



INTERIM REPORT

INTERIM REPORT

Q1 2016

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Main figures Group

Result summary (NOK mill and % of average assets)	Q1-2016		Q1-2015		31.12.2015	
	Amount	%	Amount	%	Amount	%
Net interest income	297	2,11 %	265	2,09 %	1 105	2,08 %
Net commissions and other (non-interest) income	160	1,14 %	171	1,35 %	651	1,23 %
Net income from financial investments	7	0,05 %	121	0,96 %	514	0,97 %
Total income	464	3,30 %	557	4,40 %	2 270	4,28 %
Total operating expenses before losses on loans and guarantees	253	1,80 %	258	2,04 %	1 052	1,98 %
Profit before losses on loans and guarantees	211	1,50 %	299	2,36 %	1 219	2,30 %
Losses on loans and guarantees	9	0,06 %	5	0,04 %	56	0,11 %
Profit/loss before tax	202	1,44 %	294	2,32 %	1 163	2,19 %
Tax charge	33	0,23 %	54	0,43 %	233	0,44 %
Results for the accounting period	169	1,20 %	240	1,90 %	930	1,75 %
Minority interests	1	0,01 %	0	0,00 %	0	0,00 %
Profitability						
Return on equity capital ¹⁾		7,7 %		12,5 %		14,3 %
Cost-income ratio ²⁾		54,5 %		46,3 %		46,3 %
From the balance sheet						
Gross loans to customers	44 308		40 484		43 779	
Gross loans to customers including loans transferred to covered bond companies ³⁾	62 156		56 619		61 140	
Lending growth during the last 12 months		9,4 %		9,8 %		9,6 %
Lending growth in last 12 months including loans transferred to covered bond companies		9,8 %		7,7 %		9,3 %
Deposits from customers	33 675		31 054		33 458	
Deposit-to-loan ratio ⁴⁾		76,0 %		76,7 %		76,4 %
Deposit growth during the last 12 months		8,4 %		3,7 %		7,7 %
Total assets	57 185		51 101		55 971	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,1 %		0,1 %		0,1 %
Commitments in default as a percentage of total commitments		0,5 %		0,7 %		0,6 %
Other bad and doubtful commitments as a percentage of total commitments		0,4 %		0,5 %		0,5 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments ⁵⁾		0,7 %		0,8 %		0,8 %
Financial strength						
Common equity Tier 1 capital ratio		16,9 %		15,3 %		17,2 %
Tier 1 Capital ratio		17,3 %		15,8 %		17,5 %
Capital adequacy ratio		18,8 %		17,6 %		19,1 %
Net subordinated capital	7 229		6 318		7 179	
Equity ratio		15,7 %		15,4 %		15,6 %
Leverage Ratio		9,2 %		8,5 %		9,2 %
LCR ⁶⁾		139,0 %		78,0 %		120,8 %

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; measures the size of banks liquid assets in relation to net liquidity outflows 30 days ahead given a stress situation

INTERIM REPORT Q1 2016

Summary

The Sparebanken Hedmark Group posted a profit after tax for the first quarter of NOK 169 (240) million (last year's figure in brackets). The return on equity was 7.7 (12.5) per cent. Adjusted for financial items, the return on equity was 9.8 per cent. The common equity tier 1 ratio was 16.9 (15.3) per cent and the unweighted equity ratio was 15.7 (15.4) per cent.

The group achieved a net interest margin of 2.63 (2.41) per cent, including home mortgages in the covered bond company. The twelve-month growth in lending and deposits was 9.8 (7.7) per cent and 8.5 (3.7) per cent respectively. At the end of the quarter, the deposit-to-loan ratio was 76.0 (76.7) per cent.

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, Vato AS and SpareBank 1 Regnskapshuset Østlandet AS, and the 95 per cent-owned subsidiary SpareBank 1 Finans Østlandet AS.

The bank owns 40.5 per cent of Bank 1 Oslo Akershus AS, 11 per cent of SpareBank 1 Gruppen AS, 6.2 per cent of SpareBank 1 Markets AS, and 8.7 per cent of SpareBank 1 Kredittkort AS. The bank also owns 10 per cent of SpareBank 1 Boligkreditt AS and 3.8 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The results from the above companies are recognised in the bank's consolidated financial statements in proportion to the bank's ownership stake.

The group's profit after tax the first quarter totalled NOK 169 (240) million. The return on equity was 7.7 (12.5) per cent. Excluding changes in the market value of securities issued, fixed-income investments, derivatives and fixed-rate products for customers which are assessed at fair value through profit and loss pursuant to IAS 39, the return on equity was 9.8 per cent.

The parent bank's profit after tax for the first quarter was NOK 158 (218) million. The core equity tier 1 ratio was 23.5 (22.4) per cent.

Sparebanken Hedmark has signed an agreement for the purchase of the remaining shares in Bank 1 Oslo Akershus AS. Following the acquisition, the Sparebanken Hedmark Group will be Norway's fourth largest savings bank with adjusted assets capital of around NOK 130 billion and operations in the counties of Hedmark, Oppland and Akershus and Oslo.

The Ministry of Finance has given permission for the purchase. The Financial Supervisory Authority of Norway has to review the changes to the Articles of Association of Sparebanken Hedmark before the transaction can be completed.

Specification of the consolidated Group in NOK millions:

Parent bank's profit after tax	158
Dividends received from subsidiaries/associated companies	- 80
Share of the result from:	
SpareBank 1 Gruppen AS	34
Bank 1 Oslo Akershus AS	23
SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS	13
EiendomsMegler 1 Hedmark Eiendom AS	1
SpareBank 1 Finans Østlandet AS	18
SpareBank 1 Regnskapshuset Østlandet AS	1
Other associated companies/joint ventures	1
Consolidated profit after tax	169

Interest income and other operating income

Total net interest income, including commission income from loans and credit transferred to partly-owned companies (recognised as commissions), amounted to NOK 336 (317) million. This corresponds to an increase of 6.2 per cent over the previous year.

The group's net interest income as a percentage of the average total assets was 2.11 per cent in the first quarter, compared with 2.09 per cent the year before.

The group's lending margin, including mortgages in the covered bond company, amounted to 2.44 (2.89) per cent. The deposit margin was 0.19 (-0.48) per cent. The group's net interest margin was 2.63 (2.41) per cent.

Net commission income in the first quarter totalled NOK 110 (110) million, while other operating income amounted to NOK 50 (61) million.

The total income from the group's accounting and real estate agency business was NOK 73 million in the first quarter.

Net result from financial assets and liabilities

The net result from financial assets and liabilities fell by NOK 114 million to NOK 7 (121) million. Dividends were NOK 7 million lower, the net result from ownership interests was reduced by NOK 18 million, and the net result from other financial items was reduced by NOK 89 million.

The share of the profit from Bank 1 Oslo Akershus AS accounted for NOK 23 (31) million of the result from ownership interests and the share of the profit from SpareBank 1 Gruppen AS accounted for 34 (34) million.

The net result from other financial assets and liabilities (securities) amounted to NOK 63 (26) million.

The bank's securities issued, fixed-income investments, derivatives and fixed-rate products for customers are assessed at fair value through profit and loss pursuant to IAS 39, and changes in market value are recognised in profit and loss. The total net change in market value of fixed-income securities amounted to minus NOK 72 (-3) million, while the change in value for fixed-rate products for customers was NOK 8 (26) million. Other items amounted to NOK 1 (3) million.

The so-called trading spreads for Norwegian financial securities fell markedly in the first quarter. For a three-year senior issue in a Norwegian regional savings bank, the market spread above NIBOR fell from around 114 basis points at the start of the year to around 94 basis points at the end of the first quarter. Other things being equal, this results in the relevant discount rate on previously issued fixed income securities with fixed coupons decreasing and thus their present value (price) rising. The increase in prices for own debt results in an unrealised loss, but the rise in prices for purchased fixed income securities results in an unrealised gain. The net effect for Sparebanken Hedmark of the changes in prices for all fixed income securities, including hedging transactions, was negative in the amount of NOK 72 million in the first quarter, almost all of which is unrealised losses. Cumulatively, an unrealised gain of NOK 50 million as of year-end 2015 has turned into an unrealised loss of NOK 22 million at the end of the first quarter. Assuming that all of the securities issued and all of the purchased fixed income securities are not realised until they mature, the bank will, over the duration of the securities, reverse this unrealised loss of NOK 22 million at a rate of around NOK 7 million per year.

Costs, losses and problem loans

The group's operating costs were NOK 253 (258) million. This represent a reduction of 1.9 (increase of 6.6) per cent compared with the year before.

Staff costs were NOK 148 (147) million, while other operating expenses amounted to NOK 94 (101) million.

Operating costs as a percentage of total income were 54.5 (46.3) per cent.

Losses are still low and amounted to NOK 9 (5) million. The losses were made up of NOK 3 million in the retail division and NOK 5 million in the corporate division, while NOK 4 (0) million was recognised as income in connection with the sale of the portfolio of non-performing loans. The losses in SpareBank 1 Finans Østlandet AS amounted to NOK 5 (7) million. At the end of the first quarter, the bank's credit exposure to oil-related industries was less than 0.1 per cent.

Group write-downs to cover net loan loss provisions amounted to NOK 121 (118) million and amounted to 0.27 per cent of total lending. Group-level losses were unchanged from 31 December 2015.

The loan loss provision ratio, measured as total individual write-downs of NOK 151 million in relation to total non-performing and other impaired loans of NOK 479 million, was 31 (26) per cent at the end of the first quarter.

Credit quality, measured as total problem commitments in relation to total lending, improved from the same period last year. In total, the group's problem commitments amounted to 0.9 (1.2) per cent of gross commitments on its balance sheet and 0.7 (0.9) per cent if one includes loans transferred to the covered bond companies.

Assets and funding

Gross lending to customers, including loans transferred to the covered bond companies, totalled NOK 62.2 (56.6) billion. At quarter-end, loans totalling NOK 17.3 (15.5) billion had been transferred to SpareBank 1 Boligkreditt AS and loans totalling NOK 0.6 (0.6) billion had been transferred to SpareBank 1 Næringskreditt AS. The group's twelve-month lending growth, including transferred loans, was 9.8 (7.7) per cent.

Retail customer loans transferred to the covered bond company as a percentage of overall retail customer loans (loans on its balance sheet and transferred loans) totalled 41.3 (40.5) per cent.

Customer deposits totalled NOK 33.7 (31.1) billion. Growth in deposits over the past twelve months was 8.5 (3.7) per cent.

Deposits represented 76.0 (76.7) per cent of gross lending.

Senior debt to financial institutions and senior securities issued totalled NOK 13.0 (10.5) billion. The average term to maturity of the bank's long-term funding was 3.8 (4.1) years. The average term to maturity for all borrowing was 3.3 (3.6) years. The average risk premium on the bank's borrowing portfolio at the end of the quarter was 82 (82) basis points. In addition to senior debt, the bank had NOK 0.5 billion outstanding in subordinated loans.

Liquidity was good and there has been a good level of interest in the bank's bonds. At quarter-end, the bank had enough reserves to maintain normal operations for 18 (17) months. The LCR (liquidity coverage ratio) was 139 (78) per cent.

In the opinion of the Board, the bank's liquidity risk is low.

The group's equity amounted to NOK 9.0 (7.9) billion, which is equivalent to 15.7 (15.4) per cent of the balance sheet. The leverage ratio was 9.2 (8.5) per cent.

The group's common equity tier 1 ratio was 16.9 (15.3) per cent. The total capital adequacy ratio was 18.8 (17.6) per cent. The bank's long term capital adequacy target is a common equity tier 1 capital ratio of 16 per cent.

Equity certificates

The equity share capital as of 31.03.2016 consists of 79,740,000 equity certificates, each with a face value of NOK 50. All equity certificates are owned by Sparebanken Hedmark Sparebankstiftelse.

Sparebanken Hedmark – Parent bank

Results

Net profit for the first quarter totalled NOK 158 (218) million. Banking operations, defined as net interest income plus commissions and other operating income less operating costs and losses, achieved a profit before tax of NOK 167 (134) million. This was an improvement of 24 per cent.

Margins and net interest income

Net interest income, including loans transferred to the covered bond companies, amounted to NOK 283 (258) million. The NOK 25 million improvement is attributable to a NOK 37 million increase in net interest income due to growth and increased deposit margins, and a NOK 12 million reduction in commissions from loans transferred to the covered bond companies due to lower commission rates.

The net interest margin for loans on the balance sheet (excluding currency loans) was 2.57 (2.38) per cent. The lending margin was 2.38 (2.86) per cent and the deposit margin was 0.19 (-0.48) per cent.

The interest margin for the retail market was 2.37 (2.28) per cent, and for the corporate market it was 2.90 (2.61) per cent.

Net commissions

NOK 40 (52) million of the NOK 102 (105) million in net commissions and other operating income came from commissions on loans transferred to the covered bond companies. The net margin for the portfolio transferred to SpareBank 1 Boligkreditt AS was 0.91 (1.33) per cent.

Net result from financial assets and liabilities

Income from this area amounted to NOK 17 (127) million. Income from dividends amounted to NOK 0 (7) million. The net result from ownership interests, primarily dividends,

The book value per equity certificate as of 31.03.2016 was NOK 67.15, and the earnings per equity certificate were NOK 1.26.

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 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 moved Sparebanken Hedmark down by one grade because in its opinion the likelihood of government support is low. According to Moody's method, the county of Hedmark is too small a county. In order to mark it up a grade, total lending in the county must amount to more than 5 per cent of the total lending in Norway. In connection with the announcement of Sparebanken Hedmark's acquisition of Bank 1 Oslo Akershus AS, Moody's published an assessment of the acquisition that concluded that the acquisition was credit-positive for Sparebanken Hedmark.

amounted to NOK 80 (94) million. Dividends were NOK 74 million from SpareBank1 Finans Østlandet AS and NOK 5 million from EiendomsMegler 1 Hedmark Eiendom AS. The net result from other financial assets and liabilities amounted to NOK 63 (26) million. The result for the first quarter is explained in the corresponding section for the group.

Operating costs

Total operating costs amounted to NOK 175 (179) million. Costs increased by 2.2 (0.9) per cent compared with the previous year. Staff costs were reduced by NOK 1 million and depreciation rose by NOK 1 million, while other operating expenses were reduced by NOK 3 million.

At quarter-end, the parent bank had 470 (461) full-time equivalents.

Operating costs amounted to 48.2 (40.8) per cent of total income.

Losses on loans and guarantees

The net loan loss provisions were NOK 4 (-2) million. The losses were made up of NOK 3 (0) million in the retail division and NOK 5 (-1) million in the corporate division, while NOK 4 (0) million was recognised as income in connection with the sale of the portfolio of non-performing loans. The change in group write-downs accounted for NOK 0 (2) million of total losses.

Lending

Gross lending to customers, including loans worth NOK 17.9 billion transferred to the covered bond companies, totalled NOK 56.4 (51.6) billion as of 31.03.2016. The parent bank's lending growth for the last twelve months, including loans transferred to the covered bond companies, was 9.2 (6.6) per cent.

Growth, including transferred loans, was 8.4 (6.9) per cent in the retail market and 10.8 (5.8) per cent in the corporate market. The risk profile of the bank's lending did not change during the last quarter.

Deposits

Deposits from and liabilities to customers as of 31.03.2016 totalled NOK 33.7 (31.1) billion. The growth in deposits over the past twelve months was 8.4 (3.8) per cent. NOK 21.9 (20.4) billion of deposits came from the retail market, while NOK 11.8 (10.7) billion came from the corporate market.

Subsidiaries

The financing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax of NOK 18 (18) million. The financing company's gross loans at the end of the quarter totalled NOK 5.8 (5.0) billion. Gross lending growth over the past twelve months was 15.5 (18.5) per cent.

SpareBank 1 Regnskapshuset Østlandet AS posted earnings of NOK 45 (55) million and achieved a profit after tax of NOK 1 (10) million.

The real estate agency EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 19 (17) million and achieved a profit after tax of NOK 1 (1) million.

Partly-owned companies

SpareBank 1 Gruppen AS (11 per cent stake) achieved a consolidated profit after tax of NOK 284 (303) million. The return on equity was 12.8 (17.8) per cent.

Bank 1 Oslo Akershus AS (40.5 per cent stake) achieved a profit after tax of NOK 57 (76) million. This profit corresponds to a return on equity of 7.3 (10.4) per cent. The common equity tier 1 ratio was 13.7 (14.0) per cent.

Financial strength

The common equity tier 1 ratio was 23.5 (22.4) per cent at the end of the quarter. The parent bank's equity was NOK 7.9 (7.0) billion. The total equity in the parent bank amounted to 14.0 (14.0) per cent of the balance sheet as of 31/03/2016.

Outlook for 2016

Lower economic growth is expected in Norway in 2016. Sparebanken Hedmark's primary market is the Inland Region, which encompasses the counties of Hedmark and Oppland. This region has traditionally been less exposed to cyclical fluctuations than other regions. Its business sector has very little exposure to the oil and gas industry. However, international developments and developments in the rest of the country could affect the Inland Region over time.

Sparebanken Hedmark has received final approval for the acquisition of the remaining shares in Bank 1 Oslo Akershus AS. The Financial Supervisory Authority of Norway has to review the changes to the Articles of Association of Sparebanken Hedmark before the transaction can be completed. The new group will be Norway's fourth largest regional savings bank with around 1,180 employees and 44 bank branches in the Inland Region, Akershus and Oslo. The aim is for our customers to view us as even more competent, broader and more competitive in relation to customers and as more attractive to the capital markets.

The bank plans to be listed on the stock exchange in second half of 2016, or as soon as market conditions allow. This will enable the bank to play an active role in the future structural development of the industry. At the same time, it will give the bank an opportunity to raise new equity and offer ownership to customers, staff and investors.

The Board of Directors of Sparebanken Hedmark

Hamar, 27. april 2016

Sri J. Strømmevold
Board Chair

Nina C. Lier

Erik Garaas

Espen Bjørklund Larsen

Hanne Sverdrup Dahl

Vibeke Hanvold Larsen

Morten Herud

Richard Heiberg
CEO

INCOME STATEMENT

Parent Bank			Notes	Group		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
(NOK million)						
1 748	442	419	Interest income	472	501	1 972
868	236	176	Interest expenses	176	236	867
880	206	244	Net interest income	297	265	1 105
435	105	104	Commission income	123	123	514
27	7	7	Commission expenses	13	13	53
21	7	5	Other operating income	50	61	190
429	105	102	Net commission and other income	160	171	651
9	7		Dividends from other than group companies		7	8
259	94	80	Net profit from ownership interests	70	88	301
205	26	-63	Net profit from other financial assets and liabilities	7	26	205
472	127	17	Net income from financial assets and liabilities	7	121	514
1 782	438	363	Total net income	464	557	2 270
381	92	91	Personnel expenses	148	147	590
36	8	9	Depreciation	11	11	46
327	78	75	Other operating expenses	94	101	416
745	179	175	Total operating expenses before losses on loans and guarantees	253	258	1 052
1 037	259	188	Profit before losses on loans and guarantees	211	299	1 220
35	-2	4	Losses on loans and guarantees	6	5	56
1 002	261	184	Profit/loss before tax	202	294	1 164
207	43	26	Tax charge	33	54	234
795	218	158	Results for the accounting period	169	240	930
			Majority interests	168	240	930
			Minority interests	1		
795	218	158	Statement of comprehensive income according to IAS 1	169	240	930
79			Actuarial gains / losses on pensions			85
-20			Tax effect of actuarial gains / losses on pensions			-21
			Share of other comprehensive income from associates and joint ventures		1	34
59	0	0	Total items not reclassified through profit or loss	0	1	98
67	25	9	Change in value of financial assets available for sale	9	25	67
			Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value			
			Financial assets available for sale transferred to profit and loss on realisation			
			Share of other comprehensive income from associates and joint ventures			15
67	25	9	Total items reclassified through profit or loss	9	25	82
127	25	9	Total profit and loss items recognised in equity	9	26	180
921	243	167	Total profit / loss for the accounting year	178	266	1 109
			Majority share of comprehensive income	177	266	1 109
			Minority interest of comprehensive income	1		

BALANCE SHEET

Parent Bank			Notes	Group		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
(NOK million)						
ASSETS						
264	490	544	Cash and deposits with central banks	544	490	264
5 701	5 063	5 908	Loans to and receivables from credit institutions	888	659	864
37 952	35 282	38 351	Loans to and receivables from customers	5,6	44 050	40 242
6 133	4 725	6 262	Certificates, bonds and fixed-income funds	9	6 261	4 725
455	537	507	Financial derivatives	8,1	507	455
294	264	303	Shares, units and other equity interests	9	303	294
2 457	2 329	2 457	Investments in associates and joint ventures	3 538	3 157	3 386
859	697	822	Investments in subsidiaries			
			Assets held for sale			
314	315	315	Property, plant and equipment	345	339	341
104	108	102	Goodwill and other intangible assets	210	212	211
13	77	30	Deferred tax asset			26
314	270	335	Other assets	11	538	450
54 861	50 157	55 935	Total assets	57 185	51 101	55 970
LIABILITIES						
661	662	1 251	Deposits from and liabilities to credit institutions	1 250	659	660
33 508	31 105	33 708	Deposits from and liabilities to customers	12	33 675	31 054
11 576	9 863	11 743	Liabilities arising from issuance of securities	9,13	11 743	9 863
320	292	312	Financial derivatives	8,1	312	292
163	184	126	Current tax liabilities		135	167
			Deferred tax liabilities		48	65
440	519	453	Other debt and liabilities recognised in the balance sheet	14	538	642
496	505	491	Subordinated loan capital	9,13	491	505
47 166	43 130	48 083	Total liabilities	48 190	43 212	57 253
EQUITY CAPITAL						
3 987		3 987	Equity certificates	15	3 987	3 987
503		503	Cohesion Funds		503	503
3 019	6 639	3 015	Primary capital		3 015	6 639
50	36	46	Endowment fund		46	50
135	134	151	Fund for unrealised gains		151	135
	218	151	Other equity		1 253	1 079
			Minority interests		40	1 023
7 695	7 027	7 853	Total equity capital	8 995	7 889	8 718
54 861	50 157	55 935	Total liabilities and equity capital	57 185	51 101	55 970

The Board of Directors of Sparebanken Hedmark

Hamar, 27. april 2016

Sri J. Strømmevold
Board Chair

Nina C. Lier

Erik Garaas

Espen Bjørklund Larsen

Hanne Sverdrup Dahl

Vibeke Hanvold Larsen

Morten Herud

Richard Heiberg
CEO

Changes in equity capital

Parent Bank (NOK million)	Earned equity capital					Total equity capital
	Equity certificates	Cohesion Funds	Primary capital	Endowment fund	Fund for unrealised gains	
Equity capital at 1 January 2015			6 645	42	109	6 796
Results for the accounting year			218			218
Actuarial gains / losses on pensions						-
Change revaluation reserve					25	25
Donations distributed from profit 2014			-6			-6
Grants from endowment fund in 2015				-6		-6
Equity capital at 31 March 2015			6 857	36	134	7 027
Equity capital at 1 January 2015	0		6 644	42	109	6 796
OB correction: Correction of previous years' errors			57		-57	
Adjusted equity capital at 1 January 2015			6 701	42	52	6 796
ECs transferred Foundation	3 987		-3 987			
Results for the accounting year		468	312		16	796
Actuarial gains / losses on pensions		35	24			59
Change revaluation reserve					67	67
Donations distributed from profit 2014			-6			-6
To endowment fund in 2015			-25	25		
Grants from endowment fund in 2015				-17		-17
Equity capital at 31 December 2015	3 987	503	3 019	50	135	7 695
Equity capital at 1 January 2016	3 987	503	3 019	50	135	7 695
Results for the accounting year			151		7	158
Actuarial gains / losses on pensions						0
Change revaluation reserve					9	9
Donations distributed from profit 2015			-6			-6
Grants from endowment fund in 2016				-4		-4
Equity capital at 31 March 2016	3 987	503	3 164	46	151	7 853

Group (NOK million)	Equity certificates	Earned equity capital						Total equity capital
		Cohesion Funds	Primary capital	Endowment fund	Fund for unrealised gains	Other equity	Minority interests	
Equity capital at 1 January 2015			6 645	42	109	827		7 624
OB correction: Correction of previous years' errors joint ventures							5	5
Corrections of previous years' error			57		-57			
Adjusted equity capital at 1 January 2015			6 702	42	52	832		7 630
Results for the accounting year			218			22		240
Actuarial gains / losses on pensions								
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss							1	1
Change revaluation reserve						25		25
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss								
Adjusted equity in associated companies and joint ventures								
Change in the group composition							-1	-1
Donations distributed from profit 2014			-6					-6
Grants from endowment fund in 2015				-6				-6
Equity capital at 31 March 2015			6 857	36	135	861		7 889
Equity capital at 01.01.2015			6 645	42	109	827		7 624
OB correction: Correction of previous years' errors							5	5
Adjusted equity capital at 1 January 2015								
ECs transferred Foundation			57		-57			
Results for the accounting year			6 702	42	52	832		7 630
Actuarial gains / losses on pensions	3 987		-3 987					
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss		468	312		16	134		930
Change revaluation reserve		35	24			5		65
Other items that will be reclassified in associated companies and joint ventures							34	34
Adjusted equity capital in associated companies and joint ventures							67	67
Donations distributed from profit 2014							14	14
To endowment fund in 2015							2	2
Grants from endowment fund in 2015			-6					-6
Equity capital at 31 December 2015			-25	25				
Grants from endowment fund in 2015				-17				-17
Equity capital at 31.12.2015	3 987	503	3 019	50	135	1 023		8 718
Equity capital at 1 January 2016	3 987	503	3 019	50	135	1 023	0	8 718
Results for the accounting year			151		7	11	1	169
Actuarial gains / losses on pensions								0
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								0
Change revaluation reserve						9		9
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss								0
Adjusted equity in associated companies and joint ventures							70	70
Change in the group composition							39	39
Donations distributed from profit 2015			-6					-6
Grants from endowment fund in 2016				-4				-4
Equity capital at 31 March 2016	3 987	503	3 164	46	151	1 104	40	8 995

Cash flow statement

Parent Bank			(NOK million)	Group		
31.12.15	31.03.15	31.03.16		31.03.16	31.03.15	31.12.15
10 912	3 188	1 816	This year's down-payments on repayment loans etc. to customers	2 461	3 756	13 378
			Change in advance rent leasing	41		9
-14 568	-3 268	-3 053	Newly discounted repayment loans etc. to customers for the year	-3 847	-4 004	-17 868
74	74	74	Change in balances of foreign currency lending	74	74	74
513	-357	740	Change in balances of credits	739	-357	511
1 403	364	322	Interest and commission income on lending	408	443	1 726
4	1	23	Included in previous years' realised losses on lending	24	1	9
			Net cash flow from assets held for sale			
-1 663	2	-79	Cash flow from lending operations (A)	-100	-87	-2 161
2 146	-66	-662	Change in balances of deposits from customers at call	-648	-108	2 118
			Change in balances of deposits from customers with agreed maturity dates	791	-47	277
-566	-38	-37	Interest payments to customers	-37	-37	-564
1 857	-151	93	Cash flow from deposit operations (B)	106	-192	1 831
-2 184	-737	-132	Net cash flow from securities held short term	-132	-737	-2 184
			Cash flow linked to exchange rate gains / losses on securities held short term	-31	-17	39
39	-17	-31	Interest received on bonds and certificates	16	12	92
92	12	16				
-2 053	-742	-148	Cash flow from investments in securities (C)	-148	-742	-2 053
-835	-212	-241	Change in receivables from credit institutions with agreed maturity dates	-48	12	-170
126	27	39	Interest received on deposits in credit institutions	39	27	126
-709	-185	-201	Cash flow from deposits in credit institutions (D)	-9	39	-44
563	135	135	Other income	202	199	814
-860	-169	-166	Operating expenses payable	-250	-253	-1 186
-128	-73	-79	Tax payments	-78	-73	-130
-24	-12	-9	Donations	-9	-12	-24
-40	-40		Contributions from the group			-6
-10	-1	-16	Net cash flow from change in other assets	-38	-33	-43
57		-23	Net cash flow from change in accruals	-106	-20	-45
-33	-12	17	Net cash flow from change in other liabilities	30	13	-16
-475	-172	-141	Remaining cash flow from current operations (E)	-249	-179	-635
-3 043	-1 248	-477	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	-400	-1 161	-3 062
-6	5	599	Change in deposits from credit institutions	616	-21	-10
4 000	1 100	543	Receipts arising from issuance of securities	531	1 100	4 000
-658		-439	Payments arising from redemption of securities issued	-439		-658
-440	-160	-47	Buy-back of own securities	-47	-160	-440
-241	-49	-41	Interest payments on financing	-41	-49	-241
2 656	896	615	Cash flow from financing activities (G)	621	870	2 651
-31	-6	-9	Investments in fixed assets and intangible assets	-11	-12	-50
2			Sales of fixed assets and intangible assets at sales price			2
-178	-5		Purchase of long-term securities	-2	-5	-178
4		38	Sale of long-term securities			4
268	101	80	Share dividends from securities held long term	38	28	187
64	90	108	Cash flow from investments (H)	26	11	-35
			Liquidity effect of acquisition and sale of ownership interests (I)		18	-28
-150			Liquidity effect from placements in subsidiaries (L)			
-474	-262	246	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I+L)	246	-262	-474
783	783	309	Cash and cash equivalents at 1 January	309	783	783
309	521	555	Cash and cash equivalents at the end of period	555	521	309
			Cash and cash equivalents comprise:			
264	490	544	Cash and deposits with central banks	544	490	264
46	31	11	Deposits etc. at call with banks	11	31	46
309	521	555	Cash and cash equivalents at the end of period	555	521	309

Results from the quarterly accounts

Group	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(Isolated figures in NOK million)	2016	2015	2015	2015	2015	2014	2014	2014	2014
Interest income	472	481	497	492	501	527	536	526	512
Interest expenses	176	192	218	221	236	255	264	267	272
Net interest income	297	289	280	271	265	272	272	259	240
Commission income	123	129	132	130	123	116	117	121	142
Commission expenses	13	14	14	12	13	12	13	12	12
Other operating income	50	44	37	48	61	54	51	57	56
Net commission and other income	160	159	155	166	171	158	155	165	186
Dividends				1	7	1	1		12
Net profit from ownership interests	70	70	66	76	88	97	103	80	114
Net profit from other financial assets and liabilities	-63	33	142	5	26	29	173	-3	-33
Net income from financial assets and liabilities	7	103	208	82	121	126	276	77	93
Total net income	464	551	643	519	557	556	702	501	519
Personnel expenses	148	155	145	143	147	146	132	129	136
Depreciation	11	13	11	11	11	11	11	10	10
Other operating expenses	94	126	92	97	100	107	93	100	96
Total operating expenses before losses on loans and guarantees	253	294	248	251	258	264	236	239	242
Profit before losses on loans and guarantees	211	260	395	268	299	293	466	262	277
Losses on loans and guarantees	9	18	-2	35	5	24	9	21	12
Profit/loss before tax	202	242	397	233	294	269	456	241	265
Tax charge	33	48	89	43	54	56	54	45	38
Results for the accounting period	169	194	307	190	240	214	403	197	227
Profitability									
Return on equity capital ¹⁾	7,6 %	8,9 %	14,7 %	9,5 %	12,5 %	11,3 %	21,8 %	11,1 %	13,4 %
Net interest income ²⁾	2,09 %	2,08 %	2,05 %	2,08 %	2,13 %	2,17 %	2,16 %	2,14 %	2,07 %
Cost-income ratio ³⁾	54,5 %	52,9 %	38,6 %	48,4 %	46,3 %	47,3 %	33,6 %	47,7 %	46,6 %
From the balance sheet									
Gross loans to customers	44 308	43 779	42 793	42 091	40 484	39 936	39 233	38 256	36 885
Gross loans to customers including loans transferred to covered bond companies ⁴⁾	62 156	61 140	59 437	57 995	56 619	55 930	54 806	53 916	52 579
Lending growth during the last 12 months	9,4 %	9,6 %	9,1 %	10,0 %	9,8 %	7,4 %	5,3 %	4,0 %	3,7 %
Lending growth in last 12 months including loans transferred to covered bond companies	9,8 %	9,3 %	8,4 %	7,6 %	7,7 %	6,8 %	6,2 %	6,2 %	7,3 %
Deposits from customers	33 675	33 458	33 052	33 205	31 054	31 070	31 575	32 043	29 948
Deposit-to-loan ratio ⁵⁾	76,0 %	76,4 %	77,2 %	78,9 %	76,7 %	77,8 %	80,5 %	83,8 %	81,2 %
Deposit growth during the last 12 months	8,4 %	7,7 %	4,7 %	3,6 %	3,7 %	3,2 %	6,3 %	4,4 %	2,7 %
Total assets	57 184	55 970	54 501	53 558	51 101	49 934	49 751	50 195	46 869
Losses and commitments in default									
Losses on loans as a percentage of gross loans	0,1 %	0,2 %	0,0 %	0,3 %	0,1 %	0,2 %	0,1 %	0,2 %	0,1 %
Commitments in default as a percentage of total commitments	0,5 %	0,6 %	0,7 %	0,8 %	0,7 %	0,8 %	0,8 %	0,8 %	0,7 %
Other bad and doubtful commitments as a percentage of total commitments	0,4 %	0,5 %	0,4 %	0,5 %	0,5 %	0,5 %	0,5 %	0,6 %	0,7 %
Net defaulted and doubtful commitments as a percentage of total commitments	0,7 %	0,8 %	0,8 %	0,9 %	0,8 %	0,9 %	0,9 %	1,1 %	1,1 %
Financial strength									
Common equity Tier 1 capital ratio	16,9 %	17,2 %	17,1 %	17,0 %	15,3 %	14,8 %	14,5 %	14,0 %	15,1 %
Tier 1 Capital ratio	17,3 %	17,5 %	17,5 %	17,4 %	15,8 %	15,2 %	16,3 %	14,4 %	15,5 %
Capital adequacy ratio	18,8 %	19,1 %	18,8 %	19,0 %	17,6 %	17,1 %	16,3 %	14,4 %	15,5 %
Net subordinated capital	7 229	7 178	7 030	6 924	6 318	6 273	5 992	5 123	5 076

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 quarterly accounts for Sparebanken Hedmark cover the period 01.01 - 31.03.2016 and have not been audited. The quarterly accounts have been prepared in accordance with IAS 34 Interim Financial Reporting, relevant IFRS standards and IFRIC interpretations.

The presentation currency is NOK (Norwegian kroner), which is also the functional currency of all the units in the group. All amounts are in NOK millions unless stated otherwise.

The quarterly accounts do not contain all the information required in a full set of annual accounts and should be read in conjunction with the annual financial statements for 2015.

The group has applied the same accounting principles and calculation methods in this quarterly report as in the last annual report.

IAS 37, interpretation; IFRIC 21 Levies

The interpretation concerns the date from which a liability to pay a levy should be recognised.

Following the introduction of the standard, there has been a discussion as to whether the annual fee for the Norwegian Banks Guarantee Fund for 2015 and 2016 should have been recognised in its entirety in the first quarter. The fee to the Norwegian Banks Guarantee Fund is normally charged on the basis of average guaranteed deposits and the average calculation base for previous quarters. It has not been decided 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. Established practice and considerations of equal treatment call for a pro-rata approach on de-registration too. The Ministry of Finance will make an individual decision about this. This has a bearing on when the charge should be recognised in the accounts. The Financial Supervisory Authority of Norway concluded in its circular 'Finanstilsynet's review of financial reporting in 2015' on 19.11.2015 that the Guarantee Fund levy must be posted to expenses in its entirety in the first quarter of each year, and expects the banks to change their practice from Q1 2016.

In a letter dated 08.04.2016, the Ministry of Finance asked the Financial Supervisory Authority to produce a consultation note and draft amendments to the regulations on assessment of the levy on withdrawal

from the Guarantee Fund scheme which may entitle a bank to a refund of the charge for the part of the year in question when it was not a member of the Guarantee Fund. The Ministry of Finance asks that the consultation note should assess the possible consequences of the amendments for the Norwegian Banks Guarantee Fund and other affected parties, including members' accrual of the charge. The deadline for responses is 01.06.2016.

Pending the Authority's analysis and reply to the Ministry, Sparebanken Hedmark has continued with the previous approach in Q1 2016 of monthly accrual of the charge. The cost amounted to NOK 5.9 million in Q1 2016, against NOK 5.6 million in Q1 2015. If the levy for the Norwegian Banks Guarantee Fund had been posted to income in its entirety in Q1 2016, this would have increased interest costs by NOK 17.9 million, against NOK 16.8 million in Q1 2015.

1.2 Important accounting estimates and discretionary assessments

In drawing up the consolidated financial statements, group management applies estimates and discretionary assessments and makes assumptions that determine the effect of applying accounting principles. These will therefore affect reported amounts for assets and liabilities, income and expenses. The annual financial statements for 2015 provide more details of critical estimates and assessments in relation to the use of accounting principles in Note 3.

On 02.11.2015, an agreement between Visa Europe Ltd. and Visa Inc. was published, whereby Visa Inc. will acquire all the shares in Visa Europe. The agreement prices Visa Europe at a maximum of EUR 21.2 billion. Sparebanken Hedmark is a member of Visa Norge, which is turn a group member and shareholder in Visa Europe. If it goes ahead, the transaction will significantly increase the capital in Visa Norge. Based on information obtained from Visa Norge and in-depth assessments, Sparebanken Hedmark has opted to classify its ownership interest in Visa Norge as a financial asset available for sale and recognise an unrealised revaluation of NOK 40 million through other comprehensive income (OCI). Dividend payments from Visa Norge, affecting the profit on ordinary activities, are expected no earlier than Q2 2016. The estimated return is fraught with uncertainty and could change up to the dividend date.

Note 2 Changes in the composition of the group

2016

On 01.01.2016, 5 per cent of the shares in SpareBank 1 Finans Østlandet AS were sold to SpareBank 1 Ringerike Hadeland. The company was a wholly-owned subsidiary of Sparebanken Hedmark.

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

2015

In the fourth quarter, the group acquired 12.6 per cent of SpareBank 1 Mobilbetaling AS. The company is owned jointly with the other banks in the SpareBank 1 alliance.

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, real estate, financing, accounting and other activities.
- Real-estate 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.
- Tax is calculated at 25 per cent (27 per cent in 2015) for retail banking and corporate banking.

31.03.2016	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	EiendomsMegler 1 Hedmark Eiendom	SpareBank 1 Regn-skapshuset Østlandet	Unallocated activities	Total
Income statement							
Net interest income	135	108	54			1	297
-of which internal items							
Net commission and other income	79	20	-6	20	45	3	160
-of which internal items							
Net return on financial investments						7	7
Operating expenses*	60	26	18	18	43	88	253
Profit before losses by segment:	154	102	30	1	2	-78	211
Losses on loans and guarantees	3	5	5			-4	9
Profit / loss per segment	151	97	25	1	2	-74	202
Tax charge	38	24	6			-36	33
Profit / loss after tax charge per segment	113	73	19	1	2	-39	169
Balance sheet							
Lending to customers	21 479	16 335	5 780			713	44 308
-of which internal items					23	-23	
Individual loan write-downs	-28	-93	-15				-136
Collective loan write-downs	-27	-76	-18				-121
Other assets	113	3	74	55	146	12 743	13 134
Total assets per segment	21 538	16 169	5 820	55	146	13 457	57 185
Deposits from and liabilities to customers	21 295	11 775				604	33 674
-of which internal items							
Other liabilities and equity	243	4 393	5 820	55	146	12 853	23 511
Total equity and liabilities per segment	21 538	16 169	5 820	55	146	13 457	57 185

31.03.2015	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	EiendomsMegler 1 Hedmark Eiendom	SpareBank 1 Regn-skapshuset Østlandet	Unallocated activities	Total
Income statement							
Net interest income	112	94	60			-1	265
-of which internal items			-21			21	
Net commission and other income	82	19	-6	17	55	4	171
-of which internal items							
Net return on financial investments						121	121
Operating expenses*	62	26	22	16	42	90	258
Profit before losses by segment:	132	87	32	1	13	34	299
Losses on loans and guarantees	-1	-1	7				5
Profit / loss per segment	133	88	25	1	13	34	294
Tax charge	36	24	7		3	-16	54
Profit / loss after tax charge per segment	97	64	18	1	10	50	240
Balance sheet							
Gross lending to customers	20 280	14 611	5 003			590	40 484
-of which internal items					27	-27	
Individual loan write-downs	-34	-79	-11				-124
Collective loan write-downs	-31	-72	-15				-118
Other assets	129	1	77	22	187	10 443	10 859
Total assets per segment	20 344	14 461	5 054	22	187	11 033	51 101
Deposits from and liabilities to customers	19 841	10 708				505	31 054
-of which internal items			-3			-48	51
Other liabilities and equity	503	3 753	5 054	22	187	10 528	20 047
Total equity and liabilities per segment	20 344	14 461	5 054	22	187	11 033	51 101

31.03.2015	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	EiendomsMegler 1 Hedmark Eiendom	SpareBank 1 Regnskaps- huset Østlandet	Unallocated activities	Total
Income statement							
Net interest income	482	390	227	1	-2	7	1 105
-of which internal items			-1		-2	3	
Net commission and other income	350	78	-26	81	172	-3	651
-of which internal items			-1			1	
Net return on financial investments						514	514
Operating expenses*	534	210	86	74	155	-7	1 051
Profit before losses by segment:	298	258	115	7	15	526	1 219
Losses on loans and guarantees	6	29	21				56
Profit / loss per segment	292	229	95	7	15	526	1 163
Tax charge	79	62	20	2	4	67	233
Profit / loss after tax charge per segment	213	167	75	5	11	459	930
Balance sheet							
Gross lending to customers	21 270	16 174	5 643			693	43 779
-of which internal items					23	-23	
Individual loan write-downs	-32	-87	-13				-132
Collective loan write-downs	-27	-76	-17				-120
Other assets	128	1	67	43	135	12 070	12 444
Total assets per segment	21 338	16 012	5 680	43	135	12 762	55 971
Deposits from and liabilities to customers	21 068	11 915				475	33 458
-of which internal items							
Other liabilities and equity	271	4 097	5 680	43	135	12 286	22 513
Total equity and liabilities per segment	21 339	16 011	5 680	43	135	12 761	55 971

* 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
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
3 987		3 987	3 987		3 987
503		503	503		503
3 019	6 639	3 015	3 015	6 639	3 019
50	36	46	46	36	50
135	134	151		135	135
	218	151	151		-
			1 253	1 079	1 023
			40		
7 695	7 027	7 853	8 994	7 889	8 718
Tier 1 capital					
	-218	-158	-169	-240	
			-38,6		
			30		
-119		-60	-60		-119
-104	-108	-102	-221	-225	-217
-155	-190	-159	-181	-229	-182
-264	-226	-401	-1 827	-1 666	-1 720
			-13	-11	-13
-10	-8	-10			
-220	-181	-155			
6 823	6 096	6 808	6 514	5 518	6 468
Additional Tier 1 capital					
			162	162	162
-220	-181	-155	-32	-2	-32
220	181	155			
0	0	0	130	160	130
Supplementary capital in excess of core capital					
			784	784	783
-277	-248	-211	-199	-144	-202
223	252	289	640	581	581

Parent Bank			Group		
Basel III	Basel II	Basel III	Basel III	Basel II	Basel III
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
7 047	6 348	7 097	7 229	6 318	7 179
Net subordinated capital					
4 257	3 363	4 043	4 442	3 805	4 639
6 253	6 172	6 520	8 431	8 132	8 270
763	783	684	757	874	847
905	821	929	962	857	939
6 301	6 337	6 429	8 740	8 525	8 538
624	702	625	709	794	704
19 103	18 179	19 229	24 042	22 987	23 937
Risk-weighted assets credit risk IRB					
7 068	6 816	7 303	10 427	9 394	10 237
199	272	219	272,3	310	234
1 989	1 989	2 253	3 702	3 269	3 269
28 359	27 256	29 004	38 443	35 960	37 677
2 269	2 180	2 320	3 075	2 877	3 014
Capital requirements (8%)					
Buffer requirements					
709	681	725	961		942
284		290	384		377
851	818	870	1 153		1 130
1 843	1 499	1 885	2 499		2 449
Total buffer requirements for common equity (6.5% as at Q1 2016, 5.5% as at Q1 2015)					
3 704	3 371	3 618	2 286		2 323
Available common equity (net minimum requirement of 11% as at Q1 2016, 10% as at Q1 2015)					
Capital adequacy ratio					
24.1 %	22.4 %	23.5 %	16.9 %	15.3 %	17.2 %
24.1 %	22.4 %	23.5 %	17.3 %	15.8 %	17.5 %
24.8 %	23.3 %	24.5 %	18.8 %	17.6 %	19.1 %

Note 5 Loans to and receivables from customers

Parent Bank			Group		
Basel III	Basel II	Basel III	Basel III	Basel II	Basel III
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
Loans by type of receivable					
			2 579	2 169	2 490
10 940	11 394	10 206	10 197	11 394	10 940
860	1 278	853	840	1 278	847
26 295	22 742	27 436	30 601	25 550	29 412
80	83	80	91	93	90
38 175	35 498	38 575	44 308	40 484	43 779
Gross loans to and receivables from customers					
			222	215	224
37 953	35 282	38 351	44 051	40 242	43 526
Loans to and receivables from customers					
Loans by type of market					
21 814	20 761	22 042	24 527	23 135	24 289
16 354	14 720	16 527	19 583	17 153	19 287
6	17	6	198	196	203
38 175	35 498	38 575	44 308	40 484	43 779
Gross loans to and receivables from customers					
			222	215	224
37 953	35 282	38 351	44 051	40 242	43 526
Loans to and receivables from customers					
Parent Bank					
Basel III	Basel II	Basel III	Basel III	Basel II	Basel III
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
23 870	22 483	24 158	26 644	24 862	26 345
177	17	175	370	196	374
4 304	3 928	4 402	4 666	4 127	4 543
336	321	373	392	340	357
858	783	893	1 242	1 055	1 136
1 491	1 307	1 491	2 185	1 802	2 140
258	225	256	433	335	404
1 214	1 097	1 241	1 634	1 469	1 589
185	188	183	197	203	197
8 286	7 693	8 444	8 529	7 744	8 345
2 386	1 947	2 208	2 833	2 366	2 937
334	287	323	1 268	1 002	1 138
21	23	17	25	31	21
43 719	40 301	44 164	50 418	45 534	49 525
Total commitments by sector and industry					

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
21 814	20 761	22 042	24 527	23 135	24 289
6	17	6	198	196	203
3 731	3 316	3 680	3 929	3 515	3 970
275	261	297	313	276	292
534	551	564	819	780	777
836	823	832	1 437	1 286	1 417
228	197	226	383	307	374
804	742	850	1 171	1 024	1 128
169	166	166	180	181	181
7 667	7 087	7 969	8 035	7 136	7 722
1 836	1 342	1 682	2 193	1 706	2 365
254	211	244	1 098	910	1 041
21	23	17	25	31	21
38 175	35 498	38 575	44 308	40 484	43 779

Parent Bank			Group		
31.12.15	31.03.15	31.03.16	31.03.16	31.03.15	31.12.15
32	35	28	35	41	38
5	2	9	9	2	5
1	1	1	1	1	1
5	6	5	9	6	9
9	8	8	8	9	9
1	1	1	1	1	1
20	19	21	22	19	20
	1			1	
20	17	23	25	18	21
25	23	25	25	24	25
			2	2	2
119	112	121	137	123	132

Note 6 Losses on loans and guarantees

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
1	-10	2	4	-8	5
2	2			4	4
21	4	5	8	7	36
15	3	20	21	5	21
3	1	23	24	1	9
35	-2	4	9	5	56

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
134	134	134	147	143	143
21	4	5	7	7	35
14	7	3	4	10	24
3		4	4	1	8
32	1	5		8	55
134	124	136	151	135	147

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

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
101	101	103	120	116	116
2	2		1	2	4
103	103	103	121	118	120

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
180	218	194	260	301	234
32	41	41	51	50	41
148	177	153	208	251	193
18 %	19 %	21 %	20 %	17 %	18 %
234	214	195	219	217	257
102	83	94	100	86	107
132	131	101	120	131	150
44 %	39 %	48 %	45 %	40 %	42 %
32 %	29 %	35 %	31 %	26 %	30 %

Note 7 Net income from financial assets and liabilities

Parent bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
-75	-19	10	10	-19	-75
294	39	-97	-97	39	294
15	26	8	8	26	15
7	4	-11	-11	4	7
-42	-28	26	26	-28	-42
-3					-3
-3		-2	-2		-3
193	23	-66	-66	23	193
9	7			7	9
					-10
					10
8	7			7	8
260	94	80	70	88	301
12	3	3	3	3	12
472	127	17	7	121	514

Note 8 Financial derivatives

At fair market value through p & l account	Parent Bank and Group		
	31.03.2016		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	692	8	7
Currency swap contracts	1 947	9	1
Total foreign exchange instruments	2 639	17	8
Foreign exchange instruments			
Forward exchange contracts	10 552	482	304
Currency swap contracts	150	8	
Total foreign exchange instruments	10 702	490	304
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	0	0
Total curr.- and int. rate instruments			
Total currency instruments	2 639	17	8
Total interest rate instruments	10 702	490	304
Other financial derivatives	20	0	0
Total	13 361	507	312

At fair market value through p & l account	31.03.2015		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	1 339	23	22
Currency swap contracts	2 041	29	29
Total foreign exchange instruments	3 379	52	51
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	9 348	473	241
Other interest rate contracts	150	12	
Total interest rate instruments	9 498	485	241
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	0
Total curr. and int. rate instruments			
Total currency instruments	3 379	52	51
Total interest rate instruments	9 498	485	241
Total other financial instruments	66	0	0
Total	12 944	537	292

At fair market value through profit and loss account	31.12.2015		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	626	12	10
Currency swap contracts	1 988	3	27
Total foreign exchange instruments	2 614	15	37
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	10 465	435	281
Other interest rate contracts	150	6	
Total interest rate instruments	10 615	441	281
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	3
Total curr. and int. rate instruments			
Total currency instruments	2 614	15	37
Total interest rate instruments	10 615	441	281
Total other financial instruments	66	0	3
Total	13 295	455	320

Note 9 Determination of fair value of financial instruments

The table below shows financial instruments at fair value by valuation method. The different levels are defined as follows:

- 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.

31.03.2016	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		507		507
- Bonds and certificates		6 261		6 261
- Fixed-rate loans		2 810		2 810
- Loans with interest-rate guarantees				0
Financial assets available for sale				
- Equity instruments	164		139	303
- Other financial assets (Visa Norge)			40	40
Total assets	164	9 579	180	9 922
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		312		312
- Securities issued		11 743		11 743
- Subordinated loan capital		491		491
- Fixed-rate deposits		150		150
- Term deposit			60	60
Total liabilities	0	12 695	60	12 755
31.03.2015	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		537		537
- Bonds and certificates		4 723		4 723
- Fixed-rate loans		2 271		2 271
- Loans with interest-rate guarantees			1	1
Financial assets available for sale				
- Equity instruments	154		110	264
Total assets	154	7 531	111	7 796
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		292		292
- Securities issued		9 863		9 863
- Subordinated loan capital		505		505
- Fixed-rate deposits		46		46
- Term deposit			60	60
Total liabilities	0	10 706	60	10 765

31.12.2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Derivatives		455		455
- Bonds and certificates		6 133		6 133
- Fixed-rate loans		2 771		2 771
- Loans with interest-rate guarantees				
Financial assets available for sale				
- Equity instruments	154		139	294
- Other financial assets (Visa Norge)			40	40
Total assets	154	9 359	180	9 693
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		317	3	320
- Securities issued		11 576		11 576
- Subordinated loan capital		496		496
- Fixed-rate deposits		89		89
- Term deposit			61	61
Total liabilities	0	12 479	64	12 543

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 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:

31.12.15–31.03.16	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Other financial assets	Total
Opening balance		139	-3	-61	40	116
Investments in the period						0
Sales / redemption in the period			3	1		3
Gains / losses recognised through profit and loss						0
Gains / losses recognised directly against comprehensive income						0
Closing balance	0	139	0	-60	40	119
Gains / losses for the period included in the profit for assets owned on the balance sheet day	0	0	0	0		0
31.12.14–31.03.15	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Other financial assets	Total
Opening balance	1	108	3			112
Investments in the period				-60		-60
Sales / redemption in the period			-3			-3
Gains / losses recognised through profit and loss						0
Gains / losses recognised directly against comprehensive income		2				2
Closing balance	1	110	0	-60	0	51
Gains / losses for the period included in the profit for assets owned on the balance sheet day						0
31.12.14–31.12.15	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Other financial assets	Total
Opening balance	1	108	3			112
Investments in the period		30		-61		-31
Sales / redemption in the period	-1	-2	-3			-6
Gains / losses recognised through profit and loss			-3			-3
Gains / losses recognised directly against comprehensive income		3			40	43
Closing balance	0	139	-3	-61	40	116
Gains / losses for the period included in the profit for assets owned on the balance sheet day			-3			-3

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 10 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.

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

	Gross financial assets/(liabilities)	Recognised on a net basis	Amounts not presented on the balance sheet on a net basis			Net amount
			Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	
31.03.2016						
Derivatives as assets	507	0	507	-69	0	438
Derivatives as liabilities	-312	0	-312	69	127	-116
31.03.2015						
Derivatives as assets	537	0	537	-86	0	451
Derivatives as liabilities	-292	0	-292	86	117	-88
31.12.2015						
Derivatives as assets	455	0	455	-48	0	407
Derivatives as liabilities	-320	0	-320	48	116	-157

Note 11 Other assets

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
73	73	73	73	73	73
17	20	16	21	30	21
27	39	42	41	39	27
197	138	205	403	308	376
314	270	335	538	450	497
		Other assets			

Note 12 Deposits from and liabilities to customers

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
20 396	19 167	20 598	20 598	19 167	20 396
4 126	3 690	3 832	3 832	3 690	4 126
921	1 021	1 051	1 051	1 021	921
104	109	93	93	109	104
503	430	504	504	430	503
806	655	726	726	655	806
124	228	277	277	228	124
882	646	754	754	646	882
131	100	144	144	100	131
1 487	1 478	1 769	1 769	1 478	1 487
3 756	3 295	3 681	3 648	3 244	3 706
268	286	272	272	286	268
4		8	8		4
33 508	31 105	33 708	33 675	31 054	33 458
		Total deposits by sector and industry			

Note 13 Securities-related debt

Parent Bank and Group

Changes in liabilities from issuance of securities	31.03.2016	Issued	Due / redeemed	Other changes	31.12.2015
Certificate-based debt, nominal value	500				500
Bond debt, nominal value	10 878	550	-1 000	514	10 814
Subordinated loan capital, nominal value	500				500
Accrued interest	142			7	136
Adjustments	213			90	123
Total debt raised through issuance of securities and subordinated loan capital, fair value	12 233	550	-1 000	611	12 073

Changes in liabilities from issuance of securities	31.03.2015	Issued	Due / redeemed	Other changes	31.12.2014
Certificate-based debt, nominal value	0				0
Bond debt, nominal value	9 351	1 100		-159	8 410
Subordinated loan capital, nominal value	500				500
Accrued interest	140			8	131
Adjustments	377			-37	415
Total debt raised through issuance of securities and subordinated loan capital, fair value	10 368	1 100	0	-188	9 455

Changes in liabilities from issuance of securities	31.12.2015	Issued	Due / redeemed	Other changes	31.12.2014
Certificate-based debt, nominal value	500	500			0
Bond debt, nominal value	10 814	3 500	-1 205	110	8 410
Subordinated loan capital, nominal value	500				500
Accrued interest	136			4	131
Adjustments	123			-291	415
Total debt raised through issuance of securities and subordinated loan capital, fair value	12 073	4 000	-1 205	-178	9 455

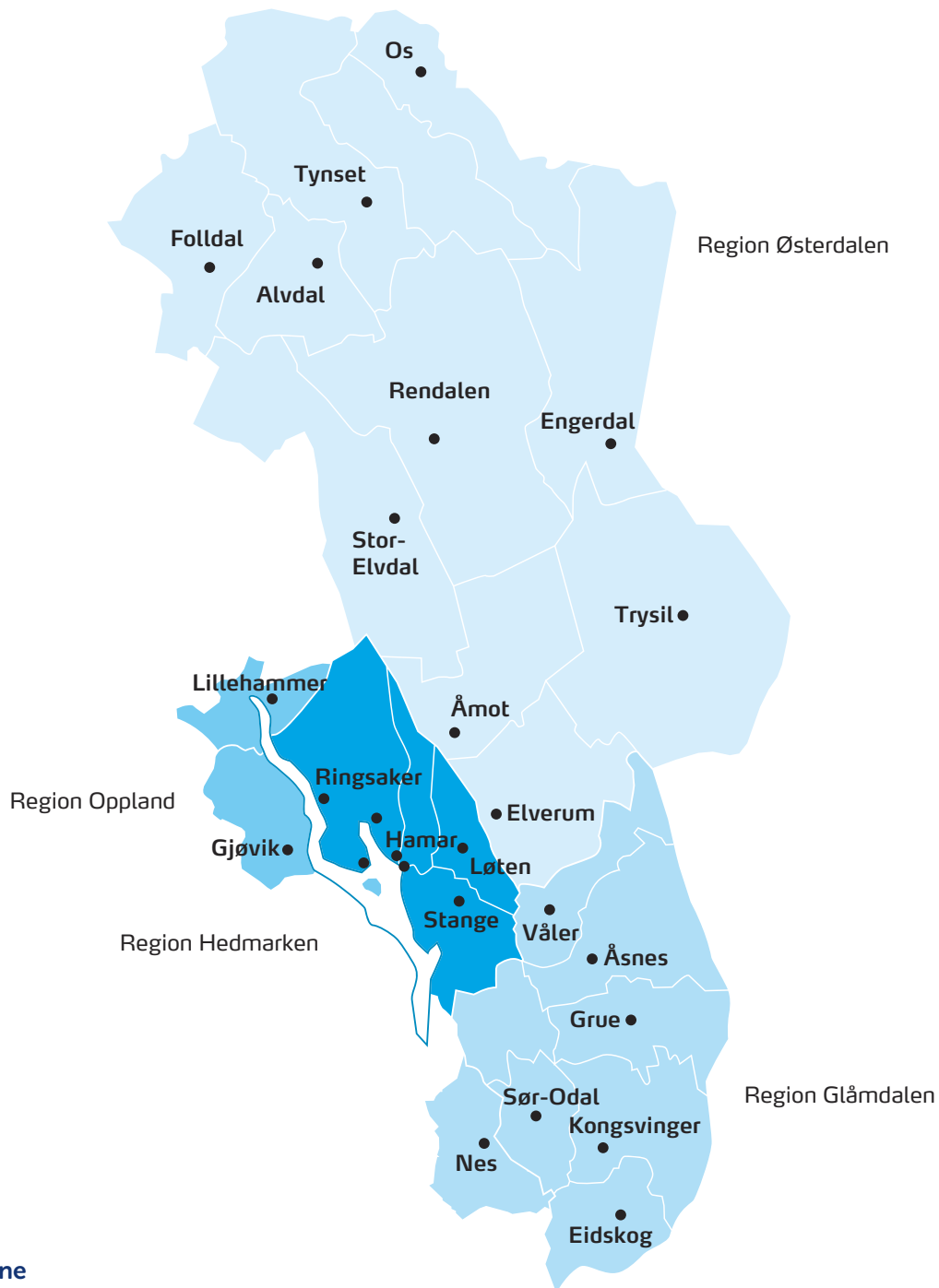
Note 14 Other debt and liabilities

Parent Bank			Group		
31.12.2015	31.03.2015	31.03.2016	31.03.2016	31.03.2015	31.12.2015
263	370	266	282	392	280
14	12	14	14	12	14
7	6	4	4	6	7
34	25	26	30	30	41
121	106	142	208	202	167
440	519	453	538	642	510
		Total other debt and liabilities recognised in the balance sheet			

Note 15 Equity capital certificates

Equity share capital as at 31.12.15 consisting of 79,740,000 equity certificates at NOK 50 each.

	31.03.2016
Equity capital certificates	3 987
Dividend equalisation fund	503
A. The equity capital certificate owners' capital	4 490
Primary capital	3 019
Endowment fund	46
Fund for unrealised gains	151
Other equity	145
B. Total primary capital	3 361
Equity parent bank	7 853
Equity capital certificate ratio (A/(A+B))	59,8 %
Equity capital certificate ratio for distribution	
Owner of equity certificates:	No. Of EC's
Sparebanken Hedmark Sparebankstiftelse	79 740 000
	Share in %
	100 %



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