

**Q4**  
**2016**

***financial report***  
***fourth quarter 2016***



## Helgeland Sparebank

Provisional accounts Q4 2016

### General information

Helgeland Sparebank is an independent savings bank determined to be the leading bank and a driving force for growth in Helgeland. Helgeland Sparebank is the only bank with a head office in the region and has a solid equity. The bank's strong market position combined with professional expertise, competitive prices and solid capital makes the bank well prepared to meet the competition. The bank has 12 offices in 12 municipalities in Helgeland and is the 12th largest savings bank in Norway.

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

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

- Good profitability in the bank's basic operations with increased net interest in NOK and percent
- Significant profit share from Helgeland Invest AS
- One-time effect from conversing to defined contribution in Q1
- Gains from sale of Visa Q2
- Good lending and deposit growth to both retail and corporate customers
- Successful private placement and repair placement owner's share capital
- Completed emission subordinated bonds
- Solid capital adequacy after emissions

The HSB group has a gross profit of MNOK 452 (280). The earnings give an annual net ROE of 13.0 (9.3) %. The EPS is NOK 13.5 (8.4).

A NOK 41.9 (37.4) % pay-out ratio is suggested, which gives a cash dividend of NOK 3.75 per equity certificate (EC). As earlier communicated, one time effect pension is entirely supplied equity. The bank's EC's is noted exclusive dividend 30.03.17.

Hanne J. Nordgaard is appointed new CEO from 01.09.17.

### Result so far this year

#### Key figures:

(Comparison per 31.12.15)

- Net interest 1.84 (1.76) %
- Costs in percent of BTA 0.96 (1.03) %
- Write-downs on lending 0.13 (0.12) %

- 12-month lending growth 9.8 (8.2) %
- 12-month deposit growth 12.2 (5.0) %
- CET1 ratio 16.1 (15.2) %
- Capital ratio 20.5 (18.4) %

### **The net interest**

Net interest income was 520 (463) million or 1.84 (1.76) % of average assets. This is an increase of MNOK 57 compared with the corresponding period last year. The bank has managed to maintain net interest income over the past year despite the generally low interest rates and strong competition. (Interest on covered bonds is from 2016 booked against equity. Previously interest at covered bonds was posted as interest. This has improved the net interest rate in the first half with 4 bp compared with last year.)

### **Net commission earnings**

The net commission earnings were MNOK 85 (87) or 0.30 (0.33) % of the average total assets. The bank's ownership in product companies provides the bank with a complete product and service range. The bank owns 7.9 % of the insurance company Frende Holding AS. In the leasing company Brage Finans AS, Helgeland Sparebank's owner share is 10 % and in the brokerage Norne 7.4 %. Commission from insurance is MNOK 18.0 (16.8).

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

Net income from financial instruments was MNOK 74 (21). Profit share from associated companies was MNOK 51 (27.), where the income from the Helgeland Invest group is included with MNOK 50 and Rede Eiendomsmevling with MNOK 1. In addition, the bank has received dividend from Frende, MNOK 6. Sales of HSB stake in Visa Europe resulted in a gain of MNOK 14 in Q2.

### **Operating costs**

Total operating costs were MNOK 271 (270). The banks planned downsizing process at 11 FTEs in 2016 is completed. The Bank will continue to adapt the workforce in line with changes in customer behaviour and technological development.

Is has in December 2016 been given extra contribution to employees and allocation of EC's totalling MNOK 2.4. This has contributed to higher costs in the last quarter. The cost growth in 2016 was MNOK 1.4 or 0.5 %.

All bank employees with defined benefit scheme were transferred to a defined contribution pension scheme with effect from 01.03.16. This resulted in a onetime gain by MNOK 74 recognized in 2016. The transition from defined benefit to defined contribution plan will primarily provide more

predictable pension costs, but will also provide future savings.

The operating costs in per cent of average total assets was 0.96 (1.03) %, and costs in percent of earnings was 39.6 (46.4) %.

The bank's absence due to sickness is at 5.0 (4.1) % which is slightly higher than the same period last year.

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

Write-downs on loans to customers and guarantees amounts to MNOK 36 (32) and the underlying entries are an increase write-down at corporate market loans of MNOK 29 and an increase in group write-downs of MNOK 8. The group write-downs are mainly increased as a result of growth in the bank's loans, and are based on an overall assessment of the (PD/LGD) modell, the solvency development in the retail market, and the defaults.

#### **Earnings in Q4**

In this quarter, profit before tax was 85 (92) million. Compared with 4<sup>th</sup> quarter 2015, net interest has increased by MNOK 13 while income from financial investments is reduced by MNOK 11. Write-downs on lending is increased by MNOK 8.

#### **Key figures Q4**

- Profit before tax MNOK 85 (92)
- Net interest 1.82 (1.77) %
- Costs in percent of BTA 0.98 (1.08) %
- Write-downs on lending 0.27 (0.18) %
- 3-month lending growth 1.6 (1.9) %
- 3-month deposit growth 3.3 (2.3) %

Loan growth is slightly lower than the corresponding period last year but deposit growth is 1 %-point higher.

#### **Dividend policy and management of surplus**

According to the bank's dividend policy, up to half of the EC owner's share of the surplus can be paid as dividends, and equally up to half of the primary capital fund's share can be paid as gifts or transferred to foundation(s). The remaining part of the surplus is transferred to the adjustment fund and the primary capital fund respectively. The bank's strategy is to have a long-term and predictable dividend policy.

The parent bank's gross profit was MNOK 359. Adjusted for the fund change from unrealised profits, interest subordinated bonds and one time effect pension (which is fully supplied equity, MNOK 41.6 for the cohesion fund and MNOK 13.8 to the primary capital fund) the basis for dividends is MNOK 248.

The Board has chosen to suggest a somewhat higher dividend level for 2016. This is in line with previously given information to the market.

Suggested management of surplus:

Pay-out ratio of 41.9 (37.4) %. One time effect pension is not included in the calculation of pay-out ratio.

#### **Dividends**

- MNOK 78.3 in cash dividends, which equates to NOK 3.75 per EC
- MNOK 25.7 to gift fund/foundation

#### **Strengthening the equity**

- MNOK 150.2 to the cohesion fund, which equates to NOK 7.20 per EC
- MNOK 49.5 to the primary capital fund

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

To be able to handle the growth in Helgeland, Helgeland Sparebank completed a private placement followed with a repair placement that overall gave a net provide of MNOK 147 in 4<sup>th</sup> quarter 2016. The allocation of new EC's was done November 24<sup>th</sup> and December 16<sup>th</sup> for the repair placement. After the placement the ownership ratio has increased from 75.1 % to 76.6 %. Weighted average 75.3 %

(Hybrid capital classified as equity is not included in the calculation of ownership ratio.)

The number of EC's has after the placement increased from 18 700 000 to 20 871 427. Weighted average in 2016 was 18 941 995 EC's.

By the end of the year the number of EC owners amounts to 2 037. The 20 largest owners are noted with 79.2 % of the EC capital.

Sparebankstiftelsen Helgeland is the largest owner with 34.8 % of the ECs in HELG.

The price of the EC was per 31.12.16 NOK 81.00, which is an increase of NOK 22.00 per EC from the turn of the year.

The bank wishes to stimulate its employees to own EC's in their own company and allocated in December 65 EC's (a total of 10 142) to all full time employees as an extra contribution to the income year 2016.

#### **Balance development per 30.09.16**

The total assets constitute 29.4 bn. Over the last 12 months, total assets have increased with MNOK 2.251 or 8.3 (5.2) %.

#### **Commitments**

By the end of the year, gross lending constituted MNOK 24.748. The 12-month lending growth was MNOK 2.207 (1.714), or 9.8 (8.2) %. 84.0 (84.4) % of the HSB group's lending is to customers in Helgeland.

MNOK 16.735, or 67.6 (67.7) % of gross lending is lending to retail customers, whereof MNOK 5.629 (22.7 %) is transferred to the bank's mortgage company.

The 12-month growth in the retail market was MNOK 1.422 (1.284), or 9.3 (9.2) %.

The 12-month growth for corporate customers was MNOK 785 (429), or 10.9 (6.3) %.

The bank's credit growth reflects a market area with higher activity than the rest of the country. The growth in the retail market is in addition affected by DNB's closure of 3 out of 4 offices in Helgeland.

Both in the retail and in the corporate market, the growth has been higher than in 2015 and also higher than the national growth.

### **Deposits from customers**

By the end of the year, deposits from customers constituted MNOK 16.173. The deposits have over the last 12 months increased by MNOK 1.755 (693), or 12.2 (5.0) %. Deposit growth is good and significantly higher than the same time last year. The bank also has higher growth than the national deposit growth.

The HSB group has stable and local depositors, whereby 91.0 (91.1) % are deposits from customers in Helgeland. The 12-month deposit growth in the retail market was MNOK 520 (609), or 6.1 (7.2) %. Of total deposits at MNOK 16.173, MNOK 9 104, or 56.3 (59.5) % are deposits from retail customers. The 12-month deposit growth in the corporate market was MNOK 1 235 (84), or 21.2 (1.6) %. The bank has gained several new customers in municipal sector. It has also been significant deposit growth for existing customers in aquaculture.

The deposit ratio is good and was 65.4 (64.0) % in the HSB group, and 86.0 (80.0) % in the parent bank.

### **Funding**

Deposits from customers are of priority of funding for the bank. The volume difference between loans to customers and deposits is funded in the Norwegian money- and securities market and covered bonds issued by the Group amounts to MNOK 9.500 (9.549). In addition, the bank has signed a new loan from the Nordic Investment Bank in the third quarter.

The HSB group has a long term funding from the capital market and by the end of the quarter, the share of loans beyond one year was 88.2 (81.4) %. The average remaining term for these debt securities was 2.8 (2.5) years. Duration in the mortgage company was 3.1 years.

The bank is continually preparing for the transferral of approved mortgages to the wholly-owned mortgage company. The fixed maximum limit for transferring loans to Helgeland Boligkreditt AS is 30 % of gross lending. Per 31.12.16, 22.7 (19.5) % are transferred.

### **Rating**

Helgeland Sparebank is rated by Moody's. The bank's rating is A3 with a "stable outlook". Bonds

issued by Helgeland Boligkreditt AS are given an Aaa rating by Moody's.

### **Subsidiaries and associated companies**

The HSB group consists of Helgeland Sparebank and the consolidated subsidiaries Helgeland Boligkreditt AS, ANS Bankbygg Mo, AS Sparebankbygg, Helgeland Sparebank's Eiendomsselskap AS, Helgeland Utviklingsselskap AS, and Storgata 73 AS. The HSB group's associated companies are Helgeland Invest AS with an ownership of 48 %, and REDE Eiendomsmegling AS with an ownership of 40 %.

### **Risk and capital management**

The HSB group's combined risk is governed through proxies, targets, and frames determined by the Board of Directors. The combined capital requirement is summarised in the bank's ICAAP.

#### Credit risk

The HSB group's strategy for the credit area is derived from the overall strategy and contains guidelines for the distribution of loans between the retail and corporate markets, exposure to industries (concentration risk) and geographic limitations. Lending to retail customers consists of a high level of secure mortgages that give a low risk in the portfolio. The development in the bank's credit risk is monitored closely. The corporate customers are given individual close follow-up in addition to monitoring development of risk based on the bank's score models, as well as significant industries. It is established monitoring according to the approved targets for the portfolio.

Net non-performing (>90 days) and impaired commitment constitute MNOK 113 (75), which equals 0.5 (0.4) % of gross lending.

#### Market risk

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

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

#### Liquidity and funding

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

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

The HSB groups combined liquidity reserves (cash, deposits, and interest bearing assets) constitute NOK 3.9 (3.8) bn, or 13.2 (14.1) % of the group's total assets. The combined duration of the interest

portfolio is 2.0 (2.3) years. By the end of the year the HSB Group has a LCR of 145 %.

### **Solidity**

The HSB group has a CET1 capital ratio of 16.1 (15.2) %, which is well above the regulatory minimum requirements of 11.5 % from 1 July 2016. The T1 capital ratio was 18.7 (16.5) %, the total capital ratio 20.5 (18.4) %.

Volume subordinated bonds after deduction for emission costs are net increase of MNOK 223, totalling MNOK 443. Of this, MNOK 147 is repaid during 2017.

The HSB Group has a capital target for CET1 capital ratio at a minimum of 14.5 % and a total capital ratio at a minimum of 18.0 %.

### **Prospects ahead**

The reduced activity in the real estate market and the flattening in the real estate prices in the bank's market area that was seen in the end of last year have continued in the first quarter. Our assessment is that this is a combination of season variations and a larger market of houses and apartments in the bank's market area. In the corporate market it is still a relatively high activity. The effect of DNB's closure of offices is declining and there is overall expected a slightly lower credit growth in 2017.

After a successful completed emission that overall strengthened the bank's core capital by MNOK 147, and a subordinated bond that increases the core capital further by MNOK 80, the bank is prepared to handle profitable growth.

The competition of good retail and corporate customers makes us expect a flattening of the net interest. Uncertainty in the market that has led to fluctuations in the credit spread might affect this.

The bank has a strong sales organization. This combined with good insurance and leasing products makes us expect an unchanged level of commission income.

Finance tax affects us in line with the sector. Digitalization and changed customer behaviour gives increased investment needs. This challenges the cost level and demands further requirements for efficiency in the bank's organization.

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

House price developments in the region were in 2016 higher than the national average and in line with the county's largest city Bodø. The average increase was 9.5 % in Helgeland. This is 3.9 % higher than the price increase for detached homes nationally. Corresponding figures for apartments shows growth of 7.2 % for Helgeland, and 10.8 % nationwide.

Unemployment (total unemployed) is still low in the region with an overall vacancy rate in Helgeland of 2.1 % by the end of the year. The Nordland County had an unemployment rate of 2.3 % and the national average was 2.8 %. It is expected that the level of unemployment will remain low also in 2017. The regions challenge is the weak population growth. Without immigration, this would be negative. Combined with an increasing aging population, this provides challenges relating to actual work force.

There is still optimism in most sectors expecting a higher overall turnover growth than nationally. This is due to several factors. Despite the aquaculture disease challenges, the aquaculture companies deliver adventurous results. Although it is expected a certain reduction in prices from the highest levels, is the industry's earnings are very solid and companies continue their investments in environmental initiatives, future-oriented equipment and production methods. The development of the E6 continues with full strength in 2017 and provides local players in several industries strong order books. The export-oriented industry earnings and thus willingness to invest is affected by several external conditions like exchange rate and international macroeconomic conditions, but there is a strong focus in many parts of the industry's opportunities in the much publicized "green shift". The region has a unique industrial expertise and is rich in renewable energy. A visible challenge is to create a basis for utilizing the high power production locally. If we want to succeed, we need a good and proactive industrial policy with international good framework and investment incentives that attracts creation of new and profitable industrial establishments

Despite a somewhat subdued activity in parts of the region, we look into 2017 with positive expectation of profitable growth and moderate losses. The Bank has strengthened its position in 2016 and we will continue to work hard to fulfill our vision of being a driving force for growth in Helgeland. In this lies both the fulfilment of our society role and ability to achieve our return targets.

Mo i Rana, February 8<sup>th</sup> 2017

Ove Brattbakk  
*Chairman of the Board*

Stein Andre Herigstad-Olsen  
*Deputy Chairman of the Board*

Eva Monica Hestvik

Bjørn Audun Risøy

Inga Marie Lund

Nils Terje Furunes

Marianne Terese steinmo

Birgitte Lorentzen  
*Employee representative*

Martin Søreng  
*Employee representative*

Lisbeth Flångeng  
*CEO*

## CONTENTS

PROFIT AND LOSS ACCOUNT (amounts in NOK million).....	7
BALANCE SHEET (amounts in NOK million) .....	8
CHANGE IN EQUITY CAPITAL .....	9
CASH FLOW STATEMENT .....	10
NOTE 1. ACCOUNTING PRINCIPLES .....	11
NOTE 2. SEGMENT .....	11
NOTE 3. SPECIFICATION OF NET CHANGE IN VALUE OF FINANCIAL INSTRUMENTS.....	11
NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS .....	12
NOTE 5. LOSSES ON LOANS GUARANTEES, ETC.....	12
NOTE 6. PROFIT PER PRIMARY CERTIFICATE.....	12
NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY .....	13
NOTE 9. NET NON-PERFORMING AND IMPAIRED COMMITMENT.....	14
NOTE 10. INDIVIDUAL AND COLLECTIVE WRITE DOWNS OF LOANS AND GUARANTEES .....	14
NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS .....	14
NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES .....	15
NOTE 13. OPERATING FUNDS .....	17
NOTE 14. DISCLOSURES OF RELATED PARTIES.....	17
NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS.....	17
NOTE 16. FINANCIAL DERIVATIVES .....	19
NOTE 17. SECURITIES.....	20
NOTE 18. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS .....	21
NOTE 19. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY .....	21
NOTE 20. EQUITY CERTIFICATE CAPITAL HELG.....	21
NOTE 21. CAPITAL ADEQUACY.....	21
PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS .....	23
PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT .....	24
OTHER KEY FIGURES.....	25

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

<i>Parent bank</i>				<i>Group</i>				
Q4/15	Q4/16	31.12.15	31.12.16		31.12.16	31.12.15	Q4/16	Q4/15
196	196	814	767	Interest receivable and similar income	889	940	229	226
87	72	398	288	Interest payable and similar costs	357	465	92	102
3	3	12	12	Hedge fund fees	12	12	3	3
<b>106</b>	<b>121</b>	<b>404</b>	<b>467</b>	<b>Net interest- and credit commission income</b>	<b>520</b>	<b>463</b>	<b>134</b>	<b>121</b>
25	24	97	96	Commissions receivable and income from banking servic	96	97	24	25
3	3	10	11	Commissions payable and costs relating to banking servi	11	10	3	3
<b>22</b>	<b>21</b>	<b>87</b>	<b>85</b>	<b>Net commission income</b>	<b>85</b>	<b>87</b>	<b>21</b>	<b>22</b>
0	1	50	47	Dividend	8	1	1	0
21	21	27	51	Net profit from associates	51	27	21	21
10	0	-15	7	Net profit from other financial investments	15	-7	0	12
31	22	62	105	Gains/losses on financial assets available for sale (note 4)	74	21	22	33
1	1	15	6	Other operating income	6	11	2	2
	-2		74	Income by converting to defined contribution (note 4)	74		-2	
71	69	261	253	Operating costs (note 4)	271	270	72	74
12	19	32	35	Losses on loans, guarantees etc. (note 5)	36	32	20	12
<b>77</b>	<b>75</b>	<b>275</b>	<b>449</b>	<b>Result before tax</b>	<b>452</b>	<b>280</b>	<b>85</b>	<b>92</b>
25	15	61	90	Tax payable on ordinary result	102	72	21	22
<b>52</b>	<b>60</b>	<b>214</b>	<b>359</b>	<b>Result from ordinary operations after tax</b>	<b>350</b>	<b>208</b>	<b>64</b>	<b>70</b>
		8.6	13.8	Yield per equity capital certificate (note 6)	13.5	8.4		
		8.6	13.8	Diluted result per ECC in Norwegian currency (note 6)	13.5	8.4		
<b>Extended Income Statement</b>								
<b>52</b>	<b>60</b>	<b>214</b>	<b>359</b>	<b>Result from ordinary operations after tax</b>	<b>350</b>	<b>208</b>	<b>64</b>	<b>70</b>
<u>Items that are not subsequently reversed through profit or loss:</u>								
0	0	0	0	Estimate variances, pensions will not be reversed over th	0	0	0	0
0	0	0	0	Tax on extended profit	0	0	0	0
0	0	0	0	Net extended profit or loss items	0	0	0	0
	0			<u>Items that are not subsequently reversed through profit or loss:</u>			0	
43	22	14	10	Net change in fair value available-for-sale fin. assets	10	12	22	41
-5	1	0	0	Tax on extended profit	0	0	1	-5
38	23	14	10	Net extended profit or loss items	10	12	23	36
<b>90</b>	<b>83</b>	<b>228</b>	<b>369</b>	<b>Total result for the period</b>	<b>360</b>	<b>220</b>	<b>87</b>	<b>106</b>



## BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.12.16		31.12.16	31.12.15
<b>ASSETS</b>				
91	93	Cash and claims on central banks	93	91
1 007	1 489	Loans to and claims on credit institutions	509	510
18 201	19 057	Loans to and claims on customers (note 7,8,9,10)	24 632	22 444
127	103	Financial derivatives (note 15,16)	103	127
3 643	3 759	Certificates, bonds and shares available for sale (note 15)	3 536	3 462
267	315	Investments in associated companies (note 12)	315	267
345	444	Investments in subsidiaries (note 12)		
33	10	Deferred tax benefit	14	37
36	45	Fixed assets (note13)	123	138
52	56	Other assets	58	56
<b>23 802</b>	<b>25 371</b>	<b>Total assets</b>	<b>29 383</b>	<b>27 132</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>				
18	250	Liabilities to credit institutions	252	20
14 644	16 490	Deposits from customers and liabilities to customers (note 18,19)	16 173	14 418
6 058	4 982	Borrowings through the issuance of securities (note 17)	9 258	9 549
58	36	Financial derivatives (note 15,16)	36	58
224	150	Other liabilities	156	232
300	300	Fundbonds and subordinated loan capital	300	300
<b>21 302</b>	<b>22 208</b>	<b>Total liabilities</b>	<b>26 175</b>	<b>24 577</b>
<b>Equity capital</b>				
187	208	Equity share capital	208	187
-4	-3	Own portfolio equity share capital	-3	-4
845	971	Premium Fund	971	845
425	575	Cohesion Fund	575	425
<b>1 453</b>	<b>1 751</b>	<b>Total equity share capital</b>	<b>1 751</b>	<b>1 453</b>
466	516	Primary capital	516	466
29	40	Gift fund	40	29
<b>495</b>	<b>556</b>	<b>Total primary capital</b>	<b>556</b>	<b>495</b>
281	335	Unrealized gains reserve	335	281
219	443	Hybrid Kapital (Note 1,17)	443	219
52	78	Other equity capital	121	105
<b>2 500</b>	<b>3 163</b>	<b>Total equity capital exclusive minority interest</b>	<b>3 206</b>	<b>2 553</b>
		Non-controlling interest	2	2
<b>2 500</b>	<b>3 163</b>	<b>Total equity capital</b>	<b>3 208</b>	<b>2 555</b>
<b>23 802</b>	<b>25 371</b>	<b>Total liabilities and equity capital</b>	<b>29 383</b>	<b>27 132</b>

Conditional liabilities off balance sheet (note 11)

## CHANGE IN EQUITY CAPITAL

Group

31.12.15

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other :qu.cap.	Min. int.	Total
<b>Equity capital as at 01.01.15</b>	187	845	-4	0	241	437	20	8	336	106	2	2 178
Result for the period					31	29	8	8	89	43		208
Extended profit or loss items					9					2		11
<b>Sum total ext. profit or loss</b>	0	0	0	0	40	29	8	8	89	45	0	219
Gift fund							-8	-8				-16
<i>Transactions with owners</i>												0
Impairment to par												0
Dividend paid										-47		-47
<b>Equity capital 31.12.15</b>	187	845	-4	0	281	466	20	8	425	104	2	2 334
Paid-in/accrued equity capital/retained earnings				1 028							1 306	2 334

31.12.16

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other :qu.cap.	Min. int.	Total
<b>Equity capital as at 01.01.16</b>	187	845	-4	0	281	466	20	8	425	104	2	2 334
Reklassifisering Fo 01.01				220								220
Result for the period				11	44	50	11	15	150	69		350
Extended profit or loss items					10							10
<b>Extended profit or loss items</b>	0	0	0	11	54	50	11	15	150	69	0	360
Paid interests perpetual bonds				-11								-11
Tax on interest hybrid capital directly towards equity												0
Gift fund												0
<i>Transactions with owners</i>	21	126	1	223			-6	-8				357
Dividend paid										-52		-52
<b>Equity capital 31.12.16</b>	208	971	-3	443	335	516	25	15	575	121	2	3 208
Paid-in/accrued equity capital/retained earnings				1 619							1 589	3 208

Parent bank

31.12.15

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Other Equ.cap.	Total	
<b>Equity capital as at 01.01.15</b>	187	845			-4	240	437	20	8	336	45	2 114
Extended profit or loss items						31	29	8	8	89	49	214
Sum total ext. profit or loss						10					4	14
<b>Totalresultat</b>	0	0	0	0	41	29	8	8	89	53	228	
Gift fund								-8	-8			-16
<i>Transactions with owners</i>												0
Impairment to par												0
Dividend paid											-47	-47
<b>Equity capital 31.12.15</b>	187	845	0	-4	281	466	20	8	425	51	2 279	
Paid-in/accrued equity capital/retained earnings				1 028						1 251	2 279	

31.12.16

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0	
<b>Equity capital as at 01.01.16</b>	187	845	0	-4	281	466	20	8	425	51	2 279	
Reclassification perpetual bonds 01.01				220							220	
Profit				11	44	50	11	15	150	78	359	
Extended profit or loss items					10						10	
<b>Extended profit or loss items</b>	0	0	11	0	54	50	11	15	150	78	369	
Paid interests perpetual bonds				-11								-11
Gift fund												0
<i>Transactions with owners</i>	21	126	223	1			-6	-8			357	
Dividend/interests paid										-51		-51
<b>Equity capital 31.12.16</b>	208	971	443	-3	335	516	25	15	575	78	3 163	
Paid-in/accrued equity capital/retained earnings				1 619						1 544	3 163	

## CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.12.16		31.12.16	31.12.15
-1 672	-888	Change in lending to customers	-2 199	-1 747
722	690	Interest income lending to customers	831	849
673	1 840	Change deposits from customers	1 740	692
-229	-162	Interest cost deposit from customers	-162	-229
	250	- Tax expense	250	
319	-101	Change certificates and bonds	-60	296
68	55	Interest income certificates and bonds	50	68
97	86	Comission income	86	97
-248	-253	Payments relating to operations	-270	-250
-52	-50	Paid tax	-57	-52
19	-31	Other cutoffs	-79	13
-303	1 436	<b>A Net liquidity change from operating activities</b>	130	-263
-14	-25	Investment in long-term securities	-30	-20
5	0	Income sale of long-term securities	20	7
0	-115	Long-term investments in shares	-15	0
	23		0	23
65	49	Dividend from long-term investments in shares	11	18
56	-68	<b>B Net liquidity change from investments</b>	9	5
2 033	2 152	New borrowing through issuance of securities	3 877	3 359
-1 950	-3 230	Repayments - issued securities	-4 155	-2 995
	150	Emisjon egenkapitalbeviskapital	150	
	223	Endring fondsobligasjon	223	
-143	-117	Interest payments borrowing through issuance of securities	-171	-225
-10	-10	Interest payments on subordinated debt	-10	-10
-48	-52	dividend to share owners	-52	-48
-118	-884	<b>C Net liquidity change financing</b>	-138	81
-365	484	A+B+C Net liquidity change in the period	1	-177
1 461	1 098	Liquid funds at the start of the period	601	778
1 098	1 582	Liquid funds at the end of the period	602	601
		<b>Liquid funds specified</b>		
91	93	Cash and balances with central banks	93	91
1 007	1 489	Balances with credit institutions without notice periods	509	510
<b>1 098</b>	<b>1 582</b>	<b>Liquid funds</b>	<b>602</b>	<b>601</b>

## NOTE 1. ACCOUNTING PRINCIPLES

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

### Financial instrument with characteristics as equity

Issued hybrid capital instruments in HSB have a unilateral right not to repay interest or principal to investors. As a result of these conditions, the instruments don't satisfy conditions and requirements and are recognized in equity on the line Hybrid Capital. Interests perpetual bonds are recognized in equity.

## NOTE 2. SEGMENT

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

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

<i>Parent bank</i>					<i>Group</i>			
<b>31.12.16</b>					<b>31.12.16</b>			
<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	<b>Segment information</b>	<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>
220	236	11	467	Net interest and credit commission income	284	235	1	520
27	12	46	85	Net commission income	27	12	46	85
		111	111	Other operating income			80	80
48	23	108	179	Operating costs	48	23	126	197
-1	29	7	35	Losses on loans guaranteed		29	7	36
<b>200</b>	<b>196</b>	<b>53</b>	<b>449</b>	<b>Result before tax</b>	<b>263</b>	<b>195</b>	<b>-6</b>	<b>452</b>
11 241	7 928		19 169	Loans to and claims on customers	16 729	8 020		24 749
-3	-27		-30	Individual write-downs	-3	-27		-30
-12	-70		-82	Collective write-downs on loans	-17	-70		-87
		6 314	6 314	Other assets			4 751	4 751
<b>11 226</b>	<b>7 831</b>	<b>6 314</b>	<b>25 371</b>	<b>Total assts per segment</b>	<b>16 709</b>	<b>7 923</b>	<b>4 751</b>	<b>29 383</b>
9 104	7 386		16 490	Deposits from customers and liabilities	9 104	7 386		16 490
		8 881	8 881	Other liabilities and equity			12 893	12 893
<b>9 104</b>	<b>7 386</b>	<b>8 881</b>	<b>25 371</b>	<b>Total liabilities and equity per segment</b>	<b>9 104</b>	<b>7 386</b>	<b>12 893</b>	<b>29 383</b>

<i>Parent bank</i>					<i>Group</i>			
<b>31.12.15</b>					<b>31.12.15</b>			
<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	<b>Segment information</b>	<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>
214	207	-17	404	Net interest and credit commission income	304	219	-60	463
30	13	44	87	Net commission income	30	13	44	87
		77	77	Other operating income			32	32
85	31	145	261	Operating costs	90	33	147	270
-2	27	7	32	Losses on loans guaranteed	-2	27	7	32
<b>161</b>	<b>162</b>	<b>-48</b>	<b>275</b>	<b>Result before tax</b>	<b>246</b>	<b>172</b>	<b>-138</b>	<b>280</b>
11 098	7 197		18 295	Loans to and claims on customers	15 266	7 275		22 541
-5	-14		-19	Individual write-downs	-5	-14		-19
-13	-62		-75	Collective write-downs on loans	-17	-62		-79
		5 601	5 601	Other assets			4 689	4 689
<b>11 080</b>	<b>7 121</b>	<b>5 601</b>	<b>23 802</b>	<b>Total assts per segment</b>	<b>15 244</b>	<b>7 199</b>	<b>4 689</b>	<b>27 132</b>
9 064	5 580		14 644	Deposits from customers and liabilities	9 064	5 354		14 418
		9 158	8 472	Other liabilities and equity			12 714	12 714
<b>9 064</b>	<b>5 580</b>	<b>9 158</b>	<b>23 802</b>	<b>Total liabilities and equity per segment</b>	<b>9 064</b>	<b>5 354</b>	<b>12 714</b>	<b>27 132</b>

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

<i>Parent bank</i>					<i>Group</i>			
Q4/15	Q4/16	31.12.15	31.12.16		31.12.16	31.12.15	Q4/16	Q4/15
12	4	-1	4	Value change in interest-bearing securities	4	-1	4	12
2	-3	4	-6	Net gain/loss in interest-bearing securities	-6	4	-3	2
-3	-3	-12	8	Net gain/loss shares	15	-5	-3	-1
0	0	49	46	Share dividend	8	1	0	0
22	21	28	50	Income AC Helgeland Invest AS	50	28	21	22
-1	0	-1	1	Income AC REDE	1	-1	0	-1
-2	3	-6	2	Value change in value on lending	2	-6	3	-2
1	0	1	0	Value change on funding and derivatives	0	1	0	1
<b>31</b>	<b>22</b>	<b>62</b>	<b>105</b>	<b>Total value change financial instruments</b>	<b>74</b>	<b>21</b>	<b>22</b>	<b>33</b>

## NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>					<i>Group</i>			
Q4/15	Q4/16	31.12.15	31.12.16		31.12.16	31.12.15	Q4/16	Q4/15
33	36	130	127	Wages, salaries and social costs	127	129	32	30
8	0	8	0	Change package	0	8	0	8
18	22	74	78	General administration costs	78	74	23	20
3	3	12	12	Depreciation etc of fixed- and intangible assets	20	20	5	6
8	8	37	36	Other operating costs	46	39	12	10
<b>70</b>	<b>69</b>	<b>261</b>	<b>253</b>	<b>Total operating costs</b>	<b>271</b>	<b>270</b>	<b>72</b>	<b>74</b>
		-2	74	Income conversing to defined contribution	74		-2	
<b>70</b>	<b>67</b>	<b>261</b>	<b>179</b>	<b>Net operating costs</b>	<b>197</b>	<b>270</b>	<b>70</b>	<b>74</b>

## NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>					<i>Group</i>			
Q4/15	Q4/16	31.12.15	31.12.16		31.12.16	31.12.15	Q4/16	Q4/15
-4	21	4	12	+/- Period's change in individual write-downs	12	4	21	-4
4	-1	7	7	+ Period's change in collective write-downs	8	7	0	4
16	0	20	22	+ Period's conf. Losses against which ind. write-downs were made	22	20	0	16
-6	0	2	0	+ Period's confirmed losses against which no ind. write-downs, r	0	2	0	-6
2	-1	-1	-6	- Period's recoveries from previous periods' conf.losses	-6	-1	-1	2
<b>12</b>	<b>19</b>	<b>32</b>	<b>35</b>	<b>Total losses on loans, guarantees etc.</b>	<b>36</b>	<b>32</b>	<b>20</b>	<b>12</b>

## NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.12.16		31.12.16	31.12.15
214	359	Gross profit	350	208
	-11	Interests perpetual bonds	-11	
214	348	Profit (exclusive interests hybrid capital)	339	208
75.1 %	75.3 %	ECC percentage	75.3 %	75.1 %
8.6	13.8	Yield per equity capital certificate	13.5	8.4
8.6	13.8	Diluted result per ECC in Norwegian currency	13.5	8.4

Calculated from weighted average number of EC's and fraction

## NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>					<i>Group</i>			
31.12.15	%	31.12.16	%		31.12.16	%	31.12.15	%
15 543	85.0	16 358	85.3	Helgeland	20 785	84.0	19 019	84.4
2 734	14.9	2 796	14.6	Areas other than Helgeland	3 936	15.9	3 495	15.5
18	0.1	16	0.1	International	27	0.1	27	0.1
<b>18 295</b>	<b>100</b>	<b>19 170</b>	<b>100</b>	<b>Total</b>	<b>24 748</b>	<b>100</b>	<b>22 541</b>	<b>100</b>

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

	<b>31.12.16</b>				<b>31.12.15</b>			
	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>
Municipalities and municipal enterp.	1	0.0 %	0	0	0	0.0 %	0	0
Insurance and finance	4	0.0 %	0	0	5	0.0 %	0	0
Agriculture and forestry	1 328	5.4 %	2	1	1 289	5.7 %	0	-1
Fisheries and aquaculture	875	3.5 %	0	0	766	3.4 %	0	20
Mining and industry	422	1.7 %	0	2	341	1.5 %	4	0
Building and construction	1 119	4.5 %	0	0	935	4.1 %	5	5
Trade, hotel, restaurants.	279	1.1 %	3	1	293	1.3 %	4	2
Transport and services	894	3.6 %	14	20	646	2.9 %	0	0
Property, property development	3 091	12.5 %	8	5	2 953	13.1 %	1	1
Total corporate market	8 013	32.4 %	27	29	7 228	32.1 %	14	27
Retail market	16 735	67.6 %	3	-1	15 313	67.9 %	5	-2
<b>Total</b>	<b>24 748</b>	<b>100 %</b>	<b>30</b>	<b>28</b>	<b>22 541</b>	<b>100 %</b>	<b>19</b>	<b>25</b>
Change collective write-downs			87	8			79	7
<b>Total</b>			<b>117</b>	<b>36</b>			<b>98</b>	<b>32</b>
Of which gross loans Helgeland Boligkreditt AS	5 629	22.7 %			4 313	19.5 %		

	<b>31.12.16</b>				<b>31.12.15</b>			
	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>	<b>Gross loans</b>	<b>%-stake</b>	<b>Loss prov.</b>	<b>Defaults</b>
Municipalities and municipal enterp.	1	0.0 %	0	0	0	0.0 %	0	0
Insurance and finance	4	0.0 %	0	0	5	0.0 %	0	0
Agriculture and forestry	1 314	6.9 %	2	1	1 278	7.0 %	0	-1
Fisheries and aquaculture	873	4.6 %	0	0	763	4.2 %	0	20
Mining and industry	419	2.2 %	0	2	338	1.8 %	4	0
Building and construction	1 088	5.7 %	0	0	912	5.0 %	5	5
Trade, hotel, restaurants.	274	1.4 %	3	1	287	1.6 %	4	2
Transport and services	877	4.6 %	14	20	608	3.3 %	0	0
Property, property development	3 079	16.1 %	8	5	2 959	16.2 %	1	1
Total corporate market	7 929	41.4 %	27	29	7 150	39.1 %	14	27
Retail market	11 241	58.6 %	3	-1	11 145	60.9 %	5	-2
<b>Total</b>	<b>19 170</b>	<b>100 %</b>	<b>30</b>	<b>28</b>	<b>18 295</b>	<b>100 %</b>	<b>19</b>	<b>25</b>
Change collective write-downs			82	7			75	7
<b>Total</b>			<b>112</b>	<b>35</b>			<b>94</b>	<b>32</b>

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

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.12.16		31.12.16	31.12.15
88	96	Loans, guarantees etc. in default	96	88
16	12	Loss provisions for loans, guarantees etc. in default	12	16
<b>72</b>	<b>84</b>	<b>Total net loans, guarantees etc. in default</b>	<b>84</b>	<b>72</b>
5	47	Other non-performing and impaired commitments and guara., not in default	47	5
2	18	Loss provisions for other non-performing and impaired commitments and guara., not in default	18	2
<b>3</b>	<b>29</b>	<b>Total non-performing and impaired commitments and guara., not in default</b>	<b>29</b>	<b>3</b>
<b>75</b>	<b>113</b>	<b>Total non-performing and impaired commitments and guara.</b>	<b>113</b>	<b>75</b>
0.4 %	0.6 %	In % of total loans	0.5 %	0.4 %

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

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.12.16		31.12.16	31.12.15
24	19	Individual write-downs to cover losses on loans and guarantees as at 01.01	19	24
-9	-13	Period's conf. losses, against which indi. Write-down was previously made	-13	-9
0	1	Period's increased individual write-downs, against which write-down was previously made	1	0
10	25	New individual write-downs during the period	25	10
-6	-2	Reversal of individual write-downs during the period	-2	-6
<b>19</b>	<b>30</b>	<b>= Total individual write-downs on loans</b>	<b>30</b>	<b>19</b>
18	30	*Of which individual write-downs on loans accounted for	30	18
1		* Of which ind. Write-downs on guars. accounted for	0	1
		<b>Collective write-downs:</b>		
68	75	Collective write-downs to cover losses on loans at 01.01	79	72
7	7	+ /- Period's change in collective write-downs	8	7
<b>75</b>	<b>82</b>	<b>Total collective write-downs</b>	<b>87</b>	<b>79</b>

## NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.12.16		31.12.16	31.12.15
1 557	1 987	Unutilized drawing rights	2 411	1 959
552	558	Guarantee obligations	558	552
2 503	2 020	Unutilized drawing rights Helgeland Boligkreditt AS	0	0
<b>4 612</b>	<b>4 565</b>	<b>Net guarantee and draw rights</b>	<b>2 969</b>	<b>2 511</b>

## NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

### Subsidiaries

	Share capi	Number of shares	Equity stake	Parent bank	
				Market value	
				31.12.16	31.12.15
ANS Bankbygg Mo	49.0		97 %	45	45
Helgeland Boligkreditt AS	390.0	390 000	100 %	390	290
AS Sparebankbygg	0.1	100	100 %	0.1	0.1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100 %	8	8
Storgata 73 AS	0.1	140	53 %	1	1
<b>Total investment in AC</b>				<b>444</b>	<b>345</b>

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

### Associated companies (AC)

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Parent bank and group	
					31.12.16	
					Equity	
Helgeland Invest AS		20	601	0	0	621
REDE Eiendomsmegling AS		63	37	61	2	37
<b>Total</b>		<b>83</b>	<b>638</b>	<b>61</b>	<b>2</b>	<b>658</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	10	290	0	0	300
REDE AS (inkl. merverdi)	40.0 %	25	15	24	1	14.9
<b>Total</b>		<b>35</b>	<b>305</b>	<b>24</b>	<b>1</b>	<b>315</b>

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

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



Financial information Associated companies, balance posts

	<i>Parent bank and group</i>	
	<b>31.12.16</b>	<b>31.12.15</b>
<b>Change in the bank's ownership in HI</b>		
Opening balance	253	234
Adjusted value	0	0
Dividend	-3	-9
Result HI	50	28
<b>Closing balance</b>	<b>300</b>	<b>253</b>

	<i>Parent bank and group</i>	
	<b>31.12.16</b>	<b>31.12.15</b>
<b>Change in the bank's ownership in REDE</b>		
Opening balance	13.6	0.0
Dividend	0.0	-0.7
Result REDE	1.3	-0.7
Additional value/goodwill	0.0	15.0
<b>Closing balance</b>	<b>14.9</b>	<b>13.6</b>
<b>Total</b>	<b>315</b>	<b>267</b>

Financial information Associated companies, profit/loss posts

						<i>Parent bank and group</i>
						<b>31.12.16</b>
	<b>Revenue</b>	<b>Finance cost</b>	<b>Other income</b>	<b>Operating cost</b>	<b>Result after tax</b>	
<b>Result 100% ownership</b>						
Helgeland Invest AS	108	0	0	5	103	
REDE Eiendomsmegling AS	23	1	0	19	3	
<b>Total</b>	<b>131</b>	<b>1</b>	<b>0</b>	<b>24</b>	<b>106</b>	
<b>Result bank's share</b>						
Helgeland Invest AS	48.3 %	52	0	2	50	
REDE Eiendomsmegling AS	40.0 %	9	0	8	1	
<b>Total</b>		<b>61</b>	<b>0</b>	<b>10</b>	<b>51</b>	

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

## NOTE 13. OPERATING FUNDS

<i>Parent bank</i>			<i>Group</i>	
31.12.15	31.12.16		31.12.16	31.12.15
36	45	Operating funds*)	123	138
<b>36</b>	<b>45</b>	<b>Total operating funds</b>	<b>123</b>	<b>138</b>

## NOTE 14. DISCLOSURES OF RELATED PARTIES

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

Significant transactions with related parties:

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

Transferred loans per 31.12.16 constitute totally MNOK 5,629. Covered bonds in the housing mortgage company constitute MNOK 4,523 where MNOK 247 (181) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is per 31.12.16 drawn with MNOK 980. The bank has additionally an unused credit facility of NOK 1.5 bn (duration 1 year) given by Helgeland Sparebank, which mainly should be used in the settlement of purchased loans and repayment of covered bonds in a 12 month rolling period. The agreements are entered according to the principle of an arm's lengths distance. The effects of the credit lines are eliminated in the consolidated accounts. HSB has received corporate contributions of MNOK 38 in 2016.

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

The bank rents premises from ANS Bankbygg and has paid MNOK 4.2 in 2016.

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

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

<i>Parent bank</i>				<i>Group</i>		
<b>31.12.16</b>				<b>31.12.16</b>		
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Assets and liabilities measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value through profit</b>						
		1 202	- Loans to and claims on customers at fair value			1 202
<b>Financial assets available for sale</b>						
	3 519	241	- Certificates, bonds and equities available for sale		3 296	241
	103		- Financial derivatives		103	
<b>0</b>	<b>3 622</b>	<b>1 443</b>	<b>Total assets</b>	<b>0</b>	<b>3 399</b>	<b>1 443</b>
<b>LIABILITIES</b>						
<b>Financial liabilities at fair value through profit</b>						
	37		- Debt issuance of securities		37	
<b>0</b>	<b>37</b>	<b>37</b>	<b>Total liabilities</b>	<b>0</b>	<b>37</b>	<b>0</b>

<b>Aksjer</b>	<b>Utlån</b>	<b>Sum</b>	<b>Changes in instruments classified in Level 3</b>	<b>Aksjer</b>	<b>utlån</b>	<b>Sum</b>
227	1 310	1 537	Opening balance	227	1 310	1 537
-23	-329	-352	Payment loan/sale of shares	-23	-329	-352
15	221	236	New loans	15	221	236
22		22	Value change	22		22
			Reclassification			
<b>241</b>	<b>1 202</b>	<b>1 443</b>	<b>Financial instruments valued on Level 3</b>	<b>241</b>	<b>1 202</b>	<b>1 443</b>

Principal fixed rate loans per 31.12.16 were MNOK 1.203 and MNOK 1.295 mill per 31.12.15. Net interest rate risk by a parallel interest rate shift of 1 %-point for fixed rate loans and derivatives, fixed rate loans was MNOK -0.4 per 31.12.16 and MNOK -2.8 per 31.12.15.

<i>Parent bank</i>				<i>Group</i>		
<b>31.12.15</b>				<b>31.12.15</b>		
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Assets and liabilities measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value through profit</b>						
		1 310	- Loans to and claims on customers at fair value			1 310
<b>Financial assets available for sale</b>						
	3 416	227	- Certificates, bonds and equities available for sale		3 236	227
	127		- Financial derivatives		127	
<b>0</b>	<b>3 543</b>	<b>1 537</b>	<b>Total assets</b>	<b>0</b>	<b>3 363</b>	<b>1 537</b>
<b>LIABILITIES</b>						
<b>Financial liabilities at fair value through profit</b>						
0	58	0	- Financial derivatives	0	58	0
<b>0</b>	<b>58</b>	<b>0</b>	<b>Total liabilities</b>	<b>0</b>	<b>58</b>	<b>0</b>
<b>Aksjer</b>	<b>Utlån</b>	<b>Sum</b>	<b>Changes in instruments classified in Level 3</b>	<b>Aksjer</b>	<b>Utlån</b>	<b>Sum</b>
189	1044	1 233	Opening balance	189	1 044	1 233
0	-259	-259	Payment loan/sale of shares		-259	-259
0	538	538	New loans		538	538
38	-13	25	Value change	38	-13	25
			Reclassification			
<b>227</b>	<b>1 310</b>	<b>1 537</b>	<b>Financial instruments valued on Level 3</b>	<b>227</b>	<b>1 310</b>	<b>1 537</b>

## NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>			<i>Group</i>		
31.12.16			31.12.16		
Nominal value	Market value		Nominal value	Market value	
Total	Assets	Commitments	Total	Assets	Commitment:
1 196		34	Interest rate swaps- fixed interest rate loans	1 196	34
100		3	Interest rate swaps- bank deposits with share Yield	100	3
<b>1 296</b>	<b>0</b>	<b>37</b>	<b>Total financial derivatives</b>	<b>1 296</b>	<b>0</b>
2 168	102		Interest rate swaps – fixed interest rate with hedging	2 168	102
<b>2 168</b>	<b>102</b>	<b>0</b>	<b>Total financial derivates with hedging</b>	<b>2 168</b>	<b>0</b>

<i>Parent bank</i>			<i>Group</i>		
31.12.15			31.12.15		
Nominal value	Market value		Nominal value	Market value	
Total	Assets	Commitments	Total	Assets	Commitment:
1 486		55	Interest rate swaps- fixed interest rate loans	1 486	55
100		3	Interest rate swaps- bank deposits with share Yield	100	3
<b>1 586</b>	<b>0</b>	<b>58</b>	<b>Total financial derivatives</b>	<b>1 586</b>	<b>0</b>
2 800	127		Interest rate swaps – fixed interest rate with hedging	2 800	127
<b>2 800</b>	<b>127</b>	<b>0</b>	<b>Total financial derivates with hedging</b>	<b>2 800</b>	<b>0</b>

Net presentation of financial assets and liabilities

<i>Parent bank and group</i>					
31.12.16					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	103		103	37	66
Derivaives carried as liabilities	37		37	-37	0

<i>Parent bank and group</i>					
31.12.15					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	127		127	58	69
Derivaives carried as liabilities	58		58	-58	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>	
31.12.15	31.12.16	(MNOK)	31.12.16	31.12.15
5 945	4 888	Bonds, nominal value	9 155	9 433
52	40	Value adjustments	42	49
61	54	Accrued interest	61	67
<b>6 058</b>	<b>4 982</b>	<b>Total securities</b>	<b>9 258</b>	<b>9 549</b>

<b>Change in securities issued</b>					<i>Group</i>
	31.12.15 Issued	Matured/redeemed	Other change		31.12.16
Bonds, nominal value	9 433	3 254	-3 526	-6	9 155
Value adjustments	49			-7	42
Accrued interest	67			-6	61
<b>Total</b>	<b>9 549</b>				<b>9 258</b>

<b>Change in subordinated debt and hybrid capital</b>					<i>parent bank</i>
	31.12.15 Issued	Matured/redeemed	Other change		31.12.16
Bonds, nominal value	5 945	1 522	-2 603	24	4 888
Value adjustments	52			-12	40
Accrued interest	61			-7	54
<b>Total</b>	<b>6 058</b>				<b>4 982</b>

<b>Change in securities issued</b>					<i>Group/Parent bank</i>
	31.12.15 Issued	Matured/redeemed	Other change		31.12.16
equity and related capital, nominal value	300				300
Value adjustments	-1				-1
Accrued interest	1				1
<b>Total</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>

<b>Accounted value</b>			<i>Group</i>
	31.12.16	31.12.15	
Bonds, amortized cost	6 997	6 726	
Bonds, hedging	2 261	2 823	
<b>Total debt securities</b>	<b>9 258</b>	<b>9 549</b>	

<b>Accounted value</b>			<i>Parent bank</i>
	31.12.16	31.12.15	
Bonds, amortized cost	2 721	3 235	
Bonds, hedging	2 261	2 823	
<b>Total debt securities</b>	<b>4 982</b>	<b>6 058</b>	

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

<i>Parent bank</i>						<i>Group</i>			
%	31.12.15	%	31.12.16		31.12.16	%	31.12.15	%	
91.1 %	13 341	91.1 %	15 029	Helgeland	14 712	91.0 %	13 135	91.1 %	
8.2 %	1 195	8.2 %	1 349	Areas other than Helgeland	1 349	8.3 %	1 176	8.2 %	
0.7 %	108	0.7 %	112	International	112	0.7 %	107	0.7 %	
<b>100 %</b>	<b>14 644</b>	<b>100 %</b>	<b>16 490</b>	<b>Total</b>	<b>16 173</b>	<b>100 %</b>	<b>14 418</b>	<b>100 %</b>	

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

<i>Parent bank</i>						<i>Group</i>			
%	31.12.15	%	31.12.16		31.12.16	%	31.12.15	%	
2.4 %	345	3.0 %	492	Financial institutions	175	1.1 %	138	1.0 %	
8.9 %	1 306	10.7 %	1 758	Municipalities and municipal ente	1 758	10.9 %	1 306	9.1 %	
2.1 %	303	1.8 %	293	Agriculture and forestry	293	1.8 %	303	2.1 %	
4.9 %	712	7.7 %	1 276	Fisheries and aquaculture	1 276	7.9 %	712	4.9 %	
1.2 %	178	1.2 %	195	Mining and industry	195	1.2 %	178	1.2 %	
6.6 %	966	5.9 %	970	Building and construction	970	6.0 %	966	6.7 %	
2.9 %	429	2.6 %	422	Trade, hotel, restaurants.	422	2.6 %	429	3.0 %	
8.9 %	1 310	8.4 %	1 389	Transport and services	1 389	8.6 %	1 310	9.1 %	
3.5 %	511	3.6 %	591	Property, property development	591	3.7 %	492	3.4 %	
41.4 %	6 060	44.8 %	7 386	Total corporate market	7 069	43.7 %	5 834	40.5 %	
58.6 %	8 584	55.2 %	9 104	Retail market	9 104	56.3 %	8 584	59.5 %	
<b>100 %</b>	<b>14 644</b>	<b>100 %</b>	<b>16 490</b>	<b>Total</b>	<b>16 173</b>	<b>100 %</b>	<b>14 418</b>	<b>100 %</b>	

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

## NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

						<i>Parent bank</i>	
Per 31.12.16	Numbers	% share		Numbers	% share		
Sparebankstiftelsen Helgeland	7 255 020	34.8 %	Vigner Olaisen AS	294 653	1.4 %		
Pareto AS	1 937 392	9.3 %	Verdipapirfondet Pareto	269 000	1.3 %		
Merrill Lynch Prof.	1 253 462	6.0 %	Catilina invest AS	221 858	1.1 %		
UBS AG, London Branc A/C	1 209 872	5.8 %	Apollo Asset Ltd. C/O Arne Fredly	181 749	0.9 %		
VPF Nordea Norge	692 837	3.3 %	Forte Trønder	175 107	0.8 %		
Pope Asset Management BNY	654 041	3.1 %	Melum Mølle AS	150 985	0.7 %		
EIKA Utbytte VPF	521 175	2.5 %	Nordenfjeldske Bykred	128 194	0.6 %		
MP Pensjon PK	462 203	2.2 %	Melesio Capital AS	113 000	0.5 %		
Lamholmen AS	442 353	2.1 %	Nervik Steffen	110 000	0.5 %		
Helgeland Kraft AS	377 691	1.8 %	Sniptind Invest AS	107 061	0.5 %		
<b>Total 10 biggest owners</b>	<b>14 806 046</b>	<b>70.9 %</b>	<b>Total 20 biggest owners</b>	<b>16 557 653</b>	<b>79.3 %</b>		

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

## NOTE 21. CAPITAL ADEQUACY

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

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

Parent bank			Group	
31.12.15	31.12.16		31.12.16	31.12.15
187	208	ECC-capital	208	187
845	971	Premium Fund	971	845
-4	-3	Own ECCs	-3	-4
	443	Hybrid capital (CB)	443	
<b>1 028</b>	<b>1 619</b>	<b>Total paid-in capital</b>	<b>1 619</b>	<b>1 028</b>
466	516	Savings Bank's fund	516	466
281	335	Reserve for unrealized gains	335	281
29	40	Donations Fund	40	29
425	575	Dividend equalisation reserve	575	425
52	78	Cash dividend	78	52
0	0	Other equity capital	45	54
<b>1 253</b>	<b>1 544</b>	<b>Total accrued equity capital</b>	<b>1 589</b>	<b>1 307</b>
<b>2 281</b>	<b>3 163</b>	<b>Total equity capital</b>	<b>3 208</b>	<b>2 335</b>
	-444	Hybrid capital (CB)	-444	
-33	-9	Deferred tax assets	-13	-37
-38	-19	Shares in financial institutions	-19	-37
23	8	Transition Rule; share net of non significant assets	8	22
-60	-93	Cash dividend /gifts employee	-93	-60
<b>2 173</b>	<b>2 606</b>	<b>Total core tier one</b>	<b>2 647</b>	<b>2 223</b>
-12	-6	Shares in financial institutions	-6	-11
-11	-4	Transition Rule; share net of non significant assets	-4	-10
220	443	Hybrid capital (CB)	443	220
<b>2 370</b>	<b>3 039</b>	<b>Total core capital</b>	<b>3 080</b>	<b>2 422</b>
300	300	Subordinatet dept	300	300
-7	-3	Shares in financial institutions	-3	-6
-11	-4	Transition Rule; share net of non significant assets	-4	-11
0	0	Additional	0	0
<b>282</b>	<b>293</b>	<b>Total net supplementary capital</b>	<b>293</b>	<b>283</b>
<b>2 652</b>	<b>3 332</b>	<b>Total net equity and related capital</b>	<b>3 373</b>	<b>2 705</b>
13 931	15 381	Weight assets calculation basis *)	16 439	14 676
15.60 %	16.94 %	Core tier one Capital ratio	16.10 %	15.15 %
17.01 %	19.76 %	Core capital ratio	18.74 %	16.50 %
19.04 %	21.66 %	Total Capital ratio	20.52 %	18.43 %

31.12.15	31.12.16	Calculation basis	31.12.16	31.12.15
0	0	States and central banks	0	0
35	133	Local and regional authorities (including municipalities)	133	35
439	407	Institutions	190	211
749	715	Enterprises	715	748
1 478	1 296	Mass market loans	1 389	1 546
8 591	9 698	Loans secured by real property	11 677	10 121
78	104	Loans overdue	104	78
535	621	Covered bonds	144	149
0	0	Units in securities funds	0	0
958	1 058	Equity positions	636	521
96	104	Other loans and commitments	170	218
<b>12 959</b>	<b>14 136</b>	<b>Capital requirement credit risk</b>	<b>15 159</b>	<b>13 628</b>
968	1 102	Capital requirement operational risk	1 137	1 045
4	143	CVA addition	143	4
<b>13 931</b>	<b>15 381</b>	<b>Total capital requirement</b>	<b>16 439</b>	<b>14 676</b>

Change in the definition of the mass market segment in Q2 2016 represents a decrease of approximately 0.25 % points in the capital adequacy and a move from mass market commitments to corporate.

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

<i>Parent bank</i>				<i>Group</i>					
Q4/15	Q4/16	31.12.15	31.12.16	31.12.16	31.12.15	Q4/16	Q4/15		
3.27	3.09	3.51	3.12	Interest receivable and similar income	3.14	3.58	3.11	3.31	
1.50	1.18	1.77	1.22	Interest payable and similar costs	1.30	1.82	1.29	1.54	
<b>1.77</b>	<b>1.90</b>	<b>1.74</b>	<b>1.90</b>	<b>Net interest- and credit commission income</b>	<b>1.84</b>	<b>1.76</b>	<b>1.82</b>	<b>1.77</b>	
0.42	0.38	0.42	0.39	Commissions receivable and income from banking services	0.34	0.37	0.33	0.37	
0.05	0.05	0.04	0.04	Commissions payable and costs relating to banking services	0.04	0.04	0.04	0.04	
<b>0.37</b>	<b>0.33</b>	<b>0.38</b>	<b>0.35</b>	<b>Net commission income</b>	<b>0.30</b>	<b>0.33</b>	<b>0.29</b>	<b>0.32</b>	
0.52	0.35	0.27	0.43	Gains/losses on financial assets available for sale	0.26	0.08	0.30	0.48	
0.02	0.02	0.06	0.02	Other operating income	0.02	0.04	0.03	0.03	
		-0.03	0.30	Income by converting to defined contribution	0.26		-0.03		
1.19	1.09	1.13	1.03	Operating costs	0.96	1.03	0.98	1.08	
0.20	0.30	0.14	0.14	Losses on loans, guarantees etc. and fixed assets	0.13	0.12	0.27	0.18	
<b>1.29</b>	<b>1.18</b>	<b>1.18</b>	<b>1.83</b>	<b>Result before tax</b>	<b>1.60</b>	<b>1.06</b>	<b>1.15</b>	<b>1.35</b>	
0.42	0.24	0.26	0.37	Tax payable on ordinary result	0.36	0.27	0.29	0.32	
<b>0.87</b>	<b>0.94</b>	<b>0.92</b>	<b>1.46</b>	<b>Result from ordinary operations after tax</b>	<b>1.24</b>	<b>0.79</b>	<b>0.87</b>	<b>1.03</b>	



## PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

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

Parent bank					Group					
Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	
196	189	189	193	196	Interest receivable and similar income	229	223	219	218	226
90	77	74	74	75	Interest payable and similar costs	95	90	91	93	105
<b>106</b>	<b>112</b>	<b>115</b>	<b>119</b>	<b>121</b>	<b>Net interest- and credit commission income</b>	<b>134</b>	<b>133</b>	<b>128</b>	<b>125</b>	<b>121</b>
25	23	24	25	24	Commissions receivable and income from banking serv	24	25	24	23	25
3	3	2	3	3	Commissions payable and costs relating to banking ser	3	3	2	3	3
<b>22</b>	<b>20</b>	<b>22</b>	<b>22</b>	<b>21</b>	<b>Net commission income</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>20</b>	<b>22</b>
31	41	26	16	22	Gains/losses on financial assets available for sale	22	20	30	2	33
1	1	2	2	1	Other operating income	2	1	1	2	2
	75	0	0	2	Income by converting to defined contribution	2	1	0	75	
71	63	65	56	69	Operating costs	72	65	69	65	74
12	5	6	5	19	Losses on loans, guarantees etc.	20	5	6	5	12
<b>77</b>	<b>181</b>	<b>94</b>	<b>98</b>	<b>75</b>	<b>Result before tax</b>	<b>85</b>	<b>107</b>	<b>106</b>	<b>154</b>	<b>92</b>
25	34	19	22	15	Tax payable on ordinary result	21	23	21	37	22
<b>52</b>	<b>147</b>	<b>74</b>	<b>77</b>	<b>60</b>	<b>Result from ordinary operations after tax</b>	<b>64</b>	<b>85</b>	<b>84</b>	<b>117</b>	<b>70</b>

Parent bank					Group					
Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	
3.27	3.20	3.10	3.10	3.09	Interest receivable and similar income	3.11	3.10	3.14	3.22	3.31
1.50	1.30	1.21	1.19	1.18	Interest payable and similar costs	1.29	1.25	1.30	1.37	1.54
<b>1.77</b>	<b>1.90</b>	<b>1.89</b>	<b>1.91</b>	<b>1.90</b>	<b>Net interest- and credit commission income</b>	<b>1.82</b>	<b>1.85</b>	<b>1.83</b>	<b>1.84</b>	<b>1.77</b>
0.42	0.39	0.39	0.40	0.38	Commissions receivable and income from banking serv	0.33	0.35	0.34	0.34	0.37
0.05	0.05	0.03	0.05	0.05	Commissions payable and costs relating to banking ser	0.04	0.04	0.03	0.04	0.04
<b>0.37</b>	<b>0.34</b>	<b>0.36</b>	<b>0.35</b>	<b>0.33</b>	<b>Net commission income</b>	<b>0.29</b>	<b>0.31</b>	<b>0.32</b>	<b>0.30</b>	<b>0.32</b>
0.52	0.69	0.44	0.26	0.35	Gains/losses on financial assets available for sale	0.30	0.28	0.43	0.03	0.48
0.02	0.02	0.03	0.03	0.02	Other operating income	0.03	0.01	0.01	0.03	0.03
	1.27	0.02		0.03	Income by converting to defined contribution	0.03		0.01	1.11	
1.19	1.07	1.10	0.90	1.09	Operating costs	0.98	0.90	0.99	0.96	1.08
0.20	0.08	0.11	0.08	0.30	Losses on loans, guarantees etc.	0.27	0.07	0.09	0.07	0.18
<b>1.29</b>	<b>3.06</b>	<b>1.53</b>	<b>1.58</b>	<b>1.18</b>	<b>Result before tax</b>	<b>1.15</b>	<b>1.47</b>	<b>1.53</b>	<b>2.28</b>	<b>1.35</b>
0.42	0.58	0.33	0.35	0.17	Tax payable on ordinary result	0.22	0.32	0.31	0.55	0.32
<b>0.87</b>	<b>2.49</b>	<b>1.20</b>	<b>1.23</b>	<b>1.01</b>	<b>Result from ordinary operations after tax</b>	<b>0.94</b>	<b>1.16</b>	<b>1.22</b>	<b>1.73</b>	<b>1.03</b>

Parent bank					Group					
Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	
<b>ASSETS</b>										
91	99	95	90	93	Cash and claims on central banks	93	90	95	99	91
1 007	1 134	1 334	1 258	1 489	Loans to and claims on credit institutions	509	565	574	609	510
18 201	18 346	18 979	18 893	19 057	Loans to and claims on customers	24 632	24 266	23 804	22 867	22 444
127	109	144	126	103	Financial derivatives	103	126	144	109	127
3 643	3 374	3 508	3 623	3 759	Certificates, bonds and shares available for sale	3 536	3 306	3 433	3 274	3 462
267	272	284	294	315	Investments in associated companies	315	294	284	272	267
345	445	445	439	444	Investments in subsidiaries	0				
33	13	15	15	10	Deferred tax benefit	14	15	15	17	37
36	34	39	40	45	Fixed assets	123	146	146	100	92
52	82	41	62	56	Other assets	58	58	41	118	102
<b>23 802</b>	<b>23 908</b>	<b>24 884</b>	<b>24 840</b>	<b>25 371</b>	<b>Total assets</b>	<b>29 383</b>	<b>28 866</b>	<b>28 536</b>	<b>27 465</b>	<b>27 132</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>										
18	1	0	250	250	Liabilities to credit institutions	252	252	2	3	20
14 644	14 878	15 851	15 964	16 490	Deposits from customers and liabilities to customers	16 173	15 651	15 536	14 546	14 418
6 058	5 879	5 903	5 427	4 982	Borrowings through the issuance of securities	9 258	9 718	9 836	9 742	9 549
58	65	54	49	36	Financial derivatives	36	49	54	65	58
224	191	140	134	150	Other liabilities	156	141	141	193	232
519	300	300	300	300	Fund bonds	300	300	300	300	519
<b>21 521</b>	<b>21 314</b>	<b>22 248</b>	<b>22 124</b>	<b>22 208</b>	<b>Total liabilities</b>	<b>26 175</b>	<b>26 111</b>	<b>25 869</b>	<b>24 849</b>	<b>24 796</b>
1 028	1 029	1 028	1 028	1 176	Paid-in equity capital	1 176	1 029	1 029	1 029	1 029
	220	220	220	443	Hybrid capital	443	220	220	220	
1 253	1 198	1 166	1 169	1 544	Accrued equity capital/retained earnings	1 587	1 218	1 214	1 248	1 305
	147	222	299		Profit after taxes		286	202	117	
					Minority interest	2	2	2	2	2
<b>2 281</b>	<b>2 594</b>	<b>2 636</b>	<b>2 716</b>	<b>3 163</b>	<b>Total equity capital</b>	<b>3 208</b>	<b>2 755</b>	<b>2 667</b>	<b>2 616</b>	<b>2 336</b>
<b>23 802</b>	<b>23 908</b>	<b>24 884</b>	<b>24 840</b>	<b>25 371</b>	<b>Total liabilities and equity capital</b>	<b>29 383</b>	<b>28 866</b>	<b>28 536</b>	<b>27 465</b>	<b>27 132</b>

## OTHER KEY FIGURES

<i>Parent bank</i>			<i>Group</i>			
31.12.14	31.12.15	31.12.16	31.12.16	31.12.15	31.12.14	
<b>BALANCE SHEET</b>						
<b>Development in the last 12 months</b>						
-0.5	4.2	6.6	Total assets	8.3	5.2	-0.6
4.4	9.8	4.8	Gross lending	9.8	8.2	0.6
5.5	4.8	12.6	Deposit	12.2	5.0	5.7
83.8	80.0	86.0	Deposit coverage as a percentage of gross loans	65.4	64.0	65.9
59.2	60.7	58.6	Lending to retail customers	67.6	67.7	67.1
23 219	23 181	24 576	Average assets	28 324	26 279	26 146
16 669	18 295	19 169	Gross loans	24 748	22 541	20 828
-24	-19	-30	Individual write-downs	-30	-19	-27
-68	-75	-82	Period's change in collective write downs	-87	-79	-72
0	-1	0	Individual write-downs on guarantees	0	-1	0
<b>SOLIDITY</b>						
14.0	15.6	16.9	Core tier one Capital ratio	16.1	15.2	13.4
15.5	17.0	19.8	Core Capital ratio	18.7	16.5	14.8
18.2	19.0	21.7	Total Capital ratio	20.5	18.4	17.2
9.0	8.2	9.8	Leverage ratio	10.1	8.5	8.2
9.8	9.6	12.5	Equity capital ratio	10.9	9.6	10.5
12.0	9.9	13.5	Rate of return on equity capital	13.0	9.3	11.5
0.8	0.9	1.5	Return on assets	1.2	0.8	0.8
<b>KEY FIGURES PCC</b>						
7.9	8.6	13.8	Yield per primary certificate	13.5	8.4	8.7
7.9	8.6	13.8	Diluted result per ECC, in Norwegian currency	13.5	8.4	8.7
75.1	75.1	75.1	ECCs split as of 01.01	75.1	75.1	75.1
75.1	75.1	76.5	ECCs split as of 31.13	76.5	75.1	75.1
81	92	100	Equity capital per ECC	101	94	83
55.0	59.0	81.0	PCC price quoted on the stock exchange	81.0	59.0	55.0
7.0	6.9	5.9	P/E (price as at 30.09 divided by profit per ECC)	6.0	7.1	6.3
0.7	0.6	0.8	P/B (price as ar 30.09. divided by book value of equity capital)	0.8	0.6	0.7
2.5	2.75	3.75	Cash dividend in NOK			
5.4	4.6	7.18	Allocated to equalization fund in NOK			
46.3	44.4	38.2	Costs as a percentage of income	39.6	46.4	44.6
1.1	1.1	1.0	Cost in percent of average total assets	1.0	1.0	1.0
168	164	152	Number of man-years	152	164	168
<b>LOSSES ON LOANS AND GROSS DEFAULTS</b>						
28.2	22.7	31.3	Specified loan provision in % of gross default on loan	31.3	22.7	28.2
As a percentage of gross lending:						
0.5	0.5	0.5	Gross defaults over 90 days	0.4	0.4	0.4
0.4	0.4	0.4	Net defaults over 90 days	0.3	0.3	0.3
0.6	0.5	0.6	Total loan loss provision	0.5	0.4	0.5
0.3	0.1	0.2	Losses on lending	0.1	0.1	0.2

1) Percentage of equity excl. Hybrid capital

## **Information concerning Helgeland Sparebank**

### **Head Office**

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Telephone                            + 47 75 11 90 00  
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Organisation number            937904029

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

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

### **Management**

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

### **Investor Relations**

Sverre Klausen, Chief Financial Officer tel: + 47 75 11 82 22  
Tore Stamnes, Head of Treasury tel: + 47 75 11 90 91

### **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)