



Q4

# *financial report*

*fourth quarter 2019*

## **Helgeland Sparebank**

Accounts 4<sup>th</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 4 offices in 4 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 384 against MNOK 185 in 2018.
- Loan losses are reduced by MNOK 184.
- Lower income from financial instruments by MNOK 14.
- 12-month lending growth: -1.2 (5.2) %
- 12-month deposit growth: 9.9 (1.6) %
- Net return on equity for the group (adjusted for hybrid capital) constituted 9.3 % against 4,6 % same period last year.

### **Result so far this year**

#### **Key figures**

(Comparison per 31.12.18)

- Net interest 1.77 (1.74) %
- Costs in percent of BTA 0.86 (0.88) %
- Write-downs on lending 0.19 (0.77) %
- Profit per EC amounts to NOK 10.7 (6.2) %
- CET1 ratio 16.7 (15.6) %
- Capital ratio 20.8 (19.6) %

#### **The net interest**

Net interest and credit commission income amounted to MNOK 602. This is an increase of MNOK 36 compared to 31.12.18. In percentage of average total assets, the net interest was 1.77, up from 1.74 in the same period last year. Norges Bank increased the key interest in March, June and September 2019. The bank's interest rate changes with effect from May, August and November has

given positive effect on the net interest. Increased Nibor has given higher lending costs. Per 31.12.19, the bank has accrued MNOK 16 in contribution to the deposit guarantee fund and the emergency fund.

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

The net commission earnings were MNOK 100 (90), or 0.30 (0.28) in percentage of average total assets. Of the income, commission from insurance (general, life, saving and pension) MNOK 33 (32). See note 2.2.

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

Net income from financial investments was MNOK 34, a reduction of MNOK 14 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.
- 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 293 (286). As a percentage of average total assets, costs were 0.86 (0.88), while costs in relation to revenue were 39.5 (39.7) percentage.

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

The bank's sick leave has had a small increase this year and was 4.4 (4.1) %.

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

MNOK 65 (249) has been expensed in write-downs on loans, which as a percentage of average total assets were 0.19 (0.77). 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 110 (-34), which is MNOK 144 higher than 4<sup>th</sup> quarter last year. In the last quarter in 2018, there was expensed MNOK 138 in credit loss against MNOK 27 in the last quarter in 2019. The increase is also related to a net interest increase of MNOK 14. The implemented interest rate changes have given an increased net interest.

### Key figures third quarter

- Net interest 1.85 (1.75) %
- Financial investments 0.22 (0.05) %
- Operating costs 0.86 (0.90) %
- Write-downs on lending 0.31 (1.67) %
- 3-month lending growth -2.90 (1.8) %
- 3-month deposit growth 2.5 (1.0) %

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

### **Dividend policy and allocation of the profit**

According to the bank's dividend policy, half of the share capital of the profit can be paid out as dividend, and correspondingly half of the primary capital's share of the profit can be paid out as gifts or transferred to the foundation (s). The remainder of the profit is transferred to the equalization fund and the primary capital, respectively. The bank has a strategy for a long-term and predictable dividend policy.

The parent bank's profit after tax was MNOK 304. Adjusted for the change fund for unrealized gains and interest bonds, the dividend basis was MNOK 294.

Suggested surplus allocation:  
Dividend ratio 50.0 (41.0) %.

### **Dividend funds**

- MNOK 112 in cash dividend corresponding to NOK 5.35 per EC certificate
- MNOK 35 for gift fund/gift foundation.

### **Strengthening of equity**

- MNOK 112 for equalization funds, which corresponds to NOK 5.35 per EC certificate
- MNOK 35 to the primary capital

Dividends are paid to the equity certificate holders who are registered as owners as of 26.03.20. The bank's equity certificates are listed ex dividend on 27.03.20.

### **The equity certificate – HELG**

By the end of the quarter, the number of EC owners amounts to 2 316. The 20 largest owners are noted with 77.3 % of the EC capital. Of this, Sparebankstiftelsen owns 35.0 %. The number of total EC's is 20 871 427. As of 31.12.19, the bank owned 10.342 of our own EC's. At the end of the year, the price of the EC – HELG was NOK 84.00, which represents an increase of NOK 14.50 from year end.

### **Balance development per 31.12.19**

Total assets amount to 34.1 bn. Over the last 12 months, total assets increased by MNOK 1 099 (1 119) or 3.2 (3.4) %.

### **Commitments**

By the end of the quarter, gross lending constituted MNOK 27 665. The 12-month lending growth was MNOK -340 (1 604), or -1.2 (5.2) %. Of the group's lending 82.0 (82.5) % is lent to customers in Helgeland.

Of gross lending, MNOK 18 773, or 67.9 (66.6) % is lending to retail customers, of which MNOK 7 600 has been transferred to the bank's mortgage company.

The 12-month growth in the retail market was MNOK 124 (989), or 0.7 (5.6) %.

In the corporate market, the 12-month growth was MNOK -464 (395), or -5.0 (4.4) %.

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

### **Deposits from customers**

By the end of the quarter, deposits from customers constituted MNOK 18 959. The deposits have over the last 12 months increased by MNOK 1 711 (276), or 9.9 (1.6) %. The deposit growth is especially good in the corporate market.

The HSB group has stable and local depositors; 89.0 (90.2) % are deposits from customers in Helgeland.

The 12-month deposit growth in the retail market was MNOK 439 (411), or 4.4 (4.3) %. Of total deposits of MNOK 18 959, MNOK 10.306, or 54.4 (57.2) % are deposits from retail customers.

In the corporate market, deposits have been increased the last 12 months by MNOK 1 272 (-135) or 17.2 (-1.8) %.

Higher deposit growth than lending growth has resulted in higher deposit coverage, which was 68.5 (61.6) % in the group and 96.4 (85.7) % 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 10 326 (11.502). The HSB group has a long term funding. By the end of the quarter, the share of loans beyond one year was 97.3 (92.2) %. The average remaining term for these debt securities was 3.0 (2.9) years. Duration in the mortgage company is slightly higher with 3.4 years.

The target for the Group is duration > 2.5 years.

The bank is continually preparing for the transferral of approved mortgages to the fully owned mortgage company. The volume has increased from MNOK 7 385 per 31.12.18 to MNOK 7 600 per 31.12.19. The fixed maximum limit for transferring loans to Helgeland Boligkreditt AS is 35 % of gross lending and 50 % of gross lending RM. As of 31.12.19 transfer level is 27.5 (26.3) % and 40.6 (39.6) %.

### **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 295 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 281 (333) which is a reduction of MNOK 52 from 31.12.18. Most of the reduction is related to the sale of active in one commitment. In percentage of gross lending this amounts to 1.0 (1.2) %.

#### 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 5.7 (4.3) bn, or 16.8 (12.9) % of the group's total assets. The combined duration of the interest portfolio is 1.5 (1.8) 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 197 (128) %.

#### **Solidity**

Net capital amounts to MNOK 3 723, 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 16.5 (15.3) % and a total capital ratio of 20.7 (19.3) %. The result for the year added to the capital.

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

The target of CET1 is 16.0 %, and 19.5 % for total capital adequacy.

SMB discount, withheld profit and adjustment of the balance has resulted in an increase in the capital adequacy.

The group's Leverage Ratio (unweighted core capital ratio) was 9.4 (9.2) %.

### **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 interest and NIBOR spreads has been increased, has lifted the net interest. Because of the interest increase in November the net interest has increased during 4<sup>th</sup> quarter. According to the profit prognoses, the bank will grow towards the target number on ROE in the year-end of 2020.

The bank has made the necessary adaptations of 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.

The market growth in retail market in Helgeland continues to fall. The 12-month growth is at 4.3 %, which is down from 5.5 % in the same period last year. Uncertainty regarding future interest rates and low population growth is the key reason for the decline. The 12-month growth for retail customers is at 0.7 % for the group, which is considerable less than the growth in Helgeland. One of the reasons for this is the groups increased focus on profit in a market where the margins are under due to fierce competition. Looking ahead, we expect and

moderate market growth, and thus a healthy and moderate growth for the group in 2020.

The turnover of housing in Helgeland has throughout 2019 been on the same level as the "normal year" 2017. This also goes for Q4. When it comes to the price of sold housing, there has been a price decline in Q4 compared to Q3 of 2.7 % on apartments and 1.9 % on detached houses. 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. A moderate price growth is expected in Helgeland for the year 2020.

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. Unemployment is still low in Helgeland by 1.9%. It is expected that the low level of unemployed will continue.

Overall, the level of commission income is satisfactory. Established measures and an aggressive sales organization provide the basis for expecting this to have a positive trend in 2020.

The bank has guided the market on an expectation of normalized losses. This is the situation for 2019 and is expected to be the situation also in 2020.

The bank has adequate capital, and is well set to take its part in the profitable growth in the region.

Mo i Rana, February 5<sup>th</sup> 2020

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*Chairman of the Board*

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*Deputy Chairman of the Board*

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Siw Moxness

Nils Terje Furunes

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

Parent bank					Group			
Q4/18	Q4/19	31.12.18	31.12.19		31.12.19	31.12.18	Q4/19	Q4/18
206	248	788	904	Interest income and similar income (note 2.1)	1 121	957	308	252
77	102	286	365	Interest payable and similar costs	504	379	143	104
3	6	12	15	Other interest payable	15	12	6	3
<b>126</b>	<b>140</b>	<b>490</b>	<b>524</b>	<b>Net interest- and credit commission income</b>	<b>602</b>	<b>566</b>	<b>159</b>	<b>145</b>
27	34	100	114	Commissions receivable and income from banking services	114	100	34	27
3	4	10	14	Commissions payable and costs relating to banking services	14	10	4	3
<b>24</b>	<b>30</b>	<b>90</b>	<b>100</b>	<b>Net commission income</b>	<b>100</b>	<b>90</b>	<b>30</b>	<b>24</b>
0	16	56	70	Dividend	16	6	16	0
10	9	50	21	Net profit from associates	21	50	9	10
-10	-7	-12	-4	Net profit from other financial investments	-3	-8	-6	-6
0	18	94	87	Gains/losses on financial assets available for sale (note 3)	34	48	19	4
5	2	18	9	Other operating income	5	16	2	6
70	72	279	286	Operating costs (note 4)	293	286	74	74
138	27	249	64	Losses on loans, guarantees etc. (note 10)	65	249	27	138
<b>-53</b>	<b>91</b>	<b>164</b>	<b>370</b>	<b>Gross profit</b>	<b>384</b>	<b>185</b>	<b>110</b>	<b>-34</b>
-10	13	20	66	Tax payable on ordinary result	79	36	15	-6
<b>-43</b>	<b>78</b>	<b>144</b>	<b>304</b>	<b>Net profit</b>	<b>305</b>	<b>149</b>	<b>95</b>	<b>-28</b>
		4.8	10.7	Yield per equity capital certificate (note 5)	10.7	6.2		
		4.8	10.7	Diluted result per ECC in Norwegian currency (note 5)	10.7	6.2		
<b>Extended Income Statement</b>								
<b>-43</b>	<b>78</b>	<b>144</b>	<b>304</b>	<b>Net profit</b>	<b>305</b>	<b>149</b>	<b>95</b>	<b>-28</b>
					0.0			
0	-2	0	-2		0.0	-2	0	-2
<u>Items that are subsequently reversed through profit or loss:</u>								
-1	0	0	0	Estimate variances, pensions will not be reversed over the income statement later	0	0	0	-1
0	0	0	0	Tax on extended profit	0	0	0	0
-1	-2	0	-2	Net extended profit or loss items	-2	0	0	-1
<b>-44</b>	<b>76</b>	<b>144</b>	<b>302</b>	<b>Total profit of the period</b>	<b>303</b>	<b>149</b>	<b>93</b>	<b>-29</b>



BALANCE SHEET (amounts in NOK million)

Parent bank			Group	
31.12.18	31.12.19		31.12.19	31.12.18
		<b>ASSETS</b>		
82	88	Cash and claims on central banks	88	82
1 170	1 432	Loans to and claims on credit institutions	750	461
20 289	19 778	Loans to and claims on customers (note 7,8,9,10)	27 320	27 614
54	16	Financial derivatives (note 16)	15	54
4 132	5 314	Certificates, bonds and shares	5 283	4 157
382	379	Investments in associated companies (note 12)	379	382
595	604	Investments in subsidiaries (note 12)		
11	8	Deferred tax benefit	12	15
69	75	Fixed assets (note 13)	173	133
70	66	Other assets (note 13.1)	48	71
<b>26 854</b>	<b>27 760</b>	<b>Total assets</b>	<b>34 068</b>	<b>32 969</b>
		<b>LIABILITIES AND EQUITY CAPITAL</b>		
250	553	Liabilities to credit institutions	554	252
17 718	19 391	Deposits from customers and liabilities to customers (note 17,18)	18 959	17 248
5 058	3 669	Borrowings through the issuance of securities (note 15)	10 334	11 556
22	18	Financial derivatives (note 16)	25	22
104	184	Other liabilities (note 13.1)	179	118
451	452	Subordinated loan capital	452	451
<b>23 603</b>	<b>24 266</b>	<b>Total liabilities</b>	<b>30 503</b>	<b>29 647</b>
		<b>Equity capital</b>		
207	208	Equity share capital (note 5,6,20)	208	207
971	971	Premium Fund	971	971
710	822	Cohesion Fund	822	710
<b>1 888</b>	<b>2 001</b>	<b>Total equity share capital</b>	<b>2 001</b>	<b>1 888</b>
558	590	Primary capital	590	558
33	53	Gift fund	53	33
<b>591</b>	<b>643</b>	<b>Total primary capital</b>	<b>643</b>	<b>591</b>
440	439	Unrealized gains reserve	439	440
299	299	Hybrid Capital (Note 1,17)	299	299
33	112	Other equity capital	181	102
0	0	Result from ordinary operations after tax	0	0
<b>3 251</b>	<b>3 494</b>	<b>Total equity capital exclusive minority interest</b>	<b>3 563</b>	<b>3 320</b>
		Non-controlling interest	2	2
<b>3 251</b>	<b>3 494</b>	<b>Total equity capital</b>	<b>3 565</b>	<b>3 322</b>
<b>26 854</b>	<b>27 760</b>	<b>Total liabilities and equity capital</b>	<b>34 068</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>	<b>209</b>	<b>971</b>	<b>-3</b>	<b>299</b>	<b>424</b>	<b>541</b>	<b>31</b>	<b>12</b>	<b>659</b>	<b>144</b>	<b>2</b>	<b>3 287</b>
Implementation effect 01.01. IFRS 9						-1			-5	4		-2
Change account prinsipp in interest -bearing securities					-10	2			7			-1
Result for the period				12	26	15	4	6	48	38		149
Extended profit or loss items												0
<b>Total ext. profit or loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>16</b>	<b>16</b>	<b>4</b>	<b>6</b>	<b>50</b>	<b>42</b>	<b>0</b>	<b>149</b>
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>	<b>209</b>	<b>971</b>	<b>-2</b>	<b>299</b>	<b>440</b>	<b>557</b>	<b>27</b>	<b>6</b>	<b>709</b>	<b>104</b>	<b>2</b>	<b>3 322</b>
Paid-in/accrued equity capital/retained earnings			1 178								2 145	3 322

31.12.19

	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>	<b>209</b>	<b>971</b>	<b>-2</b>	<b>299</b>	<b>440</b>	<b>557</b>	<b>27</b>	<b>6</b>	<b>709</b>	<b>104</b>	<b>2</b>	<b>3 322</b>
Equity capital as at 01.01.19				13	-3	35	21	14	112	112		305
result for the period					-2							-2
<b>Extended profit or loss items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>-3</b>	<b>33</b>	<b>21</b>	<b>14</b>	<b>112</b>	<b>112</b>	<b>0</b>	<b>302</b>
Paid interest FO				-13								-13
Gift fund							-8	-6				-13
Other changes					2					-2		0
<b>Transactions with owners</b>			1									1
Dividend paid										-33		-33
<b>Equity capital 31.12.19</b>	<b>209</b>	<b>971</b>	<b>-1</b>	<b>299</b>	<b>439</b>	<b>590</b>	<b>39</b>	<b>14</b>	<b>822</b>	<b>181</b>	<b>2</b>	<b>3 565</b>
Paid-in/accrued equity capital/retained earnings			1 178								2 387	3 565

2 386

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>	<b>209</b>	<b>971</b>	<b>-3</b>	<b>299</b>	<b>424</b>	<b>541</b>	<b>31</b>	<b>12</b>	<b>659</b>	<b>83</b>		<b>3 226</b>
Implementation effect 01.01. IFRS 9						-1			-4			-5
Change account prinsipp in interest -bearing securities					-10	2			8			0
result for the period				12	26	15	4	6	48	33		144
Extended profit or loss items												0
<b>Totalresultat</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>26</b>	<b>15</b>	<b>4</b>	<b>6</b>	<b>48</b>	<b>33</b>		<b>144</b>
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>	<b>209</b>	<b>971</b>	<b>-2</b>	<b>299</b>	<b>440</b>	<b>557</b>	<b>27</b>	<b>6</b>	<b>711</b>	<b>33</b>		<b>3 251</b>
Paid-in/accrued equity capital/retained earnings			1 178								2 073	3 251

31.12.19

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation	Savings bank's	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0
<b>Equity capital as at 01.01.19</b>	<b>209</b>	<b>971</b>	<b>-2</b>	<b>299</b>	<b>440</b>	<b>557</b>	<b>27</b>	<b>6</b>	<b>711</b>	<b>33</b>	<b>3 251</b>
result for the period				13	-3	35	21	14	112	112	304
Extended profit or loss items					-2						-2
<b>Total ext. profit or loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>-3</b>	<b>33</b>	<b>21</b>	<b>14</b>	<b>112</b>	<b>112</b>	<b>302</b>
Paid interest FO				-13							-13
Gift fund							-8	-6			-14
Andre endringer					2				-1		0
<b>Transactions with owners</b>			1								1
Dividend paid										-33	-33
<b>Equity capital 31.12.19</b>	<b>209</b>	<b>971</b>	<b>-1</b>	<b>299</b>	<b>439</b>	<b>590</b>	<b>39</b>	<b>14</b>	<b>822</b>	<b>112</b>	<b>3 494</b>
Paid-in/accrued equity capital/retained earnings			1 179							2 315	3 494

## CASH FLOW STATEMENT

Parent bank			Group	
31.12.18	31.12.19		31.12.19	31.12.18
-689	559	Change in lending to customers	340	-1 398
710	801	Interest income lending to customers	1 037	898
278	1 673	Change deposits from customers	1 711	246
-178	-242	Interest cost deposit from customers	-239	-180
0	300	Change in receivables and liabilities to credit institutions	300	0
15	-1 157	Change certificates and bonds	-1 136	15
55	74	Interest income certificates and bonds	74	55
89	100	Commission income	100	90
-266	-272	Payments relating to operations	-273	-267
-60	-61	Paid tax	-76	-72
33	-15	Other cutoffs	8	37
-13	1 760	<b>A Net liquidity change from operating activities</b>	1 846	-576
-9	-48	Investment in long-term securities	-88	-9
8	0	Income sale of long-term securities	0	8
-23	-21	Long-term investments in shares	-21	-23
0	1	Payment from sales long-term investments in shares	1	0
56	70	Dividend from long-term investments in shares	23	7
32	2	<b>B Net liquidity change from investments</b>	-85	-17
2 943	2 563	New borrowing through issuance of securities	6 308	5 390
-3249	-3 907	Repayments - issued securities	-7 454	-4673
150	0	Opptak ansvarlig lånekapital	0	150
-92	-104	Interest payments borrowing through issuance of securities	-274	-188
-11	-13	Interest payments on subordinated debt	-13	-11
-83	-33	dividend to share owners	-33	-83
-342	-1 494	<b>C Net liquidity change financing</b>	-1 466	585
-323	268	A+B+C Net liquidity change in the period	295	-8
1 575	1 252	Liquid funds at the start of the period	543	551
1 252	1 520	Liquid funds at the end of the period	838	543
		<b>Liquid funds specified</b>		
82	88	Cash and balances with central banks	88	82
1 170	1 432	Balances with credit institutions without notice periods	750	461
<b>1 252</b>	<b>1 520</b>	<b>Liquid funds</b>	<b>838</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.

Parent bank					Group			
31.12.19					31.12.19			
Retail	Corp.	Unallocated	Total	Segment information	Retail	Corp.	Unallocated	Total
203	299	23	525	Net interest and credit commission income	294	301	7	602
20	11	69	100	Net commission income	20	11	69	100
		95	95	Other operating income			39	39
69	40	177	286	Operating costs	72	43	177	292
1	63		64	Losses on loans guaranteed	2	63		65
<b>153</b>	<b>207</b>	<b>10</b>	<b>370</b>	<b>Gross profit</b>	<b>240</b>	<b>206</b>	<b>-62</b>	<b>384</b>
11 367	8 743		20 110	Loans to and claims on customers	18 773	8 882		27 655
-21	-311		-332	Provision of loss	-23	-311		-334
		7 982	7 982	Other assets			6 747	6 747
<b>11 346</b>	<b>8 432</b>	<b>7 982</b>	<b>27 760</b>	<b>Total assts per segment</b>	<b>18 750</b>	<b>8 571</b>	<b>6 747</b>	<b>34 068</b>
10 306	9 085		19 391	Deposits from customers and liabilities	10 306	8 653		18 959
	4		4	Provisions of loss, unutilized deductions and guarantees		4		4
		8 365	8 365	Other liabilities and equity			15 105	15 105
<b>10 306</b>	<b>9 089</b>	<b>8 365</b>	<b>27 760</b>	<b>Total liabilities and equity per segment</b>	<b>10 306</b>	<b>8 657</b>	<b>15 105</b>	<b>34 068</b>

Parent bank					Group			
31.12.18					31.12.18			
Retail	Corp.	Unallocated	Total	Segment information	Retail	Corp.	Unallocated	Total
201	273	16	490	Net interest and credit commission income	291	275	0	566
28	12	50	90	Net commission income	28	12	50	90
		112	112	Other operating income			65	65
66	36	177	279	Operating costs	69	36	182	287
-1	250		249	Losses on loans guaranteed	-1	250	0	249
<b>164</b>	<b>-1</b>	<b>1</b>	<b>164</b>	<b>Gross profit</b>	<b>251</b>	<b>1</b>	<b>-67</b>	<b>185</b>
11 405	9 264		20 669	Loans to and claims on customers	18 649	9 346		27 995
-18	-362		-380	Provision of loss	-18	-363		-381
		6 565	6 565	Other assets			5 355	5 355
<b>11 387</b>	<b>8 902</b>	<b>6 565</b>	<b>26 854</b>	<b>Total assts per segment</b>	<b>18 631</b>	<b>8 983</b>	<b>5 355</b>	<b>32 969</b>
9 867	7 851		17 718	Deposits from customers and liabilities	9 867	7 381		17 248
	5		5	Provisions of loss, unutilized deductions and guarantees		5		5
		9 131	9 131	Other liabilities and equity			15 716	15 716
<b>9 867</b>	<b>7 856</b>	<b>9 131</b>	<b>26 854</b>	<b>Total liabilities and equity per segment</b>	<b>9 867</b>	<b>7 386</b>	<b>15 716</b>	<b>32 969</b>

## NOTE 2.1 NET INTEREST

Parent bank				Interest income		Group			
Q4/18	Q4/19	31.12.18	31.12.19			31.12.19	31.12.18	Q4/19	Q4/18
5	8	23	25	Interest from financial instruments at amortized cost		9	9	3	2
108	120	404	450	Interest receivable on loans		999	868	263	227
<b>113</b>	<b>128</b>	<b>427</b>	<b>475</b>	<b>Total interest from financial instruments at amortized cost</b>		<b>1008</b>	<b>877</b>	<b>266</b>	<b>229</b>
				Interest from financial instruments valued to fair value over net profit					
8	10	25	35	Interest receivable on loans (fair value loans)		35	25	19	8
14	23	55	78	Interest from bearer bonds and certificates		78	55	23	14
<b>22</b>	<b>33</b>	<b>80</b>	<b>113</b>	<b>Total interest from financial instruments valued to fair value over net profit</b>		<b>113</b>	<b>80</b>	<b>42</b>	<b>22</b>
				Interest from financial instruments valued to fair value OCI					
71	87	281	316	Interest receivable on loans (loans who can transfer to the bank's mortgage company)		0	0	0	0
<b>71</b>	<b>87</b>	<b>281</b>	<b>316</b>	<b>Total interest from financial instruments valued to fair value OCI</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>206</b>	<b>248</b>	<b>788</b>	<b>904</b>	<b>Total interest income</b>		<b>1121</b>	<b>957</b>	<b>308</b>	<b>251</b>

## NOTE 2.2 NETTO PROVISJONSINTEKTER

Parent bank				Commissions and income from banking services		Group			
Q4/18	Q4/19	31.12.18	31.12.19			31.12.19	31.12.18	Q4/19	Q4/18
17	21	60	73	Fees relating to payments transmission services		73	60	21	17
8	11	32	33	Fees insurance (general, life, saving and pension)		33	32	11	8
2	2	8	8	Guarantee commission		8	8	2	2
<b>27</b>	<b>34</b>	<b>100</b>	<b>114</b>	<b>Total commissions and income from banking services</b>		<b>114</b>	<b>100</b>	<b>34</b>	<b>27</b>
				Commissions payable and costs relating to banking services					
3	4	10	14	Payments transmission services		14	10	4	3
0	0	0		Fees - customers use of payment terminals			0	0	0
0	0	0		Other fees			0	0	0
<b>3</b>	<b>4</b>	<b>10</b>	<b>14</b>	<b>Total commissions and income from banking services</b>		<b>14</b>	<b>10</b>	<b>4</b>	<b>3</b>
<b>24</b>	<b>30</b>	<b>90</b>	<b>100</b>	<b>Net commission income</b>		<b>100</b>	<b>90</b>	<b>30</b>	<b>24</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			
Q4/18	Q4/19	31.12.18	31.12.19			31.12.19	31.12.18	Q4/19	Q4/18
-4	0	-5	0	Value change in interest-bearing securities		0	-5	0	-4
-3	-4	-4	-3	Net gain/loss in interest-bearing securities		-3	-4	-4	-3
-9	-5	-6	-3	Net gain/loss shares		3	-2	1	-5
0	16	56	70	Share dividend		16	6	16	0
11	8	50	20	Income AC Helgeland Invest AS		20	50	8	11
-1	0	0	1	Income AC REDE		1	0	0	-1
6	3	5	2	Value change in value on lending		-3	5	-2	6
0	0	-2	0	Value change on funding and derivatives		0	-2	0	0
<b>0</b>	<b>18</b>	<b>94</b>	<b>87</b>	<b>Total value change financial instruments</b>		<b>34</b>	<b>48</b>	<b>19</b>	<b>4</b>

## NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank						Group			
Q4/18	Q4/19	31.12.18	31.12.19			31.12.19	31.12.18	Q4/19	Q4/18
33	33	134	138	Wages, salaries and social costs		138	135	34	33
21	24	88	93	General administration costs		93	88	24	22
3	5	12	14	Depreciation etc of fixed- and intangible assets		20	18	6	5
13	10	45	41	Other operating costs		42	45	10	14
<b>70</b>	<b>72</b>	<b>279</b>	<b>286</b>	<b>Total operating costs</b>		<b>293</b>	<b>286</b>	<b>74</b>	<b>74</b>

## NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

Parent bank						Group			
Q4/18	Q4/19	31.12.18	31.12.19			31.12.19	31.12.18	Q4/19	Q4/18
-2	-1	-2	-4	Period's change in write-downs step 1		-4	-2	-1	-2
4	4	8	7	Period's change in write-downs step 1		8	8	3	4
132	-10	229	-51	Period's change in write-downs step 1		-51	229	-10	132
5	29	16	109	+ Period's confirmed loss		109	16	30	5
-1	5	-2	3	- Period's recoveries from previous periods' conf.losses		3	-2	5	-1
<b>138</b>	<b>27</b>	<b>249</b>	<b>64</b>	<b>Total losses on loans, guarantees etc.</b>		<b>65</b>	<b>249</b>	<b>27</b>	<b>138</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

Parent bank				Group	
31.12.18	31.12.19			31.12.19	31.12.18
144	304	Net profit		305	149
-12	-13	Interest fund bond		-13	-12
132	291	Profit (excl. Interest fund bond)		292	137
76.3 %	76.4 %	ECC percentage		76.4 %	76.3 %
4.8	10.7	Yield per equity capital certificate		10.7	5.0
4.8	10.7	Diluted result per ECC in Norwegian currency		10.7	5.0

  

Parent bank				Group	
	31.12.19	31.12.18			
Net profit	304	144			
Interest fund bond	-13	-12			
Transferred reserve for valuation variances	3	-25			
<b>Basis dividend</b>	<b>294</b>	<b>107</b>			

## NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

Parent bank						Group					
31.12.18		%	31.12.19		%	31.12.19		%	31.12.18		%
17 377	84.1 %		16 857	83.8	Helgeland		22 689	82.0	23 093	82.5 %	
3 270	15.8 %		3 219	16.0	Areas other than Helgeland		4 920	17.8	4 861	17.4 %	
22	0.1 %		34	0.2	International		46	0.2	41	0.1 %	
20 669	100.0 %		20 110	100	Total		27 655	100	27 995	100.0 %	

## 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

31.12.19 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.	57	0	0	0	0	0	57
Insurance and finance	1	0	0	0	0	0	1
Agriculture and forestry	1 431	0	-1	-7	-9	17	1 431
Fisheries and aquaculture	799	0	0	0	0	0	799
Mining and industry	429	0	0	0	-9	0	419
Building and construction	1 148	0	-2	-18	-111	15	1 031
Trade, hotel, restaurants.	414	0	0	-2	-1	0	411
Transport and services	1 548	0	-3	-5	-51	9	1 498
Property, property development	2 948	0	-4	-28	-59	19	2 877
Total corporate market	8 776	0	-11	-60	-240	59	8 524
Retail market	17 326	0	-1	-7	-16	1 494	18 796
Total	26 102	0	-12	-67	-256	1 553	27 320
Expected loss unutilized credit and guarantees RM			-0	-0			
Expected loss unutilized credit and guarantees CM			-1	-2			

Group

31.12.18 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.	-	0	-	-	-	-	-
Insurance and finance	5	0	-0	-	-	-	5
Agriculture and forestry	1 459	0	-1	-5	-10	17	1 460
Fisheries and aquaculture	1 292	0	-1	-1	-0	-	1 289
Mining and industry	509	0	-0	-2	-0	-	507
Building and construction	1 414	0	-5	-27	-100	9	1 291
Trade, hotel, restaurants.	357	0	-1	-1	-0	-	355
Transport and services	1 130	0	-1	-6	-66	22	1 079
Property, property development	3 115	0	-5	-14	-116	18	2 998
Total corporate market	9 281	0	-15	-56	-292	66	8 983
Retail market	17 507	0	-1	-5	-12	1 141	18 631
Total	26 789	0	-16	-61	-304	1 207	27 614
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-2	-3	-0		

31.12.19

## 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.	57	0	0	0	0	0	57
Insurance and finance	1	0	0	0	0	0	1
Agriculture and forestry	1 278	132	-1	-7	-9	17	1 410
Fisheries and aquaculture	778	15	0	0	0	0	792
Mining and industry	411	12	0	0	-9	0	413
Building and construction	1 098	28	-2	-18	-110	15	1 009
Trade, hotel, restaurants.	392	15	0	-2	-1	0	403
Transport and services	1 375	95	-3	-5	-51	9	1 420
Property, property development	2 823	159	-4	-29	-59	19	2 909
Total corporate market	8 213	454	-11	-61	-239	59	8 415
Retail market	483	9 415	-1	-5	-15	1 486	11 363
Total	8 696	9 869	-12	-67	-254	1 545	19 778
Expected loss unutilized credit and guarantees RM			0	0			
Expected loss unutilized credit and guarantees CM			-1	-2			

31.12.18

## 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.	-	0	-	-	-	-	5
Insurance and finance	5	0	-0	-	-	-	5
Agriculture and forestry	1 287	153	-1	-5	-10	17	1 441
Fisheries and aquaculture	1 272	14	-1	-1	-0	-	1 283
Mining and industry	493	12	-0	-2	-0	-	503
Building and construction	1 348	48	-5	-27	-100	9	1 273
Trade, hotel, restaurants.	340	10	-1	-1	-0	-	348
Transport and services	942	117	-1	-6	-66	22	1 009
Property, property development	3 008	149	-5	-14	-116	18	3 041
Total corporate market	8 696	503	-15	-56	-292	66	8 902
Retail market	187	10 075	-1	-5	-12	1 141	11 386
Total	8 883	10 579	-16	-60	-304	1 207	20 289
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-2	-3	-0		

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

Parent bank

Group

31.12.18	31.12.19		31.12.19	31.12.18
305	289	Default commitments over 90 days	289	305
-115	-122	Step 3 write-downs	-122	-115
190	167	<b>Total net loans, guarantees etc. in default</b>	167	190
333	242	Other non-performing and impaired commitments and guara., not in default <sup>14</sup>	242	333
-190	-128	Step 3 write-downs	-128	-190
143	114	<b>Total non-performing and impaired commitments and guara., not in default</b>	114	143
333	281	<b>Total non-performing and impaired commitments and guara<sup>15</sup></b>	281	333
1.6 %	1.4 %	In % of total loans	1.0 %	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 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.

	Step 1	Step 2	Step 3	Group Step 1
Gross lending	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	6 015	1 369	11	7 395
Transfers from step 1 to step 2	-1 936	1 865		-71
Transfers from step 1 to step 3	-38		47	9
Transfers from step 2 to step 3		-156	158	2
Transfers from step 3 to step 2		6	-6	0
Transfers from step 3 to step 3	23		-24	-1
Transfers from step 2 to step 1	1 037	-1 082		-45
Reduced portfolio	-5 488	-1 180	-290	-6 958
Other adjustments	-917	-38	-14	-969
<b>Gross lending pr. 31.12.19</b>	<b>21 509</b>	<b>4 122</b>	<b>521</b>	<b>26 151</b>
IB unused drafts, guarantees etc.	2 693	299	15	3 007
UB unused drafts, guarantees etc.	2 570	190	23	2 782

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

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

	Step 1	Step 2	Step 3	Group Step 1
Gross lending	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	7 540	1 186	103	8 829
Transfers from step 1 to step 2	-1 791	1 530	0	-261
Transfers from step 1 to step 3	-199		201	2
Transfers from step 2 to step 3		-246	203	-43
Transfers from step 3 to step 2		40	-46	-7
Transfers from step 3 to step 3	32		-36	-4
Transfers from step 2 to step 1	989	-1 008	0	-19
Reduced portfolio	-5 521	-801	-85	-6 407
Other adjustments	-884	-59	-33	-977
<b>Gross lending pr. 31.12.18</b>	<b>22 191</b>	<b>3 977</b>	<b>622</b>	<b>26 789</b>
IB unused drafts, guarantees etc.	2 688	260	6	2 954
UB unused drafts, guarantees etc.	2 702	290	15	3 007

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	4 836	1 206	18	6 060
Transfers from step 1 to step 2	-1 514	1 452		-62
Transfers from step 1 to step 3	-35		44	9
Transfers from step 2 to step 3		-151	153	2
Transfers from step 3 to step 2		6	-6	0
Transfers from step 3 to step 3	22		-23	-1
Transfers from step 2 to step 1	754	-787		-33
Reduced portfolio	-4 768	-1 061	-291	-6 120
				0
Other adjustments	-679	-29	-14	-721
<b>Gross lending pr. 31.12.19</b>	<b>14 387</b>	<b>3 689</b>	<b>521</b>	<b>18 596</b>
IB unused drafts, guarantees etc.	2 228	290	15	2 533
UB unused drafts, guarantees etc.	2 060	185	23	2 267

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	5 682	927	108	6 717
Transfers from step 1 to step 2	-1 477	1 226	0	-251
Transfers from step 1 to step 3	-197		199	2
Transfers from step 2 to step 3		-243	200	-43
			0	
Transfers from step 3 to step 2		40	-46	-7
Transfers from step 3 to step 3	32		-36	-4
Transfers from step 2 to step 1	809	-818	0	-9
Reduced portfolio	-4 560	-658	-85	-5 304
			0	0
Other adjustments	-630	-53	-33	-716
<b>Gross lending pr. 31.12.18</b>	<b>15 645</b>	<b>3 197</b>	<b>622</b>	<b>19 463</b>
IB unused drafts, guarantees etc.	2 240	258	6	2 504
UB unused drafts, guarantees etc.	2 228	290	15	2 533

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

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

	Step 1	Step 2	Step 3	Group Step 1
<b>Loss provisions on gross loans and off-balance sheet items</b>	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	6	30	1	37
Transfers from step 1 to step 2	-2	20		18
Transfers from step 1 to step 3	0		9	9
Transfers from step 2 to step 3		-3	27	24
				0
Transfers from step 3 to step 2		0	-1	0
Transfers from step 3 to step 3	0		-10	-10
Transfers from step 2 to step 1	0	-9		-9
Reduced portfolio	-6	-28	-86	-120
				0
Other adjustments	-2	-2	9	5
<b>Loss deduction pr. 31.12.19</b>	<b>13</b>	<b>71</b>	<b>254</b>	<b>338</b>

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

	Step 1	Step 2	Step 3	Group Step 1
<b>Loss provisions on gross loans and off-balance sheet items</b>	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	16	81	104
Transfers from step 1 to step 2	-5	25		20
Transfers from step 1 to step 3	-2		53	51
Transfers from step 2 to step 3		-19	90	71
				0
Transfers from step 3 to step 2		1	-9	-8
Transfers from step 3 to step 3	0		-3	-2
Transfers from step 2 to step 1	1	-12		-10
Reduced portfolio	-3	-4	-7	-15
				0
Other adjustments	-2	2	14	15
<b>Loss deduction pr. 31.12.18</b>	<b>17</b>	<b>63</b>	<b>305</b>	<b>386</b>

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

	<i>Parent bank</i>			<i>Step 1</i>
	<i>Step 1</i>	<i>Step 2</i>	<i>Step 3</i>	
<b>Loss provisions on gross loans and off-balance sheet items</b>	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>64</b>	<b>304</b>	<b>385</b>
New or increased loans / credits / guarantees	6	30	2	37
Transfers from step 1 to step 2	-2	19		17
Transfers from step 1 to step 3	0		9	9
Transfers from step 2 to step 3		-3	27	24
				0
Transfers from step 3 to step 2		0	-1	0
Transfers from step 3 to step 3	0		-10	-10
Transfers from step 2 to step 1	0	-9		-8
Reduced portfolio	-6	-28	-86	-120
				0
Other adjustments	-2	-3	8	3
<b>Loss deduction pr. 31.12.19</b>	<b>13</b>	<b>70</b>	<b>252</b>	<b>336</b>

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

	<i>Parent bank</i>			<i>Step 1</i>
	<i>Step 1</i>	<i>Step 2</i>	<i>Step 3</i>	
<b>Loss provisions on gross loans and off-balance sheet items</b>	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>19</b>	<b>55</b>	<b>86</b>	<b>160</b>
New or increased loans / credits / guarantees	7	16	81	104
Transfers from step 1 to step 2	-5	25		20
Transfers from step 1 to step 3	-2		53	51
Transfers from step 2 to step 3		-19	89	70
Transfers from step 3 to step 2		1	-9	-8
Transfers from step 3 to step 3	0		-3	-2
Transfers from step 2 to step 1	1	-12		-10
Reduced portfolio	-3	-4	-7	-15
				0
Other adjustments	-2	2	14	15
<b>Loss deduction pr. 31.12.18</b>	<b>17</b>	<b>64</b>	<b>304</b>	<b>385</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

<i>Parent bank</i>			<i>Group</i>	
<b>31.12.18</b>	<b>31.12.19</b>		<b>31.12.19</b>	<b>31.12.18</b>
2 401	1 852	Unutilized drawing rights	2 367	2 879
471	415	Guarantee obligations	415	471
791	818	Unutilized drawing rights Helgeland Boligkreditt AS		
<b>3 663</b>	<b>3 085</b>	<b>Net guarantee and draw rights</b>	<b>2 782</b>	<b>3 350</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	
				31.12.19	31.12.18
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 Utviklingsselskap AS	0.5	500	100 %	0	6
Strendene Utviklingsselskap AS	15.03	300	100 %	15	0
Storgata 73 AS	0.1	140	53 %	1	1
<b>Total investment in AC</b>				<b>604</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	
					Equity	
						31.12.19
Helgeland Invest AS		118	636	0	0	754
REDE Eiendomsmegling AS		77	25	63	1	38
<b>Total</b>		<b>195</b>	<b>661</b>	<b>63</b>	<b>1</b>	<b>792</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	57	307	30	0	364
REDE AS (inkl. merverdi)	40.0 %	31	10	25	0	15
<b>Total</b>		<b>88</b>	<b>317</b>	<b>56</b>	<b>1</b>	<b>379</b>

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Parent bank and group	
					Equity	
						31.12.18
Helgeland Invest AS		118	643	0	0	761
REDE Eiendomsmegling AS		40	31	34	1	36
<b>Total</b>		<b>158</b>	<b>674</b>	<b>34</b>	<b>1</b>	<b>797</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	57	311	16	0	367
REDE AS (inkl. merverdi)	40.0 %	16	12	14	0	14
<b>Total</b>		<b>73</b>	<b>323</b>	<b>30</b>	<b>1</b>	<b>381</b>

Financial information Associated companies, balance values

			<i>Parent bank and group</i>	
			<b>31.12.19</b>	<b>31.12.18</b>
<b>Change in the bank's ownership in HI</b>				
Opening balance			367	328
Adjusted value			0	0
Dividend			-24	-10
Result HI			20	50
<b>Closing balance</b>			<b>364</b>	<b>367</b>

  

			<i>Parent bank and group</i>	
			<b>31.12.19</b>	<b>31.12.18</b>
<b>Change in the bank's ownership in REDE</b>				
Opening balance			14	14
Dividend			0	0
Result REDE			1	0
Additional value/goodwill			0	0
<b>Closing balance</b>			<b>15</b>	<b>14</b>

  

<b>Total</b>			<b>379</b>	<b>382</b>
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Financial information Associated companies, profit/loss posts

						<i>Parent bank and group</i>	
						<b>31.12.19</b>	<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			47	0	0	6	41
REDE Eiendomsmegling AS			42	0	1	39	3
<b>Total</b>			<b>89</b>	<b>0</b>	<b>1</b>	<b>45</b>	<b>44</b>
<b>Result bank's share</b>							
Helgeland Invest AS	48.3 %		23	0	0	3	20
REDE Eiendomsmegling AS	40.0 %		17	0	0	16	1
<b>Total</b>			<b>40</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>21</b>

  

						<i>Parent bank and group</i>	
						<b>31.12.18</b>	<b>31.12.17</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>31.12.19</b>		<b>31.12.19</b>	<b>31.12.18</b>
69	75	Operating funds	173	133
<b>69</b>	<b>75</b>	<b>Total operating funds</b>	<b>173</b>	<b>133</b>

## NOTE 13.1 LEASSES

### 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>31.12.19</b>		<b>31.12.19</b>
	<b>Assets</b>	
45.6	Rights of use 01.01.19	18.8
-11.6	Impairment	-5
<b>34</b>	<b>Rights of use OB</b>	<b>13.8</b>
	<b>Liabilities</b>	
45.6	Lease obligations 01.01.19	18.8
-12.2	Reduction of rent	-5.2
0.9	Interest	0.4
<b>34.3</b>	<b>Leas obligations OB</b>	<b>14</b>

The profit effects for 2019 for the Group represent an depreciation of NOK 5 million and interest expenses of NOK 0.4 million. At the same time, rent costs were reduced by NOK 5.2 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 31.12.19 constitute totally MNOK 7 600. Covered bonds in the housing mortgage company constitute MNOK 6 745 where MNOK 80 (0) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is drawn with MNOK 682. 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 4.6 in 2019.

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

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

## NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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



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

Principal fixed rate loans per 31.12.19 were MNOK 1 514 (1 005) 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 10 per 31.12.19.

Parent bank			Assets and liabilities measured at fair value			Group		
31.12.19						31.12.19		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3		
<b>Financial assets at fair value through profit</b>								
0	0	1 506	- Loans to and claims on customers at fair value	0	0	1 506		
	4 935	379	- Certificates, bonds and equities at fair value	0	4 905	379		
<b>Financial assets available for sale</b>								
0	0	9 869	- Mortgages	0	0	0		
	16		- Financial derivatives	0	16	0		
<b>0</b>	<b>4 951</b>	<b>11 754</b>	<b>Total assets</b>	<b>0</b>	<b>4 921</b>	<b>1 885</b>		
<b>LIABILITIES</b>								
<b>Financial liabilities at fair value through profit</b>								
0	18	0	- Debt issuance of securities	0	18	0		
<b>0</b>	<b>18</b>	<b>18</b>	<b>Total liabilities</b>	<b>0</b>	<b>18</b>	<b>0</b>		
Shares	Loans	Total	Changes in instruments classified in Level 3	Shares	Loans	Total		
358	11 785	12 143	Opening balance	358	1 206	1 564		
-1	-2 264	-2 265	Payment loan/sale of shares	-1	-223	-224		
21	1 823	1 844	New loans	21	492	513		
	31	31	Value change		31	31		
<b>379</b>	<b>11 375</b>	<b>11 754</b>	<b>Financial instruments valued on Level 3</b>	<b>379</b>	<b>1 506</b>	<b>1 885</b>		

Parent bank			Assets and liabilities measured at fair value			Group		
31.12.18						31.12.18		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3		
<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>								
	18		- Financial derivatives		18			
<b>0</b>	<b>18</b>	<b>0</b>	<b>Total liabilities</b>	<b>0</b>	<b>18</b>	<b>0</b>		
Shares	Loans	Total	Changes in instruments classified in Level 3	Shares	Loans	Total		
322	10 318	10 640	Opening balance	322	934	1 256		
0	-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

Parent bank

Group

31.12.19				31.12.19			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
1 260	16	0	Interest rate swaps- fixed interest rate loans	1 260	16	0	
75	0	0	Interest rate swaps- bank deposits with share Yield	75	0	0	
<b>1 335</b>	<b>16</b>	<b>0</b>	<b>Total financial derivatives</b>	<b>1 335</b>	<b>16</b>	<b>0</b>	
2 200	0	18	Interest rate swaps – fixed interest rate with hedging	2 625	0	25	
<b>2 200</b>	<b>0</b>	<b>18</b>	<b>Total financial derivatives with hedging</b>	<b>2 625</b>	<b>0</b>	<b>25</b>	

Net presentation of financial assets and liabilities

Parent bank

Group

31.12.18				31.12.18			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
1 005	0	21	Interest rate swaps- fixed interest rate loans	1 005	21	14	
75	0	1	Interest rate swaps- bank deposits with share Yield	75	1	0	
<b>1 080</b>	<b>0</b>	<b>22</b>	<b>Total financial derivatives</b>	<b>1 080</b>	<b>22</b>	<b>14</b>	
2 325	54	0	Interest rate swaps – fixed interest rate with hedging	2 325	54	0	
<b>2 325</b>	<b>54</b>	<b>0</b>	<b>Total financial derivatives with hedging</b>	<b>2 325</b>	<b>54</b>	<b>0</b>	

Parent bank and group

31.12.19

	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivatives carried as assets	16	0	16	-16	0
Derivatives carried as liabilities	18	0	25	-16	9

Parent bank and group

31.12.18

	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivatives carried as assets	54	0	54	-22	32
Derivatives carried as liabilities	22	0	22	-22	0

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

## NOTE 17. SECURITIES ISSUED

<i>Parent bank</i>				<i>Group</i>	
31.12.18	31.12.19	(MNOK)		31.12.19	31.12.18
5 009	3 665	Bonds, nominal value		10 327	11 447
25	-24	Value adjustments		-32	76
24	28	Accrued interest		39	33
<b>5 058</b>	<b>3 669</b>	<b>Total securities</b>		<b>10 334</b>	<b>11 556</b>

<b>Change in securities issued</b>					<i>Group</i>
	31.12.18	Issued	Matured/redeemed	Other change	31.12.19
Bonds, nominal value	11 502	6 308	-7 455	-30	10 325
Value adjustments	21			-53	-32
Accrued interest	33			8	41
<b>Total</b>	<b>11 556</b>	<b>6 308</b>	<b>-7 455</b>	<b>-75</b>	<b>10 334</b>

<b>Change in subordinated debt</b>					<i>parent bank</i>
	31.12.18	Issued	Matured/redeemed	Other change	31.12.19
Bonds, nominal value	5 009	2 563	-3 907		3 665
Value adjustments	25			-49	-24
Accrued interest	24			4	28
<b>Total</b>	<b>5 058</b>	<b>2 563</b>	<b>-3 907</b>	<b>-45</b>	<b>3 669</b>

<b>Change in securities issued</b>					<i>Group/Parent bank</i>
	31.12.18	Issued	Matured/redeemed	Other change	31.12.19
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>
			31.12.19	31.12.18
Bonds, amortized cost			7 948	9 186
Bonds, hedging			2 386	2 370
<b>Total debt securities</b>			<b>10 334</b>	<b>11 556</b>

<b>Accounted value</b>				<i>Parent bank</i>
			31.12.19	31.12.18
Bonds, amortized cost			1 577	2 688
Bonds, hedging			2 092	2 370
<b>Total debt securities</b>			<b>3 669</b>	<b>5 058</b>

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

<i>Parent bank</i>						<i>Group</i>		
%	31.12.18	%	31.12.19		31.12.19	%	31.12.18	%
90.0 %	15 947	88.6 %	17 187	Helgeland	16 867	89.0 %	15 477	89.7 %
9.2 %	1 632	10.6 %	2 062	Areas other than Helgeland	1 955	10.3 %	1 632	9.5 %
0.8 %	139	0.7 %	142	International	137	0.7 %	139	0.8 %
<b>100 %</b>	<b>17 718</b>	<b>100 %</b>	<b>19 391</b>	<b>Total</b>	<b>18 959</b>	<b>100 %</b>	<b>17 248</b>	<b>100 %</b>

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

<i>Parent bank</i>					<i>Group</i>			
%	31.12.18	%	31.12.19		31.12.19	%	31.12.18	%
3.7 %	649	3.9 %	749	Financial institutions	349	1.8 %	235	1.4 %
10.9 %	1 925	11.3 %	2 192	Municipalities and municipal ente	2 192	11.6 %	1 925	11.2 %
1.9 %	328	1.9 %	361	Agriculture and forestry	361	1.9 %	328	1.9 %
5.6 %	991	5.9 %	1 138	Fisheries and aquaculture	1 138	6.0 %	991	5.7 %
1.2 %	215	1.1 %	221	Mining and industry	221	1.2 %	215	1.2 %
3.7 %	649	3.1 %	599	Building and construction	599	3.2 %	649	3.8 %
2.2 %	398	2.4 %	474	Trade, hotel, restaurants.	474	2.5 %	398	2.3 %
9.9 %	1 762	10.5 %	2 028	Transport and services	2 028	10.7 %	1 762	10.2 %
5.3 %	934	6.8 %	1 323	Property, property development	1 291	6.8 %	878	5.1 %
44.3 %	7 851	46.9 %	9 085	Total corporate market	8 653	45.6 %	7 381	42.8 %
55.7 %	9 867	53.1 %	10 306	Retail market	10 306	54.4 %	9 867	57.2 %
<b>100 %</b>	<b>17 718</b>	<b>100 %</b>	<b>19 391</b>	<b>Total</b>	<b>18 959</b>	<b>100 %</b>	<b>17 248</b>	<b>100 %</b>

## NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

				<i>Parent bank</i>	
Per 31.12.19	Numbers	% share		Numbers	% share
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	825 339	4.0 %	AF Kapital Managemet	181 749	0.9 %
Bergen Kommunale Pensjon.	550 000	2.6 %	Melum Mølle AS	177 000	0.8 %
Merrill Lynch Prof.	532 995	2.6 %	Vigner Olaisen AS	144 653	0.7 %
U.S Bank National Association	507 173	2.4 %	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	389 203	1.9 %	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>14 319 291</b>	<b>68.6 %</b>	<b>Total 20 biggest owners</b>	<b>16 136 069</b>	<b>77.3 %</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	31.12.19		31.12.19	31.12.18
208	209	ECC-capital	209	208
971	971	Premium Fund	971	971
-2	-1	Own ECCs	-1	-2
299	299	Hybrid capital (CB)	299	299
<b>1 476</b>	<b>1 478</b>	<b>Total paid-in capital</b>	<b>1 478</b>	<b>1 476</b>
558	590	Savings Bank's fund	590	558
441	439	Reserve for unrealized gains	439	440
33	53	Donations Fund	53	33
710	822	Dividend equalisation reserve	822	710
33	112	Cash dividend	112	33
0	0	Other equity capital	69	70
<b>1 775</b>	<b>2 017</b>	<b>Total accrued equity capital</b>	<b>2 085</b>	<b>1 844</b>
<b>3 251</b>	<b>3 494</b>	<b>Total equity capital</b>	<b>3 563</b>	<b>3 320</b>
-299	-299	Hybrid capital (CB)	-299	-299
-74	-90	Shares in financial institutions	-84	-68
-102	-195	Cash dividend /gifts employee	-194	-102
<b>2 776</b>	<b>2 910</b>	<b>Total core tier one</b>	<b>2 987</b>	<b>2 851</b>
-16	-17	Shares in financial institutions	-16	-14
0	0	Other	0	0
299	299	Hybrid capital (CB)	299	299
<b>3 059</b>	<b>3 192</b>	<b>Total core capital</b>	<b>3 271</b>	<b>3 136</b>
451	452	Subordinated debt	452	451
0	0	Shares in financial institutions	0	0
0	0	Other	0	0
<b>451</b>	<b>452</b>	<b>Total net supplementary capital</b>	<b>452</b>	<b>451</b>
<b>3 510</b>	<b>3 644</b>	<b>Total net equity and related capital</b>	<b>3 723</b>	<b>3 587</b>
16 950	16 201	Weight assets calculation basis *)	17 893	18 310
16.37 %	17.97 %	Core tier one Capital ratio in%	16.69 %	15.57 %
18.04 %	19.71 %	Core capital ratio in%	18.28 %	17.13 %
20.71 %	22.50 %	Total Capital ratio in%	20.81 %	19.59 %
		Total core tier one including cooperative group	3 087	2 923
		Total core capital including cooperative group	3 400	3 232
		<b>Total net equity and related capital including cooperative group</b>	<b>3 872</b>	<b>3 700</b>
		Weight assets calculation basis including cooperative group	18 729	19 174
		<b>Including cooperative group</b>		
		Core tier one Capital ratio, after proportionally consolidation in%	16.48 %	15.25 %
		Core capital ratio, after proportionally consolidation in%	18.16 %	16.86 %
		Total Capital ratio, after proportionally consolidation in%	20.68 %	19.30 %

31.12.18	31.12.19	Calculation basis	31.12.19	31.12.18
0	0	States and central banks	0	0
240	410	Local and regional authorities (including municipalities)	410	240
393	452	Institutions	310	172
1 696	1 588	Enterprises	1 588	1 696
1 067	985	Mass market loans	1 058	1 022
9 605	8 484	Loans secured by real property	11 313	12 331
530	770	Loans overdue	843	545
763	804	Covered bonds	122	114
0	0	Units in securities funds	0	0
1 213	1 237	Equity positions	633	630
155	156	Other loans and commitments	257	220
<b>15 662</b>	<b>14 886</b>	<b>Capital requirement credit risk</b>	<b>16 533</b>	<b>16 970</b>
1 268	1 308	Capital requirement operational risk	1 349	1 320
20	8	Deducted from capital requirement	11	20
<b>16 950</b>	<b>16 201</b>	<b>Total capital requirement</b>	<b>17 893</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				
Q4/18	Q4/19	31.12.18	31.12.19		31.12.19	31.12.18	Q4/19	Q4/18	
3.02	3.55	2.94	3.29	Interest receivable and similar income	3.29	2.95	3.57	3.05	
1.17	1.55	1.11	1.38	Interest payable and similar costs	1.52	1.21	1.72	1.30	
1.85	2.00	1.83	1.90	Net interest- and credit commission income <sup>2</sup>	1.77	1.74	1.85	1.75	
0.40	0.49	0.37	0.41	Commissions receivable and income from banking services	0.33	0.31	0.39	0.33	
0.04	0.06	0.04	0.05	Commissions payable and costs relating to banking services	0.04	0.03	0.04	0.04	
0.35	0.43	0.34	0.36	Net commission income	0.30	0.28	0.35	0.29	
0.00	0.26	0.35	0.32	Gains/losses on financial assets available for sale	0.10	0.15	0.22	0.05	
0.07	0.03	0.07	0.03	Other operating income	0.01	0.05	0.02	0.07	
1.03	1.03	1.04	1.04	Operating costs	0.86	0.88	0.86	0.90	
2.02	0.39	0.93	0.23	Losses on loans, guarantees etc. and fixed assets	0.19	0.77	0.31	1.67	
-0.78	1.30	0.61	1.35	Gross profit	1.13	0.57	1.27	-0.41	
-0.15	0.19	0.07	0.24	Tax payable on ordinary profit	0.23	0.11	0.17	-0.07	
-0.63	1.12	0.54	1.11	Net profit	0.90	0.46	1.10	-0.33	

## PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

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

Parent bank						Group				
Q4/18	Q1/19	Q2/19	Q3/19	Q4/19		Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
206	206	215	235	248	Interest receivable and similar income	308	291	265	257	252
80	82	90	100	108	Interest payable and similar costs	149	135	120	115	107
<b>126</b>	<b>124</b>	<b>125</b>	<b>135</b>	<b>140</b>	<b>Net interest- and credit commission income</b>	<b>159</b>	<b>156</b>	<b>145</b>	<b>142</b>	<b>145</b>
27	26	26	28	34	Commissions receivable and income from banking servi	34	28	26	29	27
3	3	4	3	4	Commissions payable and costs relating to banking ser	4	3	4	3	3
<b>24</b>	<b>23</b>	<b>22</b>	<b>25</b>	<b>30</b>	<b>Net commission income</b>	<b>30</b>	<b>25</b>	<b>22</b>	<b>24</b>	<b>24</b>
0	57	6	6	18	Gains/losses on financial assets available for sale	19	6	5	4	4
5	2	3	2	2	Other operating income	2	1	0	2	6
70	70	72	72	72	Operating costs	74	74	72	73	74
138	5	15	17	27	Losses on loans, guarantees etc.	27	18	15	5	138
<b>-53</b>	<b>131</b>	<b>69</b>	<b>79</b>	<b>91</b>	<b>Gross profit</b>	<b>110</b>	<b>96</b>	<b>85</b>	<b>93</b>	<b>-34</b>
-10	19	15	19	13	Tax payable on ordinary result	15	22	20	22	-6
<b>-43</b>	<b>112</b>	<b>54</b>	<b>60</b>	<b>78</b>	<b>Net profit</b>	<b>95</b>	<b>73</b>	<b>66</b>	<b>71</b>	<b>-28</b>

Parent bank						Group				
Q4/18	Q1/19	Q2/19	Q3/19	Q4/19		Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
3.02	3.11	3.13	3.34	3.55	Interest receivable and similar income	3.57	3.41	3.14	3.15	3.05
1.17	1.24	1.31	1.42	1.55	Interest payable and similar costs	1.72	1.58	1.42	1.41	1.30
<b>1.85</b>	<b>1.87</b>	<b>1.82</b>	<b>1.92</b>	<b>2.00</b>	<b>Net interest- and credit commission income</b>	<b>1.85</b>	<b>1.83</b>	<b>1.72</b>	<b>1.74</b>	<b>1.75</b>
0.40	0.40	0.38	0.40	0.49	Commissions receivable and income from banking servi	0.39	0.33	0.31	0.32	0.33
0.04	0.05	0.06	0.04	0.06	Commissions payable and costs relating to banking ser	0.04	0.04	0.05	0.04	0.04
<b>0.35</b>	<b>0.35</b>	<b>0.32</b>	<b>0.36</b>	<b>0.43</b>	<b>Net commission income</b>	<b>0.35</b>	<b>0.29</b>	<b>0.26</b>	<b>0.28</b>	<b>0.29</b>
0.00	0.86	0.09	0.09	0.26	Gains/losses on financial assets available for sale	0.22	0.07	0.06	0.05	0.05
0.07	0.03	0.04	0.03	0.03	Other operating income	0.02	0.01		0.02	0.07
1.03	1.06	1.05	1.02	1.03	Operating costs	0.86	0.87	0.85	0.89	0.90
2.02	0.08	0.22	0.24	0.39	Losses on loans, guarantees etc.	0.31	0.21	0.18	0.06	1.67
<b>-0.78</b>	<b>1.98</b>	<b>1.01</b>	<b>1.12</b>	<b>1.30</b>	<b>Gross profit</b>	<b>1.27</b>	<b>1.12</b>	<b>1.01</b>	<b>1.14</b>	<b>-0.41</b>
-0.15	0.29	0.22	0.27	0.19	Tax payable on ordinary result	0.17	0.26	0.23	0.27	-0.07
<b>-0.63</b>	<b>1.69</b>	<b>0.79</b>	<b>0.85</b>	<b>1.12</b>	<b>Net profit</b>	<b>1.10</b>	<b>0.86</b>	<b>0.78</b>	<b>0.87</b>	<b>-0.33</b>

Parent bank						Group				
Q4/18	Q1/19	Q2/19	Q3/19	Q4/19		Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
<b>ASSETS</b>										
82	73	91	73	88	Cash and claims on central banks	88	73	91	73	82
1 170	1 166	1 229	1 355	1 432	Loans to and claims on credit institutions	750	702	594	651	461
20 289	20 367	20 548	20 535	19 778	Loans to and claims on customers	27 320	28 141	28 125	27 802	27 614
54	71	53	50	16	Financial derivatives	15	50	53	71	54
4 132	4 064	4 649	4 628	5 314	Certificates, bonds and shares available for sale	5 283	4 678	4 674	4 089	4 157
382	384	365	370	379	Investments in associated companies	379	370	365	385	382
595	595	610	610	604	Investments in subsidiaries	0	0	0	0	0
11	11	13	13	8	Deferred tax benefit	12	17	17	15	15
69	68	70	71	75	Fixed assets	173	131	131	132	133
70	162	74	61	66	Other assets	48	73	87	138	71
<b>26 854</b>	<b>26 961</b>	<b>27 702</b>	<b>27 766</b>	<b>27 760</b>	<b>Total assets*</b>	<b>34 068</b>	<b>34 235</b>	<b>34 137</b>	<b>33 356</b>	<b>32 969</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>										
250	250	250	250	553	Liabilities to credit institutions	554	252	252	252	252
17 718	17 730	18 757	18 924	19 391	Deposits from customers and liabilities to customers	18 959	18 497	18 324	17 271	17 248
5 058	5 002	4 700	4 556	3 669	Borrowings through the issuance of securities	10 334	11 413	11 542	11 837	11 556
22	27	27	21	18	Financial derivatives	25	21	27	27	22
104	172	148	141	184	Other liabilities	179	125	130	162	118
451	451	451	452	452	Fund bonds	452	451	451	451	451
<b>23 603</b>	<b>23 632</b>	<b>24 333</b>	<b>24 344</b>	<b>24 266</b>	<b>Total liabilities</b>	<b>30 503</b>	<b>30 759</b>	<b>30 726</b>	<b>30 000</b>	<b>29 647</b>
1 178	1 178	1 178	1 179	1 179	Paid-in equity capital	1 179	1 179	1 178	1 178	1 178
299	299	299	299	299	Hybrid capital	299	299	299	299	299
1 774	1 740	1 726	1 718	2 016	Accrued equity capital/retained earnings	2 085	1 785	1 795	1 806	1 843
0	112	166	226		Profit after taxes	0	211	137	71	0
					Minority interest	2	2	2	2	2
<b>3 251</b>	<b>3 329</b>	<b>3 369</b>	<b>3 422</b>	<b>3 494</b>	<b>Total equity capital</b>	<b>3 565</b>	<b>3 476</b>	<b>3 411</b>	<b>3 356</b>	<b>3 322</b>
<b>26 854</b>	<b>26 961</b>	<b>27 702</b>	<b>27 766</b>	<b>27 760</b>	<b>Total liabilities and equity capital</b>	<b>34 068</b>	<b>34 235</b>	<b>34 137</b>	<b>33 356</b>	<b>32 969</b>



## OTHER KEY FIGURES

Parent bank			Group	
31.12.18	31.12.19		31.12.19	31.12.18
<b>BALANCE SHEET</b>				
<b>Development in the last 12 months</b>				
0.4	3.4	Total assets <sup>9</sup>	3.3	3.5
3.3	-2.7	Gross lending <sup>6</sup>	-1.2	5.2
1.7	9.4	Customer deposits <sup>7</sup>	9.9	1.6
85.7	96.4	Deposit coverage as a percentage of gross loans <sup>5</sup>	68.5	61.6
55.2	56.5	Lending to retail customers	67.9	66.6
26 830	27 507	Average assets <sup>10</sup>	34 033	32 443
20 669	20 110	Gross loans <sup>4</sup>	27 655	27 995
<b>SOLIDITY</b>				
16.4	18.0	Core tier one Capital ratio	16.7	15.6
18.0	19.7	Core Capital ratio	18.3	17.1
20.7	22.5	Total Capital ratio <sup>21</sup>	20.8	19.6
		Core tier one Capital ratio, after proportionally consolidation in%	16.5	15.2
		Core capital ratio, after proportionally consolidation in%	18.2	16.9
		Total Capital ratio, after proportionally consolidation in%	20.7	19.3
8.9	9.0	Leverage ratio <sup>22</sup>	9.3	9.2
4.4	9.0	Rate of return on equity capital <sup>1</sup>	8.9	4.6
4.4	9.4	Rate of return on equity capital (excl. hybrid capital)	9.3	4.6
0.5	1.1	Return on assets	0.9	0.5
<b>KEY FIGURES PCC</b>				
4.8	10.7	Yield per primary certificate <sup>16</sup>	10.7	5.0
4.8	10.7	Diluted result per ECC, in Norwegian currency	10.7	5.0
76.3	76.4	ECCs split (01.01) <sup>18</sup>	76.4	76.3
108	116	Equity capital per ECC <sup>17</sup>	119	110
69.5	84.0	PCC price quoted on the stock exchange	84.0	69.5
14.4	8	P/E (price divided by profit per ECC) <sup>19</sup>	7.9	13.9
0.6	0.7	P/B (price divided by book value of equity capital) <sup>20</sup>	0.7	0.6
40.3	39.7	Costs as a percentage of income <sup>3</sup>	39.5	39.7
1.0	1.0	Cost in percent of average total assets	0.9	0.9
150	148	Number of man-years	148	150
<b>LOSSES ON LOANS AND GROSS DEFAULTS</b>				
As a percentage of gross lending:				
1.5	1.4	Gross defaults over 90 days <sup>13</sup>	1.0	1.1
1.6	1.2	Total loan loss provision	0.9	1.1
1.2	0.3	Losses on lending <sup>12</sup>	0.2	0.9

## OTHER CALCULATIONS

Parent bank			Group	
31.12.18	31.12.19	(Figures in MNOK and %)	31.12.19	31.12.18
		<b>Operating costs, adjusted for one-time effects</b>		
279	286	Operating costs	293	286
0	0	One-time effects	0	0
<b>279</b>	<b>286</b>	<b>Operating costs, adjusted for one-time effects</b>	<b>293</b>	<b>286</b>
1.04 %	1.04 %	Operating costs in % of BTA, adjusted for one-time effects	0.86 %	0.88 %
40.3 %	39.7 %	Operating costs in % of income, adjusted for one-time effects	39.5 %	39.7 %
144	304	Profit	305	149
-12	-13	Paid interests subordinated bonds	-13	-12
132	291	Net profit, incl. Interests subordinated bonds	292	137
0	0	one-time effect pension	0	0
132	291	Profit, adjusted for one-time effects	292	137
144	304	Profit (annualized)	305	149
132	291	Profit (annualized), eks one-time effects and incl. interests subordi	292	137
3 285	3 389	Average equity	3 431	3 268
-299	-299	Average subordinated bonds	-299	-299
2 986	3 090	Average equity adjusted for subordinated bonds	3 132	2 969
<b>4.4 %</b>	<b>9.0 %</b>	<b>ROE</b>	<b>8.9 %</b>	<b>4.6 %</b>
<b>4.4 %</b>	<b>9.4 %</b>	<b>ROE adjusted for one-time effects and interests FO11</b>	<b>9.3 %</b>	<b>4.6 %</b>
144	304	Profit	305	149
144	304	Profit (annualized)	305	149
132	291	Profit (annualized), eks one-time effects and subordinated bonds	292	137
26 830	27 507	Average assets	34 033	32 443
<b>0.5 %</b>	<b>1.1 %</b>	<b>Return on assets (annualized)</b>	<b>0.9 %</b>	<b>0.5 %</b>
<b>0.5 %</b>	<b>1.1 %</b>	<b>Return on assets (annualized) adjusted for one-time effects</b>	<b>0.9 %</b>	<b>0.4 %</b>
3 058	3 192	CET1	3 271	3 136
34 500	35 548	Unweighted calculation basis	34 964	33 997
<b>8.9 %</b>	<b>9.0 %</b>	<b>Leverage ratio</b>	<b>9.4 %</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**

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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)