

Sparebanken Hedmark

Third Quarter 2014

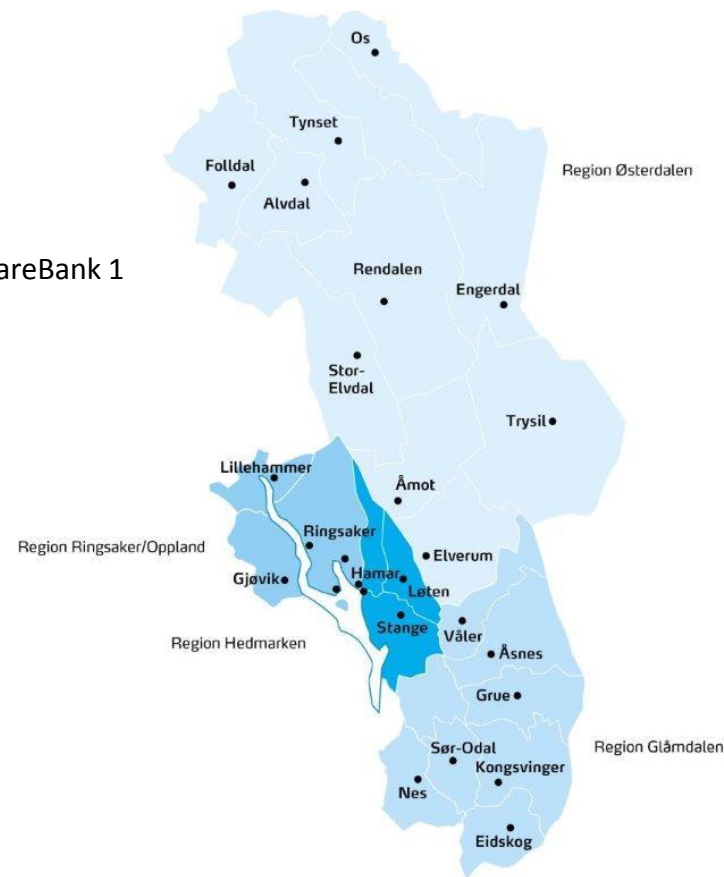
Presentation of financial results

CEO Richard Heiberg

31.10.2014

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 7.4 billion in equity
 - NOK 50 billion in total assets
 - NOK 65 billion in commercial volume (incl. loans transferred to SpareBank 1 Boligkreditt/SpareBank 1 Næringskreditt)
 - 700 employees, 171,000 customers
 - 23 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 (SpareBank 1 Regnskapshuset Østlandet AS)
- Owns 40.5% of Bank 1 Oslo Akershus AS and 11 % of the SpareBank 1 Gruppen AS
- Rated A2 by Moody's



Highlights - Q3 2014

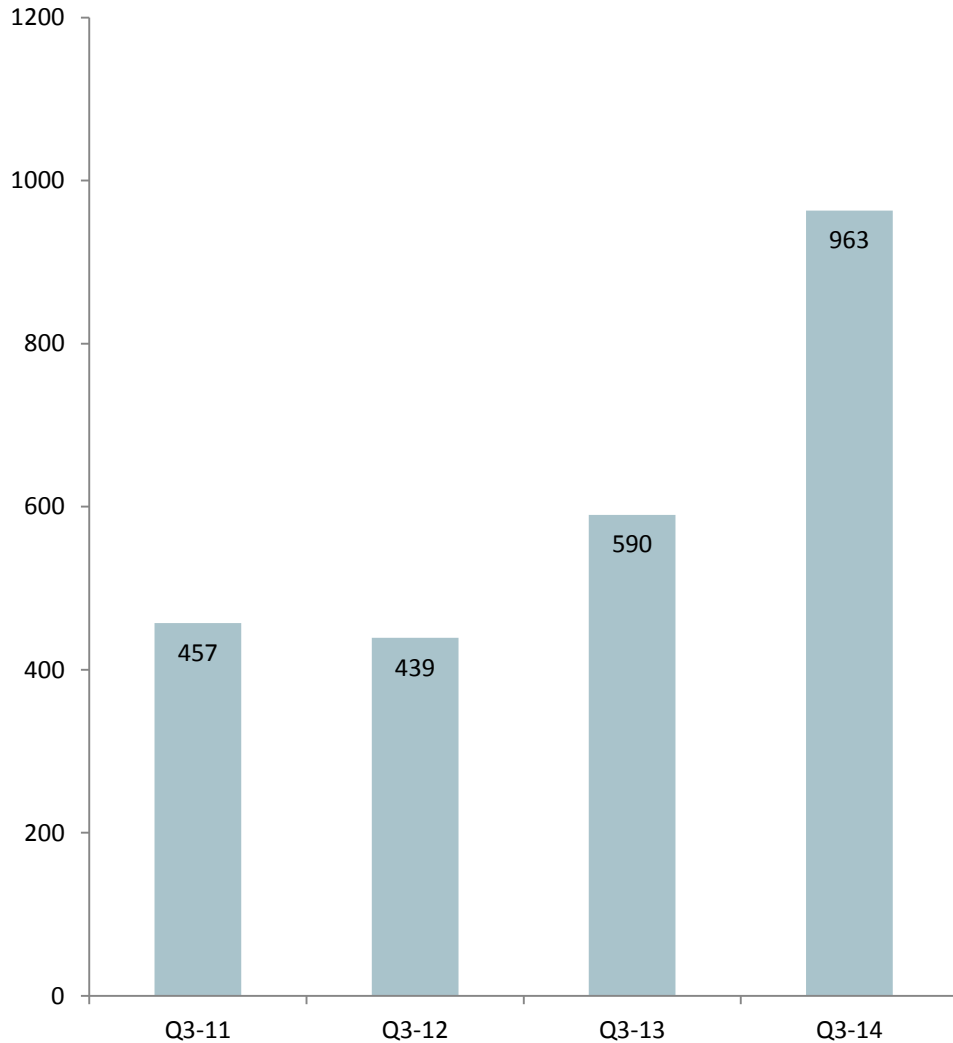
- Record profit after tax of NOK 403 million for the third quarter - the profit from the sale of the shares in Nets AS amounted to NOK 158 million.
- Very good profit after tax of NOK 826 million for the year-to-date, which represents a return on equity of 15.5 per cent
- The contraction in margins for home mortgages has largely been compensated for by lower rates for deposits
- Good results from subsidiaries (the financing company, estate agency and accounting chain) and partly-owned companies (Bank 1 Oslo Akershus AS (40.5 per cent) and SpareBank 1 Gruppen AS (11 per cent))
- Very robust financial strength with unweighted capital ratio of 15.0 per cent
- Very good liquidity situation - high demand for the Bank's debt securities
- Rated A2 by Moody's and rated no. 1 among Norwegian savings banks by SpareBank 1 Markets, no. 2 by DNB Markets and no. 2 by Nordea

Profit/loss first quarter 2014 (Group)

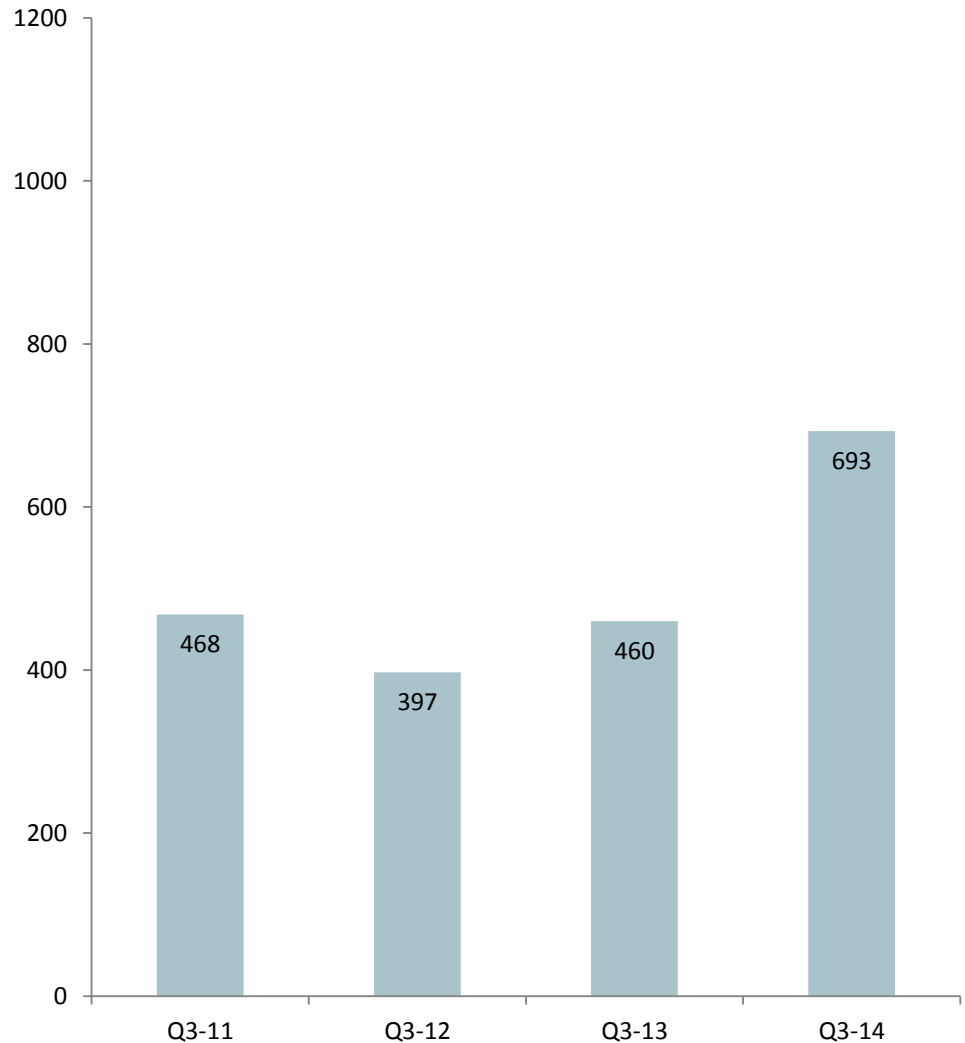
	Q3 2014	Q3 2013	2013
Net interest income	771	745	1008
Net commission income	342	270	370
Other income	163	143	189
Total operating expenses	718	681	916
Result bank operation before losses	558	477	651
Losses on loans and guarantees	42	29	72
Result bank operation after losses	516	448	579
Dividends	13	18	21
Net profit from ownership interest	297	205	326
Net income from financial assets/liabilities	137	-81	-84
Profit/loss before tax	963	590	842
Tax charge	136	109	147
Profit/loss after tax	826	482	694
Return on equity capital after tax	12,3 %	8,5 %	11,0 %
Total operating costs in relation to total income	47,1 %	57,1 %	50,1 %
Losses on loans as a percentage of gross loans	0,2 %	0,1 %	0,2 %

Result before tax for Group and Parent Bank

Result before tax accumulated - Group



Result before tax accumulated – Parent bank



Income statement isolated quarters (Group)

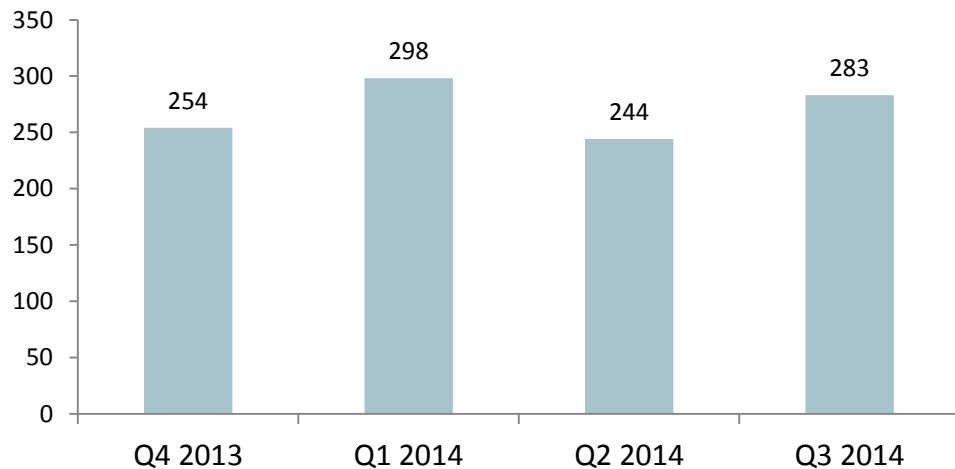
	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Net interest income	272	259	240	263	266
Net commission income	104	109	130	100	104
Other income	51	57	56	46	49
Total operating expenses	237	239	242	235	223
Result bankoperation before losses	190	185	184	174	196
Losses on loans and guarantees	9	21	12	43	4
Result bankoperation after losses	181	164	172	131	192
Dividends	1	0	12	3	0
Net profit from ownership interest	103	81	114	121	98
Net income from financial assets/liabilities	173	-4	-33	-3	-19
Profit/loss before tax	458	241	265	251	271
Tax charge	54	45	38	38	49
Profit/loss after tax	403	197	227	213	222

Specification of results (Group)

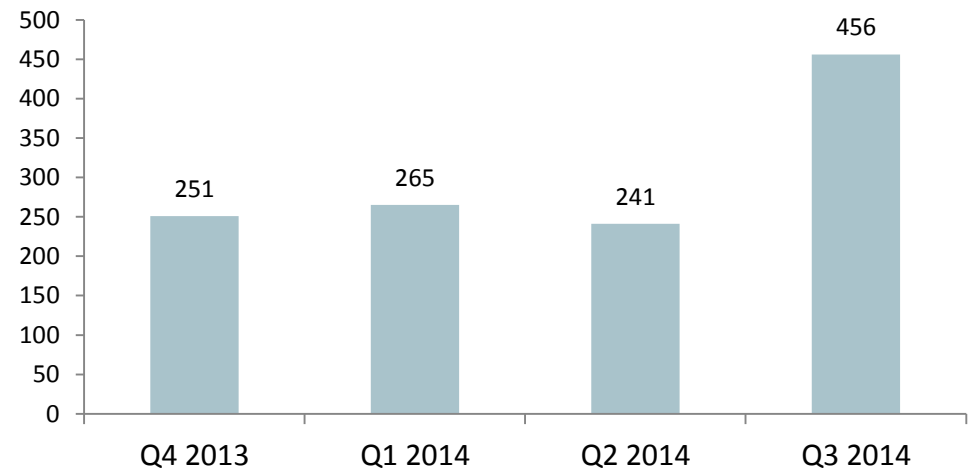
<i>(Nok million)</i>	Q3 2014	Q3 2012	2013
Parent Bank's profit after tax	693	460	622
Dividends received from subsidiaries and joint ventures	-135	-124	-123
Profit /loss attributable to:			
SpareBank 1 Gruppen AS	146	97	132
Bank 1 Oslo Akershus AS	149	99	133
SpareBank 1 Boligkreditt and Næringskreditt AS	15	12	17
EiendomsMegler 1 Hedmark Eiendom AS	11	4	5
SpareBank 1 Finans Østlandet AS	73	59	79
SpareBank 1 Regnskapshuset Østlandet AS	7	1	-4
Other companies	3	-18	-20
Consolidated profit before tax	962	590	841
Tax	136	109	147
Consolidated profit after tax	826	481	694

Financial results by quarter (Group)

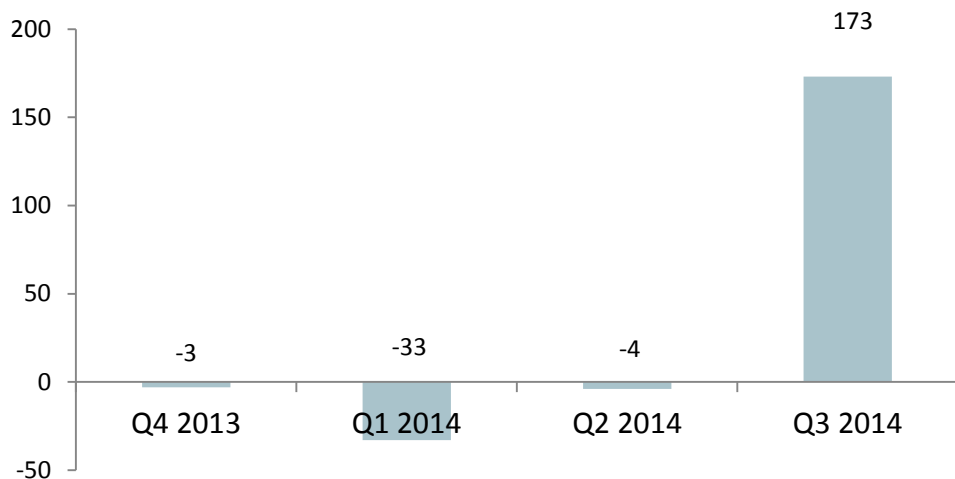
Profit/loss before tax excl. profit from other financial assets and liabilities



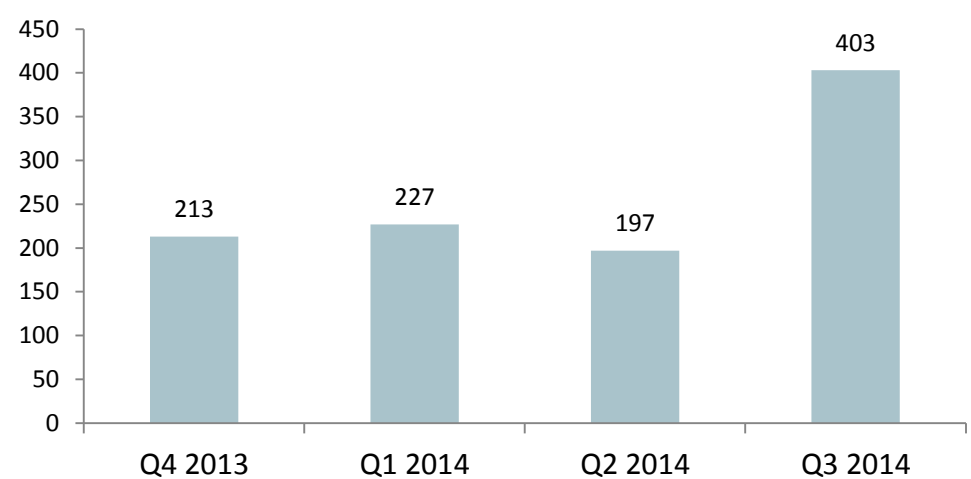
Profit/loss before tax



Net result from other financial assets and liabilities

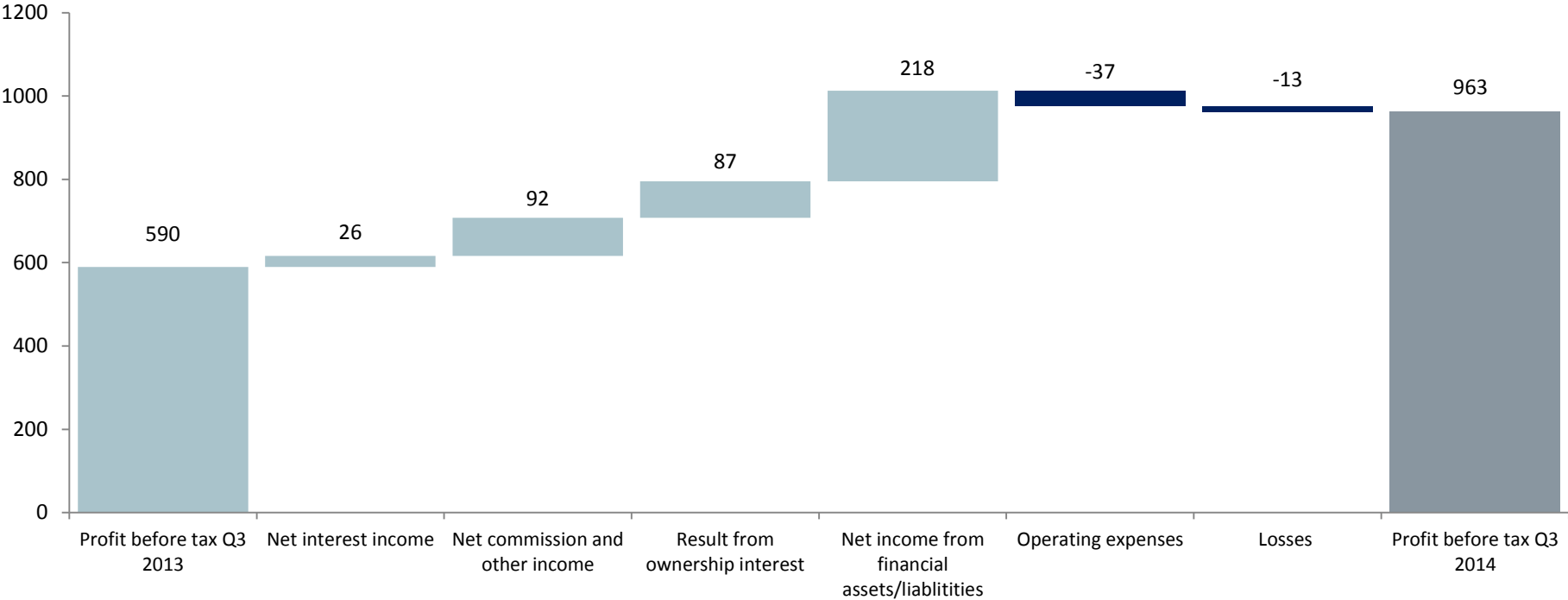


Result after tax



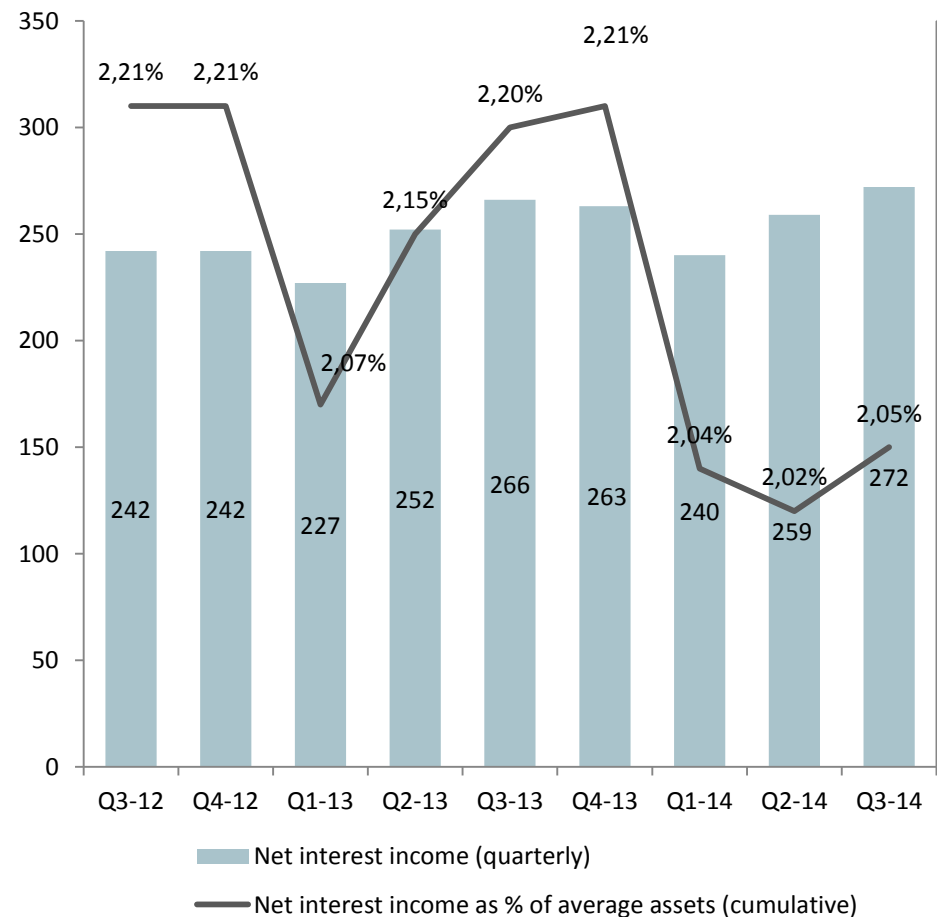
Specification of the consolidated profit (Group)

Change in profit before tax Q3 2013 vs Q3 2014

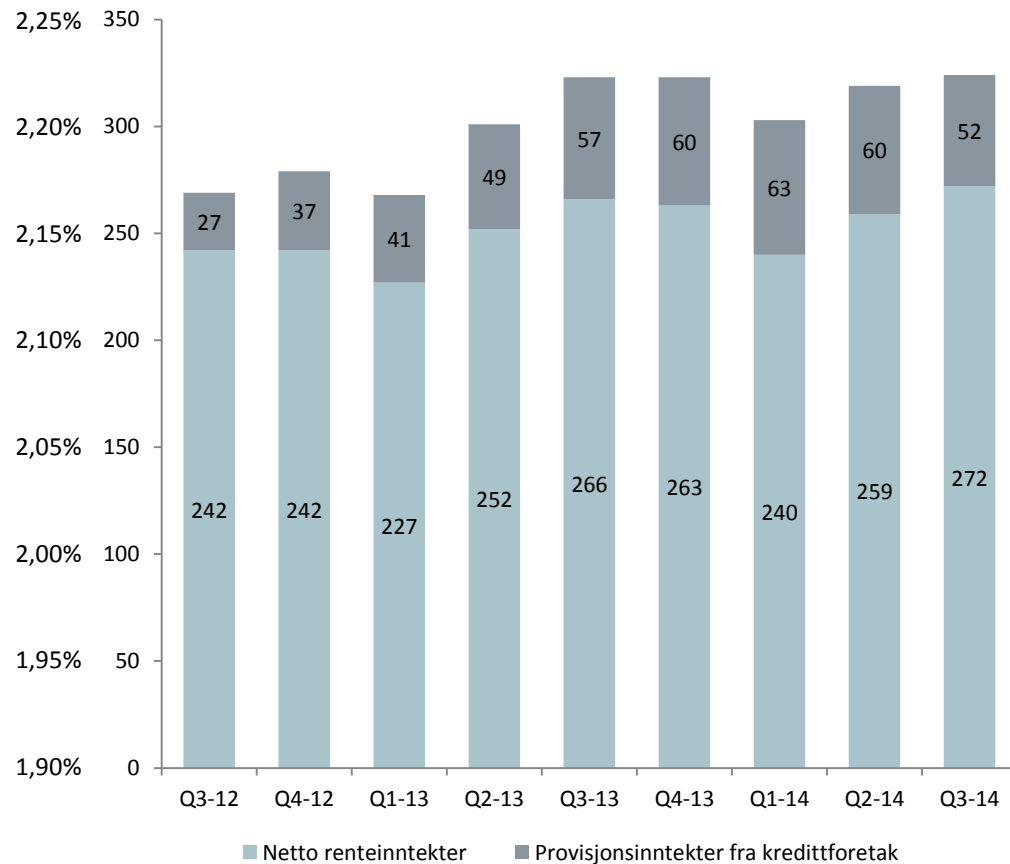


Net interest income (Group)

Interest income excl. commission from covered bond companies

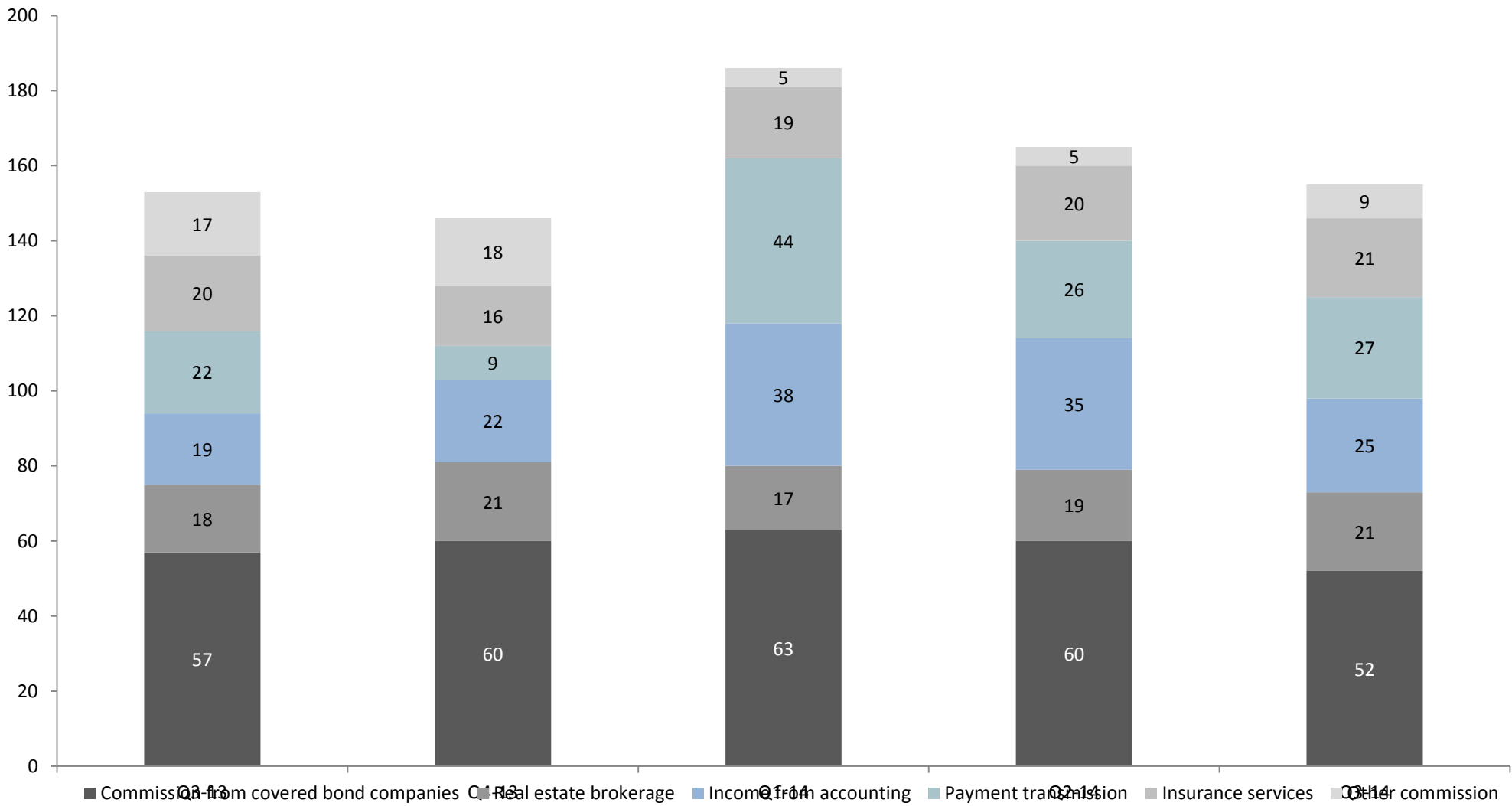


Interest income incl. commission from covered bond companies



* MasterCard portfolio was sold in Q1-2014.

Net commission and other income (Group)



Net income from financial assets and liabilities (Group)

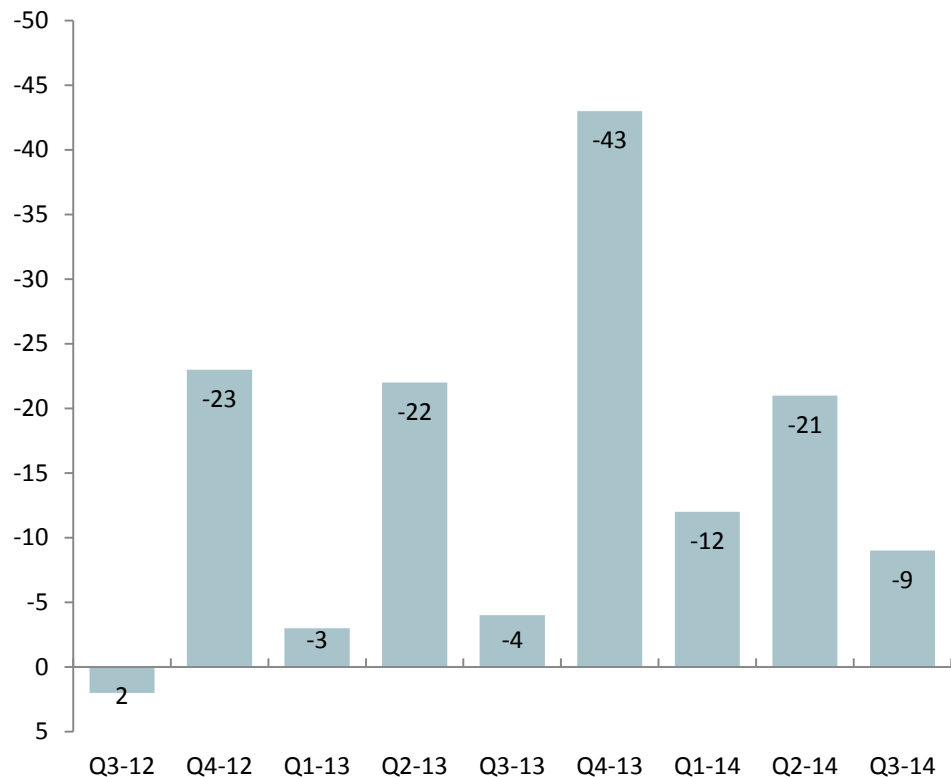
	2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Utbytte	13	1		12	0	
Inntekter av eierinteresser	297	103	80	114	81	99
Gevinst/tap og netto verdiendringer på aksjer	154	154			-54	10
Gevinst/tap og netto verdiendringer på sertifikater og obligasjoner	-113	-15	-53	-45		3
Gevinst/tap og netto verdiendringer på valuta og finansielle derivater	95	33	50	12	5	-33
Netto avkastning på finansielle investeringer	447	276	77	93	32	79

Operating expenses (Group)

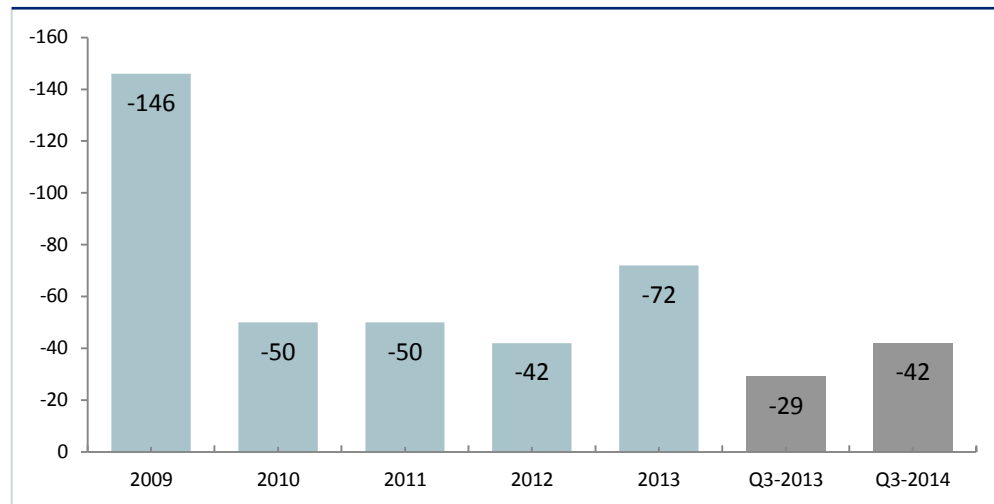
	2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Payroll	295	98	95	102	91	90
Pension costs	41	14	14	13	11	13
Social security expenses	61	20	20	21	22	19
Total personnel expenses	397	132	129	136	124	122
				0	0	
Total operating expenses and other expenses	213	70	74	69	78	67
Total personnel- and operating expenses	610	202	203	205	202	189
				0	0	
Depreciation	31	11	10	10	10	10
Other operating expenses	76	24	25	27	22	24
Total personnel- and operating expenses	718	237	238	242	234	223

Losses on loans and guarantees (Group)

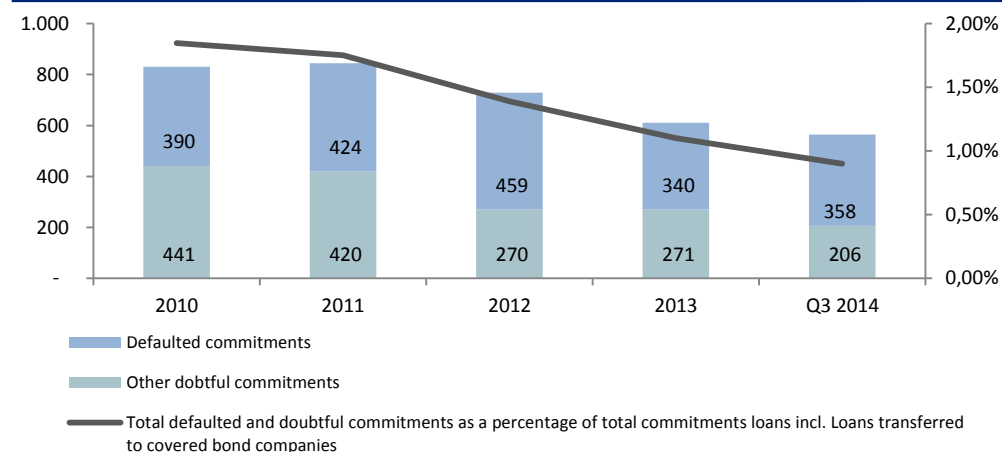
Quarterly losses isolated



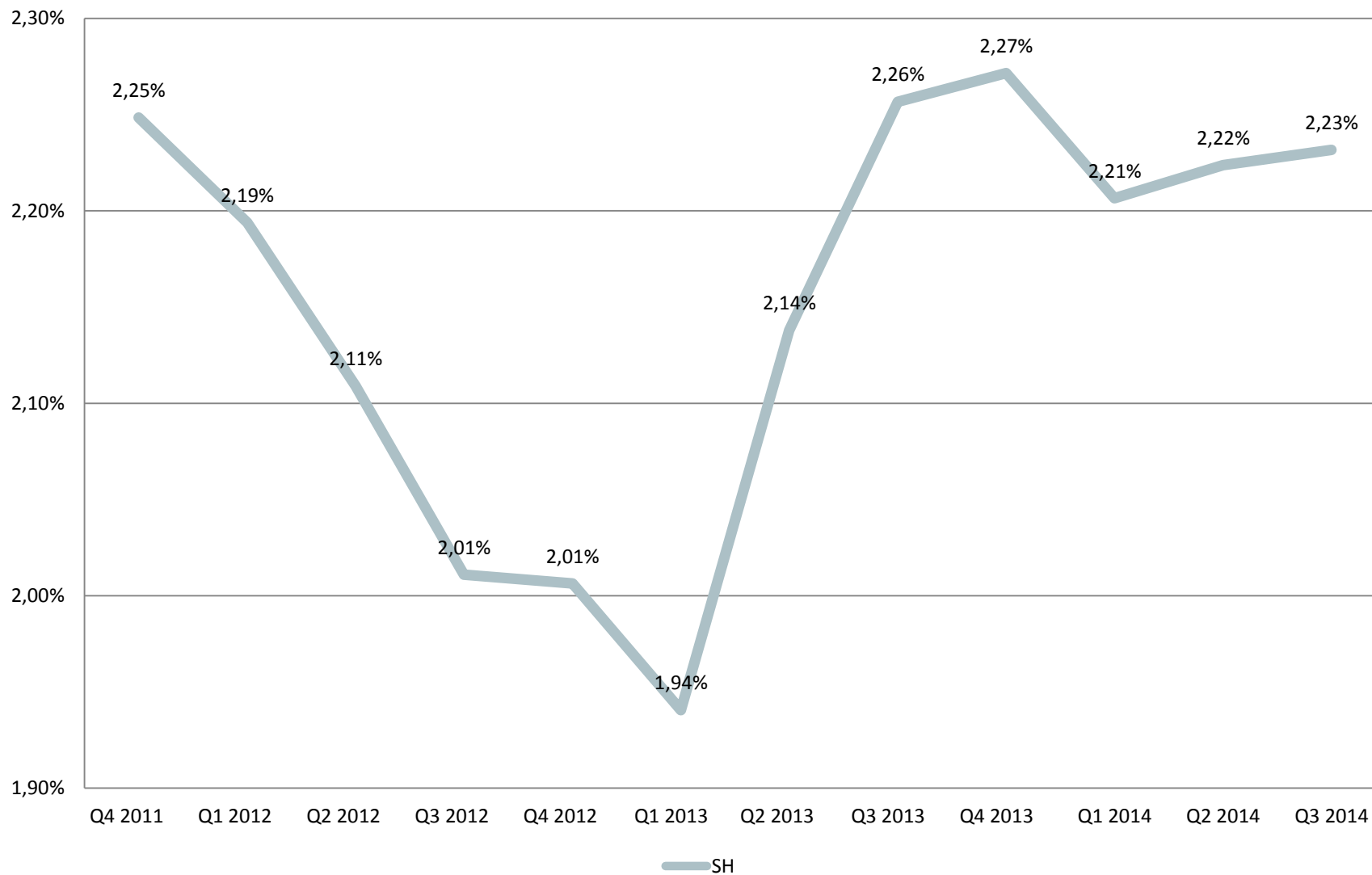
Yearly losses



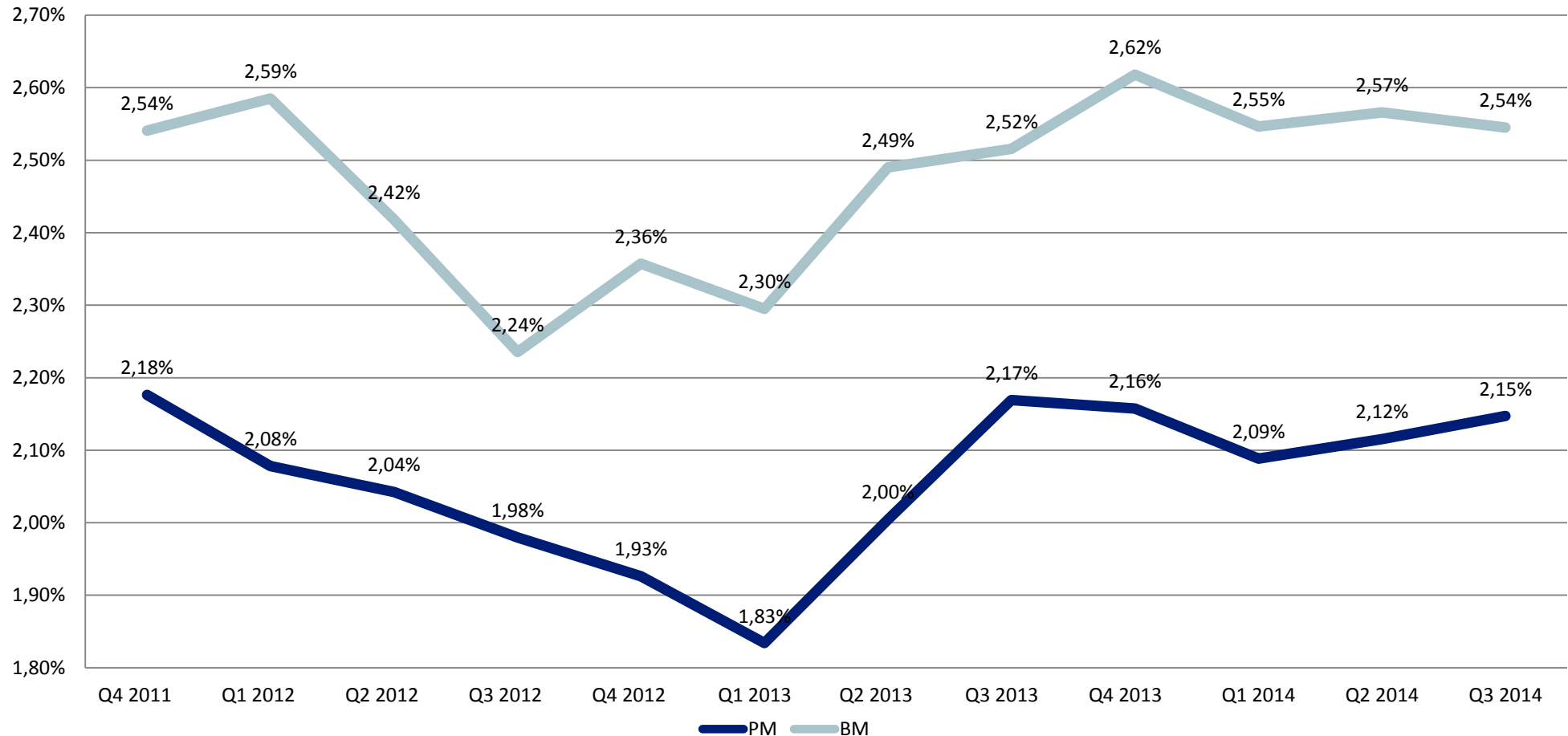
Defaulted and doubtful commitments



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)

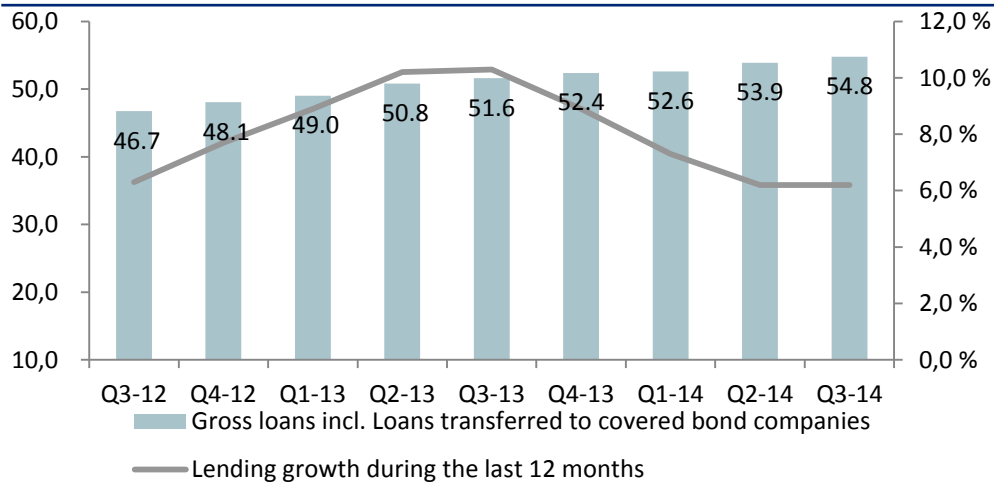
	Q3 2014	Q3 2013	2013
Profitability			
Return on equity capital after tax	15,5 %	10,3 %	11,0 %
From the balance sheet			
Assets	50.195	45.956	47.397
Business volume	65.855	60.278	62.578
Lending growth last 12 months incl. Loans transferred to covered bond companies	6,2 %	10,3 %	8,9 %
Deposits growth during the last 12 months	6,3 %	7,3 %	7,0 %
Deposits from customers in relation to gross loans to customers	6,3 %	79,7 %	80,9 %
Financial strength			
Capital adequacy ratio	14,5 %	15,1 %	16,4 %
Tier 1 ratio	16,3 %	15,3 %	16,2 %
Core capital ratio	16,3 %	15,8 %	16,4 %
Other key figures			
Total operating costs in relation to total income	47,1 %	52,4 %	50,1 %
Gros doubtful commitments as a percentage of total commitments incl. Loans transferred to covered bond companies	0,9 %	1,4 %	0,8 %

Balance sheet (Group)

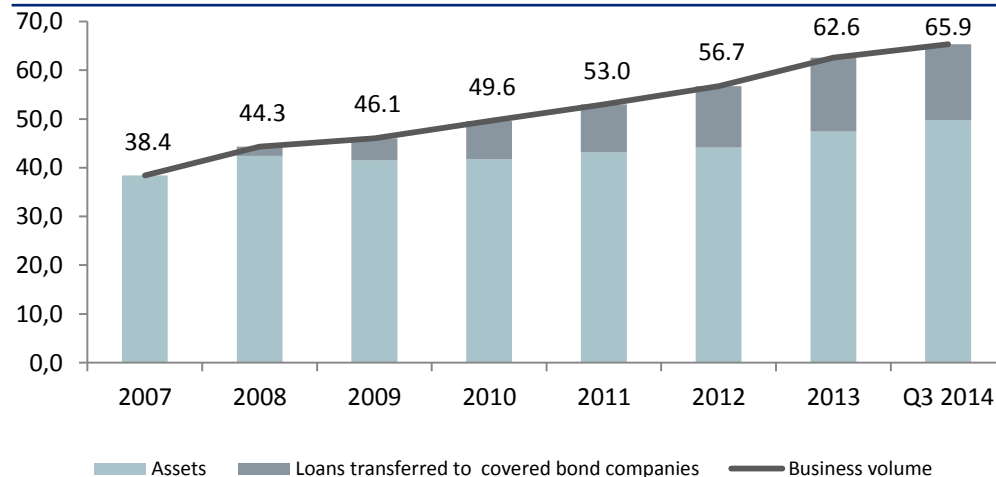
	30.09.2014	30.09.2013	31.12.2013
ASSETS			
Cash and deposits with central banks	713	313	572
Loans to and receivables from credit institutions	635	314	699
Loans to and receivables from customers	38.978	37.022	36.936
Financial papers	5.322	4.843	5.646
Investments in subsidiaries, associates and joint ventures	2.966	2.488	2.565
Other assets	1.136	976	979
Total assets	49.751	45.956	47.397
LIABILITIES			
Deposits from and liabilities to credit institutions	677	630	632
Deposits from and liabilities to customers	31.575	29.707	30.097
Liabilities arising from issuance of securities and financial derivatives	8.665	7.731	8.580
Other debt and liabilities recognised in the balance sheet	853	852	866
	511	502	503
Total liabilities	42.281	39.422	40.679
EQUITY CAPITAL			
Earned equity capital	7.470	6.534	6.718
Total equity capital	7.470	6.534	6.718
Total liabilities and equity capital	49.751	45.956	47.397

Development in balance sheet (Nok billion) (Group)

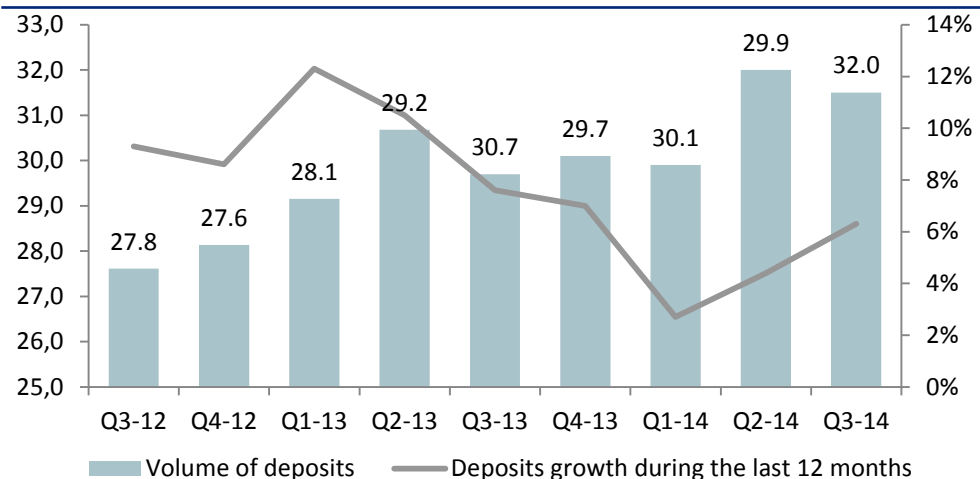
Gross loans incl. Loans transferred to covered bond companies



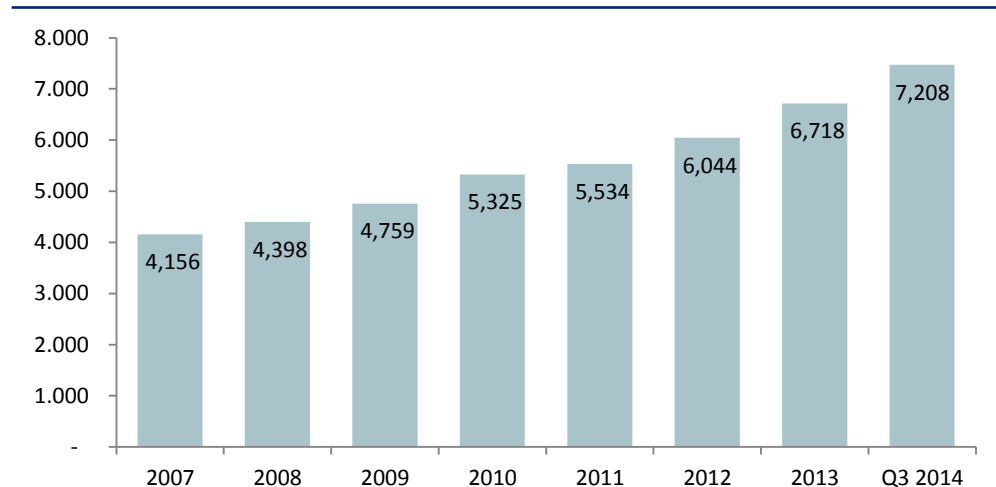
Development in assets and business volume



Deposits



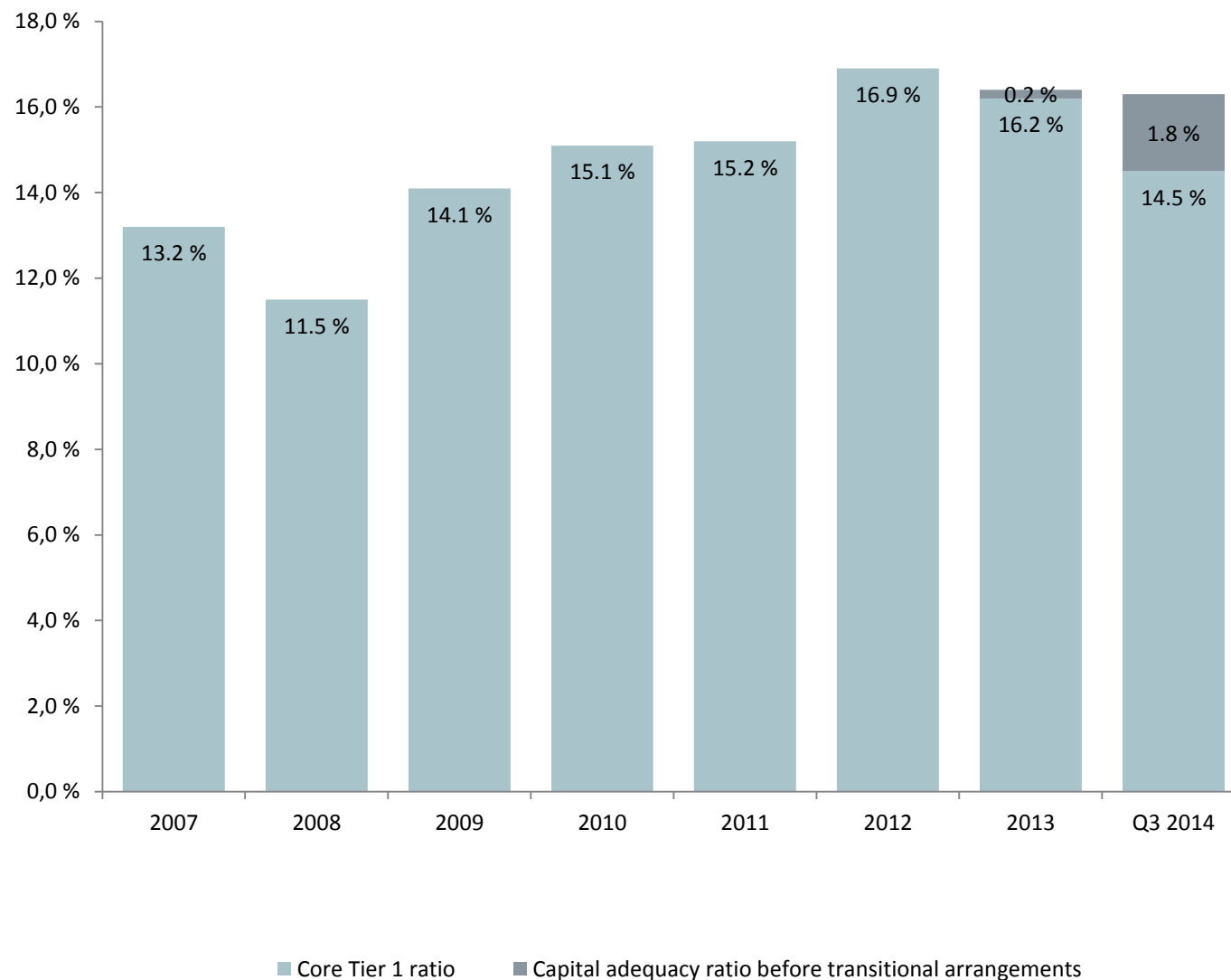
Development equity (NOK million)



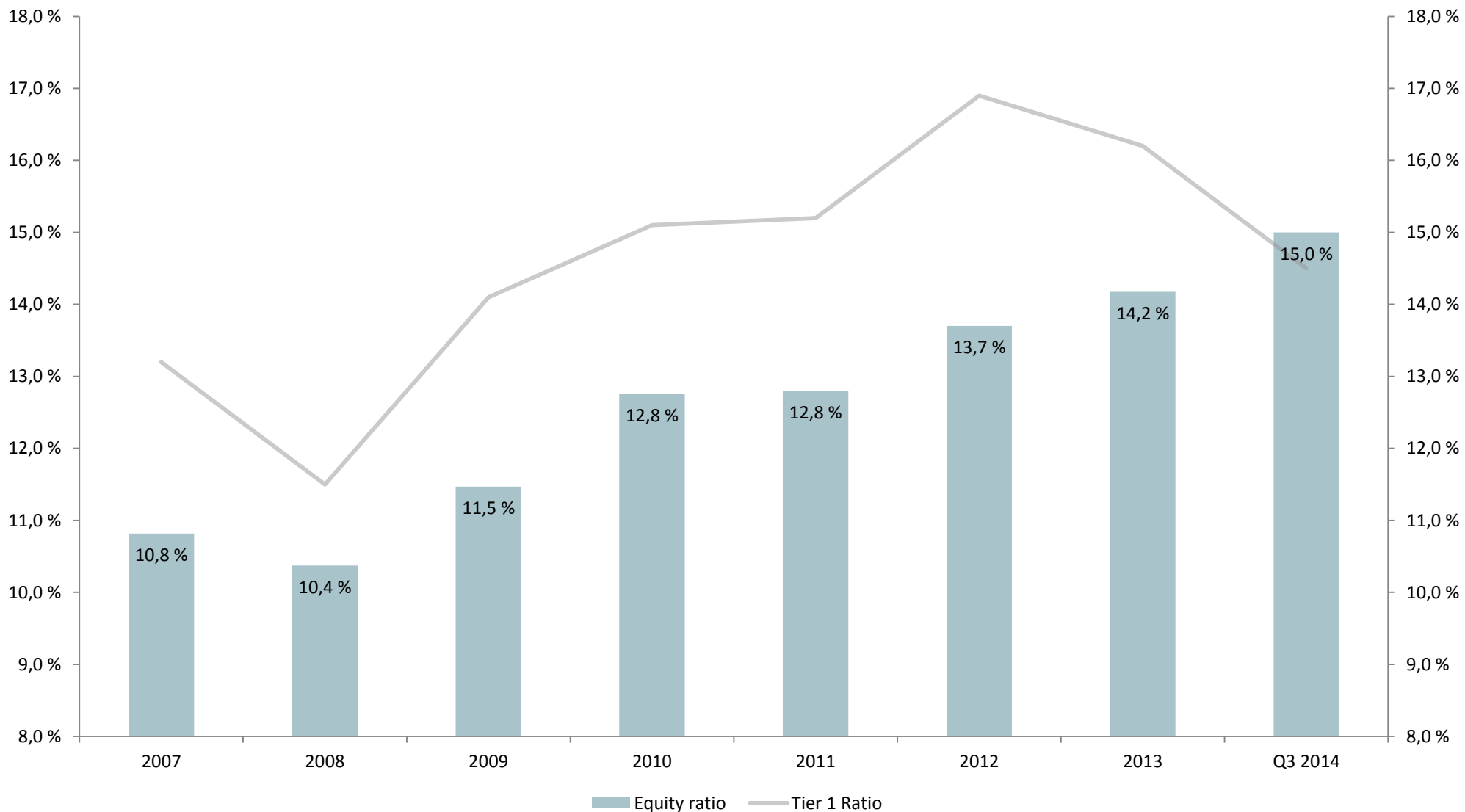
Development in Tier 1 ratio (Group)

Core equity tier 1 ratio parent bank as at 30.09: 21.0 %

As at 1. July 2014 the Government will implement new capital adequacy requirements:
 Core Tier 1: Minimum 10 %
 Capital adequacy ratio: Minimum 13,5 %



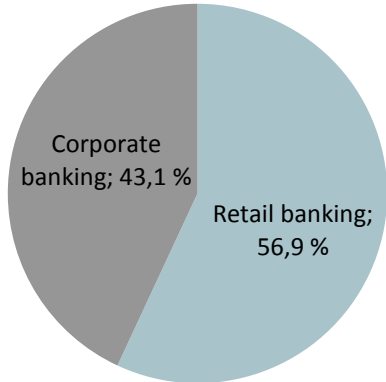
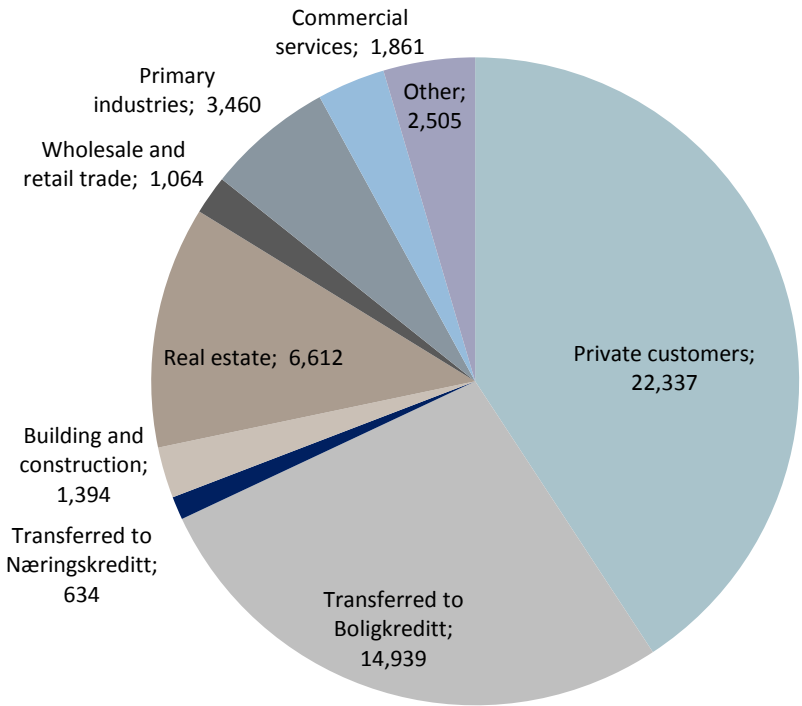
Equity ratio (Group)



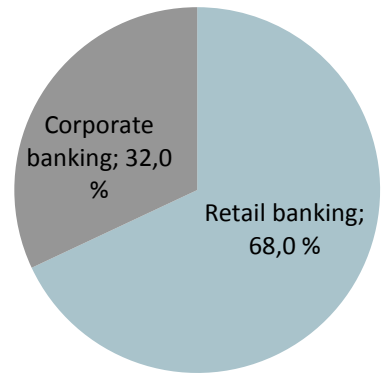
Composition of loans and receivables from customers (Group)

Composition of loans incl. covered bond companies

Composition of loans excl. covered bond companies

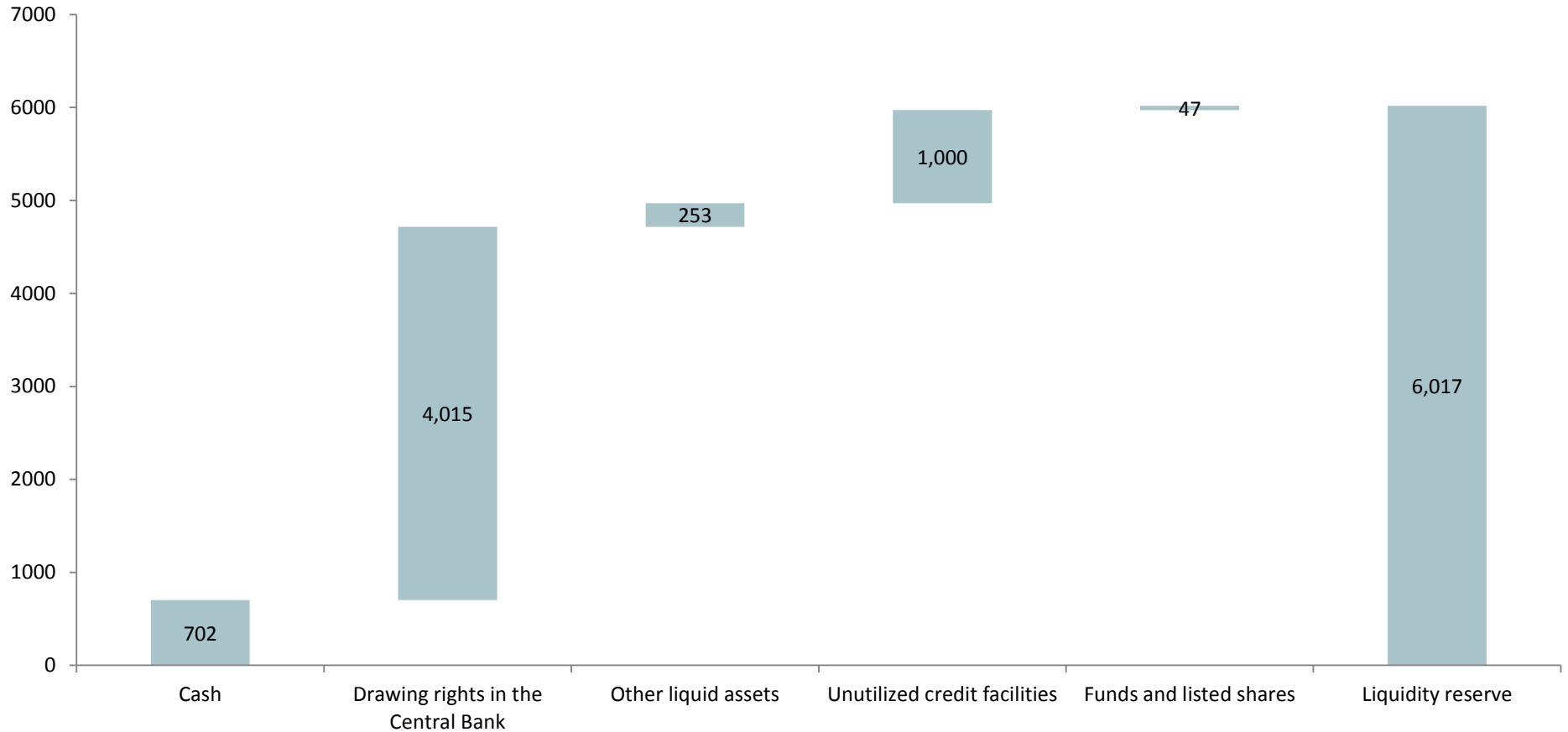


Composition of loans incl. covered bond companies



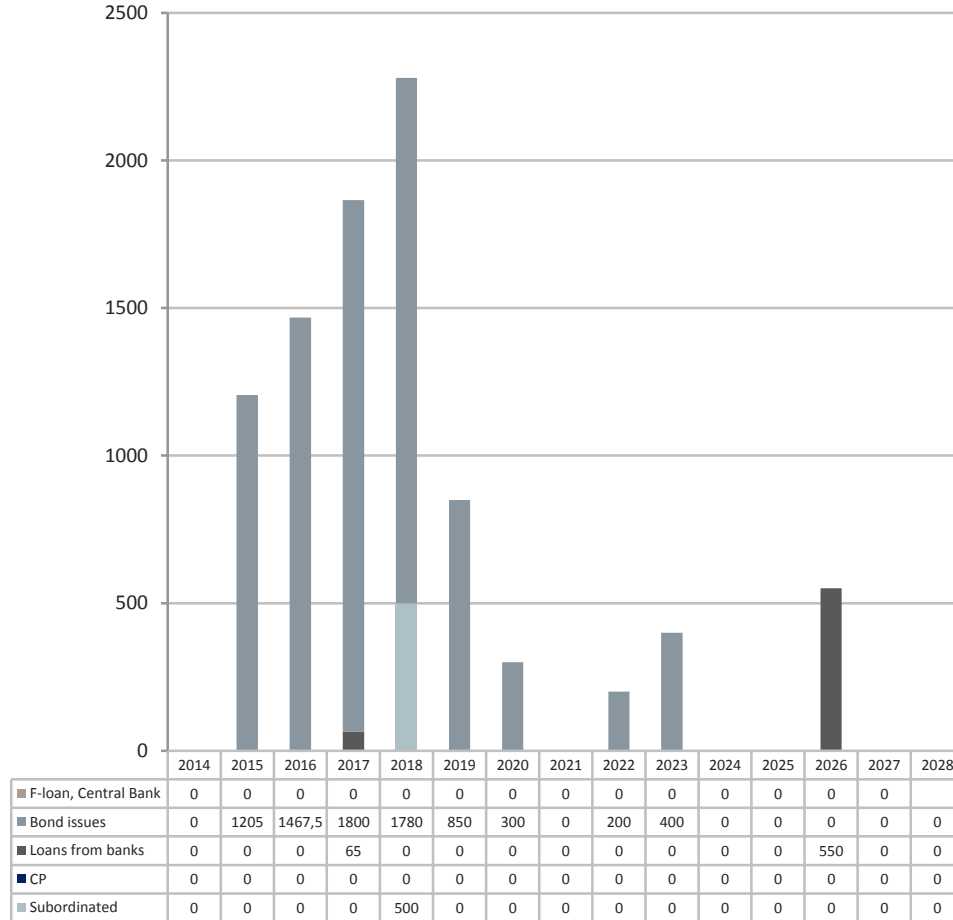
Liquidity reserves

- The figure shows the distribution of the bank's liquidity reserve as at 30.09.2014



Maturities

Annual maturities; total to maturity MNOK 9 118



Funding maturities the next 12 months MNOK 660

