



Financial report
First quarter 2021

Main features group

(Numbers in MNOK and in % of average total assets)

PROFIT AND LOSS ACCOUNT (Amounts in NOK million)	31.03.2021		31.03.2020		31.12.2020	
Net interest- and credit commission income	144	1.73 %	159	1.91 %	598	1.77 %
Net commission income	28	0.34 %	24	0.29 %	97	0.29 %
Net profit from other financial investments	4	0.05 %	-35	-0.42 %	203	0.60 %
Other operating income	1	0.01 %	1	0.01 %	5	0.01 %
Operating costs (note 4)	81	0.97 %	86	1.03 %	462	1.37 %
Losses on loans, guarantees etc. (note 10)	3	0.04 %	23	0.28 %	51	0.15 %
Gross profit	93	1.12 %	40	0.48 %	390	1.16 %
Tax payable on ordinary result	22	0.26 %	18	0.21 %	50	0.15 %
Net profit	71	0.85 %	23	0.27 %	340	1.01 %

Key numbers

Profitability	31.03.2021		31.03.2020		31.12.2020	
ROE (excl. hybrid capital)	8.1 %		3.1 %		13.4 %	
Net interest	1.73 %		1.91 %		1.77 %	
Costs as a percentage of income	45.8 %		57.5 %		51.2 %	
Costs as a percentage of income excl. one-time costs	44.1 %		53.7 %		35.0 %	

Balance and liquidity

Total assets	34 627	33 554	33 207
Average total assets	33 711	33 429	33 693

Solidity (including cooperative group)

Core tier one Capital ratio	19.9 %	17.2 %	18.8 %
Core Capital ratio	21.6 %	18.9 %	20.5 %
Total capital ratio	24.2 %	21.4 %	23.1 %
Core tier one Capital	3 405	3 152	3 400
Core Capital	3 704	3 466	3 714
Total net equity and related capital	4 155	3 938	4 184
Capital requirement	17 135	18 374	18 110
Leverage Ratio	10.4 %	9.8 %	10.5 %

General information

SpareBank 1 Helgeland is an independent savings bank determined to be the leading bank and a driving force for growth in Helgeland. SpareBank 1 Helgeland is the only bank with a head office in the region. The bank's strong market position combined with professional expertise, competitive prices and solid capital makes the bank well prepared to meet the competition ahead. The bank has offices in 4 municipalities in Helgeland, and is the 11th largest savings bank in Norway.

The accounts are produced in line with IFRS, including IAS 34 on interim reporting. Further information on the accounting principles is given in the annotations to the annual accounts for 2019 and annotations 1 in the quarterly report. The numbers used are consolidated figures unless it is otherwise stated. Figures in brackets are the previous year's comparative figures. The financial report has not been audited.

Main features 1st quarter

- Stable profit from the basic operation
- Decrease in net interest from the corresponding period last year
- Increase om commission income by MNOK 4
- Low write-downs in lending by MNOK 3
- Costs in % of income 44.1 % excluding one-time costs.
- Annualized net ROE adjusted for hybrid capital and one-time effects of 8.1 %

Main features this year (MNOK)	31.03.2021	31.03.2020	Change
Net profit	93	40	53
Net interest and comission income	144	159	-15
Operating cost	81	86	-5
Operating costs exluding one- time ef	78	80	-2
Profit from financial investments	4	-35	39
Provision of loss	3	23	-20
Return on equity %	8.1 %	3.1 %	5.0 %
Yield per equity capital certificate	2.4	0.7	1.8
Core tier 1 ratio %	19.9 %	17.2 %	2.7 %
Provision of loss % of gross leding	0.04 %	0.3 %	-0.3 %
Growth gross lending % annualized	-2.2 %	-1.6 %	-0.6 %
Growth deposits % annualized	12.0 %	4.5 %	7.5 %

Profit

For the first quarter, the gross profit was MNOK 93 (40), an increase of MNOK 53. The change is mainly related to the effects of the corona pandemic in the first quarter last year, and associated write-downs on lending and value changes on financial instruments.

Net interest

Net interest and credit commission income amounted to MNOK 144 (159) which equals 1.73 (1.91) % on % of average total assets. Price competition and adaptions in relation to interest rate changes in 2020 provides a weaker net interest than the corresponding period last year. High liquidity entry in the first quarter also slightly weaken the net interest.

So far this year the bank has expensed MNOK 5 in contribution to the deposit guarantee fund and the emergency fund.

Net commission earnings.

The net commission earnings were by the end of the year MNOK 28 (24), or 0.34 (0.29) in percentage of average total assets.

Comission income is stable. The increase in comparison to the same period last year is mainly related to unexpected bonus commissions for 2020.

Net value change and profit/loss from financial investments

Income from financial investments per 31.03.21 was MNOK 4, an increase of MNOK 39 compared to the same period last year. The change is mainly related to negative value change on financial instruments as a consequence of the corona pandemic in first quarter 2020.

Value change so far this year is related to:

- Gains of sale of shares and received dividend of MNOK 7
- Negative value change of other financial instruments by MNOK 3

In the parent bank, dividend from Helgeland Boligkreditt AS have been recognized as income with MNOK 69 in the first quarter of 2021.

Operating costs

This quarter, the operating costs were MNOK 81 (86, a reduction of MNOK 5. Exclusive the one-time costs the corresponding number is MNOK 78 (80).

Exclusive the one-time cost related to Helgeland 1, the cost would be 44.1 % of the income. If the profit from financial investments also is held out of the calculation this key number would be 45.1 %. The costs are slightly over the bank's target for cost level of 40 % of total income. This is as expected, and is related to more costs as a consequence of the Helgeland 1 project and lower income.

The bank's sick leave is higher than at the same time last year with 4.7 (3.2) %.

Write-downs on lending

MNOK 3 (23) has been expensed in write-downs on loans this quarter. In percentage of gross lending this amounts to 0.04 (0.33). The write-downs are partly a product of calculated loss expectations and partly a product of statements on earlier depreciated commitments. The write-downs this quarter are considered low.

Net non-performing and impaired commitments has this quarter increased by MNOK 52, and amounts to MNOK 368 (273) by the end of the quarter. The increase is related to changes in the non-performing definition. There is individual loss evaluations on large parts of the volume that in the first quarter is marked within non-

performing and impaired commitments, and it is not expected further loss in these commitments.

The equity certificate – HELG

By the end of the quarter, the number of EC owners amounts to 2 522. The 20 largest owners are noted with 74.3 % of the EC capital. Of this, Sparebankstiftelsen owns 35.0 %.

The number of total EC's is 20 871 427. As of 31.03.21 the bank owned 1.492 of our own EC's.

By the end of the quarter, the price of the bank EC's was NOK 107.0 which represents an increase of NOK 21 from 31.12.20.

Balance development per 31.03.21

Total assets amount to 34.6 bn. Over the last 12 months, total assets are increased by MNOK 1 075 (199) or 3.2 (0.6) %. Increased total assets is mainly related to high deposit growth and liquidity building for the acquisition of SpareBank 1 Nord-Norges portfolio in Helgeland.

Commitments

By the end of the quarter, gross lending constituted MNOK 27 126. The 12-month lending growth was negative by MNOK 608 (453), or -2.2 (-1.6) %. Of the group's lending 83.3 (83.2) % is lent to customers in Helgeland.

In the first quarter, the bank had a negative lending growth of MNOK 563 (79) where corporate customers are reduced by MNOK 461 and 102.

Of gross lending, MNOK 18 631, or 68.7 (67.9) % is lending to retail customers, of which MNOK 7 197 has been transferred to the bank's mortgage company. The 12-month growth in the retail market was lower than the same period last year and was MNOK 200 (140), or -1.1 (0.7) %.

In the corporate market, the 12-month growth was MNOK -408 (-593), or -4.6 (-6.2) %. The decline in lending in the corporate market is mainly related to the leave of one large corporate commitment.

Deposits from customers

By the end of the quarter, deposits from customers constituted MNOK 20 222. The deposits have over the last 12 months increased by MNOK 2 169 (782), or 12.0 (4.5) %.

In fourth quarter, the deposits have increased by MNOK 1 538 against a reduction MNOK -903 for the corresponding period last year.

The group has a local depositor mass where 91.2 (89.2) % are deposits from customers in Helgeland.

The 12-month deposit growth in the retail market was MNOK 882 (562), or 8.4 (5.6) %. Of total deposits of MNOK 20 222, MNOK 11.412, or 56.4 (58.3) % are deposits from retail customers.

In the corporate market, deposits have increased over the last 12 months by MNOK 1 288 (220) or 17.1 (3.0) %.

Increase in deposits and decrease in lending has resulted in a significant increase of the deposit coverage, which per 31.03.21 was 74.5 (65.1) % in the group and 103.3 (92.0) % in the parent bank.

Funding

Deposits from customers are an important funding source for the bank. The volume difference between loans to customers and deposits is funded in the Norwegian money- and securities market. Total capital market funding is amounted to MNOK 9 268 (10.369), and has a satisfying allocation of duration and lending sources. By the end of the quarter, the share of loans beyond one year was 84.6 (93.1) %. Per 31.03.21, the average remaining term for debt securities was 2.37 (2.69) years. Duration in the mortgage company is slightly higher with 2.5 (3.2) years.

The bank is continually preparing for the transferral of approved mortgages to the fully owned mortgage company. The volume is reduced from MNOK 7 752 per 31.12.20 to MNOK 7 197 per 31.03.21. The fixed maximum limit for transferring loans to Helgeland Boligkreditt AS is 35 % of gross lending and 50 % of gross lending RM. As of 31.03.21, the transfer level is 26.5 (28.0) % and 38.6 (41.2) %.

Helgeland 1

The entrance of the Sparebank 1 alliance was completed march 15th 2021. The process has been resource-intensive and challenging. With assistance from cooperative partners both from the SpareBank 1 alliance and external suppliers, the bank has been able to complete the transfer in a good way. The project now enters a new phase where the focus will be on the acquisition of SpareBank 1 Nord-Norges portfolio in Helgeland.

In relation to the entrance in the SpareBank 1 alliance, SpareBank 1 Helgeland also became a part of Samarbeidende Sparebanker DA and Samarbeidende Sparebanker Utvikling DA where the bank has bought an owner share of 3 % at a cost of MNOK 146 and MNOK 1. In addition, SpareBank 1 Helgeland has bought 15 % of the shares in SpareBank 1 regnskapshuset Nord-Norge AS and Eiendomsmegler 1 Nord-Norge AS at MNOK 40 and MNOK 20.

The entrance in the SpareBank 1 alliance results in that SpareBank 1 Helgeland now is a complete house of finance with bank, real estate and accounting services under one roof. The bank looks forward to a better and broader product and service offer together with streamlining of the bank operation. SpareBank 1 Helgeland will also after the entrance in the alliance be the local bank and a driving force for growth in Helgeland.

In the first quarter, there has been expensed MNOK 3 related to legal advice, consultants and market costs in the project.

The corona crisis

During 1st quarter one has seen a significant increase of infection, as towards the end of the quarter resulted in further national measures. Even with significant infection in the large population centres in Norway, there has been low infection in Helgeland.

Low infection pressure in the banks market area are also seen through the effects in the accounts. The bank took the costs and write-downs evaluated as relevant in 2020, and don't see further need for loss provision or other provisions as a consequence of the pandemic by the end of first quarter. The bank has a relative limited scope of especially exposed businesses as hotel and restaurant, tourism and oil business, which provides little effect of the pandemic and the national measures by the end of the first quarter.

The corona pandemic has had large effect on Norwegian and international economy. During fourth quarter, and into 2021 there has been more infection, partly also in Helgeland.

It still lies uncertainty related to total consequences of the pandemic, especially on how companies and retail customers will cope with the economic losses after the pandemic.

Cash flow

The cash flow statement shows how SpareBank 1 Helgeland has received cash and how these are used. It is based on gross cash flows from operational activities, investment- and financing activities. The liquidity holding is increased by MNOK 825 since the beginning of the year.

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 given an Aaa rating by Moody's.

Subsidiaries and associated companies

The SBH group consists of SpareBank 1 Helgeland and the consolidated subsidiaries Helgeland Boligkreditt AS, ANS Bankbygg Mo, AS Sparebankbygg, SpareBank 1 Helgeland's Eiendomsselskap AS, Helgeland Utviklingsselskap AS, Storgata 73 AS and Strendene Utviklingsselskap AS. The subsidiaries Helgeland Utvikling AS and Strendene Utviklingsselskap AS is in its entirety written down.

The owner shares in Samarbeidende Sparebanker AS and Samarbeidende Sparebanker Uvikling DA is classified as jointly controlled companies. The bank has an owner share of 3 % in both companies, where the owner share in Samarbeidende Sparebanker AS dictates an indirect owner share in SpareBank 1 Gruppen AS of 0.6 %.

Risk and capital management

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

Credit risk

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

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

By the end of the year net non-performing (>90 days) and impaired commitment constitute MNOK 368 (273) which is an increase of MNOK 95 from 31.03.20. In percentage of gross lending this amounts to 1.36 (0.98) %.

Market risk

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

The banks positions in shares are primarily strategically motivated through investments in shares in subsidiary companies, associated companies and product companies. The market risk associated to these share investments are considered to be moderate.

Operational risk

The risk management is central in the daily operation and in the board's work. The risk is primarily managed through policy and guidelines, frameworks, power of attorney, reporting requirements and competence requirements. In 2020 it has not been revealed any conditions that are critical to the bank's activities.

Liquidity risk

The Board has approved a strategy for liquidity management that determine the purpose, management objectives, and risk tolerance for the management of liquidity risk. The bank's liquidity situation is considered satisfactory, and the share of long-term funding is well above the target.

The SBH group's combined liquidity reserves (cash, deposits, and interest-bearing assets) constitute NOK 7.2 (5.8) bn, or 20.9 (15.2) % of the group's total assets. The combined duration of the interest portfolio is 1.5 (1.6) years.

The banks liquidity reserve portfolio mainly consists of solid issuers of interest-bearing securities that qualify for

LCR reporting. By the end of the quarter the SBH Group has a LCR of 452 (196) %.

Solidity

After proportionally consolidation, net equity and related capital amounts to MNOK 4 155, hereby fund obligations by MNOK 299 and subordinated loan by MNOK 451.

the SBH group has per 31.03.21 a CET1 capital ratio of 19.9 (17.1) % and a total capital ratio of 24.3 (21.4) %. The profit for the year is not included in the calculation.

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

The target of CET1 is 17.0 %, and 20.5 % for total capital adequacy. The bank has in its target considered increased system risk and countercyclical buffer requirements.

The Group has a risk weighted balance before proportionately consolidation of MNOK 17 135 (17 599). The bank has in the first quarter completed some intern definitions and marking of commitments. This has provided migrations in classifications. In addition, the bank has a leave of one large corporate commitment which has reduced commitments with security in real estate.

The bank has followed the discussion of the FSA's interpretation of the rules related to funding high risk commitments. The bank has chosen to follow the interpretation emerging of the FSA's document from December 10th 2020, and has as a consequence of this completed further review and marking of high-risk commitments in the first quarter. This resulted in an increase in commitments classified as high risk of MNOK 220 from year end. The bank is still not under the perception that the commitments that now is marked as funding of speculative investment in real estate necessarily has an elevated risk that suggests a risk weight of 150 %.

The bank has in the first quarter a significant increase in mass market commitments. This is mainly related to a re-evaluation of the bank's classification of mass market, mainly related to amount sizes on commitments that can be classified as mass market. The change in commitments against companies is mainly related to the change in the mass market definition.

The group's Leverage Ratio (unweighted core capital ratio) was 10.4 (9.8) % after proportionally consolidation.

Prospects ahead

The bank has during 1st quarter become a part of the SpareBank 1 alliance, and is looking forward to take part in the best development and competence environments in Norway. Paralell to the work with becoming a part of the alliance, an ongoing pandemic with its challenges

affected large parts of the society. For SpareBank 1 Helgeland and Helgeland, the future prospects are still positive. Low unemployment, large public and private projects, together with increasing housing prices and stable turnover numbers, is factors that substantiates this. SpareBank 1 Helgeland sees no special relations that suggests that this development will change significantly in 2021.

The entrance in the SpareBank 1 alliance and the acquisition in the fourth quarter of 2021 will affect the operation and the costs in 2021. This results in that the groups long-term profitability targets cannot be expected to be fulfilled for a period. In a longer perspective, the profitability is expected to strengthen. The group has a long-term profitability target on level with comparable banks of 11 % after tax from 2023.

The net interest is expected to stabilize in current level in the coming quarters. The bank experiences strong competition and will in addition have large liquidity reserves in relation to the acquisition until 4th quarter 2021. This will lead to a slightly lower net interest in the coming quarter.

Overall, the level of commission income is satisfying. Established measures and an aggressive sales organization provide the basis for expecting this level to be stable in 2021. As a consequence of entering the SpareBank 1 alliance, the bank will change product suppliers in 2021. It is not expected to provide significant changes in the commission income.

The cost level will naturally be affected by Helgeland 1. Operating costs for the basic operation are expected to maintain relative stable but slightly over target of 40 percent of total income. This is basically related to increased costs in a transition phase after entering the SpareBank 1 alliance and the acquisition. It is expected further project costs of MNOK 47 during 2021.

The bank has earlier guided the market on an expectation of normalized losses of around 0.20 % of gross lending. The level of expectation is also maintained for 2021. It is still an underlying uncertainty regarding future losses considering Covid-19, but the bank has relatively little exposure against especially affected industries within oil, tourism, hotel and restaurant business.

On the retail market, in near future, the board expect a relative weak market growth. The groups growth ambitions suggest a lending growth minimum equivalent to the market on Helgeland, but the board will still prioritize profitability over growth. For the corporate market it is expected a significant increase of activity in Helgeland in the years to come. Significant infrastructure and industry projects as airport, battery fabric, deep water quay and hospital will provide investments for up to 10 billion NOK in Helgeland. The bank is well proportioned to be an important contributor for the local business actors that will enter these projects, but will also here prioritize profitability before growth.

The board expect that the entrance in the SpareBank 1 alliance will strengthen the group's position as a profitable and forward-looking local bank, and also

further contribute to that SpareBank 1 Helgeland will represent a force for growth in Helgeland.

Mo i Rana, April 29th 2021

Bjørn Krane
Chairman of the Board

Rolf Eigil Bygdnes
Deputy Chairman of the Board

Marianne Terese Steinmo

Siw Moxness

Jonny Berfjord

Tone Helen Hauge

Birgitte Lorentzen
Employee representative

Geir Pedersen
Employee representative

Hanne Nordgaard
CEO

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PROFIT AND LOSS ACCOUNT (amounts in NOK million)

<i>Parent bank</i>				<i>Group</i>		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
776	241	169	Interest income and similar income (note 2.1)	203	302	966
252	99	41	Interest payable and similar costs	54	138	348
20	5	5	Hedge fund fees	5	5	20
504	137	123	Net interest- and credit commission income	144	159	598
108	26	30	Commissions receivable and income from banking services	30	26	108
11	2	2	Commissions payable and costs relating to banking services	2	2	11
97	24	28	Net commission income	28	24	97
58	50	70	Dividend	2	0	7
30	6		Net profit from associates		6	30
150	-40	3	Net profit from other financial investments	2	-41	166
238	15	73	Gains/losses on financial assets available for sale (note 3)	4	-35	203
9	2	2	Other operating income	1	1	5
436	84	79	Operating costs (note 4)	81	86	462
67	23	3	Losses on loans, guarantees etc. (note 10)	3	23	51
346	70	144	Gross profit	93	40	390
27	13	18	Tax payable on ordinary result	22	18	50
319	57	126	Net profit	71	23	340
11.2	2.0	4.4	Yield per equity capital certificate (note 5)	2.4	0.7	12.0
11.2	2.0	4.4	Diluted result per ECC in Norwegian currency (note 5)	2.4	0.7	12.0
Extended Income Statement						
319	57	126	Net profit	71	23	340
			Items that will not be reclassified through profit or loss			
-1		0	Recognized deviations in pensions	0	0	-1
<u>Items that are subsequently reversed through profit or loss:</u>						
0	0	0	Estimate variances, pensions will not be reversed over the income statement later	0	0	0
0	0	0	Tax on extended profit	0	0	0
-1	0		Net extended profit or loss items		0	-1
318	57	126	Total profit of the period	71	23	339

BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.20	31.03.20	31.03.21	31.03.21	31.03.20	31.12.20	
ASSETS						
76	74	69	Cash and claims on central banks	69	74	76
1 531	1 613	2 324	Loans to and claims on credit institutions	1 453	749	619
20 210	19 687	19 685	Loans to and claims on customers (note 7,8,9,10)	26 837	27 380	27 398
54	55	45	Financial derivatives (note 16)	47	74	67
4 849	4 648	5 880	Certificates, bonds and shares	5 901	4 669	4 870
0	376	147	Investments in associated companies (note 12)	147	376	0
590	604	590	Investments in subsidiaries (note 12)	0	0	0
26	8	26	Deferred tax benefit	26	12	26
47	73	51	Fixed assets (note 13)	122	171	118
61	68	56	Other assets (note 13.1)	25	49	33
27 444	27 206	28 873	Total assets	34 627	33 554	33 207
LIABILITIES AND EQUITY CAPITAL						
550	850	550	Liabilities to credit institutions	551	852	551
19 101	18 430	20 640	Deposits from customers and liabilities to customers (note 17,18)	20 222	18 053	18 684
3 318	3 676	3 118	Borrowings through the issuance of securities (note 15)	9 268	10 369	9 418
39	42	26	Financial derivatives (note 16)	26	40	39
254	211	309	Other liabilities (note 13.1)	298	208	245
451	452	451	Subordinated loan capital	451	452	451
23 713	23 661	25 094	Total liabilities	30 816	29 974	29 388
Equity capital						
209	208	209	Equity share capital (note 5,6,20)	209	208	209
971	971	971	Premium Fund	971	971	971
1 354	878	1 354	Cohesion Fund	1 354	878	1 354
2 534	2 057	2 534	Total equity share capital	2 534	2 114	2 534
753	607	753	Primary capital	753	607	753
41	34	32	Gift fund	32	34	41
794	641	785	Total primary capital	785	641	794
38	439	38	Unrealized gains reserve	38	439	38
299	299	299	Hybrid Capital (Note 1,17)	299	299	299
65	109	123	Other equity capital	152	142	150
3 731	3 545	3 779	Total equity capital exclusive minority interest	3 808	3 578	3 816
			Non-controlling interest	3	2	3
3 731	3 545	3 779	Total equity capital	3 811	3 580	3 819
27 444	27 206	28 873	Total liabilities and equity capital	34 627	33 554	33 207

Conditional liabilities off balance sheet (note 11)

CHANGE IN EQUITY

Group

31.12.20

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Other Equ.cap.	Min. int.	Total
Equity as at 01.01.19	209	971	-1	299	439	590	39	14	822	181	2	3 565
Profit				12	-401	147	12	8	476	84	1	340
OCI						-1						-1
Total profit	0	0	0	12	-401	146	12	8	476	84	1	339
Paid interest FO				-12								-12
Gifts							-7					-7
Other changes			1							-2		-1
<i>Transactions with owners</i>												0
Change in allocation of profit 2019						17	-10	-7	56	-56		0
Dividend paid/interests								-7		-56		-63
Equity 31.12.19	209	971	0	299	38	753	35	8	1 354	150	3	3 819
Paid-in/accrued equity/retained earnings			1 179								2 640	3 819

31.03.21

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found. res.	Divid. Equal	Other Equ.cap.	Min. int.	Total
Equity as at 01.01.20	209	971	0	299	38	753	35	8	1 354	150	3	3 819
Result for the period				4						67		71
Extended profit or loss items												0
Total ext. profit or loss	0	0	0	4	0	0	0	0	0	67	0	71
Paid interest FO				-4								-4
Gift fund							-3					-3
Other changes												0
<i>Transactions with owners</i>												0
Dividend paid/interests								-8		-65		-73
Equity 31.12.20	209	971	0	299	38	753	32	0	1 354	152	3	3 811
Paid-in/accrued equity/retained earnings			1 179								2 632	3 811

Parent bank

31.12.20

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Total	
Equity as at 01.01.19		209	971	-1	299	439	590	39	14	822	112	3 494
Profit				12	-401	147	12	8	476	65		319
OCI						-1						-1
Total profit		0	0	0	12	-401	146	12	8	476	65	318
Paid interest FO				-12								-12
Gift fund								-7				-7
<i>Transactions with owners</i>				1								1
Change in allocation of profit 2019							17	-10	-7	56	-56	0
Dividend paid/interests									-7		-56	-63
Equity 31.12.19		209	971	0	299	38	753	33	8	1 354	65	3 731
Paid-in/accrued equity/retained earnings				1 180							2 551	3 731

31.03.21

	ECC capital	Premium fund	Own ECCs	Result for valuation	Result for valuation	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Other Equ.cap.	Total	
Equity as at 01.01.20		209	971	0	299	38	753	33	8	1 354	65	3 731
Result for the period				4							122	126
Extended profit or loss items												0
Total ext. profit or loss		0	0	0	4	0	0	0	0	0	122	126
Paid interest FO				-4								-4
Gift fund								-1				-1
<i>Transactions with owners</i>												0
Dividend paid/interests									-8		-65	-73
Equity capital 31.12.20		209	971	0	299	38	753	32	0	1 354	122	3 779
Paid-in/accrued equity/retained earnings				1 180							2 599	3 779

CASH FLOW STATEMENT

Parent bank			Group			
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
-404	57	529	Lending to customers	562	-79	-33
697	210	154	Interest income lending to customers	193	276	904
-290	-962	1 539	Deposits from customers	1 539	-906	-275
-170	-71	-26	Interest cost deposit from customers	-26	-63	-156
3	300	0	Receivables and liabilities to credit institutions	0	300	3
-9	0	-2	interest on receivables and liabilities to credit institutions	-2	0	-4
-2 859	0	-1 879	Purchase certificates and bonds	-1 879	0	-2 909
3 153	0	770	sale certificates and bonds	770	0	3 073
0	654	0	certificates and bonds	0	604	0
61	24	11	Interest income certificates and bonds	11	20	61
97	24	28	Comission income	28	24	97
-323	-79	-75	Payments relating to operations	-78	-79	-321
-53	-6	-31	Paid tax	-38	-20	-61
-66	53	-27	Other cutoffs	-28	40	-37
-164	204	991	A Net liquidity change from operating activities	1 052	117	342
-21	-3	-10	Investment in long-term securities	-10	-4	-21
0	0	0	Income sale of long-term securities	0	0	0
0	0	-211	Long-term investments in shares	-211	0	0
715	0	154	Payment from sales long-term investments in shares	154	0	715
96	50	70	Dividend from long-term investments in shares	2	0	45
790	47	3	B Net liquidity change from investments	-65	-4	739
679	18	0	New borrowing through issuance of securities	766	18	699
-1 079	-74	-192	Repayments - issued securities	-897	-74	-1 676
-61	-24	-11	Interest payments borrowing through issuance of securities	-25	-68	-169
-15	-4	-4	Interest payments on subordinated debt	-4	-4	-15
-7		-2	payment gift fund	-2		-7
-56	0	0	dividend to share owners	0		-56
-539	-84	-209	C Net liquidity change financing	-162	-128	-1 224
87	167	785	A+B+C Net liquidity change in the period	825	-15	-143
1 520	1 520	1 607	Liquid funds at the start of the period	695	838	838
1 607	1 687	2 392	Liquid funds at the end of the period	1 520	823	695
			Liquid funds specified			
76	74	68	Cash and balances with central banks	67	74	76
1 531	1 613	2 324	Balances with credit institutions without notice periods	1 453	749	619
1 607	1 687	2 392	Liquid funds	1 520	823	695

NOTE 1. ACCOUNTING PRINCIPLES

Both the consolidated financial statements and the parent bank's financial statements have been prepared in accordance with the IFRS standards, the accounting principles within the individual areas are described in the annual accounts for 2020. Interim reports are in accordance with IAS 34 and have not been audited.

NOTE 2. SEGMENT

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

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

Parent bank					Group				
31.03.21					31.03.21				
Retail	Corp.	Unallocated	Total	Segmentinformation	Retail	Corp.	Unallocated	Total	
54	74	-5	123	Net interest and credit commission income	76	75	-7	144	
4	7	17	28	Net commission income	4	7	17	28	
		75	75	Other operating income			5	5	
18	11	50	79	Operating costs	20	12	49	81	
1	2		3	Losses on loans guaranteed	1	2		3	
39	68	37	144	Gross profit	59	68	-34	93	
11 578	8 408		19 986	Loans to and claims on customers	18 631	8 495		27 126	
-21	-280		-301	Provision of loss	-21	-267		-288	
		9 188	9 188	Other assets			7 789	7 789	
11 557	8 128	9 188	28 873	Total assts per segment	18 610	8 228	7 789	34 627	
11 412	9 228		20 640	Deposits from customers and liabilities	11 412	8 811		20 223	
	7		7	Provisions of loss, unutilized deductions and guarantees		7		7	
		8 226	8 226	Other liabilities and equity			14 397	14 397	
11 412	9 235	8 226	28 873	Total liabilities and equity per segment	11 412	8 818	14 397	34 627	

Parent bank					Group				
31.03.20					31.03.20				
Retail	Corp.	Unallocated	Total	Segmentinformation	Retail	Corp.	Unallocated	Total	
60	75	2	137	Netto renteinntekter	85	75	-1	159	
4	3	17	24	Netto provisjonsinntekter	4	3	17	24	
		17	17	Inntekter			-33	-33	
20	12	52	84	Driftskostnader	23	12	51	86	
1	22	0	23	Tap på utlån	1	22		23	
43	44	-17	70	Resultat før skatt	65	44	-69	40	
11 244	8 795	0	20 039	Utlån til kunder	18 831	8 903	0	27 734	
-21	-331	0	-352	Tapsavsetninger	-21	-331	0	-352	
0	0	7 519	7 519	Andre eiendeler			6 172	6 172	
11 223	8 464	7 519	27 206	Sum eiendeler per segment	18 810	8 572	6 172	33 554	
10 530	7 900	0	18 430	Innskudd fra og gjeld til kunder	10 530	7 523	0	18 053	
0	5	0	5	Tapsavsetninger ubenyttet trekk og garantier	0	5	0	5	
		8 771	8 771	Annen gjeld og egenkapital			15 496	15 496	
10 530	7 905	8 771	27 206	Sum gjeld og egenkapital	10 530	7 528	15 496	33 554	

NOTE 2.1 NET INTEREST

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
18	7	3	Interest from financial instruments at amortized cost	1	3	4
386	128	90	Interest receivable on loans	181	265	859
404	135	93	Total interest from financial instruments at amortized cost	182	268	863
			Interest from financial instruments valued to fair value over net profit			
42	10	10	Interest receivable on loans (fair value loans)	10	10	42
61	24	11	Interest from bearer bonds and certificates	11	24	61
103	34	21	Total interest from financial instruments valued to fair value over net profit	21	34	103
			Interest from financial instruments valued to fair value OCI			
269	72	55	Interest receivable on loans (loans who can transfer to the bank's mortgage company)	0	0	0
269	72	55	Total interest from financial instruments valued to fair value OCI	0	0	0
776	241	169	Total interest income	203	302	966

NOTE 2.2 NET COMMISSION INCOME

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
71	16	15	Commissions and income from banking services	15	16	71
30	8	13	Fees relating to payments transmission services	13	8	30
7	2	2	Fees insurance (general, life, saving and pension)	2	2	7
108	26	30	Total commissions and income from banking services	30	26	108
			Commissions payable and costs relating to banking services			
11	2	2	Payments transmission services	2	2	11
			Fees - customers use of payment terminals			
			Other fees			
11	2	2	Total commissions and income from banking services	2	2	11
97	24	28	Net commission income	28	24	97

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

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

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
5	-3	-1	Value change in interest-bearing securities	-1	-3	5
2	0	0	Net gain/loss in interest-bearing securities	0	0	2
150	-20	5	Net gain/loss shares	5	-20	165
58	49	70	Share dividend	2	0	7
30	6	0	Income from affiliated company	0	6	30
36	-3	-12	Value change in value on lending fixed rate	-12	-3	36
-43	-14	11	Value change on funding and swaps	10	-15	-42
238	15	73	Total value change financial instruments	4	-35	203

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
140	37	38	Wages, salaries and social costs	38	37	140
87	24	23	General administration costs	23	23	87
31	5	7	Depreciation etc of fixed- and intangible assets	9	7	57
178	18	11	Other operating costs	11	19	178
436	84	79	Total operating costs	81	86	462

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
0	-1	1	Period's change in write-downs step 1	1	-1	0
-10	14	-9	Period's change in write-downs step 2	-9	14	-10
-5	-4	8	Period's change in write-downs step 3	8	-4	-5
86	18	-2	Period's confirmed loss	-2	18	70
-4	-4	5	Period's recoveries from previous periods' conf.losses	5	-4	-4
67	23	3	Total losses on loans, guarantees etc.	3	23	51

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

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
319	57	126	Net profit	71	23	340
-12	-4	-4	Interest fund bond	-4	-4	-12
307	54	122	Profit (excl. Interest fund bond)	67	19	328
76.4 %	76.4 %	76.3 %	ECC percentage	76.3 %	76.4 %	76.4 %
11.2	2.0	4.4	Yield per equity capital certificate	2.4	0.7	12.0
11.2	2.0	4.4	Diluted result per ECC in Norwegian currency	2.4	0.7	12.0

				Parent bank		
				31.03.21	31.03.20	31.12.20
Net profit				126	57	319
Interest fund bond				-4	-4	-12
Transferred reserve for valuation variances				0	0	401
Basis dividend				122	54	708

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

Parent bank				Group			
31.03.20	%	31.03.21	%	31.03.21	%	31.03.20	%
17 160	85.6 %	17 115	85.6 %	22 603	83.3 %	23 072	83.2 %
2 845	14.2 %	2 838	14.2 %	4 468	16.5 %	4 613	16.6 %
34	0.2 %	32	0.2 %	55	0.2 %	49	0.2 %
20 039	100.0 %	19 985	100.0 %	27 126	100 %	27 734	100.0 %

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

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

Step 1: 12 months expected loss

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

Step 2: Expected loss of life.

In step 2, financial assets that have had a significant increase in credit risk are placed since initial recognition. If an account commitment is significantly worsened or not, it is defined as a function of probability of default (PD) at the time of calculation and the time of grant. The bank has chosen to define that assets with low credit risk (operationalized as assets with PD not exceeding 0.75%) remain in step 1. Expected loss for assets in step 2 is calculated over the residual maturity of the asset. The following events are always considered to have resulted in a significant increase in credit risk:

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

Step 3: Expected loss of life

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

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

In first quarter 2020 some parameters in the loss model has been adjusted as a consequence of covid-19, and the associated repercussions in the economy and the future prospects. Parameters that mainly has been adjusted to catch future loss of covid-19 situation is PD. PD is increased by 25 percent for all customer commitments. In addition, especially exposed business groups have been given further increase in PD. Effect of the changes in the pre-assumptions in the model amounted to a model write-down of MNOK 25 on the time of change. The effects the changes have on the provision on losses on loans is by the end of the quarter MNOK 20.

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

Group

31.03.21

Lending to amortized cost and fair value (OCI)

	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Step 1	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	0	-	-	-	-	-	0
Insurance and finance	1	-	-0	-	-	-	1
Agriculture and forestry	1 312	-	-1	-5	-18	11	1 299
Fisheries and aquaculture	998	-	-1	-4	-0	-	993
Mining and industry	466	-	-0	-1	-4	-	461
Building and construction	996	-	-2	-3	-130	14	875
Trade, hotel, restaurants.	387	-	-0	-2	-0	4	388
Transport and services	1 323	-	-2	-11	-21	26	1 315
Property, property development	2 947	-	-3	-19	-40	10	2 895
Total corporate market	8 430	0	-10	-45	-212	65	8 227
Retail market	17 167	0	-1	-5	-15	1 464	18 610
Total	25 596	0	-11	-51	-228	1 530	26 836
Expected loss unutilized credit and guarantees RM			-	-	-		
Expected loss unutilized credit and guarantees CM			-1	-3	-3		

Group

31.03.20

Lending to amortized cost and fair value (OCI)

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

31.03.21	Lending to amortized cost and fair value (OCI)						
	Gross lending		Loss deductions			Gross lending	Net lending
	Amortized cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value over profit	Total
Municipalities and municipal enterp.	0	-	-	-	-	-	0
Insurance and finance	1	-	-0	-	-	-	1
Agriculture and forestry	1 155	137	-1	-5	-18	11	1 279
Fisheries and aquaculture	973	16	-1	-4	-0	-	984
Mining and industry	450	13	-0	-1	-4	-	458
Building and construction	952	28	-2	-3	-130	14	859
Trade, hotel, restaurants.	363	19	-0	-2	-0	4	384
Transport and services	1 154	91	-2	-13	-21	26	1 236
Property, property development	2 855	135	-2	-16	-54	10	2 928
Total corporate market	7 903	439	-9	-44	-226	65	8 128
Retail market	464	9 649	-2	-5	-15	1 464	11 556
Total	8 367	10 088	-11	-49	-242	1 530	19 683
Expected loss unutilized credit and guarantees RM			0	0	0		
Expected loss unutilized credit and guarantees CM			-1	-3	-3		

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

NOTE 9. NET NON-PERFORMING AND IMPAIRED COMMITMENT

Parent bank			Group			
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
321	299	285	Default commitments over 90 days	285	299	321
-163	-117	-122	Step 3 write-downs	-122	-117	-163
158	182	163	Total net loans, guarantees etc. in default	163	182	158
252	237	348	Other non-performing and impaired commitments and guara., not in default ¹⁴	314	237	218
-73	-146	-123	Step 3 write-downs	-109	-146	-60
179	91	225	Total non-performing and impaired commitments and guara., not in default	205	91	158
337	273	388	Total non-performing and impaired commitments and guara¹⁵	368	273	316
1.64 %	1.36 %	1.94 %	In % of total loans	1.36 %	0.98 %	1.14 %

A default commitment is the total of the customer total commitment if a part of the commitment has been overdue in more than 90 days. Non-performing and impaired commitments are commitments that are not in default but has a loss deduction.

Note 22 in the annual report describe commitments placed in step 3 by calculating expected loss. In step 3 write-downs on default loans expected loss and individual write-downs are included. See also note 1 in the quarterly accounts.

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

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

	Step 1	Step 2	Step 3	Group 31.03.21
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. 31.12.20	19 912	5 706	539	26 157
New loans / credits / guarantees	1 393	137	3	1 533
Transfers from step 1 to step 2	-730	721		-9
Transfers from step 1 to step 3	-40		39	0
Transfers from step 2 to step 3		-56	54	-1
Transfers from step 3 to step 2		7	-7	0
Transfers from step 3 to step 3	5		-5	0
Transfers from step 2 to step 1	986	-1 003		-17
Reduced portfolio	-1 382	-351	-4	-1 738
Other adjustments	-271	-38	-20	-329
Gross lending pr. 31.03.21	19 873	5 123	599	25 596
IB unused drafts, guarantees etc.	2 271	280	36	2 588
UB unused drafts, guarantees etc.	2 301	260	24	2 585

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 31.03.20
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	20 827	4 764	550	26 141
New loans / credits / guarantees	1 415	139	2	1 555
Transfers from step 1 to step 2	-2 425	2 567		142
Transfers from step 1 to step 3	-4		5	0
Transfers from step 2 to step 3		-27	27	0
Transfers from step 3 to step 2		18	-20	-1
Transfers from step 3 to step 3	1		-1	0
Transfers from step 2 to step 1	732	-753		-20
Reduced portfolio	-1 141	-361	-22	-1 524
Other adjustments	-81	-47	-4	-133
Gross lending pr. 31.03.20	19 322	6 300	536	26 159
IB unused drafts, guarantees etc.	2 570	190	23	2 782
UB unused drafts, guarantees etc.	2 082	305	25	2 412

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

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

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	31.03.21
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	1 239	129	3	1 371
Transfers from step 1 to step 2	-513	506		-8
Transfers from step 1 to step 3	-39		38	0
Transfers from step 2 to step 3		-53	52	-1
				0
Transfers from step 3 to step 2		7	-7	0
Transfers from step 3 to step 3	5		-5	0
Transfers from step 2 to step 1	699	-714		-15
Reduced portfolio	-1 303	-322	-4	-1 630
				0
Other adjustments	-190	-36	-17	-243
Gross lending pr. 31.03.21	13 697	4 124	633	18 455
IB unused drafts, guarantees etc.	1 909	278	36	2 223
UB unused drafts, guarantees etc.	1 943	257	24	2 224

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

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

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	31.03.20
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	14 212	3 835	550	18 597
New loans / credits / guarantees	1 307	149	8	1 464
Transfers from step 1 to step 2	-1 908	2 053		145
Transfers from step 1 to step 3	-3		3	0
Transfers from step 2 to step 3		-22	22	0
				0
Transfers from step 3 to step 2		18	-20	-1
Transfers from step 3 to step 3	1		-1	0
Transfers from step 2 to step 1	564	-582		-18
Reduced portfolio	-1 254	-363	-22	-1 639
				0
Other adjustments	-40	-40	-4	-84
Gross lending pr. 31.03.20	12 879	5 049	536	18 464
IB unused drafts, guarantees etc.	2 060	185	23	2 267
UB unused drafts, guarantees etc.	1 570	299	25	1 894

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

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

	<i>Group</i>			
	Step 1	Step 2	Step 3	31.03.21
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	1	1	0	2
Transfers from step 1 to step 2	0	3		3
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		-1	8	6
				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	-6		-6
Reduced portfolio	-1	-2	-1	-3
				0
Other adjustments	-1	-2	2	-2
Loss deduction pr. 31.03.21	12	54	231	296

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

	<i>Group</i>			
	Step 1	Step 2	Step 3	31.03.20
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	1	1	-1	1
Transfers from step 1 to step 2	-3	27		23
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		0	2	1
				0
Transfers from step 3 to step 2		0	-2	-2
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-15		-13
Reduced portfolio	-1	-4	-6	-11
				0
Other adjustments	-3	6	18	21
Loss deduction pr. 31.03.20	10	85	263	358

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

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	31.03.21
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	1	1	0	2
Transfers from step 1 to step 2	0	3		3
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		-1	8	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	1	-6		-5
Reduced portfolio	-1	-2	-1	-3
Other adjustments	-1	-2	2	-2
Loss deduction pr. 31.03.21	12	52	245	308

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

13	59	236
-1	-7	9

	<i>Parent bank</i>			
	Step 1	Step 2	Step 3	31.03.20
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	1	1	1	4
Transfers from step 1 to step 2	-3	26		22
Transfers from step 1 to step 3	0		0	0
Transfers from step 2 to step 3		0	1	1
Transfers from step 3 to step 2		0	-2	-2
Transfers from step 3 to step 3	0		0	0
Transfers from step 2 to step 1	1	-14		-13
Reduced portfolio	-1	-4	-6	-11
Other adjustments	-1	5	15	20
Loss deduction pr. 31.03.20	12	83	263	357

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

NOTE 11. CONTINGENT OFF-BALANCE SHEET COMMITMENTS

<i>Parent bank</i>			<i>Group</i>		
31.12.20	31.03.20	31.03.21	31.03.21	31.03.20	31.12.20
1 822	1 484	1 842	2 203	2 002	2 187
401	410	382	382	410	401
588	636	628			
		Unutilized drawing rights Helgeland Boligkreditt AS			
2 811	2 530	2 852	2 585	2 412	2 588
		Net guarantee and draw rights			

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

NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Subsidiaries

	Share capital	Number of shares	Equity stake	Parent bank	
				Book value	
				31.03.21	31.03.20
ANS Bankbygg Mo	49		99.5 %	47	46
Helgeland Boligkreditt AS	540	540 000	100 %	540	540
AS Sparebankbygg	0	100	100 %	1	1
Helgeland Spb.eiend.selskap AS	0	100	100 %	0.4	0.4
Helgeland Utviklingsseelskap AS	1	500	100 %	0	0
Strendene Utviklingsseelskap AS	15	300	100 %	0	15
Storgata 73 AS	0	140	57 %	1	1
Total investment in AC				590	604

Associated companies (AC) and joint ventures (JV) is calculated at cost price with subsequent measuring in accordance to the equity method. The bank has in the first quarter bought stocks and shares in joint ventures at MNOK 147. Cost price includes an interest compensation for first quarter 2021 at MNOK 2 accounted for in the profit share for the period.

	Share capital	Cost	Number of shares	Equity stake	Parent bank and group	
					Book value	
					31.03.21	31.12.20
Samarbeidende Sparebanker AS (FKV)	355	146	26 618	3.0 %	146	-
Samarbeidene Sparebanker Utvikling DA (FKV)	-	1	-	3.0 %	1	-
Investment in joint ventures and associated companies					147	0

Financial information associated companies and joint ventures, balance posts:

		Parent bank and group				
		31.03.21				
		Assets	Debt	Income	Cost	Result
Balance 100 % ownership						
Samarbeidende Sparebanker AS	100.0 %	2340	10	94	28	66
Samarbeidene Sparebanker Utvikling DA	100.0 %	30	0	0	0	0
Total		2370	10	94	28	66
The bank's share						
Samarbeidende Sparebanker AS	3.0 %	70	0	3	1	2
Samarbeidene Sparebanker Utvikling DA	3.0 %	1	0	0	0	0
Total		71	0	3	1	2

Parent bank and group

31.12.20

Balance 100 % ownership		Assets	Debt	Income	Cost	Result
Helgeland Invest AS (30.09.2020)	100.0 %	0	0	66	4	62
REDE Eiendomsmegling AS (30.09.2020)	100.0 %	0	0	0	24	0
Total		0	0	66	28	62
The bank's share						
Helgeland Invest AS	0.0 %	0	0	0	0	30
REDE Eiendomsmegling AS	0.0 %	0	0	0	0	0
Total		0	0	0	0	30

Financial information Associated companies and joint ventures, profit/loss posts

Parent bank and group

31.03.21

Specification joint ventures and associated companies	0	0	0	0	0	0
Samarbeidende Sparebanker AS	146	0	0	0	0	0
Samarbeidene Sparebanker Utvikling DA	1	0	0	0	0	0
Specification joint ventures and associated companies	147	0	0	0	0	0

Parent bank and group

31.12.20

Specification joint ventures and associated companies	0	0	0	0	0	0
Helgeland Invest AS	0	355	0	30	-39	
REDE Eiendomsmegling AS	0	15	0	0	0	
Sum shares joint ventures and associated companies	0	370	0	30	-39	

Parent bank and group

31.03.21 31.12.20

Book value joint venture and associated companies	31.03.21	31.12.20
Opening balance	0	379
Acquisition	147	0
Sales	0	-370
Equity changes	0	0
Results	2	30
Other adjustments	-2	0
Dividends paid	0	-39
Book value	147	0

NOTE 13. OPERATING FUNDS

Parent bank		Group	
31.03.20	31.03.21	31.03.21	31.03.20
73	51	122	171
73	51	122	171

NOTE 13.1 LEASES

IFRS 16 Leases

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

Parent bank			Group		
31.12.20	31.03.20	31.03.21	31.03.21	31.03.20	31.12.20
			Assets		
34	34	45	16	14	14
23	14	0	0	8	5
-12	-4	-2	0	-2	-2
45	44	43	16	20	16
			Liabilities		
34	34	46	17	14	14
22	13	0	0	8	5
-12	-3	-2	0	-1	-2
2	1	1	0	0	1
46	45	45	17	21	17

NOTE 14. DISCLOSURES OF RELATED PARTIES

The information is given in line with IAS 24 for "Information regarding close parties" (Transactions toward leading employees and representatives appear in a note in the annual accounts). SpareBank 1 Helgeland defines its subsidiaries and associated companies as close parties in relation to this accounting standard. The transactions between the parent bank, affiliated companies and associated companies are conducted in line with regular commercial terms and principles. Significant transactions with related parties:

Helgeland Boligkreditt AS (share of ownership 100 %)

Transferred loans as of 31.03.21 constitute a total of MNOK 7 197. Covered bonds in the housing mortgage company constitute MNOK 6 230 where MNOK 80 (80) is owned by SpareBank 1 Helgeland. Credit line of NOK 1.5bn is drawn with MNOK 872. In addition, the bank has a revolving credit facility (with maturity > one year) provided by SpareBank 1 Helgeland, which will cover payment obligations in the security pool for a rolling 12-month period. The agreements are based on the principle of arm's length. In the consolidated accounts, the effects of the facilities are eliminated. SBH has received dividend of MNOK 68.1 in 2021.

ANS Bankbygg (share of ownership 99,5 %)

The bank rents premises from ANS Bankbygg and has paid MNOK 2.6 per 31.03.21.

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

Measurement of fair value of financial instruments by level

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

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

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

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

Principal fixed rate loans per 31.03.21 were MNOK 1 529 (1 532) MNOK. Net interest rate risk by a parallel interest rate shift of 1 %-point for fixed rate loans and derivatives, fixed rate loans was MNOK -4.3 (-5.4) per 31.03.21.

Morbank			Assets and liabilities measured at fair value			Group		
31.03.21						31.03.21		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3		
Financial assets at fair value through profit								
0	0	1 543	- Loans to and claims on customers at fair value		0	1 543		
0	5 764	117	- Certificates, bonds and equities at fair value		5 785	117		
Financial assets available for sale								
0	0	10 088	- Mortgages	0	0	0		
0	45	0	- Financial derivatives		47			
0	5 809	11 748	Total assets	0	5 832	1 660		
LIABILITIES								
Financial liabilities at fair value through profit								
0	26	0	- Debt issuance of securities	0	26	0		
0	26	0	Total liabilities	0	26	0		

Shares	Loans	Total	Changes in instruments classified in Level 3	Shares	Loans	Total
207	11 750	11 957	Opening balance	207	1 559	1 766
-154	-202	-356	Payment loan/sale of shares	-154	-66	-220
64	97	161	New loans	64	64	128
0	-14	-14	Value change		-14	-14
117	11 631	11 748	Financial instruments valued on Level 3	117	1 543	1 660

Morbank			Assets and liabilities measured at fair value			Group		
31.12.20						31.12.20		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3		
Financial assets at fair value through profit								
0	0	1 559	- Loans to and claims on customers at fair value	0	0	1 559		
0	4 642	207	- Certificates, bonds and equities at fair value	0	4 663	207		
Financial assets available for sale								
0	0	10 191	- Mortgages	0	0	0		
0	54	0	- Financial derivatives	0	67	0		
0	4 696	11 957	Total assets	0	4 730	1 766		
LIABILITIES								
Financial liabilities at fair value through profit								
0	39	0	- Financial derivatives	0	39	0		
0	39	0	Total liabilities	0	39	0		
Changes in instruments classified in Level 3								
Shares	Loans	Total	Changes in instruments classified in Level 3	Shares	Loans	Total		
379	11 375	11 754	Opening balance	379	1 506	1 885		
-276	-655	-931	Payment loan/sale of shares	-276	-234	-510		
0	993	993	New loans	0	251	251		
104	37	141	Value change	104	36	140		
207	11 750	11 957	Financial instruments valued on Level 3	207	1 559	1 766		

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>			
31.03.21				31.03.21			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
1 234	0	26	Interest rate swaps- fixed interest rate loans	1 234	0	26	
55	0	0	Interest rate swaps- bank deposits with share Yield	55	0	0	
1 289	0	26	Total financial derivatives	1 289	0	26	
1 600	45	0	Interest rate swaps – fixed interest rate with hedging	1 900	47	0	
1 600	45	0	Total financial derivatives with hedging	1 900	47	0	

Net presentation of financial assets and liabilities

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

<i>Group</i>					
31.03.21					
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as assets	47	0	47	-26	21
Derivaives carried as liabilities	26	0	26	26	0

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

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

NOTE 17. SECURITIES ISSUED

<i>Parent bank</i>			<i>Group</i>	
31.03.20	31.03.21	(MNOK)	31.03.21	31.03.20
3 609	3 073	Bonds, nominal value	9 218	10 270
39	29	Value adjustments	27	58
28	16	Accrued interest	22	41
3 676	3 118	Total securities	9 268	10 369

<i>Change in securities issued</i>					<i>Group</i>
	31.12.20	Issued	Matured/redeemed	Other change	31.03.21
Bonds, nominal value	9 349	766	-897	0	9 218
Value adjustments	45			-18	27
Accrued interest	24			-2	22
Total	9 418	766	-897	-19	9 268

<i>Change in subordinated debt</i>					<i>parent bank</i>
	31.12.20	Issued	Matured/redeemed	Other change	31.03.21
Bonds, nominal value	3 265	-	-192	0	3 073
Value adjustments	33			-4	29
Accrued interest	20			-4	16
Total	3 318	-	-192	-8	3 118

<i>Change in securities issued</i>					<i>Group/Parent bank</i>
	31.12.20	Issued	Matured/redeemed	Other change	31.03.21
equity and related capital, nominal value	451				451
Value adjustments	-1				-1
Accrued interest	1				1
Total	451	-	-	0	451

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

<i>Accounted value</i>			<i>Group</i>	
			31.03.21	31.12.20
Bonds, amortized cost			7 370	7 500
Bonds, hedging			1 898	1 918
Total debt securities			9 268	9 418

<i>Accounted value</i>			<i>Parent bank</i>	
			31.03.21	31.12.20
Bonds, amortized cost			1 519	1 715
Bonds, hedging			1 598	1 603
Total debt securities			3 118	3 318

NOTE 18. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>				<i>Group</i>				
%	31.03.20	%	31.03.21		31.03.21	%	31.03.20	%
89.2 %	16 445	90.7 %	18 726	Helgeland	18 435	91.2 %	16 096	89.2 %
10.0 %	1 838	8.5 %	1 757	Areas other than Helgeland	1 657	8.2 %	1 815	10.1 %
0.8 %	147	0.8 %	157	International	130	0.6 %	142	0.8 %
100 %	18 430	100 %	20 640	Total	20 222	100 %	18 053	100 %

NOTE 19. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>				<i>Group</i>				
%	31.03.20	%	31.03.21		31.03.21	%	31.03.20	%
3.3 %	602	3.0 %	625	Financial institutions	242	1.2 %	258	1.4 %
10.8 %	1 987	12.5 %	2 581	Municipalities and municipal ente	2 581	12.8 %	1 987	11.0 %
2.3 %	430	2.3 %	474	Agriculture and forestry	474	2.3 %	430	2.4 %
2.9 %	539	1.6 %	336	Fisheries and aquaculture	336	1.7 %	539	3.0 %
1.1 %	207	1.0 %	198	Mining and industry	198	1.0 %	207	1.1 %
3.4 %	630	3.7 %	769	Building and construction	769	3.8 %	630	3.5 %
2.2 %	404	2.4 %	490	Trade, hotel, restaurants.	490	2.4 %	404	2.2 %
10.1 %	1 867	12.7 %	2 626	Transport and services	2 626	13.0 %	1 867	10.3 %
6.7 %	1 234	5.5 %	1 129	Property, property development	1 094	5.4 %	1 201	6.7 %
42.9 %	7 900	44.7 %	9 228	Total corporate market	8 810	43.6 %	7 523	41.7 %
57.1 %	10 530	55.3 %	11 412	Retail market	11 412	56.4 %	10 530	58.3 %
100 %	18 430	100 %	20 640	Total	20 222	100 %	18 053	100 %

NOTE 20. EQUITY CERTIFICATE CAPITAL HELG

Per 31.03.21	Number	% share	<i>Parent bank</i>		
			Number	% share	
Sparebankstiftelsen Helgeland	7 315 020	35.0 %	Catilina Invest AS	296 546	1.4 %
Pareto Invest AS	1 949 392	9.3 %	VPF Nordea Avkastning	240 370	1.2 %
VPF Nordea Norge	1 067 487	5.1 %	VPF Nordea Kapital	238 245	1.1 %
VPF Eika Egenkapital	997 386	4.8 %	AF Kapital Managemet	181 749	0.9 %
Lamholmen Invest AS	436 991	2.1 %	Melum Mølle AS	177 000	0.8 %
J.P. Morgan Bank Luxembourg S.A.	404 967	1.9 %	Spesialfondet Borea utbytte	159 374	0.8 %
U.S Bank National Association	379 973	1.8 %	Vigner Olaisen AS	144 653	0.7 %
MP Pensjon PK	379 203	1.8 %	Melesio Invest AS	143 147	0.7 %
Helgeland Kraft AS	377 691	1.8 %	Nima Invest AS	133 563	0.6 %
Bergen kommunale pensjonskasse	370 000	1.8 %	VPF Nordea Norge Plus	123 527	0.6 %
Total 10 largest owners	13 678 110	65.5 %	total 20 largest owners	15 516 284	74.3 %

The bank has issued a total of 20871427 equity certificates value of NOK 10

NOTE 21. CAPITAL ADEQUACY

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
3 731	3 545	3 779	Total equity capital	3 808	3 578	3 819
-299	-299	-299	Hybrid capital classified as equity (CB)	-299	-299	-299
-24	-24	-24	Deduction investment in Balder Betaling	-24	-24	-24
0	-65	0	Deduction shares in financial institutions	0	0	0
-6	-7	-9	Deduction prudent valuation	-10	-7	-7
0	-57	-126	Deduction share of profit not eligible as common equity tier 1 capital	-71	-23	0
-26	-36	0	Deduction Intangible assets	0	-36	-28
-73	-64	0	Deduction dividend classified as equity	0	-64	-73
			Effect of proportionate consolidation on equity tier 1 capital	0	27	11
3 304	2 993	3 321	Total common equity tier one capital	3 405	3 152	3 400
0	-10	0	Shares in financial institutions	0	0	0
299	299	299	Hybrid capital (CB)	299	299	299
			Effect of proportionate consolidation on other tier 1 capital	0	15	14
3 603	3 282	3 620	Total tier 1 capital	3 704	3 466	3 714
451	452	451	Subordinatet dept	451	452	451
0	0	0	Shares in financial institutions	0	0	0
			Effect of proportionate consolidation on additional capital	0	20	20
451	452	451	Total net additional capital	451	472	471
4 054	3 734	4 071	Total net equity and related capital	4 155	3 938	4 184
16 023	15 857	16 006	Risk-weighted balance (calculation basis)	17 135	18 374	18 110
20.62 %	18.88 %	20.75 %	Common equity tier one Capital ratio in %	19.87 %	17.16 %	18.78 %
22.49 %	20.70 %	22.62 %	Tier 1 capital ratio in %	21.61 %	18.87 %	20.51 %
25.30 %	23.55 %	25.44 %	Total capital ratio in %	24.25 %	21.43 %	23.11 %
11.00 %	11.00 %	11.00 %	Requirement common equity core tier one capital ratio in %	13.20 %	13.20 %	13.20 %
12.50 %	12.50 %	12.50 %	Requirement tier 1 capital ratio in %	14.70 %	14.70 %	14.70 %
14.50 %	14.50 %	14.50 %	Requirement capital ratio in %	16.70 %	16.70 %	16.70 %
0	0	0	Required capital incl. buffer and pilar II requirements	2 862	3 068	3 024
4 054	3 734	4 071	Excess capital incl. buffer and pilar II requirements	1 293	870	1 160
31.12.20	31.03.20	31.03.21	Calculation basis	31.03.21	31.03.20	31.12.20
2	0	22	States and central banks	22	0	2
307	277	412	Local and regional authorities (including municipalities)	412	277	307
524	464	768	Institutions	379	359	197
1 899	1 868	1 494	Enterprises	1 494	1 868	1 899
908	950	1 301	Mass market loans	1 358	950	908
8 467	8 028	7 882	Loans secured by real property	10 416	10 903	11 075
643	787	375	Loans overdue	355	856	667
813	804	820	Covered bonds	190	122	189
212	0	544	High risk exposures	544	0	212
0	0	0	Units in securities funds	0	0	0
774	1 248	927	Equity positions	336	706	183
120	119	107	Other loans and commitments	205	201	164
14 669	14 546	14 652	Capital requirement credit risk	15 712	16 242	15 803
1 347	1 308	1 347	Capital requirement operational risk	1 385	1 349	1 385
7	3	7	CVA addition	38	8	41
0	0	0	Other adjustment from capital requirement	0	0	0
16 023	15 857	16 006	Total capital requirement	17 135	17 599	17 229
			Proportionate share of risk-weighted balance cooperating groups	0	900	1 035
			Deduction internal eliminations cooperating groups	0	-125	-154
			Risk-weighted balance after proportionate consolidation	17 135	18 374	18 110

NOTE 22. FINANCIAL ESTIMATES AND ESTIMATIVE ASSESSMENTS

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

For write-downs in lending, the bank has estimated expected effect of the corona crisis through the model write-downs. This is by the end of the quarter resolved through adjusting the pre-assumptions in the model, primarily related to changed expectations in PD, and also change in PD on especially exposed business groups. The changes were completed by the end of 1st quarter 2020, and is regularly evaluated to include new information and expected corona effects. There is great uncertainty associated with the estimates.

Fair value of financial instruments is partly calculated based on observable data in the market, for positions where it doesn't lie market data it is used a combination of judgement and estimates based on market data in evaluation of fair value by the end of the year.

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
2.82	3.57	2.45	Interest receivable and similar income	2.44	3.63	2.87
0.99	1.54	0.67	Interest payable and similar costs	0.71	1.72	1.09
1.83	2.02	1.78	Net interest- and credit commission income²	1.73	1.91	1.77
0.39	0.38	0.43	Commissions receivable and income from banking services	0.36	0.31	0.32
0.04	0.04	0.03	Commissions payable and costs relating to banking services	0.02	0.02	0.03
0.35	0.35	0.41	Net commission income	0.34	0.29	0.29
0.86	0.22	1.06	Gains/losses on financial assets available for sale	0.05	-0.42	0.60
0.03	0.03	0.03	Other operating income	0.01	0.01	0.01
1.58	1.24	1.15	Operating costs	0.97	1.03	1.37
0.24	0.34	0.04	Losses on loans, guarantees etc. and fixed assets	0.04	0.28	0.15
1.26	1.04	2.08	Gross profit	1.12	0.48	1.16
0.10	0.19	0.26	Tax payable on ordinary profit	0.26	0.21	0.15
1.16	0.85	1.82	Net profit	0.85	0.27	1.01

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Profit and loss account (Amounts in NOK million)

Parent bank						Group				
Q1/20	Q2/20	Q3/20	Q4/20	Q1/21		Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
241	196	168	171	169	Interest receivable and similar income	203	208	209	247	302
104	77	46	45	46	Interest payable and similar costs	59	58	60	107	143
137	119	122	126	123	Net interest- and credit commission income	144	150	149	140	159
26	26	27	29	30	Commissions receivable and income from banking services	30	29	27	26	26
2	2	4	3	2	Commissions payable and costs relating to banking services	2	3	4	2	2
24	25	23	26	28	Net commission income	28	26	23	24	24
15	112	7	104	73	Gains/losses on financial assets available for sale	4	119	7	112	-35
2	2	3	2	2	Other operating income	1	2	2	0	1
84	94	112	146	79	Operating costs	81	167	113	96	86
23	31	3	10	3	Losses on loans, guarantees etc.	3	-5	3	30	23
70	133	40	103	144	Gross profit	93	135	65	150	40
13	8	8	-2	18	Tax payable on ordinary result	22	5	16	11	18
57	125	32	105	126	Net profit	71	130	49	139	23

Parent bank						Group				
Q1/20	Q2/20	Q3/20	Q4/20	Q1/21		Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
3.57	2.86	2.41	2.46	2.45	Interest receivable and similar income	2.44	2.44	2.46	2.93	3.63
1.54	1.12	0.66	0.65	0.67	Interest payable and similar costs	0.71	0.68	0.70	1.27	1.72
2.02	1.74	1.75	1.81	1.78	Net interest- and credit commission income	1.73	1.76	1.75	1.66	1.91
0.38	0.38	0.39	0.42	0.43	Commissions receivable and income from banking services	0.36	0.34	0.32	0.31	0.31
0.06	0.02	0.06	0.04	0.03	Commissions payable and costs relating to banking services	0.02	0.04	0.05	0.02	0.02
0.35	0.36	0.33	0.37	0.41	Net commission income	0.34	0.31	0.27	0.29	0.29
0.22	1.63	0.10	1.49	1.06	Gains/losses on financial assets available for sale	0.05	1.40	0.08	1.33	-0.42
0.03	0.03	0.04	0.03	0.03	Other operating income	0.01	0.02	0.02	0.00	0.01
1.24	1.37	1.60	2.09	1.15	Operating costs	0.97	1.96	1.33	1.14	1.03
0.34	0.45	0.04	0.14	0.04	Losses on loans, guarantees etc.	0.04	-0.06	0.04	0.36	0.28
1.04	1.94	0.57	1.47	2.08	Gross profit	1.12	1.59	0.76	1.78	0.48
0.19	0.12	0.11	-0.03	0.26	Tax payable on ordinary result	0.26	0.06	0.19	0.13	0.21
0.85	1.82	0.46	1.50	1.82	Net profit	0.85	1.53	0.58	1.65	0.27

Parent bank						Group				
Q1/20	Q2/20	Q3/20	Q4/20	Q1/21		Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
ASSETS										
74	68	75	76	69	Cash and claims on central banks	69	76	75	68	74
1 613	2 196	2 056	1 531	2 324	Loans to and claims on credit institutions	1 453	619	860	1 425	749
19 687	19 581	19 792	20 210	19 685	Loans to and claims on customers	26 837	27 398	27 393	27 187	27 380
55	75	76	54	45	Financial derivatives	47	67	101	100	74
4 648	4 523	4 658	4 849	5 880	Certificates, bonds and shares available for sale	5 901	4 870	4 680	4 474	4 669
376	347	358	0	147	Investments in associated companies	147	0	358	347	376
604	604	604	590	590	Investments in subsidiaries	0	0	0	0	0
8	10	10	26	26	Deferred tax benefit	26	26	11	14	12
73	77	47	47	51	Fixed assets	122	118	140	173	171
68	43	48	61	56	Other assets	25	33	30	46	49
27 206	27 524	27 724	27 444	28 873	Total assets^a	34 627	33 207	33 648	33 834	33 554
LIABILITIES AND EQUITY CAPITAL										
850	550	586	550	550	Liabilities to credit institutions	551	551	587	551	852
18 430	19 001	19 008	19 101	20 640	Deposits from customers and liabilities to customers	20 222	18 684	18 593	18 585	18 053
3 676	3 689	3 820	3 318	3 118	Borrowings through the issuance of securities	9 268	9 418	10 101	10 373	10 369
42	53	49	39	26	Financial derivatives	26	39	42	49	40
211	178	180	254	309	Other liabilities	298	245	179	174	208
452	451	451	451	451	Fund bonds	451	451	451	451	452
23 661	23 922	24 094	23 713	25 094	Total liabilities	30 816	29 388	29 953	30 183	29 974
1 179	1 179	1 179	1 180	1 180	Paid-in equity capital	1 180	1 180	1 179	1 179	1 179
299	299	299	299	299	Hybrid capital	299	299	299	299	299
2 014	1 949	1 948	1 946	2 177	Accrued equity capital/retained earnings	2 177	1 946	1 948	1 949	1 958
53	175	204	306	123	Other equity capital	152	391	267	222	142
					Minority interest	3	3	2	2	2
3 545	3 602	3 630	3 731	3 779	Total equity capital	3 811	3 819	3 695	3 651	3 580
27 206	27 524	27 724	27 444	28 873	Total liabilities and equity capital	34 627	33 207	33 648	33 834	33 554

OTHER KEY FIGURES

Parent bank			Group			
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
BALANCE SHEET						
Development in the last 3 months						
	-2.0	5.2	Total assets	4.3	-1.5	
	-0.4	-2.6	Gross lending	-2.0	0.3	
	-5.0	8.1	Customer deposits	8.2	-4.8	
Development in the last 12 months						
-1.1	0.9	6.1	Total assets ⁹	3.2	0.6	-2.5
2.0	-3.4	-0.3	Gross lending ⁶	-2.2	-1.6	0.1
-1.5	3.9	12.0	Customer deposits ⁷	12.0	4.5	-1.5
93.1	92.0	103.3	Deposit coverage as a percentage of gross loans ⁵	74.5	65.1	67.5
56.8	56.1	57.9	Lending to retail customers	68.7	67.9	67.7
27 553	27 171	28 017	Average assets ¹⁰	33 711	33 429	33 693
20 514	20 039	19 986	Gross loans ⁴	27 126	27 734	27 689
SOLIDITY						
20.6	18.9	20.8	Core tier one Capital ratio	19.9	17.5	19.7
22.5	20.7	22.6	Core Capital ratio	21.6	19.1	21.4
25.3	23.6	25.4	Total Capital ratio ²¹	24.2	21.7	24.0
			Core tier one Capital ratio, after proportionally consolidation in%	19.9	17.2	18.8
			Core capital ratio, after proportionally consolidation in%	21.6	18.9	20.5
			Total Capital ratio, after proportionally consolidation in%	24.2	21.4	23.1
	9.5	10.0	Leverage ratio ²² , after proportionally consolidation in%	10.4	9.8	10.5
8.5	6.5	13.6	Rate of return on equity ¹	7.5	2.5	8.9
9.2	7.1	14.8	Rate of return on equity (excl. hybrid capital)	8.2	2.8	9.7
1.2	0.8	1.8	Return on assets	0.8	0.3	1.0
KEY FIGURES PCC						
11.2	2.0	4.4	Yield per primary certificate ¹⁶	2.4	0.7	12.0
11.2	2.0	4.4	Diluted result per ECC, in Norwegian currency	2.4	0.7	12.0
76.4	76.4	76.3	ECCs split (01.01) ¹⁸	76.3	76.4	76.4
126	119	127	Equity capital per ECC ¹⁷	128	120	129
86.0	65.5	107.0	PCC price quoted on the stock exchange	107.0	65.5	86.0
7.7	8.3	5.9	P/E (price divided by profit per ECC) ¹⁹	10.8	23.5	7.2
0.7	0.6	0.8	P/B (price divided by book value of equity capital) ²⁰	0.8	0.5	0.7
51.4	47.4	35.1	Costs as a percentage of income ³	45.8	57.5	51.2
1.6	1.2	1.1	Cost in percent of average total assets	1.0	1.0	1.4
143	148	141	Number of man-years	141	148	143
LOSSES ON LOANS AND GROSS DEFAULTS						
As a percentage of gross lending:						
1.6	1.5	1.4	Gross defaults over 90 days ¹³	1.1	1.1	1.2
1.5	1.2	1.5	Total loan loss provision	1.1	0.8	1.1
0.33	0.47	0.06	Losses on lending ¹²	0.04	0.33	0.18

17) Percentage of equity excl. Hybrid capital

OTHER CALCULATIONS

Parent bank				Group		
31.12.20	31.03.20	31.03.21	(Figures in MNOK and %)	31.03.21	31.03.20	31.12.20
			Operating costs, adjusted for one-time effects			
436	84	79	Operating costs	81	86	462
-146	-6	-3	One-time effects	-3	-6	-146
290	78	76	Operating costs, adjusted for one-time effects	78	80	316
1.05 %	1.15 %	1.11 %	Operating costs in % of BTA, adjusted for one-time effects	0.94 %	0.96 %	0.94 %
34.2 %	43.8 %	33.8 %	Operating costs in % of income, adjusted for one-time effects	44.1 %	53.7 %	35.0 %
319	57	126	Profit	71	23	340
-12	-4	-4	Paid interests subordinated bonds	-4	-4	-12
307	54	122	Net profit, incl. Interests subordinated bonds	67	20	328
146	6	3	one-time effect pension	3	6	146
453	60	125	Profit, adjusted for one-time effects	70	26	474
319	229	511	Profit (annualized)	289	93	340
453	239	507	Profit (annualized), eks one-time effects and incl. interests subordinat	286	103	472
3 749	3 544	3 751	Average equity	3 815	3 573	3 822
-299	-299	-299	Average subordinated bonds	-299	-299	-299
3 450	3 245	3 452	Average equity adjusted for subordinated bonds	3 516	3 274	3 523
12.1 %	6.5 %	13.5 %	ROE adjusted for one-time effects	7.5 %	2.6 %	12.4 %
13.1 %	7.4 %	14.7 %	ROE adjusted for one-time effects and interests FO11	8.1 %	3.1 %	13.4 %
319	57	126	Profit	71	23	340
319	229	511	Profit (annualized)	289	93	340
453	215	507	Profit (annualized), eks one-time effects and subordinated bonds	286	103	472
27 553	27 171	28 017	Average assets	33 711	33 429	33 693
1.2 %	0.8 %	1.8 %	Return on assets (annualized)	0.9 %	0.3 %	1.0 %
1.6 %	0.9 %	1.8 %	Return on assets (annualized) adjusted for one-time effects	0.8 %	0.3 %	1.4 %
3 603	3 288	3 620	CET1	3 704	3 356	3 688
34 702	34 651	36 029	Unweighted calculation basis	35 638	34 290	34 189
10.4 %	9.5 %	10.0 %	Leverage ratio	10.4 %	9.8 %	10.8 %

APM (Alternative performance measures)

In the board's report and in accounting presentations, SpareBank 1 Helgeland uses alternative performance measures or APM (alternative performance measures) with the purpose of giving a true and fair view of the bank's financial development and position, in order to ensure the correct information. Key figures that are regulated in IFRS or other legislation are not defined as APM. The same applies to non-financial information. APMs presented as part of the accounting portion of the reports are basically exempt from the APM guidelines, but are included in the schedule below to the extent that they are not defined in the financial statements. The reason for presenting adjusted results is to bring out the underlying operations in a better way and is not intended to replace ordinary reporting.

Definitions key figures:

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

from customers by gross loans, excl. transfer to mortgage companies in the parent bank and including transfer to mortgage companies in the group.

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

INFORMATION CONCERNING SPAREBANK 1 HELGELAND

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Rolf Eigil Bygdnes, Deputy Chair man
Marianne Terese Steinmo
Jonny Berfjord
Siw Moxness
Tone Helen Hauge
Birgitte Lorentzen
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Other sources of information

Annual reports

The annual report for SpareBank 1 Helgeland is available at www.sbh.no

Quarterly publications

Quarterly reports and presentations are available at www.sbh.no