

Q3<sup>20</sup><sub>12</sub>

*financial report*  
*third quarter 2012*



# REPORT OF THE BOARD OF DIRECTORS

## Helgeland Sparebank,

Accounts year to date, and third quarter 2012

### General information

Helgeland Sparebank operates as a traditional bank- and finance enterprise. The bank has 16 offices in 14 municipalities in Helgeland and is the 12th largest savings bank in Norway.

The Group consists of Helgeland Sparebank and the consolidated subsidiaries Helgeland Boligkreditt AS, ANS Bankbygg Mo, AS Sparebankbygg, Helgeland Sparebank Eiendomsselskap AS and Helgeland Utviklingsselskap AS.

The bank owns 48 % of Helgeland Invest AS, 43% of Storgata 73, and 34% of Eiendomsmegleren Helgeland AS. The results of associated companies will be recognised as income in the bank' s consolidated accounts corresponding to the bank' s stake.

The accounts have been reported in accordance with IFRS, including IAS 34 – interim reporting. All figures concern the Helgeland Sparebank Group. Figures in parenthesis are related to corresponding period last year.

The period accounting has not been audited.

### Key features of the year to date (Group)

- Strengthened basic operation gives good results
- Increased net interest during the last three quarters
- Moderate losses
- Cost-control
- Further strong sales of insurance products
- Increased tier one capital adequacy

The pre-tax profit amounted to NOK 126 million. An increase of 20 MNOK compared to the same period last year. Return on equity as of 30.09.12 was 7.2 % (6.1%), and earnings per equity certificate amounted to NOK 3.7 million (NOK 3.1 million).

### Key figures as of 30.09.12:

- Net interest 1.49 % (1.54 %)
- Net commission income 0.31% (0.29 %)
- Ordinary operating costs 0.99 % (1.09 %)
- Write-downs on lending 0.13 % (0.13 %)
- 12-month growth in lending 8.6 % (9.4 %)
- 12-month growth in deposits 7.1% (6.6 %)
- Total capital 12.6 % (11.3 %)

### Profit year to date

#### Net interest

Net income from interest and credit commission was NOK 261 million, compared with NOK 242 million for the same period of 2011. As a percentage of average bank' s total assets, net interest amounted to 1.49 %. Net interest income for the last three quarters has increased by total of 11 points.

#### Net income from commission

Net income from commission was NOK 54 (45) million. The increase in income is the result of extremely good sales of insurance products.

#### Net change in value and gains/losses on financial instruments

Compared with the same report last year, net change in value on financial instruments through profit reduced by NOK 6 million. This is due to lower share dividends in 2012 and reduced value on shares and equity certificates. Improved financial market and entrance in credit-spread has increased value of the Groups holdings of interest bearing securities and equities. This value increase is mainly prior to equity, emerges as a positive value in other comprehensive income by NOK 15 million per 30.09.12.

#### Operating costs

Total ordinary operating costs amounted to NOK 173 million, compared with NOK 172 million in 2011. As a percentage of average bank total assets, ordinary operating costs amounted to 0.99%, compared with 1.09% for the corresponding period last year. The relative figures for ordinary costs measured as a percentage of income amounted to 53.9% (57.7).

Employees in the group and the bank are equal to 177 FTEs. Sick leave is low. There has been a slight decline in the quarter, from 3.9% in the second quarter to 3.6% in the third quarter

The Bank' s defined-benefit pension scheme was closed with effect from 1 July 2012. New employees are enrolled as members of a defined-contribution pension scheme. In addition, changes have been made in the scope of coverage of the old defined-benefit pension scheme. The one-time effect of the change in the Bank' s pension scheme has made a positive contribution to estimate variances not recognised in profit or loss. The effect of the changes will be to slighter lower pension cost from 2013.

In accordance with IAS 19, estimate variances not previously recognised in profit or loss shall be charged to equity. The net effect of estimate variances, including change in the Bank' s pension scheme, will be charged to equity as of 1 January 2013 with approximately NOK 19 million.

#### Expensed write-downs on commitments

It is charged expenses on moderate losses on loans, amounting NOK 22 million, whereas write-downs at groups of lending by NOK 4 million (2 million). As a percentage of gross lending, recorded write-downs amount to 0.2% (0.2%) for the period.

# REPORT OF THE BOARD OF DIRECTORS

## **Tax**

Tax-cost is calculated to 28% of pre-tax profit.

## **Equity certificates - HELG**

Equity certificate capital amounts to NOK 935 million and is divided between approximately 2,300 owners.

Note 19 present an overview of the 20 largest owners of equity certificates. The largest owner is Sparebankstiftelsen Helgeland, with a stake of 86.9%. Due to turbulence in the financial markets, Sparebankstiftelsen Helgeland has issued a notice to wait before selling down until the market conditions are considered to be more stable.

The stock exchange price of equity certificates is still generally low. The price of the bank's HELG equity certificates was NOK 29.70 as at 30.09.12.

## **Profit and loss third quarter**

Pre-tax profit was NOK 53 million, which is NOK 22 million, higher than third quarter last year. Of this amount net interest income increased NOK 12 million or 6 points of average assets. Effect of increased risk pricing, reduction of funding cost points to a positive direction.

The group has succeeded well with its commission sale of insurance products after the transition to Frende, and relocation of the portfolio goes faster than expected. As a percentage of total net commission income was 0.33% (0.31).

Net change in value of financial instruments is recorded as increase by NOK 3 million in the third quarter. There have been positive developments in the value of fixed income securities. The main effect is included as a positive value in equity and appear under other comprehensive income.

The group presents stable operating costs and good cost control. Ordinary operating costs were NOK 56 million, in percent of average assets this amounts to 0.93% against 1.05% during the same period last year. As a percentage of revenue, costs were 48.3% (60.0).

Write-downs on loans and guarantees were recorded as expenses by NOK 7 million (NOK 7 million), with increased write-downs NOK 2 million (0).

## **Key-figures third quarter:**

- Pre-tax profit NOK 53 million (NOK 31 million)
- Net interest 1.53% (1.47%)
- Net commission income 0.33% (3.31)
- Ordinary operating costs 0.93% (1.05%)
- Write-downs on loans 0.12% (0.13%)
- 3mth growth lending 2.1% (3.7%)
- 3mth growth deposits -0.8% (-0,6%)

## **Balance sheet developments**

During the past 12 months, the bank's total assets increased by NOK 2.173 billion, or 9.8%. This balance sheet growth is linked to increased liquidity buffers and growth in lending.

## **Commitments**

Gross lending at the end of the quarter amounted to NOK 19.376 billion. The Group's lending volume includes NOK 4.554 billion, which has been transferred to Helgeland Boligkreditt AS, which is the bank's wholly owned mortgage credit company.

During the past 12 months, lending increased by NOK 1.537 billion or 8.6 % (9.4 %). The Group has experienced growth in lending to business customers of 5.0 %, whilst that for personal customers was 10.7 %. Higher growth in property prices compared with elsewhere in the country generally, combined with a high level of activity in the property market, has resulted in stronger growth in the personal market than the growth in credit to Norwegian households. Healthy activity in Helgeland has resulted in essentially corresponding growth in the corporate customers.

The share of loans to personal customers is NOK 12.4 billion, or 63.4% (63.0%). Of this amount, 83.5% is lent to customers in Helgeland.

Total net defaults and loss-exposed commitments amounted to NOK 96 million (NOK 159 million), corresponding to 0.5% (0.9%) of gross lending.

## **Deposits by customers**

During the past 12 months, deposits have increased by NOK 732 billion, or 7.1% (6.6%). Deposit growth from personal customers increased by 8.2%, whilst deposits from corporate customers increased by 4.8%. Of the total deposit 11.1 billion, are 7.7 or 65.8%, deposits from the retail market. 91.8% of the deposit base, are deposits from customers at Helgeland.

The deposit-to-loan ratio as at 30.09.12 was 57.3% (58.2%) within the group, and 76.6% (74.1%) within the parent bank. The bank has had a stable deposit-to-loan ratio for some time. In order to maintain the deposit-to-loan ratio, the bank has placed a stronger focus on deposits and long-term saving.

## **Borrowing from the debt capital market**

During the last quarter, the sentiment in the capital market has been far better than earlier. Statements from central hold the EU to do what they can to stabilize the debt situation in the market, including contributed to a sharp drop in bank credit spread. The European Central Bank is now ready to support buying government debt first of all in Spain who are struggling with high refinancing cost.

# REPORT OF THE BOARD OF DIRECTORS

In this district, bank credit spread fell by approx. 50 basis points in the 5-year segment compared to the beginning of last summer. Banks borrowing cost have also been further reduced by the drop in NIBOR.

The Group has a healthy and long-term financing with a good level of diversification between various sources of financing. At the exit of the quarter, the share of borrowing in excess of one year was 78%. Helgeland Boligkreditt AS is an important source of financing and the bank has a strong focus on arranging approved mortgages for transfer to the bank's mortgage enterprise.

The majority of the group's liquidity reserves in terms of interest bearing securities are placed in state, municipalities, covered bonds and banks. The overall duration of the interest portfolio is 2.0 years. The group's total liquidity reserves (cash, bank deposits, and interest bearing securities) amounts to NOK 4.2 BnNOK or 17.2 % of the group's total assets. The bank is implementing a cautious adaptation to new liquidity requirements (LCR and NSFR).

## Risk and capital adequacy

The Group's collective risk is managed through authorisations, objectives and frameworks established by the Board. The bank's liquidity situation is considered to be satisfactory, and the proportion of long-term financing is well above the target of 70%.

The development in the bank's credit risk is being closely monitored, partly through the use of credit analyses of all private customers based on recently approved commitments per quarter and developments in the collective private market portfolio. Business customers are given close individual follow-up, in addition to monitoring of developments in risks based on the bank's score models per region and responsible offices, and significant industries. It is established monitoring developments in relation to the adopted portfolio-target.

Continued uncertainty to the introduction of new capital, makes capital management challenging. Minimum common equity expected to increase beyond the current requirements of 9%.

Capital adequacy is calculated using the standard method in Basel II. The Helgeland Sparebank Group has a target total tier one capital adequacy of 12%.

The bank's tier one capital adequacy has increased over the quarter as a result of a fund bond of NOK 220 million in the first quarter. Equity on subordinated loan capital as at 30.09.12 was NOK 1.734 billion and total core capital was NOK 1.704 billion. On group-level the capital RATIO has increased from 11.6% as at 30.09.11 to 12.8% as at 30.09.12. The core capital ratio was 12.6% and core tier one capital ratio 10.9%. Including 50% of the profit so far year to date, with core capital ratio 12.9% and core tier one capital ratio 11,3%.

The parent bank has reduced the basis of calculation by transferring well secured mortgages to Helgeland Boligkreditt AS, and the capital adequacy in the parent bank is slightly higher than within the group.

The Group's total equity amounted to NOK 1.736 billion, or 7.2% of the balance sheet total.

## Future prospects

Since 2007 Helgeland has increased in population and added value. The positive development reflects in the banks credit growth within the corporate and private market, which is higher than the average growth within the country (Statistics Norway). The region has not yet experienced the global financial crisis.

Low unemployment and increased house prices are some of the main factors causing the positive development. The export businesses within metals and fish have mainly avoided international markets that have experienced stagnation. Minerals have been in a boom and the land-based activity increases according to the petroleum sector.

Attractive career opportunities and several service jobs within governmental enterprises, new companies and IT have resulted in newcomers with origin from Helgeland and other regions. Outdoor activities from the coastline to the mountains are also contributing to a positive development.

Infrastructural investments in energy, roads and tunnels are also contributing to increased activity. The airport plans, concerning a new airport located in Mo i Rana, are almost finished with recommendations from Avinor, but the financing of the build is not presence yet. It has been a heavy growth within the trade-business and new plans of hotels are to be carried out. Construction and building companies have many ongoing missions.

The challenges are still related to the demographic development with more elder, competition over competent and qualified labour, underlying cost growth with pressure on salaries and dependency of labour immigration.

Another important area is the development of University College supply within the region. Helgeland Kunnskapssenter is under construction and will co-locate several offers from Universities and Colleges in Mo i Rana. The bank has also controlled several funds of the gift-fund in this direction in order to be an active supporter.

The bank has a stronger core operation of steady growth, and can show a good result of increased net interest commission income. Efforts to improve the net interest continued through improved liability management and enhanced pricing.

## REPORT OF THE BOARD OF DIRECTORS

The bank's primary objective is through balanced growth to maintain its position as a profitable and leading bank in Helgeland. Market surveys show great loyalty and customer satisfaction

The bank has a stable bank operation with steady growth and a satisfactory result during the first half year with increased net interest and increased commission income. The work with strengthening the net interest continues through changes in lending – and deposit interest rates and increased price differentiation towards customers.

The bank's sales of insurance products have been very successful and are expected to continue through a strong sales organisation. The bank is well positioned in the market with a broad distribution net.

Financing of the bank will be secured through a stronger focus on deposits and balanced transfer of home mortgages to Helgeland Boligkreditt AS. The stable cost development and relatively low losses on lending are expected to continue.

Mo i Rana, 30 September 2012

Mo i Rana, 30 October 2012

Bjørn Johansen  
*Chair*

Thore Michalsen  
*Deputy Chair*

Gislaug Øygarden

Monica Skjellstad

Ove Brattbakk

May Heimdal  
*Staff's repr.*

Jan Erik Furunes  
*CEO*

## CONTENTS

PROFIT AND LOSS ACCOUNT (amounts in NOK million) .....	6
BALANCE SHEET (amounts in NOK million).....	7
CHANGE IN EQUITY CAPITAL DURING THE QUARTER REVIEW .....	8
CASH FLOW STATEMENT .....	9
NOTE 1. ACCOUNTING PRINCIPLES .....	10
NOTE 2. SEGMENT .....	10
NOTE 3. SPECIFICATION OF NET CHANGE IN VALUE OF FINANCIAL INSTRUMENTS .....	11
NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS .....	11
NOTE 5. LOSSES ON LOANS GUARANTEES, ETC.....	11
NOTE 6. PROFIT PER PRIMARY CERTIFICATE .....	11
NOTE 7. GEOGRAPHICAL EXPOSURE .....	12
NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY.....	12
NOTE 9. BAD AND DOUBTFUL LOANS (incl. guarantees) .....	13
NOTE 10. INDIVIDUAL AND COLLECTIVE WRITE DOWNS OF LOANS AND GUARANTEES.....	13
NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS.....	13
NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES .....	14
NOTE 13. OPERATING FUNDS .....	14
NOTE 14. DISCLOSURES OF RELATED PARTIES .....	15
NOTE 15. SECURITIES DEBT AND SUBORDINATED LOAN CAPITAL .....	15
NOTE 16. FINANCIAL DERIVATIVES .....	16
NOTE 17. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS.....	16
NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY .....	16
NOTE 19. EQUITY CERTIFICATE CAPITAL HELG .....	17
NOTE 20. CAPITAL ADEQUACY .....	18
PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS .....	19
PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT .....	19
OTHER KEY FIGURES .....	20

# PROFIT AND LOSS

## PROFIT AND LOSS ACCOUNT (amounts in NOK million)

<i>Parent bank</i>					<i>Group</i>					
31.12.11	Q3/11	Q3/12	30.09.11	30.09.12		30.09.12	30.09.11	Q3/12	Q3/11	31.12.11
831	212	218	605	660	Interest receivable and similar income	755	662	251	233	913
532	137	140	381	434	Interest payable and similar costs	494	420	159	153	591
<b>299</b>	<b>76</b>	<b>78</b>	<b>225</b>	<b>226</b>	<b>Net interest- and credit commission income</b>	<b>261</b>	<b>242</b>	<b>92</b>	<b>80</b>	<b>322</b>
72	20	22	54	60	Commissions receivable and income from banking services	60	54	22	20	72
12	3	2	9	6	Commissions payable and costs relating to banking services	6	9	2	3	12
<b>60</b>	<b>17</b>	<b>20</b>	<b>45</b>	<b>54</b>	<b>Net commission income</b>	<b>54</b>	<b>45</b>	<b>20</b>	<b>17</b>	<b>60</b>
5	-1	2	12	10	Gains/losses on financial assets available for sale (note 3)	2	8	3	-2	-9
3	0	0	2	1	Other operating income	4	3	1	0	5
209	55	51	165	160	Operating costs (note 4)	173	172	56	57	218
27	7	7	20	22	Losses on loans, guarantees etc. (note 5)	22	20	7	7	27
<b>132</b>	<b>30</b>	<b>42</b>	<b>99</b>	<b>109</b>	<b>Result before tax</b>	<b>126</b>	<b>106</b>	<b>53</b>	<b>31</b>	<b>133</b>
37	9	12	28	31	Tax payable on ordinary result	34	30	14	9	40
<b>95</b>	<b>21</b>	<b>30</b>	<b>71</b>	<b>78</b>	<b>Result from ordinary operations after tax</b>	<b>92</b>	<b>77</b>	<b>39</b>	<b>23</b>	<b>93</b>
3,8			2,8	3,1	Yield per equity capital certificate (note 6)	3,7	3,1			3,7
3,8			2,8	3,1	Diluted result per ECC in Norwegian currency (note 6)	3,7	3,1			3,7
Extended Income Statement										
<b>95</b>	<b>21</b>	<b>30</b>	<b>71</b>	<b>78</b>	<b>Result from ordinary operations after tax</b>	<b>92</b>	<b>77</b>	<b>39</b>	<b>23</b>	<b>93</b>
2	-10	11	-3	19	Net change in fair value available-for-sale fin. assets	19	-10	11	-10	-5
0	1	-3	0	-4	Tax on extended profit	-4	1	-3	1	0
Minority interest						0	0	0	0	0
2	-9	8	-3	15	Net extended profit or loss items	15	-9	8	-9	-5
<b>97</b>	<b>12</b>	<b>38</b>	<b>68</b>	<b>93</b>	<b>Total result for the period</b>	<b>107</b>	<b>68</b>	<b>47</b>	<b>14</b>	<b>88</b>
3,9			2,7	3,7	Yield per equity capital certificate	4,3	2,7			3,5
3,9			2,7	3,7	Diluted result per ECC in Norwegian currency	4,3	2,7			3,5

## BALANCE SHEET

### BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>			
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
			<b>ASSETS</b>			
118	712	105	Cash and claims on central banks	105	712	118
742	745	783	Loans to and claims on credit institutions	566	172	316
14.387	14.130	14.790	Loans to and claims on customers (note 7,8,9,10)	19.273	17.738	18.049
179	158	213	Financial derivatives (note 16)	213	158	179
4.655	3.808	4.656	Certificates, bonds and shares available for sale	3.681	2.908	3.756
163	163	163	Investments in associated companies (note 12)	154	165	154
246	204	346	Investments in subsidiaries (note 12)			
49	40	49	Deferred tax benefit	51	42	51
70	136	91	Fixed assets (note 13)	187	167	158
20	10	18	Other assets	17	11	21
<b>20.630</b>	<b>20.106</b>	<b>21.214</b>	<b>Total assets</b>	<b>24.247</b>	<b>22.074</b>	<b>22.802</b>
			<b>LIABILITIES AND EQUITY CAPITAL</b>			
1.237	1.231	828	Liabilities to credit institutions	828	1.225	1.241
10.655	10.550	11.404	Deposits from customers and liabilities to customers (note 17,18)	11.111	10.379	10.429
6.843	6.479	6.793	Borrowings through the issuance of securities (note 15)	10.100	8.602	9.227
25	20	48	Financial derivatives (note 16)	48	20	25
200	183	206	Other liabilities	206	189	202
0	0	218	Fundbonds	218	0	0
<b>18.961</b>	<b>18.463</b>	<b>19.497</b>	<b>Total liabilities</b>	<b>22.511</b>	<b>20.414</b>	<b>21.124</b>
1.031	1.031	1.031	Paid-in equity capital (note 19,20)	1.031	1.031	1.031
638	541	608	Accrued equity capital/retained earnings (note 20)	611	550	645
	71	78	Result from ordinary operations after tax	92	77	0
<b>1.669</b>	<b>1.643</b>	<b>1.717</b>	<b>Total equity capital exclusive minority interest</b>	<b>1.734</b>	<b>1.658</b>	<b>1.676</b>
			Minority interest	2	2	2
<b>1.669</b>	<b>1.643</b>	<b>1.717</b>	<b>Total equity capital</b>	<b>1.736</b>	<b>1.660</b>	<b>1.678</b>
<b>20.630</b>	<b>20.106</b>	<b>21.214</b>	<b>Total liabilities and equity capital</b>	<b>24.247</b>	<b>22.074</b>	<b>22.802</b>



## CHANGE IN EQUITY

### CHANGE IN EQUITY CAPITAL DURING THE QUARTER REVIEW

	<i>Group</i>												
	<b>30.09.12</b>												
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Dividend	Other Equ.cap.	Min. Int.	Per. result	Total
<b>Equity capital as at 01.01.12</b>	935	97	-1	86	364	22	5	117	0	50	2	0	1.677
Result for the period												92	92
Extended profit or loss items				15									15
<b>Sum total ext. profit or loss</b>	935	97	-1	101	364	22	5	117	0	50	2	92	1.784
<b>Transactions with owners</b>													
Dep. dividend equal.res.													0
Dep. Dividend													0
Dividend paid						-5	-5		0	-38			-48
<b>Equity capital 30.09.12</b>	935	97	-1	101	364	17	0	117	0	12	2	92	1.736
Paid-in/accrued equity capital/retained earnings			0									0	0

	<i>Parent bank</i>												
	<b>30.09.12</b>												
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Dividend	Per. result	Total		Total
<b>Equity capital as at 01.01.12</b>		935	97	-1	95	364	22	5	117	35	0		1.669
result for the period											78		78
Extended profit or loss items				15	0								15
<b>Sum total ext. profit or loss</b>		935	112	-1	95	364	22	5	117	35	78		1.762
<b>Transactions with owners</b>													
Dep. dividend equal.res.													0
Dep. dividend													0
Dividend paid						-5	-5			-35			-45
<b>Equity capital 30.09.12</b>		935	112	-1	95	364	17	0	117	0	78		1.717
Paid-in/accrued equity capital/retained earnings					0							0	0

## CASH FLOW STATEMENT

### CASH FLOW STATEMENT

<i>Parent bank</i>				<i>Group</i>		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
132	99	109	Result of ordinary operations	126	106	133
16	12	11	+ Ordinary depreciation/amortisation	15	12	19
0	0	0	+ Writedowns and gain/loss on fixed assets		0	0
27	20	22	+ Losses on loans, guarantees, etc	22	20	27
-37	-28	-31	- Tax expense	-34	-30	-40
138	103	111	= Provided from the years operations	129	109	139
16	4	4	Change miscellaneous debt: + increase/-decrease	4	-27	24
15	13	8	Change miscellaneous claims: - increase/+ decrease	-1	11	30
-812	-556	-417	Change loans to and balances with customers:- incr./+ decr.	-1.296	-1.221	-1.519
580	475	749	Change deposits from and liabilities to customers:+ incr/-decr.	682	496	547
0	0	0	Change liabilities to credit institutions : + increase	0	0	4
0	-6	-409	Change liabilities to credit institutions : + Decrease	-409	-12	0
-63	33	46	A Net liquidity change from operating activities	-891	-644	-776
-8	-42	-39	- Invested in tangible fixed assets	-38	-42	-98
1	0	1	+ Sale of tangible fixed assets	1	0	0
-4.860	-3.014	-4.295	- Investment in long-term securities	-4.120	-3.014	-4.820
3.800	2.848	4.189	+ Sale in long-term securities	4.189	2.848	3.800
-1.067	-208	-144	B Liquidity change from investing activities	32	-208	-1.118
-51	-51	-35	- Dividend paid on ECCs	-35	-51	-51
4.416	3.130	1.740	+ Issue debt securities	2.725	3.779	5.297
-3.283	-2.355	-1.797	- Redemption debt securities	-1.797	-2.355	-3.283
	0	218	Change subordinated loan capital/primary capital + incr.- decr	218	0	
1.082	724	126	C Liquidity change from financing activities	1.111	1.373	1.963
-48	549	28	A+B+C Sum total change liquid assets	252	521	70
908	908	860	+ Liquid assets at the start of the period	434	364	364
860	1.457	888	= Liquid assets at the close of the period	686	885	434

## NOTES

### 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 2011. 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.

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

<i>Parent bank</i>					<i>Group</i>				
					<b>30.09.12</b>				
<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	<b>Segmentinformation</b>	<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	
114	97	15	226	Net interest and credit commission income	148	98	15	261	
22	9	23	54	Net commission income	22	9	23	54	
		11	11	Other operating income			6	6	
61	18	81	160	Operating costs	71	21	81	173	
	19	4	22	Losses on loans guaranteed	-1	19	4	22	
<b>76</b>	<b>69</b>	<b>-36</b>	<b>109</b>	<b>Result before tax</b>	<b>100</b>	<b>67</b>	<b>-41</b>	<b>126</b>	
7.992	6.902	0	14.894	Loans to and claims on customers	12.453	6.923	0	19.376	
-5	-34	0	-39	Individual write-downs	-6	-34	0	-40	
0	0	-64	-64	Collective write-downs on loans	0	0	-64	-64	
0	0	6.423	6.423	Other assets	0	0	4.977	4.977	
<b>7.987</b>	<b>6.868</b>	<b>6.359</b>	<b>21.214</b>	<b>Total assts per segment</b>	<b>12.447</b>	<b>6.889</b>	<b>4.913</b>	<b>24.249</b>	
7.314	4.090	0	11.404	Deposits from customers and liabilities	7.314	3.797	0	11.111	
0	0	9.810	9.810	Other liabilities and equity	0	0	13.138	13.138	
<b>7.314</b>	<b>4.090</b>	<b>9.810</b>	<b>21.214</b>	<b>Total liabilities and equity per segment</b>	<b>7.314</b>	<b>3.797</b>	<b>13.138</b>	<b>24.249</b>	

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

<i>Parent bank</i>					<i>Group</i>				
					<b>30.09.11</b>				
<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	<b>Segmentinformation</b>	<b>Retail</b>	<b>Corp.</b>	<b>Not divided</b>	<b>Total</b>	
111	100	13	224	Net interest and credit commission income	125	104	13	242	
18	8	19	45	Net commission income	18	8	18	44	
		14	14	Other operating income			12	12	
65	19	81	165	Operating costs	71	20	81	172	
1	16	3	20	Losses on loans guaranteed	1	16	3	20	
<b>63</b>	<b>73</b>	<b>-38</b>	<b>99</b>	<b>Result before tax</b>	<b>71</b>	<b>76</b>	<b>-41</b>	<b>106</b>	
7.749	6.482		14.231	Loans to and claims on customers	11.246	6.593		17.839	
-6	-34		-40	Individual write-downs	-6	-34		-40	
		-60	-60	Collective write-downs on loans			-60	-60	
		5.975	5.975	Other assets			4.335	4.335	
<b>7.743</b>	<b>6.448</b>	<b>5.915</b>	<b>20.106</b>	<b>Total assts per segment</b>	<b>11.240</b>	<b>6.559</b>	<b>4.275</b>	<b>22.074</b>	
6.757	3.793		10.550	Deposits from customers and liabilities	6.756	3.623		10.379	
		9.556	9.556	Other liabilities and equity			11.695	11.695	
<b>6.757</b>	<b>3.793</b>	<b>9.556</b>	<b>20.106</b>	<b>Total liabilities and equity per segment</b>	<b>6.756</b>	<b>3.623</b>	<b>11.695</b>	<b>22.074</b>	

## NOTES

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

<i>Parent bank</i>						<i>Group</i>				
31.12.11	Q3/11	Q3/12	30.09.11	30.09.12		30.09.12	30.09.11	Q3/12	Q3/11	31.12.11
-5	-3	4	-3	4	Value change in interest-bearing securities	4	-3	4	-3	-7
10	2	1	6	2	Net gain/loss in interest-bearing securities	2	6	1	2	10
-16	-5	-2	-8	-9	Net gain/loss shares	-9	-8	-2	-5	-16
5	0	0	4	2	Income AC	5	8	1	-1	4
11	0	0	12	13	Share dividend	2	4	0	0	0
-3	2	-1	2	1	Value change in value on lending	1	2	-1	2	-3
3	3	0	-1	-3	Value change on funding and derivatives	-3	-1	0	3	3
<b>5</b>	<b>-1</b>	<b>2</b>	<b>12</b>	<b>10</b>	<b>Total value change financial instruments</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>-2</b>	<b>-9</b>

### NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>						<i>Group</i>				
31.12.11	Q3/11	Q3/12	30.09.11	30.09.12		30.09.12	30.09.11	Q3/12	Q3/11	31.12.11
112	29	27	88	86	Wages, salaries and social costs	87	89	25	27	113
52	13	13	40	39	General administration costs	46	47	17	18	61
16	4	3	12	11	Depreciation etc of fixed- and intangible assets	15	14	5	5	19
29	9	8	25	24	Other operating costs	25	22	9	7	25
<b>209</b>	<b>55</b>	<b>51</b>	<b>165</b>	<b>160</b>	<b>Total operating costs</b>	<b>173</b>	<b>172</b>	<b>56</b>	<b>57</b>	<b>218</b>

### NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>						<i>Group</i>				
31.12.11	Q3/11	Q3/12	30.09.11	30.09.12		30.09.12	30.09.11	Q3/12	Q3/11	31.12.11
-4	7	3	-6	-10	+/- Period's change in individual write-downs	-10	-6	3	7	-4
2	0	2	2	4	+ Period's change in collective write-downs	4	2	2	0	2
22	-1	2	21	28	+ Period's conf. Losses against which ind. write-downs were made in prev. Years	28	21	2	-1	22
9	2	0	7	1	+ Period's confirmed losses against which no individual write-downs were made in previous years	1	7	0	2	9
-2	-1	0	-4	-1	- Period's recoveries from previous periods' conf.losses	-1	-4	0	-1	-2
<b>27</b>	<b>7</b>	<b>7</b>	<b>20</b>	<b>22</b>	<b>Total losses on loans, guarantees etc.</b>	<b>22</b>	<b>20</b>	<b>7</b>	<b>7</b>	<b>27</b>

### NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>				<i>Group</i>		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
95	71	78	Profit	92	77	93
74,9 %	74,9 %	74,9 %	ECC percentage	74,9 %	74,9 %	74,9 %
3,8	2,8	3,1	Yield per equity capital certificate	3,7	3,1	3,7
3,8	2,8	3,1	Diluted result per ECC in Norwegian currency	3,7	3,1	3,7

## NOTES

### NOTE 7. GEOGRAPHICAL EXPOSURE

Geographical exposure within the loan portfolio was as follows:

<i>Parent bank</i>				<i>Group</i>				
30.09.11	%	30.09.12	%	30.09.12	%	30.09.11	%	
11.930	83,8	12.546	84,2	Helgeland	16.185	83,5	14.859	83,3
2.288	16,1	2.329	15,6	Areas other than Helgeland	3.168	16,4	2.964	16,6
13	0,1	19	0,1	International	23	0,1	16	0,1
<b>14.231</b>	<b>100</b>	<b>14.894</b>	<b>100</b>	<b>Total</b>	<b>19.376</b>	<b>100</b>	<b>17.839</b>	<b>100</b>

### NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	<i>Group</i>				<i>Group</i>			
	30.09.12				30.09.11			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	0	0,0 %	0	0	0	0,0 %	0	0
Insurance and finance	46	0,2 %	0	0	30	0,2 %	0	0
Agriculture and forestry	1.265	6,5 %	1	-1	1.166	6,5 %	1	0
Fisheries and aquaculture	888	4,6 %	0	0	737	4,1 %	1	0
Mining and industry	585	3,0 %	26	19	516	2,9 %	2	4
Building and construction	809	4,2 %	2	1	824	4,6 %	3	2
Trade, hotel, restaurants.	385	2,0 %	4	-1	437	2,4 %	1	0
Transport and services	629	3,2 %	5	1	723	4,1 %	6	4
Property, property development	2.316	12,0 %	2	0	2.160	12,1 %	23	6
Retail market	12.453	64,3 %	0	-1	11.246	63,0 %	7	2
<b>Total</b>	<b>19.376</b>	<b>100 %</b>	<b>40</b>	<b>18</b>	<b>17.839</b>	<b>100 %</b>	<b>44</b>	<b>18</b>
Change collective write-downs				4				2
<b>Total</b>				<b>22</b>				<b>20</b>

	<i>Parent bank</i>				<i>Parent bank</i>			
	30.09.12				30.09.11			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	0	0,0 %	0	0	0	0,0 %	0	0
Insurance and finance	46	0,3 %	0	0	30	0,2 %	0	0
Agriculture and forestry	1.239	8,3 %	1	-1	1.139	8,0 %	1	0
Fisheries and aquaculture	884	5,9 %	0	0	733	5,2 %	1	0
Mining and industry	583	3,9 %	26	19	515	3,6 %	2	4
Building and construction	789	5,3 %	2	1	807	5,7 %	3	2
Trade, hotel, restaurants.	369	2,5 %	4	-1	424	3,0 %	1	0
Transport and services	614	4,1 %	5	1	674	4,7 %	6	4
Property, property development	2.378	16,0 %	2	0	2.160	15,2 %	23	6
Retail market	7.992	53,7 %	0	-1	7.749	54,5 %	7	2
<b>Total</b>	<b>14.894</b>	<b>100 %</b>	<b>40</b>	<b>18</b>	<b>14.231</b>	<b>100 %</b>	<b>44</b>	<b>18</b>
Change collective write-downs				4				2
<b>Total</b>				<b>22</b>				<b>20</b>

## NOTES

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

<i>Parent bank</i>				<i>Group</i>		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
168	176	116	Loans, guarantees etc. in default	116	176	168
37	34	33	Loss provisions for loans, guarantees etc. in default	33	34	37
<b>131</b>	<b>142</b>	<b>83</b>	<b>Total net loans, guarantees etc. in default</b>	<b>83</b>	<b>142</b>	<b>131</b>
<b>62</b>	<b>23</b>	<b>19</b>	<b>Other bad and doubtful loans and guar., not in default</b>	<b>19</b>	<b>23</b>	<b>62</b>
13	6	6	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	6	6	13
<b>49</b>	<b>17</b>	<b>13</b>	<b>Total net bad and doubtful commitments, not in default</b>	<b>13</b>	<b>17</b>	<b>49</b>
<b>180</b>	<b>159</b>	<b>96</b>	<b>Total bad and doubtful loans</b>	<b>96</b>	<b>159</b>	<b>180</b>

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

<i>vk</i>				<i>Group</i>		
30.09.11	30.09.12			30.09.12	30.09.11	31.12.11
53	49		Individual write-downs to cover losses on loans and guarantees as at 01.01	49	53	53
-21	-28		Period's conf. losses, against which indi. Write-down was previously made	-28	-21	-22
9	12		Period's increased individual write-downs, against which write-down was previously made	12	9	6
5	8		New individual write-downs during the period	8	5	14
-2	-1		Reversal of individual write-downs during the period	-1	-2	-2
<b>44</b>	<b>40</b>		<b>= Total individual write-downs on loans</b>	<b>40</b>	<b>44</b>	<b>49</b>
39	40		*Of which individual write-downs on loans accounted for	40	39	39
5	0		* Of which ind. Write-downs on guar. Accounted for	0	5	10
			<b>Collective write-downs:</b>			
58	60		Collective write-downs to cover losses on loans at 01.01	60	58	58
2	4		+ /- Period's change in collective write-downs	4	2	2
<b>60</b>	<b>64</b>		<b>Total collective write-downs</b>	<b>64</b>	<b>60</b>	<b>60</b>

### NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>				<i>Group</i>		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
591	571	515	Guarantee obligations	515	571	591
-10	-5	0	Write-downs on gurantee	0	-5	-10
<b>581</b>	<b>566</b>	<b>515</b>	<b>Net guarantee obligation</b>	<b>515</b>	<b>566</b>	<b>581</b>

## NOTES

### NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

The Parent Bank's accounts have been presented and prepared in accordance with the requirements laid down by law and regulation governing savings banks in Norway. Subsidiaries where the ownership stake is more than 50 % are consolidated and substantial ownership interests have been included in the accounts using the equity method.

Investment in associated companies

	Location	Sector	Equity stake	<i>Group</i>		
				Market value		
				30.09.12	30.09.11	31.12.11
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	151	162	151
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	1	1	1
Storgt. 73 AS	Mosjøen	Real Estate	43 %	2	2	2
<b>Total investment in AC</b>				<b>154</b>	<b>165</b>	<b>154</b>

Investment in associated companies

	Location	Sector	Equity stake	<i>Parent bank</i>		
				Market value		
				30.09.12	30.09.11	31.12.11
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	159	159	159
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	4	4	4
Storgt. 73 AS	Mosjøen	Real Estate	43 %	0,1	0,1	0,1
<b>Total investment in AC</b>				<b>163,1</b>	<b>163,1</b>	<b>163,1</b>

Subsidiaries

	Share capital	Number of shares	Equity stake	<i>Parent bank</i>		
				Market value		
				30.09.12	30.09.11	31.12.11
ANS Bankbygg Mo	49,0	5.591	97 %	45	45	45
Helgeland Boligkreditt AS	190,0	190.000	100 %	190	150	190
AS Sparebankbygg	0,1	100,0	100 %	0,1	0,1	0,1
Helgeland Spb.eiend.selskap AS	0,1	100,0	100 %	0,4	0,4	0,4
Helgeland Utviklingsselskap AS	0,5	500,0	100 %	10,0	8,0	10,0
<b>Total investment in AC</b>				<b>246</b>	<b>204</b>	<b>246</b>

### NOTE 13. OPERATING FUNDS

*Parent Bank*

				<i>Group</i>		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
70	136	91	Operating funds*)	187	167	158
<b>70</b>	<b>136</b>	<b>91</b>	<b>Total operating funds</b>	<b>187</b>	<b>167</b>	<b>158</b>

## NOTES

### NOTE 14. DISCLOSURES OF RELATED PARTIES

The information have been prepared in accordance to IAS 24 for “ disclosures of related parties”

Transaction against bank's senior management and bank's elected representatives are showed in note from annual report. Helgeland Sparebank defines its subsidiaries and associated companies as related parties in relation to this accounting standard.

Transactions between the Parent Bank, group companies and associated companies are made in accordance with normal commercial principles and on normal commercial terms.

<b>Intercompany transactions</b>	<b>30.09.12</b>	<b>30.09.11</b>	<b>31.12.11</b>
<b>Income Statement</b>			
Income from interest and credit commissions received from subsidiaries	37	39	39
Interest on deposits to subsidiaries	5	3	4
Rent expense	5	5	7
Refund of operating expenses	6	6	7
<b>Balance Sheet</b>			
Lending to subsidiaries	294	584	584
Covered bonds	975	900	900
Deposits from subsidiaries	297	171	175
Accounts receivable, group contribution	0	0	9

#### Helgeland Boligkreditt

Helgeland Boligkreditt is a wholly owned subsidiary of Helgeland Sparebank.

There has been transferred gross lending to customers amounting to NOK 823 million and transferred loans as of 30. september 2012 totalled NOK 4.554 billion, NOK 900 million of the covered bonds were purchased by Helgeland Sparebank. Helgeland Boligkreditt AS has a long term credit in Helgeland Sparebank amounting to NOK 1 billion. The credit has been utilized by NOK 224 million.

The Bank has signed agreements with Helgeland Bolikreditt AS on credit facilities of NOK 2,1 billion, which should primarily be used for settlement of purchased loans and repayment of bonds. The agreements entered into after arm's length of principle. The consolidated financial statements are the effects of the facilities eliminated.

#### Miscellaneous

Helgeland Sparebank owns about 9% of the shares in Frende Holding AS and in 2012 received commission for the distribution of life insurance products for a total of NOK 2.9 million, the bank has also received commission for distribution of general insurance for a total of NOK 7,2 million in 2012.

The Bank has also participated in the establishment of the securities firm Norne Securities AS with an ownership interest of 6.5% and of a new leasing company, Brage Finans AS, with an ownership interest of 10 %

### NOTE 15. SECURITIES DEBT AND SUBORDINATED LOAN CAPITAL

<i>Parent bank</i>				<i>Group</i>		
<b>31.12.11</b>	<b>30.09.11</b>	<b>30.09.12</b>		<b>30.09.12</b>	<b>30.09.11</b>	<b>31.12.11</b>
400	400	0	F-loans Norges Bank	0	400	400
826	827	826	Loans from Norges Bank	826	821	826
11	4	2	Other loans	2	4	15
<b>1.237</b>	<b>1.231</b>	<b>828</b>	<b>Total loans from Norges Bank</b>	<b>828</b>	<b>1.225</b>	<b>1.241</b>
454	150	154	Certificate debt	154	150	454
6.389	6.329	6.639	Bond debt	5.664	6.329	6.389
0	0	0	Covered bonds	4.282	2.123	2.384
<b>6.843</b>	<b>6.479</b>	<b>6.793</b>	<b>Total securities debt</b>	<b>10.100</b>	<b>8.602</b>	<b>9.227</b>
0	0	218	Fundbonds	218	0	0
<b>0</b>	<b>0</b>	<b>218</b>	<b>Total fundbonds</b>	<b>218</b>	<b>0</b>	<b>0</b>



## NOTES

### NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>			
30.09.12				30.09.12			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
711	0	28	Interest rate swaps- fixed interest rate loans	711	0	28	
0	0	0	Interest rate swaps- bank deposits with share Yield	0	0	0	
<b>711</b>	<b>0</b>	<b>28</b>	<b>Total financial derivatives</b>	<b>711</b>	<b>0</b>	<b>28</b>	
2.173	213	20	Interest rate swaps – fixed interest rate with hedging	2.173	213	20	
<b>2.173</b>	<b>213</b>	<b>20</b>	<b>Total financial derivatives with hedging</b>	<b>2.173</b>	<b>213</b>	<b>20</b>	

<i>Parent bank</i>				<i>Group</i>			
30.09.12				30.09.12			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
400	19	0	Interest rate swaps- fixed interest rate loans	400	19	0	
500	26	0	Interest rate swaps- bank deposits with share Yield	500	26	0	
<b>900</b>	<b>45</b>	<b>0</b>	<b>Total financial derivatives</b>	<b>900</b>	<b>45</b>	<b>0</b>	
1.355	113	20	Interest rate swaps – fixed interest rate with hedging	1.355	113	0	
<b>1.355</b>	<b>113</b>	<b>20</b>	<b>Total financial derivatives with hedging</b>	<b>1.355</b>	<b>113</b>	<b>0</b>	

### NOTE 17. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>				<i>Group</i>					
	%	30.09.11	%	30.09.12		30.09.12	%	30.09.11	%
	92,5 %	9.761	92,0 %	10.490	Helgeland	10.197	91,8 %	9.590	92,4 %
	6,7 %	706	7,3 %	828	Areas other than Helgeland	828	7,5 %	706	6,8 %
	0,8 %	83	0,8 %	86	International	86	0,8 %	83	0,8 %
	<b>100,0 %</b>	<b>10.550</b>	<b>100,0 %</b>	<b>11.404</b>	<b>Total</b>	<b>11.111</b>	<b>100,0 %</b>	<b>10.379</b>	<b>100,0 %</b>

### NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>				<i>Group</i>					
	%	30.09.11	%	30.09.12		30.09.12	%	30.09.11	%
	2,7 %	282	4,7 %	538	Financial institutions	270	2,4 %	146	1,4 %
	8,2 %	869	8,6 %	981	Municipalities and municipal enterp.	981	8,8 %	869	8,4 %
	2,6 %	271	2,6 %	294	Agriculture and forestry	294	2,6 %	271	2,6 %
	1,5 %	163	1,5 %	169	Fisheries and aquaculture	169	1,5 %	163	1,6 %
	1,8 %	187	1,5 %	169	Mining and industry	169	1,5 %	187	1,8 %
	4,5 %	477	3,5 %	397	Building and construction	397	3,6 %	477	4,6 %
	3,2 %	339	2,9 %	327	Trade, hotel, restaurants.	327	2,9 %	339	3,3 %
	6,0 %	634	5,9 %	675	Transport and services	675	6,1 %	634	6,1 %
	5,4 %	571	4,7 %	540	Property, property development	515	4,6 %	536	5,2 %
	64,0 %	6.757	64,1 %	7.314	Retail market	7.314	65,8 %	6.757	65,1 %
	<b>100,0 %</b>	<b>10.550</b>	<b>100,0 %</b>	<b>11.404</b>	<b>Total</b>	<b>11.111</b>	<b>100,0 %</b>	<b>10.379</b>	<b>100,0 %</b>

## NOTES

### NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

Per 31.03.12			<i>Parent bank</i>	
	Numbers	% share	Numbers	% share
Sparebankstiftelsen Helgeland	12.099.598	64,7 %	Citibank NA New York	142.247 0,8 %
MP Pensjon	800.000	4,3 %	Nervik, Steffen	105.000 0,6 %
Sparebank 1 Midt-Norge	660.000	3,5 %	Hartviksen, Harald	94.498 0,5 %
Skagen Vekst	407.400	2,2 %	Ernst Invest AS	77.000 0,4 %
Helgelandskraft AS	340.494	1,8 %	Tromstrygd	75.000 0,4 %
Sparebankstiftelsen DnB NOR	329.124	1,8 %	Coop Norge SA	63.047 0,3 %
Haslum Industri AS	217.230	1,2 %	Institutt for sammenligning	62.300 0,3 %
Terra utbytte	212.795	1,1 %	Arnesen, Dag Fredrik Jebsen	60.000 0,3 %
Sparebanken Vest	200.000	1,1 %	Sivesind Invest AS	52.541 0,3 %
Bergen Kommunale PEN	200.000	1,1 %	Liane Invest AS	50.000 0,3 %
<b>Total 10 biggest owners</b>	<b>15.466.641</b>	<b>82,7 %</b>	<b>Total 20 biggest owners</b>	<b>16.248.274 86,9 %</b>

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

## NOTES

### NOTE 20. CAPITAL ADEQUACY

The first part of the note shows the calculation base and capital adequacy under Basel II

<i>Parent bank</i>				<i>Group</i>		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
935	935	935	ECC-capital	935	935	935
97	97	97	Premium Fund	97	97	97
-1	-1	-1	Own ECCs	-1	-1	-1
<b>1.031</b>	<b>1.031</b>	<b>1.031</b>	<b>Total paid-in capital</b>	<b>1.031</b>	<b>1.031</b>	<b>1.031</b>
364	352	364	Savings Bank's fund	364	352	364
95	90	110	Reserve for valuation variances	102	82	86
27	17	17	Donations Fund	17	17	27
117	82	117	Dividend equalisation reserve	117	82	117
36	0	0	Cash dividend	0	0	36
0	0	0	Other equity capital	17	19	17
<b>639</b>	<b>541</b>	<b>608</b>	<b>Total accrued equity capital</b>	<b>617</b>	<b>552</b>	<b>647</b>
			Additional:			
0	0	218	Fundbonds	218	0	0
			Deduction:			
-95	-90	-110	Not realized profits	-102	-82	-86
-41	0	0	Cash dividend /gifts employee	0	0	-41
-49	-40	-58	Intangible asstes	-60	-42	-51
<b>1.485</b>	<b>1.442</b>	<b>1.689</b>	<b>Total core capital</b>	<b>1.704</b>	<b>1.459</b>	<b>1.500</b>
40	38	33	Net nor realized profits	30	35	37
<b>40</b>	<b>38</b>	<b>33</b>	<b>Total net supplementary capital</b>	<b>30</b>	<b>35</b>	<b>37</b>
<b>1.525</b>	<b>1.480</b>	<b>1.722</b>	<b>Total net equity and related capital</b>	<b>1.734</b>	<b>1.494</b>	<b>1.537</b>
11.846	11.939	12.725	Weight assets calculation basis *)	13.584	12.885	12.960
12,54 %	12,08 %	11,56 %	Core tier one Capital ratio	10,94 %	11,32 %	11,57 %
	12,40 %	11,92 %	Core tier one Capital ratio incl 50% of the results	11,28 %	11,62 %	
12,54 %	12,08 %	13,27 %	Core capital ratio	12,55 %	11,32 %	11,57 %
	12,40 %	13,63 %	Core capital ratio incl 50% of the results	12,88 %	11,62 %	
12,87 %	12,40 %	13,53 %	Capital ratio	12,77 %	11,59 %	11,86 %
	12,72 %	13,89 %	Capital ratio incl 50% of the results	13,10 %	11,89 %	

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

Capital requirement Basel II

<i>Parent bank</i>				<i>Group</i>		
31.12.11	30.09.11	30.09.12		30.09.12	30.09.11	31.12.11
0	3	0	States and central banks	0	3	0
13	3	8	Local and regional authorities (including municipalities)	8	3	13
0	0	11	Publicly owned enterprises	11	0	0
67	69	105	Institutions	62	56	60
272	280	275	Enterprises	275	280	272
200	198	201	Mass market loans	196	198	200
297	286	308	Loans secured by real property	440	391	405
13	24	15	Loans overdue	15	24	13
15	14	15	Covered bonds	7	7	8
0	0	0	Units in securities funds	0	0	0
25	29	36	Other loans and commitments	30	20	17
<b>902</b>	<b>906</b>	<b>975</b>	<b>Capital requirement credit risk</b>	<b>1.043</b>	<b>982</b>	<b>988</b>
55	58	55	Capital requirement operational risk 1)	55	58	58
-9	-9	-12	Deducted from capital requirement	-11	-9	-9
<b>948</b>	<b>955</b>	<b>1.018</b>	<b>Total capital requirement</b>	<b>1.087</b>	<b>1031</b>	<b>1037</b>

## NOTES

### PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Parent bank</i>					<i>Group</i>					
31.12.11	Q3/11	Q3/12	30.09.11	30.09.12		30.09.12	30.09.11	Q3/12	Q3/11	31.12.11
4,21	4,36	4,11	4,15	4,24	Interest receivable and similar income	4,32	4,20	4,18	4,29	4,26
2,70	2,81	2,64	2,61	2,79	Interest payable and similar costs	2,82	2,67	2,65	2,82	2,76
<b>1,52</b>	<b>1,55</b>	<b>1,47</b>	<b>1,54</b>	<b>1,45</b>	<b>Net interest- and credit commission income</b>	<b>1,49</b>	<b>1,54</b>	<b>1,53</b>	<b>1,47</b>	<b>1,50</b>
0,36	0,41	0,41	0,37	0,39	Commissions receivable and income from banking services	0,34	0,34	0,37	0,37	0,34
0,06	0,06	0,04	0,06	0,04	Commissions payable and costs relating to banking services	0,03	0,06	0,03	0,06	0,06
<b>0,30</b>	<b>0,35</b>	<b>0,38</b>	<b>0,31</b>	<b>0,35</b>	<b>Net commission income</b>	<b>0,31</b>	<b>0,29</b>	<b>0,33</b>	<b>0,31</b>	<b>0,28</b>
0,03	-0,02	0,04	0,08	0,06	Gains/losses on financial assets available for sale	0,01	0,05	0,05	-0,04	-0,04
0,02	0,00	0,00	0,01	0,01	Other operating income	0,02	0,02	0,02	0,00	0,02
1,06	1,13	0,96	1,14	1,03	Operating costs	0,99	1,09	0,93	1,05	1,02
0,13	0,14	0,13	0,14	0,14	Losses on loans, guarantees etc. and fixed assets	0,13	0,13	0,12	0,13	0,13
<b>0,67</b>	<b>0,61</b>	<b>0,79</b>	<b>0,67</b>	<b>0,70</b>	<b>Result before tax</b>	<b>0,72</b>	<b>0,67</b>	<b>0,88</b>	<b>0,57</b>	<b>0,62</b>
0,19	0,18	0,23	0,19	0,20	Tax payable on ordinary result	0,19	0,19	0,23	0,16	0,19
<b>0,48</b>	<b>0,42</b>	<b>0,57</b>	<b>0,48</b>	<b>0,50</b>	<b>Result from ordinary operations after tax</b>	<b>0,53</b>	<b>0,49</b>	<b>0,65</b>	<b>0,41</b>	<b>0,43</b>

### PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

<i>Parent bank</i>					<i>Group</i>					
Q3/11	Q4/11	Q1/12	Q2/12	Q3/12		Q3/12	Q2/12	Q1/12	Q4/11	Q3/11
212	226	225	217	218	Interest receivable and similar income	251	250	254	251	233
137	151	150	144	140	Interest payable and similar costs	159	165	170	171	153
<b>75</b>	<b>75</b>	<b>75</b>	<b>73</b>	<b>78</b>	<b>Net interest- and credit commission income</b>	<b>92</b>	<b>85</b>	<b>84</b>	<b>80</b>	<b>80</b>
20	18	18	20	22	Commissions receivable and income from banking services	22	20	18	18	20
3	3	2	2	2	Commissions payable and costs relating to banking services	2	2	2	3	3
<b>17</b>	<b>15</b>	<b>16</b>	<b>18</b>	<b>20</b>	<b>Net commission income</b>	<b>20</b>	<b>18</b>	<b>16</b>	<b>15</b>	<b>17</b>
-1	-7	6	2	2	Gains/losses on financial assets available for sale	3	-6	5	-17	-2
0	1	1	0	0	Other operating income	1	1	2	2	0
55	44	55	54	51	Operating costs	56	58	59	46	57
7	7	6	9	7	Losses on loans, guarantees etc.	7	9	6	7	7
<b>29</b>	<b>33</b>	<b>37</b>	<b>30</b>	<b>42</b>	<b>Result before tax</b>	<b>53</b>	<b>31</b>	<b>42</b>	<b>27</b>	<b>31</b>
9	10	10	9	12	Tax payable on ordinary result	14	8	12	10	9
<b>20</b>	<b>23</b>	<b>27</b>	<b>21</b>	<b>30</b>	<b>Result from ordinary operations after tax</b>	<b>39</b>	<b>23</b>	<b>30</b>	<b>17</b>	<b>22</b>

<i>Parent bank</i>					<i>Group</i>					
30.09.11	31.12.11	31.03.12	30.06.12	30.09.12		30.09.12	30.06.12	31.03.12	31.12.11	30.09.11
<b>ASSETS</b>										
712	118	109	120	105	Cash and claims on central banks	105	120	110	118	712
745	742	865	762	783	Loans to and claims on credit institutions	566	367	360	316	172
14.130	14.387	14.342	14.574	14.790	Loans to and claims on customers	19.273	18.818	18.332	18.049	17.738
158	179	141	141	213	Financial derivatives	213	141	141	179	158
3.808	4.655	4.569	4.507	4.656	Certificates, bonds and shares available for sale	3.681	3.532	3.668	3.756	2.908
163	163	163	163	163	Investments in associated companies	154	154	154	154	165
204	246	246	246	346	Investments in subsidiaries	0	0	0	0	0
40	49	49	49	49	Deferred tax benefit	51	51	51	51	42
136	70	65	96	91	Fixed assets	187	190	155	158	167
10	20	26	14	18	Other assets	17	14	27	21	11
<b>20.106</b>	<b>20.629</b>	<b>20.575</b>	<b>20.672</b>	<b>21.214</b>	<b>Total assets</b>	<b>24.247</b>	<b>23.387</b>	<b>22.998</b>	<b>22.802</b>	<b>22.074</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>										
1.231	1.237	829	831	828	Liabilities to credit institutions	828	831	828	1.241	1.225
10.550	10.655	10.819	11.395	11.404	Deposits from customers and liabilities to customers	11.111	11.198	10.603	10.429	10.379
6.479	6.843	6.783	6.333	6.793	Borrowings through the issuance of securities	10.100	9.234	9.409	9.227	8.602
20	25	40	33	48	Financial derivatives	48	33	40	25	21
183	200	219	182	206	Other liabilities	206	180	228	202	188
0	0	218	218	218		218	218	218	0	0
<b>18.463</b>	<b>18.960</b>	<b>18.908</b>	<b>18.992</b>	<b>19.497</b>	<b>Total liabilities</b>	<b>22.511</b>	<b>21.694</b>	<b>21.326</b>	<b>21.124</b>	<b>20.415</b>
1.031	1.031	1.031	1.031	1.031	Paid-in equity capital	1.031	1.031	1.031	1.031	1.031
541	638	609	601	608	Accrued equity capital/retained earnings	611	607	609	645	550
71	0	27	48	78	Profit after taxes	92	53	30	0	77
0	0	0	0	0	Minority interest	2	2	2	2	2
<b>1.643</b>	<b>1.669</b>	<b>1.667</b>	<b>1.680</b>	<b>1.717</b>	<b>Total equity capital</b>	<b>1.736</b>	<b>1.693</b>	<b>1.672</b>	<b>1.678</b>	<b>1.660</b>
<b>20.106</b>	<b>20.629</b>	<b>20.575</b>	<b>20.672</b>	<b>21.214</b>	<b>Total liabilities and equity capital</b>	<b>24.247</b>	<b>23.387</b>	<b>22.998</b>	<b>22.802</b>	<b>22.074</b>

## NOTES

### OTHER KEY FIGURES

<i>Parent bank</i>			<i>Group</i>		
31.12.11	30.09.11	30.09.12	30.09.12	30.09.11	31.12.11
<b>BALANCE SHEET</b>					
<b>Development in the last 3 months</b>					
	6,8	2,8		6,3	9,5
	4,1	2,8		6,8	7,3
	4,7	7,0		6,5	5,0
<b>Development in the last 12 months</b>					
9,6	8,2	5,5		9,8	13,0
5,9	2,3	4,7		8,6	9,4
5,8	6,3	8,1		7,1	6,6
73,5	74,1	76,6		57,3	58,2
54,4	54,5	53,7		64,3	63,0
19.733	19.469	20.795		23.368	21.038
14.487	14.231	14.894		19.376	17.839
-39	-39	-40		-40	-39
-60	-60	-64		-62	-60
-10	-5	0		0	-10
<b>SOLIDITY</b>					
12,9	12,4	13,5		12,8	11,6
12,5	12,1	13,3		12,5	11,3
8,1	8,2	8,1		7,2	7,5
5,7	5,7	6,2		7,2	6,1
0,5	0,5	0,5		0,5	0,4
<b>KEY FIGURES PCC</b>					
3,8	2,8	3,1		3,7	3,1
3,8	2,8	3,1		3,7	3,1
61,4	59,5	62,2		61,4	59,5
30,5	36,9	29,7		29,7	36,9
8,0	6,5	7,1		6,0	6,0
0,5	0,6	0,5		0,5	0,6
56,8 %	58,2 %	55,0 %		53,9 %	57,7 %
1,1	1,1	1,0		1,0	1,1
177	177	177		177	177
<b>LOSSES ON LOANS AND GROSS DEFAULTS</b>					
29,2	25,0	34,5		34,5	25,0
<i>As a percentage of gross lending</i>					
1,2	1,2	0,8		0,6	1,0
0,9	1,0	0,6		0,4	0,8
0,7	0,7	0,7		0,5	0,6
0,2	0,3	0,2		0,2	0,2

## Information concerning Helgeland Sparebank

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Website	<a href="http://www.hsb.no">www.hsb.no</a>
Organisation number	937904029

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Bjørn Johansen, Chair  
Thore Michalsen, Deputy Chair  
Gislaug Øygarden  
Ove Brattbakk  
Monica Skjellstad  
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### Other sources of information

#### Annual reports

The annual report for Helgeland Sparebank is available at [www.hsb.no](http://www.hsb.no)

#### Quarterly publications

Quarterly reports and presentations are available at [www.hsb.no](http://www.hsb.no)