

Presentation

Q3 2024

- A driving force for growth in Helgeland



Presentation 30.09.24 (SBH group)



Hanne Nordgaard
Chief Executive Officer



Anne Ekroll
Finansdirektør

- 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 %.

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 so far this year

Gross Profit
MNOK 565 (514)

ROE*
12.1 (11.2) %
*adjusted for hybrid capital

**12 months
lending growth**
5.0 (1.7) %

Total assets
37.3 (37.2) mrd. Kr

Solidity
CET 17,2 (18,8) %

Losses on loans
MNOK 76 (57)

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Summary Q3

SpareBank 1 Helgeland (group)	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Net interest- and credit comission earnings	265	254	249	255
Net comission earnings	39	39	43	46
Other operatios income	2	2	2	3
Ordinary operations cost	113	107	109	106
Result basic operations	193	188	184	198
Write-downs lending and warranties	43	53	6	17
Net value change financial instruments	-13	44	7	19
Gross profit	137	179	185	200
Net profit	101	144	139	155
Net extended income posts	1	0	0	0
Profit for the period	102	144	139	155

Summary Q3

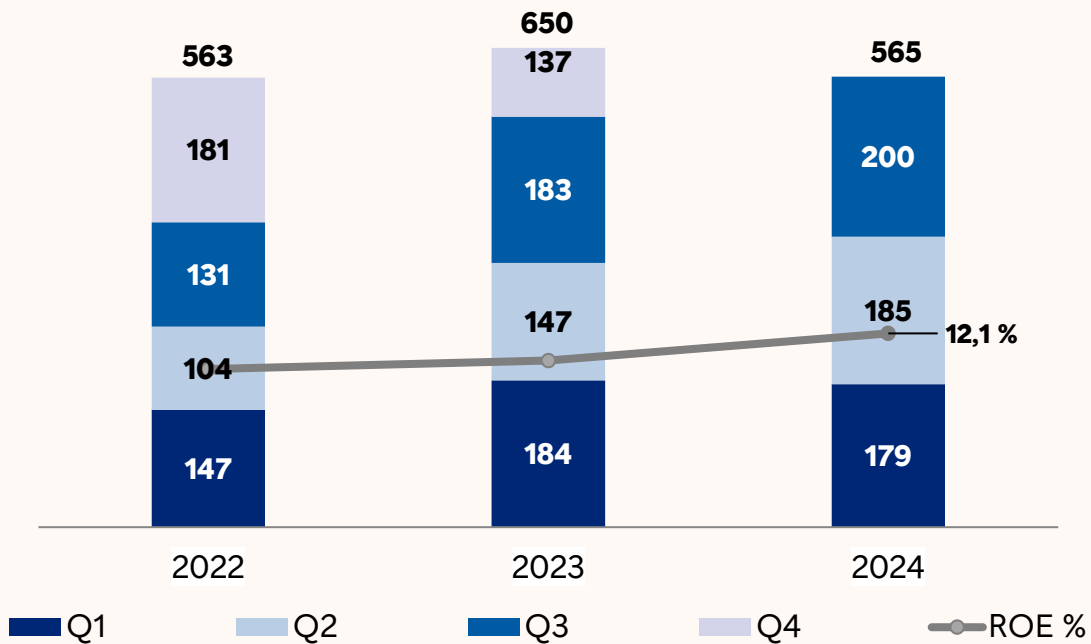
Good quarterly result

- Lending growth of MNOK 611 or 2.2 % this quarter
- Net interest of MNOK 255, an increase of MNOK 6 from last quarter.
- Net commission income of MNOK 49, an increase of MNOK 4 from last quarter.
- Net value change and gains/loss on financial investments amounts to MNOK 19, an increase of MNOK 12 from the previous quarter. The increase is mainly related to the one-off effects of the merger between Eika forsikring and Fremtind forsikring.
- Write-downs on lending, MNOK 17 against MNOK 6 last quarter



Increase in profit

Profit development (MNOK)



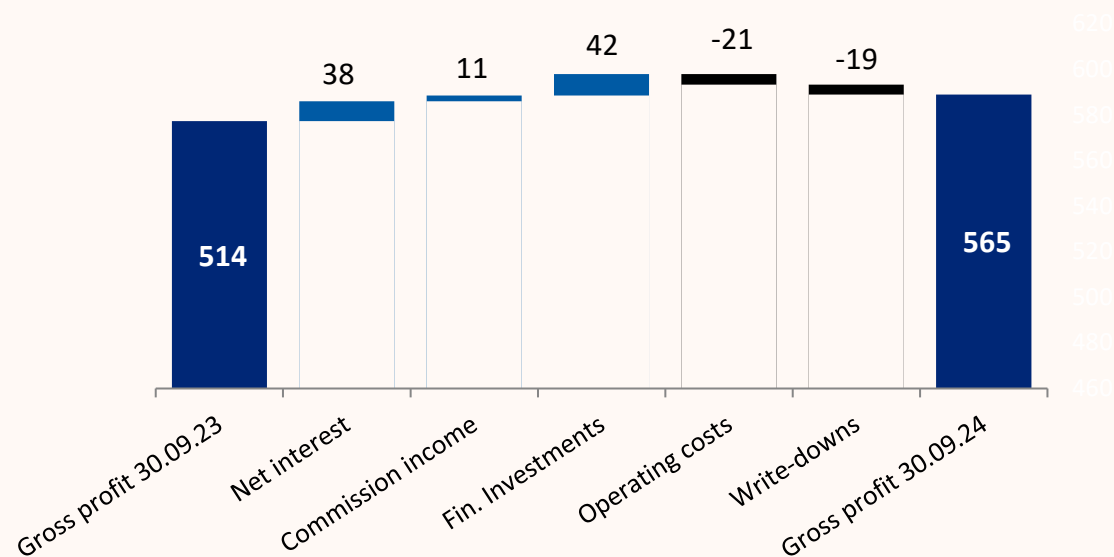
Profit

Gross profit of MNOK 565 (514) pr. 30.09.24

- ROE of 12.1 %*
(ROE is adjusted for hybrid capital)

Increased gross profit

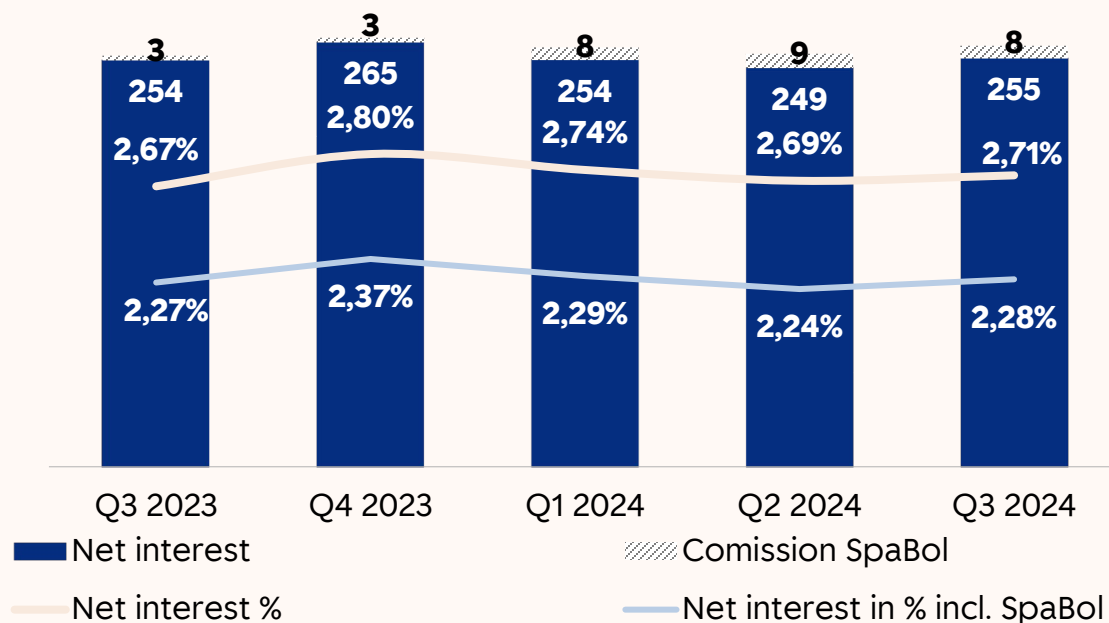
Change in gross profit (MNOK)



Gross profit is MNOK 51 higher than for the corresponding period last year.

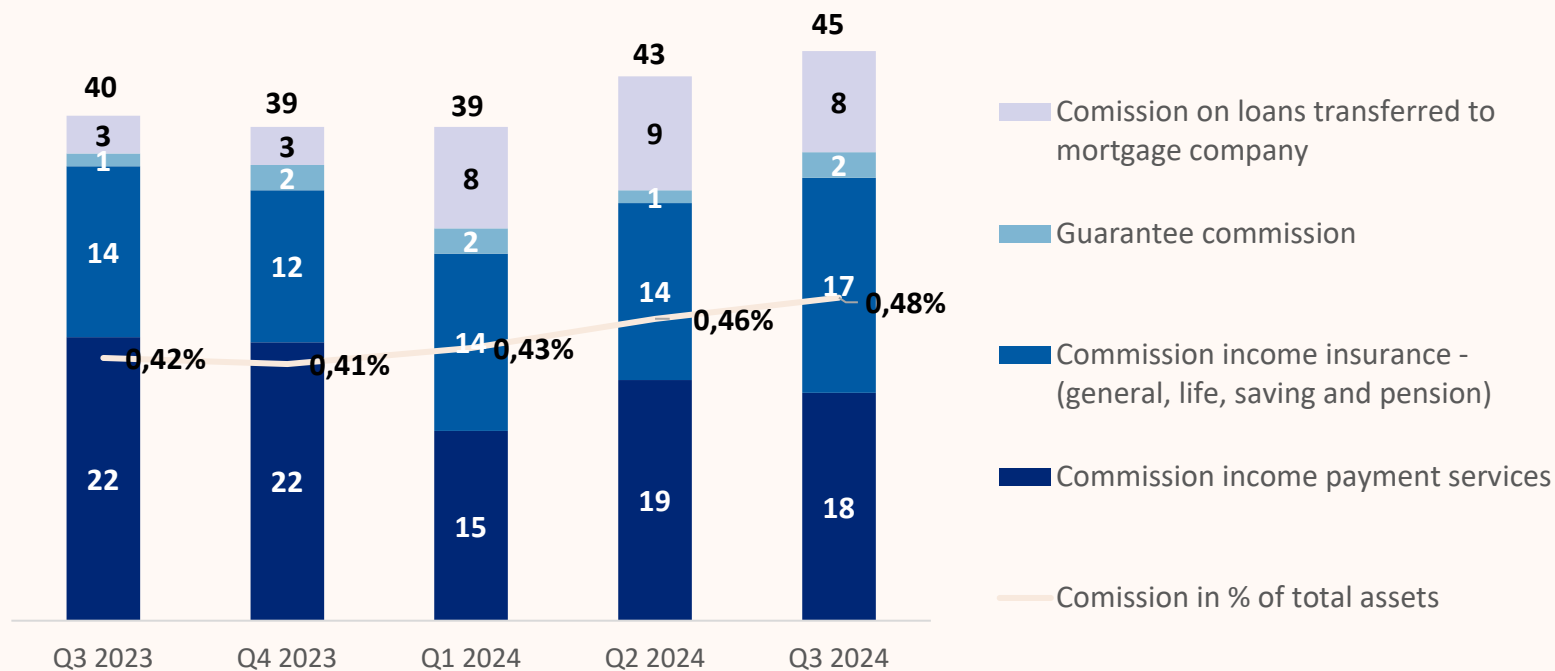
Increase in net interest

Net interest (MNOK) and in % of total assets



- Net interest and commission income amounts to MNOK 255, an increase of MNOK 6 from last quarter
- In % of average total assets, net interest and commission income is 2.71 %, up from 2.69 % last quarter.

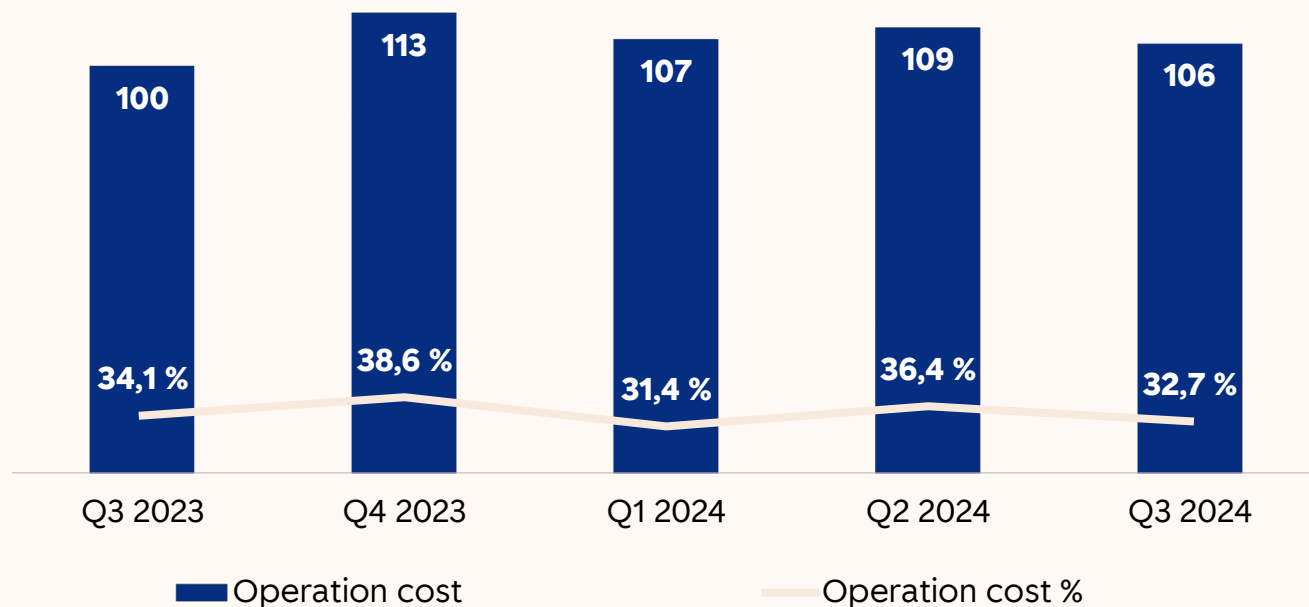
Increase in commission income



- Commission income has increased from last quarter and compared to the corresponding period last year.
- Increased focus on wholesale has led to increased commission income from insurance in Q3.

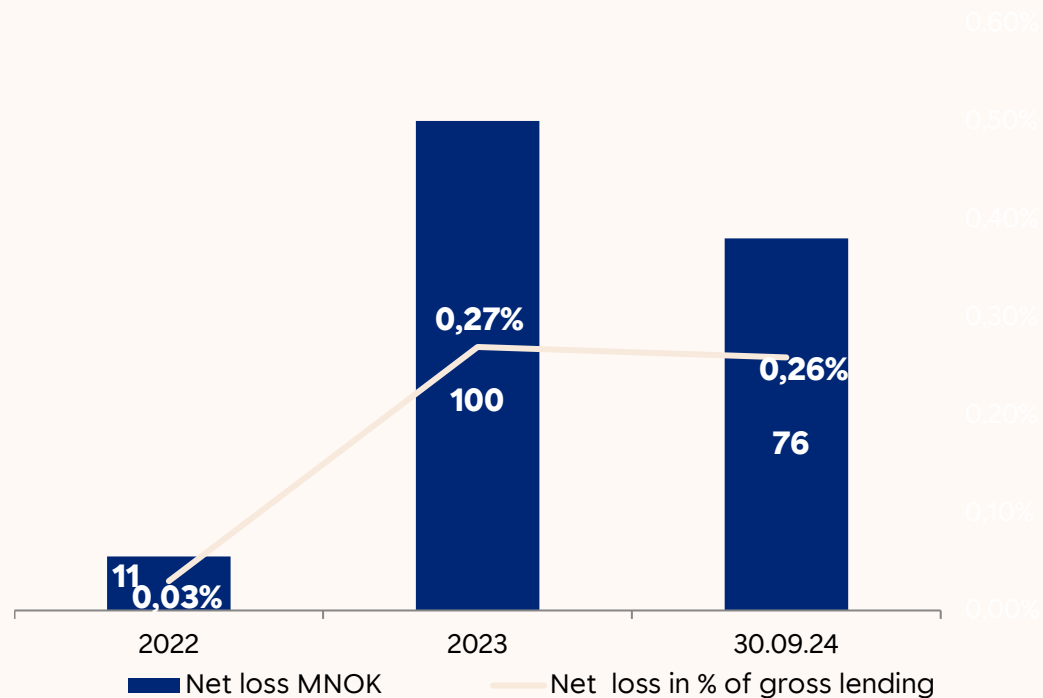
Low cost percent this quarter

Operating cost (mnok) and % of income



- The costs are within target (cost/income <40 %).
- Stable costs and good control over cost development

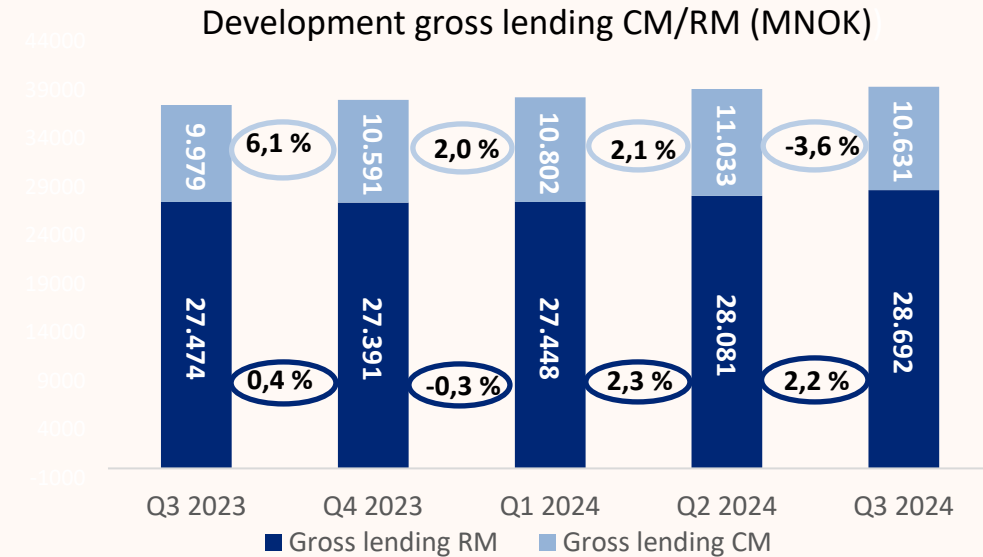
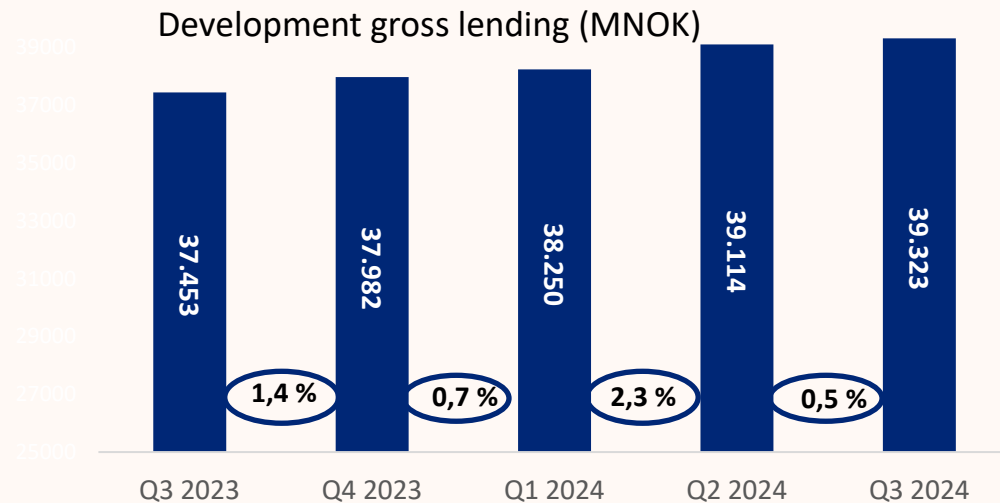
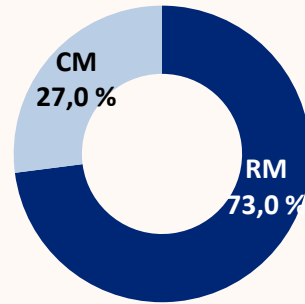
Increased write-downs in Q3



- MNOK 17 in Q3 2024 against MNOK 6 last quarter

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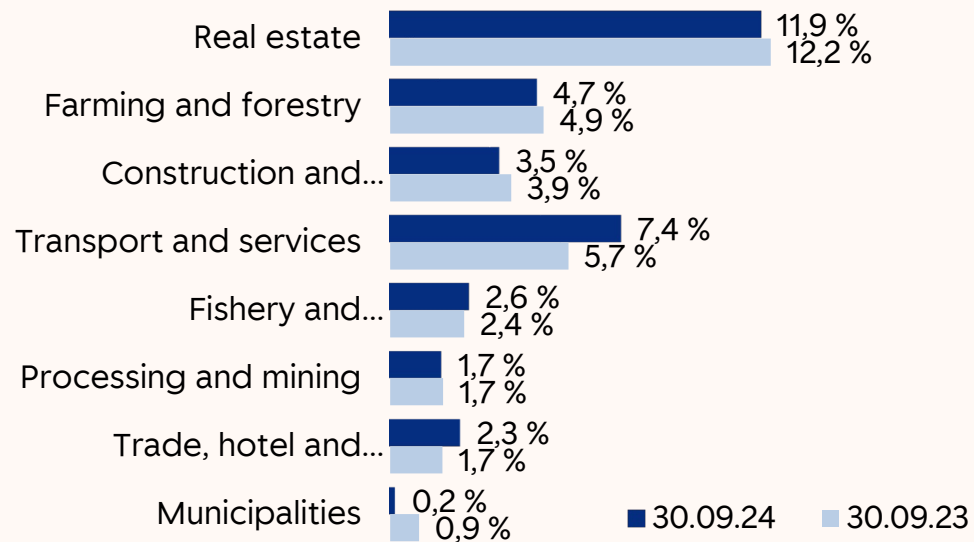
Good and healthy lending growth (SpaBol included)



Decrease in CM is mainly related to the reclassification of two commitments to lending and receivables from credit institutions in the balance sheet. If this is considered, the development is -0.9% for SBH CM and in total 1.3% for CM and RM in third quarter.

Lending CM – good industry spread

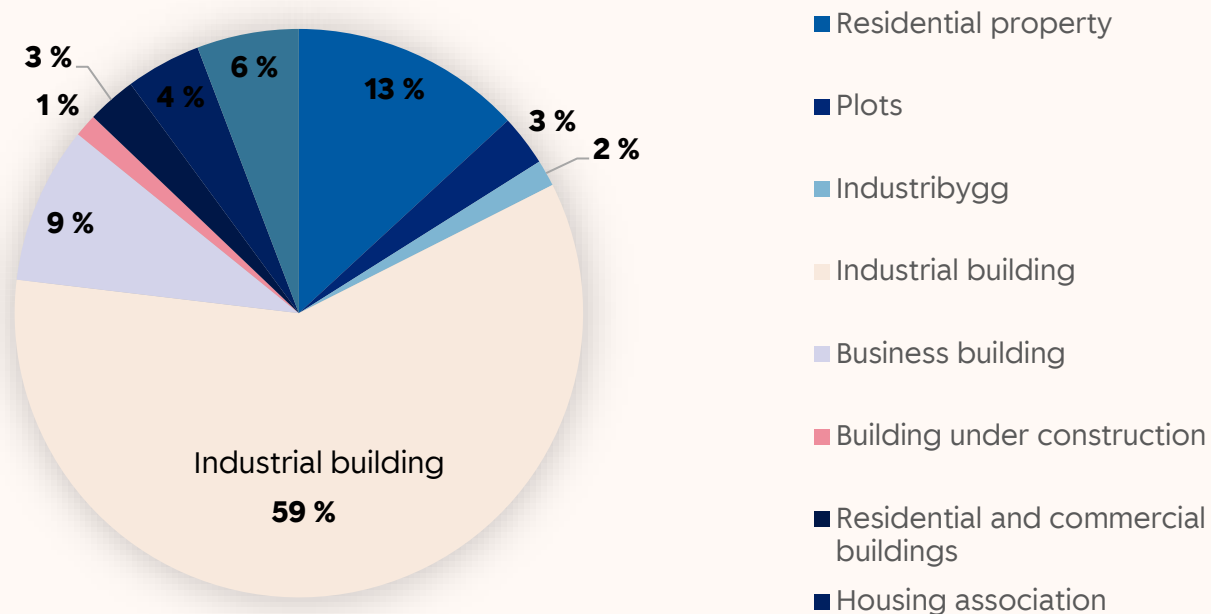
Lending distributed in sector



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 27.0 (26.6) % equals MNOK 10 631 (9 979).

Lending CM

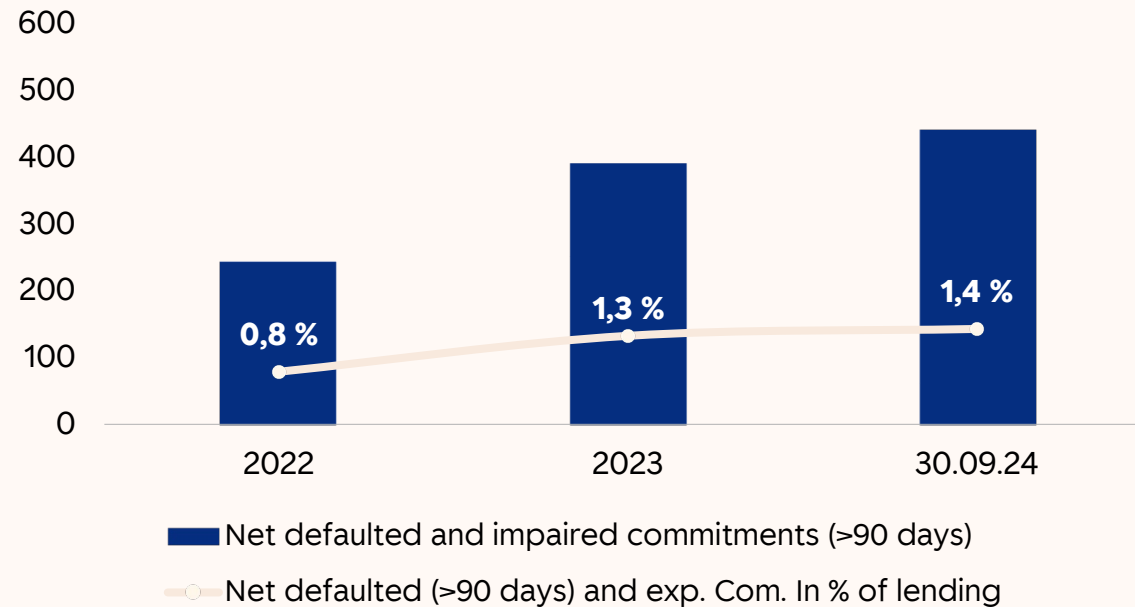
Real estate - allocation pr segment




- 47 % of real estate categorized in low risk. 20 % in best middle risk class. 91 % of the real estate mass is in Nordland.
- The 15 largest commitments amounts to 50 % 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

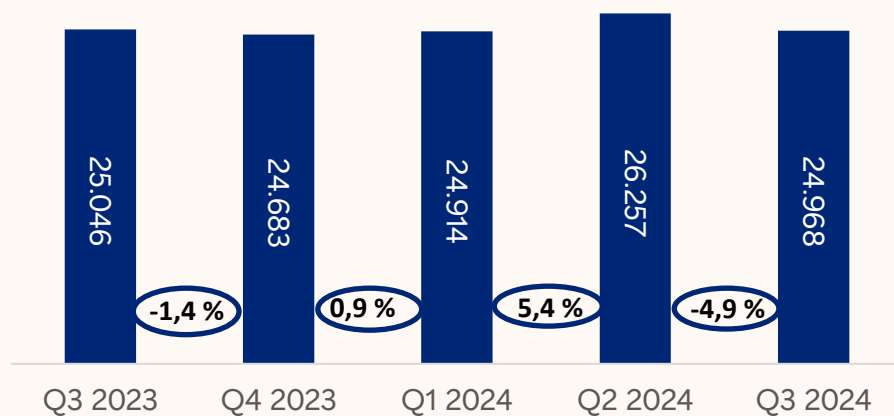


- Net non-performing and impaired commitments amounts to MNOK 440, a decrease of MNOK 75 from last quarter.
- It is individual assessments on large parts of the volume that 30.09.24 is marked non-performing and impaired, and it is not expected significant changes on write-downs in these commitments.

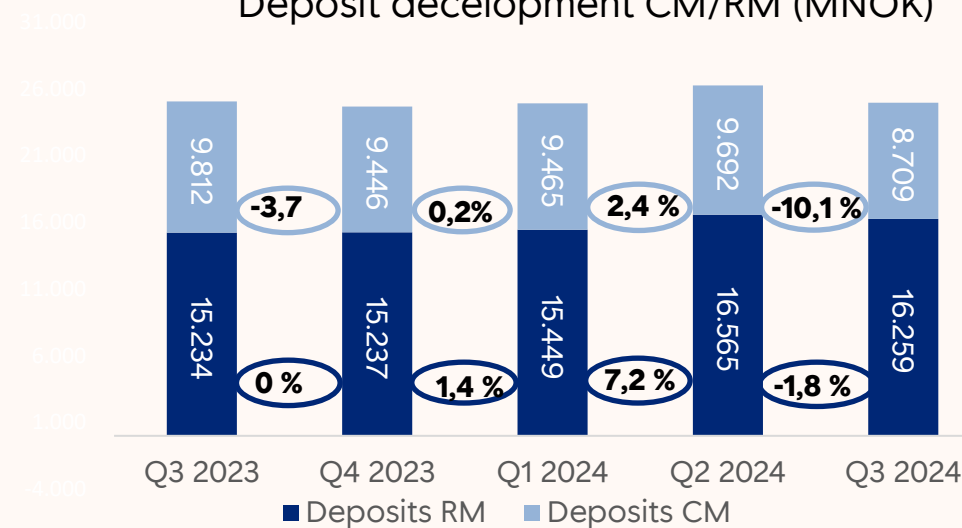
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Decreased deposit level

Deposit development (MNOK)

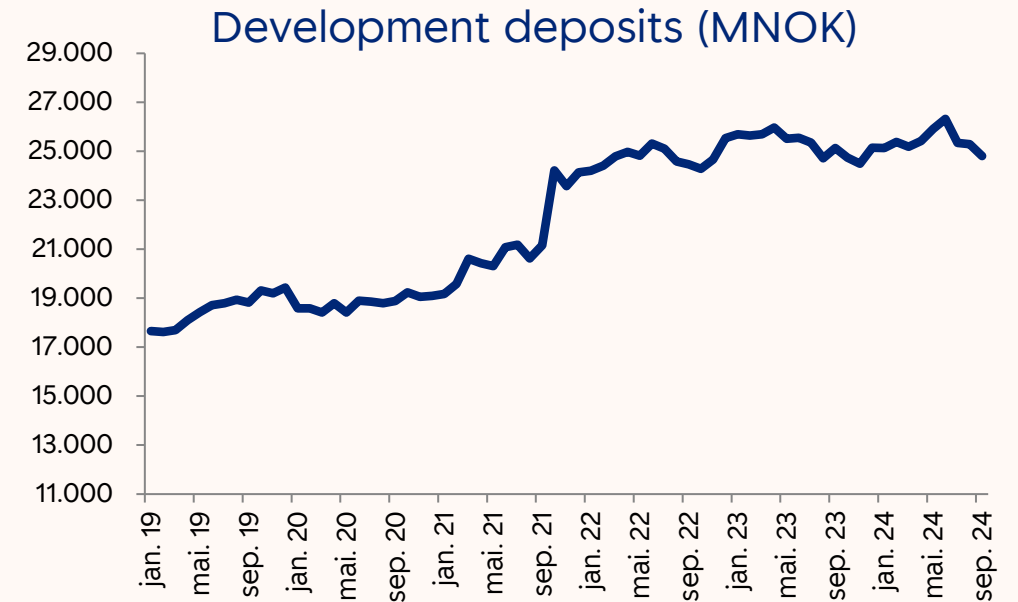
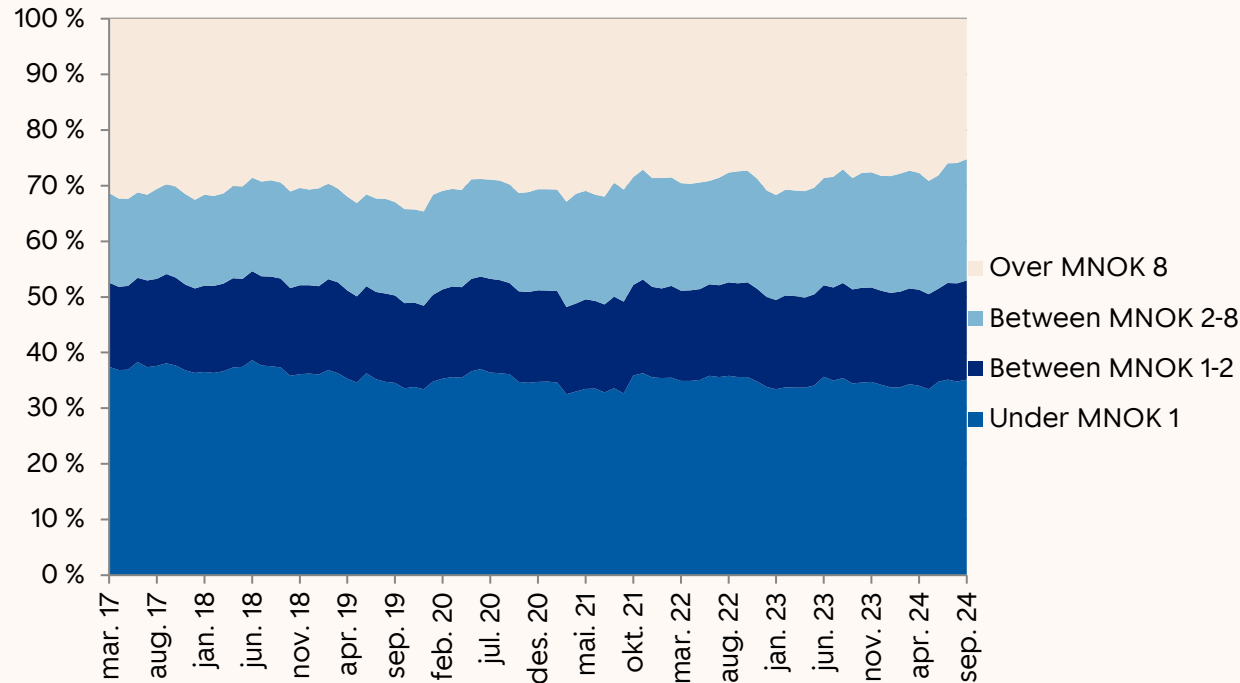


Deposit development CM/RM (MNOK)



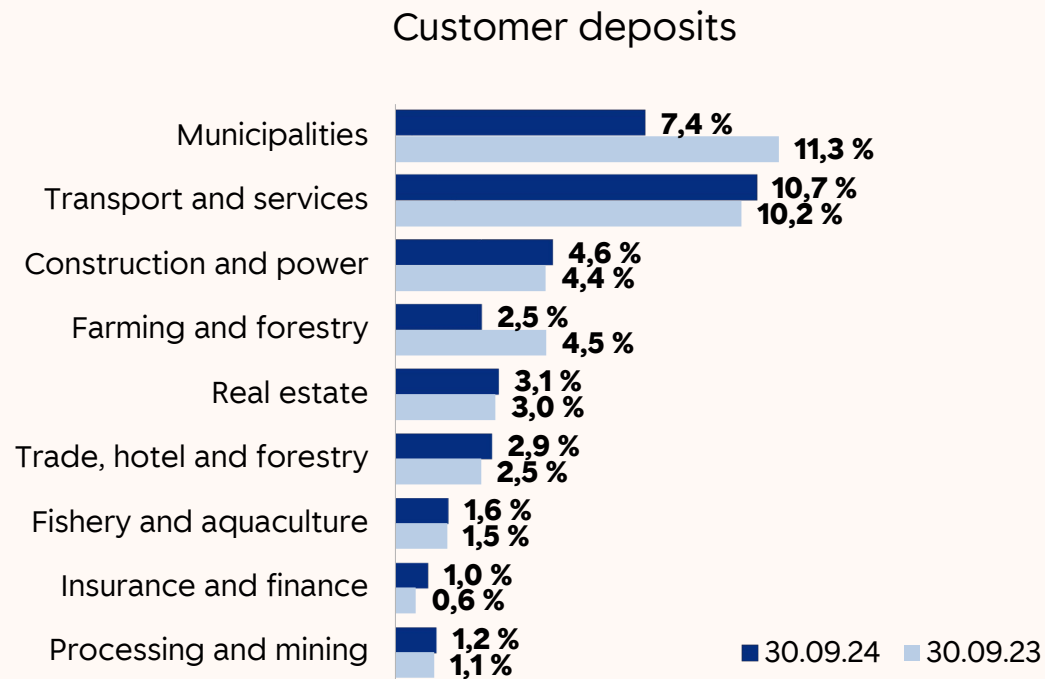
The decrease of deposits in CM is mainly related to a municipal commitment exit from the portfolio.

Stable deposit allocation and decreased deposit level



- Decrease in deposits of MNOK 1 289 or 4.9 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 53.0 % of the RM deposits are under MNOK 2
- 62.2 % of the deposits are included in the guarantee arrangement.

Deposits CM

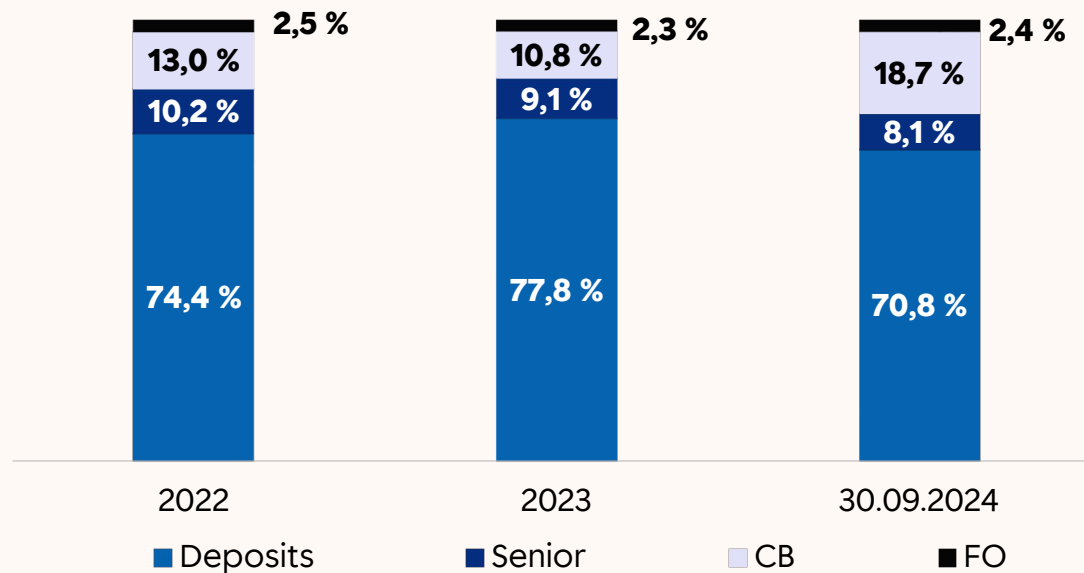


- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 34.9 (39.8) % or MNOK 8 709 (9 812) of total deposits.
- Deposits are reduced compared to the previous quarter as a result of an exit of a municipal commitment.
- Deposits from municipalities amounts to 21.1 % of the CM deposits. This share is decreased in the third quarter as a consequence of the municipality commitment mentioned above.

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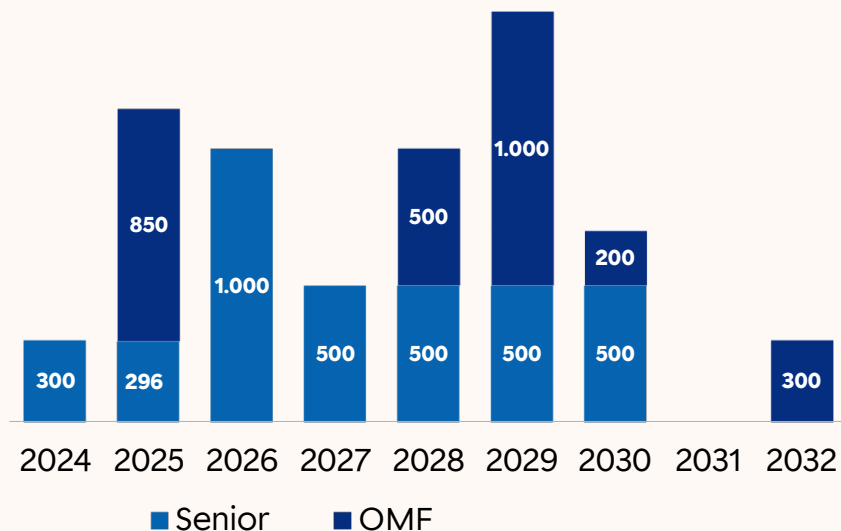
Funding – decreased deposit ratio

Funding development



Funding due

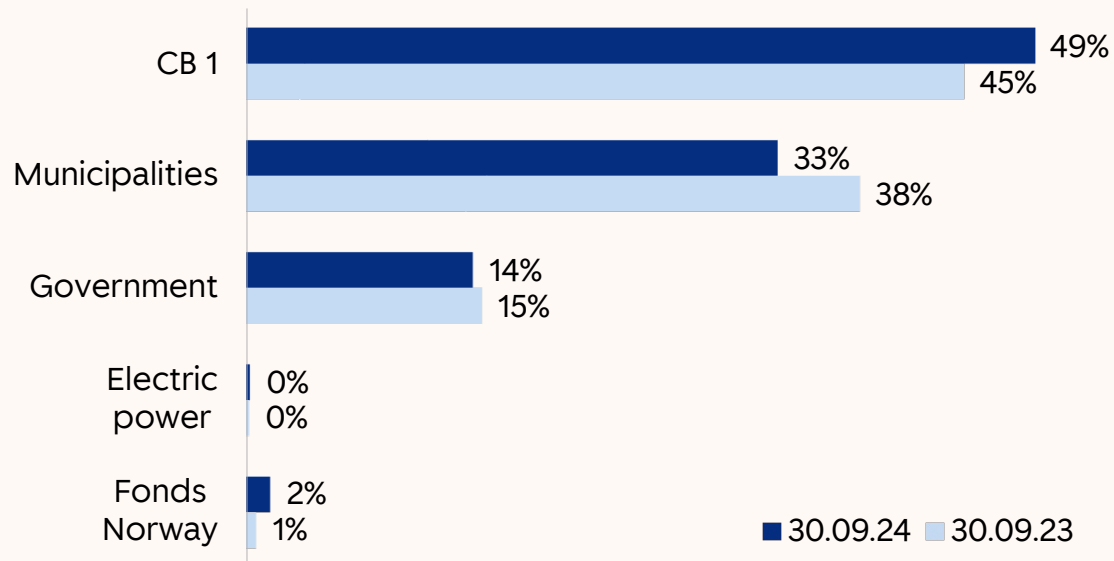
Funding due structure (MNOK)



- Share long term funding 82.5 % (78.8) %
- Combined duration of 2.9 (2.3) years. Duration in the mortgage company of 3.3 years.
- Probably MREL requirements from the first quarter of 2025
 - Full MREL requirements
 - No requirement for subordination
 - No significant changes in senior funding
 - Somewhat higher duration and volume of MREL-counting senior loans

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.6 (1.6) years
- 98.6 % rated A- or better
- 97.1 % is OMF or state/ municipality guaranteed bonds.
- Municipality papers are actively used as short-term liquidity placements.
- Liquidity buffers amounts to 4.8 (6.7) bn. – equals 13.8 (17.9) % of total assets. The buffer capital consist of cash, deposits in NB/ banks and interest-bearing securities.
- The decrease in the liquidity buffer is related to the adjustment of liquidity after the exit of the aforementioned municipal commitment.

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt is 3.09 % 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 8 539 (8 176)



Helgeland Boligkreditt AS is 100 % owned by SpareBank 1 Helgeland

- Transferred loans amounts to MNOK 4 148 (4 413)

Transfer of loans to mortgage companies

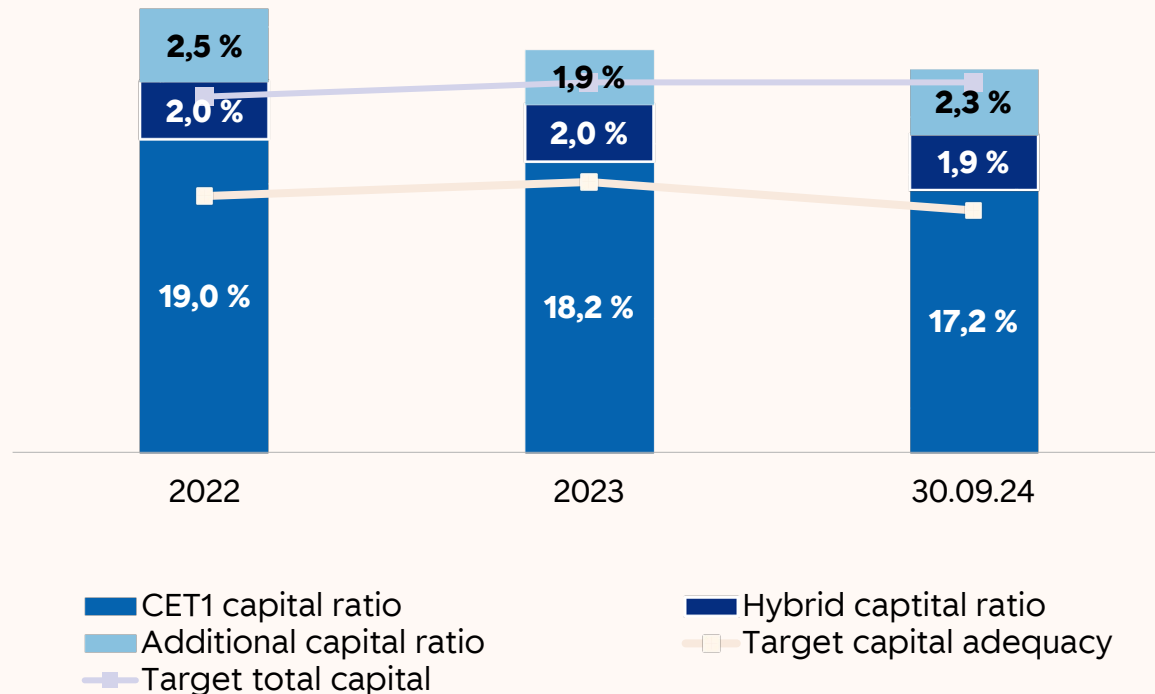
Maximum limit for transfer to mortgage companies is maximum 40 % of the groups gross lending, and 55 % of gross lending RM.

Pr. 30.09.24 transfer degree is 32.3 % and 44.2 % with a total of MNOK 12 687 transferred to the mortgage companies.

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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 lending growth or alternatively distributed through higher future dividend and increased gift allocation.
- Target : CET1 16.5 %

Improved rating

Moody's has upgraded the bank's rating from A3 til A2

- Moody's justifies the upgrade with very strong capitalization, improved profitability and a successful integration in Sparebank 1 Alliansen.
- They have assessed that entry into the alliance has had a positive effect on the bank's funding as well as economies of scale through access to shared IT and risk management solutions.



Driving force for sustainable growth, competence and cooperation

Sustainability in the bank

- New sustainability strategy will be decided in December 2024
- Third quarter:
 - In the quarter, the bank has begun work on the preparation of a transition plan towards a 50% emission cut by 2030 and zero emissions by 2050
 - The bank has initiated a revision of the new green framework to be adopted before the turn of the year
 - In the 3rd quarter, the bank was re-certified as an environmental beacon according to the industry criteria for banking and finance.
- The bank has developed its own stress test ESG, which has been assessed by internal audit as being in accordance with good market practice.

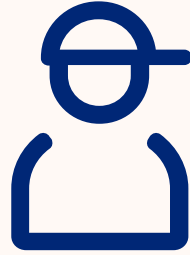


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Unemployment

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

Norway:	2.0 %
Nordland:	1.5 %
Helgeland:	1.3 %



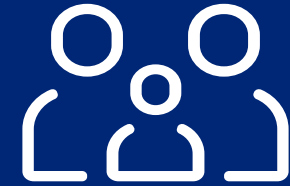
Development within travel, industry, aquaculture and quarry provides growth opportunities in Helgeland.

With potential for corporate establishment and migration more housing is needed in central parts of Helgeland. It lies uncertainty around the timing and when the need for these housings will occur.



Recruitment

The region experience a shortage of labour. To realize further corporate establishments, the region needs immigration and skills development. It is initiated several projects to succeed on this.



Decrease in the prices on sold apartments by -1.9 % in Helgeland in the third quarter of 2024

- Increase in the prices of 2.8 % on sold villas in Helgeland in the third quarter of 2024



Prospects ahead

For the business market, an increase in activity in Helgeland is expected in the coming years.

A market growth corresponding to credit growth in Helgeland in the private market is expected in the near future.

ROE target of 11 % after tax is expected fulfilled in 2024.

A certain reduction in net interest is expected further into 2024.

- Strong competition on price
- Increased funding costs
- Price gliding

Stable commission income of some over 0.35 % of total assets.

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

It is the bank's assessment that for 2024 one can see losses on lending somewhat equal to total losses for 2023.

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Profit & loss

SpareBank 1 Helgeland (group)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Net interest- and credit comission earnings	184	202	223	233	233	254	265	254	249	255
Net comission earnings	38	41	39	36	40	40	39	39	43	46
Other operatios income	2	4	0	2	4	1	2	2	2	3
Ordinary operations cost	91	95	101	101	100	100	113	107	109	106
Result basic operations	133	152	161	170	177	195	193	188	184	198
Write-downs lending and warranties	2	2	6	10	37	11	43	53	6	17
Net value change financial instruments	-28	-19	26	24	6	-2	-13	44	7	19
Gross profit	104	131	181	184	147	183	137	179	185	200
Net profit	71	93	165	144	111	134	101	144	139	155
Net extended income posts	-2	-1	4	0	-2	0	1	0	0	0
Profit for the period	69	92	169	144	109	134	102	144	139	155

HELG- EC development and OSEEX last 12 months

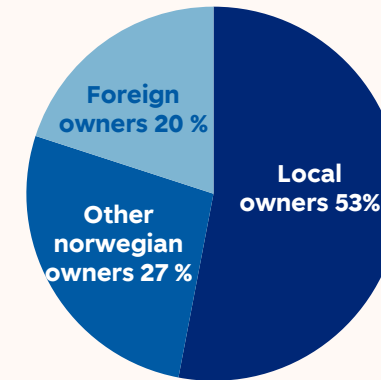
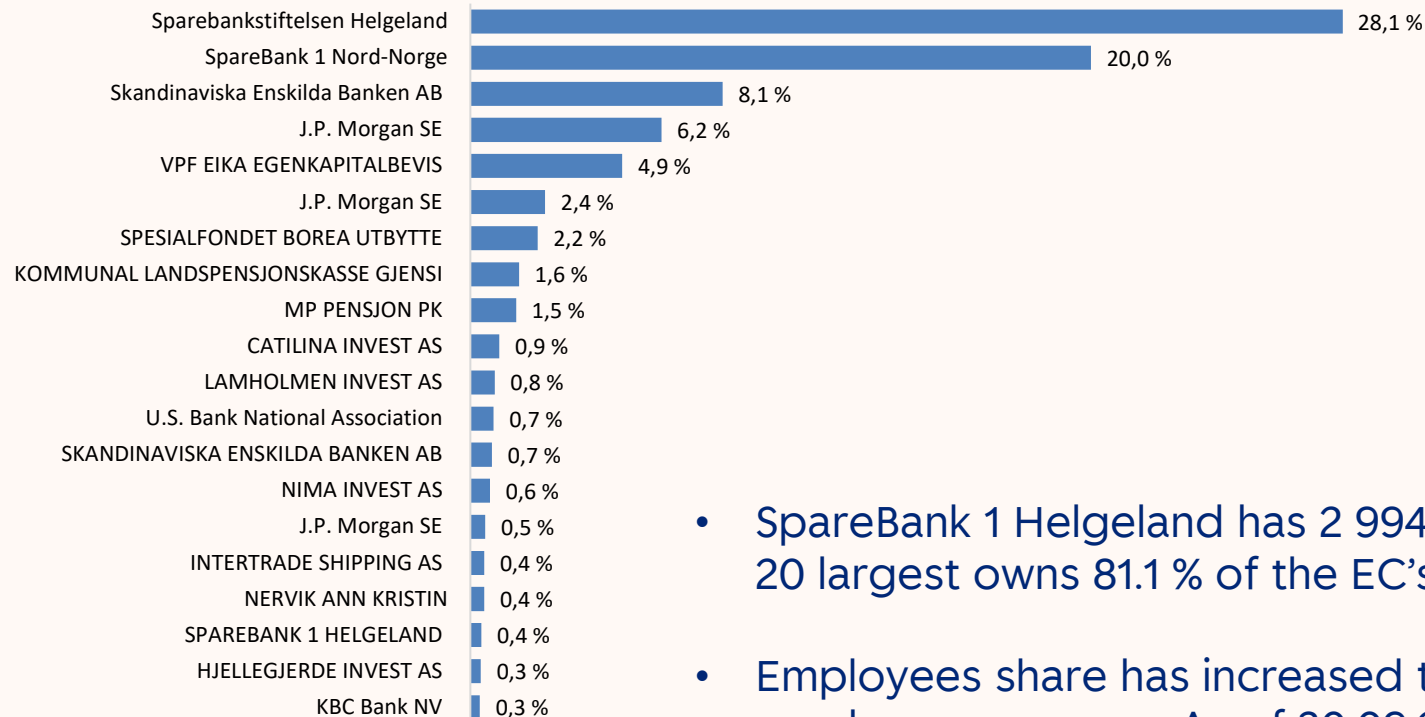


	31.12.22	31.12.22	31.12.23	30.09.24
EC fraction opening balance	77.3 %	79.9 %	79.9 %	79.9 %
Number of EC's	27	27.0	27.0	27.0
price	131.0	120	130	136.0
Stock exchange value	3 537	3 240	3 510	3 672
Accounted equity per EC	124	135	141.014	139
Profit per EC	5.5	12.8	13.9085	12.5
Dividend per EC	3.19	10.3	10.8	
Price/Accounted EC	1.1	0.9	0.9	1.0

(source: SBH; Data: Bloomberg/Euronext | October 2024)

55 % north norwegian ownership

20 largest owners



- SpareBank 1 Helgeland has 2 994 owners where the 20 largest owns 81.1 % of the EC's.
- Employees share has increased through the employee program. As of 30.09.24 148 987 EC's is owned by SBH's employees. This amounts to 0.55 %.

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 45 833
- Employees, total man-years: 170
- Rating from Moodys: A2 – Stabile.
Ticker: HELG



Contact information

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