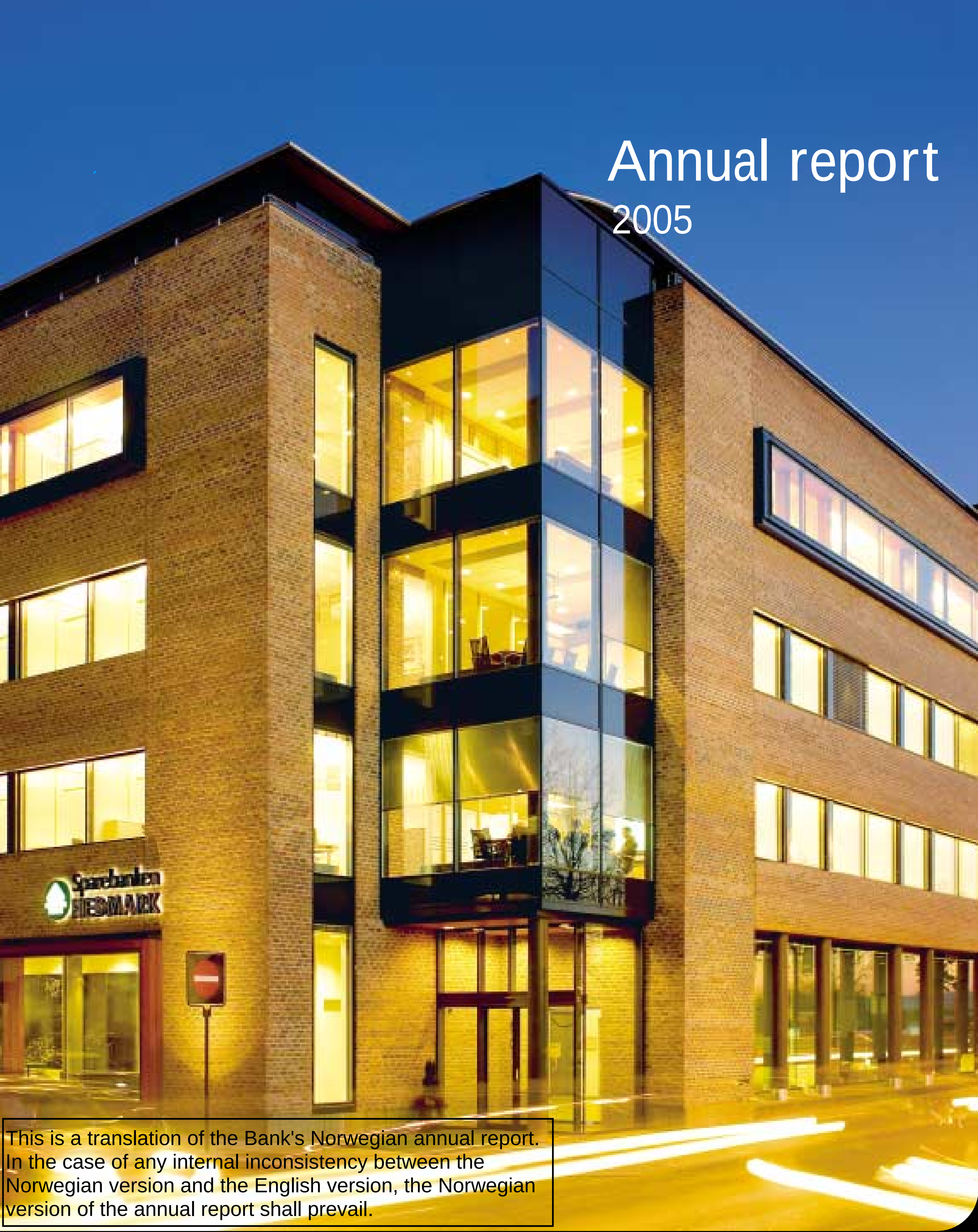


Annual report
2005

This is a translation of the Bank's Norwegian annual report. In the case of any internal inconsistency between the Norwegian version and the English version, the Norwegian version of the annual report shall prevail.

Sparebanken
HEDMARK

Teamwork and wealth creation

2005 marks several milestones in the Bank's history. Aggregate assets passed NOK 30 billion for the first time. The Bank's loans exceeded NOK 25 billion. Our annual result of NOK 426 million before tax is our best ever.

On 1 July 2005 I could look back on 20 years as Sparebanken Hedmark's CEO. It has been 20 good years. Even though some periods have been challenging, I have found pleasure and inspiration in working with colleagues who have made every effort to bring about good results both for our Bank and our customers.

For many years, surveys on customer satisfaction and staff's job satisfaction have given us top score. It is with pleasure and humble pride that I am able to confirm that Sparebanken Hedmark today is Norway's financially strongest bank with a capital adequacy ratio of 15.2 per cent and an equity capital of NOK 3.2 billion. Good financial strength, good revenue generation and a good reputation are all necessary factors in order to ensure external funding of nearly NOK 9 billion, which today represents the difference between loans to customers and deposits from customers.

This amount and the savings of our 150,000 customers represent important contributions to further growth and development within many local communities in our county. Overall, Sparebanken Hedmark lends in excess of NOK 25 billion to businesses and private persons in Hedmark. This customer- and capital base is serviced by more than 500 competent employees in the Bank and its subsidiaries.

Sparebanken Hedmark's aim is to be in the forefront of the development of new products and bank systems. In 2005, we developed an account-based pension product which is a completely new concept in Norwegian context. Sparebanken Hedmark would like pension saving to be seen as simple to administer by businesses, as well as being easy to understand and being safe for the many thousands of wage-earners who are now getting a better pension.

During the course of 2006, the Bank will extend its range of products and services within many areas, the most important of which will be the introduction of BankID – electronic signature, mobile bank and new Internet-linked banks both for our retail banking- and corporate customers.

The Bank's revised strategy has been devised against the background of the increasingly strong competition for customers. As the market leader, we are under attack from the competition and have to make that extra effort. We will do more of the same, continuing the approach which has given us our strong market position in Hedmark. We shall develop and improve in areas where we are not quite as good.

Our corporate vision – teamwork and wealth creation – involves expectations and ambitions of active teamwork and more initiatives in order to produce better results both for our customers and staff. We shall try to be so competent, committed and close to our customers that they choose us and not our competitors.

A big thank you to all customers and staff for yet another successful year!

Hamar, March 2006

Harry Konterud
Managing Director

Sparebanken Hedmark – a summary

Sparebanken Hedmark dates back to 1845. Funds provided by local granaries, local communities, municipalities and private persons formed the basis for the first savings banks in Norway. Through several mergers, 22 local savings banks have evolved into Hedmark's largest and only regional source of capital. Sparebanken Hedmark took its present name in 1982.

Roots in Hedmark

- Sparebanken Hedmark today is a self-owning financial institution with no PCC-holders (Primary Capital Certificates).
- The Bank has 31 branches throughout the county and a unique competitive edge through its local knowledge and competence.
- Sparebanken Hedmark has 132,000 retail banking customers, 10,000 corporate customers, as well as 16,000 clubs and associations using the Bank.
- Sparebanken Hedmark and its subsidiaries employ 500 people.
- The Bank is the leading retail banking- and corporate market bank in Hedmark.

Business concept

Sparebanken Hedmark shall

- offer existing and new customers complete and comprehensive banking- and finance products geared to the future.
- Be so competent, close to its customers and committed that private persons, businesses and public sector entities prefer to have a long-term customer relationship with Sparebanken Hedmark.
- Contribute to growth and development within Hedmark through good profitability, good financial strength and independence.

Corporate vision

Teamwork and wealth creation

Good results are achieved through the interaction and cooperation between customers and staff. Sparebanken Hedmark's corporate vision expresses a wish for better cooperation, more initiatives and improved results.

Values

Competent, committed and close to the customers.

Main figures from the accounts (Parent Bank)

	2005	2004	2003	2002	2001
Operating result after credit losses	422	360	297	284	309
Operating result after credit losses as a percentage of average assets	1,48	1,45	1,33	1,41	1,70
Total assets as at 31.12	30.292	26.733	23.432	20.984	19.279
Gross lending as at 31.12	25.858	22.699	20.635	18.344	16.685
Deposits from customers as at 31.12	16.869	15.971	15.087	13.895	13.063
Equity capital as at 31.12	3.263	2.947	2.674	2.469	2.269
Capital adequacy ratio as at 31.12 (%)	15,2	15,4	15,6	15,6	15,8

Annual report for 2005 from the Board of directors

The Norwegian economy

There was strong growth in the Norwegian economy in 2005. The growth in the mainland economy ended up at 3.2 per cent. This was 0.2 percentage point lower than in 2004. The economy bottomed out in 2003, since when there has been a marked upturn. A low level of interest rates, low price inflation and good real wage growth have been contributing strongly to the upswing. In addition, Norway's export income has risen due to the high oil prices in 2005. The good growth in the economy has also brought about increased employment and a lower jobless level.

The positive development in private households' financial position triggered big sales of residential property. On average, house prices went up by over 9 per cent in 2005. The increase in house prices – 25 per cent over a period of two years – has contributed to very strong growth in households' aggregate debt. After several years of moderate development in corporate investment within the mainland industry, 2005 turned out to be a year of higher investment and increased borrowing. Corporate results made good progress and unemployment fell.

After an historically low level of interest rates in 2004, Norges Bank raised its benchmark rate twice in 2005, totalling 0.5 percentage point. At the end of the year, the signal rate was 2.25 per cent. However, the low level of interest rates and good growth in the economy did not produce strong price inflation last year. The rate of inflation finished up at around 1.0 per cent, which is well below the authorities' long-term inflation target of 2.5 per cent.

In 2005 too, stock exchanges round the world enjoyed good progress. The positive development was particularly strong in Norway, Oslo Stock Exchange's main index soaring by 40 per cent. During the last three years, the main index has risen by 190 per cent. High oil prices and strong growth within the oil- and gas-related industry have been the main factors encouraging the strong growth.

Local development within the county of Hedmark

In cooperation with TNS Gallup, Sparebanken Hedmark has a survey done each quarter in order to find out about local people's opinions and expectations as far as their own finances and the country's economy are concerned.

The Hedmark Indicator for the fourth quarter showed a less strong belief in people's financial situation compared to the previous quarter. This development is mainly due to the interest rate increases which occurred in June and November last year, and to signals from Norges Bank about further increases in interest rates during the course of 2006.

In spite of this, local people remain optimistic, which would suggest that private consumption should remain high during the coming months.

A corporate analysis done by the Hedmark county municipality and Telemarksforskning in 2005 suggests a significant increase in the proportion of profitable business enterprises in Hedmark from 2003 to 2004. Preliminary accounting figures for 2005 from the Bank's corporate customers indicate that this development will be continuing.

The corporate analysis for Hedmark also shows progress as far as employment is concerned. The increase was largest within the public sector.

Sparebanken Hedmark – the Group

The Sparebanken Hedmark Group consists of the Parent Company, Sparebanken Hedmark, and the following subsidiaries: Hedmark Eiendom AS, Hedmark Finans AS, Hedmark Invest AS, Boligkreditt AS, SH Betalingsautomater AS, Vato AS and Sameiet Nytun. The three companies, Hedmark Invest AS, SH Betalingsautomater AS and Boligkreditt AS did not conduct any business operations during 2005.

The Sparebanken Hedmark Group takes care of customers' requirements for bank deposits and other placements, financing, payments transmission services and real estate brokerage services. The bulk of the Group's business is conducted in the county of Hedmark.

The Group's 2005 pre-tax result totalled NOK 426 million, up by 16.7 per cent from NOK 365 million the year before. As at 31.12.2005, aggregate assets stood at NOK 30,327 million, having expanded by 13.3 per cent during the last 12 months.

During the spring of 2005, the Group management functions moved to a new building within the Bank's block of buildings located in the centre of Hamar. Having all the Group's joint functions located in the new building will help to make the Bank's operations more effective. The Bank has 31 branches in 20 of Hedmark county's 22 municipalities.

The Group's operations do not cause any pollution of the external environment apart from what is normal for banking activities.

Sparebanken Hedmark – The Parent Bank

Profit and loss account

With reference to the Accounting Act's requirements regarding the contents of the Annual Report and Accounts from the Board of Directors, it is hereby confirmed that the accounts are based on the assumption of a going concern.

The pre-tax result from ordinary operations totalled NOK 422 million, equivalent to 1.48 per cent of average assets. The result was somewhat higher than the average for the Norwegian savings banks industry as a whole.

In 2004, the Bank's pre-tax profit amounted to NOK 360 million, or 1.45 per cent of average assets.. The result in 2005 produced a pre-tax return on equity capital of 14.3 per cent, as against 13.4 per cent a year earlier.

In the Board of Directors' opinion, the result is satisfactory in relation to the Bank's yield- and equity capital targets.

Net interest- and credit commission income totalled NOK 698 million, up by NOK 44 million on the year before. The 6.7 per cent increase amounts to about half of the Bank's lending growth. The relatively moderate increase in net interest- and credit commission income is due to the difference between lending- and deposit rates of interest having been reduced. The average interest margin shrank by 0.17 percentage point during the last 12 months and illustrates that competition for customers has become fiercer.

Net other (non-interest) operating income at NOK 223 million was NOK 20 million up on 2004. Dividends, gains from securities and foreign exchange, and income from wholly- and partly-owned subsidiaries totalled NOK 101 million, up by NOK 11 million on 2004. The last two years produced a good return on the Bank's investments in the share market. Revenue generation from payments transmission services, unit trust- and life assurance products posted a more moderate growth.

Operating costs at NOK 451 million were up by NOK 4 million or 0.9 per cent on 2004. Pension costs were NOK 10 million higher than the year before due to the low level of interest rates. Other operating costs were accordingly reduced by NOK 6 million. Operating costs amounted to 1.59 per cent of average assets. The corresponding figure for 2004 was 1.80 per cent. The improvement in overall effectiveness is primarily ascribable to a lower number of man-years worked, coupled with higher business volumes than in 2004.

Losses on loans and guarantees totalled NOK 57 million. Non-specific loss provisions were up by NOK 15 million. Confirmed losses and the increase in specific loss provisions amounted to NOK 42 million, unchanged from 2004. Total losses were equivalent to 0.22 per cent of gross lending, as opposed to 0.21 per cent the year before. The relatively low credit loss level during the last two years is nevertheless higher than the average for Norwegian banks.

Profit for the year and allocations
After a NOK 101 million taxation charge, the result from ordinary operations finished up at NOK 321 million. The Fund for Evaluation Differences has been increased by NOK 5 million and the Board of Directors proposes that NOK 6 million is set aside for Donations. Against the background of a good accounting year, it is also proposed that NOK 25 million is set aside for a Donations Fund, which will mainly be used for projects within the areas of culture, education and research. Furthermore, it is proposed that NOK 285 million is transferred to the Savings Bank's Fund.

Equity capital and capital adequacy ratio
The Bank's equity capital increased from NOK 2,947 million to NOK 3,263 million in 2005, representing 10.8 per cent of total assets. The capital adequacy ratio at the end of the year was 15.2 per cent, down by 0.2 percentage point compared to 2004. The equity capital consists in its entirety of retained profits.

Balance Sheet
As a result of strong lending growth, the Bank's assets expanded by 13.3 per cent during the year currently under review, standing at NOK 30, 292 million at the end of 2005. Sparebanken Hedmark is the sixth largest savings bank in Norway.

Gross lending to customers totalled NOK 25,858 million, up by 13.9 per cent in 2005. The retail banking- and corporate sections increased by 12.9 and 16.0 per cent respectively.

The retail banking- and corporate sections accounted for 67 and 33 per cent respectively of the Bank's aggregate loans. The Bank's lending growth of 13.9 per cent ended up somewhat higher than the total increase in credit in Norway.

Deposits from customers totalled NOK 16,869 million at the end of 2005, after a 5.6 per cent increase. This was a little below than average increase in deposits for all Norwegian savings banks. The retail banking- and corporate markets grew by 4.3 and 8.5 per cent respectively, the two sections accounting for 67 and 33 per cent respectively of total deposits.

At the end of 2005, customer deposits funded 65 per cent of gross lending to customers. The corresponding ratio 12 months ago was 70 per cent. Funding loans obtained from the national and international capital markets increased in 2005. Last year, the bond- and certificate debt rose from NOK 6.7 billion to NOK 8.5 billion, amounting to 28 per cent of the Bank's total assets at the end of the year.

At the end of the year, specific and non-specific loss provisions amounted to NOK 194 million and NOK 250 million respectively, equivalent to 0.8 and 1.0 per cent of the Bank's aggregate lending.

Domestic interest rates
In 2005, Norges Bank raised its benchmark rate of interest twice, by a total of 0.5 percentage point, to 2.25 per cent. During the same period, the Bank's best house mortgage rate was put up from 3.05 to 3.35 per cent.

In 2005, the Bank's average effective lending rate was 4.4 per cent, whereas the average deposit rate was 1.5 per cent.

Long-term interest rates came down a little in 2005. The yield on 10-year Norwegian government bonds was 3.7 per cent at the end of the year. This was about 1.2 percentage point over the level of short-term interest rates in the money market.

Finacial risk and risk management

Financial risk comprises credit risk, market risk and funding risk. The Bank's quality assurance programme fixes overall guidelines for risk management, also including the management of financial risk. In addition, each year, the Board of Directors reviews a financial strategy which covers the areas of funding, shares, interest-bearing securities, financial derivatives trading, foreign exchange and interest rate risk.

Risk management shall ensure that the risk exposure is known at all times and that it is within the limits determined by the Board of Directors. Risk management shall also help achieve a stable and good return on equity capital.

In general, risk is managed through limits, guidelines and routines, coupled with reporting requirements, organisation, division of labour and professional competence. In the Board of Directors' assessment, based on the organisation's competence and management systems, and the Bank's revenue generation and financial strength, the Bank's aggregate risk exposure is appropriate .

Credit risk

The credit risk contained in the lending portfolio represents the Bank's largest risk exposure. The Bank's Board of Directors has decided on a credit policy both for the retail banking- and corporate markets. This sets the overall guidelines for the Bank's granting of credit. According to the policy documents, the Bank's granting of credit shall primarily be for the benefit of customers domiciled in, or with a connection to Hedmark. In 2005, the Bank experienced strong lending growth both within the retail banking- and corporate markets. The risk classification system shows that the proportion of loans to customers with low- and medium risk has remained stable. In the case of loans made to the corporate sector, the proportion of loans classified within the groups of low- and medium risk fell from 87 to 86 per cent. For retail banking customers, 98 per cent of the loans falls within the risk groups low and medium, as against 97 per cent 12 months ago. Apart from the effects of larger lending volumes, the credit risk has therefore not changed to any significant extent.

The Bank's portfolio of interest-bearing securities also involves credit risk for the Bank. The Board of Directors has introduced limits for a maximum portfolio amount for interest-bearing securities, and maximum limits for exposure to each business sector and each issuer. The bulk of the Bank's portfolio of interest-bearing securities comprises securities issued by states, banks, mortgage companies and large, financially strong industrial enterprises. The credit risk in the portfolio is deemed to be moderate.

The Bank's claims on other credit institutions also involve credit risk. The Board of Directors has introduced maximum limits for exposure to each counterpart. Loans made to the Bank's subsidiary, Hedmark Finans AS, represent the largest single claim.

Overall, the Board of Directors is of the opinion that the aggregate credit risk exposure is reasonable and appropriate.

Market risk

Market risk comprises interest rate risk, share risk and foreign exchange risk.

The management of interest rate risk shall protect the Bank's result and equity capital against the effects of changes in market interest rates. The Board of Directors has introduced limits for total interest rate risk in connection with a general shift in the level of interest rates, and for interest rate risk within the different interest rate fixing periods involved. The Bank's positions in relation to these limits are reported on a regular basis. The Bank had a limited and relatively stable exposure to interest rate risk throughout the year.

The Bank's exposure to the share market amounts to about 4 per cent of the Bank's equity capital. This is deemed to be moderate. The exposure has been reduced from around 6 per cent the year before. At the end of the year, approximately 2 per cent of the exposure was accounted for by short-term positions and a corresponding percentage by long-term investments.

The Board of Directors has introduced limits for maximum exposure to total foreign exchange risk and individual currencies. The exposure to foreign exchange risk is incurred primarily as a result of trading on behalf of the Bank's customers. This business is margin-based and involves only limited net positions in foreign currencies. The net exposure to foreign exchange risk is therefore limited.

Funding risk

The management of the funding risk shall ensure that the Bank is able to meet its obligations and fund its desired growth at a reasonable interest rate cost. The funding strategy fixes limits for the Bank's exposure to funding risk through limits for net funding requirements within the different time periods involved, requirements with regard to long-term funding, the amount of unutilised drawing rights, the level of liquidity reserves and the length of the time period during which the Bank shall be independent upon new funding from the money- and capital markets. In addition, the Bank has fixed targets for its balance sheet structure. The capital adequacy ratio shall be minimum 14 per cent and customer deposits shall amount to at least 60 per cent of gross lending.

The difference between loans and deposits continued to increase in 2005. The Bank has therefore increased its long-term funding from the capital market throughout the year. The Bank has raised long-term bond loans amounting to NOK 3.4 billion on a net basis and long-term loans from foreign banks amounting to NOK 360 million. Furthermore, the Bank has established a EUR 150 million syndicated drawing rights facility. The market has been characterised by good access to funding at favourable terms and conditions.

The values of the Financial Supervisory Authority of Norway's (FSAN) funding indicators for financing involving remaining life of more than one month and over one year were 103.0 and 96.6 respectively at the end of the year. The average value, which is the basis for FSAN's classification of funding risk, is in a range considered as reasonable.

Transition to international accounting standards (IFRS)

All quoted companies will have to adopt the international accounting standards (IFRS) with effect from 1 January 2005. However, companies which are only quoted on the stock exchange because of bond loans issued, like in the case of Sparebanken Hedmark, may postpone the transition to IFRS until 1 January 2007. In last year's Annual Report, Sparebanken Hedmark stated that it would implement the new accounting standards from 1 January 2006. When the authorities decided that banks would not be allowed to apply the new accounting rules in Parent companies' accounts until 2007, the Bank's Board of Directors passed a resolution according to which the transition to the new set of rules and regulations would be postponed until 1 January 2007.

New lending rules and regulations

From 1 January 2006, banks are instructed to start applying new lending rules and regulations. The implementation of the new rules and regulations will amongst other things result in the dissolution of all non-specific loss provisions, which will be replaced by calculation of group-related write-downs. This change means that the level of the Bank's loss write-downs will be significantly lower at the end of 2005. The net effect of the transition to new rules and regulations will be adjusted against the Bank's equity capital as at 1 January 2006.

Conditions relating to organization and personnel

A restructuring process aimed at improving the Bank's overall effectiveness and quality was started in 2002 and was largely completed during the course of 2005. The restructuring involved a reduction in overall manning levels of about 45 man-years in 3 years. In addition, a broadly based improvement of formal competence levels has been achieved, involving some 300 employees of a total workforce of 457.

With effect from 1 September last year, a change in the Bank's organisational structure was implemented, including a reduction in the number of Bank branches from 12 to 9. The purpose of the change is to improve both quality and effectiveness through better utilisation of resources across previous organisational boundaries. From the same time, the number of managers was reduced by 10. All these employees were transferred to other functions in the Bank. Within the Group management function, two new departments have been established, for credit management and overall risk management respectively.

Job satisfaction and working environment

In 2005 too, Sparebanken Hedmark completed a survey amongst all staff in order to check on the level of job satisfaction throughout the Bank. The results of the survey were the best which have ever been achieved in the 6 years this survey has been done.

Under KPMG's direction, a comprehensive survey on ethics was completed, focusing on the quality of the Bank's guidelines, the adherence to the guidelines and the extent to which the Bank's management come across as good role models in such a connection. The survey produced very positive results.

In 2005, the Bank decided to change its company health service arrangement. From 1 January 2006, the Bank uses a joint supplier of company health services for the whole of the organisation. The purpose of this change is to achieve a good delivery with similar content and similar quality for all staff.

For many years, the level of absenteeism through illness has remained stable at around 4 per cent and there was no change in 2005 either. No occupational injuries were recorded in 2005.

Equality between the sexes and equal opportunities

Sparebanken Hedmark's aim is to strengthen versatility and flexibility and balance the numbers of men and women in different jobs at all levels throughout the Bank's organisation. Through its personnel management and various development measures, the Bank is creating conditions conducive to equality between the sexes. This work is based on the Bank's strategy and human resources policy.

Salary is agreed on the basis of the content and requirements of the position in question, and in relation to education, experience and personal qualifications. Assessments taking into account these circumstances show that women and men are paid the same salary for the same job.

The Board of Directors consists of 3 women and 6 men, whereas the Bank's Board of Trustees comprises 25 women and 47 men.

Female employees account for 56 per cent of the Bank's total staff. In the case of Board members, General Managers and managers reporting direct to General Managers, women account for 36 per cent, up from 28 per cent in 2004.

Discontinuation of cooperation agreement with DnB NOR ASA

In 2005, Sparebanken Hedmark decided to discontinue its agreement with DnB NOR ASA relating amongst other things to joint purchasing and development of IT-systems. The agreement will be discontinued during the course of 2006. It will be replaced by an arrangement of closer cooperation with EDB Business Partner ASA within the IT-area.

Prospects for 2006

Prospects for the Norwegian economy at the beginning of 2006 are regarded as good. 2006 is expected to be the third year in a row with growth above normal. However, most experts anticipate a gradual increase in the level of domestic interest rates. This will probably contribute to a certain reduction in the strong credit growth experienced during the last few years.

In view of a narrower average interest margin and substantially lower gains from securities, a somewhat lower annual profit for 2006 has been factored into the Bank's budget.

Sparebanken Hedmark's Board of Directors

Hamar, 24 February 2006

Syver Aalstad Chairman	Richard H. Heiberg	Atle Brataas
Marith Brekke	Randi Dørum	Ole Jakob Holen
Gro Røsten Oldertrøen	Jan Wibe	Harry Konterud Managing Director

Presentation of the bank's Board of directors

Syver Aalstad, 69, Chairman.
Aalstad is a civil agronomist; as a consultant, he provides advisory services within the field of agricultural economics and finances.
He has been a member and the Deputy Chairman of the Board since 1994 and was elected as Chairman in 2001.
He lives in the municipality of Hamar.

Richard Heiberg, 49, Deputy Chairman
Heiberg is a business school graduate and the Managing Director of Nordic Paper A/S. He has been a member of the Board since 1995.
He lives in the municipality of Våler.

Ole Jacob Holen, 58, member of the Board.
He is a fishmonger and runs the company, Knutstad & Holen in Hamar.
He has been a member of the Board since 1994.
He lives in the municipality of Hamar.

Gro Røsten Oldertrøen, 37, member of the Board.
Roesten Oldertroen is the owner and General Manager of Gave & Interiørbutikken Årstider; her educational background is in business administration.
She was appointed to the Board of Directors in the spring of 2003.
She lives in the municipality of Tynset.

Jan Wibe, 64, member of the Board
Wibe is a BI (business school) graduate, with post-graduate management education from UCLA, Los Angeles, and works as an adviser at Aetat Hedmark. He is a member of the County Board.
He has been a member of the Board of Directors since the spring of 2004.
He lives in the municipality of Hamar.

Marith Brekke, 61, member of the Board.
Brekke, a graduate from Norway's Banking Academy, is the social security manager at Hamar social security office. She has been a member of the Board since 1999.
She lives in the municipality of Hamar.

Atle Brataas, 42, member of the Board.
Brataas is a graduate (finance) of Norway's BI (business school) and has been the main representative of the Bank's staff on the Board of Directors since 1998.
He lives in the municipality of Oslo.

Randi Dørum, 45, member of the Board
Doerum , a senior college graduate (information and public relations), is the district works manager at Aetat at Elverum. She has been a member of the Board since 2001.
She lives in the municipality of Elverum.

Harry Konterud, 62, member of the Board.
Konterud is a business school graduate and has been Sparebanken Hedmark's Chief Executive Officer and a member of the Board of Directors since 1985.
He lives in the municipality of Hamar.

Profit and Loss Account

(Ammounts in NOK million)

Parent Bank 2005	2004	2003		Notes	Group 2005	2004	2003
			Interest receivable and similar income				
67	31	63	Interest receivable and similar income on loans to and claims on credit institutions		**44**	16	38
1.077	998	1.320	Interest receivable and similar income on loans to and claims on customers	4, 8	**1.136**	1.050	1.377
54	42	66	Interest receivable and similar income on certificates, bonds and other interest-bearing securities		**54**	42	66
16	22	24	Other interest receivable and similar income		**16**	23	24
1.214	**1.093**	**1.473**	**Total interest receivable and similar income**		**1.250**	**1.131**	**1.505**
			Interest payable and similar costs				
52	24	19	Interest payable and similar costs on liabilities to credit institutions	16	**52**	24	19
239	221	541	Interest payable and similar costs on deposits from and liabilities to customers	16	**238**	220	539
208	171	230	Interest payable and similar costs on securities issued	16	**208**	171	230
17	23	40	Other interest payable and similar costs	2, 18	**18**	23	41
516	**439**	**830**	**Total interest payable and similar costs**		**516**	**438**	**829**
698	**654**	**643**	**Net interest- and credit commission income**		**734**	**693**	**676**
			Dividends receivable and other income from securities with variable yield				
48	11	7	Income from shares, unit trusts certificates and other securities with variable yield	6	**48**	11	7
5	5	5	Income from equity interests in associated companies	1	**5**	5	5
8	13	16	Income from equity interests in Group companies	1	**0**	0	0
61	**29**	**28**	**Total dividends and other income from securities with variable yield**		**53**	**16**	**12**
			Commission income and income from banking services				
10	9	8	Guarantee commission		**10**	9	8
137	123	121	Other fees and commissions	3	**179**	155	149
147	**132**	**129**	**Total commissions and income from banking services**		**189**	**164**	**157**
			Commisison costs and costs relating to banking services				
0	0	0	Guarantee commissions		**0**	0	0
41	37	36	Other fees and commission costs		**46**	43	38
41	**37**	**36**	**Total commission costs and costs relating to banking services**		**46**	**43**	**38**
			Net value change and gains/losses on f/x and securities classified as current assets				
-4	31	27	Net value change and gains/losses on certificates, bonds and other interest-bearing securities	13	**-4**	31	27
30	35	19	Net value change and gains/losses on shares and other securities with variable yield	14	**30**	35	19
14	-5	-19	Net value change and gains/l;osses on foreign exchange and financial derivatives	22	**14**	-5	-19
40	**61**	**27**	**Total net value change and gains/losses on f/x and securities classified as current assets**		**40**	**61**	**27**
			Other operating income				
7	6	7	Operating income from real estated		**6**	5	6
9	12	5	Other operating income		**10**	20	13
16	**18**	**12**	**Total other operating income**		**16**	**25**	**19**
223	**203**	**160**	**Net other operating income**		**252**	**223**	**177**

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Notes	Group 2005	Group 2004	Group 2003
			Wages, salaries and general administration costs				
166	165	140	Wages and salaries	4, 18	**188**	184	157
46	36	51	Pensions	4, 18	**49**	38	52
39	39	33	Social costs	18	**43**	43	35
251	240	224	Total wages, salaries etc.		**280**	265	244
132	146	140	Administration costs	18	**148**	155	147
383	**386**	**364**	**Total wages, salaries and general administration costs**		**428**	**420**	**391**
			Depreciation etc. of fixed- and intangible assets				
28	27	28	Ordinary depreciation		**30**	29	30
0	0	0	Write-downs		**0**	0	0
28	**27**	**28**	**Total depreciation etc. of fixed- and intangible assets**	15	**30**	**29**	**30**
			Other operating costs				
14	14	15	Operating costs relating to real estate		**14**	15	16
26	20	22	Other operating costs	5, 15	**32**	29	30
40	**34**	**37**	**Total other operating costs**		**46**	**44**	**46**
451	**447**	**429**	**Total operating costs**		**504**	**493**	**467**
			Losses on loans, guarantees etc.				
56	48	78	Losses on loans		**64**	56	84
1	0	-1	Losses on guarantees etc.		**1**	0	-1
0	0	0	Credit loss on certificates, bonds and other interest-bearing securities		**0**	0	0
57	**48**	**77**	**Total losses on loans, guarantees etc.**	8	**65**	**56**	**83**
			Write-down/reversal of write-down and gains/losses on securities classified as fixed assets				
3	2	0	Write-down/reversal of write-down		**3**	2	0
12	0	0	Gains/losses	6	**12**	0	0
-9	**2**	**0**	**Total write-down/reversal of write-down and gains/losses on sec. classified as fixed assets**		**-9**	**2**	**0**
422	**360**	**297**	**Result from ordinary operations before tax**		**426**	**365**	**303**
101	**90**	**83**	**Tax payable on ordinary result**	7	**105**	**95**	**89**
321	**270**	**214**	**Result from ordinary operations after tax**		**321**	**270**	**214**
321	**270**	**214**	**Result for the accounting year**		**321**	**270**	**214**
			Transfers and allocations				
0	0	4	Transferred from Fund for Evaluation Differences		**0**	5	0
0	**0**	**4**	**Total transfers**	19	**0**	**5**	**0**
5	2	0	Transferred to Fund for Evaluation Differences		**0**	0	0
285	264	216	Transferred to Savings Bank's Fund		**285**	264	216
31	4	2	Transferred to Donations		**31**	4	2
			Transferred to/from other Group capital		**5**	7	-4
321	**270**	**218**	**Total allocations**	19	**321**	**275**	**214**
321	**270**	**214**	**Total transfers and allocations**		**321**	**270**	**214**

Balance Sheet

(Amounts in NOK million)

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003	ASSETS	Notes	Group 2005	Group 2004	Group 2003
411	**324**	**328**	**Cash and claims on central banks**		**411**	**324**	**328**
			Loans to and claims on credit institutions				
58	101	30	Loans to and claims on credit institutions - without agreed maturity or notice of withdrawal		**58**	101	30
1.015	861	659	Loans to and claims on credit institutions - with agreed maturity or notice of withdrawal		**89**	129	58
1.073	**962**	**689**	**Total net loans to and claims on credit institutions**	1, 8	**147**	**230**	**88**
			Loans to and claims on customers				
0	0	0	Financial leasing agreements		**742**	619	488
1.241	1.026	1.268	Overdraft- and working capital facilities		**1.241**	1.025	1.268
396	513	315	Building loans		**396**	513	315
24.221	21.160	19.052	Repayment loans		**24.672**	21.557	19.263
25.858	**22.699**	**20.635**	**Total loans before specific and non-specific loss provisions**	1, 4, 8	**27.051**	**23.714**	**21.334**
194	184	165	Specific loss provisions	8	**197**	190	169
250	235	230	Non-specific loss provisions	8	**262**	246	238
25.414	**22.280**	**20.240**	**Total net loans to and claims on customers**		**26.592**	**23.278**	**20.927**
2	**3**	**2**	**Repossessed assets**	12	**11**	**4**	**5**
			Certificates, bonds and other interest-bearing securities with fixed yield				
			Issued by public sector borrowers:				
200	207	98	Certificates and bonds		**200**	207	98
			Issued by other borrowers:				
2.030	1.908	1.317	Certificates and bonds		**2.030**	1.908	1.317
0	15	0	Own bonds, certificates etc.		**0**	15	0
2.230	**2.130**	**1.415**	**Total certificates, bonds and other interest-bearing securitieswith fixed yield**	8, 13, 21	**2.230**	**2.130**	**1.415**
			Shares, unit trust certificates and other securities with variable yield				
137	180	234	Shares, unit trust certificates and PCCs		**137**	180	234
0	0	1	Other securities		**0**	0	1
137	**180**	**235**	**Total shares (and other securities with variable yield)**	14	**137**	**180**	**235**
			Equity stakes in associated companies				
5	6	6	Equity stakes in other associated companies		**5**	6	6
5	**6**	**6**	**Total equity interests in associated companies**	1, 25	**5**	**6**	**6**
			Equity interests in Group companies				
307	302	79	Equity interests in credit institutions		**0**	0	0
15	15	15	Equity interests in other Group companies		**0**	0	0
322	**317**	**94**	**Total equity interests in Group companies**	1	**0**	**0**	**0**
			Intangible assets				
0	0	2	Goodwill	15	**0**	0	2
43	41	39	Deferred tax benefit	7	**47**	48	48
5	1	1	Other intangible assets	15	**5**	1	1
48	**42**	**42**	**Total intangible assets**		**52**	**49**	**51**
			Fixed assets				
61	50	48	Machinery, fixtures and fittings, and transport equipment		**65**	54	50
186	165	113	Buildings and other real estate		**196**	176	125
247	**215**	**161**	**Total fixed assets**	15	**261**	**230**	**175**
			Other assets				
32	8	2	Financial derivatives	22	**32**	8	2
46	28	29	Other assets	17	**116**	80	36
78	**36**	**31**	**Total other assets**		**148**	**88**	**38**
			Prepaid costs, not yet incurred, and accrued income, not yet received				
265	197	166	Accrued income, notyet received		**267**	198	168
			Prepaid costs, not yet incurred				
5	20	18	Over-funding of pension liabilities	4	**8**	23	21
55	21	11	Other prepaid costs, not incurred		**58**	22	11

LIABILITIES AND EQUITY CAPITAL

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Notes	Group 2005	Group 2004	Group 2003
			Liabilities to credit institutions				
36	41	16	Loans and deposits from credit institutions - without agreed maturity or notice of withdrawal		**20**	27	15
838	482	288	Loans and deposits from credit institutions - with agreed maturity or notice of withdrawal		**837**	482	287
874	**523**	**304**	**Total liabilities to credit institutions**	1, 16	**857**	**509**	**302**
			Deposits from and liabilities to customers				
16.196	15.377	14.568	Deposits from and liabilities to customers - without agreed maturity		**16.138**	15.327	14.533
673	594	519	Deposits from and liabilities to customers - with agreed maturity		**672**	594	518
16.869	**15.971**	**15.087**	**Total deposits from and liabilities to customers**	1, 16	**16.810**	**15.921**	**15.051**
			Borrowings through the issuance of securities				
2.150	3.110	1.783	Certificates and other short-term borrowings		**2.150**	3.110	1.783
-100	-29	0	Own non-amortised certificates		**-100**	-29	0
6.951	3.737	3.170	Bond debt		**6.951**	3.737	3.170
-465	-112	-96	Own non-amortised bonds		**-465**	-112	-96
8.536	**6.706**	**4.857**	**Total borrowings through issuance of securities**	16	**8.536**	**6.706**	**4.857**
			Other liabilities				
42	25	26	Financial derivatives	22	**42**	25	26
0	0	0	Margin deductions and other open accounts with customers		**36**	29	14
306	205	166	Other debt	17	**314**	210	174
348	**230**	**192**	**Total other debt**		**392**	**264**	**214**
290	**244**	**210**	**Incurred costs - income received, not yet accrued**		**354**	**302**	**255**
			Provisions for incurred costs and liabilities				
107	106	98	Pension liabilities	4	**110**	107	99
0	0	0	Deferred tax	7	**0**	0	0
1	0	1	Specific loss provisions for guarantee liabilities	8	**1**	0	1
4	6	8	Other provisions for incurred costs and liabilities	18	**4**	6	8
112	**112**	**107**	**Total provisionsfor incurred costs and liabilities**		**115**	**113**	**108**
27.029	**23.786**	**20.757**	**Total liabilities**		**27.064**	**23.815**	**20.787**
			Equity capital				
22	17	15	Fund for Evaluation Differences		**1**	1	6
25	0	0	Donations Fund		**25**	0	0
3.216	2.930	2.666	Savings Bank's Fund		**3.216**	2.930	2.666
			Other Group capital		**21**	16	9
3.263	**2.947**	**2.681**	**Total equity capital**	19	**3.263**	**2.947**	**2.681**
30.292	**26.733**	**23.438**	**TOTAL LIABILITIES AND EQUITY CAPITAL**	9, 10, 11	**30.327**	**26.762**	**23.468**
			Contingent liabilities				
977	771	699	Guarantees	1, 4, 8, 20	**977**	771	699
0	0	0	Debt shown in the balance sheet, secured by collateralised assets etc.	21	**0**	0	0
1.560	1.500	1.264	Book value of assets pledged as security for mortgage debt etc.	21	**1.560**	1.500	1.264
			Liabilities				
1	3	6	Other liabilities	23, 24	**1**	3	6
1	**3**	**6**	**Total liabilities**		**1**	**3**	**6**

Hamar, 31 December 2005/24 February 2006

Syver Aalstad
Chairman

Richard H. Heiberg

Randi Dørum

Marith Brekke

Atle Bratås

Gro Røsten Oldertrøen

Jan Wibe

Ole Jakob Holen

Harry Konterud
Managing Directors

Notes to the accounts

General background
The annual financial statements for 2005 have been prepared and presented in compliance with currently valid laws, rules and regulations and according to good accounting practice. The Parent Bank and its subsidiaries apply the same accounting principles.

Consolidation of subsidiaries
The Group accounts comprise the Bank and the companies of which the Bank, in its own right or together with other subsidiaries, owns more than 50 per cent of the shares, and in cases where the ownership structure is considered to be permanent. Companies which have been acquired following repossession of assets in order to secure outstanding commitments are deemed not to be permanent investments and are therefore not consolidated into the accounts.

When consolidating the accounts, the acquisition method is applied. If the cost of the shares acquired is different from the relevant share of subsidiaries' equity capital, as recorded in the accounts at the time of acquisition, in that case the difference is grouped together with those balance sheet items to which it is assumed to refer, and is written off in the same way as those items. Any residual excess value is included under goodwill, which is depreciated on a straight line basis over a period of maximum 5 years. When acquisitions take place at various stages, any surplus value or deficit at the time of the Group establishment form the basis for all the purchase transactions unless there is a big difference in time between the different times of acquisition. In any case, goodwill is assessed separately at the time of each purchase.

The sale of minority interests in subsidiaries is treated in the Group accounts as an equity capital transaction and included at the value of the price paid at the time of the transaction in question. In the case of such sales, part of the goodwill involved, corresponding to the minority interests' equity stake in the subsidiary, is allocated to the minority interests. If subsidiaries are sold, the gain for the Group is computed as the difference between the sales price for the shares in the subsidiary and the net value of the subsidiary's assets and liabilities, as shown in the Group accounts, any surplus values not depreciated, as well as goodwill, to be included.

All substantial intra-Group transactions, internal gains, income and costs are netted out against each other in the Group accounts.

In the Parent Bank's accounts, equity stakes in consolidated subsidiaries are treated in accordance with the equity method of accounting. The relevant share of the result for the year, any depreciation of surplus values/goodwill having first been deducted, is booked as income in the profit and loss account. In the balance sheet, these equity stakes are shown at acquisition cost, adding any accumulated shares of the result, deducting any depreciation of surplus values/goodwill, dividend payments received and expected dividends from the last accounting year. Dividends due are included under 'Other assets'. The difference between the total book value of the equity stakes in question and the total price paid for the shares at the time is booked under 'Fund for Evaluation Differences', under equity capital.

Associated companies and joint venture operations
When the Bank on its own or together with subsidiaries owns 20-50 per cent of other companies and in addition to this has a substantial level of influence in the companies owned in this manner, in that case the companies in question are treated as associated companies in the accounts. Both in the Parent Bank- and Group accounts, associated companies are shown in accordance with the equity method of accounting. However, the Bank also has equity stakes in certain other companies in the 20-50 per cent range without having a level of influence which would warrant the use of the equity method of accounting. These equity stakes are therefore treated in the accounts as shares intended to be held on a permanent basis. The same applies to companies

with corresponding equity stakes, but where the acquisition in question has not occurred with the aim of permanent ownership.

When the Bank alone or together with subsidiaries owns 50 per cent of other companies and such equity stakes are deemed to be permanent, and the Bank exercises joint control with another equal owner/partner, in that case the item is treated in the accounts as a joint venture operation – to which the equity method of accounting is applied, both in parent- and group accounts – and booked under 'Associated companies'.

Accounting principles relating to the treatment of income and costs in the accounts

Interest, commissions, fees and other income are added to the profit and loss account as income as and when such amounts are being earned/accrued. The full amount of the up-front establishment fee is booked as income when the loan is formally arranged, in view of the fact that the fee is deemed not to exceed the costs involved in setting up the loan.
When a loan or a framework facility is written off as a loss, wholly or partly, the inclusion of interest as income in the profit and loss account is discontinued, the loan having been put on a non-accrual of interest basis. However, any interest which is still paid continues to be booked as income. Accrued interest, not yet paid, or non-capitalised interest, at the time of writing off a loan as a loss, is reversed in the accounts.

In the case of certificates and bonds, any discount/premium at the time of purchase is subject to accrual accounting, as an adjustment of the interest income to be received up to maturity.

Gains and losses from the sale of securities and financial derivatives are included in the accounts at the date of trading. Gains and losses on shares are calculated on the basis of average cost price, whereas in the case of interest-bearing securities, FIFO is applied.

Cost are included in the accounts as and when they are incurred. Provisions against expected losses are raised in accordance with good accounting practice.

The financial impact of portfolio management and hedging transactions is taken into consideration in the accounts.

Calculation of actual value (mark-to-market)

In the case of financial instruments which are traded in a regular market, market value on the accounting day in question is used as actual value. Actual value of financial derivatives which are not traded in a regular market is based on value assessment obtained from brokers, approved theoretical computation models and any relevant interest- and price information on the accounting day in question. As far as other assets are concerned, actual value is based on present value- and yield considerations, coupled with sales prices as seen in the market. In the case of assets which are not traded in a regular market, actual value will be based on various degrees of judgment. The actual value of such assets accordingly involve a not insignificant degree of uncertainty.

Assessment of hedging

The financial impact of any hedging transactions entered into is factored into the value assessment of assets and liabilities. A considerable degree of negative covariance between the value changes in respect of the hedging agreement and the hedged item is required; the hedged item must also be clearly defined and the transaction involved has to be defined as a hedging transaction at the time it is entered into. The hedging transaction is classified and booked in the accounts in conjunction with the hedged item. Assessment of hedging is applied in view of the fact that any positive/negative value change in respect of the hedged item is largely cancelled out by an opposite value movement as far as the hedging transaction is concerned. Assessment of hedging ensures that the Bank's accounts express the financial realities involved in the best possible way.

Foreign exchange

Accounting items and financial derivatives in foreign currencies are converted into Norwegian kroner at the foreign exchange rates ruling on the accounting days in question. In the case of forward exchange contracts, that part of the forward exchange rate which represents an interest rate element is treated in the accounts as interest income/cost on an accrual accounting basis.

Evaluation of out

Defaults

In connection with the annual financial statements the Bank regards a commitment as being in default when arrears have been outstanding on a continuing basis for at least 90 days after due date, or when accounts are overdrawn, without the Bank's required permission, on the accounting day in question.

Specific loss provisions

Commitments are subject to specific loss provisioning at any time the Bank feels that a customer is more likely than not to be unable to service his/her/its outstanding commitments to the Bank. As far as the corporate market is concerned, all major commitments are evaluated in relation to the need for specific loss provisions to be made, irrespective of whether the commitment in question is in default or not. In the case of the retail banking market, specific loss provisioning will normally be based on the commitment having gone into default. As a general rule, the loss involved is assessed as the difference between the amount of commitment and assumed sales value of the collateralised asset(s) pledged as security therefor. Exceptions to this rule are made in cases where the customer's financial position would suggest that another form of assessment and valuation might be more appropriate.

Non-specific loss provisions

According to the Financial Regulatory Agency of Norway's (FRAN) rules and regulations, banks must raise non-specific loss provisions in order to cover losses which, due to circumstances ruling on the accounting date in question, must be expected to be incurred in the case of commitments which have not been identified and assessed in accordance with the rules relating to specific loss provisions. Non-specific loss provisions are arrived at on the basis of historical loss levels during the last few years. This is related to the time period which in practice elapses between a loss-triggering event involving a Bank customer and the time when the Bank is able to factor this into the level of specific loss provisions.

Leasing

Leasing rentals are calculated according to the annuity principle. Rental income and pre-paid leasing rentals, apportioned over the rental periods in question, are included in the profit and loss account, under 'Interest receivable and similar income from lending to customers'. Annuity-based depreciation of the asset's original cost, minus pre-paid rentals, is deducted; this is subject to accrual accounting during the contract period in question. That part of the asset which is financed by pre-paid rentals is depreciated on a straight line basis; income from pre-paid rentals is treated in the accounts in the same way. In the balance sheet, leasing agreements are included at the original cost of the assets involved, less depreciation.

Repossessed assets

Assets repossessed by the Bank are included in the balance sheet as separate items, at acquisition cost. If the estimated market value of the asset concerned is lower than the acquisition cost, the asset is subject to write-down, treated in the accounts as confirmed losses on loans and guarantees. Following the subsequent sale of such previously repossessed assets, losses and gains are included under ‘Confirmed losses on loans and guarantees’ and ‘Recoveries in respect of previously confirmed losses’ respectively.

Securities and financial derivatives

Classification

Securities and financial derivatives are classified in four different groups:
- trading portfolio
- other current assets
- financial instruments intended to be held on a permanent basis
- hedging transactions

Financial instruments acquired for the purpose of realising price gains within a shorter-term time perspective are included in the Bank’s trading portfolio. Financial instruments are actively bought and sold within this portfolio. Financial instruments forming part of the trading portfolio must be traded on the stock exchanges in question or within regular markets; there must be good diversification of ownership and a good level of liquidity in the instruments. Other current assets comprise financial instruments which do not form part of the trading portfolio, but which are not intended to be held on a permanent basis.

When reclassification of securities between the different groups is done, value assessment is based on the accounting principles applying to the group from which the securities involved are moved before reclassification is completed. In Note 14 – ‘Shares and equity stakes in other companies’ – the acquisition cost in such cases is stated as the actual cost price and not the value applied to the reclassification of that item.

Financial derivatives used as hedging transactions are classified in accordance with the hedged accounting item. Only financial derivatives positions which comply with the criteria mentioned in the above paragraph, Hedging Assessment, are classified as hedging transactions.

Index-linked bonds carrying a full capital guarantee are shown in the accounts under ‘Certificates, bonds and other interest-bearing securities with fixed yield’. Index-linked bonds without full capital guarantee are treated as other securities and booked under ‘Shares, unit trust certificates and other securities with variable yield’.

Portfolio evaluation

The Bank’s portfolio is evaluated by assessing a complete category of assets as a whole, at the lower of aggregate acquisition cost and total market value. Groups of financial instruments classified as current assets, but which do not form part of the trading portfolio, are subject to portfolio evaluation when they are managed as an aggregate portfolio. The reason for applying the portfolio evaluation method in such cases is that the portfolio in question has been structured in such a way that, on a total basis, the intended risk exposure is achieved. The total value of the portfolio accordingly best reflects the assets’ value for the Bank.

Securities and financial derivatives in the trading portfolio

Securities and financial derivatives in the trading portfolio are assessed at market value on the accounting day in question.

Securities and financial derivatives classified as current assets, but which do not form part of the trading portfolio

Certificates and bonds classified as other current assets are assessed and shown in the balance sheet according to the portfolio principle, i.e. at the lower of total acquisition cost and aggregate market value, together with any financial derivatives agreements related to the portfolio.

Shares etc. classified as other current assets, managed by the Bank, are also assessed at the lower of acquisition cost and market value, each share being evaluated separately. Shares classified as other current assets, the active management of which has been entrusted to a company other than the Bank, are assessed according to the portfolio principle, each investment portfolio being managed separately.

Shares etc. intended to be held on a permanent basis, but which are not shares in subsidiaries and associated companies

Shares intended to be held on a permanent basis are assessed at acquisition cost. Write-down is made when market value has fallen below acquisition cost and when this reduction in value is deemed not to be temporary. A reversal of such write-down is made in the accounts if and when the basis therefor is deemed not to apply any longer.

Hedging transactions

Financial derivatives which hedge risks relating to the Bank's fixed interest rate loans, certificate loans, bond loans, fixed interest rate deposits and equity-linked bank deposits in connection with which share dividends are received are kept out of the balance sheet as the hedged items involved are shown in the accounts at original acquisition cost without any value adjustment having been made for the hedged risk in question. Other financial derivatives are shown in the balance sheet in accordance with the principles described above.

Genuine sales- and repurchase transactions (repo's)

In the case of genuine sales- and repurchase transactions, the securities in question remain on the Bank's books. The sales amount is included in the accounts under liabilities during the period involved, up to the time when repurchase occurs. Any price differences are incorporated in the profit and loss account as interest cost. In the case of reversed, genuine sales- and repurchase transactions, the purchase amount is included in the accounts under claims during the period involved, up to the time when resale occurs. Any price differences are booked as interest income in the profit and loss account.

Fixed assets

Fixed assets are shown in the balance sheet at original cost, adding any write-ups applied before 1.1.1999, deducting ordinary depreciation and write-down. Annual, ordinary depreciation is on a straight line basis, applying estimated economic life. The following rates of depreciation have been applied:

- Buildings and other real estate	1 – 20%
- Furniture, fittings and fixtures	4 – 20%
- Machinery	10 – 25%
- Electronic data processing equipment and standard software programmes	25 – 34%
- Goodwill	20%
- Other intangible assets	25%

For buildings in the process of being erected, depreciation starts only from when they are completed. In the same way, depreciation of larger IT development projects begins from the time the solution is ready to be applied.

Write-down is applied whenever market value falls below book value and when that situation is considered not to be temporary. A reversal of such write-down is made in the accounts if and when the basis therefor is deemed no longer to apply.

Liabilities

General background

All liabilities items in the balance sheet are assessed at nominal value – with the exception of the examples described under the following two sub-headings.

Borrowings raised through the issuance of securities
Borrowings raised through the issuance of securities are shown in the balance sheet at market value at the time of the new issue in question. Any premium/discount in relation to the issue price is treated as interest cost, subject to accrual accounting during the period until maturity. The financial impact of any hedging transactions is booked as an adjustment to interest rate cost.

Repurchase of own loans
When repurchasing own bond loans, as part of market making and market promotion of such securities, the assets involved are shown in the asset section of the balance sheet as 'Own bonds, certificates etc.'. Such assets are bought in order to help create liquidity in the Bank's own loans. These items are classified as other current assets and assessed at the lower of original cost and market value.

When repurchasing other own securities, the items involved are shown in the accounts as own non-amortised bonds under 'Borrowings through the issuance of securities'. The items in question are booked at nominal value and any difference between nominal value and repurchase price is incorporated in the profit and loss account at the time of the transactions.

Share index-linked bonds and equity-linked bank deposits
For share index-linked bonds and equity-linked bank deposits, the risk relating to any value change in the indexes involved is hedged through an index- and interest rate swap agreement. The Bank receives the same index increase through this swap agreement as that which it has to pay to the bond holders/deposit customers, by having agreed to pay a current rate of interest. The amount of interest in question is charged to the profit and loss account as interest cost in respect of securities issued and deposits from customers respectively.

Pension liabilities
Pension costs and pension liabilities are shown in the accounts in accordance with Norwegian Accounting Standard 6 relating to pension costs.

Changes in accounting principles
With effect from 01.01.05, settlement of trading in securities and financial derivatives is included in the accounts on the date of trading whereas previously the settlement date was applied. This change has not resulted in any adjustments to the equity capital. In addition, the Bank has switched from straight-line accrual accounting in respect of any premium or discount relating to interest-bearing securities to applying the effective interest rate method. The Bank has also changed the accounting principle with regard to the calculation of gains/losses on interest-bearing securities from average to FIFO. The impact of these two last mentioned changes in accounting principles amounted to an increase in equity capital of about NOK0.6 million.

The financial impact on the profit and loss account for 2003 and 2004 is not significant. Comparative accounting figures from previous years have therefore not been restated.

Presentation of accounting figures
All figures are in NOK million, unless stated otherwise, or unless a different basis is apparent from the context. When there is no significant difference between Parent Bank- and Group accounting figures, only Group figures are shown.

NOTE 1: GROUP, SUBSIDIARIES AND ASSOCIATED COMPANIES

CONSOLIDATED SUBSIDIARIES

	Registered office	Equity stake	Share of voting capital
Boligkreditt AS	Hamar	100%	100%
Hedmark Eiendom AS	Hamar	100%	100%
Hedmark Finans AS	Hamar	100%	100%
Hedmark Invest AS	Hamar	100%	100%
Sameiet Nytun*)	Tynset	100%	100%
SH-Betalingsautomater AS	Hamar	100%	100%
Vato AS	Hamar	100%	100%

*) Sameiet Nytun is 50% owned by Vato AS, one of the Bank's subsidiaries.

NON-CONSOLIDATED SUBSIDIARIES:
In addition to the subsidiaries which have been consolildated into the Group accounts, the Bank has majority shareholdings in the following companies:

	Registered office	Equity stake	Annual result 2005	Equity capital as at 31.12.2005
Ringen Eiendommer AS	Ringsaker	100%	1,0	4,7
Stor-Elvdal Hytteforum AS	Stor-Elvdal	100%	-0,2	-1,3

JOINT VENTURE OPERATIONS:

	Registered office	Equity stake	Share of voting capital
Actor Fordringsforvaltning AS	Hamar	40%	40%

BOOK VALUE OF CONSOLIDATED SUBSIDIARIES IN PARENT BANK'S ACCOUNTS

	Acquisition cost	Part of equity capital's book value at time of acquisition	Book value as at 31.12.2004	Additions during the year	Result booked as income	Dividend for the year	Book value as at 31.12.2005	Book value of goodwill as at 31.12.2005	Other surplus values at 31.12. 2005	Depreciation of goodwill during the year	Depreciation of other surplus values during the year
Boligkreditt AS	0,1	0,1	0,1	0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,0
Hedmark Eiendom AS	5,5	2,0	8,1	0,0	3,4	3,5	8,0	0,0	0,0	0,3	0,0
Hedmark Finans AS	285,0	285,0	302,0	0,0	5,2	0,0	307,2	0,0	0,0	0,0	0,0
Hedmark Invest AS	1,0	1,0	1,0	0,0	0,0	0,0	1,0	0,0	0,0	0,0	0,0
Sameiet Nytun	3,3	3,3	2,1	0,0	0,4	0,0	2,5	0,0	0,0	0,0	0,0
SH-Betalings-automater AS *	0,8	0,8	0,8	0,0	0,0	0,0	0,8	0,0	0,0	0,0	0,0
Vato AS	4,8	1,3	2,7	0,0	-0,7	0,0	2,0	0,0	0,0	0,0	0,0
Total	**300,5**	**293,5**	**316,8**	**0,0**	**8,3**	**3,5**	**321,6**	**0,0**	**0,0**	**0,3**	**0,0**

* There is no activity in the company at the present time. What was previously part of the operations is now included direct in the Bank's accounts.

BOOK VALUE OF JOINT VENTURE OPERATIONS

	Acquisition cost	Part of equity capital's book value at time of acquisition	Book value as at 31.12.2004	Disposals during the year	Result booked as income	Dividend for the year	Book value as at 31.12.2005	Book value of goodwill at 31.12.2005	Other surplus values - 31.12. 2005	Depreciation of goodwill during the year	Depreciation of other surplus values during the year
Actor Fordrings-forvaltning AS	4,2	3,3	6,4	-1,3	4,6	4,5	5,2	0,0	0,0	0,0	0,0
Sum	**4,2**	**3,3**	**6,4**	**-1,3**	**4,6**	**4,5**	**5,2**	**0,0**	**0,0**	**0,0**	**0,0**

None of the subsidiaries or joint venture businesses are listed companies.

CHANGES IN GROUP CIRCUMSTANCES

Changes in consolidation have been made with effect from the stated dates of acquisition and sale.

2005
In 2003 and 2004, Actor Fordringsforvaltning AS was treated in the accounts as a joint venture operation (50 per cent share of share capital). During the first quarter of 2005, the Bank's equity stake was reduced to 40 per cent, and with effect from 2005, the company is treated in the accounts as an associated company. The accounting treatment according to today's rules is the same. The sale produced an accounts-related gain of about NOK 13 million.

2004
During the second quarter of the year, the Bank established a wholly-owned subsidiary, Boligkreditt AS, with an equity capital of NOK 0.1 million.

2003
No changes in the composition of the Group.

INTRA-GROUP ITEMS RELATING TO SUBSIDIARIES (PARENT BANK)

Consolidated companies				**Non-consolidated companies**		
2005	2004	2003		2005	2004	2003
640	447	601	Loans and claims	0	0	0
285	285	0	Equity and related capital	0	0	0
925	732	601	Total loans to and claims on credit institutions	0	0	0
8	8	8	Loans to and claims on customers	7	8	8
16	14	2	Liabilities to credit institutions			
59	50	36	Deposits from and liabilities to customers	1	1	1
200	0	0	Guarantee liabilities	1	0	0

INTRA-GROUP ITEMS RELATING TO JOINT VENTURE- AND ASSOCIATED COMPANIES (PARENT BANK)

	Joint venture operations		
	2005	2004	2003
Deposits from and liabilities to customers	12	7	11
Guarantee liabilities	37	18	18

THE GROUP'S AREAS OF OPERATIONS

One of Sparebanken Hedmark's aims is to be a comprehensive provider of financial services, partly through services supplied by the Bank itself, and partly through the distribution of products and services on behalf of its joint venture partners; in addition, the Bank owns a number of subsidiaries which supply various financial services. Within the Group, therefore, different types of business are conducted. The reporting relating to the various areas of operations is divided into the following five segments: Banking, financing, real estate brokerage, debt collection and any other activities. Each business area is organised in the form of independent companies. Income, costs, assets and liabilities correspond to the allocation according to each company's accounts, with the following exceptions:

The financial impact of applying the equity method of accounting to assets which do not belong within the business areas in question is eliminated from that business area's income, assets and and equity capital.

	Bank		Financing		Real estate brokerage		Debt collection agency		Sundry		Netted out		Total for Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net extra int. income	676	640	59	53	-1	0	0	0	0	0	0	0	734	693
Net internal int. income	22	14	-23	-14	1	0	0	0	0	0	0	0	0	0
Net other extra inc.	208	184	-1	-3	39	29	5	5	0	8	0	0	251	223
Net other internal inc.	1	2	0	0	0	0	0	0	2	2	-3	-4	0	0
Operating costs	423	420	21	16	33	25	0	0	1	7	-3	-4	475	464
Deprecia-tion	28	27	0	1	1	0	0	0	1	1	0	0	30	29
Losses on loans etc.	58	48	6	8	0	0	0	0	0	0	0	0	64	56
Write-down and losses/gain	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Result after tax	308	252	5	8	3	3	4	5	0	2	0	0	320	270
Total assets	29.961	26.404	1.295	1.088	60	50	5	6	14	18	-1.009	-804	30.326	26.762
Equity capital	3.241	2.931	307	302	8	8	5	6	6	6	-304	-306	3.263	2.947
Invested in fixed assets	63	86	0	1	1	2	0	0	0	0	0	0	64	89

NOTE 2: THE SAVINGS BANKS' GUARANTEE FUND (SBGF)

All savings banks are members of SBGF. The Fund is obligated to cover losses incurred by a depositor with a member institution, limited upwards to NOK 2 million of customers's total deposits with the bank in question. In order to ensure that SBGF has sufficient funds at all times, the member banks have to pay an annujal levy and, in case of need, provide some collateral security (see Note 20). In 2004, the two funds, SBGF and the Commercial Banks' Guarantee Fund, were merged into one fund. In this connection, all savings banks were exempted from payment of a levy for the years 2004, 2005 and 2006. Annual costs relating to the guarantee fund arrangement are booked under 'Other interest costs'.

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
0	0	14	Costs relating to SBGF	0	0	14

NOTE 3: FEE- AND COMMISSION INCOME

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
5	6	6	Fees from securities trading	5	6	6
105	97	93	Fees from payment transmission	104	97	93
8	7	7	Commissions from insurance services	9	7	8
0	0	0	Fees from real estate brokerage- and management	37	29	26
19	13	14	Other fees	24	16	16
137	**123**	**120**	**Total**	**179**	**155**	**149**

NOTE 4: PERSONNEL-RELATED MATTERS

NUMBER OF EMPLOYEES

Parent Bank		Group
457	Average number of staff employed during the accounting year	507

WAGES, SALARIES, PENSION LIABILITIES AND OTHER REMUNERATION FOR THE BANK'S CHIEF EXECUTIVE OFFICER, MEMBERS OF THE BOARD OF DIRECTORS AND OTHER ELECTED REPRESENTATIVES (PARENT BANK)

The following amounts were charged to the profit and loss account during the accounting year:

(Amounts in NOK)	Chief Executive Officer	Board of Directors	Board of Trustees	Control Committee
Salaries and fees	1.702.262	813.550	165.200	251.500
Other remuneration	18.347			
Year's pension accruals	561.677			

LOANS AND GUARANTEES EXTENDED TO STAFF AND ELECTED REPRESENTATIVES

Parent Bank			Group	
Loans	Guarantees		Loans	Guarantees
2,1	0,0	Chairman of the Board of Trustees Christen Engeloug*)	2,1	0,0
22,6	0,2	Other members of the Board of Trustees	22,6	0,2
0,5	0,0	Syver Aalstad, Chairman of the Board of Directors	0,5	0,0
2,4	0,0	Richard Heiberg, member of the Board of Directors	2,4	0,0
0,9	0,0	Jan Wibe, member of the Board of Directors	0,9	0,0
0,0	0,0	Other members of the Board of Directors	0,0	0,0
0,8	0,0	Members of the Control Committee	1,0	0,0
0,8	0,0	CEO	0,8	0,0
297,3	0,0	Employees*)	341,5	0,0
327,4	**0,2**	**Total**	**371,8**	**0,2**

*) Loans and guarantees extended to employees' representatives on the Board of Directors and Board of Trustees have been included under staff.

TOTAL INTEREST RATE SUBSIDY OF STAFF LOANS DURING THE PERIOD

Parent Bank		Group
2,5	Annual cost of interest rate subsidy of staff loans	2,8

LIABILITIES RELATING TO TERMINATION OF EMPLOYMENT OR CHANGE IN THE CONDITIONS PERTAINING THERETO IN THE DASE OF SENIOR MANAGEMENT (PARENT BANK)

The Bank has entered into a special agreement with its CEO relating to early retirement. In accordance with this agreement, the CEO has the option to retire from his position, with 6 months' notice, but at the latest at the end of the year in which he will have reached the age of 65 years. The agreement stipulates that the Bank will pay the CEO an amount corresponding to 65 per cent of his leaving salary in the event of his leaving the Bank at the age of 59 years, rising to 80 per cent from the end of the year in which he will have reached the age of 62 years. The agreement applies until normal retirement age, at 67 years. Thereafter the CEO is assured of an old age pension of 70 per cent. The present value of this liability is included under pension commitments shown in the Bank's balance sheet. The cost for the year of this liability has been charged to the profit and loss account under 'Pensions'.

In addition, the Bank provides special arrangements relating to early retirement and/or a gradual reduction of working time in the case of 14 members of the Bank's senior management who were over 50 years of age on 1.1.2001. This gives these managers the option to retire or partly retire once they have reachedtheir 62nd birthday. The cost for the year of this liability has been charged to the accounts under 'Pensions'.

PENSIONS AND PENSION LIABILITIES

As part of the total compensation package for their work and efforts, the Bank's employees earn the right to future pensions. These rights are accumulated on an ongoing basis; for the Bank, therefore, the costs relating to these liabilities are incurred gradually up to the time of retirement of each member of staff. This note shows this year's costs and liabilities in respect of such future pension liabilities on the accounting date in question.

Assumptions
Wwhen assessing the value of pension resources and when calculating the amount of incurred liabilities, estimated values are applied. The following assumptions have been used:

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
4,5%	5,3%	6,0%	Rate of discounting	4,5%	5,3%	6,0%
4,5%	5,3%	6,0%	Expected rate of return on pension resources invested	4,5%	5,3%	6,0%
4,0%	4,0%	3,3%	Wage- and salary adjustment	4,0%	4,0%	3,3%
2,5%	2,5%	2,5%	Adjustment of basic amount	2,5%	2,5%	2,5%
2,5%	2,5%	2,5%	Pension adjustment	2,5%	2,5%	2,5%
2,0%	2,0%	2,0%	Voluntary retirement	2,0%	2,0%	2,0%
50,0%	50,0%	50,0%	Overall propensity to choose statutory early retirement pension (SERP)	25,0%-50,0%	25,0%–50,0%	25,0%–50,0%
100%	100,0%	100,0%	Overall propensity to choose statutory early retirement pension (SERP) – with agreement in place	100%	100,0%	100,0%

The rate of discounting has been calculated as follows for 2005:

Yield on 10-year government bonds:	3,5%
Addition for further duration (1):	0,2%
Difference between above yield and swap interest rate(2):	0,4%
Credit spread on first-class credit bonds (3):	0,4%
Rate of discounting:	4,5%

(1) Addition for pension liabilities' duration in excess of 10 years
(2) Calculated on thebasis of 10 years' duration
(3) Assumed credit spread for the best Norwegian industrial bonds of 10 years' duration

The arrangement comprises the following number of people:

	Parent Bank	**Group**
Employees	508	558
Pensioners	164	165

The total pension cost for the year has been arrived at as follows:

Parent Bank				Group		
Pensions funded by acc. of reserves	Pensions funded by charge to p&l account	Sum		Pensions funded by acc. of reserves	Pensions funded by acc. of reserves	Total
18	7	25	Present value of pension accruals during the year	19	7	26
20	4	24	Interest cost in respect of incurred liabilities	21	4	25
-13	0	-13	Expected return on invested pension resources	-13	0	-13
12	-2	10	Apportioned financial impact of changes in estimates, and differences between actual and expected return on invested funds	12	-2	10
0	1	1	Employer's social security contributions	0	2	2
37	**10**	**47**	**Pension costs**	**39**	**11**	**50**

Reconciliation of pension costs in relation to profit and loss account:

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
47	35	51	Pension costs as shown in the above table	50	37	52
0	0	-4	Pension provisions relating to the 'package of effectiveness measures' (see Note 18)	0	0	-4
-1	1	4	Discrepancy between actual- and anticipated payments according to calculations of pensions, the cost of which has been charged to the profit and loss account	-1	1	4
46	36	51	Pension costs according to the profit and loss account	49	38	52

Pension liabilities and pension resources funded by accumulation of reserves:

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
-477	-366	-299	Estimated incurred liabilities	-485	-376	-305
302	285	264	Estimated value of pension resources	309	295	272
180	101	53	Impact of changes in estimates, not shown in profit and loss account, and difference between actual and expected return on invested funds	184	104	54
0	0	0	Employer's social security contributions	0	0	0
5	**20**	**18**	**Net pension resources**	**8**	**23**	**21**

Pension liabilities relating to pensions funded by a charge to the profit and loss account

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
93	94	89	Estimated incurred liabilities	103	95	90
0	0	0	Estimated value of pension resources	-4	0	0
1	-1	-3	Impact of changes in estimates, not shown in profit and loss account, and difference between actual and expected return on invested funds	-2	-1	-3
13	13	12	Employer's social security contributions	13	13	12
107	**106**	**98**	**Pension liabilities shown in the balance sheet**	**110**	**107**	**99**

Actual rate of return on pension resources and their composition
The Bank's pension resources consist of bank deposits, as well as government bonds and bonds issued by financial institutions. The actual rate of return on the Bank's pension resources in the last three years was as follows: 5.4 per cent in 2003, 3.4 per cent in 2004 and 3.9 per cent in 2005.

NOTE 5: REMUNERATION PAID TO THE EXTERNAL AUDITOR

The amounts set out below have been charged to the profit and loss account in respect of remuneration paid to the external auditor during the accounting year (amounts in NOK)

	Parent Bank	Group
Auditing	543.000	768.875
Advisory services	0	0
Total, excl. value added tax	543.000	768.875
Value added tax	135.750	192.219
Total	**678.750**	**961.094**

NOTE 6: LARGE INDIVIDUAL TRANSACTIONS

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
13	0	0	Gain from the sale of shares in Actor Fordringsforvaltning AS	13	0	0
13	**0**	**0**	**Total amount shown under 'Write-downs and gains/losses on securities held on a long-term basis'**	**13**	**0**	**0**
39	0	0	Dividends from Sucra AS	39	0	0
39	**0**	**0**	**Total amount shown under 'Dividends etc. on securities with variable yield'**	**39**	**0**	**0**

NOTE 7: TAX

The Bank's total taxation costs consist of:
- tax payable on taxable profit for the year
- change in deferred tax as a result of temporary differences between accounting- and taxable profit ; these temporary differences trigger future tax or tax benefit
- wealth tax

Basis for calculation of deferred tax:

Parent bank				Group		
31.12.05	31.12.04	31.12.03	**Tax-increasing temporary differences**	31.12.05	31.12.04	31.12.03
0	0	0	Accelerated depreciation	0	0	0
6	20	18	Pension resources	8	23	21
0	0	0	Balance relating to differences	0	0	0
4	5	2	Account registering gains	4	6	3
10	25	20	Total tax-increasing temp. differences	12	29	24
			Tax-reducing temporary differences			
48	47	37	Decelerated depreciation	59	69	69
0	0	0	Unrealised losses and 'RISK'-adjustments trading portfolio of shares	0	0	0
0	0	7	Write-down of other ordinary shares	0	0	7
2	1	0	Write-down of ordinary bonds	2	1	0
0	0	2	Write-down of long-term shareholdings	0	0	2
0	0	1	Changed value of long-term shareholdings at the start of the year	0	0	1
107	106	98	Pension liabilities	109	107	99
4	6	8	Provisions for costs and liabilities	4	6	8
4	13	7	Øvrige forskjeller	10	17	10
165	173	160	Total tax-reducing temporary differences	184	200	196
-155	**-148**	**-140**	**Net temporary differences**	**-172**	**-171**	**-172**
3	7	6	Deferred tax (28%)	3	8	7
46	48	45	Deferred tax benefit (28%)	50	56	55
-43	**-41**	**-39**	**Book value of net deferred tax**	**-47**	**-48**	**-48**
-2	**-2**	**-4**	**Change in net deferred tax during the year**	**1**	**0**	**-3**
0	0	0	of which acquisitions and disposals accounted for	0	0	0
-2	**-2**	**-4**	**Result-related change in net deferred tax during the year**	**1**	**0**	**-3**

Temporary differences – according to the equity method of accounting – on which deferred tax has not been included in the accounts

In accordance with the accouinting standard in respect of tax payable on the result achieved, the so called deferred 'RISK'-adjustment must be taken into consideration. This refers to the future overall impact on the difference between tax-related and accounting value, when calculating deferred tax on assets in associated companies and subsidiaries. In view of the introduction of exemption model in 2004, the effects of this are different for 2004 and 2005 compared with 2003.

_2005_

No changes in principles.

_2004_

Gains and losses on the sale of shares no longer form part of the basis for calculation of tax. No temporary differences therefore arise which have to be taken into consideration as far as any equity stakes in limited companies are concerned. However, allowance must be made for deferred tax/tax benefit relating to temporary differences involving subsidiaries regarded as participating partners.

_2003_

Permanent differences have no significant impact on deferred tax in the actual cases in question. In practice, this means that one can ignore temporary differences relating to joint venture operations, associated companies and subsidiaries. However, deferred tax relating to temporary differenes as a result of depreciation of surplus values (excess of purchase price over net assets acquired) must be taken into consideration. Deferred tax/tax benefit in respect of temporary differences in connection with subsidiaries regarded as participating partners must also be taken into account.

Parent Bank				Group		
31.12.05	31.12.04	31.12.03		31.12.05	31.12.04	31.12.03
0	0	12	Temporary differences relating to subsidiaries	0	0	0
0	0	6	Temporary differences relating to associated companies and joint venture operations	0	0	6
0	**0**	**18**	**Total temporary differences – according to the equity method of accounting – on which no deferred tax has been included in the accounts**	**0**	**0**	**6**

Reconciliation of taxation cost:

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
			28% tax payable on:			
118	101	83	Ordinary result	119	102	85
			+/- Permanent differences:			
1	1	1	Non-deductible costs	1	1	1
-19	-8	0	Non-taxable income	-19	-8	0
			28% tax payable on:			
100	94	84	Result after permanent differences	101	95	86
-5	-3	-2	Share dividends	-5	-3	-2
-4	-5	-6	Shares of results from subsidiaries, associated companies and joint venture operations	-1	-1	-2
0	0	0	Share of result from subsidiary taxed on ’participant basis’	0	0	0
3	4	3	Change in temporary differences affecting tax payable for the year	0	2	2
94	90	79	Tax payable on ordinary result	95	93	84
-2	-2	-4	Change in deferred tax on ordinary result	1	0	-3
92	88	75	’Result tax’ payable on ordinary result	96	93	81
-1	-7	-1	Under-/over-provisions for tax for the year before	-1	-7	-1
91	81	74	Total ’result tax’	95	86	80
10	9	9	Wealth tax	10	9	9
101	**90**	**83**	**Total taxation cost**	**105**	**95**	**89**

NOTE 8: CREDIT RISK

Credit risk is defined as the risk of the Bank incurring losses as a resultg of the inability of borrowers, issuers of securities and others to meet their commitments at maturity. The Bank manages credit risk through limits, delegated lending authority, powers of attorney, routines for credit assessment and risk classification, follow-up and reporting. Credit risk relating to the Bank’s lending to customers is described below. Credit risk contained in the securities portfolio is illustrated in Note 13.

LOSSES ON LOANS AND GUARANTEES

Loan loss costs for the year:

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
9	19	35	Change in specific loss provisions during the period	9	20	34
15	5	10	+ Change in non-specific loss provisions during the period	16	8	11
25	19	27	+ Period's confirmed losses against which specific loss provisions were made in previous years	30	21	31
16	13	12	+ Period's confirmed losses against which no specific loss provisions were made in previous years	18	16	15
9	8	6	- Recoveries in respect of previous periods' confirmed losses	9	9	7
56	**48**	**78**	**= Period's loan loss costs**	**64**	**56**	**84**

Guarantee loss costs for the year:

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
1	-1	-1	Change in specific loss provisions during the period	1	-1	-1
0	0	0	+ Change in non-specific loss provisions during the period	0	0	0
0	1	0	+ Period's confirmed losses against which specific loss provisions were made in previous years	0	1	0
0	0	0	+ Period's confirmed losses against which no specific loss provisions were made in previous years	0	0	0
0	0	0	- Recoveries in respect of previous periods' confirmed losses	0	0	0
1	**0**	**-1**	**= Period's guarantee loss costs**	**1**	**0**	**-1**

Total loss costs for the year

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
10	18	34	Change in specific loss provisions during the period	10	19	33
15	5	10	+ Change in non-specific loss provisions during the period	16	8	11
25	20	27	+ Period's confirmed losses against which specific loss provisions were made in previous years	30	22	31
16	13	12	+ Period's confirmed losses against which no specific loss provisions were made in previous years	18	16	15
9	8	6	- Recoveries in respect of previous periods' confirmed losses	9	9	7
57	**48**	**77**	**= Period's total loss costs**	**65**	**56**	**83**

Specific loan loss provisions:

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
184	165	130	Specific loss provisions as at 01.01	190	169	134
25	19	27	- Period's confirmed losses against which specific loss provisions were made in previous years	30	21	31
51	14	16	+Increased specific loss provisions during the period	51	15	17
11	45	62	+New specific loss provisions during the period	13	49	65
27	21	16	- Reversal of specific loss provisions during the period	27	22	16
194	**184**	**165**	**= Specific loss provisions as at 31.12**	**197**	**190**	**169**

Specific guarantee loss provisions:

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
0	1	2	Specific loss provisions as at 01.01	0	1	2
0	1	0	- Period's confirmed losses against which specific loss provisions were made in previous years	0	1	0
1	0	0	+ Increased specific loss provisions during the period	1	0	0
0	0	0	+ New specific loss provisions during the period	0	0	0
0	0	1	- Reversal of specific loss provisions during the period	0	0	1
1	**0**	**1**	**= Specific loss provisions as at 31.12**	**1**	**0**	**1**

Non-specific loss provisions

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
235	230	220	Non-specific loss provisions as at 01.01	246	238	227
15	5	10	+/- Period's non-specific loss provisions	16	8	11
250	**235**	**230**	**Non-specific loss provisions as at 31.12**	**262**	**246**	**238**

Provisions for non-specific losses on guarantees have not been made in 2003, 2004 and 2005. The Bank has not made any provisions for non-specific losses after 30.06.2005. This is because the loss provisions were deemed to be at a sufficiently high level in the light of the general credit loss development in the market and the risk assessed in the portfolio. Following the transition to new lending rules and regulations with effect from 01.01.2006, net non-specific loss provisions after tax will be transferred back to the equity capital and an assessment of the need for provisions within groups of loans with largely similar risk will be made. The level of group-related write-down will be substantially lower than the level of non-specific provisions as at 31.12.2005.

COMMITMENTS IN DEFAULT AND COMMITMENTS AGAINST WHICH LOSS PROVISIONS HAVE BEEN RAISED

Parent Bank 2005	2004	2003	2002	2001		Group 2005	2004	2003	2002	2001
297	225	281	239	200	Gross commitments in default (over 90 days)	313	248	294	255	216
62	56	50	46	39	Specific loss provisions against these commitments	64	62	54	51	43
235	**169**	**231**	**193**	**161**	Net commitments in default (over 90 days)	**249**	**186**	**240**	**204**	**173**

Parent Bank 2005	2004	2003	2002	2001		Group 2005	2004	2003	2002	2001
397	454	485	210	197	Gross other commitments against which loss provisions have been raised	397	454	485	210	197
133	128	115	84	68	Specific loss provisions against these commitments	133	128	115	84	67
264	**326**	**370**	**126**	**129**	**Net other commitments against which specific loss provisions have been raised**	**264**	**326**	**370**	**126**	**130**

CHANGES IN LOAN INTEREST NOT BOOKED AS INCOME

	Parent Bank	Group
Accrued interest, not booked as income, on loans in the balance sheet at 1.1	32	32
- Previous periods' loan interest booked as income during the period	4	3
- Period's accrued interest, not booked as income,on loans no longer in the balance sheet	5	5
+Period's accrued interest, not booked as income, on loans which have been identified as bad and doubtful	1	1
= Accrued interest, not booked as income, on loans in the balance sheet as at 31.12	**24**	**25**

LOANS AND GUARANTEES BROKEN DOWN BY COMMERCIAL, INDUSTRIAL AND OTHER SECTORS

Breakdown of loans and guarantees by the most important sectors:

Parent Bank

	Gross loans			Guarantees			Unutilised allocation**)			Gross loans in default*)			Other gross bad and doubtful loans*)			Specific loss provisions			Non-specific loss provisions		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
Total - retail banking	17.349	15.357	13.063	12	11	9	416	356	270	168	119	141	28	29	22	24	23	20	82	77	66
Agriculture and forestry	2.144	1.750	1.513	12	10	20	231	238	220	13	28	11	18	19	44	8	8	10			
Industy and mining	419	418	568	80	67	83	136	130	147	23	16	13	29	37	46	30	28	36			
Building and construction, water- and power supply	804	568	682	257	339	328	229	233	179	5	5	22	224	216	223	41	33	26			
Wholesale- and retail trade; hotel- and restaurant industry	1.246	924	1.016	118	106	104	257	314	209	28	29	25	40	62	68	42	34	40			
Real estate management, business services	3.106	2.901	3.126	212	159	83	232	461	335	48	16	50	30	72	66	39	44	27			
Sundry	790	781	667	63	56	49	120	138	181	12	12	19	28	19	16	11	14	6			
Total - corporate market	8.509	7.342	7.572	742	737	667	1.205	1.514	1.271	129	106	140	369	425	463	171	161	145	168	158	164
Total loans/guarantees extended to customers	**25.858**	**22.699**	**20.635**	**754**	**748**	**676**	**1.621**	**1.870**	**1.541**	**297**	**225**	**281**	**397**	**454**	**485**	**195**	**184**	**165**	**250**	**235**	**230**
Credit institutions	1.073	963	689	200	0	0	135	78	74												
SBGF				23	23	23															
Total loans and guarantees	**26.931**	**23.662**	**21.324**	**977**	**771**	**699**	**1.756**	**1.948**	**1.615**	**297**	**225**	**281**	**397**	**454**	**485**	**195**	**184**	**165**	**250**	**235**	**230**

Group

	Gross loans			Guarantees			Unutilised allocation**)			Gross loans in default*)			Other (gross) bad and doubtful loans*)			Specific loss provisions			Non-specific loss provisions		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
Total - retail banking	17.635 5	15.586	13.199	12	11	9	416	356	270	174	123	145	28	29	22	24	24	21	84	79	68
Agriculture and forestry	2.269	1.855	1.603	12	10	20	231	238	220	16	32	12	18	19	44	7	8	10			
Industy and mining	479	455	598	80	67	83	136	130	147	23	16	13	29	37	46	30	29	36			
Building and construction, water- and power supply	977	688	771	257	339	328	229	233	179	8	11	23	224	216	223	41	33	26			
Wholesale- and retail trade; hotel- and restaurant industry	1.388	1.061	1.090	118	106	104	257	314	209	30	32	26	40	62	68	44	35	40			
Real estate management, business services	3.104	2.895	3.119	212	159	83	232	461	333	48	17	50	30	72	66	39	44	27			
Sundry	1.199	1.174	954	63	56	49	120	138	181	15	17	25	28	19	16	13	17	9			
Total - corporate market	9.416	8.128	8.135	742	737	667	1.205	1.514	1.269	140	125	149	369	425	463	174	166	148	178	166	170
Total loans/guarantees to customers	**27.051**	**23.714**	**21.334**	**754**	**748**	**676**	**1.621**	**1.870**	**1.539**	**314**	**248**	**294**	**397**	**454**	**485**	**198**	**190**	**169**	**262**	**245**	**238**
Credit institutions	147	231	88	200	0	0	25	25	25												
SBGF				23	23	23															
Total loans/guarantees	**27.198**	**23.945**	**21.422**	**977**	**771**	**699**	**1.646**	**1.895**	**1.564**	**314**	**248**	**294**	**397**	**454**	**485**	**198**	**190**	**169**	**262**	**245**	**238**

*) A customer's aggregate outstanding loans and guarantees are included even if only one or more of the customer's loans are in default or booked as a loss.

**) Also applies o unutilised guarantee facilities/limits

LOANS AND GUARANTEES ACCORDING TO DEBTORS' PRIVATE OR BUSINESS ADDRESSES

Parent Bank							Group					
Loans			Guarantees				Loans			Guarantees		
2005	2004	2003	2005	2004	2003		2005	2004	2003	2005	2004	2003
21.393	18.777	17.411	565	458	444	Hedmark fylke	22.016	19.330	17.789	565	458	444
4.395	3.863	3.178	188	289	232	Norge for øvrig	4.965	4.325	3.499	188	289	232
70	59	46	1	1	0	Andre land	70	59	46	1	1	0
25.858	**22.699**	**20.635**	**754**	**748**	**676**	**Total loans and guarantees**	**27.051**	**23.714**	**21.334**	**754**	**748**	**676**

Parent Bank				Group		
	Loans				Loans	
Retail bankin g	Corpo- rate m.	Total		Retail banking	Corporate market	Total
13.932	7.461	21.393	Hedmark county	14.060	7.956	22.016
3.347	1.047	4.394	Rest of Norway	3.505	1.459	4.964
70	1	71	Other countries	70	1	71
17.349	**8.509**	**25.858**	**Total loans as at 31.12.2005**	**17.635**	**9.416**	**27.051**

LOANS BROKEN DOWN BY AMOUNTS (PARENT BANK)

	Retail banking	Corporate market	Total
Total loans per customer over NOK 100 mill	0	1.335	1.335
Total loans per customer, NOK 50 – 100 million	0	416	416
Total loans per customer, NOK 10 – 50 mill.	13	1.786	1.799
Total loans per customer, NOK 1 – 10 mill.	8.238	3.884	12.122
Total loans per customer under NOK 1 mill.	9.098	1.088	10.186
Total gross loans to customers as at 31.12.2005	**17.349**	**8.509**	**25.858**

LARGE COMMITMENTS

According to FSAN's rules and regulations, so called large commitments would amount to more than 10 per cent of the Bank's net equity and related capital. The size of the commitment in question is calculated according to the same rules as those which are applied when computing the level of capital adequacy. Individual customers assessed on a total basis in credit context must be put into the apropriate group, when assessment is made, in relation to the abovementioned 10 per cent limit. No commitment must exceed 25 per cent of the Bank's net equity and related capital and the aggregate amount of all so called large commitments must not exceed 800 per cent of the Bank's net equity and related capital.

Parent Bank				Group		
Total commitments before weighting	Weighted amount as % of net equity and rel. cap.	Number of commitments		Total commitments before weighting	Weighted amount as % of net equity and rel. cap.	Number of commitments
302	0,0 %	1	Central banks	302	0,0 %	1
1.542	0,0 %	1	Credit institutions	0	0,0 %	0
1.000	31,6 %	2	Customers	1.000	31,4 %	2
2.844	31,6 %	4	All large commitments	1.302	31,4 %	3
1.542	0,0 %		Largest single commitment	596	18,7 %	

LOANS AND GUARANTEES ACCORDING TO DIFFERENT RISK CLASSES

Risk classification and pricing

In accordance with the Bank's routines, allsubstantial commitments must be classifed according to risk. In the case of retail banking, risk classification is based on a statistical model with regard to borrowers' ability to service their outstanding debt to the Bank. As far as the corporate banking sector is concerned, the corresponding arrangement mainly involves key accounting- and financial information (ability to service debt), which forms the basis for classification. Overall, the retail bahnking- and corporate markets comprise 11 different categories of risk, which are divided into 4 different main groups: low-, medium- and high levels of risk, plus commitments in default.

Risk classification only takes into account the ability to service debt, i.e. the likelihood of a commitment going into default. Collateral- and other security coverage is not part of this assessment; in view of this, the table below therefore does not reflect the Bank's credit loss exposure.

The Bank's pricing system for loans and credits is initially based on the price paid by customers in the lowest risk group. For commitments in other risk groups, the same basis price is applied, but with an added margin which increases as the risk in question increases.

Hedmark Finans AS – one of the Bank's subsidiaries – uses a somewhat different classification arrangement. It is partly based on certain business sector-related considerations.

Breakdown by different risk groups

Parent Bank				**2005**	**Group**			
Gross loans	Guarantees *)	Unutilised part of facility**)	Specific loss provisions		Gross loans	Guarantees *)	Unutilised part of facility**)	Specific loss provisions
18.592	463	1.018	0	Low risk	19.270	463	1.018	0
5.752	183	463	0	Medium risk	6.060	183	463	0
900	25	78	0	High risk	1.107	25	78	3
614	83	62	195	Default***)	614	83	62	195
25.858	**754**	**1.621**	**195**	**Total**	**27.051**	**754**	**1.621**	**198**

*) to which must be added NOK 23 million guarantees relating to SBGF and NOK 200 million relating to Hedmark Finans AS

**) also comprises unutilised guarantee limits

***) The definition of the risk class, 'Commitments in default', is different to the definition applied to such commitments in the accounts. As an example of this, for the Parent Bank, all commitments against which specific loss provisions have been raised are defined as commitments in default.

Parent Bank				**2004**	**Group**			
Gross loans	Guarantees *)	Unutilised part of facility**)	Specific loss provisions		Gross loans	Guarantees *)	Unutilised part of facility**)	Specific loss provisions
16.516	518	1.192	0	Low risk	17.009	518	1.192	0
4.662	138	492	0	Medium risk	4.949	138	491	1
816	27	115	0	High risk	1.051	27	115	5
705	65	71	184	Default***)	705	65	72	184
22.699	**748**	**1.870**	**184**	**Total**	**23.714**	**748**	**1.870**	**190**

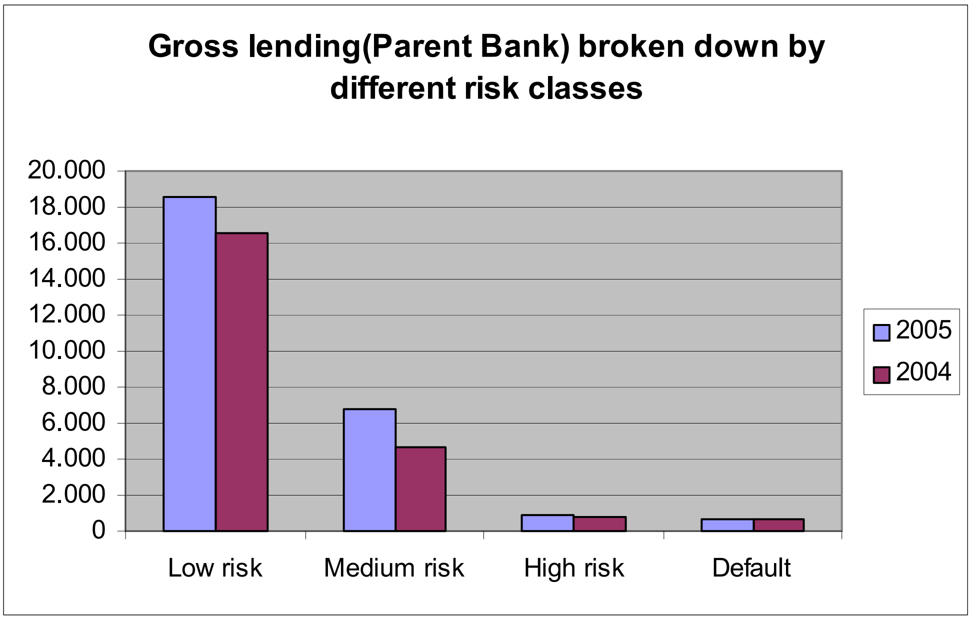
*) to which must be added NOK 23 million guarantees relating to SBGF

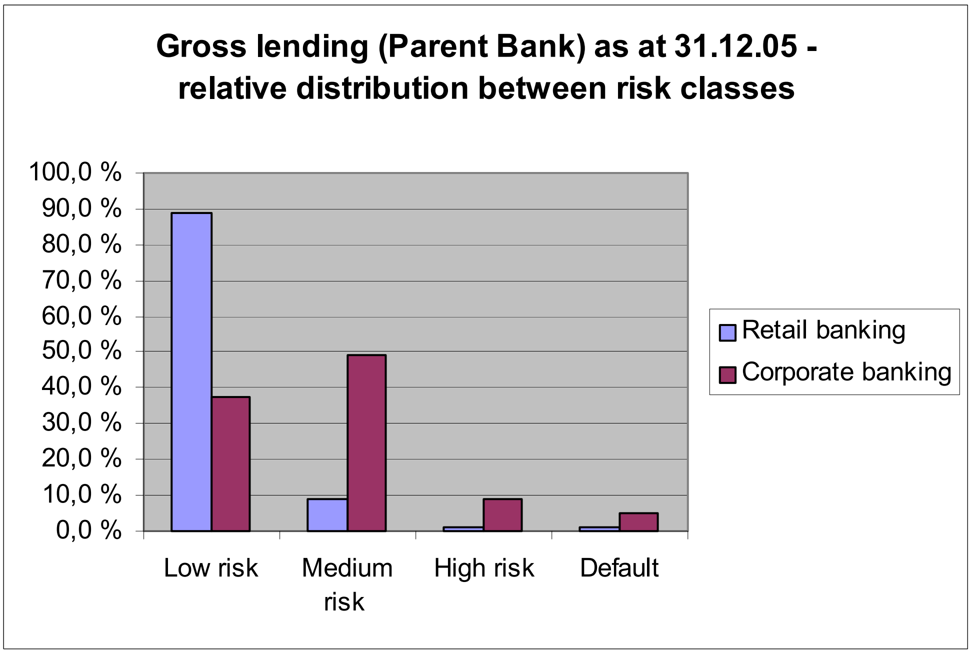
**) also comprises unutilised guarantee limits

***) The definition of the risk class, 'Commitments in default', is different to the definition applied to such commitments in the accounts. As an example of this, for the Parent Bank, all commitments against which specific loss provisions have been raised are defined as commitments in default.

In comparison with the breakdown as at 31.12.2004, the proportion of low risk commitments measured in relation to gross loans has increased by about 13 percentage points throughout the year, The proportion classified as commitments in default has been reduced by just under 1 percentage point since the year before. The proportion of gross loans within the high risk group is at the same level as last year.

In the case of the corporate market, the share of low risk customers was reduced by about 4 percentage points. However, the medium risk group increased by just over 4 percentage points. In the retail banking market, loans to low risk customers were up by about 1 percentage point and loans to high risk customers have been reduced to a corresponding extent. Loans to medium risk customers and default remained largely unchanged from the year before.





Expected credit losses
One of the Bank's strategic goals states that losses on loans, as an average over a 5-year period, shall not exceed 0.1 per cent of gross lending within the retail banking sector and 0.6 per cent within the corporate sector. In 2005, the Bank's losses on loans within the retail banking sector amounted to 0.06 per cent of gross lending and 0.35 per cent for corporate loans (excluding non-specific loss provisions). If non-specific loss provisions were to be included, the figures would have been 0.09 per cent for the retail banking sector and 0.40 per cent for the corporate sector. In relation to their proportion of gross lending, next year's losses are expected to be at the same level as in 2005. Expectations of small increases in interest rates are not expected to lead to any significant indrease in the level of credit losses during the next 5 years.

SUBORDINATED LOAN CAPITAL IN OTHER INSTITUTIONS AND COMPANIES

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
285	285	0	Loans to and claims on credit institutions	0	0	0
2	2	25	Loans to and claims on customers	2	2	25
10	0	25	Certificates, bonds and other interest-bearing securitiess	10	0	25
297	**287**	**50**	**Total subordinated loan capital**	**12**	**2**	**50**

NOTE 9: FUNDING RISK

Funding risk is defined as the risk of the Bank being unable to meet its repayment obligations at maturity. The Bank manages it funding risk through ratios for customer deposits as a percentage of gross lending to customers, the percentage of overall funding accounted for by long-term capital market borrowings, maximum funding requirements per time period, equity capital requirements, and requirements in respect of the period of time during which the Bank is to be independent upon new funding from the market under different scenarios. In practice, the Bank's management of funding risk is done with the help of funding prognoses, choice of maturities of the Bank's funding loans, agreements relating to drawing rights, liquidity reserve, and collateralised securities pledged as security for borrowings from Norges Bank. The table below illustrates funding risk measured by the periods remaining until maturity in respect of the different balance sheet items involved. The table has been prepared in compliance with statutory requirements with regard to annual financial statements and does not necessarily give a complete picture of Group funding risk.
Amongst other things, the following aspects will have to be taken into consideration:

- The bulk of the Bank's customer deposits is is registered within the shortest maturities range, despite the fact that those deposits represent one of the Bank's most stable sources of funding.
- Furthermore, most of the abovementioned certificates and bonds can be turned into liquid funds much more quickly than the stated maturities of the securities involved would suggest, or, as an alternative, be pledged as collateral security for borrowings from Norges Bank.
- The actual remaining life of repayment loans is shorter than the formal repayment schedules wouled suggest, due to extraordinary payments made etc.
- Access to borrowings from Norges Bank and drawing rights agreements entered into with other banks. As at 31.12.2005, Sparebanken Hedmark had access to borrowings from Norges Bank, as well as drawing rights facilities from other banks, as follows:

Type of funding available	Loan facility/limit	Of which has been utilised	Facility available until
Access to borrowings from Norges Bank	NOK 1.415 mill	0	
Syndicated drawing rights facility	EUR 125 mill	0	22.06.2009
Syndicated drawing rights facility	EUR 150 mill	0	07.07.2010

- that the Bank maintains a liquidity reserve in excess of the statutory mimimum rerquirements:

Cash and claims on central banks:	NOK 410 mill.
Interest-bearing securities within liquidity reserve requirements	NOK 1.760 mill.
Total liquid fund included with regard to liquidity reserve reqs.:	NOK 2.170 mill.
liquidity reserve requirement as at 31.12.05:	NOK 1.526 mill.
Excess liquidity:	NOK 644 mill.
Claims on credit institutions without maturity in excess of the liquidity reserve requirement:	NOK 55 mill.
Rentebærende verdipapirer utover likviditetsreservekravet:	NOK 469 mill.
Listed shares and unit trusts:	NOK 26 mill.
Total liquidity reserve:	**NOK 1.194 mill.**

Group:		Remaining life until maturity						
	Curr-ency	Up to 1 month	1-3 months	3 months – 1 year	1 – 5 years	Over 5 years	No remaing life	Total
Cash and claims on	NOK	410						410
central banks	Curr.	1						1
Loans to and claims on	NOK	42						42
credit institutions	Curr.	71	32	2				105
Loans to and claims on	NOK	374	1.478	1.875	6.533	15.777		26.037
customers *)	Curr.	139	2	16	109	289		555
Certificates, bonds and	NOK		168	595	646	801		2.210
other int.-b. secs.**)	Curr.				20			20
Other assets with	NOK	160	79	140	57	16		452
remaining life	Curr.	38		2				40
Assets without	NOK						455	455
remaining life	Curr.							
Total assets	**NOK**	**986**	**1.725**	**2.610**	**7.236**	**16.594**	**455**	**29.606**
	Curr.	**249**	**34**	**20**	**129**	**289**		**721**
Liabilities to credit	NOK	69	51	110		66		296
institutions	Curr.	3			280	278		561
Deposits from and liabi-	NOK	16.686		5	80			16.771
lities to customers	Curr.	39						39
Borrowings through the	NOK		1.307	1.095	2.702	3.432		8.536
issuance of securities	Curr.							
Other liabilities with	NOK	174	173	185	48	127		707
remaining life	Curr.	154						154
Equity capital	NOK						3.263	3.263
Total liabilities and	**NOK**	**16.929**	**1.531**	**1.395**	**2.830**	**3.625**	**3.263**	**29.573**
equity capital	**Curr.**	**196**			**280**	**278**		**754**
Net funding exposure	NOK	-15.943	194	1.215	4.381	12.969	-2.783	33
on balance sheet items	Curr.	53	34	20	-151	11		-33
Off balance sheet	NOK	130	-220	100				10
financial derivatives – payments made and received	Curr.	-130	220	-100				-10
Net total for	**NOK**	**-15.813**	**-26**	**1.315**	**4.381**	**12.969**	**-2.783**	**43**
all items	**Curr.**	**-77**	**254**	**-80**	**-151**	**11**		**-43**

*) Overdraft- and working capital facilities are classified within the period of 1-3 months. Building loans are shown under 3 months – 1 year.

**) Securities in the trading portfolio are classified within the period of up to 1 months, irrespective of actual maturities of the bond- and certificate loans forming part of the trading portfolio. This is because securities in the trading portfolio can be turned into liquid funds very quickly.

NOTE 10: INTEREST RATE RISK

Interest rate risk is incurred when some asset- and liabilities items have different remaining periods until the next interest rate fixing. Total interest rate risk can be split into four elements:

- basis risk
- yield curve risk
- spread risk
- administrative interest rate risk

The Bank's Board of Directors has fixed a limit for total interest rate risk, both with regard to basis risk and yield curve risk. The Bank manages interest rate risk, guiding it towards the desired level, through interest rate fixing relating to placements and funding loans, coupled with the use of interest rate derivatives, such as FRAs and interest rate swaps.

Basis risk represents the value change in respect of the Bank's assets and liabilities which occurs when there is a parallel shift in the entire yield curve. This risk is shown in the table below: interest rate risk on fixed interest rate positions is computed as the financial impact on the market value of the instruments in question of an interest rate change when the entire yield curve is assumed to have gone through a parallel shift of 1 percentage point. Administrative interest rate risk – which has not been factored into the overall calculations in this connection – is the financial effect which occurs due to the fact that in practice it will take some time from when an interest change happens in the market until the Bank will have managed to adjust the terms and conditions relating to the deposits and loans involved, by switching these items to floating rates of interest. The Financial Agreements Act requires, as a general rule, at least 6 weeks' notice of any interest rate increases for loans to customers and minimum 2 weeks in the case of a reduction in the rate of interest paid on deposits.

Basis risk - Group

	Book/Nom value	Interest rate risk
Bonds	10	0
Financial derivatives	2.000	0
Total trading portfolio		0
Bonds	2.227	22
Fixed interest rate loans	782	17
Fixed interest rate deposits	-8	0
Loans evidenced by certificates	-2.150	-7
Own portfolio of certificate loans	100	0
Bond loans	-6.901	-253
Own portfolio of bond loans	465	20
Other fixed interest rate financing	-835	-1
Financial derivatives - net	6.868	190
Total other financial instruments		-12
Total interest rate risk on fixed interest rate positions		**-12**

A minus sign in front of a figure indicates that the Bank makes a gain from a rise in interest rates.

Net interest rate risk developed as follows during the year:

31.12.2004: -3
31.03.2005: -10
30.06.2005: -15
30.09.2005: -18
31.12.2005: -12

Although, as shown in the table above, the result of the calculations made in this connection illustrates that the Gbank will make a gain from a rise in interest rates, it is not unimportant how such a rise occurs. The table below shows the yield curve risk (the risk of the yield curve shifting in different ways within the different time periods relating to an interest rate change) by computing the Bank's net interest rate exposure within the different time periods.

Group:	Remaining time until next interest rate fixing						
	Up to 1 month	1-3 months	3 months - 1 year	1 - 5 years	Over 5 years	No int. rate exposure	Total
Cash and claims on central banks	302					109	411
Loans to and claims on credit institutions	112	33	2				147
Loans to and claims on customers	2.461	23.328	382	346	75		26.592
Certificates, bonds and other interest-bearing securities	170	1.217	268	357	218		2.230
Other interest-bearing assets					8		8
Non-interest-bearing assets						939	939
Total assets	**3.045**	**24.578**	**652**	**703**	**301**	**1.048**	**30.327**
Liabilities to credit institutions	20	125	712				857
Deposits from and liabilities to customers	16.810						16.810
Borrowings through the Issuance of securities		2.805	1.095	2.152	2.484		8.536
Other interest-bearing debt					119		119
Non-interest-bearing debt						742	742
Equity capital						3.263	3.263
Total liabilities and equity capital	**16.830**	**2.930**	**1.807**	**2.152**	**2.603**	**4.005**	**30.327**
Net interest rate exposure on balance sheet	-13.785	21.648	-1.155	-1.449	-2.302	-2.957	0
Off b/s financial derivatives affecting interest rate exposure	-1.865	-1.358	100	1.560	2.000	163	600
Net interest rate exposure	**-15.650**	**20.290**	**-1.055**	**111**	**-302**	**-2.794**	**600**
Net interest rate exp. as % of total assets	-51,6%	66,9%	-3,5%	0,4%	-1,0%	-9,2%	2,0%

Spread risk is defined as the risk of the market's pricing of some issuers/borrowers not changing in the same way as the underlying reference rates, e.g. the yield on government securities or swap rates. This type of risk is more difficult to illustrate and has accordingly not been quantified in this note.

NOTE 11: FOREIGN EXCHANGE RISK

Foreign exchange risk is defined as the risk of the Bank incurring a loss as a result of changes inforeign exchange rates. Throughout the year and at the end of 2005, the Bank's overall foreign exchange risk has been limited. The Bank has instituted guidelines for foreign exchange exposure. This includes agreed total positions for all foreign currencies and for individual currencies. All significant foreign exchange positions are hedged at all times. As at 31.12.2005, based on market values of the underlying assets involved, the Bank's net positions in the most important foreign currencies, translated into Norwegian kroner, were as follows:

The Bank's positions in foreign currencies based on book/nominal values are as follows:

Group	USD	EUR	SEK	JPY	CHF	Other	**Total**
Cash-in-hand and claims on central banks	0	0	1	0	0	0	**1**
Loans to and claims on credit institutions	6	12	28	13	39	7	**105**
Loans to and claims on customers	42	71	143	32	266	1	**555**
Certificates, bonds and other interest-bearing instruments	0	20	0	0	0	0	**20**
Shares	0	0	2	0	0	0	**2**
Other assets	10	13	2	0	7	6	**38**
Total assets	58	116	176	45	312	14	**721**
Liabilities to credit institutions	0	559	2	0	0	0	**561**
Deposits from and liabilities to customers	8	17	11	0	0	3	**39**
Other debt	47	84	3	4	8	8	**154**
Total debt items	55	660	16	4	8	11	**754**
Forward exchange contracts	-7	511	-162	-42	-306	-17	**-23**
Total net position	**-4**	**-33**	**-2**	**-1**	**-2**	**-14**	**-56**

The Bank's foreign exchange risk, calculated as a total net position, changed during the year currently under review, from –NOK 11 million as at 31.12.2004 tt –NOK 56 million as at 31.12.2005.

NOTE 12: REPOSSESSED ASSETS

Repossessed assets are assets which have been acquired by the Group as part of the process of recovering/collecting funds lent out to customers whose outstanding commitments to the Bank are in default.

Parent Bank			**Group**	
Number	Book value		Numbe r	Book value
0	0,0	Building plots and sites	0	0,0
1	0,6	Commercial- and industrial property	1	0,6
1	0,9	Holiday homes	1	0,9
4	0,2	Motor vehicles etc.	29	9,9
6	**1,7**	**Total**	**31**	**11,4**

NOTE 13: CERTIFICATES, BONDS AND OTHER INTEREST-BEARING SECURITIES

	2005			2004			2003		
	Acqui-sition cost	Value shown in b/s	Market value	Acqui-sition cost	Value shown in b/s	Market value	Acqui-sition cost	Value shown in b/s	Market value
Trading portfolio, quoted secs.,NOK	10	10	10	313	313	313	114	114	114
Total trading portfolio	10	10	10	313	313	313	114	114	114
Other assets, quoted in NOK	1.861	1.870	1.875	1.118	1.134	1.138	1.110	1.134	1.139
Other assets, not quoted in NOK	330	330	330	682	683	684	166	167	168
Other assets, not quoted in Euro	20	20	20	0	0	0	0	0	0
Total other assets	2.211	2.220	2.225	1.800	1.817	1.822	1.276	1.301	1.307
Total as at 31.12	**2.221**	**2.230**	**2.235**	**2.113**	**2.130**	**2.135**	**1.390**	**1.415**	**1.421**

A positive difference between book value and acquisition cost is shown through shortfalls in market value relating to hedgning transactions incorporatee in the accounts under ’Financial derivatives’.

Bonds bought by the Bank are not intended to be held on a permanent basis.

When calculating effective interest rate, the following categories of yield are factored in: interest coupons, realised gains/losses, underwriting commissions and credit losses. The rate of return is computed as a percentage of average book value. Allowance has also been made for the financial impact of hedging- and other finandil derivatives transactions relating to the portfolio. For 2005, the average effective rate of interest on the Bank’s holdings of certificates and bonds ended up at 2.70 per cent.

Breakdown of securities shown in the accounts at market value

	2005	2004	2003
Value shown in balance sheet	10,0	312,5	113,9
-Acquisition cost	9,9	313,0	113,6
=Unrealised gains/losses	0,1	-0,5	0,3
-Unrealised gains/losses at the beginning of the year	-0,5	0,3	0,0
=Year’s change in value incorporated in the p&l acct.	0,6	-0,8	0,3

Securities incorporated in the balance sheet at market value comprise the trading portfolio only. No value changes have therefore been shown as a direct adjustment to the equity capital.

Securities are assessed and included in the balance sheet either at the prices quoted at the stock exchanges in question or at their estimated presenet value based on the securities’ contract-related cash flow, discounted at a rate of interest corresponding to the swap rate of interest at the end of the year, to which a credit spread fixed for each itme of securitites is added.

Value incorporated in balance sheet according to different debtor categories

	2005	2004	2003
Bonds issued or guaranteed by government	200	207	48
Municipal bonds	0	0	50
Total issued by public sector borrowers	200	207	98
Government-guaranteed bonds	0	300	0
State enterprises	150	200	39
Bonds guaranteed by municipalities	0	2	10
Mortgage companies	307	447	320
Banks	816	457	445
Other bonds	747	502	478
Subordinated loan capital	10	0	25
Total issued by other borrowers	2.030	1.908	1.317
Own bonds	0	15	0
Total certificates and bonds	**2.230**	**2.130**	**1.415**

Book value as at 31.12.2005 according to different rating categories

	AAA	AA+/AA/ AA-	A+/A/A-	BBB+/B BB/BBB-	Not rated	Total
Governments	200					200
State enterprises		150				150
Mortgage companies					307	307
Banks	31	296	133		366	826
Other bonds	52	20	115	248	312	747
Total certificates and bonds	**283**	**466**	**248**	**248**	**985**	**2.230**

Nominal value of own bonds shown in the accounts under 'Certificates, bonds and other interest-bearing securities with fixed yield'

	31.12.2005	31.12.2004	31.12.2003
Nominal value of own bonds	0	15	0

NOTE 14: SHARES AND EQUITY STAKES IN OTHER COMPANIES

The composition of the share portfolio is set out in the table below:

	Number of shares	Equity stake	Acquisition cost	Market value	Value shown in bal. sheet
Biotec Pharmacon	81.361	0,4%	2,3	1,7	1,7
Total listed shares - NOK			2,3	1,7	1,7
Sparebanken Møre	25.000	0,5%	6,9	8,1	6,9
Sparebanken Øst	25.000	0,7%	6,0	6,5	6,0
Totens Sparebank	31.700	1,4%	5,4	6,9	5,4
Total listed PCCs - NOK			18,3	21,5	18,3
Total listed shares -NOK			**20,6**	**23,2**	**20,0**
Odin Europa	18.831		1,6	1,8	1,6
Odin Norden	909		1,0	1,1	1,0
Odin Norge	388		0,6	0,8	0,6
Skagen Global	4.620		2,4	2,8	2,4
Skagen Kon-Tiki	3.299		0,8	1,0	0,8
Total unit trusts - NOK			**6,4**	**7,5**	**6,4**
Icon Capital I	37.500	5,7%	2,7	3,0	2,7
Marin Vekst	25.000	1,9%	2,5	3,3	2,5
Norgesinvestor II	90.000	2,7%	0,9	3,3	0,9
Norgesinvestor Long Short	100.000	13,8%	10,0	10,1	10,0
Norgesinvestor Proto	150.000	8,1%	15,0	15,3	15,0
Norgesinvestor Value	105.000	5,8%	0,0	0,2	0,0
Norgesinvestor Vekst	53.400	5,3%	3,2	1,6	1,6
Total non-listed shares - NOK			**34,3**	**36,8**	**32,7**
EssNet	50.000	0,4%	2,6	1,6	1,6
Total non-listed shares - currencies			**2,6**	**1,6**	**1,6**
Total ordinary shares – Parent Bank			**63,9**	**69,1**	**60,7**

	Number of shares	Equity stake	Acquisition cost	Value as shown in balance sheet
Bio-Inn	770	13,9%	0,8	0,4
BBS	180.380	2,7%	6,1	6,1
Eiendomskreditt	32.510	2,7%	3,4	3,4
Eksportfinans	2.012	1,3%	36,2	36,2
Kredittforeningen for Sparebanker	920	1,8%	0,9	0,9
Norsk Kontantservice	715	1,4%	0,8	0,8
Scanpole	53.500	10,6%	6,2	5,2
Sikon Øst	54.588	10,9%	11,7	10,2
Såkorn Invest	11.250	15,0%	4,5	0,7
Teller	300	3,8%	3,0	3,0
Torggata 22	8.000	50,0%	8,0	8,0
Sundry			2,5	1,5
Total shares intended to be held on a permanent basis – Parent Bank			**84,1**	**76,4**
Total shares etc. – Parent Bank			**148,0**	**137,1**
Total shares intended to be held on a permanent basis - subsidiaries				
Sundry			0,1	0,1
Total for Group			**148,1**	**137,2**

Market value is only stated if the shares in question are quoted on a stock exchange or if known trading prices or external value assessments are available. In the case of shares intended to be held on a permanent basis, this type of information is generally not available and therefore market prices have not been stated for such shares.

Breakdown of changes in book value throughout the year for shares intended to be held on a permanent basis:

		Parent Bank	**Group**
	Opening balance	86,7	86,8
+	Additions	7,6	7,6
-	Disposals	15,0	15,0
+/-	Reclassifications	0,0	0,0
-	Write-downs	3,0	3,0
+	Reversal of previous years' write-downs	0,1	0,1
=	**Closing balance**	**76,4**	**76,5**

NOTE 15: VARIGE DRIFTSMIDLER

Intangible assets, machinery, fixtures, fittings, transport equipment, bank buildings and other real estate were subject to the following changes in 2005:

Parent Bank						Group				
Goodwill	Other intangible assets	Machinery, fixtures, fittings and transport eq.	Buildings and other real estate	Buildings under construction		Good-will		Machinery, fixtures, fittings and transport eq.	Buildings and other real estate	Buildings under construction
0	18	161	213	70	Acquisition cost as at 01.01.04 (incl. previous write-ups)	4	18	168	243	70
0	5	28	100	0	Ordinary additions during the year	0	5	29	100	0
0	0	13	0	70	Ordinary disposals at acquisition cost during the year	0	0	13	0	70
0	18	115	127	0	Accumulated deprecia-tion/write-downs	4	18	119	147	0
0	**5**	**61**	**186**	**0**	**Book value as at 31.12.05**	**0**	**5**	**65**	**196**	**0**
0	1	18	9	0	Ordinary depreciation during the year	0	1	19	10	0
5 years	4 years	3 - 25 years	10 - 100 years	No depreciation	Depreciation period (economic life)	5 years	4 years	3 - 25 years	5 - 100 years	No depreciation
Straight line		Straight line	Straight line		Depreciation plan	Str. line	Str. line	Straight line	Straight line	

The depreciation period relating to the development/purchase of IT-solutions capitalised during the cooperation with DnBNOR has been changed, the remaining book value as at 1.6.2005 (the date of the discontinuation of the agreement) being subject to straight-line depreciation up to the time of conversion during the spring of 2006.

Bankbygg/Strandgt. 13-15, Hamar, under construction in 2003/2004, was completed and in use in 2005.

The balance sheet contains no rental agreements, nor any additions or disposals of any internally manufactured fixed assets.

BREAKDOWN OF DIFFERENT CATEGORIES OF REAL ESTATE

Location	Type of property	Floor space for own use (sq. metres)	Floor space rented out	Vacant floor space; buildings under constr.	Book value of floor space for own use	Book value of floor space rented out	Book value of vacant floor space; buildings under constr.	Total book value
Hedmark	Bank buildings	29.401	4.961	586	160	18	0	178
Hedmark	Commercial buildings	0	690	208	0	4	0	4
Hedmark	Undevelo-ed sites	0	0	0	0	0	0	0
Hedmark	Buildings under contr.	0	0	0	0	0	0	0
Hedmark, Vestfold	Holiday cottages	0	0	0	4	0	0	4
Total – Parent Bank		**29.401**	**5.651**	**794**	**164**	**22**	**0**	**186**
Hedmark	Commercial buildings	1.531	681	451	5	2	1	8
Misc.	Bank buildings	690	0	0	2	0	0	2
Netted out		1.066	-1.066	0	5	-5	0	0
Total - Group		**32.688**	**5.266**	**1.245**	**176**	**19**	**1**	**196**

GOODWILL

Goodwill consists of the difference between the cost price of an acquired company or business, including shares in subsidiaries, and the book value of tangible asset- and liabilities items, after appropriately classifying any identifiable surplus or shortfall relating to these items in the balance sheet. Goodwill is depreciated on a straight-line basis over a period of 5 years.

Goodwill relating to businesses acquired:

	Original amount of goodwill	Accumulated depreciation	Remaining goodwill at 31.12.2005
Total – Parent Bank	**0**	**0**	**0**
Hedmark Eiendom AS	4	4	0
Total - Group	**4**	**4**	**0**

RENTAL AGREEMENTS

Rental agreements of substantial importance for overall operations are as follows:

Parent Bank	Duration	Annual rental	Group	Duration	Annual rental
Electronic data communications	5 years	4,7	Electronic data communications	5 years	4,7
Various premises	0,5 – 9 years	6,1	Various premises	0,5 – 13 years	4,5
Payment terminals	0,25 year	6,9			
Telephony agreement	1 year	3,8	Telephony agreement	1 year	3,8
Broadband agr.	3 years	0,3	Broadbankd agr.	3 years	0,3

Annual rental costs of premises are lower at Group- than Parent Bank level, as most of the rental costs are of an intra-group category.

NOTE 16: LIABILITIES

The Bank's stable funding consists of:

- equity capital
- deposits from customers
- liabilities to credit institutions with agreed maturities
- borrowings through the issuance of securities

The two funding categories involved the following fudning sources as at 31.12.2005:

Funding loans from foreign banks:	NOK 200 million
German Schuldschein loans (Euro 70 million):	NOK 559 million
Loan from Nordiska Investeringsbanken:	NOK 65 million
Loan from Kredittforeningen for Sparebanker:	NOK 10 million
Other funding loans from credit institutions:	NOK 3 million
Loans evidenced by certificates:	NOK 2.150 million
Own portfolio of certificate loans:	NOK -100 million
Ordinary bond loans:	NOK 6.855 million
Index-linked bond loans:	NOK 96 million
Own portfolio of bond loans:	NOK -465 million
Total:	NOK 9.373 million

Parent Bank								Group					
NOK	EUR	SEK	USD	Other	Total	Eff. int. rate		NOK	EUR	SEK	USD	Other	Total
36	0	0	0	0	36	2,37%	No agreed maturity	20	0	0	0	0	20
277	560	1	0	0	838	2,94%	Agreed maturity	276	560	1	0	0	837
313	**560**	**1**	**0**	**0**	**874**	**2,81%**	**Liabilities to credit insts.**	**296**	**560**	**1**	**0**	**0**	**857**
16.158	17	11	7	3	16.196	1,47%	No agreed maturity	16.100	17	11	7	3	16.138
673	0	0	0	0	673	1,96%	Agreed maturity*)	672	0	0	0	0	672
16.831	**17**	**11**	**7**	**3**	**16.869**	**1,49%**	**Deposits from and liabilities to customers**	**16.772**	**17**	**11**	**7**	**3**	**16.810**
2.150					2.150	2,11%	Debt evidenced by certificates	2.150					2.150
-100					-100	(2,04 %)	Own certificates	-100					-100
6.951					6.951	3,06%	Bond debt	6.951					6.951
-465					-465	(3,58 %)	Own bonds	-465					-465
8.536					**8.536**	**2,74%**	**Borrowings through the issuance of securities**	**8.536**					**8.536**
25.680	**577**	**12**	**7**	**3**	**26.279**	**1,92%**	**Total**	**25.604**	**577**	**12**	**7**	**3**	**26.203**

*) NOK 77 million of which is acconted for by equity-linked bank deposits, i.e. this type of depositdoes not pay interest in the normal way. In lieu of interest, the depositors receive a premium equivalent to any appreciation in the value of the share indexes in question.

Calculation of effective rate of interest:

Liabilities to credit institutions:	When calculating the effective rate of interest, both capitalised and accrued interest, not yet due, and any price differences relating to sale- and repurchase agreements are taken into consideration.
Deposits from/liabilities to customers:	When calculating the effective rate of interest, both capitalised and accrued interest, not yet due, and the financial impact of any hedging transactions – relating to equity –linked bank deposits – entered into, are taken into consideration.
Borrowings through securities issued:	When calculating the effective rate of interest, both capitalised and accrued interest, not yet due, and any premium/discount and underwriting commissions, the latter two elements being subject to accrual accounting, and the financial impact of any hedging transactions entered into, are taken into consideration.

CUSTOMER DEPOSITS ACCORDING TO DEBTORS' PRIVATE/BUSINESS ADDRESSES

Parent Bank				Group		
2005	2004	2003		2005	2004	2003
14.915	14.260	13.642	Hedmark county	14.856	14.210	13.606
1.804	1.558	1.288	Rest of Norway	1.804	1.558	1.288
150	153	157	Other countries	150	153	157
16.869	**15.971**	**15.087**	**Total deposits**	**16.810**	**15.921**	**15.051**

CUSTOMER DEPOSITS ACCORDING TO SIZE OF DEPOSITS (PARENT BANK)

	Retail banking	Corporate market	Total
Total deposits per customer over NOK 100 mill.	0	1.093	1.093
Total deposits per customer NOK 50 – 100 mill.	94	499	593
Total deposits per customer NOK 10 – 50 mill.	55	803	858
Total deposits per customer NOK 2 – 10 mill.	928	1.290	2.218
Total deposits per customer under NOK 2 mill.	10.296	1.811	12.107
Total customer deposits as at 31.12.05	**11.373**	**5.496**	**16.869**

BOND LOAN DETAILS

ISIN-numBER	Ticker	Nominal amount	Of which own bonds account for	Coupon	Repayment structure	Last maturity
NO 001000264.5	SBHE64	500	193	5,70%	Bullet	15.02.2006
NO 001009794.2	SBHE11	45	0	0,00%*)	Bullet	25.07.2006
NO 001025434.5	SBHE15	300	0	3m Nibor	Bullet	15.02.2007
NO 001012505.7	SBHE12	51	12	0,00%*)	Bullet	01.03.2007
NO 001018430.2	SBHE08	300	0	5,70%	Bullet	22.06.2007
NO 001017760.3	SBHE06	335	0	5,70%	Bullet	14.02.2008
NO 001017761.1	SBHE07	250	0	3m Nibor + 0,18%	Bullet	14.02.2008
NO 001027522.5	SBHE21PRO	250	0	3,15%	Bullet	24.06.2008
NO 001018393.2	SBHE09	600	0	5,80%	Bullet	16.09.2009
NO 001026586.1	SBHE17	600	0	3,80%	Bullet	20.04.2010
NO 001008644.0	SBHE03	300	0	6,97%	Bullet	28.02.2011
NO 001027048.1	SBHE19	350	0	3m Nibor; min 3% and max 5%	Bullet	27.05.2011
NO 001027710.6	SBHE21PRO	200	0	3,70%	Bullet	22.07.2011
NO 001027708.0	SBHE22PRO	500	0	3,75%	Bullet	20.02.2012
NO 001027267.7		100	0	3m Nibor + 0,11%	Bullet	14.06.2013
NO 001028052.2	SBHE23PRO	500	0	3m Nibor + 0,14%	Bullet	02.09.2013
NO 001021111.3	SBHE14	750	0	5,20%	Bullet	14.01.2014
NO 001026915.2	SBHE18	400	240	4,30%	Bullet	11.05.2015
NO 001028530.7	SBHE24PRO	270	0	4,00%	Bullet	05.10.2015
NO 001025573.0	SBHE16	300	20	4,30%	Bullet	02.03.2020
Total		6.901	465			

*) Share-indexed bond loans

NOTE 17: BREAKDOWN OF OTHER ASSETS AND OTHER LIABILITIES

Other assets

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
8	10	26	Expected dividends and Group contributions	5	5	5
1	1	1	Anticipated recoveries from bankruptcy proceedings relating to previous loan commitments	1	1	1
0	0	0	Leasing contracts not discounted	20	13	7
37	17	2	Other assets	90	61	23
46	**28**	**29**	**Total other assets**	**116**	**80**	**36**

Other liabilities

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
104	100	89	Tax incurred	106	102	94
10	10	10	Tax deductions	11	11	11
55	56	55	Liabilities relating to payments transmission services	55	56	55
137	39	12	Other liabilities	142	41	14
306	**205**	**166**	**Total other liabilities**	**314**	**210**	**174**

NOTE 18: PROVISIONS FOR INCURRED COSTS AND LIABILITIES

Description of the basis for these provisions
In 2002, as part of the ongoing project aimed at further developing the Bank, the Board of Directors introduced a package consisting of various measures, the purpose of which was to enhance overall levels of effectiveness and professional skills throughout the organisation. The elements of this package of measures which related to early retirement pensions, severance pay, gradual reduction in working time, salary guarantee in the case of switching to a new employer, and leave of absence, were all provided for in the Bank's annual acounts for 2002. At the end of the year, it was not yet known for certain how many of the Bank's employees would be applying to take advantage of the various measures involved. In view of this, the level of provisions was calculated on the basis of assumptionsallowing for this uncertainty, and on assumptions of future wage- and salary growth. In 2003, agreements were entered into with the employees in question and the level of provisions was adjusted accordingly. The costs have been discounted to show their present value. In addition, the amount incorporated in the accounts includes smaller provisions for other liabilities.

Breakdown of the provisions involved

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
6	8	30	Provisions as at 01.01	6	8	30
0	1	0	Provisions raised in the accounting year	0	1	0
-2	-4	-2	Payments – in the accounting year – which have been registered in conjunction with the provisions made	-2	-4	-2
0	0	-7	Provisions transferred to pension provisions	0	0	-7
0	0	-16	Reversal of provisions during the accounting year	0	0	-16
0	1	3	Increase in provisions due to the interest impact of discounting	0	1	3
4	**6**	**8**	**Provisions as at 31.12**	**4**	**6**	**8**

The costs have been allotted in the accounts as shown in the table below (figures for the Parent Bank and Group are identical).

	2005	2004	2003
Other interest costs	0	1	3
Wages and salaries	-2	-2	-17
Pensions	0	0	-4
Social costs	0	-1	-2
Administration costs	0	0	-2
Total	**-2**	**-2**	**-22**

NOTE 19: EQUITY CAPITAL

Breakdown of equity capital movements

Parent Bank

	Donations Fund	Fund for Evaluation Differences	Savings Bank's Fund	Total equity capital
Equity capital as at 31.12.2004		17	2.930	2.947
Adjustment of equity capital as at 01.01.2005			1	1
Result for the accounting year	25	5	291	321
Donations			-6	-6
Equity capital as at 31.12.2005	**25**	**22**	**3.216**	**3.263**

Group

	Donations Fund	Fund for Evaluation Differences	Savings Bank's Fund	Other Group capital	Total equity capital
Equity capital as at 31.12.2004		1	2.930	16	2.947
Change in accounting principles			1		1
Result for the accounting year	25	0	291	5	321
Donations			-6		-6
Equity capital as at 31.12.2005	**25**	**1**	**3.216**	**21**	**3.263**

CAPITAL ADEQUACY

Capital adequacy shows the Bank's financial strength in relation to a risk-weighted asset base. The Weighting of the Bank's assets and off balance sheet items is worked out in accordance with FSAN's rules and regulations, which mainly comprise the following factors:

- claims on governments: 0% of book value
- claims on state enterprises: 10% of book value
- Claims on counties, municipalities and financial institutions: 20% of book value
- Claims secured by house mortgages within 80% of assessed value: 50% of book value
- Other assets: 100% of book value
- In addition, there are special rules for the weighting of items in the Bank's trading portfolio, foreign exchange positions and items of an off balance sheet category.

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
			Calculation basis:			
19.966	17.611	16.102	Assets not forming part of the trading portfolio	20.395	18.014	16.625
577	595	522	Off balance sheet items not forming part of the trading portfolio	577	595	521
903	901	584	Items forming part of the trading portfolio	903	901	584
0	0	0	Calculation basis for foreign exchange risk	0	0	0
-11	-10	-2	Equity and related capital in other financial institutions	-11	-10	-2
-26	-21	-18	Use of equity method of accouning in the company accounts	-26	-1	-6
-444	-419	-396	Loss provisions	-460	-436	-408
20.965	**18.657**	**16.792**	**Total calculation basis**	**21.378**	**19.063**	**17.314**
			Core capital:			
3.263	2.947	2.681	Equity capital as shown in the balance sheet	3.263	2.947	2.681
-22	-17	-15	Fund for Evaluation Differences	-1	-1	-6
			Adjustment for discrepancy beetween Group in accoounting- and capital adequacy context	5	6	7
-48	-42	-42	Intangible assets	-52	-50	-52
-4	-14	-11	Net pension resources	-8	-16	-15
3.189	2.874	2.613	Core capital	3.207	2.886	2.615
			Deductions to be made for:			
-11	-10	-2	Equity and related capital in other financial institutions	-11	-10	-2
3.178	**2.864**	**2.611**	**Total equity and related capital**	**3.196**	**2.876**	**2.613**
15,16%	**15,35%**	**15,55%**	**Capital adequacy ratio**	**14,95%**	**15,09%**	**15,09%**

NOTE 20: GUARANTEE LIABILITIES ACCORDING TO PURPOSE

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
782	562	512	Payment guarantees	782	562	512
168	163	141	Contract guarantees	168	163	141
1	1	1	Loan guarantees	1	1	1
4	22	22	Other guarantees	4	22	22
23	23	23	Sparebankenes Sikringsfond (SBGF)	23	23	23
978	**771**	**699**	**Total guarantee liabilities**	**978**	**771**	**699**
0	3	4	- of which have been counter-guaranteed by other financial institutions	0	3	4

NOTE 21: ASSETS PLEDGE AS COLLATERAL SECURITY

Figures for the Parent Bank and Group are identical.

The following liabilities are secured by assets pledged as collateral security:

	2005	2004	2003
Access to borrowings/loans raised from Norges Bank	0	0	0

Book values of collateralised assets pledged as security for these liabilities:

	2005	2004	2003
Certificates, bonds and other interest-bearing securities	1.560	1.500	1.264
Total book value of collateralised assets	**1.560**	**1.500**	**1.264**

NOTE 22: FINANCIAL DERIVATIVES

Figures for the Parent Bank and Group are identical.

The Bank has traded in the following financial derivatives during the accounting year:

	Curr-ency	Nominal amount At 31.12.2005	Market value At 31.12.2005	Average nominal amount for the year
Trading portfolio:				
Interest rate-related	NOK	2.000	0	395
Other activities:				
Hedging transactions	NOK	6.030	149	4.434
Other	NOK	673	-21	747
Interest rate-related	NOK	6.703	128	5.181
Hedging transactions	NOK	163	10	303
Interest rate- and equity capital-related	NOK	163	10	303
Foreign currency-related		3.550	-1	4.150

Nominal amount is defined as the principal sum of the underlying contract. All nominal amounts are expressed in NOK.

The purpose of using financial derivatives:

The bank applies financial derivatives for the following main purposes:
a) To hedge risk relating to items on and off the Bank's balance sheet
b) Customer transactions
c) To make gains from interest-rate and price movements.

The bulk of the Bank's financial derivatives business is accounted for by hedging transactions and customer-related transactionswhere corresponding, opposite transactionsare entered into for hedging reasons. The market value of such hedging transactions is largely matched by opposite amounts of excess or shortfall of the value of the hedged items involved.

The following is a description of the different financial derivatives used by the Bank during the accounting year:

Interest rate-related derivatives involved the following aspects and types of transactions:
- INTEREST RATE SWAPS, which are agreements to pay and receive interest on a floating- and fixed rate basis respectively, or the other way around, on an agreed principal amount. At maturity, only the actual amounts of interest payable and receivable are exchanged.
- FRAs, which are agreements inrespect of rates of interest for future periods for fixed amounts. At maturity, only the difference between the originally agreee rate and current market rate is exchanged.
- INTEREST RATE OPTIONS, which are agreements to receive/pay the difference between market rate of interest and the originally agreed 'ceiling' or 'floor' for the interest rate level during the period in question if market rates are higher than the agreed maximum level ('ceiling') or lower than the minimum level ('floor').

In the case of interest rate-related derivatives, the uncertainty is related to the positions' future cash low, coupled with the uncertainty of future interest rate developments. For hedging transactions, there is a risk that there may not be perfect negative covariance between the value change of the hedging agreement and the hedged item. In the case of trading transactions, there is a risk that interest rates do not develop according to expectations.

Interest rate- and equity-related derivatives comprised the following aspects and types of transactions:

- INTEREST RATE- AND SHARE INDEX SWAPS, which are agreements according to which certain interest rate terms are swapped for the yield to be obtained from one or several share indexes.

In the case of interest rate- and share-related derivatives, the uncertainty is related to the positions' future cash flow, coupled with the uncertainty of future developments of interest rates and share prices. For hedging transactions, there is a risk that there may not be perfect negative covariance between the value change of the hedging agreement and the hedged item. In the case of trading transactions, there is a risk that interest rates do not develop according to expectations.

Foreign currency-related derivatives comprised the following aspects and types of transactions:

- FORWARD EXCHANGE CONTRACTS, which involve forward delivery of currency at a price which has been agreed in advance.
- CURRENCY SWAPS, which are agreements to swap currency at the outset of the transaction, repaying the currency in question at at future date.

In the case of foreign currency-related derivatives, the uncertainty is related to the positions' future cashs flow, coupled with the uncertainty of future developments of foreign currency prices. For hedging transactions, there is a risk that there may not be perfect negative covariance between the value change of the hedging agreement and the hedged item. In the case of trading transactions, there is a risk that interest rates do not develop according to expectations.

Breakdown of financial derivatives shown in the balance sheet at market value

	2005	**2004**	**2003**
Value as shown in the balance sheet	-9,9	-16,3	-34,0
Acquisition cost	0,0	0,0	0,0
Unrealised gains/losses	-9,9	-16,3	-34,0
Unrealised gains/losses at the beginning of the year	-16,3	-34,0	-10,4
Value change shown in the profit and loss account during the year	6,4	17,7	-23,6

Financial derivatives shown in the accounts at market value only comprise financial derivatives in the Bank's trading portfolio or hedging transactions with value change incorporated in the profit and loss account. In view of this, therefore, no value changes have been adjusted against the equity capital.

Financial derivatives are assessed and included in the balance sheet at their estimated present value base on the positions' contract-based cash flow, based on interest-rate and foreign currency conditions on the accounting date in question.

NOTE 23: OTHER LIABILITIES

Parent Bank				**Group**		
2005	2004	2003		**2005**	2004	2003
1	3	6	Securities subscribed for, against future settlement	1	3	6
1	**3**	**6**	**Total other liabilities**	**1**	**3**	**6**

NOTE 24: LOAN ADMINISTRATION, CUSTODIAL- AND TRUST SERVICES

The Bank provides such services in connection with loans, mainly on behalf of local authorities (municipal establishment-, commercial- and industrial loans) and legacies. The total amount of such loans administered by the Bank amounted to NOK 165 million as at 31.12.2005.

Cash Flow Statement

(Amounts in NOK million)

Parent Bank 2005	Parent Bank 2004	Parent Bank 2003		Group 2005	Group 2004	Group 2003
10.098	9.369	8.436	Year's repayments on repayment loans etc. to customers	10.713	9.742	8.780
			Change in advance rental - leasing	12	13	5
-13.246	-11.619	-10.723	Newly discounted repayment loans etc in the year to customers	-14.048	-12.312	-11.136
53	115	-124	Change in balance relating to foreign currency loans	53	115	-124
-98	44	86	Change in balance relating to credits	-98	44	86
1.061	990	1.347	Interest- and commission payments received on loans	1.120	1.042	1.403
8	8	6	Recoveries relating to previous years' confirmed losses on loans	9	8	6
-5	4	0	Change in expected recoveries relating to bankruptcies	-5	4	0
1	-1	0	Change in repossessed assets	-7	1	1
-2.128	**-1.090**	**-972**	**Cash flow from lending activities (A)**	**-2.251**	**-1.343**	**-979**
819	809	1.131	Change in balance of deposits from customers - without agreed maturity	810	795	1.122
79	75	61	Change in balance of deposits from customers - with agreed maturity	79	75	61
-239	-221	-541	Interest payments to customers	-238	-220	-539
659	**663**	**651**	**Cash flow from deposit activities (B)**	**651**	**650**	**644**
-66	-661	-229	Changes in securities held on a short-term basis	-66	-661	-229
32	48	36	Gains/losses on securities held on a short-term basis	32	48	36
60	39	71	Interest payments received from bonds and certificates	60	40	71
3	6	5	Share dividends received on shares held on a short-term basis	3	5	5
29	**-568**	**-117**	**Cash flow from securities investments C**	**29**	**-568**	**-117**
-153	-203	-18	Change in claims on credit institutions - with agreed maturity	40	-72	31
32	22	51	Interest payments received from deposits in credit institutions	9	8	26
-121	**-181**	**33**	**Cash flow from deposits in credit institutions (D)**	**49**	**-64**	**57**
194	176	176	Other income	236	214	211
-466	-472	-444	Payable operating costs	-521	-521	-481
-99	-82	-108	Payment of costs	-102	-86	-117
-6	-4	-2	Donations	-6	-4	-2
-20	-15	11	Change in other assets	-37	-44	9
-35	7	5	Change relating to accrual accounting	-40	6	5
102	25	11	Change in other liabilities	110	40	19
-330	**-365**	**-351**	**Remaining cash flow from current operations (E)**	**-360**	**-395**	**-356**
-1.891	**-1.541**	**-756**	**CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)**	**-1.882**	**-1.720**	**-751**
350	219	148	Change in deposits from credit institutions	348	206	148
7.817	5.940	3.704	Payments received through issuance of securities	7.817	5.940	3.704
-4.855	-3.737	-2.197	Paid out on redemption of securities-related debt	-4.855	-3.737	-2.197
-1.136	-361	-650	Repurchase of own securities	-1.136	-361	-650
-254	-191	-220	Interestpayments made relating to financing	-254	-190	-220
1.922	**1.870**	**785**	**Cash flow from financing (G)**	**1.920**	**1.858**	**785**
-63	-86	-22	Invested in fixed- and intangible assets	-64	-89	-23
0	13	1	Sale of fixed and intangible assets at sale price	0	13	1
-7	-225	-7	Purchase of long-term securities	-8	-11	-7
28	0	0	Sale of long-term securities	28	0	0
55	36	11	Dividend on long-term shareholdings	50	16	7
13	**-262**	**-17**	**Cash flow from investments in fixed assets (H)**	**6**	**-71**	**-22**
			Liquidity effect of purchase and sale of subsidiaries (I)			
44	**67**	**12**	**CHANGE IN LIQUID FUNDS (F+G+H+I)**	**44**	**67**	**12**
425	358	346	Liquid funds as at 01.01	425	358	346
469	**425**	**358**	**Liquid funds as at 31.12**	**469**	**425**	**358**
			Liquid funds as at 31.12 consisting of:			
411	324	328	Cash and claims on central banks	411	324	328
58	101	30	Deposits with and claims on banks - without agreed maturity	58	101	30
469	**425**	**358**	**Total liquid funds as at 31.12**	**469**	**425**	**358**

Report for 2005 from the Control Commitee

In accordance with Law relating to Financial Activities, the Savings Bank' Act and its own instructions and work plan, the Control Committee has monitored the Bank's activities in 2005.

The main Board Minutes and related documentation have been subjected to ongoing examination, as have the management's credit committee minutes and the Bank's rules and regulations in respect of powers of attorney, authorisations etc.

As in previous years, the Committee has been attaching particular importance to the assessment of larger outstanding commitments and to the collateral and other security relating thereto, according to currently valid laws and regulations. On a continuing basis, the Committee has been checking lists involving overdrawn accounts, arrears, overdue payments and outstanding debts, in the case of the Bank's customers, its own staff, its subsidiaries' employees and elected representatives. The Committee has received reports from the Bank's internal audit department concerning selected areas of the Bank's operations, in accordance with currently applicable working instructions and the plan relating to all control work. At the Committee's request, the Bank's internal auditor has attended its meetings on a continuing basis, answering questions from the Committee members. Risk management, operational auditing and compliance with applicable rules and regulations have been treated as particularly important aspects.

The Bank's external auditor has attended the Committee's meetings and explained about the financial auditing involved.

In the case of particularly important management-, administrative- and business matters, the Bank's Chief Executive Officer has attended the Committee's meetings, explaining about the cases involved . The Head of the Bank's corporate banking department has presented matters of special importance, including bad and doubtful commitments, as well as larger separate commitments. The Committee has focused in particular on bad and doubtful debts and commitments involving high credit risk. Other employees have been asked to come to the meetings of the Committee whenever its members have deemed it necessary for certain matters to be further explained.

A joint meeting has been held with the Bank's main Board of Directors for the purpose of exchange of information, as well as orientation about the more important circumstances relating to the Bank's operations and overall position.

During its examination of the proposed annual financial statements for the Parent Bank, including the Board of Directors' Annual Report and Accounts, the Auditor's Report, as well as similar documentation in respect of the Bank's subsidiaries, especially Hedmark Finans AS, the Committee has in particular assessed the annual accounts in relation to the Financial Supervisory Authority of Norway's rules and regulations regarding the way in which losses and loss provisioning are treated in the Bank's accounts. No circumstances of any significant importance in relation to the Bank's capital adequacy and operations necessitating a briefing to be given to the Bank's Board of Trustees or the Financial Supervisory Authority of Norway have been discovered. In the opinion of the Committee, the accounts have been prepared in accordance with currently applicable rules and regulations and may, with the Committee's recommendation, be submitted to the Bank's Board of Trustees as Sparebanken Hedmark's approved annual accounts for 2005.

Hamar, 24 February 2006

The Control Committee of Sparebanken Hedmark

Paal Johnsrud | Gro Svarstad

Erik Borg | Helen Mathiesen

Anders Brinck

Auditor's report for 2005

To Sparebanken Hedmark's Board of Trustees

We have audited Sparebanken Hedmark's annual accounts for the 2005 accounting year, which show a NOK 321 million profit for the year for the Parent Bank and a profit of NOK 321 million for the Group. Furthermore, we have audited the information contained in the Annual Report relating to the annual accounts, the assumption of a going concern and the proposal for allocation of the profit for the year. The annual accounts consist of the Savings Bank's accounts and the Group's accounts. The Savings Bank's annual accounts consist of Profit and Loss Account, Balance Sheet, Cash Flow Statement and Notes to the Accounts. The Group's annual accounts consist of Profit and Loss Account, Balance Sheet, Cash Flow Statement and Notes to the Accounts. The Accounting Act's rules and regulations and good Norwegian accounting practice have been applied when preparing the accounts. The annual accounts and Annual Report are presented by the Savings Bank's Board of Directors. Our task is to comment on the annual accounts and other relevant circumstances in accordance with the requirements stipulated in the Auditing Act.

We have completed our auditing in compliance with applicable law, rules, regulations and according to good Norwegian auditing practice, including the auditing standards approved by Den norske Revisorforening. The auditing standards require that we plan and carry out our auditing with the aim of being able to state with reassuring certainty that the annual accounts do not contain any material misstatement. Our auditing comprises the examination of selected parts of the material on which the information found in the annual accounts is based, assessment of the accounting principles and significant accounting estimates applied, as well as the evaluation of the contents and presentation of the annual accounts. In addition, to the extent that it forms part of good auditing practice, our auditing comprises a thorough examination of the Savings Bank's asset- and liabilities management and its accounting- and internal control systems. We believe that our auditing provides a sound basis for our statement.

We are of the opinion that

- the annual accounts have been prepared and presented according to applicable laws, rules, regulations and bylaws, providing a true and fair view of the Bank's and Group's financial position as at 31 December 2005, and of the result and cash flows in the accounting year, in accordance with good Norwegian accounting practice
- the Bank's management has fulfilled its duties of ensuring that all registration and documentation of account information has been done in a proper and clear manner, in compliance with applicable laws and good Norwegian accounting practice
- the information relating to the annual accounts contained in the Annual Report, the assumption of a going concern and the proposal for allocation of the profit for the year are consistent with the annual accounts and in accordance with applicable laws, rules and regulations.

Hamar, 24 February 2006

ANDERSENS REVISJONSBYRÅ AS

Mathias A.G. Gronssveen
State Authorised Auditor (Norway)

Actor Fordringsforvaltning AS
Hamar, Gjøvik and Oslo

In 2005, Actor Fordringsforvaltning AS (Actor) strengthened its position as a leading provider of debt collection services within the Norwegian banking- and financial services industry. Haugesund Sparebank, new Terra banks and Jernbanepersonalets bank- og forsikring are among our new customers

Today, Actor is Norway's only bank-owned debt collection agency, having more financial institutions amongst its customers than any other Norwegian companies of this kind. Sparebanken Hedmark acquired the company in 1990, owning all its shares until 2002. Today, Terra-Gruppen owns 50 per cent of Actor's shares, Sparebanken Hedmark 40 per cent and Sparebanken Sør 10 per cent. As a result of Actor's growth in recent years, Sparebanken Hedmark's share of the company's turnover is today approximately 25 per cent.

In 2005, Actor received some 7,500 new orders. This involved an 8 per cent increase compared with 2004. On a national basis, debt collection volumes within the banking- and financial services industry have decreased by about 10 per cent as a result of private households' improved financial situation. In spite of this, Actor's total turnover was up from NOK 34.7 million in 2004 to more than NOK 39 million in 2005. This shows that the company has further strengthened its position in the market.
The result before tax was up from NOK 14.5 million in 2004 to NOK 16.1 million in 2005. The company's overall competence has been further strengthened and extra costs have been involved in order to deal with new customers in 2006. At the end of the year under review, Actor employed 24 people, and the cost of several new employees to be taken on in 2006 has been factored into the budget.

Four of the company's staff are lawyers on a permanent employment basis, nine of its employees hold a licence to conduct debt collection business, and during the course of last year, a financial controller was hired. The number of new customers wanting electronically delivered documents etc. has been increasing and Actor is now in a position to apply electronic delivery for new orders.
In 2004, Actor increased its share capital from NOK 3 million to NOK 12 million. The company today manages a claims portfolio of NOK 1.5 billion. This includes services such as ordinary invoice-based collection, recovery of debt (if necessary by legal proceedings), claims administration, legal advisory services and other loss-reducing services.

Actor's operations are conducted on a nationwide basis and the company also assists foreign banks and financing companies located in Norway. Through its network of partners and contacts, Actor is also able to provide debt collection services in other countries.

During the autumn of 2005, Actor acquired 51 per cent of the shares in Verdigjenvinning AS, and Actor's Chief Executive Officer has been appointed as the company's new Chairman of the Board of Directors. Verdigjenvinning AS works with old monitoring portfolios which had previously been given up on.

Telephone: 62 54 08 80
E-mail: actor@actor.no
www.actor.no

Hedmark Eiendom AS

Hamar, Kongsvinger, Elverum, Brumunddal, Trysil and Moelv

The good property market continued in 2005 too. Framework conditions remained unchanged with continued low interest rates, stable employment and most private households enjoying a good financial situation. The market for new housing has also been good. The trend according to which people want to live in centrally located flats is still evident.

Hedmark Eiendom AS is a fully-owned subsidiary of Sparebanken Hedmark and the leading real estate brokerage company in Hedmark with branches in the biggest and most densely populated places within the county.

In 2005, the company brokered the sale of 1,280 properties, about 13 per cent more than in 2004. This amounted to a turnover value of NOK 1.6 billion, up by more than 20 per cent on the year before, involving about a third of all properties sold in Hedmark in 2005. Prices rose by approximately 10 per cent for residential property and by about 7 per cent for holiday cottages.

The sale of residential property accounts for 85 per cent of the company's business measured on the basis of the number of properties sold. The second most important part involves holiday cottages, representing about 10 per cent of the company's total turnover. Small farms, commercial and industrial property accounted for the rest.

In 2005, some 850 holiday cottages were sold in Hedmark, up by almost 40 per cent. Hedmark Eiendom sold 135 of these cottages, up from 96 the year before. In particular, there has been a big increase in the project market. Hedmark Eiendom has implemented measures aimed at getting a bigger share of this market. The company has real estate brokerage offices at Trysil and Moelv, providing very good coverage of the large holiday cottage areas within the county.

The company employs 33 people on a permanent basis, the equivalent of 32.3 man-years. Last year, four of our brokers became state authorised real estate brokers. About half of the company's staff are now state authorised real estate brokers or lawyers.

Hedmark Eiendom has a separate department for the sale of commercial and industrial property. It has been a quiet market and last year only 17 properties were sold. However, large individual orders provide satisfactory profitability. Last year we commenced international brokerage, involving ourselves in a Norwegian project in Brazil. So far, we have brokered the sale of some 40 holiday flats. We shall be participating in new projects in 2006.

Hedmark Eiendom possesses a great deal of competence within all areas of real estate brokerage. The company is really benefitting from being a local real estate brokerage firm owned by the largest bank in the county. All our competitors are either part of a chain or their owners are located in areas other than Hedmark. Competition between real estate brokerage firms in the county remains very fierce. Last year, three new real estate brokerage firms established themselves at Elverum and one at Trysil, whereas Notar closed its branch at Kongsvinger.

Telephone: 62 54 21 11
E-mail: hedmark-eiendom@hedmark-eiendom.no
www.hedmark-eiendom.no

Hedmark Finans AS
Hamar

Demand for Hedmark Finans AS's products in 2005 was very good. New sales totalled NOK 801 million, the best in the company's history. The product, 'Car administration', which was introduced as a new product in 2004, contributed with some NOK 80 million in new sales

Hedmark Finans AS is a wholly-owned subsidiary of Sparebanken Hedmark. Since the company's establishment in 1996, it has developed into a significant player in the areas of leasing and vendor's lien-related financing within Hedmark and Oppland.

The company's core business areas are the financing of liquid assets such as the leasing of tangible movable property and assets, cars, vendor's lien-based car financing, camping vehicles and motorcycles. Vendor's lien-based financing is mainly done within the market of private individuals, whereas leasing-based financing is done only in the business market.

2005 was another exciting and challenging year for Hedmark Finans. The company received new contracts worth about NOK 800 million, up by 15 per cent on 2004, and the best ever since the company was originally established.

Of this, leasing accounted for NOK 370 million, vendor's lien-based financing/debt instrument loans for NOK 351 million and car administration services for NOK 80 million.

At the end of the year, the company's balance sheet total amounted to about NOK 1.3 billion. The result before loss provisions and tax amounted to NOK 15 million.

During the course of 2005, Hedmark Finans developed a credit score/application system – "HF-Online", which is now being used by 43 car- and camping vehicle dealers throughout Hedmark and Oppland.

In 2006, credit demand is expected to be at about the same level as in 2005.

Telephone: 62 51 21 00
E-mail: post@hedmark-finans.no
www.hedmark-finans.no

	Hedmark Eiendom AS	**Actor Fordringsforv.AS**	**Hedmark Finans AS**
Result befor tax (1.000 kr)	4.708	16.021	7.351
Equity capital (1.000 kr)	7.993	12.870	307.240
Total assets (1.000 kr)	24.290	36.485	1.295.481
Number of staff	32	24	18
Number of branches	6	3	1
Sparebanken Hedmark's equity stake	100%	40%	100%