

Presentation

Q3 2023

- A driving force for growth in Helgeland



Presentation 30.09.23 (SBH group)



Hanne Nordgaard
Chief Executive 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 30.09.23

Gross Profit
MNOK 514 (382)

ROE*
11.2 (8.3) %
*adjusted for hybrid capital

Total assets
37.2 (38.3) mrd. Kr

Solidity
CET 18,9
(19,0) %



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

Summary Q3

SpareBank 1 Helgeland (group)	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net interest- and credit comission earnings	223	233	233	254
Net comission earnings	39	36	40	40
Other operatios income	0	2	4	1
Ordinary operations cost	101	101	100	100
Result basic operations	161	170	177	195
Write-downs lending and warranties	6	10	37	11
Net value change financial instruments	26	24	6	-2
Gross profit	181	184	147	183
Net profit	165	144	111	134
Net extended income posts	4	0	-2	0
Profit for the period	169	144	109	134

Summary Q3

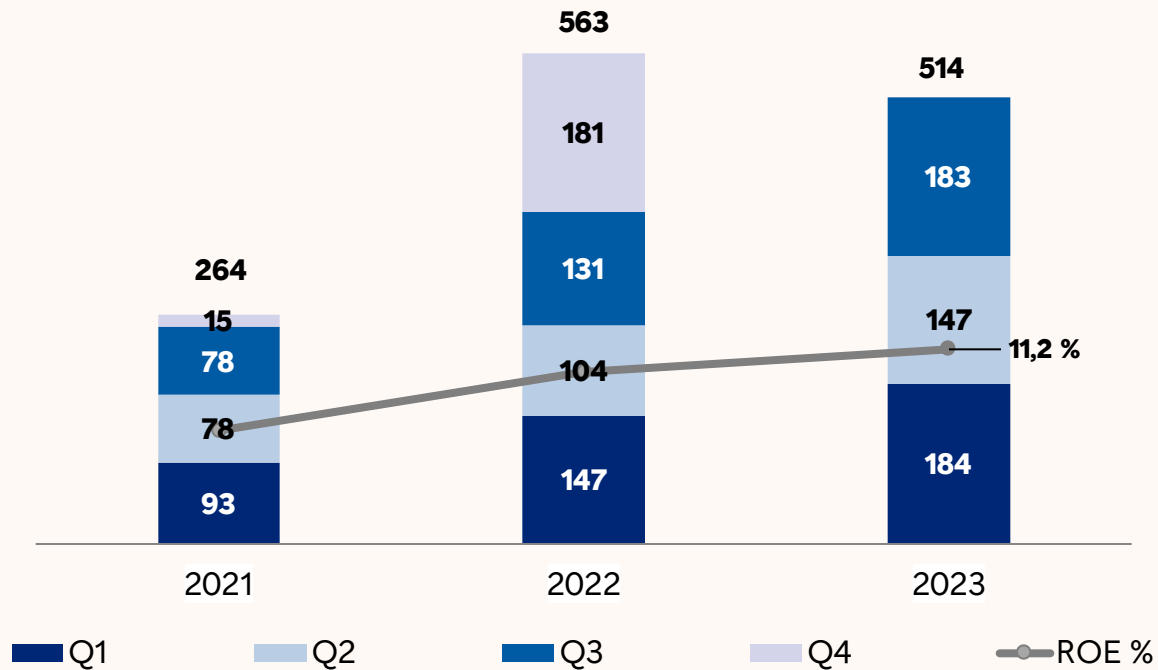
Strong basis operation

- Net interest of MNOK 254, an increase of MNOK 21 from last quarter.
- Net commission income of MNOK 41, an increase of MNOK 3 from last quarter.
- Net value change and gains/loss on financial investments amounts to MNOK -2, a decrease of MNOK 8 from last quarter
 - Unrealized gains on derivatives of MNOK 6
 - Gains on the liquidity portfolio of MNOK 4
- Normalized write-downs on lending. MNOK 11 against MNOK 37 last quarter



Good profit development

Profit development (MNOK)



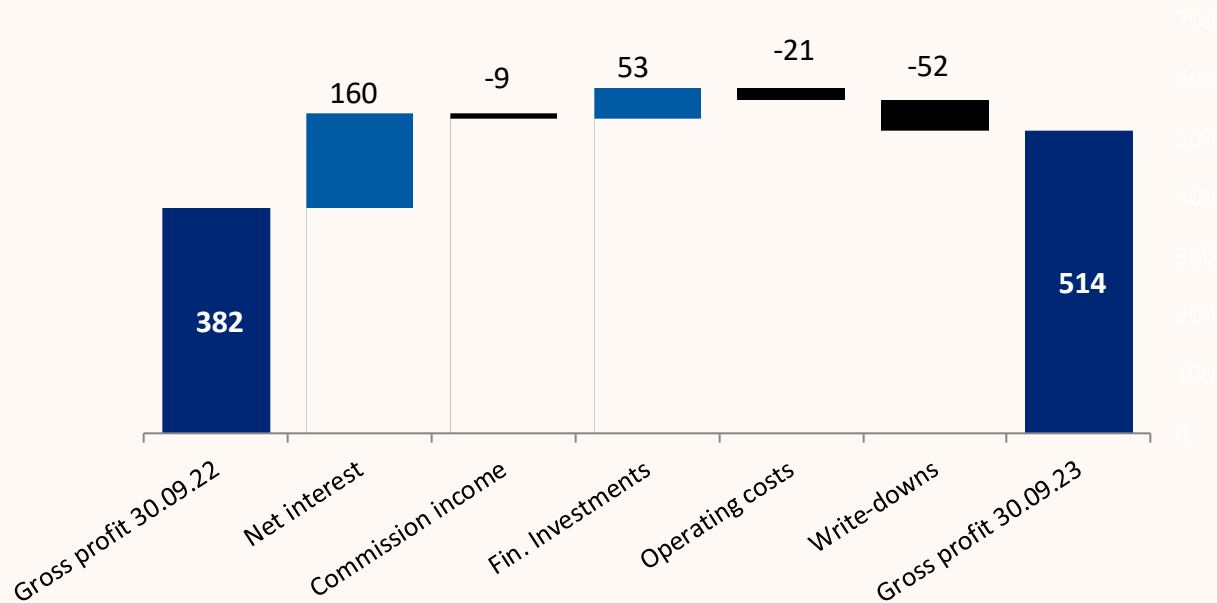
Profit

Strengthened gross profit of MNOK 514 (382) pr. 30.09.23

- ROE of 11.2 %*
(ROE is adjusted for hybrid capital)

Good profit

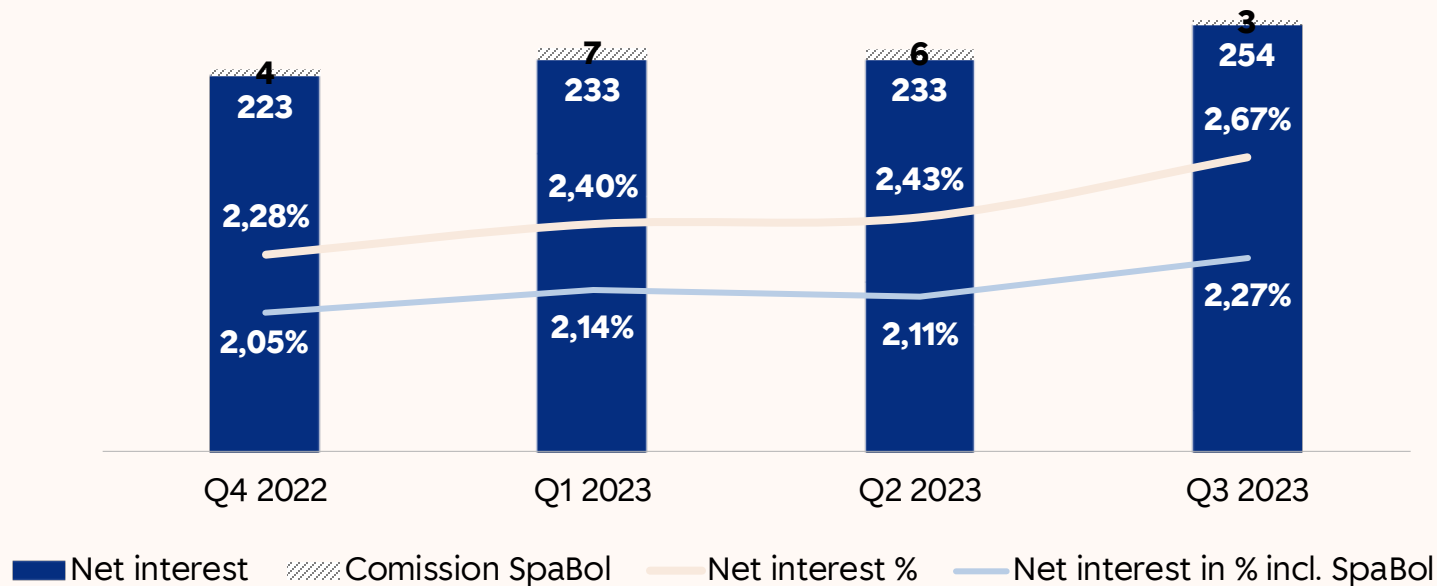
Change in gross profit (MNOK)



Gross profit is MNOK 132 higher than for the corresponding period last year.

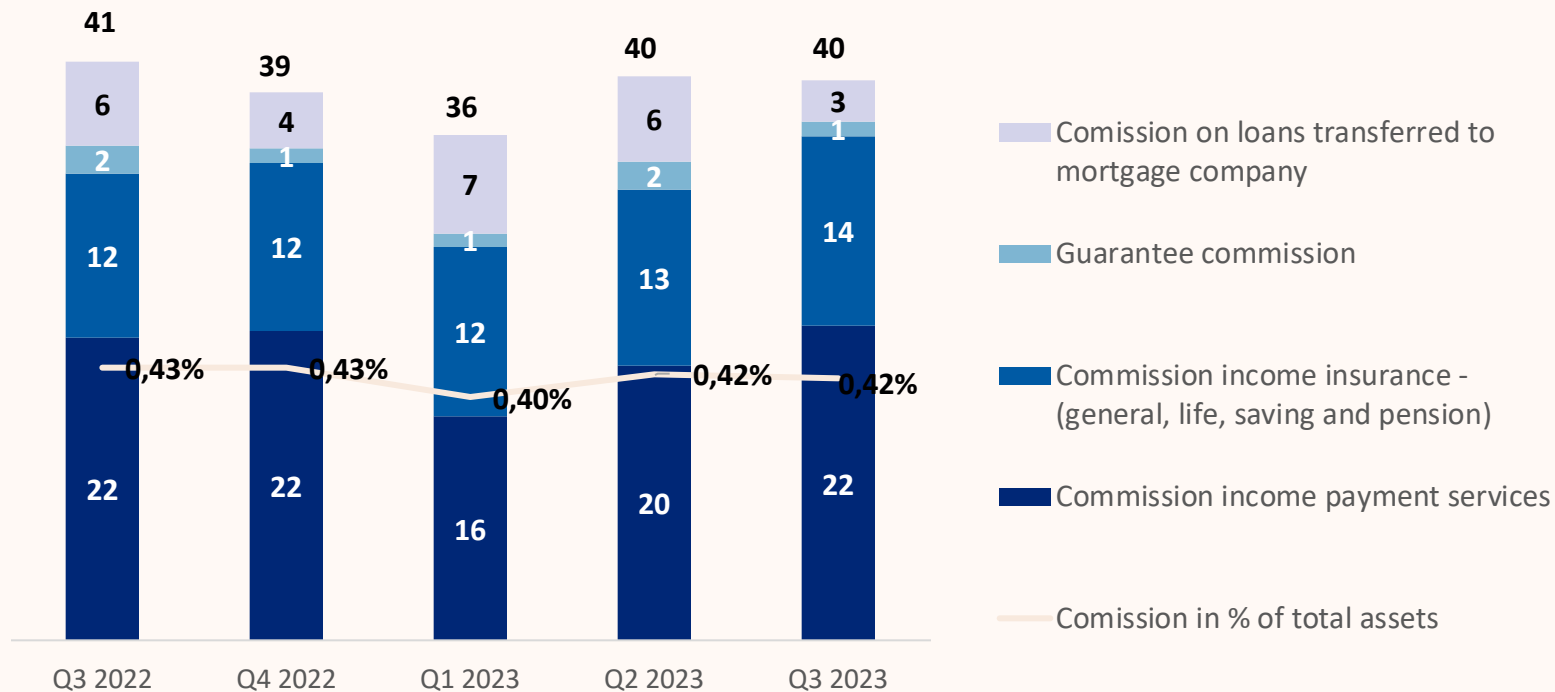
- Increase in net interest
- Reduction in commission income is related to bonus commission of MNOK 9 recognized in Q1 2022.
- Increase in profit from financial investments is related to lower loss on placements in the current year
- Increased operating costs and write-downs.

Good development in net interest



- Net interest and commission income amounts to MNOK 254 in Q3, an increase of MNOK 21 from last quarter
- In % of average total assets, net interest and commission income is 2.67 %, up from 2.43 last quarter.

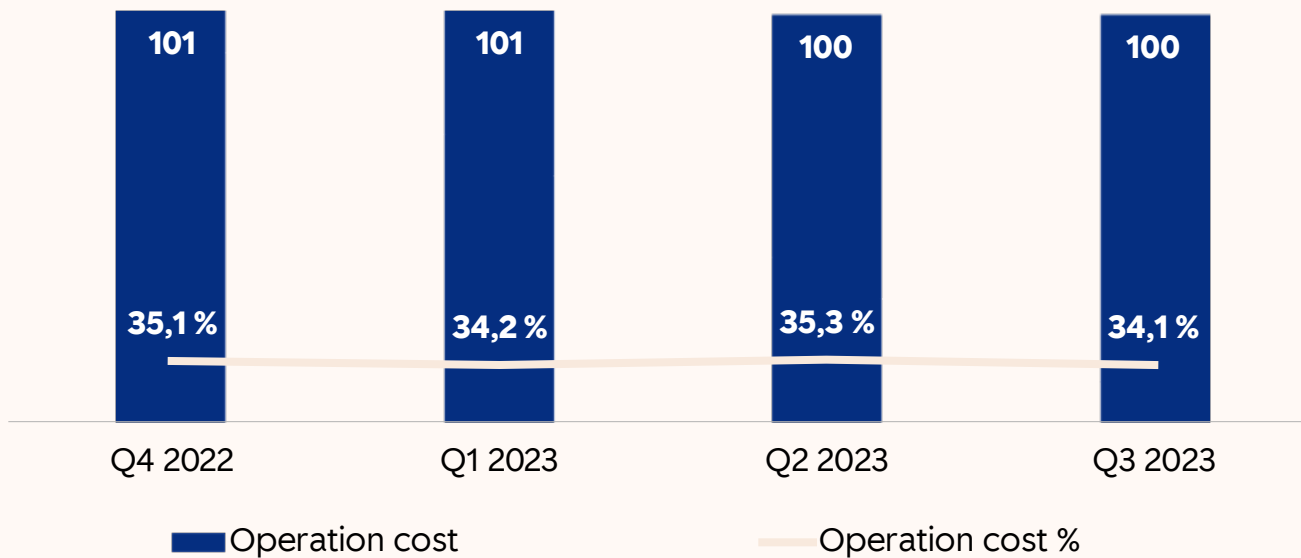
Stable commission income



- Increase in commission income from last quarter
- Decrease in commission income from loans transferred to SpaBol.

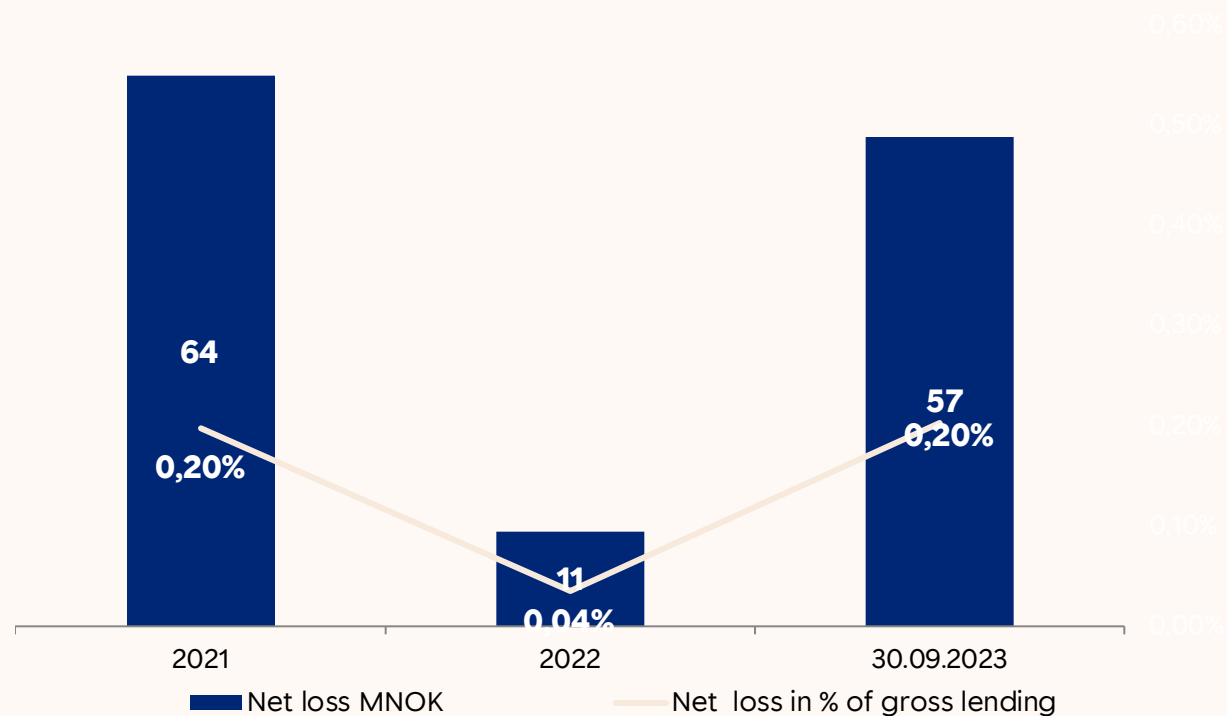
Stable and healthy cost development.

Operating cost (mnok) and % of income



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

Normalized write-downs this quarter

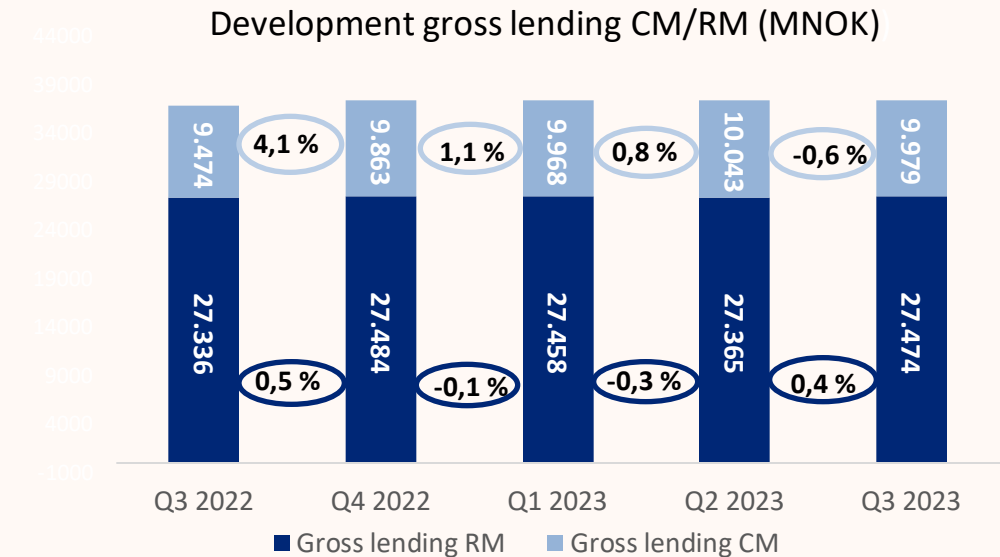
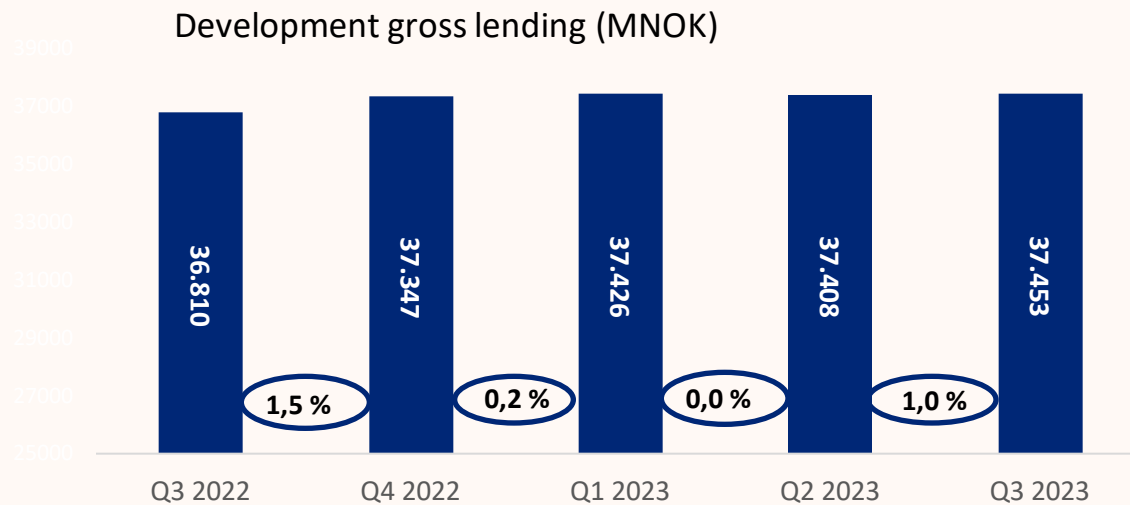
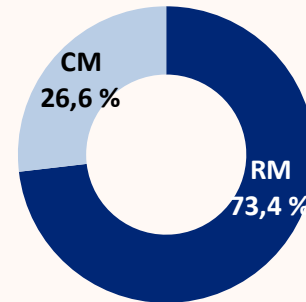


- MNOK 11 in Q3 2023 against MNOK 37 last quarter
- The write-downs in the quarter is a combination of individual and model-based write-downs.
- The expectation level of 0.18 % current year is challenged as a consequence of the high level of loss I Q2.



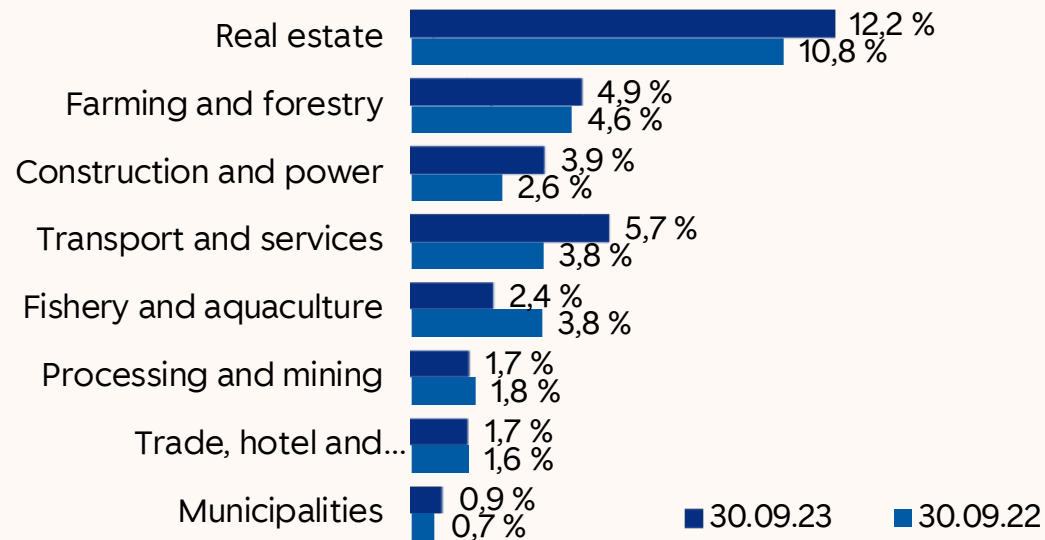
- Main features
- Profit & loss
- **Lending**
- Deposits
- Funding
- Solidity
- Prospects ahead
- Appendices

Weak lending growth in 2023 (SpaBol included)



Lending CM – good industry spread

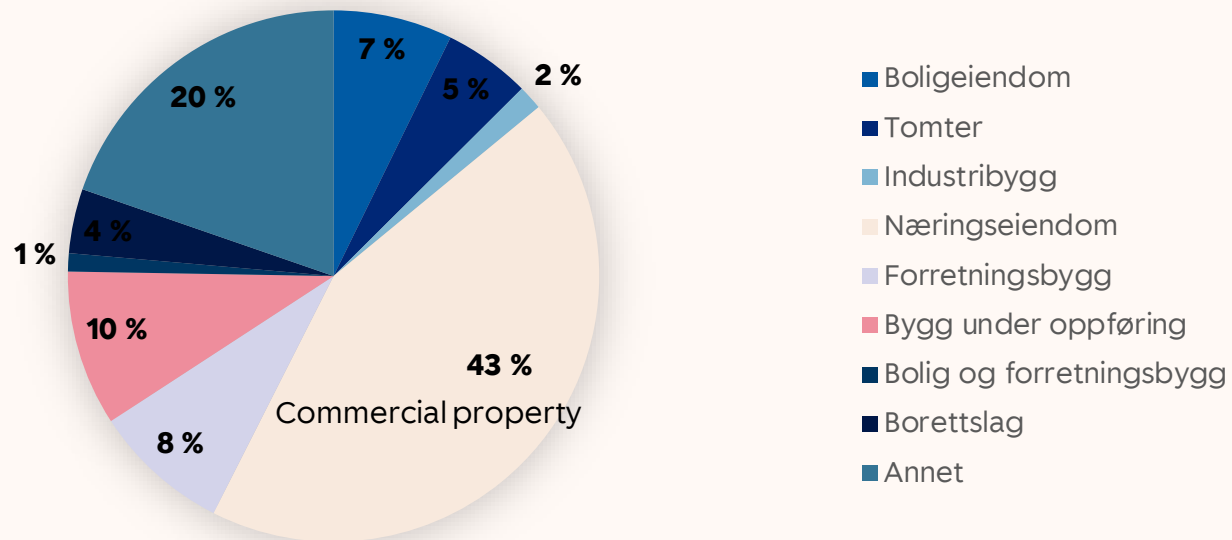
Lending distributed in sector



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 33.4 (29.8) % equals MNOK 9 780 (9 246)

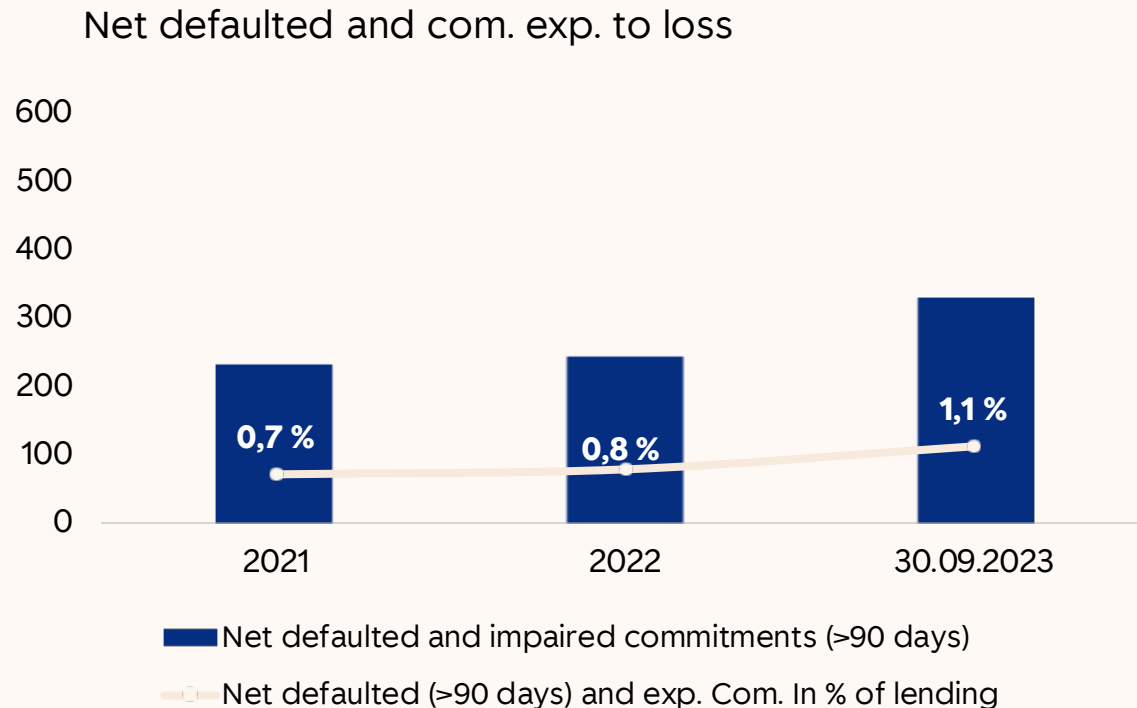
Lending CM – Real estate

Real estate - allocation pr segment



- Low vacancy in all segments on the real estate side. Under coverage on housing and industrial areas.
- 53 % of real estate categorized in low risk. 21 % in best middle risk class. 93 % 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



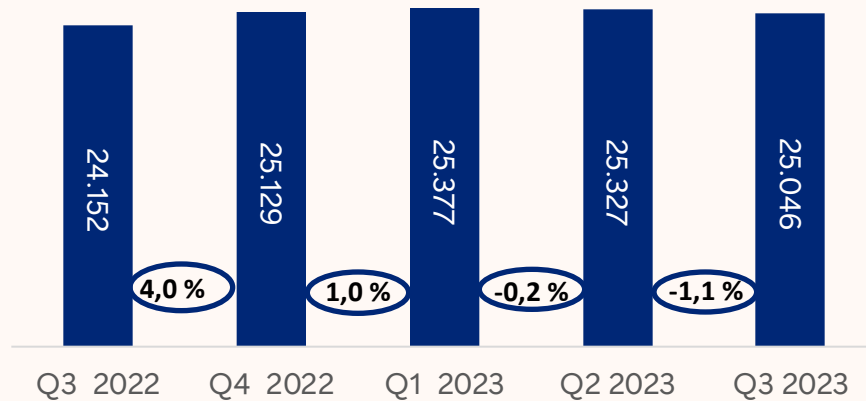
- Net non-performing and impaired commitments amounts to MNOK 329,
 - Decrease of MNOK 40 from last quarter
 - Increase of MNOK 85 so far in 2023
- The increase so far this year is related to single customers gone in default of different reasons



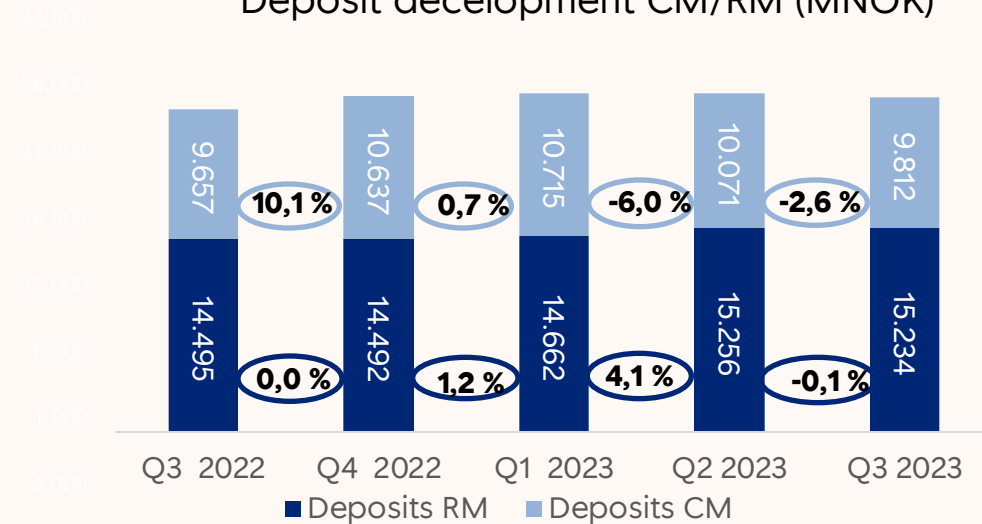
- Main features
- Profit & loss
- Lending
- **Deposits**
- Funding
- Solidity
- Prospects ahead
- Appendices

Stable, high deposit level

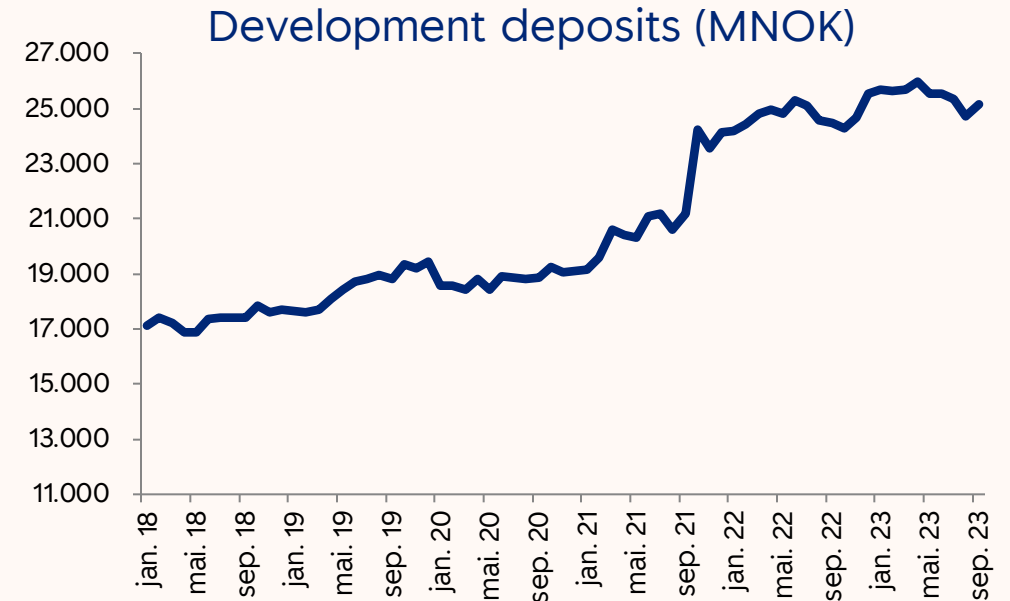
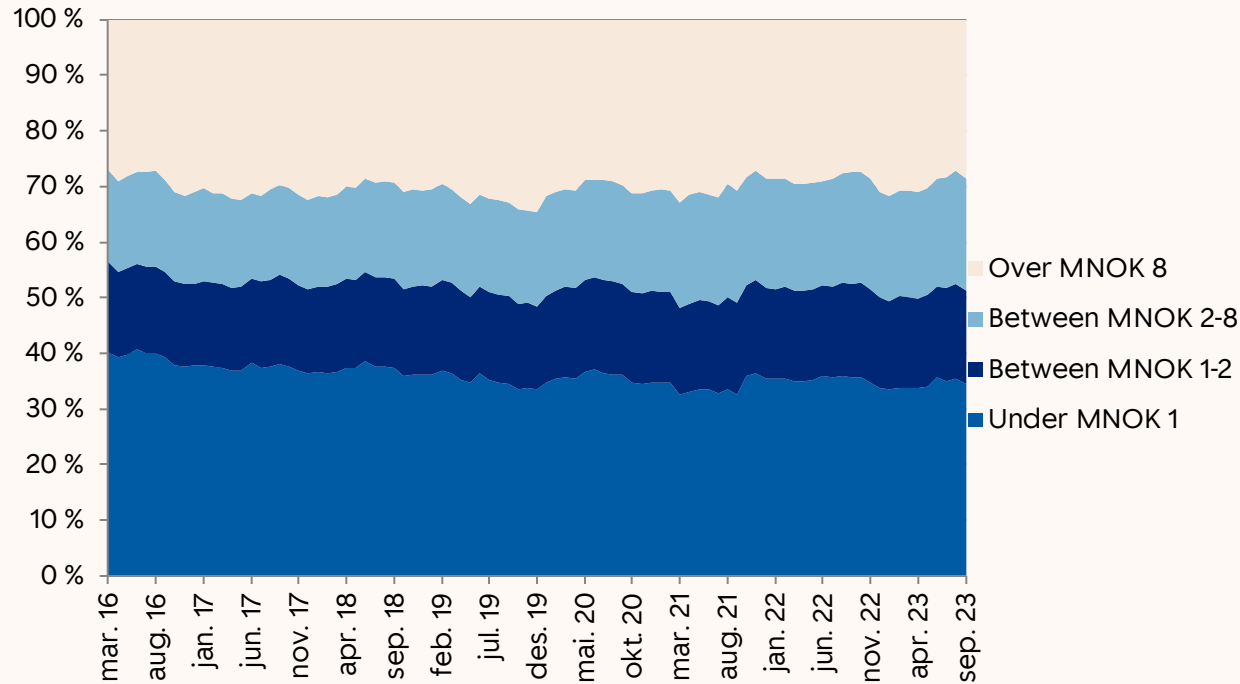
Deposit development (MNOK)



Deposit development CM/RM (MNOK)



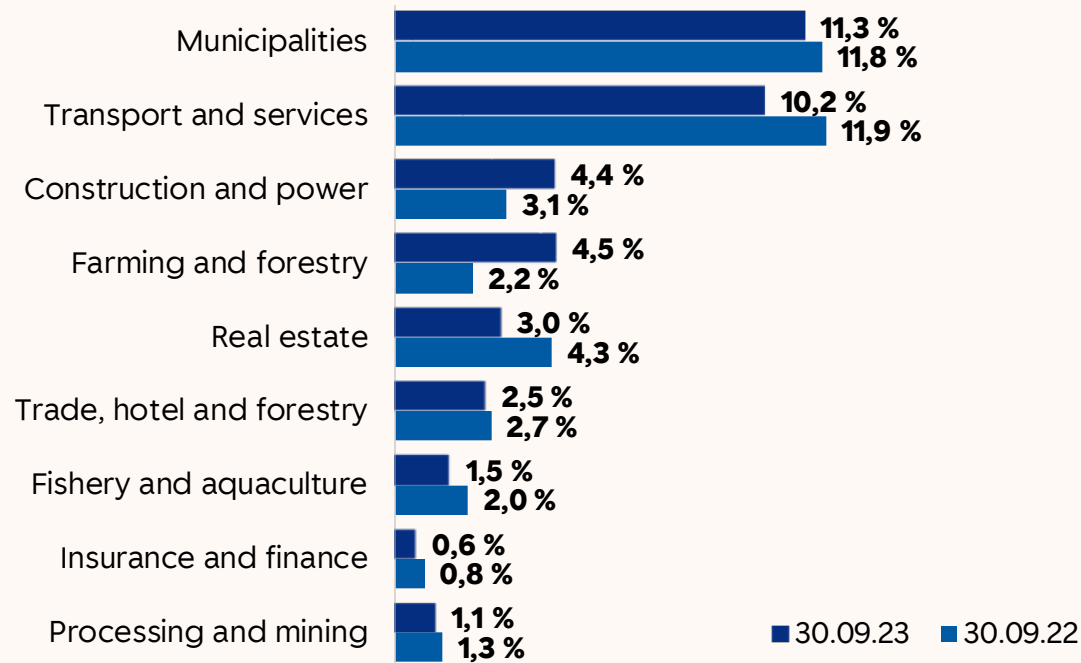
Good and stable deposit allocation



- Decrease in deposits of MNOK 416 or -1.6 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 51.4 % of the RM deposits are under MNOK 2
- 60.0 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits



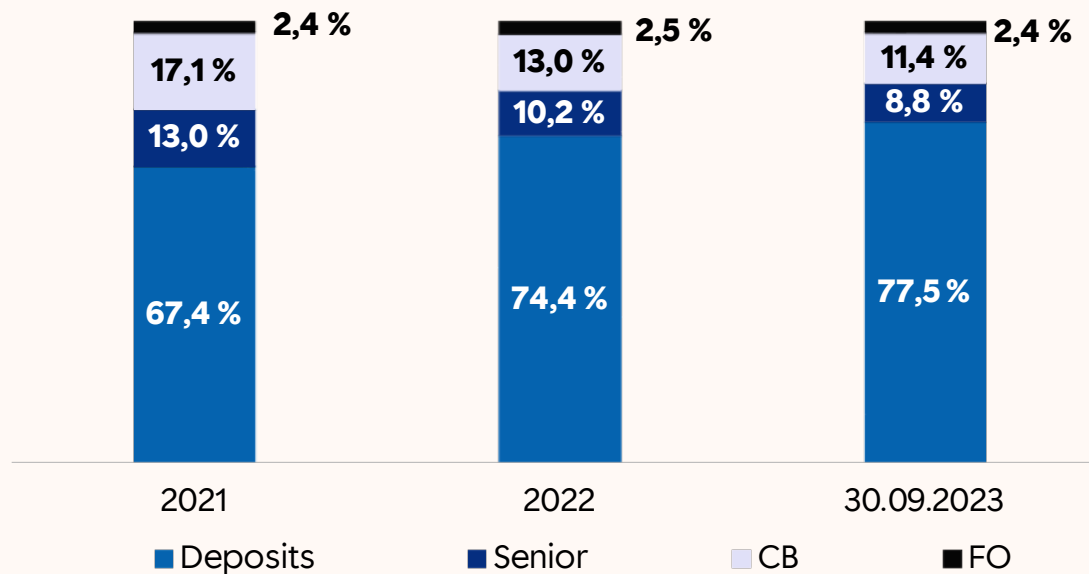
- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 39.2 (40.0) % or MNOK 9 812 (9 657) of total deposits.
- Deposits from municipalities amounts to 28.9 % of the CM deposits.



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

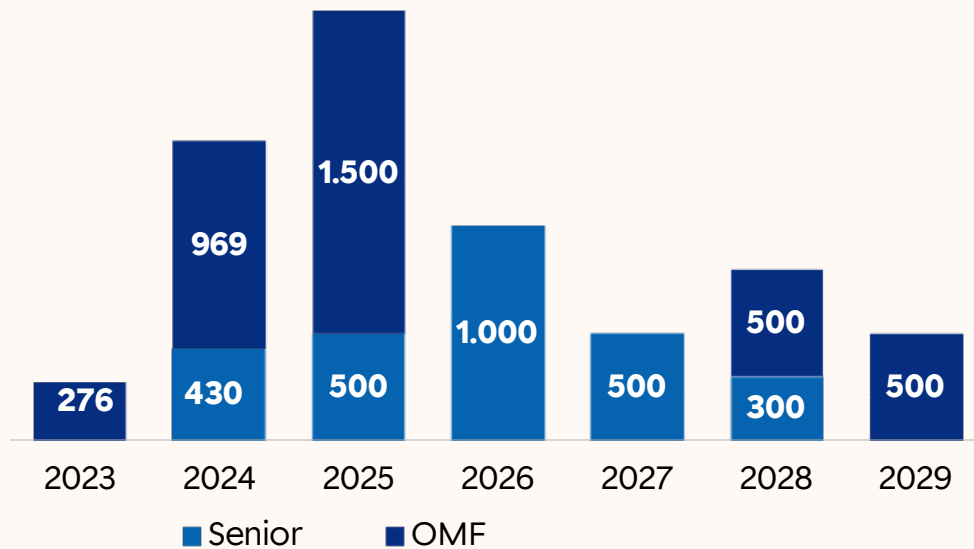
Funding – Increased deposit ratio

Funding development



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

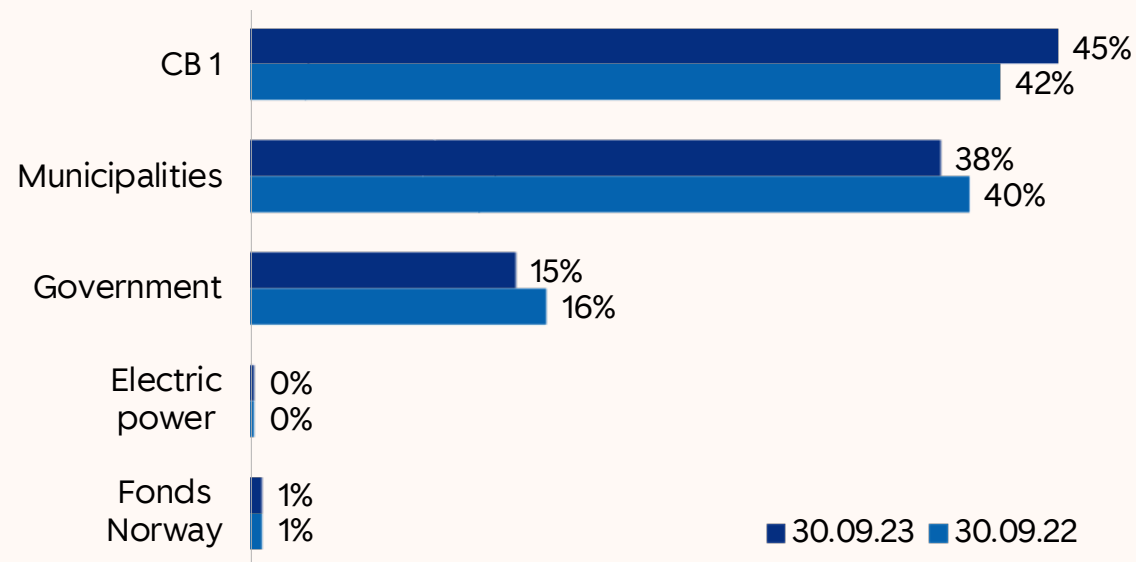
Funding due



- Share long term funding 78.8 % (76.7) %
- Combined duration of 2.3 (2.1) years. Duration in the mortgage company of 2.2 years.

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.6 (1.8) years
- 99.5 % rated A- or better
- 98.3 % is OMF or state/ municipality guaranteed bonds.
- Municipality papers are actively used as short-term liquidity placements.
- Liquidity buffers amounts to 6.7 (6.2) bn. – equals 17.9 (16.1) % 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 8 176 (5 771)



Helgeland Boligkreditt AS is 100 % owned by SpareBank 1 Helgeland

- Transferred loans amounts to MNOK 4 413 (5 714)
- A gradual reduction of the balance has been implemented since the bank got 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.

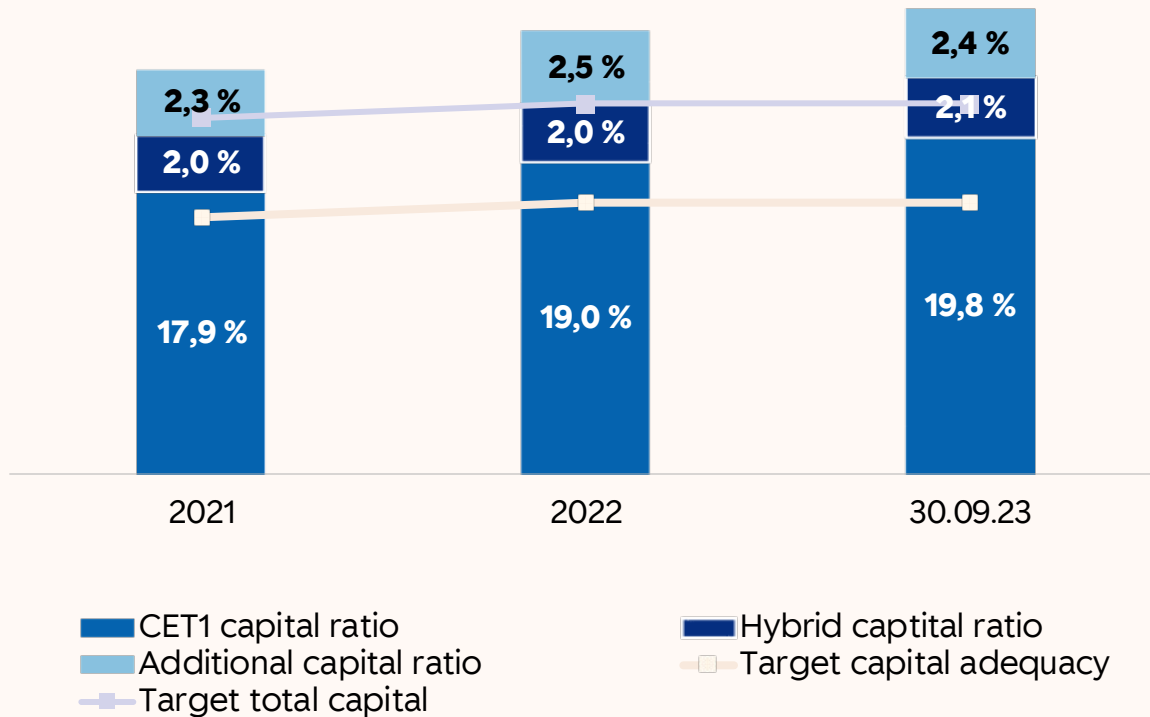
Pr. 30.09.23 transfer degree is 33.6 % and 45.8 % with a total of MNOK 12 589 transferred to the mortgage companies.



- 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 or alternatively distributed through higher future dividend and gift allocation.
- Target : CET1 17.5 %
- The profit for the period is not included in the capital adequacy

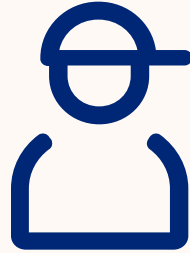


- Main features
- Profit & loss
- Lending
- Deposits
- Funding
- Solidity
- **Prospects ahead**
- Appendices

Unemployment

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

Norway:	1.7 %
Nordland:	1.3 %
Helgeland:	1.1 %

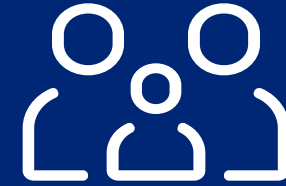


Analyses says that it up to 2028 is needed well over 1 800 new housings only in Mo i Rana in relation to Freyr's new battery fabric and the ripple effects of the establishment. It lies uncertainty around the timing and when the need for these housings will occur.



Recruitment

The region experience a shortage 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 -3.0 % in Helgeland in Q3 compared to last quarter.
- Decrease in the prices of -2.3 % on sold villas in Helgeland in Q3 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 towards 2026.

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

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

Stable commission income of some over 0.30 % of total assets

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



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

Profit & loss

SpareBank 1 Helgeland (group)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net interest- and credit comission earnings	144	148	168	174	184	202	223	233	233	254
Net comission earnings	21	22	36	46	38	41	39	36	40	40
Other operatios income	0	4	-1	2	2	4	0	2	4	1
Ordinary operations cost	82	80	141	94	91	95	101	101	100	100
Result basic operations	83	94	63	128	133	152	161	170	177	195
Write-downs lending and warranties	7	19	35	1	2	2	6	10	37	11
Net value change financial instruments	3	3	-13	21	-28	-19	26	24	6	-2
Gross profit	78	78	15	147	104	131	181	184	147	183
Net profit	62	58	15	115	71	93	165	144	111	134
Net extended income posts	-1	0	2	-1	-2	-1	4	0	-2	0
Profit for the period	61	58	17	114	69	92	169	144	109	134

HELG- EC development and OSEEX last 12 months



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

	31.12.20	31.12.21	31.12.22	30.09.23
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	121.0
Stock exchange value	1 797	3 537	3 240	3 267
Accounted equity per EC	129	124	135	135
Profit per EC	12	5.5	12.8	14.8
Dividend per EC	3.10	3.19	10.3	
Price/Accounted EC	0.7	1.1	0.9	0.9

Driving force for sustainable growth, competence and cooperation

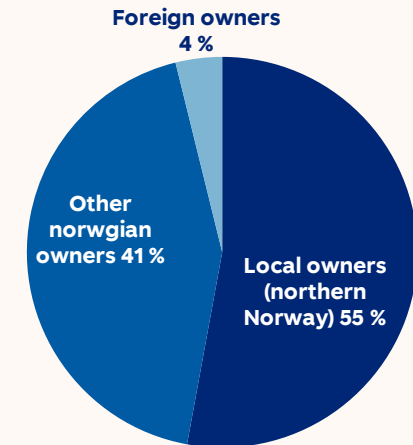
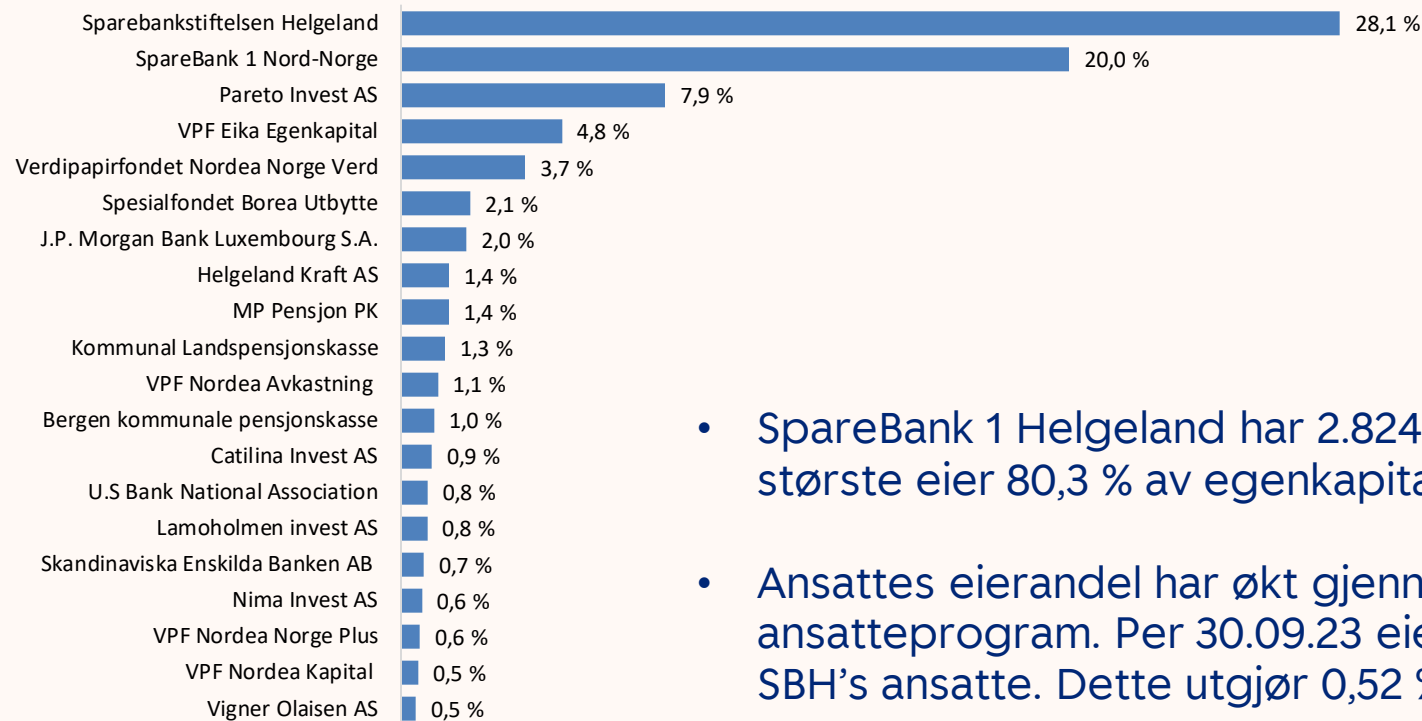
Sustainability in the bank

- 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.



50 % north norwegian ownership

20 largest owners



- SpareBank 1 Helgeland har 2.824 eiere hvor de 20 største eier 80,3 % av egenkapitalbevisene.
- Ansattes eierandel har økt gjennom videreføring av ansatteprogram. Per 30.09.23 eies 140.551 EK bevis av SBH's ansatte. Dette utgjør 0,52 %.

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 45 393
- Employees, total man-years: 164
- 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