

Presentation

Q1 2024



- A driving force for growth in Helgeland

Presentation 31.03.24 (SBH group)



Hanne Nordgaard
Chief Executive Officer



Anne Ekroll
Finansdirektør



- **Main features**
- Profit & loss
- Lending
- Deposits
- Funding
- Solidity
- Prospects ahead
- Appendices

Financial targets

Profitable

The bank has a ROE target on level with comparable banks, p.t. 11 %.

ROE
>11 %

Solid

The target for CET1 of 17.5 % includes a buffer of 1.3 %.

CET1
>17.5 %

Efficient

Long term cost target of 40 % of income

Cost growth
C/I: <40 %

Responsible

Dividend ratio of minimum 50 % of the dividend basis

Dividend ratio
Minimum 50 %



Main features so far this year

Gross Profit
MNOK 179 (184)

ROE*
12.3 (12.7) %
*adjusted for hybrid capital

Total assets
37.4 (38.4) mrd. Kr

Solidity
CET 17,7
(18.7) %

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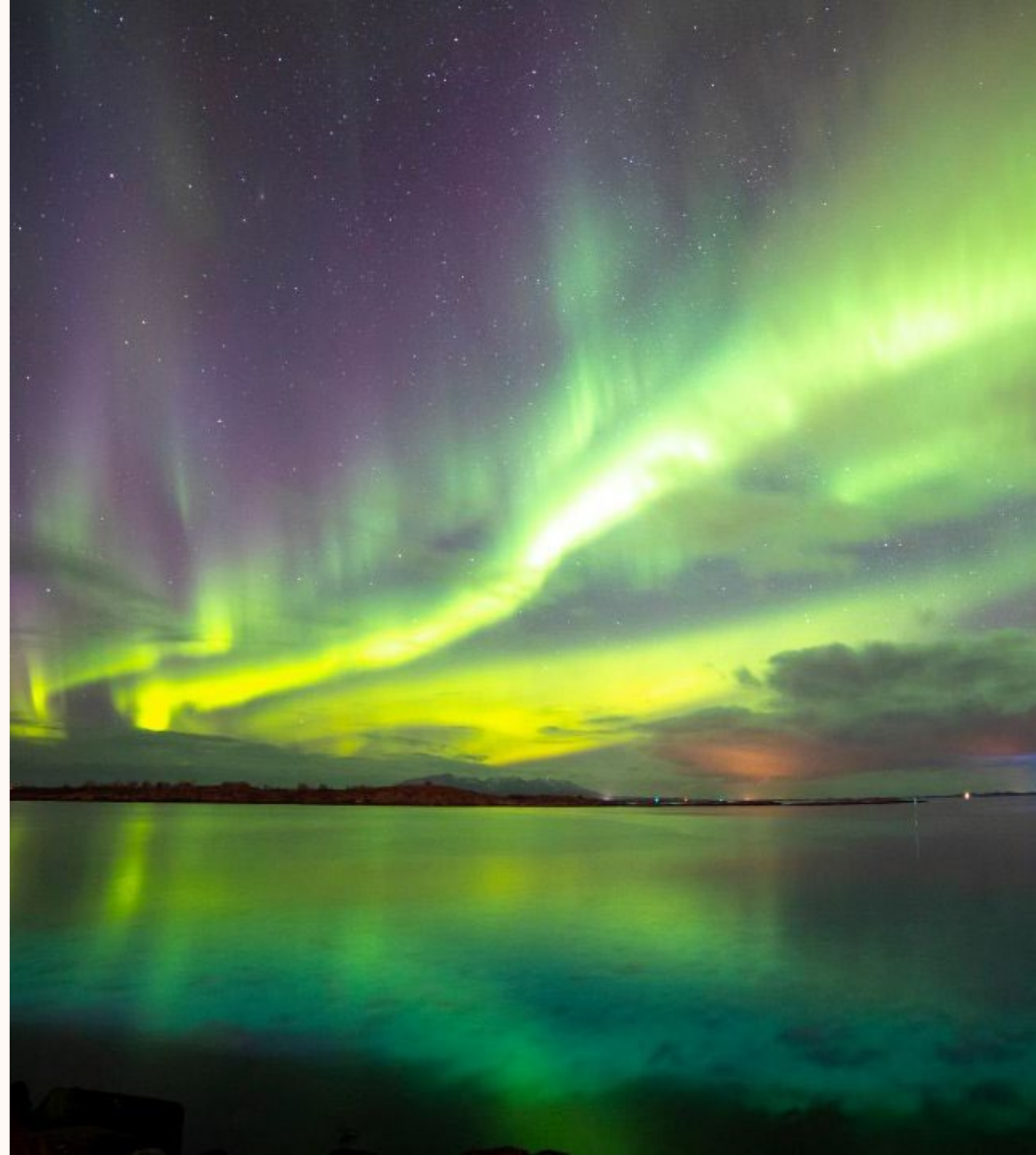
Summary Q1

SpareBank 1 Helgeland (group)	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Net interest- and credit comission earnings	233	253.8	265	254
Net comission earnings	40	40	39	39
Other operatios income	4	1.2	2	2
Ordinary operations cost	100	100	113	107
Result basic operations	177	195	193	188
Write-downs lending and warranties	37	10.5	43	53
Net value change financial instruments	6	-2	-13	44
Gross profit	147	182.5	137	179
Net profit	111	134	101	144
Net extended income posts	-2	0	1	0
Profit for the period	109	134	102	144

Summary Q1

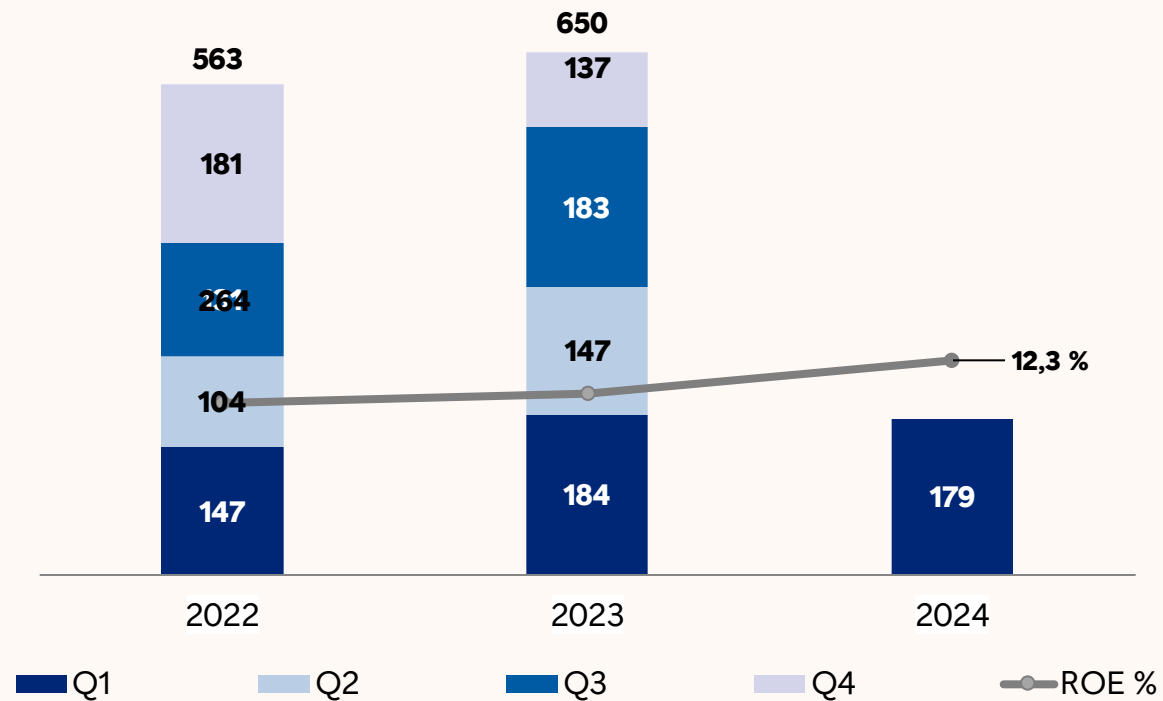
The PLA this quarter is affected by dividend income from product companies and increased write-downs in lending.

- Net interest of MNOK 254, a decrease of MNOK 11 from last quarter.
- Net commission income of MNOK 41, same as last quarter.
- Net value change and gains/loss on financial investments amounts to MNOK 44, an increase of MNOK 57 from last quarter
 - Dividend from product and alliance companies of MNOK 39
 - Net profit from joint ventures of MNOK -1
 - Net profit from other financial investments and commitments of MNOK 6
- Write-downs on lending, MNOK 53 against MNOK 43 last quarter



Some decrease in profit

Profit development (MNOK)



Profit

Decrease in gross profit of MNOK 179 (184) pr. 31.03.24

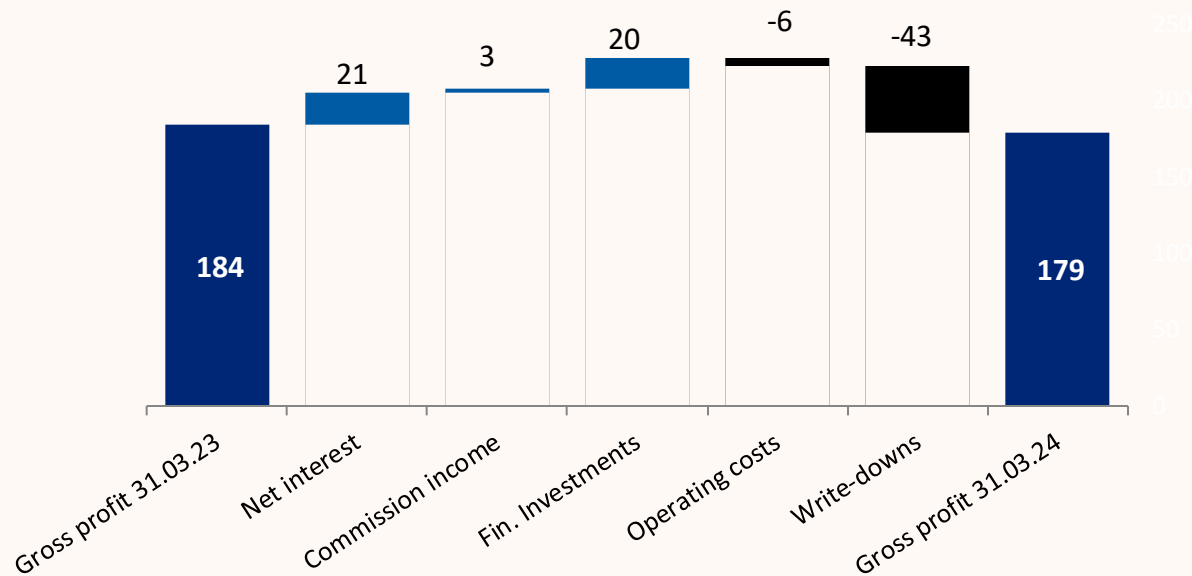
- ROE of 12.3 %*
(ROE is adjusted for hybrid capital)

PLA affected by high income and write-downs in lending

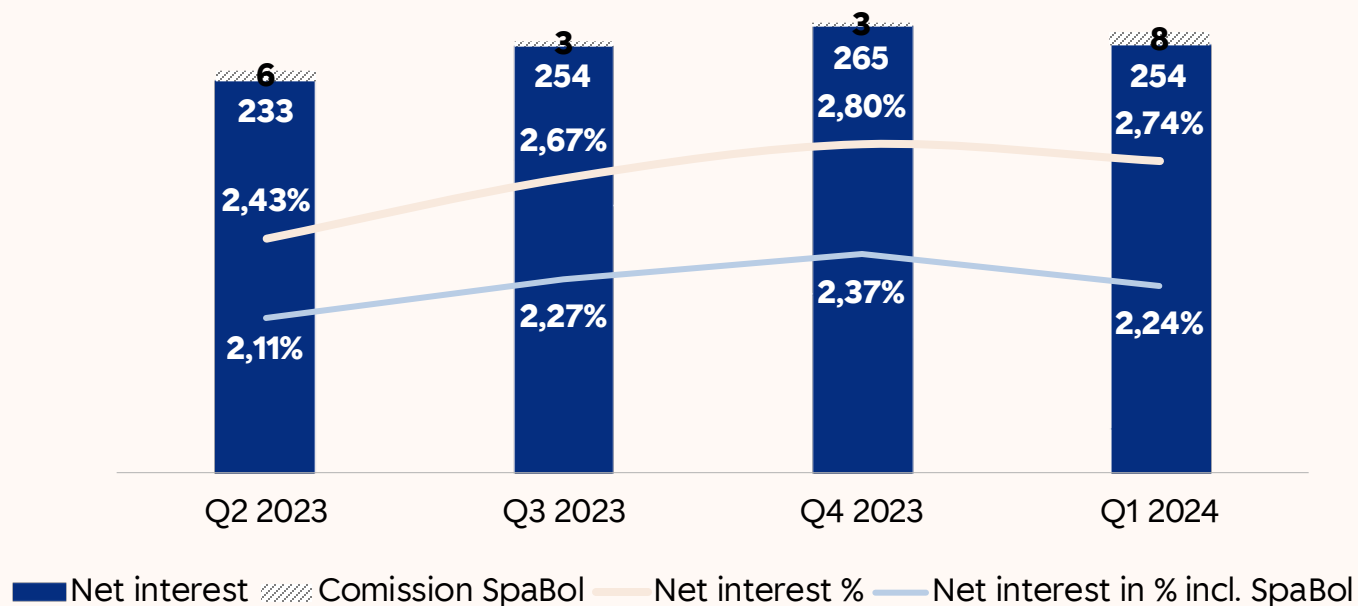
Gross profit is MNOK 5 lower than for the corresponding period last year.

- Increase in net interest
- Increased operating costs and write-downs.
- Improvement in profit from financial investments related increased dividend from product and alliance companies and better result on placements in the current year
- Increase in commission income

Change in gross profit (MNOK)

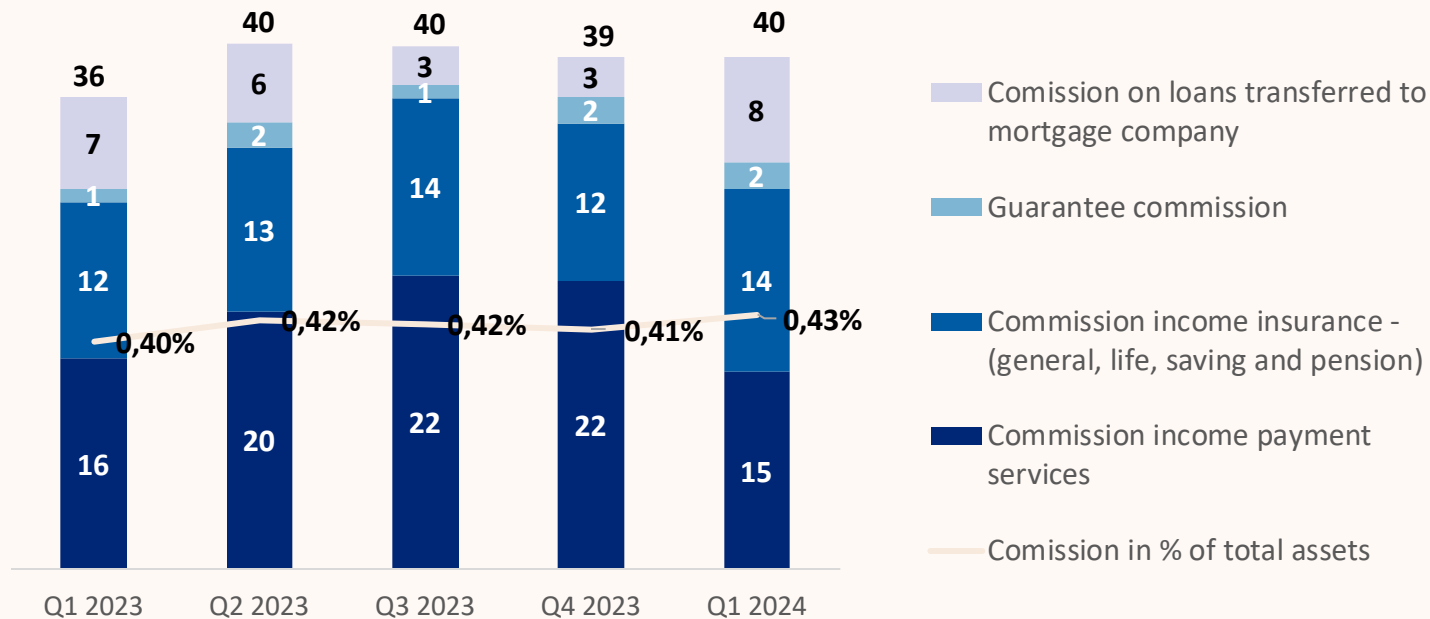


Some decrease in net interest



- Net interest and commission income amounts to MNOK 254 in Q1, a decrease of MNOK 11 from last quarter
- In % of average total assets, net interest and commission income is 2.74 %, up from 2.80 last quarter.

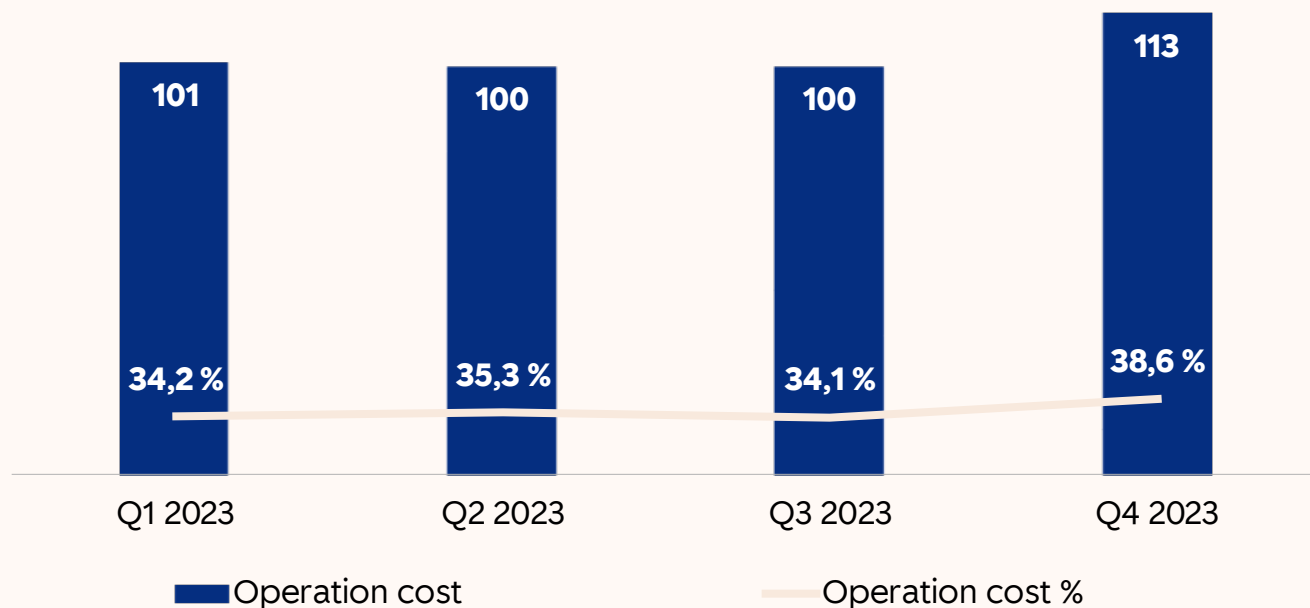
Stable commission income



- Commission income payment services on the same level as Q1 last year.
- Increase in commission income on loans transferred to mortgage companies and commission income on insurance from last quarter

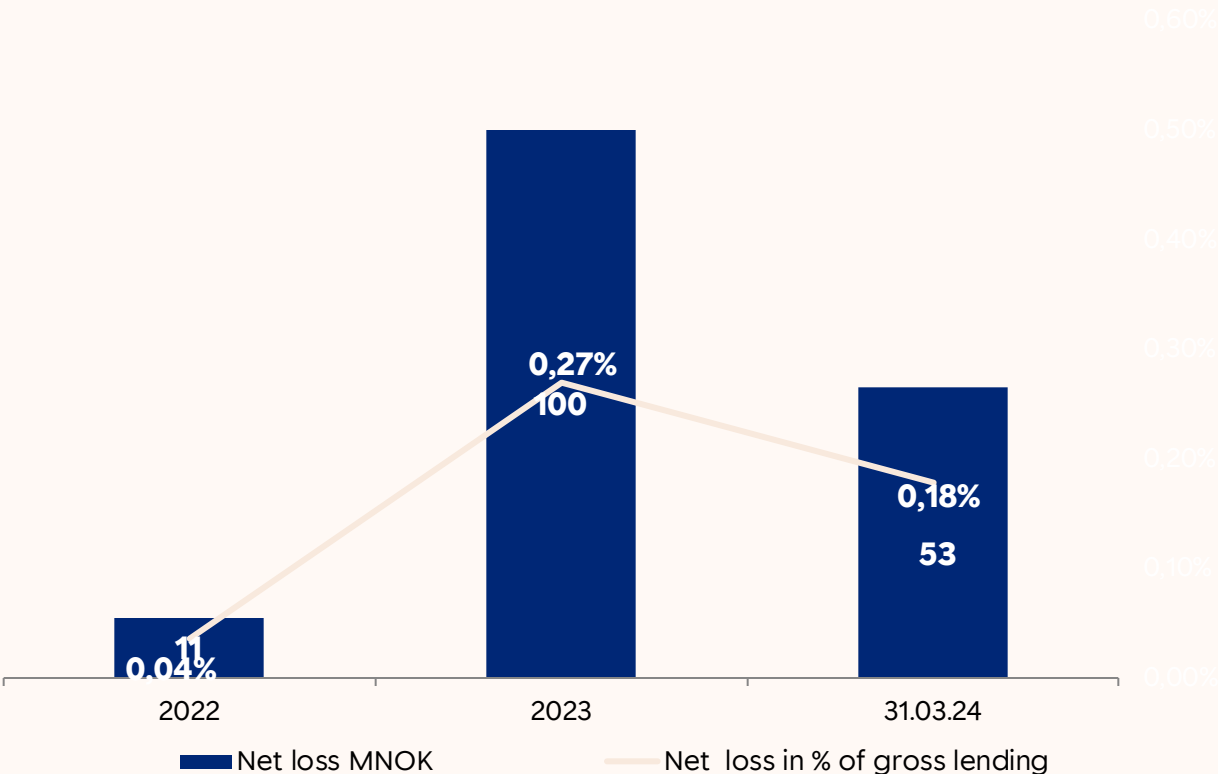
Low cost percent this quarter

Operating cost (mnok) and % of income



- The costs are within target (cost/income <40 %).
- The cost percent is affected by high income in the form of dividend income recognized in Q1

Increased write-downs

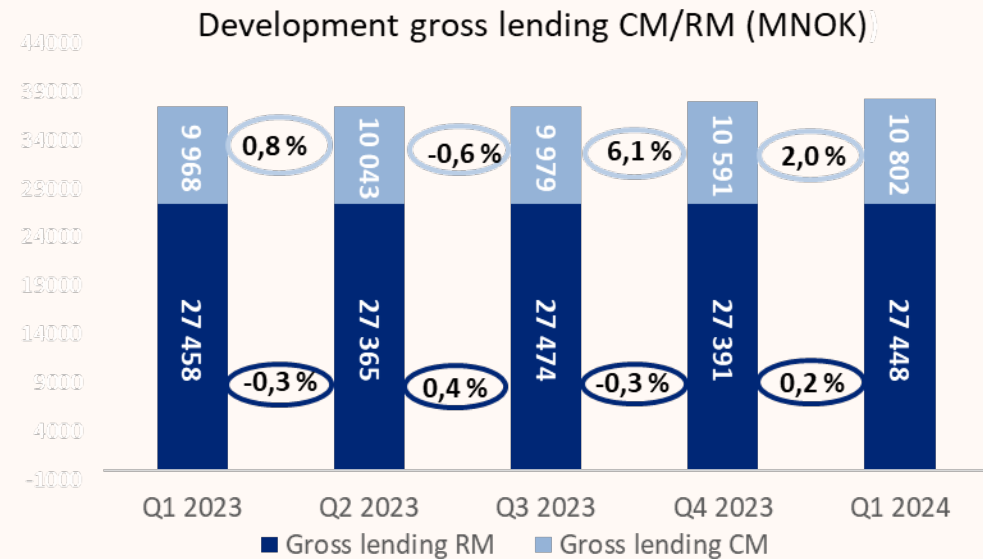
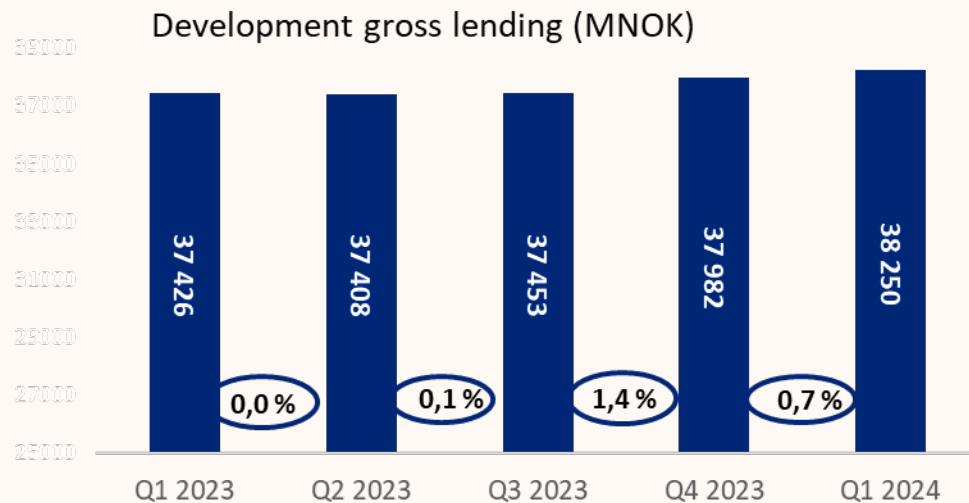
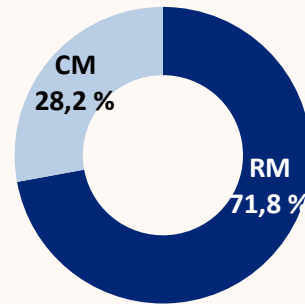


- MNOK 53 in Q1 2024 against MNOK 43 last quarter
- The write-downs is related to bankruptcy in a seafood company, completion of a real estate project after bankruptcy, and manual default marking of customers in the corporate portfolio

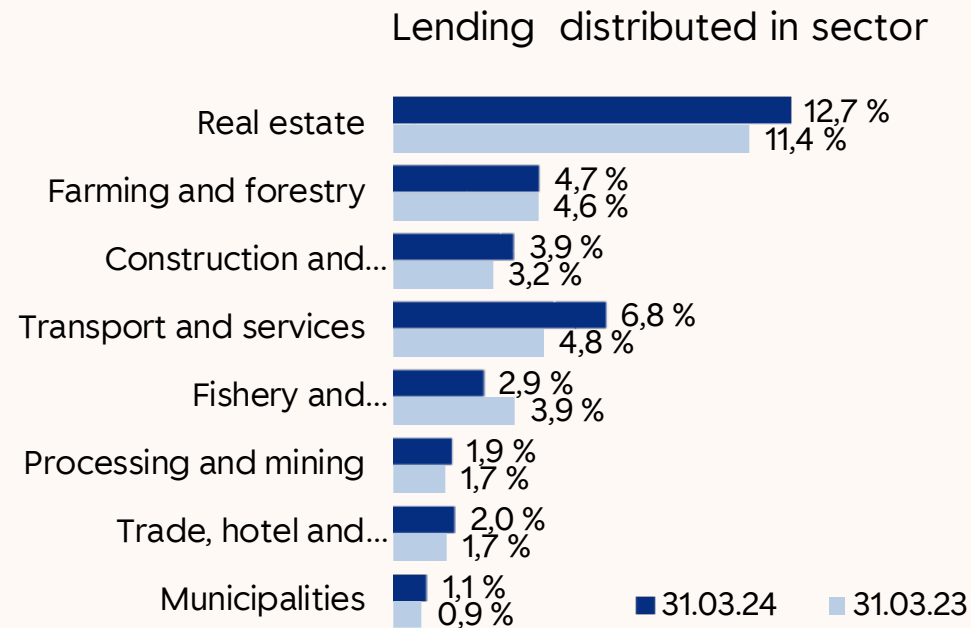


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Lending growth (SpaBol included)



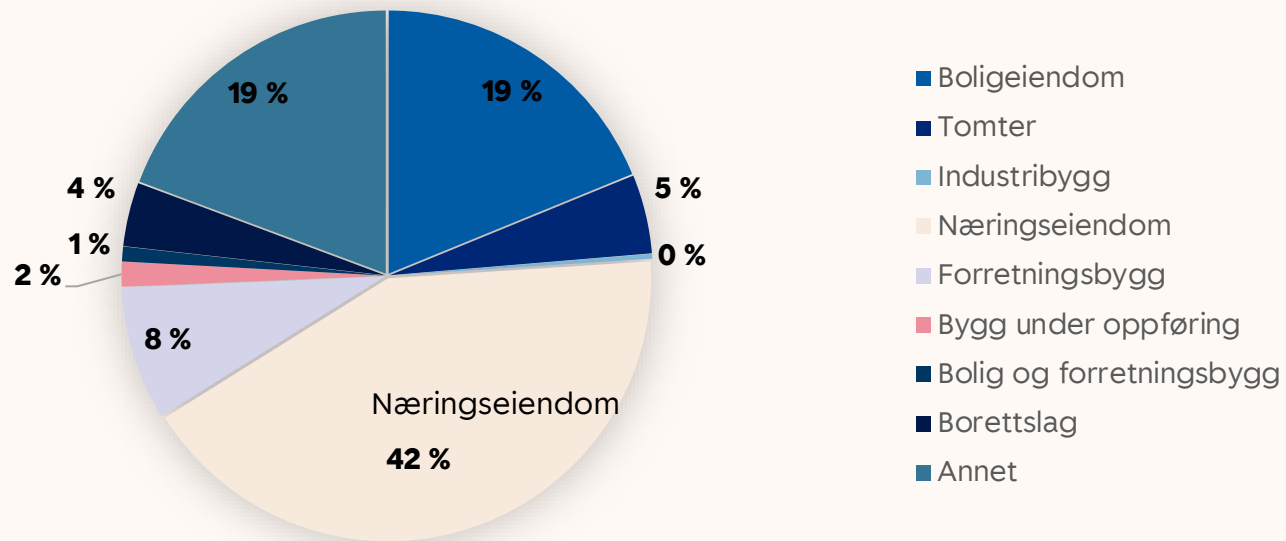
Lending CM – good industry spread



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 35.7 (32.2) % equals MNOK 10 630 (9 763)

Lending CM

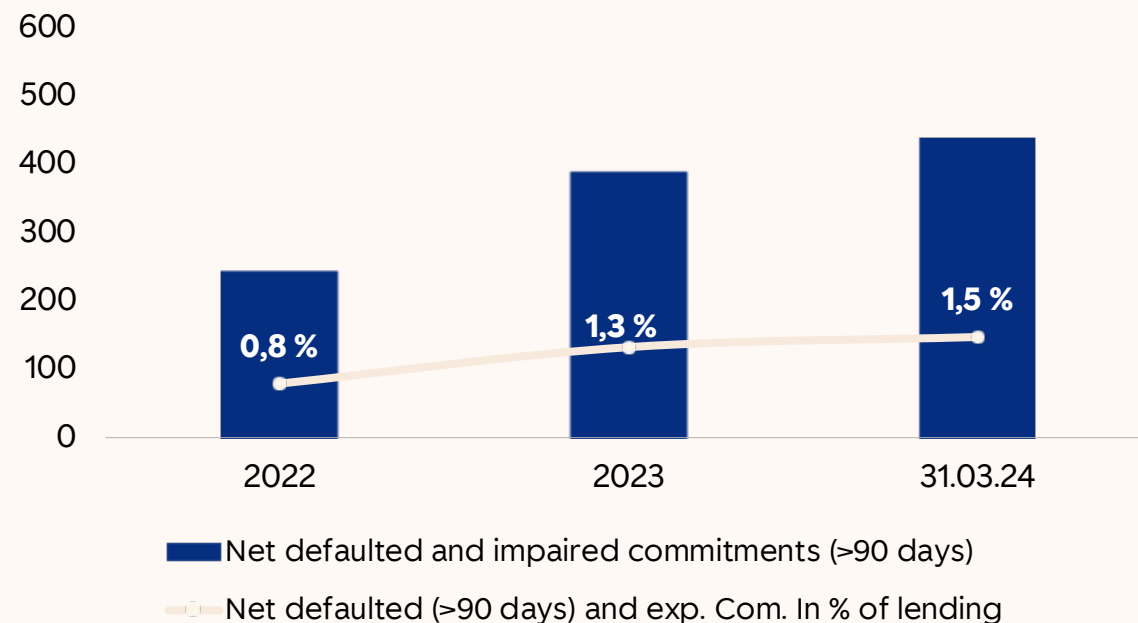
Real estate - allocation pr segment



- Low vacancy in all segments on the real estate side. Under coverage on housing and industrial areas.
- 51 % of real estate categorized in low risk. 22 % in best middle risk class. 93 % of the real estate mass is in Nordland.
- The 15 largest commitments amounts to 44 % of the volume in commercial property and is mainly not dependent on the commercial rental market.

Non-performing and impaired commitments

Net defaulted and com. exp. to loss



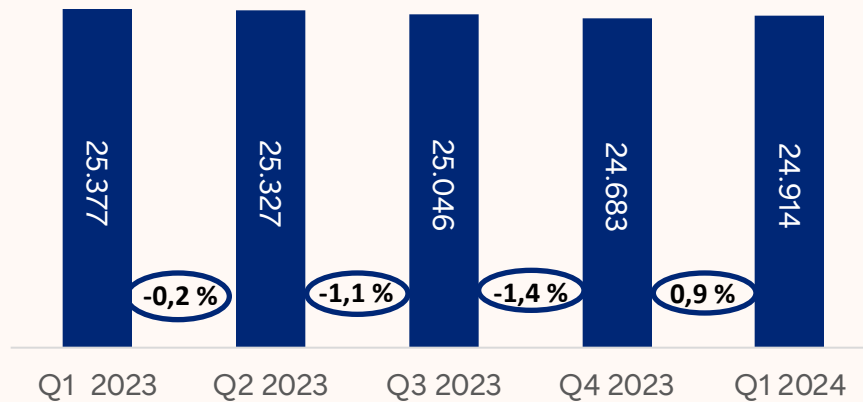
- Net non-performing and impaired commitments amounts to MNOK 439, an increase of MNOK 49 from last quarter.
- The increase is mainly related to bankruptcies in single commitments, payment default and increased use of manual default marking.



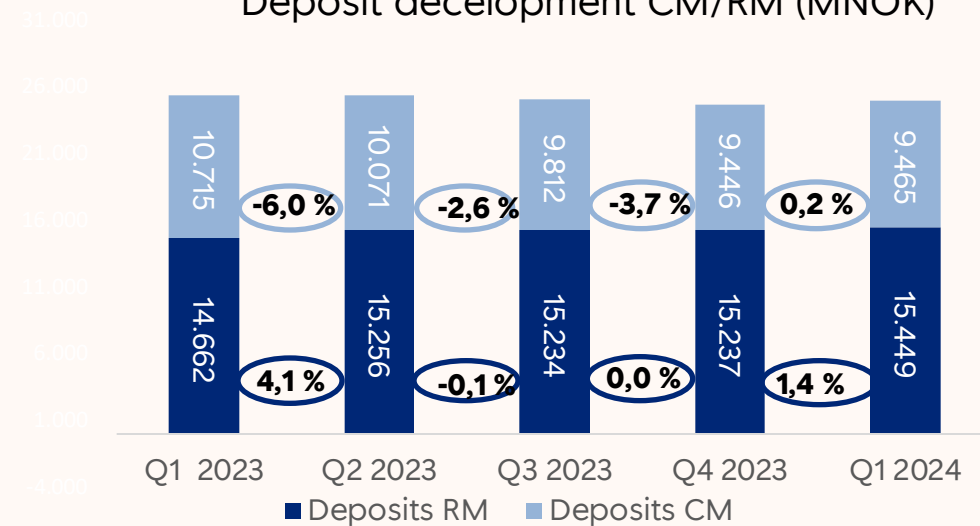
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Stable deposit level

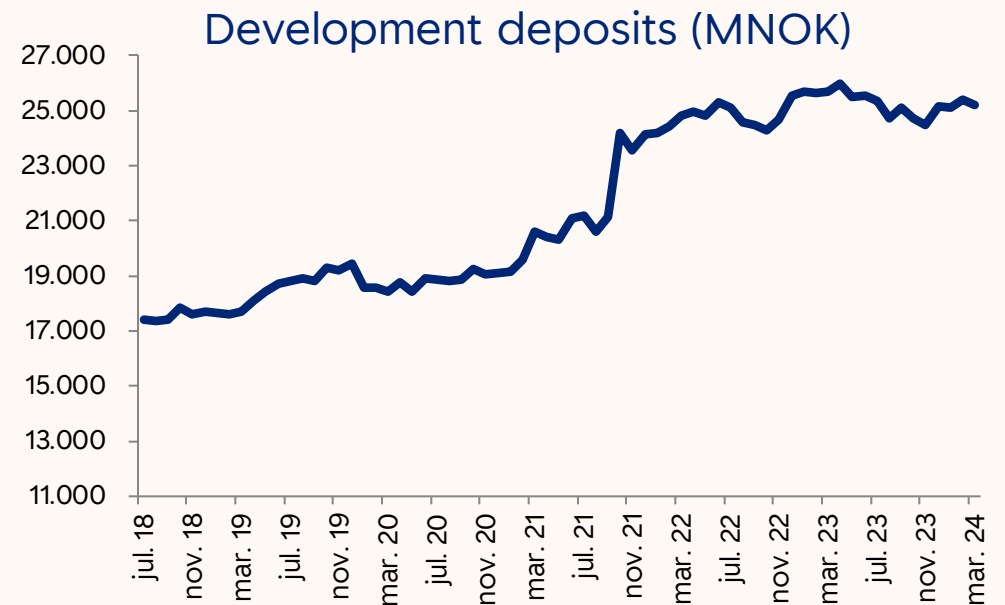
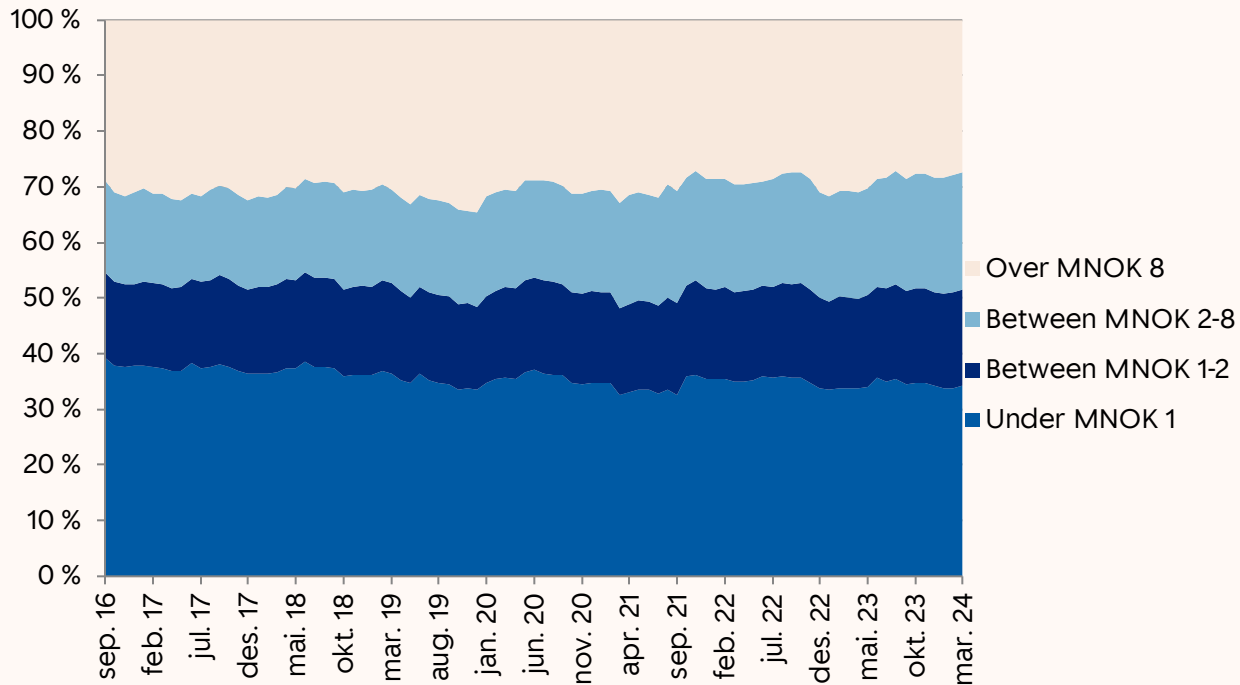
Deposit development (MNOK)



Deposit development CM/RM (MNOK)



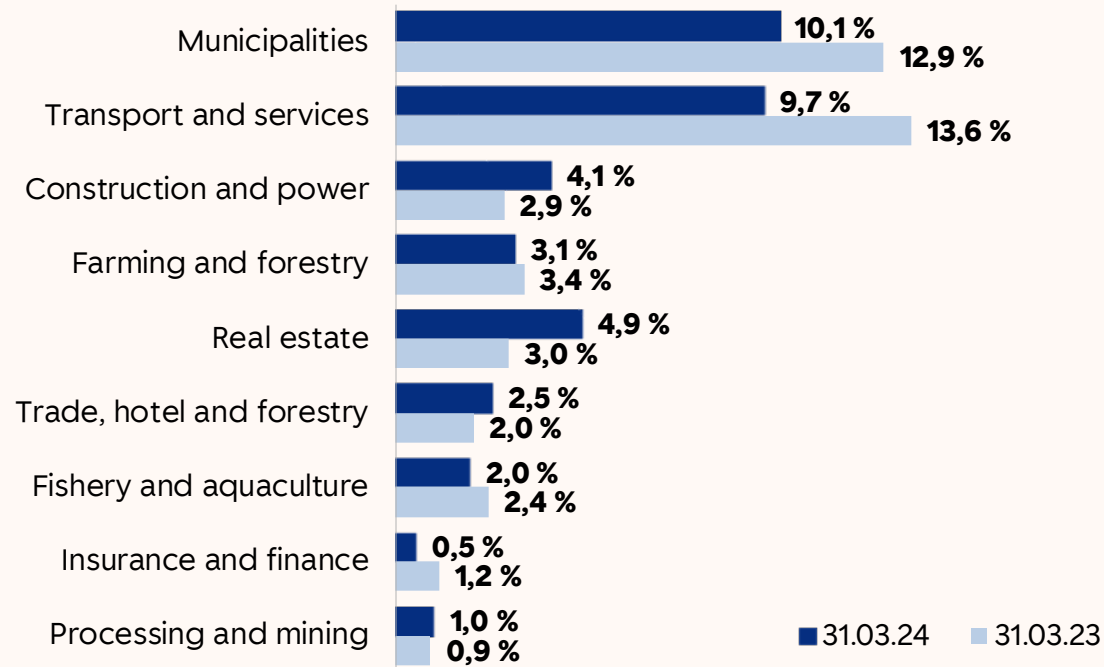
Stable deposit allocation




- Increase in deposits of MNOK 231 or 0.9 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 51.5 % of the RM deposits are under MNOK 2
- 60.8 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits

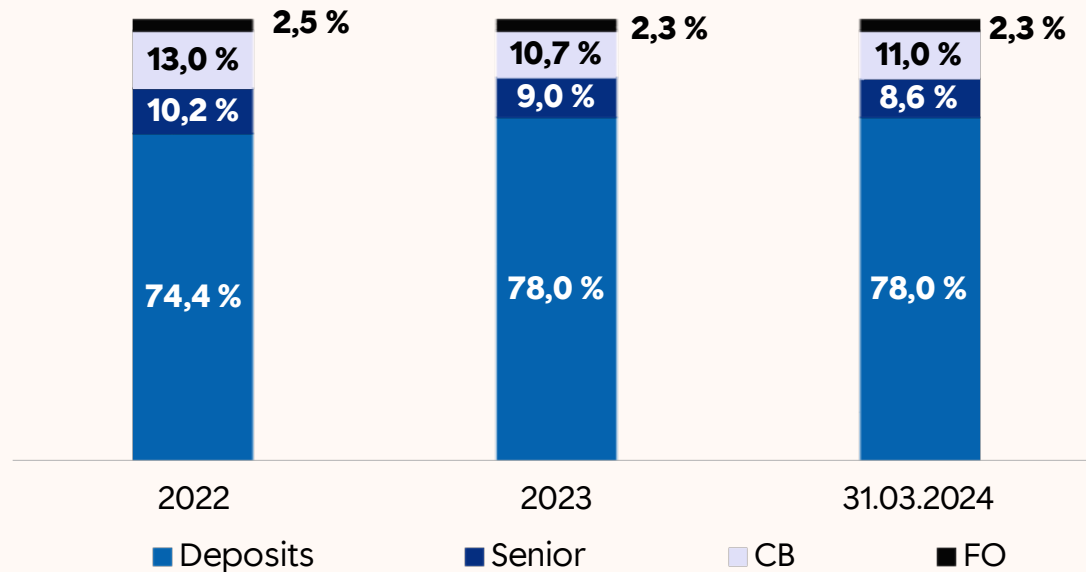


- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 38.0 (42.2) % or MNOK 9 465 (10 715) of total deposits.
- It is expected reduced deposits of around 1.4 billion in the CM during second quarter as a consequence of a municipality commitment exit.
- Deposits from municipalities amounts to 30.0 % of the CM deposits.

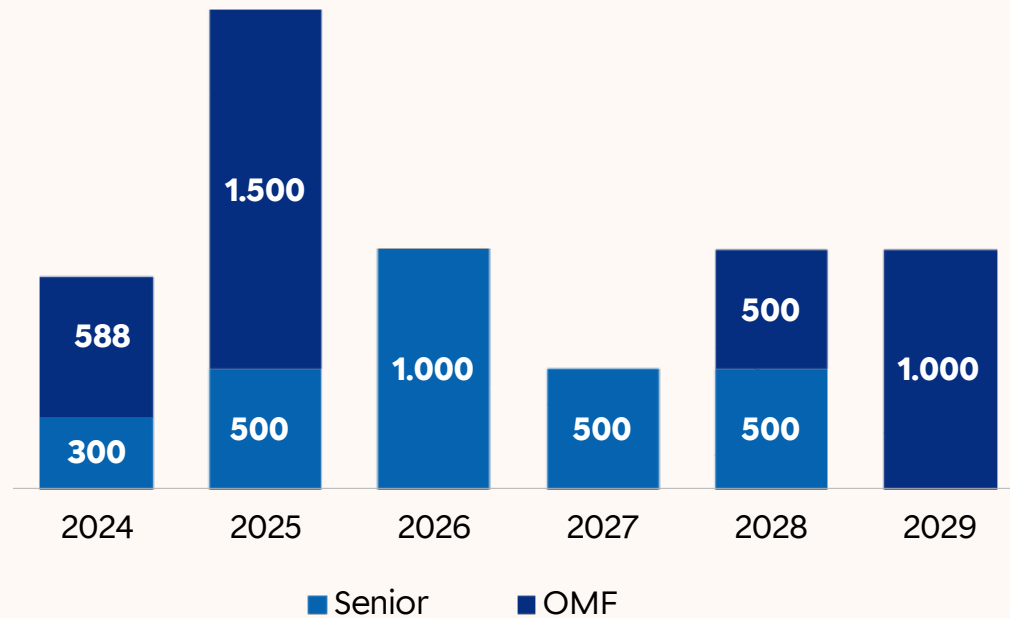
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Funding – Increased deposit ratio

Funding development



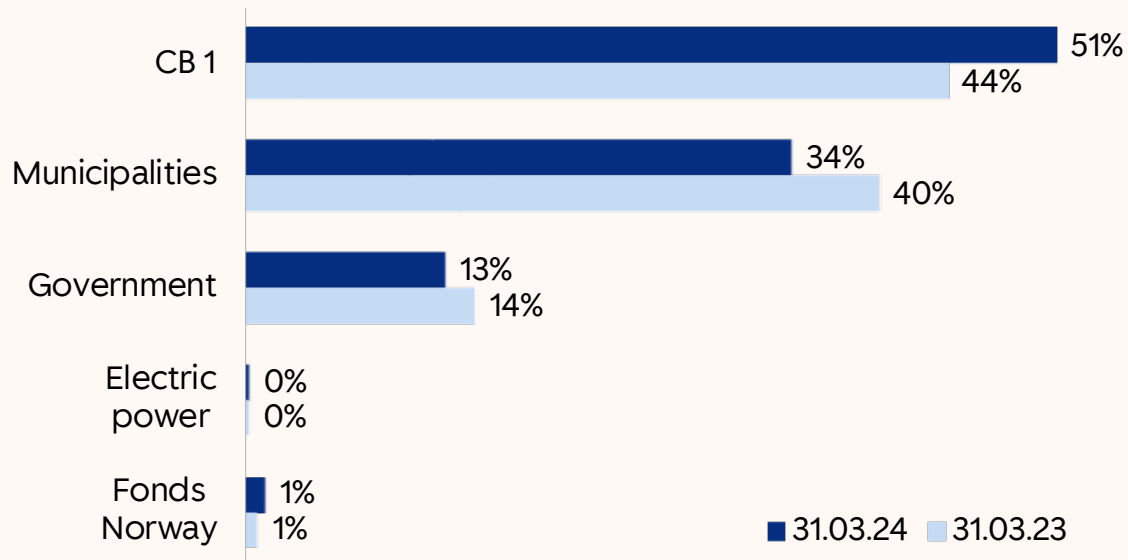
Funding due



- Share long term funding 79.3 % (79.9) %
- Combined duration of 2.4 (2.2) years. Duration in the mortgage company of 2.3 years.

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.7 (1.9) years
- 98.4 % rated A- or better
- 97.7 % is OMF or state/ municipality guaranteed bonds.
- Municipality papers are actively used as short-term liquidity placements.
- Liquidity buffers amounts to 6.3 (6.2) bn. – equals 16.8 (16.5) % of total assets. The buffer capital consist of cash, deposits in NB/ banks and interest-bearing securities.

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt is 3.09 % owned by SpareBank 1 Helgeland

- SpareBank 1 Boligkreditt (SpaBol) is an issuer of covered bonds that is jointly owned by the saving banks working closely together under the brand SpareBank 1.
- Transferred loans amounts to MNOK 8 515 (7 100)



Helgeland Boligkreditt AS is 100 % owned by SpareBank 1 Helgeland

- Transferred loans amounts to MNOK 4 411 (4 710)

Transfer of loans to mortgage companies

Maximum limit for transfer to mortgage companies is maximum 40 % of the groups gross lending, and 55 % of gross lending RM.

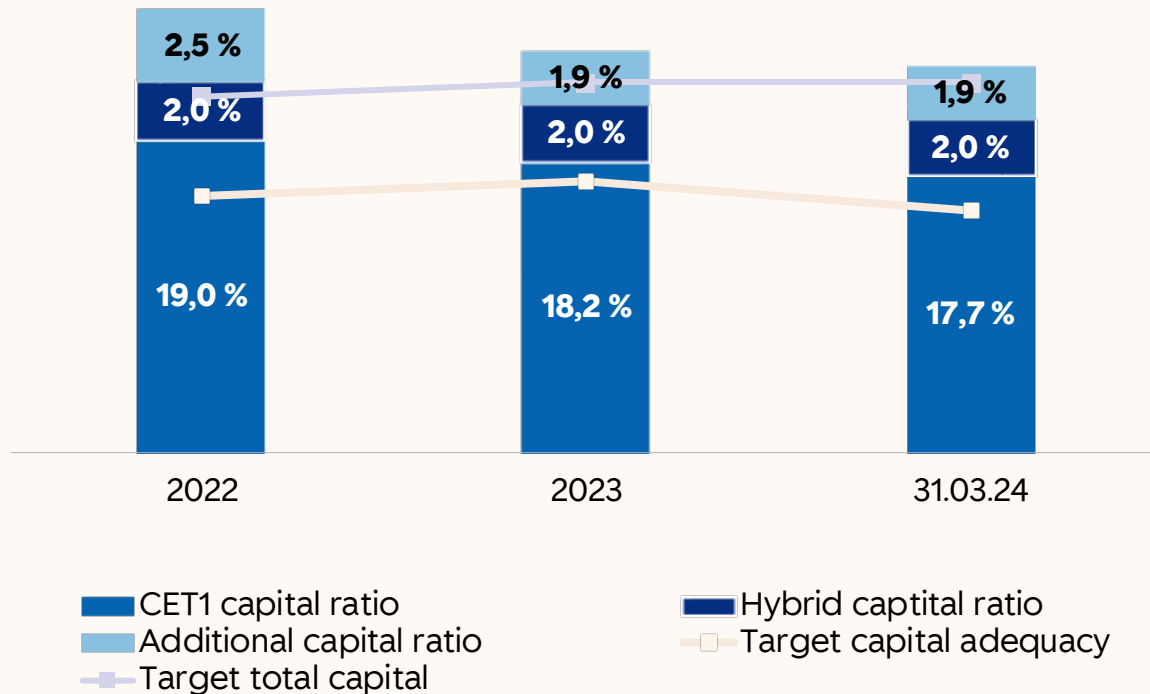
Pr. 31.03.24 transfer degree is 33.8 % and 47.1 % with a total of MNOK 12 926 transferred to the mortgage companies.



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Good capital adequacy

Development capital adequacy



Capital adequacy

- The banks capital adequacy is higher than the target.
- The board of directors assumes that the capital is used for future lending growth, investments in Samspar and SpareBank 1 companies (SpareBank 1 Sørøst-Norge out of SamSpar) or alternatively distributed through higher future dividend and gift allocation.
- Target : CET1 16.5 %

Driving force for sustainable growth, competence and cooperation

Sustainability in the bank

- New sustainability strategy was decided in December 2023
- The bank's second sustainability report delivered for 2023, integrated in the annual financial report. The bank is working towards compliance in accordance with CSRD when this occurs.
- The Spare Bank 1 alliance has delivered a test version for ESG stress testing. Through accessing data sources and ESG stress test, this will apply in further work for quantification and development of reporting on ESG risk in ICAAP as of 31.12.23 and also IFRS 9 during 2024.



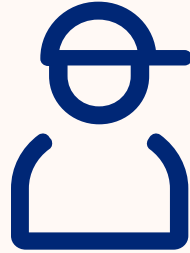


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Unemployment

Unemployment in Helgeland and in Nordland is lower than for Norway overall.

Norway:	2.0 %
Nordland:	1.6 %
Helgeland:	1.5 %

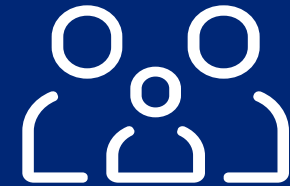


With potential for corporate establishment and migration more housing is needed in central parts of Helgeland. It lies uncertainty around the timing and when the need for these housings will occur.



Recruitment

The region experience a shortage of qualified labour. To realize further corporate establishments, the region will need people to move here. It is initiated several projects to succeed on this.



The green shift provides large opportunities in Helgeland because of access to renewable power and competence within industry.

- Increase in the prices on sold apartments by 10,8 % in Helgeland in the first quarter of 2024
- Decrease in the prices of 3.2 % on sold villas in Helgeland in 2024



Prospects ahead

For the corporate market, an increase in activity is expected in the period towards 2026.

It is expected low market growth in the retail market in the near future.

Stable commission income of some over 0.35 % of total assets.

Operation costs for the basic operation is expected to maintain stable of under 40 % of total income.

ROE target of 11 % after tax is expected fulfilled in 2024.

It is expected a certain reduction in the net interest in the upcoming quarters in 2024.

- Strong competition on price
- Increased funding costs
- Price gliding

The bank has implemented a process to reevaluate the level of write-downs for 2024

The bank expect a slightly higher level of write-downs for 2024 than for 2023.



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Profit & loss

SpareBank 1 Helgeland (group)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Net interest- and credit comission earnings	168	174	184	202	223	233	233	254	265	254
Net comission earnings	36	46	38	41	39	36	40	40	39	39
Other operatios income	-1	2	2	4	0	2	4	1	2	2
Ordinary operations cost	141	94	91	95	101	101	100	100	113	107
Result basic operations	63	128	133	152	161	170	177	195	193	188
Write-downs lending and warranties	35	1	2	2	6	10	37	11	43	53
Net value change financial instruments	-13	21	-28	-19	26	24	6	-2	-13	44
Gross profit	15	147	104	131	181	184	147	183	137	179
Net profit	15	115	71	93	165	144	111	134	101	144
Net extended income posts	2	-1	-2	-1	4	0	-2	0	1	0
Profit for the period	17	114	69	92	169	144	109	134	102	144

HELG- EC development and OSEEX last 12 months

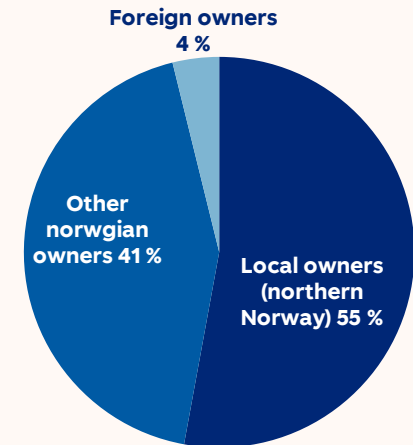
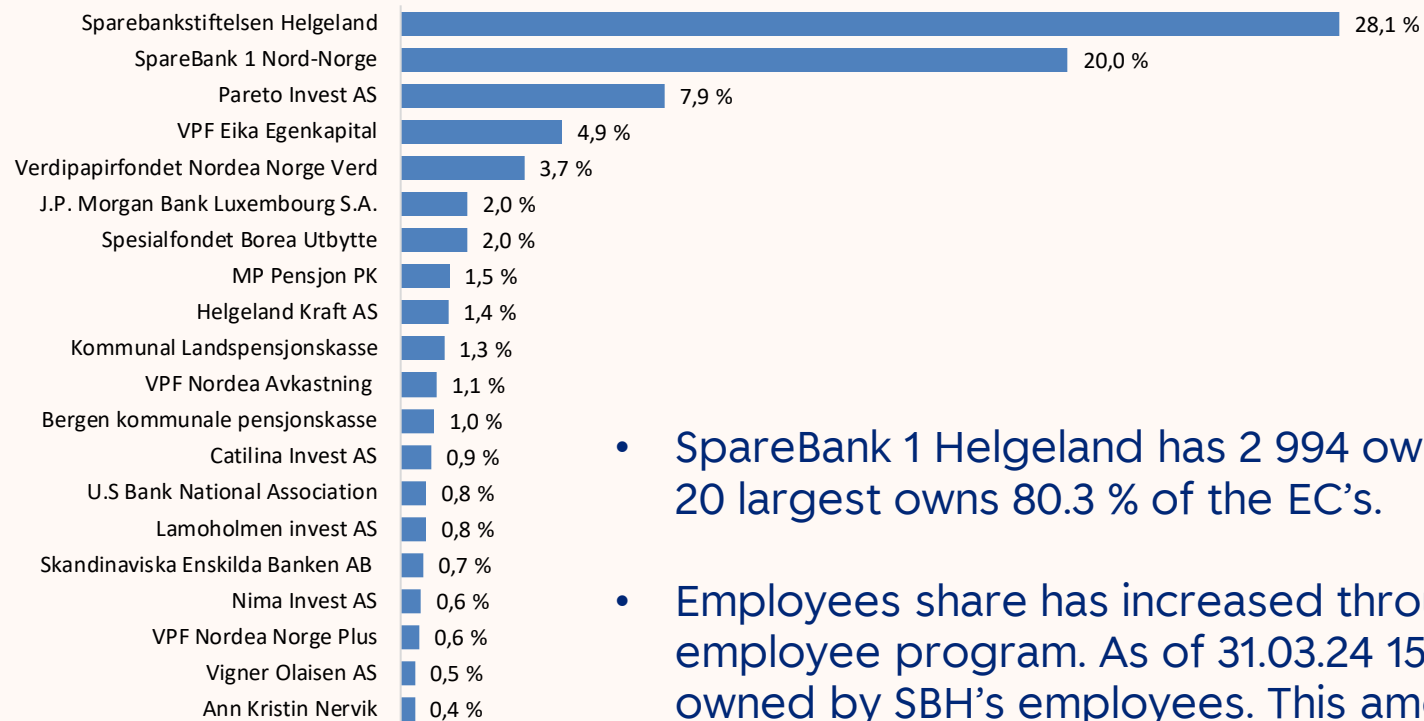


(source: SBH; Data: Bloomberg/Euronext | January 2024)

	31.12.22	31.12.22	31.12.23	31.03.24
EC fraction opening balance	77.3 %	79.9 %	79.9 %	79.9 %
Number of EC's	27	27.0	27.0	27.0
price	131.0	120	130	128.0
Stock exchange value	3 537	3 240	3 510	3 456
Accounted equity per EC	124	135	141.014	131
Profit per EC	5.5	12.8	13.9085	4.1
Dividend per EC	3.19	10.3	10.8	10.8
Price/Accounted EC	1.1	0.9	0.9	1.0

55 % north norwegian ownership

20 largest owners



- SpareBank 1 Helgeland has 2 994 owners where the 20 largest owns 80.3 % of the EC's.
- Employees share has increased through the employee program. As of 31.03.24 151 746 EC's is owned by SBH's employees. This amounts to 0.56 %.

SpareBank 1 Helgeland

- Vision: a driving force for growth in Helgeland.
- Business concept: SpareBank 1 Helgeland is the profitable and leading local bank building future Helgeland.
- Offices: The bank has offices in Mo i Rana, Mosjøen, Sandnessjøen and Brønnøysund.
- Total assets included transferred loans to SpaBol: MNOK 45 927
- Employees, total man-years: 169
- Rating from Moodys: A3 – Positive outlook.
Ticker: HELG





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