



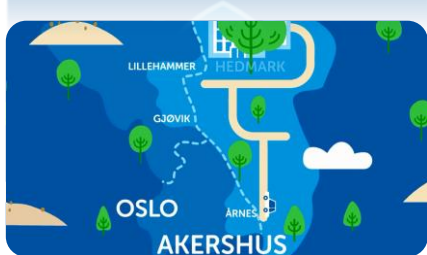
Financial results – H1-2016

CEO Richard Heiberg

Acquisition of Bank 1 Oslo Akershus AS finalised



Still Norway's most solid regional savings bank.
Increased competence, breadth and competitiveness.
Unique position as the alliance's bank in the capital region.
Low risk.

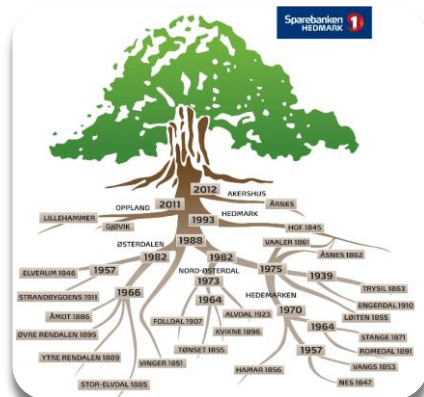


Norway's fourth largest savings bank with total adjusted assets of NOK 137 billion.
Offices in Hedmark, Oppland, Akershus and Oslo.
1.180 employees and 44 branch offices.



Aim for completed legal merger within H1-2017.
Project organisation established, integration process has started.
Aim to achieve NOK 75 million in annual synergies.

«New» bank» – same values



First savings
bank in
Norway

Local granaries
converted,
becoming Hof
Sparebank

Local savings banks
with central role in
local development

Merger of
savings banks in
Hedmark

Joins
SpareBank 1
alliance

Acquisition of
Bank 1 Oslo
Akershus

IPO

1822

1845

Until 1960

1950-1993

2007

2016

2017 ?

New Sparebanken Hedmark – financial goals



Norway's most solid regional savings bank

- 16 % CET-1 ratio
- The bank has not recorded an operating losses since the end of WW II



Low risk and transparent business

- No oil exposure in the loan book
- 75 % retail share – stable portfolio with high customer satisfaction
- Agriculture as the second largest sector in the corporate book after CRE
- No trading or investment banking activity



Good risk-adjusted returns, 50 % dividends

- 10 % ROE
- High capitalisation provides basis for stable dividends
- Target of 50 % annual dividends

Oil-free loan book and 75 % retail loans



The «church spire principle» holds

- 3/4 of the loan book is retail loans
- Well positioned for further growth in Norway's largest (and still growing) market
- Moody's: Acquisition of Bank 1 is credit positive



Agriculture is the second largest sector in the corporate loan book, after CRE

- Very stable business with very low losses
- Stable customers with long relations

Retail loans with low risk account for 75 % of all loans



Less than 0.1 % of the loan book is exposed to the oil sector

- Export businesses in the Inland region is experiencing a positive development with a beneficial exchange rate and an improved supply of competent labour
- Healthy activity reflected also in falling unemployment rates

Largest owners with a long-term perspective

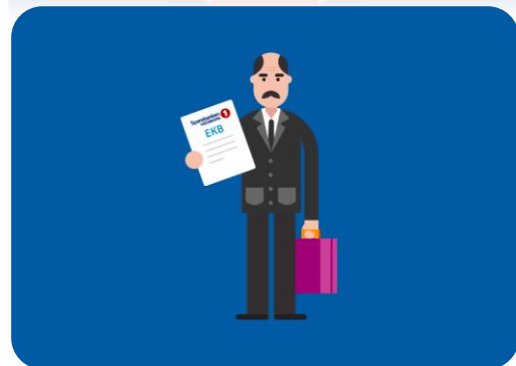


Long-term ownership perspective

- Broad-based agreement of co-operation with the Norwegian Confederation of Trade Unions (LO)
- LO and the foundation is represented on the Board

Ownership overview per 30 June 2016:

- Sparebanken Hedmark Sparebankstiftelse (75 %)
- LO and affiliated unions (15 %)
- Samarbeidende Sparebanker AS (5,1 %)
- Sparebank 1 Nord-Norge (1,6 %)
- Sparebank 1 SMN (1,6 %)
- Sparebank 1 SR-Bank AS (1,6 %)



The foundation – unique for Norwegian savings banks

Unique

- Largest EC-foundation in Norway, by a clear margin.
- Infinite time horizon.
- War chest up to NOK 1.5 billion – and growing.

Long-term

- Will always own at least 50 per cent of the certificates.
- Contribute to improved valuation of the bank.

«For Hedmark»

- Foundation will be owned by the Hedmark-community.
- Competent owner.
- Large donations each year– within a reasonable framework.

The new savings bank is taking shape



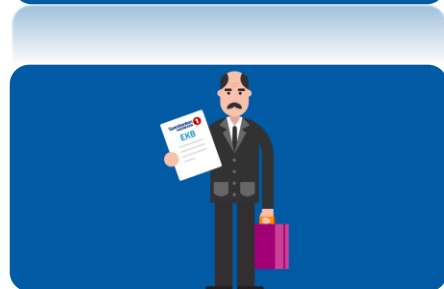
Customers

- Retail market: Growth based on careful lending primarily to relationship customers and LO-members.
- Corporate market: «Church spire principle» maintained, with SME financing.



Organisation

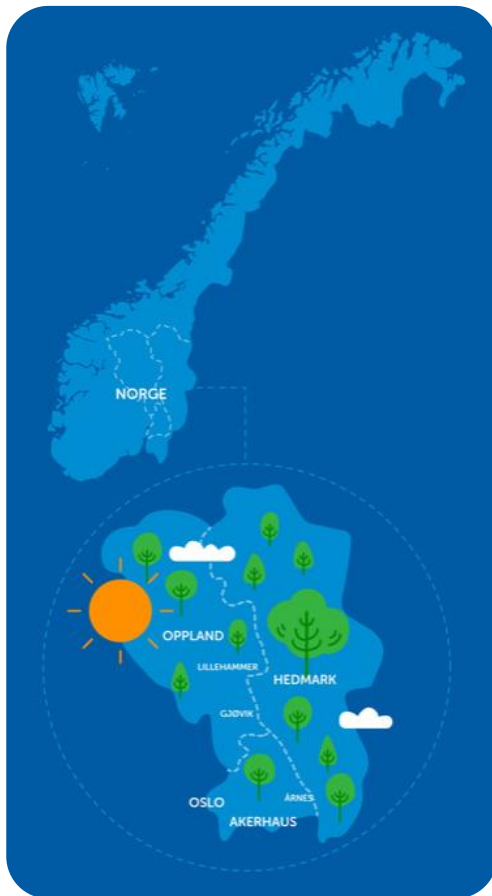
- No over-lap in the branch network, but merging of support functions to achieve more competent and effective teams.
- Integration through several phases – with legal merger planned in H1 2017.



Ownership and capital

- Broad-based agreement of co-operation with LO. LO is also represented on the Board.
- Non-NOK funding through newly established EMTN-programme in 2017.

Financial report for H1 2016



- Financial results of Bank 1 Oslo Akershus AS for H1-16 have been included in the group result in accordance with the equity method, with an ownership share of 40.5 per cent.
- The balance sheet of Bank 1 Oslo Akershus AS has been fully consolidated in the group balance sheet per 30 June 2016.
- Since the reported group result includes 40.5 per cent of the result of Bank 1 Oslo Akershus AS, while the reported balance sheet per 30 June fully consolidates Bank 1 Oslo Akershus AS, different figures for the group may be less informative.
- Calculated main figures for the proforma group shows how the numbers would look like given 100 per cent ownership in Bank 1 Oslo Akershus AS from 1 January 2016.

First half of 2016 – healthy operations and low loan losses



- Maintain a CET-1 ratio of above 16 % also after the acquisition.
- Improved interest rate margin in H1-16 compared with 2015, both for the parent bank and the new group.
- Healthy volume growth and almost zero increase in costs.



- Very low loan losses.
- Oil-free loan book and 75 % retail share.
- Share of problem loans (defaulted and other doubtful) reduced to 0.7 % of total commitments.



- ROE for the new group (proforma) of 9.2 % in H1-16 – and 10.8 % excl. valuation changes on securities.
- ROE for reporting group of 8.2 % and 10.0 %, respectively.
- ROE for «old Sparebanken Hedmark» of 8.8 % and 10.7 %, respectively.

* Proforma numbers unless otherwise stated.

First half of 2016 – stable and good – preparing for IPO



- Interest rate margins for new group of 2.22 % - an improvement of 9 bps compared to same period last year.
- Loan margin down 26 bps, but deposit margin up 35 bps.
- Good growth in all markets – growth in loans and deposits of 10.5 % and 11.6 %, respectively.
- Sparebanken Hedmark's bond and certificate loans are recognised at fair value through profit and loss.
- The result effect from H1-16 was minus NOK 131 million.
- The principle will be changed with the introduction of IFRS 9 (2018).
- Equity issue of NOK 1.8 billion kroner completed – CET-1 ratio for the new group of 16,0 %.
- New funding strategy – financing through Sparebanken Hedmark and non-NOK funding through joint EMTN-programme w/other SB1-banks.
- Aim for IPO in 2017.

First half 2016 - proforma and reported result

	Proforma	Reported	First half-year 2015	Year 2015
Net interest income	845	596	536	1105
Net commission income	515	234	228	461
Other income	109	100	109	190
Total operating expenses	882	513	509	1051
Result bank operation before losses	587	417	364	705
Losses on loans and guarantees	40	29	40	56
Result bank operation after losses	547	388	324	649
Dividends	76	45	8	8
Net profit from ownership interest	116	166	164	301
Net income from financial assets/liabilities	-104	-109	31	205
Profit/loss before tax	635	490	527	1.164
Tax charge	136	94	97	234
Profit/loss after tax	499	396	430	930
Return on equity capital after tax	9,2 %	8,2 %	11,0 %	11,4 %
Losses on loans as a percentage of gross loans	0,1 %	0,1 %	0,4 %	0,1 %

* Excluding changes in value of issued debt, fixed income investments and fixed-rate loans

Main figures for the new bank, Hedmark and Bank 1*

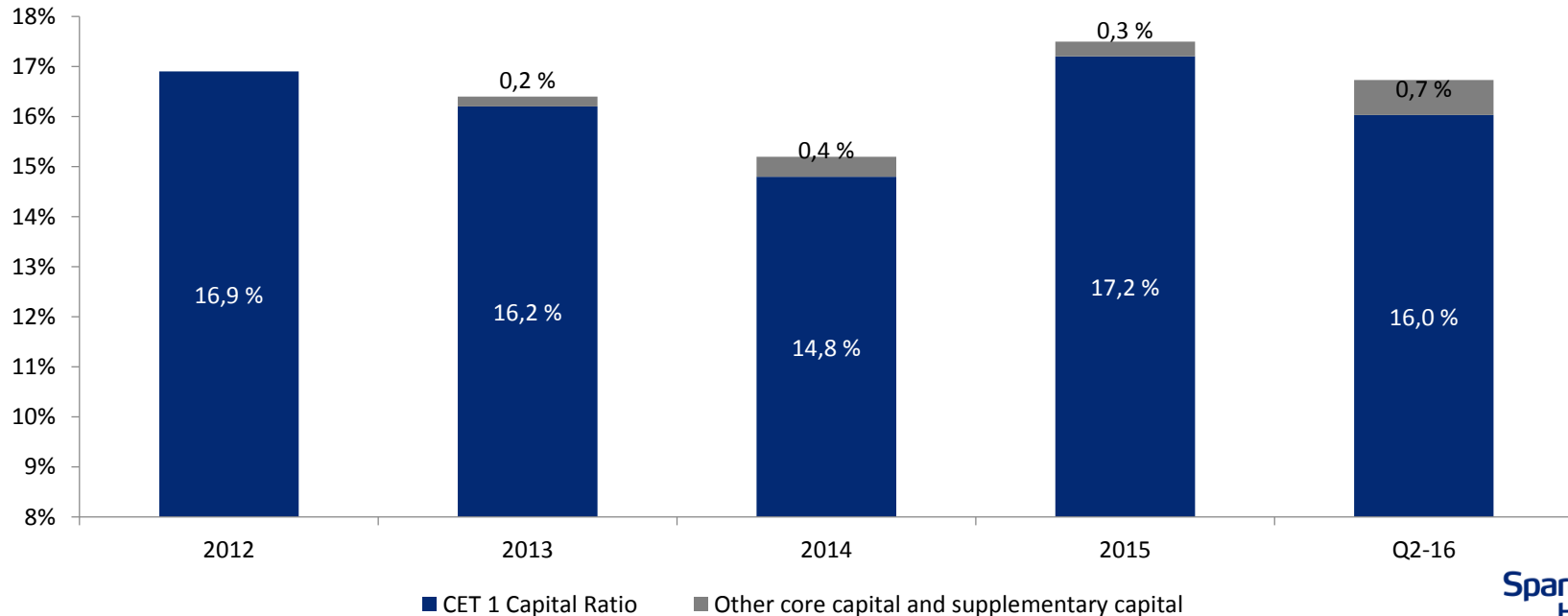
First half-year 2016	Proforma	Reported Hedmark	«Former» Hedmark	Bank 1 OA Group
Profitability				
Return on equity capital after tax	9,2 %	8,2 %	8,8 %	10,6 %
Return on equity capital after tax excl. securities effects	10,8 %	10,0 %	10,7 %	
From the balance sheet				
Assets (million kroner)	100.883	100.883	60.454	41.879
Business (million kroner)	136.821	136.821	78.347	59.922
Lending growth last 12 months incl. loans transferred to covered bond companies	10,6 %	88,4 %	9,8 %	11,7 %
Deposit growth during the last 12 months	11,5 %	98,7 %	10,6 %	13,9 %
Deposits from customers in relation to gross loans to customers	79,0 %	79,0 %	80,2 %	77,3 %
Financial strength				
Common Equity Tier 1 capital ratio	16,0 %	16,0 %		14,0 %
Leverage ratio	8,3 %	8,3 %		
Total capital ratio	18,6 %	18,6 %		17,3 %
Other key figures				
Total operating costs in relation to total income	56,6 %	49,7 %	49,7%	62,0 %
Gross doubtful commitments as a percentage of total commitments	0,6 %	0,6 %	0,9 %	0,2 %

* «Proforma» given 100 % ownership from 1.1.16. «Former Hedmark» excludes equity issue and consolidation of Bank 1's balance. «Bank 1 OA group» is the reported results for Bank 1 in H1-16.

The most solid regional savings bank

- Goal of CET-1 ratio of 16 % has been reached

- Leverage ratio: 8.3 %
- Capital adequacy ratio for group per 30.06.16: 18.6 %
- CET-1 ratio for parent bank per 30.06.16: 29.6 %



Conclusion



- The country's fourth largest savings bank and the third largest equity certificate capital-bank.
- Maintains position as Norway's most solid regional savings bank.
- Integration process well underway – merger in H1-17.



- No oil-exposure and retail share of 75 %.
- Low loan losses and falling share of problem loans.
- Stable margin and satisfactory returns.

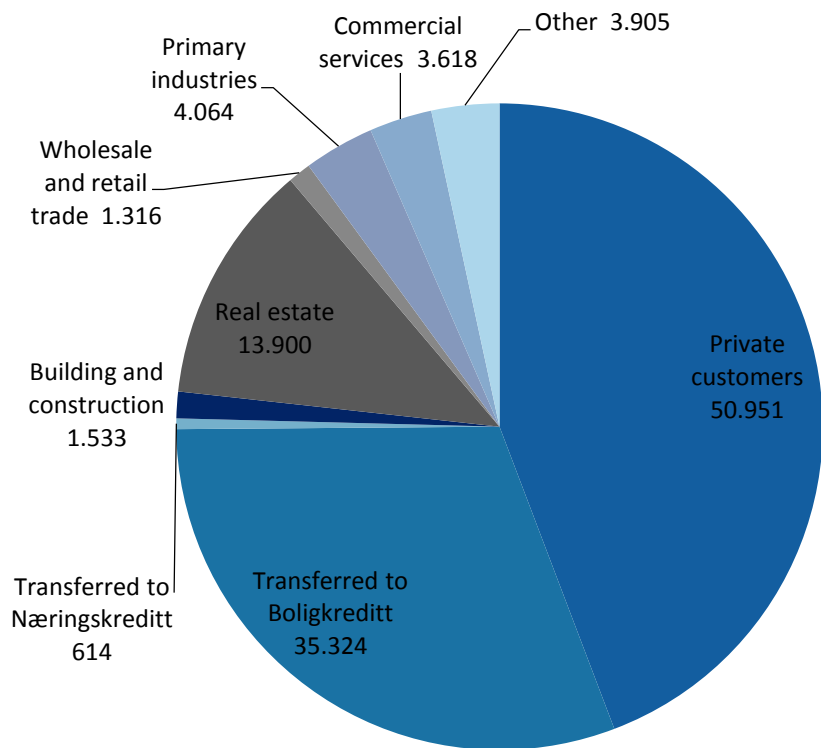


- Established EMTN-funding programme.
- IPO planned in 2017 after completed merger.

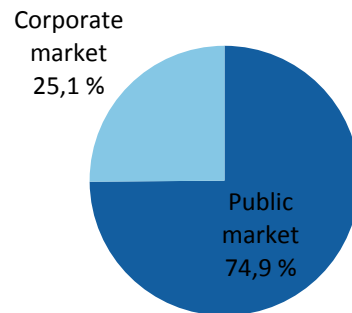
Annex

75 % retail share, 80 % if including agriculture

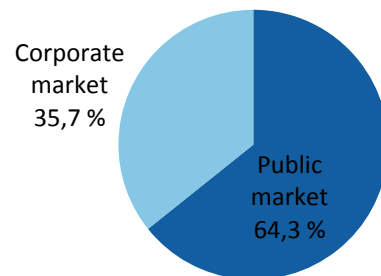
Loan book by sector, incl. covered bond companies



Loan book by sector, incl. covered bond companies



Composition of loans, own balance



Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Sparebanken Hedmark believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Sparebanken Hedmark include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that Sparebanken Hedmark has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.