

Presentation

Q2 2024



- A driving force for growth in Helgeland

Presentation 30.06.24 (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 %.

Solid

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

Efficient

Long term cost target of 40 % of income

Responsible

Dividend ratio of minimum 50 % of the dividend basis

ROE
>11 %

CET1
>17.5 %

Cost growth
C/I: <40 %

Dividend ratio
Minimum 50 %

Main features so far this year

Gross Profit
MNOK 364 (331)

ROE*
12.0 (11.0) %
*adjusted for hybrid capital

Total assets
37.9 (37.5) mrd. Kr

Solidity
CET 17,3
(18.9) %

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Summary Q2

SpareBank 1 Helgeland (group)	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Net interest- and credit comission earnings	254	265	254	249
Net comission earnings	40	39	39	43
Other operatios income	1	1.8	2	2
Ordinary operations cost	100	113	107	109
Result basic operations	195	193	188	184
Write-downs lending and warranties	11	43	53	6
Net value change financial instruments	-2	-13.3	44	7
Gross profit	183	136.5	179	185
Net profit	134	101	144	139
Net extended income posts	0	1	0	0
Profit for the period	134	102	144	139

Summary Q2

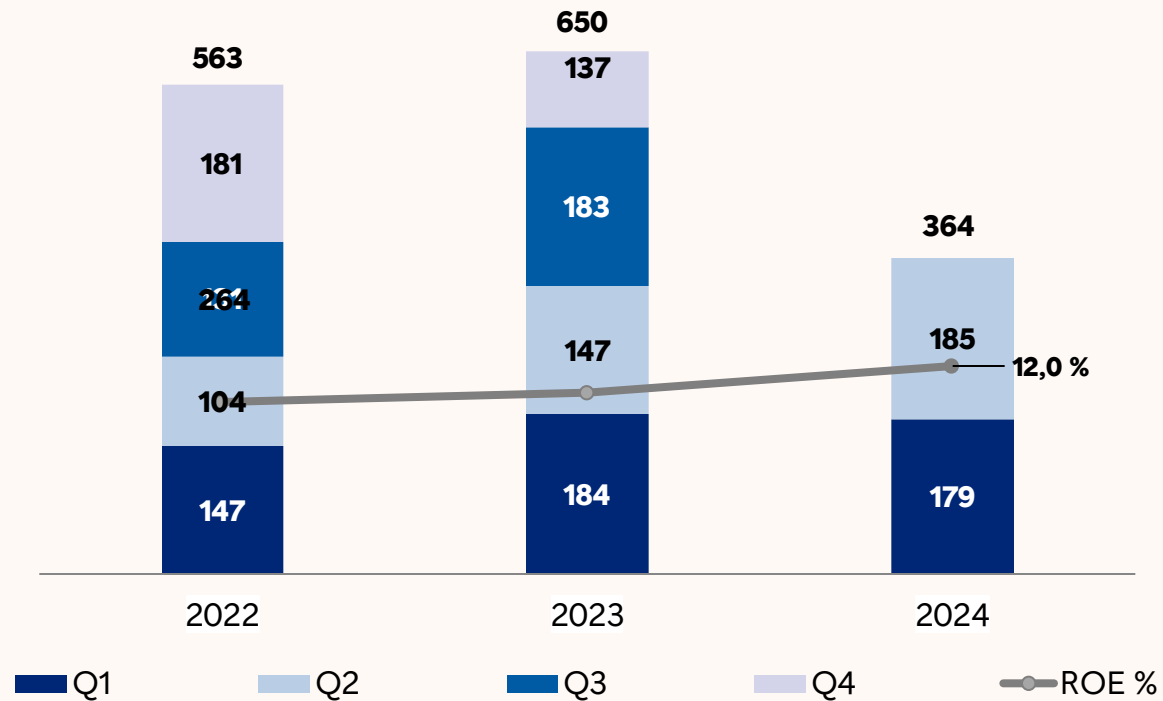
Good PLA in the quarter – low level of write-downs and high lending growth this quarter.

- Lending growth of MNOK 824 or 2.3 % this quarter
- Net interest of MNOK 249, a decrease of MNOK 5 from last quarter.
- Net commission income of MNOK 45, an increase of MNOK 4 from last quarter.
- Net value change and gains/loss on financial investments amounts to MNOK 7, a decrease of MNOK 37 after recognition of dividend income last quarter.
- Write-downs on lending, MNOK 6 against MNOK 53 last quarter



Increase in profit

Profit development (MNOK)

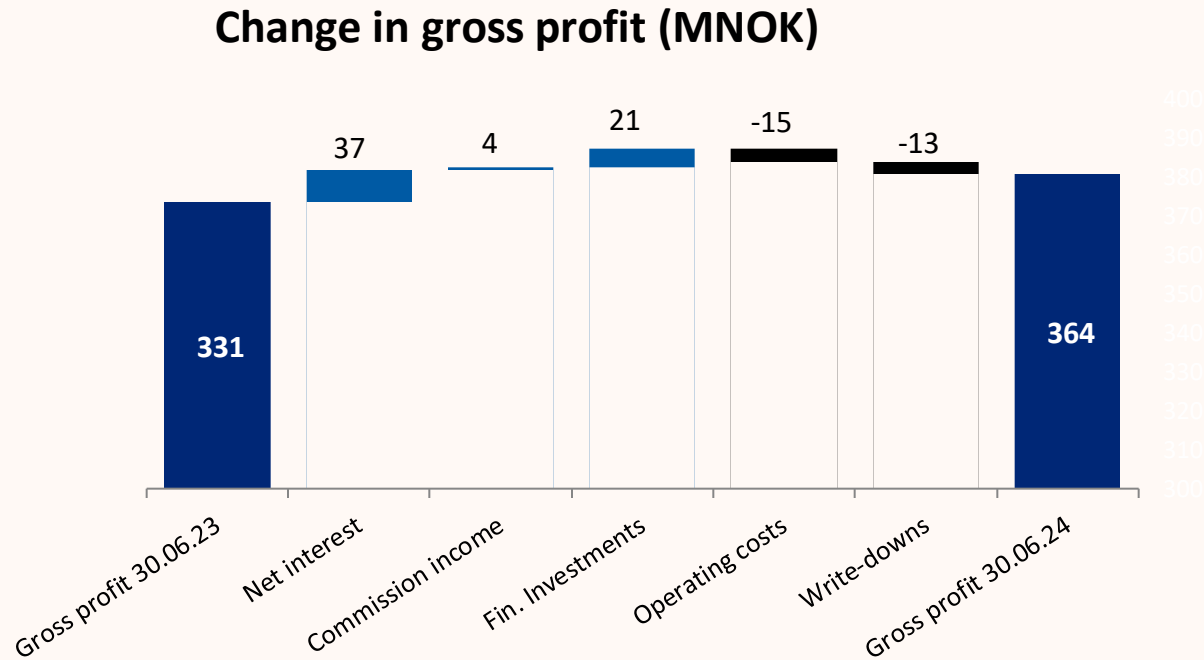


Profit

Gross profit of MNOK 364 (331) pr. 30.06.24

- ROE of 12.0 %*
(ROE is adjusted for hybrid capital)

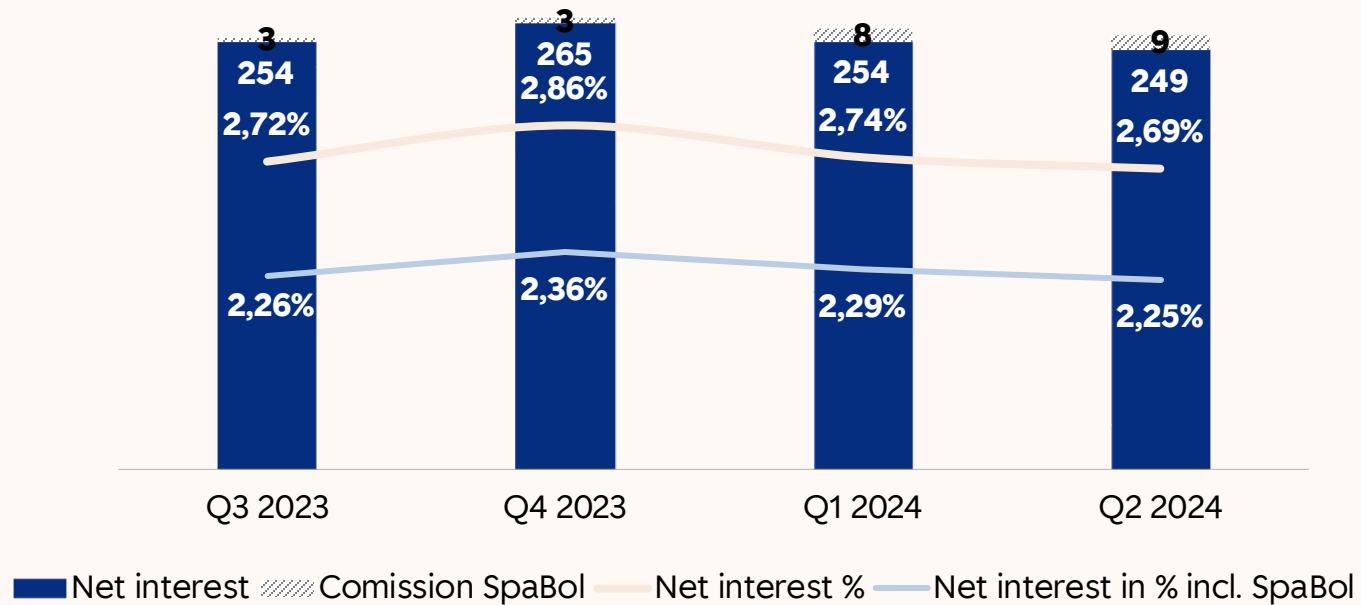
Increased gross profit



Gross profit is MNOK 33 higher than for the corresponding period last year.

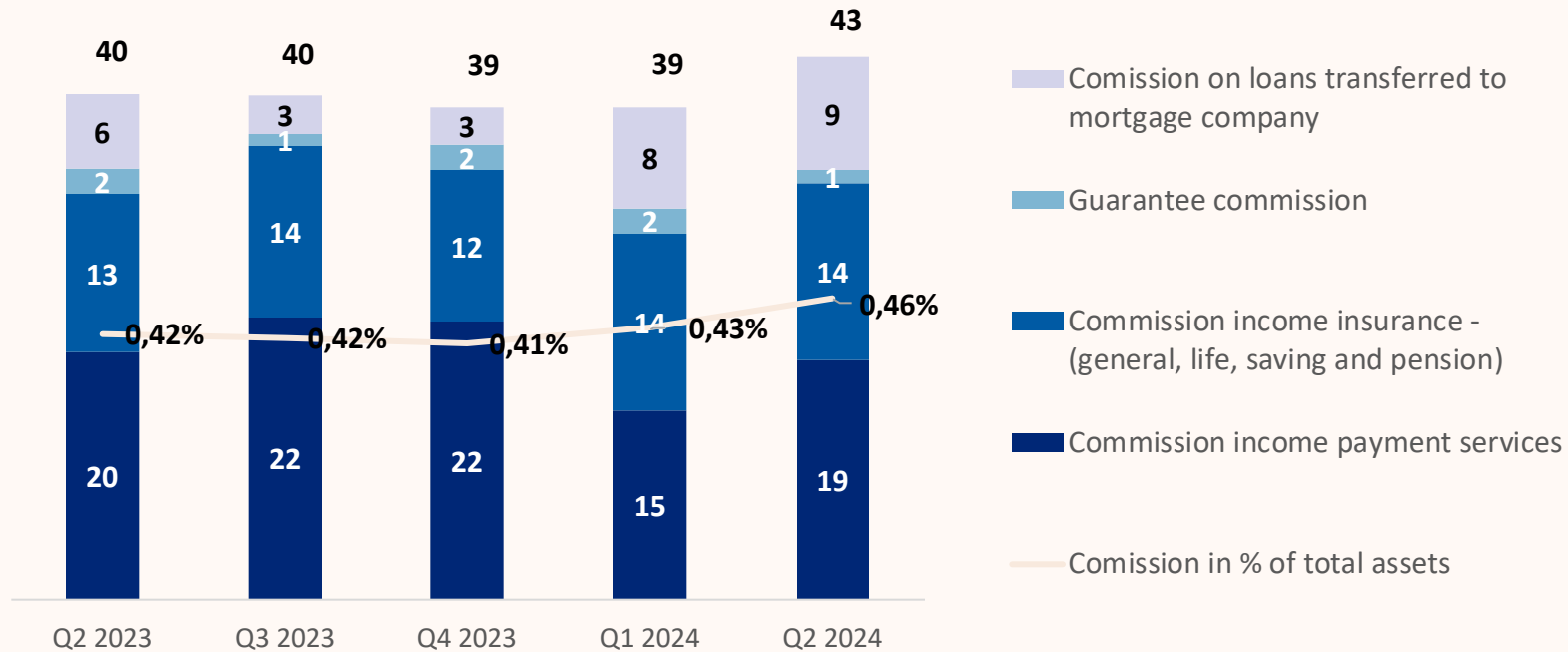
- Increase in net interest
- Increase in financial investments
- Increase in operating costs
- Increase in write-downs
- Increase in commission income

Decrease in net interest



- Net interest and commission income amounts to MNOK 249, a decrease of MNOK 5 from last quarter
- In % of average total assets, net interest and commission income is 2.69 %, down from 2.74 last quarter.

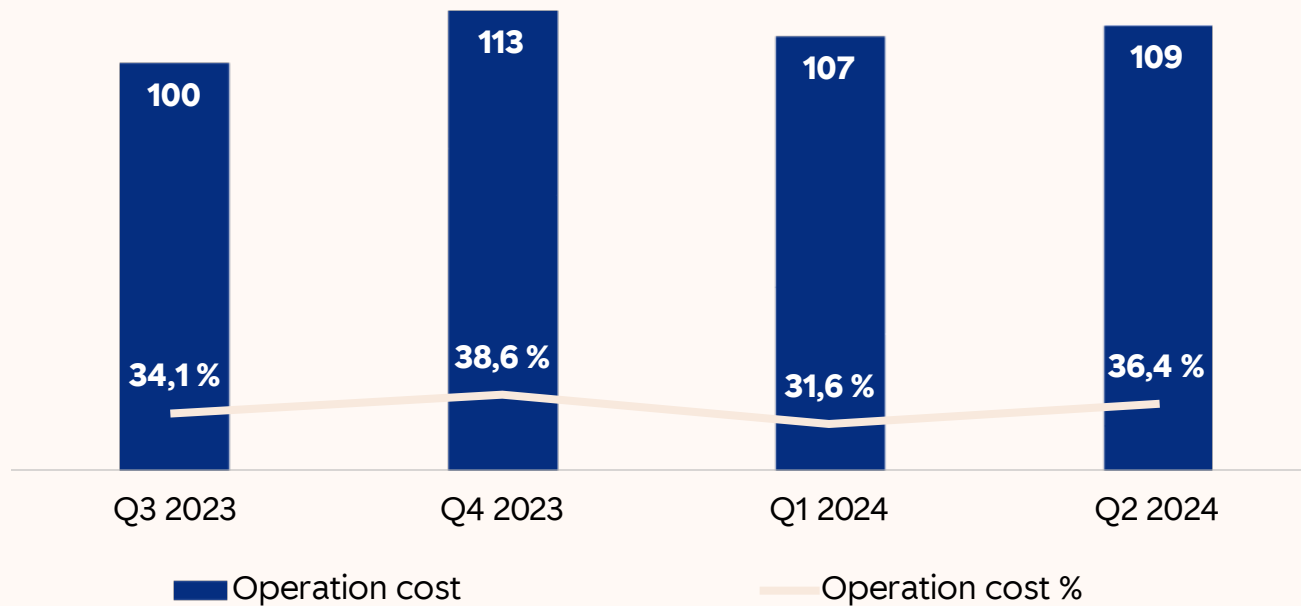
Stable commission income



- Stable commission income.
- Commission income from payment services has increased from last quarter, but decreased compared to the corresponding period last year.

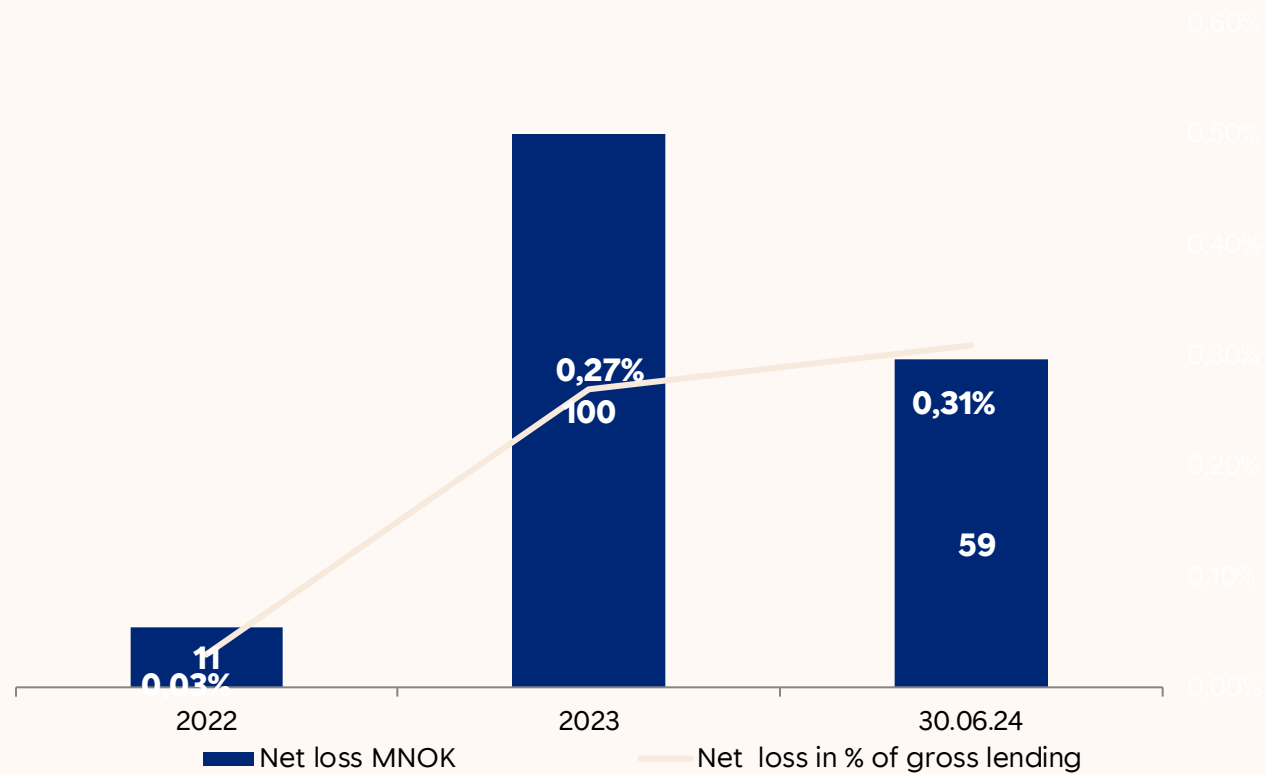
Low cost percent this quarter

Operating cost (mnok) and % of income



- The costs are within target (cost/income <40 %).

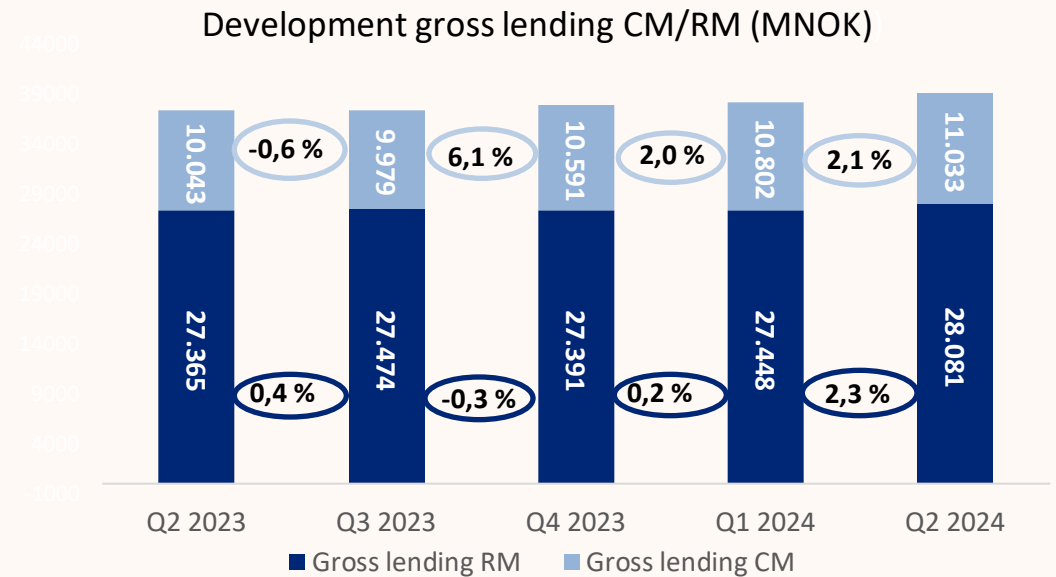
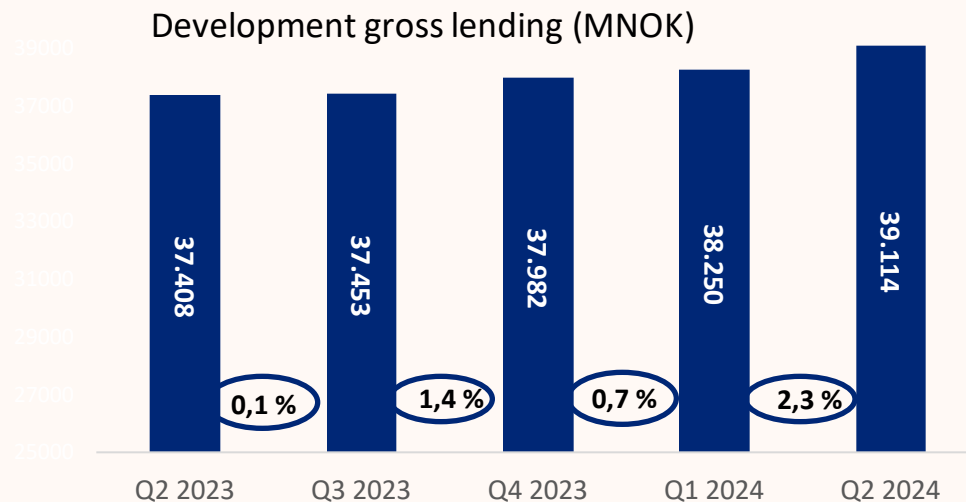
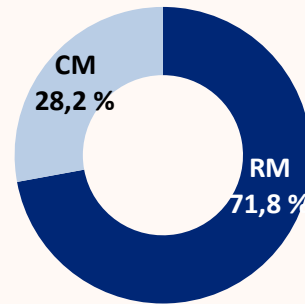
lower write-downs in Q2



- MNOK 6 in Q2 2024 against MNOK 53 last quarter

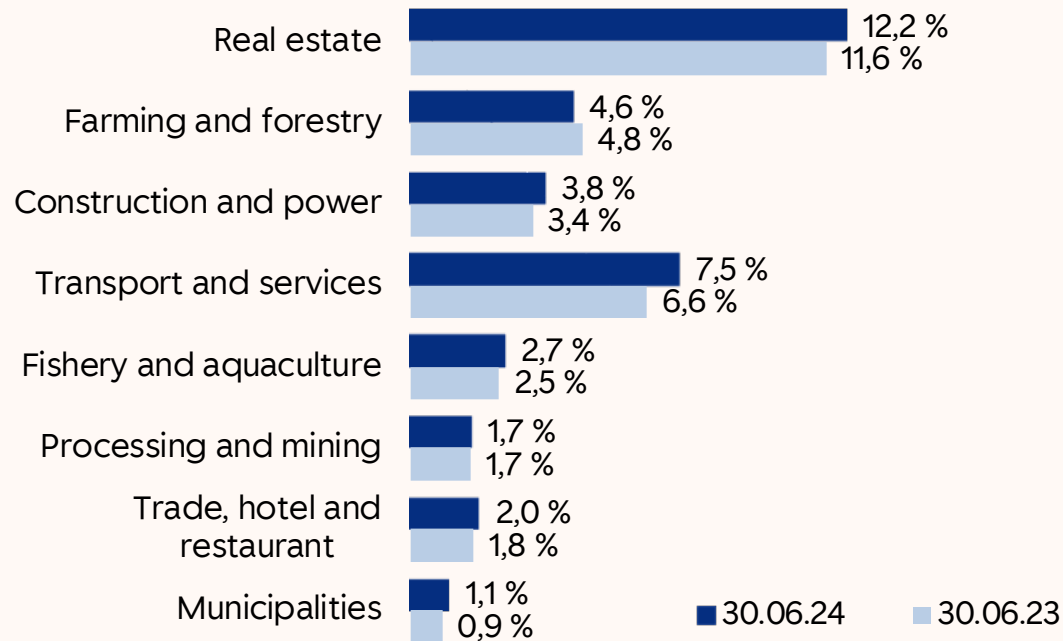
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Lending growth (SpaBol included)



Lending CM – good industry spread

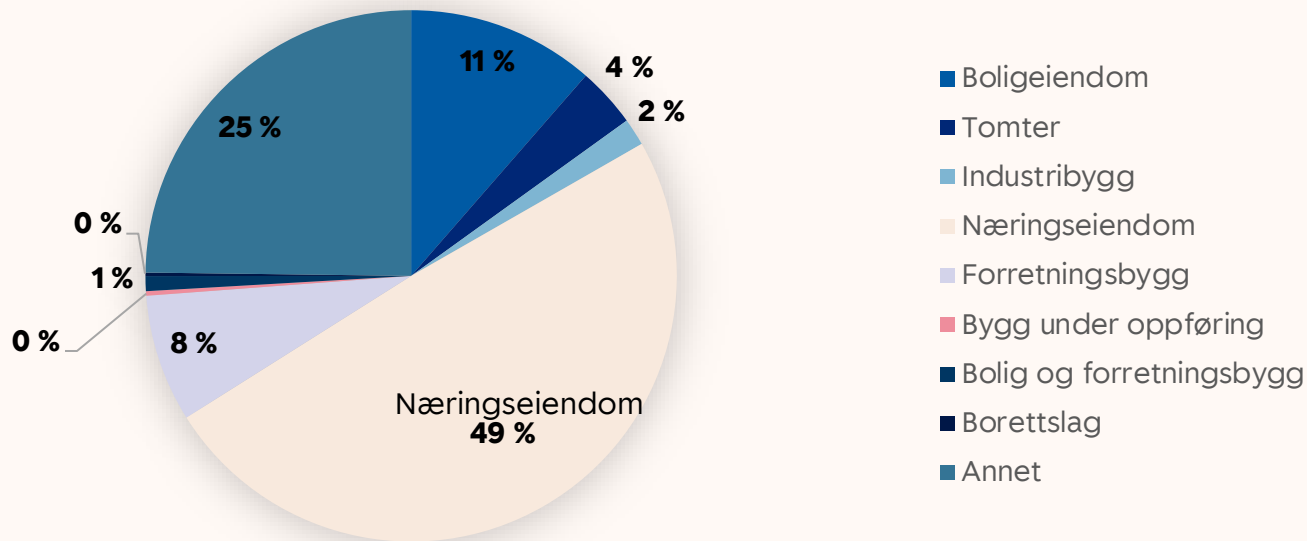
Lending distributed in sector



- Good diversified lending portfolio in the CM and loyal corporate customers. Share CM of total lending 28.2 (26.8) % equals MNOK 11 033 (10 043).

Lending CM

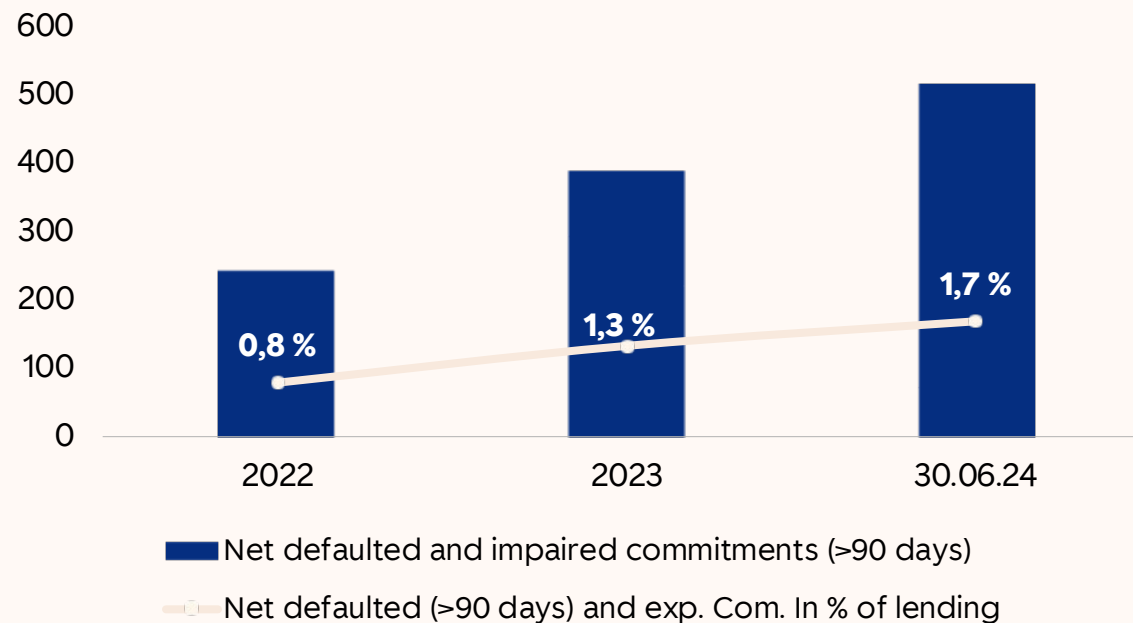
Real estate - allocation pr segment




- Low vacancy in all segments on the real estate side. Under coverage on housing and industrial areas.
- 52 % of real estate categorized in low risk. 22 % in best middle risk class. 93 % of the real estate mass is in Nordland.
- The 15 largest commitments amounts to 51 % 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

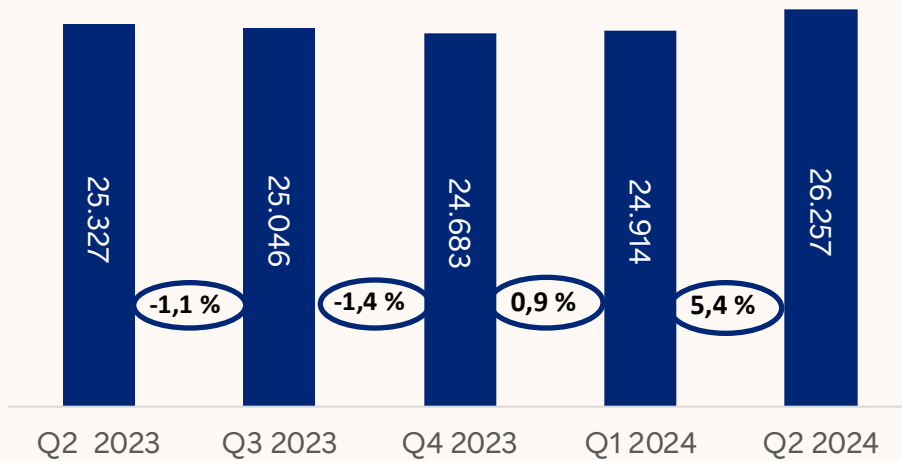


- Net non-performing and impaired commitments amounts to MNOK 515, an increase of MNOK 76 from last quarter.
- It is individual assessments on large parts of the volume that 30.06.24 is marked non-performing and impaired, and it is not expected significant changes on write-downs in these commitments.

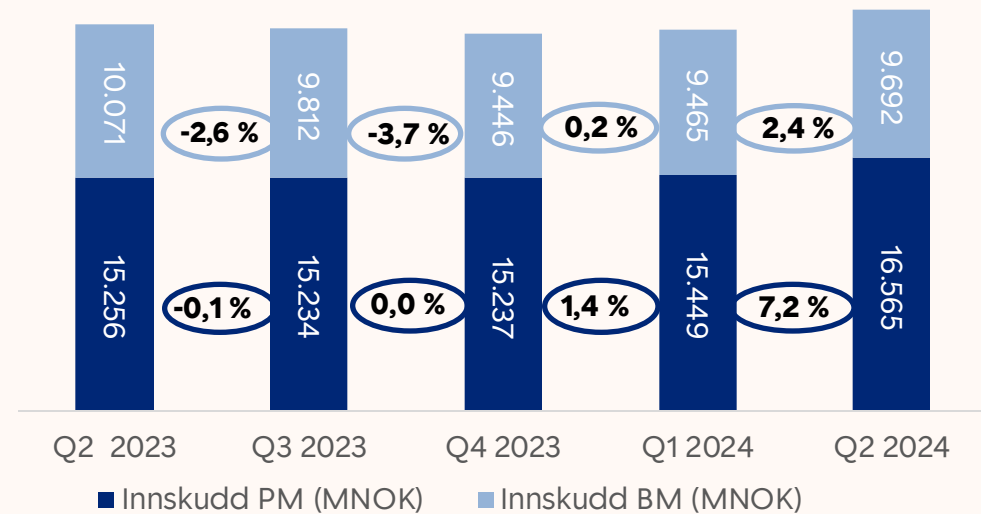
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Increased deposit level

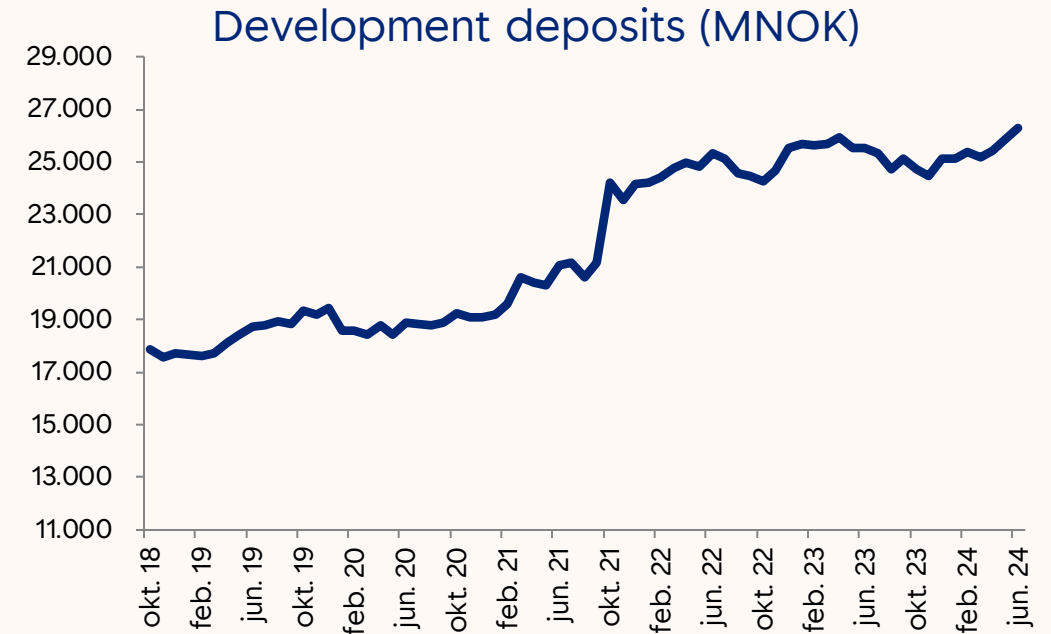
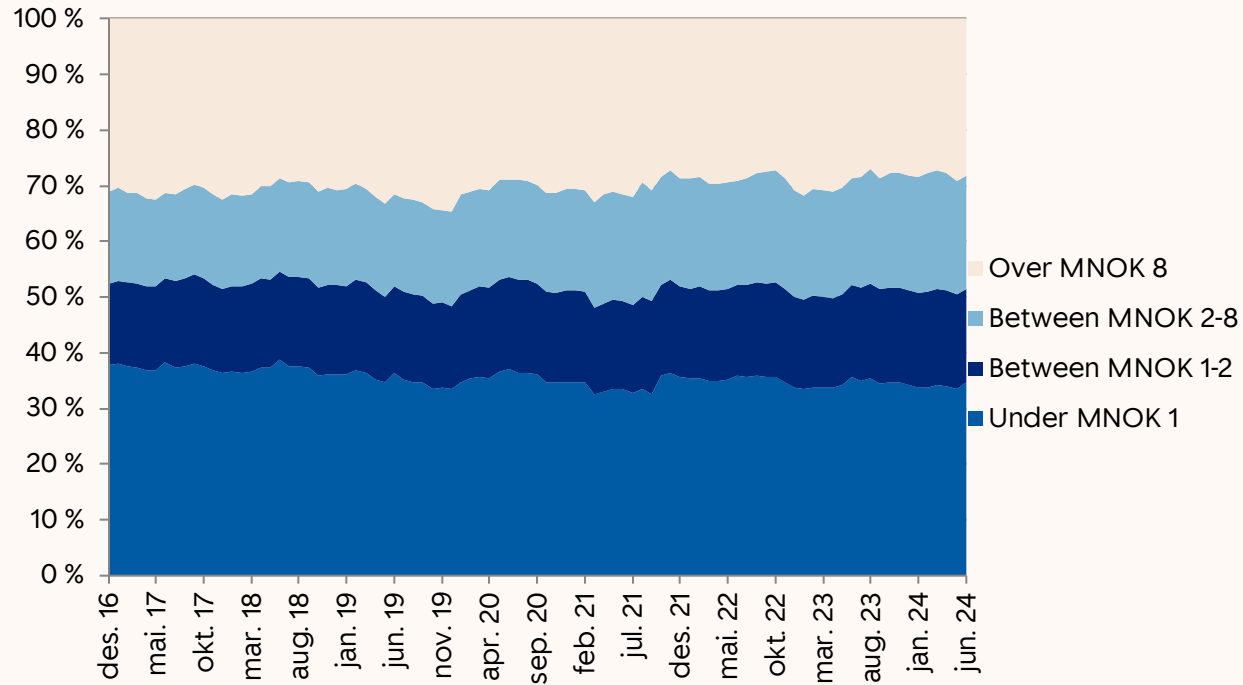
Utvikling innskudd (MNOK)



Utvikling innskudd BM/PM (MNOK)



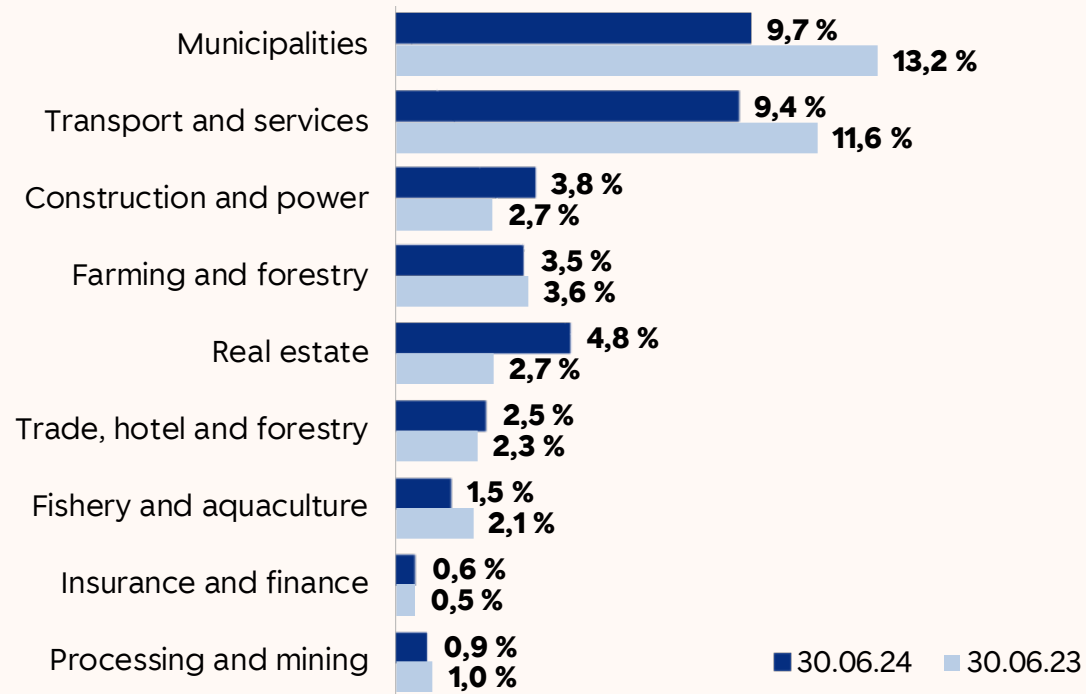
Stable deposit allocation and increased deposit level



- Increase in deposits of MNOK 1 343 or 5.4 % last quarter.
- Allocation deposits sorted on size is relatively stable.
- 51.4 % of the RM deposits are under MNOK 2
- 60.2 % of the deposits are included in the guarantee arrangement.

Deposits CM

Customer deposits

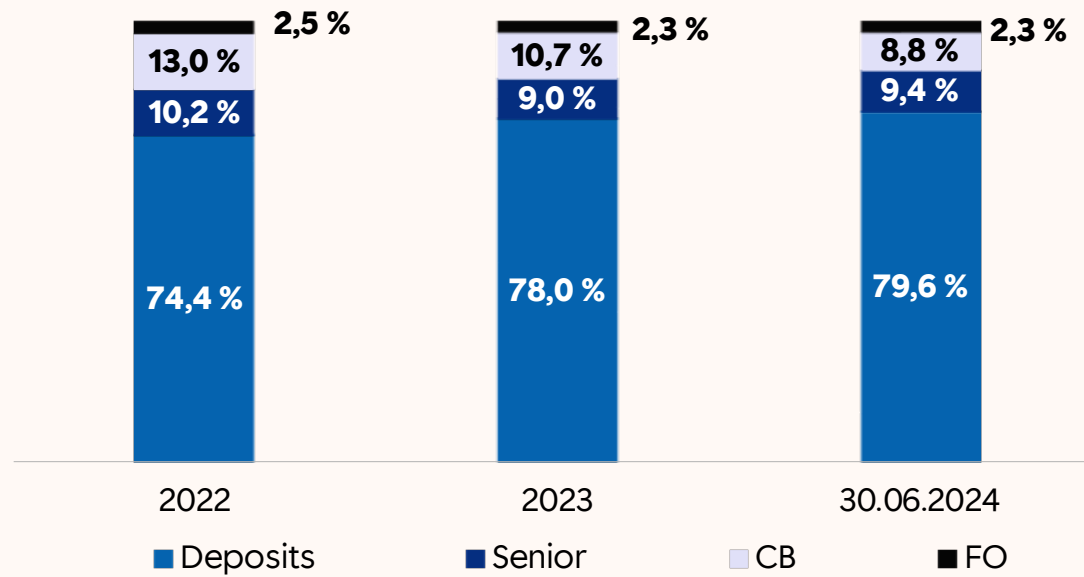


- Good diversity in the deposit portfolio in the CM.
- Share CM deposits amounts to 36.9 (39.8) % or MNOK 9 692 (10 071) of total deposits.
- It is expected reduced deposits of around 1.4 billion in the CM during third quarter as a consequence of a municipality commitment exit.
- Deposits from municipalities amounts to 24.4 % of the CM deposits. This share will decrease in third quarter as a consequence of the municipality commitment mentioned above.

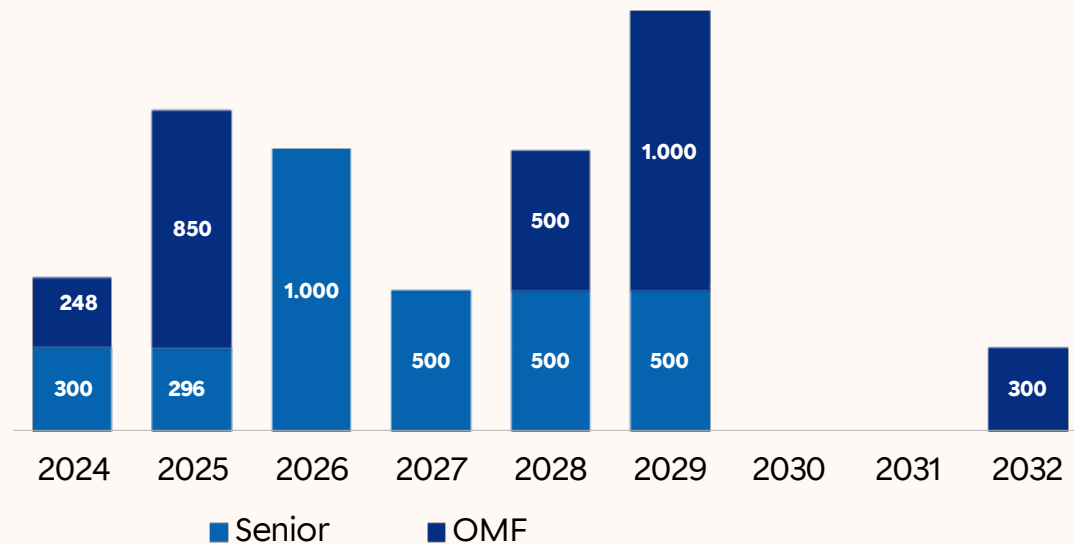
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Funding – Increased deposit ratio

Funding development



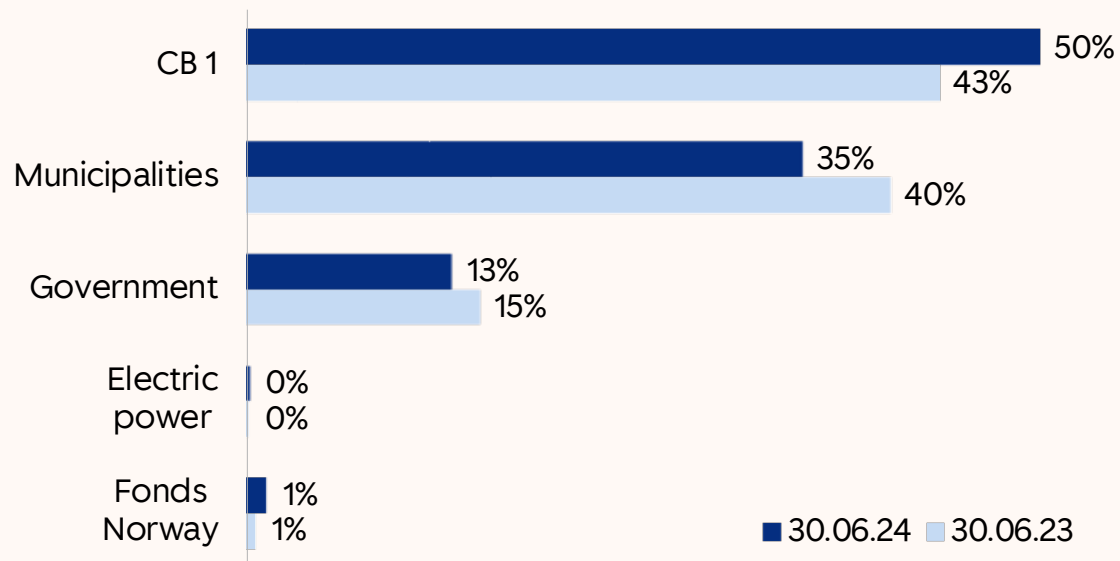
Funding due



- Share long term funding
82.0 % (77.9) %
- Combined duration of 2.8
(2.2) years. Duration in the
mortgage company of 3.1
years.

Liquidity buffer

Sector distribution interest portfolio



Interest bearing securities:

- Duration portfolio 1.5 (1.7) years
- 98.3 % rated A- or better
- 97.6 % is OMF or state/ municipality guaranteed bonds.
- Municipality papers are actively used as short-term liquidity placements.
- Liquidity buffers amounts to 5.9 (6.7) bn. – equals 15.7 (17.8) % of total assets. The buffer capital consist of cash, deposits in NB/ banks and interest-bearing securities.

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 8 535 (7 861)



Helgeland Boligkreditt AS is 100 % owned by SpareBank 1 Helgeland

- Transferred loans amounts to MNOK 4 459 (4 282)

Transfer of loans to mortgage companies

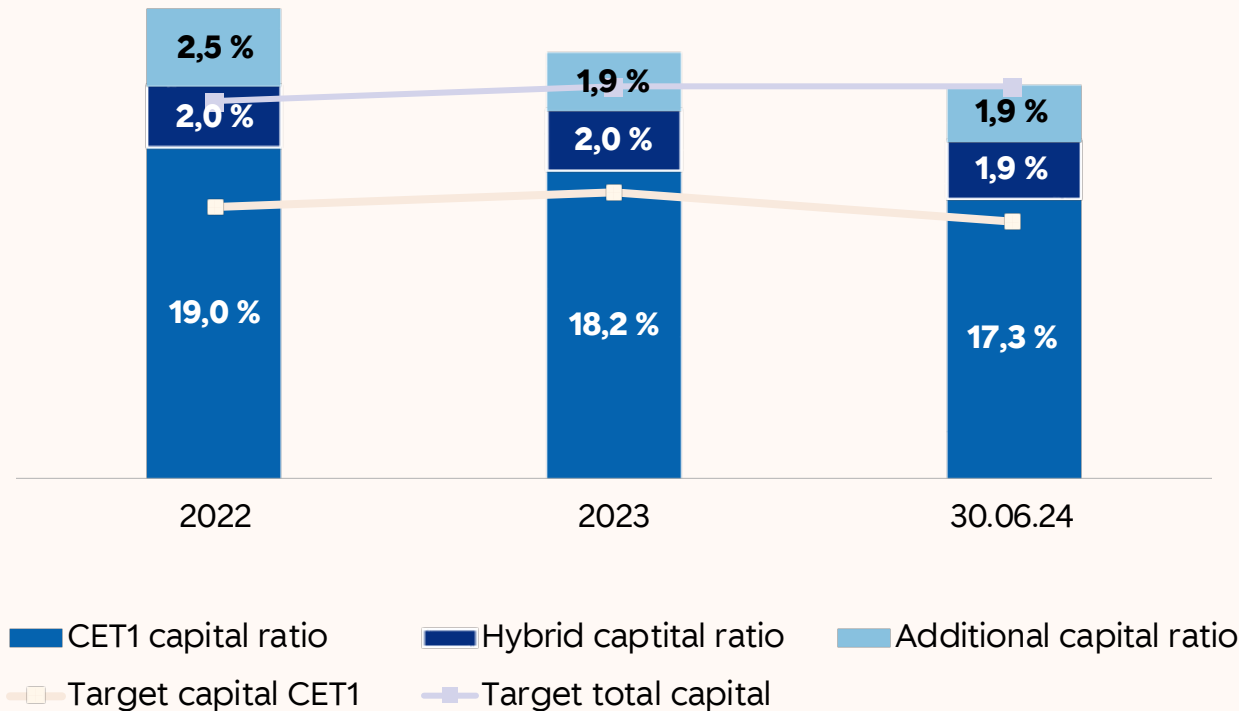
Maximum limit for transfer to mortgage companies is maximum 40 % of the groups gross lending, and 55 % of gross lending RM.

Pr. 30.06.24 transfer degree is 33.2 % and 46.3 % with a total of MNOK 12 994 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 %

Driving force for sustainable growth, competence and cooperation

Sustainability in the bank

- New sustainability strategy was decided in December 2023
- The bank's second sustainability report delivered for 2023, integrated in the annual financial report. The bank is working towards compliance in accordance with CSRD when this occurs.
- The Spare Bank 1 alliance has delivered a test version for ESG stress testing. Through accessing data sources and ESG stress test, this will apply in further work for quantification and development of reporting on ESG risk in ICAAP as of 31.12.23 and also IFRS 9 during 2024.
- The bank is starting the process of preparing a transition plan towards a 50% emission cut by 2030 and zero emissions by 2050 during Q3.

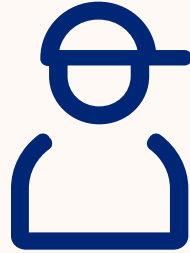


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Unemployment

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

Norway:	1.9 %
Nordland:	1.5 %
Helgeland:	1.3 %

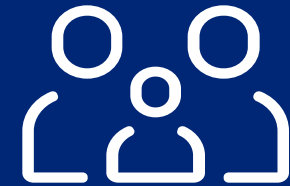


With potential for corporate establishment and migration more housing is needed in central parts of Helgeland. It lies uncertainty around the timing and when the need for these housings will occur.



Recruitment

The region experience a shortage of qualified labour. To realize further corporate establishments, the region will need people to move here. It is initiated several projects to succeed on this.



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

Decrease in the prices on sold apartments by -2,7 % in Helgeland in the second quarter of 2024

- Increase in the prices of 14.1 % on sold villas in Helgeland in the second quarter of 2024



Prospects ahead

For the corporate market, an increase in activity is expected in the period towards 2026.

It is expected low market growth in the retail market in the near future.

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.

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

It is expected a certain reduction in the net interest in the upcoming quarters in 2024.

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

Unsettled markets, high interest rates and price growth lead to uncertainty regarding future losses, and it is the bank's assessment that for 2024 one can see losses on lending slightly above the total losses for 2023.

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Profit & loss

SpareBank 1 Helgeland (group)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Net interest- and credit comission earnings	174	184	202	223	233	233	254	265	254	249
Net comission earnings	46	38	41	39	36	40	40	39	39	43
Other operatios income	2	2	4	0	2	4	1	2	2	2
Ordinary operations cost	94	91	95	101	101	100	100	113	107	109
Result basic operations	128	133	152	161	170	177	195	193	188	184
Write-downs lending and warranties	1	2	2	6	10	37	11	43	53	6
Net value change financial instruments	21	-28	-19	26	24	6	-2	-13	44	7
Gross profit	147	104	131	181	184	147	183	137	179	185
Net profit	115	71	93	165	144	111	134	101	144	139
Net extended income posts	-1	-2	-1	4	0	-2	0	1	0	0
Profit for the period	114	69	92	169	144	109	134	102	144	139

HELG- EC development and OSEEX last 12 months

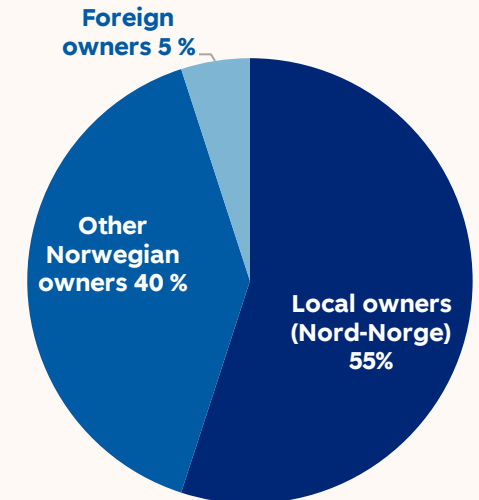
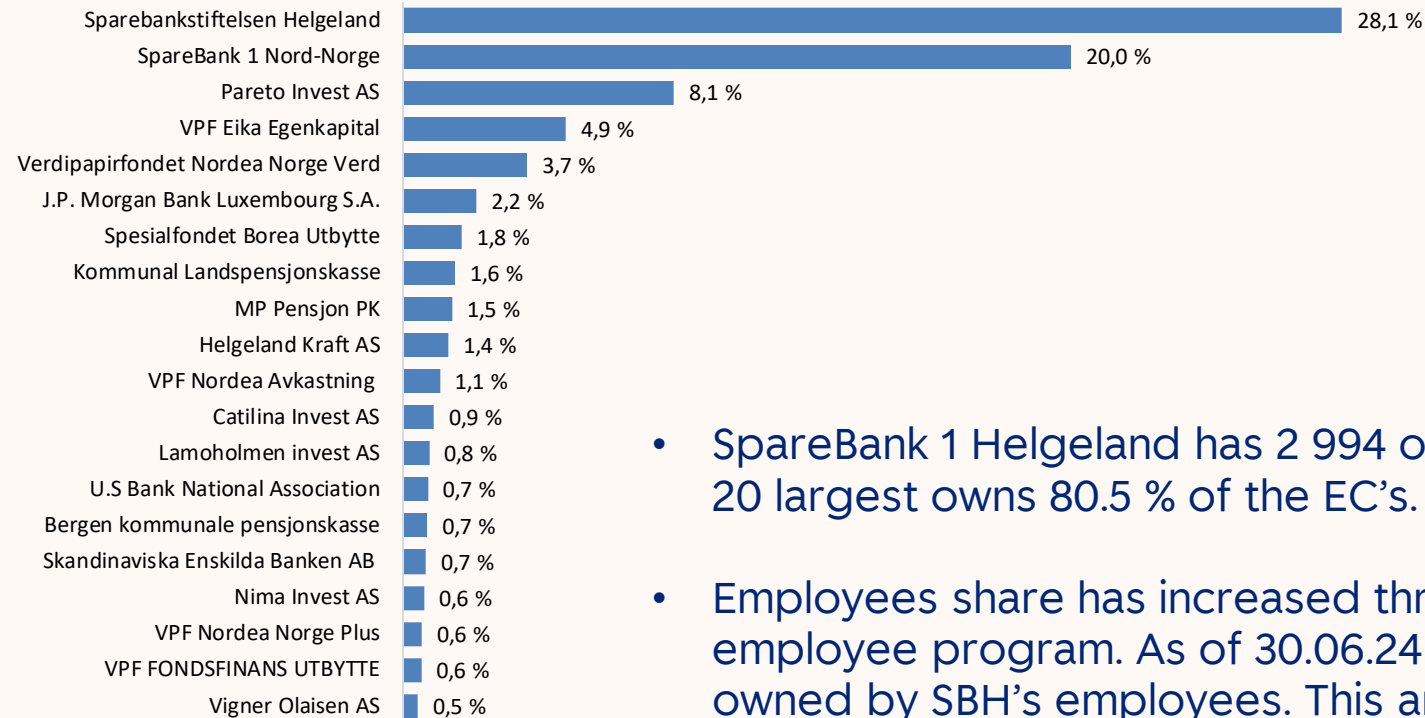


(source: SBH; Data: Bloomberg/Euronext | August 2024)

	31.12.22	31.12.22	31.12.23	30.06.24
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	126.0
Stock exchange value	3 537	3 240	3 510	3 402
Accounted equity per EC	124	135	141.014	135
Profit per EC	5.5	12.8	13.9085	8.1
Dividend per EC	3.19	10.3	10.8	
Price/Accounted EC	1.1	0.9	0.9	1.0

55 % north norwegian ownership

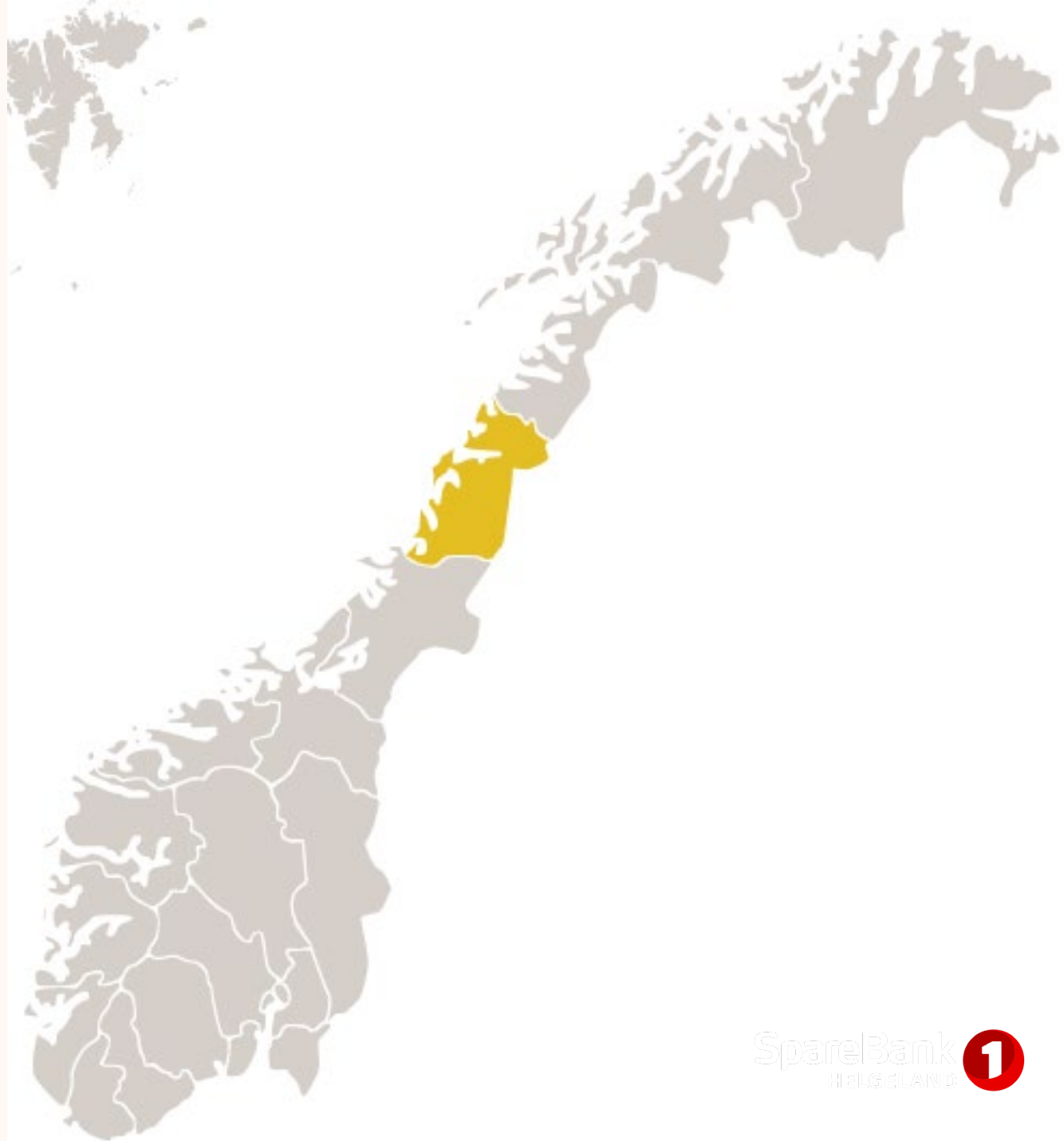
20 largest owners



- SpareBank 1 Helgeland has 2 994 owners where the 20 largest owns 80.5 % of the EC's.
- Employees share has increased through the employee program. As of 30.06.24 150 207 EC's is owned by SBH's employees. This amounts to 0.56 %.

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 46 420
- Employees, total man-years: 167
- Rating from Moodys: A3 – Positive outlook.
Ticker: HELG





Contact information

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