

Q3
2014

financial report

third quarter 2014



Helgeland Sparebank

Accounts 3rd quarter 2014

General information

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

The accounts are conducted in line with IFRS, hereunder IAS 34 regarding interim reporting. More specific details regarding the accounting principles are given in the annotations of the annual accounts. All numerical quantities are affiliated 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 so far this year (HSB group)

The HSB group has a gross profit of MNOK 235. This is an improvement on the result of MNOK 42 compared with the same period last year.

- Basic operations strengthened through increased net interest of MNOK 22.
- Significant income from financial investments, net income shares in Q2 of MNOK 11, as well as profit contributions from an affiliated company with MNOK 35
- Slightly increased costs
- Normalized losses on loans Q3
- Still reduced lending to corporate customers
- Good deposit growth from retail customers

Increased return from financial investments contribute to increased return on equity, which was 11.7 (9.9) % after taxes. The result per equity certificate was NOK 7.3 (5.5).

Key figures so far this year: (Compared with 30.09.13)

- Net interest 1.75 (1.70) %
- Costs in % of income 40.8 (45.4) %
- Write-downs on lending 0.18 (0.11) %
- 9-month lending growth 1.3 (4.8) %
- 9-month deposit growth 7.2 (12.0) %
- CET1 capital ratio 12.5 (11.2) %
- Total capital ratio 16.0 (14.9) %

Net interest

Net interest- and credit commission earnings constitute MNOK 343, against MNOK 321 in Q3 2013. In per cent of average total assets the net interest was 1.75 %, which is an increase of 5bp from 30.09.2013. The net interest in percent of average total assets is unchanged over the last three quarters.

In 2014, the bank conducted two interest rate changes; first on residential mortgages and deposit interest rates with effect from medio June, and further market adaption of interest rate in deposits in September. To meet the competition, the bank has cut interest rates 0,15-0,25 % on mortgage loans with effect from medio December. This is funded with a corresponding reduction in deposit rates, and particularly on the highest rates on corporate deposits.

Net commission earnings

Net commission earnings were MNOK 63 (57), or 0.32 (0.30) % of average total assets. The increase of MNOK 6 is primarily provision from the bank's insurance sales and payment transfers.

Net value change and profit/loss on financial instruments

Net income from financial instruments constitute MNOK 46 (8). Compared with 30.09.13, this is an increase of MNOK 38. Profit contribution from associated companies are MNOK 35. Profit contribution from gain on sale of shares in q2 is MNOK 16.

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

Operating costs

Combined operating costs were MNOK 186 (177). The costs have increased with MNOK 8.9, or 5.0%. Changes in the arrangement with differentiated payroll tax (from 01.07.14) have caused increased costs for the bank. The bank is working with measures to compensate for the cost increase. The bank's cash service will terminate from January 2015. This, as well as a natural decline in number of employees, reduced the number of annual positions in the bank from 177 to 170.

The Group has over time had cost effective operations. Operating costs in per cent of average total assets is approximately unchanged from the corresponding period last year 0.95 (0.94) %, while costs against income are reduced and were 40.8 (45.4) %. The Group has a target maximum annual increase in the cost of up to 3.5% in 2014. This is particularly challenging in the current year.

Absence due to sickness is on a low level, and ended at the total of 4.3 (3.7) % per 30.09.14

Write-downs posted as expenses on commitments

Write-downs on lending are posted with MNOK 35 (20). Of net loss, MNOK 13.5 are related to an individual commitment in pelagic aquaculture Q2

2014. Write-downs on groups of lending are posted with MNOK 1.5 in the first quarter. The appropriation is unchanged in the other quarters. Write-downs in per cent of gross lending constitute 0.2 (0.1) %.

Equity certificate – HELG

The EC capital constitute MNOK 935 and is distributed over 2,174 owners. Annotation 19 shows an overview of the 20 largest EC owners. Sparebankstiftelsen Helgeland is still the largest owner with 35.3% of the ECs in HELG. The price per 30.09.14 was NOK 55.50, which is an increase of NOK 8.30 per EC since the turn of the year.

Profit in Q3

In Q3 gross profit was MNOK 88. This is MNOK 12 more than Q3 last year. The profit is affected positively by net value change on financial instruments of MNOK 15.

Ordinary operating costs were MNOK 63 (59). In per cent of average total assets these costs constitute 0.96 (0.92) %. The costs in per cent of income constitute 40.1 (41.5) %.

Write-downs on lending and warranties are posted with MNOK 6 (7) in the quarter.

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

The deposit growth comes in its entirety from retail customers.

Key figures in Q3:

- Gross profit MNOK 88 (76)
- Net interest 1.75 (1.82) %
- Ordinary operating costs 0.96 (0.92) %
- 3-month lending growth 0.7 (1.5) %
- 3-month deposit growth 1.4 (2.9) %

Balance development per 30.09.2014

The total assets constitute NOK 26.4bn. In the last 12 months the total capital has increased with MNOK 355, or 1.4 (7.3) %.

Commitments

Gross lending by the end of the quarter constituted MNOK 20,978. In the last 12 months lending has increased with MNOK 175, or 0.8 (7.3) %. 83.8 (83.0) % of the HSB groups lending is to customers in the Helgeland region.

Of gross lending, MNOK 13,879 or 66.1 (64.6) % are loans to retail customers. MNOK 4,232 (20.2%) is transferred to Helgeland Boligkreditt AS. The growth in the retail market has been lower in the last twelve months than in the corresponding period last year, and was 3.3 (5.9) %. The growth is somewhat lower than expected.

In line with the goal, the bank is steering toward low growth in the corporate market and 12-month net lending to corporate customers is -3.6 (+2.9) %.

Deposits from customers

Over the last 12 months the deposits have increased with MNOK 1,366, or 10.9 (13.0) %. The HSB group has a stable and local depositor base, whereby 91.6 (92.0) % are deposits from customers in the Helgeland region. The general deposit growth is maintained as a result of measures focused on long term savings.

The deposit ratio is significantly strengthened and was 66.4 (60.3) % in the HSB group, and 84.2 (79.5) % in the parent bank.

12-month deposit growth from retail customers was 9.3 (6.6) %. Of total deposits of NOK 13.9bn, NOK 8.5bn or 61.2 (62.1) % are deposits from retail customers.

A large share of the retail deposits are under MNOK 2 (just below 60% of the total deposit volume)

12-month deposit growth in the corporate market was 13.5 (25.3) %. This growth is specifically high as caused by a new large corporate customer ultimo Q3 2013.

Loans from the capital market

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

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

By the end of the quarter the share of loans over one year were 85.0 (78,6) %.

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

Rating

Helgeland Sparebank is rated by Moody's. The bank's rating is Baa2/P-2 with "negative outlook". Bonds issued by Helgeland Boligkreditt AS rated by Moody's have Aaa ratings.

Subsidiaries and associated companies

The group consists of Helgeland Sparebank and its consolidated subsidiaries Helgeland Boligkreditt, ANS Bankbygg Mo, AS Sparebankbygg, Helgeland Sparebank Eiendomsselskap AS Helgeland Utviklingsselskap AS and AS Storgata 73.

The Bank owns 48% of Helgeland Invest AS and 34% of Eiendomsmegleren Helgeland AS. The results of the associated companies are incorporated into the Bank's consolidated financial statements corresponding to the bank's share of ownership.

Risk- and capital management

The Group's overall risk is managed through mandates, objectives and limits approved by the

Board. Combined capital requirement comes forth in the HSB group's ICAAP.

Liquidity and funding

The Board has adopted a liquidity management strategy that specifies the purpose, management objectives and risk tolerance for liquidity risk management.

The bank's liquidity situation is considered as good, and the share of long term funding is well above target. The HSB groups combined liquidity reserves (cash, bank deposits and fixed income securities) constitute MNOK 4.6 (4.5)bn, or 17.5 (17.4) % of the group's total assets. The combined duration on the fixed income portfolio is 1.9 (1.7) years.

Credit risk

The Group's strategy for credit risk is derived from the overall strategy and provides guidelines for the allocation of lending between retail and corporate market exposure in industries (concentration risk) and geographical constraints.

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

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

Net defaults and commitments exposed to loss are at a relatively stable level and were MNOK 120 (134), which equals to 0.6 (0.6) % of gross lending.

Solidity

The HSB group has strengthened its CET1 ratio to 12.52 (11.2) %, which is well above the legal minimum requirement at 10.0% from 1.July 2014 and 11.0% 1.July 2015. The core capital ratio was 13.73 (12.8) %, and the total capital ratio was 16.0 (14.9) %. Positive effect from Basel III, transition rules are neutralised toward 2019.

The bank's Board of Directors has determined a capital plan for 2013 – 2017, where satisfaction of the new capital requirements in Norway caused by the CRD IV is central. The Board of Directors has determined new capital goals, where the aim is a CET1 capital ratio (HSB group) at least at 12.5% and a total capital ratio up toward 18%

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

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

Prospects ahead

The competitive situation is continuing to be strong, especially in the retail market. The bank has implemented measures to strengthen its competitive position by adjusting the mortgage interest rates. The interest rate is reduced on most forms of deposits, including corporate and special condition accounts. This is to maintain the bank's net interest.

The growth in deposits is expected to level out while 12-month combined lending growth for 2014 is adjusted down toward 2-3%.

A controlled reduction in corporate market loans have been conducted according to plan, and the bank is expecting a future growth in lending in the corporate market in line with the national average.

Wide ranging sale of leasing- and insurance products is still given a high priority, and the level of commission income is expected to maintain.

Increased payroll tax from 1st of July is challenging the bank's targets on the cost side.

Non-performing and other impaired commitments are still relatively low compared to gross lending. Combined write-downs on lending are expected to be in line with the industry average by the end of the year.

Helgeland is the largest export region in the North of Norway, with industrial power centres within aluminium, iron ore, steel and ferrous alloys. The aquaculture industry has, despite challenges with salmon louse, maintained very solid income levels, and invests significant amounts in new production facilities in the region. This, together with the governmental institutions, gives a stable and diverse labour market, and the unemployment rate is expected to be at a low level.

Housing prices in the Helgeland region in the 1st half of the year showed a tendency to level out. This is expected to continue in the 2nd half.

The suggested government budget for 2015 includes a continued high investment level on roads in the region.

The Minister of Education's conclusion on the university structure in the North of Norway is important for Helgeland. The University of Nordland and the university colleges in Nesna and Narvik have joint programmes in economics, nursing and engineering at Campus Helgeland, which is localised in Mo i Rana. In 2014 there are 800 students and 5 doctoral fellows at the Campus. Together with trainee programmes in processing

industries in Mosjøen and Mo I Rana, oil and gas network Helgeland where over 50 supply businesses collaborate to increase the regional deliverances toward oil and gas, are important elements to endure continued growth in the Helgeland region.

The bank's focus on education is continued through financing higher education, research fellows and research activity. Education in lower- and upper secondary schools in collaboration with Ungt Entreprenørskap within personal finance is in the current school year increased to a full position.

Mo i Rana, 27 October 2014

Thore Michalsen
Chairman of the Board

Ove Brattbakk
Deputy Chairman of the Board

Gislaug Øygarden

Monica Skjellstad

Stein Andre Herigstad-Olsen

May Heimdal
Employee Representative

Lisbeth Flågeng
Acting CEO

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PROFIT AND LOSS

PROFIT AND LOSS ACCOUNT (amounts in NOK million)

Parent bank

Group

31.12.13	Q3/13	Q3/14	30.09.13	30.09.14		30.09.14	30.09.13	Q3/14	Q3/13	31.12.13
911	234	236	675	701	Interest receivable and similar income	822	794	274	275	1072
554	140	138	415	418	Interest payable and similar costs	479	473	158	158	633
357	94	98	260	283	Net interest- and credit commission income	343	321	116	117	439
87	24	24	64	70	Commissions receivable and income from banking services	70	64	24	24	87
10	2	2	7	7	Commissions payable and costs relating to banking services	7	7	2	2	10
77	22	22	57	63	Net commission income	63	57	22	22	77
37	-1	-3	36	65	Gains/losses on financial assets available for sale (note 3)	46	8	17	2	14
15	3	3	10	9	Other operating income	4	4	2	1	7
229	58	62	172	180	Operating costs (note 4)	186	177	63	59	239
28	3	6	16	35	Losses on loans, guarantees etc. (note 5)	35	20	6	7	32
229	57	52	175	205	Result before tax	235	193	88	76	266
54	16	11	41	40	Tax payable on ordinary result	54	56	15	22	73
175	41	41	134	165	Result from ordinary operations after tax	181	137	73	54	193
7.0			5.4	6.6	Yield per equity capital certificate (note 6)	7.3	5.5			7.8
7.0			5.4	6.6	Diluted result per ECC in Norwegian currency (note 6)	7.3	5.5			7.8
Extended Income Statement										
175	41	41	134	165	Result from ordinary operations after tax	181	137	73	54	193
<i>Items that are not subsequently reversed through profit or loss:</i>										
4	0	0	26	0	Estimate variances, pensions will not be reversed over the income	0	26	0	0	4
-1	0	0	-7	0	Tax on extended profit	0	-7	0	0	-1
3	0	0	19	0	Net extended profit or loss items	0	19	0	0	3
<i>Items that are not subsequently reversed through profit or loss:</i>										
46	3	27	7	35	Net change in fair value available-for-sale fin. assets	12	7	2	3	46
0	-1	0	-2	-2	Tax on extended profit	-2	-2	0	-1	0
46	2	27	5	33	Net extended profit or loss items	10	5	2	2	46
224	43	68	158	198	Total result for the period	191	161	75	56	242

BALANCE SHEET

BALANCE SHEET (amounts in NOK million)

Parent bank			Group			
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
			ASSETS			
98	87	96	Cash and claims on central banks	96	87	99
1 273	1 328	1 265	Loans to and claims on credit institutions	484	693	607
15 863	16 007	16 711	Loans to and claims on customers (note 7,8,9,10)	20 873	20 699	20 597
213	209	268	Financial derivatives (note 16)	268	209	213
4 851	4 732	4 524	Certificates, bonds and shares available for sale	4 224	3 912	4 032
164	164	185	Investments in associated companies (note 12)	183	155	153
348	347	345	Investments in subsidiaries (note 12)	0	0	0
53	66	53	Deferred tax benefit	53	69	53
71	73	74	Fixed assets (note13)	183	179	176
51	12	17	Other assets	15	20	55
22 985	23 025	23 538	Total assets	26 379	26 023	25 985
			LIABILITIES AND EQUITY CAPITAL			
647	644	0	Liabilities to credit institutions	0	644	647
13 248	12 809	14 164	Deposits from customers and liabilities to customers (note 17,18)	13 919	12 553	12 989
6 361	6 950	6 458	Borrowings through the issuance of securities (note 15)	9 479	10 140	9 553
41	43	52	Financial derivatives (note 16)	52	43	41
235	191	254	Other liabilities	270	214	248
519	518	519	Fundbonds and subordinated loan capital	519	518	519
21 051	21 155	21 447	Total liabilities	24 239	24 112	23 997
1 031	1 031	1 028	Paid-in equity capital (note 19,20)	1 028	1 031	1 031
903	705	898	Accrued equity capital/retained earnings (note 20)	927	741	953
0	134	165	Result from ordinary operations after tax	181	137	0
1 934	1 870	2 091	Total equity capital exclusive minority interest	2 136	1 909	1 984
			Non-controlling interest	4	2	2
1 934	1 870	2 091	Total equity capital	2 140	1 911	1 988
22 985	23 025	23 538	Total liabilities and equity capital	26 379	26 023	25 985
Conditional liabilities off balance sheet (note 11)						

CHANGE IN EQUITY CAPITAL

Group											
30.09.14											
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Min. int.	Total
Equity capital as at 01.01.14	187	845	- 1	153	413	18	5	267	97	4	1 988
Result for the period									181		181
Extended profit or loss items				12							12
Sum total ext. profit or loss	0	0	0	12	0	0	0	0	181	0	193
Gift fund						- 4					- 4
Transactions with owners											0
Dividend paid									- 34		- 37
Equity capital 30.09.14	187	845	- 4	165	413	14	5	267	244	4	2 140
Paid-in/accrued equity capital/retained earnings			1 028							1 112	2 140

Group											
30.09.13											
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Total	
Equity capital as at 01.01.13	935	97	-1	107	382	17	5	170	66	2	1.780
IAS19R*)					5			14			19
result for the period									137		137
Extended profit or loss items				5							5
Sum total ext. profit or loss	935	97	-1	112	387	17	5	184	203	2	1.941
Gift fund						0					0
Transactions with owners											0
Dividend paid									-21		-30
Equity capital 30.09.13	185	847	-1	112	387	13	0	184	182	2	1.911
Paid-in/accrued equity capital/retained earnings			1.031							880	1.911

<i>Parent bank</i>										
30.09.14										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Total
Equity capital as at 01.01.14	187	845	- 1	162	414	23		273	31	1 934
Result for the period									165	165
Extended profit or loss items				33						33
Sum total ext. profit or loss	0	0	0	33	0	0	0	0	165	198
Gift fund						- 4				- 4
Transactions with owners										0
Dividend paid									- 34	- 37
Equity capital 30.09.14	187	845	- 4	195	414	19	0	239	196	2 091
Paid-in/accrued equity capital/retained earnings			1 028						1 063	2 091

<i>Parent bank</i>										
30.09.13										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Dividend	Total
Equity capital as at 01.01.13	935	97	- 1	116	382	17	5	170	24	1 745
IAS19R*)					5			14		19
result for the period									134	134
Extended profit or loss items				5						5
Sum total ext. profit or loss	935	97	- 1	121	387	17	5	184	158	1 903
Gift fund										0
Transactions with owners										0
Dividend paid					0			0		- 33
Equity capital 30.09.13	185	847	- 1	121	387	13	0	184	134	1 870
Paid-in/accrued equity capital/retained earnings			1 031						839	1 870

CASH FLOW STATEMENT

<i>Parent bank</i>				<i>Group</i>		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
229	175	205	Result of ordinary operations	235	193	266
12	9	7	+ Ordinary depreciation/amortisation	13	14	21
29	16	35	+ Writedowns and gain/loss on fixed assets	35	20	32
- 53	- 41	- 40	- Tax expense	- 53	- 56	- 73
217	159	207	= Provided from the years operations	230	171	246
26	- 16	17	Change miscellaneous debt: + increase/-decrease	19	7	47
- 40	- 23	34	Change miscellaneous claims: - increase/+ decrease	40	- 7	- 40
-1 119	-1 273	- 872	Change loans to and balances with customers:- incr./+ decr.	- 280	-1 016	- 866
1 739	1 298	916	Change deposits from and liabilities to customers:+ incr/-decr.	930	1 342	1 778
0	0	0	Change liabilities to credit institutions : + increase	0	0	0
- 183	- 187	- 647	Change liabilities to credit institutions : + Decrease	- 647	- 187	- 183
640	- 42	- 345	A Net liquidity change from operating activities	292	310	982
- 9	- 6	- 6	- Invested in tangible fixed assets	- 9	- 6	- 9
15	15	0	+ Sale of tangible fixed assets	0	15	15
-4 609	-3 328	-2 158	- Investment in long-term securities	-2 158	-3 458	-4 609
4 530	3 328	2 479	+ Sale in long-term securities	1 879	3 328	4 530
- 73	9	315	B Liquidity change from investing activities	- 288	- 121	- 73
- 24	- 24	- 41	- Dividend paid on ECCs	- 41	- 24	- 24
2 857	2 396	1 274	+ Issue debt securities	1 694	2 796	3 357
-3 406	-2 301	-1 213	- Redemption debt securities	-1 783	-2 851	-4 206
300	300	0	Change subordinated loan capital/primary capital + incr.- decr	0	300	300
- 273	371	20	C Liquidity change from financing activities	- 130	221	- 573
294	338	- 10	A+B+C Sum total change liquid assets	- 126	410	336
1 077	1 077	1 371	+ Liquid assets at the start of the period	706	370	370
1 371	1 415	1 361	= Liquid assets at the close of the period	580	780	706

NOTE 1. ACCOUNTING PRINCIPLES

Both the consolidated financial statements and the Parent Bank's separate financial statements have been prepared in compliance with IFRS, while the accounting policies applied in individual areas are described in the annual financial statements for 2013. The interim report for the second quarter is in compliance with IAS 34 and has not been audited.

NOTE 2. SEGMENT

The Group has defined its geographical segment as a main area of Norway – Helgeland. The Group 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>				
30.09.14					30.09.14				
Retail	Corp.	Not divided	Total	Segment information	Retail	Corp.	Not divided	Total	
148	153	- 18	283	Net interest and credit commission income	226	156	- 38	344	
22	10	30	62	Net commission income	22	10	31	63	
0	0	75	75	Other operating income	0	0	50	50	
63	22	95	180	Operating costs	69	22	96	187	
5	28	2	35	Losses on loans guaranteed	5	28	2	35	
102	113	- 10	205	Result before tax	174	116	- 55	235	
9 738	7 074	0	16 812	Loans to and claims on customers	13 876	7 102	0	20 978	
- 5	- 28	0	- 33	Individual write-downs	- 5	- 28	0	- 33	
0	0	- 68	- 68	Collective write-downs on loans	0	0	- 68	- 68	
0	0	6 805	6 805	Other assets	0	0	5 501	5 501	
9 733	7 046	6 737	23 516	Total assts per segment	13 871	7 074	5 433	26 378	
8 518	5 646	0	14 164	Deposits from customers and liabilities	8 518	5 400	0	13 918	
0	0	9 352	9 352	Other liabilities and equity	0	0	12 460	12 460	
8 518	5 646	9 352	23 516	Total liabilities and equity per segment	8 518	5 400	12 460	26 378	

<i>Parent bank</i>					<i>Group</i>				
30.09.13					30.09.13				
Retail	Corp.	Not divided	Total	Segment information	Retail	Corp.	Not divided	Total	
130	137	- 7	260	Net interest and credit commission income	197	139	- 15	321	
22	9	26	57	Net commission income	22	9	26	57	
0	0	37	37	Other operating income	0	0	12	12	
56	18	89	163	Operating costs	67	19	91	177	
0	16	0	16	Losses on loans guaranteed	0	16	4	20	
96	112	- 33	175	Result before tax	152	113	- 72	193	
8 809	7 297	0	16 106	Loans to and claims on customers	13 438	7 365	0	20 803	
- 6	- 27	0	- 33	Individual write-downs	- 6	- 27	0	- 33	
0	0	- 67	- 67	Collective write-downs on loans	0	0	- 71	- 71	
0	0	7 019	7 019	Other assets	0	0	5 324	5 324	
8 803	7 270	6 952	23 025	Total assts per segment	13 432	7 338	5 253	26 023	
7 795	5 013	0	12 808	Deposits from customers and liabilities	7 795	4 758	0	12 553	
0	0	10 217	10 217	Other liabilities and equity	0	0	13 470	13 470	
7 795	5 013	10 217	23 025	Total liabilities and equity per segment	7 795	4 758	13 470	26 023	

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

Parent bank						Group					
31.12.13	Q3/13	Q3/14	30.09.13	30.09.14		30.09.14	30.09.13	Q3/14	Q3/13	31.12.13	
5	-1	-1	-1	0	Value change in interest-bearing securities	0	-1	-1	-1	5	
-2	0	2	3	3	Net gain/loss in interest-bearing securities	3	3	2	0	-2	
-2	0	0	-1	11	Net gain/loss shares	11	-1	-2	0	3	
2	1	0	6	5	Income AC	35	5	20	3	5	
37	0	0	31	52	Share dividend	3	4	2	1	6	
-2	-1	-1	-1	-3	Value change in value on lending	-3	-1	-1	-1	-2	
-1	0	-3	-1	-3	Value change on funding and derivatives	-3	-1	-3	0	-1	
37	-1	-3	36	65	Total value change financial	46	8	17	2	14	

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank						Group					
31.12.13	Q3/13	Q3/14	30.09.13	30.09.14		30.09.14	30.09.13	Q3/14	Q3/13	31.12.13	
115	30	32	84.6	90	Wages, salaries and social costs	92	87	33	28	116	
66	16	18	49	54	General administration costs	52	48	16	14	65	
12	3	2	10	7	Depreciation etc of fixed- and intangible assets	13	14	6	8	21	
36	9	10	28	29	Other operating costs	29	28	8	9	37	
229	58	62	172	180	Total operating costs	186	177	63	59	239	

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

Parent bank						Group					
31.12.13	Q3/13	Q3/14	30.09.13	30.09.14		30.09.14	30.09.13	Q3/14	Q3/13	31.12.13	
18	3	-22	12	-7	+/- Period's change in individual write-downs	-7	12	-22	3	18	
1	-1	-1	1	1	+ Period's change in collective write-downs	1	5	-1	3	5	
9	1	14	2	22	+ Period's conf. Losses against which ind. write-downs were made in prev. Years	22	2	14	1	9	
1	0	15	2	20	+ Period's confirmed losses against which no ind. write-downs, made in previous year	20	2	15	0	1	
-1	0	0	-1	-1	- Period's recoveries from previous periods' conf. losses	-1	-1	0	0	-1	
28	3	6	16	35	Total losses on loans, guarantees etc.	35	20	6	7	32	

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

Parent bank				Group			
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13	
175	134	165	Profit	181	137	193	
75.1 %	75.1 %	75.1 %	ECC percentage	75.1 %	75.1 %	75.1 %	
7.0	5.4	6.6	Yield per equity capital certificate	7.3	5.5	7.8	
7.0	5.4	6.6	Diluted result per ECC in Norwegian currency	7.3	5.5	7.8	

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

<i>Parent bank</i>					<i>Group</i>			
30.09.13	%	30.09.14	%		30.09.14	%	30.09.13	%
13 483	84 %	14 179	84 %	Helgeland	17 571	84 %	17 261	83 %
2 605	16 %	2 611	16 %	Areas other than Helgeland	3 379	16 %	3 517	17 %
18	0 %	22	0 %	International	28	0 %	25	0 %
16 106	100 %	16 812	100 %	Total	20 978	100 %	20 803	100 %

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	30.09.14				30.09.13			
	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	37	0.2 %	0	0	35	0.2 %	0	0
Agriculture and forestry	1 344	6.4 %	3	3	1 337	6.4 %	1	0
Fisheries and aquaculture	708	3.4 %	0	1	750	3.6 %	2	1
Mining and industry	536	2.6 %	15	13	615	3.0 %	8	8
Building and construction	839	4.0 %	1	1	923	4.4 %	8	4
Trade, hotel, restaurants.	671	3.2 %	6	7	388	1.9 %	5	1
Transport and services	264	1.3 %	1	1	682	3.3 %	1	1
Property, property development	2 703	12.9 %	3	3	2 635	12.7 %	2	0
Retail market	13 876	66.1 %	6	5	13 438	64.6 %	6	0
Total	20 978	100.0 %	35	34	20 803	100.0 %	33	15
Change collective write-downs				1				5
Total				35				20
Of which gross loans Helgeland Boligkreditt AS	4 232	20.2 %			4 755	22.9 %		

	30.09.14				30.09.13			
	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	37	0.2 %	0	0	35	0.2 %	0	0
Agriculture and forestry	1 341	8.0 %	3	3	1 320	8.2 %	1	0
Fisheries and aquaculture	705	4.2 %	1	1	744	4.6 %	2	1
Mining and industry	533	3.2 %	13	13	615	3.8 %	8	8
Building and construction	816	4.9 %	2	1	895	5.6 %	8	4
Trade, hotel, restaurants.	651	3.9 %	6	7	377	2.3 %	5	1
Transport and services	264	1.6 %	1	1	628	3.9 %	1	1
Property, property development	2 727	16.2 %	3	3	2 683	16.7 %	2	0
Retail market	9 738	57.9 %	6	5	8 809	54.7 %	6	0
Total	16 812	100.0 %	35	34	16 106	100.0 %	33	15
Change collective write-downs				1				1
Total				35				16

NOTE 9. BAD AND DOUBTFUL LOANS

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
152	142	113	Loans, guarantees etc. in default	113	142	152
32	24	14	Loss provisions for loans, guarantees etc. in default	14	24	32
120	118	99	Total net loans, guarantees etc. in default	99	118	120
17	16	27	Other bad and doubtful loans and guar., not in default	27	16	17
8	8	6	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	6	8	8
9	8	21	Total net bad and doubtful commitments, not in default	21	16	9
129	126	120	Total bad and doubtful loans	120	134	129
0,80 %	0,75 %	0,71 %	In % of total loans	0,57 %	0,64 %	0,62 %

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

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
21	21	40	Individual write-downs to cover losses on loans and guarantees as at 01.01	40	21	21
-3	2	-22	Period's conf. losses, against which indi. Write-down was previously made	-22	2	-3
1	1	0	Period's increased individual write-downs, against which write-down was previously made	0	1	1
22	10	16	New individual write-downs during the period	16	10	22
-1	-1	-1	Reversal of individual write-downs during the period	-1	-1	-1
40	33	33	= Total individual write-downs on loans	33	33	40
40	33	33	*Of which individual write-downs on loans accounted for	33	33	40
0	0	0	* Of which ind. Write-downs on guar. Accounted for	0	0	0
Collective write-downs:						
61	67	68	Collective write-downs to cover losses on loans at 01.01	71	66	66
6	1	1	+ /- Period's change in collective write-downs	1	5	5
67	68	69	Total collective write-downs	72	71	71

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
1 623	1 547	1 546	Unutilized drawing rights	1 905	1 862	1 959
488	500	467	Guarantee obligations	467	500	488
0	0	0	Write-downs on gurantee	0	0	0
2 111	2 047	2 013	Net guarantee and draw rights	2 372	2 362	2 447

NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Subsidiaries

	Share capital	Number of shares	Equity stake	Parent bank		
				Market value		
				30.09.14	30.09.13	31.12.13
ANS Bankbygg Mo	49.0	5 591	97 %	46	45	45
Helgeland Boligkreditt AS	190.0	190 000	100 %	290	290	290
AS Sparebankbygg	0.1	100	100 %	0.1	0.1	0.1
Helgeland Spb.eiend.selskap AS	0.1	100	100 %	0.4	0.4	0.4
Helgeland Utviklingsselskap AS	0.5	500	100 %	5	10	10
Storgata 73 AS	5.0	74	52.9 %	2	2	2
Total investment in AC				344	348	348

Investment in associated companies

	Location	Sector	Equity stake	Group		
				Market value		
				30.09.14	30.09.13	31.12.13
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	181	151	152
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	2	1	1
Total investment in AC				183	152	153

Investment in associated companies

	Location	Sector	Equity stake	Parent bank		
				Market value		
				30.09.14	30.09.13	31.12.13
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	181	159	160
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	4	4	4
Total investment in AC				185	163	164

* Equity method of accounting applies in parent bank in 30.09.14

NOTE 13. OPERATING FUNDS

Parent Bank

31.12.13	30.09.13	30.09.14		Group		
				30.09.14	30.09.13	31.12.13
71	73	74	Operating funds*)	183	179	176
71	73	74	Total operating funds	183	179	176

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

NOTE 14. DISCLOSURES OF RELATED PARTIES

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

Significant transactions with close parties per 30.09.14:

Helgeland Boligkreditt AS (share of ownership 100 %)

Helgeland Sparebank has received group contributions from the housing mortgage company of MNOK 50,4 (29,8) Transferred loans per 30.09.14 constitute totally MNOK 4,232. Covered bonds in the housing mortgage company constitute MNOK 3,314 where MNOK 300 (700) is owned by Helgeland Sparebank. Of the credit line of NOK 1bn, MNOK 786 is per 30.09.14 used. The bank has additionally entered into agreements with Helgeland Boligkreditt AS concerning credit lines of NOK 1.5 bn, which mainly should be used in the settlement of purchased loans and repayment of covered bonds in a 12 month rolling period, and is entirely unused..

The agreements are entered according to the principle of an arm's lengths distance. The effects of the credit lines are eliminated in the consolidated accounts.

Ans Bankbygg (share of ownership 97 %)

The bank rents premises from ANS Bankbygg and has paid MNOK 5.9 in 2014.

Frende Holding AS (share of ownership 8 %)

Helgeland Sparebank has received commission for distribution of life insurance of MNOK 3.97 and commission sales general insurance of MNOK 11.3 in 2014.

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

Parent bank					Group			
30.09.13		30.09.14			30.09.14		30.09.13	
Real value	Balance sheet value	Real value	Balance sheet value		Balance sheet value	Real value	Balance sheet value	Real value
ASSETS								
87	87	96	96	Cash and receivables from central banks	96	96	87	87
1 328	1 328	1 265	1 265	Loans and receivables to credit institutions	484	484	693	693
1 124	1 124	1 028	1 028	Loans to customers at fair value	1 028	1 028	1 124	1 124
14 883	14 883	15 682	15 682	Loans to customers at amortized cost	19 845	19 845	19 575	19 575
209	209	268	268	Derivates	268	268	209	209
5 243	5 243	5 032	5 032	Certificates,bonds and shares available for sale	4 006	4 006	4 067	4 067
22 874	22 874	23 371	23 371	Total	25 727	25 727	25 755	25 755
Liabilities								
644	644	0	0	Liabilities to credit institutions amortized cost	0	0	644	644
12	12	5	5	Deposits at fair value	5	5	12	12
12 797	12 797	14 159	14 159	Deposits from and liabilities at amortized cost	13 915	13 915	12 541	12 541
2 157	2 157	2 563	2 563	Debt securities at fair value	2 563	2 563	2 157	2 157
4 793	4 793	3 895	3 895	Debt securities hedging	6 916	6 916	7 983	7 983
518	518	518	518	Fundbonds and subordinated loan capital	518	518	518	518
43	43	52	52	Derivates	52	52	43	43
20 964	20 964	21 192	21 192	Total	23 969	23 969	23 898	23 898

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

Assets and liabilities measured at fair value

<i>Parent bank</i>						<i>Group</i>		
30.09.14						30.09.14		
Level 1	Level 2	Level 3	ASSETS			Level 1	Level 2	Level 3
			Financial assets at fair value through profit					
	1 028		- Loans and receivables to customers at fair value				1 028	
			Financial instruments available for sale					
4 333	2	189	- Certificate, bonds and equities available for sale			4 051	2	189
	268		- Financial derivatives				268	
4 333	1 298	189	Total assets			4 051	1 298	189
			LIABILITIES					
			Financial obligations at fair value through profit					
2 563			- Debt issue of securities			2 563		
	52		- Financial derivatives				52	
2563	52	0	Total liabilities			2563	52	0
30.09.14			Changes in instruments classified in level 3			30.09.14		
		195	Opening balance					195
		-17	Net purchase / sale of shares at fair value through profit					-17
			Reclassification					
		11	Revaluation of shares available for sale					11
		189	Financial instruments valued on Level 3					189

Assets and liabilities measured at fair value

<i>Parent bank</i>						<i>Group</i>		
30.09.13						30.09.13		
Level 1	Level 2	Level 3	ASSETS			Level 1	Level 2	Level 3
			Financial assets at fair value through profit					
	1 124		- Loans and receivables to customers at fair value				1 124	
			Financial instruments available for sale					
4 556	29	147	- Certificate, bonds and equities available for sale			4 066	29	147
	209		- Financial derivatives				209	
4 556	1 362	147	Total assets			4 066	1 362	147
			LIABILITIES					
			Financial obligations at fair value through profit					
2 157			- Debt issue of securities			2 157		
	43		- Financial derivatives				43	
2157	43	0	Total liabilities			2157	43	0
30.09.13			Changes in instruments classified in level 3			30.09.13		
		142	Opening balance					142
		5	Net purchase / sale of shares at fair value through profit					5
			Reclassification					
		0	Revaluation of shares available for sale					0
		147	Financial instruments valued on Level 3					147

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>		
30.09.14				30.09.14		
Nominal value	Market value			Nominal value	Market value	
Total	Assets	Commitments		Total	Assets	Commitments
1 126		52	Interest rate swaps- fixed interest rate loans	1 126		52
			Interest rate swaps- bank deposits with share Yield			
1 126		52	Total financial derivatives	1 126		52
2 500	268		Interest rate swaps – fixed interest rate with hedging	2 500	268	0
2 500	268	0	Total financial derivatives with hedging	2 500	268	0

<i>Parent bank</i>				<i>Group</i>		
30.09.13				30.09.13		
Nominal value	Market value			Nominal value	Market value	
Total	Assets	Commitments		Total	Assets	Commitments
1 010		43	Interest rate swaps- fixed interest rate loans	1 010		43
			Interest rate swaps- bank deposits with share Yield			
1 010	0	43	Total financial derivatives	1 010	0	43
2 100	209	0	Interest rate swaps – fixed interest rate with hedging	2 100	209	0
2 100	209	0	Total financial derivatives with hedging	2 100	209	0

<i>Parent bank and Group</i>					
30.09.2014					
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as asse	268	0	268	52	216
Derivaives carried as liabili	52	0	52	-52	0

<i>Parent bank and Group</i>					
30.09.2013					
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as asse	209	0	209	42	167
Derivaives carried as liabili	42	0	42	-42	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>			
%	30.09.13	%	30.09.14		30.09.14	%	30.09.13	%
92.1 %	11 803	91.8 %	13 001	Helgeland	12 756	91.6 %	11 547	92.0 %
7.1 %	904	7.4 %	1 053	Areas other than Helgeland	1 053	7.6 %	904	7.2 %
0.8 %	102	0.8 %	110	International	110	0.8 %	102	0.8 %
100 %	12 809	100 %	14 164	Total	13 919	100 %	12 553	100 %

NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>					<i>Group</i>			
%	30.09.13	%	30.09.14		30.09.14	%	30.09.13	%
4.5 %	574	3.5 %	497	Financial institutions	296	2.1 %	320	2.5 %
13.0 %	1 665	11.3 %	1 594	Municipalities and municipal enterp.	1 549	11.1 %	1 663	13.2 %
2.3 %	298	2.3 %	328	Agriculture and forestry	328	2.4 %	298	2.4 %
1.2 %	154	2.2 %	308	Fisheries and aquaculture	308	2.2 %	154	1.2 %
1.5 %	196	1.6 %	231	Mining and industry	231	1.7 %	196	1.6 %
3.7 %	475	6.9 %	971	Building and construction	971	7.0 %	475	3.8 %
3.0 %	380	2.7 %	379	Trade, hotel, restaurants.	379	2.7 %	380	3.0 %
6.0 %	766	6.0 %	847	Transport and services	847	6.1 %	766	6.1 %
4.0 %	506	3.5 %	491	Property, property development	491	3.5 %	506	4.0 %
60.9 %	7 795	60.1 %	8 518	Retail market	8 518	61.2 %	7 795	62.1 %
100 %	12 809	100 %	14 164	Total	13 918	100 %	12 553	100 %

NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

				<i>Parent bank</i>	
Per 30.09.14	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	6 599 598	35.3 %	Helgelandskraft AS	340 494	1.8 %
MP Pensjon PK	1 032 203	5.5 %	Lamholmen AS	315 389	1.7 %
USB AG, London Branc A/C	1 000 000	5.3 %	Merill Lynch Prof.	208 500	1.1 %
Pareto AS	970 836	5.2 %	Snipind Holding AS	201 801	1.1 %
Citibank, N.A.	830 941	4.4 %	Bergen kommunale pensjonsk.	200 000	1.1 %
Pareto Online AS	500 000	2.7 %	Holberg Norge Verdipapirfond	190 000	1.0 %
VPF Nordea Norge	448 550	2.4 %	Johs. Haugerudsvei AS	145 992	0.8 %
AS Atlantis Vest	448 481	2.4 %	Mellem Nes Invest	118 200	0.6 %
Sparebankstiftelsen DNB	442 724	2.4 %	Melum Mølle AS	110 240	0.6 %
Verdipapirfondet Eika utbytte	352 079	1.9 %	Steffen Nervik	110 000	0.6 %
Total 10 biggest owners	12 625 412	67.5 %	Total 20 biggest owners	14 566 028	77.9 %

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 (30.09.14), comparative figures have not been restated and 30.09.13 and 31.12.13 are according to Basel II. The transition rules involve full implementation from 01.01.19.

Parent bank				Group		
Basel II	Basel II	Basel III		Basel III	Basel II	Basel II
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
187	187	187	ECC-capital	187	187	187
845	845	845	Premium Fund	845	845	845
-1	-1	-4	Own ECCs	-4	-1	-1
1 031	1 031	1 028	Total paid-in capital	1 028	1 031	1 031
415	387	415	Savings Bank's fund	415	387	415
162	122	194	Reserve for valuation variances	164	113	154
23	13	19	Donations Fund	19	13	23
269	183	269	Dividend equalisation reserve	269	183	269
34	0	0	Cash dividend	0	0	34
0	0	0	Other equity capital	60	44	62
903	705	897	Total accrued equity capital	927	740	957
-162	-122	-194	Reserve for valuation variances	-164	-113	-154
-53		-11	Deferred tax assets	-11	-68	-53
-69	-115	-59	Shares in financial institutions	-57	-50	-69
		47	Transition Rule; share net of non significant assets	47		
-39	0	-5	Cash dividend /gifts employee	-5	0	-39
1 611	1 499	1 703	Total core tier one	1 765	1 540	1 673
		-26	Shares in financial institutions	-25		
		-23	Transition Rule; share net of non significant assets	-24		
218	219	219	Hybrid capital	219	219	218
1 829	1 718	1 873	Total core capital	1 935	1 759	1 891
300	300	300	Subordinated debt	300	300	300
65		70	Weight assets calculation basis *)	59	42	61
-69	-4	-15	Shares in financial institutions	-15	-49	-69
		-23	Transition Rule; share net of non significant assets	-23		
0		-1	Additional	-1	0	0
296	296	331	Total net supplementary capital	320	293	292
2 125	2 014	2 204	Total net equity and related capital	2 255	2 052	2 183
12 715	12 921	13 019	<u>Weight assets calculation basis *)</u>	14 096	13 778	13 640
12.67 %	11.60 %	13.08 %	Core tier one Capital ratio	12.52 %	11.18 %	12.26 %
14.38 %	13.30 %	14.39 %	Core capital ratio	13.73 %	12.77 %	13.86 %
16.71 %	15.59 %	16.93 %	Capital ratio	16.00 %	14.89 %	16.00 %
			<u>Included 70% of result</u>			
		13.97 %	Core tier one Capital ratio	13.42 %		
		15.27 %	Core capital ratio	14.63 %		
		17.82 %	Capital ratio	16.90 %		

Positive effect of Basel III, including transition rules 30.09.14 make up about 60 basis point on core tier one capital ratio and 40 basis points on net equity. Some parts of the effect will neutralize against core tier one/total tier one in 2019 (Transition rule).

31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
0	0	0	States and central banks	0	0	0
61	213	147	Local and regional authorities (including municipalities)	147	255	61
1.428	1.216	1.145	Institutions	764	586	851
2.729	3.593	2.779	Enterprises	2.775	3.593	2.731
2.172	1.890	2.358	Mass market loans	2.358	1.833	2.238
5.062	4.531	5.010	Loans secured by real property	6.624	6.360	6.729
161	173	229	Loans overdue	229	173	161
198	182	173	Covered bonds	143	100	116
0	0	0	Units in securities funds	0	0	0
511	475	423	Other loans and commitments	220	245	307
12.321	12.273	12.263	Capital requirement credit risk	13.259	13.147	13.195
696	700	756	Capital requirement operational risk 1)	838	750	748
-303	-238	0	Deducted from capital requirement	0	-238	-302
12.715	12.736	13.019	Total capital requirement	14.096	13.659	13.640
0	0	0		0	0	0
0	0	0	<u>Buffer requirements</u>	0	0	0
318	318	325	Capital conservation buffer (2.5%)	352	341	341
0	0	0	Countercyclical capital buffer (0%)	0	0	0
381	382	391	Systemic risk buffer (3%)	423	410	409
699	700	716	Total buffer requirements Core tier one capital	775	751	750
340	225	401	Available core tier one (ex minimum requirement 4.5%)	355	174	309

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

Parent bank

Group

31.12.13	Q3/13	Q3/14	30.09.13	30.09.14		30.09.14	30.09.13	Q3/14	Q3/13	31.12.13
4,07	4,13	4,00	4,07	4,04	Interest receivable and similar income	4,21	4,21	4,14	4,27	4,25
2,47	2,47	2,34	2,50	2,41	Interest payable and similar costs	2,45	2,51	2,39	2,45	2,51
1,59	1,66	1,66	1,57	1,63	Net interest- and credit commission income	1,75	1,70	1,75	1,82	1,74
0,39	0,42	0,41	0,39	0,40	Commissions receivable and income from banking services	0,36	0,34	0,36	0,37	0,35
0,04	0,04	0,03	0,04	0,04	Commissions payable and costs relating to banking services	0,04	0,04	0,03	0,03	0,04
0,34	0,39	0,37	0,34	0,36	Net commission income	0,32	0,30	0,33	0,34	0,31
0,17	-0,02	-0,05	0,22	0,37	Gains/losses on financial assets available for sale	0,24	0,04	0,26	0,03	0,06
0,07	0,00	0,05	0,01	0,05	Other operating income	0,02	0,02	0,03	0,02	0,03
1,04	0,97	1,05	0,98	1,04	Operating costs	0,95	0,94	0,95	0,92	0,95
0,12	0,05	0,10	0,10	0,20	Losses on loans, guarantees etc. and fixed assets	0,18	0,11	0,09	0,11	0,13
1,02	1,01	0,88	1,06	1,18	Result before tax	1,20	1,02	1,33	1,18	1,05
0,24	0,28	0,19	0,25	0,23	Tax payable on ordinary result	0,28	0,30	0,23	0,34	0,29
0,78	0,72	0,70	0,81	0,95	Result from ordinary operations after tax	0,92	0,73	1,10	0,84	0,77

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Profit and loss account (Amounts in NOK million)

Parent bank						Group				
Q3/13	Q4/13	Q1/14	Q2/14	Q3/14		Q3/14	Q2/14	Q1/14	Q4/13	Q3/13
234	236	230	235	236	Interest receivable and similar income	274	276	272	278	275
140	139	139	141	138	Interest payable and similar costs	158	162	159	160	158
94	97	91	94	98	Net interest- and credit commission income	116	114	113	118	117
24	23	22	25	24	Commissions receivable and income from banking services	24	25	22	23	24
2	3	2	3	2	Commissions payable and costs relating to banking services	2	3	2	3	2
22	20	19	22	22	Net commission income	22	22	19	20	22
-1	1	5	63	-3	Gains/losses on financial assets available for sale	17	23	6	6	2
3	5	3	3	3	Other operating income	2	1	1	3	1
58	57	60	58	62	Operating costs	63	61	62	62	59
3	12	11	18	6	Losses on loans, guarantees etc.	6	18	11	12	7
57	54	47	106	52	Result before tax	88	80	66	73	76
16	13	13	16	11	Tax payable on ordinary result	15	21	18	17	22
41	41	34	90	41	Result from ordinary operations after tax	73	59	48	56	54

Parent bank						Group				
Q3/13	Q4/13	Q1/14	Q2/14	Q3/14		Q3/14	Q2/14	Q1/14	Q4/13	Q3/13
4.13	4.05	4.03	4.09	4.00	Interest receivable and similar income	4.14	4.25	4.22	4.22	4.27
2.47	2.38	2.44	2.46	2.34	Interest payable and similar costs	2.39	2.49	2.47	2.43	2.45
1.66	1.66	1.60	1.64	1.66	Net interest- and credit commission income	1.75	1.75	1.75	1.79	1.82
0.42	0.39	0.38	0.43	0.41	Commissions receivable and income from banking services	0.36	0.38	0.34	0.35	0.37
0.04	0.05	0.04	0.05	0.03	Commissions payable and costs relating to banking services	0.03	0.04	0.04	0.05	0.03
0.39	0.34	0.34	0.38	0.37	Net commission income	0.33	0.34	0.30	0.30	0.34
-0.02	0.02	0.09	1.10	-0.05	Gains/losses on financial assets available for sale	0.26	0.35	0.09	0.09	0.03
0.06	0.07	0.05	0.05	0.05	Other operating income	0.03	0.02	0.02	0.05	0.02
1.05	0.99	1.05	1.01	1.05	Operating costs	0.95	0.94	0.96	0.94	0.92
0.05	0.21	0.19	0.31	0.10	Losses on loans, guarantees etc.	0.09	0.28	0.17	0.18	0.11
1.01	0.93	0.83	1.84	0.88	Result before tax	1.33	1.23	1.03	1.11	1.18
0.28	0.22	0.23	0.28	0.19	Tax payable on ordinary result	0.23	0.32	0.28	0.26	0.34
0.72	0.70	0.60	1.57	0.70	Result from ordinary operations after tax	1.10	0.91	0.75	0.85	0.84

Balance sheet (Amounts in NOK million)

Parent bank						Group				
30.09.13	31.12.13	31.03.14	30.06.14	30.09.14		30.09.14	30.06.14	31.03.14	31.12.13	30.09.13
ASSETS										
87	98	103	105	96	Cash and claims on central banks	96	105	103	99	87
1 328	1 273	1 113	1 631	1 265	Loans to and claims on credit institutions	484	811	601	607	693
16 007	15 863	16 431	16 511	16 711	Loans to and claims on customers	20 873	20 700	20 640	20 597	20 699
209	213	221	257	268	Financial derivatives	268	257	221	213	209
4 732	4 851	4 333	4 268	4 524	Certificates, bonds and shares available for sale	4 224	3 968	3 829	4 032	3 912
164	164	163	164	185	Investments in associated companies	183	162	155	155	155
347	346	346	347	345	Investments in subsidiaries	0	0	0	0	0
66	53	53	53	53	Deferred tax benefit	53	53	53	53	69
73	71	68	74	74	Fixed assets	183	184	173	176	179
12	53	13	15	17	Other assets	15	17	14	53	20
23 025	22 985	22 844	23 425	23 538	Total assets	26 379	26 257	25 789	25 985	26 023
LIABILITIES AND EQUITY CAPITAL										
644	647	0	0	0	Liabilities to credit institutions	0	0	0	647	644
12 809	13 248	13 350	13 962	14 164	Deposits from customers and liabilities to customers	13 919	13 721	13 100	12 989	12 553
6 950	6 361	6 757	6 669	6 458	Borrowings through the issuance of securities	9 479	9 690	9 873	9 553	10 140
43	41	41	50	52	Financial derivatives	52	50	41	41	43
191	235	231	199	254	Other liabilities	270	211	242	248	214
518	519	519	519	519	Fund bonds	519	519	519	519	518
21 155	21 051	20 898	21 399	21 447	Total liabilities	24 239	24 191	23 775	23 997	24 112
1 031	1 031	1 031	1 030	1 028	Paid-in equity capital	1 028	1 029	1 031	1 031	1 031
705	903	881	873	898	Accrued equity capital/retained earnings	927	926	933	955	741
134	0	34	123	165	Profit after taxes	181	107	48	0	137
					Minority interest	4	4	2	2	2
1 870	1 934	1 946	2 026	2 091	Total equity capital	2 140	2 066	2 014	1 988	1 911
23 025	22 985	22 844	23 425	23 538	Total liabilities and equity capital	26 379	26 257	25 789	25 985	26 023

OTHER KEY FIGURES

Parent bank

Group

31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
BALANCE SHEET						
Development in the last 3 months						
	7.0	2.4	Total assets	1.5	5.8	
	8.6	5.3	Gross lending	1.3	4.8	
	11.3	6.9	Deposit	7.2	12.0	
Development in the last 3 months						
6.8	8.5	2.2	Total assets	1.4	7.3	5.7
7.7	8.1	4.4	Gross lending	0.8	7.4	4.4
15.1	12.3	10.6	Deposit	10.9	13.0	15.9
83.0	79.5	84.2	Deposit coverage as a percentage of gross loans	66.4	60.3	62.7
55.8	54.7	57.9	Lending to retail customers	66.1	64.6	65.6
22 407	22 159	23 191	Average assets	26 118	25 217	25 290
15 970	16 106	16 812	Gross loans	20 978	20 803	20 708
-40	-33	-33	Individual write-downs	-33	-33	-40
-67	-67	-69	Period's change in collective write downs	-72	-71	-71
0	0	0	Individual write-downs on guarantees	0	0	0
SOLIDITY						
12.7	11.6	13.1	Capital adequacy ratio as percentage	12.5	11.2	12.3
14.4	13.3	14.4	Core capital ratio as percentage	13.7	12.8	13.9
16.7	15.6	16.9	Core tier one Capital ratio	16.0	14.9	16.0
8.4	8.1	8.9	Equity capital ratio	8.1	7.3	7.7
9.5	9.9	11.2	Rate of return on equity capital	11.7	9.9	10.4
0.8	0.8	1.0	Return on assets	0.9	0.7	0.8
KEY FIGURES PCC						
7.0	5.4	6.6	Yield per primary certificate	7.3	5.6	7.8
7.0	5.4	6.6	Diluted result per ECC, in Norwegian currency	7.3	5.5	7.8
75.1	75.1	75.1	ECCs split as of 31.12	75.1	75.1	75.1
76.3	75.1	84.0	Equity capital per ECC 1)	85.9	76.7	78.5
47.2	38.0	55.5	PCC price quoted on the stock exchange	55.5	38.0	47.2
6.7	5.3	6.3	P/E (price as at 30.09 divided by profit per ECC)	5.7	6.0	6.1
0.6	0.6	0.7	P/B (price as at 30.09. divided by book value of equity capital	0.6	0.5	0.6
45.8 %	46.0 %	42.9 %	Costs as a percentage of income	40.8 %	45.4 %	44.5 %
1.0	1.0	1.0	Cost in percent of average total assets	1.0	0.9	0.9
177	177	170	Number of man-years	170	177	177
LOSSES ON LOANS AND GROSS DEFAULTS						
26.3	23.2	29.2	Specified loan provision in % of gross default on loan	29.2	23.2	26.3
As a percentage of gross lending:						
1.0	0.9	0.7	Gross defaults over 90 days	0.5	0.7	0.7
0.8	0.7	0.6	Net defaults over 90 days	0.5	0.6	0.6
0.7	0.6	0.6	Total loan loss provision	0.5	0.5	0.5
0.2	0.1	0.2	Losses on lending	0.2	0.1	0.2

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

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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