

Presentation

Q2 2023

- A driving force for growth in Helgeland



Presentation 30.06.23 (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 %.

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 30.06.23

Gross Profit
MNOK 331 (251)

ROE*
11.3 (8.8) %
*adjusted for hybrid capital

Total assets
37.4 (39.2) mrd. Kr

Solidity
CET 18,9
(19,1) %

Driving force for sustainable growth, competence and cooperation

Sustainability in the bank

- New sustainability strategy was 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.





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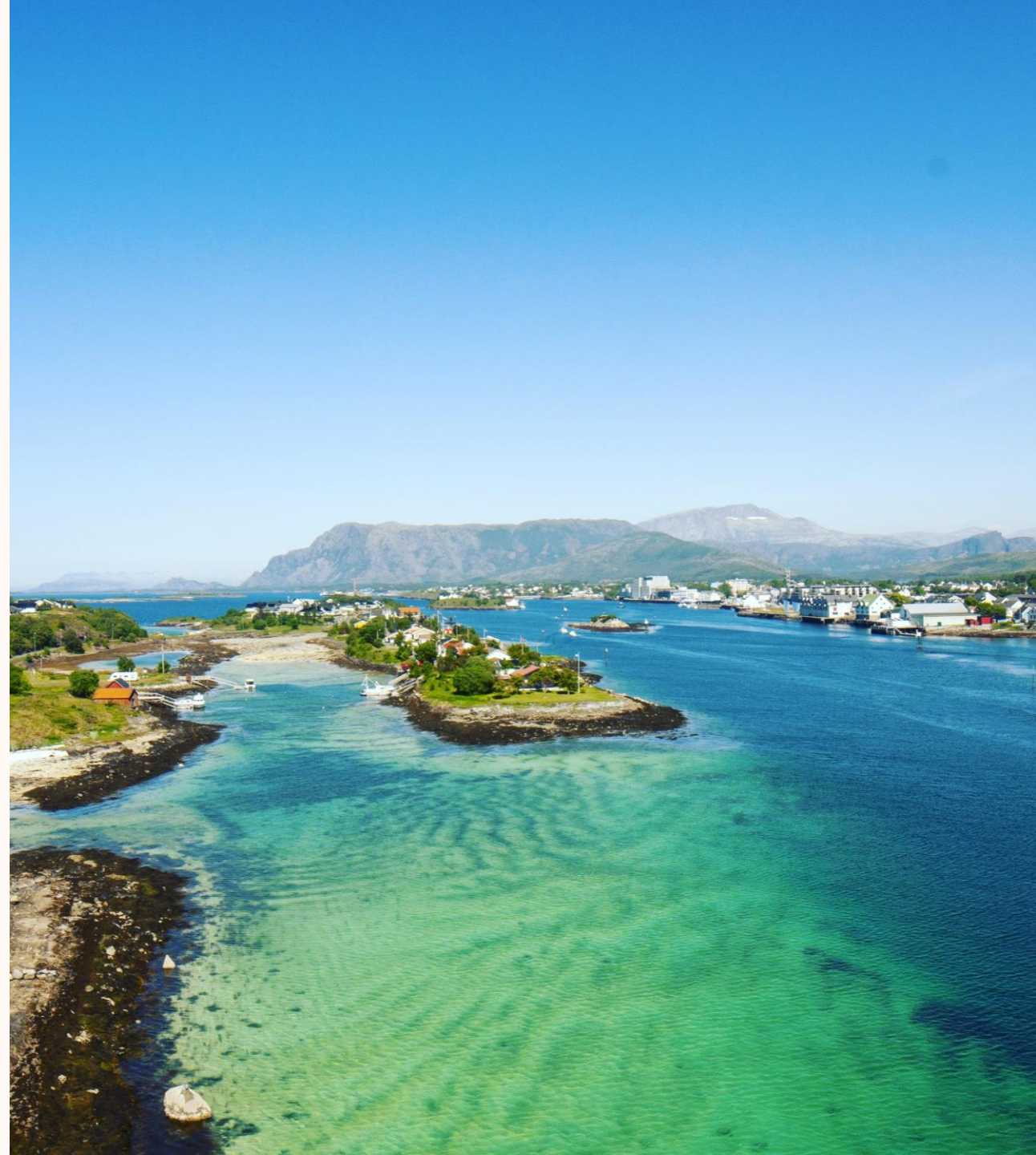
Summary Q2

SpareBank 1 Helgeland (group)	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Net interest- and credit comission earnings	202	223	233	233
Net comission earnings	41	39	36	40
Other operatios income	4	0	2	4
Ordinary operations cost	95	101	101	100
Result basic operations	152	161	170	177
Write-downs lending and warranties	2	6	10	37
Net value change financial instruments	-19	26	24	6
Gross profit	131	181	184	147
Net profit	93	165	144	111
Net extended income posts	-1	4	0	-2
Profit for the period	92	169	144	109

Summary Q2

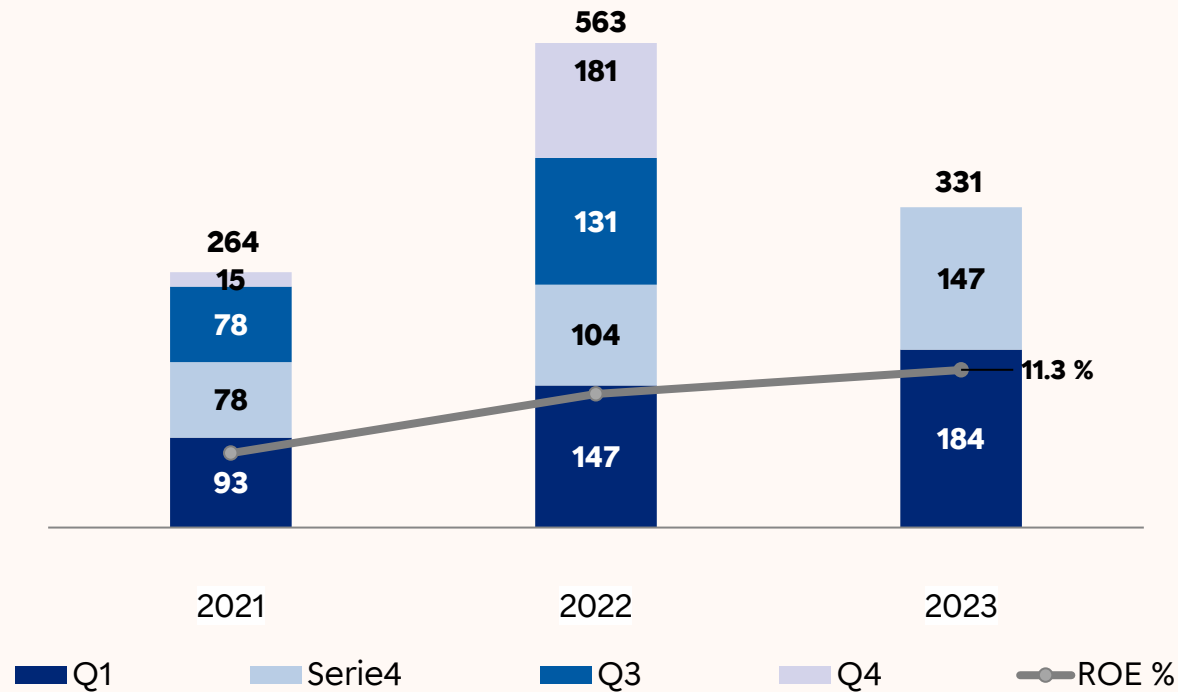
Stable basis operation, but the PLA is affected by increased write-downs.

- Net interest of MNOK 233, at the same level as last quarter.
- Net commission income of MNOK 44, an increase of MNOK 6 from last quarter.
- Net value change on financial investments of MNOK 6, down from MNOK 24 last quarter.
 - Dividend of MNOK 27 from product companies recognized in Q1
- Increased write-downs on lending. MNOK 37 against MNOK 10 last quarter
 - Mainly related to bankruptcies at two of the bank's corporate customers. It is not expected further write-downs related to the customers mentioned.



Good profit development

Profit development (MNOK)



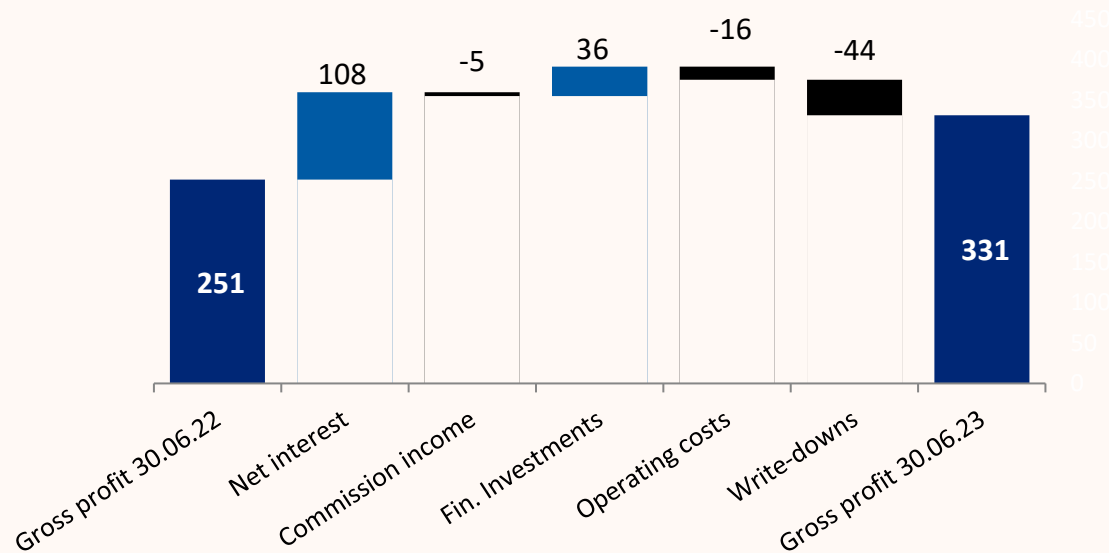
Profit

Strengthened gross profit of MNOK 331 (251) pr. 30.06.23

- ROE of 11.3 %*
(ROE is adjusted for hybrid capital)

Solid profit

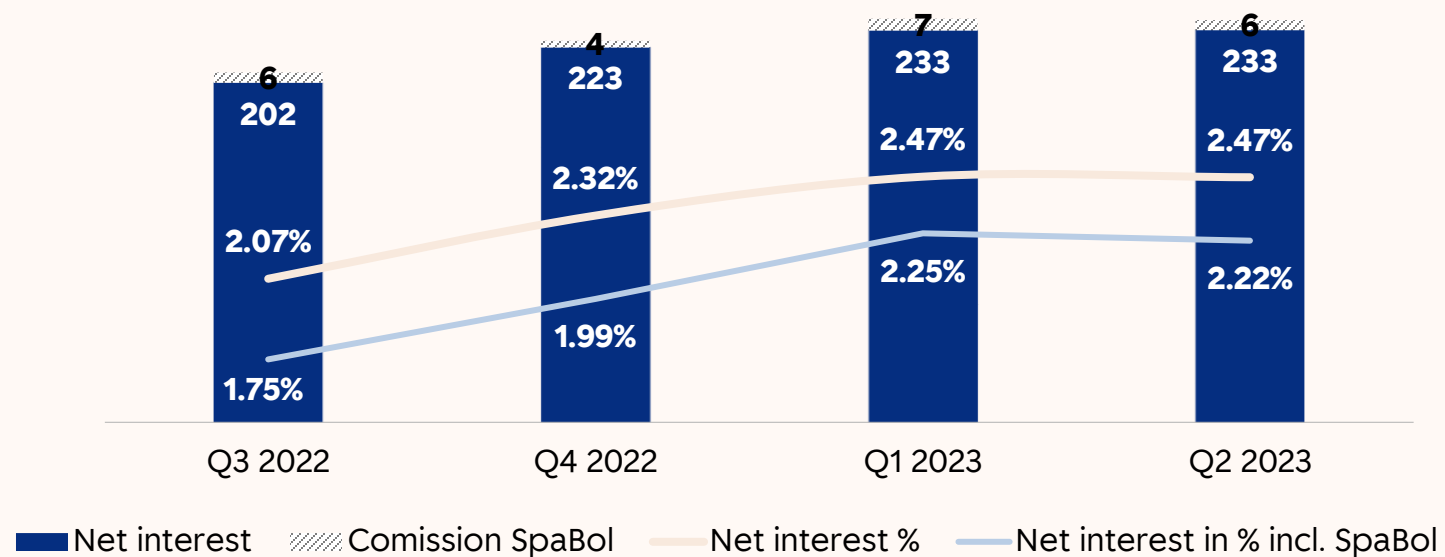
Change in gross profit (MNOK)



Gross profit is MNOK 80 higher than for the corresponding period last year.

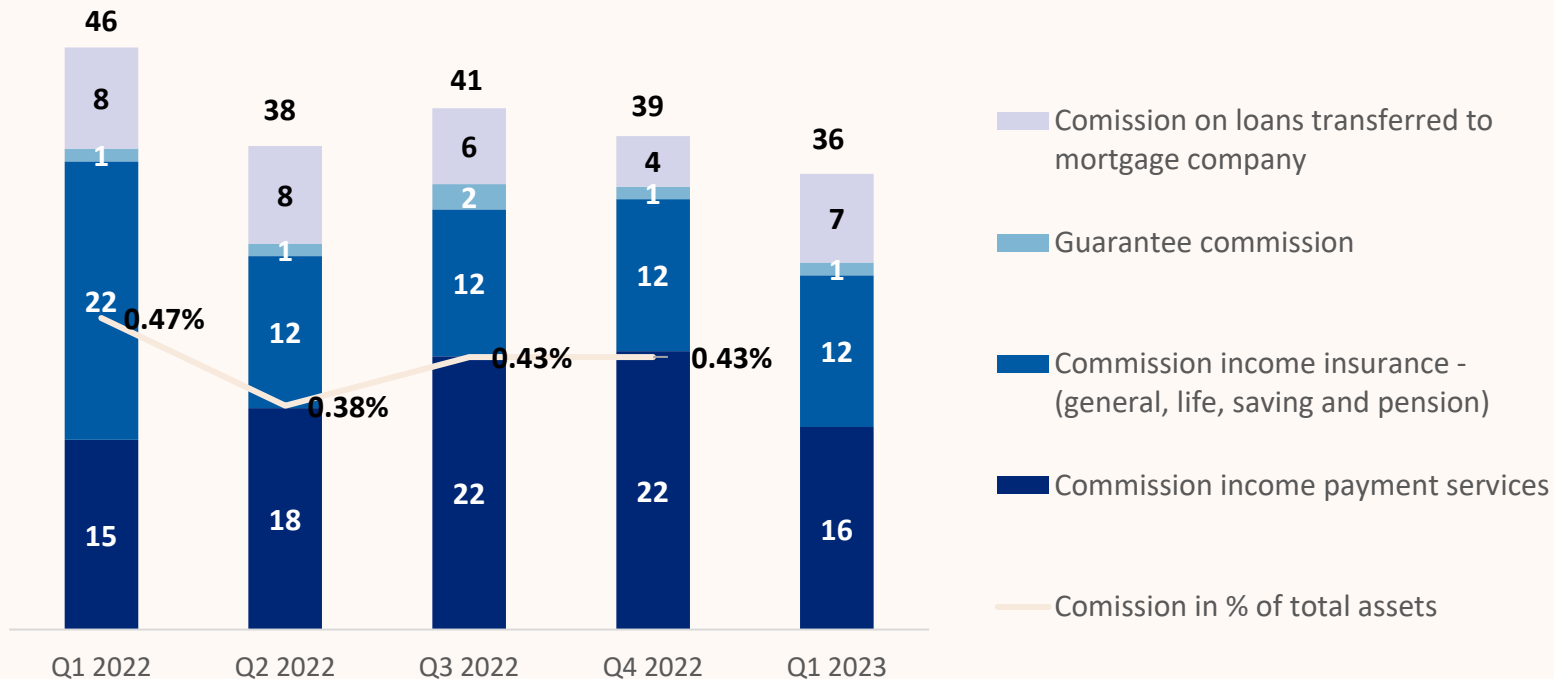
- Increase in net interest
- Reduction in commission income is related to bonus commission of MNOK 9 recognized in Q1 2022.
- Increase in profit from financial investments is related to lower loss on placements in the current year
- Increased operating costs and write-downs.

Good development in net interest



- Net interest and commission income amounts to MNOK 233 in Q2, at the same level as last quarter.
- In % of average total assets, net interest and commission income is 2.47 %, at the same level as last quarter.

Stable commission income

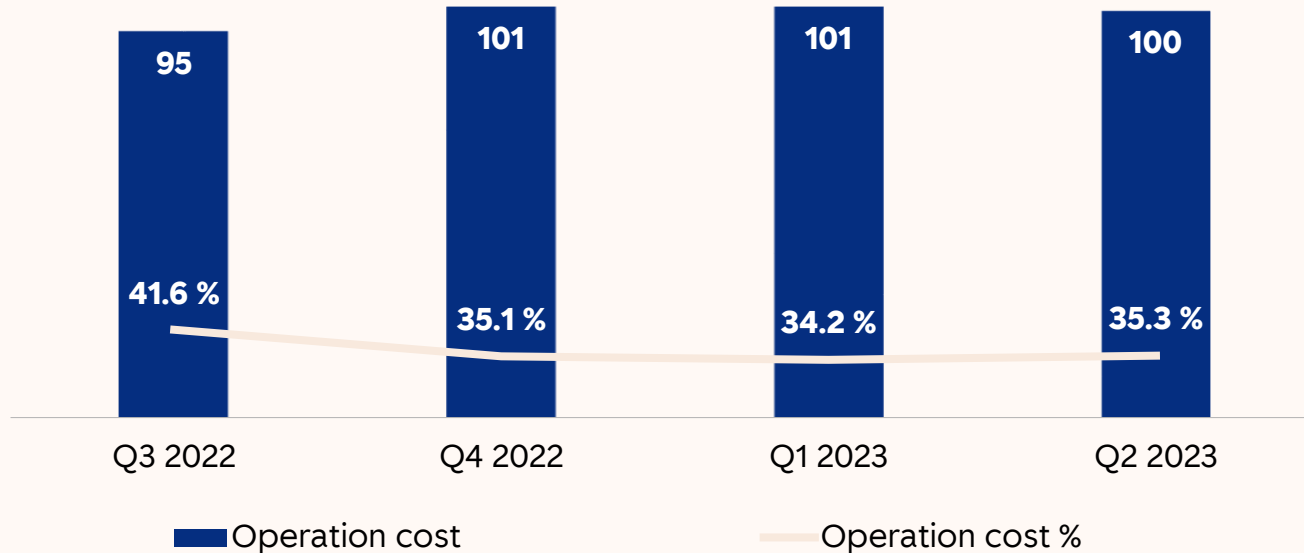


Season variation

- Increase in commission income from payment services last quarter.
- Increase in commission income from the corresponding period last year.

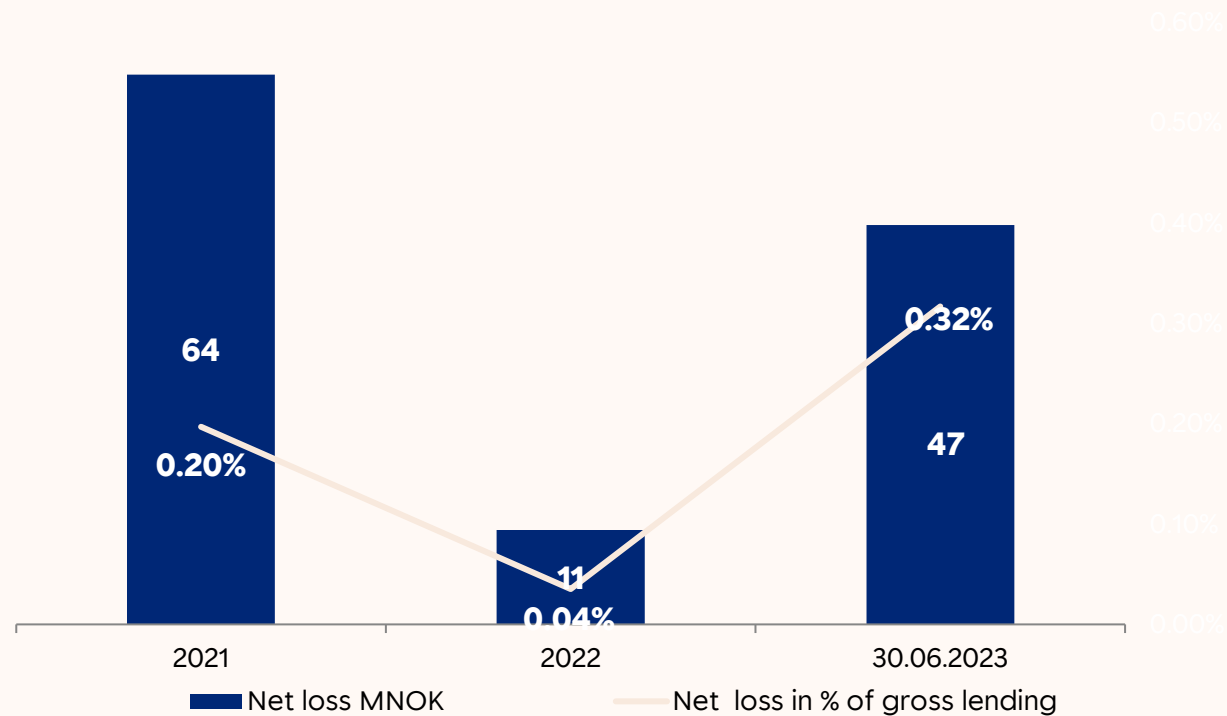
Stable and healthy cost development.

Operating cost (mnok) and % of income



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

Increased write-downs

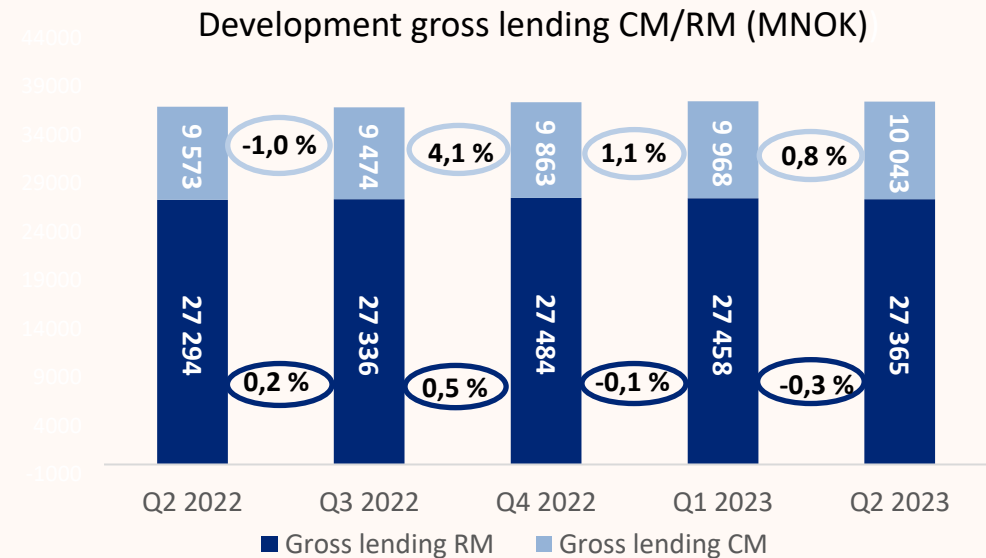
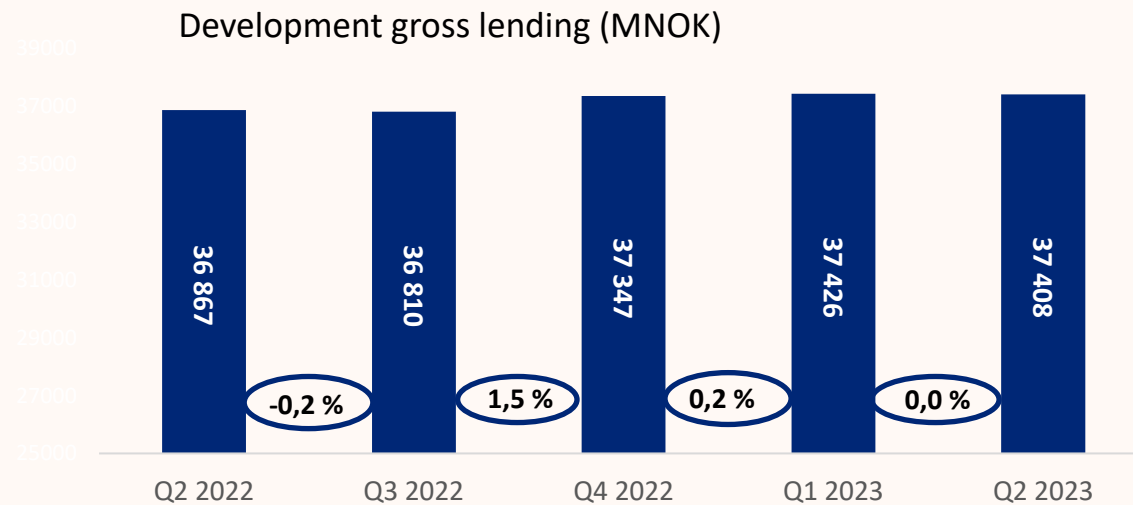
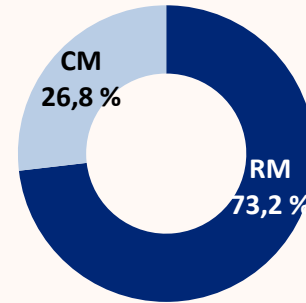


- MNOK 37 in write-downs in the second quarter against MNOK 10 last quarter.
- Increased write-downs in the quarter with two of the bank's corporate customers.
- It is not expected further write-downs on the customers mentioned.



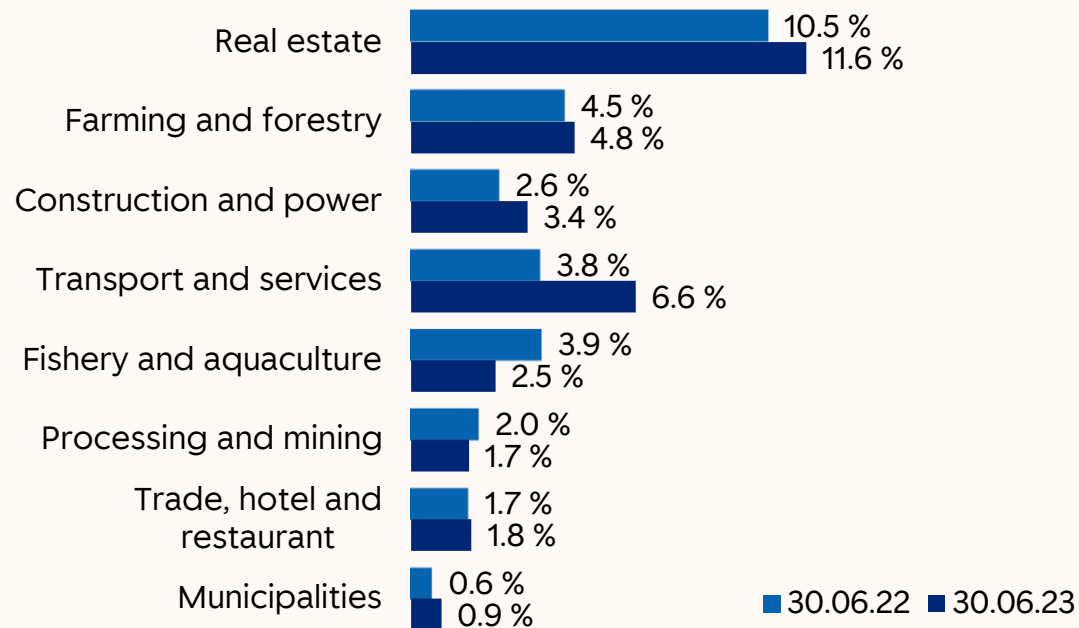
- Main features
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Weak lending growth in RM in 2023 (SpaBol included)



Lending CM – good industry spread

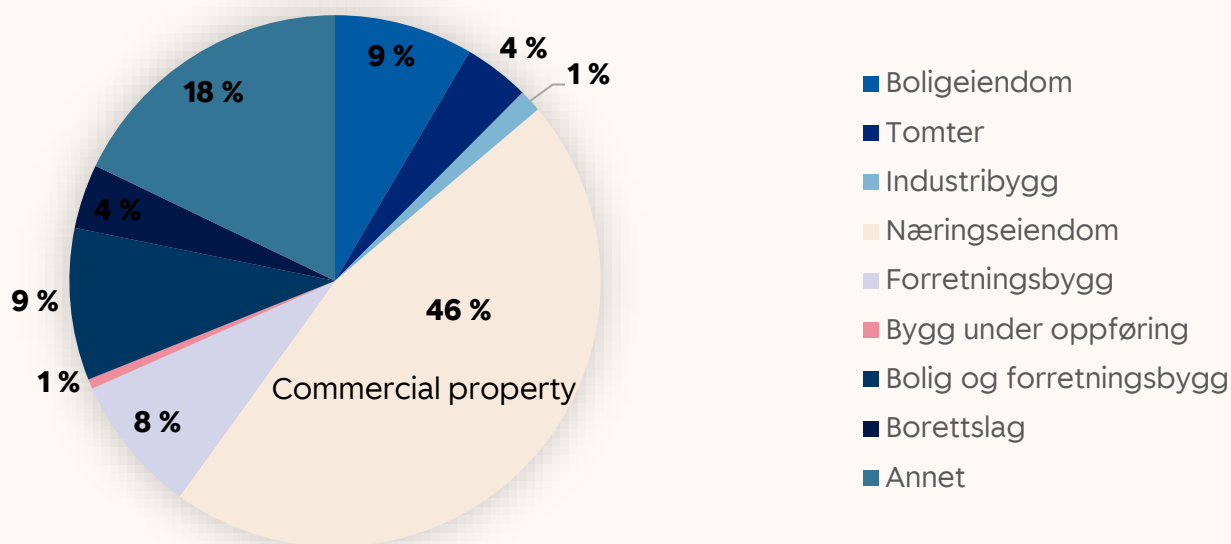
Lending distributed in sector



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 33.3 (29.6) % equals MNOK 9 825 (9 365)

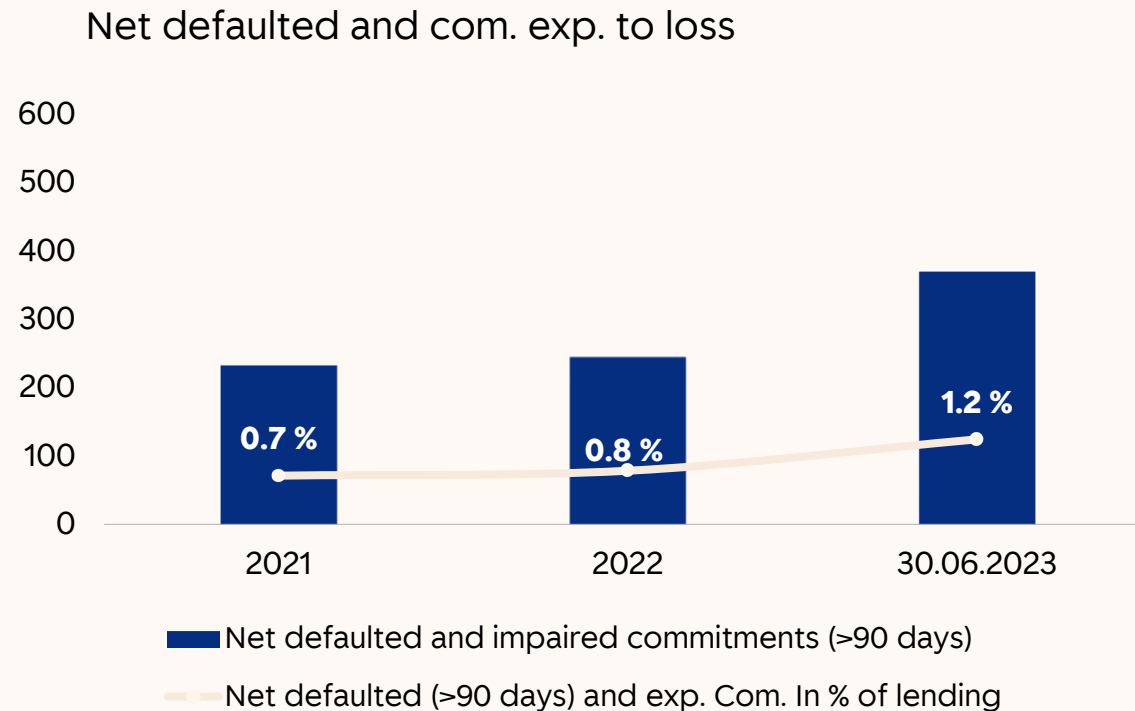
Lending CM – Real estate

Real estate - allocation pr segment



- Low vacancy in all segments on the real estate side. Under coverage on housing and industrial areas.
- 52 % of real estate categorized in low risk. 26 % in best middle risk class. 95 % 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



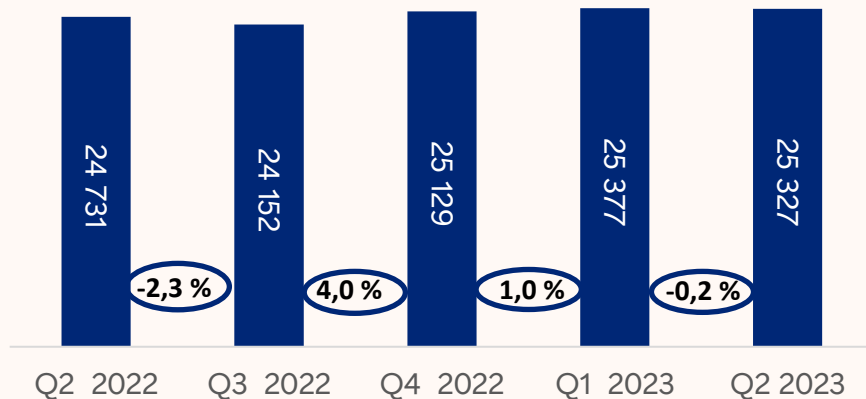
- Net non-performing and impaired commitments amounts to MNOK 369, an increase of MNOK 125 in 2023.
- The increase is related to single customers that have gone in default for various reasons.
- It is not expected significant change on the loss provisions on these commitments.



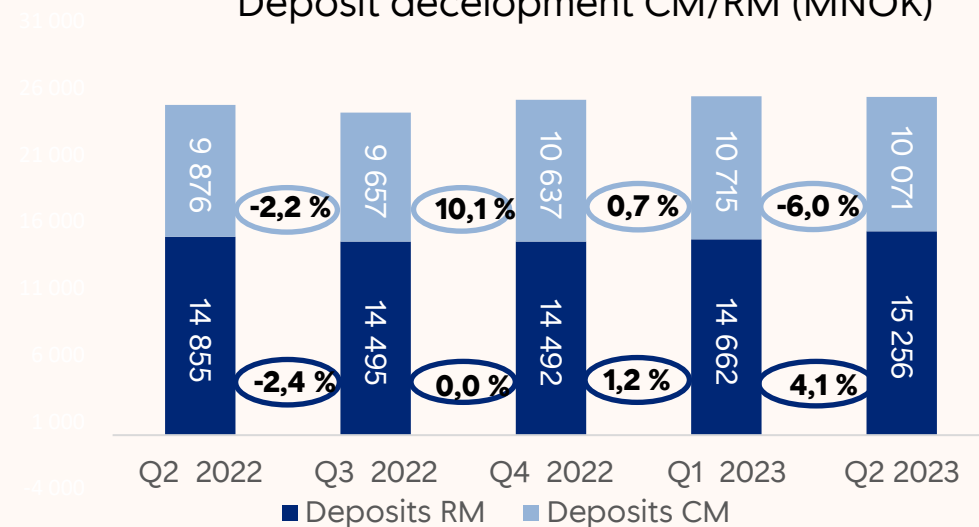
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Increase in deposits in the quarter

Deposit development (MNOK)

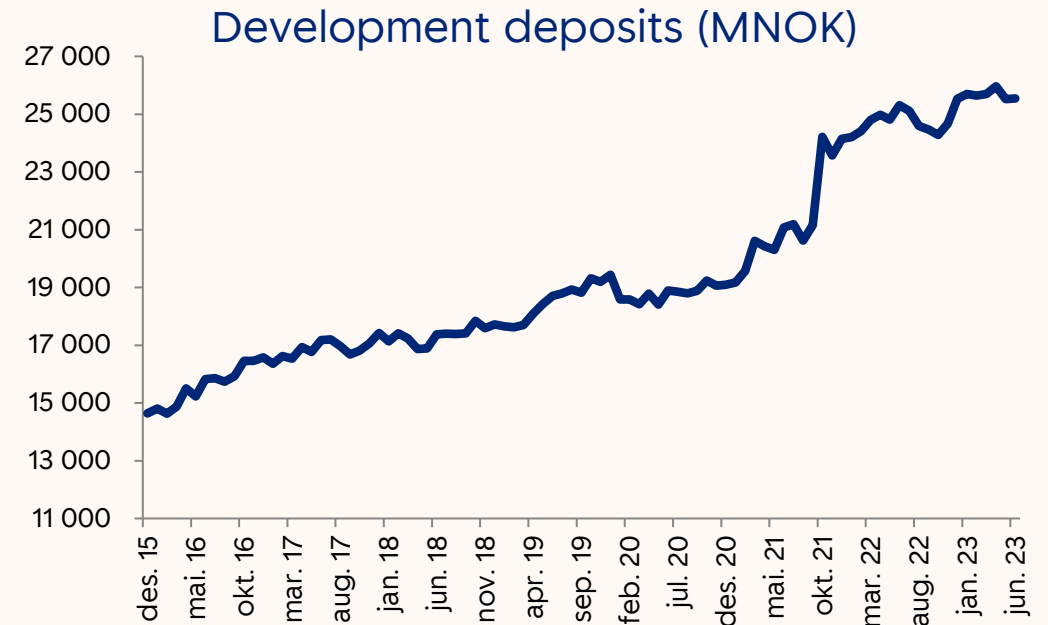
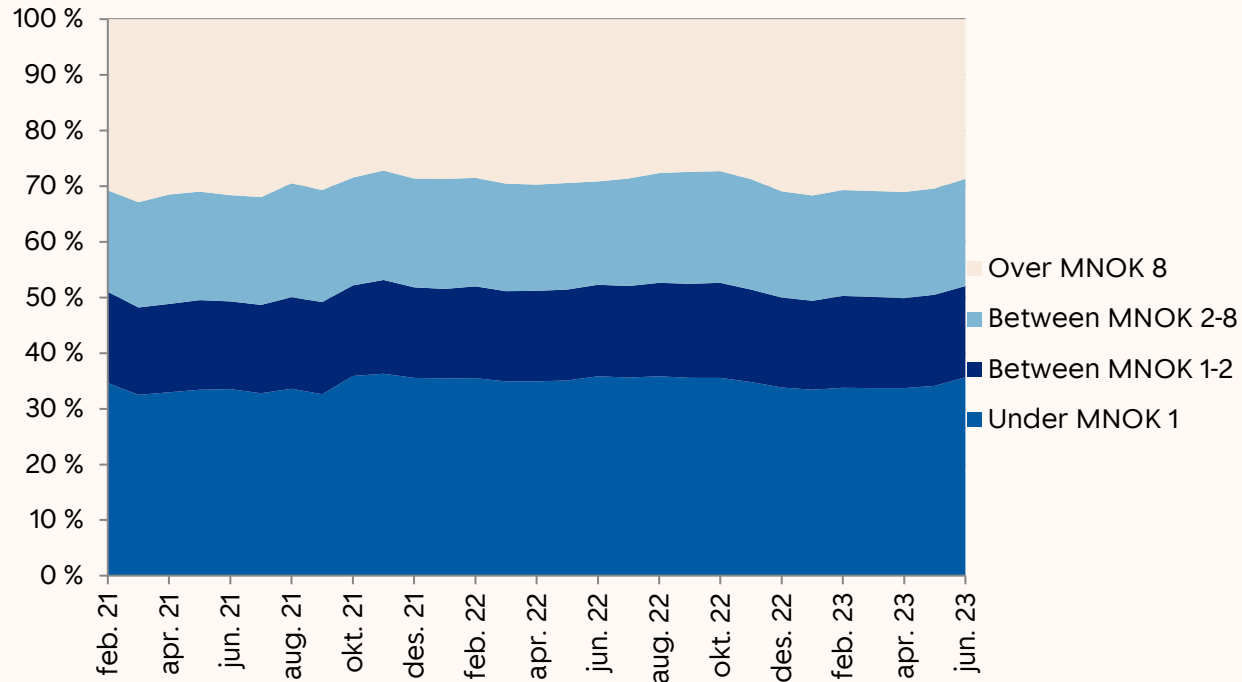


Deposit development CM/RM (MNOK)



Reduction in BM deposits is related to increased use of operating liquidity and partly relocation of means.

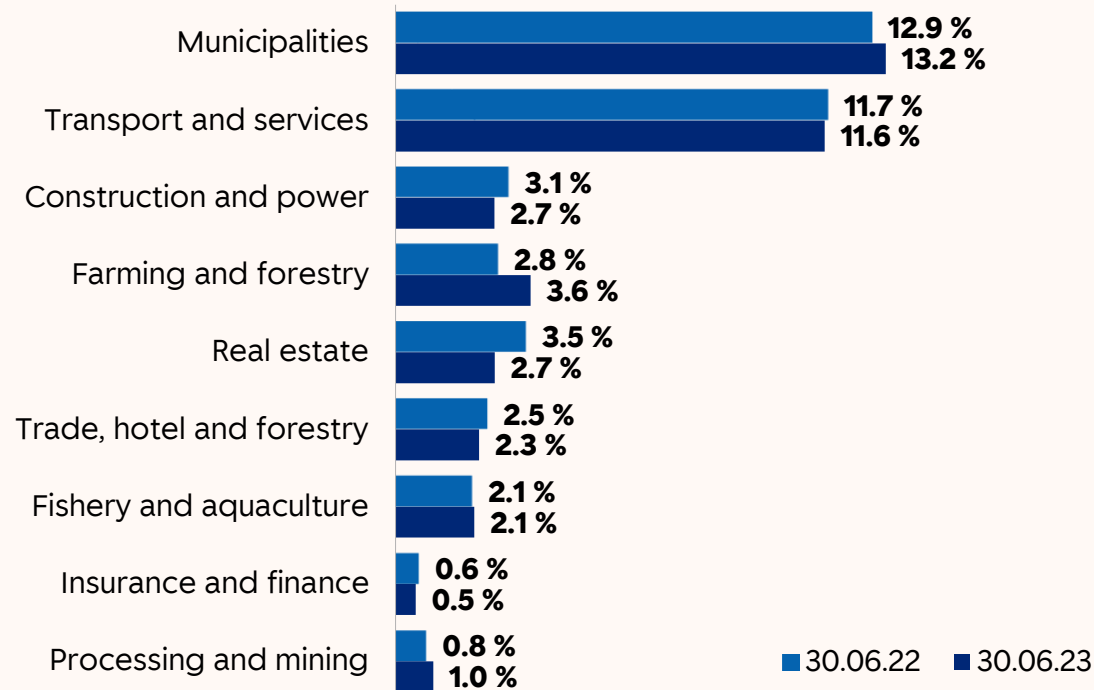
Good and stable deposit allocation



- Decrease in deposits of MNOK 50 or -0.2 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 52.0 % of the RM deposits are under MNOK 2
- 60.9 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits



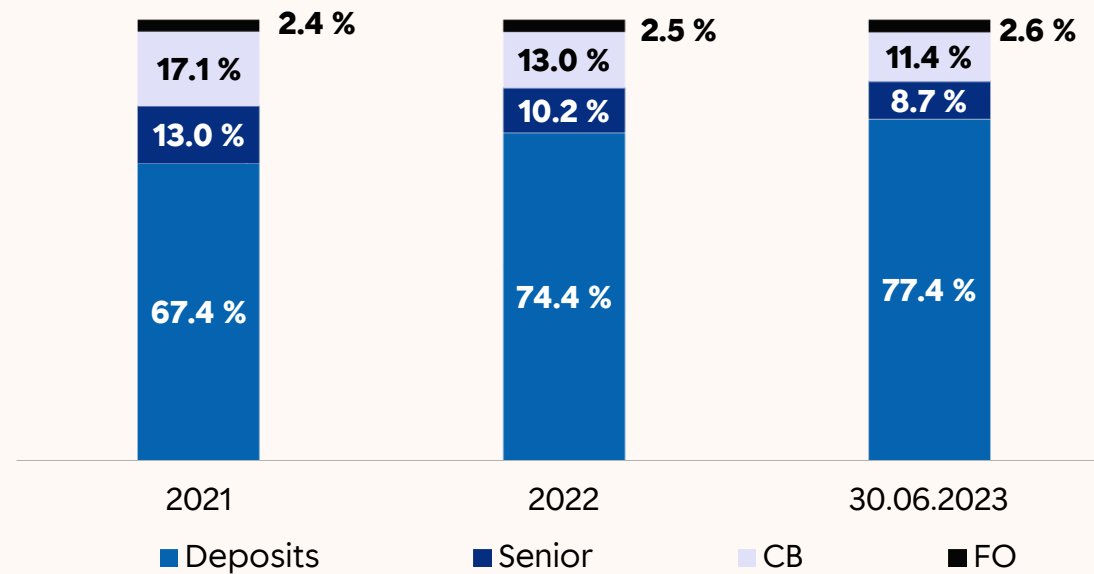
- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 39.8 (39.9) % or MNOK 10 071 (9 876) of total deposits.
- Deposits from municipalities amounts to 33.3 % of the CM deposits.



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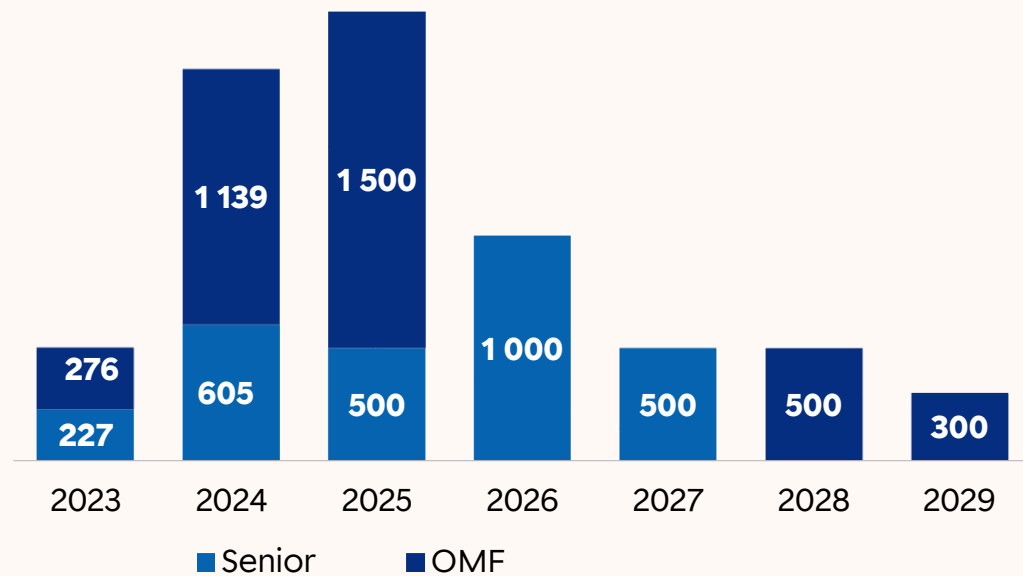
Funding – Increased deposit ratio

Funding development



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

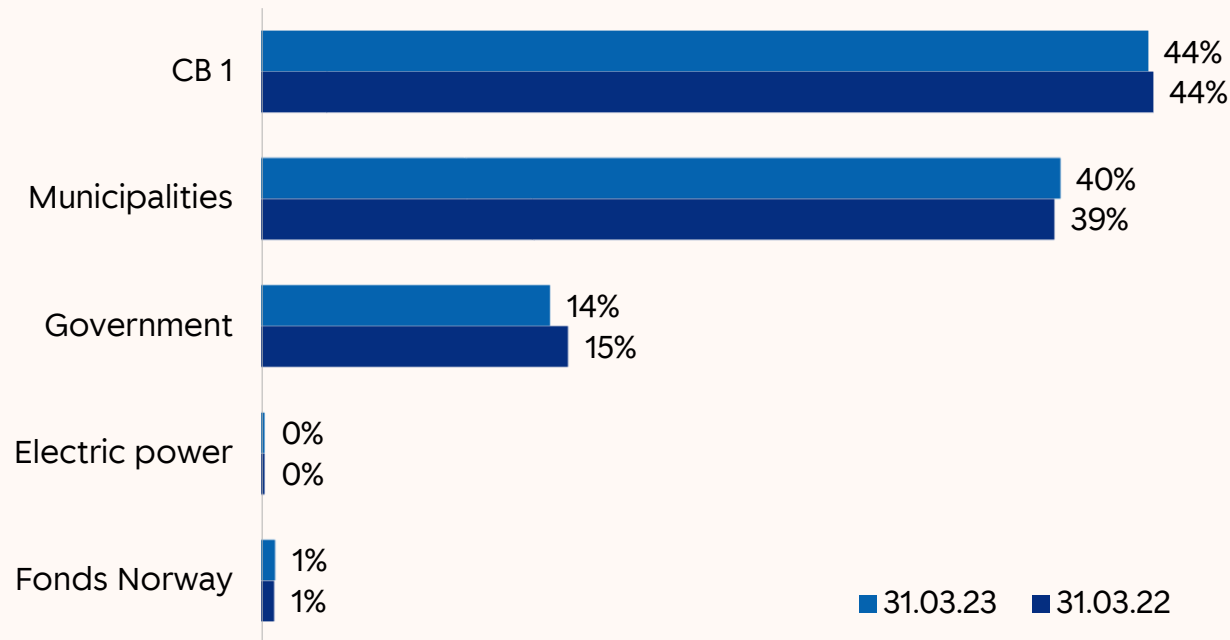
Funding due



- Share long term funding
77.9 % (79.9) %
- Combined duration of 2.2
(2.3) years. Duration in the
mortgage company of 2.2
years.

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.7 (2.0) years
- 99.5 % rated A- or better
- 98.4 % is OMF or state/ municipality guaranteed bonds.
- Municipality papers are actively used as short-term liquidity placements.
- Liquidity buffers amounts to 6.7 (6.6) bn. – equals 17.8 (16.8) % 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 7 861 (5 267)
- 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 4 282 (5 946)
- 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.

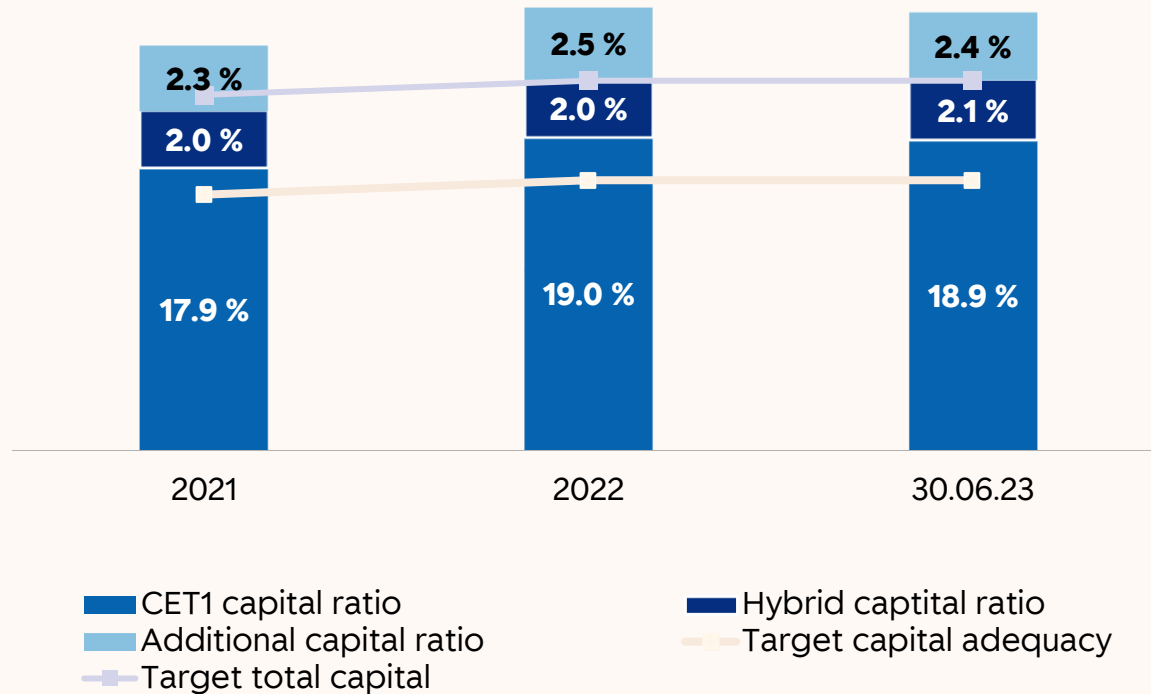
Pr. 30.06.23 transfer degree is 32.5 % and 44.4 % with a total of MNOK 12 143 transferred to the mortgage companies.



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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 growth or alternatively distributed through higher future dividend and gift allocation.
- Target : CET1 17.5 %

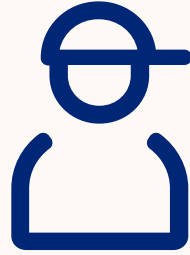


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Unemployment

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

Norway:	1.7 %
Nordland:	1.2 %
Helgeland:	1.0 %

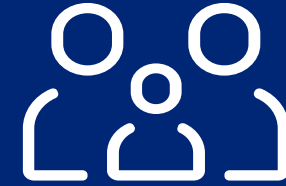


Analyses says that it up to 2028 is needed well over 1 800 new housings only in Mo i Rana in relation to Freyr's new battery fabric and the ripple effects of the establishment. It lies uncertainty around the timing and when the need for these housings will occur.



Recruitment

The region experience a shortage of qualified labour. Further corporate establishments will reduce the access further.



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 -4.4 % in Helgeland in Q2 compared to last quarter.
- Increase in the prices of 6.9 % on sold villas in Helgeland in Q2 compared to last quarter



Prospects ahead

ROE target of 11 % after tax from last part of 2023 is expected fulfilled for 2023

For the corporate market, an 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.

Net interest is expected to maintain relatively stable in the time to come, with some increase due to the last interest rate increases.

Stable commission income of some over 0.30 % of total assets

The bank has so far in 2023 governed by an expectation of normalized losses of around 0.18 of gross lending.

The level of expectation is maintained also for the quarters to come. Still. The level for the year as a whole can be challenged.



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Profit & loss

SpareBank 1 Helgeland (group)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Net interest- and credit comission earnings	144	144	148	168	174	184	202	223	233	233
Net comission earnings	28	21	22	36	46	38	41	39	36	40
Other operatios income	1	0	4	-1	2	2	4	0	2	4
Ordinary operations cost	81	82	80	141	94	91	95	101	101	100
Result basic operations	92	83	94	63	128	133	152	161	170	177
Write-downs lending and warranties	3	7	19	35	1	2	2	6	10	37
Net value change financial instruments	4	3	3	-13	21	-28	-19	26	24	6
Gross profit	93	78	78	15	147	104	131	181	184	147
Net profit	71	62	58	15	115	71	93	165	144	111
Net extended income posts	0	-1	0	2	-1	-2	-1	4	0	-2
Profit for the period	71	61	58	17	114	69	92	169	144	109

HELG- EC development and OSEEX last 12 months

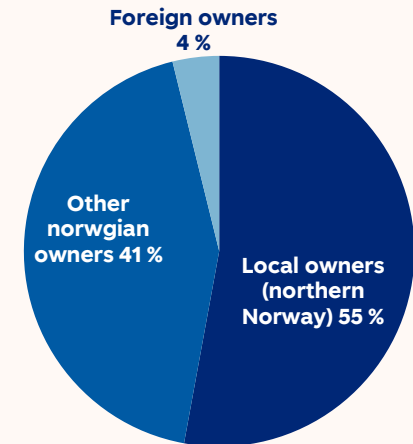


(source: SBH; Data: Bloomberg/Euronext | April 2023)

	31.12.20	31.12.21	31.12.22	30.06.23
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	125.0
Stock exchange value	1 797	3 537	3 240	3 375
Accounted equity per EC	129	124	135	131
Profit per EC	12	5.5	12.8	7.3
Dividend per EC	3.10	3.19	10.3	
Price/Accounted EC	0.7	1.1	0.9	1.0

50 % north norwegian ownership

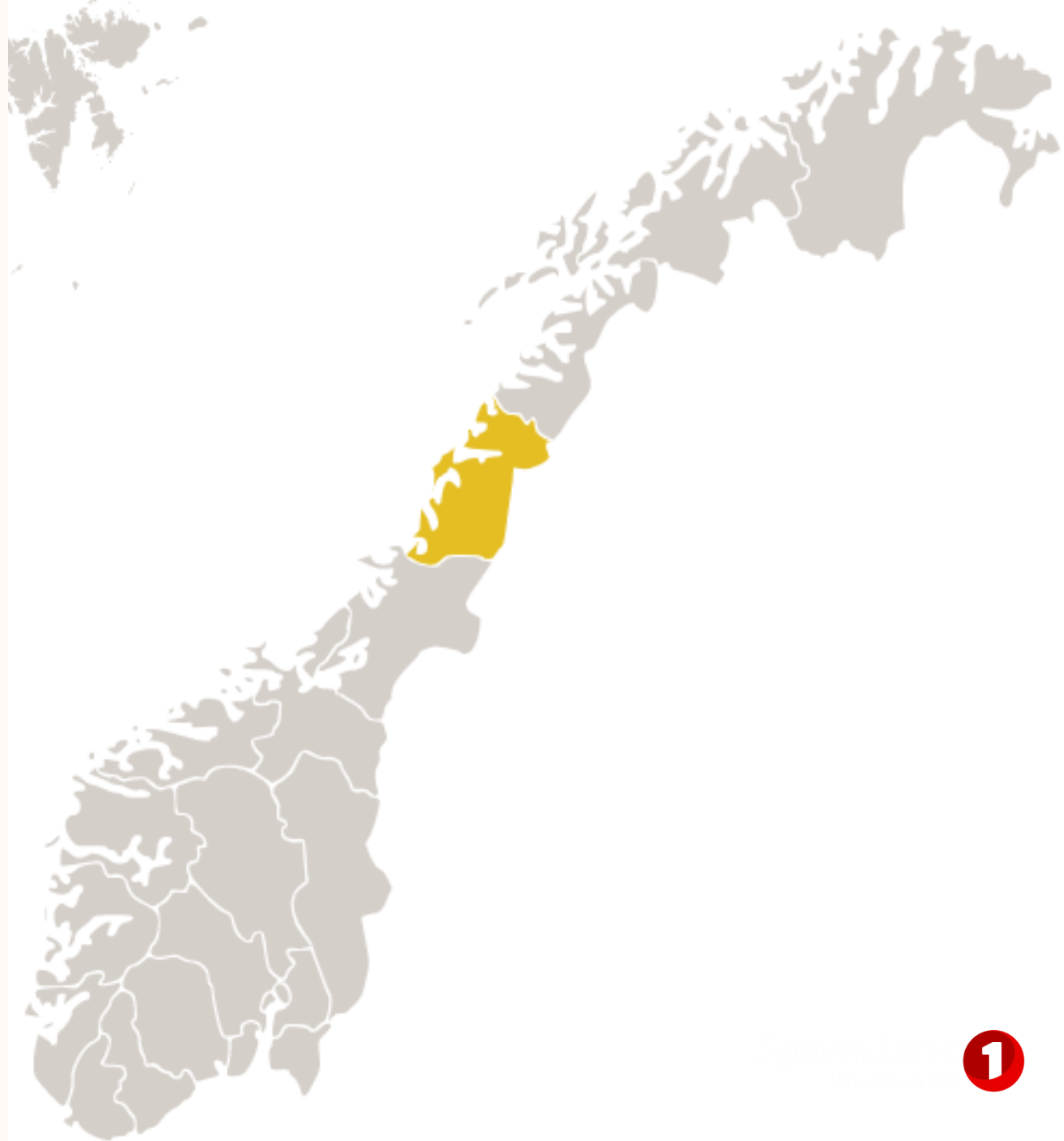
20 largest owners



- SpareBank 1 Helgeland har 2.794 eiere hvor de 20 største eier 80,3 % av egenkapitalbevisene.
- Ansattes eierandel har økt gjennom videreføring av ansatteprogram. Per 30.06.23 eies 142.536 EK bevis av SBH's ansatte. Dette utgjør 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 45 326
- Employees, total man-years: 164
- Rating from Moodys: A3 – Positive outlook.
Ticker: HELG





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