



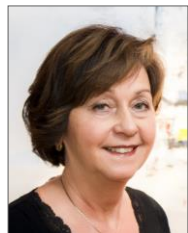
Presentation

Q2 2016



med  for
HELGELAND

Presentation per 30.06.16 (HSB Group)



Lisbeth Flågeng
Chief Executive Officer



Sverre Klausen
Chief Financial Officer

Main Features

Profit & loss

Balance

Lending

Deposits

Funding

Solidity

Summary

Helgeland

Appendices

Helgeland Sparebank

helgelandboligkreditt 100%

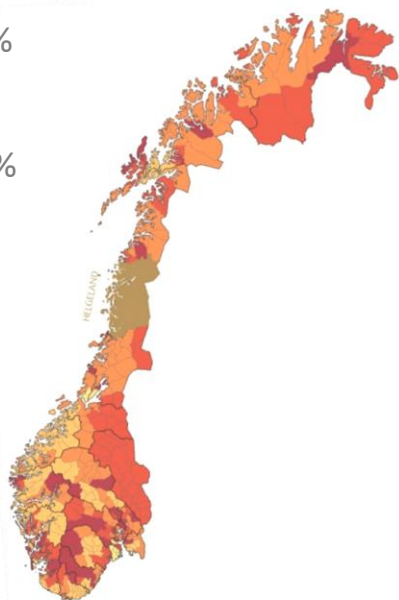
HELGELAND INVEST 48%

REDE EIENDOMSMÆGLING 40%

FrendeForsikring 7,9%

NORNE SECURITIES 7,5%

BRAGE FINANS 10%



- Helgeland Sparebank is the 12th. 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 og Brønnøysund
- Total assets: MNOK 28 536 ,
- Employees, annual positions: 154
- Moodys rating: A3 – Stable outlook. Ticker: HELG, owner fraction 75,1%.

Main features per 30.06.16

Result

Gross profit MNOK 261 (129)

- Still good profitability in the banks basis operations, net interest increased in NOK and maintained in%
- Pension liability recognized as income by conversion to defined contribution in Q1
- Increased income by shares of profit from associates and gains from sale of Visa

Profitability

- ROE (after tax) 13,3 (8,9)%

Solidity

Capital adequacy – CET1 ratio 14.0 (14.2)% – total capital ratio 17.2 (17,6)%

- Profit 2016 is not added
- Changes in mass market definition - 0.25% decrease in CET1 ratio.

Main features per 30.06.16

Lending

12-month growth 10.7 (7.3)%

- Retail market 10.3 (6.6)%
- Corporate market 11.4 (2.0)%

Deposits

12-month growth 8.3 (4.6)% – good deposit ratio 65.0 (66.5)%

- Retail market 7.4 (5.3)%
- Corporate market 9.6 (3.4)%

Rating

- Maintained Moodys rating of the bank with A3 and “stable outlook” (may 2016)



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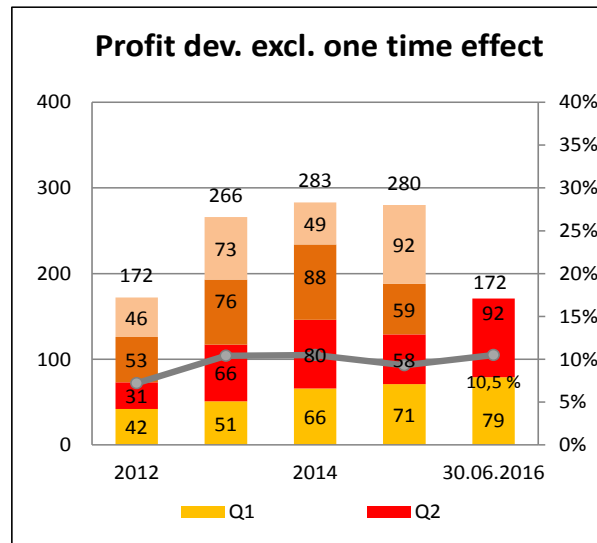
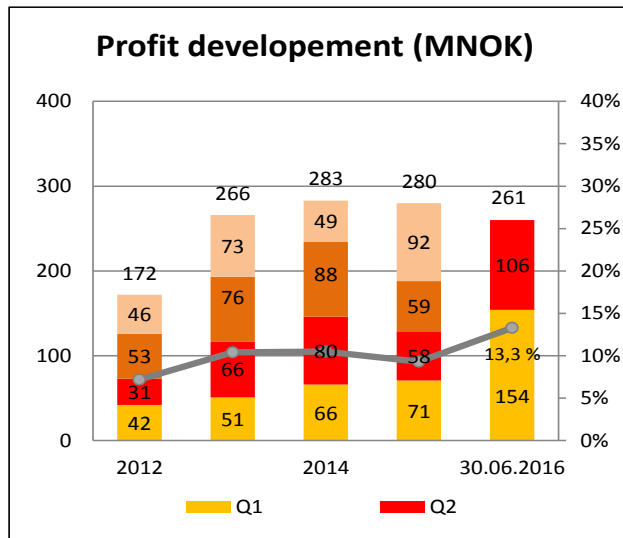
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Vega

En drivkraft for vekst på Helgeland



Result

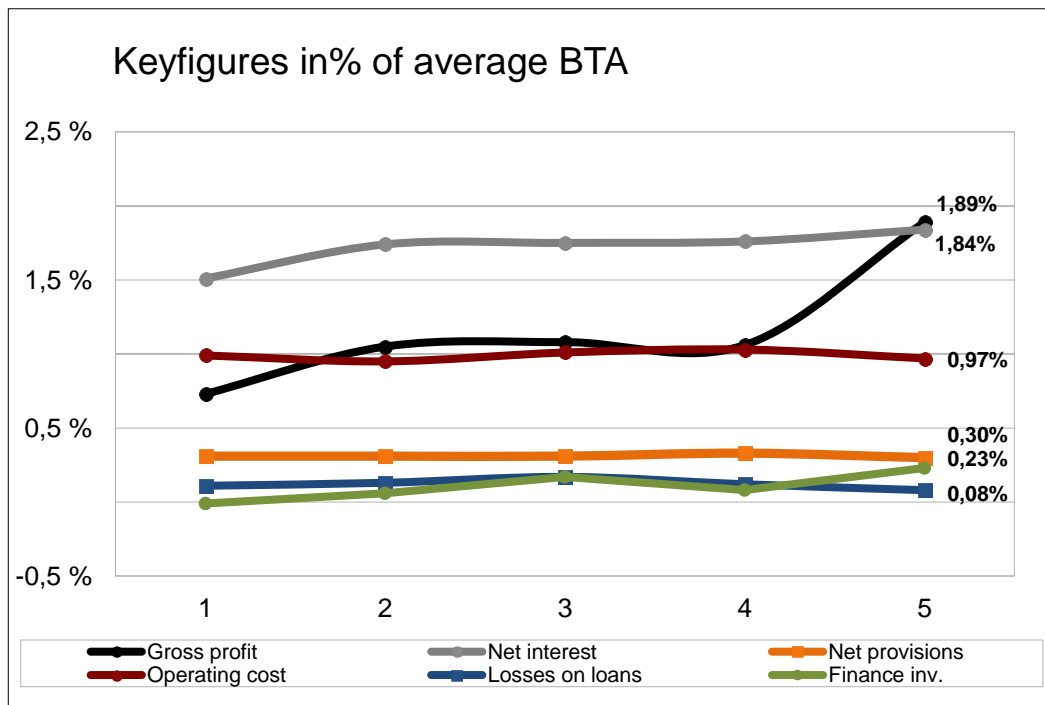


Good result Q2

Gross profit MNOK 261

- ROE after tax 13,3% and 10,5% excluding one time effect by conversion to defined contribution and gain VISA.

Key figures



Net interest - stabile positive development

- Improved net interest with 8 bps, from 1.76 to 1.84% from 31.12.2015

Net provisions

- 0.30% - stabile level.

Operating costs

- Flattening, Slightly down form 31.12.15

Moderate write-downs on lending

Gross profit

- One time effect pension Q1/2016

Profit & loss

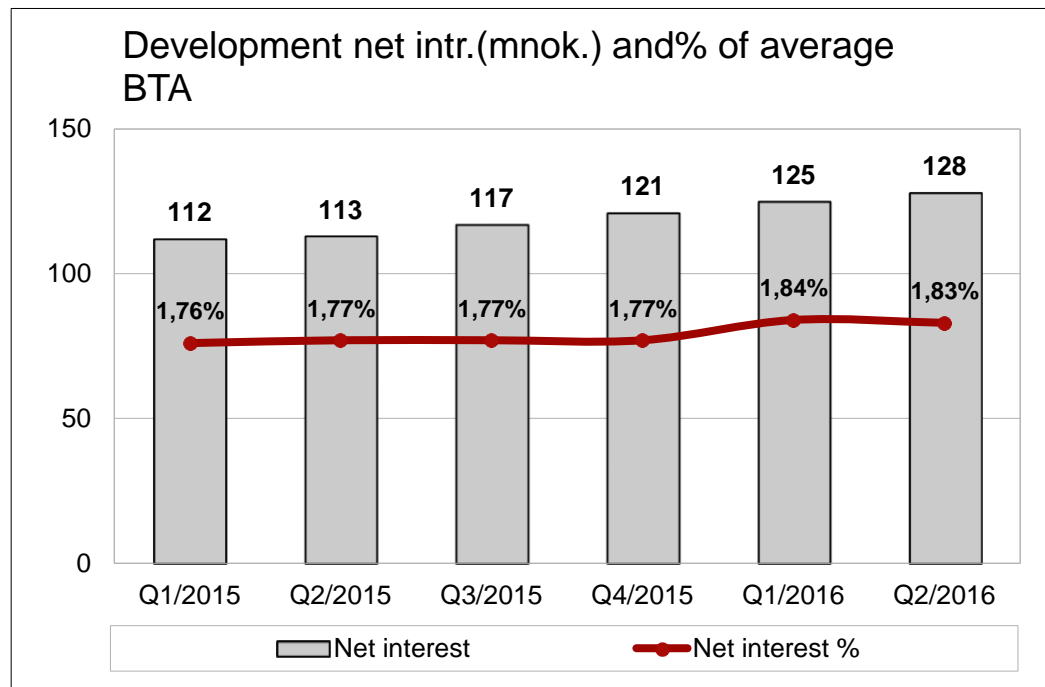
Helgeland Sparebank (group)

	Q4/2014	Q1/2015	Q2/2015	Q3/2015	Q4/2015	Q1/2016	Q2/2016
Net interest- and credit provision earnings	115	112	114	116	121	125	128
Net provision earnings	19	21	20	23	22	20	22
Other operations income	3	2	1	6	2	2	1
Ordinary operations cost	77	67	63	66	66	65	69
Result basic operations	60	68	72	79	79	82	82
One-time cost					8		6
						76	0
Write-downs lending and warranties	9	0	11	9	12	5	1
Net value change financial instruments	-2	3	-4	-11	33	2	30
Gross profit	49	71	57	59	92	154	107
Net profit	35	53	39	45	70	117	85
Net extended income posts	-39	-8	-2	-14	36	1	-19
Profit for the period	-4	45	37	31	106	118	66

Commentary

- Stable and good basis operation, increased net interest
- Continued previous practice of deferred hedge fund fees
- Target reached on the downsizing process. Costs covered by provision in 2015 of MNOK 7.5
- Moderate write-downs on lending, including increased group write-downs of MNOK 2.5 in Q2
- Net value change financial investments: MNOK 16 in profit share from associated companies and MNOK 14 in gain ISA Europe
- Net comprehensive income, reversal of valuation Visa recognized in equity in Q4 2015

Net interest

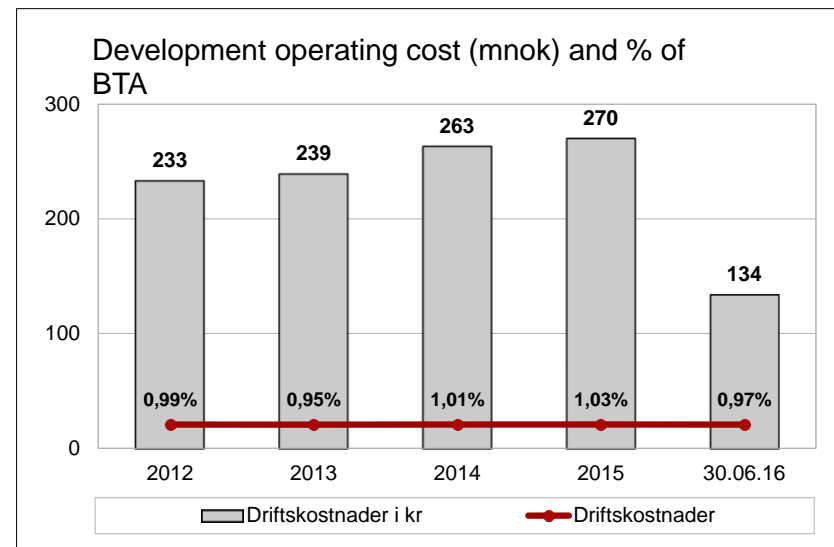
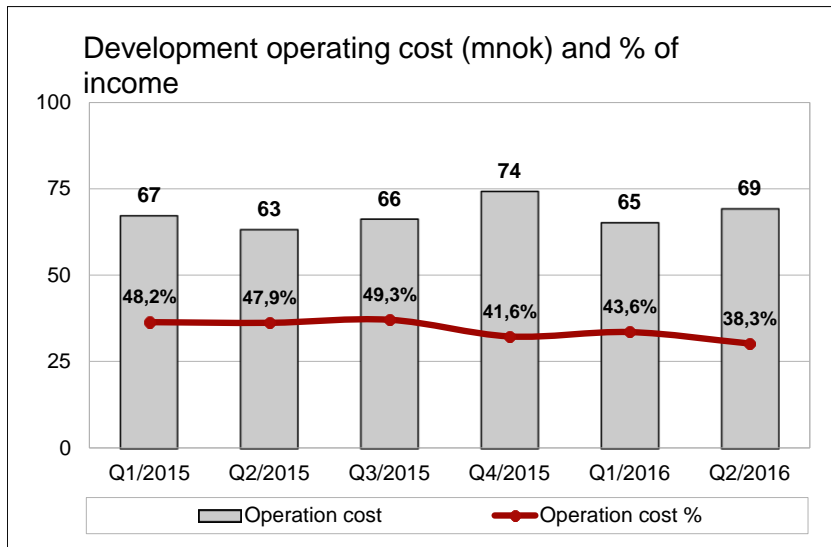


Increased net interest

Still strong competition regarding price

- Last reduction of the mortgage interest rate was conducted 08.06.16, covered through market adaption of the deposit interest rate.
- Interest costs subordinated bonds are recognized in equity in 2016, providing an improvement of the net interest with 4 bps

Operating costs



Cost focus

- Adaption of man years – full effect from Q4
- Continuous improvement of work processes
- Change in the pension plan will provide future cost reduction
- One time effect pension is not included in the calculation for Q1/2016



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Balance

Helgeland Sparebank (group)			
	30.06.16	30.06.15	Endring
liquid assets	669	740	-71
Net lending to customers	23 804	21 490	2 314
Certificates and shares	3 717	3 620	97
Other assets	346	350	-4
Assets	28 536	26 200	2 336
Deposits from customers	15 536	14 350	1 186
Money market financing	9 836	8 907	929
Other liabilities	197	279	-82
Subordinated debt	300	300	0
Equity	2 667	2 364	303
Liabilities and equity	28 536	26 200	2 336



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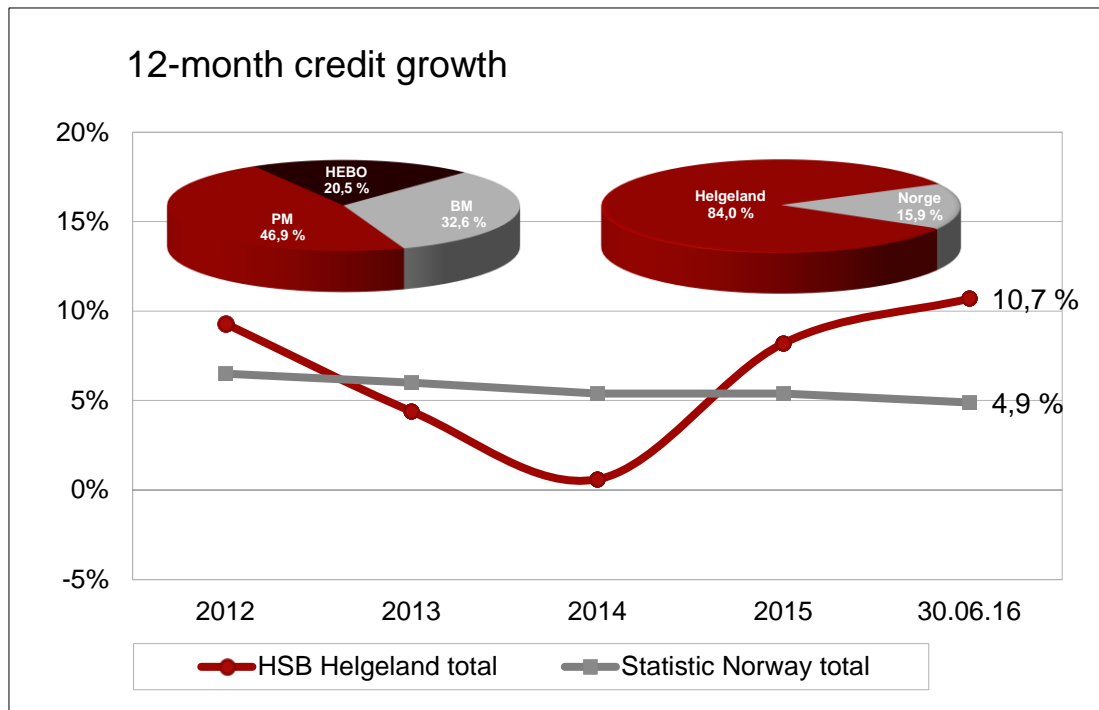
Solidity

Summary

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Credit growth



Commentary

Credit growth

- 12-month growth 10.7 (3.7)%

PM share

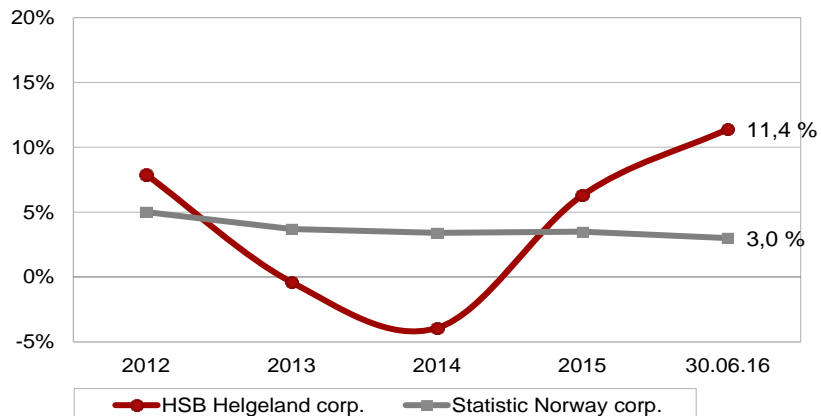
- Target minimum 60%
- Per Q2 67.4 (67.6)%

Locally in Helgeland

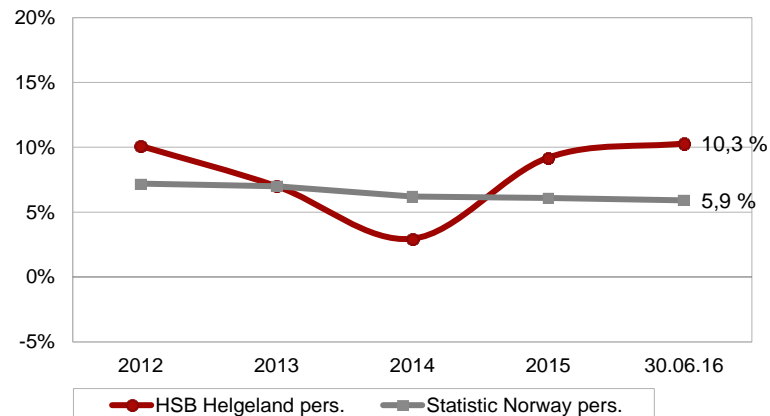
- Per Q2 84.0 (84.2)%

Credit growth CM and RM

12-month credit growth corporate market



12-month credit growth retail market

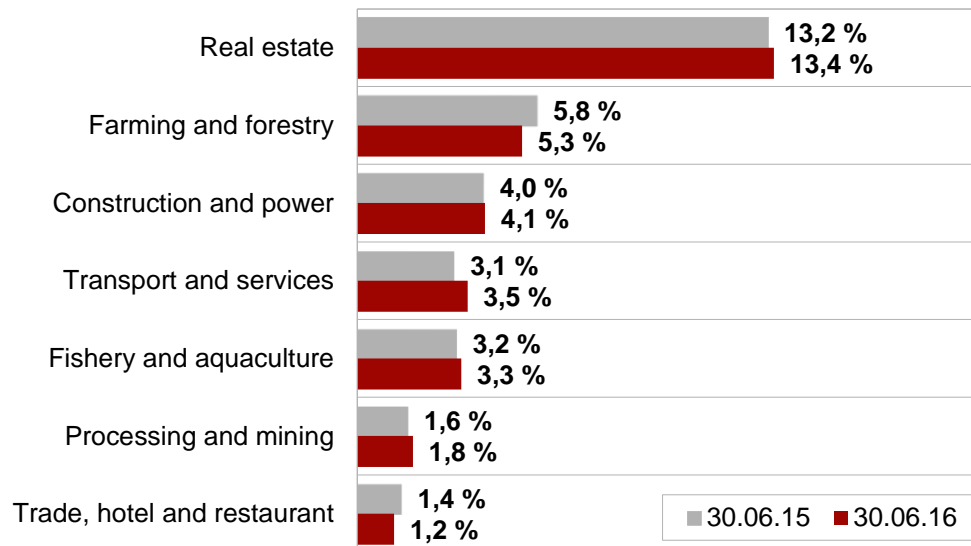


Commentary

12-mont growth 10.7 (3.7)% whereby CM 11.4 (2.0)% and PM 10.3 (6.6)%

Lending CM

Lending distributed in sector

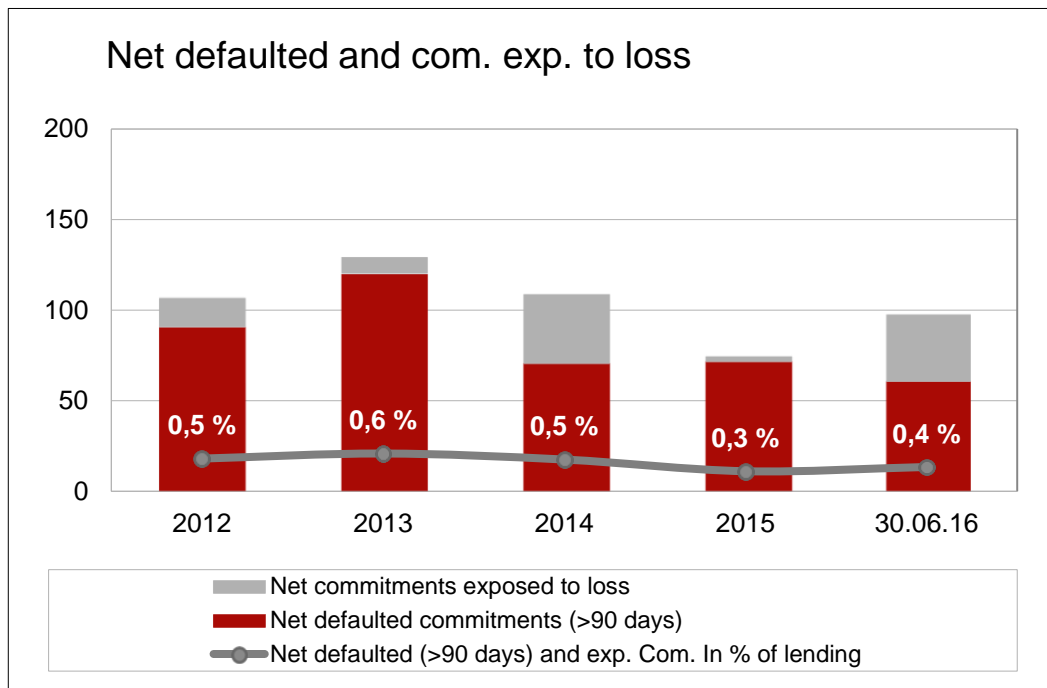


Commentary

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

Share CM of total lending 32.6 (32.4)% or MNOK 7 783 (6 987)

Non-performing and other impaired commitments



Good portfolio quality

Net non-performing and other impaired commitments amounts to MNOK 98 (131) Which equals 0.4 (0.6)% of gross loans

Increased group write-downs with MNOK 2.5 in Q1 and MNOK 2.5 in Q2

- Overall assessment based on model (PD/LGD), development site quality PM and defaults

Total group write-downs

- MNOK 84
- 0.35% of gross loans



Main features

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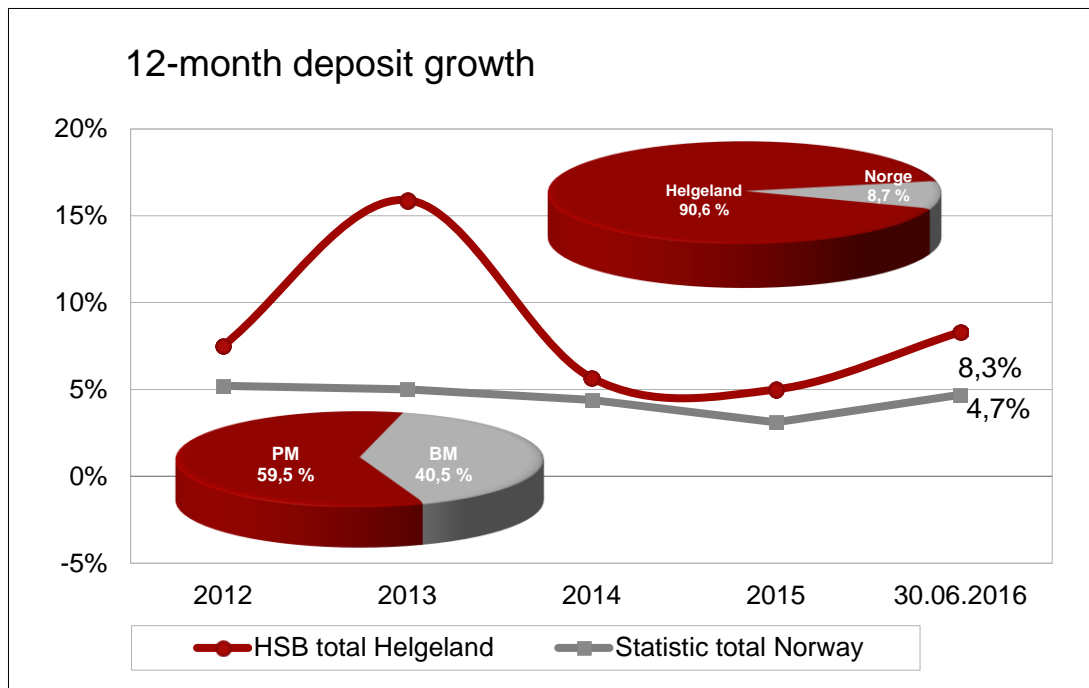
Helgeland

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En drivkraft for vekst på Helgeland



Deposit growth



Commentary

12-month growth 8.3 (4.6)%

PM share

- Per Q2 59.5 (60.0)%

Locally in Helgeland

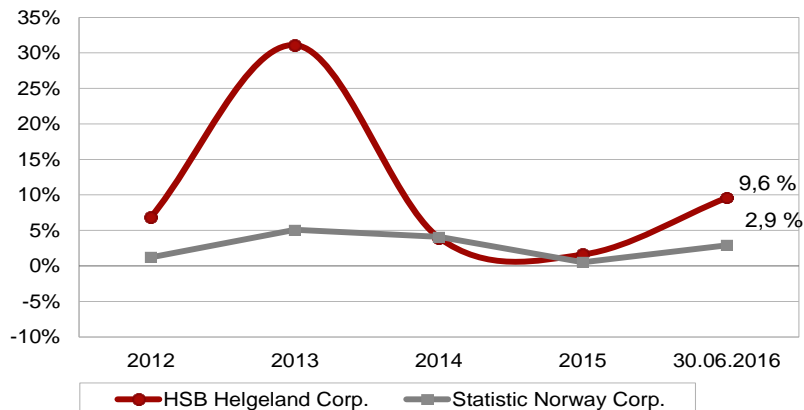
- Per Q1 90.6 (91.7)%

Deposit ratio

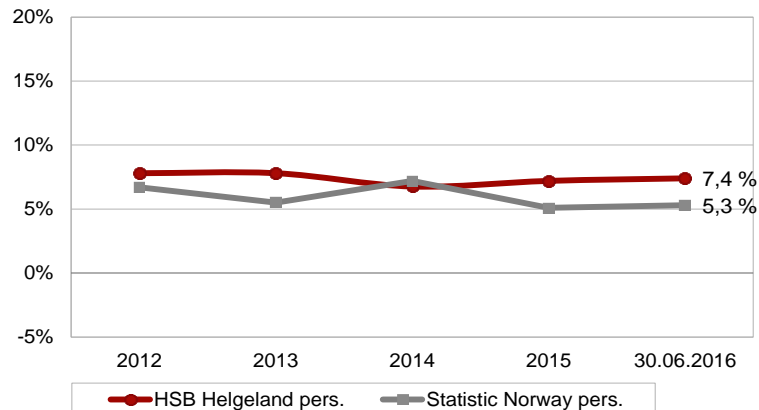
- Target minimum 60%
- Per Q2 65.0 (66.5)%

Deposit growth CM and RM

12-month deposit growth corporate market



12-month deposit growth retail market

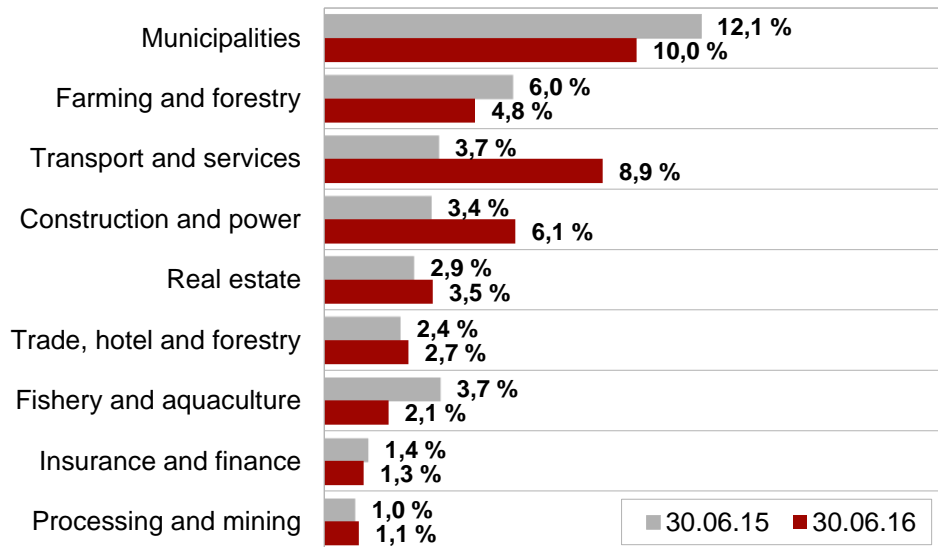


Commentary

12-month growth 8.3 (4.6)% whereby CM 9.6 (3.4)% and PM 7.4 (5.3)%

Deposits CM

Customer deposits



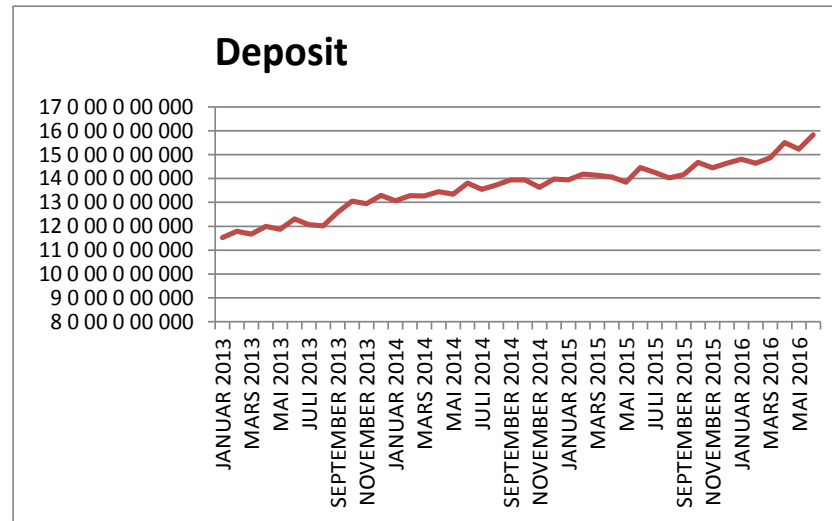
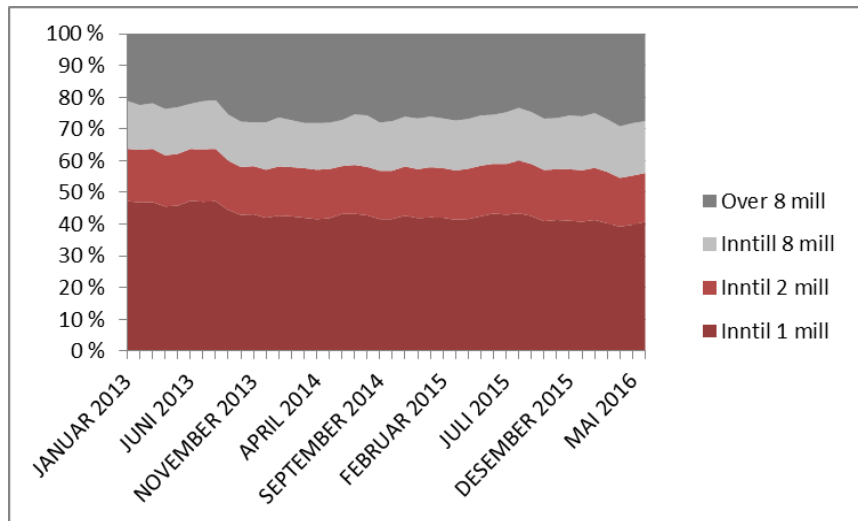
Commentary

Well diversified deposit portfolio in the CM

Share CM 40.5(40.0)% or MNOK 6 287 (5 736) of total deposits

Deposits from municipalities constitute 25% of the CM deposits

Deposit development



Kommentar

Distribution deposits by size is relatively stable.

A large share of PM deposits is under MNOK 2 (56.1% of total deposits og 72% of deposits is under MNOK 8)

Continued good growth in deposits.



Main features

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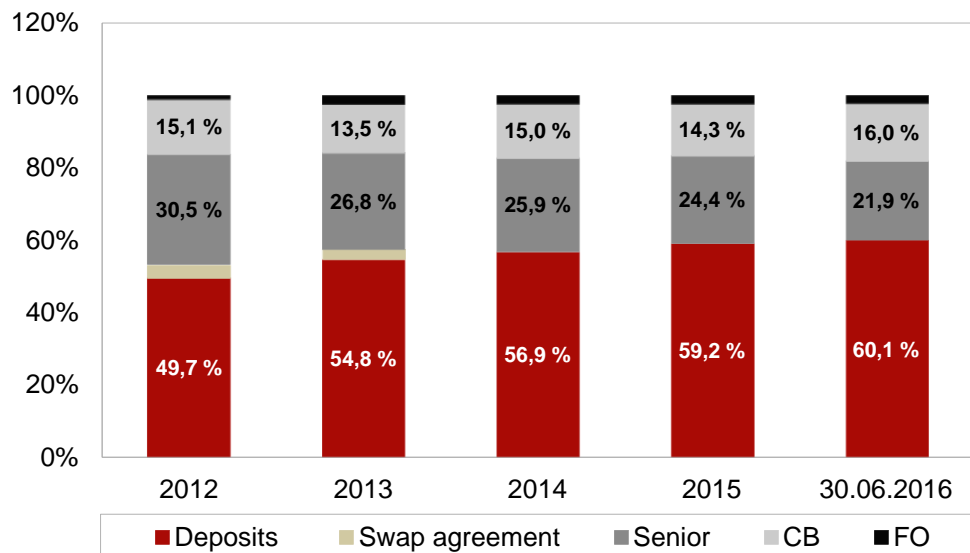
Lånan

En drivkraft for vekst på Helgeland



Funding

Funding development (MNOK)

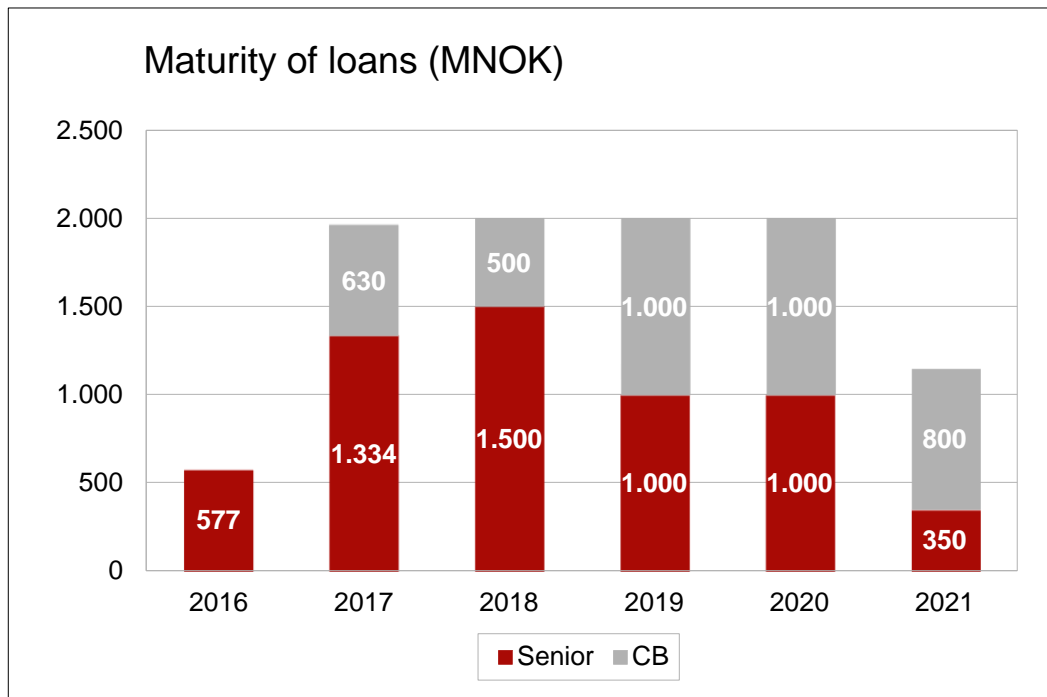


Commentary

Deposits are the most important source for funding,

Deposit and CB increased share

Funding



Commentary

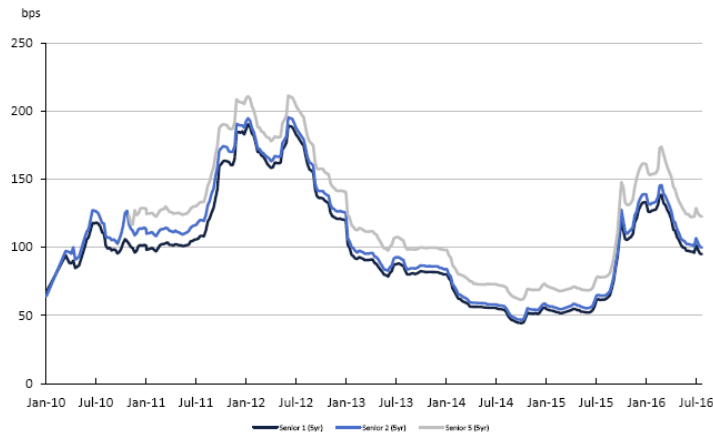
Good and long term funding

Share long term funding
79.3% (83.0)%

Combined duration of 2.6
(2.5) years. Duration in the
mortgage company 3.2 years

Funding

Senior unsecured (5yr)



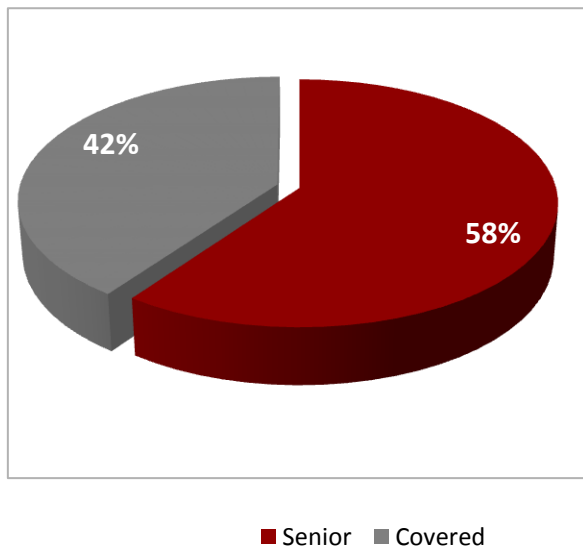
Covered bonds (5yr)



Credit spread output on both Senior and Covered Bonds changed a lot last fall as a result of turmoil in the banking market. However, we have seen an improvement in the last months and is back at a slightly lower level.

Funding

Funding, proportion Senior and Covered

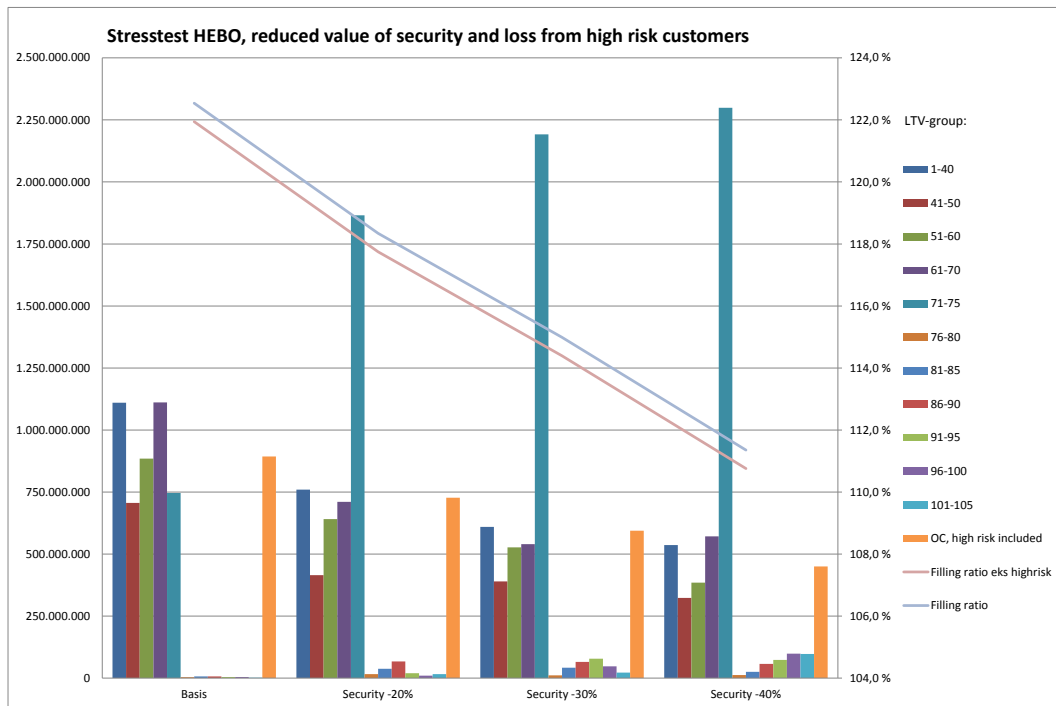


Commentary

Maximum limit for transferring to Helgeland Boligkreditt is stated to 30% of gross loans. Per 30.06.16 20.5% is transferred.

Empowered mortgages might increase the transfer to 25%

Helgeland Boligkreditt AS



Helgeland boligkreditt AS

Gross profit MNOK 18.1 (18.5).

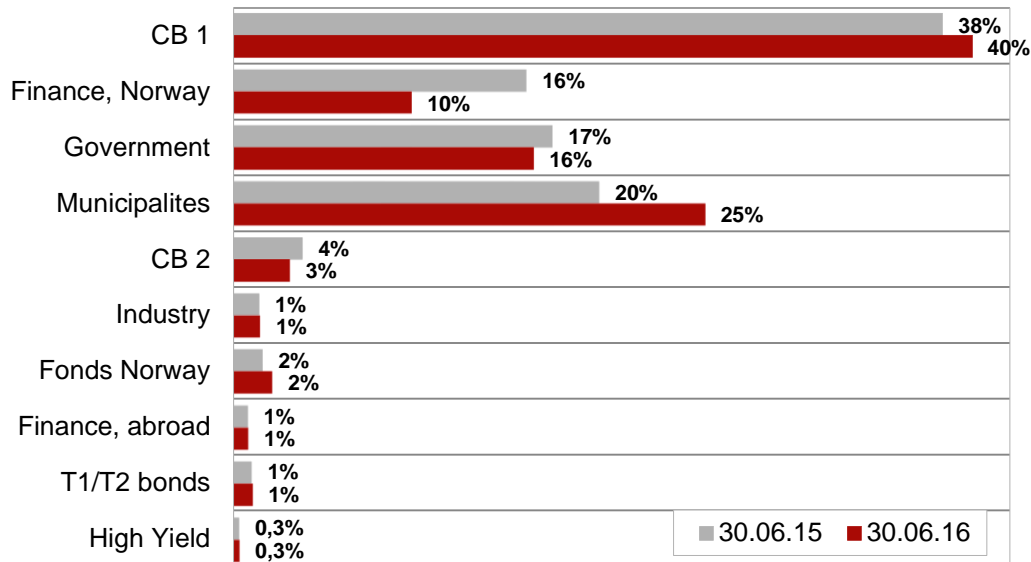
CET1 ratio of 19.2 (15.9)% (standard method with 35% mortgage weights).
Cover pool – qualified loans MNOK 5 170 (4 553), CB loans MNOK 4 033 (3 420)

Cover pool ratio of fullness 28 (33)%
Combined LTV 52 (53)%

Stress test HEBO – with a housing price fall of 40%. The cover pool ratio is reduced from 28% to 17%

Liquidity buffers

Securities distributed in sectors



Commentary

The liquidity buffers amounts to NOK 3.9 (4.0) bn. – equal 13.6 (15.2)% 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 3.2 bn.

Interest paying securities:

- Portfolio duration 2.1 (2.1) years
- 94% are rated A- or better
- 85% CB or Govt./municipal bonds



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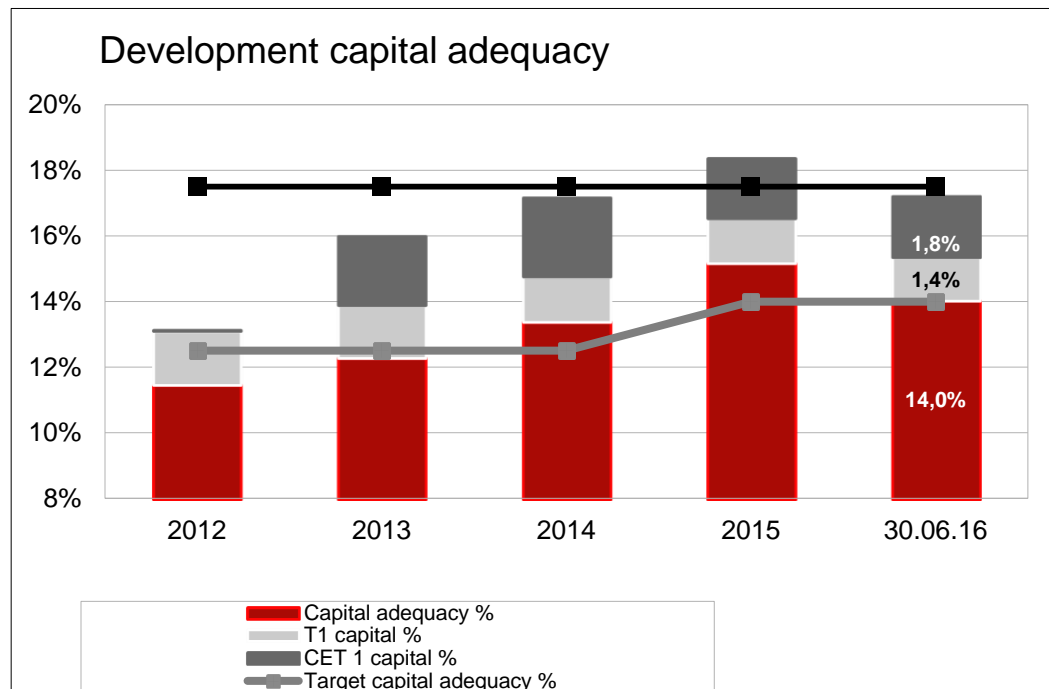
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Capital adequacy



Commentary

Capital ratio

- CET1 14.0 (14.2)%
- Core capital 14.4 (15.6)%
- Total capital 17.2 (17.6)%

Changing the definition of mass market segmented in Q2 2016 represents a decrease of approximately 0,25- percentage points in capital adequacy. Profit is not included in the calculation. If we take in 40% of the profit, CET1 becomes 14.7%. One time effect conversion of pension is entirely recognized in equity.

The banks targets, CET1 of at least 14.0% and total capital up towards 17.5%



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Aldersundet

En drivkraft for vekst på Helgeland



Prospects and priorities

Result

- Continued focus on core business and profitable growth
 - Strong competition in the retail market is met with an offensive sales organization and focus on good consulting in the customer dialogue
- Several factors challenge the net interest.
 - Competition
 - Further reduction of mortgage rates? – still some potential for reduction of deposit interest rates
 - Development of credit spreads
- Cost goal on level with the sector (internal goal max 1% cost growth)
 - Downsizing with 15 man years gradually provides lower costs through out the year with full effect from the end of third quarter
 - New tax on financial services?
- Strengthening competence in digital solutions – new digital leader hired – new position
 - Continuous implementing of new digital solutions
- Increased write-downs as a consequence of the general economic uncertainty
 - Helgeland still relatively unimpacted by lower investment and job cuts in the oil sector

Balance

- Comparatively high activity and willingness to invest in several sectors
 - Expects greater growth in lending than the rest of the country in the 2nd half of 2016
- Renewal of the larger municipal agreement, new long-term municipal agreements and new business customers with larger deposits volume, relatively large savings willingness in the retail market
 - Expect to maintain the level of the bank's own funding through deposits

Helgeland



The seafood industry

- Record growth first half
 - Salmon prices
 - Low exchange rate
- Breeding companies' 2015 financial statements documenting "all time high"
 - "Nova Sea AS"
 - 33 licenses
 - 250 employees
 - 1.5 mnok in res before tax every day
 - Exports over 1 billion NOK
 - Extended market area in 2015 to the United States and Asia
- Salmon lice issues
 - Increases the cost price per kilo
 - Requires Investing in research and development, breeding of lumpfish and special equipment
- Salmon prices are expected to remain at high levels
- Increased production?

Helgeland



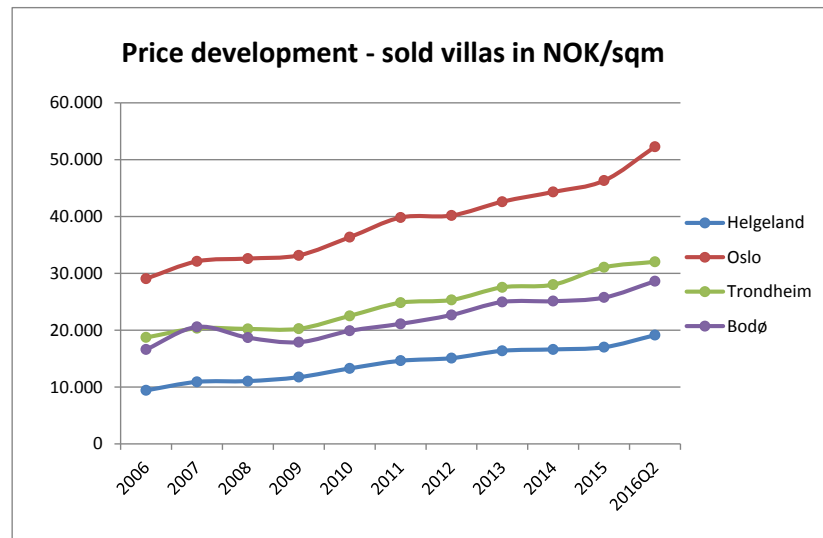
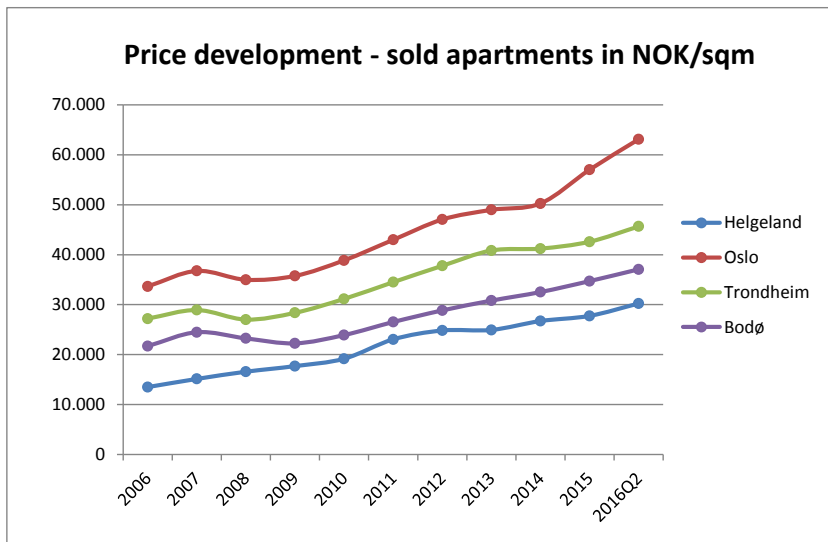
- The tourism industry
 - High occupancy in the region accommodation industry
 - Increasing interest in Helgeland as destination?
 - The exchange rate?
 - Summary / statistics in Q 3

Helgeland



- Construction industry: High activity
 - E 6 development 2016-2018
 - Provides greater local effects than foreseen
 - New hydropower plants
 - Several major apartment development projects and new public buildings
- Export industry
 - Low exchange rate
 - Full activity, but a major focus on efficiency
 - "Green" focus - Helgeland surplus of hydropower resources
 - Close cooperation with research institutes
 - Sintef opens office in Mo i Rana with 4-5 employees
 - New government report about the Manufacturing industry

Property price development (per quarter)

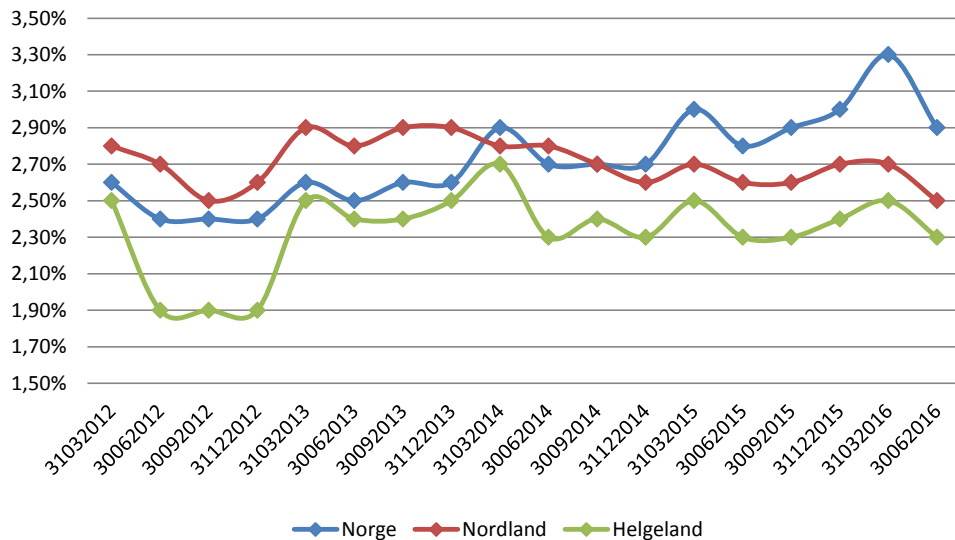


Property price development in Helgeland compared to larger places (measured by price pr sqm for sold houses).

- Average national price increase for apartments in 1 half 2016 was 8.5%.
- Property price increase in Helgeland was 8.9% in the same period. Bodø 6.7% og Oslo 10.7%
- Villas had in first half of 2016 an national average price increase of 7.3%.
- Property price increase in Helgeland was 12.5% in the same period. Bodø 11.1% and Oslo 12.9%

Unemployment

Unemployment in %, Norge, Nordland og Helgeland



Commentary

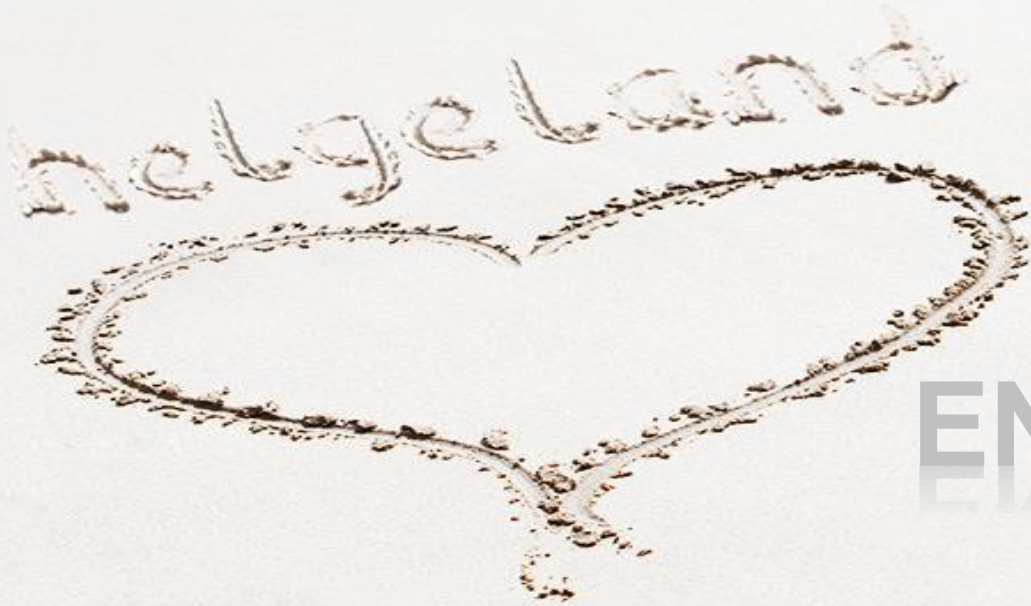
There is a certain difference in unemployment between the regions in Helgeland, but rather variable over time.

Overall unemployment in Helgeland is 2.3% by the end of Q2 2016.

At the same time, unemployment nationally was 3.3% and in Nordland 2.5%

Statistics shows total unemployed

Thank you for your attention!



EN **DRIVKRAFT**
FOR **VEKST**



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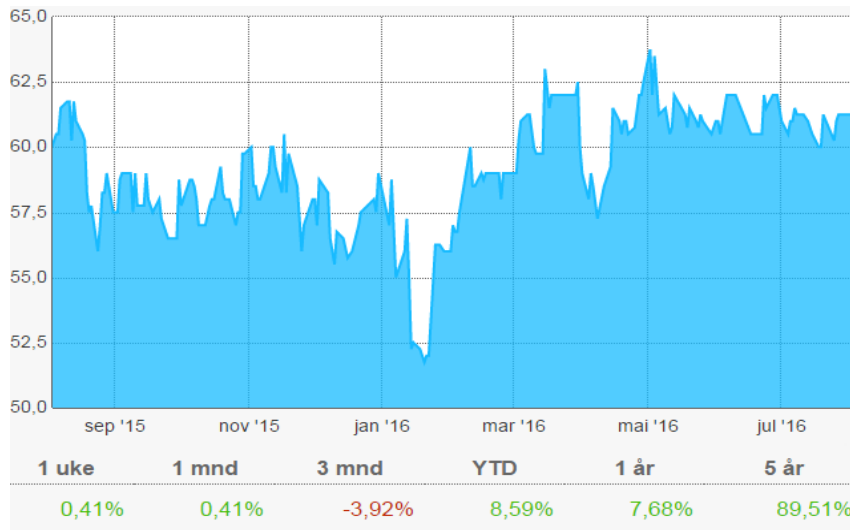
Helgeland

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HELG – de 20 største eierne

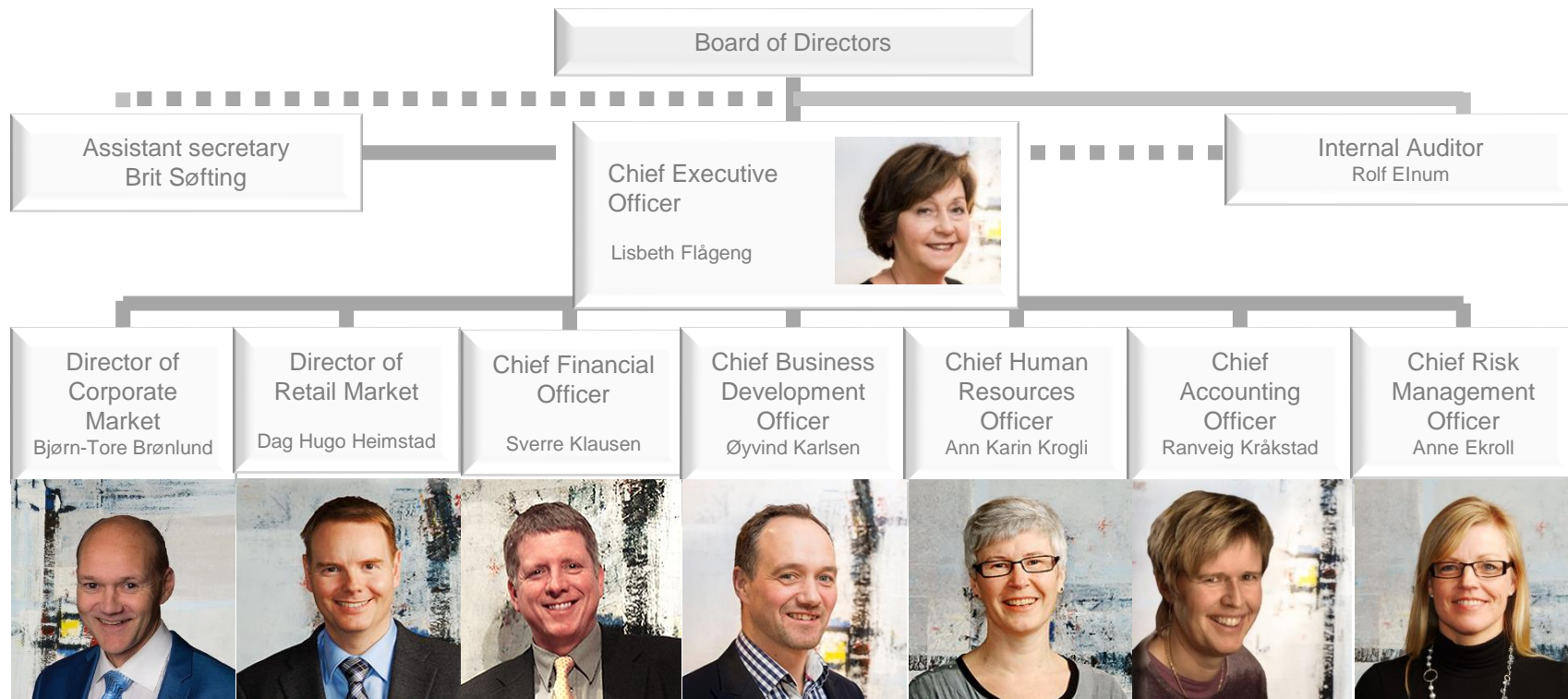
Per 30.06.16	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	6.599.598	35,3 %	Helgeland Kraft AS	340.494	1,8 %
Pareto AS	1.570.836	8,4 %	Verdipapirfondet Pareto	269.000	1,4 %
UBS AG, London Branc A/C	1.198.900	6,4 %	Sniptind Holding AS	179.061	1,0 %
Merrill Lynch Prof.	1.130.015	6,0 %	Catilina invest AS	170.000	0,9 %
Pope Asset Management BNY	671.041	3,6 %	Brødrene Johanssen AS	137.730	0,7 %
VPF Nordea Norge	565.712	3,0 %	Nordenfjelske Bykreditt	134.194	0,7 %
MP Pensjon PK	562.203	3,0 %	Melum Mølle AS	130.000	0,7 %
EIKA Utbytte VPF	548.920	2,9 %	Steffen Nervik	110.000	0,6 %
Lamholmen AS	398.788	2,1 %	Melesio Capital AS	100.000	0,5 %
Bergen Kommunale pensj.	390.000	2,1 %	Forte Trønder	85.600	0,5 %
Total 10 biggest owners	13.636.013	72,9 %	Total 20 biggest owners	15.292.092	81,8 %

HELG – EC development and liquidity



The price of HELG per 30.06.16. was NOK 62.00 per EC. This is an increase of NOK 3.00 since year end.

The bank's organization



Contact information

Head office

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Visiting address	Jernbanegata 15, 8622 Mo i Rana
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Web	www.hsb.no
Organization number	937904029

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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
Martin Søreng