

*Presentation*  
*Q1 2022*



- A driving force for growth in Helgeland

# Presentation per 31.03.22 (SBH Group)



Hanne Nordgaard  
Chief Executive Officer



Sverre Klausen  
Chief Financial Officer

## Main Features and market

Events Q1

Profit & loss

Lending

Deposits

Funding

Solidity

Prospects and priorities

Appendices

# Changes in the banks key positions

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**Sverre Klausen** ends his career as **CFO** after 41 years in the bank from forth quarter 2022, and enters a new part time position as general manager in Sparebankstiftelsen Helgeland (the banks largest owner).

The bank has started the process of hiring a new CFO.



**Sverre Harald Johannesen** is hired as new **head of treasury** in the bank.

Sverre Harald is p.t bank CEO in Handelsbanken in Mo i Rana.

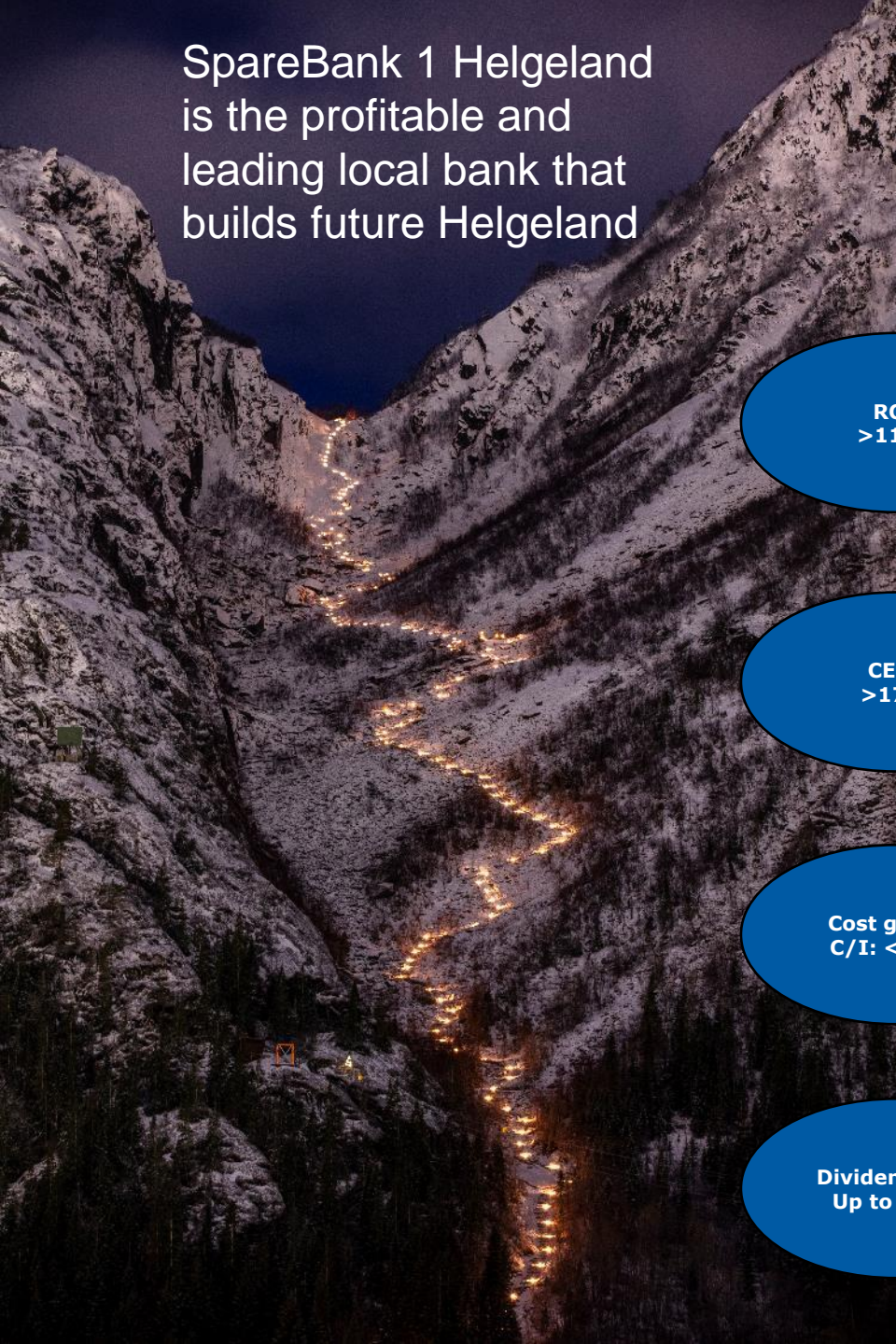
He is educated within corporate economics, finance, social economics among others from the University in Tromsø, University in Oslo and BI in Sandvika. Further, he has work- and management experience from The Norwegian Banking association, Nordea, Handelsbanken, and Rana Kommune where he was constituted councillor for a period.



**Peter Eide Walseth** is hired as new sustainability manager in the bank.

Peter is educated master of business administration, with specialty in entrepreneurship and innovation. He has earlier been market manager at Nordland Teater, but has since 2019 been a politically advisor for Bjørnar Skjæran, and since the election last autumn been related to the Ministry of Trade and Industry as an advisor for the minister.

Peter has in his p.t. position worked with sustainable management in general and of the seafood industry and maritime industry especially.



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 31.03.22

Gross profit  
MNOK 147 (93)

ROE\*  
10.8 (8.2) %

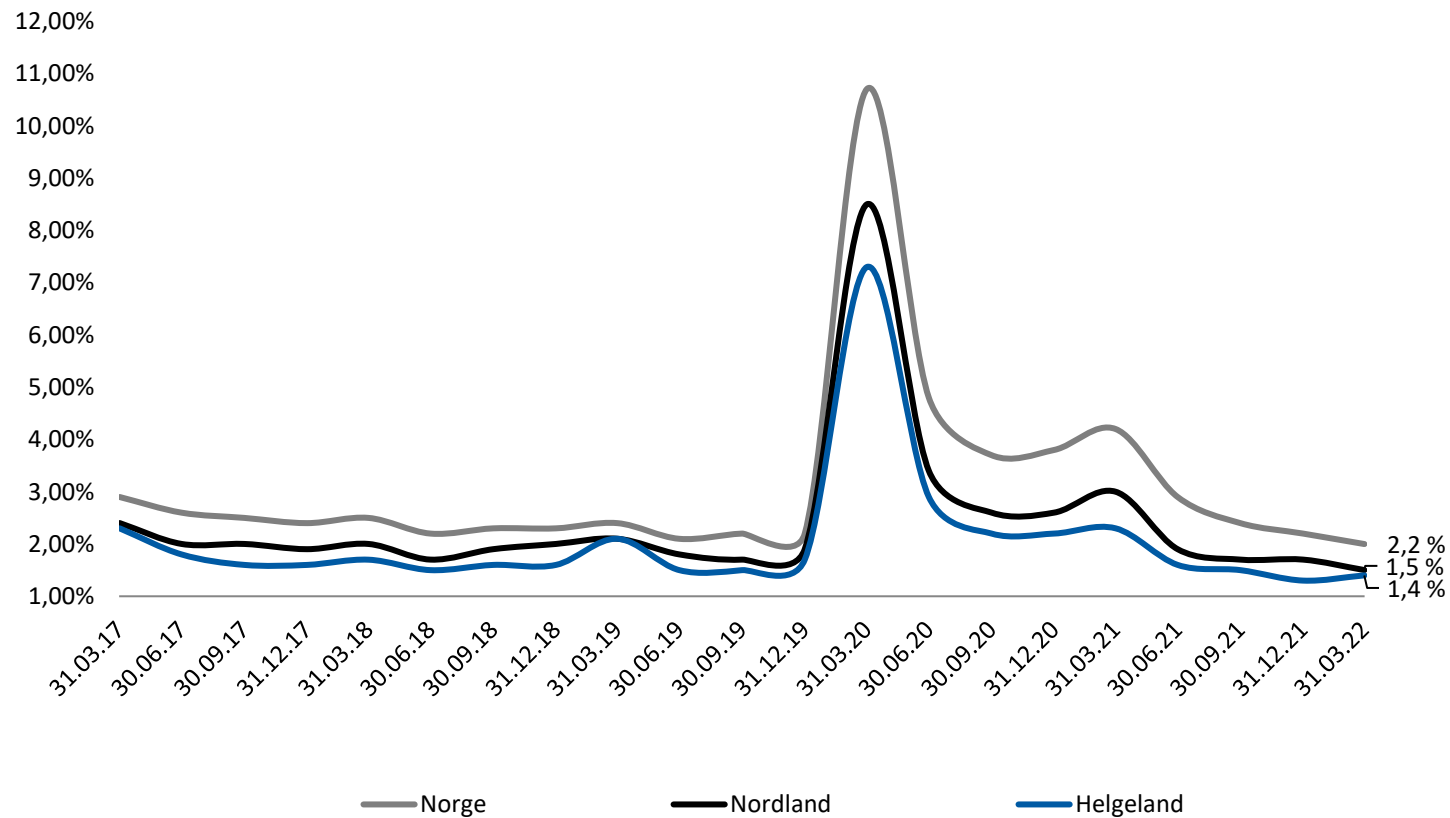
\*Adjusted for hybrid capital

Total assets  
NOK 39.6 (34,6) bn.

Solidity  
CET1 18,1 (19.9) %

# Unemployment

Unemployment in %, Norge, Nordland and Helgeland



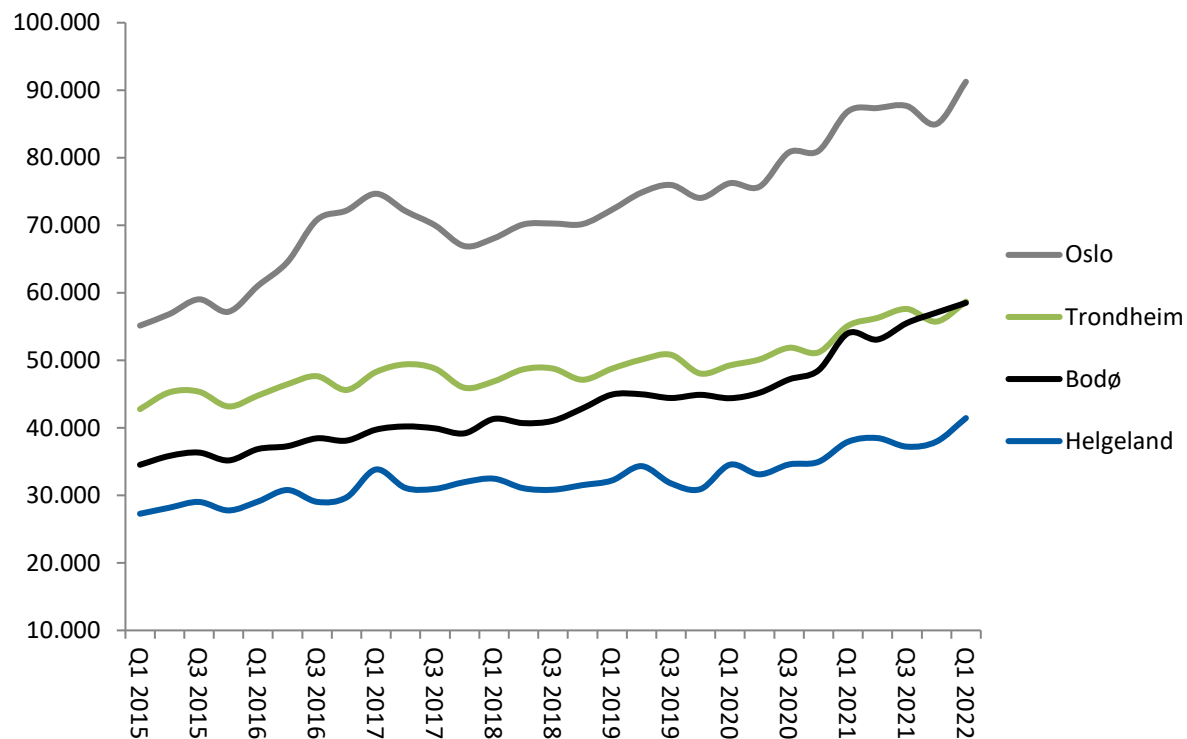
Under the covid-19 pandemic, the unemployment increased significant from Q4 2019 to Q1 2020.

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

- Norway 2.0 %
- Nordland 1.5 %
- Helgeland 1.4 %

# Housing price development

## Price development - sold apartments in NOK/sqm

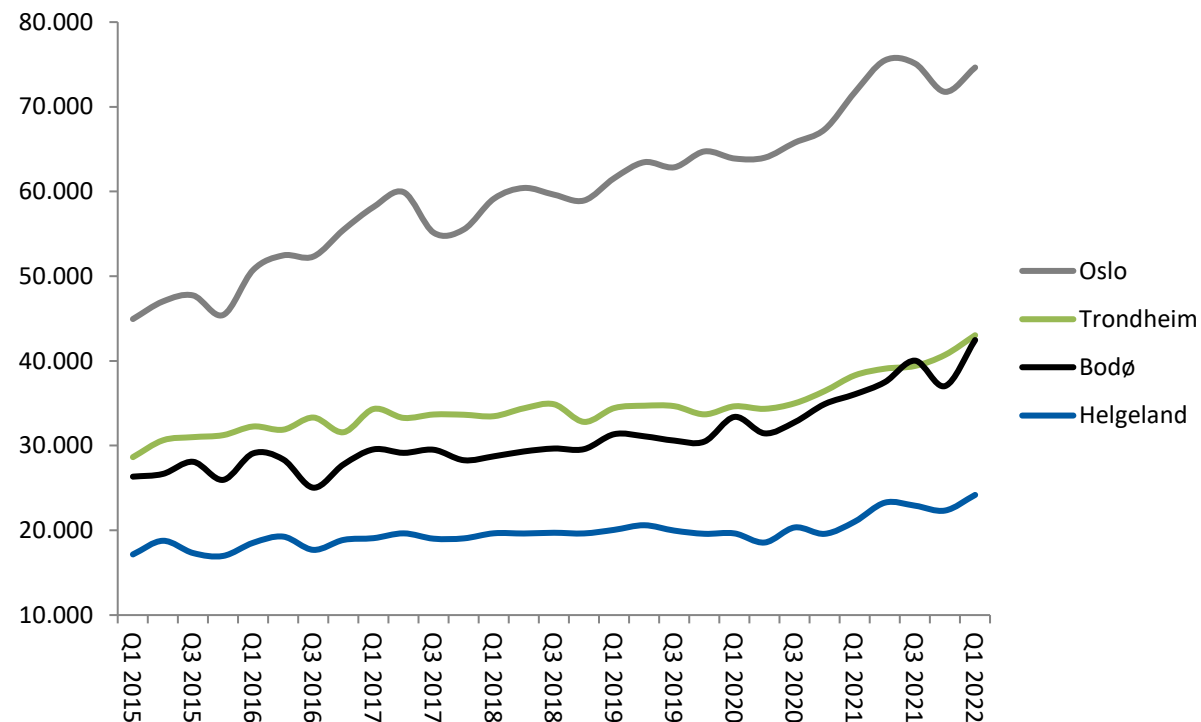


Price development in Q1:

9.2 % in Helgeland and 7.4 % in Oslo.

An increase in prices for sold apartments in Helgeland in Q1 compared to last quarter.

## Price development - sold villas in NOK/sqm



Price development in Q1:

8.3 % in Helgeland and 4.0 % in Oslo.

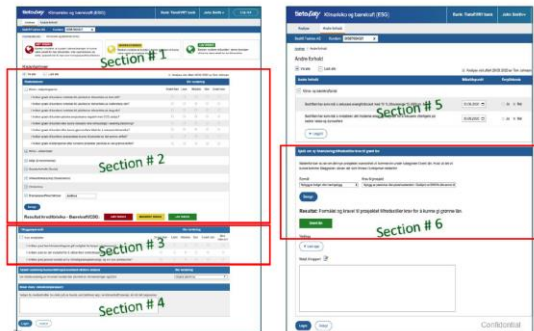
A decrease in prices for sold Villas in Helgeland in Q1 compared to last quarter.



# Sustainability in Sparebank 1 Helgeland



**SERTIFISERT  
VIRKSOMHET**



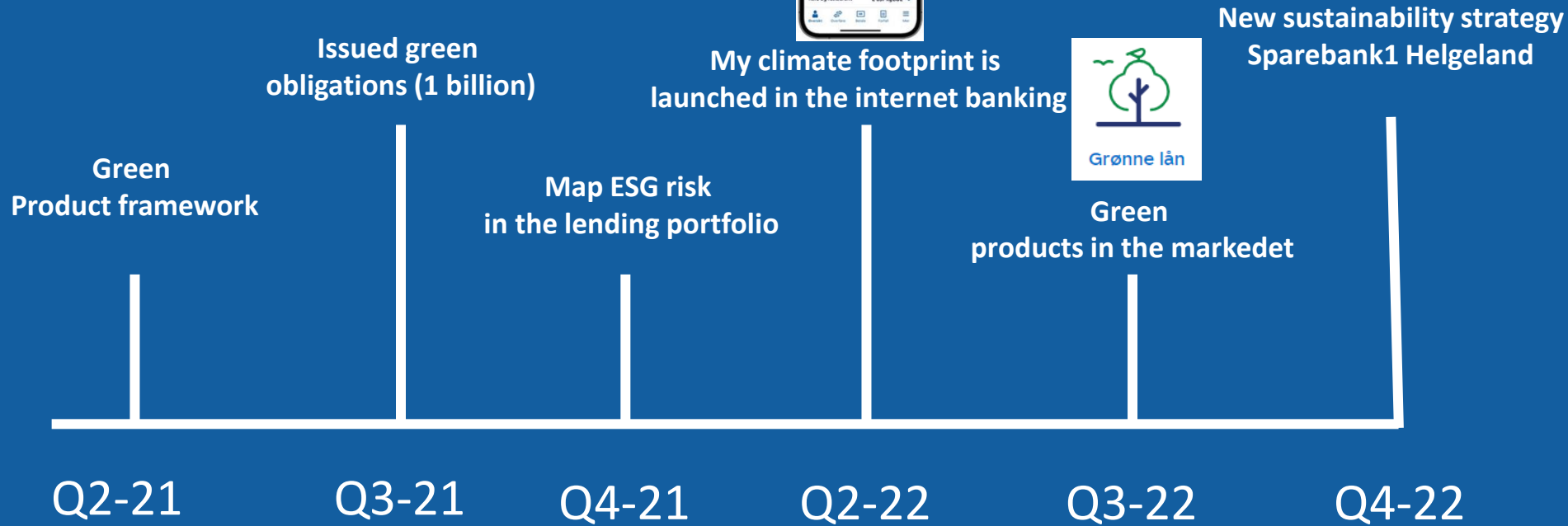
- Internal sustainability target in relation to own CO2 footprint
- Mapping of our creditors in relation to sustainable purchase
- Increase the consciousness around sustainability with our employees.
- System introduced to map sustainability and climate risk in our lending portfolio with our CM customers



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



# Sustainability



Main features and market

Events Q1

Profit & loss

Lending

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Funding

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Prospects and priorities

Appendices



# Summary Q1

- Strong result - Stable basis operation
- Net interest income of MNOK 174, up from 168 last quarter. The interest rate increase with effect from February 1<sup>st</sup> draws the net interest up, while higher funding costs draws the net interest down. The implementation of the advantage program "LO favør", together with other price adaptations is also factors that affect the net interest in the quarter.
- Increase in net commission income of MNOK 10. The increase is related to a bonus commission from non-life insurance companies of MNOK 9.
- Dividend is recognized from SpareBank 1 Finans Nord-Norge (MNOK 23), Eiendomsmegler 1 Nord-Norge (MNOK 4) and Regnskapshuset SpareBank 1 Nord-Norge (MNOK 3). Disturbances in the money market related to among others the war in Ukraine, has led to unrealized loss on the security portfolio of around MNOK 14.
- Write-downs on lending amounted to MNOK 1.
- 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.
- Net non-performing and impaired commitments is reduced by MNOK 16 this quarter.

## SpareBank 1 Helgeland (group)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net interest- and credit provision earnings	144	148	168	174
Net provision earnings	21	22	36	46
Other operations income	0	4	-1	2
Ordinary operations cost	82	80	141	94
Result basic operations	83	94	63	128
Write-downs lending and warranties	7	19	35	1
Net value change financial instruments	3	3	-13	21
Gross profit	78	78	15	147
Net profit	62	58	15	115
Net extended income posts	-1	0	2	-1
Profit for the period	61	58	17	114







Main features and market

Events Q1

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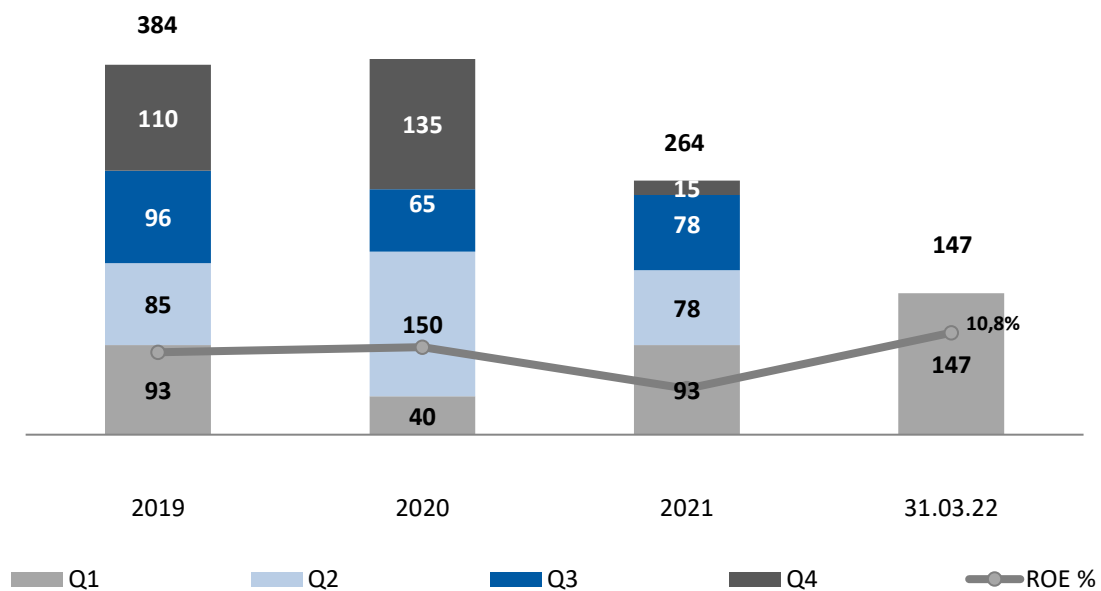
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# Profit

## Profit development



## Profit Q1

High gross profit of MNOK 147 (93) in the first quarter.

- ROE of MNOK 10.8 %  
(ROE is adjusted for hybrid capital)

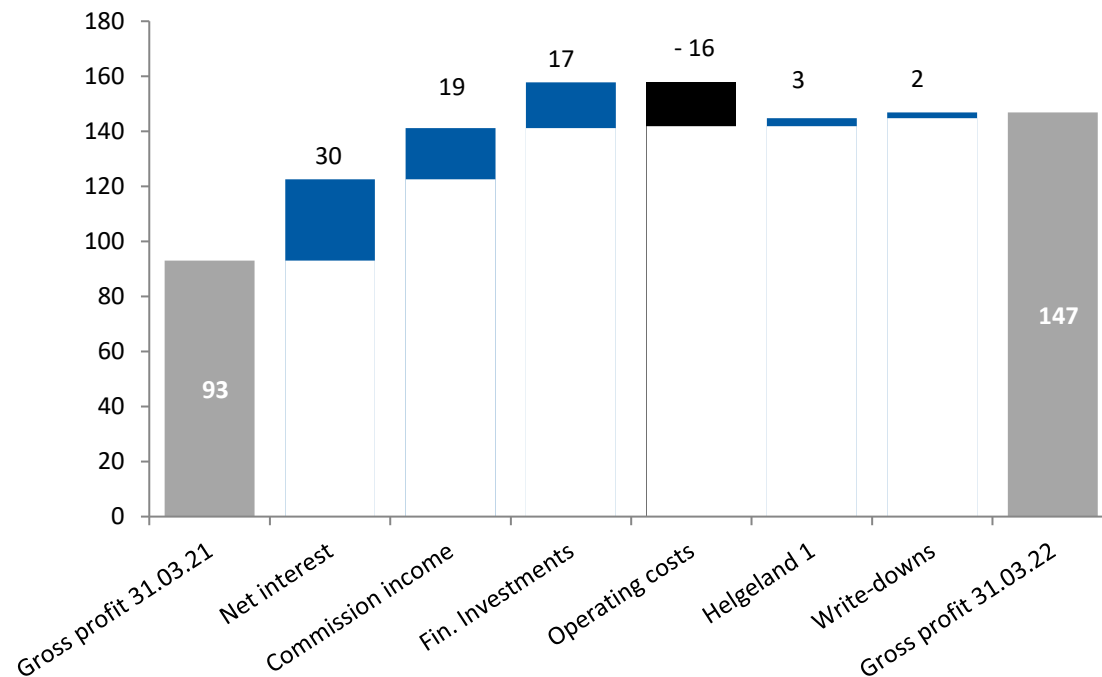
The strong result in Q1 is affected by these on-time events:

- Dividend is recognized from SpareBank 1 Finans Nord-Norge (MNOK 23), Eiendomsmegler 1 Nord-Norge (MNOK 4) and Regnskapshuset SpareBank 1 Nord-Norge (MNOK 3).
- Disturbances in the money market related to among others the war in Ukraine, has led to unrealized loss on the security portfolio of around MNOK 14.

# Gross profit

Gross profit is MNOK 56 higher than in the same period last year

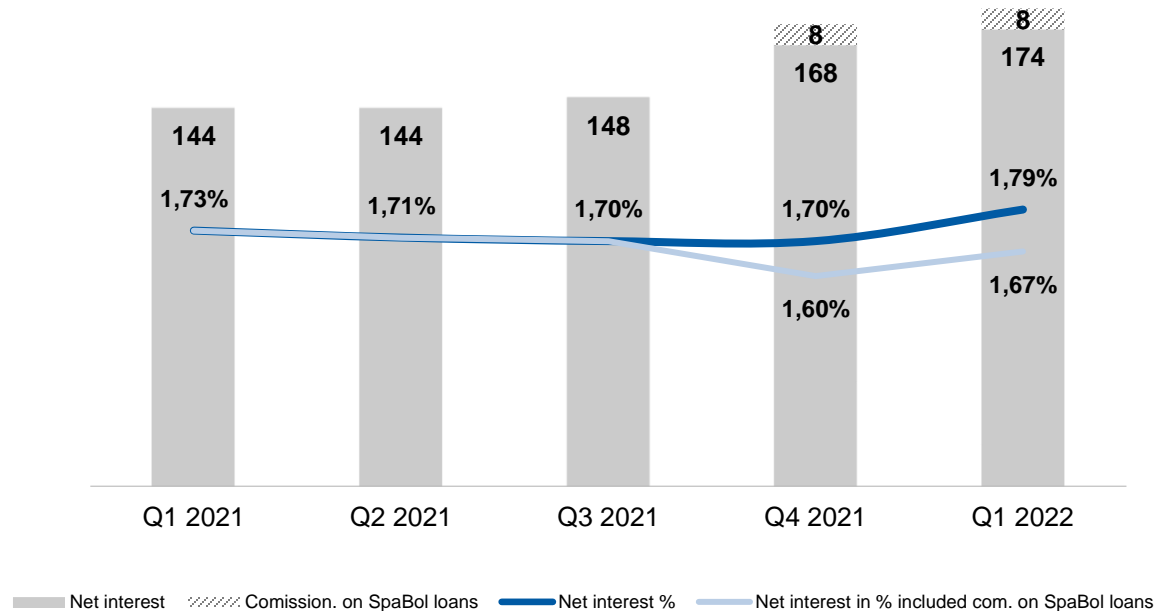
Change in gross profit (MNOK)



- Increase in net interest in 2021 is related to the acquisition in the fourth quarter. The interest rate increase with effect from February 1st draws the net interest up, while higher funding costs draws the net interest down.
- Increased commission income from the same period last year is mainly related to that the non-life insurance bonus recognized in Q1 is MNOK 4 higher than last year in addition to commission income on loans transferred to SpareBank 1 Boligkreditt of MNOK 8.
- Income from financial investments in the quarter 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). Disturbances in the money market related to among others the war in Ukraine, has led to unrealized loss on the security portfolio of around MNOK 14.
- Increase in operating costs are related to higher operating costs related to higher total assets and more employees after the acquisition.

# Net interest

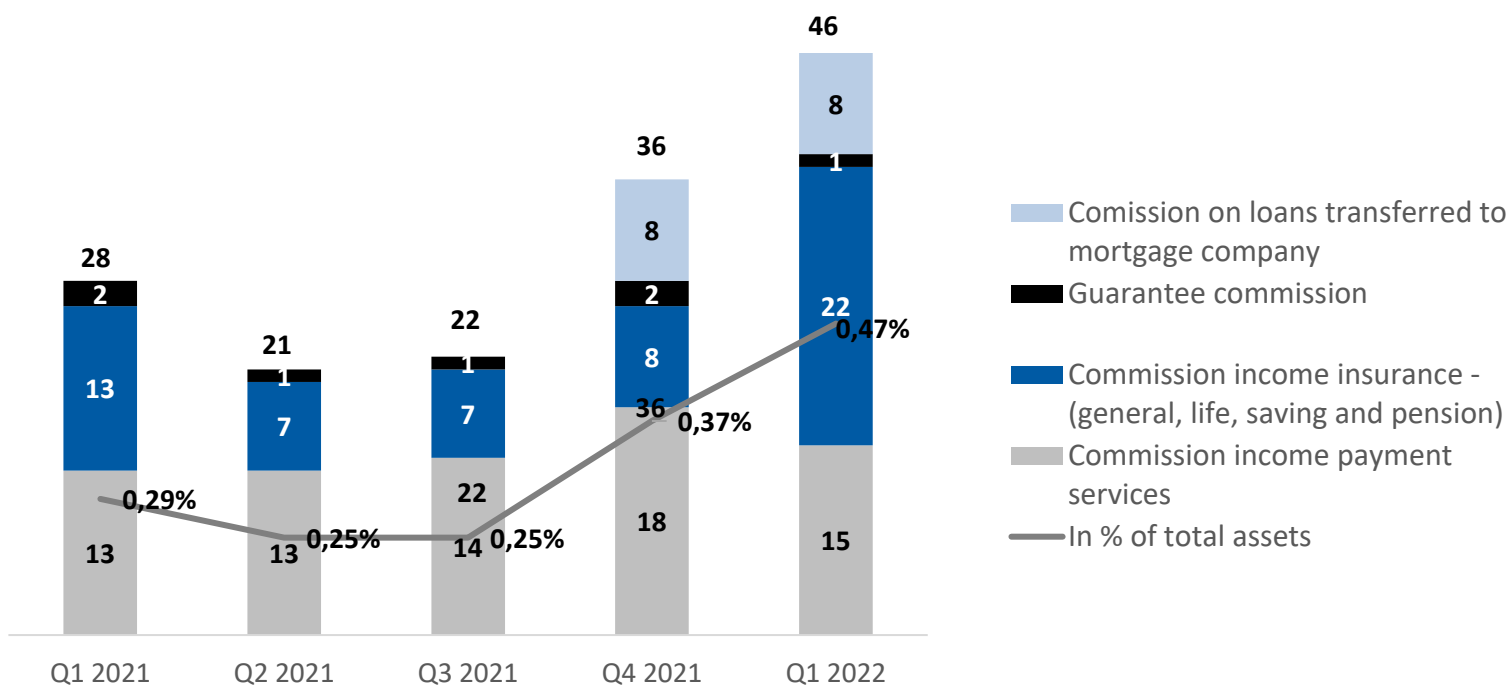
Development net intr.(mnok.) and % of average BTA



- Net interest and commission income amounts to MNOK 174 in the first quarter.
- This is MNOK 6 higher than last quarter. The interest rate increase with effect from February 1<sup>st</sup> draws the net interest up, while higher funding costs draws the net interest down. The implementation of the advantage program "LO favør", together with other price adaptionns are also factors that affect the net interest this quarter.
- In % of average total assets, net interest and credit commission income is 1.79 % against 1.70 % last quarter.
- 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 income on transferred loans to mortgage company is classified as commission income and amounts to MNOK 8 in the first quarter.



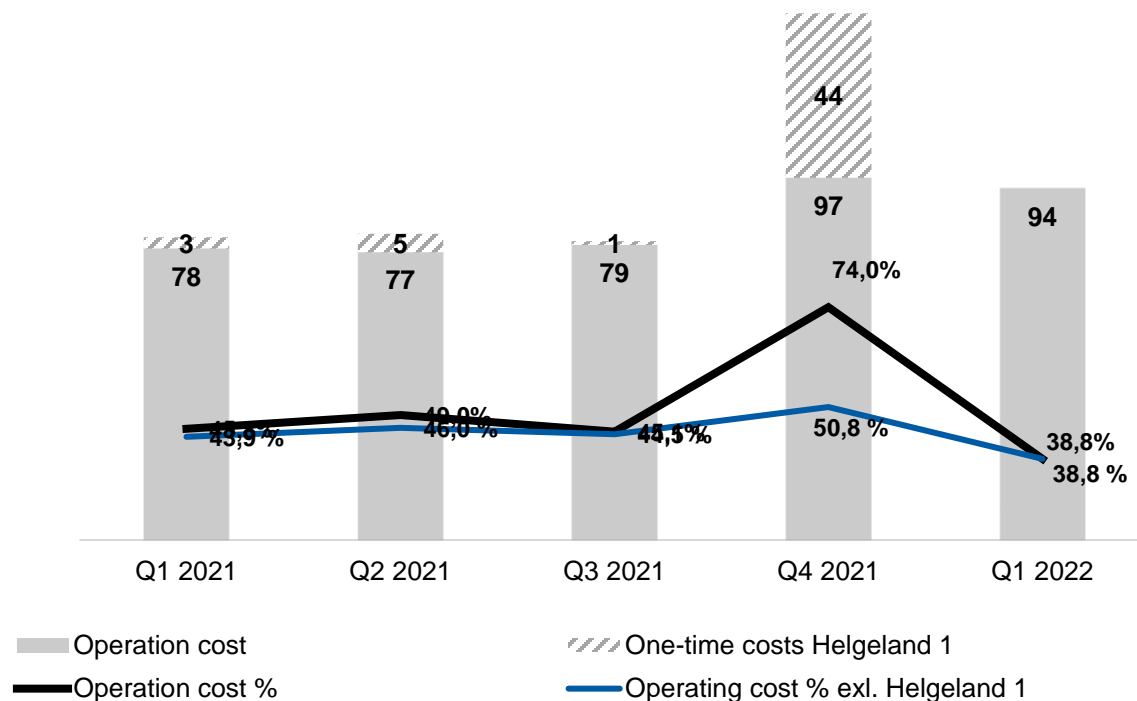
# Commission income (MNOK)



Commission income in the first quarter amounts to MNOK 46. The increase from last quarter is related to that the non-life insurance bonus recognized of MNOK 9 (MNOK 5 in bonus commission income in Q1 2021). Commission on loans transferred to the mortgage company deducted, net commission income in % of average total assets is 0.39 %.

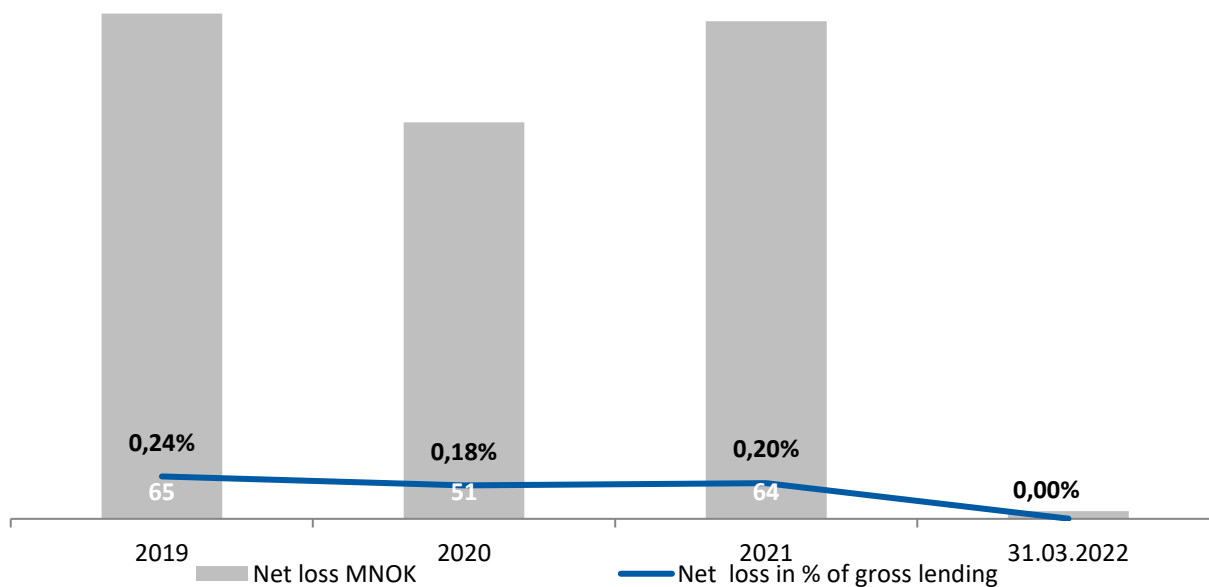
# Operating costs

Operating cost (mnok) and % of income



- Costs are within the banks target in the first quarter (cost/income <40%)
- Cost % when profit from financial assets are deducted is 42.5 %.

# Loss on commitments



- MNOK 1 in loss in the first quarter of 2022.
- Annualized, this amounts to 0.01 % of gross lending in the quarter.



Main features and market

Events Q1

Profit & loss

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Deposits

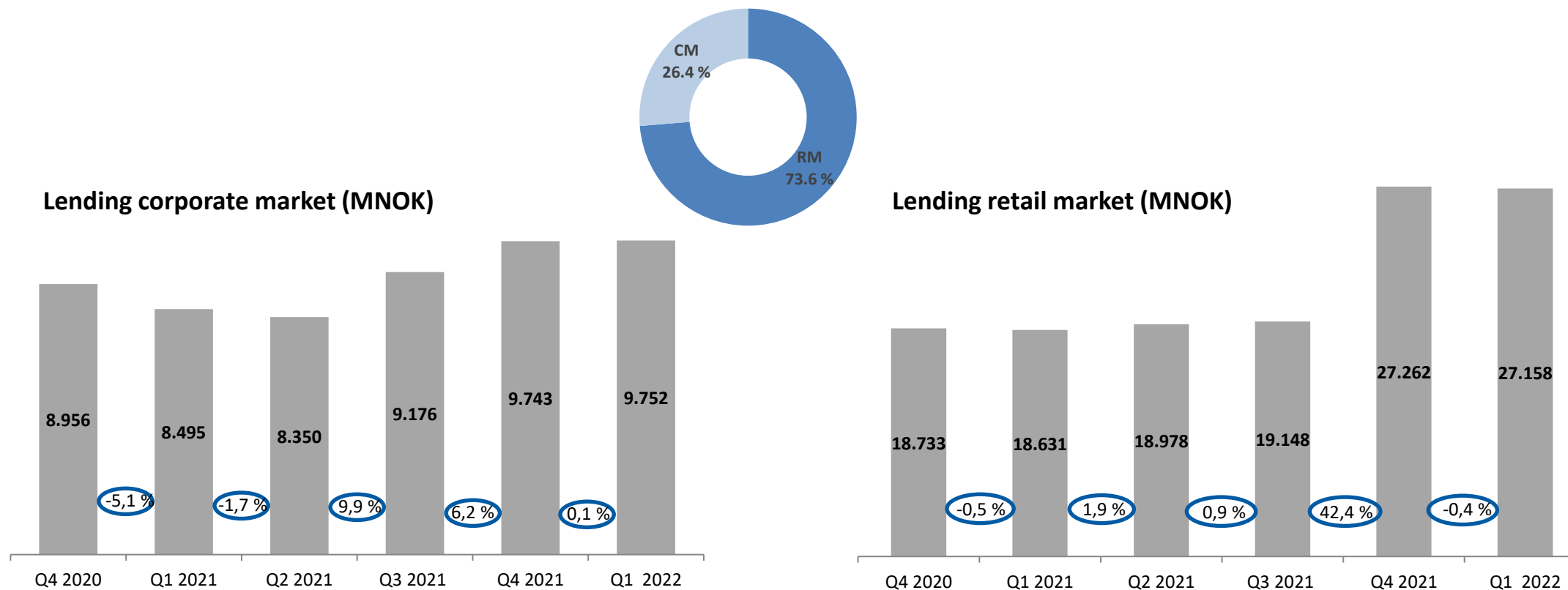
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# 12-month credit development (SpaBol included)



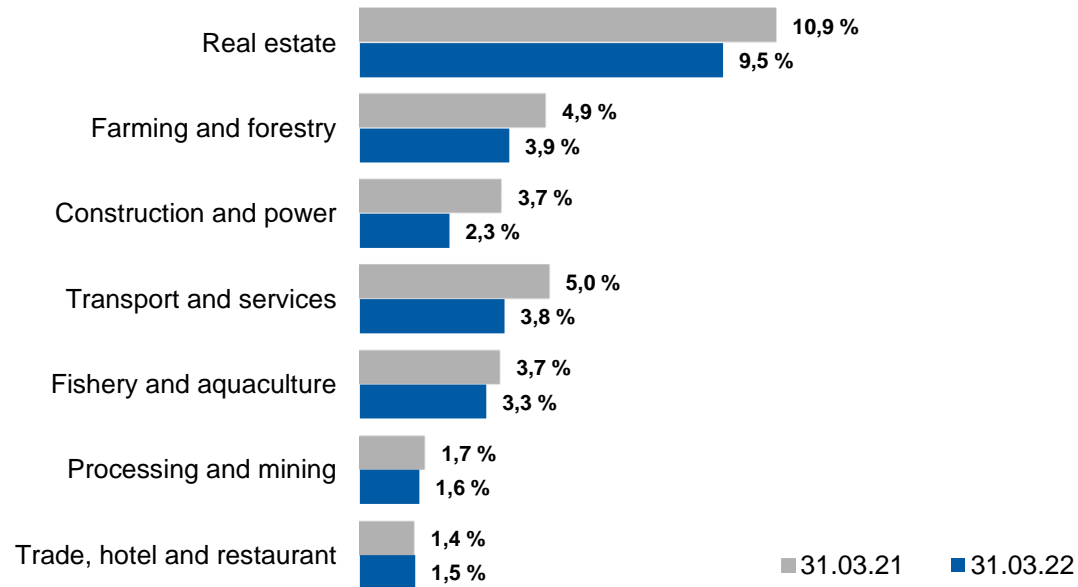
The growth in the RM is related to the acquisition from SpareBank 1 Nord-Norge in Q4 2021.

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

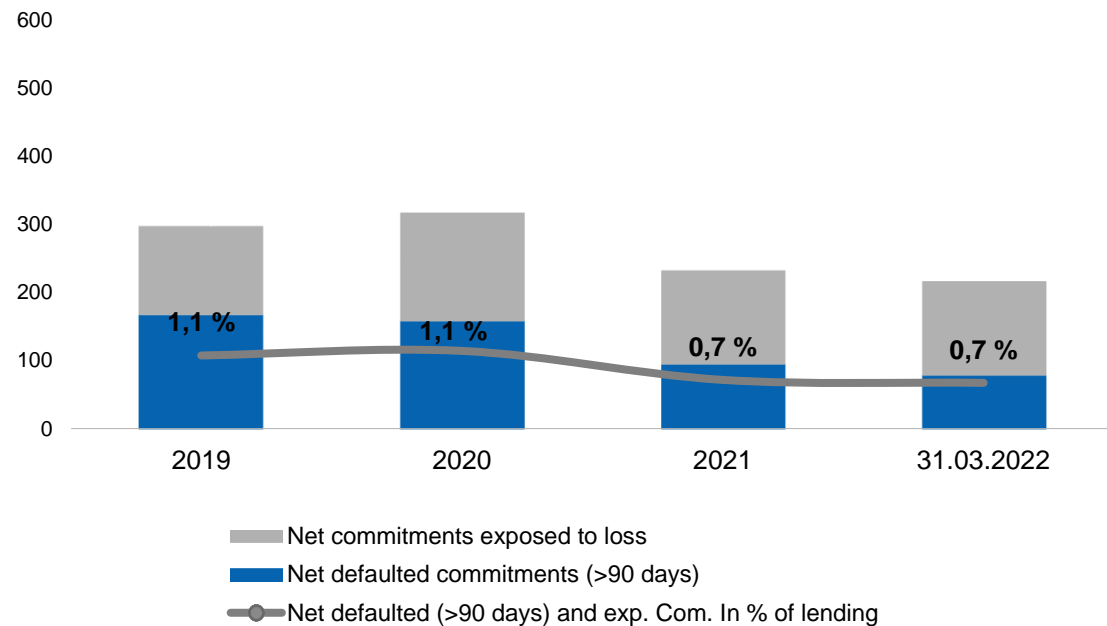


Good diversification in the CM  
lending portfolio and loyal corporate  
customers

Share CM of total lending 29.7  
(31.3)% or MNOK 9 558  
(8 495)

# Non-performing and other impaired commitments

Net defaulted and com. exp. to loss



- Net non-performing and other impaired commitments amounts to MNOK 216, a decrease of MNOK 16 from year end.





Main features and market

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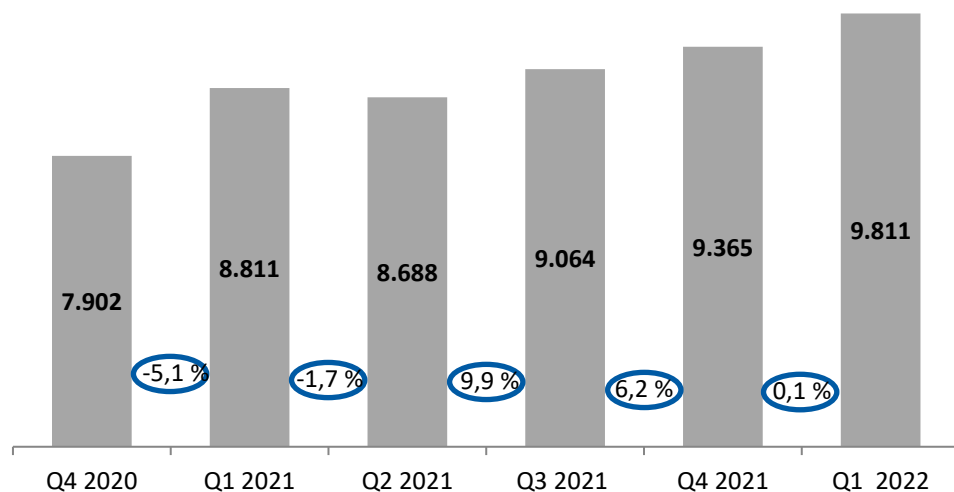
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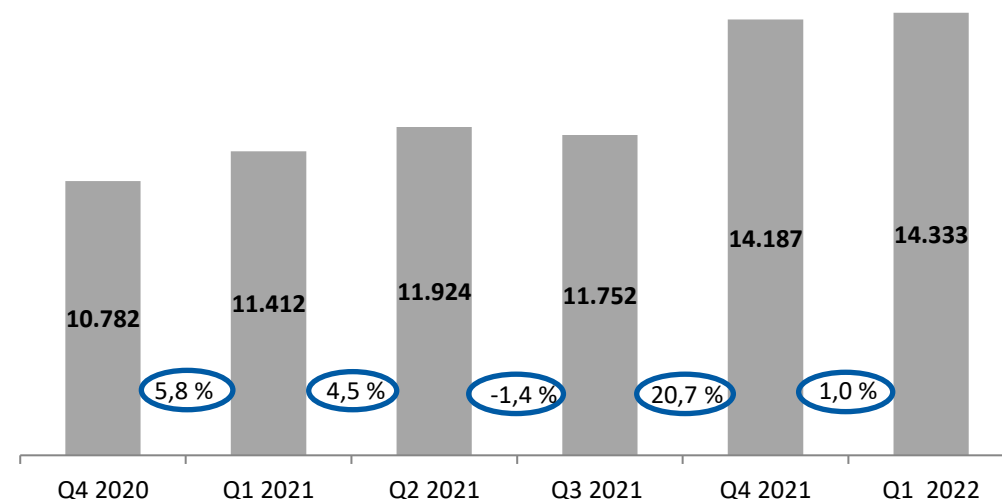
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# Deposit development

Customer deposits corporate market (MNOK)



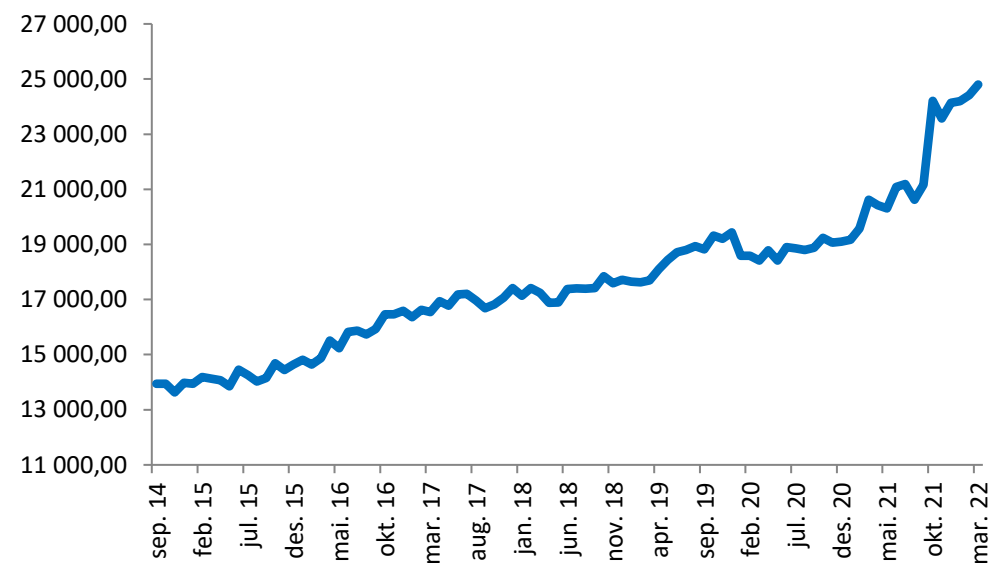
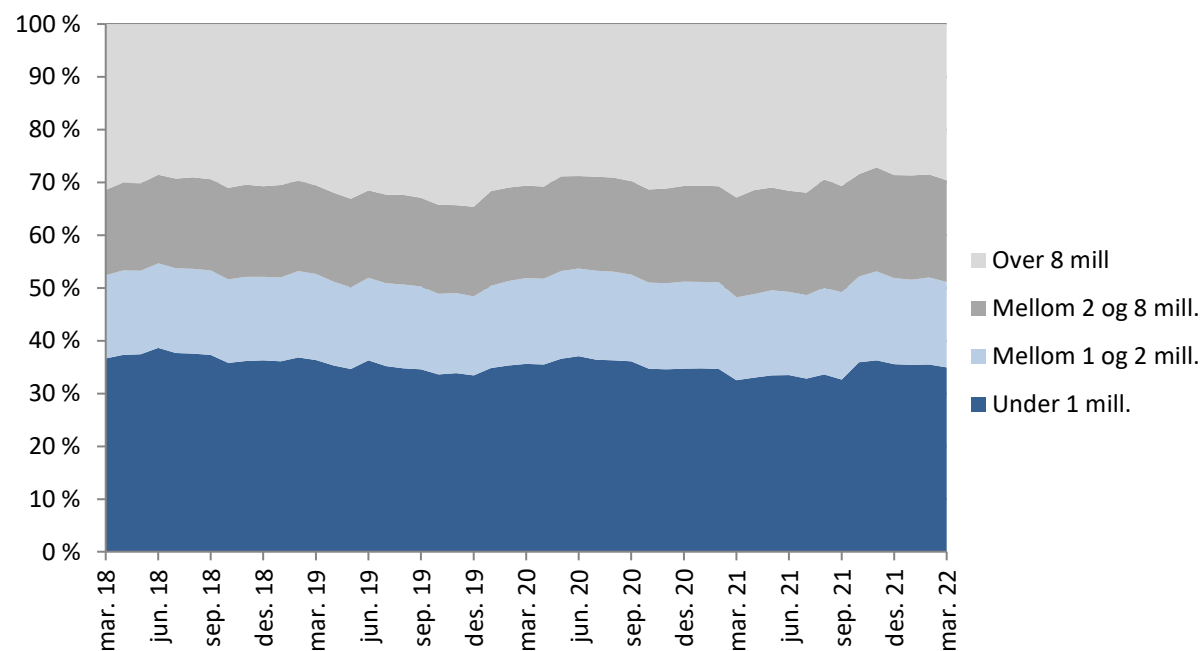
Customer deposits retail market (MNOK)



The growth in the RM 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.

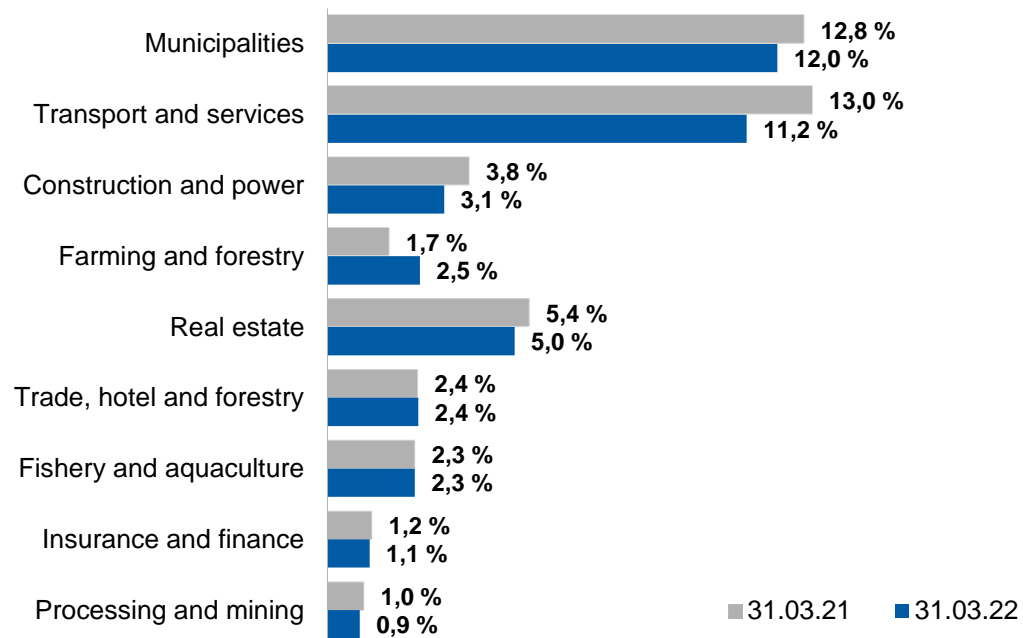
# Deposit development



Increase in deposits of MNOK 592 or 2,5 % last quarter.  
Allocation of deposits sorted on size is relative stable.  
51,1 % of RM deposits under MNOK 2.  
61,1 % of the deposits are included in the guarantee arrangement.

# Deposits CM

## Customer deposits



Well diversified deposit portfolio in the CM

Share CM 40.6 (43.6)% or MNOK 9 811 (8 810) of total deposits

Deposits from municipalities constitute 30 % of the CM deposits.





Main features of the market

Events Q1

Profit & Loss

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Deposits

Funding

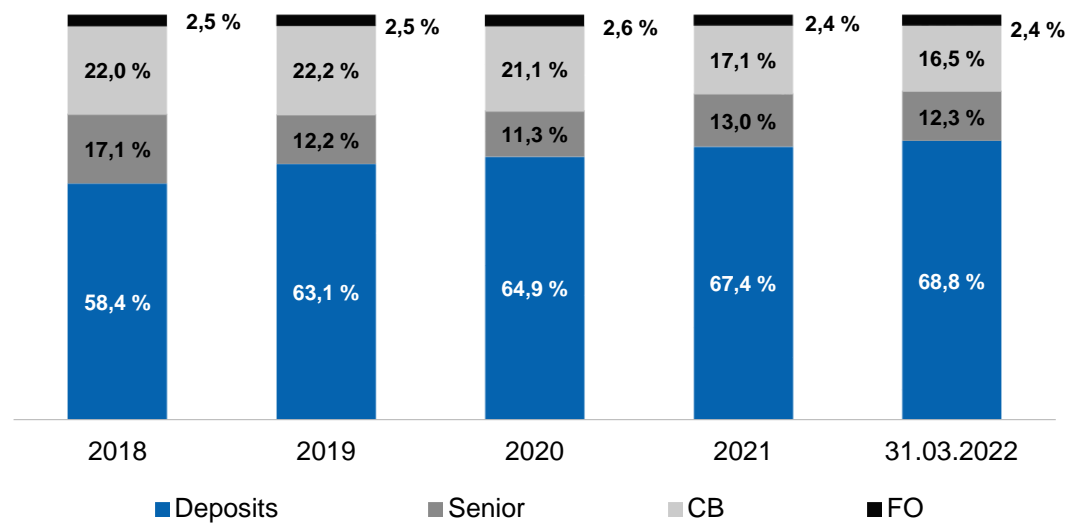
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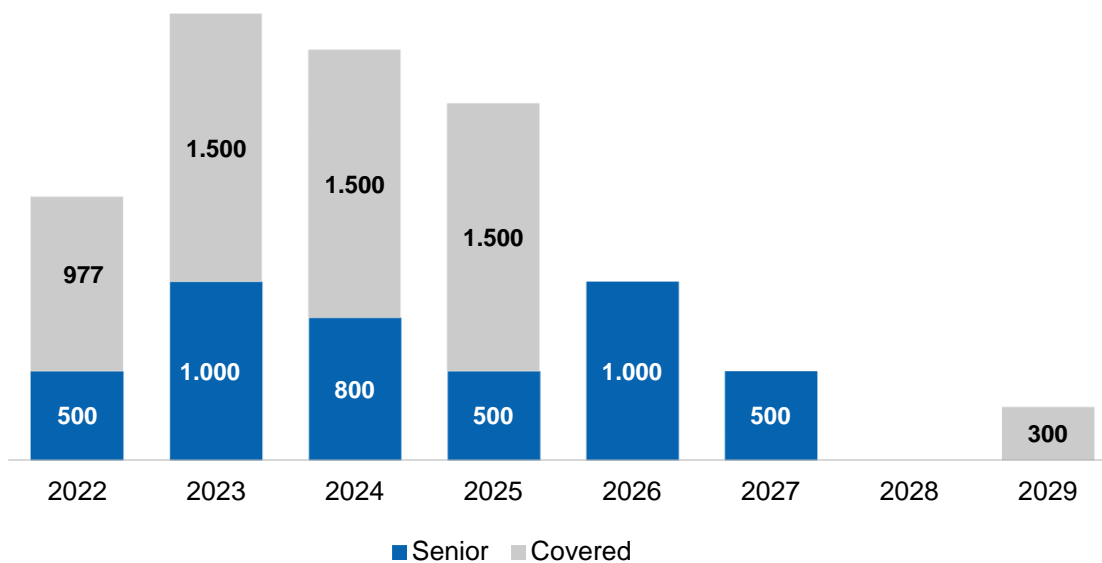
# Funding

## Funding development



# Funding due

maturity structure loans (MNOK)



High quality and long-term funding

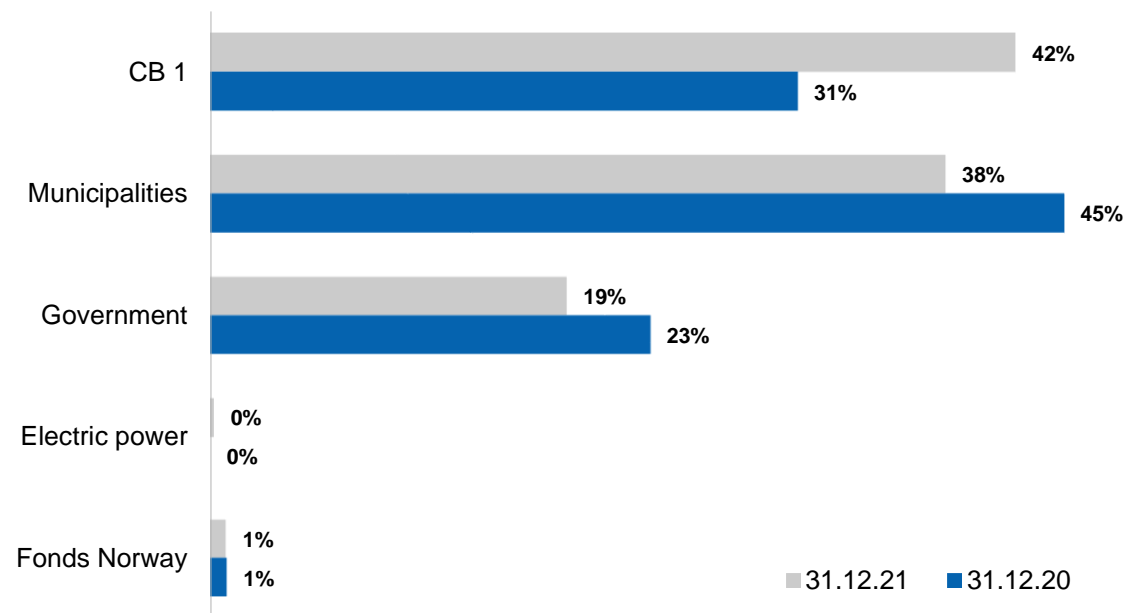
Share long term funding  
75.4% (81.6)%

Combined duration of 2.3 (2.4) 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
- 99.1 % CB or state-/ municipal guaranteed bonds

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

Liquidity buffers amounts to 6.5 (7.2) bn. – equal 16.4 (20.9) % 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 31.12.22 transfer degree is 31.2 and 42.1 % with a total of MNOK 11 504 transferred to the mortgage companies.



## **Helgeland boligkreditt AS is fully owned by SpareBank 1 Helgeland**

- Net profit MNOK 10.1 (14.3)
- CET1 ratio was 19.8 (19.0)%
  - standard method with 35% mortgage weights
- Gross loans amounts to MNOK 6 714 (7 195) and CB MNOK 5 766 (6 230)

Good security in the lending portfolio

- Cover pool ratio of fullness 16 (17)%
- Combined LTV 53 (53)%

Stress test HEBO – with a housing price fall of 40%. The cover pool ratio is reduced from 16 to 6 %



## **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 4 790 (0).



Main features and market

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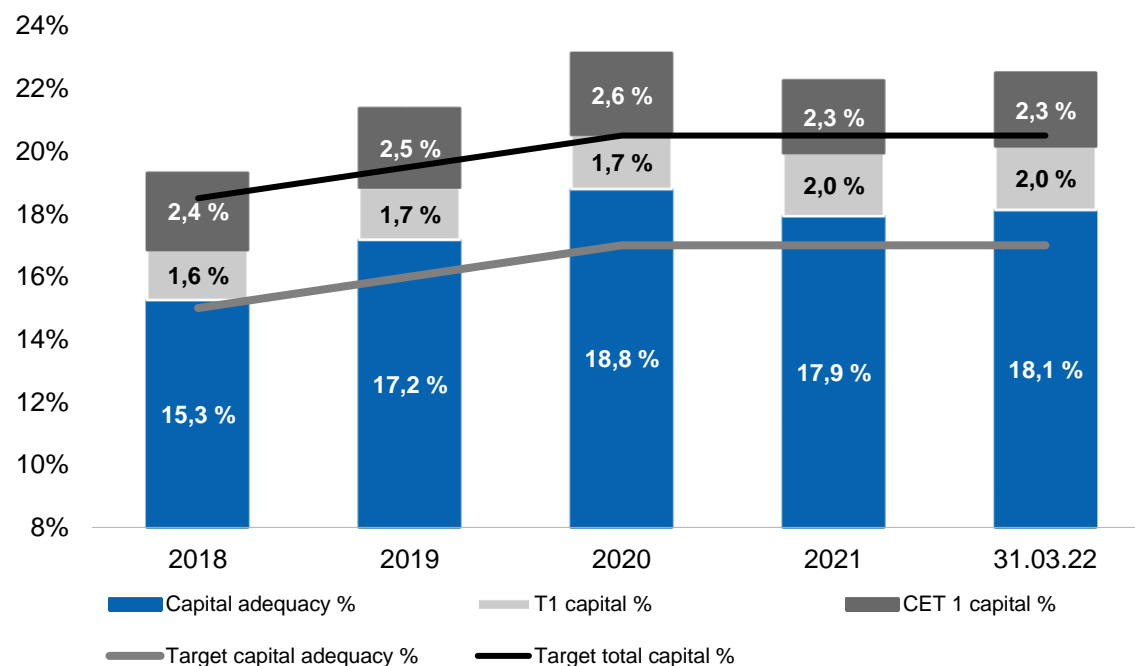
Foto: Hans Petter Sørensen





# Capital adequacy

## Development capital adequacy

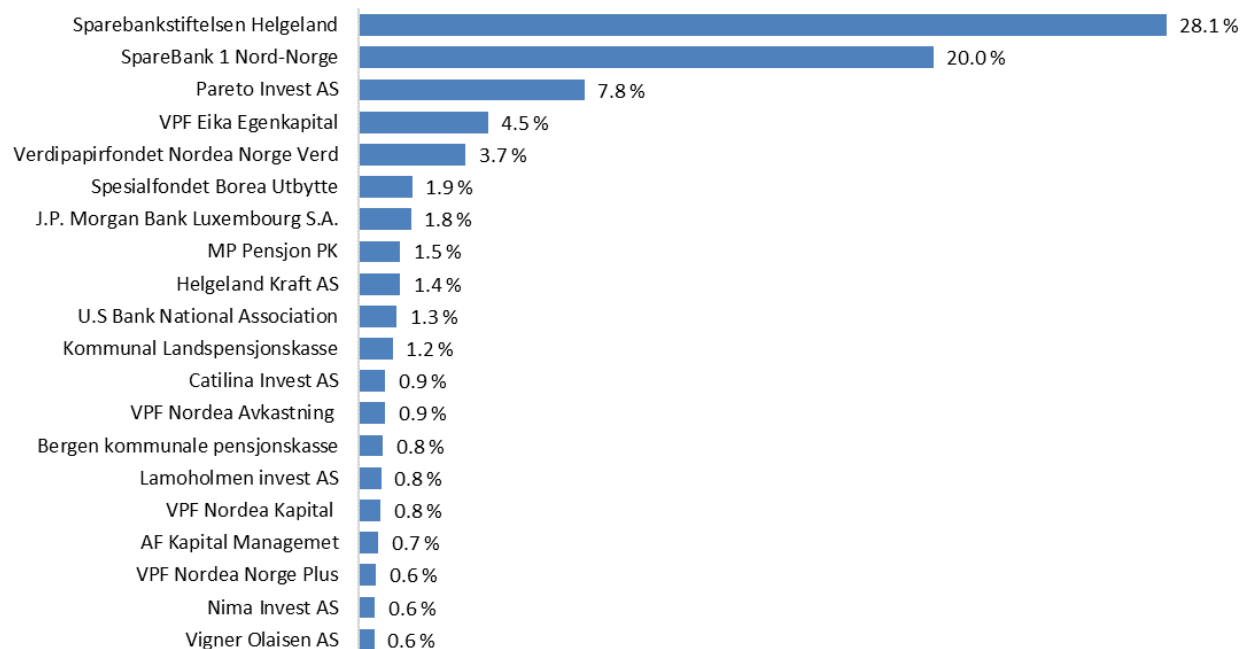


### Capital ratio

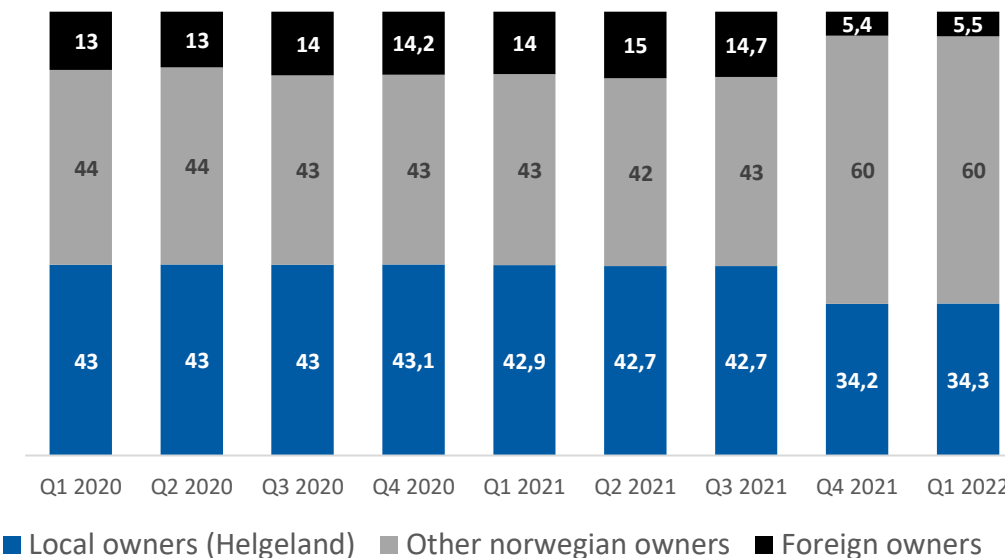
- CET1 18.1 (19.9)%
- Core capital 20.1 (21.6)%
- Total capital 22.5 (24.3)%
- Leverage ratio: 9.1 (10.4)%.
- Pillar II requirements from 30.04.22 stays unchanged at 2.2 %

# HELG – the 20 largest owners and geographical owner structure

20 largest owners

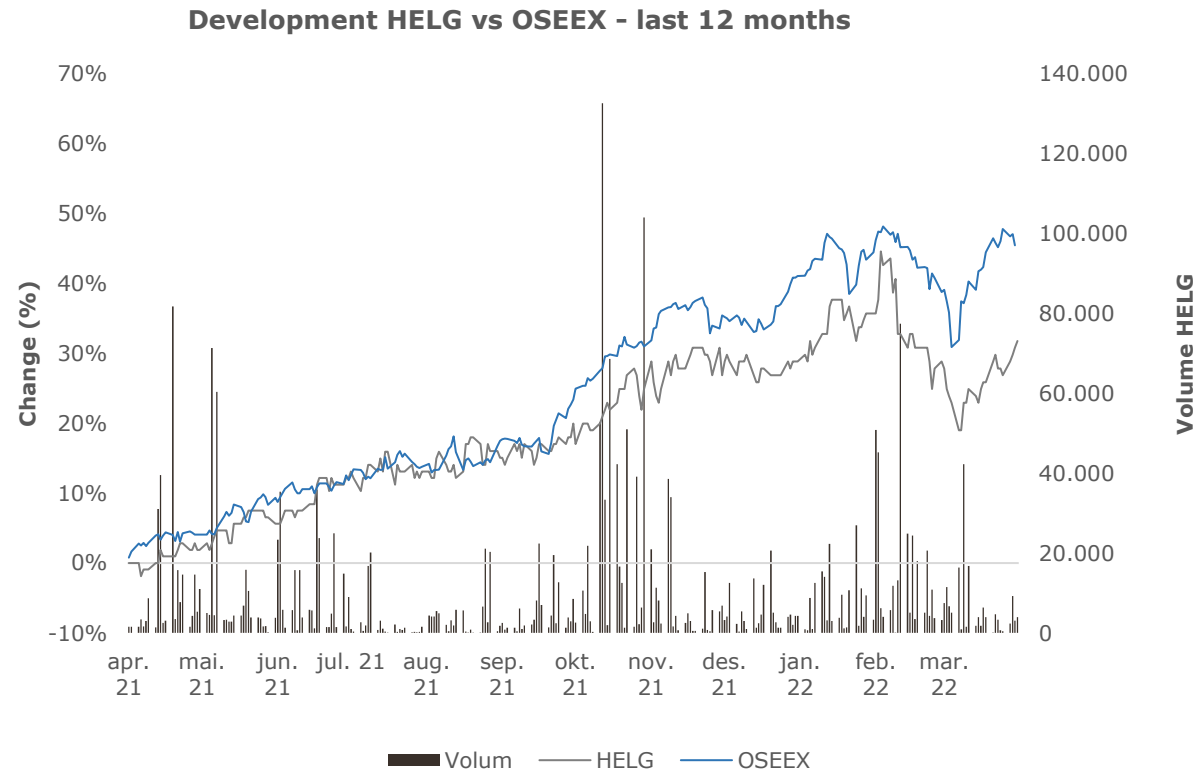


Geographical owner structure (%)



- SpareBank 1 Helgeland has 2 768 owners where the 20 largest owners own 80 % of the EC's.
- 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 31.03.22, 120 755 ECs are owned by SBH's employees. This equals 0.45 %.

# HELG – EC development and liquidity



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

	31.12.19	31.12.20	31.12.21	31.03.22
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	134
Stock exchange value	1 756	1 797	3 537	3 618
Accounted equity per EC	119	129	124	125
Profit per EC	10.6	12	5.5	3.3
Dividend per EC	2.70	3.10	3.19	
Price/Accounted EC	0.7	0.7	1.1	1.1





Main features and market

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# Prospects ahead

- 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 first 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 (0,18 %) 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 10 billion NOK in Helgeland.
  - 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.



Main features and market

Events Q4

Profit & loss

Lending

Deposits

Funding

Solidity

Prospects and priorities

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# Profit & loss

SpareBank 1 Helgeland (group)										
	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net interest- and credit provision earnings	159	159	140	149	150	144	144	148	168	174
Net provision earnings	30	24	24	23	26	28	21	22	36	46
Other operatios income	2	1	0	2	2	1	0	4	-1	2
Ordinary operations cost	74	86	96	113	167	81	82	80	141	94
Result basic operations	117	98	68	61	11	92	83	94	63	128
Write-downs lending and warranties	27	23	30	3	-5	3	7	19	35	1
Net value change financial instruments	19	-35	112	7	119	4	3	3	-13	21
Gross profit	110	40	150	65	135	93	78	78	15	147
Net profit	95	23	139	49	130	71	62	58	15	115
Net extended income posts	-2	0	0	0	-1	0	-1	0	2	-1
Profit for the period	93	23	139	49	129	71	61	58	17	114

# 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 incl. transferred loans to SpaBol: MNOK 44 426
- Employes, annual positions: 159
- Moodys rating: A3 – Stable outlook. Ticker: HELG

# Contact information

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## Board of directors

Bjørn Krane, chairman

Rolf Eigil Bygdnes, deputy chairman

Marianne Terese Steinmo

Siw Moxness

Kennteth Normann

Solrun Johansen

Jonny Berfjord

Ann-Helen Baadstrand