

Account presentation 1. quarter 2012

med  for
HELGELAND



Account presentation 1. quarter 2012 (group)

Highlights

The bank

The Region

Profit and loss

Balance sheet

Lending

Deposits

Financing

Summery

Appendix



Jan Erik Furunes
CEO



Lisbeth Flågeng
DCEO



Inger Lise Strøm
General manager Corporate
staff

Highlights

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Balance sheet

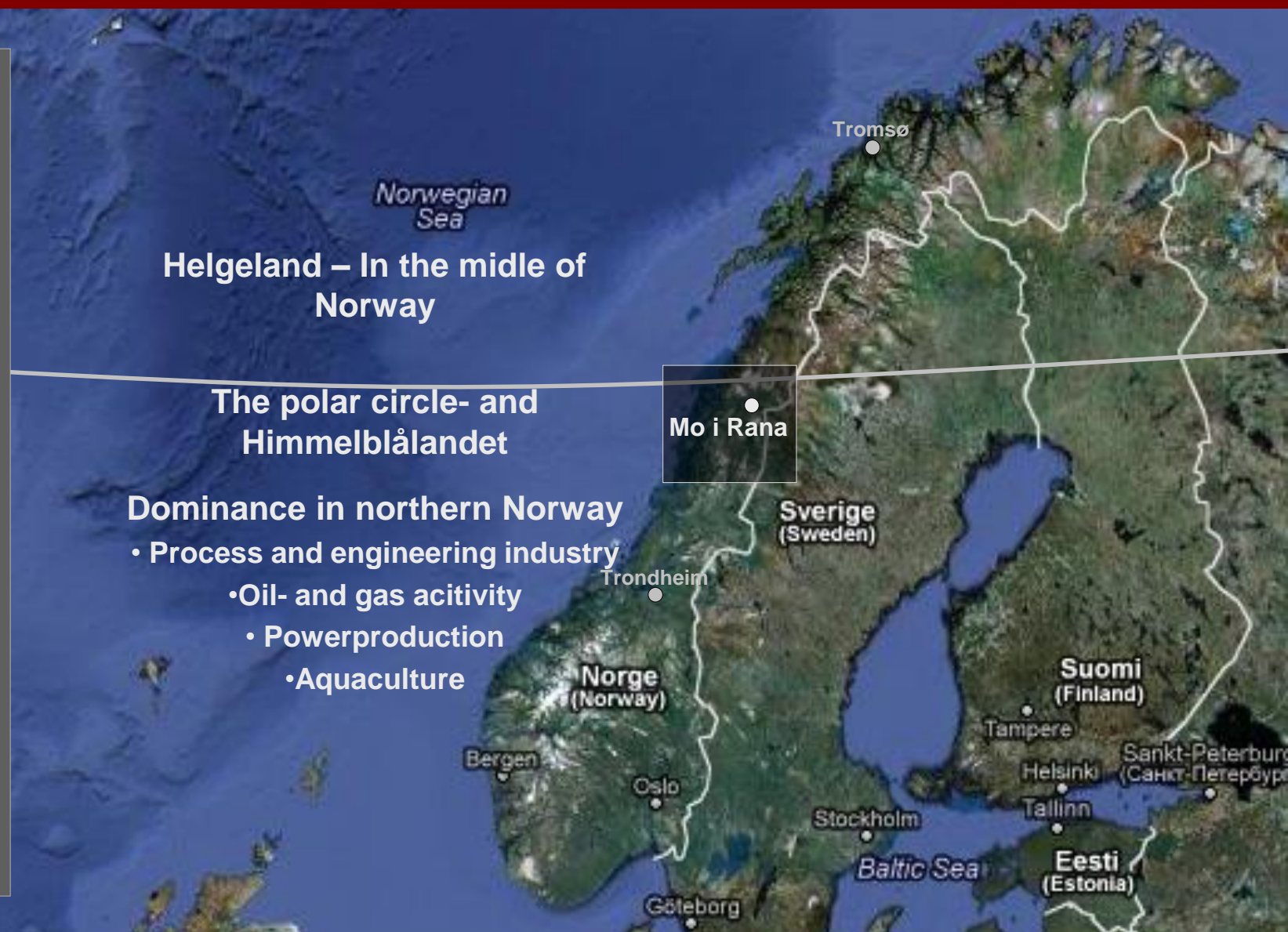
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Helgeland – In the middle of Norway

The polar circle- and Himmelblålandet

Dominance in northern Norway

- Process and engineering industry
- Oil- and gas activity
- Powerproduction
- Aquaculture

Result and key figures Q1/2012 (Q1/2011)

Result

- **Stable operating** – result before tax 42 (40) NOK mill.

Key figures

- **Increased net interest** – from 1,42 % in Q4/2011 to 1,46 (1,57) % in Q1/2012
- **Good cost control** – 1,03 (1,15) %
- **Moderate losses** – 0,10 (0,12) %
- **Good insurance sales** – 0,28 (0,25) % - net commission income
 - Transition from Terra to Frende insurance at the beginning of 2011

Assets

- **Increased core capital adequacy** – 13,3 (11,2) %
 - New fundsbond loan this quarter
- **Increased return on equity capital** – 7,2 (6,6) %
 - Target figure risk-free interest rate + 5 % = 7,0 %

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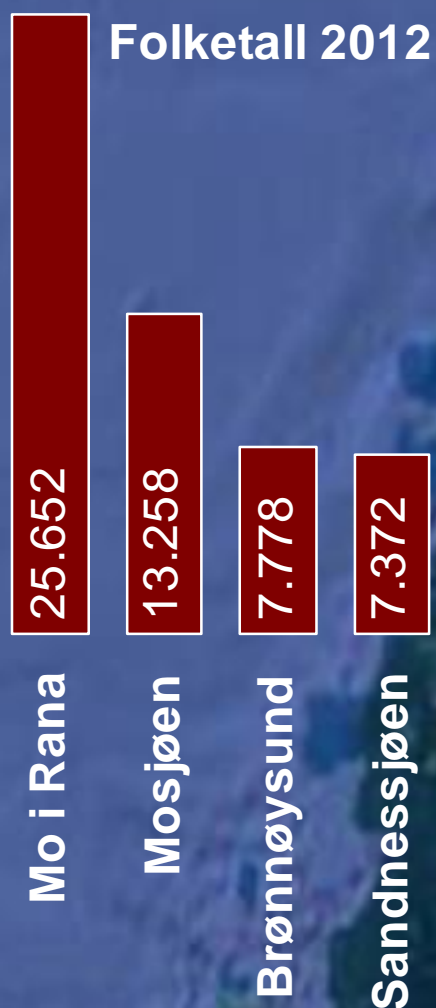
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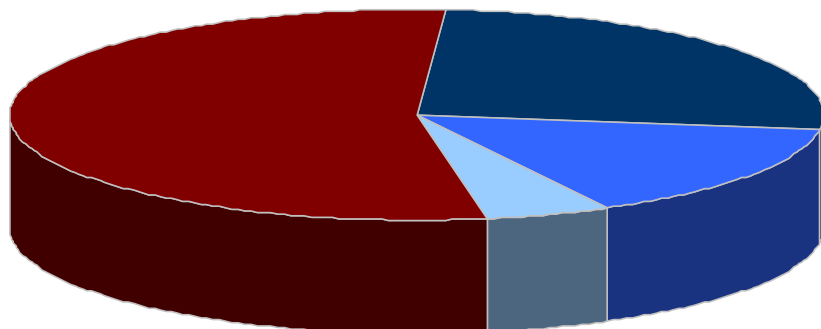


The bank

A brief overview

Helgeland Sparebank

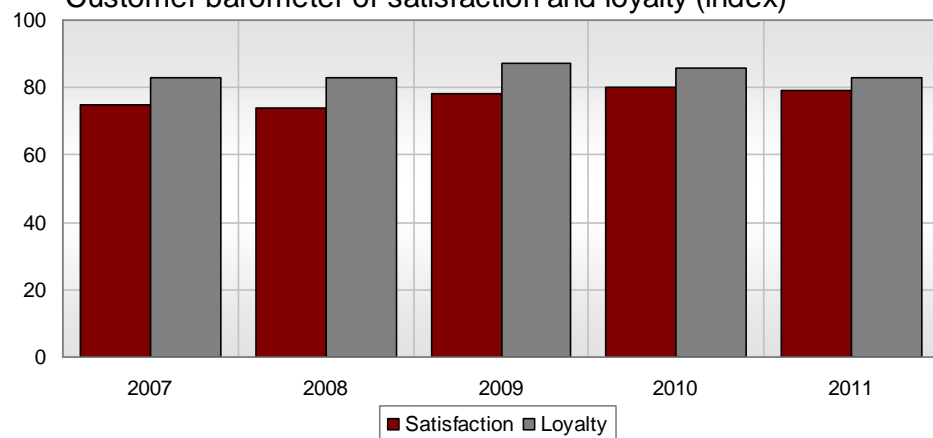
Market share in % main bank connection Helgeland 2011



■ HSB 54 % ■ DnB, NB og PB 26 % ■ SB1NN 15 % ■ Other (Nordea, Handels m.fl.) 5 %

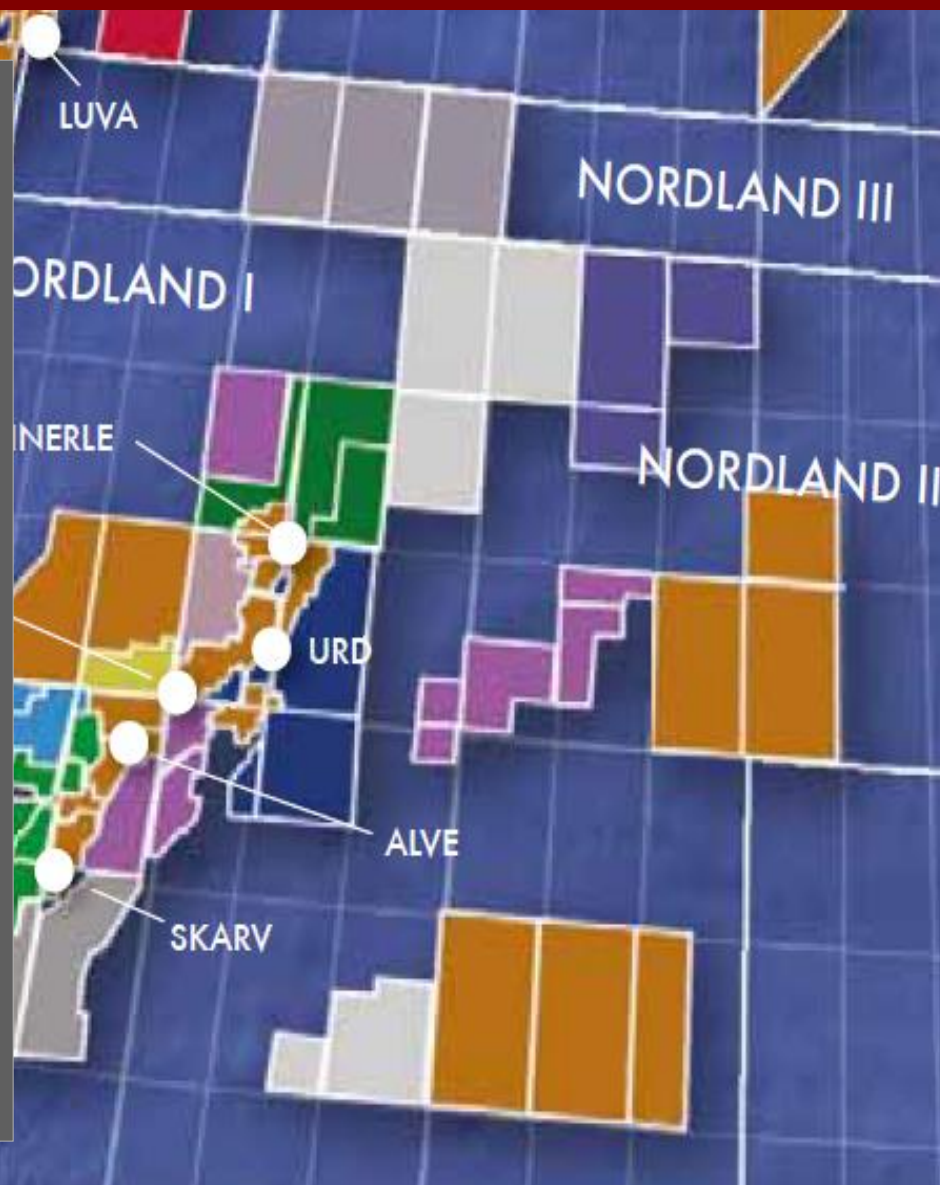
Helgeland Sparebank

Customer barometer of satisfaction and loyalty (index)



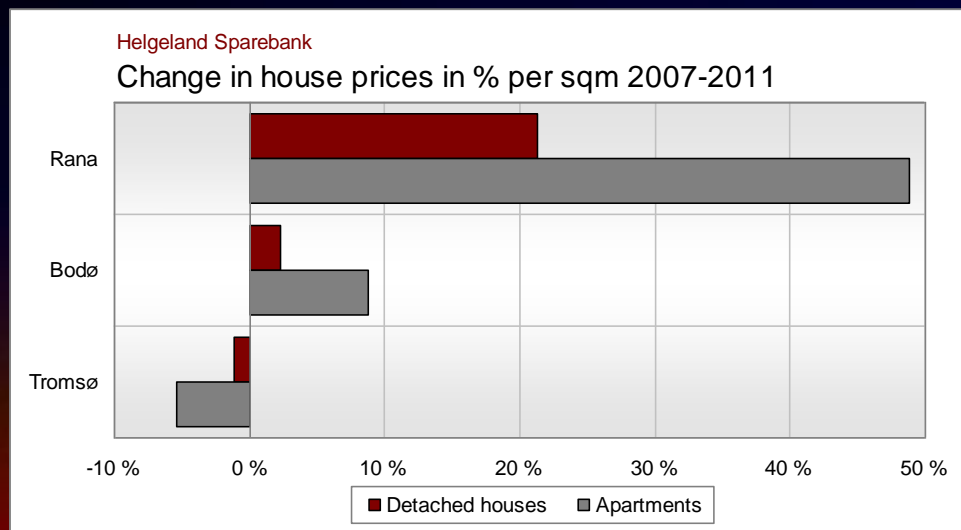
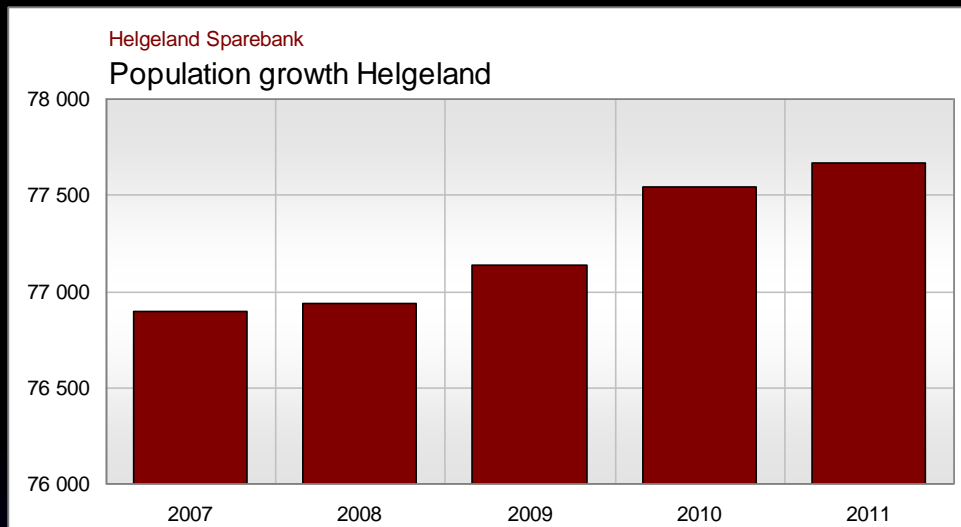
- **Vision**
 - A driving force for growth within Helgeland
- **Business concept**
 - A profitable and leading bank
- **Total assets**
 - Norway's 13 largest Savings Bank
- **Distribution**
 - 16 offices in 14 municipalities
- **Market share**
 - Above 50 % (retail market)
- **Customer survey**
 - Good results

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The region

A brief overview

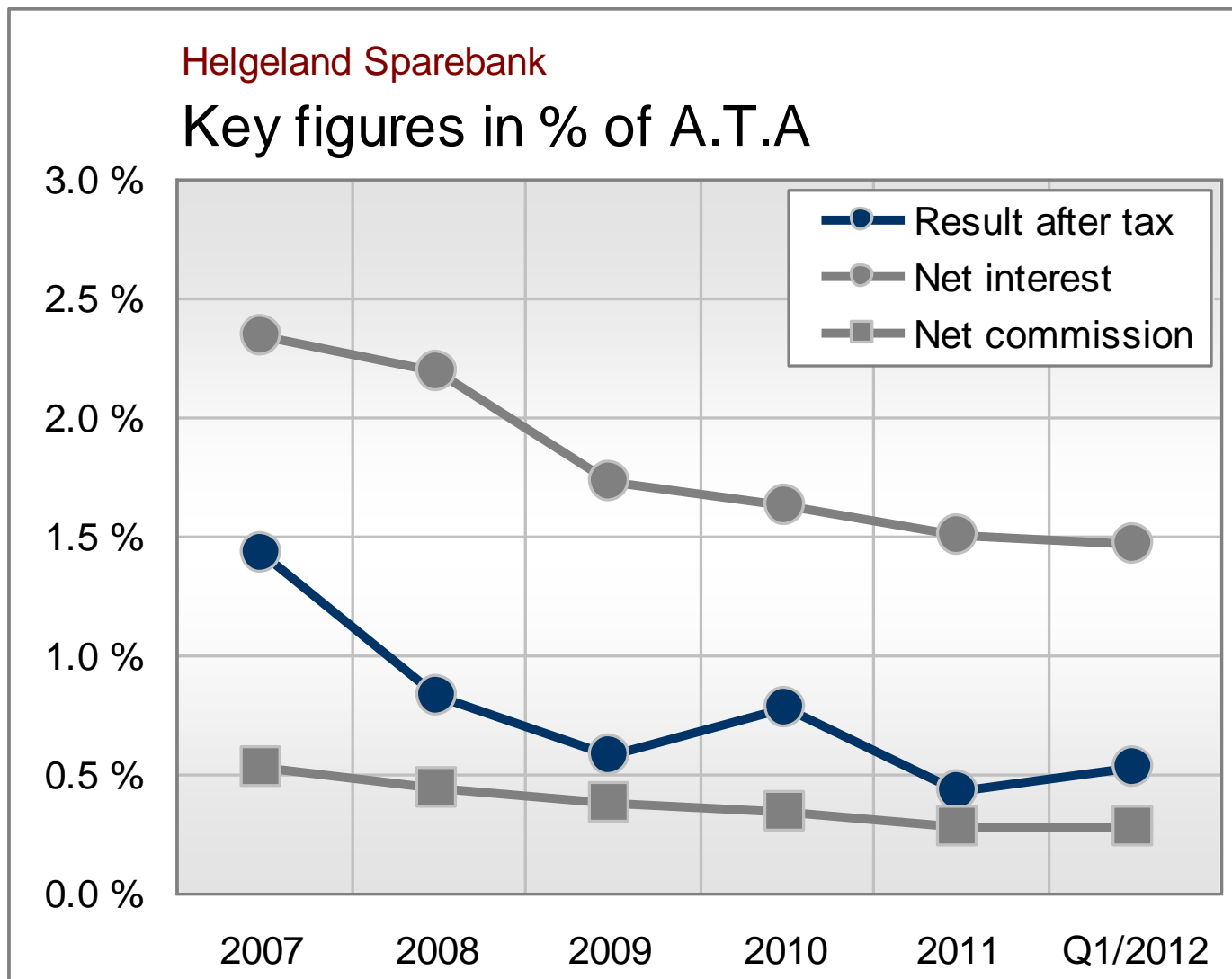


- **Helgeland**
 - Growth in population and value creation
- **Real estate and property**
 - Increasing construction activity and prices
- **Oil- and gas activity**
 - The fields of Norne, Skarv and Luva
- **Infrastructure investments**
 - Power industry, The Toven tunnel and E6
- **Airport structure**
 - Major airport of Helgeland
- **Other activities**
 - Traditional industry and government activities

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Result- and key figure development



Stable operating

Net interest

- Increased funding costs
- Increased price competition

Net commission income

- Transition from Terra to Frende 2011

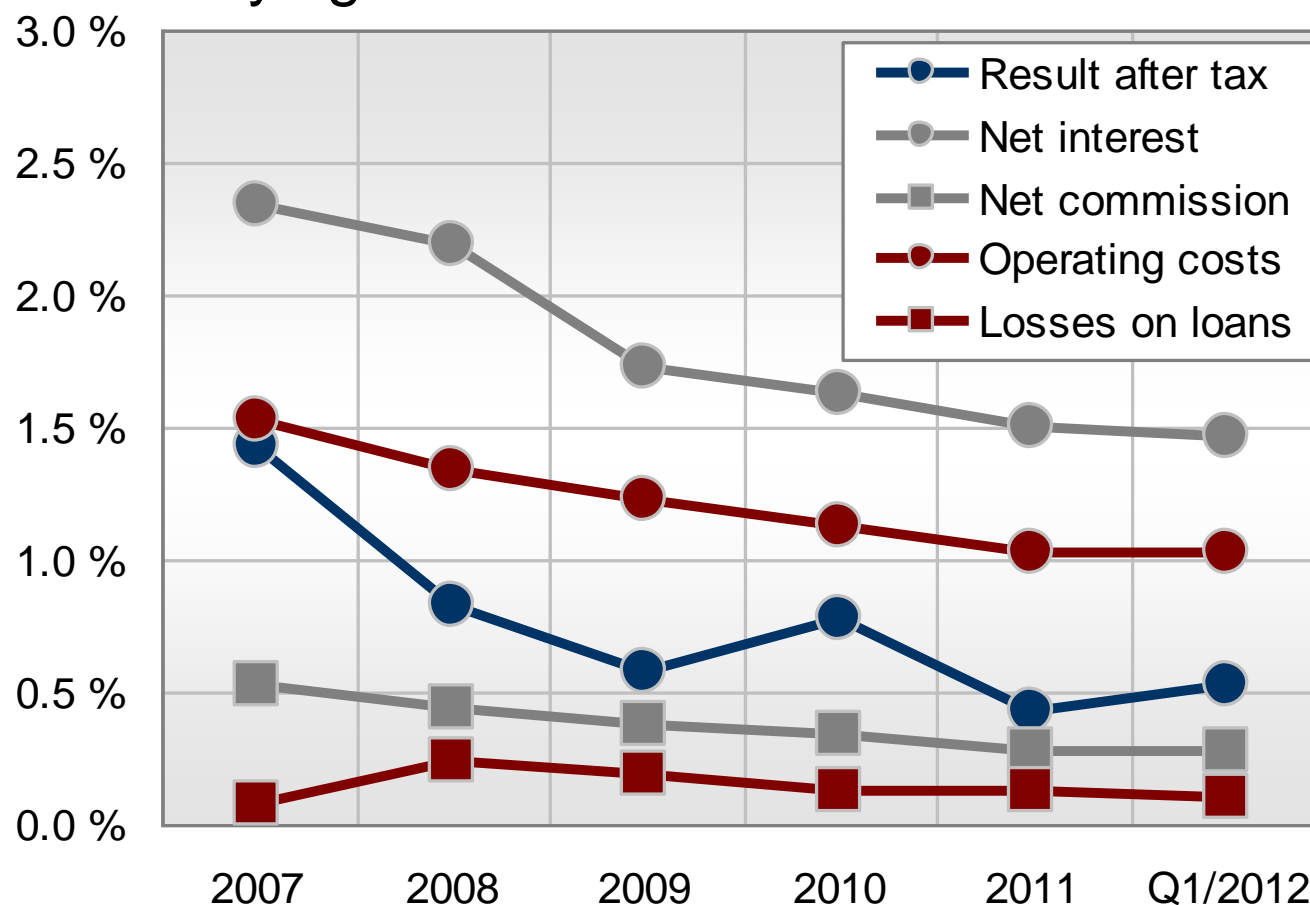
Result

- Improved from 11 to Q1/12

Result- and key figure development

Helgeland Sparebank

Key figures in % of A.T.A



Stable operating

Net interest

- Increased funding costs
- Increased price competition

Net commission income

- Transition from Terra to Frende 2011

Result

- Improved from 11 to Q1/12

Costs

- Good cost controll

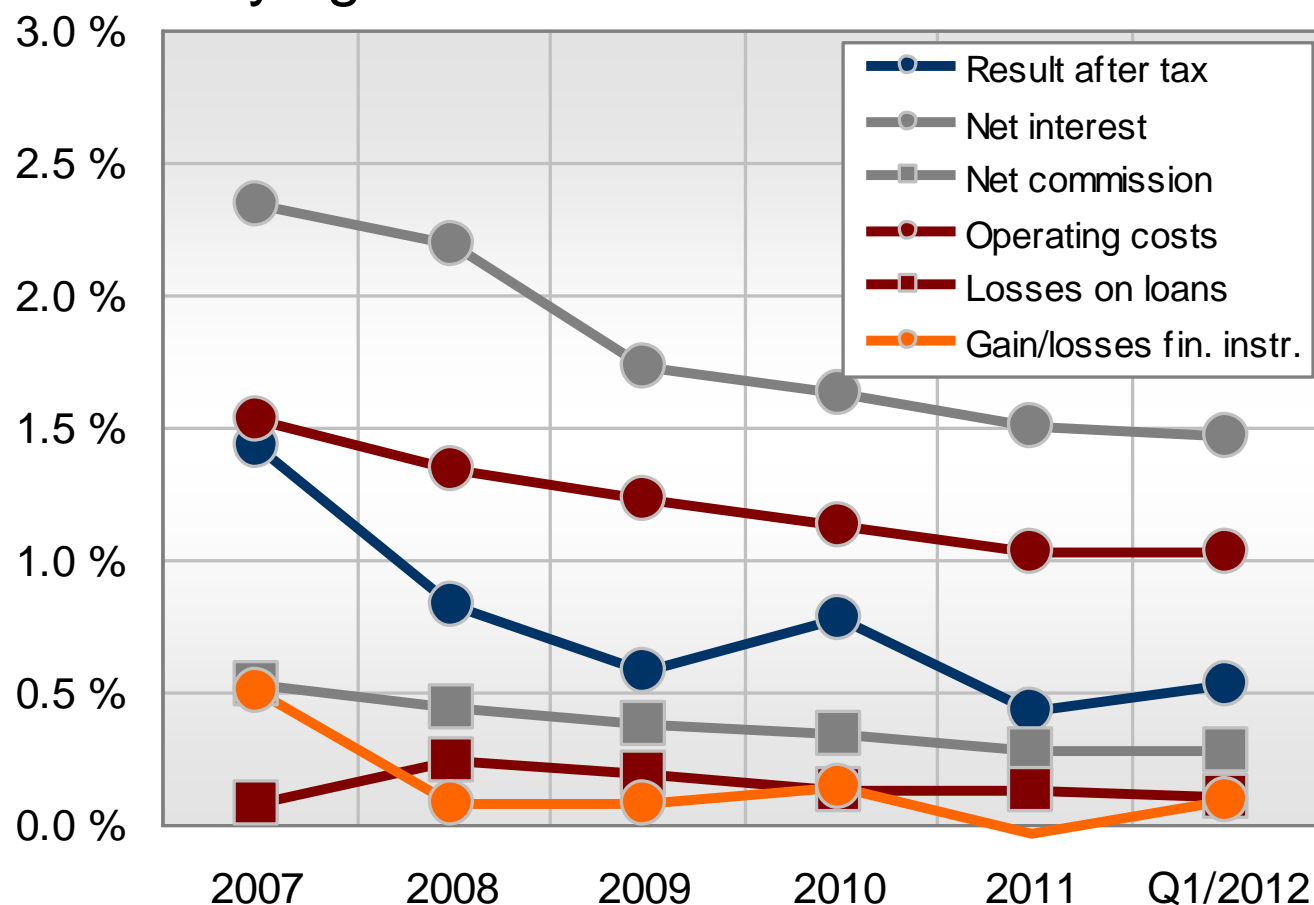
Losses on loans

- Moderate losses

Result- and key figure development

Helgeland Sparebank

Key figures in % of A.T.A



Stable operating

Net interest

- Increased funding costs
- Increased price competition

Net commission income

- Transition from Terra to Frende 2011

Result

- Improved from 11 to Q1/12

Costs

- Good cost controll

Losses on loans

- Moderate losses

Financial instruments

- Positive contribution Q1/12

Profit and loss account

Helgeland Sparebank	Profit and loss account (NOK mill.)			
	Q1/2011	In % of A.T.A	Q1/2012	In % av A.T.A
Net interest- and credit comission income	80	1.57 %	84	1.46 %
Net comission income	13	0.25 %	16	0.28 %
Other operating income	1	0.03 %	2	0.03 %
Operating costs	58	1.15 %	59	1.03 %
Result basic operations	36	0.70 %	43	0.74 %
Losses on loans, guarantees etc.	6	0.12 %	6	0.10 %
Gains/losses on financial assets available for sale	10	0.20 %	5	0.09 %
Result before tax	40	0.78 %	42	0.73 %
Number of man-years	177		177	

Stable operating

Basic operations

- Increased net interest in NOK and increased net commission income strenghtens the basic operation
- Good cost control provides positiv outcome of the basic operations

Profit and loss account

Helgeland Sparebank	Result in % of average total assets				
	Q1/2011	Q2/2011	Q3/2011	Q4/2011	Q1/2012
Net interest- and credit comission income	1.57 %	1.55 %	1.48 %	1.42 %	1.46 %
Net comission income	0.25 %	0.30 %	0.30 %	0.31 %	0.28 %
Other operating income	0.03 %	0.02 %	0.00 %	0.03 %	0.03 %
Operating costs	1.15 %	1.08 %	1.04 %	0.82 %	1.03 %
Result basic operations	0.70 %	0.79 %	0.74 %	0.94 %	0.74 %
Losses on loans, guarantees etc.	0.12 %	0.13 %	0.12 %	0.13 %	0.10 %
Gains/losses on financial assets available for sale	0.20 %	0.00 %	-0.03 %	-0.31 %	0.09 %
Result before tax	0.78 %	0.66 %	0.60 %	0.50 %	0.73 %
Cost as a percentage of income	55.8 %	57.8 %	59.4 %	56.6 %	55.1 %

Stable operating

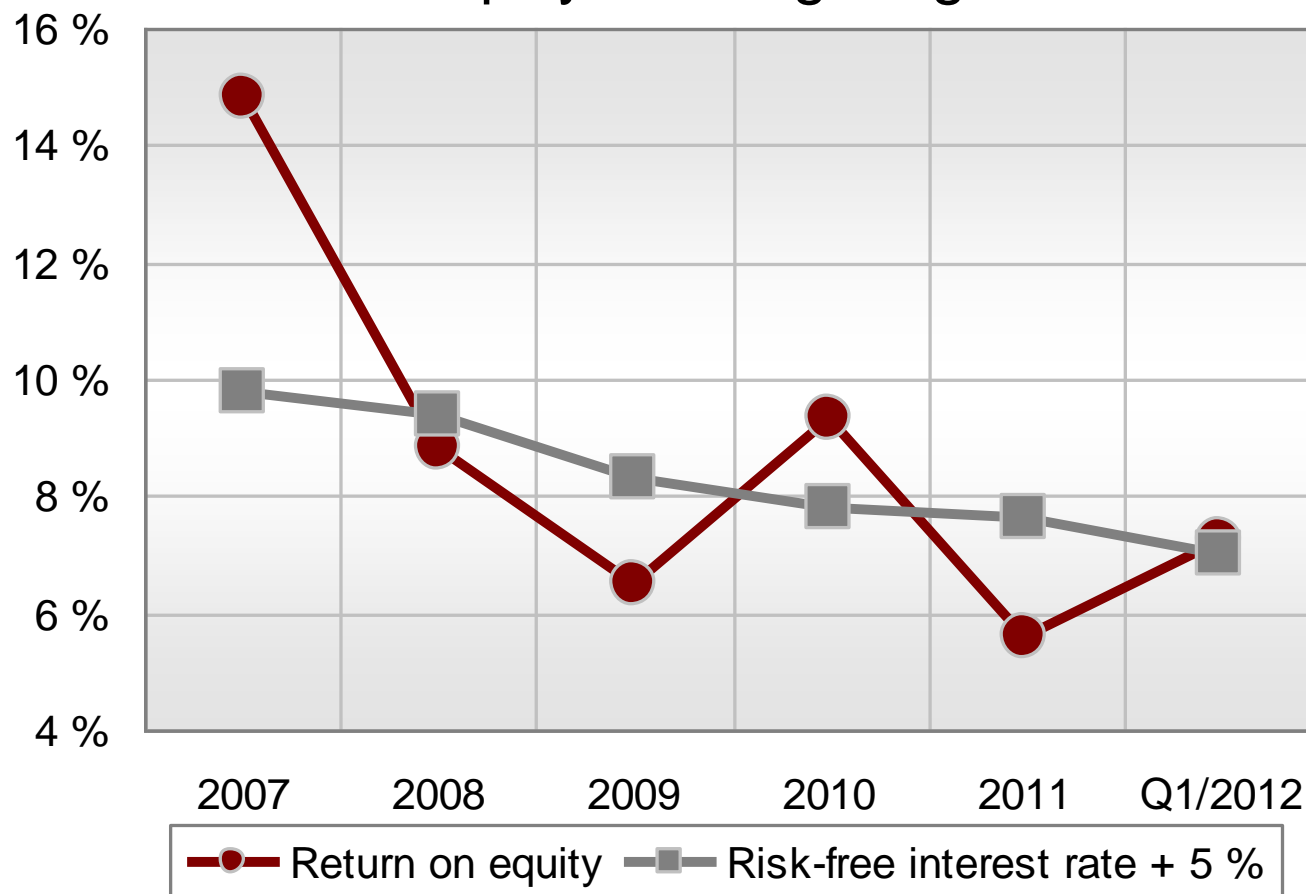
Basic operations

- Increased net interest from Q4/2011 to Q1/2012
- Decreased operating costs in % of income in Q1/2012

Equity return

Helgeland Sparebank

Return on equity and target figures




Increased equity return

Target figure

- Risk-free interest +5% =7%

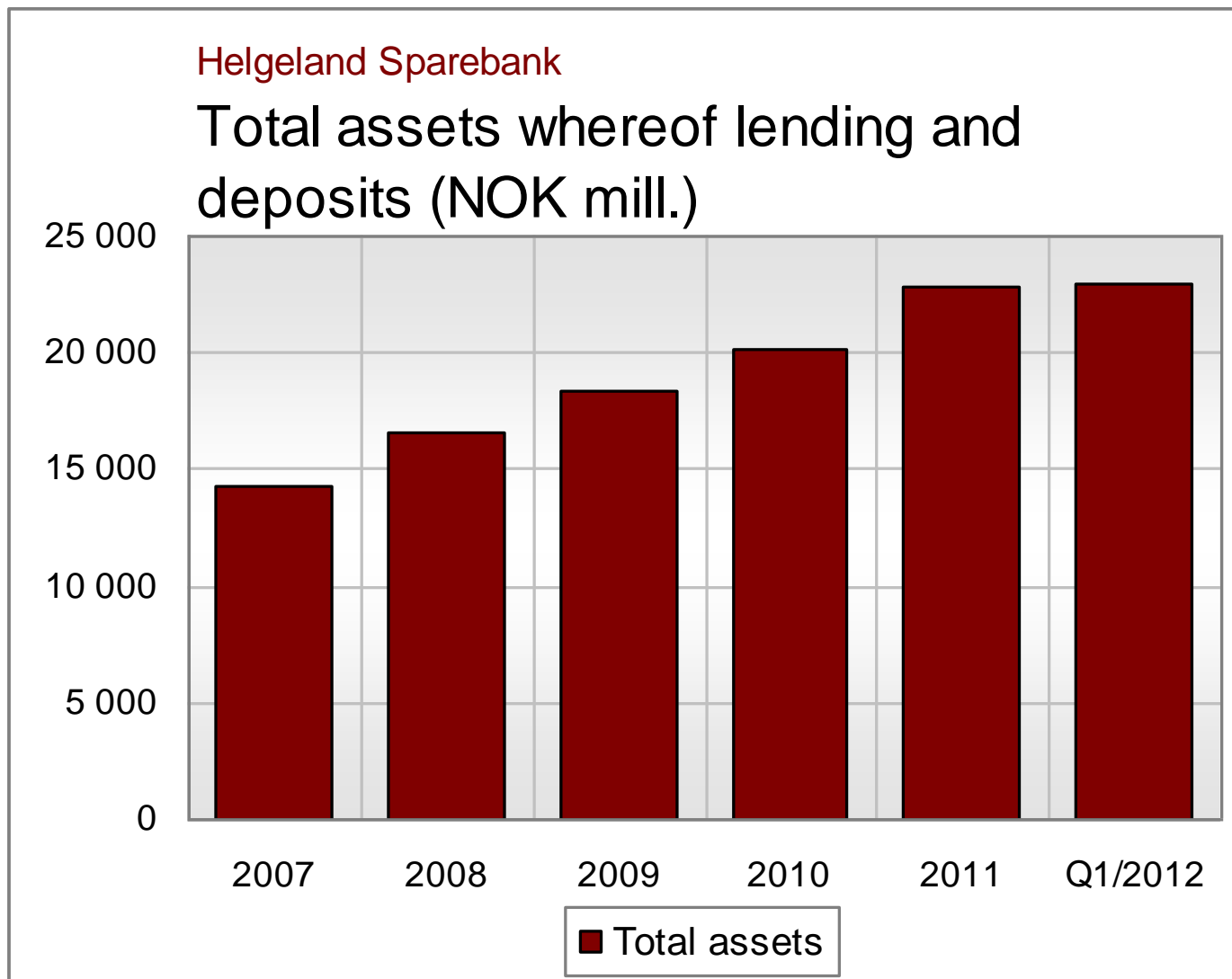
Result

- 7,2 % (6,6 %)



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Balance- and growth development

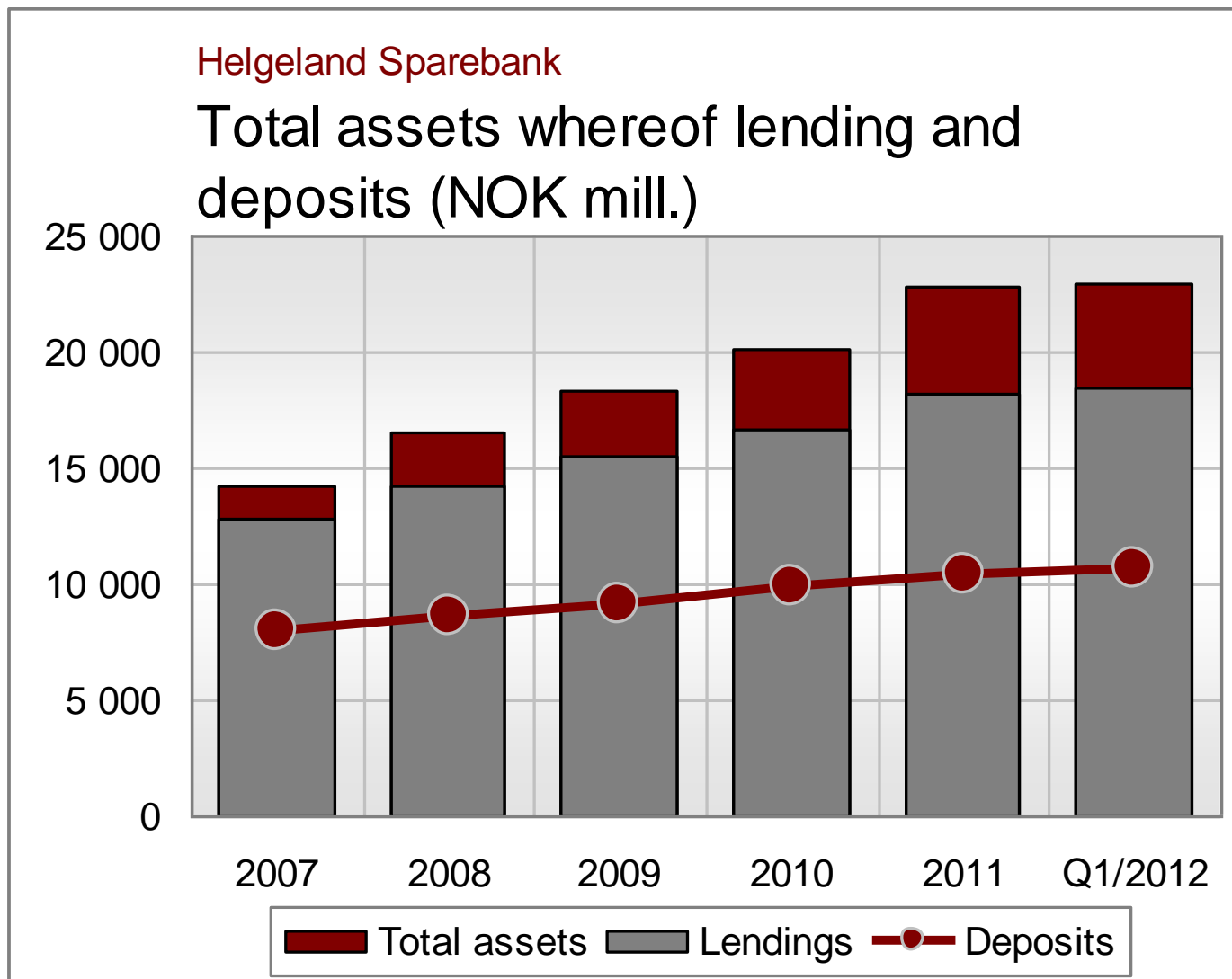


Steady growth

Balance sheet

- Growth in both retail- and corp. market
- Total assets at NOK 23.0 bn. .

Balance- and growth development



Steady growth

Balance sheet

- Growth in both retail- and corp. market.
- Total assets at NOK 23.0 bn.
- Lending NOK18.4 bn.
- Deposits from customers NOK 10.6 bn.

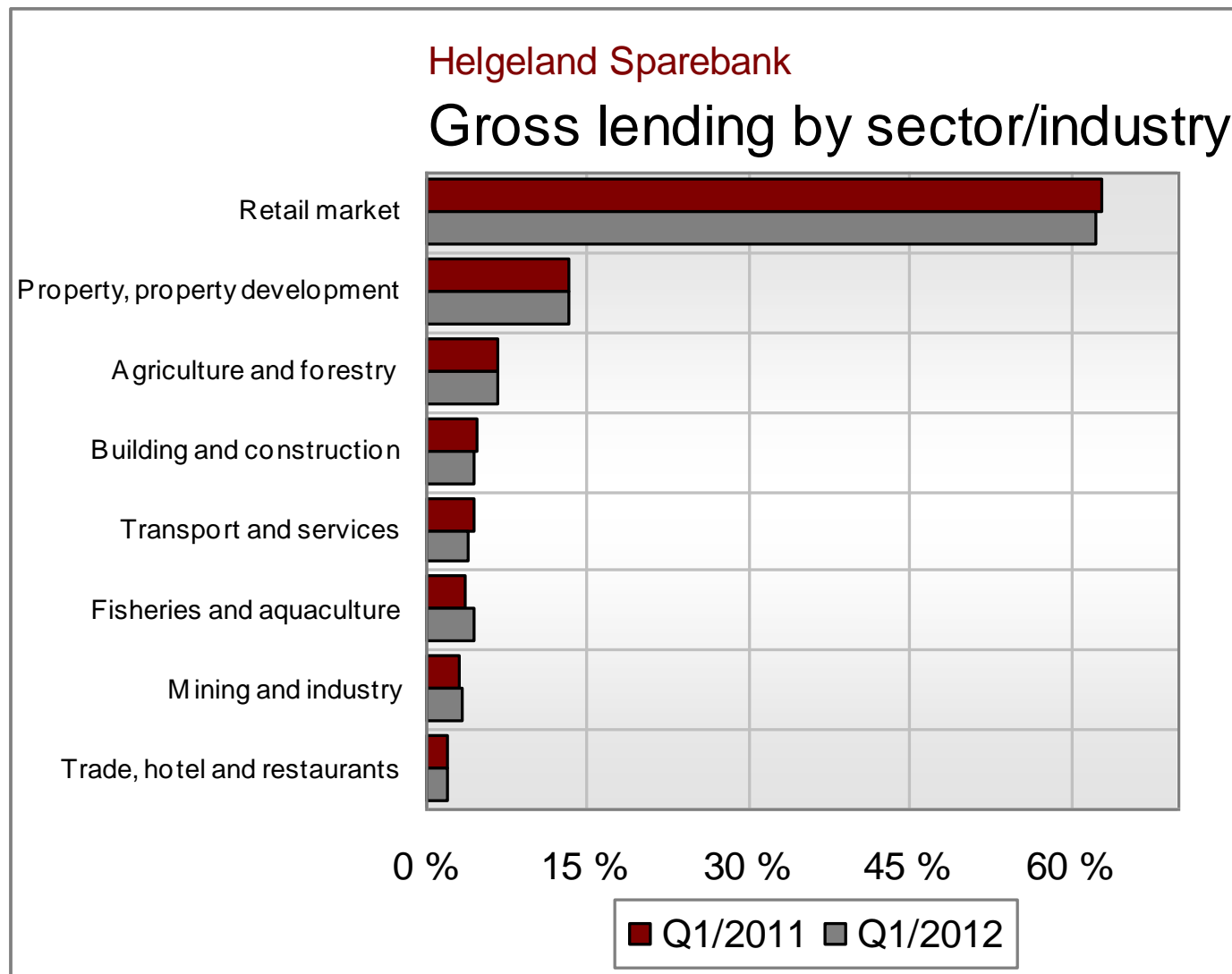
Balance sheet figures

Helgeland Sparebank	Balance sheet (NOK mill.)	
	31.12.2011	Q1/2012
Total assets	22 802	22 998
Loans	18 149	18 431
Deposits	10 429	10 603
Development gross lending 12 mth	9.1 %	9.3 %
- Retail market	9.3 %	8.5 %
- Corporate market	8.9 %	10.6 %
Development deposits 12 mth	5.5 %	5.4 %
- Retail market	8.8 %	8.2 %
- Corporate market	-0.2 %	0.6 %

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Gross lending per 31.03.12



18 431 (16 862) MNOK

Lending retail market NOK 11.5 (10.6) bn. Mainly well secured mortgages.

NOK 1.2 (1.1) bn. consisting of agricultur and forestry, traditionally a low-risk segment.

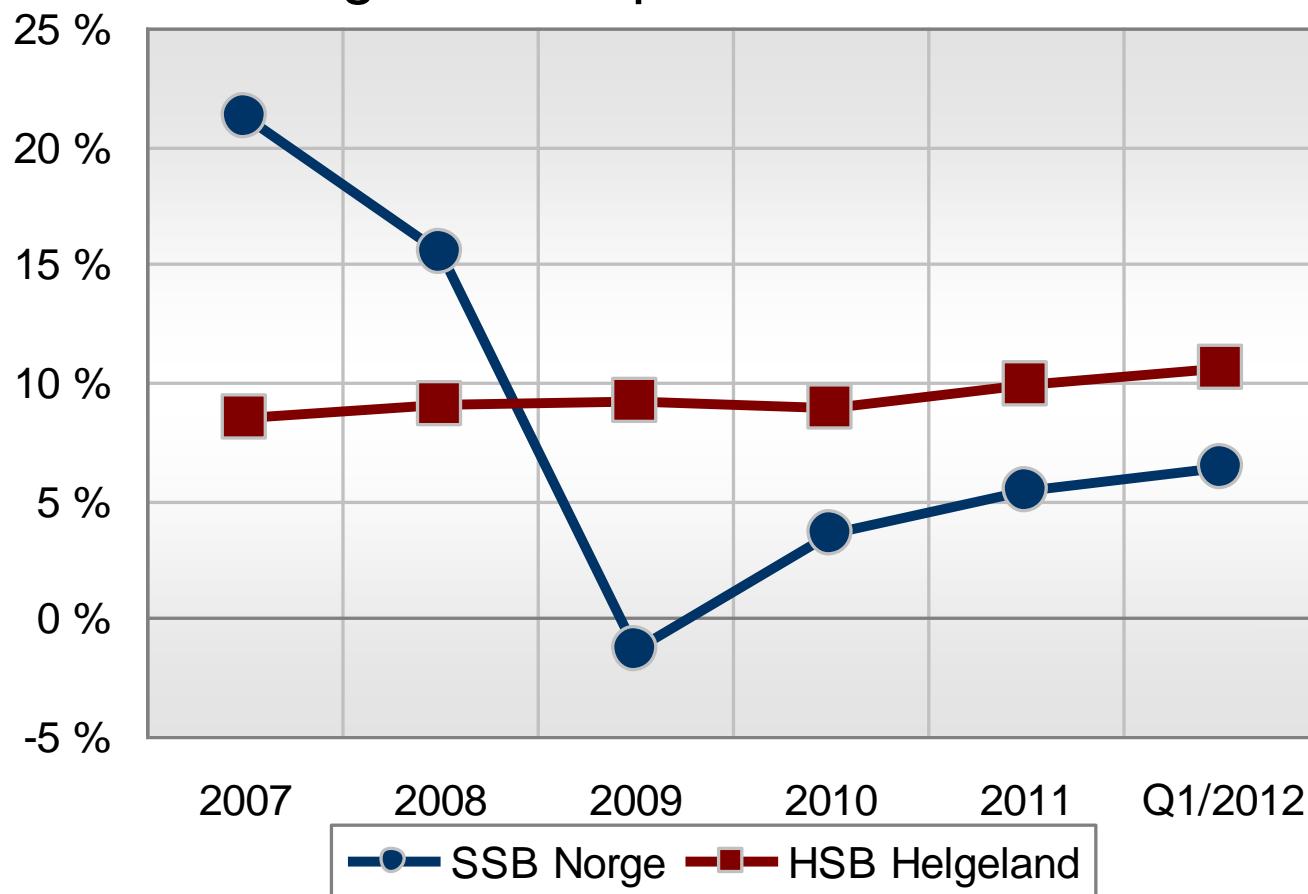
Market share at 50%, SME well above 50 %. Target figures (retail market) 60 %, corp. market 40 %. Retailmarket share at 62.4 (62.9) %.

Very loyal customer base, 83.1 % lending to customers within Helgeland.

Credit growth corporate market

Helgeland Sparebank

Credit growth corporate market 12 mth.



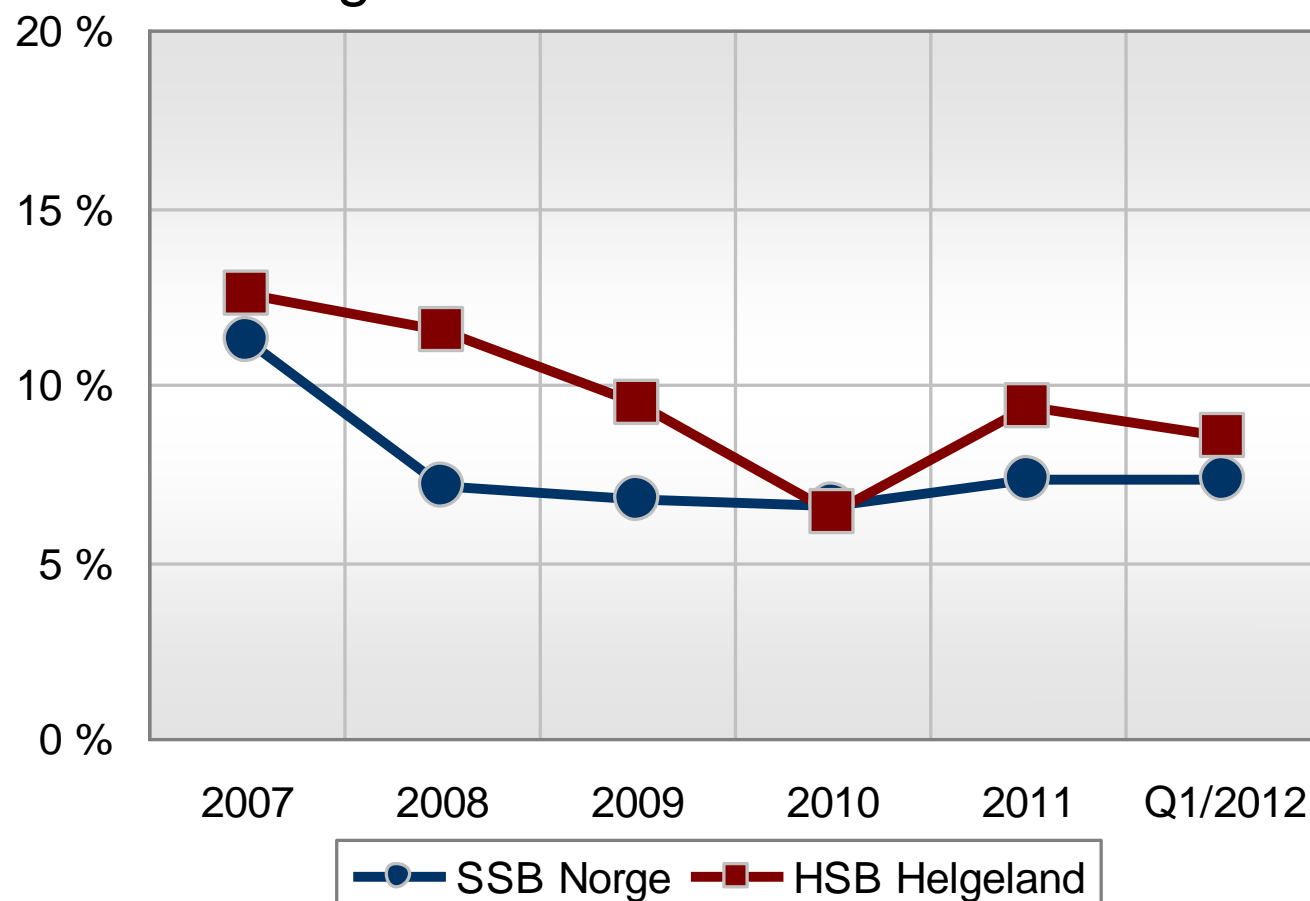
**12 mth. growth corp.
market 10.6 %**

The growth in HSB is higher
than average growth in the
market.
(SSB figures per february)

Credit growth retail market

Helgeland Sparebank

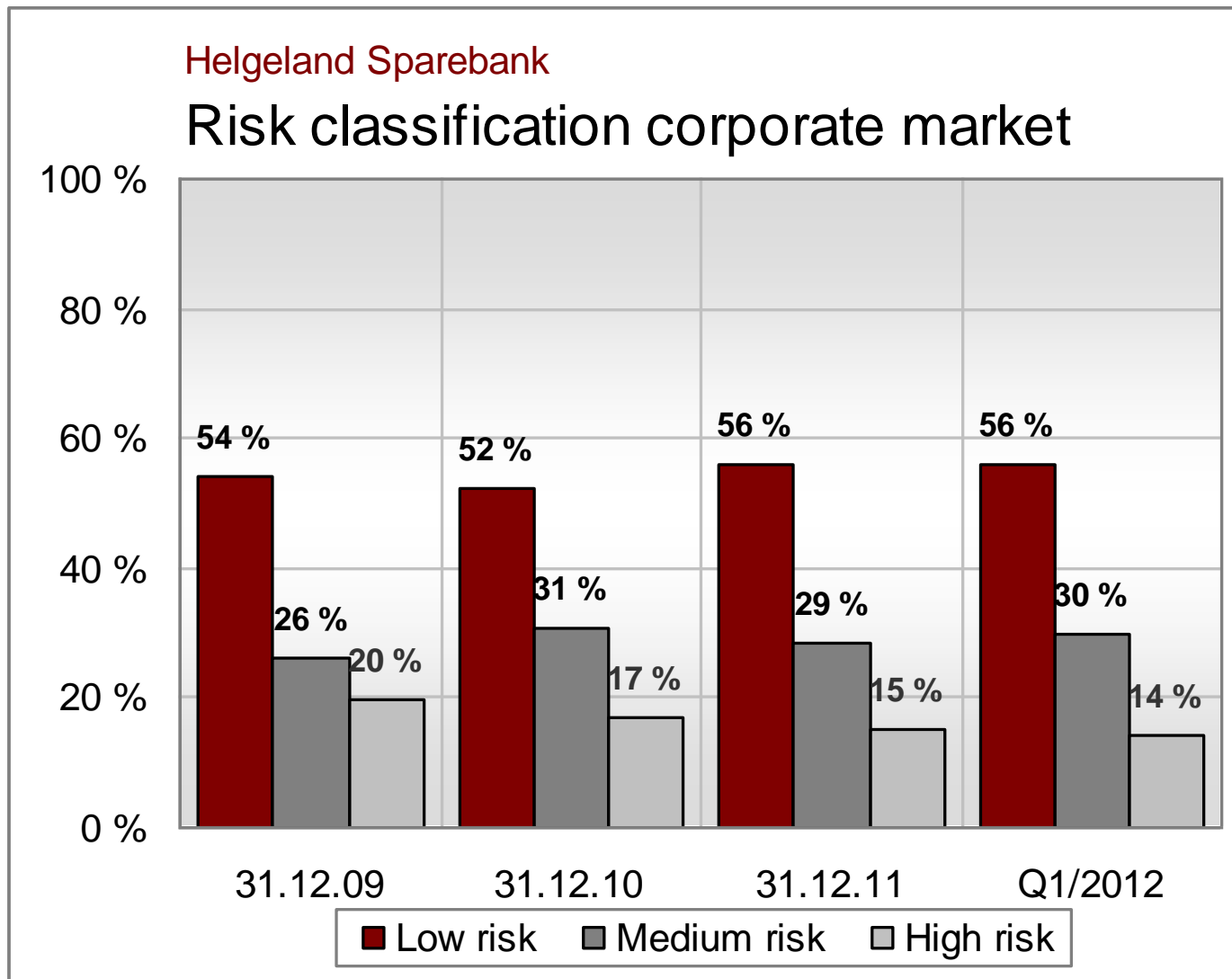
Credit growth retail market 12 mth.



12 mth. growth retail market 8.5 %

The growth i HSB is slightly higher than average growth in the retail market.
(SSB figures per february)

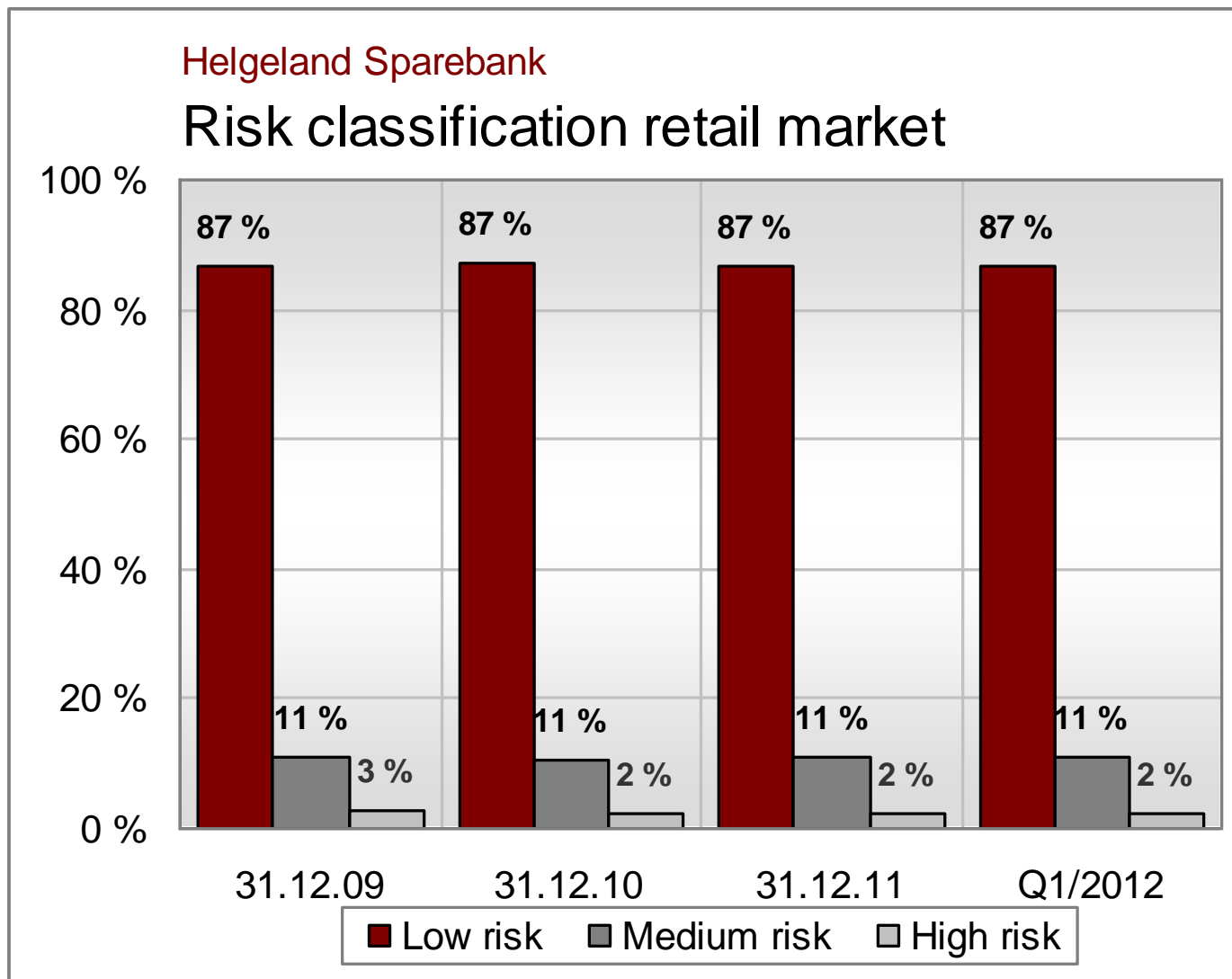
Exposure by risk category



Stable corp. market portfolio

Portfolioscore without collateral value taken into account.

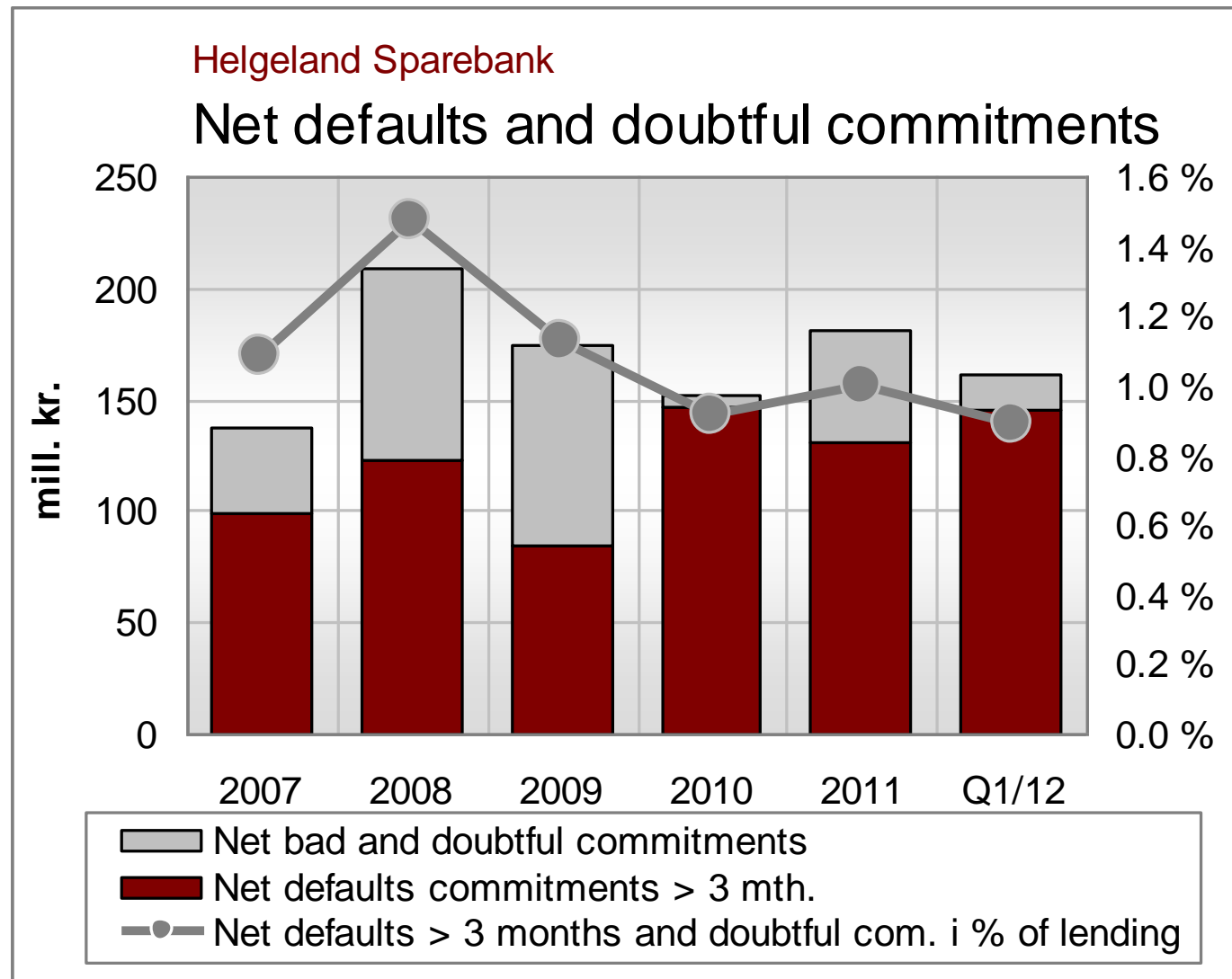
Exposure by risk category



Low risk and good quality of retail market portfolio.

Very high share within the low risk category.


Defaults and doubtful commitments



Growth without increased risk

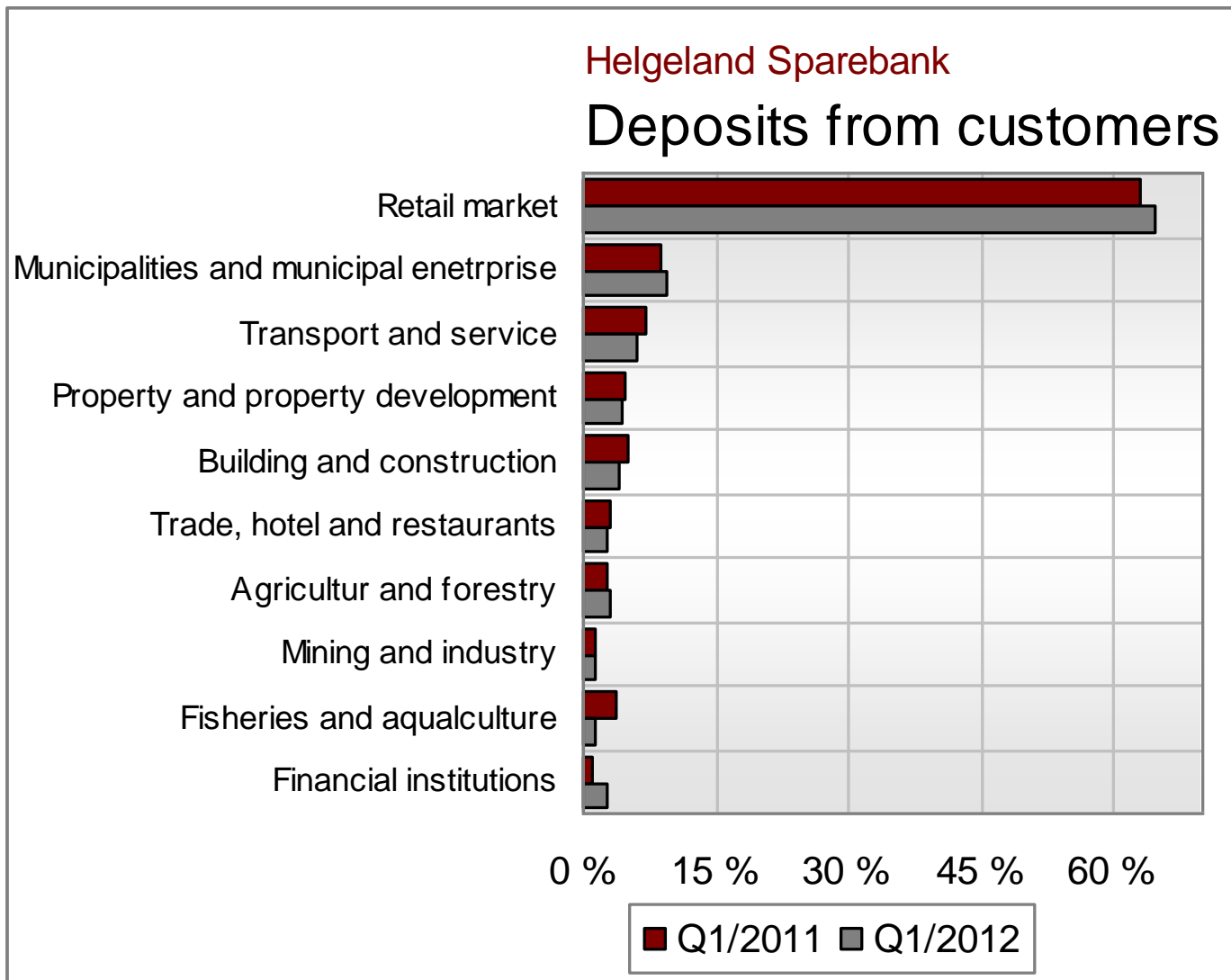
The growth within the last three years has not led to increased defaults or doubtful commitments.

Reduction during the first quarter.

A close-up photograph of a hand holding a silver coin, poised to drop it into a white piggy bank. The background is a blurred green landscape, suggesting an outdoor setting. The image is used as a visual metaphor for saving and finance.

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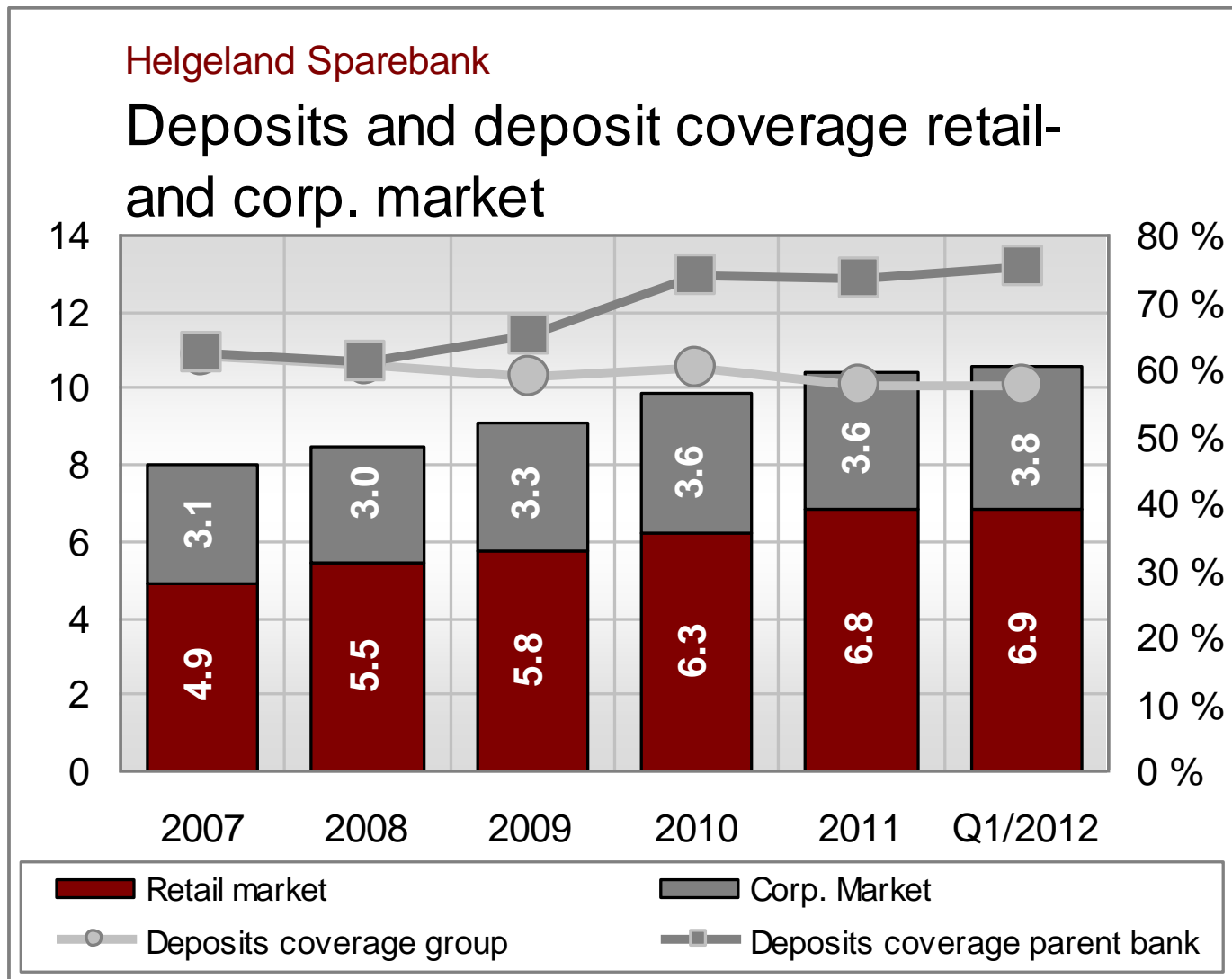
Deposits from customers per 31.03.12



The bank has a loyal customer base

91.6 % of customer deposits from customers within the region.

Deposits from customers per 31.03.12



Stable share of customers in the retail market

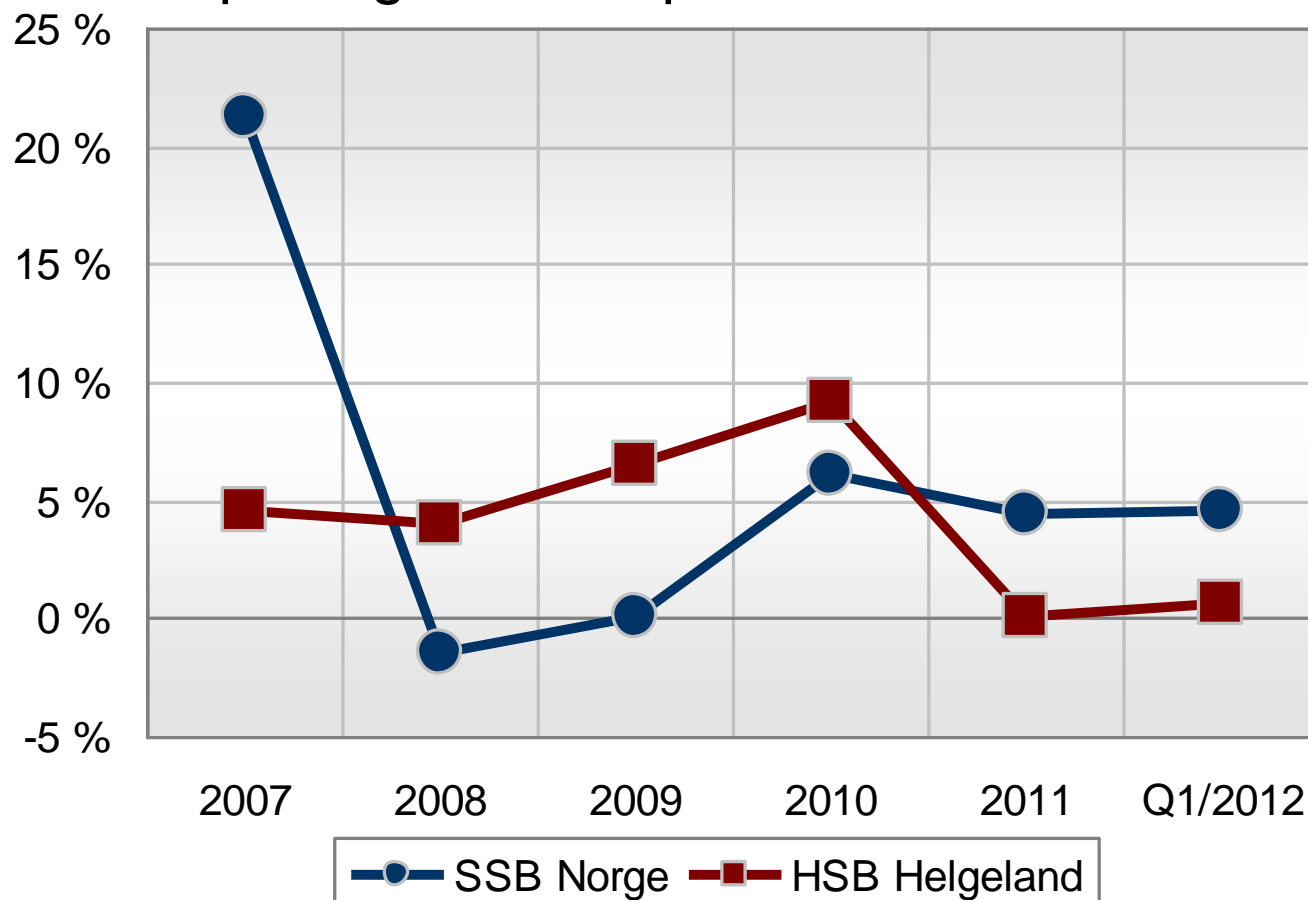
A total deposits of NOK 10.6 bn, consisting of NOK 6.9 bn or 64.6 %, from customers within the retail market.

No change in the deposit coverage from end of last year 57.5 %
Deposit coverage in parent bank was 74.9 %

Deposits growth corporate market

Helgeland Sparebank

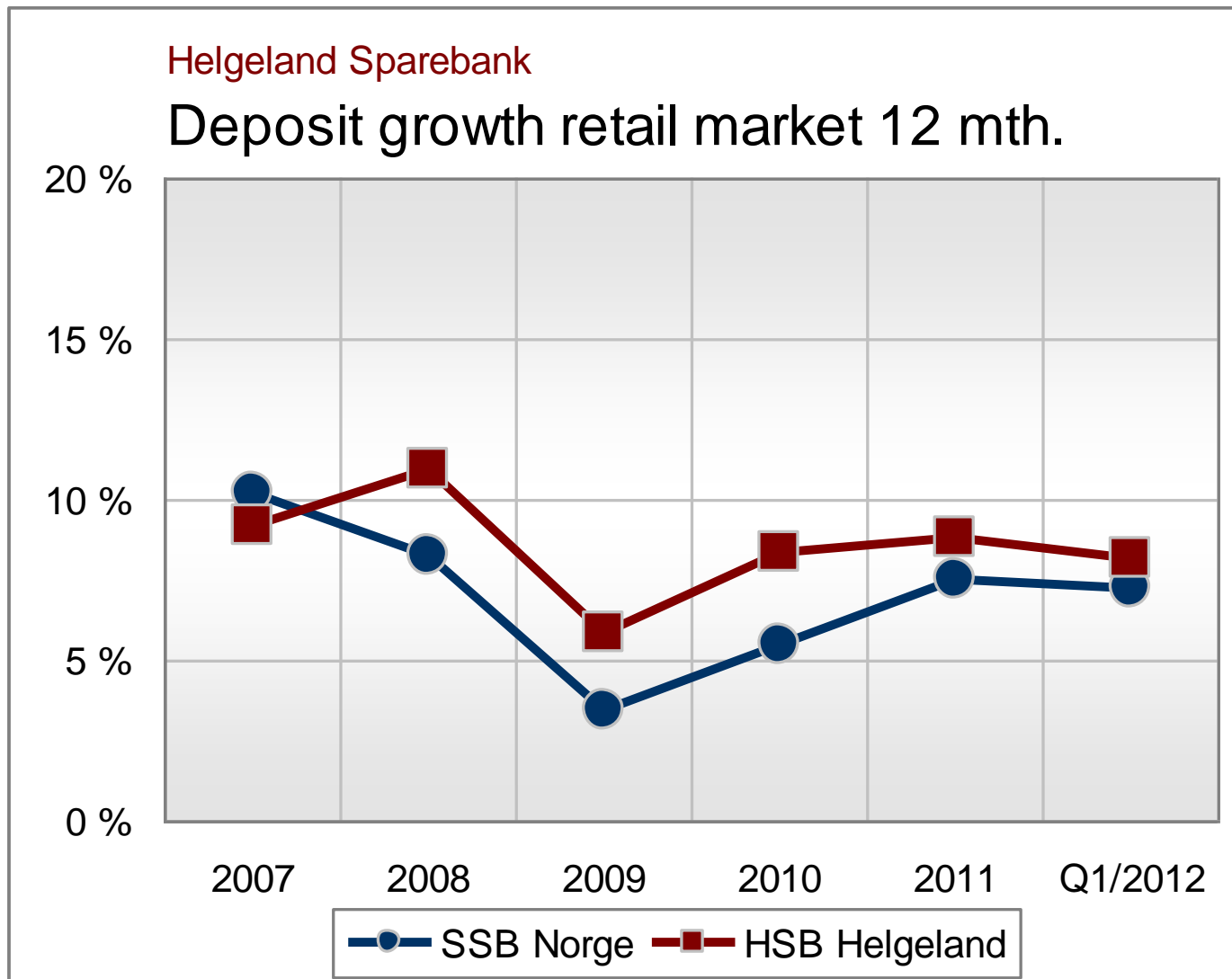
Deposit growth corp. market 12 mth.



Lower growth in the corp. market.

The deposits growth is still lower than the average in the market.
(SSB figures per februrary)


Deposits growth retail market



Good growth in the retail market

Savings in the retail market are higher than the average in the market.

12 mth. growth HSB 8.2%
(SSB figures per february)

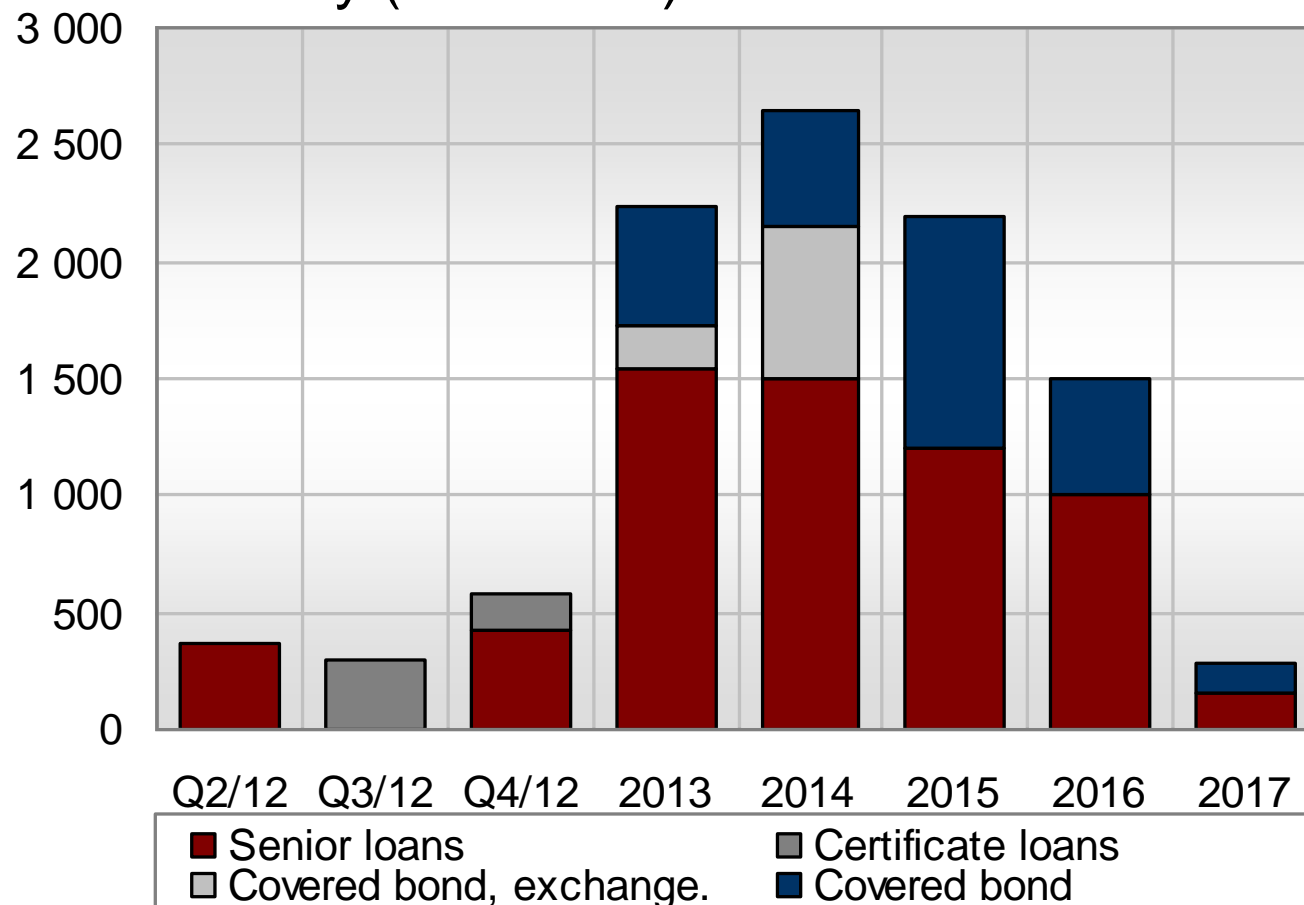


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Funding per 31.03.12

Helgeland Sparebank

Maturity (NOK mill.)



Good financial situation

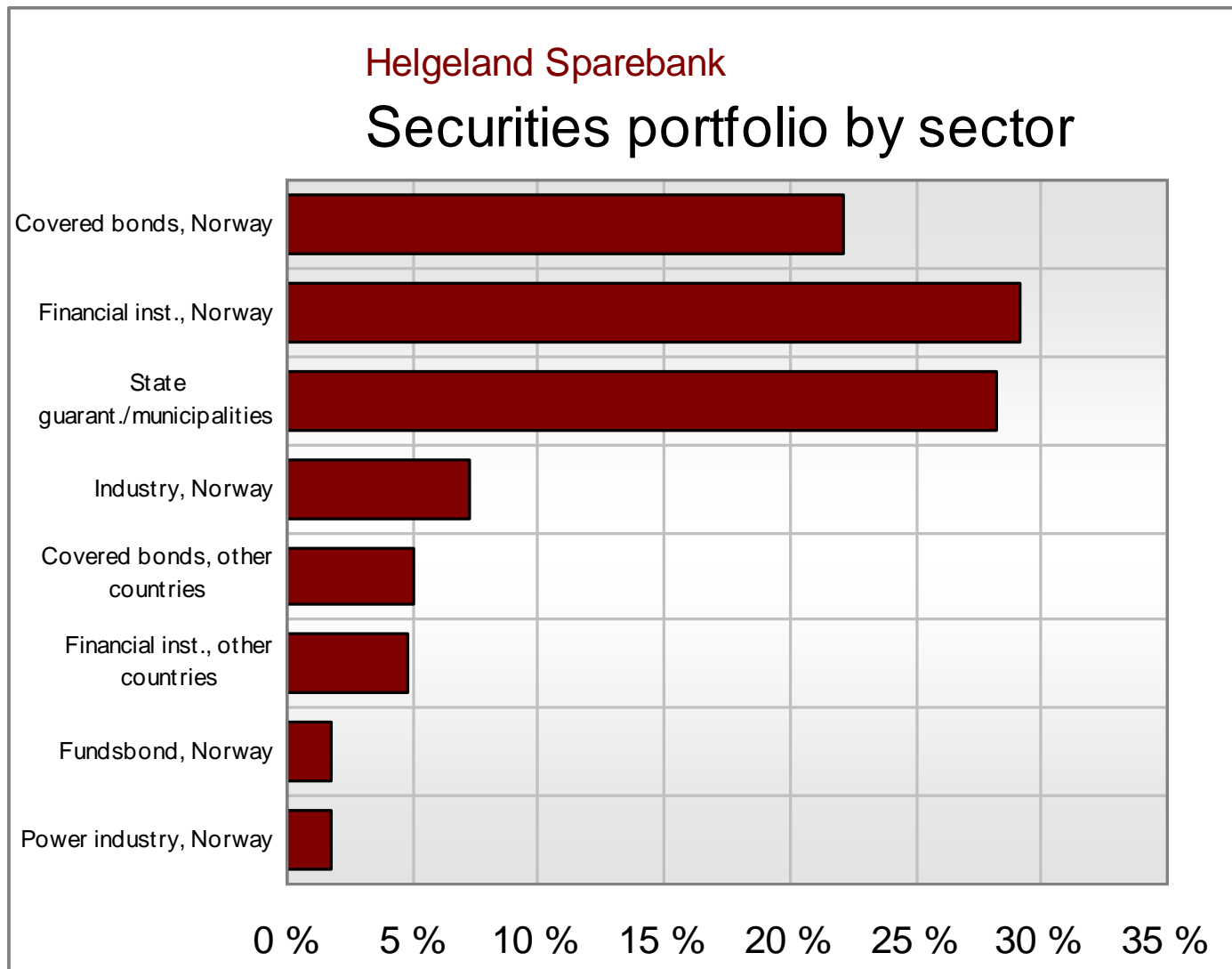
Duration of funding portfolio ca. 2.3 years.

Covered bonds represents NOK 2.6 bn of total funding NOK 10.1 bn.

Deposits coverage 57.5 %, no change from end of last year

Share of lending transferred to mortgage credit company is 21.9 %

Liquidity buffers per 31.03.12



Good quality on liquidity buffers

Liquidity buffer in interest-bearing securities (incl. securities deposited in NB and cash) is NOK 3.7 bn, equivalent to 16.2 % of total assets.

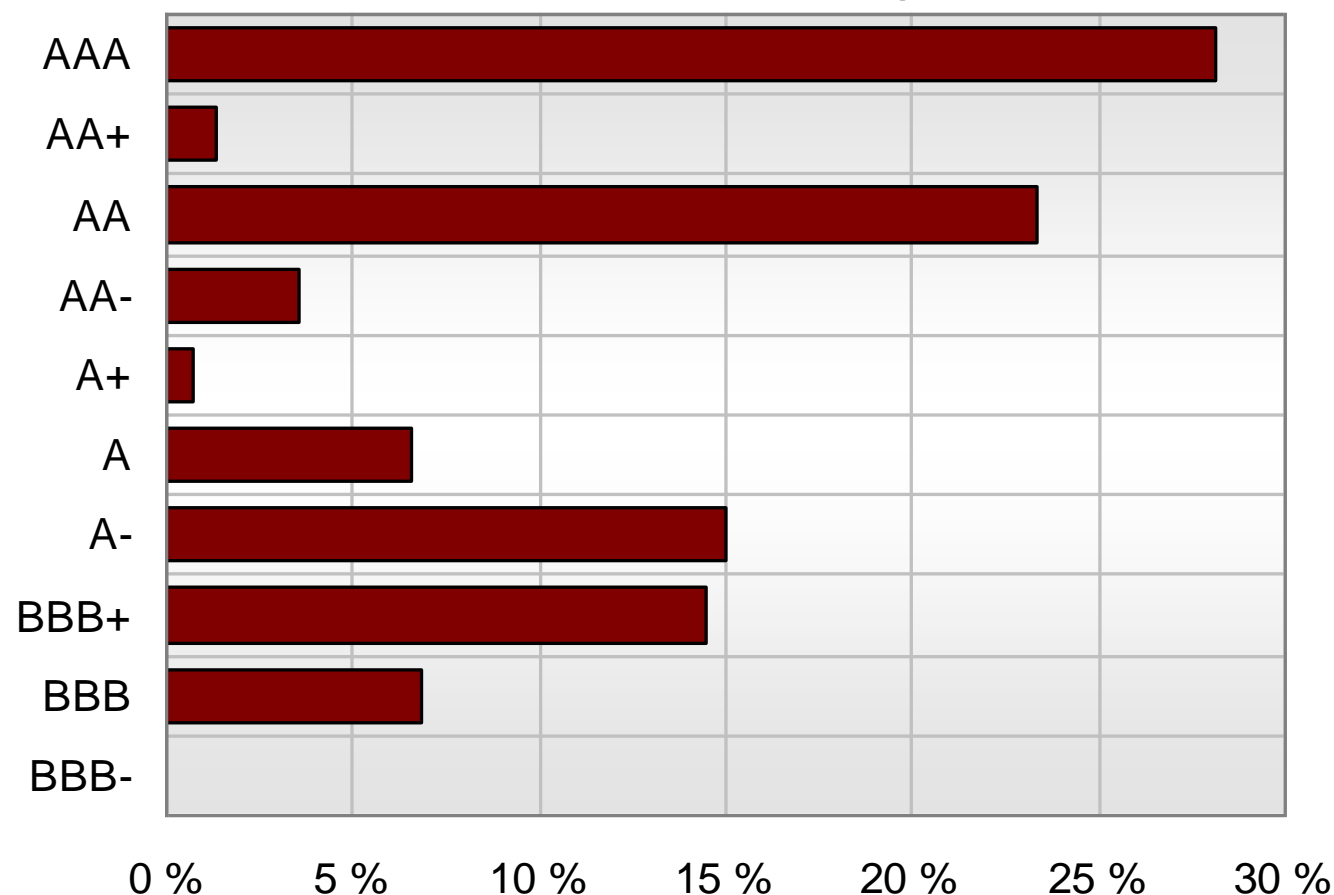
The portfolios duration is 1.8 years.

Ca. 55 % of the portfolio is covered bonds or municipal/government-guaranteed securities.

Liquidity buffers per 31.03.12

Helgeland Sparebank

Securities portfolio by rating



Good quality on liquidity buffers

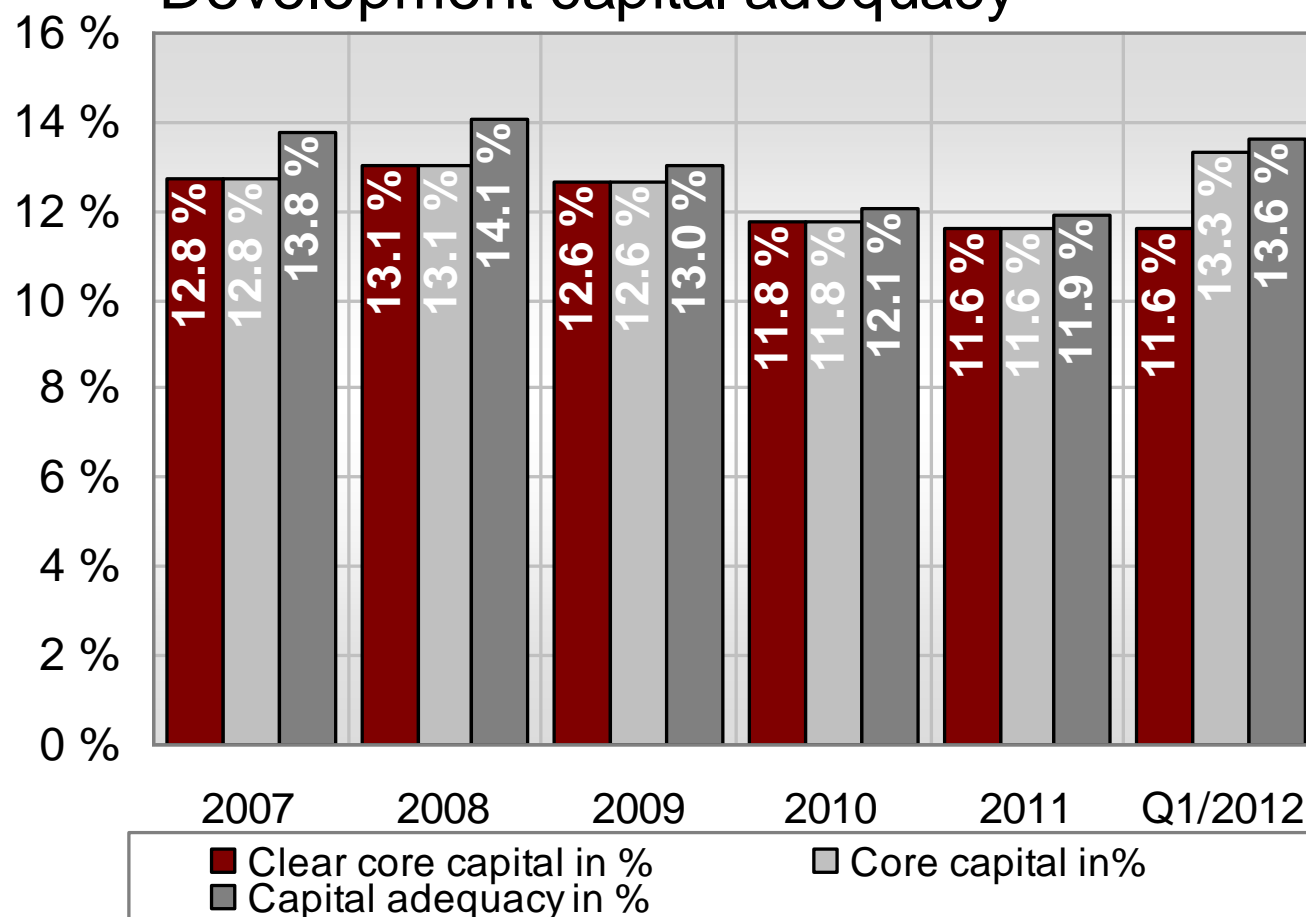
Minimum requirements for credit quality of the issuer is BBB-.

78 % of the portfolio is rated A- or better.

Increased capital adequacy in first quarter

Helgeland Sparebank

Development capital adequacy



Increased core capital

The bank conducted a successful issuance of a fundbond in March at a value of NOK 220 mill.

The fundbond has increased both capital adequacy and core capital coverage by 1.7 %.

Target figure core capital adequacy is 12 %.

Clear core capital is 11.6 % well above minimum requirement of 9 %.

Equity capital in % of total assets is 7.3 % (excl. fundbond).

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Future prospects and priorities

- Growth both in **population** and **value adding** within Helgeland
 - Low unemployment rates and dependent on labor immigration
 - Aker Solutions got 300 applicants for 20 engineerpositions
 - Uneven competence and wider needs of competence
 - Helgeland "Center of Knowledge" for NOK 250 mill. under construction
- Helgeland Sparebank's vision is to be **a driving force for growth within Helgeland**
 - Giftfund is in a greater degree focused on knowledge measures
- Our main target is to take our share of the growth within the region and to keep our position in the market as a leading and profitable bank with a market share of over 50 %.
 - High customer- loyalty and satisfaction

Future prospects and priorities

- Balancing the target of maintaining a solid market position vs. a satisfying profit.
- Strengthen the net interest income through lending- and deposit interest adjustments, and increased price differentiation towards customers
- Increase commission income through the bank's strong sales organisation
- Secure the bank's **financing** through increased focus at deposits and transferring of mortgages to Helgeland Boligkreditt AS
- Continue the stable **cost development** and low **losses on loans**.

Contact information

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Appendix



The bank

A regional finance business

helgelandsparebank 



helgelandboligkreditt 

100 %



34 %

HELGELAND | INVEST

48 %



Eiendomsselskap

ANS Bankbygg Mo i Rana 97 %

Helgeland Eiendomsselskap AS Mosjøen 100 %

Helgeland Utviklingsselskap AS Mosjøen 100 %

AS Sparebankbygg Brønnøysund 100 %

Storgata 73 AS Brønnøysund 43 %

 FrendeForsikring

8.9 %

NORNE
SECURITIES

6.5 %

 BRAGE
FINANS

10 %

En drivkraft for vekst på Helgeland

helgelandsparebank  42

The bank

A driving force for growth within Helgeland



- **13. Largest savings** bank of 113 in Norway
 - 16 offices in 14 municipalities på Helgeland
- **An independent regional bank**, free of alliance and registered at Oslo Stock Exchange
 - The only bank with its headquarter within the region
- A **complete local bank** with highly qualified consultants
 - Good competence and fast local decisions
- **A solid equity** of NOK 1.7 bn
 - Financial strenght within development of the region
- **An active supporter** in sports, culture and konwledge
 - Annual support at NOK 12-20 mill.
- **A central owner** of Helgeland Invest
 - One of the largest investment companies i northern Norway

The bank

A bank engaged in the community



"This is not the first time Helgeland Sparebank steps up and saves projects that has gone bad financially.

At the same time it's usually the bank that often makes it possible to begin with construction and development of sport facilities within the region, through its spoken politic as a local supporter.

A good, local bank is a big asset for a local community, beacuse the bank is close up, knows the market and the people, and sees what will benefit not just the bank itself, but also the local community which it is a part of."

Manager Rana Blad – 22.09.11 (local newspaper)

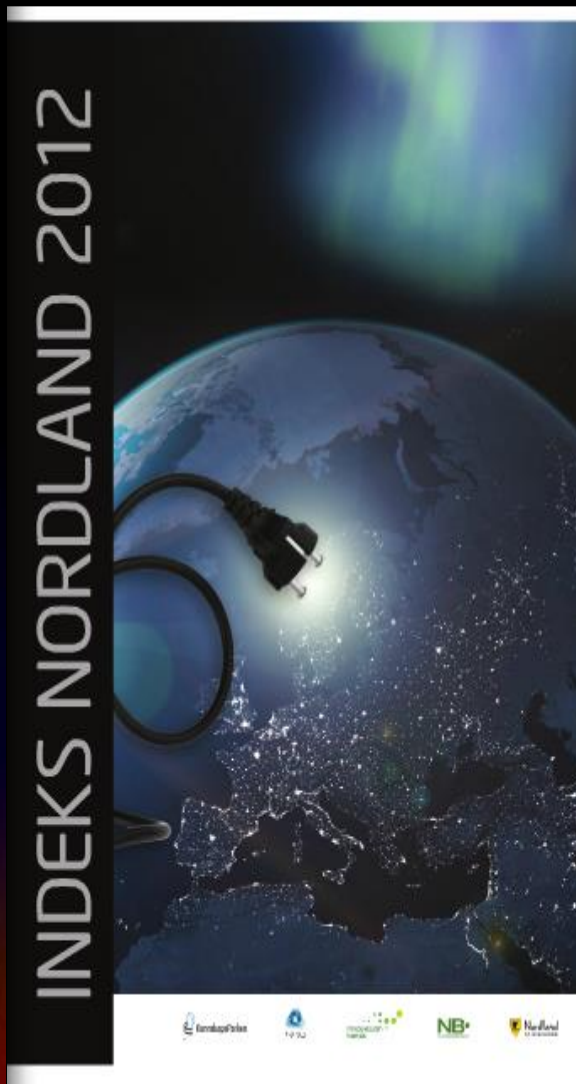
The bank

The equity certificate HELG – the 20 largest owners

Helgeland Sparebank		20 largest owners			
Per 31.03.12	Number of PCCs	%		Number of PCCs	%
Sparebankstiftelsen Helgeland	12 099 598	64.7 %	Sparebanken Vest	200 000	1.1 %
Sparebank 1 Midt-Norge	660 000	3.5 %	Nervik, Steffen	105 000	0.6 %
MP Pensjon	658 147	3.5 %	Hartviksen, Harald	94 498	0.5 %
Skagen vekst	407 400	2.2 %	Tromstrygd	75 000	0.4 %
Sparebanken Øst	386 994	2.1 %	Coop Norge SA	63 047	0.3 %
Helgelandskraft AS	340 494	1.8 %	Institutt for sammenligning	62 300	0.3 %
Sparebankstiftelsen DnB NOR	329 124	1.8 %	Arnesen, Dag Fredrik Jebsen	60 000	0.3 %
Nordea Bank	262 453	1.4 %	Sivesind Invest AS	52 541	0.3 %
Haslum Industri AS	221 697	1.2 %	Brage Invest AS	48 433	0.3 %
Terra utbytte	202 306	1.1 %	Andersson, Lars A	33 550	0.2 %
Total 10 largest owners	15 568 213	83.3 %	Total 20 larges owners	16 362 582	87.5 %

The bank has issued a total of 18.700.000 PCCs par value NOK 50,-

Indeks Nordland 2012 about Helgeland



"The region of Helgeland has had a strong growth within sales after 2009. Good export conjunctures for metals and salmon has, combined with a fast growing petroleum activity, stimulated to growth. The development within retail, transport and mining is also good.

Attractive career opportunities related to petroleum is pushing for a restructuring in the labor market. The changes are noticable through more servicerelated jobs and several new employers within the petroleum sector.

Eventually as the activity within petroleum increases, will this lead to many new jobs in the region, and increase the competition for labor. The access to attractive jobs in Helgeland has attracted several young workers. This turns particularly positive in Rana and Brønnøysund."

Central developments Q1/2012 at Helgeland



- **The process industry** in Mo i Rana and Mosjøen is doing well. This in spite of the fact that the market has been unstable, and pressed prices.
- **The engineering industry** is above the edge. The Miras-group is consolidated after its bankruptcy and the Momek Group increases their activity.
- **The mineral industry blossoms.** Rana Gruber and Brønnøy kalk are examples of this. A big dolomite occurrence outside Mosjøen gives new opportunities.
- **The Aquaculture** along the coast of Helgeland experiences increased demand and stable prices. The price level now gives positive margins.
- **The Agriculture** in Helgeland goes well, specially within milk- and pork production. Large investments in automated agriculture buildings.
- **The oil activity increases.** Statoil's plans for the Luva field leads to increased activity in Sandnessjøen and Brønnøysund. Westcon Nesna is soon ready for rig maintenance.
- **The service production** is a new and big growth opportunity. Over 300 applicants to 20 new engineering positions at Aker Solutions in Sandnessjøen.
- **Center of Knowledge** under construction in Mo i Rana. The University of Nordland and the Colleges signal will to increased commitment in Helgeland.
- **The infrastructure investment** is in progress. Keywords The Toven tunnel, E6-financing and airport development in Mo i Rana and Sandnessjøen.
- **The Mosjøen weavery** is bankrupted. The bank has acquired the property. The property can give new opportunities for city- and business development in Vefsn.