

*Presentation*  
*Q4 2021*



- A driving force for growth in Helgeland

# Presentation per 31.12.21 (SBH Group)



Hanne Nordgaard  
Chief Executive Officer



Sverre Klausen  
Chief Financial Officer

## Main Features and market

Events Q4

Profit & loss

Lending

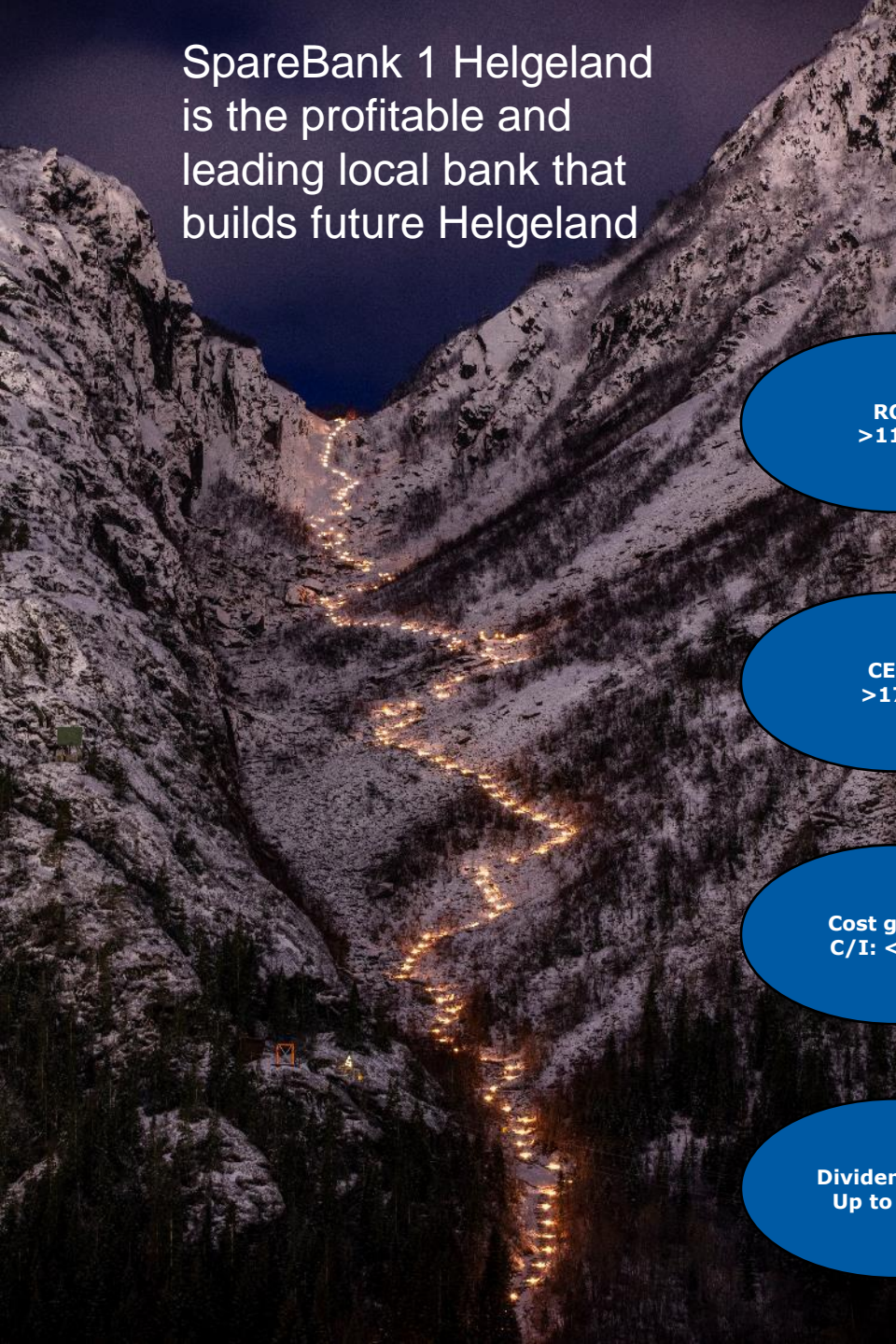
Deposits

Funding

Solidity

Prospects and priorities

Appendices



SpareBank 1 Helgeland  
is the profitable and  
leading local bank that  
builds future Helgeland

ROE  
>11 %

CET1  
>17 %

Cost growth  
C/I: <40 %

Dividend ratio  
Up to 50 %

# Financial targets

## Profitable

The bank has a ROE target on level with comparable banks, p.t. 11 %. In the transformation year 2022 it is not expected to fulfil the long term target for ROE.

## Solid

The target for CET1 must be 1 % over the regulatory demands, and is p.t. decided 17 %. The target of CET1 is fulfilled by the end of the quarter, and takes in to account expected increase in buffer targets (countercyclical and system risk).

## Efficient

Long term cost target of 40 % of income. Increased costs related to the entrance of the SpareBank 1 alliance and the acquisition entails that the target can not be expected fulfilled in 2022.

## Responsible

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

# Main features per 31.12.21

Gross profit  
MNOK 264 (390)

ROE\*  
6.5 (13.4) %

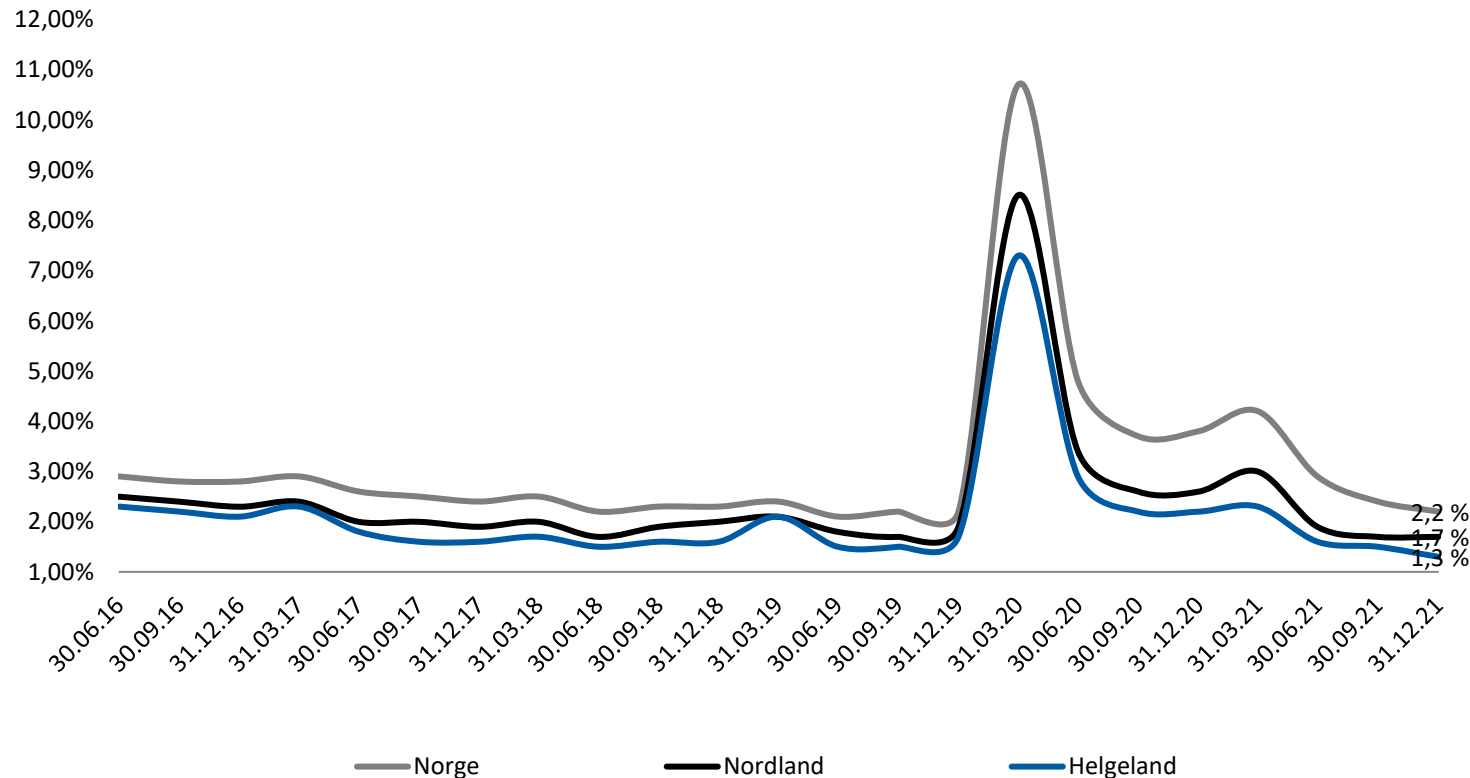
\*Adjusted for hybrid capital and project costs

Total assets  
NOK 39.4 (33,2) bn.

Solidity  
CET1 18,0 (18.8) %

# Unemployment

Unemployment in %, Norge, Nordland and Helgeland



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

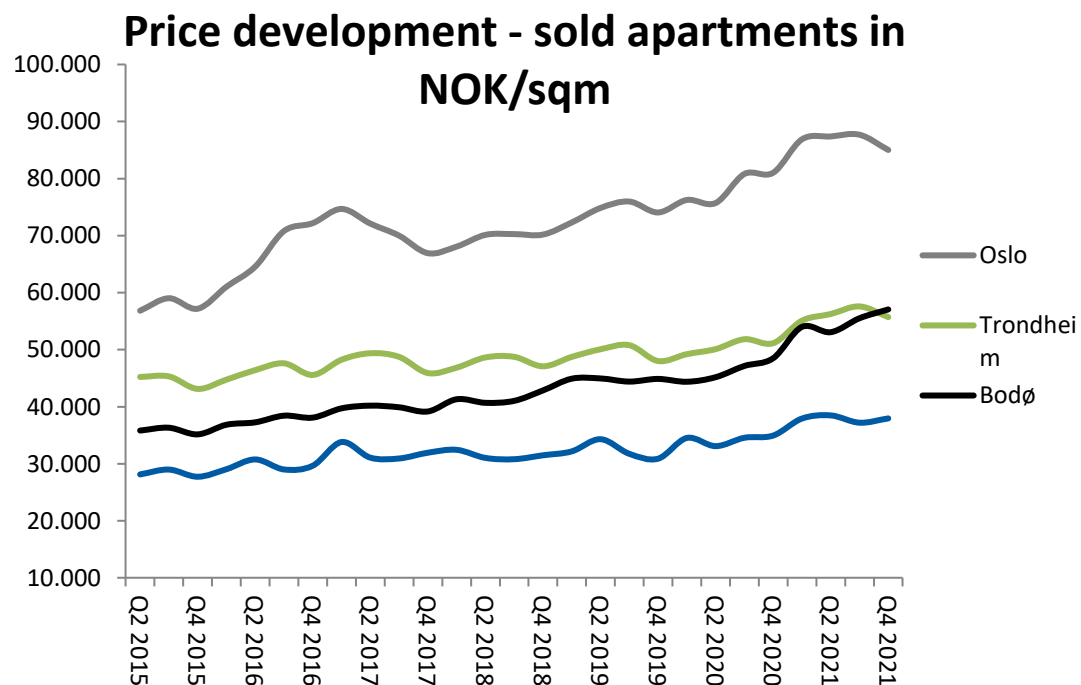
Nationally, 61 000 people, or 2.2 % of the work force was registered unemployed in medio December. This is the same level of unemployment as December 2019 and a decrease of 0.2 % from last report 30.09.21.

People with background in tourism and transport represent the largest group among job seekers while service professions represent the second largest group.

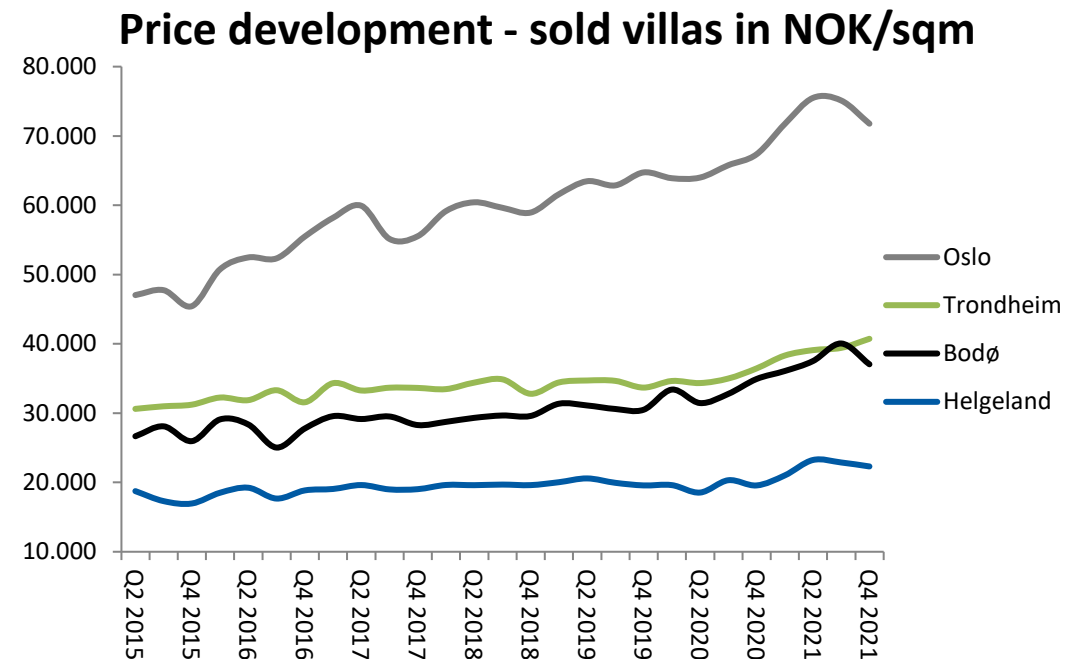
The unemployment in Helgeland and Nordland is lower than Norway overall.

- Norway 2.2 %
- Nordland 1.7 %
- Helgeland 1.3 %

# Housing price development



Price development in Q4:  
 2.0 % in Helgeland and -3.0 % in Oslo.  
 An increase in prices for sold apartments in Helgeland in Q4 compared to last quarter.



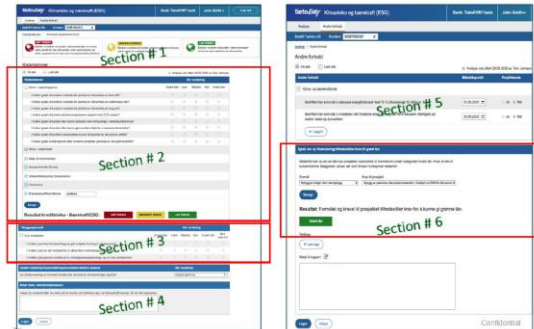
Price development in Q4:  
 -2.5 % in Helgeland and -4.5 % in Oslo.  
 A decrease in prices for sold Villas in Helgeland in Q4 compared to last quarter.



# Sustainability in Sparebank 1 Helgeland



**SERTIFISERT  
VIRKSOMHET**



- Internal sustainability target in relation to own CO2 footprint
- Mapping of our creditors in relation to sustainable purchase
- Increase the consciousness around sustainability with our employees.
- System introduced to map sustainability and climate risk in our lending portfolio with our CM customers



Green buildings



Electric vehicle loan



Energy efficiency



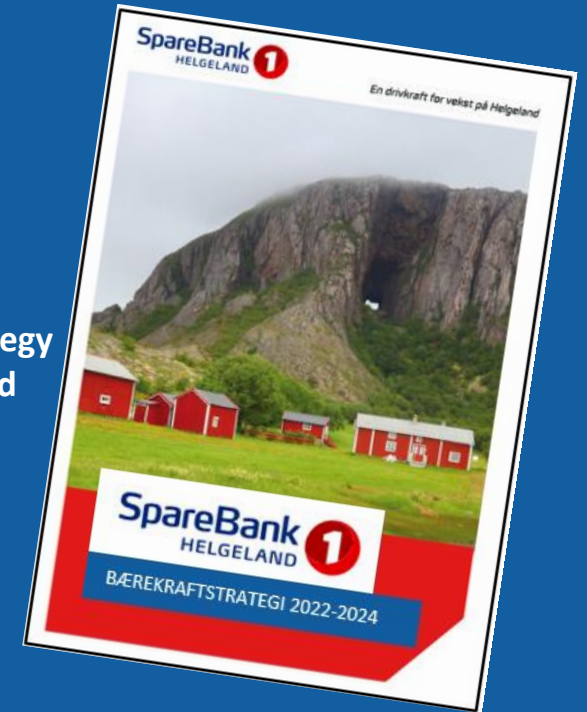
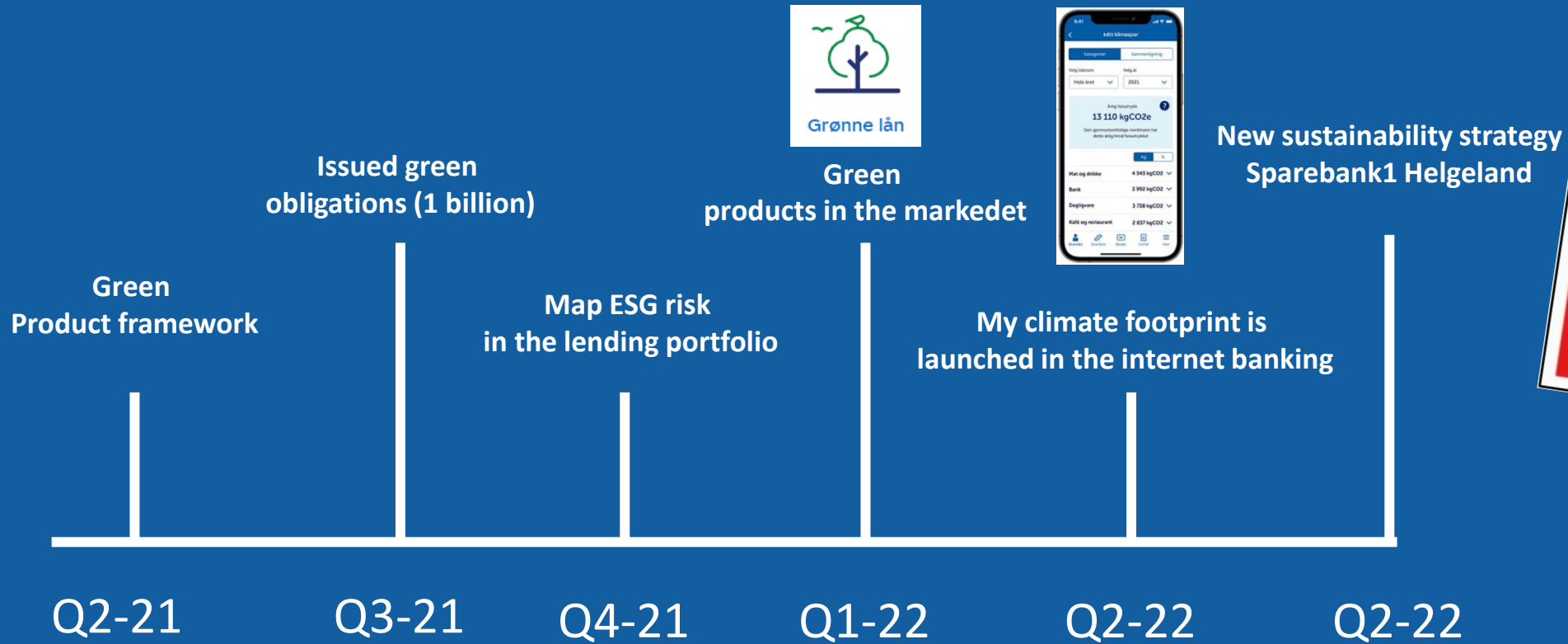
Green deposits



Sustainable Funds

- Offer our customers attractive sustainable products
- Increase competence with our customers related to sustainability
- Arrange business conference with sustainability as main theme

# Sustainability





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# Summary of the entrance in SpareBank1/SamSpar and the acquisition from SNN

## 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 77.3 %

## 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.
- 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 it's proportionate share of SpareBank 1 Boligkreditt
- Manually transferred corporate customers in the period Q2-Q4 amounts to MNOK 850 in commitments and MNOK 580 in deposits.

It is expensed MNOK 53 on this project in 2020 and MNOK 146 in 2021

The project is delivered according to business case.

# This year's change in the balance sheet

<b>SpareBank 1 Helgeland (group)</b>	<b>31.12.21</b>	<b>31.12.20</b>	<b>Change</b>
Liquid assets	930	695	235
Net lending to customers	32 194	27 398	4 796
Shares/ Investments in AC and SC	5 949	4 870	1 079
Other assets	360	244	116
<b>Assets</b>	<b>39 433</b>	<b>33 207</b>	<b>6 226</b>
Deposits from customers	23 552	18 684	4 868
Money market financing	10 271	9 418	853
Other liabilities	533	835	-302
Subordinated debt	451	451	0
Equity	4 626	3 819	807
<b>Liabilities and equity</b>	<b>39 433</b>	<b>33 207</b>	<b>6 226</b>

Transferred loans to SpareBank 1 Boligkreditt comes in addition in 2021. These amounts to 4.6 bn.

# Summary Q4

## - Implementation of the aquisition in october has affected the quarter

- Stable profit from the basis operation
- Net interest income of MNOK 168, up from 148 last quarter.
- Write-downs on lending amounted to MNOK 35. Large parts of the write-downs in 4th quarter is related to updated assessment of evaluation of the provision on the corporate commitment mentioned in Q3
- 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 44 this quarter.
- Net non-performing and impaired commitments is reduced by MNOK 95 this quarter.

### SpareBank 1 Helgeland (group)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Net interest- and credit provision earnings	144	144	148	168
Net provision earnings	28	21	22	36
Other operatios income	1	0	4	-1
Ordinary operations cost	81	82	80	141
Result basic operations	92	83	94	63
Write-downs lending and warranties	3	7	19	35
Net value change financial instruments	4	3	3	-13
Gross profit	93	78	78	15
Net profit	71	62	58	15
Net extended income posts	0	-1	0	2
Profit for the period	71	61	58	17





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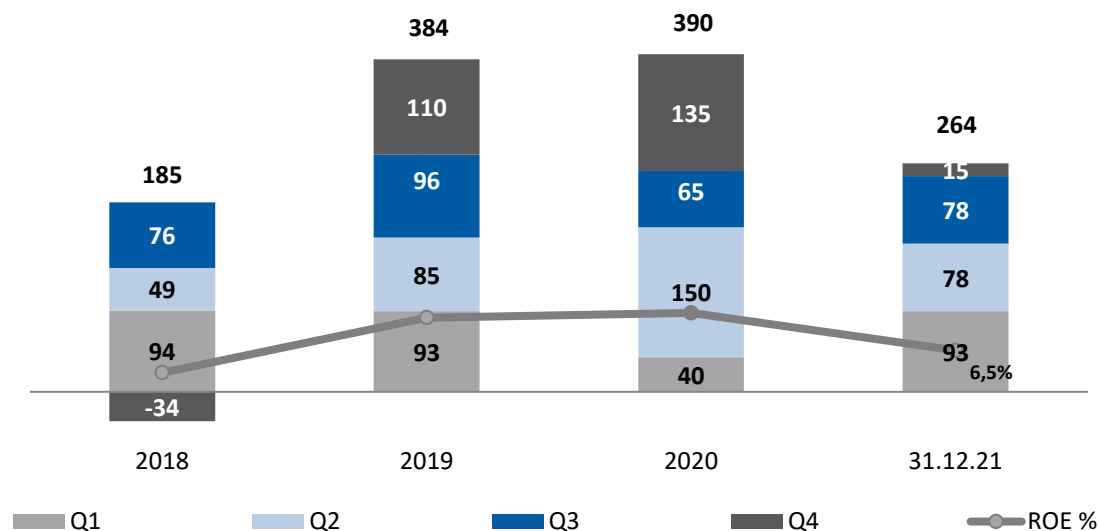
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# Profit

## Profit development



## Profit Q4

A weak profit in Q4 isolated is mainly related to following one time events:

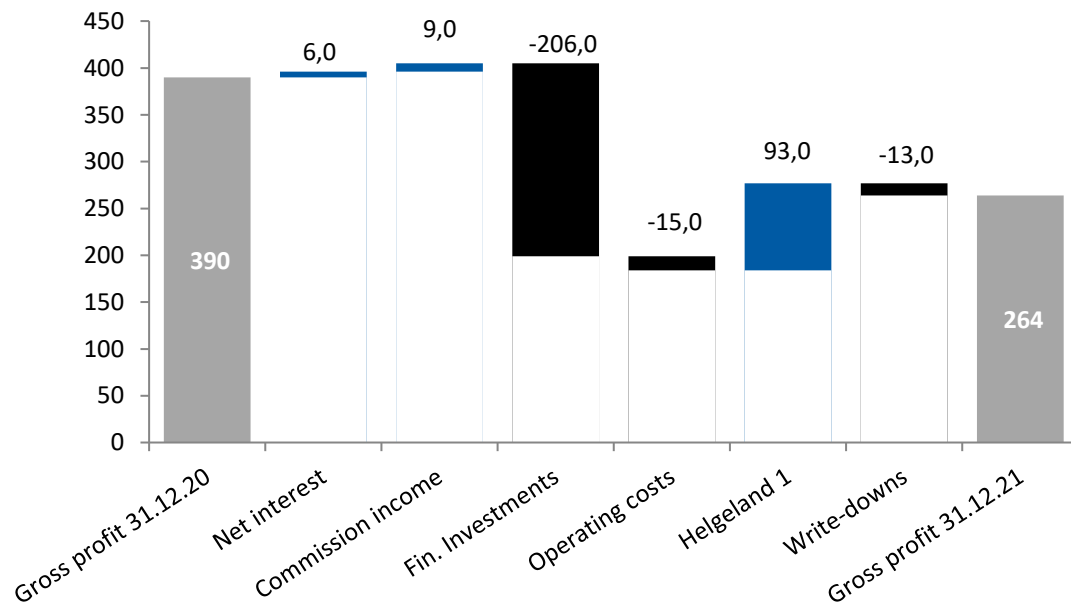
- One time costs of MNOK 44 related to Helgeland 1.
- It is written down lending and guarantees by MNOK 35 this quarter.

ROE is adjusted for hybrid capital and project costs.



# Gross profit

Change in gross profit (MNOK)

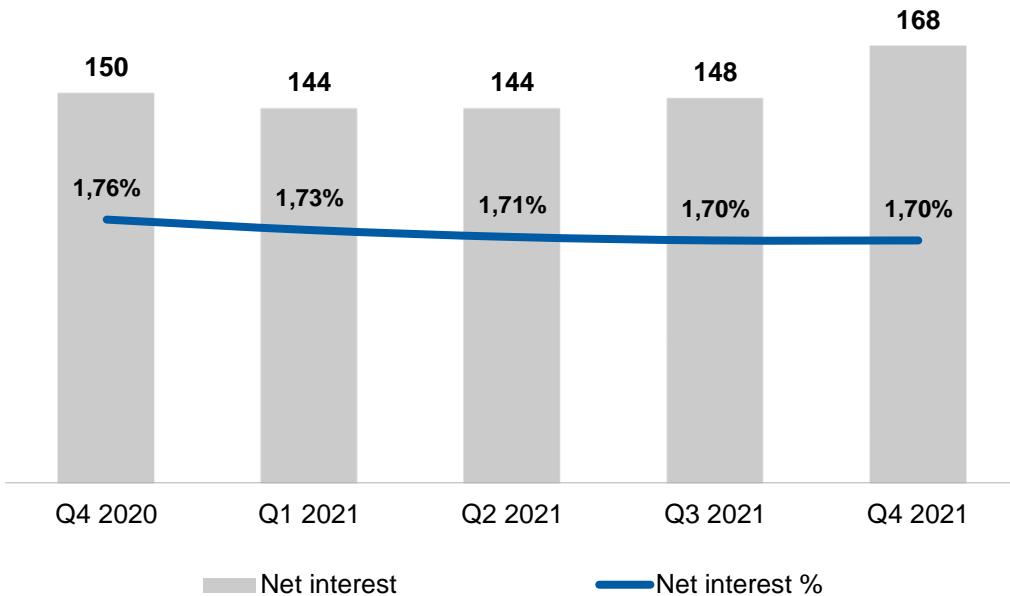


Gross profit is MNOK 126 weaker than in 2020

- Increase in net interest in 2021 is related to the acquisition in the fourth quarter and interest rate changes and price press through the year.
- Increased commission income is mainly related to the effect of the pandemic and the acquisition.
- Reduced income from financial investments. The change is mainly related to that there in 2020 was accounted significant gains of sale of the shares in our product companies at the moment
- The increase in operating costs are related to additional costs as a consequence of the acquisition and the entrance in the SpareBank 1 alliance
- Costs related to Helgeland 1 amounts to MNOK 53 by the end of the year against MNOK 146 in 2020.
- Increased write-downs on lending of MNOK 13 compared to 2020.

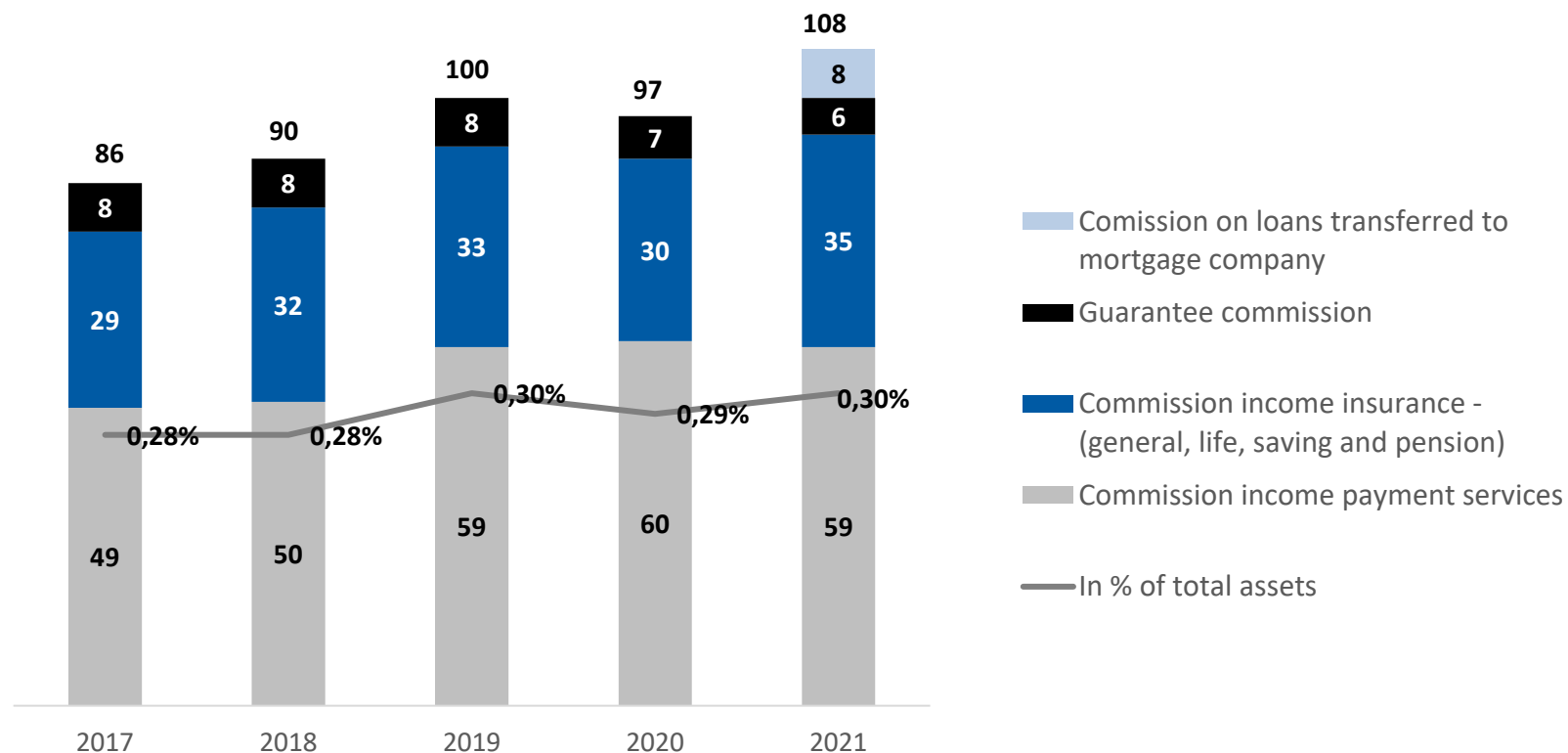
# Net interest

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



- Net interest and commission income amounts to MNOK 168 in the fourth quarter.
- This is MNOK 21 higher than last quarter and is mainly related to added portfolio from SNN
- In % of average total assets, net interest and credit commission income is unchanged from third quarter 2021.
- The interest rate increase with effect from November 18<sup>th</sup> draws the net interest up in the quarter, while higher funding costs and some lower margins in the acquired portfolio draws the net interest equivalent down.
- Commission on transferred loans to mortgage company is classified as commission income and amounts to MNOK 8 in the fourth quarter.

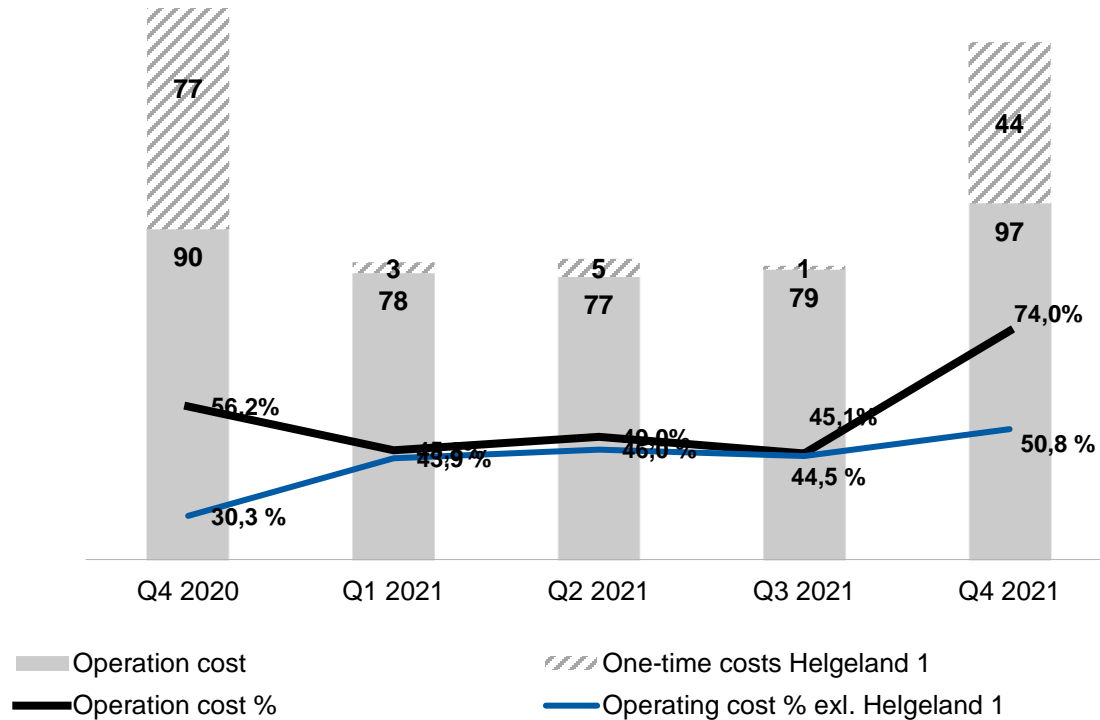
# Commission income (MNOK)



Commission income is stable and amounts to MNOK 108 (97). Commission income for 2021 includes bonus commission general insurance of MNOK 5 for 2020.

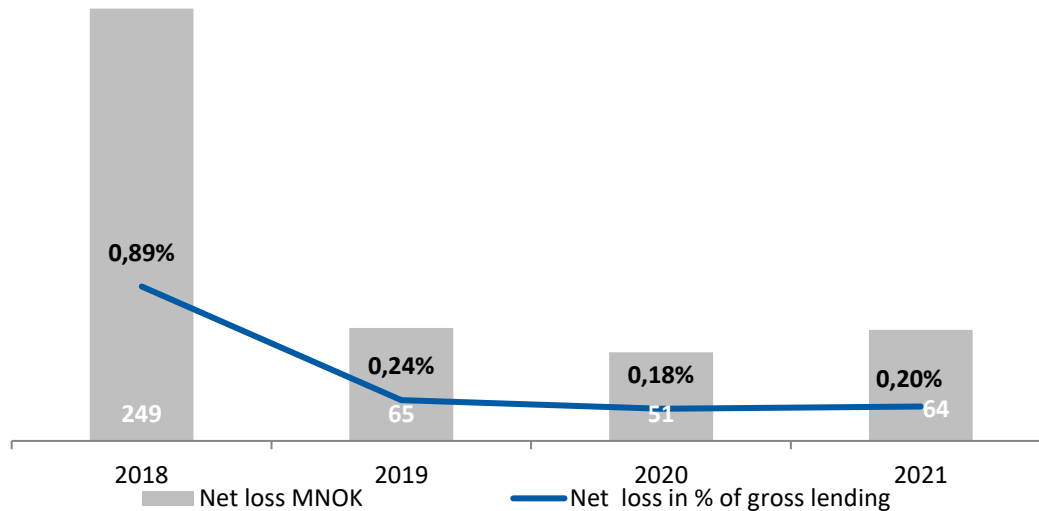
# Operating costs

Operating cost (mnok) and % of income



- Costs are over the banks target (cost/income <40%)
- This is as expected, and is related to additional costs as a consequence of the entrance in the SpareBank 1 alliance and the acquisition

# Loss on commitments



- MNOK 64 in loss in 2021, hereof MNOK 35 in Q4
- The write-down is partly a consequence of calculated loss and partly a product of statements of earlier depreciated commitments.
- Large parts of the write-down in 4<sup>th</sup> quarter is related to an updated evaluation of the provision on a commitment within the nutrition industry also mentioned in third quarter.
- The write-downs this year is seen as moderate.





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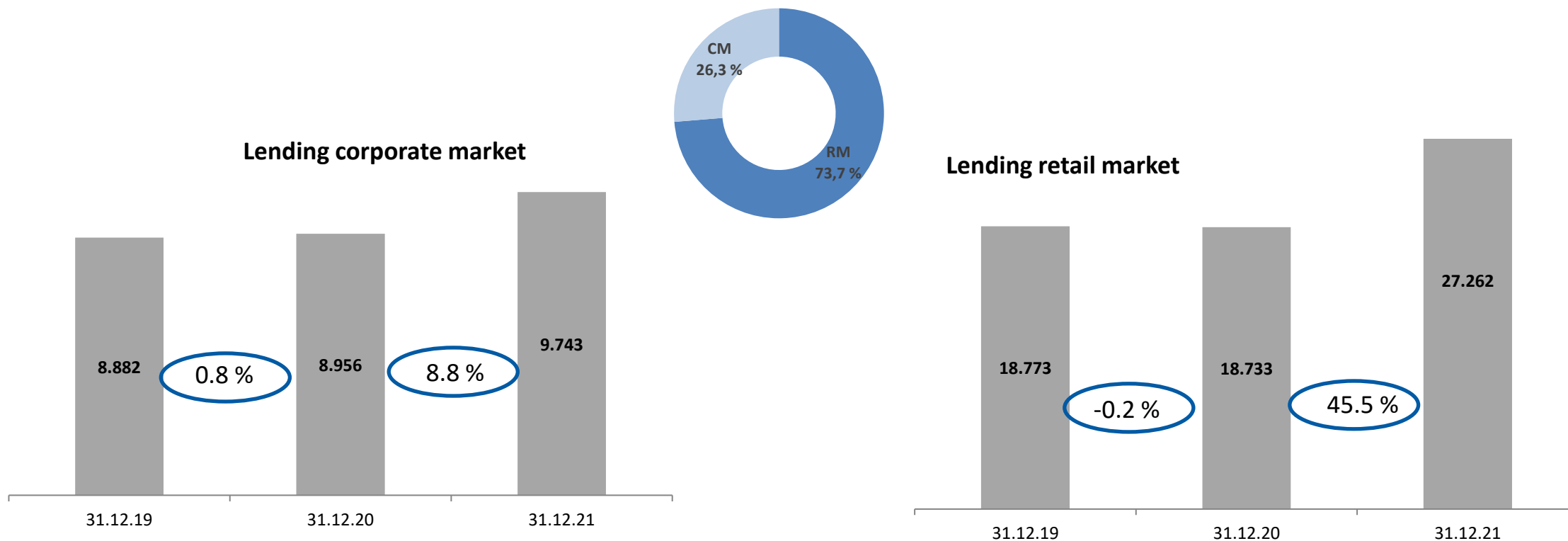
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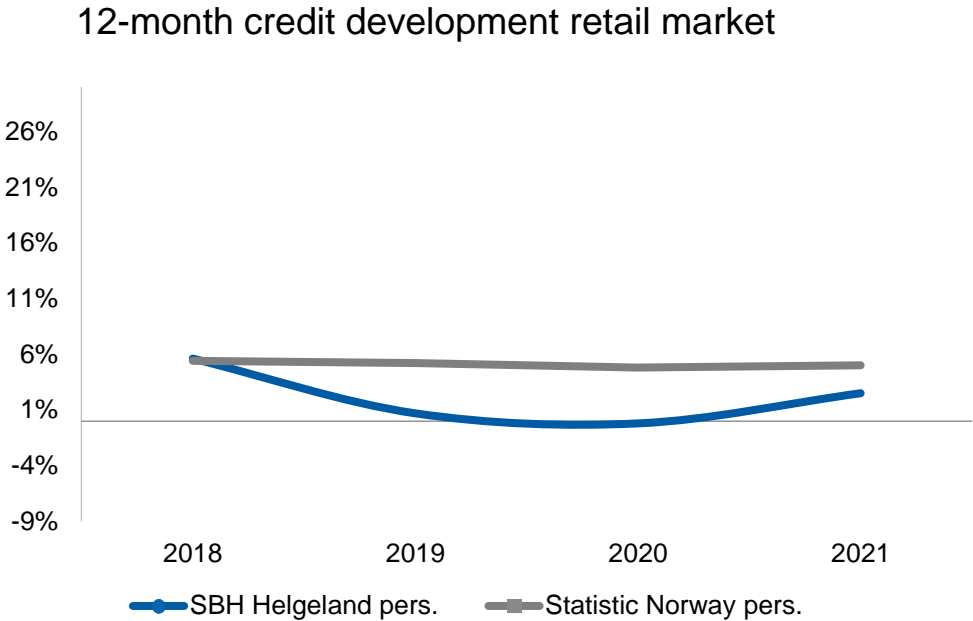
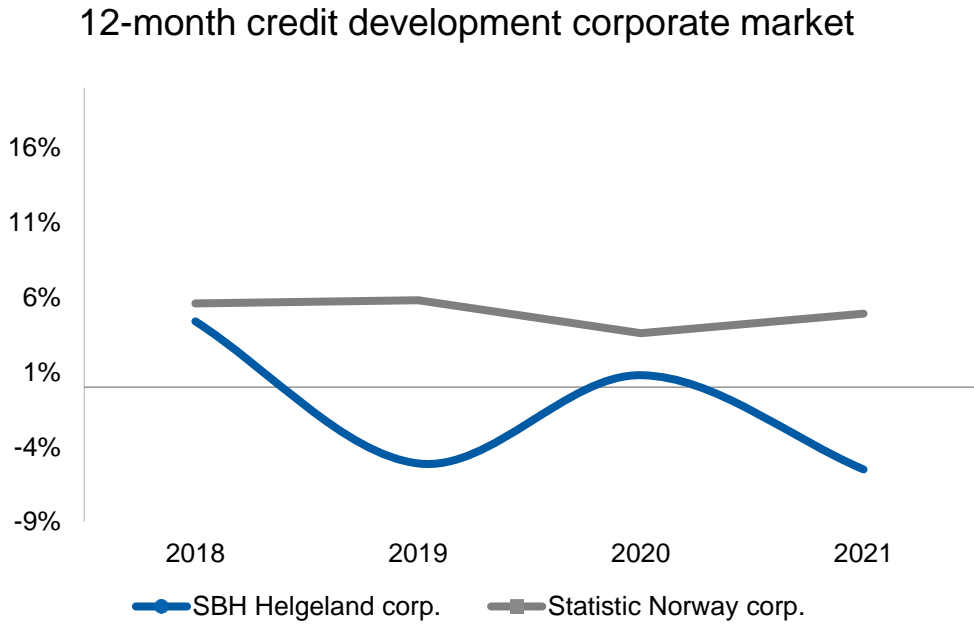


# 12-month credit development (SpaBol included)



The growth in both CM and RM is related to the acquisition from SpareBank 1 Nord-Norge in Q4 2021. Exclusive transferred loans in relation to the acquisition, the 12 month growth for the RM is 2,5 % and in the CM it is negative by -5,5 %, and is mainly related to departure of two large corporate commitments during the first half year.

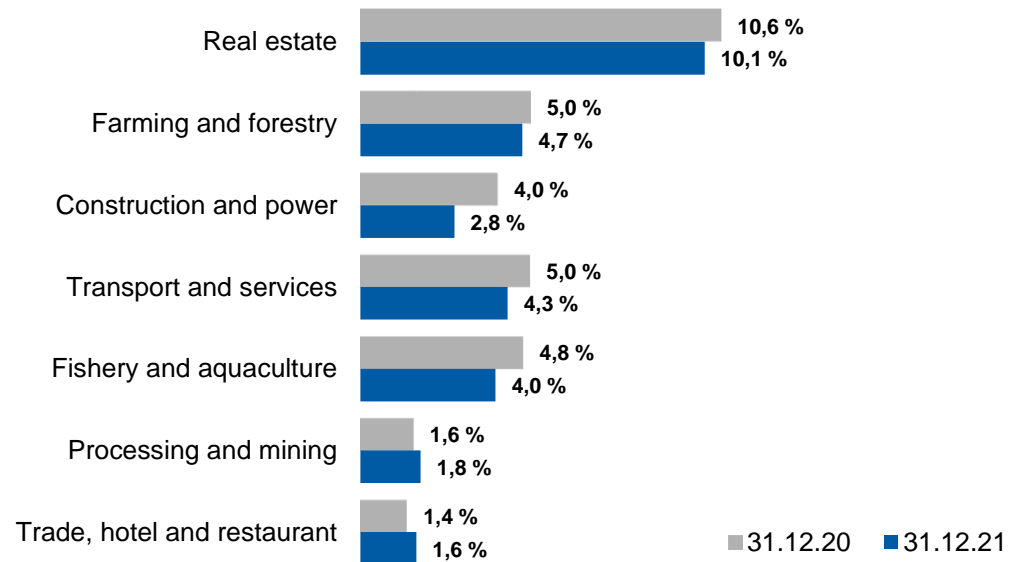
# Credit development ( ex. transferred loans from the acquisition)



12-month credit development SBH ex. transferred loans from the acquisition is -5.5 (0.8) % for the CM and 2.5 (-0.2) % for the RM

# Lending CM

Lending distributed in sector

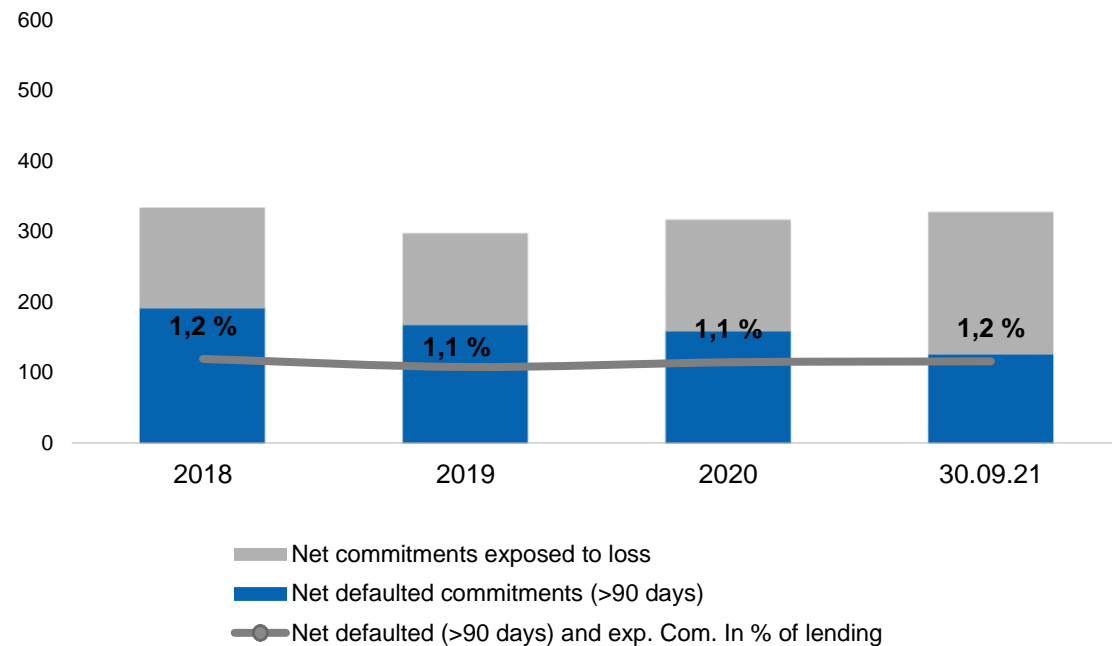


Good diversification in the CM  
lending portfolio and loyal corporate  
customers

Share CM of total lending 29.4  
(32.3)% or MNOK 9 519  
(8 956)

# Non-performing and other impaired commitments

Net defaulted and com. exp. to loss



- Net non-performing and other impaired commitments amounts to MNOK 238, a decrease of MNOK 78 from year end and MNOK 95 in Q4 isolated.
- The decrease in Q4 is mainly related to stating of a large individual non-performing commitment.

A full-page background image of a vast, snow-covered mountain range under a clear blue sky. In the foreground, a skier in a red jacket is visible, leaving tracks in the snow. Further up the slope, another skier can be seen. The mountain's ridges and gullies are covered in deep snow, with some rocky outcrops visible near the top.

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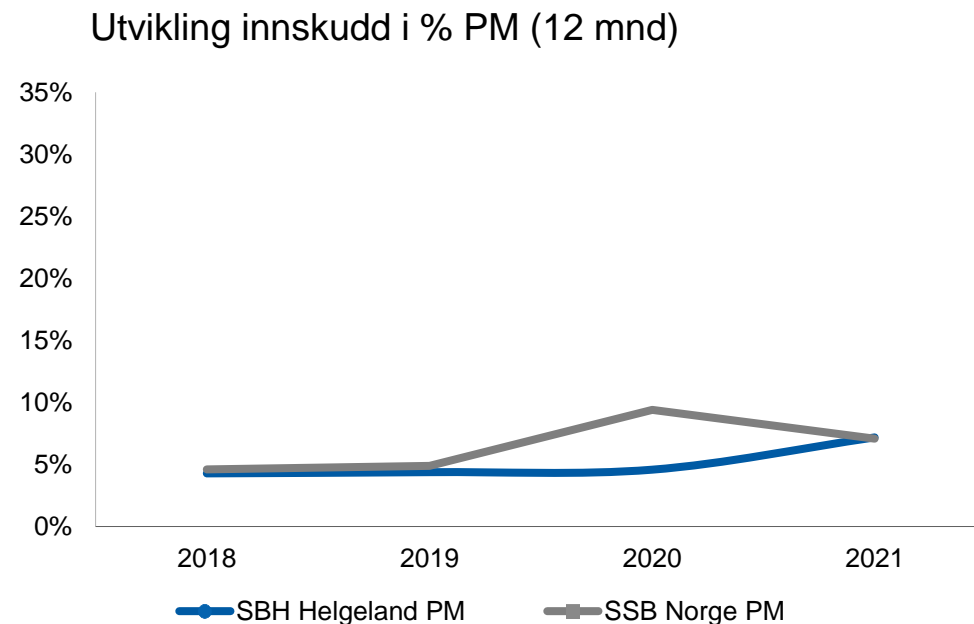
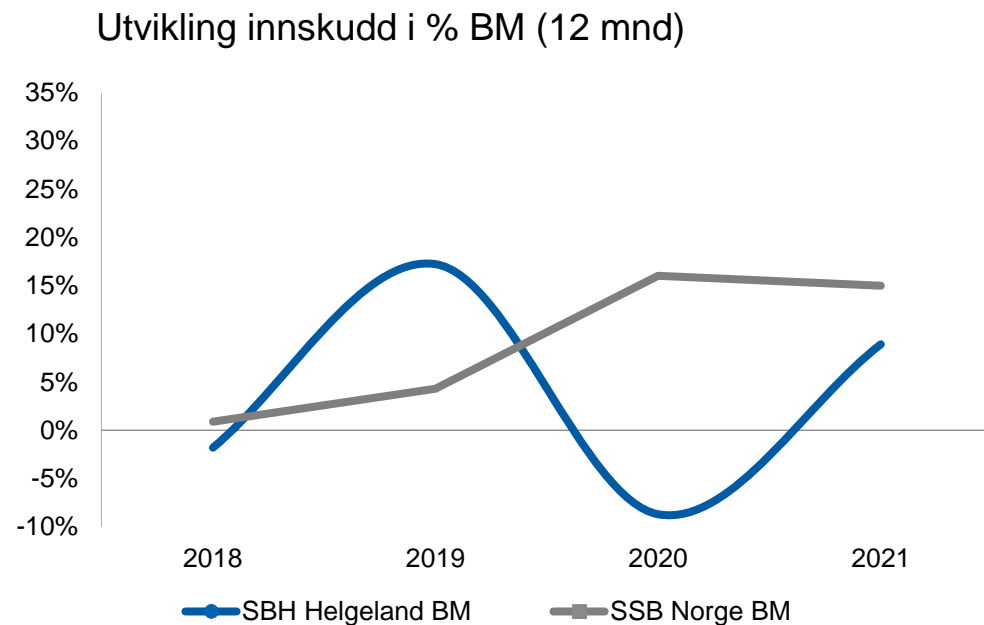
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## Deposit development (ex. transferred deposits from the acquisition)

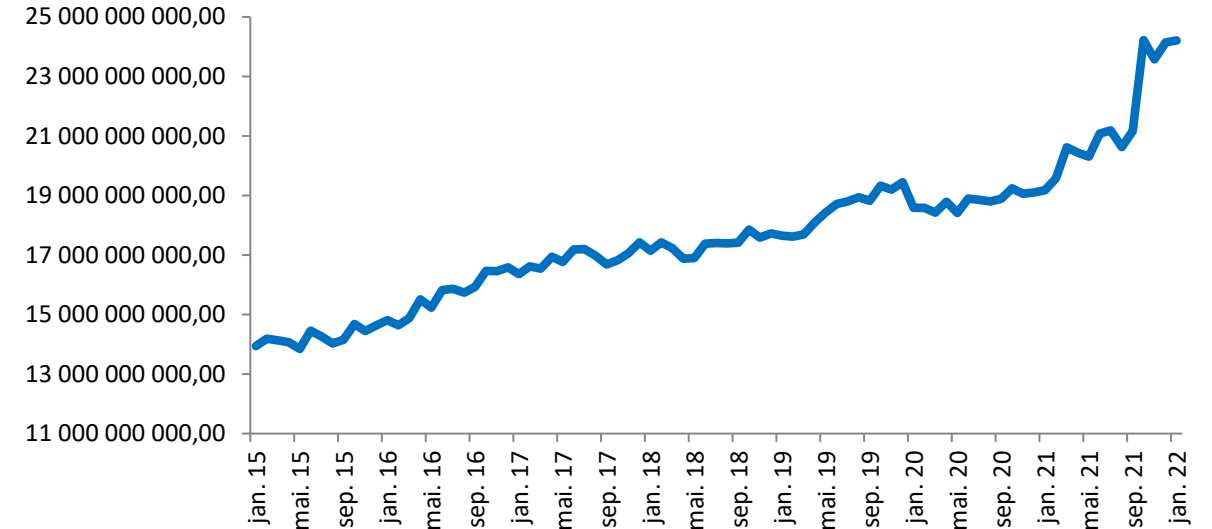
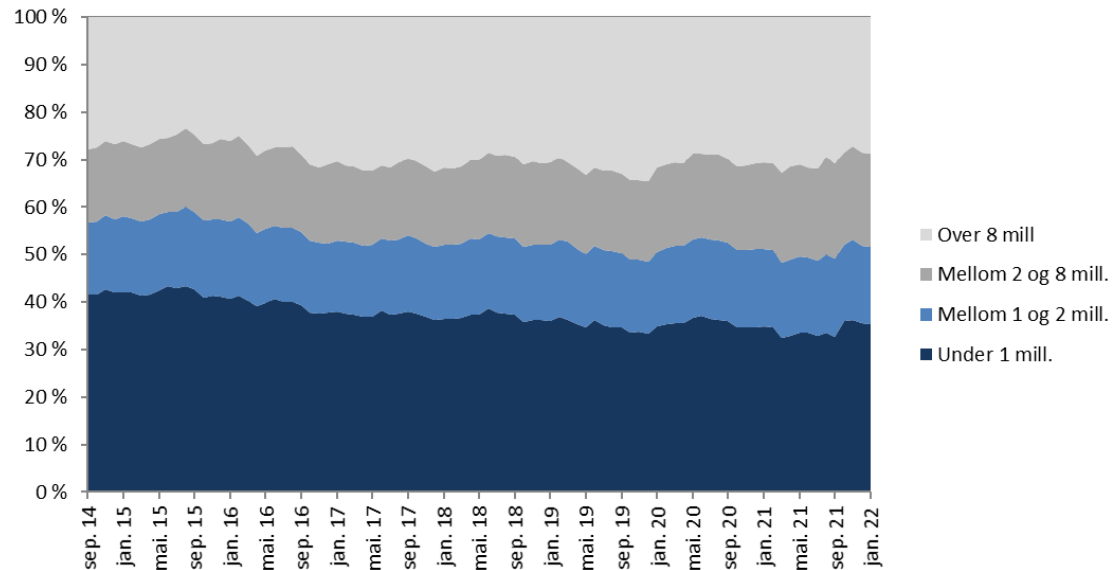


12-month deposit development SBH ex. transferred deposits from the acquisition is 7.9 (-1.5) %, hereby CM 8.9 (-8.7) % and RM 7.2 (4.6) %.

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



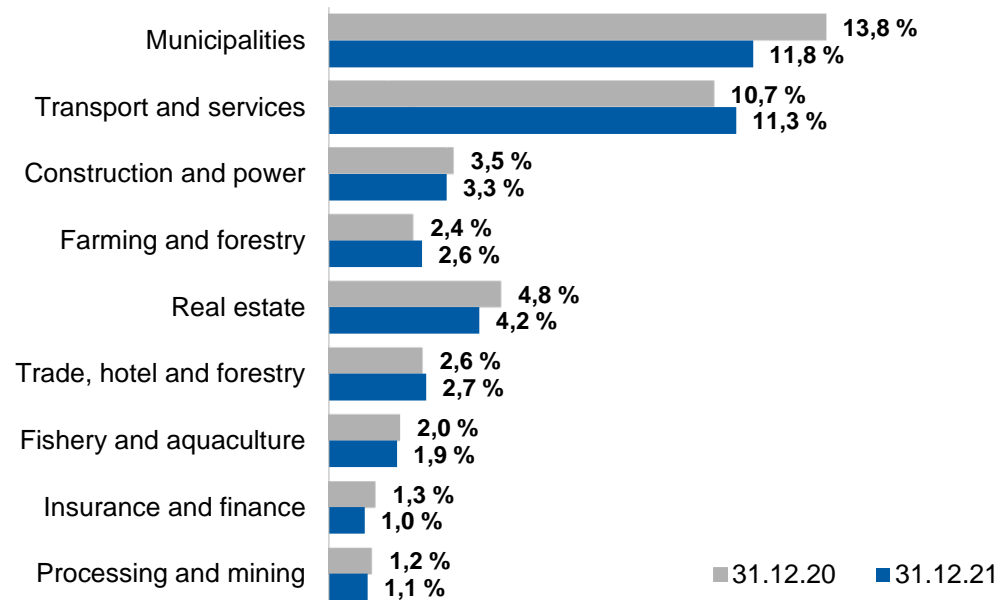
# Deposit development



Increase in deposits of MNOK 2 736 or 13,0 % last quarter.  
Allocation of deposits sorted on size is relative stable.  
51,8 % of RM deposits under MNOK 2.  
62,0 % of the deposits are included in the guarantee arrangement.

# Deposits CM

Customer deposits



Well diversified deposit portfolio in the CM

Share CM 39.8 (42.3)% or MNOK 9 365 (7 902) of total deposits

Deposits from municipalities constitute 30 % of the CM deposits.

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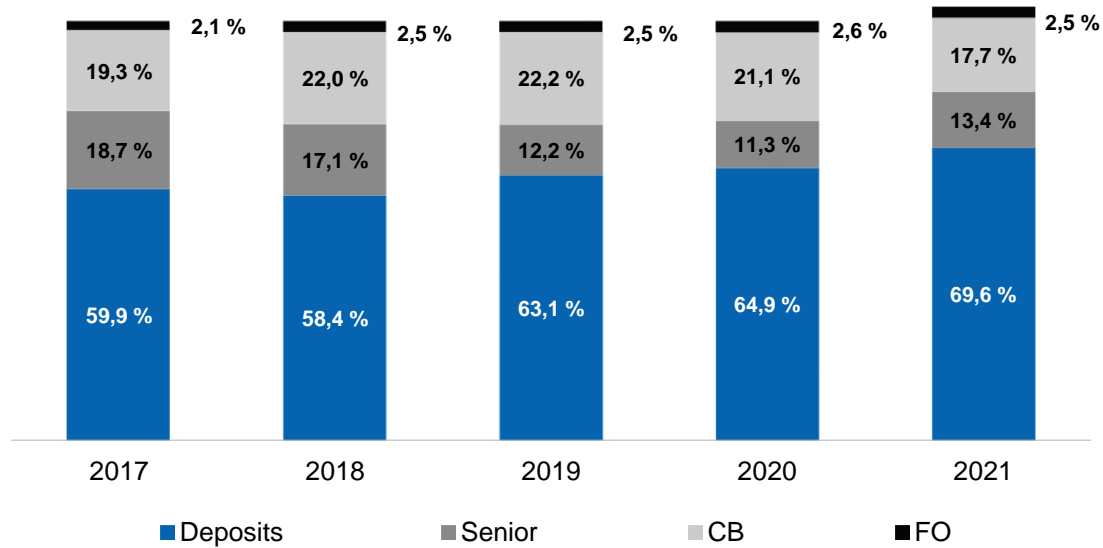
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# Funding

## Funding development

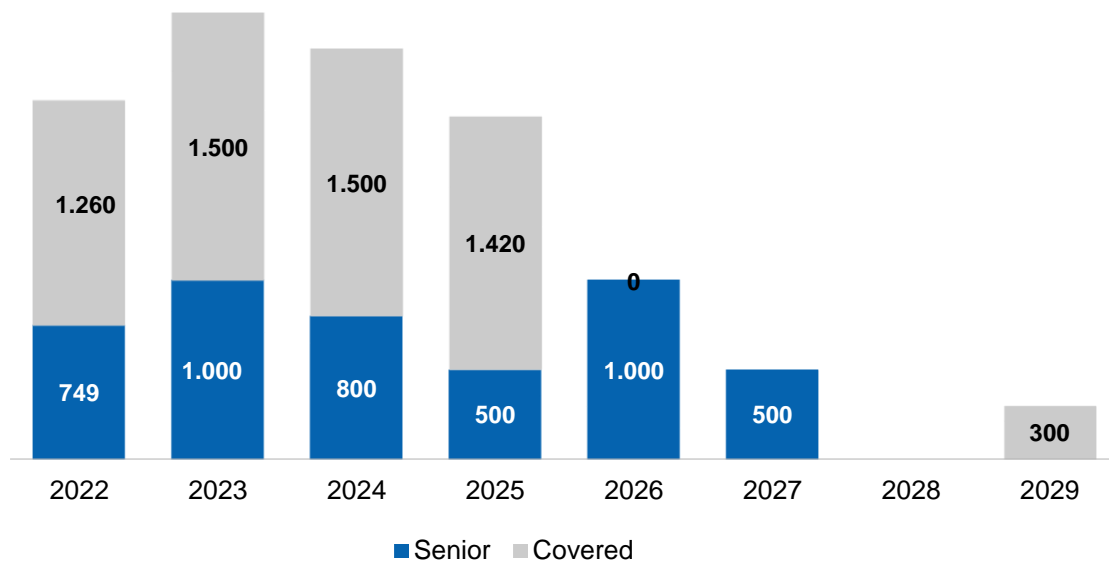


The bank issued its first green bonds during September. As of 31.12.21, this corresponded to 1 bn of total senior loans by approximately 2-2,5 bp «greenium» at issuance.



# Funding due

Innlån forfallstruktur (mill. kr.)



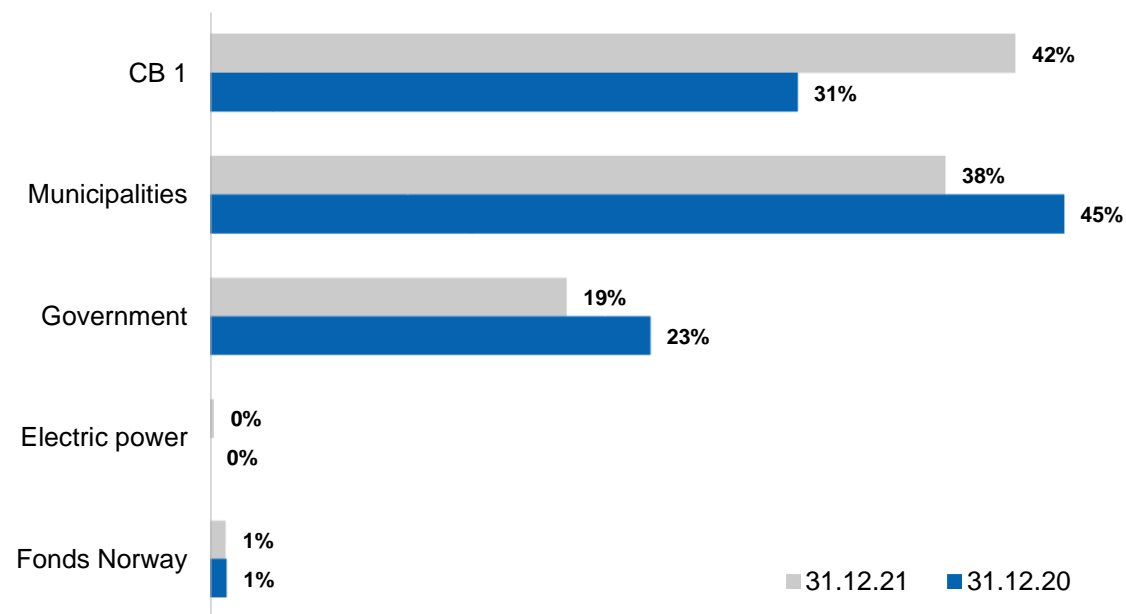
High quality and long term funding

Share long term funding  
80.9% (87.6)%

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

# Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.2 (1.5) years
- 99.2 % rated A- or better
- 99.0 % CB or state-/ municipal guaranteed bonds

Municipality papers are actively used as short term liquidity placements.

Liquidity buffers amounts to 6.1 (5.3) bn. – equal 15.4 (15.9) % 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 55.5 (68.1)
- CET1 ratio of 19.0 (18.6)%
  - standard method with 35% mortgage weights
- Gross loans amounts to MNOK 7 037 (7 232) and CB MNOK 6 064 (6 180)

Good security in the lending portfolio

- Cover pool ratio of fullness 17 (13)%
- Combined LTV 54 (54)%

Stress test HEBO – with a housing price fall of 40%. The cover pool ratio is reduced from 17 to 6 %

Maximum limit for transferring is 35% of the Group's gross lending, and 50 % of gross lending RM. Per 31.12.21 transfer degree is 31.4 and 42.3%







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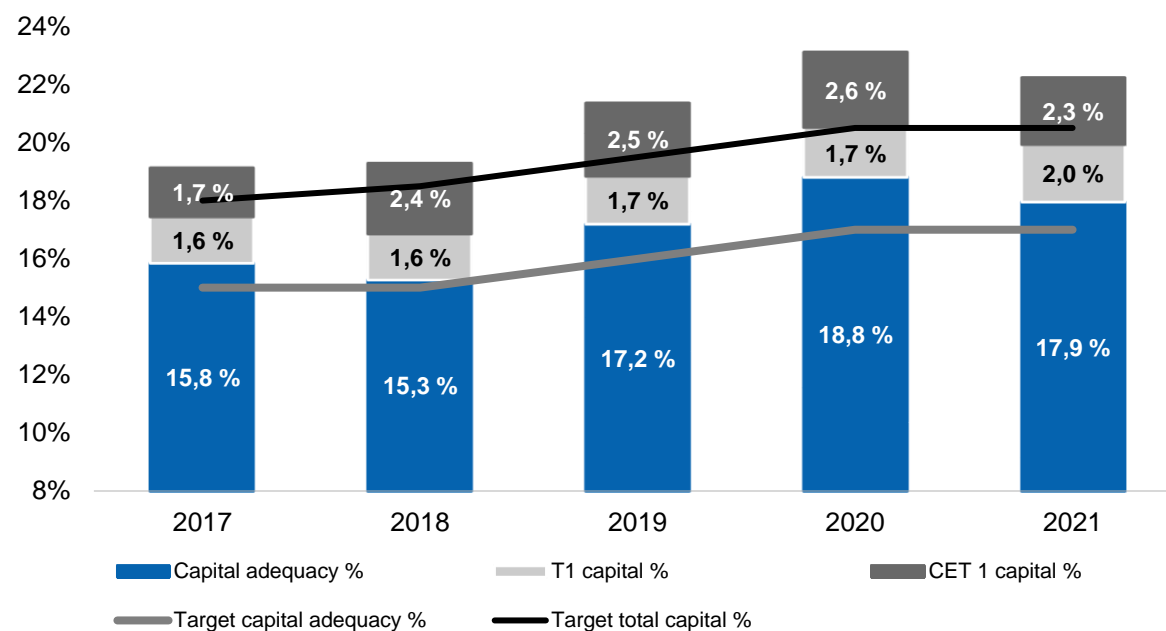
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# Capital adequacy

Development capital adequacy

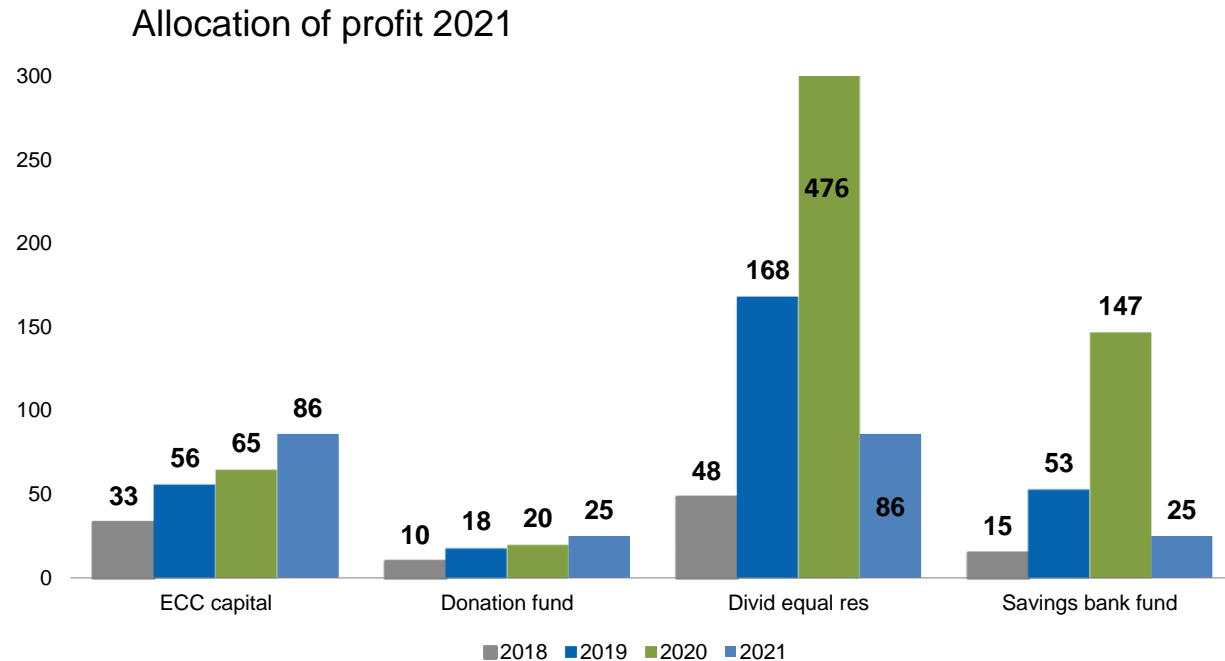


## Capital ratio

- CET1 17.9 (18.8)%
- Core capital 19.9 (20.5)%
- Total capital 22.2 (23.1)%

Leverage ratio: 9.4 (10.5)%.

# Proposed allocation of profit 2021



Reduced distribution ratio

- 50.0 (12.0) %.

Dividend basis is MNOK 222

- The parent bank's result is adjusted for unrealized gains and interests perpetual bonds

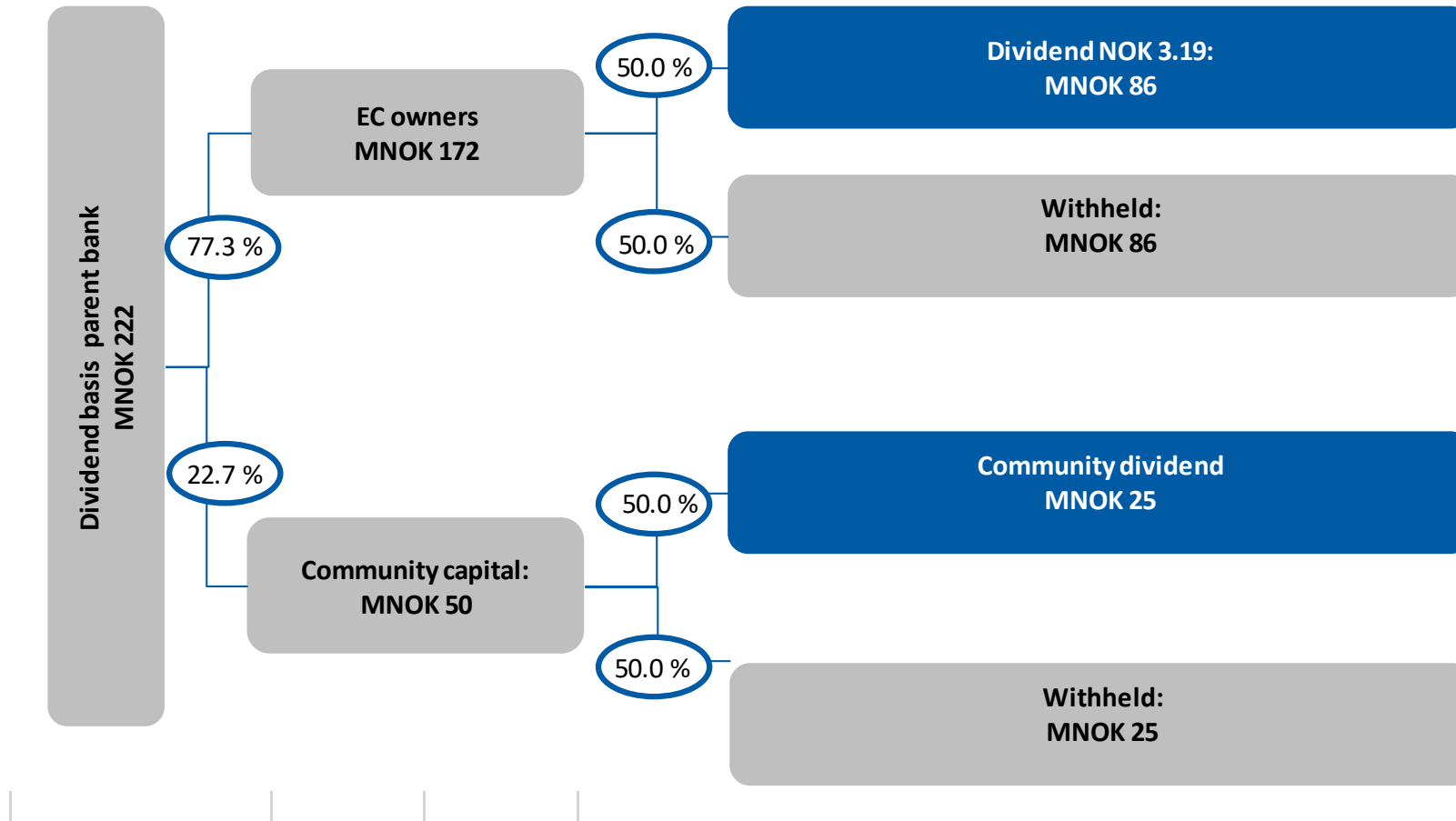
The board proposes dividend for 2021:

- Cash dividend NOK 3.19 (3.10) per equity certificate

Dividends and allocations to the equalization reserve reflects the equity certificate holders' share of the banks equity.

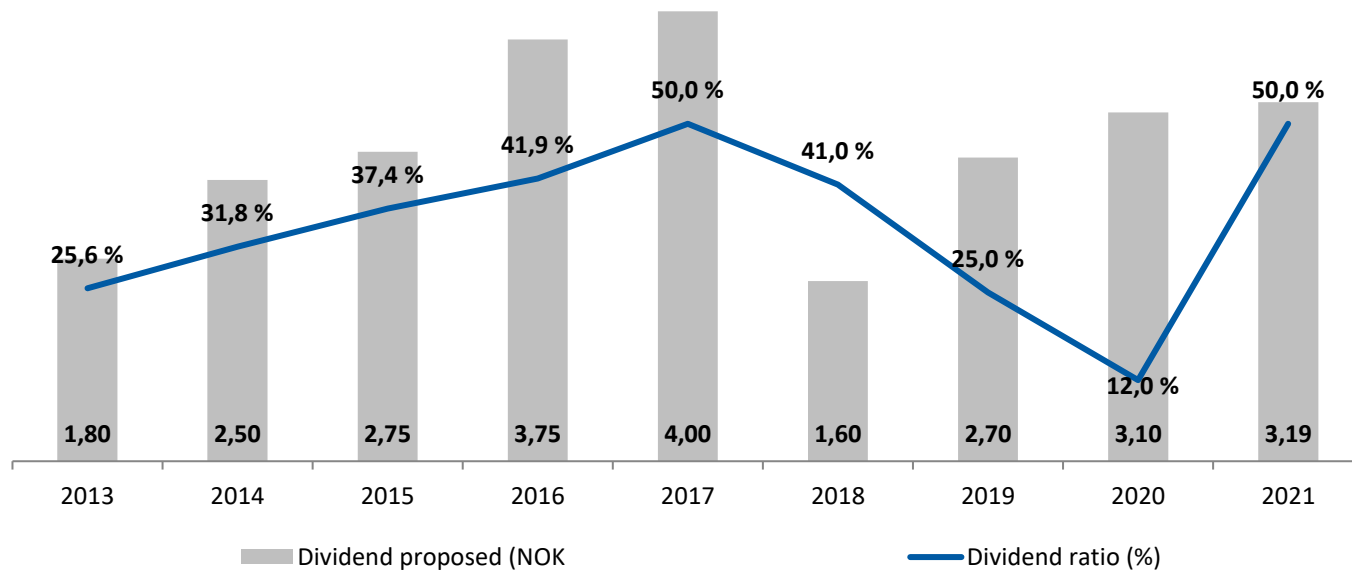
- IB equation 77.3 %

# Proposed allocation of profit 2021



# Dividend development

Dividend development





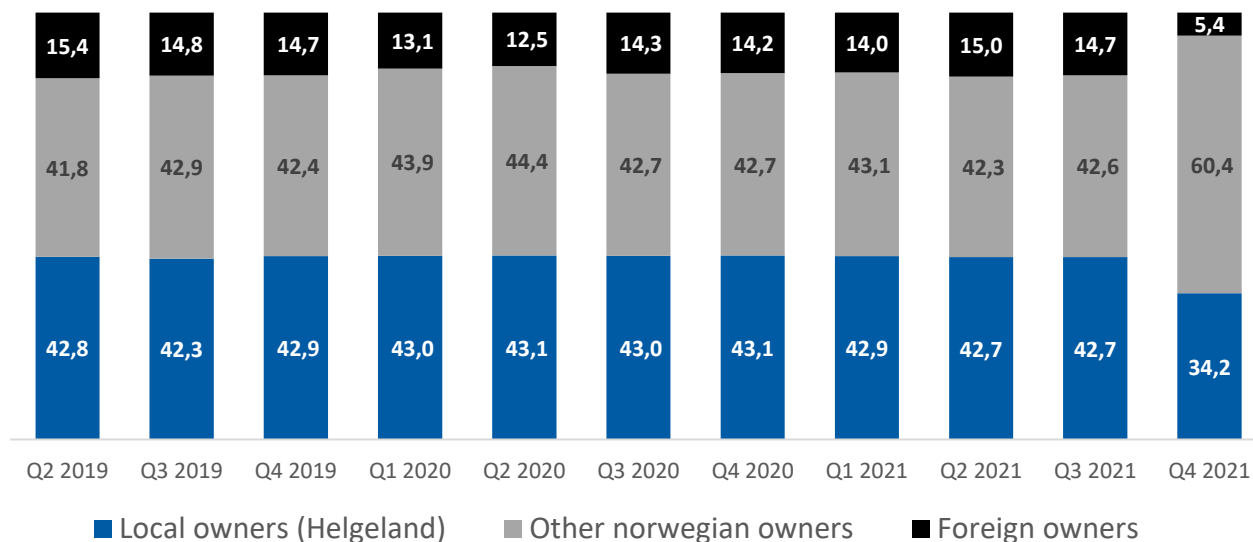
# HELG – the 20 largest owners

			Parent bank		
Per 31.12.21	Number	%-share		Number	%-share
Sparebankstiftelsen Helgeland	7 588 922	28.11 %	Lamoholmen invest AS	274 854	1.0 %
SpareBank 1 Nord-Norge	5 397 325	20.0 %	Catilina Invest AS	252 646	0.9 %
Pareto Invest AS	2 118 691	7.8 %	Kommunal Landspensjonskasse	251 000	0.9 %
VPF Eika Egenkapital	1 199 397	4.4 %	VPF Nordea Avkastning	249 368	0.9 %
Verdipapirfondet Nordea Norge Verd	1 051 653	3.9 %	VPF Nordea Kapital	247 164	0.9 %
J.P. Morgan Bank Luxembourg S.A.	420 129	1.6 %	Bergen kommunale pensjonskasse	228 235	0.8 %
Spesialfondet Borea Utbytte	394 027	1.5 %	AF Kapital Managemet	188 552	0.7 %
MP Pensjon PK	393 399	1.5 %	VPF Nordea Norge Plus	167 650	0.6 %
Helgeland Kraft AS	390 925	1.4 %	Nima Invest AS	152 913	0.6 %
U.S Bank National Association	372 197	1.4 %	Vigner Olaisen AS	150 067	0.6 %
Total 10 largest owners	19 326 665	71.6 %	Total 20 largest owners	21 489 114	79.6 %

The bank has issued a total of 27 000 130 equity certificates value of NOK 10

# HELG – the 20 largest local owners

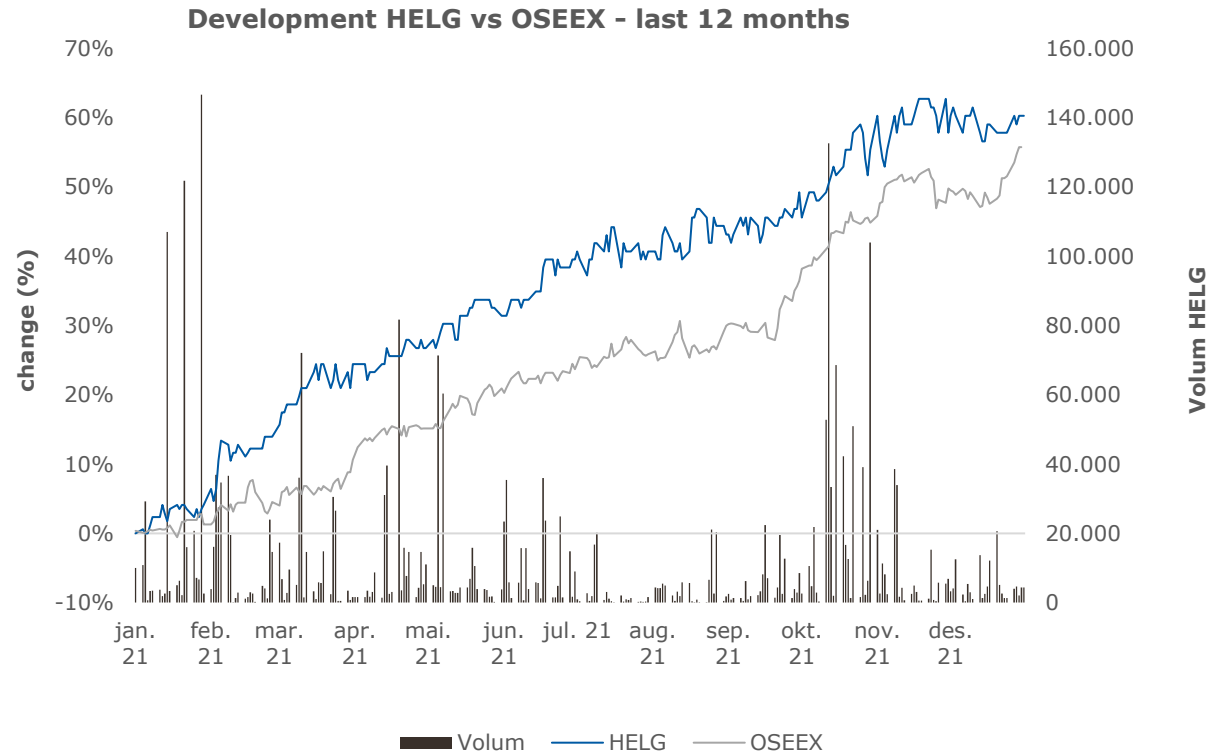
Geographical owner structure (%)



After the emission, the conditions have changed and other Norwegian owners has increased as SpareBank 1 Nord-Norge now is the second largest owner with 20 % ownership.

Employees owners share has increased through continued employee program.  
Per 31.12.21, 124 419 EC's are owned by SBH's employees. This equals 0.46 %.

# HELG – EC development and liquidity



(Source: SBH; Data: Bloomberg/Euronext | Januar 2022)

	31.12.19	31.12.20	31.12.21
EC fraction opening balance	76.4 %	76.4 %	76.3 %
Number of EC's	20.9	20.9	27.0
price	84.0	86.0	131
Stock exchange value	1 756	1 797	3 537
Accounted equity per EC	119	129	125
Profit per EC	10.6	12	5.5
Dividend per EC	2.70	3.10	3.19
Price/Accounted EC	0.7	0.7	1.0



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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 and the costs in 2021 and 2022, 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 and fourth quarter and the expected interest increase in 2022.
- The level of commission income is overall satisfying.
  - Established price measures and an offensive sales organisation provides basis to expect that the level deducted the commission from mortgage company will stabilize on around 0.30 % of the total assets into 2022.
- Operation cost for the basic operation is expected to maintain stable but slightly over upper target of 40 % in 2022. This is mainly related to increased costs in a transition phase after entrance in the SpareBank 1 alliance and the acquisition.
- Normalized losses (0,20 %) is expected in 2022.
- The Groups growth ambitions is a credit growth minimum equal to the market in Helgeland, but the board will still prioritize profitable growth.

The background of the slide is a photograph of a coastal scene. In the foreground, the white metal railing and deck of a ship are visible, with a sign that reads "FORU1". Two searchlights are mounted on the railing. The middle ground shows a dark, choppy body of water. In the background, there are large, rugged mountains covered in snow under a blue sky with scattered white clouds.

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# Profit & loss

SpareBank 1 Helgeland (group)										
	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Net interest- and credit provision earnings	156	159	159	140	149	150	144	144	148	168
Net provision earnings	25	30	24	24	23	26	28	21	22	36
Other operatios income	1	2	1	0	2	2	1	0	4	-1
Ordinary operations cost	74	74	86	96	113	167	81	82	80	141
Result basic operations	108	117	98	68	61	11	92	83	94	63
Write-downs lending and warranties	18	27	23	30	3	-5	3	7	19	35
Net value change financial instruments	6	19	-35	112	7	119	4	3	3	-13
Gross profit	96	110	40	150	65	135	93	78	78	15
Net profit	73	95	23	139	49	130	71	62	58	15
Net extended income posts	0	-2	0	0	0	-1	0	-1	0	2
Profit for the period	73	93	23	139	49	129	71	61	58	17

# 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 by the beginning of the year
  - Total assets: MNOK 39 433
  - Employes, annual positions: 165
  - Moodys rating: A3 – Stable outlook.
- Ticker: HELG

# Contact information

## Head office

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Visiting address: Jernbanegata 15, 8622 Mo i Rana

Phone number 75 11 90 00

Web [www.sbh.no](http://www.sbh.no)

Organization number 937904029

## Management

Hanne Nordgaard

CEO

416 85 777 – [Hanne.Nordgaard@sbh.no](mailto:Hanne.Nordgaard@sbh.no)

## Investor Relations

Sverre Klausen

CFO

916 88 286 – [sverre.klausen@sbh.no](mailto:sverre.klausen@sbh.no)

## Board of directors

Bjørn Krane, chairman

Rolf Eigil Bygdnes, deputy chairman

Marianne Terese Steinmo

Siw Moxness

Linda Brennbakk, permanent deputy member

Birgitte Lorentzen

Geir Pedersen

Jonny Berfjord