

Presentation
Q2 2022



- A driving force for growth in Helgeland

Presentation per 30.06.22 (SBH Group)



Hanne Nordgaard
Chief Executive Officer



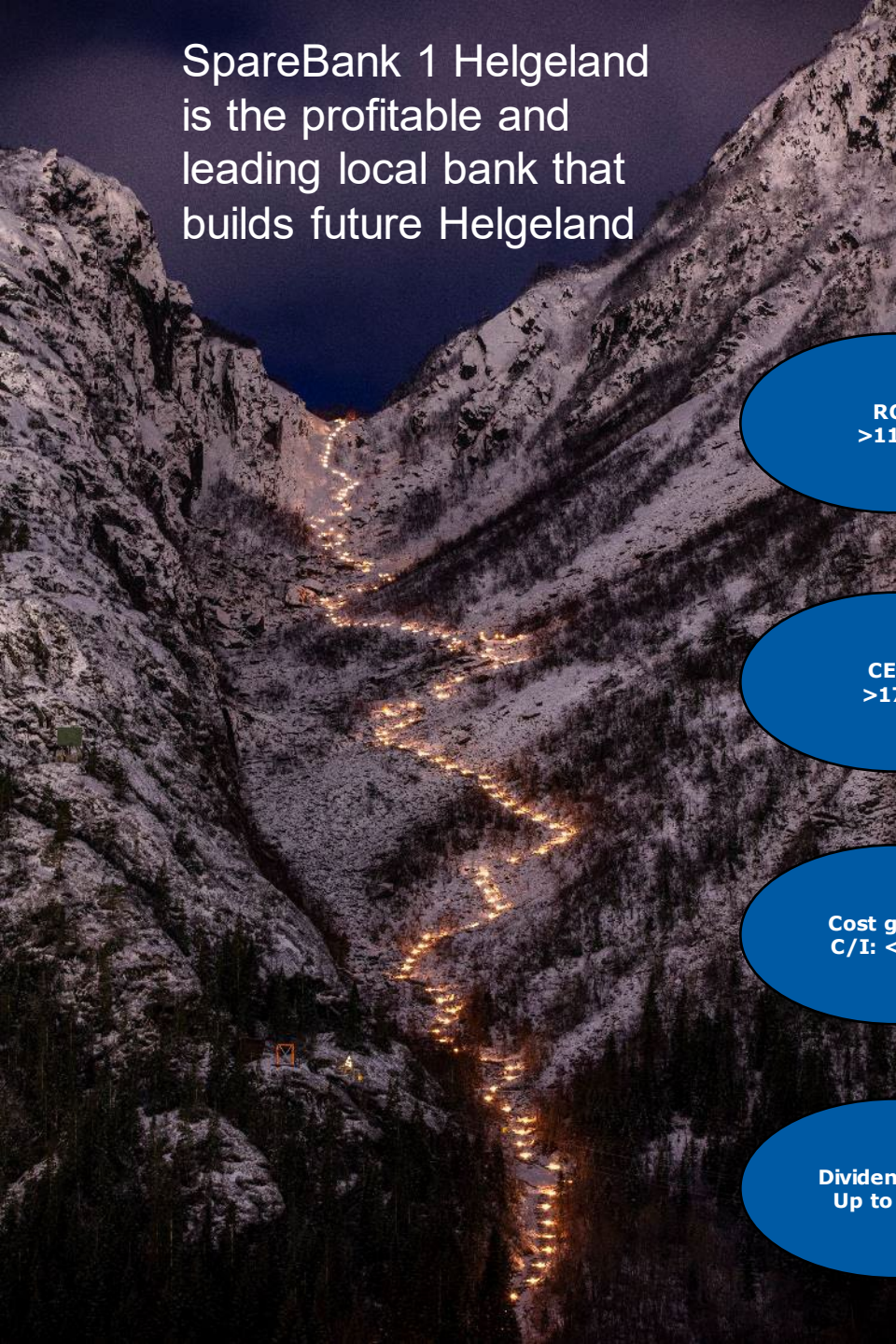
Sverre Klausen
Chief Financial Officer



Anne Ekroll
Chief Financial Officer from 01.11.22

Main Features and market

Events Q2
Profit & loss
Lending
Deposits
Funding
Solvency
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 30.06.22

Gross profit
MNOK 251 (171)

ROE*
8.5 (7.6) %

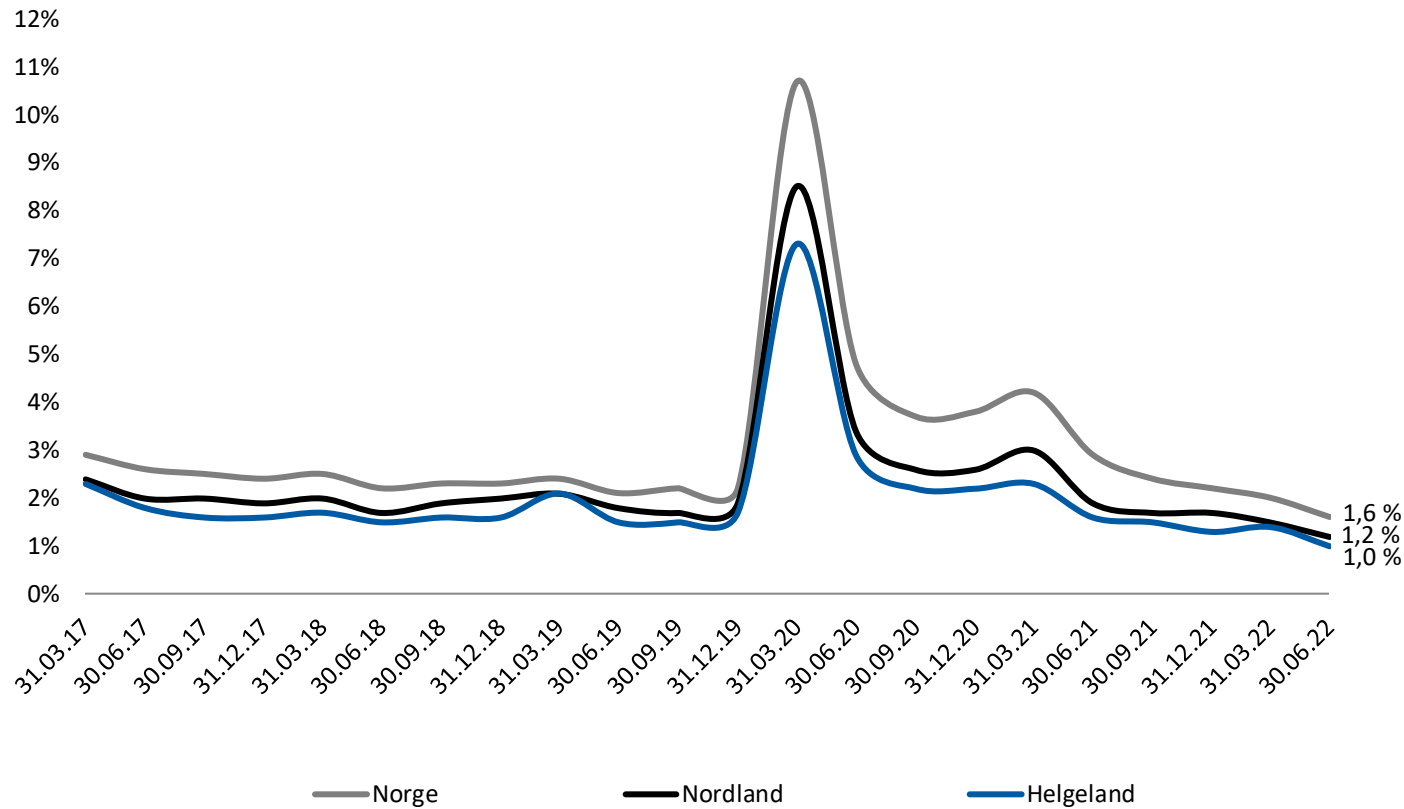
*Adjusted for hybrid capital

Total assets
NOK 39.2 (34,8) bn.

Solidity
CET1 19,1 (20.9) %

Unemployment

Unemployment in %, Norge, Nordland and Helgeland



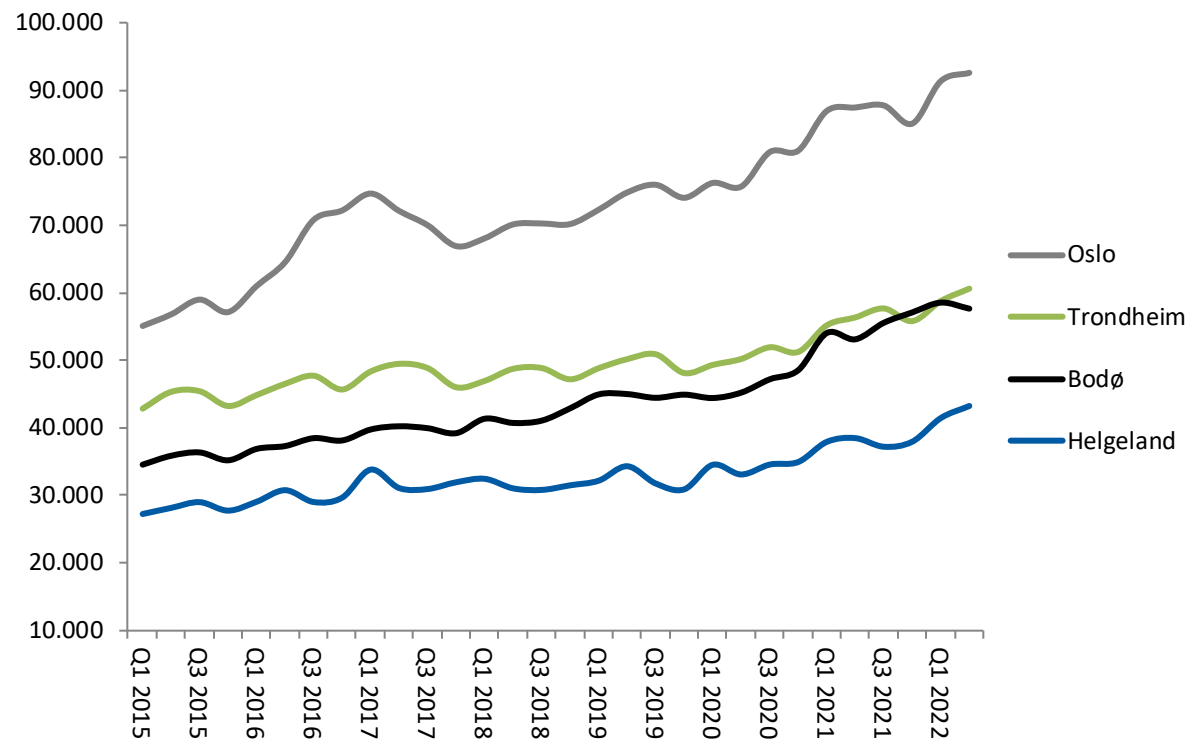
Under the covid-19 pandemic, the unemployment increased significant from Q4 2019 to Q1 2020.

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

- Norway 1.6 %
- Nordland 1.2 %
- Helgeland 1.0 %

Housing price development

Price development - sold apartments in NOK/sqm

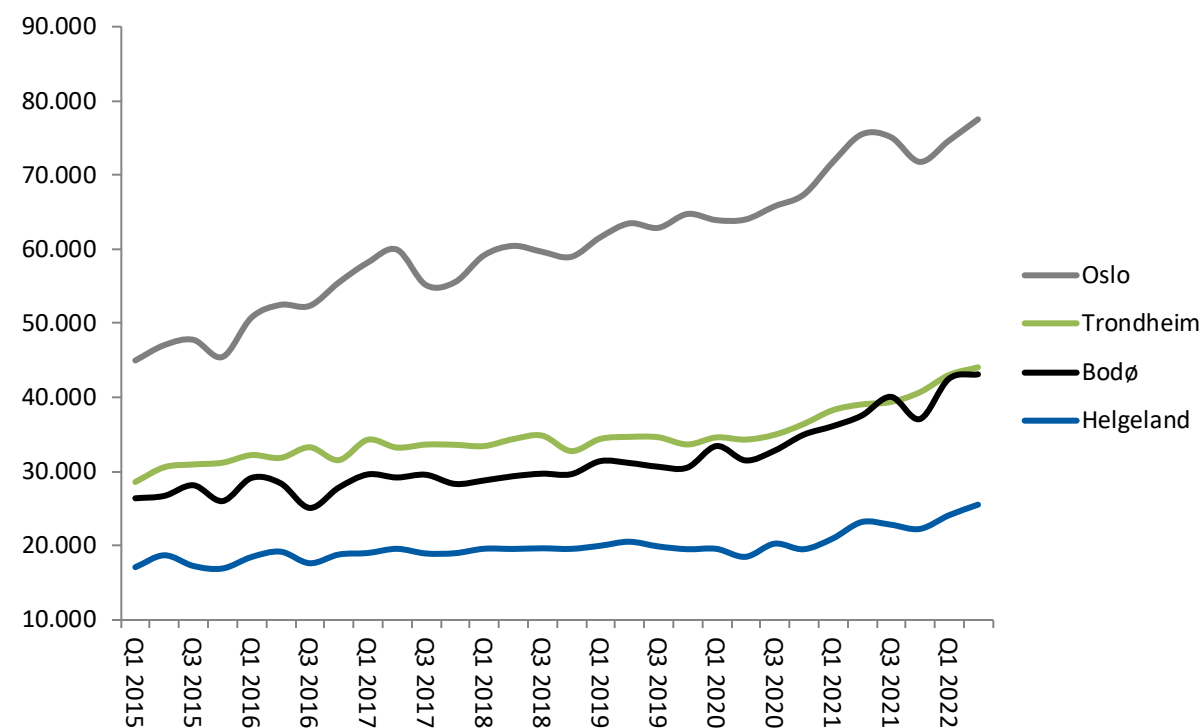


Price development in Q2:

4.3 % in Helgeland and 1.3 % in Oslo.

An 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:

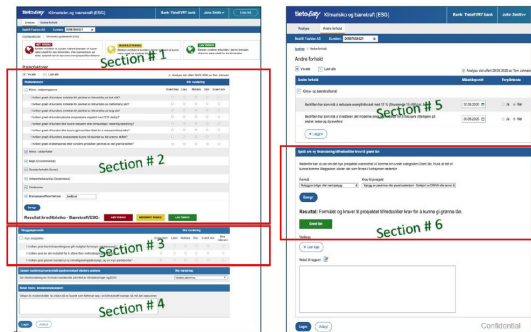
6.0 % in Helgeland and 3.8 % in Oslo.

An increase in prices for sold Villas in Helgeland in Q2 compared to last quarter.

Sustainability in Sparebank 1 Helgeland



**SERTIFISERT
VIRKSOMHET**

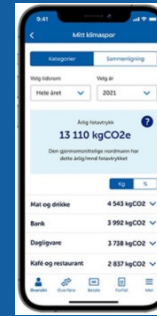


- Internal sustainability target in relation to own CO2 footprint.
- Mapping of our creditors in relation to sustainable purchase.
- Increase the consciousness around sustainability with our employees.
- Status sustainability- and climate risk are mapped on our corporate customers

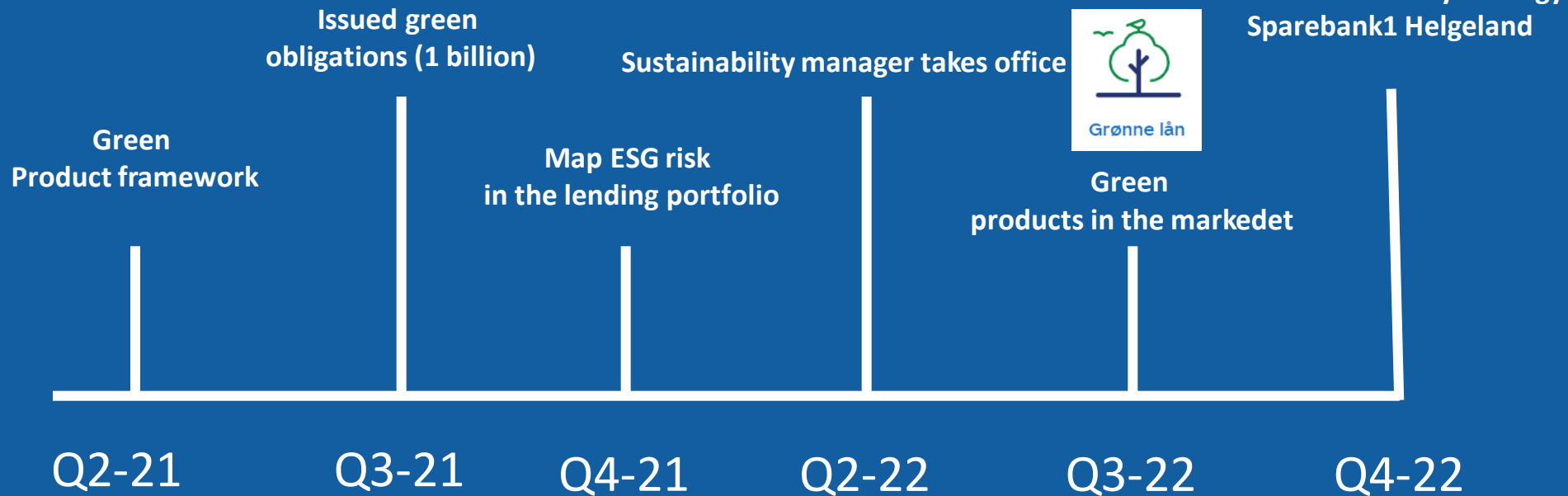


- Increase the consciousness around sustainability with our customers.
- Status sustainability and climate risk are mapped in our lending portfolio on corporate customers.
- Arrange business conference with sustainability as main theme in August.

Sustainability



My climate footprint is
launched in the internet bank





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Appendices

Summary Q2

Weak result affected by market turmoil - Stable basis operation

- Net interest income of MNOK 184, up from 174 last quarter. The interest rate increase with effect from February and may draws the net interest up, while higher funding costs draws the net interest down.
- Net commission income of MNOK 38. an increase of MNOK 1 if the bonus commission in first quarter is kept out.
- Profit from financial assets and liabilities was in 2nd quarter negative by MNOK -27, a reduction of MNOK 48 compared to first quarter 2022. The loss on financial instruments in the quarter is mainly related to turmoil in the money market related to among others the war in Ukraine and results in a loss in the security portfolio of MNOK 10, while value change on fixed rate lending is negative by MNOK 21 this quarter.
- Write-downs on lending amounted to MNOK 3.
- 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.

SpareBank 1 Helgeland (group)	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net interest- and credit provision earnings	148	168	174	184
Net provision earnings	22	36	46	38
Other operatios income	4	-1	2	2
Ordinary operations cost	80	141	94	91
Result basic operations	94	63	128	133
Write-downs lending and warranties	19	35	1	2
One-time cost	0	0	0	0
Net value change financial instruments	3	-13	21	-28
Gross profit	78	15	147	104
Net profit	58	15	115	71
Net extended income posts	0	2	-1	-2
Profit for the period	58	17	114	69



Main features and market

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Profit & loss

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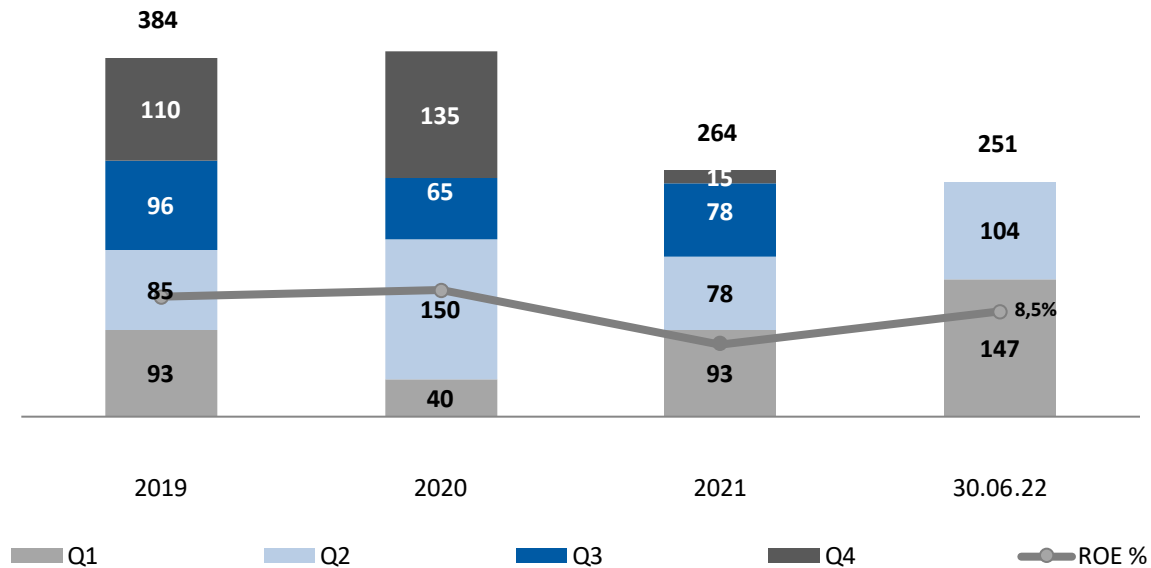
Solidity

Prospects and priorities

Appendices

Profit

Profit development



Profit Q2

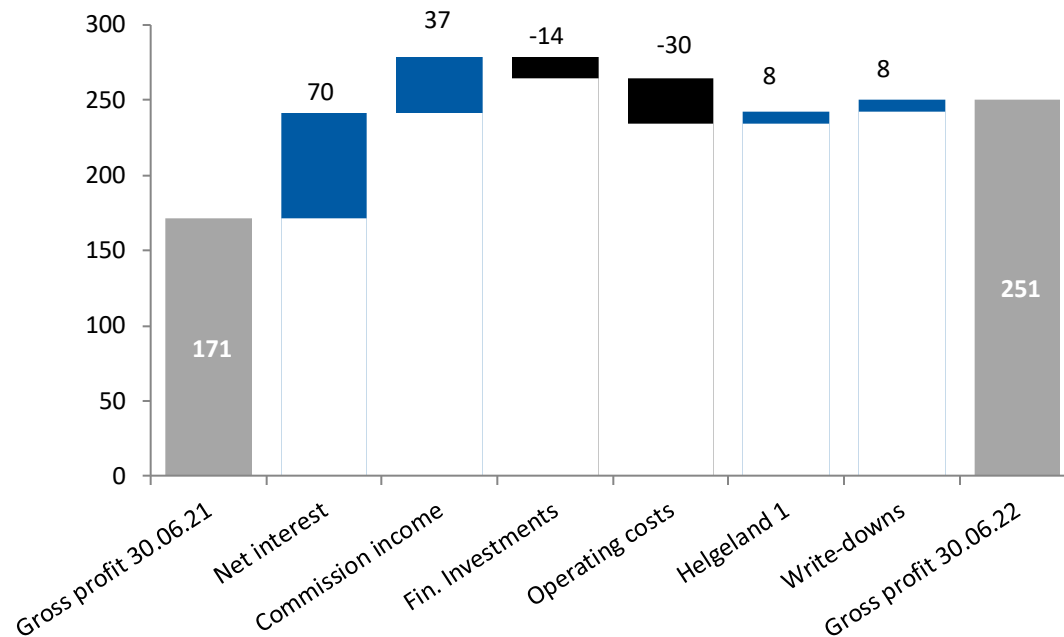
Gross profit of MNOK 251 (171) in the second quarter.

- ROE of MNOK 10.5 %
(ROE is adjusted for hybrid capital)

Gross profit

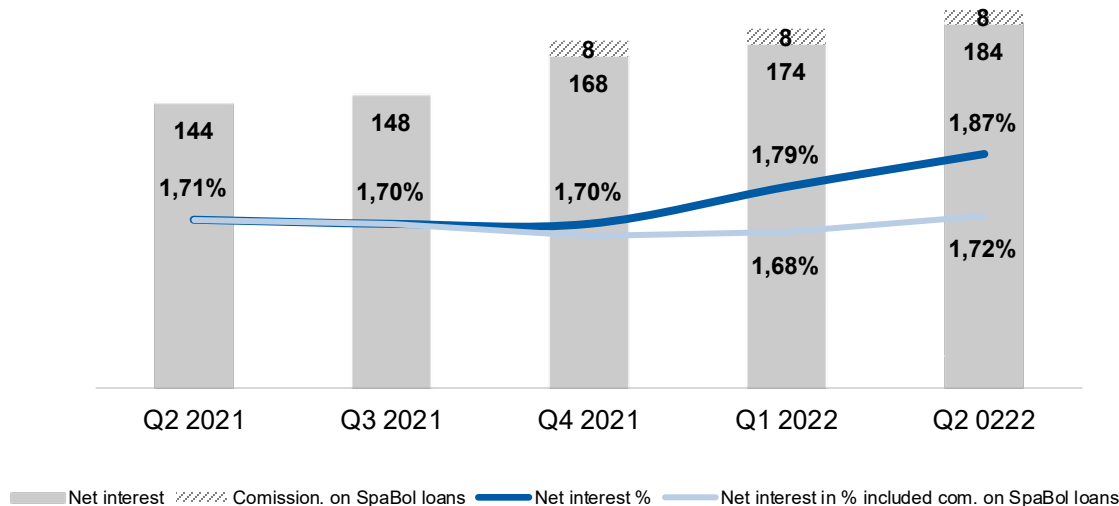
Gross profit is MNOK 80 higher than in the same period last year.

Change in gross profit (MNOK)



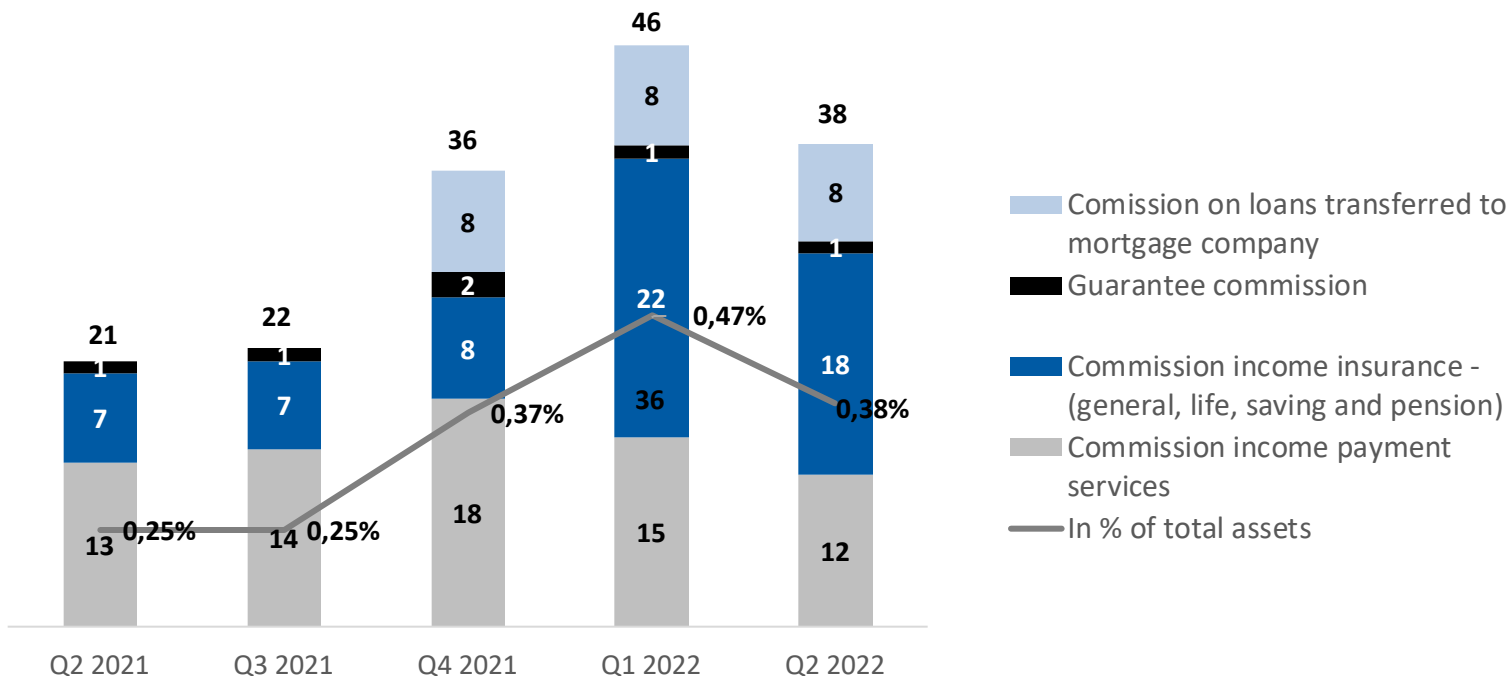
- Increase in net interest is related to the acquisition in the fourth quarter 2021. The interest rate increase with effect from February and may draw the net interest up.
- Increased commission income from the same period last year is mainly related to bonus commission recognized in first quarter
- Turmoil in the money market related to among others the war in Ukraine has resulted in a loss in the security portfolio of MNOK 24, while value change on fixed rate lending is negative by MNOK 21 this quarter. Income from financial investments is mainly related to recognition on dividend from SpareBank 1 Finans Nord-Norge (MNOK 23), Eiendomsmegler 1 Nord-Norge (MNOK 4) and Regnskapshuset SpareBank 1 Nord-Norge (MNOK 3).
- Increase in operating costs are related to higher operating costs related to higher total assets and more employees after the acquisition.

Net interest



- Net interest and commission income amounts to MNOK 184 in the second quarter against MNOK 174 in the first quarter.
- The interest rate increase with effect from February and May draws the net interest up, while higher funding costs draws the net interest down.
- In % of average total assets, net interest and credit commission income is 1.87 % against 1.79 % last quarter.

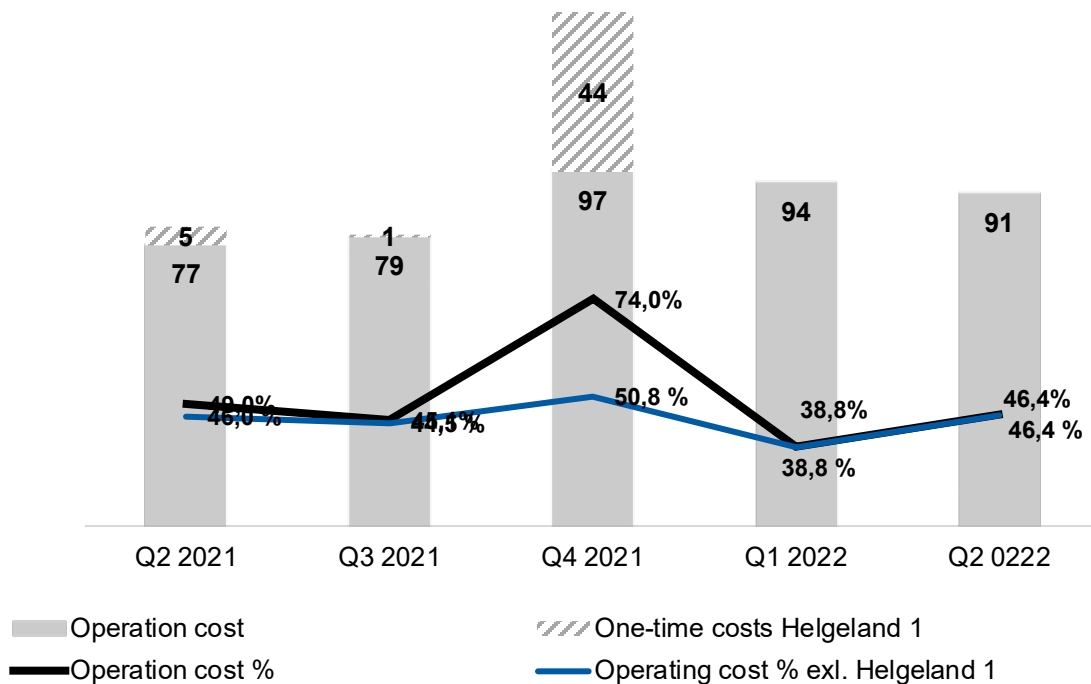
Commission income (MNOK)



Commission income is more normalized from last quarter and amounts to MNOK 38. Reduction from last quarter is related to recognition of bonus commission from non-life insurance companies of MNOK 9 in Q4.

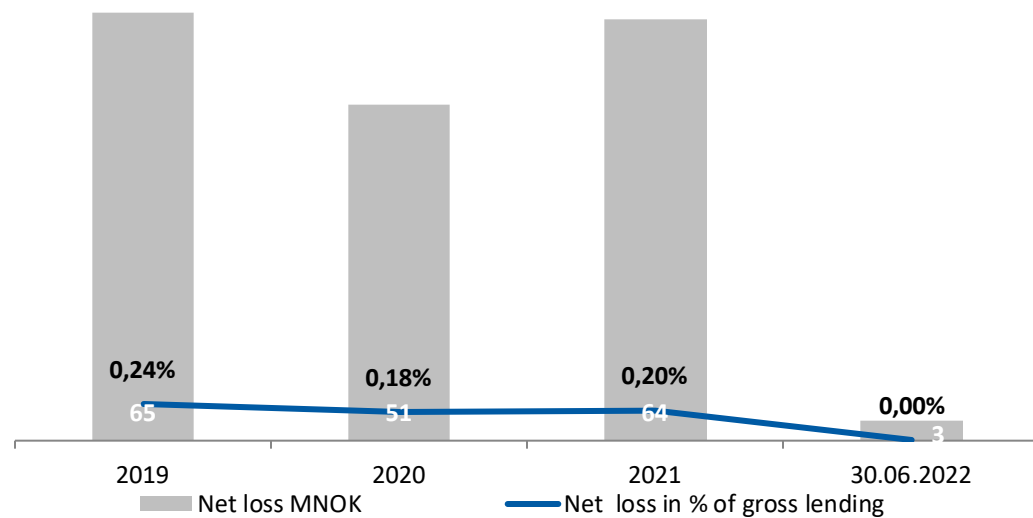
Operating costs

Operating cost (mnok) and % of income



- Costs are over the banks target in the second quarter (cost/income <40%)
- So far this year, cost/income is 42,2 %.

Loss on commitments



- MNOK 3 in loss so far this year, whereof MNOK 2 in the second quarter of 2022.

The background of the slide is a scenic landscape. In the foreground, there are tall, golden-brown grasses growing on a sandy beach. To the left, the calm sea meets the shore. In the middle ground, there's a rocky coastline with some small islands. In the background, a large, rugged mountain with a prominent peak rises against a clear blue sky. The lighting suggests it might be late afternoon or early morning, with soft shadows and warm tones.

Main features and market

Events Q2

Profit & loss

Lending

Deposits

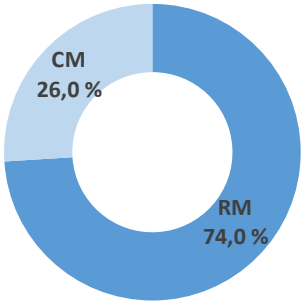
Funding

Solidity

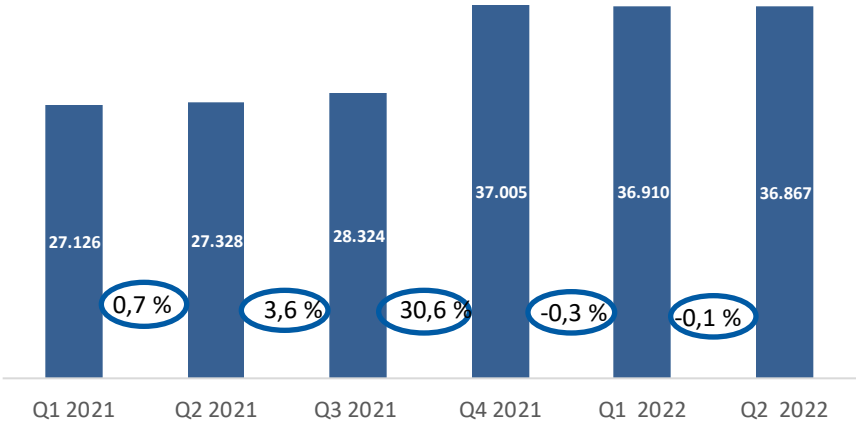
Prospects and priorities

Appendices

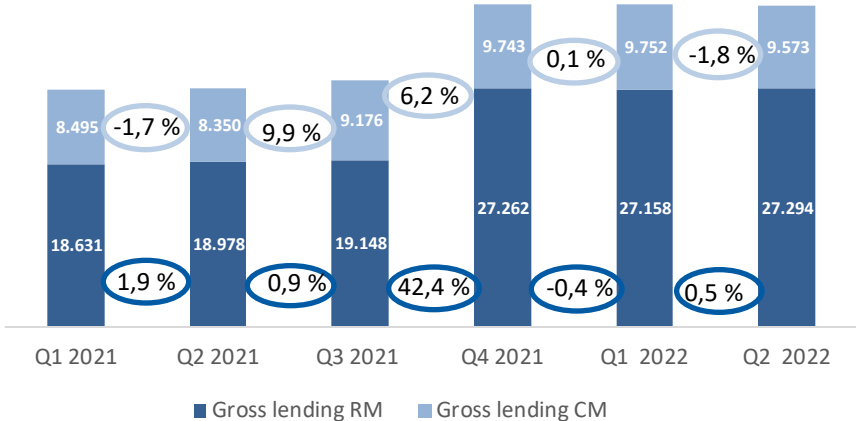
12-month credit development (SpaBol included)



Development gross lending (MNOK)



Development gross lending CM/RM (MNOK)

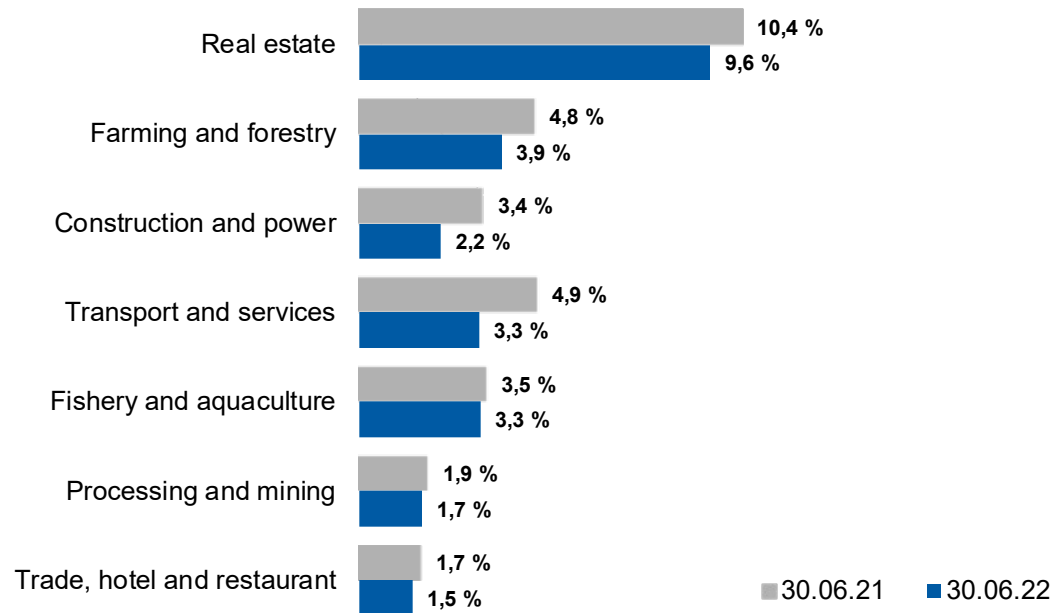


The growth in the RM from Q3 to Q4 is related to the acquisition from SpareBank 1 Nord-Norge in Q4 2021.

The CM commitments in the acquisition was manually transferred, so that the growth in the CM from the acquisition is seen both in Q3 and in Q4 2021.

Lending CM

Lending distributed in sector

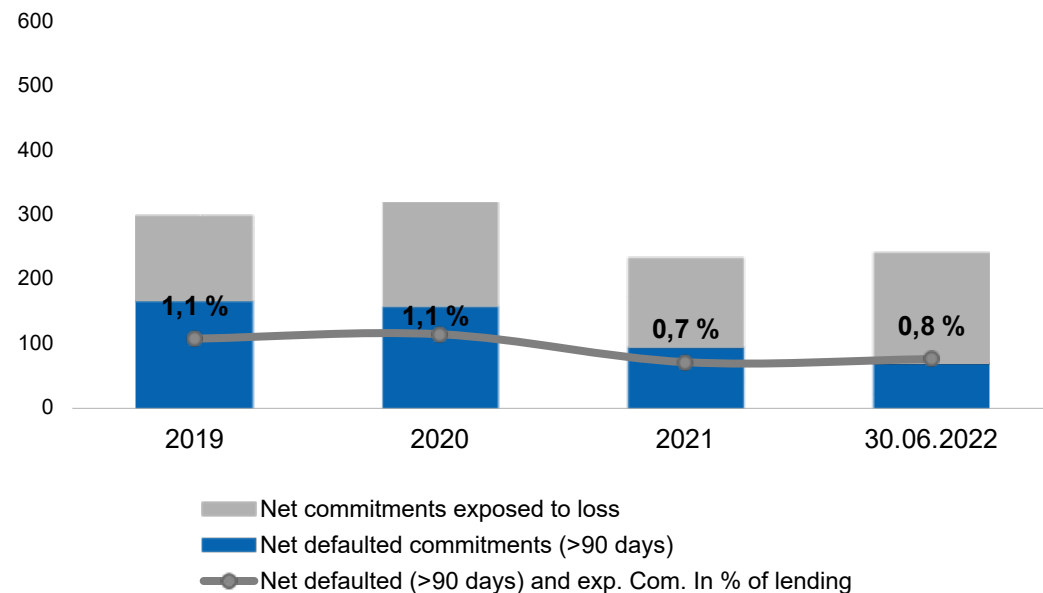


Good diversification in the CM lending portfolio and loyal corporate customers

Share CM of total lending 29.6
(30.6)% or MNOK 9 365
(8 350)

Non-performing and other impaired commitments

Net defaulted and com. exp. to loss



- Net non-performing and other impaired commitments amounts to MNOK 241, an increase of MNOK 9 from year end.

A modern floating house with dark grey vertical siding and large glass windows is situated on a calm blue lake. The house has a wooden deck with a railing and a hot tub. In the background, there are steep, rocky mountains under a clear blue sky with a few clouds.

Main features and market

Events Q2

Profit & loss

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Deposits

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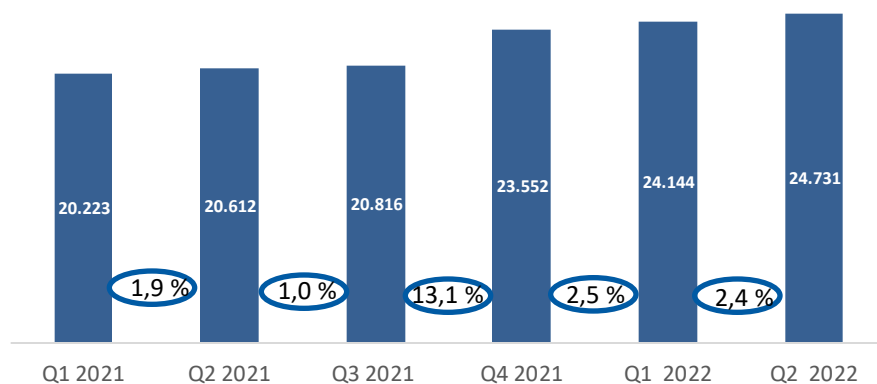
Solidity

Prospects and priorities

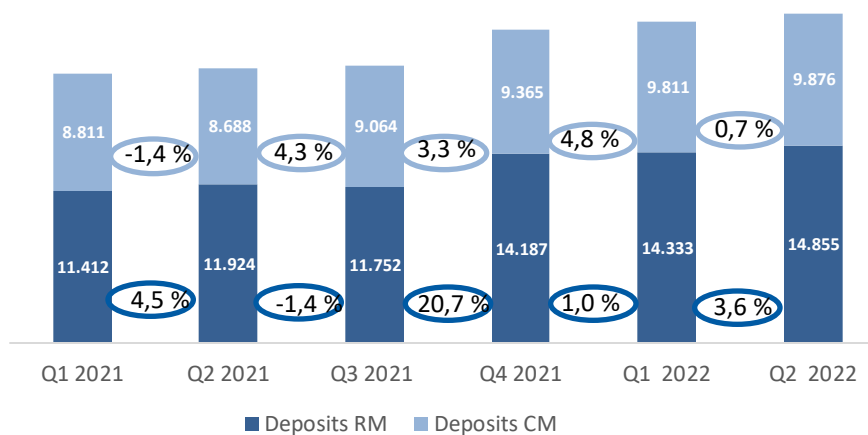
Appendices

Deposit development

Deposit development (MNOK)



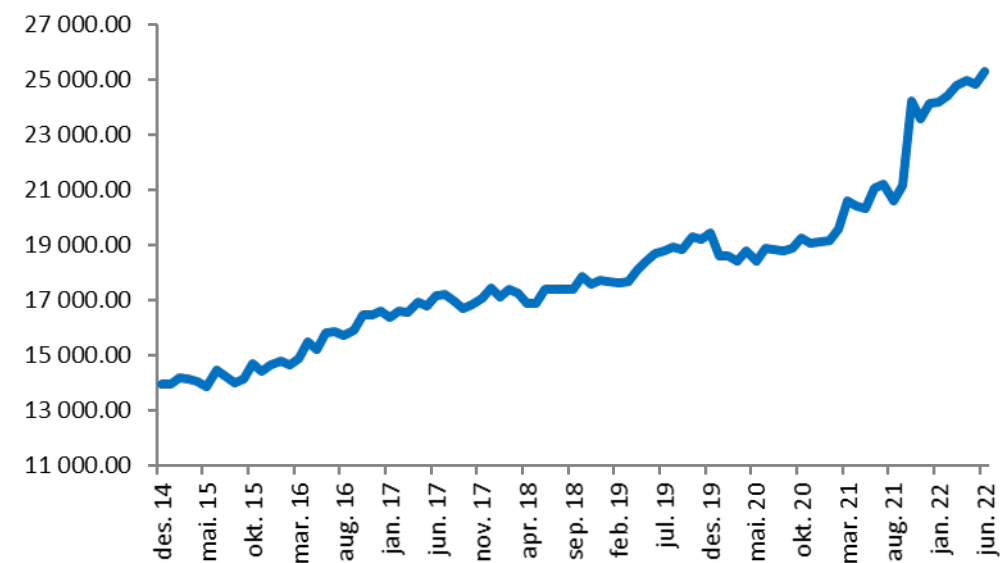
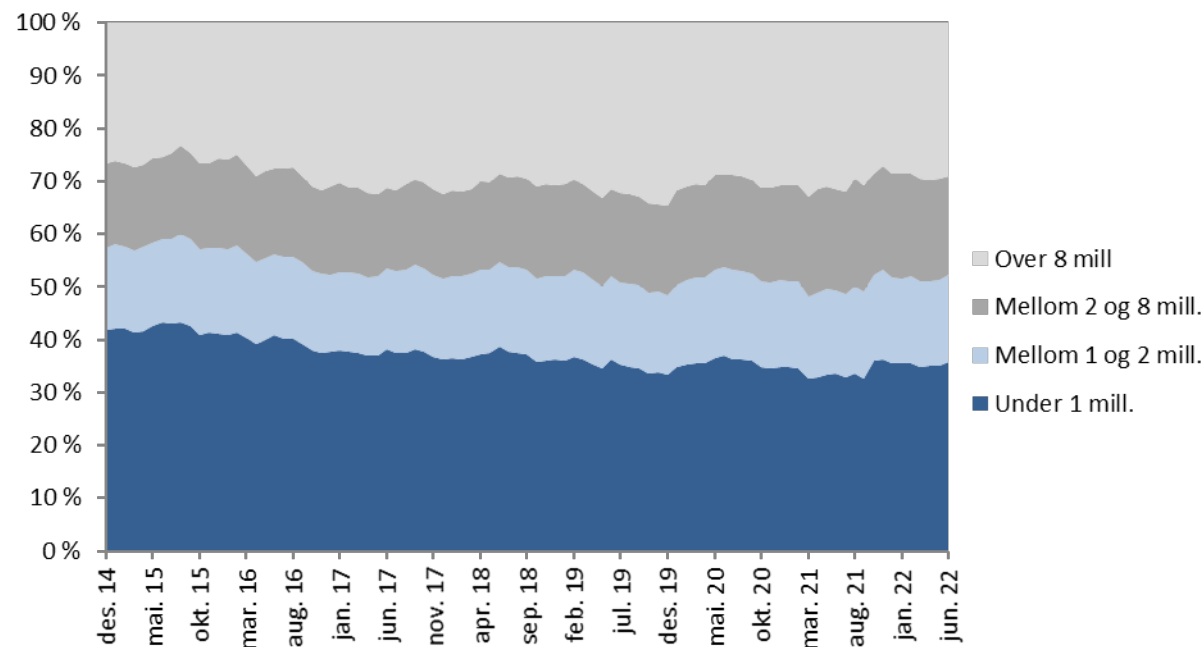
Deposit development CM/RM (MNOK)



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The CM commitments in the acquisition was manually transferred, so that the growth in the CM from the acquisition is seen both in Q3 and in Q4 2021.

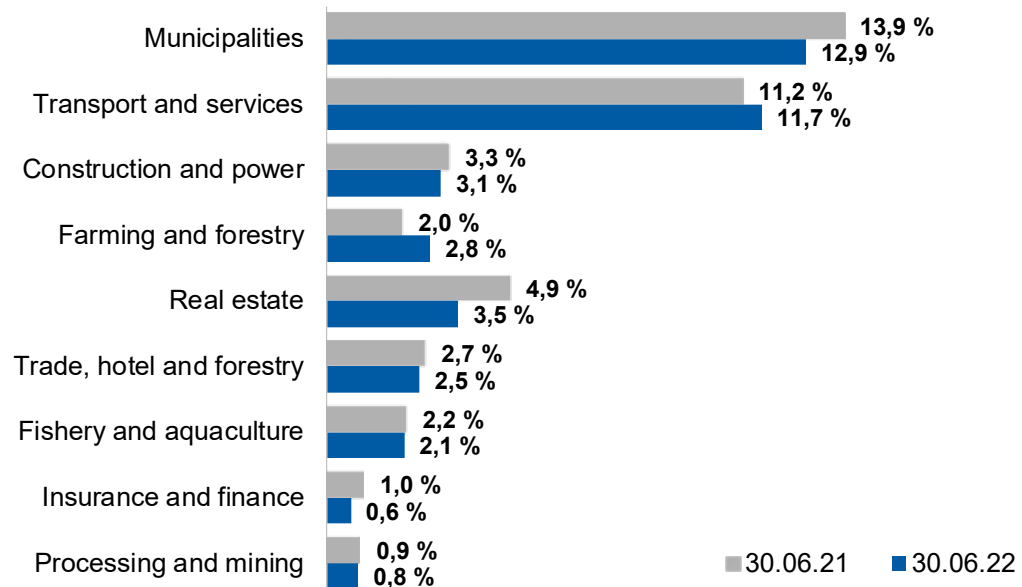
Deposit development



Increase in deposits of MNOK 517 or 2,1 % last quarter.
Allocation of deposits sorted on size is relative stable.
52,3 % of RM deposits under MNOK 2.
62,3 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits



Well diversified deposit portfolio in the CM

Share CM 39.9 (42.2)% or MNOK 9 876 (8 688) of total deposits

Deposits from municipalities constitute 32 % of the CM deposits.



Main features and market

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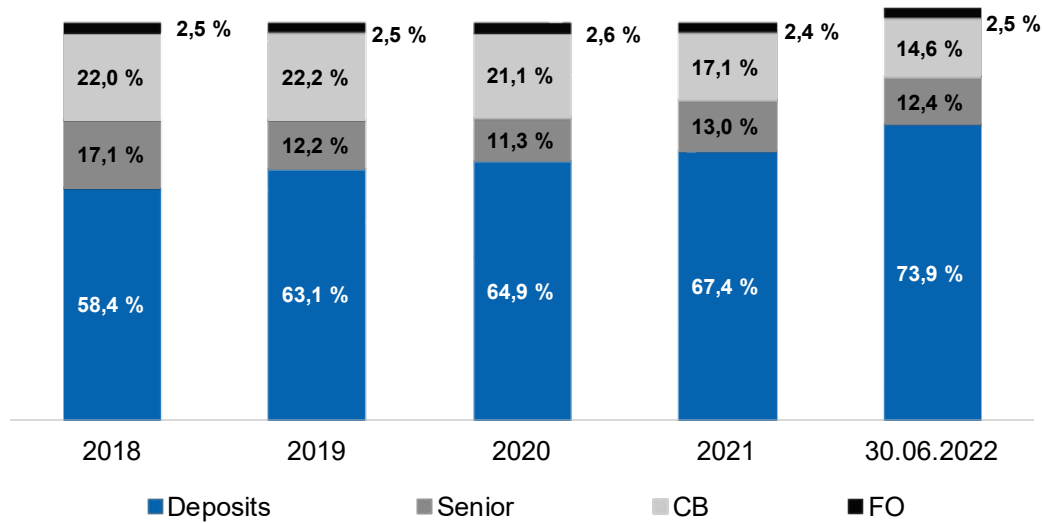
Solidity

Prospects and priorities

Appendices

Funding

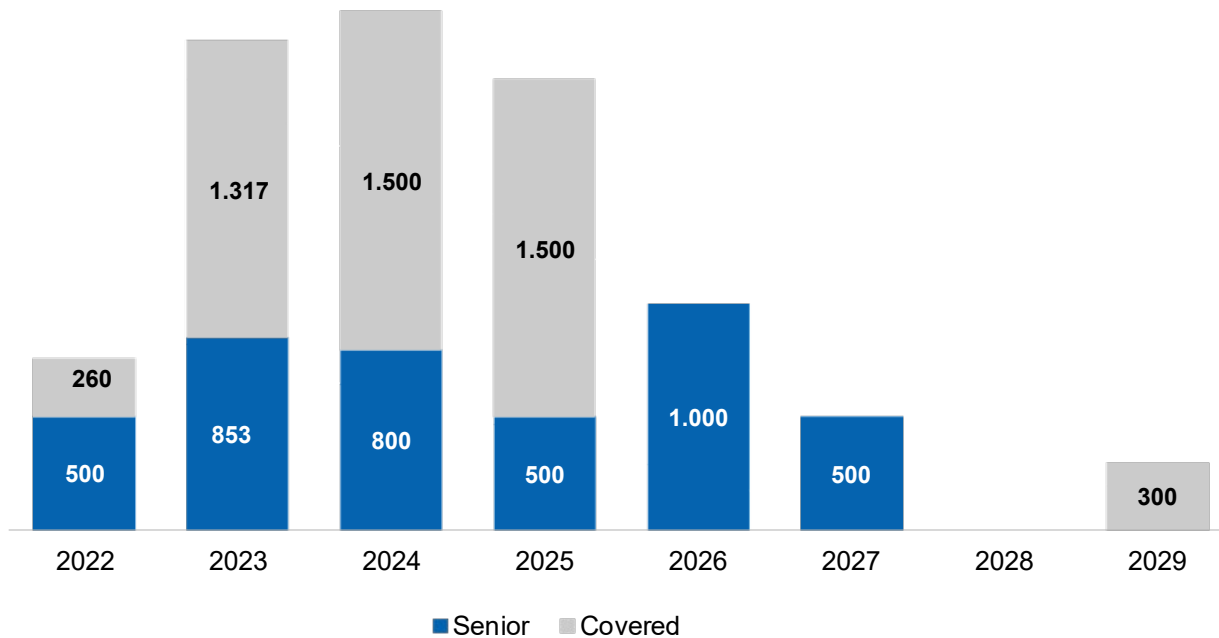
Funding development



- Customer deposit share has increased in 2022

Funding due

Maturity structure loans (MNOK)



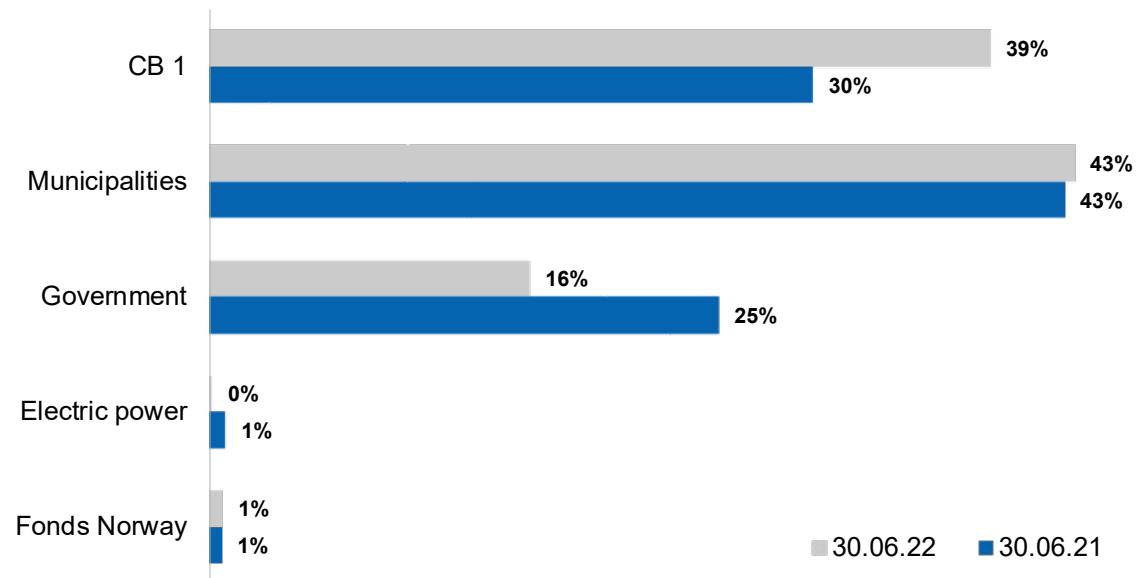
High quality and long-term funding

Share long term funding
78.6% (80.8)%

Combined duration of 2.3 (2.3) years. Duration in the mortgage company 2.2 years

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.9 (1.5) years
- 99.4 % rated A- or better
- 98.4 % CB or state-/ municipal guaranteed bonds

Municipality papers are actively used as short-term liquidity placements.

Liquidity buffers amounts to 6.6 (7.2) bn. – equal 16.8 (20.5) % of total assets. The buffer capital consist of cash, deposit in NB/banks and interest-bearing security.

Transfer of loans to mortgage companies

Maximum limit for transferring is 35 % of the Group's gross lending, and 50 % of gross lending RM.
Per 30.06.22 transfer degree is 30.4 and 40.8 % with a total of MNOK 11 213 transferred to the mortgage companies.



Helgeland boligkreditt AS is fully owned by SpareBank 1 Helgeland

- Net profit MNOK 16.5 (26.7)
- CET1 ratio was 22.1 (20.8)%
 - standard method with 35% mortgage weights
- Gross loans amounts to MNOK 5 946 (6 428) and CB MNOK 4 857 (5 815)

Good security in the lending portfolio

- Cover pool ratio of fullness 24 (15)%
- Combined LTV 50 (52)%

Stress test HEBO – with a housing price fall of 40%. The cover pool ratio is reduced from 24 to 16 %



SpareBank 1 Boligkreditt is 2.05 % owned by SpareBank 1 Helgeland

- SpareBank 1 Boligkreditt (SpaBol) is an issuer of covered bonds that is jointly owned of the saving banks working closely together under the brand SpareBank 1.
- Transferred loans amounts to MNOK 5 267 (0).



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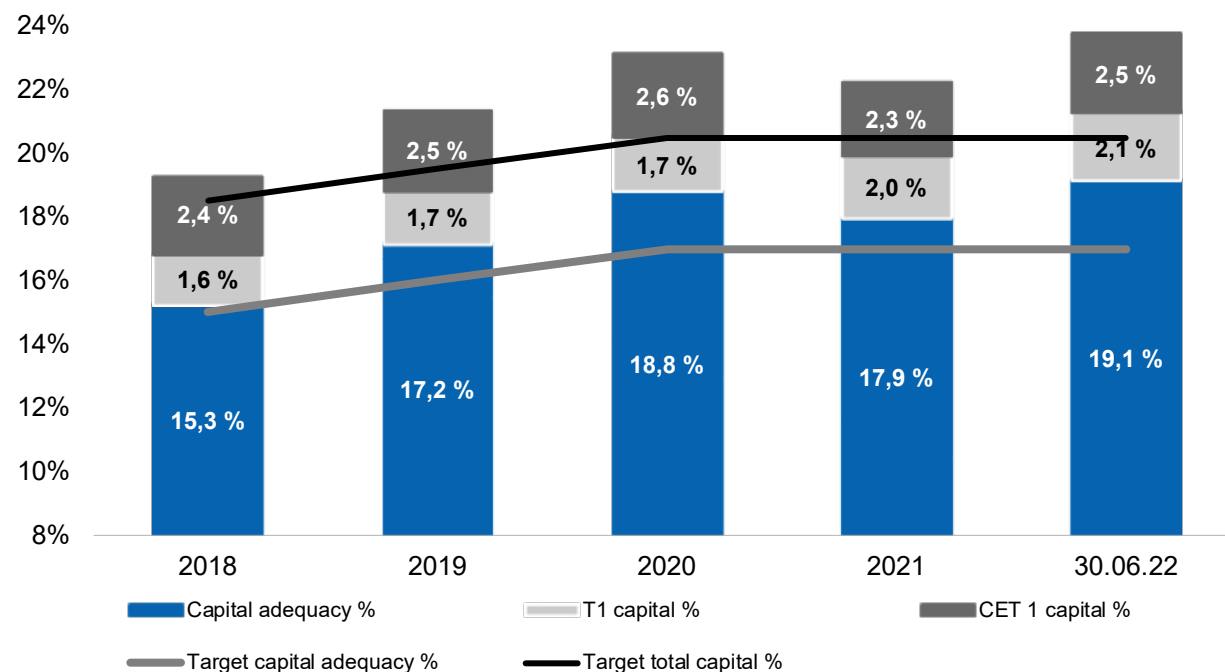
Solidity

Prospects and priorities

Appendices

Capital adequacy

Development capital adequacy

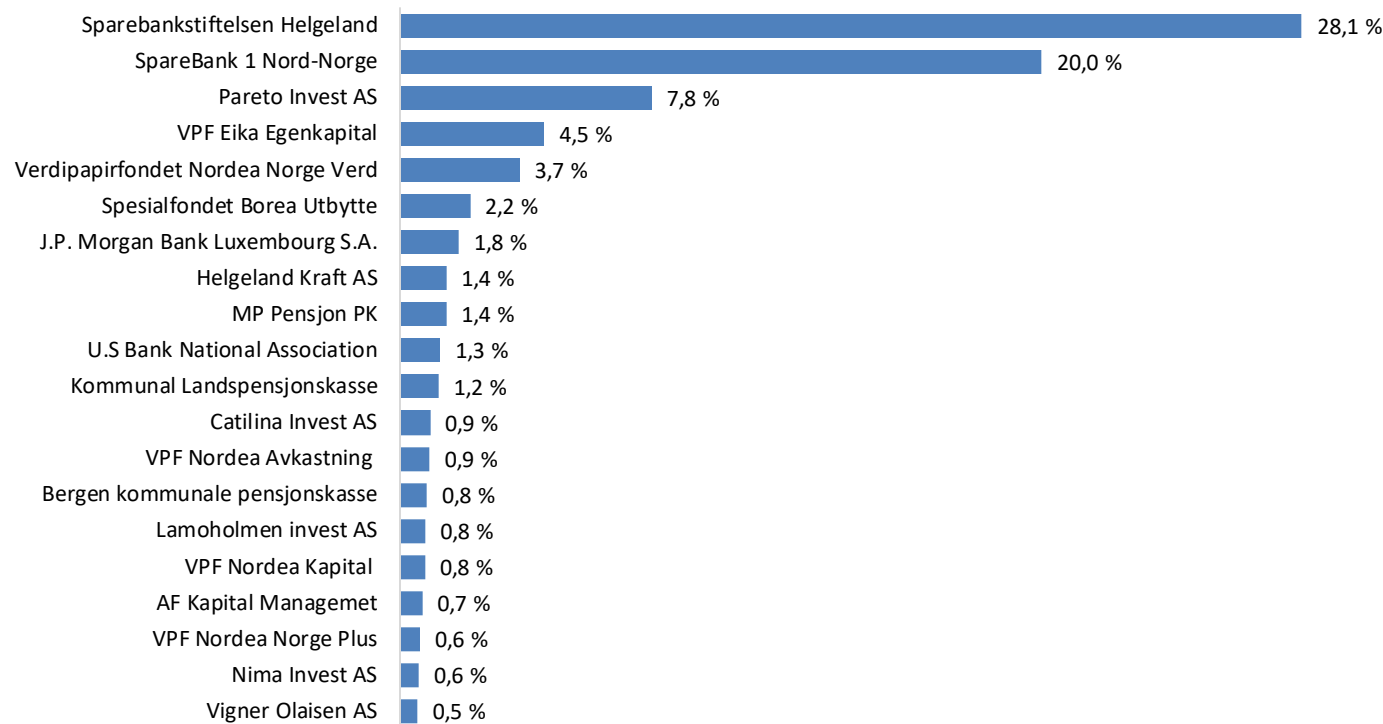


Capital ratio

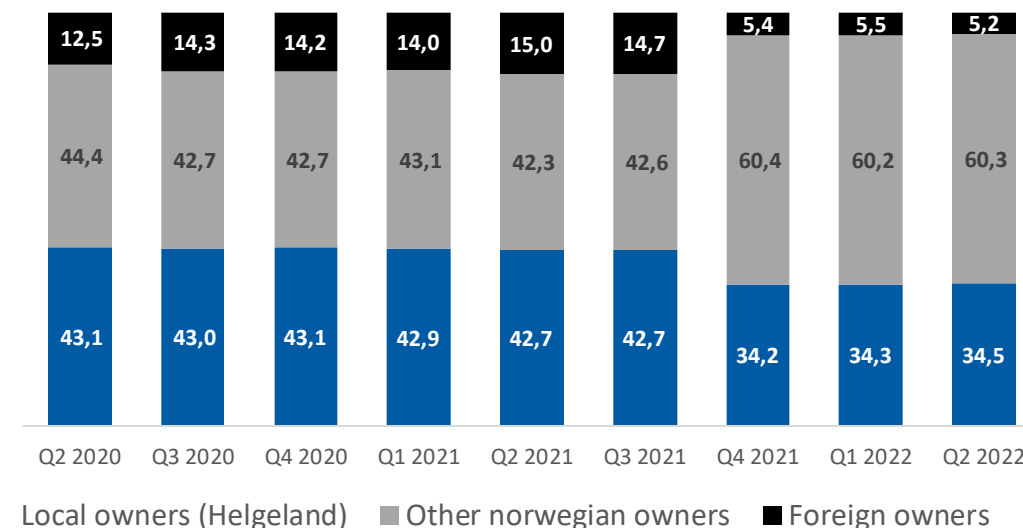
- CET1 19.1 (20.9)%
- Core capital 21.3 (22.6)%
- Total capital 23.7 (25.3)%
- Leverage ratio: 9.1 (10.6)%.
- Pillar II requirements from 30.04.22 stays unchanged at 2.2 %

HELG – the 20 largest owners and geographical owner structure

20 largest owners

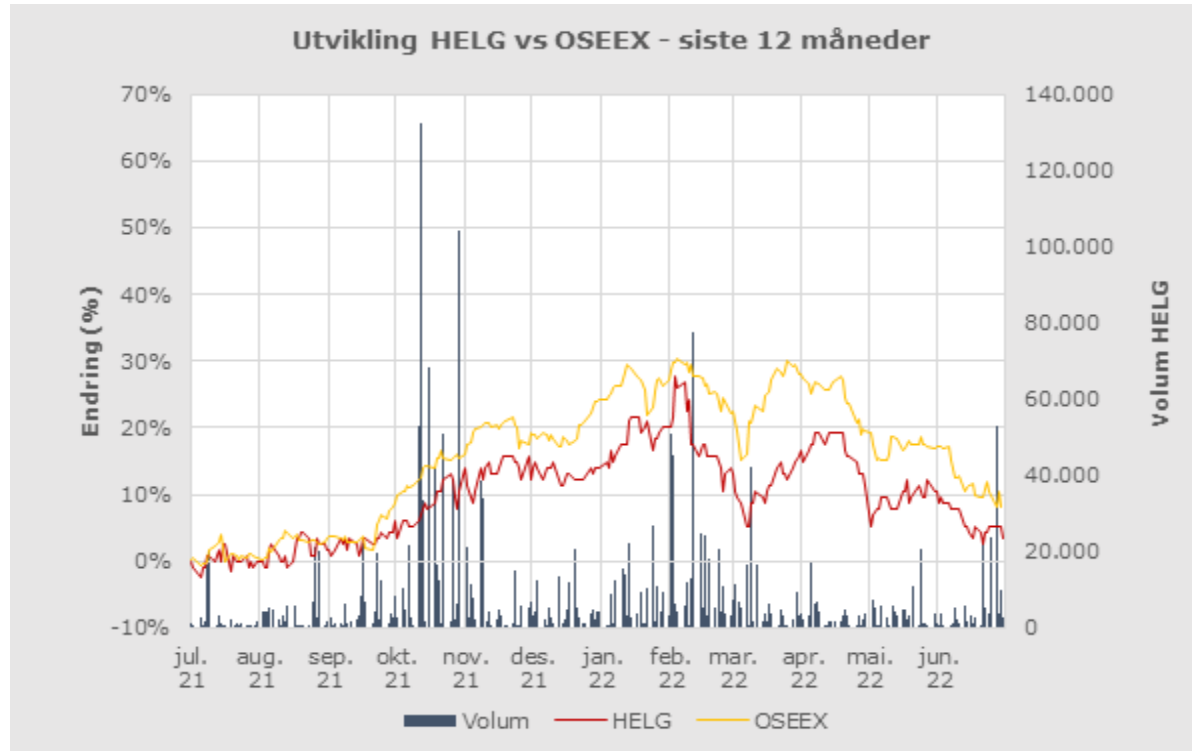


Geographical owner structure (%)



- SpareBank 1 Helgeland has 2 733 owners where the 20 largest owners own 80.3 % of the EC's.
- After the emission in Q3 2021, 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 30.06.22, 135 800 ECs are owned by SBH's employees. This equals 0.50 %.

HELG – EC development and liquidity



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

	31.12.19	31.12.20	31.12.21	30.06.22
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	119
Stock exchange value	1 756	1 797	3 537	3 213
Accounted equity per EC	119	129	124	127
Profit per EC	10.6	12	5.5	5.3
Dividend per EC	2.70	3.10	3.19	
Price/Accounted EC	0.7	0.7	1.1	0.9



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Prospects and priorities

Appendices

Prospects ahead

- Entrance in the SpareBank1 alliance.
 - The associated transactions will affect the operations and the costs in 2021 and into 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 the second quarter and the expected interest increases 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.

Prospects ahead

- 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 (0,18 %) 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.
- Corporate Market
 - For the corporate market it is expected a significant increased in activity in Helgeland in the years to come. Significant infrastructure – and industry projects as airport, battery fabric, depth water quey, hydrogen production, hospital and housing – and road building will provide investments of up to 25 billion NOK in Helgeland. The investment need in the aquaculture industry is expected to be high because of increased smolt production, green change and land based breeding facilities.
 - The bank is well positioned to be an important contributor for the local business actors that is expected to contribute in the projects or in other ways will take part in the ripple effects that the investments provide.

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Lending

Deposits

Funding

Solidity

Prospects and priorities

Appendices



Profit & loss

SpareBank 1 Helgeland (group)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net interest- and credit provision earnings	159	140	149	150	144	144	148	168	174	184
Net provision earnings	24	24	23	26	28	21	22	36	46	38
Other operatios income	1	0	2	2	1	0	4	-1	2	2
Ordinary operations cost	86	96	113	167	81	82	80	141	94	91
Result basic operations	98	68	61	11	92	83	94	63	128	133
Write-downs lending and warranties	23	30	3	-5	3	7	19	35	1	2
Net value change financial instruments	-35	112	7	119	4	3	3	-13	21	-28
Gross profit	40	150	65	135	93	78	78	15	147	104
Net profit	23	139	49	130	71	62	58	15	115	71
Net extended income posts	0	0	0	-1	0	-1	0	2	-1	-2
Profit for the period	23	139	49	129	71	61	58	17	114	69

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 incl. transferred loans to SpaBol: MNOK 44 456
- Employees, annual positions: 157
- Moodys rating: A3 – Stable outlook. Ticker: HELG

Contact information

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Rolf Eigil Bygdnes, deputy chairman

Marianne Terese Steinmo

Siw Moxness

Kennteth Normann

Solrun Johansen

Jonny Berfjord

Ann-Helen Baadstrand