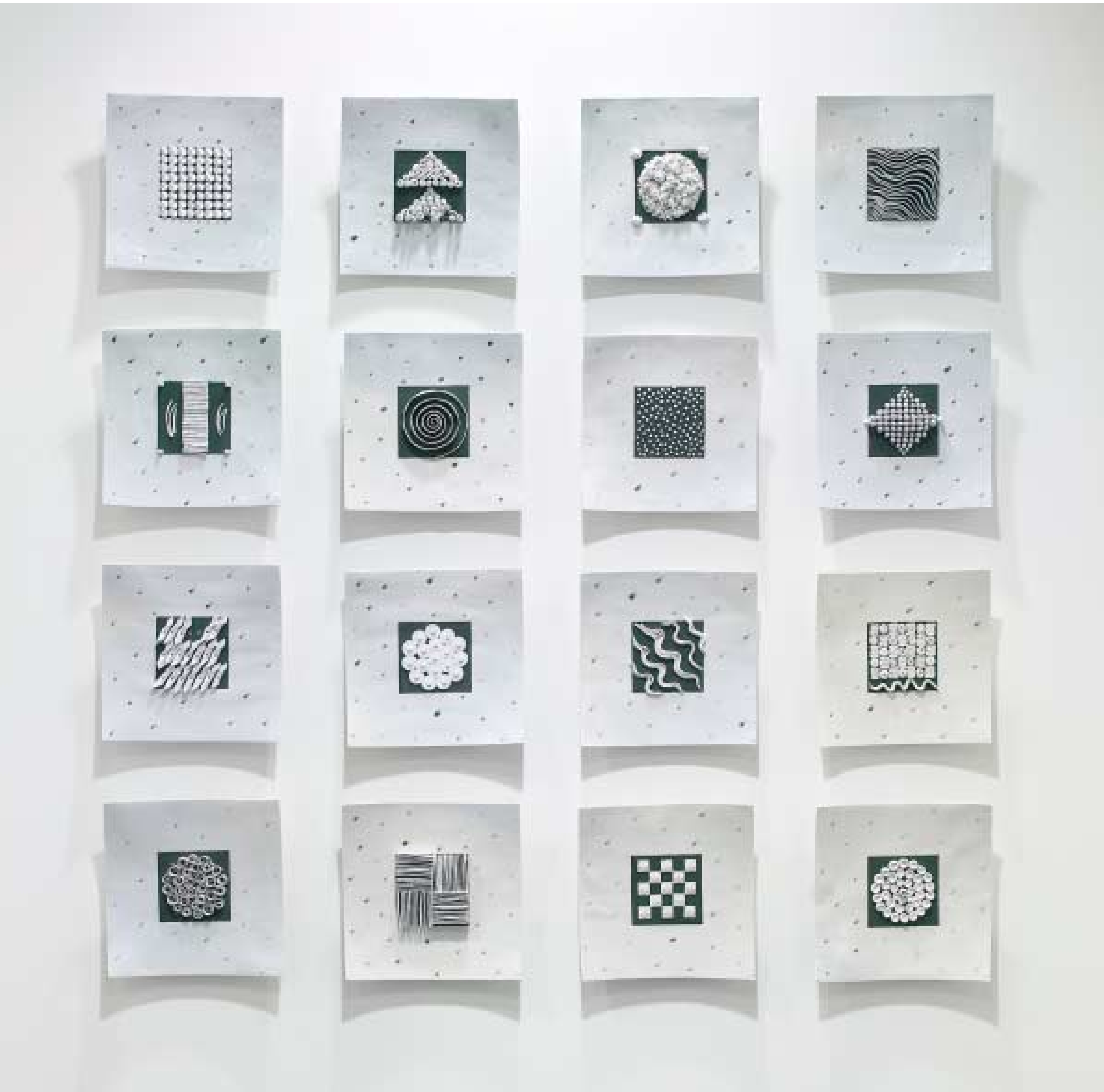
ANNUAL REPORT 2006

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

Jannick Abel, *Samspill,* 2003 (See also picture on the front page).

Jannick Abel's picture, "Samspill", is about teamwork and the need to give and take. This is also a central theme for the Bank. Working together as a team within the Bank, as well as co-operation with our customers, and benefitting from the harmony of the environment, are all important aspects on which the Bank's operations and results are based.



Gro Skåltveit, *Lys og skyggespill,* 2005.

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Art

This year, Sparebanken Hedmark's Annual Report contains a number of photographs of mainly newly acquired art for the Group management's new building at Strandgata 15 in Hamar.

"Art helps create an enhanced level of job satisfaction. It gives us the opportunity to look at and think about other things. Well placed art can function as a 'mental training studio'. Art reaches your inner self."

Birger Hervold, Galleri Hervold.

Editors: Siv Stenseth and Liv Frank Strandvik. **Design and production:** Baluba Ferskvann reklamebyrå.
Photos: Flemming Støldal (unless stated otherwise).

Working well together produces good results

The Bank's results are achieved through co-operation with colleagues and customers. 2006 was a good year, the Bank's pretax profit totalling NOK 430 million.

Good results do not materialise automatically. We are admittedly still enjoying a period of strong economic expansion, but the results achieved by the Bank for many years are certainly not ascribable to external factors only. Every day, Sparebanken Hedmark's staff experience the fierce competition in the market. The Bank's competent and hardworking employees make excellent and successful efforts in this tough market.

At the end of the year currently under review, aggregate assets topped NOK 35 billion and Sparebanken Hedmark is now the fifth largest savings bank in the country. The Bank's lending growth has been good for many years and amounted to nearly 13 per cent in 2006. The level of savings also picked up strongly, deposits from customers ending up 12.5 per cent higher in the last 12 months.

The good result for the year, NOK 430 million, is largely due to strong growth. The Bank's equity capital has been strengthened, totalling NOK 3.7 billion at the end of the year. The capital adequacy ratio amounted to 13.1 per cent. The strong growth in the Bank's total assets, coupled with its acquisition of a 12 per cent shareholding in SpareBank 1 Gruppen AS, has brought about a somewhat reduced level of capital adequacy.

Sparebanken Hedmark is one of the leading companies in Hedmark in terms of professional competence. During the course of the spring of 2007, 130 employees will have been trained as professionally qualified customer advisory officers. During the last four years, the Bank's staff notched up 7,200 'study points' between them. This is equivalent to 30 students doing a full-time study course for a whole educational year

In order to strengthen its competitiveness, Sparebanken Hedmark reduced prices for a number of payment services in 2006. We are still a full-service bank with branches in nearly all the region's municipalities.

Anne-Brit Soma Reienes's relief, 'Rings in Water', is a work of art commissioned for the reception area of the Group management building. "I decided to use a familiar visual concept, 'Rings in Water', which may be interpreted in a number of different ways," the artist said. She is here seen in a pleasant meeting with Harry Konterud, the Bank's CEO. "This relief illustrates that the Bank's operations create ripple effects within our region and contribute to Hedmark's growth and development," says Konterud.

We know that our customers appreciate this. Customer satisfaction surveys have produced very positive feedback, something our staff can be proud of.

The Bank made a big effort to sell obligatory occupational pensions in 2006. During the course of the year, nearly 1,600 agreements were entered into with different companies, involving a total of 9,000 staff.

In 2007, the sale of insurance will represent our most important area. 15 new employees have been taken on and nearly all our customer advisory officers have been trained to sell insurance products.

We are a bank for people of our region and the profits we make will remain in Hedmark. In this way, we create ripple effects within the various local communities in Hedmark, contributing to growth within our county. It is therefore also natural that we involve ourselves in questions which are important for the region's future.
This year, Sparebanken Hedmark sets aside NOK 6 million for donations for worthwhile causes and transfers NOK 25 million to the Bank's Donations Fund. The fund shall be used for larger projects within research, education and culture.

We are pleased and proud that we can tribute developing our local communities through being a financially strong bank.

I would like to thank all our customers and staff for a prosperous year.

Hamar, March 2007

Harry Konterud
Chief Executive Officer

Bjørn Terje Nygaard, *Ocean,* 2005.

Financial highlights from the accounts (Parent Bank))

	2006	2005	2004	2003	2002
Operating result after credit losses	430	422	360	297	284
Operating result after credit losses as a percentage of average assets	1,31	1,48	1,45	1,33	1,41
Total assets as at 31.12	35.478	30.292	26.733	23.432	20.984
Gross lending as at 31.12	29.166	25.858	22.699	20.635	18.344
Deposits from customers as at 31.12	18.984	16.869	15.971	15.087	13.895
Equity capital as at 31.12	3.660	3.263	2.947	2.674	2.469
Capital adequacy ratio as at 31.12	13,1	15,2	15,4	15,6	15,6

Sparebanken Hedmark – a brief 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 source of capital, the Bank's head office being located in Hamar. Sparebanken Hedmark took its present name in 1982.

A cornerstone

Sparebanken Hedmark is a cornerstone in the local communities throughout the county of Hedmark. Through loans extended to private persons, commerce and industry, and through the management of customers' deposits, the Bank helps people to build, live and work in our region. As the largest player in our market area, we assume responsibility for growth and development, both through long-term thinking and financial support provided for new business start-ups, risk projects and for companies wishing to realise good business ideas. Sparebanken Hedmark is the leading bank for retail banking- and corporate customers in Hedmark.

Business concept

Sparebanken Hedmark shall offer existing and new customers complete and comprehensive banking-, finance- and insurance products geared to the future. Sparebanken Hedmark shall be so competent, close to, and committed to its customers that private persons, businesses and public sector entities prefer to have a long-term relationship with the Bank. Through good levels of profitability, financial strength and independence, the Bank shall contribute to growth and development in Hedmark.

Corporate vision

The Bank's corporate vision, *'Working together for wealth creation'*, suggests that the Bank's results are achieved through interaction and co-operation within the local environment. At the same time, the corporate vision expresses expectations of better co-operation, more initiatives and better results.

Values

'Competent, close to the customers and committed' are our customer values, sending out the message that we want to be a professional co-operation partner and to find solutions by working together with our customers.

Local knowledge and roots

Sparebanken Hedmark is today a self-owning institution with no Primary Capital Certificate-holders. The Bank's local knowledge and roots represent a unique competitive advantage. Sparebanken Hedmark has some 155,000 customers and is close to its market, with 30 branches whose total staff is equivalent to 430 man-years.

A shareholder in SpareBank 1 Gruppen AS

In July 2006, the Bank acquired a 12 per cent equity stake in SpareBank 1 Gruppen AS. This joint-venture co-operation ensures the Bank's competitiveness through effective IT-services, purchasing arrangements and the transfer of competence. The purpose is to join forces nationally, using the member banks' local strength. In this way, customers located in areas other than Hedmark will benefit from a better overall offer of products and services throughout Norway. They may now use the SpareBank 1 alliance's 340 branches.

The market area

Hedmark is the third largest county in Norway and benefits from varied nature and scenery: agricultural fields in the south, vast areas of forest in the east and mountainous regions in the north. Large parts of these mountainous areas are protected. Norway's largest lake, Mjøsa, and the country's longest river, Glomma, are important elements in our cultural landscape. The overall transport requirement is large and the county has the second largest public road network in Norway. Hedmark'nearly 190,000 inhabitants represent 4.2 per cent of Norway's total population. Hedmark is in parts thinly populated, almost half of the county's inhabitants living in the municipalities of Hamar, Ringsaker, Stange and Løten. Hedmark's commerce and industry is varied and Hedmark is Norway's largest county for agriculture and forestry. Employment according to commercial and industrial sectors shows that most people work within industry, building and construction, wholesale- and retail trade, hotels, restaurants and the public sector. Unemployment fell in 2006 and is now largely similar to the average level for Norway as a whole. Demand for labour has been increasing, mostly within the health- and care sectors, but also in industry.

Our ambition is to be a good bank for all customer groups throughout Hedmark through a decentralised organisation with good professional competence and substantial local decision powers.

The Bank has become a shareholder in SpareBank 1

In July, Sparebanken Hedmark acquired 12 per cent of the shares in SpareBank 1 Gruppen AS. What does it mean for our customers that we now are shareholders in a nationwide banking alliance?

For our customers this means amongst other things that they may now choose between a larger number of products and services provided through our own companies, for instance insurance and Odin Forvaltning. We have access to competence and IT-solutions which would have been costly to develop on our own. However, we remain the same bank as before, with our head office located in Hamar. Our Bank is still independent and is still as big a Hedmark patriot as ever.

What about brand name and logo?

We have not yet decided on the type of profile we wish to promote. We shall revert to this question during the course of 2007.

Customers located in areas other than Hedmark

The SpareBank 1 alliance comprises some 340 branches throughout the country. Our customers located in areas other than Hedmark may now contact any of these branches and be assured of the same level of service as that which they get from Sparebanken Hedmark. This makes us even more accessible.

In-house insurance

SpareBank 1 Gruppen is owned by 22 Norwegian banks and LO (Norwegian Federation of Trade Unions) (10 per cent). The group owns amongst other things non-life- and life insurance companies and investment fund companies.

A 10-year old alliance

The thought behind the establishment of the SpareBank 1 alliance in 1996 was that independent local banks would join forces in order to develop IT-solutions and new products and in order to do joint marketing.

Why do we do this?

- Sparebanken Hedmark will strengthen its leading position as a financially strong, independent and regional bank with its head office in Hamar.
- Our equity stake in SpareBank 1 Gruppen enables us to provide our customers with a broad selection of competitive products and services through companies which are now our own product companies.
- Working together through the alliance gives us economies of scale, especially within product development, competence development and IT.
- Our equity stake in SpareBank 1 Gruppen entitles us to a seat on the company's Board of Directors and to participation in all important development processes.

Bank and insurance – everything in one place

During the course of the autumn of 2006, Sparebanken Hedmark started its own insurance sales, employing 15 people for this purpose. In addition, 140 customer service officers have brushed up their insurance skills.

Sparebanken Hedmark has sold insurance before. After a refresher course for the Bank's 140 customer service officers, life- and non-life insurance is once again a product in the Bank's own portfolio. The dual background for this is that the Bank's co-operation arrangement with Gjensidige Forsikring came to an end during the course of the year under review, and that the Bank bought an equity stake in SpareBank 1 Gruppen. Terje Aabakken (on the right in the photo) is the newly appointed manager for the Bank's insurance initiative. Aabakken points out that the Bank's big advantage in this connection is its large network of 30 branches. We have a presence in many locations! And there are many of us! 140 customer service officers will be selling both bank- and insurance products. It is good for our customers to be able to do 'one-stop banking'.

3000 new customers

As a result of the Bank's shareholding in SpareBank 1 Gruppen AS, Sparebanken Hedmark has acquired almost 3,000 customers from Bank 1 Hamar.

In the middle of October last year, the transfer of 3,000 customers from SpareBank 1 Hamar started. These customers account for nearly NOK 800 million of loans and NOK 140 million of deposits. Overall, more than 30 staff have been involved in the practical conversion.

Our customer service officers are worth their weight in gold!

Despite the advent of technology and the Internet-linked bank, Nettbank, face-to-face meetings with our customers are still the basis for our operations.

Almost 300 customer service officers in 30 branches are in full swing on a day-to-day basis handling big and small questions. Through advisory conversations, we are able to form an overall picture of our customers' financial situation and to find the good solutions which suit each individual customer. Jon Borg is a customer service officer at Elverum and knows most of his customers well. This is practical both for the Bank and its customers. "Our customers don't have to tell us their personal details every time and we don't have to ask all those questions every time. In other words, it's a question of working well together."

Make your own bank card

Would you like a picture of your dog, your children, your boyfriend or girlfriend, your favorite poem or yourself on your bank card?

Our customers can log on to the Internet, provide a picture and click their way through the process. In a few days' time, they would receive their own, personal bank card by mail! Individual card design is based on the customer designing his or her own card via a web-based programme. We started the sale of this product at the beginning of 2007. Research has shown that people are becoming more and more conscious of visualising their identity. This has been acknowledged by the international card companies, which have now given people the opportunity of designing their own cards according to individual wishes. The trend analysts predict that in a few years' time, half of all cards in Europe will be based on individual design. Young people today communicate their identity through background pictures on their mobile phones and on their own pages on the Internet channel MSN. Our customers can now produce their personal profiles through their own designs on their bank cards; there is just a small fee to be paid for this service.

NOK 8 million donated to Høgskolen

Sparebanken Hedmark funds two professorships in biotechnology at Høgskolen in Hedmark by providing a total amount of NOK 8 million over a 3-year period.

The Bank hopes that this donation will in due course help to lift the biotechnological environment in Hedmark up into the top division both nationally and internationally. At the same time, the donation is a contribution towards the realisation of a university in inland Norway by 2012. All over the world, university environments represent an important basis for growth and development, both for new commercial and industrial sectors, new products and new jobs. Through its donations, Sparebanken Hedmark contributes with millions of kroner for growth and development in Hedmark. Channeling parts of its profit back into the local communities of the region represents an old tradition for the Bank. In 2006, the Bank provided NOK 8 million in donations and transferred NOK 25 million to its Donations Fund.

(Guri Eggset and Knut Rudi at the photo.)

Photo: Scanpix, Jon Hauge

10 years with Nettbank

Gotmar Rustad from Løten was our very first Nettbank customer when, as the first bank in Europe, we launched our Nettbank on 30 September 1996.

Since that time, more than 2.3 million Norwegians have followed in Gotmar's IT-footsteps. The Internet-linked bank has revolutionised banking during the last 10 years. When our Nettbank was launched, we had to start by explaining to our staff what the Internet was.

Simple and easy, with a good overview

With the help of our Nettbank it became easy to pay bills, people gained a better overview of their own finances, and, in addition, the system was quick and saved a great deal of time. Despite this, it was not until after year 2000 that the use of the Nettbank really took off. In 1999, Sparebanken Hedmark had 3,000 Nettbank customers.

For everyone

Today, Internet and Nettbank are available to everyone. Sparebanken Hedmark now has 60,000 Nettbank customers. For Norway as a whole, 66 per cent of the adult population use Nettbank, according to figures provided by Sparebankforeningen. Most people use the Nettbank to pay bills every week.

Young people are the keenest users

It is the youngest people who are the keenest users today. 60 per cent of our customers between the ages of 20 and 29 years today use Nettbank. In the age group over 64, there is reason to believe that the growth will be stronger during the next few years, since today only 10 per cent of this age group are active users. However, new customers are added all the time; On average, we gain about 600 new Nettbank customers every month.

The future picture

Looking ahead, we believe that BankID will change our daily lives the most. BankID provides personal and simple electronic proof for the secure identification and signing on the Internet. BankID is provided by all Norwegian banks.

An innovative bank

For many years, Sparebanken Hedmark has been a creative and innovative bank within many different areas.

Mobile bank: One of the two first in Norway – in June 2006
Occupational pension: First bank in Norway in 2005
Internet-linked bank/Nettbank: First in Europe with Nettbank in 1996
Agreement-linked giro: First in Norway with agreement-linked giro with Loeten municipality, in 1995
Telebank: First in Europe with telebank in 1994
Bank in stores: First in Norway, in the early nineties (simple services – cash back and giro)
Payment terminal: Røhnes Super at Elverum and CC Hamar, among the first in 1986
Card with Visa: An early start with cards in the eighties. Among the first in the country providing card-based payment facilities at petrol stations in co-operation with Shell, in 1983
Minibank: An early start with minibank in 1979

Using your mobile phone to do your banking

Mobile phones are being used for new things all the time. Banking services too have a very exciting future as far as this particular channel is concerned! Sparebanken Hedmark was very quick off the mark launching a new generation of banking by mobile phone services this summer.

Sparebanken Hedmark's Nettbank services were constantly renewed during the course of the early part of the summer when the Bank started using a new IT-supplier. In that connection, Sparebanken Hedmark launched a mobile phone the like of which had not been seen in Norway before. Via their mobile phones, the Bank's customers can pay bills, order new pin codes for their banking cards, place a stop against their cards, check their account balances, transfer money between accounts and monitor their register of maturities. The new mobile phone bank is more user-friendly than the earlier versions which were launched through the mobile Internet (Wap).

Thrilled to play football on artificial grass

In 2006, Sparebanken Hedmark earmarked NOK 4 million for artificial grass football pitches.

During the year, Trysil, Elverum, Tynset, Ridabu, Grue and Storhamar all benefitted from the Bank's financial support for artificial grass football pitches. This is Storhamar's artificial grass football pitch for which the Bank provided financial support amounting to NOK 500,000.

The Bank's own 'Netshop' is simple to use

Sparebanken Hedmark's 'Netshop in 1-2-3' is easy to use for customers who want to make a quick start selling products and services through the Internet.

Customers need a camera with which to photograph their products. They can then paste the pictures on to the web-shelves and advertise their goods in the e-display window of their Internet-boutiques. The Internet-boutique can be bought as a service from the Bank and the customer does not have to think about the technical aspects of the operations. The Bank takes care of the 'programme product' and purchase of the required licence, making sure that the security systems required are in place. The customers get a secure payment solution into the bargain. In this way, the Internet-boutique becomes a safe and secure place in which to do business, both for the sellers and for the customers who buy the products involved.

Sparebanken Hedmark recaptures the county municipality as a customer

The Hedmark County Municipality has chosen Sparebanken Hedmark as its banking connection for the next few years.

This happened after the county municipality put the business out to competitive tender last winter, according to the rules relating to public sector purchasing. Reidar Åsgaard, Chairman of Hedmark County Municipality, says that it is beneficial to Hedmark that two such big and important institutions within the communities of the region now work together. "We have many common interests as driving forces and participants within the communities of the Hedmark region – the safeguarding of growth and development representing our joint aims in this connection. In this way, we can work together in order to help make Hedmark a good place to live, work and do business in the future," says Åsgaard. Sparebanken Hedmark lost Hedmark County Municipality as a customer in 1985. Now they are back, after having banked for more than 20 years with one of our competitors.

Photo: Siv Stenseth

NOK 12 billion in external funding

In order to take care of our regional customers' borrowing requirements, we obtain an increasingly large amount of funding loans from external sources.

When our Financial Controller, Are Jansrud, began working with funding during the autumn of 1996, our borrowing from external sources totalled NOK 1 billion. Ten years later, this has risen to NOK 12 billion. The Bank's external funding comes from a number of different loan instruments, such as loans evidenced by certificates, schuldschein loans, long-term loans from other credit institutions, bond loans, index bonds, as well as syndicated loans and drawing rights facilities. We have become far more international in our funding, doing business with German, British and other European banks. We attach a great deal of importance to having funding loans with a balanced portfolio of maturities. During the year currently under review, several brokerage firms, including DnBNOR Markets, Pareto Securities, Swedbank Markets, Nordea and First Securities have all published good ratings for Sparebanken Hedmark.

Free of charge

Sparebanken Hedmark revised its prices with effect from June 2006. All our services which are free of charge, carry the sign of a little blue pig – a symbol of the savings which customers can make by starting to use the Bank's cheapest solutions.

We have competent employees, many branches located close to our customers, and we are at the forefront as far as the development of good services is concerned. Today we also offer free payment of bills through our Nettbank. We have removed the annual fee for Nettbank/Mobile bank. In addition, we offer a card package with no fees charged when buying goods and services. All our customers under 20 years of age can use the card free of charge throughout Norway. Cash withdrawals from Sparebanken Hedmark's or SpareBank 1's minibanks are free of charge. This price change illustrates our wish to be any even better bank, not least for our younger customer group. We have many young customers who leave Hedmark in order to acquire further education and in order to find jobs. We want to support them during this period. A good Nettbank with good prices is an important factor in this connection. However, all customers are important to us; for this reason, the abovementioned offer applies to all retail banking customers who pay their bills through our Nettbank. Our wish is that more and more customers will use this channel.

A successful initiative involving Obligatory Occupational Pension (OOP)

Sparebanken Hedmark invested significantly in Contributory Pension as a new product in 2006. Due to excellent efforts from sales managers and their staff, we can confirm that this initiative has been successful.

At the end of the year, the target was achieved and exceeded. This initiative has strengthened the Bank's relationship with its customers, providing a good basis on which to build further in 2007. After the Bank joined the SpareBank 1 alliance, Sparebanken Hedmark has sold SpareBank 1's OOP-solution.

Sparebanken Hedmark joins Ungt Entreprenørskap

Sparebanken Hedmark has become a main co-operation partner in Ungt Entreprenørskap in Hedmark.

Ungt Entreprenørskap is an idealistic organisation whose aim is to promote entrepreneurial development and creativity among young people. The association represents a national focal point for co-operation between schools, commerce and industry. The purpose is to give young people an opportunity to run a business while they are still at basic and higher school, and during subsequent studies. The agreement means that the Bank will contribute NOK 500 in start capital, to be deposited in a separate business account for each of the young people's businesses involved. In addition, the pupils will be given guidance with regard to the way in which all financial matters relating to the business in question should be handled. The aim of the entrepreneurial development work is to strengthen the pupils' ability to work together, their sense of responsibility and their wish to establish their own businesses. Another aim is to help making these young people understand and appreciate the importance of wealth creation and innovation within commerce and industry.

Other news in 2006

- In June 2006, Sparebanken Hedmark brought out new Nettbank-solutions, which contain more services than before, including sms-notification and mobile phone bank.

- In 2006, the Bank established a separate risk management unit reporting direct to the Bank's CEO. The task of the new unit is to coordinate and monitor risk-, safety- and contingency work throughout the Bank, assume responsibility for the Bank's quality assurance model, work on the Bank's adaptation to the rules and regulations pertaining to BASEL II, and report risk to the Board of Directors.

- In 2007, an investment centre staffed by 3-4 customer advisory officers will be established. The investment centre's target group include private persons and companies with larger and long-term investment requirements.

Bjørn Terje Nygaard, *Komposisjon,* 2005.

Annual report for 2006 from the Board of directors

Richard Heiberg
Chairman (Born in 1956)

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.

The Norwegian economy

High oil prices, high real wage growth, low domestic interest rates and strong international economic expansion brought about strong economic growth in Norway in 2006. During the course of the year, the level of capacity utilization within the Norwegian economy increased and the rate of inflation also rose somewhat. As was the case in Norway, international levels of interest rates were also increasing.

The upswing in the economy was broadly based in 2006. Good real wage growth triggered optimism within households and private spending went up by approximately 4 per cent. Private households' improved financial situation resulted in strong demand for housing. House prices rose on average by 15 per cent from 2005 to 2006.

The export of goods and services increased by about 5 per cent. Good economic prospects throughout the year under review brought about optimism and a willingness to invest within commerce and industry.

Oil prices continued to rise. The average price of a barrel of crude oil increased by about 20 per cent, from NOK 350 in 2005 to NOK 420 in 2006.

The good economic conditions resulted in a marked improvement in the unemployment figures. The number of jobless amounted to approximately 50,000 at the end of the year. During the last 12 months, the number of unemployed shrank by more than 20,000 and the number of people in employment increased by 60,000.

The financial services market enjoyed strong growth in 2006. The total credit growth in Norway was about 15 per cent and the increase in deposits from Norwegian customers at Norwegian banks was over 18 per cent. Competition within the banking market was fierce, which is why banks' lending rates rose less than Norges Bank's signal rate of interest.

2006 was a good year for the Norwegian economy – the third year in a row posting a rate of growth of the gross national product in excess of 4 per cent.

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 Economic Indicator was at a high level throughout 2006. Local people's financial optimism was a dominant feature. However, the signals from Norges Bank about more interest rate increases during the course of 2007 are expected, to a certain extent, to dampen down the level of optimism, and therefore also local people's private spending.

NHO's (Confederation of Norwegian Business and Industry) Economic Barometer shows that commerce and industry on the mainland believe in continued good markets and increased profitability in 2007. In addition, the Barometer draws attention to a difficult situation with regard to the availability of manpower. Almost half of all businesses on the mainland report unfilled job vacancies. One out of three businesses says that the lack of manpower is currently limiting overall activity levels.

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 SH-Tynset ANS. The three companies, Hedmark Invest AS, SH Betalingsautomater AS and Boligkreditt AS did not conduct any business operations during 2006.

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

The Group's 2006 pre-tax result totalled NOK 431 million, as against NOK 426 million the year before. As at 31.12.2006, aggregate assets stood at NOK 35,539 million, having expanded by 17.1 per cent during the last 12 months.

The Group's operations do not cause any pollution of the external environment.

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.

Gunnar Martinsen
Deputy Chairman (Born in 1965)

Martinsen is a lawyer and a partner in the firm of lawyers, Thommessen Krefting Greve Lund AS. He was appointed to the Board of Directors in 2006. He lives in the municipality of Ringsaker.

Siri J. Strømmevold
Member of the Board (Born in 1961)

Stroemmevold is an IT engineer, with 15 years' experience from the oil industry, including Mobil Expl., Statoil and Saga Petroleum. She is today the General Manager of Tynset Bokhandel. She was appointed to the Board of Directors in 2006. She lives in the municipality of Tynset.

The pre-tax result from ordinary operations totaled NOK 430 million, equivalent to 1.31 per cent of average assets. The result is expected to be somewhat higher than the average for the Norwegian savings banks industry as a whole. It was NOK 8 million better than in 2005. The profit in 2006 produced a pre-tax return on equity capital of 13.2 per cent, as opposed to 14.3 per cent a year earlier. In the Board of Directors' opinion, the profit is satisfactory in relation to the Bank's targets.

Net interest- and credit commission income totaled NOK 751 million, up by NOK 53 million or 7.6 per cent on the year before. The improvement is due to increased lending- and deposit volumes.

Net other (non-interest) operating income fell from NOK 223 million in 2005 to NOK 185 million in 2006. Lower income from securities and a negative contribution to the overall result from the Bank's subsidiary, Hedmark Finans AS, were the main reasons for the NOK 38 shrinkage.

Income from equity stakes in associated companies in 2006 improved by NOK 34 million. The positive development is accounted for by the Bank's shareholding in SpareBank 1 Gruppen AS.

Net commission income from banking services totaled NOK 113 million, up by 7 million.

Operating costs at NOK 508 million represented 1.54 per cent of average assets. The corresponding figures for 2005 were NOK 451 million and 1.58 per cent respectively. Costs increased by 12.6 per cent. In 2006, the Bank acquired Bank 1 Oslo AS's operations in Hedmark. This, in addition to substantial electronic data processing systems having been replaced following the discontinuation of the Bank's co-operation with DnB NOR in 2006, explains the large growth in overall costs. Operating costs represent 54.3 per cent of total income, compared with 49.0 per cent in 2005.

The low level of domestic interest rates and the positive development of customers' financial position, both in the case of the retail banking- and corporate banking markets, resulted in very low credit loss figures for Norwegian banks in 2006. Under the heading of losses on loans and guarantees there was a net income of NOK 6 million. In 2006, recoveries in respect of previous years' loss write-offs exceeded the amount of new loan losses. The Bank does not expect credit losses – on average for the next 5 years – to exceed the targeted maximum limit of 0.6 and 0.1 per cent of gross lending for the corporate banking- and retail banking markets respectively.

Profit for the year and allocations

The taxation cost for the year under review totaled NOK 121 million. The result from ordinary operations after tax finished up at NOK 309 million. As in the previous year, the Board of Directors proposes that NOK 6 million is set aside for donations and NOK 25 million for the Donations Fund, which will mainly be used for projects within the areas of culture, education and research. Furthermore, it is proposed that NOK 273 million is transferred to the Savings Bank's Fund and NOK 5 million to the Fund for Evaluation Differences.

Equity capital and capital adequacy ratio

The Bank's equity capital increased by NOK 397 million in 2006.

New lending rules and regulations have been introduced for the banks. This change in principles was implemented with effect from 01.01.2006. The impact on the Bank's result of reversed loss provisions is shown in relation to the Bank's equity capital. This resulted in a NOK 98 million increase in the Bank's equity capital.

As at 31.12.2006, the Bank's equity capital amounted to NOK 3,660 million, consisting in its entirety of retained earnings.

At the end of 2006, the capital adequacy ratio was 13.1 per cent. This involved a shrinkage of 2.1 percentage points compared with a year earlier. The reduction is largely due to the Bank's acquisition of a 12 per cent shareholding in SpareBank 1 Gruppen AS.

During the course of 2007, the Bank will start reporting according to the new capital adequacy rules and regulations, Basel II. A large part of the Bank's loans is in the retail banking market and these loans will benefit from a more favorable weighting according to the new rules and regulations. This will help strengthen the Bank's capital adequacy ratio further.

Balance Sheet

At the end of 2006, the Bank's aggregate assets amounted to NOK 35.5 billion, having expanded by 17.1 per cent during the last 12 months.

Gross lending to customers totaled NOK 29.2 billion. The acquisition of Bank 1 Oslo AS's lending portfolio in Hedmark accounted for NOK 0.8 billion of the total. In 2006, lending growth totaled 12.8 per cent. The Bank's lending growth has been high for several years. The growth during the last 12 months was about 2 percentage points lower than the total credit growth in Norway. Retail banking customers accounted for 69 per cent of the Bank's total loans.

Jan Wibe
Member of the Board (Born in 1942)

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

Grethe G. Fossum
Member of the Board (Born in 1945)

Fossum has a university degree – cand. mag. – and a background as a teacher. She is a former member of the Norwegian parliament and is today Chief of Administration and Budgets at the municipality of Grue. She was appointed to the Board of Directors in 2006. She lives in the municipality of Grue.

Deposits from customers totaled NOK 19.0 billion at the end of 2006, after a 12.5 per cent increase. The growth in deposits was strong in 2006, especially from the corporate- and public sectors. The retail banking sector accounted for 65 per cent of total customer deposits.

In recent years, customer deposits' funding of the Bank's loans has been reduced. At the end of the year currently under review, customer deposits represented 65 per cent of gross lending.

At the end of 2006, liabilities to credit institutions and debt incurred through the issuance of securities amounted to NOK 11.6 billion, equivalent to 33 per cent of total assets. The corresponding ratio at the end of 2005 was 31 per cent.

Domestic interest rates
In 2006, Norges Bank made frequent but small changes in its signal rate of interest, which was increased 5 times, by a total of 1.25 percentage point, from 2.25 to 3.50 per cent. During the same period, the Bank's best house mortgage rate was put up from 3.35 to 4.30 per cent, or by 0.95 percentage point.

In 2006, the Bank's average effective lending rate was 4.8 per cent, up from 4.4 per cent in 2005. The average deposit rate was 2.1 per cent, up from 1.4 per cent a year earlier. Due to fierce competition in the market, the average interest margin has shrunk by 0.30 percentage point.

Risk management
Risk management at Sparebanken Hedmark shall ensure that its risk exposure at all times is known and that it is within the limits drawn up by the Board of Directors. Risk management shall underpin the Bank's target achievement, contributing to a stable and good rate of return on equity capital.

The Bank's quality assurance programmed provides the overall guidelines for risk management, including the management of financial risk. The Board of Directors agrees the Bank's credit policy and financial strategy which cover the areas of funding, shares, interest-bearing securities, financial derivatives trading, foreign exchange and interest rate risk.

Risk is managed through limits, powers of attorney, guidelines and routines, in addition to requirements with regard to reporting, organisation, division of labour and competence.

Credit risk
Credit risk contained in the lending portfolio represents the Bank's biggest financial risk exposure. Credit risk is managed on an ongoing basis through powers of attorney, routines for the granting of credit and follow-up, and different reporting- and follow-up requirements. During the course of 2006, new risk classification models were implemented.

Loans to the retail banking sector accounted for most of the growth in 2006, whereas growth in lending to corporate customers was in part significantly lower than that experienced by other banks.

The Board of Directors is of the opinion that the overall credit risk contained in the Bank's lending portfolio has been developing in a relatively stable manner; commitments within the unclassified part of the portfolio do not show a different breakdown in risk context compared with the Bank's other risk-classified commitments. The Board of Directors focuses at all times on the follow-up of credit risk.

The Bank's portfolio of interest-bearing securities also involves credit risk for the Bank. Through the Bank's funding strategy, 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.

The risk profile relating to the Bank's loans remained unchanged during 2006.

Overall, the Board of Directors is of the opinion that the Bank's aggregate credit risk exposure is moderate.

Market risk
Market risk is defined as the risk of loss due to changes in interest rates, share- and securities prices, and exchange rates. The management of market risk is done through limits agreed by the Board of Directors. Limits have been agreed for total interest rate risk, share risk and foreign exchange risk. The Bank's positions in relation to limits are reported to the Board of Directors on a regular basis.

The Bank's Board of Directors has agreed limits for the total interest rate risk both with regard to basis risk and yield curve risk. The Bank steers the interest rate risk towards the desired level

Atle Brataas
Member of the Board (Born in 1963)

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.

Harry Konterud
Member of the Board (Born in 1943)

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.

through the way in which interest rates are fixed for placements and funding loans, and also through the use of interest rate derivatives such as FRAs and interest rate swaps.

The Bank's interest rate risk has been moderate in 2006.

Sparebanken Hedmark increased its holdings of shares, unit trust certificates and Primary Capital Certificates (PCCs) from NOK 137 million to NOK 233 million during the course of 2006. 58 per cent of these holdings are securities, listed on the Oslo Stock Exchange, or investment funds, 10 per cent representing shares which are not listed on the Oslo Stock Exchange, whereas the remaining share, 32 per cent, represents non-listed shares acquired for permanent ownership.

Sparebanken Hedmark has a very low risk exposure to foreign currencies.

According to the Board of Directors' assessment, the Bank's market risk is moderate.

Funding risk

Funding risk is defined as the risk of the Bank being unable to meet its obligations and fund its desired growth at a reasonable interest rate cost. The management of funding risk is initially based on the funding strategy which 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's targeted capital adequacy ratio shall be minimum 14 per cent and customer deposits shall amount to at least 60 per cent of gross lending.

Sparebanken Hedmark's loans exceed deposits by NOK 10.2 billion. The difference, which increased by NOK 1.2 billion from 2005 to 2006, is covered by funding obtained from external sources. 85 per cent of the external funding is sourced from the Norwegian capital market, 15 per cent from international markets.

The Financial Supervisory Authority of Norway's (FSAN) has introduced funding indicators for financing involving remaining life of more than one month (short-term) and over one year (long-term). In its funding strategy, Sparebanken Hedmark has fixed the levels for both these indicators at minimum 100. FSAN defines financial institutions with funding indicators between 97.1 and 107 as having moderate funding risk. If the indicator is above 107, the funding risk is deemed to be low. If it is 97 or lower, the risk is considered to be between significant and high.

At the end of 2005, the short-term funding indicator was 105.8, whereas it was 105.1 a year later.

In the case of funding involving maturities in excess of one year, the Bank's indicator as at 31.12.2006 was 100.5. This was 3.9 percentage points better than 12 months earlier, when the indicator was 96.6. This indicates that the Bank's funding risk in relation to FSAN's ratios has changed from significant to moderate. This level also means that the target ratio in accordance with the Bank's funding strategy has been achieved. The Bank's funding risk, with reference to FSAN's stated ratios, is deemed to be moderate.

Operational risk

Operations risk is defined as the risk of loss as a result of insufficient or failing internal processes or systems, human errors, or external events. The management of operational risk is initially based on the Bank's policy for quality assurance. Annual risk assessment of different areas is done. This provides the basis for control actions which are followed up on through the Bank's quality model.

Against the background of the Bank's revenue generation and financial strength, coupled with the organisation's competence and management systems, the Board of Directors is of the opinion that the Bank's aggregate risk exposure is moderate.

Obligatory occupational pensions

In 2006, every effort has been made to sell obligatory occupational pensions. This product is made available in co-operation with the Bank's suppliers of investment- and insurance products. During the course of the year under review, agreements involving 1,600 businesses and a total of some 9,000 staff have been entered into.

The SpareBank 1 - alliance

The SpareBank 1-alliance is a banking- and product joint venture where the member banks work together through the jointly-owned holding company, SpareBank 1 Gruppen AS. The shareholdings in SpareBank 1 Gruppen AS are as follows: SpareBank 1 SR-Bank, 19.5 per cent, SpareBank 1 Midt-Norge, 19.5 per cent, SpareBank 1 Nord-Norge, 19.5 per cent, Sparebanken Hedmark, 12 per cent, Samarbeidende Sparebanker AS, 19.5 per cent, and LO (The Norwegian Federation of Trade Unions), 10 per cent.

SpareBank 1 Gruppen AS owns 100 per cent of the shares in Sparebank 1 Livsforsikring AS, Sparebank 1 Skadeforsikring AS and ODIN Forvaltning AS. The company also owns 19.9 per cent of SpareBank 1 Bilplan AS and 24.5 per cent of First Securities ASA.

On 26.07.2006, Sparebanken Hedmark obtained the required licence to acquire 12 per cent of the shares in SpareBank 1 Gruppen AS.

SpareBank 1 Gruppen AS achieved a very good result in 2006. Sparebanken Hedmark's share of the result, from the time the Bank became a shareholder and for the remainder of the year, totalled NOK 37 million.

SpareBank 1 Gruppen AS has the administrative responsibility for the banking co-operation processes within the alliance. Purchasing, technology and competence represent key development- and co-operation areas as far as benefiting from economies of scale and enhancing the quality of the Bank's products and services are concerned.

Organisation and personnel

After several years of restructuring and reduction in overall manning levels, 2006 was a year during which the number of employees increased by 30. This increase is related to the acquisition of 16 staff from Bank 1 Oslo AS, the recruitment of insurance staff, coupled with the strengthening of certain specialist environments within the Group management. As at 31.12.2006, the Bank employed 467 people. The Bank will continue to pay close attention to the ongoing adaptation of overall manning levels, and will apply individual measures in this work.

In 2006, there has been a great deal of activity involving training relating to the new IT-systems. During the Whitsun weekend, Sparebanken Hedmark implemented the biggest ever IT-conversion, which affected all staff to a smaller or larger extent. The conversion project lasted for 12 months, with several tens of staff involved in the various part projects. 11 employees were trained as instructors, being responsible for the training of the other staff ahead of the actual conversion.

During the course of the autumn of 2006, the Bank made the necessary preparations to start selling insurance products on an independent basis. In addition to recruiting 15 insurance staff for this purpose, significant resources have been employed for insurance training both within non-life and life assurance. More than 100 customer advisers have participated in the training.

In addition, during 2006, courses in macro economics and financing were completed in co-operation with Høgskolen in Hedmark. For many of the Bank's employees, this represented the last part of the certification process required in order to become financial advisers.

The total resource usage relating to training activities was particularly large in 2006. During the last 4 years, the Bank's employees have notched up 7,200 'study points' between them, equivalent to an average of 30 full-time students per year. In the Board of Directors' opinion, this has involved a significant enhancement of competence levels, helping to bring about the Bank's good results.

Process teams

In 2006, as a supplement to the Bank's ordinary operational organisation, 5 process teams were established, within the areas of saving, financing, insurance, payment transmission and customer relations. The process teams' composition is broadly-based and the teams are managed by a management group incorporated in the Bank's Group management. The purpose is to ensure quality and effectiveness with regard to the development and implementation of work processes and routines through close dialogue with and a solid basis within all parts of the organisation. The implementation of new solutions from the SpareBank 1 co-operation represents an important part of this work.

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Health and safety and working environment

During the spring of 2006, a job satisfaction survey was done among the Bank's staff. The survey was carried out by TNS Gallup, and about 90 per cent of the people asked responded to the survey. The job satisfaction survey produced a score of 79, a very satisfactory result.

For several years, the level of absenteeism through illness has been stable at between 4 and 4.5 per cent, and it was 4.3 per cent in 2006. Absenteeism through illness is followed up and reported to the responsible manager in question according to agreed routines. This work is followed up on by the personnel- and organisation department.

The Bank has been concentrating more on preventative health work. Amongst other things, HMS Øst, which is the Bank's provider of company health service, has completed a health test called Health Profile. This is an identification tool which shall increase awareness of health and, independent of each employee's basis in this connection, encourage more physical activity. All employees participating in this will receive individual feedback in the form of written reports.
In addition, representatives from HMS Øst have given talks at departmental meetings at the Bank about subjects such as health, life style and healthy eating.

During the course of the year, a new exercise room has been made available at the Bank's head office in Hamar. This may be used both before and after working hours. The exercise room also has facilities which may be used for training and rehabilitation in connection with injuries or other health problems.

In 2006, there were no work-related accidents or injuries reported to the Labour Inspection Department.

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. Every year, a department-related process relating to the allocation of local salary increases is completed. This process involves the Bank's elected representatives, and every effort is made to correct any imbalances in this connection in relation to individual employees of groups of staff.

The Board of Directors consists of 2 women and 5 men, whereas the Bank's Board of Trustees comprises 11 women and 33 men.

Female employees account for 55 per cent of the Bank's total staff. In the case of Board members, General Managers and managers reporting to these officials of the Bank,women account for 31 per cent.

Transition to international accounting standards (IFRS)

All quoted companies switched to 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, like in the case of Sparebanken Hedmark, must make the transition with effect from 1 January 2007. The change in principles will mainly affect provisions for pension liabilities and the valuation of securities and other financial instruments. The new principles are to a larger extent intended for market-based value assessments. The Bank's result will therefore in the future vary more from year to year as a consequence of any changes in the level of interest rates and the market value of securities.

Prospects for 2007

The Norwegian economy is expected to continue its good progress. However, the level of growth is not as strong in the inland counties as for the rest of Norway.
The labour market will remain tight and increasing levels of wage- and price growth are expected. Norwegian interest rates are expected to rise further in 2007 and the downward pressure on bank's lending- and deposit margins is likely to continue.

The Board of Directors expects good progress for the Bank in 2007.

Hamar, 27 February 2007

Richard H. Heiberg
Chairman

Gunnar Martinsen

Siri J. Strømmevold

Grethe G. Fossum

Atle Bratås

Jan Wibe

Harry Konterud
Chief Executive Officer

Profit and Loss Account

(Amounts in NOK million)

Parent Bank					Group		
2006	2005	2004		Notes	2006	2005	2004
			Interest receivable and similar income				
76	67	31	Interest receivable and similar income from loans to and claims on credit institutions		**41**	44	16
1 318	1 077	998	Interest receivable and similar income from loans to and claims on customers	4, 8	**1 392**	1 136	1 050
86	54	42	Interest receivable and similar income from certificates, bonds and other interest-bearing securities		**86**	54	42
32	16	22	Other interest receivable and similar income		**32**	16	23
1 512	**1 214**	**1 093**	**Total interest receivable and similar income**		**1 551**	**1 250**	**1 131**
			Interest payable and similar costs				
66	52	24	Interest payable and similar costs on debt to financial institutions	16	**66**	52	24
371	239	221	Interest payable ane similar costs on deposits from and liabilities to customers	16	**369**	238	220
303	208	171	Interest payable and similar costs on securities issued	16	**303**	208	171
21	17	23	Other interest payable and similar costs	2, 18	**22**	18	23
761	**516**	**439**	**Total interest payable and similar costs**		**760**	**516**	**438**
751	**698**	**654**	**Net interest- and credit commission income**		**791**	**734**	**693**
			Dividends and other income from securities with variable yield				
14	48	11	Income from shares, unit trust certificates and other securities with variable yield	6	**14**	48	11
39	5	5	Income from equity stakes in associated companies	1	**39**	5	5
-15	8	13	Income from equity stakes in Group companies	1	**0**	0	0
38	**61**	**29**	**Total dividends and other income from securities with variable yield**		**53**	**53**	**16**
			Commissions receivable and income from banking services				
11	10	9	Guarantee commission		**10**	10	9
141	137	123	Other fees and commission income	3	**188**	179	155
152	**147**	**132**	**Total commissions receivable and income from banking services**		**198**	**189**	**164**
			Commissions payable and costs relating to banking services				
0	0	0	Guarantee commissions		**0**	0	0
39	41	37	Other fees payable and commission costs		**46**	46	43
39	**41**	**37**	**Total commissions payable and costs relating to banking services**		**46**	**46**	**43**
			Net value change and gains/losses on f/x an securities classified as current assets				
-10	-4	31	Net value change and gains/losses on certificates, bonds and other interest-bearing securities	13	**-10**	-4	31
2	30	35	Net value change and gains/losses on shares and other securities with variable yield	14	**2**	30	35
22	14	-5	Net value change and gains/losses on foreign exchange and financial derivatives	22	**22**	14	-5
14	**40**	**61**	**Total net value change and gains/losses on f/x and securities classified as curr. Assets**		**14**	**40**	**61**
			Other operating income				
7	7	6	Operating income from real estate		**6**	6	5
13	9	12	Other operating income		**14**	10	20
20	**16**	**18**	**Total other operating income**		**20**	**16**	**25**
185	**223**	**203**	**Net other operating income**		**239**	**252**	**223**

Parent Bank 2006	2005	2004		Notes	Group 2006	2005	2004
			Wages, salaries and general administration costs				
177	166	165	Wages and salaries	4, 18	**202**	188	184
48	46	36	Pensions	4, 18	**50**	49	38
43	39	39	Social costs	18	**48**	43	43
268	251	240	Total wages, salaries etc.		**300**	280	265
160	132	146	Administration costs	18	**177**	148	155
428	**383**	**386**	**Total wages, salaries and general administration costs**		**477**	**428**	**420**
			Depreciation of fixed- and intangible assets				
40	28	27	Ordinary depreciation		**42**	30	29
0	0	0	Write-downs		**0**	0	0
40	28	27	Total depreciation etc. of fixed- and intangible assets	15	**42**	30	29
			Other operating costs				
16	14	14	Operating costs relating to real estate		**16**	14	15
24	26	20	Other operating costs	5, 15	**29**	32	29
40	**40**	**34**	**Total other operating costs**		**45**	**46**	**44**
508	**451**	**447**	**Total operating costs**		**564**	**504**	**493**
			Losses on loans, guarantees etc.				
4	56	48	Losses on loans		**41**	64	56
-10	1	0	Losses on guarantees etc.		**-10**	1	0
0	0	0	Credit losses on certificates, bonds and other interest-bearing securities		**0**	0	0
-6	**57**	**48**	**Total losses on loans, guarantees etc.**	8	**31**	**65**	**56**
			Write-down/reversal of write-down; gains/losses on securities classified as fixed assets				
4	3	2	Write-down/reversal of write-down		**4**	3	2
0	12	0	Gains/losses	6	**0**	12	0
4	**-9**	**2**	**Total write-down/reversal of write-down; gains/losses on secs. classified as fixed assets**		**4**	**-9**	**2**
430	**422**	**360**	**Result from ordinary operations before tax**		**431**	**426**	**365**
121	**101**	**90**	**Tax payable on ordinary result**	7	**122**	**105**	**95**
309	**321**	**270**	**Result from ordinary operations after tax**		**309**	**321**	**270**
309	**321**	**270**	**Result for the accounting year**		**309**	**321**	**270**
			Transfers and allocations				
0	0	0	Transferred from Fund for Evaluation Differences		**0**	0	5
0	**0**	**0**	**Total transfers**	19	**0**	**0**	**5**
5	5	2	Transferred to Fund for Evaluation Differences		**0**	0	0
273	285	264	Transferred to the Savings Bank's Fund		**273**	285	264
31	31	4	Transferred to Donations		**31**	31	4
			Transferred to/from other Group capital		**5**	5	7
309	**321**	**270**	**Total allocations**	19	**309**	**321**	**275**
309	**321**	**270**	**Total transfers and allocations**		**309**	**321**	**270**

Balance Sheet

(Amounts in NOK million)

Parent Bank			ASSETS		Group		
2006	2005	2004		Notes	2006	2005	2004
524	**411**	**324**	**Cash-in-hand and claims on central banks**		**524**	**411**	**324**
			Loans to and claims on credit institutions				
41	58	101	Loans to and claims on credit institutions without agreed maturity or notice of withdrawal		**41**	58	101
1 318	1 015	861	Loans to and claims on credit institutions with agreed maturity or notice of withdrawal		**318**	89	129
1 359	**1 073**	**962**	**Total net loans to and claims on credit institutions**	1, 8	**359**	**147**	**230**
			Loans to and claims on customers				
0	0	0	Financial leasing agreements		**834**	742	619
1 548	1 241	1 026	Overdraft- and working credit facilities		**1 548**	1 241	1 025
640	396	513	Building loans		**640**	396	513
26 978	24 221	21 160	Repayment loans		**27 447**	24 672	21 557
29 166	**25 858**	**22 699**	**Total loans before individual and group-related write-downs**	1, 4, 8	**30 469**	**27 051**	**23 714**
142	194	184	- Individual write-downs	8	**162**	197	190
74	250	235	- Group-related write-downs	8	**87**	262	246
28 950	**25 414**	**22 280**	**Total net loans to and claims on customers**		**30 220**	**26 592**	**23 278**
1	**2**	**3**	**Repossessed assets**	12	**4**	**11**	**4**
			Certificates, bonds and other interest-bearing securities with fixed yield				
			Issued by public sector companies				
0	200	207	Certificates and bonds		**0**	200	207
			Issued by other borrowers:				
2 818	2 030	1 908	Certificates and bonds		**2 818**	2 030	1 908
9	0	15	Own bonds, certificates etc.		**9**	0	15
2 827	**2 230**	**2 130**	**Total certificates, bonds and other interest-bearing securities with fixed yield**	8, 13, 21	**2 827**	**2 230**	**2 130**
			Shares, unit trust certificates and other securities with variable yield				
233	137	180	Shares, unit trust certificates and PCCs		**233**	137	180
0	0	0	Other securities		**0**	0	0
233	**137**	**180**	**Total shares (and other securities with variable yield)**	14	**233**	**137**	**180**
			Equity stakes in associated companies				
485	5	6	Equity stakes in other associated companies		**485**	5	6
485	**5**	**6**	**Total equity stakes in associated companies**	1, 25	**485**	**5**	**6**
			Equity stakes in Group companies				
288	307	302	Equity stakes in credit institutions		**0**	0	0
15	15	15	Equity stakes in other Group companies		**0**	0	0
303	**322**	**317**	**Total equity stakes in Group companies**	1	**0**	**0**	**0**
			Intangible assets				
98	0	0	Goodwill	15	**98**	0	0
4	43	41	Deferred tax benefit	7	**16**	47	48
2	5	1	Other intangible assets	15	**2**	5	1
104	**48**	**42**	**Total intangible assets**		**116**	**52**	**49**
			Fixed assets				
82	61	50	Machinery, furniture and fittings and transport equipment		**86**	65	54
184	186	165	Buildings and other real estate		**193**	196	176
266	**247**	**215**	**Total fixed assets**	15	**279**	**261**	**230**
			Other assets				
43	32	8	Financial derivatives	22	**43**	32	8
38	46	28	Other assets	17	**102**	116	80
81	**78**	**36**	**Total other assets**		**145**	**148**	**88**
			Pre-paid costs, not yset incurred, and accrued income, not yet received				
285	265	197	Accrued income, not yet received		**283**	267	198
			Pre-paid costs, not yet incurred				
0	5	20	Over-funding of pension liabilities	4	**1**	8	23
60	55	21	Other pre-paid costs, not yet incurred		**63**	58	22
345	**325**	**238**	**Total pre-paid costs, not yet incurred, and accrued income, not yet received**		**347**	**333**	**243**
35 478	**30 292**	**26 733**	**TOTAL ASSETS**	9, 10, 11	**35 539**	**30 327**	**26 762**

Parent Bank 2006	2005	2004	LIABILITIES AND EQUITY CAPITAL	Notes	Group 2006	2005	2004
			Liabilities to credit institutions				
32	36	41	Loans and deposits from credit institutions without agreed maturity or notice of withdrawal		**20**	20	27
2 737	838	482	Loans and deposits from credit institutions with agreed maturity or notice of withdrawal		**2 737**	837	482
2 769	**874**	**523**	**Total liabilities to credit institutions**	1, 16	**2 757**	**857**	**509**
			Deposits from and liabilities to customers				
18 314	16 196	15 377	Deposits from and liabilities to customers without agreed maturity		**18 186**	16 138	15 327
670	673	594	Deposits from and liabilities to customers with agreed maturity		**669**	672	594
18 984	**16 869**	**15 971**	**Total deposits from and liabilities to customers**	1, 16	**18 855**	**16 810**	**15 921**
			Borrowings through the issuance of securities				
725	2 150	3 110	Certificates and other short-term borrowings		**725**	2 150	3 110
0	-100	-29	Own non-amortised certificates		**0**	-100	-29
8 364	6 951	3 737	Bond debt		**8 364**	6 951	3 737
-276	-465	-112	Own non-amortised bonds		**-276**	-465	-112
8 813	**8 536**	**6 706**	**Total borrowings through the issuance of securities**	16	**8 813**	**8 536**	**6 706**
			Other liabilities				
32	42	25	Financial derivatives	22	**32**	42	25
0	0	0	Margin deductions and other open accounts with customers		**103**	36	29
748	306	205	Other liabilities	17	**754**	314	210
780	**348**	**230**	**Total other liabilities**		**889**	**392**	**264**
349	**290**	**244**	**Incurred costs; received income, not yet accrued**		**440**	**354**	**302**
			Provisions for incurred costs and liabilities				
110	107	106	Pension liabilities	4	**112**	110	107
3	0	0	Under-financing of pension liabilities		**3**		
0	0	0	Deferred tax	7	**0**	0	0
10	1	0	Individual write-downs on guarantees	8	**10**	1	0
0	4	6	Other provisions for incurred costs and liabilities	18	**0**	4	6
123	**112**	**112**	**Total provisions for incurred costs and liabilities**		**125**	**115**	**113**
31 818	**27 029**	**23 786**	**Total liabilities**		**31 879**	**27 064**	**23 815**
			Equity capital				
27	22	17	Fund for Evaluation Differences		**1**	1	1
46	25	0	Donations Fund		**46**	25	0
3 587	3 216	2 930	Savings Bank's Fund		**3 587**	3 216	2 930
			Other Group capital		**26**	21	16
3 660	**3 263**	**2 947**	**Total equity capital**	19	**3 660**	**3 263**	**2 947**
35 478	**30 292**	**26 733**	**TOTAL LIABILITIES AND EQUITY CAPITAL**	9, 10, 11	**35 539**	**30 327**	**26 762**
			Contingent liabilities				
944	977	771	Guarantees	1, 4, 8, 20	**944**	977	771
0	0	0	Debt secured by mortgages etc.	21	**0**	0	0
2 409	1 560	1 500	Book value of assets pledged as collateral security for mortgage debt etc.	21	**2 409**	1 560	1 500
			Liabilities				
0	1	3	Other liabilities	23, 24	**0**	1	3
0	**1**	**3**	**Total liabilities**		**0**	**1**	**3**

Board of directors in Sparebanken Hedmark

Hamar, 31 December 2006/27 February 2007

Richard H. Heiberg
Chairman

Gunnar Martinsen

Grethe G. Fossum

Atle Bratås

Siri J. Strømmevold

Jan Wibe

Harry Konterud
Chief Executive Officer

Notes to the accounts

General background

The annual financial statements for 2006 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.

Consolodation of subsidaries

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 enterprises and in addition to this has a substantial level of influence in the enterprises 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. Similarly, the item is treated in the accounts as a joint venture operation when the Bank, together with other companies, has an equity stake in a company where the Bank, in line with other owners, has influence according to which it may exercise control over the company even if its equity stake is below 50 per cent. A joint venture operation is treated in the accounts according to the equity method of accounting, both in the Parent- and Group accounts, and booked under 'Associated companies'.

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

Income and costs are incorporated in the profit and loss account as and when such amounts are earned and accrued. The full amount of the up-front establishment fee for a loan is subject to accrual accounting over the expected life of 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 according to the effective interest rate method.

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.

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 crones 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 outstanding commitments

Default

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 balance sheet date in question.

Gross loans to customers/guarantees/losses

With effect from 01.01.2006, Sparebanken Hedmark started using the new lending rules and regulations. This resulted in the establishment of new routines relating to the assessment of loans, including write-down for losses. The impact of the transition was shown in relation to the Bank's equity capital and is mentioned in Note 19.

When assessment is first made, a loan is assessed at market value plus direct transaction costs. In subsequent assessments, the value of the loan in the balance sheet is assessed at amortised cost according to the effective interest rate method. Impairment of value in respect of a loan or a group of loans only occurs if there is objective evidence of a fall in value. In the case of objective evidence of impairment of value the amount of write-down is calculated as the difference between the loan's value in the balance sheet and the present value of future cash flows discounted at the loan's effective rate of interest at the time of recording the loss involved. Write-downs are incorporated in the profit and loss account.

Individual write-down

Commitments are subject to an assessment of write-down at the time when an objective loss event has taken place. In the case of all substantial commitments, an assessment is made as to whether objective events requiring write-down have taken place. As far as other commitments are concerned, the need for write-down is assessed against the background of the commitment in question being in default or whether other indications exist to suggest that objective evidence has come to light.

Group-related write-downs

Group-related write-downs shall cover the losses which, due to events that have taken place on the balance sheet date in question, must be expected to be incurred on commitments which have been identified and assessed according to the rules and regulations pertaining to individual write-down.

Shifts from one risk class to another within the Bank's lending portfolio, based on the Bank's risk classification models, form the basis for the assessment of group-related write-downs. The effects of such shifts between risk classes within the lending portfolio are multiplied by historical loss percentages relating to the different risk classes. The lending portfolio's rate of turnover is taken into account when making these calculations.

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.

Repossesses 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 derivates

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 realizing 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. Financial derivatives may be classified within trading portfolios without being listed on a stock exchange or in another regulated market place. 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.

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, and which are not managed on a portfolio basis, are assessed at the lower of acquisition cost and market value, each share being evaluated separately. Other 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 there for 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.

Short selling

In the case of short selling (the sale of securities which the Bank does not have), the liability incurred is shown in the accounts under liabilities and assessed at the cost of acquiring the securities in question on the balance sheet date involved, including any accrued interest.

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 programmed	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 there for 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 according to the effective interest rate method.

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-amortized 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

In accordance with the new lending rules and regulations, interest income from loans is incorporated in the profit and loss account according to the effective interest rate method; establishment fees for loans are subject to accrual accounting over the expected life of the loan.

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%
SH Tynset ANS	Tynset	100%	100%
SH-Betalingsautomater AS	Hamar	100%	100%
Vato AS	Hamar	100%	100%

*) SH Tynset ANS is 50% owned by Vato AS, one of the Bank's subsidiaries.

Non-consolidated subsidiaries

In addition to the subsidiaries which have been consolidated into the Group accounts, the Bank has majority shareholdings in the following companies:

	Registered offcie	Equity stake	Annual result 2006	Equity capital as at 31.12.2006
Ringen Eiendommer AS	Ringsaker	100%	0,3	5,0
Stor-Elvdal Hytteforum AS	Stor-Elvdal	100%	-0,2	-1,5

Joint venture operations

	Registered office	Equity stake	Share of voting capital
SpareBank1 Gruppen AS	Oslo	12%	16,7%
Torggt 22	Hamar	50%	50%

Associated companies

	Registered office	Equity stake	Share of voting capital
Actor Fordringsforvaltning AS	Hamar	40%	40%
Fageråsen Invest AS	Trysil	36%	36%

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 31.12.2005	Additions during the year	Result booked as income	Dividend for the year	Book value as at 31.12.2006	Book value of goodwill as at 31.12.2006	Other surplus values at 31.12.2006	Depreciation of goodwill during the year	Depreciation of other surplus during the year
Bolig-kreditt 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	8,0	0,0	4,3	-2,2	10,1	0,0	0,0	0,0	0,0
Hedmark Finans AS	285,0	285,0	307,2	0,0	-19,7	0,0	287,5	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
SH Tynset ANS	3,3	3,3	2,5	0,0	0,4	-1,4	1,5	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	2,0	0,0	0,0	0,0	2,0	0,0	0,0	0,0	0,0
Sum	**300,5**	**293,5**	**321,6**	**0,0**	**-15,0**	**-3,6**	**303,0**	**0,0**	**0,0**	**0,0**	**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 31.12.2005	Additions during the year	Result booked as income	Dividend for the year	Booked value as at 31.12.2006	Booked value of goodwill as at 31.12.2006	Other surplus values as at 31.12.2006	Depreciation of goodwill during the year	Depreciation of other surplus values during the year
SpareBank 1 Gruppen AS	420,0	351,0	0,0	420,0	34,8	0,0	454,8	69,0	0,0	2,7	0,0
Torggt 22	8,0	8,0	8,0	0,0	0,0	0,0	8,0	0,0	0,0	0,0	0,0
Sum	**428,0**	**359,0**	**8,0**	**420,0**	**34,8**	**0,0**	**462,8**	**69,0**	**0,0**	**2,7**	**0,0**

Book value of associated companies

	Acquisition cost	Part of equity capital's book value at time of acquisition	Book value as at 31.12.2005	Additions during the year	Result booked as income	Dividend for the year	book value as at 31.12.2006	Book value of goodwill as at 31.12.2006	Other surplus values at 31.12.2006	Depreciation of goodwill during the year	Depreciation og other surplus during the year
Actor Fordr.-forv. AS	4,2	3,3	5,2	0,0	4,0	-4,0	5,2	0,0	0,0	0,0	0,0
Fageråsen Invest AS	9,0	9,0	0,0	9,0	0,0	0,0	9,0	0,0	0,0	0,0	0,0
Sum	**13,2**	**12,3**	**5,2**	**9,0**	**4,0**	**-4,0**	**14,2**	**0,0**	**0,0**	**0,0**	**0,0**

None of the subsidiaries, joint venture companies or associated companies are listed companies.

Changes in group circumstances

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

2006

No changes in the composition of the Group

2005

In 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.

Intra-group items relating to subsidiaries (parent bank)

Consolidated companies				Non-consolidated companies		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
714	640	447	Loans and claims	0	0	0
285	285	285	Equity and related capital	0	0	0
999	925	732	Total loans to and claims on credit institutions	0	0	0
7	8	8	Loans to and claims on customers	7	7	8
12	16	14	Liabilities to credit institutions	0	0	0
129	59	50	Deposits from and liabilities to customers	1	1	1
200	200	0	Guarantee liabilities	0	1	0

Intra-group items relating to joint venture- and associated companies (parent bank)

	2006	2005	2004
Loans to and claims on customers	49	0	0
Deposits from and liabilities to customers	38	12	7
Guarantee liabilities	41	37	18

The group's areas of operation

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 ithe 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 no belong within the business areas in question is eliminated from that business area's income, assets and equity capital.

	Bank		Financing		Real estate broke		Agency		Sundry		Netted out		Total for Group	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Net. ext. int. income	718	676	74	59	-1	-1	0	0	0	0	0	0	791	734
Net internal int. income	33	22	-35	-23	2	1	0	0	0	0	0	0	0	0
Net other ext. income	191	208	-1	-1	43	39	5	5	0	0	0	0	238	251
Net. other iinternal inc.	2	1	-1	0	0	0	0	0	2	2	-3	-3	0	0
Operating costs	468	423	20	21	37	33	0	0	1	1	-4	-3	522	475
Depreciation	39	28	0	0	1	1	0	0	1	1	0	0	41	30
Losses on loans etc.	-6	58	37	6	0	0	0	0	0	0	0	0	31	64
Write-down losses/gains	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Result after tax	320	308	-20	5	4	3	4	4	0	0	0	0	308	320
Total assets	35.170	29.961	1.371	1.295	130	60	5	5	13	14	-1.150	-1.009	35.539	30.326
Equity capital	3.657	3.241	288	307	10	8	5	5	5	6	-305	-304	3.660	3.263
Invested in fixed assets	154	63	0	0	0	1	0	0	0	0	0	0	154	64

Note 2: The Savings Banks' Guarantee Fund

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 a depositor's total deposits with the bank in question. In order to ensure that SBFG has sufficient funds at all times, the member banks have to pay an annual levy, and, in case of need, provide some collateral security (see Note 20). In 2004, the two guarantee funds, SBGF and the Commercial Banks' Guarantee Fund, were merged into one fund. In this connection, all savings banks were exempted from payment of the 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		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
0	0	0	Costs relating to SBGF	0	0	0

Note 3: Fee- and commision income

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
8	5	6	Fees from securities trading	8	5	6
104	105	97	Fees from payment transmission	104	104	97
11	8	7	Fees from insurance services	12	9	7
0	0	0	Fees from real estate brokerage and management	41	37	29
18	19	13	Other fees	23	24	16
141	**137**	**123**	**Total**	**188**	**179**	**155**

Note 4: Personnel-related matters

Number of employees

Parent Bank		Group
459	Average number of staff employed during the accounting year	511

Wages, salaries pension liabilities and other remuneration for the bank's chief executive officer, members og 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)	CEO	Board of Directors	Supervisory Board	Control Committee
Wages and salaries	2.241.963			
Other remuneration	19.636	751.700	195.800	303.600
Year's pension accruals	604.779			

Loans and guarantees extended to staff and elected representatives

Parent Bank			Group	
Loans	Guarantees		Loans	Guarantees
1,8	0,0	Christen Engeloug, Chairman of the Supervisory Board	1,8	0,0
21,9	0,2	Other members of the Supervisory Board *)	21,9	0,2
2,3	0,0	Ricard Heiberg, Chairman of the Board of Directors	2,3	0,0
0,8	0,0	Jan Wibe, member of Board of Directors	0,8	0,0
0,0	0,0	Other members of theBoard of Directors	0,0	0,0
3,1	0,0	Control Committee	3,1	0,0
0,7	0,0	CEO	0,7	0,0
314,1	0,0	Employees*)	381,6	0,0
344,7	**0,2**	**Sum**	**412,2**	**0,2**

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

Total interest rate subsidy of loans

Parent Bank		Group
2,8	Annual cost of interest rate subsidy of staff loans	3,1

Liabilities relating to termination of employment or change in the conditions pertaining thereto in the case 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 80 per cent of his leaving salary until he reaches normal retirement age, 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 reached their 62nd birthday. The cost for the year of this liability has been charged to the profit and loss account 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

When 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		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
4,0%	4,5%	5,3%	Rate of discounting	4,0%	4,5%	5,3%
4,0%	4,5%	5,3%	Expected rate of return on the pension resources invested	4,0%	4,5%	5,3%
4,0%	4,0%	4,0%	Wage- and salary adjustment	4,0%	4,0%	4,0%
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)	25-50%	25-50%	25-50%
100%	100%	100%	Overall propensity to choose statutory early retirement pension (SERP) – with agreement in place	100%	100%	100,0%

The rate of discounting has been calculated as follows for 2006:

Yield on 10-year government bonds:	3,8 %
Addition for further duration *):	0,2 %
Rate of discounting:	4,0 %

*)Addition for pension liabilities' duration in excess of 10 years

The arrangement comprises the following number of persons:

	Parent Bank	Group
Employees, excl. disabled persons	466	501
Pensioners, incl. disabled persons	214	216

The 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 acct.	Total		Pensions funded by acc. of reserves	Pensions funded by charge to p&l acct.	Total
18	5	23	Present value of pension accruals during the year	21	5	26
20	4	24	Interest cost of incurred liabilities	21	4	25
-12	0	-12	Expected return on invested pension resources	-13	0	-13
12	0	12	Apportioned financial impact of changes in estimates, and differences between actual and expected return on invested funds	12	0	12
4	1	5	Employer's social secutiry contributions	4	1	5
42	**10**	**52**	**Pension costs**	**45**	**10**	**55**

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

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
52	47	35	Pension costs as shown in the above table	55	50	37
0	0	0	Pension provisions relating to the 'package of effectiveness measures' (see Note 18)	0	0	0
-4	-1	1	Discrepancy between actual and anticipated payments according to calculations of pensions, the cost of which has been charged to the profit and loss account			
48	**46**	**36**	**Pension costs**	**51**	**49**	**38**

Pension liabilities and pension resources funded by accumulation of reserves:

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
-525	-477	-366	Estimated incurred liabilities	-536	-485	-376
342	302	285	Estimated value of pension resources	349	309	295
180	180	101	Impact of changes in estimates, not shown in profit and loss account, and difference between actual and expected return on invested funds			
0	0	0	Employer's social security contritutions	0	0	0
-3	**5**	**20**	**Net pension resources**	**-3**	**8**	**23**

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

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
100	93	94	Estimated incurred liabilities	111	103	95
0	0	0	Estimated value of pension resources	-6	-4	0
-4	1	-1	Impact of changes in estimates, not shown in profit and loss account, and difference between actual and expected return on invested funds	-7	-2	-1
14	13	13	Employer's social security contritutions	14	13	13
110	**107**	**106**	**Pension liabilities shown in the balance sheet**	**112**	**110**	**107**

Actual rate of return on invested 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 invested pension resources in the last three years was as follows: 3.4 per cent in 2004, 3.9 per cent in 2005 and 4.6 per cent in 2006.

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 the remuneration paid to the external auditor during the accounting year (amounts in NOK)

	Parent Bank	Group
Auditing	597.000	932.500
Advisory services	166.460	215.560
Total, excl. value added tax	763.460	1.148.060
Value added tax	190.865	287.015
Total	**954.325**	**1.435.075**

Note 6: Large induvidual transactions

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
0	13	0	Gain from the sale of shares in Actor Fordringsforvaltning AS	0	13	0
0	13	0	Total amount shown under – Write-downs and gains/losses on securities held on a long-term basis'	0	13	0
0	39	0	Dividends received from Sucra AS	0	39	0
0	39	0	Total amount shown under 'Dividends etc. on securities with variable yield'	0	39	0

As mentioned in the Board of Directors' Annual Report, Sparebanken Hedmark bought an equity stake in SpareBank 1 Gruppen for NOK 420 million in 2006. In addition, Bank 1 Oslo's customer portfolio in Hedmark was acquired by the Bank for NOK 100.4 million. The two purchase transactions are shown on a direct basis in the Bank's balance sheet.

Note 7: Taxes

The Bank's total taxation costs consist of:

- tax payable on taxable profit for the year
- change in deferrred 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		
31.12.06	31.12.05	31.12.04	**Tax-increasing temporary differences**	31.12.06	31.12.05	31.12.04
0	0	0	Accelerated depreciation	0	0	0
0	0	0	Corrections of losses – new lending rules and regulations with effect from 1.1.06	0	0	0
137	6	20	Pension resources	138	8	23
0	0	0	Balance relating to differences	0	0	0
3	4	5	Account registering gains	4	4	6
140	10	25	Total tax-increasing temporary differences	142	12	29
			Tax-reducing temporary differences			
31	48	47	Decelerated depreciation	36	59	69
0	0	0	Establishment fees previously taxed			
0	0	0	Unrealised losses and RISK-adjustments of trading portfolio of shares	0	0	0
0	0	0	Write-down of other ordinary sharese	0	0	0
5	2	1	Write-down of ordinary bonds	5	2	1
0	0	0	Write-down of long-term shareholdings	0	0	0
0	0	0	Changed value of long-term shareholdings at the start of the year	0	0	0
0	0	0	Pension resources	0	0	0
113	107	106	Pension liabilities	115	109	107
1	4	6	Provisions for costs and liabilities	1	4	6
0	0	0	Loss	35	0	0
3	4	13	Other differences	5	10	17
153	**165**	**173**	**Total tax-reducing temporary differences**	**197**	**184**	**200**
-13	**-155**	**-148**	**Net temporary differences**	**-55**	**-172**	**-171**
39	3	7	Deferred tax (28%)	39	3	8
43	46	48	Deferrred tax benefit (28%)	55	50	56
-4	**-43**	**-41**	**Book value of net deferred tax**	**- 16**	**-47**	**-48**
39	**-2**	**-2**	**Year's change in net deferred tax**	**31**	**1**	**0**
0	0	0	of which acquisitions and disposals accounted of	0	0	0
39	**-2**	**-2**	**Result-related change in net deferred tax during the year**	**31**	**1**	**0**

Reconciliation of tax cost:

Parent Bank 2006	Parent Bank 2005	Parent Bank 2004		Group 2006	Group 2005	Group 2004
			28% tax payable on:			
120	118	101	Ordinary result	121	119	102
			+/- Permanent differences:			
1	1	1	Non-deductible costs	1	1	1
0	-19	-8	Non-taxable income	0	-19	-8
			28% tax payable on:			
121	100	94	Result after permanent differences	122	101	95
-4	-5	-3	Share dividends	-4	-5	-3
-8	-4	-5	Shares of results from subsidiaries, associated companies and joint venture operations	-1	-1	-1
0	0	0	Share of result from subsidiary taxed on 'participant basis'	0	0	0
1	3	4	Change in temporary differences affecting tax payable for the year	0	0	2
110	94	90	Tax payable on ordinary result	117	95	93
1	-2	-2	Change in deferred tax on ordinary result	-5	1	0
111	92	88	'Result tax' payable on ordinary result	112	96	93
0	-1	-7	Under-/over-provision for tax for the year before	0	-1	-7
111	91	81	Total 'result tax'	112	95	86
10	10	9	Wealth tax	10	10	9
121	**101**	**90**	**Total taxation cost**	**122**	**105**	**95**

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

In accordance with the accounting standard in respect of tax payable on the result achieved, the so called 'RISK'-adjustment must be taken into consideration. This refers to the future overall impact on difference between tax-related and accounting value, when calculating deferred tax on assets in associated companies and subsidiaries.

2006

No changes in principles

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.

Parent Bank 31.12.06	Parent Bank 31.12.05	Parent Bank 31.12.04		Group 31.12.06	Group 31.12.05	Group 31.12.04
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**

Note 8: Credit risk

Credit risk is defined as the risk of the Bank incurring losses as a result 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

Loss costs for the year relating to loans:

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
-32	9	19	Period's change in individual write-downs	-26	9	20
4	15	5	+ Period's change in group-related write-downs	5	16	8
28	25	19	+ Period's confirmed losses against which individual write-downs were made in previous years	38	30	21
11	16	13	+ Period's confirmed losses against which individual write-downs were not made in previous years	34	18	16
7	9	8	- Recoveries relating to previous periods' confirmed losses	10	9	9
4	**56**	**48**	**= Period's loss costs on loans**	**41**	**64**	**56**

Loss costs for the year relating to guarantees:

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
-10	1	-1	Period's change in individual write-downs	-10	1	-1
0	0	0	+ Period's change in group-related write-downs	0	0	0
0	0	1	+ Period's confirmed losses against which individual write-downs were made in previous years	0	0	1
0	0	0	+ Period's confirmed losses against which individual write-downs were not made in previous years	0	0	0
0	0	0	- Recoveries relating to previous periods' confirmed losses	0	0	0
-10	**1**	**0**	**= Period's loss costs relating to guarantees**	**-10**	**1**	**0**

Total loss costs for the year:

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
-42	10	18	Period's change in individual write-downs	-36	10	19
4	15	5	+ Period's change in group-related write-downs	5	16	8
28	25	20	+ Period's confirmed losses against which individual write-downs were made in previous years	38	30	22
11	16	13	+ Period's confirmed losses against which individual write-downs were not made in previous years	34	18	16
7	9	8	- Recoveries relating to previous periods' confirmed losses	10	9	9
-6	**57**	**48**	**= Period's total loss costs**	**31**	**65**	**56**

Individual write-downs on loans:

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
194	184	165	Individual write-downs as at 01.01	210	190	169
-21			+ Implementation of new lending rules and regulations	-21		
28	25	19	- Period's confirmed losses against which individual write-downs were made in previous years	40	30	21
80	51	14	+ Increased individual write-downs during the period	81	51	15
-41	11	45	+ New individual write-downs during the period	-24	13	49
42	27	21	- Reversed individual write-downs during the period	44	27	22
142	**194**	**184**	**= Individual write-downs as at 31.12**	**162**	**197**	**190**

Individual write-downs on guarantees:

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
1	0	1	Individual write-downs as at 01.01	1	0	1
19			+ Implementation of new lending rules and regulations	19		
0	0	1	- Period's confirmed losses against which individual write-downs were made in previous years	0	0	1
0	1	0	+ Increased individual write-downs during the period	0	1	0
0	0	0	+ New individual write-downs during the period	0	0	0
10	0	0	- Reversed individual write-downs during the period	10	0	0
10	**1**	**0**	**= Individual write-downs as at 31.12**	**10**	**1**	**0**

Group-related write-downs

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
250	235	230	Group-related write-downs as at 01.01	262	246	238
176	15	5	+/-Period's group-related write-downs	175	16	8
74	**250**	**235**	**Group-related write-downs at 31.12**	**87**	**262**	**246**

No provisions for group-related write-downs on losses on guarantees were made either in 2004 or 2005.
At the transition to the new lending rules and regulations as at 01.01.2006, net non-specific loss provisions after tax were reversed in relation to the equity capital; an assessment of the need for provisions within groups of loans with largely similar risk was made.

Commitments in default and commitments against which loss provisions have been raised

Parent Bank						Group				
2006	2005	2004	2003	2002		2006	2005	2004	2003	2002
350	297	225	281	239	Gross commitments in default (over 90 days)	398	313	248	294	255
83	62	56	50	46	Individual write-downs on these commitments	94	64	62	54	51
267	**235**	**169**	**231**	**193**	**Net commitments in default (over 90 days)**	**304**	**249**	**186**	**240**	**204**

Parent Bank						Group				
2006	2005	2004	2003	2002		2006	2005	2004	2003	2002
165	397	454	485	210	Gross other commitments against which loss provisions have been raised	180	397	454	485	210
134	133	128	115	84	Individual write-downs on these commitments	142	133	128	115	84
31	**264**	**326**	**370**	**126**	**Net other commitments against which specific loss provisions have been made**	**38**	**264**	**326**	**370**	**126**

Change in loan interest not book as income

	Parent Bank	Group
Accrued interest, not booked as income, on loans in the balance sheet as at 01.01	21	21
- Previous periods' loan interest booked as income during the period	0	0
- 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	5	5
= Accrued interest, not booked as income, on loans in the balance sheet as at 31.12	**21**	**21**

Loans and guarantees according to different 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*)			Individual write-downs			Group-related write-downs		
	2006	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
Total – retail banking	19.979	17.349	15.357	13	12	11	696	416	356	197	168	119	29	28	29	24	24	23	17	82	77
Agriculture and forestry	2.286	2.144	1.750	14	12	10	258	231	238	4	13	28	18	18	19	6	8	8			
Industry and mining	403	419	418	2	80	67	115	136	130	11	23	16	24	29	37	21	30	28			
Building and construction; water- and power supply	950	804	568	260	257	339	331	229	233	19	5	5	26	224	216	12	41	33			
Wholesale- and retail trade; hotel- and restaurant industry	1.170	1.246	924	125	118	106	257	257	314	18	28	29	21	40	62	33	42	34			
Real estate management; business services	3.474	3.106	2.901	173	212	159	379	232	461	100	48	16	41	30	72	46	39	44			
Sundry	904	790	781	133	63	56	81	120	138	1	12	12	6	28	19	0	11	14			
Total – corporate market	9.187	8.509	7.342	707	742	737	1.421	1.205	1.514	153	129	106	136	369	425	118	171	161	57	168	158
Total loans/guarantees to customers	**29.166**	**25.858**	**22.699**	**720**	**754**	**748**	**2.117**	**1.621**	**1.870**	**350**	**297**	**225**	**165**	**397**	**454**	**142**	**195**	**184**	**74**	**250**	**235**
Credit institutions	1.358	1.073	963	200	200	0	36	135	78												
SBGF				23	23	23	21														
Sum utlån/garantier	**30.524**	**26.931**	**23.662**	**943**	**977**	**771**	**2.174**	**1.756**	**1.948**	**350**	**297**	**225**	**165**	**397**	**454**	**142**	**195**	**184**	**74**	**250**	**235**

Group	Gross loans			Guarantees			Unutilised allocation**)			Gross loans in default*)			Gross other bad and doubtful loans*)			Individual write-downs			Group-related write-downs		
	2006	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
Total – retail banking	20.297	17.635	15.586	13	12	11	696	416	356	202	174	123	29	28	29	26	24	24	17	84	79
Agriculture and forestry	2.425	2.269	1.855	14	12	10	258	231	238	8	16	32	18	18	19	9	7	8			
Industry and mininng	465	479	455	2	80	67	115	136	130	11	23	16	24	29	37	21	30	29			
Building and construction; water- and power supply	1.189	977	688	260	257	339	331	229	233	28	8	11	26	224	216	13	41	33			
Wholesale- and retail trade; hotel- and restaurant industry	1.315	1.388	1.061	125	118	106	257	257	314	20	30	32	21	40	62	33	44	35			
Real estate management; business services	3.478	3.104	2.895	173	212	159	379	232	461	100	48	17	41	30	72	46	39	44			
Sundry	1.300	1.199	1.174	133	63	56	81	120	138	29	15	17	6	28	19	14	13	17			
Total – corporate market	10.172	9.416	8.128	707	742	737	1.421	1.205	1.514	196	140	125	136	369	425	136	174	166	70	178	166
Total loans/guarantees for customers	**30.469**	**27.051**	**23.714**	**720**	**754**	**748**	**2.117**	**1.621**	**1.870**	**398**	**314**	**248**	**165**	**397**	**454**	**162**	**198**	**190**	**87**	**262**	**245**
Credit institutions	359	147	231	200	200	0	0	25	25												
SBGF				23	23	23															
Total loans and guarantees	**30.825**	**27.198**	**23.945**	**943**	**977**	**771**	**2.117**	**1.646**	**1.895**	**398**	**314**	**248**	**165**	**397**	**454**	**162**	**198**	**190**	**87**	**262**	**245**

*) Aa 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 appliesto unutilised guarantee facilities/limits

Loans and guarantees according to debtor's private or business addresses

Parent Bank							Group					
Loans			Guarantees				Loans			Guarantees		
2006	**2005**	**2004**	**2006**	**2005**	**2004**		**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
23.758	21.393	18.777	565	565	458	Hedmark county	24.390	22.016	19.330	565	565	458
5.313	4.395	3.863	155	188	289	The rest of Norway	5.984	4.965	4.325	155	188	289
95	70	59	0	1	1	Other countries	95	70	59	0	1	1
29.166	**25.858**	**22.699**	**720**	**754**	**748**	**Total loans and guarantees**	**30.469**	**27.051**	**23.714**	**720**	**754**	**748**

Parent Bank				Group		
Loans				Loans		
Retail banking	**Corporate banking**	**Total**		**Retail banking**	**Corporate banking**	**Total**
15.942	7.816	23.758	Hedmark county	16.145	8.245	24.390
3.949	1.364	5.313	The rest of Norway	4.322	1.662	5.984
88	7	95	Other countries	88	7	95
19.979	**9.187**	**29.166**	**Total loans as at 31.12.2006**	**20.297**	**10.169**	**30.469**

Loans according to size (parent bank)

	Retail banking	**Corporate banking**	**Total**
Total loans per customer over NOK 100 million	0	1.638	1.638
Total loans per customer, NOK 50 – 100 million	0	282	282
Total loans per customers, NOK 10 – 50 million	68	1.739	1.807
Total loans per customer, NOK 1 – 10 million	10.613	4.443	15.056
Total loans per customers, under NOK 1 million	9.298	1.085	10.383
Total gross loans to customers as at 31.12.2006	**19.979**	**9.187**	**29.166**

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 appropriate 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**
393	0,0%	1	Central banks	393	0,0%	1
1526	0,0%	1	Credit institutions			
1.378	44,2%	2	Customers	1.593	51,1%	2
3.297	44,2%	4	Total – large commitments	1.986	51,1%	3
1.526	0,0%	1	Largest single commitment	681	21,9%	1

Loans and guarantees according to risk classes

Risk classification and pricing

In accordance with the Bank's routines, all substantial commitments must be classified 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 banking- 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 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 system. It is partly based on certain business sector-related considerations.

Breakdown by different risk groups

Parent Bank				2006	Group			
Gross loans	**Guarantees*)**	**Unutilised allocation **)**	**Individual write-downs**		**Gross loans**	**Guarantees*)**	**Unutilised allocation **)**	**Individual write-downs**
15.021	314	1.024		Low risk	15.643	314	1.024	
8.096	199	605		Medium risk	8.539	199	605	
2.491	24	88		High risk	2.723	24	88	
613	14	20		Default***)	613	14	20	
2.945	169	243	142	Not classified	2.951	169	243	142
29.166	**720**	**1.980**	**142**	**Total**	**30.469**	**720**	**1.980**	**142**

Parent Bank				2005	Group			
Gross loans	**Guarantees*)**	**Unutilised allocation **)**	**Individual write-downs**		**Gross loans**	**Guarantees*)**	**Unutilised allocation **)**	**Individual write-downs**
18.592	463	1.018		Low risk	19.270	463	1.018	
5.752	183	463		Medium risk	6.060	183	463	
900	25	78		High risk	1.107	25	78	3
614	83	62	195	Default***)	614	83	62	195
				Not classified				
25.858	**754**	**1.621**	**195**	**Total**	**27.051**	**754**	**1.621**	**198**

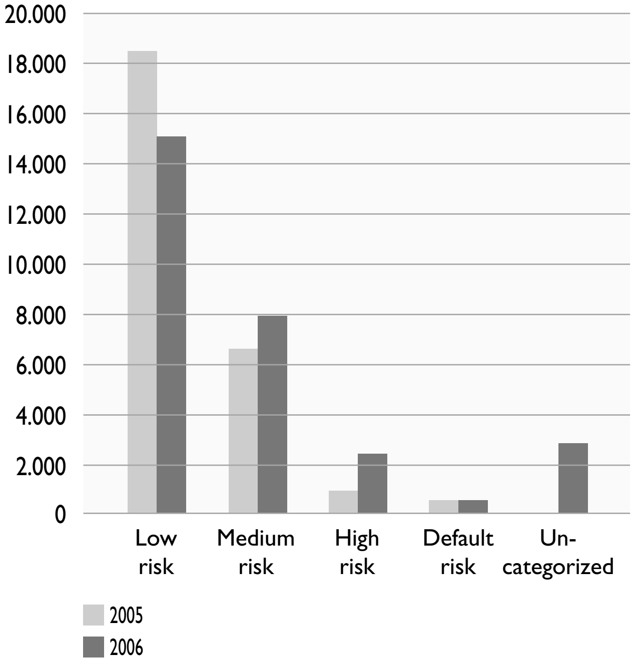
*) to which must be added NOK 23 million guarantees in favour of SBGF and NOK 200 million guarantees in favour of one of the Bank's subsidiaries, Hedmark Finans AS.

**) also comprises unutilised guarantee limits

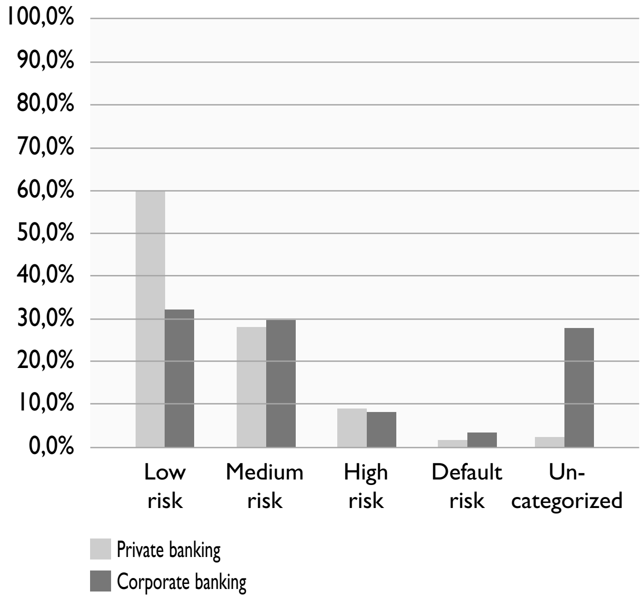
***) The definition of the risk class, 'Commitments in default', is different to the definition applied to such commitments in the accounts. As an example of this, in the case of the Parent Bank, all commitments against which provisions have been raised are defined as commitments in default.

In the case of the corporate market, the share of customers with low risk has been reduced by about 4 percentage points. The shrinkage may be spotted amongst other things through an increase in the group for medium risk with a little more than 4 percentage points. In the retail banking market, loans to customers with low risk have increased by about 1 percentage point and loans to customers with high risk have been reduced correspondingly. Loans to customers involving medium risk and default remained at the same level as the year before.

Gross lending (Parent Bank) broken down by different risk classes



Gross lending (Parent Bank) as at 31.12.06 relative distrb.between risk classes



Expected 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. When group-related write-downs are included, the figures are 0.03 per cent for retail banking and – 0.19 per cent (net recoveries) for corporate banking.
In relation to gross loans, next year's losses are expected to be at the same level as in 2005, as losses in 2006 were at a somewhat lower level than that which is regarded as normal. Expectations of slightly increasing interest rates are not likely to bring about a significant increase in the level of credit losses during the next 5-year period.

Subordinated loan capital in other companies

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
285	285	285	Loans to and claims on credit institutions	0	0	0
2	2	2	Loans ot and claims on customers	2	2	2
15	10	0	Certificates, bonds and other interest-bearing securities	15	10	0
302	**297**	**287**	**Total subordinated loan capital**	**17**	**12**	**2**

Note 9: Funding risk

Funding risk is defined as the risk of the Bank being unable to meet its payment liabilities at maturity. The Bank manages its funding risk through ratios for customer deposits in relation to gross lending to customers, the share of long-term funding sourced from the capital market, maximum funding requirements per time period involved, requirements relating to liquidity reserve, coupled with the length of the time period during which the Bank shall be independent upon new funding from the market under different scenarios. In practice, funding management is done through funding prognoses, the choice of maturities for the Bank's funding loans, agreements entered into about drawing rights facilities, liquidity reserve, and the lodging of securites as collateral security in connection with loan facilities provided by Norges Bank. The table below shows the funding risk measured by remaining life until maturity in respect of the different items in the Bank's balance sheet. The table has been put together in accordance with the requirements contained in the rules and regulations relating to annual financial statement and the table does not automatically provide a complete picture of the Group's funding risk.
Amongst other things, the following factors must be taken into consideration:

- The main part of customer deposits is placed within the shortest maturities range, despite the fact that these deposits, on an overall basis, represent one of the Bank's most stable funding sources.
- The bulk of the Bank's portfolio of certificates and bonds can be converted to liquid funds much more quickly than their maturities would suggest, or such securities could be used as collateral security for loans from Norges Bank.
- The actual remaining life of repayment loans is shorter than the formal instalment plans would indicate, due to extraordinary repayments made etc.
- The availability of loan facilities at Norges Bank and drawing rights facilities agreements entered into with other banks.
  As at 31.12.2006, Sparebanken Hedmark had the following loan facilities at Norges Bank and agreed drawing rights facilities with other banks:

Type	Loan facility/Limit	Of which has been utilised	Maturity of the drawing rights facilities
Access to Borowings from Norges Bank	NOK 2.041 mill	200 mill	
Bilateral drawing rights facility	NOK 1.000 mill	0	364 days
Syndicated drawing rights facility	EUR 125 mill	0	22.06.2009
Syndicated drawing rights facility	EUR 150 mill	0	07.07.2010

- The Bank still maintains a liquidity reserve despite the fact that the minimum requirements in the funding rules and regulations have now been discontinued. As at 31.12.2006, this reserve consists of the different elements set out below:

Cash-in-hand and claims on central banks:	NOK 524 million
Claims on credit institutions without agreed maturities:	NOK 41 million
Interest-bearing securities:	NOK 2,818 million
Listed shares; unit trust certificates:	NOK 135 million
Total liquidity reserve:	NOK 3,518 million
Of which, interest-bearing securities deposited with Norges Bank:	NOK 2,418 million
Other liquidity reserve:	NOK 1,100 million

Group **Remaining life until maturity**

	Currency	Up to 1 month	1-3 months	3 months - 1 year	1 - 5 years	Over 5 years	No rem. life	Total
Cash and claims on	NOK	511						511
central banks	Curr.	13						13
Loans to and claims on	NOK	173			100			273
credit institutions	Curr.	86						86
Loans to and claims on	NOK	300	1.383	2.040	6.680	19.104		29.507
customers *)	Curr.	713						713
Certificates, bonds and	NOK	56		31	734	541		1.362
other int.-b. secs. **)	Curr.				896	569		1.465
Other assets with	NOK	205	97	229	56	15		602
remaining life	Curr.	11	10	10	4			35
Assets without	NOK						972	972
remaining life	Curr.							
Total assets	**NOK**	**1.245**	**1.480**	**2.300**	**7.570**	**19.660**	**972**	**33.227**
	Curr.	**823**	**10**	**10**	**900**	**569**		**2.312**
Liabilities to	NOK	408		100	10	612		1.130
credit institutions	Curr.	16		124	578	909		1.627
Deposits from and liabilities	NOK	18.727		38	62			18.827
to customers	Curr.	28						28
Borrowings through	NOK	100	760	500	3.736	3.717		8.813
issuance of securities	Curr.							
Other liabilities with	NOK	504	388	310	75	148		1.425
remaining life	Curr.	9	12	8				29
Equity capital	NOK						3.660	3.660
Total liabilities and	**NOK**	**19.739**	**1.148**	**948**	**3.883**	**4.477**	**3.660**	**33.855**
equity capital	**Curr.**	**53**	**12**	**132**	**578**	**909**		**1.684**
Net funding exposure	NOK	-18.494	332	1.352	3.687	15.183	-2.688	-628
on balance sheet items	Curr.	770	-2	-122	322	-340		628
Off balance sheet financial derivatives –	NOK	436	528	-277	3			690
payments received and made	Curr.	-436	-528	277	-3			-690
Net total for all	**NOK**	**-18.058**	**860**	**1.075**	**3.690**	**15.183**	**-2.688**	**62**
items	**Curr.**	**334**	**-530**	**155**	**319**	**-340**		**-62**

*) 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 month, irrespective of actual maturities of the bond- and certificate-based loans forming part of the trading portfolio. This is due to the fact that 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 percetage point. Administrative interest rate risk – which has not been factored into the overall calculations in this connectin – 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 inerest paid on deposits.

Basis risk - Group

	Book/Nom. value	Interest rate risk
Short positions	-103	-2
Financial derivatives	8.485	2
Total trading portfolio		0
Loans to credit institutions	274	0
Bonds	2.826	17
Fixed interest rate loans	498	16
Loans with interest rate guarantee	11	0
Fixed interest rate deposits	15	0
Loans evidenced by certificates	725	-2
Bond loans	8.331	-253
Own portfolio of bond loans	276	18
Other fixed rate interest financing	2.736	-5
Financial derivatives	8.595	203
Total - other financial instruments		-6
Total interest rate risk on fixed interest rate positions		**-6**

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

The net interest rate risk developed as follows during the year:

31.12.2005: -12
31.03.2006: -15
30.06.2006: -19
30.09.2006: -12
31.12.2006: -6

Although, as shown in the table above, the result of the calculations made in this connection illustrates that the Bank 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 involved.

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	393					131	524
Loans to and claims on credit institutions	260				99		359
Loans to and claims on customers	3.427	26.042	285	351	115		30.220
Certificates, bonds and other interest-bearing securities	561	1.938	113	25	190		2.827
Other interest-bearing assets	11	6	8	8	5		38
Non-interest-bearing assets						1.571	1.571
Total assets	**4.652**	**27.986**	**406**	**384**	**409**	**1.702**	**35.539**
Liabilities to credit institutions	613	2.044	100				2.757
Deposits from and liabilities to customers	18.855						18.855
Borrowings through the issuance of securities	200	2.508	650	3.287	2.168		8.813
Other interest-bearing liabilities	112	10	8	6	122		258
Non-interest-bearing liabilities						1.196	1.196
Equity capital						3.660	3.660
Total liabilities and equity capital	**19.780**	**4.562**	**758**	**3.293**	**2.290**	**4.856**	**35.539**
Net interest rate expo-sure on balance sheet	-15.128	23.424	-352	-2.909	-1.881	-3.154	0
Off b/s financial derivatives effecting interest rate exposure	-2.045	-2.974	1.800	585	2.575	59	0
Net interest rate exposure	**-17.173**	**20.450**	**1.448**	**-2.324**	**694**	**-3.095**	**0**
Net interest rate exposure as % of total assets	-48,3 %	57,5 %	4,1 %	-6,5 %	1,9 %	-8,7 %	0,0 %

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 therefore 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 in foreign exchange rates. Throughout the year and at the end of the year, 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 31.12.2006, based on market values of the underlying assets involved, the Bank's net positions in the most important foreign currendies, 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	2	4	3	0	0	3	12
Loans to and claims on credit institutions	3	157	1	10	32	11	214
Loans to and claims on customers	19	99	155	47	392	2	714
Certificates, bonds and other interest-bearing instruments	0	1.465	0	0	0	0	1.465
Shares	0	0	2	0	0	0	2
Other assets	2	12	1	2	10	5	32
Total assets	26	1.737	162	59	434	21	2.439
Liabilities to credit institutions	1	1.621	5	0	0	1	1.628
Deposits from and liabilities to customers	7	16	2	0	0	3	28
Other liabilities	2	15	1	0	6	4	28
Total liabilities items	10	1.652	8	0	6	8	1.684
Forward exchange contracts	-17	-104	-163	-55	-425	-14	-778
Total net position	**-1**	**-19**	**-9**	**4**	**3**	**-1**	**-23**

The Bank's foreign exchange risk, calculated as a total net position, changed during the year, from -NOK 56 million as at 31.12.2005 to -NOK 23 million as at 31.12.2006.

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**		**Number**	**Book value**
0	0,0	Building plots and sites	0	0,0
1	0,6	Commercial property	1	0,6
1	0,9	Holiday homes	1	0,9
0	0,0	Motor vehicles etc.	10	2,2
2	**1,5**	**Total**	**12**	**3,7**

Note 13: Certificates. bonds and other interest-bearing securities

	2006			2005			2004		
	Acquisition cost	Value shown in b/s	Market value	Acquisition cost	Value shown in b/s	Market value	Acquisition cost	Value shown in b/s	Market value
Trading portfolio, quoted secs., NOK	0	0	0	10	10	10	313	313	313
Total trading portfolio	0	0	0	10	10	10	313	313	313
Other current assets, quoted, NOK	1.124	1.118	1.121	1.861	1.870	1.875	1.118	1.134	1.138
Other current assets, not quoted, NOK	245	243	244	330	330	330	682	683	684
Other current assets, quoted, Euro	1.378	1.400	1.400	20	20	20	0	0	0
Other current assets, not quoted, Euro	66	66	66	0	0	0	0	0	0
Total other current assets	2.813	2.827	2.831	2.211	2.220	2.225	1.800	1.817	1.822
Total as at 31.12	**2.813**	**2.827**	**2.831**	**2.221**	**2.230**	**2.235**	**2.113**	**2.130**	**2.135**

A positive difference between book value and acquisition cost is shown through shortfalls in market value relating to hedging transactions incorporated 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 financial derivatives transactions relating to the portfolio. For 2006, the average effective interest rate on the Bank's holdings of certificates and bonds ended up ast 3.1 per cent.

Breakdown of securities shown in the accounts at market value

	2006	2005	2004
Value shown in the balance sheet	0,0	10,0	312,5
– Acquisition cost	0,0	9,9	313,0
= Unrealised gains/losses	0,0	0,1	-0,5
– Unrealised gains/losses at the beginning of the year	0,1	-0,5	0,3
= Year's value change incorporated in the p&l account	**-0,1**	**0,6**	**-0,8**

Securities incorporated in the balance sheeet 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 present 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 item of securities is added.

Value incorporated in the balance sheet according to different debtor categories

	2006	2005	2004
Bonds issued or guaranteed by government	0	200	207
Municipal bonds	0	0	0
Total issued by public sector borrowers	0	200	207
Government-guaranteed bonds	0	0	300
State enterprises	0	150	200
Bonds guaranteed by municipalities	0	0	2
Mortgage companies	432	307	447
Banks	1.339	816	457
Other bonds	1.022	747	502
Subordinated loan capital	15	10	0
Capital bonds	10	0	0
Total issued by other borrowers	2.818	2.030	1.908
Own bonds	9	0	15
Total certificates and bonds	**2.827**	**2.230**	**2.130**

Book value as at 31.12.2006 according to different rating classes

	AAA	AA+/ AA/ AA-	A+/A/ A-	BBB+/ BBB/ BBB-	Not rated	Total
Mortgage companies	0	0	124	0	313	437
Banks	31	520	558	0	260	1.369
Other bonds	181	83	137	306	314	1.021
Total certificates and bonds	**212**	**603**	**819**	**306**	**887**	**2.827**

Nominal value of own bonds shown in the accounts under 'Certificates, bonds and other interestbearing securities with fixed yield':

	31.12.2006	31.12.2005	31.12.2004
Nominal value of own bonds	10	0	15

Note 14: Shares and equity stakes in other companies

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

	Number of shares	Equity stake	Acquisition cost	Market value	Value shown in bal. sheet
Acergy	32.400	0,0%	2,9	3,9	2,9
Aker	5.000	0,0%	1,6	2,0	1,6
Austevoll Seafood	59.000	0,0%	2,1	2,4	2,1
Awilco	10.000	0,0%	0,6	0,7	0,6
Block Watne Gruppen	57.400	0,1%	2,2	2,2	2,2
Cermaq	20.000	0,0%	1,8	1,8	1,8
DnB NOR	25.500	0,0%	2,2	2,3	2,2
DOF	25.600	0,0%	1,7	1,7	1,7
EDB Business Partner	25.000	0,0%	1,5	1,4	1,5
Ekornes	18.000	0,1%	2,4	2,6	2,4
Farstad	18.200	0,1%	1,7	2,5	1,7
Fred Olsen Energy	8.000	0,0%	2,2	2,3	2,2
Komplett	37.200	0,3%	2,9	4,7	2,9
Lerøy Seafood Group	63.300	0,2%	6,1	6,9	6,1
Norsk Hydro	45.500	0,0%	7,3	8,8	7,3
Norwegian Air Shuttle	10.000	0,1%	1,1	0,9	1,1
Odfjell A-aksjer	35.800	0,1%	4,2	4,1	4,2
Orkla	25.900	0,0%	8,1	9,1	8,1
Pan Fish	430.000	0,0%	1,9	2,5	1,9
Prosafe	84.000	0,0%	5,5	7,4	5,5
Royal Caribean Cruises	5.500	0,0%	1,5	1,4	1,5
Sea Drill	63.300	0,0%	4,8	6,7	4,8
Solstad Offshore	35.400	0,1%	3,5	4,8	3,5
Statoil	50.300	0,0%	8,9	8,3	8,9
Telenor	20.000	0,0%	1,6	2,4	1,6
TGS Nopec	45.300	0,0%	4,3	5,8	4,3
Tomra	12.000	0,0%	0,7	0,5	0,7
Voss Veksel og Landmandsbank	200	0,2%	0,5	0,5	0,5
Wilh Wilhelmsen	33.100	0,3%	7,5	7,8	7,5
Yara	51.100	0,0%	5,3	7,2	5,3
Other			1,8	1,5	1,8
Total – NOK – quoted shares assessed as a portfolio			100,4	117,1	100,4
Helgeland Sparebank	2.400	0,1%	0,5	0,5	0,5
Sparebanken Møre	4.900	0,1%	1,5	1,4	1,5
Total listed PCCs, NOK			2,0	1,9	2,0
Total listed shares valued as a portfolio			102,4	119,0	102,4
Sparebanken Møre	25.000	0,5%	6,9	7,0	6,9
Sparebanken Øst	25.000	0,7%	6,0	4,5	4,5
Totens Sparebank	31.700	1,4%	5,4	6,5	5,4
Total listed PCCs – NOK – valued per company			18,3	18,0	16,8
Total – listed - NOK			**120,7**	**137,0**	**119,2**
Odin Europa	39.732		4,0	5,5	4,0
Odin Norden	1.940		2,4	3,1	2,4
Odin Norge	828		1,6	2,0	1,6
Skagen Global	10.121		6,0	7,6	6,0
Skagen Kon-Tiki	7.015		2,0	2,6	2,0
Total, unit trusts, NOK			**16,0**	**20,8**	**16,0**
Icon Capital I	37.500	5,7%	2,7	6,4	2,7
Marin Vekst	25.000	2,0%	1,5	2,0	1,5
Norgesinvestor Opportunities A	800	6,4%	0,1	0,1	0,1
Norgesinvestor Opportunities B	19.200	6,4%	1,9	1,9	1,9
Norgesinvestor Proto	150.000	8,1%	15,0	18,9	15,0
Norgesinvestor Vekst	53.400	5,3%	2,6	0,6	0,6
Other			0,3	1,8	0,3
Total non-listed shares, NOK			**24,1**	**31,7**	**22,1**
EssNet	50.000	0,4%	2,6	1,8	1,8
Total non-listed shares, currency			**2,6**	**1,8**	**1,8**
Total ordinary shares – Parent Bank			**163,4**	**191,3**	**159,1**

	Number of shares	Equity stake	Acquisition cost		Value shown in bal. sheet
Atlungstad Golf	210	19,6%	6,1		4,1
BBS	180.380	2,7%	6,1		6,1
Bio-Inn	770	13,9%	0,8		0,0
Eiendomskreditt	32.510	2,0%	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		0,7
Scanpole	53.500	10,6%	6,3		2,6
Sikon Øst	54.588	10,9%	11,7		11,4
Såkorn Invest	11.250	15,0%	4,5		0,7
Teller	2.026	3,8%	6,0		6,0
Other			2,2		1,4
Total shares intended to be held on a permanent basis – Parent Bank			**85,0**		**73,5**
Total shares and similar – Parent Bank			**248,4**		**232,6**
Shares intended to be held on a permanent basis by subsidiaries:					
Sundry			0,1		0,1
Total for Group			**248,5**		**232,7**

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.

As at 31.12.2006, the Bank had no shares which were shown in the balance sheet at market value.

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

	Parent Bank	Group
Opening balance	76,4	76,5
+ Additions	9,4	9,4
- Disopsals	0,0	0,0
+/-Reclassifications	-8,0	-8,0
- Write-downs	-5,9	-5,9
+ Reversal of previous year' write-downs	1,6	1,6
= Closing balance	**73,5**	**73,6**

Note 15: Fixed assets

Intangible assets, machinery, fixtures and fittings, transport equipment and other real estate were subject to the following movements in 2006:

Parent Bank						Group				
Goodwill	Other intangible assets	Machinery, fixtures,fittings and transport eq.	Buildings and other real estate	Buildings under construction		Goodwill	Other intangible assets	Machinery, fixtures,fittings and transport eq.	Buildings and other real estate	Buildings under construction
0	23	178	313	0	Acquisition cost as at 01.01.06 (incl. previous write-ups)	0	23	183	342	0
100	1	43	10	0	Ordinary additions during the year	100	1	44	10	0
0	17	15	1	0	Ordinary disposals at acquisition cost during the year	0	17	15	1	0
3	5	124	137	0	Accumulated depreciation/write-downs	3	5	126	158	0
97	**2**	**82**	**185**	**0**	**Book value as at 31.12.06**	**97**	**2**	**86**	**193**	**0**
3	4	22	11	0	Ordinary depreciation during the year	3	4	24	12	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	Straight line		Depreciation plan	Straight line	Straight line	Straight line	Straight line	

The depreciation period relating to the development/purchase of IT-solutions capitalised during the co-operation arrangement with DnBNOR has been changed, the rremaining 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.

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

Breakdown of different categories og real estate

Location	Type of property	Floor space for own use (sq. metres)	Floor space rented out (sq. metres)	Vacant floor space; buildings under construction (sq. metres)	Book value of floor space for own use	Book value of floor space rented out	Book value of vacant floor space and buildings under constr.	Total book value
Hedmark	Bank buildings	29.776	4.877	586	160	17	0	177
Hedmark	Com. buildings	0	690	208	0	4	0	4
Hedmark	Undeveloped sites	0	0	0	0	0	0	0
Hedmark	Building under construction	0	0	0	0	0	0	0
Hedmark/ Vestfold	Hollyday cottages	0	0	0	3	0	0	3
Total Parent Bank		**29.776**	**5.567**	**794**	**163**	**21**	**0**	**184**
Hedmark	Com. buildings	1.531	681	451	4	2	1	7
Other	Bank buildings	690	0	0	0	2	0	2
Netted out		1.066	-1.066	0	4	-4	0	0
Total Group		**33.063**	**5.182**	**1.245**	**173**	**19**	**1**	**193**

Goodwill

Goodwill consists of the difference between the cost price of an acquired company or business 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 10 years.

Goodwill relating to businesses acquired:

	Original amount of goodwill	**Accumulated depreciation**	**Remaining goodwill at 31.12.2006**
Acquisition of operations at Bank 1 Oslo, Hamar	100	2	98
Total Parent Bank/Group	**100**	**2**	**98**

Rental agreements

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

Parent Bank	**Duration**	**Annual rental**	**Group**	**Duration**	**Annual rental**
Electronic data communications	2 years and 9 months	4,7	Electronic data communications	2 years and 9 months	4,7
Various premises	0,5 – 9 years	6,8	Various premises	0,5 – 9 years	5,2
Payment terminals	0,25 year	5,3	Payment terminals	0,25 year	5,3
Telephony agreement	1 year	2,9	Telephony agreement	1 year	2,9
Broadband agreement	2 years	0,3	Broadband agreement	2 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 funding consists of:

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

The two lastmentioned categories above involved the following sources of funding as at 31.12.2006:

F-loans from Norges Bank	NOK	200 million
Loans from foreign banks:	NOK	200 million
German Schuldschein loans (Euro 135 million):	NOK	1,115 million
Syndicated loan (Euro 60 million):	NOK	495 million
Loan from Nordiska Investeringsbanken:	NOK	65 million
Loan from Kredittforeningen for Sparebanker:	NOK	10 million
Loan from Kommunekreditt:	NOK	550 million
Other loans from credit institutions:	NOK	134 million
Loans evidenced by certificates:	NOK	725 million
Ordinary bond loans:	NOK	8,313 million
Index-linked bond loans:	NOK	51 million
Own portfolio of bond loans:	NOK	-276 million
Total:	NOK	11,582 million

Parent Bank								Group					
NOK	**EUR**	**SEK**	**USD**	**Other**	**Total**	**Eff. int. rate**		**NOK**	**EUR**	**SEK**	**USD**	**Other**	**Total**
16	10	3	1	2	32	2,06%	No agreed maturity	3	10	3	1	2	19
1.128	1.609	0	0	0	2.737	3,53%	Agreed maturity	1.128	1.609	0	0	0	2.737
1.144	**1.619**	**3**	**1**	**2**	**2.769**	**3,35%**	**Liabilities to credit institutions**	**1.131**	**1.619**	**3**	**1**	**2**	**2.756**
18.287	16	2	7	2	18.314	2,18%	No agreed maturity	18.159	16	2	7	2	18.186
670	0	0	0	0	670	2,69%	Agreed maturity*)	669	0	0	0	0	669
18.957	**16**	**2**	**7**	**2**	**18.984**	**2,20%**	**Deposits from and liabs. to customers**	**18.828**	**16**	**2**	**7**	**2**	**18.855**
725	0	0	0	0	725	2,80%	Debt evidenced by certificates	725	0	0	0	0	725
0	0	0	0	0	0	(2,46%)	Own certificates	0	0	0	0	0	0
8.364	0	0	0	0	8.364	3,42%	Bond debt	8.364	0	0	0	0	8.364
-276	0	0	0	0	-276	(4,12%)	Own bonds	-276	0	0	0	0	-276
8.813	**0**	**0**	**0**	**0**	**8.813**	**3,29%**	**Borrowings through iss. of securities**	**8.813**	**0**	**0**	**0**	**0**	**8.813**
28.793	**1.635**	**5**	**8**	**4**	**30.445**	**2,63%**	**Total**	**28.772**	**1.635**	**5**	**8**	**4**	**30.424**

*) NOK 54 million of which is accounted for by equity-linked bank deposits, i.e. this type of deposit does 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 actual underlying share indexes in question, the individual shares involved, foreign exchange- and/or prices of raw materials involved.

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 purchase 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, the latter two elements being subject to accrual accounting, are taken into consideration.

Customer deposits according to debtors' private/business addresses

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
16.985	14.915	14.260	Hedmark county	16.856	14.856	14.210
1.821	1.804	1.558	Rest of Norway	1.821	1.804	1.558
178	150	153	Other countries	178	150	153
18.984	**16.869**	**15.971**	**Total deposits**	**18.855**	**16.810**	**15.921**

Customer deposits according to size of deposits (parent bank)

	Retail banking	Corporate banking	Total
Total deposits per customer over NOK 100 mill.	100	1.395	1.495
Total deposits per customer, NOK 50 – 100 mill.	0	625	625
Total deposits per customer, NOK 10 – 50 mill.	80	1.375	1.455
Total deposits per customer, NOK 2 – 10 mill.	1.127	1.331	2.458
Total deposits per customer under NOK 2 mill.	11.040	1.911	12.951
Total customer deposits as at 31.12.06	**12.347**	**6.637**	**18.984**

Bond loan details

ISIN-nummer	Ticker	Nominal amount	Of which own bonds account for	Coupon	Repayment structure	Last maturity
NO 001025434.5	SBHE15	300	0	3m Nibor + 0,00%	Bullet	15.02.2007
NO 001012505.7	SBHE12	51	16	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	SBHE20PRO	400	0	3,15%	Bullet	24.06.2008
NO 001031321.6	SBHE26PRO	250	0	3m Nibor + 0,00%	Bullet	06.02.2009
NO 001030322.5	SBHE65	100	0	3m Nibor + 0,36%**)	Bullet	06.04.2009
NO 001018393.2	SBHE09	600	0	5,80%	Bullet	16.09.2009
NO 001031321.6		25	0	Range accrual note	Bullet	15.11.2009
NO 001034259.5		300	0	4,60%	Bullet	24.11.2009
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 001030215.1	SBHE27	500	0	4,10%	Bullet	15.02.2013
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	470	0	4,00%	Bullet	05.10.2015
NO 001030029.6	SBHE25	300	0	3m Nibor + 0,15%	Bullet	03.02.2016
NO 001032132.6		150	0	2,655% + KPI	Bullet	02.12.2016
NO 001025573.0	SBHE16	300	20	4,30%	Bullet	02.03.2020
Total		**8.331**	**276**			

*) Share-indexed bond loans
**) Credit Linked Note

Note 17: Breakdown of other assets and other liabilities

Other assets

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
6	8	10	Expected dividends and Group contributions	4	5	5
2	1	1	Anticipated recoveries from bankruptcy proceedings relating to previous loan commitments	2	1	1
0	0	0	Leasing contracts not discounted	0	20	13
30	37	17	Other assets	97	90	61
38	**46**	**28**	**Total other assets**	**103**	**116**	**80**

Other liabilities

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
119	104	100	Tax incurred	119	106	102
10	10	10	Tax deductions	12	11	11
49	55	56	Liabilities relating to payments transmission services	49	55	56
400			Non-converted loans - Bank 1 Oslo – as at 31.12.06	400		
170	137	39	Other liabilities	174	142	41
748	**306**	**205**	**Total other liabilities**	**754**	**314**	**210**

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 purposeof 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 accounts for 2002. The costs involved were discounted to show their present value. It was decided to discontinue the abovementioned package of measures with effect from 31.12.2006 and the remaining provisons have been reversed. The amount shown in the balance sheet at the end of the year is related to future wage- and salary liabilities.

Breakdown of the provisions involved

Parent Bank				Group		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
4	6	8	Provisions as at 01.01	4	6	8
0	0	1	Provisions raised in the accounting year	0	0	1
-2	-2	-4	Payments – in the accounting year – which have been registered in conjunction with the provisions made	-2	-2	-4
0	0	0	Provisions transferred to pension provisions	0	0	0
-1,5	0	0	Reversal of provisions in the accounting year	-1,5	0	0
0	0	1	Increase in provisions due to the interest impact of discounting	0	0	1
0,5	**4**	**6**	**Provisions as at 31.12**	**0,5**	**4**	**6**

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

	2006	**2005**	**2004**
Other interest costs	0	0	1
Wages and salaries	-2	-2	-2
Pensions	0	0	0
Social costs	0	0	-1
Reversed provisions	-1,5	0	0
Total	**-3,5**	**-2**	**-2**

Note 19: Equity capital

Breakdown of equity capital movements

Parent Bank	Donations Fund	Fund for Evaluation Differences	Saving Bank's Fund	Toatal equity capital
Equity capital as at 31.12.2005	**25**	**22**	**3.216**	**3.263**
Change in accounting principles:				
Reversed non-specific loss provisions			180	180
Group-related write-downs			-50	-50
Amort. effect - individual write-downs			-6	-6
Reversed establishment fee			-26	-26
Corrected opening balance as at 01.01.2006	**25**	**22**	**3.314**	**3.361**
Result for the accounting year	25	5	279	309
Donations	-4		-6	-10
Equity capital as at 31.12.2006	**46**	**27**	**3.587**	**3.660**

Group	Donations Fund	Fund for Evaluation Differences	Saving Bank's Fund	Other Group capital	Total equity capital
Equity capital as at 31.12.2005	**25**	**1**	**3.216**	**21**	**3.263**
Change in accounting principles:					
Reversed non-specific loss provisions			180		180
Group-related write-downs			-50		-50
Amort. Effect – individual write-downs			-6		-6
Reversed establishment fee			-26		-26
Corrected opening balance as at 01.01.2006	**25**	**1**	**3.314**	**21**	**3.361**
Result for the accounting year	25	0	279	5	309
Donations	-4		-6		-10
Equity capital at 31.12.2006	**46**	**1**	**3.587**	**26**	**3.660**

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 comprise the following elements:

- 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				Consolidated		
2006	**2005**	**2004**		**2006**	**2005**	**2004**
			Calculation basis:			
22.615	19.966	17.611	Assets not forming part of the trading portfolio	23.112	20.395	18.014
661	577	595	Off balance sheet items not forming part of the trading portfolio	661	577	595
1.253	903	901	Items forming part of the trading portfolio	1.253	903	901
0	0	0	Calculation basis for foreign exchange risk	0	0	0
-419	-11	-10	Equity and related capital in other financial institutions	-16	-11	-10
-49	-26	-21	Use of equity method of accounting in company accounts	-1	-26	-1
-225	-444	-419	Write-downs on losses	-259	-460	-436
0	0	0	Assets in connection with which capital adequacy reserve represents a statutory requirement	-454	0	0
23.836	**20.965**	**18.657**	**Total calculation basis**	**24.296**	**21.378**	**19.063**
			Core capital:			
3.660	3.263	2.947	Equity capital shown in the balance sheet	3.660	3.263	2.947
-27	-22	-17	Fund for Evaluation Differences	-1	-1	-1
			Adjustment for discrepancy between Group in accounting- and capital adequacy context	6	5	6
-104	-48	-42	Intangible assets	-117	-52	-50
0	-4	-14	Net pension resources	-1	-8	-16
3.529	3.189	2.874	Core capital	3.547	3.207	2.886
			Deductions to be made for:			
-419	-11	-10	Equity and related capital in other financial institutions	-16	-11	-10
0	0	0	Statutory capital adequacy reserve	-454	0	0
3.110	**3.178**	**2.864**	**Total equity and related capital**	**3.077**	**3.196**	**2.876**
13,05%	**15,16%**	**15,35%**	**Capital adequacy ratio**	**12,66%**	**14,95%**	**15,09%**

Note 20: Guarantee liabilities according to purpose

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
682	782	562	Payment guarantees	682	782	562
166	168	163	Contract guarantees	166	168	163
1	1	1	Loan guarantees	1	1	1
71	4	22	Other guarantees	71	4	22
23	23	23	Savings Banks' Guarantee Fund (SBGF)	23	23	23
943	**978**	**771**	**Total guarantee liabilities**	**943**	**978**	**771**
4	0	3	- of which have been counter-guaranteed by other financial institutions	4	0	3

Note 21: Assets pledged as collarateral security

Figures for the Parent Bank and Group are identical.

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

	2006	2005	2004
Access to borrowings/loans from Norges Bank	200	0	0

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

	2006	2005	2004
Certificates, bonds and other interest-bearing securities	2.409	1.560	1.500
Total book value of mortgaged assets	**2.409**	**1.560**	**1.500**

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:

	Currency	Nominal amount as at 31.12.2006	Market value as at pr 31.12.2006	Average nominal am. for the year
Trading portfolio:				
Interest rate-related	NOK	8.485	0	2.996
Other operations:				
Hedging transactions	NOK	7.237	-81	6.916
Other	NOK	658	8	546
Interest rate-related	NOK	7.895	-73	7.462
Hedging transactions	NOK	100	0	85
Credit-related	NOK	100	0	85
Hedging transactions	NOK	91	13	127
Interest- and equity capital- related	NOK	91	13	127
Foreign currency-related		2.902	7	3.204

Nominal amounts 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 purposes:

a) to hedge risk relating to items on and off the Bank's balance sheet
b) customer transactions
c) to make gians from interest rate and price movements

The bulk of the Bank's financial derivatives business is accounted for by hedging transactions and customer-related transactions where corresponding, opposite transactions are 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:

Renterelaterte derivater har omfattet:

Interest rate-related financial 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 in respect of rates of interest for future periods for fixed amounts. At maturity, only the difference between the originally agreed rae and current market rate is exchanged.
- INTEREST RATE OPTONS, which are agreements to receive/pay the difference between market rate of interestand 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').
- STRUCTURED INTEREST RATE SWAPS, which are agreements ot pay floating interest rate and receive amounts based on consumer price index, interest rate- and foreign exchange corridors, or similar, in respect of an agreed principal amount.

In the case of interest rate-related financial derivatives, the uncertainty is related to the positions' future cash flow, 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 cash flow from the hedging agreement and the hedged item. In the case of trading transactions, there is a risk that interest rates may not develop according to expectations.

Credit-related financial derivatives have comprised:

- CREDIT BASKET AGREEMENTS, which are agreements according to which protection/hedging is bought or sold – in relation to a so called credit event (a default situation) occurring in the case of the underlying names forming part of the credit basket – against payment of a premium.

In the case of credit-related derivatives, the uncertainty relating to the positions' future cash flows is linked to the uncertainty about whether the credit events will take place or not. For hedging transactions, there is a risk that there may not be perfect negative covariance between the cash flow from the hedging agreement and the hedged item. In the case of trading transactions, there is the risk that the actual credit event situation may be different from 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 of 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 covariance between the cash flow from the hedging agreement and the hedged item. In the case of trading transactions, there is a risk that actual prices may develop differently to expectations.

Foreign currency-related derivatives comprised the following aspedts 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 currencies at the outset of the transaction, repaying the currency in question at a future date.
- CURRENCY OPTIONS, which are agreements providing the option (a bought option) or obligation (issued option) to buy or sell an agreed amount of a certain currency against another agreed currency at an agreed price at a future point in time.
- CURRENCY- AND INTEREST RATE SWAPS, which are agreements to swap interest rate conditions against the yield on one or several foreign currency amounts. For currency-related derivatives, the uncertainty is related to the positions' future cash flows linked to the uncertainty of future currency movements. In the case of hedging transactions, the risk is that there is not perfect negative covariance between the cash flow from the hedging agreement and the hedged item. For trading transactions, the risk is that the actual price movement is different to expectations.

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

	2006	2005	2004
Other assets - financial derivatives	43	32	8
Other liabilities - financial derivatives	32	42	25
Acquisition cost	0	0	0
Unrealised gains/losses	11	-10	-17
Unrealised gains/losses at the beginning of the year	-10	-16	-34
Value change of financial derivatives shown in the profit and loss account for the year	**21**	**6**	**17**

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 incorporatged in the profit and loss account. In view of this, no value changes have been adjusted against the equity capital.

Financial derivatives are assessed and included in the balance sheeet at their estimated present value based 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		
2006	2005	2004		2006	2005	2004
0	1	3	Securities subscribed for, against future settlement	0	1	3
0	**1**	**3**	**Total other liabilities**	**0**	**1**	**3**

Note 24: Loan administration, custodial- and trustee 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 171 million as at 31.12.2006.

Consequences of International Accounting Standards (IFRS)

With effect from the first quarter of 2007, Sparebanken Hedmark will present accounting figures according to the new accounting standard, IFRS. The Bank wishes to illustrate the most important effects following the conversion to the new accounting standards. In connection with the conversion, the Bank's accounts will be restated as at 1 January 2006, and below are shown the consequences for the Bank's equity capital if the Bank had switched to the new accounting standards on that date.

- The IFRS calculation as at 1 January 2006 has not been finally checked by the Bank's auditor, but this will be done before the presentation of the Bank's first quarterly accounts of 2007. In view of this, one has to take into account any adjustments to be made as a result of the auditor's review and control in this connection.

The most important effects on the Bank's accounts of the new accounting standards will be as follows:

- All financial instruments are to be shown in the balance sheet at their market value. Any value changes will be shown partly in relation to the profit and loss account, and partly in direct relation to the equity capital. This may produce bigger swings both with regard to the profit and loss account and the equity capital than what is the case with today's framework of rules and regulations.
- The rate of discounting applied for the computation of the Bank's pension liabilities shall be based on market interest rates on the balance sheet date in question. This may produce larger swings in pension costs and pension liabilities than what is the case with the historical practice applied within this area.
- Provisions for employers' social security contributions relating to pension liabilities shall be calculated on the actual liability, whereas today this calculation is based on net pension liabilities after adjusting for any unamortised discrepancies and differences between actual and expected return.
- The requirements for a different way of registration relating to larger items of fixed assets and the establishment of separate depreciation plans for the different part items in this connection, reduce the annual depreciation relating to the Bank's buildings and other real estate.
- Some companies of which the Bank owns between 20 and 100 per cent are today not consolidated as the ownership is not intended to be permanent. These companies must be incorporated as associated companies or consolidated as subsidiaries according to IFRS, due to the fact that the criteria for omission of consolidation are stricter according to IFRS.

Calculation of the effects on the Group's equity capital as at 01.01.2006 if the Bank had converted to the new accounting standards (IFRS) from 01.01.2006 is as follows:

Book value of equity capital as at 31.12.2005	**Explanation**		**3.263**
Equity capital correction due to new lending rules and regulations introduced on 01.01.2006			98
Impact on the result of new lending rules and regulations introduced on 01.01.2006			2
Book value of equity capital as at 01.01.2006 before implementation of IFRS			**3.363**
Differences which increase the equity capital:			
Fixed assets – change in principle relating to real estate	1		29
Financial instruments – value changes	2		12
Deferred tax – temporary differences	3		56
Differences which reduce the equity capital:			
Pension provisions – corridor effect	4		-238
Book value of equity capital according to IFRS as at 01.01.2006			**3.222**

Explanations

1. The different way of registration relating to real estate involving changes in the depreciation plans is considered to be a change in principle. In addition, the write-ups already completed have been eliminated. The effects of these two factors are shown in relation to the equity capital as at 01.01.

2. Financial instruments are shown in the balance sheet at their market values. Off balance sheet interest rate derivatives, i.e. interest rate derivatives which do not form part of the Bank's trading portfolio, or which do not hedge placements in interest-bearing securities, are assessed at their market values on the balance sheet dates in question. Market value is calculated for equity capital-related financial derivatives which hedge risk relating to Bank Deposits with Share Yield or index bonds. The recalculation also comprises transition from the average principle to the 'first in first out' principle for the calculation of gains from placements in interest-bearing securities, coupled with the transition from straight-line accrual accounting of any premium or discount relating to interest-bearing securities and any debt incurred through the issuance of securities to the use of the effective interest rate method. Negative value of issued share index options involving Bank Deposits with Share Yield or index bonds is separated out from the host contract and shown in the balance sheet at market value.

3. Deferred tax refers to change in temporary differences as a result of the transition to IFRS.

4. Previous pension liabilities not shown in the balance sheet – the so called corridor effect – including employers' social security contributions must according to IAS 12 be shown as a liability in the Bank's balance sheet. The discontinuation of the so called corridor effect has involved a reduction in the Bank's equity capital.

5. The effects on the Bank's equity capital for each quarter of 2006 and as at 1 January 2007, will be presented in a separate transition document before the presentation of the Group accounts for the first quarter of 2007. No big changes in the equity capital from 01.01.2006 to 31.12.2006 are expected as a result of the transition to the international accounting rules.

Cash Flow Statement

(Amounts in NOK million)

Parent Bank				Group		
2006	2005	2004		2006	2005	2004
11 508	10 098	9 369	Year's instalments on repayment loans etc. to customers	12 162	10 713	9 742
			Change in advance rental payment relating to leasing	10	12	13
-14 212	-13 246	-11 619	Newly discounted repayment loans etc. to customers during the year	-14 991	-14 048	-12 312
-156	53	115	Change in balance - foreign currency loans	-156	53	115
-551	-98	44	Change in balance - credits	-550	-98	44
1 288	1 061	990	Interest - and commission receivable from loans	1 361	1 120	1 042
7	8	8	Recoveries from previous years' confirmed losses on loans	9	9	8
0	-5	4	Change in expected recoveries relating to bankruptcies	0	-5	4
0	1	-1	Changes in repossessed assets	3	-7	1
-2 116	**-2 128**	**-1 090**	**Cash flow from lending activities (A)**	**-2 152**	**-2 251**	**-1 343**
2 118	819	809	Change in balance - deposits from customers without agreed maturity	2 051	810	795
-3	79	75	Change in balance - deposits from customers with agreed maturity	-3	79	75
-371	-239	-221	Interest payable to customers	-371	-238	-220
1 744	**659**	**663**	**Cash flow from deposit activities (B)**	**1 677**	**651**	**650**
-710	-66	-661	Changes in securities held on a short-term basis	-710	-66	-661
-13	32	48	Gains/losses on securities held on a short-term basis	-14	32	48
88	60	39	Interest receivable from bonds and certificates	88	60	40
7	3	6	Dividends receivable from shares held on a short-term basis	7	3	5
-628	**29**	**-568**	**Cash flow from securities investment (C)**	**-629**	**29**	**-568**
-307	-153	-203	Changes in claims on credit institutions - with agreed maturity	-234	40	-72
56	32	22	Interest receivable from deposits with credit institutions	24	9	8
-251	**-121**	**-181**	**Cash flow from deposits with credit institutions (D)**	**-210**	**49**	**-64**
235	194	176	Other income	282	236	214
-509	-466	-472	Payable operating costs	-569	-521	-521
-104	-99	-82	Payment of taxes	-106	-102	-86
-4	-6	-4	Donations	-4	-6	-4
6	-20	-15	Changes in other assets	4	-37	-44
34	-35	7	Changes involving accrual accounting	48	-40	6
424	102	25	Change in other liabilities	492	110	40
82	**-330**	**-365**	**Remaining cash flow from current operations (E)**	**147**	**-360**	**-395**
-1 169	**-1 891**	**-1 541**	**CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)**	**-1 166**	**-1 882**	**-1 720**
1 894	350	219	Change in deposits from credit institutions	1 899	348	206
4 992	7 817	5 940	Net proceeds received following issuance of securities	4 992	7 817	5 940
-4 208	-4 855	-3 737	Paid out on redemption of securities debt	-4 208	-4 855	-3 737
-499	-1 136	-361	Repurchase of own securities	-499	-1 136	-361
-333	-254	-191	Interest payable relating to funding loans	-333	-254	-190
1 846	**1 922**	**1 870**	**Cash flow from funding (G)**	**1 851**	**1 920**	**1 858**
-154	-63	-86	Invested in fixed- and intangible assets	-154	-64	-89
4	0	13	Sale of fixed- and intangible assets at sales price	4	0	13
-446	-7	-225	Purchase of long-term securities	-446	-8	-11
0	28	0	Sale of long-term securities	0	28	0
15	55	36	Dividends received from long-term shareholdings	8	50	16
-581	**13**	**-262**	**Cash flow from investment in fixed assets (H)**	**-588**	**6**	**-71**
			Liquidity impact of purchase and sale of subsidiaries (I)			
96	**44**	**67**	**CHANGE IN LIQUID FUNDS (F+G+H+I)**	**96**	**44**	**67**
469	425	358	Liquid funds as at 01.01	469	425	358
565	**469**	**425**	**Liquid funds as at 31.12**	**565**	**469**	**425**
			The liquid funds as at 31.12 consist of:			
524	411	324	Cash-in-hand and claims on central banks	524	411	324
41	58	101	Deposits with and claims on banks without agreed maturities	41	58	101
565	**469**	**425**	**Total liquid funds as at 31.12**	**565**	**469**	**425**

Report for 2006 from the Control Committee

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 2006.

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 General Manager, Risk Management, 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.

The Chairman of the Committee has met with the Financial Supervisory Authority of Norway and explained about the questions raised during FSAN's inspection visit.

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 lending rules and regulations with regard to the way in which losses and write-downs of losses 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 Supervisory Board 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 Supervisory Board as Sparebanken Hedmark's approved annual accounts for 2006.

Hamar, 28 February 2007

Pål Johnsrud

Gro Svarstad

Jan Erik Myrvold

Valborg Berthelsen

Anders Brinck

Auditor`s Report for 2006

BDO Noraudit

BDO Noraudit HamarAS

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To Sparebanken Hedmark's
Supervisory Board

AUDITOR'S REPORT FOR 2006

We have audited Sparebanken Hedmark's annual accounts for the 2006 accounting year, which show a NOK 309 million profit for the year for the Parent Bank and a profit of NOK 309 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 2006, 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, 28 February 2007
BDO Noraudit AS

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

Financial Statement Analysis

Profit and loss account summary 2001 - 2006 NOK MILL. (Parent Bank)

	2006	2005	2004	2003	2002
Interest income	**1 512**	1 214	1 093	1 473	1 706
Interest costs	**761**	516	439	830	1 039
Net interest income	**751**	698	654	643	667
Net other operating income	**185**	223	203	160	101
Contribution margin	**936**	921	857	803	768
Wages, salaries, fees, emoluments etc.	**268**	251	240	224	255
Other operating costs	**200**	172	180	177	170
Ordinary depreciation	**40**	28	27	28	31
Total operating costs	**508**	451	447	429	456
Operating result before credit losses	**428**	470	410	374	312
Losses on loans etc.	**-6**	57	48	77	59
Losses/gains and write-downs on long-term shareholdings	**4**	9	-2	0	31
Operating result after credit losses	**430**	422	360	297	284

Profit and loss account summary as % of average assets (Parent Bank)

	2006	2005	2004	2003	2002
Interest income	**4,60**	4,27	4,40	6,57	8,48
Interest costs	**2,31**	1,82	1,77	3,70	5,17
Net interest income	**2,28**	2,46	2,63	2,87	3,31
Net other operating income	**0,56**	0,78	0,82	0,71	0,50
Contribution margin	**2,85**	3,24	3,45	3,58	3,81
Wages, salaries, fees, emoluments etc.	**0,82**	0,88	0,97	1,00	1,27
Other operating costs	**0,61**	0,61	0,72	0,79	0,84
Ordinary depreciation	**0,12**	0,10	0,11	0,12	0,15
Total operating costs	**1,55**	1,59	1,80	1,91	2,26
Operating result before credit losses	**1,30**	1,65	1,65	1,67	1,55
Losses on loans etc.	**-0,02**	0,20	0,19	0,34	0,29
Losses/gains and write-downs on long-term shareholdings	**0,01**	0,03	-0,01	0,00	0,15
Operating result after credit losses	**1,31**	1,48	1,45	1,33	1,41
Average assets (NOK million)	**32 875**	28 424	24 837	22 361	20 117

Balance sheet summary 2001 - 2006 NOK MILL. (Parent Bank)

	2006	2005	2004	2003	2002
Liquid funds and loans to credit institutions	**1 883**	1 484	1 286	1 017	987
Short-term securities	**2 987**	2 291	2 223	1 567	1 337
Gross loans	**29 166**	25 858	22 699	20 635	18 344
Write-downs	**-216**	-444	-419	-395	-350
Other assets	**530**	453	318	270	321
Fixed assets					
- financial placements	**862**	403	411	183	181
- buildings, machinery etc.	**266**	247	215	161	164
Total assets	**35 478**	30 292	26 733	23 438	20 984
Loans and deposits from credit institutions	**2 769**	874	523	304	155
Deposits from customers	**18 984**	16 869	15 971	15 087	13 895
Certificate- and bond debt	**8 813**	8 536	6 706	4 857	3 996
Other liabilities	**1 252**	750	586	509	469
Equity capital	**3 660**	3 263	2 947	2 681	2 469
Total liabilities and equity capital	**35 478**	30 292	26 733	23 438	20 984

Key Financial Figures - Group	2006	2005	2004	2003	2002
Result before tax (NOK million)	**431**	426	364	303	288
Gross loans to customers (NOK million)	**30 469**	27 051	23 714	21 334	18 980
Growth in gross lending to customers	**12,6%**	14,1%	11,2%	12,4%	10,0%
Deposits from customers (NOK million)	**18 855**	16 810	15 921	15 051	13 869
Growth in deposits from customers	**12,2%**	5,6%	5,8%	8,5%	6,5%
Capital adequacy ratio		15,0%	15,1%	15,1%	15,1%
Customer deposits as a percentage of gross lending	**61,9%**	62,1%	67,1%	70,5%	73,1%

Key Financial Figures - Parent Bank	Definition	2006	2005	2004	2003	2002
Profitability						
Result before tax (NOK million)		**430**	422	360	297	284
Result before tax as % of average assets		**1,31%**	1,48%	1,45%	1,33%	1,41%
Pre-tax return on equity capital	1	**13,2%**	14,3%	13,4%	12,1%	12,5%
Effectiveness						
Operating costs as % of margin contribution		**54,2%**	49,0%	52,2%	53,4%	59,4%
Operating costs as % of margin contr. excluding trading gains		**55,1%**	51,2%	56,2%	55,3%	57,1%
Operating costs as % of average assets		**1,55%**	1,59%	1,80%	1,91%	2,26%
Volume and growth						
Gross lending to customers (NOK million)		**29 166**	25 858	22 699	20 635	18 344
Growth in gross lending to customers		**12,8%**	13,9%	10,0%	12,5%	9,9%
Deposits from customers (NOK million)		**18 984**	16 869	15 971	15 087	13 895
Growth in deposits from customers		**12,5%**	5,6%	5,9%	8,6%	6,4%
Total assets (NOK million)		**35 478**	30 292	26 733	23 438	20 984
Growth in total assets		**17,1%**	13,3%	14,1%	11,7%	8,8%
Financial strength						
Capital adequacy ratio	2	**13,1%**	15,2%	15,4%	15,6%	15,6%
Equity capital ratio	3	**10,3%**	10,8%	11,0%	11,4%	11,8%
Liquidity and funding						
Customer deposits as % of gross lending		**65,1%**	65,2%	70,4%	73,1%	75,7%
Debt to credit insts. and securities-related debt as % of assets		**32,6%**	31,1%	27,0%	22,0%	19,8%
Part of funding with remaining life of more than 1 year	4	**102,3%**	95,2%	55,8%	58,1%	44,2%
Cash flow from lending activities (NOK million)		**-2 116**	-2 128	-1 090	-972	-143
Cash flow from deposit activities (NOK million)		**1 744**	659	663	651	72
Funding requirements from core operations (NOK million)		**-372**	-1 469	-427	-321	-71
Commitments in default and loss provitions						
Gross loans in default over 90 days (NOK million)		**350**	297	225	281	239
Provisions ratio relating to loans in default	5	**19,7%**	20,9%	24,9%	17,8%	19,2%
Individual write-downs on loans (NOK million)		**142**	194	184	165	130
Individual write-downs as % of gross lending		**0,5%**	0,8%	0,8%	0,8%	0,7%
Group-related write-downs on loans (NOK million)		**74**	250	235	230	220
Group-related write-downs as % of gross lending		**0,3%**	1,0%	1,0%	1,1%	1,2%

Definitions

1: Pre-tax return on equity capital	Result before tax as a percentage of total equity capital as at 01.01 during the accounting year
2: Capital adequacy ratio	Capital adequacy ratio according to applicable capital adequacy rules and regulations
3: Equity capital ratio	Total equity capital as a percentage of total assets
4: Part of funding with remaining life of over 1 year	Liabilities to credit institutions, securities-related debt and unutilised drawing rights facilities with remaining life in excess of 1 year as a percentage of total liabilities to credit institutions and sec. Debt
5: Provisions ratio relating to loans in default	Individual write-downs on loans in default as a percentage of gross loans in default

Quarterly Results (Parent Bank)

	Year 2006	4 th Q.	3 rd Q.	2 nd Q.	1 st Q.
Interest income	**1 512**	415	391	363	343
Interest costs	**761**	229	204	176	152
Net interest income	**751**	186	187	187	191
Net other interest income	**184**	81	37	42	24
Margin contribution	**935**	267	224	229	215
Total operating costs	**507**	146	126	115	120
Operating result before credit losses	**428**	121	98	114	95
Losses on loans etc.	**-6**	-1	-3	-2	0
Losses/gains and write-downs on long-term shareholdings	**4**	5	0	-1	0
Operating result after credit losses	**430**	117	101	117	95

Hedmark Eiendom AS

The good property market continued in 2006 too – which turned out to be far better than most observers had predicted. The overall conditions were good even though interest rates increased throughout the year. The level of employment is very good which means that people feel that their private financial position is secure. The building of new houses has continued at a high level and somewhat higher than in previous years. Activity levels continue to be highest within central areas.

A good situation at Kongsvinger

The company sold 1,327 properties in 2006 as against 1,280 in 2005, an increase of about 4 per cent. The turnover totalled NOK 1.85 billion, after a growth in value in excess of 15 per cent. The Kongsvinger branch developed in a very positive way in 2006. In this area, about 30 per cent more properties were sold than the year before. The company's result was the best ever achieved, totalling approximately NOK 6 million before tax, as opposed to about NOK 4.7 million in 2005.

Increased property prices

Approximately every third property sold in the county of Hedmark is sold through Hedmark Eiendom. Property prices in our country rose by about 10 per cent in 2006, which is significantly lower than the national average, which was 15 per cent.

The largest proportion of the company's turnover is accounted for by residential property.

The sale of residential property accounted for 80 per cent of the company's turnover in terms of the number of properties sold. The second most important sector involved holiday homes, with about 15 per cent. Small farms and commercial property accounted for the remainder.

A new development this year is the sale of 43 holiday flats in Brazil, where the first 36 flats will be ready in February 2007.

An increase in the sale of holiday homes

Approximately 1,000 holiday cottages and flats were sold in Hedmark last year, an increase of just over 10 per cent. Hedmark Eiendom sold 155 of these holiday cottages, compared with 135 the previous year. Trysil dominates the holiday home market with about 350 units sold, the company's share of this being about 15 per cent. Hedmark Eiendom is in the process of establishing itself more strongly in this market.

About the company

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. The company's staff totals the equivalent of 34 man-years. About half of the company's staff are state authorised real estate brokers or lawyers. Hedmark Eiendom has a great deal of competence within all areas of real estate brokerage. The company benefits a great deal from being a local real estate brokerage firm owned by the largest bank in the county. Competition between the real estate brokers in the county is still fierce and, in particular, it looks as if all bank-owned real estate brokerage firms are on the offensive.

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Hedmark Finans AS

Demand for Hedmark Finans AS's products in 2006 was very good. New sales totalled NOK 771 million.The product, 'Car administration', which was introduced as a new product in 2004, contributed with some NOK 69 million of new sales

The year which is now behind us was a challenging year for Hedmark Finans as we experienced larger losses than expected on several credit commitments. The company wrote new contracts totalling about NOK 771 million, down by NOK 28 million on the year before. Of this, leasing accounted for NOK 367 million, vendor' lien-related loans and debt instrument loans for NOK 335 million and car administration for NOK 69 million.

At the end of the year, the company's balance sheet total amounted to about NOK 1.4 billion. The 2007 sales volume is expected to be larger than in 2006.

About Hedmark Finans

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.

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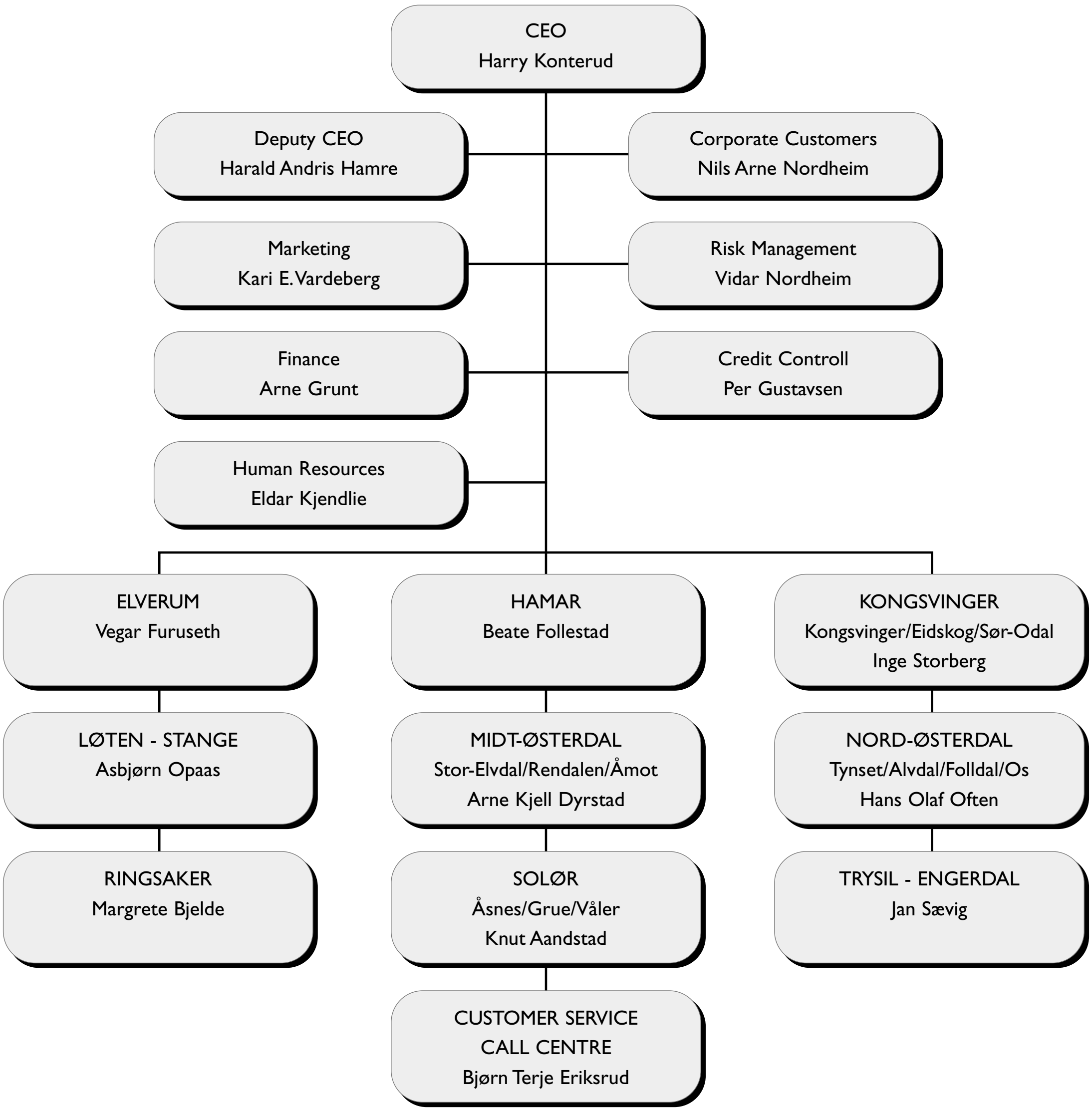
Sparebanken Hedmark



Subsidiaries/Associated companies

HEDMARK EIENDOM AS (100%)
Nils Børresen

HEDMARK FINANS AS (100%)
Hans Olav Wedvik

ACTOR FORDRINGS-FORVALTNING AS (40%)
Bjørn Krogh

Working together for wealth creation

Sparebanken Hedmark is a cornerstone in the local communities of the region. Through loans extended to private persons, commerce and industry, coupled with management of customers' deposits, the Bank helps people to build, live and work in Hedmark. The Bank's corporate vision, 'Working together for wealth creation', makes the point that the Bank's results are achieved in co-operation with its customers.

Med hjertet i Hedmark
www.sparebanken-hedmark.no

Sparebanken HEDMARK