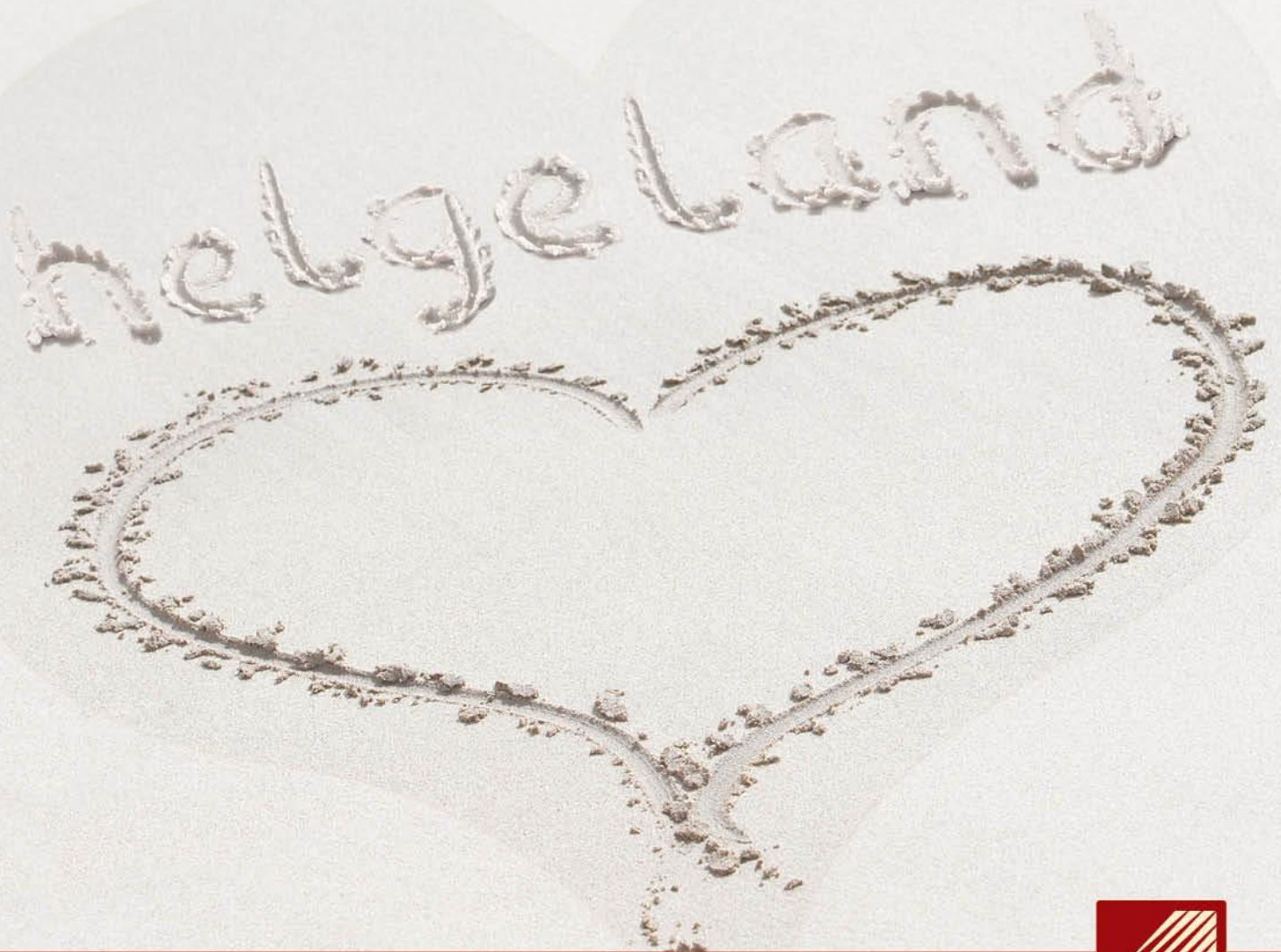


Q2
2015

financial report
first half year and second quarter 2015



Helgeland Sparebank

Interim report first half year and second 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 129 (146). The main reason for change in profit is a combination of reduced net income from financial instruments by MNOK 30 and positive effect from lower losses in lending by MNOK 18.

- The net interest is maintained in both NOK and percent
- Lower income from financial investments than the same period last year (among other things non-recurring effect gains NETS)
- Still moderate write-downs on lending
- Increased lending growth to private customers
- Good deposit growth and a high deposit ratio
- Core tier one capital is strengthened and is well above regulatory requirements

The result gives an annual return on equity after tax of 8.9 (10.7) %. Profit per equity certificate was NOK 3.70 (4.30).

New performance targets decided board meeting june 2nd

Capital target – CET1 ratio (HSB group) of 14 % and total capital coverage of up towards 17 %.

Cost target – our goal is an annual cost growth of a maximum of 1.0 % in the period towards 2017 (HSB group).

Other financial targets – dividend policy and return target on equity is unchanged.

Upgraded rating from Moody's

In May 2015, the banks rating was upgraded two levels from Baa2 to A3 with “stable outlook”.

Mid Cap Index (OSEMX)

Oslo Stock Exchange has launched a new index for middle size companies that include our own ECs. This will increase the likelihood for the EC.

New real estate agency – REDE

The new real estate agency was operative from june 1st, with accession if CEO September 1st. Helgeland Sparebank owns 40 % and the company has a market share of over 50 %.

Result so far this year

Key figures:

(Comparison per 30.06.2014)

- Net interest 1.77 (1.76) %
- Costs in percent of income 48.1 (43.1) %
- Write-downs on lending 0.09 (0.23) %
- 6-month lending growth 3.7 (0.6)
- 6-month deposit growth 4.5 (5.6)
- CET1 ratio 14.2 (12.0) %
- Capital ratio 17.6 (15.7) %

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.

To meet the competition in the retail market it is carried an interest rate change in March and the last interest rate change is approved for implementation on existing loans September 1st. The reduction of the lending interest rate is funded by a corresponding reduction of the interest rates on deposits.

(The guarantee fee in first quarter is accrued and charged for 6 months with MNOK 5.8)

Net commission earnings

Net commission earnings were MNOK 42 (41). In percent of average total assets the net commission was 0.33 (0.32) %.

Net value change and profit/loss on financial instruments

Net income from financial instruments was MNOK -1. Compared to 30.06.14, this is a reduction of MNOK 30. The bank had gains from sale of shares in NETS and higher incomes from associated companies in 2014.

Operating costs

Combined operating costs were MNOK130 (123). Operating costs in percent of average total assets were 1.02 (0.96) %, costs compared with income were 48.1 (43.1) %.

Increased payroll tax takes full effect in 2015.

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 2015 and a smaller office was discontinued from June 1st 2015. This, in addition to natural resignations, has reduced the number of employees from first half year 2014 by 10 annual positions. As a part of the bank's strategy process, a new cost target was decided (maximum cost growth of 1 %) and it is initiated work

with evaluation of the bank's distribution strategy/office net.

Absence due to sickness is on a low level, and ended at 3.6 (4.6) %.

Write-downs posted as expenses on commitments

The net effect of write-downs on lending is posted with MNOK 11 (29). Of this, write-downs on groups of lending are on MNOK 3 (2).

Equity certificate – HELG

The EC capital constitutes MNOK 935 and is distributed on 2,142 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 30.06.2015 was NOK 59.00, which is an increase of NOK 4.00 per EC since year end.

Result second quarter

Profit before tax was MNOK 57 (80) this quarter. Reduction from the same period last year is related to reduced income from financial investments. Ordinary operating costs were MNOK 63 (61). In percent of average total assets, costs amounts to 0.98 (0.94) %. Write-downs on lending and guarantees are expensed with MNOK 11 (18) this quarter.

The lending growth has also increased last quarter compared to the same period in 2014. There has been most growth in the retail market.

The deposit growth is still good, but slightly lower than the same period last year. The growth this quarter comes entirely from retail customers. Deposits from corporate customers are reduced.

Key figures second quarter:

- Result before tax MNOK 57 (80).
- Net interest 1.77 (1.76) %
- Ordinary operating costs 0.98 (0.94) %
- 3-month lending growth 2.7 (0.3) %
- 3-month deposit growth 3.1 (4.7)

Balance development per 30.06.2015

The bank's total assets constitute NOK 26.2bn. The total assets for the past 12 months are almost entirely unchanged. There has been growth in the lending whilst cash and securities are reduced.

Commitments

Gross lending by the end of the quarter constituted MNOK 21,590. Over the last 12 months the lending has increased with MNOK 766 (332) or 3.7 (1.6) %. 83.9 (84.2) % of the group's lending is to customers in the Helgeland region.

Of gross lending MNOK 14,603 or 67.6 (65.8) % constitute lending to retail customers, whereby MNOK 4,422 (20.5 %) are transferred to the banks fully owned housing credit company Helgeland Boligkreditt AS. The growth in the retail market has in the last 12 months been higher than in the

corresponding period last year, and were MNOK 901 (332) or 6.6 (4.0) %. 6-month growth to retail customers was MNOK 621 or 4.4 %.

In line with the target the bank has been steering toward a low growth in the corporate market in 2014, and 12-month lending growth to corporate customers constitutes -1.9 (-2.7) %. 6-month growth to corporate customers is positive by MNOK 141 or 2.0 %.

Deposits from customers

Over the last 12 months the deposits have increased by MNOK 629 (1 526) or 4.6 (12.5) %. The HSB group has a local and stable depositor base, whereby 91.4 (91.9) % are deposits from customers in the Helgeland region. The deposit growth is a result of measures with a focus on savings in addition to the general increased saving especially in the retail market.

The deposit ratio is significant and were 66.5 (65.9) % in the HSB group and 84.6 (83.9) % in the parent bank.

The 12-month growth in the retail market was MNOK 455 (665) or 5.3 (8.3) %. of the total deposits of NOK 14.4bn, NOK 9.1bn. or 63.4 (63.0) % are deposits by retail customers. 6-month deposit growth in the retail market was MNOK 639 or 7.4 %.

12-month deposit growth in the corporate market was MNOK 174 (862) or 3.4 (20.4) %. 6-month deposit growth in the corporate market was -0.3 %.

Funding

Customer deposits are an important source of funding and the banks deposit ratio is well above the target. 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 82.0 (78.8) %.

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. 20% is transferred pr. 30.06.15. Empowered mortgages will increase the transfer up to 25%.

Rating

Helgeland Sparebank is rated by Moody's. The bank's rating is A3 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 HSB group's associated companies are Helgeland Invest AS with 48% ownership and REDE Eiendomsmegling AS with an ownership of 40 %.

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 safe, 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 4.0 (4.7) bn, or 15.3 (17.8) % 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 144 pr. 30.06.15. 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 non-performing and other impaired commitments is at a relatively stable level and was MNOK 131 (115), which is equivalent to 0.61 (0.55) % of gross lending.

Solidity

The group has strengthened its CET1 ratio to 14.2 (12.0) %, which is well above the legal minimum requirement of 11% from 1 July 2015. The core capital ratio was 15.6 (13.6) %, and the total capital ratio was 17.6 (15.7) %.

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 %.

The bank's Board of Directors has determined a capital plan for 2015 – 2019, 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 14.0 % and a total capital ratio up to 17.5 %.

Prospects ahead

Systematic offensive work towards own and new customers have given results in the shape of lending growth and width sale – especially in the retail market. An adaption of the bank's mortgage interest after Norges Bank's last interest reduction gives an opportunity to still win the competition for the best mortgage loan customers without diminishing the net interest income significantly. A new real estate agency – REDE Eiendomsmegling AS – was formally in place June 1st with a collocation in the bank's premises in the four cities in Helgeland. During the third quarter, one of the real estate agencies collocates. The bank's owner share in the company is 40 %. Other owners are the real estate agencies in Mo and Mosjøen. The real estate company's market share is well above 50 %. Good interaction between brokers and retail- and corporate consultants is expected to contribute further lending growth.

The competition of solid corporate customers has increased in scope and is expected to continue. This, together with a weaker growth in the corporate market can challenge the level of the net interest. Lower borrowing costs as a result of a fall in Nibor, market adaption of the deposit terms and a continued focus on risk pricing makes us overall expected to maintain the level of the net interest rate.

The low interest rate level makes it more attractive to save in other forms than bank deposits. The media's focus on negative real return has increased and we can see a significant interest for fund savings. This could eventually lead to lower growth in deposits even if pension saving among private and corporate customers still strongly increases.

The level of provision income is expected maintained.

A focus on cost-saving measures goes on. The bank determined in the spring strategy process a new target in the cost area and has initiated work to assess the bank's distribution strategy. This involves an evaluation of the banks office net. Change in the customer's needs for physical offices must be weighed against both market reactions and our capability to acquire and not least maintain sought-after expertise in smaller environments. Development of new digital solutions and implementation of e-services will show efficiency gains in the long term.

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.

There is still high activity in a number of sectors in Helgeland. Planned and ongoing investments in the energy sector amounts to NOK 4bn. Construction of a

new E6 in Helgeland starts in the fall of 2015 with an overall budget of NOK 4.5bn. The construction sector has good access to missions and several new building projects such as new buildings to Brønnøysundregistrene and new trade centre in Sandessjøen. Several apartment buildings are ongoing or decided to start.

The salmon farming companies have strengthened its solidity through solid investments through solid 2014 annual reports and the future is bright with today's expected levels of salmon prices.

The industry's focus on renewable energy and building of green industry is increasing. More projects for development of environmental technology are in process and the land based industry's conditions are set on the political map.

Lower oil investments give the subcontractors a more challenging situation. This also affects Helgeland. The oil- and gas sector in Helgeland has had extensive cooperation and a milestone was reached when the oil - and gas cluster Helgeland was included in Innovasjon Norge's national arena program. This will give both technical and financial support to develop the innovation cooperation. A total of 55 companies and knowledge environments are involved in the oil- and gas cluster.

There is increased focus on the importance of competence development activities and cooperation between academia and industry. The university in Nordland (UiN) has increased its research activity through "Senter for industrial business development" and Sintef conducts together with Helgeland Sparebank, UiN, Høgskolen I Nesna, and local industry a project to evaluate the foundations for a permanent establishment on Campus Helgeland. Both

UiN and the University of Tromsø have increased their offers in both full-time studies and gathering-based studies. This gives strong hopes that Helgeland will be able to attract and retain competent, young labor

Unemployment remains low in the region, overall unemployment on level with Nordland County was 2.6% pr. 30.06.15.

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.

Activity in the housing market has increased in second quarter and is expected to be on a good level also in the 2nd half year. The turnover of holiday properties has shown a falling curve. This is believed to be an expression of increased caution in the retail market. Prices for sold villas in Helgeland showed an increase of 10.6 % from year end.

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

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.

The industries ability to cooperate with the research community and utilize the possibilities that lay in good access to renewable energy and not least those nature resources that Helgeland has lots of can help the development of the region. Political willingness to facilitate the industry's framework conditions are of significant importance.

Mo i Rana, August 13th 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	Q2/14	Q2/15	30.06.14	30.06.15		30.06.15	30.06.14	Q2/15	Q2/14	31.12.14
930	235	203	465	414	Interest receivable and similar income	479	548	235	276	1 089
549	141	104	280	219	Interest payable and similar costs	254	321	122	162	631
381	94	99	185	195	Net interest- and credit commission income	226	227	114	114	458
92	25	23	46	47	Commissions receivable and income from banking se	47	46	23	25	92
10	3	3	5	5	Commissions payable and costs relating to banking s	5	5	3	3	10
82	22	20	41	42	Net commission income	42	41	20	22	82
68	63	41	68	43	Gains/losses on financial assets available for sale (ni	-1	29	-4	23	44
13	3	4	6	7	Other operating income	3	2	1	1	7
252	58	62	118	126	Operating costs (note 4)	130	123	63	61	263
44	18	11	29	11	Losses on loans, guarantees etc. (note 5)	11	29	11	18	44
248	106	91	153	150	Result before tax	129	146	57	80	283
52	16	10	29	25	Tax payable on ordinary result	36	39	18	21	67
196	90	82	124	126	Result from ordinary operations after tax	93	107	39	59	216
7.9			5.0	5.0	Yield per equity capital certificate (note 6)	3.7	4.3			8.7
7.9			5.0	5.0	Diluted result per ECC in Norwegian currency (note 6)	3.7	4.3			8.7
Extended Income Statement										
196	90	82	124	126	Result from ordinary operations after tax	93	107	39	59	216
<i>Items that are not subsequently reversed through profit or loss:</i>										
-57	0	0	0	0	Estimate variances, pensions will not be reversed ovi	0	0	0	0	-57
15	0	0	0	0	Tax on extended profit	0	0	0	0	15
-42	0	0	0	0	Net extended profit or loss items	0	0	0	0	-42
<i>Items that are not subsequently reversed through profit or loss:</i>										
28	-6	-2	8	-12	Net change in fair value available-for-sale fin. assets	-12	8	-2	-6	7
2	-1	0	-2	2	Tax on extended profit	2	-2	0	-1	2
30	-7	-2	6	-10	Net extended profit or loss items	-10	6	-2	-7	9
184	83	80	130	116	Total result for the period	83	113	37	52	183

BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
ASSETS						
103	105	102	Cash and claims on central banks	102	105	103
1 358	1 631	1 521	Loans to and claims on credit institutions	638	811	675
16 577	16 511	17 128	Loans to and claims on customers (note 7,8,9,10)	21 490	20 700	20 731
101	207	78	Financial derivatives (note 16)	78	207	101
4 003	4 268	3 781	Certificates, bonds and shares available for sale	3 436	3 968	3 735
181	164	185	Investments in associated companies (note 12)	185	162	178
348	347	345	Investments in subsidiaries (note 12)			
25	11	28	Deferred tax benefit	30	12	30
76	74	81	Fixed assets (note 13)	183	184	177
6	15	11	Other assets	11	17	8
22 778	23 333	23 260	Total assets	26 153	26 166	25 738
LIABILITIES AND EQUITY CAPITAL						
0	0	0	Liabilities to credit institutions	2	0	2
13 971	13 962	14 572	Deposits from customers and liabilities to customers (note 17,18)	14 350	13 721	13 725
6 015	6 669	5 832	Borrowings through the issuance of securities (note 15)	8 907	9 690	9 143
211	157	219	Other liabilities	229	170	227
519	519	519	Fundbonds and subordinated loan capital	520	519	519
20 716	21 307	21 142	Total liabilities	24 008	24 100	23 616
1 028	1 030	1 028	Paid-in equity capital (note 19,20)	1 028	1 029	1 029
1 034	873	964	Accrued equity capital/retained earnings (note 20)	1 019	926	1 089
	123	126	Result from ordinary operations after tax	94	107	
2 062	2 026	2 118	Total equity capital exclusive minority interest	2 141	2 062	2 118
			Non-controlling interest	4	4	4
2 062	2 026	2 118	Total equity capital	2 145	2 066	2 122
22 778	23 333	23 260	Total liabilities and equity capital	26 153	26 166	25 738

Conditional liabilities off balance sheet (note 11)

CHANGE IN EQUITY CAPITAL

Group

30.06.15

	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 01.01.15	187	845	-4	157	437	20	8	338	131	4	2 123
Result for the period									93		93
Extended profit or loss items				-10							-10
Sum total ext. profit or loss	0	0	0	-10	0	0	0	0	93	0	83
Gift fund						-13					-13
Transactions with owners											0
Dividend paid									-47		-47
Equity capital 30.06.09	187	845	-4	147	437	7	8	338	177	4	2 146
Paid-in/accrued equity capital/retained earnings			1 028							1 118	2 146

Group

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
IAS19R*)									107		107
result for the period				6							6
Extended profit or loss items	0	0	0	6	0	0	0	0	107	0	113
Sum total ext. profit or loss						-3					-3
Gift fund											0
Dividend paid									-32		-32
Equity capital 30.09.13	187	845	-1	159	413	15	5	267	172	4	2 066
Paid-in/accrued equity capital/retained earnings			1 031							1 035	2 066

Parent bank

30.06.15

	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 01.01.15		187	845	-4	184	437	20	8	338	47	2 062
Extended profit or loss items										126	126
Sum total ext. profit or loss					-10						-10
Totalresultat		0	0	0	-10	0	0	0	0	126	116
Gift fund						-13					-13
Transactions with owners											0
Impairment to par											0
Dividend paid									-47		-47
Equity capital 30.06.15		187	845	-4	174	437	7	8	338	126	2 243
Paid-in/accrued equity capital/retained earnings				1 028						1 090	2 118

Parent bank

30.06.14

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0	
Equity capital as at 01.01.14		187	845	-1	162	414	23	0	273	31	1 934
IAS19R*)										124	124
result for the period				6							6
Extended profit or loss items		0	0	0	6	0	0	0	0	124	130
Sum total ext. profit or loss							-3				-3
Gift fund											0
Dividend paid				-1					-34		-35
Equity capital 30.06.14		187	845	-2	168	414	20	0	239	155	2 026
Paid-in/accrued equity capital/retained earnings				1 030						996	2 026

CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>			
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
247	153	150	Result of ordinary operations	129	146	283
10	5	6	+ Ordinary depreciation/amortisation	9	7	17
44	29	11	+ Writedowns and gain/loss on fixed assets	11	29	44
-52	-29	-25	- Tax expense	-35	-39	-67
249	158	142	= Provided from the years operations	114	143	277
-1	-41	12	Change miscellaneous debt: + increase/-decrease	2	-37	2
45	5	1	Change miscellaneous claims: - increase/+ decrease	0	-8	45
-700	-663	-555	Change loans to and balances with customers:- incr./+ decr.	-779	-171	-134
723	714	601	Change deposits from and liabilities to customers:+ incr/-decr.	625	732	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	-474	201	A Net liquidity change from operating activities	-38	12	279
-12	-5	-7	- Invested in tangible fixed assets	-7	-5	-15
0	0	2	+ Sale of tangible fixed assets	2	0	5
-2 383	-1 534	-998	- Investment in long-term securities	-820	-1 534	-2 622
3 154	2 158	1 208	+ Sale in long-term securities	1 118	1 658	2 648
759	619	205	B Liquidity change from investing activities	293	119	16
-41	-41	-48	- Dividend paid on ECCs	-48	-41	-41
1 965	1 024	794	+ Issue debt securities	944	1 394	2 764
-2 262	-763	-990	- Redemption debt securities	-1 190	-1 274	-2 946
0	0	0	Change subordinated loan capital/primary capital + incr.- decr	0	0	0
-338	220	-244	C Liquidity change from financing activities	-294	79	-223
90	365	162	A+B+C Sum total change liquid assets	-39	210	72
1 371	1 371	1 461	+ Liquid assets at the start of the period	778	706	706
1 461	1 736	1 623	= Liquid assets at the close of the period	739	916	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.

Clarification of accounting policies disclosed in the financial statement for 2014 for valuation principle fixed rate borrowings, fixed rate loans and fixed rate deposits.

Fixed rate borrowings

For securities issued with fixed interest rates, value hedging is normally used. The bank hedges interest rate risk on an individual level. Change in credit spread is not a part of hedged risk. Changes in value related to changes in NIBOR are recognized and adjusts the carrying value of the hedged fixed rate borrowings continuously.

Fixed rate borrowings that is not documented as hedging objects is considered fair value (FVO). The bank has per today no borrowings that are included in this category.

Fixed rate lending

Loans with fixed rate are valued to fair value (FVO). Fair value is calculated by down discounting future cash flows (interests and principal) on loans with return requirements derived from the yield curve at the balance date. Credit spread on lending is changed on an overall assessment based on observed changes in the market together with internal valuations. A change in credit spread will affect the return requirements as the supplement that is added on the interest rate changes.

Fixed rate customer deposits

Customer deposits with fixed rates are valued to fair value (FVO). The extent of such deposits is not significant for the financial statements. Measuring of fixed rate receivables and commitments to fair value gives a significant reduced volatility in the income statement as the bank uses derivatives to control the interest rate risk that fixed rate arrangements and commitments means to the bank.

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.

<i>Parent bank</i>				<i>Group</i>				
30.06.15				30.06.15				
Retail	Corp.	Not divided	Total	Segment information	Retail	Corp.	Not divided	Total
100	94	1	195	Net interest and credit commission i	137	96	-7	226
14	7	21	42	Net commission income	14	7	21	42
		50	50	Other operating income			2	2
41	14	71	126	Operating costs	44	14	72	130
-2	10	3	11	Losses on loans guaranteed	-2	10	3	11
75	77	-2	150	Result before tax	109	79	-59	129
10 277	6 947		17 224	Loans to and claims on customers	14 603	6 987		21 590
-5	-20		-25	Individual write-downs	-5	-20		-25
		-71	-71	Collective write-downs on loans			-71	-71
		6 132	6 132	Other assets			4 659	4 659
10 272	6 927	6 061	23 260	Total assts per segment	14 598	6 967	4 588	26 153
9 094	5 478		14 572	Deposits from customers and liabiliti	9 094	5 256		14 350
		8 688	8 688	Other liabilities and equity			11 803	11 803
9 094	5 478	8 688	23 260	Total liabilities and equity per €	9 094	5 256	11 803	26 153

<i>Parent bank</i>				<i>Group</i>				
30.06.14				30.06.14				
Retail	Corp.	Not divided	Total	Segment information	Retail	Corp.	Not divided	Total
97	96	-8	185	Net interest and credit commission i	145	97	-15	227
14	6	21	41	Net commission income	14	6	21	41
		75	75	Other operating income			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		16 534	Loans to and claims on customers	13 702	7 122		20 824
-7	-47		-54	Individual write-downs	-7	-47		-54
		-68	-68	Collective write-downs on loans			-68	-68
		6 921	6 921	Other assets			5 464	5 464
9 539	6 941	6 853	23 333	Total assts per segment	13 695	7 075	5 396	26 166
8 639	5 323		13 962	Deposits from customers and liabiliti	8 639	5 081		13 720
		9 371	9 371	Other liabilities and equity			12 446	12 446
8 639	5 323	9 371	23 333	Total liabilities and equity per €	8 639	5 081	12 446	26 166

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

<i>Parent bank</i>						<i>Group</i>				
31.12.14	Q2/14	Q2/15	30.06.14	30.06.15		30.06.15	30.06.14	Q2/15	Q2/14	31.12.14
1	1	2	1	1	Value change in interest-bearing securities	1	1	2	1	1
5	0	-1	1	-1	Net gain/loss in interest-bearing securities	-1	1	-1	0	5
11	7	-17	11	-19	Net gain/loss shares	-15	13	-13	9	16
5	4	11	5	15	Income AC	15	15	10	13	25
52	51	49	52	50	Share dividend	2	1	1	0	3
-6	-2	-2	-2	-2	Value change in value on lending	-2	-2	-2	-2	-6
0	2	-1	0	-1	Value change on funding and derivatives	-1	0	-1	2	0
68	63	41	68	43	Total value change financial instruments	-1	29	-4	23	44

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>						<i>Group</i>				
31.12.14	Q2/14	Q2/15	30.06.14	30.06.15		30.06.15	30.06.14	Q2/15	Q2/14	31.12.14
130	29	32	58	64	Wages, salaries and social costs	65	59	32	28	130
75	18	18	36	37	General administration costs	37	36	19	19	75
10	2	3	5	6	Depreciation etc of fixed- and intangible assets	9	7	4	3	17
37	9	9	19	19	Other operating costs	19	21	8	11	41
252	58	62	118	126	Total operating costs	130	123	63	61	263

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>						<i>Group</i>				
31.12.14	Q2/14	Q2/15	30.06.14	30.06.15		30.06.15	30.06.14	Q2/15	Q2/14	31.12.14
-21	10	2	15	-1	+/- Period's change in individual write-downs	-1	15	2	10	-21
1	-2	3	0	3	+ Period's change in collective write-downs	3	0	3	-2	1
46	7	2	10	3	+ Period's conf. Losses against which ind. write-downs were made	3	10	2	7	46
19	3	5	5	9	+ Period's confirmed losses against which no ind. write-downs were made	9	5	5	3	19
-1	0	-1	-1	-3	- Period's recoveries from previous periods' conf.losses	-3	-1	-1	0	-1
44	18	11	29	11	Total losses on loans, guarantees etc.	11	29	11	18	44

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>				<i>Group</i>		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
196	124	126	Profit	93	107	216
75.1 %	75.1 %	75.1 %	ECC percentage	75.1 %	75.1 %	75.1 %
7.9	5.0	5.0	Yield per equity capital certificate	3.7	4.3	8.7
7.9	5.0	5.0	Diluted result per ECC in Norwegian currency	3.7	4.3	8.7

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>					<i>Group</i>			
30.06.14	%	30.06.15	%		30.06.15	%	30.06.14	%
14 131	85.0	14 576	84.6	Helgeland	18 120	83.9	17 525	84.2
2 486	14.9	2 628	15.3	Areas other than Helgeland	3 439	15.9	3 273	15.7
16	0.1	20	0.1	International	31	0.1	26	0.1
16 633	100	17 224	100	Total	21 590	100	20 824	100

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	30.06.15				30.06.14			
	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	7	0.0 %	0	0	11	0.1 %	0	0
Agriculture and forestry	1 246	5.8 %	0	-1	1 318	6.3 %	3	3
Fisheries and aquaculture	687	3.2 %	9	8	671	3.2 %	1	0
Mining and industry	351	1.6 %	3	-2	577	2.8 %	9	14
Building and construction	874	4.0 %	2	1	870	4.2 %	15	2
Trade, hotel, restaurants.	307	1.4 %	5	3	354	1.7 %	9	5
Transport and services	671	3.1 %	0	-1	684	3.3 %	0	0
Property, property development	2 843	13.2 %	1	2	2 636	12.7 %	8	1
Retail market	14 603	67.6 %	5	-2	13 702	65.8 %	7	2
Total	21 590	100 %	25	8	20 824	100 %	54	27
Change collective write-downs			75	3			71	2
Total			100	11			125	29
Of which gross loans Helgeland Boligkreditt AS	4 422	20.5 %			4 255	20.4 %		

	30.06.15				30.06.14			
	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	7	0.0 %	0	0	11	0.1 %	0	0
Agriculture and forestry	1 238	7.2 %	0	-1	1 305	7.8 %	3	3
Fisheries and aquaculture	687	4.0 %	9	8	669	4.0 %	1	0
Mining and industry	348	2.0 %	3	-2	574	3.5 %	9	14
Building and construction	849	4.9 %	2	1	839	5.0 %	15	2
Trade, hotel, restaurants.	301	1.7 %	5	3	344	2.1 %	9	5
Transport and services	654	3.8 %	0	-1	609	3.7 %	0	0
Property, property development	2 862	16.6 %	1	2	2 716	16.3 %	8	1
Retail market	10 277	59.7 %	5	-2	9 565	57.5 %	7	2
Total	17 224	100 %	25	8	16 633	100 %	54	27
Change collective write-downs			71	3			68	2
Total			96	11			122	29

NOTE 9. BAD AND DOUBTFUL LOANS

<i>Parent bank</i>			<i>Group</i>			
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
85	142	93	Loans, guarantees etc. in default	93	142	85
14	48	14	Loss provisions for loans, guarantees etc. in default	14	48	14
71	94	79	Total net loans, guarantees etc. in default	79	94	71
43	27	63	Other bad and doubtful loans and guar., not in default	63	27	43
5	6	11	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	11	6	5
38	21	52	Total net bad and doubtful commitments, not in default	52	21	38
109	115	131	Total bad and doubtful loans	131	115	109
0.65 %	0.69 %	0.76 %	In % of total loans	0.61 %	0.55 %	0.52 %

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

<i>Parent bank</i>			<i>Group</i>			
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
40	39	24	Individual write-downs to cover losses on loans and guarantees as at 01.01	24	39	40
-23	-10	-7	Period's conf. losses, against which indi. Write-down was previously made	-7	-10	-23
5	3	0	Period's increased individual write-downs, against which write-down was previously made	0	3	5
3	22	12	New individual write-downs during the period	12	22	3
-1	0	-4	Reversal of individual write-downs during the period	-4	0	-1
24	54	25	= Total individual write-downs on loans	25	54	24
24	54	25	*Of which individual write-downs on loans accounted for	25	54	24
0	0	0	* Of which ind. Write-downs on guar. accounted for	0	0	0
Collective write-downs:						
67	68	68	Collective write-downs to cover losses on loans at 01.01	72	71	71
1	0	3	+/- Period's change in collective write-downs	3	0	1
68	68	71	Total collective write-downs	75	71	72

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>			<i>Group</i>			
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
1 583	1 517	1 670	Unutilized drawing rights	2 016	1 856	1 912
467	487	546	Guarantee obligations	546	487	467
2 317	2 177	2 115	Unutilized credit Helgeland Boligkredditt			
4 367	4 181	4 331	Net guarantee and draw rights	2 562	2 343	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 AC

	Share capita	Number of sha	Equity stake	Parent bank	
				Market value	
				30.06.15	30.06.14
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	9
Storgata 73 AS	5.0	74	53 %	2	2
Total investment in AC				345	347

Investment in associated companies

	Location	Sector	Equity stake	Group	
				Market value	
				30.06.15	30.06.14
Helgeland Invest AS*	Mo i Rana	Investment	48 %	173	161
REDE Eiendomsmegling AS	Mo i Rana	Estate Agent	40 %	12	1
Total investment in AC				185	162

Investment in associated companies

	Location	Sector	Equity stake	Parent bank	
				Market value	
				30.06.15	30.06.14
Helgeland Invest AS*	Mo i Rana	Investment	48 %	173	160
REDE Eiendomsmegling AS	Mo i Rana	Estate Agent	40 %	12	4
Total investment in AC				185	164

* Equity method of accounting applies in parent bank in 30.09.14

* The banks ownership in Helgeland Invest is considered in relation to decisive influence. The owner post is not treated as a daughter company. The banks ownership is less than 50 % and additional owners have the possibility to organize a majority against the bank. The banks CEO is elected deputy member for the company. Beyond that the bank has no board representation. The bank has therefore significant influence, but not control in Helgeland Invest AS.

NOTE 13. OPERATING FUNDS

Parent bank			Group		
31.12.14	30.06.14	30.06.15	30.06.15	30.06.14	31.12.14
76	74	81	183	184	177
76	74	81	183	184	177
Total operating funds					

* 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 30.06.15 constitute totally MNOK 4,422. Covered bonds in the housing mortgage company constitute MNOK 3 415 where MNOK 345 (300) is owned by Helgeland Sparebank. Credit line of NOK 1.5bn is per 30.06.15 drawn with MNOK 886. 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 length distance. The effects of the credit lines are eliminated in the consolidated accounts. HSB has received corporate contributions of MNOK 48 in 2015.

Ans Bankbygg (share of ownership 97 %)

The bank rents premises from ANS Bankbygg and has paid MNOK 2.7 in 2015.

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

<i>Parent bank</i>				<i>Group</i>			
30.06.14		30.06.15		30.06.15		30.06.14	
Real value	Balance sheet value	Real value	Balance sheet value	Balance sheet value	Real value	Balance sheet value	Real value
ASSETS							
105	105	102	102	Cash and receivables from central banks	102	102	105
1 631	1 631	1 521	1 521	Loans and receivables to credit institutions	638	638	811
1 076	1 076	1 376	1 376	Loans to customers at fair value	1 376	1 376	1 076
15 434	15 434	15 848	15 848	Loans to customers at amortized cost	20 214	20 214	19 748
207	207	78	78	Derivates	78	78	207
4 268	4 268	3 781	3 781	Certificates, bonds and shares available for sale	3 435	3 435	3 968
22 721	22 721	22 706	22 706	Total	25 843	25 843	25 915
Liabilities							
0	0	0	0	Liabilities to credit institutions amortized cost	2	2	0
10	10	6	6	Deposits at fair value	6	6	10
13 952	13 952	14 566	14 566	Deposits from and liabilities at amortized cost	14 344	14 344	13 710
3 912	3 912	3 406	3 406	Debt securities hedging	6 480	6 480	6 933
519	519	519	519	Fundbonds and subordinated loan capital	519	519	519
18 393	18 393	18 497	18 497	Total	21 351	21 351	21 172

Measurement of fair value of financial instruments by level

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

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

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation methods. These valuation methods maximize the use of observable data where these are available, and are based as little as possible on the Group's own estimates. If all the significant data required to determine the fair value of an instrument are observable data, the instrument are included in level 2.

Unlisted equities and fixed-rate loans are classified under level 3. The fair value of shares where it's no active market, known market value or the last issue price is used. For papers without turnover, the value is set based on available financial information, etc. fixed rate loans are measured at fair value (see also description of the valuation note 1).

Assets and liabilities measured at fair value						
<i>Parent bank</i>				<i>Group</i>		
30.06.15				30.06.15		
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	1 376	- Loans to and claims on customers at fair value	0	0	1 376
Financial assets available for sale						
3 597	0	183	- Certificates, bonds and equities available for sale	3 252	0	183
	78		- Financial derivatives	0	78	0
3 597	78	1 559	Tota assets	3 252	78	1 559
LIABILITIES						
Financial liabilities at fair value through profit						
0	2 426	0	- Debt issuance of securities	0	2 426	0
0	2 426	0	Total liabilities	0	2 426	0
30.06.15				Changes in instruments classified in Level 3		30.06.15
		1 222	Opening balance			1 222
		342	Netto utlån og fordringer på kunder til virkelig verdi			342
		0	Net change of shares at fair value through profit			0
		0	Reclassification			0
		-5	Revaluation of shares available for sale			-5
		1 559	Financial instruments valued on Level 3			1 559

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						
0	0	1 076	- Loans to and claims on customers at fair value	0	0	1 076
Financial assets available for sale						
4 043	2	223	- Certificates, bonds and equities available for sale	3 744	2	223
0	207	0	- Financial derivatives	0	207	0
4 043	209	1 299	Tota assets	3 744	209	1 299
LIABILITIES						
Financial liabilities at fair value through profit						
0	2 757	0	- Debt issuance of securities	0	2 757	0
0	2 757	0	Total liabilities	0	2 757	0
30.06.14				Changes in instruments classified in Level 3		30.06.14
		1 327	Opening balance			1327
		-40	Netto utlån og fordringer på kunder til virkelig verdi			-40
		-28	Net change of shares at fair value through profit			-28
		0	Reclassification			0
		40	Revaluation of shares available for sale			40
		1 299	Financial instruments valued on Level 3			1 299

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>		
30.06.15				30.06.15		
Nominal value	Market value			Nominal value	Market value	
	Total	Assets			Commitments	Total
1 386		49	Interest rate swaps- fixed interest rate loans	1 386		49
			Interest rate swaps- bank deposits with share Yield			
1 386	0	49	Total financial derivatives	1 386	0	49
2 600	126		Interest rate swaps – fixed interest rate with hedging	2 600	126	0
2 600	126	0	Total financial derivatives with hedging	2 600	126	0

<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
1 046	0	50	Interest rate swaps- fixed interest rate loans	1 046	0	50
0	0	0	Interest rate swaps- bank deposits with share Yield	0	0	0
1 046	0	50	Total financial derivatives	1 046	0	50
2 500	257	0	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 and group</i>					
30.06.2015					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	126	0	126	49	77
Derivaives carried as liabilities	49	0	49	-49	0

<i>Parent bank and group</i>					
30.06.2014					
	Gross financial assets	Financial assets that are recognized net in the balance sheet	Net financial assets	Financial instruments	Net
Derivaives carried as assets	257	0	257	50	207
Derivaives carried as liabilities	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>			
%	30.06.14	%	30.06.15		30.06.15	%	30.06.14	%	
92.1 %	12 854	91.6 %	13 343	Helgeland	13 121	91.4 %	12 613	91.9 %	
7.2 %	1 002	7.7 %	1 117	Areas other than Helgeland	1 117	7.8 %	1 002	7.3 %	
0.8 %	106	0.8 %	112	International	112	0.8 %	106	0.8 %	
100 %	13 962	100 %	14 572	Total	14 350	100 %	13 721	100 %	

NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>						<i>Group</i>			
%	30.06.14	%	30.06.15		30.06.15	%	30.06.14	%	
3.4 %	477	2.9 %	425	Financial institutions	203	1.4 %	235	1.7 %	
11.9 %	1 656	11.9 %	1 731	Municipalities and municipal ente	1 731	12.1 %	1 657	12.1 %	
2.5 %	344	2.4 %	349	Agriculture and forestry	349	2.4 %	344	2.5 %	
2.2 %	304	3.7 %	534	Fisheries and aquaculture	534	3.7 %	304	2.2 %	
1.1 %	158	1.0 %	142	Mining and industry	142	1.0 %	158	1.2 %	
4.8 %	668	3.6 %	526	Building and construction	526	3.7 %	668	4.9 %	
2.9 %	407	2.8 %	412	Trade, hotel, restaurants.	412	2.9 %	407	3.0 %	
5.9 %	819	5.9 %	867	Transport and services	867	6.0 %	819	6.0 %	
3.5 %	490	3.4 %	492	Property, property development	492	3.4 %	490	3.6 %	
61.9 %	8 639	62.4 %	9 094	Retail market	9 094	63.4 %	8 639	63.0 %	
100.0 %	13 962	100 %	14 572	Total	14 350	100.0 %	13 721	100 %	

NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

Per 30.06.15	Parent bank				Parent bank	
	Numbers	% share	Numbers	% share		
Sparebankstiftelsen Helgeland	6 599 598	35.3 %	Helgeland Kraft AS	340 494	1.8 %	
Pareto AS	1 570 836	8.4 %	Verdipapirfondet Pareto	269 000	1.4 %	
UBS AG, London Branc A/C	1 035 000	5.5 %	Sniptind Holding AS	201 801	1.1 %	
Merrill Lynch Prof.	926 015	5.0 %	Catilina Invest AS	170 000	0.9 %	
MP Pensjon PK	882 203	4.7 %	Johs. Haugerudsvei AS	137 731	0.7 %	
Citibank	728 841	3.9 %	Nordenfjelske Bykreditt	134 194	0.7 %	
VPF Nordea Norge	570 365	3.1 %	Melum Mølle AS	124 000	0.7 %	
Verdipapirfondet Eika	532 475	2.8 %	Steffen Nervik	110 000	0.6 %	
Bergen Kommunale pensj.	400 000	2.1 %	Melesio AS	100 000	0.5 %	
Lamholmen AS	398 788	2.1 %	Harald Paul Hartviksen	79 898	0.4 %	
Total 10 biggest owners	13 644 121	73.0 %	Total 20 biggest owners	15 311 239	81.9 %	

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 30.06.14 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 II	Basel II	Basel III	Capital	Basel III	Basel II	Basel III
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
187	187	187	ECC-capital	187	187	187
845	845	845	Premium Fund	845	845	845
-4	-3	-4	Own ECCs	-4	-3	-4
1 028	1 029	1 028	Total paid-in capital	1 028	1 029	1 028
438	415	438	Savings Bank's fund	438	415	438
183	169	173	Reserve for unrealized gains	149	160	158
28	20	15	Donations Fund	15	20	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	873	964	Total accrued equity capital	1 021	924	1 094
2 062	1 902	1 992	Total equity capital	2 049	1 953	2 122
-183	-169	0	Reserve for unrealized gains	0	-160	-158
-25	-53	-27	Deferred tax assets	-30	-53	-31
-40	-75	-31	Shares in financial institutions	-29	-75	-38
32		18	Transition Rule; share net of non significant assets	18		30
-55	-5	0	Cash dividend /gifts employee	0	-5	-59
1 791	1 600	1 952	Total core tier one	2 008	1 660	1 866
-14	0	-9	Shares in financial institutions	-9	0	-13
-16	0	-9	Transition Rule; share net of non significant assets	-9	0	-15
219	219	219	Hybrid capital	219	219	219
1 980	1 819	2 153	Total core capital	2 209	1 879	2 057
300	300	300	Subordinated debt	300	300	300
66	66	0	Weight assets calculation basis *)	0	62	57
-8	-76	-6	Shares in financial institutions	-6	-76	-7
-16		-9	Transition Rule; share net of non significant assets	-8		-15
0	0	0	Additional	0		0
342	290	285	Total net supplementary capital	286	286	335
2 322	2 109	2 438	Total net equity and related capital	2 495	2 165	2 392
12 790	12 787	13 260	Weight assets calculation basis	14 151	13 801	13 929
14.00 %	12.51 %	14.72 %	Core tier one Capital ratio	14.19 %	12.03 %	13.40 %
15.48 %	14.23 %	16.24 %	Core capital ratio	15.61 %	13.61 %	14.77 %
18.15 %	16.49 %	18.39 %	Capital ratio	17.63 %	15.69 %	17.17 %

31.12.14	30.06.14	30.06.15	Capital requirement	30.06.15	30.06.14	31.12.14
0	30	0	States and central banks	0	30	0
92	67	100	Local and regional authorities (including municipalities)	100	67	92
1 136	1 235	1 079	Institutions	355	847	963
2 787	2 776	3 069	Enterprises	3 070	2 776	2 787
1 728	2 422	1 723	Mass market loans	1 763	2 512	1 773
5 415	5 069	5 511	Loans secured by real property	7 075	6 547	6 954
149	181	212	Loans overdue	212	181	149
160	162	168	Covered bonds	133	132	134
0	0	0	Units in securities funds	0	0	0
414	403	490	Other loans and commitments	504	185	138
11 881	12 345	12 352	Capital requirement credit risk	13 213	13 277	12 990
909	756	909	Capital requirement operational risk	938	838	938
0	-313	0	Deducted from capital requirement	0	-313	0
12 790	12 788	13 260	Total capital requirement	14 151	13 802	13 929

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Parent bank</i>						<i>Group</i>				
31.12.14	Q2/14	Q2/15	30.06.14	30.06.15		30.06.15	30.06.14	Q2/15	Q2/14	31.12.14
4.01	4.09	3.57	4.09	3.67	Interest receivable and similar income	3.76	4.25	3.67	4.25	4.17
2.36	2.46	1.83	2.46	1.94	Interest payable and similar costs	1.99	2.49	1.90	2.49	2.41
1.64	1.63	1.74	1.63	1.73	Net interest- and credit commission income	1.77	1.76	1.77	1.76	1.76
0.40	0.43	0.40	0.40	0.42	Commissions receivable and income from banking services	0.37	0.36	0.36	0.38	0.35
0.05	0.05	0.05	0.04	0.04	Commissions payable and costs relating to banking services	0.04	0.04	0.05	0.04	0.04
0.35	0.38	0.35	0.36	0.37	Net commission income	0.33	0.32	0.31	0.34	0.31
0.29	1.10	0.73	0.60	0.38	Gains/losses on financial assets available for sale	-0.01	0.23	-0.06	0.35	0.17
0.06	0.05	0.07	0.05	0.06	Other operating income	0.02	0.02	0.02	0.02	0.03
1.09	1.01	1.09	1.04	1.12	Operating costs	1.02	0.96	0.98	0.94	1.01
0.19	0.31	0.19	0.25	0.10	Losses on loans, guarantees etc. and fixed assets	0.09	0.23	0.17	0.28	0.17
1.07	1.84	1.60	1.34	1.33	Result before tax	1.01	1.14	0.89	1.25	1.09
0.22	0.28	0.17	0.25	0.22	Tax payable on ordinary result	0.28	0.30	0.28	0.32	0.26
0.84	1.56	1.43	1.09	1.11	Result from ordinary operations after tax	0.73	0.84	0.61	0.93	0.83

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Parent bank					Group					
Q2/14	Q3/14	Q4/14	Q1/15	Q2/15		Q2/15	Q1/15	Q4/14	Q3/14	Q2/14
235	236	229	211	203	Interest receivable and similar income	235	244	267	274	276
141	138	131	115	104	Interest payable and similar costs	122	132	152	158	162
94	98	98	96	99	Net interest- and credit commission income	114	112	115	116	114
25	24	22	24	23	Commissions receivable and income from banking serv	23	24	22	24	25
3	2	3	2	3	Commissions payable and costs relating to banking ser	3	2	3	2	3
22	22	19	22	20	Net commission income	20	22	19	22	22
63	-3	3	2	41	Gains/losses on financial assets available for sale	-4	3	-2	17	23
3	3	4	3	4	Other operating income	1	2	3	2	1
58	62	72	64	62	Operating costs	63	67	77	63	61
18	6	9	0	11	Losses on loans, guarantees etc.	11	0	9	6	18
106	52	43	59	91	Result before tax	57	72	49	88	81
16	11	12	15	10	Tax payable on ordinary result	18	18	13	15	21
90	41	31	44	82	Result from ordinary operations after tax	39	54	36	73	60

Parent bank					Group					
Q2/14	Q3/14	Q4/14	Q1/15	Q2/15		Q2/15	Q1/15	Q4/14	Q3/14	Q2/14
4.09	4.07	3.90	3.76	3.57	Interest receivable and similar income	3.67	3.85	4.05	4.14	4.25
2.46	2.38	2.23	2.05	1.83	Interest payable and similar costs	1.90	2.09	2.30	2.39	2.49
1.63	1.69	1.67	1.71	1.74	Net interest- and credit commission income	1.77	1.76	1.74	1.75	1.76
0.43	0.41	0.37	0.42	0.40	Commissions receivable and income from banking serv	0.36	0.37	0.33	0.37	0.38
0.05	0.03	0.05	0.04	0.05	Commissions payable and costs relating to banking ser	0.05	0.04	0.05	0.03	0.04
0.38	0.38	0.32	0.38	0.35	Net commission income	0.31	0.33	0.28	0.34	0.34
1.10	-0.05	0.05	0.04	0.73	Gains/losses on financial assets available for sale	-0.06	0.05	-0.03	0.26	0.35
0.05	0.05	0.07	0.05	0.07	Other operating income	0.02	0.03	0.05	0.03	0.02
1.01	1.07	1.23	1.14	1.09	Operating costs	0.98	1.05	1.17	0.96	0.94
0.31	0.10	0.15	0.00	0.19	Losses on loans, guarantees etc.	0.17	0.00	0.14	0.09	0.28
1.84	0.90	0.73	1.04	1.60	Result before tax	0.89	1.12	0.73	1.33	1.25
0.28	0.19	0.20	0.27	0.17	Tax payable on ordinary result	0.27	0.28	0.20	0.23	0.32
1.56	0.71	0.53	0.77	1.43	Result from ordinary operations after tax	0.63	0.84	0.53	1.10	0.93

Parent bank					Group					
Q2/14	Q3/14	Q4/14	Q1/15	Q2/15		Q2/15	Q1/15	Q4/14	Q3/14	Q2/14
ASSETS										
105	96	103	102	102	Cash and claims on central banks	102	102	103	96	105
1 631	1 265	1 358	915	1 521	Loans to and claims on credit institutions	638	510	675	484	811
16 511	16 711	16 577	16 958	17 128	Loans to and claims on customers	21 490	20 948	20 731	20 843	20 700
207	216	101	114	78	Financial derivatives	78	114	101	216	207
4 268	4 524	4 003	3 869	3 781	Certificates, bonds and shares available for sale	3 436	3 465	3 735	4 224	3 968
164	185	182	175	185	Investments in associated companies	185	172	178	183	162
347	345	347	346	345	Investments in subsidiaries	0	0			
11	10	25	25	28	Deferred tax benefit	30	30	30	10	12
74	74	76	80	81	Fixed assets	183	181	177	183	184
15	17	6	17	11	Other assets	11	16	8	15	17
23 333	23 443	22 778	22 601	23 260	Total assets	26 153	25 538	25 738	26 254	26 166
LIABILITIES AND EQUITY CAPITAL										
0	0	0	0	0	Liabilities to credit institutions	2	2	2	0	0
13 962	14 164	13 971	14 189	14 572	Deposits from customers and liabilities to customers	14 350	13 952	13 725	13 919	13 721
6 669	6 458	6 015	5 602	5 832	Borrowings through the issuance of securities	8 907	8 692	9 143	9 479	9 690
157	211	211	244	219	Other liabilities	229	255	227	227	170
519	519	519	519	519	Fund bonds	520	519	519	519	519
21 307	21 352	20 716	20 554	21 142	Total liabilities	24 008	23 420	23 616	24 144	24 100
1 030	1 028	1 028	1 028	1 028	Paid-in equity capital	1 028	1 028	1 029	1 028	1 029
873	898	1 034	976	964	Accrued equity capital/retained earnings	1 019	1033	1089	927	926
123	165	0	43	126	Profit after taxes	94	53	0	181	107
					Minority interest	4	4	4	4	4
2 026	2 091	2 062	2 047	2 118	Total equity capital	2 145	2 118	2 122	2 140	2 066
23 333	23 443	22 778	22 601	23 260	Total liabilities and equity capital	26 153	25 538	25 738	26 284	26 166

OTHER KEY FIGURES

Parent bank			Group			
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
BALANCE SHEET						
Utvikling siste 6 mnd						
	0.3	2.1	Total assets	1.6	1	
	4.2	3.3	Gross lending	3.7	0.6	
	5.4	4.3	Deposit	4.6	5.6	
Development in the last 12 months						
-0.5	3.7	2.1	Total assets	0.0	2.3	-0.6
4.4	6.5	3.6	Gross lending	3.7	1.6	0.6
5.5	12.0	4.4	Deposit	4.6	12.5	5.7
83.8	83.9	84.6	Deposit coverage as a percentage of gross loans	66.5	65.9	65.9
59.2	57.5	59.7	Lending to retail customers	67.6	65.8	67.1
23 219	23 074	23 219	Average assets	25 687	26 118	26 146
16 669	16 633	17 224	Gross loans	21 590	20 824	20 828
-24	-54	-25	Individual write-downs	-25	-54	-24
-68	-68	-71	Period's change in collective write downs	-75	-71	-72
0	0	0	Individual write-downs on guarantees	0	0	0
SOLIDITY						
14.0	12.5	14.7	Core tier one Capital ratio	14.2	12.0	13.4
15.5	14.2	16.2	Core capital ratio as percentage	15.6	13.6	14.8
18.2	16.5	18.4	Capital adequacy ratio as percentage	17.6	15.7	17.2
9.0	8.6	9.1	Equity capital ratio	8.2	7.9	8.2
9.8	12.7	12.1	Rate of return on equity capital	8.9	10.7	10.5
0.8	1.1	1.1	Return on assets	0.7	1.0	0.8
KEY FIGURES PCC						
7.9	5.0	5.0	Yield per primary certificate	3.7	4.3	8.7
7.9	5.0	5.0	Diluted result per ECC, in Norwegian currency	3.7	4.3	8.7
75.1	75.1	75.1	ECCs split as of 31.12	75.1	75.1	75.1
80.9	81.4	85.1	Equity capital per ECC 1)	86.0	83.0	83.2
55.0	52.0	59.0	PCC price quoted on the stock exchange	59.0	52.0	55.0
7.0	5.2	5.8	P/E (price as at 30.09 divided by profit per ECC)	7.8	6.0	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	39.3	37.8	Costs as a percentage of income	48.1	43.1	44.6
1.1	1.0	1.1	Cost in percent of average total assets	1.0	0.9	1.0
168	177	167	Number of man-years	167	177	168
LOSSES ON LOANS AND GROSS DEFAULTS						
28.2	38.0	26.9	Specified loan provision in % of gross default on loan	26.9	38.0	28.2
As a percentage of gross lending:						
0.5	0.9	0.5	Gross defaults over 90 days	0.4	0.7	0.4
0.4	0.6	0.5	Net defaults over 90 days	0.4	0.5	0.3
0.6	0.7	0.6	Total loan loss provision	0.5	0.6	0.5
0.3	0.2	0.1	Losses on lending	0.0	0.1	0.2

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

STATEMENT UNDER THE SECURITIES TRADING ACT § 5-6

We declare that to the best of our knowledge the financial statements for the period January 1st to June 30th 2015 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, August 13th 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 Heimdahl
Employee Representative

Lisbeth Flågeng
Chief Executive Officer

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Stein Andre Herigstad-Olsen, Deputy Chair
Eva Monica Hestvik
Bjørn Audun Risøy
Inga Marie Lund
Nils Terje Furunes
May Heimdal

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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