** Weighted average of total assets throughout the year.
- 11) **Equity excluding hybrid capital.** **Reason for use:** The key figure reflects part of the bank's capital that belongs to the owners excluding hybrid capital (fund bonds). **Definition:** The difference between the bank's equity (earned and paid-in equity) and the bank's hybrid capital (funded bonds).
- 12) **Loss ratio loans.** **Reason for use:** The key figure reflects a loss recognized as a function of gross lending in the balance sheet date. **Definition:** Loss provisions for the period on loans and guarantees divided by gross lending as a percentage. For information on loss-based loans for shorter periods than full financial years, the loss expense recognized in the income statement is annualized.
- 13) **Non-performing commitments.** **Reason for use:** The key figure indicates the proportion of the bank's gross non-performing loans. **Definition:** Non-performing loans (over 90 days) on loans and guarantees.
- 14) **Doubtful commitments.** **Reason for use:** The key figure indicates the proportion of the bank's gross loans that are subject to losses. **Definition:** Gross lending for the period that is doubtful (has an individual loss provision or risk class K, but which is not defaulted).
- 15) **Net Non-performing and doubtful commitments.** **Reason for use:** The key figure indicates how much the bank's net non-performing and doubtful commitments amount to gross loans. **Definition:** Net non-performing and doubtful commitments, less write-downs on these loans, divided by gross loans.
- 16) **Earnings per equity certificate.** **Reason for use:** The key figure gives readers information about earnings per equity certificate. **Definition:** The equity certificate holders' share of the result is calculated as profit before other income statement items in proportion to the average number of equity certificates in the period.
- 17) **Booked equity per equity certificate.** **Reason for use:** The key figure provides information on the value of the book equity per equity certificate. **Definition:** Equity certificate holders' share of equity divided by the number of equity certificates.
- 18) **Equity certificate fraction.** **Reason for use:** Basis for calculating dividends. **Definition:** The equity certificate holders' share of equity, e.g. Fund bonds.
- 19) **P/E.** **Reason for use:** The key figure provides information on earnings per equity certificate. **Definition:** Share price at end of period divided by profit (annualized) per equity certificate.
- 20) **P/B.** **Reason for use:** The key figure provides information on price per equity certificate. **Definition:** Share price at end of period divided by book equity per equity certificate.
- 21) **Capital adequacy.** **Reason for use:** Legal requirements for capital adequacy. **Definition:** subordinated capital divided by weighted balance sheet and excluding balance sheet items.
- 22) **Unweighted core capital adequacy.** **Reason for use:** Normal key figure in banking/finance. Provides more comparable capital regardless of the method of calculating capital adequacy. **Definition:** Tier 1 capital divided by capitalized items and non-capitalized items calculated without risk weighting.

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Marianne Terese Steinmo
Nils Terje Furunes
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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