

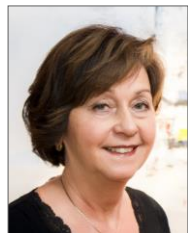


Presentation
Q3 2016



med for
HELGELAND

Presentation per 30.09.16 (HSB Group)



Lisbeth Flågeng
Chief Executive Officer



Sverre Klausen
Chief Financial Officer

Main Features

Profit & loss

Balance

Lending

Deposits

Funding

Solidity

Emission

Appendices

Main features per 30.09.16

Result

Gross profit MNOK 367 (188)

- Still good profitability in the banks basis operations, net interest increased in NOK and in %
- Stable net commission income
- Increased result share from associated companies
- Moderate write-downs on lending
- Pension liability recognized as income by conversion to defined contribution in Q1 and gains from sale of Visa in Q2

Profitability

- ROE (after tax) 14,0 (8,6)%

Solidity

Capital adequacy – CET1 ratio 13.8 (13.9)% – total capital ratio 17.0 (17,3)%

- Profit 2016 is not added
- New capital target decided in September 2016. Minimum 14,5 % Core capital and minimum 18 % total capital

Main features per 30.09.16

Lending

12-month growth 10.1 (5.4)%

- Retail market 10.8 (7.6)%
- Corporate market 8.9 (1.2)%

Deposits

12-month growth 11.1 (1.3)% – good deposit ratio 64.2 (63.7)%

- Retail market 7.2 (5.4)%
- Corporate market 16.9 (-5.2)%

Recruitment process new CEO (accession 01.08.17).

Issue resolution – private placement



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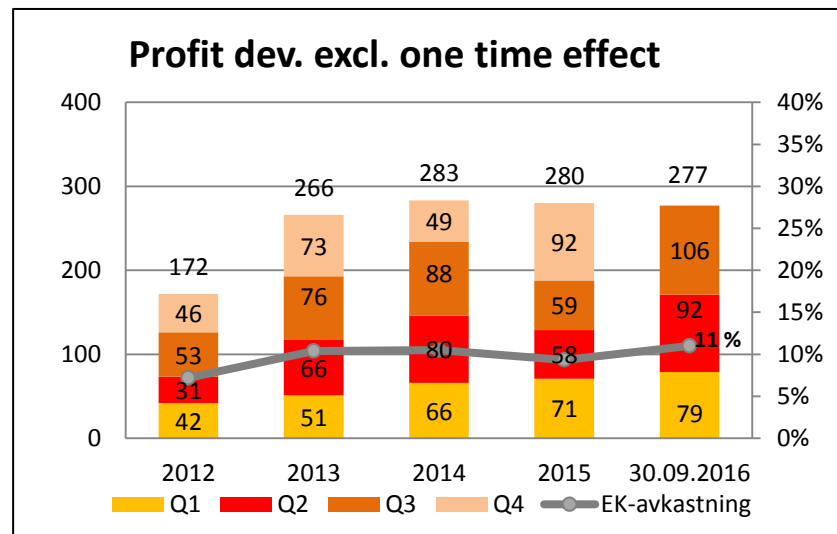
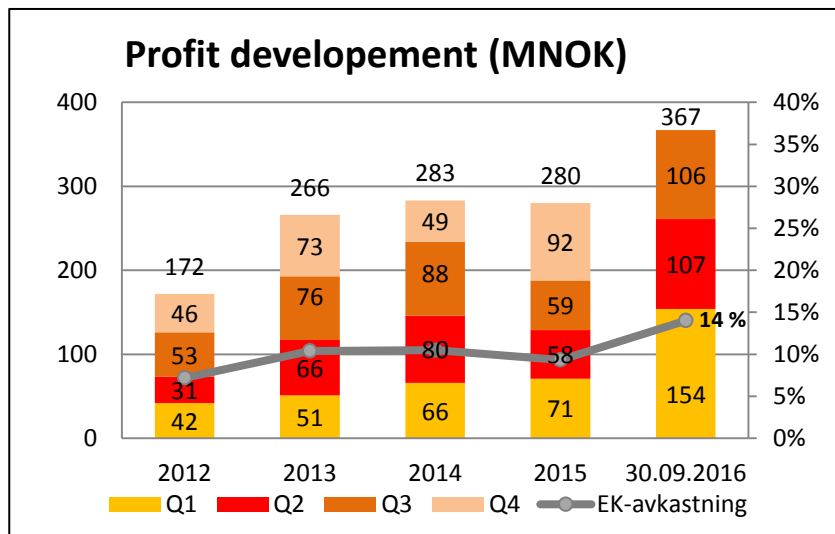
Appendices

De syv søstre

En drivkraft for vekst på Helgeland



Result

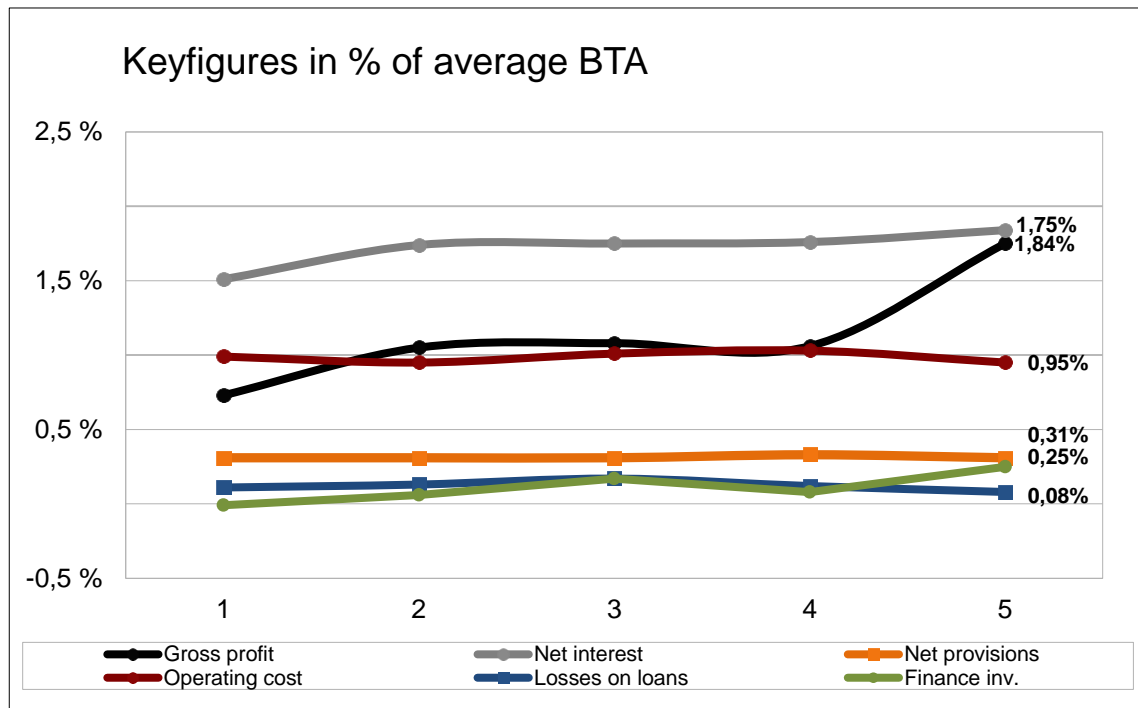


Good result Q3

Gross profit MNOK 367

- ROE after tax 14,0% and 11,0% 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

- 0.31% - stabile level.

Operating costs

- Flattening

Moderate write-downs on lending

Gross profit

- Increased profit share from associated companies
- One time effect pension Q1/2016
- Gains Visa Q2

Profit & loss

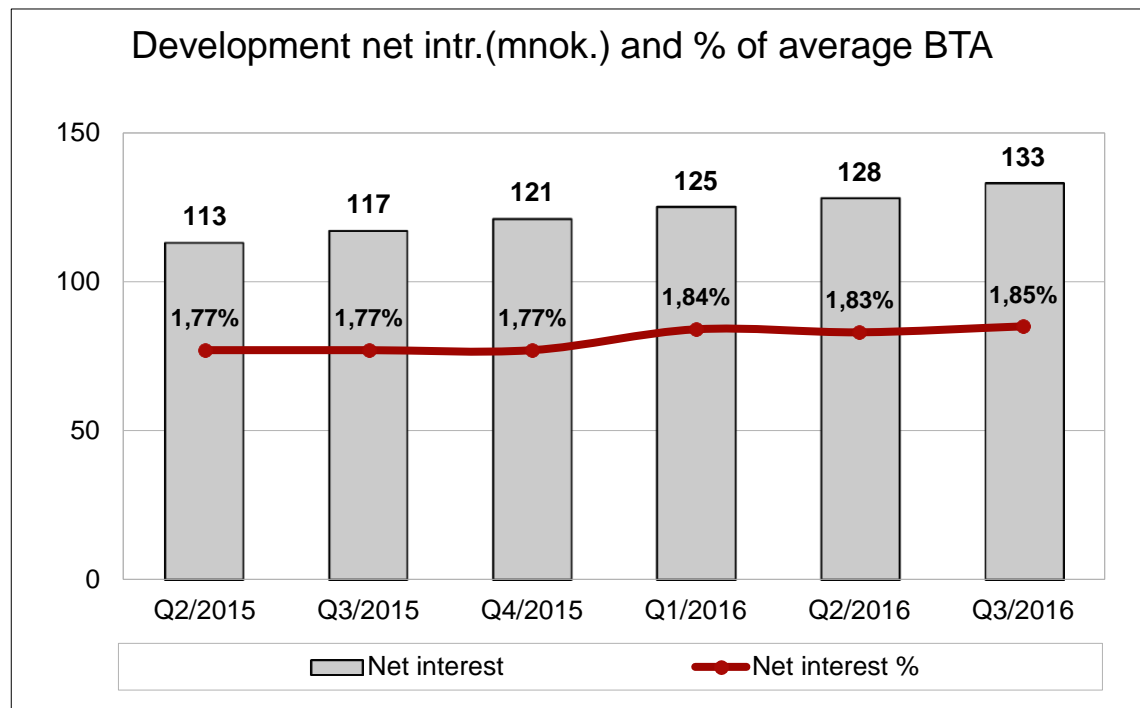
Helgeland Sparebank (group)

	Q1/2015	Q2/2015	Q3/2015	Q4/2015	Q1/2016	Q2/2016	Q3/2016
Net interest- and credit provision earnings	112	114	116	121	125	128	133
Net provision earnings	21	20	23	22	20	22	22
Other operations income	2	1	6	2	2	1	1
Ordinary operations cost	67	63	66	66	65	69	65
Result basic operations	68	72	79	79	82	82	91
Write-downs lending and warranties		11	9	12	5	6	5
One-time cost				8			
Income by conversion to defined contribution					75	1	
Net value change financial instruments	3	-4	-11	33	2	30	20
Gross profit	71	57	59	92	154	107	106
Net profit	53	39	45	70	117	85	84
Net extended income posts	-8	-2	-14	36	1	-19	5
Profit for the period	45	37	31	106	118	66	89

Commentary

- Stable and good basis operation, increased net interest
- Continued previous practice of deferred hedge fund fees
- Reduced staff by 13 man-years from 31.12.15
- Moderate write-downs on lending, including increased group write-downs, totalling MNOK 8, increase of MNOK 2.5 in Q3

Net interest

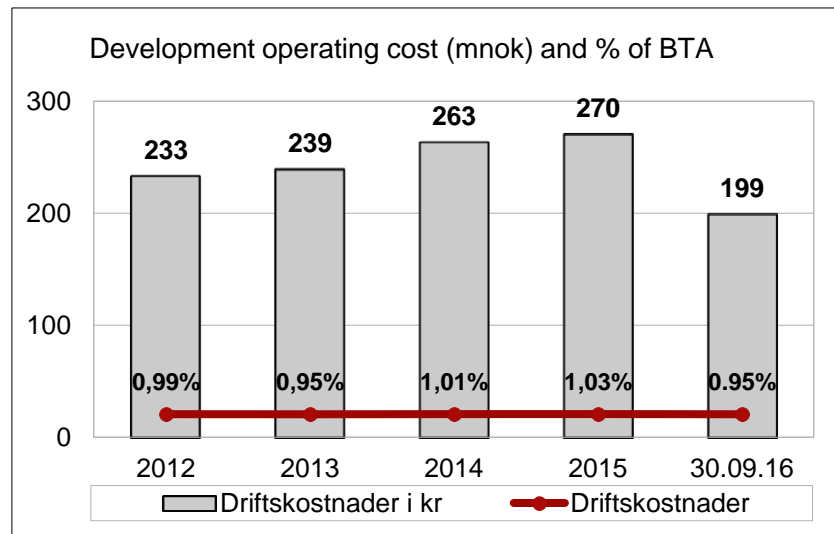
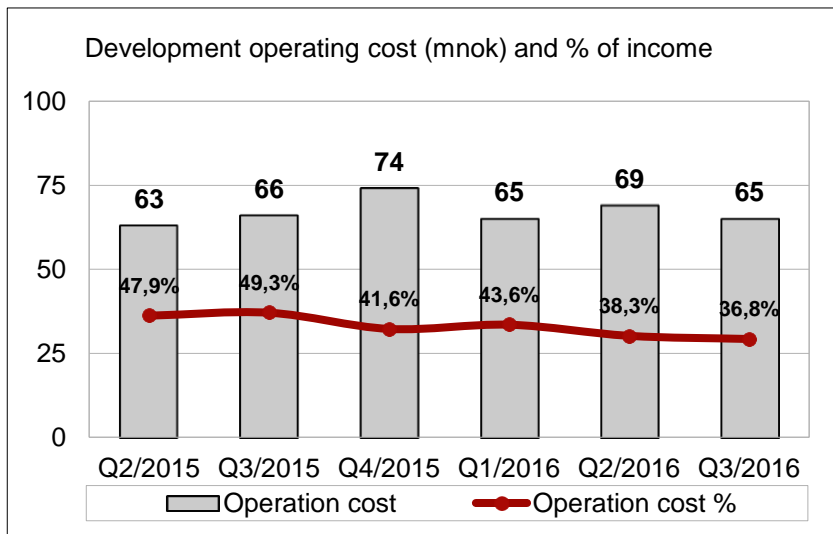


Increased net interest

Still strong competition regarding price

- Maintained net interest in %.
- Interest costs subordinated bonds are recognized in equity in 2016, providing an improvement of the net interest with 5 bps

Operating costs



Cost focus – reduced costs

- Adaption of man years – full effect from Q4
- Continuous improvement of work processes
- Predictable pension plan will provide future cost reduction
- One time effect pension is not included in the calculation for Q1/2016 and 30.09.16

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Balance

Helgeland Sparebank (konsern)

	30.09.16	30.09.15	Endring
Likvider	655	461	194
Netto Utlån	24 266	22 012	2 254
Verdipapirer og aksjer	3 600	3 713	-113
Øvrige aktiva	345	372	-27
Eiendeler	28 866	26 558	2 308
Innskudd fra kunder	15 651	14 093	1 558
Pengemarkedfinansiering	9 718	9 489	229
Øvrig gjeld	442	282	160
Ansvarlig lånekapital	300	300	0
Egenkapital	2 755	2 394	361
Gjeld og egenkapital	28 866	26 558	2 308

A scenic landscape of a fjord with snow-capped mountains and a wooden pier. The mountains are covered in patches of snow and green vegetation. The water is calm, reflecting the sky and the mountains. A wooden pier extends from the right side into the water.

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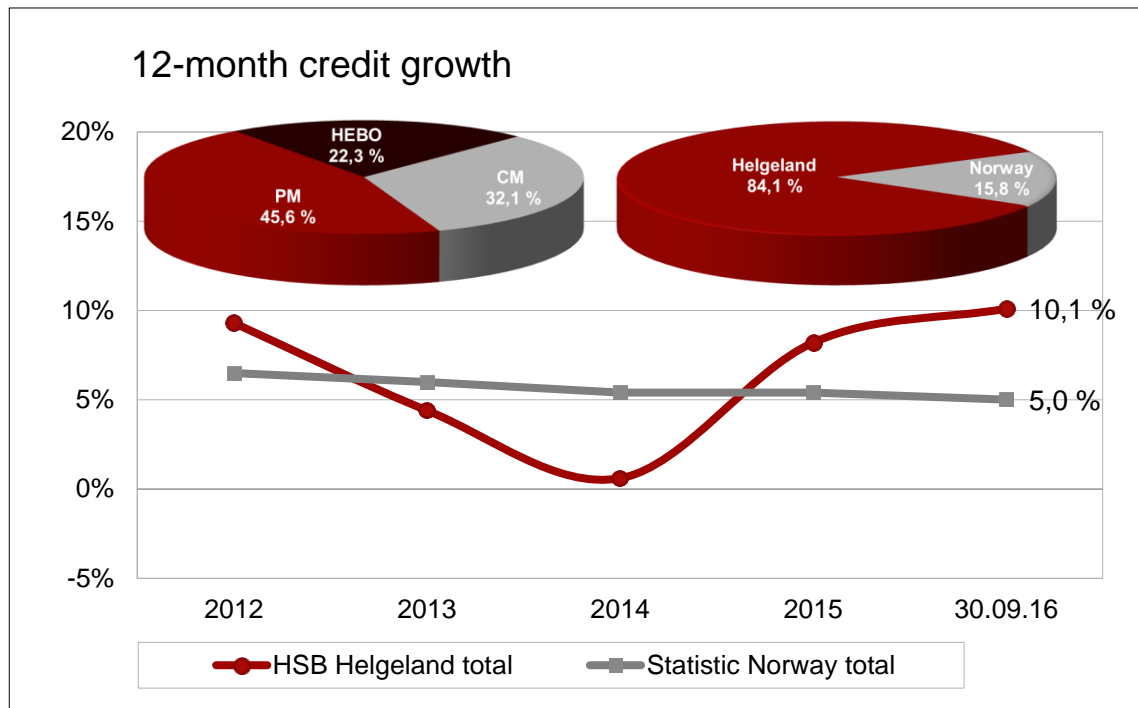
Emission

Appendices

En drivkraft for vekst på Helgeland



Credit growth



Commentary

Credit growth

- 12-month growth 10.1 (5.4)%

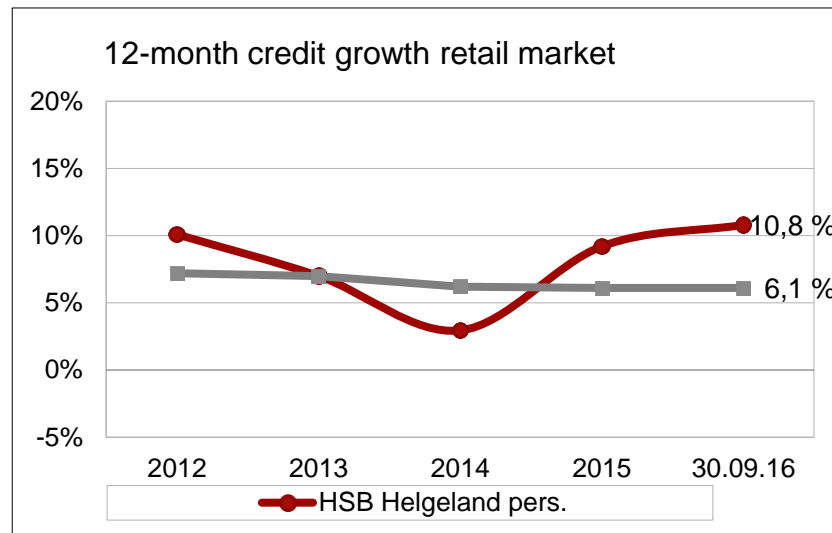
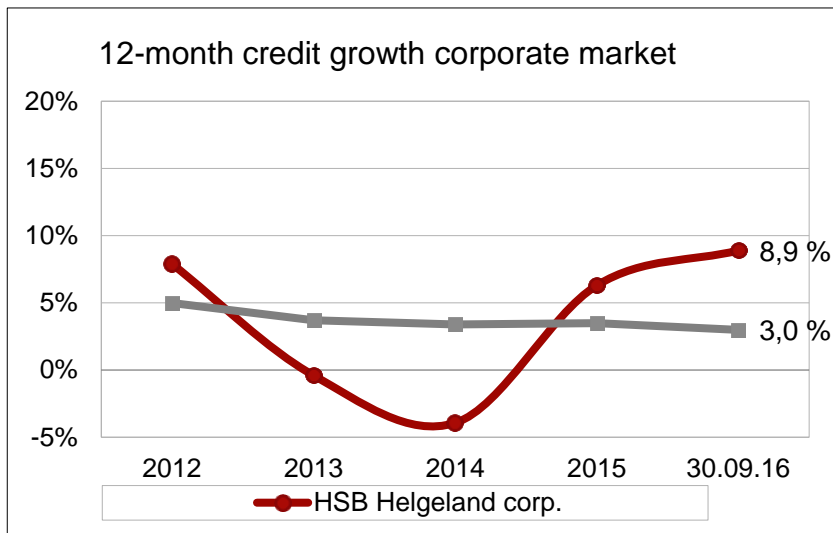
PM share

- Target minimum 60%
- Per Q3 67.9 (67.5)%

Locally in Helgeland

- Per Q3 84.1 (83,6)%

Credit growth CM and RM

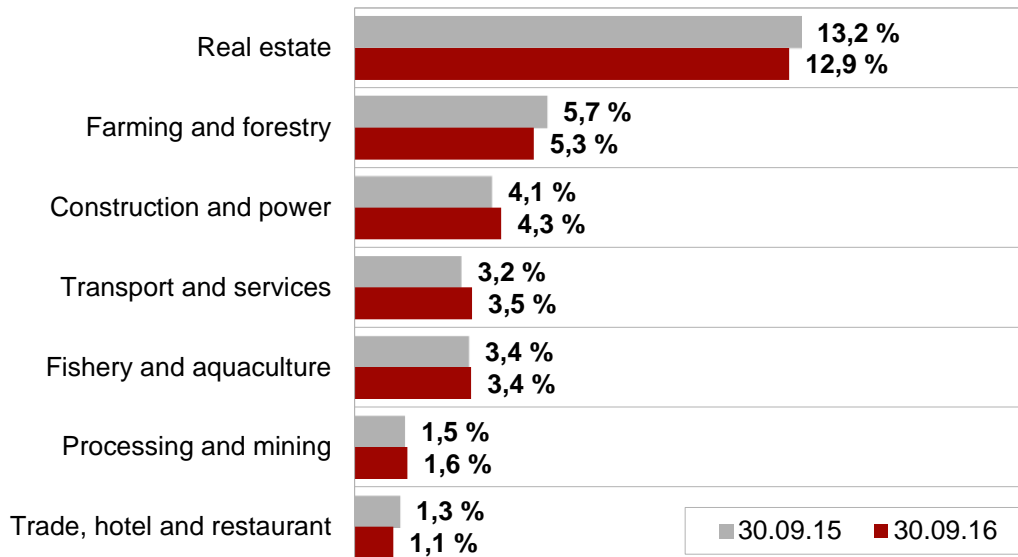


Commentary

12-mont growth 10.1 (5.4)% whereby CM 8.9 (1.2)% and PM 10.8 (7.6)%

Lending CM

Lending distributed in sector

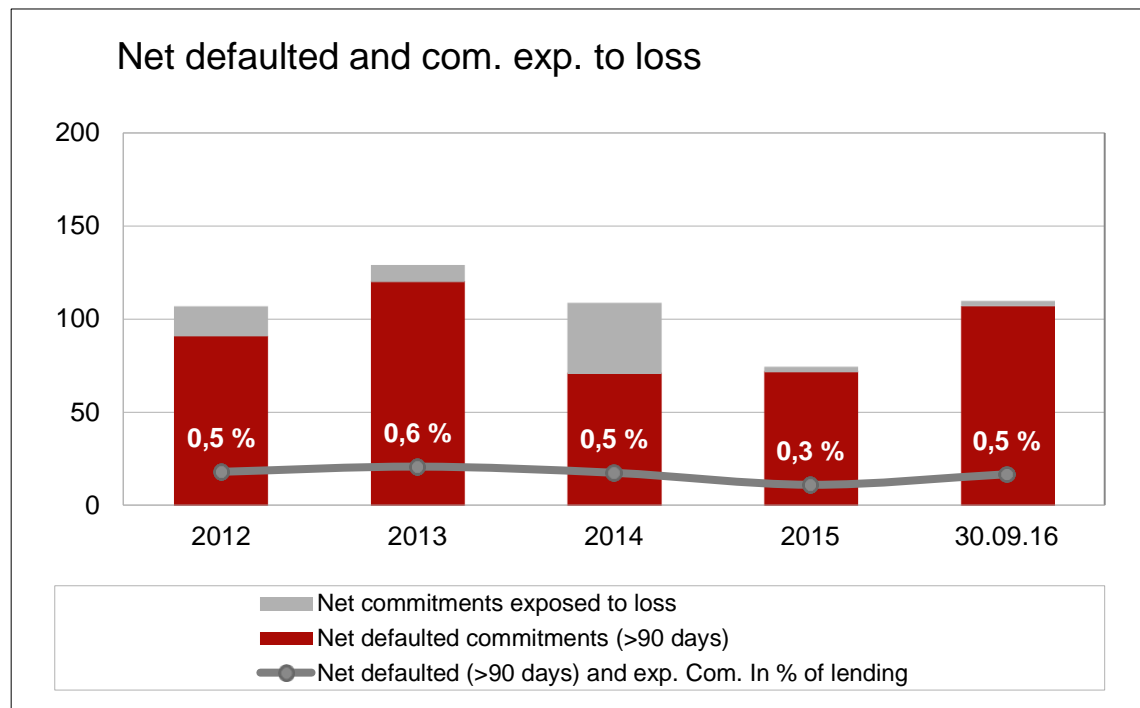


Commentary

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

Share CM of total lending 32.1 (32.5)% or MNOK 7 824 (7 187)

Non-performing and other impaired commitments



Good portfolio quality

Net non-performing and other impaired commitments amounts to MNOK 110 (122) Which equals 0.5 (0.6)% of gross loans

Increased group write-downs with MNOK 8 so far this year.

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

Total group write-downs

- MNOK 87
- 0.36% of gross loans



Main features

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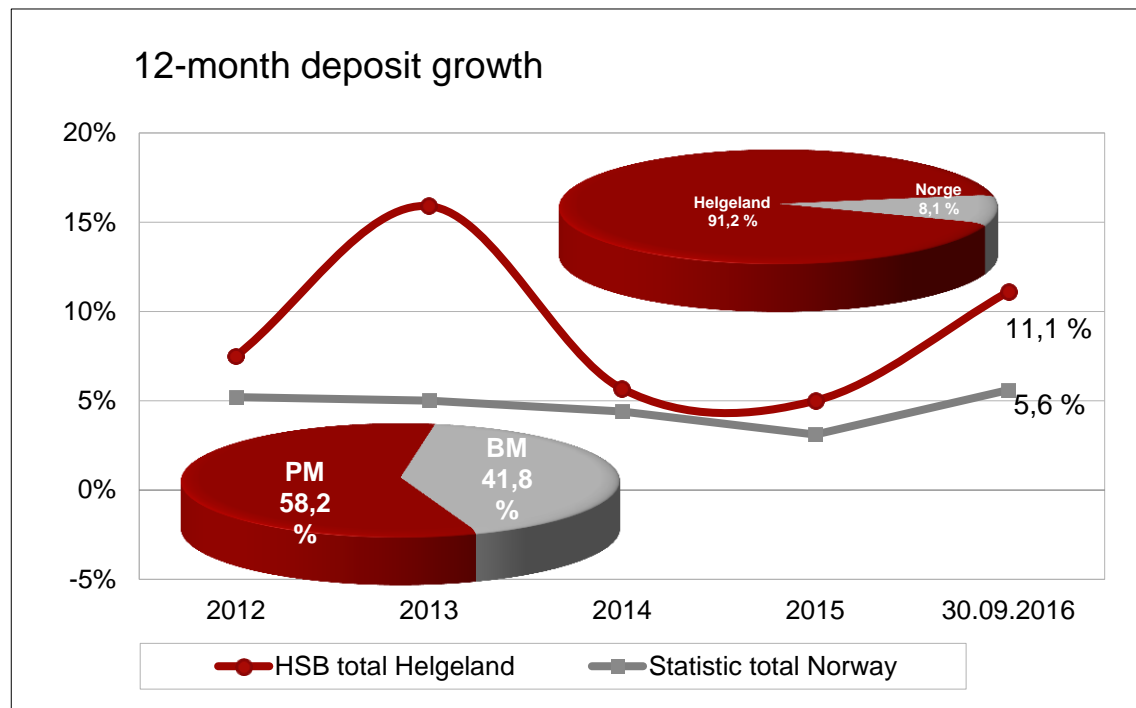
Emission

Appendices

En drivkraft for vekst på Helgeland



Deposit growth



Commentary

12-month growth 11.1 (1.3)%

PM share

- Per Q3 58.2 (60.3)%

Locally in Helgeland

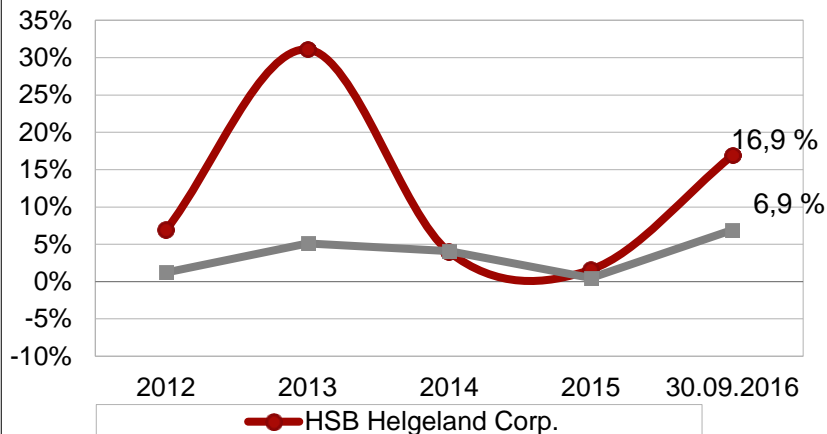
- Per Q3 91.2 (91.2)%

Deposit ratio

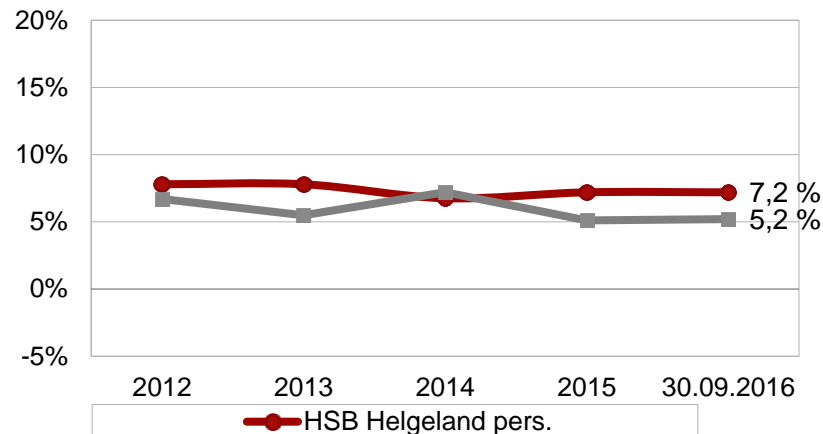
- Target minimum 60%
- Per Q3 64.2 (63.7)%

Deposit growth CM and RM

12-month deposit growth corporate market



12-month deposit growth retail market

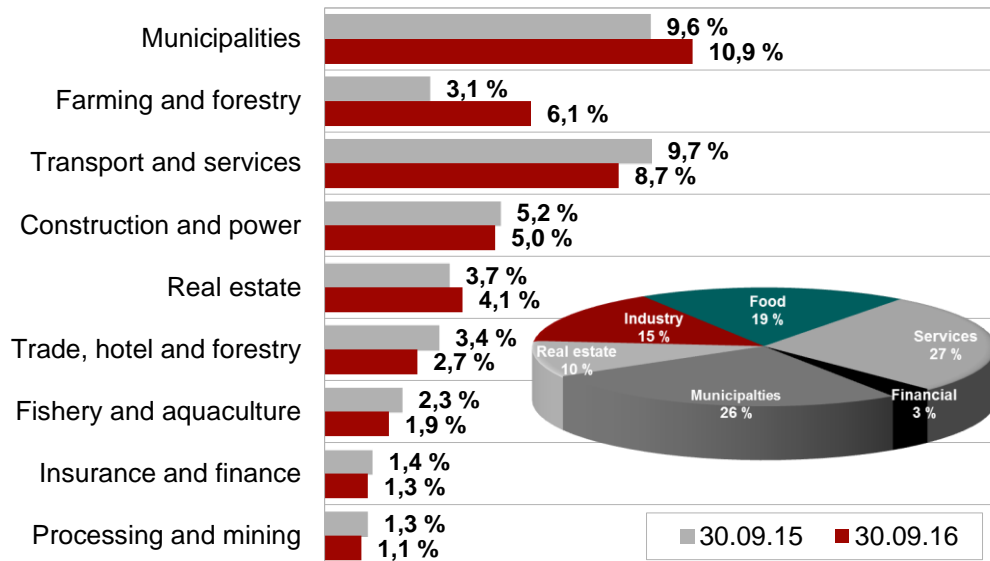


Commentary

12-month growth 11.1 (1.3)% whereby CM 16.9 (-5.2)% and PM 7.2 (5.4)%

Deposits CM

Customer deposits



Commentary

Well diversified deposit portfolio in the CM

Share CM 41.8(39.7)% or MNOK 6 544 (5 597) of total deposits

Deposits from municipalities constitute 26% of the CM deposits



Main features

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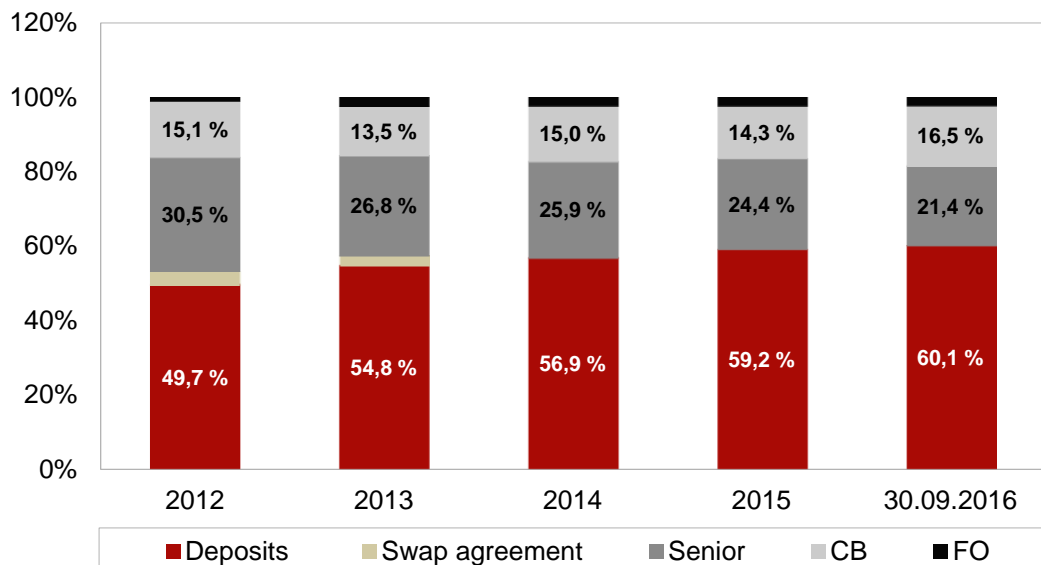
Appendices

En drivkraft for vekst på Helgeland



Funding

Funding development (MNOK)



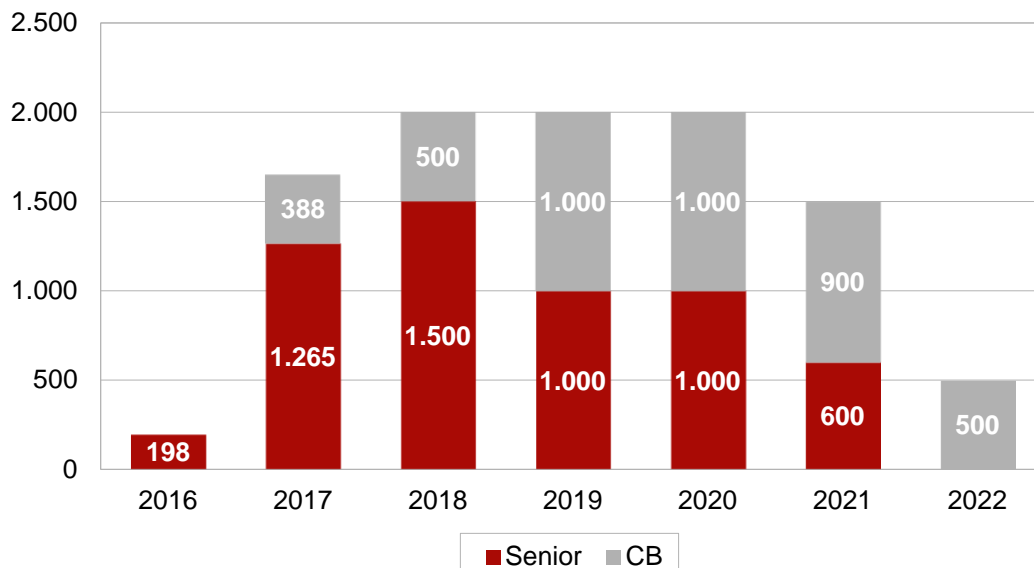
Commentary

Deposits are the most important source for funding,

Deposit and CB increased share

Funding

Maturity of loans (MNOK)



Commentary

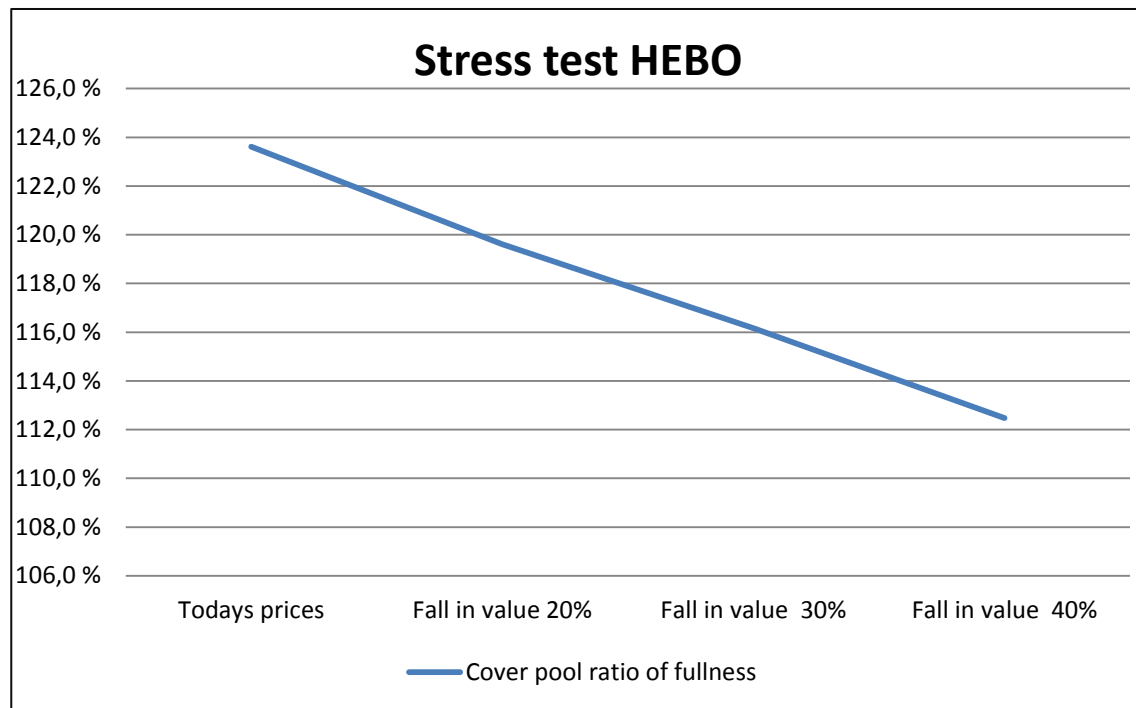
Good and long term funding

Share long term funding
81.2% (81.4)%

Combined duration of 2.7
(2.6) years. Duration in the
mortgage company 3.3 years

Increase in senior 2021
concerns a new loan from
Nordic Investment Bank in
Q3 2016

Helgeland Boligkreditt AS



Helgeland boligkreditt AS, fully owned by Helgeland Sparebank

Net profit MNOK 27.5 (27.1).

Gross loans amounts to MNOK 5 445 (4 312) and CB MNOK 4 633 (3 673)

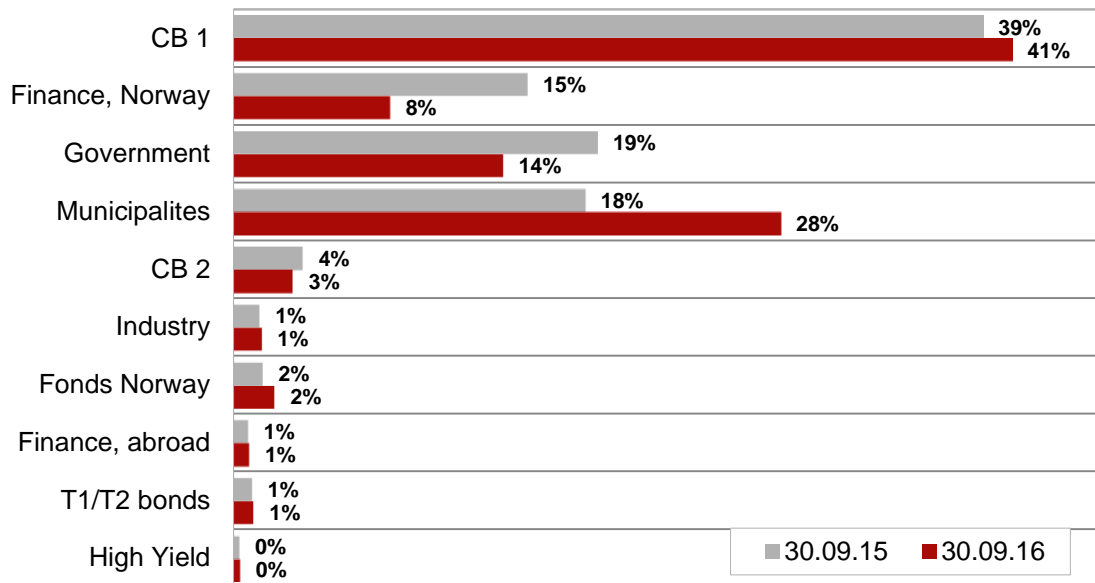
CET1 ratio of 17.5 (16.2)% (standard method with 35% mortgage weights).

Cover pool ratio of fullness 23 (21)%
Combined LTV 52 (52)%

Stress test HEBO – with a housing price fall of 40%. The cover pool ratio is reduced from 28% to 11%

Liquidity buffers

Sector distribution interest portfolio



Commentary

The liquidity buffers amounts to NOK 3.7 (3.8) bn. – equal 13.0 (14.3)% 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 3.1 bn.

Interest paying securities:

- Portfolio duration 2.0 (2.2) years
- 94% are rated A- or better
- 85% CB or Govt./municipal bonds



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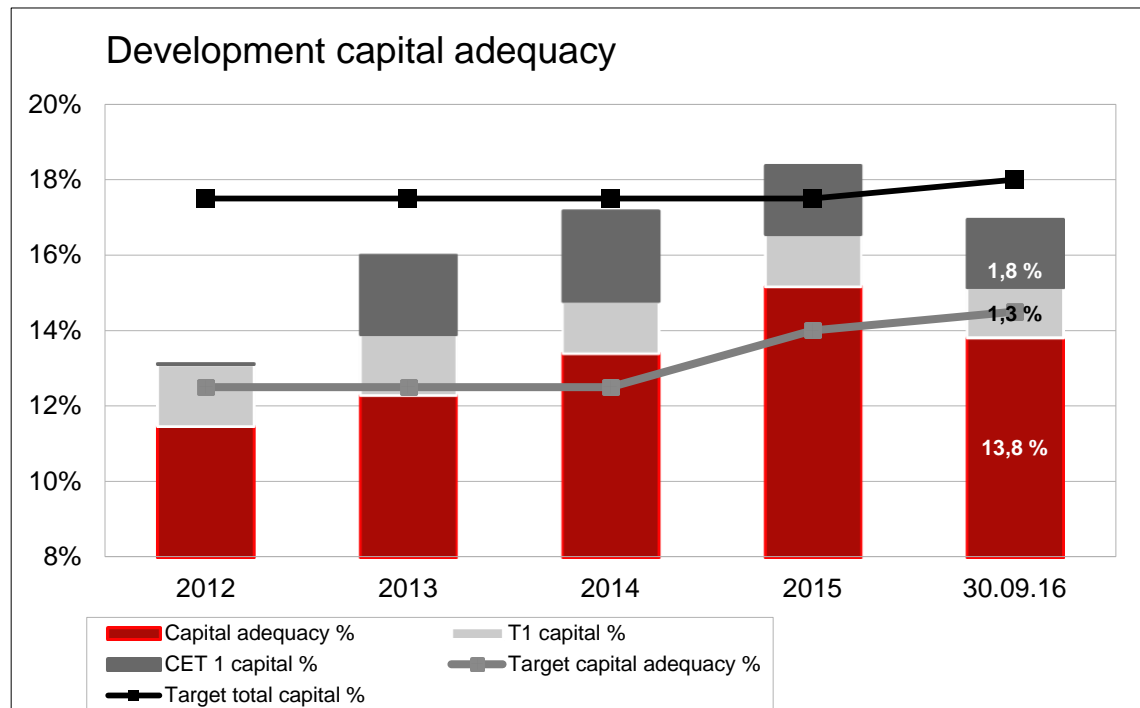
Emission

Appendices

En drivkraft for vekst på Helgeland



Capital adequacy



Commentary

Capital ratio

- CET1 13.8 (13.9)%
- Core capital 15.1 (15.3)%
- Total capital 17.0 (17.3)%

Profit is not included in the calculation. If we take in 60% of the profit, CET1 becomes 15.0%. One time effect conversion of pension is entirely recognized in equity.

(Changing the definition of mass market segmented in Q2 2016 represents a decrease of approximately 0.25-percentage points in capital adequacy.)

Leverage ratio: 7.6 %.

60 % of the profit and one time effect included: 8.3 %.

The banks targets, CET1 of minimum 14.5% and total capital of minimum 18.0%



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Lending

Deposits

Funding

Solidity

Emission

Appendices

Prospects and priorities

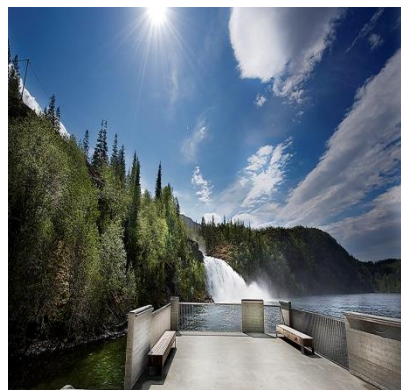
Result

- Continued focus on profitable growth and width sale
 - Particular market window in Helgeland provides opportunities for profitable growth
 - Offensive sales organization ensures width sale
 - Focus on good consulting in the customer dialogue
- Maintaining the net interest.
 - Competition picture in relation to good personal and corporate customers are still demanding
 - Increasing of mortgage rates?
 - Development of credit spreads?
- Cost goal on level with the sector (internal goal max 1% cost growth)
 - Full effect of reduced staff (13 man years) from 4th quarter
 - Expected growth is handled without increased man years
 - New tax on financial services?
 - Predictable pension costs
 - Higher tax rates than other sectors
 - Ongoing implementing of new digital solutions
- Increased write-downs as a consequence of the general economic uncertainty
 - Helgeland still relatively unaffected by lower investment and job cuts in the oil sector

Balance

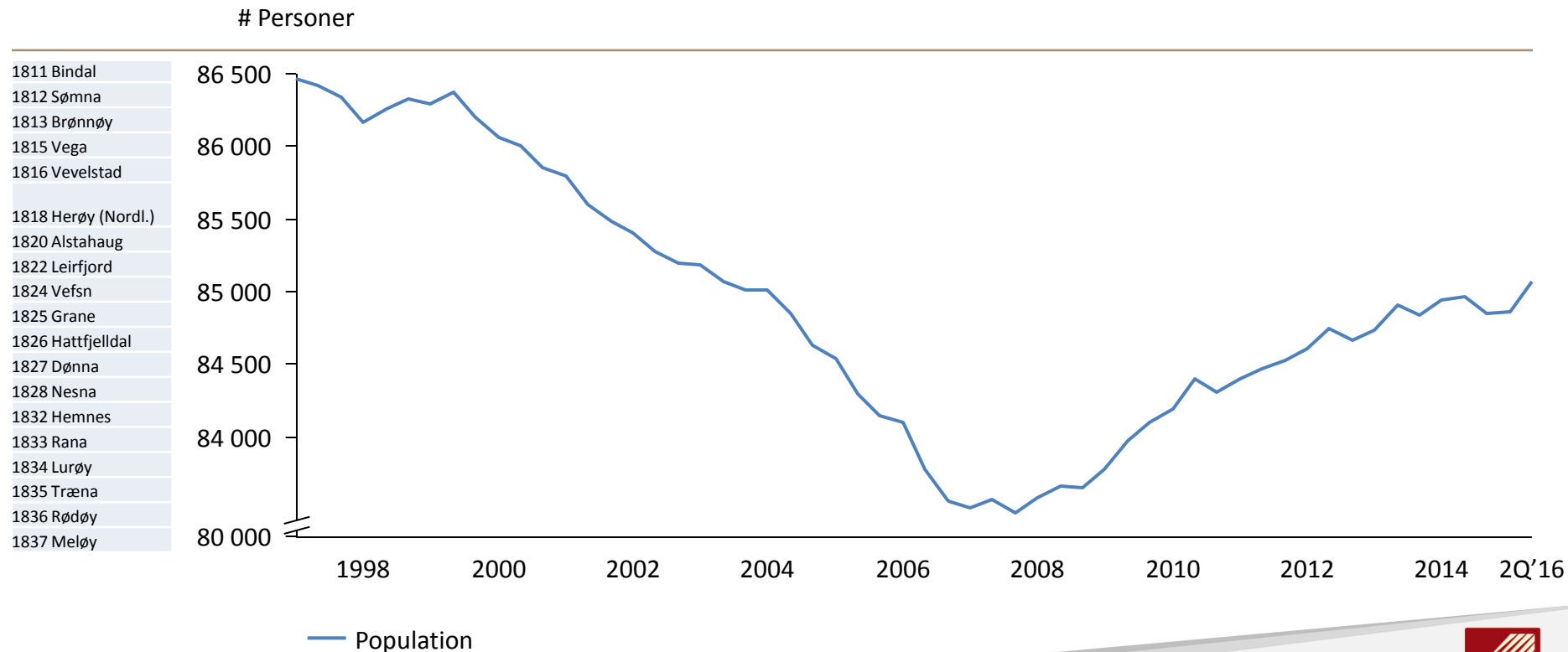
- High activity and willingness to invest in several sectors
 - Expects greater growth in lending than the rest of the country also in the 4th quarter and next year
- Renewal of the larger municipal agreement, new long-term municipal agreements and new business customers with larger deposits volume, relatively large savings willingness in the retail marked
 - Expect to maintain the level of the bank's own funding through deposits

Particularly high activity expected over the next 12-18 months

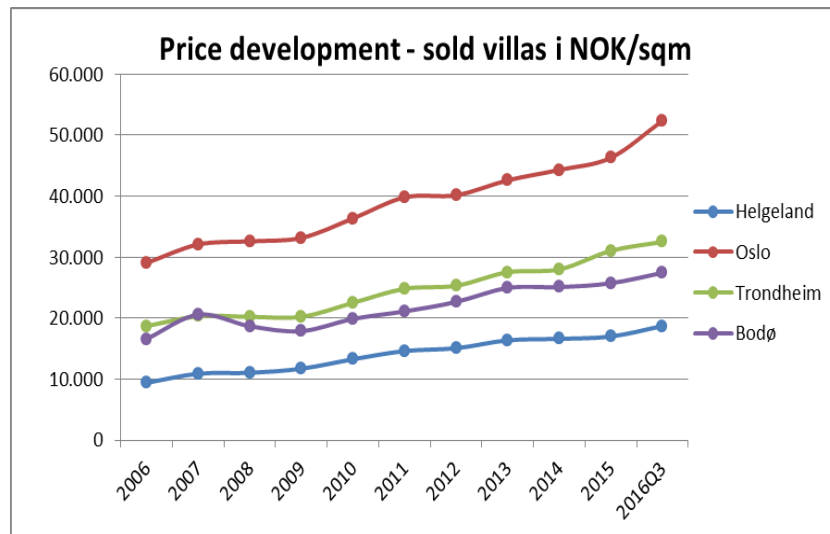
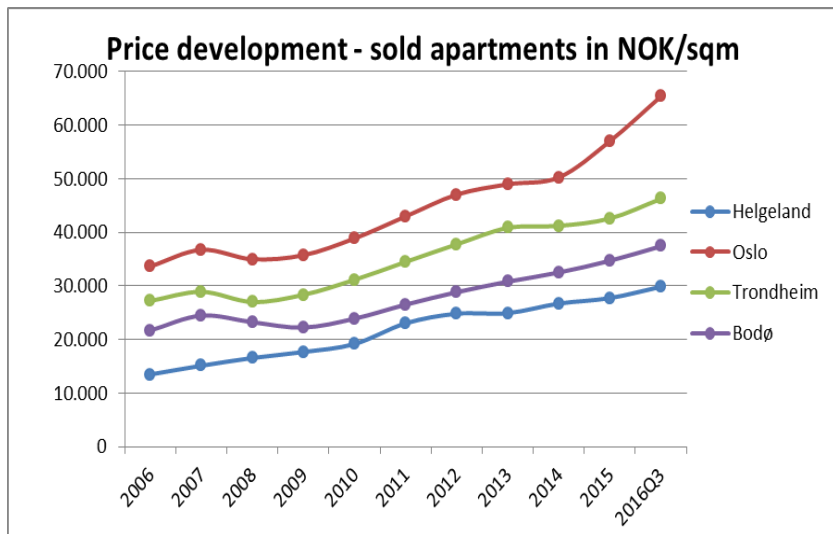


- Helgeland is less affected by the downturn in the oil/oil service than many other parts of the country. The activity as a whole is therefore higher than nationally. In addition, DNB has closed several offices in the region, providing excellent opportunities for a period of good, profitable growth.
- An emission will support the bank's growth opportunities and further strengthen the bank's good market position.
- Already known, partly initiated projects within the existing customer base is considered to have a financing requirement of about NOK 1,1 bn. This is expected to find place in the following sectors:
- See food industry (20-25%)
 - Fish farming, equipment, boats etc.
- Building and construction (40-50%)
 - Housing, including nursing care
- Commercial property (20-25%)
 - Including production facilities
- Many other projects related to agriculture, tourism and public infrastructure
 - New power plants, new E6 built from 2016 to 2018, new water and sewage pipelines
 - In addition to regular positions in the state and municipalities about 10 % of the work force is employed in the public institutions Norwegian national collection agency, National library, NRK licencing authority, NAV Economy, Brønnøysund registers and Helgeland's hospital.

The population in Helgeland have increased steadily since 2006-2008



Stabile property price development



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

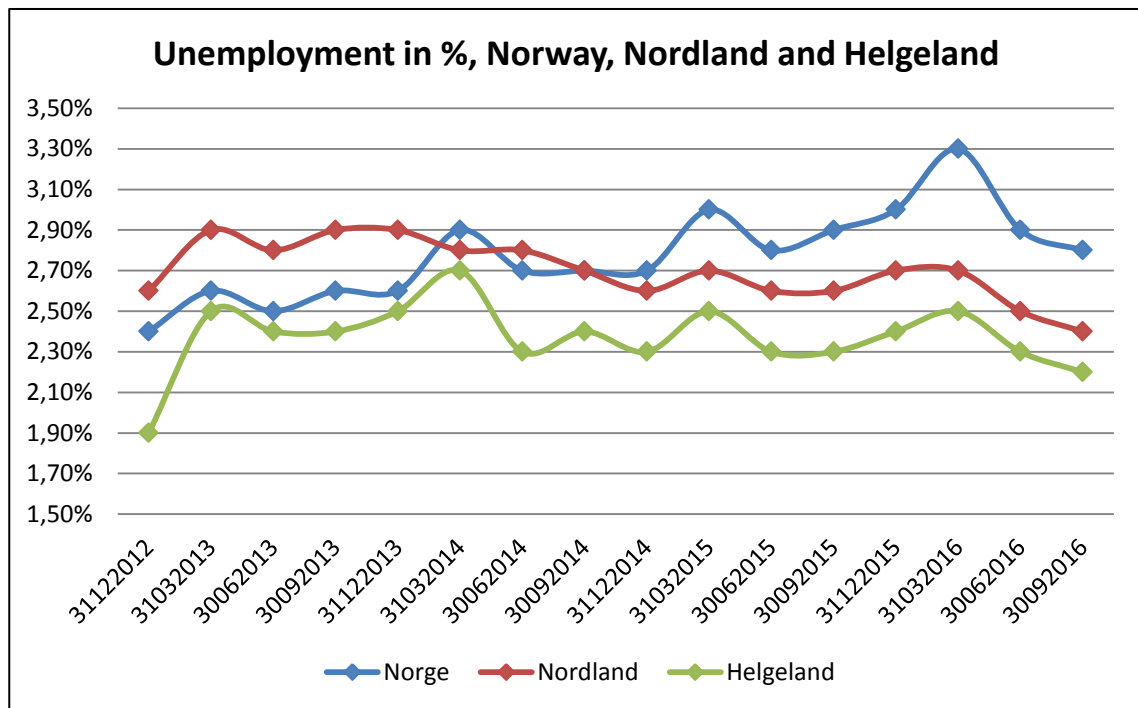
Average national price increase for apartments from January 1st 2016 to October 1st 2016 was 13.0%.

- Property price increase in Helgeland was 7.6% in the same period. Bodø 7.8% og Oslo 14.7%

Villas had from January 1st 2016 to October 1st 2016 an national average price increase of 8,1%.

- Property price increase in Helgeland was 10.1% in the same period. Bodø 6.6% and Oslo 13.1%

... supported by low unemployment



Commentary

Unemployment in Helgeland follows the national trend while Helgeland lays lower than Nordland overall and Norway overall.

Overall unemployment in Helgeland is 2.2% by the end of Q3 2016.

At the same time, unemployment nationally was 2.8% and in Nordland 2.4%

Statistics shows total unemployed

Overview of planned transactions

Private placement

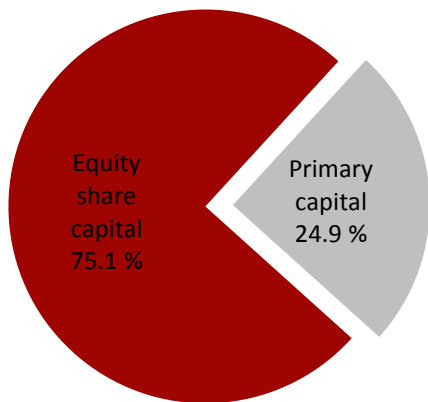
- Private placement with gross proceeds up to MNOK 130, with the aim to support strong growth in the region, expected the next 12-18 months.
- The private placement is expected published along with Q3/16 October 24th at 16.30 (CET).
 - "Overnight Accelerated Bookbuilt Offering" (ABO) implemented after opening hours at Oslo Stock Exchange (16.30 CET), with pricing before market opens the following day
 - Private placement in Norway and internationally, with a minimum subscription/-asset allocation of EUR 100 000 (With the opportunity to receive up to 149 orders under EUR 100 000)
 - Offer in the USA to QIBs under Rule 144A
 - Arctic Securities AS and Norne Securities AS as facilitators

Subsequent repair issue

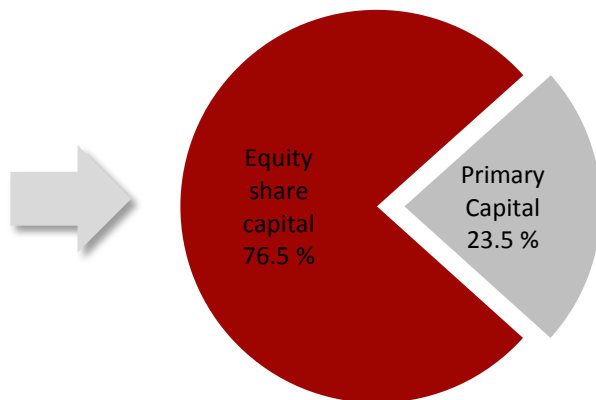
- Assuming a successful private placement, Helgeland Sparebank will consider undertaking a subsequent repair issue of new EC's directed towards EC holders in the bank as of October 24th 2016 (as registered in VPS October 26th 2016) which was not invited to participate in the private placement, and who is not domiciled in a jurisdiction where such an offer is unlawful or, for other jurisdictions than Norway, will lead to requirement of prospect, registration or similar measures.
- Such EC holders will receive non-transferable allocation rights, which entitle to subscribe for and, upon subscription, be granted new certificates.

New ownership ratio (example)

Ownership ratio per 30.06.16



Ownership ratio upon emission

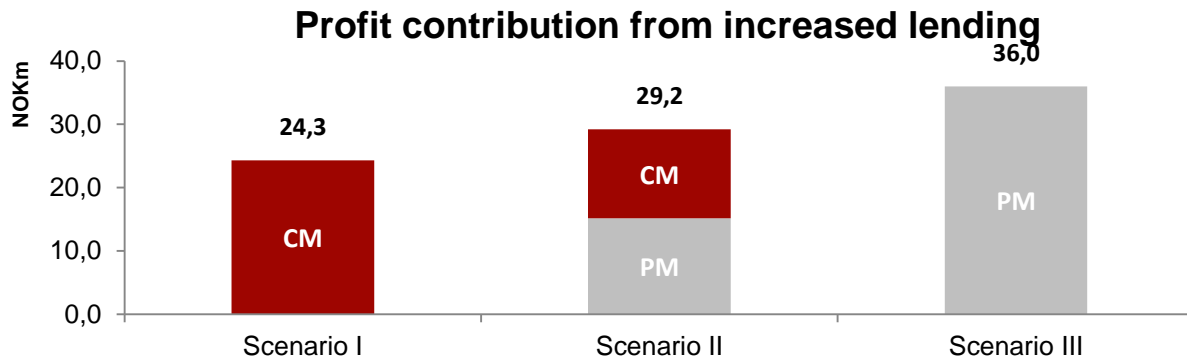


Commentary

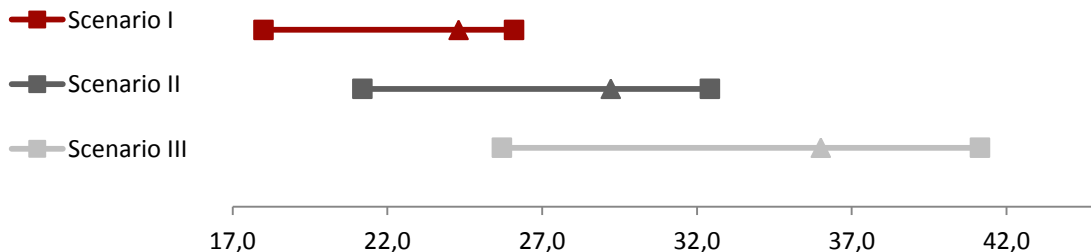
A placement of MNOK 130 will increase the ownership ratio from 75,1 % to 76,5 %, based on the balance per June 30th 2016, and taken to account the interim report.

(If the new ownership ratio was calculated based on market values, also for the primary capital, the ownership ratio would have been 72bps higher)

Profit contribution from increased lending (example)



Sensitivity on net interest margin*



Commentary

MNOK 130 will give the bank growth capital to grow risk-weighted assets (RWA) of NOK 0,9 bn. (CET1 target: 14.5 %)

If all the weight capacity is allocated to the PM, the bank may grow NOK 2,5 bn (0,35% risk weight). If the growth lands on the CM, the bank may increase lending by NOK 0,9 bn

Tre scenarios is presented:

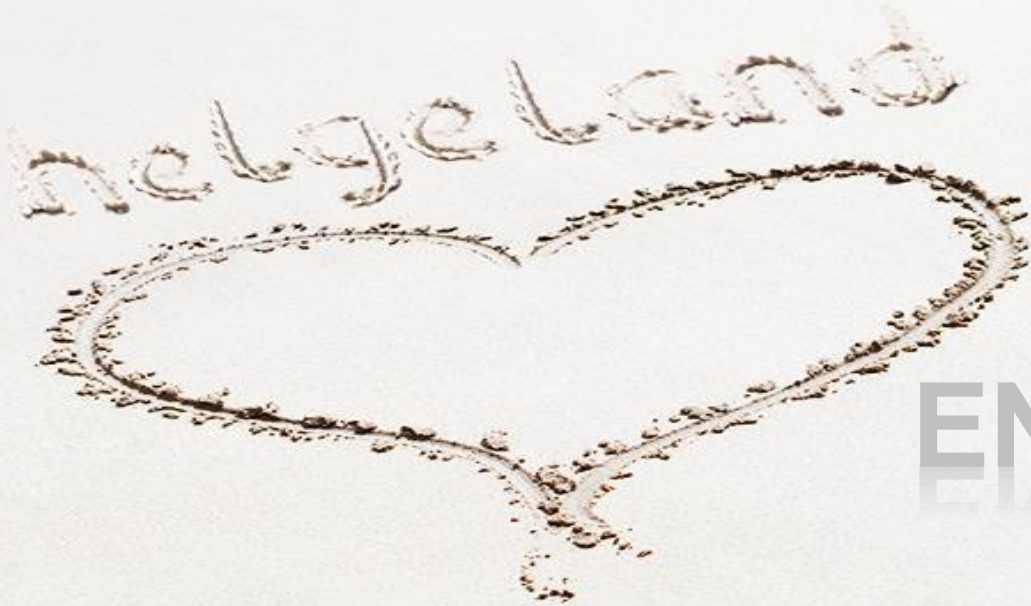
- Scenario I: all growth on CM
- Scenario II 2/3 of the RWA to PM and 1/3 to the CM
- Scenario III: all growth on the PM

*Net interest margin: PM 1.00% – 1.60 %, CM 2.00 % – 2.90%

Private placement

- Successful placement
- Heavily oversubscribed
- Good support from existing and new owners
- Issue price NOK 70
- Repair offering of up to approximately MNOK 22

Thank you for your attention!



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



Main features

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Helgeland Sparebank

helgelandboligkreditt 100%

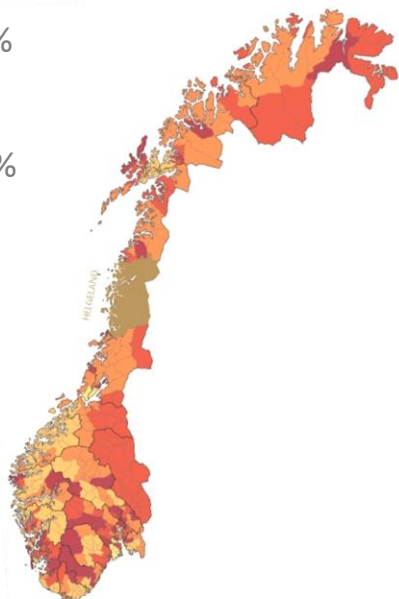
HELGELAND INVEST 48%

REDE EIENDOMSMEGLING 40%

FrendeForsikring 7,9%

NORNE SECURITIES 7,5%

BRAGE FINANS 10%



- Helgeland Sparebank is the 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 28 866
- Employees, annual positions: 151
- Moodys rating: A3 – Stable outlook. Ticker: HELG, owner fraction 75,1%.

Profitable growth supports financial goals

New capital target decided in September 2016. Other financial targets are unchanged.

To provide the owners a good and stable long term yield in the form of dividends and capital appreciation. The aim is equal treatment of our two owner groups. Up to 50 % of the profit may be paid out as dividends and gifts

Return on equity (ROE) that is competitive in the market in relation to the Bank's risk profile. Goal for ROE is 10 % (group level)

Core Tier 1 ratio (group level) of at least 14,5 % and Total Capital level of at least 18,0 %

Annual cost growth in the period towards 2018 on a maximum 1 % (group level)

Deposit to lending ratio of 60 % (group level)

Target of 60 % personal customers (group level)

HELG – de 20 største eierne

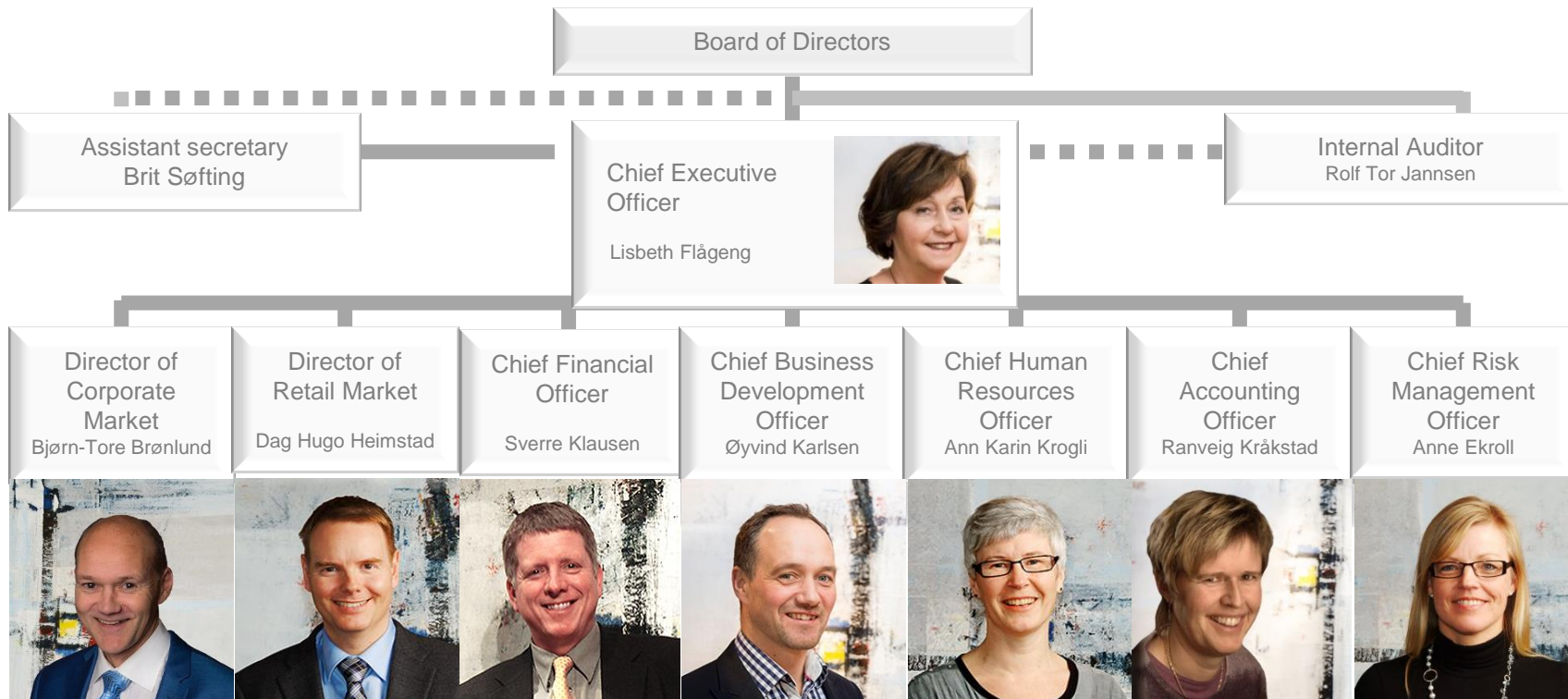
Per 30.09.16	Numbers	% share		Numbers	% share
Sparebankstiftelsen Helgeland	6.599.598	35,3 %	Verdipapirfondet Pareto	269.000	1,4 %
Pareto AS	1.570.836	8,4 %	Bergen Kommunale pensj.	266.380	1,4 %
UBS AG, London Branc A/C	1.198.900	6,4 %	Catilina invest AS	198.008	1,1 %
Merrill Lynch Prof.	1.130.015	6,0 %	Sniptind Holding AS	154.061	0,8 %
Pope Asset Management BNY	669.041	3,6 %	Nordenfjelske Bykreditt	134.194	0,7 %
VPF Nordea Norge	665.837	3,6 %	Melum Mølle AS	130.000	0,7 %
MP Pensjon PK	562.203	3,0 %	Forte Trønder	126.100	0,7 %
EIKA Utbytte VPF	532.920	2,8 %	Steffen Nervik	110.000	0,6 %
Lamholmen AS	398.788	2,1 %	Melesio Capital AS	100.000	0,5 %
Helgeland Kraft AS	340.494	1,8 %	Hartviksen Harald Paul	79.898	0,4 %
Total 10 biggest owners	13.668.632	73,1 %	Total 20 biggest owners	15.236.273	81,5 %

HELG – EC development and liquidity



The price of HELG per 30.09.16. was NOK 67.50 per EC. This is an increase of NOK 8.50 since year end.

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

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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
Marianne Terese Steinmo
Birgitte Lorentzen
Martin Søreng