

Sparebanken Hedmark

First quarter 2014

Presentation of financial results

CEO Richard Heiberg

29.04.2014

About Sparebanken Hedmark

- Sparebanken Hedmark is the leading provider of financial products to people, companies and the public sector in Hedmark
- Norway's largest self-owned savings bank:
 - NOK 7.1 billion in equity
 - NOK 47 billion in total assets
 - NOK 63 billion in commercial volume (incl. loans to SpareBank 1 Boligkreditt/SpareBank 1 Næringskreditt)
 - 700 employees, 170,000 customers
 - 25 branches in Hedmark, 2 in Oppland and 1 in Akershus
- Regional bank with a local presence
 - Hedmark: Branches in 20 out of 22 municipalities
 - Oppland: Branches in Gjøvik and Lillehammer.
 - Akershus: Branch in Årnes.
- Subsidiaries
 - Estate agency (EiendomsMegler 1 Hedmark Eiendom AS)
 - Leasing and asset financing (SpareBank 1 Finans Østlandet AS)
 - Accounting and consultancy chain (Consis AS)
- Owns 40.5% of Bank 1 Oslo Akershus AS and 11 % of the SpareBank 1 Gruppen AS
- Rated A2 by Moody's with stable outlook.

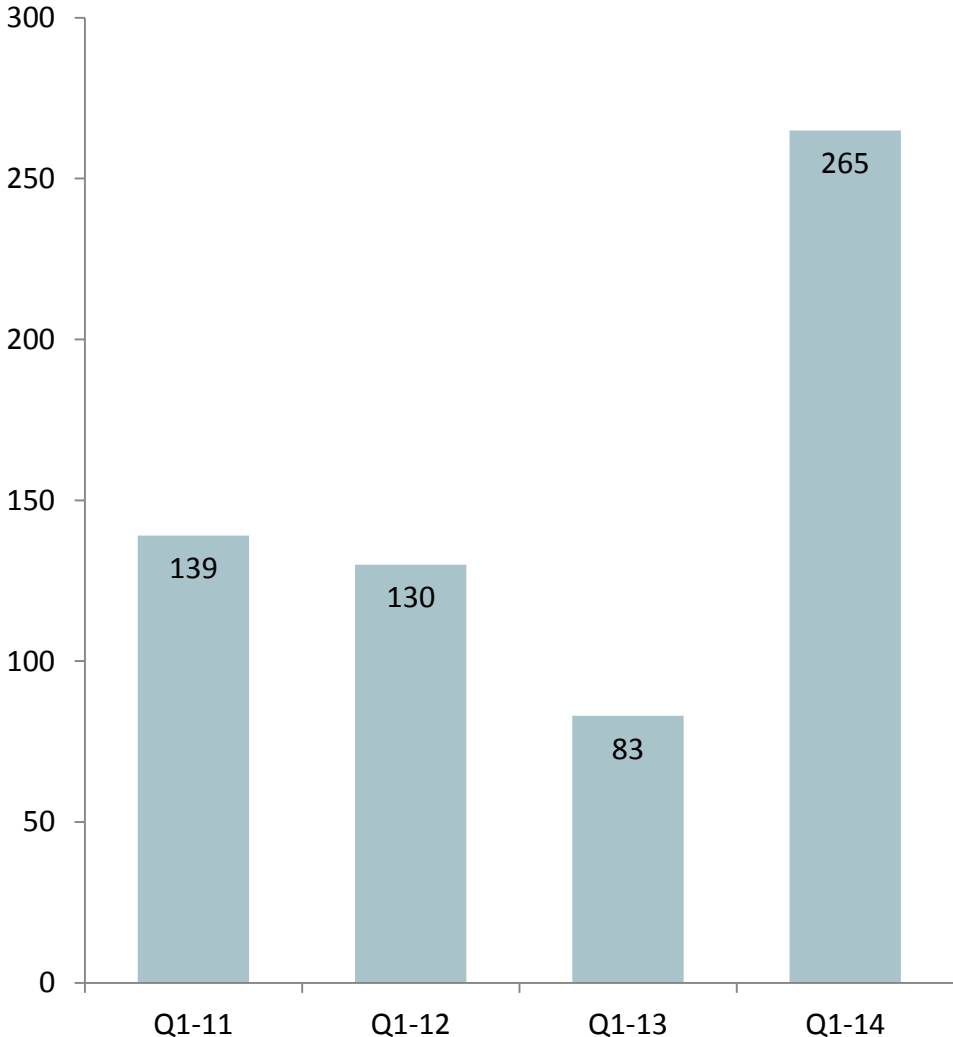


Highlights – first quarter 2014

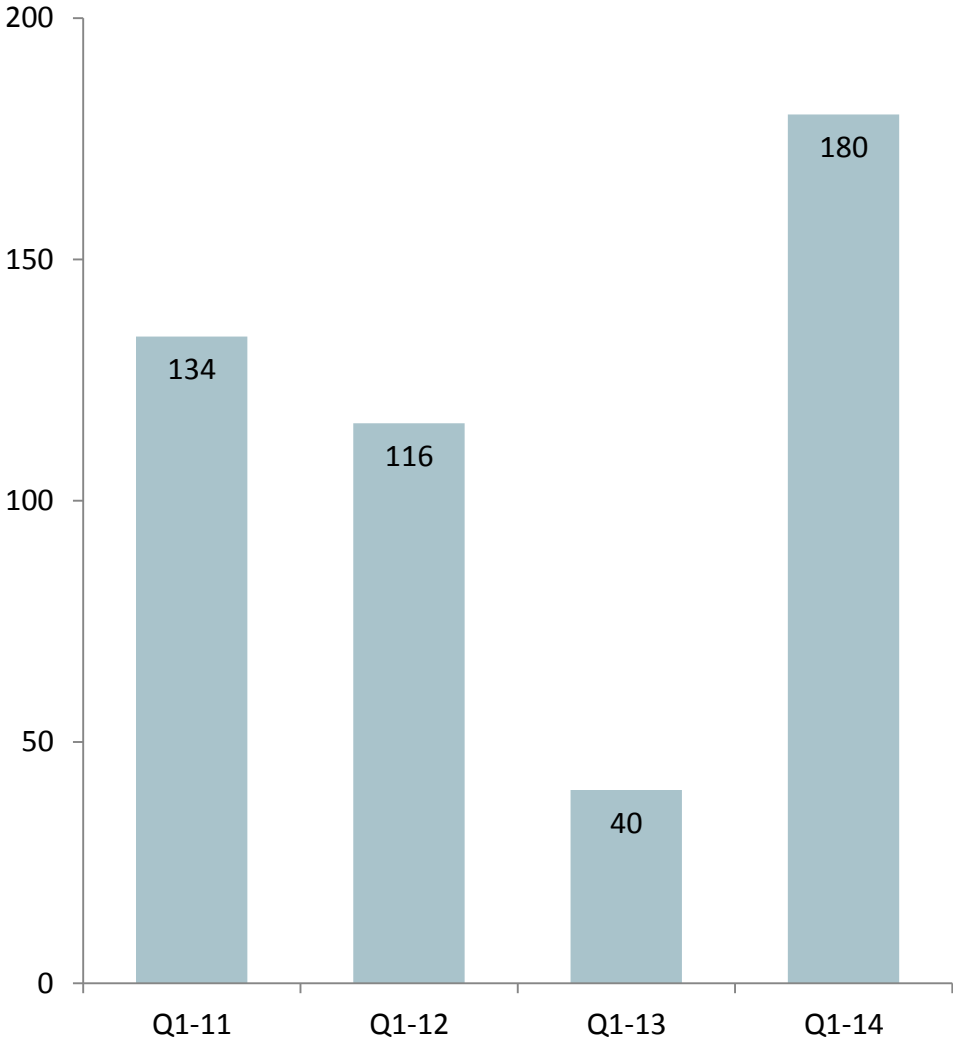
- Satisfactory performance and higher return on equity
 - Return on equity: 13.4 % (4.9 %)
 - Profit/loss after tax (Group): MNok 226 (74)
- Very good financial strength
 - An equity ratio on 15 per cent of the unweighted balance sheet places the bank among the most solid
 - Core equity tier 1 ratio on 15.1 per cent
- Steady demand for loans and declining deposit growth
 - Twelve months lending growth inclusive loans transferred to covered bonds companies was 7.3 (8.9) per cent
 - Twelve months deposits growth was 2.7 (12.3) per cent
 - Deposits from customers in relation to gross loans to customers was 81.2 (82.0) per cent
- Good results for jointly owned companies
 - Bank 1 Oslo Akershus AS (40.5 %) delivers a very good quarter with a net profit of 220 million. Of this the appreciation of the shares in AS Nets was MNOK 122
- Strong rating and solid liquidity
 - Unchanged rating of A2 from Moody's
 - Strong demand for new issuances of debt market

Result before tax for Group and Parent Bank

Result before tax accumulated - Group



Result before tax accumulated – Parent bank



Profit/loss first quarter 2014 (Group)

	Q1 2014	Q1 2013	2013
Net interest income	240	227	1008
Net commission income	130	77	370
Other income	56	46	189
Total operating expenses	242	231	916
Result bankoperation before losses	184	119	651
Losses on loans and guarantees	12	3	72
Result bankoperation after losses	172	116	579
Dividends	12		21
Net profit from ownership interest	114	54	326
Net income from financial assets/liabilities	-33	-88	-84
Profit/loss before tax	265	82	842
Tax charge	38	9	147
Profit/loss after tax	227	74	694

Income statement isolated quarter (Group)

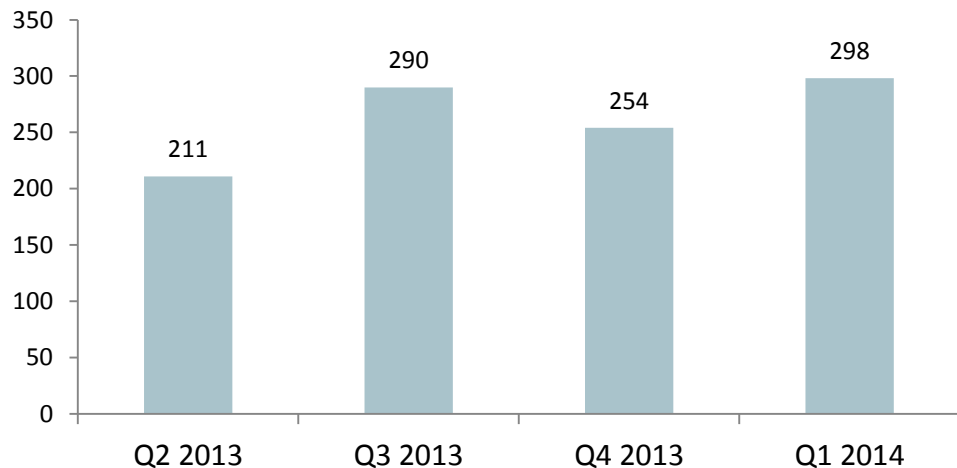
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	240	263	266	252	227
Net commission income	130	100	104	89	77
Other income	56	46	49	48	46
Total operating expenses	242	235	223	227	231
Result bankoperation before losses	184	174	196	162	119
Losses on loans and guarantees	12	43	4	22	3
Result bankoperation after losses	172	131	192	140	116
Dividends	12	3	0	18	
Net profit from ownership interest	114	121	98	53	54
Net income from financial assets/liabilities	-33	-3	-19	26	-88
Profit/loss before tax	265	251	271	237	82
Tax charge	38	38	49	51	9
Profit/loss after tax	227	213	222	186	73

Specification of results (Group)

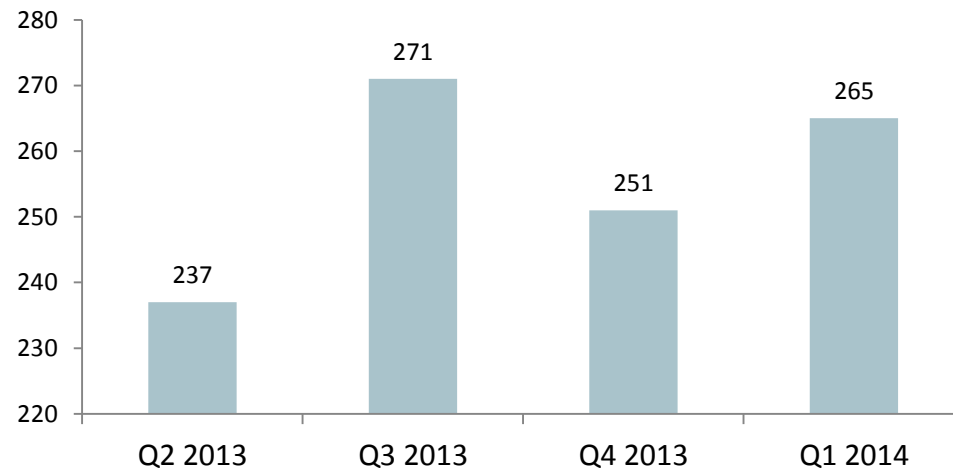
<i>(Nok million)</i>	Q1 2014	Q1 2013	2013
Parent Bank's profit before tax	180	40	622
Dividends received from subsidiaries and joint ventures	-58	-27	-123
Profit /loss attributable to:			
SpareBank 1 Gruppen AS	26	37	132
Bank 1 Oslo Akershus AS	85	8	133
SpareBank 1 Boligkreditt AS	4	5	17
EiendomsMegler 1 Hedmark Eiendom AS	3	0	5
SpareBank 1 Finans Østlandet AS	22	17	79
SpareBank 1 Regnskapshuset Østlandet AS	3	2	-4
Other companies	0	1	-20
Consolidated profit before tax	265	83	841
Tax	38	9	147
Consolidated profit after tax	227	74	694

Financial results by quarter (Group)

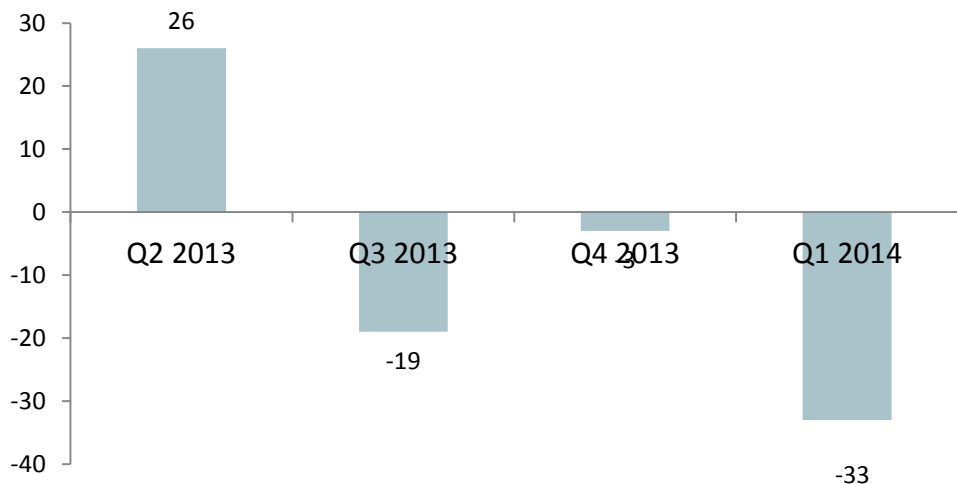
Profit/loss before tax excl. profit from other financial assets and liabilities



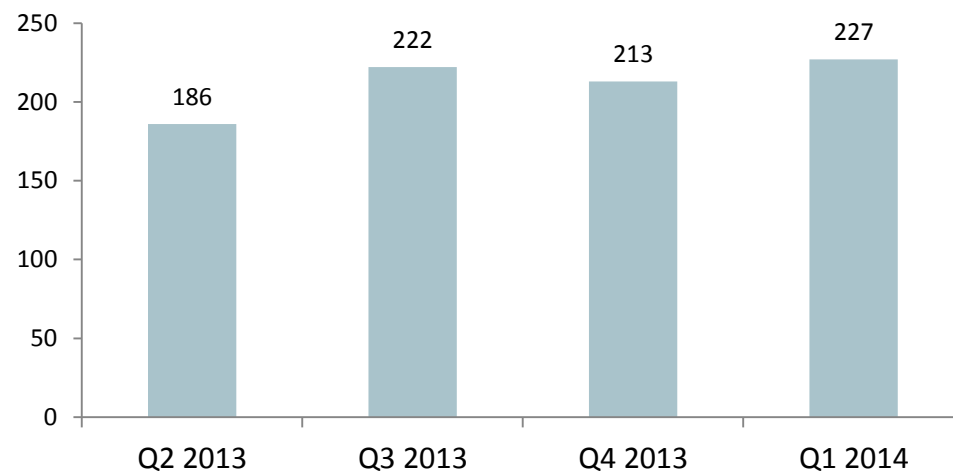
Profit/loss before tax



Net result from other financial assets and liabilities

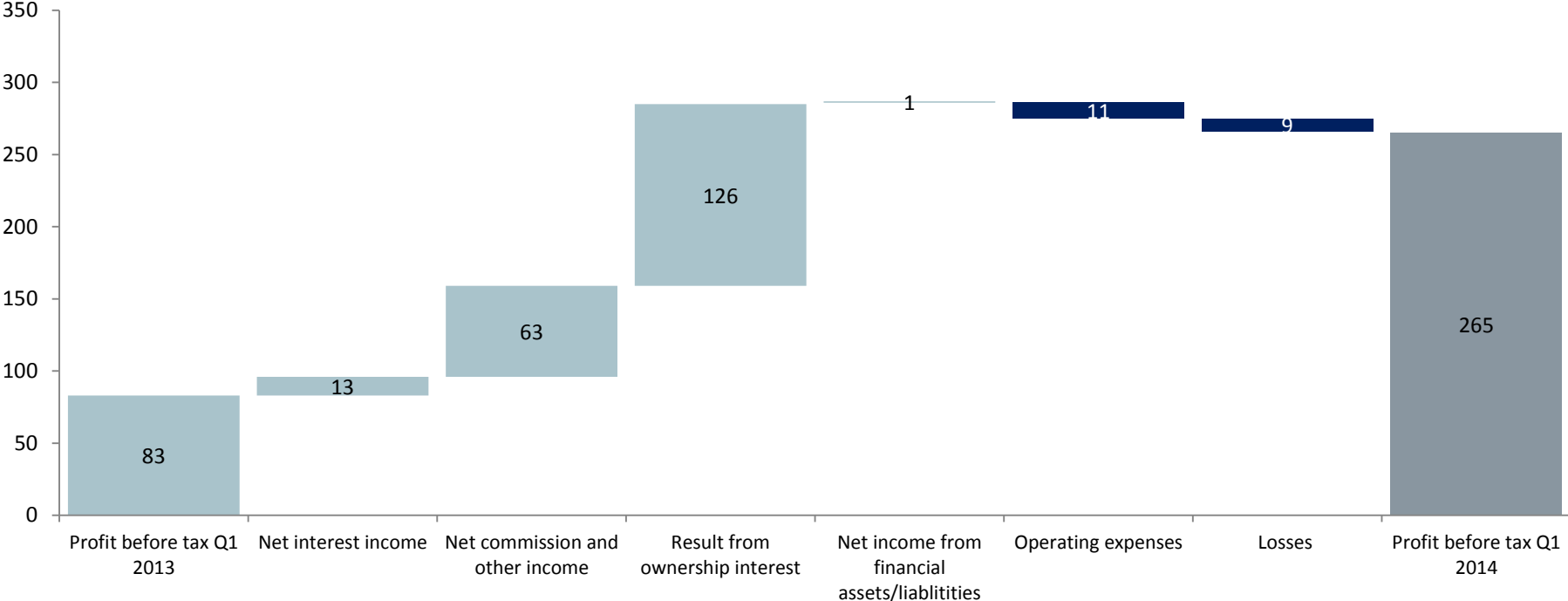


Result after tax



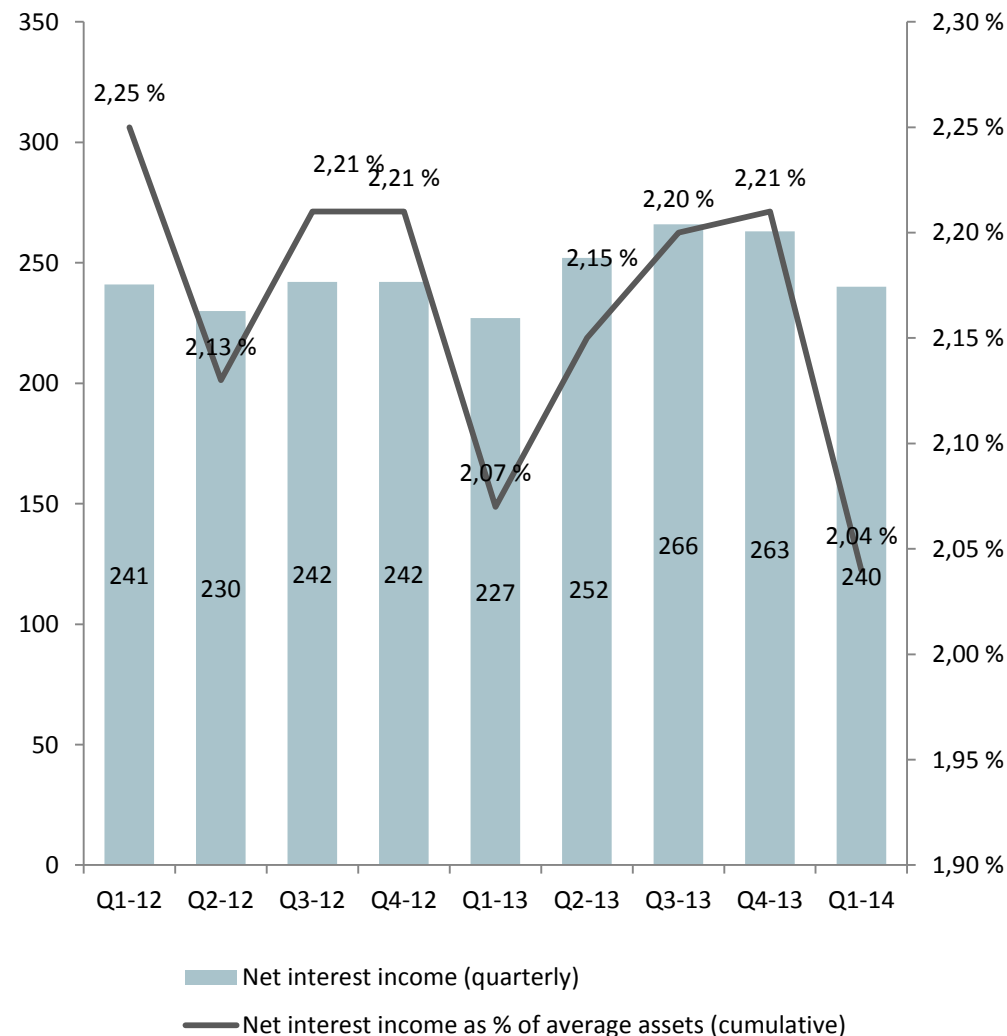
Specification of the consolidated profit (Group)

Change in profit before tax Q1 2013 vs Q1 2014

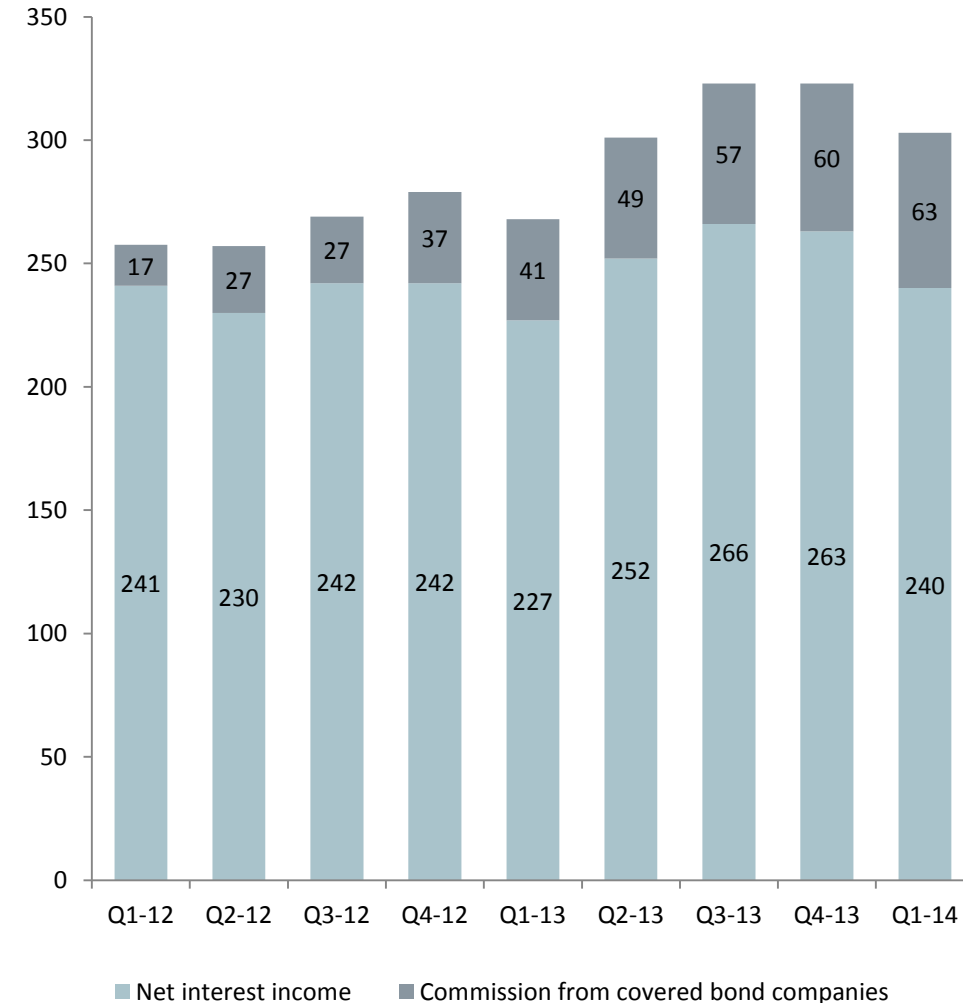


Net interest income (Group)

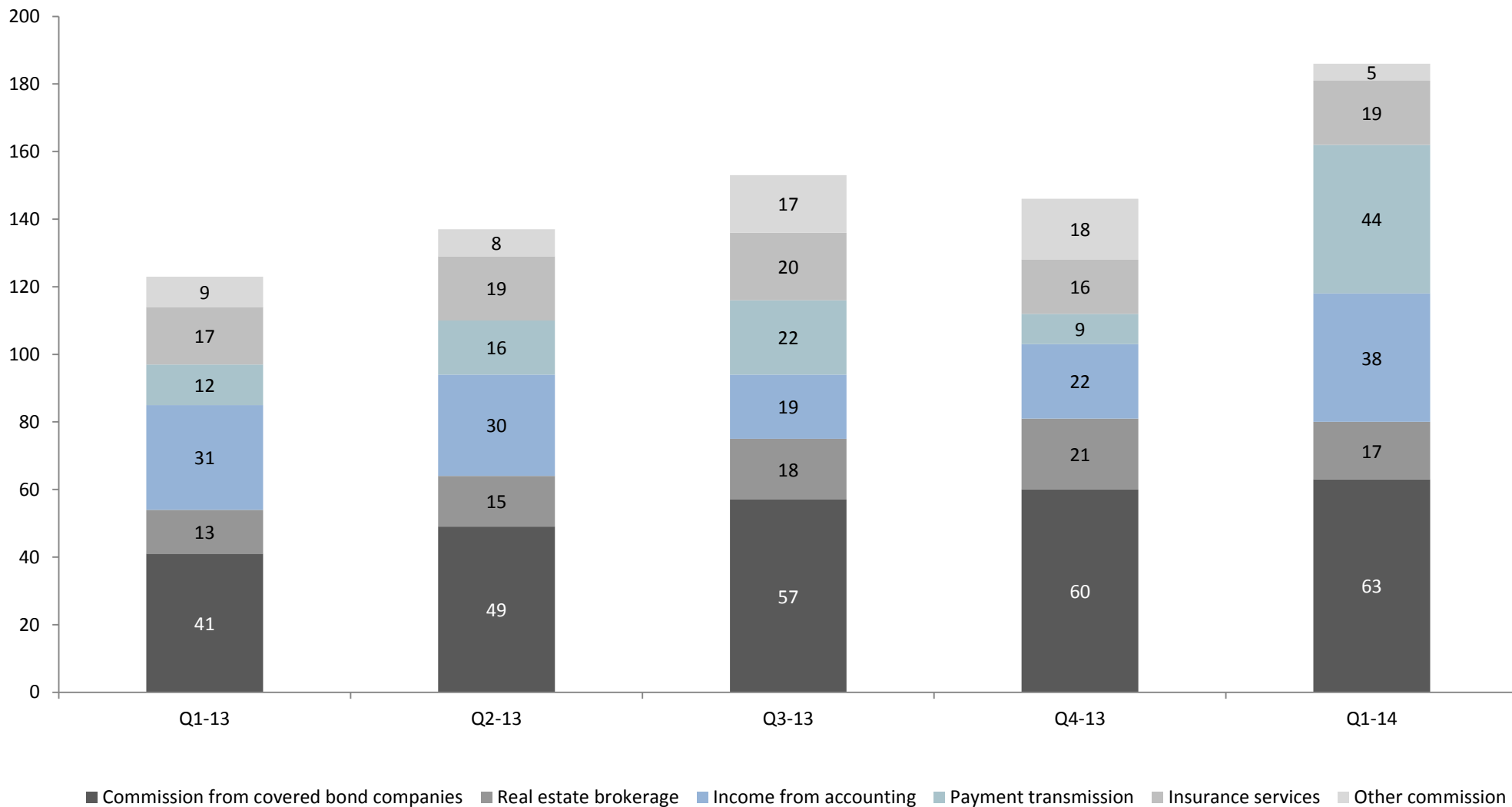
Interest income excl. Commission from covered bond companies



Interest income incl. commission from covered bond companies



Net commission and other income (Group)



Net income from financial assets and liabilities (Group)

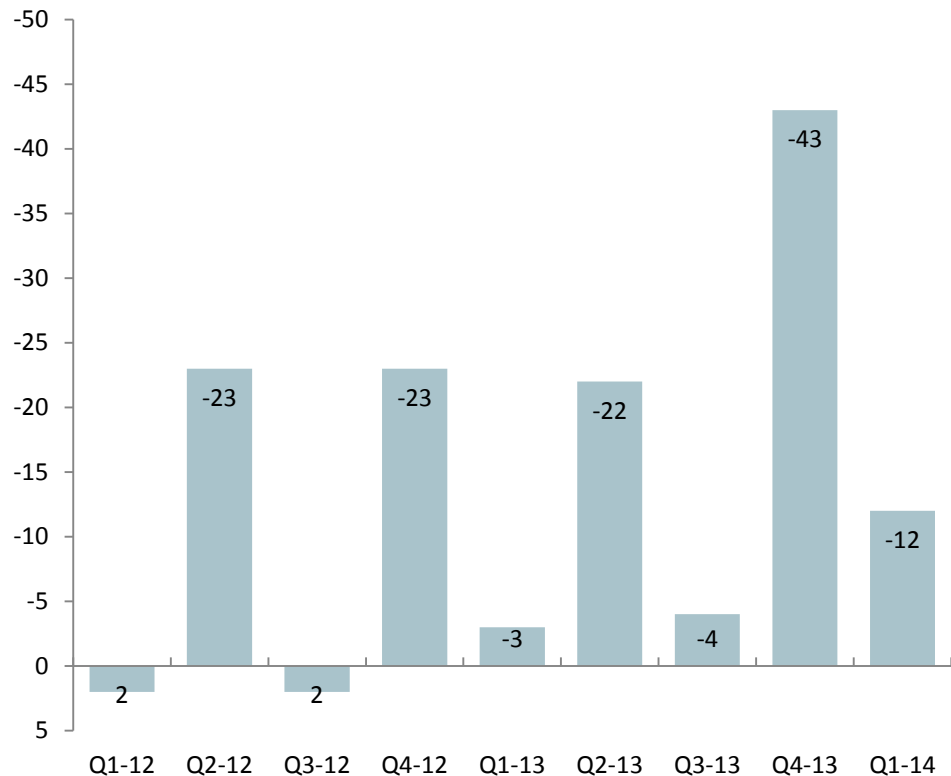
	2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Dividends	12	12	12		18	
Net profit from ownership interest	113	113	101	99	48	54
Profit/loss and change in value of bond and certificates	-45	-45	-45	10	19	-37
Profit/loss and change in value of shares	0	0	0	3		
Profit/loss and change in value of financial derivatives	12	12	5	-33	14	-51
Net income from financial assets and liabilities	93	93	74	79	99	-34

Operating expenses (Group)

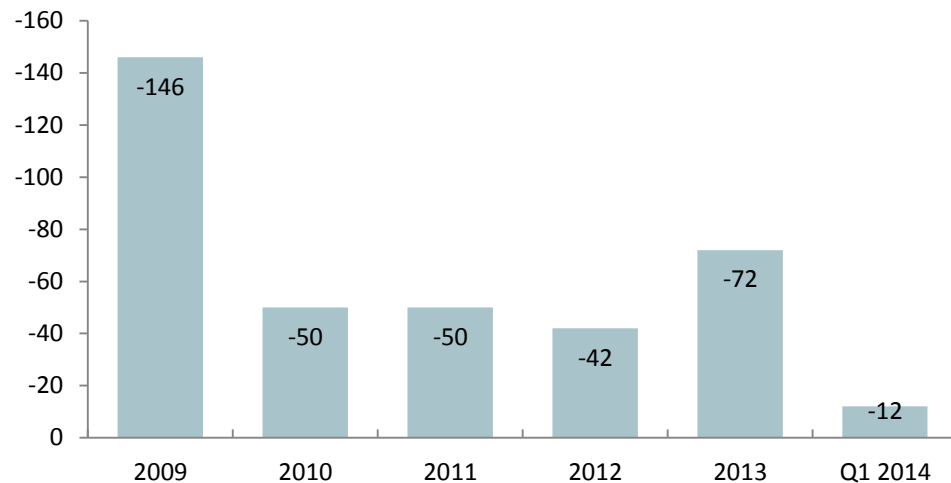
	2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Payroll	102	102	91	90	86	92
Pension costs	13	13	11	13	12	12
Social security expenses	21	21	22	19	18	20
Total personnel expenses	136	136	124	122	116	125
Total operating expenses and other expenses	69	69	78	67	75	67
Total personnel- and operating expenses	205	205	202	189	191	191
Depreciation	10	10	10	10	10	9
Other operating expenses	27	27	22	24	27	30
Total personnel- and operating expenses	242	242	234	223	227	231

Losses on loans and guarantees (Group)

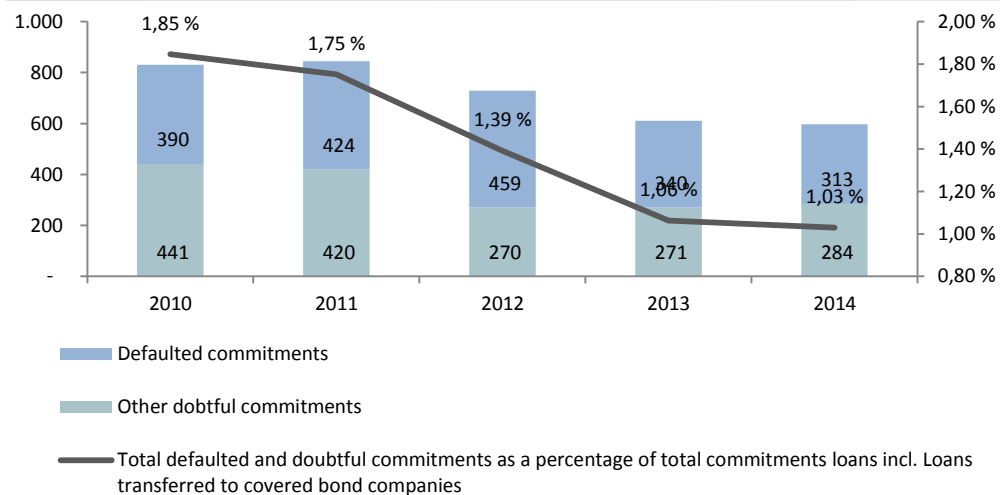
Quarterly losses isolated



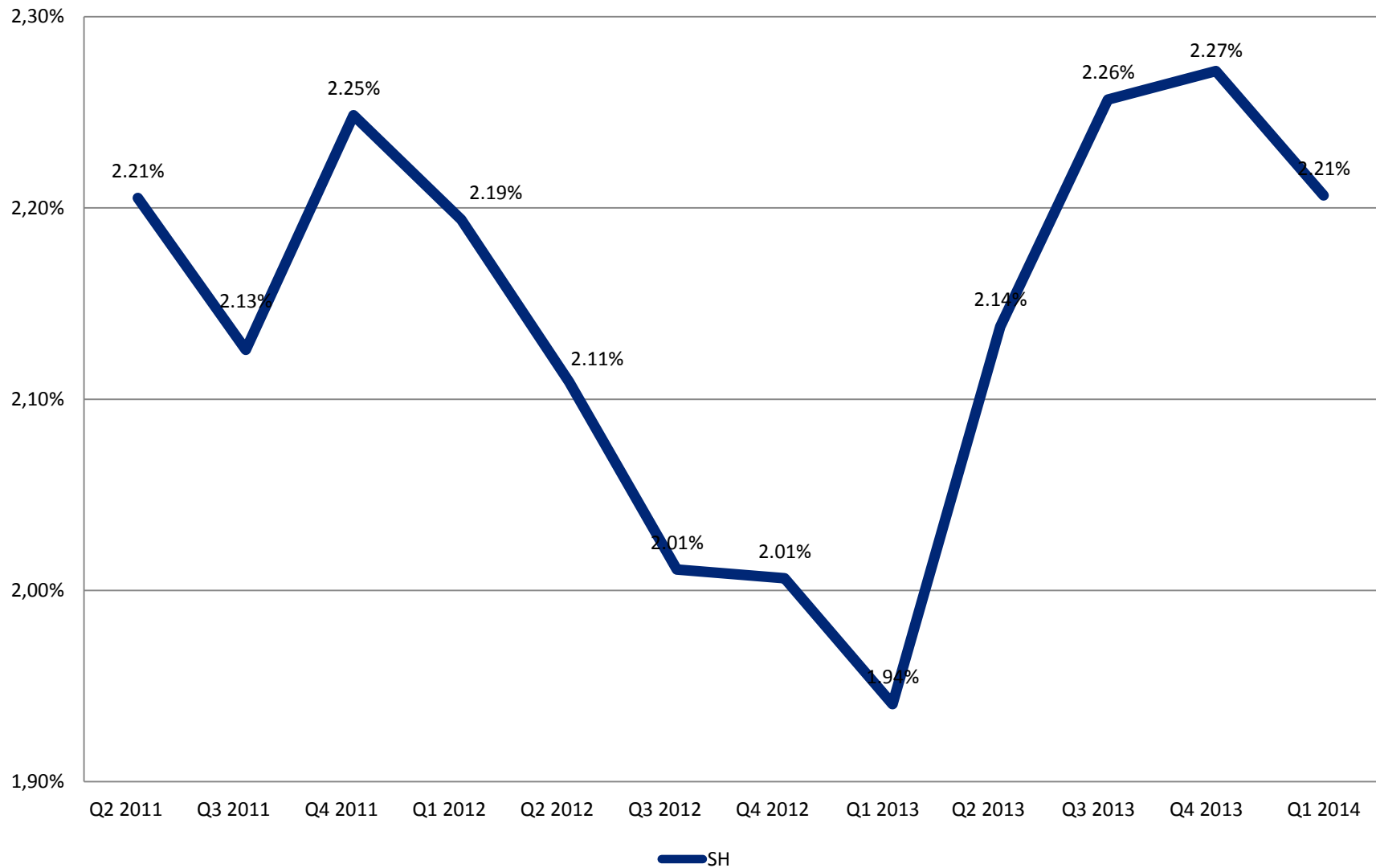
Yearly losses



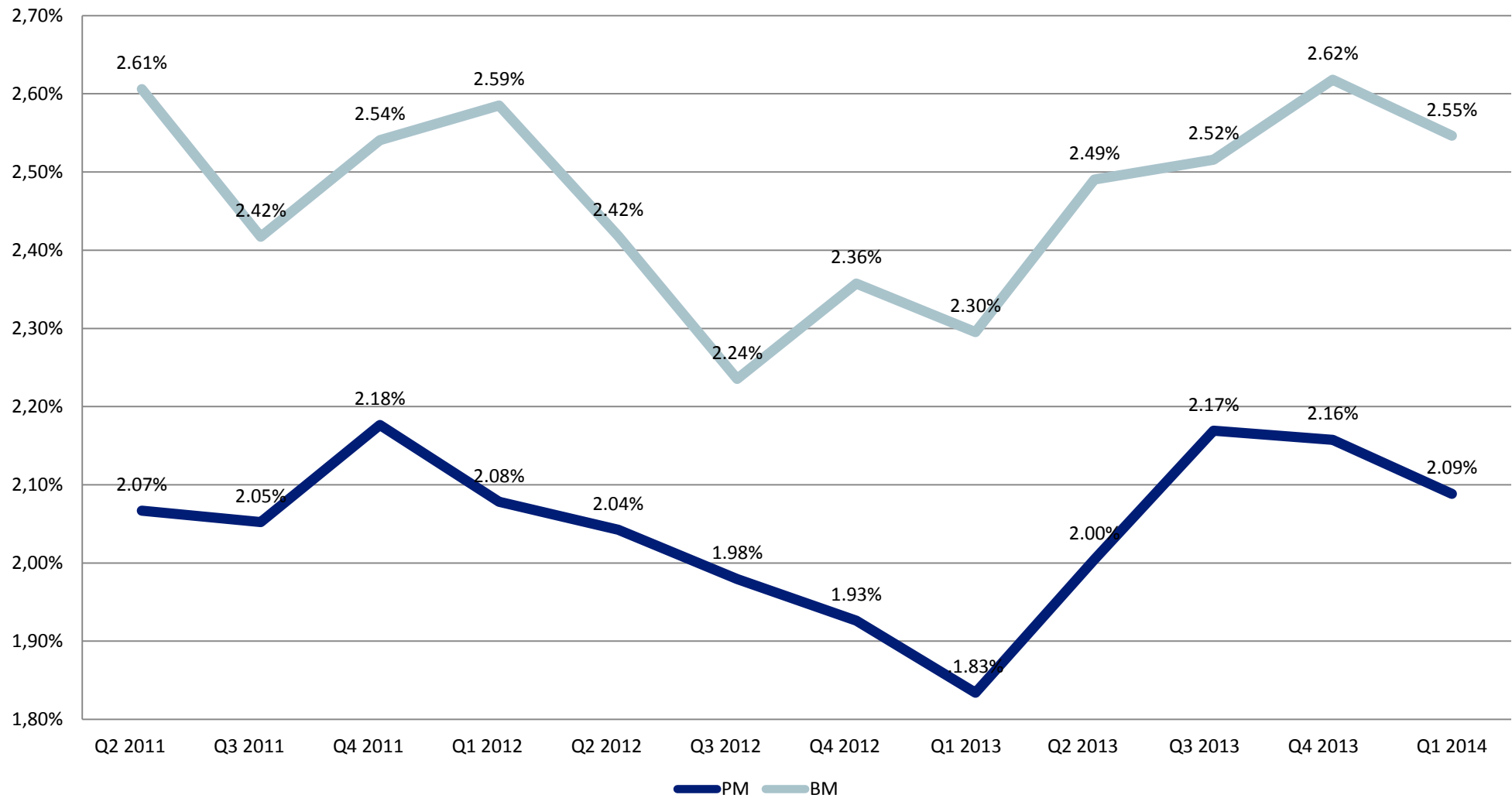
Defaulted and doubtful commitments



Interest margin Parent bank (incl. Boligkreditt and excl. Mastercard)



Interest margin Parent bank (incl. Boligkreditt and excl. Mastercard)



PM: Retail market BM: Corporate market

Main figures Sparebanken Hedmark (Group)

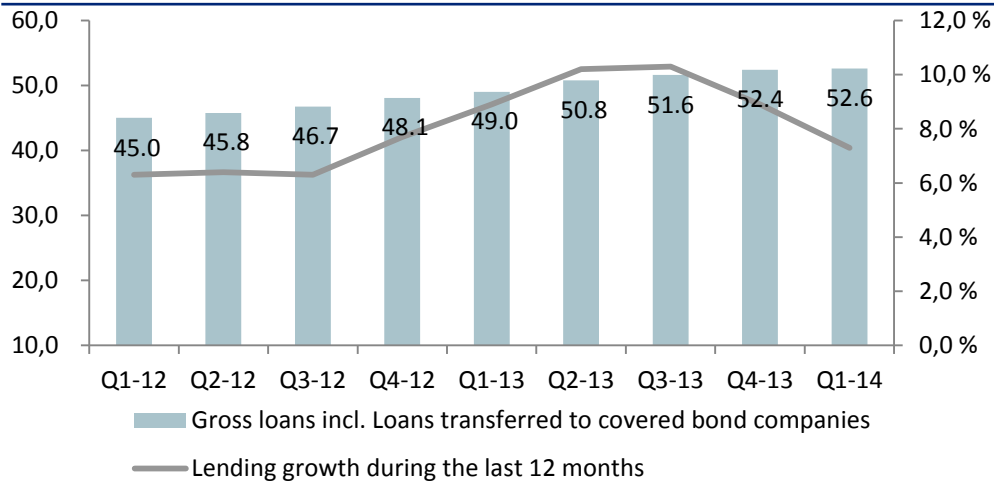
	Q1 2014	Q1 2013	2013
Profitability			
Return on equity capital after tax	13.4 %	4.9 %	11.0 %
Total operating costs in relation to total income	46.6 %	72.8 %	50.1 %
From the balance sheet			
Deposits from customers in relation to gross loans to customers	81.2 %	82.0 %	81.0 %
Lending growth last 12 months incl. Loans transferred to covered bond companies	7.3 %	8.9 %	8.9 %
Deposits growth during the last 12 months	2.7 %	12.3 %	7.0 %
Losses and commitments in default			
Losses on loans as a percentage of gross loans	0.1 %	0.0 %	0.2 %
Commitments in default as a percentage of total commitments incl. Loans transferred to covered bond companies	0.5 %	0.8 %	0.6 %
Other doubtful commitments as a percentage of total commitments incl. Loans transferred to covered bond companies	0.7 %	0.3 %	0.5 %
Financial strength			
Capital adequacy ratio	15.5 %	15.8 %	16.4 %
Tier 1 ratio	15.1 %	15.8 %	16.2 %
Core capital ratio	15.5 %	15.8 %	16.4 %

Balance sheet (Group)

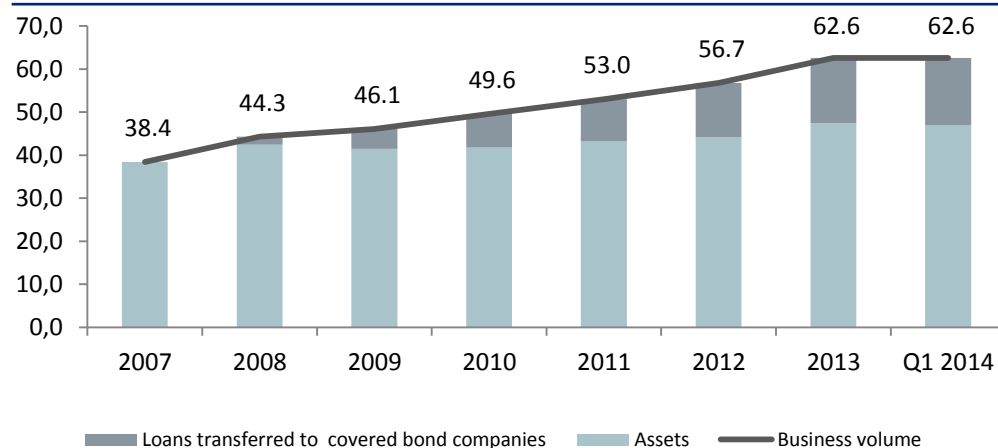
	31.03.2014	31.03.2013	31.12.2013
ASSETS			
Cash and deposits with central banks	376	540	572
Loans to and receivables from credit institutions	791	309	699
Loans to and receivables from customers	36.640	35.328	36.936
Financial papers	5.200	5.576	5.647
Investments in subsidiaries, associates and joint ventures	2.727	1.606	2.571
Other assets	1.135	902	979
Total assets	46.869	44.260	47.403
LIABILITIES			
Deposits from and liabilities to credit institutions	662	694	632
Deposits from and liabilities to customers	29.948	29.155	30.097
Liabilities arising from issuance of securities and financial derivatives	7.965	7.537	8.581
Other debt and liabilities recognised in the balance sheet	737	738	867
	505		502
Total liabilities	39.817	38.124	40.679
EQUITY CAPITAL			
Earned equity capital	7.052	6.136	6.723
Total equity capital	7.052	6.136	6.723
Total liabilities and equity capital	46.869	44.260	47.403

Development in balance sheet (Nok billion) (Group)

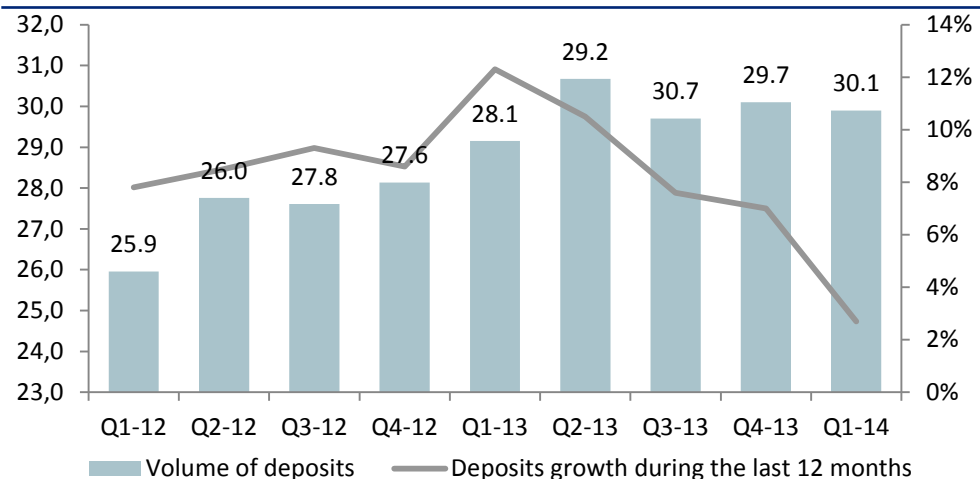
Gross loans incl. Loans transferred to covered bond companies



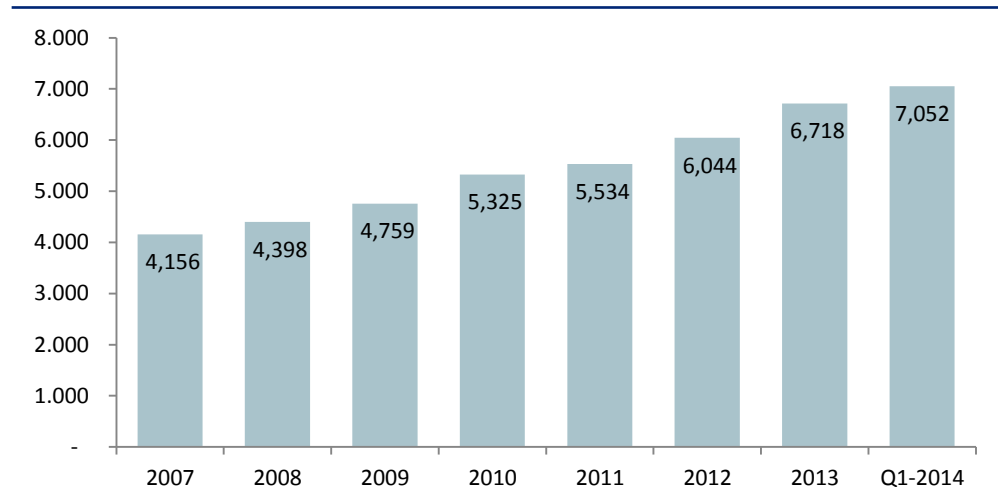
Development in assets and business volume



Deposits

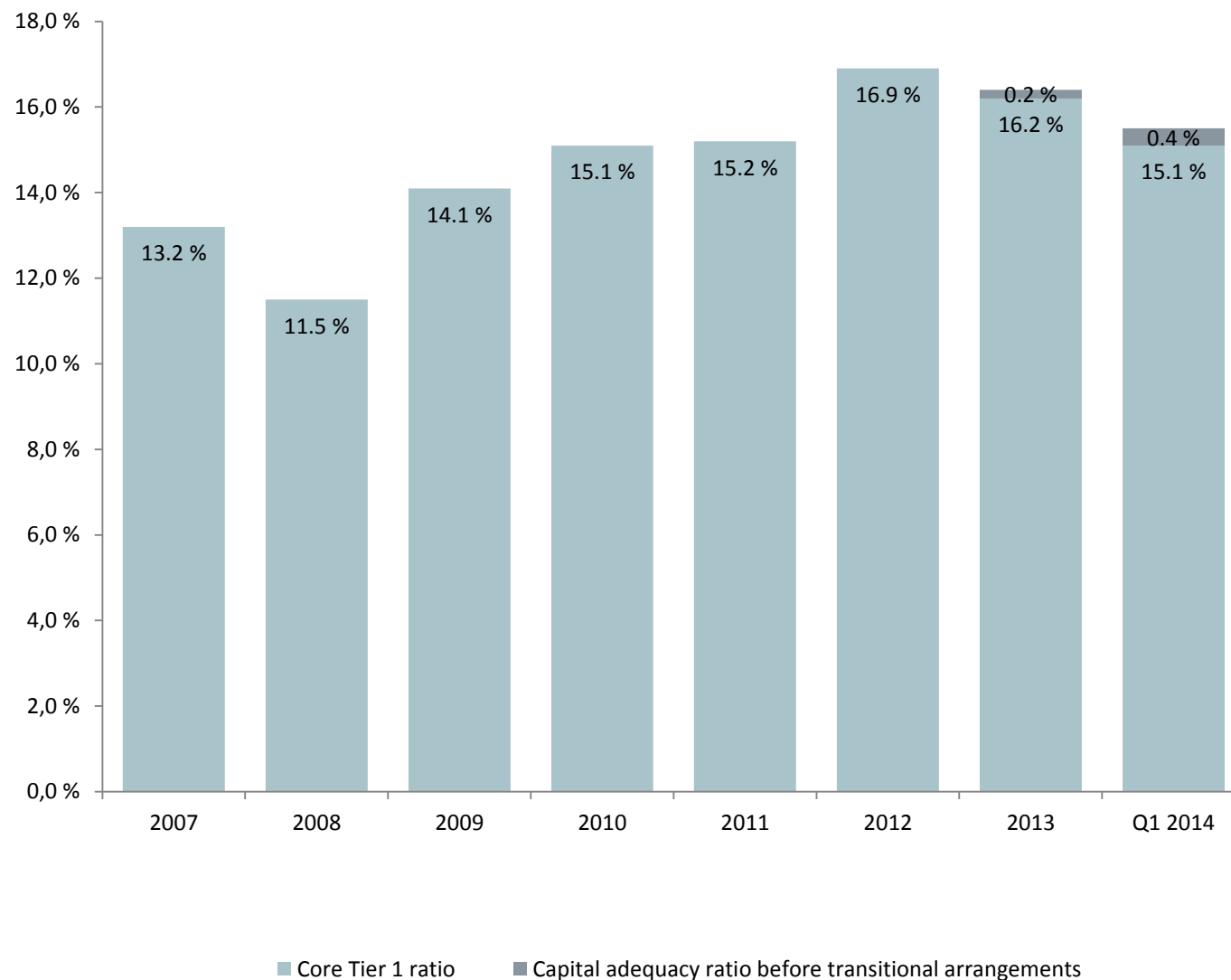


Development equity (NOK million)



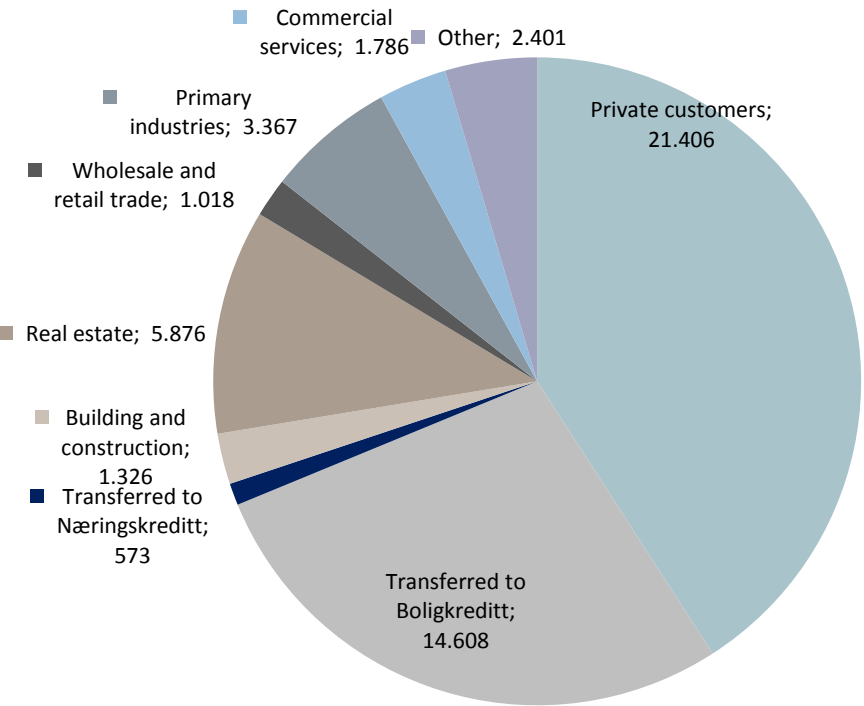
Development in Tier 1 ratio (Group)

As at 1. July 2013 the Government has implemented new capital adequacy requirements:
Core Tier 1: Minimum 9 %
Tier 1: Minimum 10,5 %
Capital adequacy ratio: Minimum 12,5 %

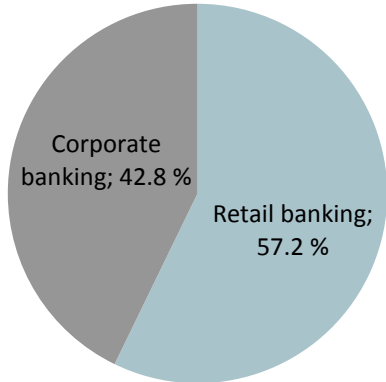


Composition of loans and receivables from customers (Group)

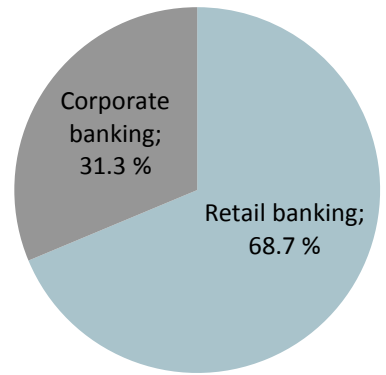
Composition of loans incl. covered bond companies



Composition of loans excl. covered bond companies



Composition of loans incl. covered bond companies



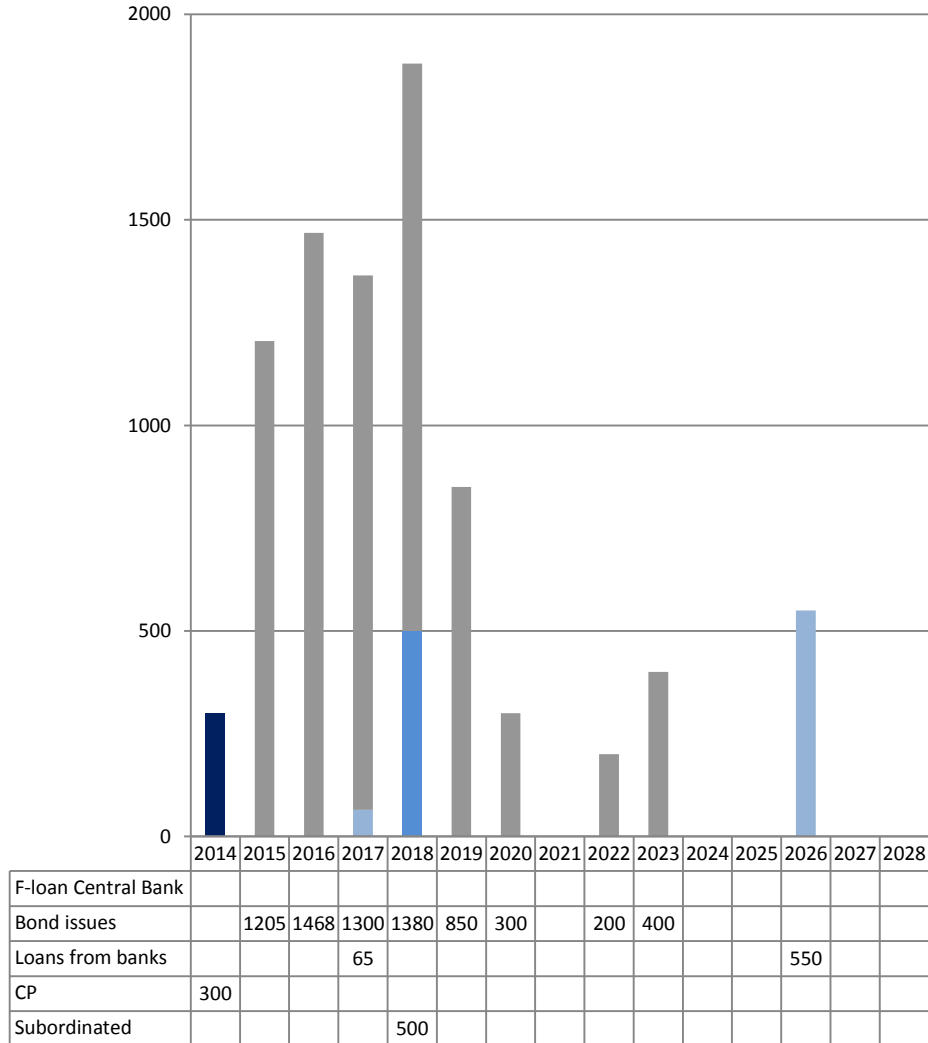
Liquidity reserves

- The figure shows the distribution of the bank's liquidity reserve as at 31.03.2014

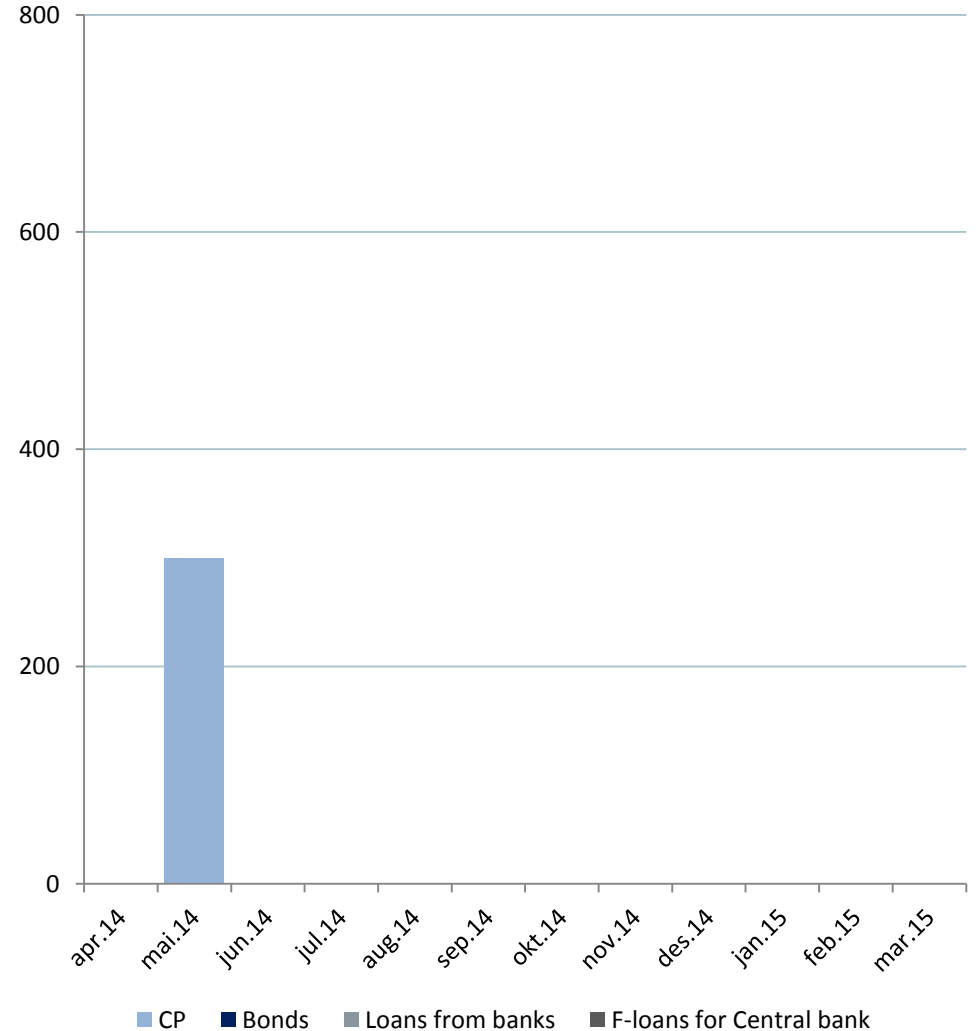


Maturities

Annual maturities; total to maturity MNOK 8 518



Funding maturities the next 12 months MNOK 300



Rating

- On 10 January, Moody's Investor Service confirmed Sparebanken Hedmark's rating (“long-term senior debt and deposit rating”) to A2.
- The bank's individual C- rating (standalone financial strength rating) was also confirmed
- Both ratings still has stable outlook.