

Q4²⁰₁₂

financial report

preliminary annual report 2012



Helgeland Sparebank,

Accounts year to date, and fourth quarter 2012

General information

Helgeland Sparebank is a traditional bank- and finance institution. The bank has 16 offices in 14 municipalities in the Norwegian region of Helgeland. It is the 12th largest savings bank in Norway.

The HSB group includes Helgeland Sparebank and the consolidated subsidiaries Helgeland Boligkreditt AS, ANS Bankbygg Mo, AS Sparabankbygg, Helgeland Sparebanks Eiendomsselskap AS and Helgeland Utviklingsselskap AS. The bank owns 48% of Helgeland Invest AS, 43% of Storgata 73 AS and 34% of Eiendomsmegleren Helgeland AS. The results from the associated companies are incorporated into the banks corporate results corresponding to the banks share of ownership.

The accounts are conducted in line with IFRS, hereunder IAS 34 with regards to interim reporting. All numerical quantities are affiliated to the HSB group. 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)

- Good results due to further strengthened basis operations.
- Increased net commission earnings, both in NOK and per cent.
- Low write-downs on lending.
- Strengthened return on equity.

The HSB group shows a strengthened result. The result before tax was NOK 172 million. This is, compared with 2011, an improvement on the result of NOK 39 million. By the end of the year the return on equity was 7.2% compared with 5.6% as per 31.12.11.

The result per equity capital certificate (ECC) was NOK 4.5 (3.7)

Key figures as of 31.12.12:

- Net interest 1.51% (1.50)
- Net commission earnings 0.31% (0.28)
- Operating costs 0.99% (1.02)
- Write-downs on lending 0.11% (0.13)
- Suggested cash dividend NOK 1.30 per ECC
- 12-month growth in lending 9.3% (9.1)
- 12-month growth in deposits 7.5% (5.5)
- Tier one capital adequacy 13.1% (11.6)
- Core tier one capital adequacy 11.5% (11.6)

The net interest

Earnings from net interest- and credit commissions were NOK 356 million, compared with NOK 322 million as per 31.12.11. This is

an improvement of NOK 34 million. The net interest is strengthened throughout 2012, and has increased from 1.43% in the 4Q of 2011 to 1.54% in 4Q of 2012. The net interest was 1.51% (1.50) of average bank total assets so far this year.

Net income from commissions

Net income from commissions have increased with NOK 12 million, from NOK 60 million in 2011 to NOK 72 million in 2012. Increased revenues are caused by very good sales of insurance products. The bank expects a continued positive development on commission earning, but the growth is expected to diminish slightly. The insurance portfolio volume is now up on an equal level to what the bank had before the change of supplier in 2010.

Net change in value and profit/loss on financial instruments

There are relatively small net effects on value change on financial instruments over the income statement. There are posted NOK 3 million as expenses in 2012, while there were posted NOK 9 million as expenses in 2011. The largest effect of the positive development in the financial market towards the end of last year, hereunder entrance in credit spread, is put over the equity capital. This emerges as positive change in value under the extended income statement with NOK 26 million.

Operations costs

The costs are as expected at a stable level, and are reduced in per cent of both income and bank total assets. Combined ordinary operations costs were NOK 233 million compared with NOK 218 million in 2011. Wage, pension and social costs have a growth of 4.4%. Other operations costs have had a somewhat larger growth. In per cent of average bank total assets, ordinary operations costs constitute 0.99% (1.02). The relative figures for ordinary costs measures in per cent of revenues were 53.9% (57.7).

The number of staff in the HSB group and the bank are equal, with 177 annual positions, and is unchanged from 2011. Absence due to sickness is low, and ended with a combined absence of 4% in 2012, compared with 5% in 2011.

The banks performance based pension system has terminated with effect from 01.07.12. Newly employed are now inducted as members of a deposit based pension system. Additionally, there are carried out changes in the scope by which the old performance based system covers. The one-time-effect by changes of the banks pension system has given a positive contribution to not-posted estimate divergence in the income statement. The effect of the changes will result in some lower pension expenses from 2013.

Write-downs posted as expenses on commitments

There are posted low write-down expenses in 2012, a total of NOK 27 million, which is the same as 2011. Write downs on groups of lending are included in the sum of write-downs with NOK 6 million (2). The write-downs posted in the income statement constitute 0.14% (0.16%), in per cent of gross lending.

Dividend policy and management of surplus

According to the banks dividend policy up to half of the ECC owners share of the surplus can be paid as dividends. Equally, up to half of the primary capitals' share of the surplus can be paid as gifts or transferred to foundation(s). The remaining part of the surplus is transferred to the adjustment fund and the primary capital fund. The bank has a strategy of a long term and predictable dividend policy.

The parental bank's accounts form the foundation for the management of the surplus. The parental bank's income statement includes dividends from subsidiaries and associated companies. Subsidiaries and the HSB groups share of associated companies are fully consolidated into the HSB group's accounts according to the equity capital method. Dividends are therefore not included in the HSB groups income statement.

The parental bank's earnings after tax constitute NOK 103 million. NOK 8 million are transferred from funds for unrealised profits, and the foundation for dividends therefore constitutes NOK 111 million after this. The regulatory requirements for the banks' capital adequacy is under significant change, and it is expected that the demands for core tier one capital will increase significantly. The board of directors has for this reason chosen to suggest a somewhat reduced dividend level for 2012.

Proposition for surplus management: (degree of distribution 29.3%)

Dividend funds

- NOK 24.3 million in cash dividends, corresponding to NOK 1.30 per ECC
- NOK 8.1 million for gift fund/gift foundation

Strengthening of equity capital

- NOK 58.6 million to the adjustment fund, corresponding to 3.14 per ECC
- NOK 19.7 million to the primary capital fund.

Equity capital certificate (ECC) - HELG

The ECC capital makes up NOK 935 million and is distributed on approximately 2,050 owners. Note 19 shows an overview of the 20 largest ECC owners. The largest owner is Sparebankstiftelsen Helgeland, with 64.7% ownership. With market turbulences in the background, Sparebankstiftelsen Helgeland has earlier sent an announcement to await any crust breaking until the market conditions seem more stable. Market

price for ECCs is still generally low. The quotation for HELG was NOK 31 as of 31.02.2012.

Fourth quarter profits

Gross profit for the fourth quarter of 2012 was NOK 46 million, which is an improvement of NOK 19 million compared with 4Q of 2011. Increased net interest constitute NOK 14 million of this. A reduction of the cost of borrowing and an effect of increased risk pricing pulls in a positive direction.

The HSB group still succeeds with the sale of insurance products from Frende. This mirrors itself in a very positive development in the HSB group's commission earnings. Net commission earnings were 0.29% (0.27) in per cent of the management.

Net value change of financial instruments is posted as NOK 5 million in expenses in the quarter. This is i.a. caused by a negative quarterly result from ownership in an associated company. There has been a positive trend in the value of interest-bearing securities in the quarter. This effect emerges as a positive value over equity and under the extended income statement.

The HSB group can show stable operating costs and cost control. Ordinary operating costs were NOK 60 million. This is higher than the corresponding period last year. Costs in the 4th quarter of 2011 was lower than normal, due to such adjustment of pension costs in the last quarter. This constitutes 0.97% (0.82) in per cent of average bank total assets.

Write-downs on lending is posted as NOK 5 million in expense in the quarter (7), whereof increased group write-downs constitute NOK 2 million (0).

Key figures fourth quarter:

- Income before tax NOK 46 million (27)
- Net interest 1.54 % (1.42)
- Net commission earnings 0.29% (0.27)
- Ordinary operating costs 0.97% (0.82)
- Write-downs on lending 0.08% (0.13)
- 3-month growth in lending 2.4% (1.7)
- 3-month growth in deposits 0.9% (0.5)

Balance sheet developments

In the last 12 months the bank total assets have increased with NOK 1,793 million, or 7.9%.

Commitments

By the end of the quarter gross lending made up NOK 19 842 million. In the HSB groups' lending volume, NOK 5 080 million goes in as transferred to Helgeland Boligkredit AS, which is a fully owned subsidiary.

Lending has increased with NOK 1,693 million, or 9.3% (9.1) in the last 12 months. The HSB group has a lending growth to the personal market of 10.1% and a growth to the corporate market of 7.9%. Growth in housing prices and, combined with high activity in the property market have

given a growth in the personal market that has stayed above the credit growth in Norwegian households. The housing prices in the Helgeland region have historically had a weaker development than the country as a whole, and prices per square metre are still at a lower level. Generally good activity in the Helgeland region has also contributed to good growth in the business market.

The share in lending to the personal market now constitute NOK 12.7 billion, or 63.9% (63.5) of total lending. 83.5% is lending to customers in the Helgeland region.

The portfolio activity is good. Both failed and loss-exposed commitments are reduced despite growth. Sum net failed and loss-exposed commitments was NOK 107 million (181), corresponding to 0.5% (1.0) of gross lending.

Deposits by customers

In the last 12 months deposits have increased with NOK 783 million, or 7.5% (5.5). The deposit growth from personal customers increased with 7.8%, while deposits from corporate customers increased with 6.9%. Of total deposits at NOK 11.2 billion, NOK 7.3 billion or 65.5% are deposits by personal customers. The HSB group has a stable and local depositor group, whereof 91.8% are deposits from customers in the Helgeland region.

The deposit-to-loan ratio as per 31.12.12 was 56.5% (57.5) in the HSB group and 77.6% (73.5) in the paternal bank. To maintain the deposit-to-loan ratio at a solid level the bank has intensified the work with deposits and long term savings. The bank has i.a. newly announced a new savings product; Drømmespar, where the goal is to motivate for fixed monthly savings.

Borrowing from the debt capital market and liquidity reserves

Improvement in the market sentiment has impacted the last quarter. The participants now have greater faith that the situation in Europe will gradually improve. Greece got a new funding package and the interests on loans to Italy and Spain have recently fallen significantly. The banks' credit spread has fallen further and the access to funding works more normally. There has been a relatively larger spread entrance on the bank's senior loans than loans issued by Helgeland Boligkreditt AS. Throughout the quarter the bank has mainly financed itself through the senior market. The money market interests (nibor) fell some additional points toward the end of the year, while the longer interests went down on record low levels.

The HSB group has good and long term funding with good diversification between different

sources of funding. By the end of the year the share of borrowing for more than a year was 81.7%, and long term funding in per cent of illiquid possessions (liquidity indicator 1) constituted 109%. Helgeland Boligkreditt AS is an important source for funding and the arrangement of approved mortgages for transaction to Helgeland Boligkreditt AS gets much attention.

The emphasis of the HSB group's liquidity reserves in the form of interest-bearing securities are placed in bonds with priority, government-, municipality-, finance- and industry bonds. Combined duration on the interest portfolio is 2.0 years (2.5). The HSB groups combined liquidity reserves (cash, bank deposits, and interest-bearing securities) constitute NOK 3.9 billion, or 16% of the HSB group's total bank assets. The HSB group will make a gradual adaptation to the coming new liquidity requirements in Basel III (LCR and NSFR).

Risk conditions

The HSB groups combined risk is managed by warrants, goals and frames determined by the board of directors. The bank's liquidity situation is considered secure, and the share of long-term funding is well above target figures.

The development in the bank's credit risk is followed closely, i.a. through use of quality class analyses for each and all personal customers based on newly agreed commitments per quarter and development in the combined personal market portfolio. Business customers are followed up closely individually in addition to monitoring of development in risk based on the bank's score models per region and responsibility area, together with significant industries. Monitoring of development is established in relation to approved management goals for the portfolio.

Subsidiaries

The bank's subsidiaries have combined contributed with NOK 20 million. The bank's fully owned subsidiary Helgeland Boligkreditt AS is the subsidiary that contributes the most to the HSB group's income.

Capital adequacy and capital conditions

There is still a lot of uncertainty connected to the new and coming capital requirements for banks, both with regards to level, capital weighting and speed of implementation. The bank expects that the minimum requirement for core tier one capital will increase significantly beyond the present requirements at 9%. Adaptation for coming capital requirements is given much attention, and capital control is arranged toward the coming requirements as far as they are known. The bank will in its adaptation be able to employ various means and different capital adjustments. In the first round the bank seeks to strengthen the capital adequacy by increased profitability through higher margins on lending, reduced lending

growth, somewhat reduced dividends, and optimisation of the estimate foundation.

Estimation of the capital adequacy is conducted after the standard method in Basel II, which is a conservative method of estimating with high capital weighting on mortgages. The paternal bank has reduced the estimate foundation by transferring secure mortgages to Helgeland Boligkreditt AS, and the capital adequacy in the paternal bank is slightly higher than in the HSB group as a whole.

The HSB group has a target figure of 12%. The target figure is assessed annually in connection to the bank's strategic work, next time in the spring of 2013.

The tier one capital adequacy was strengthened by issuing a NOK 220 million hybrid bond in the first quarter of 2012, and was 13.1% as per 31.12.12. Core tier one capital adequacy was 11.5%.

The HSB groups combined equity constitutes NOK 1,780 million, or 7.2% of the balance.

Earlier posted estimate divergence in the income statement should not, according to IAS 19R, be debited on the equity 01.01.13.

The one-time-effect by changing the scope of coverage of the bank's performance based pension system has given a positive contribution to the not-posted estimate divergence in the income statement.

The discount interest for pension obligations should, according to IAS 19, be put at the interest of highly credit-worthy corporate bonds, or at the government bond interest in case there is no deep market for highly credit-worthy corporate bonds. The Norwegian market for bonds with priority is considered to contain the abilities that calls for these factors to be put in place in the estimate of the discount rate.

Reduced with deferred tax, the net effect of the implementation of the IAS 19R, changes in the scope of coverage, the pension system and the use of covered bond interest rate as the discount rate, give a combined positive effect on the equity of NOK 19 million. Core tier one capital will by this be 11.6% as per 01.01.13.

Future prospects

The Helgeland region has since 2007 grown in both population and value creation. Increased employment, low unemployment and increasing housing prices combined with robust industry and commerce are central development patterns in

the region. The positive development is also reflected in the demand for credit from households and businesses.

The Helgeland region is rich on natural resources. The region is today the centre of gravity in the north of Norway within the areas of process- and engineering industry, power production, aquaculture and now oil- and gas activity. Trade and industry have so far managed to steer away from the global financial crises.

The export trades in the Helgeland region within the areas of metals, minerals and sea food have to a great extent managed to avoid international markets characterised by stagnation. The fish farming industry is again experiencing increased demand and increased prices that gives good profitability along the coast.

A traditional trade in the Helgeland region like agriculture is characterised by optimism. The region marks itself nationally with high quality on milk production and high productivity in pork production. Investments in automated facilities and focus on skills and expertise are parts of the explanation.

The land based activity in the Helgeland region is growing towards the petroleum sector. Key words are the sections Norne (Statoil 1997), Maruk (Eni Norge 2012), Skarv (BP 2013), and Aasta Hansteen (Statoil 2016). The local supply industry has several deliverances and Aker Solutions is now establishing in the region.

Active career opportunities and more service jobs within national governmental organisations, new oil-related businesses and IT-businesses have, in an increasing degree resulted in more young people seeking to establish in the region. Versatile and varied industries and trades have emerged.

Investments in power-infrastructure, roads and tunnels contribute to increased activity. The airport structure with a large airport has mainly landed with recommendations from Avinor, but has not yet been financed. There has been a growth in the retail industries and new hotel plans are on the way. The construction industry has good activity.

The challenges are still related to the demographic development with more aging people, competition for skilled labour, underlying increases in costs with pressure on wages and dependence on immigration workers in different industries.

REPORT OF THE BOARD OF DIRECTORS

Another important area is the development in higher education opportunities in the region. Campus Helgeland is under construction and will unite various courses from universities and colleges in Mo i Rana. The bank has also directed several of the gifts from the gift fund toward this to be able to be an active supporter.

The bank has a strong foundation and can show to good income with a continuously increasing net interest and commission earnings. The work on strengthening the net interest is continually

pursued through increased margins on lending and optimisation of the weighted balance. Sale of leasing- and insurance products is a success and strengthens, together with the bank's associated broker company, the bank's position as a regional finance institution.

The HSB group's long term financing will be secured through a continued high focus on deposits from clients with the launch of several new savings products and additional transfers of loans to Helgeland Boligkreditt AS. The cost levels are expected to mirror efficient management and the low level of write-downs on lending is expected continue.

Mo i Rana, 31. december 2012
Mo i Rana, 13. february 2013

Bjørn Johansen
Chair man of the board

Thore Michalsen
Deputy Chair

Gislaug Øygdalen

Monica Skjellstad

Ove Brattbakk

May Heimdal
Employee repr.

Jan Erik Furunes
CEO

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PROFIT AND LOSS

PROFIT AND LOSS ACCOUNT (amounts in NOK million)

Parent bank						Group				
31.12.10	Q4/11	Q4/12	31.12.11	31.12.12		31.12.12	31.12.11	Q4/12	Q4/11	31.12.10
748	226	216	831	876	Interest receivable and similar income	1009	913	254	251	790
455	151	137	532	571	Interest payable and similar costs	653	591	159	170	476
293	75	79	299	305	Net interest- and credit commission income	356	322	95	81	314
79	18	21	72	81	Commissions receivable and income from banking services	81	72	21	18	79
12	3	3	12	9	Commissions payable and costs relating to banking services	9	12	3	3	12
67	15	18	60	72	Net commission income	72	60	18	15	67
28	-7	-4	5	6	Gains/losses on financial assets available for sale (note 3)	-3	-9	-5	-17	28
1	1	2	3	3	Other operating income	7	5	3	2	3
5	0	0	0	0	Costs 150 years anniversary	0	0	0	0	5
35	0	0	0	0	Disposable income effec pension	0	0	0	0	35
211	44	55	209	215	Operating costs (note 4)	233	218	60	46	218
23	7	5	27	27	Losses on loans, guarantees etc. (note 5)	27	27	5	7	23
185	33	35	132	144	Result before tax	172	133	46	27	201
46	10	10	37	41	Tax payable on ordinary result	49	40	15	10	49
139	23	25	95	103	Result from ordinary operations after tax	123	93	31	16	152
5,5			3,8	4,1	Yield per equity capital certificate (note 6)	4,9	3,7			6,0
5,5			3,8	4,1	Diluted result per ECC in Norwegian currency (note 6)	4,9	3,7			6,0
Extended Income Statement										
139	23	25	95	103	Result from ordinary operations after tax	123	93	31	16	152
-7	5	7	2	26	Net change in fair value available-for-sale fin. assets	26	-5	7	5	-7
1	0	-1	0	-5	Tax on extended profit	-5	0	-1	-1	1
0	0	0	0	0	Minority interest	0	0	0	0	0
-6	5	6	2	21	Net extended profit or loss items	21	-5	6	4	-6
133	28	31	97	124	Total result for the period	144	88	37	20	146
5,3			3,9	5,0	Yield per equity capital certificate	5,8	3,5			5,8
5,3			3,9	5,0	Diluted result per ECC in Norwegian currency	5,8	3,5			5,8

BALANCE SHEET

BALANCE SHEET (amounts in NOK million)

Parent bank

Group

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
			ASSETS			
273	118	92	Cash and claims on central banks	92	118	273
635	742	985	Loans to and claims on credit institutions	278	316	91
13 564	14 387	14 747	Loans to and claims on customers (note 7,8,9,10)	19 755	18 049	16 518
145	179	261	Financial derivatives (note 16)	261	179	145
3 654	4 655	4 753	Certificates, bonds and shares available for sale	3 778	3 756	2 754
156	163	163	Investments in associated companies (note 12)	153	154	159
204	246	347	Investments in subsidiaries (note 12)			
40	49	66	Deferred tax benefit	69	51	42
86	70	90	Fixed assets (note 13)	195	158	110
69	20	13	Other assets	13	21	68
18 826	20 630	21 517	Total assets	24 594	22 802	20 160
			LIABILITIES AND EQUITY CAPITAL			
1 237	1 237	830	Liabilities to credit institutions	830	1 241	1 237
10 075	10 655	11 511	Deposits from customers and liabilities to customers (note 17,18)	11 211	10 429	9 883
5 675	6 843	6 958	Borrowings through the issuance of securities (note 15)	10 294	9 227	7 178
18	25	45	Financial derivatives (note 16)	45	25	18
179	200	209	Other liabilities	215	202	185
0	0	219	Fundbonds	219	0	0
17 184	18 961	19 772	Total liabilities	22 814	21 124	18 501
1 031	1 031	1 031	Paid-in equity capital (note 19,20)	1 031	1 031	1 031
611	638	714	Accrued equity capital/retained earnings (note 20)	747	645	626
	0	0	Result from ordinary operations after tax	0	0	0
1 642	1 669	1 745	Total equity capital exclusive minority interest	1 778	1 676	1 657
			Minority interest	2	2	2
1 642	1 669	1 745	Total equity capital	1 780	1 678	1 659
18 826	20 630	21 517	Total liabilities and equity capital	24 594	22 802	20 160

CHANGE IN EQUITY

CHANGE IN EQUITY CAPITAL DURING THE FOURTH REVIEW

Group											
31.12.12											
	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 01.01.12	935	97	-1	86	364	22	5	117	51	2	1 678
Result for the period					18	3	5	53	44		123
Other equity									6		6
Extended profit or loss items				21							21
Sum total ext. profit or loss	0	0	0	21	18	3	5	53	50	0	150
Transactions with owners											
Dep. dividend equal.res.									-35		-35
Dep. Dividend											0
Dividend paid						-8	-5				-13
Equity capital 31.12.12	0	0	0	21	18	-5	0	53	15	0	1 780
Paid-in/accrued equity capital/retained earnings			1 031							749	1 780

Group											
31.12.11											
	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 01.01.11	935	97	-1	91	352	23	10	81	69	2	1 659
Result for the period					12	7	5	36	33		93
Other equity									6		6
Extended profit or loss items				-5							21
Sum total ext. profit or loss	0	0	0	-5	12	7	5	36	33	0	88
Transactions with owners											
Dep. dividend equal.res.									-51		-35
Dep. Dividend											0
Dividend paid						-8	-10				-18
Equity capital 31.12.11	935	97	-1	86	364	22	5	117	51	2	1 678
Paid-in/accrued equity capital/retained earnings			1 031							647	1 678

<i>Parent bank</i>										
31.12.12										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Divid. Equal res.	Dividend	Other Equ.cap.	Total
Equity capital as at 01.01.12	935	97	-1	95	364	22	5	117	35	1 669
result for the period					18	3	5	53	24	103
Extended profit or loss items				21						21
Sum total ext. profit or loss	0	0	0	21	18	3	5	53	24	124
Transactions with owners										
Dep. dividend equal.res.									-35	-35
Dep. dividend										0
Dividend paid						-8	-5			-13
Equity capital 31.12.12	0	0	0	21	18	-5	0	53	-11	1 745
Paid-in/accrued equity capital/retained earnings			1 031						714	1 745

<i>Parent bank</i>										
31.12.11										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Divid. Equal res.	Dividend	Other Equ.cap.	Total
Equity capital as at 01.01.11	935	97	-1	93	352	23	10	81	51	1 641
result for the period					12	7	5	36	35	95
Extended profit or loss items				2						2
Sum total ext. profit or loss	0	0	0	2	12	7	5	36	35	97
Transactions with owners										
Dep. dividend equal.res.									-51	-51
Dep. dividend										0
Dividend paid						-8	-10			-18
Equity capital 31.12.11	935	97	-1	95	364	22	5	117	35	1 669
Paid-in/accrued equity capital/retained earnings			1 031						638	1 669

CASH FLOW STATEMENT

CASH FLOW STATEMENT

Parent bank

Group

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
185	132	143	Result of ordinary operations	174	133	201
14	16	14	+ Ordinary depreciation/amortisation	20	19	17
0	0	0	+ Writedowns and gain/loss on fixed assets		0	0
23	27	27	+ Losses on loans, guarantees, etc	27	27	23
-46	-37	-41	- Tax expense	-48	-40	-49
176	138	143	= Provided from the years operations	173	139	192
-77	16	6	Change miscellaneous debt: + increase/-decrease	-6	24	-73
-57	15	8	Change miscellaneous claims: - increase/+ decrease	17	30	-55
452	-812	-347	Change loans to and balances with customers:- incr./+ decr.	-1 692	-1 519	-1 125
886	580	856	Change deposits from and liabilities to customers:+ incr/-decr.	783	547	783
0	0	0	Change liabilities to credit institutions : + increase	0	4	17
-410	0	-407	Change liabilities to credit institutions : + Decrease	-411	0	-410
970	-63	259	A Net liquidity change from operating activities	-1 136	-775	-671
-53	-8	-42	- Invested in tangible fixed assets	-41	-98	-53
0	1	1	+ Sale of tangible fixed assets	1	0	0
-3 983	-4 860	-5 721	- Investment in long-term securities	-5 634	-4 820	-3 871
2 973	3 800	5 511	+ Sale in long-term securities	5 511	3 800	2 973
-1 063	-1 067	-251	B Liquidity change from investing activities	-163	-1 118	-951
-7	-51	-35	- Dividend paid on ECCs	-35	-51	-7
3 870	4 416	2 682	+ Issue debt securities	3 708	5 297	5 158
-3 760	-3 283	-2 656	- Redemption debt securities	-2 656	-3 283	-3 780
	0	218	Change subordinated loan capital/primary capital + incr.- decr	218	0	
103	1 082	209	C Liquidity change from financing activities	1 235	1 963	1 371
10	-48	217	A+B+C Sum total change liquid assets	-64	70	-251
898	908	860	+ Liquid assets at the start of the period	434	364	614
908	860	1 077	= Liquid assets at the close of the period	370	434	364

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:

Parent bank					Group 31.12.12			
Retail	Corp.	Not divided	Total	Segment information	Retail	Corp.	Not divided	Total
159	134	12	305	Net interest and credit commission income	212	125	19	356
30	12	30	72	Net commission income	30	12	30	72
		9	9	Other operating income			4	4
87	23	105	215	Operating costs	105	23	105	233
	22	6	27	Losses on loans guaranteed	-1	22	6	27
103	101	-60	144	Result before tax	138	92	-58	172
7 750	7 083	0	14 833	Loans to and claims on customers	12 688	7 154	0	19 841
-5	-15	0	-20	Individual write-downs	-5	-15	0	-20
0	0	-66	-66	Collective write-downs on loans	0	0	-66	-66
0	0	6 770	6 770	Other assets	0	0	4 838	4 838
7 745	7 068	6 704	21 517	Total assts per segment	12 683	7 139	4 772	24 594
7 344	4 167	0	11 511	Deposits from customers and liabilities	7 344	3 867	0	11 211
0	0	10 006	10 006	Other liabilities and equity	0	0	13 383	13 383
7 344	4 167	10 006	21 517	Total liabilities and equity per segment	7 344	3 867	13 383	24 594

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

Parent bank					Group 31.12.11			
Retail	Corp.	Not divided	Total	Segment information	Retail	Corp.	Not divided	Total
144	132	23	299	Net interest and credit commission income	167	132	23	322
23	11	26	60	Net commission income	23	11	26	60
		8	8	Other operating income			-5	-5
81	24	104	209	Operating costs	84	25	109	218
1	24	2	27	Losses on loans guaranteed	1	24	2	27
85	95	-48	132	Result before tax	105	94	-66	133
7 887	6 600		14 487	Loans to and claims on customers	11 520	6 629		18 149
-7	-34		-41	Individual write-downs	-7	-33		-40
		-60	-60	Collective write-downs on loans			-60	-60
		6 244	6 244	Other assets			4 753	4 753
7 880	6 566	6 184	20 630	Total assts per segment	11 513	6 596	4 693	22 802
6 810	3 845		10 655	Deposits from customers and liabilities	6 810	3 619		10 429
		9 975	9 975	Other liabilities and equity			12 373	12 373
6 810	3 845	9 975	20 630	Total liabilities and equity per segment	6 810	3 619	12 373	22 802

NOTES

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

Parent bank						Group				
31.12.10	Q4/11	Q4/12	31.12.11	31.12.12		31.12.12	31.12.11	Q4/12	Q4/11	31.12.10
-2	-2	0	-5	4	Value change in interest-bearing securities	4	-7	0	-4	-2
3	4	0	10	2	Net gain/loss in interest-bearing securities	2	10	0	4	3
17	-8	-5	-16	-14	Net gain/loss shares	-11	-16	-2	-8	18
3	1	0	5	2	Income AC	2	4	-3	-4	7
7	-1	0	11	13	Share dividend	1	0	-1	-4	4
-2	-5	2	-3	3	Value change in value on lending	3	-3	2	-5	-4
2	4	-1	3	-4	Value change on funding and derivatives	-4	3	-1	4	2
28	-7	-4	5	6	Total value change financial	-3	-9	-5	-17	28

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank						Group				
31.12.10	Q4/11	Q4/12	31.12.11	31.12.12		31.12.12	31.12.11	Q4/12	Q4/11	31.12.10
111	24	32	112	118	Wages, salaries and social costs	118	113	31	24	113
56	13	12	52	51	General administration costs	63	61	17	14	61
14	3,5	3	16	14	Depreciation etc of fixed- and intangible assets	19	19	4	5	17
30	3,5	8	29	32	Other operating costs	33	25	8	3	27
211	44	55	209	215	Normal operating costs	233	218	60	46	218
5	0	0	0	0	Cost 150 years anniversary	0	0	0	0	5
35	0	0	0	0	Disposable indomce effect pension	0	0	0	0	35
181	44	55	209	215	Total operating costs	233	218	60	46	188

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

Parent bank						Group				
31.12.10	Q4/11	Q4/12	31.12.11	31.12.12		31.12.12	31.12.11	Q4/12	Q4/11	31.12.10
0	2	-9	-4	-19	+/- Period's change in individual write-downs	-19	-4	-9	2	0
3	0	2	2	6	+ Period's change in collective write-downs	6	2	2	0	3
11	1	5	22	33	+ Period's conf. Losses against which ind. write-downs were made in prev. Years	33	22	5	1	11
13	2	8	9	9	+ Period's confirmed losses against which no individual write-downs were made	9	9	8	2	13
-4	2	-1	-2	-2	- Period's recoveries from previous periods' conf. losses	-2	-2	-1	2	-4
23	7	5	27	27	Total losses on loans, guarantees etc.	27	27	5	7	23

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
139	95	103	Profit	123	93	152
74,4 %	74,9 %	74,9 %	ECC percentage	74,9 %	74,9 %	74,4 %
5,5	3,8	4,1	Yield per equity capital certificate	4,9	3,7	6,0
5,5	3,8	4,1	Diluted result per ECC in Norwegian currency	4,9	3,7	6,0

NOTES

NOTE 7. GEOGRAPHICAL EXPOSURE

Geographical exposure within the loan portfolio was as follows:

<i>Parent bank</i>					<i>Group</i>			
31.12.11	%	31.12.12	%		31.12.12	%	31.12.11	%
12 183	84,1	12 493	84,2	Helgeland	16 559	83,5	15 160	83,5
2 289	15,8	2 321	15,6	Areas other than Helgeland	3 260	16,4	2 972	16,4
15	0,1	19	0,1	International	23	0,1	17	0,1
14 487	100	14 833	100	Total	19 842	100	18 149	100

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	31.12.12				31.12.11			
	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	39	0,2 %	0	0	18	0,1 %	0	0
Agriculture and forestry	1 305	6,6 %	4	3	1 193	6,6 %	2	0
Fisheries and aquaculture	903	4,6 %	0	0	804	4,4 %	1	0
Mining and industry	616	3,1 %	2	16	515	2,8 %	4	8
Building and construction	819	4,1 %	2	1	828	4,6 %	2	3
Trade, hotel, restaurants.	381	1,9 %	3	0	323	1,8 %	2	0
Transport and services	679	3,4 %	1	0	706	3,9 %	6	5
Property, property development	2 412	12,2 %	3	2	2 242	12,4 %	26	8
Retail market	12 688	63,9 %	6	-1	11 520	63,5 %	6	1
Total	19 842	100 %	21	21	18 149	100 %	49	25
Change collective write-downs				6				2
Total				27				27

	31.12.12				31.12.11			
	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
Insurance and finance	39	0,3 %	0	0	18	0 %	0	0
Agriculture and forestry	1 278	8,6 %	4	3	1 164	8 %	2	0
Fisheries and aquaculture	900	6,1 %	0	0	801	6 %	1	0
Mining and industry	613	4,1 %	2	16	515	4 %	4	8
Building and construction	795	5,4 %	2	1	809	6 %	2	3
Trade, hotel, restaurants.	366	2,5 %	3	0	312	2 %	2	0
Transport and services	621	4,2 %	1	0	690	5 %	6	5
Property, property development	2 471	16,7 %	3	2	2 291	16 %	26	8
Retail market	7 750	52,2 %	6	-1	7 887	54 %	6	1
Total	14 833	100,0 %	21	21	14 487	100 %	49	25
Change collective write-downs				6				2
Total				27				27

NOTES

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

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
198	168	105	Loans, guarantees etc. in default	105	168	198
51	37	14	Loss provisions for loans, guarantees etc. in default	14	37	51
147	131	91	Total net loans, guarantees etc. in default	91	131	147
8	62	23	Other bad and doubtful loans and guar., not in default	23	62	8
3	12	7	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	7	12	3
5	50	16	Total net bad and doubtful commitments, not in default	16	50	5
152	181	107	Total bad and doubtful loans	107	181	152

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

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
53	53	49	Individual write-downs to cover losses on loans and guarantees as at 01.01	49	53	53
-11	-22	-33	Period's conf. losses, against which indi. Write-down was previously made	-33	-22	-11
0	6	0	Period's increased individual write-downs, against which write-down was previously made	0	6	0
17	14	7	New individual write-downs during the period	7	14	17
-6	-2	-2	Reversal of individual write-downs during the period	-2	-2	-6
53	49	21	= Total individual write-downs on loans	21	49	53
52	39	21	*Of which individual write-downs on loans accounted for	21	39	52
1	10	0	* Of which ind. Write-downs on guar. Accounted for	0	10	1
			Collective write-downs:			
55	58	60	Collective write-downs to cover losses on loans at 01.01	60	58	55
3	2	6	+ /- Period's change in collective write-downs	6	2	3
58	60	66	Total collective write-downs	66	60	58

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

Parent bank				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
570	591	492	Guarantee obligations	492	591	570
-1	-10	0	Write-downs on gurantee	0	-10	-1
569	581	492	Net guarantee obligation	492	581	569

NOTES

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.

Investment in associated companies

	Location	Sector	Equity stake	Group		
				Market value		
				31.12.12	31.12.11	31.12.10
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	150	151	156
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	1	1	1
Storgt. 73 AS	Mosjøen	Real Estate	43 %	2	2	2
Total investment in AC				153	154	159

Investment in associated companies

	Location	Sector	Equity stake	Parent bank		
				Market value		
				31.12.12	31.12.11	31.12.10
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	159	159	152
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
Total investment in AC				163	163	156

Subsidiaries

	Share capital	Number of shares	Equity stake	Parent bank		
				Market value		
				31.12.12	31.12.11	31.12.10
ANS Bankbygg Mo	49,0	5 591	97 %	45	45	45
Helgeland Boligkreditt AS	190,0	190 000	100 %	290	190	150
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 %	11,0	10,0	8,0
Total investment in AC				347	246	204

NOTE 13. OPERATING FUNDS

Parent Bank

				Group		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
86	70	90	Operating funds*)	195	158	110
86	70	90	Total operating funds	195	158	110

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

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.

Managers have the same credit terms as other employees. Terms; Mortgage Rate is 1% lower than the best rate loans and the maximum borrowing limit of up to 2 million. Members of the Board of Trustees, directors and members of the Supervisory Board committees have special loan schemes beyond the conditions for regular customers.

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

Intercompany transactions	31.12.12	31.12.11	31.12.10
Income Statement			
Income from interest and credit commissions received from subsidiaries	47	39	45
Interest on deposits to subsidiaries	8	4	4
Rent expense	7	5	7
Refund of operating expenses	12	7	6
Balance Sheet			
Lending to subsidiaries	778	584	554
Covered bonds	900	900	900
Deposits from subsidiaries	299	175	193
Accounts receivable, group contribution	30	9	0

Helgeland Boligkreditt

Helgeland Boligkreditt is a wholly owned subsidiary of Helgeland Sparebank.

There has been transferred gross lending to customers amounting to NOK 1.349 million and transferred loans as December 2012. December 2012 totalled NOK 5.080 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 708 million.

The Bank has signed agreements with Helgeland Boligkreditt 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 3.9 million, the bank has also received commission for distribution of general insurance for a total of NOK 10,0 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>		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
400	400	0	F-loans Norges Bank	0	400	400
826	826	826	Loans from Norges Bank	826	826	826
11	11	4	Other loans	4	15	11
1 237	1 237	830	Total loans from Norges Bank	830	1 241	1 237
607	454	200	Certificate debt	200	454	607
5 068	6 389	6 758	Bond debt	6 758	6 389	5 069
0	0	0	Covered bonds	3 336	2 384	1 502
5 675	6 843	6 958	Total securities debt	10 294	9 227	7 178
0	0	219	Fundbonds	219	0	0
0	0	219	Total fundbonds	219	0	0

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>			
31.12.12				31.12.12			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
891	0	45	Interest rate swaps- fixed interest rate loans	891	0	45	
0	0	0	Interest rate swaps- bank deposits with share Yield	0	0	0	
891	0	45	Total financial derivatives	891	0	45	
2 148	261	0	Interest rate swaps – fixed interest rate with hedging	2 148	261	0	
2 148	261	0	Total financial derivatives with hedging	2 148	261	0	

<i>Parent bank</i>				<i>Group</i>			
31.12.12				31.12.12			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
531	0	25	Interest rate swaps- fixed interest rate loans	531	0	25	
500	34	0	Interest rate swaps- bank deposits with share Yield	500	34	0	
1 031	34	25	Total financial derivatives	1 031	34	25	
1 450	145	0	Interest rate swaps – fixed interest rate with hedging	1 450	145	0	
1 450	145	0	Total financial derivatives with hedging	1 450	145	0	

NOTE 17. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>						<i>Group</i>			
%	31.12.11	%	31.12.12		31.12.12	%	31.12.11	%	
92,1 %	9 815	92,0 %	10 589	Helgeland	10 288	91,8 %	9 589	91,9 %	
7,1 %	757	7,3 %	836	Areas other than Helgeland	836	7,5 %	757	7,3 %	
0,8 %	83	0,7 %	86	International	87	0,8 %	83	0,8 %	
100,0 %	10 655	100,0 %	11 511	Total	11 211	100,0 %	10 429	100,0 %	

NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>						<i>Group</i>			
%	31.12.11	%	31.12.12		31.12.12	%	31.12.11	%	
3,4 %	365	4,6 %	531	Financial institutions	257	2,3 %	184	1,8 %	
8,5 %	910	7,6 %	878	Municipalities and municipal enterp.	878	7,8 %	910	8,7 %	
2,5 %	271	2,5 %	284	Agriculture and forestry	284	2,5 %	271	2,6 %	
1,2 %	123	1,3 %	144	Fisheries and aquaculture	144	1,3 %	123	1,2 %	
1,5 %	163	1,3 %	152	Mining and industry	152	1,4 %	163	1,6 %	
4,1 %	440	5,5 %	630	Building and construction	630	5,6 %	440	4,2 %	
3,2 %	345	3,1 %	353	Trade, hotel, restaurants.	353	3,1 %	345	3,3 %	
6,7 %	710	6,3 %	727	Transport and services	727	6,5 %	710	6,8 %	
4,9 %	518	4,1 %	468	Property, property development	442	3,9 %	473	4,5 %	
63,9 %	6 810	63,8 %	7 344	Retail market	7 344	65,5 %	6 810	65,3 %	
100,0 %	10 655	100,0 %	11 511	Total	11 211	100,0 %	10 429	100,0 %	

NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

Per 31.12.12			<i>Parent bank</i>	
	Numbers	% share	Numbers	% share
Sparebankstiftelsen Helgeland	12 099 598	64,7 %	Citibank NA New York	138 847 0,7 %
MP Pensjon	800 000	4,3 %	Nervik, Steffen	107 300 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 %	Storkleiven AS	60 000 0,3 %
Sparebanken Vest	200 000	1,1 %	Brage Invest AS Terra Forv	54 517 0,3 %
Bergen Kommunale PEN	200 000	1,1 %	Sivesind Invest AS	52 541 0,3 %
Total 10 biggest owners	15 466 641	82,7 %	Total 20 biggest owners	16 251 691 86,9 %

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>		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
935	935	935	ECC-capital	935	935	935
97	97	97	Premium Fund	97	97	97
-1	-1	-1	Own ECCs	-1	-1	-1
1 031	1 031	1 031	Total paid-in capital	1 031	1 031	1 031
352	364	381	Savings Bank's fund	381	364	352
96	95	117	Reserve for valuation variances	108	86	91
33	27	25	Donations Fund	25	27	33
82	117	170	Dividend equalisation reserve	170	117	82
51	36	24	Cash dividend	24	36	51
0	0	0	Other equity capital	44	17	19
614	639	717	Total accrued equity capital	752	647	628
			Additional:			
0	0	218	Fundbonds	218	0	0
			Deduction:			
-96	-95	-117	Not realized profits	-108	-86	-91
-61	-41	-32	Cash dividend /gifts employee	-32	-41	-61
-40	-49	-101	Intangible asstes	-104	-51	-42
1 448	1 485	1 716	Total core capital	1 757	1 500	1 465
39	40	9	Net nor realized profits	5	37	38
39	40	9	Total net supplementary capital	5	37	38
1 487	1 525	1 725	Total net equity and related capital	1 762	1 537	1 503
11 592	11 846	12 546	Weight assets calculation basis *)	13 401	12 960	12 436
12,49 %	12,54 %	11,94 %	Core tier one Capital ratio	11,48 %	11,57 %	11,78 %
12,49 %	12,53 %	13,68 %	Core capital ratio	13,11 %	11,58 %	11,78 %
12,83 %	12,88 %	13,75 %	Capital ratio	13,15 %	11,90 %	12,09 %

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>		
31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
0	0	0	States and central banks	0	0	0
4	13	7	Local and regional authorities (including municipalities)	7	13	4
0	0	0	Publicly owned enterprises	0	0	0
70	67	108	Institutions	61	60	45
300	272	287	Enterprises	287	272	301
217	200	176	Mass market loans	172	200	217
232	297	322	Loans secured by real property	472	405	318
22	13	10	Loans overdue	10	13	22
12	15	16	Covered bonds	9	8	4
0	0	0	Units in securities funds	0	0	0
21	25	38	Other loans and commitments	12	17	34
878	902	965	Capital requirement credit risk	1 030	988	945
58	55	56	Capital requirement operational risk 1)	60	58	59
-9	-9	-17	Deducted from capital requirement	-16	-9	-9
927	948	1 004	Total capital requirement	1 073	1037	995

NOTES

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

Parent bank						Group				
31.12.10	Q4/11	Q4/12	31.12.11	31.12.12		31.12.12	31.12.11	Q4/12	Q4/11	31.12.10
3,99	4,37	4,00	4,21	4,18	Interest receivable and similar income	4,28	4,26	4,12	4,43	4,07
2,43	2,92	2,54	2,70	2,72	Interest payable and similar costs	2,77	2,76	2,58	3,01	2,45
1,56	1,45	1,46	1,52	1,45	Net interest- and credit commission income	1,51	1,50	1,54	1,42	1,62
0,42	0,35	0,39	0,36	0,39	Commissions receivable and income from banking services	0,34	0,34	0,34	0,32	0,41
0,06	0,06	0,06	0,06	0,04	Commissions payable and costs relating to banking services	0,04	0,06	0,05	0,05	0,06
0,36	0,29	0,33	0,30	0,34	Net commission income	0,31	0,28	0,29	0,27	0,34
0,15	-0,14	-0,07	0,03	0,03	Gains/losses on financial assets available for sale	-0,01	-0,04	-0,08	-0,31	0,14
0,01	0,02	0,04	0,02	0,01	Other operating income	0,03	0,02	0,05	0,03	0,02
0,03	0,00	0,00	0,00	0,00	Costs 150 years anniversary	0,00	0,00	0,00	0,00	0,03
0,19	0,00	0,00	0,00	0,00	Disposable income effect pension	0,00	0,00	0,00	0,00	0,18
1,13	0,84	1,02	1,06	1,03	Operating costs	0,99	1,02	0,97	0,82	1,12
0,12	0,14	0,09	0,14	0,13	Losses on loans, guarantees etc. and fixed assets	0,11	0,13	0,08	0,13	0,12
0,99	0,64	0,65	0,67	0,69	Result before tax	0,73	0,62	0,75	0,47	1,03
0,25	0,18	0,19	0,19	0,20	Tax payable on ordinary result	0,21	0,19	0,24	0,18	0,25
0,74	0,46	0,46	0,48	0,49	Result from ordinary operations after tax	0,52	0,43	0,50	0,29	0,78

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Parent bank						Group				
Q4/11	Q1/12	Q2/12	Q3/12	Q4/12		Q4/12	Q3/12	Q2/12	Q1/12	Q4/11
226	225	217	218	216	Interest receivable and similar income	254	251	250	254	251
151	150	144	140	137	Interest payable and similar costs	159	159	165	170	171
75	75	73	78	79	Net interest- and credit commission income	95	92	85	84	81
18	18	20	22	21	Commissions receivable and income from banking services	21	22	20	18	18
3	2	2	2	3	Commissions payable and costs relating to banking services	3	2	2	2	3
15	16	18	20	18	Net commission income	18	20	18	16	15
-7	6	2	2	-4	Gains/losses on financial assets available for sale	-5	3	-6	5	-17
1	1	0	0	2	Other operating income	3	1	1	2	2
44	55	54	51	55	Operating costs	60	56	58	59	46
7	6	9	7	5	Losses on loans, guarantees etc.	5	7	9	6	7
33	37	30	42	35	Result before tax	46	53	31	42	27
10	10	9	12	10	Tax payable on ordinary result	15	14	8	12	10
24	27	21	30	25	Result from ordinary operations after tax	31	39	23	30	16

Parent bank						Group				
31.12.11	31.03.12	30.06.12	30.09.12	31.12.12		31.12.12	30.09.12	30.06.12	31.03.12	31.12.11
					ASSETS					
118	109	120	105	92	Cash and claims on central banks	92	105	120	110	118
742	865	762	783	985	Loans to and claims on credit institutions	278	566	367	360	316
14 387	14 342	14 574	14 790	14 747	Loans to and claims on customers	19 755	19 273	18 818	18 332	18 049
179	141	141	213	261	Financial derivatives	261	213	141	141	179
4 655	4 569	4 507	4 656	4 753	Certificates, bonds and shares available for sale	3 778	3 681	3 532	3 668	3 756
163	163	163	163	163	Investments in associated companies	153	154	154	154	154
246	246	246	346	347	Investments in subsidiaries	0	0	0	0	0
49	49	49	49	66	Deferred tax benefit	69	51	51	51	51
70	65	96	91	90	Fixed assets	195	187	190	155	158
20	26	14	18	13	Other assets	13	17	14	27	21
20 629	20 575	20 672	21 214	21 517	Total assets	24 594	24 247	23 387	22 998	22 802
					LIABILITIES AND EQUITY CAPITAL					
1 237	829	831	828	830	Liabilities to credit institutions	830	828	831	828	1 241
10 655	10 819	11 395	11 404	11 511	Deposits from customers and liabilities to customers	11 211	11 111	11 198	10 603	10 429
6 843	6 783	6 333	6 793	6 958	Borrowings through the issuance of securities	10 294	10 100	9 234	9 409	9 227
25	40	33	48	45	Financial derivatives	45	48	33	40	25
200	219	182	206	209	Other liabilities	215	206	180	228	202
0	218	218	218	219		219	218	218	218	0
18 960	18 908	18 992	19 497	19 772	Total liabilities	22 814	22 511	21 694	21 326	21 124
1 031	1 031	1 031	1 031	1 031	Paid-in equity capital	1 031	1 031	1 031	1 031	1 031
638	609	601	608	714	Accrued equity capital/retained earnings	747	611	607	609	645
0	27	48	78	0	Profit after taxes	0	92	53	30	0
0	0	0	0	0	Minority interest	2	2	2	2	2
1 669	1 667	1 680	1 717	1 745	Total equity capital	1 780	1 736	1 693	1 672	1 678
20 629	20 575	20 672	21 214	21 517	Total liabilities and equity capital	24 594	24 247	23 387	22 998	22 802

NOTES

OTHER KEY FIGURES

Parent bank

Group

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
			BALANCE SHEET			
			Development in the last 12 months			
3,1	9,6	4,2	Total assets	7,9	13,1	9,7
-3,2	5,9	2,4	Gross lending	9,3	9,1	7,3
9,6	5,8	8,0	Deposit	7,5	5,5	8,6
73,7	73,5	77,6	Deposit coverage as a percentage of gross loans	56,5	57,5	59,4
56,3	54,4	52,2	Lending to retail customers	63,9	63,5	63,5
18 750	19 733	20 963	Average assets	23 553	21 425	19 425
13 675	14 487	14 833	Gross loans	19 842	18 149	16 630
-52	-39	-21	Individual write-downs	-21	-39	-52
-58	-60	-66	Period's change in collective write downs	-66	-60	-58
-1,0	-10,0	0,0	Individual write-downs on guarantees	0,0	-10	-1,0
			SOLIDITY			
12,83	12,88	13,75	Capital adequacy ratio as percentage	13,15	11,90	12,09
12,49	12,53	13,68	Core capital ratio as percentage	13,11	11,58	11,78
12,49	12,54	11,94	Equity capital ratio	11,48	11,57	11,78
8,7	8,1	8,1	Rate of return on equity capital	7,2	7,4	8,2
8,4	5,8	6,1	Return on equity	7,2	5,6	9,1
0,7	0,5	0,5	Return on assets	0,5	0,4	0,8
			KEY FIGURES PCC			
5,5	3,8	4,1	Yield per primary certificate	4,9	3,7	6,0
5,5	3,8	4,1	Diluted result per ECC, in Norwegian currency	4,9	3,7	6,0
59,5	61,4	64,3	Equity capital per ECC 1)	64,3	61,4	59,5
46,0	30,5	31,0	PCC price quoted on the stock exchange	31,0	30,5	46,0
8,3	8,0	7,5	P/E (price as at 31.12 divided by profit per ECC)	6,3	8,2	7,6
0,8	0,5	0,5	P/B (price as at 31.12. divided by book value of equity capital)	0,5	0,5	0,8
54,2 %	56,8 %	55,7 %	Costs as a percentage of income	53,9 %	57,7 %	52,9 %
1,13	1,06	1,03	Cost in percent of average total assets	0,99	1,01	1,12
177	177	177	Number of man-years	177	177	177
			LOSSES ON LOANS AND GROSS DEFAULTS			
26,8	29,2	20,0	Specified loan provision in % of gross default on loan	20,0	29,2	26,8
			<i>As a percentage of gross lending</i>			
1,4	1,2	0,7	Gross defaults over 90 days	0,5	0,9	1,2
1,1	0,9	0,6	Net defaults over 90 days	0,5	0,7	0,9
0,8	0,7	0,6	Total loan loss provision	0,4	0,5	0,7
0,2	0,2	0,2	Losses on lending	0,1	0,1	0,1

1) The equity certificate capital + share premium + equalization fund, divided by the number of ECCs

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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