



**FINANCIAL REPORT  
FIRST QUARTER 2020**

## **Helgeland Sparebank**

Accounts 1<sup>st</sup> quarter 2020.

### **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 2019 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 first quarter (HSB group)**

Helgeland Sparebank delivers a gross profit of MNOK 40 this quarter. The PLA is strongly affected by market turmoil related to oil price and the corona pandemic. The weak net profit is mainly related to value change in financial assets, write-downs on lending and one-time costs related to the business transfer. Despite this, the underlying basis operation is still positive, and we see the effect of increased profitability focus.

- Gross profit MNOK was 40 (93).
- Loan losses amounted to MNOK 23 (5).
- Loss on financial instruments by MNOK -35 (4)
- 12-month lending growth: -1.6 (5.7) %
- 12-month deposit growth: 4.5 (2.6) %
- Annualized net return on equity for the group (adjusted for hybrid capital) constituted 2.8 % against 9,6 % same period last year.

### **The corona crisis**

The corona pandemic has had large effect on Norwegian and international economy. By the end of the quarter, large parts of the economy are affected by a partly closedown as a consequence of the preventive measures to reduce spreading of the virus.

The crisis has by the end of the quarter had moderate effect on the banking business. The uncertainty has mainly affected value change on financial instruments, loss accruals and operational activities related to lowering interests, payment postponements and other adaptations to new

requirements and arrangements related to the crisis. The banks position by the end of the quarter suggests that the banks' ability to cover future demand on services will be good.

The total effect of the corona pandemic is uncertain. The uncertainty is mainly related to the time perspective and the measures initiated, both nationally and internationally. The crisis has so far had a moderate effect on the market in Helgeland. As the pandemic in little degree has arrived Helgeland, the effect in the bank's market area have mainly been related to the measures initiated to reduce spreading of the virus. By the end of the quarter, the bank has taken the costs and the write-downs evaluated as relevant, but there lies continued uncertainty regarding costs as a consequence of a possible spreading of the virus on Helgeland.

The extent of government guarantee loans and applications of instalment relief related to the corona situation is limited in the banks market area. Demand of easing and funding has increased in to second quarter, and the extent will be depending of time perspective of the measures and an possible large increase in instances of the disease in Helgeland.

### **Bank cooperation in Helgeland**

Helgeland Sparebank and Sparebank 1 Nord-Norge (SNN) announced in march 2020 a future headed and strategic bank cooperation in Helgeland. The cooperation results in Helgeland Sparebank enters the Sparebank 1 alliance through SamSpar. In addition, Helgeland Sparebank is buying SNN's banking business in Helgeland. The cooperation and the acquisition is expected to give strengthened income basis through better and broader product- and service range together with streamlining of the banking operation. Helgeland Sparebank will also after the initiation of the cooperation be the local bank and a driving force for growth in Helgeland.

The acquisition is expected to be implemented in the first half of 2021, and will provide an increased credit portfolio of about 10 bn. The future cooperation will provide sale of the shares in product companies and Rede Eiendomsmegling AS. Equivalent there will be bought shares and holdings in the real estate company "Eiendomsmegler 1 Nord-Norge AS, SamSpar and product companies in SNN. There will be made a public emission of up to MNOK 800 in relation to the cooperation. The emission is guaranteed by SNN and Sparebankstiftelsen Helgeland. The holding of the emission amount Sparebankstiftelsen Helgeland guarantees for will be offered to the banks owners.

### **Two new representatives in the bank's board**

New deputy chairman in the board is Bjørn Krane. Bjørn Krane is a lawyer in Advokathuset Helgeland DA, and has long experience within business

related law and board work. Bjørn replaces earlier deputy chairman Bjørn-Audun Risøy. In addition, Rolf Eigil Bygdnes is entering as a board member and replaces earlier board member Nils Terje Furunes. Bygdnes is CEO in Sparebankstiftelsen SpareBank 1 Nord-Norge, and has long experience within the finance sector, among other as a CFO in SNN.

## **Result first quarter**

### **Key figures**

(Comparison per 31.03.19)

- Net interest 1.91 (1.74) %
- Costs in percent of BTA 1.03 (0.89) %
- Write-downs on lending 0.33 (0.10) %
- Profit per EC amounts to NOK 0.7 (2.5) %
- CET1 ratio 17.16 (15.1) %
- Capital ratio 21.43 (19.1) %

### **The net interest**

Net interest and credit commission income amounted to MNOK 302. This is an increase of MNOK 45 compared to 31.03.19. The interest cost in the same period is MNOK 143 (115). In percentage of average total assets, the net interest was 1.91, up from 1.74 in the same period last year. Lowering of the interest rate done in March has provided marginal effect on the bank's net interest in first quarter.

At the end of the quarter the bank has accrued MNOK 5 in contribution to the deposit guarantee fund and the emergency fund.

### **Net commission earnings.**

The net commission earnings were MNOK 24 (23), or 0.29 (0.28) in percentage of average total assets.

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

Net income from financial investments was negative by MNOK 35, a reduction of MNOK 39 compared to the same period last year. The negative value change so far this year is related to:

- Value change on market based shares and securities of MNOK 10.
- Write-downs/value changes of shares and other financial assets of MNOK 25.

In the parent bank, dividend from Helgeland Boligkreditt AS have been recognized as income with MNOK 49.6 in the first quarter of 2020.

### **Operating costs**

Total operating costs amounted to MNOK 86 (73). As a percentage of average total assets, costs were 1.03 (0.89), while costs in relation to income were 57.5 (42.7) %.

The high operating costs are mainly related to one-time costs related to the acquisition of SNN's business in Helgeland together with higher

depreciation and write-down of rights of use associated to leasing.

The bank's sick leave is lower than at the same time in 2019 and was 3.2 (4.6) %.

### **Write-downs on lending**

MNOK 23 (5) has been expensed in write-downs on loans, which as a percentage of gross lending were 0.33 (0.1). The write-downs are partly a product of calculated loss expectations and partly a product of statements on earlier depreciated commitments. As a consequence of covid-19, the bank has initiated changes on some assumptions in the loss model. These changes amounts to a net cost of MNOK 25.

### **The equity certificate – HELG**

By the end of the quarter, the number of EC owners amounts to 2 464. The 20 largest owners are noted with 74.6 % of the EC capital. Of this, Sparebankstiftelsen owns 35.0 %.

The number of total EC's is 20 871 427. As of 31.03.20 the bank owned 10.342 of our own EC's. At the end of the year, the price of the EC's. By the end of the quarter, the price of the bank EC's was NOK 65,50, which represents a decrease of NOK 18.50 from year end.

### **Balance development per 31.03.20**

Total assets amount to 33.6 bn. Over the last 12 months, total assets increased by MNOK 199 (1 202) or 0.6 (3.7) %.

### **Commitments**

By the end of the quarter, gross lending constituted MNOK 27 734. The 12-month lending growth was negative by MNOK -453 (1 521), or -1.61 (5.7) %. Of the group's lending 83.2 (82.4) % is lent to customers in Helgeland.

Of gross lending, MNOK 18 831, or 67.9 (66.3) % is lending to retail customers, of which MNOK 7 753 has been transferred to the bank's mortgage company.

The 12-month growth in the retail market was lower than the same period last year and was MNOK 140 (838), or 0.7 (4.7) %.

In the corporate market, the 12-month growth was negative by MNOK -593 (683), or -6.2 (6.7) %.

### **Deposits from customers**

By the end of the quarter, deposits from customers constituted MNOK 18 053. The deposits have over the last 12 months increased by MNOK 782 (439), or 4.5 (2.6) %. The deposit growth is especially good in the corporate market.

The HSB group has stable and local depositors; 89.2 (89.9) % are deposits from customers in Helgeland.

The 12-month deposit growth in the retail market was MNOK 562 (457), or 5.6 (4.8) %. Of total

deposits of MNOK 18 053, MNOK 10.530, or 58.3 (57.7) % are deposits from retail customers. In the corporate market, deposits have been increased the last 12 months by MNOK 220 (-18) or 3.0 (-0.2) %.

Higher deposit growth than lending growth has resulted in higher deposit coverage, which was 65.1 (61.3) % in the group and 92.0 (85.4) % 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 10 369 (11.837), and has a satisfying allocation of duration and lending sources. The bank has in first quarter taken up an F-loan, and has not had the need for further funding in the market. By the end of the quarter, the share of loans beyond one year was 93.1 (94.3) %. The average remaining term for these debt securities was 2.7 (2.9) years. Duration in the mortgage company is slightly higher with 3.2 years.

The target for the Group is duration > 2.5 years. The lending market for senior loans is slightly strained as a consequence of the uncertainty in the market, with partly high spreads on new loans.

The bank is continually preparing for the transferral of approved mortgages to the fully owned mortgage company. The volume has increased from MNOK 7 494 per 31.03.19 to MNOK 7 753 per 31.03.20. The fixed maximum limit for transferring loans to Helgeland Boligkreditt AS is 35 % of gross lending and 50 % of gross lending RM. As of 31.03.20, the transfer level is 28.0 (26.6) % and 41.2 (40.1) %.

### **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 is reduced by MNOK 14 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 273 (340) which is a reduction of MNOK 67 from 31.03.19. 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.

#### 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 2020 it has not been revealed any conditions that are critical to the bank's activities.

### Liquidity risk

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 5.2 (4.4) bn, or 15.5 (13.2) % of the group's total assets. The combined duration of the interest portfolio is 1.5 (1.7) 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 196 (135) %.

### **Solidity**

Net capital amounts to MNOK 3 938, hereby fund obligations by MNOK 299 and subordinated loan by MNOK 452. Including proportionate consolidation of collaborating groups, the HSB group has a CET1 capital ratio of 17.16 (15.11) % and a total capital ratio of 21.43 (19.1) %. The profit for the year and allocated dividend is deducted from the capital.

Statutory minimum requirement for pure core capital adequacy is 11.0 % from 31.03.20. The bank has a Pillar 2 addition of 2.2 %. The group's capital requirement including Pillar 2 addition amounts to 13.2 % (down from 14.7 %).

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

Reduced balance in the first quarter has resulted in an increase in the capital adequacy.

The group's Leverage Ratio (unweighted core capital ratio) was 9.8 (9.2) %.

### **Prospects ahead**

It has been an eventful first quarter in 2020 with announcement on bank cooperation on Helgeland and the corona situation.

The bank made it public in the first quarter a historical bank cooperation in Helgeland which the bank has great belief in, and look forward to initiate. The cooperation and the business acquisition will in the long term benefit customers, owners, employees and not least Helgeland.

The corona virus in Norway and the associated measures has had large repercussions for the society. Helgeland Sparebank early decided to adapt to the crisis, both to contribute with support to those who needed it the most, but also to assure enough capital to cover costs as a consequence of the pandemic. To assure the possibility for this,

whole of the profit was among others temporary withheld on the time of the ordinary board of trustee's meeting. For the group, covid-19 has mainly affected increased write-downs in lending (model calculations), write-downs on financial instruments and operational activities. The duration of the pandemic, effect and the measures is crucial factors of what the total shows when the crisis is over. Against the end of April, a gradual opening of the country's kindergarten/schools and businesses such as haircutters and physio therapists started. Even if the virus spread is little existing in Helgeland, these lightening in restrictions will strike out as positive for the business in Helgeland.

Interest increases in the end of 2019, where both interest and NIBOR spreads has been increased, has lifted the net interest into 2020. The net interest is unaffected of the interest rate changes implemented as a consequence of the corona pandemic in the middle of march. A lack of parallelism between changes in the deposit – and credit interest rates will have some effect on the profit in second quarter.

The market growth in retail market in Helgeland continues to fall. The 12-mont 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 for first quarter been on the same level as the "normal year" 2017. When it comes to the price of sold housing, these are stable with related season variations. 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. Covid-19 is not expected to provide significant changes in the price development in Helgeland, but the price growth is most likely to decline.

Low exchange rates continue to provide high speed in the export industry. The salmon- and oil price is declining and is hitting associated companies. In the building and construction industry in Helgeland, the growth has been high, but it is expected a decline as a consequence of the corona pandemic. Helgeland has several public projects on hold that can contribute to a faster turnover when the society re-opens.

Unemployment has increased as a consequence of the pandemic measures, but are slightly lower in Helgeland with 7.3% in the first quarter against 10.7% nationally.

Overall, the level of commission income is satisfying. Established measures and an aggressive sales organization provide the basis for expecting this to be stable in 2020.

The bank has earlier guided the market on an expectation of normalized losses. The bank has relatively little exposure against especially affected

industries within oil, tourism, hotel and restaurant business. By the end of first quarter, the bank has taken into account the corona pandemic in its loss model based on available information. It lies uncertainty around time perspective, and consequently further effects on future losses.

Helgeland Sparebank has adequate capital, and is well set to take its part of the voluntary in relation to the corona pandemic, and also contribute to future growth in Helgeland when the society with time goes back to normal.

Mo i Rana, April 29<sup>th</sup> 2020

Stein Andre Herigstad-Olsen  
*Chairman of the Board*

Bjørn Krane  
*Deputy Chairman of the Board*

Marianne Terese Steinmo

Siw Moxness

Rolf Eigil Bygdnes

Tone Helen Hauge

Hanne Nordgaard  
CEO

Birgitte Lorentzen  
*Employee representative*

Geir Pedersen  
*Employee representative*

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

Parent bank				Group		
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
904	206	241	Interest income and similar income (note 2.1)	302	257	1 121
365	79	99	Interest payable and similar costs	138	112	504
15	3	5	Hedge fund fees	5	3	15
<b>524</b>	<b>124</b>	<b>137</b>	<b>Net interest- and credit commission income</b>	<b>159</b>	<b>142</b>	<b>602</b>
114	26	26	Commissions receivable and income from banking services	26	26	114
14	3	2	Commissions payable and costs relating to banking services	2	3	14
<b>100</b>	<b>23</b>	<b>24</b>	<b>Net commission income</b>	<b>24</b>	<b>23</b>	<b>100</b>
70	53	50	Dividend	0	0	16
21	3	6	Net profit from associates	6	3	21
-4	1	-40	Net profit from other financial investments	-41	1	-3
87	57	15	Gains/losses on financial assets available for sale (note 3)	-35	4	34
9	2	2	Other operating income	1	2	5
286	70	84	Operating costs (note 4)	86	73	293
64	5	23	Losses on loans, guarantees etc. (note 10)	23	5	65
<b>370</b>	<b>131</b>	<b>70</b>	<b>Gross profit</b>	<b>40</b>	<b>93</b>	<b>384</b>
66	19	13	Tax payable on ordinary result	18	22	79
<b>304</b>	<b>112</b>	<b>57</b>	<b>Net profit</b>	<b>23</b>	<b>71</b>	<b>305</b>
10.7	3.9	2.0	Yield per equity capital certificate (note 5)	0.7	2.5	10.7
10.7	3.9	2.0	Diluted result per ECC in Norwegian currency (note 5)	0.7	2.5	10.7
			<b>Extended Income Statement</b>			
<b>304</b>	<b>112</b>	<b>57</b>	<b>Net profit</b>	<b>23</b>	<b>71</b>	<b>305</b>
			<u>Items that will not be reclassified through profit or loss</u>			
-2			Recognized deviations in pensions			-2
			<u>Items that are subsequently reversed through profit or loss:</u>			
0	0		Estimate variances, pensions will not be reversed over the income statement later	0	0	0
0	0		Tax on extended profit	0	0	0
-2	0	0	Net extended profit or loss items	0	0	-2
<b>302</b>	<b>112</b>	<b>57</b>	<b>Total profit of the period</b>	<b>23</b>	<b>71</b>	<b>303</b>



## BALANCE SHEET (amounts in NOK million)

Parent bank			Group			
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
<b>ASSETS</b>						
88	73	74	Cash and claims on central banks	74	73	88
1 432	1 166	1 613	Loans to and claims on credit institutions	749	651	750
19 778	20 367	19 687	Loans to and claims on customers (note 7,8,9,10)	27 380	27 802	27 320
16	71	55	Financial derivatives (note 16)	74	71	15
5 314	4 064	4 648	Certificates, bonds and shares	4 669	4 089	5 283
379	384	376	Investments in associated companies (note 12)	376	385	379
604	595	604	Investments in subsidiaries (note 12)			
8	11	8	Deferred tax benefit	12	15	12
75	68	73	Fixed assets (note 13)	171	132	173
66	162	68	Other assets (note 13.1)	49	137	48
<b>27 760</b>	<b>26 961</b>	<b>27 206</b>	<b>Total assets</b>	<b>33 554</b>	<b>33 355</b>	<b>34 068</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>						
553	250	850	Liabilities to credit institutions	852	252	554
19 391	17 730	18 430	Deposits from customers and liabilities to customers (note 17,18)	18 053	17 271	18 959
3 669	5 002	3 676	Borrowings through the issuance of securities (note 15)	10 369	11 837	10 334
18	27	42	Financial derivatives (note 16)	40	27	25
184	172	211	Other liabilities (note 13.1)	208	161	179
452	451	452	Subordinated loan capital	452	451	452
<b>24 266</b>	<b>23 632</b>	<b>23 661</b>	<b>Total liabilities</b>	<b>29 974</b>	<b>29 999</b>	<b>30 503</b>
<b>Equity capital</b>						
208	209	208	Equity share capital (note 5,6,20)	208	209	208
0	-2	0	Own portfolio equity share capital	0	-2	0
971	971	971	Premium Fund	971	971	971
822	710	878	Cohesion Fund	878	710	822
<b>2 001</b>	<b>1 888</b>	<b>2 057</b>	<b>Total equity share capital</b>	<b>2 057</b>	<b>1 888</b>	<b>2 001</b>
590	558	607	Primary capital	607	558	590
53	32	34	Gift fund	34	32	53
<b>643</b>	<b>590</b>	<b>641</b>	<b>Total primary capital</b>	<b>641</b>	<b>590</b>	<b>643</b>
439	440	439	Unrealized gains reserve	439	440	439
299	299	299	Hybrid Capital (Note 1,17)	299	299	299
112	112	109	Other equity capital	142	137	181
<b>3 494</b>	<b>3 329</b>	<b>3 545</b>	<b>Total equity capital exclusive minority interest</b>	<b>3 578</b>	<b>3 354</b>	<b>3 563</b>
			Non-controlling interest	2	2	2
<b>3 494</b>	<b>3 329</b>	<b>3 545</b>	<b>Total equity capital</b>	<b>3 580</b>	<b>3 356</b>	<b>3 565</b>
<b>27 760</b>	<b>26 961</b>	<b>27 206</b>	<b>Total liabilities and equity capital</b>	<b>33 554</b>	<b>33 355</b>	<b>34 068</b>

Conditional liabilities off balance sheet (note 11)

## CHANGE IN EQUITY CAPITAL

Group  
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 as at 01.01.19</b>	209	971	-2	299	440	557	27	6	709	104	2	3 322
Profit				13	-3	35	21	14	112	112		305
OCI						-2						-2
<b>Total profit</b>	0	0	0	13	-3	33	21	14	112	112	0	302
Paid interest FO				-13								-13
Gifts							-8	-6				-13
Other changes					2					-2		0
Transactions with owners			1									1
Dividend paid/interests										-33		0
<b>Equity 31.12.19</b>	209	971	-1	299	439	590	39	14	822	181	2	3 565
Paid-in/accrued equity/retained earnings			1 178								2 387	3 565

31.03.20

	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 as at 01.01.20</b>	209	971	-1	299	439	590	39	14	822	181	2	3 565
result for the period				5						18		23
<b>Extended profit or loss items</b>												0
<b>Total ext. profit or loss</b>	0	0	0	5	0	0	0	0	0	18	0	23
Paid interest FO				-5								-5
Gift fund							-3					-3
Transactions with owners												0
Change in allocation of profit 2019						17	-10	-7	56	-56		0
Dividend paid/interests												0
<b>Equity 31.03.20</b>	209	971	-1	299	439	607	26	7	878	142	2	3 580
Paid-in/accrued equity/retained earnings			1 178								2 402	3 580

Parent bank

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	Other Equ.cap.	Total	
<b>Equity as at 01.01.19</b>		209	971	-2	299	440	557	27	6	711	33	3 251
Profit				13	-3	35	21	14	112	112		304
OCI						-2						-2
<b>Total profit</b>		0	0	0	13	-3	33	21	14	112	112	302
Paid interest FO				-13								-13
Gift fund								-8	-6			-14
Other changes						2				-1		1
Transactions with owners				1								1
Dividend paid/interests										-33		-33
<b>Equity 31.12.19</b>		209	971	-1	299	439	590	39	14	822	112	3 494
Paid-in/accrued equity/retained earnings				1 179							2 315	3 494

31.03.20

	ECC capital	Premium fund	Own ECCs	Own ECCs	Result for valuation	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total	
<b>Equity as at 01.01.20</b>		209	971	-1	299	439	590	39	14	822	112	3 494
result for the period					4						53	57
<b>Extended profit or loss items</b>												0
<b>Total ext. profit or loss</b>		0	0	0	4	0	0	0	0	0	53	57
Paid interest FO					-4							-4
Gift fund								-3				-3
<b>Transactions with owners</b>												0
Change in allocation of profit 2019							17	-10	-7	56	-56	0
Dividend paid/interests												0
<b>Equity capital 31.03.20</b>		209	971	-1	299	439	607	27	7	878	109	3 545
Paid-in/accrued equity/retained earnings				1 179							2 366	3 545

## CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>			
31.12.19	31.03.19	31.03.20	31.03.20	31.03.19	31.12.19	
559	-81	57	Change in lending to customers	-79	-192	340
801	205	210	Interest income lending to customers	276	236	1 037
1 673	12	-962	Change deposits from customers	-906	23	1 711
-242	-51	-71	Interest cost deposit from customers	-63	-52	-239
300	0	300	Change in receivables and liabilities to credit institutions	300	0	300
-1 157	72	654	Change certificates and bonds	604	93	-1 136
74	16	24	Interest income certificates and bonds	20	16	74
100	23	24	Comission income	24	23	100
-272	-67	-79	Payments relating to operations	-79	-69	-273
-61	-61	-6	Paid tax	-20	-76	-76
-15	-40	53	Other cutoffs	40	-34	8
1 760	28	204	<b>A Net liquidity change from operating activities</b>	117	-32	1 846
-48	-1	-3	Investment in long-term securities	-4	-1	-88
0	0	0	Income sale of long-term securities	0	0	0
-21	0	0	Long-term investments in shares	0	0	-21
1	0	0	Payment from sales long-term investments in shares	0	0	1
70	52	50	Dividend from long-term investments in shares	0	0	23
2	51	47	<b>B Net liquidity change from investments</b>	-4	-1	-85
2 563	500	18	New borrowing through issuance of securities	18	1 201	6 308
-3907	-565	-74	Repayments - issued securities	-74	-927	-7454
0	0	0	Opptak ansvarlig lånekapital	0	0	0
-104	-24	-24	Interest payments borrowing through issuance of securities	-68	-57	-274
-13	-3	-4	Interest payments on subordinated debt	-4	-3	-13
-33	0	0	dividend to share owners	0	0	-33
-1 494	-92	-84	<b>C Net liquidity change financing</b>	-128	214	-1 466
268	-13	167	A+B+C Net liquidity change in the period	-15	181	295
1 252	1 252	1 520	Liquid funds at the start of the period	838	543	543
1 520	1 239	1 687	Liquid funds at the end of the period	823	724	838
<b>Liquid funds specified</b>						
88	73	74	Cash and balances with central banks	74	73	88
1 432	1 166	1 613	Balances with credit institutions without notice periods	749	651	750
<b>1 520</b>	<b>1 239</b>	<b>1 687</b>	<b>Liquid funds</b>	<b>823</b>	<b>724</b>	<b>838</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 2019. Interim reports are in accordance with IAS 34 and have not been audited.

## NOTE 2. SEGMENT

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

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

<i>Parent bank</i>				<i>Group</i>					
<b>31.03.20</b>				<b>31.03.20</b>					
<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>	<b>Segment information</b>		<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>
60	75	2	137	Net interest and credit commission income		85	75	-1	159
4	3	17	24	Net commission income		4	3	17	24
		17	17	Other operating income				-33	-33
20	12	52	84	Operating costs		23	12	51	86
1	22	0	23	Losses on loans guaranteed		1	22		23
<b>43</b>	<b>44</b>	<b>-17</b>	<b>70</b>	<b>Gross profit</b>		<b>65</b>	<b>44</b>	<b>-69</b>	<b>40</b>
11 244	8 795	0	20 039	Loans to and claims on customers		18 831	8 903	0	27 734
-21	-331	0	-352	Provision of loss		-21	-331	0	-352
0	0	7 519	7 519	Other assets				6 172	6 172
<b>11 223</b>	<b>8 464</b>	<b>7 519</b>	<b>27 206</b>	<b>Total assets per segment</b>		<b>18 810</b>	<b>8 572</b>	<b>6 172</b>	<b>33 554</b>
10 530	7 900	0	18 430	Deposits from customers and liabilities		10 530	7 523	0	18 053
0	5	0	5	Provisions of loss, unutilized deductions and guarantees		0	5	0	5
		8 771	8 771	Other liabilities and equity				15 496	15 496
<b>10 530</b>	<b>7 905</b>	<b>8 771</b>	<b>27 206</b>	<b>Total liabilities and equity per segment</b>		<b>10 530</b>	<b>7 528</b>	<b>15 496</b>	<b>33 554</b>

<i>Parent bank</i>				<i>Group</i>					
<b>31.03.19</b>				<b>31.03.19</b>					
<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>	<b>Segment information</b>		<b>Retail</b>	<b>Corp.</b>	<b>Unallocated</b>	<b>Total</b>
49	68	6	123	Net interest and credit commission income		71	69	2	142
6	3	15	24	Net commission income		6	3	14	23
0	0	59	59	Other operating income		0	0	6	6
17	9	44	70	Operating costs		17	10	46	73
0	5	0	5	Losses on loans guaranteed		0	5	0	5
<b>38</b>	<b>57</b>	<b>36</b>	<b>131</b>	<b>Gross profit</b>		<b>60</b>	<b>57</b>	<b>-24</b>	<b>93</b>
11 344	9 406	0	20 750	Loans to and claims on customers		18 691	9 496	0	28 187
-17	-367	0	-384	Provision of loss		-18	-367	0	-385
		6 596	6 596	Other assets		0	0	5 553	5 553
<b>11 327</b>	<b>9 039</b>	<b>6 596</b>	<b>26 962</b>	<b>Total assets per segment</b>		<b>18 673</b>	<b>9 129</b>	<b>5 553</b>	<b>33 355</b>
9 968	7 762	0	17 730	Deposits from customers and liabilities		9 968	7 303	0	17 271
0	5	0	5	Provisions of loss, unutilized deductions and guarantees		0	5	0	5
0	0	9 227	9 227	Other liabilities and equity		0	0	16 079	16 079
<b>9 968</b>	<b>7 767</b>	<b>9 227</b>	<b>26 962</b>	<b>Total liabilities and equity per segment</b>		<b>9 968</b>	<b>7 308</b>	<b>16 079</b>	<b>33 355</b>

## NOTE 2.1 NET INTEREST

Parent bank			Interest income			Group		
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19		
			<b>Interest from financial instruments at amortized cost</b>					
25	5	7	Interest from credit institutions	3	4	9		
450	106	128	Interest receivable on loans	265	229	999		
<b>475</b>	<b>111</b>	<b>135</b>	<b>Total interest from financial instruments at amortized cost</b>	<b>268</b>	<b>233</b>	<b>1 008</b>		
			<b>Interest from financial instruments valued to fair value over net profit</b>					
35	8	10	Interest receivable on loans (fair value loans)	10	8	35		
78	16	24	Interest from bearer bonds and certificates	24	16	78		
<b>113</b>	<b>24</b>	<b>34</b>	<b>Total interest from financial instruments valued to fair value over net profit</b>	<b>34</b>	<b>24</b>	<b>113</b>		
			<b>Interest from financial instruments valued to fair value OCI</b>					
316	71	72	Interest receivable on loans (loans who can transfer to the bank's mortgage company)	0	0	-		
<b>316</b>	<b>71</b>	<b>72</b>	<b>Total interest from financial instruments valued to fair value OCI</b>	<b>0</b>	<b>0</b>	<b>-</b>		
<b>904</b>	<b>206</b>	<b>241</b>	<b>Total interest income</b>	<b>302</b>	<b>257</b>	<b>1 121</b>		

## NOTE 2.2 NETTO PROVISJONSINTEKTER

Parent bank			Commissions and income from banking services			Group		
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19		
73	17	16	Fees relating to payments transmission services	16	17	73		
33	7	8	Fees insurance (general, life, saving and pension)	8	7	33		
8	2	2	Guarantee commission	2	2	8		
<b>114</b>	<b>26</b>	<b>26</b>	<b>Total commissions and income from banking services</b>	<b>26</b>	<b>26</b>	<b>114</b>		
				<b>0</b>				
			<b>Commissions payable and costs relating to banking services</b>					
14	3	2	Payments transmission services	2	3	14		
			Fees - customers use of payment terminals					
			Other fees					
<b>14</b>	<b>3</b>	<b>2</b>	<b>Total commissions and income from banking services</b>	<b>2</b>	<b>3</b>	<b>14</b>		
				<b>0</b>				
<b>100</b>	<b>23</b>	<b>24</b>	<b>Net commission income</b>	<b>24</b>	<b>23</b>	<b>100</b>		

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

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

Parent bank			Group		
31.12.19	31.03.19	31.03.20	31.03.20	31.03.19	31.12.19
0	-3	-3	Value change in interest-bearing securities	-3	-3
-3	1	0	Net gain/loss in interest-bearing securities	0	1
-3	0	-20	Net gain/loss shares	-20	0
70	53	49	Share dividend	0	0
20	3	6	Income AC Helgeland Invest AS	6	3
1	0	0	Income AC REDE	0	0
2	2	-3	Value change in value on lending	-3	2
0	1	-14	Value change on funding and derivatives	-15	1
<b>87</b>	<b>57</b>	<b>15</b>	<b>Total value change financial instruments</b>	<b>-35</b>	<b>4</b>

## NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank			Group		
31.12.19	31.03.19	31.03.20	31.03.20	31.03.19	31.12.19
138	35	37	Wages, salaries and social costs	37	138
93	21	24	General administration costs	23	93
14	3	5	Depreciation etc of fixed- and intangible assets	7	20
41	11	18	Other operating costs	19	42
<b>286</b>	<b>70</b>	<b>84</b>	<b>Total operating costs</b>	<b>86</b>	<b>293</b>

## NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>				<i>Group</i>		
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
-3	-1	-1	Period's change in write-downs step 1	-1	-1	-3
7	-9	14	Period's change in write-downs step 1	14	-9	8
-51	15	-4	Period's change in write-downs step 1	-4	15	-52
109	0	18	+ Period's confirmed loss	18	0	109
2.5	0	-4	- Period's recoveries from previous periods' conf.losses	-4	0	3
<b>64</b>	<b>5</b>	<b>23</b>	<b>Total losses on loans, guarantees etc.</b>	<b>23</b>	<b>5</b>	<b>65</b>

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

## NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>				<i>Group</i>		
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
304	112	57	Net profit	23	71	305
-13	-3	-4	Interest fund bond	-4	-3	-13
291	109	54	Profit (excl. Interest fund bond)	19	68	292
76.4 %	76.4 %	76.4 %	ECC percentage	76.4 %	76.4 %	76.4 %
10.7	4.0	2.0	Yield per equity capital certificate	0.7	2.5	10.7
10.7	4.0	2.0	Diluted result per ECC in Norwegian currency	0.7	2.5	10.7
				<i>Parent bank</i>		
				31.03.20	31.03.19	31.12.19
Net profit				57	112	304
Interest fund bond				-4	-3	-13
Transferred reserve for valuation variances				0	-3	3
<b>Basis dividend</b>				<b>54</b>	<b>106</b>	<b>294</b>

## NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>				<i>Group</i>			
31.03.19	%	31.03.20	%	31.03.20	%	31.03.19	%
17 437	84.0 %	17 160	85.6	23 072	83.2	23 234	82.4 %
3 286	15.8 %	2 845	14.2	4 613	16.6	4 909	17.4 %
27	0.1 %	34	0.2	49	0.2	44	0.2 %
<b>20 750</b>	<b>100.0 %</b>	<b>20 039</b>	<b>100</b>	<b>27 734</b>	<b>100</b>	<b>28 187</b>	<b>100.0 %</b>

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

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

Step 1: 12 months expected loss

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

Step 2: Expected loss of life.

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

the time of grant. The bank has chosen to define that assets with low credit risk (operationalized as assets with PD not exceeding 0.75%) remain in step 1. Expected loss for assets in step 2 is calculated over the residual maturity of the asset. The following events are always considered to have resulted in a significant increase in credit risk:

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

#### Step 3: Expected loss of life

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

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

In first quarter 2020 some parameters in the loss model has been adjusted as a consequence of covid-19, and the associated repercussions in the economy and the future prospects. Parameters that mainly has been adjusted to catch future loss of covid-19 situation is PD. PD is increased by 25 percent for all customer commitments. In addition, especially exposed business groups have been given further increase in PD. Effect of the changes in the pre assumptions in the model amounts to a model write-down of MNOK 25. The bank has relatively little extent of commitments against especially exposed businesses within oil and gas and trade, hotel and restaurant. The spread of the virus on Helgeland is low, and there are several public projects that can contribute to a faster turnover when the society re-opens. These factors contribute to limit the effect on write-downs as a consequence of covid-19.

With background in the information available with presentation of the accounts, the bank is of the opinion that the changes in the model adequate catches the changes in expected loss. It still lies uncertainty related to total effects of covid-19 in the corporate and retail market in Helgeland, and if one in the long term experience a larger virus spread wave in Helgeland.

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

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Step 1	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	62	0	0	0	0	0	62
Insurance and finance	2	0	0	0	0	0	2
Agriculture and forestry	1 383	0	-1	-8	-9	16	1 381
Fisheries and aquaculture	744	0	-1	0	0	0	743
Mining and industry	435	0	0	-1	-9	0	425
Building and construction	1 134	0	-2	-13	-114	15	1 019
Trade, hotel, restaurants.	405	0	0	-2	0	4	406
Transport and services	1 685	0	-2	-14	-48	9	1 630
Property, property development	2 991	0	-5	-34	-70	19	2 903
Total corporate market	8 840	0	-10	-71	-250	63	8 571
Retail market	17 319	0	-1	-8	-13	1 512	18 809
Total	26 159	0	-11	-80	-263	1 575	27 380
Expected loss unutilized credit and guarantees RM			-0	-0	-		
Expected loss unutilized credit and guarantees CM			-1	-3	-		

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## 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.	8		0	0	0	0	8
Insurance and finance	0		0	0	0	0	0
Agriculture and forestry	1 408		-1	-3	-10	16	1 410
Fisheries and aquaculture	1 398		-1	-3	0	0	1 393
Mining and industry	457		0	-2	0	0	455
Building and construction	1 425		-4	-19	-102	9	1 309
Trade, hotel, restaurants.	405		0	-2	-7	0	396
Transport and services	1 125		-2	-4	-66	22	1 075
Property, property development	3 203		-5	-14	-122	20	3 082
Total corporate market	9 429	0	-14	-47	-307	67	9 128
Retail market	17 514		-1	-5	-11	1 177	18 674
Total	26 943	0	-15	-52	-318	1 244	27 802
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-1	-3	-2		



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

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	62	0	0	0	0	0	62
Insurance and finance	2	0	-0	0	0	0	2
Agriculture and forestry	1 228	129	-1	-8	-9	16	1 355
Fisheries and aquaculture	723	14	-1	-0	-0	0	736
Mining and industry	419	11	-0	-1	-9	0	420
Building and construction	1 092	30	-2	-13	-114	15	1 007
Trade, hotel, restaurants.	384	12	-0	-2	-0	4	398
Transport and services	1 506	88	-2	-14	-48	9	1 539
Property, property development	2 883	150	-5	-35	-70	19	2 943
Total corporate market	8 299	433	-10	-73	-250	63	8 462
Retail market	495	9 236	-1	-7	-13	1 512	11 223
<b>Total</b>	<b>8 794</b>	<b>9 670</b>	<b>-11</b>	<b>-80</b>	<b>-263</b>	<b>1 575</b>	<b>19 685</b>
Expected loss unutilized credit and guarantees RM			-0	-0	-		
Expected loss unutilized credit and guarantees CM			-1	-3	-		

31.03.19

## 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.	8		0	0	0	0	8
Insurance and finance	0		-0	0	0	0	-0
Agriculture and forestry	1 254	134	-1	-3	-10	16	1 390
Fisheries and aquaculture	1 373	17	-1	-3	-0	0	1 385
Mining and industry	438	13	-0	-2	-0	0	449
Building and construction	1 371	38	-4	-19	-102	9	1 293
Trade, hotel, restaurants.	387	11	-0	-2	-7	0	389
Transport and services	960	93	-2	-4	-66	22	1 003
Property, property development	3 109	133	-5	-14	-121	20	3 122
Total corporate market	8 900	439	-14	-47	-306	67	9 039
Retail market	507	9 660	-1	-5	-11	1 177	11 328
<b>Total</b>	<b>9 407</b>	<b>10 099</b>	<b>-15</b>	<b>-51</b>	<b>-317</b>	<b>1 244</b>	<b>20 367</b>
Expected loss unutilized credit and guarantees RM			-0	-0	-0		
Expected loss unutilized credit and guarantees CM			-1	-3	-2		

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

Parent bank

Group

	31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
<b>289</b>	<b>413</b>	<b>299</b>	Default commitments over 90 days		<b>299</b>	<b>413</b>	<b>289</b>
-122	-176	-117	Step 3 write-downms		-117	-176	-122
<b>167</b>	<b>237</b>	<b>182</b>	<b>Total net loans, guarantees etc. in default</b>		<b>182</b>	<b>237</b>	<b>167</b>
<b>261</b>	<b>234</b>	<b>237</b>	Other non-performing and impaired commitments and guara., not in default <sup>14</sup>		<b>237</b>	<b>234</b>	<b>261</b>
-131	-131	-146	Step 3 write-downs		-146	-131	-131
<b>130</b>	<b>103</b>	<b>91</b>	<b>Total non-performing and impaired commitments and guara., not in default</b>		<b>91</b>	<b>103</b>	<b>130</b>
<b>297</b>	<b>340</b>	<b>273</b>	<b>Total non-performing and impaired commitments and guara<sup>15</sup></b>		<b>273</b>	<b>340</b>	<b>297</b>
1.5 %	1.6 %	1.4 %	In % of total loans		1.0 %	1.2 %	1.1 %

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.

	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<i>Group</i> <b>Step 1</b>
<b>Gross lending</b>	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
<b>Gross lending pr. 01.01.20</b>	<b>20 827</b>	<b>4 764</b>	<b>550</b>	<b>26 141</b>
New loans / credits / guarantees	1 415	139	2	1 555
Transfers from step 1 to step 2	-2 425	2 567		142
Transfers from step 1 to step 3	-4		5	0
Transfers from step 2 to step 3		-27	27	0
Transfers from step 3 to step 2		18	-20	-1
Transfers from step 3 to step 3	1		-1	0
Transfers from step 2 to step 1	732	-753		-20
Reduced portfolio	-1 141	-361	-22	-1 524
Other adjustments	-81	-47	-4	-133
<b>Gross lending pr. 31.03.20</b>	<b>19 322</b>	<b>6 300</b>	<b>536</b>	<b>26 159</b>
IB unused drafts, guarantees etc.	2 570	190	23	2 782
UB unused drafts, guarantees etc.	2 082	305	25	2 412

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

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

	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<i>Group</i> <b>Step 1</b>
<b>Gross lending</b>	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
<b>Gross lending pr. 01.01.19</b>	<b>22 813</b>	<b>3 338</b>	<b>638</b>	<b>26 789</b>
New loans / credits / guarantees	1 483	220	4	1 707
Transfers from step 1 to step 2	-1 031	1 036	0	5
Transfers from step 1 to step 3	-3	0	3	0
Transfers from step 2 to step 3	0	-26	26	0
Transfers from step 3 to step 2	0	12	-13	-1
Transfers from step 3 to step 3	4	0	-4	0
Transfers from step 2 to step 1	970	-974	0	-4
Reduced portfolio	-1 261	-245	-7	-1 513
Other adjustments	-32	-8	0	-40
<b>Gross lending pr. 31.03.19</b>	<b>22 943</b>	<b>3 353</b>	<b>647</b>	<b>26 943</b>
IB unused drafts, guarantees etc.	2 702	290	15	3 007
UB unused drafts, guarantees etc.	2 797	262	17	3 076

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. 01.01.20</b>	<b>14 212</b>	<b>3 835</b>	<b>550</b>	<b>18 597</b>
New loans / credits / guarantees	1 307	149	8	1 464
Transfers from step 1 to step 2	-1 908	2 053		145
Transfers from step 1 to step 3	-3		3	0
Transfers from step 2 to step 3		-22	22	0
Transfers from step 3 to step 2		18	-20	-1
Transfers from step 3 to step 3	1		-1	0
Transfers from step 2 to step 1	564	-582		-18
Reduced portfolio	-1 254	-363	-22	-1 639
				0
Other adjustments	-40	-40	-4	-84
<b>Gross lending pr. 31.12.20</b>	<b>12 879</b>	<b>5 049</b>	<b>536</b>	<b>18 464</b>
IB unused drafts, guarantees etc.	2 060	185	23	2 267
UB unused drafts, guarantees etc.	1 570	299	25	1 894

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	1 317	230	4	1 551
Transfers from step 1 to step 2	-806	816	0	10
Transfers from step 1 to step 3	-3	0	3	0
Transfers from step 2 to step 3	0	-26	32	6
		0		
Transfers from step 3 to step 2	0	12	-13	-1
Transfers from step 3 to step 3	4	0	-4	0
Transfers from step 2 to step 1	692	-695	-8	-11
Reduced portfolio	-1 302	-256	0	-1 558
				0
Other adjustments	43	-3	-2	38
<b>Gross lending pr. 31.12.19</b>	<b>15 716</b>	<b>3 132</b>	<b>650</b>	<b>19 498</b>
IB unused drafts, guarantees etc.	2 228	290	15	2 533
UB unused drafts, guarantees etc.	2 308	257	16	2 581

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

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

Loss provisions on gross loans and off-balance sheet items				<i>Group</i>
	Step 1	Step 2	Step 3	Step 1
	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>Loss deduction pr. 01.01.20</b>	<b>14</b>	<b>71</b>	<b>253</b>	<b>338</b>
New or increased loans / credits / guarantees	1	1	-1	1
Transfers from step 1 to step 2	-3	27		23
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		0	2	1
				0
Transfers from step 3 to step 2		0	-2	-2
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-15		-13
Reduced portfolio	-1	-4	-6	-11
				0
Other adjustments	-3	6	18	21
<b>Loss deduction pr. 31.03.20</b>	<b>10</b>	<b>85</b>	<b>263</b>	<b>358</b>

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

Loss provisions on gross loans and off-balance sheet items				<i>Group</i>
	Step 1	Step 2	Step 3	Step 1
	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
<b>Loss deduction pr. 01.01.19</b>	<b>17</b>	<b>63</b>	<b>305</b>	<b>385</b>
New or increased loans / credits / guarantees	1	3	5	9
Transfers from step 1 to step 2	-1	9	0	8
Transfers from step 1 to step 3	0	0	0	0
Transfers from step 2 to step 3	0	-1	5	4
				0
Transfers from step 3 to step 2	0	0	-1	-1
Transfers from step 3 to step 3	0	0	0	0
Transfers from step 2 to step 1	2	-9	0	-7
Reduced portfolio	-1	-2	-1	-4
				0
Other adjustments	-2	-7	5	-4
<b>Loss deduction pr. 31.03.19</b>	<b>16</b>	<b>56</b>	<b>318</b>	<b>390</b>

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

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	
<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. 01.01.20</b>	<b>14</b>	<b>69</b>	<b>253</b>	<b>336</b>
New or increased loans / credits / guarantees	1	1	1	4
Transfers from step 1 to step 2	-3	26		22
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		0	1	1
Transfers from step 3 to step 2		0	-2	-2
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-14		-13
Reduced portfolio	-1	-4	-6	-11
Other adjustments	-1	5	15	20
<b>Loss deduction pr. 31.03.20</b>	<b>12</b>	<b>83</b>	<b>263</b>	<b>357</b>

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

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	
<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	1	3	5	9
Transfers from step 1 to step 2	-1	9	0	8
Transfers from step 1 to step 3	0	0	0	0
Transfers from step 2 to step 3	0	-1	5	4
Transfers from step 3 to step 2	0	0	-1	-1
Transfers from step 3 to step 3	0	0	0	0
Transfers from step 2 to step 1	2	-9	0	-7
Reduced portfolio	-1	-2	-1	-4
Other adjustments	-2	-7	4	-5
<b>Loss deduction pr. 31.03.19</b>	<b>16</b>	<b>57</b>	<b>316</b>	<b>389</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>			
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
1 852	2 109	1 484	Unutilized drawing rights	2 002	2 604	2 367
415	472	410	Guarantee obligations	410	472	415
818	984	636	Unutilized drawing rights Helgeland Boligkreditt AS			
<b>3 085</b>	<b>3 565</b>	<b>2 530</b>	<b>Net guarantee and draw rights</b>	<b>2 412</b>	<b>3 076</b>	<b>2 782</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	
				31.03.20	31.03.19
ANS Bankbygg Mo	49.0		97.5 %	46	46
Helgeland Boligkreditt AS	540.0	540 000	100 %	540	540
AS Sparebankbygg	0.1	100	100 %	1	1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsseelskap AS	0.5	500	100 %	0	6
Strendene Utviklingsseelskap AS	0.03	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 2019. 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	
					31.03.20	
					Equity	
Helgeland Invest AS		118	648	0	0	766
REDE Eiendomsmegling AS		40	9	34	0	14
<b>Total</b>		<b>158</b>	<b>657</b>	<b>34</b>	<b>0</b>	<b>780</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	57	313	0	0	370
REDE AS (inkl. merverdi)	40.0 %	40	3	14	0	6
<b>Total</b>		<b>97</b>	<b>316</b>	<b>14</b>	<b>0</b>	<b>376</b>

Balance 100 % ownership	Fixed assets	Current Assets	Current liabilities	Long term debt	Parent bank and group	
					31.12.19	
					Equity	
Helgeland Invest AS		118	635	0	0	753
REDE Eiendomsmegling AS		40	33	34	1	38
<b>Total</b>		<b>158</b>	<b>668</b>	<b>34</b>	<b>1</b>	<b>791</b>
<b>The bank's share</b>						
Helgeland Invest AS	48.3 %	57	307	0	0	364
REDE AS (inkl. merverdi)	40.0 %	16	14	14	0	15
<b>Total</b>		<b>73</b>	<b>321</b>	<b>14</b>	<b>1</b>	<b>379</b>

Financial information Associated companies, balance values

<b>Change in the bank's ownership in HI</b>	<i>Parent bank and group</i>	
	<b>31.03.20</b>	<b>31.12.19</b>
Opening balance	364	367
Adjusted value	0	0
Dividend	0	-24
Result HI	6	20
<b>Closing balance</b>	<b>370</b>	<b>364</b>

<b>Change in the bank's ownership in REDE</b>	<i>Parent bank and group</i>	
	<b>31.03.20</b>	<b>31.12.19</b>
Opening balance	15	14
Dividend	0	0
Result REDE	0	1
Additional value/goodwill	-9	0
<b>Closing balance</b>	<b>6</b>	<b>15</b>
<b>Total</b>	<b>376</b>	<b>379</b>

Financial information Associated companies, profit/loss posts

						<i>Parent bank and group</i>	
						<b>31.03.20</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		15	0	0	2	13	
REDE Eiendomsmegling AS		10			10	0	
<b>Total</b>		<b>25</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>13</b>	
<b>Result bank's share</b>							
Helgeland Invest AS	48.3 %	7	0	0	1	6	
REDE Eiendomsmegling AS	40.0 %	4	0	0	4	0	
<b>Total</b>		<b>11</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>6</b>	

						<i>Parent bank and group</i>	
						<b>31.12.19</b>	
		<b>Revenue</b>	<b>Finance cost</b>	<b>Other income</b>	<b>Operating cost</b>	<b>Net profit</b>	
<b>Result 100% ownership</b>							
Helgeland Invest AS		47	0	0	6	41	
REDE Eiendomsmegling AS		42	0	1	39	4	
<b>Total</b>		<b>89</b>	<b>0</b>	<b>1</b>	<b>45</b>	<b>45</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	2	
<b>Total</b>		<b>40</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>21</b>	

## NOTE 13. OPERATING FUNDS

<i>Parent bank</i>			<i>Group</i>		
<b>31.12.19</b>	<b>31.03.19</b>	<b>31.03.20</b>	<b>31.03.20</b>	<b>31.03.19</b>	<b>31.12.19</b>
75	68	73	Operating funds	171	132
<b>75</b>	<b>68</b>	<b>73</b>	<b>Total operating funds</b>	<b>171</b>	<b>173</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 rental of office spaces). Usage rights and obligations are shown in the note below.

Parent bank			Group			
31.12.19	31.03.19	31.03.20	31.03.20	31.03.19	31.12.19	
<b>Assets</b>						
45.6	45.6	34	Rights of use 01.01.20	13.8	18.8	18.8
		13.3	Value justments	7.5	0	0
-11.6	-2.9	-3.8	Impairment	-1.4	-1.2	-5
<b>34.0</b>	<b>42.7</b>	<b>43.5</b>	<b>Rights of use OB</b>	<b>19.9</b>	<b>17.6</b>	<b>13.8</b>
<b>Liabilities</b>						
45.6	45.6	34.3	Lease obligations 01.01.20	14	18.8	18.8
		13.3	Value justments	7.5	0	0
-12.2	-3.0	-3.0	Reduction of comitment	-0.5	-1.3	-5.2
0.9	0.2	0.3	Interest	0.1	0.1	0.4
<b>34.3</b>	<b>42.8</b>	<b>44.9</b>	<b>Leas obligations OB</b>	<b>21.1</b>	<b>17.6</b>	<b>14</b>

The profit effects for the first quarter of 2020 for the Group represent a depreciation and write-down of NOK 1.4 million and interest expenses of NOK 0.1 million.

## 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 31.03.20 constitute totally MNOK 7 753. Covered bonds in the housing mortgage company constitute MNOK 6 793 where MNOK 80 (0) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is drawn with MNOK 864. 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 dividend of MNOK 49.6 in 2020.

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

The bank rents premises from ANS Bankbygg and has paid MNOK 2.6 in 2020.

### 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 31.03.20 were MNOK 1 595 (1 506) 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 8.1 per 31.03.20.

<i>Parent bank</i>			<b>Assets and liabilities measured at fair value</b>			<i>Group</i>		
<b>31.03.20</b>						<b>31.03.20</b>		
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Assets and liabilities measured at fair value</b>			<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value through profit</b>								
0	0	1 595	- Loans to and claims on customers at fair value			0	0	1 595
0	4 281	368	- Certificates, bonds and equities at fair value			0	4 381	368
<b>Financial assets available for sale</b>								
0	0	9 670	- Mortgages			0	0	0
0	55	0	- Financial derivatives			0	74	0
<b>0</b>	<b>4 336</b>	<b>11 633</b>	<b>Total assets</b>			<b>0</b>	<b>4 455</b>	<b>1 963</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at fair value through profit</b>								
0	42	0	- Debt issuance of securities			0	40	0
<b>0</b>	<b>42</b>	<b>42</b>	<b>Total liabilities</b>			<b>0</b>	<b>40</b>	<b>0</b>
<b>Changes in instruments classified in Level 3</b>								
<b>Shares</b>	<b>Loans</b>	<b>Total</b>				<b>Shares</b>	<b>Loans</b>	<b>Total</b>
379	11 375	11 754	Opening balance			379	1506	1 885
0	-354	-354	Payment loan/sale of shares			-	-54	-54
0	223	223	New loans			-	122	122
-11	21	10	Value change			-11	21	10
<b>368</b>	<b>11 265</b>	<b>11 633</b>	<b>Financial instruments valued on Level 3</b>			<b>368</b>	<b>1 595</b>	<b>1 963</b>

<i>Parent bank</i>			<b>Assets and liabilities measured at fair value</b>			<i>Group</i>		
<b>31.12.19</b>						<b>31.12.19</b>		
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Assets and liabilities measured at fair value</b>			<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value through profit</b>								
0	0	1 506	- Loans to and claims on customers at fair value			0	0	1 506
0	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
0	16	0	- Financial derivatives			0	15	0
<b>0</b>	<b>4 951</b>	<b>11 754</b>	<b>Total assets</b>			<b>0</b>	<b>4 920</b>	<b>1 885</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at fair value through profit</b>								
	18		- Financial derivatives			0	25	0
<b>0</b>	<b>18</b>	<b>18</b>	<b>Total liabilities</b>			<b>0</b>	<b>25</b>	<b>0</b>
<b>Changes in instruments classified in Level 3</b>								
<b>Shares</b>	<b>Loans</b>	<b>Total</b>				<b>Shares</b>	<b>Loans</b>	<b>Total</b>
358	11 785	12 143	Opening balance			358	1 206	1 564
-1	-2 264	-2 265	Payment loan/sale of shares			-0.5	-223	-224
21	1 823	1 844	New loans			21.4	492	513
0	31	31	Value change			0	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>

## NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>		
<b>31.03.20</b>				<b>31.03.20</b>		
<b>Nominal value</b>		<b>Market value</b>		<b>Nominal value</b>		<b>Market value</b>
<b>Total</b>	<b>Assets</b>	<b>Commitments</b>		<b>Total</b>	<b>Assets</b>	<b>Commitments</b>
1 460	0	42	Interest rate swaps- fixed interest rate loans	1 460	0	40
75	0		Interest rate swaps- bank deposits with share Yield	75	0	0
<b>1 535</b>	<b>0</b>	<b>42</b>	<b>Total financial derivatives</b>	<b>1 535</b>	<b>0</b>	<b>40</b>
2 200	55	0	Interest rate swaps – fixed interest rate with hedging	2 500	74	0
<b>2 200</b>	<b>55</b>	<b>0</b>	<b>Total financial derivatives with hedging</b>	<b>2 500</b>	<b>74</b>	<b>0</b>

Net presentation of financial assets and liabilities

<i>Parent bank</i>				<i>Group</i>		
<b>31.03.19</b>				<b>31.03.19</b>		
<b>Nominal value</b>		<b>Market value</b>		<b>Nominal value</b>		<b>Market value</b>
<b>Total</b>	<b>Assets</b>	<b>Commitments</b>		<b>Total</b>	<b>Assets</b>	<b>Commitments</b>
1 005	0	25	Interest rate swaps- fixed interest rate loans	1 005	0	25
75	0	1	Interest rate swaps- bank deposits with share Yield	75	0	1
<b>1 080</b>	<b>0</b>	<b>26</b>	<b>Total financial derivatives</b>	<b>1 080</b>	<b>0</b>	<b>26</b>
2 530	71		Interest rate swaps – fixed interest rate with hedging	2 530	71	0
<b>2 530</b>	<b>71</b>	<b>0</b>	<b>Total financial derivatives with hedging</b>	<b>2 530</b>	<b>71</b>	<b>0</b>

					<i>Group</i>	
					<b>31.03.20</b>	
	<b>Gross financial assets</b>	<b>Financial assets that are recognized net</b>	<b>Net financial assets in the balance sheet</b>	<b>Financial instruments</b>	<b>Net</b>	
Derivaives carried as assets	74	0	74	-40	34	
Derivaives carried as liabilities	40	0	40	40	0	

					<i>Group</i>	
					<b>31.03.19</b>	
	<b>Gross financial assets</b>	<b>Financial assets that are recognized net</b>	<b>Net financial assets in the balance sheet</b>	<b>Financial instruments</b>	<b>Net</b>	
Derivaives carried as assets	71	0	71	-26	45	
Derivaives carried as liabilities	26	0	26	-26	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>	
31.12.19	31.03.20	(MNOK)	31.03.20	31.03.19
3 665	3 609	Bonds, nominal value	10 270	10 325
-24	39	Value adjustments	58	-32
28	28	Accrued interest	41	41
<b>3 669</b>	<b>3 676</b>	<b>Total securities</b>	<b>10 369</b>	<b>10 334</b>

<b>Change in securities issued</b>				<i>Group</i>	
	31.12.19 Issued	Matured/redeemed	Other change	31.03.20	31.03.19
Bonds, nominal value	10 325	18	-74	1	10 270
Value adjustments	-32			90	58
Accrued interest	41			0	41
<b>Total</b>	<b>10 334</b>	<b>18</b>	<b>-74</b>	<b>91</b>	<b>10 369</b>

<b>Change in subordinated debt</b>				<i>parent bank</i>	
	31.12.19 Issued	Matured/redeemed	Other change	31.03.20	31.03.19
Bonds, nominal value	3 665	18	-74	0	3 609
Value adjustments	-24			63	39
Accrued interest	28			0	28
<b>Total</b>	<b>3 669</b>	<b>18</b>	<b>-74</b>	<b>63</b>	<b>3 676</b>

<b>Change in securities issued</b>				<i>Group/Parent bank</i>	
	31.12.19 Issued	Matured/redeemed	Other change	31.03.20	31.03.19
equity and related capital, nominal value	451				451
Value adjustments	-1				-1
Accrued interest	2				2
<b>Total</b>	<b>452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452</b>

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

<b>Accounted value</b>			<i>Group</i>	
	31.03.20	31.12.19	31.03.20	31.12.19
Bonds, amortized cost	7 961	7 948		
Bonds, hedging	2 408	2 386		
<b>Total debt securities</b>	<b>10 369</b>	<b>10 334</b>		

<b>Accounted value</b>			<i>Parent bank</i>	
	31.03.20	31.12.19	31.03.20	31.12.19
Bonds, amortized cost	1 591	1 577		
Bonds, hedging	2 085	2 092		
<b>Total debt securities</b>	<b>3 676</b>	<b>3 669</b>		

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

<i>Parent bank</i>			<i>Group</i>					
%	31.03.19	%	31.03.19		31.03.19	%	31.03.19	%
90.2 %	15 984	89.2 %	16 445	Helgeland	16 096	89.2 %	15 525	89.9 %
9.1 %	1 610	10.0 %	1 838	Areas other than Helgeland	1 815	10.1 %	1 610	9.3 %
0.8 %	136	0.8 %	147	International	142	0.8 %	136	0.8 %
<b>100.0 %</b>	<b>17 730</b>	<b>100 %</b>	<b>18 430</b>	<b>Total</b>	<b>18 053</b>	<b>100 %</b>	<b>17 271</b>	<b>100.0 %</b>

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

<i>Parent bank</i>				<i>Group</i>				
%	31.03.19	%	31.03.20		31.03.20	%	31.03.19	%
3.9 %	690	3.3 %	602	Financial institutions	258	1.4 %	284	1.6 %
11.2 %	1 986	10.8 %	1 987	Municipalities and municipal ente	1 987	11.0 %	1 986	11.5 %
2.3 %	412	2.3 %	430	Agriculture and forestry	430	2.4 %	412	2.4 %
3.3 %	581	2.9 %	539	Fisheries and aquaculture	539	3.0 %	581	3.4 %
1.0 %	170	1.1 %	207	Mining and industry	207	1.1 %	170	1.0 %
3.5 %	617	3.4 %	630	Building and construction	630	3.5 %	617	3.6 %
2.0 %	361	2.2 %	404	Trade, hotel, restaurants.	404	2.2 %	361	2.1 %
10.7 %	1 892	10.1 %	1 867	Transport and services	1 867	10.3 %	1 892	11.0 %
5.9 %	1 053	6.7 %	1 234	Property, property development	1 201	6.7 %	1 000	5.8 %
43.8 %	7 762	42.9 %	7 900	Total corporate market	7 523	41.7 %	7 303	42.3 %
56.2 %	9 968	57.1 %	10 530	Retail market	10 530	58.3 %	9 968	57.7 %
<b>100 %</b>	<b>17 730</b>	<b>100 %</b>	<b>18 430</b>	<b>Total</b>	<b>18 053</b>	<b>100 %</b>	<b>17 271</b>	<b>100 %</b>

## NOTE 20. EQUITY CERTIFICATE CAPITAL HELD

<b>Per 31.03.20</b>	<b>Number</b>	<b>%-share</b>		<i>Parent bank</i>	
				<b>Number</b>	<b>%-share</b>
Sparebankstiftelsen Helgeland	7.315.020	35,0 %	VPF Nordea Avkastning	240.370	1,2 %
Pareto AS	1.949.392	9,3 %	VPF Nordea Kapital	238.245	1,1 %
VPF Nordea Norge	1.407.987	6,7 %	AF Kapital Managemet	181.749	0,9 %
VPF Eika Egenkapital	867.663	4,2 %	Melum Mølle AS	177.000	0,8 %
Lamholmen Invest AS	464.491	2,2 %	Vigner Olaisen AS	144.653	0,7 %
U.S Bank National Association	462.673	2,2 %	Melesio Invest AS	142312	0,7 %
Bergen Kommunale Pensjon.	450.000	2,2 %	VPF Nordea Norge Pluss	123.527	0,6 %
MP Pensjon PK	389.203	1,9 %	Nervik Steffen	120.000	0,6 %
Helgeland Kraft AS	377.691	1,8 %	Merrill Lynch Prof.	108.156	0,5 %
Catilina Invest AS	314.046	1,5 %	DNB Markets Aksjehandel/-an	93.277	0,4 %
<b>Total 10 largest owners</b>	<b>13.998.166</b>	<b>67,1 %</b>	<b>Total 20 largest owners</b>	<b>15.567.455</b>	<b>74,6 %</b>

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

## NOTE 21. CAPITAL ADEQUACY

Parent bank				Group		
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
209	208	209	ECC-capital	209	208	209
971	971	971	Premium Fund	971	971	971
-1	-2	-1	Own ECCs	-1	-2	-1
299	299	299	Hybrid capital (CB)	299	299	299
<b>1 478</b>	<b>1 476</b>	<b>1 478</b>	<b>Total paid-in capital</b>	<b>1 478</b>	<b>1 476</b>	<b>1 478</b>
590	558	607	Savings Bank's fund	607	558	590
439	440	439	Reserve for unrealized gains	439	440	439
53	31	33	Donations Fund	33	31	53
822	710	878	Dividend equalisation reserve	878	710	822
112	0	56	Cash dividend	56	0	112
0	0	53	Other equity capital	86	70	69
<b>2 017</b>	<b>1 739</b>	<b>2 067</b>	<b>Total accrued equity capital</b>	<b>2 100</b>	<b>1 809</b>	<b>2 085</b>
<b>3 494</b>	<b>3 215</b>	<b>3 545</b>	<b>Total equity capital</b>	<b>3 578</b>	<b>3 285</b>	<b>3 563</b>
-299	-299	-299	Hybrid capital (CB)	-299	-299	-299
-90	-94	-65	Shares in financial institutions	-60	-88	-84
-195	-47	-182	Cash dividend /gifts employee	-153	-47	-194
<b>2 910</b>	<b>2 775</b>	<b>2 999</b>	<b>Total core tier one</b>	<b>3 066</b>	<b>2 851</b>	<b>2 987</b>
-17	-13	-10	Shares in financial institutions	-9	-12	-16
0	0	0	Other	0	0	0
299	299	299	Hybrid capital (CB)	299	299	299
<b>3 192</b>	<b>3 061</b>	<b>3 288</b>	<b>Total core capital</b>	<b>3 356</b>	<b>3 138</b>	<b>3 271</b>
452	451	452	Subordinatet dept	452	451	452
0	0	0	Shares in financial institutions	0	0	0
0	0	0	Other	0	0	0
<b>452</b>	<b>451</b>	<b>452</b>	<b>Total net supplementary capital</b>	<b>452</b>	<b>451</b>	<b>452</b>
<b>3 644</b>	<b>3 512</b>	<b>3 740</b>	<b>Total net equity and related capital</b>	<b>3 808</b>	<b>3 589</b>	<b>3 723</b>
16 201	17 206	15 857	Weight assets calculation basis *)	17 544	18 594	17 893
17.97 %	16.13 %	18.91 %	Core tier one Capital ratio in%	17.48 %	15.33 %	16.69 %
19.71 %	17.79 %	20.73 %	Core capital ratio in%	19.13 %	16.88 %	18.28 %
22.50 %	20.41 %	23.58 %	Total Capital ratio in%	21.70 %	19.30 %	20.81 %
			Total core tier one including cooperative group	3 152	2 943	3 087
			Total core capital including cooperative group	3 466	3 251	3 400
			<b>Total net equity and related capital including cooperative g</b>	<b>3 938</b>	<b>3 720</b>	<b>3 872</b>
			Weight assets calculation basis including cooperative group	18 374	19 471	18 729
			<b>Including cooperative group</b>			
			Core tier one Capital ratio, after proportionally consolidation in%	17.16 %	15.11 %	16.48 %
			Core capital ratio, after proportionally consolidation in%	18.86 %	16.70 %	18.16 %
			Total Capital ratio, after proportionally consolidation in%	21.43 %	19.10 %	20.68 %

31.12.19	31.03.19	31.03.20	Calculation basis	31.03.20	31.03.19	31.12.19
0	0	0	States and central banks	0	0	0
410	227	277	Local and regional authorities (including municipalities)	277	227	410
452	410	464	Institutions	359	208	310
1 588	1 646	1 868	Enterprises	1 868	1 646	1 588
985	1 045	950	Mass market loans	950	1 002	1 058
8 484	9 625	8 028	Loans secured by real property	10 903	12 385	11 313
770	720	787	Loans overdue	856	772	843
804	795	804	Covered bonds	122	111	122
0	0	0	Units in securities funds	0	0	0
1 237	1 236	1 248	Equity positions	651	648	633
156	208	119	Other loans and commitments	201	247	257
<b>14 886</b>	<b>15 911</b>	<b>14 546</b>	<b>Capital requirement credit risk</b>	<b>16 187</b>	<b>17 248</b>	<b>16 533</b>
1 308	1 268	1 308	Capital requirement operational risk	1 349	1 320	1 349
8	26	3	Deducted from capital requirement	8	26	11
<b>16 201</b>	<b>17 206</b>	<b>15 857</b>	<b>Total capital requirement</b>	<b>17 544</b>	<b>18 594</b>	<b>17 893</b>

The comparative numbers for 2019 contains a dividend degree of 50 %. The board of trustee's in Helgeland Sparebank march 26<sup>th</sup> 2020 agreed to temporary withhold the profit in light of the uncertainty related to the corona pandemic. This is not accounted for in the comparative numbers for the capital adequacy above. Accounted withheld dividend, the group would have had CET1 of 17.17 and a total capital adequacy of 21.36 percent (after proportionately consolidation of cooperative groups). New allocation of the annual financial statements is taken to account in the capital adequacy for first quarter 2020. Changes in the allocation is described in the changes in equity.

## NOTE 22. EVENTS AFTER THE BALANCE SHEET DAY

On presentation of the quarterly report, there is no known events that has a significant effect in the financial statement. The measures related to the corona pandemic is slightly eased in the end of April, and the spread numbers for Helgeland is still low. There is still uncertainty related to the effect of the corona pandemic in Helgeland as one so far don't have a significant spread of the virus.

Helgeland Sparebank has in 2019 and first quarter of 2020 been involved in a dispute concerning property in relation to a bankruptcy. The property mainly concerns accounted values in the daughter company Strendene Utvikling AS. The dispute concerns duration of rights to take out mass of the property. The case was litigated in the district court in the end of April 2020, and the bank was not given pursuance of its views. If the verdict stands, it will affect the value of the daughter company. The bank has on presentation of the quarterly report not decided if the case is to be appealed. Eventual value decrease on the property is not accounted for in the quarterly report, as possible outcomes and potential value decline cannot be measured by sufficient reliability.

## NOTE 23. FINANCIAL ESTIMATES AND ESTIMATIVE ASSESSMENTS

The group makes estimates and pre assumptions that effects the reported balance numbers for the next accounting year. Estimates and evaluations is ever an item for evaluation and is based on historical experience and other factors, hereunder expectations in relation to future events that is considered fair. The group has as a consequence of the corona pandemic been challenged on estimating under uncertainty. Central estimates and estimative assessments from the presented annual financial statement are as a consequence of the pandemic changed.

For write-downs in lending, the bank has estimated expected effect of the corona crisis through the model write-downs. This is by the end of the quarter resolved through adjusting the pre assumptions in the model, primarily related to changed expectations in PD, and also change in PD on especially exposed business groups. Changes in the loss model is based on estimative assessments, and it is associated uncertainty to the estimates. Fair value of financial instruments is partly calculated based on observable data in the market, for positions where it doesn't lie market data by evaluation of fair value by the end of first quarter.

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

<i>Parent bank</i>				<i>Group</i>		
<b>31.12.19</b>	<b>31.03.19</b>	<b>31.03.20</b>		<b>31.03.20</b>	<b>31.03.19</b>	<b>31.12.19</b>
3,29	3,11	3,57	Interest receivable and similar income	3,63	3,15	3,29
1,38	1,24	1,54	Interest payable and similar costs	1,72	1,41	1,52
<b>1,90</b>	<b>1,87</b>	<b>2,02</b>	<b>Net interest- and credit commission income<sup>2</sup></b>	<b>1,91</b>	<b>1,74</b>	<b>1,77</b>
0,41	0,39	0,38	Commissions receivable and income from banking services	0,31	0,32	0,33
0,05	0,05	0,04	Commissions payable and costs relating to banking services	0,02	0,04	0,04
<b>0,36</b>	<b>0,35</b>	<b>0,35</b>	<b>Net commission income</b>	<b>0,29</b>	<b>0,28</b>	<b>0,29</b>
0,32	0,86	0,22	Gains/losses on financial assets available for sale	-0,42	0,05	0,10
0,03	0,03	0,03	Other operating income	0,01	0,02	0,01
1,04	1,06	1,24	Operating costs	1,03	0,89	0,86
0,23	0,08	0,34	Losses on loans, guarantees etc. and fixed assets	0,28	0,06	0,19
<b>1,35</b>	<b>1,98</b>	<b>1,04</b>	<b>Gross profit</b>	<b>0,48</b>	<b>1,14</b>	<b>1,13</b>
0,24	0,29	0,19	Tax payable on ordinary profit	0,21	0,27	0,23
<b>1,11</b>	<b>1,69</b>	<b>0,85</b>	<b>Net profit</b>	<b>0,27</b>	<b>0,87</b>	<b>0,90</b>

## PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

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

Parent bank					Group					
Q1/19	Q2/19	Q3/19	Q4/19	Q1/20		Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
206	215	235	248	241	Interest receivable and similar income	302	308.3	291	265	257
82	90	100	108	104	Interest payable and similar costs	143	149	135	120	115
<b>124</b>	<b>125</b>	<b>135</b>	<b>140</b>	<b>137</b>	<b>Net interest- and credit commission income</b>	<b>159</b>	<b>159</b>	<b>156</b>	<b>145</b>	<b>142</b>
26	26	28	34	26	Commissions receivable and income from banking servi	26	34	28	26	29
3	4	3	4	2	Commissions payable and costs relating to banking ser	2	4	3	4	3
<b>23</b>	<b>22</b>	<b>25</b>	<b>30</b>	<b>24</b>	<b>Net commission income</b>	<b>24</b>	<b>30</b>	<b>25</b>	<b>22</b>	<b>24</b>
57	6	6	18	15	Gains/losses on financial assets available for sale	-35	19	6	5	4
2	3	2	2	2	Other operating income	1	2	1	0	2
70	72	72	72	84	Operating costs	86	74	74	72	73
5	15	17	27	23	Losses on loans, guarantees etc.	23	27	18	15	5
<b>131</b>	<b>69</b>	<b>79</b>	<b>91</b>	<b>70</b>	<b>Gross profit</b>	<b>40</b>	<b>110</b>	<b>96</b>	<b>85</b>	<b>93</b>
19	15	19	13	13	Tax payable on ordinary result	18	15	22	20	22
<b>112</b>	<b>54</b>	<b>60</b>	<b>78</b>	<b>57</b>	<b>Net profit</b>	<b>23</b>	<b>95</b>	<b>73</b>	<b>66</b>	<b>71</b>

Parent bank					Group					
Q1/19	Q2/19	Q3/19	Q4/19	Q1/20		Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
3.11	3.13	3.34	3.55	3.57	Interest receivable and similar income	3.63	3.57	3.41	3.14	3.15
1.24	1.31	1.42	1.55	1.54	Interest payable and similar costs	1.72	1.72	1.58	1.42	1.41
<b>1.87</b>	<b>1.82</b>	<b>1.92</b>	<b>2.00</b>	<b>2.02</b>	<b>Net interest- and credit commission income</b>	<b>1.91</b>	<b>1.85</b>	<b>1.83</b>	<b>1.72</b>	<b>1.74</b>
0.40	0.38	0.40	0.49	0.38	Commissions receivable and income from banking servi	0.31	0.39	0.33	0.31	0.32
0.05	0.06	0.04	0.06	0.04	Commissions payable and costs relating to banking ser	0.02	0.04	0.04	0.05	0.04
<b>0.35</b>	<b>0.32</b>	<b>0.36</b>	<b>0.43</b>	<b>0.35</b>	<b>Net commission income</b>	<b>0.29</b>	<b>0.35</b>	<b>0.29</b>	<b>0.26</b>	<b>0.28</b>
0.86	0.09	0.09	0.26	0.22	Gains/losses on financial assets available for sale	(0.42)	0.22	0.07	0.06	0.05
0.03	0.04	0.03	0.03	0.03	Other operating income	0.01	0.02	0.01	0.01	0.02
1.06	1.05	1.02	1.03	1.24	Operating costs	1.03	0.86	0.87	0.85	0.89
0.08	0.22	0.24	0.39	0.34	Losses on loans, guarantees etc.	0.28	0.31	0.21	0.18	0.06
<b>1.98</b>	<b>1.01</b>	<b>1.12</b>	<b>1.30</b>	<b>1.04</b>	<b>Gross profit</b>	<b>0.48</b>	<b>1.27</b>	<b>1.12</b>	<b>1.01</b>	<b>1.14</b>
0.29	0.22	0.27	0.19	0.19	Tax payable on ordinary result	0.21	0.17	0.26	0.23	0.27
<b>1.69</b>	<b>0.79</b>	<b>0.85</b>	<b>1.12</b>	<b>0.85</b>	<b>Net profit</b>	<b>0.27</b>	<b>1.10</b>	<b>0.86</b>	<b>0.78</b>	<b>0.87</b>

Parent bank					Group					
Q1/19	Q2/19	Q3/19	Q4/19	Q1/20		Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
<b>ASSETS</b>										
73	91	73	88	74	Cash and claims on central banks	74	88	73	91	73
1 166	1 229	1 355	1 432	1 613	Loans to and claims on credit institutions	749	750	702	594	651
20 367	20 548	20 535	19 778	19 687	Loans to and claims on customers	27 380	27 320	28 141	28 125	27 802
71	53	50	16	55	Financial derivatives	74	15	50	53	71
4 064	4 649	4 628	5 314	4 648	Certificates, bonds and shares available for sale	4 669	5 283	4 678	4 674	4 089
384	365	370	379	376	Investments in associated companies	376	379	370	365	385
595	610	610	604	604	Investments in subsidiaries	0	0	0	0	0
11	13	13	8	8	Deferred tax benefit	12	12	17	17	15
68	70	71	75	73	Fixed assets	171	173	131	131	132
162	74	61	66	68	Other assets	49	48	73	87	138
<b>26 961</b>	<b>27 702</b>	<b>27 766</b>	<b>27 760</b>	<b>27 206</b>	<b>Total assets*</b>	<b>33 554</b>	<b>34 068</b>	<b>34 235</b>	<b>34 137</b>	<b>33 356</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>										
250	250	250	553	850	Liabilities to credit institutions	852	554	252	252	252
17 730	18 757	18 924	19 391	18 430	Deposits from customers and liabilities to customers	18 053	18 959	18 497	18 324	17 271
5 002	4 700	4 556	3 669	3 676	Borrowings through the issuance of securities	10 369	10 334	11 413	11 542	11 837
27	27	21	18	42	Financial derivatives	40	25	21	27	27
172	148	141	184	211	Other liabilities	208	179	125	130	162
451	451	452	452	452	Fund bonds	452	452	451	451	451
<b>23 632</b>	<b>24 333</b>	<b>24 344</b>	<b>24 266</b>	<b>23 661</b>	<b>Total liabilities</b>	<b>29 974</b>	<b>30 503</b>	<b>30 759</b>	<b>30 726</b>	<b>30 000</b>
1 178	1 178	1 179	1 179	1 179	Paid-in equity capital	1 179	1 179	1 179	1 178	1 178
299	299	299	299	299	Hybrid capital	299	299	299	299	299
1 740	1 726	1 718	2 016	1 958	Accrued equity capital/retained earnings	1 958	2 085	1 785	1 795	1 806
112	166	226	0	109	Annen egenkapital	142	0	211	137	71
					Minority interest	2	2	2	2	2
<b>3 329</b>	<b>3 369</b>	<b>3 422</b>	<b>3 494</b>	<b>3 545</b>	<b>Total equity capital</b>	<b>3 580</b>	<b>3 565</b>	<b>3 476</b>	<b>3 411</b>	<b>3 356</b>
<b>26 961</b>	<b>27 702</b>	<b>27 766</b>	<b>27 760</b>	<b>27 206</b>	<b>Total liabilities and equity capital</b>	<b>33 554</b>	<b>34 068</b>	<b>34 235</b>	<b>34 137</b>	<b>33 356</b>



## OTHER KEY FIGURES

Parent bank			Group			
31.12.19	31.03.19	31.03.20		31.03.20	31.03.19	31.12.19
<b>BALANCE SHEET</b>						
<b>Development in the last 3 months</b>						
	0.4	-2.0	Total assets	-1.5	1.2	
	0.4	-0.4	Gross lending	0.3	0.7	
	0.1	-5.0	Customer deposits	-4.8	0.1	
<b>Development in the last 12 months</b>						
3.4	0.4	0.9	Total assets <sup>9</sup>	0.6	3.7	3.3
-2.7	4.2	-3.4	Gross lending <sup>6</sup>	-1.6	5.7	(1.2)
9.4	2.6	3.9	Customer deposits <sup>7</sup>	4.5	2.6	9.9
96.4	85.4	92.0	Deposit coverage as a percentage of gross loans <sup>5</sup>	65.1	61.3	68.5
56.5	54.7	56.1	Lending to retail customers	67.9	66.3	67.9
27 507	26 868	27 171	Average assets <sup>10</sup>	33 429	33 088	34 033
20 110	20 750	20 039	Gross loans <sup>4</sup>	27 734	28 187	27 655
<b>SOLIDITY</b>						
18.0	16.1	18.9	Core tier one Capital ratio	17.5	15.3	16.7
19.7	17.8	20.7	Core Capital ratio	19.1	16.9	18.3
22.5	20.4	23.6	Total Capital ratio <sup>21</sup>	21.7	19.3	20.8
			Core tier one Capital ratio, after proportionally consolidation in%	17.2	15.1	16.5
			Core capital ratio, after proportionally consolidation in%	18.9	16.7	18.2
			Total Capital ratio, after proportionally consolidation in%	21.4	19.1	20.7
9.0	8.7	9.5	Leverage ratio <sup>22</sup>	9.8	9.2	9.3
9.0	13.8	6.5	Rate of return on equity capital <sup>1</sup>	2.5	8.7	8.9
9.4	15.2	7.1	Rate of return on equity capital (excl. hybrid capital)	2.8	9.6	9.3
1.1	1.7	0.8	Return on assets	0.3	0.9	0.9
<b>KEY FIGURES PCC</b>						
10.7	4.0	2.0	Yield per primary certificate <sup>16</sup>	0.7	2.5	10.7
10.7	4.0	2.0	Diluted result per ECC, in Norwegian currency	0.7	2.5	10.7
76.4	76.4	76.4	ECCs split (01.01) <sup>18</sup>	76.4	76.4	76.4
116	111	119	Equity capital per ECC <sup>17</sup>	120	112	119
84.0	72.0	65.5	PCC price quoted on the stock exchange	65.5	72.0	84.0
8.0	4.4	8.3	P/E (price divided by profit per ECC) <sup>19</sup>	23.5	7.1	7.9
0.7	0.7	0.6	P/B (price divided by book value of equity capital) <sup>20</sup>	0.5	0.6	0.7
39.7	34.0	47.4	Costs as a percentage of income <sup>3</sup>	57.5	42.7	39.5
1.0	1.1	1.2	Cost in percent of average total assets	1.03	0.90	0.9
148	150	148	Number of man-years	148	150	148
<b>LOSSES ON LOANS AND GROSS DEFAULTS</b>						
As a percentage of gross lending:						
1.4	2.0	1.5	Gross defaults over 90 days <sup>13</sup>	1.1	1.5	1.0
1.3	1.1	0.9	Net defaults over 90 days	0.7	0.8	0.9
0.3	0.1	0.5	Losses on lending <sup>12</sup>	0.3	0.1	0.2

1) Percentage of equity excl. Hybrid capital

## OTHER CALCULATIONS

Parent bank				Group		
31.12.19	31.03.19	31.03.20	(Figures in MNOK and %)	31.03.20	31.03.19	31.12.19
			<b>Operating costs, adjusted for one-time effects</b>			
286	70	84	Operating costs	86	73	293
0	0	0	One-time effects	0	0	0
<b>286</b>	<b>70</b>	<b>84</b>	<b>Operating costs, adjusted for one-time effects</b>	<b>86</b>	<b>73</b>	<b>293</b>
1.04 %	0.86 %	1.24 %	Operating costs in % of BTA, adjusted for one-time effects	1.03 %	0.89 %	0.86 %
39.7 %	34.0 %	47.2 %	Operating costs in % of income, adjusted for one-time effects	57.7 %	42.7 %	39.5 %
304	112	57	Profit	23	71	305
-13	-3	-4	Paid interests subordinated bonds	-4	-3	-13
291	109	54	Net profit, incl. Interests subordinated bonds	20	68	292
0	0	0	one-time effect pension	0	0	0
291	109	54	Profit, adjusted for one-time effects	20	68	292
304	454	229	Profit (annualized)	93	288	305
291	442	215	Profit (annualized), eks one-time effects and incl. interests subordi	78	276	292
3 389	3 286	3 544	Average equity	3 573	3 307	3 431
-299	-299	-299	Average subordinated bonds	-299	-299	-299
3 090	2 987	3 245	Average equity adjusted for subordinated bonds	3 274	3 008	3 132
<b>9.0 %</b>	<b>13.8 %</b>	<b>6.5 %</b>	<b>ROE</b>	<b>2.5 %</b>	<b>8.7 %</b>	<b>8.9 %</b>
<b>9.4 %</b>	<b>14.8 %</b>	<b>6.6 %</b>	<b>ROE adjusted for one-time effects and interests FO11</b>	<b>2.4 %</b>	<b>9.2 %</b>	<b>9.3 %</b>
304	112	57	Profit	23	71	305
304	454	229	Profit (annualized)	93	288	305
291	442	215	Profit (annualized), eks one-time effects and subordinated bonds	78	276	292
27 507	26 868	27 171	Average assets	33 429	33 088	34 033
<b>1.1 %</b>	<b>1.7 %</b>	<b>0.8 %</b>	<b>Return on assets (annualized)</b>	<b>0.3 %</b>	<b>0.9 %</b>	<b>0.9 %</b>
<b>1.1 %</b>	<b>1.6 %</b>	<b>0.8 %</b>	<b>Return on assets (annualized) adjusted for one-time effects</b>	<b>0.2 %</b>	<b>0.8 %</b>	<b>0.9 %</b>
3 192	3 060	3 288	CET1	3 356	3 137	3 271
35 548	35 028	34 651	Unweighted calculation basis	34 290	34 423	34 964
<b>9.0 %</b>	<b>8.7 %</b>	<b>9.5 %</b>	<b>Leverage ratio</b>	<b>9.8 %</b>	<b>9.1 %</b>	<b>9.4 %</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 defined 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**

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

Stein Andre Herigstad-Olsen, Chair man  
Bjørn Krane, Deputy Chair man  
Marianne Terese Steinmo  
Rolf Eigil Bygdnes  
Siw Moxness  
Tone Helen Hauge  
Birgitte Lorentzen  
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### **Management**

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### **Other sources of information**

#### Annual reports

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

#### Quarterly publications

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