Q4
2014

financial report

interim report fourth quarter 2014

helgeland sparebank

Helgeland Sparebank
Interim report 4th quarter 2014

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

The accounts are conducted in line with IFRS, hereunder IAS 34 with regards to interim reporting. More details about the accounting principles can be found in the annotations of the annual accounts. All numerical quantities are in reference to the HSB group if not otherwise stated. Numerical quantities in brackets apply to the corresponding period last year. The periodical accounts have not been audited.

Main features this year
The HSB group has a result before tax of MNOK 283. This is an improvement of MNOK 17 compared to the same period last year.

- The core operation is strengthened with an increased net interest of MNOK 19. In percent of average total assets the net interest is on the same level as 2013.
- Increased income from an associated company and profits from shares contribute with MNOK 33.
- Increased costs in the last quarter. These are partly non-recurring costs.
- Moderate losses on lending.
- Still reduced lending growth. The growth in the retail market is somewhat lower than expected. The bank has effectuated a number of measures to take its share of the growth in the bank's market area.
- Good deposit growth, the deposit ratio was 65.9 %.
- Core tier one capital is strengthened and is well above regulatory requirements.

The return on equity was 10.5 (10.4) % after tax, which is above the 10% target figure.
Profit per equity certificate was NOK 8.70 (7.80) in the HSB group and NOK 7.85 (7.00) in the parent bank.
There has been suggested a cash dividend of NOK 2.50 (1.80) per EC, a pay-out ratio of 31.8 (25.6) %, and an unchanged equity equation of 75.1%.

Helgeland Sparebank has together with three other banks (Sparebanken Sør, Sparebanken Sogn og Fjordane and Gjensidige Bank) entered into a comprehensive agreement on the delivery of payment services from EVRY.
The agreement also covers renewing of the core systems. With the agreement the collaboration on a complete portfolio of banking solutions is continued. This will support the four banks in developing provident digital solutions – independent of channel.
The new agreement is in force from 01.01.2015, and runs to 31.12.2019. The agreement has an extension option of two additional years.

Key figures so far this year:
(Comparison per 31.12.2013)

- Net interest 1.75 (1.74) %
- Costs in percent of income 44.6 (44.5) %
- Write-downs on lending 0.17 (0.13) %
- 12-month lending growth 0.6 (4.4) %
- 12-month deposit growth 5.7 (15.9) %
- CET1 ratio 13.4 (12.3) %
- Total capital ratio 17.2 (16.0) %

The net interest
Net interest and credit commission earnings constitute MNOK 458, against MNOK 439 by the end of last year. In percent of average total assets the net interest was 1.75%, which is on the same level as 2013.

In 2014 the bank has conducted three interest changes; reduced the interest rates on mortgage lending and deposits with effect from medio June and additional marked adaption of the interest rate on deposits in September and December. This was in order to meet the competition in the retail market. This is funded by a corresponding reduction of the interest rates on deposits.

Net commission earnings
Net commission earnings were MNOK 82 (77). The increase of MNOK 5 are first of all commission from the bank's sale of insurance and payment services.
In percent of average total assets the net commission earnings are maintained at the same level as 2013 with 0.31%.
The bank owns 7.9% of Frende Holding AS, which is the bank's insurance company. Frende Holding AS is owned together with 14 other savings banks. The bank owns 10% of Brage Finans AS, which is the bank's leasing company. Brage Finans AS is owned together with 9 other savings banks.
The bank's ownership in the product companies complements the bank's spectrum of products and services offered.

Net value change and profit/loss on financial instruments
Net income from financial instruments was MNOK 44. Compared with 31.12.2013 this is an increase of MNOK 30. The associated company contributed in 2014 with MNOK 25 on the income statement, and there was a profit of MNOK 16 from the sale of a shareholding in Q2.

(Value changes that are not posted over the income statement are posted under comprehensive income, cf. prevailing accounting principles).

Operating costs
Combined operating costs were MNOK 263 (239). The cost increase is related to several posts.
The NOK cost increase from 2013 is related to MNOK 4 in wages, MNOK 5 in pensions, MNOK 5.4 in increased payroll tax, and MNOK 4 in IT. Changes in the arrangement with differentiated payroll tax (from 01.07.2014) has caused increased costs for the bank.

The bank's goal of a maximum annual increase in costs of up to 3.5% is challenging and several measures have been effectuated in order to compensate for the cost increase. The manual cash service in the counters terminates from January 1st 2015. In addition to natural resignations that have not been replaced, this has reduced the number of employees from 177 to 168 annual position.

Operating costs in percent of average total assets were 1.01 (0.95) %, which is higher than the same period last year. Costs compared with income is almost unchanged, and were 44.6 (44.5) %.

Absence due to sickness is on a low level, and ended at 4.1 (3.6) %.

Write-downs posted as expenses on commitments
Write-downs on lending is posted with MNOK 44 (32). Write-downs of MNOK 1.5 on groups of lending were posted in the 2nd quarter, and the appropriation is unchanged in the other quarters in 2014. Posted write-downs in percent of gross lending constitute 0.2 (0.2) %.

Comprehensive income
MNOK 44 has been charged to the equity as a result of an increased pension commitment. The increase is mainly an effect of a reduced discount rate.

Dividend policy and management of profits
According to the bank's dividend policy up to half of the EC owner's share of the profit is paid as dividends, and equally up to half of the primary capital's share of the profit can be distributed as gifts or transferred to foundation(s). The remaining share of the profit is transferred respectively 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 lay the foundation for the management of the profits. The parent bank's income statement include dividends from subsidiaries and associated companies. (The HSB group's subsidiaries and its share of the affiliated companies are consolidated into group's accounts according to the equity method. Dividends from these companies are therefore not included in the HSB group's income statement).

The parent bank's net profit (the basis for dividends) constitute MNOK 196.
With the regulatory requirements that require banks to increase the CET1 capital, the Board of Directors has chosen to suggest a reduced dividend level also for 2014. This is in line with the bank's capital plan. Strengthened equity over operations as well as low growth allows a higher pay-out ratio than in 2013.

Suggested profit management:
Pay-out ratio 31.8 (25.6). The distribution between the EC capital and the primary capital fund is unchanged at 75.1%.

Dividends

- MNOK 46.7 in cash dividend, corresponding to NOK 2.50 per EC
- MNOK 15.5 to the gift fund / gift foundation

Strengthening the equity

- MNOK 100.0 to the adjustment fund, which corresponds to NOK 5.35 per EC
- MNOK 33.2 to the primary capital fund

Equity certificate – HELG
The EC capital constitute MNOK 935 and is distributed on 2,090 owners. Annotation 19 shows an overview over the 20 largest EC owners. Sparebankstiftelsen Helgeland is the largest owner with 35.3% of the ECs in HELG.
The price per 31.12.2014 was NOK 55.00, which is an increase of NOK 7.80 per EC or 16.5% from the turn of last year.

Profit in the 4th quarter
The profit was MNOK 48 in the quarter. This is MNOK 25 lower than the 4th quarter last year.
The income from financial investments are reduced with MNOK 8.
Ordinary operation costs were MNOK 77 (62).
In December there were given a gift to each of the bank's employees, totalling MNOK 2.2. A one year post-resignation salary and pension to the former CEO was also posted in the 4th quarter.
The combined non-recurring costs constitute MNOK 3.7. The equity was also charged with the increased costs of the bank's pension scheme in the 4th quarter.
The costs constitute 1.17 (0.96) % of the bank's average total assets.
Write-downs on lending and guarantees are posted as expenses with MNOK 9 (12) in the quarter.

The lending growth is on level with the last quarter of 2013. The reduction in the corporate market is in line with the bank's capital plan, while the growth in the retail market is somewhat lower than expected. The deposits in the quarter are reduced both for the corporate and retail markets.

Key figures 4th quarter:

- Gross profit MNOK 48 (73).
- Net interest 1.74 (1.79) %
- Ordinary operating costs 1.17 (0.94) %
- 3-month lending growth -0.7 (-0.5) %
- 3-month deposit growth -1.4 (3.5) %

Balance development per 31.12.2014

The bank's total assets constitute NOK 25.8bn. The total assets have been reduced by MNOK 16.2 or -0.6 (5.7) % over the last 12 months. The reduction in total assets is a consequence of lower growth.

Commitments

Gross lending by the end of the quarter constituted MNOK 20,828. Over the last 12 months the lending has increased with MNOK 120 or 0.6 (4.4) %. 83.8 (83.2) % of the group's lending is to customers in the Helgeland region. Of gross lending MNOK 13,982 or 67.1 (65.6) % constitute lending to retail customers, whereby MNOK 4,218 (20.3%) are transferred to Helgeland Boligkreditt AS. The growth in the retail market has in the last 12 months been lower than in the corresponding period last year, and were 3.0 (7.9) %. The growth is somewhat lower than expected.

In line with the target the bank has been steering toward a low growth in the corporate market in 2014, and 12-month net lending to corporate customers is reduced by -3.9 (-0.4) %. The growth in the corporate market without measures to increase the equity ratio would have been ca. 2.4%.

Deposits from customers

Over the last 12 months the deposits have increased by MNOK 736 or 5.7 (15.9) %. The HSB group has a local and stable depositor base, whereby 91.6 (92.2) % are deposits from customers in the Helgeland region. The general deposit growth is maintained as a result of measures with a focus on savings. The deposit ratio is significantly strengthened and was 65.9 (62.7) % in the HSB group and 83.8 (83.0) % in the parent bank.

12-month deposit growth from retail customers was 6.8 (7.8) %. Of the total deposits of NOK 13.7bn, NOK 8.5bn. or 61.6 (61.0) % are deposits by retail customers.
A large share of the retail market deposits are under MNOK 2 (just below 60% of the combined deposit volume).

12-month deposit growth in the corporate market was 4.0 (31.1) %. The growth in 2013 was exceptionally high as a result of a new large local corporate customer.

Debt established by issuing securities

In addition to the customer deposits this is the group's most important source of funding. The bank's deposit ratio is well above the target of 60%.
The group has good and long term funding with a diversification of the different sources. By the end of the quarter the share of loans over 1 year were 83.8 (80.7) %.

The bank's fully owned subsidiary mortgage company, Helgeland Boligkreditt AS, is a significant source for funding, and adaption of approved mortgages for transferring to the mortgage company has high attention.

Rating

Helgeland Sparebank is rated by Moody's. The bank's rating is 'Baa2' with a 'negative outlook'. Bonds issued by Helgeland Boligkreditt AS are given 'Aaa' ratings by Moody's.

Subsidiaries and associated companies

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

Risk- and capital management

The HSB group's combined risk is managed through proxies, goals and frames determined by the Board of Directors. The combined capital requirement is found in the bank's ICAAP.

Liquidity and funding

The Board has adopted a liquidity management strategy that specifies the purpose, management objectives and risk tolerance for liquidity risk management.
The bank's liquidity situation is considered good, and the share of long term funding is well above target. The group's combined liquidity reserves (cash, bank deposits and fixed income securities) constitute MNOK 4.3 (4.5) bn, or 16.7 (17.4) % of the group's total assets. The combined duration on the fixed income portfolio is 2.1 (2.0) years.

Credit risk

The Group's strategy for credit risk is derived from the overall strategy and provides guidelines for the distribution of lending between the retail and corporate markets, exposure to industries (concentration risk) and geographical constraints. Lending to retail customers consist of a high share of well secured mortgages that give low risk in the portfolio.

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

Net loss is somewhat higher than the corresponding period last year, but is still at a relatively moderate level.

Net non-performing and other impaired commitments is at a relatively stable level and was MNOK 109 (129), which is equivalent to 0.5 (0.6) % of gross lending.

Solidity
The group has strengthened its CET1 ratio to 13.4 (12.3) %, which is well above the legal minimum requirement of 10% from 1 July 2014 and 11% from 1 July 2015. The core capital ratio was 14.8 (13.9) %, and the total capital ratio was 17.2 (16.0) %.
In line with IAS19R the estimate divergence on the increased pension commitment in the bank's performance based scheme is charged on the equity with MNOK 44 (after deduction of deferred tax). The increase is mainly an effect of a reduced discount rate.

The bank's Board of Directors has determined a capital plan for 2014 – 2018, where satisfaction of the new capital requirements in Norway caused by the CRD IV is central. The Board of Directors has determined new capital goals, where the aim is a CET1 capital ratio (HSB group) of least 12.5% and a total capital ratio of at least 18%. New target requirements are revised according to CRD IV requirements in relation to the bank's strategy process in the spring of 2015.

The HSB group plans to further increase the CET1 ratio by building capital over operation. The combined capital ratio can be additionally strengthened by the use of subordinate loans and T1 loans in the period up to 2018.

Prospects ahead
The competitive situation is persistently strong, especially in the retail market. An increase in the norm rate improves the bank's competitiveness against Statens Pensjonskasse which has a significant market share in the Helgeland Region. The bank has effectuated a number of measures to maintain the position in the retail market and to take its share of the growth in the bank's market area. The interest rate on mortgages is adjusted to the competitive situation without this reducing the net interest, and the organisation is strongly focused with intensive marketing.

The retail customers' will to save is expected to continue in 2015. A low interest level can make it more attractive to save in other ways than bank deposits. The willingness for pension saving is strongly increasing.

The lending growth both in the retail and corporate markets is expected to remain on the national level.

The level of provision earnings is expected to remain.

The challenges in the cost area are met by a number of measures. The number of employees is reduced by 9 annual positions as a result of changed ordinary service offerings and natural resignations. The open positions are covered with internal resources so that the potential for additional reductions can be considered on a continuous basis. The new agreement with the IT provider gives a falling cost curve over the contract period.

Non-performing and other impaired commitments are still relatively low seen against gross lending. Write-downs on lending is expected to remain on the industry level.

A low oil price and uncertainties in the economy both nationally and internationally give a general expectation of reduced growth in Norway in 2015. Surveys among civilians show that about half of the people expect a weaker economy in the coming year.

A low oil price and low exchange rate also have positive aspects for the Helgeland region with its strong aquaculture industry and large industrial corporations within aluminium, steel and ferro-alloys. Several of the region's corporate managers have expressed that a changed economic cycle will open for new opportunities, not least because skilled workers and engineers will become available for the rest of the industries. The combination of the region's hydro-power resources and metal production creates opportunities with an increased focus on renewable energy. A significantly increased focus on research and development within the maritime industries is also expected to increase value creation within the marine sector over the coming years.

The construction sector has good prospects for 2015 through large public projects such as schools, nursing homes, Brønnøysundregistrene, and not least the large infrastructure projects like the E6.

The unemployment rate varies within the region. The combined unemployment rate is on level with Nordland County (2.6% per 31.12.2014) and thereby somewhat lower than the national average. The population was increasing throughout 2014, especially in the four larger towns. This is expected to continue, but the challenge is to attract young adults in the ages 20 – 40 years. The increased educational offerings by Nordland University, and the university colleges in Narvik and Nesta at Campus Helgeland has been a success with a current population of 800 students, in addition to 150 staff.

An important ongoing process is the municipality reform that could contribute to larger and stronger municipalities, which in turn will drive industry development and by that create new jobs.

Governmental enterprises give a stable and diverse labour market, and the combined unemployment is expected to remain at a stable level.

The housing prices in the Helgeland region has historically been stable compared with the larger towns and cities like Bodø, Trondheim and Tromsø. Last quarter's prices for sold houses in the Helgeland region showed a moderate increase from 2013 to 2014 (1.5%).

A low interest rate makes it easier to get into the housing market and it is expected that the development in housing prices will remain stable in the region.

Summarised the economy in the Helgeland region seems to be working well despite the weak economic cycle in Europe. The growth potential for the export industries is better in 2015 than it has been for a long time. The investments in infrastructure are significant, and more construction projects have started or have been determined to do so. The regions natural resources will also open for new opportunities, especially within the energy processing industry. A persistently low oil price and a weak economic cycle will still result in stagnation and a falling curve within the oil- and gas activity, and therefore also require readjustment also in our region.

Mo i Rana, 11 th February 2015

Thore Michalsen
Chairman of the Board

Ove Brattbakk
Deputy Chairman of the Board

Gislaug Øygarden

Monica Skjellstad

Stein Andre Herigstad-Olsen

May Heimdal
Employee Representative

Lisbeth Flågeng
CEO

CONTENTS

PROFIT AND LOSS ACCOUNT (amounts in NOK million)

Parent bank					*Group*			
Q4/13	Q4/14	31.12.13	31.12.14		31.12.14	31.12.13	Q4/14	Q4/13
236	229	911	930	Interest receivable and similar income	1.089	1.072	267	278
139	131	554	549	Interest payable and similar costs	631	633	152	160
97	**98**	**357**	**381**	**Net interest- and credit commission income**	**458**	**439**	**115**	**118**
0								
23	22	87	92	Commissions receivable and income from banking se	92	87	22	23
3	3	10	10	Commissions payable and costs relating to banking s	10	10	3	3
20	**19**	**77**	**82**	**Net commission income**	**82**	**77**	**19**	**20**
0								
1	3	37	68	Gains/losses on financial assets available for sale (n	44	14	-2	6
5	4	15	13	Other operating income	7	7	3	3
57	72	229	252	Operating costs (note 4)	263	239	77	62
12	9	28	44	Losses on loans, guarantees etc. (note 5)	44	32	9	12
54	**43**	**229**	**248**	**Result before tax**	**283**	**266**	**48**	**73**
13	12	54	52	Tax payable on ordinary result	67	73	13	17
41	**31**	**175**	**196**	**Result from ordinary operations after tax**	**216**	**193**	**35**	**56**
		7,0	7,9	Yield per equity capital certificate (note 6)	8,7	7,8		
		7,0	7,9	Diluted result per ECC in Norwegian currency (note 6)	8,7	7,8		
				Extended Income Statement				
41	**31**	**175**	**196**	**Result from ordinary operations after tax**	**216**	**193**	**35**	**56**
				Itemes that are not subsequently reversed through profit or loss:				
-22	-22	4	0	Estimate variances, pensions will not be reversed ov	0	4	0	-22
6	6	-1	0	Tax on extended profit	0	-1	0	6
-16	-16	3	0	Net extended profit or loss items	0	3	0	-16
				Itemes that are not subsequently reversed through profit or loss:				
39	-1	46	28	Net change in fair value available-for-sale fin. assets	7	46	-1	39
0	-57	0	-57	Pension liabilities	-57	0	-57	0
2	19	0	17	Tax on extended profit	17	0	19	2
37	-39	46	-12	Net extended profit or loss items	-33	46	-39	37
81	**81**	**224**	**184**	**Total result for the period**	**183**	**242**	**-4**	**81**

BALANCE SHEET (amounts in NOK million)

Parent bank 31.12.13	31.12.14		*Group* 31.12.14	31.12.13
		ASSETS		
98	103	Cash and claims on central banks	103	99
1 273	1 358	Loans to and claims on credit institutions	675	607
15 863	16 577	Loans to and claims on customers (note 7,8,9,10)	20 731	20 597
213	161	Financial derivatives (note 16)	161	213
4 851	4 003	Certificates, bonds and shares available for sale	3 735	4 032
156	181	Investments in associated companies (note 12)	178	155
348	348	Investments in subsidiaries (note 12)		
53	51	Deferred tax benefit	55	53
71	76	Fixed assets (note13)	177	176
51	6	Other assets	8	53
22 977	**22 864**	**Total assets**	**25 823**	**25 985**
		LIABILITIES AND EQUITY CAPITAL		
647	0	Liabilities to credit institutions	2	647
13 248	13 971	Deposits from customers and liabilities to customers (note 17,18)	13 725	12 989
6 361	6 015	Borrowings through the issuance of securities (note 15)	9 143	9 553
41	60	Financial derivatives (note 16)	60	41
235	237	Other liabilities	252	248
519	519	Fundbonds and subordinated loan capital	519	519
21 051	**20 802**	**Total liabilities**	**23 701**	**23 997**
1 031	1 028	Paid-in equity capital (note 19,20)	1 029	1 031
895	1 034	Accrued equity capital/retained earnings (note 20)	1 089	955
		Result from ordinary operations after tax		
1 926	**2 062**	**Total equity capital exclusive minority interest**	**2 118**	**1 986**
		Non-controlling interest	4	2
1 926	**2 062**	**Total equity capital**	**2 122**	**1 988**
22 977	**22 864**	**Total liabilities and equity capital**	**25 823**	**25 985**
		Conditional liabilities off balance sheet (note 11)		

CHANGE IN EQUITY CAPITAL

Group

31.12.14

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Min. int.	Total
										0	
Equity capital as at 01.01	**187**	**845**	**-1**	**152**	**415**	**18**	**5**	**269**	**97**	**2**	**1 989**
Result for the period					33	8	8	100	64	3	216
Extended profit or loss items				5	-11			-31	2		-35
Sum total ext. profit or lo	**187**	**845**	**-1**	**5**	**22**	**8**	**8**	**69**	**66**	**3**	181
Gift fund						-6	-5				-11
Transactions with owners											0
Impairment to par											0
Dividend paid			-3						-34		-37
Equity capital 30.09.14	**187**	**845**	**-4**	**157**	**437**	**20**	**8**	**338**	**129**	**5**	2 122
Paid-in/accrued equity capital/retained earnings			1 028							1 094	2 122

1) In line with IAS19R the estimate divergence on the increased pension commitment in the bank's performance based scheme is charged on the equity with MNOK 44

Group

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	**935**	**97**	**-1**	**107**	**388**	**17**	**5**	**183**	**64**	**2**	**1 797**
IAS19R*)					32	6	5	98	52		193
result for the period				45	-5			-12			28
Extended profit or loss it	**935**	**97**	**-1**	**45**	**27**	**6**	**5**	**86**	**52**	**0**	221
Sum total ext. profit or loss						-5	-5				-10
Gift fund											0
Transactions with owners	-748	748									0
Dividend paid									-20		-20
Equity capital 30.09.13	**187**	**845**	**-1**	**152**	**415**	**18**	**5**	**269**	**96**	**2**	1 988
Paid-in/accrued equity capital/retained earnings			1 031							957	1 988

Parent bank

31.12.14

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's fund	Donation fund	Char. found.	Divid. Equal res.	Other Equ.cap.	Total
Equity capital as at 01.01.14	**187**	**845**	**-1**	**162**	**415**	**18**	**5**	**269**	**34**	**1 934**
Fair value AC 2)				-8						-8
Equity capital as at 01.01.14	187	845	-1	154	415	18	5	269	34	1 926
Result for the period										
Extended profit or loss items					33	8	8	100	47	196
Sum total ext. profit or loss				30	-11			-31		-12
	0	**0**	**0**	**30**	**22**	**8**	**8**	**69**	**47**	**184**
Gift fund						-6	-5			-11
Transactions with owners										
Impairment to par										0
Dividend paid			-3						-34	**-37**
Equity capital 30.09.14	**187**	**845**	**-4**	**184**	**437**	**20**	**8**	**338**	**47**	**2 062**
Paid-in/accrued equity capital/retained earn			1 028						1 034	2 062

1) In line with IAS19R the estimate divergence on the increased pension commitment in the bank's performance based scheme is charged on the equity with MNOK 44

2) Change in accounting principle in the associated companies at fair value have given equity adjustment one in the parent bank of MNOK -8.

Parent bank

31.12.13

	ECC capital	Premium fund	Own ECCs	Result for valuation variance	Savings bank's	Donation fund	Char. found.	Divid. Equal	Dividend 0	Total 0
Equity capital as at 01.01.13	**935**	**97**	**-1**	**116**	**388**	**17**	**5**	**183**	**20**	**1 760**
IAS19R*)					32	6	5	98	34	175
result for the period				46	-5			-12		29
Extended profit or loss items	**0**	**0**	**0**	**46**	**27**	**6**	**5**	**86**	**34**	**204**
Sum total ext. profit or loss						-5	-5			-10
Gift fund										
Transactions with owners ***0***	-748	748								
Dividend paid									-20	-20
Equity capital 30.09.13	**187**	**845**	**-1**	**162**	**415**	**18**	**5**	**269**	**34**	**1 934**
Paid-in/accrued equity capital/retained earn			1 031						903	1 934

CASH FLOW STATEMENT

Parent bank				*Group*
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
229	247	Result of ordinary operations	283	266
12	10	+ Ordinary depreciation/amortisation	17	21
29	44	+ Writedowns and gain/loss on fixed assets	44	32
-53	-52	- Tax expense	-67	-73
217	249	= Provided from the years operations	277	246
26	-1	Change miscellaneous debt: + increase/-decrease	2	47
-40	45	Change miscellaneous claims: - increase/+ decrease	45	-40
-1 119	-700	Change loans to and balances with customers:- incr./+ decr.	-134	-866
1 739	723	Change deposits from and liabilities to customers:+ incr/-decr.	736	1 778
0	0	Change liabilities to credit institutions : + increase	0	0
-183	-647	Change liabilities to credit institutions : + Decrease	-647	-183
640	-331	A Net liquidity change from operating activities	279	982
-9	-12	- Invested in tangible fixed assets	-15	-9
15	0	+ Sale of tangible fixed assets	5	15
-4 609	-2 383	- Investment in long-term securities	-2 622	-4 609
4 530	3 154	+ Sale in long-term securities	2 648	4 530
-73	759	B Liquidity change from investing activities	16	-73
-24	-41	- Dividend paid on ECCs	-41	-24
2 857	1 965	+ Issue debt securities	2 764	3 357
-3 406	-2 262	- Redemption debt securities	-2 946	-4 206
300	0	Change subordinated loan capital/primary capital + incr.- decr	0	300
-273	-338	C Liquidity change from financing activities	-223	-573
294	90	A+B+C Sum total change liquid assets	72	336
1 077	1 371	+ Liquid assets at the start of the period	706	370
1 371	1 461	= Liquid assets at the close of the period	778	706

NOTE 1. ACCOUNTING PRINCIPLES

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

NOTE 2. SEGMENT

The Group has defined its geographical segment as a main area of Norway – Helgeland. The Group only has smaller exposure to credit risk in areas other than its geographically defined main area. The group has split the bank into two segments, corporate and retail banking.

Parent bank								*Group*
31.12.14								31.12.14
Retail	Corp.	Not divided	Total	Segmentinformation	Retail	Corp.	Not divided	Total
196	200	-15	381	Net interest and credit commission i	274	202	-18	458
29	13	40	82	Net commission income	29	13	39	81
		81	81	Other operating income			52	52
87	30	135	252	Operating costs	89	31	144	264
2	40	2	44	Losses on loans guaranteed	2	40	2	44
136	**143**	**-32**	**247**	**Result before tax**	**212**	**144**	**-73**	**283**
9 860	6 809		16 669	Loans to and claims on customers	13 982	6 846		20 828
-5	-19		-24	Individual write-downs	-5	-19		-24
		-68	-68	Collective write-downs on loans			-68	-68
		6 287	6 287	Other assets			5 087	5 087
9 855	**6 790**	**6 219**	**22 864**	**Total assts per segment**	**13 977**	**6 827**	**5 019**	**25823**
8 455	5 516		13 971	Deposits from customers and liabilit	8 455	5 270		13 725
		8 893	8 893	Other liabilities and equity			12 098	12 098
8 455	**5 516**	**8 893**	**22 864**	**Total liabilities and equity per s**	**8 455**	**5 270**	**12 098**	**25 823**

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

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

Parent bank								*Group*
Q4/13	Q4/14	31.12.13	31.12.14		31.12.14	31.12.13	Q4/14	Q4/13
6	1	5	1	Value change in interest-bearing securities	1	5	1	6
-5	2	-2	5	Net gain/loss in interest-bearing securities	5	-2	2	-5
-1	0	-2	11	Net gain/loss shares	16	3	5	4
-4	0	2	5	Income AC	25	5	-10	0
6	0	37	52	Share dividend	3	6	0	2
-1	-3	-2	-6	Value change in value on lending	-6	-2	-3	-1
0	3	-1	0	Value change on funding and derivatives	0	-1	3	0
1	**3**	**37**	**68**	**Total value change financial instruments**	**44**	**14**	**-2**	**6**

NOTE 4. SPECIFICATION OF TOTAL OPERATING COSTS

Parent bank								*Group*
Q4/13	Q4/14	31.12.13	31.12.14		31.12.14	31.12.13	Q4/14	Q4/13
30	40	115	130	Wages, salaries and social costs	130	116	38	29
17	21	66	75	General administration costs	75	65	23	17
2	3	12	10	Depreciation etc of fixed- and intangible assets	17	21	4	7
8	8	36	37	Other operating costs	41	37	12	9
57	**72**	**229**	**252**	**Total operating costs**	**263**	**239**	**77**	**62**

NOTE 5. LOSSES ON LOANS GUARANTEES, ETC

Parent bank								*Group*
Q4/13	Q4/14	31.12.13	31.12.14		31.12.14	31.12.13	Q4/14	Q4/13
6	-14	18	-21	+/- Period's change in individual write-downs	-21	18	-14	6
0	0	1	1	+ Period's change in collective write-downs	1	5	0	0
7	24	9	46	+ Period's conf. Losses against which ind. write-downs were ma	46	9	24	6
-1	-1	1	19	+ Period's confirmed losses against which no ind. write-downs,r	19	1	-1	0
0	0	-1	-1	- Period's recoveries from previous periods' conf.losses	-1	-1	0	0
12	**9**	**28**	**44**	**Total losses on loans, guarantees etc.**	**44**	**32**	**9**	**12**

NOTE 6. PROFIT PER PRIMARY CERTIFICATE

Parent bank				*Group*
31.12.13	31.12.14		31.12.14	31.12.13
175	196	Profit	216	193
75,1 %	75,1 %	ECC percentage	75,1 %	75,1 %
7,0	7,9	Yield per equity capital certificate	8,7	7,8
7,0	7,9	Diluted result per ECC in Norwegian currency	8,7	7,8

NOTE 7. GEOGRAPHICAL EXPOSURE WITHIN THE LOAN PORTFOLIO

Parent bank								*Group*
31.12.13	%	31.12.14	%		31.12.14	%	31.12.13	%
13 384	83.8	14 077	84.5	Helgeland	17 458	83.8	17 229	83.2
2 570	16.1	2 576	15.5	Areas other than Helgeland	3 343	16.1	3 458	16.7
16	0.1	16	0.1	International	27	0.1	21	0.1
15 970	**100**	**16 669**	**100**	**Total**	**20 828**	**100**	**20 708**	**100**

NOTE 8. COMMITMENT AND LOSSES SPLIT BY SECTOR/INDUSTRY

Group

	31.12.14				31.12.13			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	1	0.0 %	0	0	1	0.0 %	0	0
Insurance and finance	7	0.0 %	0	0	35	0.2 %	0	0
Agriculture and forestry	1 321	6.3 %	1	3	1 342	6.5 %	1	0
Fisheries and aquaculture	645	3.1 %	1	1	652	3.1 %	2	1
Mining and industry	356	1.7 %	6	21	599	2.9 %	5	8
Building and construction	819	3.9 %	1	1	890	4.3 %	13	10
Trade, hotel, restaurants.	323	1.6 %	5	11	385	1.9 %	5	1
Transport and services	652	3.1 %	1	0	646	3.1 %	0	0
Property, property development	2 722	13.1 %	4	4	2 576	12.4 %	9	7
Retail market	13 982	67.1 %	5	2	13 582	65.6 %	6	0
Total	**20 828**	**100 %**	**24**	**43**	**20 708**	**100 %**	**40**	**27**
Change collective write-downs			72	1			71	5
Total			**96**	**44**			**111**	**32**
Of which gross loans Helgeland Boligkreditt AS	4 218	20.3 %			4 804	23.2 %		

Parent bank

	31.12.14				31.12.13			
	Gross loans	%-stake	Loss prov.	Defaults	Gross loans	%-stake	Loss prov.	Defaults
Municipalities and municipal enterp.	1	0.0 %	0	0	1	0.0 %	0	0
Insurance and finance	7	0.0 %	0	0	35	0.2 %	0	0
Agriculture and forestry	1 313	7.9 %	1	3	1 329	8.3 %	1	0
Fisheries and aquaculture	642	3.9 %	1	1	645	4.0 %	2	1
Mining and industry	353	2.1 %	6	21	595	3.7 %	5	8
Building and construction	792	4.8 %	1	1	852	5.3 %	13	10
Trade, hotel, restaurants.	314	1.9 %	5	11	376	2.4 %	5	1
Transport and services	618	3.7 %	1	0	599	3.8 %	0	0
Property, property development	2 769	16.6 %	4	4	2 628	16.5 %	9	7
Retail market	9 860	59.2 %	5	2	8 910	55.8 %	6	0
Total	**16 669**	**100 %**	**24**	**43**	**15 970**	**100 %**	**40**	**27**
Change collective write-downs			68	1			67	1
Total			**92**	**44**			**107**	**28**

NOTE 9. BAD AND DOUBTFUL LOANS

Parent bank				*Group*
31.12.13	31.12.14		31.12.14	31.12.13
152	**85**	**Loans, guarantees etc. in default**	**85**	**152**
-32	-14	Loss provisions for loans, guarantees etc. in default	-14	-32
120	**71**	**Total net loans, guarantees etc. in default**	**71**	**120**
17	**43**	**Other bad and doubtful loans and guars., not in default**	**43**	**17**
-8	-5	Loss provisions for other bad and doubtful loans, guarantees etc., not in default	-5	-8
9	**38**	**Total net bad and doubtful commitments, not in default**	**38**	**9**
129	**109**	**Total bad and doubtful loans**	**109**	**129**
0,8 %	**0,7 %**	**In % of total loans**	**0,5 %**	**0,6 %**

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

Parent bank				*Group*
31.12.13	31.12.14		31.12.14	31.12.13
21	40	Individual write-downs to cover losses on loans and guarantees as at 01.01	40	21
-3	-23	Period's conf. losses, against which indi. Write-down was previously made	-23	-3
1	5	Period's increased individual write-downs, against which write-down was previously made	5	1
22	3	New individual write-downs during the period	3	22
-1	-1	Reversal of individual write-downs during the period	-1	-1
40	**24**	**= Total individual write-downs on loans**	**24**	**40**
40	24	*Of which individual write-downs on loans accounted for	24	40
0	0	* Of which ind. Write-downs on guars. accounted for	0	0
		Collective write-downs:		
66	67	Collective write-downs to cover losses on loans at 01.01	71	66
1	1	+ /- Period's change in collective write-downs	1	5
67	**68**	**Total collective write-downs**	**72**	**71**

NOTE 11. CONTINGENT OFF BALANCE SHEET COMMITMENTS

Parent bank				*Group*
31.12.13	31.12.14		31.12.14	31.12.13
1 622	1 583	Unutilized drawing rights	1 912	1 959
488	467	Guarantee obligations	467	488
0	0	Write-downs on gurantee	0	0
2 110	**2 050**	**Net guarantee and draw rights**	**2 379**	**2 447**

NOTE 12. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Subsidiaries

				Parent bank	
	Share capita	**Number of sha**	**Equity stake**	**Market value**	
				31.12.14	**31.12.13**
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	10
Storgata 73 AS	5,0	74	53 %	2	2
Total investment in AC				**348**	**348**

Investment in associated companies

				Group	
	Location	**Sector**	**Equity stake**	**Market value**	
				31.12.14	**31.12.13**
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	177	154
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	1	1
Total investment in AC				**178**	**155**

Investment in associated companies

				Parent bank	
	Location	**Sector**	**Equity stake**	**Market value**	
				31.12.14	**31.12.13**
Helgeland Invest AS*	Sandnessjøen	Investment	48 %	177	152
Eiendomsmegler Helgeland AS	Mo i Rana	Estate Agent	34 %	4	4
Total investment in AC				**181**	**156**

* Equity method of accounting apllies in parent bank in 30.09.14

NOTE 13. OPERATING FUNDS

Parent bank			*Group*	
31.12.13	**31.12.14**		**31.12.14**	**31.12.13**
71	76	Operating funds*)	177	176
71	**76**	**Total operating funds**	**177**	**176**

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

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 31.12.14:

Helgeland Boligkreditt AS (share of ownership 100 %)
Helgeland Sparebank has received group contributions from the housing mortgage company of MNOK 50,4 (29,8)
Transferred loans per 30.09.14 constitute totally MNOK 4,218. Covered bonds in the housing mortgage company constitute MNOK 3,395 where MNOK 267 (804) is owned by Helgeland Sparebank. Of the credit line of NOK 1bn, MNOK 683 is per 31.12.14 used. The bank has additionally entered into agreements with Helgeland Boligkreditt AS concerning credit lines of NOK 1.5 bn, which mainly should be used in the settlement of purchased loans and repayment of covered bonds in a 12 month rolling period, and is enitirely unused..
The agreements are entered according to the principle of an arm's lengths distance. The effects of the credit lines are eliminated in the consolidated accounts.

Ans Bankbygg (share of ownership 97 %)
The bank rents premises from ANS Bankbygg and has paid MNOK 8.1 in 2014.

NOTE 15. REAL VALUE OF FINANCIAL INSTRUMENTS

Parent bank								*Group*
31.12.13		31.12.14			31.12.14		31.12.13	
Real value	Balance sheet value	Real value	Balance sheet value		Balance sheet value	Real value	Balance sheet value	Real value
				ASSETS				
98	98	103	103	Cash and receivables from central banks	103	103	98	98
1 273	1 273	1 358	1 358	Loans and receivables to credit institutions	675	675	607	607
1 101	1 101	1 016	1 016	Loans to customers at fair value	1 016	1 016	1 101	1 101
14 762	14 762	15 561	15 561	Loans to customers at amotrized cost	19 715	19 715	19 496	19 496
212	212	161	161	Derivates	161	161	212	212
5 361	5 361	4 532	4 532	Certificates,bonds and shares available for sale	3 914	3 914	4 186	4 186
22 807	**22 807**	**22 731**	**22 731**	**Total**	**25 584**	**25 584**	**25 700**	**25 700**
				Liabilities				
647	647	0	0	Liabilities to credit institutions amortized cost	2	2	647	647
14	14	7	7	Deposits at fair value	7	7	14	14
13 234	13 234	13 963	13 963	Deposits from and liabilities at amortized cost	13 718	13 718	12 975	12 975
2 462	2 462	2 415	2 415	Debt securities at fair value	2 415	2 415	2 462	2 462
3 899	3 899	3 442	3 442	Debt securities hedging	6 728	6 728	7 091	7 091
519	519	519	519	Fundbonds and subordinated loan capital	519	519	519	519
41	41	60	60	Derivates	60	60	41	41
20 816	**20 816**	**20 406**	**20 406**	**Total**	**23 449**	**23 449**	**23 749**	**23 749**

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

Assets and liabilities measured at fair value

Parent bank 31.12.14 Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Group 31.12.14 Level 1	Level 2	Level 3
			Financial assets at fair value through profit			
0	0	1 016	- Loans to and claims on customers at fair value	0	0	1 016
			Financial assets available for sale			
3 814	0	189	- Certificates, bonds and equitives available for sale	3 547	0	189
	161		- Financial derivatives	0	161	0
3 814	**161**	**1 205**	**Tota assets**	**3 547**	**161**	**1 205**
			LIABILITIES			
			Financial liabilities at fair value through profit			
0	2 415		- Debt issuance of securities	0	2 415	0
0	60		- Financial derivatives	0	60	0
0	**2 475**	**2475**	**Total liabilities**	**0**	**2 475**	**0**

31.12.14	Changes in instruments classified in Level 3	31.12.14
195	Opening balance	195
-14	Net purchase / sale of shares at fair value through profit	-14
0	Reclassification	0
8	Revaluation of shares available for sale	8
189	**Financial instruments valued on Level 3**	**189**

Assets and liabilities measured at fair value

Parent bank 31.12.13 Level 1	Level 2	Level 3	Assets and liabilities measured at fair value	Group 31.12.13 Level 1	Level 2	Level 3
			Financial assets at fair value through profit			
0	0	1 101	- Loans to and claims on customers at fair value	0	0	1 101
			Financial assets available for sale			
4 656	0	195	- Certificates, bonds and equitives available for sale	3 836	0	195
0	212	0	- Financial derivatives	0	212	0
4 656	**212**	**1 296**	**Tota assets**	**3 836**	**212**	**1 296**
			LIABILITIES			
			Financial liabilities at fair value through profit			
0	2 462	0	- Debt issuance of securities	0	2 462	0
0	41	0	- Financial derivatives	0	41	0
0	**2 503**	**0**	**Total liabilities**	**0**	**2 503**	**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
0	Reclassification	0
40	Revaluation of shares available for sale	40
195	**Financial instruments valued on Level 3**	**195**

NOTE 16. FINANCIAL DERIVATIVES

Parent bank 31.12.14				*Group* 31.12.14		
Nominal value	Market value			Nominal value	Market value	
Total	Assets	Commitments		Total	Assets	Commitments
1 081	0	60	Inerest rate swaps- fixed interest rate loans	1 081	0	60
0	0	0	Interest rate swaps- bank deposits with share Yield	0	0	
1 081	**0**	**60**	**Total financial derivatives**	**1 081**	**0**	**60**
2 500	161		Interest rate swaps – fixed interest rate with hedging	2 500	161	0
2 500	**161**	**0**	**Total financial derivates with hedging**	**2 500**	**161**	**0**

Parent bank 31.12.13				*Group* 31.12.13		
Nominal value	Market value			Nominal value	Market value	
Total	Assets	Commitments		Total	Assets	Commitments
1 066	0	41	Inerest rate swaps- fixed interest rate loans	1 066	0	41
0	0	0	Interest rate swaps- bank deposits with share Yield	0	0	0
1 066	**0**	**41**	**Total financial derivatives**	**1 066**	**0**	**41**
2 362	213	0	Interest rate swaps – fixed interest rate with hedging	2 362	213	0
2 362	**213**	**0**	**Total financial derivates with hedging**	**2 362**	**213**	**0**

					Parent bank and group 31.12.2014
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as assets	161	0	161	60	101
Derivaives carried as liabilities	60	0	60	-60	0

					Parent bank and group 31.12.2013
	Gross financial assets	Financial assets that are recognized net	Net financial assets in the balance sheet	Financial instruments	Net
Derivaives carried as assets	213	0	213	41	172
Derivaives carried as liabilities	41	0	41	-41	0

Relevant instruments for interest rate risk management will be primarily interest rate swaps. Trading in derivatives can be made with various counterparties. To differentiate counterparty structure used a selection of the major banks / brokerages that account for the bulk of turnover in interest-related products in the market. If the bank has the same counterparty derivatives on both the asset side and the liability side, these are offset.

NOTE 17. GEOGRAPHICAL EXPOSURE DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

Parent bank								*Group*
%	31.12.13	%	31.12.14		31.12.14	%	31.12.13	%
92.2 %	12 211	91.6 %	12 792	Helgeland	12 567	91.6 %	11 973	92.2 %
7.0 %	933	7.7 %	1 071	Areas other than Helgeland	1 052	7.7 %	914	7.0 %
0.8 %	104	0.8 %	108	International	106	0.8 %	102	0.8 %
100 %	**13 248**	**100 %**	**13 971**	**Total**	**13 725**	**100 %**	**12 989**	**100 %**

NOTE 18.DEPOSITS FROM CUSTOMERS SPLIT BY SECTOR/INDUSTRY

Parent bank								*Group*
%	31.12.13	%	31.12.14		31.12.14	%	31.12.13	%
4.1 %	546	3.4 %	474	Financial institutions	250	1.8 %	306	2.4 %
11.4 %	1 510	10.8 %	1 505	Municipalities and municipal ente	1 505	11.0 %	1 510	11.6 %
2.2 %	295	2.2 %	308	Agriculture and forestry	308	2.2 %	295	2.3 %
2.6 %	345	3.5 %	489	Fisheries and aquaculture	489	3.6 %	345	2.7 %
1.5 %	198	1.4 %	202	Mining and industry	202	1.5 %	198	1.5 %
5.3 %	696	5.8 %	810	Building and construction	810	5.9 %	696	5.4 %
3.0 %	397	3.1 %	437	Trade, hotel, restaurants.	437	3.2 %	397	3.1 %
6.4 %	842	6.0 %	841	Transport and services	841	6.1 %	842	6.5 %
3.8 %	499	3.2 %	450	Property, property development	428	3.1 %	480	3.7 %
59.8 %	7 920	60.5 %	8 455	Retail market	8 455	61.6 %	7 920	61.0 %
100.0 %	**13 248**	**100 %**	**13 971**	**Total**	**13 725**	**100.0 %**	**12 989**	**100 %**

NOTE 19. EQUITY CERTIFICATE CAPITAL HELG

					Parent bank
Per 31.12.14	**Numbers**	**% share**		**Numbers**	**% share**
Sparebankstiftelsen Helgeland	6 599 598	35.3 %	Lamholmen AS	366 734	2.0 %
Pareto AS	1 070 836	5.7 %	Helgelandskraft AS	340 494	1.8 %
MP Pensjon PK	1 032 203	5.5 %	AS Atlantis Vest	335 000	1.8 %
UBS AG, London Branc A/C	1 000 000	5.3 %	Bergen Kommunale pensj.	250 000	1.3 %
Citibank	776 441	4.2 %	Sniptind Holding AS	201 801	1.1 %
VPF Nordea Norge	570 365	3.1 %	Verdipapirfondet	153 000	0.8 %
Merrill Lynch Prof.	530 113	2.8 %	Johs. Haugerudsvei AS	141 081	0.8 %
Pareto online AS	500 000	2.7 %	Melum Mølle AS	124 000	0.7 %
Sparebankstiftelsen DNB	442 724	2.4 %	Mellem Nes invest	118 200	0.6 %
Verdipapirfondet Eik	415 954	2.2 %	Steffen Nervik	110 000	0.6 %
Total 10 biggest owners	**12 938 234**	**69.2 %**	**Total 20 biggest owners**	**15 078 544**	**80.6 %**

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

NOTE 20. CAPITAL ADEQUACY

The capital ratio is worked out according to CRD IV/Basel III regulations (standard method credit risk) for the current period (30.09.14), comparative figures have not been restated and 31.12.13 are according to Basel II. The transition rules involve full implementation from 01.01.19.

Parent bank				Group
Basel II	Basel III		Basel III	Basel II
31.12.13	31.12.14		31.12.14	31.12.13
187	187	ECC-capital	187	187
845	845	Premium Fund	845	845
-1	-4	Own ECCs	-4	-1
1 031	**1 028**	**Total paid-in capital**	**1 028**	**1 031**
415	438	Savings Bank's fund	438	415
162	183	Reserve for vauluation variances	158	154
23	28	Donations Fund	28	23
269	338	Dividend equalisation reserve	338	269
34	47	Cash dividend	47	34
0	0	Other equity capital	85	62
903	**1 034**	**Total accrued equity capital**	**1 094**	**957**
1 934	**2 062**	**Total equity capital**	**2 122**	**1 988**
-162	-183	Reserve for vauluation variances	-158	-154
-53	-25	Deferred tax assets	-31	-53
-69	-40	Shares in financial institutions	-38	-69
	32	Transition Rule; share net of non significant assets	30	
-39	-55	Cash dividend /gifts employee	-59	-39
1 611	**1 791**	**Total core tier one**	**1 866**	**1 673**
	-14	Shares in financial institutions	-13	
	-16	Transition Rule; share net of non significant assets	-15	
218	219	Hybrid capital	219	218
1 829	**1 980**	**Total core capital**	**2 057**	**1 891**
300	300	Subordinatet dept	300	300
65	66	Weight assets calculation basis *)	57	61
-69	-8	Shares in financial institutions	-7	-69
	-16	Transition Rule; share net of non significant assets	-15	
0	0	Additional	0	0
296	**342**	**Total net supplementary capital**	**335**	**292**
2 125	**2 322**	**Total net equity and related capital**	**2 392**	**2 183**
12 715	12 790	Weight assets calculation basis *)	13 929	13 640
12.67 %	14.00 %	Core tier one Capital ratio	13.40 %	12.26 %
14.38 %	15.48 %	Core capital ratio	14.77 %	13.86 %
16.71 %	18.15 %	Capital ratio	17.17 %	16.00 %

31.12.13	31.12.14	0	31.12.14	31.12.13
0	0	States and central banks	0	0
61	92	Local and regional authorities (including municipalities)	92	61
1 428	1 136	Institutions	963	851
2 729	2 787	Enterprises	2 787	2 731
2 172	1 728	Mass market loans	1 773	2 238
5 062	5 415	Loans secured by real property	6 954	6 729
161	149	Loans overdue	149	161
198	160	Covered bonds	134	116
0	0	Units in securities funds	0	0
511	414	Other loans and commitments	138	307
12 321	**11 881**	**Capital requirement credit risk**	**12 990**	**13 195**
696	909	Capital requirement operational risk	938	748
-303	0	Deducted from capital requirement	0	-302
12 715	**12 790**	**Total capital requirement**	**13 929**	**13 640**
		Buffer requirements		
318	320	Capital conservation buffer (2.5%)	348	341
0	0	Countercyclical capital buffer (0%)	0	0
381	384	Systemic risk buffer (3%)	418	409
699	**703**	**Total buffer requirements Core tier one capital**	**766**	**750**
340	**512**	**Availible core tier one (ex minimum requirement 4.5%)**	**473**	**309**

PROFIT AND LOSS ACCOUNT ITEMS AS A PERCENTAGE OF AVERAGE ASSETS

Parent bank								*Group*
Q4/13	Q4/14	31.12.13	31.12.14		31.12.14	31.12.13	Q4/14	Q4/13
4.05	3.90	4.07	4.01	Interest receivable and similar income	4.17	4.25	4.05	4.22
2.38	2.23	2.47	2.36	Interest payable and similar costs	2.41	2.51	2.30	2.43
1.66	**1.67**	**1.59**	**1.64**	**Net interest- and credit commission income**	**1.75**	**1.74**	**1.74**	**1.79**
0.39	0.37	0.39	0.40	Commissions receivable and income from banking services	0.35	0.35	0.33	0.35
0.05	0.05	0.04	0.04	Commissions payable and costs relating to banking services	0.04	0.04	0.05	0.05
0.34	**0.32**	**0.34**	**0.35**	**Net commission income**	**0.31**	**0.31**	**0.29**	**0.30**
0.02	0.05	0.17	0.29	Gains/losses on financial assets available for sale	0.17	0.06	-0.03	0.09
0.05	0.07	0.07	0.06	Other operating income	0.03	0.03	0.05	0.06
0.94	1.23	1.04	1.09	Operating costs	1.01	0.95	1.17	0.96
0.21	0.15	0.12	0.19	Losses on loans, guarantees etc. and fixed assets	0.17	0.13	0.14	0.18
0.92	**0.73**	**1.02**	**1.07**	**Result before tax**	**1.08**	**1.05**	**0.73**	**1.10**
0.22	0.20	0.24	0.22	Tax payable on ordinary result	0.26	0.29	0.20	0.26
0.70	**0.53**	**0.78**	**0.84**	**Result from ordinary operations after tax**	**0.83**	**0.77**	**0.53**	**0.85**

PROFIT & LOSS ACCOUNT AND BALANCE SHEET DEVELOPMENT

Profit and loss account (Amounts in NOK million)

Parent bank										*Group*
Q4/13	Q1/14	Q2/14	Q3/14	Q4/14		Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
236	230	235	236	229	Interest receivable and similar income	267	274	276	272	278
139	139	141	138	131	Interest payable and similar costs	152	158	162	159	160
97	**91**	**94**	**98**	**98**	**Net interest- and credit commission income**	**115**	**116**	**114**	**113**	**118**
23	22	25	24	22	Commissions receivable and income from banking serv	22	24	25	22	23
3	2	3	2	3	Commissions payable and costs relating to banking ser	3	2	3	2	3
20	**19**	**22**	**22**	**19**	**Net commission income**	**19**	**22**	**22**	**19**	**20**
1	5	63	-3	3	Gains/losses on financial assets available for sale	-2	17	23	6	6
5	3	3	3	4	Other operating income	2	2	1	1	3
57	60	58	62	72	Operating costs	77	63	61	62	62
12	11	18	6	9	Losses on loans, guarantees etc.	9	6	18	11	12
54	**47**	**106**	**52**	**43**	**Result before tax**	**48**	**88**	**80**	**66**	**73**
13	13	16	11	12	Tax payable on ordinary result	16	15	21	18	17
41	**34**	**90**	**41**	**31**	**Result from ordinary operations after tax**	**32**	**73**	**59**	**48**	**56**

Parent bank										*Group*
Q4/13	Q1/14	Q2/14	Q3/14	Q4/14		Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
4.05	4.03	4.09	4.07	3.90	Interest receivable and similar income	4.05	4.17	4.25	4.22	4.22
2.38	2.44	2.46	2.38	2.23	Interest payable and similar costs	2.30	2.40	2.49	2.47	2.43
1.66	**1.60**	**1.64**	**1.69**	**1.67**	**Net interest- and credit commission income**	**1.74**	**1.76**	**1.75**	**1.75**	**1.79**
0.39	0.38	0.43	0.41	0.37	Commissions receivable and income from banking serv	0.33	0.37	0.38	0.34	0.35
0.05	0.04	0.05	0.03	0.05	Commissions payable and costs relating to banking ser	0.05	0.03	0.04	0.04	0.05
0.34	**0.34**	**0.38**	**0.38**	**0.32**	**Net commission income**	**0.29**	**0.33**	**0.34**	**0.30**	**0.30**
0.02	0.09	1.10	-0.05	0.05	Gains/losses on financial assets available for sale	(0.03)	0.26	0.35	0.09	0.09
0.07	0.05	0.05	0.05	0.07	Other operating income	0.05	0.03	0.02	0.02	0.05
0.99	1.05	1.01	1.07	1.23	Operating costs	1.17	0.96	0.94	0.96	0.94
0.21	0.19	0.31	0.10	0.15	Losses on loans, guarantees etc.	0.14	0.09	0.28	0.17	0.18
0.93	**0.83**	**1.84**	**0.90**	**0.73**	**Result before tax**	**0.73**	**1.34**	**1.23**	**1.03**	**1.11**
0.22	0.23	0.28	0.19	0.20	Tax payable on ordinary result	0.20	0.23	0.32	0.28	0.26
0.70	**0.60**	**1.57**	**0.71**	**0.53**	**Result from ordinary operations after tax**	**0.53**	**1.11**	**0.91**	**0.75**	**0.85**

Parent bank										*Group*
31.12.13	31.03.14	30.06.14	30.09.14	31.12.14		31.12.14	30.09.14	30.06.14	31.03.14	31.12.13
					ASSETS					
98	103	105	96	103	Cash and claims on central banks	103	96	105	103	99
1 273	1 113	1 631	1 265	1 358	Loans to and claims on credit institutions	675	484	811	601	607
15 863	16 431	16 511	16 711	16 577	Loans to and claims on customers	20 731	20 873	20 700	20 640	20 597
213	221	257	268	161	Financial derivatives	161	268	257	221	213
4 851	4 333	4 268	4 524	4 003	Certificates, bonds and shares available for sale	3 735	4 224	3 968	3 829	4 032
156	163	164	185	181	Investments in associated companies	178	183	162	155	155
348	346	347	345	348	Investments in subsidiaries	0				
53	53	53	53	51	Deferred tax benefit	55	53	53	53	53
71	68	74	74	76	Fixed assets	177	183	184	173	176
51	13	15	17	6	Other assets	8	15	17	14	53
22 977	**22 844**	**23 425**	**23 538**	**22 864**	**Total assets**	**25 823**	**26 379**	**26 257**	**25 789**	**25 985**
					LIABILITIES AND EQUITY CAPITAL					
647	0	0	0	0	Liabilities to credit institutions	2	0	0	0	647
13 248	13 350	13 962	14 164	13 971	Deposits from customers and liabilities to customers	13 725	13 919	13 721	13 100	12 989
6 361	6 757	6 669	6 458	6 015	Borrowings through the issuance of securities	9 143	9 479	9 690	9 873	9 553
41	41	50	52	60	Financial derivatives	60	52	50	41	41
235	231	199	254	237	Other liabilities	252	270	211	242	248
519	519	519	519	519	Fund bonds	519	519	519	519	519
21 051	**20 898**	**21 399**	**21 447**	**20 802**	**Total liabilities**	**23 701**	**24 239**	**24 191**	**23 775**	**23 997**
1 031	1 031	1 030	1 028	1 028	Paid-in equity capital	1 029	1 028	1 029	1 031	1 031
895	881	873	898	1 034	Accrued equity capital/retained earnings	1 089	927	926	933	955
	34	123	165		Profit after taxes		181	107	48	
					Minority interest	4	4	4	2	2
1 926	**1 946**	**2 026**	**2 091**	**2 062**	**Total equity capital**	**2 122**	**2 140**	**2 066**	**2 014**	**1 988**
22 977	**22 844**	**23 425**	**23 538**	**22 864**	**Total liabilities and equity capital**	**25 823**	**26 379**	**26 257**	**25 789**	**25 985**

OTHER KEY FIGURES

Parent bank						*Group*
31.12.12	31.12.13	31.12.14		31.12.14	31.12.13	31.12.11
			BALANCE SHEET			
			Development in the last 12 months			
4.2	6.8	-0.5	Total assets	-0.6	5.7	7.9
2.4	7.7	4.4	Gross lending	0.6	4.4	9.3
8.0	15.1	5.5	Deposit	5.7	15.9	7.5
77.6	83.0	83.8	Deposit coverage as a percentage of gross loans	65.9	62.7	56.5
52.2	55.8	59.2	Lending to retail customers	67.1	65.6	63.9
20 963	22 407	23 219	Average assets	26 146	25 400	23 553
14 833	15 970	16 669	Gross loans	20 828	20 708	19 842
-21	-40	-24	Individual write-downs	-24	-40	-21
-66	-67	-68	Period's change in collective write downs	-72	-71	-66
0	0	0	Individual write-downs on guarantees	0	0	0
			SOLIDITY			
11.9	12.7	14.0	Capital adequacy ratio as percentage	13.4	12.3	11.5
13.7	14.4	15.5	Core capital ratio as percentage	14.8	13.9	13.1
13.7	16.7	18.2	Core tier one Capital ratio	17.2	16.0	13.2
8.1	8.4	9.0	Equity capital ratio	8.2	7.7	7.2
6.1	9.5	9.8	Rate of return on equity capital	10.5	10.4	7.2
0.5	0.8	0.8	Return on assets	0.8	0.8	0.5
			KEY FIGURES PCC			
4.1	7.0	7.9	Yield per primary certificate	8.7	7.8	4.9
4.1	7.0	7.9	Diluted result per ECC, in Norwegian currency	8.7	7.8	4.9
75.1	75.1	75.1	ECCs split as of 31.12	75.1	75.1	75.1
69.1	76.3	80.9	Equity capital per ECC 1)	83.3	78.5	70.5
31.0	47.2	55.0	PCC price quoted on the stock exchange	55.0	47.2	31.0
7.5	6.7	7.0	P/E (price as at 30.09 divided by profit per ECC)	6.3	6.1	6.3
0.5	0.6	0.7	P/B (price as ar 30.09. divided by book value of equity capital	0.7	0.6	0.5
55.7	45.8	46.3	Costs as a percentage of income	44.6	44.5	53.9
1.0	1.0	1.1	Cost in percent of average total assets	1.0	0.9	1.0
177	177	168	Number of man-years	168	177	177
			LOSSES ON LOANS AND GROSS DEFAULTS			
20.0	26.3	28.2	Specified loan provision in % of gross default on loan	28.2	26.3	20.0
			As a percentage of gross lending:			
0.7	1.0	0.5	Gross defaults over 90 days	0.4	0.7	0.5
0.6	0.8	0.4	Net defaults over 90 days	0.3	0.6	0.5
0.6	0.7	0.6	Total loan loss provision	0.5	0.5	0.4
0.2	0.2	0.3	Losses on lending	0.2	0.2	0.1

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

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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