

Presentation
Q3 2021



- A driving force for growth in Helgeland

Presentation per 30.09.21 (SBH Group)



Hanne Nordgaard
Chief Executive Officer

Main Features

Events Q3

Profit & loss

Lending

Deposits

Funding

Solidity

Prospects and priorities

Appendices



Sverre Klausen
Chief Financial Officer

Main features per 30.09.21

Gross profit	MNOK 250 (255)
ROE*	7.2 (8.4) %
Total assets	36.6 (33.6) bn
Solidity	CET1 19.6 (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 %

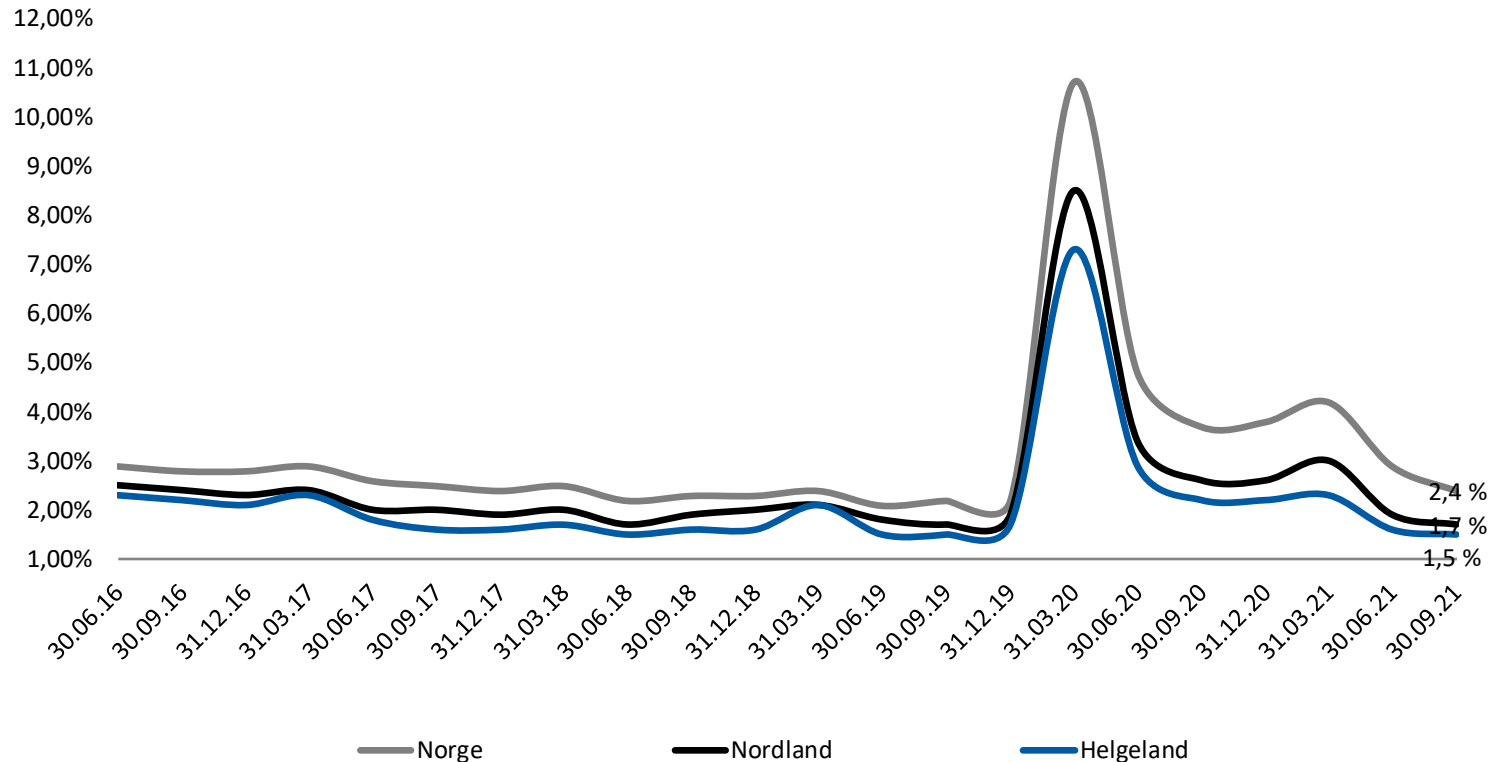
Long term cost target of 40 % of income. One time costs related to Helgeland 1 entails that the target can not be expected fulfilled in the years 2020 and 2021.

Dividend ratio
Up to 50 %

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

Unemployment

Unemployment in %, Norge, Nordland and Helgeland



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

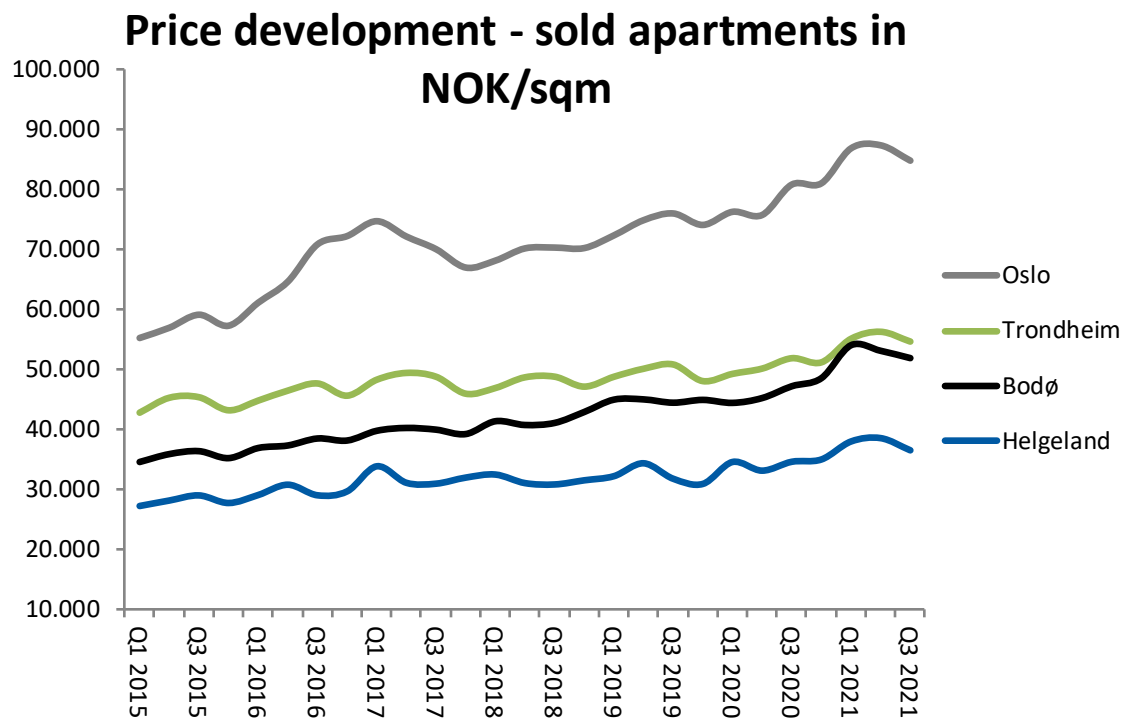
Nationally, 67 600 people, or 2.4 % of the work force was registered unemployed at the end of Mars. This is an decrease of 0.5 % from last report 30.06.21.

The strong decrease is naturally related to that the infection preventing measures is lightened and removed, and that one has re-opened the economy.

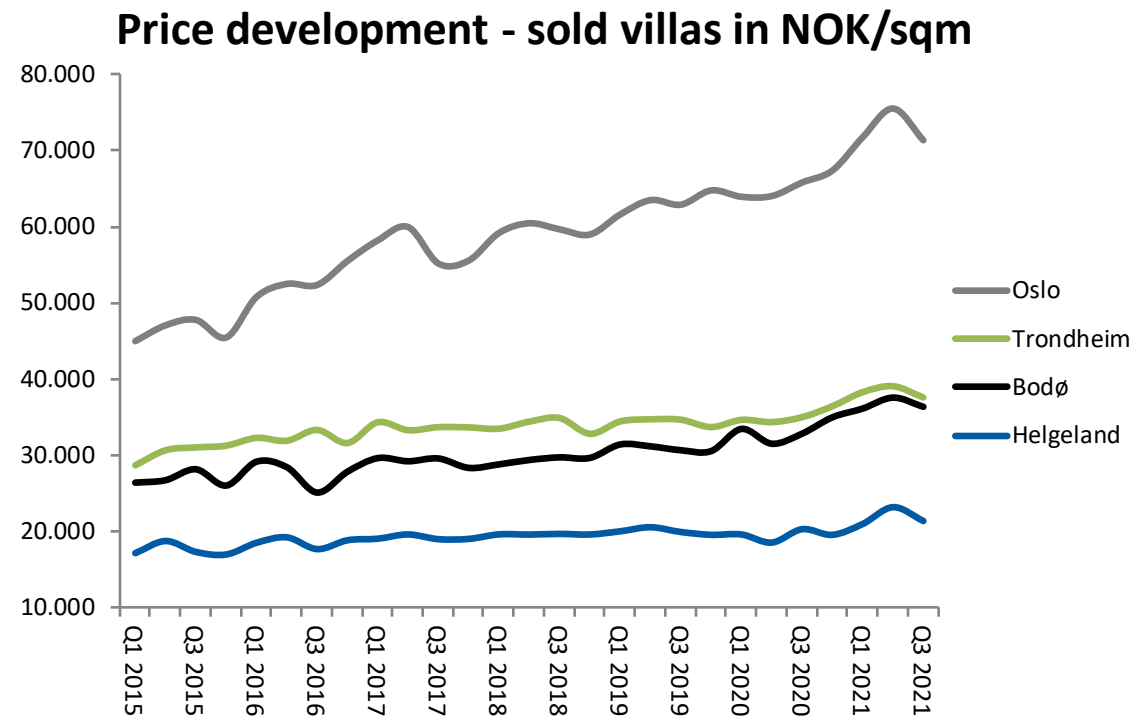
The unemployment in Helgeland and Nordland is lower than Norway overall.

- Norway 2.4 %
- Nordland 1.7 %
- Helgeland 1.5 %

Housing price development



Price development in Q3:
 -5.2 % in Helgeland and -2.9 % in Oslo.
 A decrease in prices for sold apartments in Helgeland in Q3 compared to last quarter.



Price development in Q3:
 -7.9 % in Helgeland and -5.5 % in Oslo.
 A decrease in prices for sold Villas in Helgeland in Q3 compared to last quarter.



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Events Q2

- Stable profit from the basis operation
- Net interest income of MNOK 148, up from 144 last quarter.
- Write-downs on lending amounted to MNOK 19. Large parts of the write-downs in third quarter is related to a write-down on a corporate commitment within fisheries and aquaculture.
- 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 1 this quarter.
- Net non-performing and impaired commitments is reduced by MNOK 9 this quarter.

Status entrance in SpareBank1/SamSpar and the acquisition from SNN

- **Milestones 2021:**

- 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
- Emission completed in Q4
 - SpareBank 1 Nord-Norge became owner of 19.9 % of the EC's in SpareBank1 Helgeland.
 - Increased owners share capital with around MNOK 600.
 - New ECCs split of around 80 %
- 16.-17. October: The acquisition was completed: Helgeland employees and Helgeland customers in SpareBank 1 Nord-Norge were moved over to SpareBank 1 Helgeland.
 - A total of 25 000 customers are moved from SNN to SpareBank 1 Helgeland during the weekend.
 - Transferred RM commitments of around 8.8 bn, whereby 4.6 bn. lies in SpareBank 1 Boligkreditt. Total deposits amounted to 2.9 bn.
 - SpareBank 1 Helgeland bought 15 % of the shares in SNN Finans and its proportionate share of SpareBank 1 Boligkreditt
 - Manually transferred corporate customers amounts to MNOK 850 in commitments and MNOK 580 in deposits. By the end of third quarter, MNOK 750 and 571 of these transferred.
- It is expensed MNOK 146 mill on this project in 2020 and MNOK 9 in 2021, and it is expected additional costs of MNOK 41 in 2021.
 - **So far, it seems that the project can be delivered according to business case.**

A full-page background image showing two people ziplining over a scenic landscape. On the left, a woman in a red jacket and blue pants is ziplining. On the right, a man in a yellow jacket and orange pants is ziplining with his arms outstretched. Below them is a large body of water, a town, and forested hills under a cloudy sky.

Main features

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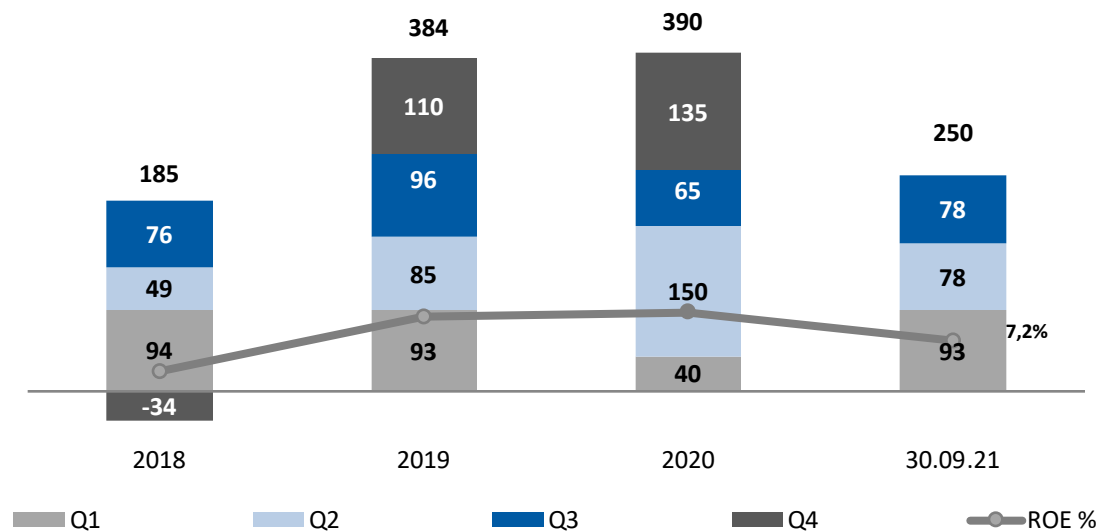
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Profit

Profit development



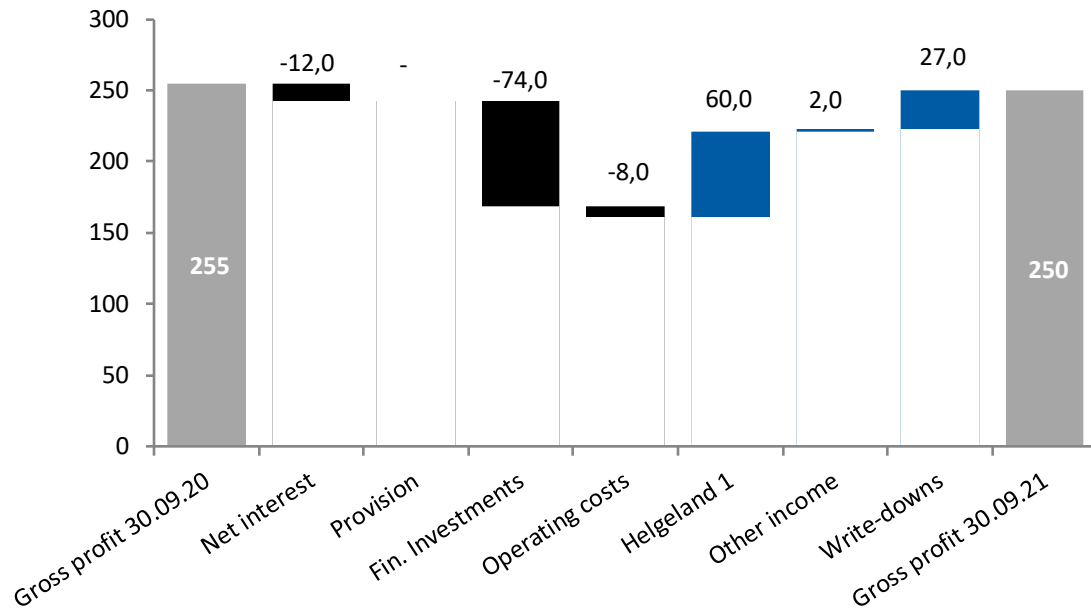
Profit Q3

Gross profit MNOK 250

- Net ROE 7,2 % (hybrid excluded)

Gross profit

Change in gross profit (MNOK)

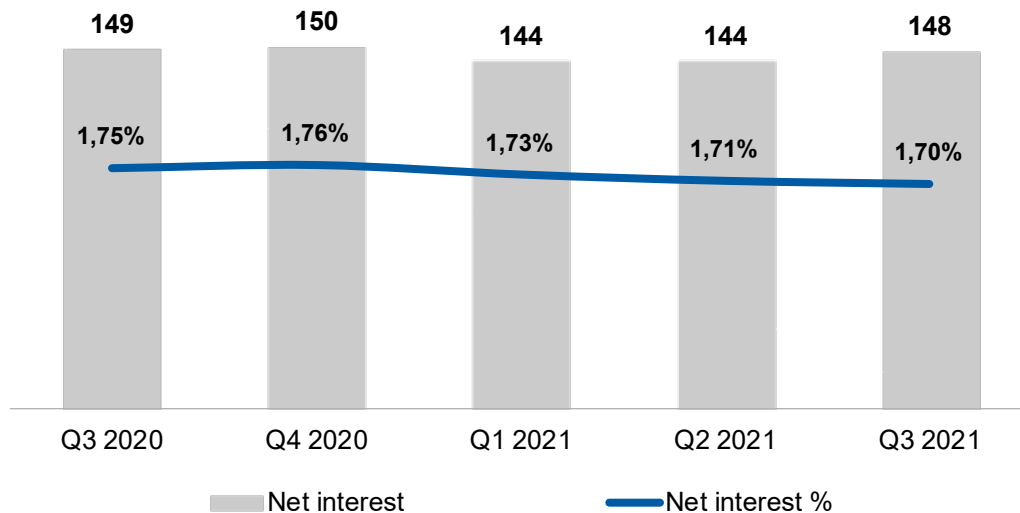


Gross profit MNOK 250 (255).

- 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 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 9 by the end of second quarter.
- Reduced write-downs on lending

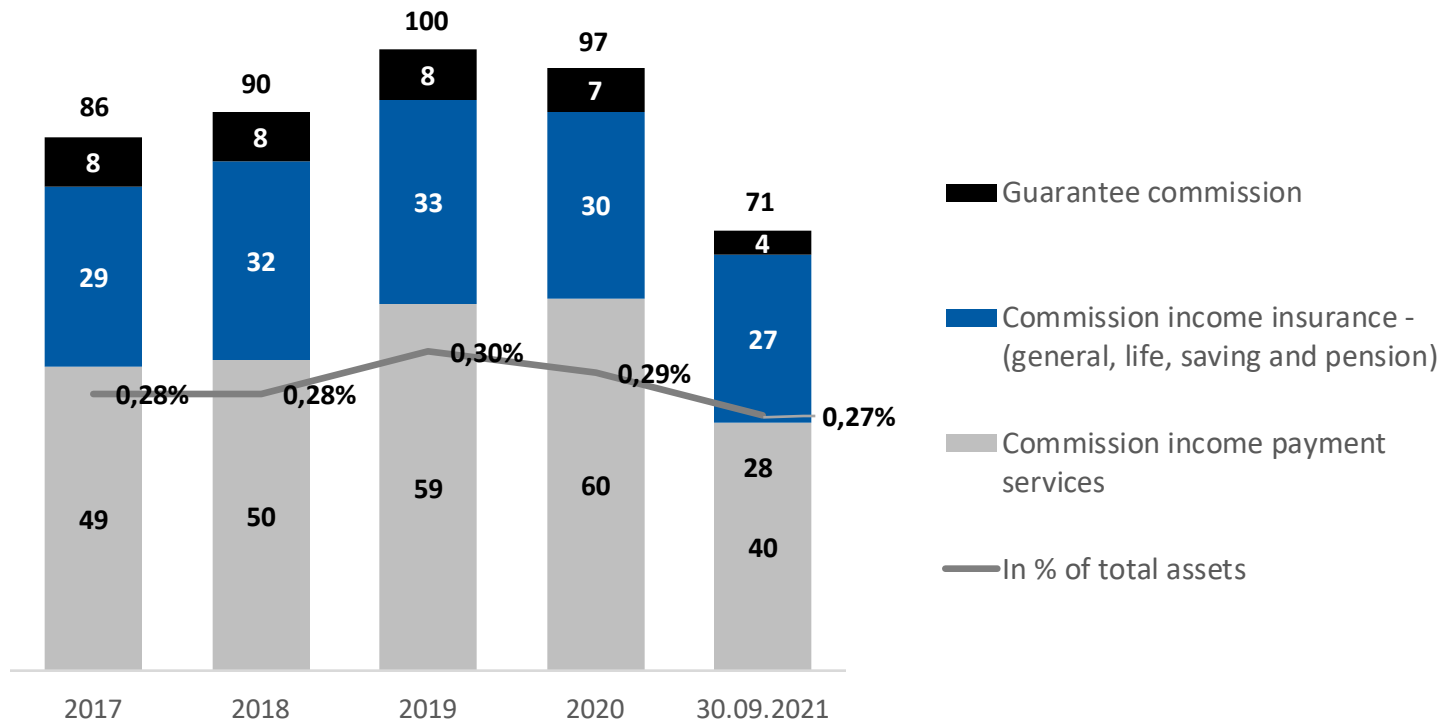
Net interest

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



- High liquidity entrance in the first quarter provides a slightly weaker net interest than expected. This is mainly related to lower return on the liquidity placements, together with corresponding increase in total assets.

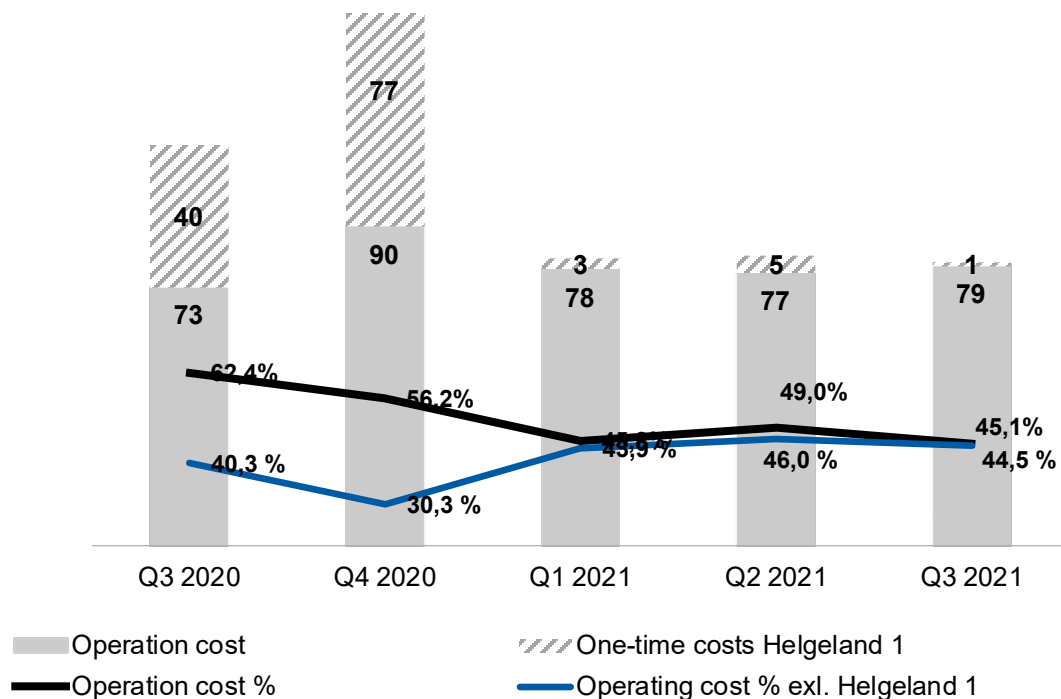
Commission income (MNOK)



Commission income is stable and amounts to MNOK 71 (71), but includes unexpected bonus commission from damage insurance of MNOK 5 which was not adequately taken into account in 2020.

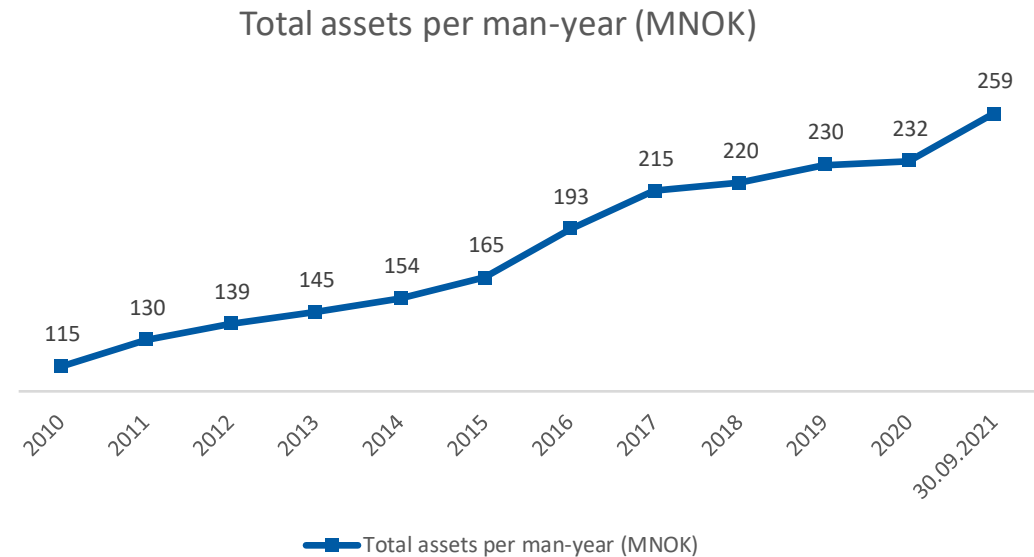
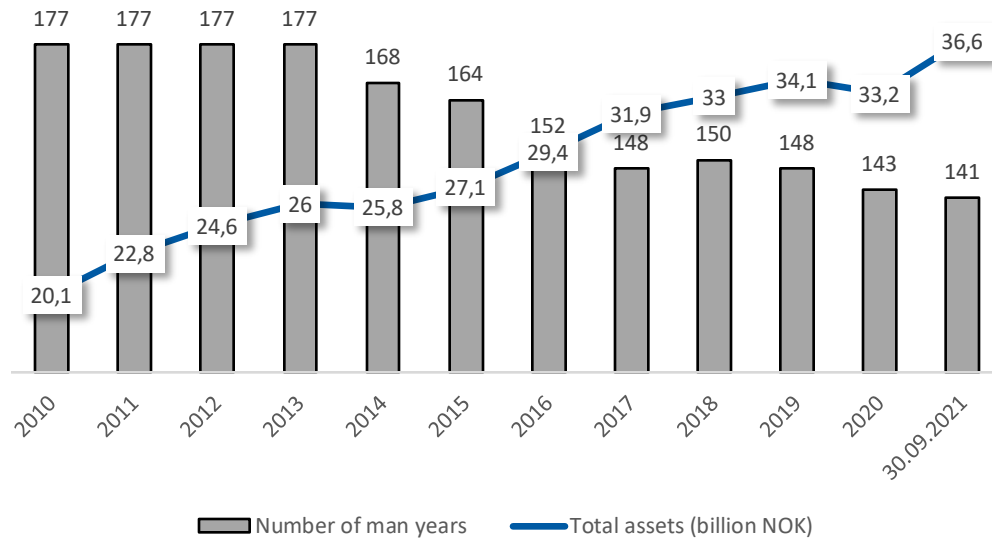
Operating costs

Operating cost (mnok) and % of income



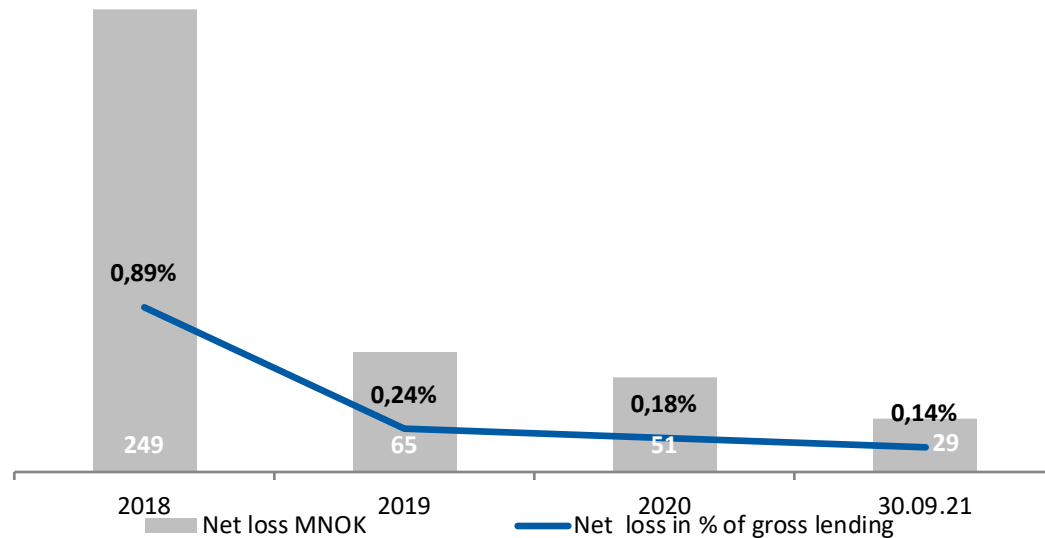
Costs are over the banks target for cost level of 40 % of total income. This is as expected, and is related to additional costs as a consequence of the Helgeland 1 project and lower income.

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 Q3 2021 total assets per man-year has increased from MNOK 115 to MNOK 259 or 126 %.

Loss on commitments



MNOK 29 in loss so far this year, hereof MNOK 19 in Q3

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.

Large parts of the write-down in 3rd quarter is related to a write-down of a corporate commitment within fisheries and aquaculture. The write-downs so far this year is seen as moderate to low.



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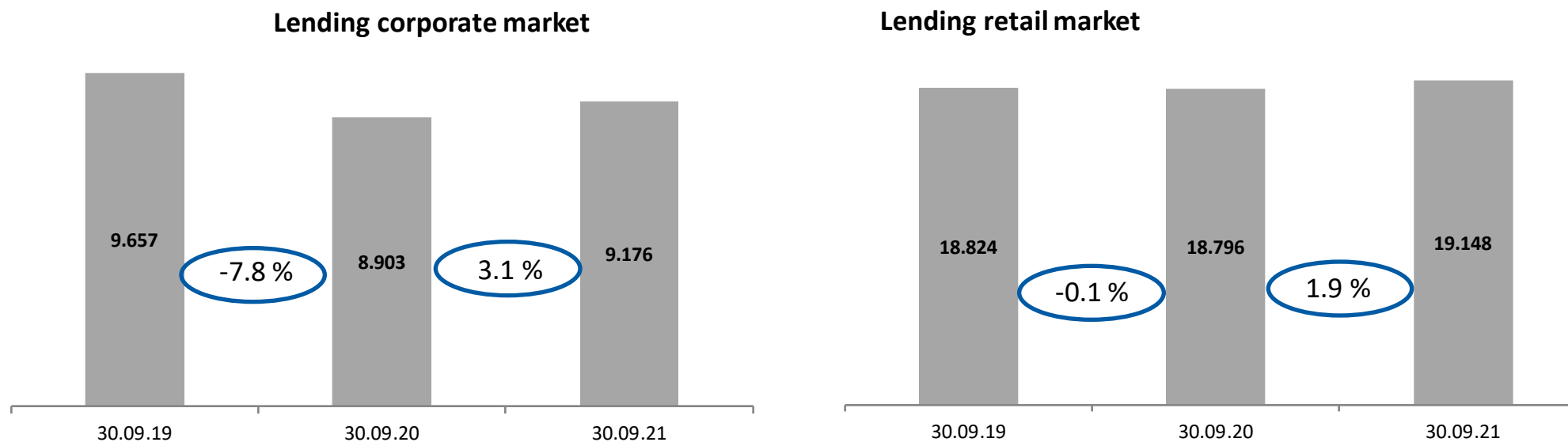
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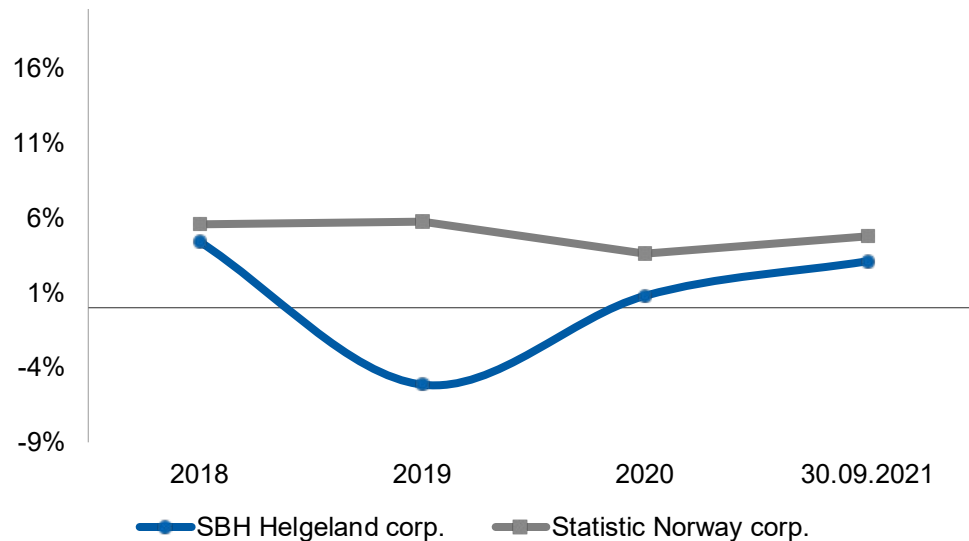
12-month credit development



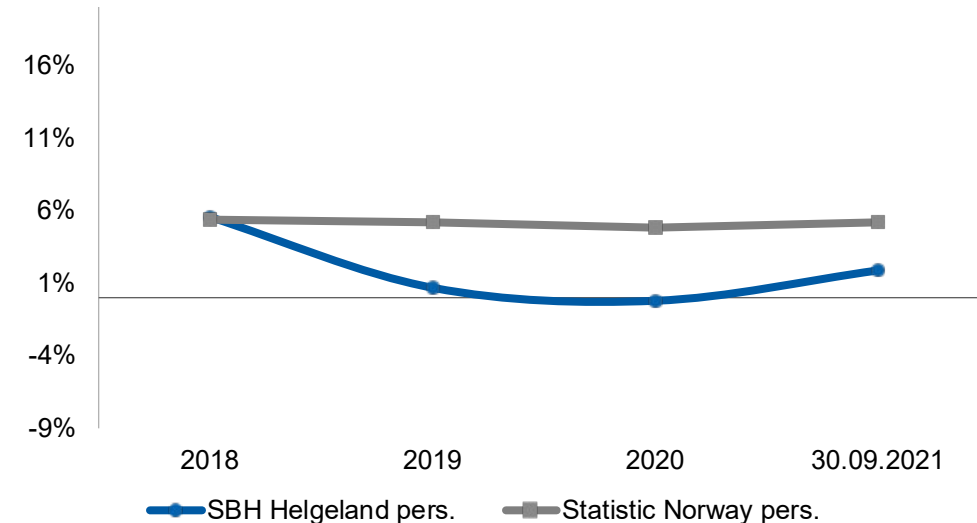
With background in the technological limitations that lies, the corporate commitments from SpareBank 1 Nord-Norge in Helgeland are manually transferred to SpareBank 1 Helgeland. At the end of third quarter, MNOK 750 in lending are transferred, and these commitments are included in the calculation of growth above. Excl. these commitments, the credit growth in the corporate market is negative by -5.4 %.

Credit development

12-month credit development corporate market



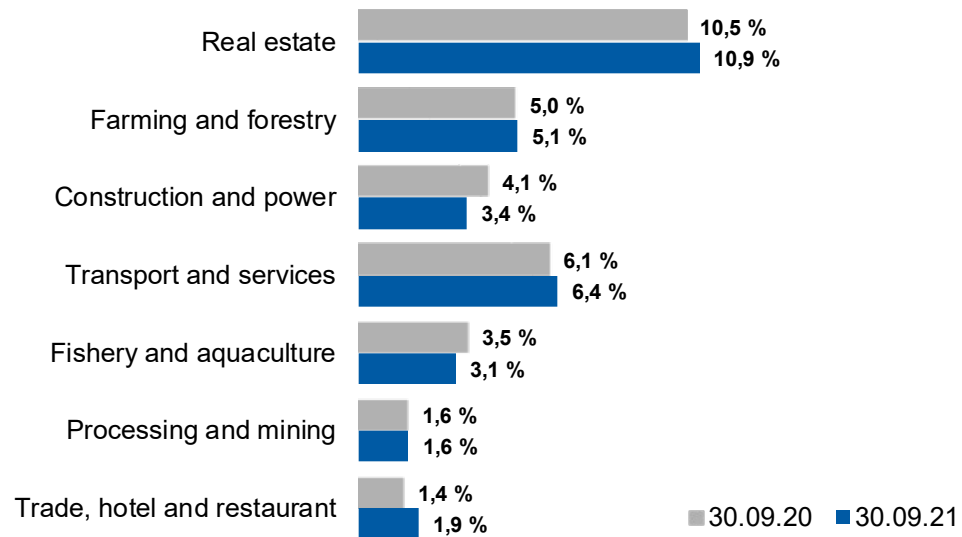
12-month credit development retail market



12-month credit development SBH 2.3 (2.7) % hereby CM 3.1 (-7.8) % and RM 1.9 (-0.1) %.

Lending CM

Lending distributed in sector

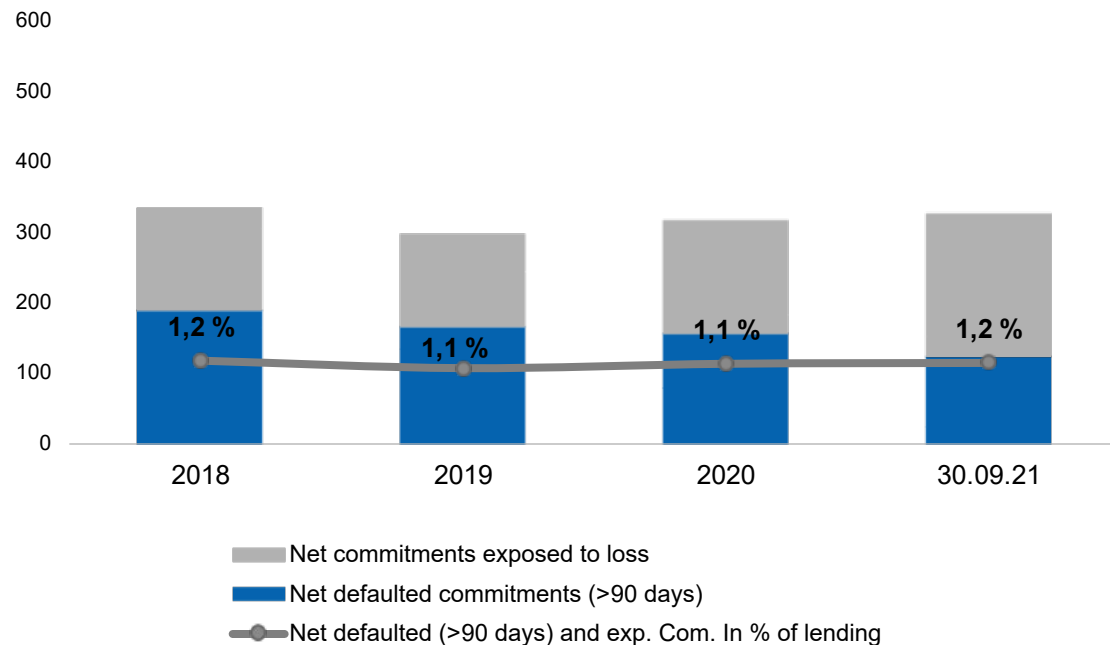


Good diversification in the CM lending portfolio and loyal corporate customers

Share CM of total lending 32.4
(32.1)% or MNOK 9 176
(8 903)

Non-performing and other impaired commitments

Net defaulted and com. exp. to loss



Net non-performing and other impaired commitments amounts to MNOK 327, an increase of MNOK 11 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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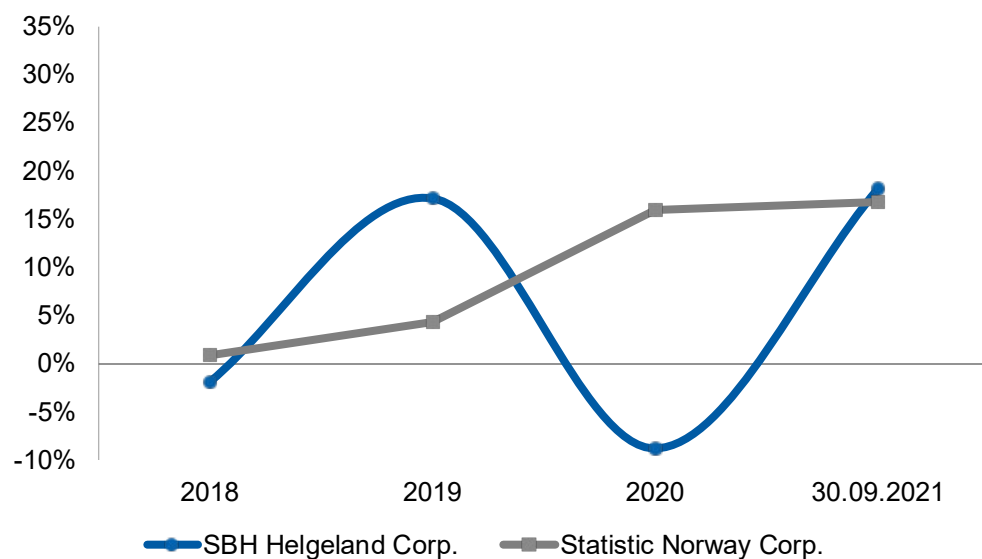
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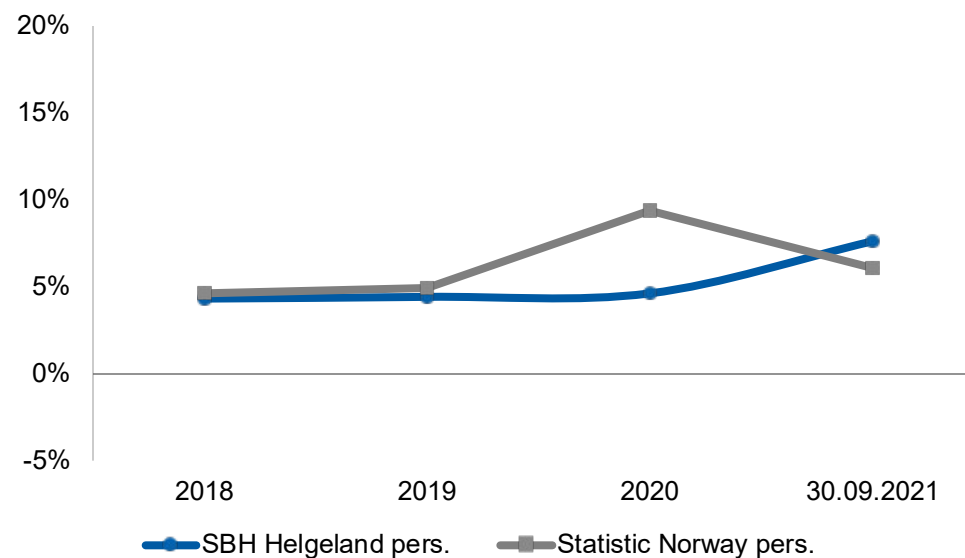
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Deposit development

Deposit development corporate market (12-month)



Deposit development retail market (12-month)

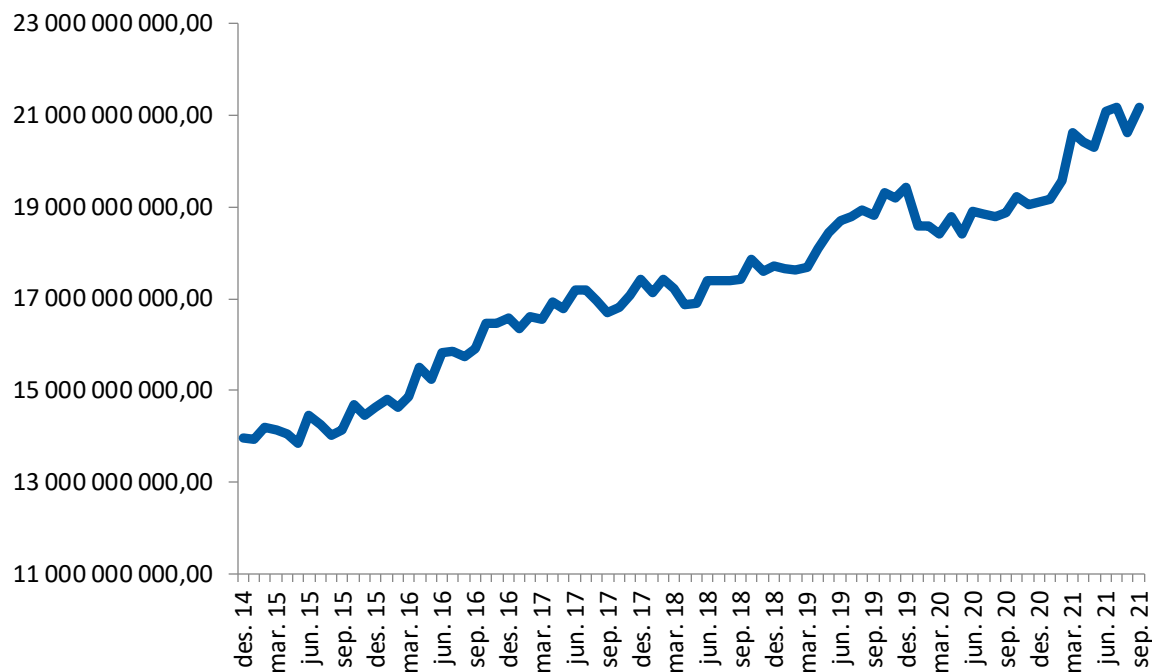
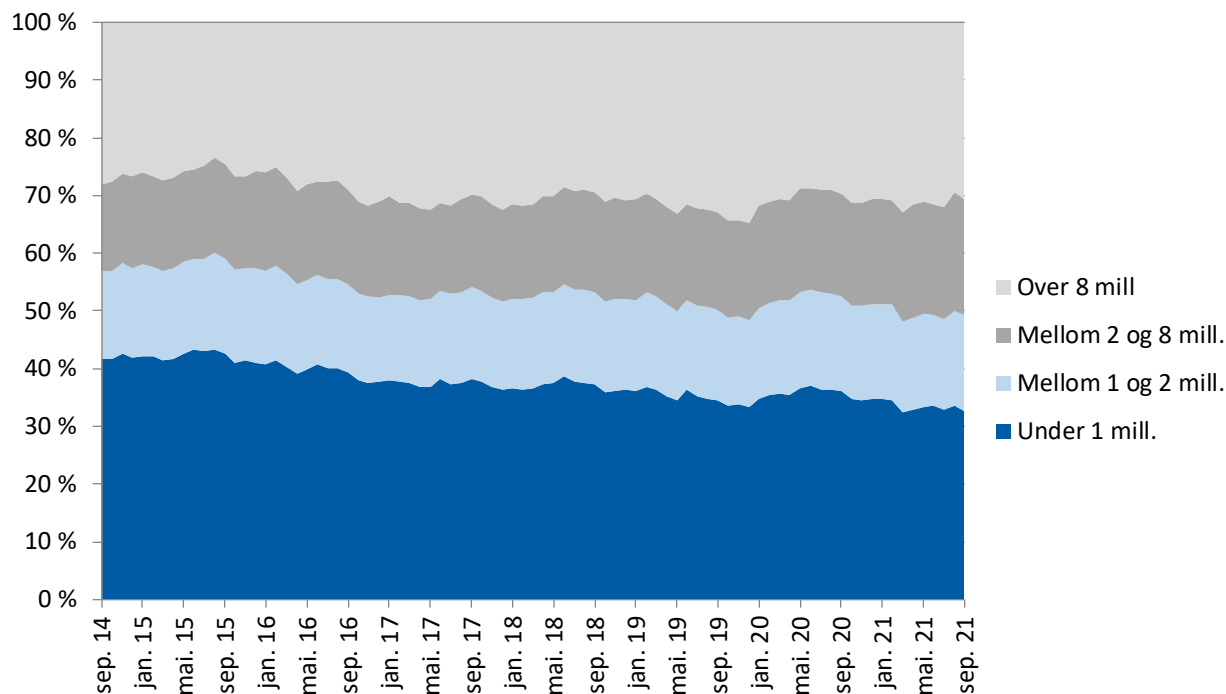


12-month deposit development SBH 12.0 (0.0) %, hereby CM 18.2 (-5.9) % and RM 7.6 (5.7) %.

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

With background in the technological limitations that lies, the corporate deposits from SpareBank 1 Nord-Norge in Helgeland are manually transferred to SpareBank 1 Helgeland. At the end of third quarter, MNOK 571 in deposits are transferred, and these are included in the calculation of growth above. Excl. these deposits, the credit growth in the corporate market is 10.7 %.

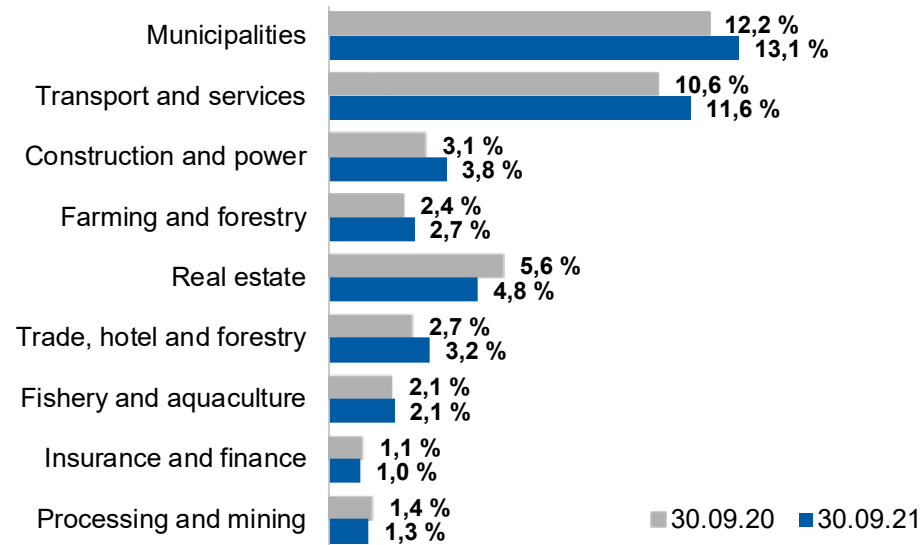
Deposit development



Increase in deposits of MNOK 203 or 1,0 % last quarter.
Allocation of deposits sorted on size is relative stable.
Large share of RM deposits under MNOK 2 (50 % of total deposits).
59,5 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits



Well diversified deposit portfolio in the CM

Share CM 43.5 (41.3)% or MNOK 9 064 (7 670) of total deposits

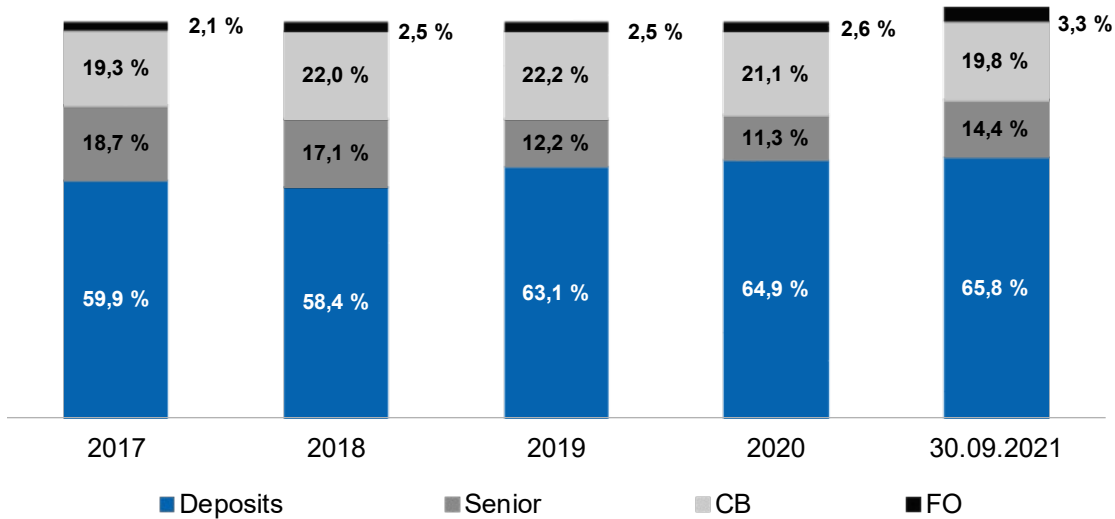
Deposits from municipalities constitute 30 % of the CM deposits.



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Funding

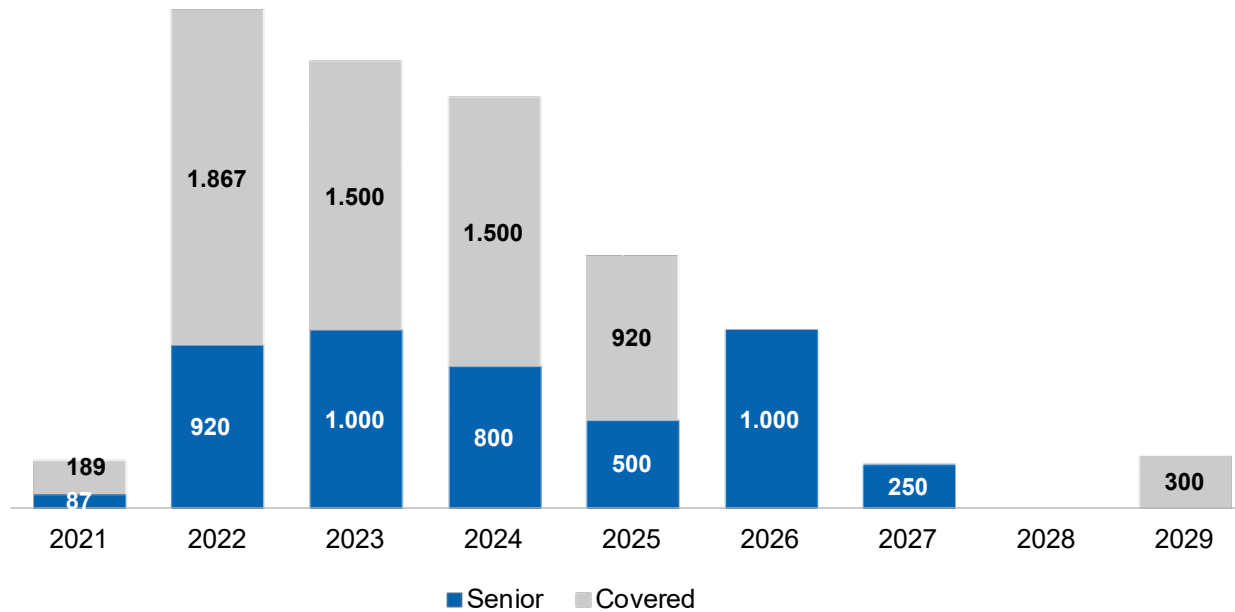
Funding development



The bank issued its first green bonds during september. As of 30.09.21, this corresponded to 1 bn of total senior loans by approximately 2-2,5 bp «greenium» at issuance.

Funding due

Maturity of loans (MNOK)



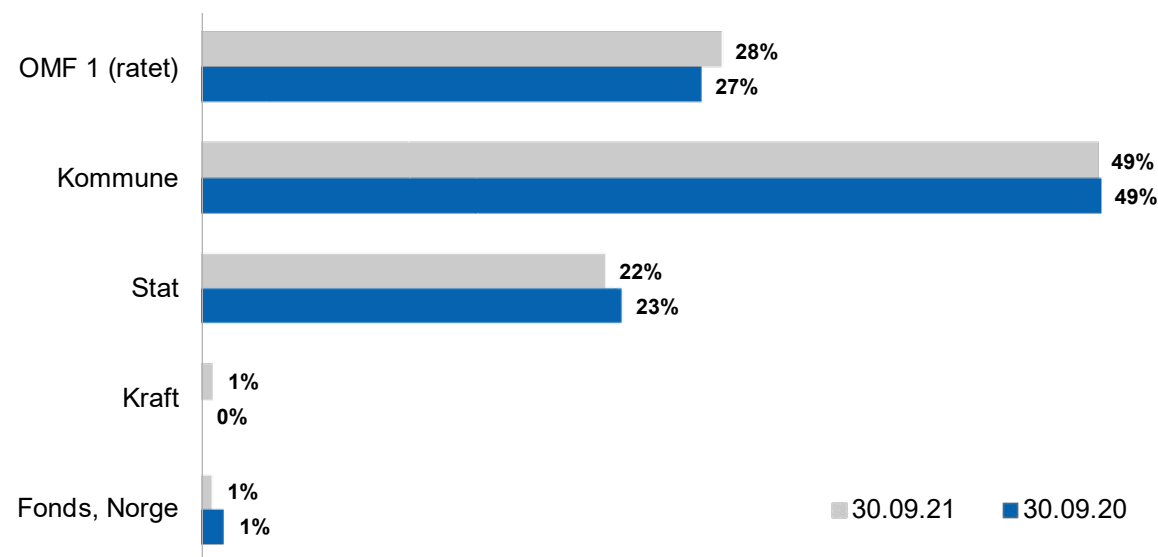
High quality and long term funding

Share long term funding
81.0% (97.5)%

Combined duration of 2.4
(2.7) years. Duration in the
mortgage company 2.2 years

Liquidity buffer

Sektorfordeling renteportefølje



Interest bearing securities:

- Duration portfolio 1.5 (1.4) years
- 99.0 % rated A- or better
- 98.8 % CB or state-/ municipal guaranteed bonds

Municipality papers are actively used as short term liquidity placements.

Liquidity buffers amounts to 8.0 (5.6) bn. – equal 21.8 (16.6) % 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 42.2 (50.9)
- CET1 ratio of 18.6 (17.3)%
 - standard method with 35% mortgage weights
- Gross loans amounts to MNOK 7 349 (7 659) and CB MNOK 6 366 (6 361)

Good security in the lending portfolio

- Cover pool ratio of fullness 18 (19)%
- Combined LTV 54 (55)%

Stress test HEBO – with a housing price fall of 40%.
The cover pool ratio is reduced from 15 to 6 %

Maximum limit for transferring is 35% of the Group's gross lending, and 50 % of gross lending RM. Per 30.09.21 transfer degree is 25.9 and 38.4%

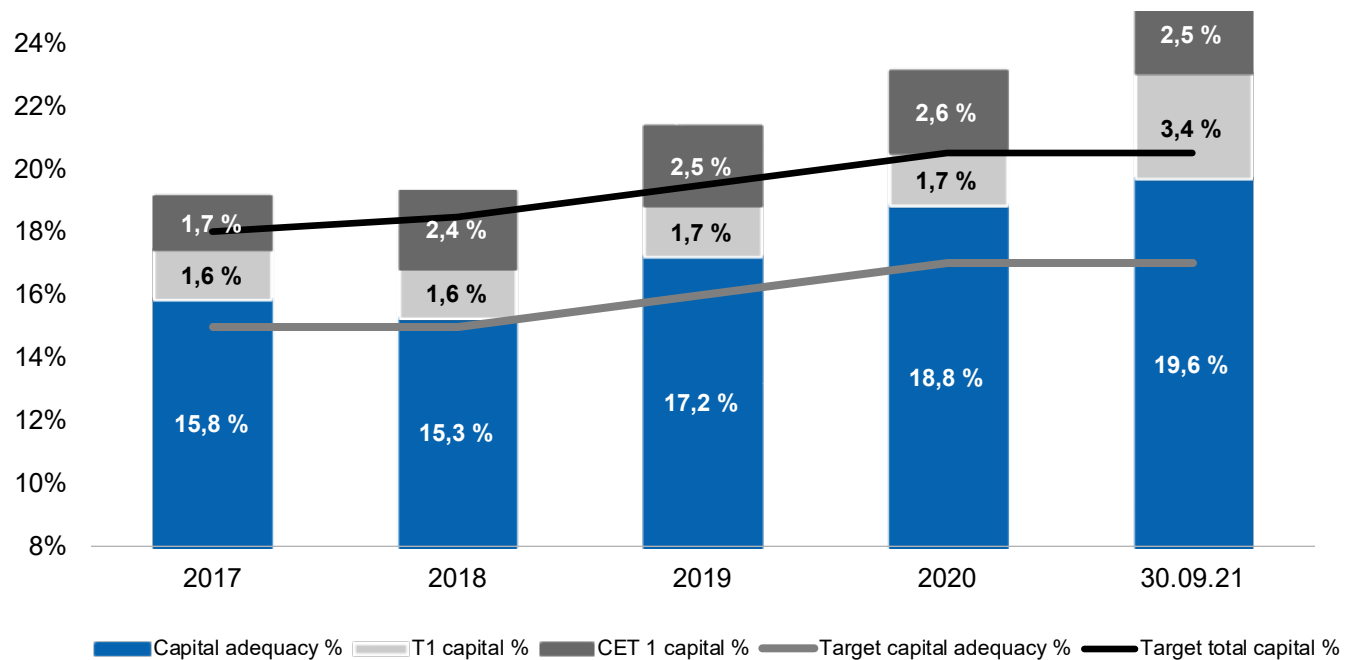




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Capital adequacy

Development capital adequacy



Capital ratio

- CET1 19.6 (17.3)%
- Core capital 23.0 (19.0)%
- Total capital 25.6 (21.6)%

Leverage ratio: 10.9 (9.8)%.

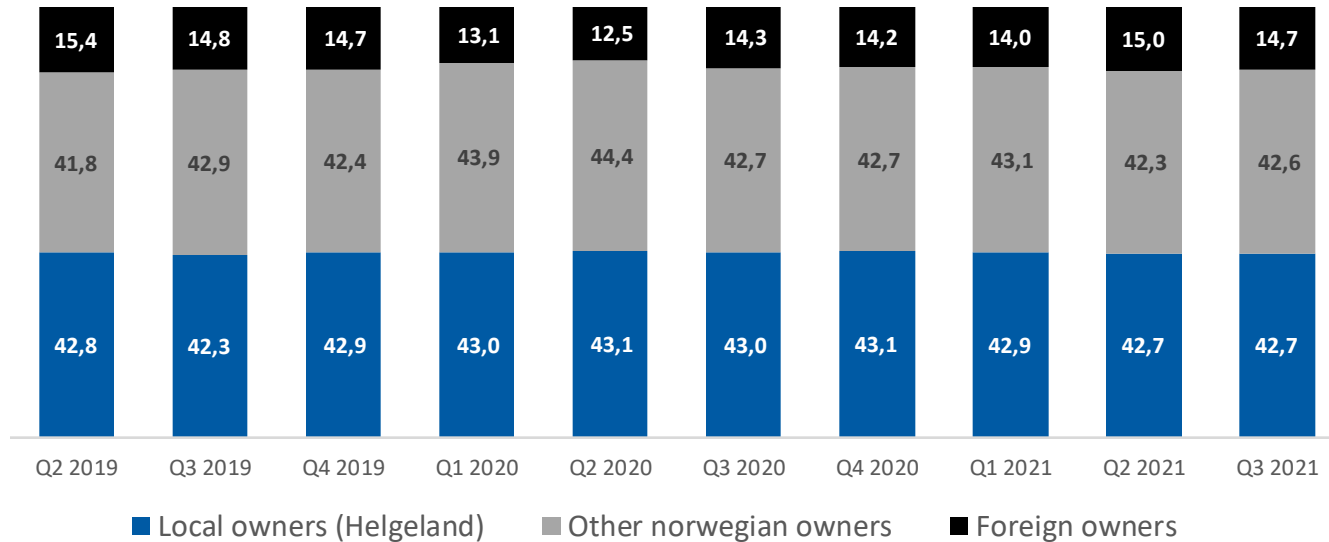
HELG – the 20 largest owners

			<i>Parent bank</i>	
Per 30.09.21	Number	%-share	Antall	%-share
Sparebankstiftelsen Helgeland	7 315 020	35.0 %	Catilina Invest AS	296 546 1.4 %
Pareto Invest AS	1 972 692	9.5 %	VPF Nordea Avkastning	240 370 1.2 %
VPF Nordea Norge	1 067 487	5.1 %	VPF Nordea Kapital	238 245 1.1 %
VPF Eika Egenkapital	997 386	4.8 %	Bergen kommunale pensjonskasse	220 000 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	138 563 0.7 %
U.S Bank National Association	359 694	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	13 598 951	65.2 %	Total 20 largest owners	15 491 211 74.2 %

The bank has issued a total of 20871427 equity certificates value of NOK 10

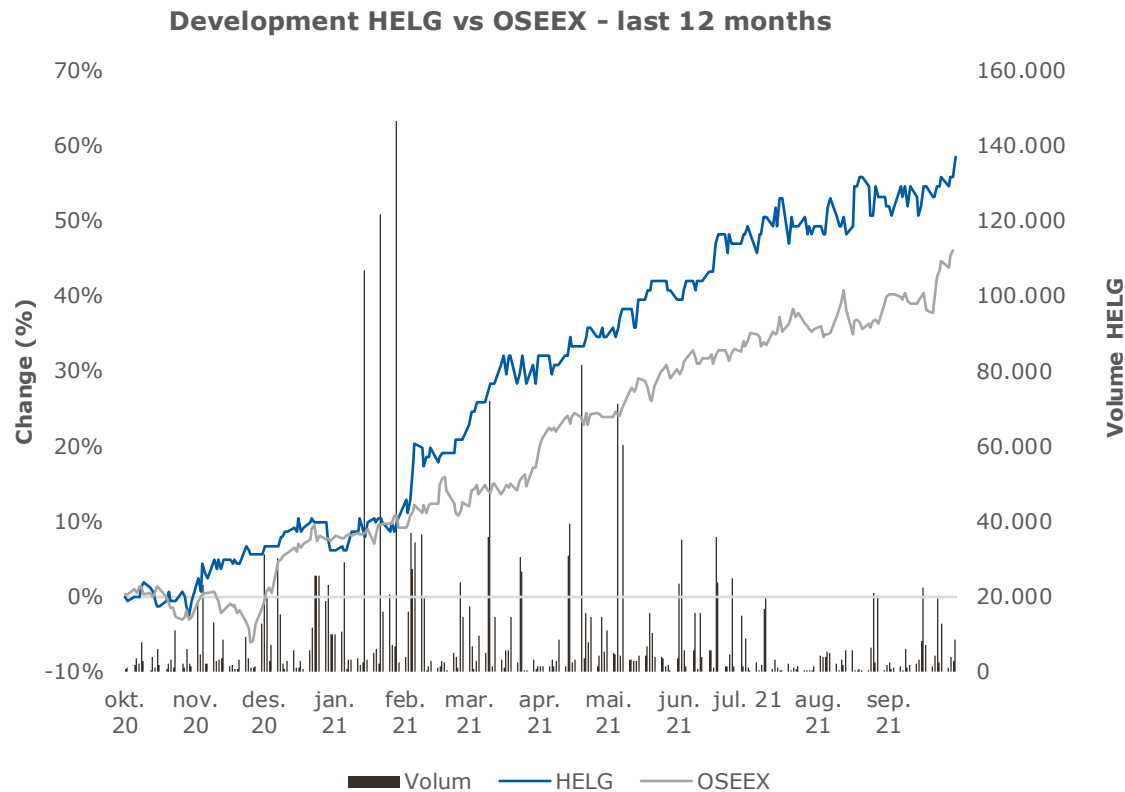
HELG – the 20 largest local owners

Geographical owner structure (%)



Employees owners share has increased through continued employee program.
Per 30.09.21, 104 464 EC's are owned by SBH's employees. This equals 0.50 %.

HELG – EC development and liquidity



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

	31.12.19	31.12.20	30.09.21
EC fraction opening balance	76.4 %	76.4 %	76.3 %
Number of EC's	20.9	20.9	20.9
price	84.0	86.0	122
Stock exchange value	1 756	1 797	2 550
Accounted equity per EC	119	129	132
Profit per EC	10.6	12	6.6
Dividend per EC	2.70	3.10	
Price/Accounted EC	0.7	0.7	0.9

Hovedtrekk
Hendelser Q3
Resultat
Utlån
Innskudd
Finansiering
Soliditet
Utsiktene fremover
Vedlegg



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 strengthen after the interest rate regulation in third quarter.
- 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 40 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.



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Profit & loss

SpareBank 1 Helgeland (group)										
	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Net interest- and credit provision earnings	145	156	159	159	140	149	150	144	144	148
Net provision earnings	22	25	30	24	24	23	26	28	21	22
Other operatios income	0	1	2	1	0	2	2	1	0	4
Ordinary operations cost	72	74	74	86	96	113	167	81	82	80
Result basic operations	95	108	117	98	68	61	11	92	83	94
Write-downs lending and warranties	15	18	27	23	30	3	-5	3	7	19
Net value change financial instruments	5	6	19	-35	112	7	119	4	3	3
Gross profit	85	96	110	40	150	65	135	93	78	78
Net profit	66	73	95	23	139	49	130	71	62	58
Net extended income posts	0	0	-2	0	0	0	-1	0	-1	0
Profit for the period	66	73	93	23	139	49	129	71	61	58

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 36 588
- Employees, annual positions: 141
- Moodys rating: A3 – Stable outlook. Ticker: HELG



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Rolf Eigil Bygdnes, deputy chairman

Marianne Terese Steinmo

Siw Moxness

Linda Brennbakk, permanent deputy member

Birgitte Lorentzen

Geir Pedersen

Jonny Berfjord