



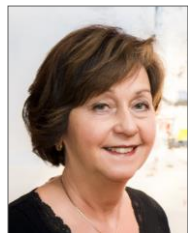
Presentation

Q1 2017



med  for
HELGELAND

Presentation per 31.03.17 (HSB Group)



Lisbeth Flågeng
Chief Executive Officer



Sverre Klausen
Chief Financial Officer

Main Features

Profit & loss

Balance

Lending

Deposits

Funding

Solidity

Helgeland

Appendices

Main features per 31.03.17

Result

Gross profit MNOK 84 (154)

- Adjusted for one-time effect pension, gross profit was MNOK 79 in Q1 2016.
- Good profitability in the banks basis operations, net interest increased in NOK and maintained in %
- Lower Nibor has given lower prices on lending from Mars.

Profitability

- ROE (after tax) 8,1 (12,1)%

Solidity

Capital adequacy – CET1 ratio 15.8 (14.9)% – total capital ratio 19.2 (18,2)%

- FSA concluded in Q1 2017 with a Pilar 2 addition of 2.2 %
- The Group's capital demands included Pilar 2 amounts to 14.2 % from 31.12.17

Main features per 31.03.17

Lending

12-month growth 9.8 (9.1)%

- Retail market 8.8 (10.3)%
- Corporate market 11.9 (6.9)%

Growth in RM is normalized, growth in CM is as expected

Deposits

12-month growth 11.9 (4.3)% – good deposit ratio 64.5 (63.3)%

- Retail market 4.8 (6.6)%
- Corporate market 22.4 (0.5)%

VIPPS

- All formal approvals are landed, the last one from FSA 28.04.17



Main features

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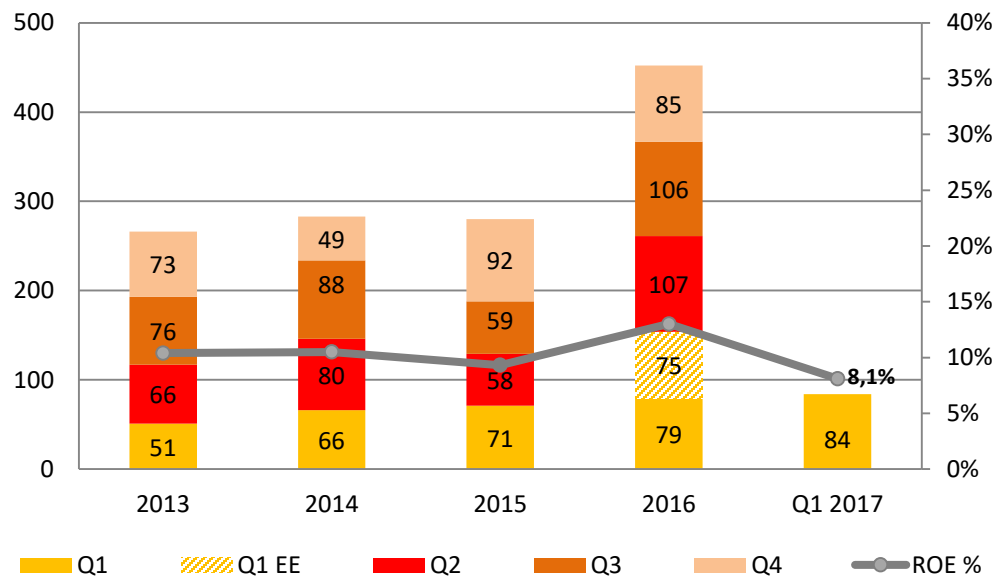
Solidity

Helgeland

Appendices

Profit

Profit development (MNOK)



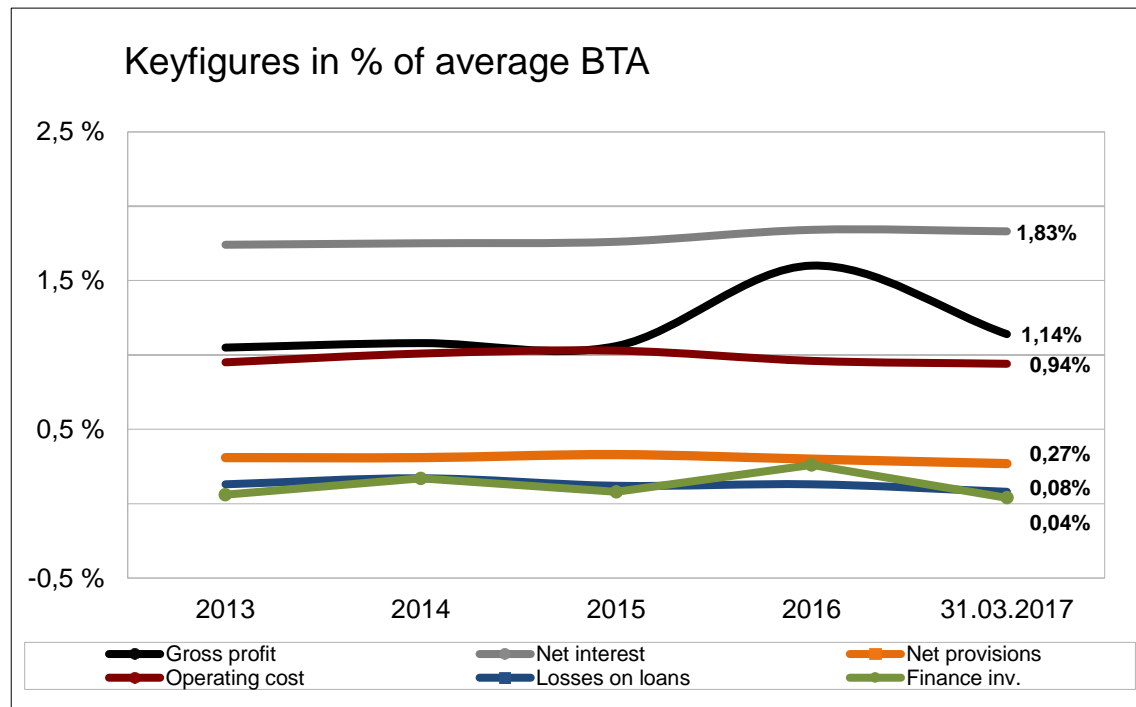
Good result Q1

Gross profit MNOK 84

- ROE after tax 8,1 %

Adjusted for one time effect pension (MNOK 75) profit in Q1 2016 was MNOK 79.

Key figures



Stable net interest

- 1.83% per 31.03.17

Net provisions

- 0.27% - reduced from 0.30%

Operating costs

- Flattening

Moderate write-downs on lending

Profit & loss

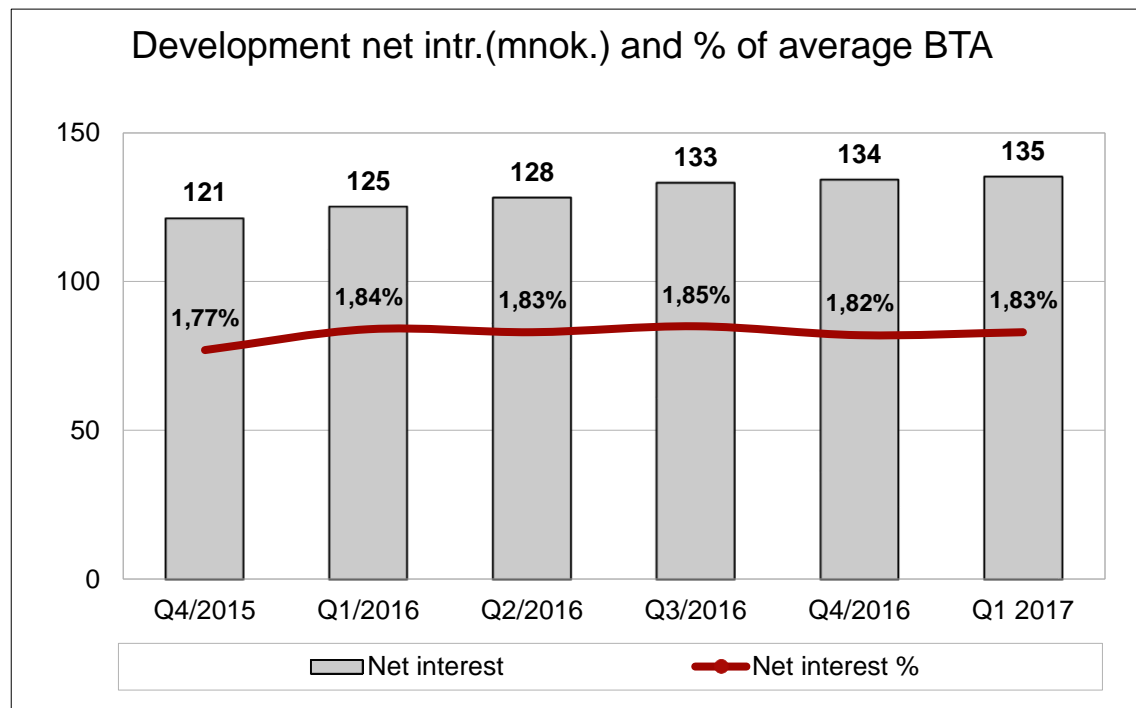
Helgeland Sparebank (group)

	Q3/2015	Q4/2015	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1 2017
Net interest- and credit provision earnings	116	121	125	128	133	134	135
Net provision earnings	23	22	20	22	22	21	20
Other operations income	6	2	2	1	1	2	1
Ordinary operations cost	66	66	65	69	65	72	69
Result basic operations	79	79	82	82	91	85	87
Write-downs lending and warranties	9	12	5	6	5	20	6
One-time cost		8					
Income by conversion to defined contribution			75	1		-2	
Net value change financial instruments	-11	33	2	30	20	22	3
Gross profit	59	92	154	107	106	85	84
Net profit	45	70	117	85	84	69	64
Net extended income posts	-14	36	1	-19	5	8	8
Profit for the period	31	106	118	66	89	77	72

Commentary

- Stable and good basis operation
- New finance tax affected operating costs by MNOK 1.3 in Q1 2017
- Moderate write-downs on lending Q1
- Net value change financial instruments ,profit share Helgeland Invest amounts to MNOK 4.1
- Extended income statement: Value increase; Owner share in Brage Finans AS and interest-bearing securities

Net interest

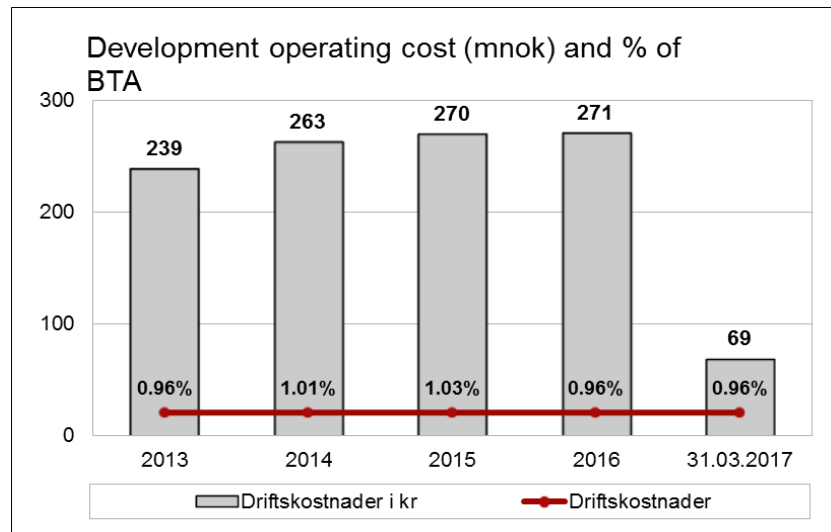
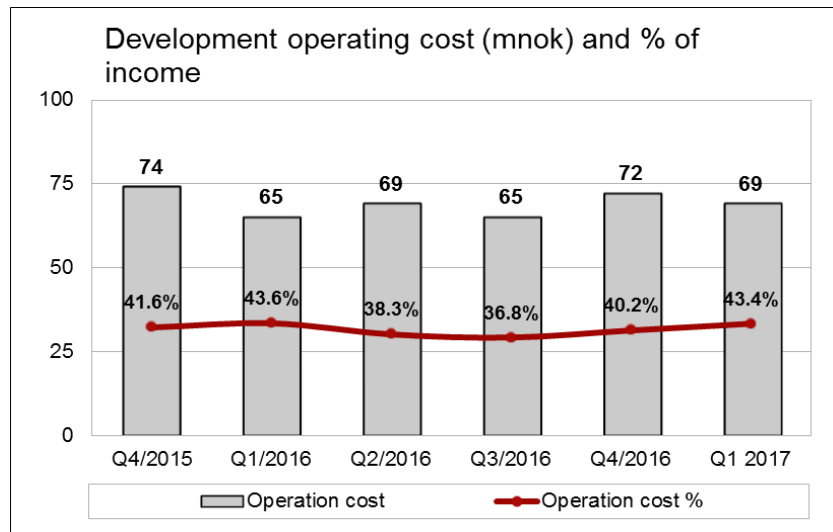


Increased net interest

Still strong competition regarding price

- Maintained net interest in %.
- Reduced credit spread on lending
- Lower lending costs with falling Nibor from Mars

Operating costs



- Costs in % of BTA unchanged in the quarter
- Costs increased with finance tax of MNOK 1.3 in Q1 2017
(One time effect pension 2016 is not included in the calculation above)

A photograph of two young girls walking hand-in-hand on a dirt path in a forest. The girl on the left has short brown hair and is wearing a white cable-knit sweater, blue jeans, and pink rain boots with yellow floral patterns. The girl on the right has long brown hair in a braid and is wearing a blue and white striped sweater, blue jeans, and solid pink rain boots. They are both smiling and looking at each other. The background is a lush green forest with many trees and foliage.

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En drivkraft for vekst på Helgeland



Balance

Helgeland Sparebank (group)			
	31.03.17	31.12.16	Change
Assets			
liquid assets	579	602	-23
Net lending to customers	25 089	24 632	457
Shares/investments in AC and DC	4 106	3 851	255
Debt and equity			
Deposits from customers	16 270	16 173	97
Money market financing	9 961	9 258	703
Subordinated debt	300	300	0
Equity	3 054	3 208	-154
Total assets	30 102	29 383	719



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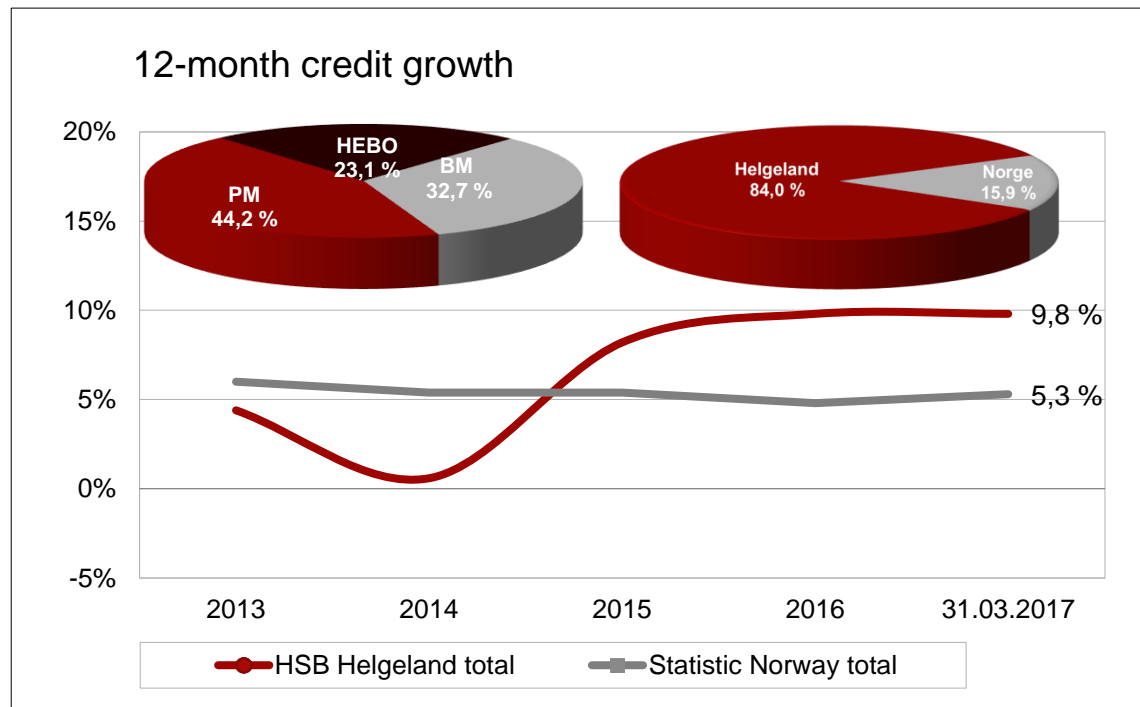
Helgeland

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En drivkraft for vekst på Helgeland



Credit growth



Commentary

Credit growth

- 12-month growth 9.8 (9.1)%

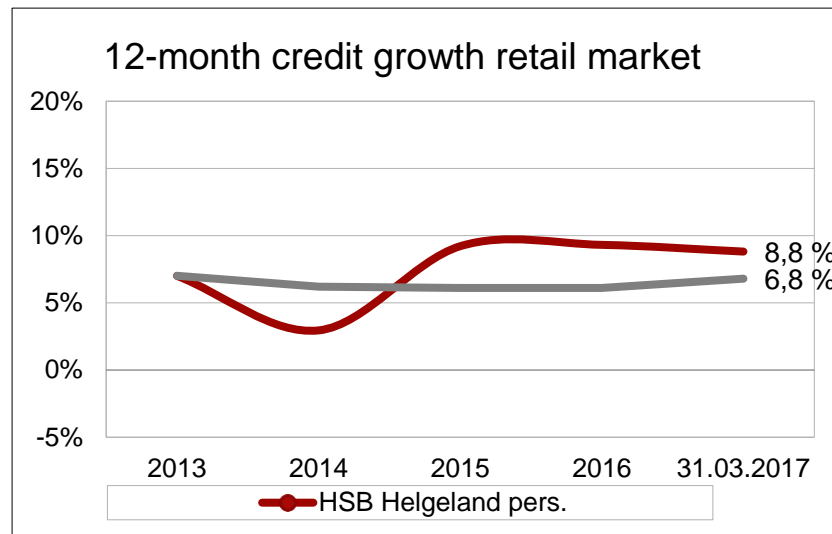
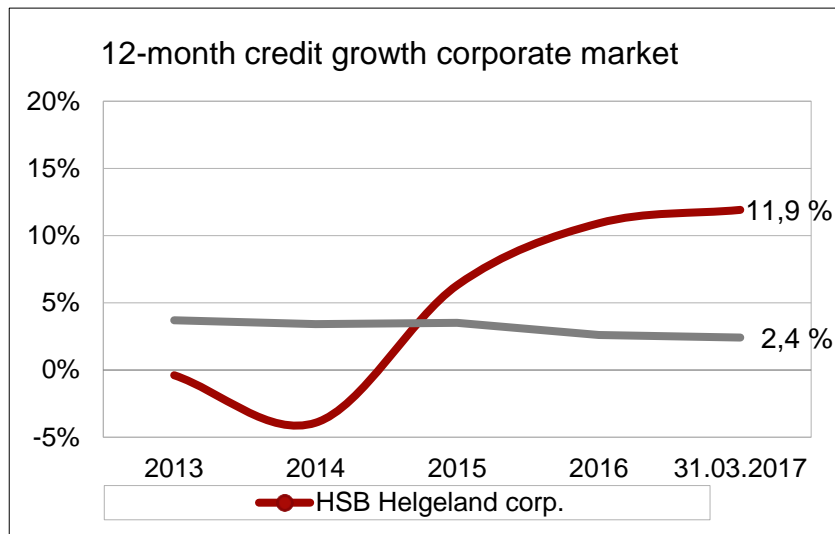
PM share

- Target minimum 60%
- Per Q1 67.3 (67.9)%

Locally in Helgeland

- Per Q1 84.0 (83,6)%

Credit growth CM and RM

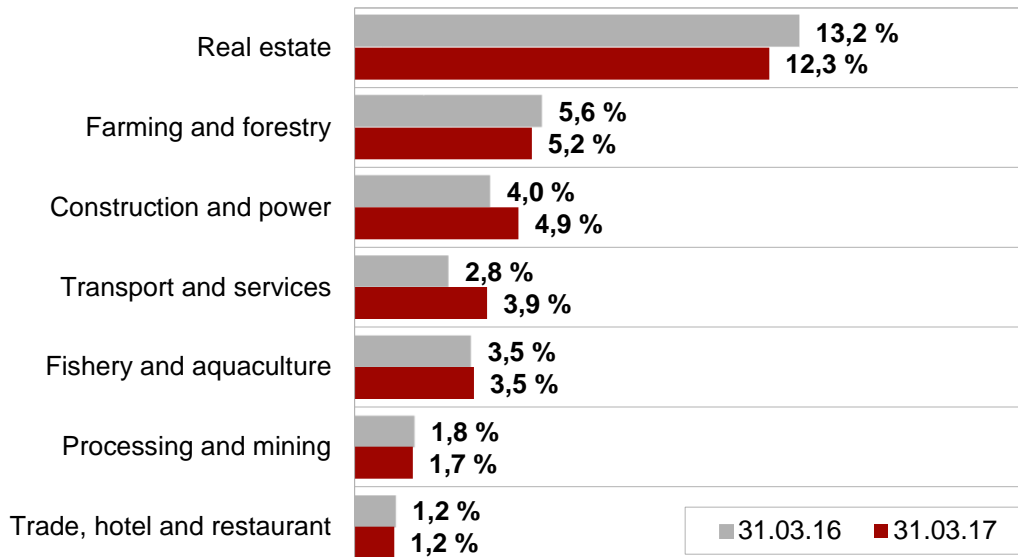


Commentary

12-month growth 9.8 (9.1)% whereby CM 11.9 (6.9)% and PM 8.8 (10.3)%

Lending CM

Lending distributed in sector

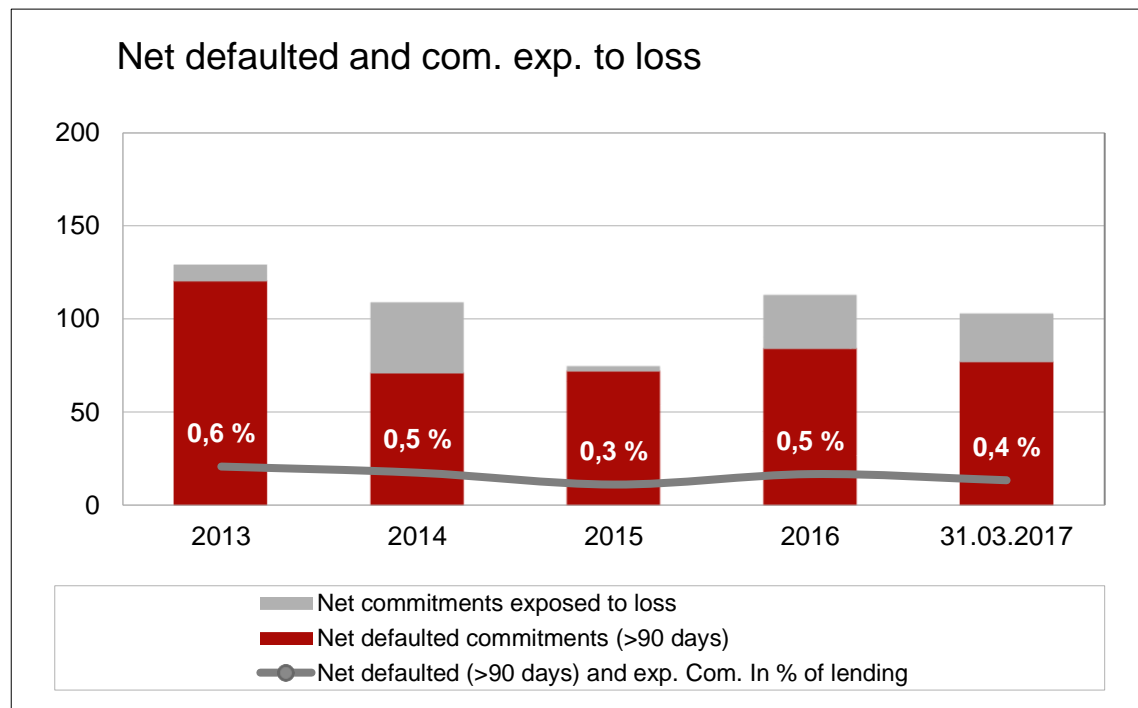


Commentary

Good diversification in the CM lending portfolio and very loyal corporate customers

Share CM of total lending 32.7 (32.1)% or MNOK 8 256 (7 379)

Non-performing and other impaired commitments




Good portfolio quality

Net non-performing and other impaired commitments amounts to MNOK 103 (114) Which equals 0.4 (0.5)% of gross loans

Total group write-downs

- MNOK 87
- 0.35% of gross loans



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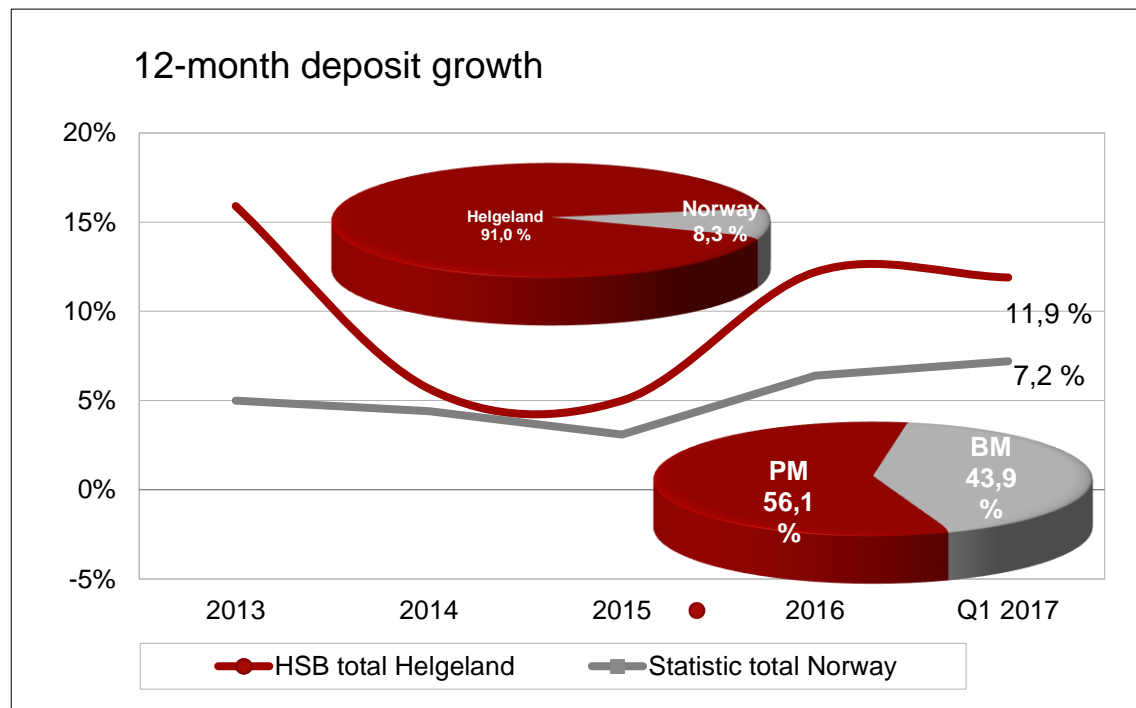
Funding

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Deposit growth



Commentary

12-month growth 11.9 (4.3)%

PM share

- Per Q1 56.1 (59.9)%

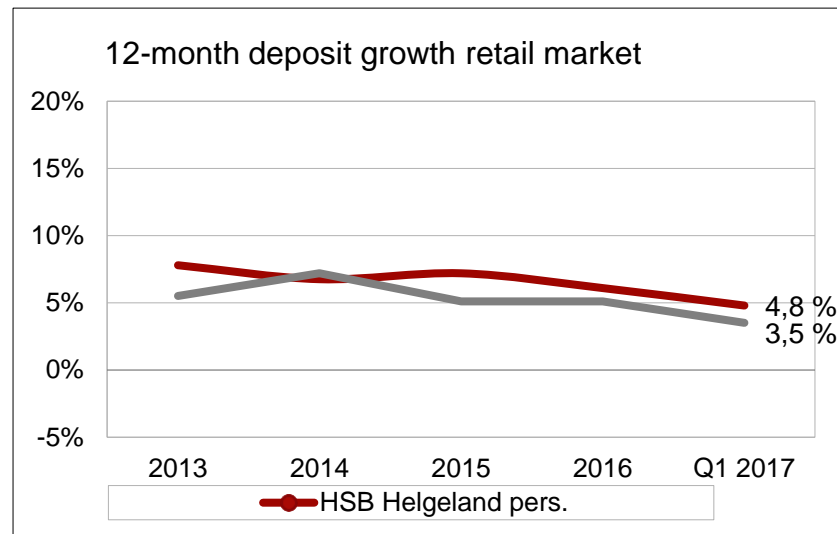
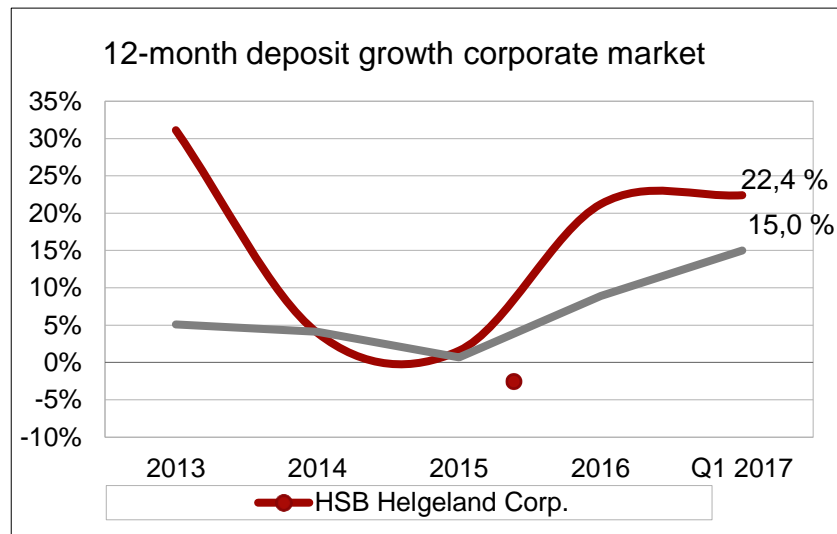
Locally in Helgeland

- Per Q1 91.0 (91.0)%

Deposit ratio

- Target minimum 60%
- Per Q1 64.5 (63.3)%

Deposit growth CM and RM

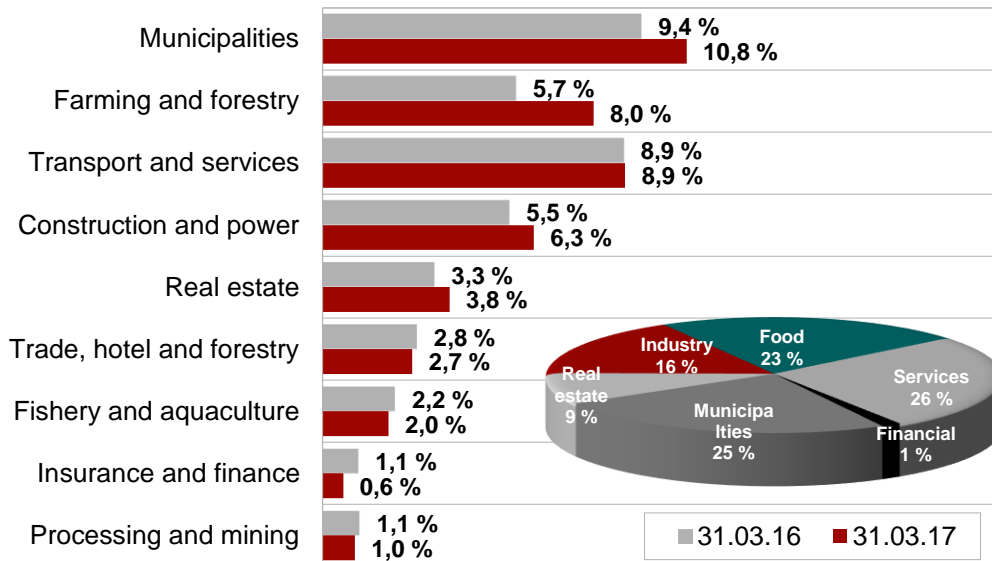


Commentary

12-month growth 11.9 (4.3)% whereby CM 22.4 (0.5)% and PM 4.8 (6.6)%

Deposits CM

Customer deposits



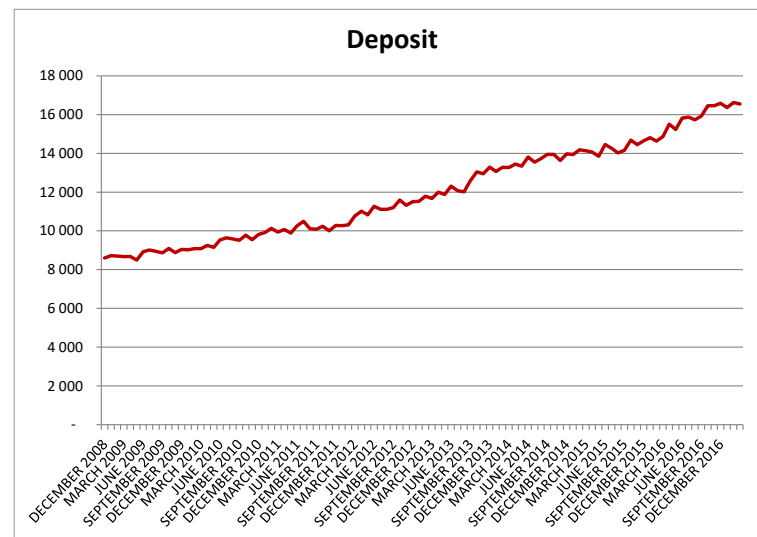
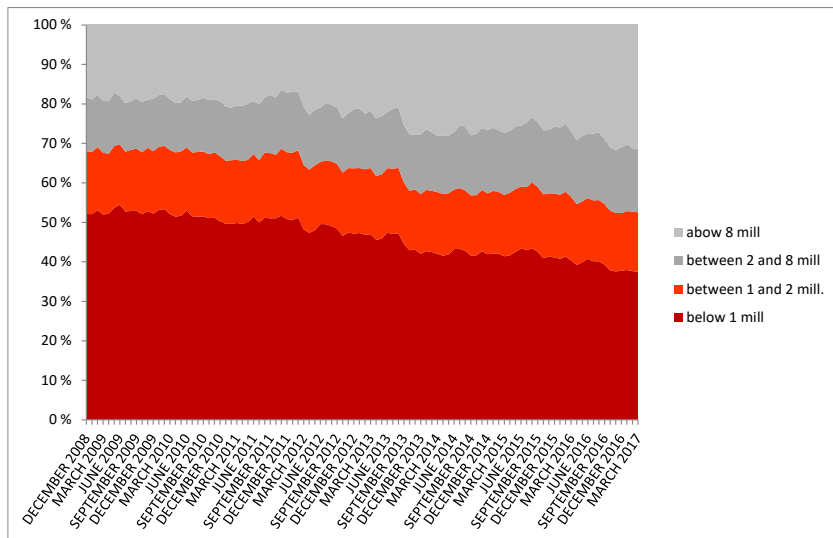
Commentary

Well diversified deposit portfolio in the CM

Share CM 43.9(40.1)% or MNOK 7 146 (5 836) of total deposits

Deposits from municipalities constitute 25% of the CM deposits

Deposit development



A large share of PM deposits is under MNOK 2 (52.5 % of total deposits). The level is the same as last quarter end, but slightly declining because of the strong growth in corporate deposits.
About 60 % of the deposit is covered by the guarantee scheme



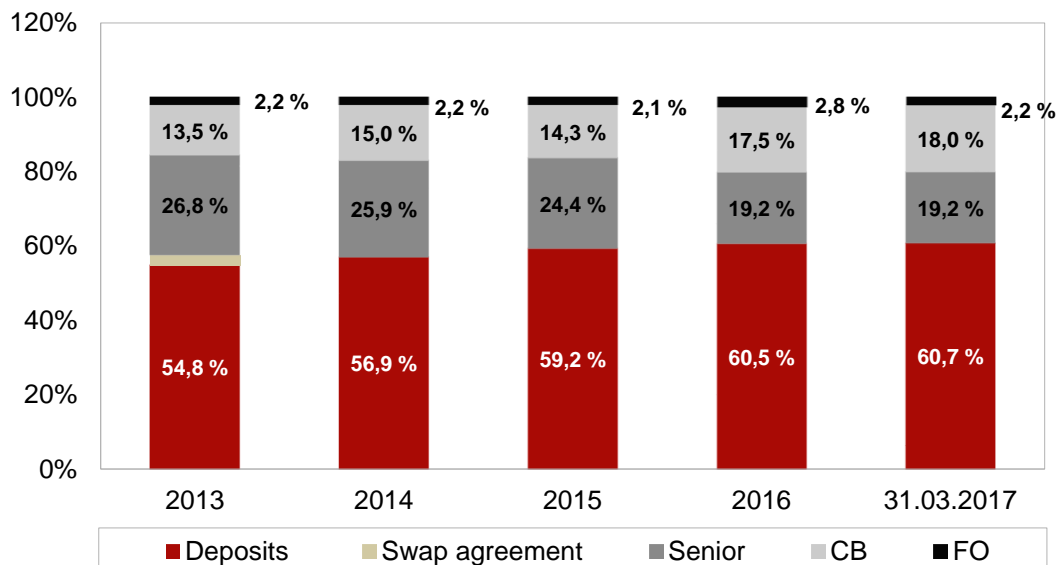
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Funding

Funding development (MNOK)

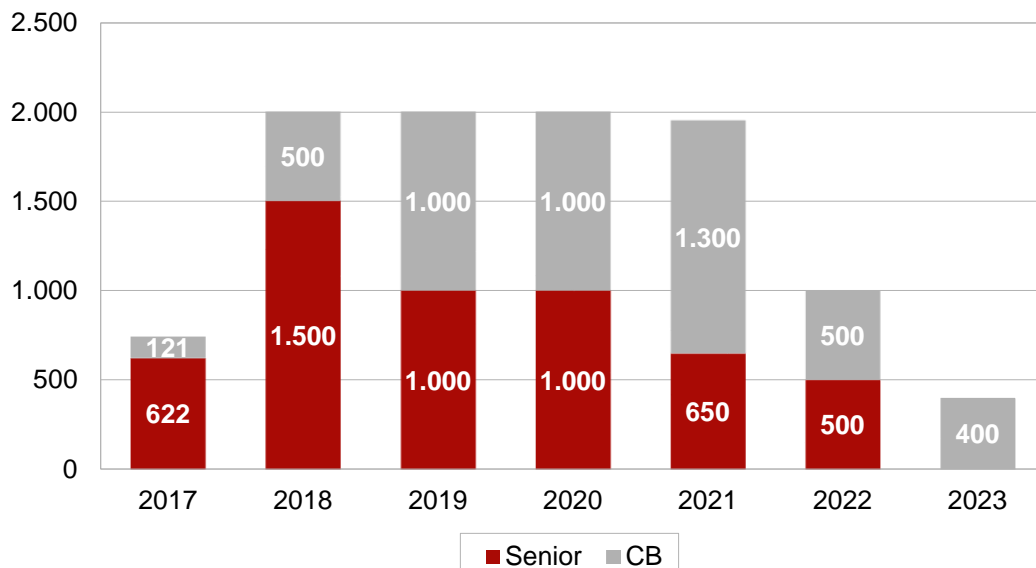


Commentary

Deposits are the most important source for funding.

Funding

Maturity of loans (MNOK)



Commentary

Good and long term funding

Share long term funding
82.7% (87.6)%

Combined duration of 2.8
(2.5) years. Duration in the
mortgage company 3.3 years

Helgeland Boligkreditt AS

Helgeland boligkreditt AS, fully owned by Helgeland Sparebank

- Net profit MNOK 9.6 (9.4).
- CET1 ratio of 16.5 (20.1)%
 - standard method with 35% mortgage weights
- Gross loans amounts to MNOK 5 825 (4 604) and CB MNOK 4 922 (3 963)

Cover pool ratio of fullness 21 (22)%

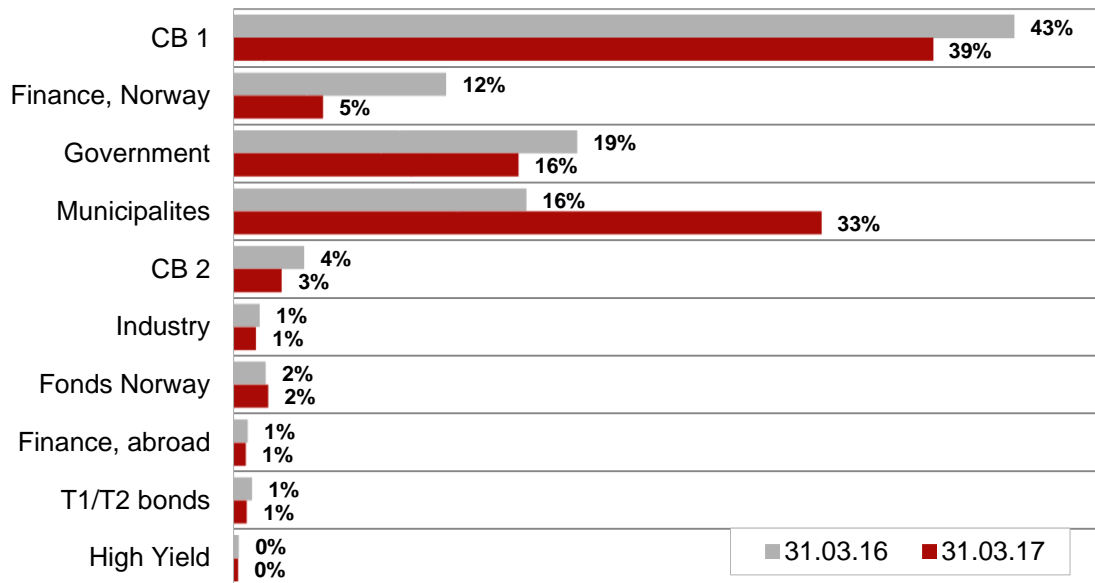
Combined LTV 52 (53)%

Stress test HEBO – with a housing price fall of 40%. The cover pool ratio is reduced from 21% to 10%

Maximum limit for transferring is 30% of the Group's gross lending, transferred loans 23 (20)%

Liquidity buffers

Sector distribution interest portfolio



Commentary

The liquidity buffers amounts to NOK 4.1 (3.8) bn. – equal 13.7 (13.7)% of total assets. The buffer capital consists of cash, deposits in Bank of Norway/banks and interest paying securities. of this the interest portfolio is NOK 3.5 bn.

Interest paying securities:

- Portfolio duration 2.0 (2.2) years
- 96% are rated A- or better
- 90% CB or Govt./municipal bonds

Municipal securities are actively used as short-term liquidity placement

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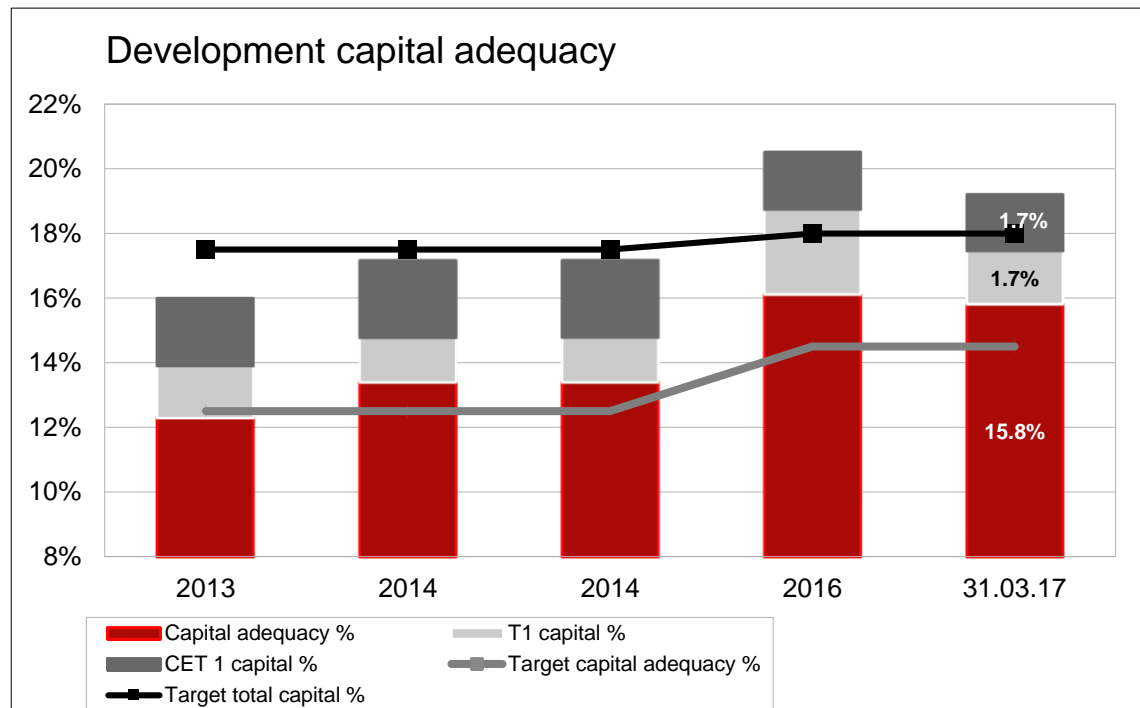
Appendices



En drivkraft for vekst på Helgeland



Capital adequacy



Commentary

Capital ratio

- CET1 15.8 (14.9)%
- Core capital 17.5 (16.3)%
- Total capital 19.2 (18.2)%

Well capitalized after placements in 2016. Repaid CB of MNOK 150 in 2017

The bank's targets, CET1 of minimum 14.5% and total capital of minimum 18.0%

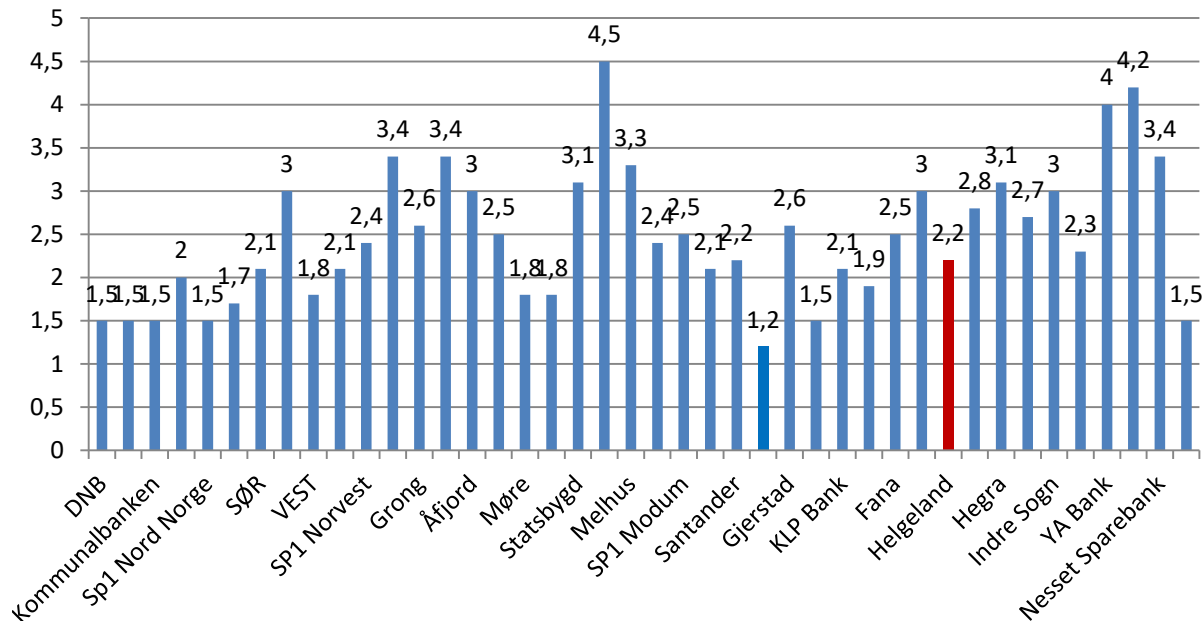
The bank is considering new capital goals in September 2017

The Group's capital goals included Pillar 2 addition of 2.2% amounts to 14.2% per 31.12.17

Leverage ratio: 9.2 (8.2) %.

Pilar II demands

Pillar II chronologic after appraisal date



Commentary

The Group has been given a Pillar 2 addition of 2.2 %

The owners risk of the bank's investment in Helgeland Invest AS is included in total Pillar 2 demands. Total capital contribution from HI AS is positive.

The profit contribution from the ownership will be exposed to conjunctions depending on underlying companies results.

The other part of Pillar 2 addition is on level with the bank's that has been given the lowest addition.



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HELG – the 20 largest owners

Per 31.03.17	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	7 255 020	34.8 %	Vigner Olaisen AS	294 653	1.4 %
Pareto AS	1 949 392	9.3 %	Verdipapirfondet Pareto	246 000	1.2 %
Merrill Lynch Prof.	1 253 462	6.0 %	Catilina invest AS	221 858	1.1 %
UBS AG, London Branc A/C	1 104 872	5.3 %	DNB Nor Bank ASA	181 749	0.9 %
VPF Nordea Norge	692 837	3.3 %	Melum Mølle AS	166 679	0.8 %
Pope Asset Management BNY	651 841	3.1 %	Landkreditt utbytte	160 000	0.8 %
EIKA Utbytte VPF	540 270	2.6 %	Forte Trønder	133 300	0.6 %
MP Pensjon PK	462 203	2.2 %	Melesio Capital AS	113 000	0.5 %
Lamholmen AS	442 353	2.1 %	Steffen Nervik	110 000	0.5 %
Helgeland Kraft AS	377 691	1.8 %	Nordenfjelske Bykreditt	110 000	0.5 %
Total 10 biggest owners	14 729 941	70.6 %	Total 20 biggest owners	16 467 180	78.9 %

The bank has issued a total of 20 871 427 primary certificates value of NOK 10,-.

HELG – EC development and liquidity



The price of HELG per 31.03.17. was NOK 80.50 per EC (adjusted for dividend). 81.00 at year end and NOK 60.00 31.03.16.



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Prospects and priorities

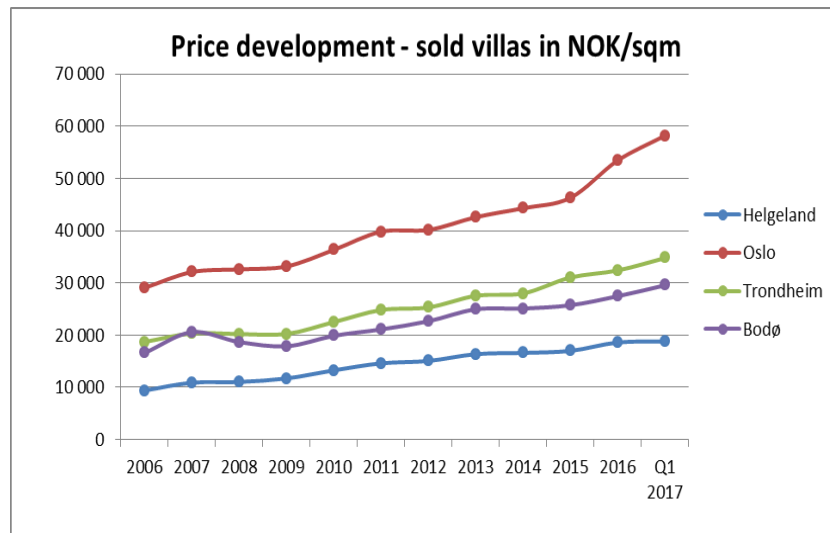
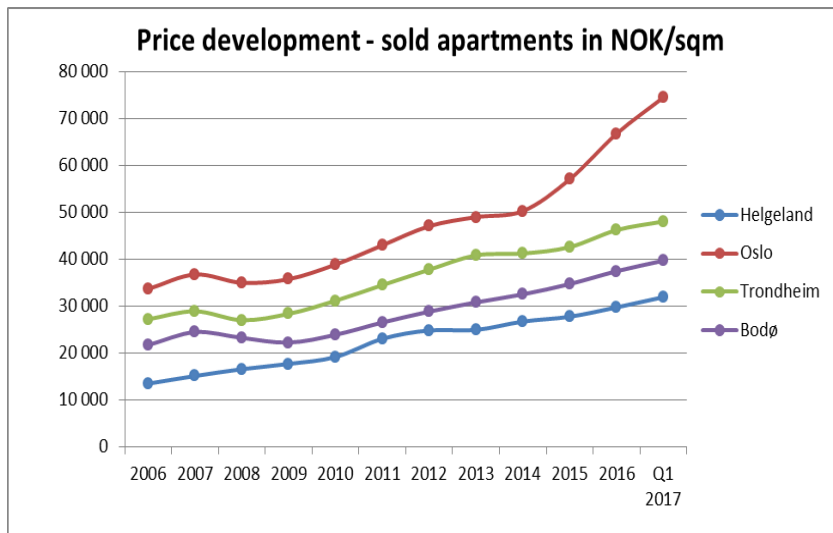
Result

- Profitable growth - Increasing offensive measures in the retail market
 - Expatriate people from Helgeland
 - More cooperation with mortgage brokers
 - Offensive sales organization ensures width sale
 - Effect from sales of consumer loans through Brage Finans AS
 - Focus on good consulting in the customer dialogue
 - All RM advisors credit authorized
 - Stronger highlighting of the bank's significance for Helgeland
 - Important part of the customer dialouge and big influence for the customer loyalty
- Maintaining the net interest.
 - Still unexploited potential in the mortgage company
- Efficiency
 - Expected growth is handled without increased man years
 - Ongoing evaluation of the distribution net and automatic offers
 - Ongoing implementing of new digital solutions
 - Increased investment needs – robot technology and CRM
- Low / moderate losses

Balance

- High activity and willingness to invest in the business community
- Activity in the retail market is seasonally normalized, some flattening of housing prices
 - Overall slightly lower credit growth in 2017 than 2016, nevertheless slightly higher than the national average?
- Expecting to maintain a relatively high level of the bank's own funding through deposits

Stabile property price development



Property price development in Helgeland compared to larger places (measured by price pr sqm for sold houses).

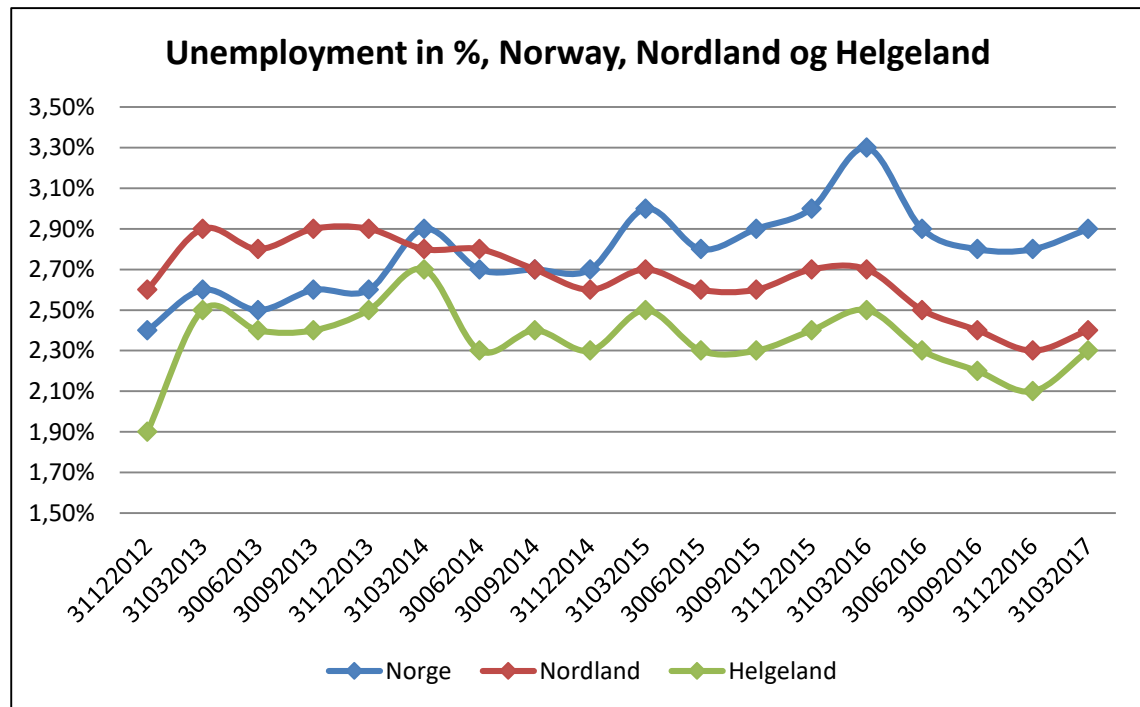
Average national price increase for apartments in 2016 by the end of Mars was 3.2%.

- Property price increase in Helgeland was 6.8% in the same period. Bodø 6.0% and Oslo 11.9%

Villas had in 2016 by the end of Mars had a national average price increase of 5.8%.

- Property price increase in Helgeland was 2.5% in the same period. Bodø 7.6% and Oslo 10.0%

Unemployment



Commentary

Unemployment in Helgeland and in Nordland is by the end of Mars 2017 slightly lower Norway overall.

Overall unemployment in Helgeland is 2.3% by the end of Mars 2017.

At the same time, unemployment nationally was 2.9% and in Nordland 2.4%

The future is in the North?

- The governments north area strategy
 - North of Norway is very important for the country – higher growth than nationally
 - Will have a crucial part in the changeover Norway is heading against
 - Industry, sea food, petroleum, shipping and tourism
 - BUT: we have to succeed creating cities and local societies that attract youth and new competence
 - Concrete suggestion on appeasement of student loans for teachers in North of Norway



The future is in the North?

- Industry message
 - The first since 1981 !
 - Norway is supposed to be the leading industry – and technology nation
 - The largest potential is in north of Norway
 - Green industrial growth in north of Norway
 - Large water power resources
 - Minerals
 - Fish
 - Competence and industrial environments
- Nordland third largest export county in 2016
 - Minerals amounted to 16 bn



Meld. St. 27
(2016 – 2017)
Melding til Stortinget

Industrien – grønnere, smartere
og mer nyskapende



The future is in the North?

- Industry message
 - Concrete export strategy with extended GIEK-guarranties
 - Examin / reinforce capital access
 - Establish top industry centre with Kongsberggruppen in the lead
 - Node in Mo Industripark?
 - Recycling and reuse of resources
 - Industry in Helgeland is in advance
 - Sintef's establishment on Helgeland
 - Establishment of SFI (Centre for research-driven innovation) in Helgeand



Meld. St. 27

(2016 – 2017)

Melding til Stortinget

Industrien – grønnere, smartere
og mer nyskapende

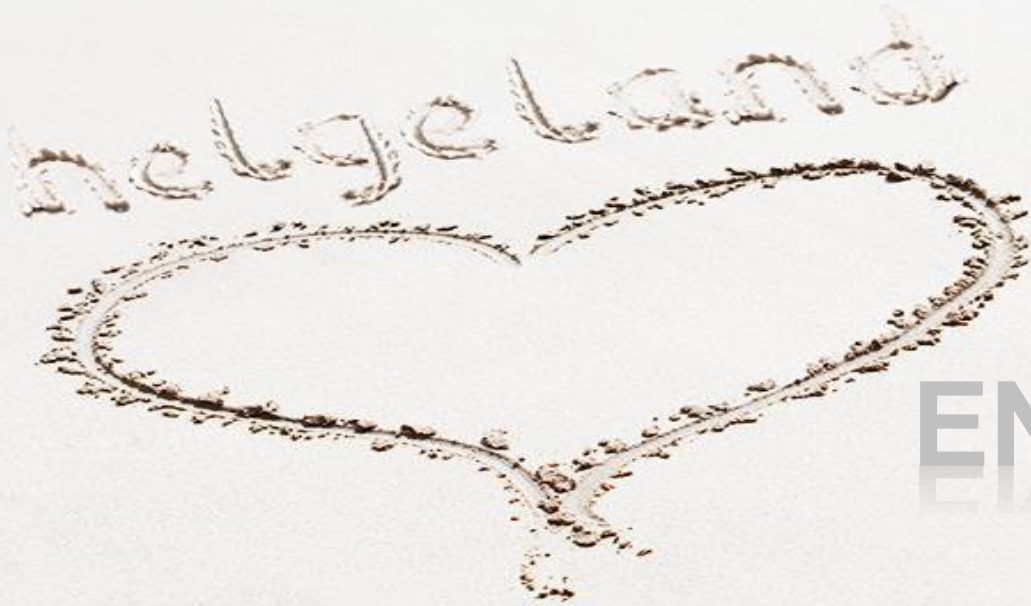


The future is in the North?

- Norwegian transport plan for 2018-2029
 - Finishing large development of E6 in Helgeland, in 2017 NOK 6.5 bn.
 - Finished in 2021
 - New airport in Bodø
 - 1.5 bn for new large airport in Mo I Rana
 - MNOK 600 in local financing will make it possible for early start in the NTP period
 - No one of the three other airports are closing



The future is in North!
Thank you for your attention!



EN DRIVKRAFT
FOR VEKST

A photograph of a forest floor. A large, textured tree trunk with moss at its base dominates the right side of the frame. The ground is covered with numerous small, white, five-petaled flowers with yellow centers, growing among green foliage. The scene is softly lit, suggesting a dappled sunlight effect.

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Helgeland Sparebank

helgelandboligkreditt 100%

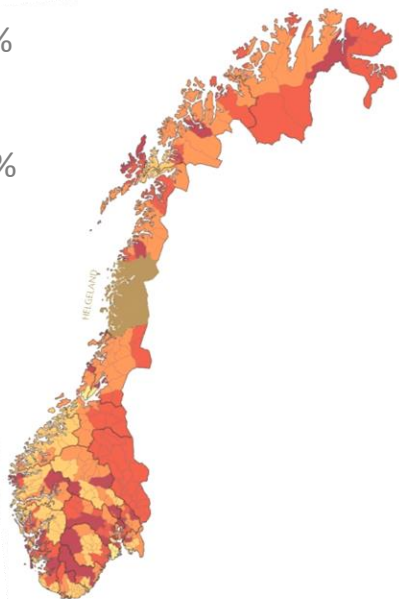
HELGELAND INVEST 48%

REDE EIENDOMSMEGLING 40%

FrendeForsikring 7,9%

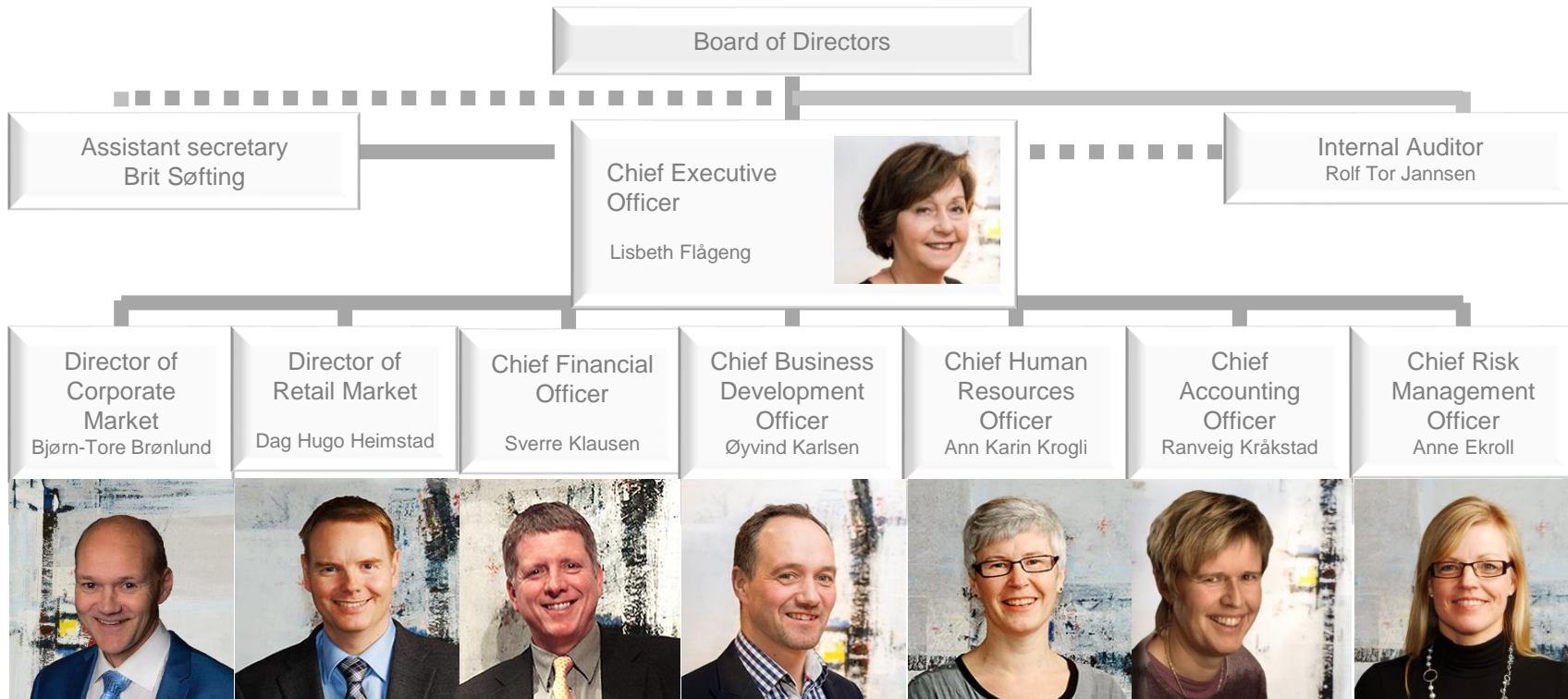
NORNE SECURITIES 7,5%

BRAGE FINANS 10%



- Helgeland Sparebank is the 10th. largest savings bank in Norway.
- Vision: a driving force for growth in Helgeland.
- Business concept: to be a profitable and the leading bank in Helgeland. The bank provides financial products and services to consumers, small and medium-sized businesses, municipalities and other institutions related to Helgeland.
- Offices: The Bank has four full service offices. These are located in Mo i Rana, Mosjøen, Sandnessjøen and Brønnøysund. The bank have also 8 minor offices.
- Total assets: MNOK 30 102
- Employees, annual positions: 150
- Moodys rating: A3 – Stable outlook. Ticker: HELG, owner fraction 76,56%.

The bank's organization



Contact information

Head office

Postal address	Postboks 68, 8601 Mo i Rana
Visiting address	Jernbanegata 15, 8622 Mo i Rana
Phone number	75 11 90 00
Web	www.hsb.no
Organization number	937904029

Management

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Ranveig Kråkstad, Chief Accounting Officer – 75 12 83 32 / 905 04579 – ranveig.krakstad@hsb.no

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Tore Stamnes, Head of Treasury – 75 11 90 91 / 415 086 60 – tore.stamnes@hsb.no

Board of directors

Ove Brattbakk, leder
Stein Andre Herigstad-Olsen, nestleder
Eva Monica Hestvik
Bjørn Audun Risøy
Inga Marie Lund
Nils Terje Furunes
Marianne Terese Steinmo
Birgitte Lorentzen
Geir Pedersen