

Presentation

Q1 2023



- A driving force for growth in Helgeland

Presentation 31.03.23 (SBH group)



Hanne Nordgaard
Chief Executive Officer



Anne Ekroll
Chief Financial Officer



- 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 per 31.03.23

Gross Profit
MNOK 184 (147)

ROE*
13.3 (10.8) %
*adjusted for hybrid capital

Total assets
38.4 (39.6) mrd. Kr

Solidity
CET 18,7
(18,1) %

Driving force for sustainable growth, competence and cooperation

Sustainability in the bank

- New sustainability strategy to be decided in December 2022.
 - The banks first sustainability report delivered for 2022, integrated in the annual financial report.
 - TDCF analysis of climate risk
 - Training program for all employees set in motion
- Green products is launched
- Upgraded and updated information on the banks website.
Several routines and guidelines are public available
- A description of due diligence assessments to comply within the Transparency Act has been published.





- Main features
- **Summary Q4**
- Profit & loss
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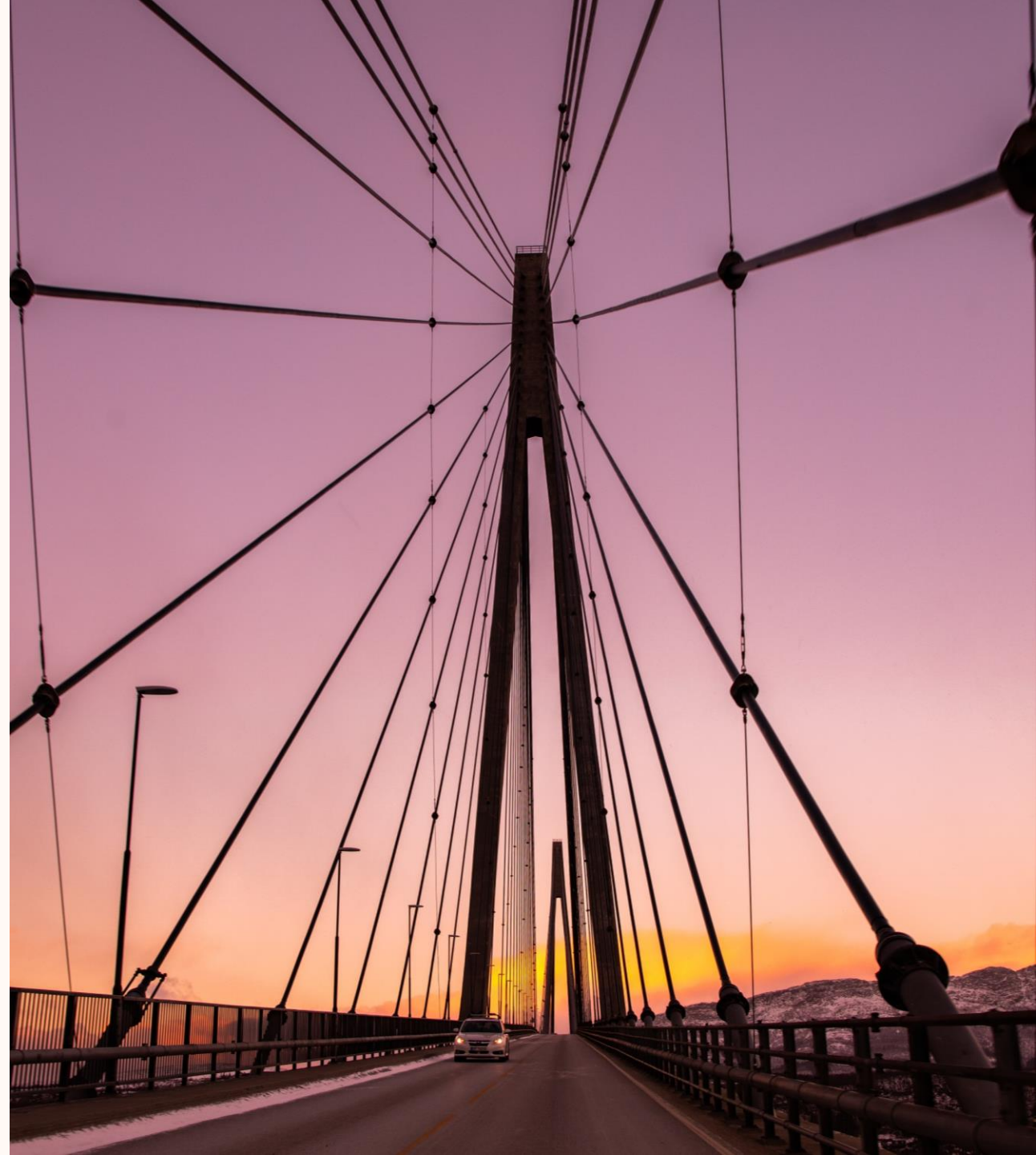
Summary Q1

SpareBank 1 Helgeland (group)	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net interest- and credit comission earnings	184	202	223	233
Net comission earnings	38	41	39	36
Other operatios income	2	4	0	2
Ordinary operations cost	91	95	101	101
Result basic operations	133	152	161	170
Write-downs lending and warranties	2	2	6	10
Net value change financial instruments	-28	-19	26	24
Gross profit	104	131	181	184
Net profit	71	93	165	144
Net extended income posts	-2	-1	4	0
Profit for the period	69	92	169	144

Summary Q1

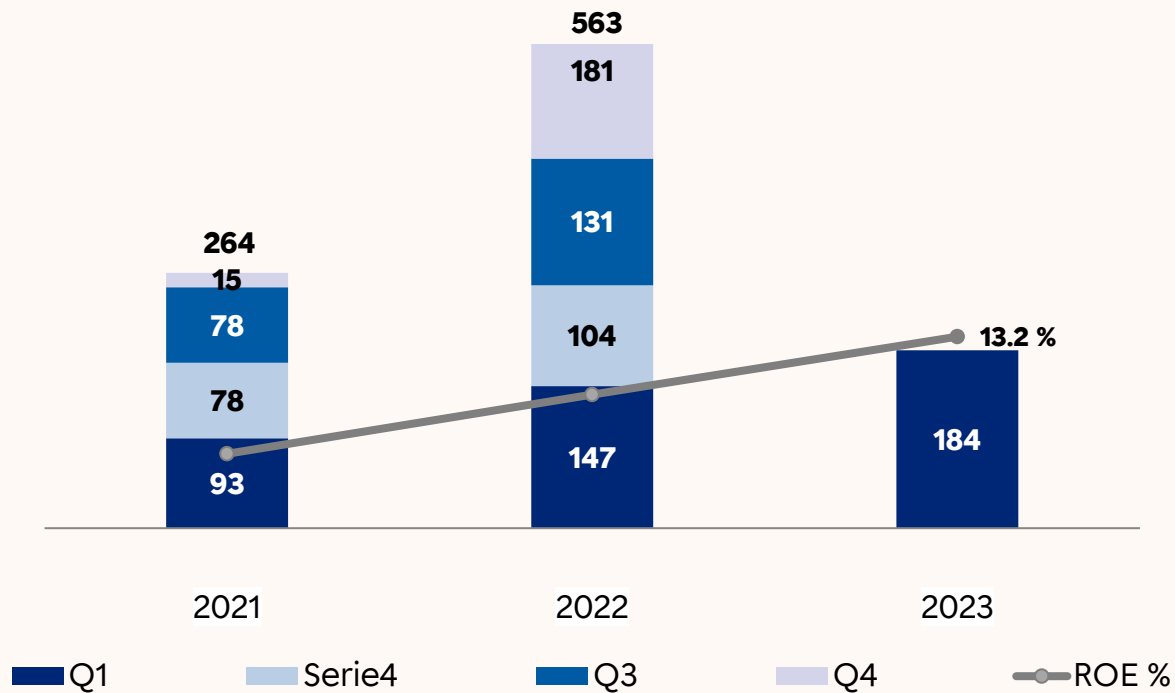
Good basis operation and strengthened result.

- Net interest of MNOK 233, up from MNOK 223 last quarter.
- Net commission income of MNOK 38, a reduction of MNOK 1 from last quarter.
- Net value change on financial investments of MNOK 24, down from MNOK 26 last quarter.
 - Dividend of MNOK 27 from product companies
 - Loss on security portfolio of MNOK 6
 - Positive value change shares of MNOK 3
- Low write-downs on lending. MNOK 10 against MNOK 6 last quarter



Good profit development

Profit development (MNOK)



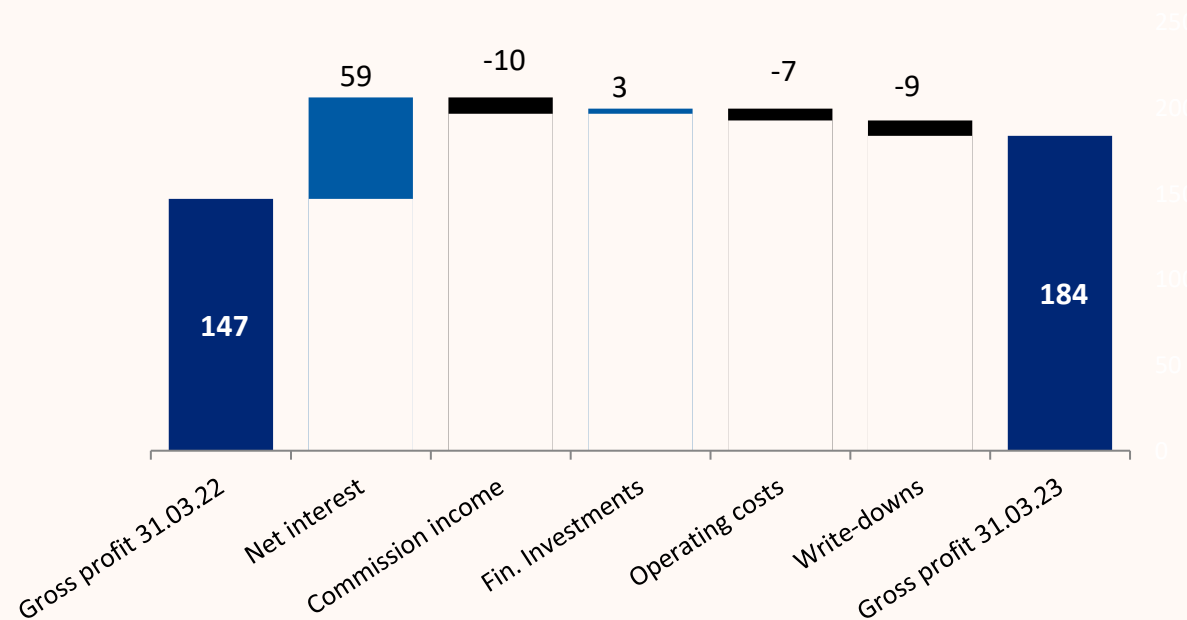
Profit

Strengthened gross profit of MNOK 184 (147) pr. 31.03.23

- ROE of 13.2 %*
(ROE is adjusted for hybrid capital)

Profit improvement

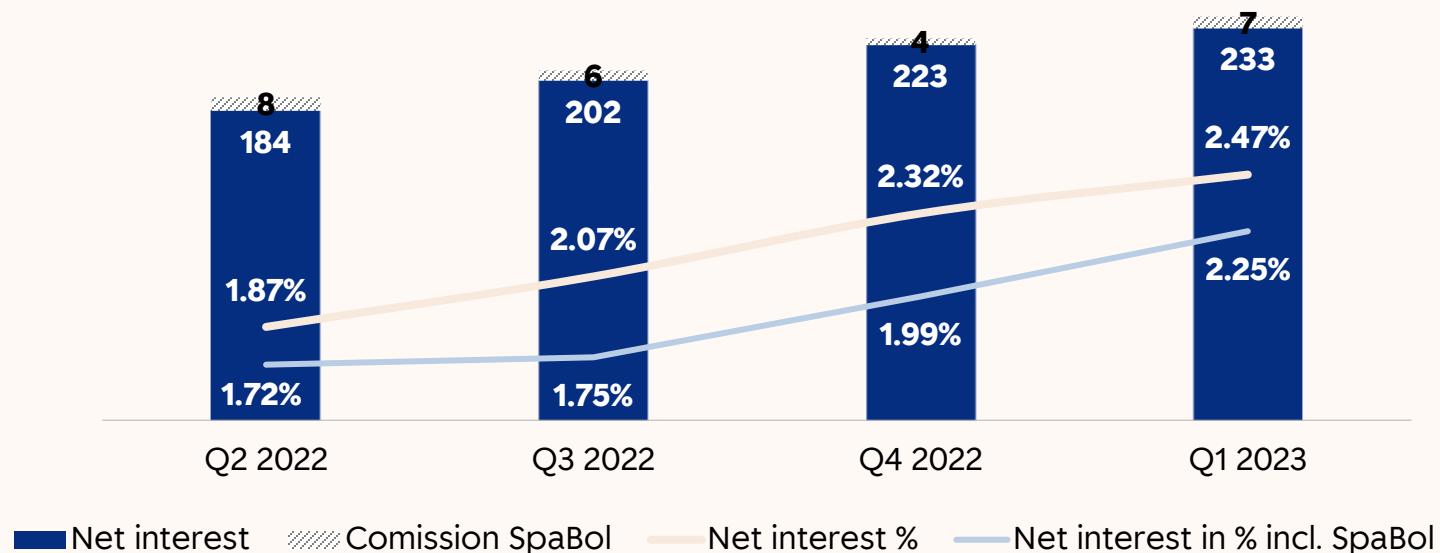
Change in gross profit (MNOK)



Gross profit is MNOK 37 higher than for the corresponding period last year.

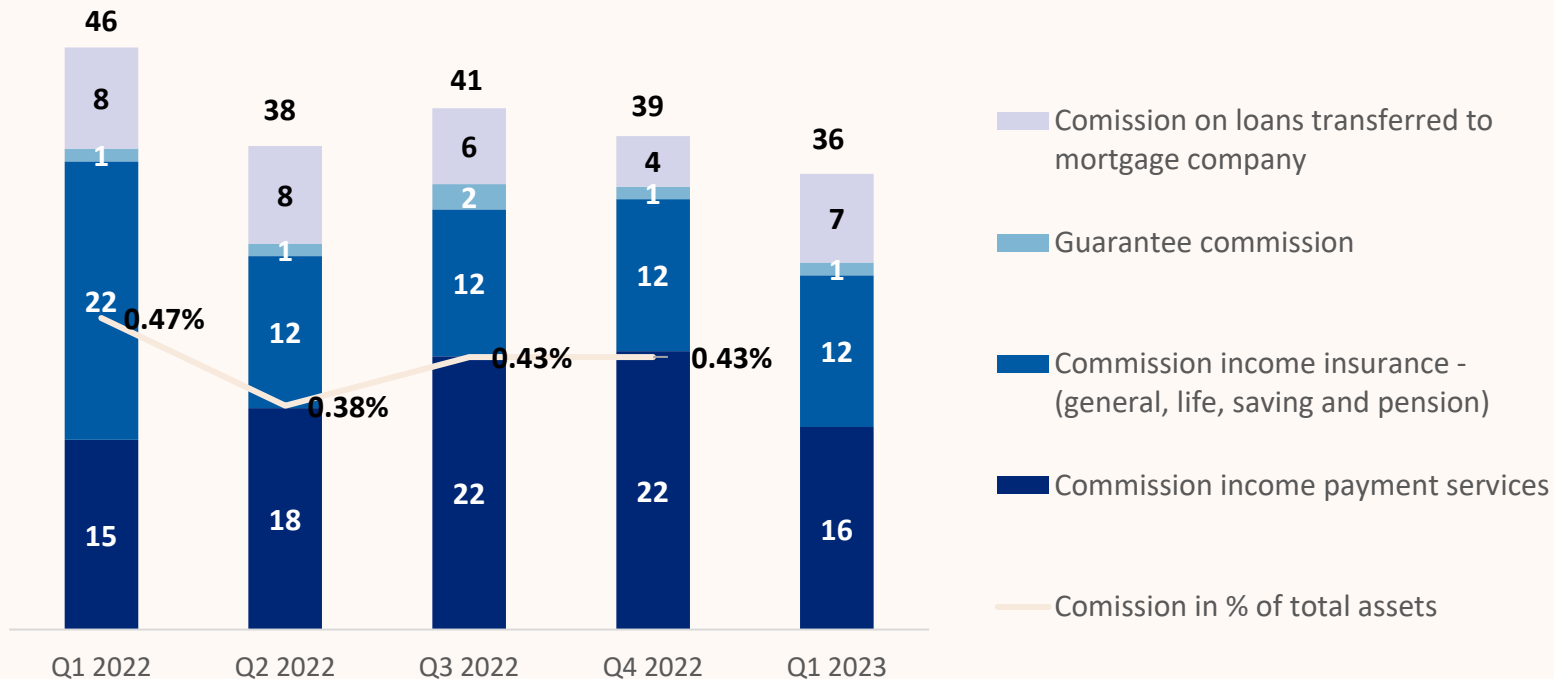
- Increase in net interest
- Reduction in commission income is related to bonus commission of MNOK 9 recognized in Q1 2022.
- Increased operating costs and of write-downs.

Good development in net interest



- Net interest and commission income amounts to MNOK 233 in Q1 against MNOK 223 last quarter.
- In % of average total assets, net interest and commission income is 2.47 % against 2.32 last quarter.

Stable commission income

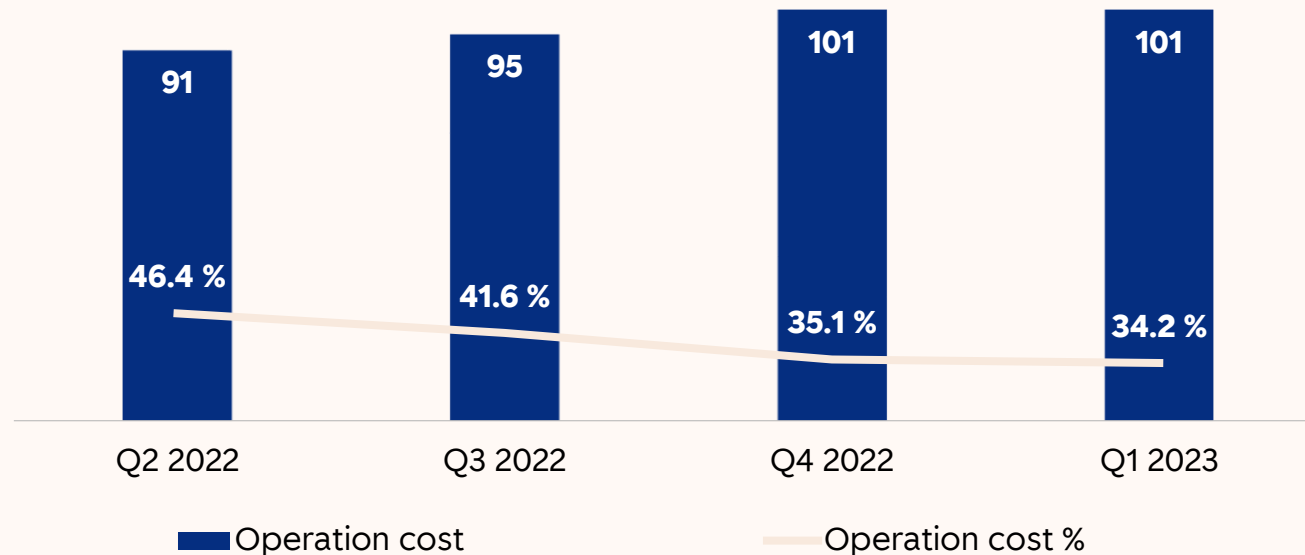


Season variation

- Decrease in commission income from last quarter, but on the same level as the corresponding period in 2022.
- Bonus commission insurance of MNOK 9 recognised in Q1 2022.

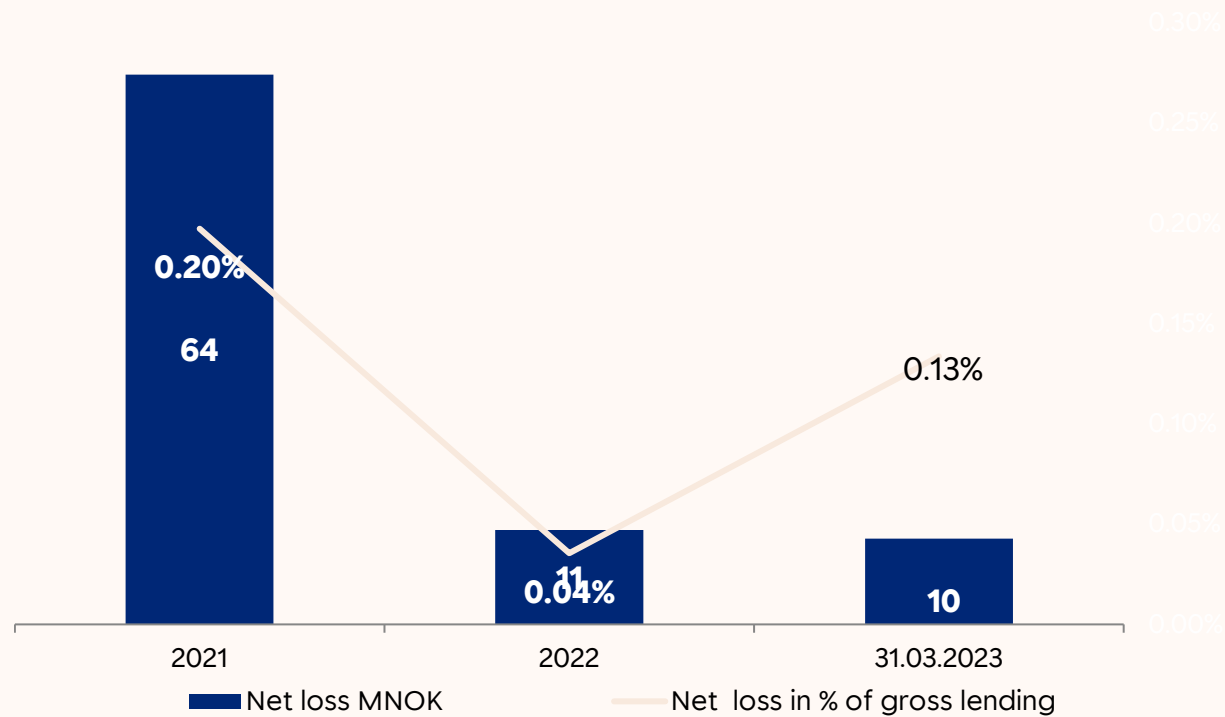
Stable and healthy cost development.

Operating cost (mnok) and % of income



- The costs are within target (cost/income <40 %).

Low losses

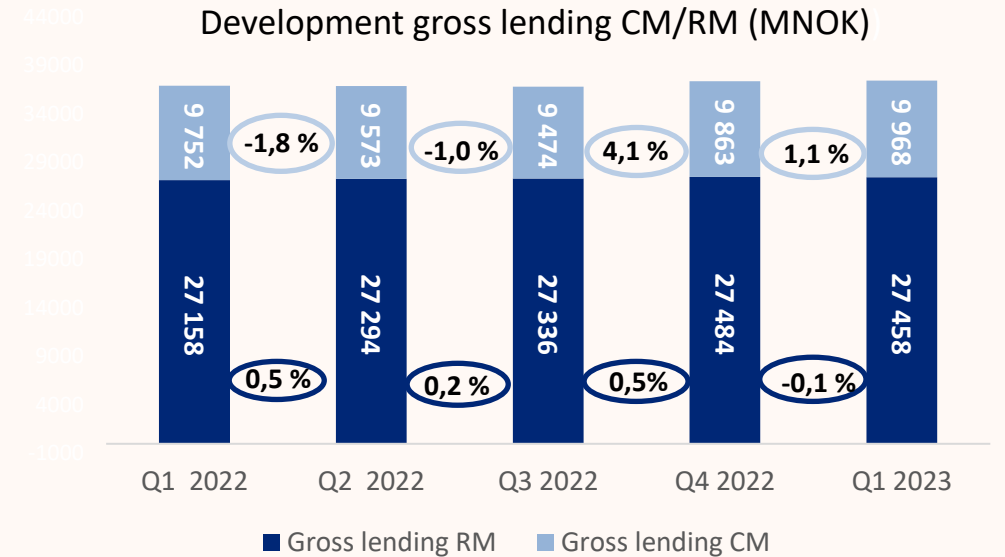
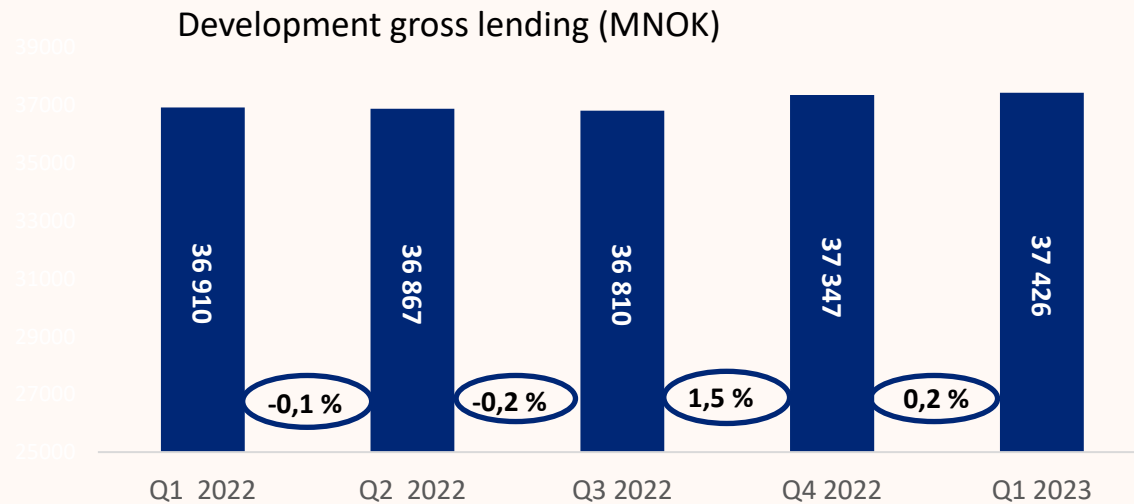
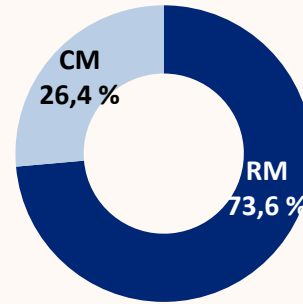


- MNOK 10 in loss in the first quarter against MNOK 6 last quarter.



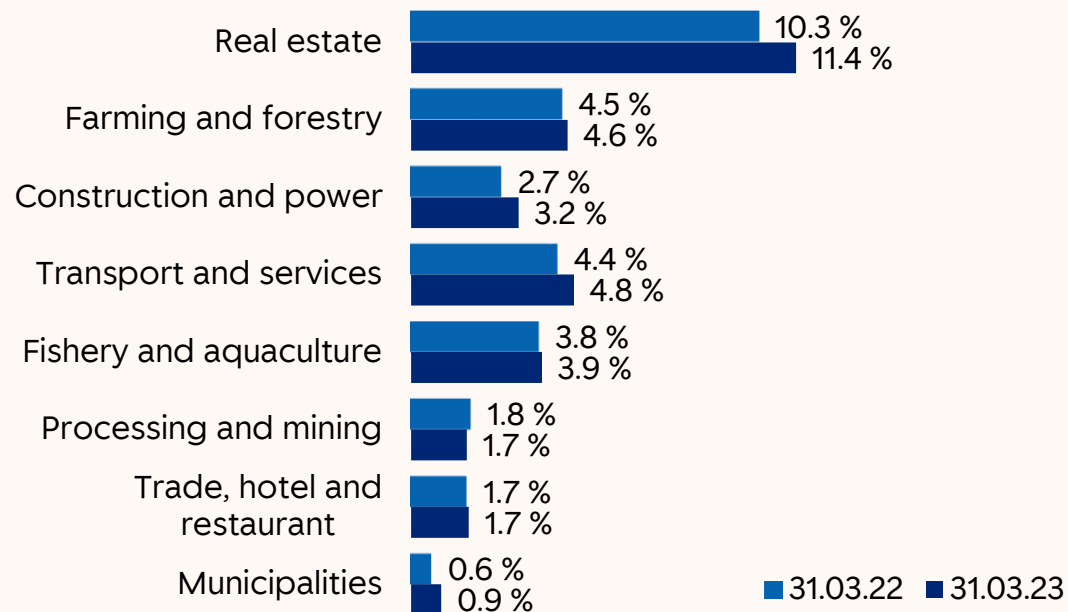
- Main features
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- **Lending**
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Weak lending growth in 2023 (SpaBol included)



Lending CM – good industry spread

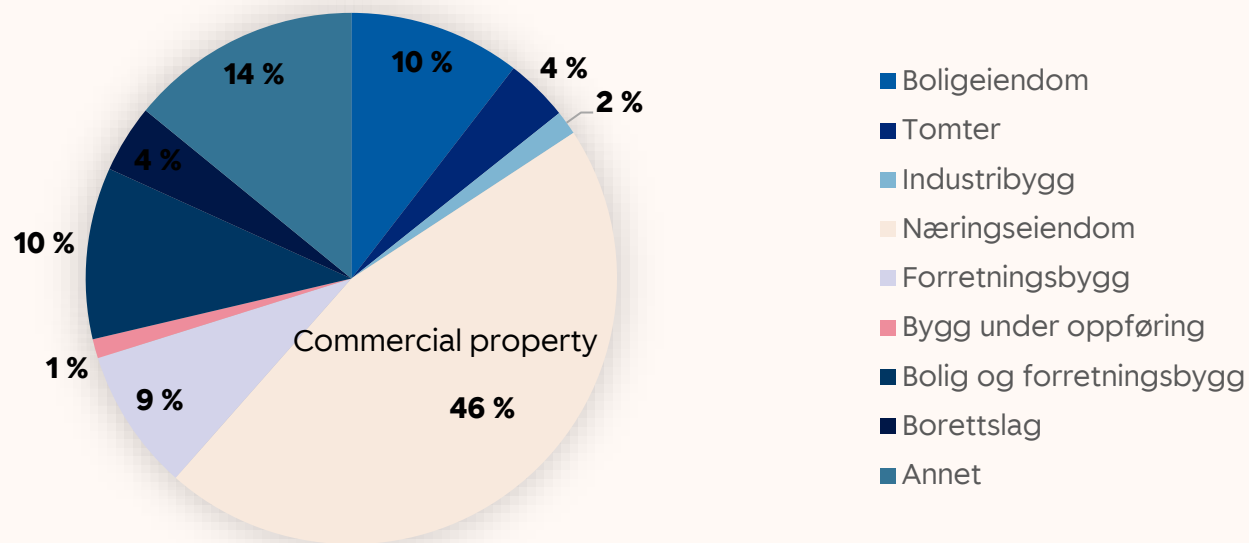
Lending distributed in sector



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 32.2 (29.8) % equals MNOK 9 763 (9 558)

Lending CM – Real estate

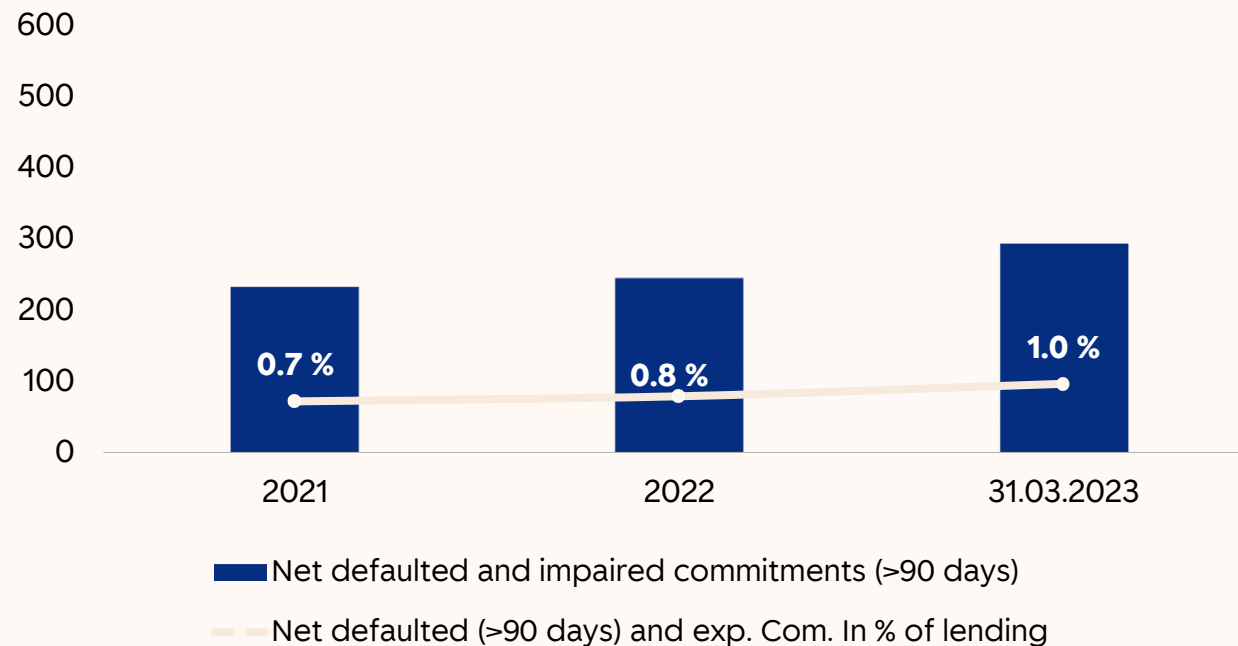
Real estate - allocation pr segment



- Low vacancy in all segments on the real estate side. Under coverage on housing and industrial areas.
- 54 % of real estate categorized in low risk. 24 % in best middle risk class. 96 % of the real estate mass is in Nordland.
- The 15 largest commitments amounts to 42 % 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



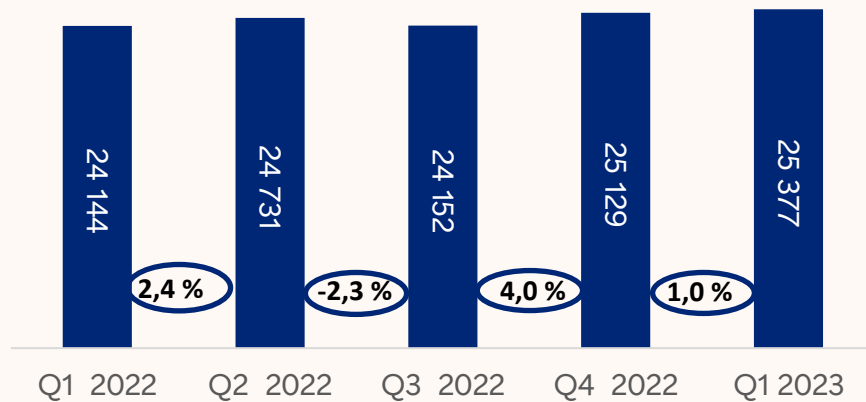
- Net non-performing and impaired commitments amounts to MNOK 292, an increase of MNOK 48 in 2023.
- The increase is related to a few customers that have gone in default for various reasons.
- It is not expected significant change on the loss provisions on these commitments.



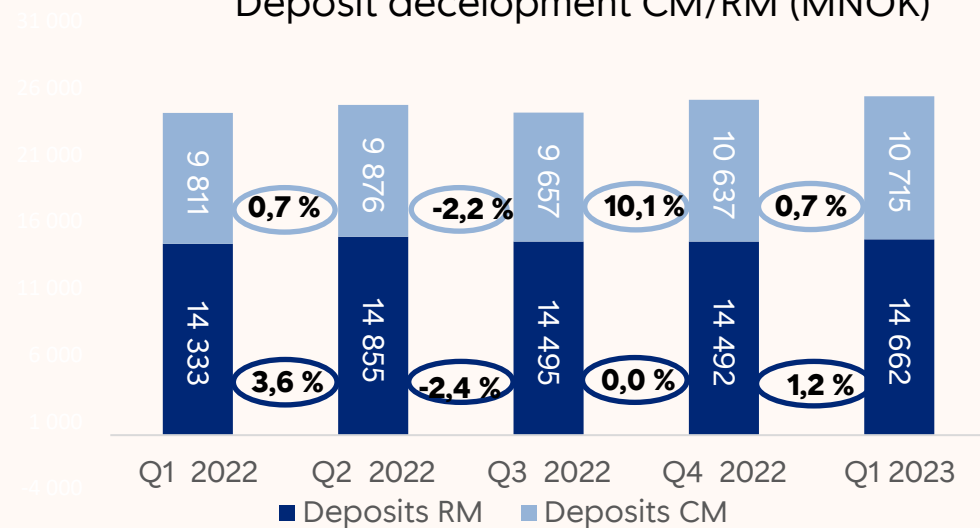
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Increase in deposits in the quarter

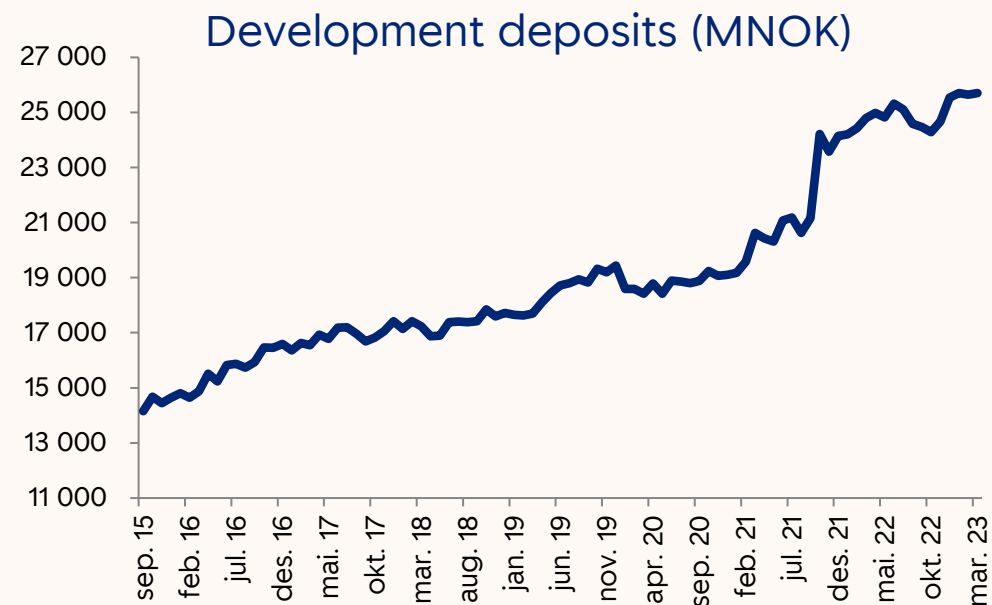
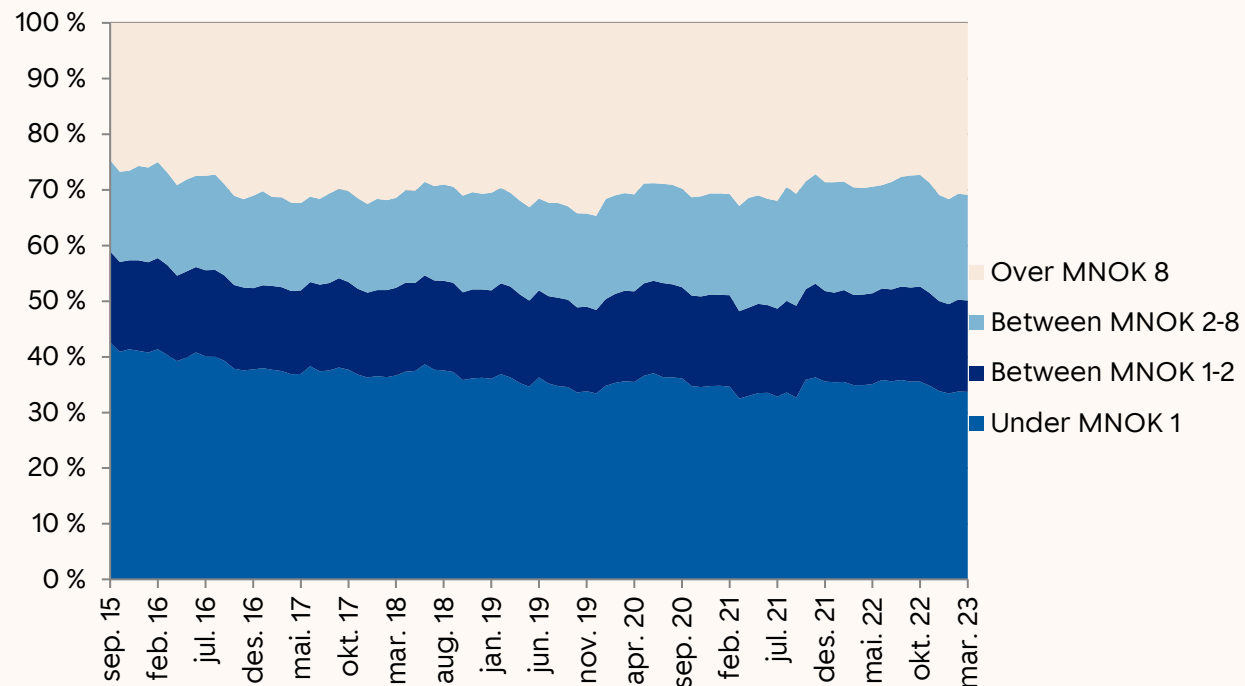
Deposit development (MNOK)



Deposit development CM/RM (MNOK)



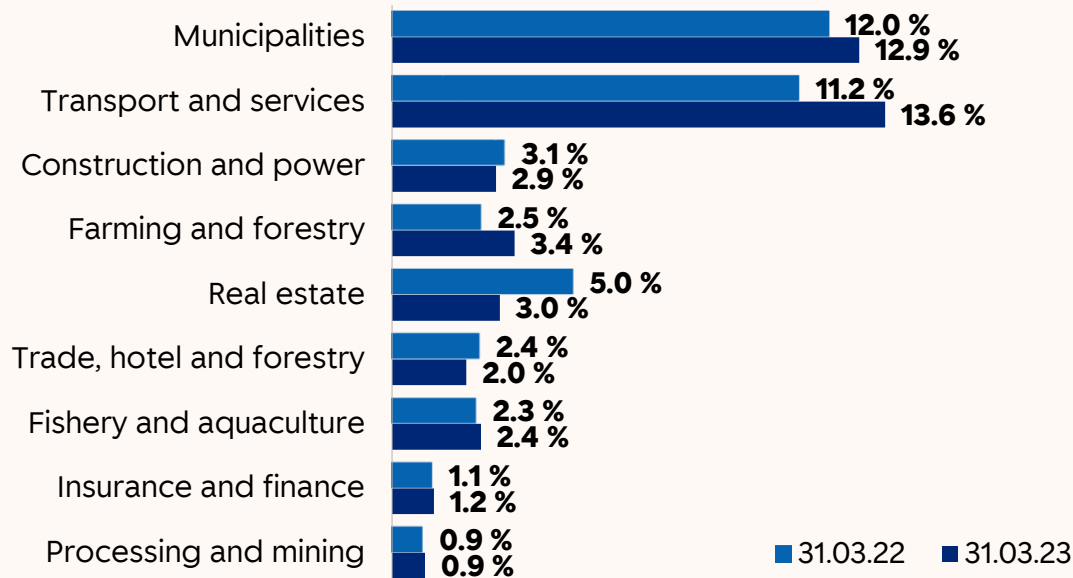
Stable deposit mass



- Increase in deposits of MNOK 248 or 1.0 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 50.1 % of the RM deposits are under MNOK 2
- 59.0 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits



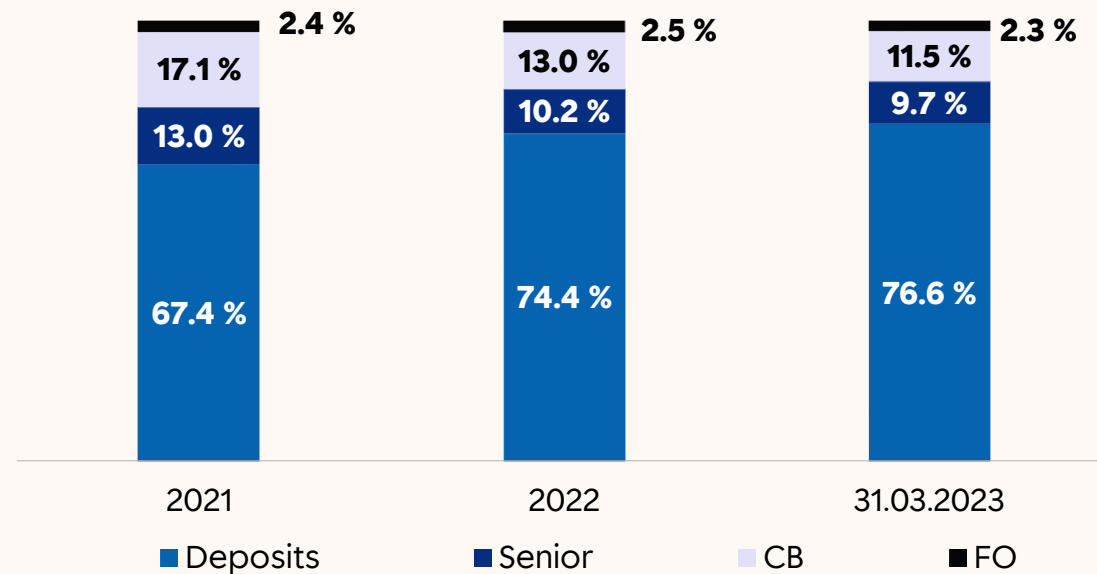
- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 42.2 (40.6) % or MNOK 10 715 (9 811) of total deposits.
- Deposits from municipalities amounts to 30.5 % of the CM deposits.



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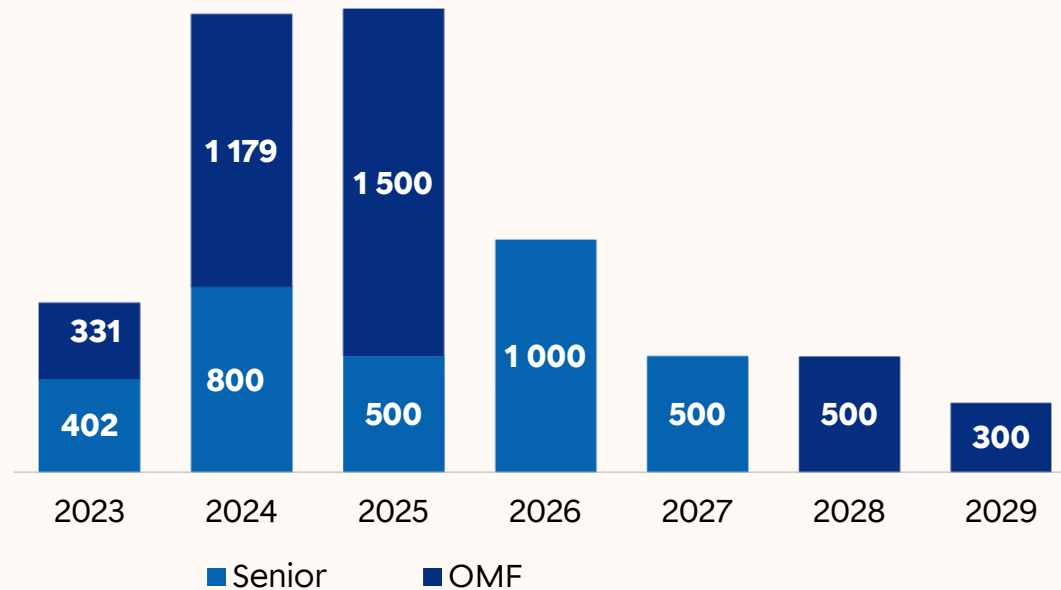
Funding – Increased deposit ratio

Funding development



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

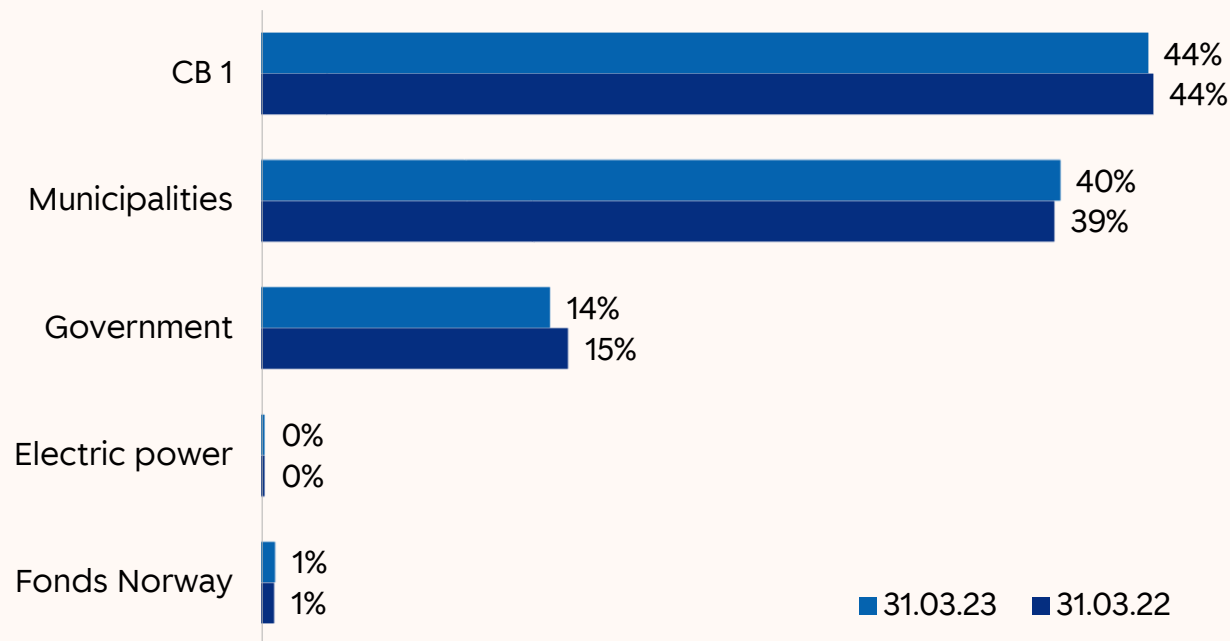
Funding due



- The funding due structure is still affected by transfers to SpaBol, and adaption to right level of funding.
- Share long term funding 79.9 % (75.4) %
- Combined duration of 2.3 (2.3) years. Duration in the mortgage company of 2.4 years.

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.9 (1.9) years
- 99.4 % rated A- or better
- 98.2 % is OMF or state/ municipality guaranteed bonds.
- Municipality papers are actively used as short term liquidity placements.
- Liquidity buffers amounts to 6.8 (6.5) bn. – equals 17.7 (16.4) % of total assets. The buffer capital consist of cash, deposits in NB/ banks and interest bearing securities.

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt is 2.51 % 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 7 100 (4 790)
- Ambition of increased transfer of loans adapted the banks need for long term funding.



Helgeland Boligkreditt AS is 100 % owned by SpareBank 1 Helgeland

- Transferred loans amounts to MNOK 4 710 (6 714)
- Gradually reduction of the balance since the bank has access to long term funding through SpareBank 1 Boligkreditt AS

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.

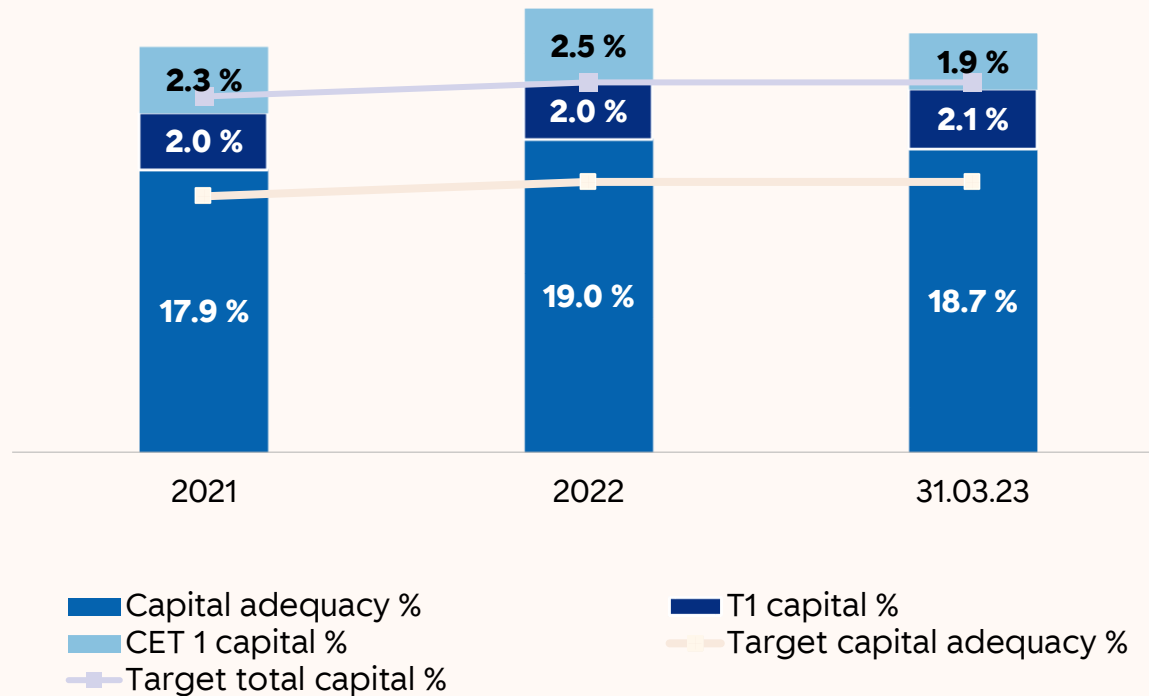
Pr. 31.03.23 transfer degree is 31.6 % and 43.0 % with a total of MNOK 11 810 transferred to the mortgage companies.



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Good capital adequacy

Development capital adequacy



Capital adequacy

- The banks capital adequacy is higher than the target.
- Target : CET1 17.5 %

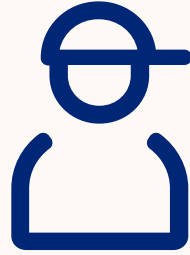


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Unemployment

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

Norway:	1.8 %
Nordland:	1.3 %
Helgeland:	1.1 %

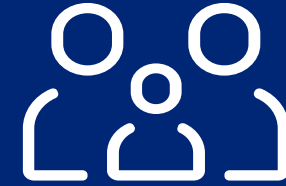


Analyses says that it up to 2028 is needed well over 1 800 new housings only in Mo i Rana in relation to Freyr's new battery fabric and the ripple effects of the establishment. It lies uncertainty around the timing and when the need for these housings will occur.



Recruitment

The region experience a shortage on qualified labour.



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 7.9 % in Helgeland in Q1 compared to last quarter.
- Reduction in the prices of -8.0 % on sold villas in Helgeland in Q1 compared to last quarter



Prospects ahead

ROE target of 11 % after tax from last part of 2023.

Net interest is expected slightly strengthened

Stable commission income of around 0.30 % of total assets

For the corporate market, a significant increase in activity is expected in the period 2023 to 2025.

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

Expectation of normalized losses on around 0.18 of gross lending.



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Profit & loss

SpareBank 1 Helgeland (group)	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net interest- and credit comission earnings	150	144	144	148	168	174	184	202	223	233
Net comission earnings	26	28	21	22	36	46	38	41	39	36
Other operatios income	2	1	0	4	-1	2	2	4	0	2
Ordinary operations cost	167	81	82	80	141	94	91	95	101	101
Result basic operations	11	92	83	94	63	128	133	152	161	170
Write-downs lending and warranties	-5	3	7	19	35	1	2	2	6	10
Net value change financial instruments	119	4	3	3	-13	21	-28	-19	26	24
Gross profit	135	93	78	78	15	147	104	131	181	184
Net profit	130	71	62	58	15	115	71	93	165	144
Net extended income posts	-1	0	-1	0	2	-1	-2	-1	4	0
Profit for the period	129	71	61	58	17	114	69	92	169	144

HELG- EC development and OSEEX last 12 months

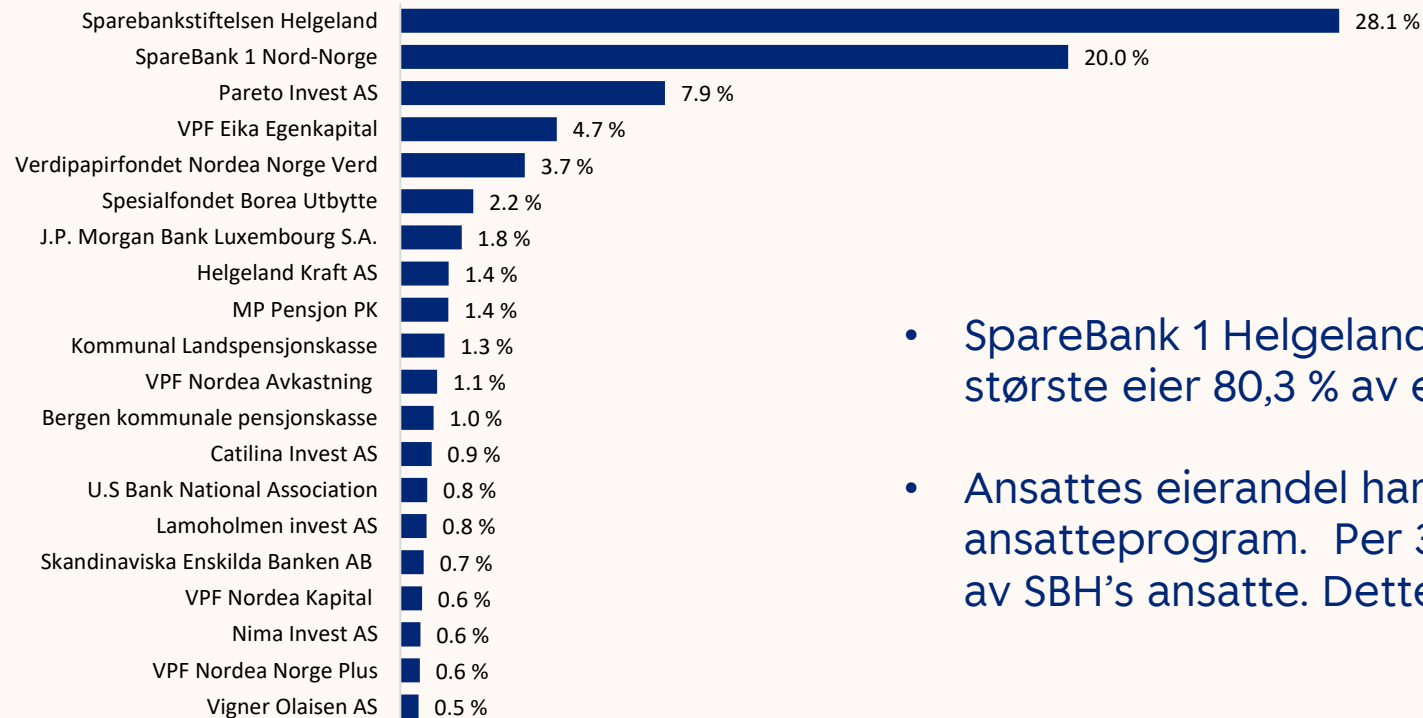


(source: SBH; Data: Bloomberg/Euronext | April 2023)

	31.12.20	31.12.21	31.12.22	31.03.23
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	127.0
Stock exchange value	1 797	3 537	3 240	3 429
Accounted equity per EC	129	124	135	128
Profit per EC	12	5.5	12.8	4.1
Dividend per EC	3.10	3.19	10.3	
Price/Accounted EC	0.7	1.1	0.9	1.0

Owners

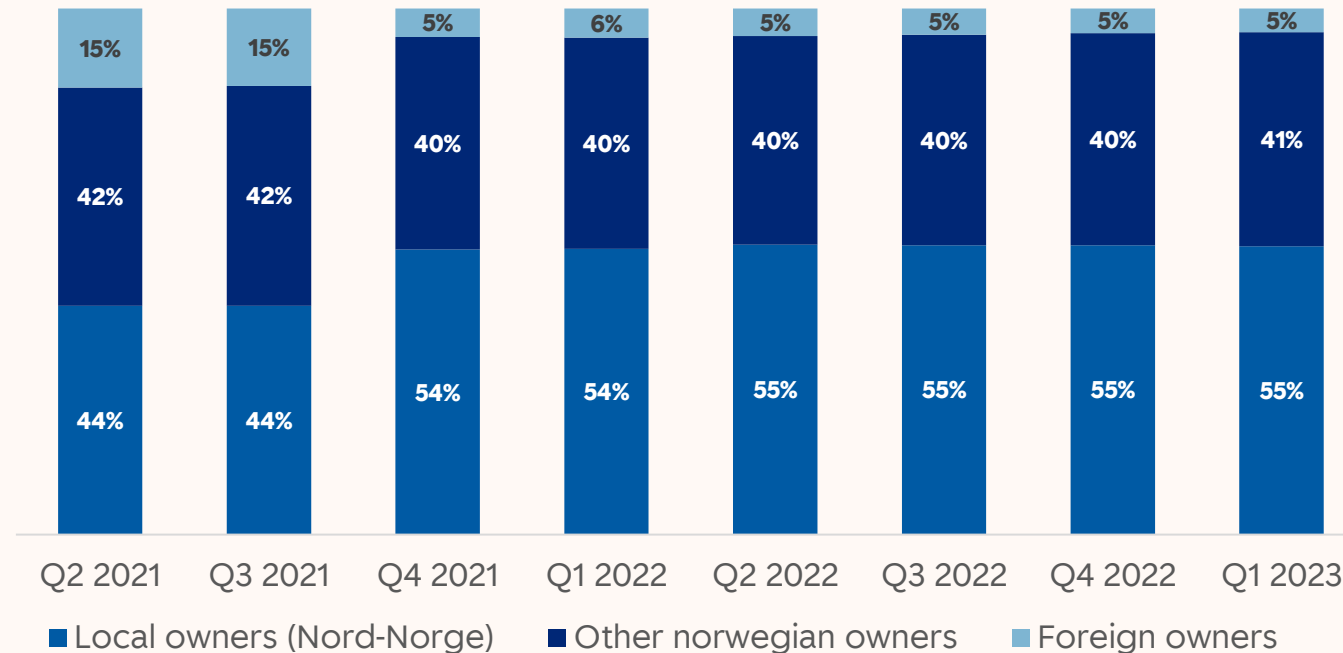
20 largest owners



- SpareBank 1 Helgeland har 2.799 eiere hvor de 20 største eier 80,3 % av egenkapitalbevisene.
- Ansattes eierandel har økt gjennom videreføring av ansatteprogram. Per 31.03.23 eies 129.757 EK bevis av SBH's ansatte. Dette utgjør 0,48 %.

50 % north norwegian ownership

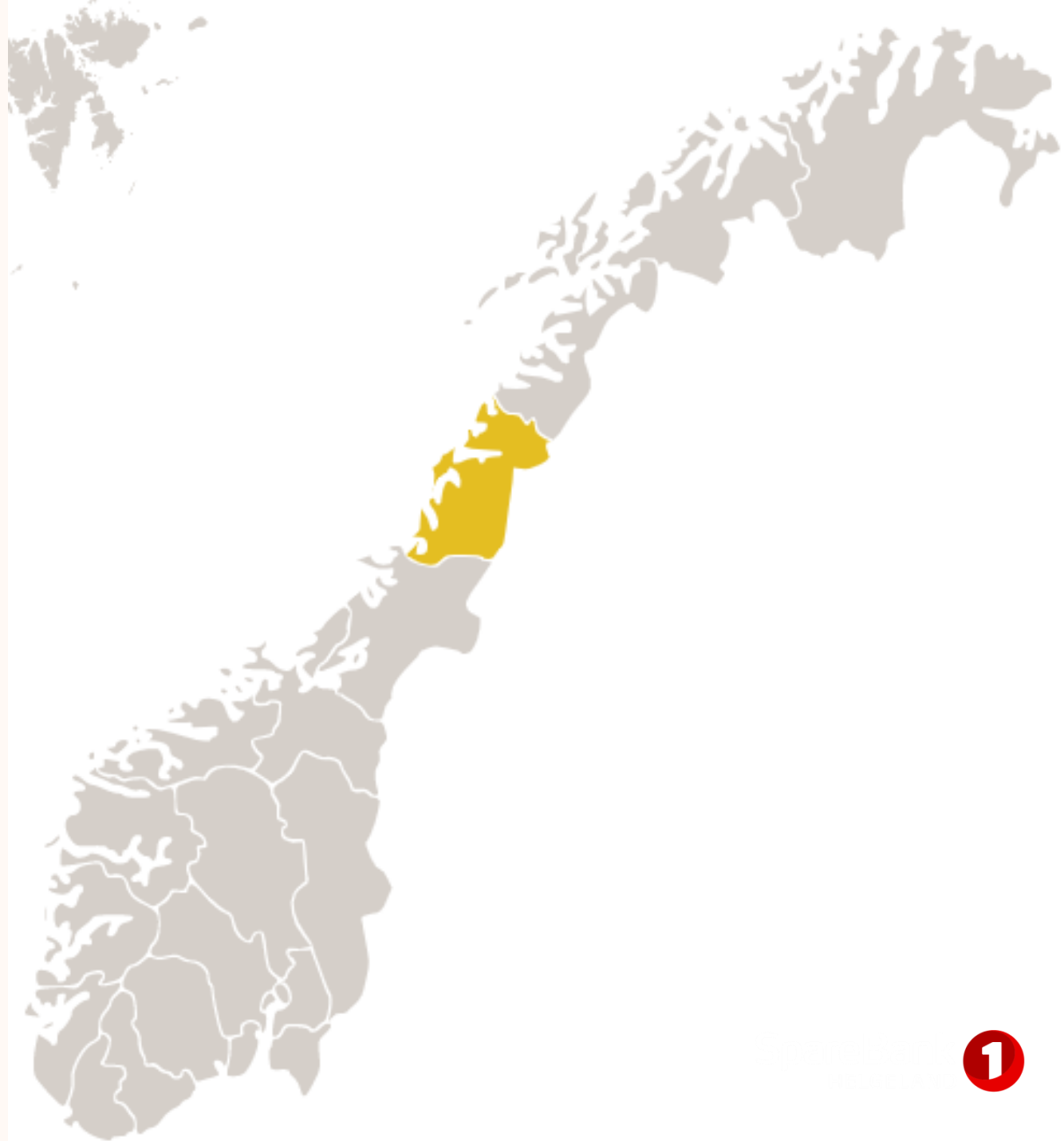
Geographical owner structure (%)



- After the emission in Q3 2021, conditions have changed geographically, and the share of northern norwegian owners has increased as SpareBank 1 Nord-Norge is the bank's second largest owner with 20.0 % ownership.

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 45 529
- Employees, total man-years: 160
- Rating from Moodys: A3 – Positive outlook.
Ticker: HELG





Contact information

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