

Presentation

Q4 2022

- A driving force for growth in Helgeland



Presentation 31.12.22 (SBH group)



Hanne Nordgaard
Chief Executive Officer



Anne Ekroll
Chief Financial Officer



- Main features
- Summary Q4
- 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 %.

ROE
>11 %

Solid

The target for CET1 of 17.5 % includes a buffer of 1.3 %.

CET1
>17.5 %

Efficient

Long term cost target of 40 % of income

Cost growth
C/I: <40 %

Responsible

Dividend ratio of minimum 50 % of the dividend basis

Dividend ratio
Minimum 50 %

Main features per 31.12.22

Gross Profit
MNOK 563 (264)

ROE*
9.9 (5.4) %
*adjusted for hybrid capital

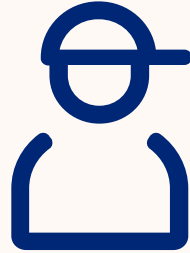
Total assets
38.6 (39.4) mrd. Kr

Solidity
CET 19,0
(18,0) %

Unemployment

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

Norway:	1.6 %
Nordland:	1.2 %
Helgeland:	1.0 %

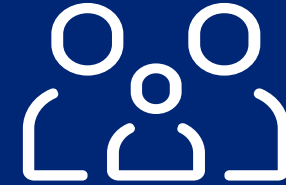


Analyses says that it up to 2028 is needed well over 1 800 new housings only in Mo i Rana in relation to Freyr's new battery fabric and the ripple effects of the establishment.



Recruitment

Good access of workers in the region. Freyr has so far experienced good access on workers – from all over the world. The company signalizes that they don't experience recruitment problems so far.



It is planned large industrial investments both in Mosjøen and Mo i Rana, and this means new establishments of companies and planning for new housings. The green shift provides in 2023-2026 large opportunities in Helgeland because of access to renewable power.

- Reduction in the prices on sold apartments by 7.6 % in Helgeland in Q4 compared to last quarter.
- Increase in the prices of 3.3 % on sold villas in Helgeland in Q4 compared to last quarter



Driving force for sustainable growth, competence and cooperation

Sustainability in the bank

- Newly employed manager for sustainability is well into the job.
- Sustainability is integrated in the banks targets- and strategy documents
 - Business strategy
 - Risk- and capital strategy
 - Market-, purchasing-, finance-, credit strategy among others
- New sustainability strategy to be decided in December.
 - Increase knowledge around sustainability among our employees.
 - Increase knowledge and the level of action among our customers.
 - Set requirements to our suppliers
 - Integrate sustainability- and sustainability indicators stronger in external reports and internal business management
 - Targets, action plans and measures
- Green products is launched





- Main features
- **Summary Q4**
- Profit & loss
- Lending
- Deposits
- Funding
- Solidity
- Prospects ahead
- Appendices

Summary Q4

SpareBank 1 Helgeland (group)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net interest- and credit comission earnings	174	184	202	223
Net comission earnings	46	38	41	39
Other operatios income	1.5	2	4	0
Ordinary operations cost	94	91	95	101
Result basic operations	128	133	152	161
Write-downs lending and warranties	1	2	2	6
Net value change financial instruments	21	-28	-19	26
Gross profit	147	104	131	181
Net profit	115	71	93	165
Net extended income posts	-1	-2	-1	4
Profit for the period	114	69	92	169

Summary Q4

Strengthened basic operation. The improvement in the quarterly profit is mainly related to increased net interest from last quarter, reduced loss and positive result on financial instruments.

- Net interest of MNOK 223, up from MNOK 202 last quarter.
- Net commission income of MNOK 39, a reduction of MNOK 2 from last quarter.
- Net value change on financial investments is improved by MNOK 45 from last quarter.
- Low write-downs on lending.

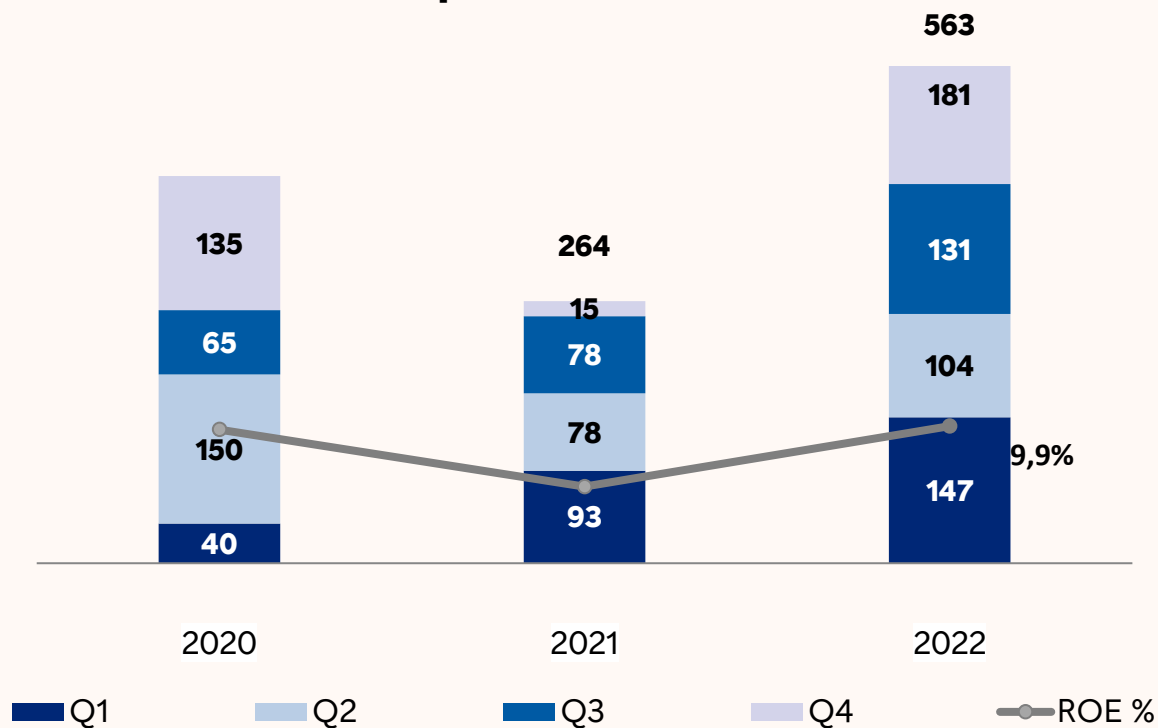




- Main features
- Summary Q4
- **Profit & loss**
- Lending
- Deposits
- Funding
- Solidity
- Prospects ahead
- Appendices

Good profit development

Profit development (MNOK)



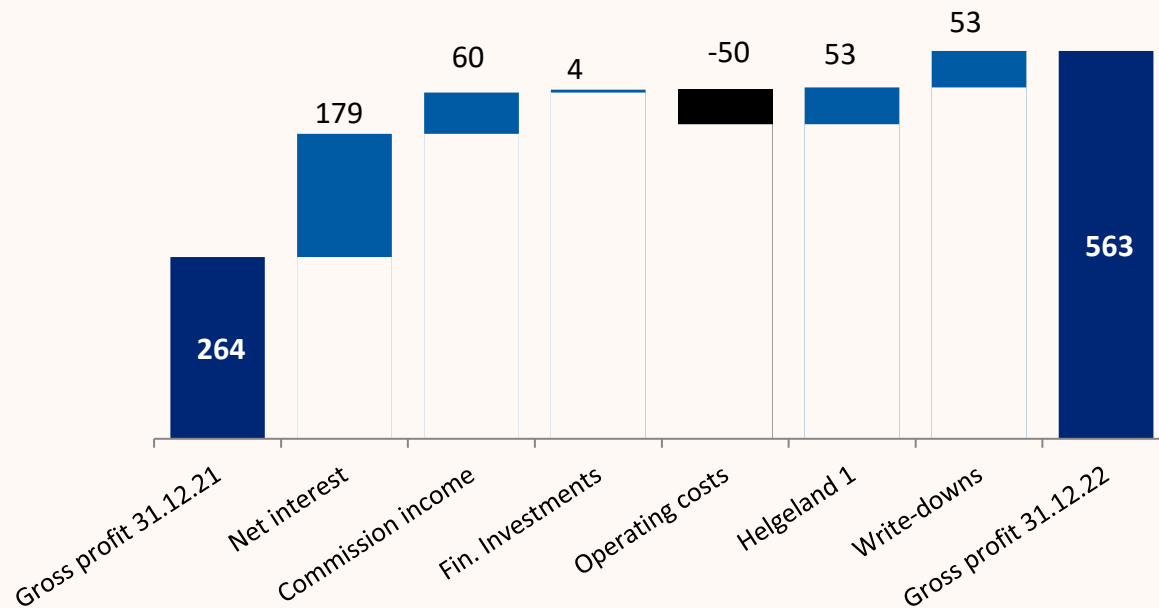
Profit

Significant profit improvement with a gross profit of MNOK 563 (264) pr. 31.12.22

- ROE of 9.9 %*
(ROE is adjusted for hybrid capital)

Strong profit improvement

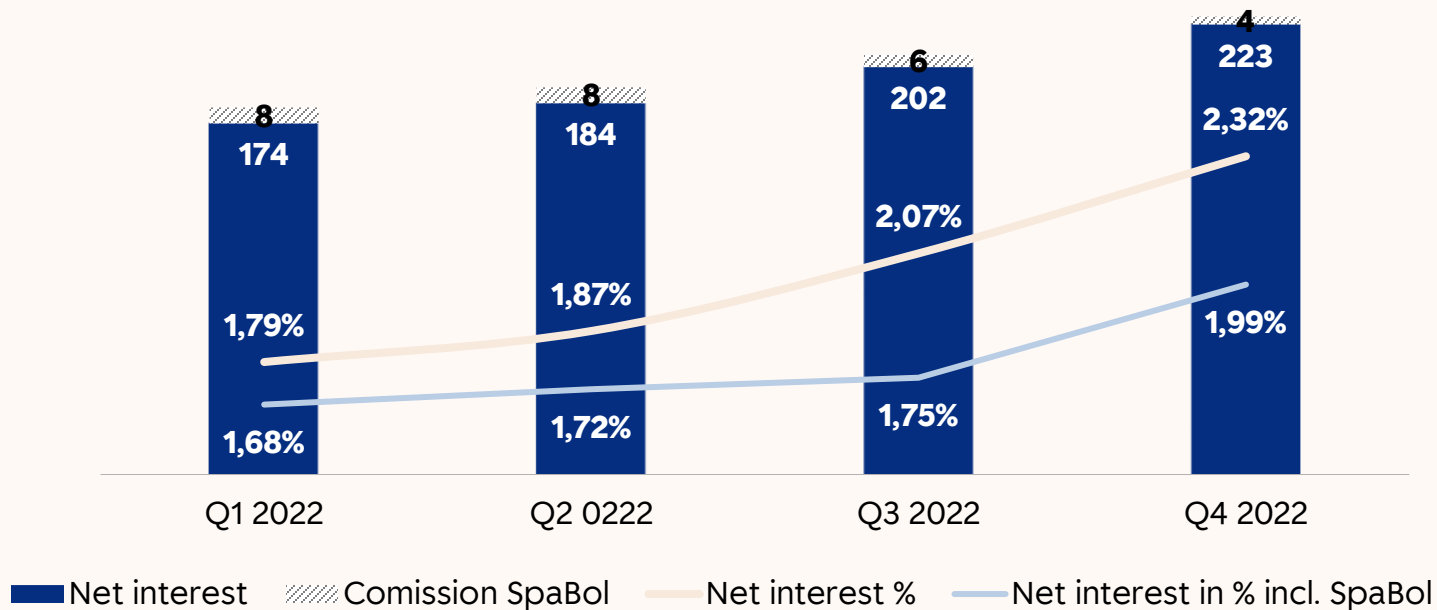
Change in gross profit (MNOK)



Gross profit is MNOK 299 higher than for 2021.

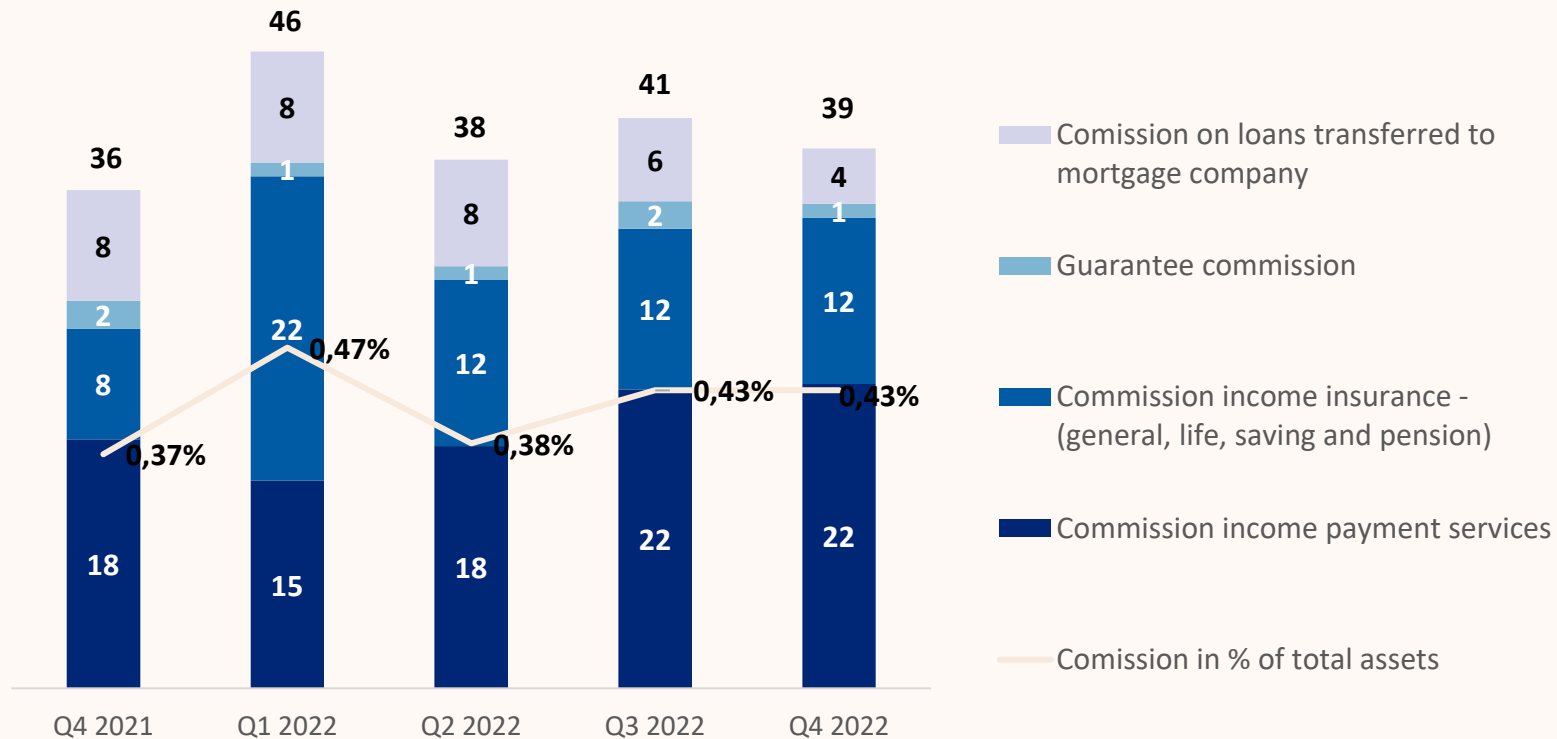
- Mainly increase in net interest
- Increase in commission income and costs are related to the acquisition in Q4 2021.
- No one-time costs related to the entry in the SpareBank 1 alliance and the acquisition.
- Lower level of write-downs.

Good development in net interest



- Net interest and commission income amounts to MNOK 223 in Q4 against MNOK 202 last quarter.
- In % of average total assets, net interest and commission income is 2.32 % against 2.07 last quarter.

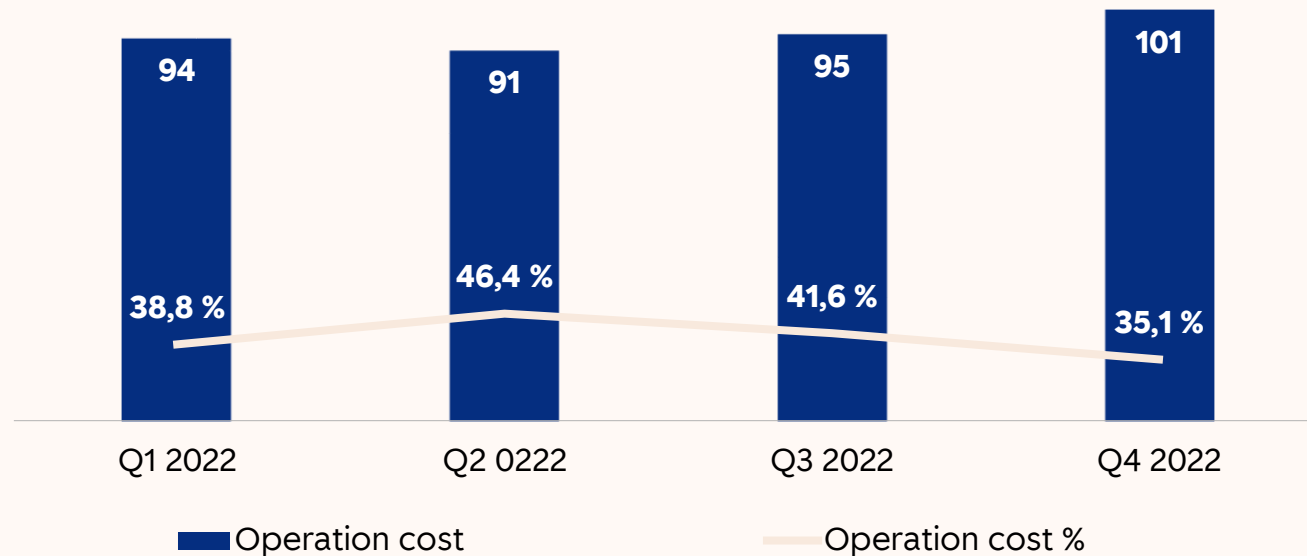
Stable commission income



Commission lending from credit companies is affected by increased funding costs in the credit company.

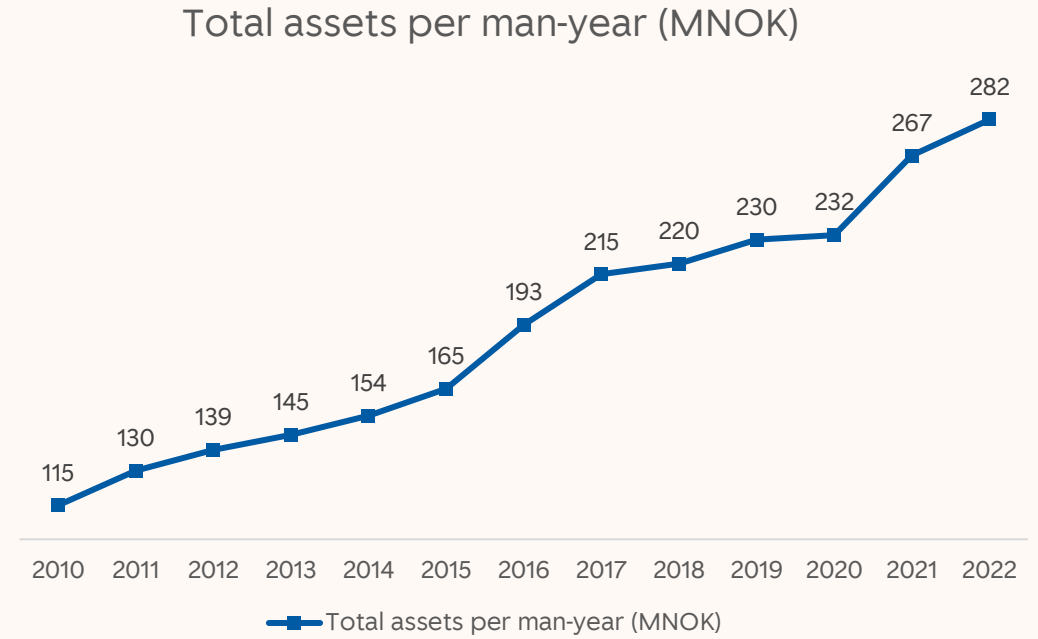
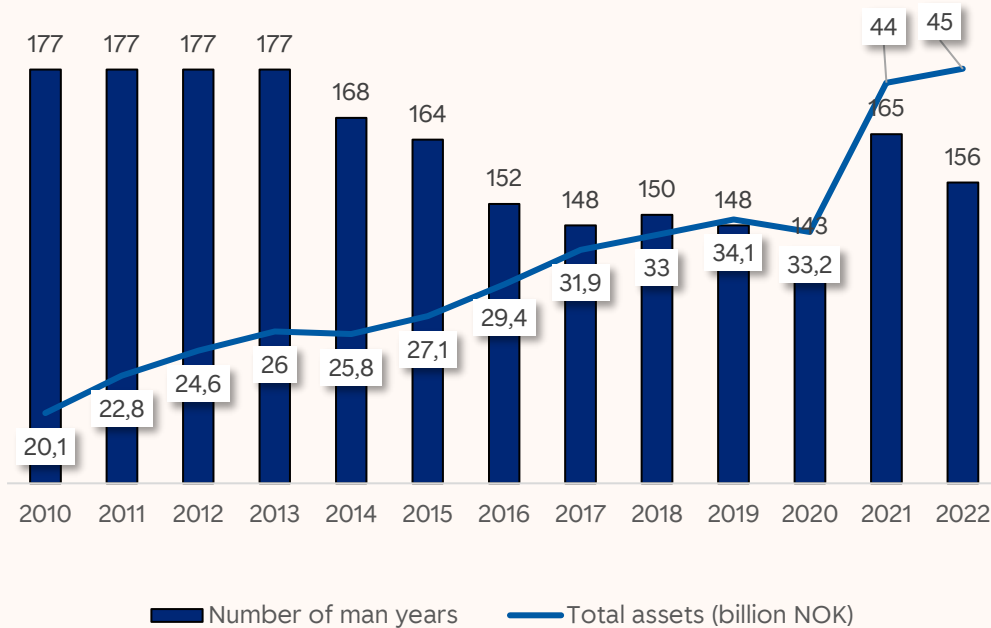
Stable and healthy cost development.

Operating cost (mnok) and % of income



- cost/income is 39.9 % so far this year.
- The costs are within target both in the quarter and in 2022 as a whole. (cost/income <40 %).

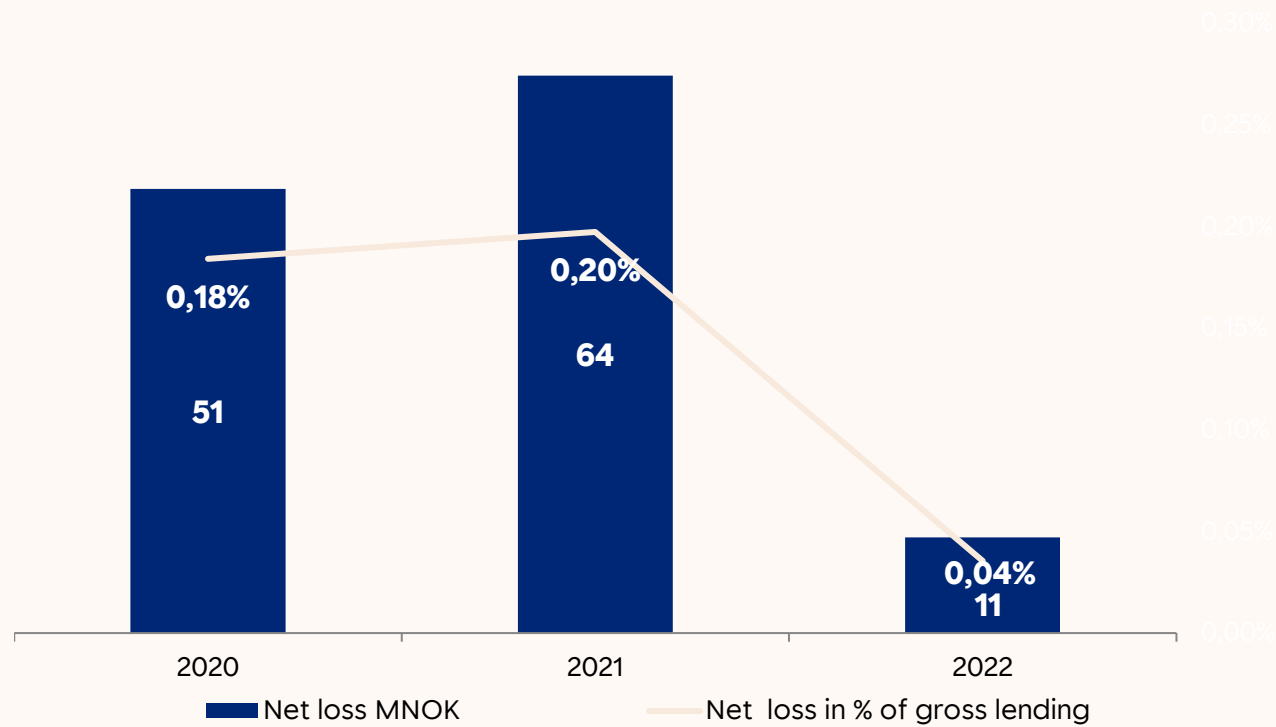
The bank is constantly drifted more efficient.



More efficient after the acquisition.

- Continuously and systematically measures that increase efficiency and profitability.
- 31.12.2021: many employees in end package course after the acquisition in Q4 2021.
- From 31.12.2020 to 31.12.22, total assets per man-year has increased from MNOK 232 to MNOK 282 or 21.6 %. The consumer price index has in comparison increased 11.5 % in this period.

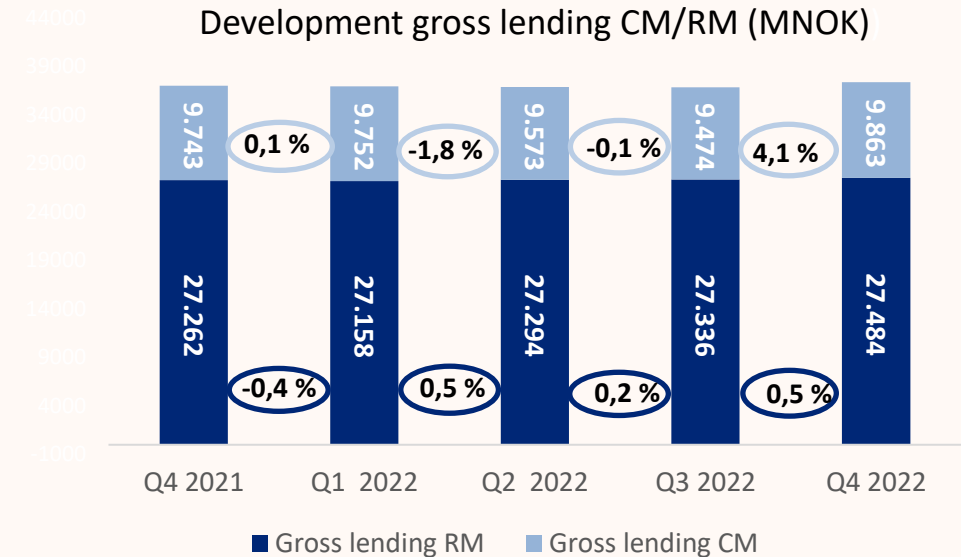
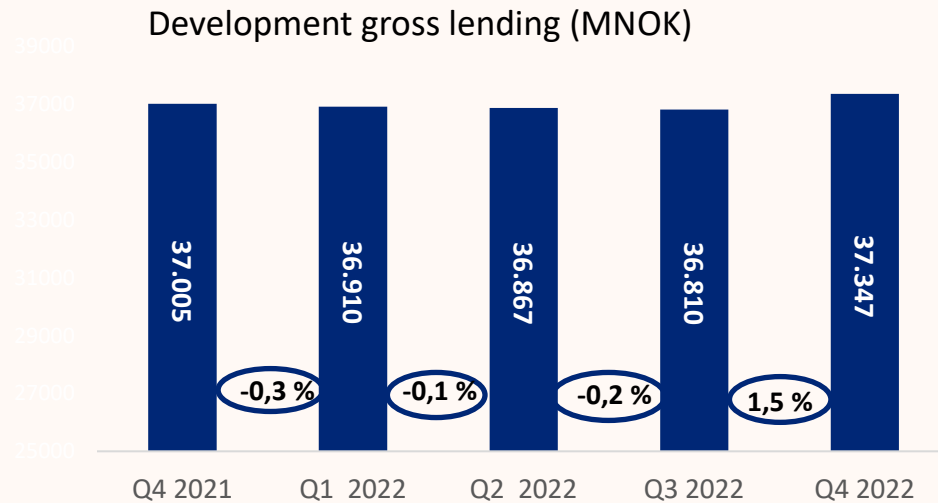
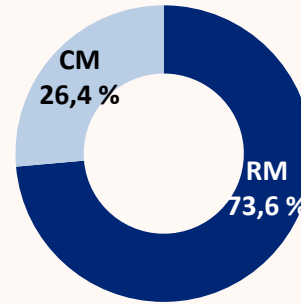
Low losses



- MNOK 11 in loss so far this year, whereof MNOK 6 in Q4 2022.

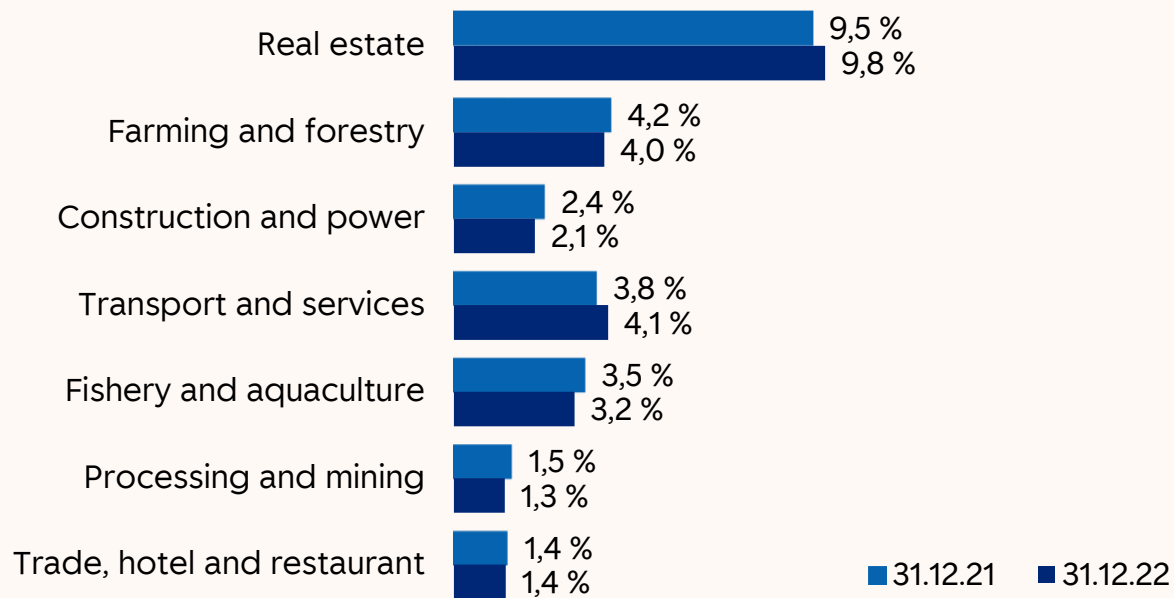
- 
- A cable-stayed bridge is illuminated at night, spanning a body of water. The bridge's tall pylon and numerous stay cables are clearly visible against a dark sky filled with stars. The water reflects the bridge's lights. In the foreground, a snowy, rocky shoreline is visible. In the distance, a small town or village is lit up, and mountains are visible under the starry sky.
- Main features
 - Summary Q4
 - Profit & loss
 - **Lending**
 - Deposits
 - Funding
 - Solidity
 - Prospects ahead
 - Appendices

Weak lending growth in 2022 (SpaBol included)



Lending CM – good industry spread

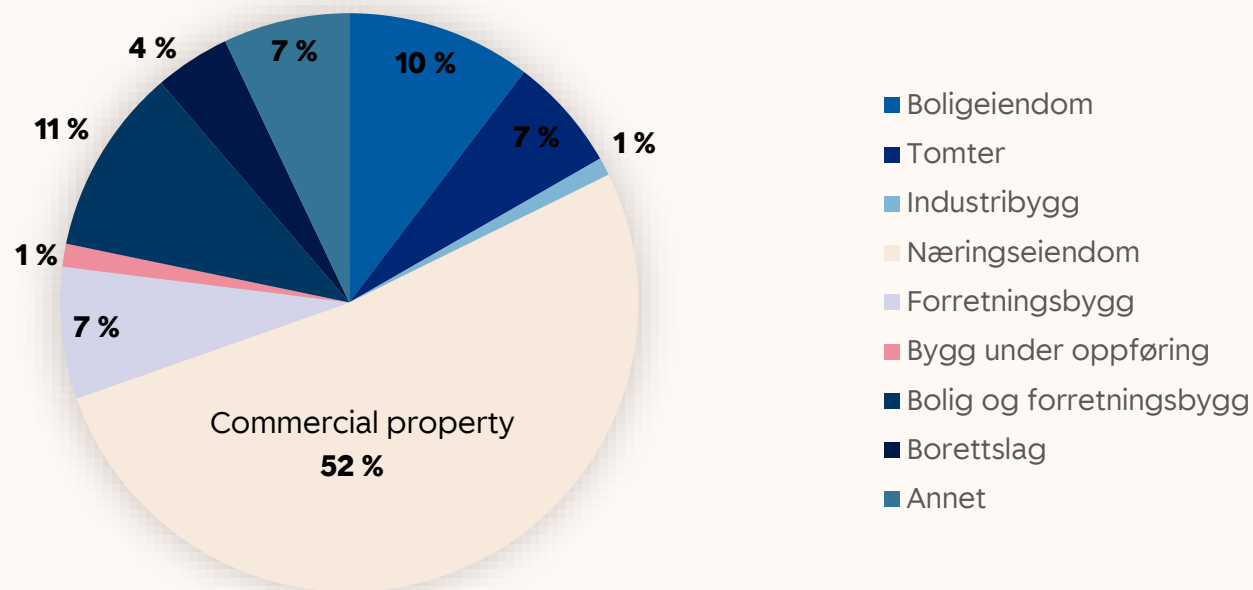
Lending distributed in sector



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 31.2 (29.4) % equals MNOK 9 659 (9 519)

Lending CM – Real estate

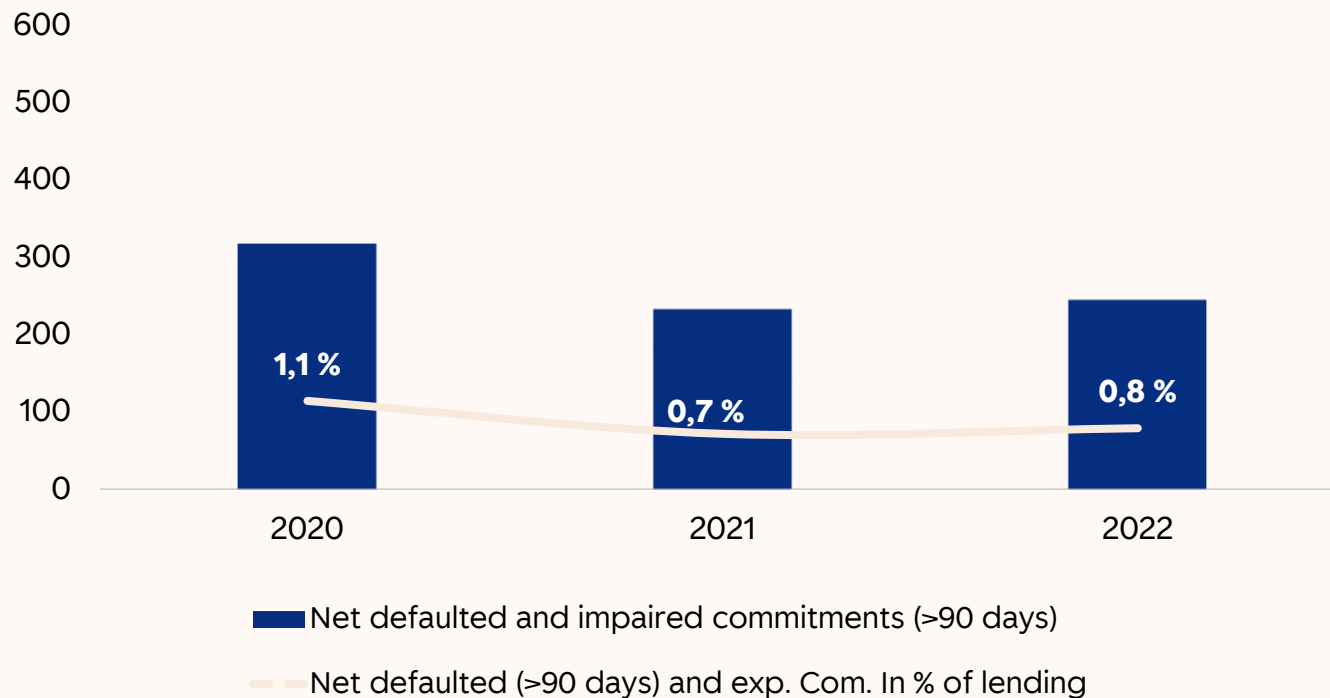
Real estate – allocation pr segment



- Low vacancy in all segments on the real estate side. Under coverage on housing and industrial areas.
- 57 % of real estate categorized in low risk. 21 % in best middle risk class. 96 % 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 defaulted and com. exp. to loss



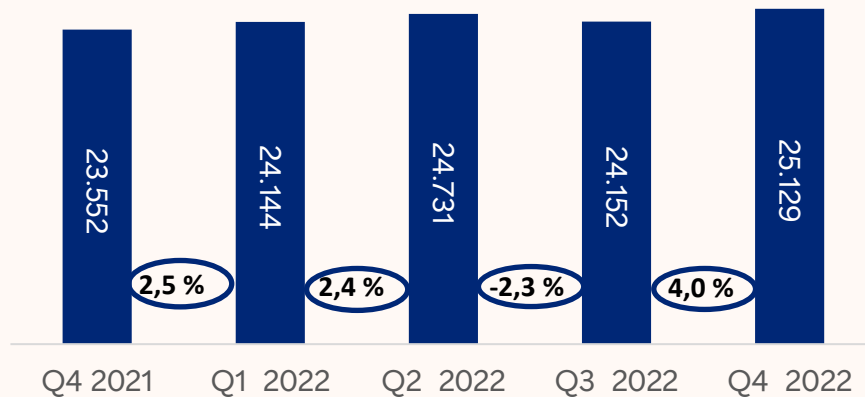
- Net non-performing and impaired commitments amounts to MNOK 244, an increase of MNOK 12 in 2022.



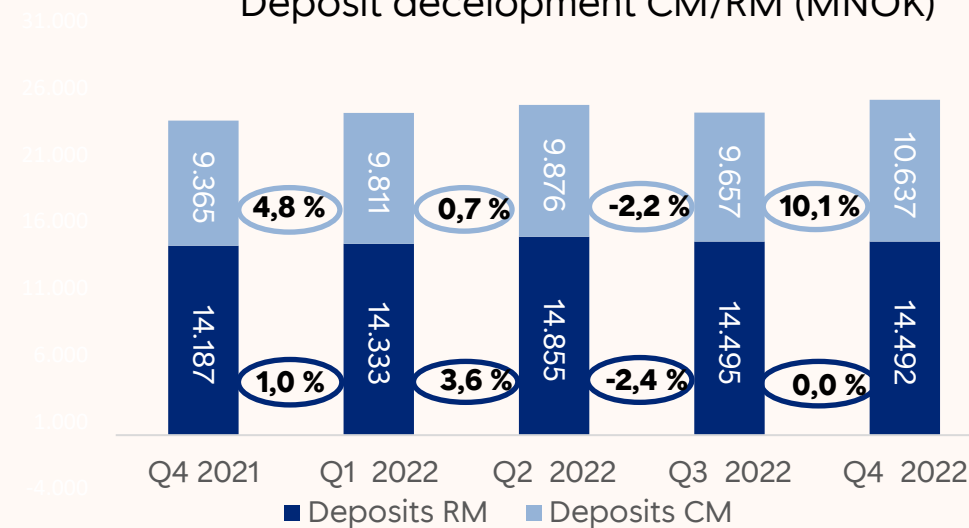
- Main features
- Summary Q4
- Profit & loss
- Lending
- **Deposits**
- Funding
- Solidity
- Prospects ahead
- Appendices

Increase in deposits from the corporate market

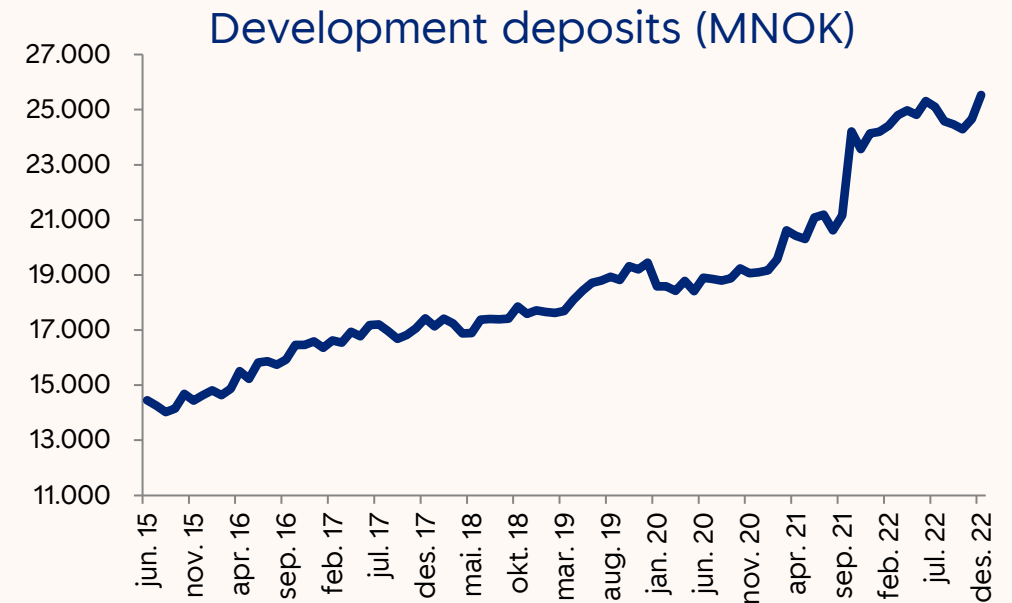
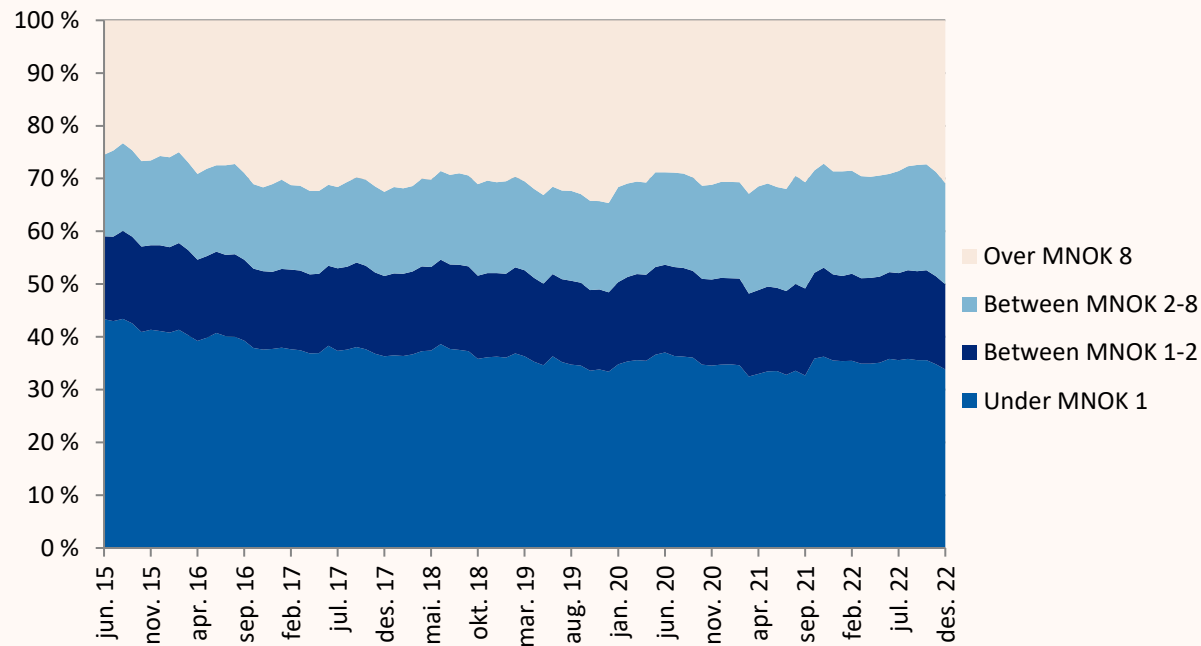
Deposit development (MNOK)



Deposit development CM/RM (MNOK)



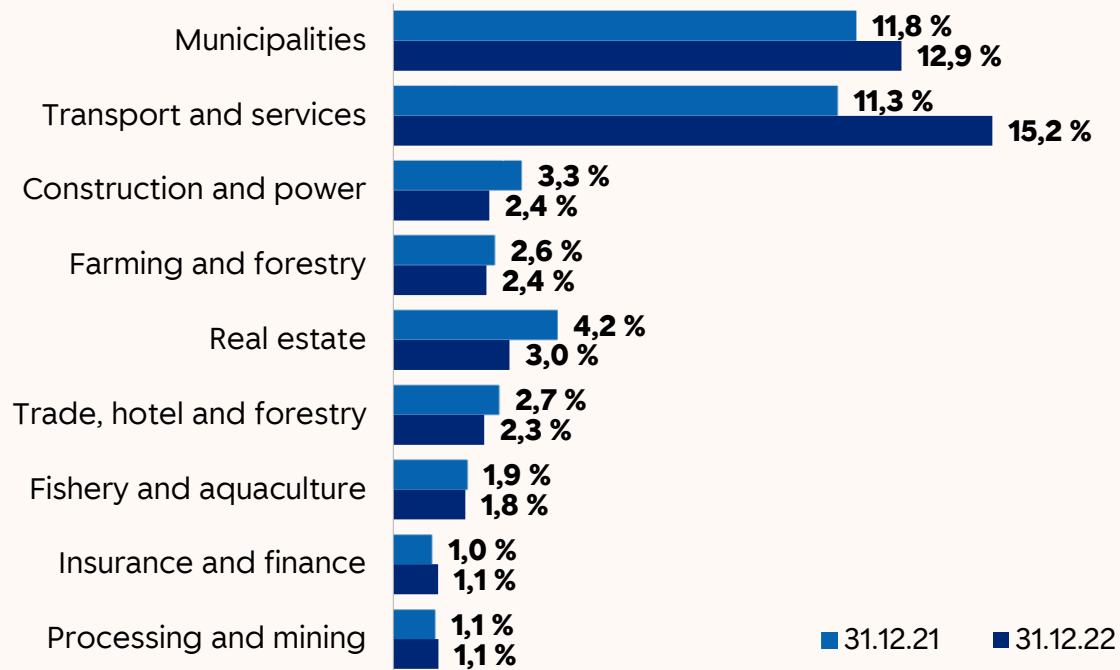
Stable deposits



- Increase in deposits of MNOK 1 069 or 4.4 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 50.0 % of the RM deposits are under MNOK 2
- 59.3 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits



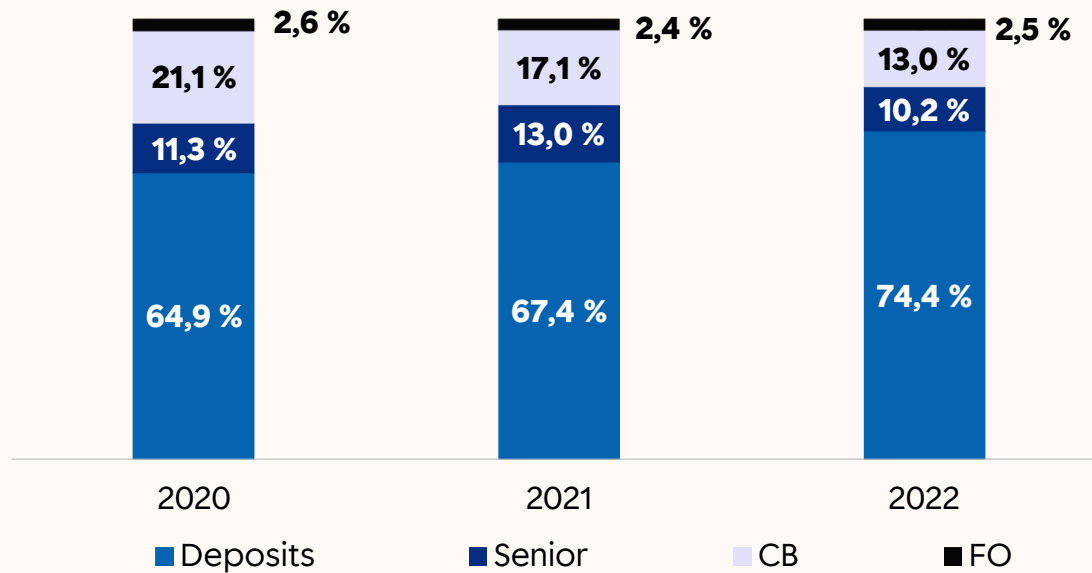
- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 42.3 (39.8) % or MNOK 10 637 (9 365) of total deposits.
- Deposits from municipalities amounts to 30.5 % of the CM deposits.



- Main features
- Summary Q4
- Profit & loss
- Lending
- Deposits
- **Funding**
- Solidity
- Prospects ahead
- Appendices

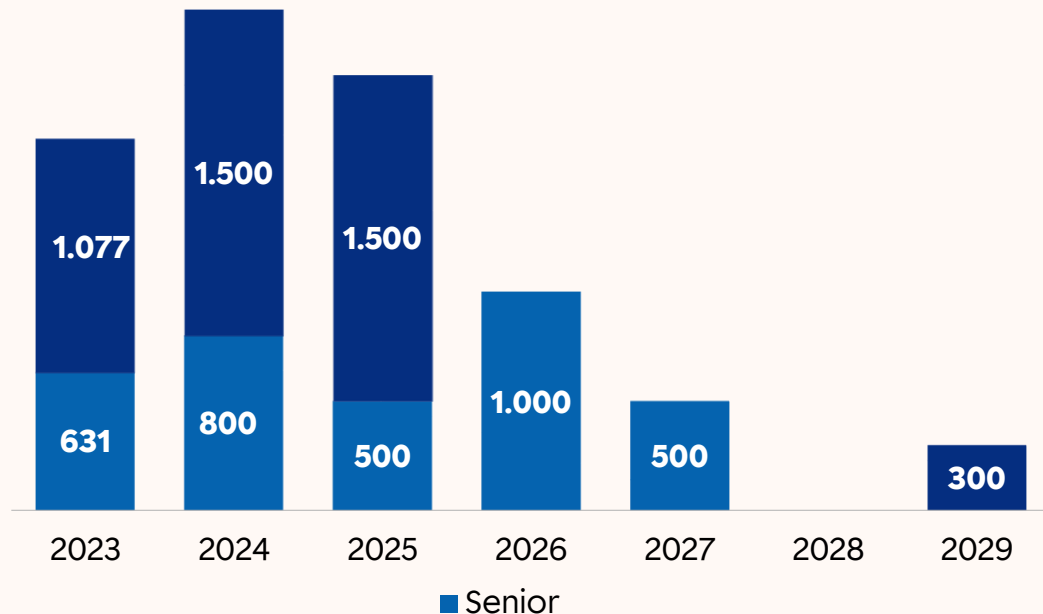
Funding – Increased deposit ratio in 2022

Funding development



- Share customer deposits has increased in 2022

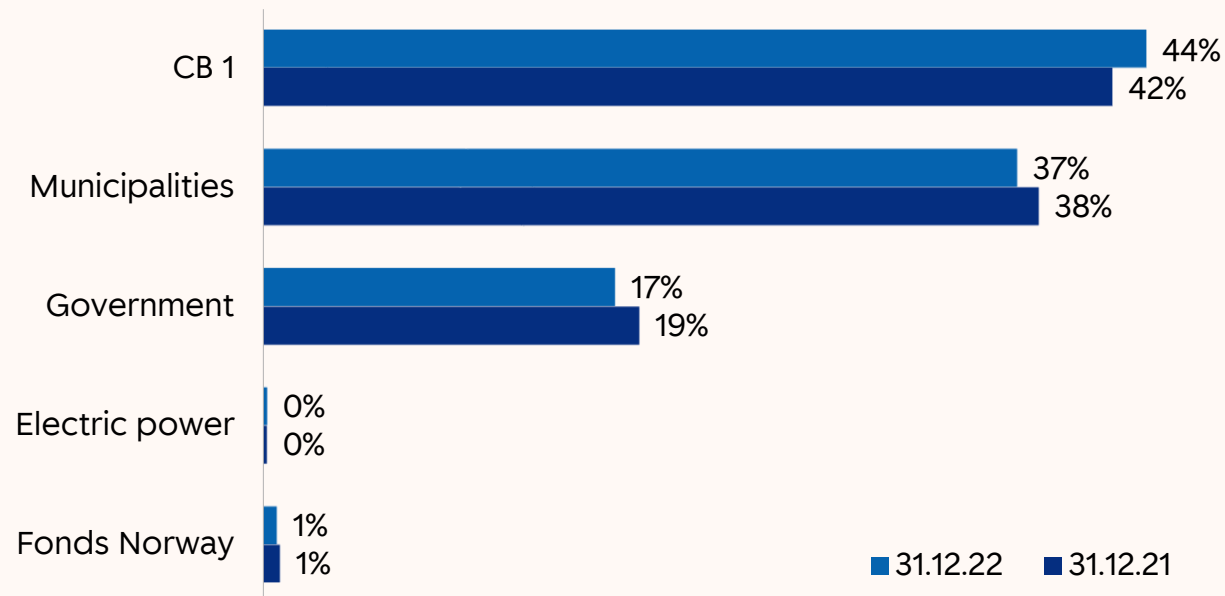
Funding due



- The funding due structure is still affected by transfers to SpaBol, and adaption to right level of funding.
- Share long term funding 78.1 % (80.9) %
- Combined duration of 2.1 (2.5) years. Duration in the mortgage company of 1.9 years.

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.7 (1.6) years
- 99.4 % 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 6.5 (6.1) bn. – equals 16.7 (15.4) % 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 6 372 (4 581)
- Ambition of increased transfer of loans adapted the banks need for long term funding.



HELGELAND
BOLIGKREDITT

Helgeland Boligkreditt AS is 100 % owned by SpareBank 1 Helgeland

- Transferred loans amounts to MNOK 5 161 (7 037)
- 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.

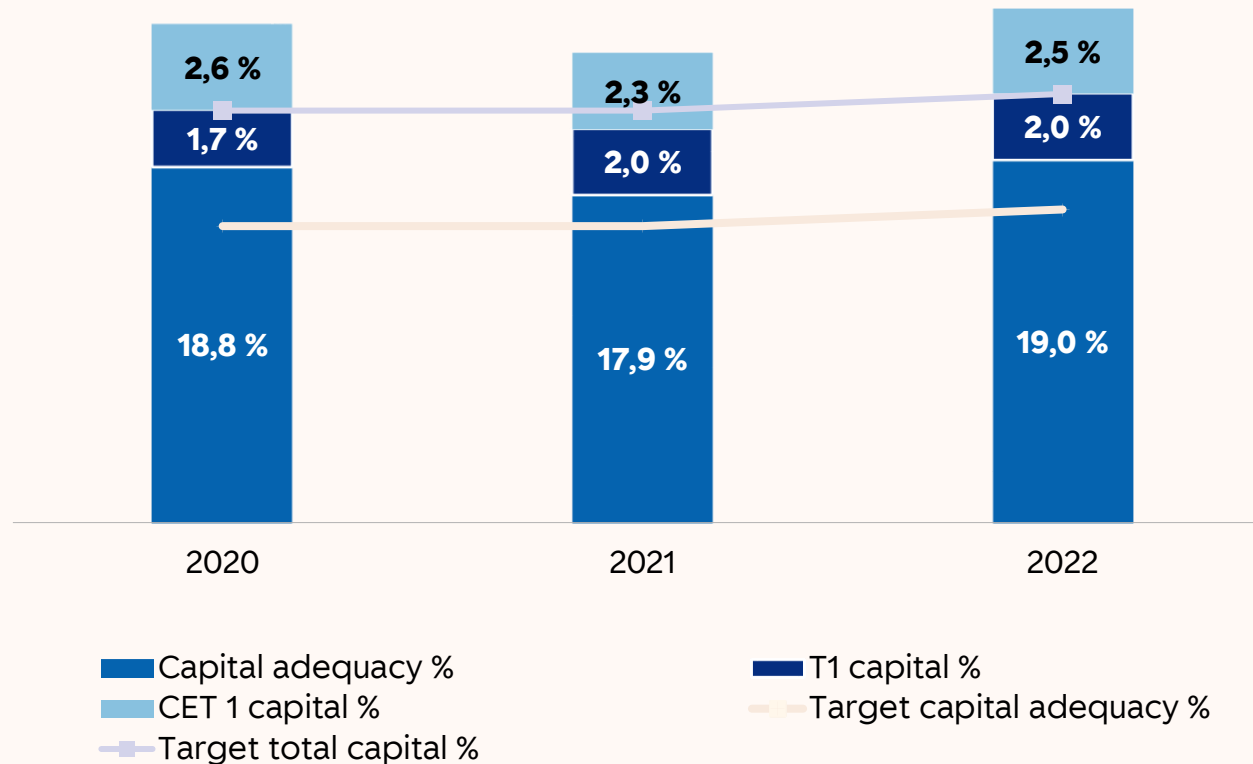
Pr. 31.12.22 transfer degree is 30.9 % and 41.7 % med a total of MNOK 11 533 transferred to the mortgage companies.



- Main features
- Summary Q4
- Profit & loss
- Lending
- Deposits
- Funding
- **Solidity**
- Prospects ahead
- Appendices

Very good capital adequacy

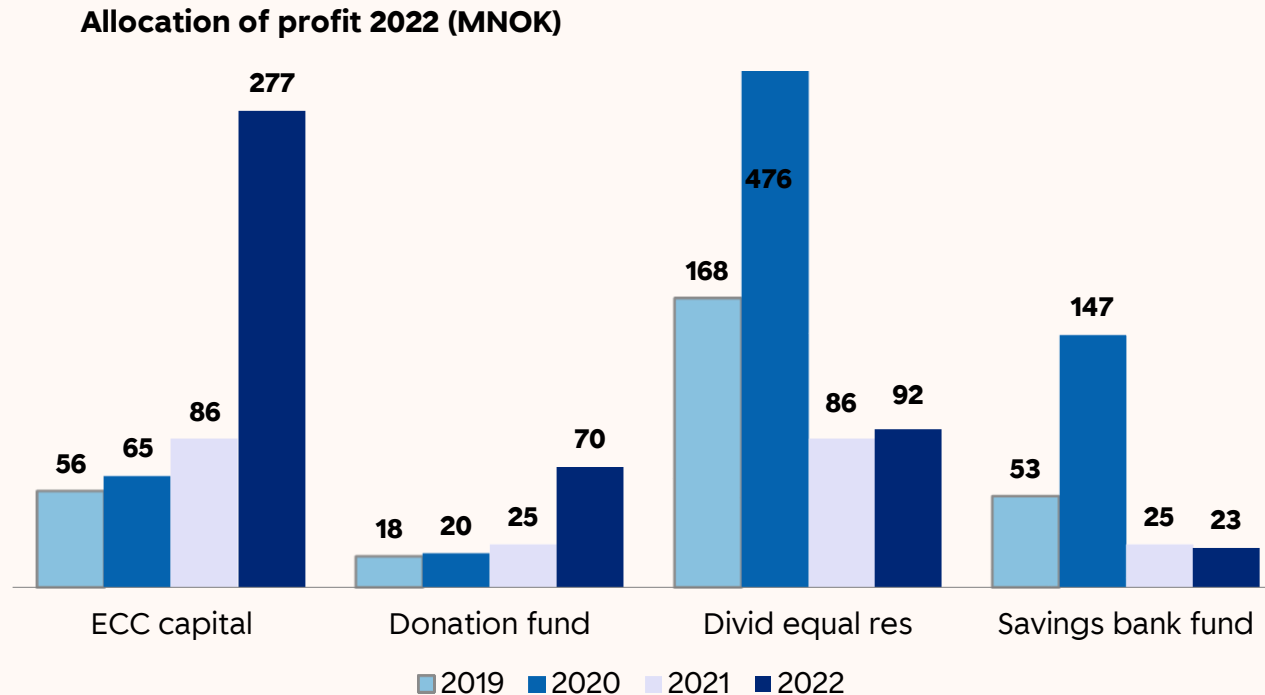
Development capital adequacy



Capital adequacy

- The banks capital adequacy is higher than the target. The board of director assumes that the capital is used for future growth or alternatively distributed through higher future dividend and gift allocation.
- Target : CET1 17.5 %
Core 19.0 %
Total capital 21.0 %

Proposed allocation of profit 2022



Dividend and allocation to the equalization fund reflects the EC holders' share of the bank's equity.

- Time weighted owner equation for 2022, 79.9 %

Increased distribution ratio

- 75.0 (50.0) %.

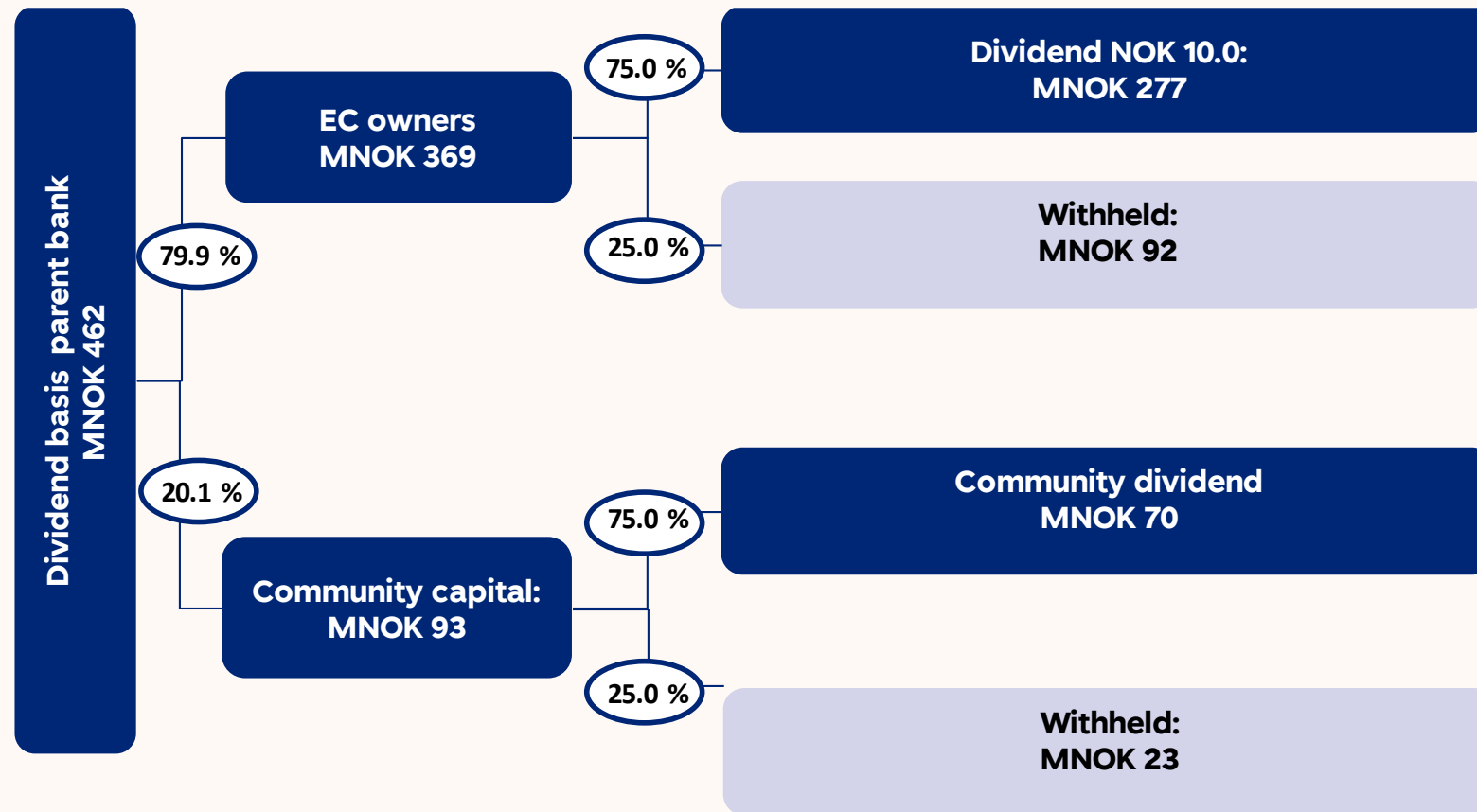
Dividend basis is MNOK 462

- The parent bank's profit adjusted for unrealized gains and interests perpetual bonds.

The board proposes dividend for 2022:

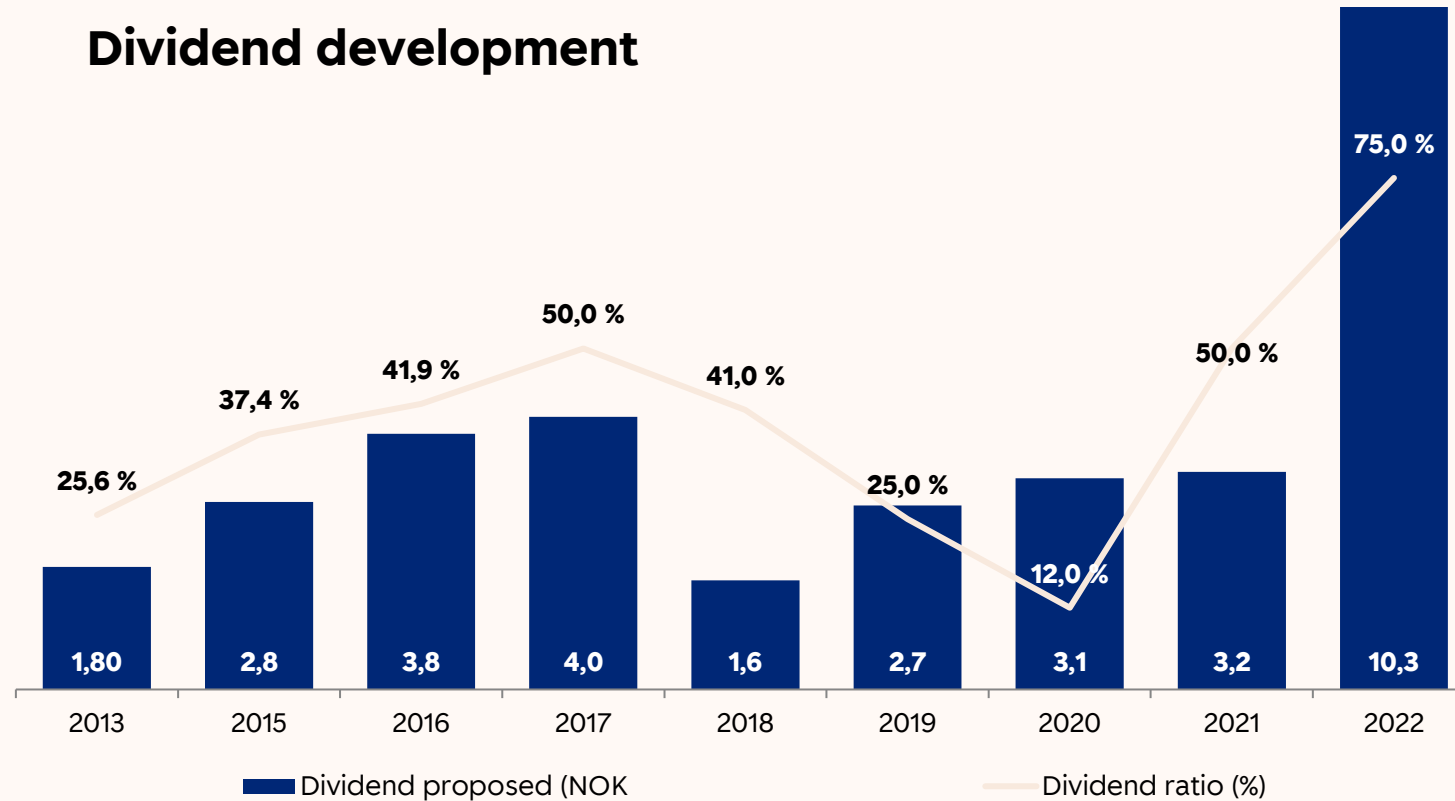
- Cash dividend NOK 10.3 (3.2) pr equity certificate


Proposed allocation of profit 2022



Dividend development

Dividend development



- 
- Main features
 - Summary Q4
 - Profit & loss
 - Lending
 - Deposits
 - Funding
 - Solidity
 - **Prospects ahead**
 - Appendices

Prospects ahead

ROE target of 11 % after tax from last part of 2023.

Net interest is expected slightly strengthened

Stable commission income of around 0.30 % of total assets

For the corporate market, a significant 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.

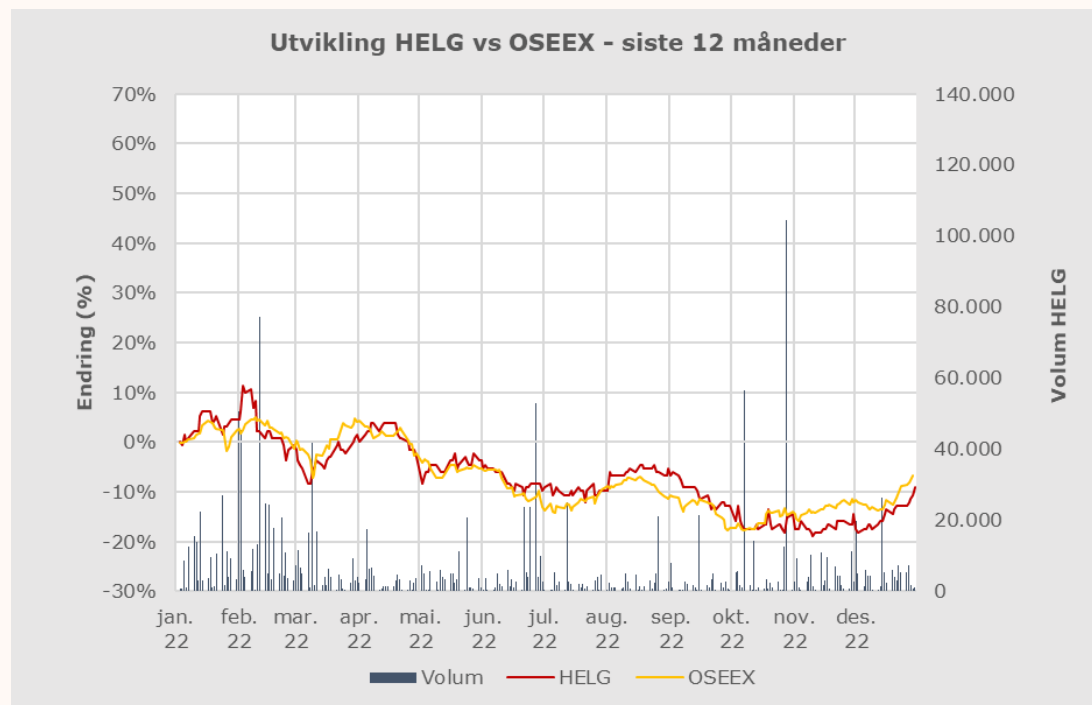


- Main features
- Summary Q4
- Profit & loss
- Lending
- Deposits
- Funding
- Solidity
- Prospects ahead
- Appendices

Profit & loss

SpareBank 1 Helgeland (group)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net interest- and credit comission earnings	149	150	144	144	148	168	174	184	202	223
Net comission earnings	23	26	28	21	22	36	46	38	41	39
Other operatios income	2	2	1	0	4	-1	2	2	4	0
Ordinary operations cost	113	167	81	82	80	141	94	91	95	101
Result basic operations	61	11	92	83	94	63	128	133	152	161
Write-downs lending and warranties	3	-5	3	7	19	35	1	2	2	6
Net value change financial instruments	7	119	4	3	3	-13	21	-28	-19	26
Gross profit	65	135	93	78	78	15	147	104	131	181
Net profit	49	130	71	62	58	15	115	71	93	165
Net extended income posts	0	-1	0	-1	0	2	-1	-2	-1	4
Profit for the period	49	129	71	61	58	17	114	69	92	169

HELG- EC development and liquidity

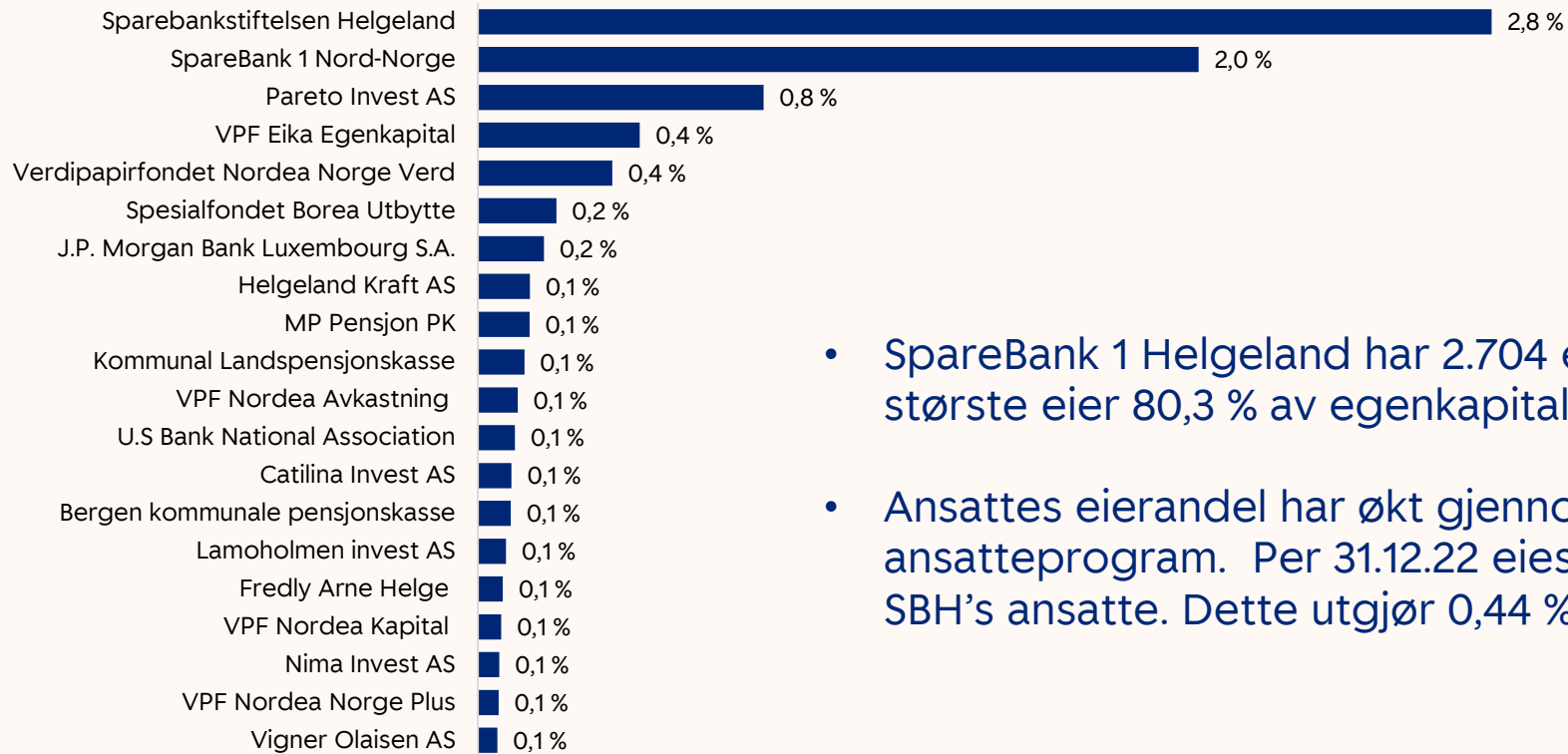


(source: SBH; Data: Bloomberg/Euronext | January 2023)

	31.12.19	31.12.20	31.12.21	31.12.22
EC fraction opening balance	76.4 %	76.4 %	77.3 %	79.9 %
Number of EC's	20.9	20.9	27.0	27.0
price	84.0	86.0	131	120
Stock exchange value	1 756	1 797	3 537	3 240
Accounted equity per EC	119	129	124	135
Profit per EC	10.6	12	5.5	12.8
Dividend per EC	2.70	3.10	3.19	10.3
Price/Accounted EC	0.7	0.7	1.1	0.9

50 % north norwegian ownership

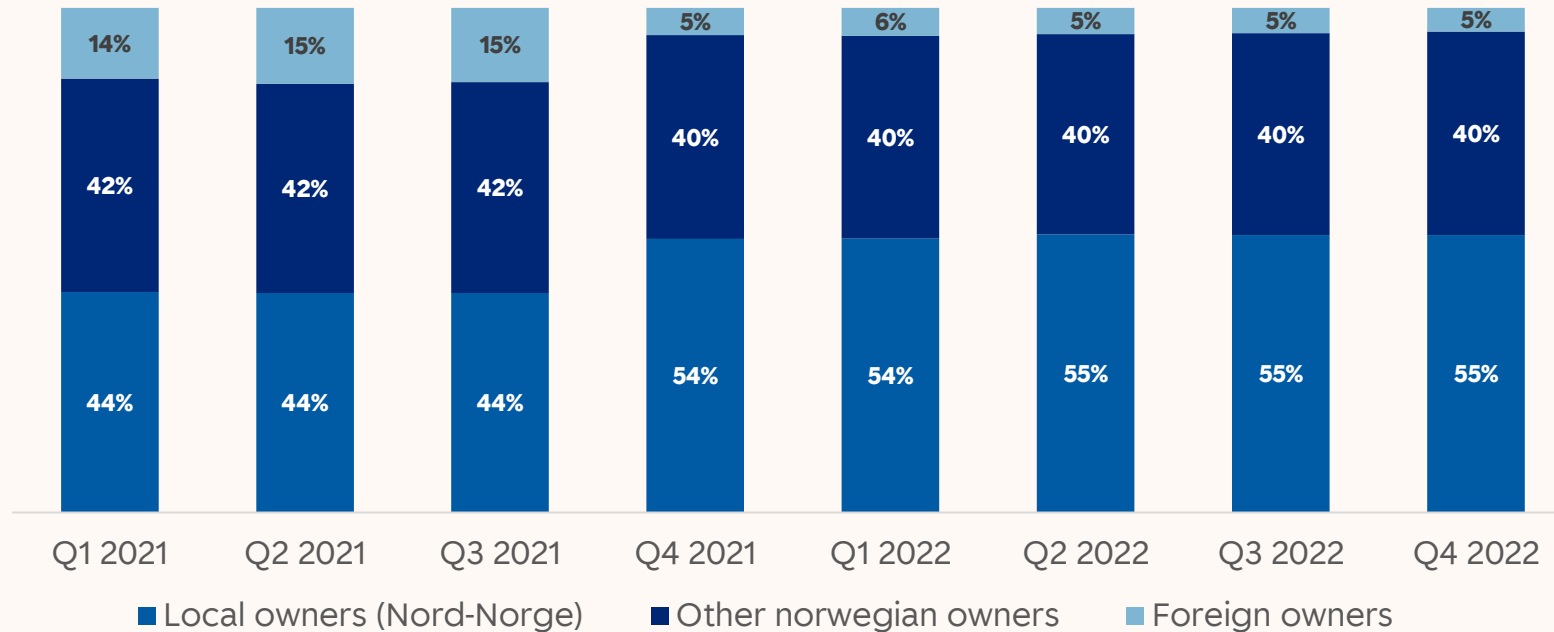
20 largest owners



- SpareBank 1 Helgeland har 2.704 eiere hvor de 20 største eier 80,3 % av egenkapitalbevisene.
- Ansattes eierandel har økt gjennom videreføring av ansatteprogram. Per 31.12.22 eies 119.330 EK bevis av SBH's ansatte. Dette utgjør 0,44 %.

50 % north norwegian ownership

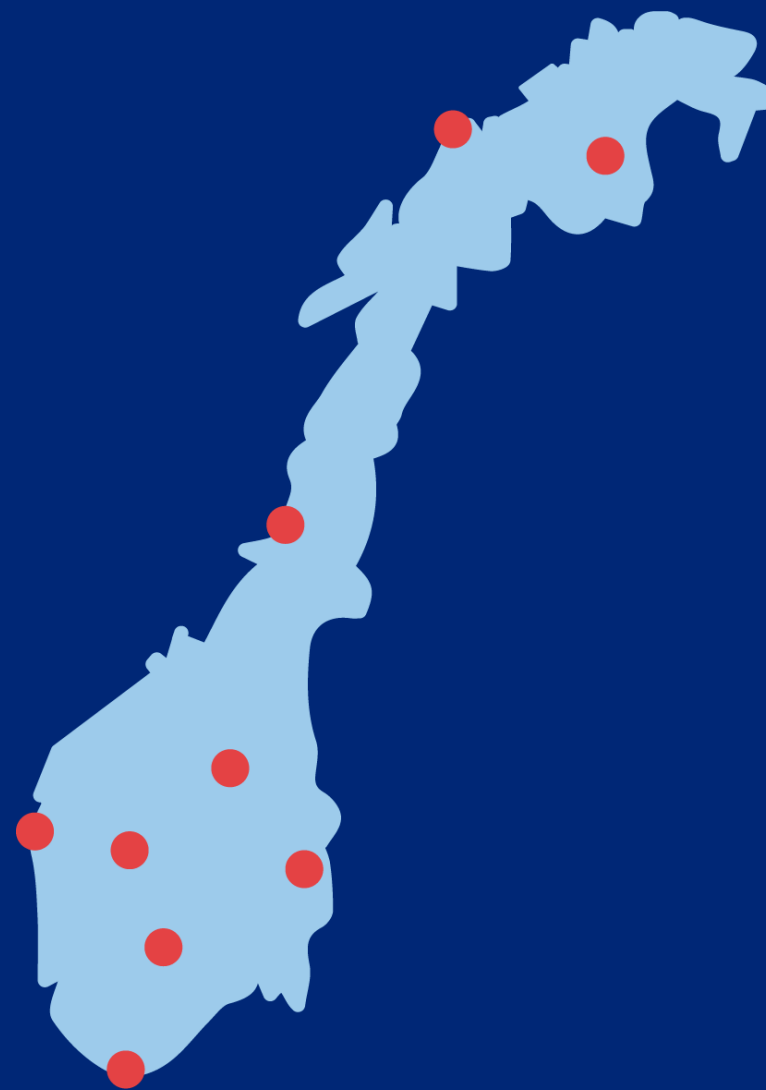
Geographical owner structure (%)



- After the emission in Q3 2021, conditions have changed geographically, and the share of northern norwegian owners has increased as SpareBank 1 Nord-Norge is the bank's second largest owner with 20.0 % ownership.

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 44 996
- Employees, total man-years: 156
- Rating from Moodys: A3 – Positive outlook.
Ticker: HELG



A photograph of a coastal house at night. The house has a mix of green and red siding and is illuminated from within. The sky is dark blue with vibrant green and teal aurora borealis visible. The foreground shows a rocky, dark shoreline with some driftwood.

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

Management

Hanne Nordgaard

CEO

416 85 777 – Hanne.Nordgaard@sbh.no

Investor Relations

Anne Ekroll

CFO

913 36 452 – anne.ekroll@sbh.no