



Half-year report

Half-year report

First half-year 2015



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Main figures

Result summary (NOK mill and % of average assets)	First half-year 2015		First half-year 2014		31.12.14	
	Amount	%	Amount	%	Amount	%
Net interest income	536	2,10 %	499	2,09 %	1 043	1,98 %
Net commissions and other (non-interest) income	337	1,32 %	351	1,47 %	663	1,26 %
Net income from financial investments	203	0,79 %	170	0,71 %	573	1,09 %
Total income	1 076	4,21 %	1 020	4,27 %	2 279	4,34 %
Total operating expenses before losses on loans and guarantees	509	1,99 %	481	2,01 %	981	1,87 %
Profit before losses on loans and guarantees	567	2,22 %	539	2,26 %	1 298	2,47 %
Losses on loans and guarantees	40	0,16 %	33	0,14 %	66	0,13 %
Profit/loss before tax	527	2,06 %	506	2,12 %	1 232	2,34 %
Tax charge	97	0,38 %	83	0,35 %	192	0,37 %
Results for the accounting period	430	1,68 %	424	1,77 %	1 040	1,98 %
Minority interests			2	0,01 %	2	0,00 %
Profitability						
Return on equity capital ¹⁾		11,0 %		12,3 %		14,4 %
Cost-income ratio ²⁾		47,3 %		47,1 %		43,0 %
From the Balance Sheet						
Gross loans to customers	42 091		38 256		39 936	
Gross loans to customers including loans transferred to covered bond companies ³⁾	57 995		53 916		55 930	
Lending growth during the last 12 months		10,0 %		4,0 %		7,4 %
Lending growth in last 12 months including loans transferred to covered bond companies		7,6 %		6,2 %		6,8 %
Deposits from customers	33 205		32 042		31 070	
Deposit-to-loan ratio ⁴⁾		78,9 %		83,8 %		77,8 %
Deposit growth during the last 12 months		3,6 %		4,4 %		3,2 %
Total assets	53 558		50 195		49 934	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,2 %		0,2 %		0,2 %
Commitments in default as a percentage of total commitments		0,8 %		0,8 %		0,8 %
Other bad and doubtful commitments as a percentage of total commitments		0,5 %		0,6 %		0,5 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments ⁵⁾		0,9 %		1,1 %		0,9 %
Financial strength						
Common equity Tier 1 capital ratio		17,0 %		14,0 %		14,8 %
Tier 1 Capital ratio		17,4 %		14,4 %		15,2 %
Capital adequacy ratio		19,0 %		14,4 %		17,1 %
Net subordinated capital	6 924		5 123		6 273	
Equity ratio		15,2 %		14,4 %		15,3 %
Leverage Ratio		8,6 %				8,2 %
LCR ⁶⁾		113,0 %		36,0 %		88,0 %

1) Net profit as a percentage of average equity

2) Total operating expenses as a percentage of total operating income

3) Covered bond companies used are SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

4) Deposit from customers as a percentage of gross loans to customers (excl. loans transferred to covered bond companies)

5) Net defaulted and doubtful commitments equals the sum of commitments in default and doubtful commitments minus individual write-downs

6) Liquidity Coverage Ratio; measure the size of banks' liquid assets in relation to net liquidity output 30 days ahead given a stress

Half-year report First half-year 2015

Summary

The Sparebanken Hedmark Group posted a profit after tax for the first half of 2015 of NOK 430 (424) million (last year's figure in brackets). The return on equity was 11.0 (12.3) per cent. The result from its banking operations was on a par with last year, while the contribution to the result from ownership interests was weaker and the result from financial items better this year than in the same period last year.

The Group's equity was NOK 8.1 (7.2) billion, which is equivalent to 15.2 (14.4) per cent of the unweighted balance sheet. The core equity tier 1 ratio was 17.0 (14.0) per cent.

The Group posted net interest income for the first half of the year of 2.10 (2.09) per cent of average total assets, while operating costs as a percentage of income were 47.3 (47.1) per cent. The twelve-month growth in lending and deposits was 7.6 (6.2) per cent and 3.6 (4.4) per cent, respectively. At the end of the first half of the year, the deposit-to-loan ratio was 78.9 (83.8) per cent.

The parent bank's profit for the half of the year was NOK 465 (297) million after tax.

The Group's profit for the second quarter of 2015 in isolation was NOK 190 (196) million after tax.

Sparebanken Hedmark – group

The Group prepares its financial statements in accordance with the IAS 34 accounting standard.

The Group consists of Sparebanken Hedmark and the consolidated, wholly owned subsidiaries EiendomsMegler 1 Hedmark Eiendom AS, SpareBank 1 Finans Østlandet AS, Vato AS and SpareBank 1 Regnskapshuset Østlandet AS.

The bank owns 40.5 per cent of Bank 1 Oslo Akershus AS, 11 per cent of SpareBank 1 Gruppen AS, 8.7 per cent of SpareBank 1 Kredittkort AS, 9.5 per cent of SpareBank 1 Boligkreditt AS and 3.8 per cent of SpareBank 1 Næringskreditt AS (the mortgage companies). The profit/loss attributable to these companies is recognised in the bank's consolidated financial statements proportionate to the bank's ownership interests.

Specification of the consolidated profit after tax in NOK million:

Parent bank's profit after tax	465	(297)
Dividends received from subsidiaries/ associated companies	-259	(-134)

Share of the result from:

SSpareBank 1 Gruppen AS	72	(85)
Bank 1 Oslo Akershus AS	59	(119)
SpareBank 1 Boligkreditt AS		
and SpareBank 1 Næringskreditt AS	29	(8)
EiendomsMegler 1 Hedmark Eiendom AS	7	(6)
SpareBank 1 Finans Østlandet AS	37	(37)
SpareBank 1 Regnskapshuset Østlandet AS	14	(5)
Other associated companies/joint ventures	6	(1)
Consolidated profit after tax	430	(424)

The Group's return on equity after tax was 11.0 (12.3) per cent for the first half of the year.

Interest and other income

Net interest income for the first half of the year was NOK 536 (499) million. Total net interest income, including commissions from loans transferred to the mortgage and commercial real estate companies (recognised as commissions), amounted to NOK 634 (622) million. This represents an increase of 1.9 (9.3) per cent compared with the first half of 2014.

In February, the bank sold its credit card portfolio of 306 million to the newly established SpareBank 1 Kredittkort AS. The return on the bank's credit card portfolio was previously included in net interest income. After the sale, net interest income from the credit card portfolio is recognised as commissions, based on the same principle applied to loans transferred to the home mortgage company. This change gave a negative impact on the bank's reported net interest margin.

The Group's lending margin for the first half of the year, including transferred loans, was 2.76 (3.03) per cent. The deposit margin was -0.34 (-0.62) per cent. In the first half of the year, the Group's interest margin was 2.42 (2.41) per cent.

Net commissions and other operating income amounted to NOK 337 (351) million in the first half of the year. The non-recurring effect of the sale of the credit card portfolio in 2014 accounted for NOK 25 million of the NOK 46 million decrease in commissions. The commissions from the mortgage and commercial real estate companies were NOK 25 million lower in the first half of the year due to lower

margins. Commissions from insurance and real estate broking together rose by a total of NOK 8 million. The NOK 32 million increase in other operating income was due to a NOK 20 million increase in turnover for the accounting business, sales of companies within the same business that raised NOK 8 million.

Net result from financial assets and liabilities

The net result from financial assets and liabilities was NOK 203 (170) million for the first half of the year. This consisted of profits from ownership interests of NOK 164 (194) million, dividends of NOK 8 (12) million and a gain from other financial items of NOK 31 (-36) million.

The share of the profit from Bank 1 Oslo Akershus AS accounted for NOK 59 (119) million of the net profit from ownership interests. In the first quarter of 2014, Bank 1's result included a write-up of the shares in Nets AS of NOK 122 million. This amounted to NOK 49 million for Sparebanken Hedmark due to the ownership share of 40.5 per cent.

The share of the profit from SpareBank 1 Gruppen AS totalled NOK 72 (85) million.

The net result from other financial assets and liabilities was NOK 31 (-36) million, due primarily to market value fluctuations. Issued securities, fixed-income investments, derivative exposures and fixed-rate products for customers are assessed at fair value through profit and loss pursuant to IAS 39. Changes in market value are recognised in profit and loss. The total net change in the market value of fixed-income securities (borrowing and investments) amounted to NOK 23 (-51) million, while the change in value for fixed-rate products for customers was NOK 1 (4) million. Other items amounted to NOK 8 (11) million.

Costs, losses and problem loans

The Group's operating costs for the first half of the year amounted to NOK 510 (481) million. Higher levels of activity in the subsidiaries contributed to increased costs. The growth in costs for the Group over the last twelve months was 6.0 (5.2) per cent. The equivalent figure for the parent bank was 2.4 per cent, including accrued wealth tax (see note 1). The Group's operating costs as a percentage of total income amounted to 47.5 (47.1) per cent in the first half of the year.

Losses remain low and amounted to NOK 40 (33) million for the first half of the year. Non-performing loans accounted for 0.8 (0.8) per cent of gross commitments on the bank's own balance sheet, while other impaired commitments accounted for 0.4 (0.4) per cent of gross commitments. Overall, the Group's problem loans accounted for 1.2 (1.2) per cent of the bank's gross commitments on its own balance sheet at the end of the first half of the year.

For a detailed specification of the results for the first half of the year, please see page 9 of the interim report.

Assets and funding

Gross lending to customers at the end of the first half of the year, including loans transferred to the mortgage and real estate companies, totalled NOK 58 (53.9) billion. By the end of the first half of the year, loans totalling NOK 15.3 (15.0) billion had been transferred to SpareBank 1 Boligkreditt AS and loans totalling NOK 0.6 (0.7) billion had been transferred to SpareBank 1 Næringskreditt AS. This was equivalent to 27.4 per cent of total lending. Retail customer loans transferred to SpareBank 1 Boligkreditt AS as a percentage of total retail customer loans (loans on a separate balance sheet and transferred loans) was 38.7 per cent. The Group's twelve-month lending growth, including transferred loans, was 7.6 (6.2) per cent.

Deposits from customers at the end of the first half of the year totalled NOK 33.2 (32.0) billion. Growth in deposits over the past twelve months was 3.6 (4.4) per cent.

Deposits represented 78.9 (83.8) per cent of gross lending.

Liabilities to financial institutions and securities issued at the end of the first half of the year totalled NOK 10.8 billion (9.1) billion. The average term to maturity of the bank's long-term funding was 3.9 (4.3) years. The average term to maturity for all borrowing was 3.6 (4.0) years.

Liquidity was good throughout the first half of the year. At the end of the first half of the year, the Bank could operate normally for 17 (18) months without requiring external funding. In the opinion of the Board, the bank's liquidity risk is low.

Capital adequacy and financial strength

The Group's equity at the end of the first half of the year amounted to NOK 8.1 (7.2) billion, which is equivalent to 15.2 (14.4) per cent of the balance sheet. The Group's core equity tier 1 ratio was 17.0 (14.0) per cent. The capital adequacy ratio was 19.0 (14.4) per cent.

The Group's leverage ratio at the end of the quarter was 8.6 per cent.

The bank has reported its capital adequacy in accordance with the new CRD IV regulations since the third quarter of 2014.

In February, the Bank was granted permission by the Financial Supervisory Authority of Norway to use Advanced IRB to calculate capital requirements for its corporate customer portfolio. This means the Bank has permission to use internal models to calculate capital needs based on the individual customer's credit risk. The capital requirements will thus better match the actual risk in the bank's credit portfolio. At the same time, the authorities increased risk weightings for home mortgages, meaning that the overall effect of these two changes was to improve the core equity tier 1 ratio by 0.65 percentage points.

The core equity tier 1 ratio increased from 15.3 per cent in the first quarter to 17.0 per cent in the second quarter of this year. This was primarily due to three factors: First, the result for the first half of the year (less distributed gifts, which totalled NOK 427 million), was recognised in primary capital. Second, net pension liabilities were reduced by NOK 58 million. Third, the total deduction in the core equity tier 1 capital was reduced by NOK 189 million, primarily related to stakes in partially owned companies.

The calculation basis increased by NOK 470 million or 1.3 per cent from the first to the second quarter. The increase was primarily related to increased commitments within the corporate market (NOK 336 million) and households (NOK 106 million).

The combined effect of the higher core equity tier 1 capital and the changed calculation basis was an improvement in the core equity tier 1 ratio of 1.7 percentage points from the first to the second quarter.

Sparebanken Hedmark – Parent Bank

Results and underlying banking operations

Profits after taxes for the first half of the year were NOK 465 (297) million. The main reasons for the improvement were higher dividends from wholly and partially owned companies and a significant improvement in the net result from financial securities. Banking operations, defined as net interest income plus other operating income minus operating costs and losses, achieved a profit of NOK 237 (239) million. The operating result has been adjusted for non-recurring effects.

Interest income and margins

Net interest income for the first half of the year, including loans transferred to the mortgage and commercial real estate companies, amounted to NOK 520 (524) million.

The accumulated interest margin after six months was 2.39 (2.48) per cent. The lending margin was 2.73 (3.10) and the deposit margin was -0.34 (-0.62) points.

The interest margin for the first quarter in isolation was 2.38 per cent and 2.40 per cent for the second quarter. The interest margin for the first half of the year within the retail market was 2.28 (2.36) per cent, and in the corporate market it was 2.61 (2.69) per cent.

The net margin for the portfolio transferred to SpareBank 1 Boligkreditt AS was 1.25 (1.61) percentage points for the first half of the year.

Net commissions and other operating income

Net commissions amounted to NOK 211 (254) million. Of this, commissions on loans transferred to the mortgage and commercial real estate companies accounted for NOK 98 (123) million. The drop in income was primarily attributable to a NOK 25 million reduction in commissions on loans transferred to the mortgage and commercial real estate companies,

Rating

Sparebanken Hedmark is rated A2 by Moody's Investor Service. The rating has a "stable outlook". Moody's has changed the criteria it applies in its new rating methodology in order to assign banks a rating that is one or more grades higher due to the likelihood of government support. Applying the new method, Moody's has reduced Sparebanken Hedmark by one grade because it believes that likelihood of government support is low. According to Moody's method, the banking activity in the county of Hedmark is too small to be of systemic importance. In order to mark it up one notch grade, bank lending in the county must amount to more than 5 per cent of total bank lending in Norway. Sparebanken Hedmark's market share in the county of Hedmark is around 50 per cent for retail customers and 45 per cent for corporate customers.

es, as well as the extraordinary income of NOK 25 million from the sale of the credit card portfolio in 2014. Commissions from insurance sales increased by NOK 4 million.

Net result from financial assets and liabilities

The net income from this area was NOK 298 million (93). Dividends from financial investments were NOK 8 (12) million. Dividends from ownership interests were NOK 259 (117) million. The result from other financial assets and liabilities amounted to NOK 31 (-36) million. Of this, the net change in the market value of investments, fixed-rate loans and funding was NOK 25 million.

Operating costs

Total operating costs were NOK 361 (359) million. Costs increased by 0.6 (4.3) per cent compared with the previous year. In accordance with the interpretation of IAS 37 (see note 1) wealth tax has not been accrued, but will be recognised in the annual financial statements. The wealth tax for 2015 is expected to total NOK 12 million, equivalent to NOK 6 (10) million for the first half of the year. Taking into account the accrual of wealth tax, the growth in costs for the first half of the year was 2.4 per cent compared with last year.

Personnel costs increased by NOK 2 (15) million and IT expenses increased by NOK 2 (5) million. At the end of June, the parent bank had 470 (466) full-time equivalents.

Operating costs represented 39 (48) per cent of total income.

Losses on loans and guarantees

The net loss on lending and guarantees was NOK 28 (27) million for the first half of the year. NOK 3 (3) million of the losses were in the retail market, while NOK 25 (23) million of the losses were in the corporate market. NOK 9 million of the total losses were group-related provisions.

Lending

Gross lending to customers, including loans transferred to the mortgage and commercial real estate companies, totalled NOK 52.7 (49.5) billion as of 30 June 2015. The parent bank's lending growth for the last twelve months, including loans transferred to the mortgage companies, was 6.5 (6.0) per cent.

Growth, including transferred loans, was 7.2 (6.1) per cent in the retail market and 5.1 (5.7) per cent in the corporate market. Lending growth on a separate balance sheet was 10.9 (3.8) per cent in the retail market and 6.0 (3.1) per cent in the corporate market.

The risk profile for the bank's credit policies has not changed in the first half of the year.

Deposits

Deposits from and liabilities to customers as of 30 June 2015 totalled NOK 33.2 (32.1) billion. In the last twelve-month period, deposits increased by 3.7 (4.5) per cent, divided between 8.1 (3.0) per cent in the retail market and -3.6 (6.9) per cent in the corporate market.

Subsidiaries

The financing company SpareBank 1 Finans Østlandet AS posted a profit after tax of NOK 37 (37) million. The financing company's gross loans at the end of the first half of the year totalled NOK 5.3 (4.5) billion. Gross lending growth over the past twelve months was 18.2 (10.8) per cent.

SpareBank 1 Regnskapshuset Østlandet AS posted revenues of NOK 101 (72) million for the first half of the year and achieved a profit after tax of NOK 17 (5) million. Of this, NOK 8 million were profits from the sale of the business operations in Rogaland.

The real estate brokerage EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 40 (36) million and achieved a profit after tax of NOK 7 (6) million.

Partly-owned companies

SpareBank 1 Gruppen AS (11 per cent stake) posted consolidated profits after taxes of NOK 653 (785) million for the first half of the year. The return on equity was 17.6 (16.7) per cent.

In the same period, Bank 1 Oslo Akershus AS (40.5 per cent stake) posted profit after taxes of NOK 145 (294) million. This corresponded to a return on equity of 9.7 (21.7) per cent. The reduction in earnings is primarily attributable to the revaluation of shares in Nets Holding AS in 2014, as well as a reduction in net interest income and lower commissions from SpareBank 1 Boligkreditt AS. At the end of the first half of the year, the bank's gross lending totalled NOK 46.2 (41.1) billion, including loans transferred to SpareBank 1 Boligkreditt AS. Lending growth over the past twelve months was 12.3 (5) per cent. The core equity tier 1 ratio was 13.8 (11.5) per cent at the end of the first half of the year.

Financial strength

The core equity tier 1 ratio was 24.1 (18.9) per cent at the end of the first half of the year.

The bank's equity of NOK 7.3 (6.6) billion consists entirely of retained earnings and represented 13.9 (13.3) per cent of the balance sheet.

Outlook for the rest of the year

Somewhat weaker economic growth is expected in the second half of the year. Sparebanken Hedmark's primary market consists of the counties of Hedmark and Oppland. This region has traditionally been less exposed to cyclical fluctuations than other regions. However, international developments may affect the situation in Norway and thus the local region of Sparebanken Hedmark. The bank is well prepared for any setback with good funding, a high deposit coverage ratio, stable earnings and a high level of equity.

The Board of Directors of Sparebanken Hedmark

Hamar, 12 August 2015

Siri J. Strømmevold
Board Chair

Bjørnar Håkensmoen

Erik Garaas

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Morten Herud

Richard Heiberg
CEO

Statement of the Board of Directors and CEO

We confirm that the half-year financial statements for the period 1 January to 30 June 2015, to the best of our knowledge, have been prepared in accordance with IAS 34 Interim Financial Reporting, and that the disclosures in the interim report provide a true and fair view of the Parent

Bank and the Group's assets, liabilities, financial positions and results as a whole, and give a fair summary of the information mentioned in section 5–6 of the Securities Trading Act.

The Board of Directors of Sparebanken Hedmark

Hamar, 12 August 2015

Siri J. Strømmevold
Board Chair

Bjørnar Håkensmoen

Erik Garaas

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Morten Herud

Richard Heiberg
CEO

Income statement

Parent Bank			(NOK million)	Notes	Group		
31.12.14	30.06.14	30.06.15			30.06.15	30.06.14	31.12.14
1 894	939	879	Interest income		993	1 038	2 101
1 059	538	457	Interest expenses		457	539	1 058
835	401	422	Net interest income		536	499	1 043
497	263	214	Commission income		253	299	575
31	15	13	Commission expenses		25	24	50
16	5	10	Other operating income		109	77	138
482	254	211	Net commission and other income		337	351	663
13	12	8	Dividends		8	12	13
117	117	259	Net profit from ownership interests		164	194	394
166	-36	31	Net profit from other financial assets and liabilities		31	-36	166
296	93	298	Net income from financial assets and liabilities		203	170	573
1 613	748	930	Total net income		1 076	1 020	2 279
374	186	188	Personnel expenses		290	265	543
353	173	174	Other operating expenses		219	216	438
726	359	361	Total operating expenses before losses on loans and guarantees		509	481	981
886	389	569	Profit before losses on loans and guarantees		567	539	1 298
52	27	28	Losses on loans and guarantees	6	40	33	66
835	362	541	Profit/loss before tax		527	506	1 232
159	65	75	Tax charge		97	83	192
676	297	465	Results for the accounting period		430	424	1 040
			Majority interests		430	422	1 038
			Minority interests			2	2
676	297	465	Statement of comprehensive income according to IAS 1		430	424	1 040
-51	-33	40	Change in value of financial assets available for sale		79	-42	-81
14	9	-11	Tax effect of actuarial gains / losses on pensions		-21	11	20
			Share of other comprehensive income from associates and joint ventures		1		10
-37	-24	29	Total items not reclassified through profit or loss		59	-30	-51
142	116	27	Change in value of financial assets available for sale		27	115	144
			Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value			4	
-158			Financial assets available for sale transferred to profit and loss on realisation				-158
			Share of other comprehensive income from associates and joint ventures				
-16	115	27	Total items reclassified through profit or loss		27	120	-14
-53	91	56	Total profit and loss items recognised in equity		86	90	-65
623	388	521	Total profit / loss for the accounting period		516	513	975
			Majority share of comprehensive income		516	511	973
			Minority interest of comprehensive income			2	2

Balance Sheet

Parent Bank			(NOK million)	Notes	Group		
31.12.14	30.06.14	30.06.15			30.06.15	30.06.14	31.12.14
ASSETS							
748	1 504	626	Cash and deposits with central banks		626	1 504	748
4 856	4 541	5 710	Loans to and receivables from credit institutions		1 205	629	675
34 923	33 608	36 626	Loans to and receivables from customers	5,6	41 826	38 004	39 691
4 017	5 217	5 177	Certificates, bonds and fixed-income funds		5 177	5 218	4 017
531	361	394	Financial derivatives	7	394	361	531
239	483	289	Shares, units and other equity interests		289	483	239
2 323	2 289	2 304	Investments in associates and joint ventures		3 073	2 851	3 073
668	585	847	Investments in subsidiaries				
			Assets held for sale			1	
315	280	314	Property, plant and equipment		340	302	336
110	114	107	Goodwill and other intangible assets		211	189	185
72	90	65	Deferred tax asset		14	77	33
260	417	226	Other assets	10	404	577	406
49 061	49 489	52 685	Total assets		53 558	50 195	49 934
LIABILITIES							
667	698	661	Deposits from and liabilities to credit institutions		660	697	665
31 085	32 053	33 240	Deposits from and liabilities to customers	11	33 205	32 042	31 070
8 951	8 443	10 133	Liabilities arising from issuance of securities	12	10 133	8 443	8 951
330	207	227	Financial derivatives	7	227	207	330
146	75	70	Current tax liabilities		90	102	150
581	931	544	Other debt and liabilities recognised in the balance sheet	13	608	988	639
505	508	507	Subordinated loan capital	12	507	508	505
42 265	42 915	45 382	Total liabilities		45 430	42 987	42 310
EQUITY CAPITAL							
6 645	5 983	6 669	Primary capital		6 668	5 983	6 645
42	54	34	Endowment fund		34	54	42
109	240	135	Fund for unrealised gains		137	240	110
			Other equity		859	491	827
	297	465	Results for the accounting year		430	423	
			Minority interests			17	
6 796	6 574	7 303	Total equity capital		8 128	7 208	7 624
49 061	49 489	52 685	Total liabilities and equity capital		53 558	50 195	49 934

Changes in equity capital

Parent Bank

(NOK million)	Earned equity capital			Total equity capital
	Primary capital	Endowment fund	Fund for un-realised gains	
Equity at 1 January 2014	6 013	71	125	6 209
Results for the accounting year	297			297
Actuarial gains / losses on pensions	-24			-24
Change in value of financial assets available for sale			115	115
Donations distributed from profit 2013	-6			-6
Grants from endowment fund in 2014		-17		-17
Equity at 30 June 2014	6 280	54	240	6 574
Equity capital at 1 January 2014	6 013	71	125	6 209
Results for the accounting year	676			676
Actuarial gains / losses on pensions	-38			-38
Change in value of financial assets available for sale			-16	-16
Donations distributed from profit 2013	-6			-6
Grants from endowment fund in 2014		-29		-29
Equity capital at 31 December 2014	6 645	42	109	6 796
Equity capital at 1 January 2015	6 645	42	109	6 796
Results for the accounting year	465			465
Actuarial gains / losses on pensions	29			29
Change in value of financial assets available for sale			27	27
Donations distributed from profit 2014	-6			-6
Grants from endowment fund in 2015		-8		-8
Equity capital at 30 June 2015	7 134	34	135	7 303

Group

(NOK million)	Earned equity capital					Total equity capital
	Primary capital	Endowment fund	Fund for un-realised gains	Other equity	Minority interests	
Equity at 1 January 2014	6 013	71	126	494	14	6 718
Results for the accounting year	297			126	0	423
Actuarial gains / losses on pensions	-24			-6		-30
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss				4		4
Change in value of financial assets available for sale			115			115
Adjustment to equity from associated companies and joint ventures						0
Change in the group composition				-1	2	1
Donations distributed from profit 2013	-6					-6
Grants from endowment fund in 2014		-17				-17
Equity at 30 June 2014	6 280	54	241	617	16	7 208
Equity capital at 1 January 2014	6 013	71	126	494	14	6 718
Results for the accounting year	676			364		1 040
Actuarial gains / losses on pensions	-38			-23		-61
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss				10		10
Change in value of financial assets available for sale			-16	1		-14
Adjustment to equity from associated companies and joint ventures				-4		-4
Change in the group composition				-15	-14	-29
Donations distributed from profit 2013	-6					-6
Grants from endowment fund in 2014		-29				-29
Equity capital at 31 December 2014	6 645	42	110	827	0	7 624
Equity capital at 1 January 2015	6 645	42	110	827	0	7 624
OB correction: Correction of previous years' errors				12		12
Adjusted equity capital at 1 January 2015	6 645	42	110	839	0	7 636
Results for the accounting year	465			-35		430
Actuarial gains / losses on pensions	29			29		58
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss				1		1
Change in value of financial assets available for sale			27			27
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss						-
Adjusted equity in associated companies and joint ventures				-8		-8
Change in the group composition				-3		-3
Donations distributed from profit 2014	-6					-6
Grants from endowment fund in 2015		-8				-8
Equity capital at 30 June 2015	7 134	34	137	823	0	8 128

Cash flow statement

Parent Bank			(NOK million)	Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
11 012	4 737	5 851	This year's down payment on repayment loans etc. to customers	7 007	5 628	12 905
			Change in advance rent leasing	5	11	19
-10 394	-4 985	-6 975	Newly discounted repayment loans etc. to customers for the year	-8 579	-6 187	-12 979
-118	-64	111	Change in balances of foreign currency lending	111	-64	-118
-2 883	-728	-722	Change in balances of credits	-722	-728	-2 883
1 541	764	716	Interest and commission income on lending	875	919	1 848
5	4	1	Included in previous years' realised losses on lending	2	5	9
			Net cash flow from assets held for sale			1
-837	-271	-1 018	Cash flow from lending operations (A)	-1 301	-416	-1 198
715	1 465	1 950	Change in balances of deposits from customers at call	1 933	1 468	714
			Change in balances of deposits from customers with agreed maturity dates	-32	212	279
279	212	-32				
-766	-99	-79	Interest payments to customers	-78	-97	-763
228	1 579	1 839	Cash flow from deposit operations (B)	1 823	1 583	231
914	-284	-1 191	Net cash flow from securities held short term	-1 191	-284	914
			Cash flow linked to exchange rate gains / losses on securities held short term	-39	49	122
122	49	-39				
97	36	30	Interest received on bonds and certificates	30	36	97
1 134	-198	-1 200	Cash flow from investments in securities (C)	-1 200	-198	1 134
-592	-1 469	-879	Change in receivables from credit institutions with agreed maturity dates	-555	-1 111	33
116	57	58	Interest received on deposits in credit institutions	58	57	116
-476	-1 412	-821	Cash flow from deposits in credit institutions (D)	-497	-1 054	149
619	315	279	Other income	411	423	821
-696	-383	-419	Operating expenses payable	-583	-516	-979
-146	-154	-134	Tax payments	-137	-155	-159
-35	-23	-15	Donations	-15	-23	-35
		-40	Contributions from the Group			
68	102	26	Net cash flow from change in other assets	-5	-26	-37
248	87	44	Net cash flow from change in accruals	-5	35	147
14	421	6	Net cash flow from change in other liabilities	-24	294	-121
72	366	-253	Remaining cash flow from current operations (E)	-358	31	-361
121	64	-1 453	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	-1 533	-54	-46
17	33	3	Change in deposits from credit institutions	4	51	33
2 053	1 650	1 901	Receipts arising from issuance of securities	1 901	1 650	2 053
-1 388	-1 388	-313	Payments arising from redemption of securities issued	-313	-1 388	-1 388
-262	-277	-256	Buy-back of own securities	-256	-277	-262
-225	-97	-127	Interest payments on financing	-127	-97	-225
195	-78	1 208	Cash flow from financing activities (G)	1 209	-60	211
-77	-27	-15	Investments in fixed assets and intangible assets	-24	-30	-83
1			Sales of fixed assets and intangible assets at sales price			1
-222	-186	-5	Purchase of long-term securities	-5	-186	-222
280	10	1	Sale of long-term securities	1	10	280
147	146	267	Share dividends from securities held long term	187	84	85
130	-57	248	Cash flow from investments (H)	159	-122	61
-27			Liquidity effect of acquisition and sale of ownership interests (I)	18	-16	-43
-235	-178	-150	Liquidity effect from placements in subsidiaries (L)		2	
184	-250	-147	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I+L)	-147	-250	184
599	599	783	Cash and cash equivalents at 1 January	783	599	599
783	349	636	Cash and cash equivalents at the end of period	636	349	783
			Cash and cash equivalents comprise:			
748	334	626	Cash and deposits with central banks	626	334	748
35	14	10	Deposits etc. at call with banks	10	14	35
783	349	636	Cash and cash equivalents at the end of period	636	349	783

Result from the Quarterly Accounts

(Isolated figures in NOK million)

Group	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Interest income	492	501	527	536	526	512	531	535	520
Interest expenses	221	236	255	264	267	272	269	269	268
Net interest income	271	265	272	272	259	240	262	266	252
Commission income	130	123	116	117	121	142	112	116	99
Commission expenses	12	13	12	13	12	12	12	12	10
Other operating income	48	61	54	51	57	56	46	49	48
Net commission and other income	166	171	158	155	165	186	146	153	137
Dividends	1	7	1	1		12	3		18
Net profit from ownership interests	76	88	97	103	80	114	120	98	53
Net profit from other financial assets and liabilities	5	26	29	173	-3	-33	-3	-19	26
Net income from financial assets and liabilities	82	121	126	277	77	93	120	79	97
Total net income	519	557	556	703	501	519	528	498	486
Personnel expenses	143	147	146	132	129	136	124	122	115
Other operating expenses	108	111	118	104	110	106	111	101	112
Total operating expenses before losses on loans and guarantees	251	258	263	236	239	242	235	223	227
Profit before losses on loans and guarantees	268	299	293	466	262	277	293	275	259
Losses on loans and guarantees	35	5	24	9	21	12	43	4	22
Profit/loss before tax	233	294	269	457	241	265	250	271	237
Tax charge	43	54	56	54	45	38	38	49	51
Results for the accounting period	190	240	214	403	197	227	212	222	186
Profitability									
Return on equity capital ¹⁾	9,5 %	12,5 %	11,3 %	21,8 %	11,1 %	13,4 %	13,2 %	13,7 %	11,9 %
Net interest income ²⁾	2,08 %	2,13 %	2,17 %	2,16 %	2,14 %	2,07 %	2,23 %	2,29 %	2,23 %
Cost-income ratio ³⁾	48,4 %	46,3 %	47,3 %	33,6 %	47,7 %	46,6 %	44,5 %	44,8 %	46,7 %
From the balance sheet									
Gross loans to customers	42 091	40 484	39 936	39 233	38 256	36 885	37 180	37 261	36 772
Gross loans to customers including loans transferred to covered bond companies ⁴⁾	57 995	56 619	55 930	54 806	53 916	52 579	52 361	51 583	50 761
Lending growth during the last 12 months	10,0 %	9,8 %	7,4 %	5,3 %	4,0 %	3,7 %	4,9 %	7,1 %	6,5 %
Lending growth in last 12 months including loans transferred to covered bond companies	7,6 %	7,7 %	6,8 %	6,2 %	6,2 %	7,3 %	8,9 %	10,3 %	10,9 %
Deposits from customers	33 205	31 054	31 070	31 575	32 043	29 948	30 097	29 707	30 677
Deposit-to-loan ratio ⁵⁾	78,9 %	76,7 %	77,8 %	80,5 %	83,8 %	81,2 %	80,9 %	79,7 %	83,4 %
Deposit growth during the last 12 months	3,6 %	3,7 %	3,2 %	6,3 %	4,4 %	2,7 %	7,0 %	7,6 %	10,5 %
Total assets	53 558	51 101	49 934	49 751	50 195	46 869	47 397	45 956	46 290
Losses and commitments in default									
Losses on loans as a percentage of gross loans	0,3 %	0,1 %	0,2 %	0,1 %	0,2 %	0,1 %	0,5 %	0,0 %	0,2 %
Commitments in default as a percentage of total commitments	0,8 %	0,7 %	0,8 %	0,8 %	0,8 %	0,7 %	0,8 %	1,2 %	1,2 %
Other bad and doubtful commitments as a percentage of total commitments	0,5 %	0,5 %	0,5 %	0,5 %	0,6 %	0,7 %	0,6 %	0,7 %	0,9 %
Net defaulted and doubtful commitments as a percentage of total commitments	0,9 %	0,8 %	0,9 %	0,9 %	1,1 %	1,1 %	1,1 %	1,4 %	1,2 %
Financial strength									
Common equity Tier 1 capital ratio	17,0 %	15,3 %	14,8 %	14,5 %	14,0 %	15,1 %	16,2 %	15,1 %	14,5 %
Tier 1 Capital ratio	17,4 %	15,8 %	15,2 %	16,3 %	14,4 %	15,5 %	16,4 %	15,3 %	14,7 %
Capital adequacy ratio	19,0 %	17,6 %	17,1 %	16,3 %	14,4 %	15,5 %	16,4 %	15,3 %	14,7 %
Net subordinated capital	6 924	6 318	6 273	5 992	5 123	5 076	5 083	4 820	4 698

1) Net profit for the period as a percentage of average equity

2) Net interest income for the period as a percentage of average total assets

3) Total operating expenses for the period as a percentage of total operating income

4) Covered bond companies used are SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

5) Deposit from customers as a percentage of gross loans to customers (excl. Loans transferred to covered bond companies)

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The financial statements for Sparebanken Hedmark comprise the period 01.01-30.06.2015 and are unaudited. The financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, currently valid IFRS standards and IFRIC interpretations. The consolidated financial statements have been prepared according to IFRS rules and regulations since 1 January 2007.

The reporting currency is Norwegian kroner (NOK), which is also the functional currency of all of the Group's units. All figures are stated in millions of NOK unless otherwise stated.

The financial statements in this interim report have been prepared using the same principles and calculation methods as used in the most recent annual financial statements.

The interim financial statements do not contain all of the information required for complete annual financial statements, and should be read in conjunction with the annual financial statements for 2014. Further, the Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, except:

IAS 37, interpretation: IFRIC 21

Taxes and levies that are not based on the tax-related result are recognised according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21, which is an interpretation of IAS 37, clarifies how a levy imposed by public authorities, which is not a tax pursuant to IAS 12 Income Taxes, should be recognised. IFRIC can, in some circumstances, change the timing of when a liability is recognised, especially when such taxes are imposed due to a given condition on a specific date. For example, in the Bank's financial

statements, this means that wealth tax should first be recognised in its entirety in annual financial statements and not in interim financial statements.

The wealth tax is recognized with an amount of 9.5 million NOK in other operating expenses in the income statement for the first half-year of 2014.

After the introduction of the standards, there has been a discussion as to whether the fee for the year to Norwegian Banks Guarantee Fund shall be recognised in its entirety for the first quarter of 2015. The fee to the Norwegian Banks Guarantee Fund is normally charged on the basis of the average guaranteed deposits and the average calculation base for previous quarters. It has not been regulated whether a withdrawal from the scheme will entail repayment of excess taxes paid. The general practice has been a pro rata charge at the time of registration. This practice and the consideration given to repayment suggest a pro rata charge at the time of withdrawal as well. The Ministry of Finance will make an individual decision about this. This has an important effect on when the fee shall be recognised in the financial statements. Sparebanken Hedmark has chosen to continue the former practice of accruing the fee monthly, and the cost amounted to NOK 11 million in the 2nd quarter of 2015. If the fee to the Norwegian Banks Guarantee Fund had been recognised in its entirety in the 1st quarter, the interest expenses would have increased by NOK 11.5 million.

1.2 Critical accounting estimates and judgements

The preparation of the consolidated accounts requires management estimates, judgements and assumptions that affect the application of accounting principles. This will affect the reported amounts of assets, liabilities, income and costs. The annual financial statements for 2014 provide a detailed account of critical estimates and judgements in relation to the application of accounting policies in note 3.

Note 2 Changes in the group composition

2015

In the second quarter, SpareBank 1 Markets AS has been reclassified for the purposes of accounting from an associated company to shares available for sale. The stake in the company is now 6.1 per cent.

2014

In the first quarter, Sparebanken Hedmark sold its shares in SpareBank 1 Verdipapirservise AS (8.90 per cent) and SpareBank 1 Kundesenter AS (9.70 per cent) to Alliansesamarbeidet SpareBank 1 DA. The companies are still owned indirectly by Sparebanken Hedmark through the Alliance (11.30 per cent).

Sparebanken Hedmark increased its stake in SpareBank 1 Markets AS

from 14.70 to 16.64 per cent in the second quarter. In the third quarter, its stake in SpareBank 1 Markets AS was increased to 16.80 per cent. There has been an ongoing restructuring process in the company in the last year.

In the fourth quarter, Sparebanken Hedmark acquired SpareBank 1 SMN's 40 per cent stake in SpareBank 1 Regnskapshuset Østlandet AS. Sparebanken Hedmark now owns 100 per cent of the shares in the company.

The Bank previously owned a majority share in the accounting chain with a 60 per cent stake. The changed ownership interest entailed no changes in the treatment of the company in the financial statements and it is incorporated into the consolidated financial statements as before.

Note 3 Segment information

This segment information is linked to the way the Group is run and followed up internally in the entity through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas:

- Retail banking, corporate banking, property, financing, accounting and other activities.
- Property brokerage, leasing, financing and accounting are organised as independent companies.
- The result of the elimination of companies appears with other activities in a separate column.

Group	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other	Total
30.06.15							
Income statement							
Net interest income	230	191	115		-1	1	536
-of which internal items			-44		-1	45	
Net commission and other income	167	38	-12	40	101	3	337
-of which internal items			-1			1	
Net return on financial investments						203	203
Operating expenses*	262	102	40	30	81	-6	509
Profit before losses by segment:	135	127	63	10	19	213	567
Losses on loans and guarantees	3	25	12				40
Profit / loss per segment	132	102	51	10	19	213	527
Tax charge			14	3	5	75	97
Profit / loss after tax charge per segment	132	102	37	7	14	138	430

	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other	Total
Balance sheet							
Gross lending to customers	21 231	14 966	5 267			626	42 090
- of which internal items					-26	26	
Individual loan write-downs	-35	-90	-13				-138
Collective loan write-downs	-29	-81	-16				-126
Other assets	101		73	38	151	11 369	11 732
Total assets per segment	21 268	14 795	5 311	38	151	11 995	53 558
Deposits from and liabilities to customers	21 140	11 539				526	33 205
- of which internal items							
Other liabilities and equity	128	3 256	5 311	38	151	11 469	20 353
Total equity and liabilities per segment	21 268	14 795	5 311	38	151	11 995	53 558

Group	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other	Total
30.06.14							
Income statement							
Net interest income	197	177	100		-1	27	499
- of which internal items			-42		-1	43	
Net commission and other income	224	41	-10	36	72	-11	351
- of which internal items			-1			1	
Net return on financial investments						170	170
Operating expenses*	253	100	34	27	64	3	481
Profit before losses by segment:	167	117	56	9	7	183	539
Losses on loans and guarantees	3	23	6				33
Profit / loss per segment	164	94	50	9	7	183	506
Tax charge			14	2	2	65	83
Profit / loss after tax charge per segment	164	94	36	7	5	117	424

	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other	Total
Balance sheet							
Lending to customers	19 070	14 125	4 451			610	38 256
- of which internal items					-38	38	
Individual loan write-downs	-42	-87	-6				-135
Collective loan write-downs	-27	-76	-14				-117
Other assets	167	2	96	35	111	11 780	12 190
Total assets per segment	19 169	13 964	4 527	35	111	12 390	50 195
Deposits from and liabilities to customers	19 796	11 974				272	32 042
- of which internal items							
Other liabilities and equity	-627	1 990	4 527	35	111	12 118	18 153
Total equity and liabilities per segment	19 169	13 964	4 527	35	111	12 390	50 195

Group	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other	Total
31.12.14							
Income statement							
Net interest income	420	368	210		-3	48	1 043
- of which internal items			-84		-3	87	
Net commission and other income	422	82	-20	79	126	-26	663
- of which internal items			-1			1	
Net return on financial investments						573	573
Operating expenses*	511	205	75	67	118	5	981
Profit before losses by segment:	563	245	115	12	5	590	1 298
Losses on loans and guarantees	15	37	14			-	66
Profit / loss per segment	548	208	101	12	5	590	1 232
Tax charge			28	4	1	159	192
Profit / loss after tax charge per segment	548	208	73	8	4	431	1 040

	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other	Total
Balance sheet							
Gross lending to customers	20 037	14 474	4 827			598	39 936
- of which internal items					39	-39	
Individual loan write-downs	-35	-85	-9				-129
Collective loan write-downs	-33	-68	-15				-116
Other assets	118	1	60	26	108	9 931	10 243
Total assets per segment	20 087	14 321	4 863	26	108	10 529	49 934
Deposits from and liabilities to customers	19 727	10 897				446	31 070
- of which internal items			-2	-4	-9	15	
Other liabilities and equity	360	3 424	4 863	26	108	10 083	18 864
Total equity and liabilities per segment	20 087	14 321	4 863	26	108	10 529	49 934

*) Operating expenses in Retail and Corporate contains directly attributable payroll and administration cost and its share of indirect costs

Note 4 Capital adequacy

Parent Bank				Group		
Basel III	Basel II	Basel III		Basel III	Basel II	Basel III
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
6 645	5 983	6 669	Primary capital	6 668	5 983	6 645
42	54	34	Endowment fund	34	54	42
109	240	135	Revaluation fund / equalisation reserve	137	240	110
	297	465	Results for the accounting period	430	423	
			Other equity	859	491	827
			Minority interests		17	
6 796	6 574	7 303	Total equity carried	8 128	7 208	7 624
			Tier 1 capital			
			Results for the accounting year not included		-28	
-110	-204	-107	Deferred tax (Basel II), goodwill and other intangible assets	-223	-280	-197
-109	-240		Unrealised value change due to reduced / increased value of liabilities (Basel II/transitional adj.)		-240	-110
-230	-139	-184	Positive value of expected losses under the IRB approach	-229	-166	-271
	-818		Deduction for subordinated capital in other financial institutions (Basel II)		-75	
			Capital adequacy reserve (Basel II)		-1439	
-109		-219	CET1 instruments of financial sector entities where the institution does not have a significant investment			
			CET1 instruments of financial sector entities where the institution does have a significant investment	-1477		-1 602
			Cumulative gains and losses due to changes in own credit risk on fair valued liabilities			
-7		-9	Value adjustments due to the requirements for prudent valuation	-11		-10
-229		-174	Excess of deduction from AT1 items over AT1 Capital			
6 003	5 173	6 610	Total common equity Tier 1 capital	6 188	4 981	5 434
			Additional Tier 1 capital			
			Hybrid capital	162	142	162
-229		-174	AT1 instruments of financial sector entities where the institution does not have a significant investment			
			AT1 instruments of financial sector entities where the institution does have a significant investment	-2		-2
			Excess of deduction from T2 items over AT1 Capital			
229		174	Excess of deduction from AT1 items over AT1 Capital			
0	0	0	Total additional Tier 1 capital	160	142	160
			Supplementary capital in excess of core capital			
39	108		36 per cent (45 per cent under Basel II) of unrealised gain on shares classified as available for sale		107	40
500	500	500	Non-perpetual additional T1 capital	784	703	783
	-139		Deduction for expected losses on IRB, net of write-downs (Basel II)		-166	
	-469		Deduction for subordinated capital in other financial institutions (Basel II)		-75	
			Capital adequacy reserve (Basel II)		-569	
-297		-240	T2 instruments of financial sector entities where the institution does not have a significant investment			
			T2 instruments of financial sector entities where the institution does have a significant investment	-208		-144
			Excess of deduction from T2 items over AT1 Capital			
242	0	260	Total supplementary capital	576	0	679
6 245	5 173	6 870	Net subordinated capital	6 924	5 123	6 273
4 323		3 307	Corporates - SME*)	3 704		4 791
6 953	6 611	6 299	Corporates - Specialised Lending*)	8 611	8 730	9 019
675	5 453	769	Corporates - Other*)	875	6 196	855
682	769	814	SME exposure	852	815	723
5 683	5 259	6 355	Retail mortgage exposure	8 631	7 174	7 738
591	570	667	Other retail exposure	758	629	669
	2 096		Equity investments		1 913	
18 907	20 758	18 211	Risk-weighted assets credit risk IRB	23 431	25 457	23 795
6 513	5 991	7 001	Exposures calculated using the standardised approach	9 476	9 088	9 534
			Market risk		151	
292		220	CVA	254		338
1 923	1 923	1 989	Operational risk	3 269	3 038	3 038
	-1 288		Deductions		-2 171	
27 635	27 384	27 421	Risk-weighted assets	36 430	35 564	36 705
2 211	2 191	2 194	Capital requirements (8%)	2 914	2 845	2 936
			Buffer requirements			
691	685	686	Conservation buffer (2,5%)	911	889	918
276	274	274	Countercyclical capital buffer (1%)	364	356	367
829	822	823	Systemetic risk buffer (3%)	1 093	1 067	1 101
1 520	1 780	1 782	Total buffer requirements for common equity (6,5%)	2 368	2 312	2 019
3 239	2 161	3 593	Available common equity (net minimum requirement of 11%)	2 181	1 069	1 764
			Capital adequacy ratio			
21,7 %	18,9 %	24,1 %	Common equity Tier 1 capital ratio	17,0 %	14,0 %	14,8 %
21,7 %	18,9 %	24,1 %	Tier 1 Capital ratio	17,4 %	14,4 %	15,2 %
22,6 %	18,9 %	25,1 %	Capital adequacy ratio	19,0 %	14,4 %	17,1 %

* AIRB from 1 Jan. 2015

Note 5 Loans to and receivables from customers

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
			Loans by type of receivable			
			Financial leasing	2 315	1 952	2 114
10 868	8 670	11 861	Overdraft facilities and operating credits	11 861	8 670	10 868
1 450	1 493	1 182	Building loans	1 169	1 493	1 450
22 738	23 584	23 736	Repayment loans	26 652	26 039	25 406
88	92	84	Accrued interest	94	102	98
35 144	33 839	36 862	Gross loans to and receivables from customers	42 091	38 256	39 936
221	232	236	Write-downs	265	252	245
34 923	33 608	36 626	Loans to and receivables from customers	41 826	38 004	39 691
			Loans by type of market			
20 496	19 803	21 764	Private customers	24 225	21 922	22 797
14 642	14 033	15 094	Corporate	17 685	16 174	16 958
6	4	3	Public sector	180	161	181
35 144	33 839	36 862	Gross loans to and receivables from customers	42 091	38 256	39 936
221	232	236	Write-downs	265	252	245
34 923	33 608	36 626	Loans to and receivables from customers	41 826	38 004	39 691

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
22 088	21 246	23 603	Private customers	26 069	23 365	24 389
156	173	195	Public sector	372	330	331
3 835	3 705	4 097	Primary industries	4 305	3 897	4 072
291	298	320	Paper and pulp industries	339	315	307
769	643	857	Other industry	1 148	837	1 035
1 369	1 698	1 295	Building and construction	1 833	2 149	1 876
220	207	227	Power and water supply	361	335	361
1 115	1 136	1 102	Wholesale and retail trade	1 490	1 451	1 404
180	180	196	Hotel and restaurants	210	202	211
7 405	7 386	8 000	Real estate	8 054	7 476	7 505
2 064	1 771	1 801	Commercial services	2 224	2 149	2 466
284	278	297	Transport and communications	1 054	890	953
21	22	23	Other	31	30	29
39 797	38 741	42 012	Total commitments by sector and industry	47 489	43 424	44 939

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
20 496	19 803	21 764	Private customers	24 225	21 922	22 797
6	4	3	Public sector	180	161	181
3 357	3 180	3 453	Primary industries	3 661	3 353	3 557
246	253	260	Paper and pulp industries	275	270	262
509	522	558	Other industry	806	710	739
874	995	786	Building and construction	1 291	1 398	1 317
190	183	197	Power and water supply	331	303	299
743	779	732	Wholesale and retail trade	1 030	1 054	1 010
161	161	176	Hotel and restaurants	190	169	172
6 988	6 484	7 325	Real estate	7 377	6 526	7 033
1 342	1 250	1 361	Commercial services	1 729	1 545	1 659
211	203	222	Transport and communications	963	815	880
21	22	23	Other	31	30	30
35 144	33 839	36 862	Total gross loans by sector and industry	42 091	38 256	39 936

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
39	44	36	Private customers	42	46	44
2	4		Primary industries		4	2
1	1	1	Paper and pulp industries	1	1	1
6	13	15	Other industry	17	14	7
9	10	8	Building and construction	9	12	9
1		1	Power and water supply	1		1
21	22	19	Wholesale and retail trade	19	22	21
1	1	1	Hotel and restaurants	1	1	1
16	17	18	Real estate	19	17	16
24	16	25	Commercial services	26	16	25
			Transport and communications	2	2	1
120	129	126	Total individual write-downs by sector and industry	139	135	129

Note 6 Losses on loans and guarantees

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
-7	-2	4	Change in individual write-downs in the period	8	-3	-5
8	10	9	Change in collective write-downs in the period	10	10	10
35	16	10	Realised losses on commitments previously written down	16	22	46
21	7	7	Realised losses on commitments not previously written down	9	7	25
5	4	1	Recoveries on loans and guarantees previously written down	2	3	9
52	27	28	Total losses on loans and guarantees	40	33	66

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
143	143	134	Individual write-downs to cover losses on loans and guarantees at 1 January	143	150	149
35	16	10	Realised losses in the period on loans and guarantees previously written down individually	16	22	45
23	11	6	Reversal of write-downs in previous years	13	12	41
17	8	0	Increase in write-downs on commitments previously written down individually	3	9	19
32	17	20	Write-downs on commitments not previously written down individually	34	23	61
134	141	138	Individual write-downs to cover losses on loans and guarantees at the end of period *)	151	147	143

*) Guarantee provisions are included under Other liabilities in the balance sheet, see Note 13.

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
93	93	101	Collective write-downs to cover losses on loans and guarantees at 1 January	116	106	106
8	10	9	Collective write-downs to cover losses on loans and guarantees in the period	10	11	10
101	103	110	Collective write-downs to cover losses on loans and guarantees	126	117	116

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
263	264	250	Defaulted commitments	374	360	339
205	271	214	Other doubtful commitments	217	278	209
468	535	464	Total defaulted and doubtful commitments	591	638	548
134	141	138	Individual write-downs on loans and guarantees	151	147	143
334	394	326	Net defaulted and doubtful commitments	440	491	405

Note 7 Financial derivatives

Parent Bank and Group At fair market value through p & l account	30.06.15		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	622	9	6
Currency swap contracts	1 866	8	11
Total foreign exchange instruments	2 488	18	17
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	9 024	363	210
Other interest rate contracts	150	13	
Total interest rate instruments	9 174	376	210
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	0
Total curr.- and int. rate instruments			
Total currency instruments	2 488	18	17
Total interest rate instruments	9 174	376	210
Other financial derivatives	66	0	
Total	11 728	394	227

At fair market value through p & l account	30.06.14		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	657	13	7
Currency swap contracts	2 059	15	3
Total foreign exchange instruments	2 716	28	10
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	8 715	279	147
Other interest rate contracts	150	14	
Total interest rate instruments	8 865	293	147
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	0
Total curr. and int. rate instruments			
Total currency instruments	2 716	28	10
Total interest rate instruments	8 865	293	147
Total other financial instruments	66	0	0
Total	11 647	321	157

At fair market value through p & l account	31.12.14		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	881	18	11
Currency swap contracts	1 386	14	57
Total foreign exchange instruments	2 267	32	67
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	8 763	486	263
Other interest rate contracts	150	10	
Total interest rate instruments	8 913	497	263
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	3	0
Total curr. and int. rate instruments			
Total currency instruments	2 267	32	67
Total interest rate instruments	8 913	497	263
Total other financial instruments	66	3	0
Total	11 247	531	330

Note 8 Determination of fair value of financial instruments

In connection with implementation of IFRS 13, interim financial statements are required to present fair value measurements per level with the following division into levels for fair value measurement:

- Level 1: Quoted prices for similar asset or liability on an active market
- Level 2: Valuation based on other observable factors either direct (price) or indirect (deduced from prices) than the quoted price (used on level 1) for the asset or liability
- Level 3: Valuation based on factors not based on observable market data (non-observable inputs)

All figures are identical for the Parent Bank and the Group.

30.06.15	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		394	0	394
- Bonds and certificates		5 175		5 175
- Fixed-rate loans		2 711		2 711
- Loans with interest-rate guarantees				0
Financial assets available for sale				
- Equity instruments	154			154
Total assets	154	8 280	0	8 434
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		227		227
- Securities issued		10 133		10 133
- Subordinated loan capital		507		507
- Fixed-rate deposits		45		45
- Term deposit			60	60
Total liabilities		10 912	60	10 972

30.06.14	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		359	2	361
- Bonds and certificates		5 218		5 218
- Fixed-rate loans		1 892		1 892
- Loans with interest-rate guarantees			3	3
Financial assets available for sale				
- Equity instruments	104	270	108	483
Total assets	104	7 739	113	7 956
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		207		207
- Securities issued		8 443		8 443
- Subordinated loan capital		508		508
- Fixed-rate deposits		42		42
Total liabilities	0	9 200	0	9 200

31.12.14	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		529	3	531
- Bonds and certificates		4 017		4 017
- Fixed-rate loans		1 793		1 793
- Loans with interest-rate guarantees			1	1
Financial assets available for sale				
- Equity instruments	131		108	239
Total assets	131	6 339	112	6 581
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		330		330
- Securities issued		8 951		8 951
- Subordinated loan capital		505		505
- Fixed-rate deposits		50		50
Total liabilities	0	9 835	0	9 835

Fair value of financial instruments traded on active markets is based on the market value on the balance sheet day. considered active if the market prices are easily and regularly available from a stock exchange, dealer, broker, industrial group, A market is pricing service or regulatory authority and these prices represent actual and regularly occurring arm's-length market transactions. The market price used for financial assets is the current purchase price; for financial liabilities the current selling price is used. Instruments included in level 1 include only equity instruments listed on Oslo Børs or the New York Stock Exchange, classified as held for trading or available for sale.

Fair value value of financial instruments that are not traded in an active market (such as individual OTC derivatives) is determined using valuation methods. These valuation methods make maximum use of observable data where available and try to avoid using the Group's own estimates. If all the significant data required to determine the fair value of an instrument is observable data, the instrument is included in level 2.

If one or more important inputs required to determine the fair value of an instrument are is observable market data, the instrument is included in level 3.

Valuation methods used to determine the value of financial instruments include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.
- Fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated future cash flow based on observable yield curves, including an indicated credit spread on issuers from a recognised broker a reputable brokerage firms or Reuters pricing service.
- Fair value of fixed-rate deposits and loans is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus an implicit mark-up calculated as the difference between the reference rate and the interest rate indicated by the Bank's price list on balance sheet day.
- Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

The table below presents the changes in value of the instruments classified in level 3:

	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
31.12.14–30.06.15					
Opening balance	1	108	3		112
Investments in the period		24		-60	-36
Sales / redemption in the period	-1	-1	-3		-5
Gains / losses recognised through profit and loss			1		1
Gains / losses recognised directly against comprehensive income		3			3
Closing balance	0	135	0	-60	75
Gains / losses for the period included in the profit for assets owned on the balance sheet day			1		1

	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
31.12.13–30.06.14					
Opening balance	3	256	3	-51	210
Investments in the period		16			16
Sales / redemption in the period			-5	51	46
Transferred to Level 2 (Nets Holding ASA with agreed slaes price)		-167			-167
Gains / losses recognised through profit and loss			2		2
Gains / losses recognised directly against comprehensive income		101			101
Closing balance	3	206	0	0	208
Gains / losses for the period included in the profit for assets owned on the balance sheet day			2		2

	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
31.12.13-30.12.14					
Opening balance	3	256	3	-51	210
Investments in the period		16			16
Sales / redemption in the period	-2	-271	-5	51	-226
Gains / losses recognised through profit and loss		157	5		163
Gains / losses recognised directly against comprehensive income		-51			-51
Closing balance	1	108	3	0	112
Gains / losses for the period included in the profit for assets owned on the balance sheet day		-1	5		4

Gains and losses on instruments classified in level 3 recognised in profit and loss are included in their entirety under net profit from other financial assets and liabilities in the income statement.

Note 9 Financial instruments and offsetting

As from 2013 the Bank is required to disclose financial instruments which the Bank considers to fulfil the requirements for netting under IAS 32.42, and financial instruments in respect of which offsetting agreements have been entered into. Both in accordance with IFRS 7.13 A-F.

The Bank has no financial instruments booked on a net basis in the financial statements.

Sparebanken Hedmark has two sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, use is made of framework agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e. it is only the customers that provide collateral. As regards financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally, the Bank has entered into supplementary agreements on provision of collateral (CSA) with the most central counterparties. The Bank only enters into agreements with cash as collateral.

The assets and liabilities below may be offset.

	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/ (liabilities) on the balance sheet	Amounts not presented on the balance sheet on a net basis		Net amount
				Financial instruments	Cash collateral given/(received)	
30.06.15						
Derivatives as assets	394	0	394	-67	0	327
Derivatives as liabilities	-227	0	-227	67	84	-76
30.06.14						
Derivatives as assets	361	0	361	-55	0	306
Derivatives as liabilities	-207	0	-207	55	75	-76
31.12.14						
Derivatives as assets	531	0	531	-67	0	465
Derivatives as liabilities	-330	0	-330	67	112	-151

All figures are identical for the parent bank and the Group.

Note 10 Other assets

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
73	43	73	Capital payments into pension fund	73	43	73
19	235	17	Accrued income, not yet received	23	237	19
23	12	9	Prepaid costs, not yet incurred	10	12	15
145	127	127	Other assets	298	285	299
260	417	226	Other assets	404	577	406

Note 11 Deposits from and liabilities to customers

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
19 047	20 079	20 446	Private customers	20 446	20 079	19 047
3 666	4 735	4 471	Public sector	4 471	4 735	3 666
927	962	1 002	Primary industries	1 002	962	927
101	103	100	Paper and pulp industries	100	103	101
514	383	414	Other industry	414	383	514
671	660	642	Building and construction	642	660	671
118	210	265	Power and water supply	265	210	118
665	594	699	Wholesale and retail trade	699	594	665
95	86	95	Hotel and restaurants	95	86	95
1 565	1 563	1 522	Real estate	1 522	1 563	1 565
3 452	2 433	3 338	Commercial services	3 303	2 422	3 437
258	235	242	Transport and communications	242	235	258
6	10	4	Other operations	4	10	6
31 085	32 053	33 240	Total deposits by sector and industry	33 205	32 042	31 070

Note 12 Securities-related debt

Parent Bank and Group

Changes in liabilities from issuance of securities	30.06.15	Issued	Due / redeemed	Other changes	31.12.14
Certificate-based debt, nominal value	0				0
Bond debt, nominal value	9 742	1 900	-660	93	8 410
Non- Perpetual additional Tier 2 capital, nominal value	500				500
Accrued interest	111			-20	131
Adjustments	287			-128	415
Total debt raised through issuance of securities, fair value	10 640	1 900	-660	-55	9 455

Changes in liabilities from issuance of securities	30.06.14	Issued	Due / redeemed	Other changes	31.12.13
Certificate-based debt, nominal value			-300		300
Bond debt, nominal value	8 003	1 650	-1 250	-115	7 718
Non-perpetual additional Tier 2 capital, nominal value	500				500
Accrued interest	109			-55	164
Adjustments	340			121	219
Total debt raised through issuance of securities, fair value	8 951	1 650	-1 550	-50	8 901

Changes in liabilities from issuance of securities	31.12.14	Issued	Due / redeemed	Other changes	31.12.13
Certificate-based debt, nominal value	0		-300		300
Bond debt, nominal value	8 410	2 050	-1 250	-108	7 718
Non-perpetual additional Tier 2 capital, nominal value	500				500
Accrued interest	131			-33	164
Adjustments	415			196	219
Total debt raised through issuance of securities, fair value	9 455	2 050	-1 550	54	8 901

Note 13 Other debt and liabilities

Parent Bank				Group		
31.12.14	30.06.14	30.06.15		30.06.15	30.06.14	31.12.14
362	334	307	Pension liabilities	326	349	384
14	12	12	Guarantee provisions	12	12	14
9	7	6	Banker's drafts	6	7	9
37	9	32	Accounts payable	36	13	42
159	569	187	Other	228	607	190
581	931	544	Total other debt and liabilities recognised in the balance sheet	608	988	639



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