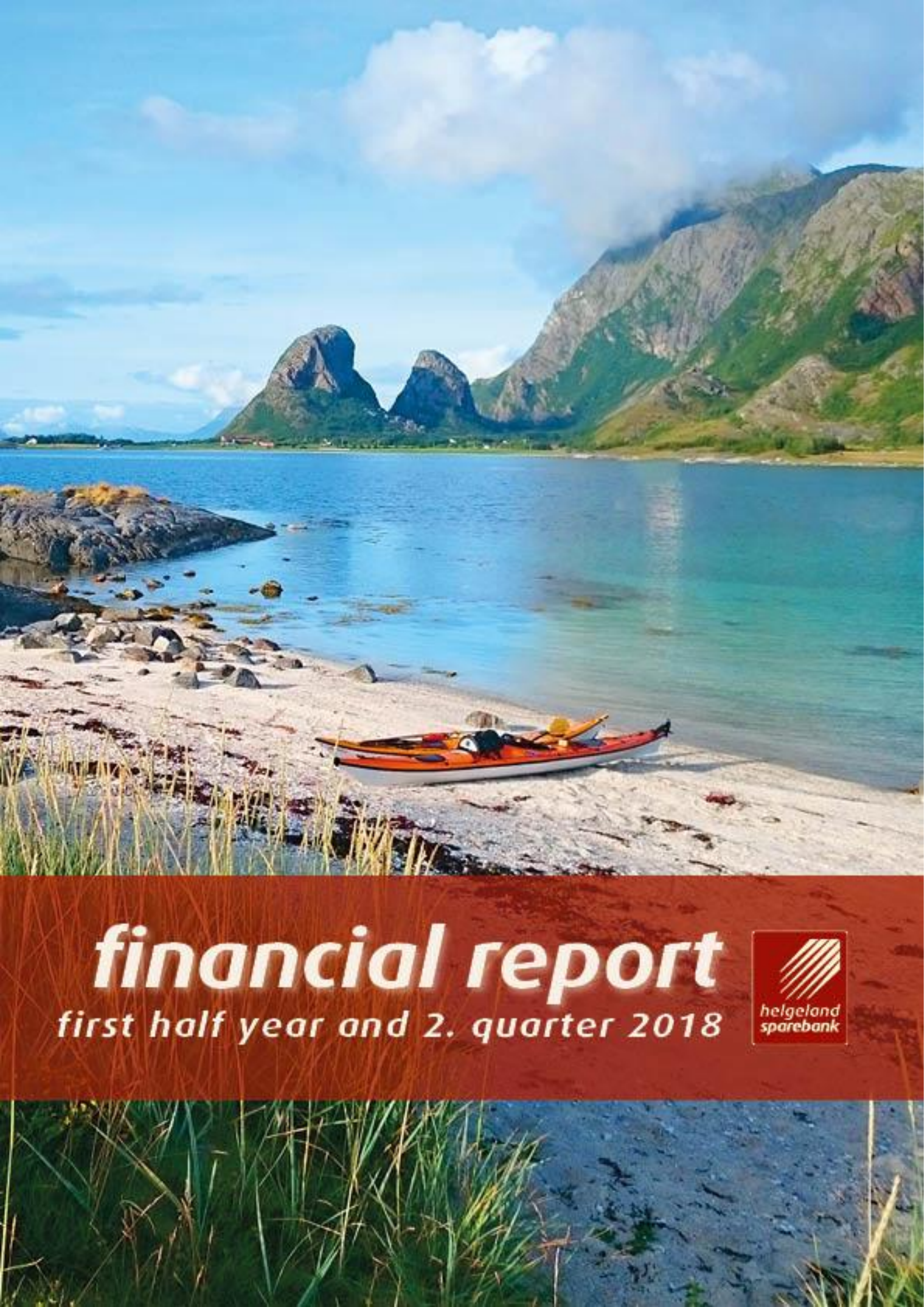

financial report

first half year and 2. quarter 2018

helgeland sparebank

Helgeland Sparebank
Financial report 1st half year and 2nd quarter 2018.

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, hereunder IAS 34 on interim reporting. Further information on the accounting principles is given in the annotations to the annual accounts for 2017. 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 so far this year (HSB group)

- Gross profit of MNOK 143 (175).
- Increase in losses in lending in Q2. In relation to a restructuring of a corporate commitment, there has been accounted a single loss of MNOK 40. In addition, calculated expected losses have increased on commitments that have gone to default.
- There has been accounted an income of MNOK 15 regarding the merge between Vipps, BankID and BankAxept.
- Income from associated companies has increased.
- Net profit gives a return of equity of 7.0 (8.7) %

Result so far this year

Key figures:
(Comparison per 30.06.18)
- Net interest 1.79 (1.85) %
- Costs in percent of BTA 0.89 (0.92) %
- Write-downs on lending 0.58 (0.17) %
- Profit per EC amounts to NOK 4.0 (4.7)
- 12-month lending growth 6.9 (6.3) %
- 12-month deposit growth 0.4 (9.1) %
- CET1 ratio 15.3 (15.7) %
- Capital ratio 18.6 (19.1) %

The net interest
Net interest income amounts to MNOK 282 by the end of the quarter. This is an increase of MNOK 6 compared with the corresponding period last year. In % of average total assets, the net interest was 1.79 (1.85). Strong competition regarding price on the mortgage interest is pushing the credit margins and has reduced the net interest. Slightly lower margin on funding has contributed positively.

Net commission earnings
The net commission earnings were MNOK 44 (42). Of the income, commissions from insurance amount to MNOK 9.7 (9.5).
The bank has ownership in different product companies and offers a broad product spectre.
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 %.
In % of average total assets, commission income amounts to 0.28 (0.28) %.

Net value change and profit/loss from financial investments
Net income from financial instruments was MNOK 45 (17). Here of income from associated companies of MNOK 20 (12). MNOK 15 has been recognized as income in the 2nd quarter in relation to the merge between Vipps, BankID and BankAxept.
Additionally, MNOK 5 (10) has been recognized as dividend income from Frende Holding AS.
In the parent bank, group contribution of MNOK 48.8 (33.1) has been recognized as income in 1st quarter.

Other operating income
A gain from sale of plot is recognized as income by MNOK 2.5.

Operating costs
Total operating costs were MNOK 141 (137). Wages and social costs are unchanged in NOK while IT investments have given increased operating costs. In % of BTA costs was 0.89 (0.92) %, while costs measured against income was 37.6 (40.7) %.

The bank has a sick leave of 4.6 (5.2) %.

Expensed write-downs on commitments
Write-downs so far this year are expensed with MNOK 91 (25). This is an increase of MNOK 66 compared to first half year of 2017.
Write-downs of MNOK 83 are expensed in the second quarter of 2018. In relation to a restructuring of a corporate commitment, there has been accounted a single loss of MNOK 40 in addition, a larger commitment has been defaults, and estimated expected loss in accordance with. IFRS 9 has increased by MNOK 38 on this commitment.

Result this quarter (last 3 months)
This quarter, profit before taxes was MNOK 49 (91) which is a decrease of NOK 42 million compared to second quarter last year. Write-downs are increased with NOK 64 million compared to second quarter last year. In % og BTA, net interest is reduced.

Income from financial investments is increased by MNOK 21. Gains from the Vipps merge account for a significant part of this.

Key figures second quarter

- Gross profit MNOK 49 (91)
- Net interest 1.75 (1.86) %
- Financial investments 0.43 (0.18) %
- Operating costs 0.86 (0.90) %
- Write-downs on lending 1.03 (0.25) %
- 3-month lending growth 1.9 (0.7) %
- 3-month deposit growth 1.1 (4.2) %

Lending growth this quarter is higher than the same period last year.

The equity certificate – HELG

By the end of the quarter the number of EC owners amounts to 2 198. The 20 largest owners are noted with 80.0 % of the EC capital. Of this, Sparebankstiftelsen Helgeland owns 34.8 %. The number of total EC's is 20 871 427. Per 30.06.18, the bank owned 48 436 of our own EC's. These are acquired through Oslo Børs for market value.
The price of the EC was per 30.06.18 NOK 82.00. This is a decrease of NOK 6.00 from year end.
The banks program for sale of EC's to employees is continued in 2018. Over 75 % of the banks employees have bought certificates within the program frames.

Balance development per 30.06.18

Total assets amounts to 32.3 bn. Over the last 12 months, total assets have increased with MNOK 1.801 or 5.9 (6.9) %.

Commitments

By the end of the quarter, gross lending constituted MNOK 27.165. The 12-month lending growth was MNOK 1.764 (1.504), or 6.9 (6.3) %.
83.6 (84.5) % of the HSB group's lending is to customers in Helgeland.

MNOK 18.110, or 66.7 (67.4) % of gross lending is lending to retail customers, whereof MNOK 6.960 is transferred to the bank's mortgage company.
The 12-month growth in the retail market was MNOK 982 (1.014), or 5.7 (6.3) %.
The 12-month growth for corporate customers was MNOK 782 (490), or 9.5 (6.3) %.

Deposits from customers

By the end of the quarter, deposits from customers constituted MNOK 17 014. The deposits have over the last 12 months increased by MNOK 61 (1 417), or 0.4 (9.1) %.

The HSB group has stable and local depositors, whereby 89.6 (90.9) % are deposits from customers in Helgeland.
The 12-month deposit growth in the retail market was MNOK 475 (391), or 4.9 (4.2) %. Of total deposits of MNOK 17 014, MNOK 10 115, or 59.5 (56.9) % are deposits from retail customers.
The 12-month deposit growth in the corporate market was MNOK -414 (1 026), or -5.7 (16.3) %. The deposit growth was higher last year with access to several new customers in the municipality sector.
The deposit ratio was 62.6 (66.7) % in the HSB group, and 86.3 (88.3) % 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 11 301 (9 743). The HSB group has a long term funding. By the end of the quarter, the share of loans beyond one year was 92.5 (84.4) %. The average remaining term for these debt securities was 3.0 (2.9) years. The target for the Group is duration > 2.5 years. Duration in the mortgage company is slightly higher with 3.3 years.

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 and 50 % of gross lending RM. Per 30.06.18 transfer level is 25.6 % and 38.4 %.

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 is financed with reduced security holdings and increased financial debt. Increased financial debt has largely contributed to that the liquidity holding is MNOK 0.3 higher since year end.

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, and Storgata 73 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. It is established monitoring according to the approved targets for the portfolio.
By the end of the year net non-performing (>90 days) and impaired commitment constitute MNOK 412 (228). In % of gross lending this equals 1.5 against 0.7 per 30.06.17. The increase of default commitments apply commitments in the tourist industry where there is over capacity in outer Helgeland. The increase in impaired commitment is related to a restructuring of a corporate commitment (previous reported to the stock exchange).

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 possession in shares is mainly strategic 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 owner post will be exposed for value fluctuations depending on the results in underlying companies. Profit share is shown in note 3.

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. During 2018 there were no uncovered matters that are critical for the bank's business.

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 4.4 (4.4) bn, or 13.6 (14.3) % of the group's total assets. The combined duration of the interest portfolio is 2.6 (2.1) 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 144 (145) %.

Solidity
Net capital amounts to MNOK 3.327, hereby fund obligations by MNOK 299 and subordinated loan by MNOK 300. The HSB group has a CET1 capital ratio of 15.3 (15.7) % and the total capital ratio 18.6 (19.1) %. If half of the net profit is added, the CET1 capital ratio would be 15.6 % and the total capital ratio 18.9 %.

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

The group has a capital target for CET1 of minimum 15.0 % and over 18.0 % for total capital adequacy.

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

The group's Leverage Ratio (unweighted core capital ratio) was 9.0 (9.2) % per 30.06.18

Prospects ahead
The 12 month growth in the retail market is by the end of the quarter 5.7%. This mirrors the general credit growth in the retail market in Helgeland. The turnover in real estate in the 2nd quarter of 2018 has been significant higher than in 2nd quarter 2017, but the price development have been negative in Helgeland and under the national level. We expect moderate market growth and moderate and healthy credit growth to the retail market 2nd half of 2018. The margins in this segment are under pressure; both as a consequence of strong competition and increased funding costs. We therefore see a decreasing net interest in this segment and expect that this trend continues also in the next quarter.

In the corporate market, the activity and willingness to invest is still high. This is expected to continue in the second half of 2018. The level will still be affected by that we in the 1st half of 2018 has a few large construction loans that was converted into private debt.

The level of commission income is all together satisfying. Established measures and an offensive sale organisation provides basis to expect that this will maintain in 2018.

The cost level is challenging. Several large IT projects is ending in Q3 2018 and will give increased depreciation costs. The bank also receives increased IT costs to be compliant in accordance to regulatory demands within GDPR and PSD II. It is a continuing focus on streamlining of the bank's organization and work processes. The bank will during 2nd half of 2018 implement a profitable project to identify more measures to better the profitableness.

The level of write-downs in the remaining part of 2018 is expected to lie on a normalized level.

Unemployment (total unemployed) is still low in the region with an overall vacancy rate in Helgeland of 1.5 % by the end of the year. Nordland County had an unemployment rate of 1.7 % and the national average was 2.2 %. It is expected that the level of unemployment will remain low.
Helgeland Sparebank has capital, and the bank is prepared to take our share of profitable growth in the region. However, an intensified competition situation in the retail market challenges the opportunities in this segment.
The activity and investment levels in a number of industries and in the public sector are still high, and a weak NOK is positive for the region's export companies both in aquaculture, industry and tourism.

STATEMENT UNDER THE SECURITIES TRADING ACT § 5-6

We declare that to the best of our knowledge the financial statements for the period January 1st to June 30th 2018 is prepared in accordance with the current accounting standards IAS 34 – interim reporting, and that the information in the financial statements give true and fair view of the company's assets, liabilities, financial positions and result.

The interim report shows after our best conviction a true:

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

Mo i Rana, August 14th 2018

Ove Brattbakk *Chairman of the Board*	Bjørn Audun Risøy *Deputy Chairman of the Board*	Eva Monica Hestvik
Inga Marie Lund	Nils Terje Furunes	Marianne Terese steinmo
	Birgitte Lorentzen *Employee representative*	Geir Pedersen *Employee representative*
		Hanne J. Nordgaard *CEO*

CONTENTS

PROFIT AND LOSS ACCOUNT (amounts in NOK million)

Parent bank										*Group*
31.12.17	Q2/17	Q2/18	30.06.17	30.06.18		30.06.18	30.06.17	Q2/18	Q2/17	31.12.17
777	111	109	221	216	Interest income from assets measured at amortized cost	429	416	216	208	927
	85	88	169	172	Interest income from assets measured at fair value	39	44	21	23	
274	69	71	139	139	Interest payable and similar costs	180	178	93	87	351
11	3	3	6	6	Hedge fund fees	6	6	3	3	11
492	**124**	**123**	**245**	**243**	**Net interest- and credit commission income**	**282**	**276**	**141**	**141**	**565**
97	24	24	47	49	Commissions receivable and income from banking servic	49	47	24	24	97
11	2	2	5	5	Commissions payable and costs relating to banking servi	5	5	2	2	11
86	**22**	**22**	**42**	**44**	**Net commission income**	**44**	**42**	**22**	**22**	**86**
44	9	6	43	56	Dividend	6	10	6	10	10
31	8	10	12	20	Net profit from associates	20	12	10	8	31
-11	-8	19	-8	19	Net profit from other financial investments	19	-5	19	-4	-8
64	9	35	47	95	Gains/losses on financial assets available for sale (note :	45	17	35	14	33
8	2	4	4	6	Other operating income	4	2	3	1	5
269	66	68	133	139	Operating costs (note 4)	141	137	69	68	275
65	19	83	25	91	Losses on loans, guarantees etc. (note 10)	91	25	83	19	66
316	**72**	**33**	**180**	**158**	**Gross profit**	**143**	**175**	**49**	**91**	**348**
60	15	4	32	20	Tax payable on ordinary result	28	38	7	18	75
256	**57**	**29**	**148**	**138**	**Net profit**	**115**	**137**	**42**	**73**	**273**
8.9			5.1	4.9	Yield per equity capital certificate (note 5)	4.0	4.7			9.5
8.9			5.1	4.9	Diluted result per ECC in Norwegian currency (note 5)	4.0	4.7			9.5
					Extended Income Statement					
256	**57**	**29**	**148**	**138**	**Net profit**	**115**	**137**	**42**	**73**	**273**
					Itemes that are subsequently reversed through profit or loss:					
66	0	0	10	1	Estimate variances, pensions will not be reversed over th	1	10	0	0	66
-2	-1	0	-3	0	Tax on extended profit	0	-3	0	-1	-2
64	-1	0	7	1	Net extended profit or loss items	1	7	0	-1	64
320	**56**	**29**	**155**	**139**	**Total profit of the period**	**116**	**144**	**42**	**72**	**337**

BALANCE SHEET (amounts in NOK million)

Parent bank						*Group*
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
			ASSETS			
87	94	78	Cash and claims on central banks	78	94	87
1 488	1 771	1 558	Loans to and claims on credit institutions	797	729	464
19 860	19 415	20 009	Loans to and claims on customers (note 7,8,9,10)	26 929	25 258	26 453
125	111	86	Financial derivatives (note 16)	86	111	125
4 126	3 834	3 882	Certificates, bonds and shares	3 882	3 786	4 176
342	324	351	Investments in associated companies (note 12)	351	324	342
595	441	595	Investments in subsidiaries (note 12)			
11	10	14	Deferred tax benefit	18	14	15
66	53	68	Fixed assets (note13)	141	133	141
49	61	34	Other assets	33	65	47
26 749	**26 114**	**26 675**	**Total assets**	**32 315**	**30 514**	**31 850**
			LIABILITIES AND EQUITY CAPITAL			
250	250	250	Liabilities to credit institutions	252	252	252
17 422	17 257	17 458	Deposits from customers and liabilities to customers (note 17,18)	17 014	16 953	16 972
5 375	5 084	5 274	Borrowings through the issuance of securities (note 15)	11 301	9 743	10 851
27	32	22	Financial derivatives (note 16)	22	32	27
149	121	114	Other liabilities	126	130	161
300	300	301	Subordinated loan capital	301	300	300
23 523	**23 044**	**23 419**	**Total liabilities**	**29 016**	**27 410**	**28 563**
			Equity capital			
209	208	209	Equity share capital (note 5,6,20)	209	208	209
-3	-2	-3	Own portfolio equity share capital	-3	-2	-3
971	971	971	Premium Fund	971	971	971
659	569	654	Cohesion Fund	654	569	659
1 836	**1 746**	**1 831**	**Total equity share capital**	**1 831**	**1 746**	**1 836**
541	514	536	Primary capital	536	514	541
43	21	27	Gift fund	27	21	43
584	**535**	**563**	**Total primary capital**	**563**	**535**	**584**
424	342	425	Unrealized gains reserve	425	342	424
299	299	299	Hybrid Capital (Note 1,17)	299	299	299
83	0	0	Other equity capital	64	43	143
	148	138	Result from ordinary operations after tax	115	137	
3 226	**3 070**	**3 256**	**Total equity capital exclusive minority interest**	**3 297**	**3 102**	**3 285**
			Non-controlling interest	2	2	2
3 226	**3 070**	**3 256**	**Total equity capital**	**3 299**	**3 104**	**3 287**
26 749	**26 114**	**26 675**	**Total liabilities and equity capital**	**32 315**	**30 514**	**31 850**
			Conditional liabilities off balance sheet (note 11)			

CHANGE IN EQUITY CAPITAL

Group

31.12.17

	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 Equ.cap.	0 Min. int.	Total
Equity capital as at 01.01.17	**208**	**971**	**-4**	**443**	**335**	**516**	**25**	**15**	**575**	**123**	**2**	**3 208**
Result for the period				14	25	24	13	12	84	101		273
Extended profit or loss items					64							64
Total ext. profit or loss	**0**	**0**	**0**	**14**	**89**	**24**	**13**	**12**	**84**	**101**	**0**	337
Gift fund				-14								-14
Transactions with owners							-7	-15				-22
Repurchase FO			1	-144								-143
Transactions with owners												0
Dividend paid										-80		-80
Equity capital 31.12.17	**208**	**971**	**-3**	**299**	**424**	**541**	**31**	**12**	**659**	**144**	**2**	**3 287**
Paid-in/accrued equity capital/retained earnings			1 176								2 111	3 287

30.06.18

	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 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	3		-3
Equity capital as at 01.01.18				5						110		115
result for the period					1							1
Extended profit or loss items	**0**	**0**	**0**	**5**	**1**	**0**	**0**	**0**	**0**	**110**	**0**	116
Paid interest FO				-5								-5
Gift fund							-4	-12				-16
Transactions with owners												0
Impairment of the nominal value												0
Dividend paid										-83		-83
Equity capital 30.06.18	**208**	**971**	**-3**	**299**	**425**	**540**	**27**	**0**	**654**	**174**	**2**	**3 299**
Paid-in/accrued equity capital/retained earnings			1 176								2 123	3 299

Parent bank

31.12.17

	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 01.01.17	**209**	**971**	**-4**	**443**	**335**	**516**	**25**	**15**	**575**	**77**	**3 163**
result for the period				14	24	25	13	12	84	84	256
Extended profit or loss items					64						64
Totalresultat	**0**	**0**	**0**	**14**	**88**	**25**	**13**	**12**	**84**	**84**	**320**
Paid interest FO				**-14**							-14
Gift fund							-7	-15			-22
Transactions with owners			1	-144							-143
Dividend paid			0							-78	-78
Equity capital 31.12.17	**209**	**971**	**-3**	**299**	**424**	**541**	**31**	**12**	**659**	**83**	**3 226**
Paid-in/accrued equity capital/retained earnings			1 177							2 048	3 226

30.06.18

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation	Savings bank's	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0
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			-5		-6
result for the period				5						133	138
Extended profit or loss items					1						1
Total ext. profit or loss	**0**	**0**	**0**	**5**	**1**	**0**	**0**	**0**	**0**	**133**	**139**
Paid interest FO				-5							-5
Gift fund							-4	-12			-16
Transactions with owners											0
Dividend paid										-83	-83
Equity capital 30.06.18	**209**	**971**	**-3**	**299**	**425**	**540**	**27**	**0**	**654**	**133**	**3 255**
Paid-in/accrued equity capital/retained earnings			1 177							2 048	3 255

CASH FLOW STATEMENT

Parent bank						*Group*
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
-850	-423	-230	Change in lending to customers	-595	-651	-1 858
701	350	348	Interest income lending to custumers	439	431	870
932	767	36	Change deposits from customers	42	780	799
-170	-85	-85	Interest cost deposit from customers	-85	-85	-168
0	0	0	Change in receivables and liabilities to credit institutions	0	0	0
-280	-62	274	Change sertificates and bonds	274	-250	-527
54	28	27	Interest income sertificates and bonds	27	28	52
86	47	44	Comission income	44	47	86
-259	-127	-132	Payments relating to operations	-132	-137	-256
-52	-52	-60	Paid tax	-72	-65	-65
-41	-12	10	Other cutoffs	-4	-34	-72
121	431	232	**A Net liquidity change from operating activities**	-62	64	-1 139
-24	-2	-4	Investment in long-term securities	-4	-8	-31
0	0	2	Income sale of long-term securities	2	0	3
-171	-8	-24	Long-term investments in shares	-24	-8	-21
0	0	0	Payment from sales long-term investments in shares	0	0	0
44	43	57	Dividend from long-term investments in shares	6	10	11
-151	33	31	**B Net liquidity change from investments**	-20	-6	-38
2 883	1 660	1 945	New borrowing through issuanse of securities	3 045	2 995	6 078
-2524	-1555	-2 008	Repayments - issued securities	-2 457	-2506	-4537
-145	-145	0	Buyback fund bond	0	-145	-145
-99	-53	-50	Interest payments borrowing through issuance of securities	-93	-93	-178
-14	-10	-6	Interest payments on subordinated debt	-6	-10	-14
-78	-78	-83	dividend to share owners	-83	-78	-78
23	-181	-202	**C Net liquidity change financing**	406	163	1 126
-7	283	61	A+B+C Net liquidity change in the period	324	221	-51
1 582	1 582	1 575	Liquid funds at the start of the period	551	602	602
1 575	1 865	1 636	Liquid funds at the end of the period	875	823	551
			Liquid funds specified			
87	94	78	Cash and balances with central banks	78	94	87
1 488	1 771	1 558	Balances with credit institutions without notice periods	797	729	464
1 575	**1 865**	**1 636**	**Liquid funds**	**875**	**823**	**551**

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 2017. Effects of implementing IFRS 9 is described in note 1 and 22 in the annual report. Note 22 shows classification and measuring of financial instruments per 31.12.17 after IAS 39 and per 01.01.18 after IFRS 9. In addition the note shows reconciliation of loss deduction IAS 39 and IFRS 9 together with effect on equity by implementing.

The interim report is in compliance with IAS 34 and has not been audited.

IFRS 9

IFRS 9 was implemented 01.01.18. IFRS 9 introduces a business oriented model for classifying and measuring financial assets. The standard replaces current standard IAS 39. The bank has chosen not to restate comparison numbers for 2017.
For the Helgeland Sparebank Group, the transition to IFRS 9 have had consequences for the calculation of the Group's write-downs together with the accounting of value change on shares, bonds and certificates earlier classified as available for sale in accordance to IAS 39. Value change on shares, bonds and certificates available for sale is in 2017 accounted for in the extended profit and loss statement, but from 01.01.18, such value changes will be included in the ordinary profit and loss statement. Mortgages in the parent bank that can be transferred to the mortgage company are valued at fair value, with value change over the extended income statement.

In the ordinary profit and loss statement in 2018 in the post interest income valued at fair value, interests from mortgages, fixed interests on lending and interests on interest bearing securities is included in the parent bank. In the consolidated numbers, interest income from fixed rate on lending and interest bearing securities. Other interest income is included in the post interest income measured at amortized cost.

Impairment losses on loans and guarantees

The bank has together with several other banks developed a calculation model in accordance to the demands in IFRS 9.
After earlier rules, write-downs for losses were only being recognized when there was objective proof that a loss incident had occurred after first time balance recognition. After IFRS 9, the impairment depositions are included based on expected credit loss.

The measuring of the deposition of expected loss depends on if the credit risk has increased significantly since first time balance recognition. This is done in 3 "steps". Step 1: It must be done a deposition for 12 month expected loss at first time balance recognition, when the credit risk haven't increased significantly after first time balance recognition or the instrument has low credit risk on the report day. Step 2: It must me done a deposition of expected loss for remaining maturity if the credit risk is significant worsened after first time recognition, but there is no objective proof of loss (step 3). Step 3: It must be done a deposition of expected loss for remaining maturity for non-performing commitments. Total commitments from a customer is concerned non-performed when overdue principal or interests are not paid 90 days after due or frame credits is overdrawn in 90 days or more. All commitments where there is done an individual write-down must be in step 3.

Assumptions

If a commitment is "significant worsened", is determined by a comparison of probability for defaults (PD) on the approval date with PD on calculation date. A commitment that in the calculation date has a PD higher than 0,075 % and simultaneous either have had twice as high PD, or have had a PD that is at least 5 %-points higher, is considered to be significant worsened.
Expected loss is calculated as the product of probability for defaults (PD), exposure at defaults (EAD) and loss given defaults (LGD), and is to be expectation right. The PD model has been in use in the bank since 2009, while the LGD model is developed recently.
Three different scenarios that affect projected LGD and PD, is developed based on empirical and macro variables.

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.

Parent bank								*Group*
30.06.18								**30.06.18**
Retail	**Corp.**	**Unallocated**	**Total**	**Segmentinformation**	**Retail**	**Corp.**	**Unallocated**	**Total**
102	132	9	243	Net interest and credit commission income	148	132	2	282
12	6	26	44	Net commission income	12	6	26	44
		101	101	Other operating income			49	49
42	18	79	139	Operating costs	44	18	79	141
1	90		91	Losses on loans guaranteed	1	90		91
71	**30**	**57**	**158**	**Gross profit**	**115**	**30**	**-2**	**143**
11 275	8 966		20 241	Loans to and claims on customers	18 110	9 055		27 165
-19	-215		-234	Provision of loss	-20	-215		-235
		6 668	6 668	Other assets			5 385	5 385
11 256	**8 751**	**6 668**	**26 675**	**Total assts per segment**	**18 090**	**8 840**	**5 385**	**32 315**
10 115	7 342		17 457	Deposits from customers and liabilities	10 115	6 899		17 014
	8		8	Provisions of loss, unutilized deductions and guarantees		8		8
		9 210	9 210	Other liabilities and equity			15 293	15 293
10 115	**7 350**	**9 210**	**26 675**	**Total liabilities and equity per segment**	**10 115**	**6 907**	**15 293**	**32 315**

Parent bank								*Group*
30.06.17								**30.06.17**
Retail	**Corp.**	**Unallocated**	**Total**	**Segmentinformation**	**Retail**	**Corp.**	**Unallocated**	**Total**
109	129	5	243	Net interest and credit commission income	141	129	6	276
12	6	24	42	Net commission income	12	6	24	42
		51	51	Other operating income			19	19
36	19	78	133	Operating costs	40	19	78	137
	25		25	Losses on loans guaranteed		25		25
85	**92**	**3**	**180**	**Gross profit**	**113**	**92**	**-30**	**175**
11 356	8 197		19 553	Loans to and claims on customers	17 128	8 273		25 401
-4	-32		-36	Individual write-downs	-5	-50		-55
-12	-70		-82	Provision of expected loss	-17	-70		-87
		6 679	6 679	Other assets			5 255	5 255
11 340	**8 095**	**6 679**	**26 114**	**Total assts per segment**	**17 106**	**8 153**	**5 255**	**30 514**
9 640	7 617		17 257	Deposits from customers and liabilities	9 640	7 313		16 953
		8 857	8 857	Other liabilities and equity			13 561	13 561
9 640	**7 617**	**8 857**	**26 114**	**Total liabilities and equity per segment**	**9 640**	**7 313**	**13 561**	**30 514**

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

Parent bank									*Group*
31.12.17	Q2/17	Q2/18	30.06.17	30.06.18		30.06.18	30.06.17	Q2/18	Q2/17	31.12.17
0	0	-1	0	-1	Value change in interest-bearing securities	-1	0	-1	0	0
-3	-1	1	-2	0	Net gain/loss in interest-bearing securities	0	-2	1	-1	-3
-3	-2	22	-2	22	Net gain/loss shares	22	1	22	1	0
44	8	6	43	56	Share dividend	6	10	6	10	10
31	8	9	12	19	Income AC Helgeland Invest AS	19	12	9	8	31
0	0	1	0	1	Income AC REDE	1	0	1	0	0
-2	0	-2	0	-1	Value change in value on lending	-1	0	-2	0	-2
-3	-4	-1	-4	-1	Value change on funding and derivatives	-1	-4	-1	-4	-3
64	**9**	**35**	**47**	**95**	**Total value change financial instruments**	**45**	**17**	**35**	**14**	**33**

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank										*Group*
31.12.17	Q2/17	Q2/18	30.06.17	30.06.18		30.06.18	30.06.17	Q2/18	Q2/17	31.12.17
137	32	33	66	67	Wages, salaries and social costs	68	67	34	33	135
80	20	22	38	44	General administration costs	42	38	20	20	82
11	3	3	6	6	Depreciation etc of fixed- and intangible assets	9	8	4	4	18
41	11	10	23	22	Other operating costs	22	24	11	11	40
269	**66**	**68**	**133**	**139**	**Total operating costs**	**141**	**137**	**69**	**68**	**275**

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

Parent bank										*Group*
31.12.17	Q2/17	Q2/18	30.06.17	30.06.18		30.06.18	30.06.17	Q2/18	Q2/17	31.12.17
				-2	Periodens endring i nedskrivning trinn 1	-2				
				-7	Periodens endring i nedskrivning trinn 2	-7				
				95	Periodens endring i nedskrivning trinn 3	95				
				5	Periodens konstatert tap	5				
31	20	0	26		+/- Period's change in individual write-downs		26	0	20	31
9	0	0	0		Endring gruppenedskrivninger		0	0	0	10
3	2	0	2		+ Period's conf. Losses against which ind. write-downs were made in prev. Y		2	0	2	3
26	0	0	1		+ Period's confirmed losses against which no ind. write-downs,made in prev		1	0	0	26
-4	-3	1	-4	0	- Period's recoveries from previous periods' conf.losses	0	-4	1	-3	-4
65	**19**	**83**	**25**	**91**	**Total losses on loans, guarantees etc.**	**91**	**25**	**83**	**19**	**66**

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

Parent bank						*Group*
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
256	148	138	Net profit	115	137	273
-14	-8	-5	Interest fund bond	-5	-8	-14
242	140	133	Profit (excl. Interest fund bond)	110	129	259
76.5 %	76.5 %	76.3 %	ECC percentage	76.3 %	76.5 %	76.5 %
8.9	5.1	4.9	Yield per equity capital certificate	4.0	4.7	9.5
8.9	5.1	4.9	Diluted result per ECC in Norwegian currency	4.0	4.7	9.5

			Morbank
	30.06.18	30.06.17	31.12.17
Net profit	138	148	256
Interest fund bond	-5	-8	-14
Transferred reserve for valuation variances	-16	-8	-24
Basis dividend	**117**	**132**	**218**

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

Parent bank								*Group*
30.06.17	**%**	**30.06.18**	**%**		**30.06.18**	**%**	**30.06.17**	**%**
16 841	86.1	17 322	85.6	Helgeland	22 719	83.6	21 460	84.5
2 696	13.8	2 901	14.3	Areas other than Helgeland	4 414	16.2	3 917	15.4
16	0.1	18	0.1	International	32	0.1	24	0.1
19 553	**100**	**20 241**	**100**	**Total**	**27 165**	**100**	**25 401**	**100**

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

Group

30.06.2018	**Lending to amortized cost and fair value (OCI)**					
	Gross lending	**Loss deductions**			**Gross lending**	**Net lending**
	Amortized cost	Step 1	Step 2	Step 3	Fair value (FVOCI)	Total
Municipalities and municipal enterp.	3	-	-	-	-	3
Insurance and finance	0	-0	-0	-	-	0
Agriculture and forestry	1 369	-1	-5	-4	21	1 380
Fisheries and aquaculture	1 179	-1	-1	-0	-	1 177
Mining and industry	601	-1	-1	-0	-	599
Building and construction	1 283	-4	-6	-26	9	1 256
Trade, hotel, restaurants.	317	-1	-1	-18	4	301
Transport and services	1 068	-2	-7	-40	35	1 054
Property, property development	3 140	-5	-20	-73	18	3 060
Total corporate market	8 960	-15	-41	-161	87	8 830
Retail market	17 259	-1	-5	-13	858	18 099
Total	26 219	-15	-46	-174	945	26 929
Expected loss unutilized credit and guarantees RM		-0	-0	-0		
Expected loss unutilized credit and guarantees CM		-3	-5	-0		

Parent bank

30.06.2018	**Lending to amortized cost and fair value (OCI)**					
	Gross lending	**Loss deductions**			**Gross lending**	**Net lending**
	Amortized cost	Step 1	Step 2	Step 3	Fair value (FVOCI)	Total
Municipalities and municipal enterp.	3	-	-	-	-	3
Insurance and finance	0	-	-	-	-	0
Agriculture and forestry	1 220	-1	-5	-4	153	1 363
Fisheries and aquaculture	1 157	-1	-1	-0	18	1 173
Mining and industry	583	-1	-1	-0	13	595
Building and construction	1 231	-3	-7	-26	44	1 239
Trade, hotel, restaurants.	298	-1	-1	-18	16	294
Transport and services	910	-2	-7	-40	134	995
Property, property development	3 054	-5	-20	-72	132	3 089
Total corporate market	8 456	-14	-41	-160	510	8 751
Retail market	318	-1	-5	-13	10 958	11 257
Total	8 774	-15	-46	-173	11 468	20 009
Expected loss unutilized credit and guarantees RM		-0	-0	-0		
Expected loss unutilized credit and guarantees CM		-3	-5	-0		

Step 1: Classification by first time balance and healthy loans. Step 2: Significant increase in credit risk since first time balance.
Step 3: Significant increase in credit risk since first time balance and objective proff (default loans)

Group

	Gross loans	%-stake	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	3	0.0 %	0	0.0 %	0	0
Insurance and finance	0	0.0 %	0	0.0 %	0	0
Agriculture and forestry	1 390	5.1 %	1 332	5.2 %	3	1
Fisheries and aquaculture	1 179	4.3 %	864	3.4 %	0	0
Mining and industry	601	2.2 %	448	1.8 %	1	1
Building and construction	1 292	4.8 %	1 254	4.9 %	1	0
Trade, hotel, restaurants.	321	1.2 %	301	1.2 %	2	0
Transport and services	1 104	4.1 %	865	3.4 %	37	23
Property	3 165	11.7 %	3 209	12.6 %	6	0
Total corporate market	9 055	33.3 %	8 273	32.6 %	50	25
Retail market	18 110	66.7 %	17 128	67.4 %	5	0
Total	**27 165**	**100 %**	**25 401**	**100 %**	**55**	**25**
Provision of expected loss/change prov.					87	0
Total					**142**	**25**
Of which gross loans Helgeland Boligkreditt AS	6 960	25.6 %	5 897	23.2 %		

Parent bank

	Gross loans	%-stake	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	3	0.0 %	0	0.0 %	0	0
Insurance and finance	0	0.0 %	0	0.0 %	0	0
Agriculture and forestry	1 373	6.8 %	1 321	6.8 %	3	1
Fisheries and aquaculture	1 175	5.8 %	864	4.4 %	0	0
Mining and industry	597	2.9 %	444	2.3 %	1	1
Building and construction	1 275	6.3 %	1 227	6.3 %	1	0
Trade, hotel, restaurants.	314	1.6 %	293	1.5 %	2	0
Transport and services	1 044	5.2 %	798	4.1 %	37	23
Property	3 185	15.7 %	3 250	16.6 %	6	0
Total corporate market	8 966	44.3 %	8 197	41.9 %	50	25
Retail market	11 275	55.7 %	11 356	58.1 %	5	0
Total	**20 241**	**100 %**	**19 553**	**100 %**	**55**	**25**
Provision of expected loss/change prov.					82	0
Total					**137**	**25**

NOTE 9. NET NON-PERFORMING AND IMPAIRED COMMITMENT

Parent bank				*Group*		
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
132	178	310	Default commitments over 90 days	310	178	132
14	11		Individual write-downs		11	14
		82	Step 3 write-downms	82		
118	**167**	**228**	**Total net loans, guarantees etc. in default**	**228**	**167**	**118**
111	105	283	Other non-performing and impaired commitments and guara., not in default	283	105	111
46	44		Individual write-downs		44	46
		99	Step 3 write-downs	99		
65	**61**	**184**	**Total non-performing and impaired commitments and guara., not in defaul**	**184**	**61**	**65**
183	**228**	**412**	**Total non-performing and impaired commitments and guara.**	**412**	**228**	**183**
0,9 %	1,2 %	2,0 %	In % of total loans	1,5 %	0,7 %	0,7 %

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-perforning 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.

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

Change in balance posts from 01.01.18 to 30.06.18 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.

Group

	Step 1	Step 2	Step 3	
	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**	**86**	**162**
Transfers to step 1	12	-8	-4	0
Transfers to step 2	-2	3	-1	0
Transfers to step 3	-1	-21	22	0
Net change	-10	10	87	87
New losses	2	9	5	16
Expected loss	-3	-4	-14	-21
Confirmed loss	0	0	0	0
Earlier confirmed loss	0	0	0	0
Change in risk model/parameters	0	0	0	0
Other adjustments	0	-1	0	-1
Loss deduction pr. 30.06.18	**18**	**44**	**181**	**243**
Gross lending	23 384	3 173	608	27 165

Parent bank

	Step 1	Step 2	Step 3	
	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**
Transfers to step 1	12	-8	-4	0
Transfers to step 2	-2	3	-1	0
Transfers to step 3	-1	-21	22	0
Net change	-10	10	87	87
New losses	2	9	5	16
Expected loss	-3	-4	-14	-21
Confirmed loss	0	0	0	0
Earlier confirmed loss	0	0	0	0
Change in risk model/parameters	0	0	0	0
Other adjustments	0	-1	0	-1
Loss deduction pr. 30.06.18	**17**	**43**	**181**	**241**
Gross lending	16 746	2 888	608	20 241

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

Parent bank						*Group*
31.12.17	**30.06.17**	**30.06.18**		**30.06.18**	**30.06.17**	**31.12.17**
1 942	1 896	2 299	Unutilized drawing rights	2 762	2 322	2 392
505	484	472	Guarantee obligations	472	484	505
476	458	737	Unutilized drawing rights Helgeland Boligkreditt AS	0	0	0
2 923	**2 838**	**3 508**	**Net guarantee and draw rights**	**3 234**	**2 806**	**2 897**

In addition, the parent bank has a liability to Helgeland Boligkreditt AS which has a revolving credit facility to (with maturitie> 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

					Parent bank
	Share capital	**Number of shares**	**Equity stake**		**Market value**
				30.06.18	**30.06.17**
ANS Bankbygg Mo	49.0		97.5 %	46	46
Helgeland Boligkreditt AS	540.0	540 000	100 %	540	390
AS Sparebankbygg	0.1	100	100 %	1	1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100 %	6	3
Storgata 73 AS	0.1	140	53 %	1	1
Total investment in AC				**595**	**441**

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.

						Parent bank and group
						30.06.18
Balance 100 % ownership		**Fixed assets**	**Current Assets**	**Current liabilities**	**Long term debt**	**Equity**
Helgeland Invest AS		20	677	0	0	697
REDE Eiendomsmegling AS		10	33	5	1	37.0
Total		**30**	**710**	**5**	**1**	**734**
The bank's share						
Helgeland Invest AS	48.3 %	10	327	2	0	337
REDE AS (inkl. merverdi)	40.0 %	4	13	2	0	15
Total		**14**	**340**	**4**	**1**	**351**

						Parent bank and group
						31.12.17
Balance 100 % ownership		**Fixed assets**	**Current Assets**	**Current liabilities**	**Long term debt**	**Equity**
Helgeland Invest AS		20	659	0	0	679
REDE Eiendomsmegling AS		10	31	5	1	35.0
Total		**30**	**690**	**5**	**1**	**714**
The bank's share						
Helgeland Invest AS	48.3 %	10	318	2	0	328
REDE AS (inkl. merverdi)	40.0 %	4	12	2	0	14
Total		**14**	**331**	**4**	**1**	**342**

Financial information Associated companies, balance values

	Parent bank and group	
Change in the bank's ownership in HI	**30.06.18**	**31.12.17**
Opening balance	328	300
Adjusted value	0	0
Dividend	-10	-4
Result HI	19	31
Closing balance	**336**	**328**

	Parent bank and group	
Change in the bank's ownership in REDE	**31.06.2018**	**31.12.17**
Opening balance	14	15
Dividend	0	0
Result REDE	1	-1
Additional value/goodwill	0	0
Closing balance	**15**	**14**
Total	**351**	**342**

Financial information Associated companies, profit/loss posts

Parent bank and group
30.06.18

Result 100% ownership		**Revenue**	**Finance cost**	**Other income**	**Operating cost**	**Net profit**
Helgeland Invest AS		42	0	0	2	40
REDE Eiendomsmegling AS		12	1	0	9	2
Total		**54**	**1**	**0**	**11**	**42**
Result bank's share						
Helgeland Invest AS	48.3 %	20	0	0	1	19
REDE Eiendomsmegling AS	40.0 %	5	0	0	4	1
Total		**25**	**0**	**0**	**5**	**20**

Parent bank and group
31.12.17

Result 100% ownership		**Revenue**	**Finance cost**	**Other income**	**Operating cost**	**Net profit**
Helgeland Invest AS		67	0	0	2	65
REDE Eiendomsmegling AS		35	1	0	36	-2
Total		**102**	**1**	**0**	**38**	**63**
Result bank's share						
Helgeland Invest AS	48.3 %	32	0	0	1	31
REDE Eiendomsmegling AS	40.0 %	14	0	0	14	-1
Total		**46**	**0**	**0**	**15**	**31**

NOTE 13. OPERATING FUNDS

Parent bank				*Group*		
31.12.17	**30.06.17**	**30.06.18**		**30.06.18**	**30.06.17**	**31.12.17**
66	53	68	Operating funds	141	133	141
66	**53**	**68**	**Total operating funds**	**141**	**133**	**141**

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 30.06.18 constitute totally MNOK 6 960. Covered bonds in the housing mortgage company constitute MNOK 6 127 where MNOK 100 (97) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is per 30.06.18 drawn with MNOK 763. The bank has additionally an unused credit facility of MNOK 1 500 (duration 1 year) given by Helgeland Sparebank, which mainly should be used in the settlement of purchased loans and repayment of covered bonds in a 12 month rolling period. 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 48.8 in 2018.

Ans Bankbygg (share of ownership 97 %)
The bank rents premises from ANS Bankbygg and has paid MNOK 2.2 in 2018.

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 30.06.17 were MNOK 1 077 and MNOK 902 mill per 30.06.18. Net interest rate risk by a parallel interest rate shift of 1 %-point for fixed rate loans and derivatives, fixed rate loans was MNOK 0.1 per 30.06.17 and MNOK -1.0 per 30.06.18.

Parent bank						*Group*
30.06.18						**30.06.18**
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	903	- Loans to and claims on customers at fair value	0	0	903
0	3 519	363	- Certificates, bonds and equitives at fair value	0	3 519	363
			Financial assets available for sale			
		10 552	- Mortgages			
0	86		- Financial derivatives	0	86	0
0	**3 605**	**11 818**	**Total assets**	**0**	**3 605**	**1 266**
			LIABILITIES			
			Financial liabilities at fair value through profit			
0	22	0	- Debt issuance of securities	0	22	0
0	**22**	**22**	**Total liabilities**	**0**	**22**	**0**

Shares	**Loans**	**Total**	**Changes in instruments classified in Level 3**	**Shares**	**Loans**	**Total**
322	10 318	10 640	Opening balance	322	934	1 256
0	-287	-287	Payment loan/sale of shares	0	-151	-151
24	1 418	1 442	New loans	24	140	164
17	6	23	Value change	17	-20	-3
0	0	0	Reclassification	0		0
363	**11 455**	**11 818**	**Financial instruments valued on Level 3**	**363**	**903**	**1 266**

Assets and liabilities measured at fair value

Parent bank						*Group*
31.12.17						**31.12.17**
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	934	- Loans to and claims on customers at fair value	0	0	934
			Financial assets available for sale			
0	3 804	322	- Certificates, bonds and equitives available for sale	0	3 804	322
0	125		- Financial derivatives	0	125	0
0	**3 929**	**1 256**	**Total assets**	**0**	**3 929**	**1 256**
			LIABILITIES			
			Financial liabilities at fair value through profit			
0	27	0	- Financial derivatives	0	27	0
0	**27**	**0**	**Total liabilities**	**0**	**27**	**0**

Shares	**Loans**	**Total**	**Changes in instruments classified in Level 3**	**Shares**	**Loans**	**Total**
241	1 202	1 443	Opening balance	241	1202	1 443
0	-318	-318	Payment loan/sale of shares	0	-318	-318
21	70	91	New loans	21	70	91
60	-20	40	Value change	60	-20	40
0	0	0	Reclassification	0	0	0
322	**934**	**1 256**	**Financial instruments valued on Level 3**	**322**	**934**	**1 256**

NOTE 16. FINANCIAL DERIVATIVES

Parent bank						*Group*
30.06.18						30.06.18
Nominal value	**Market value**			**Nominal value**	**Market value**	
Total	**Assets**	**Commitments**		**Total**	**Assets**	**Commitments**
930	0	20	Inerest rate swaps- fixed interest rate loans	930	0	20
75	0	2	Interest rate swaps- bank deposits with share Yield	75	0	2
1 005	**0**	**22**	**Total financial derivatives**	**1 005**	**0**	**22**
2 500	86	0	Interest rate swaps – fixed interest rate with hedging	2 500	86	0
2 500	**86**	**0**	**Total financial derivates with hedging**	**2 500**	**86**	**0**

Parent bank						*Group*
30.06.17						30.06.17
Nominal value	**Market value**			**Nominal value**	**Market value**	
Total	**Assets**	**Commitments**		**Total**	**Assets**	**Commitments**
1 135	0	31	Inerest rate swaps- fixed interest rate loans	1 135	0	31
75	0	1	Interest rate swaps- bank deposits with share Yield	75	0	1
1 210	**0**	**32**	**Total financial derivatives**	**1 210**	**0**	**32**
2 470	111		Interest rate swaps – fixed interest rate with hedging	2 470	111	0
2 470	**124**	**0**	**Total financial derivates with hedging**	**2 470**	**111**	**0**

Net presentation of financial assets and liabilities

					Parent bank and group
					30.06.18
	Gross financial assets	**Financial assets that are recognized net**	**Net financial assets in the balance sheet**	**Financial instruments**	**Net**
Derivaives carried as assets	86	0	86	-22	64
Derivaives carried as liabilities	22	0	22	-22	0

					Parent bank and group
					30.06.17
	Gross financial assets	**Financial assets that are recognized net**	**Net financial assets in the balance sheet**	**Financial instruments**	**Net**
Derivaives carried as assets	111	0	111	-32	79
Derivaives carried as liabilities	32	0	32	-32	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

Parent bank				*Group*
31.12.17	30.06.18	(MNOK)	30.06.18	31.12.17
5 263	5 185	Bonds, nominal value	11 207	10 733
80	59	Value adjustments	56	80
32	30	Accrued interest	38	38
5 375	**5 274**	**Total securities**	**11 301**	**10 851**

Change in securities issued					*Group*
	31.12.17	Issued	Matured/redeemed	Other change	30.06.18
Bonds, nominal value	10 733	2 945	-2 457	-14	11 207
Value adjustments	80			-24	56
Accrued interest	38			0	38
Total	**10 851**	**2 945**			**11 301**

Change in subordinated debt					*parent bank*
	31.12.17	Issued	Matured/redeemed	Other change	30.06.18
Bonds, nominal value	5 263	1 945	-2 008	-15	5 185
Value adjustments	80			-21	59
Accrued interest	32			-2	30
Total	**5 375**				**5 274**

Change in securities issued					*Group/Parent bank*
	31.12.17	Issued	Matured/redeemed	Other change	30.06.18
equity and related capital, nominal value	300	0		0	300
Value adjustments	-				-
Accrued interest	-			0	-
Total	**300**	**0**	**0**	**0**	**300**

*) Hybrid instruments do not meet the definition of financial liability in accordance with IAS 32 and are classified as equity 01/01/16

Accounted value		*Group*
	30.06.18	31.12.17
Bonds, amortized cost	8 718	8 078
Bonds, hedging	2 583	2 773
Total debt securities	**11 301**	**10 851**

Accounted value		*Parent bank*
	30.06.18	31.12.17
Bonds, amortized cost	2 691	2 602
Bonds, hedging	2 583	2 773
Total debt securities	**5 274**	**5 375**

NOTE 18. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

Parent bank								*Group*
%	30.06.17	%	30.06.18		30.06.18	%	30.06.17	%
91.1 %	15 714	89.9 %	15 690	Helgeland	15 247	89.6 %	15 410	90.9 %
8.3 %	1 428	9.5 %	1 651	Areas other than Helgeland	1 651	9.7 %	1 428	8.4 %
0.7 %	115	0.7 %	116	International	116	0.7 %	115	0.7 %
100 %	**17 257**	**100 %**	**17 457**	**Total**	**17 014**	**100 %**	**16 953**	**100 %**

NOTE 19.DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

Parent bank								*Group*
%	30.06.17	%	30.06.18		30.06.18	%	30.06.17	%
2.6 %	441	3.7 %	642	Financial institutions	199	1.2 %	137	0.8 %
12.0 %	2 064	9.0 %	1 570	Municipalities and municipal ente	1 570	9.2 %	2 064	12.2 %
1.9 %	332	2.0 %	356	Agriculture and forestry	356	2.1 %	332	2.0 %
6.0 %	1 043	4.8 %	844	Fisheries and aquaculture	844	5.0 %	1 043	6.2 %
0.8 %	136	0.9 %	157	Mining and industry	157	0.9 %	136	0.8 %
5.5 %	956	3.4 %	585	Building and construction	585	3.4 %	956	5.6 %
2.5 %	436	2.1 %	371	Trade, hotel, restaurants.	371	2.2 %	436	2.6 %
9.2 %	1 583	10.2 %	1 784	Transport and services	1 784	10.5 %	1 583	9.3 %
3.6 %	626	5.9 %	1 033	Property, property development	1 033	6.1 %	626	3.7 %
44.1 %	7 617	42.1 %	7 342	Total corporate market	6 899	40.5 %	7 313	43.1 %
55.9 %	9 640	57.9 %	10 115	Retail market	10 115	59.5 %	9 640	56.9 %
100 %	**17 257**	**100 %**	**17 457**	**Total**	**17 014**	**100 %**	**16 953**	**100 %**

NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

Parent bank

Per 30.06.18	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	7 255 020	34.8 %	Landkreditt Utbytte	320 000	1.5 %
Pareto AS	1 949 392	9.3 %	Vigner Olaisen AS	294 653	1.4 %
VPF Nordea Norge	1 407 987	6.7 %	Catilina Invest AS	256 046	1.2 %
Merrill Lynch Prof.	1 186 003	5.7 %	VPF Nordea Avkastning	244 270	1.2 %
VPF Eika Egenkapital	570 989	2.7 %	VPF Nordea Kapital	238 245	1.1 %
Pope Asset Management BNY	563 073	2.7 %	Apollo Capital Manage.	181 749	0.9 %
MP Pensjon PK	462 203	2.2 %	Melum Mølle AS	176 382	0.8 %
Lamholmen Invest AS	447 353	2.1 %	Melesio Capital AS	137 188	0.7 %
Bergen Kommunale Pensjon.	400 000	1.9 %	Forte Trønder	120 000	0.6 %
Helgeland Kraft AS	377 691	1.8 %	Nervik Steffen	111 000	0.5 %
Total 10 biggest owners	**14 619 711**	**70.0 %**	**Total 20 biggest owners**	**16 699 244**	**80.0 %**

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

NOTE 21. CAPITAL ADEQUACY

The capital adequacy statement has been prepared in accordance with CRD IV / Basel III (standard credit risk method).

Parent bank						Group
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
208	208	208	ECC-capital	208	208	208
971	971	971	Premium Fund	971	971	971
-3	-2	-3	Own ECCs	-3	-2	-3
299	291	299	Hybrid capital (CB)	299	291	299
1 475	**1 468**	**1 475**	**Total paid-in capital**	**1 475**	**1 468**	**1 475**
541	516	540	Savings Bank's fund	540	516	541
424	342	425	Reserve for unrealized gains	425	342	424
44	21	27	Donations Fund	27	21	44
659	575	654	Dividend equalisation reserve	654	575	659
84	0	0	Cash dividend	0	0	84
0	0	0	Other equity capital	61	43	61
1 752	**1 454**	**1 646**	**Total accrued equity capital**	**1 707**	**1 497**	**1 813**
3 227	**2 922**	**3 121**	**Total equity capital**	**3 182**	**2 965**	**3 288**
-299	-291	-299	Hybrid capital (CB)	-299	-291	-299
-69	-31	-90	Shares in financial institutions	-85	-33	-65
-124	0	-54	Cash dividend /gifts employee	-54	0	-142
2 735	**2 600**	**2 678**	**Total core tier one**	**2 744**	**2 641**	**2 782**
-14	-8	-17	Shares in financial institutions	-16	-7	-13
0	-3	0	Other	0	-3	0
299	291	299	Hybrid capital (CB)	299	291	299
3 020	**2 880**	**2 960**	**Total core capital**	**3 027**	**2 922**	**3 068**
300	300	301	Subordinatet dept	301	300	300
-1	-1	-1	Shares in financial institutions	-1	-1	-1
0	-2	0	Other	0	-2	0
299	**297**	**300**	**Total net supplementary capital**	**300**	**297**	**299**
3 319	**3 177**	**3 260**	**Total net equity and related capital**	**3 327**	**3 219**	**3 367**
16 453	15 727	16 659	Weight assets calculation basis *)	17 925	16 866	17 618
16.62 %	16.53 %	16.08 %	Core tier one Capital ratio	15.31 %	15.66 %	15.79 %
18.35 %	18.31 %	17.77 %	Core capital ratio	16.89 %	17.32 %	17.41 %
20.17 %	20.20 %	19.57 %	Total Capital ratio	18.56 %	19.09 %	19.11 %

The note shows the Capital requirement Basel III (standard method credit risk)

31.12.17	30.06.17	30.06.18	Calculation basis	30.06.18	30.06.17	31.12.17
0	0	0	States and central banks	0	0	0
263	205	180	Local and regional authorities (including municipalities)	180	205	263
398	465	459	Institutions	233	211	146
1 066	687	1 462	Enterprises	1 462	687	1 065
1 232	1 160	990	Mass market loans	962	1 309	1 431
10 006	10 019	9 943	Loans secured by real property	12 508	12 069	12 307
210	248	398	Loans overdue	398	248	210
680	625	742	Covered bonds	119	139	132
0	0	0	Units in securities funds	0	0	0
1 250	1 060	1 161	Equity positions	687	617	660
121	118	112	Other loans and commitments	186	205	197
15 227	**14 586**	**15 447**	**Capital requirement credit risk**	**16 734**	**15 689**	**16 411**
1 188	1 102	1 188	Capital requirement operational risk	1 168	1 137	1 168
39	40	24	Deducted from capital requirement	23	40	39
16 453	**15 727**	**16 659**	**Total capital requirement**	**17 925**	**16 866**	**17 618**

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

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

Morbank										*Konsern*
31.12.17	Q2/17	Q2/18	30.06.17	30.06.18		30.06.18	30.06.17	Q2/18	Q2/17	31.12.17
2.99	3.03	2.93	3.06	2.92	Interest receivable and similar income	2.96	3.08	2.94	3.05	3.00
1.10	1.11	1.10	1.14	1.09	Interest payable and similar costs	1.18	1.23	1.19	1.19	1.17
1.90	**1.92**	**1.83**	**1.92**	**1.83**	**Net interest- and credit commission income**	**1.79**	**1.85**	**1.75**	**1.86**	**1.83**
0.37	0.37	0.36	0.37	0.37	Commissions receivable and income from banking services	0.31	0.31	0.30	0.32	0.31
0.04	0.03	0.03	0.04	0.04	Commissions payable and costs relating to banking services	0.03	0.03	0.02	0.03	0.04
0.33	**0.34**	**0.33**	**0.33**	**0.33**	**Net commission income**	**0.28**	**0.28**	**0.27**	**0.29**	**0.28**
0.25	0.15	0.52	0.37	0.72	Gains/losses on financial assets available for sale	0.29	0.11	0.43	0.18	0.11
0.03	0.03	0.06	0.03	0.05	Other operating income	0.03	0.01	0.04	0.01	0.02
1.04	1.11	1.01	1.04	1.05	Operating costs	0.89	0.92	0.86	0.90	0.89
0.25	0.32	1.23	0.20	0.69	Losses on loans, guarantees etc. and fixed assets	0.58	0.17	1.03	0.25	0.21
1.22	**1.01**	**0.49**	**1.41**	**1.19**	**Gross profit**	**0.91**	**1.17**	**0.61**	**1.20**	**1.13**
0.23	0.25	0.06	0.25	0.15	Tax payable on ordinary profit	0.18	0.25	0.09	0.24	0.24
0.99	**0.75**	**0.43**	**1.16**	**1.04**	**Net profit**	**0.73**	**0.92**	**0.52**	**0.96**	**0.88**

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Profit and loss account (Amounts in NOK million)

Parent bank										*Group*
Q2/17	**Q3/17**	**Q4/17**	**Q1/18**	**Q2/18**		**Q2/18**	**Q1/18**	**Q4/17**	**Q3/17**	**Q2/17**
196	193	194	191	197	Interest receivable and similar income	237	231	236	231	231
72	70	70	71	74	Interest payable and similar costs	96	90	89	89	90
124	**123**	**124**	**120**	**123**	**Net interest- and credit commission income**	**141**	**141**	**147**	**142**	**141**
24	24	26	25	24	Commissions receivable and income from banking serv	24	25	26	24	24
2	3	3	3	2	Commissions payable and costs relating to banking ser	2	3	3	3	2
22	**21**	**23**	**22**	**22**	**Net commission income**	**22**	**22**	**23**	**21**	**22**
9	20	-3	60	35	Gains/losses on financial assets available for sale	35	10	-3	19	14
2	1	3	2	4	Other operating income	3	1	2	1	1
66	72	64	71	68	Operating costs	69	72	67	71	68
19	11	29	8	83	Losses on loans, guarantees etc.	83	8	30	11	19
72	**82**	**54**	**125**	**33**	**Gross profit**	**49**	**94**	**72**	**101**	**91**
15	15	13	16	4	Tax payable on ordinary result	7	21	17	20	18
57	**67**	**41**	**109**	**29**	**Net profit**	**42**	**73**	**55**	**81**	**73**

Parent bank										*Group*
Q2/17	**Q3/17**	**Q4/17**	**Q1/18**	**Q2/18**		**Q2/18**	**Q1/18**	**Q4/17**	**Q3/17**	**Q2/17**
3.03	2.94	2.92	2.89	2.93	Interest receivable and similar income	2.94	2.93	2.96	3.00	3.05
1.11	1.07	1.05	1.07	1.10	Interest payable and similar costs	1.19	1.14	1.11	1.15	1.19
1.92	**1.87**	**1.86**	**1.81**	**1.83**	**Net interest- and credit commission income**	**1.75**	**1.79**	**1.84**	**1.84**	**1.86**
0.37	0.37	0.39	0.38	0.36	Commissions receivable and income from banking serv	0.30	0.32	0.33	0.31	0.32
0.03	0.05	0.05	0.05	0.03	Commissions payable and costs relating to banking ser	0.02	0.04	0.04	0.04	0.03
0.34	**0.32**	**0.35**	**0.33**	**0.33**	**Net commission income**	**0.27**	**0.28**	**0.29**	**0.27**	**0.29**
0.15	0.30	-0.05	0.91	0.52	Gains/losses on financial assets available for sale	0.43	0.13	-0.04	0.25	0.18
0.03	0.02	0.05	0.03	0.06	Other operating income	0.04	0.01	0.03	0.01	0.01
1.11	1.10	0.96	1.07	1.01	Operating costs	0.86	0.91	0.84	0.92	0.90
0.32	0.17	0.44	0.12	1.23	Losses on loans, guarantees etc.	1.03	0.10	0.38	0.14	0.25
1.01	**1.25**	**0.81**	**1.89**	**0.49**	**Gross profit**	**0.61**	**1.19**	**0.90**	**1.31**	**1.20**
0.25	0.23	0.20	0.24	0.06	Tax payable on ordinary result	0.09	0.27	0.21	0.26	0.24
0.75	**1.02**	**0.62**	**1.65**	**0.43**	**Net profit**	**0.52**	**0.93**	**0.69**	**1.05**	**0.96**

Parent bank										*Group*
Q2/17	**Q3/17**	**Q4/17**	**Q1/18**	**Q2/18**		**Q2/18**	**Q1/18**	**Q4/17**	**Q3/17**	**Q2/17**
					ASSETS					
94	87	87	78	78	Cash and claims on central banks	78	78	87	86	94
1 771	1 198	1 488	1 818	1 558	Loans to and claims on credit institutions	797	838	464	544	729
19 415	19 727	19 860	19 746	20 009	Loans to and claims on customers	26 929	26 503	26 453	25 749	25 258
111	116	125	135	86	Financial derivatives	86	135	125	116	111
3 834	3 914	4 126	3 978	3 882	Certificates, bonds and shares available for sale	3 882	4 028	4 176	3 867	3 786
324	343	342	352	351	Investments in associated companies	351	352	342	342	324
441	441	595	595	595	Investments in subsidiaries	0	0	0	0	0
10	12	11	12	14	Deferred tax benefit	18	19	15	16	14
53	58	66	67	68	Fixed assets	141	142	141	135	133
61	74	49	64	34	Other assets	33	58	47	75	65
26 114	**25 970**	**26 749**	**26 845**	**26 675**	**Total assets**	**32 315**	**32 153**	**31 850**	**30 930**	**30 514**
					LIABILITIES AND EQUITY CAPITAL					
250	250	250	250	250	Liabilities to credit institutions	252	252	252	252	252
17 257	17 029	17 422	17 273	17 458	Deposits from customers and liabilities to customers	17 014	16 832	16 972	16 721	16 953
5 084	5 063	5 375	5 538	5 274	Borrowings through the issuance of securities	11 301	11 245	10 851	10 270	9 743
32	28	27	24	22	Financial derivatives	22	24	27	28	32
121	162	149	217	114	Other liabilities	126	227	161	173	130
300	300	300	300	301	Fund bonds	301	300	300	300	300
23 044	**22 832**	**23 523**	**23 602**	**23 419**	**Total liabilities**	**29 016**	**28 880**	**28 563**	**27 744**	**27 410**
1 177	1 177	1 177	1 177	1 177	Paid-in equity capital	1 177	1 177	1 177	1 177	1 177
299	288	299	296	299	Hybrid capital	299	299	299	288	299
1 446	1 458	1 750	1 661	1 642	Accrued equity capital/retained earnings	1 706	1 722	1 809	1 501	1 489
148	215	0	109	138	Profit after taxes	115	73	0	218	137
					Minority interest	2	2	2	2	2
3 070	**3 138**	**3 226**	**3 243**	**3 256**	**Total equity capital**	**3 299**	**3 273**	**3 287**	**3 186**	**3 104**
26 114	**25 970**	**26 749**	**26 845**	**26 675**	**Total liabilities and equity capital**	**32 315**	**32 153**	**31 850**	**30 930**	**30 514**

OTHER KEY FIGURES

Parent bank						*Group*
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
			BALANCE SHEET			
			Development in the last 6 months			
	2.9	-0.3	Total assets	1.5	3.8	
	2.0	1.1	Gross lending	2.1	2.6	
	4.7	0.2	Customer deposits	0.2	4.8	
			Development in the last 12 months			
7.7	4.9	2.1	Total assets	5.9	6.9	8.4
4.4	2.5	1.1	Gross lending[4]	6.9	6.3	7.5
5.7	8.9	0.2	Customer deposits[5]	0.4	9.1	4.9
87.1	88.3	86.3	Deposit coverage as a percentage of gross loans	62.6	66.7	63.8
55.8	58.1	55.7	Lending to retail customers	66.7	67.4	66.4
25 962	25 700	26 759	Average assets[6]	31 840	30 136	30 852
20 012	19 553	20 241	Gross loans	27 165	25 401	26 611
			SOLIDITY			
16.6	16.5	16.1	Core tier one Capital ratio	15.3	15.7	15.8
18.4	18.3	17.8	Core Capital ratio	16.9	17.3	17.4
20.2	20.2	19.6	Total Capital ratio	18.6	19.1	19.1
9.1	9.0	8.7	Leverage ratio7	9.0	9.2	9.3
8.2	9.5	8.5	Rate of return on equity capital[8]	7.0	8.7	8.6
1.0	1.1	1.0	Return on assets	0.7	0.9	0.9
			KEY FIGURES PCC			
8.9	5.1	4.9	Yield per primary certificate	4.0	4.7	9.5
8.9	5.1	4.9	Diluted result per ECC, in Norwegian currency	4.0	4.7	9.5
76.5	76.5	76.3	ECCs split (01.01)	76.3	76.5	76.5
107	102	108	Equity capital per ECC[10]	110	103	108
88.0	84.0	82.0	PCC price quoted on the stock exchange	82.0	84.0	88.0
7.4	16.4	4.2	P/E (price as at 30.09 divided by profit per ECC)[11]	5.0	17.8	6.9
0.8	0.8	0.8	P/B (price as ar 30.09. divided by book value of equity capital[12]	0.7	0.8	0.8
41.4	39.3	35.8	Costs as a percentage of income[13]	37.6	40.7	39.9
1.0	1.0	1.0	Cost in percent of average total assets	0.9	0.9	0.9
148	151	148	Number of man-years[14]	148	151	148
			LOSSES ON LOANS AND GROSS DEFAULTS			
			As a percentage of gross lending:			
0.7	0.9	1.5	Gross defaults over 90 days	1.1	0.7	0.5
0.6	0.9	1.1	Net defaults over 90 days[15]	0.8	0.7	0.4
0.8	0.7	1.2	Total loan loss provision[16]	0.9	0.6	0.6
0.3	0.3	0.9	Losses on lending[17]	0.7	0.2	0.2

1) Percentage of equity excl. Hybrid capital

OTHER CALCULATIONS

Parent bank						*Group*
31.12.17	**30.06.17**	**31.03.18**	**(Figures in MNOK and %)**	**30.06.18**	**30.06.17**	**31.12.17**
			Operating costs, adjusted for one-time effects			
269	133	139	Operating costs	141	137	275
0	0	0	One-time effect converting pension	0	0	0
269	**133**	**139**	**Operating costs, adjusted for one-time effects**	**141**	**137**	**275**
1.39 %	1.04 %	2.08 %	Operating costs in % of BTA, adjusted for one-time effects	1.78 %	0.92 %	1.19 %
41.4 %	39.3 %	35.8 %	Operating costs in % of income, adjusted for one-time effects	37.6 %	40.7 %	39.9 %
256	148	138	Profit	115	137	273
-14	-8	-5	Paid interests subordinated bonds	-5	-8	-14
242	140	133	Net profit, incl. Interests subordinated bonds	110	129	259
0	0	0	one-time effect pension	0	0	0
242	140	133	Profit, adjusted for one-time effects	110	129	259
256	298	278	Profit (annualized)	232	276	273
242	282	268	Profit (annualized), eks conversion of pension and incl. Interests s	222	260	259
3 132	3 127	3 272	Average equity	3 320	3 165	3 171
-333	-371	-299	Average subordinated bonds	-299	-371	-333
2 799	2 756	2 973	Average equity adjusted for subordinated bonds	3 021	2 794	2 838
8.2 %	**9.5 %**	**8.5 %**	**ROE**	**7.0 %**	**8.7 %**	**8.6 %**
8.6 %	**10.2 %**	**9.0 %**	**ROE adjusted for one-time effects and interests FO**	**7.3 %**	**9.3 %**	**9.1 %**
256	148	138	Profit	115	137	273
256	298	278	Profit (annualized)	232	276	273
242	282	268	Profit (annualized), eks conversion pension and subordinated bonc	222	260	259
25 962	25 700	26 759	Average assets	31 840	30 136	30 852
1.0 %	**1.2 %**	**1.0 %**	**Return on assets (annualized)**	**0.7 %**	**0.9 %**	**0.9 %**
0.9 %	**1.1 %**	**1.0 %**	**Return on assets (annualized) adjusted for one-time effe**	**0.7 %**	**0.9 %**	**0.8 %**
3 020	2 880	2 960	CET1	3 027	2 911	3 068
33 228	31 985	34 059	Unweighted calculation basis	33 554	31 617	32 842
9.1 %	**9.0 %**	**8.7 %**	**Leverage ratio**	**9.0 %**	**9.2 %**	**9.3 %**

In the board's report and in presentations there are references to some adjusted results which are not defined in IFRS (alternative performance measures (APM)). The background to present adjusted results is to highlight the underlying operation in a better way and is not meant to replace the ordinary reporting. The table over is made to show the context between official numbers and the adjusted numbers.

Definitions key figures:

1 Net interest- and commission income, excl. interest subordinated bonds reclassified to equity from 01.01.16
2 Ordinary operating costs, before reduction of income by converting pension
3 Income by converting pension, effect resolution of pension obligation benefit pension
4 Growth gross lending, 12-month growth gross lending from 30.06.17 to 30.06.18
5 Growth customer deposits, 12-month growth customer deposits from 30.06.17 to 30.06.18
6 Weighted average of total assets through the year
7 Unweighted Tier 1 capital, Subordinated capital divided on balance sheet items and unrecognized items calculated without risk weighting
8 Return on equity, result in comparison to average equity
9 Equity certificate fraction, EC owners share of the equity, excl. subordinated bonds
10 Equity per EC, EC owners share of the equity, excl. subordinated bonds, 31.12 in comparison to number of EC's
11 P/E, stock market price by period ending divided on result per EC
12 P/B, stock market price by period ending divided on book equity per EC
13 Costs in % of income, total costs excl. income by converting pension, in % of net interest: net commission income, net profit financial instruments and other income
14 Number of man years, permanent employee in the bank
15 Net defaults, total defaults > 90 days deducted individual write-downs
16 Total write-downs in % of gross lending, write-downs in the balance in % of gross lending
17 Loss of commitment in % of gross lending, recognized write-downs on lending in % of gross lending

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Bjørn Audun Risøy, Deputy Chair man
Eva Monica Hestvik
Nils Terje Furunes
Inga Marie Lund
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