

Q2
2014

financial report
first half year and second quarter 2014

helgeland

Helgeland Sparebank

Accounts for first half and 2nd quarter, 2014

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 HSB group includes Helgeland Sparebank and the consolidated subsidiaries Helgeland Boligkreditt AS, ANS Bankbygg Mo, AS Sparebankbygg, Helgeland Sparebank's Eiendomsselskap AS and Helgeland Utviklingsselskap AS. The bank owns 48% of Helgeland Invest AS, 55.7% of Storgata 73 AS and 34% of Eiendomsmegleren Helgeland AS. The results from the associated companies are incorporated into the HSB group's corporative results corresponding to the bank's share of ownership.

The accounts are conducted in line with IFRS, hereunder IAS 34 with regards to interim reporting. All numerical quantities are affiliated to the HSB group. The periodical accounts have not been audited. Numerical quantities in brackets apply to the corresponding period last year.

Main features so far this year (HSB group)

The HSB group has a gross profit of MNOK 146. This is an improvement on the result of MNOK 29 compared with the same period last year.

- Basic operations strengthened through increased net interest of MNOK 23.
- Significant income from financial investments, profits from Nest with P&L effects in Q2 of MNOK 16.8, as well as profit contributions from an affiliated company.
- Increased write-downs on lending in Q2 is related to an individual commitment.
- Reduced lending to corporate customers
- Good deposit growth from retail customers

The net return on equity was 10.7%, adjusted for Nets 9.8%. The HSB group is steering toward a target ROE of 10%. The result per equity certificate was NOK 4.3 (3.3).

Key figures so far this year: (Compared with 30.06.13)

- Net interest 1.76 (1.65) %
- Costs in % of income 41.3 (47.6) %
- Write-downs on lending 0.23 (0.10) %
- 6-month lending growth 0.6 (3.3) %
- 6-month deposit growth 5.6 (8.8) %
- CET1 capital ratio 12.03 (11.29) %
- Total capital ratio 15.69 (15.03) %

Net interest

Net interest- and credit commission earnings constitute MNOK 227, against MNOK 204 in Q2

2013. An improvement of MNOK 23 is a result of earlier conducted interest increase on lending both to retail- and corporate customers. The loaning cost is reduced as a result of falling money market interests. In per cent of average total capital the net interest was 1.76%, which is an increase of 0.11% from 30.06.2013.

In 2014, the bank conducted reductions on the lending interest rates on residential mortgages of 0.15-0.25% and deposit interest rate to retail- and corporate customers of up to 0.40%, with effect from medio June. The net effect on result should not weaken net interest. To adapt to the competition in the market, the bank has signalled additional market adaptation of the interest rate on deposits.

Net commission earnings

Net commission earnings have increased in NOK and per cent and were MNOK 41 (35), or 0.32 (0.28) % of average total assets. The increase is primarily provision from the bank's insurance sales and payment transfers.

Net value change and profit/loss on financial instruments

Net income from financial instruments constitute MNOK 29. Compared with 30.06.13, this is an increase of MNOK 23. The earnings in 2014 are connected to profits from the sale of the bank's shareholdings in Nets, and profit contributions from an affiliated company.

Value changes that cannot be posted over the P&L accounts are posted under the extended P&L, cf. current accounting principles.

Operating costs

Combined operating costs were MNOK 123 (118). The costs have increased with MNOK 4.9, or 4.1%. Changes in the arrangement with differentiated payroll tax from (01.07.14) will cause increased costs for the bank. For the second half of 2014 this will constitute about MNOK 5. The bank is working with measures to compensate for the cost increase. This will be particularly challenging with regards to the goal of < 3.5% cost growth.

Operating costs in per cent of average total assets is approximately unchanged from the corresponding period last year 0.96 (0.95) %, while costs against income are reduced and were 41.3 (47.6) %. The number of annual positions in the HSB group is 177, and is unchanged from 2011. Absence due to sickness is on a low level, and ended at the total of 4.6 (4.1) % in the first half.

Write-downs posted as expenses on commitments

Write-downs on lending are posted with MNOK 29 (13). Of net loss, MNOK 13.5 are related to an individual commitment in pelagic aquaculture. The loss is a result of negotiations with new owners

where the bank's remaining commitment will be redeemed in Q3.

Write-downs on groups of lending are posted with MNOK 1.5 in the first quarter. The appropriation is unchanged in Q2.

Write-downs in per cent of gross lending constitute 0.28 (0.14) %.

Equity certificate – HELG

The EC capital constitute MNOK 935 and is distributed over 2,180 owners. Annotation 19 shows an overview of the 20 largest EC owners. Sparebankstiftelsen Helgeland is still the largest owner. After conducting a downward sale of 5.5 million ECs, it now owns 35.3% of the ECs in HELG.

The price per 30.06.14 was NOK 52.00, which is an increase of NOK 4.8 per EC since the turn of the year.

Profit in Q2

In Q2 gross profit was MNOK 80. This is MNOK 14 more than Q2 last year. The profit is affected positively by the net interest of MNOK 5, and net value change on financial instruments of MNOK 20.

Ordinary operating costs were MNOK 61 (59). In per cent of average total assets these costs constitute 0,94%, which is equivalent to Q2 last year. The costs in per cent of income constitute 38.1 (44.7) %.

Write-downs on lending and warranties are posted with MNOK 18 (7) in the quarter. The increase is mainly due to loss on an individual commitment.

The lending growth is significantly reduced in the last quarter compared with the same period in 2013. The reduction in the corporate market is in line with the bank's capital plan, while growth in the retail market is somewhat lower than expected.

The deposit growth is significantly higher than in Q2 2013. The growth comes in its entirety from retail customers, while deposits from corporate customers are reduced.

Key figures in Q2:

- Gross profit MNOK 80 (66)
- Net interest 1.75 (1.73) %
- Ordinary operating costs 0.94 (0.94) %
- 3-month lending growth 0.3 (2.4) %
- 3-month deposit growth 4.7 (0.9) %

Balance development per 30.06.2014

The total capital constitute NOK 26.3bn. In the last 12 months the total capital has increased with MNOK 587, or 2.3 (9.8) %.

Commitments

Gross lending by the end of the quarter constituted MNOK 20,824. In the last 12 months lending has increased with MNOK 332, or 1.6 (8.0) %. 84.2

(83.1) % of the HSB groups lending is to customers in the Helgeland region.

Of gross lending, MNOK 13,702 or 65.8 (64.3) % are loans to retail customers. MNOK 4,255 (20,4%) are transferred to Helgeland Boligkreditt AS. The growth in the retail market have in the last 12 months been lower than in the corresponding period last year and was 4.0 (8.9) %. The growth is somewhat lower than expected.

Lending to the corporate market is characterized by stricter capital requirements and the need for capital efficient measures. In line with the goal, the bank is steering toward low growth in the corporate market and 12-month net lending to corporate customers is reduced by -2.7 (+6.4) %.

Deposits from customers

Over the last 12 months the deposits have increased with MNOK 1,526, or 12.5 (8.9) %. The HSB group has a stable and local depositor base, whereby 91.9 (91.3) % are deposits from customers in the Helgeland region. The general deposit growth is maintained as a result of measures focused on long term savings.

The deposit ratio is significantly strengthened and was 65.9 (59.5) % in the HSB group, and 83.9 (79.8) % in the parent bank.

Deposits under MNOK 2 constitute NOK 8.1bn, or 58.7 % of the combined deposit volume.

12-month deposit growth from retail customers was 8.3 (8.8) %. Of total deposits of NOK 13.7bn, NOK 8.6bn or 63.0 (65.4) % are deposits from retail customers.

12-month deposit growth in the corporate market was 20.4 (9.1) %. This growth is specifically high as caused by a new large corporate customer ultimo Q3 2013. So far this year the corporate market has zero growth.

Loans from the capital market

In addition to customer deposits, it is the group's main source of funding. The deposits ratio is well above the target of 60%.

The group has a good and long term financing with amply diversified funding sources.

By the end of the quarter the share of loans over one year were 78.8 (74,9) %.

Helgeland Boligkreditt is an important source of funding and provision of mortgages approved for transfer to the bank's residential mortgage has high priority.

Rating

Helgeland Sparebank is rated by Moody's. The bank's rating is Baa2/P-2 with "negative outlook". The outlook was changed from "stable" to "negative" in May 2014. This is part of Moody's evaluation of the new crisis handling directive in the EU, where all banks had their "outlooks" adjusted down.

Bonds issued by Helgeland Boligkreditt AS rated by Moody's have Aaa ratings.

Risk- and capital management

The Group's overall risk is managed through mandates, objectives and limits approved by the Board. Combined capital requirement comes forth in the HSB group'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 as good, and the share of long term funding is well above target. The HSB groups combined liquidity reserves (cash, bank deposits and fixed income securities) constitute MNOK 4.7 (4.5)bn, or 17.7 (17.4) % of the group's total assets. The combined duration on the fixed income portfolio is 2.2 (2.0) years.

Long term funding in per cent of illiquid assets (liquidity indicator 1) constituted 111,7 (106.9) %. The last known target figure for reference banks was 31.03.14 with 108.8%.

Credit risk

The Group's strategy for credit risk 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 development in the bank's credit risk is monitored closely. Corporate customers are followed up closely on the individual level in addition to the monitoring of 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.

Net losses are somewhat higher than in the corresponding period last year, but are still on a relatively moderate level.

Net defaults and commitments exposed to loss are at a relatively stable level and were MNOK 115 (128), which equals to 0.6 (0.6) % of gross lending.

Solidity

The HSB group has strengthened its CET1 ratio to 12.0 (11.3) %, which is well above the legal minimum requirement at 10.0% from 1.July 2014 and 11.0% 1.July 2015. The core capital ratio was 13.6 (12.9) %, and the total capital ratio was 15.7 (15.0) %.

The bank's Board of Directors has determined a capital plan for 2013 – 2017, 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) at least at 12.5% and a total capital ratio up toward 18% (given a counter cyclical capital buffer at 2.5%).

The group plans to continue to strengthen the CET1 capital by building capital over operations. Furthermore, the total capital ratio could be further enhanced by the use of subordinated debt and hybrid capital in the period up to 2017.

Clarification on the systemically critical banks (DNB, Nordea Bank Norge and Kommunalbanken) came in May. The systemically critical banks should fulfill a distinct capital buffer requirement, from 1.July 2015.

The bank is closely monitoring the development in market expectations to capital beyond the regulatory requirements for not systemically critical banks.

Prospects ahead

The bank had a lending growth somewhat lower than expected. This is due to a combination of significantly increased competition in both markets and additional downscaling of large corporate commitments. To maintain the net interest and at the same time be able to meet the competition on the lending side, the bank has signalled additional reduction of the deposit rate for corporate- and special condition accounts.

Wide-ranging sales of leasing- and insurance products are given a high priority, and the level of commission income is expected to remain.

Increased payroll tax from 1.July is challenging the bank's ability to reach its targets on the costs area this year.

Defaulted loans and loans exposed to loss is still at a relatively low level measured against gross lending, and combined write-downs on lending is expected to be on level with the industry this year.

The growth in deposits is expected to level out somewhat while lending growth is adjusted down to 3 – 4%.

The Helgeland region is characterised by a stable and diverse labour market with a combination of solid export businesses and large governmental institutions. Most export oriented businesses within metals, mining and aquaculture have a relatively high capacity utilisation and several of them also meet acceptable prices in the export markets. Governmental and private investments will increase as a result of new infrastructural projects and petroleum activity. Unemployment is therefore still expected to remain at a low level.

The bank has in the last year had knowledge as one of the major focus areas through its gift distribution. Campus Helgeland in Mo i Rana got a good number of applicants with its first ordinary admission in its new facilities. The bank has

contributed with the funding of research scholarships, research activity and the establishment of a SINTEF office. The latest contribution is a higher degree course within culture in Mosjøen. This contributes to additional growth in the Helgeland Region.

The bank has simultaneously increased the educational activity among students in lower- and

upper secondary schools within the area of personal finance. This is an important tradition among the savings banks that has now got a new push. The Sparebankforeningen's 100 anniversary is also followed up through larger gift handouts this spring and an ongoing regional competition for the best stories about the bank's significance in the development of the Helgeland region.

Mo i Rana, 14 August 2014

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

Jan Erik Furunes
Chief Executive Officer

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PROFIT AND LOSS

PROFIT AND LOSS ACCOUNT (amounts in NOK million)

<i>Parent bank</i>					<i>Group</i>					
31.12.13	Q2/13	Q2/14	30.06.13	30.06.14		30.06.14	30.06.13	Q2/14	Q2/13	31.12.13
911	227	235	441	465	Interest receivable and similar income	548	519	276	267	1072
554	138	141	275	280	Interest payable and similar costs	321	315	162	158	633
357	89	94	166	185	Net interest- and credit commission income	227	204	114	109	439
87	21	25	40	46	Commissions receivable and income from banking services	46	40	25	21	87
10	3	3	5	5	Commissions payable and costs relating to banking services	5	5	3	3	10
77	18	22	35	41	Net commission income	41	35	22	18	77
37	36	63	37	68	Gains/losses on financial assets available for sale (note 3)	29	6	23	3	14
15	4	3	7	6	Other operating income	2	3	1	2	7
229	56	58	114	118	Operating costs (note 4)	123	118	61	59	239
28	7	18	13	29	Losses on loans, guarantees etc. (note 5)	29	13	18	7	32
229	84	106	118	153	Result before tax	146	117	80	66	266
54	16	16	25	29	Tax payable on ordinary result	39	34	21	20	73
175	68	90	93	124	Result from ordinary operations after tax	107	83	59	46	193
7,0			3,7	5,0	Yield per equity capital certificate (note 6)	4,3	3,3			7,8
7,0			3,7	5,0	Diluted result per ECC in Norwegian currency (note 6)	4,3	3,3			7,8
Extended Income Statement										
175	68	90	93	124	Result from ordinary operations after tax	107	83	59	46	193
<i>Items that are not subsequently reversed through profit or loss:</i>										
4	0	0	26	0	Estimate variances, pensions will not be reversed over the income	0	26	0	0	4
-1	0	0	-7	0	Tax on extended profit	0	-7	0	0	-1
3	0	0	19	0	Net extended profit or loss items	0	19	0	0	3
<i>Items that are not subsequently reversed through profit or loss:</i>										
46	-8	-6	4	8	Net change in fair value available-for-sale fin. assets	8	4	-6	-8	46
0	0	-1	-1	-2	Tax on extended profit	-2	-1	-1	0	0
46	-8	-7	3	6	Net extended profit or loss items	6	3	-7	-8	46
224	60	83	115	130	Total result for the period	113	105	52	38	242

BALANCE SHEET

BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
ASSETS						
98	107	105	Cash and claims on central banks	105	107	99
1 273	1 550	1 631	Loans to and claims on credit institutions	811	804	607
15 863	15 516	16 511	Loans to and claims on customers (note 7,8,9,10)	20 700	20 395	20 597
213	213	257	Financial derivatives (note 16)	257	213	213
4 851	4 550	4 268	Certificates, bonds and shares available for sale	3 968	3 730	4 032
164	164	164	Investments in associated companies (note 12)	162	153	153
348	349	347	Investments in subsidiaries (note 12)	0	0	0
53	66	53	Deferred tax benefit	53	69	53
71	73	74	Fixed assets (note 13)	184	178	176
51	10	15	Other assets	17	21	55
22 985	22 598	23 425	Total assets	26 257	25 670	25 985
LIABILITIES AND EQUITY CAPITAL						
647	647	0	Liabilities to credit institutions	0	647	647
13 248	12 461	13 962	Deposits from customers and liabilities to customers (note 17,1)	13 721	12 194	12 989
6 361	6 934	6 669	Borrowings through the issuance of securities (note 15)	9 690	10 226	9 553
41	41	50	Financial derivatives (note 16)	50	41	41
235	169	199	Other liabilities	211	186	248
519	518	519	Fundbonds and subordinated loan capital	519	518	519
21 051	20 770	21 399	Total liabilities	24 191	23 811	23 997
1 031	1 031	1 030	Paid-in equity capital (note 19,20)	1 029	1 031	1 031
903	704	873	Accrued equity capital/retained earnings (note 20)	926	741	953
0	93	123	Result from ordinary operations after tax	107	83	0
1 934	1 828	2 026	Total equity capital exclusive minority interest	2 062	1 855	1 984
			Non-controlling interest	4	2	2
1 934	1 828	2 026	Total equity capital	2 066	1 859	1 988
22 985	22 598	23 425	Total liabilities and equity capital	26 257	25 670	25 985

Conditional liabilities off balance sheet (note 11)

CHANGE IN EQUITY CAPITAL

<i>Group</i>											
30.06.14											
	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 01.01.14	187	845	- 1	153	413	18	5	267	97	4	1 988
Result for the period									107		107
Extended profit or loss items				6							6
Sum total ext. profit or loss	0	0	0	6	0	0	0	0	107	0	113
Gift fund						- 3					- 3
Transactions with owners											0
Dividend paid									- 31		- 32
Equity capital 31.03.14	187	845	- 2	159	413	15	5	267	173	4	2 066
Paid-in/accrued equity capital/retained earnings			1 030							1 036	2 066

1) The introduction of IAS19R (Mnok 19), historical figures considered not significant and prior periods are not restated. System performance plan closed in 2012.

<i>Group</i>											
31.03.13											
	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	935	97	-1	107	382	17	5	170	66	2	1 780
IAS19R*)					5			14			19
result for the period									83		83
Extended profit or loss items				3							3
Sum total ext. profit or loss	0	0	0	3	0	0	0	0	83	0	86
Gift fund						-2					-7
Transactions with owners											0
Dividend paid									-19		-19
Equity capital 31.03.14	935	97	-1	110	387	15	0	184	130	2	1 859
Paid-in/accrued equity capital/retained earnings			1 031							828	1 859

<i>Parent bank</i>										
30.06.14										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Total
Equity capital as at 01.01.13	187	845	- 1	162	414	23		273	31	1 934
Result for the period									124	124
Extended profit or loss items				6						6
Sum total ext. profit or loss	0	0	0	6	0	0	0	0	124	130
Gift fund						- 3				- 3
Transactions with owners										0
Dividend paid									- 34	- 35
Equity capital 31.03.13	187	845	- 2	168	414	20	0	239	155	2 026
Paid-in/accrued equity capital/retained earnings			1 030						996	2 026

<i>Parent bank</i>										
31.03.13										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Dividend	Total
Equity capital as at 01.01.13	935	97	- 1	116	382	17	5	170	24	1 745
IAS19R*)					5			14		19
result for the period									93	93
Extended profit or loss items				3						3
Sum total ext. profit or loss	0	0	0	3	0	0	0	0	93	1 860
Gift fund										0
Transactions with owners										0
Dividend paid					0			0		- 31
Equity capital 31.03.13	935	97	- 1	119	387	15	0	184	93	1 829
Paid-in/accrued equity capital/retained earnings			1 031						798	1 829

CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>			
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
229	118	153	Result of ordinary operations	146	117	266
12	6	5	+ Ordinary depreciation/amortisation	7	9	21
29	13	29	+ Writedowns and gain/loss on fixed assets	29	13	32
- 53	- 25	- 29	- Tax expense	- 39	- 34	- 73
217	112	158	= Provided from the years operations	143	105	246
26	- 40	- 41	Change miscellaneous debt: + increase/-decrease	- 37	- 31	47
- 40	30	5	Change miscellaneous claims: - increase/+ decrease	- 8	26	- 40
- 1 119	- 780	- 663	Change loans to and balances with customers:- incr./+ decr.	- 171	- 651	- 866
1 739	950	714	Change deposits from and liabilities to customers:+ incr/-decr.	732	980	1 778
0	0	0	Change liabilities to credit institutions : + increase	0	0	0
- 183	- 183	- 647	Change liabilities to credit institutions : + Decrease	- 647	- 180	- 183
640	89	- 474	A Net liquidity change from operating activities	12	249	982
- 9	- 4	- 5	- Invested in tangible fixed assets	- 5	- 4	- 9
15	16	0	+ Sale of tangible fixed assets	0	16	15
- 4 609	- 1 854	- 1 534	- Investment in long-term securities	- 1 534	- 1 854	- 4 609
4 530	2 038	2 158	+ Sale in long-term securities	1 658	1 838	4 530
- 73	196	619	B Liquidity change from investing activities	119	- 4	- 73
- 24	- 24	- 41	- Dividend paid on ECCs	- 41	- 24	- 24
2 857	1 531	1 024	+ Issue debt securities	1 394	1 531	3 357
- 3 406	- 1 512	- 763	- Redemption debt securities	- 1 274	- 1 512	- 4 206
300	300	0	Change subordinated loan capital/primary capital + incr.- decr	0	300	300
- 273	295	220	C Liquidity change from financing activities	79	295	- 573
294	580	365	A+B+C Sum total change liquid assets	210	540	336
1 077	1 077	1 371	+ Liquid assets at the start of the period	706	370	370
1 371	1 657	1 736	= Liquid assets at the close of the period	916	910	706

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 2013. 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'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 who is the Group's operating company. The group has split the bank into two segments, corporate and retail banking.

<i>Parent bank</i>					<i>Group</i>				
30.06.14					30.06.14				
Retail	Corp.	Not divided	Total	Segmentinformation	Retail	Corp.	Not divided	Total	
97	96	- 8	185	Net interest and credit commission income	145	97	- 15	227	
14	6	21	41	Net commission income	14	6	21	41	
0	0	75	75	Other operating income	0	0	31	31	
40	13	65	118	Operating costs	45	13	65	123	
2	25	2	29	Losses on loans guaranteed	2	25	2	29	
68	64	21	153	Result before tax	112	65	- 31	146	
9 546	6 988	0	16 534	Loans to and claims on customers	13 702	7 122	0	20 824	
- 7	- 47	0	- 54	Individual write-downs	- 7	- 47	0	- 54	
0	0	- 68	- 68	Collective write-downs on loans	0	0	- 68	- 68	
0	0	7 013	7 013	Other assets	0	0	5 555	5 555	
9 539	6 941	6 945	23 425	Total assets per segment	13 695	7 075	5 487	26 257	
8 639	5 323	0	13 962	Deposits from customers and liabilities	8 639	5 081	0	13 720	
0	0	9 463	9 463	Other liabilities and equity	0	0	12 537	12 537	
8 639	5 323	9 463	23 425	Total liabilities and equity per segment	8 639	5 081	12 537	26 257	

<i>Parent bank</i>					<i>Group</i>				
30.06.13					30.06.13				
Retail	Corp.	Not divided	Total	Segmentinformation	Retail	Corp.	Not divided	Total	
87	82	- 3	166	Net interest and credit commission income	127	84	- 7	204	
13	6	16	35	Net commission income	13	6	16	35	
0	0	39	39	Other operating income	0	0	9	9	
37	12	60	109	Operating costs	44	13	61	118	
0	11	2	13	Losses on loans guaranteed	0	11	2	13	
63	65	- 10	118	Result before tax	96	66	- 45	117	
8 345	7 270	0	15 615	Loans to and claims on customers	13 169	7 326	0	20 495	
- 6	- 23	0	- 29	Individual write-downs	- 6	- 23	0	- 29	
0	0	- 68	- 68	Collective write-downs on loans	0	0	- 68	- 68	
0	0	7 080	7 080	Other assets	0	0	5 272	5 272	
8 339	7 247	7 012	22 598	Total assets per segment	13 163	7 303	5 204	25 670	
7 974	4 486	0	12 460	Deposits from customers and liabilities	7 974	4 220	0	12 194	
0	0	10 138	10 138	Other liabilities and equity	0	0	13 476	13 476	
7 974	4 486	10 138	22 598	Total liabilities and equity per segment	7 974	4 220	13 476	25 670	

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

<i>Parent bank</i>					<i>Group</i>					
31.12.13	Q2/13	Q2/14	30.06.13	30.06.14		30.06.14	30.06.13	Q2/14	Q2/13	31.12.13
5	-2	1	0	1	Value change in interest-bearing securities	1	0	1	-2	5
-2	3	0	3	1	Net gain/loss in interest-bearing securities	1	3	0	3	-2
-2	1	7	-1	11	Net gain/loss shares	13	-1	9	1	3
2	4	4	5	5	Income AC	15	2	13	-1	5
37	31	51	31	52	Share dividend	1	3	0	3	6
-2	0	-2	0	-2	Value change in value on lending	-2	0	-2	0	-2
-1	-1	2	-1	0	Value change on funding and derivatives	0	-1	2	-1	-1
37	36	63	37	68	Total value change financial	29	6	23	3	14

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>					<i>Group</i>					
31.12.13	Q2/13	Q2/14	30.06.13	30.06.14		30.06.14	30.06.13	Q2/14	Q2/13	31.12.13
115	27	29	55	58	Wages, salaries and social costs	59	59	28	29	116
66	18	18	34	36	General administration costs	36	34	19	20	65
12	3	2	6	5	Depreciation etc of fixed- and intangible assets	7	6	3	2	21
36	8	9	19	19	Other operating costs	21	19	11	8	37
229	56	58	114	118	Total operating costs	123	118	61	59	239

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>					<i>Group</i>					
31.12.13	Q2/13	Q2/14	30.06.13	30.06.14		30.06.14	30.06.13	Q2/14	Q2/13	31.12.13
18	5	10	9	15	+/- Period's change in individual write-downs	15	9	10	4	18
1	2	-2	2	0	+ Period's change in collective write-downs	0	2	-2	2	5
9	-2	7	1	10	+ Period's conf. Losses against which ind. write-downs were made in prev. Years	10	1	7	3	9
1	2	3	2	5	+ Period's confirmed losses against which no ind. write-downs,made in previous year	5	2	3	-2	1
-1	0	0	-1	-1	- Period's recoveries from previous periods' conf.losses	-1	-1	0	0	-1
28	7	18	13	29	Total losses on loans, guarantees etc.	29	13	18	7	32

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>				<i>Group</i>		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
175	93	124	Profit	107	83	193
75,1 %	75,1 %	75,1 %	ECC percentage	75,1 %	75,1 %	75,1 %
7,0	3,7	5,0	Yield per equity capital certificate	4,3	3,3	7,8
7,0	3,7	5,0	Diluted result per ECC in Norwegian currency	4,3	3,3	7,8

NOTE 7. GEOGRAPHICAL EXPOSURE

Geographical exposure within the loan portfolio was as follows:

<i>Parent bank</i>				<i>Group</i>				
30.06.13	%	30.06.14	%		30.06.14	%	30.06.13	%
13 132	84 %	14 131	85 %	Helgeland	17 524	84 %	17 037	83 %
2 466	16 %	2 486	15 %	Areas other than Helgeland	3 273	16 %	3 431	17 %
15	0 %	16	0 %	International	26	0 %	24	0 %
15 613	100 %	16 633	100 %	Total	20 824	100 %	20 492	100 %

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	30.06.14				30.06.13			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	1	0,0 %	0	0	1	0,0 %	0	0
Insurance and finance	11	0,1 %	0	0	16	0,1 %	0	0
Agriculture and forestry	1 318	6,3 %	3	3	1 291	6,3 %	1	0
Fisheries and aquaculture	671	3,2 %	1	0	777	3,8 %	0	0
Mining and industry	577	2,8 %	9	14	649	3,2 %	5	5
Building and construction	870	4,2 %	15	2	921	4,5 %	8	4
Trade, hotel, restaurants.	354	1,7 %	9	5	395	1,9 %	3	1
Transport and services	684	3,3 %	0	0	713	3,5 %	7	0
Property, property development	2 636	12,7 %	8	1	2 560	12,5 %	0	1
Retail market	13 702	65,8 %	7	2	13 169	64,3 %	5	0
Total	20 824	100,0 %	54	27	20 492	100,0 %	29	11
Change collective write-downs				2				2
Total				29				13
Of which gross loans Helgeland Boligkreditt AS	4 255	20,4 %			4 944			

	30.06.14				30.06.13			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	1	0,0 %	0	0	1	0,0 %	0	0
Insurance and finance	11	0,1 %	0	0	16	0,1 %	0	0
Agriculture and forestry	1 305	7,8 %	3	3	1 273	8,2 %	1	0
Fisheries and aquaculture	669	4,0 %	1	0	771	4,9 %	0	0
Mining and industry	574	3,5 %	9	14	647	4,1 %	5	5
Building and construction	839	5,0 %	15	2	893	5,7 %	8	4
Trade, hotel, restaurants.	344	2,1 %	9	5	383	2,5 %	3	1
Transport and services	609	3,7 %	0	0	658	4,2 %	7	0
Property, property development	2 716	16,3 %	8	1	2 625	16,8 %	0	1
Retail market	9 565	57,5 %	7	2	8 346	53,5 %	5	0
Total	16 633	100,0 %	54	27	15 613	100,0 %	29	11
Change collective write-downs				2				2
Total				29				13

NOTE 9. BAD AND DOUBTFUL LOANS (incl. guarantees)

<i>Parent bank</i>				<i>Group</i>		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
152	138	142	Loans, guarantees etc. in default	142	138	152
32	29	48	Loss provisions for loans, guarantees etc. in default	48	29	32
120	109	94	Total net loans, guarantees etc. in default	94	109	120
17	19	27	Other bad and doubtful loans and guar., not in default	27	19	17
8	0	6	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	6	0	8
9	19	21	Total net bad and doubtful commitments, not in default	21	19	9
129	128	115	Total bad and doubtful loans	115	128	129
0,83 %	0,77 %	0,69 %	In % of total loans	0,55 %	0,62 %	0,63 %

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

<i>Parent bank</i>				<i>Group</i>		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
21	20	39	Individual write-downs to cover losses on loans and guarantees as at 01.01	39	20	21
-3	0	-10	Period's conf. losses, against which indi. Write-down was previously made	-10	0	-3
1	0	3	Period's increased individual write-downs, against which write-down was previously made	3	0	1
22	10	22	New individual write-downs during the period	22	10	22
-1	-1	0	Reversal of individual write-downs during the period	0	-1	-1
40	29	54	= Total individual write-downs on loans	54	29	40
40	29	54	*Of which individual write-downs on loans accounted for	54	29	40
0	0	0	* Of which ind. Write-downs on guar. Accounted for	0	0	0
Collective write-downs:						
60	66	68	Collective write-downs to cover losses on loans at 01.01	71	66	66
6	2	0	+/- Period's change in collective write-downs	0	2	5
66	68	68	Total collective write-downs	71	68	71

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>				<i>Group</i>		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
1 623	1 505	1 517	Unutilized drawing rights	1 856	1 834	1 959
488	508	487	Guarantee obligations	487	508	488
0	0	0	Write-downs on gurantee	0	0	0
2 111	2 013	2 004	Net guarantee and draw rights	2 343	2 342	2 447

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 capital	Number of shares	Equity stake	Parent bank		
				Market value		
				30.06.14	30.06.13	31.12.13
ANS Bankbygg Mo	49,0	5 591	97 %	45	45	45
Helgeland Boligkreditt AS	190,0	190 000	100 %	290	290	290
AS Sparebankbygg	0,1	100	100 %	0,1	0,1	0,1
Helgeland Spb.eiend.selskap AS	0,1	100	100 %	0,4	0,4	0,4
Helgeland Utviklingselskap AS	0,5	500	100 %	9	11	10
Storgata 73 AS	5,0	74	52,9 %	2	2	2
Total investment in AC				347	349	348

Investment in associated companies

	Location	Sector	Equity stake	Group		
				Market value		
				30.06.14	30.06.13	31.12.13
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	161	152	152
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	1	1	1
Total investment in AC				162	153	153

Investment in associated companies

	Location	Sector	Equity stake	Parent bank		
				Market value		
				30.06.14	30.06.13	31.12.13
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	160	160	160
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	4	4	4
Total investment in AC				164	164	164

NOTE 13. OPERATING FUNDS

Parent Bank

			Group		
31.12.13	30.06.13	30.06.14	30.06.14	30.06.13	31.12.13
71	73	74	Operating funds*)	184	178
71	73	74	Total operating funds	184	178

* 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 close parties per 30.06.14:

Helgeland Boligkreditt AS (share of ownership 100 %)

Helgeland Sparebank has received group contributions from the housing mortgage company of MNOK 50,4 (29,8) Transferred loans per 30.06.14 constitute totally MNOK 4,249. Covered bonds in the housing mortgage company constitute MNOK 3,314 where MNOK 300 (700) is owned by Helgeland Sparebank. Of the credit line of NOK 1bn, MNOK 823 is per 30.06.14 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. 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 3.9 in 2014.

Frende Holding AS (share of ownership 8 %)

Helgeland Sparebank has received commission for distribution of life insurance of MNOK 2.6 and commission sales general insurance of MNOK 7.6 in 2014.

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

<i>Parent bank</i>				<i>Group</i>				
30.06.13		30.06.14		30.06.14		30.06.13		
Real value	Balance sheet value	Real value	Balance sheet value	Balance sheet value	Real value	Balance sheet value	Real value	
ASSETS								
107	107	105	105	Cash and receivables from central banks	105	105	107	107
1 550	1 550	1 631	1 631	Loans and receivables to credit institutions	811	811	803	803
1 062	1 062	1 055	1 055	Loans to customers at fair value	1 055	1 055	1 062	1 062
14 454	14 454	15 455	15 455	Loans to customers at amortized cost	19 769	19 769	19 430	19 430
213	213	257	257	Derivates	257	257	213	213
4 551	4 551	4 268	4 268	Certificates, bonds and shares available for sale	3 968	3 968	3 731	3 731
21 937	21 937	22 771	22 771	Total	25 965	25 965	25 346	25 346
Liabilities								
647	647	0	0	Liabilities to credit institutions amortized cost	0	0	950	950
23	23	10	10	Deposits at fair value	10	10	23	23
12 438	12 438	13 962	13 962	Deposits from and liabilities at amortized cost	13 710	13 710	12 168	12 168
2 117	2 117	2 757	2 757	Debt securities at fair value	2 757	2 757	2 117	2 117
4 817	4 817	3 912	3 912	Debt securities hedging	6 933	6 933	7 808	7 808
518	518	519	519	Fundbonds and subordinated loan capital	519	519	518	518
41	41	50	50	Derivates	50	50	41	41
20 601	20 601	21 210	21 210	Total	23 979	23 979	23 625	23 625

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>		
30.06.14				30.06.14		
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			
	1 055		- Loans to and claims on customers at fair value		1 055	
			Financial assets available for sale			
4 043	2	223	- Certificates, bonds and equities available for sale	3 744	2	223
	257		- Financial derivatives		257	
4 043	1 314	223	Total assets	3 744	1 314	223
			LIABILITIES			
			Financial liabilities at fair value through profit			
2 757			- Debt issuance of securities	2 757		
	50		- Financial derivatives		50	
2 757	50	0	Total liabilities	2 757	50	0
			30.06.14 Changes in instruments classified in Level 3			30.06.14
		195	Opening balance			195
		12	Net purchase / sale of shares at fair value through profit			12
			Reclassification			
		16	Revaluation of shares available for sale			16
		223	Financial instruments valued on Level 3			223

Assets and liabilities measured at fair value

<i>Parent bank</i>				<i>Group</i>		
30.06.13				30.06.13		
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			
	1 062		- Loans to and claims on customers at fair value		1 062	
			Financial assets available for sale			
4 372	29	147	- Certificates, bonds and equities available for sale	3 554	29	147
	213		- Financial derivatives		213	
4 372	1 304	147	Total assets	3 554	1 304	147
			LIABILITIES			
			Financial liabilities at fair value through profit			
2 117			- Debt issuance of securities	2 117		
	41		- Financial derivatives		41	
2 117	41	0	Total liabilities	2 117	41	0
			30.06.14 Changes in instruments classified in Level 3			30.06.14
		142	Opening balance			142
		5	Net purchase / sale of shares at fair value through profit			5
			Reclassification			
			Revaluation of shares available for sale			
		147	Financial instruments valued on Level 3			147

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>		
30.06.14				30.06.14		
Nominal value	Market value			Nominal value	Market value	
	Total	Assets Commitments			Total	Assets Commitments
1 046		50	Interest rate swaps- fixed interest rate loans	1 046		50
			Interest rate swaps- bank deposits with share Yield			
1 046		50	Total financial derivatives	1 046		50
2 500	257		Interest rate swaps – fixed interest rate with hedging	2 500	257	0
2 500	257	0	Total financial derivatives with hedging	2 500	257	0

<i>Parent bank</i>				<i>Group</i>		
30.06.13				30.06.13		
Nominal value	Market value			Nominal value	Market value	
	Total	Assets Commitments			Total	Assets Commitments
916		41	Interest rate swaps- fixed interest rate loans	916		41
			Interest rate swaps- bank deposits with share Yield			
916	0	41	Total financial derivatives	916	0	41
1 950	213	0	Interest rate swaps – fixed interest rate with hedging	1 950	213	0
1 950	213	0	Total financial derivatives with hedging	1 950	213	0

<i>Parent bank and Group</i>					
30.06.2014					
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as asse	257	0	257	50	207
Derivaives carried as liabili	50	0	50	-50	0

<i>Parent bank and Group</i>					
30.06.2013					
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as asse	213	0	213	41	172
Derivaives carried as liabili	50	0	50	-50	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>					
	%	30.06.13	%	30.06.14		30.06.14	%	30.06.13	%
	91,5 %	11 404	92,1 %	12 854	Helgeland	12 613	91,9 %	11 137	91,3 %
	7,7 %	962	7,2 %	1 002	Areas other than Helgeland	1 002	7,3 %	962	7,9 %
	0,8 %	95	0,8 %	106	International	106	0,8 %	95	0,8 %
	100 %	12 461	100 %	13 962	Total	13 721	100 %	12 194	100 %

NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>				<i>Group</i>					
	%	30.06.13	%	30.06.14		30.06.14	%	30.06.13	%
	4,6 %	576	3,4 %	477	Financial institutions	235	1,7 %	334	2,7 %
	8,3 %	1 039	11,9 %	1 656	Municipalities and municipal enterp.	1 657	12,1 %	1 039	8,5 %
	2,6 %	326	2,5 %	344	Agriculture and forestry	344	2,5 %	326	2,7 %
	1,9 %	240	2,2 %	304	Fisheries and aquaculture	304	2,2 %	240	2,0 %
	1,6 %	197	1,1 %	158	Mining and industry	158	1,2 %	197	1,6 %
	4,7 %	582	4,8 %	668	Building and construction	668	4,9 %	582	4,8 %
	2,7 %	337	2,9 %	407	Trade, hotel, restaurants.	407	3,0 %	337	2,8 %
	5,8 %	718	5,9 %	819	Transport and services	819	6,0 %	718	5,9 %
	3,8 %	472	3,5 %	490	Property, property development	490	3,6 %	447	3,7 %
	64,0 %	7 974	61,9 %	8 639	Retail market	8 639	63,0 %	7 974	65,4 %
	100 %	12 461	100 %	13 962	Total	13 721	100 %	12 194	100 %

NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

				<i>Parent bank</i>	
Per 30.06.14	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	6 599 598	35,3 %	Verdipapirfondet Eika utbytte	317 656	1,7 %
MP Pensjon PK	1 032 203	5,5 %	Lamholmen AS	300 364	1,6 %
USB AG, London Branc A/C	1 000 000	5,3 %	Holberg Norge Verdipapirfond	218 600	1,2 %
Pareto AS	970 836	5,2 %	Sniptind Holding AS	201 801	1,1 %
Citibank, N.A.	838 741	4,5 %	Bergen kommunale pensjonsk.	200 000	1,1 %
Pareto Online AS	500 000	2,7 %	Johs. Haugerudsvei AS	145 992	0,8 %
VPF Nordea Norge	448 550	2,4 %	Mellem Nes Invest	118 200	0,6 %
AS Atlantis Vest	448 481	2,4 %	Melum Mølle AS	110 240	0,6 %
Sparebankstiftelsen DNB	442 724	2,4 %	Steffen Nervik	110 000	0,6 %
Helgelandskraft As	340 494	1,8 %	Andvord AS	102 203	0,5 %
Total 10 biggest owners	12 621 627	67,5 %	Total 20 biggest owners	14 446 683	77,3 %

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

NOTE 20. CAPITAL ADEQUACY

<i>Parent bank</i>							<i>Group</i>
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13	
187	935	187	ECC-capital	187	935	187	
845	97	845	Premium Fund	845	97	845	
- 1	- 1	- 3	Own ECCs	- 3	- 1	- 1	
1 031	1 031	1 029	Total paid-in capital	1 029	1 031	1 031	
415	386	415	Savings Bank's fund	415	386	415	
162	119	169	Reserve for valuation variances	160	111	154	
23	14	20	Donations Fund	20	14	23	
269	184	269	Dividend equalisation reserve	269	184	269	
34	0	0	Cash dividend	0	0	34	
0	0	0	Other equity capital	60	48	62	
903	703	873	Total accrued equity capital	924	743	957	
- 162	- 119	- 169	Reserve for valuation variances	- 160	- 111	- 154	
- 53	0	- 53	Deferred tax assets	- 53	- 71	- 53	
- 69	0	- 75	Shares in financial institutions	- 75	- 50	- 69	
- 39	0	- 5	Cash dividend /gifts employee	- 5	0	- 39	
1 611	1 615	1 600	Total core tier one	1 660	1 542	1 673	
218	0	219	Hybrid capital	219	219	218	
1 829	1 615	1 819	Total core capital	1 879	1 761	1 891	
300	300	300	Subordinated debt	300	300	300	
65	0	66	Weight assets calculation basis *)	62	42	61	
- 69	- 4	- 76	Shares in financial institutions	- 76	- 49	- 69	
0	0	0	Additional	0	0	0	
296	296	290	Total net supplementary capital	286	293	292	
2 125	1 911	2 109	Total net equity and related capital	2 165	2 054	2 183	
12 715	12 728	12 787	<u>Weight assets calculation basis *)</u>	13 801	13 663	13 640	
12,67 %	12,69 %	12,51 %	Core tier one Capital ratio	12,03 %	11,29 %	12,26 %	
14,38 %	12,69 %	14,23 %	Core capital ratio	13,61 %	12,89 %	13,86 %	
16,71 %	15,01 %	16,49 %	Capital ratio	15,69 %	15,03 %	16,00 %	
			<u>Included 70% of result</u>				
		13,19 %	Core tier one Capital ratio	12,57 %			
		14,90 %	Core capital ratio	14,16 %			
		17,17 %	Capital ratio	16,23 %			

The note shows the calculation basis and capital adequacy according to Basel II (standard method credit risk).

31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
0	0	30	States and central banks	30	0	0
61	213	67	Local and regional authorities (including municipalities)	67	255	61
1 428	1 216	1 235	Institutions	847	586	851
2 729	3 593	2 776	Enterprises	2 776	3 593	2 731
2 172	1 890	2 422	Mass market loans	2 512	1 833	2 238
5 062	4 531	5 069	Loans secured by real property	6 547	6 360	6 729
161	173	181	Loans overdue	181	173	161
198	182	162	Covered bonds	132	100	116
0	0	0	Units in securities funds	0	0	0
511	475	403	Other loans and commitments	185	245	307
12 321	12 273	12 344	Capital requirement credit risk	13 276	13 147	13 195
696	700	756	Capital requirement operational risk 1)	838	750	748
- 303	- 238	- 313	Deducted from capital requirement	- 313	- 238	- 302
12 715	12 736	12 787	Total capital requirement	13 801	13 659	13 640

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Parent bank</i>						<i>Group</i>				
31.12.13	Q2/13	Q2/14	30.06.13	30.06.14		30.06.14	30.06.13	Q2/14	Q2/13	31.12.13
4,07	4,10	4,09	4,04	4,09	Interest receivable and similar income	4,25	4,19	4,25	4,24	4,25
2,47	2,49	2,46	2,52	2,46	Interest payable and similar costs	2,49	2,54	2,49	2,51	2,51
1,59	1,61	1,64	1,52	1,63	Net interest- and credit commission income	1,76	1,65	1,75	1,73	1,74
0,39	0,38	0,43	0,37	0,40	Commissions receivable and income from banking services	0,36	0,32	0,38	0,33	0,35
0,04	0,05	0,05	0,05	0,04	Commissions payable and costs relating to banking services	0,04	0,04	0,04	0,05	0,04
0,34	0,33	0,38	0,32	0,36	Net commission income	0,32	0,28	0,34	0,28	0,31
0,17	0,65	1,10	0,34	0,60	Gains/losses on financial assets available for sale	0,23	0,05	0,35	0,05	0,06
0,07	0,02	0,05	0,01	0,05	Other operating income	0,02	0,02	0,02	0,03	0,03
1,04	0,96	1,01	0,99	1,04	Operating costs	0,96	0,95	0,94	0,94	0,95
0,12	0,13	0,31	0,12	0,25	Losses on loans, guarantees etc. and fixed assets	0,23	0,10	0,28	0,11	0,13
1,02	1,52	1,84	1,08	1,34	Result before tax	1,14	0,95	1,23	1,04	1,05
0,24	0,29	0,28	0,23	0,25	Tax payable on ordinary result	0,30	0,27	0,32	0,32	0,29
0,78	1,23	1,57	0,85	1,09	Result from ordinary operations after tax	0,83	0,68	0,91	0,72	0,77

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Parent bank					Group					
Q2/13	Q3/13	Q4/13	Q1/14	Q2/14		Q2/14	Q1/14	Q4/13	Q3/13	Q2/13
227	234	236	230	235	Interest receivable and similar income	276	272	278	275	268
138	140	139	139	141	Interest payable and similar costs	162	159	160	158	158
89	94	97	91	94	Net interest- and credit commission income	114	113	118	117	109
21	24	23	22	25	Commissions receivable and income from banking services	25	22	23	24	21
3	2	3	2	3	Commissions payable and costs relating to banking services	3	2	3	2	3
18	22	20	19	22	Net commission income	22	19	20	22	18
36	-1	1	5	63	Gains/losses on financial assets available for sale	23	6	6	2	3
4	3	5	3	3	Other operating income	1	1	3	1	2
56	58	57	60	58	Operating costs	61	62	62	59	59
7	3	12	11	18	Losses on loans, guarantees etc.	18	11	12	7	7
84	57	54	47	106	Result before tax	80	66	73	76	66
16	16	13	13	16	Tax payable on ordinary result	21	18	17	22	20
68	41	41	34	90	Result from ordinary operations after tax	59	48	56	54	46

Parent bank					Group					
Q2/13	Q3/13	Q4/13	Q1/14	Q2/14		Q2/14	Q1/14	Q4/13	Q3/13	Q2/13
4,10	4,13	4,05	4,03	4,09	Interest receivable and similar income	4,25	4,22	4,22	4,27	4,24
2,49	2,47	2,38	2,44	2,46	Interest payable and similar costs	2,49	2,47	2,43	2,45	2,51
1,61	1,66	1,66	1,60	1,64	Net interest- and credit commission income	1,75	1,75	1,79	1,82	1,73
0,38	0,42	0,39	0,38	0,43	Commissions receivable and income from banking services	0,38	0,34	0,35	0,37	0,33
0,05	0,04	0,05	0,04	0,05	Commissions payable and costs relating to banking services	0,04	0,04	0,05	0,03	0,05
0,33	0,39	0,34	0,34	0,38	Net commission income	0,34	0,30	0,30	0,34	0,29
0,65	-0,02	0,02	0,09	1,10	Gains/losses on financial assets available for sale	0,35	0,09	0,09	0,03	0,05
0,08	0,06	0,07	0,05	0,05	Other operating income	0,02	0,02	0,05	0,02	0,03
1,04	1,05	0,99	1,05	1,01	Operating costs	0,94	0,96	0,94	0,92	0,94
0,13	0,05	0,21	0,19	0,31	Losses on loans, guarantees etc.	0,28	0,17	0,18	0,11	0,11
1,52	1,01	0,93	0,83	1,84	Result before tax	1,23	1,03	1,11	1,18	1,05
0,29	0,28	0,22	0,23	0,28	Tax payable on ordinary result	0,32	0,28	0,26	0,34	0,32
1,23	0,72	0,70	0,60	1,57	Result from ordinary operations after tax	0,91	0,75	0,85	0,84	0,73

Parent bank					Balance sheet (Amounts in NOK million)					Group				
30.06.13	30.09.13	31.12.13	31.03.14	30.06.14		30.06.14	31.03.14	31.12.13	30.09.13	30.06.13				
ASSETS														
107	87	98	103	105	Cash and claims on central banks	105	103	99	87	107				
1 550	1 328	1 273	1 113	1 631	Loans to and claims on credit institutions	811	601	607	693	804				
15 516	16 007	15 863	16 431	16 511	Loans to and claims on customers	20 700	20 640	20 597	20 699	20 395				
213	209	213	221	257	Financial derivatives	257	221	213	209	213				
4 550	4 732	4 851	4 333	4 268	Certificates, bonds and shares available for sale	3 968	3 829	4 032	3 912	3 730				
164	164	164	163	164	Investments in associated companies	162	155	155	155	155				
347	347	346	346	347	Investments in subsidiaries	0	0	0	0	0				
66	66	53	53	53	Deferred tax benefit	53	53	53	69	69				
73	73	71	68	74	Fixed assets	184	173	176	179	178				
12	12	53	13	15	Other assets	17	14	53	20	19				
22 598	23 025	22 985	22 844	23 425	Total assets	26 257	25 789	25 985	26 023	25 670				
LIABILITIES AND EQUITY CAPITAL														
647	644	647	0	0	Liabilities to credit institutions	0	0	647	644	647				
12 461	12 809	13 248	13 350	13 962	Deposits from customers and liabilities to customers	13 721	13 100	12 989	12 553	12 194				
6 934	6 950	6 361	6 757	6 669	Borrowings through the issuance of securities	9 690	9 873	9 553	10 140	10 225				
41	43	41	41	50	Financial derivatives	50	41	41	43	41				
169	191	235	231	199	Other liabilities	211	242	248	214	186				
518	518	519	519	519	Fund bonds	519	519	519	518	518				
20 770	21 155	21 051	20 898	21 399	Total liabilities	24 191	23 775	23 997	24 112	23 811				
1 031	1 031	1 031	1 031	1 030	Paid-in equity capital	1 029	1 031	1 031	1 031	1 031				
704	705	903	881	873	Accrued equity capital/retained earnings	926	933	955	741	743				
93	134	0	34	123	Profit after taxes	107	48	0	137	83				
					Minority interest	4	2	2	2	2				
1 828	1 870	1 934	1 946	2 026	Total equity capital	2 066	2 014	1 988	1 911	1 859				
22 598	23 025	22 985	22 844	23 425	Total liabilities and equity capital	26 257	25 789	25 985	26 023	25 670				

OTHER KEY FIGURES

Parent bank			Group			
31.12.13	30.06.13	30.06.14	30.06.14	30.06.13	31.12.13	
BALANCE SHEET						
Development in the last 3 months						
	5,0	0,3	Total assets	1,0	4,4	
	5,3	4,2	Gross lending	0,6	3,3	
	8,3	5,4	Deposit	5,6	8,8	
Development in the last 3 months						
6,8	9,4	3,7	Total assets	2,3	9,8	5,7
7,7	6,5	6,5	Gross lending	1,6	8,0	4,4
15,1	9,4	12,0	Deposit	12,5	8,9	15,9
83,0	79,8	83,9	Deposit coverage as a percentage of gross loans	65,9	59,5	62,7
55,8	53,5	57,5	Lending to retail customers	65,8	64,3	65,6
22 407	21 989	23 074	Average assets	26 118	24 988	25 290
15 970	15 613	16 633	Gross loans	20 824	20 492	20 708
-40	-29	-54	Individual write-downs	-54	-29	-40
-67	-68	-68	Period's change in collective write downs	-71	-68	-71
0	0	0	Individual write-downs on guarantees	0	0	0
SOLIDITY						
12,7	11,8	12,5	Capital adequacy ratio as percentage	12,0	11,3	12,3
14,4	13,5	14,2	Core capital ratio as percentage	13,6	12,9	13,9
16,7	15,8	16,5	Core tier one Capital ratio	15,7	15,0	16,0
8,4	8,1	8,6	Equity capital ratio	7,9	7,2	7,7
9,5	10,5	12,7	Rate of return on equity capital	10,7	9,2	10,4
0,8	0,9	1,1	Return on assets	1,0	0,7	0,8
KEY FIGURES PCC						
7,0	3,7	5,0	Yield per primary certificate	4,3	3,3	7,8
7,0	3,7	5,0	Diluted result per ECC, in Norwegian currency	4,3	3,3	7,8
75,1	75,1	75,1	ECCs split as of 31.12	75,1	75,1	75,1
76,3	73,4	81,4	Equity capital per ECC 1)	83,0	74,7	78,5
47,2	36,2	52,0	PCC price quoted on the stock exchange	52,0	36,2	47,2
6,7	4,8	2,6	P/E (price as at 30.09 divided by profit per ECC)	3,0	5,4	6,1
0,6	0,5	0,6	P/B (price as ar 30.09. divided by book value of equity capital)	0,6	0,5	0,6
45,8	0,5	0,4	Costs as a percentage of income	0,4	0,5	44,5
1,0	1,0	1,0	Cost in percent of average total assets	1,0	1,0	0,9
177,0	177,0	177,0	Number of man-years	177,0	177,0	177,0
LOSSES ON LOANS AND GROSS DEFAULTS						
26,3	21,0	38,0	Specified loan provision in % of gross default on loan	38,0	21,0	26,3
As a percentage of gross lending:						
1,0	0,9	0,9	Gross defaults over 90 days	0,7	0,7	0,7
0,8	0,7	0,6	Net defaults over 90 days	0,5	0,5	0,6
0,7	0,6	0,7	Total loan loss provision	0,6	0,5	0,5
0,2	0,2	0,2	Losses on lending	0,1	0,1	0,2

1) equity certificate holders their share of total equity in the balance sheet.

STATEMENT UNDER THE SECURITIES TRADING ACT § 5-6

We declare that to the best of our knowledge the financial statements for the period 1 January to 30 June 2014 is prepared in accordance with the current accounting standards IAS 34 – interim reporting, and that the information in the financial statements give true and fair view of the company's assets, liabilities, financial positions and result.

The interim report shows after our best conviction a true:

- overview over important events during the accounting period and their influence on the interim report.
- specifications of the most central risk- and uncertain factors the company faces during the next accounting period.
- specification of intimate's considerable transactions.

Mo i Rana, 15 August 2013

Thore Michalsen
Chairman of the Board

Ove Brattbakk
Deputy Chairman of the Board

Gislaug Øygarden

Monica Skjellstad

Stein Andre Herigstad-Olsen

May Heimdahl
Employee Representative

Jan Erik Furunes
Chief Executive Officer

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Gislaug Øygarden
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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