



Q3

*financial report*

*third quarter 2019*

## Helgeland Sparebank

Accounts 3<sup>rd</sup> quarter 2019.

### General information

Helgeland Sparebank is an independent savings bank determined to be the leading bank and a driving force for growth in Helgeland. Helgeland Sparebank is the only bank with a head office in the region. The bank's strong market position combined with professional expertise, competitive prices and solid capital makes the bank well prepared to meet the competition ahead. The bank has 6 offices in 6 municipalities in Helgeland, and is the 11th largest savings bank in Norway.

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

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

- Good profit of ordinary operation. Gross profit amounted MNOK 274 against MNOK 219 in the same period in 2018.
- Loan losses are reduced by MNOK 73.
- Lower income from financial instruments by MNOK 29.
- 12-month lending growth: 3.5 (6.2) %
- 12-month deposit growth: 8.3 (2.1) %
- Net return on equity for the group (adjusted for hybrid capital) constituted 8.5% against 7.5% same period last year.

### Profit first quarter

#### Key figures

(Comparison per 30.09.18)

- Net interest 1.75 (1.75) %
- Costs in percent of BTA 0.87 (0.88) %
- Write-downs on lending 0.15 (0.46) %
- Profit per EC amounts to NOK 7.3 (6.2) %
- CET1 ratio inclusive 50 % of the profit 15.4 (15.4) %
- Capital ratio inclusive 50 % of the profit 19.4 (19.5) %

#### **The net interest**

Net interest and credit commission income amounted to MNOK 443. This is an increase of MNOK 21 compared to 30.09.18. In percentage of average total assets, the net interest was 1.75, same as the same period last year. Norges Bank increased the key interest in march, june and September 2019. The banks interest rate changes with effect from

May and August has given positive effect on the net interest this quarter. The next interest rate change communicated with effect from November 21<sup>st</sup> will give continued positive effect. Increased Nibor has given higher lending costs.

Per 30.09.19 the bank has accrued MNOK 9 in contribution to the deposit guarantee fund and the emergency fund. Totals for the fund shows cost for the whole year of MNOK 16, which equals MNOK 12 for 9 months. The costs in Q4 will therefore become MNOK 3 higher than steady accrual.

#### **Net commission earnings.**

The net commission earnings were MNOK 70 (66), or 0.28 (0.27) in percentage of average total assets. Of the income, commission from insurance (general, life, saving and pension) MNOK 22 (24). See note 2.2.

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

Net income from financial investments was MNOK 15, a reduction of MNOK 29 compared to the same period last year.

The high income last year is related to:

- MNOK 15 was recognized as profit in relation to the merge between Vipps, BankID and BankAxept.
- The bank received dividend from Frende Holding of MNOK 5.
- Higher profit share from associated companies.

In the parent bank, group contributions from Helgeland Boligkreditt AS have been recognized as income with MNOK 52.8 in the first quarter.

#### **Operating costs**

Total operating costs amounted to MNOK 219 (212). As a percentage of average total assets, costs were 0.87 (0.88), while costs in relation to revenue were 41.2 % (39.2 %).

The 2 smallest offices in the bank closes with effect from November 1<sup>st</sup> this year. After this, the bank has offices in the 4 cities in Helgeland.

The bank's sick leave is on the same level as last year and was 4.5 (4.2) %.

#### **Write-downs on loans**

MNOK 3 (111) has been expensed in write-downs on loans, which as a percentage of average total assets were 0.15 (0.46). This level is within what is characterized as normalized losses. The write-downs are partly a product of calculated loss expectations and partly a product of statements on earlier depreciated commitments.

#### **Profit this quarter (3 last months)**

This quarter gross profit amounted MNOK 96 (76), which is MNOK 20 higher than 3<sup>rd</sup> quarter last year. The increase is mainly related to the net interest which has increased by MNOK 16. In

percent of BTA the net interest has increased from 1.72 % in Q2 2019 to 1.83 % in Q3 2019.

#### Key figures third quarter

- Net interest 1.83 (1.70) %
- Financial investments 0.07 (-0.01) %
- Operating costs 0.87 (0.86) %
- Write-downs on lending 0.21 (0.24) %
- 3-month lending growth 0.1 (1.3) %
- 3-month deposit growth 0.9 (0.4) %

Lending growth this quarter is lower than the same period last year, while the deposit growth is higher.

#### **The equity certificate – HELG**

By the end of the quarter, the number of EC owners amounts to 2 257. The 20 largest owners are noted with 77.9 % of the EC capital. Of this, Sparebankstiftelsen owns 35.0 %. The number of total EC's is 20 871 427. As of 30.09.19, the bank owned 10.342 of our own EC's. At the end of the quarter, the price of the EC – HELG was NOK 80.50, which represents an increase of NOK 11.00 from year end-

#### **Balance development per 30.09.19**

Total assets amount to 34.2 bn. Over the last 12 months, total assets increased by MNOK 1 433 (1 872) or 4.4 (6.1) %.

#### **Commitments**

By the end of the quarter, gross lending constituted MNOK 28 481. The 12-month lending growth was MNOK 975 (1 604), or 3.5 (6.2) %. Of the group's lending 82.5 (83.0) % is lent to customers in Helgeland.

Of gross lending, MNOK 18 824, or 66.1 (66.9) % is lending to retail customers, of which MNOK 7 764 has been transferred to the bank's mortgage company.

The 12-month growth in the retail market was MNOK 414 (976), or 2.2 (5.6) %.

In the corporate market, the 12-month growth was MNOK 561 (628), or 6.2 (7.4) %.

Managed balance optimization will provide lower growth in Q4 for CM commitments/syndicated lending.

#### **Deposits from customers**

By the end of the quarter, deposits from customers constituted MNOK 18 497. The deposits have over the last 12 months increased by MNOK 1 420 (356), or 8.3 (2.1) %. The deposit growth is especially good in the corporate market.

The HSB group has stable and local depositors; 90.1 (89.3) % are deposits from customers in Helgeland.

The 12-month deposit growth in the retail market was MNOK 401 (435), or 4.0 (4.6) %. Of total deposits of MNOK 18 497, MNOK 10.338, or 55.9 (58.2) % are deposits from retail customers.

In the corporate market, deposits have been increased (reduced) the last 12 months by MNOK 1 019 (-479) or 14.3 (- 1.1) %.

Higher deposit growth than lending growth has resulted in higher deposit coverage, which was 64.9 (62.1) % in the group and 90.7 (85.3) % 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 11 665 (11.769). The HSB group has a long term funding. By the end of the quarter, the share of loans beyond one year was 92.9 (90.2) %. The average remaining term for these debt securities was 2.8 (2.9) years. Duration in the mortgage company is slightly higher with 3.1 years.

The target for the Group is duration > 2.5 years.

The bank is continually preparing for the transferral of approved mortgages to the wholly-owned mortgage company. The volume has increased from MNOK 6 997 per 30.09.18 to MNOK 7 663 per 30.09.19. The fixed maximum limit for transferring loans to Helgeland Boligkreditt AS is 35 % of gross lending and 50 % of gross lending RM. As of 30.09.19 transfer level is 26.9 (25.4) % and 40.7 (38.0) %.

#### **Cash flow**

The cash flow statement shows how Helgeland Sparebank has received cash and how these are used. It is based on gross cash flows from operational activities, investment- and financing activities. Increased lending to customers and securities holdings is financed with increased financial debt. The liquidity holding has increased by MNOK 232 since the beginning of the year.

#### **Rating**

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

#### **Subsidiaries and associated companies**

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

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

#### **Risk and capital management**

The HSB group's combined risk is governed through proxies, targets, and frames determined by

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

#### Credit risk

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

The development in the bank's credit risk is monitored closely. The corporate customers are given individual close follow-up in addition to monitoring development of risk based on the bank's score models. Monitoring of development has been established in relation to approved management objectives for the portfolio.

By the end of the quarter net non-performing (>90 days) and impaired commitment constitute MNOK 256 (488) which is a reduction of MNOK 232 from 30.09.18. Most of the reduction is related to the sale of active in one commitment. In percentage of gross lending this amounts to 0.9 (1.8) %.

#### Market risk

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

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

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

#### Operational risk

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

#### Liquidity and funding

The Board has approved a strategy for liquidity management that determine the purpose, management objectives, and risk tolerance for the management of liquidity risk.

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

The HSB group's combined liquidity reserves (cash, deposits, and interest-bearing assets) constitute NOK 4.9 (4.5) bn, or 14.5 (13.6) % of the group's total assets. The combined duration of the interest portfolio is 1.7 (2.0) 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 142 (123) %.

#### **Solidity**

Net capital amounts to MNOK 3 550, hereby fund obligations by MNOK 299 and subordinated loan by MNOK 451. Including proportionate consolidation of collaborating groups, the HSB group has a CET1 capital ratio of 14.8 (14.9) % and a total capital ratio of 18.8 (19.0) %. The result for the year is then not added to the capital. If 50 % of the result is taken into account, this will provide a core capital ratio of 15.4 %.

Statutory minimum requirement for pure core capital adequacy is 12.0 % (12.5 % from 31.12.19). The bank has a Pilar 2 addition of 2.2 %. The group's capital requirement including Pilar 2 addition amounts to 14.2 % (14.7 % from 31.12.19).

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

With background in changes in regulatory demands, the banks internal target from 31.12.19 is changed to 16 % for CET1 and 19.5 % for total capital adequacy. Target presupposes introduction of SMB discount and adjustment of the balance.

- The bank has calculated that SMB discount will provide increased CET1 of 60 bp.
- The bank adapts the balance in Q4 with reduction of just under 1 bn. on chosen CM commitments/syndicated lendings.

The group's Leverage Ratio (unweighted core capital ratio) was 8.8 (8.9) %.

#### **Prospects ahead**

Helgeland Sparebank delivers a good result on the core operations and sees effects on the profit program implemented.

Interest increases in 2019, where both pt interest and NIBOR spreads has been increased, has lifted the net interest and as a consequence of the interest increase in November it is expected continued positive effect in 4<sup>th</sup> quarter. According to the profit prognoses, the bank will grow towards the target number on ROE against 2021-2022.

The bank does the necessary adaptations og the balance in Q4 and will be within the capital

demands applied from 31.12.19. The bank will with the implemented measures also have sufficient capital to forecasted growth ahead.

12-month growth in the retail market in Helgeland is reduced in Q3. HSB's share of the growth has however also declined, and the 12-month growth is at 2.2 %. One of the reasons for this is the bank's increased profitable focus in a market where the lending margins are under pressure as a consequence of tough competition. We expect moderate market growth ahead and consequently also moderate and healthy lending growth to the private market in the next quarter.

The turnover of housing in Helgeland has throughout 2019 been on the same level as the "normal year" 2017. This also goes for Q3. When it comes to the price of sold housing there has been a price decline in Q3 compared to Q2 of 7.4 % on apartments and 3.1 % on detached houses. The price increase in the Q2 was higher than normal and is related to the turnover of some relative expensive objects. The housing market in Helgeland, especially in Mosjøen and Mo i Rana, can be characterized as well functioning. The turnover speed has declined some and is now on between 35-60 days, and the turnovers are around tariff/valuation.

Low exchange rates continue to give good speed to the industry and the salmon industry. In the building and construction industry in Helgeland, activity is also high in both private and public sector. It can be mentioned that a major development is put on hold due to a lack of interest in bidding. Unemployment is still low in Helgeland by 1.5%. It is expected that the low level of unemployed will continue. The 12-month growth in the corporate market is 6.2%. This is somewhat lower than in the second quarter. BM growth is expected to be negative in the next quarter as a result of adjusting the balance sheet to meet target requirements according to new capital requirements.

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

The bank has guided the market on an expectation of normalized losses in 2019. This is the situation for Q3 and is expected to be the situation also in Q4.

Mo i Rana, October 30th 2019

Stein Andre Herigstad-Olsen  
*Chairman of the Board*

Bjørn Audun Risøy  
*Deputy Chairman of the Board*

Marianne Terese Steinmo

Siw Moxness

Nils Terje Furunes

Tone Helen Hauge

Birgitte Lorentzen  
*Employee representative*

Geir Pedersen  
*Employee representative*

Hanne Nordgaard  
*CEO*

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

Parent bank					Group					
31.12.18	Q3/18	Q3/19	30.09.18	30.09.19		30.09.19	30.09.18	Q3/19	Q3/18	31.12.18
788	194	235	582	656	Interest income and similar income (note 2.1)	813	706	291	238	957
286	70	97	209	263	Interest payable and similar costs	361	275	132	95	379
12	3	3	9	9	Other interest payable	9	9	3	3	12
<b>490</b>	<b>121</b>	<b>135</b>	<b>364</b>	<b>384</b>	<b>Net interest- and credit commission income</b>	<b>443</b>	<b>422</b>	<b>156</b>	<b>140</b>	<b>566</b>
100	24	28	73	80	Commissions receivable and income from banking services	80	73	28	24	100
10	2	3	7	10	Commissions payable and costs relating to banking services	10	7	3	2	10
<b>90</b>	<b>22</b>	<b>25</b>	<b>66</b>	<b>70</b>	<b>Net commission income</b>	<b>70</b>	<b>66</b>	<b>25</b>	<b>22</b>	<b>90</b>
56	0	0	56	54	Dividend	0	6	0	0	6
50	20	4	40	12	Net profit from associates	12	40	4	20	50
-12	-21	2	-2	3	Net profit from other financial investments	3	-2	2	-21	-8
94	-1	6	94	69	Gains/losses on financial assets available for sale (note 3)	15	44	6	-1	48
18	7	2	13	7	Other operating income	3	10	1	6	16
279	70	72	209	214	Operating costs (note 4)	219	212	74	71	286
249	20	17	111	37	Losses on loans, guarantees etc. (note 10)	38	111	18	20	249
<b>164</b>	<b>59</b>	<b>79</b>	<b>217</b>	<b>279</b>	<b>Gross profit</b>	<b>274</b>	<b>219</b>	<b>96</b>	<b>76</b>	<b>185</b>
20	10	19	30	53	Tax payable on ordinary result	64	42	22	14	36
<b>144</b>	<b>49</b>	<b>60</b>	<b>187</b>	<b>226</b>	<b>Net profit</b>	<b>210</b>	<b>177</b>	<b>73</b>	<b>62</b>	<b>149</b>
2.0			6.5	7.9	Yield per equity capital certificate (note 5)	7.3	6.2			8.0
2.0			6.5	7.9	Diluted result per ECC in Norwegian currency (note 5)	7.3	6.2			8.0
<b>Extended Income Statement</b>										
<b>144</b>	<b>49</b>	<b>60</b>	<b>187</b>	<b>226</b>	<b>Net profit</b>	<b>210</b>	<b>177</b>	<b>73</b>	<b>62</b>	<b>149</b>
<u>Items that are subsequently reversed through profit or loss:</u>										
0	0	0	1	0	Estimate variances, pensions will not be reversed over the income statement later	0	1	0	0	0
0	0	0	0	0	Tax on extended profit	0	0	0	0	0
0	0	0	1	0	Net extended profit or loss items	0	1	0	0	0
<b>144</b>	<b>49</b>	<b>60</b>	<b>188</b>	<b>226</b>	<b>Total profit of the period</b>	<b>210</b>	<b>178</b>	<b>73</b>	<b>62</b>	<b>149</b>

## BALANCE SHEET (amounts in NOK million)

Parent bank			Group			
31.12.18	30.09.18	30.09.19		30.09.19	30.09.18	31.12.18
<b>ASSETS</b>						
82	79	73	Cash and claims on central banks	73	78	82
1 170	1 149	1 355	Loans to and claims on credit institutions	702	520	461
20 289	20 294	20 535	Loans to and claims on customers (note 7,8,9,10)	28 141	27 254	27 614
54	87	50	Financial derivatives (note 16)	50	87	54
4 132	4 243	4 628	Certificates, bonds and shares	4 678	4 293	4 157
382	371	370	Investments in associated companies (note 12)	370	371	382
595	595	610	Investments in subsidiaries (note 12)			
11	15	13	Deferred tax benefit	17	19	15
69	66	71	Fixed assets (note 13)	131	138	133
70	42	61	Other assets (note 13.1)	73	42	71
<b>26 854</b>	<b>26 941</b>	<b>27 766</b>	<b>Total assets</b>	<b>34 235</b>	<b>32 802</b>	<b>32 969</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>						
250	501	250	Liabilities to credit institutions	252	502	252
17 718	17 522	18 924	Deposits from customers and liabilities to customers (note 17,18)	18 497	17 077	17 248
5 058	5 035	4 556	Borrowings through the issuance of securities (note 15)	11 413	11 267	11 556
22	14	21	Financial derivatives (note 16)	21	14	22
104	118	141	Other liabilities (note 13.1)	125	134	118
451	451	452	Subordinated loan capital	451	451	451
<b>23 603</b>	<b>23 641</b>	<b>24 344</b>	<b>Total liabilities</b>	<b>30 759</b>	<b>29 445</b>	<b>29 647</b>
<b>Equity capital</b>						
207	207	208	Equity share capital (note 5,6,20)	208	207	207
971	971	971	Premium Fund	971	971	971
710	654	710	Cohesion Fund	710	654	710
<b>1 888</b>	<b>1 832</b>	<b>1 889</b>	<b>Total equity share capital</b>	<b>1 889</b>	<b>1 832</b>	<b>1 888</b>
558	540	546	Primary capital	546	540	558
33	25	22	Gift fund	22	25	33
<b>591</b>	<b>565</b>	<b>568</b>	<b>Total primary capital</b>	<b>568</b>	<b>565</b>	<b>591</b>
440	425	440	Unrealized gains reserve	440	425	440
299	291	299	Hybrid Capital (Note 1,17)	299	291	299
33	0	0	Other equity capital	67	66	102
0	187	226	Result from ordinary operations after tax	211	176	0
<b>3 251</b>	<b>3 300</b>	<b>3 422</b>	<b>Total equity capital exclusive minority interest</b>	<b>3 474</b>	<b>3 355</b>	<b>3 320</b>
			Non-controlling interest	2	2	2
<b>3 251</b>	<b>3 300</b>	<b>3 422</b>	<b>Total equity capital</b>	<b>3 476</b>	<b>3 357</b>	<b>3 322</b>
<b>26 854</b>	<b>26 941</b>	<b>27 766</b>	<b>Total liabilities and equity capital</b>	<b>34 235</b>	<b>32 802</b>	<b>32 969</b>

Conditional liabilities off balance sheet (note 11)



## CHANGE IN EQUITY CAPITAL

Group

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

	30.09.19											
	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
<b>Equity capital as at 01.01.19</b>	208	971	-2	299	440	557	27	6	709	104	2	3 322
Equity capital as at 01.01.19				11						199		210
result for the period												0
<b>Extended profit or loss items</b>	0	0	0	11	0	0	0	0	0	199	0	210
Paid interest FO				-11								-11
Gift fund							-5	-6				-11
<b>Transactions with owners</b>												0
Dividend paid										-33		-33
<b>Equity capital 30.09.19</b>	208	971	-2	299	440	557	22	-1	709	270	2	3 477
Paid-in/accrued equity capital/retained earnings			1 177								2 299	3 477

Parent bank

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

	30.09.19										
	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0
<b>Equity capital as at 01.01.19</b>	209	971	-2	299	440	557	27	6	711	33	3 251
result for the period				11						215	226
<b>Extended profit or loss items</b>											0
<b>Total ext. profit or loss</b>	0	0	0	11	0	0	0	0	0	215	226
Paid interest FO				-11							-11
Gift fund							-5	-6			-11
<b>Transactions with owners</b>											0
Dividend paid										-33	-33
<b>Equity capital 30.09.19</b>	209	971	-2	299	440	557	22	0	711	215	3 422
Paid-in/accrued equity capital/retained earnings			1 178							2 244	3 422

## CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>			
<b>31.12.18</b>	<b>30.09.18</b>	<b>30.09.19</b>		<b>30.09.19</b>	<b>30.09.18</b>	<b>31.12.18</b>
-689	-541	-204	Change in lending to customers	-554	-937	-1 398
710	524	584	Interest income lending to customers	754	663	898
278	99	1 206	Change deposits from customers	1 249	105	246
-178	-130	-175	Interest cost deposit from customers	-177	-128	-180
0	250	0	Change in receivables and liabilities to credit institutions	0	250	0
15	-88	-485	Change certificates and bonds	-464	-89	15
55	41	55	Interest income certificates and bonds	54	41	55
89	66	70	Comission income	70	66	90
-266	-200	-223	Payments relating to operations	-206	-199	-267
-60	-60	-61	Paid tax	-76	-60	-72
33	10	10	Other cutoffs	-7	18	37
-13	-29	777	<b>A Net liquidity change from operating activities</b>	643	-270	-576
-9	-6	-40	Investment in long-term securities	-45	-7	-9
8	5	0	Income sale of long-term securities	0	5	8
-23	-24	0	Long-term investments in shares	0	-24	-23
0	8	0	Payment from sales long-term investments in shares	0	8	0
56	57	54	Dividend from long-term investments in shares	8	6	7
32	40	14	<b>B Net liquidity change from investments</b>	-37	-12	-17
2 943	2 543	1 373	New borrowing through issuance of securities	2 974	3 943	5 390
-3249	-2744	-1 875	Repayments - issued securities	-3 117	-3388	-4673
150	0	0	Opptak ansvarlig lånekapital	0	0	150
-92	-67	-77	Interest payments borrowing through issuance of securities	-188	-135	-188
-11	-8	-10	Interest payments on subordinated debt	-10	-8	-11
-83	-83	-33	dividend to share owners	-33	-83	-83
-342	-359	-622	<b>C Net liquidity change financing</b>	-374	329	585
-323	-348	169	A+B+C Net liquidity change in the period	232	47	-8
1 575	1 575	1 252	Liquid funds at the start of the period	543	551	551
1 252	1 227	1 421	Liquid funds at the end of the period	775	598	543
			<b>Liquid funds specified</b>			
82	78	73	Cash and balances with central banks	73	78	82
1 170	1 149	1 348	Balances with credit institutions without notice periods	702	520	461
<b>1 252</b>	<b>1 227</b>	<b>1 421</b>	<b>Liquid funds</b>	<b>775</b>	<b>598</b>	<b>543</b>

## NOTE 1. ACCOUNTING PRINCIPLES

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

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

## NOTE 2. SEGMENT

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

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

<i>Parent bank</i>				<i>Group</i>				
<b>30.09.19</b>				<b>30.09.19</b>				
<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>	<b>Segmentinformation</b>	<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>
153	214	17	384	Net interest and credit commission income	212	211	20	443
16	7	47	70	Net commission income	16	7	47	70
		76	76	Other operating income			19	19
64	32	118	214	Operating costs	66	34	118	218
	37		37	Losses on loans guaranteed	1	37		38
<b>105</b>	<b>152</b>	<b>22</b>	<b>279</b>	<b>Gross profit</b>	<b>161</b>	<b>147</b>	<b>-32</b>	<b>276</b>
11 329	9 545		20 874	Loans to and claims on customers	18 842	9 639		28 481
-16	-322		-338	Provision of loss	-18	-322		-340
		7 230	7 230	Other assets			6 094	6 094
<b>11 313</b>	<b>9 223</b>	<b>7 230</b>	<b>27 766</b>	<b>Total assts per segment</b>	<b>18 824</b>	<b>9 317</b>	<b>6 094</b>	<b>34 235</b>
10 339	8 585		18 924	Deposits from customers and liabilities	10 338	8 188		18 526
	5		5	Provisions of loss, unutilized deductions and guarantees		5		5
		8 837	8 837	Other liabilities and equity			15 704	15 704
<b>10 339</b>	<b>8 590</b>	<b>8 837</b>	<b>27 766</b>	<b>Total liabilities and equity per segment</b>	<b>10 338</b>	<b>8 193</b>	<b>15 704</b>	<b>34 235</b>

<i>Parent bank</i>				<i>Group</i>				
<b>30.09.18</b>				<b>30.09.18</b>				
<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>	<b>Segmentinformation</b>	<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>
148	202	14	364	Netto renteinntekter	218	205	-1	422
20	9	37	66	Netto provisjonsinntekter	20	9	37	66
0	0	107	107	Inntekter	0	0	54	54
61	31	117	209	Driftskostnader	65	33	114	212
0	111	0	111	Tap på utlån	0	111	0	111
<b>107</b>	<b>69</b>	<b>41</b>	<b>217</b>	<b>Resultat før skatt</b>	<b>173</b>	<b>70</b>	<b>-24</b>	<b>219</b>
11 542	9 012	0	20 554	Utlån til kunder	18 410	9 096		27 506
-18	-233	0	-251	Tapsavsetninger	-18	-233		-251
0	0	6 638	6 638	Andre eiendeler			5 547	5 547
<b>11 524</b>	<b>8 779</b>	<b>6 638</b>	<b>26 941</b>	<b>Sum eiendeler per segment</b>	<b>18 392</b>	<b>8 863</b>	<b>5 547</b>	<b>32 802</b>
9 937	7 584		17 521	Innskudd fra og gjeld til kunder	9 937	7 140		17 077
	8		8	Tapsavsetninger ubenyttet trekk og garantier		8		8
		9 412	9 412	Annen gjeld og egenkapital			15 717	15 717
<b>9 937</b>	<b>7 592</b>	<b>9 412</b>	<b>26 941</b>	<b>Sum gjeld og egenkapital</b>	<b>9 937</b>	<b>7 148</b>	<b>15 717</b>	<b>32 802</b>

## NOTE 2.1 NET INTEREST

Parent bank					Intrest income					Group	
31.12.18	Q3/18	Q3/19	30.09.18	30.09.19		30.09.19	30.09.18	Q3/19	Q3/18	31.12.18	
					<b>Interest from financial instruments at amortized cost</b>						
23	6	6	18	17	Interest from credit institutions	16	17	6	12	9	
404	99	117	296	330	Interest receivable on loans	726	631	264	207	868	
<b>427</b>	<b>105</b>	<b>123</b>	<b>314</b>	<b>347</b>	<b>Total intrest from finansial instruments at amortized cost</b>	<b>742</b>	<b>648</b>	<b>270</b>	<b>219</b>	<b>877</b>	
					<b>Interest from financial instruments vauled to fair value over net profit</b>						
25	5	9	17	25	Interest receivable on loans (fair value loans)	16	17	0	5	25	
55	14	21	41	55	Interest from bearer bonds and certificates	55	41	21	14	55	
<b>80</b>	<b>19</b>	<b>30</b>	<b>58</b>	<b>80</b>	<b>Total intrest from finansial instruments valued to fair value over net profil</b>	<b>71</b>	<b>58</b>	<b>21</b>	<b>19</b>	<b>80</b>	
					<b>Interest from financial instruments vauled to fair value OCI</b>						
281	70	82	210	229	nterest receivable on loans (loans who can transferes to the bank's mortgage company)	0	0	0	0	0	
<b>281</b>	<b>70</b>	<b>82</b>	<b>210</b>	<b>229</b>	<b>Total intrest from finansial instruments valued to fair value OCI</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>788</b>	<b>194</b>	<b>235</b>	<b>582</b>	<b>656</b>	<b>Total intrest income</b>	<b>813</b>	<b>706</b>	<b>291</b>	<b>238</b>	<b>957</b>	

## NOTE 2.2 NETTO PROVISJONSINTEKTER

Parent bank					Commissions and income from banking services					Group	
31.12.18	Q3/18	Q3/19	30.09.18	30.09.19		30.09.19	30.09.18	Q3/19	Q3/18	31.12.18	
60	15	19	43	52	Fees relating to payments transmission services	52	43	19	15	60	
32	7	7	24	22	Fees insurance (general, life, saving and pension)	22	24	7	7	32	
8	2	2	6	6	Guarantee comission	6	6	2	2	8	
<b>100</b>	<b>24</b>	<b>28</b>	<b>73</b>	<b>80</b>	<b>Total commissions and income from banking services</b>	<b>80</b>	<b>73</b>	<b>28</b>	<b>24</b>	<b>100</b>	
					<b>Commissions payable and costs relating to banking services</b>						
10	2	3	7	10	Payments transmission services	10	7	3	2	10	
0	0	0	0	0	Fees - customers use of payment terminals	0	0	0	0	0	
0	0	0	0	0	Other fees	0	0	0	0	0	
<b>10</b>	<b>2</b>	<b>3</b>	<b>7</b>	<b>10</b>	<b>Total commissions and income from banking services</b>	<b>10</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>10</b>	
<b>90</b>	<b>22</b>	<b>25</b>	<b>66</b>	<b>70</b>	<b>Net commission income</b>	<b>70</b>	<b>66</b>	<b>25</b>	<b>22</b>	<b>90</b>	

In fees insurance, compensation from ended distribution agreement of MNOK 2.3 is included.

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

Parent bank										Group	
31.12.18	Q3/18	Q3/19	30.09.18	30.09.19		30.09.19	30.09.18	Q3/19	Q3/18	31.12.18	
-5	0	1	-1	0	Value change in interest-bearing securities	0	-1	1	0	-5	
-4	-1	0	-1	1	Net gain/loss in interest-bearing securities	1	-1	0	-1	-4	
-6	-19	2	3	2	Net gain/loss shares	2	3	2	-19	-2	
56	0	0	56	54	Share dividend	0	6	0	0	6	
50	20	4	39	12	Income AC Helgeland Invest AS	12	39	4	20	50	
0	0	1	1	1	Income AC REDE	1	1	1	0	0	
5	-1	-2	-2	-1	Value change in value on lending	-1	-2	-2	-1	5	
-2	0	0	-1	0	Value change on funding and derivatives	0	-1	0	0	-2	
<b>94</b>	<b>-1</b>	<b>6</b>	<b>94</b>	<b>69</b>	<b>Total value change financial instruments</b>	<b>15</b>	<b>44</b>	<b>6</b>	<b>-1</b>	<b>48</b>	

## NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank										Group	
31.12.18	Q3/18	Q3/19	30.09.18	30.09.19		30.09.19	30.09.18	Q3/19	Q3/18	31.12.18	
134	34	34	101	105	Wages, salaries and social costs	105	102	33	34	135	
88	23	24	67	69	General administration costs	69	66	24	24	88	
12	3	3	9	9	Depreciation etc of fixed- and intangible assets	14	13	6	4	18	
45	10	11	32	31	Other operating costs	32	31	12	9	45	
<b>279</b>	<b>70</b>	<b>72</b>	<b>209</b>	<b>214</b>	<b>Total operating costs</b>	<b>220</b>	<b>212</b>	<b>75</b>	<b>71</b>	<b>286</b>	

## NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>					<i>Group</i>					
31.12.18	Q3/18	Q3/19	30.09.18	30.09.19		30.09.19	30.09.18	Q3/19	Q3/18	31.12.18
-2	1	1	-1	-3	Period's change in write-downs step 1	-3	-1	1	1	-2
8	-5	6	-12	3	Period's change in write-downs step 1	5	-12	8	-5	8
229	0	6	95	-41	Period's change in write-downs step 1	-41	95	6	0	229
16	25	4	30	80	+ Period's confirmed loss	79	30	3	25	16
-2	-1	0	-1	-2	- Period's recoveries from previous periods' conf.losses	-2	-1	0	-1	-2
<b>249</b>	<b>20</b>	<b>17</b>	<b>111</b>	<b>37</b>	<b>Total losses on loans, guarantees etc.</b>	<b>38</b>	<b>111</b>	<b>18</b>	<b>20</b>	<b>249</b>

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

## NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>					<i>Group</i>		
31.12.18	30.09.18	30.09.19			30.09.19	30.09.18	31.12.18
144	187	226	Net profit		210	177	149
-12	-8	-11	Interest fund bond		-11	-8	-12
132	179	215	Profit (excl. Interest fund bond)		199	169	137
76.3 %	76.3 %	76.4 %	ECC percentage		76.4 %	76.3 %	76.3 %
4.8	7.5	7.9	Yield per equity capital certificate		7.3	6.2	5.0
4.8	7.5	7.9	Diluted result per ECC in Norwegian currency		7.3	6.2	5.0
					<i>Group</i>		
					30.09.19	30.09.18	31.12.18
Net profit					226	187	144
Interest fund bond					-11	-8	-12
Transferred reserve for valuation variances					-11	-18	-25
<b>Basis dividend</b>					<b>205</b>	<b>161</b>	<b>107</b>

## NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>				<i>Group</i>				
30.09.18	%	30.09.19	%	30.09.19	%	30.09.18	%	
17 428	84.8 %	17 614	84.4	Helgeland	23 490	82.5	22 842	83.0 %
3 098	15.1 %	3 229	15.5	Areas other than Helgeland	4 946	17.4	4 639	16.9 %
19	0.1 %	31	0.1	International	45	0.2	25	0.1 %
<b>20 545</b>	<b>100.0 %</b>	<b>20 874</b>	<b>100</b>	<b>Total</b>	<b>28 481</b>	<b>100</b>	<b>27 506</b>	<b>100.0 %</b>

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

Expected losses for all accounts are calculated. All account commitments are entered into one of the three "steps" in the loss model, based on their risk change since granting (change in credit risk). For a description of the individual "steps", see explanations below. All commitments that do not already have objective evidence of loss at the time of recognition are placed at the time of recognition in step 1, and are later moved to step 2; in cases where there has been a significant increase in credit risk, or step 3; in cases where there is objective evidence of loss.

### Step 1: 12 months expected loss

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

### Step 2: Expected loss of life.

In step 2, financial assets that have had a significant increase in credit risk are placed since initial recognition. If an account commitment is significantly worsened or not, it is defined as a function of probability of default (PD) at the time of calculation and the time of grant. The bank has chosen to define that assets with low credit risk (operationalized as assets with PD not

exceeding 0.75%) remain in step 1. Expected loss for assets in step 2 is calculated over the residual maturity of the asset. The following events are always considered to have resulted in a significant increase in credit risk:

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

#### Step 3: Expected loss of life

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

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

Group

**30.09.19** **Lending to amortized cost and fair value (OCI)**

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Step 1	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	62	0	0	0	0	0	62
Insurance and finance	1	0	0	0	0	0	1
Agriculture and forestry	1 448	0	-1	-5	-12	22	1 451
Fisheries and aquaculture	1 231	0	-1	0	0	0	1 229
Mining and industry	444	0	0	0	-11	0	432
Building and construction	1 555	0	-3	-15	-102	13	1 448
Trade, hotel, restaurants.	429	0	0	-3	-5	0	422
Transport and services	1 318	0	-2	-5	-66	26	1 271
Property, property development	3 091	0	-4	-28	-58	17	3 018
Total corporate market	9 579	0	-12	-56	-254	78	9 335
Retail market	17 432	0	-1	-6	-10	1 391	18 806
<b>Total</b>	<b>27 011</b>	<b>0</b>	<b>-13</b>	<b>-63</b>	<b>-264</b>	<b>1 469</b>	<b>28 141</b>
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-1	-3	-1		

Group

**30.09.18** **Lending to amortized cost and fair value (OCI)**

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Step 1	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	3	0	-	-	-	-	3
Insurance and finance	0	0	-	-	-	-	0
Agriculture and forestry	1 424	0	-1	-6	-4	16	1 429
Fisheries and aquaculture	1 179	0	-2	-1	-	-	1 176
Mining and industry	548	0	-	-2	-	-	546
Building and construction	1 285	0	-4	-18	-53	9	1 219
Trade, hotel, restaurants.	313	0	-1	-1	-	-	311
Transport and services	1 110	0	-2	-4	-39	25	1 090
Property, property development	3 166	0	-4	-17	-73	18	3 090
Total corporate market	9 028	0	-14	-49	-169	68	8 863
Retail market	17 471	0	-1	-5	-13	939	18 391
<b>Total</b>	<b>26 499</b>	<b>0</b>	<b>-15</b>	<b>-54</b>	<b>-182</b>	<b>1 007</b>	<b>27 254</b>
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-4	-4	-1		

30.09.19

## Lending to amortized cost and fair value (OCI)

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	62	0	0	0	0	0	62
Insurance and finance	1	0	0	0	0	0	1
Agriculture and forestry	1 300	127	-1	-5	-12	22	1 430
Fisheries and aquaculture	1 212	13	-1	0	0	0	1 224
Mining and industry	425	13	0	0	-11	0	427
Building and construction	1 504	30	-3	-13	-102	13	1 428
Trade, hotel, restaurants.	404	18	0	-3	-5	0	414
Transport and services	1 120	113	-2	-5	-66	26	1 186
Property, property development	2 986	140	-4	-34	-54	17	3 051
Total corporate market	9 013	454	-12	-60	-250	78	9 223
Retail market	497	9 451	-1	-5	-10	1 382	11 313
<b>Total</b>	<b>9 509</b>	<b>9 904</b>	<b>-13</b>	<b>-65</b>	<b>-260</b>	<b>1 460</b>	<b>20 536</b>
Expected loss unutilized credit and guarantees RM			0	0	0		
Expected loss unutilized credit and guarantees CM			-1	-3	-1		

30.09.18

## Lending to amortized cost and fair value (OCI)

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	3		-	-	-	-	3
Insurance and finance	0		-	-	-	-	-
Agriculture and forestry	1 271		-1	-6	-4	150	1 410
Fisheries and aquaculture	1 154		-2	-1	-	20	1 171
Mining and industry	532		-	-2	-	12	542
Building and construction	1 228		-4	-18	-53	49	1 202
Trade, hotel, restaurants.	296		-1	-1	-	11	305
Transport and services	943		-2	-4	-39	130	1 028
Property, property development	3 061		-4	-17	-73	143	3 110
Total corporate market	8 488	0	-14	-49	-169	515	8 771
Retail market	489		-1	-5	-13	11 053	11 523
<b>Total</b>	<b>8 977</b>	<b>0</b>	<b>-15</b>	<b>-54</b>	<b>-182</b>	<b>11 568</b>	<b>20 294</b>
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-4	-4	-1		

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

Parent bank

Group

	31.12.18	30.09.18	30.09.19		30.09.19	30.09.18	31.12.18
<b>305</b>	<b>370</b>	<b>295</b>	Default commitments over 90 days		<b>295</b>	<b>370</b>	<b>305</b>
-115	-68	-123	Step 3 write-downs		-123	-67	-115
<b>190</b>	<b>302</b>	<b>172</b>	<b>Total net loans, guarantees etc. in default</b>		<b>172</b>	<b>303</b>	<b>190</b>
<b>333</b>	<b>291</b>	<b>226</b>	Other non-performing and impaired commitments and guara., not in default <sup>14</sup>		<b>226</b>	<b>291</b>	<b>333</b>
-190	-94	-142	Step 3 write-downs		-142	-106	-190
<b>143</b>	<b>197</b>	<b>84</b>	<b>Total non-performing and impaired commitments and guara., not in default</b>		<b>84</b>	<b>185</b>	<b>143</b>
<b>333</b>	<b>499</b>	<b>256</b>	<b>Total non-performing and impaired commitments and guara<sup>15</sup></b>		<b>256</b>	<b>488</b>	<b>333</b>
1.6 %	2.4 %	1.2 %	In % of total loans		0.9 %	1.8 %	1.2 %

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

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

Change in balance posts from 01.01.18 to 31.12.18 in accordance to IFRS 9. Individual write-downs are included in step 3. In the tables under, write-downs on off balance sheet items (unused credit and guarantees) directed to the balance debt side are included.

	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<i>Group</i> <b>Step 1</b>
<b>Gross lending</b>	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
<b>Gross lending pr. 01.01.19</b>	<b>22 813</b>	<b>3 338</b>	<b>638</b>	<b>26 789</b>
New loans / credits / guarantees	4 546	908	61	5 515
Transfers from step 1 to step 2	-1 760	1 744	0	-16
Transfers from step 1 to step 3	-42		42	-1
Transfers from step 2 to step 3		-108	110	2
Transfers from step 3 to step 2		6	-6	0
Transfers from step 3 to step 3	69		-70	0
Transfers from step 2 to step 1	1 231	-1 266	0	-36
Reduced portfolio	-3 833	-694	-257	-4 784
Other adjustments	-427	3	2	-422
<b>Gross lending pr. 30.09.19</b>	<b>22 596</b>	<b>3 931</b>	<b>521</b>	<b>27 047</b>
IB unused drafts, guarantees etc.	2 693	299	15	3 007
UB unused drafts, guarantees etc.	2 742	265	32	3 039

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

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

	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<i>Group</i> <b>Step 1</b>
<b>Gross lending</b>	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
<b>Gross lending pr. 01.01.18</b>	<b>22 025</b>	<b>3 336</b>	<b>316</b>	<b>25 677</b>
New loans / credits / guarantees	5 701	881	80	6 662
Transfers from step 1 to step 2	-1 656	1 410		-246
Transfers from step 1 to step 3	-192		194	2
Transfers from step 2 to step 3		-216	192	-24
Transfers from step 3 to step 2		10	-12	-2
Transfers from step 3 to step 3	9		-10	-1
Transfers from step 2 to step 1	943	-1 011		-68
Reduced portfolio	-4 001	-596	-63	-4 660
Other adjustments	-782	-47	-13	-842
<b>Gross lending pr. 30.09.18</b>	<b>22 047</b>	<b>3 767</b>	<b>684</b>	<b>26 499</b>
IB unused drafts, guarantees etc.	2 759	189	6	2 954
UB unused drafts, guarantees etc.	2 910	315	6	3 231

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

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



	<i>Parent bank</i>			
	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 1</b>
<b>Gross lending</b>	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>Gross lending pr. 01.01.19</b>	<b>15 771</b>	<b>3 054</b>	<b>638</b>	<b>19 463</b>
New loans / credits / guarantees	3 729	783	64	4 576
Transfers from step 1 to step 2	-1 424	1 418	0	-6
Transfers from step 1 to step 3	-40		40	0
Transfers from step 2 to step 3		-107	109	2
Transfers from step 3 to step 2		6	-6	0
Transfers from step 3 to step 3	68		-69	0
Transfers from step 2 to step 1	910	-931	0	-21
Reduced portfolio	-3 502	-633	-258	-4 394
Other adjustments	-194	12	2	-180
<b>Gross lending pr. 30.09.19</b>	<b>15 319</b>	<b>3 600</b>	<b>521</b>	<b>19 440</b>
IB unused drafts, guarantees etc.	2 228	290	15	2 533
UB unused drafts, guarantees etc.	2 236	261	32	2 528

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

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

	<i>Parent bank</i>			
	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 1</b>
<b>Gross lending</b>	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>Gross lending pr. 01.01.18</b>	<b>15 986</b>	<b>2 777</b>	<b>315</b>	<b>19 078</b>
New loans / credits / guarantees	4 579	769	85	5 434
Transfers from step 1 to step 2	-1 380	1 140		-240
Transfers from step 1 to step 3	-189		191	2
Transfers from step 2 to step 3		-214	190	-24
Transfers from step 3 to step 2		10	-12	-2
Transfers from step 3 to step 3	9		-10	-1
Transfers from step 2 to step 1	765	-824		-59
Reduced portfolio	-3 443	-505	-63	-4 011
Other adjustments	-578	-41	-20	-640
<b>Gross lending pr. 30.09.18</b>	<b>15 749</b>	<b>3 114</b>	<b>675</b>	<b>19 538</b>
IB unused drafts, guarantees etc.	2 314	184	6	2 504
UB unused drafts, guarantees etc.	2 470	284	16	2 770

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

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

Loss provisions on gross loans and off-balance sheet items	Step 1	Step 2	Step 3	Group Step 1
	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>Loss deduction pr. 01.01.19</b>	<b>17</b>	<b>63</b>	<b>305</b>	<b>385</b>
New or increased loans / credits / guarantees	3	20	1	25
Transfers from step 1 to step 2	-2	20	0	18
Transfers from step 1 to step 3	0		4	4
Transfers from step 2 to step 3		-3	21	18
				0
Transfers from step 3 to step 2	0	0	-1	0
Transfers from step 3 to step 3	0	0	-1	0
Transfers from step 2 to step 1	1	-12	0	-11
Reduced portfolio	-2	-14	-69	-85
				0
Other adjustments	-2	-8	2	-9
<b>Loss deduction pr. 30.09.19</b>	<b>14</b>	<b>68</b>	<b>263</b>	<b>345</b>

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

Loss provisions on gross loans and off-balance sheet items	Step 1	Step 2	Step 3	Group Step 1
	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>Loss deduction pr. 01.01.18</b>	<b>20</b>	<b>55</b>	<b>86</b>	<b>161</b>
New or increased loans / credits / guarantees	7	15	4	26
Transfers from step 1 to step 2	-5	21		16
Transfers from step 1 to step 3	-2		40	38
Transfers from step 2 to step 3		-19	70	51
Transfers from step 3 to step 2		0	-2	-1
Transfers from step 3 to step 3	1		-1	-1
Transfers from step 2 to step 1	2	-11		-9
Reduced portfolio	-3	-4	-16	-22
Other adjustments	0	1	1	2
<b>Loss deduction pr. 30.09.18</b>	<b>20</b>	<b>58</b>	<b>183</b>	<b>261</b>

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

Loss provisions on gross loans and off-balance sheet items	Parent bank			Total
	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	Step 1
<b>Loss deduction pr. 01.01.19</b>	<b>17</b>	<b>64</b>	<b>304</b>	<b>385</b>
New or increased loans / credits / guarantees	3	20	2	25
Transfers from step 1 to step 2	-2	19		17
Transfers from step 1 to step 3	0		4	4
Transfers from step 2 to step 3		-3	22	19
				0
Transfers from step 3 to step 2		0	-1	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-11		-11
Reduced portfolio	-2	-14	-69	-85
				0
Other adjustments	-2	-10	2	-11
<b>Loss deduction pr. 30.09.19</b>	<b>14</b>	<b>66</b>	<b>263</b>	<b>343</b>

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

Loss provisions on gross loans and off-balance sheet items	Parent bank			Total
	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	Step 1
<b>Loss deduction pr. 01.01.18</b>	<b>19</b>	<b>55</b>	<b>86</b>	<b>160</b>
New or increased loans / credits / guarantees	7	15	4	26
Transfers from step 1 to step 2	-5	20		16
Transfers from step 1 to step 3	-2		40	38
Transfers from step 2 to step 3		-19	70	51
				-1
Transfers from step 3 to step 2		0	-2	-1
Transfers from step 3 to step 3	1		-1	-1
Transfers from step 2 to step 1	2	-11		-9
Reduced portfolio	-3	-4	-16	-22
				2
Other adjustments	0	1	2	2
<b>Loss deduction pr. 30.09.18</b>	<b>19</b>	<b>58</b>	<b>183</b>	<b>260</b>

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

## NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

Parent bank			Group			
31.12.18	30.09.18	30.09.19	30.09.19	30.09.18	31.12.18	
2 062	2 266	2 067	Unutilized drawing rights	2 578	2 727	2 536
471	504	461	Guarantee obligations	461	504	471
791	870	845	Unutilized drawing rights Helgeland Boligkreditt AS			
<b>3 324</b>	<b>3 640</b>	<b>3 373</b>	<b>Net guarantee and draw rights</b>	<b>3 039</b>	<b>3 231</b>	<b>3 007</b>

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

## NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

### Subsidiaries

	Share capital	Number of shares	Equity stake	Parent bank	
				Market value	
				30.09.19	30.09.18
ANS Bankbygg Mo	49.0		97.5 %	46	46
Helgeland Boligkreditt AS	540.0	540 000	100 %	540	540
AS Sparebankbygg	0.1	100	100 %	1	1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsseelskap AS	0.5	500	100 %	6	6
Strendene Utviklingsseelskap AS	15.03	300	100 %	15	0
Storgata 73 AS	0.1	140	53 %	1	2
<b>Total investment in AC</b>				<b>610</b>	<b>595</b>

### 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 2018. Director of the corporate market in HSB is p.t deputy member of the board in Helgeland Invest AS.

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Parent bank and group	
					30.09.19	
					Equity	
Helgeland Invest AS		118	616	0	0	734
REDE Eiendomsmegling AS		42	31	34	1	38
<b>Total</b>		<b>160</b>	<b>647</b>	<b>34</b>	<b>1</b>	<b>772</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	57	298	16	0	355
REDE AS (inkl. merverdi)	40.0 %	17	12	14	0	15
<b>Total</b>		<b>74</b>	<b>310</b>	<b>30</b>	<b>1</b>	<b>370</b>

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Parent bank and group	
					31.12.18	
					Equity	
Helgeland Invest AS		118	643	0	0	761
REDE Eiendomsmegling AS		42	31	34	1	38.0
<b>Total</b>		<b>160</b>	<b>674</b>	<b>34</b>	<b>1</b>	<b>799</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	57	311	16	0	367
REDE AS (inkl. merverdi)	40.0 %	17	12	14	0	15
<b>Total</b>		<b>74</b>	<b>323</b>	<b>30</b>	<b>1</b>	<b>382</b>

Financial information Associated companies, balance values

<b>Change in the bank's ownership in HI</b>	<i>Parent bank and group</i>	
	<b>30.09.19</b>	<b>31.12.18</b>
Opening balance	367	328
Adjusted value	0	0
Dividend	-24	-10
Result HI	12	50
<b>Closing balance</b>	<b>355</b>	<b>367</b>

<b>Change in the bank's ownership in REDE</b>	<i>Parent bank and group</i>	
	<b>30.09.19</b>	<b>31.12.18</b>
Opening balance	15	15
Dividend	0	0
Result REDE	0	0
Additional value/goodwill	0	0
<b>Closing balance</b>	<b>15</b>	<b>15</b>
<b>Total</b>	<b>370</b>	<b>382</b>

Financial information Associated companies, profit/loss posts

						<i>Parent bank and group</i>	
						<b>30.09.19</b>	
		<b>Revenue</b>	<b>Finance cost</b>	<b>Other income</b>	<b>Operating cost</b>	<b>Net profit</b>	
<b>Result 100% ownership</b>							
Helgeland Invest AS		26	0	0	1	25	
REDE Eiendomsmegling AS		6	0	0	6	0	
<b>Total</b>		<b>32</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>25</b>	
<b>Result bank's share</b>							
Helgeland Invest AS	48.3 %	13	0	0	0	12	
REDE Eiendomsmegling AS	40.0 %	2	0	0	2	0	
<b>Total</b>		<b>15</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>12</b>	

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

## NOTE 13. OPERATING FUNDS

<i>Parent bank</i>			<i>Group</i>			
<b>31.12.18</b>	<b>30.09.18</b>	<b>30.09.19</b>		<b>30.09.19</b>	<b>30.09.18</b>	<b>31.12.18</b>
69	66	71	Operating funds	131	138	133
<b>69</b>	<b>66</b>	<b>71</b>	<b>Total operating funds</b>	<b>131</b>	<b>138</b>	<b>133</b>

## NOTE 13.1 LEASES

IFRS 16 Leases

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

<i>Parent bank</i>		<i>Group</i>
<b>30.09.19</b>		<b>30.09.19</b>
	<b>Assets</b>	
45.6	Rights of use 01.01.19	18.8
-87	Impairment	-3.8
<b>-41.4</b>	<b>Rights of use closing balance</b>	<b>15</b>
	<b>Liabilities</b>	
45.6	Lease obligations 01.01.19	18.8
-9.045	Reduction of rent	-3.95
0.55	Interest	0.35
<b>37.1</b>	<b>Leas obligations closing balance</b>	<b>15.2</b>

The profit effects for 2019 for the Group represent an impairment of NOK 3.8 million and interest expenses of NOK 0.4 million. At the same time, rent costs were reduced by NOK 4.0 million as a result of these being booked against the lease obligation.

## NOTE 14. DISCLOSURES OF RELATED PARTIES

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

Significant transactions with related parties:

### Helgeland Boligkreditt AS (share of ownership 100 %)

Transferred loans as of 30.09.19 constitute totally MNOK 7 664. Covered bonds in the housing mortgage company constitute MNOK 6 857 where MNOK 0 (0) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is drawn with MNOK 655. In addition, the bank has a revolving credit facility (with maturity > one year) provided by Helgeland Sparebank, which will cover payment obligations in the security pool for a rolling 12-month period. The agreements are based on the principle of arm's length. In the consolidated accounts, the effects of the facilities are eliminated. HSB has received corporate contributions of MNOK 52.7 in 2019.

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

The bank rents premises from ANS Bankbygg and has paid MNOK 3.3 in 2019.

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

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

## NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

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

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

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

The fair value of financial instruments that are traded in an active market is based on the market price at the end of the reporting period. A market is considered active if the markets rates are simply and regularly available from a stock exchange, trader, broker, business group pricing service or regulatory authority, and these prices represent actual and regularly

occurring arm's length market transactions. The market price used for financial assets is the current bid price, while for financial liabilities it is the current offer price. These instruments are included in level 1.

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

Principal fixed rate loans per 30.09.19 were MNOK 1 434 (1 206) MNOK. Net interest rate risk by a parallel interest rate shift of 1%-point for fixed rate loans and derivatives, fixed rate loans was MNOK 2 per 30.09.19.

<i>Parent bank</i>			<b>Assets and liabilities measured at fair value</b>			<i>Group</i>		
<b>30.09.19</b>						<b>30.09.19</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>								
		1 434	- Loans to and claims on customers at fair value					1 434
	4 263	364	- Certificates, bonds and equities at fair value		4 313			364
<b>Financial assets available for sale</b>								
		9 904	- Mortgages					
	50		- Financial derivatives				50	
<b>0</b>	<b>4 313</b>	<b>11 702</b>	<b>Total assets</b>	<b>0</b>	<b>4 363</b>			<b>1 798</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at fair value through profit</b>								
		21	- Debt issuance of securities				21	
<b>0</b>	<b>21</b>	<b>21</b>	<b>Total liabilities</b>	<b>0</b>	<b>21</b>			<b>0</b>
<b>Changes in instruments classified in Level 3</b>								
<b>Shares</b>	<b>Loans</b>	<b>Total</b>	<b>Changes in instruments classified in Level 3</b>	<b>Shares</b>	<b>Loans</b>	<b>Total</b>		
358	11 785	12 143	Opening balance	358	1206	1 564		
	-2 194	-2 194	Payment loan/sale of shares		-144	-144		
	1 723	1 723	New loans		348	348		
6	24	30	Value change	6	24	30		
<b>364</b>	<b>11 338</b>	<b>11 702</b>	<b>Financial instruments valued on Level 3</b>	<b>364</b>	<b>1 434</b>	<b>1 798</b>		

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

## NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>		
<b>30.09.19</b>				<b>30.09.19</b>		
<b>Nominal value</b>	<b>Market value</b>			<b>Nominal value</b>	<b>Market value</b>	
	<b>Assets</b>	<b>Commitments</b>			<b>Assets</b>	<b>Commitments</b>
<b>Total</b>				<b>Total</b>		
1 235	0	21	Interest rate swaps- fixed interest rate loans	1 235	0	21
75	0	0	Interest rate swaps- bank deposits with share Yield	75	0	0
<b>1 310</b>	<b>0</b>	<b>21</b>	<b>Total financial derivatives</b>	<b>1 310</b>	<b>0</b>	<b>21</b>
2 500	50	0	Interest rate swaps – fixed interest rate with hedging	2 500	50	0
<b>2 500</b>	<b>50</b>	<b>0</b>	<b>Total financial derivatives with hedging</b>	<b>2 500</b>	<b>50</b>	<b>0</b>

Net presentation of financial assets and liabilities

<i>Parent bank</i>				<i>Group</i>		
<b>30.09.18</b>				<b>30.09.18</b>		
<b>Nominal value</b>	<b>Market value</b>			<b>Nominal value</b>	<b>Market value</b>	
	<b>Assets</b>	<b>Commitments</b>			<b>Assets</b>	<b>Commitments</b>
<b>Total</b>				<b>Total</b>		
980	0	14	Interest rate swaps- fixed interest rate loans	980	0	14
75	0	0	Interest rate swaps- bank deposits with share Yield	75	0	0
<b>1 055</b>	<b>0</b>	<b>14</b>	<b>Total financial derivatives</b>	<b>1 055</b>	<b>0</b>	<b>14</b>
2 500	87		Interest rate swaps – fixed interest rate with hedging	2 500	87	0
<b>2 500</b>	<b>87</b>	<b>0</b>	<b>Total financial derivatives with hedging</b>	<b>2 500</b>	<b>87</b>	<b>0</b>

<i>Parent bank and group</i>					
<b>30.09.19</b>					
	<b>Gross financial assets</b>	<b>Financial assets that are recognized net</b>	<b>Net financial assets in the balance sheet</b>	<b>Financial instruments</b>	<b>Net</b>
Derivaives carried as assets	50	0	50	-21	29
Derivaives carried as liabilities	21	0	21	-21	0

<i>Parent bank and group</i>					
<b>30.09.18</b>					
	<b>Gross financial assets</b>	<b>Financial assets that are recognized net</b>	<b>Net financial assets in the balance sheet</b>	<b>Financial instruments</b>	<b>Net</b>
Derivaives carried as assets	87	0	87	-14	73
Derivaives carried as liabilities	14	0	14	-14	0

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



## NOTE 17. SECURITIES ISSUED

<i>Parent bank</i>				<i>Group</i>	
31.12.18	30.09.19	(MNOK)		30.09.19	31.12.18
5 009	4 504	Bonds, nominal value		11 355	11 502
25	14	Value adjustments		10	21
24	38	Accrued interest		48	33
<b>5 058</b>	<b>4 556</b>	<b>Total securities</b>		<b>11 413</b>	<b>11 556</b>

<b>Change in securities issued</b>					<i>Group</i>
	31.12.18	Issued	Matured/redeemed	Other change	30.09.19
Bonds, nominal value	11 502	2 974	-3 117	-4	11 355
Value adjustments	21			-11	10
Accrued interest	33			15	48
<b>Total</b>	<b>11 556</b>	<b>2 974</b>	<b>-3 117</b>	<b>-</b>	<b>11 413</b>

<b>Change in subordinated debt</b>					<i>parent bank</i>
	31.12.18	Issued	Matured/redeemed	Other change	30.09.19
Bonds, nominal value	5 009	1 373	-1 875	-3	4 504
Value adjustments	25			-11	14
Accrued interest	24			14	38
<b>Total</b>	<b>5 058</b>	<b>1 373</b>	<b>-1 875</b>	<b>-</b>	<b>4 556</b>

<b>Change in securities issued</b>					<i>Group/Parent bank</i>
	31.12.18	Issued	Matured/redeemed	Other change	30.09.19
equity and related capital, nominal value	450				450
Value adjustments	-1				-1
Accrued interest	2				2
<b>Total</b>	<b>452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452</b>

<b>Accounted value</b>				<i>Group</i>
			30.09.19	31.12.18
Bonds, amortized cost			8 869	9 186
Bonds, hedging			2 544	2 370
<b>Total debt securities</b>			<b>11 413</b>	<b>11 556</b>

<b>Accounted value</b>				<i>Parent bank</i>
			30.09.19	31.12.18
Bonds, amortized cost			2 012	2 688
Bonds, hedging			2 544	2 370
<b>Total debt securities</b>			<b>4 556</b>	<b>5 058</b>

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

<i>Parent bank</i>								<i>Group</i>	
%	30.09.18	%	30.09.19		30.09.19	%	30.09.18	%	
89.6 %	15 702	90.3 %	17 084	Helgeland	16 657	90.1 %	15 257	89.3 %	
9.7 %	1 698	9.0 %	1 702	Areas other than Helgeland	1 702	9.2 %	1 698	9.9 %	
0.7 %	122	0.7 %	138	International	138	0.7 %	122	0.7 %	
<b>100 %</b>	<b>17 522</b>	<b>100 %</b>	<b>18 924</b>	<b>Total</b>	<b>18 497</b>	<b>100 %</b>	<b>17 077</b>	<b>100 %</b>	

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

<i>Parent bank</i>				<i>Group</i>				
%	30.09.18	%	30.09.19		30.09.19	%	30.09.18	%
3.7 %	644	3.5 %	661	Financial institutions	235	1.3 %	199	1.2 %
10.0 %	1 755	10.7 %	2 026	Municipalities and municipal ente	2 026	11.0 %	1 755	10.3 %
1.9 %	335	2.0 %	381	Agriculture and forestry	380	2.1 %	335	2.0 %
5.1 %	892	5.4 %	1 014	Fisheries and aquaculture	1 014	5.5 %	892	5.2 %
1.0 %	180	1.2 %	225	Mining and industry	225	1.2 %	180	1.1 %
3.4 %	595	3.4 %	635	Building and construction	635	3.4 %	595	3.5 %
2.5 %	431	2.1 %	402	Trade, hotel, restaurants.	402	2.2 %	431	2.5 %
10.3 %	1 803	10.2 %	1 924	Transport and services	1 924	10.4 %	1 804	10.6 %
5.4 %	950	7.0 %	1 318	Property, property development	1 318	7.1 %	949	5.6 %
43.3 %	7 585	45.4 %	8 586	Total corporate market	8 159	44.1 %	7 140	41.8 %
56.7 %	9 937	54.6 %	10 338	Retail market	10 338	55.9 %	9 937	58.2 %
<b>100 %</b>	<b>17 522</b>	<b>100 %</b>	<b>18 924</b>	<b>Total</b>	<b>18 497</b>	<b>100 %</b>	<b>17 077</b>	<b>100 %</b>

## NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

<b>Per 30.09.19</b>	<b>Numbers</b>	<b>% share</b>	<i>Parent bank</i>		
			<b>Numbers</b>	<b>% share</b>	
Sparebankstiftelsen Helgeland	7 315 020	35.0 %	Catilina Invest AS	314 046	1.5 %
Pareto AS	1 949 392	9.3 %	VPF Nordea Avkastning	240 370	1.2 %
VPF Nordea Norge	1 407 987	6.7 %	VPF Nordea Kapital	238 245	1.1 %
VPF Eika Egenkapital	742 425	3.6 %	Apollo Asset Limited	181 749	0.9 %
Merrill Lynch Prof.	659 489	3.2 %	Melum Mølle AS	177 000	0.8 %
Bergen Kommunale Pensjon.	550 000	2.6 %	Vigner Olaisen AS	144 653	0.7 %
U.S Bank National Association	522 573	2.5 %	DNB Markets Aksjehandel/-an	140 000	0.7 %
Lamholmen Invest AS	464 491	2.2 %	Melesio Capital AS	137 188	0.7 %
MP Pensjon PK	462 203	2.2 %	VPF Nordea Norge Pluss	123 527	0.6 %
Helgeland Kraft AS	377 691	1.8 %	Nervik Steffen	120 000	0.6 %
<b>Total 10 biggest owners</b>	<b>14 451 271</b>	<b>69.2 %</b>	<b>Total 20 biggest owners</b>	<b>16 268 049</b>	<b>77.9 %</b>

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

## NOTE 21. CAPITAL ADEQUACY

Parent bank				Group		
31.12.18	30.09.18	30.09.19		30.09.19	30.09.18	31.12.18
208	208	208	ECC-capital	209	208	208
971	971	971	Premium Fund	971	971	971
-2	-2	-1	Own ECCs	-1	-2	-2
299	299	299	Hybrid capital (CB)	299	299	299
<b>1 476</b>	<b>1 476</b>	<b>1 477</b>	<b>Total paid-in capital</b>	<b>1 478</b>	<b>1 476</b>	<b>1 476</b>
558	540	547	Savings Bank's fund	547	540	558
440	425	440	Reserve for unrealized gains	440	425	440
33	25	22	Donations Fund	22	25	33
710	654	710	Dividend equalisation reserve	710	654	710
33	0	0	Cash dividend	0	0	33
0	0	0	Other equity capital	70	61	70
<b>1 774</b>	<b>1 644</b>	<b>1 719</b>	<b>Total accrued equity capital</b>	<b>1 789</b>	<b>1 705</b>	<b>1 844</b>
<b>3 250</b>	<b>3 120</b>	<b>3 196</b>	<b>Total equity capital</b>	<b>3 267</b>	<b>3 181</b>	<b>3 320</b>
-299	-299	-299	Hybrid capital (CB)	-299	-299	-299
-74	-90	-88	Shares in financial institutions	-84	-85	-68
-102	-62	-67	Cash dividend /gifts employee	-67	-63	-102
<b>2 775</b>	<b>2 669</b>	<b>2 742</b>	<b>Total core tier one</b>	<b>2 817</b>	<b>2 734</b>	<b>2 851</b>
-16	-16	-18	Shares in financial institutions	-17	-16	-14
0	0	0	Other	0	0	0
299	299	299	Hybrid capital (CB)	299	299	299
<b>3 058</b>	<b>2 952</b>	<b>3 023</b>	<b>Total core capital</b>	<b>3 099</b>	<b>3 017</b>	<b>3 136</b>
451	451	451	Subordinatet dept	451	451	451
0	-1	0	Shares in financial institutions	0	-1	0
0	0	0	Other	0	0	0
<b>451</b>	<b>450</b>	<b>451</b>	<b>Total net supplementary capital</b>	<b>451</b>	<b>450</b>	<b>451</b>
<b>3 509</b>	<b>3 402</b>	<b>3 474</b>	<b>Total net equity and related capital</b>	<b>3 550</b>	<b>3 467</b>	<b>3 587</b>
16 950	16 886	17 428	Weight assets calculation basis *)	18 816	18 074	18 310
16.37 %	15.81 %	15.73 %	Core tier one Capital ratio in%	14.97 %	15.13 %	15.57 %
18.04 %	17.48 %	17.35 %	Core capital ratio in%	16.47 %	16.69 %	17.13 %
20.70 %	20.15 %	19.94 %	Total Capital ratio in%	18.87 %	19.18 %	19.59 %
			Total core tier one including cooperative group	2 913	2 810	2 923
			Total core capital including cooperative group	3 226	3 118	3 232
			<b>Total net equity and related capital including cooperative group</b>	<b>3 698</b>	<b>3 586</b>	<b>3 700</b>
			Weight assets calculation basis including cooperative group	19 674	18 859	19 174
			<b>Including cooperative group</b>			
			Core tier one Capital ratio, after proportionally consolidation in%	14.80 %	14.90 %	15.25 %
			Core capital ratio, after proportionally consolidation in%	16.40 %	16.53 %	16.86 %
			Total Capital ratio, after proportionally consolidation in%	18.79 %	19.01 %	19.30 %

31.12.18	30.09.18	30.09.19	Calculation basis	30.09.19	30.09.18	31.12.18
0	0	0	States and central banks	0	0	0
240	276	312	Local and regional authorities (including municipalities)	312	276	240
393	365	438	Institutions	218	154	172
1 696	1 707	1 863	Enterprises	1 863	1 707	1 696
1 067	1 071	1 074	Mass market loans	1 032	1 043	1 022
9 605	9 654	9 428	Loans secured by real property	12 269	12 229	12 331
530	437	860	Loans overdue	886	437	545
763	739	799	Covered bonds	114	116	114
0	0	0	Units in securities funds	0	0	0
1 213	1 309	1 215	Equity positions	610	734	630
155	121	144	Other loans and commitments	168	191	220
<b>15 662</b>	<b>15 680</b>	<b>16 134</b>	<b>Capital requirement credit risk</b>	<b>17 470</b>	<b>16 888</b>	<b>16 970</b>
1 268	1 188	1 268	Capital requirement operational risk	1 320	1 168	1 320
20	18	26	Deducted from capital requirement	26	18	20
<b>16 950</b>	<b>16 886</b>	<b>17 428</b>	<b>Total capital requirement</b>	<b>18 816</b>	<b>18 074</b>	<b>18 310</b>

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

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

Parent bank					Group					
31.12.18	Q3/18	Q3/19	30.09.18	30.09.19	30.09.19	30.09.18	Q3/19	Q3/18	31.12.18	
2.94	2.88	3.34	2.91	3.20	Interest receivable and similar income	3.21	2.93	3.41	2.89	2.95
1.11	1.08	1.42	1.09	1.33	Interest payable and similar costs	1.46	1.18	1.58	1.19	1.21
<b>1.83</b>	<b>1.79</b>	<b>1.92</b>	<b>1.82</b>	<b>1.87</b>	<b>Net interest- and credit commission income<sup>2</sup></b>	<b>1.75</b>	<b>1.75</b>	<b>1.83</b>	<b>1.70</b>	<b>1.74</b>
0.37	0.36	0.40	0.36	0.39	Commissions receivable and income from banking services	0.32	0.30	0.33	0.29	0.31
0.04	0.03	0.04	0.03	0.05	Commissions payable and costs relating to banking services	0.04	0.03	0.04	0.02	0.03
<b>0.34</b>	<b>0.33</b>	<b>0.36</b>	<b>0.33</b>	<b>0.34</b>	<b>Net commission income</b>	<b>0.28</b>	<b>0.27</b>	<b>0.29</b>	<b>0.27</b>	<b>0.28</b>
0.35	-0.01	0.09	0.47	0.34	Gains/losses on financial assets available for sale	0.06	0.18	0.07	-0.01	0.15
0.07	0.10	0.03	0.06	0.03	Other operating income	0.01	0.04	0.01	0.07	0.05
1.04	1.04	1.02	1.04	1.04	Operating costs	0.87	0.88	0.87	0.86	0.88
0.93	0.30	0.24	0.55	0.18	Losses on loans, guarantees etc. and fixed assets	0.15	0.46	0.21	0.24	0.77
<b>0.61</b>	<b>0.87</b>	<b>1.12</b>	<b>1.08</b>	<b>1.36</b>	<b>Gross profit</b>	<b>1.08</b>	<b>0.91</b>	<b>1.12</b>	<b>0.92</b>	<b>0.57</b>
0.07	0.15	0.27	0.15	0.26	Tax payable on ordinary profit	0.25	0.17	0.26	0.17	0.11
<b>0.54</b>	<b>0.73</b>	<b>0.85</b>	<b>0.93</b>	<b>1.10</b>	<b>Net profit</b>	<b>0.83</b>	<b>0.73</b>	<b>0.86</b>	<b>0.75</b>	<b>0.46</b>

## PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

### Resultatregnskap (tall i mill. kr.)

Morbank					Konsern					
Q3/18	Q4/18	Q1/19	Q2/19	Q3/19		Q3/19	Q2/19	Q1/19	Q4/18	Q3/18
194	206	206	215	235	Renteinntekter og lignende inntekter	291	265	257	252	238
73	80	82	90	100	Rentekostnader og lignende kostnader	135	120	115	107	98
<b>121</b>	<b>126</b>	<b>124</b>	<b>125</b>	<b>135</b>	<b>Netto rente- og kredittprovisjonsinntekter</b>	<b>156</b>	<b>145</b>	<b>142</b>	<b>145</b>	<b>140</b>
24	27	26	26	28	Provisjonsinntekter og inntekter fra banktjenester	28	26	29	27	24
2	3	3	4	3	Provisjonsinntekter og kostnader ved banktjenester	3	4	3	3	2
<b>22</b>	<b>24</b>	<b>23</b>	<b>22</b>	<b>25</b>	<b>Netto provisjonsinntekter</b>	<b>25</b>	<b>22</b>	<b>24</b>	<b>24</b>	<b>22</b>
-1	0	57	6	6	Netto verdiend. og gevinst/tap på fiansielle instrum.	6	5	4	4	-1
7	5	2	3	2	Andre driftsinntekter	1	0	2	6	6
70	70	70	72	72	Driftskostnader	74	72	73	74	71
20	138	5	15	17	Tap på utlån, garantier m.v.	18	15	5	138	20
<b>59</b>	<b>-53</b>	<b>131</b>	<b>69</b>	<b>79</b>	<b>Resultat før skatt</b>	<b>96</b>	<b>85</b>	<b>93</b>	<b>-34</b>	<b>76</b>
10	-10	19	15	19	Skatt på ordinært resultat	22	20	22	-6	14
<b>49</b>	<b>-43</b>	<b>112</b>	<b>54</b>	<b>60</b>	<b>Resultat etter skatt</b>	<b>73</b>	<b>66</b>	<b>71</b>	<b>-28</b>	<b>62</b>

Morbank					Konsern					
Q3/18	Q4/18	Q1/19	Q2/19	Q3/19		Q3/19	Q2/19	Q1/19	Q4/18	Q3/18
2.88	3.02	3.11	3.13	3.34	Renteinntekter og lignende inntekter	3.41	3.14	3.15	3.05	2.89
1.08	1.17	1.24	1.31	1.42	Rentekostnader og lignende kostnader	1.58	1.42	1.41	1.30	1.19
<b>1.79</b>	<b>1.85</b>	<b>1.87</b>	<b>1.82</b>	<b>1.92</b>	<b>Netto rente- og kredittprovisjonsinntekter</b>	<b>1.83</b>	<b>1.72</b>	<b>1.74</b>	<b>1.75</b>	<b>1.70</b>
0.36	0.40	0.40	0.38	0.40	Provisjonsinntekter og inntekter fra banktjenester	0.33	0.31	0.32	0.33	0.29
0.03	0.04	0.05	0.06	0.04	Provisjonsinntekter og kostnader ved banktjenester	0.04	0.05	0.04	0.04	0.02
<b>0.33</b>	<b>0.35</b>	<b>0.35</b>	<b>0.32</b>	<b>0.36</b>	<b>Netto provisjonsinntekter</b>	<b>0.29</b>	<b>0.26</b>	<b>0.28</b>	<b>0.29</b>	<b>0.27</b>
-0.01	0.00	0.86	0.09	0.09	Netto verdiend. og gevinst/tap på fiansielle instrum.	0.07	0.06	0.05	0.05	-0.01
0.10	0.07	0.03	0.04	0.03	Andre driftsinntekter	0.01	0.02	0.02	0.07	0.07
1.04	1.03	1.06	1.05	1.02	Driftskostnader	0.87	0.85	0.89	0.90	0.86
0.30	2.02	0.08	0.22	0.24	Tap på utlån, garantier m.v.	0.21	0.18	0.06	1.67	0.24
<b>0.87</b>	<b>-0.78</b>	<b>1.98</b>	<b>1.01</b>	<b>1.12</b>	<b>Resultat før skatt</b>	<b>1.12</b>	<b>1.01</b>	<b>1.14</b>	<b>-0.41</b>	<b>0.92</b>
0.15	-0.15	0.29	0.22	0.27	Skatt på ordinært resultat	0.26	0.23	0.27	-0.07	0.17
<b>0.73</b>	<b>-0.63</b>	<b>1.69</b>	<b>0.79</b>	<b>0.85</b>	<b>Resultat etter skatt</b>	<b>0.86</b>	<b>0.78</b>	<b>0.87</b>	<b>-0.33</b>	<b>0.75</b>

Morbank					Konsern					
Q3/18	Q4/18	Q1/19	Q2/19	Q3/19		Q3/19	Q2/19	Q1/19	Q4/18	Q3/18
<b>EIENDELER</b>										
79	82	73	91	73	Kontanter og fordringer på sentralbanker	73	91	73	82	78
1 149	1 170	1 166	1 229	1 355	Utlån til og fordringer på kredittinstitusjoner	702	594	651	461	520
20 294	20 289	20 367	20 548	20 535	Utlån til og fordringer på kunder	28 141	28 125	27 802	27 614	27 254
87	54	71	53	50	Finansielle derivater	50	53	71	54	87
4 243	4 132	4 064	4 649	4 628	Sertifikater, obligasjoner og aksjer tilgj. for salg	4 678	4 674	4 089	4 157	4 293
371	382	384	365	370	Investeringer i tilknyttede selskaper	370	365	385	382	371
595	595	595	610	610	Investeringer i datterselskaper	0	0	0	0	0
15	11	11	13	13	Utsatt skattefordel	17	17	15	15	19
66	69	68	70	71	Varige driftsmidler	131	131	132	133	138
42	70	162	74	61	Andre eiendeler	73	87	138	71	42
<b>26 941</b>	<b>26 854</b>	<b>26 961</b>	<b>27 702</b>	<b>27 766</b>	<b>Sum eiendeler*</b>	<b>34 235</b>	<b>34 137</b>	<b>33 356</b>	<b>32 969</b>	<b>32 802</b>
<b>GJELD OG EGENKAPITAL</b>										
501	250	250	250	250	Gjeld til kredittinstitusjoner	252	252	252	252	502
17 522	17 718	17 730	18 757	18 924	Innskudd fra og gjeld til kunder	18 497	18 324	17 271	17 248	17 077
5 035	5 058	5 002	4 700	4 556	Gjeld stiftet ved utstedelse av verdipapirer	11 413	11 542	11 837	11 556	11 267
14	22	27	27	21	Finansielle derivater	21	27	27	22	14
118	104	172	148	141	Andre forpliktelses	125	130	162	118	134
451	451	451	451	452	Fondsobligasjon	451	451	451	451	451
<b>23 641</b>	<b>23 603</b>	<b>23 632</b>	<b>24 333</b>	<b>24 344</b>	<b>Sum gjeld</b>	<b>30 759</b>	<b>30 726</b>	<b>30 000</b>	<b>29 647</b>	<b>29 445</b>
1 178	1 178	1 178	1 178	1 179	Innskutt egenkapital	1 179	1 178	1 178	1 178	1 178
291	299	299	299	299	Hybridkapital	299	299	299	299	291
1 644	1 774	1 740	1 726	1 718	Opptjent egenkapital	1 785	1 795	1 806	1 843	1 710
187	0	112	166	226	Resultat etter skatt	211	137	71	0	176
					Minoritetsinteresse	2	2	2	2	2
<b>3 300</b>	<b>3 251</b>	<b>3 329</b>	<b>3 369</b>	<b>3 422</b>	<b>Sum egenkapital</b>	<b>3 476</b>	<b>3 411</b>	<b>3 356</b>	<b>3 322</b>	<b>3 357</b>
<b>26 941</b>	<b>26 854</b>	<b>26 961</b>	<b>27 702</b>	<b>27 766</b>	<b>Sum gjeld og egenkapital</b>	<b>34 235</b>	<b>34 137</b>	<b>33 356</b>	<b>32 969</b>	<b>32 802</b>

## OTHER KEY FIGURES

Parent bank			Group			
31.12.18	30.09.18	30.09.19	30.09.19	30.09.18	31.12.18	
<b>BALANCE SHEET</b>						
<b>Development in the last 9 months</b>						
	0.7	3.4	Total assets	3.8	3.0	
	2.7	1.0	Gross lending	1.7	3.4	
	0.6	6.8	Customer deposits	7.2	0.6	
<b>Development in the last 12 months</b>						
0.4	3.7	3.1	Total assets <sup>9</sup>	4.4	6.1	3.5
3.3	3.4	1.6	Gross lending <sup>6</sup>	3.5	6.2	5.2
1.7	0.6	8.0	Customer deposits <sup>7</sup>	8.3	2.1	1.6
85.7	85.3	90.7	Deposit coverage as a percentage of gross loans <sup>5</sup>	64.9	62.1	61.6
55.2	56.2	54.3	Lending to retail customers	66.1	66.9	66.6
26 830	26 759	27 438	Average assets <sup>10</sup>	33 849	32 218	32 443
20 669	20 545	20 874	Gross loans <sup>4</sup>	28 481	27 506	27 995
<b>SOLIDITY</b>						
16.4	15.8	15.7	Core tier one Capital ratio	15.0	15.1	15.6
18.0	17.5	17.3	Core Capital ratio	16.5	16.7	17.1
20.7	20.1	19.9	Total Capital ratio <sup>21</sup>	18.9	19.2	19.6
			Core tier one Capital ratio, after proportionally consolidation in%	14.8	14.9	15.2
			Core capital ratio, after proportionally consolidation in%	16.4	16.5	16.9
			Total Capital ratio, after proportionally consolidation in%	18.8	19.0	19.3
8.9	8.6	8.5	Leverage ratio <sup>22</sup>	8.8	8.9	9.2
4.4	7.6	9.0	Rate of return on equity capital <sup>1</sup>	8.2	7.2	4.6
4.4	8.0	9.4	Rate of return on equity capital (excl. hybrid capital)	8.5	7.5	4.6
0.5	0.9	1.1	Return on assets	0.8	0.7	0.5
<b>KEY FIGURES PCC</b>						
4.8	6.5	7.9	Yield per primary certificate <sup>16</sup>	7.3	6.2	5.0
4.8	6.5	7.9	Diluted result per ECC, in Norwegian currency	7.3	6.2	5.0
76.3	76.3	76.4	ECCs split (01.01) <sup>18</sup>	76.4	76.3	76.3
108	110	115	Equity capital per ECC <sup>17</sup>	117	112	110
69.5	84.5	80.5	PCC price quoted on the stock exchange	80.5	84.5	69.5
14.4	9.7	7.7	P/E (price divided by profit per ECC) <sup>19</sup>	8.3	10.3	13.9
0.6	0.8	0.7	P/B (price divided by book value of equity capital) <sup>20</sup>	0.7	0.8	0.6
40.3	38.9	40.4	Costs as a percentage of income <sup>3</sup>	41.2	39.2	39.7
1.0	1.0	1.0	Cost in percent of average total assets	0.9	0.9	0.9
150	152	150	Number of man-years	150	152	150
<b>LOSSES ON LOANS AND GROSS DEFAULTS</b>						
As a percentage of gross lending:						
1.5	1.8	1.4	Gross defaults over 90 days <sup>13</sup>	1.0	1.3	1.1
0.8	1.1	1.3	Total loan loss provision	0.9	0.9	0.6
1.2	0.7	0.2	Losses on lending <sup>12</sup>	0.2	0.5	0.9

17) Percentage of equity excl. Hybrid capital

## OTHER CALCULATIONS

Parent bank				Group		
31.12.18	30.09.18	30.09.19	(Figures in MNOK and %)	30.09.19	30.09.18	31.12.18
			<b>Operating costs, adjusted for one-time effects</b>			
279	209	214	Operating costs	219	212	286
0	0	0	One-time effects	0	0	0
<b>279</b>	<b>209</b>	<b>214</b>	<b>Operating costs, adjusted for one-time effects</b>	<b>219</b>	<b>212</b>	<b>286</b>
1.04 %	1.04 %	0.86 %	Operating costs in % of BTA, adjusted for one-time effects	0.87 %	0.88 %	0.88 %
40.3 %	38.9 %	40.4 %	Operating costs in % of income, adjusted for one-time effects	41.2 %	39.1 %	39.7 %
144	187	226	Profit	210	177	149
-12	-8	-11	Paid interests subordinated bonds	-11	-8	-12
132	179	215	Net profit, incl. Interests subordinated bonds	199	169	137
0	0	0	one-time effect pension	0	0	0
132	179	215	Profit, adjusted for one-time effects	199	169	137
144	250	302	Profit (annualized)	281	237	149
132	239	287	Profit (annualized), eks one-time effects and incl. interests subordi	266	226	137
3 285	3 280	3 365	Average equity	3 417	3 294	3 268
-299	-299	-299	Average subordinated bonds	-299	-299	-299
2 986	2 981	3 066	Average equity adjusted for subordinated bonds	3 118	2 995	2 969
<b>4.4 %</b>	<b>7.6 %</b>	<b>9.0 %</b>	<b>ROE</b>	<b>8.2 %</b>	<b>7.2 %</b>	<b>4.6 %</b>
<b>4.4 %</b>	<b>8.0 %</b>	<b>9.4 %</b>	<b>ROE adjusted for one-time effects and interests FO11</b>	<b>8.5 %</b>	<b>7.5 %</b>	<b>4.6 %</b>
144	187	226	Profit	210	177	149
144	250	302	Profit (annualized)	281	237	149
132	239	287	Profit (annualized), eks one-time effects and subordinated bonds	266	226	137
26 830	26 759	27 438	Average assets	33 849	32 218	32 443
<b>0.5 %</b>	<b>0.9 %</b>	<b>1.1 %</b>	<b>Return on assets (annualized)</b>	<b>0.8 %</b>	<b>0.7 %</b>	<b>0.5 %</b>
<b>0.5 %</b>	<b>0.9 %</b>	<b>1.0 %</b>	<b>Return on assets (annualized) adjusted for one-time effects</b>	<b>0.8 %</b>	<b>0.7 %</b>	<b>0.4 %</b>
3 058	2 947	3 023	CET1	3 099	3 013	3 136
34 500	34 433	35 738	Unweighted calculation basis	35 183	33 861	33 997
<b>8.9 %</b>	<b>8.6 %</b>	<b>8.5 %</b>	<b>Leverage ratio</b>	<b>8.8 %</b>	<b>8.9 %</b>	<b>9.2 %</b>

APM (Alternative performance measures)

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

Definitions key figures:

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

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

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



## **Information concerning Helgeland Sparebank**

### **Head Office**

Postal address	Postboks 68, 8601 Mo i Rana
Office address	Jernbanegata 15, 8622 Mo i Rana
Telephone	+ 47 75 11 90 00
Website	<a href="http://www.hsb.no">www.hsb.no</a>
Organisation number	937904029

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

Stein Andre Herigstad-Olsen, Chair man  
Bjørn Audun Risøy, Deputy Chair man  
Marianne Terese Steinmo  
Nils Terje Furunes  
Siw Moxness  
Tone Helen Hauge  
Birgitte Lorentzen  
Geir Pedersen

### **Management**

Hanne Nordgaard, Chief Executive Officer

### **Investor Relations**

Sverre Klausen, Chief Financial Officer tel: + 47 916 88 286  
Tore Stamnes, Head of Treasury tel: + 47 415 08 660

### **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)