

Q1
2015

financial report

1. quarter 2015



Helgeland Sparebank

Interim report 1st quarter 2015

General information

Helgeland Sparebank is a traditional bank- and finance institution. The bank has 15 offices in 13 municipalities in the Norwegian region of Helgeland. It is the 12th largest savings bank in Norway.

The accounts are conducted in line with IFRS, hereunder IAS 34 with regards to interim reporting. More details about the accounting principles can be found in the annotations of the annual accounts. All numerical quantities are in reference to the HSB group if not otherwise stated. Numerical quantities in brackets apply to the corresponding period last year. The periodical accounts have not been audited.

Main features this year

The HSB group has a result before tax of MNOK 71. This is an improvement of MNOK 6 compared to the same period last year.

- The net interest is maintained in both NOK and percent
- Low write-downs on lending
- Increased lending growth to private customers this quarter
- Good deposit growth and a high deposit ratio
- Core tier one capital is strengthened and is well above regulatory requirements

The return on equity was 10.2 (9.9) % after tax, which is above the 10% target figure.

Profit per equity certificate was NOK 2.10 (1.90).

Other events this quarter

New real estate agency

The four local real estate agencies in Helgeland are merging. Helgeland Sparebank holds a stake on 34% in Helgeland Eiendomsformidling AS. This company and a 70 % owned daughter company is merging with Mo og Omegn Boligbyggelags, and Mosjøen Boligbyggelags brokerage to one enterprise.

The banks shareholding will become 40%, and Mo og Omegn Boligbyggelag and Mosjøen Boligbyggelag will own respectively 40 and 20%. The new real estate agency will be collocated with the bank in the 4 cities in Helgeland and will with its 23 employees offer a unique expertise on all kinds of brokerage on private housing. Eventually, the company will offer brokerage on business property.

New chairman

The CEO in Helgeland Kraft AS, Ove Brattbakk (59) has taken over as chairman in Helgeland Sparebank after Tore Michalsen that steps down

after maximum time possible in the board of directors. Brattbakk is from Mosjøen, and has been a member of the board since 2011 and deputy chairman since 2013. He is has a degree of Master of Science in engineering from NTH/NTNU, as well as business economist. He has more than 20 years of management experience as CEO in Helgeland Kraft AS, as well as directorships in several companies and interest organisations.

Key figures so far this year:

(Comparison per 31.03.2014)

- Net interest 1.76 (1.75) %
- Costs in percent of income 48.2 (44.5) %
- Write-downs on lending 0.00 (0.17) %
- 12-month lending growth 1.0 (0.2) %
- 12-month deposit growth 1.7 (0.9) %
- CET1 ratio 14.6 (12.2) %
- Capital ratio 18.1 (15.9) %

The net interest

Net interest and credit commission earnings are on the same level as this period last year both in NOK and percentage of total average assets.

In 2014 the bank conducted several interest changes. The last interest change was implemented with effect from March 2015.

The reduction of the lending interest rate is funded by a corresponding reduction of the interest rates on deposits.

Net commission earnings

Net commission earnings are increased both in NOK and percent. In percent of average total assets the net commission was 0.33 (0.30) %.

The increase is firstly related to provisions from the banks life insurance sales and sale of leasing and lien.

Net value change and profit/loss on financial instruments

Net income from financial instruments was MNOK 3. Compared with 31.02.2014 this is a reduction of MNOK 3.

Operating costs

Combined operating costs were MNOK 67 (62). Increased payroll tax from 01.07.14 gives an annual increase of costs of MNOK 10.

The bank meets the challenges in association to the costs with a number of measures. The manual cash service in the counters was terminated from January 1st 2015. In addition to natural resignations that have not been replaced, this has reduced the number of employees from first quarter 2014 with 10 annual positions.

The bank has also decided to discontinue one office in Hommelstø from June 1st 2015.

Operating costs in percent of average total assets were 1.05 (0.96) %, costs compared with income were 48.2 (44.5) %.

Absence due to sickness is on a low level, and ended at 3.5 (4.3) %.

Write-downs posted as expenses on commitments

The net effect of write-downs on lending is posted with MNOK 0.3 (11). The particularly low level of write-downs is caused by earlier loss recorded commitments of MNOK 4 posted as income.

Equity certificate – HELG

The EC capital constitutes MNOK 935 and is distributed on 2,166 owners. Note 19 shows an overview over the 20 largest EC owners. Sparebankstiftelsen Helgeland is the largest owner with 35.3% of the ECs in HELG. The price per 31.03.2014 was NOK 56.50, which is an increase of NOK 1.50 per EC since 31.12.14.

Balance development per 31.03.2015

The bank's total assets constitute NOK 25.5bn. The total assets have been reduced by MNOK 0.2 or -0.6 (4.3) %. The reduction in total assets is a consequence of lower growth.

Commitments

Gross lending by the end of the quarter constituted MNOK 21,040. Over the last 12 months the lending has increased with MNOK 283 or 1.4 (3.3) %. 84.0 (83.7) % of the group's lending is to customers in the Helgeland region. Of gross lending MNOK 14,156 or 67.3 (65.5) % constitute lending to retail customers, whereby MNOK 4,054 (19.3%) are transferred to Helgeland Boligkreditt AS. The growth in the retail market has in the last 12 months been lower than in the corresponding period last year, and were 4.1 (6.1) %. The growth in the retail market for the last 3 months are higher than first quarter 2014. The growth this quarter was MNOK 174 or 1.2% compared to MNOK 20 or 0.1% first quarter 2014.

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 still reduced by -3.8 (-1.6) %. 3-month growth is positive by 0.6%.

Deposits from customers

Over the last 12 months the deposits have increased by MNOK 852 or 6.5 (14.4) %. The HSB group has a local and stable depositor base, whereby 91.7 (91.9) % are deposits from customers in the Helgeland region. The general deposit growth is maintained as a result of measures with a focus on savings especially in the retail market. The deposit ratio is significantly

and was 66.3 (63.1) % in the HSB group and 83.2 (80.7) % in the parent bank.

The deposit growth in the retail market has been very good. 12-month deposit growth was 8.2 (6.3) %. Of the total deposits of NOK 13.9bn, NOK 8.6bn. or 61.8 (60.8) % are deposits by retail customers. 3-month deposit growth in the retail market was MNOK 169 or 2.0%.

12-month deposit growth in the corporate market was MNOK 197 or 3.8%.

Debt established by issuing securities

The banks deposit ratio is well above the target and customer deposits is an important source of funding. Additional funding is long term with a good diversification of the different sources. By the end of the quarter the share of loans over 1 year were 83.7 (81.7) %. The bank facilitates continuously adaption of approved mortgages for transferring to the fully owned mortgage company. Determined maximum limit for transferring mortgages is 30% of gross lending. 19% is transferred pr. 31.03.15. Empowered mortgages will increase the transfer up to 25%.

Rating

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

Subsidiaries and associated companies

The HSB group includes Helgeland Sparebank and the consolidated subsidiaries Helgeland Boligkreditt AS, ANS Bankbygg Mo, AS Sparebankbygg, Helgeland Sparebanks Eiendomsselskap AS, Helgeland Utviklingsselskap AS, and Storgata 73 AS. The bank owns 48% of Helgeland Invest AS and 34% of Eiendomsmeqleren Helgeland AS. The results from the associated companies are incorporated into the HSB group's corporate accounts corresponding to the bank's share of ownership.

Risk- and capital management

The HSB group's combined risk is managed through proxies, goals and frames determined by the Board of Directors. The combined capital requirement is found in the bank's ICAAP.

Liquidity and funding

The Board has adopted a liquidity management strategy that specifies the purpose, management objectives and risk tolerance for liquidity risk management. The bank's liquidity situation is considered good, and the share of long term funding is well above target. The group's combined liquidity reserves (cash, bank deposits and fixed income securities) constitute 3.9 (4.3) bn, or 15.2 (16.8) % of the

group's total assets. The combined duration on the fixed income portfolio is 2.1 (2.0) years.

Credit risk

The Group's strategy for credit risk is derived from the overall strategy and provides guidelines for the distribution of lending between the retail and corporate markets, exposure to industries (concentration risk) and geographical constraints. Lending to retail customers consist of a high share of well secured mortgages that give low risk in the portfolio.

The development in the bank's credit risk is followed closely.

Corporate customers are followed up closely on the individual level in addition to monitoring risk development based on the bank's scenario models per region and areas of responsibility, as well as significant industries. The bank is monitoring the development in relation to the determined steering goals for the portfolio.

The bank has a smaller portfolio of guaranteed currency loans. The equivalent value was MNOK 137 pr. 31.03.15. The portfolio is distributed on a line of customers where security is placed in real estate or/and deposits. The credit risk in this portfolio is considered as low.

Net loss is very low this period. This is because of partial input from earlier write-downs in commitments.

Net non-performing and other impaired commitments is at a relatively stable level and was MNOK 104 (118), which is equivalent to 0.5 (0.6) % of gross lending.

Solidity

The group has strengthened its CET1 ratio to 14.6 (12.2) %, which is well above the legal minimum requirement of 11% from 1 July 2015. The core capital ratio was 16.0 (13.8) %, and the total capital ratio was 18.1 (15.9) %.

The effect of unrealized gains is taken inn from first quarter 2015. This gives a positive effect in pure capital of 1% and the total capital ratio of 0.6%. It is still not clear if it will be transitional rules that limiting the use of unrealized gains as responsible capital. The value on unrealized gains is also affected by ongoing valuation. The bank will therefor take inn to account for these prospects in its buffer capital.

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. It will then become natural to revise the capital target so that it will become on level with comparable banks.

Prospects ahead

The competition of mortgage customers and solid corporate customers is expected to continue. The work with high outward activity and systematically processing of the banks customer portfolio goes on and is expected to contribute to the bank getting its share of the growth in Helgeland. A close teamwork with Mo og Omegn Boligbyggelags, and Mosjøen Boligbyggelags and collocation with the new real estate agency will access new mortgage customers.

The mortgage interest is adapted the competitive situation. Lower borrowing interest rates and market adaption of the deposit terms is contributing to that the net interest rate is expected to stay on the same level ahead. A weaker growth in the corporate market can challenge the level of the net interest rate.

The private customers' willingness to save is expected to continue, but the low interest rate makes it more attractive to save in other ways than bank deposits. An increased interest for fond savings in expected to continue. The willingness for pension savings is highly increasing both among private customers and companies.

The level of provision income is expected maintained.

A focus on cost-saving measures goes on. The bank will in the spring's strategy process determine new targets in the cost area.

Non-performing and other impaired commitments is still relatively low compared to gross lending. Wright-downs in lending are expected to stay on level with the industry.

The opportunities and economic prospects in Helgeland in 2015 are despite of weak cycles and low investments in the oil industry likely to be relatively good. This is because of a combination of high activity in the construction and environmental control sector, good growth potential and willingness to invest in the export companies. In the slightly longer term the regions resources in hydropower and metal production will give opportunities through increased focus on renewable energy. The maritime industries meets the challenges compared to biology and are expected through increased investment in science and development to add value in the region.

Ongoing processes in municipal amalgamation, hospital structure and impact of a new big airport in Helgeland will be of great significance for the regions development.

Unemployment remains low in the region, overall unemployment on level with Nordland County – 2.7% pr. 31.03.15, a slight decrease since the year end.

Governmental enterprises give a stable and diverse labour market, and the combined unemployment is expected to remain at a stable level even if we can see individual companies infected of reduced activity in the oil industry.

Historically, the house prices in Helgeland have over a long time been relatively stable compared to bigger cities in the north of Norway.

It has in the year's first quarter been a lower turnover of real estate compared to first quarter last year. Compared to 2014, prices of villas and apartments sold increased with respectively 5.8 and

2.3%. The turnover in the real estate market is expected to increase in second quarter. It is expected a continued stable development in the house prices in the region.

A low interest rate makes it possible to get in to the housing market, but the government's notification of increased equity requirement for housing purchases can give a challenge for young housing buyers.

Persistent low oil prices and therefor lower investment level in the oil and gas sector will set demands for change and transition also in our region. The land based industry's framework and willingness for change will be especially important for the development of the region.

Mo i Rana, April 28th 2015

Ove Brattbakk
Chairman of the Board

Stein Andre Herigstad-Olsen
Deputy Chairman of the Board

Eva Monica Hestvik

Bjørn Audun Risøy

Inga Marie Lund

Nils Terje Furunes

May Heimdal
Employee Representative

Lisbeth Flågeng
CEO

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PROFIT AND LOSS ACCOUNT (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.14	31.03.2014	31.03.15		31.03.15	31.03.14	31.12.14
930	230	211	Interest receivable and similar income	244	272	1 089
549	139	115	Interest payable and similar costs	132	159	631
381	91	96	Net interest- and credit commission income	112	113	458
92	22	24	Commissions receivable and income from banking services	24	22	92
10	2	2	Commissions payable and costs relating to banking services	2	2	10
82	19	21	Net commission income	21	19	82
68	5	2	Gains/losses on financial assets available for sale (note 3)	3	6	44
13	3	3	Other operating income	2	1	7
252	60	64	Operating costs (note 4)	67	62	263
44	11	0	Losses on loans, guarantees etc. (note 5)	0	11	44
248	47	58	Result before tax	71	66	283
52	13	15	Tax payable on ordinary result	18	18	67
196	34	43	Result from ordinary operations after tax	53	48	216
7.9	1.4	1.7	Yield per equity capital certificate (note 6)	2.1	1.9	8.7
7.9	1.4	1.7	Diluted result per ECC in Norwegian currency (note 6)	2.1	1.9	8.7
Extended Income Statement						
196	34	43	Result from ordinary operations after tax	53	48	216
<u>Items that are not subsequently reversed through profit or loss:</u>						
-57	0	0	Estimate variances, pensions will not be reversed over the income	0	0	-57
15	0	0	Tax on extended profit	0	0	15
-42	0	0	Net extended profit or loss items	0	0	-42
<u>Items that are not subsequently reversed through profit or loss:</u>						
28	14	-10	Net change in fair value available-for-sale fin. assets	-10	14	7
2	-1	2	Tax on extended profit	2	-1	2
30	13	-8	Net extended profit or loss items	-8	13	9
184	49	35	Total result for the period	45	61	183

BALANCE SHEET (amounts in NOK million)

Parent bank			Group			
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
ASSETS						
103	103	102	Cash and claims on central banks	102	103	103
1 358	1 113	915	Loans to and claims on credit institutions	510	601	675
16 577	16 431	16 958	Loans to and claims on customers (note 7,8,9,10)	20 948	20 640	20 731
101	180	114	Financial derivatives (note 16)	114	180	101
4 003	4 333	3 869	Certificates, bonds and shares available for sale	3 465	3 829	3 735
181	163	175	Investments in associated companies (note 12)	172	155	178
348	346	346	Investments in subsidiaries (note 12)			
25	10	25	Deferred tax benefit	30	10	30
76	68	80	Fixed assets (note13)	181	173	177
6	13	17	Other assets	16	14	8
22 778	22 760	22 601	Total assets	25 538	25 705	25 738
LIABILITIES AND EQUITY CAPITAL						
0	0	0	Liabilities to credit institutions	2	0	2
13 971	13 350	14 189	Deposits from customers and liabilities to customers (note 17,18)	13 952	13 100	13 725
6 015	6 757	5 602	Borrowings through the issuance of securities (note 15)	8 692	9 873	9 143
211	188	244	Other liabilities	255	199	227
519	519	519	Fundbonds and subordinated loan capital	519	519	519
20 716	20 814	20 554	Total liabilities	23 420	23 691	23 616
1 028	1 031	1 028	Paid-in equity capital (note 19,20)	1 028	1 031	1 029
1 034	881	976	Accrued equity capital/retained earnings (note 20)	1 033	933	1 089
	34	43	Result from ordinary operations after tax	53	48	
2 062	1 946	2 047	Total equity capital exclusive minority interest	2 114	2 012	2 118
			Non-controlling interest	4	2	4
2 062	1 946	2 047	Total equity capital	2 118	2 014	2 122
22 778	22 760	22 601	Total liabilities and equity capital	25 538	25 705	25 738

Conditional liabilities off balance sheet (note 11)

CHANGE IN EQUITY CAPITAL

Group
31.03.15

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Min. int.	Total
Equity capital as at 01.01	187	845	-4	157	437	20	8	338	131	4	2 123
Result for the period									53		53
Extended profit or loss items				-8							-8
Sum total ext. profit or loss	0	0	0	-8	0	0	0	0	53	0	45
Gift fund						-3					-3
Transactions with owners											0
Impairment to par											0
Dividend paid									-47		-47
Equity capital 30.09.14	187	845	-4	149	437	17	8	338	137	4	2 118
Paid-in/accrued equity capital/retained earnings			1 028							1 090	2 118

Group
31.03.14

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Min. int.	Total
Equity capital as at 01.01 (IAS19R*)	187	845	-1	153	413	18	5	267	97	2	1 986
result for the period				13					48		13
Extended profit or loss items	187	845	-1	13	0	0	0	0	48	0	61
Sum total ext. profit or loss						-1	0				-1
Gift fund											0
Transactions with owners	-748	748									0
Dividend paid									-32		-32
Equity capital 30.09.13	-561	1 593	-1	166	413	17	5	267	113	2	2 014
Paid-in/accrued equity capital/retained earnings			1 031							983	2 014

Parent bank
31.03.15

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Total	
Equity capital as at 01.01.14		187	845	-4	184	437	20	8	338	47	2 062
Extended profit or loss items										43	43
Sum total ext. profit or loss					-8						-8
Totalresultat		0	0	0	-8	0	0	0	0	43	35
Gift fund							-3				-3
Transactions with owners											0
Impairment to par											0
Dividend paid										-47	-47
Equity capital 30.09.14		187	845	-4	176	437	17	8	338	43	2 047
Paid-in/accrued equity capital/retained earnings				1 028						1 019	2 047

Parent bank
31.03.14

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend	Total	
Equity capital as at 01.01.13 (IAS19R*)		187	845	-1	162	414	23	0	273	31	1 934
result for the period				13						35	13
Extended profit or loss items		0	0	0	13	0	0	0	0	35	48
Sum total ext. profit or loss							-1				-1
Gift fund											0
Dividend paid									-34		-34
Equity capital 30.09.13		187	845	-1	175	414	22	0	239	66	1 947
Paid-in/accrued equity capital/retained earnings				1 031						916	1 947

CASH FLOW STATEMENT

<i>Parent bank</i>				<i>Group</i>		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
247	47	58	Result of ordinary operations	71	66	283
10	2	3	+ Ordinary depreciation/amortisation	5	4	17
44	11	0	+ Writedowns and gain/loss on fixed assets		11	44
-52	-13	-15	- Tax expense	-18	-17	-67
249	47	46	= Provided from the years operations	58	64	277
-1	-2	45	Change miscellaneous debt: + increase/-decrease	28	-2	2
45	-39	-12	Change miscellaneous claims: - increase/+ decrease	-8	-39	45
-700	-573	-376	Change loans to and balances with customers:- incr./+ decr.	-212	-49	-134
723	102	218	Change deposits from and liabilities to customers:+ incr/-decr.	227	111	736
0	0	0	Change liabilities to credit institutions : + increase	0	0	0
-647	-647	0	Change liabilities to credit institutions : + Decrease	0	-647	-647
-331	-1 112	-79	A Net liquidity change from operating activities	93	-562	279
-12	-5	-3	- Invested in tangible fixed assets	-3	-5	-15
0	0	0	+ Sale of tangible fixed assets	0	0	5
-2 383	-703	-471	- Investment in long-term securities	-471	-703	-2 622
3 154	1 220	608	+ Sale in long-term securities	608	920	2 648
759	512	134	B Liquidity change from investing activities	134	212	16
-41	0	0	- Dividend paid on ECCs	0	0	-41
1 965	659	0	+ Issue debt securities	99	562	2 764
-2 262	-214	-500	- Redemption debt securities	-492	-214	-2 946
0	0	0	Change subordinated loan capital/primary capital + incr.- decr		0	0
-338	445	-500	C Liquidity change from financing activities	-393	348	-223
90	-155	-445	A+B+C Sum total change liquid assets	-166	-2	72
1 371	1 371	1 461	+ Liquid assets at the start of the period	778	706	706
1 461	1 216	1 017	= Liquid assets at the close of the period	612	704	778

NOTE 1. ACCOUNTING PRINCIPLES

Both the consolidated financial statements and the Parent Bank's separate financial statements have been prepared in compliance with IFRS, while the accounting policies applied in individual areas are described in the annual financial statements for 2014. The interim report for the second quarter is in compliance with IAS 34 and has not been audited.

NOTE 2. SEGMENT

The Group has defined its geographical segment as a main area of Norway – Helgeland. The Group only has smaller exposure to credit risk in areas other than its geographically defined main area. The group has split the bank into two segments, corporate and retail banking.

Parent bank				Group				
31.03.15				31.03.15				
Retail	Corp.	Not dividec	Total	Segmentinformation	Retail	Corp.	Not dividec	Total
47	47	1	95	Net interest and credit commission i	67	52	-7	112
7	3	11	21	Net commission income	7	3	11	21
		5	5	Other operating income			5	5
21	7	35	63	Operating costs	22	8	37	67
-1	1		0	Losses on loans guaranteed	-1	1		0
34	42	-18	58	Result before tax	53	46	-28	71
10 191	6 855		17 046	Loans to and claims on customers	14 156	6 884		21 040
-4	-15		-19	Individual write-downs	-4	-15		-19
		-68	-68	Collective write-downs on loans			-72	-72
		5 642	5 642	Other assets			4 589	4 589
10 187	6 840	5 574	22 601	Total assts per segment	14 152	6 869	4 517	25 538
8 624	5 565		14 189	Deposits from customers and liabilit	8 624	5 328		13 952
		8 412	8 418	Other liabilities and equity			11 586	11 586
8 624	5 565	8 412	22 601	Total liabilities and equity per :	8 624	5 328	11 586	25 538

Parent bank				Group				
31.03.14				31.03.14				
Retail	Corp.	Not dividec	Total	Segmentinformation	Retail	Corp.	Not dividec	Total
47	47	-3	91	Net interest and credit commission i	75	49	-12	112
6	3	10	19	Net commission income	6	3	10	19
		8	9	Other operating income			7	7
20	7	33	60	Operating costs	22	8	32	62
2	8	1	11	Losses on loans guaranteed	2	8	1	11
31	35	-19	47	Result before tax	57	36	-28	65
9 435	7 109		16 544	Loans to and claims on customers	13 602	7 156		20 757
-8	-37		-45	Individual write-downs	-8	-37		-45
		-68	-68	Collective write-downs on loans			-72	-72
		6 329	6 329	Other assets			5 065	5 065
9 427	7 072	6 261	22 760	Total assts per segment	13 594	7 118	5 077	25 705
7 973	5 377		13 350	Deposits from customers and liabilit	7 969	5 131		13 100
		9 410	9 410	Other liabilities and equity			12 605	12 605
7 973	5 377	9 410	22 760	Total liabilities and equity per :	7 969	5 131	12 689	25 705

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

<i>Parent bank</i>				<i>Group</i>		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
1	0	-1	Value change in interest-bearing securities	-1	0	1
5	1	0	Net gain/loss in interest-bearing securities	0	1	5
11	4	-2	Net gain/loss shares	-2	4	16
5	1	4	Income AC	5	2	25
52	1	1	Share dividend	1	1	3
-6	0	0	Value change in value on lending	0	0	-6
0	-2	0	Value change on funding and derivatives	0	-2	0
68	5	2	Total value change financial instruments	3	6	44

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>				<i>Group</i>		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
130	29	32	Wages, salaries and social costs	33	31	130
75	18	19	General administration costs	18	17	75
10	3	3	Depreciation etc of fixed- and intangible assets	5	4	17
37	10	10	Other operating costs	11	10	41
252	60	64	Total operating costs	67	62	263

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>				<i>Group</i>		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
-21	5	-3	+/- Period's change in individual write-downs	-3	5	-21
1	2	0	+ Period's change in collective write-downs	0	2	1
46	3	1	+ Period's conf. Losses against which ind. write-downs were made	1	3	46
19	2	4	+ Period's confirmed losses against which no ind. write-downs, r	4	2	19
-1	-1	-2	- Period's recoveries from previous periods' conf.losses	-2	-1	-1
44	11	0	Total losses on loans, guarantees etc.	0	11	44

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>				<i>Group</i>		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
196	34	43	Profit	53	48	193
75.1 %	75.1 %	75.1 %	ECC percentage	75.1 %	75.1 %	75.1 %
7.9	1.4	1.7	Yield per equity capital certificate	2.1	1.9	7.8
7.9	1.4	1.7	Diluted result per ECC in Norwegian currency	2.1	1.9	7.8

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>					<i>Group</i>			
31.03.14	%	31.03.15	%		31.03.15	%	31.03.14	%
13 972	84.5	14 453	84.8	Helgeland	17 668	84.0	17 379	83.7
2 556	15.4	2 574	15.1	Areas other than Helgeland	3 342	15.9	3 351	16.1
16	0.1	19	0.1	International	30	0.1	27	0.1
16 544	100	17 046	100	Total	21 040	100	20 757	100

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	31.03.15				31.03.14			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	0	0.0 %	0	0	1	0.0 %	0	0
Insurance and finance	8	0.0 %	0	0	12	0.1 %	0	0
Agriculture and forestry	1 267	6.0 %	1	0	1 341	6.5 %	2	1
Fisheries and aquaculture	666	3.2 %	1	0	730	3.5 %	1	0
Mining and industry	351	1.7 %	3	-2	589	2.8 %	5	1
Building and construction	823	3.9 %	2	1	877	4.2 %	16	3
Trade, hotel, restaurants.	314	1.5 %	5	2	360	1.7 %	5	1
Transport and services	670	3.2 %	3	-1	651	3.1 %	-1	1
Property, property development	2 785	13.2 %	0	1	2 594	12.5 %	8	0
Retail market	14 156	67.3 %	4	-1	13 602	65.5 %	9	2
Total	21 040	100 %	19	0	20 757	100 %	45	9
Change collective write-downs			72	0			72	2
Total			91	0			117	11
Of which gross loans Helgeland Boligkreditt AS	4 054	19.3 %			4 804	23.1 %		

	31.03.15				31.03.14			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	0	0.0 %	0	0	1	0.0 %	0	0
Insurance and finance	8	0.0 %	0	0	12	0.1 %	0	0
Agriculture and forestry	1 259	7.4 %	1	0	1 329	8.0 %	2	1
Fisheries and aquaculture	665	3.9 %	1	0	727	4.4 %	1	0
Mining and industry	348	2.0 %	3	-2	585	3.5 %	5	1
Building and construction	805	4.7 %	2	1	844	5.1 %	16	3
Trade, hotel, restaurants.	306	1.8 %	5	2	352	2.1 %	5	1
Transport and services	632	3.7 %	3	-1	609	3.7 %	-1	1
Property, property development	2 832	16.6 %	0	1	2 650	16.0 %	8	0
Retail market	10 191	59.8 %	4	-1	9 435	57.0 %	9	2
Total	17 046	100 %	19	0	16 544	100 %	45	9
Change collective write-downs			68	0			68	2
Total			87	0			113	11

NOTE 9. BAD AND DOUBTFUL LOANS

Parent bank				Group		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
85	154	106	Loans, guarantees etc. in default	106	154	85
14	41	12	Loss provisions for loans, guarantees etc. in default	12	41	14
71	113	94	Total net loans, guarantees etc. in default	94	113	71
43	9	17	Other bad and doubtful loans and guar., not in default	17	9	43
5	4	7	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	7	4	5
38	5	10	Total net bad and doubtful commitments, not in default	10	5	38
109	118	104	Total bad and doubtful loans	104	118	109
0.7 %	0.7 %	0.6 %	In % of total loans	0.5 %	0.6 %	0.5 %

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

Parent bank				Group		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
40	40	24	Individual write-downs to cover losses on loans and guarantees as at 01.01	24	40	40
-23	1	-2	Period's conf. losses, against which indi. Write-down was previously made	-2	1	-23
5	3	3	Period's increased individual write-downs, against which write-down was previously made	3	3	5
3	2	0	New individual write-downs during the period	0	2	3
-1	-1	-5	Reversal of individual write-downs during the period	-5	-1	-1
24	45	20	= Total individual write-downs on loans	20	45	24
24	45	19	*Of which individual write-downs on loans accounted for	19	45	24
0	0	0	* Of which ind. Write-downs on guar. accounted for	0	0	0
Collective write-downs:						
67	66	68	Collective write-downs to cover losses on loans at 01.01	72	70	71
1	2	0	+ /- Period's change in collective write-downs	0	2	1
68	68	68	Total collective write-downs	72	72	72

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

Parent bank				Group		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
2 317	2 486	2 594	Unutilized drawing rights Helgeland Boligkreditt			
1 583	1 557	1 497	Unutilized drawing rights gross lending	1 824	1 874	1 912
467	484	502	Guarantee obligations	502	484	467
0	0	0	Write-downs on gurantee	0	0	0
4 367	4 527	4 593	Net guarantee and draw rights	2 326	2 358	2 379

NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

Subsidiaries with a stake greater than 50 % are consolidated and substantial interests are included under the equity method. Preliminary quarterly data from subsidiaries have applied in the consolidated financial statements.

Subsidiaries

	Share capita	Number of shares	Equity stake	Parent bank	
				Market value	
				31.03.15	31.03.14
ANS Bankbygg Mo	49.0	5 591	97 %	45	45
Helgeland Boligkreditt AS	190.0	190 000	100 %	290	290
AS Sparebankbygg	0.1	100	100 %	0.1	0.1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100 %	8	10
Storgata 73 AS	5.0	74	53 %	2	
Total investment in AC				346	346

Investment in associated companies

	Location	Sector	Equity stake	Group	
				Market value	
				31.03.15	31.03.14
Helgeland Invest AS	Mo i Rana	Investment	48 %	171	154
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	1	1
Total investment in AC				172	155

Investment in associated companies

	Location	Sector	Equity stake	Parent bank	
				Market value	
				31.03.15	31.03.14
Helgeland Invest AS*	Mo i Rana	Investment	48 %	171	159
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	4	4
Total investment in AC				175	163

NOTE 13. OPERATING FUNDS

Parent bank

			Group		
31.12.14	31.03.14	31.03.15	31.03.15	31.03.14	31.12.14
76	68	80	Operating funds*)	181	173
76	68	80	Total operating funds	181	177

* Repossessed properties are included in both assets in the parent bank and the bank's wholly owned subsidiary.

NOTE 14. DISCLOSURES OF RELATED PARTIES

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

Significant transactions with related parties:

Helgeland Boligkreditt AS (share of ownership 100 %)

Transferred loans per 31.03.15 constitute totally MNOK 4,054. Covered bonds in the housing mortgage company constitute MNOK 3,494 where MNOK 404 (504) is owned by Helgeland Sparebank. Credit line is NOK 1.5bn, MNOK 406. The bank has additionally entered into agreements with Helgeland Boligkreditt AS concerning credit lines of NOK 1.5 bn (duration 1 year), which mainly should be used in the settlement of purchased loans and repayment of covered bonds in a 12 month rolling period, and is entirely unused. The agreements are entered according to the principle of an arm's lengths distance. The effects of the credit lines are eliminated in the consolidated accounts.

Ans Bankbygg (share of ownership 97 %)

The bank rents premises from ANS Bankbygg and has paid MNOK 1.4 in 2015.

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

<i>Parent bank</i>				<i>Group</i>			
31.03.14		31.03.15		31.03.15		31.03.14	
Real value	Balance sheet value	Real value	Balance sheet value	Balance sheet value	Real value	Balance sheet value	Real value
ASSETS							
103	103	102	102	102	102	103	103
1 113	1 113	915	915	510	510	601	601
1 094	1 094	1 155	1 155	1 155	1 155	1 094	1 094
15 337	15 337	15 891	15 891	19 885	19 885	19 546	19 546
180	180	114	114	114	114	180	180
4 333	4 333	3 869	3 869	3 640	3 640	3 829	3 829
22 160	22 160	22 046	22 046	25 406	25 406	25 353	25 353
Liabilities							
0	0	0	0	2	2	0	0
10	10	7	7	7	7	10	10
13 340	13 340	14 182	14 182	13 945	13 945	13 090	13 090
2 719	2 719	2 670	2 670	2 670	2 670	2 719	2 719
4 038	4 038	2 932	2 932	6 022	6 022	7 154	7 154
519	519	519	519	519	519	519	519
20 626	20 626	20 310	20 310	23 165	23 165	23 492	23 492

1-2) Loans and debt securities at amortized cost approximates fair value

Assets and liabilities measured at fair value

<i>Parent bank</i>				<i>Group</i>		
31.03.15				31.03.15		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit						
0	0	1 155	- Loans to and claims on customers at fair value	0	0	1 155
Financial assets available for sale						
3 680	0	189	- Certificates, bonds and equities available for sale	3 451	0	189
	114		- Financial derivatives	0	114	0
3 680	114	1 344	Tota assets	3 451	114	1 344
LIABILITIES						
Financial liabilities at fair value through profit						
0	2 670		- Debt issuance of securities	0	2 670	0
0	2 670	2 670	Total liabilities	0	2 670	0
30.03.15 Changes in instruments classified in Level 3				30.03.15		
		1 205	Opening balance			1 205
		139	Net purchase / sale of shares at fair value through profit			139
		0	Reclassification			0
		0	Revaluation of shares available for sale			0
		1 344	Financial instruments valued on Level 3			1 344

Assets and liabilities measured at fair value

<i>Parent bank</i>				<i>Group</i>		
31.03.14				31.03.14		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit						
0	0	1 094	- Loans to and claims on customers at fair value	0	0	1 094
Financial assets available for sale						
4 124	14	195	- Certificates, bonds and equities available for sale	3 620	14	195
0	180	0	- Financial derivatives	0	180	0
4 124	194	1 289	Tota assets	3 620	194	1 289
LIABILITIES						
Financial liabilities at fair value through profit						
0	2 719	0	- Debt issuance of securities	0	2 719	0
0	2 719	0	Total liabilities	0	2 719	0
31.03.14 Changes in instruments classified in Level 3				31.03.14		
		1 296	Opening balance			1 296
		-7	Net purchase / sale of shares at fair value through profit			-7
		0	Reclassification			0
		0	Revaluation of shares available for sale			0
		1 289	Financial instruments valued on Level 3			1 289

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>			
31.03.15				31.03.15			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
1 136	0	57	Interest rate swaps- fixed interest rate loans	1 136	0	57	
0	0		Interest rate swaps- bank deposits with share Yield	0	0		
1 136	0	57	Total financial derivatives	1 136	0	57	
2 362	171	0	Interest rate swaps – fixed interest rate with hedging	2 362	171	0	
2 362	171	0	Total financial derivatives with hedging	2 362	171	0	

<i>Parent bank</i>				<i>Group</i>			
31.03.14				31.03.14			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
1 046	0	41	Interest rate swaps- fixed interest rate loans	1 046	0	41	
0	0	0	Interest rate swaps- bank deposits with share Yield	0	0	0	
1 046	0	41	Total financial derivatives	1 046	0	41	
2 500	221	0	Interest rate swaps – fixed interest rate with hedging	2 500	221	0	
2 500	221	0	Total financial derivatives with hedging	2 500	221	0	

<i>Parent bank and group</i>					
31.03.15					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	171	0	171	57	114
Derivaives carried as liabilities	57	0	57	-57	0

<i>Parent bank and group</i>					
31.03.14					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	221	0	221	41	180
Derivaives carried as liabilities	41	0	41	-41	0

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

NOTE 17. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>						<i>Group</i>			
%	31.03.14	%	31.03.15		31.03.15	%	31.03.14	% 31.03.14	
92.1 %	12 290	91.7 %	13 012	Helgeland	12 782	91.7 %	12 044	91.9 %	
7.1 %	954	7.5 %	1 067	Areas other than Helgeland	1 060	7.5 %	950	7.3 %	
0.8 %	106	0.8 %	110	International	110	0.8 %	106	0.8 %	
100 %	13 350	100 %	14 189	Total	13 952	100 %	13 100	100 %	

NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>						<i>Group</i>			
%	31.03.14	%	31.03.15		31.03.15	%	31.03.14	% 31.03.14	
3.8 %	511	2.9 %	406	Financial institutions	191	1.4 %	266	2.0 %	
11.4 %	1 528	11.3 %	1 604	Municipalities and municipal ente	1 604	11.5 %	1 528	11.7 %	
2.5 %	331	2.4 %	339	Agriculture and forestry	339	2.4 %	331	2.5 %	
2.7 %	361	3.9 %	548	Fisheries and aquaculture	548	3.9 %	361	2.8 %	
1.3 %	169	1.4 %	203	Mining and industry	203	1.5 %	169	1.3 %	
5.6 %	745	5.1 %	725	Building and construction	725	5.2 %	745	5.7 %	
2.7 %	366	3.1 %	440	Trade, hotel, restaurants.	440	3.2 %	366	2.8 %	
6.6 %	879	5.9 %	838	Transport and services	838	6.0 %	879	6.7 %	
3.6 %	486	3.3 %	462	Property, property development	440	3.2 %	486	3.7 %	
59.7 %	7 974	60.8 %	8 624	Retail market	8 624	61.8 %	7 969	60.8 %	
100 %	13 350	100 %	14 189	Total	13 952	100 %	13 100	100 %	

NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

Per 31.03.15	<i>Parent bank</i>			<i>Parent bank</i>	
	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	6 599 598	35.3 %	Helgeland Kraft AS	340 494	1.8 %
Pareto AS	1 070 836	5.7 %	Bergen Kommunale pensj.	300 000	1.6 %
UBS AG, London Branc A/C	1 000 000	5.3 %	Verdipapirfondet Pareto	269 000	1.4 %
Merrill Lynch Prof.	903 066	4.8 %	Sniptind Holding AS	201 801	1.1 %
MP Pensjon PK	882 203	4.7 %	Catilina invest AS	170 000	0.9 %
Citibank	761 741	4.1 %	Sparebankstiftelsen DNB	142 724	0.8 %
VPF Nordea Norge	570 365	3.1 %	Johs. Haugerudsvei AS	138 731	0.7 %
Pareto online AS	500 000	2.7 %	Melum Mølle AS	124 000	0.7 %
Verdipapirfondet Eika	423 704	2.3 %	Steffen Nervik	110 000	0.6 %
Lamholmen AS	398 788	2.1 %	Andvord AS	102 203	0.5 %
Total 10 biggest owners	13 110 301	70.1 %	Total 20 biggest owners	15 009 254	80.3 %

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

NOTE 20. CAPITAL ADEQUACY

The capital ratio is worked out according to CRD IV/Basel III regulations (standard method credit risk) for the current period, and 30.12.14. Comparative figures have not been restated and 31.03.14 is according to Basel II. (Transition rules for no significant shares in finance institutions, involve full implementation from 01.01.19).

Parent bank			Group			
Basel III	Basel II	Basel III	Basel III	Basel II	Basel III	
31.12.14	31.03.14	31.03.15	31.03.15	31.03.14	31.12.13	
187	187	187	ECC-capital	187	187	187
845	845	845	Premium Fund	845	845	845
-4	-1	-4	Own ECCs	-4	-1	-4
1 028	1 031	1 028	Total paid-in capital	1 028	1 031	1 028
438	415	438	Savings Bank's fund	438	415	438
183	175	175	Reserve for valuation variances	152	167	158
28	22	25	Donations Fund	25	22	28
338	269	338	Dividend equalisation reserve	338	269	338
47	0	0	Cash dividend	0	0	47
0	0	0	Other equity capital	81	60	85
1 034	881	976	Total accrued equity capital	1 034	933	1 094
2 062	1 912	2 004	Total equity capital	2 062	1 964	2 122
-183	-175	0	Fund for unrealized gains	0	-167	-158
-25	-53	-25	Deferred tax assets	-30	-53	-31
-40	-71	-35	Shares in financial institutions	-31	-71	-38
32		21	Transition Rule; share net of non significant assets	18		30
-55	-5	-8	Cash dividend /gifts employee	-8	-5	-59
1 791	1 608	1 957	Total core tier one	2 011	1 668	1 866
-14	-70	-11	Shares in financial institutions	-9	-70	-13
-16	0	-11	Transition Rule; share net of non significant assets	-9		-15
219	219	219	Hybrid capital	219	219	219
1 980	1 757	2 154	Total core capital	2 212	1 817	2 057
300	300	300	Subordinatet dept	300	300	300
66	69	0	Weight assets calculation basis *)	0	65	57
-8	0	-7	Shares in financial institutions	-6		-7
-16		-10	Transition Rule; share net of non significant assets	-9		-15
0	0	0	Additional	0		0
342	369	283	Total net supplementary capital	285	365	335
2 322	2 126	2 437	Total net equity and related capital	2 497	2 182	2 392
12 790	12 711	12 848	Weight assets calculation basis *)	13 811	13 709	13 929
14.00 %	12.65 %	15.23 %	Core tier one Capital ratio	14.56 %	12.17 %	13.40 %
15.48 %	14.37 %	16.77 %	Core capital ratio	16.02 %	13.76 %	14.77 %
18.15 %	16.73 %	18.97 %	Capital ratio	18.08 %	15.92 %	17.17 %

Noten viser beregningsgrunnlag Basel III (standardmetode kredittrisiko)

31.12.14	31.03.14	31.03.15	Beregningsgrunnlag	31.03.15	31.03.14	31.12.14
0	0	0	Stater og sentralbanker	0	0	0
92	71	91	Lokale og regionale myndigheter	91	71	92
1 136	1 143	1 064	Institusjoner	412	793	673
2 787	2 820	3 088	Foretak	3 088	2 822	2 787
1 728	2 227	1 630	Massemarkedsengasjementer	1 705	2 264	1 773
5 415	5 165	5 436	Engasjementer med pant. i eiendom	6 871	6 664	6 954
149	132	83	Forfalte engasjementer	83	132	149
160	168	170	Obligasjoner med fortrinnsrett	129	118	134
0	0	0	Andeler i verdipapirfond	0	0	0
414	541	377	Øvrige engasjementer	495	322	428
11 881	12 268	11 939	Beregningsgrunnlag kredittrisiko	12 873	13 186	12 990
909	756	909	Beregningsgrunnlag operasjonell risiko	938	834	938
0	-313	0	Fradrag/tillegg i beregningsgrunnlaget	0	-313	0
12 790	12 711	12 848	Totalt beregningsgrunnlag	13 811	13 707	13 929

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Parent bank</i>				<i>Group</i>		
31.12.14	31.03.14	31.03.15		31.03.15	31.03.14	31.12.14
4.01	4.03	3.76	Interest receivable and similar income	3.85	4.22	4.17
2.36	2.44	2.05	Interest payable and similar costs	2.09	2.47	2.41
1.64	1.59	1.71	Net interest- and credit commission income	1.76	1.75	1.76
0.40	0.38	0.42	Commissions receivable and income from banking services	0.37	0.34	0.35
0.05	0.04	0.04	Commissions payable and costs relating to banking services	0.04	0.04	0.04
0.35	0.34	0.38	Net commission income	0.33	0.30	0.31
0.29	0.09	0.04	Gains/losses on financial assets available for sale	0.05	0.09	0.17
0.06	0.05	0.05	Other operating income	0.03	0.02	0.03
1.09	1.05	1.14	Operating costs	1.05	0.96	1.01
0.19	0.20	0.00	Losses on loans, guarantees etc. and fixed assets	0.00	0.17	0.17
1.07	0.83	1.04	Result before tax	1.12	1.03	1.09
0.22	0.23	0.27	Tax payable on ordinary result	0.28	0.28	0.26
0.84	0.60	0.77	Result from ordinary operations after tax	0.84	0.75	0.83

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Profit and loss account (Amounts in NOK million)

Parent bank					Group					
Q1/14	Q2/14	Q3/14	Q4/14	Q1/15		Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
230	235	236	229	211	Interest receivable and similar income	244	267	274	276	272
139	141	138	131	115	Interest payable and similar costs	132	152	158	162	159
91	94	98	98	96	Net interest- and credit commission income	112	115	116	114	113
22	25	24	22	24	Commissions receivable and income from banking serv	24	22	24	25	22
2	3	2	3	2	Commissions payable and costs relating to banking ser	2	3	2	3	2
20	22	22	19	21	Net commission income	21	19	22	22	20
5	63	-3	3	2	Gains/losses on financial assets available for sale	3	-2	17	23	6
3	3	3	4	3	Other operating income	2	3	2	1	1
60	58	62	72	64	Operating costs	67	77	63	61	62
11	18	6	9	0	Losses on loans, guarantees etc.	0	9	6	18	11
47	106	52	43	58	Result before tax	71	49	88	80	66
13	16	11	12	15	Tax payable on ordinary result	18	13	15	21	18
34	90	41	31	43	Result from ordinary operations after tax	53	35	73	59	48

Parent bank					Group					
Q1/14	Q2/14	Q3/14	Q4/14	Q1/15		Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
4.03	4.09	4.07	3.90	3.76	Interest receivable and similar income	3.85	4.02	4.14	4.25	4.22
2.44	2.46	2.38	2.23	2.05	Interest payable and similar costs	2.09	2.30	2.39	2.49	2.47
1.60	1.64	1.69	1.67	1.71	Net interest- and credit commission income	1.76	1.74	1.75	1.75	1.75
0.38	0.43	0.41	0.37	0.42	Commissions receivable and income from banking serv	0.37	0.33	0.37	0.38	0.34
0.04	0.05	0.03	0.05	0.04	Commissions payable and costs relating to banking ser	0.04	0.05	0.03	0.04	0.04
0.34	0.38	0.38	0.32	0.38	Net commission income	0.33	0.29	0.33	0.34	0.30
0.09	1.10	-0.05	0.05	0.04	Gains/losses on financial assets available for sale	0.05	-0.03	0.26	0.35	0.09
0.05	0.05	0.05	0.07	0.05	Other operating income	0.03	0.05	0.03	0.02	0.02
1.05	1.01	1.07	1.23	1.14	Operating costs	1.05	1.17	0.96	0.94	0.96
0.19	0.31	0.10	0.15	-	Losses on loans, guarantees etc.	0.00	0.14	0.09	0.28	0.17
0.83	1.84	0.90	0.73	1.04	Result before tax	1.12	0.73	1.33	1.23	1.03
0.23	0.28	0.19	0.20	0.27	Tax payable on ordinary result	0.28	0.20	0.23	0.32	0.28
0.60	1.57	0.71	0.53	0.77	Result from ordinary operations after tax	0.84	0.53	1.10	0.91	0.75

Parent bank					Group					
31.03.14	30.06.14	30.09.14	31.12.14	31.03.15		31.03.15	31.12.14	30.09.14	30.06.14	31.03.14
ASSETS										
103	105	96	103	102	Cash and claims on central banks	102	103	96	105	103
1 113	1 631	1 265	1 358	915	Loans to and claims on credit institutions	510	675	484	811	601
16 431	16 511	16 711	16 577	16 958	Loans to and claims on customers	20 948	20 731	20 873	20 700	20 640
180	207	216	101	114	Financial derivatives	114	101	216	207	180
4 333	4 268	4 524	4 003	3 869	Certificates, bonds and shares available for sale	3 465	3 735	4 224	3 968	3 829
163	164	185	182	175	Investments in associated companies	172	178	183	162	155
346	347	345	347	346	Investments in subsidiaries	0				
10	10	10	25	25	Deferred tax benefit	30	30	10	10	10
68	74	74	76	80	Fixed assets	181	177	183	184	173
13	15	17	6	17	Other assets	16	8	15	17	14
22 760	23 332	23 443	22 778	22 601	Total assets	25 538	25 738	26 284	26 257	25 705
LIABILITIES AND EQUITY CAPITAL										
0	0	0	0	0	Liabilities to credit institutions	2	2	0	0	0
13 350	13 962	14 164	13 971	14 189	Deposits from customers and liabilities to customers	13 952	13 725	13 919	13 721	13 100
6 757	6 669	6 458	6 015	5 602	Borrowings through the issuance of securities	8 692	9 143	9 479	9 690	9 873
188	156	211	211	244	Other liabilities	255	227	227	168	199
519	519	519	519	519	Fund bonds	519	519	519	519	519
20 814	21 306	21 352	20 716	20 554	Total liabilities	23 420	23 616	24 144	24 191	23 691
1 031	1 030	1 028	1 028	1 028	Paid-in equity capital	1 028	1 029	1 028	1 029	1 031
881	873	898	1 034	976	Accrued equity capital/retained earnings	1 033	1089	927	926	933
34	123	165		43	Profit after taxes	53	0	181	107	48
					Minority interest	4	4	4	4	2
1 946	2 026	2 091	2 062	2 047	Total equity capital	2 118	2 122	2 140	2 066	2 014
22 760	23 332	23 443	22 778	22 601	Total liabilities and equity capital	25 538	25 738	26 284	26 257	25 705

OTHER KEY FIGURES

Parent bank			Group			
31.12.14	31.03.14	31.03.15	31.03.15	31.03.14	31.12.14	
BALANCE SHEET						
Utvikling siste 3 mnd						
	-0.7	-0.8	Total assets	-0.8	-0.8	
	3.6	2.3	Gross lending	1.0	0.2	
	0.8	1.6	Deposit	1.7	0.9	
Development in the last 12 months						
-0.5	5.2	-0.8	Total assets	-0.6	4.3	-0.6
4.4	7.4	3.0	Gross lending	1.4	3.3	0.6
5.5	13.6	6.3	Deposit	6.5	14.4	5.7
83.8	80.7	83.2	Deposit coverage as a percentage of gross loans	66.3	63.1	65.9
59.2	57.0	59.8	Lending to retail customers	67.3	65.5	67.1
23 219	23 120	22 731	Average assets	25 750	26 140	26 146
16 669	16 544	17 046	Gross loans	21 040	20 757	20 828
-24	-45	-20	Individual write-downs	-20	-45	-24
-68	68	-68	Period's change in collective write downs	-72	-72	-72
0	0	0	Individual write-downs on guarantees	0	0	0
SOLIDITY						
14.0	12.7	15.2	Capital adequacy ratio as percentage	14.6	12.2	13.4
15.5	14.4	16.8	Core capital ratio as percentage	16.0	13.8	14.8
18.2	16.7	19.0	Core tier one Capital ratio	18.1	15.9	17.2
9.0	8.5	9.1	Equity capital ratio	8.3	7.8	8.2
9.8	7.1	8.5	Rate of return on equity capital	10.2	9.9	10.5
0.8	0.6	0.8	Return on assets	0.8	0.7	0.8
KEY FIGURES PCC						
7.9	1.4	1.7	Yield per primary certificate	2.1	1.9	8.7
7.9	1.4	1.7	Diluted result per ECC, in Norwegian currency	2.1	1.9	8.7
75.1	75.1	75.1	ECCs split as of 31.12	75.1	75.1	75.1
80.9	78.2	82.2	Equity capital per ECC	84.9	80.9	83.2
55.0	49.1	56.5	PCC price quoted on the stock exchange	56.5	49.1	55.0
7.0	8.6	8.0	P/E (price as at 30.09 divided by profit per ECC)	6.5	6.4	6.3
0.7	0.6	0.7	P/B (price as ar 30.09. divided by book value of equity capital)	0.7	0.6	0.7
46.3	50.8	52.4	Costs as a percentage of income	48.2	44.5	44.6
1.1	1.1	1.1	Cost in percent of average total assets	1.1	1.0	1.0
168	177	167	Number of man-years	167	177	168
LOSSES ON LOANS AND GROSS DEFAULTS						
28.2	29.2	18.9	Specified loan provision in % of gross default on loan	18.9	29.2	28.2
As a percentage of gross lending:						
0.5	0.9	0.6	Gross defaults over 90 days	0.5	0.7	0.4
0.4	0.7	0.6	Net defaults over 90 days	0.4	0.5	0.3
0.6	0.7	0.5	Total loan loss provision	0.4	0.6	0.5
0.3	0.1	0.0	Losses on lending	0.0	0.1	0.2

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Other sources of information

Annual reports
The annual report for Helgeland Sparebank is available at www.hsb.no

Quarterly publications

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