



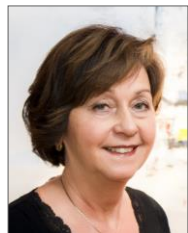
Presentation

1. half year 2015



med  for
HELGELAND

Presentation 1. half year 2015 (HSB Group)



Lisbeth Flågeng
Chief Executive Officer



Sverre Klausen
Chief Financial Officer

Main Features

Profit & Loss

Balance

Lending

Deposits

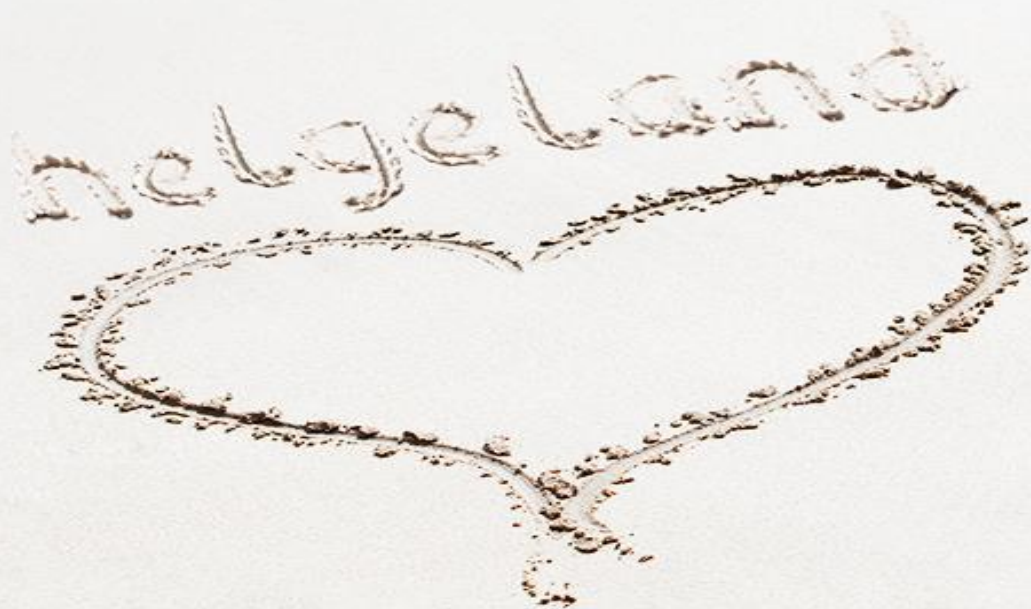
Funding

Solidity

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Helgeland

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Main features 1st half year

Result

Gross Profit MNOK 129 (146)

- Maintained net interest in NOK and percent
- Lower income from financial investments
- Moderate write-downs on lending

Profitability

- ROE (after tax) 8.9 (10.7) %

Solidity

Strengthened capital adequacy – CET1 ratio 14.2 (12.0) % – total capital ratio 17.6 (15.7) %

- Increase related to unrealized gains

Main features 1st half year

Lending

6-month growth 3.7 (0.6) %

- Retail market 4.4 (0.9) %
- Corporate market 2.0 (-0.1) %

Deposits

6-month growth 4.5 (5.6) % – good deposit ratio 66.5 (65.9) %

- Retail market 7.4 (9.1) %
- Corporate market -0.3 (0.2) %

Interest rate change

Maintained competitiveness on mortgages

Market adjusted deposit conditions

Valid for new customers from June 22nd and to existing customers from september 1st

Main features 1st half year

New control targets decided board meeting June 2nd:

Capital goals

- CET1 ratio on 14.0 % and a total capital ratio up towards 17.5 %.

Cost target

- Annual cost growth on maximum 1.0 %

Other financial targets

- Dividend policy and ROE target unchanged

Main features 1st half year

New real estate agency– REDE Eiendomsmegling AS

The new real estate agency operational from June 1st, with accession of CEO September 1st. Helgeland Sparebank owns 40 % and the company has a market share of over 50 %.

Upgraded rating from Moody's

In May 2015 the banks rating was upgraded with two characters from Baa2 to A3 with “stable outlook”.

Mid Cap Index (OSEMX)

Oslo Stock Exchange has launched a new index for middle size companies which includes our own ECs. This is expected to increase the visibility of the ECs.



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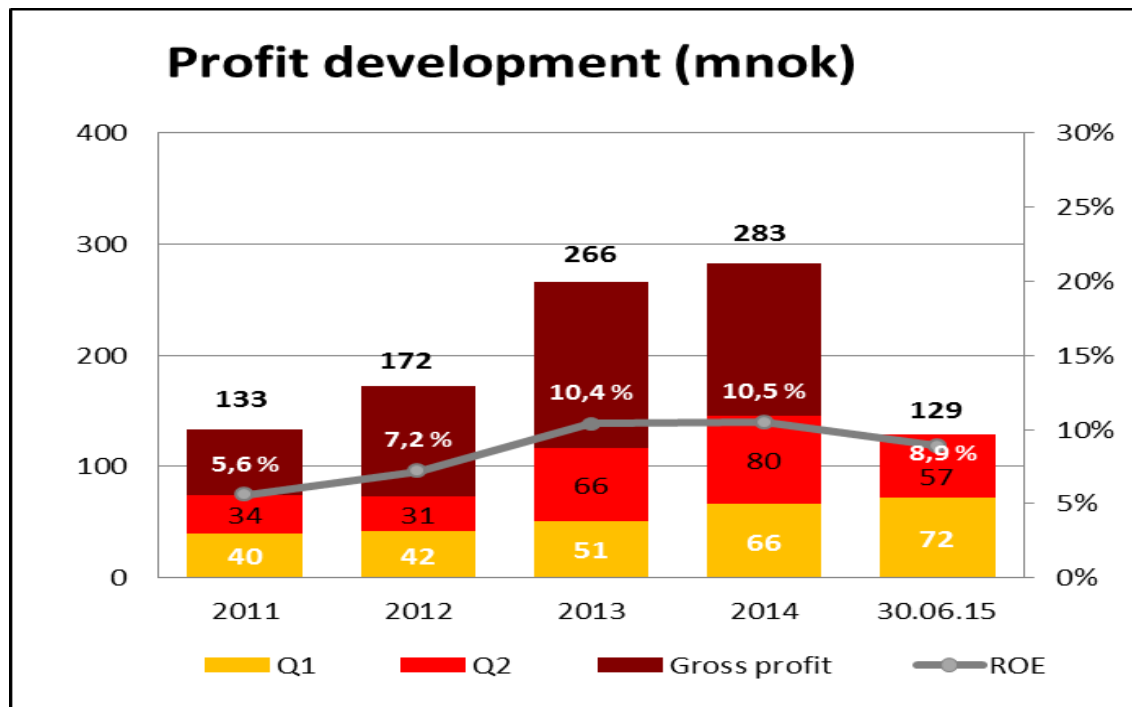
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Result



Good result so far this year

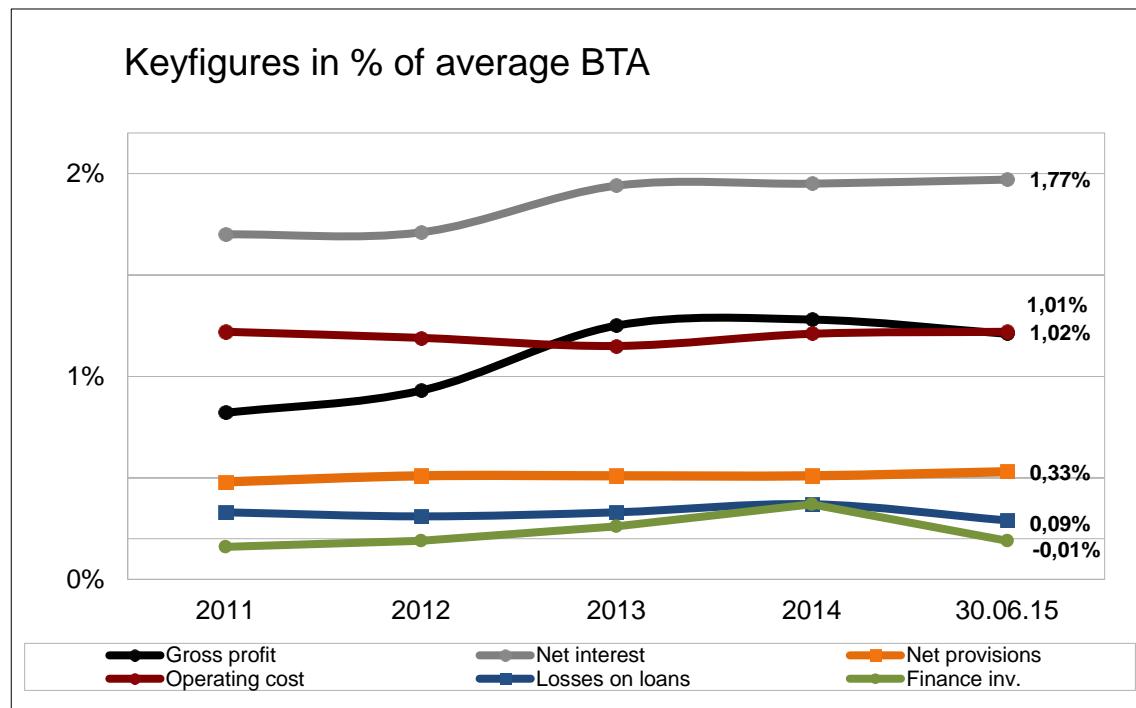
Stabile net interest

- Reduction of mortgage interest rates is covered through reduction of deposit interest rates and lower deposit costs

ROE

- Target minimum 10 %
- Per 30.06.15 8.9 (10.7) %

Key figures



Commentary

Net interest

- Maintained from 2013

Net commissions

- 0,33 % - stabile level

Operating costs

- weak increase since 2013

Losses on lending

- Moderate level so far this year

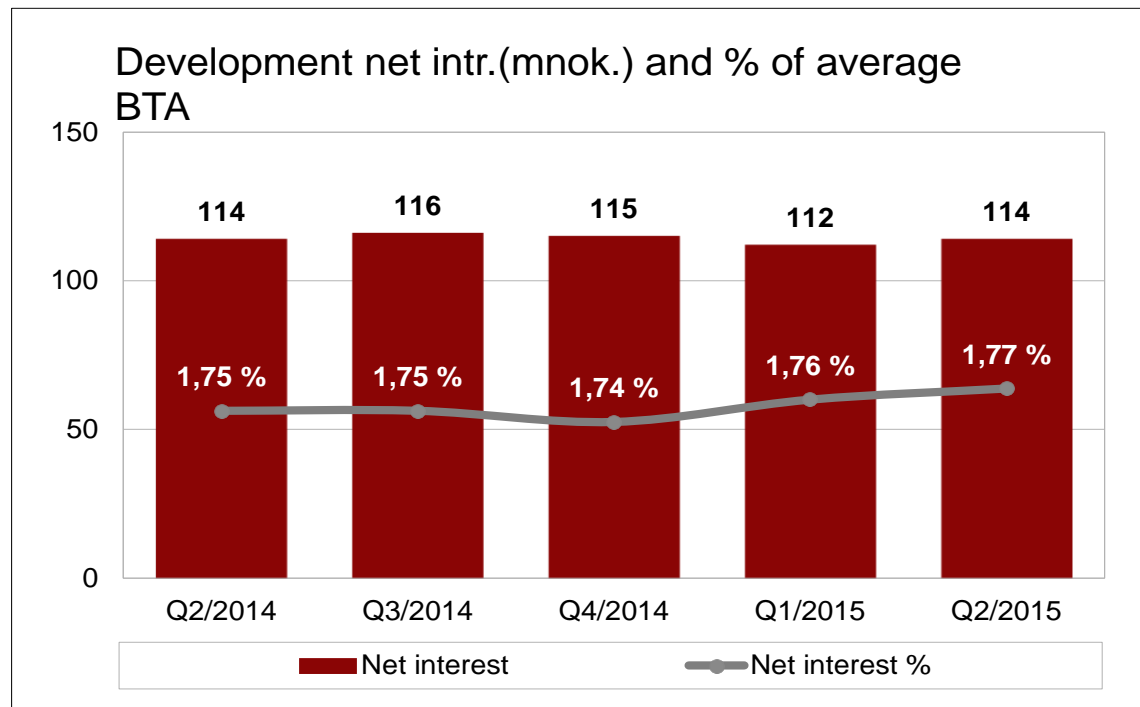
Profit & loss

Helgeland Sparebank (group)	Profit & loss (MNOK)					
	Q1/2014	Q2/2014	Q3/2014	Q4/2014	Q1/2015	Q2/2015
Net interest- and credit provision earnings	113	114	116	115	112	114
Net provision earnings	19	22	22	19	21	20
Other operations income	1	1	2	3	2	1
Ordinary operations cost	62	61	63	77	67	63
Result basic operations	71	76	77	60	68	72
Write-downs lending and warranties	11	18	6	9	0	11
Net value change financial instruments	6	23	17	-2	3	-4
Gross profit	66	81	88	49	71	57
Net profit	48	59	73	35	53	41
Net extended income posts	13	-7	0	-39	-8	-2
Profit for the period	61	52	73	-4	45	39

Commentary

- Stable basis operation
- Reduced costs from last quarter
- Moderate write-downs on lending, MNOK 3 in group write-downs in second quarter
- In other comprehensive profit, impairment of fixed-income securities are included

Net interest



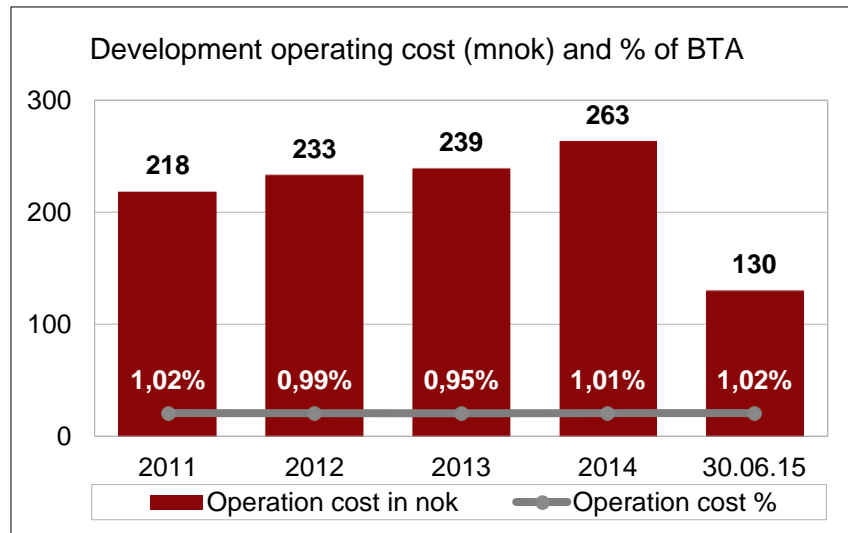
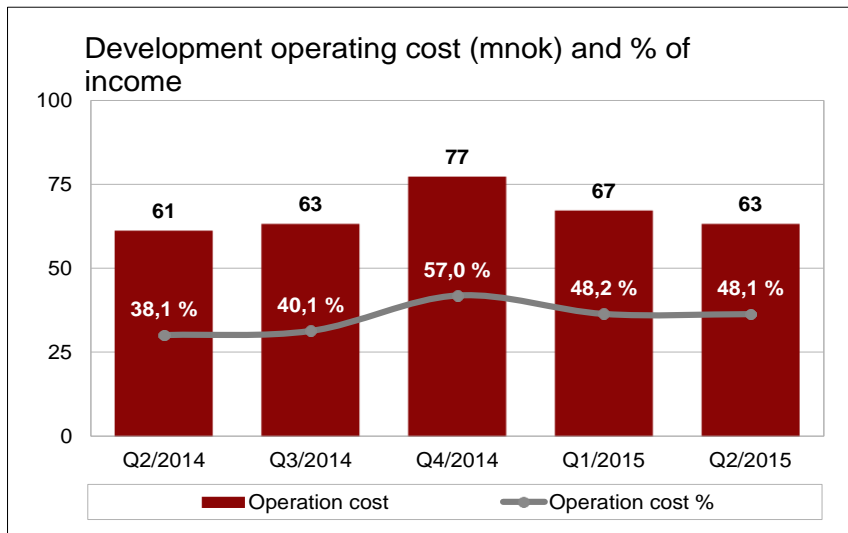
Commentary

Net interest maintained

Still strong competition regarding price.

- Last reduction of the mortgage interest rate is conducted 01.09.15, covered through reduction of the deposit interest rate
- Individual adaption
- Lower Borrowing costs as a result of a fall in nibor

Operating cost



Cost focus

- Annual positions reduced
- Closure of a smaller office completed 01.06.15
- it is initiated a process with evaluation of the bank's distribution strategy/office net
- New cost target – annual growth for maximum 1 %



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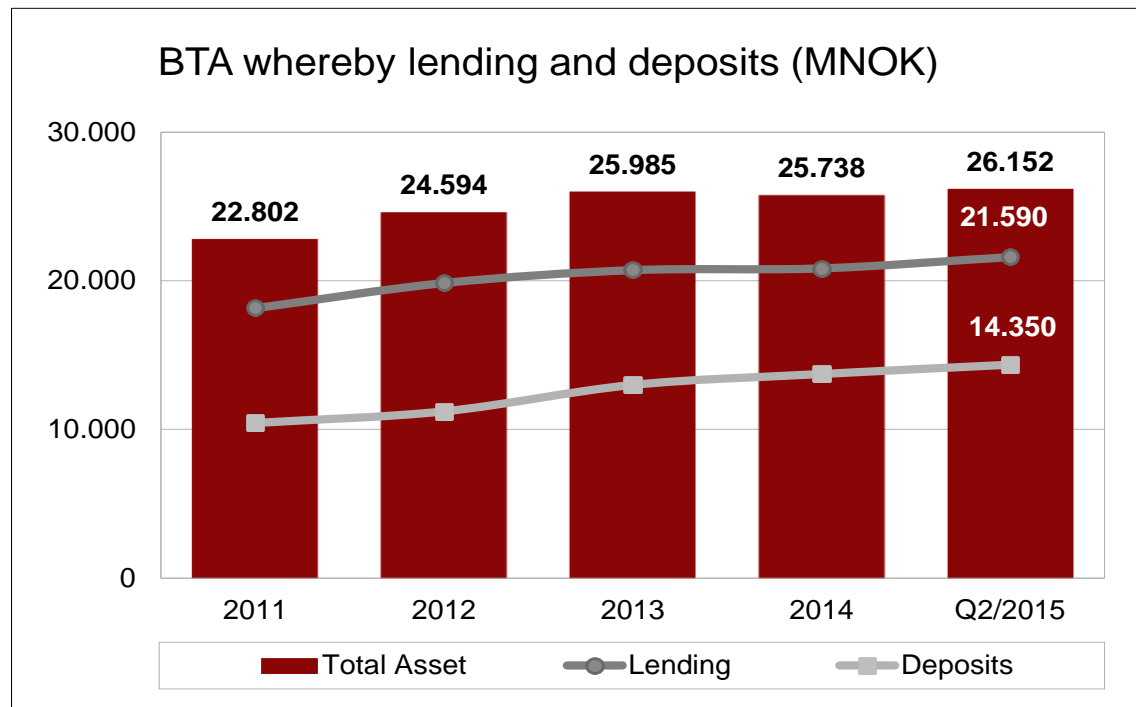
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Total assets



Commentary


Adapted Liquidity reserve

Lending

- 30.06.15 21.6 (20.8) bn
- 12-month growth MNOK 766

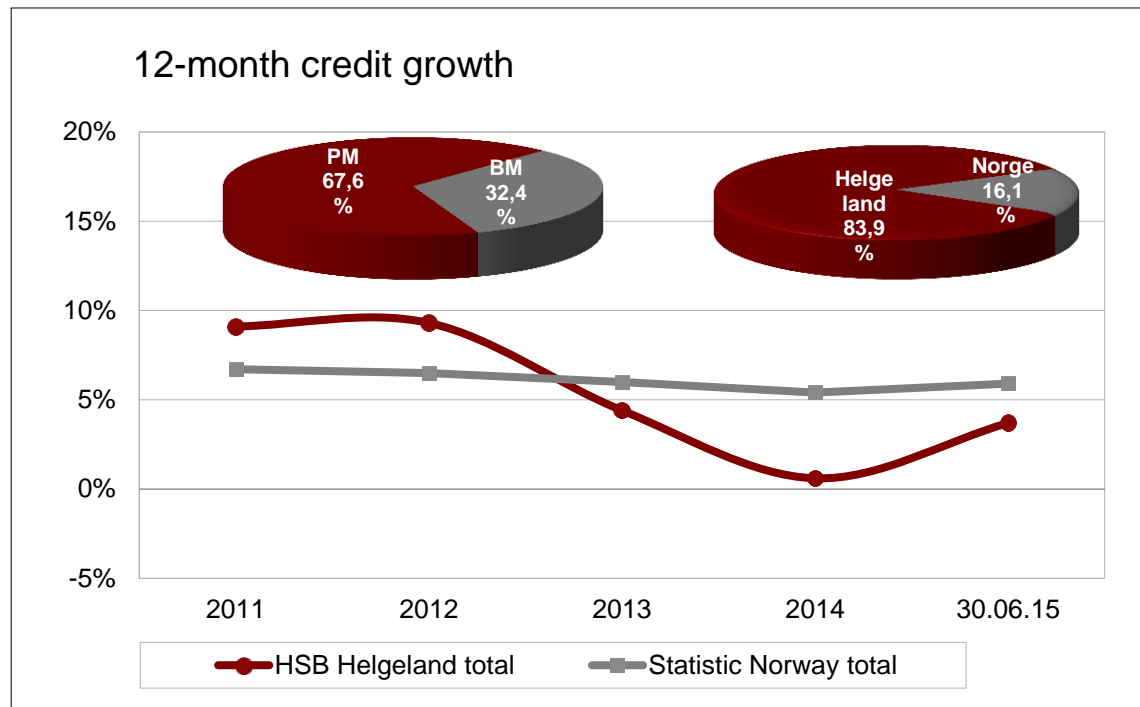
Deposits

- 30.06.15 14.3 (13.7) bn.
- 12-month growth MNOK 629



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Credit growth



Commentary

Lending growth

- 12-month growth 3.7 (1.6) %

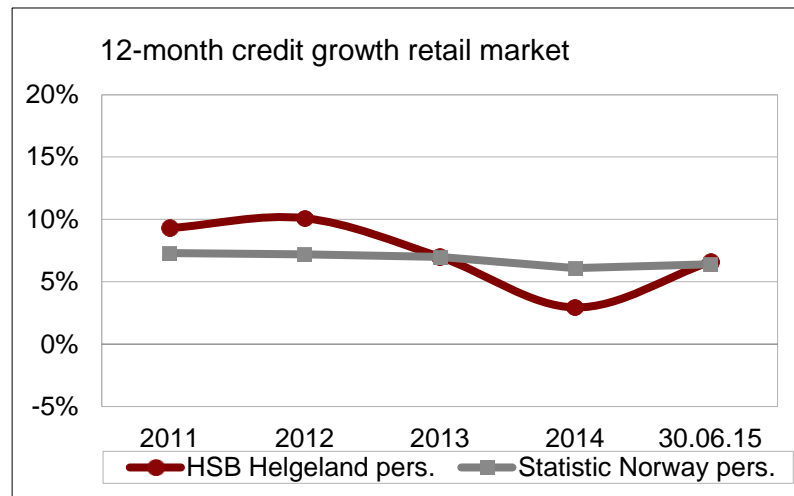
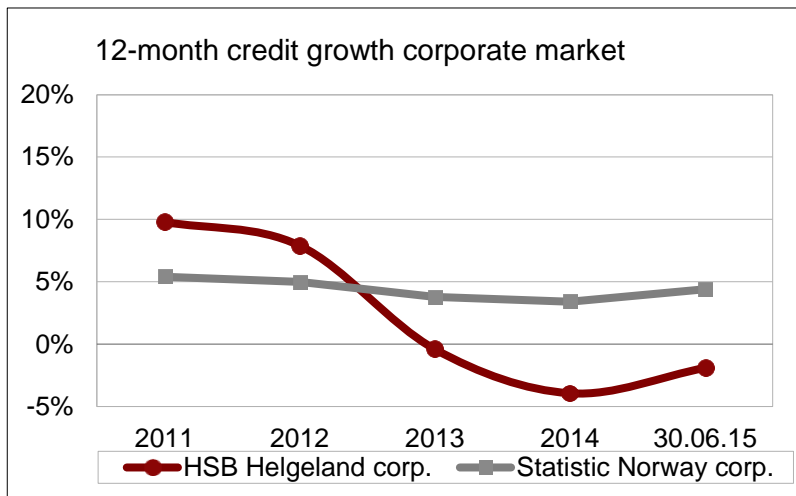
RM Share

- Goal minimum 60 %
- Per 30.06.15 67.6 (65.8) %

Share in Helgeland region

- Per 30.06.15 83.9 (84.2) %

Credit growth CM and RM

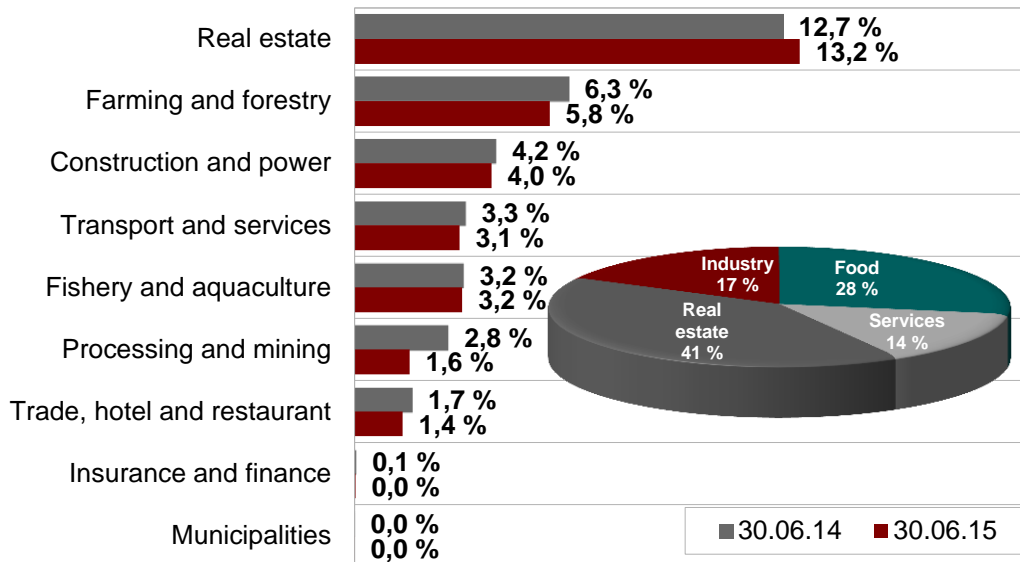


Commentary

12-month growth 3.7 (1.6) % whereby CM -1.9 (-2.7) % and RM 6.6 (4.0) %

Lending CM

Lending distributed in sector



Commentary

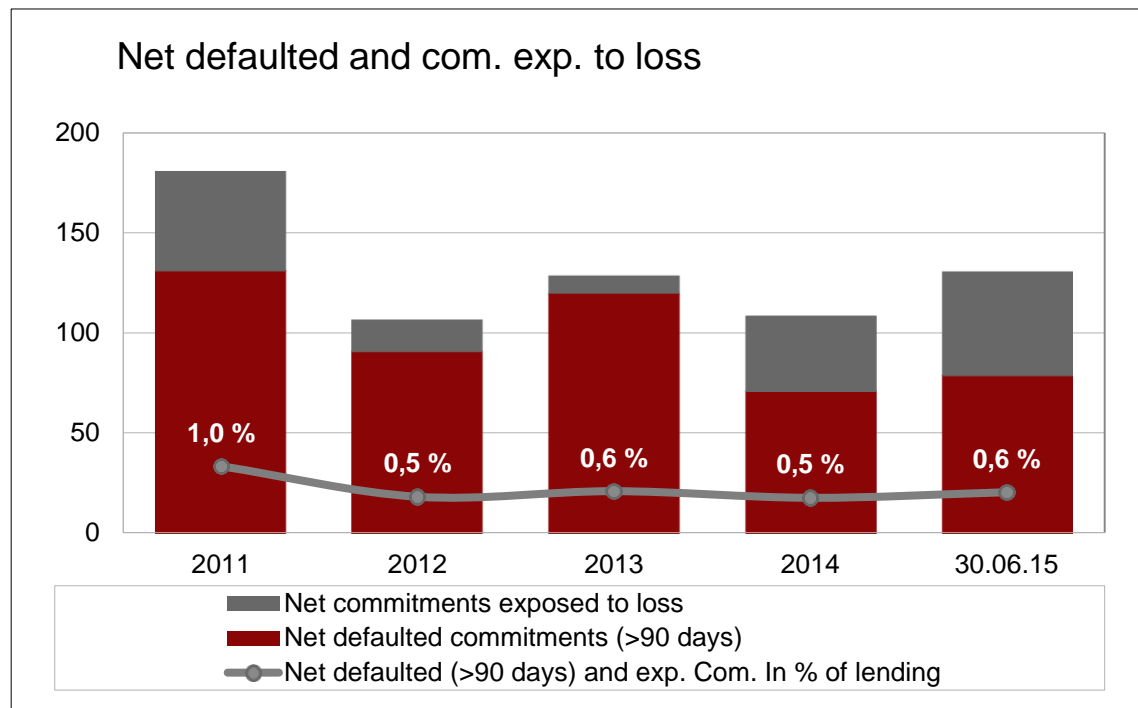
Good diversification in the CM lending portfolio and very loyal corporate customers

CM of total lending 32.7 (34.2) %

Food production consisting of agri/aquaculture, and forestry, make up 28 % of CM lending

Guarantee obligation FX loans constituted per 30.06.15 MNOK 144 – secured in property/deposits

Non-performing and other impaired commitments



Commentary

Good portfolio quality

net non-performing and other impaired commitments is in a relatively low level. Weak increase last quarter

PD models shows lower probability of default in the RM portfolio and unchanged in the CM portfolio



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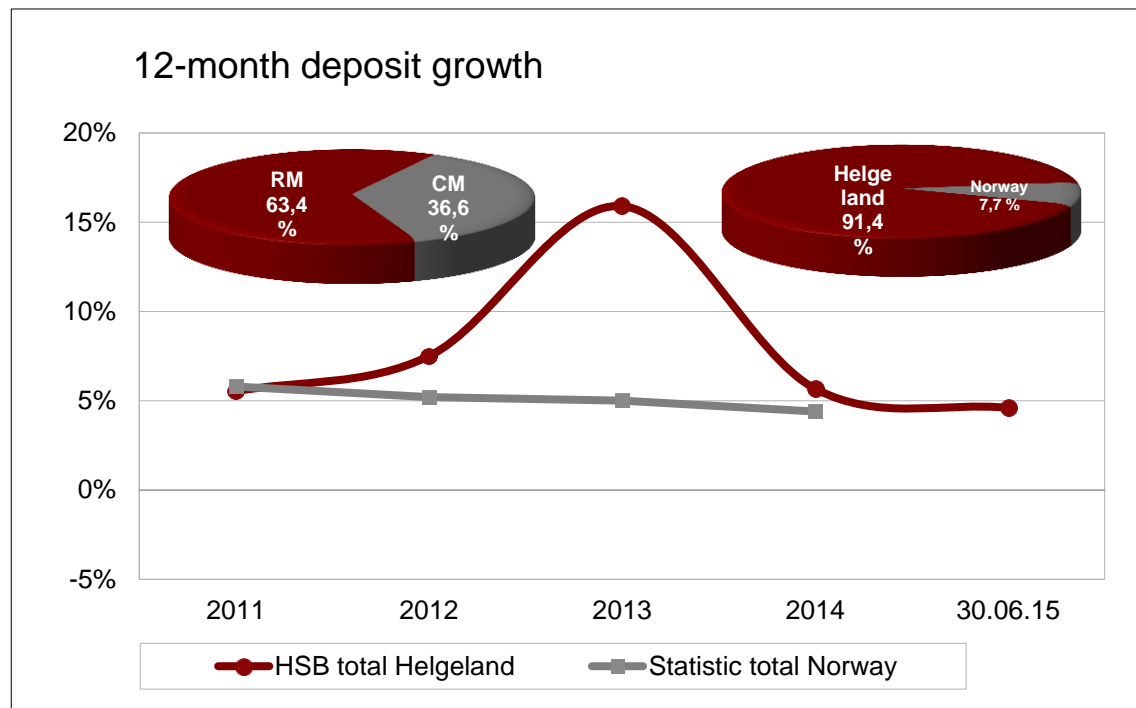
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Total deposit growth



Commentary

Good deposit growth

- 12-mont growth 4.6 (12.5) %

RM share

- Per 30.06.15 63.4 (63.0) %

Locally in Helgeland

- Per 30.06.15 91.4 (91.9) %

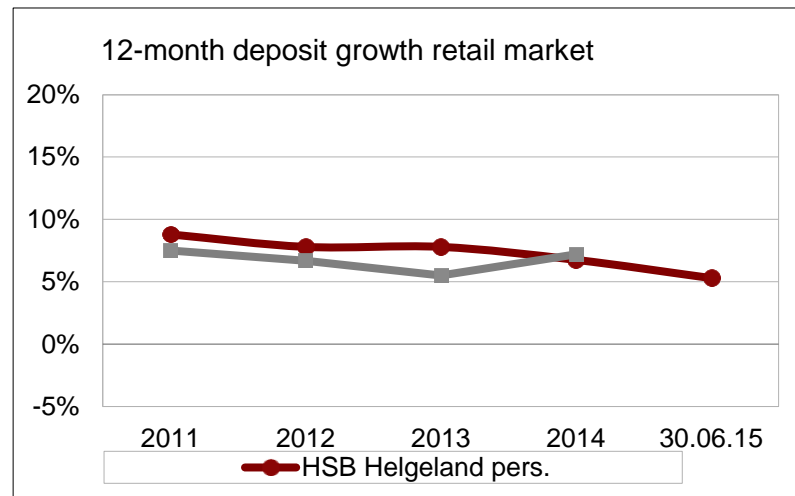
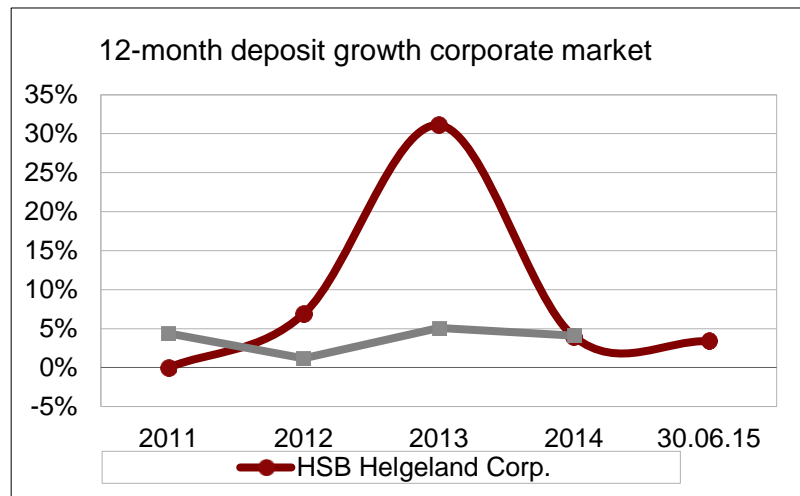
Deposit ratio

- Goal minimum 60 %
- Per 30.06.15 66.5 (65.9) %

Large share of RM deposits under MNOK 2. (about 60% of total deposits)

Numbers in SSB is not updated per 30.06.15

Deposits CM and RM



Commentary

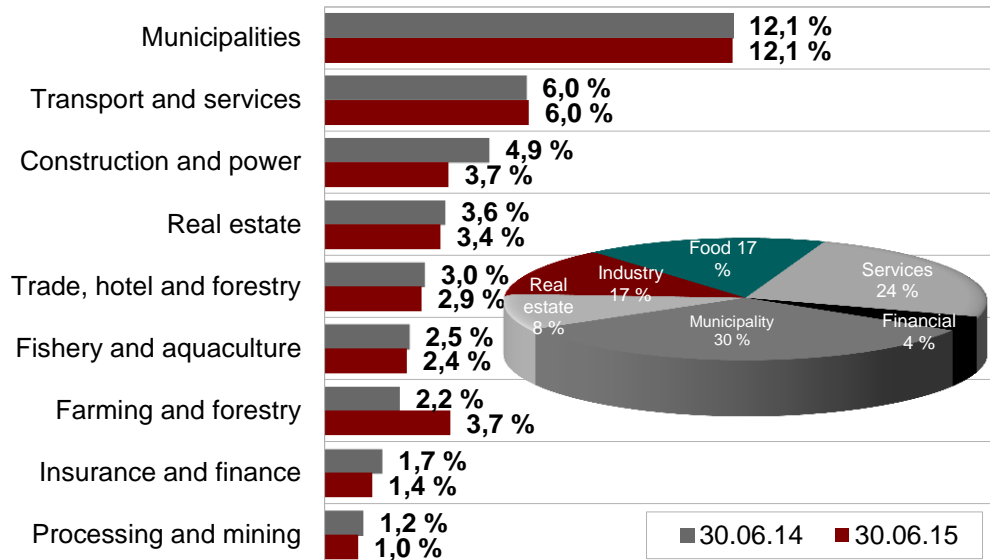
12-month growth 4.6 (12.5) % whereby CM 3.4 (20.4) % and RM 5.3 (8.3) %

Deposit growth both for corporate customers and retail customers on level with Norway

Numbers in SSB is not updated per 30.06.15

Deposits CM

Customer deposits



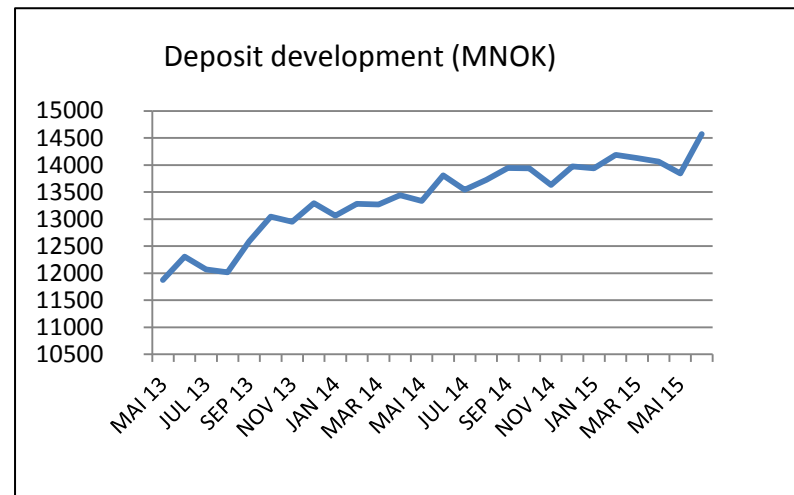
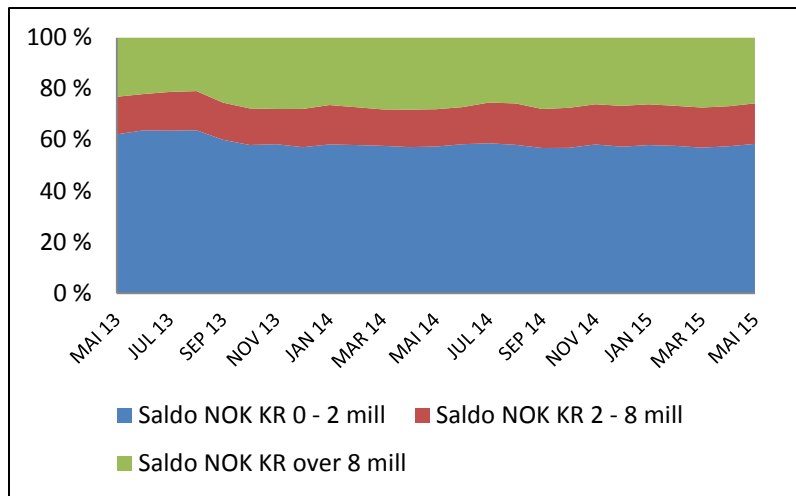
Commentary

Well diversified deposit portfolio in the CM

Share CM 36.6 (37.0) % of total deposits

Deposits from municipalities constitute 30% of the CM deposits

Deposit development



Commentary

Distribution deposits by size is relatively stable



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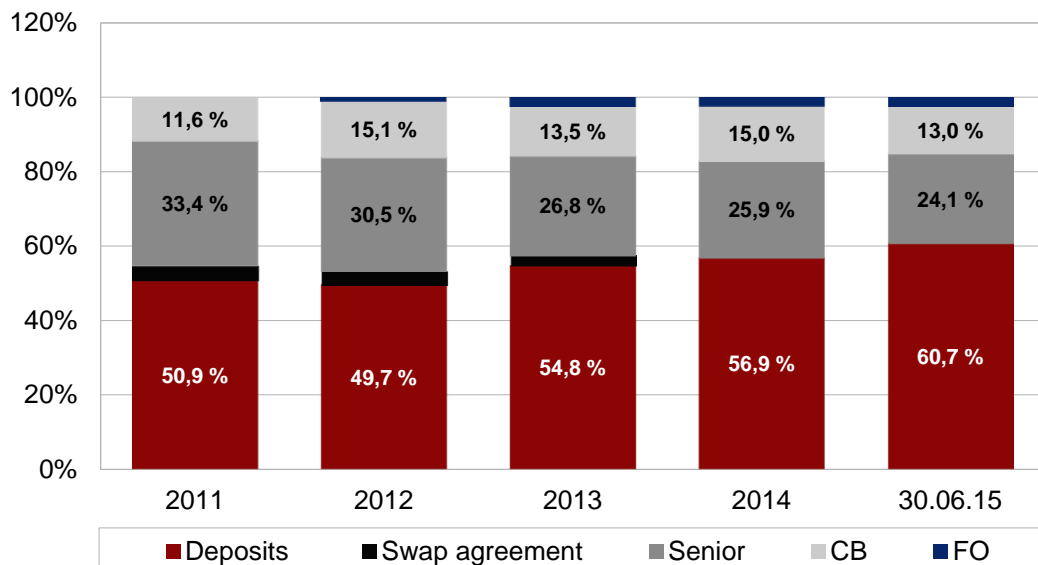
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Funding development (MNOK)



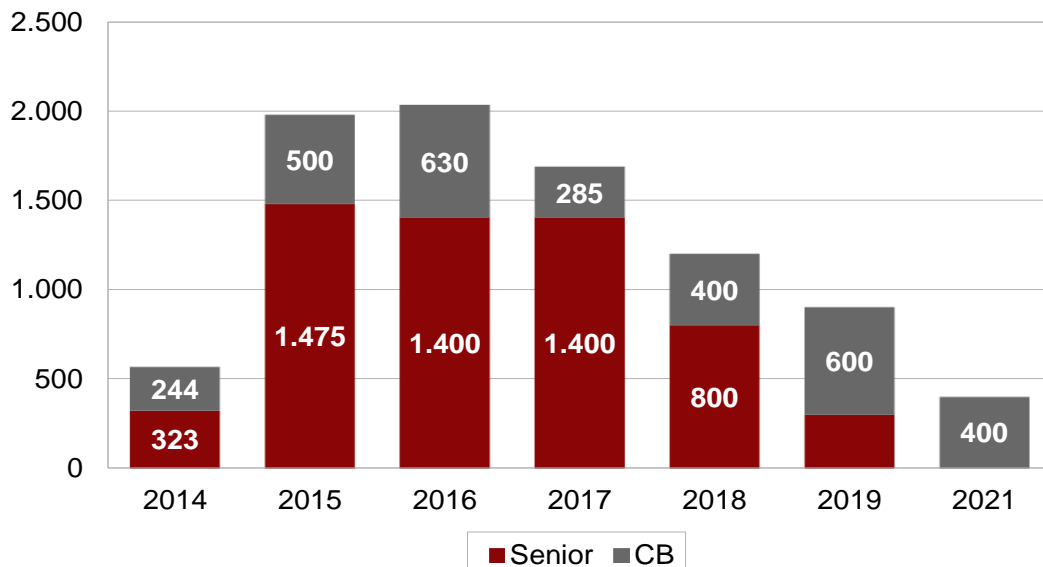
Commentary

The deposits are the most important source for funding

The bank's mortgage company is rated 'Aaa' and will be an important source for funding in the time ahead

Funding

Maturity of loans (MNOK)



Commentary

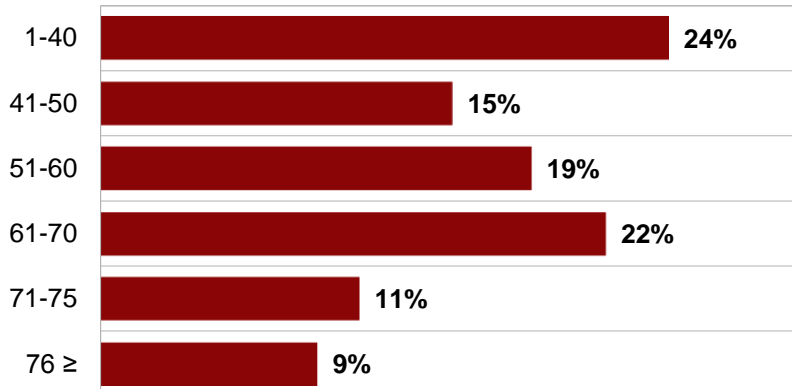
Good and long term funding
Share long term funding
82.0 % (78.8) %

Combined duration of 2,5
(2,5) years. Duration in the
mortgage company increased
to 3.1 years

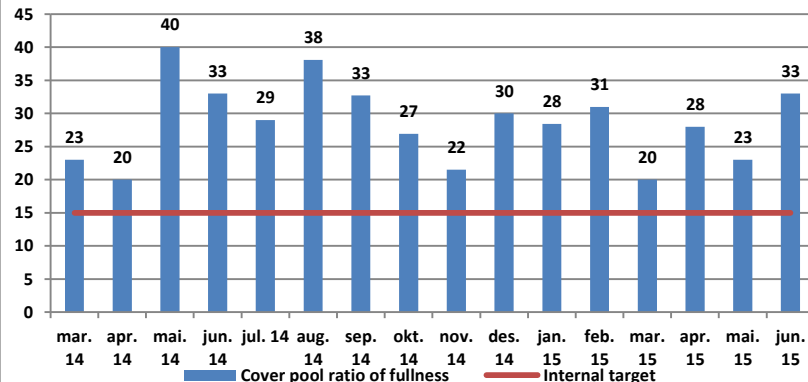
Maximum limit for transferring
to the mortgage company is
30 % of gross lending. Per
30.06.15 20,5 % are
transferred. Empowered
mortgages will Standard
method with 25% mortgage
weights

Helgeland Boligkreditt AS

LTV-allocation 30.06.15



Cover pool HEBO



Combined LTV 53 (52) %

Cover pool: qualified loans MNOK 4 346 (4 188), deposits MNOK 206 (228), cover pool ratio of fullness 33 (33) %

CB loans NOK 3.4bn (whereby 0.3 in the ownership of the parent bank)

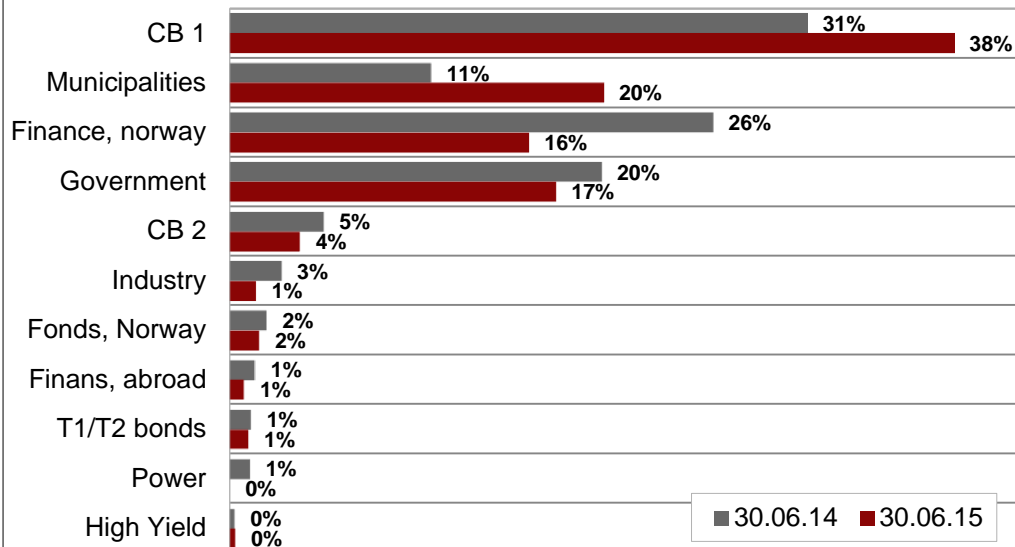
Stress test HEBO- With a housing price fall of 40 %, the cover pool ratio of fullness becomes reduced from 33 % to 16 %.

Net profit MNOK 18.5 (25.7)

CET1 ratio 15.93 (16.97) % (standard method with 35 % mortgage weights)

Liquidity buffers

Securities distributed in sectors



Commentary

The liquidity buffers constitute NOK 4.0 (4.7)bn. – equal 15.3 (17.8) % of total assets. The buffer capital consists of cash, deposits in Bank of Norway/banks and interest paying securities

LCR per 30.06.15 is 98 %

Interest paying securities:

- Portfolio duration 2.1 (2.0) years
- 91.58 % are rated A- or better
- 79 % CB or Govt./municipal bonds



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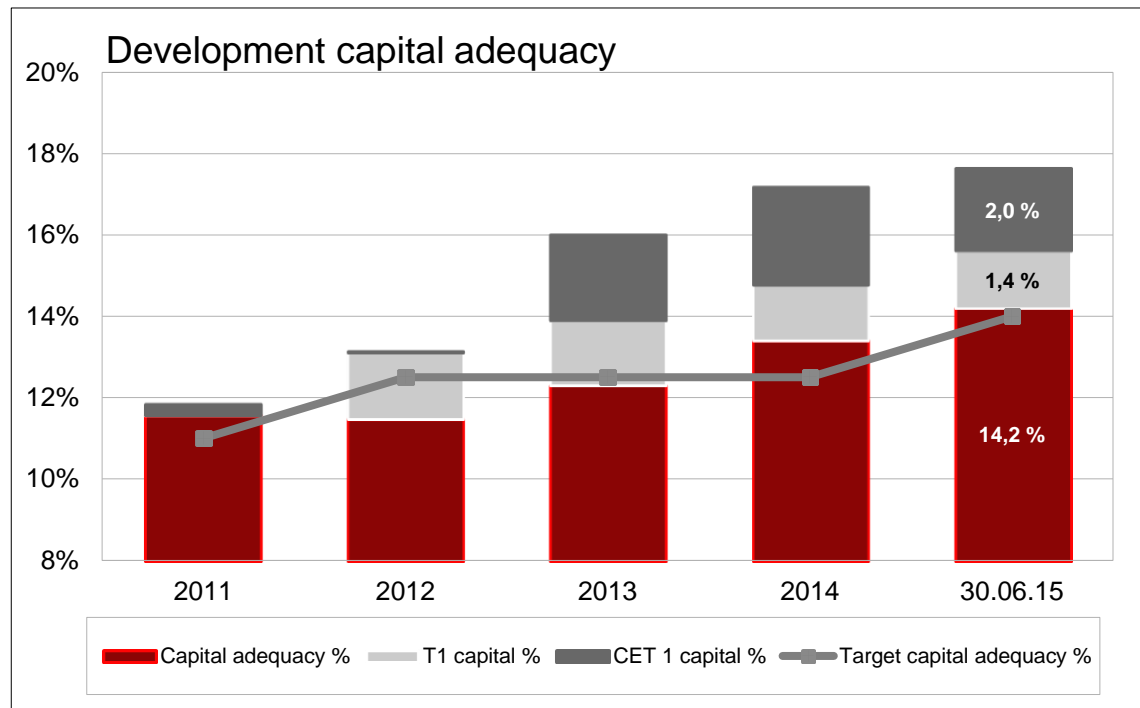
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Capital adequacy



Commentary

Capital ratio

- CET1 14.2 (12.0) %
- Core capital 15.6 (13.6) %
- Total capital 17.6 (15.7) %

The profit is not included. By taking inn 70 %, core capital becomes 14.7 % and total capital 18.1%.

Unrealized profit full effect 2015

- 1 %-point increase in CET1 and 0.6 %-points in total capital.

New targets CET1 of at least 14.0 % and total capital up towards 17.5 %

HELG – 20 largest owners

Per 30.06.15	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	6.599.598	35,3 %	Helgeland Kraft AS	340.494	1,8 %
Pareto AS	1.570.836	8,4 %	Verdipapirfondet Pareto	269.000	1,4 %
UBS AG, London Branc A/C	1.035.000	5,5 %	Sniptind Holding AS	201.801	1,1 %
Merrill Lynch Prof.	926.015	5,0 %	Catilina Invest AS	170.000	0,9 %
MP Pensjon PK	882.203	4,7 %	Johs. Haugerudsvei AS	137.731	0,7 %
Citibank	728.841	3,9 %	Nordenfjelske Bykreditt	134.194	0,7 %
VPF Nordea Norge	570.365	3,1 %	Melum Mølle AS	124.000	0,7 %
Verdipapirfondet Eika	532.475	2,8 %	Steffen Nervik	110.000	0,6 %
Bergen Kommunale pensj.	400.000	2,1 %	Melesio AS	100.000	0,5 %
Lamholmen AS	398.788	2,1 %	Harald Paul Hartviksen	79.898	0,4 %
Total 10 biggest owners	13.644.121	73,0 %	Total 20 biggest owners	15.311.239	81,9 %

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

EC development and liquidity HELG



The price for HELG per 30.06.15 was NOK 59,00 per EC. This is an increase of NOK 4,50 since year end.



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Prospects and priorities

Result

- Still good basis operation, adaption of mortgage – and deposit interest rates
- Stronger competition for good corporate customers and lower growth in the corporate market challenges the net interest rate
 - Prepared for a moderate decline in the net interest rate
- The level of provision income is expected to continue through offensive efforts on sales of competitive insurance- and leasing products
- Challenges in the cost area is met with a number of measures
- Write-downs on lending is on level with the sector

Balance

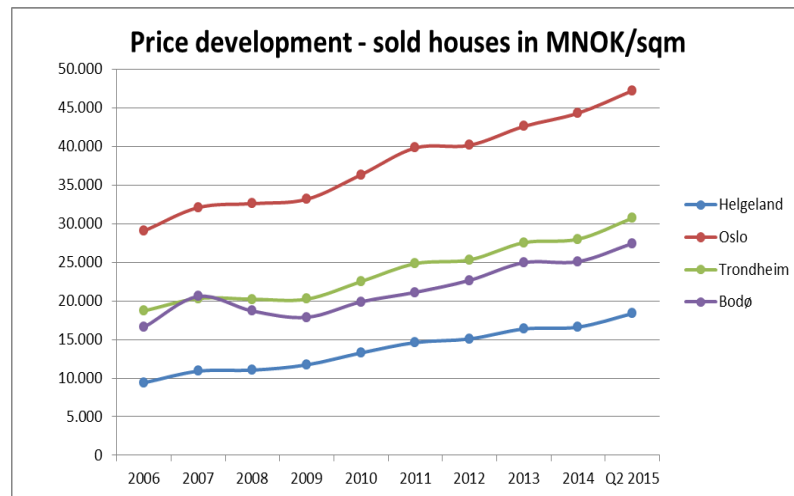
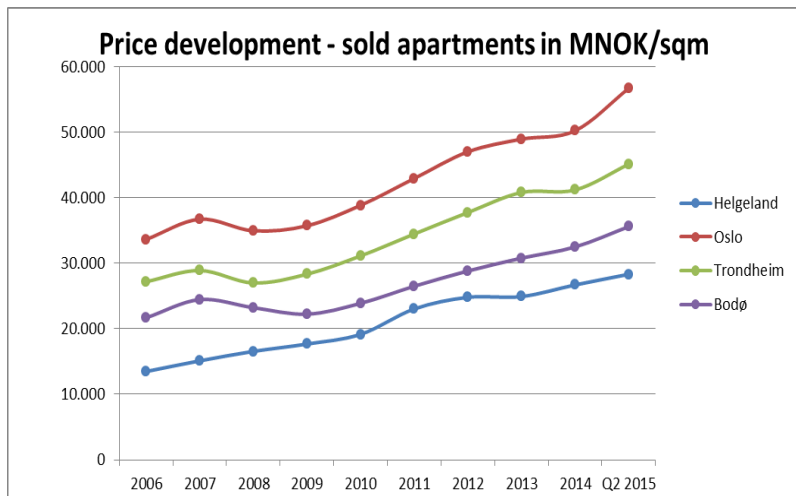
- Still increased growth in the retail market
 - New requirements for mortgages is expected not to affect the growth significantly
- Flattening in the corporate market?
- Private customers willingness for saving is expected to continue– low deposit rates gives increased interest for other ways to save than deposits
- Strongly increasing pension savings

Prospects and priorities

Profitable growth, futuristic and leading bank in Helgeland

- To continue the work with systematic processing of our own customers and offensive work towards new customers
- Exploit opportunities for collaboration with a new market leading real estate agency
 - New CM leaders with sharpened skills and large customer networks
 - Use gift funds for development of competence and make Helgeland «a better place to live»
 - Continue economics education in elementary- and secondary schools through cooperation with “Ungt Entreprenørskap”
 - Support educational offers in Campus Helgeland through Universities in Nordland and Tromsø
 - FOU project in cooperation with Sintef, University in Nordland, college in Nesna, Nordland Fylkeskommune and local industry
 - Culture and sports scholarship for young talents
- Acquire and maintain competence requirements – AFR and GOS
- Initiated the process with the bank's future distribution strategy – adapt the office net and participate in development of digital platforms
- Streamline work processes and exploitation of e-services

Property price development

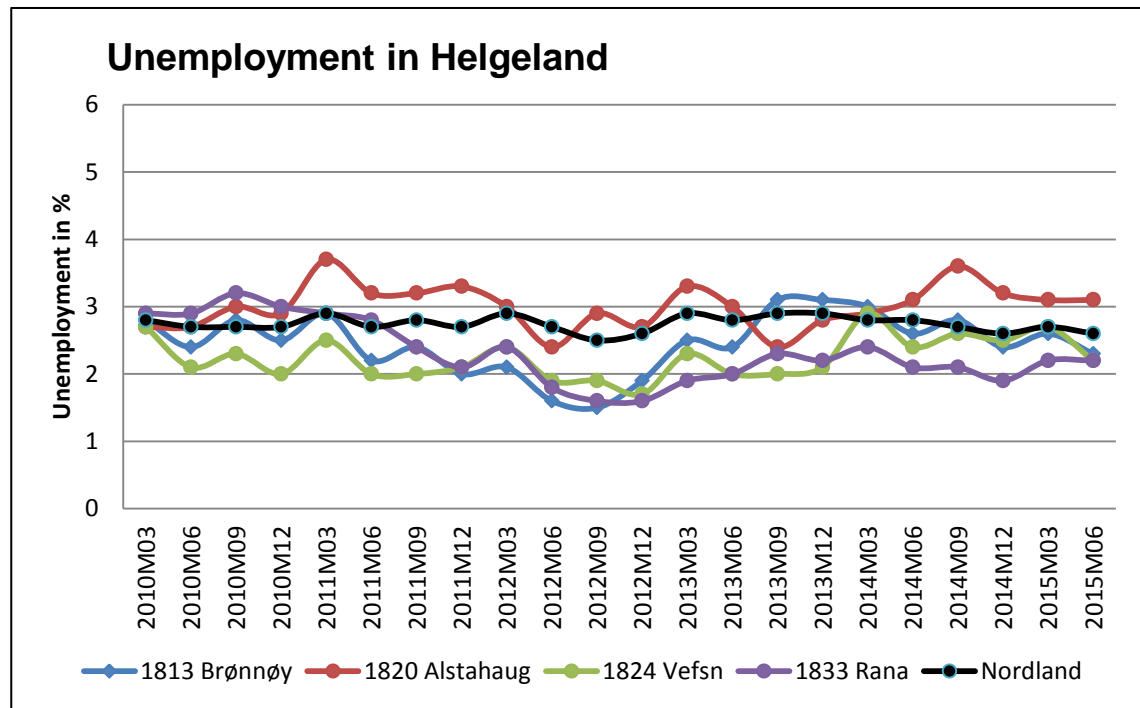


Property price development in Helgeland compared to larger places (measured by price pr sqm for sold houses).

Average national price increase for apartments 1st half year 2015 is 7.2 %

- Property price increase in Helgeland was slightly weaker with an increase of 6.1 % in the same period
- Villas had in 1st half year 2015 a national average price increase of 6.9 %
- Property price increase in Helgeland was stronger with an increase of 10.6 % in the same period

Unemployment



Commentary

There is not a significant difference in unemployment between the 4 largest municipalities in Helgeland. Alstahaug has a slightly higher unemployment.

After 2nd quarter 2015 Brønnøy, Vefsn og Rana is tending towards the same level. About 2.2-2.3 % of the work force.

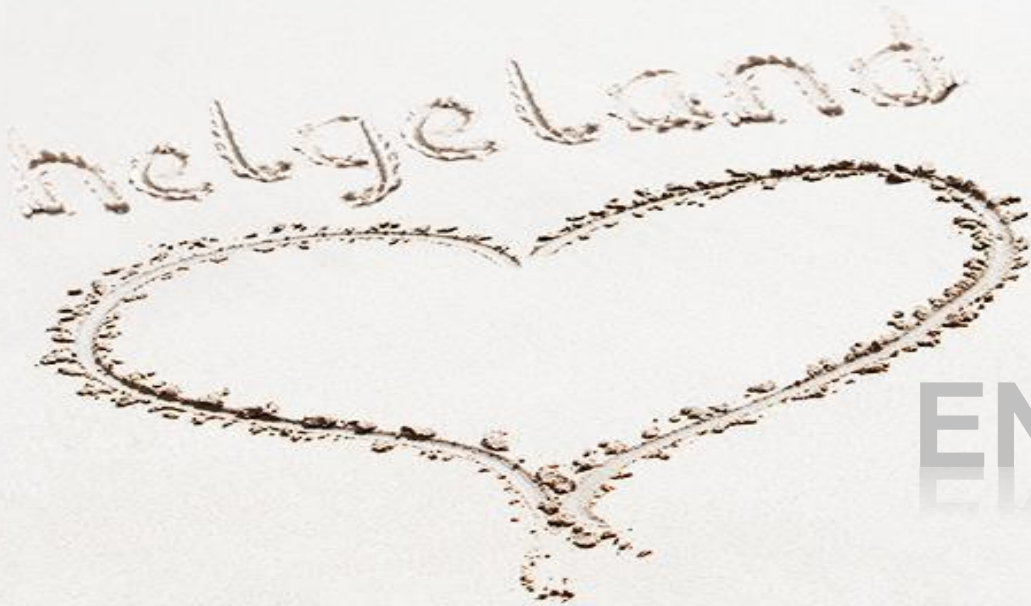
By the end of 2nd half year there was a national unemployment of 2.8 %.

Prospects and priorities

Helgeland region

- Balanced expectation to the regions economic outlooks in 2015/2016
 - Large investments in infrastructure
 - Improvement/rebuilding of E6 through Helgeland is initiated fall 2015 – total investment of NOK 4,5bn.
 - Statskraft and Helgelandskraft med a total investment in the power sector of NOK 4bn.
 - Still high activity in the building sector – ready for construction start new building Brønnøysundregisteret, new trade center in Sandnessjøen and several apartment buildings in Mo i Rana and Mosjøen
 - Challenging situation for subcontractors to the oil industry
 - Oil- and gas cluster Helgeland has been included in the National Arena program to Innovasjon Norge. Includes 55 companies and knowledge environments. Gives a professional and financial boost for cooperation, development and innovation.
- The industry is active in several projects for development of environmental technology and use of renewable energy, build up of green industry in focus.
- Significant commitment on competence developing measures and cooperation between academia and industry. Increased research on Campus Helgeland. Sintef considers build up of offices in Mo i Rana
- The land based industry's conditions is on the political map. Willingness to change seems to be present
- Impact assessment of new large airport in Helgeland is submitted during the fall – regional disagreement characterize the media.
- Unemployment by the end of June was 2.6 %. Slightly lower than a united Norway – expected to maintain in a stabile level
- Stabile house prices is expected to continue – activity in the holiday property market slightly down

Thank you for your attention!



EN DRIVKRAFT
FOR VEKST



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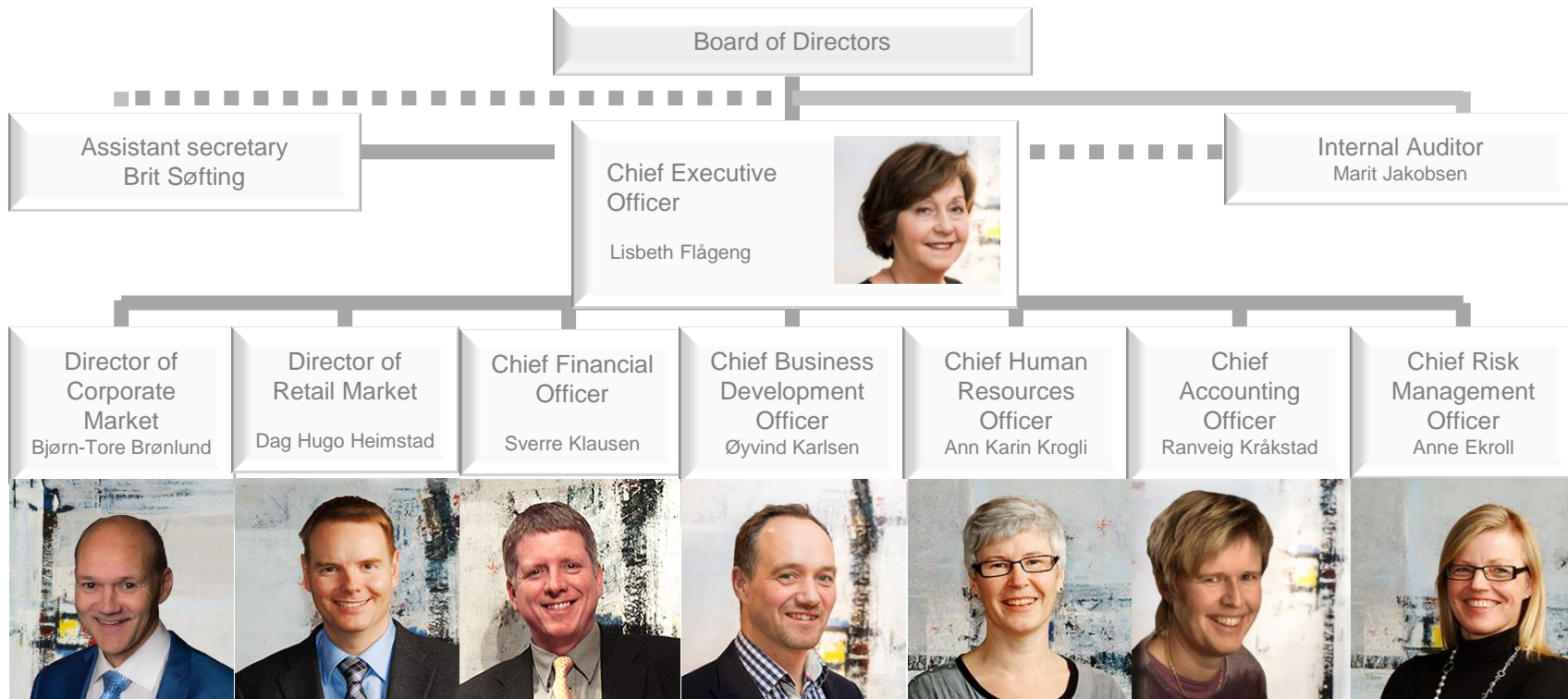
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Business development and ownership

	100 %		7,9 %		Gavestiftelse
	40 %		7,5 %		
	48 %		10,0 %		Egenkapitalbeviser

Management and organisational structure



Contact information

Head office

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Phone number	75 11 90 00
Web	www.hsb.no
Organization number	937904029

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Board of directors

Ove Brattbakk, leder
Stein Andre Herigstad-Olsen, nestleder
Eva Monica Hestvik
Bjørn Audun Risøy
Inga Marie Lund
Nils Terje Furunes
May Heimdal