

Presentation

Q4 2023

- A driving force for growth in Helgeland



Presentation 31.12.23 (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 %.

Solid

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

Efficient

Long term cost target of 40 % of income

Responsible

Dividend ratio of minimum 50 % of the dividend basis

ROE
>11 %

CET1
>17.5 %

Cost growth
C/I: <40 %

Dividend ratio
Minimum 50 %



Main features per 31.12.23

Gross Profit
MNOK 650 (563)

ROE*
10.4 (10.0) %
*adjusted for hybrid capital

Total assets
36.9 (38.6) mrd. Kr

Solidity
CET 18,4
(19.0) %



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

Summary Q4

SpareBank 1 Helgeland (group)	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net interest- and credit comission earnings	233	233,2	254	265
Net comission earnings	36	40	40	39
Other operatios income	2	4	1	2
Ordinary operations cost	101	100	100	113
Result basic operations	170	177	195	193
Write-downs lending and warranties	10	36,5	11	43
Net value change financial instruments	24	6,3	-2	-13
Gross profit	184	147	183	137
Net profit	144	111	134	101
Net extended income posts	0	-2	0	1
Profit for the period	144	109	134	102

Summary Q4

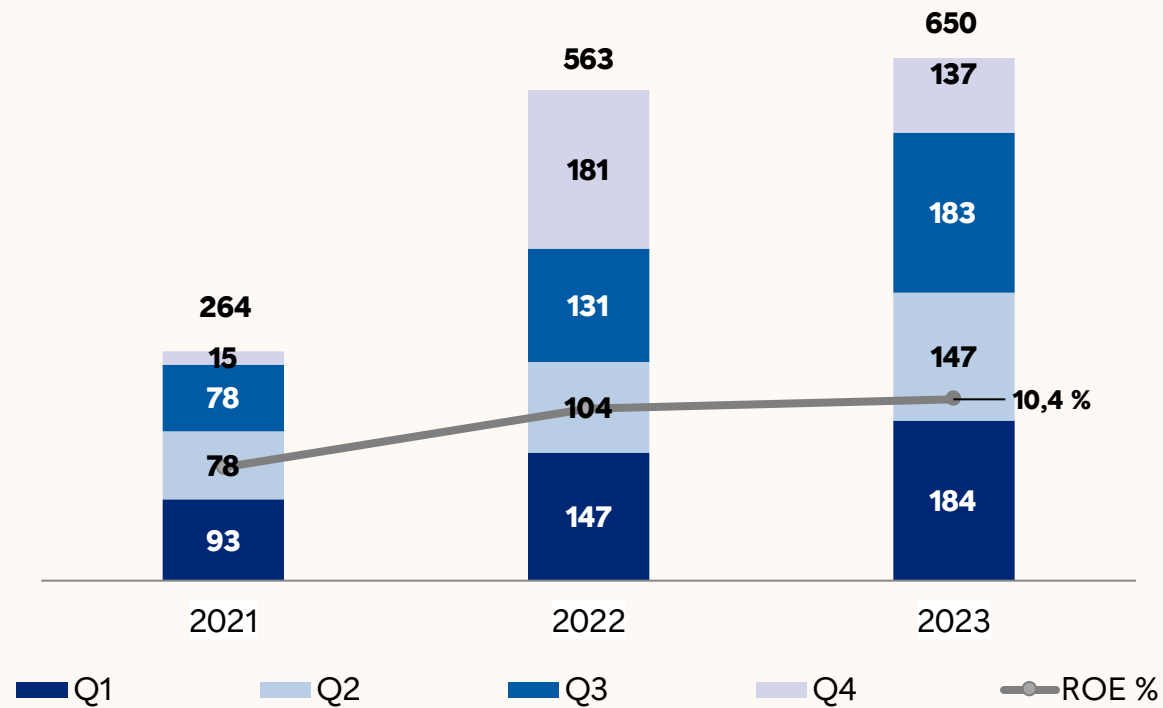
The PLA this quarter is affected by increased costs, loss on financial assets and high write-downs in lending.

- Net interest of MNOK 265, an increase 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 -13, a decrease of MNOK 11 from last quarter
 - Unrealized loss on derivatives of MNOK 29
 - Total income recognition in the liquidity portfolio and fixed rate loans of MNOK 27.
 - Stock value of SpareBank 1 Betaling (Vipps) is written down by around MNOK 9 this quarter
- Write-downs on lending, MNOK 43 against MNOK 11 last quarter



Improved annual profit

Profit development (MNOK)

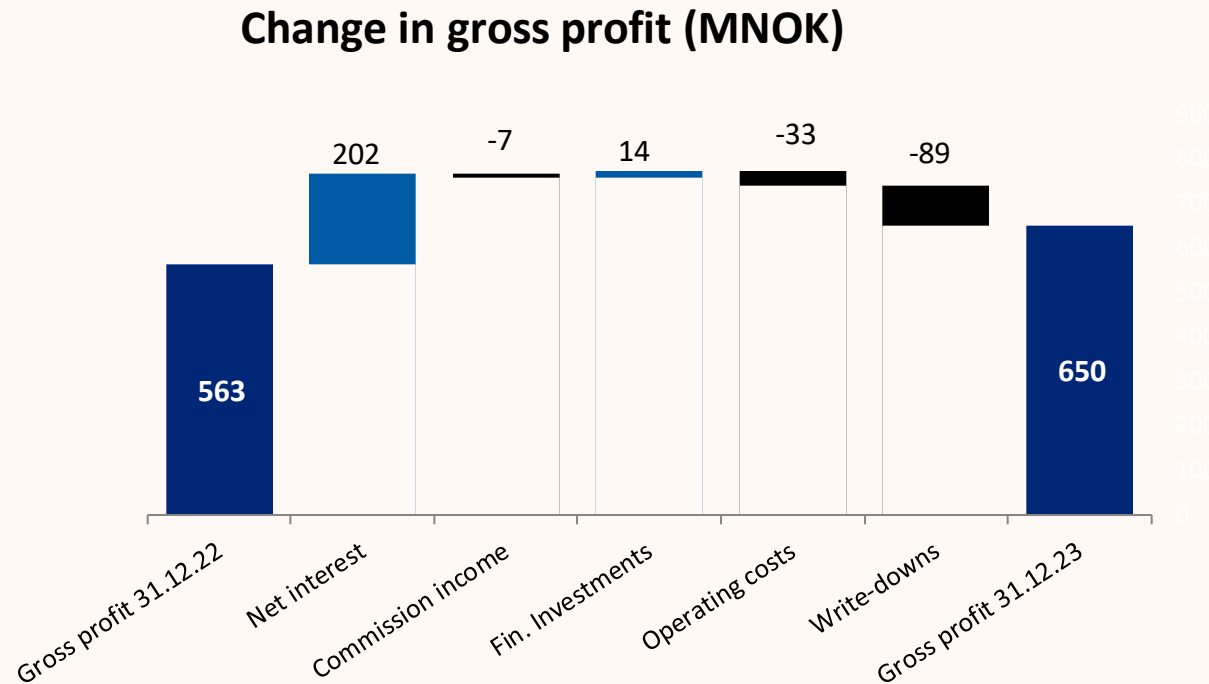


Profit

Strengthened gross profit of MNOK 650 (563) pr. 31.12.23

- ROE of 10.4 %*
(ROE is adjusted for hybrid capital)

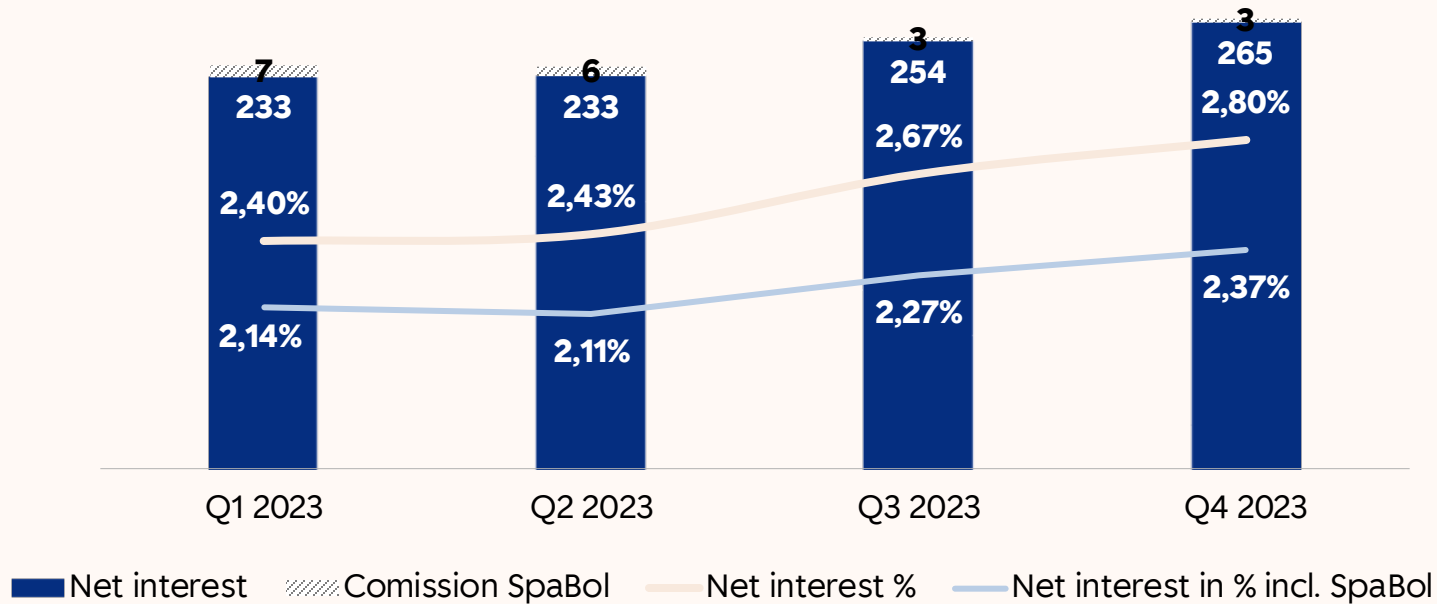
PLA affected by high income and write-downs in lending



Gross profit is MNOK 87 higher than for the corresponding period last year.

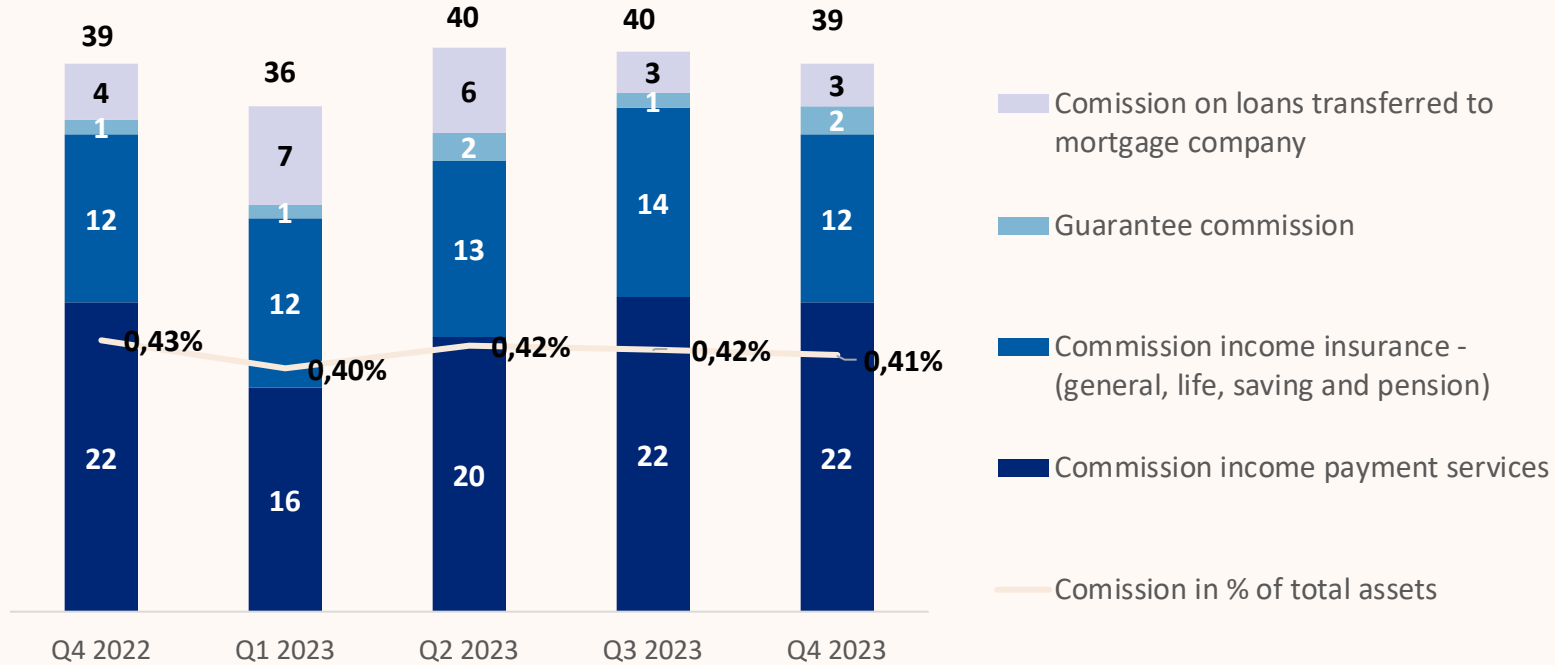
- High increase in net interest
- Increased operating costs and write-downs.
- Reduction in commission income is related to bonus commission of MNOK 9 recognized in Q1 2022.
- Increase in profit from financial investments is related to lower loss on placements in the current year

Good development in net interest



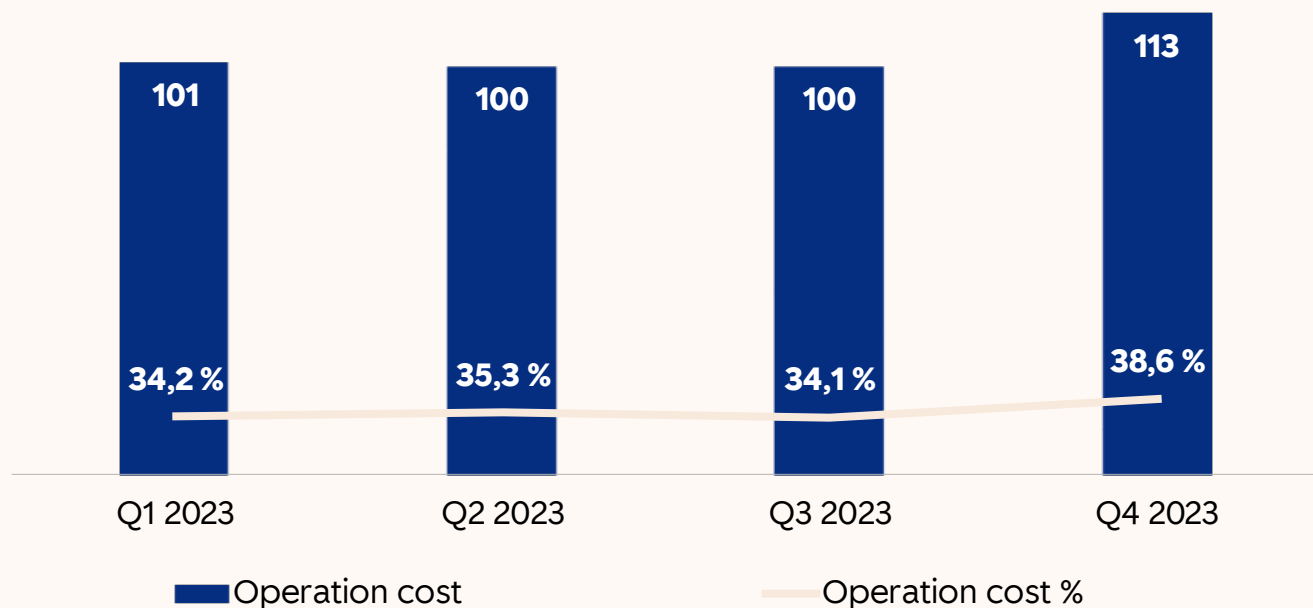
- Net interest and commission income amounts to MNOK 265 in Q4, an increase of MNOK 11 from last quarter
- In % of average total assets, net interest and commission income is 2.80 %, up from 2.67 last quarter.

Stable commission income



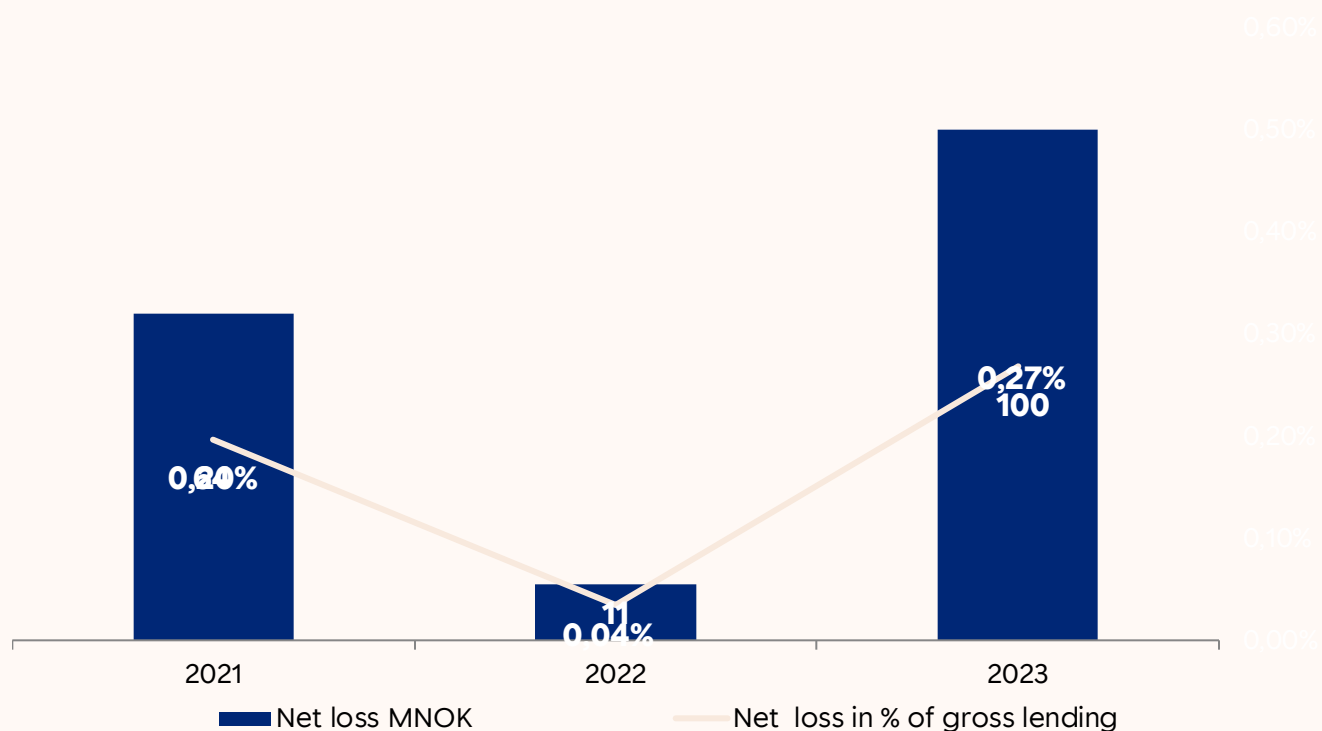
Increased costs this quarter

Operating cost (mnok) and % of income



- The costs are within target (cost/income <40 %).
- Increase this quarter is related to
 - Increased wages and social costs of MNOK 7 (including annual gift to employees of MNOK 4)
 - Increase of other operating costs of MNOK 5
 - Consulting assistance on CSRD reporting and validation score models
 - Fraud

High level of write-downs

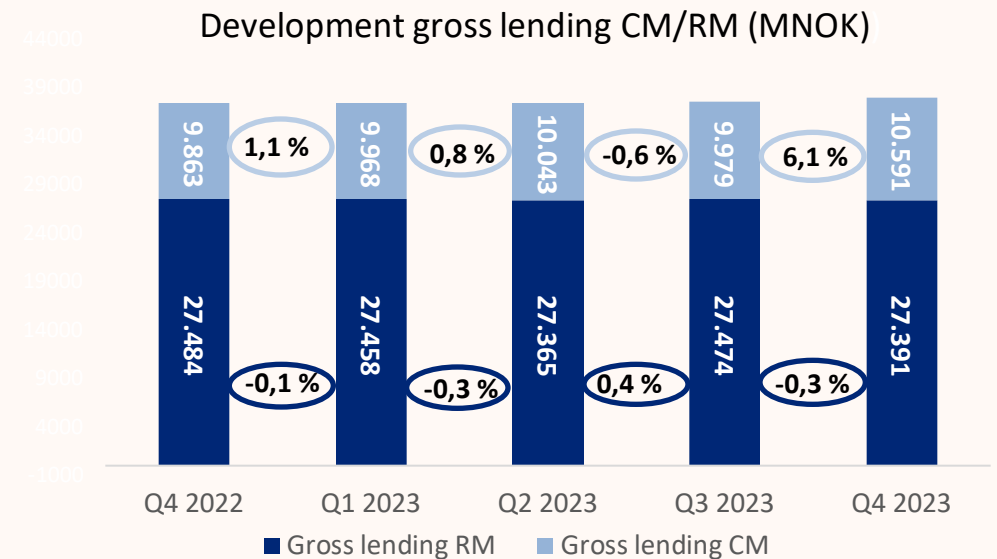
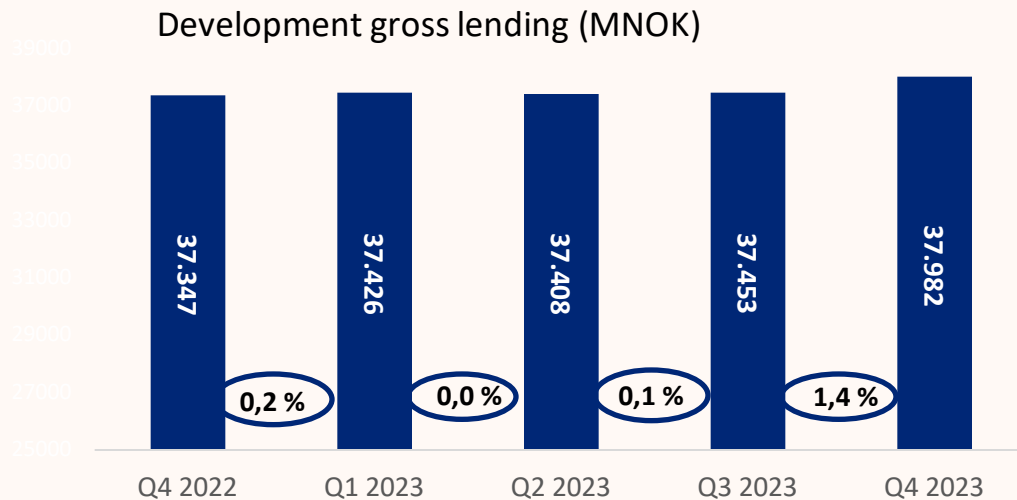
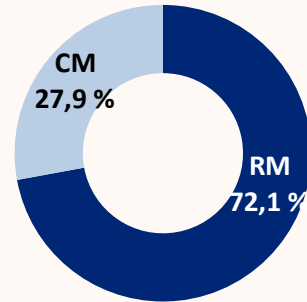


- MNOK 43 in Q4 2023 against MNOK 11 last quarter
- The write-downs in the quarter is a combination of
 - Individual write-downs
 - Model based write-downs as a consequence of marking for payment reliefs, increased lending volume and negative migration in the portfolio.

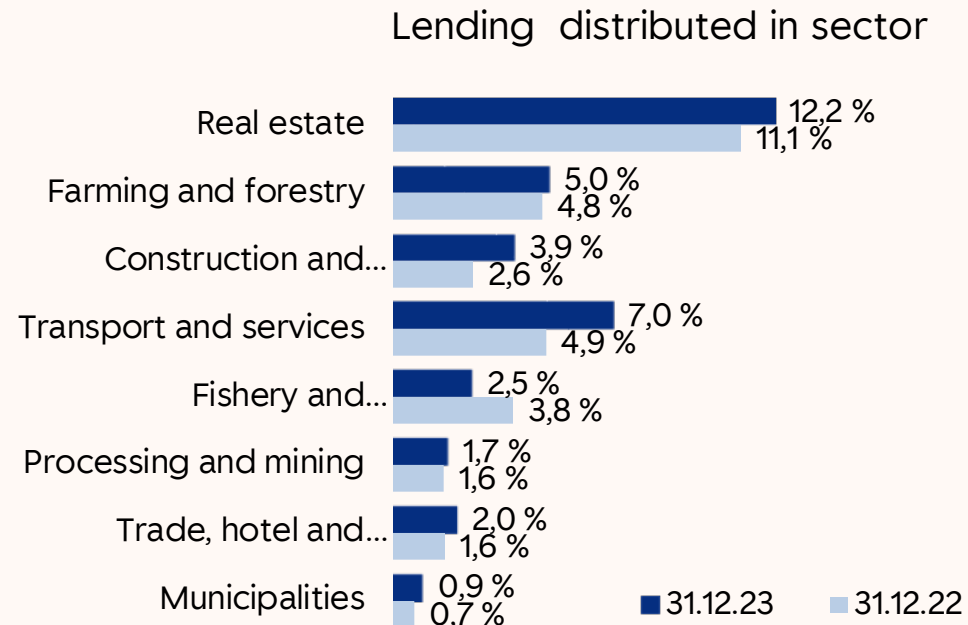


- Main features
- Profit & loss
- **Lending**
- Deposits
- Funding
- Solidity
- Prospects ahead
- Appendices

Weak lending growth in RM in 2023 (SpaBol included)



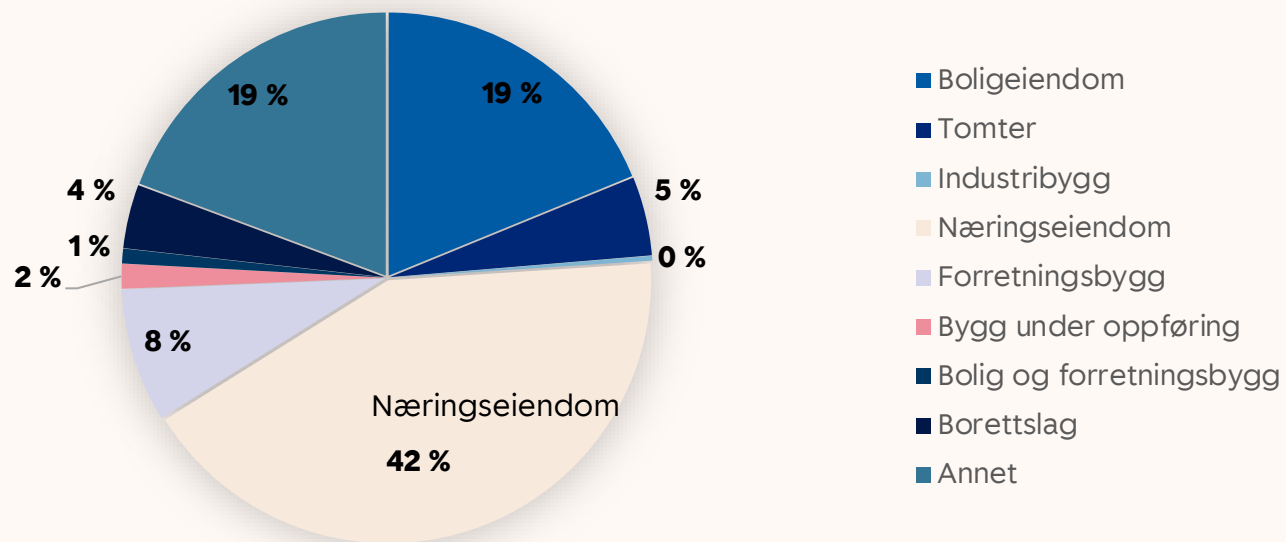
Lending CM – good industry spread



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 35.3 (31.2) % equals MNOK 10 401 (9 659)

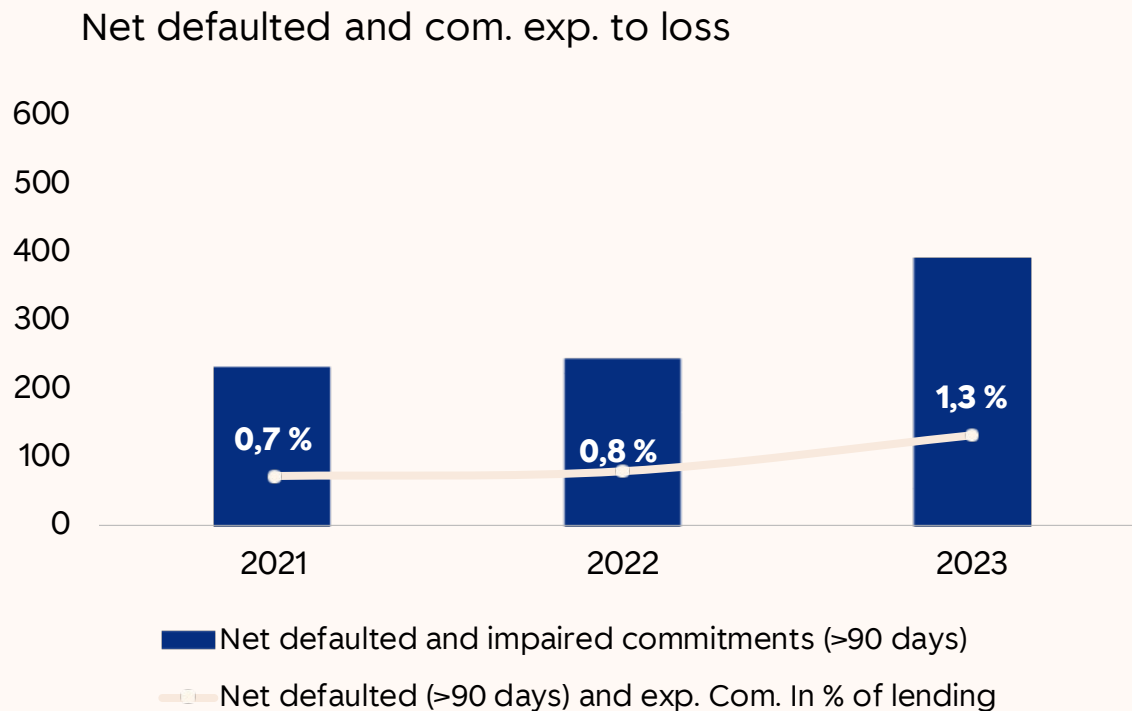
Lending CM

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 43 % of the volume in commercial property and is mainly not dependent on the commercial rental market.

Non-performing and impaired commitments



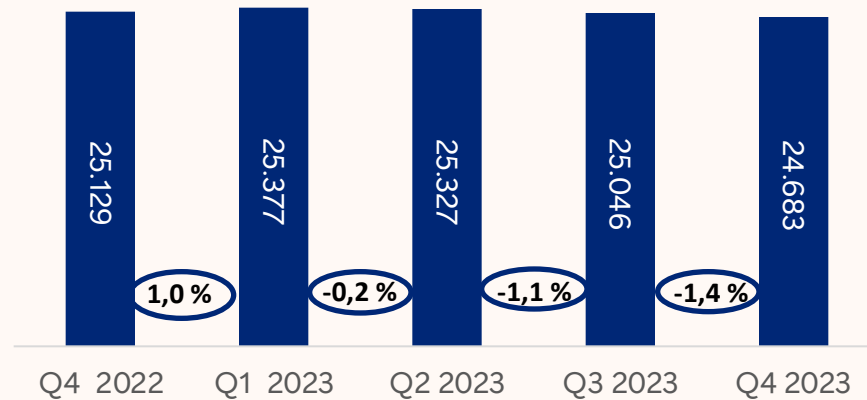
- Net non-performing and impaired commitments amounts to MNOK 390,
 - Decrease of MNOK 61 from last quarter
 - Increase of MNOK 146 from last year
 - The increase so far this quarter is related default marking of one large corporate commitment



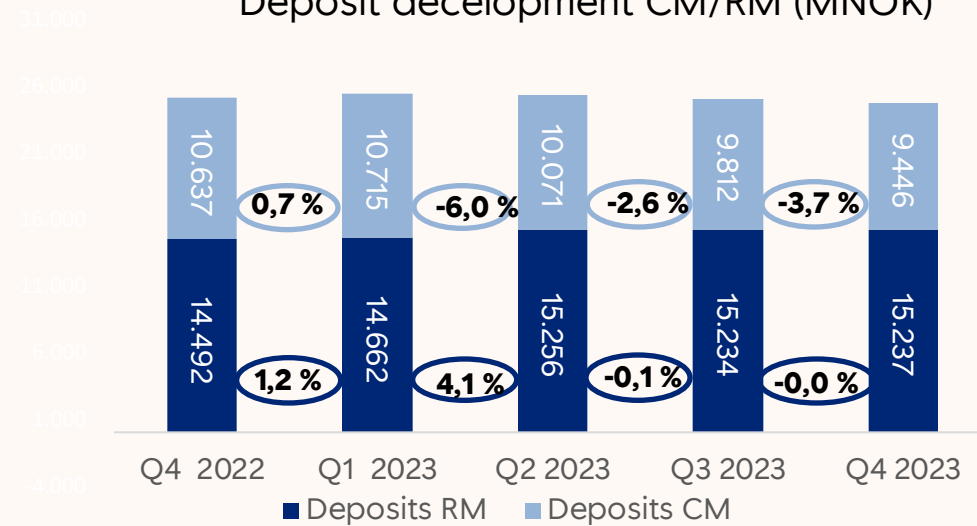
- Main features
- Profit & loss
- Lending
- **Deposits**
- Funding
- Solidity
- Prospects ahead
- Appendices

Stable deposit level

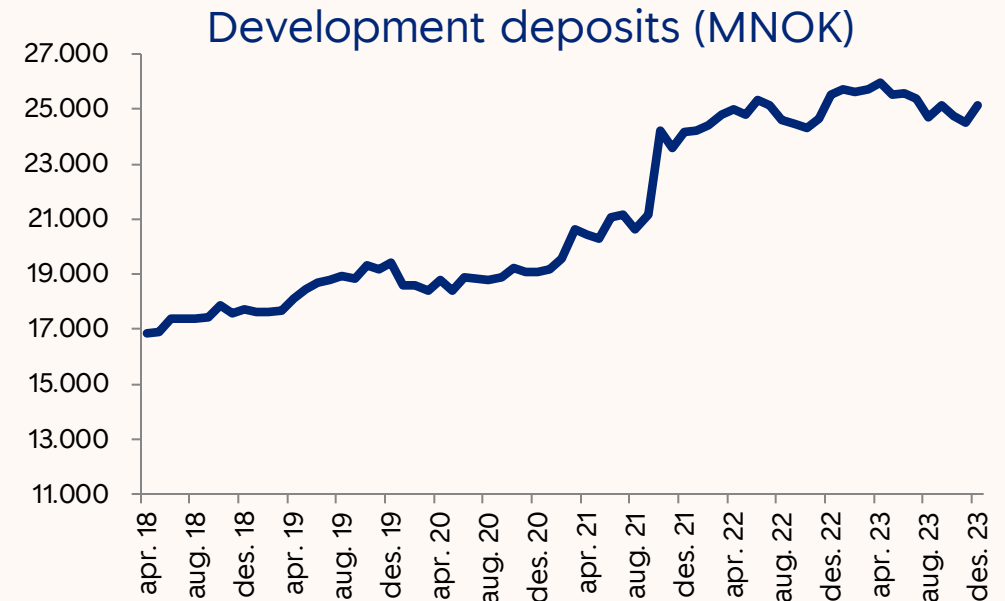
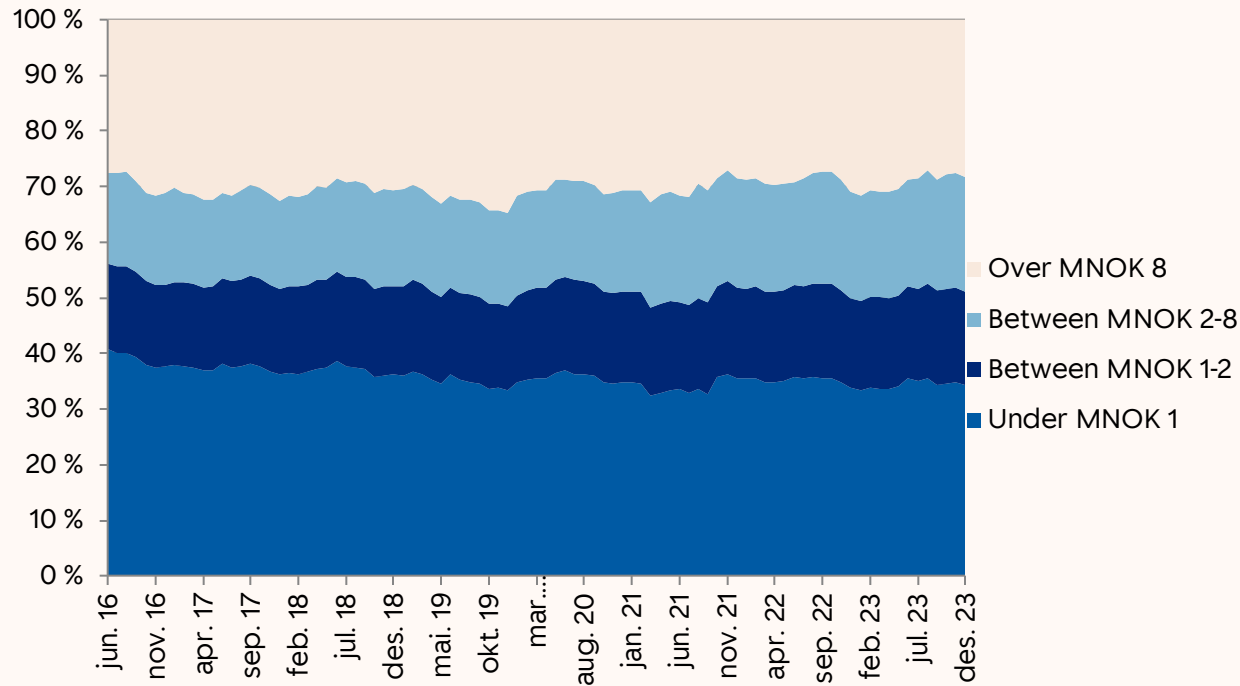
Deposit development (MNOK)



Deposit development CM/RM (MNOK)

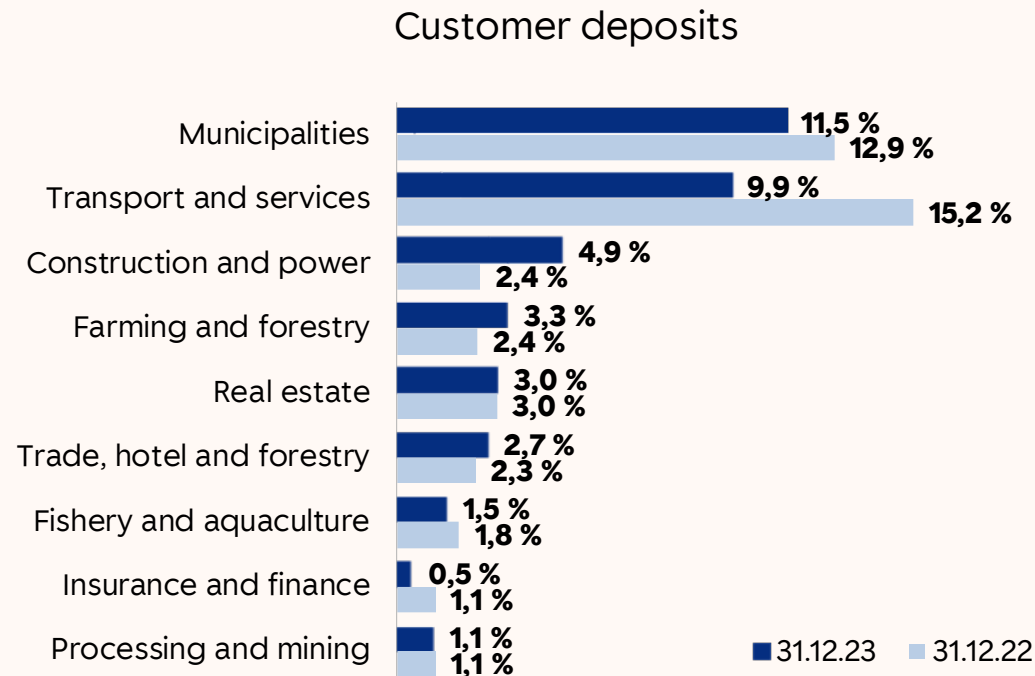


Stable deposit allocation



- Increase in deposits of MNOK 20 or 0.0 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 51.1 % of the RM deposits are under MNOK 2
- 59.7 % of the deposits are included in the guarantee arrangement.

Deposits CM

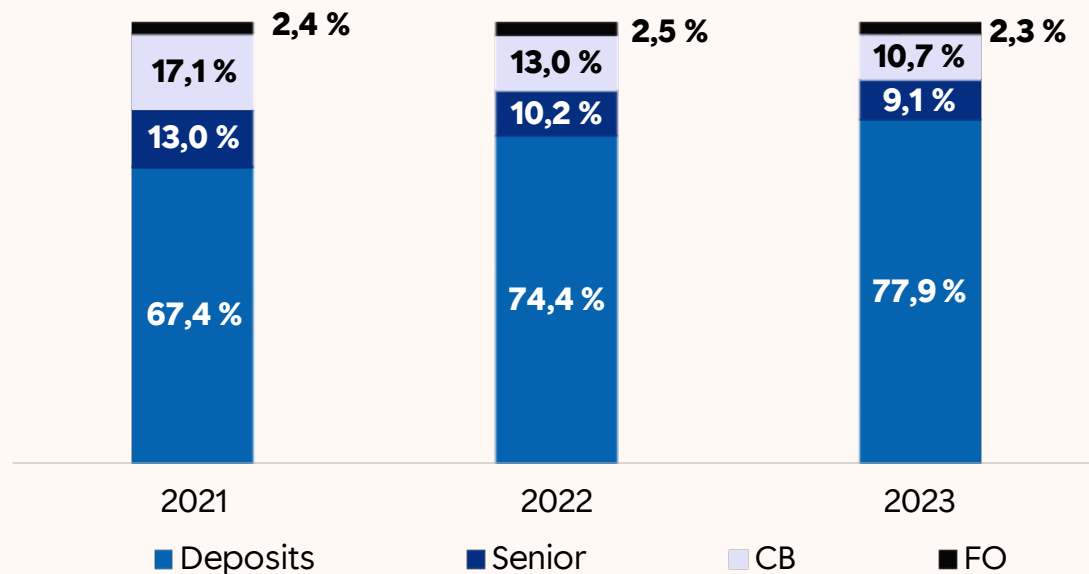


- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 38.3 (42.3) % or MNOK 9 446 (10 637) of total deposits.
- Deposits from municipalities amounts to 30.0 % of the CM deposits.

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

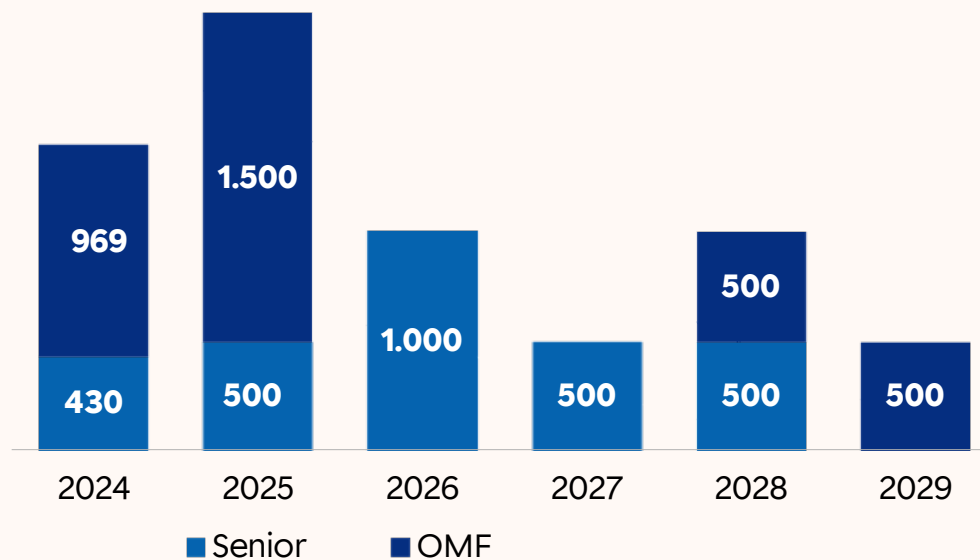
Funding – Increased deposit ratio

Funding development



- Share customer deposits has increased in 2023 as a consequence of transferred loans to SpaBol.

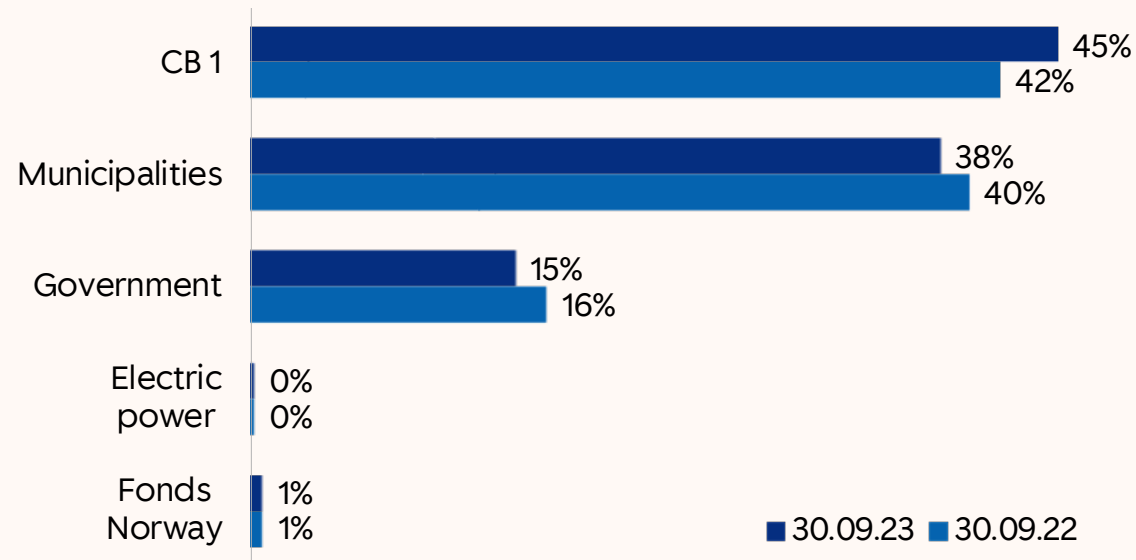
Funding due



- Share long term funding 78.1 % (78.1) %
- Combined duration of 2.2 (2.1) years. Duration in the mortgage company of 2.1 years.

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.7 (1.7) years
- 98.3 % rated A- or better
- 98.0 % is OMF or state/ municipality guaranteed bonds.
- Municipality papers are actively used as short-term liquidity placements.
- Liquidity buffers amounts to 6.2 (6.7) bn. – equals 16.5 (17.9) % of total assets. The buffer capital consist of cash, deposits in NB/ banks and interest-bearing securities.

SpareBank 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 8 559 (6 372)

Transfer of loans to mortgage companies

Maximum limit for transfer to mortgage companies is maximum 35 % of the groups gross lending, and 50 % of gross lending RM.

Pr. 31.12.23 transfer degree is 34.2 % and 47.4 % with a total of MNOK 12 985 transferred to the mortgage companies.



Helgeland Boligkreditt AS is 100 % owned by SpareBank 1 Helgeland

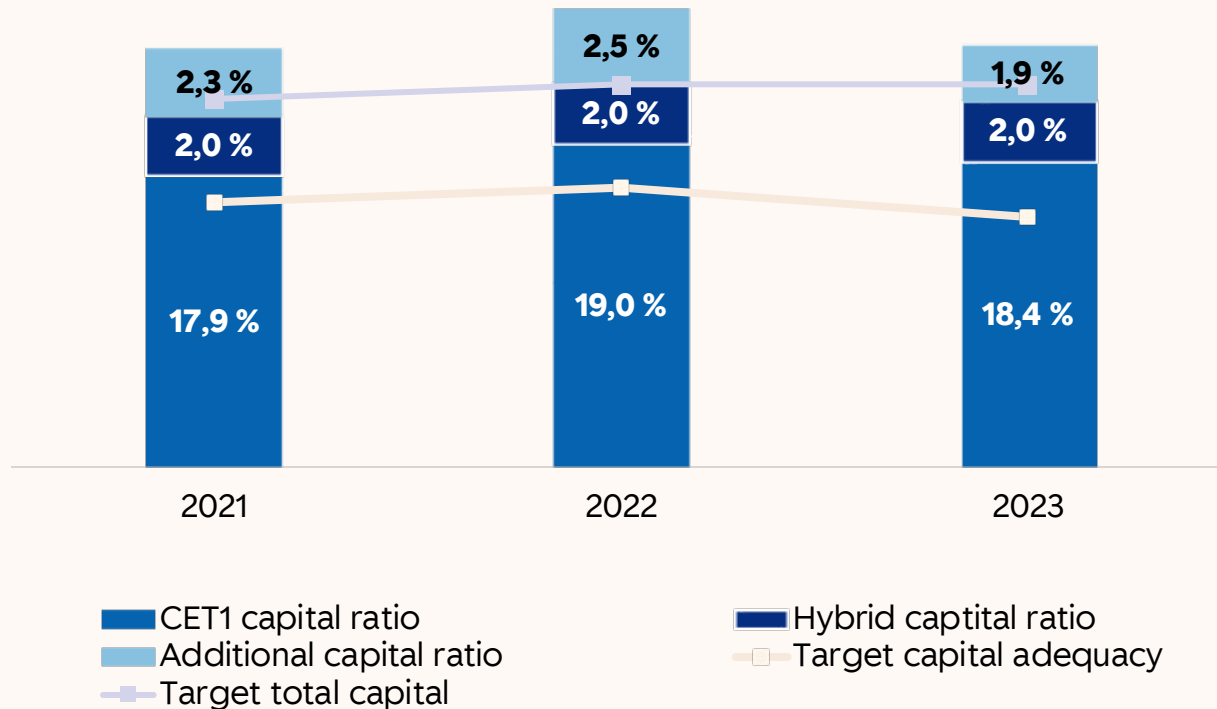
- Transferred loans amounts to MNOK 4 426 (5 161)
- A gradual reduction of the balance has been implemented since the bank got access to long term funding through SpareBank 1 Boligkreditt AS



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

Good capital adequacy

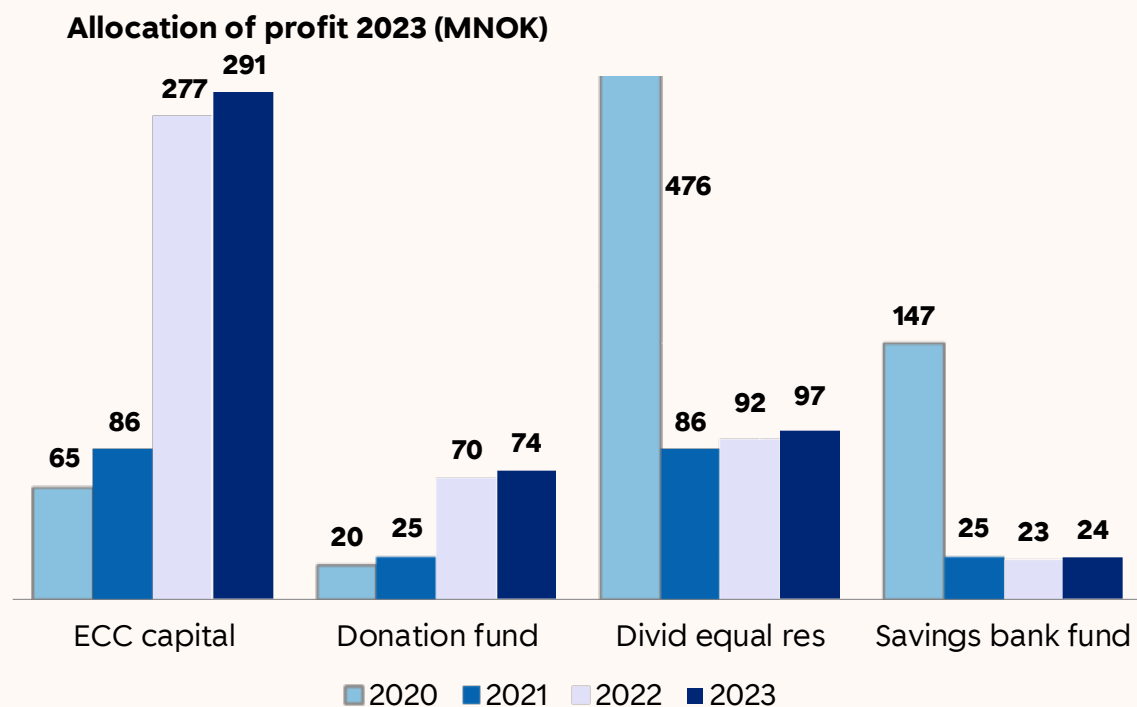
Development capital adequacy



Capital adequacy

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

Proposed allocation of profit 2023



Dividend and allocation to the equalization fund reflects the EC holders' share of the bank's equity.

- Time weighted owner equation for 2023, 79.9 %

Increased distribution ratio

- 75.0 (75.0) %.

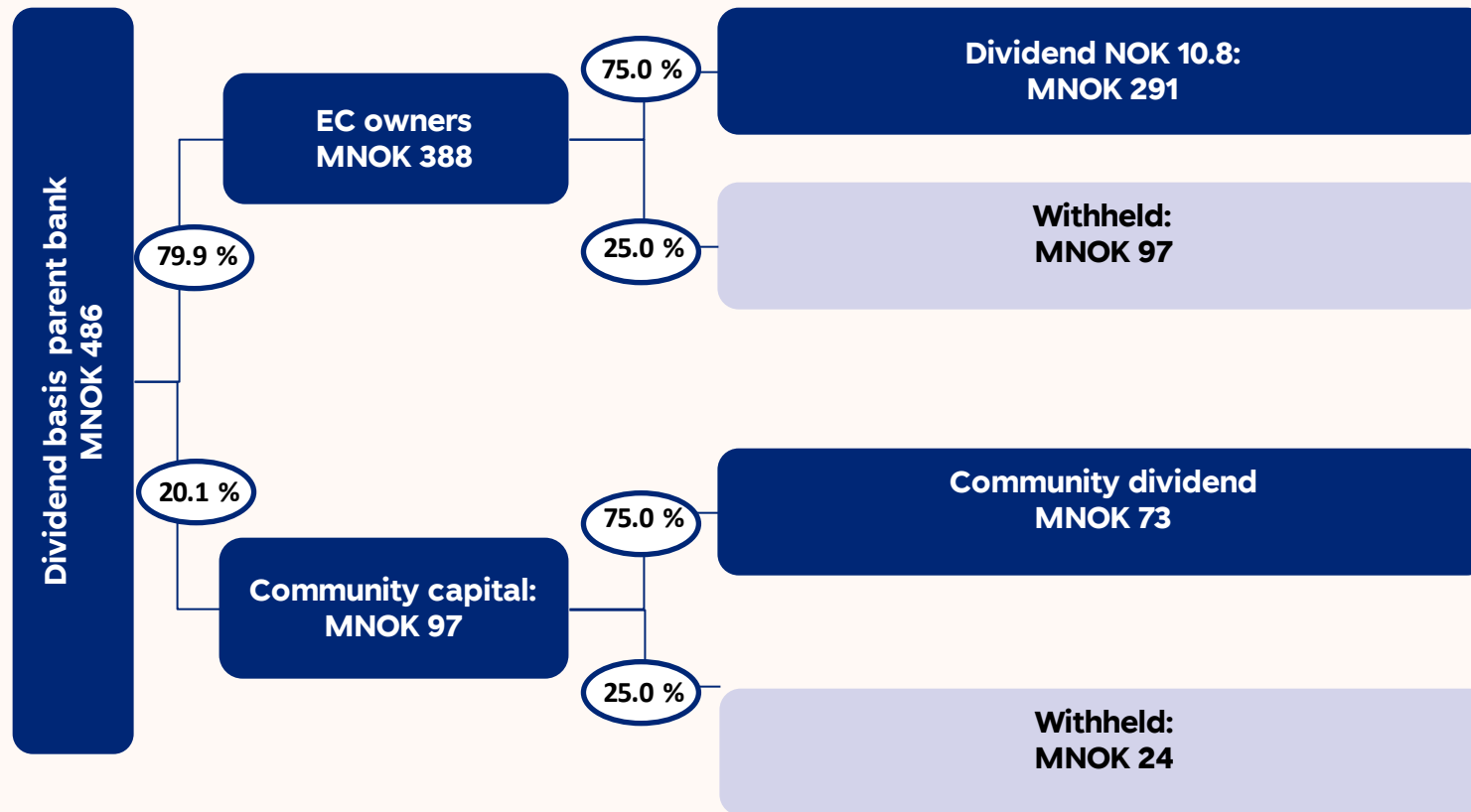
Dividend basis is MNOK 485

- The parent bank's profit adjusted for unrealized gains and interests perpetual bonds.

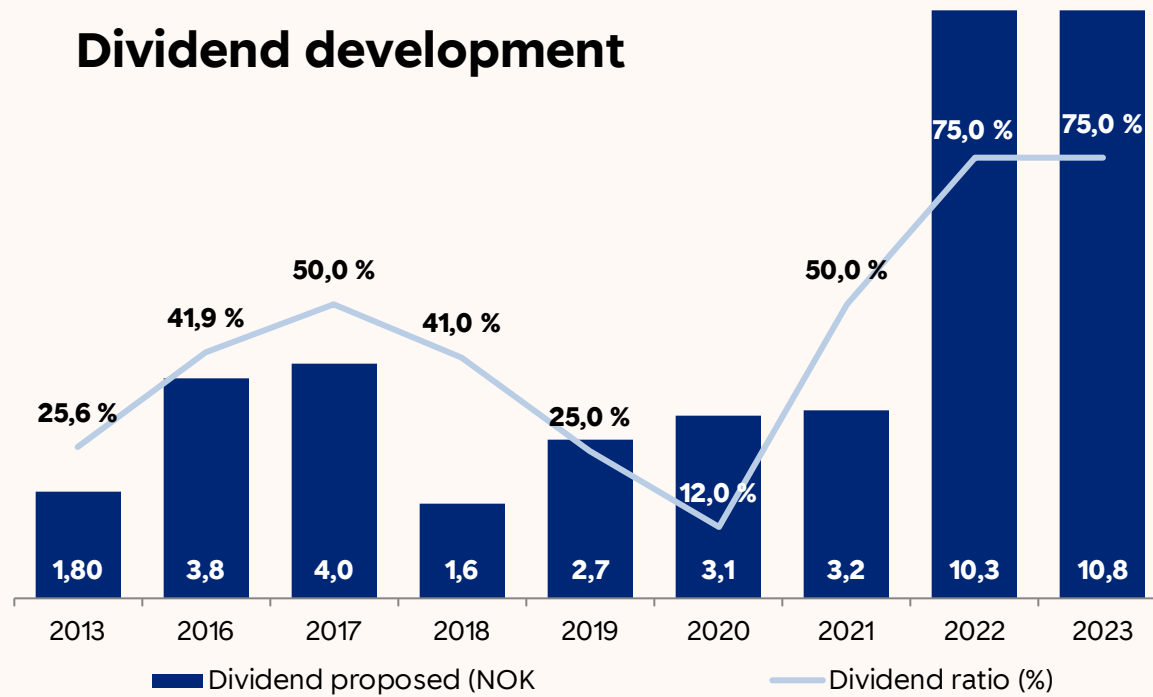
The board proposes dividend for 2023:

- Cash dividend NOK 10.8 (10.3) pr equity certificate

Proposed allocation of profit 2023



Dividend development



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.
- TDCF analysis of climate risk
- Training program for all employees initiated. Courses held in 2023:
 - RM: real estate
 - CM: Commercial property, support schemes, electrification and climate accounting
- Green products are launched
- 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 in 2024.
- A description of due diligence assessments to comply within the Transparency Act has been published.



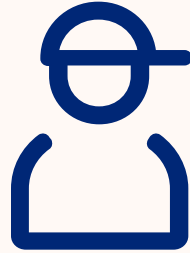


- Main features
- Profit & loss
- Lending
- Deposits
- Funding
- Solidity
- **Prospects ahead**
- Appendices

Unemployment

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

Norway:	1.9 %
Nordland:	1.4 %
Helgeland:	1.2 %

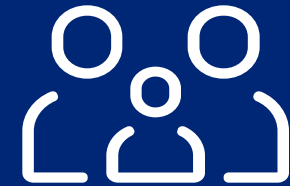


With potential for corporate establishment and migration more housing is needed in central parts of Helgeland. It lies uncertainty around the timing and when the need for these housings will occur.



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.

- Decrease in the prices on sold apartments by 9,5 % in Helgeland in 2023
- Decrease in the prices of 13.4 % on sold villas in Helgeland in 2023



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 0.30 % 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.

Net interest is expected to strengthen further after interest rate increase.

The bank has an expectation of normalized losses of 0.18 % of gross lending in 2024.



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

Profit & loss

SpareBank 1 Helgeland (group)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net interest- and credit comission earnings	148	168	174	184	202	223	233	233	254	265
Net comission earnings	22	36	46	38	41	39	36	40	40	39
Other operatios income	4	-1	2	2	4	0	2	4	1	2
Ordinary operations cost	80	141	94	91	95	101	101	100	100	113
Result basic operations	94	63	128	133	152	161	170	177	195	193
Write-downs lending and warranties	19	35	1	2	2	6	10	37	11	43
Net value change financial instruments	3	-13	21	-28	-19	26	24	6	-2	-13
Gross profit	78	15	147	104	131	181	184	147	183	137
Net profit	58	15	115	71	93	165	144	111	134	101
Net extended income posts	0	2	-1	-2	-1	4	0	-2	0	1
Profit for the period	58	17	114	69	92	169	144	109	134	102

HELG- EC development and OSEEX last 12 months

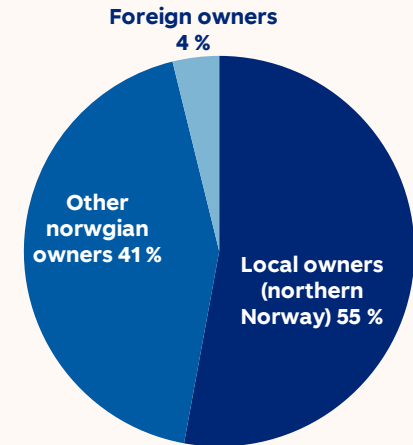
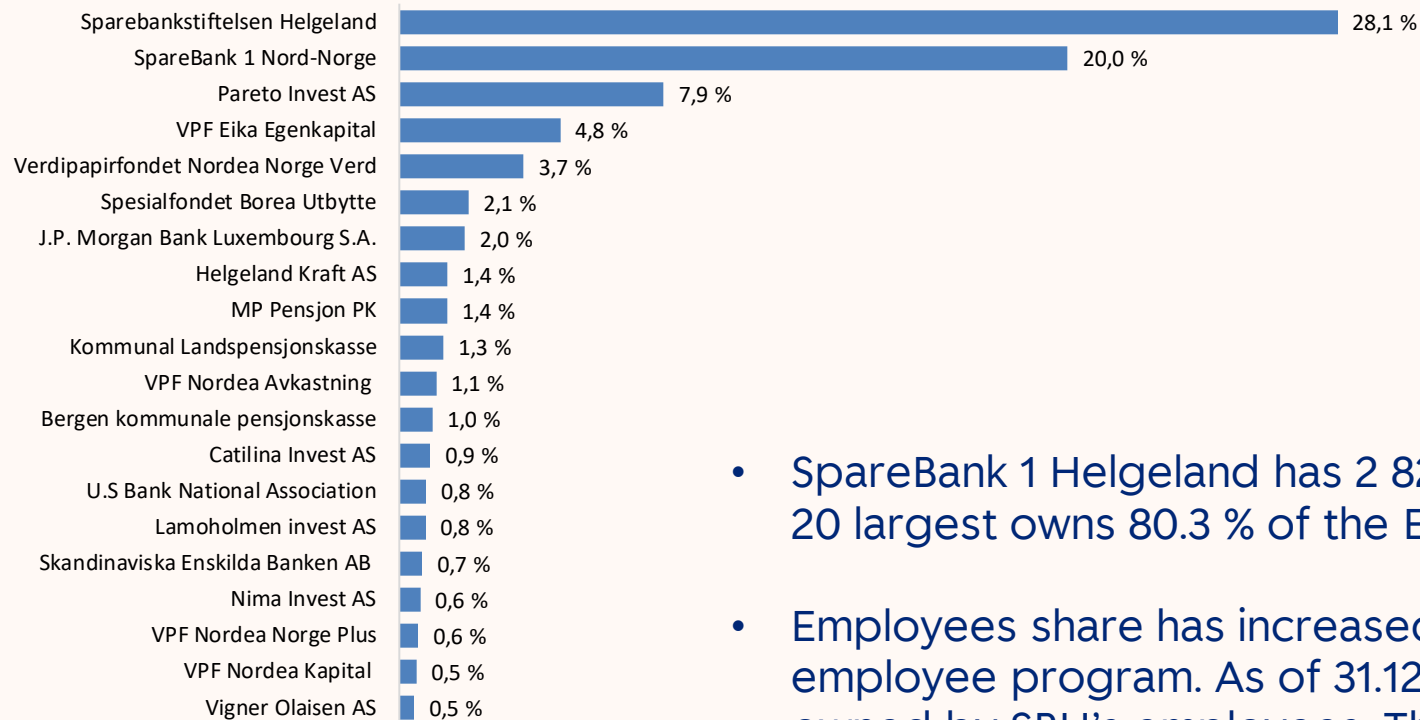


(source: SBH; Data: Bloomberg/Euronext | January 2024)

	31.12.20	31.12.21	31.12.22	31.12.23
EC fraction opening balance	76,4 %	77,3 %	79,9 %	79,9 %
Number of EC's	20,9	27,0	27,0	27,0
price	86,0	131	120	130,0
Stock exchange value	1.797	3.537	3.240	3.510
Accounted equity per EC	129	124	135	138
Profit per EC	12	5,5	12,8	13,9
Dividend per EC	3,10	3,19	10,3	10,8
Price/Accounted EC	0,7	1,1	0,9	0,9

55 % north norwegian ownership

20 largest owners



- SpareBank 1 Helgeland has 2 825 owners where the 20 largest owns 80.3 % of the EC's.
- Employees share has increased through the employee program. As of 31.12.23 142 090 EC's is owned by SBH's employees. This amounts to 0.53 %.

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 45 419
- Employees, total man-years: 165
- Rating from Moodys: A3 – Positive outlook.
Ticker: HELG





Contact information

Main office

Postal address: Postboks 68, 8601 Mo i Rana

Visiting address: Jernbanegata 15, 8622 Mo i Rana

Tel: 75 11 90 00

Web: www.sbh.no

Organization number: 937 904 029

Hanne Nordgaard

CEO

416 85 777 – Hanne.Nordgaard@sbh.no

Investor Relations

Anne Ekroll

CFO

913 36 452 – anne.ekroll@sbh.no