Annual Report

2021

Contents

Summary of financial results

Net income before tax

NOK 264 million

Return on equity

6.5%

12-month growth in lending

33.6%

12-month growth in deposits

26.1%

Total assets

NOK 39.4 billion

Solvency ratio

18.0%

Core tier 1 capital ratio

The Bank's Board of Directors

Bjørn Krane

CHAIR

Board member since 2020.

Rolf Eigil Bygdnes

VICE CHAIR

Board member since 2020.

Siw Moxness

BOARD MEMBER

Board member since 2019.

Marianne Terese Steinmo

BOARD MEMBER

Board member since 2016
and deputy member from 2015 - 2016.

Jonny Berfjord

BOARD MEMBER

Board member since 2021.

Geir Pedersen

BOARD MEMBER

- EMPLOYEE REPRESENTATIVE

Board member since 2017.

Birgitte Lorentzen

BOARD MEMBER

- EMPLOYEE REPRESENTATIVE

Board member since 2016.

The Bank's Management Group

Hanne Nordgaard

CHIEF EXECUTIVE OFFICER

Appointed in 2017.

Sverre Klausen

CHIEF FINANCE OFFICER

Appointed in 1981.

Bjørn-Tore Brønlund

CORPORATE MARKET DIRECTOR

Appointed in 1993.

Dag-Hugo Heimstad

RETAIL MARKET DIRECTOR

Appointed in 2006.

Øyvind Karlsen

BUSINESS DEVELOPMENT DIRECTOR

Appointed in 2013.

Anne Ekroll

RISK MANAGEMENT DIRECTOR

Appointed in 1994.

2021 was a historic year for the Local Bank

2021 was the year in which the whole of Helgeland's local bank became SpareBank 1 Helgeland. The Bank carried out one of the largest strategic shifts in the Bank's history and thereby secured a forward-looking bank for the benefit of employees, customers and society alike.

STILL INDEPENDENT

The Bank is just as independent today as it always has been, but in March, it switched from being alliance-free to becoming part of the SpareBank 1 Alliance and SamSpar. The decision to join the alliance stemmed from changes in the banking industry's framework conditions. The regulatory requirements imposed on banking operations in Europe and Norway are being tightened as regards both solvency and sustainability. Digitalisation and automation of banking services are necessitating major investments in IT infrastructure, as well as new expertise. Competition for customers is intensifying, and the local bank must deliver customer experiences and conditions which are at least on a par with both national and international competitors.

The responsibility of the banks to prevent money laundering and the financing of terrorism, and implement measures to address local climate risks and promote sustainable growth in the economy, is becoming an increasingly important issue. Size matters when it comes to competitiveness, a maxim that applies in the banking industry too, and a close and binding partnership between several banks offers better solutions through a shared development environment within key disciplines.

ENTRY INTO THE ALLIANCE AND NEW CUSTOMER PORTFOLIO

The actual entry into the SpareBank 1 Alliance and the change of name to SpareBank 1 Helgeland took effect in March 2021. Customers became aware of the change when the Bank changed its logo and online and mobile banking services, and gained access to new and improved products and services.

The second part of the strategic shift took place in October 2021. It was then that SpareBank 1 Nord-Norge became a 20 percent owner of the Bank, and with it the second largest owner of the Bank's equity certificates, and the customers and employees of SpareBank 1 Nord-Norge in Helgeland were transferred to SpareBank 1 Helgeland. Through this, SpareBank 1 Helgeland became 25 percent larger in terms of total assets.

SpareBank 1 Helgeland acquired a three-percent stake in SamSpar AS during the year, in addition to 15 percent in SNN Finans AS, Eiendomsmegler 1 Nord-Norge AS and Regnskapshuset Nord-Norge AS.

SAME VISION FOR EMPLOYEES, CUSTOMERS AND SOCIETY

The name may have changed, but the Bank's vision remains the same: SpareBank 1 Helgeland's vision is to continue to act as a driving force for growth in Helgeland. In connection with the Bank's annual

Drivkraft Conference, SpareBank 1 Helgeland and Menon Economics jointly prepared an opportunity study for Helgeland through to 2035. The study forecasts an opportunity to create 9,000 new jobs across Helgeland in the years ahead.

Helgeland is well-positioned in the Green Shift, but this growth must be nurtured. Growth is generated when the business sector dares to take risks, invest and innovate. This requires secure and stable framework conditions, in addition to access to customers and markets to sell what is produced, access to the right skills in the workforce and access to sustainable solutions and capital.

Access to labour is important for further growth. We have a shortage of both highly qualified professionals and skilled workers, and we are dependent on attracting people to create the Helgeland of the future. We need people to move here and contribute to local communities, start families and live their lives in our region. The inward migration of people with the right skills will be decisive in determining whether Helgeland can be successful in generating growth going forward.

Helgeland consists of a number of small labour markets comprised of some large, but mostly small businesses. Cooperation between businesses, between the public and private sectors and between the municipalities in Helgeland will be vital if we are to win the battle for customers and labour both within Norway and internationally, at the same time as industry and municipalities restructure their operations in order to achieve the necessary climate goals.

CAPITAL FOR GROWTH, COLLABORATION AND EXPERTISE

Like capital, labour is important for generating growth. Access to capital going forward will depend on the inherent climate footprint and sustainability risk of the company and the investment. The EU's sustainable finance taxonomy has been transposed into Norwegian law and will direct capital towards sustainable industries and purposes. In this work, we will play an important role as a local bank in supporting businesses and making them competitive in the future.

The local savings bank fulfils a very special role as regards capital for the local business sector. The local savings bank lives off, and alongside, the local business community. While international and national banks often retreat to their head offices in difficult times, the local bank has nowhere else to be other than in their community. The local bank knows its customers, trusts its customers and is keen to follow its customers through both the good and the challenging times. We live close to the business community and make an effective contribution by making good judgements. This is because we have many employees with a high level of expertise in the business sector and because we give business leaders the feedback they need in order to run their businesses. We are close to the community and make decisions at local level, which often gives our customers proximity, expertise and fast decisions in challenging situations.

SpareBank 1 Helgeland gives great value back to the local community in terms of returns to our local equity certificate holders, and in the form of dividends on our community-owned capital. The return on the community-owned capital is donated to sustainable and socially beneficial causes in sport, culture, competence and research. All 18 municipalities benefit from this, and it provides a driver for growth in volunteerism, well-being and quality of life in Helgeland. Well-being and quality of life will not necessarily lead to more people moving to Helgeland, but it will result in more people choosing to stay. That said, we are consciously working to raise the profile of Helgeland outside the region's borders, and we will continue to do so.

Helgeland has a well-diversified business sector, with a good balance between a vibrant and export-oriented private sector and a stabilising public sector. Salmon farming and the industrial companies in the region are the driving forces in Helgeland, creating substantial ripple effects throughout the rest of the business sector. When capital and expertise are invested in local cornerstone companies, this provides a major boost to the future of the whole community.

There is also considerable optimism in Helgeland within the agriculture and tourism sectors. Many young farmers are setting up in business, constructing new facilities and streamlining operations for the future. More and more tourists found their way to Helgeland during the coronavirus years, and we are offering those who come here on holiday more and more activities to choose from. There is also enormous potential to generate even more jobs in the tourism industry.

We need a Helgeland which is "closer together" too, not just in physical terms. If Helgeland is to develop and grow, we need cooperation, interaction and unity around a common direction across industries, municipalities and towns. Our greatest challenge as a region is how we encourage more young people, skilled workers, entrepreneurs and enthusiasts to become driving forces for sustainable growth in Helgeland. We will continue to work on this challenge over the coming years.

Hanne Nordgaard

Hanne Nordgaard
Chief Executive Officer

The retail market

Sparebank 1 Helgeland is the local bank for both the resident population of Helgeland and for Helgeland expatriates both in Norway and worldwide. Over 65 percent of Helgelanders consider SpareBank 1 Helgeland to be their main bank, and there is a very strong bond between the Bank and its customers.

NEW PARTNERS AND A GROWING HOUSING MARKET

Competition in the banking market was once again strong during 2021. Competition from national and international banks that have entered into agreements with various Norwegian trade unions and interest organisations has increased markedly. Structuring the Bank to be competitive with respect to these players was one of the reasons why the Bank joined the SpareBank 1 Alliance in March and changed its name to SpareBank 1 Helgeland.

In 2021, SpareBank 1 Helgeland recorded growth in lending in the retail market of 45.5 percent, including all loans transferred from SpareBank 1 Nord-Norge as part of the strategic transaction. This is on a par with the market growth for Helgeland as a whole. The ambition going forward is to generate profitable growth in line with the market, and offer our customers more high-quality banking, insurance and savings products.

The housing market was buoyant in Helgeland in 2021. The trend in house prices has remain cautiously positive, being relatively unaffected by the ongoing pandemic. The price per square metre rose by 10.5 percent compared with last year, while the price of detached houses increased by 14.6 percent compared with last year. The level is still far below that of Trondheim and Oslo.

SAVINGS AND INSURANCE

During 2021, growth in deposits in the retail market was 26.1 percent, including deposits transferred from SpareBank 1 Nord-Norge. Despite record-low interest rates on bank savings, this is the form of saving that is closest to Helgelanders' hearts. As a result, our customers are saving less and getting a poorer return, and it is therefore a prioritised task to spread the message of the importance of saving with a long-term approach and ensuring that the money is invested somewhere where a real rate of return can be expected over time. This could for example be in long-term equity and combination funds.

The Bank has been very successful in selling non-life and personal insurance for Frende Forsikring for many years and is the largest insurance provider in Helgeland, with a market share of 23 percent. From 1 January 2022, SpareBank 1 Helgeland changed its business partner concerning the sale of life and non-life insurance policies to Fremtind Forsikring. Fremtind is the result of a merger between the insurance companies SpareBank 1 and DNB, which are also the company's owners. Fremtind is one of Norway's largest insurance companies, not to mention the largest supplier of insurance products sold by banks to both the retail and corporate markets. Many people in Helgeland are a member of the Norwegian Confederation of Trade Unions (LO) and these people can purchase insurance policies through their LO association.

NEW PARTNER FOR SECURED LOANS

SpareBank 1 Helgeland ended its cooperation and ownership in Brage Finans and then acquired a 15 percent stake in SpareBank 1 Nord-Norge Finans (SNN Finans). The new technical solutions are more integrated, making it easier for customers to maintain an overview, and the digital buying trail is better. The advisers have focused heavily on secured loans, which has helped to boost market share within the financing of cars, boats and other vehicles.

CONSTANTLY IMPROVING DIGITALLY, BUT THE PROVISION OF ADVICE REMAINS AS PIVOTAL AS EVER

Use of the Bank's digital customer interfaces continues to rise. Measured in terms of the number of logins, mobile banking has become our most frequently used customer channel; and with mobile banking, you practically have your bank in your pocket, available 24/7. The new mobile banking service that was introduced when the Bank joined the SpareBank 1 Alliance has proved to be very popular. This is perhaps not very surprising, as Norwegian bank customers have voted this mobile banking service one of the best in Norway.

In 2021, we introduced a digital assistant in our communication with our customers. The chatbot is capable of answering a wide variety of questions and provides fast and clear answers, without customers having to wait in a phone queue.

In the personal interaction between the Bank and the customer, digital assistants and self-service solutions are of equal relevance. This is particularly true when the customer is making a major investment or is investing in something for the first time. Face-to-face meetings are also very important when our customers find themselves in difficult situations and where financial advice and guidance are crucial.

The corporate market and the status of the business sector in Helgeland

By joining the SpareBank 1 Alliance, the Bank has gained access to new and improved product areas, especially within payment services, online and mobile banking, accountancy services and the public sector. Joining the alliance has also given the Bank professional links and access to a network with the other banks, benefiting both the Bank's advisers and customers. The Bank has gained new product suppliers within card and payment services, finance (SpareBank 1 Nord-Norge Finans AS), and accountancy services (SpareBank 1 Regnskapshuset Nord-Norge AS).

Helgeland's corporate market is both varied and strong. Despite a year of coronavirus, the business sector as a whole has continued to grow. However, the pandemic has had some impact on tourism operators, but not as much as might have been feared. Other industries are well-diversified, with primary industries, manufacturing, private services, transport, research and development environments, retail trade, and the public sector.

The power-generating industry is extensive in Helgeland and provides a strong basis for the region's smelting works, mining companies and timber industry. It was also a crucial factor in the decision to establish Freyr's battery production in Mo i Rana. However, the process experience that the industry possesses is also important for attracting new businesses to Helgeland, including the establishment of Bergen Carbon Solution AS's business for the development of new green materials. With Mo Industripark AS, Norway's largest recycling company, the development of aquaculture and onshore fish farming, Helgeland is in the driving seat for the Green Shift.

In 2021, the Bank carried out a major social analysis of Helgeland towards 2035 in partnership with Menon Economics. The analysis shows an opportunity for significant growth in housing and the labour market. The analysis also shows the potential for 9,000 new jobs based on the establishment of a major new airport, a battery plant, greater investment in tourism and onshore fish farming. This will result in an increase in population development, quality of life and housing development.

INDUSTRY, BUILDING AND CONSTRUCTION

As the country's leading industrial region, the cooperation between academia at Campus Helgeland, the business sector and Arctic Cluster Team, Oil-Gas Cluster Helgeland and the Aquaculture Network Helgeland is crucial for the major development of new products and services in Helgeland.
Freyr's battery production will require a major housing development in Rana, which began in autumn 2021. Through to 2023-2024, the construction of around 1,500 housing units is expected to have major ripple effects for the construction industry.

SERVICES, WHOLESALE TRADE, TOURISM AND TRANSPORT

The region's service industries have a broad composition and contribute important high-quality services for both established and newly established industrial companies.

Wholesale trade is an industry in transition, but in cooperation with the industry players, industry associations and the Bank, the "Shop local" campaign was one of several major successes in 2021. This has helped to maintain a strong local wholesale trade, especially in the sports industry, with many people seeing stronger trends during the pandemic than before. Goods deliveries have been a bigger problem than demand.

The hotel and tourism industry in Helgeland had a strong summer season, with healthy visitor numbers. In line with the development of a major new airport in Rana, further development is also planned in the tourism industry, including a number of interesting projects. On the other hand, the culture, course and conference market is still being affected by the pandemic.

AQUACULTURE AND AGRICULTURE

The aquaculture and agriculture industries are the region's fourth-largest sector.

The aquaculture industry continued to develop strongly in 2021, and interest in onshore salmon farming in particular increased considerably. Three major onshore fish farms are planned in Helgeland, which will see major investments being made. Start-up is planned during 2022

PUBLIC SECTOR

Helgeland has a large and stable public sector, most notably in the form of the Brønnøysund Register Centre, the Norwegian National Collection Agency and the National Library of Norway. These organisations contribute secure and predictable jobs and service provision from the private sector.

A driving force for growth, cooperation and expertise in Helgeland

Sparebank 1 Helgeland is Helgeland's local bank and our focus is on Helgeland. As a savings bank, we have a wonderful opportunity to give something back to our beautiful region of which we are so proud to be part. Amongst other things, this means that we donate our profits to clubs, associations, clubs and organisations, enabling them to offer an attractive and varied range of activities, especially for younger residents.

In addition to creating joy, unity and well-being in both small and large communities across Helgeland, we have also gained a number of young and promising Helgeland ambassadors in sports and culture. They go out into the world and then they come back again. They share their knowledge with the athletes of the future and help to generate enthusiasm and unity amongst the clubs. Most of our children will not make it to the top of the victory podium, but many will experience the joy of learning skills and a sense of togetherness, and develop both themselves and their local community. This is exactly what we value most of all. We also work at grassroots level, because it means more, but we are also very conscious that it is the grassroots level that ultimately feeds elite sport. This is our contribution to making life in Helgeland even better.

THE BANK'S GIFT INITIATIVE

Since the start of our charitable activities in 2007, the Bank has donated more than NOK 225 million to charitable and socially beneficial initiatives across Helgeland. This has benefited many local communities, sports clubs, associations, and children and young people, and been a driver for growth in volunteerism, well-being and quality of life.

In our gift policy, the Bank prioritises the formative conditions of children and young people in a broad sense in areas such as:

- **Sports and culture, as well as experiences**
- **Health promotion initiatives**
- **Knowledge and research, and innovation measures**
- **Grants for sport and culture**
- **The Drivkraft (Powerhouse) Prize – a community prize**

Forskerfabrikken's summer school in Brønnøysund: *One of the few events which could take place in Helgeland as planned in 2021. This is a summer school jointly organised by Forskerfabrikken and Vitensenter Nordland in order to reach as many children as possible and show them that science can be really fun. Our gift contribution contributed to the free summer school in Brønnøysund this year in combination with a family ticket to Vitensenter Nordland. Hopefully, many children had a lot of fun and learned a lot of useful things ready for the start of the new school term.*

Photo: Forskerfabrikken

These initiatives are all important in their various ways for further growth and development in Helgeland.

THE BANK'S DONATIONS IN 2021

Sport and outdoor activities are part of our cultural heritage, and a rich cultural life is an important factor for the region's attractiveness. Good sports and cultural facilities attract new people, which Helgeland needs in order to meet the recruitment challenges we face. This is exactly why the Bank's gift institutes added the sustainability criterion "Good health" to their award criteria in 2021. Other sustainability criteria that we use in our award policy are:

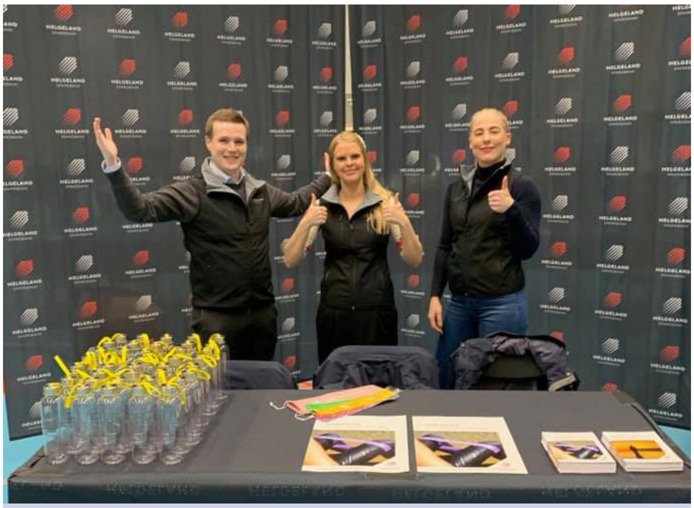
- **Innovation**
- **Sustainable cities and communities**
- **Collaboration and responsible consumption and production**

The formative conditions of children and young people have a high priority in the bank's allocation of funding. We know that the years of childhood and youth have a great significance on people's ability to cope later in life, and in Helgeland there are many voluntary clubs and organisations that do an amazing amount of work for children and young people. This is something we value highly and we want to be an active contributor and motivator for this through our donation policy.

2021 was also greatly affected by the ongoing coronavirus pandemic in many ways and all the limitations that it has imposed on sport, culture and other activities.

Nevertheless, many different types of clubs and associations once again benefited from the Bank's gift policy and community involvement in 2021. Although many festivals in Helgeland had to be either called off or cancelled, some people also took the initiative to arrange alternative cultural events within the framework of the prevailing infection control rules – events which the Bank helped to support at an otherwise difficult time through its gift policy.

Despite the ongoing pandemic, many initiatives and projects were initiated and implemented in Helgeland during 2021, many with the support of the bank's Gift Fund and Gift Foundation. This includes large new halls in Mosjøen and Sandnessjøen, the renewal and upgrading of sports facilities and shooting ranges, new lighting installations at the football stadium at Olderskog in Vefsn and in Korgen, upgrading of the outdoor swimming pool in Sandnessjøen, a new



***Career Day** is a major trade and education fair which is held annually in January. As a result of the coronavirus pandemic, the fair took place as a digital version in 2021. During the fair, companies gave digital presentations about themselves, the various professions at the workplace and the professional groups that they will need to recruit from in the years to come. Holding the event digitally ensured that as many students as possible could participate, even when infection rates were high and students were being home-schooled. Through its Gift Foundation, the Bank has supported this trade fair every year since 2015, and it was natural for us to contribute gift support again this year to this alternative fair, enabling it to be held digitally in a difficult year.*

***Havnafestivalen (the harbour festival) in Sandnessjøen** was one of the festivals which took the challenge of the coronavirus pandemic in its stride and decided to arrange alternative events. Here is a photograph from Minihavna, where children and young people were invited to take part in a small festival as part of the main festival.*

The final children's event during the festival was rounded off with the throwing of confetti to the delight of young and old alike. According to the festival's organising committee, the entire alternative event was a great success and the response from the general public was overwhelming. Photo: Havnafestivalen cultural arena at Sømna under the auspices of Sømna Kulturskaperi, a new Museum and Science Centre Park in Mo i Rana, and a diverse range of alternative festivals, for charitable and socially beneficial projects. In total, almost NOK 18 million was paid out from the Bank's Gift Fund and Gift Foundation during the year.

The largest donations in 2021 were given to Vefsn municipality and the new hall which is to be constructed there, and to Blåhallen in Sandnessjøen in Alstahaug municipality. The Bank's Gift Foundation donated NOK 2.5 million and NOK 1.5 million respectively.

INDUSTRY, KNOWLEDGE, RESEARCH AND EDUCATION

The future will require new knowledge and innovation, and, through its gift policy, Sparebank 1 Helgeland is contributing to projects involving university colleges, universities, local knowledge parks and business associations aimed at promoting local expertise and competitiveness. Almost 20 percent of the Bank's total grants have gone to industry, knowledge, research and education initiatives since the charitable work began in 2007. In 2021, the Bank awarded gift funding for Gründeruka and Career Day's digital edition, as well as gift funding for the First Lego League Helgeland, Newtonrommet in Mosjøen and Forskerfabrikkens Sommerskole in Brønnøysund. In addition, gift funding was also awarded to enable a regional feasibility study for Helgeland to be carried out – The Helgeland of Opportunities. This study was carried out by Menon Economics AS with the aim of presenting a scenario for Helgeland's opportunities in a 15-year perspective. The results of the study show that there is enormous potential in the business sector in Helgeland. The region has a combination of natural advantages and expertise which has been built up over many years in key cornerstone companies. This provides an excellent starting point for further growth in the region. The study was presented at the Bank's Drivkraft Conference on 26 August 2021 in Mo i Rana.

GRANTS FOR SPORT AND CULTURE

The Bank also wants to help ensure that young talent in sport and culture in Helgeland gets the attention and support it needs to grow. In 2021, it was eleven years since the Bank began awarding such scholarships to talented young people in Helgeland. The pandemic that has now lasted almost two years has led to many changes for each and every one of us. Young sports stars have for example not been able to compete against each other for almost 18 months. Cultural life has more or less ground to a halt, and talented young cultural performers have not had an opportunity to show off their talents in the normal way. The Bank therefore decided to put back the application deadline for sports and cultural grants for 2021 to 31 March 2022, while keeping the application deadline for the scholarship in 2022 as 30 November. In other words, there will be two scholarship awards in 2022.

Fageråsbakken: *Wednesday 13 October 2021 saw the official opening of Fageråsbakken Ski Jumping Arena in Mo i Rana. Many people turned up to take part in the event. Amongst them were Geir Waage, Rana's mayor, and Erik Røste, president of the Norwegian Ski Federation, who was given the honour of cutting the ceremonial tape. Fageråsbakken is the only year-round ski jumping arena in Northern Norway and has become a reality thanks to a fantastic efforts of many volunteers. The nearest year-round ski jumping arena is in Trondheim, about 300 miles away. Fageråsbakken will be the only ski jumping arena in Northern Norway capable of hosting the Norwegian Championships in both ski jumping and combined events in both summer and winter. The Bank's Gift Foundation has contributed NOK 1 million toward the arena, NOK 125,000 for beautification of the area below and around the jumps, and NOK 250,000 for the "Fageråsbakken digitally" project. The ski jumping arena in Mo i Rana has become not only a new ski jumping facility, but also a landmark for the city and the whole region. In the long term, the facility could attract ski jumpers from across Europe, and host international ski jumping events. The dream of hosting an international ski jumping event under the midnight sun in the height of summer could now become reality.*

By deferring the deadline, we hope to give more people the chance to qualify and apply.

Since the Bank started awarding scholarships in 2011, no fewer than 114 talented young people in Helgeland have been awarded this scholarship. The Bank has distributed NOK 3,420,000 in grants for sport and culture to talented young people across Helgeland.

DRIVKRAFTPRISEN (THE POWERHOUSE PRIZE)

SpareBank 1 Helgeland founded the Drivkraft community prize. The prize is awarded to a person or organisation that has distinguished themselves through their commitment to individuals, groups or the local community as a whole.

In 2021, the Drivkraft Prize went to sports personality Simen Garaas from Sømna. Simen was born and brought up in Sømna. He studied in Trondheim for 5-6 years. He then moved back to Sømna and has been a teacher at Vik School ever since. Simen has always been very active in Sømna IL sports club. He spends virtually every afternoon and weekend at the club, working with the young people he is responsible for. He is passionate about offering young people a wide range of enjoyable activities. He keeps a watchful eye out for anyone who misses training or may be struggling a little, or anyone whose parents are perhaps not as committed towards their children as they might be. Simen often acts as a taxi service, taking young people to training sessions and matches.

Simen is a shining example of the volunteer sector and a role model for all the young volunteers who are committed to inspiring people to be more active, creating good experiences and improving quality of life for young people in Helgeland.

Simen's efforts have also attracted attention in the past, and back in 2019, he was awarded the honorary prize from Nordland's sports district and nominated as Nordland's candidate for the honorary prize for the Sports Gala at Hamar.

The Drivkraft Prize: *CEO of SpareBank 1 Helgeland, Hanne Nordgaard, hands over the Drivkraft Prize for 2021 to Simen Garaas of Sømna IL sports club during the Bank's Drivkraft Conference in Mo i Rana on 26 August. The prize consists of a work of art by a local Helgeland artist and NOK 100,000 to be donated to one or more charitable causes.*

Grants for sport and culture: *Eight talented young sportspeople and cultural performers – out of a total of 23 scholarship recipients in Helgeland – were awarded their prizes in Mo i Rana just before Christmas in 2020.*

Economic developments in 2021

During 2021, the Norwegian economy recovered sharply from the downturn in the wake of the pandemic and government-imposed restrictions. Norges Bank raised the key interest rate on two occasions from the record-low of 0 percent, and has indicated that it will increase interest rates on a further three occasions in 2022. Activity levels in the economy have returned to pre-pandemic levels, unemployment has fallen sharply and inflation has picked up. High vaccination rates amongst the general population have reduced the risk of further setbacks and the need for new restrictions as a result of virus mutations.

THE GLOBAL ECONOMY

The pandemic has been impacting on developments in the global economy for almost two years now. Economic recovery has also been strong internationally, as restrictions have been eased and mobility increased. Since last autumn, rising infection rates as a result of the spread of the omicron variant and new infection control measures have curbed growth. Bottlenecks in global value chains and resultant high inflation rates, combined with high electricity prices across Europe, have had a negative impact on the growth picture.

Expansionary monetary and fiscal policies have helped to curb the economic downturn in most countries. With rising activity levels, higher inflation and falling unemployment, both monetary and fiscal policies are expected to be tightened. The US Federal Reserve System has signalled a slowdown in the extraordinary monetary stimulus through support purchases of bonds, and the first interest rate rise since 2018 is expected in March 2022. The European Central Bank has adopted a more restrained position and has indicated that there will be no interest rate rise until early 2023.

Higher prices for energy, raw materials, electronic components and freight rates have all contributed to a marked rise in inflation. The prospect of higher inflation in 2022 has also pushed up expectations of higher key interest rates, which in turn has also led to greater uncertainty in equity markets.

There is considerable international uncertainty regarding further developments in the pandemic. Much will depend on the vaccination rate amongst the general population and the effectiveness of the vaccines against new mutations. However, there is also a risk that inflation will remain high and that we will see the return of rising infection rates and strict government-imposed measures.

THE NORWEGIAN ECONOMY

During 2021, the Norwegian economy underwent rapid recovery, with strong growth in activity levels and falling unemployment. In Norway, as in the rest of the world, the spread of the omicron variant increased towards the end of last year, and extensive infection control measures put a dampener on activity levels.

In the spring of 2021, the authorities embarked on a gradual reopening of society with the easing of infection control measures. This easing of restrictions led to a solid upturn in the Norwegian economy, and mainland Norway GDP rose by 2.6 percent during the third quarter.

Norwegian households saved much more than normal during the pandemic, as a result of the uncertainty and limited opportunities for consumer spending. In line with the gradual easing of restrictions, it is expected that higher consumer spending by households, and spending on services in particular, will boost activity levels in the Norwegian economy going forward. Electricity prices have risen markedly since autumn 2021, and there are signs that prices will remain high. The rising prices are contributing to a reduction in disposable real income, although the government's electricity support scheme is helping to reduce the impact to some extent. The prospect of higher interest costs and smaller transfers from the public sector with the winding up of the extraordinary support schemes may dampen growth going forward. On the other hand, higher wage growth is expected.

In order to mitigate the downturn caused by the pandemic and government restrictions, a very expansionary monetary and fiscal policy has been pursued. Norges Bank cut the key interest rate to zero percent in May 2020, and kept the interest rate at a record-low level until September 2021. The central bank justified the interest rate rise by referring to the marked upturn in the Norwegian economy following the easing of restrictions, and the fact that activity levels were higher in autumn 2021 than before the pandemic. Norges Bank raised the interest rate again in December to 0.50 percent, and at the same time indicated that it intended to increase interest rates on a further three occasions in 2022.

According to the newly balanced budget for 2021, it is estimated that the economic measures in the face of the pandemic amount to NOK 90.4 billion. Of this, almost NOK 34 billion is allocated to measures for businesses, including the compensation scheme. Approximately NOK 20 billion was spent on measures aimed at households in 2021, with the majority going to the National Insurance Scheme. The remainder comprises targeted measures for sectors which perform critical societal tasks.

DEVELOPMENTS IN HELGELAND

For Helgeland, the economic impact of the pandemic has primarily been limited to the business sector and households, which have been affected by the national measures aimed at preventing the spread of infection. While some industries and households were severely affected by the pandemic, key economic developments at the end of 2021 show that Helgeland fared well during the pandemic.

The property market in Helgeland saw a significant improvement during the year. The average price per square metre for apartments rose by 10.5 percent compared with last year, while the price of detached houses saw an upturn of 14.6 percent compared with last year. Turnover has remained stable during the period, with associated seasonal variations. As regards price, the prices of properties sold have been at around valuation level. During 2021, the growth in credit was around 4 percent for Helgeland.

At the end of the year, the unemployment rate in Helgeland was 1.3 percent, while the corresponding national figure was 2.2 percent.

Major public and private investment projects in Helgeland are contributing to expectations of strong economic prospects for Helgeland. Unemployment in the region is expected to remain at a stable and low level, while property prices and credit growth are expected to see healthy development in the year ahead.

«

While some industries and households were severely affected by the pandemic, key economic developments at the end of 2021 show that Helgeland fared well during the pandemic.

Sustainability

SpareBank 1 Helgeland's sustainability strategy has three pillars:

- UN Sustainable Development Goals
- UN Principles for Responsible Banking
- Environmental Beacon certification according to new industry requirements

UN SUSTAINABLE DEVELOPMENT GOALS

Sustainable development is defined as "the framework for our efforts to achieve a higher quality of life for everyone", where "economic development, societal development and environmental protection reciprocally interact and strengthen each other."

All 17 goals are important and part of a holistic action plan, but not all are as relevant to SpareBank 1 Helgeland's operations in particular. Under the slogan "No one can do everything, but everyone can do something", we have selected five sustainable development goals (including one or two targets) which will be a point of focus within SpareBank 1 Helgeland.

Goal 5 Gender Equality
"Achieve gender equality and empower all women and girls".

- Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

Goal 8 Decent Work and Economic Growth
"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

Creating economic growth and new jobs through decent work is a prerequisite for sustainable development. Creating high-quality jobs is one of the biggest challenges for all countries through to 2030.

- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

- Target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Goal 9 Industry, Innovation and Infrastructure
"Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation".

- Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million inhabitants and public and private research and development spending.

Goal 12 Responsible Consumption and Production
"Ensure sustainable consumption and production patterns".

Sustainable consumption and production is all about doing more with less resources.

- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

- Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Goal 13 Climate Action
"Take urgent action to combat climate change and its impacts".

- Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

As a Local Bank, we have a vital role to play in achieving the UN Sustainable Development Goals in Helgeland. This means we will be a driving force for growth and an active value creator, whilst at the same time taking into account climate, environmental and social factors. Stopping climate change and contributing to the restructuring of the business sector will be a particular focus area over the coming years.

UN PRINCIPLES FOR RESPONSIBLE BANKING

Alignment: The Bank must align its business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national frameworks.

Impact and Target Setting: The Bank must continuously increase its positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from its activities, products and services. To this end, the Bank must set and publish targets where we can have the most significant impacts.

Customers: The Bank must work responsibly with its clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Stakeholders: The Bank must proactively and responsibility consult, engage and partner with relevant stakeholders to achieve society's goals.

Governance and culture: The Bank will implement its commitment to these Principles through effective governance and a culture of responsible banking.

Transparency and accountability: The Bank must periodically review its individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

MEASURES IMPLEMENTED WITHIN SPAREBANK 1 HELGELAND IN 2021

Goal 5 Gender Equality

SpareBank 1 Helgeland has increased its focus on gender equality and initiated measures. The HR Director in the HR Department is responsible for preparing an annual summary report for the three initiative areas: *"Equitable working life at SpareBank 1 Helgeland"*.

1. Inclusive working environment
   SpareBank 1 Helgeland will return to the "top tier" in perceived well-being and satisfaction with the working environment, with cooperation internally, opportunities for professional development and a perception of consistently good leadership.

2. Equal pay
   SpareBank 1 Helgeland wants to be good at equal pay. This means for example that the pay gap between men and women must be reduced.

3. Recruitment
   SpareBank 1 Helgeland wants to be good at recruitment, both internally and externally. This will be achieved by securing the diversity in terms of expertise, experience, personal characteristics and gender which makes the bank the business it wants to be. The Bank aims to be an attractive and challenging expertise workplace for both employees and managers alike.

Goal 8 Decent Work and Economic Growth

Despite the challenges arising from COVID-19, the Drivkraft Conference was held in 2021. This is an important arena for the business community in Helgeland for experience and the exchange of expertise.

Goal 9 Innovation and infrastructure

SpareBank 1 Helgeland has launched a skills scholarship in connection with the Drivkraft Conference. The target group comprises businesses with employees who promote entrepreneurship, creativity and skills development in Helgeland.

Goal 12 Responsible Consumption and Production

SpareBank 1 Helgeland has been re-certified as an eco-lighthouse at all locations, as well as the business as a whole.

Goal 13 Climate Action

During 2021, SpareBank 1 Helgeland established a green product framework for green loans. We also issued two green bonds totalling NOK 1 billion. We have also implemented sustainability mapping procedures amongst our suppliers

Sustainability is becoming an increasingly important aspect of the Bank's risk assessments. During 2021, we implemented the sustainability policy and, together with the SpareBank 1 Alliance, helped to develop a model for mapping climate and sustainability risk amongst our corporate customers.

Planned measures within SpareBank 1 Helgeland

In order to achieve the Sustainable Development Goals and the measures, they will be incorporated into the Bank's overarching governing documents, code of conduct and relevant substrategies (financial strategy, credit strategy, communication strategy, purchasing strategy and owner strategy).

During the course of 2022, we will develop a new strategy for our approach to sustainability.

THE FOLLOWING MEASURES HAVE BEEN DEFINED

Goal 5: Gender Equality

- Follow adopted guidelines and achieve defined goals for an equitable working life.
- The objective of the Bank's pay system (see the Business Agreement) is that pay must be equal and equitable.
- Gender equality, diversity and equal pay for equal work have been incorporated as a guiding principle in the new HR strategy.

Goal 8: Decent Work and Economic Growth

- SpareBank 1 Helgeland's vision is to be a driving force for growth in Helgeland. In our credit provision, we will focus on ensuring that the economic growth we contribute is sustainable.
- SpareBank 1 Helgeland's business concept: SpareBank 1 Helgeland is the profitable and leading local bank that is building the future Helgeland. It is a prerequisite that the future Helgeland is built on the UN Sustainable Development Goals.
- We shall contribute to the establishment of innovative environments and projects, such as entrepreneurship at upper secondary schools, mentorship schemes, entrepreneurial initiatives and growth environments.
- Promote national framework conditions for small and medium savings banks to secure our competitiveness and access to capital for the local business community.

Goal 9: Industry, Innovation and Infrastructure

- SpareBank 1 Helgeland's vision is to be a driving force for growth in Helgeland. In our credit provision, we will focus on ensuring that the economic growth we contribute is sustainable.
- We shall contribute to the establishment of innovative environments and projects, such as entrepreneurship at upper secondary schools, mentorship schemes, entrepreneurial initiatives and growth environments.
- Promote national framework conditions for small and medium savings banks to secure our competitiveness and access to capital for the local business community.
- The 2022 Drivkraft Conference will cover topics such as the environment, sustainability and energy. Through this conference, we want to invite the business community to a common arena for professional replenishment and focus on how we can work together to create sustainable growth in Helgeland.

Goal 12: Responsible Consumption and Production

- It is important for us to have an internal focus on sustainability. During 2022, we set specific targets for the Bank's own greenhouse gas emissions, and defined areas for improvement as regards the sorting of waste and paper waste.
- Reporting on the established climate and environmental indicators in accordance with these, within:
  - Credit provision
  - Financing
  - Bonds
  - Savings products/investment of customer deposits
  - Management of the company's own funds

Goal 13: Climate Action

- Climate risk is credit risk, and this should be highlighted in our risk assessments in credit cases.
- We shall develop products that promote smart behaviour as regards climate and the environment.
  - New products and solutions are due to be launched during the first half of 2022.

Annual Report and Financial Statements

2021

Annual Report from the Board of Directors 2021

Introductory remarks 2021

Sparebank 1 Helgeland is an independent savings bank with a clear objective of being the leading bank and a driving force for growth in Helgeland. Sparebank 1 Helgeland is the only bank with its head office in the region. The Bank's strong market position, combined with professional expertise, competitive prices and strong solvency, means that the Bank is well-equipped to face the competition going forward. The Bank has offices in four municipalities in Helgeland and was the eleventh largest savings bank in Norway at the start of the year. On 15 March 2021, Sparebank 1 Helgeland became part of SamSpar and the SpareBank 1 Alliance.

Key features

- Stable basic operation throughout the year
- Net income before tax amounted to NOK 264 million, compared with NOK 390 million in 2020.
- 12-month growth in lending 33.6% (0.1%) including mortgages
- 12-month growth in deposits 26.1% (-1.5%)
- Return on equity after tax (adjusted for hybrid capital) of 6.5% (9.7%)
- Core tier 1 capital adequacy ratio of 18.0% (18.8%) and leverage ratio of 9.4% (10.5%)
- The Board proposes to the Bank's Supervisory Board to distribute a dividend for 2021 of NOK 3.2 per equity certificate

About SpareBank 1 Helgeland

History
On 1 April 2005, the current SpareBank 1 Helgeland was formed through a merger between Sparebanken Rana and Helgeland Sparebank.

Helgeland Boligkreditt AS was founded in November 2008 as a wholly owned subsidiary of the Bank. The company was licenced as a financial enterprise in February 2009 and was established to act as the Bank’s company for the issuing of covered bonds.

On 26 October 2010, the Bank’s Supervisory Board decided to convert some of the Bank’s primary capital into equity share capital by issuing equity certificates. The new equity certificates were issued free of charge to Sparebankstiftelsen Helgeland, which was established concurrently with the conversion. The Bank issued equity certificates amounting to a total of almost NOK 605 million, which was transferred to the foundation.

In March 2020, SpareBank 1 Helgeland and SpareBank 1 Nord-Norge announced a forward-looking and strategic banking partnership in Helgeland. The partnership saw the Bank acquire SpareBank 1 Nord-Norge's portfolio in Helgeland and became part of the SpareBank 1 Alliance.

Vision, mission and strategy
The Group’s vision is to be a driving force for growth in Helgeland. The mission is to be a profitable and leading local bank which builds the future of Helgeland. Sparebank 1 Helgeland shall offer financial products and services to private customers, small and medium enterprises, municipal authorities and institutions linked to Helgeland.

The Group has a strategic goal of maintaining its strong market position and being an active support player in the development of the region. The lending activities are concentrated in Helgeland. The Group strives to be an attractive, positive and nurturing employer and endeavours to establish an equal gender balance as regards representation on controlling bodies and management.

Sparebank 1 Helgeland's aim is to provide its shareholders with a strong and stable long-term return in the form of dividends and increases in value. The two owner groups are to be treated equally. Up to half of the profit can be distributed in the form of dividends and gifts.

The Group has a long-term profitability target of a return on equity at least on a par with comparable banks, currently 11% after tax.

The target figure for the core tier 1 capital ratio and tier 2 capital ratio is 1% above the regulatory requirements, which currently amount to 17.0% and 20.5% respectively. In its target figure, the Bank has taken into account impending increases in the system risk buffer and countercyclical buffer requirement of up to 2.5%. Costs as a percentage of revenues of 40%, a deposit-to-loan ratio of at least 60%, and a retail market share of at least 60%.

The Group’s sphere of operations
Helgeland Sparebank’s operations primarily comprise traditional banking and financial services in the Helgeland region, along with the sale of savings products, investment and insurance products, leasing and mortgages.

The Group mainly serves the retail market, business, trade and industry, groups/associations and the public sector in Helgeland.

The Group also carries on property letting through its subsidiaries and has strategic holdings in associated companies and product companies.

Subsidiaries

Helgeland Boligkreditt AS
The company is licensed as a credit company with a permit to issue covered bonds. The company’s main purpose is to secure the Group stable and long-term financing on competitive terms. The Bank owns all of the shares in the company. The CEO is hired from the Bank on a 25% full-time equivalent basis. The company is expected to be gradually wound down as the borrowing matures as a result of access to financing through SpareBank 1 Boligkreditt.

AS Sparebankbygg
The business consists of owning and managing the letting of premises at Storgt. 75 in Brønnøysund, where the Bank is the largest lessee. The company is based in Brønnøy municipality. The Bank owns all of the shares in the company. The company has no employees.

SpareBank 1 Helgelands Eiendomsselskap AS
The company carries on the letting of property and is based in Mosjøen, where the Bank is the largest lessee. The Bank owns all of the shares in the company. The company has no employees.

Bankbygg Mo AS
The business consists of owning and managing the letting of commercial premises at Jernbanegata 15 in Mo i Rana. The

Bank is the largest lessee in the building and owns 99.5% of the shares in the company. The company has no employees.

Storgata 73 AS
The company is a property company in Brønnøysund. The Bank owns 56% of the shares in the company. The company has no employees.

Strendene Utviklingsselskap AS
The company is a property company in Sandnessjøen. The Bank owns 100% of the shares. The company has no employees. The company is expected to be wound down during 2022 as a result of the sale of the company's property.

The SpareBank 1 Alliance
Sparebank 1 Helgeland became part of the SpareBank 1 Alliance on 15 March 2021. The alliance is Norway's second largest financial grouping, and comprises 14 independent banks that are fully fledged providers of financial products and services to individuals, businesses and organisations. The aim of the alliance partnership is to deliver attractive products and services with a particular focus on good customer experiences.

The SpareBank 1 banking alliance develops and delivers common services within IT, brand and business concepts, expertise and procurement.

Product and alliance companies

SpareBank 1 Gruppen AS
The Bank has an indirect stake in a number of alliance companies through its 3% holding in Samarbeidende Sparebanker AS. This corresponds to an indirect stake of 0.59% in Fremtind Forsikring AS.

SpareBank 1 Betaling
SpareBank 1 Helgeland has a 2.86% stake. The aim of the company is to further develop Vipps along with the other owners.

SpareBank 1 Finans Nord-Norge AS
SpareBank 1 Finans Nord-Norge AS is a Norwegian financial enterprise with organisation number 930 050 237. The company offers leasing and secured loans. The Bank has a 15% stake in the company.

SpareBank 1 Boligkreditt AS
SpareBank 1 Boligkreditt AS was created by the banks in the SpareBank 1 Alliance in order to take advantage of the market for preferential bonds. SpareBank 1 Boligkreditt has IRBA approval**.** Ownership in SpareBank 1 Boligkreditt AS is based on a dynamic model, where the size of the stake varies with the size of the portfolio. At the end of 2021, SpareBank 1 Helgeland has a stake of 2.05%, and a volume of NOK 4,581 million in transferred portfolio.

Eiendomsmegler 1 Nord-Norge AS
EiendomsMegler 1 Nord-Norge AS is a Norwegian estate agent with organisation number 931 262 041. The company operates as an estate agent in Northern Norway and had a market share amongst sales of pre-owned homes of 33.5% in 2020. The Bank has a 15% stake in Eiendomsmegler 1 Nord-Norge.

Regnskapshuset SpareBank 1 Nord-Norge
SpareBank 1 Regnskapshuset Nord-Norge AS is a Norwegian accountancy firm with organisation number 851 987 142. The company is a leading provider of a complete range of accountancy and advisory services for businesses, clubs and associations in Northern Norway. The Bank has a 15% stake in the company.

Market
The Bank has its main market in the 18 Helgeland municipalities bounded by Saltfjellet in the north and Trøndelag in the south. The largest towns/urban areas in the market are Mo i Rana, Brønnøysund and Sandnessjøen. The population of these municipalities accounts for approximately 60% of the entire population of Helgeland, which is approximately 78,000 inhabitants. The main competitor in Helgeland is DNB Bank ASA. Sparebank 1 Helgeland has a strong and leading market position in the retail market, with a market share of around 60% of all mortgage customers in Helgeland. The competition is significant across the entire market area.

Sparebank 1 Helgeland offers advice and financial solutions to its customers through competent advisors. The Bank has an extensive distribution network across Helgeland, as well as modern solutions for serving customers via digital channels. The Bank aims for all retail market advisers to be authorised financial advisers.

Sparebank 1 Helgeland also has a strong market position with regard to small and medium enterprises, with a market share of well over 60% in Helgeland. In the agriculture segment, which is traditionally a low-risk segment, the Bank is the market leader with a share of around 80%.

The Bank's industry portfolio mainly consists of small and medium enterprises across a variety of industries. The Bank's advisers possess expertise in many industries and offer professional advice to the business sector. The Bank's market area is Helgeland. Only in exceptional cases are good corporate customers are followed out of the region.

Corporate governance
Sparebank 1 Helgeland's principles and policy for corporate governance are intended to ensure that the Bank operates in line with applicable laws and regulations, as well as recognised practices and standards. Good corporate governance within SpareBank 1 Helgeland encompasses the values, goals and general principles by which the Bank is governed and controlled. This is in order to ensure good cooperation between the Bank's various stakeholders, such as equity certificate holders, creditors, customers, employees, governing organs, management, and society at large.

Corporate governance should ensure prudent asset management and give greater assurance that communicated goals and strategies are being implemented and achieved. The Group's risk strategy and the overall management of operational risk are set out in governing documents, which are reviewed annually by the Board. These governing documents form an important part of the Group's internal framework for good governance and control, and provide guidelines for the Group's overarching approach to its risk profile and risk management.

In its corporate governance, SpareBank 1 Helgeland aims to follow the guiding documents outlined in the Norwegian Code of Practice for Corporate Governance.

SpareBank 1 Helgeland has compared its policy with the revised Norwegian Code of Practice for Corporate Governance, as well as relevant principles from the

European Banking Authority's recommendations in the area. The Board considers that the Bank's corporate governance is satisfactory and in accordance with Norwegian recommendations.

In 2021, 16 board meetings were held at the Bank. Follow-up of strategy, structural changes, risk and capital management, profitability and entry into the SpareBank 1 Alliance have been the Board's focus areas. The Board has prepared an annual plan for its work. Emphasis is placed on ensuring that the Board's members possess sufficient knowledge and expertise. A self-evaluation has been conducted covering working forms, expertise, priorities and collaboration between the Board and the management.

As part of the Board's work, it has set up an Audit Committee, a Risk Committee and a Remuneration Committee. These committees are intended to ensure that SpareBank 1 Helgeland has an independent and effective internal and external audit, and that accounting and risk reporting are in line with rules and regulations, and help to promote and incentivise good corporate governance with regard to the enterprise's risks, counteract high risk taking and help to prevent conflicts of interest. The members of the Risk Committee are Bjorn Andreas Krane (Chair), Siw Moxness and Rolf Eigil Bygdnes. The members of the Audit Committee are Siw Moxness (Chair), Bjorn Andreas Krane and Rolf Eigil Bygdnes. The members of the Remuneration Committee are Bjorn Krane (Chair), Marianne Steinmo and Birgitte Lorentzen (Employee representative). During 2021, the Audit Committee held five meetings, the Risk Committee eight meetings and the Remuneration Committee three meetings.

A more comprehensive account of corporate governance can be found in a separate chapter of the annual report.

Annual Financial Statements 2021

Accounting policies
SpareBank 1 Helgeland prepares its consolidated accounts and the parent bank's accounts in line with the International Financial Reporting Standards (IFRS). The Group's accounts are a consolidation of the parent bank and the subsidiaries. A more detailed description of the accounting policies can be found in the notes to the annual report.

The annual accounts are presented in accordance with the going concern principle. The Group is not involved in any legal disputes that are considered to be of any significance as regards the Group's solvency or profitability. The Board is not aware of any circumstances after the year-end which could have a significant impact on the annual accounts. The figures stated in this report are generally consolidated figures, unless stated otherwise.

Key features
The Group recorded a net income before tax of NOK 264 million (NOK 390 million).

A net profit of NOK 205 (340) million produces a return on equity after tax adjusted for hybrid capital of 5.4% (9.7%). Earnings per equity certificate amount to NOK 5.5 (NOK 12.0).

A dividend ratio of 50% (12%) of the dividend basis is proposed, giving a cash dividend of NOK 3.2 (NOK 3.1) per equity certificate.

Key figures as of 31 December 2021:
(comparison as of 31 December 2020)

- Net interest as a percentage of total assets 1.69% (1.77%)
- Costs as a percentage of total assets 1.07% (1.37%)
- Write-downs on lending as a percentage of gross lending 0.20% (0.18%)
- Earnings per equity certificate amount to NOK 5.5 (NOK 12.0)
- 12-month growth in lending 33.6% (0.1%)
- 12-month growth in deposits 26.1% (-1.5%)
- Core tier 1 capital ratio 18.0% (18.8%).
- Tier 2 capital ratio 22.3% (23.1%)

See also note for other key figures.

Net interest
For 2021, net interest and credit commission income amounts to NOK 604 million (NOK 598 million), an increase of NOK 6 million. As a percentage of average total assets, this amounts to 1.69% (1.77%). The decrease in net interest income from the start of the year is primarily attributable to strong competition and pressure on prices throughout the year.

At the end of 2021, income on transferred loans to mortgage enterprises amounted to NOK 8 million, and is classified as commission income.

The Group has expensed NOK 18 million in contributions to the deposit guarantee and crisis fund.

Net commission income
Net commission income for 2021 amounted to NOK 107 million (NOK 97 million), but includes bonus commission from non-life insurance of NOK 5 million. These neutralise a proportion of the decrease in revenues resulting from the reduction in travel and card use in 2021. Broad sales focusing on insurance and leasing will remain an initiative area for the bank. Of the commission income, NOK 8 million concerns commission for transferred loans to mortgage enterprises.

As a percentage of average total assets, net commission income amounted to 0.30% (0.29%).

Net income from financial instruments
Net income from financial instruments amounted to NOK -3 million (NOK 203 million), a downturn of NOK 206 million compared with 2020.

The decrease from 2020 is linked to significant gains and value adjustments in connection with extensive sales of shares of erstwhile product companies last year. In addition, changes in money market interest rates and other market unrest during 2021 have resulted in falls in the value of the securities portfolio and fixed-rate lending.

In the Parent bank, dividends from Helgeland Boligkreditt are recognised in the amount of NOK 69 million during the first quarter of 2021.

Operating costs
Total operating expenses for 2021 amounted to NOK 384 million (NOK 462 million), including non-recurring costs of NOK 53 million (NOK 146 million) linked to Helgeland 1. As a

percentage of average total assets, costs amounted to 1.07% (1.37%), while costs relative to income amounted to 53.9% (51.2%).

The high operating costs for 2021 were largely due to non-recurring costs incurred in connection with Helgeland 1. Non-recurring costs include write-downs of obsolete assets after the transfer of business. In addition, personnel costs and IT costs are higher than last year. This is because the Group is in a transitional phase during which it has made extensive use of overtime and temporary staff and offered many staff severance packages. A number of operating agreements also expire in 2022. Excluding non-recurring costs linked to Helgeland 1, operating expenses account for 46.5% (35.0%) of revenues. Excluding income from financial investments as well, the key ratio becomes 46.3% (45.1%). The Bank's target cost level is 40% of total revenue.

The Bank's absence is higher than in 2020 at 3.8% (3.1%).

Expensed write-downs on commitments
For the year, losses on loans and guarantees are recognised in the amount of NOK 64 million (NOK 51 million). As a percentage of gross lending, this amounts to 0.20% (0.18%).

The write-down is partly the result of estimated losses, and partly conclusions regarding previously written-off commitments. A high proportion of the recognised losses in 2021 is linked to individual write-down assessments. Of recognised write-downs in 2021, NOK 60 million concerns individual loss assessments, while recognised write-downs resulting from the model calculation amount to NOK 4 million. Losses for the year as a whole are considered to be moderate.

There is still uncertainty linked to the ultimate consequences of the pandemic, especially with regard to how businesses and retail customers will cope with the financial losses stemming from the pandemic. As a result of this uncertainty, the changes in the loss model are retained. At the year-end, the additional provision amounts to NOK 18 million.

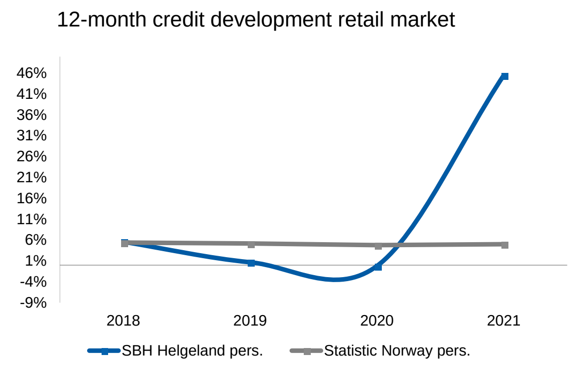
Balance sheet development (Group)
Total assets amount to NOK 39.4 billion. During the past year, total assets have increased by NOK 6,226 million (NOK -861 million) or 18.7% (-2.5%). The increase in total assets is primarily due to high growth in deposits and the takeover of SpareBank 1 Nord-Norge's portfolio in Helgeland during the fourth quarter of 2021. Including transferred loans to SpareBank 1 Boligkreditt, total assets at the year-end amount to NOK 44.0 billion.

Cash flow
The cash flow statement shows how SpareBank 1 Helgeland has received and utilised liquid assets. The statement was prepared on the basis of gross cash flow from operational, investment and financing activities. Liquidity holdings have increased by NOK 234 million since the previous year-end.

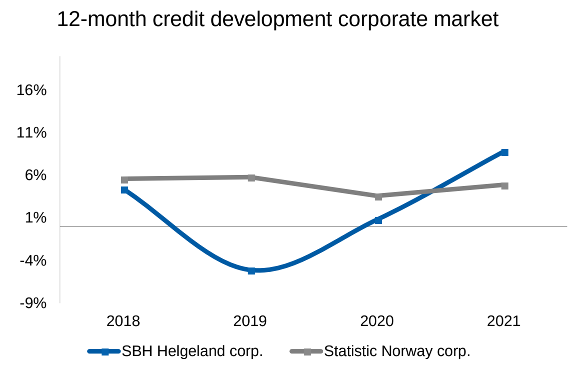
Interest-bearing securities
The Group's holding of interest-bearing securities as of 31 December 2021 amounted to NOK 5,211 million (NOK 4,663 million). Duration portfolio is 1.6 (1.5) years. 100% of the portfolio is rated A+ or better. 99.0% comprises covered bonds or state-/municipal- guaranteed bonds.

Lending
At the year-end, gross lending including transferred loans to mortgage enterprises amounts to NOK 37,005 million, This equates to a growth in lending of NOK 9,316 million, or 33.6% (0.1%) for 2021. Of the Group's gross lending, 84.6% (83.3%) was loaned to customers in Helgeland.

Of lending including transferred loans to mortgage enterprises, NOK 27,262 million or 73.7% (67.7%) comprises loans to private customers, of which NOK 11,618 million has been transferred to mortgage enterprises. Lending to the retail market including transferred loans to mortgage enterprises during the past 12 months has increased by NOK 8,529 million (NOK -40 million) or 45.5% (-0.2%). Excluding transferred loans in connection with the transfer of the business, the 12-month growth for the retail market is 2.5%.

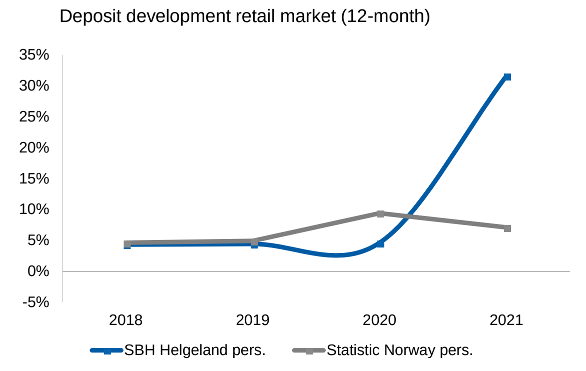


In the corporate market, the development including transferred loans to mortgage enterprises during the past 12 months is NOK 787 million (NOK 74 million) or 8.8% (0.8%). This development includes transferred corporate commitments from SpareBank 1 Nord Norge. Excluding these commitments, the 12-month growth for the corporate market is negative at -5.5%, largely as a result of two disposals of major corporate commitments during the first six months of the year. At the year-end, lending to commercial commitments amounted to NOK 9,743 million (NOK 8,956 million) including transferred loans to SpareBank 1 Boligkreditt.

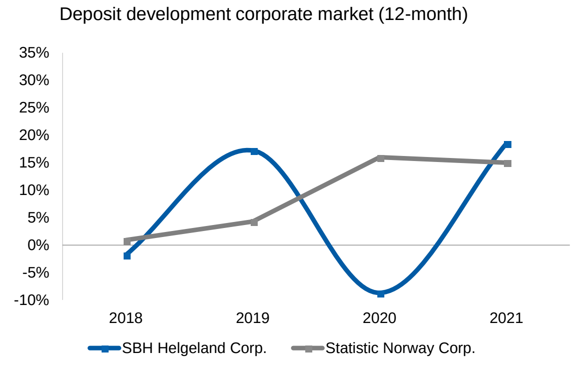


Deposits from customers
By the end of the year, customer deposits amounted to NOK 23,552 million. During the past 12 months, deposits have increased by NOK 4,868 million (NOK -275 million), or 26.1% (-1.5%). The Group has a stable and local pool of deposits, with 89.8% (89.8%) comprising deposits from customers in Helgeland.

The 12-month growth in the retail market was NOK 3.405 million (NOK 476 million), or 31.6% (4.6%). Of the total deposits of NOK 23,552 million, NOK 14,187 million or 60.2% (57.7%) of deposits originate from retail customers.



In the corporate market, deposits rose during the past 12 months by NOK 1,463 million (NOK -751 million), or 18.5% (-8.7%).



Significant growth in deposits results in a high deposit-to-loan ratio, which as of 31 December 2021 amounted to 72.6% (67.5%) in the Group, and 94.9% (93.1%) in the Parent bank. This growth is largely linked to the high growth in deposits during the first two quarters of the year, as well as the transaction with SpareBank 1 Nord-Norge towards the end of the year.

Financing

Financing

Deposits from customers represent an important source of financing for the Bank. The Group is also financed via the Norwegian monetary and securities market. At the end of the quarter, total capital market financing amounted to NOK 10,272 million (NOK 9,418 million), and has a satisfactory distribution as regards maturity and borrowing sources. At the end of the quarter, the proportion of borrowing with a duration of more than one year was 80.9% (87.6%). As of 31 December 2021, the duration of the borrowing portfolio was 2.69 years (2.58 years). The duration in the mortgage company is slightly lower, at 2.32 years (2.71 years).

The Bank continually facilitates the transfer of approved mortgages to the mortgage enterprises. At the end of the quarter, the Bank has transferred NOK 4,581 million to SpareBank 1 Boligkreditt, and NOK 7,037 million to the wholly owned subsidiary Helgeland Boligkreditt. Collectively, this amounts to NOK 11,618 million, representing an increase of NOK 4,388 million compared with the corresponding quarter last year. Loans transferred to Helgeland Boligkreditt are recognised in the Bank's consolidated financial statements, while transferred loans to SpareBank 1 Boligkreditt are not recognised in the consolidation.

The internal maximum limit set for the transfer of loans to mortgage companies is currently 35% of gross lending and 50% of gross lending in the retail market. As of 31 December 2021, the transfer ratios were 26.4% (21.8%) and 42.3% (38.6%) respectively. Transferred loans to Helgeland Boligkreditt will be reduced as the borrowing in the company matures. This is a consequence of the transition to the SpareBank 1 Alliance, and funding via SpareBank 1 Boligkreditt.

Rating

SpareBank 1 Helgeland is rated by Moody's. The Bank's rating is A3 with a "stable outlook". Bonds issued by Helgeland Boligkreditt AS are rated by Moody's as Aaa.

Equity certificates - HELG

As of the end of the quarter, there were 2.576 equity certificate holders. The 20 largest owners are listed with 79.6% of the equity share capital. Of this, Sparebankstiftelsen Helgeland owns 28.11% and SpareBank 1 Nord-Norge 19.99%.

A total of 27,000,130 equity certificates have been issued. As of 31 December 2021, the Bank owned 1,492 of its own equity certificates.

At the end of the quarter, the Bank's equity certificates were trading at NOK 131. This represents an increase of NOK 46, or 54%, from 31 December 2020.

Dividend policy

SpareBank 1 Helgeland's goal is to manage the Group's resources in a way that gives the equity owners a satisfactory combined yield in the form of dividends and added value.

The surplus will be divided equally between equity share capital and primary capital in accordance with their share of the Bank's equity. Half of the equity capital share of the surplus can be distributed as dividends, and half of the primary capital share can be distributed as a dividend in the form of gifts to charitable causes. The remainder of the profit will be transferred to the cohesion fund and the primary capital fund.

The Group's capital adequacy and the opportunities for future profitable growth will be afforded emphasis when the dividend level is determined. The expected trend in performance in a normalised market situation, external framework conditions and the Group's requirement for core capital will also be accorded emphasis.

Profit allocation

The Parent bank's net profit amounted to NOK 216 million. Adjusted for the change in the fund for unrealised gains and interest on subordinated bonds, the dividend basis amounted to NOK 222 million.

The Bank's capital situation, including future capital requirements, and the Bank's strategic plans must be taken into account in the determination of dividends. Given the above assessments, the Board is recommending a dividend ratio of 50% of the dividend basis. This will entail the following appropriation of the profit for 2021.

- NOK 86 million in cash dividends, equivalent to NOK 3.2 per equity certificate
- NOK 25 million for socially beneficial causes
- NOK 86 million to the cohesion fund, equivalent to NOK 22.8 per equity certificate
- NOK 25 million to the primary capital fund

Dividends are paid to the equity certificate holders who are registered as owners as of 29 March 2022. The Bank's equity certificates are listed ex-dividend on 30 March 2022.

Helgeland 1
In March 2020, SpareBank 1 Helgeland and Sparebank 1 Nord-Norge announced a forward-looking and strategic banking partnership in Helgeland. During 2021, SpareBank 1 Helgeland, with its background in the cooperation, joined the SpareBank 1 Alliance and also carried out the business transfer with SpareBank 1 Nord-Norge.

The entry into the SpareBank 1 Alliance was concluded on 15 March 2021. The work relating to the entry into the alliance and the transaction was resource-intensive and challenging, but was completed very satisfactorily through collaboration with suppliers, the alliance, customers and, last but not least, capable employees.

During 2021, in connection with its entry into the alliance and the transaction, SpareBank 1 Helgeland:

- Switched technical solutions and worksurfaces, for both customers and employees
- Invested around NOK 750 million in shares linked to the SpareBank 1 Alliance
- Acquired around 25,000 customers, NOK 9.6 billion in lending and NOK 3.4 billion in deposits

Project costs for 2021 ended up at NOK 53 million and are within the framework that had been set. The project has now essentially been finalised and the Board of Directors is pleased with the project's implementation and cost control.

Risk and capital management
Risk and capital management supports the Group's strategy and ambitions, and helps to ensure attainment of the Group's financial and operational objectives. Nevertheless, unforeseen losses can occur which require the Group to have sufficient equity. As a part of the risk management process, the requirement for supplementary capital for the various risk areas is evaluated. These assessments are underpinned by computational models. This is summarised in the Bank's internal process for assessing capital requirements (ICAAP).

Risk categories and definitions:

Credit risk is defined as the risk of losses as a result of customers or counterparties being unable or unwilling to fulfil their obligations.

Liquidity risk: the risk of the Group being unable to meet its obligations at maturity.

Market risk: the risk of losses due to changes in market prices linked to activities and positions in securities (interest and shares) and currency.

Operating risk: the risk of losses due to failures in internal routines, systems and processes, insufficient competency, damage to assets, suspension of operations, system failure, and internal or external fraud.

Compliance risk: Risk of not complying with regulatory requirements and internal procedures/guidelines

Anti-money laundering risk: Risk of not complying with anti-money laundering and anti-terrorist financing laws and regulations, or not complying with internal regulations with the intention of fulfilling the requirements of the law.

Risk management is pivotal to the day-to-day operation and the ongoing work of the Board. Risk is primarily managed through risk strategy, general guidelines concerning operational risk, periodic assessment, reporting of operational risk, periodic measurement and reporting of established management goals in all business areas, guidelines, frameworks, authorities, reporting requirements and competency requirements.

The Board determines the Group's credit strategy, which covers credit risk, and the Group's finance strategy, which covers liquidity risk and market risk. The Bank has a Credit Committee and Finance Committee for the management and follow-up of risk in line with guidelines and authorities issued by the board.

The Bank's risk management unit comprises seven full-time equivalents. The Risk Management Director reports directly to the CEO, and is responsible for monitoring and coordinating overarching risk management within the Bank. The Risk Management Director also reports directly to the Board.

The Group's internal audit unit consisted of one full-time equivalent in 2021 and reported directly to the Board. The internal auditor is responsible for evaluating whether adequate routines are in place in key areas within the Bank in order to reduce risk. The Board annually approves the internal auditor's instructions and schedule of work. The internal auditor can utilise external services if needed. With effect from 2022, the internal audit function has been outsourced to an external audit and consultancy firm.

Credit risk
The Bank's most important risk is credit risk, i.e. the risk of customers or counterparties not fulfilling their obligations to the Group.

Credit risk is managed through credit strategy, credit policy, credit routines and grant rules. In October 2020, credit policy, credit routines and grant rules were subject to a comprehensive evaluation, corrections and adaptations with effect from 1 January 2021. These were thoroughly evaluated in November 2021 and largely continued as adopted from 1 January 2021. The changes which were assessed and initiated from 1 January 2022 are largely linked to the Bank's assessment of ESG risk amongst our customers. From 1 January 2022, the mapping of ESG risk was initiated amongst the Bank's corporate customers.

The Group's credit strategy is derived from the overall strategy, and contains guidelines and management frameworks for risk profile and risk concentrations. Management frameworks are established for risk profile and risk concentrations. There are set limits for allocation of lending between the retail and corporate markets, size of commitment and number thereof, exposure within sectors (concentration risk) and geographical limitations. The risk management framework is monitored and reported quarterly to the Board, supplemented by annual portfolio reviews for the corporate market.

Developments in credit risk are monitored through regular analyses of the trend in defaults in specific sectors, geographical areas, borrowers' and potential borrowers' ability to service interest and instalments, and an assessment of the collateral that underlies the credit commitments. Through internal controls, more actions are also being implemented to monitor and follow-up borrowers.

The total capital requirement for credit risk is stated in the Group's ICAAP. The level of tolerance for credit risk is defined for selected sectors and areas. A management level for the corporate market portfolio has been established and is followed and reported periodically. Stress tests are used to assess the loss potential in the credit portfolio as a result of a large fall in property prices.

The risk in the retail market portfolio has been low over time. Prices of sold detached houses in Helgeland rose during 2021, albeit with some variation between the various markets. Housing development across the whole of Helgeland was sluggish throughout 2021, with few new housing projects involving the construction of apartments and detached houses. However, the housing market is expected to pick up considerably during 2022 and 2023, particularly in Mo i Rana, as a result of the construction of the battery plant in Freyr.

The risk in the corporate market portfolio is moderate, and defaulted and doubtful commitments are considered to be low. The Bank terminated a major commitment which was in default before the year-end. The COVID-19 situation has had a limited impact on the Bank, and the business community in Helgeland developed relatively strongly during the period. However, some industries, particularly tourism and the service industries, have been affected by the pandemic. The Bank has little exposure in this industry. The Bank was granted a limit of NOK 248.6 million. as a liquidity loan through the scheme for state-guaranteed loans. As of 31 December 2021, NOK 64 million had been utilised.

The Bank has a small portfolio of guaranteed foreign currency loans. The countervalue in Norwegian kroner amounted to NOK 36 million as of 31 December 2021. The portfolio is divided into a small number of customers who have pledged collateral in the form of property and/or deposits. The credit risk in this portfolio is low.

During 2021, the Bank continued the annual validation of the model for calculating loss provisions in accordance with IFRS 9. The model is based on the probability of default and loss level assuming that a commitment is defaulted upon. The calculation of loss provisions is performed in accordance with IFRS 9 and is explained in more detail in Note 1 - Accounting policies.

In 2021, expensed write-downs on loans amounted to NOK 64 million, compared with NOK 51 million in 2020. This corresponds to an increase of NOK 13 million. Write-downs are still considered to be moderate and account for 0.20% (0.18%) of gross lending.

Total net defaulted (>90 days) and doubtful commitments amounted to NOK 232 million (NOK 316 million), equivalent to 0.7% (1.1%) of gross lending. Commitments are monitored on an ongoing basis with a view to identifying possible doubtful commitments through specific follow-up lists.

Compliance through individual cases is ensured through the Credit Committee, the managers' key controls, and the delegation of tasks between advisors and custodians. For the corporate market, management and monitoring are ensured through the ongoing assessment of customer relationships, ability to pay, and collateral assessments. Compliance is monitored through monthly and quarterly reviews. For monitoring and development in the retail market portfolio, quarterly analyses of credit ratings (portfolio quality) are carried out concerning the quality of new approved loans, along with six-monthly analyses of the overall portfolio. There is a strong focus on, and regular reviews of, good credit practices and quality in the credit work, including an understanding of good monitoring and control of the customer portfolios.

The risk-distributed loan portfolio broken down according to low, medium and high risk is reported on the basis of the score models. Risk migration is reported quarterly as part of the overall reporting of risk to the Board.

Liquidity risk

The Bank shall at all times have sufficient liquidity to meet its liabilities when they fall due, and have a liquidity strategy that secures access to sufficient long-term financing. The Bank makes use of the usual funding sources in the market to optimise a diversified funding structure.

The Board has established a liquidity management strategy, which specifies the purpose, management objectives and risk tolerance for liquidity risk management. The primary purpose of the strategy is to ensure that the Group has appropriate liquidity management in place.

The liquidity strategy is reviewed annually by the Board.

The Bank's liquidity reserve mainly consists of interest-bearing securities issued by solid issuers. The Bank satisfies LCR / NSFR (liquidity coverage ratio/net stable funding ratio) in accordance with the applicable rules.

Monitoring and measuring of the liquidity situation is based on various stress test scenarios which take into account both market-specific and bank-specific events. The Bank had an LCR of 164% (185%) at the year-end. NSFR ended at 131% (153%) at the year-end.

Collateral in the Bank's assets (bonds) has been pledged for borrowing in Norges Bank totalling NOK 525 million (NOK 550 million), which was unutilised in its entirety at the year-end.

Liquidity risk is reduced by spreading borrowing over various markets, lenders, instruments and maturities. Management of the Group's liquidity risk is based on the targets for long-term funding ratio, deposit-to-loan ratio and liquidity buffer capital, in addition to regulatory requirements regarding LCR and NSFR. The Board has also stipulated that long-term borrowing must amount to at least 70% of total borrowing. The proportion of long-term funding remained well within the framework throughout 2021.

The Bank has liquidity reserves in the form of cash, deposits in Norges Bank and other banks, interest-bearing securities, and well as unused drawing rights. Minimum requirements for liquidity reserves are stipulated in the Bank's liquidity strategy. In recent years, the Group has gradually aligned its liquidity reserves with the requirements applicable under Basel III. As of 31 December 2021, the liquidity reserves amounted to 17.1% (16.4%) of total assets. The Group's total liquidity reserves are deemed to be satisfactory.

The deposit-to-loan ratio is an important parameter in the monitoring of liquidity risk. The deposit-to-loan ratio is the proportion of lending to customers which is covered by deposits from customers. The Board has stipulated a minimum requirement for the deposit-to-loan ratio of 60%. This requirement was met throughout 2021.

Market risk
The overall market risk level mainly consists of share, interest, currency, property, credit spread and owner risk.

The Board has adopted a strategy for market risk that sets out the framework and overarching goals for the Group's market risk tolerance, as well as a specific framework for interest rate, credit spread and share price risk. This strategy is reviewed annually. The Group has no active trading portfolios within interest, shares or foreign exchange.

The Bank's liquidity reserves primarily consist of interest-bearing securities that qualify under the LCR regulations. The securities mainly consist of liquid 0/10/20% - weighted securities. The securities are primarily based on a FRN (Floating Rate Note) structure and are thus associated with low interest rate risk.

Credit duration on the entire portfolio must be within 2.0 years. An authority framework ensures good diversification and limits any counterparty risk.

The Bank's lending to customers and deposits from customers are primarily based on floating interest rates, as is the Bank's liquidity portfolio. The Bank's funding portfolio consists of FRN-based loans, and loans at fixed interest rates. The interest rate risk on fixed interest loans is limited through the use of interest swap agreements.

The Bank assumes credit spread risk, primarily through the management of interest-bearing assets in the Bank's liquidity portfolio. The portfolio mainly consists of assets issued by Norwegian banks, mortgage companies, municipalities, governments and non-financial institutions. The credit spread risk lies within the Board's agreed limits.

The overarching interest rate risk is maintained within the target range by an overall evaluation of balance sheet items and the use of interest rate swaps. Interest rate risk is at a low level.

The Group has a relatively conservative strategy for investments in interest-bearing securities, where the main objective is to secure adequate liquidity buffer capital. There are specific requirements regarding issuers' ratings. There is also a maximum limit on duration for the interest-bearing securities portfolio, and the composition must be diversified between different sectors and types of issuer.

At the year-end, the Bank's shareholdings are mainly strategically motivated through investments in subsidiaries, associated companies and product companies. The market risk linked to such equity investments is considered to be moderate. The Bank has no active property management or exposure in property, other than properties which are linked to the business and any repossessed properties for disposal.

Currency risk
SpareBank 1 Helgeland is not a foreign exchange bank, and the Group has no active foreign exchange portfolios other than its euro stock in ATMs. The Group's foreign exchange risk is therefore insignificant.

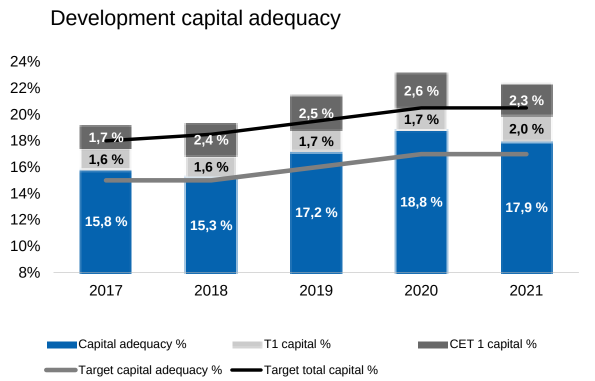
Operational risk
Good internal controls and quality assurance are essential for the satisfactory management of operational risk. The governing documents and control systems are built up to safeguard efficient operation, risk control, prudence, accurate financial and non-financial information, compliance with laws and guidelines, and internal guidelines and strategies.

Risk evaluations are conducted at all levels. Risk evaluations are documented and give an overview of processes and key controls in the operational functions. A focus on the systems and processes in the operational functions contributes to a constant focus on quality and efficiency, as well as target-oriented operation within the Group. Operational risk is measured through the evaluation of operational events assigned to defined loss event categories for random events, and for summarised non-conformities identified through routine checks. Operational risk is quantified by calculating the capital requirement for operational risk. This is summarised in a requirement to hold sufficient subordinated capital as collateral for future expected losses to which the Group could be exposed as a result of operational risk.

Assessed on the basis of the organisation's competency, organisation and delegation of responsibilities, and the Group's earnings and solvency, the Board considers the overall risk exposure to be appropriate.

Compliance
The Board attaches decisive importance to ensuring that operations are aligned with applicable laws and regulations, and that internal rules and guidelines are followed. Particular attention is paid to stricter regulatory requirements.

Solvency ratio
At the end of 2021, net subordinated capital amounted to NOK 4,779 million, of which subordinated bonds amounted to NOK 398 million and subordinated loans NOK 451 million. The Group has a core tier 1 capital ratio of 18.0% (18.7%). The tier 1 capital ratio was 20.0% (20.5%) and the tier 2 capital ratio amounted to 22.3% (23.1%).



The figures include a proportionate consolidation of cooperating groups, which at the end of 2021 constitute a proportion of the capital and calculation basis in SpareBank 1 Finans Nord-Norge and SpareBank 1 Boligkreditt. The statutory minimum requirement for the core tier 1 capital ratio is 11.0%. The Bank has a Pillar 2 supplement of 2.2%. The Group's capital requirement including Pillar 2 supplement thus amounts to 13.2%. The target figure for the core tier 1 capital ratio and tier 2 capital ratio is 1% above the regulatory requirements, which currently amount to 17.0% and 20.5% respectively. In this target, the Bank has taken account of greater system risk and countercyclical buffer requirements.

SpareBank 1 Helgeland uses the standard method in its capital adequacy calculations.

At the year-end, the Group's unweighted tier 1 capital (leverage ratio) following proportionate consolidation amounted to 9.4% (10.5%). The minimum requirement for non-systemically important banks is 5%.

Subsidiaries

Helgeland Boligkreditt AS (100%)
Net income after tax amounted to NOK 55.5 million (NOK 68.1 million) for 2021, while equity as of 31 December 2021 amounted to NOK 604 million (NOK 616 million).

AS Sparebankbygg (100%)
In 2021, net income after tax was NOK 0.3 million (NOK -0.0 million), while equity at the year-end was NOK 0.8 million (NOK 0.5 million).

Helgeland Sparebanks Eiendomsselskap AS (100%)
In 2021, net income after tax was NOK 0.3 million (NOK 0.5 million), while equity at the year-end was NOK 8.3 million (NOK 7.9 million).

Bank building Mo AS (99.5%)
In 2021, net income after tax was NOK 0.3 million, while equity at the year-end was NOK 46.3 million.

Strendene Utviklingsselskap AS (100%)
In 2021, net income after tax was NOK -4.6 million (NOK 24.8 million), while equity amounted to NOK -9.0 million (NOK -13.6 million). The shares in the company have been fully written down. During 2021, agreement was reached concerning the sale of the company's assets and the company is therefore likely to be wound up during 2022.

Storgata 73 AS (56%)
In 2021, net income after tax was NOK 0.8 million (NOK 0.8 million), while equity amounted to NOK 5.2 million (NOK 5.1 million).

Jointly controlled companies

Samarbeidende SpareBanker AS (3%)
Net income before tax of NOK 588 million (NOK 537 million) Of this, NOK 470.8 million comprises shares of earnings from the SpareBank 1 Group. At the year-end, the company had equity of NOK 2,289 million (NOK 2,273 million).

Corporate social responsibility
The Group's vision is to be a driving force for growth in Helgeland, and this is an expression of the Group's values and actions that are rooted in our corporate responsibilities. The Group is a business that aims to be a driving force and a partner in the local community that it is part of, in cultural, sports, talent, education, research and economic development.

The Group derives its motivation from customers and business partners through a close dialogue, learning and follow-up. SpareBank 1 Helgeland contributes financial support to hundreds of activities every single year. Children and adolescents are society's most important future resources, and the Group has a focus on everything that creates a meaningful and content-rich community for children and adolescents. SpareBank 1 Helgeland believes that the private, public and voluntary sectors in Helgeland are all key partners in the efforts being made to make Helgeland a vibrant and thriving society.

As a local savings bank, we distribute a significant proportion of our profits to socially beneficial causes. In 2021, the Bank distributed gifts amounting to over NOK 14 million to the delight and benefit of young and old alike across Helgeland. In addition, the Sparebankstiftelsen Helgeland foundation contributes significant gift awards. The foundation's capital is provided by the Bank.

For many years, SpareBank 1 Helgeland has focussed on demonstrating its corporate social responsibility by contributing to charitable causes, and since 2007 the Bank's Gift Fund and Gift Foundation has granted financial contributions amounting to approximately NOK 225 million to worthy causes in Helgeland.

For the 2021 financial year, the Board is proposing to set aside NOK 25 million of the Bank's profit to non-profit causes.

Sport and outdoor recreation are part of Helgeland's cultural heritage, and a rich cultural life is a vital factor in the attractiveness of the region.

Good sports and cultural facilities attract new people, which Helgeland needs in order to meet the recruitment challenges that the region faces. The formative conditions of children and young people are thus afforded a high priority in the Bank's allocation of funding.

Helgeland is rich in natural resources, which will always be an important premise for future value creation and development.

The future will require new knowledge and innovation, and, through its gift policy, SpareBank 1 Helgeland is contributing to projects involving university colleges, universities, local knowledge parks and business associations aimed at promoting local expertise and competitiveness. Almost 20% of the Bank's total grants have gone to industry, knowledge, research and education initiatives since the charitable activities began in 2007.

Ethics
SpareBank 1 Helgeland is dependent on a good reputation and confidence in the market if we are to be a driving force for growth in Helgeland. This remains a goal in all the Bank's work. The ethical guidelines are adopted annually by the Board and are available on the Bank's website.

Employees and working environment
The Board believes that it is vital that the Group has a good working environment. The Bank's employees and their well-being, local knowledge and expertise are some of the Group's key competitive advantages. At the year-end, SpareBank 1 Helgeland had 165 employees across its four offices. This represents 163 full-time equivalents, including caretakers and canteen staff. In addition, the Group had seven full-time equivalents on temporary contracts. Of the permanent employees, 92 are women and 73 are men. Amongst the temporary staff, there are five women and three men. There are four permanent staff in part-time positions, all of whom are women. The Group does not have any employees who involuntarily work part-time.

Employee well-being is monitored through various types of surveys. In 2021, a number of minor internal surveys were conducted in order to determine the employees' views of communication and management in the HR process, and the overall Helgeland 1 project: the process of becoming SpareBank 1 Helgeland. The changes made to the Group over the past two years have impacted on perceived well-being and working environment. There was a high response rate to the surveys, which indicated a high level of satisfaction and provided good feedback in the free text fields. These surveys have been of great help in the further planning of the work within the organisation. From 2022, the Bank will use the same supplier as the other SamSpar banks for the performance of working environment surveys.

SpareBank1 Helgeland is a well-established inclusive working life company, with appropriate procedures and a culture of monitoring and supporting employees. Managers monitor their employees digitally and in physical meetings. The Bank's goal is an attendance rate of at least 97%, with no absence being work-related. The combined absence due to illness rate in 2021 was 3.8%, giving an attendance rate of 96.2%. This is a good result given the extensive work that has been carried out on the Helgeland 1 project and the coronavirus situation which has impacted on working life.

Competence
The Bank is affiliated to the finance industry's authorisation scheme (*Finansnæringens autorisasjonsordning* or *Fin Aut*), and the authorisations that the various advisers within the retail and corporate markets will hold have now been decided. This overview is available on the Bank's website. The actual training and annual updates are conducted digitally through SpareBank 1's training platform *Utsikt*. All the Bank's advisers are either currently or expected to be authorised in accordance with the applicable requirements.

Rapid provision and easier access for employees to new learning and updating of existing knowledge are important for the Group. Overall, this is solved in a better way in SpareBank 1 Helgeland in *Utsikt*. The Bank has strengthened its HR department with a new resource which is responsible for coordinating training, amongst other things.

The management platform describes what is expected of managers with human resource responsibilities. Compliance with these expectations is important for the future management of the new bank. The new bank's management team was established during 2021, and the work to evaluate a management platform and refine it in relation to the new strategy is a priority area of work in 2022.

Equitable working life
The Bank has incorporated the "activity and reporting obligation" within the areas of diversity, inclusion and equality into the "Equitable working life" work area. Targets and measures have been established in the following priority areas; Inclusive working environment, equal pay and recruitment. In 2021, reports were submitted to the Board concerning the target figures. In summary, these indicate that the Bank is doing well within the area of equal pay, but must do better as regards recruitment, particularly concerning managerial positions.
Salaries in comparable roles such as advisors in the retail and corporate markets, as well as for the Bank's middle managers, are similar for men and women. In departments with different roles and multiple positions with specific professional responsibility, men receive higher salaries than women.

In 2021, women saw higher salary growth expressed as a percentage (8.0%) than men (4.9%). This is a measure which is intended to reduce the pay gap. Despite this, men tend to be paid more than women on average. On average, including managerial positions, the ratio of women's pay to men's pay amongst managers as a percentage is 84%, compared with 81% in 2020. This gap is partly due to men being over-represented amongst the Group's managerial positions. As regards comparable positions within advisers in the corporate and retail markets, average pay is virtually identical, with women's pay being slightly higher than men's on average.

As regards recruitment processes in 2021, men were recruited to managerial and professional positions. This stems from a requirement in the transfer of business to give managers from SNN positions in the new bank on a par with what they had before the transfer. Recruitment is key to fulfilling the equal pay requirement; it means that the future recruitment of women in managerial positions and positions with professional responsibilities must be given priority.

With the switch to becoming SpareBank1 Helgeland, a number of employees opted to retire and take a severance package. As regards new recruitments, the Group has decided to appoint a significant number of young and capable employees. Overall, these developments have lowered the Bank's average age, which has been a positive development. The Group has a number of employees who became parents during 2021; leave was distributed as follows: men took an average of 17 weeks of parental leave, while women took an average of 54 weeks.

The Bank's Supervisory Board has 25 members, of whom ten are women and 16 are men. The Board has seven members, of whom three are women and four are men. The Bank's Management Group has six members, of whom two are women and four are men. Amongst the middle managers with human resource responsibilities, four are women and 12 are men.

Corruption and internal irregularities
In the work to prevent and manage incidents, objectives, routines and measures have been established within a number of areas. Routine controls are carried out to detect any irregularities. In 2021, nanotraining and routine reviews were carried out to make employees more aware of the prevention of risks associated with IT, robbery and other threat situations.
The Bank has established systems for reporting undesirable incidents based on established routines for whistleblowing, in the non-conformity system within the area of health, safety and environment. Important information in normal and critical situations is also described. The human resources, management and health, safety and environment manuals are available to all employees.

Anti-money laundering and anti-terrorism funding
SpareBank 1 Helgeland works systematically to uncover and combat financial crime.

The anti-money laundering procedure ensures that the Bank's anti-money laundering policy is in line with applicable laws and regulations. The Bank's employees are widely involved in training related to the identification of possible cases of money laundering and terrorist financing. E-learning courses have been held regarding anti-corruption and the GDPR (General Data Protection Regulation) in the finance sector, as well as nano-learning concerning data security and the GDPR in general.

Authorities, customers and competitors must have confidence in the Bank's professionalism and integrity. Suspicious transactions are dealt with and reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) if certain criteria are met. The Bank has implemented measures to ensure compliance with applicable instructions and procedures, including the allocation of more resources and the addition of expertise to ensure the enforcement of regulatory and internal requirements.

Environment and sustainability
SpareBank 1 Helgeland is an approved eco-lighthouse business in accordance with the criteria for the finance industry. Key focus areas are energy-saving in the Bank's own buildings, and the more active use of digital aids. During the coronavirus pandemic, employees have had a major boost as regards the use of digital collaboration solutions.

Much of the Bank's training takes place via e-learning, online meetings, webinars and other social media sharing forums. All external job advertisements are published on various websites.

SpareBank 1 Helgeland aims to comply with the UN Sustainable Development Goals. In order to achieve the overall goals, the Bank is working to implement effective management systems and a culture of sustainable business.

The Bank has committed to some of the UN Sustainable Development Goals:

- Gender Equality
- Decent Work and Economic Growth
- Innovation, industry and infrastructure
- Responsible Consumption and Production
- Climate Action

Targets and associated measures have also been developed which describe the Bank's overarching corporate social responsibility in Helgeland for both current and future generations. In 2020, a specific resource was added to implement this in the Bank's operations. The sustainability strategy and internal sustainability guidelines are described in more detail in a separate chapter in the annual report.

The Group's remuneration policy
All remuneration agreements in SpareBank 1 Helgeland are drawn up in line with the Financial Services Act and the Securities Trading Act and associated regulations concerning the remuneration schemes of financial institutions, asset management firms and mutual funds. The guidelines concerning SpareBank 1 Helgeland's remuneration schemes were last updated and approved by the Board in November 2021.

New guidelines concerning the reporting of remuneration for senior executives were adopted by the Board in 2021, and will now be considered by the Supervisory Board in 2022. The remuneration of senior executives will now also be reported in accordance with these guidelines in 2022. Remuneration reports and guidelines are published as separate documents on the Bank's website.

Events after the balance sheet date
No events of importance to the financial statements have occurred since the balance sheet date.

Outlook
On 18 October 2021, the transfer of much of SpareBank 1 Nord-Norge's business in Helgeland was carried out. This transfer resulted in the transfer to SpareBank 1 Helgeland of around 25,000 customers, a total lending volume of NOK 5.1 billion and deposits of NOK 3.4 billion. In addition, around NOK 4.6 billion of SpareBank 1 Nord-Norge's portfolio in SpareBank 1 Boligkreditt was included.

The transfer during the fourth quarter of 2021 and entry into the SpareBank 1 Alliance will also impact on operations and costs through into 2022. Profitability is expected to strengthen over the coming year and close on the profitability target by no earlier than the first quarter of 2023. The Group has a long-term profitability target of a return on equity at least on a par with comparable banks, currently 11% after tax.

Net interest is expected to strengthen after the interest rate changes in the third and fourth quarters, as well as the expected interest rate rises in 2022. In isolation, the rises in interest rates on the portfolio as of the financial reporting date are expected to result in an annual increase in net interest income of NOK 110 billion. Increased financing costs and price adaptations will considerably reduce this impact on net interest income. The first interest rate rise had an effect from mid-November 2021, while the rise in December will have an impact from February 2022.

The level of commission income is satisfactory overall. Established pricing measures and an offensive sales organisation give reason to expect that the level minus the commission from mortgage enterprises will stabilise at around 0.30% of total assets into 2022.

Operating expenses for the basic operation are expected to remain relatively stable, albeit slightly above the target figure of 40 percent of total revenue in 2022. This is primarily linked to increased costs during a transitional phase following entry into the SpareBank 1 Alliance and the transfer of business. The cost level through into 2022 is expected to approach the target figure as a result of employees who are on a severance package programme and IT and operating agreements which are due to expire.

The Bank has previously indicated an expectation of normalised losses of around 0.18% of gross lending. This level of expectation is once again maintained going into 2022. There is still uncertainty regarding future losses as a result of COVID-19, but the Bank has relatively little exposure to particularly exposed industries, such as the oil, tourism, hospitality and restaurant industries.

In the retail market, the Board expects moderate market growth in the near future. The Group's growth ambitions indicate growth in lending at least on a par with the market in Helgeland (currently 5%). The Board will prioritise profitable growth. The Storting's decision to approve the construction of a major new airport in Mo i Rana, and the impending construction of Freyr's battery plant generating up to 1,500 jobs, Bergen Carbon Solutions' establishment in Vefsn municipality and the construction of a number of new onshore fish farms in the region collectively give cause for optimism as regards long-term growth in the retail market.

As regards the corporate market, a significant increase in activity levels is expected at Helgeland over the coming years. Major infrastructure and industrial projects such as the airport, battery plant, deepwater pier, hydrogen production, hospital and housing and road development will entail investments up to NOK 10 billion in Helgeland. Demand for investment in the aquaculture industry is also expected to be high, partly because of an increase in smolt production, the Green Shift and the development of onshore fish farms. The Bank is well-positioned to be a key contributor to local industry players who are expected to contribute to the projects or otherwise participate in the ripple effects that the investments will generate.

The positive developments taking place in Helgeland give the Board great faith in the future and a belief that SpareBank 1 Helgeland will be a key contributor behind further growth in Helgeland.

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 24 February 2022

Bjørn Krane
Chair

Rolf Eigil Bygdnes
Vice Chair

Marianne Terese Steinmo

Siw Moxness

Jonny Berfjord

Linda Brennbakk
Regularly attending deputy member

Birgitte Lorentzen
Employee representative.

Geir Pedersen
Employee representative.

Hanne Nordgaard
Chief Executive Officer

Corporate governance

The Bank's corporate governance policy is intended to ensure that the Bank's corporate governance is in line with generally recognised interpretations and standards, as well as applicable laws and regulations. The strategy sets out the values, objectives and overarching principles that the Bank is governed and controlled by in order to safeguard the interests of owners, depositors and other groups within the Bank.

Governing documents for SpareBank 1 Helgeland's various business areas set out management objectives and frameworks in concrete terms. This includes *inter alia* the Bank's articles of association, ethical guidelines, strategy document, policy documents, budget, authorisations and limitations, descriptions of procedures, insider rules and dealing on own account, overarching management of operational risk and guidelines for systems and processes that focus on risk evaluation and internal controls within the Bank.

SpareBank 1 Helgeland's roots are deeply anchored in Helgeland soil, and the Bank takes a keen interest in what is happening in the region. The Bank therefore has a vision of being a driving force for growth in Helgeland.

Because SpareBank 1 Helgeland is a solid and robust local bank with a strong market position, the Bank can contribute to the development of the local community. The legislator has given saving banks the opportunity to give a proportion of their profits back to the local community in the form of gifts and donations to non-profit causes. Saving banks can pay out dividends to the local community from the equity that is owned by the Bank's customers and the community.

Residential settlement and growth are prerequisites for the Banking sector. Without thriving and attractive local communities, it would be difficult to recruit labour in both the private and public sectors, which we need to do in order to promote local development. We therefore have a common destiny – the Bank and the people of Helgeland. SpareBank 1 Helgeland's Gift Fund forms part of the Bank's contribution to development, optimism and growth in both rural areas and towns alike in Helgeland.

In addition to the strategic and financial objectives, SpareBank 1 Helgeland has chosen to take its environmental responsibility seriously, and has therefore adopted its own environmental strategy.

The governing documents are based *inter alia* on the Norwegian Code of Practice for Corporate Governance and the Committee of European Banking Supervisors' principles for overarching governance and control. SpareBank 1 Helgeland's ambition is to follow the aforementioned recommendations insofar as they are applicable.

In line with the first point of the Norwegian Code of Practice for Corporate Governance, there follows an account of the Bank's compliance with the points in the recommendation.

Operations
SpareBank 1 Helgeland is a financial group consisting of the Parent bank and a number of subsidiaries. References to the Bank and/or Sparebank 1 Helgeland in this article concern the Sparebank 1 Helgeland Group.

In accordance with SpareBank 1 Helgeland's articles of association, the object of the business is to promote savings by accepting deposits from an undefined group of depositors, provide investment services and other financial services, and securely manage the funds for which it is responsible in accordance with applicable legislation concerning savings banks at all times. The Bank can carry out all transactions and provide all services that are customary or natural for savings banks to perform in accordance with the relevant licences and applicable legislation.

The report from the Board contains a description of the Bank's objectives and strategies. SpareBank 1 Helgeland has a three-year strategic period, with annual reviews. The Board and management evaluate the strategic basis at least annually. The Bank's plans are adjusted and adapted on an ongoing basis. The Bank's strategic platform is summarised under the following key points: vision, business idea, core values, strategic and financial objectives, and ethical guidelines.

The Bank is a customer-oriented organisation with a focus on the retail market, corporate market and capital market as business areas. This is supplemented by supporting areas and staff functions. The Bank's organisational structure is dynamic and is assessed on the basis of changes in requirements and framework conditions.

Company capital and dividend
The Bank's equity is composed of equity certificate capital, share premium reserve, primary capital, fund for unrealised gains, gift fund, cohesion fund, subordinated bonds and other equity.

The Bank's objective for core tier 1 capital ratio is a minimum of 17.0% and a tier 2 capital ratio of over 20.5%.

The Bank's dividend policy
SpareBank 1 Helgeland's goal is to manage the Group's resources in a way that gives the equity owners a satisfactory combined yield in the form of dividends and added value.

The surplus will be divided equally between equity share capital and primary capital in accordance with their share of the Bank's equity. Half of the equity capital share of the surplus can be distributed as dividends, and half of the primary capital share can be distributed as a dividend in the form of gifts to charitable causes. The remainder of the profit will be transferred to the cohesion fund and the primary capital fund.

The Group's capital adequacy and the opportunities for future profitable growth will be afforded emphasis when the dividend level is determined. The expected trend in performance in a normalised market situation, external framework conditions and the Group's requirement for core capital will also be afforded emphasis.

Equal treatment of equity certificate holders
Holders of equity certificates shall have predictable conditions with regard to equal treatment, return and management influence.

The listing of the equity certificates ensures that the Bank accepts and follows the market conditions that apply at all times in the equity market and to equity certificates.

Free negotiability

The articles of association do not contain any limitations on the transferability of equity certificates.

The Sparebankstiftelsen Helgeland foundation owns equity certificates in SpareBank 1 Helgeland. According to the articles of association, the foundation cannot own less than 25% of the equity certificates in SpareBank 1 Helgeland.

Beyond this, the only limitation is the statutory requirement which currently stipulates that the acquisition of equity (10% or more) requires the consent of the Financial Supervisory Authority of Norway.

Supervisory Board

The Bank's supreme body is the Supervisory Board, which is composed of the holders of equity certificates, customers and employees. The Supervisory Board is responsible for ensuring that the Bank acts in accordance with its purpose and in compliance with law and the articles of association. The Supervisory Board elects the Bank's Board.

The Supervisory Board has 25 members and 25 deputy members. Decisions are made by simple majority. However, decisions regarding amendments to the articles of association require a two thirds majority of those present, and at least 50% of the Supervisory Board's members must vote for the proposal. Elections take place in accordance with applicable savings bank legislation and the provisions of the Financial Activity Act. Notices of meetings and minutes of meetings of the Supervisory Board are sent to Oslo Stock Exchange.

Elections to the Supervisory Board take place through election meetings and on election day(s). All elections must be held by the end of April, and before the statutory general meeting of the Supervisory Board. Invitations to the equity certificate holders' election meeting, with an agenda, registration form and the Nomination Committee's recommendation, will be sent to all holders of equity certificates 14 days before the meeting is scheduled to take place. Information on the election is also provided on the Bank's website and via Oslo Stock Exchange. The election of depositors is announced through electronic notices on screens on the Bank's premises and on the Bank's website six weeks prior to the election. The election itself is conducted electronically.

Nomination Committee

The Bank's Nomination Committee prepares:

- elections that are held by the Supervisory Board
- elections of holders of equity certificates to the Supervisory Board
- elections of depositors to the Supervisory Board

The Nomination Committee also proposes fee scales. The Bank's website contains information on the members of the Nomination Committee.

Composition of the Board and independence

SpareBank 1 Helgeland's Nomination Committee proposes candidates for the Board in line with the applicable provisions in law and the articles of association. No member of the Board or representative of the management may be a member of the Nomination Committee. The Chair and Vice Chair of the Board are elected by the Supervisory Committee. The Board consists of between six and nine members and up to four deputy members. The Board currently consists of seven permanent members. Three of the permanent members are currently women. Important criteria regarding the Board's members and composition are qualifications, capacity, independence and gender. The majority of the Board's members must be independent of the Bank's management and key business contacts. The Board undertakes an annual review of its members' independence and the Board's collective competence. Everyone who is elected as a member must satisfy the requirements regarding suitability that follow from applicable legislation.

The work of the Board

The Board holds meetings once a month on average and performs its work in accordance with a plan which is drawn up for the year. In addition to the elected members, the Bank's CEO and internal auditor are present at Board meetings. The Board has overall responsibility for the management of SpareBank 1 Helgeland and for supervising the day-to-day management and activities of the Bank.

The Board's responsibility for administration includes responsibility for organising the Bank in a proper manner, for establishing plans and budgets for the Bank, for keeping itself informed about the Bank's financial position and for ensuring that the Bank's activities, asset management and accounts are subject to satisfactory controls.

The annual strategy process with roll-out of the strategy plan is a priority. Overall goals and strategies are established, and action plans and budgets are then prepared on the basis of these.

The CEO prepares matters which are to be considered by the Board in co-operation with the chair of the Board.

The Board has appointed an Audit Committee, a Risk Committee and a Remuneration Committee, which are responsible for ensuring that SpareBank 1 Helgeland has an independent and effective external and internal audit function, that accounting and risk reporting are in line with applicable laws and regulations and that the Bank has remuneration schemes in place which help to promote and incentivise good management and control of the Bank's risks and discourage excessive risk-taking.

Risk management and internal control

Good risk and capital management is key to SpareBank 1 Helgeland's long-term value creation.

The Bank must identify – analyse – act – and live with an acceptable level of risk for the Bank's most important commercial risks. SpareBank 1 Helgeland aims to ensure that the Bank's risk profile is moderate.

Risk management is linked to the key areas:

- Credit
- Market
- Liquidity
- Operational risks, including HSE, IT, communication, market, compliance and anti-laundering and anti-terrorism financing.
- Sustainability

The choice of risk assessment method must be justified in the Bank's complexity and scope in the various business areas. The Board of SpareBank 1 Helgeland requires the Bank to be well-capitalised. Capital assessments (ICAAP) and quantifications are undertaken once a year. The Bank's capital strategy is based on actual risk in the activity, supplemented by the effects of different stress scenarios.

Responsibility for implementing the Bank's risk and capital management and controls is split between the Board, the management and the operational units. The Board is responsible for ensuring that the Bank has sufficient capital based on the desired level of risk and the Bank's operations. The CEO is responsible for overarching risk management at the Bank, including the development of good models and a framework for management and control. The CEO chairs the Bank's Credit Committee, which considers credit matters within the powers granted by the Board. The CEO is a permanent member of the Credit Committee.

The Chief Financial Officer chairs the Bank's Finance Committee, which considers borrowing and appurtenant evaluation within the powers granted by the Board. The CEO is a permanent member of the Finance Committee.

The Bank's management includes the position of Risk Management Director. The Risk Management Director reports to the CEO. In certain defined cases, the Risk Management Director reports directly to the board.

The Risk Management Department performs functions such as anti-money laundering and anti-terrorism financing, governance, control and reporting. Quantification of capital requirements linked to risk in the Bank's various business areas represents an integral part of the Board's strategic work and assessment of risk areas (the ICAAP process).

All managers at SpareBank 1 Helgeland are responsible for managing risk and ensuring that appropriate internal controls are in place within their own sales responsibility and professional area in line with the Bank's risk profile.

SpareBank 1 Helgeland has adopted a policy for risk management and internal controls, which sets the objectives, organisation and implementation of internal controls. Also included in this is a requirement for reporting the status of the Bank's risk picture, the quality of internal controls both generally and within the compliance areas, anti-money laundering and GDPR in particular. In addition, recorded incidents and the follow-up of risk-mitigation measures are reported.

The Bank also has an internal auditor, who, on behalf of the Board is responsible for evaluating and verifying that appropriate procedures are in place for reducing risk. The internal auditor's controls are based on an annual audit plan. The Bank's ethical guidelines impose a duty on employees to report any breaches of internal guidelines, laws and regulations and the procedures for such reporting. With effect from 2022, the position has been outsourced to an external audit and consultancy firm.

Remuneration to the Board

The Supervisory Board sets the fee scale for the Bank.

The remuneration paid to the Board reflects the Board's responsibilities, competence, time spent and complexity. The fees paid to individual Board members are stated in the notes to the accounts.

Remuneration to senior executives

The Board sets the remuneration to the CEO, and the principles for remuneration to senior executives. As of 31 December 2021, the Bank has no option or bonus agreements. The CEO has contractually agreed severance pay. A summary of pay and benefits to senior employees is presented in a note to the annual report. The Bank has established procedures for ensuring compliance with regulations concerning the remuneration schemes of financial institutions, investment firms and management companies for mutual funds. Reference is also made to the Bank's website, on which both guidelines and remuneration reports are published.

Information and communication

SpareBank 1 Helgeland is listed on Oslo Stock Exchange and reports dates for important events such as election meetings, meetings of the Supervisory Board, and the publication of financial information in the form of interim reports and annual reports and accounts.

Information to the market is communicated through open investor presentations in the first, third and fourth quarterly accounting reports, as well as stock exchange notices and press releases. The same information is published on the Bank's website.

Takeover

The Act relating to Financial Activity imposes limits on the proportion of equity certificates that can be held by a single owner. Issues concerning mergers are decided by the Supervisory Boards of the savings banks concerned.

Auditor

The Supervisory Board has elected PricewaterhouseCoopers as external auditor and approves the auditor's fees.

INCOME STATEMENT

Parent bank		**Income statement**		*Group*
2020	**2021**	**(amounts in NOK million)**	**2021**	**2020**
673	610	Interest income, effective interest rate method (Note 5)	748	863
103	92	Other interest income	92	103
252	161	Interest expenses and other similar expenses (Note 5)	217	348
20	18	Guarantee fund fee	18	20
504	**523**	**Net interest and credit commission income (Note 4)**	**604**	**598**
108	118	Commission income and income from banking services (Note 6)	118	108
11	11	Commission expenses and costs attributable to banking services (Note 7)	11	11
9	9	Other operating income (Note 9)	4	5
106	**116**	**Net commission income and other operating income (Note 4)**	**111**	**102**
58	72	Dividends	2	7
30	8	Net income from jointly controlled enterprises	11	30
150	-11	Net income from financial instruments	-16	166
238	69	**Net income from financial instruments (Note 8)**	-3	**203**
140	157	Personnel costs (Notes 10-14)	**158**	140
296	228	Other operating expenses (Notes 10-14)	**226**	322
436	**385**	**Total operating expenses**	384	**462**
412	**323**	**Net income before loss**	**328**	**441**
67	60	Losses on loans, guarantees, etc.	64	51
345	**263**	**Net income before tax**	**264**	**390**
27	47	Tax (Note 17)	59	50
318	**216**	**Net income for the financial year**	**205**	**340**
12	12	Hybrid capital owners' share of net income for the period	12	12
244	158	Equity certificate holders' share of net income for the period	149	258
63	46	Primary capital's share of net income for the period	44	69
		Non-controlling owner interests' share of net income for the period	0	1
318	**216**	**Net income for the financial year**	**205**	**340**
11.2	5.8	Earnings per equity certificate in NOK (Note 18)	5.5	12.0
11.2	5.8	Diluted earnings per equity certificate in NOK (Note 18)	5.5	12.0
		Total comprehensive income		
318	**216**	**Profit for the year after tax**	**205**	**340**
		Items not to be reclassified via the income statement:		
-1	-1	Recognised estimate variances, pensions	-1	-1
		Items not to be subsequently reversed via the income statement:		
0	2	Net change in fair value of financial assets for sale	2	0
0	0	Tax on comprehensive income	0	0
-1	2	Net other comprehensive income items	2	-1
317	**218**	**Total comprehensive income for the period**	**207**	**339**

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BALANCE SHEET

Parent bank		Balance Sheet		Group
31.12.20	**31.12.21**	**(amounts in NOK million)**	**31.12.21**	**31.12.20**
		ASSETS		
76	73	Cash and receivables from central banks (Notes 19,22,27,33)	73	76
1,531	1,886	Loans to and receivables from credit institutions (Notes 20,22)	857	619
20,210	25,213	Loans to and receivables from customers (Notes 2.1,4, 21,22)	32,194	27,398
54	39	Financial derivatives (Notes 22,23)	39	67
4,849	5,786	Certificates, bonds and shares (Notes 2.2,22,24,25)	5,805	4,870
0	144	Investments in jointly controlled companies (Note 27)	144	0
590	590	Investments in subsidiaries (Notes 26,28)	0	0
0	104	Intangible assets (Note 31)	104	0
47	46	Tangible fixed assets (Note 30)	153	118
87	72	Other assets (Note 32)	64	59
27,444	**33,953**	**Total assets**	**39,433**	**33,207**
		LIABILITIES AND EQUITY		
550	302	Liabilities to credit institutions with agreed maturity (Notes 2.2,22,34)	303	551
19,101	24,144	Deposits from customers (Notes 2.2,4,22,35)	23,552	18,684
3,318	4,288	Liabilities established through the issuing of securities (Notes 2.2,22,23,36)	10,271	9,418
39	9	Financial derivatives (Notes 22 and 23)	12	39
254	209	Other liabilities (Notes 12,37)	218	245
451	451	Subordinated loan capital (Note 39)	451	451
23,713	**29,403**	**Total liabilities**	**34,807**	**29,388**
		Equity		
209	270	Equity share capital (Note 41)	270	209
971	1,505	Share premium reserve	1,505	971
1,354	1,439	Cohesion fund	1,439	1,354
2,534	**3,214**	**Total equity share capital**	**3,214**	**2,534**
753	778	Primary capital	777	753
41	51	Gift Fund	51	41
794	**829**	**Total primary capital**	**828**	**794**
38	21	Fund for unrealised gains	21	38
299	398	Subordinated bonds	398	299
65	86	Other equity (Note 40)	161	150
3,731	**4,550**	**Total equity excluding minority interest**	**4,623**	**3,816**
		Non-controlling interests	3	3
3,731	**4,550**	**Total equity**	**4,626**	**3,819**
27,444	**33,953**	**Total liabilities and equity**	**39,433**	**33,207**

Contingent liabilities off balance sheet (Note 42)

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 24 February 2022

Bjørn Krane
Chair

Rolf Eigil Bygdnes
Vice Chair

Marianne Terese Steinmo

Siw Moxness

Jonny Berfjord

Linda Brennbakk
Regularly attending deputy member

Birgitte Lortenzen
Employee representative

Geir Pedersen
Employee representative

Hanne Nordgaard
Chief Executive Officer

CHANGE IN EQUITY

Group

31.12.21

	Equity certificate capital	Share premium	Own eq. cert.	Sub-ordinated bonds	Fund for unreal. gains	Primary capital	Gift fund	Gift foundation	Cohesion fund	Other equity	Non-cont. interests	Total
Equity 01.01.21	**209**	**971**	**0**	**299**	**38**	**753**	**34**	**8**	**1,354**	**150**	3	**3,819**
Profit for the year				12	-19	24	4	21	85	77		205
Other comprehensive income					2	0			0			2
Total comprehensive income for the year	**0**	**0**	**0**	**12**	**-16**	**24**	**4**	**21**	**85**	**77**	**0**	**207**
Take-up of subordinated bonds				398								398
Buy-back of subordinated bonds				-299	1	0			-1			-299
Interest paid, subordinated bonds				-12								-12
Issue	61	534										595
Gifts distributed							-8					-8
Other changes										-1		-1
Transactions with owners												0
Dividends/interest paid								-8		-65		-73
Equity 31.12.21	**270**	**1,505**	**0**	**398**	**23**	**777**	**30**	**22**	**1,438**	**161**	**3**	**4,626**
Paid-up equity/retained earnings			1,774								2,852	4,626

The fund for unrealised gains includes unrealised added value shares amounting to NOK 21 million.

Group

31.12.20

	Equity certificate capital	Share fund	Own eq. cert.	Sub-ordinated bonds	Fund for unreal. gains	Primary capital	Gift fund	Gift foundation	Cohesion fund	Other equity	Non-cont. interests	Total
Equity 01.01.20	**209**	**971**	**-1**	**299**	**439**	**590**	**39**	**14**	**822**	**181**	**2**	**3,564**
Profit for the year				12	-401	147	12	8	476	84	1	340
Other comprehensive income						-1						-1
Total comprehensive income for the year	**0**	**0**	**0**	12	**-401**	**146**	**12**	**8**	**476**	**84**	**1**	**339**
Interest paid, subordinated bonds				-12								-12
Gifts distributed							-7					-7
Transactions with owners			1							-2		-1
Change in available surplus 2019						17	-10	-7	56	-56		0
Dividends/interest paid								-7		-56		-63
Equity 31.12.20	**209**	**971**	**0**	**299**	**38**	**753**	**34**	**8**	**1,354**	**150**	3	**3,819**
Paid-up equity/retained earnings		1,179									2,640	3,819

The fund for unrealised gains includes unrealised added value shares amounting to NOK 38 million.

CHANGE IN EQUITY

Parent bank

31.12.21

	Equity certificate capital	Share fund	Own eq. cert.	Sub-ordinated Bonds	Fund for unreal. gains	Primary capital	Gift fund	Gift foundation	Cohesion fund	Other equity	Total
Equity 01.01.21	**209**	**971**	**0**	**299**	**38**	**753**	**34**	**8**	**1,354**	**65**	**3,731**
Profit				12	-19	25	4	21	86	86	216
Other comprehensive income for the year					2						2
Total comprehensive income	**0**	**0**	**0**	**12**	**-16**	**25**	**4**	**21**	**86**	**86**	**218**
Take-up of subordinated bonds				398							398
Buy-back of subordinated bonds				-299	**1**				-1		-299
Interest paid, subordinated bonds				-12							-12
Issue	61	534									595
Gifts distributed							-8				-8
Transactions with the owners											0
Dividends/interest paid								-8		-65	-73
Equity 31.12.21	**270**	**1,505**	**0**	**398**	**23**	**778**	**30**	**21**	**1,439**	**86**	**4,550**
			1,775							2,775	4,550

The fund for unrealised gains includes unrealised added value shares amounting to NOK 21 million.

Parent bank

31.12.20

	Equity certificate capital	Share fund	Own Eq. cert.	Sub-ordinated Bonds	Fund for unreal. gains	Primary fund	Gift fund	Gift foundation	Cohesion fund	Other equity	Total
Equity 01.01.20	**209**	**971**	**-1**	**299**	**439**	**590**	**39**	**14**	**822**	**112**	**3,494**
Profit				12	-401	147	12	8	476	65	318
Other comprehensive income for the year						-1					-1
Total comprehensive income	**0**	**0**	**0**	**12**	**-401**	**146**	**12**	**8**	**476**	**65**	**317**
Interest paid, subordinated bonds				-12							-12
Gifts distributed							-7				-7
Transactions with the owners			1								1
Change in available surplus 2019						17	-10	-7	56	-56	0
Dividends/interest paid								-7		-56	-63
Equity 31.12.20	**209**	**971**	**0**	**299**	**38**	**753**	**34**	**8**	**1,354**	**65**	**3,731**
Paid-up equity/retained earnings			1,180							2,551	3,731

The fund for unrealised gains includes unrealised added value shares amounting to NOK 38 million.

CASH FLOW STATEMENT

Cash flow statement

Parent bank				Group
31.12.20	**31.12.21**	(amounts in NOK million)	**31.12.21**	**31.12.20**
-404	-5,009	Loans to customers	-4,803	-33
697	636	Interest payments on loans to customers	788	904
-290	5,043	Change in customer deposits	4,868	-275
-170	-103	Interest payments on deposits from customers	-102	-156
3	-248	Receivables and liabilities to credit institutions	-248	3
-9	-5	Interest on receivables and liabilities to credit institutions	-3	-4
-2,859	-7,304	Purchase of certificates and bonds	-7,454	-2,909
3,153	6,731	Sale of certificates and bonds	6,881	3,073
61	52	Interest payments on certificates and bonds	52	61
97	108	Commission payment	108	97
-323	-392	Payments to operations	-400	-321
-53	-44	Tax paid	-63	-61
-67	-71	Other accruals	-89	-37
-164	**-606**	**A Net change in liquidity from operating activities**	**-465**	**342**
-21	-132	Investments in tangible fixed assets	-162	-21
0	0	Proceeds from sale of tangible fixed assets	0	0
0	-710	Long-term investments in shares	-710	0
715	168	Proceeds from sale long-term investments in shares	168	715
96	71	Dividends from long-term investments in shares	2	45
790	**-603**	**B Net change in liquidity, investment**	**-702**	**739**
679	2,356	Take-up of liabilities established through the issuing of securities	5,090	699
-1,079	-1.365	Repayment – issued securities	-4,203	-1,676
-61	-44	Interest payments on liabilities established through the issuing of securities	-100	-169
0	595	Issue	595	0
0	100	Subordinated bonds	100	0
-15	-8	Interest payments on subordinated loans	-8	-15
-7	-8	Distribution from the Gift Fund	-8	-7
-56	-65	Dividends to shareholders	-65	-56
-539	**1,561**	**B Net change in liquidity, financing**	**1,401**	**-1,224**
87	352	A+B+C Net change in liquidity during the period	234	-143
1,520	1,607	Change in liquidity at start of period	695	838
1,607	1,959	Change in liquidity at end of period	929	695
		Liquidity holdings specified		
76	73	Cash and receivables, central banks	73	76
1,531	1,886	Receivables from credit institutions without notice period	857	619
1,607	**1,959**	**Liquidity holding**	**929**	**695**

CONTENTS

NOTE 1. Accounting policies

Group and Parent bank

General

The parent bank

Sparebank 1 Helgeland aims to be a profitable and leading bank in the Helgeland region. The objective of the Bank is to sell all types of financial products and services, including insurance and pension products to retail customers, small and medium enterprises, municipal authorities and institutions in Helgeland. The Bank's registered office is situated at Jernbanegata 15, 8622 Mo i Rana. The Bank's head office is situated in Mo i Rana. The Bank also has three branches located across Helgeland: Mosjøen, Brønnøysund, Sandnessjøen. On 10 February, the Supervisory Board decided to change the Bank’s name from Helgeland Sparebank to SpareBank 1 Helgeland.
Sparebank 1 Helgeland's equity certificates are listed on Oslo Stock Exchange.

Accounting basis

Sparebank 1 Helgeland prepares its consolidated and company financial statements in line with the international financial reporting standards (IFRS), which are the prevailing standards in Norway. This also includes interpretations from the IFRS interpretations committee (IFRIC).
The consolidated and company financial statements are reported based on the historical cost principle, with the following exceptions:

- Financial derivatives, which are recognised at fair value via the income statement.
- Certificates, bonds and shares, which are recognised at fair value, with changes in value via the income statement
- Lending rate, which is recognised at fair value, with changes in value via the income statement.
- Fixed-rate debt securities, which is defined as a hedged item in value hedging.
- Lending held in order to receive cash flows and sales recognised at fair value via comprehensive income

For financial assets and liabilities, amortised cost is used, with the exception of financial instruments which are recognised at fair value.
Amortised cost is the amount at which the instrument was valued upon initial recognition (cost price) less interest and instalments paid on the principal, plus accumulated effective interest and minus all net write-downs.
Fair value is the price that would have been received when selling the asset, or paid in order to transfer the commitment between independent market operators at the time of recognition.
Financial instruments that are hedged items in a value hedge are capitalised at amortised cost with an adjustment for changes in the fair value of the hedged risk. This will often be approximately the same as fair value.

The preparation of the financial statements in line with IFRS requires the use of estimates. The use of international standards also requires that the management to exercise judgement. Areas where the assumptions and estimations are significant are described in Note 1.1.
The Bank’s Board approved the consolidated financial statements on 24 February 2022. The notes form an integral part of the financial statements.

Consolidation policies

The consolidated financial statements include the Parent bank and subsidiaries, including underlying subsidiaries. The accounting policies are applied consistently in connection with the incorporation of owner interests in subsidiaries (and associated companies) and are based on the same reporting periods as are used for the Parent company. Internal transactions within the Group, including internal profits and unrealised profit and loss, are eliminated in connection with the preparation of the consolidated financial statements.

Subsidiaries

Subsidiaries include all companies over which the Bank, whether directly or through other subsidiaries, has control (i.e. the authority to manage a company’s financial and operational principles with the intention of achieving benefits from the company’s activities). Subsidiaries are consolidated from the date on which when the Bank acquires control, and eliminated from the date on which the Bank no longer has control. Subsidiaries are recognised at acquisition cost in the company’s financial statements. Write-downs are performed when the carrying amount exceeds the value of the ownership share.

Joint controlled enterprises

IFRS 11 regulates jointly controlled schemes/enterprises

A jointly controlled scheme/enterprise has the following characteristics:
a. The parties are bound by a contractual agreement
b. The contractual agreement gives two or more of these parties joint control over the jointly controlled scheme/enterprise

Joint control is a contractually agreed sharing of control over a jointly controlled scheme/enterprise, which only exists when decisions concerning relevant operations require unanimity between the parties that share control.

An undertaking that is a party to a jointly controlled scheme must consider whether the contractual agreement jointly gives all parties or a group of the parties control over the jointly controlled scheme. All parties or a group of the parties control the jointly controlled scheme jointly when they must act together in order to manage operations which have a significant impact on the return from the scheme, i.e. the relevant operations.

Once it has been determined that all parties or a group of the parties have joint control over the jointly controlled scheme, joint control will only exist when decisions concerning the relevant activities require unanimity amongst the parties which jointly have control over the scheme.

In a jointly controlled scheme, no individual party controls the scheme alone. A party with joint control over a jointly controlled scheme may prevent any of the other parties or a group of parties from controlling the scheme.
A jointly controlled enterprise exists in cases where two or more parties have joint control over the scheme/enterprise.
The parties must generally be bound by a contractual agreement which gives two or more of these parties control over the jointly controlled scheme.
In the case of joint ventures, the contract can be supplemented or replaced by the enterprise's/entity's articles of association, etc.
as a basis for two or more parties having control.
Parties with joint control over the enterprise must be able to prevent any other party or group of parties from controlling the enterprise.

As the above shows, it is sufficient for the the parties that have a contractual agreement concerning joint control to have such control over the relevant operations. Accordingly, the other owners will not be able to prevent decisions that the parties that have common control have agreed on. Financial statements are prepared for jointly controlled enterprises in accordance with the equity method.

As of 31 December 2021, the following companies are defined as jointly controlled enterprises and have been consolidated in accordance with the equity method:

Samarbeidende SpareBanker AS (3%)
Samarbeidende SpareBanker DA (3%)

Segment reporting
The Group's operations comprise only one strategic business area, which is organised and managed collectively. The Group carries on traditional banking operations involving the intermediary sale of savings, investment and insurance products. The Bank's operations are divided into the following segments: Retail Market (RM) and Corporate Market (CM). Income and expenses not directly allocated to these segments are presented as unallocated. The geographical segment is the Helgeland region, with only a small share outside of Helgeland.

Accounting currency
The Norwegian krone (NOK) is the accounting currency, which is also the Bank's functional currency. All amounts are stated in NOK million, unless specified otherwise. The Group has no operations abroad.
Presentation in the balance sheet and income statement

Lending
Loans are recognised in the balance sheet either as loans to or receivables from credit institutions or customers. Interest is recognised in the income statement under interest income and other similar income. Changes in value due to write-downs are recognised in the income statement under losses on lending, guarantees, etc. Changes in the value of fixed-interest lending which have been selected for recognition at fair value are recognised in the income statement under net gain/loss on financial instruments, with the exception of mortgages which are recognised under other comprehensive income.

Certificates and bonds
This balance sheet item includes the Group's certificates and bonds. All changes in value and realised gains/losses are recognised under net income from financial instruments. Interest income from certificates and bonds is recognised in interest income and similar income.

Financial derivatives (assets and liabilities)
This balance sheet item includes financial derivatives. Changes in value linked to derivatives are recognised via the income statement under net income from financial instruments.

Liabilities to credit institutions and deposits from customers.
Commitments to credit institutions and customers are recognised, depending on the counterparty, either as loans from credit institutions or as deposits from customers. Interest is recognised in the income statement under interest expenses.

Liabilities established through the issuing of securities
The balance sheet item includes debt established through the issuing of securities. Effective interest is recognised in the income statement under interest expenses and other similar expenses. Fixed-rate debt securities are subject to fair value hedging. Changes in value are recognised under net profit or loss on financial instruments.
In the event of early repayment or buy-back of issued bonds, any gain/loss is recognised under net income from financial instruments.

Subordinated loan capital
The balance sheet item includes issued subordinate loans. Interest is recognised in the income statement under interest expenses and similar costs.

Subordinated bonds
The balance sheet item includes subordinated bonds. Subordinated bonds are perpetual and the Bank has a unilateral right not to pay interest to investors, subject to certain conditions. Subordinated bonds do not meet the definition of financial liability in accordance with IAS 32 and are classified as equity. Interest is not presented as an interest expense in the income statement, but as a reduction in other equity. Tax on interest in subordinated bonds are recognised via the income statement.

Changes in accounting policies and information
The accounting policies that are applied are in all material respects consistent with the policies applied during the previous financial period. A list is presented below of the changes to IFRS

with effect for the 2021 financial statements that were relevant to the consolidated financial statements, and their impact, if any.

Interest rate reform and associated changes to IFRS 9 and IFRS 7
The interest rate reform and associated changes and modifications to the accounting rules have little impact for SpareBank 1 Helgeland; the Group only has exposure in NIBOR. Depending on when the NIBOR reference rate is replaced, a special change linked to the continuation of hedge account will be relevant to the Group. The phase 2 changes implemented in 2021 enable the changes in floating interest rate resulting from the interest rate reform to be treated as a floating interest rate adjustment, provided it is subject to similar economic conditions. This means that derecognition as a result of the rules concerning the modification of financial instruments is avoided. The phase 2 changes also assume the continuation of hedge accounting, where the hedging documentation can be updated on an ongoing basis as the reference rate changes. Here, it is also assumed that these changes will be made subject to similar economic conditions and that the instrument which is hedged is not derecognised. The change has no effect on the consolidated financial statements for 2021, and the interest rate reform in its entirety is not expected to result in significant accounting effects for the Group.

COVID-19 related changes to leases, IFRS 16
As a result of the COVID-19 pandemic, an opportunity was introduced in 2020 not to apply the guidelines linked to modifications to leases for rent reductions as a direct result of the pandemic. In 2021, this was extended to also apply to rent payments until 30 June 2022. The Group has no relief in its rent payments as a consequence of the pandemic; the changes do not affect lessors.

Financial instruments
Financial instruments are recognised in accordance with IFRS 9. The measurement categories for financial instruments in IFRS 9 consist of changes in value via the income statement, fair value with changes in value via other comprehensive income profit (OCI) and amortised cost.
Recognition of financial assets is determined upon initial recognition of the asset. The business model for holding the financial instruments will be decisive for determining the category.

Financial instruments held to receive contractual cash flows are in principle recognised at amortised cost.

Financial assets held to receive contractual cash flows and for resale are in principle recognised at fair value, with changes in value via other comprehensive income (OCI).

Instruments with cash flows that are not only payments of interest and principal, or where the purpose of owning the instrument is not to receive contractual cash flows, are recognised at fair value, with changes in value via the income statement. Derivatives used in connection with hedge accounting are recognised according to the principles for hedge accounting. Note 2.1.1 shows lending and write-downs in accordance with IFRS 9.

Recognition and derecognition
Financial assets and liabilities are capitalised when the Bank becomes a party to the instrument's contractual provisions. Financial assets are derecognised when the contractual right to the cash flows from the financial asset expire, or the Bank transfers the financial asset in such a way that the risk and profit potential of the financial asset is largely transferred. Financial liabilities are derecognised when they are fulfilled, cancelled or expire.

Financial instruments at amortised cost
Debt instruments that have cash flows that only represent the payment of interest and instalments, and where the purpose is only to hold the instrument in order to receive contractual cash flow, are recognised at amortised cost. Within the Group, all loans and loans with floating interest rates are classified at amortised cost.
The Parent bank's financial statements include an exception related to lending to personal customers with collateral in housing. This arises as a result of the fact that many of the loans will subsequently be sold to the Bank's wholly owned mortgage company and will therefore be recognised as held for the collection of contractual cash flows and sale in accordance with IFRS 9. Financial instruments at amortised cost primarily comprise the following:
Assets and liabilities:

- Loans at floating interest rates
- Liabilities to credit institutions and deposits from customers
- Debt securities at floating interest rates
- Subordinate debt at floating interest rates

Loans to customers
Loans to and receivables from customers are initially recognised at fair value with the addition of direct transaction costs. During periods after initial recognition, loans at amortised cost are valued according to the effective interest method. Loans are written down in accordance with IFRS 9.

Write-downs are calculated as the difference between the carrying amount and the present value of future cash flows, calculated over the expected life of the loan. For the present value calculation, the most recently determined effective interest rate on the loan or loans to be written down is used.

Potential exposure
Unutilised drawing rights and approved, non-discounted loans are off-balance sheet items which are presented in notes. Revenue is recognised under commission income and income from banking services. Off-balance sheet items included in the calculation of expected losses and the loss provision are presented in the balance sheet under "Other liabilities".

Financial guarantees issued
Contracts that require the Bank to reimburse the holder for a loss due to a specific debtor failing to pay in accordance with the terms of a debt instrument, are classified as issued financial guarantees. Commission income is recognised over the term of the guarantee under "Commission income and revenues from banking services". Changes in value as a result of credit

commitments that have been written down are recognised under “Losses on loans and guarantees, etc.”. Expected losses are capitalised under “Other liabilities”.

Write-downs on loans
The rules in IFRS 9 regarding impairment of financial assets apply to commitments recognised at amortised cost (commitments with floating interest rates are defined under this category) and to commitments recognised at fair value, with changes in value via other comprehensive income (mortgage loans at floating interest rates in the Parent bank). The standard also entails requirements regarding loss provisions on new commitments, in that a write-down must be performed for expected credit losses as a result of expected default in the next twelve months. Expected losses for all customers are calculated at account level. The calculation includes loans, guarantees, unused credit and loan commitments.

For loans where the credit risk has increased substantially following initial recognition, write-downs must be performed for the expected credit loss over the maturity of the loans. The Bank has developed a model in collaboration with a number of other banks. The model contains macro-scenarios in accordance with IFRS 9 (four scenarios). The model is described in more detail in Note 2.1.1.

Expected losses are calculated for all accounts. All account commitments are placed in one of the three “steps” in the loss model, based on their change in risk since approval (change in credit risk). See the explanations below for a description of the individual “steps”. All commitments that do not already have objective evidence of loss at the time of recognition are placed in step 1; and subsequently 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-month expected loss.
This includes most cases of financial assets that are covered by the general loss model. Financial instruments that have a similar probability of defau|lt (or better) over the remaining term as upon initial recognition are covered by this step. The estimated expected loss which is recognised in the financial statements corresponds to the expected loss from default in the next 12 months.

Step 2: Expected loss over lifetime.
Financial assets that have seen a significant increase in the probability of default (PD) since initial recognition are placed in step 2.
Whether or not a commitment is significantly worsened is determined by comparing the probability of default (PD) at the time of approval with the PD at the time of calculation.
The assessment of significant deterioration is based on both the relative increase in PD and the absolute change. The level has been set so that both the relative change is significant and the level itself is not immaterial compared to what is considered to be low risk. In addition, it is assumed that substantial absolute changes will be considered to be a significant deterioration under any circumstances.

A commitment is deemed to be significantly worse if, at the time of calculation, it has a PD higher than 0.75% and has also been assigned a PD which is twice as high, or a PD which is at least 5% points higher.

In addition, the following events are also considered to constitute a significant increase in credit risk:
Commitments where there is a 30-day cover. This applies to overdrafts from the first krone, but more than 30 days old.
Commitments where the overdraft is larger. This applies to overdrafts from the first day, where the balance is substantially greater than the award. Minimum of NOK 1,000 and five times the award overdrawn

Commitments with amended payment terms or refinancing (forbearance)
The Bank has internal procedures for marking and identifying customers who have been granted payment deferment. A customer who has been granted payment relief covered by the Financial Supervisory Authority of Norway's reporting guidelines will be marked for a period of at least two years.

Step 3: Expected loss over lifetime.
Step 3 of the loss model contains assets where there is objective evidence of loss at the time of reporting. The expected loss for assets in step 3 is calculated over the remaining term of the asset. Interest income is calculated on the net book value of the asset. Step 3 includes both defaulted loans and credits, as well as commitments where there is other objective evidence for loss. The same model is used for the Group, Parent bank and wholly owned mortgage company, but with different date definition as regards initial recognition. For the Group and the Parent bank, the account’s date of approval must be used, while for the mortgage company, the score as of the transfer date is used.

Objective evidence of loss
Based on current internal guidelines, commitments are continually monitored with a view to identifying potentially doubtful commitments. Objective evidence of loss is default in accordance with the definition below, as well as loans and other commitments which are not in default, but where the customer’s financial situation renders it probable that the Group will incur a loss.

In addition to defaulted commitments, the Bank has stated that objective evidence of loss exists in a commitment where bankruptcy proceedings have been opened, confirmed losses have been incurred on the commitment, an individually assessed provision has been made, or where there are other individual assessments which indicate that there is objective evidence of loss. In the case of individually assessed write-downs, model write-downs are overridden for the commitment concerned. Objective evidence of loss is considered at customer level.

Recovery
Step 1 is considered to be the standard step. Any account commitment which at the time of calculation does not meet the criteria for step 2 or 3, as described above, will be placed in step 1.

Defaults
The total commitment from a customer is considered to be in default when overdue instalments or interest are not paid within 90 days after the due date, and during this period, the defaulted amount continuously exceeded NOK 1,000 in the case of the retail market or NOK 2,000 in the case of the corporate market, as well as a relative maximum amount of 1% of the total commitment.

Amended payment terms resulting from payment difficulties are flagged as being in default if the amendment results in a change in the value of cash flow in excess of 1%. Several amendments to payment terms linked to payment difficulties within a period of one year result in the customer being treated as being in default. Customers for which there are individual write-downs are treated as being in default in accordance with the new definition. The portfolio is also reviewed quarterly to identify customers for individual marking with "unlikeliness to pay." See also the section on objective evidence for losses.

Non-performing loans that are not secured impact on all the customer's commitments which are unsecured, while the defaulting of secured loans impacts on both secured and unsecured loans. Furthermore, the default also impacts if one of the customer's commitments which exceeds 20% of the customer's total commitment has been defaulted on.

Non-recoverable losses
When it is highly probable that losses are final, the losses are classified as non-recoverable. As a result, the asset and associated loss provisions are derived from the balance sheet. Non-recoverable losses covered by previous loss provisions are recognised against loss provisions. Non-recoverable losses not covered by previous loss provisions and over- or under-cover in relation to previous loss provisions are recognised in the income statement.

Modification
When the contractual cash flows from a financial asset are renegotiated or otherwise changed, and the renegotiation or change does not result in the derecognition of the financial asset, the gross carrying amount for the financial asset is recalculated and a gain or loss is recognised in the income statement. The gross carrying amount for the financial asset is recalculated as the present value of the renegotiated or amended contractual cash flows, discounted by the original effective interest rate on the financial asset. Any accrued costs or fees are taken into account in the calculation.

Liabilities to credit institutions and deposits from customers
Liabilities to credit institutions and deposits from customers are recognised at amortised cost. Upon initial recognition, liabilities are recognised at fair value plus direct transaction costs. Upon subsequent recognition, the liabilities will then be recognised at amortised cost using the effective interest method.

Debt securities with floating interest rates
Upon initial recognition, liabilities are recognised at fair value plus direct transaction costs. Upon subsequent recognition, the liabilities will then be recognised at amortised cost using the effective interest method.

Financial assets at fair value via the income statement

- Assets and liabilities:
- Fixed-rate loans
- Derivatives without hedging
- Certificates, bonds (interest-bearing securities) and shares

Fixed-rate loans
Fixed-rate loans are recognised at fair value (FVO). The Bank uses interest rate derivatives to financially hedge the interest rate exposure in these loans. The use of the fair value option (FVO) significantly reduces the profit volatility that would normally occur, using different estimation methods for lending and derivatives. The fair value is estimated by discounting the future cash flows (interests and instalments) from the loans with yield requirements derived from the yield curve on the balance sheet date. The credit spread on lending is estimated as an overall evaluation based on observed changes in the market.

Derivatives without hedging
The agreements that the Group has entered into are interest rate derivatives.
Derivatives are capitalised at fair value at the time the derivative contract is entered into, and thereafter continually at fair value.

Certificates, bonds and shares
Certificates, bonds and shares are classified at fair value. The fair value of listed investments is based on the current price as of the balance sheet date. For shares that are not listed on the stock exchange and where there is no active marked, known trading values or the last issue price are used as a basis. Securities without sale are valued on the basis of available accounting information or similar.

Hedging of financial instruments
Assets and liabilities:

- Debt securities with fixed interest rates
- Hedging derivatives

The Bank and the Group use hedge accounting for debt securities at fixed interest rates. The hedge covers the interest rate risk in the bonds. Changes in value are recognised under net gains/ losses on financial instruments. In the event of early repayment or repurchase of issued bonds, any gain/loss is recognised under net gains/losses on financial instruments. The Bank's policy is to hedge all exposure against debt securities with a fixed interest rate. The Group only has fair value hedging on debt securities in Norwegian kroner with fixed interest rates. The hedging instruments secure the total amount and have a maturity, volume and fixed interest rate corresponding to the individual fixed rate loan. The floating rate in the hedging instrument is agreed at the 3-month NIBOR.
IFRS 9 simplifies the requirements for hedge accounting by linking hedge effectiveness more closely to risk management, and thus provides greater opportunity for qualitative assessment. In order to use hedging accounting in accordance with IFRS 9, there must be a financial relationship between the hedging instrument and the secured element. In addition, the effect of credit risk must

not dominate value changes in the hedging relationship. In accordance with the requirements of IFRS 9, a prospective (future-oriented) effectiveness test is sufficient. Effectiveness tests are carried out in accordance with the requirements of IFRS 9. The ineffectiveness of the hedge, defined as the difference between the value adjustment of hedging instruments and the value adjustment of the hedged risk, is recognised in the income statement as it arises. The fair value of the derivatives used in hedging relationships is shown in Note 22.2.

Financial assets at fair value via other comprehensive income (OCI)
Assets:

- Mortgages at floating interest rates

In accordance with IFRS 9, the loans must be classified at fair value via other comprehensive income (held to receive contractual cash flows and resale). The Bank only sells a proportion of the loans that qualify for transfer to the mortgage companies. Lending that is included in the business model which qualifies for sale is therefore held in order to receive contractual cash flows and for sale. Accordingly, the Bank therefore classifies all mortgages at fair value via other income and costs.

Interest income and interest expenses
Interest income is recognised as income using the effective interest method. This entails the ongoing recognition of nominal interest rates, with the addition of amortisation of establishment fees minus direct establishment costs. Income recognition of interest using the effective interest method is used for both balance sheet items recognised at amortised cost and balance sheet items recognised at fair value via the income statement. Interest income for financial assets in steps 1 and 2 is calculated using the effective interest rate method on the financial asset's gross value, while interest income for financial assets in step 3 is calculated based on the net value of the financial asset.

Commission income and costs
Commission income and costs are recognised in the income statement as a service is provided and the Bank becomes entitled to payment in accordance with IFRS 15. Included in this are fees from payment mediation and insurance sales.

Intangible assets
Intangible assets essentially consist of goodwill and customer relations associated with the acquisition of SpareBank 1 Nord-Norge's business in Helgeland. Goodwill and other intangible assets are recognised when the balance sheet requirements are met.
Goodwill is not depreciated, but is subject to an annual impairment test in accordance with IAS 36, with the aim of identifying any fall in value. Impairment of goodwill is recognised via the income statement, and is not reversed.
Customer relations and other intangible assets with an identifiable lifetime are depreciated over the life of the asset. Depreciation commences at the time the asset becomes available for use

Fixed assets
Tangible fixed assets and property are valued at historic cost and written off over the expected economic life of the asset.
It is a requirement that the various elements with different lifetimes are separated out and written off separately. Ordinary depreciation is based on cost price and distributed linearly over the economic life of the fixed assets:

- Buildings and other real property 30 - 40 years
- Machinery, equipment, fixtures and vehicles 3 - 10 years

The depreciation period and method are evaluated annually to ensure that the period and method used is in line with the financial realities of the asset. The same applies to the salvage value.

Other assets
Properties held for sale consists of properties that the Group has acquired as part of the recovery of commitments in default. These are business assets which the Group does not intend to retain and which will normally be sold within about one year. At the time of acquisition, the assets are valued at the expected realisation value, and are not subject to depreciation. These properties are classified as other assets.

Leases
The Group as lessee:
The Group's leases are recognised in accordance with the rules of IFRS 16. The principles for IFRS 16 stipulate the recognition, measurement, presentation and disclosure of leases, and require the lessee to account for all leases in a simple balance sheet model. The Group recognises the usufruct asset and associated liability at fair value at the time of recognition. The asset is depreciated over the leasing period, while the liability is recognised at amortised cost.
The Group uses the following practical exemptions for leases:
exemption for short-term leases (defined as twelve months or less)
exemption for low-value assets (less than USD 5,000)
As regards the leases that fall under these exemptions, the Group recognises rental payments under "Other operating expenses" in the income statement as they arise.

The Group as lessor:
The Group presents assets that are leased as fixed assets in the balance sheet. Rental income is recognised in the income statement over the leasing period. The introduction of IFRS 16 has no effect on the Group as a lessor.

Provisions
A provision is recognised when the Group has an actual liability (legal or assumed) due to events that have occurred, when a financial settlement resulting from the commitment is likely, and when the amount can be estimated reliably. Provisions are reviewed as of each financial reporting date, and the level reflects the best estimate of the commitment.

Pension liabilities and pension costs
The Group has a defined contribution pension scheme, but there are some members still in the old defined benefit pension scheme. See Note 12 for more details.

Defined contribution scheme
In 2016, the Bank's employees were transferred from a defined benefit scheme to a defined contribution scheme. The contributions are recognised and amortised as pension costs. Regarding the distribution of employees between the two schemes, please refer to the accounting note for details.

Defined benefit scheme
Those who remain in the defined benefit plan are members who, under the current rules cannot be transferred.
The Group's pension liabilities are related to defined benefit pension schemes secured in insurance companies and uninsured schemes. Pension expenses and liabilities presented in the statement are obtained from actuarial calculations.
The yield on covered bonds is used as the discount rate.
Note 12.2 shows the sensitivity in calculating pension costs and liability.
Secured and unsecured liabilities are calculated as the discounted value of future pension benefits as of the balance sheet date, secured and unsecured, based on the employees earning pension rights steadily throughout the working period.
Plan assets are valued and posted net against pension liabilities in the balance sheet. Each scheme is considered separately, but the value of the overfinancing in a scheme and underfunding in other schemes are recognised net in the balance sheet if the pension funds can be transferred between the schemes.
Net pension funds are presented in the balance sheet as prepaid expenses and accrued income, whereas net pension liabilities are presented under other liabilities.
The net pension cost is recognised under personnel expenses, and consists of the pension accrual during the period, the interest cost on the calculated pension obligation and the projected yield on the pension funds. The difference between the actual yield and the calculated yield is recognised via other comprehensive income. The effects of plan changes are recognised in the income statement, while estimate variances are recognised via other comprehensive income.

Taxes
Deferred tax and deferred tax asset are capitalised in accordance with IAS 12 Income tax. The tax cost in the income statement includes both the period’s payable tax and change in deferred tax. Deferred tax/deferred tax asset is estimated as being 25% of the net temporary differences that exist between accounting and tax values at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or could reverse in the same period are offset and recognised net.
Deferred tax assets are capitalised based on expectations regarding taxable income through earnings in subsequent years.
Payable tax in the balance sheet comprise the payable tax for the period linked to the profit for the year, tax on wealth and payable tax linked to group contributions received. Wealth tax is treated as an operating cost.

Equity certificate capital
Equity consists of equity share capital, primary capital, fund for unrealised gains, other equity (Group) and hybrid capital.
The equity share capital consists of capital related to equity certificates, own equity certificates, share premium reserve and cohesion fund. Primary capital includes paid and accrued primary capital, the Gift Fund and the compensation fund.

In the Parent bank, the fund for unrealised gains consists of gains on changes in the value of financial instruments where the principle for valuation in accordance to IFRS deviates from the principle according to Norwegian Good Accounting Practice (*Norsk God Regnskapsskikk*).
Other equity (Group) consists of accrued equity in subsidiaries and associated companies following group establishment and the effect of equity eliminations in the consolidated financial statements.
Subordinated bonds that do not satisfy the definition of financial obligation in accordance with IAS 32 are recognised under equity. Accrued interest on subordinated bonds is allocated to subordinated bond capital.
In connection with the issuing of new equity certificates or the acquisition of other enterprises, the additional costs directly attributable to the new equity certificates or acquisition are treated as a reduction in paid-up capital. Profit for the year is allocated to the owners of equity certificates and the primary fund in accordance with the dividend policy.
Dividends from equity certificates and distributions to the Gift Foundation are classified as equity until the dividend has been determined by the Bank’s Supervisory Board. Transfers to the Bank's Gift Fund are classified as equity until the gift allocation is completed. When the dividend has been approved by the Supervisory Board, it is eliminated from equity and classified as a current liability until the payment date. When the Bank or other companies in the Group purchase equity certificates issued by the Bank, the combined purchase consideration is eliminated from the total equity certificate capital.

Acquisition
Acquisitions of other companies or enterprises are treated according to the acquisition method; ref. IFRS 3. In accordance with the acquisition method, an acquisition analysis is carried out involving value allocation, where the purchase price is allocated to identifiable assets and liabilities in the acquired business. Positive differences between the acquisition cost and fair value of identifiable assets and liabilities are recognised as goodwill. See also Notes 44 and 45

Segments
Segment reporting is divided according to the way in which different business areas are reported and followed up. The Bank has two operating segments: the Retail Market and the Corporate Market.

Cash flows
The cash flow statement (IAS 7) shows payments and payouts of cash and cash equivalents throughout the year. Cash and cash equivalents are defined as cash and receivables from central banks. The Group uses the direct method.
Cash and cash equivalents consist of cash, bank deposits, other short-term, readily negotiable investments with an original term not exceeding three months.

Comparability
Comparative figures are adjusted where it is deemed necessary to ensure comparability with the presentation for the present year.

Events after the balance sheet date
Events after the reporting date are reported in accordance with IAS 10. The information covers events which are not recognised in the consolidated financial statements, but which are of significance to the evaluation of the business.
The financial statements are submitted under the assumption of a going concern. In the opinion of the Board, this assumption was met at the time the financial statements were approved for submission. The Board's recommendation regarding a dividend is presented in the annual report.

NOTE 1.1 Accounting estimates and discretionary assessments

Parent bank and Group
The Group prepares estimates and assumptions which have an impact on reported balance sheet figures for the next financial year. Estimates and assessments are constantly subject to evaluation and are based on historical experience and other factors, including expectations in relation to future events which are deemed to be reasonable.

Write-downs on lending
Assessments of write-downs are partly based on judgement. Loan portfolios/guarantee liabilities are continuously monitored with regard to the need for impairment/provisions. Impairment/provisions are implemented in accordance with IFRS 9. See the accounting policies and Note 2.1.1.

Acquisition
Acquisition analyses contain a significant degree of discretion and estimates, and will therefore always involve some degree of uncertainty. The estimates used in connection with acquisition analyses are underpinned by calculations concerning anticipated cash flows, comparable transactions, etc.

NOTE 2. Financial risk management

Group and Parent bank

Risk and capital management
Risk and capital management supports the Group's strategic development and ambitions, and helps to ensure attainment of the Group's financial and operational objectives. Nevertheless, unforeseen losses can occur which require the Group to have sufficient equity. As a part of the risk management process, the requirement for supplementary capital for the various risk areas is evaluated. These assessments are underpinned by computational models. This is summarised in the Bank's Internal Capital Adequacy Assessment Process (ICAAP).
Risk categories and definitions:

• Credit risk is defined as the risk of losses as a result of customers or counterparties being unable to fulfil their obligations.
• Liquidity risk: the risk of the Group being unable to meet its obligations at maturity.
• Market risk: the risk of losses due to changes in market prices linked to activities and positions in securities (interest and shares) and currency.
• Operating risk: the risk of direct or indirect losses due to failures in internal routines, systems and processes, insufficient competency, damage to assets, suspension of operations, system failure, and internal or external fraud.
• Compliance risk: Risk of not complying with regulatory requirements and internal procedures/guidelines
• AHV risk: Risk of not complying with anti-money laundering and terrorist financing laws and regulations, and not complying with internal regulations with the intention of fulfilling the requirements of the law.

Risk management is pivotal to the day-to-day operation and the ongoing work of the Board. Risk is primarily managed through risk strategy, general guidelines concerning operational risk, periodic measurement and reporting of established management goals in all business areas, guidelines, frameworks, authorities, reporting requirements and competency requirements.

The Bank's risk management unit comprises six full-time equivalents. The Risk Management Director reports directly to the CEO, and is responsible for monitoring and coordinating overarching risk management within the Bank. The Risk Management Director also reports directly to the Board.

The Group's internal audit unit consists of one full-time equivalent and reports directly to the Board. The internal auditor is responsible for evaluating whether adequate routines are in place in key areas within the Bank in order to reduce risk. The Board annually approves the internal auditor's instructions and schedule of work. The internal auditor can utilise external services if needed.

Corporate governance
Sparebank 1 Helgeland's principles and policy for corporate governance are intended to ensure that the Bank operates in line with generally accepted and recognised practices and standards, as well as laws and regulations. Good corporate governance within SpareBank 1 Helgeland encompasses the values, goals and general principles by which the Bank is governed and controlled. This is in order to ensure good cooperation between the Bank's various stakeholders, such as equity certificate holders, creditors,

customers, employees, governing bodies, management and society at large.
Corporate governance should ensure prudent asset management and give greater assurance that communicated goals and strategies are being implemented and achieved. The Group's principles and frameworks for internal control and risk management are enshrined in the governing documents, which are reviewed annually by the Board. The governing documents set out the Group's internal framework for good governance and control, and the policy provides guidance regarding the Group's overarching approach to risk management.

The Board of Sparebank 1 Helgeland places emphasis on compliance with the principles laid down in the Norwegian Code of Practice for Corporate Governance in the management of the business.

Sparebank 1 Helgeland has compared its own policy to the Norwegian Code of Practice for Corporate Governance and the aforementioned principles from the European Banking Authority. The Board considers that the Bank's corporate governance is satisfactory and in accordance with Norwegian recommendations.

In 2021, 16 board meetings were held at the Bank. Follow-up of strategy, structural changes, risk and capital management, profitability and entry into the SpareBank 1 Alliance have been the Board's focus areas. The Board has prepared an annual plan for its work. Emphasis is placed on ensuring that the Board's members possess sufficient knowledge and expertise. A self-evaluation has been conducted covering working forms, expertise, priorities and collaboration between the Board and the management.

As part of the Board's work, it has set up an Audit Committee, a Risk Committee and a Remuneration Committee. These committees are intended to ensure that SpareBank 1 Helgeland has an independent and effective internal and external audit, and that accounting and risk reporting are in line with rules and regulations, and help to promote and incentivise good corporate governance with regard to the enterprise's risks, counteract high risk taking and help to prevent conflicts of interest. The members of the Risk Committee are Bjorn Andreas Krane (Chair), Rolf Eigil Bygdnes and Siw Moxness.

The members of the Audit Committee are Siw Moxness (Chair), Bjorn Andreas Krane and Rolf Eigil Bygdnes.

The members of the Remuneration Committee are Bjorn Andreas Krane (Chair), Marianne Steinmo and Birgitte Lorentzen (Employee representative). During 2021, the Audit Committee held five meetings, the Risk Committee eight meetings and the Remuneration Committee three meetings.

A comprehensive account of corporate governance can be found in a separate chapter of the annual report.

NOTE 2.1 Credit risk

Group and Parent bank

Credit risk constitutes the risk of customers or counterparties being unable to fulfil their obligations with respect to the Group. The credit risk, and its exposure, is governed by credit strategy, credit policy, credit routines and grant regulations. Credit policy, credit routines and grant regulations were reviewed and updated in October 2020, and applied from 1 January 2021. The credit strategy has been adopted for a three-year period, subject to annual re-evaluations. The current strategy from 1 January 2020 was adopted by the Board in November 2019.

The Group's credit strategy is derived from the overall strategy, and contains guidelines and management frameworks for risk profile and risk concentrations at portfolio level and sector level. There are set limits for allocation of lending between the retail and corporate markets, size of commitment and number thereof, exposure within sectors (concentration risk) and geographical limitations. The risk management framework is monitored and reported quarterly to the Board, supplemented by annual portfolio reviews.

Developments in credit risk are monitored through regular analyses of the trend in defaults in specific sectors, geographical areas, borrowers' and potential borrowers' ability to service interest and instalments, and an assessment of the collateral that underlies the credit commitments. For the ongoing monitoring of risk, a set of actions and action plans for the follow-up of borrowers has been defined, along with reports which are submitted periodically to the Board.

The total capital requirement for credit risk is stated in the Group's ICAAP. The level of tolerance for credit risk is defined for selected sectors and areas. A management level for the corporate market portfolio has been established and is followed and reported periodically. Stress tests are used to assess the loss potential in the credit portfolio as a result of a large fall in property prices.

The risk in the retail market portfolio has been low over time. House prices rose steadily for detached houses and apartments in Helgeland sold during 2021, but vary to some extent within the individual markets. Housing development across the whole of Helgeland was sluggish throughout 2021, with few new housing projects involving the construction of apartments and detached housing.

Based on the loss rules in IFRS 9 and internal guidelines, commitments are monitored continuously with a view to identification and modelling.

There is a strong focus on this area and regular reviews are carried out of good credit practices and the quality of the work relating to credit. This includes an understanding of good monitoring and the control of customer portfolios. Compliance through individual cases is ensured through the Credit Committee, the managers' key controls, and the delegation of tasks between advisors and custodians.

For the corporate market, management and monitoring are ensured through
the ongoing assessment of customer relationships, ability to pay, and collateral assessments. This takes place through both monthly and quarterly reviews. For monitoring and development in the retail market portfolio, quarterly analyses are carried out concerning the quality of approved loans, along with six-monthly analyses of the overall portfolio.

The risk-distributed loan portfolio, broken down according to low (risk class A-D), medium (risk classes E-G) and high risk (risk classes H-K), is
reported based on the score models. Risk migration is reported quarterly as part of the overall reporting of risk to the Board.

Close monitoring of key corporate customers and monitoring of the probability of default in the portfolio and for specific defined sectors have been continued as priority focus areas. At the end of 2021, the Bank had one (one) commitment which totalled more than 10% of subordinated capital.

NOTE 2.1.1 Loans and loss provisions

Write-downs for losses on loans and off balance sheet items in accordance with IFRS 9

See the description in Note 1 - Accounting policies.

Assumptions used in the calculation model
Periodically expected losses are calculated as the product of probability of default (PD), exposure at default (EAD) and loss given default (LGD), and must be unbiased. The PD model has been used and validated by the Bank since 2009, while the LGD model has been developed from 2017. The most recent validation of the loss model was carried out at the end of 2021.

The Bank's PD model gives a Probability of Default (PD) at customer level one year into the future. The PD model gives the probability that the customer will default on all their commitments. The customer's PD can therefore be used at account level.

The Bank has not developed any models to calculate lifetime PD, but is reviewing the opportunities to develop a lifetime PD. The Bank therefore uses models that calculate the probability of default in the next 12 months (12-month PD). The Bank has carried out analyses of the observed default rate (default rate, DR) as a function of the age of the loan at the time of default. The analyses show that DR increases somewhat in the early years after granting, and then decreases. The variation in DR is considered to be at such a level that 12 months PD represents a reasonable substitute for lifetime PD. The size of the database decreases with the maturity of the loan, and is mainly linked to the relatively low number of defaults during the past four years. As a result, the analyses are subject to some uncertainty.

LGD
The LGD (loss given default) model is a function of the relationship between the commitment and the underlying collateral, the probability of recovery and the costs associated with realisation. The collateral coverage is determined at customer level based on realisation values for the assets, and applied to secured commitments. Collateral coverage is limited upwards to the usable collateral that constitutes collateral coverage with quantitative limitations, including downward adjustment of collateral coverage based on the quality of the collateral. See Note 21 for a more detailed description of collateral.

The probability of recovery varies depending on the step that the commitment has been placed in. The probability of recovery in step 1 is 72% for the Retail Market and 30% for the Corporate Market. As steps 2 and 3 are lifetime calculations, the probability of a new default after recovery is taken into account. This results in a lower probability of recovery in steps 2 and 3 of 41% and 18% for the Retail Market and Corporate Market respectively. An exception has been established linked to the municipal sector, where the probability of recovery is set at 100%.

The cost of capitalising collateral is set to 5% of the commitment. Internal costs associated with capitalisation are set to 0%.

EAD
EAD (exposure at default) gives an indication of the expected exposure at the time of default. EAD is a function of the expected balance, grant and a conversion factor. For example, EAD will never be greater than the appropriation for an individual commitment, or less than the balance. For all types of grant, excluding construction loans (25%) and contract guarantees (65%), the conversion factor is set to 70% for the Retail Market and 50% for the Corporate Market. For awarded, but not discounted grants, a conversion factor of 100% has been established, reflecting the likelihood of the grant being discounted.

Remaining maturity
The remaining term of a repayment loan is set to the closing date. The instalment profiles in the model are adapted to the characteristics of the repayment loan. For commitments without a closing date, an expected remaining maturity is used based on the history of similar commitments and the age of the commitment. This primarily applies to flexible loans and credits.
Prepayment (PP) is taken into account for all repayment loans and is considered to be constant over the term. PP varies across the different macro scenarios.

Scenarios
The model uses four different scenarios, which impact on the projected LGD, PD and PP. These scenarios have been developed using historical data and macro variables. Applicable to all the scenarios is that they apply from and including a calculation date, i.e. we are in the first scenario period at the time of calculation. This approach was used so that the scenarios have an effect on the entire calculation, including steps 1 and 3.

Scenario descriptions
The scenarios were determined based on an overall assessment of a number of macro-variables and other factors, including unemployment, price falls and outward migration. There are effects at overall level for PD and collateral values which form the basis for possible adjustments to scenarios. Regional development is expected to be on par with the national economy in the four scenarios.

Four scenarios have been defined:
Realistic scenario is a macroeconomic scenario that represents expected future economic growth over the next five years. Realistic scenario is a scenario comparable to the 'Base case' ICAAP scenario. This scenario represents stable and moderate global and national economic growth. This scenario is weighted by 60%.

Optimistic scenario is a macroeconomic scenario that represents a boom, with strong economic growth. Over a period of five years, the scenario is expected to converge on a realistic scenario. The scenario represents a global economy with strong growth, while rising oil prices and associated economic growth are expected at national level. This scenario is weighted by 20%.

The pessimistic scenario is a macroeconomic scenario that represents an economic downturn with sluggish economic growth, but which will be significantly less severe than the credit crisis of the early 1990s. Over a period of five years, the scenario is expected to converge on a realistic scenario. This scenario is weighted by 17%.

The crisis scenario is a macroeconomic crisis which represents a banking crisis with substantial lending losses and a significant economic downturn following a sharp drop in house prices. The crisis scenario is on par with the credit crisis of the early 1990s. This scenario is weighted by 3%. This scenario is designed to take into account the model's non-linearity during periods of severe economic downturn.

Sensitivity assessments of key assumptions

The model is most sensitive to the parameters LGD and PD. These have a sensitivity of up to 35% when they are altered for both the retail market and the corporate market. Accordingly, a 10% change in LGD/PD will result in a change in loss provisions of up to 3.5%. If the variables are altered for individual segments (retail market or corporate market), the sensitivity is around 20%. A high sensitivity indicates that the outcome of the model is particularly affected by changes in these parameters. Parameters with high sensitivity are therefore closely monitored with regard to model input and validation.

Estimate uncertainty

There is underlying estimate uncertainty linked to a number of the parameters used in the model. This is mainly linked to underlying collateral values, parameters in LGD, and PD. There are no indications of significant errors or deficiencies in the model at the end of 2020, but there is considerable uncertainty relating to the estimates of the loss provisions, particularly linked to possible future developments in the coronavirus pandemic.

Parent bank	*Group*					
31.12.21						**31.12.21**
Provision for losses on loans (excl. individual write-downs)	**Base Case**	**Effect of Scenario**	**Effect of macro-scenarios on estimated loss**	**Provision for losses on loans (excl. individual write-downs)**	**Base Case**	**Effect of Scenario**
77	59	18	Loss provisions under IFRS 9	79	60	19

Parent bank	*Group*					
31.12.20						**31.12.20**
Provision for losses on loans in steps 1 and 2	**Base Case**	**Effect of Scenario**	**Effect of macro-scenarios on estimated loss**	**Provision for losses on loans in steps 1 and 2**	**Base Case**	**Effect of Scenario**
86	66	20	Loss provisions under IFRS 9	88	68	20

Gross lending, corporate market and retail market

Gross lending	Step 1 With expected loss over 12 months	Step 2 With expected loss over the instruments life	Step 3 With expected loss over the instruments life time	*Group* 31.12.21 Total
Gross lending pr. 01.01.21	**19 912**	**5 706**	**539**	**26 157**
New loans / credits / guarantees	11 077	2 061	48	13 187
Transfers from step 1 to step 2	-1 342	1 336		-6
Transfers from step 1 to step 3	-63		60	-3
Transfers from step 2 to step 3		-78	71	-7
Transfers from step 3 to step 2		4	-4	0
Transfers from step 3 to step 3	9		-10	0
Transfers from step 2 to step 1	1 349	-1 391		-41
Reduced portfolio	-5 320	-1 790	-222	-7 331
Other adjustments	-960	-151	-88	-1 199
Gross lending pr. 31.12.21	**24 664**	**5 697**	**395**	**30 756**
IB unused drafts, guarantees etc.	2 271	280	36	2 588
UB unused drafts, guarantees etc.	2 384	290	54	2 728

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.

Gross lending	Step 1 With expected loss over 12 months	Step 2 With expected loss over the instruments life	Step 3 With expected loss over the instruments life time	*Group* 31.12.20 Total
Gross lending pr. 01.01.20	**20 827**	**4 764**	**550**	**26 141**
New loans / credits / guarantees	5 894	1 111	60	7 065
Transfers from step 1 to step 2	-2 427	2 396		-31
Transfers from step 1 to step 3	-31		29	-2
Transfers from step 2 to step 3		-89	86	-3
Transfers from step 3 to step 2		17	-17	-1
Transfers from step 3 to step 3	3		-4	0
Transfers from step 2 to step 1	914	-985		-71
Reduced portfolio	-4 583	-1 334	-159	-6 076
Other adjustments	-685	-174	-6	-865
Gross lending pr. 31.12.20	**19 912**	**5 706**	**539**	**26 157**
IB unused drafts, guarantees etc.	2 570	190	23	2 782
UB unused drafts, guarantees etc.	2 271	280	36	2 588

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.

				Parent bank
	Step 1	**Step 2**	**Step 3**	**31.12.21**
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.21	**13 800**	**4 608**	**573**	**18 981**
New loans / credits / guarantees	10 347	1 961	59	12 367
Transfers from step 1 to step 2	-907	915		8
Transfers from step 1 to step 3	-63		60	-3
Transfers from step 2 to step 3		-68	60	-7
				0
Transfers from step 3 to step 2		4	-4	0
Transfers from step 3 to step 3	7		-8	0
Transfers from step 2 to step 1	1 027	-1 058		-30
Reduced portfolio	-4 862	-1 553	-224	-6 639
				0
Other adjustments	-675	-130	-88	-893
Gross lending pr. 31.12.21	**18 675**	**4 680**	**429**	**23 784**
IB unused drafts, guarantees etc.	1 909	278	36	2 223
UB unused drafts, guarantees etc.	2 022	282	54	2 358

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.

				Parent bank
	Step 1	**Step 2**	**Step 3**	**31.12.20**
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.20	**14 211**	**3 835**	**550**	**18 596**
New loans / credits / guarantees	4 918	956	62	5 936
Transfers from step 1 to step 2	-1 948	1 933		-15
Transfers from step 1 to step 3	-64		62	-2
Transfers from step 2 to step 3		-88	85	-3
Transfers from step 3 to step 2		17	-17	-1
Transfers from step 3 to step 3	3		-4	0
Transfers from step 2 to step 1	705	-770		-64
Reduced portfolio	-3 556	-1 117	-159	-4 832
				0
Other adjustments	-469	-158	-6	-633
Gross lending pr. 31.12.20	**13 800**	**4 608**	**573**	**18 982**
IB unused drafts, guarantees etc.	2 060	185	23	2 267
UB unused drafts, guarantees etc.	1 909	278	36	2 223

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 provision, corporate market and retail market

	Step 1	Step 2	Step 3	*Group* 31.12.21
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.21	**13**	**61**	**222**	**296**
New or increased loans / credits / guarantees	7	31	19	57
Transfers from step 1 to step 2	-1	11		10
Transfers from step 1 to step 3	0		3	2
Transfers from step 2 to step 3		-3	12	9
				0
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-9		-8
Reduced portfolio	-2	-19	-116	-137
				0
Other adjustments	-3	-9	23	12
Loss deduction pr. 31.12.21	**15**	**64**	**163**	**241**

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

	Step 1	Step 2	Step 3	*Group* 31.12.20
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.20	**14**	**71**	**253**	**338**
New or increased loans / credits / guarantees	6	11	8	26
Transfers from step 1 to step 2	-4	28		24
Transfers from step 1 to step 3	0		5	5
Transfers from step 2 to step 3		-5	18	13
				0
Transfers from step 3 to step 2		0	-1	-1
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	2	-21		-19
Reduced portfolio	-3	-19	-57	-79
				0
Other adjustments	-2	-4	-4	-10
Loss deduction pr. 31.12.20	**13**	**61**	**222**	**296**

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.21
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.21	**13**	**59**	**236**	**308**
New or increased loans / credits / guarantees	7	31	20	57
Transfers from step 1 to step 2	-1	10		9
Transfers from step 1 to step 3	0		-2	-2
Transfers from step 2 to step 3		-3	12	9
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-8		-7
Reduced portfolio	-2	-18	-117	-137
				0
Other adjustments	-3	-9	23	12
Loss deduction pr. 31.12.21	**15**	**62**	**173**	**249**

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.20
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.20	**14**	**69**	**253**	**336**
New or increased loans / credits / guarantees	6	11	8	26
Transfers from step 1 to step 2	-4	27		23
Transfers from step 1 to step 3	0		19	19
Transfers from step 2 to step 3		-5	18	13
Transfers from step 3 to step 2		0	-1	-1
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	2	-20		-18
Reduced portfolio	-3	-18	-57	-78
				0
Other adjustments	-2	-4	-4	-11
Loss deduction pr. 31.12.20	**13**	**59**	**236**	**308**

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

Loss provision and gross lending, corporate market

	Step 1	Step 2	Step 3	*Group* 31.12.2021
Gross lending	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
Gross lending pr. 01.01.21	**5 731**	**2 721**	**434**	**8 886**
New loans / credits / guarantees	2 462	1 114	38	3 614
Transfers from step 1 to step 2	-437	467		30
Transfers from step 1 to step 3	-52		49	-2
Transfers from step 2 to step 3		-33	27	-6
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	615	-631		-16
Reduced portfolio	-1 545	-846	-172	-2 563
Other adjustments	-289	-119	-87	-495
Gross lending pr. 31.12.21	**6 484**	**2 674**	**289**	**9 446**
IB unused drafts, guarantees etc.	1 155	248	36	1 439
UB unused drafts, guarantees etc.	1 051	260	54	1 365

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

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

	Step 1	Step 2	Step 3	*Group* 31.12.2020
Gross lending	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
Gross lending pr. 01.01.20	**6 144**	**2 248**	**433**	**8 824**
New loans / credits / guarantees	1 966	379	54	2 400
Transfers from step 1 to step 2	-1 395	1 395		0
Transfers from step 1 to step 3	-23		21	-2
Transfers from step 2 to step 3		-74	71	-2
Transfers from step 3 to step 2		1	-1	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	362	-413		-51
Reduced portfolio	-1 029	-699	-139	-1 867
Other adjustments	-294	-117	-5	-415
Gross lending pr. 31.12.20	**5 731**	**2 721**	**434**	**8 886**
IB unused drafts, guarantees etc.	1 401	169	22	1 593
UB unused drafts, guarantees etc.	1 155	248	36	1 439

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

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2021
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.21	**5 661**	**2 699**	**468**	**8 827**
New loans / credits / guarantees	2 454	1 113	38	3 605
Transfers from step 1 to step 2	-431	462		31
Transfers from step 1 to step 3	-52		49	-2
Transfers from step 2 to step 3		-33	27	-6
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	605	-621		-15
Reduced portfolio	-1 538	-847	-172	-2 557
Other adjustments	-279	-127	-87	-493
Gross lending pr. 31.12.21	**6 421**	**2 645**	**323**	**9 389**
IB unused drafts, guarantees etc.	1 150	248	36	1 434
UB unused drafts, guarantees etc.	1 044	260	54	1 358

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

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2020
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.20	**6 036**	**2 214**	**433**	**8 683**
New loans / credits / guarantees	1 937	380	54	2 372
Transfers from step 1 to step 2	-1 379	1 381		2
Transfers from step 1 to step 3	-57		55	-2
Transfers from step 2 to step 3		-74	71	-2
Transfers from step 3 to step 2		1	-1	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	352	-404		-51
Reduced portfolio	-1 008	-684	-139	-1 831
Other adjustments	-220	-117	-5	-342
Gross lending pr. 31.12.20	**5 661**	**2 699**	**468**	**8 827**
IB unused drafts, guarantees etc.	1 394	169	22	1 585
UB unused drafts, guarantees etc.	1 150	248	36	1 433

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

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

	Step 1	Step 2	Step 3	*Group* 31.12.2021
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.21	**12**	**53**	**208**	**273**
New or increased loans / credits / guarantees	5	28	19	52
Transfers from step 1 to step 2	-1	9		8
Transfers from step 1 to step 3	0		2	2
Transfers from step 2 to step 3		-3	11	8
				0
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-7		-6
Reduced portfolio	-2	-16	-110	-128
Other adjustments	-3	-8	20	10
Loss deduction pr. 31.12.21	**12**	**56**	**151**	**218**

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

	Step 1	Step 2	Step 3	*Group* 31.12.2020
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.20	**11**	**64**	**240**	**315**
New or increased loans / credits / guarantees	6	9	7	22
Transfers from step 1 to step 2	-4	26		22
Transfers from step 1 to step 3	0		5	4
Transfers from step 2 to step 3		-5	17	12
				0
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	2	-19		-17
Reduced portfolio	-3	-17	-52	-72
Other adjustments	0	-5	-8	-13
Loss deduction pr. 31.12.20	**12**	**53**	**208**	**273**

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2021
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.21	**12**	**53**	**222**	**287**
New or increased loans / credits / guarantees	5	28	19	52
Transfers from step 1 to step 2	-1	9		8
Transfers from step 1 to step 3	0		-2	-3
Transfers from step 2 to step 3		-3	11	8
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-7		-6
Reduced portfolio	-2	-16	-110	-128
				0
Other adjustments	-3	-8	19	9
Loss deduction pr. 31.12.21	**12**	**56**	**160**	**227**

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2020
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.20	**13**	**63**	**240**	**315**
New or increased loans / credits / guarantees	6	9	7	22
Transfers from step 1 to step 2	-4	26		22
Transfers from step 1 to step 3	0		19	19
Transfers from step 2 to step 3		-5	17	12
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	2	-19		-17
Reduced portfolio	-3	-17	-52	-72
				0
Other adjustments	-2	-4	-8	-14
Loss deduction pr. 31.12.20	**12**	**53**	**222**	**287**

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

Loss provision and gross lending, retail market

	Step 1	Step 2	Step 3	*Group* 31.12.2021
Gross lending	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
Gross lending pr. 01.01.21	**14 182**	**2 985**	**105**	**17 271**
New loans / credits / guarantees	8 615	948	11	9 573
Transfers from step 1 to step 2	-905	869		-36
Transfers from step 1 to step 3	-11		11	0
Transfers from step 2 to step 3		-45	44	-1
Transfers from step 3 to step 2		4	-4	0
Transfers from step 3 to step 3	9		-10	0
Transfers from step 2 to step 1	735	-760		-25
Reduced portfolio	-3 774	-944	-50	-4 768
Other adjustments	-670	-33	-1	-704
Gross lending pr. 31.12.21	**18 180**	**3 024**	**106**	**21 310**
IB unused drafts, guarantees etc.	1 116	32	0	1 149
UB unused drafts, guarantees etc.	1 333	29	0	1 363

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

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

	Step 1	Step 2	Step 3	*Group* 31.12.2020
Gross lending	With expected loss over 12 months	With expected loss over the instruments life	With expected loss over the instruments life time	Total
Gross lending pr. 01.01.20	**14 685**	**2 516**	**117**	**17 318**
New loans / credits / guarantees	3 928	732	6	4 665
Transfers from step 1 to step 2	-1 032	1 001		-32
Transfers from step 1 to step 3	-8		8	0
Transfers from step 2 to step 3		-15	15	0
Transfers from step 3 to step 2		16	-17	-1
Transfers from step 3 to step 3	3		-4	0
Transfers from step 2 to step 1	552	-571		-20
Reduced portfolio	-3 553	-635	-19	-4 208
Other adjustments	-392	-57	-1	-451
Gross lending pr. 31.12.20	**14 182**	**2 985**	**105**	**17 271**
IB unused drafts, guarantees etc.	1 168	21	0	1 189
UB unused drafts, guarantees etc.	1 116	32	0	1 149

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

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2021
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.21	**8 140**	**1 910**	**105**	**10 154**
New loans / credits / guarantees	7 893	848	21	8 762
Transfers from step 1 to step 2	-476	453		-23
Transfers from step 1 to step 3	-11		11	0
Transfers from step 2 to step 3		-34	33	-1
Transfers from step 3 to step 2		4	-4	0
Transfers from step 3 to step 3	7		-8	0
Transfers from step 2 to step 1	422	-437		-15
Reduced portfolio	-3 324	-706	-52	-4 082
				0
Other adjustments	-397	-3	-1	-401
Gross lending pr. 31.12.21	**12 255**	**2 034**	**106**	**14 395**
IB unused drafts, guarantees etc.	759	30	0	790
UB unused drafts, guarantees etc.	978	22	0	1 000

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

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2020
Gross lending	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Gross lending pr. 01.01.20	**8 174**	**1 621**	**117**	**9 912**
New loans / credits / guarantees	2 981	576	8	3 564
Transfers from step 1 to step 2	-569	552		-16
Transfers from step 1 to step 3	-7		7	0
Transfers from step 2 to step 3		-14	14	0
Transfers from step 3 to step 2		16	-17	-1
Transfers from step 3 to step 3	3		-4	0
Transfers from step 2 to step 1	353	-366		-13
Reduced portfolio	-2 548	-434	-19	-3 001
				0
Other adjustments	-247	-42	-1	-290
Gross lending pr. 31.12.20	**8 140**	**1 910**	**105**	**10 154**
IB unused drafts, guarantees etc.	667	16	0	682
UB unused drafts, guarantees etc.	759	30	0	790

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.

				Group
	Step 1	**Step 2**	**Step 3**	**31.12.2021**
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.21	**2**	**7**	**15**	**23**
New or increased loans / credits / guarantees	2	3	0	6
Transfers from step 1 to step 2	0	2		2
Transfers from step 1 to step 3	0		1	1
Transfers from step 2 to step 3		0	2	1
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	0	-2		-2
Reduced portfolio	0	-3	-7	-10
				0
Other adjustments	0	0	3	3
Loss deduction pr. 31.12.21	**4**	**7**	**13**	**24**

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

				Group
	Step 1	**Step 2**	**Step 3**	**31.12.2020**
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.20	**2**	**8**	**14**	**23**
New or increased loans / credits / guarantees	0	2	2	4
Transfers from step 1 to step 2	0	2		2
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		0	1	0
Transfers from step 3 to step 2		0	-1	-1
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	0	-2		-2
Reduced portfolio	0	-2	-5	-7
				0
Other adjustments	0	-1	4	3
Loss deduction pr. 31.12.20	**2**	**7**	**15**	**23**

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2021
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.21	**2**	**5**	**15**	**21**
New or increased loans / credits / guarantees	2	3	1	6
Transfers from step 1 to step 2	0	1		1
Transfers from step 1 to step 3	0		1	1
Transfers from step 2 to step 3		0	1	1
Transfers from step 3 to step 2		0	0	0
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	0	-1		-1
Reduced portfolio	0	-2	-7	-9
				0
Other adjustments	0	0	2	2
Loss deduction pr. 31.12.21	**4**	**5**	**12**	**22**

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

	Step 1	Step 2	Step 3	*Parent bank* 31.12.2020
Loss provisions on gross loans and off-balance sheet items	Expected loss over 12 months	Expected loss over the instruments life time	Expected loss over the instruments life time	Total
Loss deduction pr. 01.01.20	**1**	**5**	**15**	**21**
New or increased loans / credits / guarantees	0	2	2	3
Transfers from step 1 to step 2	0	1		1
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		0	0	0
Transfers from step 3 to step 2		0	-1	-1
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	0	-1		-1
Reduced portfolio	0	-1	-5	-6
				0
Other adjustments	1	0	3	4
Loss deduction pr. 31.12.20	**2**	**5**	**15**	**21**

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

Parent bank								*Group*
31.12.21								31.12.21
Step 1	**Step 2**	**Step 3**	**Total**	**Lending allovated on risk class and steps**	**Step 1**	**Step 2**	**Step 3**	**Total**
10 331	160		10 491	Low risk	15 447	160		15 607
4 537	3 097		7 634	Medium risk	5 397	4 016		9 413
3 807	1423	429	5 659	High risk	3 820	1521	395	5 736
18 675	**4 680**	**429**	**23 784**	**Gross lending (fixed interest rate excluded)**	**24 664**	**5 697**	**395**	**30 756**

Parent bank								*Group*
31.12.20								31.12.20
Step 1	**Step 2**	**Step 3**	**Total**	**Lending allovated on risk class and steps**	**Step 1**	**Step 2**	**Step 3**	**Total**
10 055			10 055	Low risk	15 866			15 866
3 153	3 391		6 544	Medium risk	3 451	4 357		7 808
592	1217	573	2 382	High risk	595	1349	539	2 483
13 800	**4 608**	**573**	**18 982**	**Gross lending (fixed interest rate excluded)**	**19 912**	**5 706**	**539**	**26 157**

The risk groups are based on the Bank's PD model. Risk class K constitutes a commitment where there is objective evidence of loss, and comprises commitments in step 3.

Low risk = risk classes A - D

Medium risk = risk classes E - G

High risk = risk classes H - K

NOTE 2.1.2 Central banks and credit institutions

Central banks and credit institutions

For the balance sheet items ‘Receivables from central banks’ and ‘Loans to and receivables from credit institutions’, the Bank has applied the exception for low credit risk. The Bank’s ‘Cash and receivables from central banks’ is exclusively linked to Norges Bank. Norges Bank is rated Aaa by Moody’s and AAA/A-1 + from S&P and thus meets the standard presumption concerning low credit risk. The Bank’s ‘Loans to and receivables from credit institutions’ is exclusively linked to banks with a credit rating which meet the standard’s presumption concerning low credit risk. The Bank has concluded that this, combined with LGD and low exposure, leads to insignificant loss provisions. Consequently, the Bank has not made any loss provisions linked to this balance sheet item.

Parent bank			*Group*	
31.12.20	31.12.21		31.12.21	31.12.20
1130	1233	External rating S&P. AA-/A-1+	203	218
105	406	External rating S&P. A+/A-1+	406	105
244	245	External rating S&P. A/A-1	245	244
52	2	Unrated	2	52
1 531	**1 886**	**Total**	**856**	**619**

Bonds and certificates: Classification of issuers by sector

Parent bank			*Group*	
31.12.20	31.12.21		31.12.21	31.12.20
1065	966	State	1065	1115
2 067	1991	Municipality	1991	2 067
1422	2 180	Credit companies	2 100	1392
48	43	Bank	43	48
40	11	Other	11	40
4 642	**5 191**	**Total**	**5 210**	**4 662**

Bonds and certificates: Classification of issuers by rating

Parent bank			*Group*	
31.12.20	31.12.21		31.12.21	31.12.20
2 934	3 894	AAA	3 994	2 984
1619	1243	AA-/AA/AA+	1162	1589
20	15	A+/A	15	20
-	34	BBB-/BBB/BBB+	34	64
5	5	BBB-/BBB/BBB+	5	5
4 578	**5 191**	**Total**	**5 210**	**4 662**

NOTE 2.1.3 Defaulted and doubtful commitments

Parent bank			*Group*	
31.12.21	**31.12.20**		**31.12.21**	**31.12.20**
321	162	Loans and guarantees in default	162	321
-163	-67	Write-downs, step 3	-67	-163
158	**95**	**Total net loans and guarantees in default**	**95**	**158**
252	267	Other doubtful loans and guarantees not in default	233	218
-73	-106	Write-downs, step 3	-97	-60
179	**162**	**Total net doubtful loans and guarantees not in default**	**137**	**158**
337	**257**	**Total net defaulted and doubtful commitments**	**232**	**316**
1.6%	1.0%	As a percentage of gross loans	0.7%	1.1%

Other doubtful are loans and guarantees that are not in default. Commitments where payment relief has been registered are not recognised under other doubtful commitments, unless they are considered to be doubtful. Doubtful loans and guarantees are defined under Alternative Performance Measures (APM).

At the year-end, the Bank had non-recoverable losses of NOK 160 million (NOK 44 million) where the claim is still valid against the debtor. Non-recoverable losses for monitoring primarily concern customers in the retail market where the Bank has identified a loss, even though the loan has not been surrendered/deleted. The amount has not been recognised in the balance sheet and is not expected to be redeemed.

NOTE 2.2 Liquidity risk

Group and Parent bank

The Board has established a liquidity management strategy, which specifies the purpose, management objectives and risk tolerance for liquidity risk management. The main objective of this strategy is to ensure that the Group has adequate liquidity management which helps to ensure that the Group is able to meet its payment obligations.

The liquidity strategy is reviewed annually by the Board. Particular emphasis has been placed on liquidity risk and new regulatory requirements for liquidity management within banks, which are gradually being implemented in the liquidity management process.

Liquidity risk is reduced by spreading borrowing over various markets, lenders, instruments and maturities.

In the management of the Group's liquidity risk, target requirements are used for liquidity indicator1, long-term funding ratio, deposit-to-loan ratio and requirements concerning liquidity buffer capital (LCR).

The Board has also stipulated that the proportion of long-term borrowing as a percentage of total borrowing must amount to at least 70%. As of 31 December 2021, the proportion of long-term funding was 80.9% (87.6%), which is well above the target requirement.

To limit the Group's liquidity risk, the Bank has liquidity reserves in the form of cash, deposits in Norges Bank and other banks, liquid equity instruments, investments in money market funds, interest-bearing securities and unused drawing rights. Minimum requirements for liquidity buffer levels are stipulated in the Bank's liquidity strategy. In recent years, the Group has gradually increased both the quality and level of its liquidity buffers. The Group's combined liquidity buffer capital is considered to be satisfactory.

The majority of the Group's liquidity reserves in the form of interest-bearing securities are invested in covered bonds and treasury and municipal bonds. The total duration of the fixed income portfolio is 1.6 years (1.5 years). The Group's total liquidity reserves (cash, bank deposits and interest-bearing securities) amounted to NOK 5.2 billion (NOK 4.7 billion), or 15.4% (15.9%) of the Group's total assets.

The deposit-to-loan ratio is a key parameter for the monitoring of liquidity risk, i.e. the proportion of gross lending to customers that is covered through deposits from customers. The Board has stipulated a minimum requirement of 60% for the deposit-to-loan ratio and this requirement was met throughout 2021.

The transfer to the mortgage enterprises represents an important source of funding, and provision of mortgages approved for transfer to the Bank's residential mortgage is afforded a high level of attention. At the end of 2021, the Group's covered bonds amounted to NOK 6.0 billion (NOK 6.2 billion).

SpareBank 1 Helgeland is rated by Moody's. The Bank's rating is A3 with a "stable outlook". Bonds issued by Helgeland Boligkreditt AS are rated at Aaa by Moody's.

NOTE 2.2.1 Liquidity risk, remaining maturity

Group

31.12.21

	From 0-3 mths.	**From 3-12 mths.**	**From 1 year to 5 years**	**Over 5 years**	**Total incl. interest**
Liabilities to credit institutions	0	0	312	0	312
Deposits from customers and liabilities	23,586	80	0	0	23,666
Loans established through the issuing of securities	250	1,786	8,113	323	10,472
Subordinated loans/bonds	0	0	0	964	964
Financial derivatives, gross settlement (outflows)[1)]	9	27	72	8	116
Total outgoing payments	**23,845**	**1,893**	**8,497**	**1,295**	**35,530**
Loans to and receivables from credit institutions	858	0	0	0	858
Loans to and receivables from customers	3,409	177	1,825	30,801	36,212
Certificates and bonds	670	978	3,401	151	5,200
Total incoming payments	**4,937**	**1,155**	**5,226**	**30,952**	**42,270**
1) Financial derivatives, gross settlement (inflows)	13	38	100	13	164

Loan awards as of 31 December were insignificant relative to the loan portfolio and have therefore not been incorporated.

Group

31.12.20

	From 0-3 mths.	**From 3-12 mths.**	**From 1 year to 5 years**	**Over 5 years**	**Total incl. interest**
Liabilities to credit institutions	0	252	310	0	562
Deposits from customers and liabilities	18,806	81	0	0	18,887
Loans established through the issuing of securities	5	937	8,277	307	9,526
Subordinated loans/bonds	0	0	0	861	861
Financial derivatives, gross settlement (outflows)[1)]	5	36	47	11	99
Total outgoing payments	**18,816**	**1,306**	**8,634**	**1,179**	**29,935**
Loans to and receivables from credit institutions	616	0	0	0	616
Loans to and receivables from customers	3,440	149	1,342	26,820	31,751
Certificates and bonds	650	1,182	2,853	48	4,733
Total incoming payments	**4,706**	**1,331**	**4,195**	**26,868**	**37,100**
1) Financial derivatives, gross settlement (inflows)	13	30	58	26	127

Loan awards as of 31 December were insignificant relative to the loan portfolio and have therefore not been incorporated.

Parent bank

31.12.21

	From 0-3 mths.	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	0	312	0	312
Deposits from customers and liabilities	24,167	80	0	0	24,247
Loans established through the issuing of securities	250	511	3,641	0	4,402
Subordinated loan	0	0	0	964	964
Financial derivatives, gross settlement (outflows)[1)]	8	24	57	0	89
Total outgoing payments	**24,425**	**615**	**4,010**	**964**	**30,014**
Loans to and receivables from credit institutions	858	0	0	0	858
Loans to and receivables from customers	2,683	172	1,671	23,931	28,457
Certificates and bonds	620	927	3,482	151	5,180
Total incoming payments	**4,161**	**1,099**	**5,153**	**24,082**	**34,495**
1) Financial derivatives, gross settlement (inflows)	13	31	73		117

Parent bank

31.12.20

	From 0-3 mths.	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	252	310	0	562
Deposits from customers and liabilities	19,190	81	0	0	19,271
Loans established through the issuing of securities	0	268	3,079	0	3,347
Subordinated loan	0	0	0	861	861
Financial derivatives, gross settlement (outflows)[1)]	5	34	36	0	75
Total outgoing payments	**19,195**	**635**	**3,425**	**861**	**24,116**
Loans to and receivables from credit institutions	616	0	926	0	1,542
Loans to and receivables from customers	2,625	140	1,214	19,484	23,463
Certificates and bonds	600	1,132	2,853	48	4,633
Total incoming payments	**3,841**	**1,272**	**4,993**	**19,532**	**29,638**
1) Financial derivatives, gross settlement (inflows)	13	24	32		69

Unused drawing facilities

Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
		Assets:		
1,822	2,039	Unused drawing rights, customers	2,409	2,187
401	319	Guarantees	319	401
588	470	Unused drawing rights, Helgeland Boligkreditt AS		
2.811	**2,828**	**Total unused drawing**	**2,728**	**2,588**
		Liabilities:		
300	300	Short-term drawing facility, 1 year	300	300
300	**300**	**Total liabilities**	**300**	**300**
51	52	Surplus liquidity in Norges Bank	52	51
351	**352**	**Total liabilities, including surplus liquidity**	**352**	**351**

Guarantee liabilities are presented in Note 40.

Matches and mismatches between maturity and interest rate on assets and liabilities are very important for risk management. It is unusual for banks to have a perfect match, because business transactions are often uncertain and cover many different types. An unmatched position could potentially generate a profit, but may also increase the risk of loss. The maturity of assets and liabilities, and the ability to replace them at an acceptable cost, is an important factor in determining the Group's liquidity and its exposure to interest rate changes.

The liquidity required in order to meet claims for settlement linked to guarantees and letters of credit is considerably less than the liability itself because the Group generally does not expect third parties to withdraw liquidity under the guarantee. The total outstanding contractual commitments to increase credits do not necessarily represent future claims for liquid assets, became many of these commitments will lapse or expire without being funded.

NOTE 2.3 Market risk

Group and Parent bank

The Board has adopted a market risk strategy that sets out limits and overall targets for the Group's market risk tolerance, as well as limits regarding interest rate, credit spread and share price risk. This strategy is reviewed annually. The Group has no active trading portfolios within interest, shares or foreign exchange.

Interest rate risk

Interest rate risk is steered towards the desired level through interest binding on interest-bearing securities and borrowing (certificates and bonds), and through the use of interest rate swap agreements (interest rate swaps) in order to reduce interest rate risk linked to fixed interest rate loans.

The Board has established a framework for the Group's overall interest rate risk, which is considered to be low.

The Bank has a relatively conservative strategy as regards investments in interest-bearing securities, with the primary aim of securing satisfactory liquidity reserves for the Bank.

Share risk

The Bank's positions in shares are mainly strategically motivated through investments in subsidiaries, associated companies, product companies and a local investment company.

The market risk linked to these share investments is considered to be moderate.

Sensitivity analysis for market risk

Interest-bearing securities - credit spread risk is the risk linked to the securities in the interest rate portfolio, the portfolio's duration and the issuers' creditworthiness. The Group's credit spread risk is calculated as the credit risk at the time of spreading with 100 basis points.

Shares – limits have been established for the Group's collective share risk calculated based on exposure, risk spreading and market liquidity. Risk exposure calculations are based on a general fall in the share value of 30%. In addition, there is mark-up for risk spreading and market liquidity.

The Bank expresses the market risk as risk-adjusted capital. Calculated market risk lies within fixed limits, and an overall framework for market risk is included as a capital requirement in the Group's ICAAP.

Overall interest rate risk is maintained at the desired level through an overall assessment of interest-bearing balance sheet items, and the use interest rate swaps (3 months).

The Board has established a limit of NOK 30 million for the overall interest rate risk on and off the balance sheet, determined as the impact on earnings that a change in the interest rate level of 2 percentage points would have. This gives a decrease in earnings of NOK 4.7 million at the year-end. Exposure was within the framework throughout 2021.

Credit spread risk

The Bank assumes credit spread risk, primarily through the management of interest-bearing assets in the Bank's liquidity portfolio. The portfolio mainly consists of assets issued by Norwegian banks, mortgage companies, municipalities, governments and non-financial institutions. The credit spread risk lies within the Board's agreed limits.

Currency risk

The Group only has minor financial positions and cash flows in foreign currencies in the balance sheet. These items are not considered to be significant. Given that Sparebank 1 Helgeland is not a foreign exchange bank in its own right, its foreign exchange loans are managed by a foreign exchange bank. Sparebank 1 Helgeland has provided the necessary guarantees in favour of the foreign exchange bank.

The table below summarises the Group's foreign exchange risk through guarantee liabilities relating to foreign currency loans managed by the foreign exchange bank concerned as of 31 December.

NOTE 2.3.1 Guarantee liabilities for foreign currency loans

Parent bank				*Group*
31.12.21				**31.12.21**
Loan amount in currency	**Guarantee liabilities in NOK**		**Loan amount in**	**Guarantee liabilities in NOK**
2	16	Swiss franc	2	16
20	20	Swedish krona	20	20
	36	**Total guarantee liabilities in foreign**		**36**

The Bank has a small portfolio of guaranteed foreign exchange loans; the equivalent value of which amounted to NOK 36 million as of 31 December 2021. The portfolio is distributed over a range of customers where there is collateral in property and/or deposits. The credit risk in this portfolio is considered to be low.

Parent bank				*Group*
31.12.20				**31.12.20**
Loan amount in currency	**Guarantee liabilities in**		**Loan amount in**	**Guarantee liabilities in NOK**
3	32	Swiss franc	3	32
44	46	Swedish krona	44	46
	78	**Total guarantee liabilities in foreign**		**78**

NOTE 2.3.2 Interest rate risk, remaining time to interest rate adjustment

							Group
							31.12.21
	Up to 1 mth.	**From 1-3 months**	**From 3 mths.**	**From 1 year**	**Over 5 years**	**Without interest rate**	**Total**
Assets							
Cash and receivables, central banks	73	0	0	0	0	0	73
Loans to and receivables on credit, without agreed	857	0	0	0	0	0	857
Net loans to and receivables from customers	0	30,528	0	1,666	0	0	32,194
Bonds and certificates	1,248	3,581	382	0	0	0	5,211
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,098	1,098
Total assets	2,178	**34,109**	**382**	**1,666**	**0**	**1,099**	**39,433**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	3	0	0	0	0	0	3
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed	0	21,797	0	0	0	0	21,797
Deposits from customers and liabilities with agreed	0	0	1,755	0	0	0	1,755
Loans established through the issuing of securities	1,803	7,115	1,804	0	0	0	10,722
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	230	230
Total liabilities	**1,806**	**29,212**	**3,559**	**0**	**0**	**230**	**34,807**
Net interest sensitivity gap	**372**	**4,897**	**-3,177**	**1,666**	**0**	**868**	**4,630**

Cash flow and fair value of interest rate risk

Cash flow interest rate risk is defined as the risk of future cash flows linked to individual financial asset and liabilities items fluctuating due to changes in market interest rates. The fair value of the interest rate risk is defined as the risk of the value of a financial asset or liabilities item fluctuating due to changes in market interest rates. In the case of both cash flow and the fair value of the interest rate risk, Bank is exposed to the effects of fluctuations in market interest rate levels. Unexpected changes in market interest rates can trigger increases in interest margins, but they can also be reduced or result in losses. The Board has established a limit on the overall interest rate exposure that the Bank can assume. The Bank maintains interest rate risk at the desired level through fixing interest rates on investments and securities debt, as well as through the use of interest rate swaps.

Group

31.12.20

	Up to 1 mth.	From 1-3 months	From 3 mths. to 1 year	From 1 year to 5	Over 5 years	Without interest rate change	Total
Assets							
Cash and receivables, central banks	76	0	0	0	0	0	76
Loans to and receivables on credit, without agreed	612	0	0	0	0	0	612
Loans to and receivables on credit, with agreed maturity	0	7	0	0	0	0	7
Net loans to and receivables from customers	0	25,839	0	1,559	0	0	27,398
Bonds and certificates	1,017	2,958	688	0	0	0	4,663
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	451	451
Total assets	**1,705**	**28,804**	**688**	**1,559**	**0**	**451**	**33,207**
Liabilities and equity							
Liabilities to credit institutions with agreed maturity	0	551	0	0	0	0	551
Deposits from customers and liabilities without agreed	0	17,207	0	0	0	0	17,207
Deposits from customers and liabilities with agreed	0	774	703	0	0	0	1,477
Loans established through the issuing of securities	2,032	6,509	1,328	0	0	0	9,869
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	284	284
Total liabilities	**2,032**	**25,041**	**2,031**	**0**	**0**	**284**	**29,388**
Net interest sensitivity gap	**-327**	**3,763**	**-1,343**	**1,559**	**0**	**167**	**3,819**

Parent bank

31.12.21

	Up to 1 mth.	From 1-3 months	From 3 mths.	From 1 year	Over 5 years	Without interest rate	Total
Assets							
Cash and receivables, central banks	73	0	0	0	0	0	73
Loans to and receivables on credit, without agreed	1,886	0	0	0	0	0	1,886
Net loans to and receivables from customers	0	23,546	0	1,666	0	0	25,212
Bonds and certificates	1,259	3,600	332	0	0	0	5,191
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,591	1,591
Total assets	**3,218**	**27,146**	**332**	**1,666**	**0**	**1,591**	**33,975**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	3	0	0	0	0	0	3
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed	0	22,389	0	0	0	0	22,389
Deposits from customers and liabilities with agreed	0	917	838	0	0	0	1,755
Loans established through the issuing of securities	1,330	1,905	1,504	0	0	0	4,739
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	218	218
Total liabilities	**1,332**	**25,511**	**2,342**	**0**	**0**	**218**	**29.03**
Net interest sensitivity gap	**1,886**	**1,635**	**-2,010**	**1,666**	**0**	**1,373**	**4,550**

							Parent bank 31.12.20
	Up to 1 mth.	**From 1-3 months**	**From 3 mths.**	**From 1 year**	**Over 5 years**	**Without interest rate**	**Total**
Assets							
Cash and receivables, central banks	76	0	0	0	0	0	76
Loans to and receivables on credit, without agreed	1,524	0	0	0	0	0	1,524
Loans to and receivables on credit, with agreed maturity	0	7	0	0	0	0	7
Net loans to and receivables from customers	0	18,651	0	1,559	0	0	20,210
Bonds and certificates	1,017	2,937	689	0	0	0	4,643
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	984	984
Total assets	**2,617**	**21,595**	**689**	**1,559**	**0**	**984**	**27,444**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	0	0	0	0	0	0	0
Liabilities to credit institutions with agreed maturity	0	550	0	0	0	0	550
Deposits from customers and liabilities without agreed	0	17,624	0	0	0	0	17,624
Deposits from customers and liabilities with agreed	0	774	703	0	0	0	1,477
Loans established through the issuing of securities	1,527	1,214	1,028	0	0	0	3,769
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	294	294
Total liabilities	**1,527**	**20,161**	**1,731**	**0**	**0**	**294**	**23,713**
Net interest sensitivity gap	**1,090**	**1,434**	**-1,042**	**1,559**	**0**	**690**	**3,731**

NOTE 3. Sensitivity analysis regarding changes in market prices

		Group 31.12.21
	Effect Profit	**Effect Equity**
Interest +/- 2% points	3.5	0.02%
Total	**3.5**	**0.02%**

The Group’s total interest rate risk consists of all investments in interest-bearing financial instruments and interest rate risk linked to the bank portfolio. Exposure of the Group’s interest rate risk as of 31 December 2021 was NOK 4.7 million (NOK 5.4 million). The target requirement is for the Group’s overall interest rate risk concerning interest-bearing instruments to not exceed NOK 30 million. Limit for interest rate risk: interest rate exposure (parallel shift in the interest rate curve of 2%). The effect on equity and profit is after tax.

		Group 31.12.20
	Effect on profit	**Effect Equity**
Interest +/- 2% points	4,1	0.03%
Total	**4.1**	**0.03%**

NOTE 4. Segment Information

Parent bank | *Group*

31.12.21 | **31.12.21**

Retail Market	Corporate Market	Un-allocated	Total		Retail Market	Corporate Market	Un-allocated	Total
230	290	3	523	Net interest income	343	292	-31	604
16	17	74	107	Net commission income	16	17	74	107
0	0	78	78	Total income and net income from financial	0	0	1	1
95	53	237	385	Operating costs	106	54	224	384
12	48	0	60	Losses on loans	12	52	0	64
139	**207**	**-83**	**263**	**Net income before tax**	**241**	**203**	**-180**	**264**
15,990	9,462	0	25,452	Loans to customers	22,905	9,519	0	32,424
-22	-217	0	-239	Write-downs	-22	-208	0	-230
0	0	8,740	8,740	Other assets	0	0	7,239	7,239
15,968	**9,245**	**8,740**	**33,953**	**Total assets per segment**	**22,883**	**9,311**	**7,239**	**39,433**
14,187	9.57	0	24,144	Deposits from and liabilities to customers	14,187	9,365	0	23,552
0	11	0	11	Write-downs	0	11	0	11
0	0	9,798	9,798	Other liabilities and equity	0	0	15,870	15,870
14,187	**9,968**	**9,798**	**33,953**	**Total liabilities and equity per segment**	**14,187**	**9,376**	**15,870**	**39,433**

Parent bank | *Group*

31.12.20 | **31.12.20**

Retail Market	Corporate Market	Un-allocated	Total		Retail Market	Corporate Market	Un-allocated	Total
207	295	2	504	Net interest income	314	298	-14	598
19	13	65	97	Net commission income	19	13	65	97
0	0	248	248	Total income and net income from financial	0	0	208	208
96	57	283	436	Operating costs	99	57	306	462
4	63	0	67	Losses on loans	3	48	0	51
126	**188**	**32**	**346**	**Net income before tax**	**231**	**206**	**-47**	**390**
11,653	8,862	0	20,515	Loans to customers	18,733	8,956	0	27,689
-21	-283	0	-304	Write-downs	-22	-269	0	-291
0	0	7,233	7,233	Other assets	0	0	5,809	5,809
11,632	**8,579**	**7,233**	**27,444**	**Total assets per segment**	**18,711**	**8,687**	**5,809**	**33,207**
10,781	8,320	0	19,101	Deposits from and liabilities to customers	10,782	7,902	0	18,684
0	4	0	4	Write-downs	0	4	0	4
0	0	8,339	8,339	Other liabilities and equity	0	0	14,519	14,519
10,781	**8,324**	**8,339**	**27,444**	**Total liabilities and equity per segment**	**10,782**	**7,906**	**14,519**	**33,207**

The Group has defined its geographical area as a single segment - Helgeland. The Group's exposure to credit risk is mainly concentrated on this area. Helgeland is the home region of the Parent bank, which is also the Group's operating company.
The Group has also divided the banking operations into two segments: the Retail Market and the Corporate Market. Income and expenses not directly allocated to these segments are presented as unallocated.

NOTE 5. Net interest and credit commission income

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
		Interest from financial instruments at amortised cost		
18	14	Interest on receivables from credit institutions	2	4
386	334	Interest on loans to customers	610	859
404	**348**	**Total interest from financial instruments at amortised cost**	**612**	**863**
		Interest from financial instruments at fair value via the income statement		
42	40	Interest on loans to customers (fixed-rate loans)	40	42
61	52	Interest on certificates and bonds	53	61
103	**92**	**Total interest from financial instruments at fair value via the income account**	**93**	**103**
		Interest from financial instruments at fair value via other comprehensive income		
269	262	Interest on loans to customers (loans that can be transferred to the mortgage company)	135	0
269	**262**	**Total interest from financial instruments at fair value via other comprehensive income**	**0**	**0**
776	**702**	**Total interest income and other similar income**	**840**	**966**
		Interest expenses and other similar costs:		
168	103	Deposits from customers at amortised cost	103	168
2	0	Deposits from customers at fair value	0	3
9	5	Interest on deposits and loans from credit institutions	5	9
27	10	Debt securities at amortised cost	63	117
46	41	Debt securities at fair value	44	50
20	19	Deposit guarantee/emergency fund.	19	21
272	**179**	**Total interest expenses and other similar costs**	**235**	**368**

NOTE 5.1 Interest on certain balance sheet items (average interest rate as a percentage)

Parent bank 31.12.20	Parent bank 31.12.21	Average interest rate	Group 31.12.21	Group 31.12.20
		Assets		
1.0%	0.7%	Loans to and receivables from credit institutions	0.2%	0.4%
3.5%	2.9%	Loans to customers	2.8%	3.3%
1.4%	0.9%	Certificates and bonds	0.9%	1.4%
		Liabilities		
1.4%	1.1%	Liabilities to credit institutions	1.1%	1.4%
0.9%	0.5%	Deposits from customers	0.5%	0.9%
1.7%	1.2%	Securities debt	1.0%	1.5%

NOTE 5.2 Average volume of certain balance sheet items

Parent bank			Group	
31.12.20	31.12.21	Average volume	31.12.21	31.12.20
		Assets		
1,838	1,956	Loans to and receivables from credit institutions	1,126	934
20,041	21,611	Loans to customers	28,618	27,658
4,446	5,620	Certificates and bonds	5,765	4,529
		Liabilities		
637	455	Liabilities to credit institutions	455	637
18,953	21,234	Deposits from customers	20,821	18,567
3,658	3,600	Securities debt	9,735	10,252

NOTE 6. Commission income and income from banking services

Parent bank			Group	
2020	2021		2021	2020
7	6	Guarantee provisions *	6	7
0	8	Commission linked to lending transferred to credit enterprises	8	0
71	70	Fee income, payment mediation	70	71
30	34	Fee income insurance (non-life, life, savings and pension)	34	30
108	**118**	**Total commission income and income from banking services**	**118**	**108**

*) Guarantee commission made available to customers upon completion of construction contracts.

NOTE 7. Commission expenses and costs attributable to banking services

Parent bank			Group	
2020	2021		2021	2020
11	11	Payment mediation services	11	11
11	**11**	**Total commission costs and costs attributable to banking services**	**11**	**11**
97	**107**	**Net commission income**	**107**	**97**

NOTE 8. Net income from financial assets and liabilities

Parent bank			Group	
2020	2021		2021	2020
5	-9	Unrealised fall in value of interest-bearing securities	-9	5
2	-10	Realised gain/loss on interest-bearing securities	-12	2
150	10	Net gain/loss on shares	10	165
58	72	Share dividends	2	7
30	11	Share of earnings from joint controlled enterprises	11	30
36	-29	Unrealised change in value, fixed interest loans at fair value	-29	36
-43	24	Unrealised change in value of deposits and derivatives	22	-42
238	**69**	**Total net income from financial instruments**	**-3**	**203**

NOTE 9. Other operating income

Parent bank			Group	
2020	2021		2021	2020
0	0	Operating income, real property	4	5
8	9	Operating income (including management fees, mortgage company)	0	0
1	0	Gains on sale of real property and movables	0	0
9	**9**	**Total other operating income**	**4**	**5**

NOTE 10. Operating costs

Parent bank			Group	
2020	2021		2021	2020
140	157	Salaries and National Insurance costs (Note 11)	157	140
67	68	IT costs	68	67
8	21	Marketing	21	8
17	18	Depreciation	24	24
13	13	Write-downs	11	32
4	5	Operating expenses, real property	5	4
29	40	Purchased services	40	29
158	63	Other operating expenses (Note 14)	58	158
436	**385**	**Total ordinary operating costs**	**384**	**462**

NOTE 11. Wages and social costs

Parent bank			Group	
2020	2021		2021	2020
103	116	Salaries and fees	116	103
22	24	Employer's National Insurance contributions	24	22
13	13	Pension costs, defined benefit plans (Note 12)	13	13
2	4	Other personnel costs	4	2
140	**157**	**Total salaries and National Insurance costs**	**157**	**140**
143	165	Number of employees, full-time equivalents as of 31 December	165	143
146	154	Average number of employees, full-time equivalents	154	146

NOTE 12. Pension liabilities and pension costs

Group and Parent bank

Sparebank 1 Helgeland is required to have an occupational pension scheme and the Bank fulfils the applicable requirements set out in the relevant legislation. None of the subsidiaries have pension schemes or employees. The pension schemes include:

Defined benefit scheme invested in a life insurance company

All of the Bank's employees (who according to pension legislation could be transferred from defined benefit pension plan) were transferred to a defined contribution pension with effect from 1 March 2016. Those who remain in the defined benefit plan are members who cannot be transferred under the applicable rules.

The scheme covers 0 (0) employees, as well as 14 (14) people who are receiving an ongoing pension from the scheme. The pension scheme entitles employees to future pension disbursements of 66% of their salary upon retirement, subject to a maximum of 12 National Insurance basic amounts (G).

Defined contribution scheme

With effect from 1 March 2016, all employees (who could be transferred) were transferred to a defined contribution scheme. Contributions to the scheme amount to 7% for salaries between 0-7.1G and 25.1% for salaries between 7.1G and 12G. The pension scheme also includes a disability pension.

The defined contribution scheme now includes 171 (146) active and 10 (10) disabled persons.

Contractual pension

The Bank and the finance industry in general have entered into an agreement concerning a contractual pension (AFP). (No one who is still a member of the old scheme has been capitalised.

Senior executive scheme

See Note 28.4.

NOTE 12.1 Liabilities and expenses concerning pension schemes

Parent bank				*Group*
31.12.21				**31.12.21**
Expense	**Liability**		**Liability**	**Expense**
0	23	Defined benefit scheme	23	0
14	0	Defined contribution scheme	0	14
2	0	Contractual pension	0	2
16	**23**	**Total liabilities and expenses concerning pension schemes**	**23**	**16**

Parent bank				*Group*
31.12.20				**31.12.20**
Expense	**Liability**		**Liability**	**Expense**
0	24	Defined benefit scheme	24	0
14	0	Defined contribution scheme	0	14
2	0	Contractual pension	0	2
16	**24**	**Total liabilities and expenses concerning pension schemes**	**0**	**16**

NOTE 12.2 Risks associated with changes in economic assumptions

The company is exposed to the following risks through the defined benefit pension schemes:

Investment volatility

Pension obligations are calculated using a discount interest rate determined on the basis of bond interest rates. If investment of the pension schemes' assets produces a lower return than the bond rate, a deficit is created.

Change in the bond interest rate

A reduction in bond interest rates will increase the obligations in the pension schemes. This will be partly offset by an increase in the return on bond investments.

Life expectancy

The payment liability applies for the remaining life of the scheme's members. An increase in life expectancy will lead to an increase in the liability relating to the scheme. This is particularly important in the case of the Norwegian scheme, where inflation adjustments result in greater sensitivity to changes in life expectancy.

NOTE 12.3 Economic assumptions

Parent bank				*Group*
2020	**2021**	**Assumptions**	**2021**	**2020**
1.50%	1.50%	Discount interest rate	1.50%	1.50%
1.50%	1.50%	Return on pension funds	1.50%	1.50%
2.00%	2.50%	Long-term pay growth	2.50%	2.00%
1.75%	2.25%	Adjustment of ongoing pensions	2.25%	1.75%
1.75%	2.25%	Adjustment of the National Insurance basic amount	2.25%	1.75%
19.10%	19.10%	Employer's National Insurance contributions (inc. tax) - rate	19.10%	19.10%
0.00%	0.00%	Employees wishing to utilise contractual pension (AFP)	0.00%	0.00%
0.00%	0.00%	Annual percent retirement for working	0.00%	0.00%
61 years	62 years	Average age	62 years	61 years

Economic assumptions used for calculating pension costs and liabilities for defined benefit scheme

In accordance with IAS 19, the discount interest rate for pension obligations will be set to the interest rate on corporate bonds with high creditworthiness, or to the government bond interest rate if there is no deep market for corporate bonds with high creditworthiness. The Norwegian market for covered bonds is considered to be such that it can be used as a basis in the calculation of the discount interest rate.

NOTE 12.4 Pension obligation, defined benefit scheme

Parent bank										*Group*
31.12 2017	**31.12 2018**	**31.12 2019**	**31.12 2020**	**31.12 2021**		**31.12 2021**	**31.12 2020**	**31.12 2019**	**31.12 2018**	**31.12 2017**
					Change in pension obligation:					
39	30	30	31	31	Obligation at start of year	31	31	30	30	39
1	0	0	0	0	Service cost	0	0	0	0	1
0	1	1	1	0	Interest expense on pension liabilities	0	1	1	1	0
1	0	0	0	0	New agreements, contractual pension	0	0	0	0	1
-6	0	1	1	1	Actuarial losses/gains	1	1	1	0	-6
-1	-1	-1	-1	-1	Pension disbursements	-1	-1	-1	-1	-1
34	**31**	**31**	**31**	**31**	**Defined benefit obligation at end of year**	**31**	**31**	**31**	**31**	**34**
					Change in plan assets:					
17	11	11	11	11	Plan assets at start of year	11	11	11	11	17
0	0	0	0	0	Return on pension funds	0	0	0	0	0
-6	0	-1	0	0	Actuarial losses/gains	0	0	-1	0	-6
1	0	0	0	0	Administration expenses	0	0	0	0	1
0	0	0	0	0	Contributions	0	0	0	0	0
-1	0	0	0	0	Pension disbursements	0	0	0	0	-1
11	**11**	**11**	**11**	**11**	**Plan assets at end of year**	**11**	**11**	**11**	**11**	**11**
					Reconciliation - capitalised pension obligation					
34	**31**	**31**	**31**	**31**	**Obligation at end of period**	**31**	**31**	**31**	**31**	**34**
11	**12**	**11**	**11**	**11**	**Plan assets at end of year**	**11**	**11**	**11**	**12**	**11**
-23	**-19**	**-21**	**-20**	**-20**	**Net pension obligation**	**-20**	**-20**	**-21**	**-19**	**-23**
-3	**-3**	**-3**	**-4**	**-3**	Employer’s contributions of net pension obligation	**-4**	**-4**	**-3**	**-3**	**-3**
-26	**-22**	**-24**	**-24**	**-23**	**Net pension obligation, including employer’s contributions**	**-23**	**-24**	**-24**	**-22**	**-26**
0	0	0	0	0	Unrecognised effect of estimate variances	0	0	0	0	0
0	0	0	0	0	Estimate variances, employer’s contributions	0	0	0	0	0
-26	**-22**	**-24**	**-24**	**-23**	**Balance sheet liabilities (inc. employer’s contributions)**	**-23**	**-24**	**-24**	**-22**	**-26**

NOTE 12.5 Estimate variances, defined benefit scheme

Parent bank				*Group*
2020	**2021**		**2021**	**2020**
-1	-1	+ Actuarial loss/(gain) on defined benefit obligation from economic assumptions	-1	-1
-1	-1	- Estimate variances incorporated into OCI	-1	-1
0	**0**	**Estimate variance at end of year**	**0**	**0**

NOTE 13. Net pension expense, defined benefit scheme, defined contribution

Parent bank				*Group*
2020	**2021**		**2021**	**2020**
13	13	= Pension accrual	13	13
3	3	+ Employer's contributions	3	3
16	**16**	**Net pension expense**	**16**	**16**

NOTE 14. Other operating expenses

Parent bank				*Group*
2020	**2021**	**Specification of other operating costs**	**2021**	**2020**
1	1	Value transportation	1	1
2	1	Travel expenses	1	2
1	2	Fees, external auditor (Note 15)	2	1
154	59	Other operating expenses*)	54	154
158	**63**	**Total operating expenses**	**58**	**158**

*) Cost project Helgeland 1, NOK 54 million (NOK 146 million).

NOTE 15. Audit fees and costs for assistance from external auditor

Parent bank				*Group*
2020	**2021**	**Audit expenses**	**2021**	**2020**
0.8	0.7	Statutory audit	1.1	1.1
0.3	0.9	Other services, attestation and assistance project	0.9	0.4
1.1	**1.6**	**Total audit**	**2.0**	**1.5**

PricewaterhouseCoopers AS is the Group's appointed auditor.

NOTE 16. Write-downs on commitments

Parent bank				*Group*
2020	**2021**	**Write-downs**	**2021**	**2020**
-1	2	Change in write-downs in step 1 during the period	2	-1
-10	-2	Change in write-downs in step 2 during the period	-2	-10
-17	10	Change in write-downs in step 3 during the period	13	-31
99	55	Non-recoverable losses during the period	55	97
-4	-4	Recoveries from non-recoverable losses during previous periods	-4	-4
67	**60**	**Recognised write-downs on commitments**	**64**	**51**

NOTE 17. Tax cost

Parent bank				*Group*
2020	**2021**	**Tax for the year**	**2021**	**2020**
45	26	Tax payable	38	68
-2	5	Over-/under-allocated in previous years	5	-2
0	-6	Excess/shortfall in change in deferred tax from previous years	-6	0
-16	-21	Change in deferred tax (Note 29)	21	-16
27	**47**	**Tax cost for the year**	**59**	**50**
		Specification of accounting result before tax and taxable income for the year		
346	263	Accounting net income before tax	264	369
-251	-103	Permanent differences	-55	-251
0	0	Use of previous losses carried forward	0	0
64	-56	Change in temporary differences (Note 29)	-56	64
159	**104**	**Taxable income**	**153**	**182**
		Reconciliation tax		
346	263	Accounting net income before tax	264	390
87	66	Tax calculated using the enterprise's weighted average tax rate	66	98
		Tax effect of:		
-63	-26	Tax-free income	-14	-51
0	5	Changes from previous year	5	
3	2	Non-deductible expenses	2	3
27	**47**	**Tax cost in the income statement**	**59**	**50**

NOTE 17.1 Leases

Parent bank				*Group*
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
		Usufruct		
34	45	Carrying amount as of 1 January	16	14
11	20	Additions	20	1
-1	-15	-Disposals	-15	-1
12	-8	Other changes	1	3
56	42	Carrying amount at end of period	22	17
11	10	Depreciation during the period	5	1
45	**32**	**Carrying amount, usufruct at end of period**	**18**	**16**
34	46	Liability as of 01.01	17	14
22	20	New agreements during the period	20	1
-12	-12	Rent payments during the period - instalments	-5	-2
2	2	Interest	2	1
11	-8	Other changes	1	3
45	**48**	**Total lease obligations at end of period**	**33**	**16**
		Income statement		
11	**10**	Depreciation	5	1
2	**2**	Interest	2	1
13	**12**	**Total**	**7**	**2**

Usufruct and liability are capitalised under: 1) Other assets, 2) Other liabilities

IFRS 16 Leases

The standard presupposes that there is no longer a distinction between operational and financial leasing, because both types of agreement transfer the right of use to a specific asset from the lessor to the lessee for a specific period. For lessors, the regulations of IAS 17 are largely continued. The standard became effective from 1 January 2019. The standard has the effect that leases (mainly office premises) are included in the balance sheet. The effects on the Group's profits for 2021 amount to an accounting depreciation of NOK 5 million and interest costs of NOK 2 million. The liability has increased by NOK 17 million.

NOTE 17.2 Maturity structure of leases, IFRS 16

Parent bank				*Group*
2020	**2021**	**Maturity structure**	**2021**	**2020**
12	13	Up to 1 year	10	2
11	9	1-2 years	6	2
5	9	2-3 years	6	2
5	8	3-4 years	5	1
5	6	4-5 years	4	1
19	2	More than 5 years	2	17
57	**48**	Total maturity structure	**33**	**25**

NOTE 18. Earnings per equity certificate and ownership ratio

Parent bank				*Group*
2020	**2021**	**Earnings per equity certificate**	**2021**	**2020**
319	216	Profit from ordinary operations after tax	205	340
-12	-12	Interest, subordinated bonds	-12	-12
307	204	Profit (exc. interest on subordinated bonds)	193	328
76.4%	77.3%	Equity certificate holders' share as of 01.01	77.3%	76.4%
235	158	Equity certificate holders' share of earnings in NOK million	149	251
11.2	**5.8**	**Earnings per equity certificate, in NOK**	**5.5**	**12.0**
11.2	**5.8**	**Diluted earnings per equity certificate, in NOK**	**5.5**	**12.0**

Parent bank

Dividend basis	**2021**	**2020**
Net profit	216	319
Change in fund for valuation differences	-12	-12
Interest hybrid capital	18	401
Dividend basis	**222**	**708**

Calculation of equity certificate ratio (parent bank)	**2021**	**2020**
Equity share capital	270	209
Cohesion fund	1,439	1,354
Share premium reserve	1,505	971
Fund for unrealised gains	17	29
Other equity	0	0
Total equity certificate holders' capital	**3,231**	**2,563**
Primary capital	777	753
Gift Fund	30	34
Fund for unrealised gains	5	9
Other equity	0	0
Total primary capital	**813**	**796**
Provision for Gift Foundation	21	8
Provision for dividends	86	65
Equity excluding hybrid capital	**4,151**	**3,432**
Equity certificate ratio	79.9%	76.3%

Time-weighted equity certificate ratio available	**77.3%**	**76.4%**

NOTE 19. Cash and receivables, central banks

Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
25	21	Cash reserve	21	25
51	52	Deposits at Norges Bank	52	51
76	**73**	**Total cash and receivables in central banks**	**73**	**76**

See Note 2.1.2

NOTE 20. Loans to and receivables from credit institutions

Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
619	856	Loans to and receivables in credit institutions*	857	619
912	1,030	Credit, Helgeland Boligkreditt AS**	0	0
1,531	**1,886**	**Total loans to and receivables in credit institutions**	**857**	**619**

*) Loans to and receivables in credit institutions are entirely subject to floating rates of interest. See also Note 2.1.2

**) Helgeland Boligkreditt AS is a wholly owned subsidiary of SpareBank 1 Helgeland

NOTE 21. Loans to and receivables from customers

Parent bank			*Group*	
31.12.20	**31.12.21**	**Loans by receivable type, nominal principal**	**31.12.21**	**31.12.20**
867	621	Overdraft and working capital facilities	621	867
1.362	1,620	Flexible loans	2,330	2,150
280	317	Building loans	317	280
6,218	6,933	Instalment loans	6,158	22,796
1,559	1,666	Fixed-interest loans to and receivables from customers	1,666	1,559
10,191	14,257	Mortgages at fair value	21,295	0
20,477	25,414	Loans to customers	32,387	27,652
-74	-67	Steps 1 and 2 / (collective write-downs)	-67	-76
-230	-171	Step 3 / (individual write-downs)	-163	-215
20,173	25,176	Loans to customers after write-downs	32,157	27,361
37	37	Accrued interest and amortisation	37	37
20,210	**25,213**	**Net loans to and receivables from customers**	**32,194**	**27,398**

Information on collateral

The Bank uses collateral to reduce risk depending on the market and the type of transaction concerned. Collateral can, for example, take the form of physical security or collateral, guarantees, deposits or set-off agreements. Physical collateral will normally be secured and can consist of housing, buildings or inventories. The valuation of collateral is based on the going concern assumption. Account is taken of factors that could affect the value of the collateral, write-downs or easements. Hedged items in the private market mainly consist of property. The Bank uses fixed reduction rates ranging from 20 to 50% based on the types of collateral. A statement is presented below of collateral coverage distributed broken down according to loans within the Retail Market and Corporate Market, including accrued interest. Collateral coverage as a percentage indicates the adjusted collateral value expressed as a percentage of lending.

Parent bank 31.12.21					*Group* 31.12.21	
Corporate Market	**Retail Market**	**Total loans**	**Collateral coverage in percent**	**Total loans**	**Corporate Market**	**Retail Market**
669	415	1,084	Under 40%	1,088	669	419
200	205	405	40% - 60%	415	200	215
814	526	1,340	60% - 80%	1,397	815	582
2,776	4,818	7,594	80% - 100%	8,711	2,814	5,897
2,949	9,983	12,932	100% - 120%	18,703	3,032	15,671
2,042	17	2,059	Over – 120%	2,073	2,042	31
9,450	**15,964**	**25,414**	**Total loans**	**32,387**	**9,572**	**22,815**

Parent bank 31.12.20					*Group* 31.12.20	
Corporate Market	**Retail Market**	**Total loans**	**Collateral coverage in percent**	**Total loans**	**Corporate Market**	**Retail Market**
607	134	741	Under 40%	747	607	140
213	108	321	40% - 60%	329	213	116
1,438	334	1,772	60% - 80%	1,827	1,439	388
2,371	3,887	6,258	80% - 100%	8,031	2,433	5,598
2,383	7,138	9,521	100% - 120%	14,850	2,472	12,378
1,843	21	1,864	Over – 120%	1,868	1,843	25
8,855	**11,622**	**20,477**	**Total loans**	**27,652**	**9,007**	**18,645**

NOTE 21.1 Geographical distribution of gross lending

Parent bank			*Group*	
31.12.21	**% share**		**31.12.21**	**% share**
22,215	87.3%	Helgeland	27,431	84.6%
3,196	12.6%	Rest of Norway	4,922	15.2%
41	0.2%	International	71	0.2%
25,452	**100%**	**Total gross lending**	**32,424**	**100%**

Geographical distribution of gross lending

Parent bank			*Group*	
31.12.20	**% share**		**31.12.20**	**% share**
17,581	85.7%	Helgeland	23,072	83.3%
2,898	14.1%	Rest of Norway	4,571	16.5%
35	0.2%	International	46	0.2%
20,514	**100%**	**Total gross lending**	**27,689**	**100%**

NOTE 21.2 Distribution of loans between the retail market and corporate market

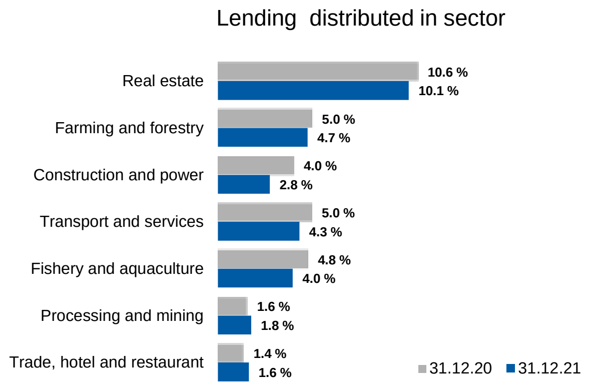
Parent bank 31.12.21			*Group* 31.12.21	
Retail market	**Corporate market**		**Retail market**	**Corporate market**
13	603	Overdraft and working capital facilities	13	603
1,562	58	Flexible loans	2,260	70
111	206	Building loans	111	206
14,304	8,595	Repayment loans and flexible loans	20,521	8,642
15,990	**9,462**	**Gross lending to customers**	**22,905**	**9,521**

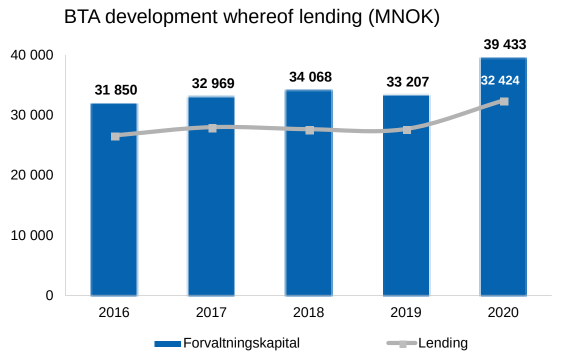
Parent bank			*Group*	
31.12.20				**31.12.21**
Retail market	**Corporate market**		**Retail market**	**Corporate market**
14	854	Overdraft and working capital facilities	14	854
1,318	43	Flexible loans	2,088	61
68	213	Building loans	68	213
10,253	7,751	Repayment loans and flexible loans	16,563	7,828
11,653	**8,861**	**Gross lending to customers**	**18,733**	**8,956**

NOTE 21.3 Loans, guarantees and losses by industry

The level of losses in the retail banking market remains low and at a level corresponding to the average for the sector. Procedures have been implemented for debt recovery and follow-up. Based on empirical data, sector-related figures and local market conditions, the Bank has forecast an expected loss in the retail market portfolio of 0.07 - 0.1%.

There is a strong focus and regular reviews are carried out throughout the organisation concerning the quality of credit work and on improving understanding good governance and control. To manage and monitor risks in the corporate market portfolio, ongoing assessments are carried out concerning customer relationships, solvency, collateral in connection with borrowing and trends in defaults, along with reviews by the Bank's credit committee. To monitor risk development in the retail market portfolio, quarterly analyses of credit ratings are carried out for new loans and the overall portfolio. The close monitoring of key corporate market customers, monitoring of developments in equity and risk both in the portfolio and for larger individual commitments have remained priority focus areas for the Bank. Write-downs on loans were expensed in 2021 in the amount of NOK 64 million, or 0.20% of gross lending. Normalised lending losses are expected going forward. Based on historical evidence, a thorough knowledge of the Group's commitment and local market conditions, the Bank's forecast for credit losses expected over a five-year period is 0.15-0.20% of gross lending within the corporate lending portfolio. When pricing commitments, a strong emphasis is placed on the ability of customers to service their debt. There will therefore normally be a correlation between the risk classification and the pricing of loans.





Gross lending as of 31 December 2021

Of the gross lending of NOK 32.4 billion (NOK 27.7 billion, NOK 9.5 (8.9) billion comprises lending to corporate customers. The graph above shows the distribution of these loans by sector. NOK 22.9 billion (NOK 18.7 billion) consists of loans to retail customers, mainly well-secured mortgages. NOK 1.5 billion. (1.4 billion) comprises loans to agricultural customers (traditionally a low-risk segment). Of gross lending, 84.6% (83.3%) was loaned to customers in Helgeland. Of gross lending, 21.7% (26.1%) was transferred to Helgeland Boligkreditt AS. See Note 21.6.

NOTE 21.4 Commitments and losses by industry

Group

31.12.21

Lending at amortised cost and fair value	**Gross lending**		**Loss provisions**			**Net lending**	
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	16	0	0	0	0	0	16
Agriculture and forestry	1,372	154	-1	-8	-18	15	1,513
Fisheries and aquaculture	1,261	24	-2	-3	-1	0	1,279
Mining and industry	560	11	0	-1	-23	2	549
Construction, engineering and power	817	64	-2	-6	-36	13	850
Trade, hotel, restaurants	486	40	-1	-2	0	5	529
Transport and services	1,173	211	-2	-8	-29	16	1,361
Property, property development	3,123	134	-3	-18	-32	22	3,227
Corporate market	8,807	639	-11	-46	-138	73	9,324
Retail market	654	20,656	-4	-7	-13	1,595	22,882
Total	**9,461**	**21,295**	**-15**	**-53**	**-150**	**1,668**	**32,205**
Expected losses, unused credit and guarantees, RM			0	0			
Expected losses, unused credit and guarantees, CM			-1	-9			

Off balance sheet items, see note 2.1.1

Group

31.12.20

Lending at amortised cost and fair value	**Gross lending**		**Loss provisions**			**Net lending**	
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	1	0	0	0	0	0	1
Agriculture and forestry	1,371	0	-1	-8	-12	15	1,364
Fisheries and aquaculture	1,324	0	-1	-4	0	0	1,318
Mining and industry	433	0	0	-1	-3	0	429
Construction, engineering and power	1,112	0	-2	-4	-131	5	980
Trade, hotel, restaurants	376	0	0	-2	0	4	377
Transport and services	1,358	0	-2	-11	-21	23	1,347
Property, property development	2,914	0	-5	-25	-41	21	2,865
Corporate market	8,888	0	-12	-54	-208	68	8,682
Retail market	17,269	0	-1	-7	-14	1,464	18,710
Total	**26,157**	**0**	**-13**	**-61**	**-222**	**1,532**	**27,393**
Expected losses, unused credit and guarantees, RM			0	0			
Expected losses, unused credit and guarantees, CM			-1	-3			

Off balance sheet items, see Note 2.1.1

Parent bank

31.12.21

Lending at amortised cost and fair value (via other comprehensive income) FVOCI

	Gross lending		**Loss provisions**			**Net lending**	
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	16	0	0	0	0	0	16
Agriculture and forestry	1,372	132	-1	-8	-18	15	1,491
Fisheries and aquaculture	1,261	17	-2	-3	-1	0	1,272
Mining and industry	560	10	0	-1	-23	2	548
Construction, engineering and power	817	47	-2	-6	-36	13	833
Trade, hotel, restaurants	486	35	-1	-2	0	5	525
Transport and services	1,173	154	-2	-8	-29	16	1,303
Property, property development	3,189	121	-3	-19	-48	22	3,262
Corporate market	8,872	516	-11	-47	-153	73	9,250
Retail market	654	13,741	-4	-5	-12	1,595	15,969
Total	**9,526**	**14,257**	**-15**	**-53**	**-166**	**1,668**	**25,219**
Expected losses, unused credit and guarantees, RM			0	0	0		
Expected losses, unused credit and guarantees, CM			-1	-9	0		

Off balance sheet items, see Note 2.1.1

Parent bank

31.12.20

Lending at amortised cost and fair value (via other comprehensive income) FVOCI

	Gross lending		**Loss provisions**			**Net lending**	
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	1	0	0	0	0	0	1
Agriculture and forestry	1,218	133	-1	-8	-12	15	1,344
Fisheries and aquaculture	1,302	13	-1	-4	0	0	1,309
Mining and industry	416	14	0	-1	-3	0	426
Construction, engineering and power	1,057	29	-2	-4	-131	14	964
Trade, hotel, restaurants	352	19	0	-2	0	4	372
Transport and services	1,185	89	-2	-12	-21	27	1,265
Property, property development	2,828	136	-5	-22	-54	10	2,892
Corporate market	8,360	431	-12	-53	-222	70	8,574
Retail market	431	9,760	-1	-6	-14	1,462	11,632
Total	8,790	**10,191**	**-13**	**-59**	**-236**	**1,532**	**20,205**
Expected losses, unused credit and guarantees, RM			0	0			
Expected losses, unused credit and guarantees, CM			-1	-3			

Off balance sheet items, see Note 2.1.1

NOTE 21.5 Transferred mortgages to credit enterprises

The Bank transfers mortgages to Helgeland Boligkreditt AS (100%) and Sparebank 1 Boligkreditt (2.05%). Loans in wholly owned mortgage enterprises are recognised in their entirety in the Group. In total, 11,618 mortgages were transferred at the end of 2021, of which 7,037 are recognised in the consolidated balance sheet.

Loans which are transferred are fully secured mortgages within the mortgage value of 75%. The lending that has been divested was removed from the Parent bank's balance sheet and transferred to the mortgage companies. 26.4% (21.8%) of gross lending or 42.3% (38.6) of loans to retail customers have been transferred to mortgage companies.

Parent bank 31.12.21 Book value	Fair value		*Group* 31.12.21 Book value	Fair value
1,440	1,440	Flexible loans	730	730
10,178	10,178	Instalment loans	3,851	3,851
11,618	**11,618**	**Total transferred mortgages to credit enterprises**	**4,581**	**4,581**

Parent bank 31.12.20 Book value	Fair value		*Group* 31.12.20 Book value	Fair value
0	0	Flexible loans	788	788
0	0	Instalment loans	6,444	6,444
0	**0**	**Total mortgages transferred to Helgeland Boligkreditt AS**	**7,232**	**7,232**

NOTE 21.6 Remaining maturity Helgeland Boligkreditt AS

Group
31.12.21

	From 0-3 mths.	From 3 mths. to 1 year	From 1-5 years	Over 5 years	Total
Liabilities to credit institutions	0	0	1,029	0	1,029
Borrowings through the issuing of securities	0	1,275	4,553	323	6,151
Financial derivatives, gross settlement (outflows)1	1	3	15	8	27
Total outgoing payments	**1**	**1,278**	**5,597**	**331**	**7,207**
Loans to and receivables from credit institutions	0	581	0	0	581
Loans to and receivables from customers	726	5	154	6,870	7,755
Certificates and bonds	50	50	0	0	100
Total incoming payments	**776**	**636**	**154**	**6,870**	**8,436**
1) Financial derivatives, gross settlement (inflows)	**0**	**7**	**27**	**13**	**47**

	From 0-3 months	From 3 mths. to 1 year	From 1-5 years	Over 5 years	Total
Liabilities to credit institutions	0	0	925	0	925
Borrowings through the issuing of securities	5	669	5,328	307	6,309
Financial derivatives, gross settlement (outflows)	1	2	11	8	22
Total outgoing payments	**6**	**671**	**6,264**	**318**	**7,259**
Loans to and receivables from credit institutions	0	384	0	0	384
Loans to and receivables from customers	815	9	524	6,939	8,287
Certificates and bonds	5	51	0	0	56
Total incoming payments	**820**	**444**	**524**	**6,939**	**8,727**
Financial derivatives, gross settlement (inflows)	**0**	**7**	**27**	**20**	**54**

NOTE 22. Financial instruments

NOTE 22.1 Financial instruments distributed by category

Group

31.12.21

	Amortised cost	Loans at fair value Via OCI	Assets at fair value via the income statement	Derivatives used for hedging purposes	Total
Cash and receivables, central banks	73	0	0	0	73
Loans to and receivables from credit institutions	857	0	0	0	857
Loans to and receivables from customers	9,463	21,295	1,666	0	32,424
Certificates, bonds and shares	0	0	5,805	0	5,805
Financial derivatives	0	0	0	39	39
Total assets	**10,393**	**21,295**	**7,471**	**39**	**39,198**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	303	0	0	303
Deposits from and liabilities to customers	23,552	0	0	23,552
Liabilities established through the issuing of securities	7,901	0	0	7,901
Liabilities established through the issuing of securities,	2,316	0	0	2,316
Subordinated loan capital	451	0	0	451
Financial derivatives	0	12	0	12
Total liabilities	**34,523**	**12**	**0**	**34,535**

Group

31.12.20

	Amortised cost	Assets at fair value via the income statement	Derivatives used for hedging purposes	Total
Cash and receivables, central banks	76	0	0	76
Loans to and receivables from credit institutions	619	0	0	619
Loans to and receivables from customers	26,130	1,559	0	27,689
Certificates, bonds and shares	0	4,870	0	4,870
Financial derivatives	0	0	67	67
Total assets	**26,825**	**6,429**	**67**	**33,321**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	551	0	0	551
Deposits from and liabilities to customers	18,684	0	0	18,684
Liabilities established through the issuing of securities	7,500	0	0	7,500
Liabilities established through the issuing of securities,	1,918	0	0	1,918
Subordinated loan capital	451	0	0	451
Financial derivatives	0	39	0	39
Total liabilities	**29,104**	**39**	**0**	**29,143**

Parent bank

31.12.21

	Amortised cost	Loans at fair value via OCI	Assets valued at fair value via the income statement	Derivatives used for hedging purposes	Total
Cash and receivables, central banks	73	0	0	0	73
Loans to and receivables from credit institutions	1,886	0	0	0	1,886
Loans to and receivables from customers	9,441	14,344	1,666	0	25.451
Certificates, bonds and shares	0	0	0	5,786	5,786
Financial derivatives	0	0	0	39	39
Total assets	**11,400**	**14,344**	**1,666**	**5,825**	**33,235**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	302	0	0	302
Deposits from and liabilities to customers	24,144	0	0	24,144
Liabilities established through the issuing of securities	2,271	0	0	2,271
Liabilities established through the issuing of securities, hedging	2,017	0	0	2,017
Subordinated loan capital	451	0	0	451
Financial derivatives	0	9	0	9
Total liabilities	**29,185**	**9**	**0**	**29,194**

Changes in the fair value of loans classified as FVOCI which are recognised via OCI are insignificant (less than NOK 1 million).

Parent bank

31.12.20

	Amortised cost	Loans at fair value via OCI	Assets valued at fair value via the income statement	Derivatives used for hedging purposes	Total
Cash and receivables, central banks	76	0	0	0	76
Loans to and receivables from credit institutions	1,531	0	0	0	1,531
Loans to and receivables from customers	8,765	10,191	1,559	0	20,515
Certificates, bonds and shares	0	0	0	4,849	4,849
Financial derivatives	0	0	0	54	54
Total assets	**10,375**	**10,191**	**1,559**	**4,903**	**27,025**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	550	0	0	550
Deposits from and liabilities to customers	19,101	0	0	19,101
Liabilities established through the issuing of securities	1,715	0	0	1,715
Liabilities established through the issuing of securities, hedging	1,603	0	0	1,603
Subordinated loan capital	451	0	0	451
Financial derivatives	0	39	0	39
Total liabilities	**23,420**	**39**	**0**	**23,459**

NOTE 22.2 Securities debt hedging

Fixed-rate debt securities are normally secured by value hedging. When a hedge is established, the Bank documents the relationship between the hedging instruments and the hedged items. The Bank also documents its assessment of whether the derivatives being used are effective in counteracting changes in value related to hedging risk in the hedged items. Such assessments are documented both upon establishment of the hedge and on an ongoing basis during the hedging period. The Bank hedges interest rate risk at individual level. Risks relating to changes in credit spread are not hedged. Changes in value linked to changes in the NIBOR rate are recognised and result in ongoing adjustment of the book value of the hedged fixed-rate loans. The book value of debt securities, including interest, is NOK 1,918 million (NOK 2,338 million). The net recognised gain linked to the hedging instruments and hedged items linked to the hedged risk amounted to NOK 1,6 million in 2021 and NOK 3 million in 2020. See Note 35.1.

Group

Inefficiancy hedging over the PLA	**31.12.21**	**31.12.20**
Efficiancy related to hedging objects	-36.6	-80.2
Efficiancy related to the hedging instrument	38.2	83.2
Net inefficiancy over the PLA	1.6	3

Group

Referance	**Hedging object**	**Contract total**	**Due**	**Interest rate**	**Accointing line**	**Currency**
1	Fixed rate loan	500	2022	2.20	Devt by issuance of securities	NOK
2	Fixed rate loan	500	2023	2.10	Devt by issuance of securities	NOK
3	Fixed rate loan	500	2024	2.50	Devt by issuance of securities	NOK
4	Fixed rate loan	500	2026	1.88	Devt by issuance of securities	NOK
5	Fixed rate loan	300	2029	2.22	Devt by issuance of securities	NOK

Referance	**Hedging object**	**Contract total**	**Due**	**Interest rate**	**Accointing line**	**Currency**
1	Interest swap, fixed	500	2022	2.20	Financial derivates	NOK
1	Interest swap, float	-500	2022	1.49	Financial derivates	NOK
2	Interest swap, fixed	500	2023	2.10	Financial derivates	NOK
2	Interest swap, float	-500	2023	1.61	Financial derivates	NOK
3	Interest swap, fixed	500	2024	2.50	Financial derivates	NOK
3	Interest swap, float	-500	2024	1.85	Financial derivates	NOK
4	Interest swap, fixed	500	2026	1.88	Financial derivates	NOK
4	Interest swap, float	-500	2026	1.33	Financial derivates	NOK
5	Interest swap, fixed	300	2029	2.22	Financial derivates	NOK
5	Interest swap, float	-300	2029	1.27	Financial derivates	NOK

Referance 5 relates to debt by issuance of secirities in the subsidiary company Helgeland Boligkreditt.

Installments are not paid on the hedging onstruments and objects. These are due in full at the settlement date.

NOTE 22.3 Assessment of fair value of financial instruments according to level

The table shows financial instruments at fair value according to the valuation method (IFRS13). The changes require the presentation of fair value measurements per level, with the following subdivisions into levels. The various levels are defined as follows:

- Level 1 - Listed price in an active market for an identical asset or liability
- Level 2 – Valuation based on observable factors, either directly (price) or indirectly (derived from prices), other than the listed price (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 on an active market is based on the market price at the end of the reporting period. A market is considered to be active if the markets rates are readily and regularly available from a stock exchange, trader, broker, business group, pricing service or regulatory authority, and the 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 the current offer price is used. These instruments are included in level 1.

The fair value of financial instruments that are not traded on an active market is determined by using valuation methods. These valuation methods maximise the use of observable data where such data is 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 comprise observable data, the instrument are included in level 2.

Unlisted shares and fixed-rate loans are classified under level 3. In the case of the valuation of shares where there is no active market, known sales values are based on the latest issue price. For securities without sales, the value is determined on the basis of available accounting information or similar. Fixed-rate lending is recognised at fair value (see also the description of valuation in Note 1).

Interest rate derivatives that are not part of the hedge accounting amount to NOK 1,749 million as of 31 December 2021, and NOK 1,666 million as of 31 December 2020. Net interest rate risk in the event of a parallel change in interest rate of 1% for fixed-rate lending amounts to NOK -31.9 million (NOK -30.6 million) as of 31 December 2021, while interest rate derivatives amount to NOK 31.2 million (NOK 31.6 million) as of 31 December 2021.

No transfers took place between levels 1 and 2 during 2021.

Assets and liabilities at fair value

Parent bank **31.12.21**						*Group* **31.12.21**
Level 1	**Level 2**	**Level 3**		**Level 1**	**Level 2**	**Level 3**
			Assets			
			Financial assets at fair value via the income statement			
0	0	1,666	Loans to and receivables from customers at fair value	0	0	1,666
0	5,191	595	Certificates, bonds and shares at fair value	0	5,210	595
			Financial assets at fair value via other comprehensive income			
0	0	14,257	Mortgages	0	0	21,295
0	39	0	Financial derivatives, hedging	0	39	0
0	**5,230**	**16,518**	**Total assets**	**0**	**5,249**	**23,556**
			Liabilities			
			Financial liabilities at fair value via the income statement			
0	9	0	Financial derivatives	0	12	0
0	**9**	**0**	**Total liabilities**	**0**	**12**	**0**

Shares	**Lending**	**Total**	**Change in the instruments classified under level 3**	**Shares**	**Lending**	**Total**
207	11,750	11,957	Balance brought forward	207	1,559	1,766
-168	-404	-572	Instalments and loans redeemed	-168	-404	572
562	4,641	5,203	New loans	562	21,870	22,432
-6	-64	-40	Change in value	-6	-64	-70
595	15,923	16,518	Financial instruments valued according to level 3	595	22,961	23,556

Assets and liabilities at fair value

Parent bank 31.12.20				*Group* 31.12.20		
Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
			Assets			
			Financial assets at fair value via the income statement			
0	0	1,559	Loans to and receivables from customers at fair value	0	0	1,559
0	4,642	207	Certificates, bonds and shares at fair value	0	4,663	207
			Financial assets at fair value via other comprehensive income			
0	0	10,191	Mortgages	0	0	0
0	54	0	Financial derivatives, hedging	0	67	0
0	**4,696**	**11,957**	**Total assets**	**0**	**4,730**	**1,766**
			Liabilities			
			Financial liabilities at fair value via the income statement			
0	39	0	Financial derivatives	0	39	0
0	**39**	**0**	**Total liabilities**	**0**	**39**	**0**

Shares	Lending	Total	Change in the instruments classified under level 3	Shares	Lending	Total
379	11,375	11,754	Balance brought forward	379	1,506	1,885
-276	-655	-931	Instalments and loans redeemed	-276	-234	-510
0	993	993	New loans	0	251	251
104	37	141	Change in value	104	36	140
207	11,750	11,957	Financial instruments valued according to level 3	207	1,559	1,766

NOTE 22.4 Fair value of financial instruments

Parent bank 31.12.20		31.12.21			*Group* 31.12.21		31.12.20	
Fair value	Balance sheet value	Fair value	Balance sheet value	Fair value of financial instruments	Balance sheet value	Fair value	Balance sheet value	Fair value
				Assets				
76	76	73	73	Cash and receivables, central banks	73	73	76	76
1,531	1,531	1,886	1,886	Loans to and receivables from credit institutions	857	857	619	619
11,750	11,750	15,923	15,923	Loans to customers at fair value 3)	22,961	22,961	1,559	1,559
8,460	8,460	9,529	9,529	Loans to customers at amortised cost 1)	9,463	9,463	25,839	25,839
54	54	39	39	Financial derivatives	39	39	67	67
4,849	4,849	5,786	5,786	Certificates, bonds and shares available for sale	5,805	5,805	4,870	4,870
26,720	**26,720**	**33,236**	**33,236**	**Total**	**39,198**	**39,198**	**33,030**	**33,030**
				Liabilities				
550	550	302	302	Liabilities to credit institutions at amortised cost	303	303	551	551
78	78	79	79	Deposits from and liabilities to customers at fair value	79	79	78	78
19,023	19,023	24,065	24,065	Deposits from and liabilities to customers at amortised cost	23,473	23,473	18,606	18,606
1,614	1,603	2,017	2,017	Debt securities, hedging 2)	2,316	2,317	1,918	1,929
1,710	1,715	2,257	2,271	Covered bonds, amortised cost (FRN) 2)	7,955	7,968	7,500	7,536
451	451	451	451	Subordinated loan	451	451	451	451
39	39	9	9	Financial derivatives	12	12	39	39
23,465	**23,459**	**29,180**	**29,194**	**Total**	**34,589**	**34,603**	**29,143**	**29,190**

1) The carrying amount for loans to customers at amortised cost approximates to fair value.
2) The fair value of debt securities and subordinated loans is calculated from a theoretical market value based on interest rate and spread curves.
3) Mortgages in Parent Bank are recognised at fair value.

NOTE 23. Financial derivatives

General description - currency and interest rate agreements
Interest rate swaps: agreement to swap interest rate conditions for an agreed amount over an agreed period.
Interest swap agreements and currency swap agreements: agreements to swap currency and interest rate conditions over a pre-agreed period for an agreed amount.
SpareBank 1 Helgeland enters into hedging transactions with reputable Norwegian and foreign banks in order to reduce the Bank's own risk. Derivative transactions are linked to ordinary banking operations and are carried out to reduce the risk associated with the Bank's debt securities in the financial markets and to identify and reduce risk relating to customer-oriented activity. Only debt securities relating to the Bank's borrowing activities are defined as '"fair value hedges". The Bank does not use cash flow hedging. The Bank's Board has established limits for maximum risk on the Bank's interest rate positions. Procedures have been established to ensure that the specified positions are held.

The agreements entered into by the Bank are interest rate-related financial derivatives. These are interest rate swaps linked to fixed-rate debt securities, loans and bank deposits with a share yield. The reason for using interest rate swap agreements is that a positive or negative change in the value of the underlying item will largely be offset by an opposing change in the value of the interest rate swap. The amounts are inclusive of accrued interest.

Financial derivatives

Parent bank						*Group*
31.12.21						**31.12.21**
Contract value	**Fair value assets**	**Fair value liabilities**	**At fair value via the income statement**	**Contract value**	**Fair value assets**	**Fair value liabilities**
1,749	0	9	Interest rate swaps – fixed interest rate loans	1,749	0	12
55	0	0	Interest rate swaps – bank deposits with share yield	55	0	0
1,804	**0**	**9**	**Total financial derivatives at fair value via the income statement**	**1,804**	**0**	**12**
2,000	39	0	Interest rate swaps – fixed-rate debt securities hedging	2,300	39	0
2,000	**39**	**0**	**Total financial derivatives, hedging**	**2,300**	**39**	**0**

Financial derivatives

Parent bank						*Group*
31.12.20						**31.12.20**
Contract value	**Fair value assets**	**Fair value liabilities**	**At fair value via the income statement**	**Contract Total**	**Fair value assets**	**Fair value liabilities**
1,334	0	39	Interest rate swaps – fixed interest rate loans	1,334	0	39
55	0	0	Interest rate swaps – bank deposits with share yield	55	0	0
1,389	**0**	**39**	**Total financial derivatives at fair value via the income statement**	**1,389**	**0**	**39**
1,600	54	0	Interest rate swaps – fixed-rate debt securities hedging	1,900	67	0
1,600	**54**	**0**	**Total financial derivatives, hedging**	**1,900**	**67**	**0**

NOTE 23.1 – Net presentation of financial assets and liabilities

Instruments of relevance to the management of interest rate risk will primarily be interest rate swaps (interest rate swap agreements). Transactions involving derivatives can be carried out with different counterparties. In order to differentiate the counterparty structure, selected major banks/brokerage houses which account for the majority of the turnover in interest-related products in the market are used. The Bank has the opportunity to offset balances. Amounts are not offset in the balance sheet because the transactions are not usually settled on a net basis.

					Group
					31.12.21
	Gross financial assets	**Financial assets recognised net**	**Net financial assets in the balance sheet**	**Financial Instruments**	**Net present**
Derivatives as assets	39	0	39	-12	27
Derivatives as liabilities	12	0	12	-12	0

					Group
					31.12.20
	Gross financial assets	**Financial assets recognised net**	**Net financial assets in the balance sheet**	**Financial instruments**	**Net present**
Derivatives as assets	67	0	67	-39	28
Derivatives as liabilities	39	0	39	-39	0

NOTE 24. Certificates, bonds and shares

Parent bank				*Group*
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
4,634	5,181	Certificates and bonds	5,200	4,655
8	10	Accrued interest on securities	10	8
207	595	Shares, unit trust certificates and equity certificates	595	207
4,849	**5,786**	**Total certificates, bonds 1-2)**	**5,805**	**4,870**

1) The figures represent the maximum credit exposure.

2) The Group's policy of prudence in the securities market will be continued, and changes in the value of financial investments are expected to reflect this. The fixed income portfolio amounts to 14.6% (14.4%) of bank assets.

NOTE 24.1 Certificates and bonds

The Bank's portfolio of certificates and bonds are valued at fair value. All changes in value are recognised via other comprehensive income.

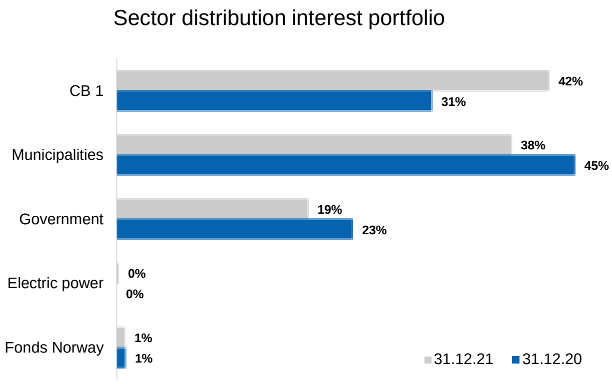
Insofar as there is an active market for the securities concerned, observable market prices are used to determine fair value.

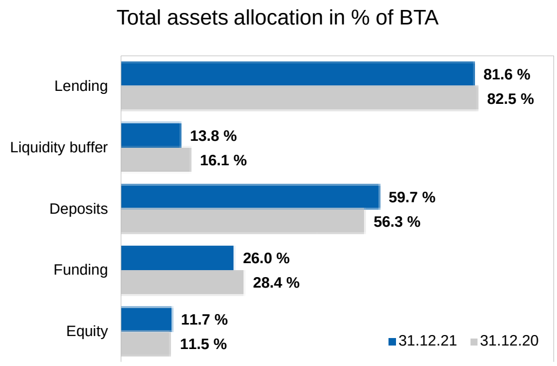
Parent bank				*Group*
31.12.21				**31.12.21**
Nominal value value	**Fair value**		**Nominal value value**	**Fair value**
1,570	1,573	Bonds issued by the public sector	1,570	1,573
200	200	Certificates	300	300
3,370	3,408	Other bearer bonds	3,290	3,328
0	10	Accrued interest on securities	0	10
5,140	**5,191**	**Total certificates and bonds**	**5,160**	**5,211**

Parent bank			*Group*	
31.12.20				**31.12.20**
Nominal value value	**Fair value**		**Nominal value value**	**Fair value**
0	0	Bonds issued by the public sector	0	0
750	750	Certificates	800	800
3,846	3,884	Other bearer bonds	3,816	3,854
0	8	Accrued interest on securities	0	8
4,596	**4,642**	**Total certificates and bonds**	**4,616**	**4,662**

SpareBank 1 Helgeland purchased bonds from Helgeland Boligkreditt AS with a nominal value of NOK 80 million (NOK 80 million). These have been used as collateral for swap agreements with Norges Bank.

The Bank has adopted a cautious strategy with regard to securities, with specified parameters including minimum requirements regarding ratings for both Norwegian and foreign securities. The framework and authorisations are revised annually and are approved by the Bank's Board. The Group's portfolio of certificates and bonds is classified as a current asset in its entirety. The purpose of the certificate and bond portfolio is to ensure that the Group has liquidity reserves at its disposal. The Bank's securities portfolio is deemed not to be a trading portfolio. Shown below is the securities portfolio, broken down according to rating class and sector, both of which lie within the Group’s internal targets.





NOTE 25. Shares, unit trust certificates and equity certificates at fair value

	Parent bank and Group			
	31.12.21		**31.12.20**	
	Acquisition cost	**Book value**	**Acquisition cost**	**Book value**
Shares – not listed	603	595	194	207
Total shares, unit trust certificates and equity	**603**	**595**	**194**	**207**

Unrealised changes in value in the portfolio are recognised via the income statement under net income from financial instruments.

NOTE 25.1 Additions/disposals of shares, unit trust certificates and equity certificates

Parent bank and Group

	31.12.21	31.12.20
Portfolio as of 01.01, SpareBank 1 Helgeland	207	379
Additions	566	0
Disposals	178	275
Adjustment to fair value	0	103
Portfolio as of 31.12	**595**	**207**

NOTE 26. Investments in subsidiaries

Parent bank

	Share capital	Number of shares	Equity stake	Registered office	31.12.21 Book value	31.12.20 Book value
Bankbygg Mo AS	0.1	99,481	99%	Mo i Rana	48	47
Helgeland Boligkreditt AS	540	540	100%	Mo i Rana	540	540
AS Sparebankbygg	0.1	100	100%	Sandnessjøen	1	1
Helgland Spb.eiend.selskap AS	0.1	100	100%	Mosjøen	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100%	Mosjøen	0	0
Strendene Utviklingsselskap AS	0.03	300	100%	Sandnessjøen	0	0
Storgata 73 AS	0.1	140	56%	Brønnøysund	1	1
Carrying amount as of 31.12					**591**	**590**

Non-controlling interests in ANS Bankbygg (0.5%) and Storgt. 73 (47%) are shown as a separate line in the financial statements.

NOTE 26.1 Specification of changes in subsidiaries

Parent bank

	31.12.21	31.12.20
Carrying amount as of 01.01	590	604
Additions/disposals	0	1
Write-down	0	-15
Carrying amount as of 31.12	**591**	**590**

NOTE 26.2 Shares in subsidiaries

Parent bank

	Equity stake	Current assets	Fixed assets	Current liabilities	Non-current liabilities	Equity	31.12.21 Book value
Bankbygg Mo AS	99%	5	46	5	0	46	47
Helgeland Boligkreditt AS	100%	7,713	0	1,260	5,849	604	540
AS Sparebankbygg	100%	7	12	0	17	1	1
Helgland Spb.eiend.selskap AS	100%	1	20	0	12	8	0.4
Strendene Utviklingsselskap AS	100%	1	25	2	34	-9	0
Storgata 73 AS	56%	3	9	5	1	5	1

	Equity stake	Income	Costs	Profit
Bankbygg Mo AS	99%	3	3	0
Helgeland Boligkreditt AS	100%	154	98	56
AS Sparebankbygg	100%	2	2	0
Helgland Spb.eiend.selskap AS	100%	3	3	0
Strendene Utviklingsselskap AS	100%	0	-5	-5
Storgata 73 AS	56%	1	0	1

Parent bank

31.12.20

	Equity stake	Current assets	Fixed assets	Current liabilities	Non-current liabilities	Equity	Book value
ANS Bankbygg Mo	99%	24	23	0	0	47	47
Helgeland Boligkreditt AS	100%	7,725	0	1,596	5,516	616	540
AS Sparebankbygg	100%	2	8	0	10	1	1
Helgland Spb.eiend.selskap AS	100%	5	16	0	13	8	0.4
Helgeland Utviklingsselskap AS	100%	0	0	0	0	0	0
Strendene Utviklingsselskap AS	100%	1	19	0	34	-14	0
Storgata 73 AS	56%	2	5	1	1	5	1

	Equity stake	Income	Costs	Profit
ANS Bankbygg Mo	99%	8	7	1
Helgeland Boligkreditt AS	100%	97	29	68
AS Sparebankbygg	100%	2	2	0
Helgland Spb.eiend.selskap AS	100%	3	2	1
Helgeland Utviklingsselskap AS	100%	0	5	-5
Strendene Utviklingsselskap AS	100%	1	26	-25
Storgata 73 AS	56%	1	0	1

NOTE 27. Associates and jointly controlled enterprises

Samarbeidende SpareBanker AS and Samarbeidene SpareBanker Utvikling DA

SpareBank 1 Helgeland's stake in SamSpar is strategic in nature. The investment is part of SpareBank 1 Helgeland's entry into the SpareBank 1 Alliance. At the year-end, SpareBank 1 Helgeland holds a 3% stake in Samarbeidene SpareBanker AS and Samarbeidende SpareBanker Utvikling DA.

The enterprises are defined as jointly controlled enterprises, and are thus recognised at cost price, with subsequent valuations in accordance with the equity method. Forecasts are used where no final accounting figures are available.

Parent bank and Group

31.12.21

Balance 100% stake		Assets	Liabilities	Income	Costs	Profit
Samarbeidende Sparebanker AS		2,312	23	421	0	421
Samarbeidende Sparebanker utvikling DA		31	0	235	235	0
Total						
Samarbeidende Sparebanker AS	3.0%	69	1	13	0	13
Samarbeidende Sparebanker utvikling DA	3.0%	1	0	7	7	0
Total		**70**	**1**	**20**	**7**	**0**

Parent bank and Group

Balance 100% stake		Assets	Liabilities	Income	Costs	Profit 31.12.20
Helgeland Invest AS as of 30.09.20		705	0	66	4	62
REDE Eiendomsmegling AS as of 30.09.20		71	55	3	3	0
Total		**776**	**55**	**69**	**7**	**62**
Helgeland Invest AS	48.3%	341	0	25	23	30
REDE AS (inc. added value)	40.0%	28	22	1	1	0
Total		**369**	**22**	**26**	**24**	**30**

NOTE 27.1 Specification of changes in associates and jointly controlled enterprises

	Parent bank and Group	
Change in carrying amount, Samarbeidende Sparebanker AS (jointly controlled enterprise)	31.12.21	31.12.20
Carrying amount as of 01.01	0	379
Additions	146	0
Disposals	0	-359
Dividends	-11	-39
Share of earnings	13	30
Other changes	-2	-11
Change in equity	-3	0
Carrying amount as of 31.12	**143**	**0**

	Parent bank and Group	
Change in the Bank's stake in Samarbeidende Sparebanker Utvikling DA (jointly controlled enterprise)	31.12.21	31.12.20
Carrying amount as of 01.01	0	0
Additions	1	0
Dividends	0	0
Share of earnings	0	0
Change in equity	0	0
Carrying amount as of 31.12	**1**	**0**

	Parent bank and Group	
Change in the Bank's stake in Helgeland Invest AS	31.12.21	31.12.20
Carrying amount as of 01.01	0	364
Dividends	0	-39
Share of earnings	0	30
Share sale	0	-355
Carrying amount as of 31.12	**0**	**0**

	Parent bank and Group	
Change in the Bank's stake in REDE	31.12.21	31.12.20
Carrying amount as of 01.01	0	15
Value adjustment	0	-12
Share of earnings	0	0
Share sale	0	-3
Carrying amount as of 31.12	**0**	**0**
Total carrying amount, associates	**0**	**0**

NOTE 27.2 Strategic investments, not treated as associates

The Bank has strategic investments in SpareBank 1 Betaling (2.8% stake), the leasing company SpareBank 1 Finans Nord-Norge (15% stake) and Eiendomsmegler 1 Nord-Norge (15% stake), SpareBank 1 Regnskapshuset Nord-Norge (15% stake) and SpareBank 1 Boligkreditt (2.05% stake). These companies have not been consolidated in the Bank's financial statements or treated as an associate, and are recognised at cost with subsequent valuation at fair value. In addition, the Group has an indirect stake in SpareBank 1 Group of 0.59% through its holding in Samarbeidene SpareBanker AS.

NOTE 28. Related parties

SpareBank 1 Helgeland defines its subsidiaries and associated companies as related parties. Transactions between the Parent bank, Group companies and associated companies are executed in accordance with ordinary commercial terms and principles. The information is disclosed in accordance with IAS 24 for "Disclosure of related parties". Transactions with senior executives and elected representatives are presented in a note to the annual accounts (associated companies; see Note 27.2).

NOTE 28.1 – Intra-Group eliminations/transactions

	Group and Parent bank	
	31.12.21	**31.12.20**
Income statement		
Interest from interest and credit commission income from subsidiaries	15	16
Dividends received/group contributions	68	50
Interest on subsidiaries' deposits	1	2
Rent expenses	8	10
Management fees	8	8
Balance Sheet		
Loans to subsidiaries	1,095	969
Covered bonds	80	80
Deposits from subsidiaries	590	417
Receivables concerning dividends	56	68

<u>Helgeland Boligkreditt AS (stake 100%)</u>

Transferred loans as of 31 December 2021 amount to a total of NOK 7,037 million (NOK 7,232 million). Covered bonds in the mortgage company amount to
NOK 6,304 million (NOK 6,180 million), of which NOK 80 million (NOK 80 million) has been acquired by SpareBank 1 Helgeland. Of the credit line of NOK 1.5 billion, NOK 1.030 million had been used as of 31 December 2021. The company also has an overdraft facility of NOK 1,500 million (with a maturity of more than one year) granted by SpareBank 1 Helgeland. The overdraft facility is intended to cover payment obligations in the collateral base over a rolling 12-month period, and is completely unused. The agreements have been established according to the arm's length principle. The effects of the facilities are eliminated in the consolidated accounts.

The effects of the facilities are eliminated in the consolidated accounts. HSB received dividends of NOK 68.1 million in 2021.

<u>Bankbygg Mo AS (stake 99%)</u>

The Bank has leased premises from Bankbygg MO As and paid NOK 2.3 million in 2021. The Bank also paid NOK 0.7 million in shared expenses.

The Bank received a dividend of NOK 1.0 million.

NOTE 28.2 Loans to elected representatives and employees

Parent bank			*Group*	
31.12.20	**31.12.21**	**(amounts in NOK million)**	**31.12.21**	**31.12.20**
243	274	Employees	339	316
32	31	Board of Directors	37	32
26	24	Supervisory Board	32	31
301	**329**	**Total loans to elected representatives and employees**	**408**	**378**

The interest rate applied to loans to employees was lower than the rate applicable to customers for 2021. This loan benefit amounts to NOK 3.8 million (NOK 3.6 million) calculated on the basis of the maximum loan amount.

NOTE 28.3 Senior executives

Parent bank **31.12.21** — *Group* **31.12.21**

Loans	Remun-eration	Pension expense	(amounts in NOK thousand)	Pension expense	Remun-eration	Loans
			Management group:			
	2,650	223	Hanne Nordgaard, CEO	223	2,650	1,900
	1,654	210	Bjørn-Tore Brønlund, Corporate Market Director	210	1,650	
5,000	1,599	209	Dag-Hugo Heimstad, Retail Market Director	209	1,599	5,000
1,703	1,689	209	Sverre Klausen, Chief Financial Officer	209	1,689	2,288
250	1,339	232	Anne Ekroll, Risk Management Director	232	1,339	4,255
5,500	1,314	215	Øyvind Karlsen, Business Management Director	215	1,314	7,288

The CEO and members of the management group are defined as senior executives.

Amongst other things, the remuneration includes a company car and compensation when transferring from the defined benefit pension scheme to the defined-contribution pension scheme.

Parent bank **31.12.21** — *Group* **31.12.20**

Loans	Remun-eration	Pension expense	(amounts in NOK thousand)	Pension expense	Remun-eration	Loans
			Management group:			
1,956	2,540	215	Hanne Nordgaard, CEO	215	2,540	3,856
	1,628	198	Bjørn-Tore Brønlund, Corporate Market Director	198	1,628	
5,700	1,606	197	Dag-Hugo Heimstad, Retail Market Director	197	1,606	5,700
	653	77	Ranveig Kråkstad, Chief Accounting Officer to 29.02.20 inc.	77	653	
1,875	1,520	198	Sverre Klausen, Chief Financial Officer	198	1,520	2,518
	1,288	223	Anne Ekroll, Risk Management Director	223	1,288	2,368
4,000	1,219	160	Øyvind Karlsen, Business Management Director	160	1,219	5,895

NOTE 28.4 Statement concerning determination of salary and other remuneration

The statement was adopted by the Board of SpareBank 1 Helgeland on 25 November 2021

The CEO's salary is determined by the Bank's Board, while the salaries of the management team are determined by the CEO. Reference is made to note 28.3 of the annual accounts regarding salary and remuneration to senior executives. Remuneration takes place in the form of fixed salary, benefits in kind and the pension scheme. The CEO has a contractually agreed severance pay of 12 months.

Guidelines for remuneration during the 2021 financial year

<u>Salary</u>

Managerial salaries in SpareBank 1 Helgeland must be competitive, make the Bank attractive as an employer and promote value creation for the Bank. Managerial salaries are determined in relation to the fulfilment of the Bank's managerial requirements and core values, and on the basis of salary levels in the region and the sector as a whole.

The Bank has defined senior executives as follows:

Chief Executive Officer

Rest of the management group

<u>Benefits in kind</u>

The nature and value of benefits in kind must be on a par with what is normal for managers in our sector. The senior executives have an agreement concerning a mobile telephone, newspaper, internet subscription and home PC. The CEO, Retail Market Director and Corporate Market Director have a company car available to them.

<u>Pension schemes</u>

The Bank has a defined contribution scheme, which also covers senior executives.

The CEO follows the Bank's current pension schemes at all times.

<u>Bonuses, option agreements and severance payments</u>

As of 31 December 2021, the Bank has no pre-established option, bonus or severance payment schemes other than the pension schemes and the abovementioned agreement with the CEO.

Report on senior executive pay policy for the 2021 financial year

The Bank's management salary policy for 2021 was implemented in accordance with the general principles set out above under guidelines for remuneration.

The remuneration guidelines and the remuneration report are published on the Group's website.

NOTE 28.5 Remuneration paid to the Board

Parent bank				*Group*
31.12.21				**31.12.20**
Loans	**Remun-eration**	**(amounts in NOK thousand)**	**Remun-eration**	**Loans**
		Board:		
6,000	78	Chair of the Board Stein Andre Herigstad-Olsen (to 25.03.2021)	78	6,000
3,000	264	Chair of the Board Bjorn Andreas Krane (from 25.03.2021)	264	3,000
	199	Vice Chair of the Board Rolf Eigil Bygdnes (from 25.03.2021)	199	
2,600	90	Jonny Berfjord (from 25.03.2021)	90	8,347
5,500	186	Siw Moxness	186	5,500
	90	Tone Helen Hauge (to 02.12.2021)	90	
5,474	120	Marianne Terese Steinmo	120	5,474
1,480	45	Linda Brennbakk - First deputy	45	1,480
7,181	35	Knut Gullesen - Second deputy	35	7,181
2,683	123	Birgitte Lorentzen – Employee representative	123	2,683
2,137	120	Geir Pedersen - Employee representative	120	3,832
2,178	10	Bente Johansen - Personal deputy member for Birgitte Lorentzen	10	2,178
1,148	10	Håvard Digermul - Personal deputy member for Geir Pedersen	10	1,361

Parent bank				*Group*
31.12.20				**31.12.20**
Loans	**Remun-eration**	**(amounts in NOK thousand)**	**Remun-eration**	**Loans**
		Board:		
13,250	292	Chair of the Board Stein Andre Herigstad-Olsen	292	13,250
3,272	47	Vice Chair of the Board Bjørn Audun Risøy (to 26 March 2020 inc.)	47	3,272
3,000	113	Vice Chair of the Board Bjørn Andreas Krane (from 26 March 2020)	113	3,000
5,500	182	Siw Moxness	182	5,500
	118	Tone Helen Hauge	118	
	28	Nils Terje Furunes (to 26 March 2020)	28	
	129	Rolf Eigil Bygdnes (from 26 March 2020)	129	
4,490	118	Marianne Terese Steinmo	118	4,490
	49	Linda Brennbakk - First deputy	49	
		Kurt Jessen Johansson - Second deputy (to 26 March 2020 inc.)		
2,000	10	Knut Gullesen - Second deputy (from 26 March 2020)	10	2,000
2,768	120	Birgitte Lorentzen – Employee representative	120	2,768
2,200	118	Geir Pedersen - Employee representative	118	3,895
	10	Bente Johansen - Personal deputy member for Birgitte Lorentzen	10	800
1,187	15	Håvard Digermul - Personal deputy member for Geir Pedersen	15	1,422

NOTE 28.6 Supervisory Board

Parent bank 31.12.21				Group 31.12.21
Loans	Remun-eration	(amounts in NOK thousand)	Remun-eration	Loans
		Chair of the Supervisory Board		
	43	Per Gunnar Hjorthen	43	
		Depositor-elected		
4,052	21	Marianne Myrnes Steinrud to 25.03.2021	21	4,052
	9	Ingvar Johan Møllersen	9	
2,000	9	Kjell Idar Juvik	9	3,237
4,627	18	Marit Thrana	18	4,627
	9	Helge Stanghelle	9	
4,749	9	Eirik Bjørkmo	9	4,749
2,250	9	Reidun Breirem	9	2,250
2,609	9	Tone Helen Jakobsen	9	6,309
	9	Torill Beate Risøy	9	
		Equity certificate holders		
		Brynjar Forbergskog		
	50	Øyvin Trønsdal	50	534
2,771	9	Toril Mevold	9	2,771
700	9	Inger Lise Strøm	9	3,730
	24	Anne Påsche Jakobsen	24	
	9	Lars Martin Lunde	9	
	9	Åsmund Skår	9	
	9	Frank Høyen	9	
		Maria Olaisen		
		Employees		
3,450	24	Nils Knutli	24	3,813
2,500	9	Einar Eliassen	9	2,500
	9	Karianne Kristensen	9	1,850
2,674	9	Sten Ove Lisø	9	2,739
1,355	9	Steinar Johansen	9	1,552
2,913	9	Bertil Einvik	9	2,913

Parent bank 31.12.20			Group 31.12.20	
Loans	Remun-eration	(amounts in NOK thousand)	Remun-eration	Loans
		Chair of the Supervisory Board		
0	43	Per Gunnar Hjorthen	43	0
		Depositor-elected		
4,052	21	Marianne Myrnes Steinrud	21	4,052
0	8	Ingvar Johan Møllersen	8	104
1,500	8	Kjell Idar Juvik	8	1,500
4,795	21	Marit Thrana	21	4,795
0	8	Helge Stanghelle	8	0
1,401	3	Sten Oddvar Solhaug to 26 March 2020	3	1,401
4,691	6	Eirik Bjørkmo from 26 March 2020	6	4,691
2,100	8	Reidun Breirem	8	2,100
3,090	8	Tone Helen Jakobsen	8	5,681
0	8	Torill Beate Risøy	8	0
		Equity certificate holders		
0	0	Brynjar Forbergskog	0	0
0	42	Øyvin Trønsdal	42	978
0	8	Toril Mevold	8	1,300
3,982	8	Inger Lise Strøm	8	3,982
0	18	Anne Påsche Jakobsen	18	0
0	8	Lars Martin Lunde	8	0
0	0	Per Gunnar Hjorthen	0	0
0	8	Åsmund Skår	8	0
0	8	Frank Høyen	8	0
28	0	Maria Olaisen	0	28
		Employees		
3,000	23	Nils Knutli	23	3,428
2,500	8	Einar Eliassen	8	2,500
1,850	8	Karianne Kristensen	8	1,850
2,994	8	Sten Ove Lisø	8	2,994
1,608	8	Steinar Johansen	8	1,608
1,260	3	Tore Stamnes to 26 March 2020 inc.	3	1,940
3,105	6	Bertil Einvik from 26 March 2020 inc.	6	3,105

NOTE 29. Deferred tax asset

Parent bank				*Group*
31.12.20	**31.12.21**	**Temporary differences:**	**31.12.21**	**31.12.20**
		Positive temporary differences		
4	21	Other temporary differences	21	4
4	**21**	**Total positive temporary differences**	**21**	**4**
1	5	Deferred tax	5	1
		Negative temporary differences		
4	0	Impairment losses on interest-bearing securities	0	4
3	6	Fixed assets	6	3
23	23	Pension liabilities	23	23
76	31	Other differences	31	76
106	**60**	**Total negative temporary differences**	**60**	**106**
0	0	Loss carried forward	4	0
106	**60**	**Total negative temporary differences**	**64**	**106**
27	15	Deferred tax asset	19	27
26	10	Net deferred tax asset	14	26

Dividends from the Parent bank to equity certificate holders have no influence on the Group's payable tax or deferred tax.

Deferred tax/tax asset is calculated on the basis of the temporary differences which exist at the end of the financial year between accounting and fiscal values using the debt method. Deferred tax is shown in the accounts on a net basis when the Group has a legal right to offset deferred tax asset against deferred tax in the balance sheet.

NOTE 30. Fixed assets

Parent bank 31.12.21						*Group* 31.12.21
Total	**Machinery, equipment , fixtures and vehicles**	**Buildings and other real property**		**Buildings and other real property**	**Machinery, equipment, fixtures and vehicles**	**Total**
270	212	58	Acquisition cost as of 01.01	240	211	451
26	26	0	Additions	34	28	61
19	19	0	Disposals	0	19	19
277	**219**	**58**	**Acquisition cost as of 31.12**	**274**	**219**	**493**
223	170	53	Accumulated depreciation and write-downs as of 01.01	150	182	333
17	16	0	Depreciation for the year	6	17	23
9	9	0	Disposals, accumulated depreciation and write-downs	8	9	16
231	**178**	**53**	**Accumulated depreciation and write-downs as of 31.12**	**149**	**191**	**340**
46	**41**	**5**	**Book value as of 31.12**	**125**	**28**	**153**
	10-33%	3-4%	Percentage rates for ordinary depreciation	3-4%	10-33%	
	3-10 years	30 years	Useful life *)	30 years	3-10 years	

*) The useful life of each fixed asset is assumed.

Parent bank 31.12.20						*Group* 31.12.20
Total	**Machinery, equipment, fixtures and vehicles**	**Buildings and other real property**		**Buildings and other real property**	**Machinery, equipment, fixtures and vehicles**	**Total**
280	222	58	Acquisition cost as of 01.01	240	222	462
21	21	0	Additions	0	21	21
31	31	0	Disposals	0	31	31
270	**212**	**58**	**Acquisition cost as of 31.12**	**240**	**211**	**451**
205	152	53	Accumulated depreciation and write-downs as of 01.01	124	165	289
17	17	0	Depreciation for the year	6	17	24
0	0	0	Disposals, accumulated depreciation and write-downs	20	0	20
223	**170**	**53**	**Accumulated depreciation and write-downs as of 31.12**	**150**	**182**	**333**
47	**42**	**5**	**Book value as of 31.12**	**90**	**29**	**118**
	10-33%	3-4%	Percentage rates for ordinary depreciation	3-4%	10-33%	
	3-10 years	30 years	Useful life *)	30 years	3-10 years	

*) The useful life of each fixed asset is assumed.

NOTE 31. Intangible assets

Parent bank 31.12.21						*Group* 31.12.21
Total	**Intangible assets**	**Goodwill**		**Goodwill**	**Intangible assets**	**Total**
2	0	2	Acquisition cost as of 01.01	2	0	2
106	62	44	Additions	44	62	106
0	0	0	Disposals	0	0	0
108	**62**	**46**	**Acquisition cost as of 31.12**	**46**	**62**	**108**
2	0	2	Accumulated depreciation and write-downs as of 01.01	2	0	2
2	2	0	Depreciation for the year	0	2	2
0	0	0	Disposals, accumulated depreciation and write-downs	0	0	0
4	**2**	**2**	**Accumulated depreciation and write-downs as of 31.12**	**2**	**2**	**4**
104	**60**	**44**	**Book value as of 31.12**	**44**	**60**	**104**

Intangible assets and goodwill largely relate to the acquisition of SNN Helgeland. Intangible assets are depreciated over a period of 5-7 years. Goodwill is evaluated annually and written down if the relevant conditions are met.

NOTE 32. Other assets

Parent bank			Group	
31.12.20	31.12.21		31.12.21	31.12.20
3	3	Sundry suspense accounts	3	3
45	32	Receivables from property/Usufruct leases	18	15
8	26	Prepaid costs	28	10
26	10	Deferred tax asset	14	26
5	1	Repossessed property	1	5
87	**72**	**Total other assets**	**64**	**59**

NOTE 33. Foreign currency

Group and Parent bank

The Group has no significant holdings of foreign currency available via ATMs. The Group has no transactions in foreign currency of any significance, but has pledged guarantees for foreign currency loans managed by the currency bank on behalf of SpareBank 1 Helgeland. See Note 2.3.1 Foreign exchange risk.

NOTE 34. Liabilities to credit institutions

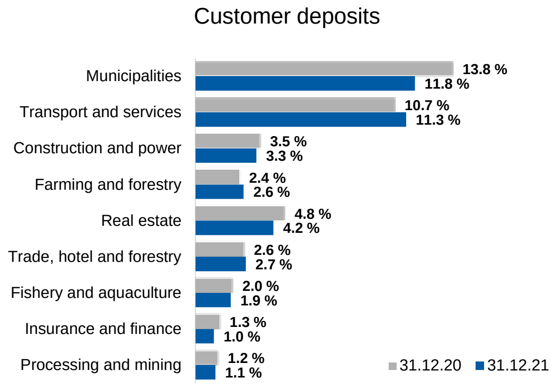
Parent bank			Group	
31.12.20	31.12.21		31.12.21	31.12.20
0	2	Liabilities to credit institutions without agreed maturity	2	1
550	300	Other long-term loans	301	550
550	**302**	**Total liabilities to credit institutions**	**303**	**551**

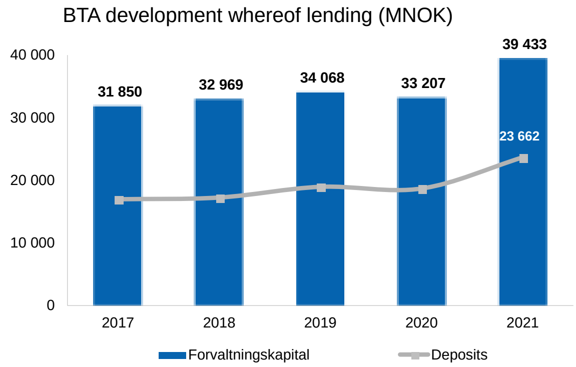
NOTE 35. Deposits from customers

NOTE 35.1 Deposits from customers by sector/industry

Parent bank					Group			
%	31.12.20	%	31.12.21	Deposits by sector/industry	31.12.21	%	31.12.20	%
3.3%	629	3.4%	814	Insurance and finance	234	1.0%	246	1.3%
13.5%	2,579	11.5%	2,772	Municipalities and municipal enterprises	2,772	11.8%	2,579	13.8%
2.0%	373	1.8%	446	Agriculture and forestry	446	1.9%	373	2.0%
2.3%	441	2.5%	609	Fisheries and aquaculture	609	2.6%	441	2.4%
1.2%	228	1.0%	253	Mining and industry	253	1.1%	228	1.2%
3.4%	651	3.2%	770	Construction, engineering and power	770	3.3%	651	3.5%
2.6%	489	2.6%	636	Trade, hotel, restaurants	636	2.7%	489	2.6%
10.5%	1,999	11.0%	2,661	Transport and services	2,661	11.3%	1,999	10.7%
4.9%	931	4.1%	996	Property, property development	984	4.2%	896	4.8%
43.6%	8,320	41.2%	9,957	Total corporate market	9,365	39.8%	7,902	42.3%
56.4%	10,781	58.8%	14,187	Retail market	14,187	60.2%	10,782	57.7%
100%	**19,101**	**100%**	**24,144**	**Total**	**23,552**	**100%**	**18,684**	**100%**

The Act relating to security arrangements for banks and public administration, etc. by financial institutions requires all savings banks to be a member of the Norwegian Banks' Guarantee Fund. The fund is obliged to cover losses suffered by a depositor on deposits in a member institution of up to NOK 2 million of the collective deposit, just below 60% of total deposit volume.





Deposits from customers as of 31 December 2021

Deposits from customers amount to NOK 23.5 billion (NOK 18.7 billion), of which NOK 9.4 billion (NOK 7.9 billion) has been loaned to corporate customers. The graph above shows the sector distribution, with growth in the transport and service sectors. The share of retail market deposits amounts to 60.2% (57.7%). Of the deposits, 89.8% (89.8%) consist of deposits from customers in Helgeland.

NOTE 35.2 Geographical distribution of deposits from customers

Parent bank				*Group*
31.12.21	**% share**		**31.12.21**	**% share**
21,732	90.0%	Helgeland	21,152	89.8%
2,212	9.2%	Rest of Norway	2,201	9.4%
200	0.8%	International	199	0.8%
24,144	**100%**	**Total**	**23,552**	**100%**

Parent bank				*Group*
31.12.20	**% share**		**31.12.20**	**% share**
17,185	90.0%	Helgeland	16,787	89.8%
1,765	9.2%	Rest of Norway	1,755	9.4%
151	0.8%	International	142	0.8%
19,101	**100%**	**Total**	**18,684**	**100%**

NOTE 35.3 Deposits from customers by deposit form

Parent bank				*Group*
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
7,.926	10,797	Ordinary conditions without notice of termination or agreed maturity	10,784	7,892
9,698	11,591	Special conditions for customer deposits without agreed maturities	11,011	9,315
1,399	1,677	Special conditions for customer deposits with agreed maturity	1,678	1,399
78	79	Liquid deposits from customers with agreed maturity	79	78
19,101	**24,144**	**Total deposits from and liabilities to customers**	**23,552**	**18,684**

NOTE 36. Liabilities established through the issuing of securities

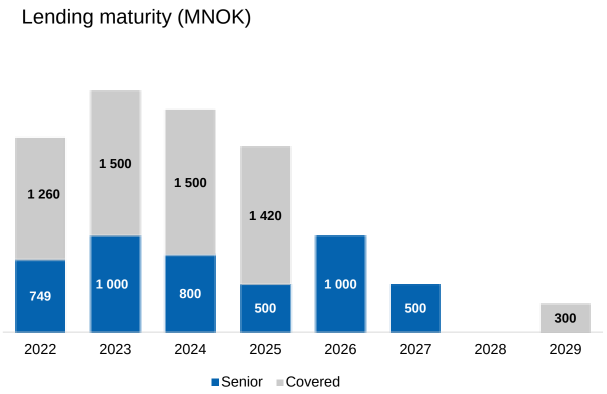
Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
4,053	4,539	Bond loans	10,763	10,694
-735	-251	Own bonds	-491	-1,276
3,318	**4,288**	**Total liabilities established through the issuing of securities**	**10,271**	**9,418**

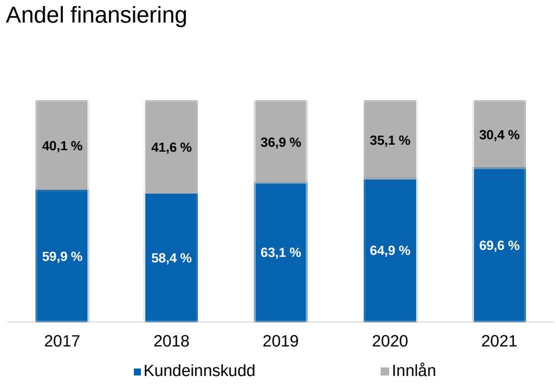
All securities debt is in NOK.

NOTE 36.1 Specification of bond loans

				Group
				31.12.21
	Maturity	**Securities debt**	**Own portfolio**	**Net nominal**
Bond loans, fixed-rate	2022	500	0	500
Bond loans, FRN	2022	2,000	490	1,510
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	2,000	0	2,000
Bond loans, fixed-rate	2024	500	0	500
Bond loans, FRN	2024	1,500	0	1,500
Bond loans, FRN	2025	2,000	0	2,000
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans, FRN	2027	500	0	500
Bond loans, fixed-rate	2029	300	0	300
Total bond loans		**10,800**	**490**	**10,310**

				Group
				31.12.20
	Maturity	**Securities debt**	**Own portfolio**	**Net nominal**
Bond loans, fixed-rate	2021	500	434	66
Bond loans, FRN	2021	1,505	642	863
Bond loans, fixed-rate	2022	500	0	500
Bond loans, FRN	2022	3,200	200	3,000
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	2,000	0	2,000
Bond loans, fixed-rate	2024	500	0	500
Bond loans, FRN	2024	500	0	500
Bond loans, FRN	2025	1,200	0	1,200
Bond loans, fixed-rate	2029	300	0	300
Total bond loans		**10,705**	**1,276**	**9,429**





Financing

Liquidity risk is reduced by spreading securities debt across different markets, funding sources, instruments and maturities. The Group's share of long-term funding as of 31 December 2021 was 80.9% (87.6%).

Covered bonds are included in the Group's debt securities in the amount of NOK 6.0 billion (NOK 6.2 billion). The loan-to-value ratio of the collateral base is 54% (54%). Deposits are an important source of funding and the Group has a good deposit-to-loan ratio.

Specification of bond loans

Parent bank

				31.12.21
	Maturity	Securities debt	Own portfolio	Net nominal
Bond loans, fixed-rate	2022	500	0	500
Bond loans, FRN	2022	500	250	250
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	500	0	500
Bond loans, fixed-rate	2024	500	0	500
Bond loans, FRN	2025	500	0	500
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans from	2027	500	0	500
Total bond loans		**4,500**	**250**	**4,250**

Parent bank

				31.12.20
	Maturity	Securities debt	Own portfolio	Net nominal
Bond loans, fixed-rate	2021	500	434	66
Bond loans, FRN	2021	500	301	99
Bond loans, fixed-rate	2022	500	0	500
Bond loans, FRN	2022	500	0	500
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	500	0	500
Bond loans, fixed-rate	2024	500	0	500
Bond loans from	2025	500	0	500
Total bond loans		**4,000**	**735**	**3,265**

Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
3,265	4,249	Bond loans	10,229	9,349
33	16	Value adjustment	14	45
20	23	Accrued interest	28	24
3,318	4,288	**Total securities debt**	**10,271**	**9,418**

Group

Change in total debt securities	**31.12.20**	**Issued**	**Matured/redeemed**	**Other changes**	**31.12.21**
Bond loans, nominal value	9,349	5,090	-4,203	-7	10,229
Value adjustment	45			-31	14
Accrued interest	24			4	28
Total	**9,418**			**-34**	**10,271**

Group

Change in total debt securities	31.12.21	Issued	Matured/redeemed	Other changes	31.12.20
Bond loans, nominal value	10,325	699	-1,676	1	9,349
Value adjustment	-32			77	45
Accrued interest	41			-17	24
Total	**10,334**	**699**	**1,676**	**61**	**9,417**

Group

Change in debt securities at amortised cost	31.12.20	Issued	Matured/redeemed	Other changes	31.12.21
Bonds, amortised cost, nominal value	7,493	4,156	-3,703	-1	7,945
Accrued interest	7			3	10
Total	**7,500**	**4,156**	**-3,703**	**2**	**7,955**

Change in debt securities at amortised cost	31.12.19	Issued	Matured/redeemed	Other changes	31.12.20
Bonds, amortised cost, nominal value	7,927	673	-1,146	39	7,493
Accrued interest	21			-14	7
Total	**7,948**	**673**	**-1,146**	**25**	**7,500**

Group

Change in debt securities hedging	31.12.20	Issued	Matured/redeemed	Other changes	31.12.21
Bond loans, nominal value	1,856	934	-500	-6	2,284
Value adjustment	45			-31	14
Accrued interest	17			1	18
Total	**1,918**	**934**	**-500**	**-36**	**2,316**

Group/parent bank

Change in debt securities hedging	31.12.19	Issued	Matured/redeemed	Other changes	31.12.20
Bond loans, hedging nominal value	2,398	26	-530	-38	1,856
Value adjustment	-32			77	45
Accrued interest	20			-3	17
Total	**2,386**	**26**	**-530**	**36**	**1,918**

Parent bank

Change in debt securities, amortised	31.12.20	Issued	Matured/redeemed	Other changes	31.12.21
Bonds, amortised cost, nominal value	1,712	1,422	-865	-1	2,268
Accrued interest	3			0	3
Total	**1,715**	**1,422**	**-865**	**-1**	**2,271**

Parent bank

Change in debt securities, amortised	31.12.19	Issued	Matured/redeemed	Other changes	31.12.20
Bonds, amortised cost, nominal value	1,568	653	-549	40	1,712
Accrued interest	8			-5	3
Total	**1,577**	**653**	**-549**	**35**	**1,715**

Parent bank

Change in debt liabilities, hedging	31.12.20	Issued	Matured/redeemed	Other changes	31.12.21
Bonds, amortised cost, nominal value	1,553	934	-500	-6	1,981
Value adjustments	33			-17	16
Accrued interest	17			3	20
Total	**1,603**	**934**	**-500**	**-20**	**2,017**

Parent bank

Change in debt	31.12.19	Issued	Matured/redeemed	Other changes	31.12.20
Bonds, amortised cost, nominal value	2,097	26	-530	-40	1,553
Value adjustments	-24			57	33
Accrued interest	20			-3	17
Total	**2,092**	**26**	**-530**	**14**	**1,603**

Parent bank

Change in subordinate loans	31.12.20	Issued	Matured/redeemed	Other changes	31.12.21
Bonds, amortised cost, nominal value	451				451
Value adjustment	-1				-1
Accrued interest	1				1
Total	**451**				**451**

NOTE 37. Other obligations

Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
27	41	Other current liabilities	41	27
45	31	Tax payable	41	63
72	**72**	**Total other liabilities**	**82**	**90**
17	19	Accrued holiday pay and employer's National Insurance contributions	19	17
137	84	Other accrued costs	83	110
154	**103**	**Total accrued costs and prepaid income**	**102**	**127**
24	23	Net pension liabilities (Note 12)	23	24
4	11	Provision for loss on unused credit, granted not discounted loans and guarantees	11	4
28	**34**	**Total accrued liabilities**	**34**	**28**

254	**209**	**Total other liabilities**	**218**	**245**

NOTE 38. Unused drawing facilities

Group and Parent bank

	31.12.21	31.12.20
Short-term drawing facility, 1 year	300	300
Total unused drawing rights facilities	**300**	**300**

The Group's total liquidity reserves are deemed to be satisfactory.

In addition, the Group has:	31.12.21	31.12.20
Surplus liquidity at Norges Bank as of 31 December	52	51

Bonds at floating interest rates; interest rates are fixed in advance for three months at a time and charged to interest costs. The Bank's bonds are repaid at maturity; the loans may be repaid earlier if the agreements concerned permit and the Bank so wishes. None of the Group's senior bonds are secured. The Group did not default on borrowed funds during the financial year. This applies to the principal, payment of interest and/or redemption amounts.

Pledged assets

An overview of the Group's pledged assets is presented in Note 43.

Binding agreements to acquire real property, plant and equipment

The Group has not entered into any significant binding agreements to acquire property, plant or equipment.

Ongoing legal disputes

The Group is not involved in any legal disputes that are considered to be of any significance as regards the Group's solvency or profitability.

NOTE 39. Subordinated loan capital and subordinated bonds

Parent bank/Group

Instrument	Year of	Nominal value	Interest rate	Redemption right	Maturity	31.12.21	31.12.20
Subordinated	2018	NOK 300	3-mth. NIBOR +140bp	call 11.04.2023	11.04.2028	300	300
Subordinated	2018	NOK 150	3-mth. NIBOR +152 bp	call 06.09.2023	06.09.2028	150	150
Subordinated	2016	NOK 300	3-mth. NIBOR +440bp	call 01.12.2021	01.12.2099	0	300
Subordinated	2021	NOK 300	3 mth. NIBOR +250 bp	call 14.09.2031	01.12.2099	300	0
Subordinated	2021	NOK 100	3 mth. NIBOR +260 bp	call 14.09.2031	01.12.2099	100	0
						850	750

NOTE 40. Capital adequacy

Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
3,731	**4,550**	**Total carrying amount, equity**	**4,622**	**3,819**
-299	-398	Other approved tier 1 capital (subordinated bonds)	-398	-299
-24	-36	Deduction, investment in SpareBank 1 Betaling	-36	-24
0	0	Deduction, other holdings in financial institutions	0	0
-6	-8	Deduction, responsible valuation	-8	-7
0	0	Deduction, share of earnings not included in core tier 1 capital	0	0
-26	-105	Deduction, intangible assets	-105	-28
-73	-111	Deduction, allocated dividends classified as equity	-111	-73
		Effect of proportionate consolidation of core tier 1 capital	-110	11
3,304	**3,891**	**Total core tier 1 capital**	**3,853**	**3,400**
0	0	Deduction, holdings in financial institutions	0	0
299	398	Other approved tier 1 capital (subordinated bonds)	398	299
		Effect of proportionate consolidation of tier 1 capital	31	14
3,603	**4,289**	**Total tier 1 capital**	**4,283**	**3,714**
451	451	Subordinated loan capital	451	451
0	0	Deduction, holdings in financial institutions	0	0
		Effect of proportionate consolidation of tier 2 capital	44	20
451	**451**	**Total supplementary capital**	**495**	**471**
4,054	**4,740**	**Total net subordinated capital**	**4,778**	**4,184**
16,023	18,601	Risk-weighted balance	21,451	18,110
20.62 %	20.92%	Core tier 1 capital ratio in %	17.96%	18.78%
22.49%	23.06%	Tier 1 capital ratio as a %	19.96%	20.51%
25.30%	25.48%	Tier 2 capital ratio as a %	22.27%	23.11%
11.00%	11.00%	Minimum requirement concerning tier 1 capital incl. buffer requirement and Pillar II supplement as a	13.20%	13.20%
12.50%	12.50%	Minimum requirement concerning tier 1 capital ratio incl. buffer requirement and Pillar II supplement	14.70%	14.70%
14.50%	14.50%	Minimum requirement incl. buffer requirement and Pillar II supplement as a %	16.70%	19.67%
2,323	2,697	Minimum requirement concerning subordinated capital incl. buffer requirement and Pillar II	3,582	3,024
1,730	2,043	Available subordinated capital in accordance with buffer requirements and Pillar II supplement	1,196	1,160

With effect from 31 December 2021, the statutory minimum requirement for the core tier 1 capital ratio is 11.0%. The Bank has a Pillar 2 supplement of 2.2%. The target figure for the core tier 1 capital ratio and tier 2 capital ratio is 1% above the regulatory requirements, which currently amount to 17.0% and 20.5% respectively. In its target figure, the Bank has taken into account impending increases in the system risk buffer and countercyclical buffer requirement of up to 2.5%.

SpareBank 1 Helgeland has adopted the standard method for calculating credit risk and the basic method for calculating operational risk. As of 31 December 2021, SpareBank 1 Boligkreditt and SpareBank 1 Finans Nord-Norge are included in the proportionate consolidation. As of 31 December 2020, Brage Finans was included in the proportionate consolidation.

The Bank’s Board has adopted a capital plan for 2020 – 2025, where fulfilment of the capital requirements of CRD IV is pivotal. The Board has established new capital targets, where the aim is a core tier 1 capital ratio (Group) of at least 17.0% and a tier 2 capital ratio of over 20.5%.

Parent bank				*Group*
31.12.20	**31.12.21**	**Calculation basis**	**31.12.21**	**31.12.20**
2	2	States and central banks	2	2
307	247	Local and regional authorities	247	307
524	462	Institutions	208	197
1,899	1,509	Enterprises	1,509	1,899
908	2,787	Mass market commitments	2,912	908
8,467	9,186	Commitments secured through real property	11,624	11,075
643	318	Commitments overdue	290	667
813	863	Covered bonds	238	189
212	317	High-risk commitment	317	212
0	0	Units in mutual funds	0	0
774	1,402	Equity positions	801	183
120	130	Other commitments	242	164
14,669	**17,222**	**Calculation basis, credit risk**	**18,389**	**15,803**
1,347	1,363	Calculation basis, operational risk	1,382	1,385
7	15	CVA supplement	19	41
0	0	Other deductions from/additions to the calculation basis	0	0
16,023	**18,601**	**Risk-weighted balance**	**19,791**	**17,229**
		Proportional share, calculation basis, collaborating groups	2,126	1,035
		Deduction, internal elimination, collaborating groups	-466	-154
		Risk-weighted balance after proportionate consolidation	**21,451**	**18,110**

NOTE 41. Equity certificates

NOTE 41.1 Distribution of equity certificates

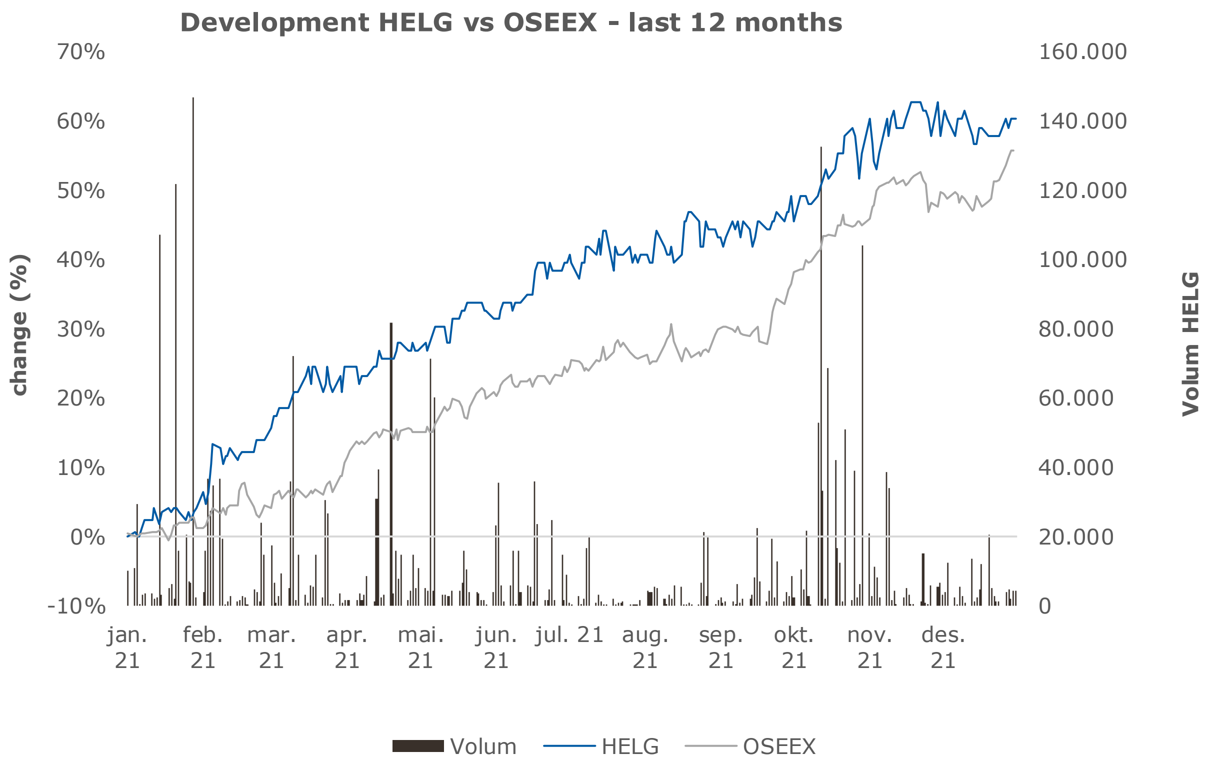
				Parent bank
				31.12.21
	Equity certificate holders		**Equity certificates**	
Breakdown by number of equity certificates	**Quantity**	**Share %**	**Quantity**	**Share %**
1 – 1,000	1,956	71.6%	607,812	2.3%
1,001 – 10,000	650	23.8%	1,932,835	7.2%
10,001 – 50,000	90	3.3%	1,749,353	6.5%
50,001 – 100,000	13	0.5%	986,016	3.7%
> 100,001	22	0.8%	21,724,114	80.5%
Total	**2,731**	**100.0%**	**27,000,130**	**100.0%**

				Parent bank
				31.12.20
	Equity certificate holders		**Equity certificates**	
Breakdown by number of equity certificates	**Quantity**	**Share %**	**Quantity**	**Share %**
1 – 1,000	1,782	71.2%	577,972	2.8%
1,001 – 10,000	601	24.0%	1,863,106	8.9%
10,001 – 50,000	86	3.4%	1,795,455	8.6%
50,001 – 100,000	13	0.5%	973,738	4.7%
100,001 – 500,000	20	0.8%	15,661,156	75.0%
Total	**2,502**	**100.0%**	**20,871,427**	**100.0%**

Trading in Helgeland Sparebank's equity certificates

The price as of 31 December 2021 was NOK 131 (86) per equity certificate. Graph showing the price trend for SpareBank 1 Helgeland and the financial sector on Oslo Stock Exchange.

Sparebankstiftelsen Helgeland is the largest owner, with 28.1% of the equity certificates in HELG.



Market-making agreement

SpareBank 1 Helgeland has entered into a market-making agreement relating to trading in the Bank's equity certificates. The purpose of this agreement is to secure liquidity and even out supply and demand, and to contribute to the marketing of the equity certificates. The agreement also means that, wherever possible, the difference between buying and selling prices will be kept to a maximum of four percentage points, rounded up or down to the nearest amount. The difference may nevertheless be kept smaller if the market interest should warrant it. The pricing should at all times reflect the market's assessment of the Bank's equity certificate.

Returns and dividend policy

It is a priory area to practise sound management of our equity, *inter alia* by practising an ownership policy which helps to create better liquidity in the equity certificates. The Bank wishes to maintain an open dialogue with equity certificate holders and other market operators. It is our belief that providing accurate and relevant information at the right time creates confidence and predictability and contributes to the correct pricing of SpareBank 1 Helgeland’s equity certificate. In any event that involves an obligation on the Bank’s part to provide information, a report will be sent to Oslo Stock Exchange and then posted on the Bank’s website. The Bank has been listed on the stock exchange since 2000 and has complied with the requirements for reporting and information that the stock exchange requires of listed companies. The Bank’s ticker is HELG.

The Board has recommended a dividend ratio of 50% (11,5%). Time-weighted ownership ratio of 77.3% as of 31 December 2021 and 76.4% as of 31 December 2020.

NOTE 41.2 Equity certificate capital

Parent bank

In accordance with the Bank's dividend policy, up to half of the equity capital's share of the profit may be paid out as dividends, and correspondingly to up to half of the primary capital's share of the profit may be paid out as gifts or transferred to one or more foundations. The remainder of the profit will be transferred to the cohesion fund and the primary capital fund. The Bank has a strategy of having a long-term and predictable dividend policy.

Equity certificate capital amounts to NOK 270 million (NOK 208 million) and is divided between approximately 2,731 owners. Note 39.3 presents an overview of the 20 largest holders of equity certificates.

NOTE 41.3 The 20 largest owners

Parent bank

Per 31.12.21	Number	%-share		Number	%-share
Sparebankstiftelsen Helgeland	7 588 922	28.11 %	Lamoholmen invest AS	274 854	1.0 %
SpareBank 1 Nord-Norge	5 397 325	20.0 %	Catilina Invest AS	252 646	0.9 %
Pareto Invest AS	2 118 691	7.8 %	Kommunal Landspensjonskasse	251 000	0.9 %
VPF Eika Egenkapital	1 199 397	4.4 %	VPF Nordea Avkastning	249 368	0.9 %
Verdipapirfondet Nordea Norge Verd	1 051 653	3.9 %	VPF Nordea Kapital	247 164	0.9 %
J.P. Morgan Bank Luxembourg S.A.	420 129	1.6 %	Bergen kommunale pensjonskasse	228 235	0.8 %
Spesialfondet Borea Utbytte	394 027	1.5 %	AF Kapital Managemet	188 552	0.7 %
MP Pensjon PK	393 399	1.5 %	VPF Nordea Norge Plus	167 650	0.6 %
Helgeland Kraft AS	390 925	1.4 %	Nima Invest AS	152 913	0.6 %
U.S Bank National Association	372 197	1.4 %	Vigner Olaisen AS	150 067	0.6 %
Total 10 largest owners	**19 326 665**	**71.6 %**	**Total 20 largest owners**	**21 489 114**	**79.6 %**

The bank has issued a total of 27 000 130 equity certificates value of NOK 10

Parent bank

Per 31.12.20	Number	%-share		Number	%-share
Sparebankstiftelsen Helgeland	7 315 020	35.05 %	VPF Nordea Avkastning	240 370	1.2 %
Pareto Invest AS	1 948 414	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	994 471	4.8 %	Melum Mølle AS	177 000	0.8 %
Lamholmen Invest AS	464 491	2.2 %	Melesio Invest AS	153 147	0.7 %
Bergen Kommunale Pensjon.	462 650	2.2 %	Vigner Olaisen AS	144 653	0.7 %
U.S Bank National Association	384 273	1.8 %	Nima Invest AS	126 063	0.6 %
MP Pensjon PK	379 203	1.8 %	VPF Nordea Norge Pluss	123 527	0.6 %
Helgeland Kraft AS	377 691	1.8 %	Nervik Steffen	120 000	0.6 %
Catilina Invest AS	314 046	1.5 %	Merrill Lynch Prof.	108 156	0.5 %
Total 10 largest owners	**14 048 246**	**67.3 %**	**Total 20 largest owners**	**15 661 156**	**75.0 %**

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

NOTE 41.4 Equity certificates owned by the Bank's elected representatives

			Group and Parent bank
			31.12.21
Name/Company	**Post**		**Number of own**
Høyen, Frank	Supervisory Board	E	1,675
Trønsdal, Øyvin	Supervisory Board	E	2,125
Hjorthen, Per Gunnar	Supervisory Board	E	9,860
Lunde, Lars Martin	Supervisory Board	E	517
Jakobsen, Anne Påsche	Supervisory Board	E	
Strøm, Inger Lise	Supervisory Board	E	
Mevold, Toril	Supervisory Board	E	
Forbergskog, Brynjar	Supervisory Board	E	
Olaisen, Maria	Supervisory Board	E	
Skår, Åsmund	Supervisory Board	E	1,710
Sten Oddvar Solhaug	Supervisory Board	I	
Reidun Breirem	Supervisory Board	I	
Kjell Idar JUvik	Supervisory Board	I	
Bjørkmo, Eirik	Supervisory Board	I	
Risøy, Toril Beate	Supervisory Board	I	1,012
Stanghelle, Helge	Supervisory Board	I	221
Jakobsen, Tone Helen	Supervisory Board	I	
Møllersen, Ingvar Johan	Supervisory Board	I	374
Thrana, Marit	Supervisory Board	I	
Eliassen, Einar	Supervisory Board	A	1,002
Knutli, Nils Ivar	Supervisory Board	A	729
Kristensen, Karianne	Supervisory Board	A	1,072
Lisø, Sten Ove	Supervisory Board	A	314
Johansen, Steinar	Supervisory Board	A	412
Einvik, Bertil	Supervisory Board	A	1,679
Krane, Bjørn	Chair of the Board	S	
Bygdnes, Rolf Eigil	Vice Chair of the Board	S	
Jonny Berfjord	Board member	S	
Steinmo, Marianne Terese	Board member	S	
Siw Moxness	Board member	S	253
Tone Helen Hauge	Board member	S	
Lorentzen, Birgitte	Board member	SA	745
Pedersen, Geir	Board member	SA	875
Nordgaard, Hanne	CEO Director	L	3,727
Klausen, Sverre	Financial Management Director	L	1,320
Brønlund, Bjørn Tore	Corporate Market Director	L	2,390
Heimstad, Dag Hugo	Retail Market Director	L	1,436
Karlsen, Øyvind	Business Development Director	L	2,774
Ekroll, Anne	Risk Management Director	L	2,048

E = Equity certificate holders
L = Senior executive
I = Depositor-elected
S = Board member
A = Employee-elected

Group and Parent bank

Name/Company	Post		31.12.20 Number of own
Høyen, Frank	Supervisory Board	E	1,619
Trønsdal, Øyvin	Supervisory Board	E	446
Hjorthen, Per Gunnar	Supervisory Board	E	9,505
Lunde, Lars Martin	Supervisory Board	E	0
Jakobsen, Anne Påsche	Supervisory Board	E	0
Strøm, Inger Lise	Supervisory Board	E	0
Mevold, Toril	Supervisory Board	E	0
Forbergskog, Brynjar	Supervisory Board	E	0
Olaisen, Maria	Supervisory Board	E	0
Skår, Åsmund	Supervisory Board	E	600
Bjørkmo, Eirik	Supervisory Board	I	0
Risøy, Toril Beate	Supervisory Board	I	976
Stanghelle, Helge	Supervisory Board	I	214
Steinrud, Marianne Myrnes	Supervisory Board	I	0
Jakobsen, Tone Helen	Supervisory Board	I	0
Møllersen, Ingvar Johan	Supervisory Board	I	362
Thrana, Marit	Supervisory Board	I	0
Eliassen, Einar	Supervisory Board	A	967
Knutli, Nils Ivar	Supervisory Board	A	704
Kristensen, Karianne	Supervisory Board	A	1,034
Lisø, Sten Ove	Supervisory Board	A	304
Johansen, Steinar	Supervisory Board	A	399
Einvik, Bertil	Supervisory Board	A	1,330
Stein Andre Herigstad-Olsen	Chair of the Board	S	610
Krane, Bjørn	Vice Chair of the Board	S	0
Bygdnes, Rolf Eigil	Board member	S	0
Steinmo, Marianne Terese	Board member	S	0
Siw Moxness	Board member	S	245
Tone Helen Hauge	Board member	S	0
Lorentzen, Birgitte	Board member	SA	719
Pedersen, Geir	Board member	SA	846
Nordgaard, Hanne	CEO Director	L	3,594
Klausen, Sverre	Financial Management Director	L	1,274
Brønlund, Bjørn Tore	Corporate Market Director	L	2,305
Heimstad, Dag Hugo	Retail Market Director	L	1,385
Karlsen, Øyvind	Business Development Director	L	2,675
Ekroll, Anne	Risk Management Director	L	1,975

E = Equity certificate holders
L = Senior executive
I = Depositor-elected
S = Board member
A = Employee-elected

NOTE 41.5 Dividends

Basis for calculating dividends	*Parent bank* 31.12.21	31.12.20
Equity in the balance sheet (not reworked)	4,550	3,730
Subordinated bonds	-398	-299
Deduction (reserve for unrealised gains/dividend provision/provision for foundation)	-340	-524
Total adjusted equity	**3,590**	**2.907**
Equity certificate capital	270	208
Share premium reserve	1,505	971
Cohesion fund	1,439	1,354
Total	**3,214**	**2,533**
Equity certificate percentage as of 01.01	76.4%	76.4%
Weighted average	76.9%	76.4%
Equity certificate percentage as of 31.12	77.3%	76.3%
Calculation of dividend:		
The Parent bank's profit for the year	216	319
Interest on subordinated bonds	-12	-12
Transferred to reserve for unrealised gains	18	401
Dividend basis	**222**	**708**
Dividend in NOK million	86	65
Cohesion fund, NOK	85	476
Dividend per equity certificate in NOK, Parent bank	5.8	11.2
Of which cash dividends in NOK	3.2	3.1
Of which to cohesion fund in NOK	3.2	22.8

NOTE 41.6 Key figures, equity certificates

Parent bank 31.12.20	31.12.21		*Group* 31.12.21	31.12.20
86	131	Stock exchange price	131	86
7.7	22.6	P/E (stock exchange price as of 31 December divided by profit per equity certificate)	24.3	7.2
0.7	1.1	P/B (stock exchange price as of 31 December divided by book value of equity per equity certificate)	1	0.7
76.3	77.4	Equity certificate ratio as of 31 December	77.4	76.3
126	125	Equity per equity certificate, in NOK	125	129
11.2	5.8	Earnings per equity certificate, in NOK	5.4	12.0

NOTE 42. Guarantee liabilities by guarantee type

Parent bank 31.12.20	31.12.21		*Group* 31.12.21	31.12.20
164	137	Payment guarantees	137	164
138	115	Contract guarantees	115	138
78	37	Loan guarantees	37	78
21	30	Other guarantee liabilities	30	21
401	**319**	**Total guarantee liabilities ***	**319**	**401**

*) Adjustment to fair value is not included in the balance sheet, as the change in value is insignificant.

The amounts of NOK 18.0 million (2021) and NOK 20.0 million (2020) were deposited in the deposit guarantee fund and the crisis fund.

NOTE 43. Pledged assets

Parent bank			*Group*	
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
		Bonds pledged as collateral security for		
550	525	D-loan with Norges Bank	525	550
550	**525**	**Total assets pledged as collateral**	**525**	**550**

NOTE 44. Transfer of business

Group and Parent bank

SpareBank 1 Helgeland's acquisition of SpareBank 1 Nord-Norge's business in Helgeland was completed on 18 October 2021, with accounting effect from the same date. From this date, SpareBank 1 Helgeland took over SpareBank 1 Nord-Norge's business in Helgeland. The transfer has been treated in accordance with IFRS 3.

Acquisition analysis	**SpareBank 1 Nord-Norge Helgeland**		
Real value of identifyable assets and committments	**Book values**	**More/less values**	**Opening Balance**
Cash and claims on central banks			0
Loans to and claims on credit institutions			0
Loans to and claims on customers	5 089	13	5 102
Financial derivatives			0
Certificates, bonds and shares			0
Investments in associated companies			0
Investments in subsidiaries			0
Intangible assets		62	106
Hereby customer relations		62	*62*
Hereby goodwill			*44*
Fixed assets	3		3
Other assets		4	4
Total assets	**5 092**	**79**	**5 215**
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions			0
Deposits from customers and liabilities to customers	3 392		3 392
Borrowings through the issuance of securities			0
Financial derivatives			0
Other liabilities	1	23	25
Subordinated loan capital			0
Total liabilities	**3 394**	**23**	**3 417**
Net assets	1 698	56	1 754
Goodwill			44
Purchase price acquisition			**1 798**

NOTE 45. Pro forma accounting figures

Group and Parent bank

The pro forma profit shows the impact of the transfer on SpareBank 1 Helgeland's actual profit, as well as the impact as if the transfer had occurred with effect from 1 January 2021.

Profit and loss account	Group excl. Transaction 01. jan - 31. dec. 2021	Transaction 01. jan - 31.dec 2021	Proforma profit 01. jan - 31. dec 2021	Group excl. Transaction 01.jan - 31. dec 2021	Transaction 18. okt - 31.dec 2021	Group 31. dec 2021
Interest income and similar income (note 2.1)	817	110	927	817	22	840
Interest payable and similar costs	210	37	247	210	8	217
Hedge fund fees	18	0	18	18	0	18
Net interest- and credit commission income	**589**	**73**	**662**	**589**	**15**	**604**
Commissions receivable and income from banking services	104	67	172	104	14	118
Commissions payable and costs relating to banking services	11	0	11	11	0	11
Other operating income	4	0	4	4	0	4
Net comission and other operating income	**97**	**67**	**165**	**97**	**14**	**111**
Dividend	2	0	2	2	0	2
Net profit from associates	8	0	8	8	0	8
Net profit from other financial investments	-13	0	-13	-13	0	-13
Net value change on financial investments and commitments	**-3**	**0**	**-3**	-3	0	-3
Personnel costs	155	17	171	155	3	158
Other operating income	225	7	232	225	1	226
Total operating costs	**379**	**24**	**403**	**379**	**5**	**384**
Profit before loss	**305**	**116**	**420**	**305**	**23**	**328**
Losses on loans, guarantees etc	62	10	72	62	2	64
Gross profit	**243**	**106**	**348**	**243**	**21**	**264**
Tax payable on ordinary result	54	26	80	54	5	59
Profit of the period	**189**	**79**	**268**	**189**	**16**	**205**
Extended Income Statement						0
Net profit	**189**	**79**	**268**	**189**	**16**	**205**
Items that will not be reclassified through profit or loss						
Recognized deviations in pensions	-1	0	-1	-1	0	-1
Itemes that are subsequently reversed through profit or loss						
Estimate variances, pensions will not be reversed over the incom	2	0	2	2	0	2
Tax on extended profit	**0**	0	0	0	0	0
Net extended profit or loss items	2	0	2	2	0	2
Total profit of the period	**191**	**79**	**270**	**191**		**206**

NOTE 46. Events after the balance sheet date

Group and Parent bank

There have been no significant events since the balance sheet date which have affect the accounts. It is proposed to distribute a cash dividend of NOK 86 million (NOK 65 million) of the profit for the year to equity certificate holders in SpareBank 1 Helgeland. Furthermore, it is proposed to transfer NOK 25 million (NOK 20 million) to the Gift Fund/Gift Foundation. The proposal had not been adopted as of the balance sheet date (31 December) and the items are therefore not recognised as debt, but are included in equity.

NOTE 47. Balance sheet divided into current and non-current items

Parent bank				*Group*
31.12.20	**31.12.21**		**31.12.21**	**31.12.20**
		Assets		
76	73	Cash and receivables, central banks	73	76
1,531	1,886	Loans to and receivables from credit institutions	857	619
2,671	2,777	Loans to and receivables from customers	3,491	3,469
1,732	1,558	Certificates, bonds and shares	1,658	1,832
61	72	Other assets	64	33
6.071	**6,366**	**Total current assets**	**6,143**	**6,029**
17,539	22,436	Loans to and receivables from customers	28,703	23,929
54	39	Financial derivatives	39	67
3,117	4,227	Certificates, bonds and shares	4,147	3,038
0	144	Investments in associated companies	144	0
590	591	Investments in subsidiaries	0	0
26	104	Intangible assets	104	26
47	46	Fixed assets held for sale	153	118
21,373	**27,587**	**Total non-current assets**	**33,290**	**27,178**
27,444	**33,953**	**Total assets**	**39,433**	**33,207**
		Liabilities and equity		
250	0	Liabilities to credit institutions	0	250
19,023	24,065	Deposits from and liabilities to customers	23,473	18,606
265	754	Liabilities established through the issuing of securities	2,014	942
254	227	Other liabilities	240	245
19,792	**25,046**	**Total current liabilities**	**25,727**	**20,043**
300	300	Liabilities to credit institutions	300	301
78	79	Fixed-rate deposits	79	78
3,504	3,969	Liabilities established through the issuing of securities	8,689	8,927
39	9	Financial derivatives	12	39
3.921	**4,357**	**Total non-current liabilities**	**9,080**	**9,345**
23,713	**29,403**	**Total liabilities**	**34,807**	**29,388**
2,534	3,129	Total equity share capital	3,129	2,534
794	779	Total primary capital	779	794
403	642	Total other equity	715	491
3,731	**4,550**	**Total equity**	**4,623**	**3,816**
		Non-controlling interests	3	3
27,444	**33,953**	**Total liabilities and equity**	**39,433**	**33,207**

NOTE 48. SpareBank 1 Helgeland - Statement from the Boards of Directors and the CEO

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2021 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole.

We also confirm that the management report presents a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Mo i Rana, 24 February 2022.

Bjørn Krane
Chair

Rolf Eigil Bygdnes
Vice Chair

Marianne Terese Steinmo

Siw Moxness

Linda Brennbakk

Regularly attending deputy member

Birgitte Lorentzen
Employee representative

Geir Pedersen
Employee representative

Hanne Nordgaard
Chief Executive Officer

NOTE 49. Net income as a percentage of average total assets

Parent bank 2018	2019	2020	2021		Group 2021	2020	2019	2018
2.94	3.29	2.82	2.34	Interest income and other similar income	2.35	2.87	3.29	2.95
1.11	1.38	0.99	0.60	Interest expenses and other similar costs	0.66	1.09	1.52	1.21
1.83	**1.90**	**1.83**	**1.74**	**Net interest and credit commission income [2]**	**1.69**	**1.77**	**1.77**	**1.74**
0.37	0.41	0.39	0.39	Commission income and income from banking services	0.33	0.32	0.33	0.31
0.04	0.05	0.04	0.04	Commission expenses and costs attributable to banking	0.03	0.03	0.04	0.03
0.34	**0.36**	**0.35**	**0.36**	**Net commission income**	**0.30**	**0.29**	**0.30**	**0.28**
0.35	0.32	0.86	0.23	Net income from financial instruments	-0.01	0.60	0.10	0.15
0.07	0.03	0.03	0.03	Other operating income	0.01	0.01	0.01	0.05
1.04	1.04	1.58	1.28	Operating costs	1.07	1.37	0.86	0.88
0.93	0.23	0.24	0.20	Losses on loans, guarantees, etc.	0.18	0.15	0.19	0.77
0.61	**1.35**	**1.26**	**0.88**	**Net income before tax**	**0.74**	**1.16**	**1.13**	**0.57**
0.07	0.24	0.10	0.16	Tax on ordinary result	0.17	0.15	0.23	0.11
0.54	**1.11**	**1.16**	**0.72**	**Profit for the year after tax**	**0.57**	**1.01**	**0.90**	**0.46**

NOTE 50. Other key figures

Parent bank								*Group*
2018	**2019**	**2020**	**2021**	(figures in NOK million and %)	**2021**	**2020**	**2019**	**2018**
26,854	27,760	27,444	33,953	Total assets as of 31.12[8]	39,433	33,207	34,068	32,969
26,854	27,760	27,444	38,534	Total assets including transferred to credit enterprises	44,014	33,207	34,068	32,969
26,830	27,507	27,553	30,037	Average total assets[10]	35,740	33,693	34,033	32,443
20,669	20,110	20,514	25,452	Gross lending[4]	32,424	27,689	27,655	27,995
20,669	20,110	20,514	30,033	Gross lending including transferred to credit enterprises	37,005	27,689	27,655	27,995
85.7%	96.4%	93.1%	94.9%	Deposit-to-loan ratio as a percentage of gross lending[5]	72.6%	67.5%	68.5%	61.6%
55.2%	56.5%	56.8%	62.8%	Loans to retail market customers	70.6%	67.7%	67.9%	66.6%
3.3%	-2.7%	2.0%	24.1%	Growth in gross lending[6]	17.1%	0.1%	-1.2%	5.2%
3.3%	-2.7%	2.0%	46.4%	Growth in gross lending including transferred to credit enterprises	33.6%	0.1%	-1.2%	5.2%
1.7%	9.4%	-1.5%	26.4%	Growth in customer deposits [7]	26.1%	-1.5%	9.9%	1.6%
16.4%	18.0%	20.7%	20.9%	Core tier 1 capital ratio [21]	18.0%	18.8%	16.5%	15.3%
18.0%	19.7%	22.5%	23.1%	Tier 1 capital ratio [21]	19.9%	20.5%	18.2%	16.9%
20.7%	22.5%	25.4%	25.5%	Capital adequacy [21]	22.2%	23.1%	20.7%	19.3%
8.9%	9.0%	10.4%	10.4%	Leverage ratio[22]	9.4%	10.5%	9.4%	9.2%
12.1%	12.6%	13.6%	13.6%	Equity ratio[8]	11.7%	11.5%	10.5%	10.1%
4.4%	9.0%	8.5%	5.6%	Return on equity[1]	5.0%	8.9%	8.9%	4.6%
4.8%	9.8%	9.2%	5.9%	Return on equity exc. hybrid capital	5.4%	9.7%	9.7%	5.0%
0.5%	1.1%	1.2%	0.6%	Return on assets	0.5%	1.0%	0.9%	0.5%
69.5	84	86	131	Stock exchange price, NOK per equity certificate	131	86	84	69.5
14.4	8.0	7.7	22.4	P/E [19]	24.2	7.2	7.9	13.9
0.6	0.7	0.7	1.1	P/B [20]	1.0	0.7	0.7	0.6
76.4	76.1	76.3	77.3	Ownership ratio as of 31 December[18]	76.3	76.3	76.1	76.4
108	116	126.0	123	Equity per equity certificate [17]	125	129	119	110
4.8	10.7	11.2	5.8	Earnings per equity certificate, in NOK [16]	5.4	12.0	10.7	5.0
4.8	10.7	11.2	5.8	Comprehensive income per equity certificate, in NOK	5.4	12.0	10.7	5.0
1.60	5.35	3.10	3.19	Cash dividend, in NOK				
2.30	5.35	22.8	3.15	Allocated to cohesion fund				
1.0	1.0	1.6	1.3	Costs as a percentage of average total assets	1.1	1.4	0.9	0.9
40.3	39.7	51.4	54.4	Costs as a percentage of income[3]	53.9	51.2	39.5	39.7
150	148	143	165	Number of full-time equivalents[10]	165	143	148	150
				As percentage of gross loans:				
1.5	1.4	1.6	0.6	Gross commitments in default[13]	0.5	1.2	1.0	1.1
0.9	0.8	0.8	0.4	Net default	0.3	0.6	0.6	0.7
1.9	1.2	1.5	1.0	Total write-downs[15]	0.7	1.1	0.9	1.4
1.2	0.3	0.3	0.2	Losses on commitments[12]	0.2	0.2	0.2	0.9

NOTE 51. Calculations

Parent bank								*Group*
2018	**2019**	**2020**	**2021**	(figures in NOK million and %)	**2021**	**2020**	**2019**	**2018**
				Operating costs, adjusted for non-recurring effects				
279	286	436	385	Operating costs	384	462	293	286
0	0	-146	-53	Non-recurring effects	-53	-146	0	0
279	**286**	**290**	**332**	**Operating costs, adjusted for non-recurring effects**	**331**	**316**	**293**	**286**
1.04%	1.04%	1.05%	1.11%	Operating costs as a percentage of average goods purchases, adjusted for non-recurring effects.	0.93%	0.94%	0.86%	0.88%
40.3%	39.7%	34.2%	46.9%	Operating costs as a percentage of income, adjusted for non-recurring effects	46.5%	35.0%	39.5%	39.7%
144	304	319	216	Net profit	205	340	305	149
-12	-13	-12	-12	Interest paid, subordinated bonds	-12	-12	-13	-12
132	291	307	204	Profit inc. interest, subordinated bonds	193	328	292	137
0	0	146	53	Non-recurring effects	53	146	0	0
132	291	453	257	Income inc. interest, subordinated bonds and non-recurring effects	246	474	292	137
3,285	3,389	3,749	4,017	Average equity	4,099	3,822	3,431	3,268
-299	-299	-299	-325	Average subordinated bonds classed as equity	-325	-299	-299	-299
2,986	3,090	3,450	3,692	Average equity exc. subordinated bonds classified as equity	3,774	3,523	3,132	2,969
4.4%	9.0%	8.5%	6.4%	Return on equity	6.0%	8.9%	8.9%	4.6%
4.0%	9.4%	12.1%	6.9%	Return on equity, adjusted for non-recurring effects and subordinated bonds	6.5%	13.5%	9.3%	4.6%
132	291	319	216	Net profit	205	340	292	137
26,860	27,507	27,553	30,037	Average NAV	35,740	33,693	34,033	32,443
0.5%	1.1%	1.2%	0.7%	Return on assets	0.6%	1.0%	0.9%	0.5%
0.5%	1.1%	1.6%	0.9%	Return on assets, adjusted for non-recurring effects and subordinated bonds	0.7%	1.4%	0.9%	0.4%
3,058	3,192	3,603	4,290	Tier 1 capital	4,400	3,688	3,271	3,136
34,500	35,548	34,702	41,081	Unweighted calculation basis	46,623	34,189	34,964	33,997
8.9%	9.0%	10.4%	10.4%	Leverage ratio	9.4%	10.5%	9.4%	9.2%

Alternative Performance Measures (APM)

In both the Board's report and accounting presentations, SpareBank 1 Helgeland uses alternative performance measures (APM) for the purpose of giving a true and fair view of the Bank's financial development and position to ensure that information is accurate. Key figures that are regulated in IFRS or other legislation are not defined as APM. The same applies to non-financial information. APMs that are presented as part of the accounting part of the reports are essentially exempt from the APM guidelines, but are included in the overview below insofar as they are not defined in the financial statements. The reason for presenting adjusted results is to bring out the underlying operation in a better way and is not intended to replace ordinary reporting.

Definitions of key figures:

1) **Return on equity.** Reason for use: This key figure indicates the return on the Group's equity. The key figure reflects the Group's ability to convert the capital into profitable operations. Definition: Return on equity (comprehensive income after tax) is calculated by dividing the profit/loss for the period for the financial year by the average equity for the past year. In the case of information on return on equity for more than one period, the profit for the period is annualised.
2) **Net interest.** Reason for use: Net interest income is a commonly used key figure within the banking/finance sector 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 summary of financial results. Net interest income is annualised in the interim reports.

3) **Expense ratio:** Reason for use: The expense ratio is a commonly used key figure in the banking/finance sector. The key figure reflects how effectively the Bank/Group is operating. Definition: The expense ratio reflects the ability of the Bank/Group to convert its operating costs into revenue generation. The expense ratio is calculated by dividing total operating costs by total income.

4) **Gross lending, Group (including transfers to the mortgage company):** Reason for use: The Bank wholly owns Helgeland Boligkreditt and the key figure reflects the Bank's total lending volume. Definition: Lending volume including amount transferred from the mortgage company.

5) **Deposit-to-loan ratio.** Reason for use: Deposit-to-loan ratio is a commonly used key figure in the banking/finance sector. The key figure indicates the proportion of the Bank's lending activities that are financed by deposits from customers. Definition: The deposit-to-loan ratio reflects the Bank's ability to finance lending to customers through deposits from customers. The deposit-to-loan ratio is calculated by dividing total deposits from customers by gross lending, excluding transfers to the Parent bank's credit companies but including transfers to the Group's credit companies.

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) **Deposit growth, last 12 months.** Reason for use: Growth in deposits over the last 12 months is a commonly used key figure in the banking/finance sector. 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 on the balance sheet from the corresponding period last year to the current year.

8) **Total assets.** Reason for use: The key figure reflects the Bank's total assets. Definition: Total assets on the balance sheet.

9) **Growth in total assets, last 12 months.** Reason for use: The key figure reflects the growth in the Bank's total assets, including transfers to the Group's credit companies and excluding volumes transferred to the Parent bank's credit companies. Definition: Growth in assets on the balance sheet are calculated from the corresponding period last year to the present year.

10) **Average total assets.** Reason for use: Several key figures are calculated using average total assets. Definition: Weighted average of total assets throughout the year.

11) **Equity excluding hybrid capital.** Reason for use: This key figure reflects a portion of the Bank's capital which belongs to the owners, excluding hybrid capital (subordinated bonds). Definition: The difference between the Bank's equity (retained earnings and paid-in equity) and the Bank's hybrid capital (subordinated bonds).

12) **Loss ratio, loans**. Reason for use: This key figure reflects a loss recognised as a function of gross lending as of the balance sheet date. Definition: Loss provisions for loans and guarantees for the period divided by gross lending as a percentage. In the case of information concerning the loss ratio concerning loans for periods of less than a full financial year, the loss expense recognised in the income statement is annualised.

13) **Defaulted commitments.** Reason for use: This key figure indicates the proportion of the Bank's gross lending which is in default. Definition: Defaulted commitments (over 90 days) on loans and guarantees during the period where the amount exceeds NOK. 1,000.

14) **Doubtful commitments.** Reason for use: This key figure indicates the proportion of the Bank's gross lending which is doubtful. Definition: Gross doubtful loans for the period (Loans with objective evidence of loss, but which are not in default).

15) **Net defaulted and doubtful commitments as a percentage of gross lending.** Reason for use: This key figure indicates the Bank's net defaulted and doubtful commitments amount expressed as a proportion of gross lending. Definition: Net defaulted and doubtful commitments are gross non-performing and doubtful commitments, less write-downs on these loans, divided by gross lending.

16) **Earnings per equity certificate.** Reason for use: This key figure provides information on earnings per equity certificate. Definition: The equity certificate holders' share of earnings is calculated as the net income before other income statement items relative to the average number of equity certificates during the period.

17) **Book equity per equity certificate.** Reason for use: This 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 ratio.** Reason for use: Basis for calculating dividends. Definition: Equity certificate holders' share of equity, e.g. subordinated bonds

19) **P/E.** Reason for use: This key figure provides information on earnings per equity certificate. Definition: Share price at end of period divided by profit (annualised) 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: Statutory requirement regarding capital adequacy. Includes cooperating group. Definition: Subordinated capital divided by weighted balance and off balance sheet items.

22) **Unweighted tier 1 capital ratio.** Reason for use: Commonly used key figure in the banking/finance sector. Gives a more comparable figure for capital, regardless of the method used to calculate capital adequacy. Definition: Tier 1 capital divided by capitalised items and non-capitalised items calculated without risk weighting.

23) **Operating costs, adjusted for non-recurring effects.** Reason for use: Provides information on operating expenses less costs which are not linked to normal operations and are essentially related to non-recurring events. Definition: Operating expenses minus non-recurring effects.

Members of the Supervisory Board:

Chair: Hjorthen, Per Gunnar
Vice chair: Thrana, Marit

Depositor-elected:
Møllersen, Ingvar Johan
Thrana, Marit
Breirem, Reidun
Juvik, Kjell Idar
Stanghelle, Helge
Bjørkmo, Eirik
Risøy, Torill Beate
Jakobsen, Tone Helen
Solhaug, Sten Oddvar

Elected by equity certificate holders:
Trønsdal, Øyvin
Høyen, Frank
Olaisen, Maria
Lunde, Lars Martin
Jakobsen, Anne Påsche
Hjorthen, Per Gunnar
Strøm, Inger Lise
Mevold, Toril
Forbergskog, Brynjar
Skår, Åsmund

Elected by employees:
Knutli, Nils
Eliassen, Einar
Kristensen, Karianne
Johansen, Steinar
Lisø, Sten Ove
Einvik, Bertil

Board members:
Chair: Bjørn Andreas Krane
Vice chair: Bygdnes, Rolf Eigil

Other board members:
Brennbakk, Linda
Moxness, Siw
Steinmo, Marianne Terese
Lorentzen, Birgitte
Pedersen, Geir

Principal administration and key persons:
Nordgaard, Hanne CEO
Klausen, Sverre, Chief Financial Officer
Heimstad, Dag-Hugo, Retail Market Director
Brønlund, Bjørn-Tore, Corporate Market Director
Ekroll, Anne, Risk Management Director
Karlsen, Øyvind, Business Management Director

ABOUT SPAREBANK 1 HELGELAND

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Visiting address	Jernbanegata 15, 8622 Mo i Rana
Telephone	+47 75 11 90 00
Internet	www.sbh.no
Organisation number	937904029

Board of Directors of SpareBank 1 Helgeland
Bjørn Krane, Chair
Rolf Eigil Bygdnes, Vice Chair
Marianne Terese Steinmo
Jonny Berfjord
Siw Moxness
Linda Brennbakk (regularly attending deputy member)
Birgitte Lorentzen
Geir Pedersen

Management
Hanne Nordgaard, Chief Executive Officer

Investor Relations
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Other sources of information
Annual reports
SpareBank 1 Helgeland's annual report is available at www.sbh.no

Quarterly publications
Quarterly reports and presentations are available at www.sbh.no

To the General Meeting of SpareBank 1 Helgeland

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SpareBank 1 Helgeland, which comprise:

- The financial statements of the parent company SpareBank 1 Helgeland (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of change in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of SpareBank 1 Helgeland and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of change in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 18 years from the election by the general meeting of the shareholders on 21 July 2004 for the accounting year 2004.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. SpareBank 1 Helgeland acquired the business of SpareBank 1 Nord-Norge at Helgeland in 2021. Therefore the *business combination* has been a key audit matter in 2021. Impairment of loans to customers carries the same characteristics and risks this year and has consequently been in our focus for the 2021 audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans to customers	
Loans and guarantees constitute a considerable amount of the assets on the bank's balance sheet. When considering impairments, the bank applies a model-based framework with components that require management to exercise judgement. The framework is complex and comprise large amounts of data and discretionary parameters. Our audit focused on the valuation of loans because of the impact the impairment assessment has on the balance sheet, as well as the fact that the use of judgement has a potential impact on net income for the period. In addition, there is an inherent risk of misstatements due to the complexity and amount of data in the model. SpareBank 1 Helgeland acquired the business operations of SpareBank 1 Nord-Norge in Helgeland, with effect from 2021. The acquisition resulted in NOK 5.1 bn in new loans to customers. The loans were migrated into the banks systems during 2021. Using models when calculating expected credit loss involve the use of judgement. We have given special attention to:	In our audit of expected loss allowance, we evaluated and tested the design and effectiveness of controls for quality assurance relating to the applied assumptions and models used in the calculations. Furthermore, we tested the input used in the model-based calculation of allowances as well as the individually calculated allowances. We have obtained a detailed understanding of the process and tested the relevant controls that are implemented in order to safeguard: • calculations and the applied method, • that the applied model is designed according to the framework, and working as planned, • the reliability and Accuracy of the data used in the model. Our controls testing gave no indication of material misstatements in the model, or deviations from IFRS 9. We tested loan migration from the systems of SpareBank 1 Nord-Norge to the systems of SpareBank 1 Helgeland. No material differences were noted. Our work comprised testing of the Company's IT systems relevant for financial reporting. The Company used service organizations to operate their core IT systems. In order to evaluate the design and effectiveness of established controls at the service organizations, as well as testing controls established to ensure the integrity of the IT systems relevant for financial reporting, we utilized the service organizations external auditors. In relation to the work

- classification of the loan portfolio by risk and segment,
- identification of loans where there has been a significant increase in credit risk,
- how the loans are categorized in different stages,
- parameters, including default rate, down payment factors, and scenarios.

The bank's loan portfolio primarily consists of loans to private customers and the SMB segment, and the models developed estimates the loss allowance for each of these segments.

In the case of loans where there is objective evidence of impairment, an individual allowance for credit loss is recognized. Management made an assessment of the effects of the pandemic onthe value of loans to customers. This assessment also requires management's use of judgement.

performed the auditors have issued reports that include, among other things, comprehensive testing of whether calculations done in the core systems are aligned with expectations (interest calculations and amortization). Furthermore, the testing includes the integrity of the data, changes made to the systems as well as access to the systems.

In order for us to use the information from the reports issued by the service organizations in our audit work, we evaluated the auditors competence and objectivity. We also reviewed the reports issued and evaluated any deviations and corrective actions. Furthermore, we have tested access controls in the company's IT-systems, and segregation of duties where considered necessary in relation to our specific audit procedures.

Our evaluations and tests substantiate that we can assume that the data processed in the core-system as well as the calculations undertaken in the core-system, are reliable. This was considered a necessary foundation for our audit.

The effect of Covid-19, including the effects on allowances within the model, has been discussed with management. Concerning loans with objective evidence of impairment, and consequently where impairment is calculated for the specific loan, we tested a selection of loans. Realisable value is calculated by using external appraisals or internal evaluations. In order to assess the realizable value, we reviewed the appraisals and evaluated the relevance and reasonableness of important assumptions used in the appraisals, as well as the method applied in the calculations. As for the internal evaluations, we interviewed management and employees in the credit department, and challenged the relevance and reasonableness of important assumptions, and of the method applied in the calculation of the impairment. In addition, we tested the appropriateness of the classification within the model, and evaluated the reasonableness of the total allowance for credit losses. Misstatements identified in our testing were considered immaterial.

Note 2.1, 16, 21.3 and 21.4 in the financial statements are relevant as to the description of the bank's credit loss model, and how the company calculates allowance for credit losses in accordance with IFRS 9. We have read the notes and found that the information provided was sufficient and appropriate.

Business Combination

SpareBank 1 Helgeland acquired the business operations of SpareBank 1 Nord-Norge at Helgeland, with effect from2021.

We obtained and read the main agreement between SpareBank 1 Helgeland and SpareBank 1 Nord-Norge, and

The agreed upon purchase price was NOK 1,798 m. We focused on this area because of the transactions impact on material line items in the balance sheet. The result of the purchase price allocation was that material intangible assets was recognized in the balance sheet. Valuation of intangible assets normally entail considerable use of judgement based on estimates and will as such involve some uncertainty. The identification of different kinds of intangible assets could have an effect of future financial results. Management describes the Business Combination in note 44 and 45 in the financial report.	has conducted meetings with management to understand the details in the Business Combination. Management has engaged an expert to perform an assessment of fair value and allocation of the purchase price to the identified intangible assets and specific tangible assets in relation to the Business Combination. We obtained the purchase price allocation, conducted meetings with the expert, evaluated the method used and recalculated for mathematical accuracy. Our findings are that net added value was allocated to intangible assets, therein loans to customers, client relations, other assets, commitments, and goodwill. The estimates used in alloctaing the purchase price is substantiated by calculations performed with the help of valuation methods and comparable transactions. We found that the purchase price allocation utilized well known methods consistent with requirements under IFRS as the applicable framework and that estimated values are built on appropriate data and reasonable assumptions. Our testing also showed that the calculations in the purchase price allocation was conducted with mathematical accuracy. We have read the notes and found that the information relating to the Business Combination was sufficient and adequate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZX6OK028-2021-12-31-no.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Mo i Rana, 24 February 2022
PricewaterhouseCoopers AS

Silja Eriksen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.