

Sparebanken Hedmark

Presentation of financial results Q1-2015

About Sparebanken Hedmark

Sparebanken Hedmark

Hedmark is the leading provider of financial products to people, companies and the public sector in Hedmark

Norway's largest self-owned savings bank

NOK 7.9 billion in equity.

NOK 51 billion in total assets.

NOK 67 billion in commercial volume (incl. loans to SpareBank 1 Boligkreditt/SpareBank 1 Næringskreditt).

700 employees, 171 000 customers.

23 branches in Hedmark, 2 in Oppland and 1 in Akershus.

Subsidiaries

Estate agency (EiendomsMegler 1 Hedmark Eiendom AS).

Leasing and asset financing (SpareBank 1 Finans Østlandet AS).

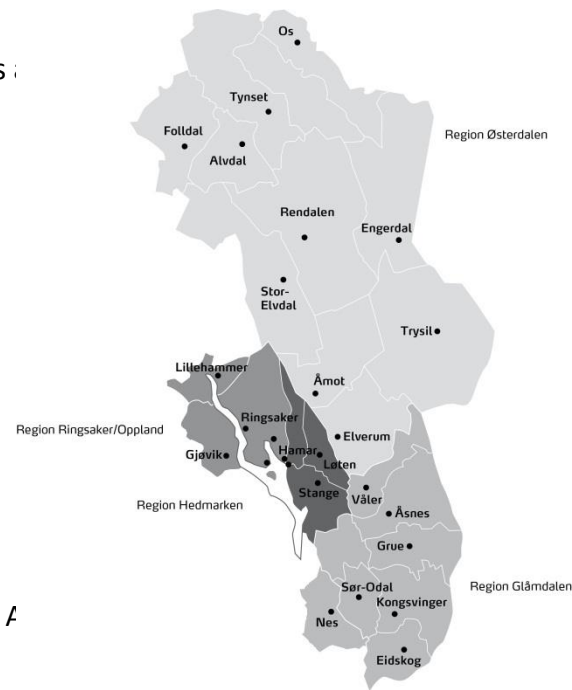
Accounting and consultancy chain (SpareBank 1 Regnskapshuset Østlandet AS)

Associated companies

Owns 40.5% of Bank 1 Oslo Akershus AS and 11 % of the SpareBank 1 Gruppen AS.

Rating

Rated by Moody's: A2



Highlights – First quarter 2015

Good result

Satisfactory return on equity of 12.5 per cent .
Good results from subsidiaries and partly owned companies .

Stable margins and growth

Good growth- 7.6 per cent and 3.7 per cent deposit growth.
Net interest income incl. commission from loans transferred to covered bond companies increased by over 4 per cent.
Reduced lending margins and hard competition for customers.
Improved deposit margins compensates for some of the margin decline.

Low losses

The increase in costs is lower in the parent bank.
Higher **credittspreads** made a positive contribution to profit form financial assets and liabilities.
Almost no losses and a positive trend in the share of problem loans.

Further strengthening of the solvency

Approval for use of the IRB A gave a positive effect 0.65 per cent of common equity
Very good solvency - common equity is now 15.3 per cent.
Equity ratio – 15.4 per cent.
Capital adequacy ratio - 17.6 per cent.

Profit/loss (Group)

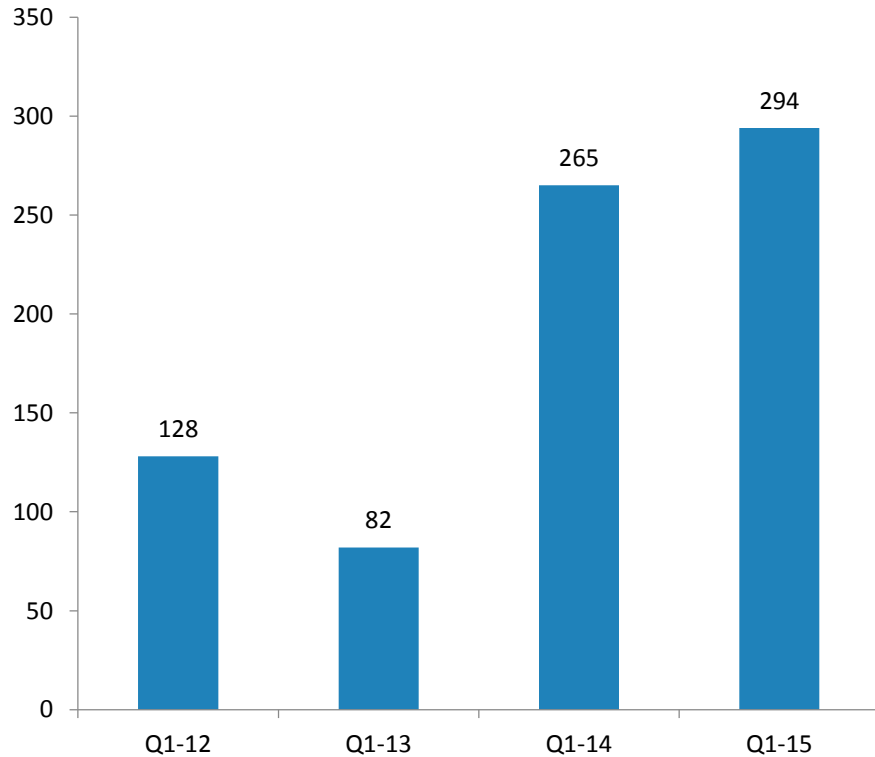
	Q1 2015	Q1 2014	2014
Net interest income	265	240	1.043
Net commission income	110	130	446
Other income	61	56	217
Total operating expenses	258	242	981
Result bank operation before losses	178	184	725
Losses on loans and guarantees	5	12	66
Result bank operation after losses	173	172	659
Dividends	7	12	13
Net profit from ownership interest	88	114	394
Net income from financial assets/liabilities	26	-33	166
Profit/loss before tax	294	265	1.232
Tax charge	54	38	192
Profit/loss after tax	240	227	1.040
Return on equity capital after tax	12,5 %	46,6 %	43,0 %
Total operating costs in relation to total income	46,3 %	0,1 %	0,2 %
Losses on loans as a percentage of gross loans	0,1 %	0,0 %	0,0 %

Profit/loss (Parent bank)

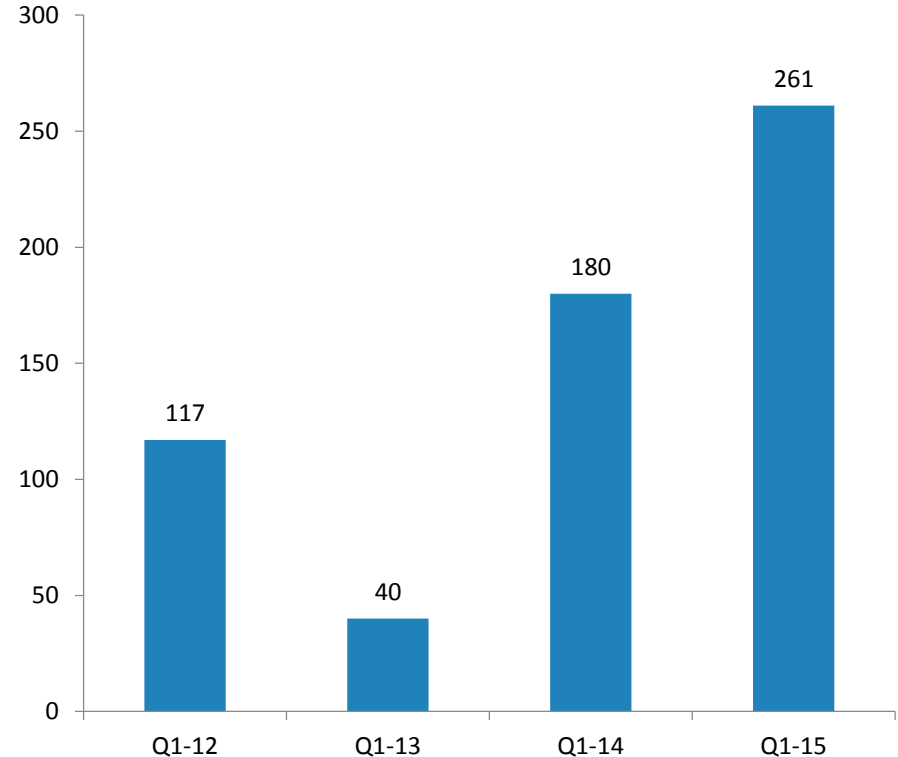
	Q1 2015	Q1 2014	2014
Net interest income	206	193	835
Net commission income	98	135	466
Other income	7	2	16
Total operating expenses	179	178	726
Result bank operation before losses	132	152	591
Losses on loans and guarantees	-2	8	52
Result bank operation after losses	134	144	539
Dividends	7	12	13
Net profit from ownership interest	94	57	117
Net income from financial assets/liabilities	26	-33	166
Profit/loss before tax	261	180	835
Tax charge	43	31	159
Profit/loss after tax	218	149	676

Result before tax for Group and Parent Bank

Result before tax - Group



Result before tax – Parent bank



Income statement quarterly (Group)

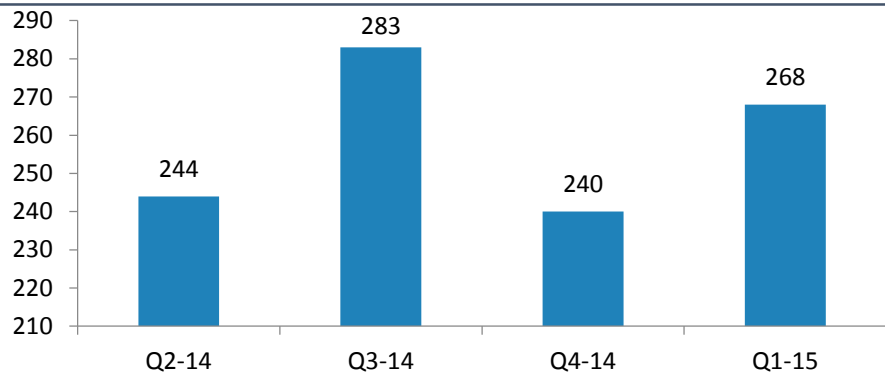
	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	265	272	272	259	240	263	266	252	227
Net commission income	110	104	104	109	130	100	104	89	77
Other income	61	54	51	57	56	46	49	48	46
Total operating expenses	258	263	237	239	242	235	223	227	231
Result bankoperation before losses	178	167	190	185	184	174	196	162	119
Losses on loans and guarantees	5	24	9	21	12	43	4	22	3
Result bankoperation after losses	173	143	181	164	172	131	192	140	116
Dividends	7	1	1	0	12	3	0	18	
Net profit from ownership interest	88	97	103	81	114	120	98	53	54
Net income from financial assets/liabilities	26	29	173	-4	-33	-3	-19	26	-88
Profit/loss before tax	294	270	458	241	265	250	271	237	82
Tax charge	54	56	54	45	38	38	49	51	9
Profit/loss after tax	240	214	403	197	227	212	222	186	74

Specification of results (Group)

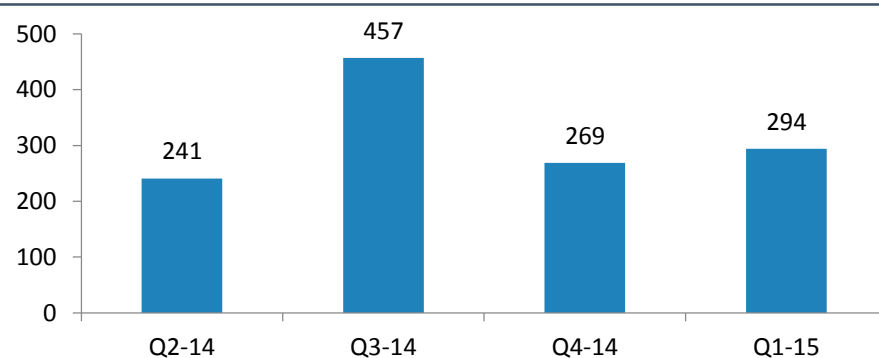
<i>(Nok million)</i>	Q1 2015	Q1 2014	2014
Parent Bank's profit after tax	218	149	835
Dividends received from subsidiaries and joint ventures	-94	-58	-135
	0	0	
Profit /loss attributable to:	0	0	
SpareBank 1 Gruppen AS	34	27	202
Bank 1 Oslo Akershus AS	31	85	183
SpareBank 1 Boligkreditt and Næringskreditt AS	22	4	24
EiendomsMegler 1 Hedmark Eiendom AS	1	2	12
SpareBank 1 Finans Østlandet AS	18	16	101
SpareBank 1 Regnskapshuset Østlandet AS	10	3	6
Other companies	0	-1	4
Consolidated profit after tax	240	227	1.232

Financial results by quarter (Group)

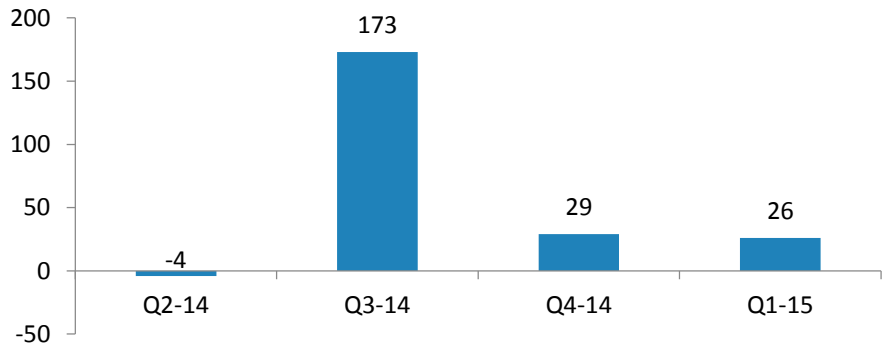
Profit/loss before tax excl. profit from other financial assets and liabilities



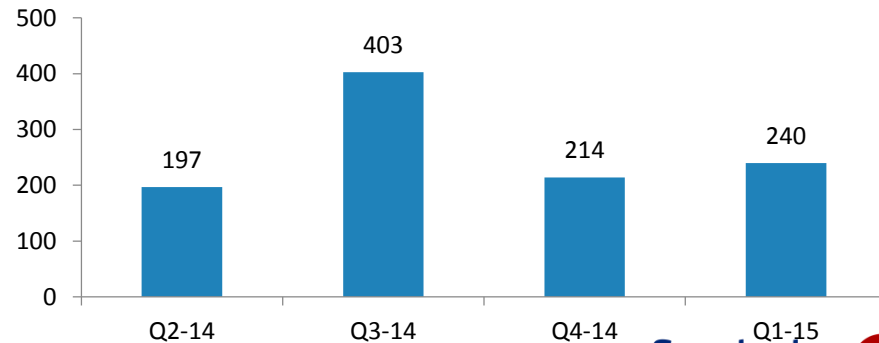
Profit/loss before tax



Net result from other financial assets and liabilities

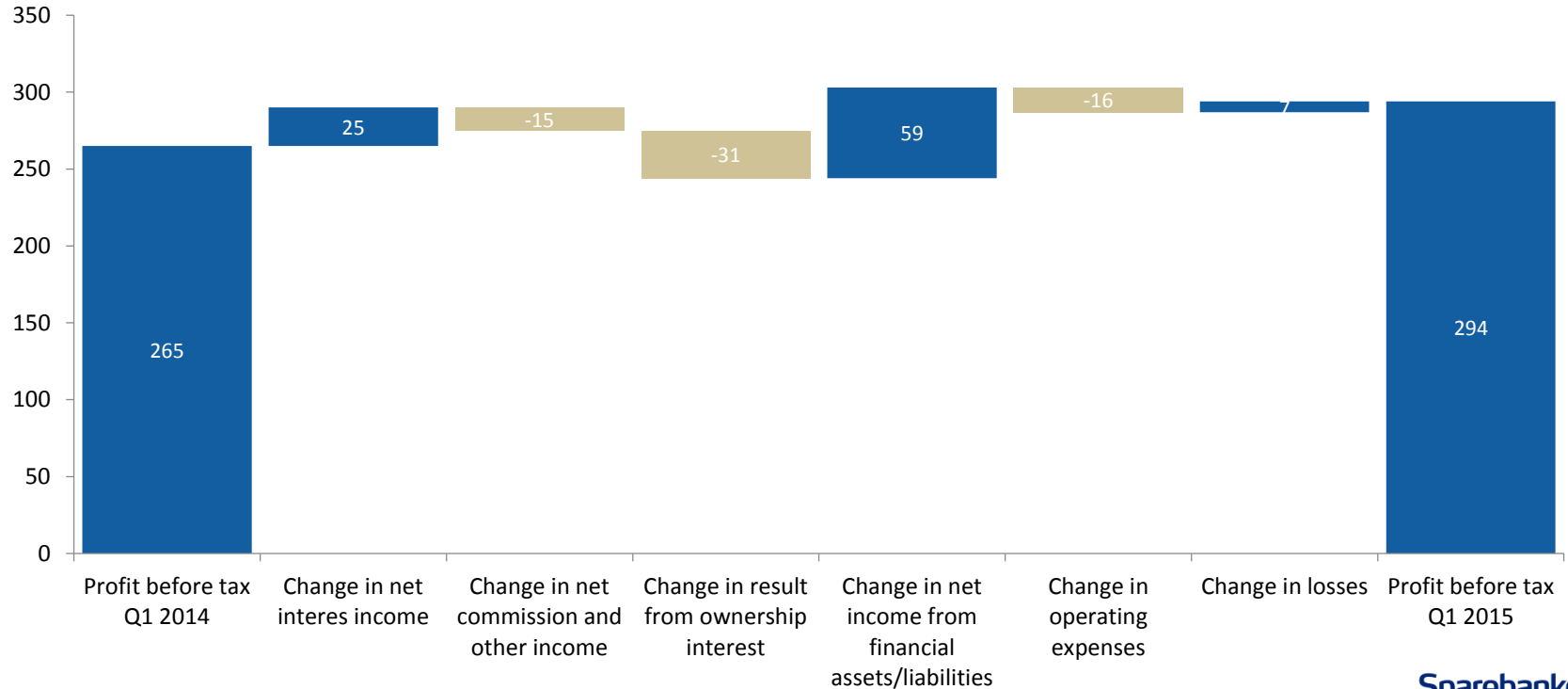


Result after tax



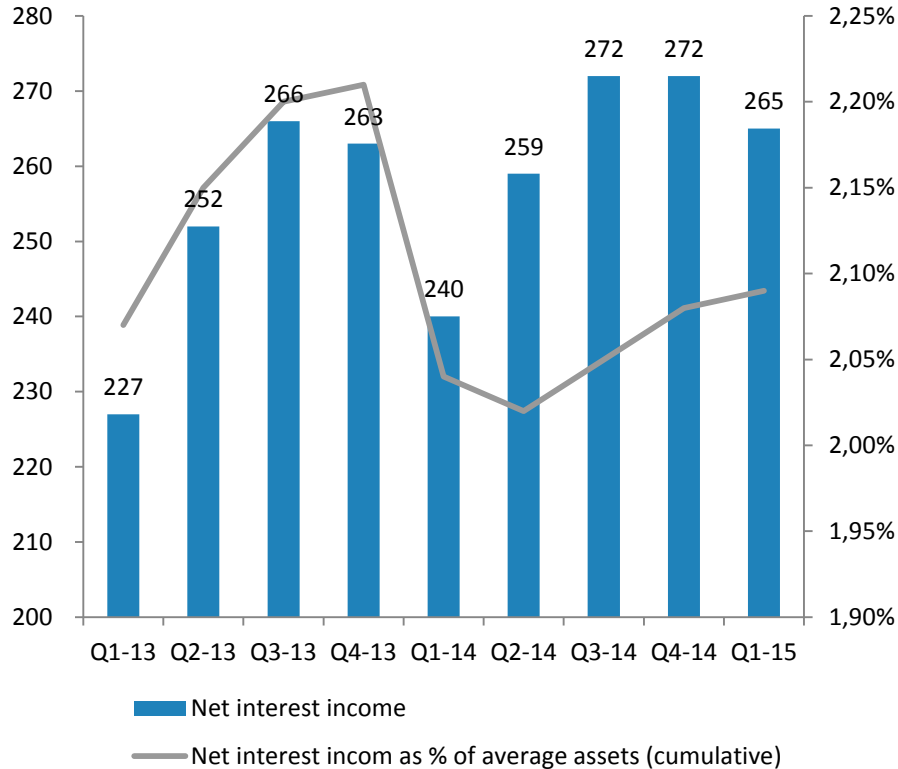
Specification of the consolidated profit (Group)

Change in profit before tax Q1-2015 vs Q1-2014

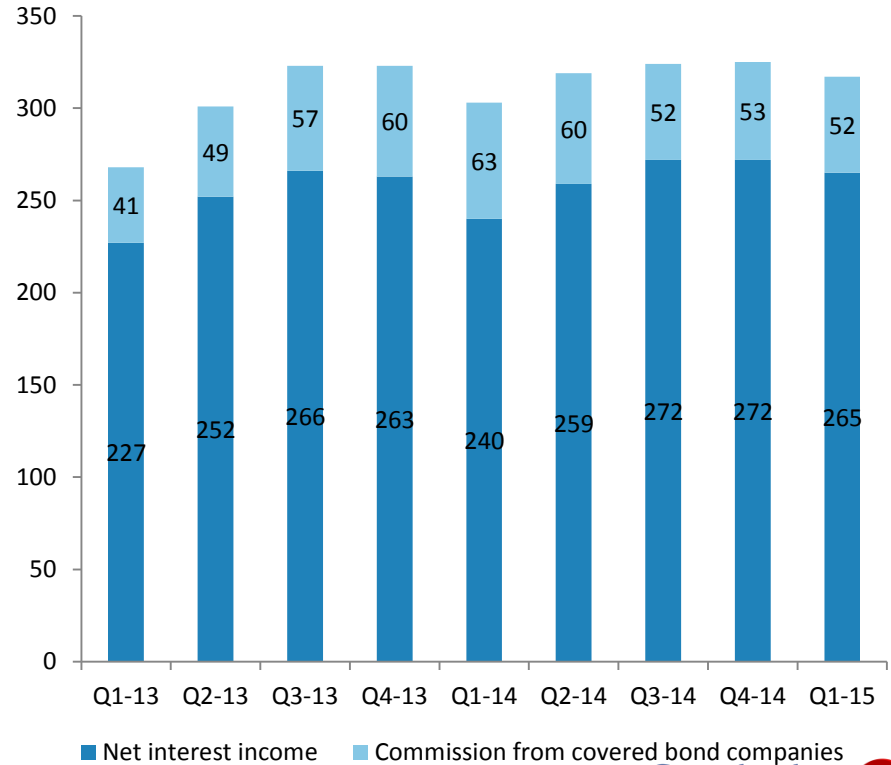


Net interest income (Group)

Interest income excl. Commission from covered bond companies *



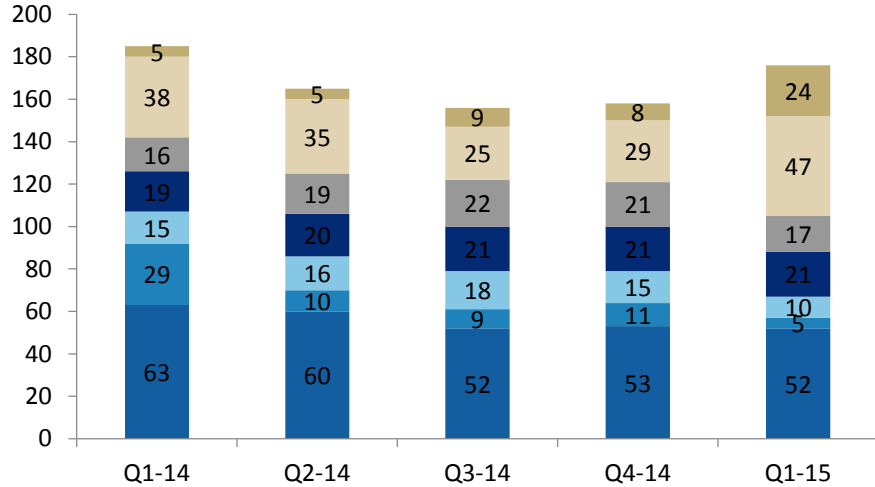
Interest income incl. commission from covered bond companies



*Sales of Mastercard portfolio in Q1 2014 contributed to reduced reported net interest income. Recognized after Q1-2014 as commissions.

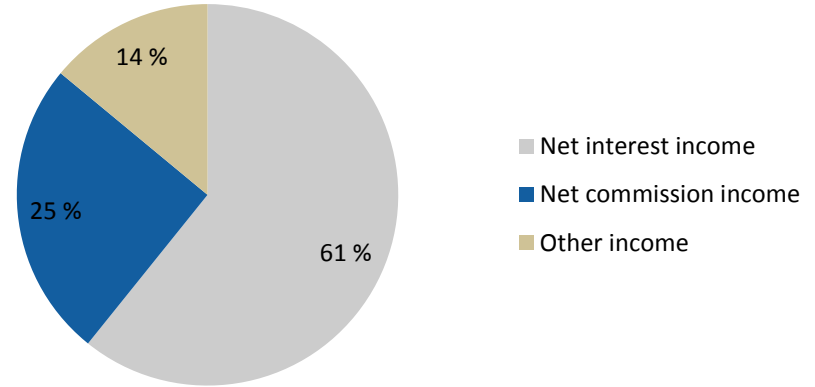
Net commission and other income (Group)

Net commission and other income



- Other commission
- Income from accounting
- Real estate brokerage
- Insurance services
- Payment transmission
- Commission from credit card portfolio
- Commission from covered bond companies

Composition of total income from banking operations



- Net commission income consists of:
 - Commission from covered bond companies
 - Commission from credit card portfolio
 - Insurance services
 - Payment transmission
 - Real estate brokerage
- Other operating income consist of:
 - Income from accounting
 - Other commission

Net income from financial assets and liabilities (Group)

	Q1 2015	Q4 2014	Q3 2014	Q2 2013	Q1 2013	2014
Dividends	7	1	1	0	12	14
Net profit from ownership interest	88	97	103	80	114	394
Net income from other financial assets and liabilities	26	29	173	-3	-33	166
Net income from financial assets and liabilities	121	126	277	77	93	573

*

Operating expenses (Group)

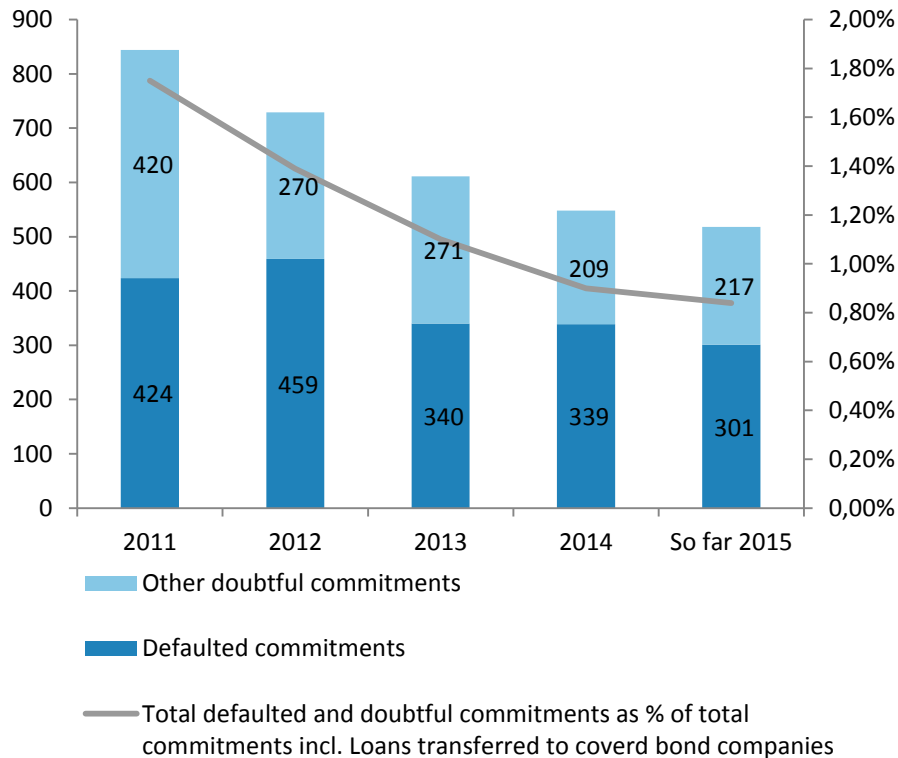
	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Payroll	109	102	98	95	102	397
Pension costs	14	13	14	14	13	54
Social security expenses	24	31	20	20	21	92
Total personnel expenses	147	146	132	129	136	543
Operating expenses and other expenses	71	81	70	74	69	294
Total personell- and operating expenses	218	227	202	203	205	837
Depreciation	11	11	11	10	10	42
Other operating costs	29	26	23	26	27	102
Total expenses	258	263	236	239	242	980

Operating expenses (parent bank)

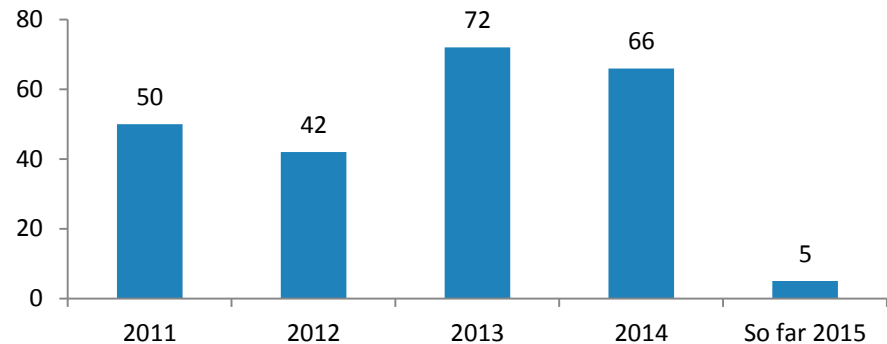
	Q1 2015	Q1 2014	2014
Payroll	67	66	261
Pension costs	11	12	47
Social security expenses	14	14	65
Total personnel expenses	92	92	374
Operating expenses and other expenses	59	59	249
Total personell- and operating expenses	151	151	623
Depreciation	8	8	33
Other operating costs	19	18	70
Total expenses	179	178	726

Losses on loans and guarantees (Group)

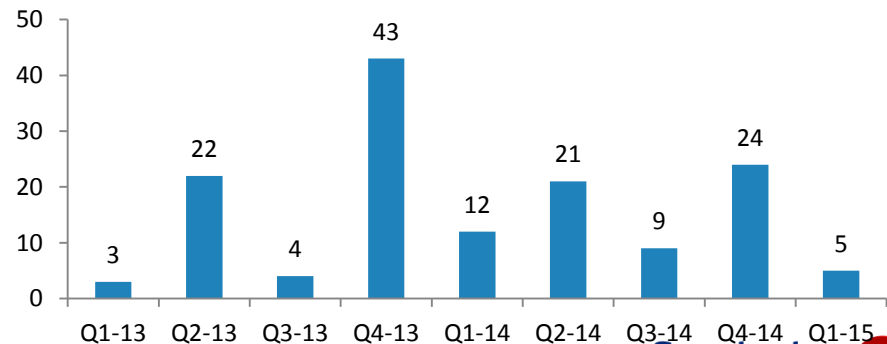
Defaulted and doubtful commitments



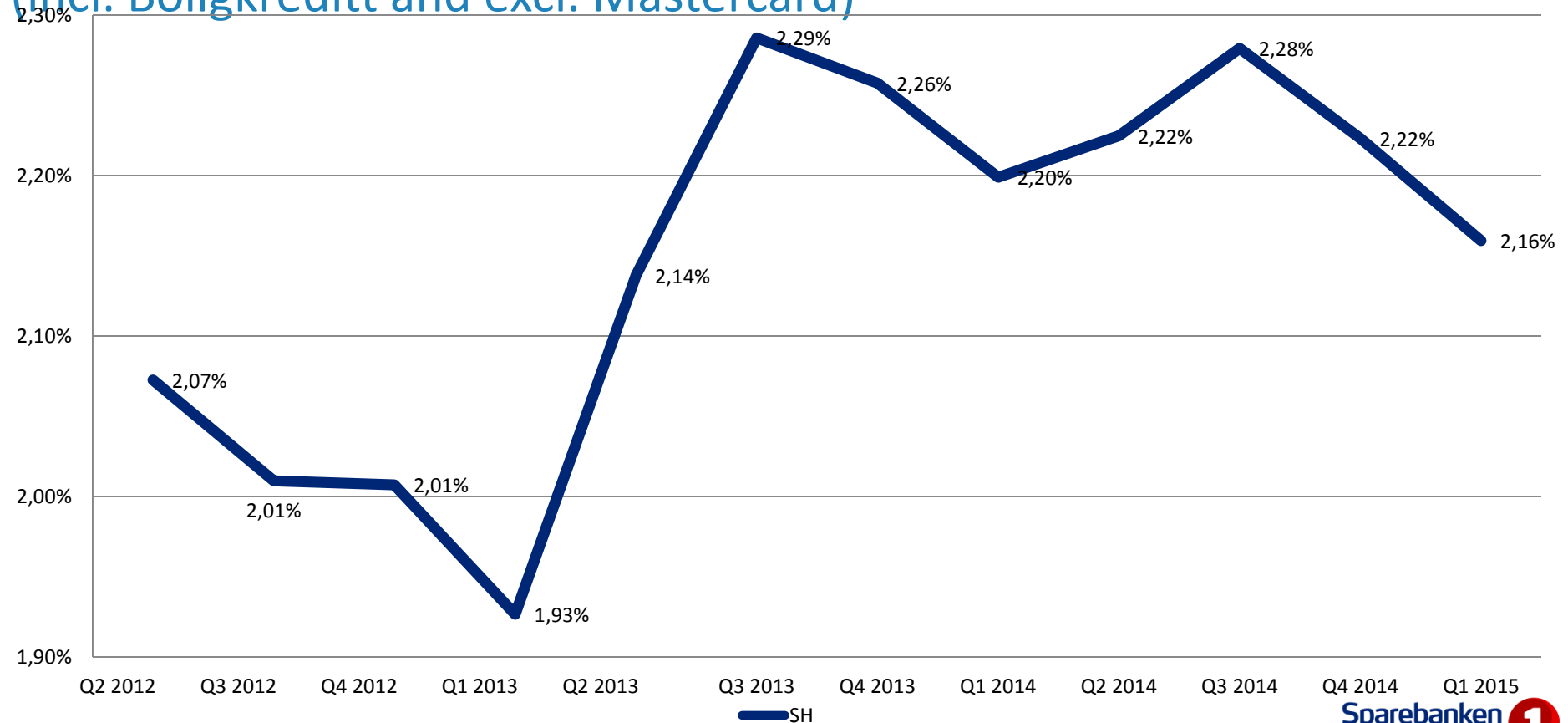
Yearly losses



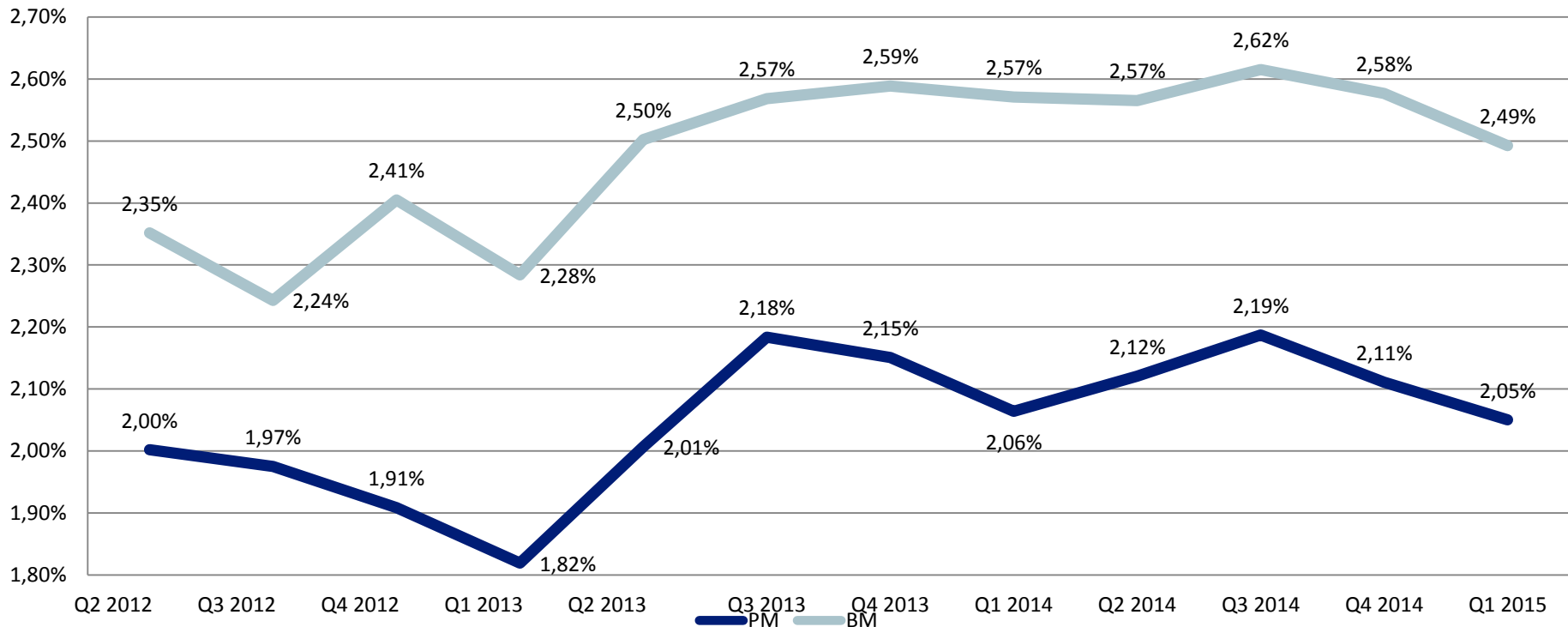
Quarterly losses



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



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



PM: Retail market

BM: Corporate market

Main figures Sparebanken Hedmark (Group)

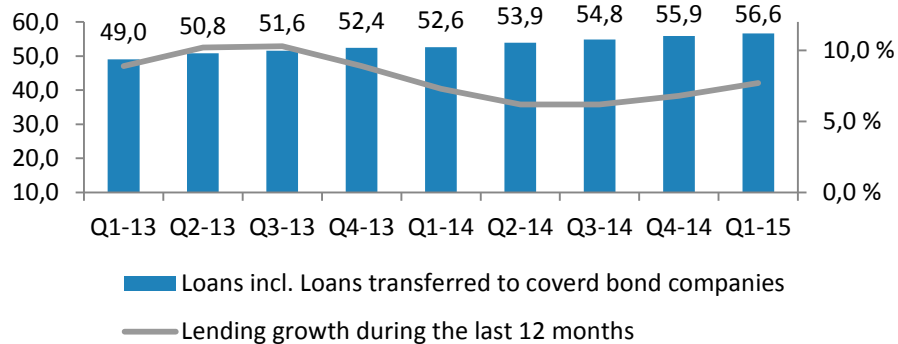
	Q1 2015	Q1 2014	2014
Profitability			
Return on equity capital after tax	12,5 %	13,4 %	14,4 %
From the balance sheet			
Assets	51.101	46.869	49.934
Business volume	67.236	62.563	65.928
Lending growth last 12 months incl. Loans transferred to covered bond companies	7,7 %	7,3 %	6,8 %
Deposits growth during the last 12 months	3,7 %	2,7 %	3,2 %
Deposits from customers in relation to gross loans to customers	76,7 %	81,2 %	77,8 %
Financial strength			
Core Tier 1 capital ratio	15,3 %	15,1 %	14,8 %
Tier 1 capital ratio	15,8 %	15,5 %	15,2 %
Total capital ratio	17,6 %	15,5 %	17,1 %
Other key figures			
Total operating costs in relation to total income	46,3 %	46,6 %	43,0 %
Gros doubtful commitments as a percentage of total commitments incl. Loans transferred to covered bond companies	0,8 %	1,0 %	0,9 %

Balance sheet (Group)

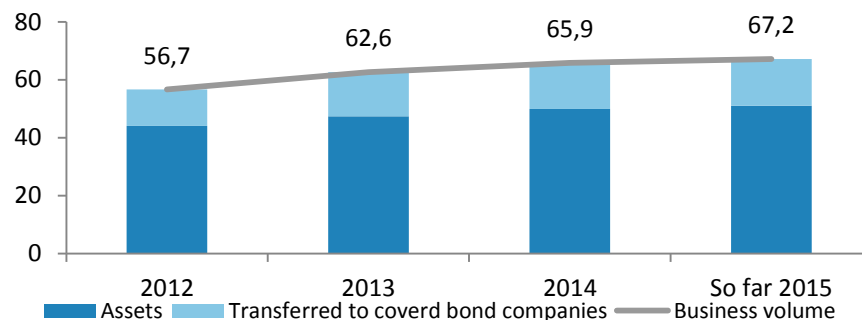
	31.03.2015	31.03.2014	31.12.2014
ASSETS			
Cash and deposits with central banks	490	376	748
Loans to and receivables from credit institutions	659	791	675
Loans to and receivables from customers	40.242	36.640	39.691
Financial papers	5.526	5.200	4.787
Investments in subsidiaries, associates and joint ventures	3.157	2.727	3.073
Other assets	1.027	1.135	960
Total assets	51.101	46.869	49.934
LIABILITIES			
Deposits from and liabilities to credit institutions	659	662	665
Deposits from and liabilities to customers	31.054	29.948	31.070
Liabilities arising from issuance of securities and financial derivatives	10.155	7.965	9.281
Other debt and liabilities recognised in the balance sheet	839	737	789
Subordinated loan capital	505	505	505
Total liabilities	43.212	39.817	42.310
EQUITY CAPITAL			
Earned equity capital	7.889	7.052	7.624
Total equity capital	7.889	7.052	7.624
Total liabilities and equity capital	51.101	46.869	49.934

Development in balance sheet (Group)

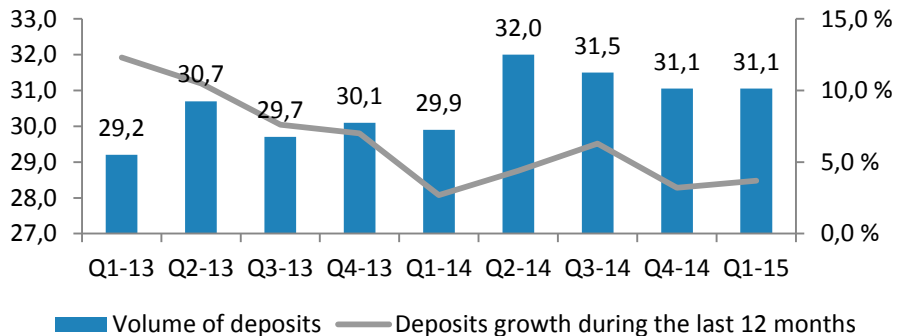
Gross loans incl. Loans transferred to covered bond companies (Nok billion)



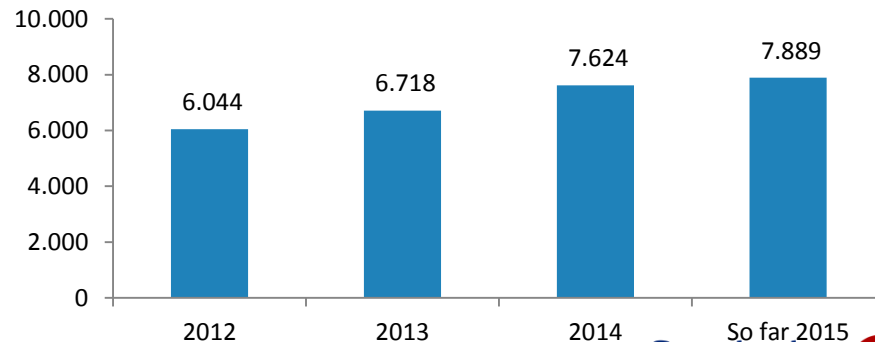
Development in assets and business volume (Nok billion)



Deposits (Nok billion)

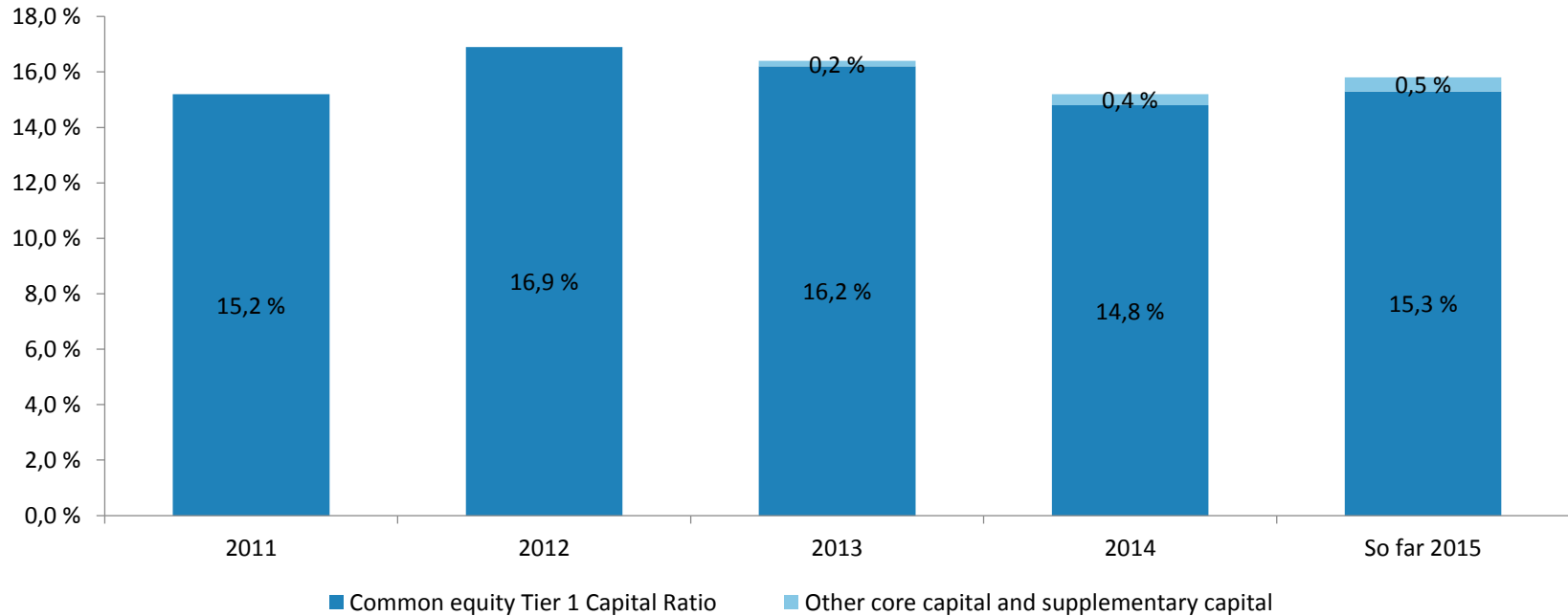


Development equity (NOK million)

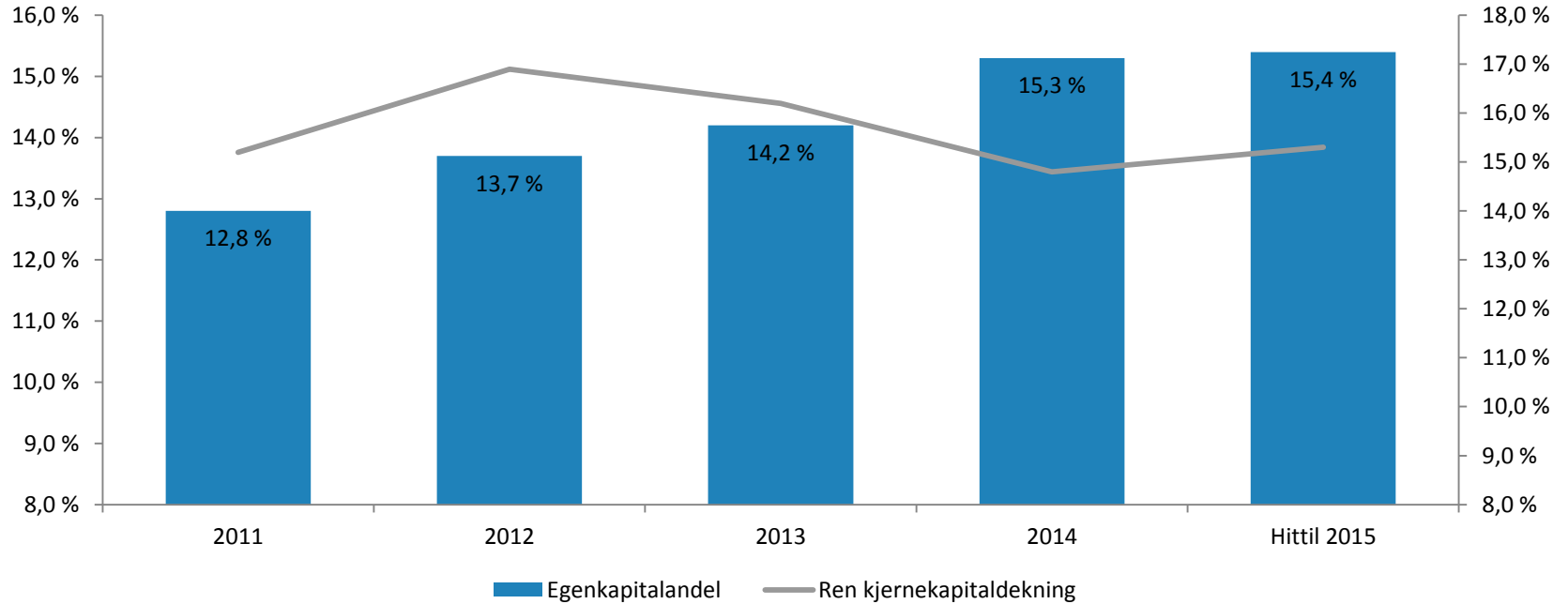


Development in Tier 1 ratio (Group)

- Capital adequacy ratio group as at 31.03.15: 17.6 %
- Tier 1 Capital ratio parent bank as at 31.03.15: 22,4 %

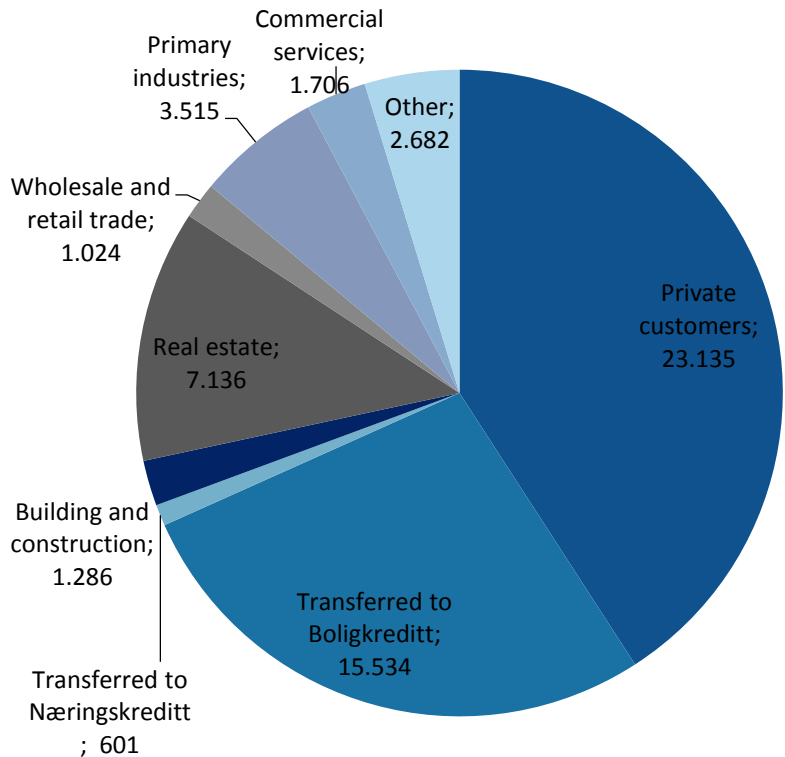


Equity ratio (Group)

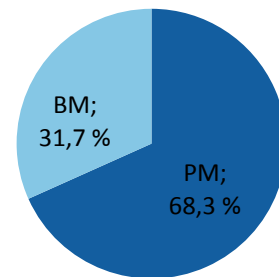


Composition of loans and receivables from customers (Group)

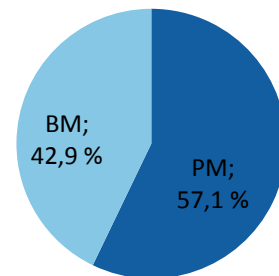
Composition of loans incl. covered bond companies



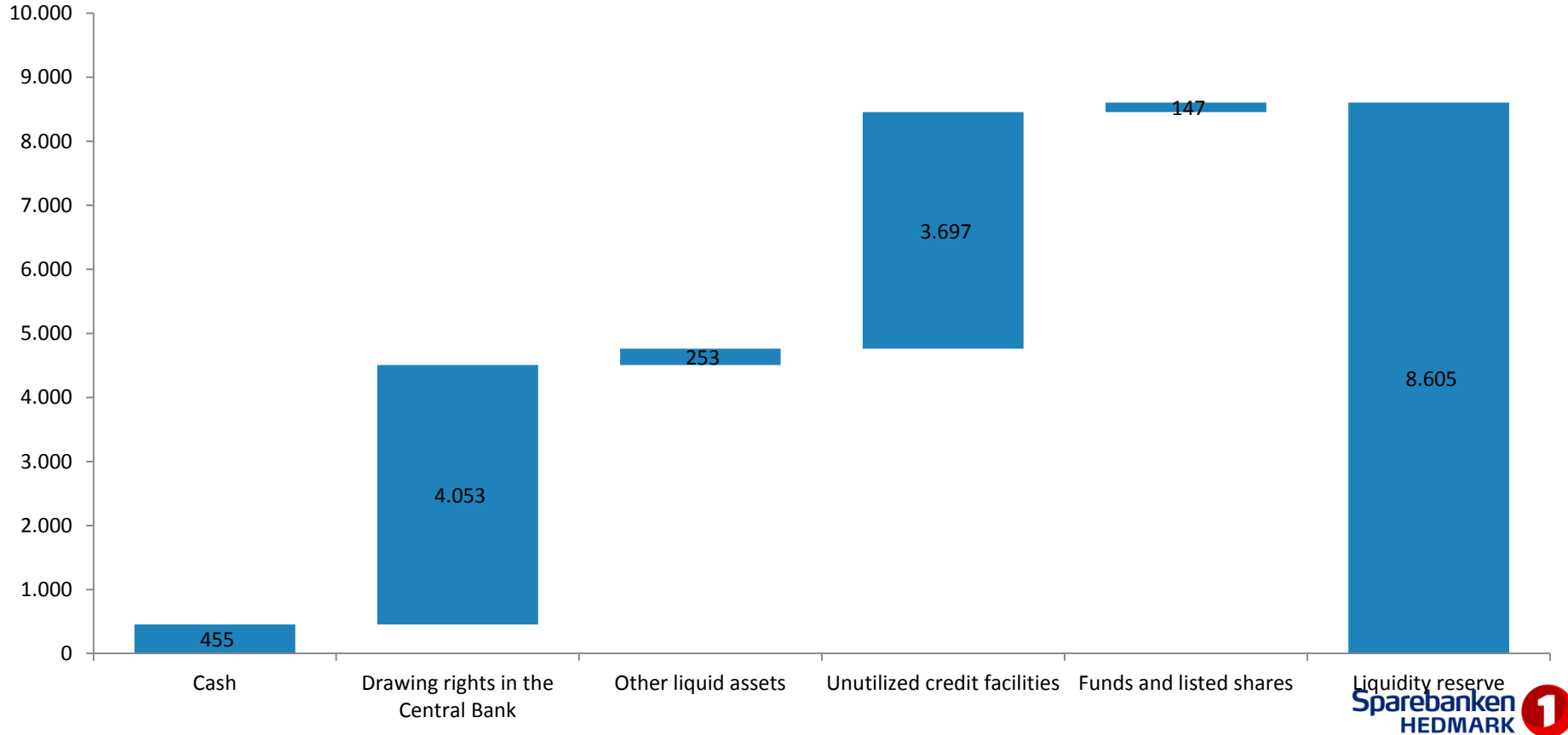
Composition of loans incl. covered bond companies



Composition of loans excl. covered bond companies

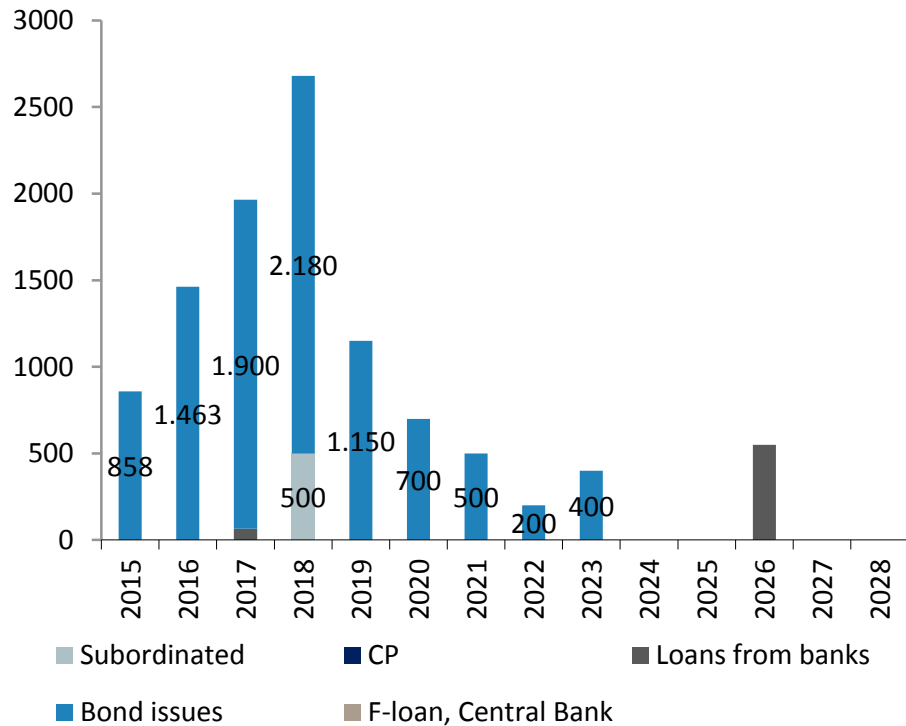


Liquidity reserves

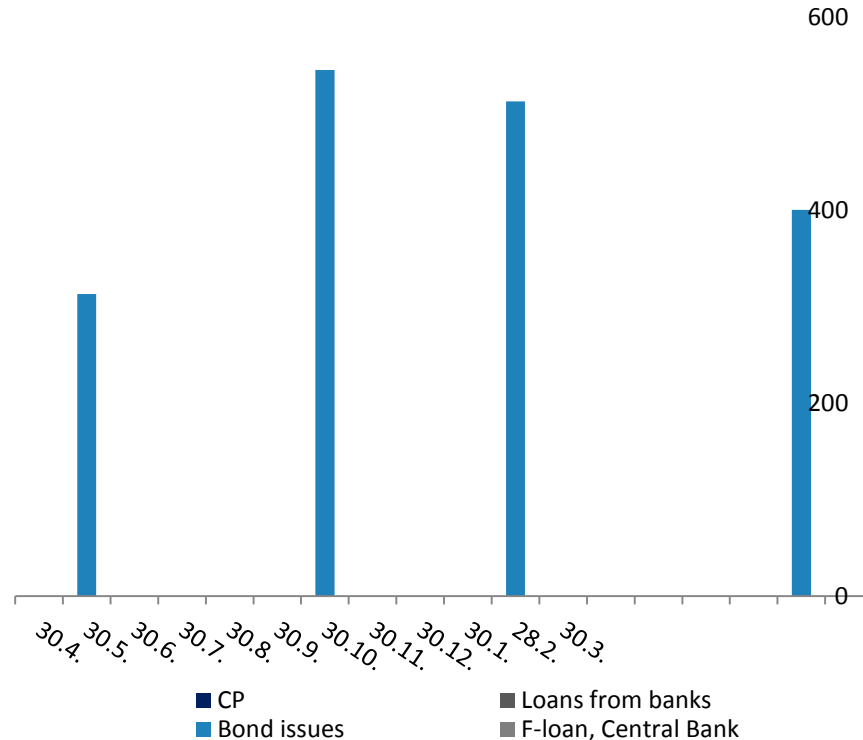


Maturities

Annual maturities



Funding maturities the next 12 months



Kontakt:

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