helgeland sparebank

ANNUAL REPORT 2014

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The front of this year's report bears a picture of salmon roe, to highlight the importance of the aquaculture industry for Helgeland. Ten percent of Norway's entire salmon production takes place right here. The salmon slaughterhouse at Lovund, for example, receives about 240 tonnes of salmon every day and has a total turnover of over NOK 1 billion a year. The biggest salmon producer in Helgeland however is Marin Harvest at Herøy.

Our targeted work to satisfy the authority's capital requirements resulted in a slight growth in 2014. In spite of reduced lending growth, we can point to a NOK 17 million increase in profit compared with the year before. This is based on considerable efforts from all our employees in a number of areas. Tier one capital at year end was well over the required target and we are thus in a position to meet the new year with more aggressive marketing work on the lending side. We distribute a dividend that is on a par with other banks and the transfers to the gift fund and gift foundation ensure a sound basis for maintaining our society role in Helgeland.

Our position in Helgeland is strong. Market share in the private market is almost unchanged in recent years at around 50%. After six years' sale of life insurance and four years' sale of non-life insurance for Frende Forsikring, we are now the largest provider of both life and non-life insurance in Helgeland. Competition for mortgage customers has become much sharper, especially towards the end of 2014 and the start of 2015. This means our employees must display our wide-ranging competence in consultancy, and not least convey the message of the bank's significance for development in the region. Competence combined with strong product companies like Frende and Brage, new digital products and competitive prices mean that we are well equipped to maintain our position.

The CEO's comments

The introduction of full employer's contributions with effect from 1 July 2014 gives us a further challenge on the costs side. Technological development means that our customers can increasingly be served digitally. We therefore see possibilities for further efficiency improvements without significantly weakening our range of services.

The undersigned entered the position as CEO at the end of November. With effect from year end, the bank's customer-facing areas have been reorganised from a regional division into a private and a corporate market section. At the same time, we have recruited new managers for the largest corporate departments, people with solid professional competence and strong networks. These, together with the bank's other experienced and knowledgeable managers and advisers, give us a unique opportunity to fulfil our vision of being a driving force for growth in Helgeland.

Our strategy of being an independent local bank with Helgeland as its market is continued, safe in the knowledge that this is right and important for the region. In spite of the weak state of the market and low oil prices, Helgeland's prospects appear relatively good. Growth potential and willingness to invest among export companies are better than for a long time. Several large building projects are under way or have been decided on, in both the private and the public sector. Against this background, we will do our utmost to maintain the bank's position, at the same time as building sufficient capital and safeguarding our owners' interests and our social responsibility.

Lisbeth Flågeng
Lisbeth Flågeng
CEO

The bank´s board of directors

The bank's board of directors consists of (left to right): CEO of Helgeland Kraft, Ove Brattbakk, employee representative of Helgeland Sparebank, May Heimdal, CEO of Torghatten Trafikkselskap, Stein Andre Herigstad-Olsen, municipal lawyer in the Muniicpality of Rana, Gislaug Øygarden, chair Thore Michalsen and Monica Skjellstad, Aker Solutions.

The bank's management group

The bank's management group currently consists of (from top left): CEO Lisbeth Flågeng, business development director Øyvind Karlsen, private market director Dag Hugo Heimstad, economic director Ranveig Kråkstad, risk management director Anne Ekroll, corporate market director Bjørn-Tore Brønlund, organisational development director Ann Karin Krogli and finance director Sverre Klausen.

The private market

The bank has a strong market position in Helgeland with an overall market share of around 50 per cent. There is considerable competition throughout the market area, and especially in the urban areas, with DNB and Sparebank 1 Nord-Norge as the major competitors locally. Helgeland Sparebank is the region's own bank, with 15 local branches throughout Helgeland. The bank is also accessible through excellent internet and mobile solutions. New this year is that we have extended the opening hours of our customer centre until 20.00 every Monday to Friday evening, further contributing to better accessibility for our customers.

Use of the bank's automated solutions, and especially mobile banking, has increased considerably over the last year and has now become one of the bank's most important customer channels.

However, the bank is still a strong believer in personal contact between bank and customer for more complicated financial solutions. In order to be perceived as a competent and forward-looking local bank, our objective is that our private market advisers must be authorised financial consultants.

Development 2014

Lending growth in the private market in 2014 was below expectations. This is largely due to strong and increased competition from Statens Pensjonskasse and KLP, but generally low demand for credit in the market also contributed. In 2014, Statens Pensjonskasse had particularly favourable interest rates, with which it has been difficult to compete. At its best, the rate was right down to 2.4 per cent nominal rate, but a rise to 2.9 per cent has now been announced, which means that there will no longer be the same price advantage.

Growth in house prices in Helgeland in 2014 was 1.2 per cent, while the average for Norway was 8.7 per cent. This also partly explains the low lending growth in our private market.

Historically, house prices in Helgeland have been stable compared with larger towns and cities, such as Bodø, Trondheim and Tromsø. A low interest rate makes it easier to get into the housing market, and the development of house prices in the region is expected to continue to be stable.

The bank has initiated a number of measures to maintain its position in the private market and take our share of the growth in our market area. The mortgage rate is adapted to the competitive situation and the organisation is strongly focused through its aggressive marketing work.

Deposits from private customers were greater than expected in 2014 and above the national average. Our private customers' willingness to save has been high and it appears that in the deposit market we have had good, competitive prices. A continuing low interest rate in 2015 will probably make it more attractive to save in products other than bank deposits. Willingness to save for pensions has also increased strongly in 2014.

The bank has been very successful in its sales of non-life and pension insurance for Frende Forsikring and is now the largest insurance provider in Helgeland.
At the same time, the focus on sales of secured loans through Brage Finans has increased considerably and the bank is taking an ever-increasing share of this type of finance in Helgeland.

The corporate market

Picture: Øvre Forsland Power Station - Illustration: stein hamre arkitektkontor as / mir

Business in Helgeland had good, stable activity in 2014, but with a lower rate of investment compared with the country as a whole. In general therefore, 2014 provided good activity and results in most industries, slight population growth and growth in employment. In the bank, this is reflected in lower lending growth in the corporate market, but with a good, high growth in deposits. The fall in oil prices in the second half of 2014 also had effects in Helgeland in the form of reduced oil and gas activity for many companies. A parallel development has been improvements for those who export from Helgeland, due to the weaker Norwegian krone. With movement against the US dollar and the euro of 18% and 7% respectively, this has had great significance for export-oriented industry, fisheries and aquaculture. As in other parts of Norway, the debate on the future municipal structure in Helgeland began in 2014. Even though nothing concrete has emerged from the discussions that have begun, 2015 and the local elections will no doubt provide signals of what the municipal structure in Helgeland may be like in the future.

Industry

The high-power-consuming industry in Helgeland, with companies such as Alcoa, Celsa, Glencore and Fesil, is benefiting from the weaker Norwegian krone. The establishment of Wasco's pipe factory in Rana was especially positive. This means that service industry companies have a good, stable home market at a time when oil investment is lower and activities linked to oil exploration in Helgeland are at a lower level. But the Aasta Hansteen development is going ahead and is expected to bring some activity to Helgeland, even though the main contract is not coming here. Statkraft's development of Røssåga power station, as well as several upgrades at other plants, has meant a good year for local service industry.

The building and contracting industry

This has been a positive year for the building and construction industry in Helgeland, although it levelled out towards the end of the year. The Helgeland road development was partly completed with the opening of Toven Tunnel between the inland area and Sandnessjøen in October. The decision to start work on the E6 Helgeland north road development is also positiver, although will not have effects for the industry until the latter part of 2015.

Apartment building in all four towns levelled off before the end of 2014, but there was still good activity in the building industry, among other things with extensions to several hotels in Mo, Sandnessjøen and Mosjøen. There were also several public sector developments to schools and nursing homes in the region.

Retail and service industries

Buying power trends in Helgeland are good, with pay increases in line with the rest of the country. There is a great deal of retail activity, but with signals of over-establishment in the clothing sector, with some bankruptcies towards the end of 2014. Density in grocery is high, but in spite of this there are regular plans for new establishments.

Public sector

In the public sector, there has been great activity with regard to the National Collection Agency, the National Library of Norway and the Brønnøysund Register Centre. With effect from 2015, the National Collection Agency will be incorporated into the Norwegian Tax Administration and is expected to be assigned more activities. Evry Card is strengthening its presence in Rana, moving into a new building more suited to its needs in 2015.

Fisheries and aquaculture

As in the rest of Nordland, salmon farming is the driving force of the fisheries and aquaculture sector in Helgeland. 2014 was another good year, on a par with the last 4-5 years, with consistently high prices for most of the year. The industry is strongly focused on production improvement measures and large amounts are being invested in enabling larger and better smolt.

On the other hand the white fish and pelagic fisheries are subject to large fluctuations. Access to quotas and framework conditions for fishing will always present a challenge for the industry. But there is reason to believe that the weaker Norwegian krone could give better conditions in 2015.

Value creation in a wide perspective

Picture: World heritage area the Vega Islands

Helgeland Sparebank has a close and mutual relationship with the private, public and voluntary sectors in Helgeland. As a local savings bank, we use a considerable portion of our profit after tax and dividend on non-profit causes, and in 2014 the bank distributed more than NOK 20 million for the benefit of people throughout Helgeland.

Helgeland Sparebank has been purposefully demonstrating its social responsibility for many years, and since 2007 the bank's gift fund and gift foundation have given financial support of more than NOK 120 million to well over a thousand good causes in Helgeland.

In 2014, the bank allocated NOK 15 million of its profit to non-profit causes.

In its gift policy, the bank prioritises the formative conditions of children and young people, as well as wealth creation in a broad sense.

Examples of prioritised areas include:

- Sport and culture and the experience economy
- Knowledge and research and innovation measures
- Sport and culture stipends
- Instrument banks
- The Horizon Community Prize

These initiatives are all important in their various ways for growth and development in Helgeland. Even though charitable gifts do not require any service in return from the recipients, funding from the gift fund and the gift foundation must be regarded as capital that comes with demands. Our aim is to ensure the best possible return from the initiatives that we support, in the form of competence raising, competence sharing and utility value for many local communities and for the region's population young and old.

Picture: Recipients of the sport and culture stipend for 2014

The bank's distribution of gifts

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.

The formative conditions for children and young people have a high priority in the bank's allocation of funding. This is expressed in all the focus areas, and especially in sport and culture. Work on formative conditions is an investment for the future. The region is totally dependent on creativity and competence for the generations that will come after us. 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. We wish to be an active player on this team.

Sport and culture stipends

The bank wishes to help ensure that young talent in sport and culture gets the attention and support it needs to grow its talent. In 2014, the bank gave a scholarship of NOK 30,000 each to six participants in the field of sport and four in the field of culture.

Knowledge, research and innovation measures

Business in Helgeland is internationally-oriented, and a large part of it is based on either renewable local hydro power or on what nature has given us. We know that in the future business for many people will consist of competence-based companies using environmentally-friendly and globally-sustainable production technology.

Helgeland is rich in natural resources, which will always be an important premise for future value creation and development. The future will set demands for new knowledge and innovation and we make an active contribution to collaborative projects with university colleges and the university in order to promote local competence and competitiveness. Altogether, Helgeland Sparebank has contributed more than NOK 12 million in recent years to knowledge and research in Helgeland.

The Horizon Community Prize

Helgeland Sparebank has instituted the Horizon Community Prize. The award has already been presented to 8 persons and organisations that have distinguished themselves through their commitment to individuals, groups or the local community as a whole.

The 2014 prize was awarded to Birgit Granhaug from Mo i Rana. It was Birgit who had the idea of using the "Bakeri" building as an arena and "second home" for everyone with mental problems and conditions, and it was Birgit who got the idea realised. Today the building's very special and unique content makes it a role model that makes a significant difference for the users and for all the town's residents.

There is also an annual festival in the Bakeri building, where the users and a local festival organiser arrange a three-day festival - “Bakeribyggfestivalen”. Artists at this year's festival will include Lars Bremnes, Haddy N’jie, Moddi, Rita Eriksen and others.

Picture: The Bakeri building in Moholmen, Mo i Rana - 1920.


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FINANCIAL SUMMARY GROUP

Parent bank								Group
%	2013	%	2014	(Amounts in NOK million)	2014	%	2013	%
				Profit and loss account				
1.59%	357	1.64%	381	Net interest- and credit commission income	458	1.75%	439	1.74%
0.34%	77	0.35%	82	Net commission income	82	0.31%	77	0.31%
0.02%	3	0.06%	13	Other operating income	7	0.03%	7	0.03%
0.97%	217	1.09%	252	Total operating costs	263	1.01%	239	0.95%
0.98%	**220**	**0.96%**	**224**	**Result from ordinary operations**	**283**	**1.08%**	**284**	**1.12%**
0.12%	28	0.19%	44	Losses on loans, guarantees etc.	44	0.17%	32	0.13%
0.17%	37	0.29%	68	Gains/losses on financial assets	44	0.17%	14	0.06%
1.02%	**229**	**1.07%**	**248**	**Result before tax**	**283**	**1.05%**	**266**	**1.05%**
				The balance sheet				
	22 985		22 864	Assets 31.12	25 823		25 985	
	15 970		16 669	Gross loans to customers	20 828		20 708	
	13 248		13 971	Deposits from customers	13 725		12 989	
	83.0%		83.8%	Deposits as a percentage of gross loans	65.9%		62.7%	
	7.7%		4.4%	Development gross loans	0.6%		4.4%	
	15.1%		5.5%	Development deposits	5.7%		15.9%	
				Solvency				
	2 125		2 322	Total net equity and related capital	2 392		2 183	
	12 715		12 790	Weighted assets calculation basis	13 929		13 640	
	16.7%		18.2%	Core capital ratio	17.2%		16.0%	
	12.7%		14.0%	Core tier one capital ratio	13.4%		12.3%	
	8.4%		9.0%	Equity capital ratio	8.2%		7.7%	
	9.5%		9.8%	Rate of return on equity capital	10.5%		10.4%	
				Offices and number of man-years				
	177		168	Number of man-years	168		177	
	15		15	Offices	15		15	
				Losses on loans and gross default				
	0.8		0.4	Gross default in % of gross lending	0.3		0.6	
	0.7		0.6	Total loan loss provision in % of gross lending	0.5		0.5	
	0.2		0.3	Losses on lending in % of gross lending	0.2		0.2	
				Primary capital certificates (PCCs)				
	47.2		55.0	EC's price quoted on the stock exchange	55.0		47.2	
	6.7		7.0	P/E (price/divided by profit per EC's)	6.3		6.1	
	0.6		0.7	P/B (price/divided by book value of equity capial)	0.7		0.6	
	75.1		75.1	EC's percentage	75.1		75.1	
	76.3		80.9	Equity capital per EC's	83.2		78.5	
	7.0		7.9	Yield per primary certificate	8.7		7.8	
	1.8		2.5	Cash dividend				
	5.2		5.4	Equalisation reserve				

Directors'Report 2013

Introductory comments

Helgeland Sparebank is an independent savings bank with the Helgeland region as its primary market area, and it is the only bank with its head office in the region. The bank has a solid and mainly local equity base. The closeness to the customers through a decentralised office network, complete bank offerings and knowledge regarding local conditions are the bank's most important competitive advantages.

2014 has been a year with low growth. The reduced lending growth in the corporate market is according to plan, but the lending growth in the retail market has been lower than expected. The bank's strong market position combined with good relevant competency among the bank's advisors, and a competitive price, make the bank well prepared to meet the competition ahead.

In November 2014 the Board hired Lisbeth Flågeng as the new CEO of the bank. She had then been functioning as the acting CEO since 1 October 2014. At the same time it was decided that the bank's customer focused operations from 2015 will be lead through a retail market division and a corporate market division (changed from region to division). The change is a step in order to strengthen the competitive power.

Helgeland Sparebank has together with three other banks (Sparebanken Sør, Sparebanken Sogn og Fjordane and Gjensidige Bank) entered into a comprehensive agreement on the delivery of payment services from EVRY.
The agreement also covers renewing of the core systems. With the agreement the collaboration on a complete portfolio of banking solutions is continued. This will support the four banks in developing provident digital solutions – independent of channel. The new agreement is in force from 01.01.2015, and runs to 31.12.2019. The agreement has an extension option of two additional years.

About Helgeland Sparebank

History
Helgeland Sparebank was formed by the merger of Vefsn Sparebank, Herøy Sparebank, Brønnøysund Sparebank, Velfjord Sparebank and Vevelstad Sparebank on 1 april 1977. The eldest of these banks was Vefsn Sparebank, which was formed as early as 1860. In 1982, Vega Sparebank and Brønnø Sparebank were also merged into Helgeland Sparebank. On 1 April 2005, Sparebank Rana, which was almost as large, was merged with Helgeland Sparebank.

The Group's area of activity
Helgeland Sparebank is an independent and listed financial group the activities of which are traditional banking and financial activity in Helgeland, with agency sales of savings, placing, and insurance products.
The bank has 15 offices in 13 municipalities in Helgeland and is the 12th largest savings bank in Norway. The group services mainly the private market, business and the public sector in Helgeland.

Helgeland Sparebank also has a strong market position in the private market with a market share of well above 50 % of all the mortgage customers in the Helgeland region. The bank's primary market area is Helgeland, but good customers with a connection to the region can also obtain financing. The competition is significant in the whole market area. Helgeland Sparebank offers advisory services and good financial solutions to its customers through competent advisors. The bank has a large distribution network in the region, as well as good solutions to serve customers over digital channels. Helgeland Sparebank has a goal that all RM advisors should be authorised financial advisors.

In the agricultural segment, which have traditionally been a low-risk segment, the bank is leading with a market share approaching 75%. The customer portfolio consists of small and medium sized enterprises within different sectors. The bank's advisors have specialised competencies within many areas, and give businesses access to professional support. The bank's market area is Helgeland, but good customers are sometimes served also outside the region.

The Bank's wholly owned mortgage company, Helgeland Boligkreditt AS is strategically essential as a source of funding for issuing covered bonds. The Bank has an ownership of 53 per cent in the mortgage company Storgt. 73 AS.

The Group also carries out leasing of property through ANS Bankbygg Mo, AS Sparebankbygg, Helgeland Sparebank Eiendomsselskap AS and Helgeland Utviklingsselskap AS, all of which are wholly owned subsidiaries of the bank. In addition, the Group offers housing mortgages through Helgeland Boligkreditt AS which is wholly owned by Helgeland Sparebank.

In addition, the bank has strategic ownership in the associated region investment company Helgeland Invest AS (48 per cent) and as well as in the real estate agency Eiendomsmegleren Helgeland AS (34 per cent). The bank also has strategic ownership items in the insurance company Frende Holding, the securities enterprise Norne Securities AS and the leasing company Brage Finans AS.

Helgeland Sparebank is registered in the Register of Business Enterprises with Enterprise No. 937 904 029. The visiting address of the bank's head office is Jernbanegata 15, 8622 Mo i Rana, while the mailing address is PO Box 68, 8601 Mo i Rana. The telephone number is +47 75 11 90 00.

Corporate governance and company leadership

Helgeland Sparebanks principles and policy for corporate governance and leadership should ensure that the bank's activities are in line with generally accepted perceptions about standards as well as regulatory guidelines. Corporate governance at Helgeland Sparebank encompasses the values, goals and general principles that the Bank is governed and controlled in order to ensure good cooperation between the Bank's various stakeholders such as equity certificate holder, creditprs, customers, employees, governance organs, management and society in general.

Corporate governance should ensure prudent asset management and greater assurance that its objectives and strategies are implemented and achieved. The Group's principles and parameters for internal control and risk management are contained in separate policy documents which are reviewed annually by the Board. These documents are the Group's internal framework for good governance and policy that provides guidelines for the Group's overall approach to risk management.

The Board of Helgeland Sparebank emphasizes to follow the principles outlined in the Norwegian Code of Practice for Corporate Governance.

Helgeland Sparebank has compared its own policy with the audited Norwegian Code of Practice for Corporate Governance. The Board considers that the bank's corporate governance is satisfactory and in accordance with Norwegian recommendations.

13 Board meetings were held during 2014. Follow-up of operations, strategy, structural changes and risk and capital management have been in the Board's area of focus.
The Board has drawn up an annual plan for its work, and weight is attached to ensuring sufficient knowledge and competence is present among the members of the Board. .
The Board has evaluated its own form of work, competence, priorities and co-operation between the Board and management. Two board seminars were also held during the year.

The Board has as a step in its work chosen an auditing committee and a risk committee. The two committees will ensure that Helgeland Sparebank has an independent and effective internal and external audit, and that the accounting- and risk reporting is in line with rules and regulations. The members in the auditing committee are Thore Michalsen (leader) and Ove Brattbakk – and from 1 October the audit committee increased with one member; Stein Andre Heringstad-Olsen. The same people also operate as the bank's risk committee from 1 October 2014. The audit committee has had 10 meetings for the accounting year 2014, the risk committee has had 2 meetings.

A detailed account of corporate governance can be found in a separate section of the annual report.

Annual Accounts 2013

Accounting principles

Helgeland Sparebank draws up the group accounts and the Parent bank's accounts in accordance with International Financial Reporting Standards (IFRS). The group accounts are generated by the consolidation of the Parent bank's and the bank's subsidiaries. A further description of the accounting principles is given in the notes to the Accounts.

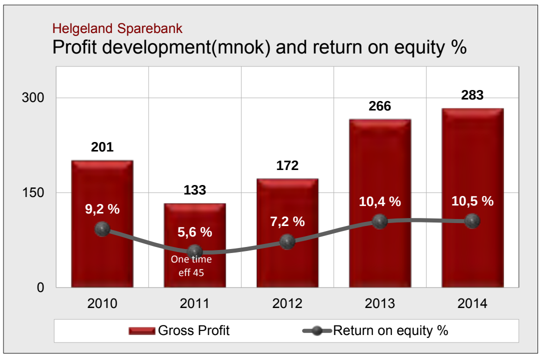
The annual accounts are based on the going concern concept. The group is not involved in any legal actions which are considered to be of significance for the group's solidity or profitability. The Board is not aware of any circumstances that have taken place after the beginning of 2014 that would be of significance for the annual accounts.

The figures referred to are the group figures unless it is stated that they concern the Parent bank.

The HSB group has a result before tax of MNOK 283. This is an improvement of MNOK 17 compared to the same period last year.

- The core operation is strengthened with an increased net interest of MNOK 19. In percent of average total assets the net interest is on the same level as 2013.
- Increased income from an associated company and profits from shares contribute with MNOK 33.
- Increased costs in the last quarter. These are partly non-recurring costs.
- Moderate losses on lending.
- Still reduced lending growth. The growth in the retail market is somewhat lower than expected. The bank has effectuated a number of measures to take its share of the growth in the bank's market area.
- Good deposit growth, the deposit ratio was 65.9 %.
- Core tier one capital is strengthened and is well above regulatory requirements.

The return on equity was 10.5 (10.4) % after tax, which is above the 10% target figure.



Profit per equity certificate was NOK 8.70 (7.80) in the HSB group and NOK 7.85 (7.00) in the parent bank.
There has been suggested a cash dividend of NOK 2.50 (1.80) per EC, a pay-out ratio of 31.8 (25.6) %, and an unchanged equity equation of 75.1%.

Key figures 31.12.14:
(Comparison per 31.12.13)

- Net interest 1.75 (1.74) %
- Costs in % of income 44.6 (44,5) %
- Write-downs on lending 0.17 (0.13) %
- 12-month lending growth 0.6 (4.4) %
- 12-month deposit growth 5.7 (15.9) %
- CET1 capital ratio 13.4 (12.3) %
- Total capital ratio 17.2 (16.0) %

Net interest

The main source of income for the group is net interest. Net income from interest and credit commission was NOK 458 million, compared with NOK 439 million in 2013, a growth on NOK 19 million. In percent of average total assets the net interest was 1.75%, which is on the same level as 2013.

In 2014 the bank has conducted three interest changes. This was in order to meet the competition in the retail market. This is funded by a corresponding reduction of the interest rates on deposits.

The fee for the Norwegian Banks' Guarantee Fund has been charged with 4bp in 2014.

Through Helgeland Boligkreditt AS the HSB group has access to lower loaning costs by issuing covered bonds.

Net income from commission

Net income from commission has increased with NOK 5 million, from NOK 77 million in 2013 to NOK 82 million in 2014. In percentage of average total assets the bank has maintained the level on 0.31 (0.31) %.

The bank owns 7.9% of Frende Holding AS, which is the bank's insurance company. Frende Holding AS is owned together with 14 other savings banks. The bank owns 10% of Brage Finans AS, which is the bank's leasing company. Brage Finans AS is owned together with 9 other savings banks.

The bank's ownership in the product companies complements the bank's spectrum of products and services offered.

Net change in value and gains/losses on financial instruments

Net income from financial instruments was MNOK 44. Compared with 31.12.2013 this is an increase of MNOK 30. The associated company contributed in 2014 with MNOK 25 on the income statement, and there was a profit of MNOK 16 from the sale of a shareholding in Q2.

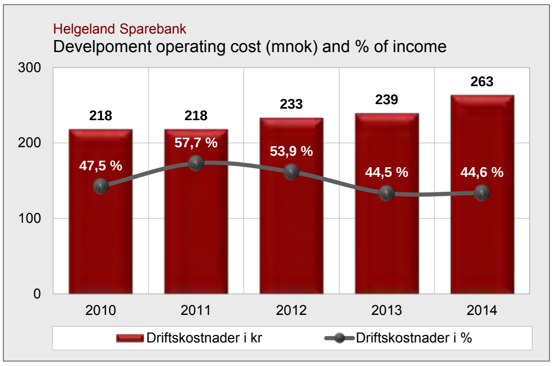
(Value changes that are not posted over the income statement are posted under comprehensive income, cf. prevailing accounting principles).

Other operating income

Other operating income amounts to NOK 7 million which is equally with 2013. This is mainly due to increased revenues of selling services and rental income.

Operating costs

Combined operating costs were MNOK 263 against MNOK 239 in 2013. This is a cost increase of MNOK 24. In 2014 a one year post resignation salary and pension to the former CEO of MNOK 3.7 was paid, as well as an extra gift to the employees of MNOK 2.2. Changes in the differentiated payroll tax (from 01.07.2014) has also caused increased costs for the bank of MNOK 5.3 in 2014. The pension cost on the employees' pension scheme has increased with MNOK 5, IT-costs with MNOK 4 and maintenance of buildings in the subsidiaries with MNOK 5. Several measures have been taken in order to compensate for the cost increase. The cash service at the desks has been terminated from 1 January 2015. This, in addition to natural resignations that have not been replaced, has reduced the number of employees from 177 to 168 annual position.



Operating costs in percent of average total assets were 1.01 (0.95) %, which is higher than the same period last year. Costs compared with income is almost unchanged, and were 44.6 (44.5) %.

Expensed write-downs on commitments

There are posted low write-down expenses in 2014, a total of NOK 44 (32) million. Write-downs posted in the income statement are distributed with MNOK 41 in the corporate market, MNOK 2 in the retail market and MNOK 1 in write-downs on groups of lending. Write-downs posted in the income statement constitute 0.21% (0.15%), in per cent of gross lending.

Extended result

MNOK 44 has been charged to the equity as a result of an increased pension commitment. The increase is mainly an effect of a reduced discount rate.

Balance Sheet development (Group)

In the last 1 The bank's total assets constitute NOK 25.8bn. The total assets have been reduced by MNOK 162 or -0.6 (5.7) % over the last 12 months. The reduction in total assets are mainly related to increased liquidity buffer and lending growth.

Cash flow

The cash flow statement shows how Helgeland Sparebank has received liquid funds and how they have been used, and has been drawn up based on gross cash flows from operational, investment and financial activities.

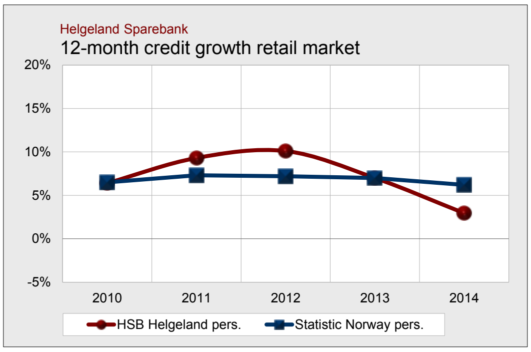
Growth in lending in 2014 has mainly been financed by payments of deposits.

Commitments

Gross lending by the end of the quarter constituted MNOK 20,828 (20,708), whereby MNOK 4,218 (4,804) or 20.3% are transferred to Helgeland Boligkreditt AS. Over the last 12 months the lending has increased with MNOK 120 or 0.6 (4.4) %. In line with the target the bank has been steering toward a low growth in the corporate market in 2014, and 12-month net lending to corporate customers is reduced by -3.9 (-0.4) %. The growth in the corporate market without measures to increase the equity ratio would have been ca. 2.4%.

Of gross lending MNOK 13,982 or 67.1 (65.6) % constitute lending to retail customers,. The growth in the retail market has in the last 12 months been lower than in the corresponding period last year, and were 3.0 (7.9) %. The growth is somewhat lower than expected.

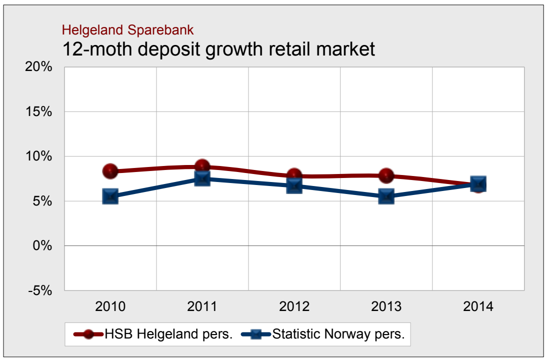
83.8 (83.2) % of the group's lending is to customers in the Helgeland region. House prices in Helgeland has historically shown weaker developments than in the rest of the country, and price per square meter is till at a lower level.



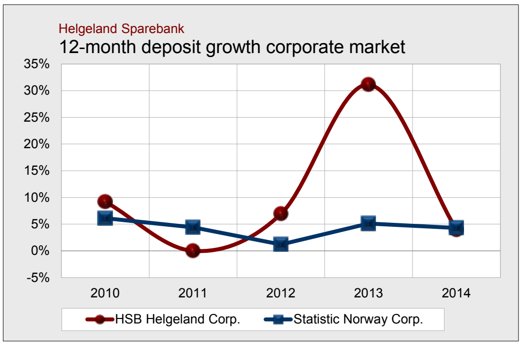
Deposits by customers

Over the last 12 months the deposits have increased by MNOK 736 or 5.7 (15.9) %. The HSB group has a local and stable depositor base, whereby 91.6 (92.2) % are deposits from customers in the Helgeland region. The general deposit growth is maintained as a result of measures with a focus on savings. The deposit ratio is significantly strengthened and was 65.9 (62.7) % in the HSB group and 83.8 (83.0) % in the parent bank.

12-month deposit growth from retail customers was 6.8 (7.8) %. Of the total deposits of NOK 13.7bn, NOK 8.5bn. or 61.6 (61.0) % are deposits by retail customers.
A large share of the retail market deposits are under MNOK 2 (just below 60% of the combined deposit volume).



12-month deposit growth in the corporate market was 4.0 (31.1) %. The growth in 2013 was exceptionally high as a result of a new large local corporate customer.



Borrowing from the debt capital market

The deposit ratio is well above the target and deposits from customers are an important source for funding.
The HSB group has good and long term funding with diversification between different sources of funding. By the end of the quarter the share of loans over one year was 83.8 (80.7) %.

The bank's fully-owned mortgage company, Helgeland Boligkreditt AS, is a strategically important source for funding in order to issue covered bonds (CB).

Adaption of approved mortgages for transferring to the bank's mortgage company gets high attention.

Rating

Helgeland Sparebank is rated by Moody's. The bank's rating is 'Baa2' with a 'negative outlook'. Bonds issued by Helgeland Boligkreditt AS are given 'Aaa' ratings by Moody's.

Primary Capital Certificate – HELG

The EC capital constitutes MNOK 935 and is distributed over 2,288 owners. Annotation 39.3 shows an overview of the 20 largest EC owners. Sparebankstiftelsen Helgeland is the largest owner with 35.3% of the ECs in HELG.

The price per 31.12.2014 was NOK 55.00, which is an increase of NOK 7.80 per EC or 16.5% from the turn of last year.

Dividend policy

The Board of Directors of Helgeland Sparebank decided on a new dividend policy for the bank at a Board meeting in may 2014.

The new dividend policy is as follows:
"Helgeland Sparebank's objective is to manage the Group's resources in a manner which provides the owners of equity certificates with a satisfactory total return in the form of dividend and value increase.
The surplus will be divided between the ownership interest capital (equity certificates) and the ownership interest capital (formerly Sparebanken's statutory fund) in accordance with their share of the bank's equity.

Up to half of the ownership interest capital's share of the surplus can be paid out as dividend, and correspondingly up to half of the statutory fund capital's share of the surplus can be paid as gifts or transferred to foundations. The remainder of the surplus is transferred to the equalisation fund and the statutory fund respectively.

The group's equity development and solidity will be attached weight in the setting of the dividend level, as well as expected result development in a normalized market situation, external framework conditions and the necessity for core capital".

Allocation of the result in the Parent bank

The Parent bank's accounts form the basis for the distribution of the profit. Dividends from subsidiaries and associated companies are included in the Parent bank's result.
(Subsidiaries are fully consolidated in the corporate accounts, and the bank's share of earnings in associated companies are consolidated according to the equity method, and dividends are therefore not included in the Group's result).

The annual profit for distribution consists of the Parent bank's result, which after tax amounts to NOK 196 million.
The parent bank's net profit (the basis for dividends) constitute MNOK 196.
With the regulatory requirements that require banks to increase the CET1 capital, the Board of Directors has chosen to suggest a reduced dividend level also for 2014. This is in line with the bank's capital plan. Strengthened equity over operations as well as low growth allows a higher pay-out ratio than in 2013.

The board recommends the following distribution to the Board of trustees for the 2014 financial year:

Pay-out ratio 31.8 (25.6). The distribution between the EC capital and the primary capital fund is unchanged at 75.1%.

Dividends

- NOK 46.7 million as a cash dividend, corresponding to NOK 2.50 per equity certificate
- NOK 15.5 million to the gift fund/gift foundation

Strengthening of equity

- NOK 100.0 million to the cohesion fund, corresponding to NOK 5.35 per equity certificate
- NOK 33.2 million to the primary capital fund

Dividends will be paid to the equity owners who are registered holders as of 25.03.14. Te ECCs will be traded ex dividend 26.03.14.

Risk and capital management

Risk and capital management supports the Group's strategic development and ambitions. The main objective is to ensure realisation of the Group's financial and operational objectives. Regardless of how good risk management is, unforeseen losses can occur which require that the Group has sufficient equity. As a part of the risk management work, the necessity for additional capital for the different risk areas has been evaluated. The evaluations are supported by various internal evaluations and calculation models. This is summarized in the bank's internal capital requirement evaluation process. ICAAP).

Risk categories and definitions:

- Credit risk: the risk of loss as a result of customers or other parties not being able to meet their obligations
- Liquidity risk: the risk that the Group cannot manage to meet its obligations on the due date
- Market risk: the risk of loss as a result of changes in market prices connected to activities and positions in securities (interest and shares) and currency.
- Operational risk: the risk of direct or indirect losses due to failure in internal routines, systems and processes, insufficient competence, damage to property, interruption in operations, system faults, internal or external fraud.

Risk management is central in daily operations and in the continuing work of the Board. Risk is primarily managed through policy and guidelines, limitations, authorizations, reporting requirements and requirements regarding competence.
The Board sets the Group's credit strategy which includes credit risk, and the Group's financial strategy which includes liquidity risk and market risk. The bank has a credit committee and finance committee for management and follow-up of risk in line with authorizations given by the Board.

The bank's risk management unit constitutes four man-years. The General Manager risk management reports directly to the Chief Executive and is responsible for monitoring and coordinating the collective risk management in the bank.

The Group's internal auditor constitutes one man-year and reports directly to the Board. The internal auditor shall evaluate whether satisfactory routines have been established in the most important areas in the bank in order to reduce risk. The Board approves the internal auditor's instructions and work plan on an annual basis. The internal auditor can use external services when necessary.

Credit risk

The Group's strategy for credit is derived from the overall strategy and provides guidelines for the allocation of lending between retail and corporate market exposure in industries (concentration risk) and geographical constraints.
The credit strategy is evaluated annually; amendments were adopted and implemented in September 2014.

Credit exposure is controlled and monitored through regular monitoring and analysis of defaults in the total portfolio as well as in specific industries, geographic areas, and potential borrowers' ability to pay interest and principal as well as an assessment of the security underlying the loan. For continuous monitoring of risk the Board defines a set of reports that are submitted by different frequencies.

Total capital requirements for credit risk emerge in the Group's ICAAP. Tolerance level of credit risk is defined for selected industries and areas. Control level for the corporate portfolio is established and compliance are reported. Stress tests are used to assess potential losses in the credit portfolio as a result of a potential sharp decline in property prices.

The risk in the retail market portfolio has over time been low and stable. The development in house prices shows that the price increase on sold houses in the Helgeland region over time has been significantly lower than in the largest cities. 98% of the retail market portfolio is secured in housing.

The risk in the corporate portfolio is stable. Gross lending to the corporate market in 2014 decreased by 3.9%, in keeping with the bank's target for overall growth.

The bank has a small portfolio of guaranteed FX loans, the equivalent value in NOK constituted per 31.12.14 MNOK 140. The portfolio is distributed over a range of customers where there is collateral in real estate and/or deposits. The credit risk in this portfolio is considered as low.

The Bank has in 2014 continued annual validation of the model for calculation of group write-downs based on own score models. The model is based on the probability of default and loss given that an engagement goes into default. Several banks cooperate in PD modeling on validation and any adjustment of parameters. The validation shows that the score models are satisfactory and that it differentiates well between customers.

Expensed write-downs in 2014 were 44 million compared to 32 million in 2013. Downs were increased by 1 million. In total there are expensed impairment remains at a relatively moderate level and amounting to 0.21 % of gross loans.

Total net non-performing (> 90 days) and doubtful loans was 109 (129) million , representing 0.6 (0.5) % of gross loans .

Due to Finance Authority lending regulations and internal policies, continuous commitment to identify potential doubtful loans is carried out.

The quality of credit work, and to improve understanding of good governance is highly focused and subject to regular reviews throughout the organization. Adherence in individual cases is ensured inter alia through the Managers key controls and labor counselors practice. For control and monitoring of risk in the corporate portfolio there is established an ongoing assessment of customer relationships, ability and security by borrowing as well as focus by the Bank's Credit Committee. For monitoring the development of risk in the retail portfolio there are performed quarterly analyzes of site quality on new grant loans and the total portfolio.

Risk Spread lending according to low, medium and high risk is reported based on the score models.

Close monitoring of significant business customers, monitoring of the portfolio default probability as well as for specific defined sectors, will be a priority focus area for the bank also in the future..

Maximum limit for a single commitment, Ministry of Finance, 25% of the Group's capital base. At the end of 2014, the Group had three customer groups which were granted commitments overall was in excess of 10 % of capital.

Liquidity risk

The Board of Directors has adopted a liquidity management strategy which sets out the purpose, governance targets and risk tolerance for the management of liquidity risk. The principal aim of the strategy is to ensure that the Group's liquidity management is appropriate and helps to safeguard the Group's ability to fulfil its payment obligations.
The liquidity strategy is reviewed annually by the Board of Directors. Particular emphasis has been placed on liquidity risk and the impending new regulatory requirements for liquidity management within banks.

Liquidity risk is reduced through ensuring a spread of borrowing between markets, borrowing sources, instruments and maturities. In the management of the Group's liquidity risk, target requirements are used for liquidity indicator 1 (in accordance with guidelines issued by the Norwegian Financial Supervisory Authority), long-term financing ratio, deposit-to-loan ratio and requirements concerning liquidity buffer capital. Liquidity Coverage Ratio- LCR was implemented as a control parameter during 2013, and the bank follows the prevailing escalation plan.

The Board has for 2014 set a minimum requirement to the liquidity indicator 1. The indicator value should be at least on the level of the reference banks' values. This minimum requirement has been in line with the NFSAs requirement. With effect from the 3rd quarter, the NFSA has implemented fixed reference values for the liquidity indicator and expect that the value should now be above 105%. Per 31.12.14 the liquidity indicator 1 was 111.5 (110.6) %. The Board has also determined that the share of long term loans in % of combined loans should constitute at least 70%. Per 31.12.14 the share of long term funding was 83.8 (80.7) %, which is well above the target.

Liquidity risk is reduced through diversification with regard to different markets , funding sources , instruments and maturities . In managing the Group's liquidity risk, objective requirements for liquidity indicator 1 (according to guidelines from the FSA) , long-term funding , deposit coverage and requirements for liquidity buffer capital. Liquidity Coverage Ratio - LCR (highly liquid assets as a% of net cash outflow in a stress scenario at 30 days) is introduced as a control parameter from 2013 .

The Board for 2013 stipulated a minimum liquidity indicator 1 Indicator value shall be at least equal to the reference value banks. The indicator is calculated as the sum of deposits, long-term debt and equity in% of illiquid assets (loans and assets) . As of 31.12.14, the liquidity indicator 1 at 111.5 (110.6) % . The Board has also determined that the proportion of long-term debt as% of total borrowings shall be at least 70 % . As of 31.12.14, the proportion of long-term financing 83.8 (80.7) % , which is well above target requirement .

In order to reduce the Group's liquidity risk , the Bank 's liquidity reserves in the form of cash, deposits in the Central Bank and other banks, liquid equity instruments , investments in money market funds, fixed income securities and unutilized credit facilities. It is stipulated minimum level of liquidity buffer in the Group's liquidity strategy. The Group has in recent years gradually increased both the quality and level of the liquidity buffer , and will gradually further customize buffers for upcoming new liquidity buffer requirements under Basel III. As of 31.12.14 , the liquidity buffer assets 16.7 (17.4) % of total assets . The Group's overall liquidity buffer capital is considered to be satisfactory.

Deposit ratio is an important parameter for monitoring liquidity risk. The Board has adopted minimum deposit ratio , and this requirement was met throughout 2014.

Helgeland Boligkreditt AS was founded in 2009 and is a wholly owned subsidiary. The company has become an increasingly important source of financing for the Group as well as for other borrowing sources, and among other things provided the Group with access to participate in the government's swap scheme during the financial crisis in 2009. Helgeland Boligkreditt has gradually increased its level of activity and during the past two years has issued ordinary covered bond loans in the market. As of the end of 2014, the Bank has transferred well-secured home mortgages worth approximately NOK 4 218 (4 804) million to the mortgage credit company, which represents 29 (23)% of the gross lending in the Parent bank. The security base within the company is considered to be good at 123 %, and the average loan-to-value ratio for the loan portfolio is relatively low at 52 (52)%.

Market risk

The Board has adopted a strategy of market risk that establishes a framework and overall objectives for the Group's market risk tolerance, and limits for interest rate, credit spread and equity price risk. The strategy is revised annually.

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 swaps) in order to reduce interest rate risk linked to fixed interest rate loans. Interest rate risk is at a low level.

The Group has adopted a relatively conservative strategy for investments in interest-bearing securities, where the main aim is to ensure a satisfactory liquidity buffer capital for the Group. A requirement has been imposed according to which the issuer's rating must be within "investment grade", which is BBB-. In addition, a maximum framework has been established for the duration of the interest-bearing securities portfolio, and the composition must be diversified between different sectors/types of issuers.

The bank's positions in shares is mainly strategically motivated through investments in shares in subsidiaries, affiliated companies, product companies and local investment companies. The market risk linked to these share investments is considered to be moderate.

FX risk

The Group's currency risk is considered to be very low, as the Group has no active currency portfolios.

Operational risk

Good internal controls and quality assurance are a premise for satisfactory handling of operational risk. The management documents and control systems are drawn up to promote efficient operation, risk control, regard for defensible caution, correct financial and non-financial information, compliance with Acts and guidelines, and internal guidelines and strategies.

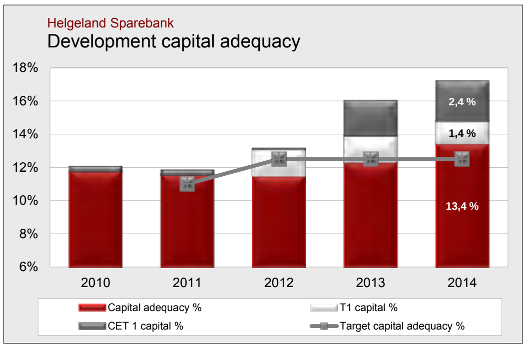
A risk evaluation is documented at all levels. The risk evaluation is documented at senior level, and also provides an overview of process and key controls in the operative functions. The work with the development of systems and processes in operative functions has contributed to increased focus on quality and efficiency, as well as objective-oriented operation in the Group. This is summarized in requirements for setting aside a certain amount of capital as security for future expected losses, which the Group can suffer as a result of operational risk.
Evaluated with regard to the organisation's competence, organisation and division of responsibility, as well at the Group's earnings on solidity, the Board is of the opinion that the Group's collective risk exposure is defensible.

Compliance

It is the Group's basic viewpoint that operations shall be arranged in compliance with current laws and regulations.
The introduction of a new securities trading Act and MiFID rules, as well as a general increase in regulatory requirements regarding the group's activity, has been given great attention.

Solvency

The group has strengthened its CET1 ratio to 13.4 (12.3) %, which is well above the legal minimum requirement of 10% from 1 July 2014 and 11% from 1 July 2015. The core capital ratio was 14.8 (13.9) %, and the total capital ratio was 17.2 (16.0) %.
In line with IAS19R the estimate divergence on the increased pension commitment in the bank's performance based scheme is charged on the equity with MNOK 44 (after deduction of deferred tax). The increase is mainly an effect of a reduced discount rate.



The bank's Board of Directors has determined a capital plan for 2014 – 2018, where satisfaction of the new capital requirements in Norway caused by the CRD IV is central. The Board of Directors has determined new capital goals, where the aim is a CET1 capital ratio (HSB group) of least 12.5% and a total capital ratio of at least 18%. New target requirements are revised according to CRD IV requirements in relation to the bank's strategy process in the spring of 2015.

Konsernet har vridd utlånsveksten i større grad til PM, noe som isolert sett er positivt for bankens kapitalkrav.
The HSB group plans to further increase the CET1 ratio by building capital over operation. The combined capital ratio can be additionally strengthened by the use of subordinate loans and T1 loans in the period up to 2018.

Subsidiaries

Helgeland Boligkreditt AS
Helgeland Boligkreditt AS is a wholly owned subsidiary of Helgeland Sparebank. The company was formed in the autumn of 2008 to be the bank's enterprise for issuance of preference bonds. In accordance with the "Regulation relating to credit enterprises which issue preference bonds", loans which are secured (by mortgage in real estate) within 75 % of justifiable market value are transferred from the bank to the housing mortgage company.
As at 31.12.14 a lending volume of NOK 4 218 (4 804) million was transferred by Helgeland Sparebank to the housing mortgage company. Of the company's borrowing, NOK 267 (804) million is with the State exchange scheme, while NOK 3 394 (4 011) million are preference bonds issued in the securities market.
The result after tax for 2014 was NOK 48.1 (50.4) million and equity as at 31.12.14 is NOK 342 (344) million. The position of general manager is for 0.35 man-years. Remaining services are purchased mainly from the Parent bank.

AS Sparebankbygg
The activity consists of owning and operating rental of premises in Storgt. 75 in Brønnøysund, and Helgeland Sparebank is the largest tenant. The company is located in Brønnøy municipality, and Helgeland Sparebank owns 100 % of the shares in the company. The result after tax for 2014 was NOK -0.3 (-0.2) million, and at the turn of the year equity was NOK 0.3 (0.6) million. The company has no employees.

Helgeland Sparebanks Eiendomsselskap AS
The company operates rental of real estate located in Mosjøen in Vefsn municipality, where Helgeland Sparebank has the use of all areas. The company has no employees. The result after tax for 2014 was NOK 0.6 (0.6) million and at the turn of the year equity was NOK 5.0 (4.4) million.
Helgeland Sparebank owns 100% of the shares in the company.

Helgeland Utviklingsselskap AS
Helgeland Utviklingsselskap AS operates rental of real estate, purchase and sales of real estate, as well as undertaking smaller share investments in the real estate market. The company's offices are located in Vefsn municipality and Helgeland Sparebank owns 100 % of the shares in the company. The result after tax for 2014 was NOK -4.6 (-6.2) million and at the turn of the year equity was NOK 8.5 (10.0) million. The company has no employees.

ANS Bankbygg Mo
The activity conists of owning and running rental of business premises in Jernbanegata 15 in Mo i Rana. Helgeland Sparebank is the largest tenant in the building, and the bank owns 96.8 % of the shares in the company. The company has no employees.
The result after tax for 2014 was NOK 0.95 (0.9) million, and at the turn of the year equity was NOK 48.3 (48.8) million.

Storgata 73 AS
The company is a real estate company in Brønnøysund in Brønnøy Municipality. Helgeland Sparebank owns 52,9 % of the shares in the company. The result share as at 31.12.14 was NOK -0.4(0.1) million and the equity share was NOK 2.1 (2.1) million.

Associated companies

Helgeland Invest AS
The company is a regional investment company in Helgeland. Helgeland Sparebank owns 48% of shares in the company. Share of profit (the running accounts) per 31.12.14 was at NOK 25.1 (3.2) million and the equity ratio was NOK 177 (154) million

Eiendomsmegleren Helgeland AS
The company is a market leading real estate agent in Helgeland and Helgeland Sparebank's co-operation partner. Helgeland Sparebank owns 34 % of the shares in the company. The result share as at 31.12.14 was NOK 0.6 (0.9) million, and the equity share was NOK 1.1 (1.6) million.

Corporate social responsibility

Helgeland Sparebank has a close and active relation to its role as a socially aware local bank. The bank is therefore also a large contributor to the development in the Helgeland region. This happens in several ways, both through financial support to non-profit purposes, information and exchange of knowledge such as in the magazine Horisont Helgeland, and through ordinary business activities.
The bank has a clear vision of being a driving force for growth in the Helgeland region, and works closely with customers and the local society to develop good ideas and realise measures that create activity and optimism for the future. The bank recognises the importance of supporting individuals that spend time and energy in creating a meaningful and eventful upbringing for children and youth, and that pushes onward to develop their local areas as places for settlement and growth.
The bank's financial gifts are distributed through the bank's gift fund and Helgeland Sparebank gift foundation, and they are the bank's contribution to promote development, optimism, and growth in villages and towns around the Helgeland region. Over the years funds have been brought back to our region, and for 2014 an appropriation of MNOK 16 (11) is suggested to the gift fund and the gift foundation.
Helgeland has a lower university level educated share in its labour market than the national average, and the bank has seen

the importance of contributing actively to the collaboration between education and business. The bank has therefore spent significant resources in order to stimulate increased knowledge, both through research and education, post-school training, and the general educational offerings in the new Campus Helgeland.

The consideration to society is maintained (cf. Regnskapsloven § 3-3) hereunder human rights, employee rights, social conditions, external environment, and combating corruption. (The bank has not established a comprehensive strategy for social responsibility with estimates and measurements of achieved results).

Ethics

The HSB group's operations are dependent on trust from customers, public authorities and society as a whole. Helgeland Sparebank emphasises a high ethical standard among the employees. The ethical guidelines are part of the employee manual and are introduced to all new employees.

Employees and the work environment

Helgeland Sparebank had by the turn of the year 181 employees distributed over 15 offices. This makes up 168 annual positions (including cleaning personnel, janitors and canteen personnel).

The Board stresses that the bank should have a good work environment. The bank's employees, together with a decentralised office network is one of the bank's most important competitive advantages. Wellbeing is measured annually through different surveys. In 2014 the work environment survey showed that the bank still is in the 'top 10 range' among businesses in Northern Europe.
In 2014 all the bank's employees were gathered for a weekend in Brønnøysund, and speaker Ingebright Steen Jensen spoke about «to make a difference», an important contribution to the internal culture building.

Helgeland Sparebank has a long history as an inclusive employer, with well-established routines for following up the employees. The bank's goal is an attendance of 96.5%. The absence due to sickness is at a low level, and ended at 4.1 (3.6) % combined. The absence is slightly higher than the previous year, but we still see that graded sickness benefits, close follow-up and good arrangements are key to succeed on this area. In 2014 the Labour Inspection visited the bank and the theme was «preventive work in the health, environment and safety areas». The reports from the visits were very satisfactory.

Every year the bank spends much resources on increasing competency; higher education, internal training, observation and guidance. Authorisations and approvals via both AFR (authorised advisors) and GOS (approval for general insurance) contributes to lifting the banks combined competency. Equally important are the systems for continual maintenance of this competency. Increasing competency is a prioritised area for the bank.

There has been great interest for the bank's announced positions and the bank has in 2014 recruited valuable competency. Helgeland Sparebank has since the start of the trainee programme «Kandidat Helgeland» been a trainee organisation. This gives the bank a unique opportunity to recruit young and valuable competency at bachelor- and masters level.

There is an active and targeted work to promote equality and prevent discrimination. The bank has a plan of action to ensure equality between the genders. An even distribution among the genders in management positions is desired, and work is done to have both genders represented at the different offices at co-worker level. It is both positive and rewarding with a good blend of women and men in the different units.
In the bank's Board and in the leader group there is an even distribution of men and women.

Corruption and internal irregularities

In the work to prevent and avoid undesired happenings there are developed goals, routines and measures on several areas. On the personnel area the work to prevent robbery and other threatening situations has gained more attention. In 2014 the bank handled two occasions of robbery and threats against employees.

The bank also has systems for reporting undesired happenings both with routines for alarming, and in the deviation system for health environment and safety.

Money laundering and terror financing

Helgeland Sparebank systematically works to reveal and combat financial crime.
The established routine for money laundering ensures that the bank's money laundering policy is in line with the laws and regulations that prevail. Authorities, customers and competitors should have confidence in the bank's professionalism and integrity. Suspicious transactions are handled in a separate system and are reported according to their own criteria to Økokrim.

Environmental Beacon Company
The bank carries through measures that contribute to protect the environment. The focus is still energy saving in the bank's buildings, waste recycling, reduction in the use of paper by using tablet computers, coordination with driving between the offices, and more use of virtual meetings internally and with customers. All technological equipment is handled as special waste and is delivered to approved recycling facilities. The two largest offices, Mo I Rana and Mosjøen, are approved environmental beacon offices.

Prospects
The competitive situation is persistently strong, especially in the retail market. An increase in the norm rate improves the bank's competitiveness against Statens Pensjonskasse which has a significant market share in the Helgeland Region. The bank has effectuated a number of measures to maintain the position in the retail market and to take its share of the growth in the bank's market area. The interest rate on mortgages is adjusted to the competitive situation without this reducing the net interest, and the organisation is strongly focused with intensive marketing.

The retail customers' will to save is expected to continue in 2015. A low interest level can make it more attractive to save in other ways than bank deposits. The willingness for pension saving is strongly increasing.

The lending growth both in the retail and corporate markets is expected to remain on the national level.

The level of provision earnings is expected to remain.

The challenges in the cost area are met by a number of measures. The number of employees is reduced by 9 annual positions as a result of changed ordinary service offerings and natural resignations. The open positions are covered with internal resources so that the potential for additional reductions can be considered on a continuous basis. The new agreement with the IT provider gives a falling cost curve over the contract period.

Non-performing and other impaired commitments are still relatively low seen against gross lending. Write-downs on lending is expected to remain on the industry level.

A low oil price and uncertainties in the economy both nationally and internationally give a general expectation of reduced growth in Norway in 2015. Surveys among civilians show that about half of the people expect a weaker economy in the coming year.

A low oil price and low exchange rate also have positive aspects for the Helgeland region with its strong aquaculture industry and large industrial corporations within aluminium, steel and ferro-alloys. Several of the region's corporate managers have expressed that a changed economic cycle will open for new opportunities, not least because skilled workers and engineers will become available for the rest of the industries. The combination of the region's hydro-power resources and metal production creates opportunities with an increased focus on renewable energy. A significantly increased focus on research and development within the maritime industries is also expected to increase value creation within the marine sector over the coming years.

The construction sector has good prospects for 2015 through large public projects such as schools, nursing homes, Brønnøysundregistrene, and not least the large infrastructure projects like the E6.

The unemployment rate varies within the region. The combined unemployment rate is on level with Nordland County (2.6% per 31.12.2014) and thereby somewhat lower than the national average. The population was increasing throughout 2014, especially in the four larger towns. This is expected to continue, but the challenge is to attract young adults in the ages 20 – 40 years. The increased educational offerings by Nordland University, and the university colleges in Narvik and Nesta at Campus Helgeland has been a success with a current population of 800 students, in addition to 150 staff.

An important ongoing process is the municipality reform that could contribute to larger and stronger municipalities, which in turn will drive industry development and by that create new jobs.

Governmental enterprises give a stable and diverse labour market, and the combined unemployment is expected to remain at a stable level.

The housing prices in the Helgeland region has historically been stable compared with the larger towns and cities like Bodø, Trondheim and Tromsø. Last quarter's prices for sold houses in the Helgeland region showed a moderate increase from 2013 to 2014 (1.5%).
A low interest rate makes it easier to get into the housing market and it is expected that the development in housing prices will remain stable in the region.

Summarised the economy in the Helgeland region seems to be working well despite the weak economic cycle in Europe. The growth potential for the export industries is better in 2015 than it has been for a long time. The investments in infrastructure are significant, and more construction projects have started or have been determined to do so. The regions natural resources will also open for new opportunities, especially within the energy processing industry. A persistently low oil price and a weak economic cycle will still result in stagnation and a falling curve within the oil- and gas activity, and therefore also require readjustment also in our region.

Thanks to the bank's employees, customers and business partners

The board of directors is satisfied with the results that were achieved during 2014 and would like to extend its sincere thanks to all the bank's employees for their magnificent efforts over the past year. The board of directors would also like to thank the bank's customers and business links for their business during the past year.

Mo i Rana 24 February 2015

Thore Michalsen
Chairman of the Board

Ove Brattbakk
Deputy Chairman of the Board

Gislaug Øygarden

Monica Skjellstad

Stein Andre Herigstad-Olsen

May Heimdal
Employee Representative

Lisbeth Flågeng
Chief Executive Officer

Corporate Governance

The bank's policy for corporate governance shall ensure that the bank's activity management is in line with generally recognized understanding and standards, as well as Acts and Regulations.
The policy describes values, objectives and established principles. The objective is to ensure good interaction between the bank's different interested parties according to whom the bank is managed and controlled in order to ensure the interests of owners, depositors, and other groups in the bank.

The bank's policy is laid down in different management documents for Helgeland Sparebank's activity. This includes *inter alia* the bank's Articles of Association, ethical guidelines, strategy document, policy documents, budget, authorizations and limitations, routine descriptions, inside rules and own-account trading, framework for management and control: guidelines for systems and processes that focus on risk evaluation and internal controls in the bank.
The management documents are based on the Norwegian Code of Practice for Corporate Governance 1, as well as the Committee of European Banking Supervisors 2 principles for corporate governance.
The bank's commitment to the community is extensive and is exercised in several ways.

Helgeland Sparebank's roots are deeply anchored in Helgeland soil, and the bank is intensely interested in what is taking place here. Therefore, the bank has a vision of being the driving force for growth in Helgeland. In short, this means that Helgeland Sparebank's most important task is to do what it can so that the local community shall be a good place in which to live and carry on business. In the main, this is done through activities for the public benefit, participation and contribution to different meeting places for community and business life, as well as shares in companies/funds which have the objective of contributing to development, optimism and growth in rural areas and towns in Helgeland.
In addition to the strategic and financial objectives, Helgeland Sparebank has chosen to take its environmental responsibility seriously, and has therefore decided upon its own environmental strategy.

Helgeland Sparebank's ambition to follow the mentioned recommendations to the extent they are applicable.

In line with point one in the Norwegian recommendation for corporate governance there is a report on the bank's compliance with the points in the recommendation.

The Supervisory Board is the bank's superior body and is composed of four groups with a total of 25 members. Depositors elect 7 members, the county council in Nordland county elects 2 members, the owners of equity certificates 10 members, and the employees in the bank 6 members. In order to change the Articles of Association a proposal for this must be considered by two meetings of the Supervisory Board, and two-thirds of the Supervisory Board members present must vote for the proposal for change.
The Supervisory Board elects the Board of Directors of the bank which shall ensure that the bank is under good management. The Supervisory Board also elects a control committee composed of 3 members.

Activity

Helgeland Sparebank is a financial group consisting of the Parent bank as well as five subsidiaries at present. Reference to the bank and/or Helgeland Group in this article concerns the Group Helgeland Sparebank. In accordance with the Articles of Association of Helgeland Sparebank the objective of the activity is to promote savings by accepting deposits from an undefined circle of depositors, provide investment services and other financial services, and to manage in a secure manner the funds it manages in accordance with the legal rules which are in force at all times for savings banks and securities enterprises.

The Board's report contains a description of the bank's objectives and strategies. The strategic basis is evaluated by the Board and management at least annually, and the bank's plans are adjusted and adapted on a continuous basis. The bank's strategic platform summarized under the main points vision, business idea, core values, strategic and financial objectives, as well as ethical guidelines, are updated as a result of the above-mentioned annual minimum.
The bank has a customer-oriented organisation with the focus on the private market, business market and capital market as business areas. This is supplemented by support areas and staff functions. The bank's organizational structure is dynamic and is evaluated based on necessity and framework conditions

Company capital and dividend

The bank's equity is composed of equity certificate capital, share premium account, primary capital, fund for unrealized gains, gift fund and equalization fund.
The bank's objective for tier capital adequacy is at least 12 % and a total capital ratio up to 18 % assuming countercyclical capital buffer of 2,5%.

The Bank's dividend policy adopted at the strategy board meeting in May 2013:
Helgeland Sparebank's goal is to achieve financial results that give the owners of the capital a good and stable long-term return in the form of dividends and value increases in the equity. It is a goal for the Bank to treat the Bank's two owner groups equally.
The bank aims to achieve a return on equity that is competitive in the market in relation to the bank's risk profile. Goals of equity is 10% (group) under normal market conditions.

Equal treatment for holders of equity certificates

The holders of equity certificates shall have predictable conditions both with regard to equal treatment, return and management influence. Stock Exchange listing of equity certificates ensures that the bank accepts and complies with the market conditions which apply to the equity market and to equity certificates at any given time.

Free transferability

The articles of association do not contain any limitations in transferability of equity certificates.
Sparebankstiftelsen Helgeland owns equity certificates in Helgeland Sparebank. According to the articles of association the Foundation cannot own less than 35% of the equity certificates in Helgeland Sparebank.
Beyond this, the only limitation is the legal requirements that at present lay down that a qualified share of the equity certificate capital (10% or more) requires the consent of the Financial Supervisory Authority of Norway.

Supervisory Board and Control Committee

The bank's supreme body is the Supervisory Board (can be compared to the Committee of Shareholders' Representatives in a limited company), which is composed of the holders of equity certificates, customers, employees and representatives from the public sector. The Supervisory Board shall ensure that the bank acts according to its purpose and in compliance with law, articles of association and decisions made by the Supervisory Board.
The Supervisory Board has 25 members and 25 deputy members. Decisions are made by ordinary majority, however, decisions regarding amendments to the articles of association require 2/3 majority of those present and at least 50 % of the Supervisory Board's members must vote for the proposal. Further, it is a requirement that the proposal regarding amendment to the articles of association has been presented to the Supervisory Board at a previous meeting.
The elections take place in accordance with the savings bank legislation, and the provisions of the Financial Activity Act. Notices of meetings and minutes of the meetings of the Supervisory Board are forwarded to the Oslo Stock Exchange. Elections take place in election meetings which shall be held by the end of April, and before the statutory general meeting of the Supervisory Board. Invitation to the election meeting with the Agenda, registration form and the Nomination Committee's recommendation shall be forwarded to all holders of equity certificates 6 weeks before the election meeting, and be advertised in newspapers and on the bank's home page. The Control Committee, which is also elected by the Supervisory Board, shall carry out inspection and control of the Board’s and management’s work. In accordance with the articles of association, the Control Committee, which is also elected by the Supervisory Board, shall consist of 3 members and 2 deputy members.

Nomination Committees

The articles of association state that the bank shall have three nomination committees which prepare

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

The Nomination Committee also proposes fee scales.
The bank’s home pages contain information about who are members of the different nomination committees.

Composition of the Board of Directors and independence

The nomination committee of the Supervisory Board proposes candidates for the Board of Directors in keeping with the provisions on the composition contained in Acts and Regulations. No member of the Board of Directors or representative of the management shall be a member of the nomination committee. The Chairperson of the Board and the Deputy Chairperson are elected in a separate election.
The Board of Directors consists of up to 7 members and up to 4 deputy members.
The Board consists at present of 6 permanent members. At present, 3 of the permanent members are women.

Important criteria regarding the Board's members and composition are qualifications, gender, capacity and independence.
The majority of the Board's members shall be independent of the bank's management and main business connections.
The Board undertakes an annual evaluation of the members' independence and the Board's collective competence.

Board of Directors works

The Board holds meetings on an average of once a month and carries out its work in accordance with a plan drawn up for the year. In addition to the elected members, the employees' deputy representative and the bank's CEO are present at the Board meetings. The Board has the overall responsibility for the management of Helgeland Sparebank and for supervising the CEO and activities of the bank.
By the Board's management responsibility is meant *inter alia* the responsibility for the organisation of the bank in an appropriate manner, responsibility for drawing up plans and budgets for the bank, responsibility for keeping itself oriented regarding the bank's financial position, and that the bank's activities, administration of assets and accounts are the subject of proper controls.
Weight is attached to the annual strategy process / review of the Strategy Plan. This lays down overriding objectives and strategies, and plans of action and budgets are drawn up based on them.
The CEO prepares cases which are to be considered by the Board in co-operation with the Chairperson of the Board.
The Board has appointed an Auditing Committee and Risk Committee which shall ensure that Helgeland Sparebank has an independent and efficient external and internal auditing

function as well as an accounting and risk reporting function which is in keeping with Acts and Regulations.

Risk management and internal controls

Good risk and capital management is central to Helgeland Sparebank's long-term added value.
The bank shall identify, analyze, act and live with an acceptable risk level of the bank's most important business risks. Helgeland Sparebank has an objective that the bank's risk profile shall be moderate.
Risk management is connected to four risk areas:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

The choice of method for risk evaluation shall be based on the bank's complexity and extent in the various business areas. The Board of Directors of Helgeland Sparebank requires that the bank shall be well capitalized. Capital evaluations (ICAAP) are undertaken at least once per year and the bank's capital strategy will be based on real risk in the activity supplemented with the effect of different stress scenarios.

The responsibility for performance of the bank's risk and capital management and control is divided between the Board, management and operational units. The Board is responsible for seeing that the bank has sufficient capital based on desired risk and the bank's activity. The CEO is responsible for the total risk management at the bank, including development of good models and framework for management and control. The CEO leads the bank's credit committee which considers credit matters within the authorizations decided by the Board. The CEO is a permanent member of the credit committee. The Chief Financial Officer leads the bank's finance committee which considers borrowing and appurtenant evaluation within the authorizations decided by the Board. The CEO is a permanent member of the finance committee.
The bank's management includes the position of Director responsible for risk management.
The division for risk management handles functions such as compliance responsibility, management, control and reporting. Quantification of capital requirement in connection with risk in the various business areas of the bank is an integrated part of the Board's strategy work and assessment of risk areas (ICAAP process).
The Director for risk management reports to the CEO. All managers in Helgeland Sparebank are responsible for managing risk and ensuring good internal controls within their own sales responsibility and professional area in line with the bank's risk profile. Helgeland Sparebank has adopted policy for risk management and internal controls which sets objectives, organisation and implementation of internal control work. Also included in this is a requirement for reporting of the status of the bank's risk picture and the quality of the internal controls as well as follow-up of risk-reducing measures.

The Bank has also employed an internal auditor, who, on behalf of the Board shall evaluate and control that appropriate routines are established for reducing risk. The internal auditor's controls shall take place on the basis of an annual auditing plan.
The bank's ethical guidelines include an information duty by employees regarding violation of internal guidelines, Acts and Regulations and the method by which such information shall be given.

Remuneration to the Board of Directors

The Supervisory Board sets the fee scale for the bank.
The remuneration to the Board of Directors reflects the Board's responsibility, competence, time spent and complexity. The fee to the individual Board member appears in the notes to the accounts.

Remuneration to management employees

The Board of Directors sets the remuneration to the CEO, and the principles for remuneration to management employees. The bank has no option or bonus contracts. In the notes to the annual accounts is included an overview of salaries and benefits to management employees.
The Bank has established routines for ensuring compliance with regulations concerning remuneration schemes in financial institutions, securities enterprises and management companies for collective investment funds.

Information and communication

Helgeland Sparebank is listed on Oslo Stock Exchange and reports dates for important events such as election meetings, meetings of the Supervisory Board, and 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 and press releases.
The same information is put out on the bank's web pages.

Take-over

The Act relating to Financial Activity sets limitations on how large a share of the equity certificates can be held by an owner. A question of a merger is decided by the Supervisory Boards of the savings banks in question.

Auditor

The Supervisory Board has chosen PriceWaterhouseCoopers as the external auditor, and approves its remuneration.

PROFIT AND LOSS ACCOUNT

Parent bank		(Amounts in NOK mill.)		*Group*
2013	**2014**		**2014**	**2013**
911	930	Interest receivable and similar income (Note 5)	1.089	1 072
554	549	Interest payable and similar costs (Note 5)	631	633
357	**381**	**Net interest- and credit commission income**	**458**	**439**
87	92	Commissions receivable and income from banking services (Note 6)	92	87
10	10	Commissions payable and costs relating to banking services (Note 7)	10	10
77	**82**	**Net commission income**	**82**	**77**
37	68	Gains/losses on financial instruments available for sale (note 8)	44	14
3	13	Other operating income (note 9)	7	7
217	252	Operating costs (Notes 10,11,12,13,14,15,44)	263	239
28	44	Losses on loans guarantees etc (note 16)	44	32
229	**248**	**Result before tax**	**283**	**266**
54	52	Tax payable on ordinary result (note 17)	67	73
175	**198**	**Result from ordinary operations (note 18)**	**216**	**193**
7.0	7.9	Result per PCC in kroner (note 18)	8.7	7.8
7.0	7.9	Diluted result per PCC, Kroner (note 18)	8.7	7.8
		Extended income		
175	**196**	**Result from ordinary operations after tax**	**216**	**193**
		Itemes that are not subsequently reversed through profit or loss:		
-24	-57	Estimate variances, pensions will not be reversed over the income statement	-57	-24
7	15	Tax on extended profit	15	7
-17	-42	Net extended profit or loss items	-42	-17
		Itemes that are not subsequently reversed through profit or loss:		
46	28	Net change in fair value available-for-sale fin. assets	7	46
0	2	Net extended profit or loss items	2	0
46	30	Net extended profit and loss items	9	46
204	**184**	**Total result for the period**	**183**	**222**

BALANCE SHEET

Parent bank				*Group*
31.12.13	**31.12.14**	(Amounts in NOK million)	**31.12.14**	**31.12.13**
		ASSETS		
98	103	Cash and balances at central banks (note 19,22,27,32)	103	99
1 27 3	1 358	Loans to and claims on credit institutions (note 20,22)	675	607
15 863	16 577	Loans to and claims on customers (note 2.1,21,22)	20 731	20 597
213	161	Financial derivatives (note 22,23)	161	213
4 851	4 003	Certificates, bonds and shares available for sale (note 2.2,22,24,25)	3 735	4 032
156	181	Investments in associated companies (note 25,27)	178	155
348	348	Investments in subsidiaries (note 25,26,28)		
11	25	Deferred tax benefit (note 29)	27	11
71	76	Fixed assets (note 30)	177	176
51	6	Other assets (note 31)	8	53
22 935	**22 838**	**Total assets**	**25 796**	**25 943**
		LIABILITIES AND EQUITY CAPITAL		
647	0	Liabilities to credit institutions without agreed maturity (note 2.2,22,33)	2	647
13 248	13 971	Deposits from customers and liabilities to customers (note 2.2,22,34)	13 725	12 989
6 361	6 015	Borrowings through the issuance of securities (note 2.2,22,23,35)	9 143	9 553
41	60	Financial derivatives (note 22,23)	60	41
193	211	Other liabilities (note12,36)	224	206
519	519	Fundbonds and subordinated loan capital	519	519
21 009	**20 776**	**Total liabilities**	**23 673**	**23 955**
1 031	1 028	Paid-in equity capital (note 38,39)	1 029	1 031
895	1 034	Accrued equity capital/retained earnings (note 38)	1 089	955
1 926	2 062	**Total equity capital**	2 118	**1 986**
0	0	Non controlling interests	4	2
1 926	**2 062**	**Total equity capital**	**2 122**	**1 988**
22 935	**22 838**	**Total liabilities and equity capital**	**25 796**	**25 943**
		Contingent liabilities off the Balance Sheet (note 2.3,40,41)		

Helgeland Sparebank's Board of Directors
Mo i Rana 24. February 2015

Thore Michalsen
Chairman of the Board

Ove Brattbakk
Deputy Chairman of the Board

Gislaug Øygarden

Monica Skjellstad

Stein Andre Herigstad-Olsen

May Heimdal
Employee Representative

Lisbeth Flågeng
Chief Executive Officer

Change in equity capital during the year *Group*

31.12.14

(Amounts in NOK million)	Total paid in capital								Total accrued equity capital		
	PCC-capital	Premium Fund	Own PCCs	Res.for valuation varance	Savings Bank's Fund	Donat Fund	Char. Fund.	Divid. Equal Res.	Other equity.	Min.	Total
Equity capital 01.01.14	187	845	-1	152	415	18	5	269	97	2	1 989
Result from ordinary operations					33	8	8	100	64	3	216
Net extended profit and loss items				5	-11			-31	2		-35
Total ext. profit or loss	*187*	*845*	*-1*	*5*	*22*	*8*	*8*	*69*	*66*	*3*	*181*
Gift fund						-6	-5				-11
Transactions with owners											0
Write down to nominal value											0
Dividend paid			-3						-34		-37
Equity capital as at 31.12.14	**187**	**845**	**-4**	**157**	**437**	**20**	**8**	**338**	**129**	**5**	**2 122**
Paid/accrued equity capital			1 028							1 094	2 122

1) In line with IAS19R the estimate divergence on the increased pension commitment in the bank's performance based scheme is charged on the equity with MNOK 44

Change in equity capital during the year *Group*

31.12.13

(Amounts in NOK million)	Total paid in capital								Total accrued equity capital		
	PCC-capital	Premium Fund	Own PCCs	Res.for valuation varance	Savings Bank's Fund	Donat Fund	Char. Fund.	Divid. Equal Res.	Other equity.	Min.	Total
Equity capital 01.01.13	**935**	**97**	**-1**	**107**	**388**	**17**	**5**	**182**	**64**	**2**	**1 797**
Result from ordinary operations					32	6	5	98	52		193
Net extended profit and loss items				46	-5			-12			28
Total ext. profit or loss				46	27	6	5	86	52	0	**222**
Gift fund						-5	-5				**-10**
Transactions with owners											
Write down to nominal value	-748	748									0
Dividend paid									-20		-20
Equity capital as at 31.12.13	**187**	**845**	**-1**	**152**	**415**	**18**	**5**	**269**	**97**	**2**	**1 988**
Paid/accrued equity capital			1 031							957	1 988

C H A N G E I N E Q U I T Y C A P I T A L

Change in equity capital during the year *Parent bank*

31.12.14

	Total paid in capital			Total accrued equity capital						
(Amounts in NOK million)	PCC-capital	Premium Fund	Own PCCs	Res. for valuation variances	Savings Bank's Fund	Donat. Fund	Char. Fond.	Divid. Equal Res.	Dividend	Total
Equity capital 01.01.14	187	845	-1	162	415	18	5	269	34	1 934
Result from ordinary operations				-8						-8
Net extended profit and loss s	187	845	-1	154	415	18	5	269	34	1 926
Total ext. profit or loss										
Gift fund					33	8	8	100	47	196
Transactions with owners				30	-11			-31		-12
Write down to nominal value	*0*	*0*	*0*	*30*	*22*	*8*	*8*	*69*	*47*	*184*
Dividend paid						-6	-5			**-11**
Equity capital as at 31.12.14										
Paid/accrued equity capital										0
			-3						-34	-37
	187	**845**	**-4**	**184**	**437**	**20**	**8**	**338**	**47**	**2 062**
			1 028						1 034	2 062

1) In line with IAS19R the estimate divergence on the increased pension commitment in the bank's performance based scheme is charged on the equity with MNOK 44

2) Change in accounting principle in the associated companies at fair value have given equity adjustment one in the parent bank of MNOK 8.

Change in equity capital during the year *Parent bank*

31.12.13

	Total paid in capital			Total accrued equity capital						
(Amounts in NOK million)	PCC-capital	Premium Fund	Own PCCs	Res. for valuation variances	Savings Bank's Fund	Donat. Fund	Char. Fond.	Divid. Equal Res.	Dividend	Total
Equity capital 01.01.13	**935**	**97**	**-1**	**116**	**387**	**17**	**5**	**187**	**17**	**1.760**
Result from ordinary operations					32	11		98	34	175
Net extended profit and loss s				46	-5			-12		29
Total ext. profit or loss				**46**	**27**	**11**	**0**	**86**	**34**	**204**
Gift fund						-5	-5			-10
Transactions with owners										
Write down to nominal value	-748	748								0
Dividend paid									-24	-24
Equity capital as at 31.12.13	**187**	**845**	**-1**	**162**	**414**	**23**	**0**	**273**	**31**	**1 934**
Paid/accrued equity capital			1 031						903	1 934

CASH FLOW STATEMENT

Parent bank				*Group*
31.12.13	**31.12.14**	(Amounts in NOK million)	**31.12.14**	**31.12.13**
229	247	Result of ordinary operations	283	266
12	10	+ Ordinary depreciation/amortisation	17	21
29	44	+ Losses on loans, guarantees, etc	44	32
-53	-52	- Tax expense	-67	-73
217	249	= Provided from the year's operations	277	246
26	-1	Change miscellaneous debt: + increase/-decrease	2	47
-40	45	Change miscellaneous claims: - increase/+ decrease	45	-40
-1 119	-700	Change loans to and balances with customers – increase + decrease	-134	-866
1 739	723	Change deposits from and liabilities to customers+ increase/-decrease	736	1 778
0		+ Change liabilities increase to credit institutions		0
-183	-647	- Change liabilities decrease to credit institutions	-647	-183
640	-331	A Net liquidity change from operating activities	279	982
-9	-12	- Invested in tangible fixed assets	-15	-9
15	0	+ Sale of tangible fixed assets	5	15
-4 609	-2 383	- Change in long-term securities increase	-2 622	-4 609
4 530	3 154	+ Change in long-term securities decrease	2 648	4 530
-73	759	B Liquidity change from investing activities	16	-73
-24	-41	- Dividend paid on PCCs	-41	-24
2 857	1 965	+ Debt securities in issue increase	2 764	3 357
-3 406	-2 262	- Debt securities in issue decrease	-2 946	-4 206
300	0	Change subordinated loan	0	300
-273	-338	C Liquidity change from financing activities	-223	-573
294	90	A+B+C Sum total change liquid assets	72	336
1 077	1 371	+ Liquid assets at the start of the period	706	370
1 371	1 461	= Liquid assets at the close of the period *)	778	706

*) Cash and cash equivalents consist of bank deposits, deposits in Norges Bank and outstanding accounts with credit institutions.

N O T E S

N O T E S

NOTE 1 - Accounting principles Group

General background

The Parent bank
Helgeland Sparebank aims to be a profitable and leading bank in Helgeland. 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-sized enterprises, municipalities and institutions in Helgeland.

The Bank's registered office is located at Jernbanegata 15, 8622 Mo i Rana. The Bank's head is in Mo i Rana. The Bank also has 14 branches located throughout Helgeland: Mosjøen, Brønnøysund, Berg, Hommelstø, Vega, Hattfjelldal, Trofors, Sandnessjøen, Herøy, Vågaholmen, Lurøy, Hemnesberget, Nesna and Korgen.

Helgeland Sparebank is listed on Oslo Stock Exchange.

Subsidiaries
Subsidiaries are defined as all companies in which Helgeland Sparebank has a controlling interest. A controlling interest is normally achieved when the Group owns, directly or indirectly, more than 50 per cent of the shares in the company and the Group is able to exercise control over the company.
The acquisition method is applied to accounting relating to acquired units. Companies that have been acquired or sold during the year are consolidated in the Group accounts from/up to the date on which the acquisition/sale was implemented. Identifiable assets and liabilities in subsidiaries are carried at fair value at the acquisition date. Any surplus value over and above what can be linked to identifiable assets and liabilities is shown in the accounts as goodwill, and any shortfall in market value is recognised in the profit and loss account directly. Minority interests are included in the Group's equity. Intra-group transactions, balances, internal profit and unrealised gains/losses are netted out.

Associated companies
Associated companies are defined as companies in which the Group exercises significant influence. This would normally involve investments of between 20 per cent and 50 per cent of the companies' equity. Investments in associated companies are valued using the equity method. When the Group's share of a loss exceeds the investment, the investment is recognised in the accounts at zero value. The loss is included in the accounts to the extent that the Group has obligations to cover the loss.

Intra-group transactions, balances and unrealised gains are netted out against the Group's equity stake in the associated company.

The parent bank’s investments in associates accounted for at fair value. For securities that are not publicly traded and when there is no active market, valuation is based on the final rate of emission. For securities without trading are valued on basis of available accounting information, etc.

Basis for the preparation of the accounts

Helgeland Sparebank has prepared its consolidated accounts for 2008 in compliance with International Financial Reporting Standards (IFRS), which have been approved by the EU. The company accounts for Helgeland Sparebank are presented in compliance with simplified IFRS:

The Group applies the historical cost principle with the following modifications: available-for-sale financial assets, financial assets and liabilities (including financial derivatives) carried at fair value in the profit and loss account, and investment properties
The consolidated financial statements were adopted by the Board of Directors on 25 February 2014. The notes are an integral part of the financial statements (as of note 1 to Note 43).

Changes in accounting policy and disclosures

a) New standards, amendments and interpretations adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the group:

■ Amendment to IAS 32, ‘Financial instruments:Presentation’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

■ Amendment to IAS 39, ‘Financial instruments: Recognition and measurement’ on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to ‘over-the-counter’ derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no significant impact on the group financial statements as a result.

■ IFRIC 21, ‘Levies’, sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 ‘Provisions’. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

■ IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Consolidation principles

The consolidated accounts comprise Helgeland Sparebank and all its subsidiaries. The consolidated financial statements have been prepared under the assumption of uniform accounting principles for equal transactions and other events under equal circumstances.

Presentation currency

All amounts are stated in NOK million unless otherwise specified. The Group's presentation currency is the Norwegian krone, which is also the functional currency for all the companies in the Group. The Group has no operations of its own abroad. Assets and liabilities in foreign currencies are translated into Norwegian kroner at the exchange rate applicable on the balance sheet date, and income and expenses are translated into Norwegian kroner at the exchange rates applicable at the time of the transaction. Translation differences are recognised in the profit and loss account as they occur.

Presentation in the balance sheet and profit and loss account

<u>Loans</u>
Loans are recognised in the balance sheet depending on the counterparty, either as loans to and deposits with credit institutions or as loans to customers, depending on the measurement principle.
Interest income on loans is included in the line for "net interest income". Changes in value that can be linked to identified objective evidence of impairment on the balance-sheet date for loans carried at amortised cost and for the portfolios of loans at fixed interest rates that are carried at fair value are included in "write-downs of loans and guarantees".
Other changes in the value of portfolios of loans at fixed interest rates carried at fair value are included in the line "net gains on financial instruments at fair value".

<u>Certificates and bonds available for sale</u>
This category includes certificates and bonds that the Group can sell as needed and that do not form part of a trading portfolio.
Interest income for certificates and bonds are included in "net interest income". Other changes in value are included in "net gains on financial instruments ". Fall in value below cost price is recognised in the profit and loss account under "Net gains on financial instruments", while change in value above cost price is entered against equity

<u>Shares available for sale</u>
Unrealised changes in value in the portfolio available for sale are recognised against equity. Fall in value below cost price are recognised in the profit and loss account.
When such gains or losses are realised, they are recognised under "net gains/losses on financial instruments".

<u>Liabilities to credit institutions and deposits from customers.</u>
Liabilities to financial institutions and customers are recognised, depending on the counterparty, either as liabilities to credit institutions or as deposits from customers, regardless of the measurement principle. Interest expense on the instruments is included in net interest cost based on the internal rate of return method.

<u>Securities issued</u>
Securities issued capital include issued certificates and bonds capital regardless of the measurement principle based on the internal interest rate method For securities issued with fixed interest rates, fair market value.
Interest payable on such instruments are included in interest expense and similar charges. Other adjustments are included in "Net gain on financial instruments at fair value".

<u>Financial guarantees issued</u>
Contracts that require the Group to compensate the holder for a loss resulting from a specific debtor's omission to pay in accordance with the conditions in the debt instrument are classified as financial guarantees issued.
Changes in the fair value of financial guarantees are included in the line "financial instruments at fair value". The change in value of guarantees is included in loans that are written down individually. Changes in the value of such guarantees are included in "net write-downs on loans and guarantees".

Segment reporting

The Group's operations involve only one strategic business area, which is organised and managed on a total basis. The Group conducts traditional banking operations involving the sale of savings, investment and insurance products on a brokerage basis. The banking operations are divided into segments, categorised as the retail market and the corporate market.
The Group conducts its business mainly within one geographical segment, which is Helgeland, with a minor proportion outside Helgeland.

Financial instruments

The Group defines its financial assets and liabilities within the following classes:

- Loans to customers
  - Loans at floating rates of interest
  - Loans at fixed-interest rates
- Available-for-sale financial assets

- Liabilities to credit institutions and deposits from customers at amortised cost
- Securities issued and subordinated loan capital
  - Securities issued at floating rates of interest
  - Securities issued, fixed-interest
  - Securities issued, hedges

Financial instruments are valued in accordance with IAS 39. All purchases and sales of financial instruments are recognised in the accounts at the transaction date.
Financial assets and obligations are presented net in the balance sheet and only when there is an unconditional right of offset which can be legally enforced and there is an intention to settle net or realise the asset and settle the obligation at the same time.

Loans to customers
The Bank has defined its market area (Helgeland) as one risk area.

Loans are initially measured at fair value plus direct transaction costs. In periods after the first assessment loans at amortized cost (IAS 39) using the effective interest method, as an expression of the fair value of the loan. If there is objective evidence of impairment exists for individual loans or groups of loans are impaired loans. Impairment Amount calculated as the difference between the carrying amount and the present value of future cash flows, based on the expected life of the loan. Impairments are classified as losses. Interest income is recognized using the effective interest method. On engagement with individual impairment, the effective interest rate is locked in cases where a) the loan is not in default or b) change in interest rates is independent of the loan is in default and interest rate changes affect the expected cash flow.

Loans at fixed interest rates are recognised at fair value in the profit and loss account. The change in value is included in the line "net gains/losses on financial instruments". Loans at fair value, including accrued interest, reflect the value in the balance sheet. Interest income on fixed interest loans to customers is recognised as income under net interest.

Evaluation at fair value through profit and loss is expected to significantly reduce the earnings volatility that would otherwise occur if the Bank has entered into interest rate derivatives to achieve efficient floating rate.

Write-downs on loans
A loan or a group of loans is written down when there is objective evidence of impairment of value as a result of loss events which can be reliably estimated, and which are important for the expected future cash flows from the loan or group of loans.

Objective evidence that a loss event has occurred may be:

- The borrower has significant financial problems.
- Default on payment of due interest/capital instalment
- Collateral or other security is expected not to cover the loan in the event of realisation.
- It is likely that the borrower will go bankrupt or enter into debt negotiations
- There are indications of a measurable reduction in the future cash flows from a group of loans, although it is not yet possible to identify the impairment of value for each individual loan within the group (for instance negative changes in payment status or in financial assumptions of importance for the group).

Loans are written down individually when there is objective evidence of the loan's impairment of value. The amount of the write-down is calculated as the difference between the book and present value of future cash flows calculated according to the expected life of the loan in question. The discounting is done through the use of the effective interest method. Calculated loss is shown on a gross basis in the balance sheet as an individual write-down on loans and is recognised in the profit and loss account as a loss cost. Loans which have been written down individually are not included in the basis for collective write-downs.

Loans are written down collectively when there is objective evidence suggesting impairment of a group of loans. Customers are classified in risk groups on the basis of different parameters such as financial strength, revenue generation, liquidity and funding, business sector, geographical location and behavioural score. These factors provide indications of debtors' ability to service their loans, and are relevant for the calculation of future cash flows from the different risk groups. Each individual risk group is assessed collectively with regard to the need for write-downs.

The calculation of the write-down amount for a group of loans is made on the basis of expected future cash flows and historical loss experience for the different risk groups. Historical losses are adjusted for the impact of new conditions which were not reflected during the period to which the historical losses refer, and the effect of events which are no longer relevant is removed. If the previously calculated write-down should later prove to have been too high, it is reversed and recognised in the profit and loss account.

Estimates of future cash flows depend upon changes in relevant, observable data which can indicate a change in the likelihood of loss and the size of loss within the group. The method and assumptions for calculating future cash flows are reviewed on a regular basis.
When a loan can no longer be recovered and the size of the loss has been determined, the loan is written off against the related provisions for losses. Recoveries from previously written down loans are recognised in the profit and loss account as a reduction in write-downs of losses.

Financial assets available for sale
Financial assets available for sale are assets acquired for purposes other than for achieving gains. These are defined as investments that do not form part of a trading portfolio, but that are negotiable and can be sold freely if required. The Group has shares, certificates, bonds, and other interest-bearing securities which are classified within this group.
Financial assets available for sale are recognised in the profit and loss account at fair value.
Interest-bearing securities – Write-downs below cost price are recognised in the profit and loss account. Reversals of write-downs are reversed in the profit and loss account provided they are below cost price. Value above cost price is recognised against equity

Shares – Write-downs below cost price are recognised in the profit and loss account. Reversals of share write-downs are entered against equity under “Other comprehensive income”. Value above cost price is recognised against equity.
Realised gains/losses recognised in the profit and loss account, as well as changes in value in the profit and loss account including

dividends, are shown in the financial statements under "net gains/losses on financial instruments" during the period in which they arise. For interest-bearing financial assets, the interest is recognised as income in the profit and loss statement against "net interest". The Bank has no items in foreign exchange.
The fair value of listed investments is based on the current price as of the balance sheet date. In the case of securities that are not listed and where there is no active market, known sale values or the most recent issue prices are used as a basis. For securities without sales, the value is determined on the basis of available accounting information or similar.

Financial assets are presented as current assets if the Bank's management has decided to sell these assets within 12 months of the balance sheet date; if not, they are classified as fixed assets

Liabilities to credit institutions and deposits from customers
Liabilities to credit institutions and deposits from customers at amortised cost.

Securities issued
Securities issued are defined as securities which the Group does not intend to trade and which were originally issued by the Group. Buy-backs of own bonds in connection with debt reduction are netted against bond debt.
Liabilities at floating rates of interest are assessed at fair value when they are first included in the accounts and later at amortised cost through the use of the effective interest method. Any premium/discount is accrued over the term to maturity. The liabilities are shown in the balance sheet at amortised cost (including accrued interest). Changes in value for amortised cost are recognised in the profit and loss account and net interest.

Liabilities at fixed rates of interest are assessed at fair value. The liabilities are shown in the balance sheet at fair value (clean price) including accrued interest, less the Bank's own portfolio. Changes in value are recognised in the profit and loss account as "gains/losses on financial instruments" and interest expense in the profit and loss account against net interest.

The fair value is calculated by discounting the cash flow from the loans using a required rate of return derived from the zero coupon curve. Credit spreads on interest-bearing securities are changed on the basis of an all-round assessment in which observed trades in the market, credit margin reports from various securities houses, and internal assessments are included as a basis for the overall assessment. A change in credit spreads will influence the required rate of return, as the supplement added to the zero coupon curve is changed. In the case of purchase of own securities, liabilities are reduced, and the difference between book value and the payment made (premium or discount) is recognised in the profit and loss account as a gain or loss relating to securities issued.

Hedge accounting
Derivatives are initially recognized at fair value on the date a derivate contract is entered into, and are subsequently remeasured at fair value. The method is designated as a hedging instrument, and type of hedging. The group designates certain derivatives of following fuse types:
- Hedges of the fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedges).

At the inception of the hedge relationship , the Group documents the relationship between hedging instruments and hedged items , as well as its risk management objectives and strategy for undertaking various hedge transactions . The Group also documents its assessment of whether the derivatives used are highly effective in offsetting changes in fair values or cash flows of hedged items . Such assessments are documented at the inception of the hedging relationship and on an ongoing basis .
Fair value of derivative instruments used for hedging purposes are disclosed in Note 23 Changes in fair value of derivatives that are designated and qualify as fair value hedges and that are effective , are recorded along with the change in fair value attributable to the hedged risk of the hedged asset or liability . Fair value hedges are used only to hedge debt securities with fixed interest rates. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognized as " Net gain / loss on financial instruments " . The gain or loss relating to the ineffective portion is recognized as " Net other (losses) gains " . Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognized as "Net gain / loss on financial instruments " .

Financial derivatives
The agreements entered into by the Group are derivatives related to interest rates and exchange rates. Interest swaps are related to fixed-interest deposits and loans; currency swaps are related to syndicated borrowing in euro.

Derivatives are recognised in the balance sheet at fair value at the time the derivative contract is established, and thereafter on an ongoing basis at fair value. Derivatives in the balance sheet encompass interest rate swap agreements (interest rate swaps) and currency swaps.

The derivatives are recognised in the profit and loss account as an asset when the fair value is positive, and as a liability when the fair value is negative

Interest income and interest costs

Interest income and interest costs relating to assets and liabilities measured at amortised cost are recognised in the profit and loss account on an ongoing basis through the use of the effective interest method.
Interest income on loans which have been written down is calculated by using the same effective rate of interest as the one applied when discounting the original cash flow. Interest income on fixed rate loans at fair value is recognized. Change in fair value of fixed rate loans are recorded as changes in value of financial instruments.

For interest-bearing instruments measured at fair value, the interest will be classified as interest income or interest expense while the effect of changes in value are classified as income or expense from financial instruments.

Commission income and expenses

In general, commission income and expenses are accrued as a service is provided. Fees related to interest bearing instruments are not recorded as commissions, but are included in the calculation of the effective interest rate and recognized accordingly.

Intangible assets

Intangible assets are shown in the balance sheet when probable future financial advantages relating to the asset in question can be identified, and when the asset's cost price can be reliably estimated. Intangible assets are shown in the accounts at cost price.

Intangible assets with unlimited economic life are not depreciated, but write-down is applied if the recoverable amount is lower than the cost price. The recoverable amount is calculated each year, and also when there are indications of impairment of value.

Intangible assets with limited economic life are depreciated and any need for write-down is assessed. Depreciation is made on a straight-line basis over estimated economic life. The depreciation amount and depreciation method are subject to annual review, when financial realities are used as a basis.

Costs relating to the purchase of new electronic data processing programmes are shown in the balance sheet as an intangible asset when such costs do not form part of the acquisition cost relating to hardware. The abovementioned programmes are depreciated over a period of 5 years. Costs of maintenance of these programmes are charged direct to the profit and loss account provided that the changes to the programmes do not increase the future financial benefits involved.

Fixed assets

Fixed assets, with the exception of investment property and buildings, are evaluated at cost price minus accumulated depreciation and write-downs. When operating equipment is sold or discarded, the cost price and accumulated depreciation and write-downs are reversed any, gains or losses being included in the profit and loss account.
Cost price of an item of operating equipment is defined as purchase price including taxes, levies and direct costs relating to making the operating equipment in question ready for use. Any costs incurred after the company has started to use the operating equipment, such as repairs and maintenance, are normally charged to the profit and loss account In those cases where increased revenue generation as a result of such repairs/maintenance can be proved, the costs involved are shown in the balance sheet as additions to assets.

Depreciation is calculated by using the straight-line method over the following periods:

-Buildings and other real estate	30 – 40 years
-Machinery, equipment fixtures and cars	3 – 10 years

It is decomposed assets of greater value, and consisting of components with different useful lives. It is tested annually of life for each component, and depreciation is adjusted accordingly.
Assets held for sale consist of assets acquired by the Group as part of the recovery of non-performing loans. These are assets that the Group intends to retain and to be sold within one year. Assets held for sale are stated at the lower of fair value (less cost) and cost and is not depreciated.

Rental agreements

The Group as a tenant
Rental agreements where most of the risk involves the counterpart to the agreement are classified as operational rental agreements. Rental payments are classified as operating costs and charged to the profit and loss account over the period of the contract. The Group has no financial rental agreements.

The Group as a landlord/lessor
The Group shows assets, which have been rented out as fixed assets in the balance sheet. Rental income is included in the accounts as income on a straight-line basis over the rental period. Direct costs incurred initially in order to establish a rental relationship are added to the rented-out asset's value in the accounts.
The Group has no financial rental agreements

Cash and cash equivalents

In the cash flow statement, cash and cash equivalents are defined as cash, deposits with Norges Bank and other banks, certificates, bonds and loans and credits provided for other banks. Cash equivalents are short-term liquid funds, which can be converted into cash within 3 months.

Provisions

Provisions are included in the accounts when the Group has a currently valid obligation (legal or assumed) as a result of events, which have occurred, and when it is more likely than not that a financial settlement as a result of the obligation will take place, and when the size of the amount involved can be reliably estimated.

Provisions are reviewed on each balance sheet date in question, the level reflecting the best estimate of the obligation. When the effect of time is insignificant, the provisions will be equal to the amount of the cost required in order to be free of the obligation. When the effect of time is significant, the provisions will be equal to the present value of the future cash payments needed to meet the obligation.

In cases where there are several obligations of the same kind, the likelihood of the obligation resulting in a settlement is determined by assessing the group as a whole. Provisions for the Group are included in the accounts even if the likelihood of a settlement relating to the group's individual elements may be low.

Pension costs and pension liabilities

The Group's pension liabilities are related to benefit-based group pension schemes secured in insurance companies, and in unsecured schemes. Pension costs and pension liabilities shown in the accounts have been arrived at through computations made by an actuary. The discount rate for pension liabilities are in accordance with IAS 19 into interest rate on corporate bonds with high credit ratings, or government bonds if there is a deep market in corporate bonds with high credit ratings.

The Bank's defined benefit pension plan was closed with effect from 1th of July 2012. New employees will be admitted as a member of the defined contribution plan. In addition, changes were made in the coverage of the old defined benefit scheme. Onetime effect of changing the pension scheme has made a positive contribution to unrecognized actuarial losses.

The secured and unsecured guarantee liabilities are calculated as the discounted value of the future pension benefits which are deemed to have accrued on the balance sheet day in question, secured and unsecured, based on the employees having accrued their pension rights evenly over the period during which they were employed.

Pension resources are assessed at market value and shown net against the pension liabilities in the balance sheet. Each individual pension scheme is assessed on its own, but the value of over-funding in one

scheme and under-funding in other schemes is included in the balance sheet on a net basis provided that the pension resources can be transferred between the various schemes.
Net pension resources are shown in the balance sheet as prepaid costs and accrued income, whereas net pension liabilities are shown as provisions for liabilities.

The pension cost for the period involved is included under Wages salaries and social costs, consisting of the period's pensionable accruals, interest cost on the calculated pension liability, expected return on the pension resources, the impact of scheme changes and changes in estimates and pension schemes included in the profit and loss account, the effect of discrepancies between actual and expected return included in the profit and loss account, coupled with employers social security contributions subject to accrual accounting. The impact of changes in estimates and discrepancies between actual and expected return is subject to accrual accounting over the reminding accrual time or expected life only if the accumulated effect exceeds 10 per cent of the larger of pension resources and liabilities. Any change in the pension schemes is subject to accrual accounting over the remaining time of accruals.

Tax

Deferred tax is calculated on all temporary differences between accounts-related and tax-related balance sheet values according to the currently applicable tax rate at the end of the period (the liabilities method). Tax-increasing temporary differences include a deferred tax liability, and tax-reducing, temporary differences, together with any loss to be carried forward, include a possible deferred tax benefit. Deferred tax benefit is shown in the balance sheet when it is likely that in the future there will be taxable income against which the deferred tax benefit can be used.

The tax cost in the profit and loss account comprises both the period's payable tax and any change in deferred tax. The change in deferred tax reflects future payable taxes which are incurred as a result of the operations during the year.

PCC-capital

In the case of the issuance of new PCCs or the acquisition of other operations, the additional costs directly related to the issuance of new certificates or the acquisition invovled are treated in the accounts as a reduction of the PCCs' nominal value.

Dividends payable on PCCs are classified as equity capital until the Bank's Board of Trustees has approved the dividend. When the Board of Trustees has approved the dividend the amount required for the dividend payment is removed from the equity capital and classified as short-term liabilities up to the time when payment is made.

In the case of the Bank or the other members of the Group buying PCCs issued by the Bank, the total consideration is deducted from the aggregated PPC capital.

Comparability

Comparable figures have been adjusted whenever it has been deemed necessary in order to make sure that they are in accordance with the accounts presentation for this year.

Events after the balance sheet date

Events occurring up until the date the financial statements are regarded as approved for publication, and which concern matters which were already known on the balance sheet date, will be included in the disclosure base for adopting accounting estimates and will thus be fully reflected in the accounts. Events concerning matters, which occur after the balance sheet date, will be disclosed if they are deemed significant.

Risk and capital management

Risk and capital management supports the Group's strategic development and ambitions. The main objective is to ensure realisation of the Group's financial and operational objectives. Regardless of how good risk management is, unforeseen losses can occur which require that the Group has sufficient equity. As a part of the risk management work, the necessity for additional capital for the different risk areas has been evaluated. The evaluations are supported by various internal evaluations and calculation models. This is summarized in the bank's internal capital requirement evaluation process. ICAAP).

Risk categories and definitions:

- Credit risk: the risk of loss as a result of customers or other parties not being able to meet their obligations
- Liquidity risk: the risk that the Group cannot manage to meet its obligations on the due date
- Market risk: the risk of loss as a result of changes in market prices connected to activities and positions in securities (interest and shares) and currency.
- Operational risk: the risk of direct or indirect losses due to failure in internal routines, systems and processes, insufficient competence, damage to property, interruption in operations, system faults, internal or external fraud.

Risk management is central in daily operations and in the continuing work of the Board. Risk is primarily managed through policy and guidelines, limitations, authorizations, reporting requirements and requirements regarding competence.

The Board sets the Group's credit strategy which includes credit risk, and the Group's financial strategy which includes liquidity risk and market risk. The bank has a credit committee and finance committee for management and follow-up of risk in line with authorizations given by the Board.

The bank's risk management unit constitutes two man-years. The General Manager risk management reports directly to the Chief Executive and is responsible for monitoring and coordinating the collective risk management in the bank.

The Group's internal auditor constitutes one man-year and reports directly to the Board. The internal auditor shall evaluate whether satisfactory routines have been established in the most important areas in the bank in order to reduce risk

Governance and company leadership

Helgeland Sparebank's principles and policy for corporate governance and company leadership shall ensure that the bank's activity management is in line with generally accepted perceptions and standards, as well as Acts and Regulations. Good activity management in Helgeland Sparebank includes the values, objectives and superior principles according to which the bank is managed and controlled in order to ensure good interaction between the bank's different interested parties such as equity certificate holders, lenders, customers, employees, governing bodies, management and society in general.

Further, the activity management shall ensure defensible fund management and provide increased security for communicated objectives and strategies being implemented and reached. The Group's principles and framework for internal controls and risk management are stated in separate management documents which are reviewed annually by the Board. The management documents are the Group's internal framework for good management and control, and the policy gives guidelines for the Group's superior attitudes regarding risk management.

The Board of Helgeland Sparebank attaches weight to compliance with the principles laid down in the Norwegian Code of Practice for Corporate Governance in the management of the activity.

Helgeland Sparebank has compared its own policy to the Norwegian Code of Practice for Corporate Governance .It is the opinion of the Board that the bank's activity management is satisfactory and in accordance with the Norwegian Code.

There has been 13 board meetings. Follow-up of the operations, strategy, structural changes and risk- and capital management have been the board’s main focus areas.
The board has prepared an annual plan for its work, and emphasis in put on securing adequate knowledge and competence among the board’s members. An evaluation of the working structure, competencies, priorities and collaboration between the board and the management has been conducted.

The board has as part of its work appointed an auditing committee and a risk committee. The committees will ensure that Helgeland Sparebank has independent and effective internal and external audits, and that accounting and risk reporting is in line with laws and regulations. The members of the audit committee are Thore Michalsen (leader), and Ove Brattbakk – and from 1st of October the audit committee increased with one member; Stein Andre Heringstad-Olsen. The same individuals also function as the bank’s risk committee in effect from 1st of October 2014. The audit committee has had 10 meetings for the accounting year 2014, and the risk committee has had 2 meetings.
A comprehensive review of the ownership management and corporate management exists in its own chapter in the annual report.

NOTE 2.1 - Credit risk Group and Parent bank

The Group's strategy in the credit area is derived from the superior strategy and contains guidelines for distribution between the private and business market, concentration risk and geographical limitations. For continuous follow-up of risk by the Board, a set of reports has been defined with varying frequencies of submission.

The capital adequacy for credit risk is presented in the Group's ICAAP. It is defined tolerance level of credit risk for selected industries and defined areas. Steering level for corporate portfolio is established and compliance reported periodically.
Stress tests are used to evaluate the potential losses in the credit portfolio as a result of a decline in property values.

A series of routines have been established which include administrative handling and follow-up of credit risk. The most important tools in the compliance with the credit rules are:

- Restrictive granting of credit in relation to
  - specially defined industries
  - spin-offs from own corporate customers
  - takeover of corporate customers from other banks
  - intensified requirements for risk sharing through higher equity ratio
  - compliance with the ten rules issued by the Financial Supervisory Authority of Norway regarding quarterly reporting to the Board
- Management of the activity by use of case processing systems and authorization limitations
- Strong focus on rules connected to use of credit authorization, including special documentation requirements surrounding the customer's ability to perform, as well as a description of critical factors in connection with granting of credit.
- High competence and long experience of employees working with the loan activity
- Granting of credit to single customers and industries is evaluated against the employees' collective competence
- Credit is granted primarily to customers within the bank's geographical field with the exception of good private customers where the connection to Helgeland is sufficient

The Group's strategy for credit is derived from the overall strategy and provides guidelines for distribution of personal and corporate market exposure in industries (concentration risk) and geographical constraints. The credit strategy is evaluated annually, amendments were adopted and implemented in September 2013.

Credit exposure is controlled and monitored through regular analysis of defaults developments in specific industries, geographic areas, and potential borrowers' ability to pay interest and principal, as well as an assessment of the security underlying the loan. For continuous monitoring of risk Board defines a set of reports that are submitted by different frequencies.

Total capital requirements for credit risk emerges in the Group's ICAAP. Tolerance level of credit risk is defined for selected industries and areas. Control level for the corporate portfolio is established and compliance are reported. Stress tests are used to assess potential losses in the credit portfolio as a result of the sharp decline in property prices.
The risk in the retail portfolio has over time been low and stable. A more moderate / declining economic situation in Norway is also expected to occur at Helgeland. 98% of the retail portfolio is secured on dwellings. Financial Supervisory Authority's guidelines for new mortgages helps to reduce the proportion of loans with LTV above 85%.

The risk in the corporate portfolio is stable. Gross lending to the corporate market in 2013 decreased by 0.4 % , in keeping with the bank's management objectives for overall growth . The bank's return on lending to corporate customers is significantly increased in 2013 .

The Bank has in 2014 continued annual validation of the model for calculation of group write-downs based on their own score models . The model is based on the probability of default and loss given that an engagement goes into default . The model used by several other savings banks that cooperate validation and any adjustment of parameters. The validation shows that the score models considered satisfactory and that it differentiates well between customers with different risks .

Expensed write-downs in 2014 was 44 million compared to 32 million in 2013. Downs were increased by 1.5 million. In total there are expensed impairment remains at a relatively moderate level and amounted to 0.21 % of gross loans .

Net non-performing and doubtful loans make up a volume of 109 million per 31.12.14 against 129 million per . 31.12.13 .

With a background in Finance Authority lending regulations and internal policies , followed involvement ongoing basis to identify potential doubtful loans.

It is highly focused and regular reviews throughout the organization on the quality of credit work and to improve understanding of good governance. Adherence in individual cases ensured inter alia through managers key controls and labor counselors / therapists continue . For control and monitoring of risk in the corporate portfolio ongoing assessment of customer relationships, ability and security by borrowing and by the Bank's Credit Committee. For monitoring the development of risk in the retail portfolio performed quarterly analyzes of site quality on nyinnvilgende loans and the total portfolio.

Risk Spread lending according to low, medium and high risk is reported based on the score models .

Close monitoring of large business customers , monitoring of the portfolio default probability and for specific defined sectors , is continued as a priority focus area for the bank.

The maximum limit for a single commitment , Ministry of Finance , 25% of the Group 's capital base. At the end of 2014 , the Group had three customer groups which were granted commitments overall was in excess of 10 % of capital .

NOTE 2.1.1 –Risk classification of loans and credits

Risk classification is an integral part of the Group's administrative system. The system permits risk development in the Bank's loan portfolio to be monitored. The risk classification model used for both retail and corporate customers has been developed in collaboration with a number of other banks. The classification system was used for the entire customer base from 31 May 2009. For corporate customers a Probability of Default (PD)/score is based on a number of parameters such as the sector concerned, comments regarding payment history, and any comments made by the auditors. Retail customers are awarded a Probability of Default (PD)/score based on any reminders issued, overdrawn accounts, previous borrowing/deposits, etc. The loan portfolio is classified monthly and customers are awarded a score from A to K, where A is the lowest risk and K the highest risk. Retail customers are also subject to an application score in connection with new loan applications. Shift from low to medium risk from 2012 to 2013 is mainly due to changes in the bank's score model. The actual changes in the risk allocation is absolutely marginal.

Risk classification of loans and credits

Parent bank								*Group*
31.12.14								**31.12.14**
Gross loans	Guarant.	Unut drawing right	Potential Exposure		Gross loans	Guarant.	Unut drawing right	Potential Exposure
				Corporate:				
3 215	290	815	4 320	Low risk	3 297	290	820	4 407
1 926	74	145	2 145	Medium risk	1 939	74	145	2 158
1 511	49	102	1 662	High risk	1 458	49	102	1 609
51	8	5	64	Commitments in default > 0 months	51	8	5	64
106	29	3	138	Not classified	101	29	3	133
6 809	**450**	**1 070**	**8 329**	**Total – corporate**	**6 846**	**450**	**1 075**	**8 371**
				Retail banking:				
7 540	10	406	7 956	Low risk	11 149	10	723	11 882
1 506	7	73	1 586	Medium risk	1 976	7	77	2 060
252	0	2	254	High risk	291	0	2	293
84	0	0	84	Commitments in default > 0 months	84	0	0	84
478	0	32	510	Not classified	482	0	32	514
9 860	**17**	**513**	**10 390**	**Total – retail banking**	**13 982**	**17**	**834**	**14 833**
16 669	**467**	**1 583**	**18 719**	**Grand total**	**20 828**	**467**	**1 909**	**23 204**

Parent bank								*Group*
31.12.13								**31.12.13**
Gross loans	Guarant.	Unut drawing right	Potential Exposure		Gross loans	Guarant.	Unut drawing right	Potential Exposure
				Corporate:				
3 173	267	839	4 280	Low risk	3 264	267	847	4 378
2 322	94	200	2 616	Medium risk	2 279	94	201	2 574
1 362	53	111	1 526	High risk	1 382	53	111	1 546
118	34	15	167	Commitments in default > 0 months	118	34	15	167
84	28	4	116	Not classified	83	28	4	115
7 060	**476**	**1 169**	**8 705**	**Total – corporate**	**7 126**	**476**	**1 178**	**8 780**
				Retail banking:				
6 661	10	294	6 965	Low risk	10 810	10	616	11 436
1 588	2	19	1 609	Medium risk	2 050	2	24	2 076
241	0	2	243	High risk	298	0	2	300
86	0	0	86	Commitments in default > 0 months	86	0	0	86
334	0	19	353	Not classified	338	0	19	357
8 910	**12**	**453**	**9 375**	**Total – retail banking**	**13 582**	**12**	**781**	**14 375**
15 970	**488**	**1 622**	**18 080**	**Grand total**	**20 708**	**488**	**1 959**	**23 155**

NOTE 2.1.2 - Bad and doubtful loans and guarantees >3 months

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
152	85	Commitments in default for over 3 months	85	152
32	-14	- Write-downs of commitments in default	-14	32
120	**71**	**Total net commitments in default**	**71**	**120**
17	43	Other bad and doubtful commitments not in default	43	17
8	-5	- Write-downs of other bad and doubtful commitments not in default	-5	8
9	**38**	**Tota Net bad and doubtful commitments not in default**	**38**	**9**
129	**109**	**Total bad and doubtful loans**	**109**	**129**
0.8 %	0,7 %	In % of gross lending	0,5 %	0.6 %

NOTE 2.1.3 - Bad and doubtful loans and guarantees >0 months

Parent bank						*Group and Parent bank*
		2014			**2013**	
Interval	Personal m	Corporate m.	Total	Personal m	Corporate m.	Total
0-3 months	**40**	**24**	**64**	**38**	**63**	**101**
3-6 months	18	10	28	15	47	62
6-12 months	9	19	28	7	16	23
Over 12 months	17	12	29	26	41	67
Gross doubtful loans > 3 months	**44**	**41**	**85**	**48**	**104**	**152**
Total gross doubtful loans	**84**	**65**	**149**	**86**	**167**	**253**

NOTE 2.1.4 - Bad and doubtful loans and guarantees that are not written down >0 months

	Group and Parent bank	
Interval	**31.12.14**	**31.12.13**
0-3 months	**64**	**99**
3-6 months	24	56
6-12 months	19	17
Over 12 months	14	22
Total > 3 months	**57**	**95**
Overdue receivables that are not written down	**121**	**194**

NOTE 2.2 - Funding risk Group and Parent bank

The Board is focused on that the Group shall carry a liquidity strategy which allows the Group to have access to diversified sources of financing and long-term funding. The liquidity strategy is reviewed annually by the Board. There has been particular focus on the liquidity ratio and new requirements for liquidity management in banks in the wake of the financial crisis.
The liquidity risk is reduced through spreading borrowing in different markets, borrowing sources, instruments and periods of repayment. In the management of the Group's liquidity risk, objective requirements are used as liquidity indicator 1 (in accordance with the guidelines given by the Financial Supervisory Authority of Norway), long-term financing degree, deposit-to-loan ratio and level of liquidity buffers The Liquidity Coverage Ratio – LCR (very liquid assets in % of net liquidity outflow in a stressed scenario of 30 days) was implemented as a steering parameter from 2013.

The board has for 2014 determined a minimum requirement for liquidity indicator 1. The indicator value should be at least on level with the reference banks' values. This minimum requirement has been in line with the Norwegian FSA's requirement. With effect from the 3rd quarter of 2014 the Norwegian FSA implemented fixed reference values for the liquidity indicator and assume that the indicator value should now be above 105%. As at 31.12.2014 the liquidity indicator was 1 to 111.5 (110.6) %. The Board has also decided that the share of long-term borrowing in % of the total borrowing shall be at least 70%. As at 31.12.14 the share of long-term financing was 83.8 (80.7)%, which is well over the objective requirement.

In order to limit the Group's liquidity risk, the bank has liquid reserves in the form of cash, deposits in Norges Bank and other banks, liquid equity instruments, investments in money market funds, fixed income securities and unused drawing rights.
A minimum requirement has been set for the level of liquidity buffers in the Group's liquidity strategy. The group will make a gradual adaptation to the upcoming new liquidity requirements, and will gradually further customize buffers new liquidity buffer requirements. The Group's total liquidity buffer capital is considered to be satisfactory.
The majority of the Group's liquidity reserves in the form of interest-bearing securities are placed in bonds, state, municipal, financial and industrial bonds. Total duration of the fixed income portfolio is 2.0 years (2.0). The group's cash reserves (cash, bank deposits and interest-bearing securities) amounted to 4.3 (4.5) billion. Kr. or 16.7 (17.4)% of the Group's total assets.

The group will make a gradual adaptation to the upcoming new liquidity requirements of Basel III (LCR and NSFR).
Deposit ratio is an important parameter for monitoring liquidity risk, ie the proportion of loans to customers covered by deposits from customers. The Board has set the minimum deposit coverage, and this requirement was met throughout 2014.

Helgeland Boligkreditt is an important source of funding and provision of mortgages approved for transfer to the bank's residential mortgage has high attention. As at the end of 2014, the bank has transferred well secured housing mortgages for NOK 4.2 (4.8) billion to the housing mortgage company.

Helgeland Sparebank is rated by Moody's. The bank's rating is 'Baa2' with a 'negative outlook'. Bonds issued by Helgeland Boligkreditt AS are given 'Aaa' ratings by Moody's.

NOTE 2.2.1 - Funding risk remaining periods until maturity

					Group
					31.12.14
	0-3 months	**3 - 12 Months**	**1 - 5 years**	**Over 5 years**	**Total Incl inter**
Loans to and claims on credit institutions	2				2
Loans to and claims on customers	13 763	7			13 763
Certificates, bonds and shares available for sale	724	1 620	8 177	891	11 412
Financial derivatives gross settlement (out flow) 1)	18	54	118		190
Total payments	**14 507**	**1 681**	**8 295**	**891**	**25 374**
Liabilities to credit institutions	470	205			675
Deposits from and liabilities to costumers	438	1 723	6 917	15 812	24 890
Borrowings through the issuance of securities	474	923	2 583	30	4 010
Total payments	**1 382**	**2 851**	**9 500**	**15 842**	**29 575**
1) Financial derivatives gross settlement (in flow)	25	77	184		286

Bank conducts stress tests for the Group and has limits adopted for risk tolerance.
Loan commitment date 31.12 had no significant value and is therefore not incorporated.

					Group
					31.12.13
	0-3 months	**3 - 12 Months**	**1 - 5 years**	**Over 5 years**	**Total Incl inter**
Liabilities to credit institutions	654				654
Deposits from and liabilities to costumers	13 005	14			13 019
Borrowings through the issuance of securities		1.727	8.926		10 .653
Financial derivatives gross settlement (out flow) 1)	17	51	176		244
Total payments	**13 676**	**1 792**	**9 102**	**0**	**24 570**
Loans to and claims on credit institutions	280	333			613
Loans to and claims on customers	422	1 816	6 754	16 035	25 027
Certificates, bonds and shares available for sale	590	815	2 720	45	4 170
Total payments	**1 292**	**2 964**	**9 474**	**16 080**	**29 810**
1) Financial derivatives gross settlement (in flow)	25	70	253		348

					Parent bank 31.12.14
	0-3 months	3 - 12 Months	1 - 5 years	Over 5 years	Total Incl inter
Liabilities to credit institutions					0
Deposits from and liabilities to costumers	13 963	7			13 970
Borrowings through the issuance of securities	502	773	5 425	591	7 291
Financial derivatives gross settlement (out flow) 1)	18	54	118		190
Total payments	**14 483**	**834**	**5 543**	591	**21 451**
Loans to and claims on credit institutions	470	205	684		1 359
Loans to and claims on customers	2 302	615	3 761	13 160	19 838
Certificates, bonds and shares available for sale	491	973	2 583	30	4 077
Total payments	**3 263**	**1 793**	**6 728**	**13 190**	**25 274**
1) Financial derivatives gross settlement (in flow)	25	77	184		286

					Parent bank 31.12.13
	0-3 months	3 - 12 Months	1 - 5 years	Over 5 years	Total Incl inter
Liabilities to credit institutions	654				654
Deposits from and liabilities to costumers	13 264	14			13 278
Borrowings through the issuance of securities		977	6 119		7 096
Financial derivatives gross settlement (out flow) 1)	17	51	176		244
Total payments	**13 935**	**1 042**	**6 295**		**21 272**
Loans to and claims on credit institutions	280	333	729		1 342
Loans to and claims on customers	2 347	652	3 141	12 803	18 943
Certificates, bonds and shares available for sale	590	1 165	3 070	45	4 870
Total payments	**3 217**	**1 817**	**6.940**	**12 848**	**25.155**
1) Financial derivatives gross settlement (in flow)	25	70	253		348

Unutilised drawing rights facilities:

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
		Assets:		
1 622	**1 583**	Unutilised drawing rights	**1 912**	**1 959**
		Liabilities:		
300	300	Short-term drawing rights facility 1 year	300	300
300	**300**	**Total**	**300**	**300**
98	102	Surplus liquidity at Norges Bank	103	98
398	**403**	Total liabilities included surplus liquidity at Norges Bank	**403**	**398**

Match and mismatch between maturities and interest rates for assets and liabilities are very important for the management of the Group. It is unusual for banks to have perfect match in this connection, as transactions done are often of an uncertain nature and of many different types. A non-matched position can potentially create profit, but it can also increase the risk of loss.

Maturities of assets and liabilities, the ability to replace these at an acceptable cost, and interest-bearing liabilities when they mature, are important factors in order to determine the Group's overall funding and its exposure to interest rate changes. Funding needs in order to be able to meet requirements relating to settlement involving guarantees and letters of credit are substantially lower than the size of the actual liability in question as the Group generally does not expect that a third will remove liquidity under the guarantee in question. The total outstanding contract-related liabilities to increase credits do not necessarily represent future requirements for liquid funds, due to the fact that many of these liabilities will mature or be discontinued without having to be funded.

NOTE 2.3 - Market risk — Group & Parent bank

The Board has decided a market risk strategy which sets limitations and superior objectives for the Group's market risk tolerance, as well as limits for interest, credit spread, and share price risk. The strategy is revised annually. The Group has no active trading portfolios within interest, shares or currency.

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 of directors has established a framework for the group's total 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. One consequence of this is that the group recorded relatively low losses on interest-bearing securities during the financial crisis, as well as correspondingly low gains on investments in interest-bearing securities in the wake of the crisis.

Share risk

The group has placings in some listed shares and other shares. The bank's positions in other shares are mainly strategically motivated through investments in shares in subsidiaries, product companies and local investment companies. The market risk connected to these share investments is regarded as moderate.

Sensitivity analysis of market risk

Interest-bearing securities - credit spread risk is the risk connected to securities in the interest rate portfolio, the duration of the portfolio and the issuer's credit worthiness. The Group's credit spread risk is calculated as credit risk at the time of spreading with 100 basis points. Shares – there are limits fixed for the Group's collective share risk calculated based on exposure, risk spreading and market liquidity. In calculating risk exposure the calculation is based on a general fall in share value of 30%. In addition, there is markup for risk spreading and market liquidity.
The bank expresses the market risk as risk adjusted capital. Calculated market risk is within fixed limits and total limits for the market risk and is included as capital requirement in the Group's ICAAP. In 2013, we have started monitoring the interest rate portfolio using VAR analysis. The standard calculation of the maximum loss is scaled to a 10-day period and 99% probability. The loss is calculated on the basis of "the change in price" (any price variations that are measured via volatility) in the market over time. The input to the model consists of Norwegian government bond indexes.

Most of the Group's interest rate risk is linked to the portfolio of interest-bearing securities, fixed interest rate loans and fixed interest rate deposits. The Board of Directors has established a framework of NOK 30 million for the total interest risk on and off the balance sheet, measured through the effect on profit that a 2% change in the interest rate level would have.
On average for the year, utilisation of the permitted framework for interest rate risk was well below the target figure

Foreign exchange risk

The Group only has smaller financial positions and cash flows in foreign currencies in the balance sheet. These items are regarded as not significant. In view of the fact that Helgeland Sparebank is not a foreign exchange bank in its own right, its foreign exchange loans are managed by a foreign exchange bank. Helgeland Sparebank 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 in question as at 31 12.

NOTE 2.3.1 - Guarantee liabilities relating to foreign exchange loans

Parent bank				*Group*
31.12.14				**31.12.14**
Loan amounts in foreign currencies	**Guarantee liabilities in NOK**		**Loan amounts in foreign currencies**	**Guarantee liabilities in NOK**
0	0	Euro	0	0
0	0	Amerikanske dollar	0	0
12	93	Sveitsiske franc	12	93
47	45	Svenske kroner	47	45
30	2	Japanske yen	30	2
	140	**Total guarantee liabilities to foreign exchange loans**		**140**

The bank has a small portfolio of guaranteed FX loans, the equivalent value in NOK constituted per 31.12.14 MNOK 140. The portfolio is distributed over a range of customers where there is collateral in real estate and/or deposits. The credit risk in this portfolio is considered as low.

Guarantee liabilities relating to foreign exchange loans

Parent bank				*Group*
31.12.13				**31.12.13**
Loan amounts in foreign currencies	**Guarantee liabilities in NOK**		**Loan amounts in foreign currencies**	**Guarantee liabilities in NOK**
0	8	Euro	0	8
0	0	Amerikanske dollar	0	0
13	88	Sveitsiske franc	13	88
47	44	Svenske kroner	47	44
49	3	Japanske yen	49	3
	143	**Total guarantee liabilities to foreign exchange loans**		**143**

NOTE 2.3.2 - Interest rate risk –remaining periods until next interest rate re-fixing

							Group
							31.12.14
	Up to 1	1-3 months	3 months - 1 year	1-5 years	Over 5	No int rate change	Total
ASSETS							
Cash and claims on central banks	103						103
Loans to and claims on credit inst with no a/maturity	475						475
Loans to and claims on credit inst with a/maturity	200						200
Net loans to and claims on customers		19 715		1 016			20 731
Bonds and certificates	705	2 386	455				3 546
Other non-int -bearing assets (including swaps)						768	767
Total assets	**1 483**	**22 101**	**455**	**1 016**		**768**	**25 823**
LIABILITIES AND EQ. CAP							
Liabilities to credit inst. with no agreed maturity		2					2
Liabilities to credit inst. with agreed maturity							0
Deposits from and liabilities to cust no agreed mat.		12 924					12 924
Deposits from and liabilities to customers with agreed mat.		659	142				801
Borrowings through the issuance of securities	1 002	6 894	1 502				9 398
Other non-int -bearing liabilities (including swaps)						576	574
Total liabilities	**1 002**	**20 479**	**1 644**	**0**	**0**	**576**	**23 701**
Net int rate sensitivity gap	**481**	**1 622**	**-1 189**	**1 016**	**0**	**192**	**2 122**

Cash flow and market value of interest rate risk

Cash flow interest rate risk is defined as the risk of future cash flows relating to the individual financial asset- and liabilities items involved fluctuating due to changes in market interest rates. Market 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 the market interest rates. Both in the case of cash flow and market value of the interest rate risk the Bank is exposed to the effects of fluctuations in the currently applicable level of market interest rates. Unexpected changes in the level of market interest rates can trigger increases in interest margins, but they can also be reduced or such changes can result in loss. The Board of Directors has fixed a limit for the total interest rate exposure the Bank may take on. The Bank manages and guides the interest rate risk towards the desired level through the interest rate fixing of placements and funding loans, coupled with the use of interest rate swaps. The Bank applies a 'bank risk model' as a tool for managing interest rate risk for the entire balance sheet .

The table below summarises the Group's exposure to interest rate risk. The table shows the Group's assets and liabilities at book values, according to the remaining periods, until the next interest rate adjustment. The book value of financial derivatives, interest rate swaps used for the purpose of reducing the Group's interest rate risk is included under' Other non-interest-bearing assets' and 'Other non-interest-bearing liabilities'. Expected interest rate adjustment- and maturity dates are not significantly different from the contract-related dates involved.

	Group						
	31.12.13						
	Up to 1	1-3 Months	3 months - 1 year	1-5 years	Over 5	No int rate change	Total
ASSETS							
Cash and claims on central banks	99						99
Loans to and claims on credit inst with no a/maturity	278						278
Loans to and claims on credit inst with a/maturity	329						329
Net loans to and claims on customers		19 496		1 101			20 597
Bonds and certificates	860	2 731	255				3 846
Other non-int -bearing assets (including swaps)						836	836
Total assets	**1 566**	**22 227**	**255**	**1 101**	**0**	**836**	**25 985**
LIABILITIES AND EQ. CAP							
Liabilities to credit inst. with no agreed maturity							0
Liabilities to credit inst. with agreed maturity		647					647
Deposits from and liabilities to cust no agreed mat.		12 373					12 373
Deposits from and liabilities to customers with agreed mat.		598	18				616
Borrowings through the issuance of securities	1 000	7 432	1 640				10 072
Other non-int -bearing liabilities (including swaps)						289	289
Total liabilities	**1 000**	**21 050**	**1 658**	**0**	**0**	**289**	**23 997**
Net int rate sensitivity gap	**566**	**1 177**	**-1 403**	**1 101**	**0**	**547**	**1 988**

	Parent bank						
	31.12.14						
	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	Over 5	No interest rate change	Total
ASSETS							
Cash and claims on central banks	103						103
Loans to and claims on credit inst with no maturity	1 158						1 158
Loans to and claims on credit inst with maturity	200						200
Net loans to and claims on customers		15 561		1 016			16 577
Bonds and certificates	710	2 649	455				3 814
Other non-int -bearing assets (including swaps)						1 012	1 012
Total assets	**2 171**	**18 210**	**455**	**1 016**	**0**	**1 012**	**22 864**
LIABILITIES AND EQ . CAP.							
Liabilities to credit inst .with no agreed maturity							0
Liabilities to credit inst. with agreed maturity							0
Deposits from and liabilities to cust no agreed mat.		13 170					13 170
Deposits from and liabilities to cust with agreed mat.		659	142				801
Borrowings through the issuance of securities	1 002	3 511	1 502				6 015
Other non-int -bearing liabilities (including swaps)						816	816
Total liabilities	**1 002**	**17 340**	**1 644**	**0**	**0**	**816**	**20 802**
Net interest rate sensitivity gap	**1 169**	**870**	**-1 189**	**1 016**	**0**	**196**	**2 062**

							Parent bank
							31.12.13
	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	Over 5	No interest rate change	Total
ASSETS							
Cash and claims on central banks	98						98
Loans to and claims on credit inst with no maturity	944						944
Loans to and claims on credit inst with maturity	329						329
Net loans to and claims on customers		14 762		1 101			15 863
Bonds and certificates	860	3 527	247				4 634
Other non-int -bearing assets (including swaps)						1 109	1 109
Total assets	**2 231**	**18 289**	**247**	**1 101**	**0**	**1 109**	**22 977**
LIABILITIES AND EQ . CAP.							
Liabilities to credit inst .with no agreed maturity							0
Liabilities to credit inst. with agreed maturity		647					647
Deposits from and liabilities to cust no agreed mat.		12 632					12 632
Deposits from and liabilities to cust with agreed mat.		598	18				616
Borrowings through the issuance of securities	1 000	4 240	1 640				6 880
Other non-int -bearing liabilities (including swaps)						276	276
Total liabilities	**1 000**	**18 117**	**1 658**	**0**	**0**	**276**	**21 051**
Net interest rate sensitivity gap	**1 231**	**172**	**-1 403**	**1 101**	**0**	**833**	**1 934**

NOTE 2.3.3 - Sensitivity analysis for change in market prices

		Group and Parent bank
		31.12.14
	Effect on profit	**Effect on equity**
Interest +/- 2%	10	0,07 %
Total liabilities	**10**	**0,07 %**

The Group's total interest-rate risk consists of all positions in interest-bearing financial instruments, as well as interest-rate risk relating to the bank portfolio (which is to be assessed separately). The Group's interest-rate risk at 31 December 2014 was NOK 9.7 (3.1) million within the specified limits. The limit on the Group's aggregate interest-rate risk on interest-rate instruments shall not exceed NOK 30 million.
The Group's total interest-rate risk will consist of: interest rate exposure (2 per cent parallel shift in the interest rate curve). The effect on equity is profit after tax, while exposure to interest rate risk is before tax.

		Group and Parent bank
		31.12.13
	Effect on profit	**Effect on equity**
Interest +/- 2%	3	0,06 %
Total liabilities	**3**	**0,06 %**

NOTE 3 - Important accounting estimates and application of accounting principles — Parent bank/Group

The Group prepares estimates and assumptions which have an impact on reported balance sheet figures for the next accounting 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-down of loans/provisions for guarantee liabilities
Loan portfolios and guarantee liabilities are monitored on an ongoing basis with regard to the need for write-downs/provisions for meeting possible liabilities. Write-down/provisions are made when there is objective proof of impairment in value involving loans and/or it is regarded as probable that guarantee liabilities will have to be settled. Observable data qualifying as objective proof would be knowledge of any significant financial problems involving the debtor in question, any payment obligations in default, breach of contract, delays in payment, or if it is regarded as probable that the debtor will open debt negotiations or be subject to bankruptcy treatment.

For groups of loans with largely similar risk aspects write-down is based on objective proof of impairment of value within the loan group in question. The proof may include observable data indicating that there has been a negative change in the payment status of the borrowers in the group, changes in framework conditions within the defined business sectors involved or location corresponding to the standard of the loans within the group. Estimates based on historical credit loss experience for loans with defined risk characteristics and objective proof of value impairment corresponding to the portfolio are used when calculating future cash flows. The method of calculating amounts and time horizons for future cash flows is reviewed on a regular basis for the purpose of reducing any discrepancies between loss estimates and actual loss experience.

Market value of financial derivatives
Market value of financial instruments not quoted on a stock exchange is assessed by using market values of non-listed financial instruments with which it is relevant to make comparisons, and by using value assessment models. The assessment is reviewed on a periodical basis by qualified personnel who are independent of the people who have entered into the agreements in question. All models are approved before
They are used and tested in order to ensure that output reflects actual data and comparable market prices. For practical reasons the models use observable data, but in the case of areas such as credit risk, volatility and correlation, management is required to prepare estimates. Any changes in assumptions relating to these factors may affect market values of financial instruments shown in the balance sheet.

Write-down of financial assets available for sale
The Group applies write-down of financial assets available for sale when there is a significant or long-lasting impairment of market value and the market value is lower than the historical cost involved. In order to be able to ascertain whether the impairment of value is substantial or long-lasting, the Group makes an assessment of, amongst other things, normal fluctuations in market price. In addition it may be necessary to apply write-down when there is proof of impairment of the financial situation involving the debtor in question, profitability within the business sector involved, changes in technology or operational- and financial cash flow.

Pensions
The net pension obligation and the pension expense for the year are based on a number of estimates, including return on pension funds, future interest rates, pay rises, changes in the National Insurance basic amount and general trends in the number of people on disability pension and life expectancy. The uncertainty is linked to the obligation that is obtained in the balance sheet. Estimate deviations are treated in accordance with IAS 19R

NOTE 4 - Segment information

Parent bank								*Group*
								31.12.14
Retail	**Corporate**	**Not divided**	**Total**	**Segment information**	**Retail**	**Corporate**	**Not divided**	**Total**
196	200	-15	381	Net interest and credit commission	297	203	-42	458
29	13	40	82	Net commission income	29	13	40	81
		81	81	Other operating income			52	52
87	30	135	252	Operating costs	89	31	144	264
2	40	2	44	Losses on loans guaranteed	2	40	2	44
136	**143**	**-31**	**248**	**Result before tax**	**235**	**144**	**-94**	**284**
9 860	6 809		16 669	Loans to and claims on customers	13 982	6 846		20 828
-5	-19		-24	Individual write-downs	-5	-19		-24
		-68	-68	Collective write-downs on loans			-68	-68
		6 287	6 287	Other assets			5 087	5 087
9 855	**6 790**	**6 219**	**22 864**	**Total assets per segment**	**13 977**	**6 827**	**5 019**	**25 823**
8 455	5 516		13 971	Deposits from customers and liabilities	8 455	5 270		13 725
		8 893	8 893	Other liabilities and equity			12 098	12 098
8 455	**5 516**	**8 893**	**22 864**	**Total liabilities and equity per segm.**	**8 455**	**5 270**	**12 098**	**25 823**

Parent bank								Group
								31.12.13
Retail	**Corporate**	**Not divided**	**Total**	**Segment information**	**Retail**	**Corporate**	**Not divided**	**Total**
184	188	-15	357	Net interest and credit commission	274	191	-26	439
30	12	36	78	Net commission income	30	12	36	78
		40	40	Other operating income			22	22
76	24	118	218	Operating costs	98	26	116	240
	28		28	Losses on loans guaranteed		28	5	33
138	**148**	**-57**	**229**	**Result before tax**	**206**	**149**	**-89**	**266**
8 909	7 036		15 945	Loans to and claims on customers	13 582	7 187		20 769
-6	-34		-40	Individual write-downs	-6	-34		-40
		-67	-67	Collective write-downs on loans			-67	-67
		7 147	7 147	Other assets			5 323	5 323
8 903	**7 002**	**7 080**	**22 985**	**Total assets per segment**	**13 576**	**7 153**	**5 256**	**25 985 25.985**
7 924	5 324		13 248	Deposits from customers and liabilities	7 920	5 069		12 989
		9 737	9 737	Other liabilities and equity			12 996	12 996
7 924	**5 324**	**9 737**	**22 985**	**Total liabilities and equity per segm.**	**7 920**	**5 069**	**12 996**	**25 985 25.985**

The Group has defined its geographical segment as a main area of Norway – Helgeland. The Group's exposure to credit risk is mainly concentrated on this area. The Group only has smaller exposure to credit risk in areas other than its geographically defined main area. Helgeland is the home region of the Parent bank which is the Group's operating company.

NOTE 5 - Net interest- and credit commission income

Parent bank			Group	
2013	**2014**		**2014**	**2013**
		Interest receivable and similar income:		
775	803	Interest receivable and credit commissions on loans etc. 1,3)	953	928
24	31	Interest on deposits with and loans to credit institutions	41	32
112	95	Interest from bearer bonds and certificates	95	112
911	**929**	**Total interest receivable and similar income**	**1 089**	**1072**
		Interest payable and similar costs:		
		Interest payable on deposits from customers:		
307	322	Carried at amortized cost	322	307
1	0	Carried at fair value	0	1
15	3	Interest payable on deposits and loans from credit institutions	21	32
206	197	Carried at amortized cost	262	268
25	26	Carried at fair value	26	25
0	0	Interest payable on long-term loans/other funding loan costs	0	0
554	**548**	**Total interest payable and similar costs**	**631**	**633**

1) Includes interest receivable loans at floating rated of interest and loans at fixed rates of interest. Interest income on written-down loans is calculated using the same effective rate of interest that was used to discount the original cash flow.

2) Includes Interest payable deposits at floating rated of interest and deposits at fixed rates of interest

3) Interest from derivatives which have been entered into to steer the interest rate risk in the bank's ordinary portfolio is classified as interest and entered as an adjustment to the bank's other interest income / costs.

N O T E S

NOTE 5.1 – Interest rate on some balance posts (average interest rate in %)

Parent bank				*Group*
31.12.13	31.12.14		31.12.14	31.12.13
		Assets		
2.5%	2.3%	Loans to and claims on credit institutions	1.8%	1.9%
4.9%	5.0%	Loans to and claims on customers	4.8%	4.8%
2.4%	2.3%	Certificates and bonds	2.3%	2.4%
		Liabilities		
2.1%	1.9%	Liabilities to credit institutions	2.0%	2.1%
2.5%	2.3%	Deposits from customers and liabilities to costumers	2.3%	2.5%
2.9%	3.0%	Borrowings through the issuance of securities	2.8%	2.8%

NOTE 5.2 – Volume of certain balance sheet items (average volume)

Parent bank				*Group*
31.12.13	31.12.14		31.12.14	31.12.13
		Assets		
965	1 310	Loans to and claims on credit institutions	674	510
15 761	16 447	Loans to and claims on customers	20 720	20 497
4 614	4 246	Certificates and bonds	3 750	3 817
		Liabilities		
747	150	Liabilities to credit institutions	150	747
12 315	13 719	Deposits from customers and liabilities to costumers	13 357	12 085
6 888	6 545	Borrowings through the issuance of securities	9 348	10 179

NOTE 6 - Commissions and income from banking services

Parent bank				*Group*
2013	2014		2014	2013
8	8	Guarantee commission *)	8	8
52	54	Fees relating to payments transmission services	54	52
20	26	Fees Insurance (General, Life, saving and pension)	26	20
7	4	Other fees	4	7
87	**92**	**Total commissions and income from banking services**	**92**	**87**

*)Guarantee commission provided to customers in connection with completion of construction contracts.

NOTE 7 - Commissions payable and costs relating to banking services

Parent bank				*Group*
2013	2014		2014	2013
8	8	Payments transmission services	8	8
1	1	Fees - customers' use of payment terminals	1	1
1	1	Other fees	1	1
10	**10**	**Total commissions payable and costs relating to banking services**	**10**	**10**
77	**82**	**Net commission income**	**82**	**77**

NOTE 8 – Gains/losses on financial instruments

Parent bank 2013	Parent bank 2014		Group 2014	Group 2013
5	1	Unrealised fall in value of interest-bearing securities, available for sale	1	5
-2	8	Realised gain on interest-bearing securities, available for sale	8	-2
0	-3	Realised loss on interest-bearing securities, available for sale	-3	0
-2	-5	Unrealised fall in value of shares, available for sale	-0	3
0	16	Realised gain on shares, available for sale	16	0
0	0	Realised loss on shares, available for sale	0	0
2	5	Share of earnings in associates	25	5
37	52	Dividends on shares	3	6
-3	-6	Unrealised change in value, fixed interest loans at fair value and swaps	-6	-3
0	0	Unrealised change in value, hedging instruments	0	0
37	**68**	**Total net gain/loss on financial instruments**	**44**	**14**

NOTE 9 - Other operating income

Parent bank 2013	Parent bank 2014		Group 2014	Group 2013
1	1	Operating income from real estate	5	1
13	11	Other operating income	1	1
1	1	Gains on sale of real estate and movable property	1	1
15	**13**	**Total other operating income**	**7**	**7**

NOTE 10 - Total operating costs

Parent bank 2013	Parent bank 2014		Group 2014	Group 2013
115	130	Wages salaries and social costs	130	116
36	40	IT-Cost	40	36
12	12	Marketing expences	12	12
12	10	Depreciation	17	21
7	5	Operating cost real estate	6	6
17	24	Purchased services	24	5
30	31	Other operating costs (note 14)	34	43
229	**252**	**Total operating costs**	**263**	**239**

NOTE 11 - Wages salaries and social costs

Parent bank 2013	Parent bank 2014		Group 2014	Group 2013
97	101	Wages salaries and fees	101	97
6	11	Employers' social security contributions	11	6
9	14	Pension costs relating to benefit plans (note 12)	14	9
3	4	Other personnel costs	4	4
115	**130**	**Total wages salaries and social costs**	**130**	**116**
177	168	Number of employees measured in man-years as at 31.12	168	177
177	173	Average number of employees of man-years worked as at 31.12	173	177

The Bank's audit committee consists of two members of the Board of Directors Thore Michalsen, Leader and Ove Brattbakk

NOTE 12 –Pension costs and pension liabilities

Helgeland Sparebank 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. The pension schemes include:

Benefit-based scheme invested in a life insurance company

Helgeland Sparebank has a collective benefit-based pension scheme for its employees, which is managed by an insurance company. 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). The scheme covers 149 employees, as well as 109 people who receive an ongoing pension from the scheme. The scheme also includes a disability pension.

Defined contribution-based scheme

The bank's defined contribution-based pension scheme was closed with effect from 01.07.12. New employees are now enrolled in the benefit-based pension scheme. The defined contribution scheme now covers 28 active employees.

Contractual pension

The bank and finance industry have entered into an agreement concerning a contractual pension (AFP). Two people remain as members of the old scheme, which is being capitalised.

New contractual pension scheme

Other employees are covered by applicable regulations with annual premium payments via operations to the joint contractual pension scheme. In line with the recommendation of the Norwegian Accounting Standards Board (NASB), no provisions have been set aside during the year for the group's actual contractual pension obligation.

Senior management scheme

Refer to note 28.4

NOTE 12.1 – Obligation and expenses concerning pension schemes

Parent bank				*Group*
31.12.14				**31.12.14**
Expense	**Obligation**		**Obligation**	**Expense**
11,0	107	Benefit-based scheme	107	11,0
0,5	0	Defined contribution scheme	0	0,5
2,0	0	Contractual pension	0	2,0
14	**107**	**Total lending to elected representatives and employees**	**107**	**14**

Parent bank				*Group*
31.12.13				**31.12.13**
Expense	**Obligation**		**Obligation**	**Expense**
7.6	52	Benefit-based scheme	52	7.6
0.4	0	Defined contribution scheme	0	0.4
1.0	0	Contractual pension	0	1.0
9.0	**52**	**Total lending to elected representatives and employees**	**52**	**9.0**

NOTE 12.2 – Economic assumptions and effects of changes

Through the defined benefit-based pension plans, the company is exposed to the following risks:

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' funds 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 partly be offset by an increase in the return on bond investments.

Life expectancy
The payment obligation applies to the remaining lifetime of the scheme's members. An increase in life expectancy will lead to an increase in the obligation relating to the scheme. This is particularly important in the case of the Norwegian scheme, where inflation adjustment results in greater sensitivity to changes in life expectancy.

Invested pension funds
In the case of schemes organised through pension insurance companies, the company ensures that the pension investments are managed within an "Asset Liability Matching (ALM) framework", which has been developed to ensure that long-term investments are coincident with the obligations in the pension schemes. Within the ALM framework, the company's aim is to match long-term investments with the obligations, as they mature in the respective currencies. The company actively monitors how terms and the anticipated returns match pension payments as they mature. The company has not altered its routines linked to the monitoring of risk from previous periods. The investments are well-diversified, so that losses in an individual investment will not have a significant effect on the schemes' total pension funds.

Parent bank and Group

Investment of funds, %	**31.12.14**	**31.12.13**
Shares	10.8%	8.5%
Bonds	55.3%	51.5%
Money market, etc.	19.7%	26.2%
Property	14.2%	13.8%

The value-adjusted return as of 31.12.14 was 5.4 (4.4)%.
Anticipated premium payments in pension schemes as of 31.12.15 amount to NOK 16 million.
The weighted average duration of the pension obligation is 28 years.

The sensitivity in the calculations of pension costs and the pension obligation in the event of a change in a weighted assumption is as follows:

Parent bank and Group

				31.12.14
Pension expenses	**Discount interest rate**	**Pay increase**	**Adjustment of accrued National Ins. pension**	**Pension adjustment**
Basic assumptions	2,30 %	2,75 %	2,50 %	0,60 %
Pension expense (gross) with the basic assumptions	**14**	**14**	**14**	**14**
Increase by 1 percentage point (e.g. discount rate from	11	16	12	15
Reduction by 1 percentage point	16	11	14	14
(not for pension adjustment; pension adjustment is				

The above sensitivity analysis is based on a change in one of the assumptions, assuming that all other assumptions remain constant. This is unlikely to happen in practice, and changes in some of the assumptions may co-vary. The sensitivity calculation was performed using the same method as that used for the actuarial calculation of the pension obligation in the balance sheet

Parent bank and Group

				31.12.14
Gross pension obligation (PBO, NOK million)	**Discount interest rate**	**Pay increase**	**Adjustment of accrued National Ins. pension**	**Pension adjustment**
Basic assumptions	2,30 %	2,75 %	2,50 %	0,60 %
PBO with the basic assumptions	**100**	**100**	**100**	**100**
Increase by 1 percentage point	82	111	97	114
Reduction by 1 percentage point	124	90	102	268
(not for pension adjustment; reduced to 0%)				

NOTE 12.3 – Economic assumptions

The following financial assumptions have been used as a basis when calculating the pension liabilities

In accordance with IAS 19R, 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.

Parent bank				*Group*
2013	**2014**		**2014**	**2013**
4.10%	2.30%	Discount rate of interest	2.30%	4.10%
4.10%	2.30%	Expected return on plan assets	2.30%	4.10%
3.75%	2.75%	Wage- and salary adjustment	2.75%	3.75%
3.50%	2.50%	Adjustment of current pension	2.50%	3.50%
3.50%	2.50%	Increase of base amount	2.50%	3.50%
5.10%	5.10%	Employer's social security contributions – rate	5.10%	5.10%
50.00%	50.00%	Staff's propensity to opt for SERP	50.00%	50.00%
1.40%	1.20%	Yearly per cent retirement for working	1,20%	1.40%
25 år	25 år	From age	25 år	25 år
40 år	40 år	To age	40 år	40 år

NOTE 12.4 – Balance sheet pension liabilities

Parent bank										*Group*
31.12 2010	**31.12 2011**	**31.12 2012**	**31.12 2013**	**31.12 2014**		**31.12 2014**	**31.12 2013**	**31.12 2012**	**31.12 2011**	**31.12 2010**
					Change in defined benefit obligation (DBO)					
250	277	271	179	203	DBO at the beginning of year	203	179	270	277	250
12	9	10	6	9	Service cost	9	6	10	9	12
10	7	7	7	8	Net interest expence / (income)	8	7	7	7	10
-22	0	0	0	0	Takeover/acquisition (AFP)	0	0	0	0	-22
32	-15	-100	16	57	Remeasurements	57	16	-100	-15	32
-7	-6	-8	-6	-9	Benefits paid	-9	-6	-5	-6	-7
277	**271**	**179**	**203**	**268**	**DBO at the end of the year**	**268**	**203**	**182**	**271**	**277**
					Change in plan assets					
134	136	151	147	153	Plan assets at the beginning of the year	153	147	151	136	134
8	6	7	6	6	Interest income on plan assets	6	6	7	6	8
-11	1	-14	-3	0	Remeasurements	0	-3	-14	1	-11
-1	-1	-2	-2	-2	Administration expenses	-2	-2	-2	-1	-1
10	12	10	11	13	Contributions	13	11	10	12	10
-4	-4	-5	-6	-5	Benefit paid	-5	-6	-5	-4	-4
136	**151**	**147**	**153**	**165**	**Plan assets at the end of the year**	**165**	**153**	**147**	**151**	**136**
					Reconciliation the balance sheet pension liabilities					
277	**271**	**179**	**203**	**268**	**Benefit obligation (DBO)**	**268**	**203**	**179**	**271**	**277**
136	**151**	**147**	**153**	**165**	**Plan assets**	**165**	**153**	**147**	**151**	**136**
-141	**-120**	**-32**	**-50**	**-103**	**Net defined benefit obligation (asset)**	**-103**	**-50**	**-32**	**-120**	**-141**
-8	-7	1	-2	-4	Employer's contributions of net pension obligation	-4	-2	1	-7	-8
148	**-127**	**-31**	**-52**	**-107**	**Net defined benefit obligation (asset)**	**-107**	**-52**	**-31**	**-127**	**148**
88	0	0	0	0	Effect of remeasurements	0	0	0	0	88
5	0	0	0	0	Remeasurements deviation, employer's contributions	0	0	0	0	5
-55	**-127**	**-31**	**-52**	**-107**	**Balance sheet provision at the end of the year**	**-107**	**-52**	**-31**	**-127**	**-55**

NOTE 12.5 – Estimate deviations, benefit-based scheme

Parent bank

2013	2014		2014	2013
-5	0	+ Actuarial loss/(gain) on DBO from demographic assumptions	0	-5
-4	0	+ Actuarial loss/(gain) on DBO from economic assumptions	0	-4
26	56	+ Actuarial loss/(gain) on DBO due to change from K2005 to K2013	56	26
1	2	- Gain/(loss) on pension funds during the year	2	1
-4	0	- Return on pension funds excluding interest income	2	-4
1	2	+ Administrative costs linked to planning of assets	2	1
20	-60	- Estimate deviation incorporated into OCI	-60	20
0	**0**	**Estimate deviation at year-end**	**0**	**0**

NOTE 13 - Net pension expense, benefit-based scheme, contribution-based scheme and contractual pension

Parent bank				*Group*
2013	2014		2014	2013
7	11	Present value of the year's pension accrual	11	7
1	2	Interest expense of accrued pension obligations	2	1
0	0	Anticipated return on pension funds	0	0
0	0	Recognised estimate changes, settlements and planned changes	0	0
0.5	0.5	Administration expenses	0.5	0.5
0.5	0.5	Employer's contributions	0.5	0.5
9	**14**	**Net pension expense**	**14**	**9**

NOTE 14 - Other administration costs

Parent bank				*Group*
2013	2014		2014	2013
3	4	Postage	4	3
10	11	Rental	11	10
3	4	Value Transportation	4	3
3	4	Travel expenses	4	3
1	1	Fee external auditor	1	1
10	7	Other operation costs	10	9
30	**31**	**Total other administration costs**	**34**	**29**

NOTE 15 - Auditor's fees

Parent bank				*Group*
2013	2014		2014	2013
0.6	0.7	Statutory audit	0.9	0.8
0.1	0.1	Other services, attestation and assistance totalled	0.1	0.1
0.4	0.6	assistance internal auditor	0.6	0.4
1.1	**1.3**	**Total audit**	**1.5**	**1.3**

PricewaterhouseCoopers AS is Helgeland Sparebank's appointed auditor

NOTE 16 - Losses on loans guarantees etc

Parent bank				*Group*
2013	2014		2014	2013
		Write-downs on loans guarantees:		
27	42	Individual write-down on loans guarantees etc relating to customers	44	27
1	2	Collective write-down on loans guarantees etc relating to customers	2	5
28	**44**	**Total write-down on loans guarantees etc**	**44**	**32**
		Details of write-downs on loans guarantees		
49	91	Total write-downs to cover losses on commitments as at 31.12	95	49
21	107	- Total write-downs to cover losses on commitments as at 01.01	111	21
1	1	- Change in collective write-down during the period	1	5
-9	41	+ Confirmed losses against which ind. write-downs were made in previous years	41	-9
9	19	+ Conf. losses against which on ind. write-downs were made in previous years	19	9
1	-1	- Recoveries from previous periods' confirmed losses	-1	1
28	**44**	**Total write-down of losses guarantees etc.**	**44**	**32**

NOTE 17 - Tax cost

Parent bank				*Group*
2013	2014		2014	2013
		Tax for the year:		
53	51	Tax payable	76	71
-3	17	Change in deferred tax adjusted direct against the equity capital	11	-3
4	-16	Change in deferred tax (Note 29)	-20	5
54	**52**	**Tax cost for the year**	**67**	**73**
		Breakdown between accounts-related result before tax and the year's income liable to tax:		
229	248	Accounts-related result before tax	283	288
-35	-120	Permanent differences	-56	-29
0	0	Use of previous losses carried forward	0	0
-14	57	Change in temporary differences (Note 29)	55	-13
180	**185**	**Income subject to tax**	**282**	**247**
		Reconciliation tax		
229	248	Accounts-related result before tax	283	288
64	67	Tax calculated at the entity's weighted average tax	76	81
		Tax effect of:		
-10	-31	Tax-free income	-24	-8
0	16	Not deductible expenses	15	0
54	**52**	**Taxes in the income statement**	**67**	**73**

Weighted average tax rate in 2014 is 27% (2013; 28%)

NOTE 18 - Ordinary result per EC's

Parent bank				*Group*
2013	2014		2014	2013
175	196	Result from ordinary operations after tax	216	193
75.1%	75.1%	EC-holders' percentage share of the result	75,1%	75.1%
131	147	EC-holders' share of the result	162	145
7.0	**7.9**	**Result per EC's**	**8.7**	**7.8**
7.0	**7.9**	**Diluted result per EC's**	**8.7**	**7.8**

Total Equity Certificates at the end of the year was 18.700.000, average Equity Certificates for 2014 was 18.700.000. Total Equity Certificates 2013 was 18.700.000, average Equity Certificates for 2013 was 18.700.000.
The result for each equity certificate is calculated by dividing the equity certificate holder's share of the net result of ordinary operations after tax by a weighted average of ordinary equity certificates which have been issued throughout the year.
Diluted result for each equity certificate is calculated by a reduction in result per equity certificate as a consequence of the assumption that convertible instruments are converted, and that options or subscription rights are exercised as a consequence of these conditions being met.

NOTE 19 –Cash and claims on central banks

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
50	54	Cash reserve	54	50
48	49	Deposits at Norges Bank in excess of liquidity reserve requirements	49	49
98	**103**	**Total cash and claims on central banks**	**103**	**99**

NOTE 20 - Loans to and claims on credit institutions

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
607	675	Loans to and claims on credit institutions*)	675	607
666	683	Settlement Helgeland Boligkreditt AS **)	0	0
1 273	**1 353**	**Total loans to and claims on credit institutions**	**675**	**607**

*) Loans to and claims on credit institutions are in their entirety subject to floating rates of interest.
**)Helgeland Boligkreditt AS is a wholly owned subsidiary of Helgeland Sparebank

NOTE 21 –Loans to and claims on customers

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
		Gross loans		
1 627	1 672	Overdraft- and working capital facilities	2 488	1 627
530	441	Building loans	441	530
12 696	13 540	Instalment loans	16 882	17 430
14 853	15 653	Gross loans to customers	19 811	19 587
-40	-24	**Individual write-downs**	-24	-40
14 813	15 629	Loans to customers after Individual write-downs	19 787	19 547
42	40	Accrued interest	40	42
-67	-68	Collective write-downs	-72	-67
14 788	15 601	Loans to and receivables from customers at amortised cost	19 755	19 522
1 118	1 016	Loans to and receivables from customers, nominal capital:	1 016	1 118
-43	-40	Accrued interest and adjustment to fair value	-40	-43
1 075	976	Loans to and receivables from customers, fair value:	976	1 075
15 863	**16 577**	**Net loans to and receivables from customers**	**20 731**	**20 597**

Information about security and collateral
The Bank uses security to reduce risk depending on the market and the type of transaction. Security can, for example, take the form of physical security or collateral, guarantees, deposits or set-off agreements. Physical security or collateral shall as a main rule be insured and can, for example, be residential properties, buildings or stocks of goods. Determining the value of collateral with regard to commercial property is based on a going concern assumption. Account is taken of factors that can affect the value of the collateral, write-downs or easements.

NOTE 21.1 - Geographical exposure within the loan portfolio was as follows

Parent bank			*Group*	
31.12.14	**%-share**		**31.12.14**	**%-share**
14 077	84.5%	Helgeland	17 458	83.8%
2 576	15.5%	Areas other than Helgeland	3 343	16.1%
16	0.1%	International	27	0.1%
16 669	**100%**	**Total**	**20 828**	**100%**

Geographical exposure within the loan portfolio was as follows

Parent bank			*Group*	
31.12.13	**%-share**		**31.12.13**	**%-share**
13 384	83.8%	Helgeland	17 230	83.2%
2 570	16.1%	Areas other than Helgeland	3 458	16.7%
16	0.1%	International	20	0.1%
15 970	**100%**	**Total**	**20 708**	**100%**

NOTE 21.2 - Breakdown of loans between retail banking- and corporate markets

Parent bank			*Group*	
31.12.14				**31.12.14**
Retail banking	**Corporate m.**		**Retail banking**	**Corporate m.**
24	679	Overdraft- and working capital facilities	25	699
158	283	Building loans	158	283
9 678	5 847	Mortgage loans	13 799	5 864
9 860	**6 809**	**Gross loans to customers**	**13 982**	**6 846**

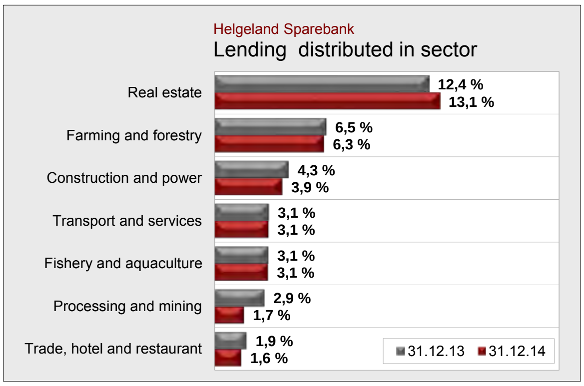
Parent bank			*Group*	
31.12.13				**31.12.13**
Retail banking	**Corporate m.**		**Retail banking**	**Corporate m.**
27	724	Overdraft- and working capital facilities	28	748
159	370	Building loans	159	370
8 724	5 966	Mortgage loans	13 395	6 008
8 910	**7 060**	**Gross loans to customers**	**13 582**	**7 126**

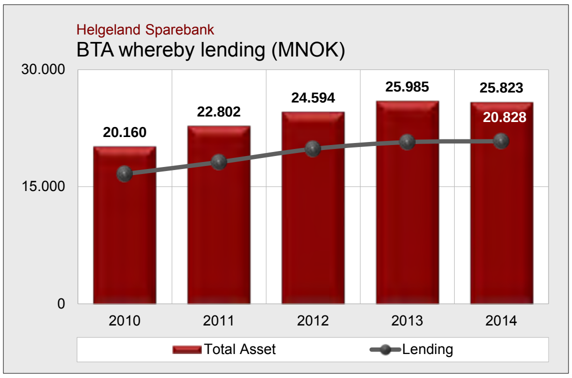
NOTE 21.3 –Write-downs on loans and guarantees

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
		Individual write-downs:		
21	40	Individual write-downs to cover losses on loans and guarantees as at 01.01	40	21
9	-23	- Period's conf losses against which individual write-downs were previously made	-23	9
1	5	+ Increased individual write-downs during the period where individual write-downs were previously made	5	1
10	3	+ New individual write-downs during the period	3	10
-1	-1	- Reversal of individual write-downs during the period	-1	-1
40	**24**	**Total individual write-downs on loans and guarantees**	**24**	**40**
		Of which:		
40	24	Loans	24	40
0	0	Guarantees	0	0
		Collective write-downs:		
66	67	Collective write-downs to cover losses on loans and guarantees as at 01.01	71	66
1	1	+/- Period's change in collective write-downs	1	5
67	**68**	**Collective write-downs to cover losses on loans and guarantees as at 31.12**	**72**	**71**
107	**92**	**Total write-downs on loans and guarantees**	**96**	**111**

NOTE 21.4 - Commitments and losses according to different business- and other sectors

The level of losses in the retail banking market remains low and at a level corresponding to the average for the sector. Routines for debt collection and follow-up have been implemented. Based on empirical figures, sector-related figures and local market conditions, the Bank's forecast for credit losses expected in the retail banking loan portfolio is in the region of 0.05 - 0.1 %.
The Bank has a strong focus on preventive work in its credit exposure combined with close follow-up of non-performing and doubtful loans. The Group's credit risk is affected by the impact of the crisis in finance and the real economy on large industrial enterprises and the consequences that this may in turn have for subcontractors in the service and engineering industries.
There is great uncertainty related to the economic development of both Norway and the Helgeland region. As a result of this, the Bank expects an increase in losses, but not at a higher level than in the banking sector in general. Based on historical evidence, a thorough knowledge of the Group's lending and local market conditions, the Bank's forecast for credit losses expected over a five-year period is 0.20-0.5 per cent of gross lending within the corporate lending portfolio. In the pricing of loans, great emphasis is placed on customers' ability to service their debt. There will therefore normally be a correlation between the risk classification and the pricing of loans.
The Bank has defined its market area (Helgeland) as one risk area.





Gross lending as per 31.12.14

Of the gross lending of NOK 20.8 (20.7) bn., NOK 7.1 (7.2) bn. is lending to corporate customers. The graph above shows a sector distribution of these loans. NOK 13.9 (13.6) bn. are loans to retail customers, mainly well secured mortgages. NOK 1.3 (1.3) bn. are loans to agriculture customers (traditionally a low risk segment). Of gross lending 83.8 (83.2) % are loans to customers in the Helgeland Region. Of gross lending 20.3% are transferred to Helgeland Boligkreditt AS. See annotation 25.2.

NOTE 21.5. - Commitments and losses according to different business- and other sectors

Group

31.12.14

	Gross loans	Guarantees	Potential Exposure	Individual loan loss provisions	Commitments in default	Bad and doubtful not in default
Municipalities and municipal enterprises	1	0	0	0	0	0
Financial institutions	7	0	0	0	0	0
Agriculture and forestry	1 321	2	78	1	3	2
Fishing and fish farming	645	3	305	1	7	4
Mining and industry	356	33	73	6	7	25
Building and construction	819	112	214	1	2	1
Trade hotels and restaurants	323	45	104	5	3	2
Transport and service industry	652	38	17	1	8	4
Financing and real estate	2 722	174	284	4	10	5
Retail banking market	13 982	60	837	5	44	0
Total	**20 828**	**467**	**1 912**	**24**	**84**	**43**
Of which gross loans Helgeland	4 218					

Group

31.12.13

	Gross loans	Guarantees	Potential Exposure	Individual loan loss provisions	Commitments in default	Bad and doubtful not in default
Municipalities and municipal enterprises	1	0	0	0	0	0
Financial institutions	35	0	0	0	0	0
Agriculture and forestry	1 342	2	100	1	14	3
Fishing and fish farming	652	1	342	2	8	1
Mining and industry	599	69	126	5	12	9
Building and construction	890	107	207	13	38	1
Trade hotels and restaurants	385	57	104	5	7	0
Transport and service industry	646	59	18	0	5	1
Financing and real estate	2 576	180	272	9	20	2
Retail banking market	13 582	12	790	6	48	0
Total	**20 708**	**487**	**1 959**	**40**	**152**	**17**
Of which gross loans Helgeland Boligkreditt As	4 804					

Parent bank

31.12.14

	Gross loans	Guarantees	Potential Exposure	Individual loan loss provisions	Commitments in default	Bad and doubtful not in default
Municipalities and municipal enterprises	1	0	0	0	0	0
Financial institutions	7	0	0	0	0	0
Agriculture and forestry	1 313	2	78	1	3	2
Fishing and fish farming	642	3	305	1	7	4
Mining and industry	353	33	73	6	7	25
Building and construction	792	112	214	1	2	1
Trade hotels and restaurants	314	45	104	5	3	2
Transport and service industry	618	38	17	1	8	4
Financing and real estate	2 769	174	279	4	10	5
Retail banking market	9 860	60	513	5	44	0
Total	**16 669**	**467**	**1 583**	**24**	**84**	**43**

						Parent bank 31.12.13
	Gross loans	Guarantees	Potential Exposure	Individual loan loss provisions	Commitments in default	Bad and doubtful not in default
Municipalities and municipal enterprises	1	0	0	0	0	0
Financial institutions	35	0	0	0	0	0
Agriculture and forestry	1 329	2	100	1	14	3
Fishing and fish farming	645	1	342	2	8	1
Mining and industry	595	69	126	5	12	9
Building and construction	852	107	207	13	38	1
Trade hotels and restaurants	376	57	104	5	7	0
Transport and service industry	599	59	18	0	5	1
Financing and real estate	2 628	180	272	9	20	2
Retail banking market	8 910	12	453	6	48	0
Total	**15 970**	**487**	**1 622**	**40**	**152**	**17**

NOTE 21.6 –Mortgage added to Helgeland Boligkreditt AS

Helgeland Boligkreditt is bank owned mortgage company. The company was licensed as finance companies in February 2008.
Loans transferred are fully secured loans within the mortgage value of 75%. Lending moved out of the Parent bank balance and over to the mortgage company for transmission. The group is included, in their entirety. From the date of transfer recognized income and repayments of mortgagecompany. In the development phase has the transfer of loans to the mortgage company been higher than the bank's growth, now the transfers take place approx. once a month. 20.3 (23.2)% of gross loans was added to Helgeland Boligkreditt. The bank has set a maximum limit for transfer up to 30% of gross lending.

The bank administers the loans, and there is a transfer- and service agreement between Helgeland Boligkreditt AS and Helgeland Sparebank. Helgeland Boligkreditt AS has a trade credit (with duration > one year) of MNOK 1,500. Of this there are spare lines of MNOK 817 as per 31.12.14.
In addition the company has a revolving credit line of MNOK 1,500 (with duration > one year). This credit line should cover payment obligations in the cover pool for a continuous 12-month period, and is in its entirety unused.

Parent bank 31.12.14			*Group* 31.12.14	
Book Value	Fair Value		Book Value	Fair Value
0	0	Fleksi Loans	879	879
0	0	Repayment loans	3.339	3.339
0	**0**	**Total mortgage added to Helgeland Boligkreditt AS**	**4.218**	**4.218**

Parent bank 31.12.13			*Group* 31.12.13	
Book Value	Fair Value		Book Value	Fair Value
0	0	Fleksi Loans	983	983
0	0	Repayment loans	3 821	3 821
0	**0**	**Total mortgage added to Helgeland Boligkreditt AS**	**4 804**	**4 804**

Rest period Helgeland Boligkreditt *Group* **31.12.14**

	Up to 1 month	1-3 month	3 months – 1 year	1-5 years	Over 5 years	No change interest rates	Total
Liabilities to credit institutions with agreed	230						230
Net loans and claims to customers	36	109	1.529	2.971			4.645
Total Assets	**266**	**109**	**1.529**	**2.971**			**4.875**
Liabilities							
Liabilities to credit institutions			702				702
Total Liabilities			**702**				**702**

Rest period Helgeland Boligkreditt AS *Group* **31.12.13**

	Up to 1 month	1-3 month	3 months – 1 year	1-5 years	Over 5 years	No change interest rates	Total
Liabilities to credit institutions with agreed		248					248
Net loans and claims to customers		56	131	1 154	4 195		5 536
Total Assets	**0**	**304**	**131**	**1 154**	**4 195**		**5 784**
Liabilities							
Liabilities to credit institutions				680			680
Total Liabilities				**680**			**680**

NOTE 22 –Financial instruments

Group **31.12.14**

	Loans and claims	Assets to real value throghProfit and loss account	Available for sale	Derivatives used for hedging	Total
Cash and claims on central banks	103	0	0	0	103
Loans to and claims on credit institutions	675	0	0	0	675
Loans to and claims on customers	19 715	1 016	0	0	20 731
Certificates bonds and shares available for sale	0	0	3 736	0	3 736
Financial derivatives	0	161	0	0	161
Total assets	**20 .493**	**1 177**	**3 736**	**0**	**25 406**

	Other financial Commitment	Commitment real value through profit and loss acc to	Derivatives used for hedging	Total
Liabilities to credit institutions with agreed maturity	0	0	0	0
Deposit from customers and liabilities to customers	13 724	0	0	13 724
Financial liabilities incurred through the issuance of sec.	6 728	2 415	0	9 143
Financial derivatives	0	60	0	60
Total liabilities	**20 452**	**2 475**	**0**	**22 927**

Financial instruments

					Group 31.12.13
	Loans and claims	Assets to real value throghProfit and loss account	Available for sale	Derivatives used for hedging	Total
Cash and claims on central banks	99	0	0	0	99
Loans to and claims on credit institutions	607	0	0	0	607
Loans to and claims on customers	19 496	1 101	0	0	20 597
Certificates bonds and shares available for sale	0	0	4 032	0	4 032
Financial derivatives	0	0	0	213	213
Total assets	**20 202**	**1 101**	**4 032**	**213**	**25 548**

	Other financial Commitment	Commitment to real value through profit and loss acc	Derivatives used for hedging	Total
Liabilities to credit institutions with agreed maturity	647	0	0	647
Deposit from customers and liabilities to customers	12 989	0	0	12 898
Financial liabilities incurred through the issuance of sec.	7 091	2 462	0	9 553
Financial derivatives		41	0	41
Total liabilities	**20 727**	**2 503**	**0**	**23 230**

					Parent bank 31.12.14
	Loans and claims	Assets to real value through Profit and loss account	Available for sale	Derivatives used for hedging	Total
Cash and claims on central banks	103	0	0	0	103
Loans to and claims on credit institutions	1 358	0	0	0	1 358
Loans to and claims on customers	15 561	1 016	0	0	16 577
Certificates bonds and shares available for sale	0	0	4 002	0	4 002
Financial derivatives	0	161	0	0	161
Total assets	**17 022**	**1 177**	**4 002**	**0**	**22 201**

	Other financial Commitment	Commitment to real value through profit and loss acc	Derivatives used for hedging	Total
Liabilities to credit institutions with agreed maturity	0	0	0	0
Deposit from customers and liabilities to customers	13 971	0	0	13 971
Financial liabilities incurred through the issuance of sec.	3 599	2 415	0	6 014
Financial derivatives	0	60	0	60
Total liabilities	**17 570**	**2 475**	**0**	**20 045**

					Parent bank
					31.12.13
	Loans and claims	**Assets to real value through Profit and loss account**	**Available for sale**	**Derivatives used for hedging**	**Total**
Cash and claims on central banks	98	0	0	0	98
Loans to and claims on credit institutions	1 273	0	0	0	1 273
Loans to and claims on customers	14 762	1 101	0	0	15 863
Certificates bonds and shares available for sale	0	0	4 852	0	4 852
Financial derivatives	0	213	0	0	213
Total assets	**16 133**	**1 314**	**4 852**	**0**	**22 299**

	Other financial Commitment	**Commitment to real value through profit and loss acc**	**Derivatives used for hedging**	**Total**
Liabilities to credit institutions with agreed maturity	647	0	0	647
Deposit from customers and liabilities to customers	13 248	0	0	13 248
Financial liabilities incurred through the issuance of sec.	3 899	2 462	0	6 361
Financial derivatives	0	41	0	41
Total liabilities	**17 794**	**2 503**	**0**	**20 297**

NOTE 22.1 –Measurement of fair value of financial instruments by level

With effect from 1 January 2009, the Group has implemented the amendments to IFRS 13 relating to financial instruments measured at fair value at the end of the reporting period. The amendments require the presentation of fair value measurements for various levels with the following division into levels for fair value measurement:

- 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 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 in an active market is based on the market price at the end of the reporting period. A market is considered active if the market 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. Instruments included in Level 1 comprise primarily FTSE 100 equity instruments classified as held for sale for trading purposes or available for sale.

The fair value of financial instruments that are not traded in an active market (for example some OTC derivatives) is determined by using valuation methods or techniques. These valuation methods maximise 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 is included in Level 2.
If one or more significant data are not based on observable market data, the instrument is included in Level 3.
There were no transfers between levels 1 and 2 during 2014.
.

			Assets and liabilities at fair value			
Parent bank						*Group*
31.12.14						31.12.14
Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
			Assets			
			Finanscial assets at fair value through profit			
0	0	1 016	Loans to and claims on customers at fair value	0	0	1 016
			Financial assets available for sale			
3 814	0	189	Certificats, bonds and equitives available for sale	3 547	0	189
0	161	0	Financial derivatives	0	161	0
3 814	**161**	**1 205**	**Total assets**	**3 547**	**161**	**1 205**
			Liabilities			
			Finanscial assets at fair value through profit			
0	2 415	0	Debt issuance of securities	0	2 415	0
0	60	0	Financial derivatives	0	60	0
0	**2 475**	**0**	**Total Liabilities**	**0**	**2 475**	**0**

31.12.14			Changes in instruments classified in level 3	31.12.14
		1 296	Opening balance	1 296
		-99	Net purchase / sale of shares at fair value through profit	-99
		0	Reclassification	0
		8	Revaluation of shares available for sale	8
		1 205	**Financial instruments valued on level 3**	**1 205**

			Assets and liabilities at fair value			
Parent bank						*Group*
31.12.13						31.12.13
Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
			Assets			
			Finanscial assets at fair value through profit			
		1 101	Loans to and claims on customers at fair value			1 101
			Financial assets available for sale			
4 642	14	195	Certificats, bonds and equitives available for sale	3 822	14	195
	212		Financial derivatives		212	
4 642	**226**	**1296**	**Total assets**	**3 822**	**226**	**1 2 96**
			Liabilities			
			Finanscial assets at fair value through profit			
	2 462		Debt issuance of securities		2 462	
	41		Financial derivatives		41	
0	**2 503**	**0**	**Total Liabilities**		**2 503**	**0**

31.12.13	Changes in instruments classified in level 3	31.12.13
1 082	Opening balance	1 082
174	Net purchase / sale of shares at fair value through profit	174
	Reclassification	
40	Revaluation of shares available for sale	40
1 296	**Financial instruments valued on level 3**	**1 296**

NOTE 22.2 –Real value of financial instruments

Parent bank								Group
31.12.13		31.12.14			31.12.14			31.12.13
Real value	Balance Sheet value	Real value	Balance Sheet value	Virkelig verdi på finansielle instrumenter	Balace sheet value	Real value	Balance sheet value	Real value
				Assets				
98	98	103	103	Cash and claims on central banks	103	103	98	98
1 273	1 273	1 358	1 358	Loans to and claims on credit institutions	675	675	607	607
1 101	1 101	1 016	1 016	Loans to and claims on customers to real value	1 016	1 016	1 101	1 101
14 762	14 762	15 561	15 561	Loans to and claims on cust. to amortised cost	19 715	19 715	19 496	19 486
212	212	161	161	Financial derivatives	161	161	212	212
5 361	5 361	4 532	4 532	Certificates, bonds and shares available for sale	3 914	3 914	4 186	4 186
22 807	**22 807**	**22 731**	**22 731**	**Totalt**	**25 584**	**25 584**	**25 700**	**25 690**
				LiabilitiesS				
647	647	0	0	Liabilities to credit institutions to amortised cost	2	2	647	647
14	14	7	7	Deposits from customers to real value	7	7	14	14
13 234	13 234	13 963	13 963	Deposits from customers to amortised cost	13 718	13 718	12 975	12 975
2 462	2 462	2 415	2 415	Borrowing through the issuance of securities	2 415	2 415	2 462	2 462
3 899	3 899	3 442	3 442	Borrowing through the issu. of sec. amort. cost	6 728	6 728	7 091	7 091
519	519	519	519	Fundbonds and subordinated loan capital	519	519	519	519
41	41	60	60	Financial derivatives	60	60	41	41
20 816	**20 816**	**20 406**	**20 406**	**Total**	**23 449**	**23 449**	**23 749**	**23 749**

Loans and debt securities at amortized cost approximates fair value

NOTE 23 –Financial derivatives

General description

Currency and interest rate agreements consist of:

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 at an agreed amount.

Helgeland Sparebank enters into hedging transactions with reputable Norwegian and foreign banks in order to reduce the Bank's own risk. Derivative transactions are related to ordinary banking operations and are carried out to reduce the risk associated with the Bank's borrowings in the financial markets and to uncover and reduce risk related to operations addressed at customers. Only borrowings relating to the Bank's borrowing activity are defined as '"fair value hedging". Other hedging is defined as ordinary hedging for accounting purposes. The Bank does not use cash flow hedging.

The net loss recognised in profit and loss relating to hedging instruments at fair value hedging totalled NOK 0 million in 2014 and NOK 0 million in 2013. Total gains on hedging objects relating to the hedged risk were NOK 0.5 million in 2014 and NOK 0.2 million in 2013. The Bank's main boards have set limits for maximum risk on the Bank's interest rate positions. Procedures have been established to ensure that the set positions are maintained.

The agreements entered into by the Bank are interest rate-related financial derivatives, such as interest rate swaps relating to fixed interest rate loans, loans and bank deposit with 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.

Financial derivatives

Parent bank						Group
31.12.14						31.12.14
Nominal value	Market value			Nominal value	Market value	
Total	Assets	Commit.		Total	Assets	commitment
1 081	0	60	Interest rate swaps – fixed interest rate loans	1 081	0	60
0	0	0	Interest rate swaps – bank deposits with share yield	0	0	0
1 081	**0**	**60**	**Total financial derivatives**	**1 081**	**0**	**60**
2 500	161	0	Interest rate swaps – fixed interest rate loans	2 500	161	0
2 500	**161**	**0**	**Total financial derivatives**	**2 500**	**161**	**0**

Parent bank						*Group*
31.12.13						**31.12.13**
Nominal value	**Market value**			**Nominal value**	**Market value**	
Total	Assets	Commit.		Total	Assets	commitment
1 066	0	41	Interest rate swaps – fixed interest rate loans	1 066	0	41
			Interest rate swaps – bank deposits with share yield		0	
1 066	**0**	**41**	**Total financial derivatives**	**1 066**	**0**	**41**
2 362	213	0	Interest rate swaps – fixed interest rate loans	2 362	213	0
2 362	**213**		**Total financial derivatives**	**2 362**	**213**	**0**

NOTE 23.1 Net presentation of financial assets and obligations

					Group
					31.12.14
	Gross financial assets	**Financial assets recognised net**	**Net financial Assets in the balance sheet**	**Financial instruments**	**Net**
Derivatives as assets	161	0	161	60	101
Derivatives as obligations	60	0	60	-60	0

					Parent bank and Group
					31.12.13
	Gross financial assets	**Financial assets recognised net**	**Net financial Assets in the balance sheet**	**Financial instruments**	**Net**
Derivatives as assets	213	0	213	41	172
Derivatives as obligations	41	0	41	-41	0

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, a good relationship must be established with some of the major banks/brokerage houses that account for the majority of the turnover in interest-related products in the market. If the bank has the same counterparty derivatives on both the asset side and the debt side, these can be offset against each other.

NOTE 24 - Financial assets available for sale

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
4 630	3 802	Certificates and bonds	3 535	3 811
12	12	Accrued interests financial assets	12	12
209	189	Shares unit trust certificates and PCCs	189	209
4 851	**4 003**	**Total certificates bonds and shares available for sale 1-2)**	**3 736**	**4 032**

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.

NOTE 24.1 - Portfolio of certificates and bonds

Interest-bearing securities – Write-downs below cost price are recognised in the profit and loss account. Reversals of write-downs are reversed in the profit and loss account provided they are below the cost price. Value above cost price is recognised against equity.
The Bank's portfolio of certificates and bonds is measured at fair value through profit or loss. To the extent that there is an active market for the securities in question, observable market prices are also used to determine fair value.
In accordance with amendments to IAS 39 and IFRS 7, and the regulations issued by the Norwegian Ministry of Finance on 16 October 2008, it became possible to reclassify the securities portfolio at amortised cost. Helgeland Sparebank has not used this opportunity to reclassify securities.

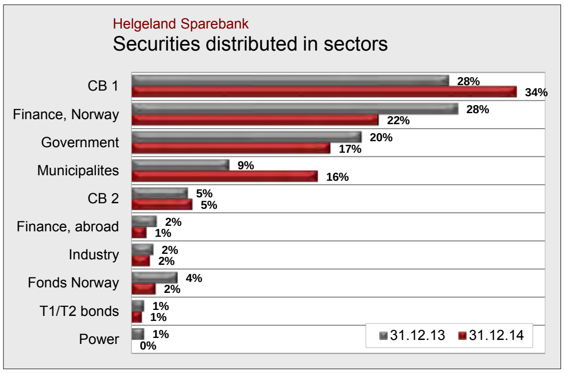
Parent bank				*Group*
31.12.14				31.12.14
Nominal value	Market value		Nominal value	Market value
0	0	Bonds issued by public sector borrowings	0	0
595	591	Certificates	595	591
3 145	3 211	Other bearer bonds	2 878	2 944
0	12	Accrued interests financial assets	0	12
3 740	**3 814**	**Total certificates and bonds**	**3 473**	**3 547**

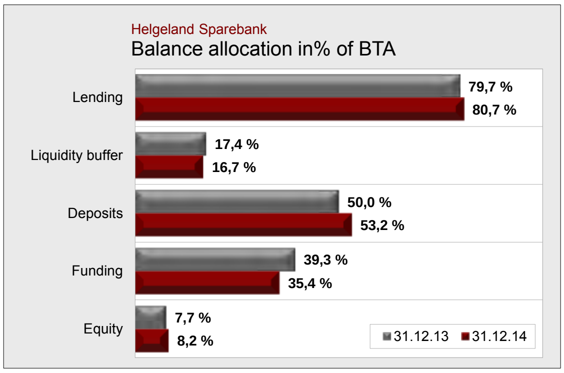
Parent bank				*Group*
31.12.13				31.12.13
Nominal value	Market value		Nominal value	Market value
450	447	Bonds issued by public sector borrowings	450	447
75	75	Certificates	75	75
4 087	4 108	Other bearer bonds	3 267	3 289
0	12	Accrued interests financial assets	0	12
4 612	**4 642**	**Total certificates and bonds**	**3 792**	**3 823**

The package of measures made available by the government to the Norwegian banks involved the government and the banks swapping government securities with covered bonds. Helgeland Sparebank purchased bonds from Helgeland Boligkreditt AS NOK 267 (804) million, which were used as security for swap agreements entered into with Norges Bank.

The Bank has adopted a cautious strategy with regard to securities, with specified parameters including minimum requirements for ratings for both Norwegian and foreign securities. The framework and authorisations are revised annually and are approved by the Bank's Board of Directors. The Group's portfolio of certificates and bonds is in its entirety classified as current assets. The purpose of the certificate and bond portfolio is to ensure that the Group has liquidity reserves. The Bank's securities portfolio is deemed not to be a trading portfolio.

As at 31.12.14, the securities portfolio amounted to NOK 3.5 (3.8) billion and is equivalent to 13.7% (14.7) of net asset value. The average remaining term is 2.0 (2.0) years. Return is calculated on total interest income for the entire portfolio expressed as a percentage of the mean securities portfolio during the year. Net gain from bonds is recognised in the income statement in the amount of NOK 6 (3) million. The portfolio broken down according to rating class and sector-based securities portfolio, which are both within the Group's target requirements, is presented below. At the year-end, long-term financing expressed as a percentage of liquid assets (liquidity indicator 1) amounted to 111.5% (110.6). This is above average for reference banks, which is the bank's target figure.





NOTE 25 - Shares unit trust certificates and EC's

				Parent bank and group
		31.12.14		31.12.13
	Nominal value	Market value	Nominal value	Marked value
Shares – stock exchange	0	0	14	14
Shares – not stock exchange	170	189	170	195
Total shares	**170**	**189**	**184**	**209**

Shares available for sale - Unrealised change in value in the portfolio available for sale is recognised against equity. Write-downs below cost price are recognised in the profit and loss account. When such gains or losses are realised, they are recognised under "Net gains/losses on financial instruments".

NOTE 25.1 - Additions/disposals of shares unit trust certificates and PCCs

		Parent bank and group
	31.12.14	31.12.13
Portfolio as at 1.1 Helgeland Sparebank	209	187
Additions	6	24
Disposals	-34	-43
Adjustment to market value	8	41
Portfolio as at 31.12	**189**	**209**

NOTE 25.2 - Additions/disposals of shares Associated Companies and Group Companies

						Parent bank
Details:	**Portfolio as at 01.01.14**	**Additions**	**Disposals**	**Write-down**	**Adjustment to real value**	**Portfolio as at 31.12.14**
Associated companies:	156				26	182
Group companies	348					348

						Parent bank
Details:	**Portfolio as at 01.01.13**	**Additions**	**Disposals**	**Write-down**	**Adjustment to real value**	**Portfolio as at 31.12.13**
Associated companies:	163				1	164
Group companies	347				-1	346

NOTE 26 –Investment in subsidiaries

						Parent bank
					31.12.14	31.12.13
	Equity capital	Shares	Equity stake	Office address	Real value / Book value	
ANS Bankbygg Mo *)	49	5 591	97%	Mo i Rana	45	45
Helgeland Boligkreditt AS	290	290	100%	Mo i Rana	290	290
AS Sparebankbygg	0.1	100	100%	Sandnessjøen	0.1	0.1
Helgland Spb.eiend.selskap AS	0.1	100	100%	Mosjøen	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100%	Mosjøen	10	10
Storgt. 73 AS *)	5.0	74	53	Brønnøysund	2	2
Book value 31.12.12					**348**	**346**

*) Not controlling interest in ANS Bankbygg (3%) and Storgt. 73 (47%) is shown as a separate line in the accounts.

NOTE 27 - Associated companies

				Group	
				31.12.14	31.12.13
COMPANY	Location	Business sector	Eq. stake	Equity methode	Equity methode
Helgeland Invest AS	Mo i Rana	Investment	48 %	177	152
Eiendomsmegleren Helgeland AS	Mo i Rana	Real estate	34 %	1	1
Total				**178**	**155**

The balance sheet value of the company is based on preliminary figures from the company as of 31.12.14.

NOTE 27.1 - Summary of financial information on the various associated companies

				Group 31.12.14
Company	Assets	Liabilities	Equity capital	Turnover
Helgeland Invest AS	177	0	177	
Eiendomsmegleren Helgeland AS *)	1	0	1	1
Total	**178**	**0**	**178**	1

*) The banks ownership in Helgeland Invest AS of 48% is considered in relation to controlling interest and concluded not treated as subsidiaries.

				Group 31.12.13
Company	Assets	Liabilities	Equity capital	Turnover
Helgeland Invest AS	155	0	155	
Eiendomsmegleren Helgeland AS	1	0	1	1
Total	**156**	**0**	**156**	11

NOTE 27.2- Intra-group balances and transactions between the Bank and its associated companies

Parent bank			*Group*	
31.12.13	31.12.14	Intra-group balances:	31.12.14	31.12.13
		Claims:		
0	0	Loans to associated companies	0	0
0	**0**	**Total net claims**	**0**	**0**
		Liabilities:		
90	50	Deposits from associated companies	50	90
90	**50**	**Total liabilities**	**50**	**90**
		Transactions:		
0	0	Interest income from associated companies	0	0
3	3	Interest costs from associated companies	3	3
2	5	Dividends from associated companies	5	2

NOTE 27.3 - Strategic investments, not treated as associates

The bank has strategic holdings in insurance company Frende Holding AS (7.9%), the securities company Norne Securities AS (6.5%) and leasing company Brage Finans AS (10.0%). These companies are not consolidated in the accounts or treated as an associate.

NOTE 28 –Disclosures of related parties

Helgeland Sparebank defines the subsidiaries and the associated companies as related parties in relation to this accounting standard. Transactions between the parent bank, group companies and associated companies are conducted in line with the normal commercial terms and principles. The information is given in line with IAS 24 for “Relate Party Disclosures”. Transactions toward leading employees and representatives appear in an annotation in the annual report. (Associated companies cf. annotation 27.2).

NOTE 28.1 - Intercompany elimination/transactions

	Group and Parent bank	
	31.12.14	**31.12.13**
Income Statement		
Income from interest and credit commissions received from subsidiaries	23	19
Dividends and group contributions	52	33
Interest on deposits to subsidiaries	6	8
Rent expense	8	8
Refund of operating expenses	11	12
Balance Sheet		
Lending to subsidiaries	743	731
Covered bonds	267	804
Deposits from subsidiaries	246	258
Accounts receivable, group contribution	48	50

Significant transactions with related parties as of 31.12.14.

Helgeland Boligkreditt AS (eierandel 100 %)
Helgeland Sparebank received a group contribution from the mortgage company of NOK 50.4 (29.8) million during 2014.
Transferred loans as of 31.12.14 amount to a total of NOK 4,218 million. Covered bonds in the mortgage company amount to NOK 3,395 million, of which NOK 267 (804) million have been acquired by Helgeland Sparebank. Of the credit line of NOK 1.5 bn, MNOK 817 is per 31.12.14 used. The bank has additionally entered into agreements with Helgeland Boligkreditt AS concerning credit lines of NOK 1.5 bn, which mainly should be used in the settlement of purchased loans and repayment of covered bonds in a 12 month rolling period, and is enitirely unused. The agreements have been established according to the arm's length principle. The effects of the facilities are eliminated in the consolidated accounts.

Ans Bankbygg (holding 97%)
The bank leases premises from ANS Bankbygg and paid NOK 5.5 million during 2014.
Helgeland Sparebank received a repayment of investor capital amounting to NOK 0.9 million during 2014.

Eiendomsmegleren Helgeland AS (holding 34%)
The bank received a dividend from Eiendomsmegleren Helgeland AS of NOK 1.0 million in 2014.

Brage Finans AS (holding 10%)
During 2014, Brage Finans carried out a capital expansion, of which Helgeland Sparebank's share amounts to NOK 7.5 million.

NOTE 28.2 - Loans to elected representatives and employees

Parent bank				*Group*
31.12.13	**31.12.14**	**Loans to:**	**31.12.14**	**31.12.13**
164	167	Loans to employees	246	259
9	9	Board of Directors	10	10
10	4	Board of Trustees	7	10
2	1	Control Committee	1	3
185	**181**	Total loans to elected representatives and employees	**264**	**282**

The interest rate applied to staff loans has been lower than the normal rate of interest for 2014. The benefit in kind amounted to about NOK 2.5 million. Calculated from maximum amount of loans.

NOTE 28.3 – Remuneration and loans for senior management

Morbank						*Konsern*
31.12.14						**31.12.14**
Loans	**Payments**	**Pension cost**	**(amount in thousands NOK)**	**Pension cost**	**Payments**	**Loans**
			Ledergruppen:			
1 257	1 613	685	Lisbeth Flågeng, Chief Executive Officer	685	1 613	1757
1 072	797	100	Bjørn-Tore Brønnlund, Director of Corporate	100	797	1 072
1 225	765	185	Ann Karin Krogli, Chief Human Resources Officer	185	765	1 225
1 300	1 208	222	Dag Hugo Heimstad, Director of Retail Market	222	1 208	1 300
	822	333	Ranveig Kråkstad, Chief Accounting Officer	333	822	
1 048	961	184	Sverre Klausen, Chief Financial Officer	184	961	1 048
1 419	827	142	Anne Ekroll, Chief Risk Management	142	827	1 419
3 310	898	54	Øyvind Karlsen, Chief Business Development	54	898	3 310
	2 795	1 700	Jan Erik Furunes, former CEO (quit 30.09.14)	1 700	2 795	

From 2014 the members of the management team are defined as leading employees. Previously the CEO and the deputy CEO were defined as leading employees.

NOTE 28.3 - Remuneration and loans for senior management Board of Directors and Board of Trustees

Parent bank						Group
31.12.13						**31.12.13**
Loans	**Payments**	**Pension cost**	**(amount in thousands NOK)**	**Pension cost**	**Payments**	**Loans**
0	1 631	574	CEO Jan Erik Furunes	409	1 631	0
1 250	1 452	794	DCEO Lisbeth Flågeng	795	1 452	1 750

NOTE 28.4 –Statement concerning determination of salary and other remuneration

Statement from the Board of Directors concerning the determination of salary and other remuneration to senior executives in Helgeland Sparebank

The statement was adopted by the Board of Directors of Helgeland Sparebank on 24th of february 2015 and presented to the Board of Trustees on 25th March 2015.

The CEO's salary is determined by the Bank's Board of Directors, while the Deputy CEO's salary is determined by the CEO. Remuneration takes place in the form of fixed salary, benefits in kind and the pension scheme.

Guidelines for remuneration during the 2015 financial year

Salary

Managerial salaries in Helgeland Sparebank 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:

- CEO
- Management team, other

Benefits in kind

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 free car, telephone, newspaper, internet subscription and home PC.

Pension schemes

The bank has a collective pension plan a life insurance company that also applies to senior executives. The Bank's defined benefit pension plan was closed with effect from 01.07.12. New employees admitted as a member of a defined contribution scheme.

The CEO is entitled to leave her position upon reaching age 60. Helgeland Sparebank has undertaken to pay an annual early retirement pension from age 60 to 67. The early retirement pension will constitute 66% of the annual salary at the time the early retirement pension commences. The retirement pension from age 67 will constitute 66% of the pension basis (including salary in excess of 12 base amounts).

Previous CEO (resigned 10.10.14)

In 2014 MNOK 1.2 is paid in salary to the previous CEO until September. In addition there is an agreement of payment after employment for 12 months of MNOK 1.6. Salary and payment after employment is charged in its entirety in 2014.

The former CEO is covered by the bank's ordinary pension scheme, and has also the right to salary beyond 12G (with limited payment time), early retirement pension of 66% of the pensionable income from 64 to 67 years, as well as contractual pension (AFP) compensation. The earning of the rights comes to and end in line with the pension agreement and the resignation agreement, and is charged in 2014. (Also salary beyond 12G).

Bonuses, option agreements and severance payments

The Bank currently has no pre-established option, bonus or severance payment schemes other than the pension schemes.

Description of the management salary policy during the 2014 financial year

The bank's management salary policy for 2014 was implemented in accordance with the main principles set out above under guidelines for remuneration.

NOTE 28.5 – The boards of Directors and Control Commitee

Morbank						*Konsern*
31.12.14						**31.12.14**
Loans	**Payments**	**Pension cost**	**(amount in thousands NOK)**	**Pension cost**	**Payments**	**Loans**
			The board:			
	230		Chairman of the board Thore Michalsen		230	
	160		Deputy Chairman of the board Ove Brattbakk		160	
81	85		Gislaug Øygarden		85	81
	103		Stein Andre Herigstad-Olsen		103	
3 139	107		Monica Skjellstad		107	3 139
152	85		May Heimdal		85	1 125
3 559	46		Bjørn Audun Risøy, 1. vara		46	3 559
	12		Tone Helen Hauge, 2. vara		12	
2 146	45		Svein Hansen, 3. vara		45	2 146
			Control Commitee:			
	56		Frank Høyen, leader		56	
	26		Nina lunde		26	
	35		Kåre J. Åsli		35	

Morbank 31.12.13 Loans	Payments	Pension cost	(amount in thousands NOK)	Pension cost	Payments	Konsern 31.12.13 Loans
			The board:			
	198		Chairman of the board Thore Michalsen		198	
	137		Deputy Chairman of the board Ove Brattbakk		137	
101	84		Gislaug Øygarden		84	101
	14		Stein Andre Herigstad-Olsen		14	
3 246	84		Monica Skjellstad		84	3 246
146	84	38	May Heimdal	38	84	1 142
3 601	44		Bjørn Audun Risøy, 1. vara		44	3 601
	40		Tone Helen Haug, 2. vara		40	
1 970	44	25	Svein Hansen, 3. vara	25	44	1 970
			Control Commitee:			
916	55		Heidi Dahl, leader		55	1 320
1 500	35		Frank Høyen		35	1 500
	35		Kåre J. Åsli		35	

NOTE 28.6 – Forstanderskapet

Morbank 31.12.14 Loans	Payments	Pension cost	(amount in thousands NOK)	Pension cost	Payments	Konsern 31.12.14 Loans
			Leader Board of trustees:			
	39		Grete Bang		39	
			Depositor Commitee:			
	4		Laila Furu Vold		4	
	8		Inger Robertsen		8	1 106
	8		Helge Stanghelle		8	
	0		Kjell Idar Juvik		0	
	0		Marianne Steinrud		0	
147	4		Ingvar Møllersen		4	378
	4		Håmund Ivarrud		4	
			Equity certificate holders:			
	4		Ivar A. Juel		4	
	4		Anne Paasche Jakobsen		4	
	4		Frank Arntsberg		4	
	4		Svein G. Nybø		4	
	8		Nils Terje Furunes		8	
	0		Brynjar Forbergskog		0	
	6		Tom Svendsen		6	
1 100	15		Øyvin Trønsdal		15	1 828
	0		Frank Høyen		0	
	4		Inger Lise Larsen		4	
			Staff:			
433	4		Bente Johansen		4	433
2 229	4		Roger Ditlefsen		4	2 229

1 792	4	Einar Eliassen	4	1 792
0	8	Liv Sund	8	72
1 096	4	Morten Myran	4	1 096
1 462	4	Tore Stamnes	4	1 801

Morbank — Konsern

31.12.13 — **31.12.13**

Loans	Payments	Pension cost (amount in thousands NOK)	Pension cost	Payments	Loans
		Leader Board of trustees:			
	34	Grete Bang		34	
		Depositor Commitee:			
1 783	8	Wenche Drevland		8	1 783
1 035	6	Sten Oddvar Solhaug		6	1 035
1 025	6	Laila Furu Vold		6	1 025
1 129	6	Inger Robertsen		6	1 129
1 275	2	Kjell Idar Juvik		2	1 275
	2	Helge Stanghelle		2	
59	8	Torill Beate Risøy		8	59
	2	Kai Henriksen		2	
462	4	Lasse Jacobsen		4	653
194	2	Ingvar Møllersen		2	425
	4	Håmund Ivarrud		4	
		Equity certificate holders:			
	6	Tom Svendsen		6	
1 100	7	Øyvin Trønsdal		7	1 894
	17	Asbjørn Wangerud		17	
	6	Ivar A. Juel		6	
	4	Frank Arntsberg		4	
	6	Svein G. Nybø		6	
	4	Nils Terje Furunes		4	
1 700	4	Elin Langfjell Møgster		4	1 700
	4	Bodil Olsen		4	
	4	John Arne Warholm		4	
	6	Harald Svendsen		6	
	4	Judith Johansen		4	
	2	Asle Bardal		2	
		Staff:			
1 700	6	Roger Ditlefsen		6	1 700
1 863	6	Einar Eliassen		6	1 863
279	2	Bente Johansen		2	279
2 042	4	Nils Sagrabb		4	2 042
1 532	6	Tore Stamnes		6	1 893
1 969	2	Sten Åge Rørmark		2	1 969
0	4	Liv Sund		4	119
1 170	6	Morten Myran		6	1 170

NOTE 29 - Deferred tax / Deferred tax benefit

Parent bank			*Group*	
31.12.13	**31.12.14**	Deferred tax / deferred tax benefit:	**31.12.14**	**31.12.13**
		Positive temporary differences:		
162	95	Operating equipment	95	162
162	**95**	**Total positive temporary differences**	**95**	**162**
44	26	Deferred tax	26	44
		Negative temporary differences		
-20	-28	Impariment losses on interenst bearing secutities	-28	-20
17	17	Operating equipment	25	18
53	107	Pension liabilities	107	53
145	93	Other temporary differences	98	146
195	**189**	**Total negative temporary differences**	**202**	**197**
0	0	Loss carried forward	55	0
195	**189**	**Deferred tax benefit**	**202**	**197**
53	51	Deferred tax / deferred tax benefit:	55	53
11	25		27	11

Deferred tax/tax benefit is calculated on the basis of the temporary differences which exist at the end of the accounting year between accounts-related and tax-related values through the application of the debt method. Deferred tax is shown in the accounts on a net basis when the Group has a legal right to set off the deferred tax benefit against deferred tax in the balance sheet.

NOTE 30 - Fixed assets

Parent bank						*Group*
31.12.14						**31.12.14**
Total	**Mach. eqt. fixtures and cars**	**Buildings and other real estate**		**Buildings and other real estate**	**Mach. eqt . fixtures and cars**	**Total**
304	241	63	= Acquisition cost as at 01.01.14	126	220	346
12	12	0	+ additions	0	12	12
1	1	0	- disposals	0	1	1
315	**252**	**63**	**Acquisition cost as at 31.12.14**	**126**	**231**	**357**
274	221	53	Accumulated depreciation/write-down as at 01.01.14	93	173	266
10	9	1	+ ordinary depreciation *1)*	1	9	10
1	1	0	Write down	0	1	1
283	**229**	**54**	**Accumulated depreciation/write-down as at 31.12.14**	**94**	**181**	**275**
32	**23**	**9**	**Book value as at 31.12.14**	**32**	**50**	**82**
	10-33 %	3-4 %		3-4 %	10-33 %	
	3-10 år	30 år		30 year	3-10 år	

*) The useful life of each asset in assumed

Parent bank						*Group*
31.12.13						**31.12.13**
Total	**Mach. eqt. fixtures and cars**	**Buildings and other real estate**		**Buildings and other real estate**	**Mach. eqt . fixtures and cars**	**Total**
313	247	66	= Acquisition cost as at 01.01.12	129	226	355
9	9	0	+ additions	0	9	9
18	15	3	- disposals	3	15	18
304	**241**	**63**	**Acquisition cost as at 31.12.13**	**126**	**220**	**346**
280	225	55	**Accumulated depreciation/write-down as at 01.01.13**	95	177	272
12	11	1	+ ordinary depreciation *1)*	1	11	12
0	15	3	Write down	3	15	18
274	**221**	**53**	**Accumulated depreciation/write-down as at 31.12.13**	**93**	**173**	**266**
30	**20**	**10**	**Book value as at 31.12.13**	**33**	**47**	**80**
	10-33 %	3-4 %	Rates applied to ordinary depreciation	3-4 %	10-33 %	
	3-10 year	30 year	Economic life *1)*	30 year	3-10 year	

*) The useful life of each asset in assumed

NOTE 30.1 - Fixed assets held for sale

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
57	41	Book value as at 01. 01	96	112
4	5	Additions	5	4
-20	-1	Disposals	-6	-20
0	0	Net gains/losses on changes in market value	0	0
41	**45**	**Book value as at 31.12**	**95**	**96**

NOTE 31 - Other assets

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
41	1	Sundry suspense accounts	1	41
4	1	Various debitors	1	4
8	5	Prepaid costs	6	8
53	**6**	**Total other assets**	**8**	**53**

NOTE 32 - Foreign exchange

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 Helgeland Sparebank. See Note 2.3.1 foreign exchange risk.

NOTE 33 - Liabilities to credit institutions

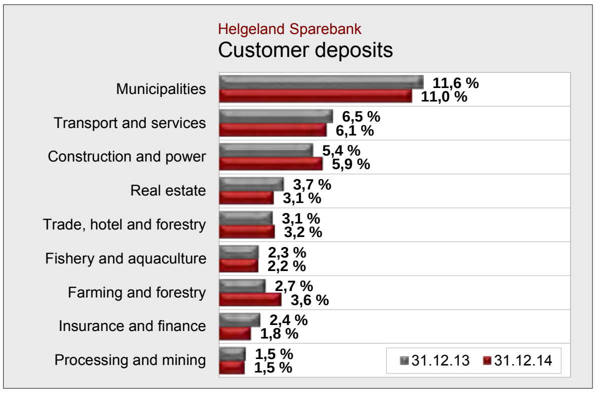
Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
0	0	Liabilities to credit institutions – without agreed maturities	2	0
0	0	Loan's Norges Bank	0	0
647	0	Liabilities to Norges Bank in connection with the government package of measures	0	647
0	0	Liabilities to Kredittforening for Sparebanker – with maturities over 6 months	0	0
647	**0**	**Total**	**0**	**647**

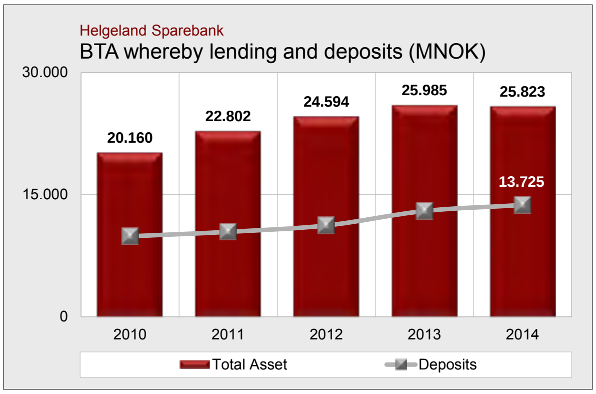
NOTE 34 - Deposit from customers

NOTE 34.1 - Deposit from customers split by sector/industry

Parent bank					*Group*			
%	**31.12.13**	**%**	**31.12.14**	Deposit from customers split by sector/industry	**31.12.14**	**%**	**31.12.13**	**%**
4.1%	546	3.4%	474	Financial institutions	250	1.8%	306	2.4%
11.4%	1 510	10.8%	1 505	Municipalities and municipal enterprise	1 505	11.0%	1 510	11.6%
2.2%	295	2.2%	308	Agriculture and forestry	308	2.2%	295	2.3%
2.6%	345	3.5%	489	Fisheries and aquaculture	489	3.6%	345	2.7%
1.5%	198	1.4%	202	Mining and industry	202	1.5%	198	1.5%
5.3%	696	5.8%	810	Building and construction	810	5.9%	696	5.4%
3.0%	397	3.1%	437	Trade, hotel, restaurants.	437	3.2%	397	3.1%
6.4%	842	6.0%	841	Property, property development	841	6.1%	842	6.5%
3.8%	499	3.2%	450	Transport and services	428	3.1%	480	6.7%
59.8%	7 920	60.5%	8 455	Retail market	8 455	61.6%	7 920	61.0%
100.0%	**13 248**	**100%**	**13 971**	**Total**	**13 725**	**100%**	**12 989**	**100%**

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





<u>Deposits from customers as of 31.12.14</u>

Deposits from customers amount to NOK 13.7 (12.9) billion, of which NOK 5.3 (5.1) billion has been lent to business customers. The graph above shows the sector subdivision, with growth in municipal deposits during 2014. The share of private customer deposits amounts to 61.6 (61.0)%. Of the deposits, 91.6 (92.2)% consist of deposits from customers in Helgeland.

NOTE 34.2 - Geographical exposure deposits from and liabilities to customers

Parent bank			*Group*	
31.12.14	**%-share**		**31.12.14**	**%-share**
12 792	91.6%	Helgeland	12 567	91.6%
1 071	7.7%	Areas other than Helgeland	1 052	7.7%
108	0.8%	International	106	0.8%
13 971	**100%**	**Total**	**13 725**	**100%**

Parent bank			*Group*	
31.12.13	**%-share**		**31.12.13**	**%-share**
12 211	92.2 %	Helgeland	11 973	92.2 %
933	7.0 %	Areas other than Helgeland	914	7.0 %
104	0.8 %	International	102	0.8 %
13 248	**100.0 %**	**Total**	**12 989**	**100.0 %**

NOTE 34.3 - Deposits from and liabilities to customers

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
4 889	5 231	Ordinary terms without notice of withdrawal or agreed maturities	5 231	4 889
7 744	7 939	Special terms for customer deposits without agreed maturities	7 693	7 485
615	801	Special terms for customer deposits with agreed maturities	801	615
13 248	**13 971**	**Total deposits from customers**	**13 725**	**12 989**

NOTE 35 - Financial liabilities incurred through the issuance of securities

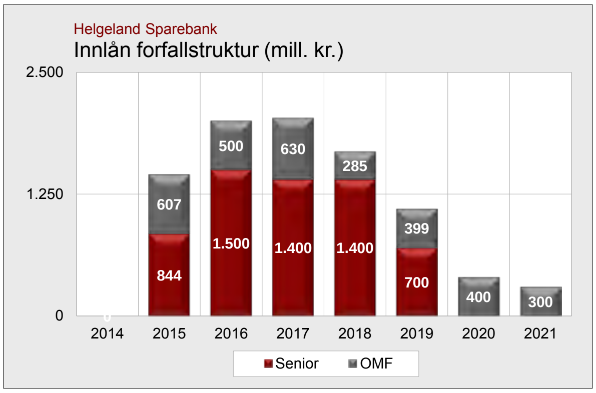
Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
7 022	6 472	Bond loans	10 111	10 709
-661	-457	Own bonds	-968	-1 156
6 361	**6 015**	**Total deposits from customers**	**9 143**	**9 553**

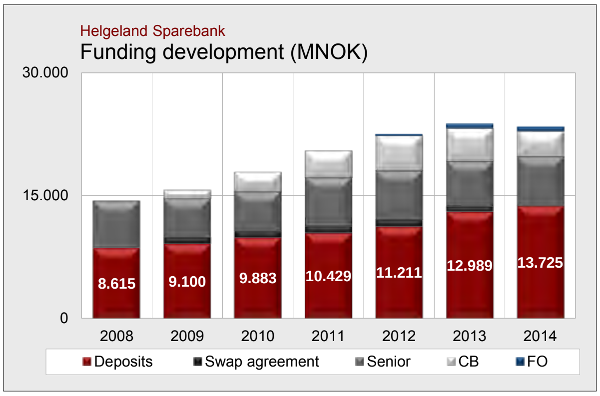
NOTE 35.1 - Details of bond loans

				Group 31.12.14
	Maturity	Bond loans	Own portfolio	Net Nominal
Bond Loans, frn	2015	1 500	585	915
Bond Loans, fixed interest rate	2015	200	98	102
Bond Loans, frn	2016	1 500	0	651
Bond Loans fixed interest rate	2016	1 000	0	1 000
Bond Loans, frn	2017	1 800	270	1 130
Bond Loans fixed interest rate	2017	500	0	500
Bond Loans, frn	2018	1 300	15	1 185
Bond Loans, fixed interest rate	2018	400	0	400
Bond Loans, fixed interest rate	2019	400	0	400
Bond Loans, frn	2019	800	0	800
Bond Loans, frn	2020	500	0	500
Bond Loans, frn	2021	300	0	300
Total Bond loans		**10 200**	**968**	**9 232**

NOTE 35.1 - Details of bond loans

				Group 31.12.13
	Maturity	Bond loans	Own portfolio	Net Nominal
Bond Loans, frn	2014	2 539	561	1 978
Bond Loans, frn	2015	2 100	110	1 990
Bond Loans, fixed interest rate	2015	200		200
Bond Loans, frn	2016	751	100	651
Bond Loans fixed interest rate	2016	1 000		1 000
Bond Loans, frn	2017	1 300	170	1 130
Bond Loans fixed interest rate	2017	500		500
Bond Loans, frn	2018	1 300	115	1 185
Bond Loans, fixed interest rate	2018	400		400
Bond Loans, fixed interest rate	2019	700	100	600
Total Bond loans		**10 790**	**1 156**	**9 634**





Maturity structure per 31.12.14

Liquidity risk is reduced by spreading securities debt in different markets, funding sources, instruments and maturities. The Group's share of long-term funding at 31.12.14 was 83.8 (80.7)%.
Covered bonds are included in the securities debt of the Group with 3,395 (4,011) million. LTV of the cover assets 52 (52)%.

				Parent Bank
				31.12.14
	Maturity	Bond loans	Own portfolio	**Net Nominal**
Bond Loans, frn	2015	1 000	259	741
Bond Loans, fixed interest rate	2015	200	98	102
Bond Loans, frn	2016	500		500
Bond Loans fixed interest rate	2016	1 000		1 000
Bond Loans, frn	2017	500	100	900
Bond Loans fixed interest rate	2017	500		500
Bond Loans, frn	2018	1 000		1 000
Bond Loans, fixed interest rate	2018	400		400
Bond Loans, fixed interest rate	2019	400		400
Bond Loans, frn	2019	300		300
Total Bond loans		**6 300**	**661**	**5 843**

				Parent Bank
				31.12.13
	Maturity	Bond loans	Own portfolio	**Net Nominal**
Bond Loans, frn	2014	1 500	561	939
Bond Loans, frn	2015	1 000		1 000
Bond Loans, fixed interest rate	2015	200		200
Bond Loans, frn	2016	500		500
Bond Loans fixed interest rate	2016	1 000		1 000
Bond Loans, frn	2017	500		500
Bond Loans fixed interest rate	2017	500		500
Bond Loans, frn	2018	1 000	100	900
Bond Loans, fixed interest rate	2018	400		400
Bond Loans, fixed interest rate	2019	200		200
Total Bond loans		**6 800**	**661**	**6 139**

NOTE 35.2 - Unutilised drawing rights facilities

		Group and Parent bank
	31.12.14	**31.12.13**
Short-term drawing rights facility 1 year	300	300
Total drawing rights facilities as at 31.12	**300**	**300**

The Group’s total liquidity reserves are deemed satisfactory.

In addition the Group has	**31.12.14**	**31.12.13**
Surplus liquidity at Norges Bank as at 31.12	49	49

Bonds at floating rates of interest; interest rates are fixed in advance for 3-6 months at the time and the interest cost charged to interest costs.
The Bank's bonds are repaid at maturity; if the agreements in question permit and if the Bank should so wish the loans may be repaid earlier.
None of the Group's bonds are secured.
The Group has not defaulted on borrowed funds during the accounting year. This applies to principal amount the payment of interest and/or redemption amount.

NOTE 36 - Other liabilities

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
68	23	Other short –term liabilities	23	68
53	52	Tax payable	67	73
121	**75**	**Total other liabilities**	**90**	**141**
10	10	Accrued holiday pay and employers' social security contributions	10	10
8	19	Other incurred costs	19	8
18	**29**	**Total incurred costs and prepaid income**	**29**	**18**
53	107	Pension liabilities (note 12)	107	53
0	0	Provisions for losses on guarantees	0	0
53	**107**	**Total incurred liabilities**	**107**	**53**
193	**211**	**Total other liabilities**	**224**	**206**

Secured debt
An overview of the Group's secured debt is provided in Note 41

Binding agreements to acquire real property, plant and equipment
As of 31 December 2014, the Group had not entered into any significant binding agreements to acquire property, plant or equipment.

Ongoing legal disputes
Helgeland Sparebank has not been involved in administrative matters, proceedings or arbitrations over the past 12 months, the bank has also not aware that it is filed or notified of such cases, which may have or have recently had a significant impact on the Bank and / or the financial position or profitability.

NOTE 37 - Subordinated loan capital and fund bond loans

Parent bank						*Group*
Instrument	**Year of**	**Nominal value**	**Interest rate**	**Redemption right**	**31.12.14**	**31.12.13**
Subordinated loan	2013	NOK 300 million	3-mth. NIBOR +200 basis	Soft call 12.06.18	300	300
Hybrid Tier 1 security	2013	NOK 220 million	3-mth NIBOR +520 basis	Soft call 28.03.17	219	219
					519	**519**

NOTE 38 - Equity capital

NOTE 38.1 - Capital adequacy

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
187	187	EC-capital	187	187
845	845	Premium Fund	845	845
-1	-4	Own ECs	-4	-1
1 031	**1 028**	**Total paid-in capital**	**1 028**	**1 031**
415	438	Savings Bank's Fund	438	415
162	183	Reserve for valuation variances	158	154
23	28	Donations Fund	28	23
269	338	Dividend equalisation reserve	338	269
34	47	Cash dividend	47	34
0	0	Other equity capital	85	62
903	**1 034**	**Total accrued equity capital**	**1 094**	**957**
1 934	**2 062**	**Total equity capital**	**2 122**	**1 988**
-162	-183	Reserve for vauluation variances	-158	-154
-53	-25	Deferred tax assets	-31	-53
-69	-40	Shares in financial institutions	-38	-69
	32	Transistion Rule; share net of non significant assets	30	
-39	-55	Cash dividend/gift employee	-59	-39
1 611	**1 791**	**Total core tier one**	**1 866**	**1 673**
	14	Shares in financial institutions	-13	
	-16	Transistion Rule; share net of non significant assets	-15	
218	219	Hybrid capital	219	218
1 829	**1 980**	**Total core capital**	**2 057**	1 891
300	300	Subordinated dept.	300	300
65	66	Weight assets calculation basis *	57	61
-69	-8	Shares in financial instutions	-7	-69
	-16	Transistion Rule; share net of non significant assets	-15	
0	0	Additional	0	0
296	**342**	**Total net supplementary capital**	**335**	**292**
2 125	**2 322**	**Total net equity and related capital**	**2 392**	**2 193**
12 715	12 790	Weighted asset calculation basis	13 929	13 640
12.67%	14.00%	Core tier one Capital ratio	13.40%	12.26%
14.38%	15.48%	Core capital ratio	14.77%	13.86%
16.71%	18.15%	Capital ratio	17.17%	16.00%

Capital for 2014: Basel III, 2013 have not been restated and are i.h.t. Basel II

Irrespective of how good the Bank's risk management is, unexpected losses may be incurred, which means that the Group must have sufficient equity. As part of the Basel II project, the need for supplementary capital for the different risk areas has been assessed. The assessments are supported by various internal evaluations and calculation methods. A summary of this has been made in the Bank's ICAAP, which is the Board of Directors' document for the documentation of calculated capital requirements and the plan for capital management. On the basis of these assessments, the Bank has specified targets for capital adequacy.

The weighting of the Bank's asset and off-balance-sheet items has been undertaken in accordance with Basel II regulations, established by Kredittilsynet (the Financial Supervisory Authority of Norway).

Capital adequacy indicates the Group's solvency in relation to the risk-weighted asset base.

NOTE 38.2 - Risk-weighted calculation basis, capital adequacy requirements, Basel II

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
0	0	States and central banks	0	0
61	92	Local and regional authorities (including municipalities)	92	61
1 428	1 136	Institutions	963	851
2 729	2 787	Enterprises	2 787	2 731
2 172	1 728	Mass market loans	1 773	2 238
5 062	5 415	Loans secured by real property	6 954	6 729
161	149	Loans overdue	149	161
198	160	Covered bonds	134	116
0	0	Units in securities funds	0	0
511	414	Other loans and commitments	138	307
12 321	**11 881**	**Capital requirement credit risk**	**12 990**	**13 195**
696	909	Capital requirement operational risk 1)	938	748
-303	0	Deducted from capital requirement	0	-302
12 715	**12 790**	**Total capital requirement**	**13 929**	**13 640**

The capital requirement has been calculated on the basis of the standardised approach for calculating credit risk and the basic indicator approach for calculating operational risk

NOTE 38.3 - Capital management

Group

The bank's Board of Directors has determined a capital plan for 2014 – 2018, where satisfaction of the new capital requirements in Norway caused by the CRD IV is central. The Board of Directors has determined new capital goals, where the aim is a CET1 capital ratio (HSB group) of least 12.5% and a total capital ratio of at least 18%. The Group has strengthened its core tier one capital adequacy to 13.4% (12.3), which is well above the minimum statutory requirement (currently 10%), and well above the new minimum requirements of 11% from 1 July 2015. Tier one capital adequacy was 14.8% (13.9). Total assets was 17.2% as of 31.12.14, compared with 16.0% as of 31.12.13. The Group is planning to further strengthen the tier one capital by building capital via operations.

NOTE 39 – EC-holders

NOTE 39.1 – EC-owner according to the number of certificates held

				Parent bank
				31.12.14
	Number of EC-owners		**Number of ECs**	
Breakdown acc to number of ECs held	**Share**	**Share - %**	**Share**	**Share - %**
1 – 1 000	1 577	75.4 %	543 027	2.9 %
1 001 – 10 000	434	20.7 %	1 232 762	6.6 %
10 001 – 50 000	46	2.2 %	930 733	5.0 %
50 001 – 100 000	15	0.7 %	914 934	4.9 %
100 001 – 500 000	20	1.0 %	15.078 544	80.6 %
Total	**2 092**	**100 %**	**18 700 000**	**100 %**

				Parent bank
				31.12.13
	Number of EC-owners			Number of ECs
Breakdown acc to number of ECs held *	**Share**	**Share - %**	**Share**	**Share - %**
1 – 1 000	1 750	76.5 %	535 890	2.9 %
1 001 – 10 000	438	19.1 %	1 312 305	7.0 %
10 001 – 50 000	66	2.9 %	1 244 716	6.7 %
50 001 – 100 000	12	0.5 %	732 059	3.9 %
100 001 – 500 000	22	1.0 %	14 875 030	79.5 %
Total	**2 288**	**100.0 %**	**18 700 000**	**100.0 %**

Trading in Helgelands Sparebank's ECs

The price as at 31.12.14 was NOK 55,0 (47.2) per EC's EC's Price trend graph for Helgeland Sparebank and the price trend for the financial sector on Oslo Stock Exchange. The equity certificate HELG has had a price increase on the stock exchange after the turn of the year. Sparebankstiftelsen Helgeland conducted the last part of the down sale in 2014, and now owns 35.3% of the equity certificates in HELG.

Market-making agreement

Helgeland Sparebank has entered into a market-making agreement relating to trading in the Bank's EC's. The purpose of the agreement is to ensure liquidity in the paper and to even out the levels of offers and bids and to contribute to the marketing of the EC's. Furthermore according to the agreement every effort will be made to keep the difference between buying- and selling prices to maximum 4 percentage points but rounded up or down to the natural amount. The difference may nevertheless be kept smaller if the market interest should warrant it. The price set should at all times reflect the market's assessment of the Bank's EC's.

Returns and dividend policy

It is a priory area to practise sound management of our Equity Certificates, among other things by practising a policy of Equity Certificate ownership that helps create better liquidity in the Bank's Equity Certificate.
The Bank wishes to maintain an open dialogue with the Equity Certificate holders and other market participants. It is our belief that providing correct and relevant information at the right time creates confidence and predictability and contributes to a correct pricing of Helgeland Sparebank'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 Børs and then be posted on the Bank's website. The Bank has been listed 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.
Given the regulatory requirements which require the banks to strengthen their core tier one capital adequacy, the board has decided to propose a reduced dividend level also for 2014 in line with the bank's capital plan. Strengthened equity over operations as well as low growth allows a higher pay-out ratio than in 2013.

NOTE 39.2 –EC-owners

Parent bank

As a result of the amendment of the Act on Financial Institutions and financial institutions, the rules for calculating the yield of the equity share capital and donations for charitable purposes changed with effect from 2009. Following these rules, this year's dividend funds are allocated between equity capital and primary capital by the ratio of equity capital plus share premium reserve and the primary fund plus the compensation fund.
EC capital amounts to 935 million and is spread over approx. 2 090 owners. Note 39.3 shows the list of the 20 largest equity certificate holders.

NOTE 39.3 - The 20 largest EC-owners

Parent bank

31.12.14

	Number	% share		Share	% share
Sparebankstiftelsen Helgeland	6 599 598	35.5 %	Lamholmen AS	366 734	2.0 %
Pareto AS	1 070 838	5.7 %	Helgelandskraft AS	340 494	1,8 %
MP Pensjon PK	1 032 203	5.5 %	AS Atlantis Vest	335 000	1.8 %
UBS AG, London Branc A/C	1 000 000	5.3 %	Bergen Kommunale pensj.	250 000	1.3 %
Citibank	776 441	4.2 %	Sniptind Holding AS	201 801	1.1 %
VPF Nordea Norge	570 365	3.1 %	Verdipapirfondet Pareto	153 000	0.8 %
Merrill Lynch Prof.	530 113	2.8 %	Johs. Haugerudsvei AS	141 081	0.8 %
Pareto online AS	500 000	2.7 %	Mellum Mølle AS	124 000	0.7 %
Sparebankstiftelsen DNB	442 724	2.4 %	Mellem Nes invest	118 200	0.6 %
Verdipapirfondet Eika	415 956	2.2 %	Steffen Nervik	110 000	0.6 %
total 10 lagrest owners	**12 938 234**	**69.2 %**	**Total 20 lagrest owners**	**15 078 544**	**80.6 %**

The bank has issued a total of 18 700 000 primary certificates value of NOK 10,-.

Parent bank

31.12.13

	Number	% share		Share	% share
Sparebankstiftelsen Helgeland	9 599 598	51.3 %	Sniptind Holding AS	179 780	1.0 %
MP Pensjon	902 203	4.8 %	Holberg Norge Verdipapirfond	168 600	0.9 %
Sparebankstiftelsen DNB	442 724	2.4 %	Johs. Haugerudsvei a	160 992	0.9 %
AS Atlantis Vest	440 500	2.4 %	Utbyttekapital AS	154 643	0.8 %
Pareto AS	420 000	2.2 %	VPF Nordea Norge	127 750	0.7 %
Citibank	391 138	2.1 %	Norsk Utbyttekapital	125 103	0.7 %
Helgelandskraft AS	340 494	1.8 %	Sparebanken Vest aksjer	125 000	0.7 %
Nordic Financials AS	318 212	1.7 %	AS Flu	118 200	0.6 %
Verdipapirfondet Eik	222 724	1.2 %	Alsing Ruth Søndergaard	111 926	0.6 %
Bergen kommunale pensj.	200 000	1.1 %	Melum Mølle AS	110 240	0.6 %
total 10 lagrest owners	**13 277 593**	**71.0 %**	**Total 20 lagrest owners**	**14 659 827**	**78.4 %**

The bank has issued a total of 18 700 000 primary certificates value of NOK 50,-.

In February, the bank announced a write-down in the nominal value of the equity certificates. Equity share capital is reduced by NOK 748 million, from NOK 935 million to NOK 187 million, as a result of the change in the nominal value of the equity certificates from NOK 50 to NOK 10. The reduction amount was used as an appropriation to the premium fund. The equity certificates' collective capital was not affected and remained unchanged. The write-down was carried out to increase the Group's flexibility on the equity side and was implemented during the third quarter 2013.

NOTE 39.4 - ECs owned by the Bank's elected representatives

			Group and Parent bank
			31.12.14
Name/Firm	**POSITION**		**Own ECs**
Furunes, Nils Terje	Bank's depositors	E	4 709
Svendsen, Tom	Bank's depositors	E	1 119
Høyen, Frank	Bank's depositors	E	822
Trønsdal, Øyvin	Bank's depositors	E	1 000
Juel, Iver A.	Bank's depositors	E	12 916
Arntsberg, Frank	Bank's depositors	E	1 500
Nybø, Svein Gunnar	Bank's depositors	I	504
Stanghelle, Helge	Bank's depositors	I	114
Møllersen, Ingvar	Bank's depositors		135
Ditlefsen, Roger	Bank's depositors	A	245
Eliassen, Einar	Bank’s depositors	A	245
Johansen, Bente	Bank's depositors	A	368
Stamnes, Tore	Bank's depositors	A	1 745
Sund, Liv	Bank's depositors	A	581
Myran, Morten	Bank's depositors	A	917
Michalsen, Thore	Chairman of the Board	S	2 135
Brattbakk, Ove	Deputy Chariman	S	2 052
Skjellstad, Monica	Member of the board	S	550
Heimdal, May	Member of the board	S	359
Flågeng, Lisbeth	DCEO	L	2 103
Brønnlund, Bjørn Tore	Management Team	L	510
Krogli, Ann Karin	Management Team	L	347
Heimstad, Dag Hugo	Management Team	L	610
Kråkstad, Ranveig	Management Team	L	110
Klausen, Sverre	Management Team	L	305
Ekroll, Anne	Management Team	L	1 085
Karlsen, Øyvind	Management Team	L	110

I = Elected from the Bank's depositors
L= Member of the Bank's senior management
S= Member of the Board of Directors
M= Member of the Control Committee
O= Elected from the public

NOTE 39.4 - ECs owned by the Bank's elected representatives

			Group and Parent bank
			31.12.13
Name/Firm	POSITION		Own ECs
Nils Terje Furunes	Bank's depositors	E	4 709
Tom Svendsen	Bank's depositors	E	1 119
Frank Høyen	Bank's depositors	E	822
Øyvin Trønsdal	Bank's depositors	E	1 000
Asbjørn Wangerud	Bank's depositors	E	1 500
Iver a. Juel	Bank's depositors	E	12 916
Frank Arntsberg	Bank's depositors	E	1 500
Drevland, Wenche	Bank's depositors	I	99
Stanghelle, Helge	Bank's depositors	I	114
Ditlefsen, Roger	Bank's depositors	A	245
Eliassen, Einar	Bank’s depositors	A	245
Johansen, Bente	Bank's depositors	A	368
Stamnes, Tore	Bank's depositors	A	1 745
Sund, Liv	Bank's depositors	A	581
Myran, Morten	Bank's depositors	A	917
Thore Michalsen	Chairman of the Board	S	2 135
Ove Brattbakk	Deputy Chariman	S	2 052
Monica Skjellstad	Member of the board	S	550
May Heimdal	Member of the board	S	359
Furunes, Jan Erik	CEO	L	1 360
Flågeng, Lisbeth	DCEO	L	2 103

I = Elected from the Bank's depositors
L= Member of the Bank's senior management
S= Member of the Board of Directors
M= Member of the Control Committee
O= Elected from the public

NOTE 39.5 - Dividend

	Parent bank	
	31.12.14	**31.12.13**
Equity in the balance sheet + Subordinated loan capital	2 062	1 935
Deduction (Subordinated loan capital /fund for evaluation differences/dividends on PCC)	-238	-201
Total adjusted equity	**1 824**	**1 733**
EC-capital	187	187
Premium Fund	845	845
Dividend equalisation reserve	338	269
Total	**1 370**	**1 302**
EC percentage 31.12	75.1%	75.1%
EC percentage 01.01	75.1%	75.1
Calculation of dividend:		
Profit	196	175
Transferred from equalisation fund	0	0
Basis dividend	196	175
Calculated dividende	47	34
Dividend equalisation reserve	100	97
Dividend provision per. EC	7.85	7.03
Cash dividend	2.50	1.80
Equalisation reserve	5.35	5.23

NOTE 39.6 - Key figures EC

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
47.2	55.0	EC price quoted on the stock exchange	55.0	47.2
6.7	7.0	P/E (price as at 31.12 divided by profit per EC)	6.3	6.1
0.6	0.7	P/B (price as at 31.12. divided by book value of equity capital)	0.7	0.6
75.1	75.1	EC percentage 31.12	75.1	75.1
76.3	80.9	Equity capital per EC, in Norway currency	83.2	78.5
7.0	7.9	Cash dividend	8.7	7.8
7.0	7.9	Equalisation reserve	8.7	7.8

NOTE 40 - The Bank's guarantee liabilities according to different types of guarantee

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
163	160	Payment guarantees	160	163
140	138	Contract guarantees	138	140
163	149	Loan guarantees	149	163
21	20	Other guarantee liabilities	20	21
488	**467**	**Total guarantee liabilities *)**	**467**	**487**

31.12.13	**31.12.14**	**SBGF**	**31.12.14**	**31.12.13**
0	0	Guarantee issued in favour of SBGF	0	0

The SBGF fee are collected in 2014.

NOTE 41 - Assets pledged as collateral security

Parent bank			Group	
31.12.13	31.12.14		31.12.14	31.12.13
		Bonds pledged as collateral security for:		
520	545	D-loan from Norges Bank	545	520
520	**545**	**Total assets pledged as collateral security**	**545**	**520**

NOTE 42 - Events after the balance sheet date

Parent bank and group

The Group and the Parent bank are not aware of events after the balance sheet date that influence the financial statements

It is proposed to distribute a cash dividend of NOK 46.7 (33.7) million of the year's profits to the Equity Certificate holders in Helgeland Sparebank. It is furthermore proposed to make provision of NOK 15 (11) million to a charitable foundation. The proposal had not been adopted as of the end of the reporting period and for this reason the items have not been carried as liabilities, but are included in equity.

NOTE 43 - Balance sheet divided into short and long term

Parent bank			Group	
31.12.13	31.12.14		31.12.14	31.12.13
		Assets		
98	103	Cash and balances at central banks	103	99
1 273	1 358	Loans to and claims on credit institutions	675	607
2 999	2 917	Loans to and claims on customers	3 061	4 064
1 755	1 464	Certificates, bonds and shares available for sale	1 397	1 405
6 125	**5 842**	**Total short term assets**	**5 236**	**6 175**
12 864	13 660	Loans to and claims on customers	17 670	16 533
213	161	Financial derivatives	161	213
3 096	2 539	Certificates, bonds and shares available for sale	2 338	2 627
164	182	Investments in associated companies	178	155
346	348	Investments in subsidiaries	0	0
53	25	Deferred tax benefit	27	11
71	76	Fixed assets	177	176
53	6	Other assets	9	53
16 860	16 996	**Total long term assets**	**20 560**	**19 768**
22 985	**22 838**	**Grand total assets**	**25 796**	**25 943**
		LIABILITIES AND EQUITY CAPITAL		
647	0	Liabilities to credit institutions	2	647
13 248	13 964	Deposits from customers and liabilities to customers	13 725	12 975
977	843	Borrowings through the issuance of securities	1 017	1 727
193	211	Other liabilities	225	206
15 051	**15 018**	**Total short term liabilities**	**14 969**	**15 555**
0	0	Liabilities to credit institutions	0	0
14	7	Liabilities fixes intrest	7	14
5 903	5 691	Borrowings through the issuance of securities	8 645	8 345
41	60	Financial derivatives	60	41
5 958	**5 758**	**Total long term liabilities**	**8 705**	**8 400**
21 009	**20 776**	**Grand total liabilities**	**23 674**	**23 955**
1 031	1 028	Paid-in equity capital	1 029	1 031
895	1 034	Accrued equity capital/retained earnings	1 089	955
1 926	**2 062**	**Total equity capital**	**2 118**	**1 986**
0		Non controlling interest	4	2
22 935	**22 838**	**Total liabilities and equity capital**	**25 796**	**25 943**

Helgeland Sparebank - Responsibility Statement from the Boards of Directors and the CEO

We confirm, to the best of our knowledge, which the financial statements for the period 1 January to 31 December 2014 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 includes 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, 24th February 2015

Thore Michalsen *Chairman of the Board*	Ove Brattbakk *Deputy Chairman of the Board*	Gislaug Øygarden
Monica Skjellstad	Stein Andre Herigstad-Olsen	May Heimdal *Employee Representative*

Lisbeth Flågeng
Chief Executive Officer

To the Board of Trustees of Helgeland Sparebank

Report from the Control Committee regarding annual Financial statement 2014.

The Control Committee has during the year supervised the Bank's operations in accordance to the Savings Bank's Acts and applicable instructions.

The Bank's operations have been in accordance to the Savings Bank's Acts, the Bank's statute, Board of Trustees decisions and other applicable regulations.

The Control Committee has examined the Profit and Loss Account, the Balance sheet for 2014 and the minutes of the Bank's Board of Directors and recommends that prepared the financial statements determined that the Bank's account for 2014.

The Control Committee considers the Board's assessment of the Bank's financial position adequate.

Mo i Rana 2. March 2015

Frank Høyen Kåre J. Åsli Nina Lunde

To the Annual Shareholders' Meeting of Helgeland Sparebank

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Helgeland Sparebank, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2014, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for the parent company and the group Helgeland Sparebank as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Mo i Rana, 2 March 2015
PricewaterhouseCoopers AS

Per Erik Pedersen
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Profit and loss account items as a percentage of average assets

Parent bank								*Group*
2011	**2012**	**2013**	**2014**		**2014**	**2013**	**2012**	**2011**
4.21	4.18	4.07	4.01	Interest receivable and similar income	4.17	4.25	4.27	4.26
2.70	2.72	2.47	2.36	Interest payable and similar costs	2.41	2.51	2.76	2.76
1.52	**1.45**	**1.59**	**1.64**	**Net interest- and credit commission income**	**1.75**	**1.74**	**1.51**	**1.50**
0.36	0.39	0.39	0.40	Commissions receivable and income from banking services	0.35	0.35	0.34	0.34
0.06	0.04	0.04	0.04	Commissions payable and costs relating to banking services	0.04	0.04	0.04	0.06
0.30	**0.34**	**0.34**	**0.35**	**Net commission income**	**0.31**	**0.31**	**0.30**	**0.28**
0.03	0.03	0.17	0.29	Gains/losses on financial instruments	0.17	0.06	0.00	-0.04
0.02	0.01	0.02	0.06	Other operating income	0.03	0.03	0.03	0.02
1.06	1.03	0.97	1.09	Other operating costs	1.01	0.95	0.96	1.02
0.14	0.13	0.12	0.19	Losses on loans gurantees etc	0.17	0.13	0.11	0.13
0.67	**0.68**	**1.02**	**1.07**	**Result from ordinary operations before tax**	**1.08**	**1.05**	**0.77**	**0.62**
0.19	0.20	0.24	0.22	Tax payable on ordinary result	0.26	0.29	0.22	0.19
0.48	**0.49**	**0.78**	**0.84**	**Result from ordinary operations after tax**	**0.83**	**0.77**	**0.55**	**0.43**

Parent bank								*Group*
2011	**2012**	**2013**	**2014**	(Amounts in NOK million and %)	**2014**	**2013**	**2012**	**2011**
20 630	21 517	22 985	22 864	Total assets as at 31.12	25 823	25 985	24 594	22 802
19 733	20 963	22 407	23 219	Average assets	26 146	25 290	23 553	21 425
14 487	14 833	15 970	16 669	Gross lending	20 828	20 708	19 842	18 149
-39	-21	-40	-24	Individual write-downs	-24	-40	-21	-39
-60	-66	-67	-68	Period's change in collective write downs	-72	-71	-66	-60
-10	0	0	0	Individual write-downs on gurantees	0	0	0	-10
73.5%	77.6%	83.0%	83.8%	Deposit coverage as a percentage of gross loans	65.9%	62.7%	56.5%	57.5%
54.4%	52.2%	55.8%	59.2%	Loans to retail banking customers	67.1%	65.6%	63.9%	63.5%
5.9%	2.4%	7.7%	4.4%	Growth in gross loans	0.6%	4.4%	9.3%	9.1%
5.8%	8.0%	15.1%	5.5%	Growth in customer deposits	5.7%	15.9%	7.5%	5.5%
1 525	1 725	2 125	2 322	Core capital and related capital as at 31.12	2 392	2 183	1 762	1 537
11 847	12 546	12 715	12 790	Weighted asset calculation basis	13 929	13 640	13 401	12 960
57.4%	58.3%	55.3%	55.9%	Weighted asset calculation basis as a perc. of av. assets	53.9%	52.5%	54.5%	56.8%
12,5%	11,9%	12,7%	14 0%	Core tier one capital ratio	13.4%	12.3%	11.5%	11,6%
12.5%	13.7%	14.4%	15 5%	Core capital ratio	14.8%	13.9%	13.1%	11.6%
12.9%	13.8%	16.7%	18 2%	Capital ratio	17.2%	16,0%	13,1%	11.9%
8.1%	8.1%	8.4%	9 0%	Equity capital ratio	8.2%	7,7%	7.2%	5.6%
5.8%	6.1%	9.5%	9.8%	Rate of return on equity capital	10.5%	10,4%	7,2%	5,6%
0.5%	0.5%	0.8%	0 8%	Return on assets	0.8%	0,8%	0.5%	0.4%
30.5	31.0	47.2	55.0	EC's price quoted on the Oslo Stock Exchange	55.0	47,2	31.0	30.5
8.0	7.5	6.7	7.0	P/E	6.3	6,1	6.3	8.2
0.5	0.5	0.6	0.7	P/B	0.7	0,6	0.5	0.5
74.9	75.1	75.1	75.1	EC percentage as at 31.12	75.1	75,1	75.1	74.9
65.4	69.1	76.3	80.9	Equity capital per EC in NOK	83.2	78,5	70.5	65.8
3.8	4.1	7.0	7.9	Result per EC's in NOK	8.7	7,8	4.9	3.7
3.8	4.1	7.0	7.9	Diluted result per EC's in NOK	8.7	7,8	4.9	3.7
1.9	1.3	1.8	2.5	Cash dividend				
1.9	3.1	5.2	5.4	Equalisation reserve				
1.1	1.0	1.0	1.1	Costs as a percentage of income	1.0	0,9	1.0	1.0
56.8	55.7	45.8	46.3	Cost in percentage of average total assets	44.6	44,5	53.9	57.7
177	177	177	168	Number of man-years	168	177	177	177
				As a percentage of gross loans:				
1.2	0.7	1.0	0.5	Gross commitments in default	0.4	0,7	0.5	0.9
0.9	0.6	0.8	0.4	Net commitments in default	0.3	0,6	0.5	0.7
0.7	0.6	0.7	0.6	Total write-downs	0.5	0,5	0.4	0.5
0.2	0.2	0.2	0.3	Losses on commitments	0.2	0,2	0.1	0.1

Definitions:

Average assets:	Average assets throughout the year
Core capital:	EC's capital Savings Bank's Fund and other Funds
Weighted calc basis:	Defined acc to FSAN's definitions rules and regulations
Capital adequacy ratio:	Equity/related capital as % of risk-weighted calculation basis
Equity capital percentage:	Equity capital as a percentage of assets
Return on equity capital:	Ordinary net result as a % of average equity capital
Return on total assets:	Ordinary net resultat as a % of average assets
Costs as % of income:	Total op costs as a % of net interest- and other income
Net comms in default:	Total commitments in default minus specific loss provisions

Elected representatives and senior management

Members of the Board of Trustees

Elected from the public sector:
Chairman: Bang, Grete
Deputy Chairman: Jacobsen, Anne påske

Elected from the Bank's depositors
Ivarrud, Håmund
Juvik, Kjell Idar
Møllersen, Ingvar
Robertsen, Inger
Stanghelle, Helge
Steinrud, Marianne
Vold, Laila Furu

Elected from the Bank's PCC-holders:
Arntsberg, Frank
Forbergskog, Brynjar
Furunes, Nils Terje
Høyen, Frank
Jacobsen, Anne Påske
Juel, Iver A.
Nybø, Svein G.
Svendsen, Tom
Trønsdal, Øyvin
Larsen, Inger Lise

Elected from the Bank's staff:
Ditlefsen, Roger
Eliassen, Einar
Johansen, Bente
Myran, Morten
Stamnes, Tore
Sund, Liv

Members of the Board of Directors:
Chairman: Michalsen, Thore
Deputy Chairman: Brattbakk, Ove

Other members of the Board of Directors:
Herigstad-Olsen, Stein Andre
Skjellstad, Monica
Øygarden, Gislaug
Heimdal, May

Members of the Control Committee:

Chairman:Høyen, Frank
Lunde, Nina
Åsli, Kåre

Senior management and key personnel:
Flågeng, Lisbeth, CEO
Brønlund, Bjørn-Tore
Krogli, Ann Karin,
Heimstad, Dag Hugo
Kråkstad, Ranveig
Klausen Sverre,
Ekroll, Anne
Karlsen, Øyvind