

**Q3**  
**2016**

***financial report***  
***third quarter 2016***

helgeland



## **Helgeland Sparebank**

Financial report Q3 2016

### **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 and has a solid equity. The bank's strong market position combined with professional expertise, competitive prices and solid capital makes the bank well prepared to meet the competition. The bank has 13 offices in 12 municipalities in Helgeland and is the 12th largest savings bank in Norway.

The accounts are produced in line with IFRS, hereunder IAS 34 on interim reporting. Further information on the accounting principles is given in the annotations to the annual accounts. The numbers used are consolidated figures unless it is otherwise stated. Figures in brackets are the previous year's comparative figures.

### **Main features so far this year (HSB group)**

- Still good profitability in the bank's basic operations with increased net interest in NOK and percent
- The profit is positively influenced by increased profit share from Helgeland Invest
- Moderate write-downs in lending
- Significant income from converting to defined contribution in Q1 and settlement from Visa Q2
- Good lending growth to both retail and corporate customers
- CET1 capital well above the regulatory requirements

The HSB group has a gross profit of MNOK 367 (188). The earnings give an annual net ROE of 14.0 (8.6) %. The EPS is NOK 11.1 (5.5).

New capital target decided in September 2016. The HSB Group must have a CET1 of minimum 14.5 % and a total capital of minimum 18.0 %. Other financial targets – dividend policy and return equity target are unchanged.

It is during this quarter sent out a stock exchange announcement confirming that the bank is going to employ a new CEO. The recruitment process has started and accession is set to August 1<sup>st</sup> next year.

To be able to take its share of the growth in Helgeland, Helgeland Sparebank has made a placement decision to carry out a private placement up to MNOK 130. It is therefore conducted a limited audit of the interim financial statement.

## **Result so far this year**

### **Key figures:**

(Comparison per 30.09.15)

- Net interest 1.84 (1.76) %
- Costs in percent of BTA 0.95 (1.01) %
- Write-downs on lending 0.08 (0.10) %
- 9-month lending growth 8.1 (6.2) %
- 9-month deposit growth 8.6 (7.2) %
- CET1 ratio 13.8 (13.9) %
- Capital ratio 17.0 (17.3) %

Profit is not included in the capital adequacy above.

### **The net interest**

Net interest income was 386 (342) million or 1.84 (1.76) % of average assets. This is an increase of MNOK 44 compared with the corresponding period last year. The bank has managed to maintain net interest income over the past year despite the generally low interest rates and strong competition. Decline in Nibor has given a positive contribution. Credit spreads both in the bond and covered bond segment are still on a relatively high level. This has so far given a marginal increase in the Group's funding costs.

(Interest on covered bonds is from 2016 booked against equity. Previously interest at covered bonds was posted as interest. This has improved the net interest rate in the first half with 5 bp compared with last year. Guarantee Fund fee is accrued as in previous years.)

### **Net commission earnings**

The net commission earnings were MNOK 64 (65) or 0.31 (0.33) % of the average total assets. The bank's ownership in product companies provides the bank with a complete product and service range. The bank owns 7.9 % of the insurance company Frende Holding AS. In the leasing company Brage Finans AS, Helgeland Sparebank's owner share is 10 % and in the brokerage Norne 7.4 %. Commission from insurance is MNOK 13.5 (12.5).

### **Net value change and profit/loss from financial instruments**

Net income from financial instruments was MNOK 52 (-12). Profit share from associated companies was MNOK 30 (6.), where the income from the Helgeland Invest group is included with MNOK 29 and Rede Eiendomsmedling with MNOK 1. The bank has in Q3 received dividend from Frende, MNOK 6. Sales of HSB stake in Visa Europe resulted in a gain of MNOK 14 in Q2.

## **Operating costs**

Total operating costs were MNOK 199 (196). The banks planned downsizing process at 15 FTEs is completed. This will gain full effect from Q4. Costs resulting from the restructuring program were posted in 2015 with MNOK 7.5. This appropriation covers the costs of agreed severance packages. Helgeland Sparebank has reduced the staff with 13 man years. The Bank will continue to adapt the workforce in line with changes in customer behaviour and technological development. The bank's absence due to sickness is at 5.2 (3.5) % which is higher than the same period last year.

All bank employees with defined benefit scheme were transferred to a defined contribution pension scheme with effect from 01.03.16. This resulted in a onetime gain by MNOK 76 recognized in Q1 2016. The transition from defined benefit to defined contribution plan will primarily provide more predictable pension costs, but will also provide future savings.

The operating costs in per cent of average total assets was 0.95 (1.01) %, and costs in percent of earnings was 39.3 (48.5) %.

## **Expensed write-downs on commitments**

Write-downs on loans to customers and guarantees amounts to MNOK 16 (20) and the underlying entries are an increase write-down at corporate market loans of MNOK 8 and an increase in group write-downs of MNOK 8. The group write-downs are mainly increased as a result of growth in the bank's loans, and is based on an overall assessment of the (PD/LGD) modell, the solvency development in the retail market, and the defaults.

## **Taxes**

Taxes are estimated to MNOK 81, or 22.1 % of earnings before tax.

## **Earnings in Q3**

In Q3, profit before tax was 106 (59) million. Compared with last year, net interest have increased by MNOK 16 while income from financial investments have increased by MNOK 31.

## **Key figures Q3**

- Profit before tax MNOK 106 (59)
- Net interest 1.85 (1.77) %
- Costs in percent of BTA 0.90 (1.00) %
- Write-downs on lending 0.07 (0.14) %
- 3-month lending growth 2.0 (2.5) %
- 3-month deposit growth 0.7 (-1.8) %

Loan growth is slightly lower than the corresponding period last year but deposit growth is higher.

## **The equity certificate – HELG**

The number of EC owners are stable and amounts to 2 009 by the end of the quarter. The 20 largest owners are noted with 81.5 % of the EC capital.

Sparebankstiftelsen Helgeland is the largest owner with 35.3 % of the ECs in HELG.

The price of the EC was per 30.09.16 NOK 67.80, which is an increase of NOK 8.80 per EC from the turn of the year.

## **Balance development per 30.09.16**

The total assets constitute 28.9 bn. Over the last 12 months, total assets have increased with MNOK 2.308 or 8.7 (0.7) %.

## **Commitments**

By the end of the quarter, gross lending constituted MNOK 24.363. The 12-month lending growth was MNOK 2.244 (1.141), or 10.1 (5.4) %. 84.1 (83.6) % of the HSB group's lending is to customers in the Helgeland region.

MNOK 16.539, or 67.9 (67.5) % of gross lending is lending to retail customers, whereof MNOK 5.445 (22.3 %) is transferred to the bank's mortgage company. The 12-month growth in the retail market was MNOK 1.607 (1.056), or 10.8 (7.6) %.

The 12-month growth for corporate customers was MNOK 637 (85), or 8.9 (1.2) %.

Despite lower activity and prospects of weaker earnings in oil-related activities in Norway, the bank's loan growth has been good. Both in the retail and in the corporate markets, the growth has been significantly higher than the corresponding period last year and the national growth.

## **Deposits from customers**

By the end of Q3, deposits from customers constituted MNOK 15.651. The deposits have over the last 12 months increased by MNOK 1.558 (175), or 11.1 (1.3) %. Deposit growth is good and significantly higher than the same time last year. The bank also has higher growth than the national deposit growth. The HSB group has stable and local depositors, whereby 91.2 (91.2) % are deposits from customers in the Helgeland region.

The 12-month deposit growth in the retail market was MNOK 611 (458), or 7.2 (5.4) %. Of total deposits at MNOK 15.651, MNOK 9 107, or 58.2 (60.3) % are deposits from retail customers.

The 12-month deposit growth in the corporate market was MNOK 947 (-283), or 16.9 (-5.2) %.

The deposit ratio is good and was 64.2 (63.7) % in the HSB group, and 84.1 (80.1) % in the parent bank.

## **Funding**

Deposits from customers are of priority of funding for the bank. The volume difference between loans to customers and deposits is funded in the Norwegian money- and securities market and covered bonds issued by the Group amounts to MNOK 9.718 (9.489). In addition, the bank has made a new loan from the Nordic Investment Bank in Q3 2016.

The HSB group has a long term funding from the capital market and by the end of the quarter, the share of loans beyond one year was 81.2 (81.4) %.

The average remaining term for these debt securities was 2.7 (2.6) years. Duration in the mortgage company was 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. Per 30.09.16, 22.3 % are transferred. Prepared mortgages will increase the rate to 25 %.

### **Rating**

Helgeland Sparebank is rated by Moody's. The bank's rating is A3 with a "stable outlook". Bonds issued by Helgeland Boligkreditt AS are given 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, as well as significant industries. It is established monitoring according to the approved targets for the portfolio.

Net non-performing (>90 days) and impaired commitment constitute MNOK 110 (122), which equals 0.5 (0.6) % of gross lending.

#### Market risk

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

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

financial institutions. The credit risk is within the Boards approved frames.

#### Liquidity and funding

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

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

The HSB groups combined liquidity reserves (cash, deposits, and interest bearing assets) constitute NOK 3.7 (3.8) bn, or 13.0 (14.3) % of the group's total assets. The combined duration of the interest portfolio is 2.0 (2.2) years.

#### **Solidity**

The HSB group has a CET1 capital ratio of 13.8 (13.9) %, which is well above the regulatory minimum requirements of 11.5 % from 1 July 2016. The T1 capital ratio was 15.1 (15.3) %, the total capital ratio 17.0 (17.3) %. The interim financial statements are unaudited, and profits so far this year are not included in CET1 assessment per 30.09.16. The HSB Group has a capital target for CET1 capital ratio at a minimum of 14.5 % and a total capital ratio at a minimum of 17.8 %.

#### **Prospects ahead**

Activity in the housing market in the bank's market area has been particularly high in the third quarter. This is assumed normalized in this year's last months. We still see effect of DNB's closure of offices and expects a higher growth than nationally also in the last quarter.

It is initiated and planned a series of developments in the corporate market both in the private and public sector. The aquaculture industry is investing in larger and new assets and the agricultural industry are extending to modern operating solutions. This gives an overall basis for a relatively large growth in lending in Helgeland.

In order to participate in the market window in Helgeland, and thereby ensure a profitable growth, the Board has decided to recommend the Supervisory Board to a private placement up to MNOK 130. The Board believes that it in the long term will help to ensure shareholders a satisfactory return and enable the bank to live up to its vision of being a driving force for growth in Helgeland. The deposit ratio is well above our target. New corporate customer deposits, extension of a larger municipal agreement and new long-term municipal agreements, we expect to maintain the level of the bank's funding through deposits. Despite the continuously strong competition for good personal and corporate customers, the level of net interest is expected maintained. Uncertainty in the market which has led to fluctuations in credit spreads could affect this.

Despite the strong growth in total assets the level of commission income is maintained. This is expected to continue.

The cost reduction after the staff reductions (total 13 from 01.01.16) will give full effect from 4<sup>th</sup> quarter.

Changes in the pension plan are completed from Mars 1<sup>st</sup> and the pension liability is recognized as income and reduced with transition costs. The transition to defined contribution provides a predictable pension cost and will in the long term provide a reduction in the bank's pension costs. The government's purpose to financial tax and higher tax burden than other sectors will, if decided, incur a higher tax charge. This will, at least in an intermediate phase, affect the results.

Non-performing and other impaired commitments are still relatively low seen against gross lending. We must in the long term expect a slightly higher level of write-downs.

The tourist industry is reporting 10-15 % higher occupancy percentages this year compared with last year. The aquaculture industry still enjoys good of high salmon prices and makes significant investments in new technology and future-oriented equipment. The construction industry has strong order books, partly because of the development of the E6, partly because of major construction projects in both the private and public sector.

The region's industrial companies engage in future-oriented "green" solutions and the expected effects of SINTEF Helgeland's establishment in Mo i Rana.

Unemployment (total unemployed) is still low in the region with an overall vacancy rate in Helgeland of 2.2 % per 30.09.16. The Nordland County had an unemployment rate of 2.4 % and the national average was 2.8 %.

House price developments in the region continued in the third quarter in the same trend as earlier this year. Per 30.09.16 the average increase for detached homes was 10.1 % which is 2 % higher than the average growth nationwide. Corresponding figures for apartments shows growth of 7.6 % for Helgeland, and 13.0 % to nationwide.

In summary, there is willingness to invest and optimism in Helgeland. The regions unemployment is low and retail customer's purchasing power is good. To the extent that the low oil price and the reduced level of investment have given ripple effects Helgeland, this is related to individual companies within commercial property and property prices in a limited part of the Bank's market area.

Mo i Rana, October 24<sup>th</sup> 2016

Ove Brattbakk  
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*Deputy Chairman of the Board*

Eva Monica Hestvik

Bjørn Audun Risøy

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## CONTENTS

PROFIT AND LOSS ACCOUNT (amounts in NOK million).....	6
BALANCE SHEET (amounts in NOK million) .....	7
CHANGE IN EQUITY CAPITAL .....	8
CASH FLOW STATEMENT .....	9
NOTE 1. ACCOUNTING PRINCIPLES .....	9
NOTE 2. SEGMENT .....	10
NOTE 3. SPECIFICATION OF NET CHANGE IN VALUE OF FINANCIAL INSTRUMENTS.....	10
NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS .....	11
NOTE 5. LOSSES ON LOANS GUARANTEES, ETC.....	11
NOTE 6. PROFIT PER PRIMARY CERTIFICATE.....	11
NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY .....	12
NOTE 9. NET NON-PERFORMING AND IMPAIRED COMMITMENT.....	13
NOTE 10. INDIVIDUAL AND COLLECTIVE WRITE DOWNS OF LOANS AND GUARANTEES .....	13
NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS .....	13
NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES .....	14
NOTE 13. OPERATING FUNDS .....	16
NOTE 14. DISCLOSURES OF RELATED PARTIES.....	16
NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS.....	16
NOTE 16. FINANCIAL DERIVATIVES .....	18
NOTE 17. SECURITIES.....	19
NOTE 18. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS .....	20
NOTE 19.DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY .....	20
NOTE 20. EQUITY CERTIFICATE CAPITAL HELG.....	20
NOTE 21. CAPITAL ADEQUACY.....	20
PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS .....	22
PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT.....	23
OTHER KEY FIGURES.....	24

## PROFIT AND LOSS ACCOUNT (amounts in NOK million)

<i>Parent bank</i>					<i>Group</i>					
31.12.15	Q3/15	Q3/16	30.09.15	30.09.16		30.09.16	30.09.15	Q3/16	Q3/15	31.12.15
814	204	193	618	571	Interest receivable and similar income	660	714	223	235	940
398	98	71	311	216	Interest payable and similar costs	265	363	87	115	465
12	3	3	9	9	Hedge fund fees	9	9	3	3	12
<b>404</b>	<b>103</b>	<b>119</b>	<b>298</b>	<b>346</b>	<b>Net interest- and credit commission income</b>	<b>386</b>	<b>342</b>	<b>133</b>	<b>117</b>	<b>463</b>
97	25	25	72	72	Commissions receivable and income from banking servic	72	72	25	25	97
10	2	3	7	8	Commissions payable and costs relating to banking servi	8	7	3	2	10
<b>87</b>	<b>23</b>	<b>22</b>	<b>65</b>	<b>64</b>	<b>Net commission income</b>	<b>64</b>	<b>65</b>	<b>22</b>	<b>23</b>	<b>87</b>
50	0	7	50	46	Dividend	7	3	7	0	1
27	0	9	6	30	Net profit from associates	30	6	9	0	27
-15	-12	0	-25	7	Net profit from other financial investments	15	-21	4	-11	-7
62	-12	16	31	83	Gains/losses on financial assets available for sale (note 4)	52	-12	20	-11	21
15	7	2	14	5	Other operating income	4	9	1	6	11
				76	Income by conversing to defined contribution (note 4)	76				
261	64	56	190	184	Operating costs (note 4)	199	196	65	66	270
32	9	5	20	16	Losses on loans, guarantees etc. (note 5)	16	20	5	9	32
<b>275</b>	<b>48</b>	<b>98</b>	<b>198</b>	<b>374</b>	<b>Result before tax</b>	<b>367</b>	<b>188</b>	<b>106</b>	<b>59</b>	<b>280</b>
61	11	22	36	75	Tax payable on ordinary result	81	50	23	14	72
<b>214</b>	<b>36</b>	<b>77</b>	<b>162</b>	<b>299</b>	<b>Result from ordinary operations after tax</b>	<b>286</b>	<b>138</b>	<b>84</b>	<b>45</b>	<b>208</b>
8,6			6,5	11,6	Yield per equity capital certificate (note 6)	11,1	5,5			8,4
8,6			6,5	11,6	Diluted result per ECC in Norwegian currency (note 6)	11,1	5,5			8,4
<b>Extended Income Statement</b>										
<b>214</b>	<b>36</b>	<b>77</b>	<b>162</b>	<b>299</b>	<b>Result from ordinary operations after tax</b>	<b>286</b>	<b>138</b>	<b>84</b>	<b>45</b>	<b>208</b>
<u>Items that are not subsequently reversed through profit or loss:</u>										
0	0	0	0	0	Estimate variances, pensions will not be reversed over th	0	0	0	0	0
0	0	0	0	0	Tax on extended profit	0	0	0	0	0
0	0	0	0	0	Net extended profit or loss items	0	0	0	0	0
<u>Items that are not subsequently reversed through profit or loss:</u>										
14	-17	6	-29	-12	Net change in fair value available-for-sale fin. assets	-12	-29	6	-17	12
0	3	-1	5	-1	Tax on extended profit	-1	5	-1	3	0
14	-14	5	-24	-13	Net extended profit or loss items	-13	-24	5	-14	12
<b>228</b>	<b>22</b>	<b>82</b>	<b>138</b>	<b>286</b>	<b>Total result for the period</b>	<b>273</b>	<b>114</b>	<b>89</b>	<b>31</b>	<b>220</b>

## BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.15	30.09.15	30.09.16		30.09.16	30.09.15	31.12.15
<b>ASSETS</b>						
91	81	90	Cash and claims on central banks	90	81	91
1 007	888	1 258	Loans to and claims on credit institutions	565	380	510
18 201	17 765	18 893	Loans to and claims on customers (note 7,8,9,10)	24 266	22 012	22 444
127	119	126	Financial derivatives (note 15,16)	126	119	127
3 643	3 822	3 623	Certificates, bonds and shares available for sale (note 15)	3 306	3 527	3 462
267	186	294	Investments in associated companies (note 12)	294	186	267
345	345	439	Investments in subsidiaries (note 12)			
33	25	15	Deferred tax benefit	15	25	37
36	35	40	Fixed assets (note13)	146	142	138
52	86	62	Other assets	58	86	56
<b>23 802</b>	<b>23 352</b>	<b>24 840</b>	<b>Total assets</b>	<b>28 866</b>	<b>26 558</b>	<b>27 132</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>						
18	0	250	Liabilities to credit institutions	252	3	20
14 644	14 318	15 964	Deposits from customers and liabilities to customers (note 18,19)	15 651	14 093	14 418
6 058	6 111	5 427	Borrowings through the issuance of securities (note 17)	9 718	9 489	9 549
58	62	49	Financial derivatives (note 15,16)	49	62	58
224	203	134	Other liabilities	141	217	232
519	519	300	Fundbonds and subordinated loan capital	300	519	519
<b>21 521</b>	<b>21 213</b>	<b>22 124</b>	<b>Total liabilities</b>	<b>26 111</b>	<b>24 383</b>	<b>24 796</b>
1 028	1 028	1 028	Paid-in equity capital (note 20)	1 028	1 028	1 028
		220	Hybrid capital (Note 1,17)	220		
1 253	949	1 169	Accrued equity capital/retained earnings (note 21)	1 219	1 007	1 306
	162	299	Result from ordinary operations after tax	286	138	
<b>2 281</b>	<b>2 139</b>	<b>2 716</b>	<b>Total equity capital exclusive minority interest</b>	<b>2 753</b>	<b>2 173</b>	<b>2 334</b>
			Non-controlling interest	2	2	2
<b>2 281</b>	<b>2 139</b>	<b>2 716</b>	<b>Total equity capital</b>	<b>2 755</b>	<b>2 175</b>	<b>2 336</b>
<b>23 802</b>	<b>23 352</b>	<b>24 840</b>	<b>Total liabilities and equity capital</b>	<b>28 866</b>	<b>26 558</b>	<b>27 132</b>

Conditional liabilities off balance sheet (note 11)



## CHANGE IN EQUITY CAPITAL

Group

31.12.15

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

30.09.16

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other :qu.cap.	Min. int.	Total
<b>Equity capital as at 01.01.16</b>	187	845	-4	0	281	466	20	8	427	104	2	2 336
Reklassifisering Fo 01.01				220								220
Result for the period				11						275		286
Extended profit or loss items					-13							-13
<b>Extended profit or loss items</b>	0	0	0	11	-13	0	0	0	0	275	0	273
Paid interests perpetual bonds				-11								-11
Tax on interest hybrid capital directly towards equity						1			2			2
Gift fund							-4	-8				-12
Gift fund												0
<b>Transactions with owners</b>												0
Dividend paid										-52		-52
<b>Equity capital 30.09.16</b>	187	845	-4	220	268	467	16	0	429	327	2	2 756
Paid-in/accrued equity capital/retained earnings				1 248							1 508	2 756

Parent bank

31.12.15

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

30.09.16

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0
<b>Equity capital as at 01.01.16</b>	187	845	0	-4	281	466	20	8	427	51	2 281
Reclassification perpetual bonds 01.01				220							220
Profit				11						288	299
Extended profit or loss items					-13						-13
<b>Extended profit or loss items</b>	0	0	11	0	-13	0	0	0	0	288	286
Paid interests perpetual bonds				-11							-11
Tax on interest hybrid capital directly towards e						1			2		4
Gift fund							-4	-8			-12
<b>Transactions with owners</b>											0
Dividend/interests paid										-52	-52
<b>Equity capital 30.09.16</b>	187	845	220	-4	268	467	16	0	429	287	2 716
Paid-in/accrued equity capital/retained earnings				1 248						1 468	2 716

## CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>			
<b>31.12.15</b>	<b>30.09.15</b>	<b>30.09.16</b>		<b>30.09.16</b>	<b>30.09.15</b>	<b>31.12.15</b>
-1 672	-1 226	-691	Change in lending to customers	-1 842	-1 292	-1 747
722	546	515	Interest income lending to customers	605	646	849
673	347	1 320	Change deposits from customers	1 233	368	692
-229	-183	-117	Interest cost deposit from customers	-122	-183	-229
		250	- Tax expense	250		
319	198	7	Change certificates and bonds	150	226	296
68	52	40	Interest income certificates and bonds	40	57	68
97	72	73	Comission income	72	72	97
-248	-182	-181	Payments relating to operations	-184	-182	-250
-52	-52	-50	Paid tax	-57	-52	-52
19	-48	-10	Other cutoffs	-64	-57	13
-303	-476	1 156	<b>A Net liquidity change from operating activities</b>	81	-397	-263
-14	-9	-3	Investment in long-term securities	-10	-11	-20
5	5		Income sale of long-term securities		5	7
0		-100	Long-term investments in shares			0
		14		0	14	
65	65	49	Dividend from long-term investments in shares	11	18	18
56	61	-40	<b>B Net liquidity change from investments</b>	15	12	5
2 033	1 444	1 389	New borrowing through issuance of securities	3 048	1 944	3 359
-1 950	-1 356	-2 103	Repayments - issued securities	-2 888	-1 645	-2 995
-143	-109	-93	Interest payments borrowing through issuance of securities	-143	-163	-225
-10	-8	-7	Interest payments on subordinated debt	-7	-8	-10
-48	-48	-52	dividend to share owners	-52	-48	-48
-118	-77	-866	<b>C Net liquidity change financing</b>	-42	80	81
-365	-492	250	A+B+C Net liquidity change in the period	54	-305	-177
1 461	1 461	1 098	Liquid funds at the start of the period	601	778	778
1 098	969	1 348	Liquid funds at the end of the period	655	461	601
			<b>Liquid funds specified</b>			
91	81	90	Cash and balances with central banks	90	81	91
1 007	888	1 258	Balances with credit institutions without notice periods	565	380	510
<b>1 098</b>	<b>969</b>	<b>1 348</b>	<b>Liquid funds</b>	<b>655</b>	<b>461</b>	<b>601</b>

### NOTE 1. ACCOUNTING PRINCIPLES

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

#### Financial instrument with characteristics as equity

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

## NOTE 2. SEGMENT

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

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

<i>Parent bank</i>					<i>Group</i>				
<b>30.09.16</b>					<b>30.09.16</b>				
<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	<b>Segmentinformation</b>	<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	
165	170	11	346	Net interest and credit commission income	214	178	-6	386	
21	9	34	64	Net commission income	21	9	34	64	
		87	87	Other operating income			56	56	
30	14	63	107	Operating costs	30	14	79	123	
0	8	8	16	Losses on loans guaranteed	0	8	8	16	
<b>156</b>	<b>157</b>	<b>61</b>	<b>374</b>	<b>Result before tax</b>	<b>205</b>	<b>165</b>	<b>-3</b>	<b>367</b>	
11 211	7 775		18 986	Loans to and claims on customers	16 539	7 824		24 363	
-4	-6		-10	Individual write-downs	-4	-6		-10	
-13	-70		-83	Collective write-downs on loans	-17	-70		-87	
		5 947	5 947	Other assets			4 600	4 600	
<b>11 194</b>	<b>7 699</b>	<b>5 947</b>	<b>24 840</b>	<b>Total assts per segment</b>	<b>16 518</b>	<b>7 748</b>	<b>4 600</b>	<b>28 866</b>	
9 107	6 856		15 963	Deposits from customers and liabilities	9 107	6 544		15 651	
		8 877	8 877	Other liabilities and equity			13 215	13 215	
<b>9 107</b>	<b>6 856</b>	<b>8 877</b>	<b>24 840</b>	<b>Total liabilities and equity per segment</b>	<b>9 107</b>	<b>6 544</b>	<b>13 215</b>	<b>28 866</b>	

<i>Parent bank</i>					<i>Group</i>				
<b>30.09.15</b>					<b>30.09.15</b>				
<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	<b>Segmentinformation</b>	<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	
147	141	10	298	Net interest and credit commission income	206	157	-21	342	
22	10	33	65	Net commission income	22	10	33	65	
		45	45	Other operating income			-3	-3	
64	23	103	190	Operating costs	71	24	101	196	
-2	19	3	20	Losses on loans guaranteed	-2	19	3	20	
<b>107</b>	<b>109</b>	<b>-18</b>	<b>198</b>	<b>Result before tax</b>	<b>159</b>	<b>124</b>	<b>-95</b>	<b>188</b>	
10 729	7 139		17 868	Loans to and claims on customers	14 932	7 187		22 119	
-5	-27		-32	Individual write-downs	-5	-27		-32	
		-71	-71	Collective write-downs on loans			-75	-75	
		5 587	5 587	Other assets			4 546	4 546	
<b>10 724</b>	<b>7 112</b>	<b>5 516</b>	<b>23 352</b>	<b>Total assts per segment</b>	<b>14 927</b>	<b>7 160</b>	<b>4 471</b>	<b>26 558</b>	
8 976	5 117		14 093	Deposits from customers and liabilities	8 976	5 117		14 093	
		9 259	8 472	Other liabilities and equity			12 465	12 465	
<b>8 976</b>	<b>5 117</b>	<b>9 259</b>	<b>23 352</b>	<b>Total liabilities and equity per segment</b>	<b>8 976</b>	<b>5 117</b>	<b>12 465</b>	<b>26 558</b>	

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

<i>Parent bank</i>						<i>Group</i>				
31.12.15	Q3/15	Q3/16	30.09.15	30.09.16		30.09.16	30.09.15	Q3/16	Q3/15	31.12.15
-1	-11	0	-13	0	Value change in interest-bearing securities	0	-13	0	-11	-1
4	0	2	2	-3	Net gain/loss in interest-bearing securities	-3	2	2	0	4
-12	0	-6	-19	11	Net gain/loss shares	18	-15	-2	0	-5
49	0	7	50	46	Share dividend	8	3	7	1	1
28	0	9	15	29	Income AC Helgeland Invest AS	29	15	9	0	28
-1	0	0	0	1	Income AC REDE	1	0	0	0	-1
-6	-2	3	-4	-1	Value change in value on lending	-1	-4	3	-2	-6
1	1	1	0	0	Value change on funding and derivatives	0	0	1	1	1
<b>62</b>	<b>-12</b>	<b>16</b>	<b>31</b>	<b>83</b>	<b>Total value change financial instruments</b>	<b>52</b>	<b>-12</b>	<b>20</b>	<b>-11</b>	<b>21</b>

## NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>						<i>Group</i>				
31.12.15	Q3/15	Q3/16	30.09.15	30.09.16		30.09.16	30.09.15	Q3/16	Q3/15	31.12.15
130	32	26	96	91	Wages, salaries and social costs	95	99	30	34	129
8	0	0	0	0	Change package	0	0	0	0	8
74	19	18	56	56	General administration costs	55	54	17	17	74
12	3	3	9	9	Depreciation etc of fixed- and intangible assets	15	14	5	5	20
37	10	9	29	28	Other operating costs	34	29	13	10	39
<b>261</b>	<b>64</b>	<b>56</b>	<b>190</b>	<b>184</b>	<b>Total operating costs</b>	<b>199</b>	<b>196</b>	<b>65</b>	<b>66</b>	<b>270</b>
		0			-76 Income conversing to defined contribution	-76			0	
<b>261</b>	<b>64</b>	<b>56</b>	<b>190</b>	<b>108</b>	<b>Net operating costs</b>	<b>123</b>	<b>196</b>	<b>65</b>	<b>66</b>	<b>270</b>

## NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>						<i>Group</i>				
31.12.15	Q3/15	Q3/16	30.09.15	30.09.16		30.09.16	30.09.15	Q3/16	Q3/15	31.12.15
4	9	0	8	-9	+/- Period's change in individual write-downs	-9	8	0	9	4
7	0	3	3	8	+ Period's change in collective write-downs	8	3	3	0	7
20	1	5	4	22	+ Period's conf. Losses against which ind. write-downs were made	22	4	5	1	20
2	-1	-2	8	0	+ Period's confirmed losses against which no ind. write-downs, r	0	8	-2	-1	2
-1	0	-1	-3	-5	- Period's recoveries from previous periods' conf.losses	-5	-3	-1	0	-1
<b>32</b>	<b>9</b>	<b>5</b>	<b>20</b>	<b>16</b>	<b>Total losses on loans, guarantees etc.</b>	<b>16</b>	<b>20</b>	<b>5</b>	<b>9</b>	<b>32</b>

## NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>					<i>Group</i>		
31.12.15	30.09.15	30.09.16			30.09.16	30.09.15	31.12.15
214	162	289	Profit (exclusive interests hybrid capital)		276	138	208
75.1 %	75.1 %	75.1 %	ECC percentage		75.1 %	75.1 %	75.1 %
8.6	6.5	11.6	Yield per equity capital certificate		11.1	5.5	8.4
8.6	6.5	11.6	Diluted result per ECC in Norwegian currency		11.1	5.5	8.4

## NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>					<i>Group</i>			
30.09.15	%	30.09.16	%		30.09.16	%	30.09.15	%
15 044	84.2	16 221	85.4	Helgeland	20 486	84.1	18 494	83.6
2 798	15.7	2 749	14.5	Areas other than Helgeland	3 852	15.8	3 590	16.2
26	0.1	16	0.1	International	25	0.1	35	0.2
<b>17 868</b>	<b>100</b>	<b>18 986</b>	<b>100</b>	<b>Total</b>	<b>24 363</b>	<b>100</b>	<b>22 119</b>	<b>100</b>

## NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	<b>30.09.16</b>				<b>30.09.15</b>			
	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>
Municipalities and municipal enterp.	0	0.0 %	0	0	0	0.0 %	0	0
Insurance and finance	0	0.0 %	0	0	35	0.2 %	0	0
Agriculture and forestry	1 291	5.3 %	1	1	1 260	5.7 %	0	-1
Fisheries and aquaculture	840	3.4 %	0	0	748	3.4 %	18	18
Mining and industry	381	1.6 %	0	2	331	1.5 %	2	-2
Building and construction	1 056	4.3 %	1	0	898	4.1 %	4	2
Trade, hotel, restaurants.	279	1.1 %	3	1	297	1.3 %	4	2
Transport and services	846	3.5 %	-1	5	700	3.2 %	-1	-1
Property, property development	3 131	12.9 %	2	-1	2 918	13.2 %	1	1
Total corporate market	7 824	32.1 %	6	8	7 187	32.5 %	28	19
Retail market	16 539	67.9 %	4	0	14 932	67.5 %	5	-2
<b>Total</b>	<b>24 363</b>	<b>100 %</b>	<b>10</b>	<b>8</b>	<b>22 119</b>	<b>100 %</b>	<b>33</b>	<b>17</b>
Change collective write-downs			87	8			75	3
<b>Total</b>			<b>97</b>	<b>16</b>			<b>108</b>	<b>20</b>
Of which gross loans Helgeland Boligkreditt AS	5 445	22.3 %			4 313	19.5 %		

	<b>30.09.16</b>				<b>30.09.15</b>			
	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>
Municipalities and municipal enterp.	0	0.0 %	0	0	0	0.0 %	0	0
Insurance and finance	0	0.0 %	0	0	35	0.2 %	0	0
Agriculture and forestry	1 278	6.7 %	1	1	1 249	7.0 %	0	-1
Fisheries and aquaculture	837	4.4 %	0	0	747	4.2 %	18	18
Mining and industry	378	2.0 %	0	2	328	1.8 %	2	-2
Building and construction	1 031	5.4 %	1	0	874	4.9 %	4	2
Trade, hotel, restaurants.	275	1.4 %	3	1	341	1.9 %	4	2
Transport and services	788	4.2 %	-1	5	605	3.4 %	-1	-1
Property, property development	3 188	16.8 %	2	-1	2 960	16.6 %	1	1
Total corporate market	7 775	41.0 %	6	8	7 139	40.0 %	28	19
Retail market	11 211	59.0 %	4	0	10 729	60.0 %	5	-2
<b>Total</b>	<b>18 986</b>	<b>100 %</b>	<b>10</b>	<b>8</b>	<b>17 868</b>	<b>100 %</b>	<b>33</b>	<b>17</b>
Change collective write-downs			83	8			71	3
<b>Total</b>			<b>93</b>	<b>16</b>			<b>104</b>	<b>20</b>

## NOTE 9. NET NON-PERFORMING AND IMPAIRED COMMITMENT

<i>Parent bank</i>				<i>Group</i>		
31.12.15	30.09.15	30.09.16		30.09.16	30.09.15	31.12.15
<b>88</b>	<b>98</b>	<b>116</b>	<b>Loans, guarantees etc. in default</b>	<b>116</b>	<b>98</b>	<b>88</b>
16	13	9	Loss provisions for loans, guarantees etc. in default	9	13	16
<b>72</b>	<b>85</b>	<b>107</b>	<b>Total net loans, guarantees etc. in default</b>	<b>107</b>	<b>85</b>	<b>72</b>
<b>5</b>	<b>56</b>	<b>4</b>	<b>Other non-performing and impaired commitments and guara., not in default</b>	<b>4</b>	<b>56</b>	<b>5</b>
2	19	1	Loss provisions for other non-performing and impaired commitments and guara., not in default	1	19	2
<b>3</b>	<b>37</b>	<b>3</b>	<b>Total non-performing and impaired commitments and guara., not in default</b>	<b>3</b>	<b>37</b>	<b>3</b>
<b>75</b>	<b>122</b>	<b>110</b>	<b>Total non-performing and impaired commitments and guara.</b>	<b>110</b>	<b>122</b>	<b>75</b>
0.4 %	0.7 %	0.6 %	In % of total loans	0.5 %	0.6 %	0.3 %

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

<i>Parent bank</i>				<i>Group</i>		
31.12.15	30.09.15	30.09.16		30.09.16	30.09.15	31.12.15
24	24	19	Individual write-downs to cover losses on loans and guarantees as at 01.01	19	24	24
-9	-6	-14	Period's conf. losses, against which indi. Write-down was previously made	-14	-6	-9
0	0	1	Period's increased individual write-downs, against which write-down was previously made	1	0	0
10	23	5	New individual write-downs during the period	5	23	10
-6	-9	-1	Reversal of individual write-downs during the period	-1	-9	-6
<b>19</b>	<b>32</b>	<b>10</b>	<b>= Total individual write-downs on loans</b>	<b>10</b>	<b>32</b>	<b>19</b>
18	32	10	*Of which individual write-downs on loans accounted for	10	33	18
1	1	0	* Of which ind. Write-downs on guars. accounted for	0	1	1
			<b>Collective write-downs:</b>			
68	68	75	Collective write-downs to cover losses on loans at 01.01	79	72	72
7	3	8	+ /- Period's change in collective write-downs	8	3	7
<b>75</b>	<b>71</b>	<b>83</b>	<b>Total collective write-downs</b>	<b>87</b>	<b>75</b>	<b>79</b>

## NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>				<i>Group</i>		
31.12.15	30.09.15	30.09.16		30.09.16	30.09.15	31.12.15
1 557	1 393	2 052	Unutilized drawing rights	2 470	1 801	1 959
552	541	546	Guarantee obligations	546	541	552
2 503	2 489	2 305	Unutilized drawing rights Helgeland Boligkreditt AS	0	0	0
<b>4 612</b>	<b>4 423</b>	<b>4 903</b>	<b>Net guarantee and draw rights</b>	<b>3 016</b>	<b>2 342</b>	<b>2 511</b>

## 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 capi	Number of shares	Equity stake	Market value	
				30.09.16	30.09.15
				<i>Parent bank</i>	
ANS Bankbygg Mo	49.0		97 %	45	45
Helgeland Boligkreditt AS	390.0	390 000	100 %	390	290
AS Sparebankbygg	0.1	100	100 %	0.1	0.1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100 %	0	8
Storgata 73 AS	0.1	140	53 %	2	1
<b>Total investment in AC</b>				<b>439</b>	<b>345</b>

The share capital of Helgeland Sparebank is expanded with MNOK 100 in Q1 2016.

### Associated companies (AC)

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Equity	
					30.09.16	
<i>Parent bank and group</i>						
Helgeland Invest AS	568	10	0	0	0	578
REDE Eiendomsmegling AS	8	34	3	2		37
<b>Total</b>	<b>576</b>	<b>44</b>	<b>3</b>	<b>2</b>		<b>615</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	274	5	0	0	279
REDE AS (inkl. merverdi)	40.0 %	3	14	1	1	14.8
<b>Total</b>		<b>277</b>	<b>18</b>	<b>1</b>	<b>1</b>	<b>294</b>

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Equity	
					31.12.15	
<i>Parent bank and group</i>						
Helgeland Invest AS	514	10	0	0	0	524
REDE Eiendomsmegling AS	5	34	3	2		34
<b>Total</b>	<b>519</b>	<b>44</b>	<b>3</b>	<b>2</b>		<b>558</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	248	5	0	0	253
REDE AS (inkl. merverdi)	40.0 %	2	14	1	1	14
<b>Total</b>		<b>250</b>	<b>18</b>	<b>1</b>	<b>1</b>	<b>267</b>

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

Financial information Associated companies, balance posts

	<i>Parent bank and group</i>	
	<b>30.09.16</b>	<b>31.12.15</b>
<b>Change in the bank's ownership in HI</b>		
Opening balance	253	234
Adjusted value	0	0
Dividend	-3	-9
Result HI	29	28
<b>Closing balance</b>	<b>279</b>	<b>253</b>

	<i>Parent bank and group</i>	
	<b>30.09.16</b>	<b>31.12.15</b>
<b>Change in the bank's ownership in REDE</b>		
Opening balance	13.6	0.0
Dividend	0.0	-0.7
Result REDE	1.2	-0.7
Additional value/goodwill	0.0	15.0
<b>Closing balance</b>	<b>14.8</b>	<b>13.6</b>

Financial information Associated companies, profit/loss posts

						<i>Parent bank and group</i>
						<b>30.09.16</b>
		Revenue	Finance cost	Other income	Operating cost	Result after tax
<b>Result 100% ownership</b>						
Helgeland Invest AS		63	0	0	2	61
REDE Eiendomsmegling AS		15	0	0	12	3
<b>Total</b>		<b>77</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>63</b>
<b>Result bank's share</b>						
Helgeland Invest AS	48.3 %	30	0	0	1	29
REDE Eiendomsmegling AS	40.0 %	6	0	0	5	1
<b>Total</b>		<b>36</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>30</b>

						<i>Parent bank and group</i>
						<b>31.12.15</b>
		Revenue	Finance cost	Other income	Operating cost	Result after tax
<b>Result 100% ownership</b>						
Helgeland Invest AS		67	3	0	6	58
REDE Eiendomsmegling AS		21	0	0	22	-2
<b>Total</b>		<b>88</b>	<b>3</b>	<b>0</b>	<b>28</b>	<b>56</b>
<b>Result bank's share</b>						
Helgeland Invest AS	48.3 %	32	1	0	3	28
REDE Eiendomsmegling AS	40.0 %	8	0	0	9	-1
<b>Total</b>		<b>41</b>	<b>1</b>	<b>0</b>	<b>12</b>	<b>27</b>



## NOTE 13. OPERATING FUNDS

<i>Parent bank</i>				<i>Group</i>		
31.12.15	30.09.15	30.09.16		30.09.16	30.09.15	31.12.15
36	35	40	Operating funds*)	146	142	138
<b>36</b>	<b>35</b>	<b>40</b>	<b>Total operating funds</b>	<b>146</b>	<b>142</b>	<b>138</b>

## 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 30.09.16 constitute totally MNOK 5,445. Covered bonds in the housing mortgage company constitute MNOK 4,633 where MNOK 342 (345) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is per 30.09.16 drawn with MNOK 695. The bank has additionally entered into agreements with Helgeland Boligkreditt AS concerning credit lines of NOK 1.5 bn (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, and is entirely unused. The agreements are entered according to the principle of an arm's lengths distance. The effects of the credit lines are eliminated in the consolidated accounts. HSB has received corporate contributions of MNOK 38 in 2016.

### Ans Bankbygg (share of ownership 97 %)

The bank rents premises from ANS Bankbygg and has paid MNOK 3.1 in 2016.

### Helgeland Invest AS (48,3 %)

Note 12 provide detailed information on the accounting effects of the bank's ownership position in Helgeland Invest AS. Corporate market manager in the local bank Sandnessjøen, Roger Hermansen is a member of the board and the bank's CEO, Lisbeth Flågeng, is a deputy member of the board in Helgeland Invest.

## NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

### Measurement of fair value of financial instruments by level

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

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

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation methods. These valuation methods maximize the use of observable data where these are available, and are based as little as possible on the Group's own estimates. If all the significant data required to determine the fair value of an instrument are observable data, the instrument are included in level 2. Unlisted equities and fixed-rate loans are classified under level 3. The fair value of shares where it's no active market, known market value or the last issue price is used. For papers without turnover, the value is set based on available financial information, etc. fixed rate loans are measured at fair value.

**Assets and liabilities measured at fair value**

<i>Parent bank</i>			<i>Group</i>			
<b>30.09.16</b>			<b>30.09.16</b>			
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Assets and liabilities measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value through profit</b>						
		1 187	- Loans to and claims on customers at fair value			1 187
<b>Financial assets available for sale</b>						
0	3 410	213	- Certificates, bonds and equities available for sale		3 093	213
	126		- Financial derivatives		126	
<b>0</b>	<b>3 536</b>	<b>1 400</b>	<b>Tota assets</b>	<b>0</b>	<b>3 219</b>	<b>1 400</b>
<b>LIABILITIES</b>						
<b>Financial liabilities at fair value through profit</b>						
	49		- Debt issuance of securities		49	
<b>0</b>	<b>49</b>	<b>49</b>	<b>Total liabilities</b>	<b>0</b>	<b>49</b>	<b>0</b>

<b>Aksjer</b>	<b>Utlån</b>	<b>Sum</b>	<b>Changes in instruments classified in Level 3</b>	<b>Aksjer</b>	<b>Utlån</b>	<b>Sum</b>
227	1 310	1 537	Opening balance	227	1 310	1 537
-19	-198	-217	Payment loan/sale of shares	-19	-198	-217
5	68	73	New loans	5	68	73
	7	7	Value change		7	7
		0	Reclassification			0
<b>213</b>	<b>1 187</b>	<b>1 400</b>	<b>Financial instruments valued on Level 3</b>	<b>213</b>	<b>1 187</b>	<b>1 400</b>

Principal fixed rate loans per 30.09.16 were MNOK 1.180 and MNOK 1.295 mill per 31.12.15. Net interest rate risk by a parallel interest rate shift of 1 %-point for fixed rate loans and derivatives, fixed rate loans was MNOK 1.4 per 30.09.16 and MNOK -2.8 per 31.12.15.

**Assets and liabilities measured at fair value**

<i>Parent bank</i>			<i>Group</i>			
<b>31.12.15</b>			<b>31.12.15</b>			
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Assets and liabilities measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value through profit</b>						
0	0	1 310	- Loans to and claims on customers at fair value	0	0	1 310
<b>Financial assets available for sale</b>						
0	3 416	227	- Certificates, bonds and equities available for sale	0	3 236	227
0	127	0	- Financial derivatives	0	127	0
<b>0</b>	<b>3 543</b>	<b>1 537</b>	<b>Tota assets</b>	<b>0</b>	<b>3 363</b>	<b>1 537</b>
<b>LIABILITIES</b>						
<b>Financial liabilities at fair value through profit</b>						
0	58	0	- Financial derivatives	0	58	0
<b>0</b>	<b>58</b>	<b>0</b>	<b>Total liabilities</b>	<b>0</b>	<b>58</b>	<b>0</b>

<b>Aksjer</b>	<b>Utlån</b>	<b>Sum</b>	<b>Changes in instruments classified in Level 3</b>	<b>Aksjer</b>	<b>Utlån</b>	<b>Sum</b>
189	1 044	1 233	Opening balance	189	1 044	1 233
0	-259	-259	Payment loan/sale of shares	0	-259	-259
0	538	538	New loans	0	538	538
38	-13	25	Value change	38	-13	25
0		0	Reclassification	0		0
<b>227</b>	<b>1 310</b>	<b>1 537</b>	<b>Financial instruments valued on Level 3</b>	<b>227</b>	<b>1 310</b>	<b>1 537</b>

## NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>			
30.09.16				30.09.16			
Nominal value	Market value			Nominal value	Market value		
	Total	Assets			Commitments	Total	
1 371	0	49	Interest rate swaps- fixed interest rate loans	1 371	0	49	
100	0	0	Interest rate swaps- bank deposits with share Yield	100	0	0	
<b>1 471</b>	<b>0</b>	<b>49</b>	<b>Total financial derivatives</b>	<b>1 471</b>	<b>0</b>	<b>49</b>	
2 570	126	0	Interest rate swaps – fixed interest rate with hedging	2 570	126	0	
<b>2 570</b>	<b>126</b>	<b>0</b>	<b>Total financial derivatives with hedging</b>	<b>2 570</b>	<b>126</b>	<b>0</b>	

<i>Parent bank</i>				<i>Group</i>			
30.09.15				30.09.15			
Nominal value	Market value			Nominal value	Market value		
	Total	Assets			Commitments	Total	
1 561	0	62	Interest rate swaps- fixed interest rate loans	1 561	0	62	
0	0	0	Interest rate swaps- bank deposits with share Yield	0	0	0	
<b>1 561</b>	<b>0</b>	<b>62</b>	<b>Total financial derivatives</b>	<b>1 561</b>	<b>0</b>	<b>62</b>	
2 700	119	0	Interest rate swaps – fixed interest rate with hedging	2 700	119	0	
<b>2 700</b>	<b>119</b>	<b>0</b>	<b>Total financial derivatives with hedging</b>	<b>2 700</b>	<b>119</b>	<b>0</b>	

Net presentation of financial assets and liabilities

<i>Parent bank and group</i>					
30.09.16					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	126	0	126	49	77
Derivaives carried as liabilities	49	0	49	-49	0

<i>Parent bank and group</i>					
30.09.15					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	119	0	119	62	57
Derivaives carried as liabilities	62	0	62	-62	0

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

## NOTE 17. SECURITIES

<i>Parent bank</i>				<i>Group</i>		
31.12.15	30.09.15	30.09.16	(MNOK)	30.09.16	30.09.15	31.12.15
5 945	5 986	5 325	Bonds, nominal value	9 613	9 361	9 433
52	68	61	Value adjustments	60	68	49
61	57	41	Accrued interest	45	60	67
<b>6 058</b>	<b>6 111</b>	<b>5 427</b>	<b>Total securities</b>	<b>9 718</b>	<b>9 489</b>	<b>9 549</b>

<b>Change in securities issued</b>				<i>Group</i>	
	31.12.15 Issued	Matured/redeemed	Other change	30.09.16	30.09.15
Bonds, nominal value	9 433	3 080	-2 888	-12	9 613
Value adjustments	49			-4	45
Accrued interest	67			-7	60
<b>Total</b>	<b>9 549</b>				<b>9 718</b>

<b>Change in subordinated debt and hybrid capital</b>				<i>parent bank</i>	
	31.12.15 Issued	Matured/redeemed	Other change	30.09.16	30.09.15
Bonds, nominal value	5 945	1 389	-2 103	94	5 325
Value adjustments	52			9	61
Accrued interest	61			-20	41
<b>Total</b>	<b>6 058</b>				<b>5 427</b>

<b>Change in securities issued</b>				<i>Group/Parent bank</i>	
	31.12.15 Issued	Matured/redeemed	Other change	30.09.16	30.09.15
Subordinated bonds, nominal value *)	220		-220		-
equity and related capital, nominal value	300				300
Value adjustments	-1				-1
Accrued interest	1				1
<b>Total</b>	<b>520</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>

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

<b>Accounted value</b>		<i>Group</i>	
		30.09.16	31.12.15
Bonds, amortized cost		7 050	6 726
Bonds, hedging		2 668	2 823
<b>Total debt securities</b>		<b>9 718</b>	<b>9 549</b>

<b>Accounted value</b>		<i>Parent bank</i>	
		30.09.16	31.12.15
Bonds, amortized cost		2 759	3 235
Bonds, hedging		2 668	2 823
<b>Total debt securities</b>		<b>5 427</b>	<b>6 058</b>

## NOTE 18. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>						<i>Group</i>			
%	30.09.15	%	30.09.16		30.09.16	%	30.09.15	%	
91.3 %	13 074	91.4 %	14 584	Helgeland	14 271	91.2 %	12 849	91.2 %	
7.9 %	1 136	7.9 %	1 268	Areas other than Helgeland	1 268	8.1 %	1 136	8.1 %	
0.8 %	108	0.7 %	112	International	112	0.7 %	108	0.8 %	
<b>100 %</b>	<b>14 318</b>	<b>100 %</b>	<b>15 964</b>	<b>Total</b>	<b>15 651</b>	<b>100 %</b>	<b>14 093</b>	<b>100 %</b>	

## NOTE 19. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>						<i>Group</i>			
%	30.09.15	%	30.09.16		30.09.16	%	30.09.15	%	
2.8 %	407	3.0 %	482	Financial institutions	200	1.3 %	200	1.4 %	
9.5 %	1 358	10.7 %	1 703	Municipalities and municipal ente	1 703	10.9 %	1 358	9.6 %	
2.3 %	324	1.9 %	298	Agriculture and forestry	298	1.9 %	324	2.3 %	
3.1 %	440	6.0 %	955	Fisheries and aquaculture	955	6.1 %	440	3.1 %	
1.3 %	180	1.1 %	170	Mining and industry	170	1.1 %	180	1.3 %	
5.1 %	734	4.9 %	789	Building and construction	789	5.0 %	734	5.2 %	
3.3 %	478	2.7 %	429	Trade, hotel, restaurants.	429	2.7 %	478	3.4 %	
9.5 %	1 362	8.5 %	1 361	Transport and services	1 361	8.7 %	1 362	9.7 %	
3.8 %	539	4.2 %	670	Property, property development	639	4.1 %	521	3.7 %	
40.7 %	5 822	43.0 %	6 857	Total corporate market	6 544	41.8 %	5 597	39.7 %	
59.3 %	8 496	57.0 %	9 107	Retail market	9 107	58.2 %	8 496	60.3 %	
<b>100 %</b>	<b>14 318</b>	<b>100 %</b>	<b>15 964</b>	<b>Total</b>	<b>15 651</b>	<b>100 %</b>	<b>14 093</b>	<b>100 %</b>	

Deposits from clubs and associations at MNOK 480 is in second quarter moved from retail to corporate market. Comparative figures prior period is changed accordingly.

## NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

<i>Parent bank</i>					
Per 30.09.16	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	6 599 598	35.3 %	Verdipapirfondet Pareto	269 000	1.4 %
Pareto AS	1 570 836	8.4 %	Bergen Kommunale pensj.	266 380	1.4 %
UBS AG, London Branc A/C	1 198 900	6.4 %	Catilina invest AS	198 008	1.1 %
Merrill Lynch Prof.	1 130 015	6.0 %	Sniptind Holding AS	154 061	0.8 %
Pope Asset Management BNY	669 041	3.6 %	Nordenfjelske Bykreditt	134 194	0.7 %
VPF Nordea Norge	665 837	3.6 %	Melum Mølle AS	130 000	0.7 %
MP Pensjon PK	562 203	3.0 %	Forte Trønder	126 100	0.7 %
EIKA Utbytte VPF	532 920	2.8 %	Steffen Nervik	110 000	0.6 %
Lamholmen AS	398 788	2.1 %	Melesio Capital AS	100 000	0.5 %
Helgeland Kraft AS	340 494	1.8 %	Hartviksen Harald Paul	79 898	0.4 %
<b>Total 10 biggest owners</b>	<b>13 668 632</b>	<b>73.1 %</b>	<b>Total 20 biggest owners</b>	<b>15 236 273</b>	<b>81.5 %</b>

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

## NOTE 21. CAPITAL ADEQUACY

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

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

Parent bank			Group			
31.12.15	30.09.15	30.09.16		30.09.16	30.09.15	31.12.15
187	187	187	ECC-capital	187	187	187
845	845	845	Premium Fund	845	845	845
-4	-4	-4	Own ECCs	-4	-4	-4
		220	Hybrid capital (CB)	220		
<b>1 028</b>	<b>1 028</b>	<b>1 248</b>	<b>Total paid-in capital</b>	<b>1 248</b>	<b>1 028</b>	<b>1 028</b>
466	438	457	Savings Bank's fund	457	438	466
281	159	262	Reserve for unrealized gains	262	135	281
29	14	17	Donations Fund	17	14	29
425	338	426	Dividend equalisation reserve	426	338	425
52	0	0	Cash dividend	0	0	52
0	0	0	Other equity capital	54	85	54
<b>1 253</b>	<b>949</b>	<b>1 162</b>	<b>Total accrued equity capital</b>	<b>1 216</b>	<b>1 010</b>	<b>1 307</b>
<b>2 281</b>	<b>1 977</b>	<b>2 410</b>	<b>Total equity capital</b>	<b>2 464</b>	<b>2 038</b>	<b>2 335</b>
		-220	Hybrid capital (CB)	-220		
-33	-28	-15	Deferred tax assets	-15	-25	-37
-38	-29	-20	Shares in financial institutions	-17	-27	-37
23	18	8	Transition Rule; share net of non significant assets	7	16	22
-60	0	0	Cash dividend /gifts employee	0	0	-60
<b>2 173</b>	<b>1 938</b>	<b>2 163</b>	<b>Total core tier one</b>	<b>2 219</b>	<b>2 002</b>	<b>2 223</b>
-12	-9	-7	Shares in financial institutions	-6	-8	-11
-11	-9	-4	Transition Rule; share net of non significant assets	-3	-8	-10
220	219	220	Hybrid capital (CB)	220	219	220
<b>2 370</b>	<b>2 139</b>	<b>2 372</b>	<b>Total core capital</b>	<b>2 430</b>	<b>2 205</b>	<b>2 422</b>
300	300	300	Subordinatet dept	300	300	300
-7	-6	-3	Shares in financial institutions	-3	-5	-6
-11	-9	-4	Transition Rule; share net of non significant assets	-3	-8	-11
0	0	0	Additional	0	0	0
<b>282</b>	<b>285</b>	<b>293</b>	<b>Total net supplementary capital</b>	<b>294</b>	<b>287</b>	<b>283</b>
<b>2 652</b>	<b>2 424</b>	<b>2 665</b>	<b>Total net equity and related capital</b>	<b>2 724</b>	<b>2 492</b>	<b>2 705</b>
13 931	13 304	14 985	Weight assets calculation basis *)	16 044	14 405	14 676
15.60 %	14.57 %	14.43 %	Core tier one Capital ratio	13.83 %	13.91 %	15.15 %
17.01 %	16.08 %	15.83 %	Core capital ratio	15.15 %	15.32 %	16.50 %
19.04 %	18.22 %	17.78 %	Total Capital ratio	16.98 %	17.31 %	18.43 %

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

31.12.15	30.09.15	30.09.16	0	30.09.16	30.09.15	31.12.15
0	0	0	States and central banks	0	0	0
35	89	121	Local and regional authorities (including municipalities)	121	89	35
439	433	434	Institutions	208	143	211
399	321	654	Enterprises	654	322	398
1 828	1 815	1 208	Mass market loans	1 284	1 858	1 896
8 591	8 487	9 688	Loans secured by real property	11 604	10 018	10 121
78	151	147	Loans overdue	147	151	78
535	172	630	Covered bonds	132	137	149
0	0	0	Units in securities funds	0	0	0
958	826	1 018	Equity positions	606	448	521
96	100	113	Other loans and commitments	239	200	218
<b>12 959</b>	<b>12 395</b>	<b>14 013</b>	<b>Capital requirement credit risk</b>	<b>14 996</b>	<b>13 366</b>	<b>13 628</b>
968	909	968	Capital requirement operational risk	1 045	938	1 045
4	0	4	Deducted from capital requirement	4	0	4
<b>13 931</b>	<b>13 304</b>	<b>14 985</b>	<b>Total capital requirement</b>	<b>16 044</b>	<b>14 405</b>	<b>14 676</b>

Change in the definition of the mass market segment in Q2 represents a decrease of approximately 0.25 % points in the capital adequacy and a move from mass market commitments to corporate.

## PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Parent bank</i>						<i>Group</i>				
<b>31.12.15</b>	<b>Q3/15</b>	<b>Q3/16</b>	<b>30.09.15</b>	<b>30.09.16</b>		<b>30.09.16</b>	<b>30.09.15</b>	<b>Q3/16</b>	<b>Q3/15</b>	<b>31.12.15</b>
3.51	3.48	3.10	3.59	3.13	Interest receivable and similar income	3.15	3.68	3.10	3.55	3.58
1.77	1.72	1.19	1.86	1.23	Interest payable and similar costs	1.31	1.92	1.25	1.78	1.82
<b>1.74</b>	<b>1.76</b>	<b>1.91</b>	<b>1.73</b>	<b>1.90</b>	<b>Net interest- and credit commission income</b>	<b>1.84</b>	<b>1.76</b>	<b>1.85</b>	<b>1.77</b>	<b>1.76</b>
0.42	0.43	0.40	0.42	0.40	Commissions receivable and income from banking services	0.34	0.37	0.35	0.38	0.37
0.04	0.03	0.05	0.04	0.04	Commissions payable and costs relating to banking services	0.04	0.04	0.04	0.03	0.04
<b>0.38</b>	<b>0.39</b>	<b>0.35</b>	<b>0.38</b>	<b>0.35</b>	<b>Net commission income</b>	<b>0.31</b>	<b>0.33</b>	<b>0.31</b>	<b>0.35</b>	<b>0.33</b>
0.27	-0.21	0.26	0.18	0.46	Gains/losses on financial assets available for sale	0.25	-0.06	0.28	-0.16	0.08
0.06	0.12	0.03	0.08	0.03	Other operating income	0.02	0.05	0.01	0.09	0.04
		0.00		0.42	Income by conversing to defined contribution	0.36	0.00	0.00		
1.13	1.09	0.90	1.10	1.01	Operating costs	0.95	1.01	0.90	1.00	1.03
0.14	0.15	0.08	0.12	0.09	Losses on loans, guarantees etc. and fixed assets	0.08	0.10	0.07	0.14	0.12
<b>1.18</b>	<b>0.82</b>	<b>1.58</b>	<b>1.15</b>	<b>2.05</b>	<b>Result before tax</b>	<b>1.75</b>	<b>0.97</b>	<b>1.48</b>	<b>0.90</b>	<b>1.06</b>
0.26	0.19	0.35	0.21	0.41	Tax payable on ordinary result	0.39	0.26	0.32	0.20	0.27
<b>0.92</b>	<b>0.62</b>	<b>1.23</b>	<b>0.94</b>	<b>1.64</b>	<b>Result from ordinary operations after tax</b>	<b>1.36</b>	<b>0.71</b>	<b>1.16</b>	<b>0.69</b>	<b>0.79</b>

## PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

### Profit and loss account (Amounts in NOK million)

Parent bank					Group					
Q3/15	Q4/15	Q1/16	Q2/16	Q3/16		Q3/16	Q2/16	Q1/16	Q4/15	Q3/15
204	196	189	189	193	Interest receivable and similar income	223	219	218	226	235
101	90	77	74	74	Interest payable and similar costs	90	91	93	105	118
<b>103</b>	<b>106</b>	<b>112</b>	<b>115</b>	<b>119</b>	<b>Net interest- and credit commission income</b>	<b>133</b>	<b>128</b>	<b>125</b>	<b>121</b>	<b>117</b>
25	25	23	24	25	Commissions receivable and income from banking serv	25	24	23	25	25
2	3	3	2	3	Commissions payable and costs relating to banking ser	3	2	3	3	2
<b>23</b>	<b>22</b>	<b>20</b>	<b>22</b>	<b>22</b>	<b>Net commission income</b>	<b>22</b>	<b>22</b>	<b>20</b>	<b>22</b>	<b>23</b>
-12	31	41	26	16	Gains/losses on financial assets available for sale	20	30	2	33	-11
7	1	1	2	2	Other operating income	1	1	2	2	6
		75	0	0	Income by converting to defined contribution	1	0	75		
64	71	63	65	56	Operating costs	65	69	65	74	66
9	12	5	6	5	Losses on loans, guarantees etc.	5	6	5	12	9
<b>48</b>	<b>77</b>	<b>181</b>	<b>94</b>	<b>98</b>	<b>Result before tax</b>	<b>107</b>	<b>106</b>	<b>154</b>	<b>92</b>	<b>59</b>
11	25	34	19	22	Tax payable on ordinary result	23	21	37	22	14
<b>37</b>	<b>52</b>	<b>147</b>	<b>74</b>	<b>77</b>	<b>Result from ordinary operations after tax</b>	<b>85</b>	<b>84</b>	<b>117</b>	<b>70</b>	<b>45</b>

Parent bank					Group					
Q3/15	Q4/15	Q1/16	Q2/16	Q3/16		Q3/16	Q2/16	Q1/16	Q4/15	Q3/15
3.48	3.27	3.20	3.10	3.10	Interest receivable and similar income	3.10	3.14	3.22	3.31	3.55
1.72	1.50	1.30	1.21	1.19	Interest payable and similar costs	1.25	1.30	1.37	1.54	1.78
<b>1.76</b>	<b>1.77</b>	<b>1.90</b>	<b>1.89</b>	<b>1.91</b>	<b>Net interest- and credit commission income</b>	<b>1.85</b>	<b>1.83</b>	<b>1.84</b>	<b>1.77</b>	<b>1.77</b>
0.43	0.42	0.39	0.39	0.40	Commissions receivable and income from banking serv	0.35	0.34	0.34	0.37	0.38
0.03	0.05	0.05	0.03	0.05	Commissions payable and costs relating to banking ser	0.04	0.03	0.04	0.04	0.03
<b>0.39</b>	<b>0.37</b>	<b>0.34</b>	<b>0.36</b>	<b>0.35</b>	<b>Net commission income</b>	<b>0.31</b>	<b>0.32</b>	<b>0.30</b>	<b>0.32</b>	<b>0.35</b>
-0.21	0.52	0.69	0.44	0.26	Gains/losses on financial assets available for sale	0.28	0.43	0.03	0.48	-0.16
0.12	0.02	0.02	0.03	0.03	Other operating income	0.01	0.01	0.03	0.03	0.09
		1.27	0.02		Income by converting to defined contribution		0.01	1.11		
1.09	1.19	1.07	1.10	0.90	Operating costs	0.90	0.99	0.96	1.08	1.00
0.15	0.20	0.08	0.11	0.08	Losses on loans, guarantees etc.	0.07	0.09	0.07	0.18	0.14
<b>0.82</b>	<b>1.29</b>	<b>3.06</b>	<b>1.53</b>	<b>1.58</b>	<b>Result before tax</b>	<b>1.48</b>	<b>1.53</b>	<b>2.28</b>	<b>1.35</b>	<b>0.91</b>
0.19	0.42	0.58	0.33	0.35	Tax payable on ordinary result	0.32	0.31	0.55	0.32	0.21
<b>0.62</b>	<b>0.87</b>	<b>2.49</b>	<b>1.20</b>	<b>1.23</b>	<b>Result from ordinary operations after tax</b>	<b>1.16</b>	<b>1.22</b>	<b>1.73</b>	<b>1.03</b>	<b>0.70</b>

Parent bank					Group					
Q3/15	Q4/15	Q1/16	Q2/16	Q3/16		Q3/16	Q2/16	Q1/16	Q4/15	Q3/15
<b>ASSETS</b>										
81	91	99	95	90	Cash and claims on central banks	90	95	99	91	81
888	1 007	1 134	1 334	1 258	Loans to and claims on credit institutions	565	574	609	510	380
17 765	18 201	18 346	18 979	18 893	Loans to and claims on customers	24 266	23 804	22 867	22 444	22 012
119	127	109	144	126	Financial derivatives	126	144	109	127	119
3 822	3 643	3 374	3 508	3 623	Certificates, bonds and shares available for sale	3 306	3 433	3 274	3 462	3 527
186	267	272	284	294	Investments in associated companies	294	284	272	267	186
345	345	445	445	439	Investments in subsidiaries	0				
25	33	13	15	15	Deferred tax benefit	15	15	17	37	25
81	36	34	39	40	Fixed assets	146	146	100	92	188
40	52	82	41	62	Other assets	58	41	118	102	40
<b>23 352</b>	<b>23 802</b>	<b>23 908</b>	<b>24 884</b>	<b>24 840</b>	<b>Total assets</b>	<b>28 866</b>	<b>28 536</b>	<b>27 465</b>	<b>27 132</b>	<b>26 558</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>										
0	18	1	0	250	Liabilities to credit institutions	252	2	3	20	3
14 318	14 644	14 878	15 851	15 964	Deposits from customers and liabilities to customers	15 651	15 536	14 546	14 418	14 093
6 111	6 058	5 879	5 903	5 427	Borrowings through the issuance of securities	9 718	9 836	9 742	9 549	9 489
62	58	65	54	49	Financial derivatives	49	54	65	58	62
203	224	191	140	134	Other liabilities	141	141	193	232	217
519	519	300	300	300	Fund bonds	300	300	300	519	519
<b>21 213</b>	<b>21 521</b>	<b>21 314</b>	<b>22 248</b>	<b>22 124</b>	<b>Total liabilities</b>	<b>26 111</b>	<b>25 869</b>	<b>24 849</b>	<b>24 796</b>	<b>24 383</b>
1 028	1 028	1 029	1 028	1 028	Paid-in equity capital	1 028	1 029	1 029	1 029	1 028
		220	220	220	Hybrid capital	220	220	220		
949	1 253	1 198	1 166	1 169	Accrued equity capital/retained earnings	1 219	1214	1248	1305	1005
162		147	222	299	Profit after taxes	286	202	117		138
					Minority interest	2	2	2	2	4
<b>2 139</b>	<b>2 281</b>	<b>2 594</b>	<b>2 636</b>	<b>2 716</b>	<b>Total equity capital</b>	<b>2 755</b>	<b>2 667</b>	<b>2 616</b>	<b>2 336</b>	<b>2 175</b>
<b>23 352</b>	<b>23 802</b>	<b>23 908</b>	<b>24 884</b>	<b>24 840</b>	<b>Total liabilities and equity capital</b>	<b>28 866</b>	<b>28 536</b>	<b>27 465</b>	<b>27 132</b>	<b>26 558</b>



## OTHER KEY FIGURES

<i>Parent bank</i>			<i>Group</i>			
31.12.15	30.09.15	30.09.16	30.09.16	30.09.15	31.12.15	
<b>BALANCE SHEET</b>						
<b>Development in the last 9 months</b>						
	2.3	4.4	Total assets	6.4	2.9	
	7.2	3.8	Gross lending	8.1	6.2	
	2.5	9.0	Deposit	8.6	2.7	
<b>Development in the last 12 months</b>						
4.2	2.3	6.4	Total assets	8.7	0.7	5.2
9.8	6.3	6.3	Gross lending	10.1	5.4	8.2
4.8	1.1	11.5	Deposit	11.1	1.3	5.0
80.0	80.1	84.1	Deposit coverage as a percentage of gross loans	64.2	63.7	64.0
60.7	60.0	59.0	Lending to retail customers	67.9	67.5	67.7
23 181	22 991	24 341	Average assets	28 009	25 946	26 279
18 295	17 868	18 986	Gross loans	24 363	22 119	22 541
-19	-32	-10	Individual write-downs	-10	-33	-19
-75	-71	-83	Period's change in collective write downs	-87	-75	-79
-1	-1	0	Individual write-downs on guarantees	0	-1	-1
<b>SOLIDITY</b>						
15.6	14.6	14.4	Core tier one Capital ratio	13.8	13.9	15.2
17.0	16.1	15.8	Core Capital ratio	15.1	15.3	16.5
19.0	18.2	17.8	Total Capital ratio	17.0	17.3	18.4
7.7	7.1	7.2	Leverage ratio	7.6	7.6	8.1
9.6	9.2	10.9	Equity capital ratio	9.5	9.2	9.6
9.9	10.3	15.0	Rate of return on equity capital	14.0	8.6	9.3
0.9	0.9	1.5	Return on assets	1.3	0.7	0.8
<b>KEY FIGURES PCC</b>						
8.6	6.5	11.6	Yield per primary certificate	11.1	5.5	8.4
8.6	6.5	11.6	Diluted result per ECC, in Norwegian currency	11.1	5.5	8.4
75.1	75.1	75.1	ECCs split as of 31.12	75.1	75.1	75.1
91.6	85.9	100.2	Equity capital per ECC	101.7	87.2	93.7
59.0	58.8	67.8	PCC price quoted on the stock exchange	67.8	58.8	59.0
6.9	6.8	5.8	P/E (price as at 30.09 divided by profit per ECC)	6.1	7.9	7.1
0.6	0.7	0.7	P/B (price as ar 30.09. divided by book value of equity capital)	0.7	0.7	0.6
44.4	52.9	36.9	Costs as a percentage of income	39.3	48.5	46.4
1.1	1.1	1.0	Cost in percent of average total assets	0.9	1.0	1.0
164	165	151	Number of man-years	151	165	164
<b>LOSSES ON LOANS AND GROSS DEFAULTS</b>						
22.7	33.7	8.6	Specified loan provision in % of gross default on loan	8.6	34.7	22.7
As a percentage of gross lending:						
0.5	0.5	0.6	Gross defaults over 90 days	0.5	0.4	0.4
0.4	0.5	0.6	Net defaults over 90 days	0.4	0.4	0.3
0.5	0.6	0.5	Total loan loss provision	0.4	0.5	0.4
0.1	0.1	0.1	Losses on lending	0.1	0.1	0.1

1) Percentage of equity excl. Hybrid capital

## **Information concerning Helgeland Sparebank**

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Organisation number            937904029

### **Board of Directors of Helgeland Sparebank**

Ove Brattbakk, Chair man  
Stein Andre Herigstad-Olsen, Deputy Chair man  
Eva Monica Hestvik  
Bjørn Audun Risøy  
Inga Marie Lund  
Nils Terje Furunes  
Marianne Terese Steinmo  
Birgitte Lorentzen  
Martin Sjøreng

### **Management**

Lisbeth Flågeng, Chief Executive Officer  
Ranveig Kråkstad, Chief Accounting Officer

### **Investor Relations**

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### **Other sources of information**

#### Annual reports

The annual report for Helgeland Sparebank is available at [www.hsb.no](http://www.hsb.no)

#### Quarterly publications

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