

Presentation
Q2 2021



- A driving force for growth in Helgeland

Presentation per 30.06.21 (SBH Group)



Hanne Nordgaard
Chief Executive Officer

Main Features

Events Q2

Profit & loss

Lending

Deposits

Funding

Solidity

Prospects and priorities

Appendices



Sverre Klausen
Chief Financial Officer

Main features per 30.06.21

Gross profit	MNOK 171 (190)
ROE*	7.6 (11.9) %
Total assets	34.8 (33.8) bn
Solidity	CET1 20.9 (17.3) %

*Adjusted for hybrid capital

Financial targets

ROE
>11 %

ROE target of 11 % from 2023. In the years 2020, 2021, and the transformation year 2022 it is not expected to fulfil the long term target for ROE.

CET1
>17 %

New target for CET1 is fulfilled by the end of the quarter, and takes in to account expected increase in buffer targets (countercyclical and system

Cost growth
C/I: <40 %

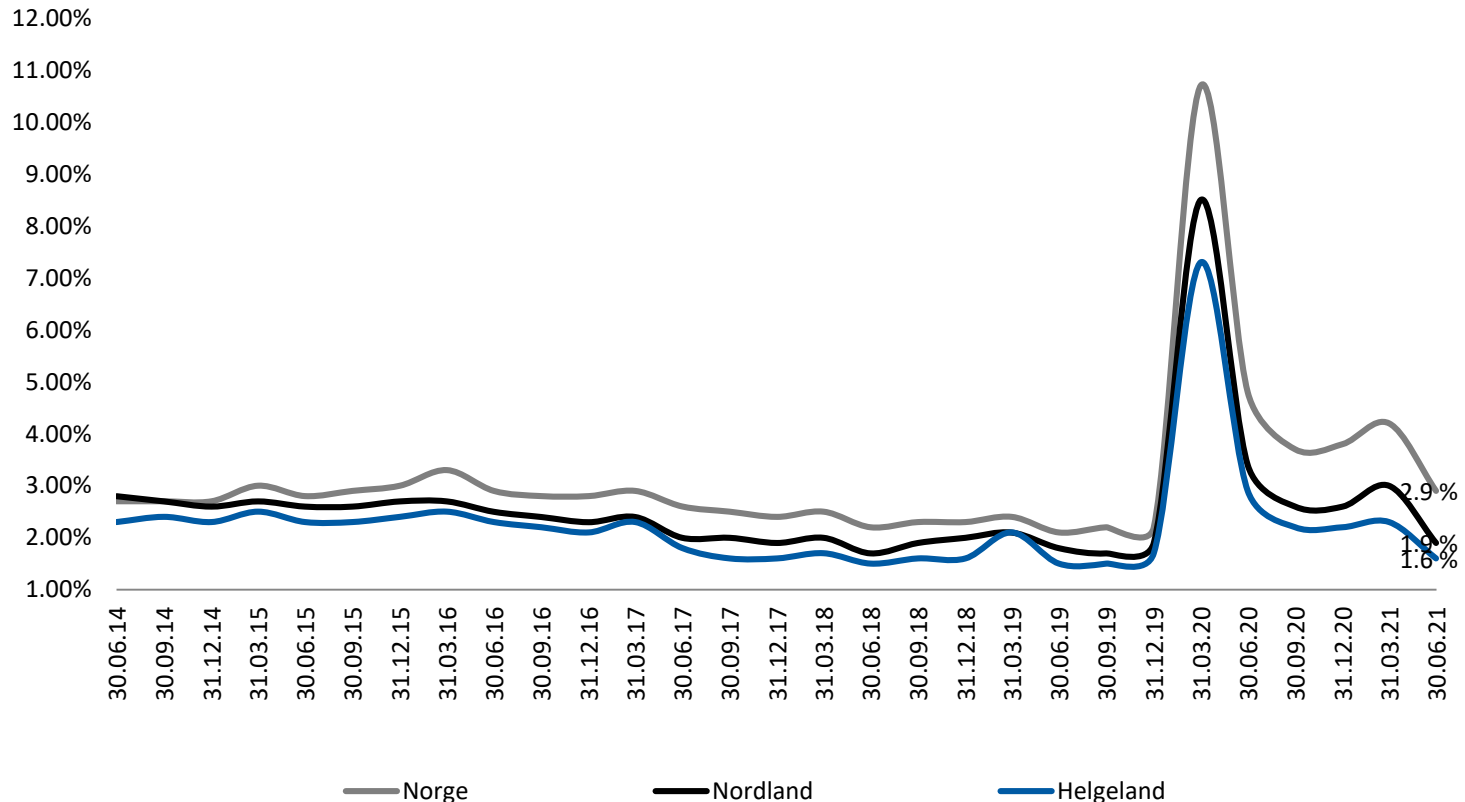
Long term cost target of 40 % of income. One time costs related to Helgeland 1 entails that the target can not be expected fulfilled in the years 2020 and 2021.

Dividend ratio
Up to 50 %

Dividend ratio of up to 50 % of the dividend ratio.

Unemployment

Unemployment in %, Norway, Nordland and Helgeland



Under the covid-19 pandemic, the unemployment increased significant from Q4 2019 to Q1 2020.

Nationally, 81 300 people, or 2.9 % of the work force was registered unemployed at the end of Mars. This is an decrease of 0.9 % from last report 31.03.21.

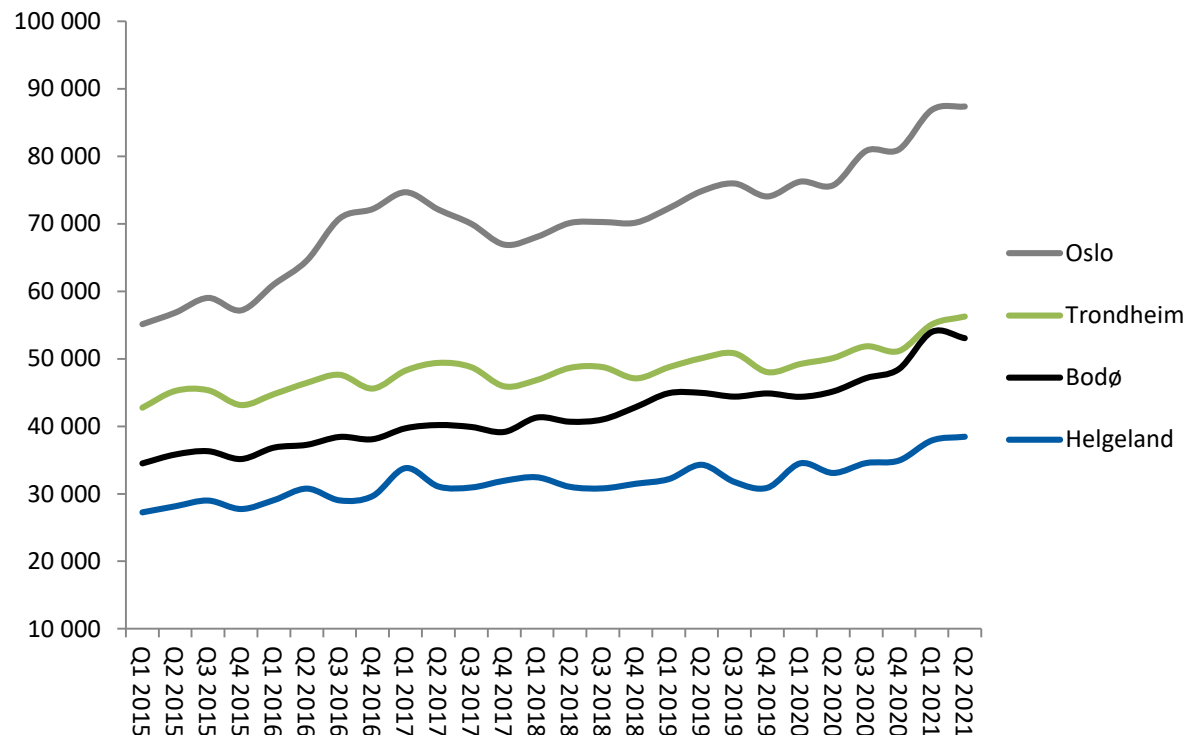
The decrease was largest among people with background from tourism and transport, retail and sales work together with service professions and other other. The strong decrease in June is naturally related to that many infection preventing measures is lightened and removed, and that one has started to re-open the economy.

The unemployment in Helgeland and Nordland is lower than Norway overall.

- Norway 2.9 %
- Nordland 1.9 %
- Helgeland 1.6 %

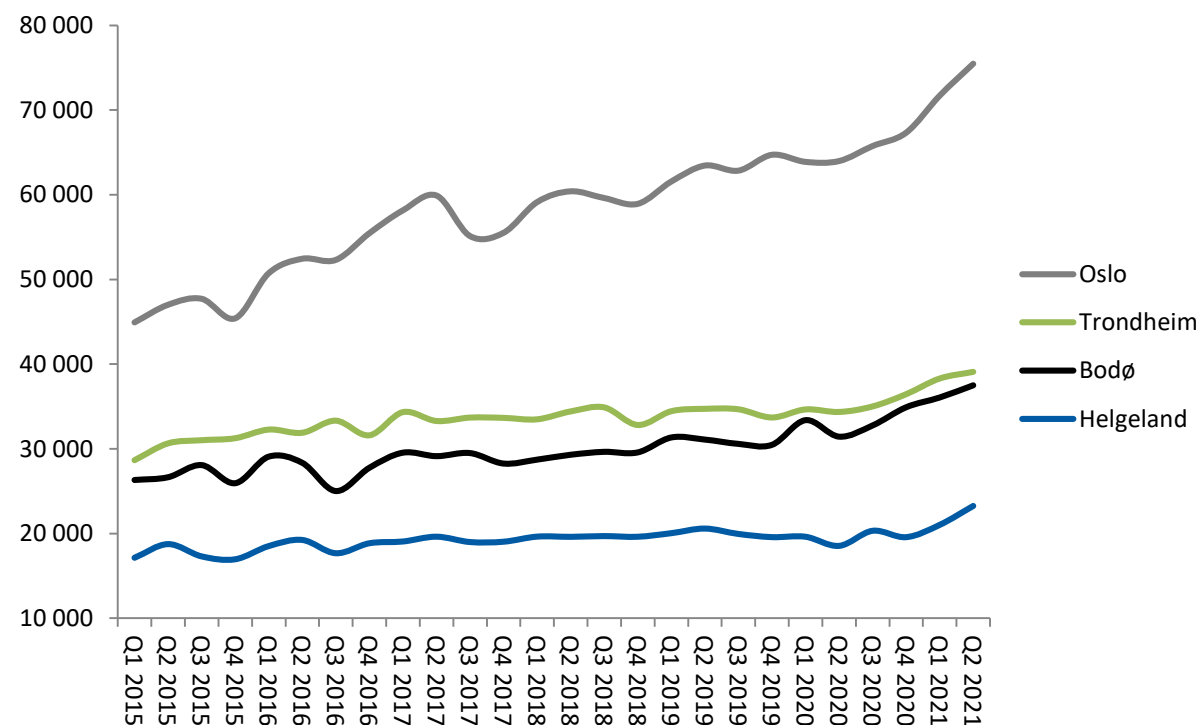
Housing price development

Price development - sold apartments in NOK/sqm



Price development in Q2,
1.5 % in Helgeland and 0.6 % in Oslo.
A weak increase in prices for sold apartments in Helgeland in
Q2 compared to last quarter.

Price development - sold villas in NOK/sqm



Price development in Q2:
10.6 % in Helgeland and 5.3 % in Oslo.
A strong increase in prices for sold Villas in Helgeland in Q2
compared to last quarter.

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Events Q2

- Stable profit from the basis operation
- Net interest income of MNOK 144, witch is on the same level as last quarter.
- Write-downs on lending amounted to MNOK 7.
- The adjustment of the parameters in the loss model implemented in relation to covid-19 is maintained. Effect of these amounts to MNOK 18 on write-downs in lending by the end of the quarter.
- Costs related to the project Helgeland 1 amounted to MNOK 5 this quarter.
- Net non-performing and impaired commitments is reduced by MNOK 26 this quarter.

Status entrance in SpareBank1/SamSpar and the acquisition from SNN

- **Milestones 2021:**

- 1. mars SpareBank 1 Helgeland bought 15 % of the shares in Eiendomsmegler 1 Nord-Norge and Regnskapshuset Nord-Norge.
- 15. mars SpareBank 1 Helgeland entered the SpareBank 1 alliance and changed name to SpareBank 1 Helgeland.
 - Change of digital platform for SpareBank 1 Helgelands customers and employees.
 - Bought 3 % of the shares in SamSpar
- Up to October: Preparations, testing and test conversions for the migration of customers from SpareBank 1 Nord-Norge.
- Emission is planned completed in Q3
- 16.-17. October: The acquisition happens: Helgeland employees and Helgeland customers in SpareBank 1 Nord-Norge is moved over to SpareBank 1 Helgeland.
 - SpareBank 1 Nord-Norge becomes owner of 19.9 % of the EC's in SpareBank1 Helgeland
 - SpareBank 1 Helgeland buys 15 % of the shares in SNN Finans
- It is expensed MNOK 146 mill on this project in 2020 and MNOK 8 in 2021, and it is expected additional costs of MNOK 42 in 2021.
 - **So far, it seems that the project can be delivered according to business case.**



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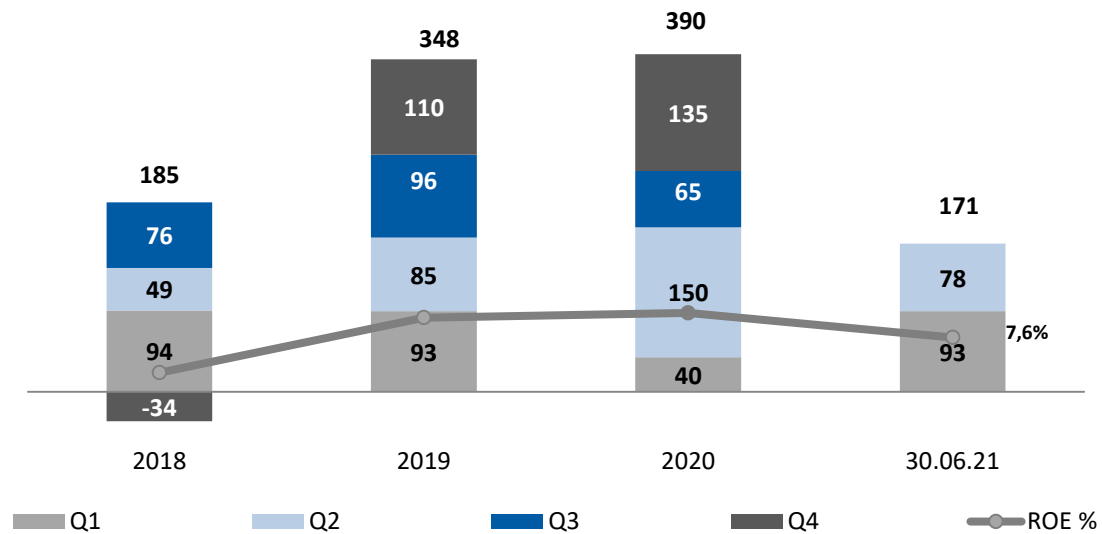
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Profit

Profit development



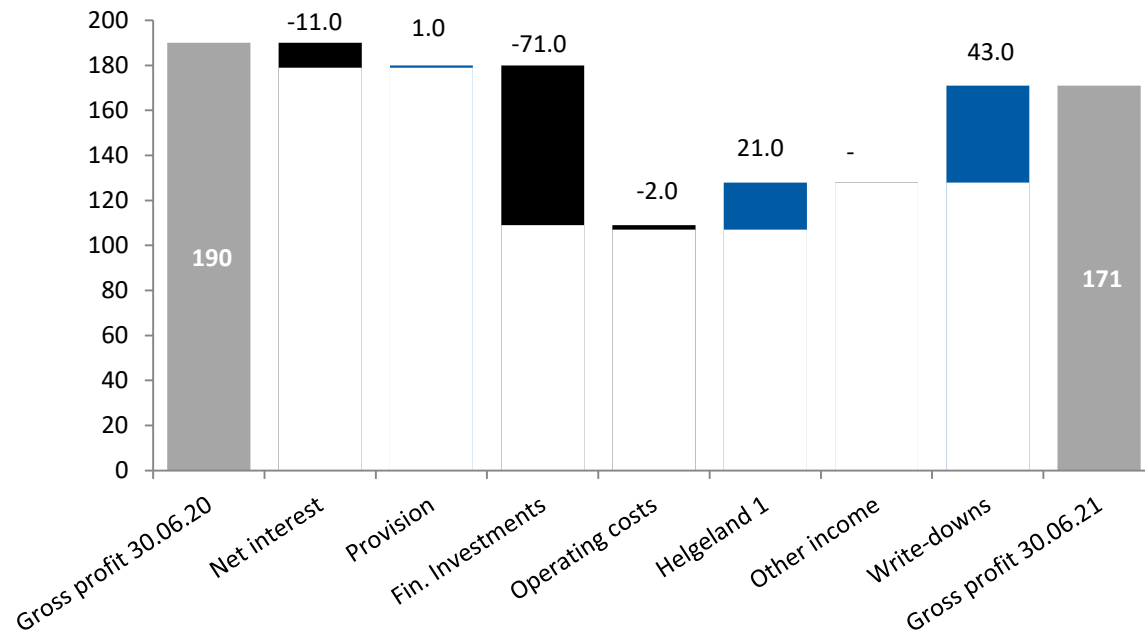
Profit Q2

Gross profit MNOK 171

- Net ROE 7,6 % (hybrid excluded)

Gross profit

Change in gross profit (MNOK)

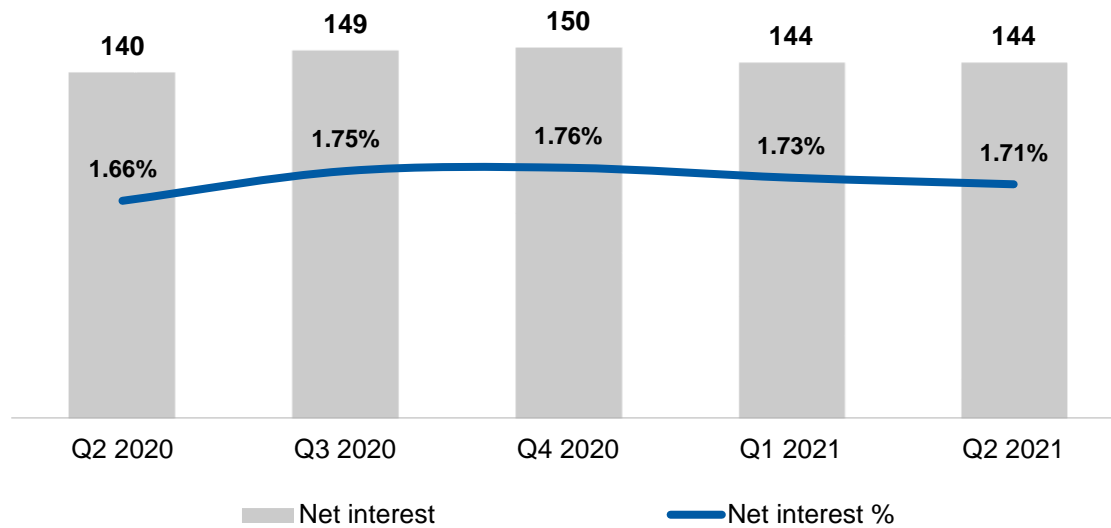


Gross profit MNOK 171 (190).

- Reduced net interest as a consequence of price competition and adaption in relation to the interest rate changes in 2020. High liquidity entrance provides a slightly weaker net interest than expected.
- Reduced income from financial investments. The change is mainly related to that there in 2nd quarter 2020 was accounted significant positive value change on financial instruments as a consequence of agreements of sale of the shares in our product companies at the moment
- Costs related to Helgeland 1 amounts to MNOK 8 by the end of second quarter.
- Reduced write-downs on lending

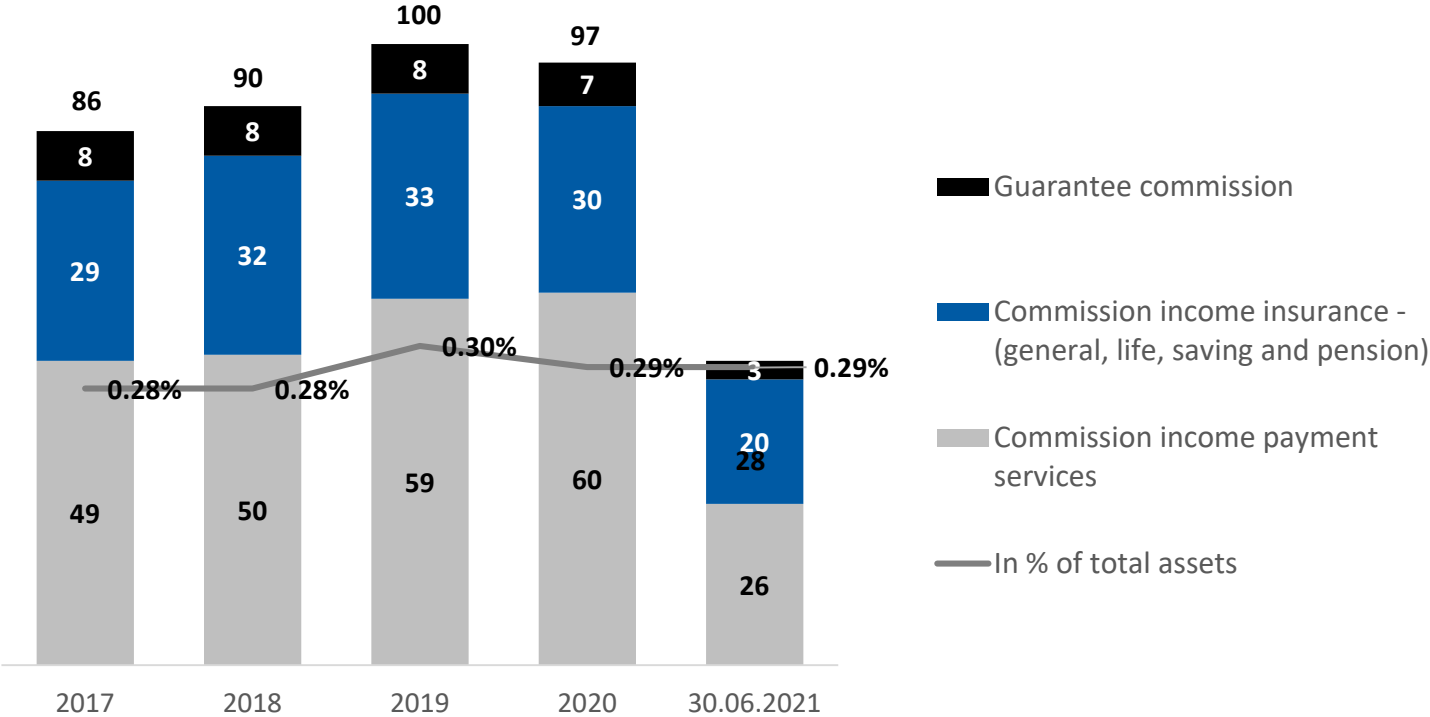
Net interest

Development net intr.(mnok.) and % of average BTA



- High liquidity entrance in the first quarter provides a slightly weaker net interest than expected

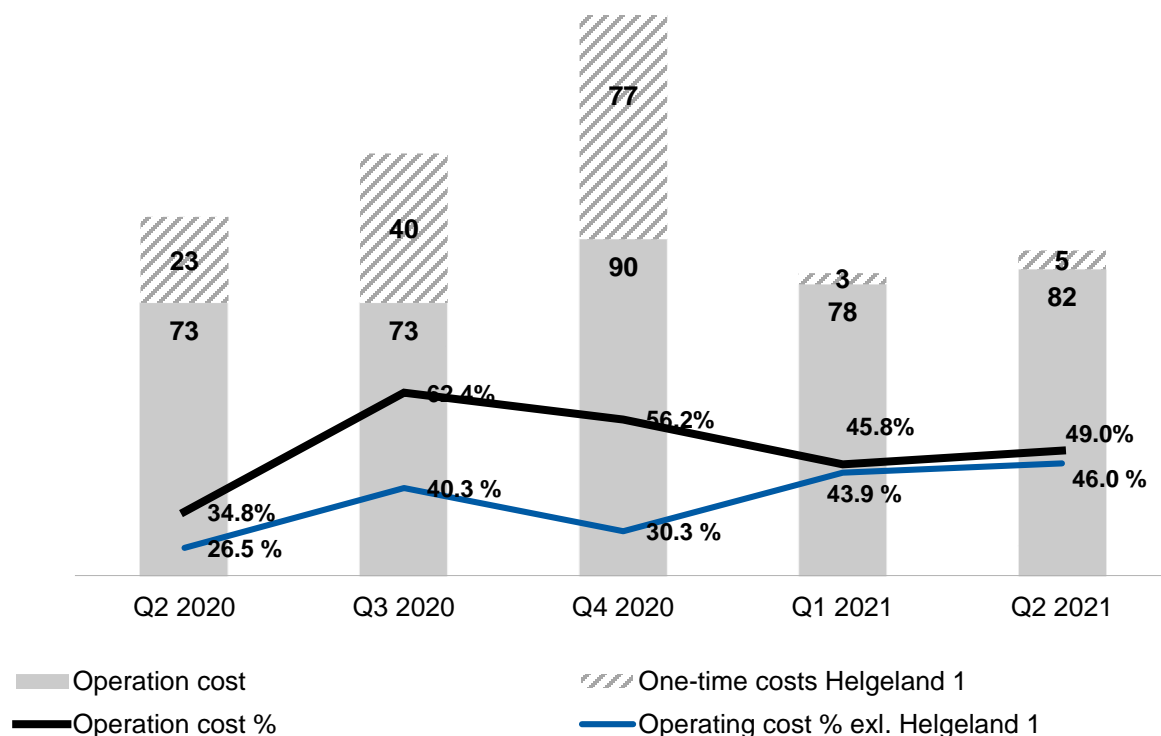
Commission income (MNOK)



Commission income is stable.

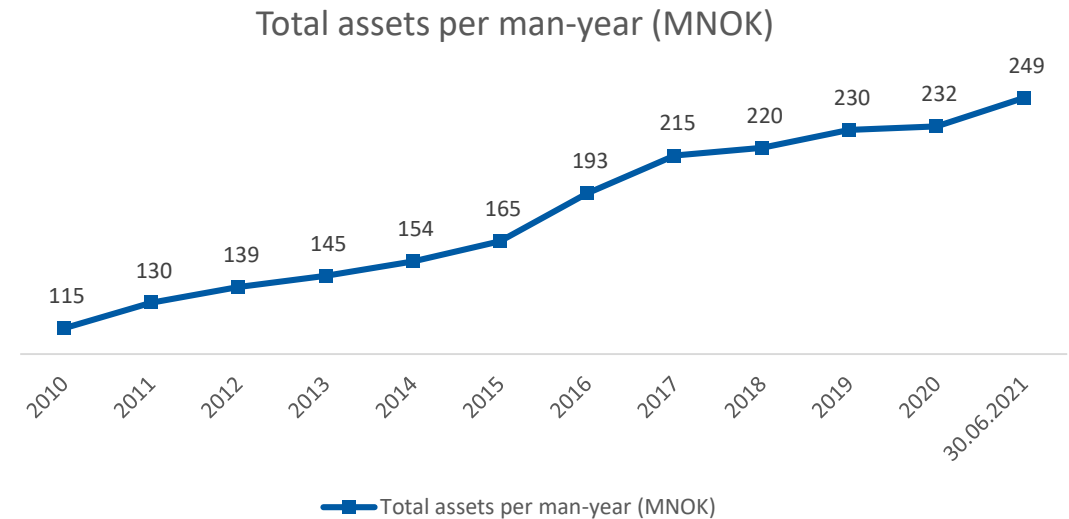
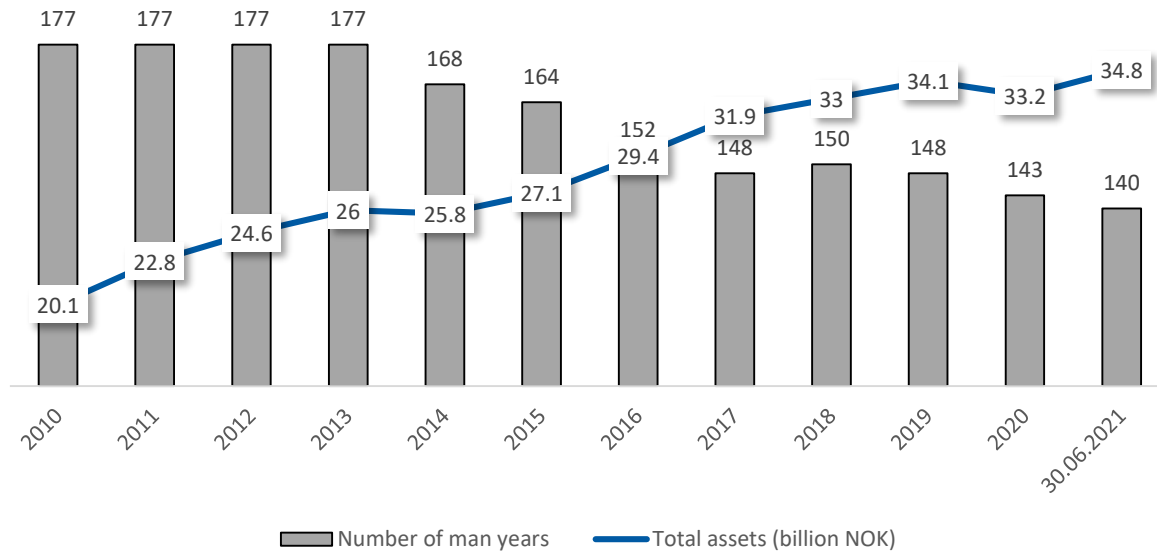
Operating costs

Operating cost (mnok) and % of income



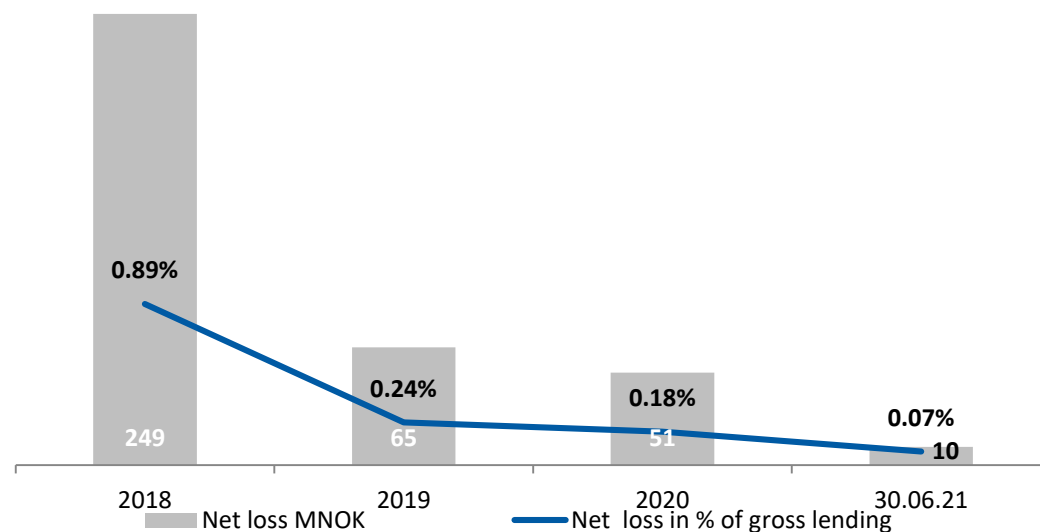
Costs are higher than on the banks target for cost level of 40 % of total income. This is as expected, and is related to additional costs as a consequence of the Helgeland 1 project and lower income.

Development total assets and man-years



The bank continuously and systematically work with measures to increase efficiency and profitability. From 2010 to the end of Q2 2021 total assets per man-year has increased from MNOK 115 to MNOK 249 or 116.5 %.

Loss on commitments



MNOK 10 in loss so far this year, hereof MNOK 7 in Q2

The write-down is partly a consequence of calculated loss and partly a product of statements of earlier depreciated commitments. The write-downs this quarter is considered low.

The image shows two cormorants perched on a weathered wooden pier. The cormorant on the left is standing upright, looking towards the left. The cormorant on the right is standing with its wings spread wide, facing slightly to the left. The background is a cloudy, overcast sky. A semi-transparent table of contents is overlaid on the left side of the image.

Main features

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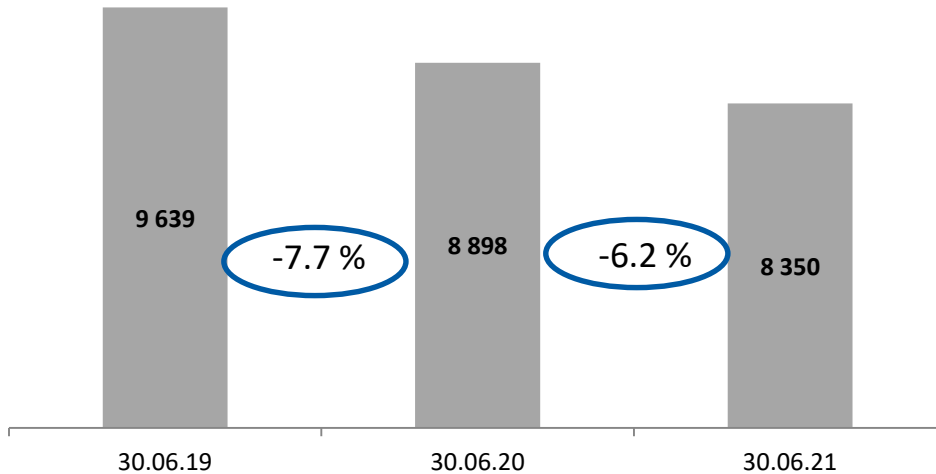
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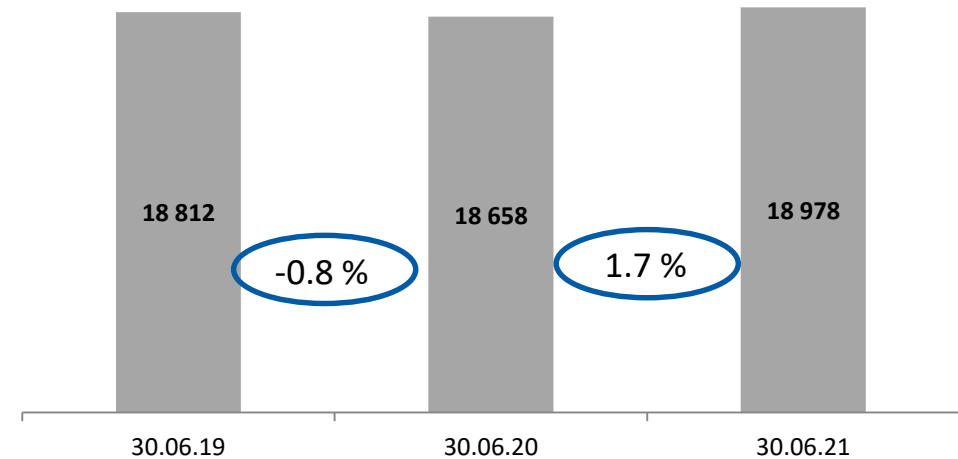
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12-month credit development

Lending corporate market



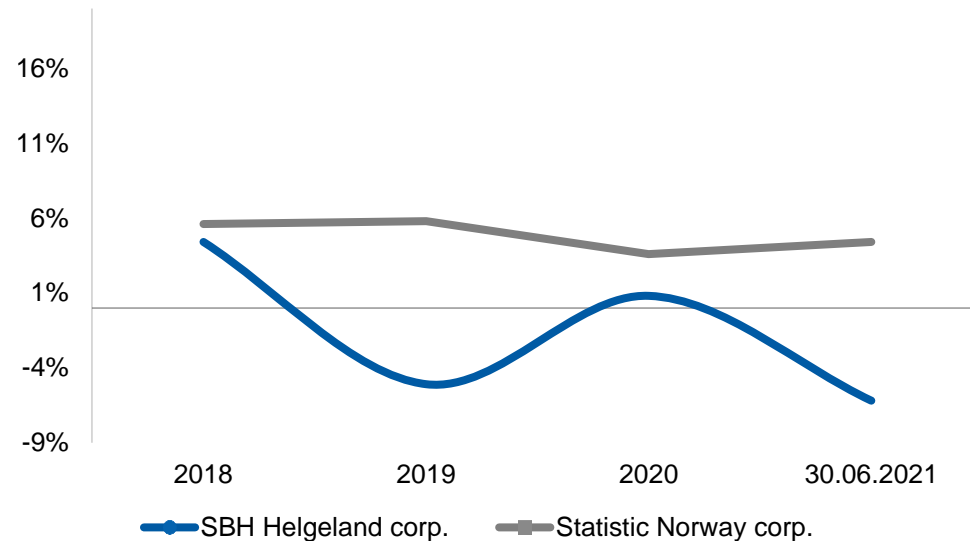
Lending retail market



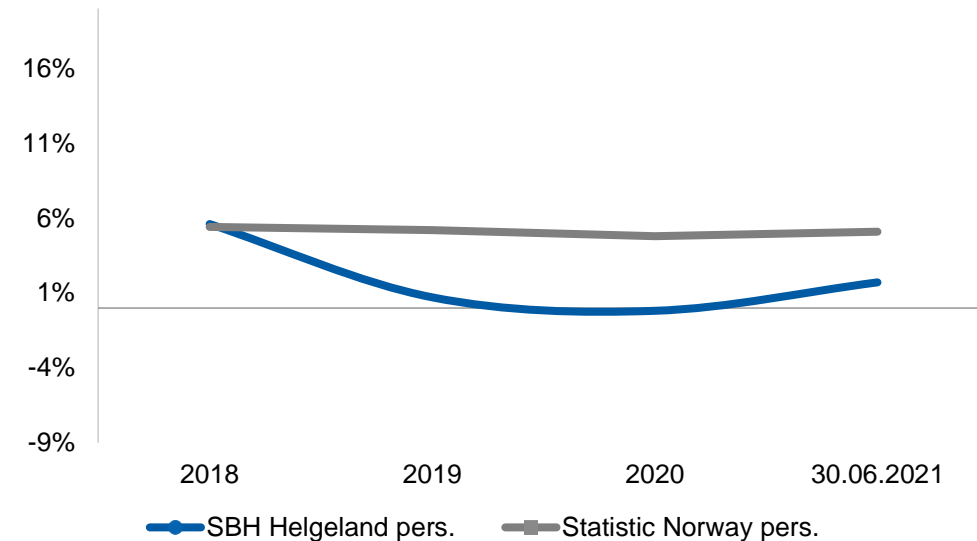
The decrease in lending for the corporate market is mainly related to the leave of two large corporate commitments over the last 12 months. High competition from national banks and “union deals” have increased the competition on retail clients.

Credit development

12-month credit development corporate market



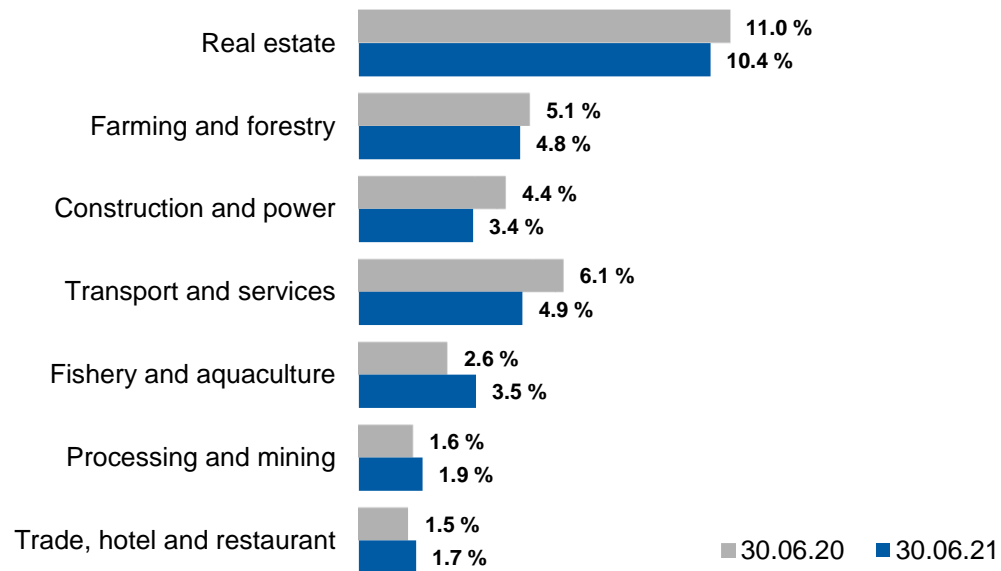
12-month credit development retail market



12-month credit development SBH -0.8 (-3.1) % hereby CM -6.2 (-7.7) % and RM 1.7 (-0.8) %.

Lending CM

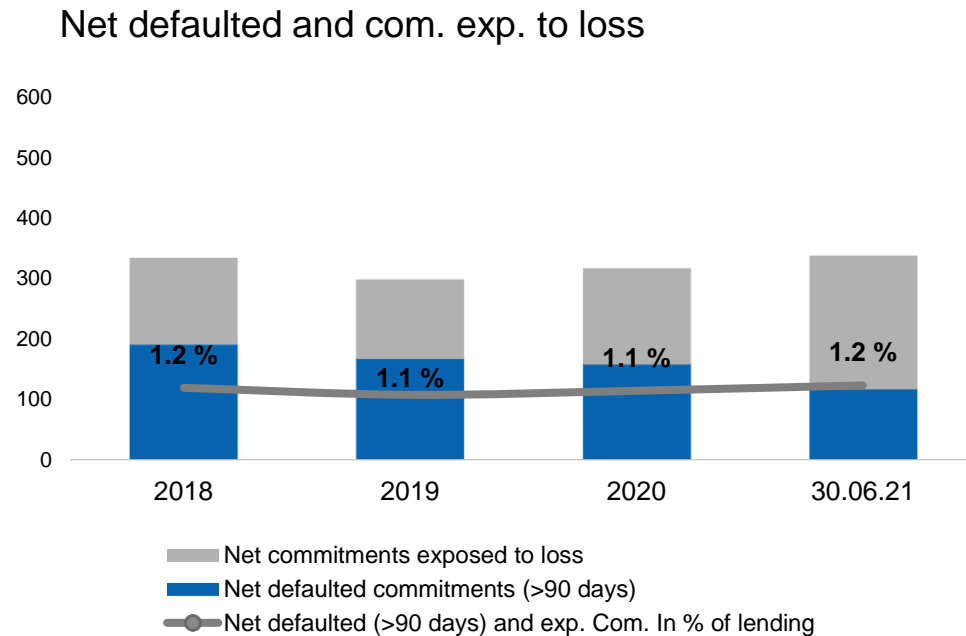
Lending distributed in sector



Good diversification in the CM lending portfolio and loyal corporate customers

Share CM of total lending 30.6 (32.3)% or MNOK 8 350 (8 898)

Non-performing and other impaired commitments



Net non-performing and other impaired commitments amounts to MNOK 336, an increase of MNOK 20 from year end.

The increase is mainly related to changes in the default commitment definition. It is individual loss evaluations on large parts of the volume that in the first quarter is marked as non performing and impaired commitments, and it is not expected further loss on these commitments.

The group has some large individual evaluated commitments that is not stated. By stating these, net non-performing and impaired commitments will be significant reduced.



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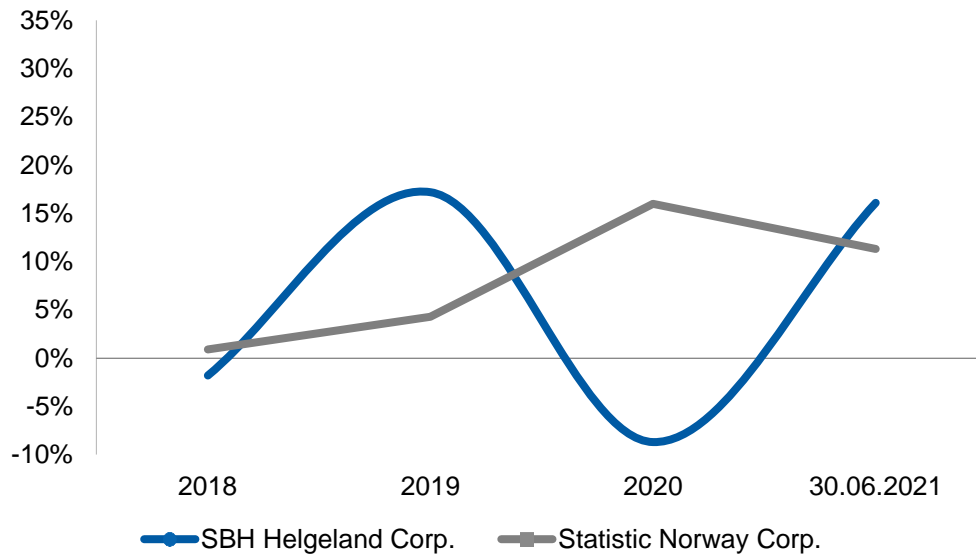
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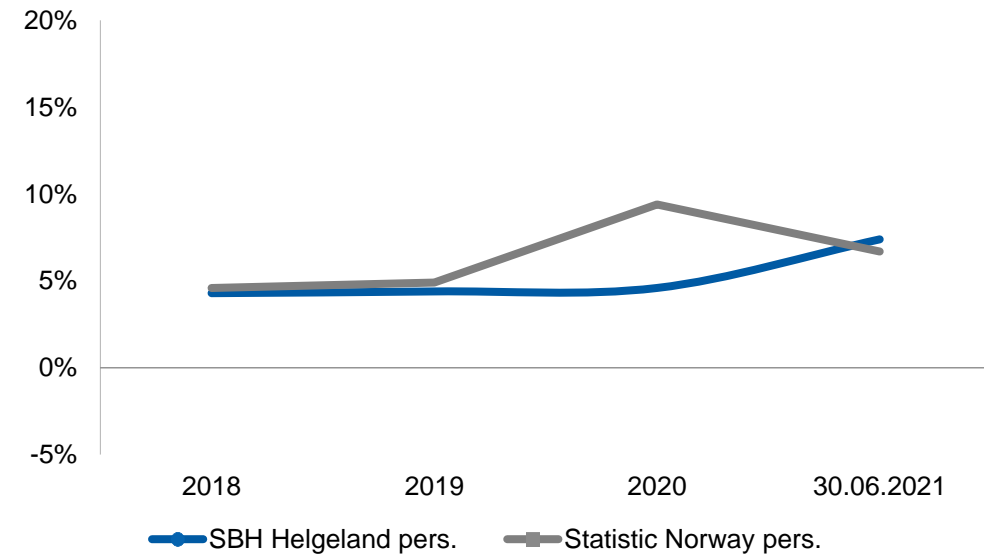
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Deposit development

Deposit development corporate market (12-month)



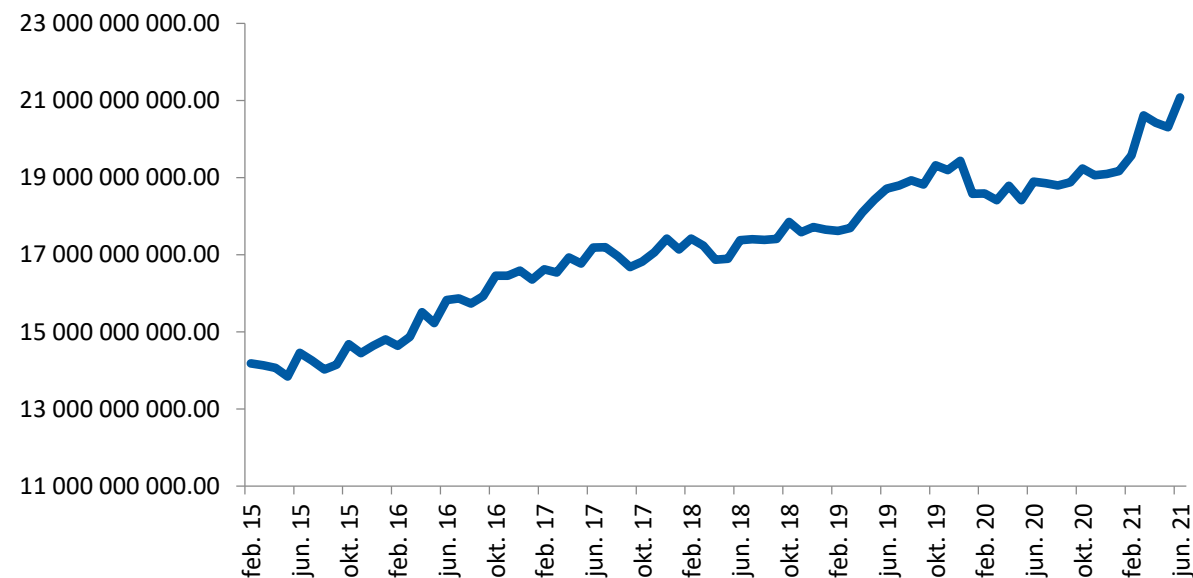
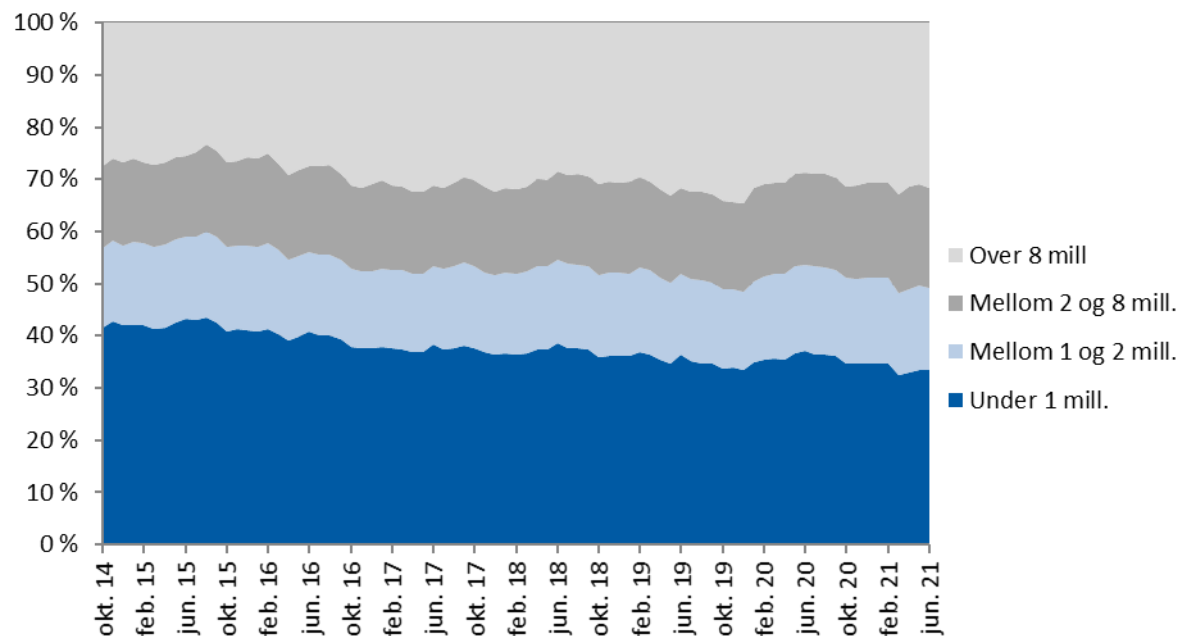
Deposit development retail market (12-month)



12-month deposit development SBH 10.9 (1.4) %, hereby CM 16.1 (-4.6) % and RM 7.4 (5.9) %.

The reduction in CM is mainly due to balance optimization in Q1 2020.

Deposit development



Increase in deposits of MNOK 389 or 1,9 % last quarter.

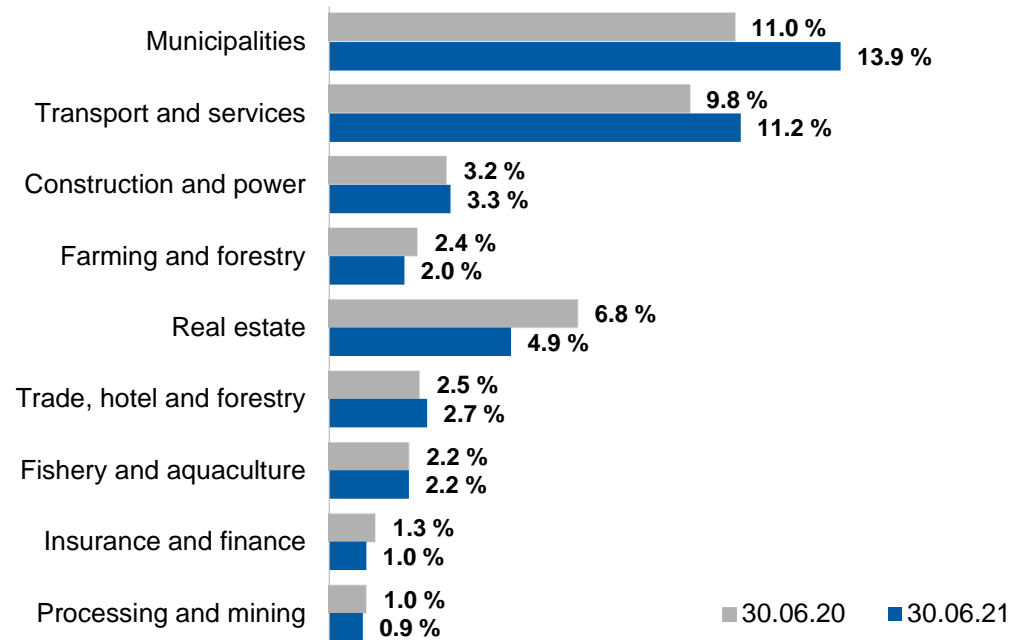
Allocation of deposits sorted on size is relative stable.

Large share of RM deposits under MNOK 2 (49 % of total deposits).

Approximately 60 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits



Well diversified deposit portfolio in the CM

Share CM 42.2 (40.3)% or MNOK 8 688 (7 483) of total deposits

Deposits from municipalities constitute 33 % of the CM deposits.

Main features

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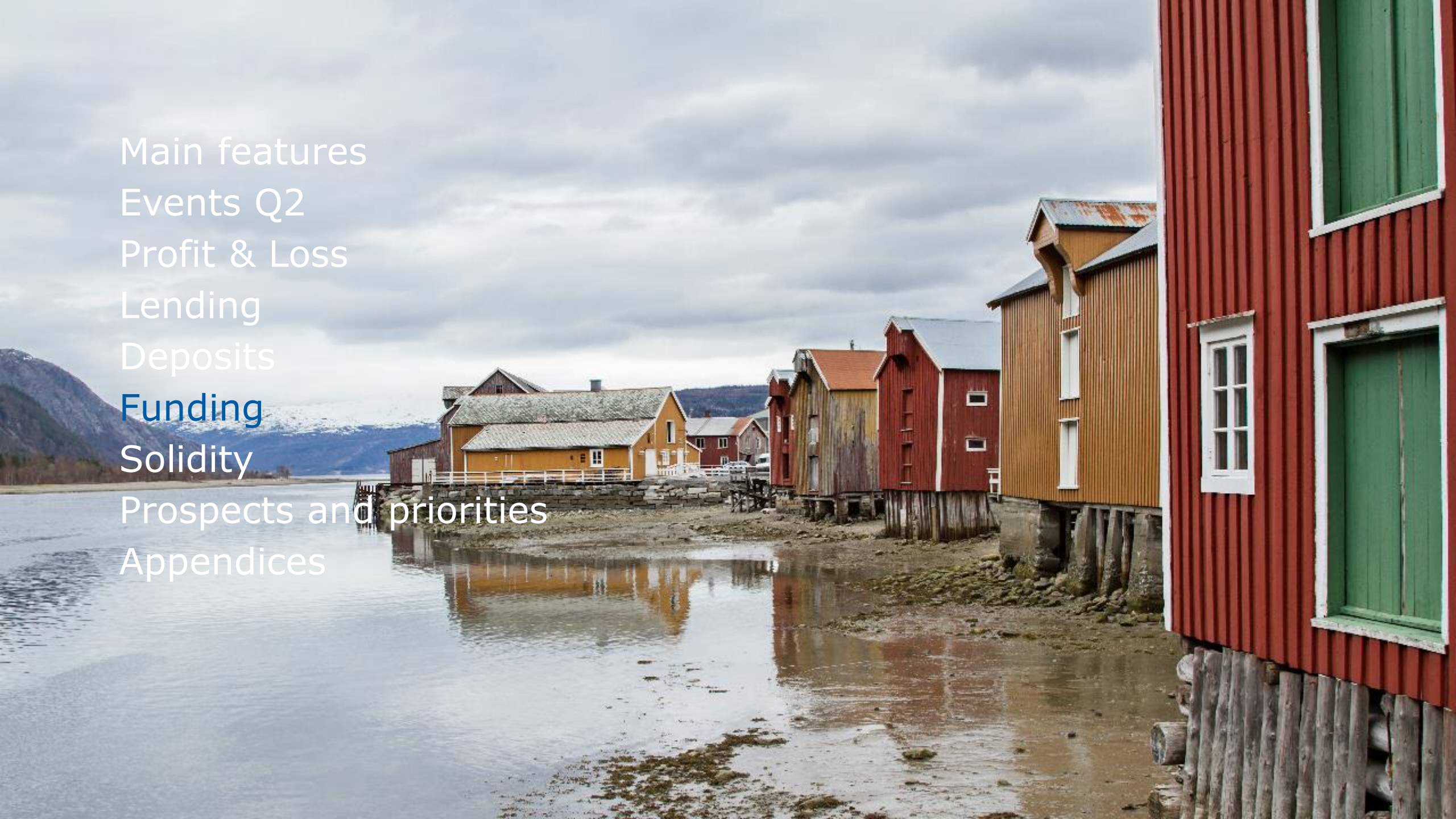
Deposits

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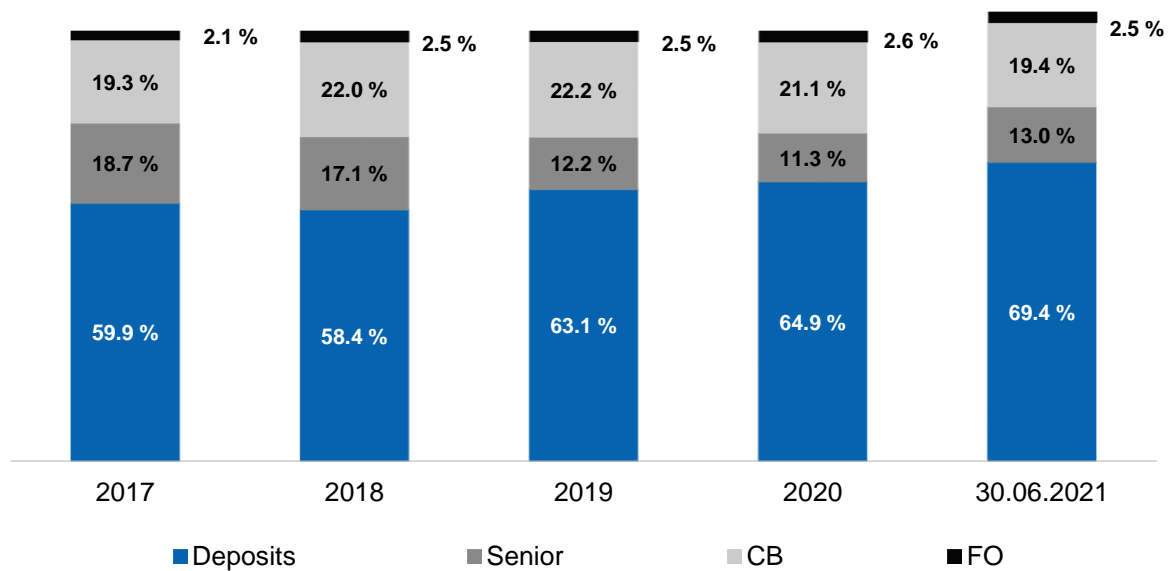
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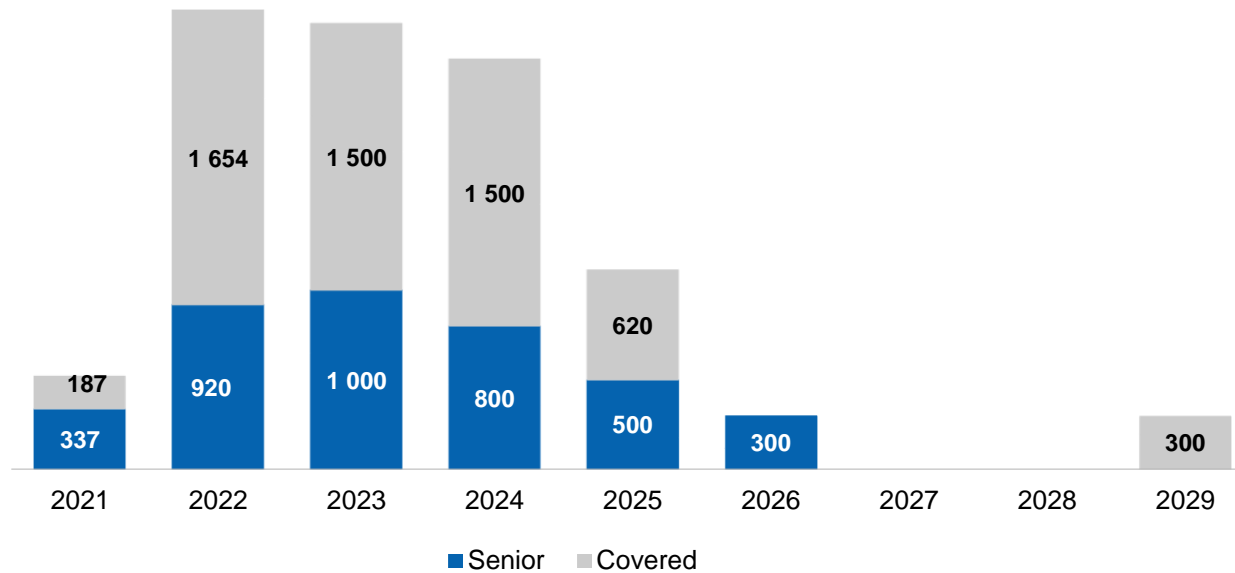
Funding

Funding development



Funding due

Maturity of loans (MNOK)



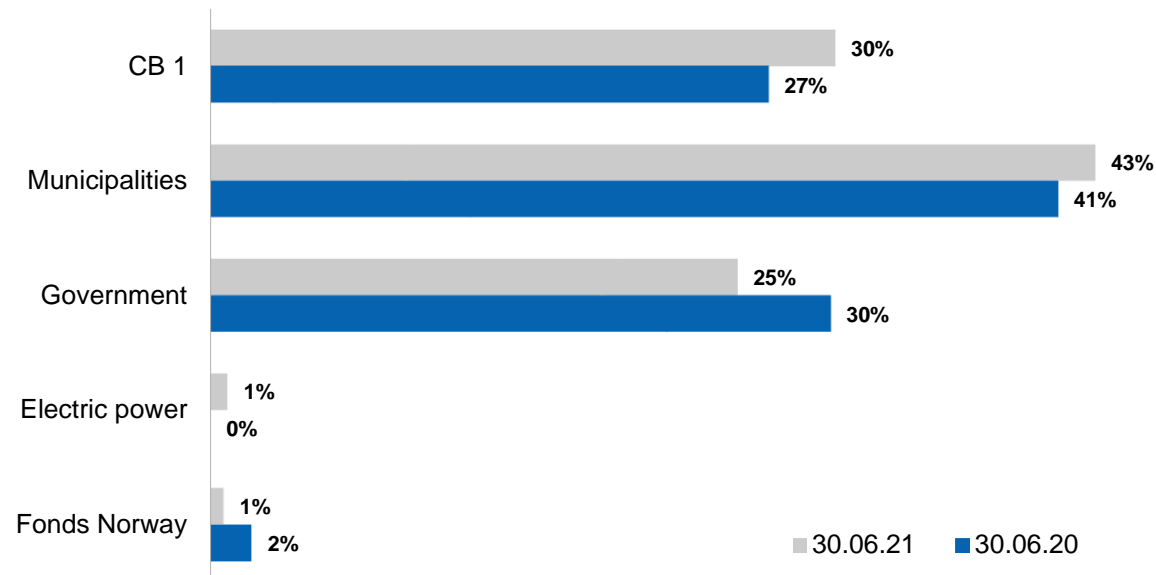
High quality and long term funding

Share long term funding
80.8% (87.9)%

Combined duration of 2.3
(2.7) years. Duration in the
mortgage company 2.4 years

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.5 (1.4) years
- 98.9 % rated A- or better
- 98.5 % CB or state-/ municipal guaranteed bonds

Municipality papers are actively used as short term liquidity placements.

Liquidity buffers amounts to 7.2 (5.6) bn. – equal 20.5 (16.4) % of total assets. The buffer capital consist of cash, deposit in NB/banks and interest bearing security.

Helgeland Boligkreditt AS

Helgeland boligkreditt AS is fully owned by SpareBank 1 Helgeland

- Net profit MNOK 26.7 (30.5)
- CET1 ratio of 20.8 (17.4)%
 - standard method with 35% mortgage weights
- Gross loans amounts to MNOK 6 428 (7 664) and CB MNOK 5 815 (6 763)

Good security in the lending portfolio

- Cover pool ratio of fullness 15 (18)%
- Combined LTV 52 (56)%

Stress test HEBO – with a housing price fall of 40%.
The cover pool ratio is reduced from 15 to 5 %

Maximum limit for transferring is 35% of the Group's gross lending, and 50 % of gross lending RM. Per 30.06.21 transfer degree is 23.5 and 33.9%





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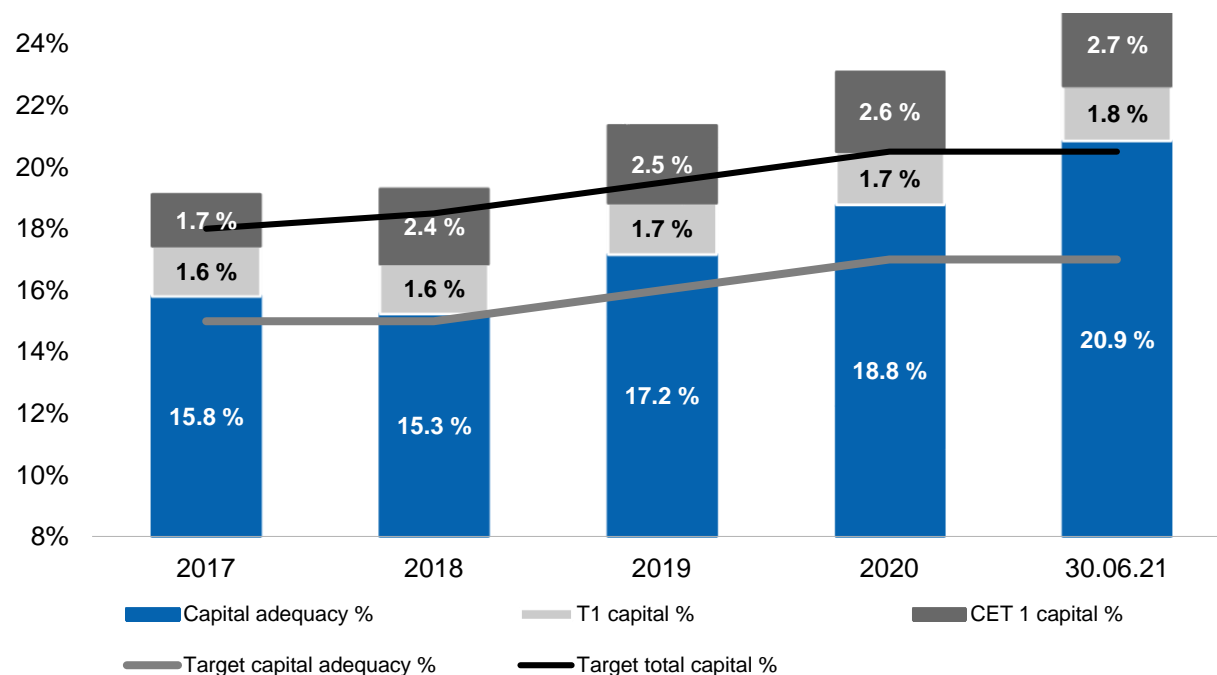
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Capital adequacy

Development capital adequacy



Capital ratio

- CET1 20.9 (17.3)%
- Core capital 22.6 (19.0)%
- Total capital 25.3 (21.6)%

Leverage ratio: 10.6 (9.6)%.

HELG – the 20 largest owners

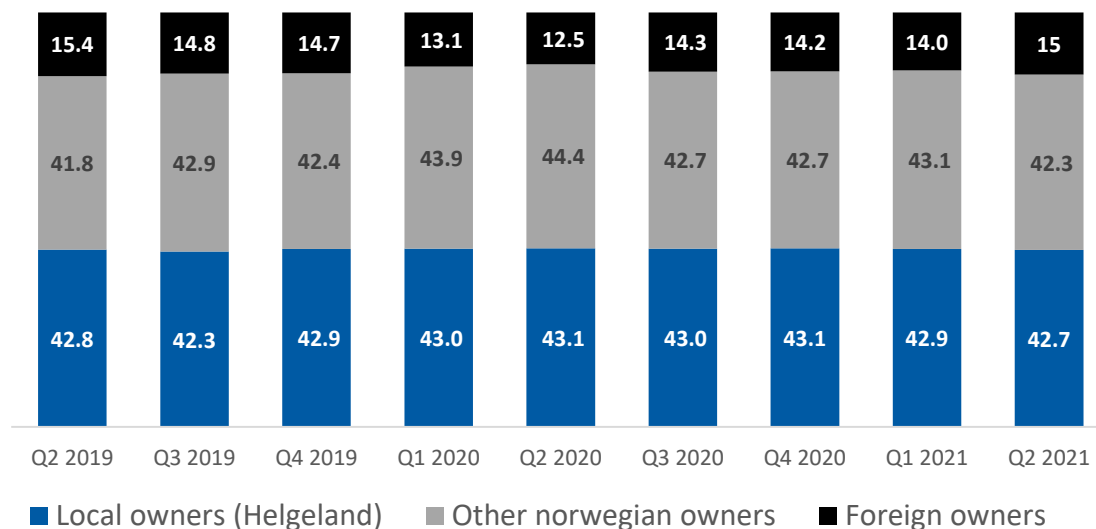
Morbank

Per 30.06.21	Number	%-share		Number	%-share
Sparebankstiftelsen Helgeland	7 315 020	35.0 %	Catilina Invest AS	296 546	1.4 %
Pareto Invest AS	1 970 817	9.4 %	VPF Nordea Avkastning	240 370	1.2 %
VPF Nordea Norge	1 067 487	5.1 %	VPF Nordea Kapital Bergen kommunale	238 245	1.1 %
VPF Eika Egenkapital	997 386	4.8 %	pensjonskasse	220000	1.1 %
J.P. Morgan Bank Luxembourg S.A.	404 967	1.9 %	AF Kapital Managemet	181 749	0.9 %
Lamholmen Invest AS	396 991	1.9 %	Melum Mølle AS	177 000	0.8 %
MP Pensjon PK	379 203	1.8 %	Vigner Olaisen AS	144 653	0.7 %
Helgeland Kraft AS	377 691	1.8 %	Nima Invest AS	133 563	0.6 %
U.S Bank National Association	361 094	1.7 %	Melesio Invest AS	131 607	0.6 %
Spesialfondet Borea Utbytte	327 820	1.6 %	VPF Nordea Norge Plus	123 527	0.6 %
Total 10 largest owners	13 598 476	65.2 %	Total 20 largest owners	15 485 736	74.2 %

The bank has issued a total of 20 871 427 equity certificates value of NOK 10

HELG – the 20 largest local owners

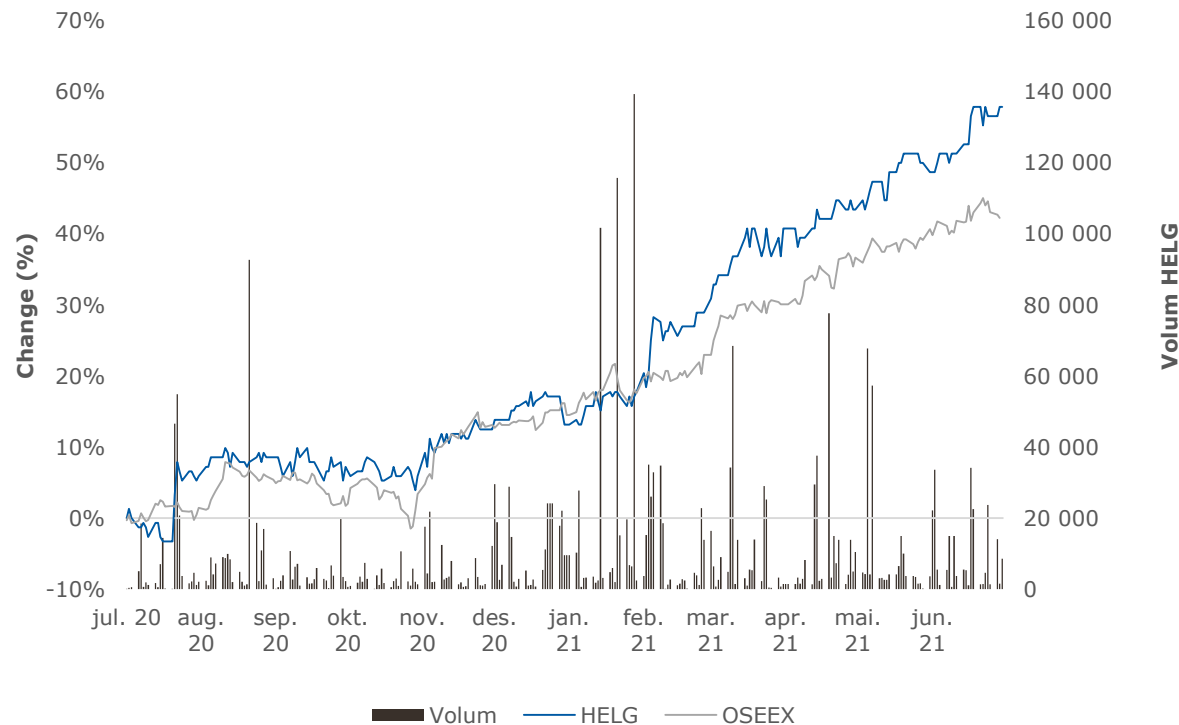
Geographical owner structure (%)



Employees owners share has increased through continued employee program.
Per 30.06.21, 122 666 EC's are owned by SBH's employees. This equals 0.59 %.

HELG – EC development and liquidity

Utvikling HELG vs OSEEX - siste 12 måneder



(Source: SBH; Data: Bloomberg/Euronext | Juli 2021)

	31.12.19	31.12.20	31.03.21	30.06.21
EC fraction opening balance	76.4 %	76.4 %	76.3 %	76.3 %
Number of EC's	20.9	20.9	20.9	20.9
price	84.0	86.0	107	120
Stock exchange value	1 756	1 797	2 236	2 508
Accounted equity per EC	119	129	128	130
Profit per EC	10.6	12	2.5	4.6
Dividend per EC	2.70	3.10		
Price/Accounted EC	0.7	0.7	0.8	0.9



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Prospects ahead

- Positive future ahead despite of corona
 - Low unemployment, large public and private projects, rising housing prices and stable turnover numbers is factors that supports this.
- Entrance in the SpareBank1 alliance.
 - The associated transactions will affect the operations 2021, and the groups long term profitability targets can not be expected fulfilled in this period.
 - Profitability is expected strengthened in a long term perspective, and the group has a long term net ROE target of 11 % from 2023.
- Net interest is expected to stabilize at current level in the coming quarters.
- The level of commission income is overall satisfying and is expected to maintain stable the rest of 2021.
 - As a consequence of the entrance in the SpareBank 1 alliance, the bank will change product suppliers in 2021. This is not expected to provide significant changes in the commission income.
- Operation cost is expected to maintain stable but slightly over upper target of 40 % in 2021. This is mainly related to increased costs in a transition phase after entrance in the SpareBank 1 alliance and the acquisition.
 - It is expected additional project costs of MNOK 42 during 2021.
- Normalized losses (0,20 %) is expected in 2021.
- The Groups growth ambitions is a credit growth minimum equal to the market in Helgeland, but the board will still prioritize profitable growth.

An aerial photograph of a coastal landscape. In the foreground, there is a dense forest of green and brown trees. A dirt road or path runs through the forest towards the coast. The coastline is rugged with rocky outcrops and small sandy beaches. The water is a vibrant turquoise color near the shore, transitioning to a deeper blue further out. In the background, there are large, dark mountains with some snow patches under a blue sky with scattered white clouds.

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Profit & loss

SpareBank 1 Helgeland (group)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Net interest- and credit provision earnings	142	145	156	159	159	140	149	150	144	144
Net provision earnings	23	22	25	30	24	24	23	26	28	21
Other operatios income	2	0	1	2	1	0	2	2	1	0
Ordinary operations cost	73	72	74	74	86	96	113	167	81	82
Result basic operations	94	95	108	117	98	68	61	11	92	83
Write-downs lending and warranties	5	15	18	27	23	30	3	-5	3	7
Net value change financial instruments	4	5	6	19	-35	112	7	119	4	3
Gross profit	93	85	96	110	40	150	65	135	93	78
Net profit	71	66	73	95	23	139	49	130	71	62
Net extended income posts	0	0	0	-2	0	0	0	-1	0	-1
Profit for the period	71	66	73	93	23	139	49	129	71	61

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 4 offices in Mo i Rana, Mosjøen, Sandnessjøen and Brønnøysund.
- SpareBank 1 Helgeland is the 11th. largest savings bank in Norway.
- Total assets: MNOK 34 808
- Employees, annual positions: 140
- Moodys rating: A3 – Stable outlook. Ticker: HELG



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Rolf Eigil Bygdnes, deputy chairman

Marianne Terese Steinmo

Siw Moxness

Tone Helen Hauge

Birgitte Lorentzen

Geir Pedersen

Jonny Berfjord