

Sparebanken Hedmark

Presentation of financial results

First half year 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 8.1 billion in equity.

NOK 54 billion in total assets.

NOK 69 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).

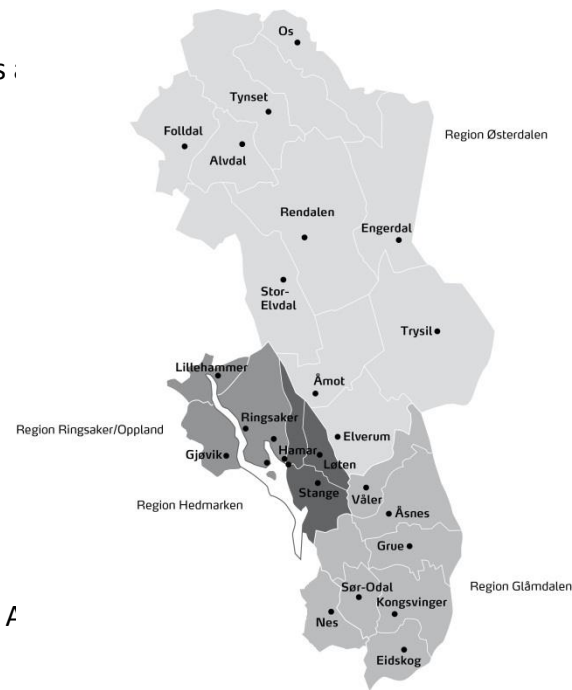
Accounting and consultancy chain (SpareBank 1 Regnskapshuset Østlandet AS)

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 12.9 per cent. **TAD lager ny, få den oversatt.**

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)

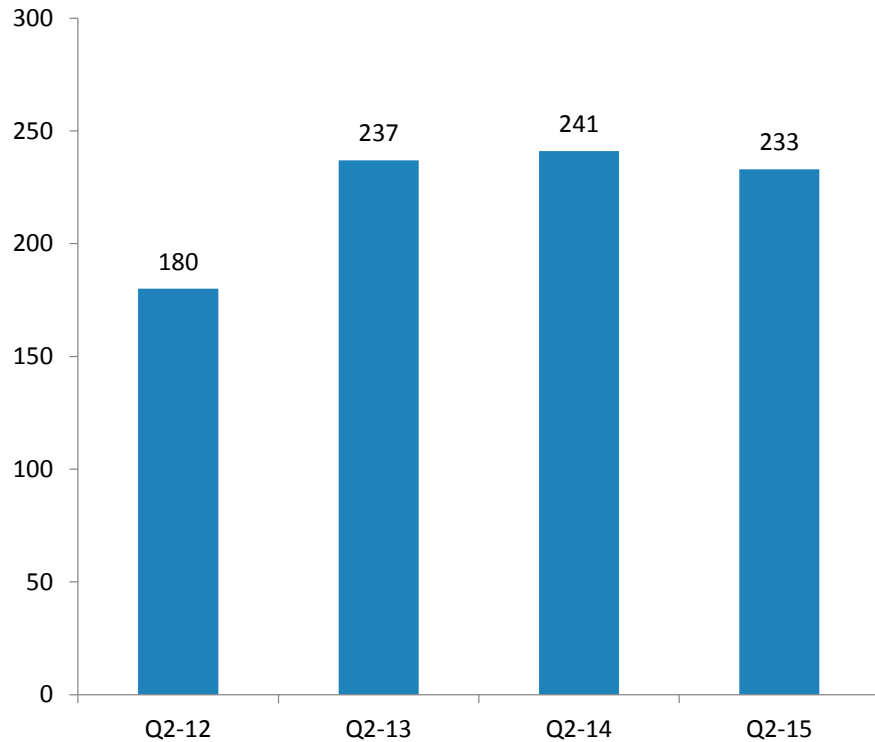
	First half year 2015	First half year 2014	2014
Net interest income	536	499	1.043
Net commission income	228	238	446
Other income	109	113	217
Total operating expenses	509	481	981
Result bank operation before losses	364	369	725
Losses on loans and guarantees	40	33	66
Result bank operation after losses	324	336	659
Dividends	8	12	13
Net profit from ownership interest	164	195	394
Net income from financial assets/liabilities	31	-37	166
Profit/loss before tax	527	506	1.232
Tax charge	97	83	192
Profit/loss after tax	430	424	1.040
Return on equity capital after tax	11,0 %	47,1 %	43,0 %
Total operating costs in relation to total income	47,3 %	0,2 %	0,2 %
Losses on loans as a percentage of gross loans	0,4 %	0,2 %	0,2 %

Profit/loss (Parent bank)

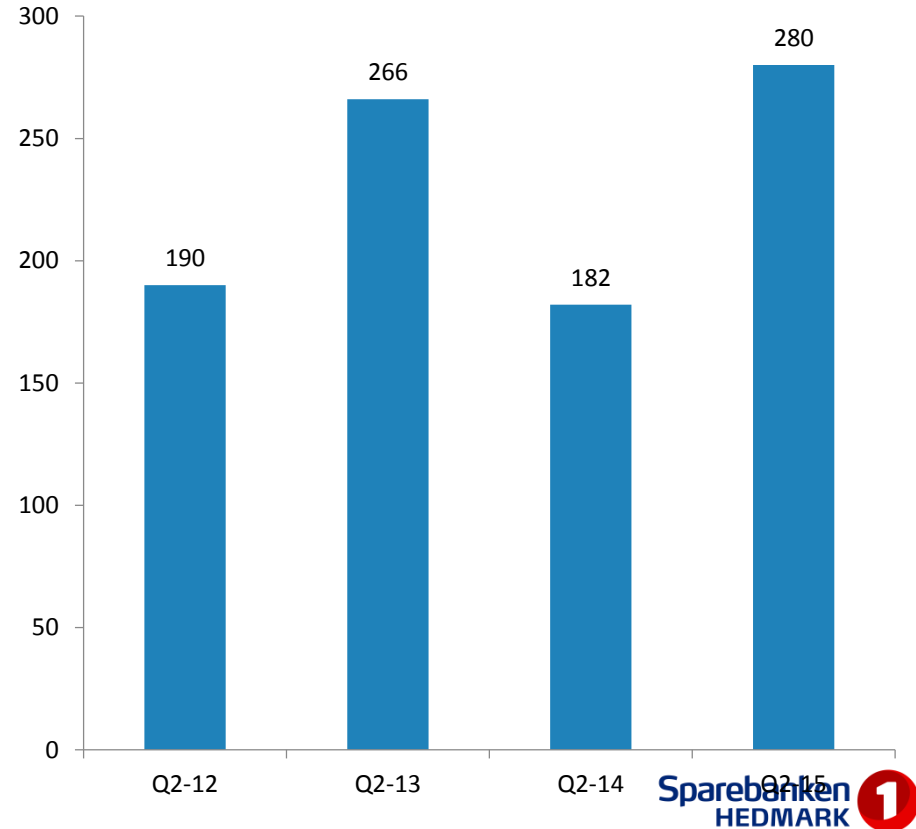
	First half year 2015	First half year 2014	2014
Net interest income	422	401	835
Net commission income	201	248	466
Other income	10	5	16
Total operating expenses	361	358	726
Result bank operation before losses	272	296	591
Losses on loans and guarantees	28	27	52
Result bank operation after losses	244	269	539
Dividends	8	12	13
Net profit from ownership interest	259	117	117
Net income from financial assets/liabilities	31	-36	166
Profit/loss before tax	541	362	835
Tax charge	75	65	159
Profit/loss after tax	465	297	676

Result before tax for Group and Parent Bank

Result before tax - Group



Result before tax – Parent bank



Income statement quarterly (Group)

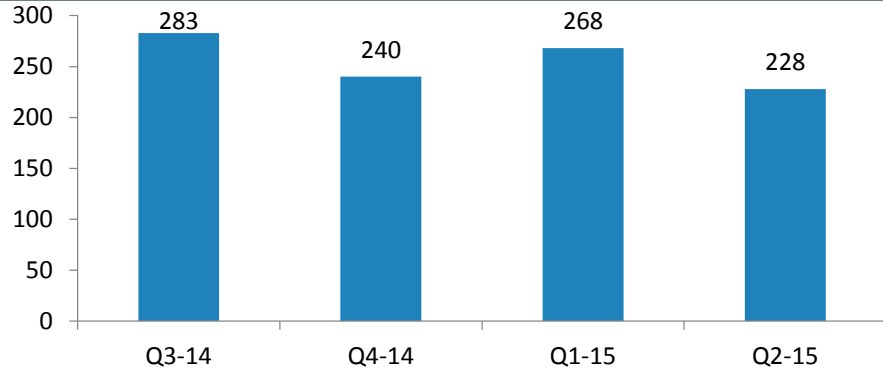
	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net interest income	271	265	272	272	259	240	263	266	252
Net commission income	118	110	104	104	109	130	100	104	89
Other income	48	61	54	51	57	56	46	49	48
Total operating expenses	251	258	263	237	239	242	235	223	227
Result bankoperation before losses	186	178	167	190	185	184	174	196	162
Losses on loans and guarantees	35	5	24	9	21	12	43	4	22
Result bankoperation after losses	151	173	143	181	164	172	131	192	140
Dividends	1	7	1	1	0	12	3	0	18
Net profit from ownership interest	76	88	97	103	81	114	120	98	53
Net income from financial assets/liabilities	5	26	29	173	-4	-33	-3	-19	26
Profit/loss before tax	233	294	270	458	241	265	250	271	237
Tax charge	43	54	56	54	45	38	38	49	51
Profit/loss after tax	190	240	214	403	197	227	212	222	186

Specification of results (Group)

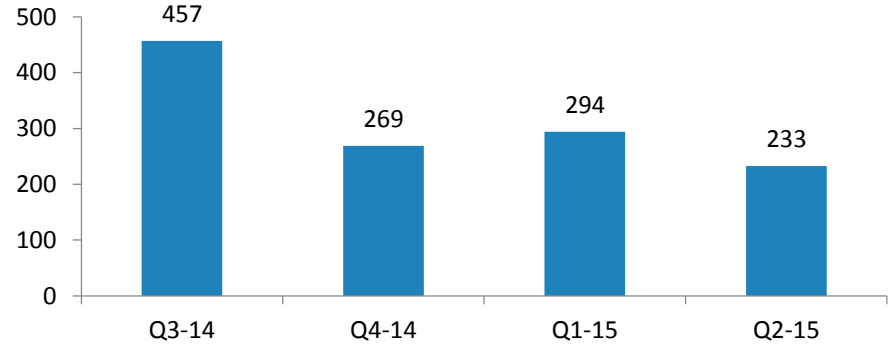
<i>(Nok million)</i>	First half year 2015	First half year 2014	2014
Parent Bank's profit after tax	465	297	676
Dividends received from subsidiaries and joint ventures	-259	-134	-135
Profit /loss attributable to:			
SpareBank 1 Gruppen AS	72	85	202
Bank 1 Oslo Akershus AS	59	119	183
SpareBank 1 Boligkreditt and Næringskreditt AS	29	8	24
EiendomsMegler 1 Hedmark Eiendom AS	7	6	8
SpareBank 1 Finans Østlandet AS	37	37	73
SpareBank 1 Regnskapshuset Østlandet AS	17	5	4
Other companies	3	1	5
Consolidated profit after tax	430	424	1.040

Financial results by quarter (Group)

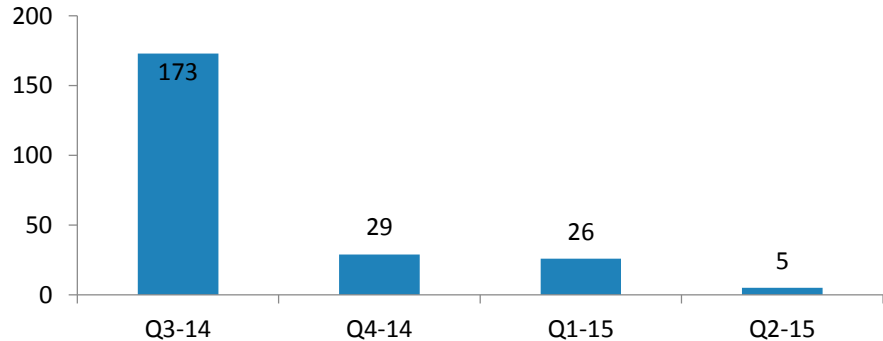
Profit/loss before tax excl. profit from other financial assets and liabilities



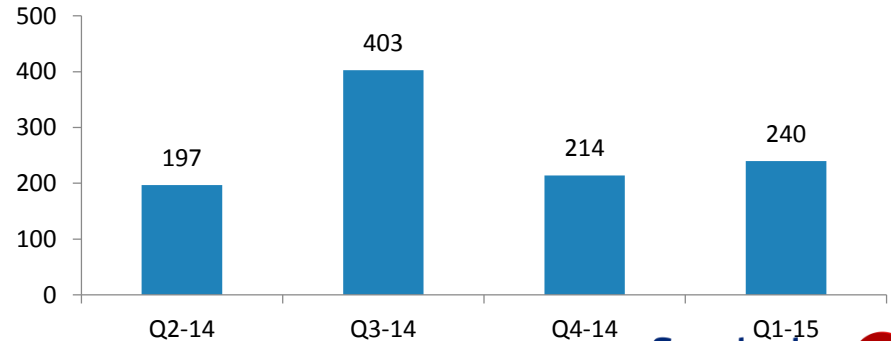
Profit/loss before tax



Net result from other financial assets and liabilities

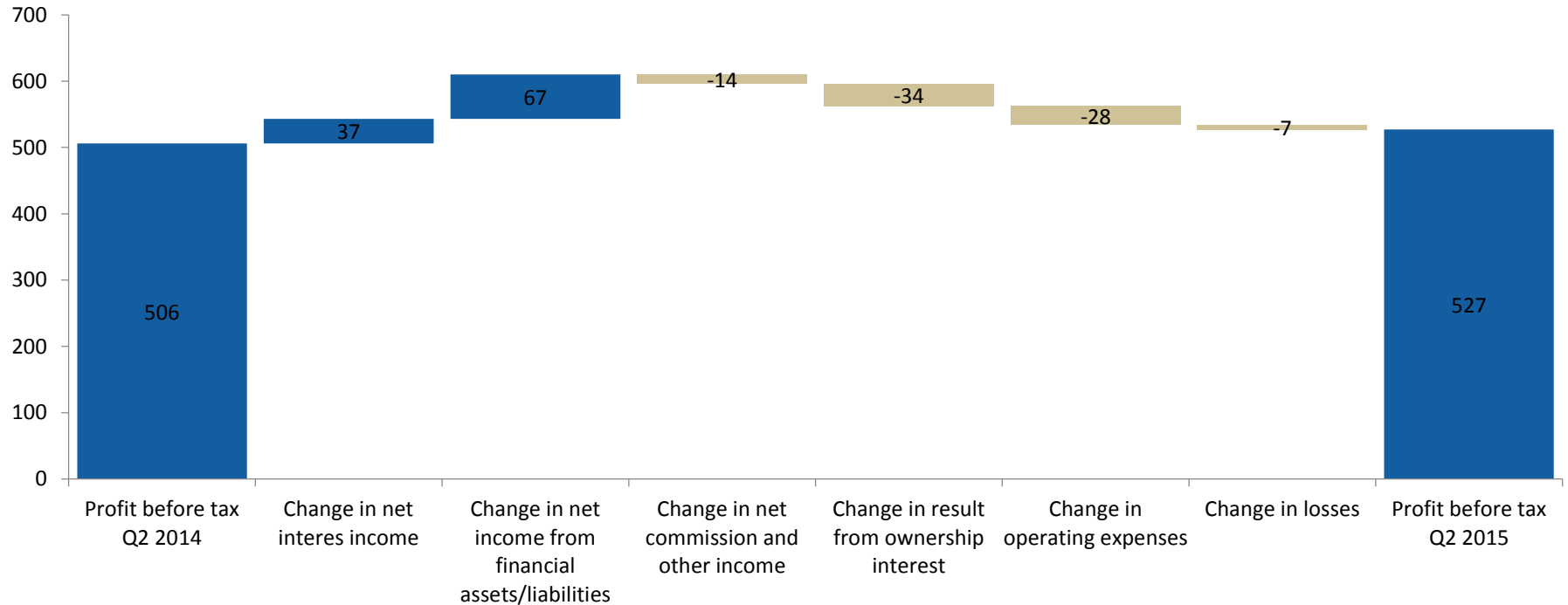


Result after tax



Specification of the consolidated profit (Group)

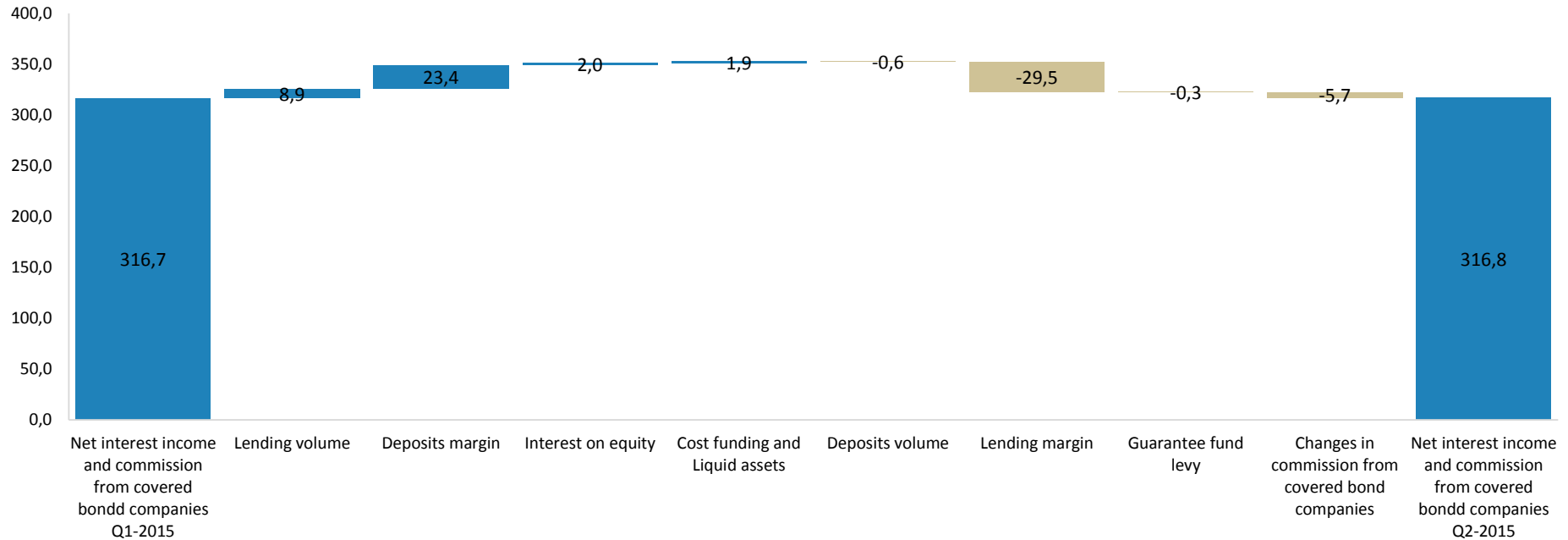
Change in profit before tax Q2-2015 vs Q2-2014



Changes in net interest income quarter (Group)

(incl. Commission from covered bond companies)

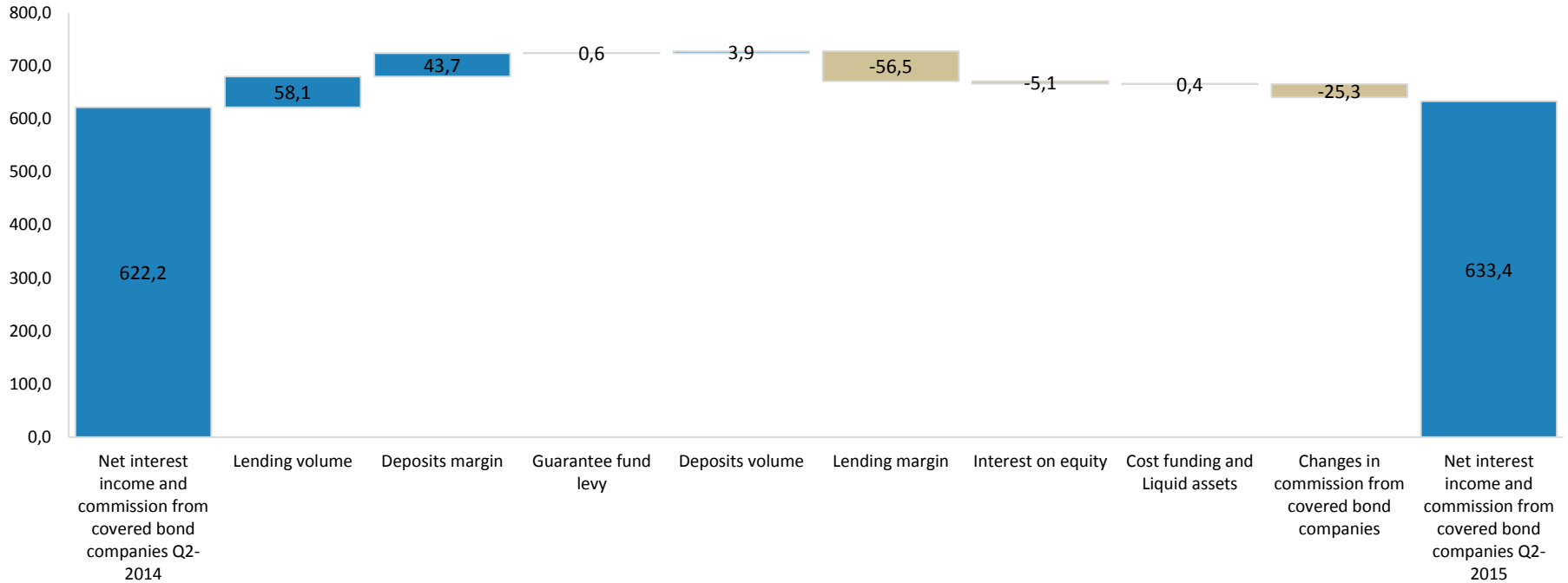
From Q1-2015 to Q2-2015



Changes in net interest income year (Group)

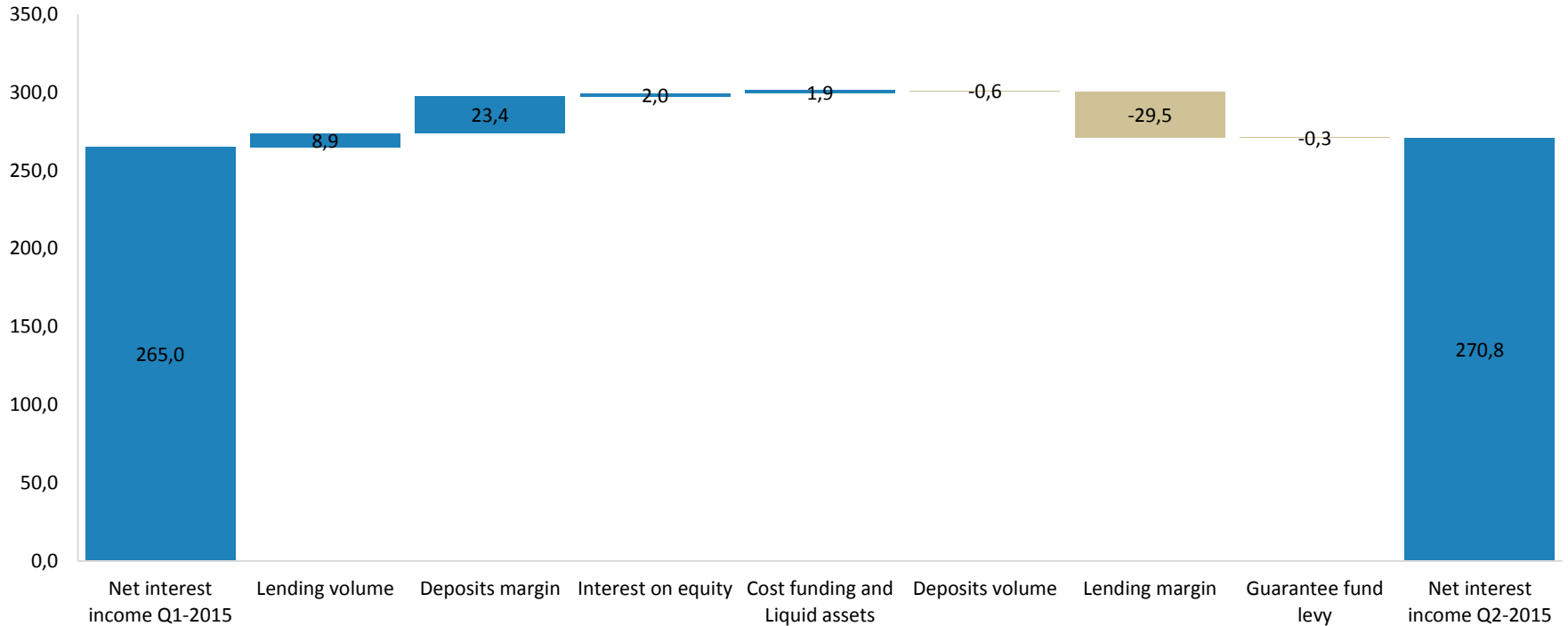
(incl. Commission from covered bond companies)

From Q2-2014 to Q2-2015



Changes in net interest income quarter(Group) (excl. Commission from covered bond companies)

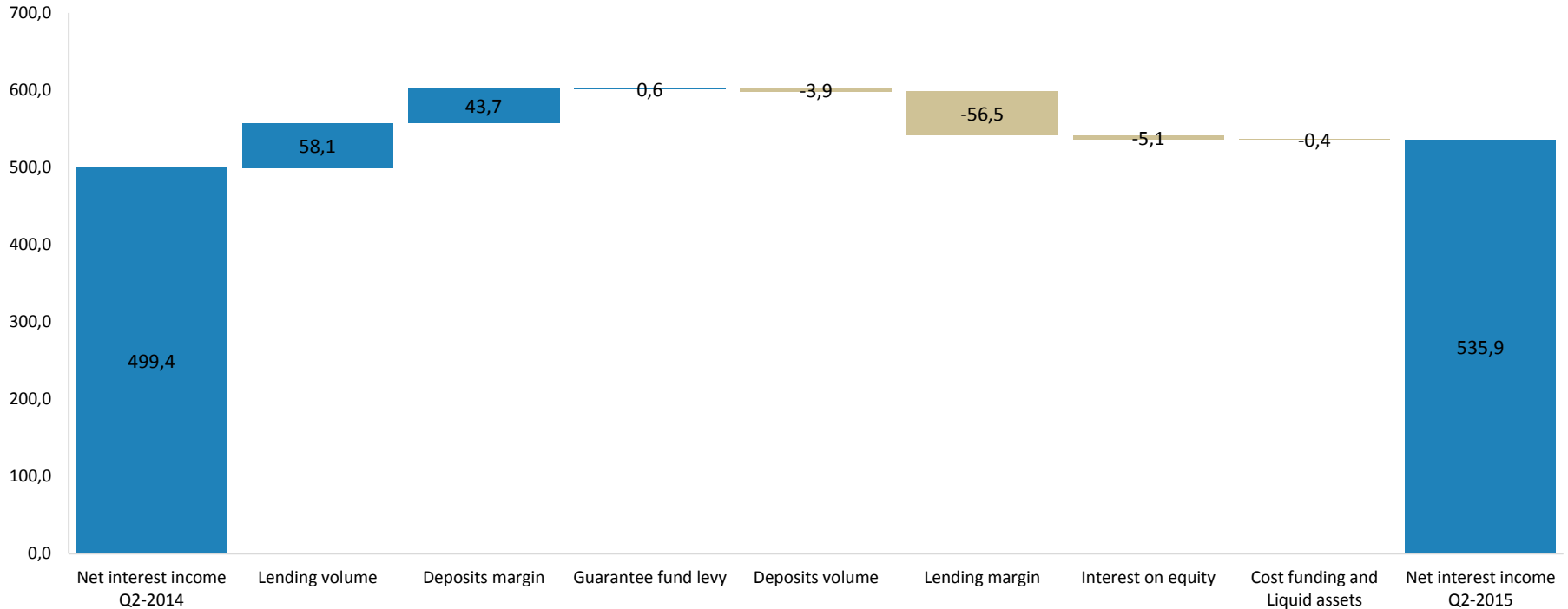
From Q1-2015 to Q2-2015



Changes in net interest income year (Group)

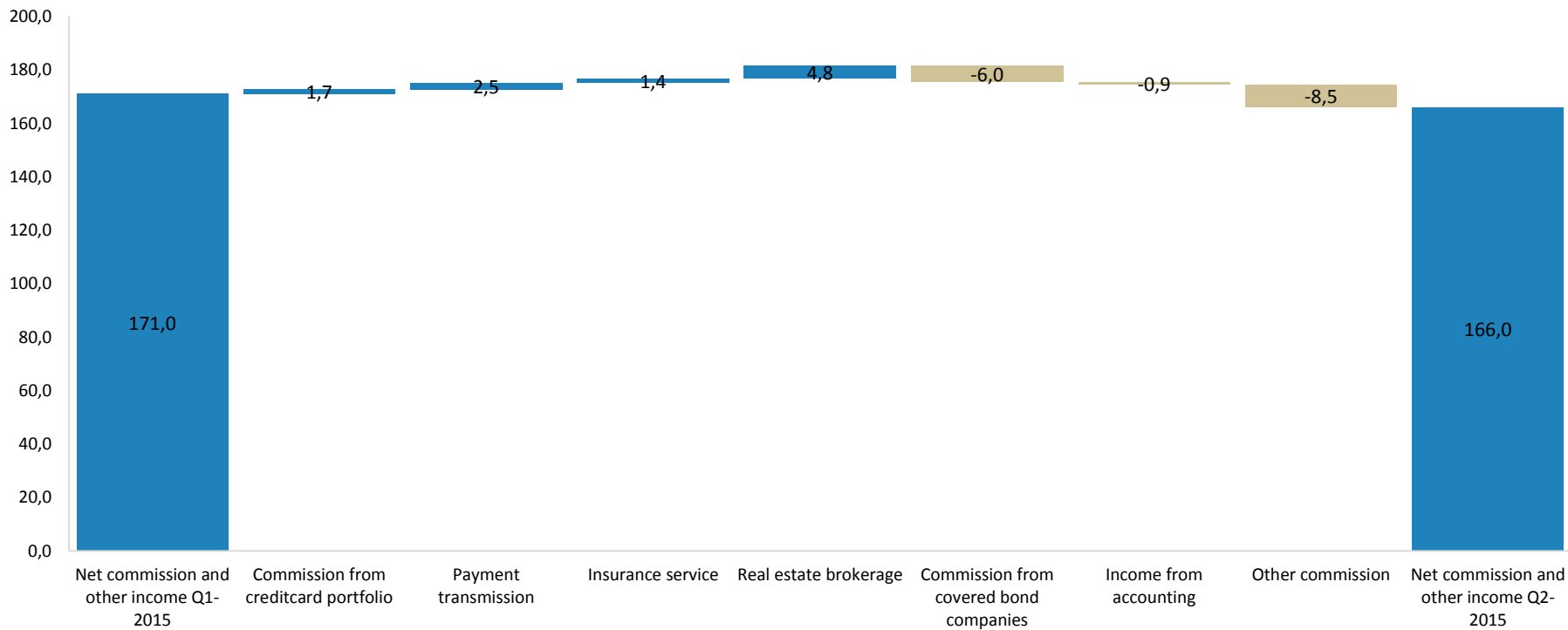
(excl. Commission from covered bond companies)

From Q2-2014 to Q2-2015



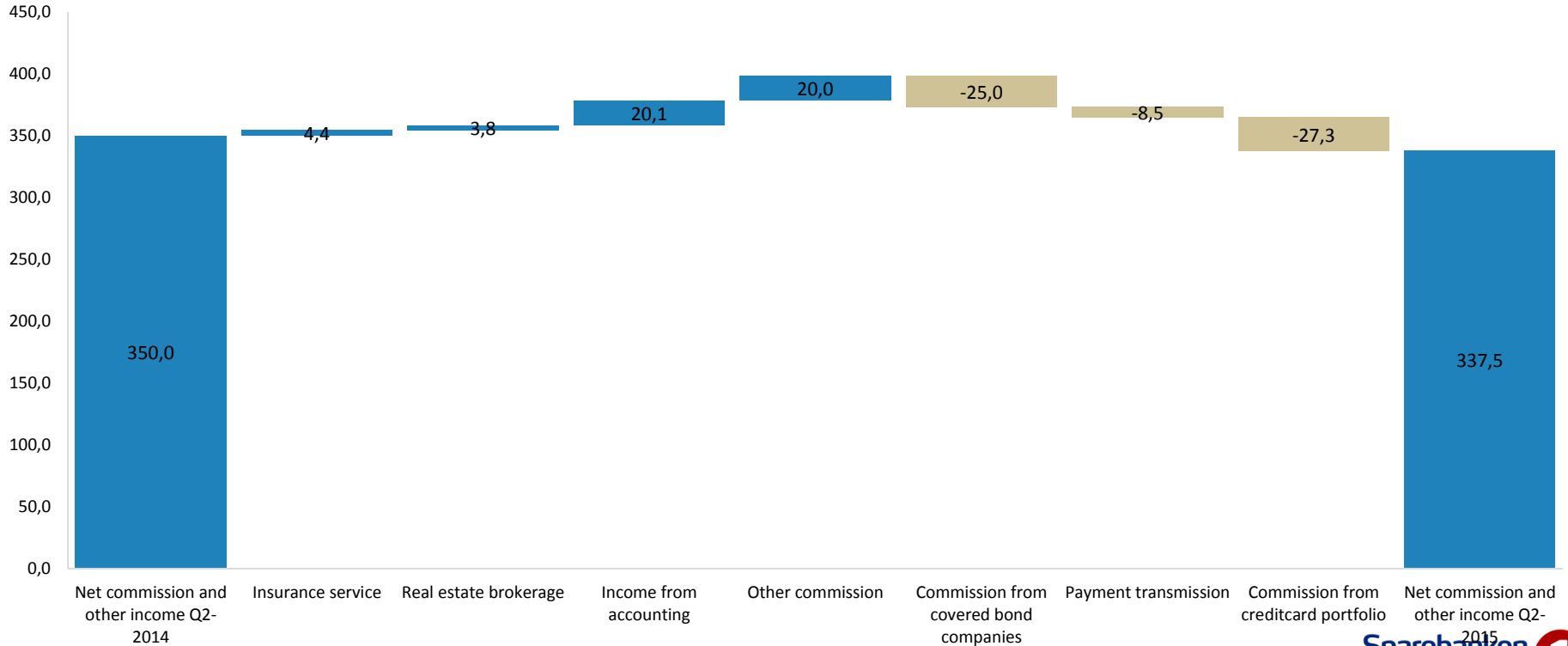
Changes in net commission and other income quarter (Group) (incl. Commission from covered bond companies)

From Q1-2015 to Q2-2015



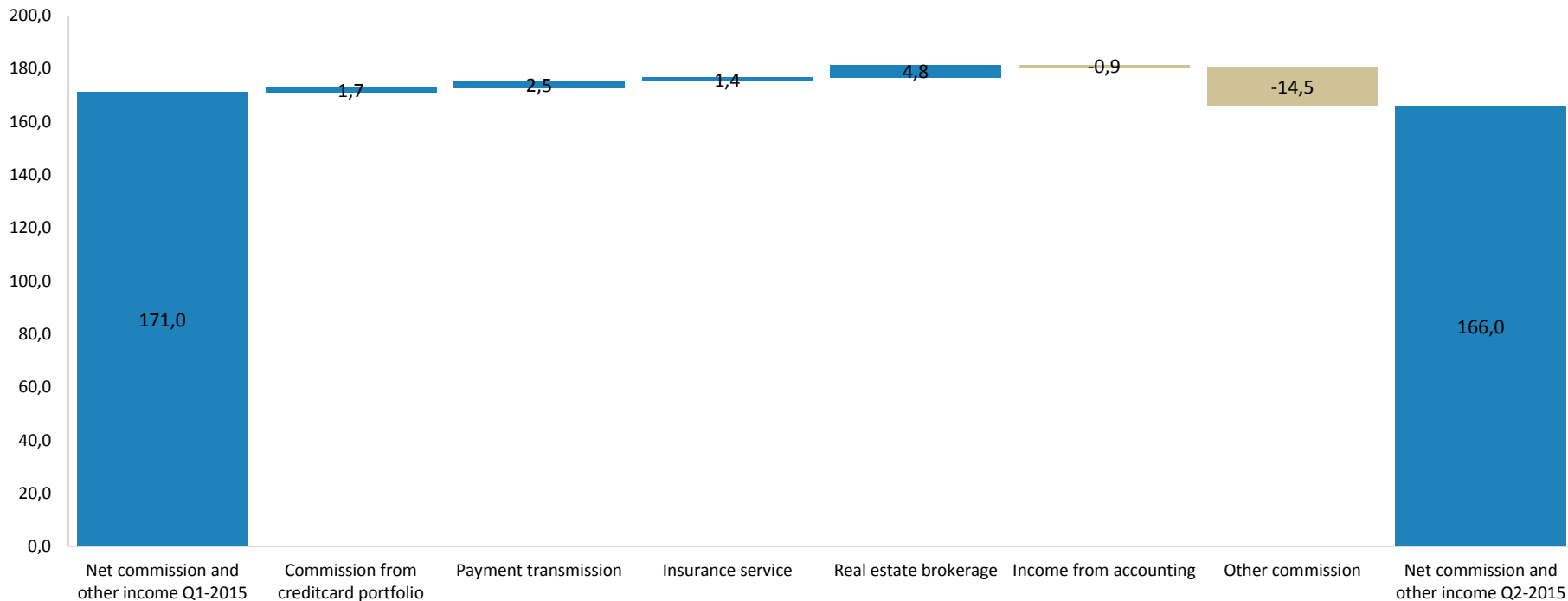
Changes in net commission and other income year (Group) (incl. Commission from covered bond companies)

From Q2-2014 to Q2-2015



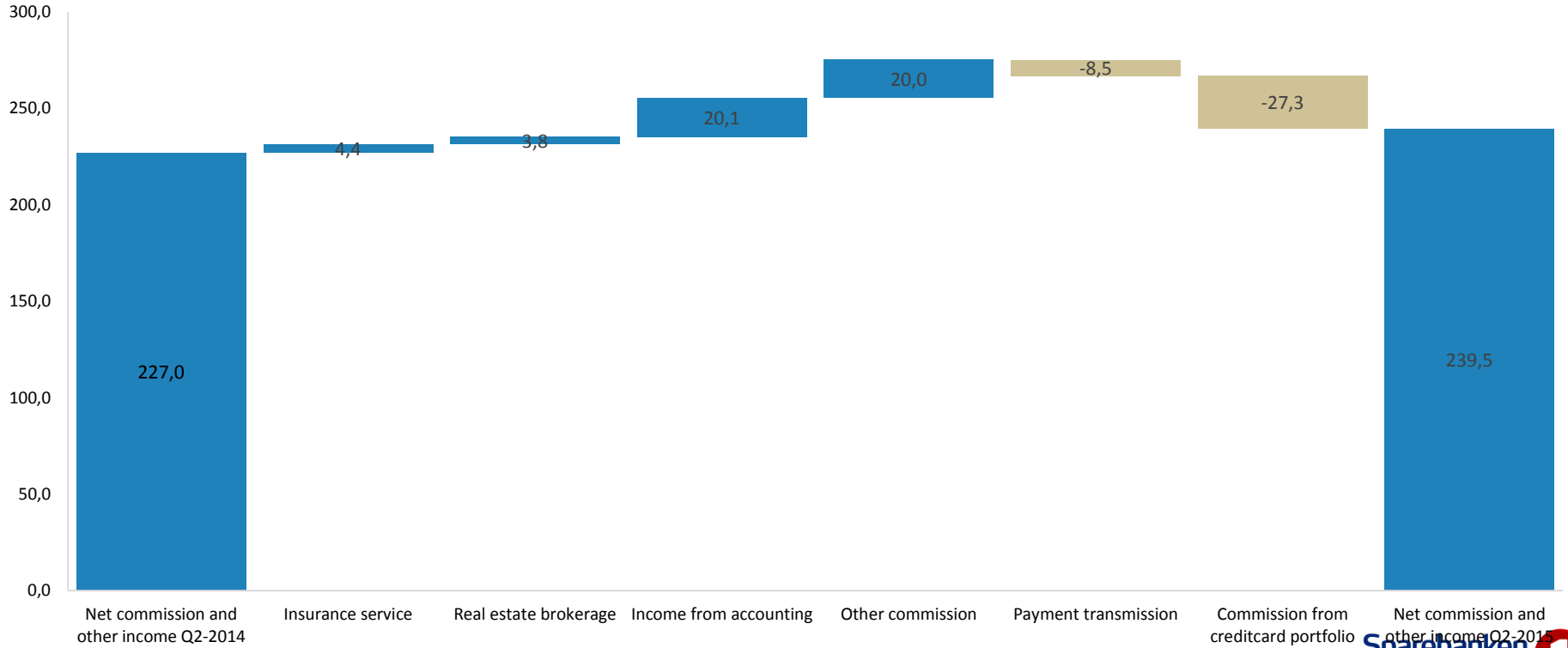
Changes in net commission and other income quarter (Group) (excl. Commission from covered bond companies)

From Q1-2015 to Q2-2015



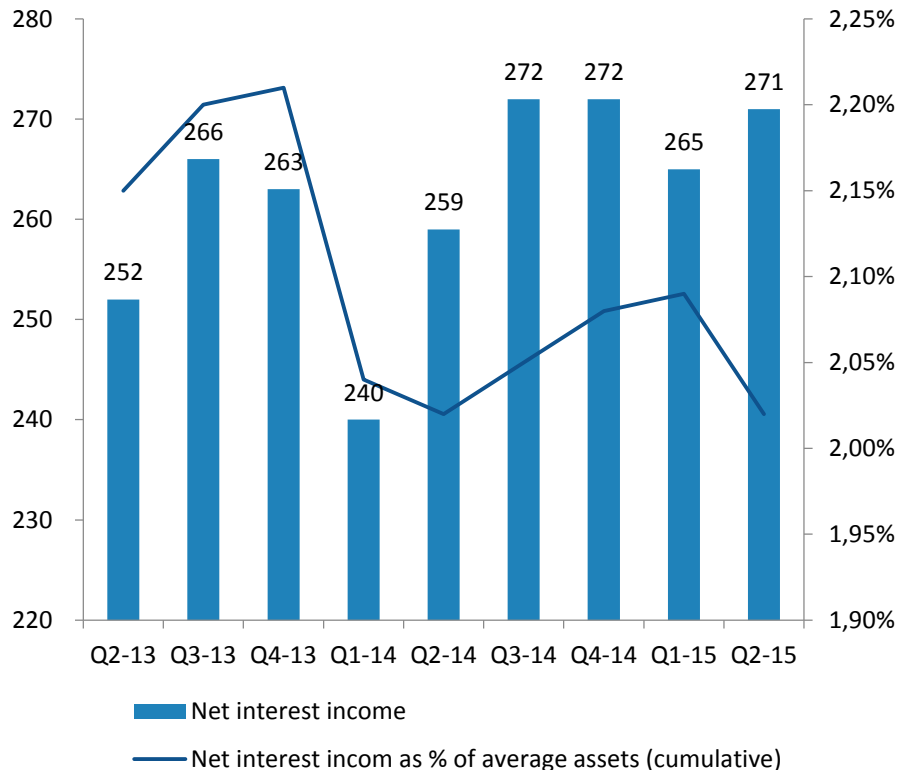
Changes in net commission and other income year (Group) (excl. Commission from covered bond companies)

From Q2-2014 to Q2-2015

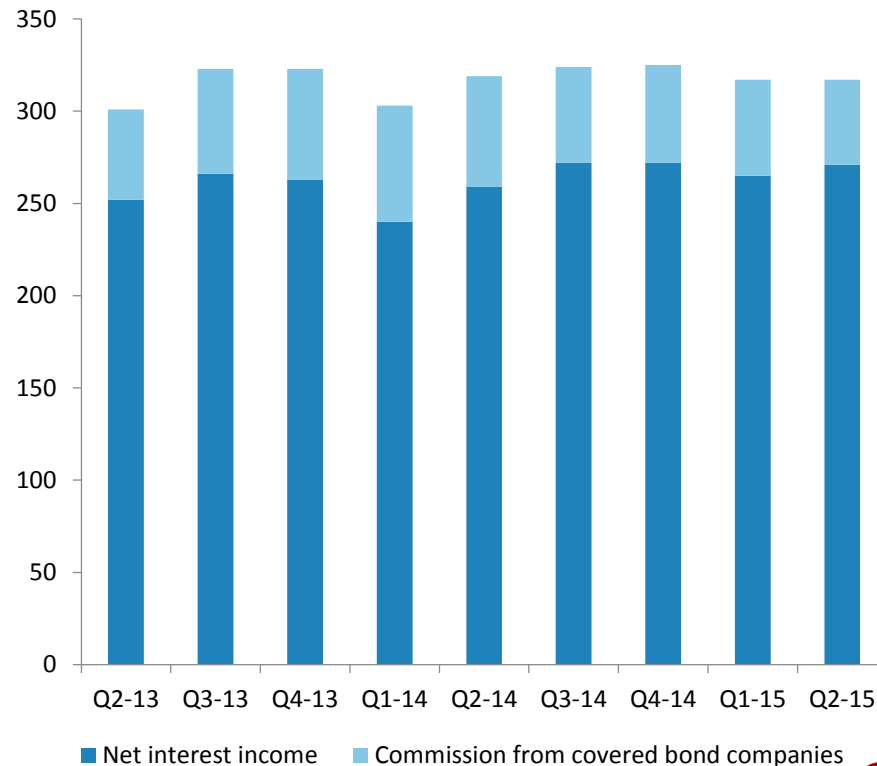


Net interest income (Group)

Interest income excl. Commission from covered bond companies *



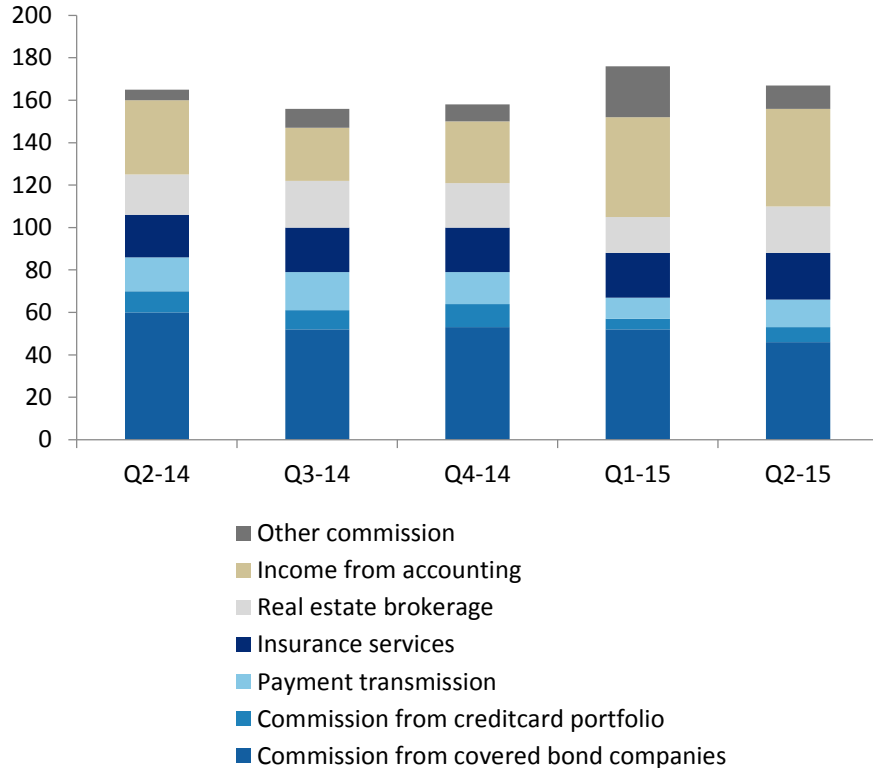
Interest income incl. commission from covered bond companies



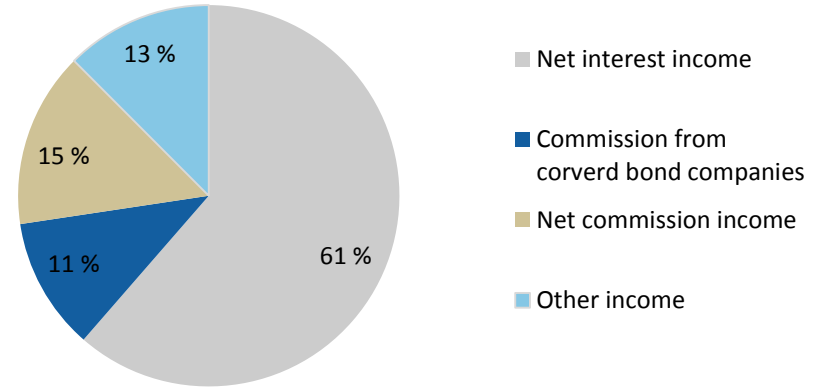
*Sales of Mastercard portfolio in Q1 2014 contributed to reduced reported net interest income. Recognized after Q1-2014 as commissions.

Net commission and other income (Group)

Net commission and other income



Composition of total income from banking operations



- Net commission income consists of:
 - 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)

	2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Dividends	8	1	7	1	1	0	12	14
Net profit from ownership interest	164	76	88	97	103	80	114	394
Net income from other financial assets and liabilities	31	5	26	29	173	-3	-33	166
Net income from financial assets and liabilities	203	82	121	126	277	77	93	573

Operating expenses (Group)

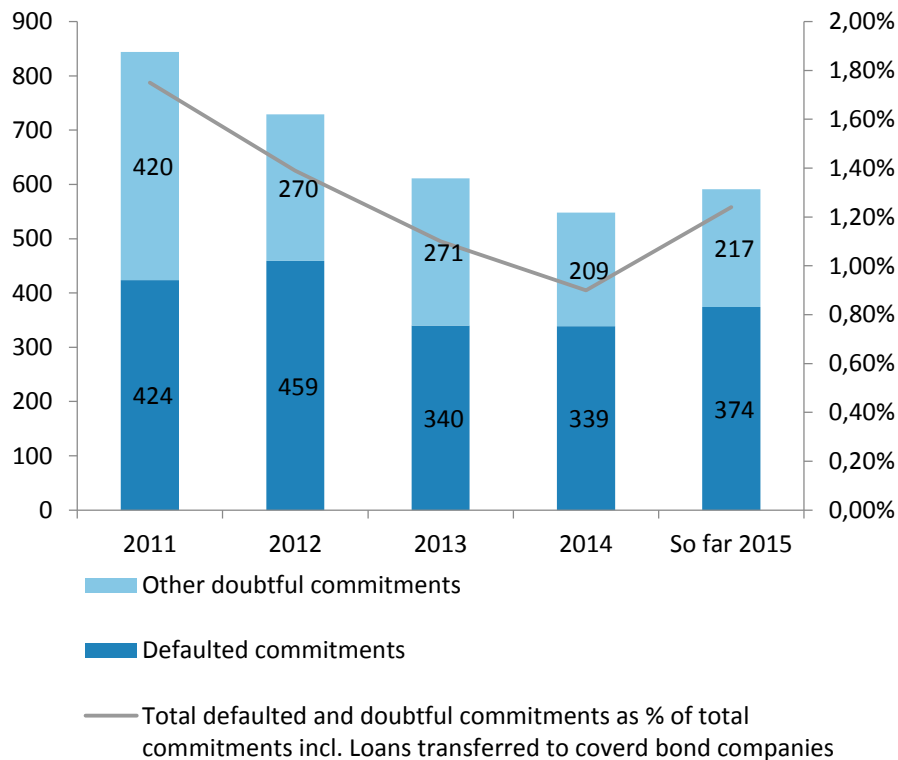
	2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Payroll	217	108	109	102	98	95	102	397
Pension costs	28	14	14	13	14	14	13	54
Social security expenses	45	21	24	31	20	20	21	92
Total personnel expenses	290	143	147	146	132	129	136	543
Operating expenses and other expenses	148	77	71	81	70	74	69	294
Total personell- and operating expenses	438	220	218	227	202	203	205	837
Depreciation	22	11	11	11	11	10	10	42
Other operating costs	49	20	29	26	23	26	27	102
Total expenses	509	251	258	263	236	239	242	980

Operating expenses (parent bank)

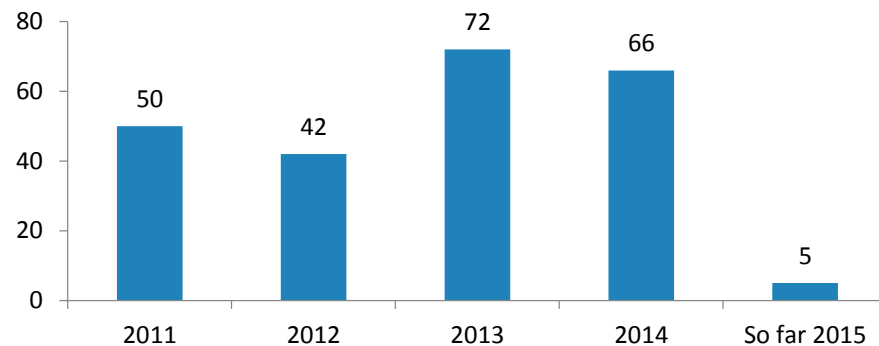
	2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Payroll	136	69	67	62	66	66	66	261
Pension costs	23	12	11	12	12	12	12	47
Social security expenses	29	15	14	23	13	15	14	65
Total personnel expenses	188	96	92	97	91	93	92	374
Operating expenses and other expenses	125	66	59	67	59	64	59	249
Total personell- and operating expenses	313	162	151	164	150	157	151	623
Depreciation	17	9	8	9	9	8	8	33
Other operating costs	31	12	19	19	16	16	18	70
Total expenses	361	182	179	192	175	181	178	726

Losses on loans and guarantees (Group)

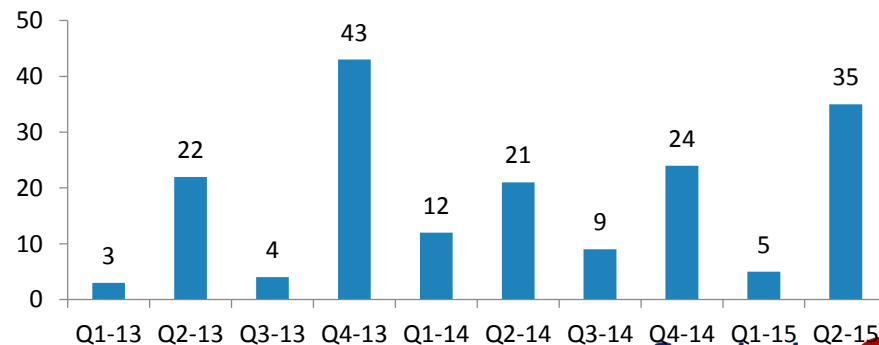
Defaulted and doubtful commitments



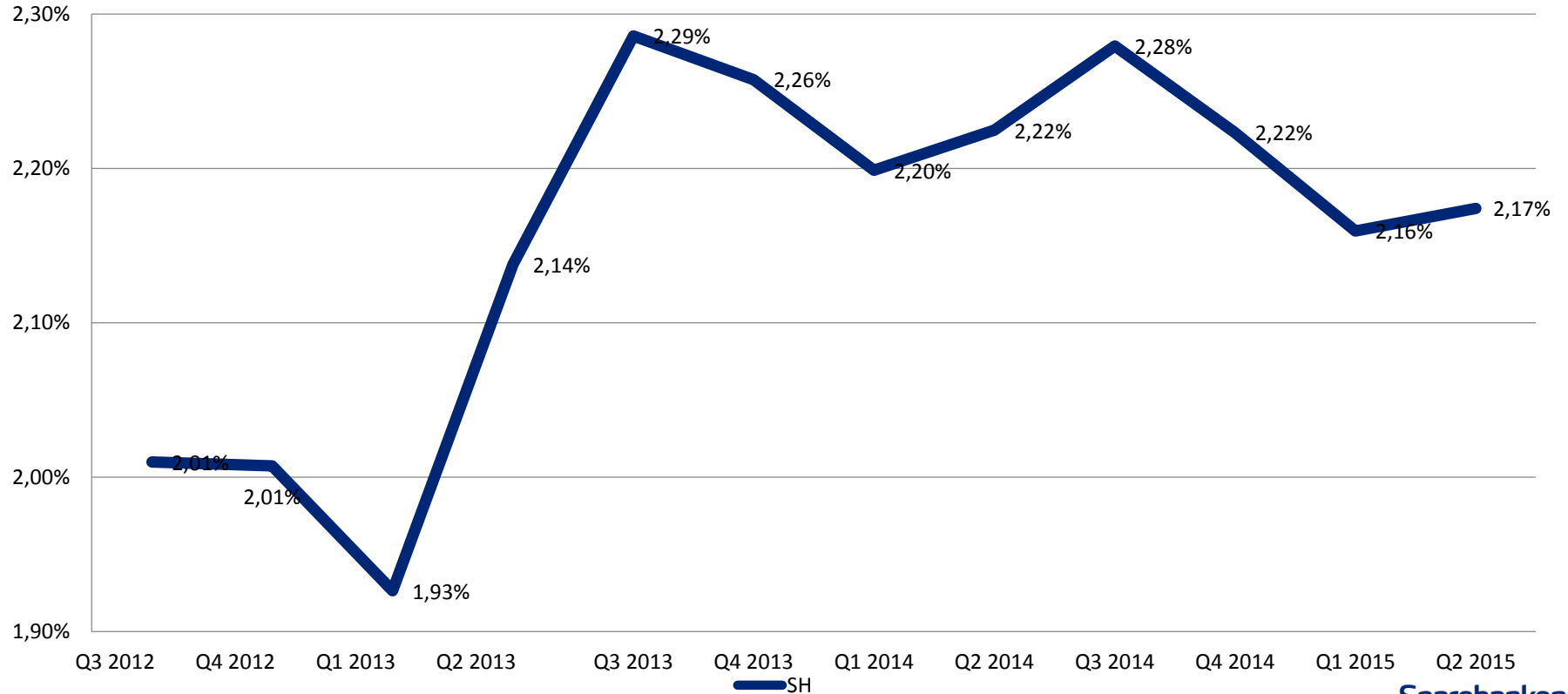
Yearly losses



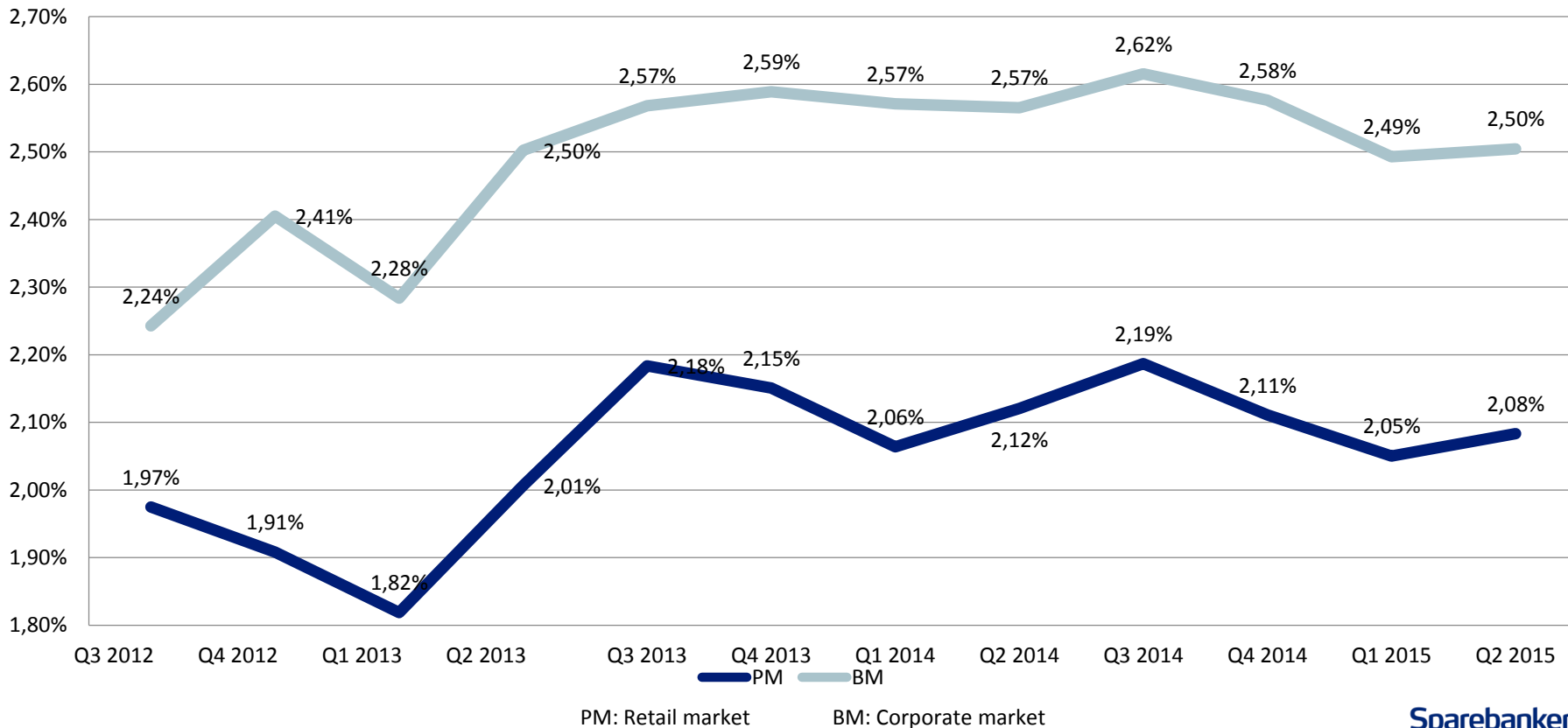
Quarterly losses



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



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



Main figures Sparebanken Hedmark (Group)

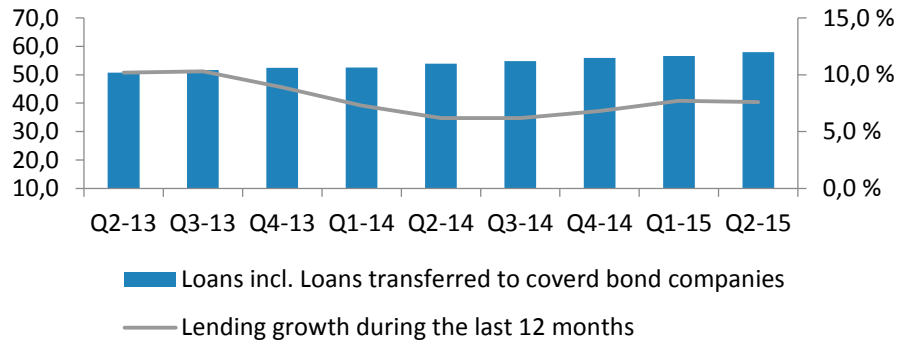
	1. half- year 2015	1. half- year 2014	2014
Profitability			
Return on equity capital after tax	11,0 %	12,3 %	14,4 %
From the balance sheet			
Assets	53.558	50.195	49.934
Business volume	69.462	65.855	65.928
Lending growth last 12 months incl. Loans transferred to covered bond companies	7,6 %	6,2 %	6,8 %
Deposits growth during the last 12 months	3,6 %	4,4 %	3,2 %
Deposits from customers in relation to gross loans to customers	78,9 %	83,8 %	77,8 %
Financial strength			
Core Tier 1 capital ratio	17,2 %	14,0 %	14,8 %
Tier 1 capital ratio	17,7 %	14,4 %	15,2 %
Total capital ratio	19,3 %	14,4 %	17,1 %
Other key figures			
Total operating costs in relation to total income	47,3 %	47,1 %	43,0 %
Gros doubtful commitments as a percentage of total commitments incl. Loans transferred to covered bond companies	0,9 %	1,1 %	0,9 %

Balance sheet (Group)

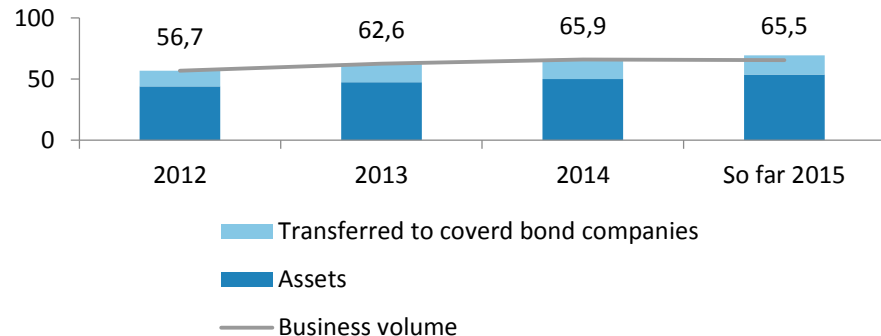
	30.06.2015	30.06.2014	31.12.2014
ASSETS			
Cash and deposits with central banks	626	1.504	748
Loans to and receivables from credit institutions	1.205	629	675
Loans to and receivables from customers	41.826	38.004	39.691
Financial papers	5.859	6.062	4.787
Investments in subsidiaries, associates and joint ventures	3.073	2.851	3.073
Other assets	969	1.145	960
Total assets	53.558	50.195	49.934
LIABILITIES			
Deposits from and liabilities to credit institutions	660	697	665
Deposits from and liabilities to customers	33.205	32.042	31.070
Liabilities arising from issuance of securities and financial derivatives	10.360	8.650	9.281
Other debt and liabilities recognised in the balance sheet	698	1.090	789
Subordinated loan capital	507	508	505
Total liabilities	45.430	42.987	42.310
EQUITY CAPITAL			
Earned equity capital	8.128	7.208	7.624
Total equity capital	8.128	7.208	7.624
Total liabilities and equity capital	53.558	50.195	49.934

Development in balance sheet (Group)

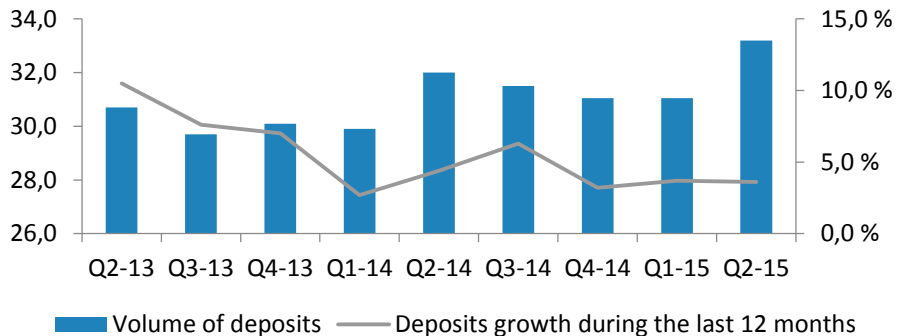
Gross loans incl. Loans transferred to covered bond companies (Nok billion)



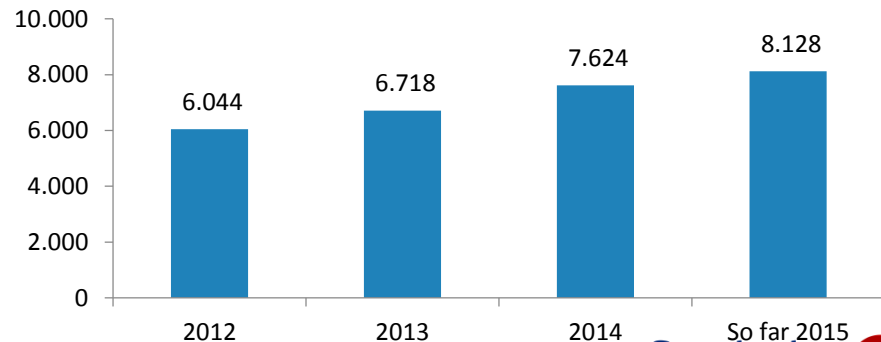
Development in assets and business volume (Nok billion)



Deposits (Nok billion)

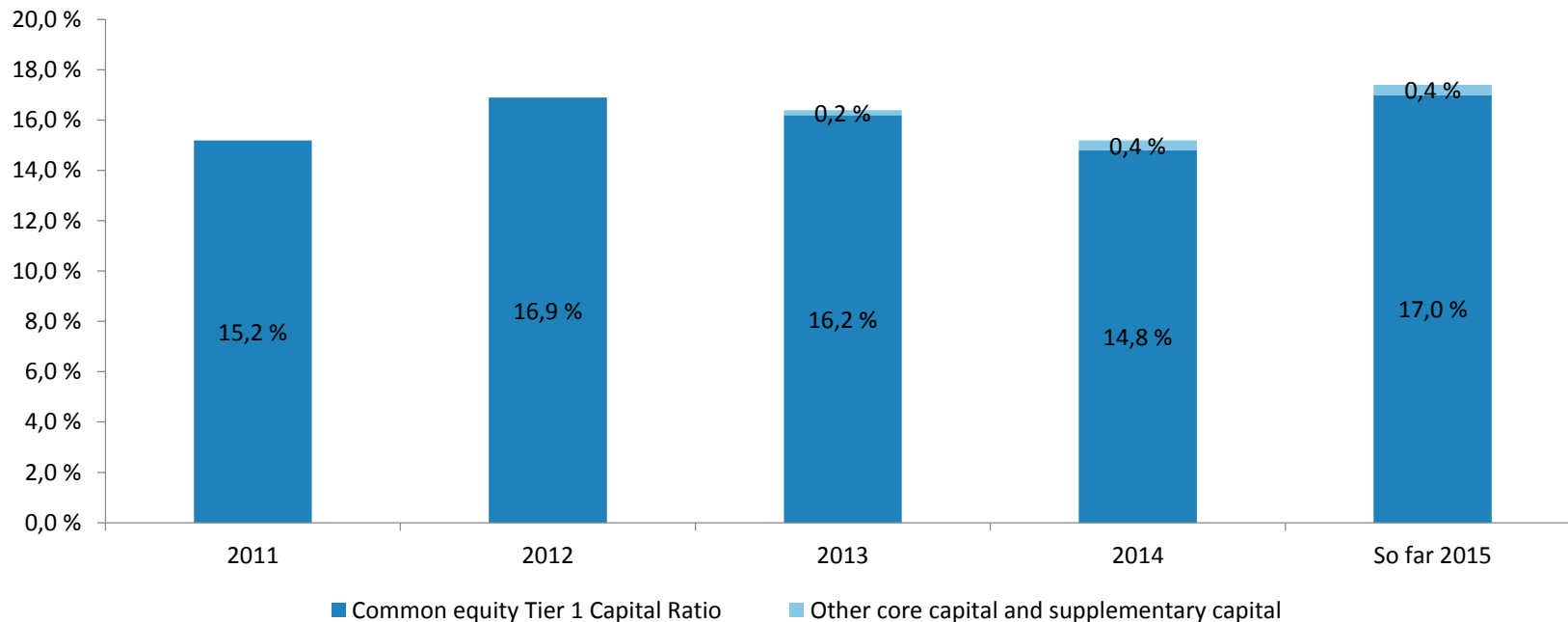


Development equity (NOK million)

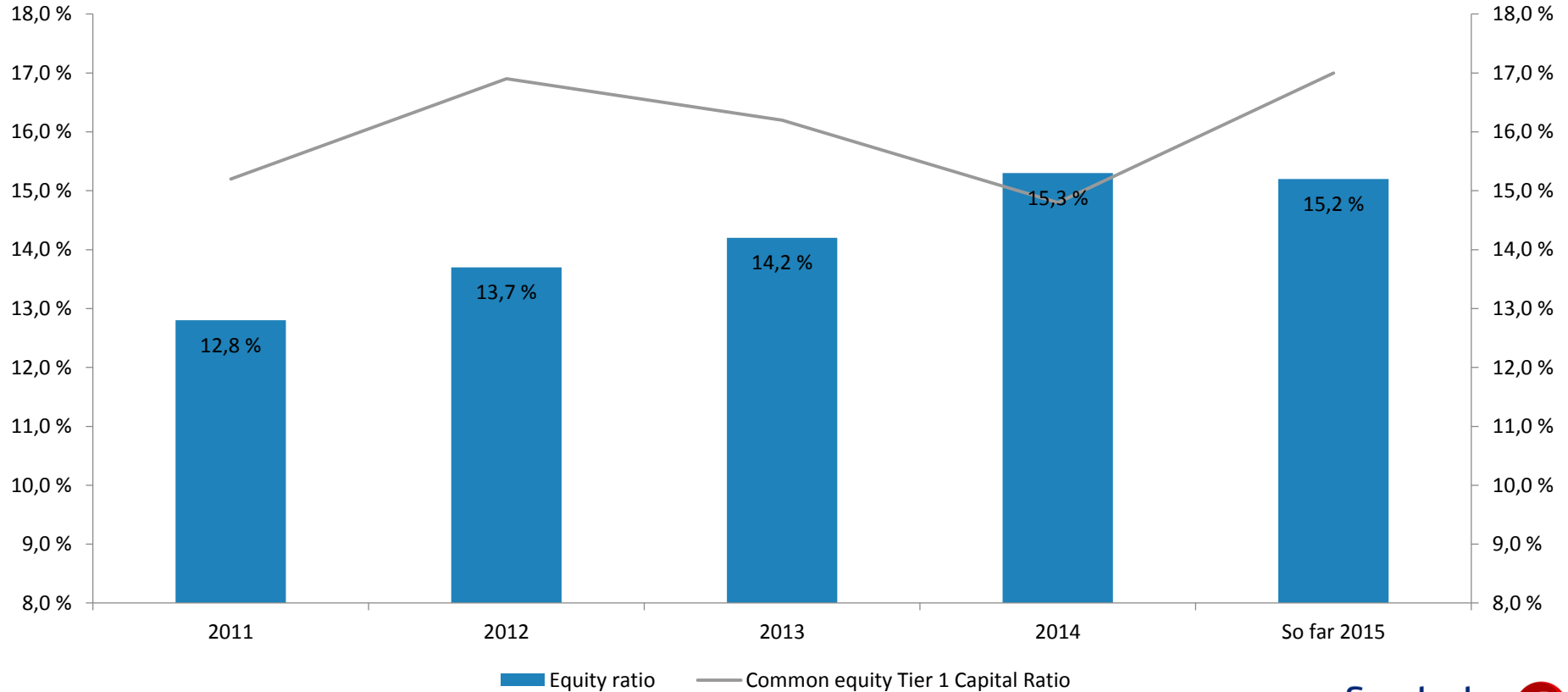


Development in Tier 1 ratio (Group)

- Capital adequacy ratio group as at 30.06.15: 19.0 %
- Tier 1 Capital ratio parent bank as at 30.06.15: 24.1 %

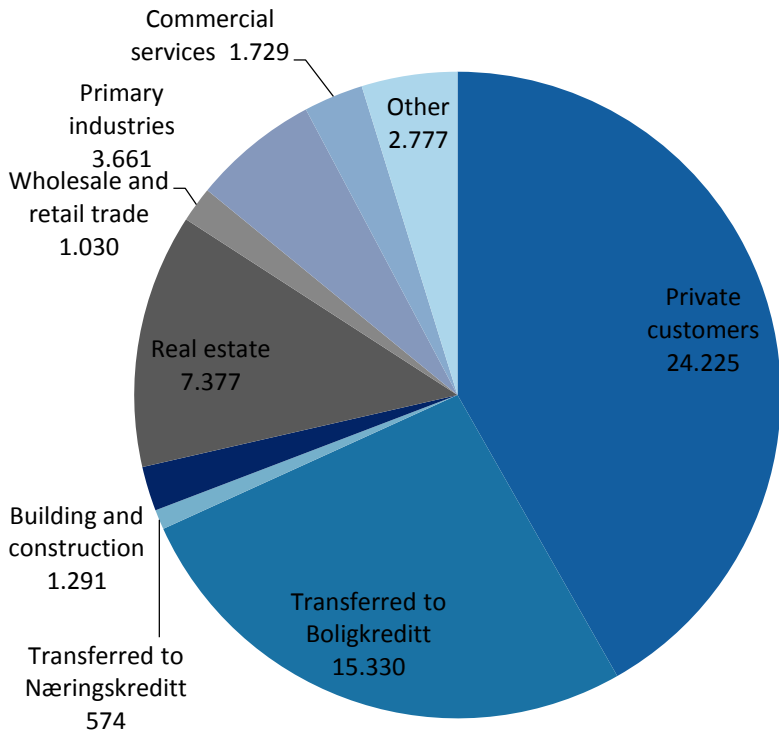


Equity ratio (Group)

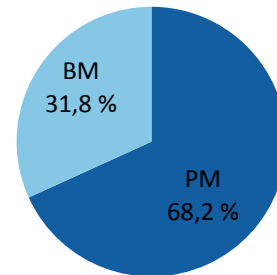


Composition of loans and receivables from customers (Group)

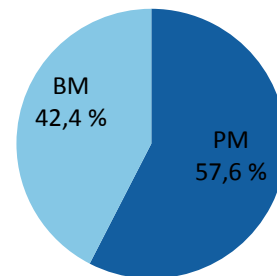
Composition of loans incl. covered bond companies



Composition of loans incl. covered bond companies

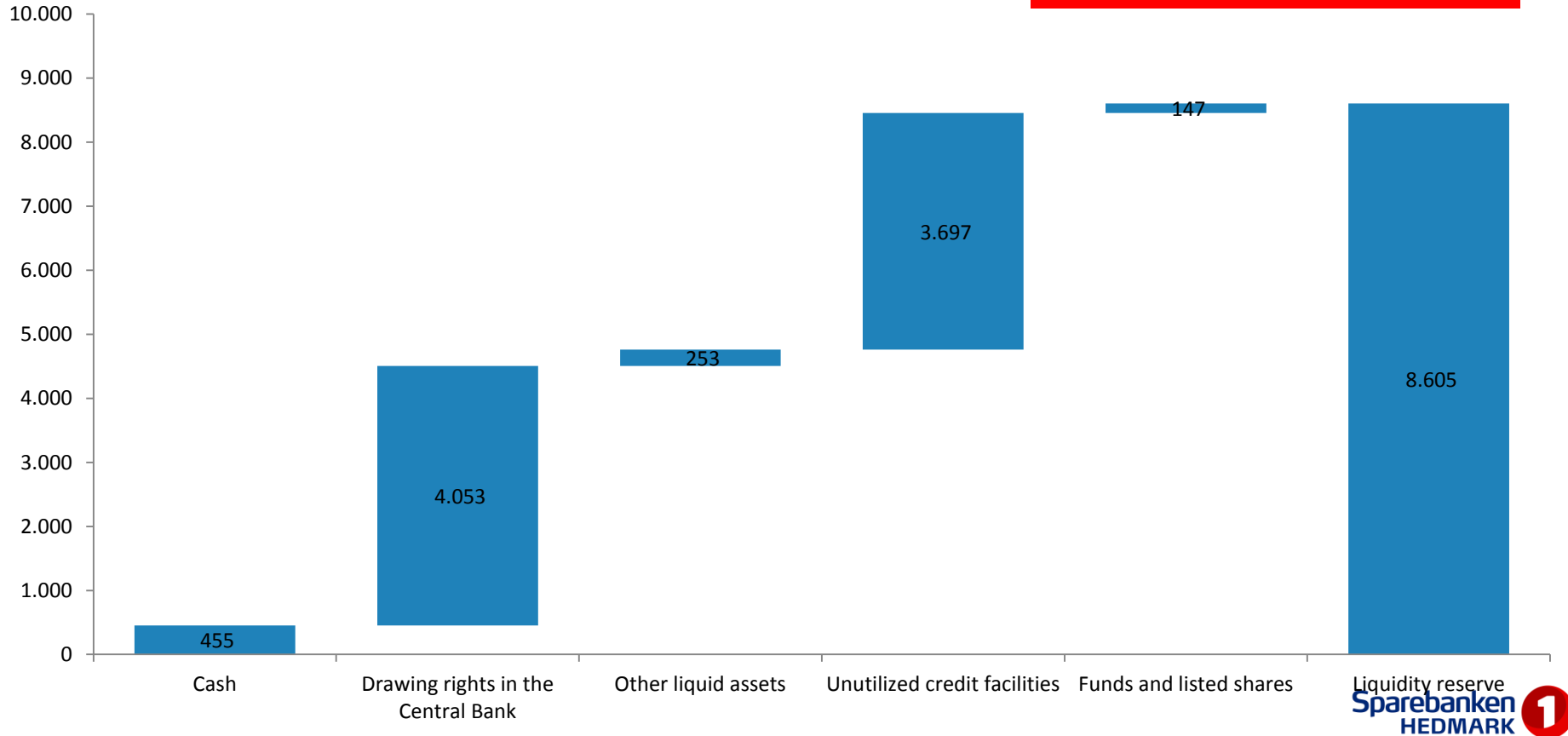


Composition of loans excl. covered bond companies



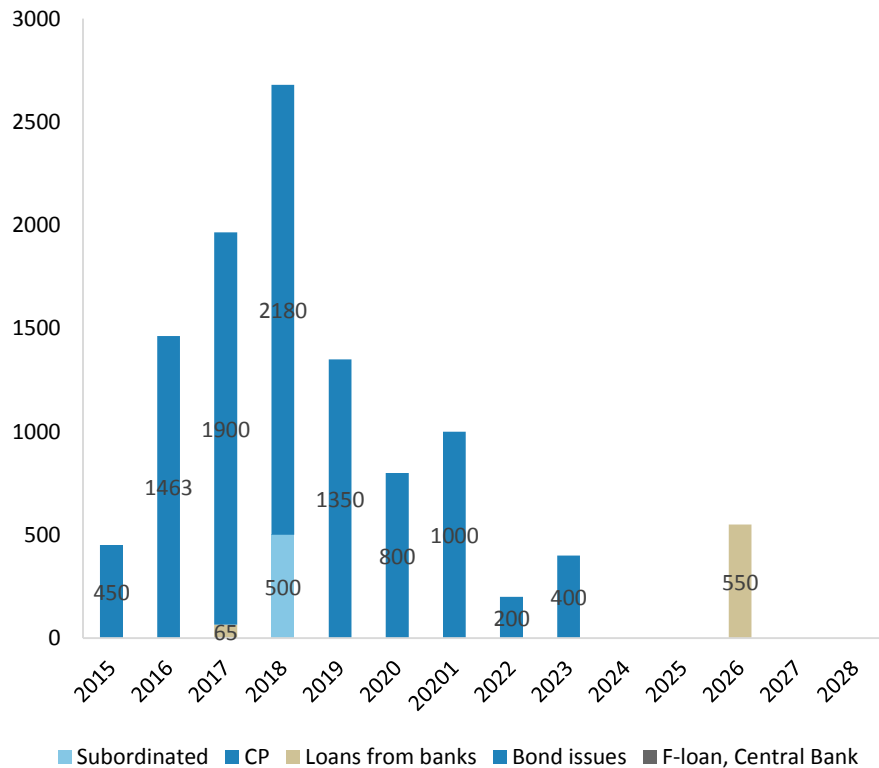
Liquidity reserves

Må få tall fra Cathrine

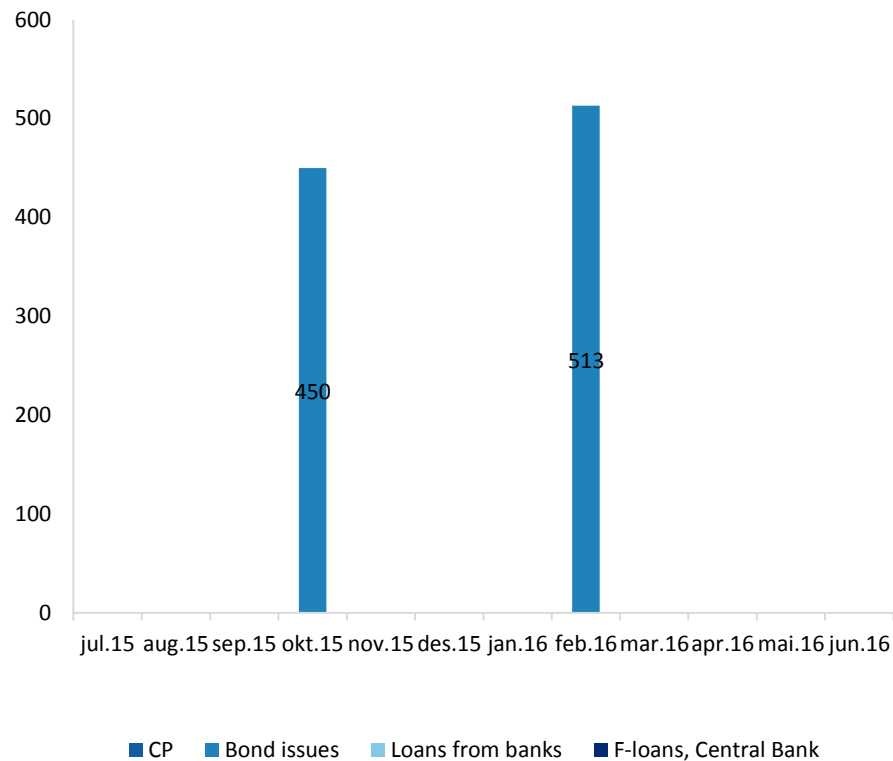


Maturities

Annual maturities, NOK 10 857 mill



Funding maturities the next 12 months, NOK 962



Kontakt:

Administrerende direktør: richard.heiberg@sparebanken-hedmark.no

Finansdirektør: tad@sparebanken-hedmark.no