

Q4²⁰₁₃

financial report
preliminary annual report 2013



**Helgeland Sparebank,
Accounts so far this year, and Q4.**

General information

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

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

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

Main features 31.12.13 (HSB group)

- Gross profit MNOK 266 (172). An improvement of MNOK 94, which is the best result in the bank's history. Strengthened basic operations through an increased net interest of MNOK 83 and cost efficient operations.
- Significantly reduced lending growth in line with the bank's goals.
- Very good deposit growth and strengthened deposit ratio to 62.7%.
- Significantly improved solidity

The net return on equity was 10.4 (7.2) %. The bank has reached its goal of a ROE of 10%. The result per ECC was NOK 7.80 in the HSB group and NOK 7.03 in the parent bank.

There are suggested cash dividends of NOK 1.80 (1,30) per ECC (dividends rate 25.6%, unchanged fraction at 75.1%).

Key figures 31.12.13:

(Comparison per 31.12.12)

- Net interest 1.74 (1.51) %
- Ordinary operations costs 0.95 (0.99) %
- Costs in % of income 44.5 (53.9) %
- Write-downs on lending 0.13 (0.11) %
- 12-month lending growth 4.4 (9.3) %
- 12-month deposit growth 15.9 (7.5) %
- CET1 capital ratio 12.3 (11.5) %
- Total capital ratio 16.0 (13.1) %

Result so far this year

The HSB group's net profit was MNOK 193 (123)

Net interest

The net interest has increased from 1.51% per 31.12.12 to 1.74% per 31.12.13. The guarantee fund fee has then been charged with 5bp in 2013. Net interest- and commission earnings were MNOK 439, against MNOK 356 per 31.12.12. This is an improvement of MNOK 83, and is caused by falling borrowing costs and a margin increase on the running lending portfolio, both for corporate and retail customers.

Net commission earnings

Net commission earnings in NOK have increased by MNOK 5 since 2012 and were MNOK 77 (72). In per cent of average total assets the bank has maintained the level at 0.31 (0.31) %.

Net value change and profit/loss on financial instruments

Net value change on financial instruments is posted as income with MNOK 14. Compared with 31.12.12 the income from financial investments has increased by MNOK 17. The increase is largely related to shareholdings in the form of dividends while it was posted as loss in 2012. Value changes that cannot be taken over the result are posted under the extended result cf. prevailing accounting principles.

Operations costs

The combined ordinary operations costs in NOK have increased with MNOK 6, or 2.6% compared with last year. The HSB group has a goal of maximum annual increase in costs of 3.5% from 2014. The HSB group has cost efficient operations, and the cost efficiency is strengthened through reduced ordinary operations costs in per cent of average total assets from 0.99% in 2012 to 0.95% in 2013. The relative figures for ordinary costs measured in per cent of income was 44.5 (53.9) %.

The number of full time positions in the bank and the HSB group is 177, and is unchanged from 2011. Absence due to sickness is on a historically low level, and ended at the combined number of 3.6 (4.0) % in the year.

Helgeland Sparebank has in the last years spent a lot of resources to increasing competency. The authorization scheme and the education of financial advisers and insurance advisers have given the bank a lift in competency. This will still be a prioritised area for the bank.

Write-downs posted as expenses on commitments

Write-downs on lending are posted with MNOK 32 (27). Of this, write-downs on groups of lending are MNOK 5 (4). In total, write-downs posted as expenses are still on a relatively low level and constitute 0.13 (0.11) % of gross lending.

Extended result

According to IAS 19R, the estimate divergence on pensions posted in the profit and loss account was not credited the equity 01.01.2013. Estimate divergence because of change in the tariff (from K2005 to K2013) that gives an expected life time is debited the equity in the 4th quarter of 2013. This gives a positive summarised net effect of MNOK 3 over the extended result.

Beyond this, a positive value change on shares is posted over the equity and extended result with MNOK 46. This is mainly connected to increased value on the banks shareholding in Frende Holding AS.

Dividend policy and management of surplus

According to the bank's dividends policy, half of the EC 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 parent bank's accounts form the basis for the management of the surplus. The parent bank's income statement includes dividends from subsidiaries and associated companies. The HSB group's subsidiaries and its share of the affiliated companies are consolidated into the HSB group's accounts according to the equity method. Dividends are therefore not included in the HSB group's income statement.

The parent bank's net profit (the basis for dividends) constitutes MNOK 175. With the regulatory requirements that banks should increase the CET1 capital, the Board of Directors has chosen to suggest a reduced dividends level for 2013 in line with the bank's capital plan.

Suggested surplus management: (degree of distribution 25.6%. The distribution between the EC owners' share and the primary capital fund is unchanged at 75.1%)

Dividend funds

- MNOK 33.7 in cash dividends, which is equal to NOK 1.80 per EC.
- MNOK 11.2 to gift the fund/gift foundation.

Strengthening the equity

- MNOK 97.8 to the adjustment fund, which is equal to NOK 5.23 per EC.
- MNOK 32.3 to the primary capital fund.

The Equity Certificate (EC) - HELG

The EC capital constitutes MNOK 935 and is distributed over 2,288 owners. Annotation 19 shows an overview of the 20 largest EC owners. At the end

of November Sparebankstiftelsen Helgeland sold 2.5 million HELG ECs. The foundation owns 51.3% of the ECs after the transaction.

The price of the bank's EC HELG was per 31.12.13 NOK 47.20, which is an increase of NOK 16.20 per EC since the same time last year, and NOK 9.20 from 30.09.13.

The bank wishes to stimulate its employees to own ECs in their own work place, and has therefore established an incentive agreement. In December Helgeland Sparebank assigned 110 ECs to all full-time employees as an extra remuneration for the fiscal year 2013.

Profits Q4 2013

Gross profit was MNOK 73 in the quarter. This is an improvement of MNOK 27 compared with the same quarter last year. Increased net interest contributes with MNOK 23. In per cent of average total assets, the net interest has increased from 1.54% in the 4th quarter of 2012 to 1.79% in the 4th quarter of 2013.

Ordinary operations costs were MNOK 62 (60). An extra remuneration to the employees to the sum of MNOK 2.8 in December, as well as an increase in write-offs and write-downs on buildings in the subsidiaries in the 4th quarter has given somewhat higher costs in the quarter.

In per cent of average total assets the costs constitute 0.94% against 0.97% in the 4th quarter last year. Costs in per cent of income constitute 42.2 (54.1) %.

Write-downs on lending and guarantees are posted as expenses with MNOK 12 (5) in the quarter. The increase is mainly due to loss on an individual commitment. Total write-downs for the year are still at a relatively low level.

The lending growth is significantly reduced in the last quarter of 2013 compared with the corresponding period in 2012. The reduction is in line with the bank's capital plan. The deposit growth is significantly higher than in the 4th quarter of 2012.

Key figures Q4:

- Gross profit MNOK 73 (46)
- Net interest 1.79 (1.54) %
- Ordinary operations costs 0.94 (0.97) %
- 3-month lending growth -0.5 (2.4) %
- 3-month deposit growth 3.5 (0.9) %

Balance development 31.12.13

The total assets have increased by MNOK 1,391, or 5.7 (7.9), % in the last 12 months, and now constitute NOK 26.0bn.

Commitments

By the end of the year gross lending constituted MNOK 20,708. 83.2% of this is lending to customers in the Helgeland Region. MNOK 13,582 of the loans is lending to retail customers, or 65.6%, where MNOK 4,804 is transferred to Helgeland Boligkreditt AS.

New and stricter capital requirements have increased the need for adaptation and capital efficient measures. In line with the bank's goal, the lending growth is significantly dampened in 2013 at the same time as the basis of calculation is reduced.

Over the last 12 months, lending has increased by MNOK 866, or 4.4 %. Lending to the corporate market is reduced from 7.9% in 2012 to -0.4 % in 2013. The lending growth to the retail market is also somewhat reduced, but still in line with the national level. The growth in the retail market was 7.0 (10.1) %.

Sum non-performing and other impaired commitments was MNOK 129 (107), equivalent to 0.6 (0.5) % of gross lending.

Deposits from customers

In the last year the deposits have increased with MNOK 1,778, or 15.9 (7.5) %. The deposit growth was greatest in the corporate market with 31.1 (6.9) %. This growth is particularly high due to a new large local corporate customer ultimo Q3 2013, while the deposit growth from retail customers has been stable and was 7.8 (7.8) %.

Of total deposits of NOK 13.0bn, NOK 7.9bn or 61.0% are deposits from retail customers. Deposits under MNOK 2 constitute NOK 7.6bn or 58.5% of the combined deposit volume.

The general deposit growth is maintained and is a result of a number of measures with focus on deposits and long term saving. The HSB group has a stable and local depositor base, where 92.2 (91.8) % are deposits from customers in the Helgeland region.

The deposit ratio is significantly strengthened per 31.12.13, and was 62,7 (56,5) % in the HSB group and 83,0 (77,6) % in the parent bank.

Loans from the capital market

The Central Bank (FED) in the USA has now notified that it will gradually phase out its liquidity programme (QE) during next year. Further statements about keeping its official bank rates low for a long time forward has contributed to a positive sentiment in the share market as well as the foreign capital market. What will largely determine the levels forward is the labour market, at the same time as the inflation is kept under control.

The economic development in the Eurozone shows some improvement, but is still weak. There are large differences between the countries with Germany clearly as the country with the strongest economy. The central bank in the Eurozone is ready to contribute with what it can to uphold the financial stability in the region.

At home we see clear signals of a small slowdown in the economy. The housing prices have been falling in the last period, the credit demand is also on the way down and the spending shows a weaker trend. The manufacturing industry has also signified lower activity ahead. In sum this has contributed to a much

weaker exchange rate as well as outlooks for low interest rates also in the next two years.

The bank's credit spreads have as a result of a good sentiment and good liquidity fallen additionally throughout the quarter. The largest fall has been seen for senior bonds, but also a fall in spreads for covered bonds. The difference between senior/CB is now on record low levels.

The HSB group has good and long term funding with good diversification between the different funding sources. At the end of the quarter the share of loans over one year was 80.7 (78.6) %, and long term funding in per cent of illiquid assets (liquidity indicator 1) constituted 110.6 (108.2) %.

Helgeland Boligkreditt AS is an important funding source, and the adaptation of mortgages for transferring to the bank's housing mortgage company has high priority.

The bank's deposit ratio is well above the target figure of 60%.

Risk- and capital management

The HSB group's combined risk is managed through proxies, goals and frames determined by the Board of Directors.

The bank's liquidity situation is considered as good, and the share of long term funding is well above the target figures. The main bulk of the HSB group's liquidity reserves are in the form of interest bearing securities and are placed in CBs, governmental-, municipal-, financial-, and corporate bonds. The combined duration of the portfolio is 2.0 (2.0) years. The HSB groups combined liquidity reserves (cash, deposits and interest bearing securities) constitute NOK 4.3 (3.9) bn, or 16.4 (16.0) % of the HSB group's total assets. The HSB group has started a gradual adaptation to the new liquidity requirements in CRV IV/Basel III (LCR and NSFR), and will make adaptations in line with the rate of implementation in Norway.

The development in the bank's credit risk is monitored closely; i.a. through the use of solvency analyses for all retail customers based on newly approved commitments per quarter and the development in the combined retail market portfolio. 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.

Solidity

The HSB group has strengthened its CET1 capital ratio to 12.26 (11.48) %, which is well above the current regulative minimum requirement of 9%, as well as the new minimum requirement of 10% from July 1 2014 and 11% from July 1 2015. The core

REPORT OF THE BOARD OF DIRECTORS

capital ratio was 13.86 (13.11) %. The total capital is strengthened due to the successful issuance of a MNOK 300 subordinated loan in May, and was 16.00 % per 31.12.13 against 13.15% per 31.12.12.

The bank's Board of Directors has determined a capital plan for 2013 – 2017, where satisfaction of the new capital requirements in Norway caused by the CRD IV is central. The Board of Directors has determined new capital goals, where the aim is a CET1 capital ratio (HSB group) at least at 12.5% and a total capital ratio up toward 18% - given a counter cyclical capital buffer at 2.5%.

The HSB group plans to strengthen the CET1 capital by building capital over the operations. The combined capital ratio could further be strengthened through the use of subordinated loans and T1 loans in the period toward 2017.

In line with the bank's capital plan the HSB group can show to a reduced lending growth and significant strengthening of the basic operations.

The prospects ahead

Helgeland continues to grow in population and value creation. In the magazine "Horisont Helgeland" – published by Helgeland Sparebank in 2013 – there is documented a diverse labour market and a region rich in natural resources. Industry and commerce spans from processing- and mechanical industry, food production on and off shore, power production, governmental activities, and increasing petroleum activity.

Petroleum related revenue in the Helgeland region has increased from MNOK 879 to MNOK 1,311 over the last couple of years. Helgeland is the region that has the largest growth in Northern Norway and the region stands for more than half of the deliveries in Nordland County. The revenue in the Helgeland region is well

above Troms County and almost at the level of Finnmark County's revenue of MNOK 1,359.

The bank expects continued strong basic operations with maintained levels on the net interest and commission earnings. Efficient operations with strong cost control are worked into the whole organisation. The bank's target of a cost growth of maximum 3.5% stands firm.

The development in non-performing and impaired commitments is followed closely with identification and follow-up of commitments with a negative development.

Good deposit ratio as a managerial focus area is continued in 2014. On the lending side the bank aims for a low growth in the corporate market. In the retail market it is expected a growth in line with the national average.

Rating

Official rating has become gradually more and more important because of the implementation of new regulatory requirements to liquidity and equity. On the basis of this it has been important for the bank to achieve an official rating from a well recognized rating agency. On the 11. February the bank received ratings from Moody's that qualify to investment grade. Long term rating is Baa2 and short term rating is P-1, both with stable outlook. The rating of the parent bank is also the first step in the process towards establishing official ratings on covered bonds issuances from Helgeland Boligkreditt AS. The official rating will contribute to secure the bank and the Group competitive conditions in the money market, and also strengthen the banks position as an independent bank.

Mo i Rana, 12 February 2014

Thore Michalsen
Chairman of the Board

Ove Brattbakk
Deputy Chairman of the Board

Gislaug Øygarden

Monica Skjellstad

Bjørn Audun Risøy

May Heimdal
Employee Representative

Jan Erik Furunes
Chief Executive Officer

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PROFIT AND LOSS

PROFIT AND LOSS ACCOUNT (amounts in NOK million)

<i>Parent bank</i>				<i>Group</i>				
Q4/12	Q4/13	31.12.12	31.12.13		31.12.13	31.12.12	Q4/13	Q4/12
216	236	876	911	Interest receivable and similar income	1072	1009	278	254
137	139	571	554	Interest payable and similar costs	633	653	160	159
79	97	305	357	Net interest- and credit commission income	439	356	118	95
21	23	81	87	Commissions receivable and income from banking services	87	81	23	21
3	3	9	10	Commissions payable and costs relating to banking services	10	9	3	3
18	20	72	77	Net commission income	77	72	20	18
-4	1	6	37	Gains/losses on financial assets available for sale (note 3)	14	-3	6	-5
2	2	3	3	Other operating income	7	7	3	3
55	54	215	217	Operating costs (note 4)	239	233	62	60
5	12	27	28	Losses on loans, guarantees etc. (note 5)	32	27	12	5
35	54	144	229	Result before tax	266	172	73	46
10	13	41	54	Tax payable on ordinary result	73	49	17	15
25	41	103	175	Result from ordinary operations after tax	193	123	56	31
		4,1	7,0	Yield per equity capital certificate (note 6)	7,8	4,9		
		4,1	7,0	Diluted result per ECC in Norwegian currency (note 6)	7,8	4,9		
0	0	0	0	Extended Income Statement	0	0	0	0
25	41	103	175	Result from ordinary operations after tax	193	123	56	31
				<u>Items that are not subsequently reversed through profit or loss:</u>				
0	-22	0	4	Estimate variances, pensions will not be reversed over the income	4	0	-22	0
0	6	0	-1	Tax on extended profit	-1	0	6	0
0	-16	0	3	Net extended profit or loss items	3	0	-16	0
				<u>Items that are not subsequently reversed through profit or loss:</u>				
7	39	26	46	Net change in fair value available-for-sale fin. assets	46	26	39	7
-1	2	-5	0	Tax on extended profit	0	-5	2	-1
6	41	21	46	Net extended profit or loss items	46	21	41	6
31	81	124	224	Total result for the period	242	144	81	37

BALANCE SHEET

BALANCE SHEET (amounts in NOK million)

<i>Parent bank</i>			<i>Group</i>	
31.12.12	31.12.13		31.12.13	31.12.12
		ASSETS		
92	98	Cash and claims on central banks	99	92
985	1 273	Loans to and claims on credit institutions	607	278
14 747	15 863	Loans to and claims on customers (note 7,8,9,10)	20 597	19 755
261	213	Financial derivatives (note 16)	213	261
4 753	4 851	Certificates, bonds and shares available for sale	4 032	3 778
163	164	Investments in associated companies (note 12)	155	153
347	346	Investments in subsidiaries (note 12)	0	0
66	53	Deferred tax benefit	53	69
90	71	Fixed assets (note 13)	176	195
13	53	Other assets	53	13
21 517	22 985	Total assets	25 985	24 594
		LIABILITIES AND EQUITY CAPITAL		
830	647	Liabilities to credit institutions	647	830
11 511	13 248	Deposits from customers and liabilities to customers (note 17,18)	12 989	11 211
6 958	6 361	Borrowings through the issuance of securities (note 15)	9 553	10 294
45	41	Financial derivatives (note 16)	41	45
209	235	Other liabilities	248	215
219	519	Fundbonds and subordinated loan capital	519	219
19 772	21 051	Total liabilities	23 997	22 814
1 031	1 031	Paid-in equity capital (note 19,20)	1 031	1 031
714	903	Accrued equity capital/retained earnings (note 20)	955	747
0	0	Result from ordinary operations after tax	0	0
1 745	1 934	Total equity capital exclusive minority interest	1 986	1 778
		Non-controlling interest		2
1 745	1 934	Total equity capital	1 988	1 780
21 517	22 985	Total liabilities and equity capital	25 985	24 594

Conditional liabilities off balance sheet (note 11)

CHANGE IN EQUITY CAPITAL

	<i>Group</i>										
	31.12.13										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Min. Int.	Total
Equity capital as at 01.01.13	935	97	- 1	107	382	17	5	170	66	2	1 780
IAS19R* 1)					1			2			3
Result for the period					32	6	5	98	52		193
Extended profit or loss items				46							46
Sum total ext. profit or loss	935	97	- 1	46	32	6	5	98	52		239
Gift fund						- 5	- 5				- 10
Transactions with owners											0
Write down to nominal value	- 750	750									0
Dividend paid									- 24		- 24
Equity capital 31.12.13	185	847	- 1	153	415	18	5	270	94	2	1 988
Paid-in/accrued equity capital/retained earnings				1 031						957	1 988

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

Actuarial gain on change in tariff from 2005 to 2013 (extended life) (Mnok -16)

Group

	<i>Group</i>											
	31.12.13											
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Dividend	Other Equ.cap.	Min. Int.	Total
Equity capital as at 01.01.12	935	97	- 1	86	364	22	5	117	35	15	2	1 678
Result for the period					18	3	5	53	44			123
Other ECC										6		6
Extended profit or loss items				21								21
Sum total ext. profit or loss	935	97	- 1	21	18	3	5	53	44	6		150
Gift fund												0
Transactions with owners												0
Dividend paid						- 8	- 5		- 35			- 48
Equity capital 31.12.12	935	97	- 1	107	382	17	5	170	44	21	2	1 780
Paid-in/accrued equity capital/retained earnings				1 031							749	1 780

Parent bank

	<i>Parent bank</i>										
	31.12.13										
	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Dividend	Other Equ.cap.	Total
Equity capital as at 01.01.13	935	97	- 1	116	382	17	5	170		24	1 745
IAS19R*)							1		2		3
result for the period							32	11	98	34	175
Extended profit or loss items					46						46
Sum total ext. profit or loss					46	32	11		98	34	221
Gift fund								- 5	- 5		- 10
Transactions with owners											0
Write down to nominal value	- 750	750									0
Dividend paid										- 24	- 24
Equity capital 31.12.13	185	847	- 1	162	415	23			270	34	1 935
Paid-in/accrued equity capital/retained earnings				1 031						904	1 935

Parent bank

	<i>Parent bank</i>										
	31.12.13										
	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 01.01.12	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	935	97	- 1	21	18	3	5	53	24	124	
Gift fund							- 8	- 5		- 13	
Transactions with owners										0	
Dividend paid									- 35	- 35	
Equity capital 31.12.12	935	97	- 1	116	382	17	5	170	24	1 745	
Paid-in/accrued equity capital/retained earnings				1 031					714	1 745	

CASH FLOW STATEMENT

<i>Parent bank</i>			<i>Group</i>	
31.12.12	31.12.13		31.12.13	31.12.12
143	229	Result of ordinary operations	266	174
14	12	+ Ordinary depreciation/amortisation	21	20
27	29	+ Writedowns and gain/loss on fixed assets	32	27
- 41	- 53	- Tax expense	- 73	- 48
143	217	= Provided from the years operations	246	173
6	26	Change miscellaneous debt: + increase/-decrease	47	- 6
8	- 40	Change miscellaneous claims: - increase/+ decrease	- 40	17
- 347	-1 119	Change loans to and balances with customers:- incr./+ decr.	- 866	-1 692
856	1 739	Change deposits from and liabilities to customers:+ incr/-decr.	1 778	783
0	0	Change liabilities to credit institutions : + increase	0	0
- 407	- 183	Change liabilities to credit institutions : + Decrease	- 183	- 411
259	640	A Net liquidity change from operating activities	982	-1 136
- 42	- 9	- Invested in tangible fixed assets	- 9	- 41
1	15	+ Sale of tangible fixed assets	15	1
-5 721	-4 609	- Investment in long-term securities	-4 609	-5 634
5 511	4 530	+ Sale in long-term securities	4 530	5 511
- 251	- 73	B Liquidity change from investing activities	- 73	- 163
- 35	- 24	- Dividend paid on ECCs	- 24	- 35
2 682	2 857	+ Issue debt securities	3 357	3 708
-2 656	-3 406	- Redemption debt securities	-4 206	-2 656
218	300	Change subordinated loan capital/primary capital + incr.- decr	300	218
209	- 273	C Liquidity change from financing activities	- 573	1 235
217	294	A+B+C Sum total change liquid assets	336	- 64
860	1 077	+ Liquid assets at the start of the period	370	434
1 077	1 371	= Liquid assets at the close of the period	706	370

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 2012. The interim report for the second quarter is in compliance with IAS 34 and has not been audited.

NOTE 2. SEGMENT

The Group has defined its geographical segment as a main area of Norway – Helgeland. The Group's exposure to credit risk is mainly concentrated on this area. The Group only has smaller exposure to credit risk in areas other than its geographically defined main area. Helgeland is the home region of the Parent Bank who is the Group's operating company. The group has split the bank into two segments, corporate and retail banking.

<i>Parent bank</i>					<i>Group</i>			
31.12.13					31.12.13			
Retail	Corp.	Not divided	Total	Segment information	Retail	Corp.	Not divided	Total
184	188	- 15	357	Net interest and credit commission income	274	191	- 26	439
30	12	36	78	Net commission income	30	12	36	78
0	0	40	40	Other operating income	0	0	22	22
76	24	118	218	Operating costs	98	26	116	240
0	28	0	28	Losses on loans guaranteed	0	28	5	33
138	148	- 57	229	Result before tax	206	149	- 89	266
8 909	7 036	0	15 945	Loans to and claims on customers	13 582	7 187	0	20 769
- 6	- 34	0	- 40	Individual write-downs	- 6	- 34	0	- 40
0	0	- 67	- 67	Collective write-downs on loans	0	0	- 67	- 67
0	0	7 147	7 147	Other assets	0	0	5 323	5 323
8 903	7 002	7 080	22 985	Total assets per segment	13 576	7 153	5 256	25 985
7 924	5 324	0	13 248	Deposits from customers and liabilities	7 920	5 069	0	12 989
0	0	9 737	9 737	Other liabilities and equity	0	0	12 996	12 996
7 924	5 324	9 737	22 985	Total liabilities and equity per segment	7 920	5 069	12 996	25 985

<i>Parent bank</i>					<i>Group</i>			
31.12.12					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
0	0	9	9	Other operating income	0	0	4	4
87	23	105	215	Operating costs	105	23	105	233
- 1	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	19 842
- 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 assets 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

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

<i>Parent bank</i>				<i>Group</i>				
Q4/12	Q4/13	31.12.12	31.12.13		31.12.13	31.12.12	Q4/13	Q4/12
0	6	4	5	Value change in interest-bearing securities	5	4	6	0
0	-5	2	-2	Net gain/loss in interest-bearing securities	-2	2	-5	0
-5	-1	-14	-2	Net gain/loss shares	3	-11	4	-2
0	-4	2	2	Income AC	5	2	0	-3
0	6	13	37	Share dividend	6	1	2	-1
2	-1	3	-2	Value change in value on lending	-2	3	-1	2
-1	0	-4	-1	Value change on funding and derivatives	-1	-4	0	-1
-4	1	6	37	Total value change financial	14	-3	6	-5

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

<i>Parent bank</i>				<i>Group</i>				
Q4/12	Q4/13	31.12.12	31.12.13		31.12.13	31.12.12	Q4/13	Q4/12
32	30	118	115	Wages, salaries and social costs	116	118	29	31
12	13	51	54	General administration costs	65	63	17	17
3	3	14	12	Depreciation etc of fixed- and intangible assets	21	19	7	4
8	8	32	36	Other operating costs	37	33	9	8
55	54	215	217	Total operating costs	239	233	62	60

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

<i>Parent bank</i>				<i>Group</i>				
Q4/12	Q4/13	31.12.12	31.12.13		31.12.13	31.12.12	Q4/13	Q4/12
-9	6	-19	18	+/- Period's change in individual write-downs	18	-19	6	-9
2	0	6	1	+ Period's change in collective write-downs	5	6	0	2
5	7	33	9	+ Period's conf. Losses against which ind. write-downs were made in prev. Years	9	33	6	5
8	-1	9	1	+ Period's confirmed losses against which no individual write-downs were made in previous year	1	9	0	8
-1	0	-2	-1	- Period's recoveries from previous periods' conf.losses	-1	-2	0	-1
5	12	27	28	Total losses on loans, guarantees etc.	32	27	12	5

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

<i>Parent bank</i>		<i>Group</i>	
31.12.12	31.12.13	31.12.13	31.12.12
103	175	193	123
74,9 %	75,1 %	75,1 %	74,9 %
4,1	7,0	7,8	4,9
4,1	7,0	7,8	4,9

NOTE 7. GEOGRAPHICAL EXPOSURE

Geographical exposure within the loan portfolio was as follows:

<i>Parent bank</i>					<i>Group</i>			
31.12.12	%	31.12.13	%		31.12.13	%	31.12.12	%
12 493	84,2	13 384	83,8	Helgeland	17 230	83,2	16 559	83,5
2 321	15,6	2 570	16,1	Areas other than Helgeland	3 458	16,7	3 260	16,4
19	0,1	16	0,1	International	21	0,1	23	0,1
14 833	100	15 970	100	Total	20 709	100	19 842	100

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

	31.12.13				31.12.12			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	1	0,0 %	0	0	0	0,0 %	0	0
Insurance and finance	35	0,2 %	0	0	39	0,2 %	0	0
Agriculture and forestry	1 342	6,5 %	1	0	1 305	6,6 %	4	3
Fisheries and aquaculture	652	3,1 %	2	1	903	4,6 %	0	0
Mining and industry	599	2,9 %	5	8	616	3,1 %	2	16
Building and construction	890	4,3 %	13	10	819	4,1 %	2	1
Trade, hotel, restaurants.	385	1,9 %	5	1	381	1,9 %	3	0
Transport and services	646	3,1 %	0	0	679	3,4 %	1	0
Property, property development	2 576	12,4 %	9	7	2 412	12,2 %	3	2
Retail market	13 582	65,6 %	6	0	12 688	63,9 %	6	-1
Total	20 708	100 %	40	27	19 842	100 %	21	21
Change collective write-downs				5				6
Total				32				27
Of which gross loans Helgeland Boligkreditt AS	4 804	22,3 %			5 079	25,6 %		

	31.12.13				31.12.12			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	1	0,0 %	0	0	0	0,0 %	0	0
Insurance and finance	35	0,2 %	0	0	39	0,3 %	0	0
Agriculture and forestry	1 329	8,3 %	1	0	1 278	8,6 %	4	3
Fisheries and aquaculture	645	4,0 %	2	1	900	6,1 %	0	0
Mining and industry	595	3,7 %	5	8	613	4,1 %	2	16
Building and construction	852	5,3 %	13	10	795	5,4 %	2	1
Trade, hotel, restaurants.	376	2,4 %	5	1	366	2,5 %	3	0
Transport and services	599	3,8 %	0	0	621	4,2 %	1	0
Property, property development	2 628	16,5 %	9	7	2 471	16,7 %	3	2
Retail market	8 910	55,8 %	6	0	7 750	52,2 %	6	-1
Total	15 970	100 %	40	27	14 833	100 %	21	21
Change collective write-downs				1				6
Total				28				27

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

<i>Parent bank</i>			<i>Group</i>	
31.12.12	31.12.13		31.12.13	31.12.12
105	152	Loans, guarantees etc. in default	152	105
-14	-32	Loss provisions for loans, guarantees etc. in default	-32	-14
91	120	Total net loans, guarantees etc. in default	120	91
23	17	Other bad and doubtful loans and guar., not in default	17	23
-7	-8	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	-8	-7
16	9	Total net bad and doubtful commitments, not in default	9	16
107	129	Total bad and doubtful loans	129	107
0,7 %	0,8 %	In % of total loans	0,6 %	0,5 %

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

<i>Parent bank</i>			<i>Group</i>	
31.12.12	31.12.13		31.12.13	31.12.12
49	21	Individual write-downs to cover losses on loans and guarantees as at 01.01	21	49
-33	9	Period's conf. losses, against which indi. Write-down was previously made	9	-33
0	1	Period's increased individual write-downs, against which write-down was previously made	1	0
7	10	New individual write-downs during the period	10	7
-2	-1	Reversal of individual write-downs during the period	-1	-2
21	40	= Total individual write-downs on loans	40	21
21	40	*Of which individual write-downs on loans accounted for	40	21
0	0	* Of which ind. Write-downs on guar. Accounted for	0	0
	0	Collective write-downs:		
60	66	Collective write-downs to cover losses on loans at 01.01	66	60
6	1	+ /- Period's change in collective write-downs	5	6
66	67	Total collective write-downs	71	66

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

<i>Parent bank</i>			<i>Group</i>	
31.12.12	31.12.13		31.12.13	31.12.12
1 620	1 623	Unutilized drawing rights	1 959	1 725
492	488	Guarantee obligations	488	492
0	0	Write-downs on gurantee	0	0
2 112	2 111	Net guarantee and draw rights	2 447	2 217

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	<i>Parent bank</i>	
				Market value	
				31.12.13	31.12.12
ANS Bankbygg Mo	49,0	5 591	97 %	45	45
Helgeland Boligkreditt AS	190,0	190 000	100 %	290	290
AS Sparebankbygg	0,1	100	100 %	0,1	0,1
Helgeland Spb.eiend.selskap AS	0,1	100	100 %	0,4	0,4
Helgeland Utviklingsselskap AS	0,5	500	100 %	10	11
Total investment in AC				346	347

Investment in associated companies

	Location	Sector	Equity stake	<i>Group</i>	
				Market value	
				31.12.13	31.12.12
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	152	150
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	1	1
Storgt. 73 AS	Mosjøen	Real Estate	43 %	2	2
Total investment in AC				155	153

Investment in associated companies

	Location	Sector	Equity stake	<i>Parent bank</i>	
				Market value	
				31.12.13	31.12.12
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	160	159
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	4	4
Storgt. 73 AS	Mosjøen	Real Estate	43 %	0,1	0,1
Total investment in AC				164	163

NOTE 13. OPERATING FUNDS

Parent Bank

<i>Parent Bank</i>		<i>Group</i>	
31.12.12	31.12.13	31.12.13	31.12.12
90	71	176	195
90	71	176	195

* 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 31.12.13:

Helgeland Boligkreditt AS (share of ownership 100 %)

Helgeland Sparebank has received group contributions from the housing mortgage company of MNOK 29.8 in 2013. Transferred loans per 31.12.13 constitute totally MNOK 4,804. Covered bonds in the housing mortgage company constitute MNOK 4,011 where MNOK 700 (900) is owned by Helgeland Sparebank. Of the credit line of NOK 1bn, MNOK 665 is per 31.12.13 used. The bank has additionally entered into agreements with Helgeland Boligkreditt AS concerning credit lines of NOK 2.1bn, which mainly should be used in the settlement of purchased loans and repayment of covered bonds. The agreements are entered according to the principle of an arm's lengths distance. The effects of the credit lines are eliminated in the consolidated accounts.

Ans Bankbygg (share of ownership 97 %)

Helgeland Sparebank has received repaid investor capital of MNOK 0.9 in 2013. The bank rents premises from ANS Bankbygg and has paid MNOK 7.9 in 2013.

Eiendomsmeqleren Helgeland AS (share of ownership 34 %)

The bank has received dividends from the real estate agency of MNOK 1.9 in 2013.

Frende Holding AS (share of ownership 8 %)

Helgeland Sparebank has received commission for distribution of life insurance of MNOK 4.0 and commission sales general insurance of MNOK 13.1 in 2013. New owners have entered in 2013 and the bank has sold 1% of its share of ownership with a profit of MNOK 7.

Brage Finans AS (share of ownership 10 %)

Brage Finans has in 2013 had a capital increase where Helgeland Sparebank's share of the increase constitutes MNOK 7.5.

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

<i>Parent bank</i>				<i>Group</i>				
31.12.12		31.12.13		31.12.13		31.12.12		
Real value	Balance sheet value	Real value	Balance sheet value	Balance sheet value	Real value	Balance sheet value	Real value	
ASSETS								
92	92	98	98	Cash and receivables from central banks	98	98	92	92
985	985	1 273	1 273	Loans and receivables to credit institutions	607	607	985	985
958	958	1 101	1 101	Loans to customers at fair value	1 101	1 101	958	958
13 779	13 789	14 752	14 762	Loans to customers at amortized cost	19 496	19 486	18 797	18 789
261	261	212	212	Derivates	212	212	261	261
4 753	4 753	5 361	5 361	Certificates, bonds and shares available for sale	4 186	4 186	4 753	4 753
20 828	20 838	22 797	22 807	Total	25 700	25 690	25 846	25 838
Liabilities								
830	830	647	647	Liabilities to credit institutions amortized cost	647	647	830	830
57	57	14	14	Deposits at fair value	14	14	57	57
11 454	11 454	13 234	13 234	Deposits from and liabilities at amortized cost	12 975	12 975	11 154	11 154
2 336	2 336	2 462	2 462	Debt securities at fair value	2 462	2 462	2 336	2 336
4 579	4 577	3 902	3 899	Debt securities hedging	7 091	7 094	7 965	7 967
219	219	519	519	Fundbonds and subordinated loan capital	519	519	219	219
45	45	41	41	Derivates	41	41	45	45
19 520	19 518	20 819	20 816	Total	23 749	23 752	22 606	22 608

Assets and liabilities measured at fair value

<i>Parent bank</i>				<i>Group</i>		
31.12.13				31.12.13		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3
			Financial assets at fair value through profit			
	1 101		- Loans to and claims on customers at fair value		1 101	
			Financial assets available for sale			
4 642	14	195	- Certificates, bonds and equities available for sale	3 822	14	195
	212		- Financial derivatives		212	
4 642	1 327	195	Total assets	3 822	1 327	195
			LIABILITIES			
			Financial liabilities at fair value through profit			
2462			- Debt issuance of securities	2462		
	41		- Financial derivatives		41	
2462	41	0	Total liabilities	2462	41	0
			31.12.13 Changes in instruments classified in Level 3			31.12.13
			142 Opening balance			142
			13 Net purchase / sale of shares at fair value through profit			13
			Reclassification			
			40 Revaluation of shares available for sale			40
			195 Financial instruments valued on Level 3			195

Eiendeler og gjeld målt til virkelig verdi

<i>Parent bank</i>				<i>Group</i>		
31.12.12				31.12.12		
Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Level 1	Level 2	Level 3
			Financial assets at fair value through profit			
	940		- Loans to and claims on customers at fair value		940	
			Financial assets available for sale			
4 567	44	142	- Certificates, bonds and equities available for sale	3 592	44	142
	261		- Financial derivatives		261	
4 567	1 245	142	Total assets	3 592	1 245	142
			LIABILITIES			
			Financial liabilities at fair value through profit			
2 333			- Debt issuance of securities	2 333		
	45		- Financial derivatives		45	
2 333	45	0	Total liabilities	2 333	45	0
			31.12.12 Changes in instruments classified in Level 3			31.12.12
			137 Opening balance			137
			7 Net purchase / sale of shares at fair value through profit			7
			0 Reclassification			0
			-2 Revaluation of shares available for sale			-2
			142 Financial instruments valued on Level 3			142

NOTE 16. FINANCIAL DERIVATIVES

<i>Parent bank</i>				<i>Group</i>			
31.12.13				31.12.13			
Nominal value		Market value		Nominal value		Market value	
Total	Assets	Commitments		Total	Assets	Commitments	
1 066		41	Interest rate swaps- fixed interest rate loans	1 066		41	
			Interest rate swaps- bank deposits with share Yield				
1 066		41	Total financial derivatives	1 066		41	
2 362	213		Interest rate swaps – fixed interest rate with hedging	2 362	213		0
2 362	213	0	Total financial derivatives with hedging	2 362	213	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	
891		45	Interest rate swaps- fixed interest rate loans	891		45	
0	0		Interest rate swaps- bank deposits with share Yield		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	

NOTE 17. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

<i>Parent bank</i>				<i>Group</i>				
%	31.12.12	%	31.12.13	31.12.13	%	31.12.12	%	
92,0 %	10 589	92,2 %	12 211	Helgeland	11 973	92,2 %	10 288	91,8 %
7,3 %	836	7,0 %	933	Areas other than Helgeland	914	7,0 %	836	7,5 %
0,7 %	86	0,8 %	104	International	102	0,8 %	87	0,8 %
100 %	11 511	100 %	13 248	Total	12 989	100 %	11 211	100 %

NOTE 18. DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

<i>Parent bank</i>				<i>Group</i>				
%	31.12.12	%	31.12.13	31.12.13	%	31.12.12	%	
4,6 %	531	4,1 %	546	Financial institutions	306	2,4 %	257	2,3 %
7,6 %	878	11,4 %	1 510	Municipalities and municipal enterp.	1 510	11,6 %	878	7,8 %
2,5 %	284	2,2 %	295	Agriculture and forestry	295	2,3 %	284	2,5 %
1,3 %	144	2,6 %	345	Fisheries and aquaculture	345	2,7 %	144	1,3 %
1,3 %	152	1,5 %	198	Mining and industry	198	1,5 %	152	1,4 %
5,5 %	630	5,3 %	696	Building and construction	696	5,4 %	630	5,6 %
3,1 %	353	3,0 %	397	Trade, hotel, restaurants.	397	3,1 %	353	3,1 %
6,3 %	727	6,4 %	842	Transport and services	842	6,5 %	727	6,5 %
4,1 %	468	3,8 %	499	Property, property development	480	3,7 %	442	3,9 %
63,8 %	7 344	59,8 %	7 920	Retail market	7 920	61,0 %	7 344	65,5 %
100 %	11 511	100 %	13 248	Total	12 989	100 %	11 211	100 %

NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

Per 31.12.13			<i>Parent bank</i>		
	Numbers	% share	Numbers	% share	
Sparebankstiftelsen Helgeland	9 599 598	51,3 %	Sniptind Holding AS	179 780	1,0 %
MP Pensjon PK	902 203	4,8 %	Holberg Norge Verdipapirfond	168 600	0,9 %
Sparebankstiftelsen DNB	442 724	2,4 %	Johs. Haugerudsvei AS	160 992	0,9 %
AS Atlantis Vest	440 500	2,4 %	Utbyttekapital AS	154 643	0,8 %
Pareto AS	420 000	2,2 %	VPF Nordea Norge verdi	127 750	0,7 %
Citibank	391 138	2,1 %	Norsk Utbyttekapital	125 103	0,7 %
Helgelandskraft AS	340 494	1,8 %	Sparebanken Vest, aksjer	125 000	0,7 %
Nordic Financials AS	318 212	1,7 %	AS Flu	118 200	0,6 %
Verdipapirfondet Eik	222 724	1,2 %	Alsing Ruth Søndergaard	111 926	0,6 %
Bergen Kommunale pensj.	200 000	1,1 %	Melum Mølle AS	110 240	0,6 %
Total 10 biggest owners	13 277 593	71,0 %	Total 20 biggest owners	14 659 827	78,4 %

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

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>	
31.12.12	31.12.13		31.12.13	31.12.12
935	187	ECC-capital	187	935
97	845	Premium Fund	845	97
- 1	- 1	Own ECCs	- 1	- 1
1 031	1 031	Total paid-in capital	1 031	1 031
382	415	Savings Bank's fund	415	382
116	162	Reserve for vauation variances	154	108
22	23	Donations Fund	23	22
169	269	Dividend equalisation reserve	269	169
24	34	Cash dividend	34	24
0	0	Other equity capital	62	44
713	903	Total accrued equity capital	957	749
- 116	- 162	Reserve for vauation variances	- 154	- 108
- 66	- 53	Deferred tax assets	- 53	- 69
- 35	- 69	Shares in financial institutions	- 69	- 35
- 29	- 39	Cash dividend /gifts employee	- 39	- 29
1 498	1 611	Total core tier one	1 673	1 539
218	218	Hybrid capital	218	218
1 716	1 829	Total core capital	1 891	1 757
0	300	Subordinatet dept	300	0
44	65	Weight assets calculation basis *)	61	41
- 36	- 69	Shares in financial institutions	- 69	- 36
0	0	Additional	0	0
8	296	Total net supplementary capital	292	5
1 724	2 125	Total net equity and related capital	2 183	1 762
12 546	12 715	<u>Weight assets calculation basis *)</u>	13 640	13 401
11,94 %	12,67 %	Core tier one Capital ratio	12,26 %	11,48 %
13,68 %	14,38 %	Core capital ratio	13,86 %	13,11 %
13,74 %	16,71 %	Capital ratio	16,00 %	13,15 %

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

31.12.12	31.12.13		31.12.13	31.12.12
0	0	States and central banks	0	0
86	61	Local and regional authorities (including municipalities)	61	86
1 350	1 428	Institutions	851	760
3 584	2 729	Enterprises	2 731	3 584
2 202	2 172	Mass market loans	2 238	2 194
4 030	5 062	Loans secured by real property	6 729	5 841
130	161	Loans overdue	161	130
198	198	Covered bonds	116	108
0	0	Units in securities funds	0	0
479	511	Other loans and commitments	307	154
12 057	12 321	Capital requirement credit risk	13 195	12 856
696	696	Capital requirement operational risk 1)	748	748
- 209	- 303	Deducted from capital requirement	- 302	- 205
12 545	12 715	Total capital requirement	13 640	13 399

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

<i>Parent bank</i>					<i>Group</i>			
Q4/12	Q4/13	31.12.12	31.12.13		31.12.13	31.12.12	Q4/13	Q4/12
4,00	4,05	4,18	4,07	Interest receivable and similar income	4,25	4,28	4,22	4,12
2,54	2,38	2,72	2,47	Interest payable and similar costs	2,51	2,77	2,43	2,58
1,46	1,66	1,45	1,59	Net interest- and credit commission income	1,74	1,51	1,79	1,54
0,39	0,39	0,39	0,39	Commissions receivable and income from banking services	0,35	0,34	0,35	0,34
0,06	0,05	0,04	0,04	Commissions payable and costs relating to banking services	0,04	0,04	0,05	0,05
0,33	0,34	0,34	0,34	Net commission income	0,31	0,31	0,30	0,29
-0,07	0,02	0,03	0,17	Gains/losses on financial assets available for sale	0,06	-0,01	0,09	-0,08
0,04	0,03	0,01	0,01	Other operating income	0,03	0,03	0,05	0,05
1,02	0,93	1,03	0,97	Operating costs	0,95	0,99	0,94	0,97
0,09	0,21	0,13	0,12	Losses on loans, guarantees etc. and fixed assets	0,13	0,11	0,18	0,08
0,65	0,93	0,69	1,02	Result before tax	1,05	0,73	1,11	0,75
0,19	0,22	0,20	0,24	Tax payable on ordinary result	0,29	0,21	0,26	0,24
0,46	0,70	0,49	0,78	Result from ordinary operations after tax	0,77	0,52	0,85	0,50

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Parent bank					Group					
Q4/12	Q1/13	Q2/13	Q3/13	Q4/13		Q4/13	Q3/13	Q2/13	Q1/13	Q4/12
216	214	227	234	236	Interest receivable and similar income	278	275	267	252	254
137	137	138	140	139	Interest payable and similar costs	160	158	158	157	159
79	77	89	94	97	Net interest- and credit commission income	118	117	109	95	95
21	19	21	24	23	Commissions receivable and income from banking services	23	24	21	19	21
3	2	3	2	3	Commissions payable and costs relating to banking services	3	2	3	2	3
18	17	18	22	20	Net commission income	20	22	18	17	18
-4	1	36	-1	1	Gains/losses on financial assets available for sale	6	2	3	3	-5
2	0	1	0	2	Other operating income	3	1	2	1	3
55	55	53	55	54	Operating costs	62	59	59	59	60
5	6	7	3	12	Losses on loans, guarantees etc.	12	7	7	6	5
35	34	84	57	54	Result before tax	73	76	66	51	46
10	9	16	16	13	Tax payable on ordinary result	17	22	20	14	15
25	25	68	41	41	Result from ordinary operations after tax	56	54	46	37	31

Parent bank					Group					
Q4/12	Q1/13	Q2/13	Q3/13	Q4/13		Q4/13	Q3/13	Q2/13	Q1/13	Q4/12
4,00	3,99	4,10	4,13	4,05	Interest receivable and similar income	4,22	4,27	4,24	4,11	4,12
2,54	2,55	2,49	2,47	2,38	Interest payable and similar costs	2,43	2,45	2,51	2,56	2,58
1,46	1,45	1,61	1,66	1,66	Net interest- and credit commission income	1,79	1,82	1,73	1,55	1,54
0,39	0,35	0,38	0,42	0,39	Commissions receivable and income from banking services	0,35	0,37	0,33	0,31	0,34
0,06	0,04	0,05	0,04	0,05	Commissions payable and costs relating to banking services	0,05	0,03	0,05	0,03	0,05
0,33	0,32	0,33	0,39	0,34	Net commission income	0,30	0,34	0,29	0,28	0,29
-0,07	0,02	0,65	-0,02	0,02	Gains/losses on financial assets available for sale	0,09	0,03	0,05	0,05	-0,08
0,04	0,00	0,02	0,00	0,03	Other operating income	0,05	0,02	0,03	0,02	0,05
1,02	1,02	0,96	0,97	0,93	Operating costs	0,94	0,92	0,94	0,96	0,97
0,09	0,11	0,13	0,05	0,21	Losses on loans, guarantees etc.	0,18	0,11	0,11	0,10	0,08
0,65	0,65	1,52	1,01	0,93	Result before tax	1,11	1,18	1,05	0,84	0,75
0,19	0,17	0,29	0,28	0,22	Tax payable on ordinary result	0,26	0,34	0,32	0,23	0,24
0,46	0,49	1,23	0,72	0,70	Result from ordinary operations after tax	0,85	0,84	0,73	0,61	0,51

Parent bank					Balance sheet (Amounts in NOK million)					Group				
31.12.12	31.03.13	30.06.13	30.09.13	31.12.13		31.12.13	30.09.13	30.06.13	31.03.13	31.12.12				
ASSETS														
105	85	107	87	98	Cash and claims on central banks	99	87	107	85	92				
985	672	1 550	1 328	1 273	Loans to and claims on credit institutions	607	693	804	303	278				
14 747	15 317	15 516	16 007	15 863	Loans to and claims on customers	20 597	20 699	20 395	20 004	19 755				
261	185	213	209	213	Financial derivatives	213	209	213	185	261				
4 753	4 696	4 550	4 732	4 851	Certificates, bonds and shares available for sale	4 032	3 912	3 730	3 721	3 778				
163	164	164	164	164	Investments in associated companies	155	155	155	157	153				
347	347	347	347	346	Investments in subsidiaries	0	0	0	0	0				
66	66	66	66	53	Deferred tax benefit	53	69	69	69	69				
90	76	73	73	71	Fixed assets	176	179	178	182	195				
13	33	12	12	53	Other assets	53	20	19	31	13				
21 517	21 641	22 598	23 025	22 985	Total assets	25 985	26 023	25 670	24 737	24 594				
LIABILITIES AND EQUITY CAPITAL														
830	828	647	644	647	Liabilities to credit institutions	647	644	647	828	830				
11 511	11 747	12 461	12 809	13 248	Deposits from customers and liabilities to customers	12 989	12 553	12 194	11 453	11 211				
6 958	6 811	6 934	6 950	6 361	Borrowings through the issuance of securities	9 553	10 140	10 225	10 146	10 294				
45	41	41	43	41	Financial derivatives	41	43	41	41	45				
209	221	169	191	235	Other liabilities	248	214	186	254	215				
219	219	518	518	519	Fund bonds	519	518	518	219	219				
19 772	19 867	20 770	21 155	21 051	Total liabilities	23 997	24 112	23 811	22 941	22 814				
1 031	1 031	1 031	1 031	1 031	Paid-in equity capital	1 031	1 031	1 031	1 031	1 031				
714	718	704	705	903	Accrued equity capital/retained earnings	955	741	743	726	747				
0	25	93	134	0	Profit after taxes	0	137	83	37	0				
					Minority interest	2	2	2	2	2				
1 745	1 774	1 828	1 870	1 934	Total equity capital	1 988	1 911	1 859	1 796	1 780				
21 517	21 641	22 598	23 025	22 985	Total liabilities and equity capital	25 985	26 023	25 670	24 737	24 594				

OTHER KEY FIGURES

Parent bank			Group			
31.12.11	31.12.12	31.12.13		31.12.13	31.12.12	31.12.11
BALANCE SHEET						
Development in the last 12 months						
9,5	4,2	6,8	Total assets	5,7	7,9	13,1
5,9	2,4	7,7	Gross lending	4,4	9,3	9,1
5,8	8,0	15,1	Deposit	15,9	7,5	5,5
73,5	77,6	83,0	Deposit coverage as a percentage of gross loans	62,7	56,5	57,5
54,4	52,2	55,8	Lending to retail customers	65,6	63,9	63,5
19 733	20 963	22 407	Average assets	25 400	23 553	21 425
14 487	14 833	15 970	Gross loans	20 708	19 842	18 149
-39	-21	-40	Individual write-downs	-40	-21	-39
-60	-66	-67	Period's change in collective write downs	-71	-66	-60
-10	0	0	Individual write-downs on guarantees	0	0	-10
SOLIDITY						
12,9	13,7	16,7	Capital adequacy ratio as percentage	16,0	13,2	11,9
12,5	13,7	14,4	Core capital ratio as percentage	13,9	13,1	11,6
12,5	11,9	12,7	Core tier one Capital ratio	12,3	11,5	11,6
8,1	8,1	8,4	Equity capital ratio	7,7	7,2	7,4
5,8	6,1	9,5	Rate of return on equity capital	10,4	7,2	5,6
0,5	0,5	0,8	Return on assets	0,8	0,5	0,4
KEY FIGURES PCC						
3,8	4,1	7,0	Yield per primary certificate	7,8	4,9	3,7
3,8	4,1	7,0	Diluted result per ECC, in Norwegian currency	7,8	4,9	3,7
74,9	75,1	75,1	ECCs split as of 31.12	75,1	75,1	74,9
65,4	69,1	76,3	Equity capital per ECC 1)	78,5	70,5	65,8
30,5	31	47,2	PCC price quoted on the stock exchange	47,2	31	30,5
8,0	7,5	6,7	P/E (price as at 30.09 divided by profit per ECC)	6,1	6,3	8,2
0,5	0,5	0,6	P/B (price as ar 30.09. divided by book value of equity capital)	0,6	0,5	0,5
56,8	55,7	45,8	Costs as a percentage of income	44,5	53,9	57,7
1,1	1,0	1,0	Cost in percent of average total assets	0,9	1,0	1,0
177	177	177	Number of man-years	177	177	177
LOSSES ON LOANS AND GROSS DEFAULTS						
29,2	20,0	26,3	Specified loan provision in % of gross default on loan	26,3	20,0	29,2
As a percentage of gross lending						
1,2	0,7	1,0	Gross defaults over 90 days	0,7	0,5	0,9
0,9	0,6	0,8	Net defaults over 90 days	0,6	0,5	0,7
0,7	0,6	0,7	Total loan loss provision	0,5	0,4	0,5
0,2	0,2	0,2	Losses on lending	0,2	0,1	0,1

1) equity certificate holders their share of total equity in the balance sheet. Calculation have been changed as of 12/31/13, comparative figures have been restated. Earlier calculation; equity certificate capital + share premium account + equalization fund, divided by numbers of Ecs.

Information concerning Helgeland Sparebank

Head Office

Postal address Postboks 68, 8601 Mo i Rana
Office address Jernbanegata 15, 8622 Mo i Rana
Telephone + 47 75 11 90 00
Website www.hsb.no
Organisation number 937904029

Board of Directors of Helgeland Sparebank

Thore Michalsen, Chair
Ove Brattbakk, Deputy Chair
Gislaug Øygarden
Monica Skjellstad
Svein Andre Herigstad-Olsen
May Heimdal

Investor Relations

Inger Lise Strøm, Chief Financial Officer tel: + 47 75 11 91 11
Tore Stamnes, Head of Treasury tel: + 47 75 11 90 91

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