ANNUAL REPORT 2008

Sparebanken HEDMARK

Tale of contents

Editors: Siv Stenseth and Trine Lise Østberg
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A steady course in tu

The global financial turbulence has had a big impact on Sparebanken Hedmark's 2008 result. After substantial unrealised losses on bonds and shares, the Parent Bank's pre-tax profit ended up at NOK 227 million.

During last year we have seen how closely local and global economies are linked. The Bank's weak result is mainly due to negative ripple effects from the global turbulence. Against this background, it is good that the Bank's core operations did well, the result before securities losses being in line with previous years. Other (non-interest) income showed improvement, operating costs were lower than budgeted, and lending growth finished up somewhat higher than the average credit growth in Norway. Sparebanken Hedmark delivered a steady performance despite the unsettled times.

We keep getting positive feedback from our customers. In a survey done amongst business leaders in our region, Sparebanken Hedmark did very well amongst the 40 companies which were asked how they rated the Bank's reputation. Our retail banking customers also provided good feedback on customer satisfaction and loyalty, in a big survey which was done last autumn. We finished well over the average for Norwegian banks. We realise that both hard work and strong commitment are needed from our staff in order to manage to retain this position going forward.

Another positive feature from last year came from the results which we have achieved in the sale of insurance products, a new area in which we have been putting in a great deal of effort. We have doubled commission income both from life- and non-life products compared to 2007.

During the spring of 2008 we replaced the savings bank oak with the SpareBank 1 alliance's new logo. Our experience has been that both customers and staff feel comfortable with our new brand. We are now able to make the most of the SpareBank 1 alliance's national promotion of its new brand name and in this way to strengthen both our cooperation and competitiveness.

2008 was characterised by full focus on the further skills- and competence development of our staff. Comprehensive measures involving licences for both financial advisory officers and managers have been implemented. We have also focused on ethics and national rules and regulations for our investment advisory officers.

In order to be well prepared for future challenges, the Bank has entered into a new strategic period which will take us up to 2012. The strategy is mainly based on Sparebanken Hedmark's success-related criteria for many years: Local roots, competent staff and extremely healthy operations.

From 1 January, the Bank's operations have been reorganised into one division for the retail banking market and one for the corporate market. The purpose of this is to make the lines of responsibility clear, to ensure a closer follow-up of the two market operations, to improve profitability, and to run the Bank more effectively. Most customers will still be able to meet members of staff they know, to be offered good products, and to experience the same attitude to service from the Bank's staff.

With a great deal of interest and excitement we are now entering 2009. It is uncertain how the financial crisis will affect developments in our own market area in the longer run.

« We do not wish to exaggerate the difficulties of the current situation even though the financial turbulence is also being felt in Hedmark. »

rbulent times

We believe that the next few years will be demanding for many businesses, but history shows that we have done well by working together with our customers both in good and difficult times. Together we will be able to find solutions during periods of economic downturn too, provided that the companies involved are sound.

We do not wish to exaggerate the difficulties of the current situation even though the financial turbulence is also being felt in Hedmark. The structure of our business sector is characterised by a large and efficient agricultural industry, an important foodstuff industry and a tourism sector which in many places is experiencing record business levels. In addition, we have very good bio-technology- and bio-energy environments. We are Norway's largest forestry county with a big wood-technological industry. The area of environment provides opportunities for creative innovation, for which there is a big demand. Our mountainous regions provide a recreation area for visitors from the whole of East Norway. For many years, Swedes, Danes and more and more Europeans have been coming here in order to enjoy Hedmark's wonderful nature and scenery both in summer and winter.

Hedmark offers a great deal as far as further development is concerned. At the beginning of 2009 we are enjoying low interest rates, good wage growth and continued high employment. This means that we do believe in a positive development even though the current situation is difficult.

I would like to thank all customers and staff for their good and inspiring cooperation in 2008.

Harry Konterud

This is Sparebanken Hedmark

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.

The Bank is the result of mergers of former, independent savings banks in Hedmark. Through several mergers, 22 local savings banks have developed into Hedmark's largest source of capital, with the Bank's head office located in Hamar. Sparebanken Hedmark took its present name in 1982.

Sparebanken Hedmark is today a cornerstone in the local communities throughout the region of Hedmark with its many branches located in 20 of the county's 22 municipalities. The Bank offers a broad range of products and services within the areas of loans, deposits, insurance and payments transmission.

Business concept
Sparebanken Hedmark shall offer existing and new customers complete and comprehensive banking-, finance- and insurance products adapted to the future. Sparebanken Hedmark shall be so competent, close 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 profitability, good financial strength and independence, the Bank shall contribute towards growth and development in Hedmark.

Corporate vision
The Bank's corporate vision, **Working Together for Wealth Creation,** makes a statement to the effect that the Bank's results are achieved by cooperation between the Bank and the local communities within its region. At the same time, the vision incorporates an expectation of better cooperation, more initiatives and better results.

Values
"Competent, close and committed", our customer values, state that we wish to be a professional cooperation partner who identifies and defines needs and find solutions by working with our customers. We shall also be active and extrovert in all our dealings with our customers.

As the leading player within our market area we assume responsibility for growth and development by providing financing to private persons and businesses wanting to realise good ideas. In this way, the Bank helps people to be able to build, live and work here.

Sparebanken Hedmark is today a self-owning institution with no Primary Capital Certificate-holders. The bank has long traditions with regard to transferring parts of its profit back into the local communities. This is done through annual donations to clubs and associations and for other good causes. Sparebanken Hedmark also sponsors popular types of sport and other activities for children and young people, involving financial support amounting to many millions of kroner each year. In addition, the Bank has a separate Donations Fund, which provides financial support for larger projects within culture, research and education.The Bank's local knowledge and roots represent a unique competitive advantage. Sparebanken Hedmark has approximately 165,000 customers and is close to its market, with 29 branches, whose total staff is equivalent to 485 man-labor years.

Hedmark is the third largest county in Norway. The 190,000 inhabitants represent over four 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. The overall transport requirements are large and the county has the second largest public road network in Norway. Hedmark's industry and commerce are varied and Hedmark is Norway's largest county for agriculture and forestry. Employment according to industrial and commercial sectors shows that most people work within industry, building and construction, wholesale- and retail trade, hotels, restaurants and the public sector. Unemployment rose in 2008 and is a little over the average level for Norway as whole, 2.6 per cent. The jobless level has been increasing most within building and construction, and in industry related to cars and building. Hedmark has varied nature and scenery, from agricultural fields in the south to large areas of forests 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.

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

A shareholder in SpareBank 1 Gruppen AS
In July 2006, the Bank acquired a 11,1 per cent equity stake in SpareBank 1 Gruppen AS.

This joint venture cooperation 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 range of products and services available throughout Norway. They may now use the SpareBank 1 alliance's 340 branches.

Some brief information on SpareBank 1 Gruppen and the cooperation within the alliance
For information, see www.sparebank1.no.

2008 – a review of the year

- Sparebanken Hedmark adjusts its interest rates for deposits and loans seven times in 2008. The lowest house mortgage loan interest rate was 5.25 per cent at the beginning of 2008, rising to 7.35 per cent in September. From October, the rate of interest was reduced again and was 4.70 per cent at the end of the year.

- In April, the Bank implements a successful re-branding. The savings bank oak is replaced by the SpareBank 1 alliance's profile, colours and logo.

- Later in the year, Hedmark Finans is also re-branded, its new name being SpareBank 1 Finans OestlandetAS.

- New pension- and insurance schemes for the Bank's staff are agreed in April in accordance with which a contributory pension scheme is implemented for new staff with effect from July 2008.

- The Bank's investment in health-enhancing work creates a big commitment for the Bank. Physical activity is an important aspect of one's life and this is promoted through the measure, Active Company. Nearly all staff participate.

- Turid Hekne from Ottestad takes over as the Bank's new Ombudsman safeguarding employees' interests. She initiates proactive work and measures in order to re-establish the Bank's athletics club within a number of different sports.

- The Bank starts a skills- and competence enhancement scheme among credit officers in order to further improve the Bank's credit standard with a view to IRB-certification in 2010.

- The year's working environment survey shows a good result. Employees are happy in their jobs and proud to work at Sparebanken Hedmark. These are key factors for being able to produce good results by working together.

- Customer Services move out of the Banks' administration building and into Actor Fordringsforvaltning's former premises. Customer Services receives 800-1,500 enquiries each day and now employ 25 man-labor years.

- The Group Administration and Management receives its environment certificate as a 'Environmental Lighthouse Company' in September. The rest of the organisation shall according to the agreed plan receive its certification during 2009.

- In October, Sparebanken Hedmark acquires a 15 per cent shareholding in Glitnir Bank ASA. The acquisition is made together with the other members banks of the SpareBank 1 alliance. Glitnir continues under the name of BNbank with its head office in Trondheim.

- The sale of insurance products is going very well and Sparebanken Hedmark has the highest percentage-related growth in premiums, the lowest damage percentage of all the alliance member banks and the most loyal non-life insurance customers.

- The Bank introduces and implements a separate Risk Information System, RIS, in order to report all unwanted events.

- Sparebanken Hedmark starts using SpareBank 1's Training and Learning Forums. Financial advisory officers shall be re-licensed every three years and all staff must pass basic tests at the Training and Learning Forums.

- The Bank has been Ham Kam's main sponsor for 10 years. When Hamar's new Briskeby Stadium opened last autumn, the Bank promotes itself on a broad basis amongst other things as grandstand sponsor.

- New strategy for 2008 – 2012 is agreed and introduced around the middle of the year.

- All managers take part in management development courses throughout the year.

- I October, the Bank's first Internet-based loan is granted. So far, the 1980s generation represents the biggest customer group.

- Towards the end of the year, the Bank sells its first fully-electronic invoice solution. This is an important cornerstone for the Bank after many years' preparations. Many small and medium-sized companies find these services very useful.

- In October, a new organisation model is agreed. The Bank's retail banking- and corporate banking become two separate divisions and are organised in three regions: Østerdalen, Glåmdalen and Hedmarken. New managers are recruited internally and a new organisation comes into force from 1 January 2009. The purpose of the reorganisation is to make the various lines of responsibility clear, to ensure closer follow-up of the two market operations, to improve profitability, and to run the Bank more effectively.

- In 2008, the Bank increased its holdings of PCCs in Totens Sparebank to 19.5 per cent.

- The Bank gets about 100,000 'hits' on its Netbank-based banks each week.

2008 ANNUAL REPORT AND ACCOUNTS FROM THE BOARD OF DIRECTORS

FRAMEWORK CONDITIONS FOR 2008
The world was hit by the international financial crisis in 2008. The crisis worsened during the autumn of 2008 when the American house mortgage loan giants Freddy Mac and Fannie Mae had to be put under public administration and when the investment bank Lehman Brothers went bankrupt.

The turbulence in the financial markets brought about a situation where banks all over the world became uncertain of other banks' financial strength. This meant that banks were reluctant to lend to each other and the risk spread added to money market interest rates increased sharply. In several countries the authorities initiated a number of measures in order to try to re-establish financial stability. The risk spread added to money market interest rates therefore narrowed somewhat towards the end of the year but remains at a high level.

In an effort to reduce the negative real economic consequences of the global financial crisis, Norges Bank implemented significant interest rate reductions towards the end of the year. The central bank's benchmark rate of interest was reduced from 5.75 per cent to 3.0 per cent during the fourth quarter.

After five years of strong increases in Oslo Stock Exchange's main index, there was an historic fall in 2008. During the year, the main index plummeted from 491 to 225 points – a reduction of 54 per cent. From its peak in May, the index came down by 57 per cent.

Preliminary figures show that the gross national product (GNP) increased by about 2 per cent for Mainland Norway. The rate of growth was falling throughout the year. By comparison, the growth in 2007 ended up at 6 per cent.

The price of oil fluctuated strongly in 2008. At the end of February, the price of oil reached $ 100 per barrel. However, it kept on rising rapidly and at its peak reached $ 147 per barrel in July. The strong downturn in the economy during the second half of the year contributed to a marked fall in the oil price, which at one time was below $ 40 per barrel.

Prices for existing homes have been falling continually during the last 18 months. At the end of 2008, house prices were about 11 per cent lower than they were at their highest in June 2007. Lower house prices and reduced growth in the consumption of goods and in capital investment in industry and commerce have reduced banks' credit growth. The total credit growth in Norway in 2008 finished up at 9.9 per cent. Private households' gross debt increased by 7.1 per cent whereas businesses' debt went up by 14.8 per cent. The rate of credit growth fell throughout 2008.

The annual wage growth in Norway finished up at approximately 6 per cent. With an inflation rate of 3.8 per cent, this amounted to a real wage growth in excess of 2 per cent.

After several years of strong growth in the level of employment and reduction in the number of jobless, the labour market turned in 2008. Until March, there was strong growth in the level of employment, but the rate of growth later fell and the number of registered jobless increased towards the end of the year.

LOCAL DEVELOPMENT WITHIN THE COUNTY OF HEDMARK
The county of Hedmark was also affected in 2008 by the global economic downturn.

Each quarter, TNS Gallup does a survey in order to find out about Norwegian people's opinions and expectations as far as their own finances and the country's economy are concerned. Throughout 2008, and in particular towards the end of the year, the survey identified a strong downward trend with regard to Hedmark's inhabitants' belief in the economy.

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.

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.

Industry and commerce in Hedmark also felt the effects of the turbulence in global financial markets. Towards the end of 2008, many businesses reported reduced turnover figures, job cuts and lay-offs. In October, NAV reported an increase in the level of unemployment in the county, the first time in three years. In December, the number of jobseekers had reached 2,105 in Hedmark, equivalent to 2.2 per cent of the total labour force. This was an increase of 33 per cent compared to December 2007. The increase was biggest within building, construction and industry.

SPAREBANKEN HEDMARK – THE GROUP

The Group consists of the Parent Company, Sparebanken Hedmark, and its subsidiaries: Hedmark Eiendom AS, SpareBank 1 Finans Østlandet AS, Vato AS and Meglereiendom AS.

Sparebanken Hedmark owns 11.1 per cent of the shares in SpareBank 1 Gruppen AS and 15 per cent of the shares in BNbank ASA (the former Glitnir Bank ASA). The companies are defined as joint venture businesses. Sparebanken Hedmark's share of the companies' results is shown as income in the Group accounts according to the equity method of accounting.

The subsidiary, SpareBank 1 Finans Østlandet AS, which conducts business within the areas of leasing and vendor's lien financing, increased its pre-tax profit from NOK 15 million in 2007 to NOK 24 million in 2008. The subsidiary, Hedmark Eiendom AS, as was the case with most real estate brokerage firms, had a weak year in 2008. The company made a loss of NOK 3 million before tax, compared to a profit of NOK 8 million in 2007. Hedmark Eiendom AS's loss in 2008 is attributable to its subsidiary, Sørum og Søberg AS. The Parent Bank has transferred NOK 3.5 million to the company as a Group contribution. The other subsidiaries, which are real estate management companies, all more or less broke even in 2008.

SpareBank 1 Gruppen AS owns 100 per cent of the shares in SpareBank 1 Livsforsikring AS, SpareBank 1 Skadeforsikring AS, Odin Forvaltning AS and Bank1 Oslo AS. The company also owns 90 per cent of Actor Fordringsforvaltning AS, 75 per cent of Argo Securities AS and 24.5 per cent of First Securities AS.

SpareBank 1 Gruppen AS made an after-tax loss of NOK 809 million in 2008. In 2007, SpareBank 1 Gruppen AS made an after-tax profit of NOK 1,211 nillion. The 2008 loss is in its entirety ascribable to SpareBank 1 Livsforsikring AS, which throughout the turbulence in global financial markets chose to maintain a relatively high proportion of shares in its investments compared to other players in the market. In addition, SpareBank 1 Livsforsikring AS has discontinued a larger IT-project which triggered a write-down of a total amount of NOK 417 million. The reason for this decision was the supplier's inability to provide the equipment and services agreed. The global financial crisis has also meant lower revenue generation for Odin Fondsforvaltning AS and increased losses for Bank 1 Oslo AS. With the exception of SpareBank 1 Livsforsikring AS, SpareBank 1 Gruppen AS's subsidiaries all posted good results in 2008.

On 20 October 2008, the member banks of the SpareBank 1 alliance entered into an agreement with Glitnir Banki hf in Iceland to acquire all the shares in Glitnir Bank ASA (now BNbank ASA) for a consideration of NOK 300 million. On 5 December 2008, the Ministry of Finance granted the necessary licence for the transaction to be completed.

BNbank's shareholders are as follows:

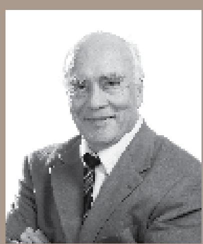
SpareBank 1 SMN	25 per cent
SpareBank 1 SR-bank	20 per cent
Sparebank 1 Nord-Norge	20 per cent
Samarbeidende Sparebanker	20 per cent
Sparebanken Hedmark	15 per cent

In connection with the acquisition, in accordance with the accounting-related requirements (IFRS 3), a complete Purchase Price Allocation (PPA) has to be done. A preliminary acquisition analysis has been prepared. The acquisition analysis's calculations show equity capital at BNbank ASA as at 05.12.2008 of NOK 2,377 million. With a purchase price of NOK 300 million for the company, this produces a positive difference of NOK 2,077 million. This amount has been included as income in the banks' group accounts in respect of negative goodwill. For Sparebanken Hedmark, this amounted to NOK 312 million (15 per cent).

BNbank ASA's accounts for 2008 show an after-tax loss of NOK 0.6 billion. Equity capital and assets as at 31.12.2008 amounted to NOK 2.7 and 54 billion respectively. The company conducts its business mainly in Oslo, Akershus, Trøndelag and Møre and Romsdal.

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.



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.

The Sparebanken Hedmark Group's 2008 result before tax was NOK 418 million. The corresponding figure for the year before was NOK 614 million. The pre-tax result for the Group is made up as follows:

Pre-tax result for the Parent Bank	NOK 227 million
Dividends received in 2008 from subsidiaries and joint venture companies	NOK -63 million
Share of results from:	
SpareBank 1 Gruppen AS	NOK -85 million
Hedmark Eiendom AS	NOK -3 million
SpareBank 1 Finans Østlandet AS	NOK 24 million
Negative goodwill – BNbank ASA	NOK 312 million
Other companies and netted-out amounts	NOK 6 million
Pre-tax result for the Group	NOK 418 million

As at 31.12.2008, the Group's equity capital totalled NOK 4,398 million. The capital adequacy ratio was 11.5 per cent.

Sparebanken Hedmark's Head Office is located in Hamar and most of the Group's operations are conducted in the county of Hedmark.

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

SPAREBANKEN HEDMARK – THE PARENT BANK

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

The pre-tax result totalled NOK 227 million, equivalent to 0.58 per cent of average assets. The corresponding figures in 2007 were NOK 464 million and 1.27 per cent respectively. The turbulence in global financial markets in 2008 triggered substantial unrealised losses on securities. In addition, the Bank experienced larger losses on loans than in previous years.

The result of the Bank's core operations in 2008, measured as pre-tax result with deductions of gains/losses from financial investments, ended up at approximately the same level as in 2007, the figures being NOK 421 and 405 million respectively.

The 2008 result produced a pre-tax return on equity capital of 5.9 per cent, as opposed to 13.1 per cent a year earlier. The profit is not satisfactory in relation to the Board of Directors' target for return on equity capital.

Net interest income totalled NOK 847 million, which was NOK 58 million or 7.4 per cent up on the year before. The improvement is due to increased loan- and deposit volumes. The difference between the lending- and deposit rates for the Bank's customers was reduced by 0.06 percentage points compared to the previous year.

Net commission income totalled NOK 132 million, up by NOK 7 million on 2007. Revenue generation from payments transmission services and investment products was somewhat reduced in comparison with the previous year, whereas income from insurance- and pension products improved from NOK 17 to 35 million.

Financial investments produced a loss of NOK 194 million. In 2007, there was a gain of NOK 59 million. The absence of income from this area is the main reason why the pre-tax result shrank from NOK 464 to 227 million.

Securities consist of shares, unit trust certificates/equity participations, Primary Capital Certificates (PCCs), certificates and bonds. All financial instruments classified at fair market value through the profit and loss account are assessed at fair value. Any change in value from the opening balance sheet is incorporated in the profit and loss account as income from other financial investments.

Total net income from other financial investments consists of the following main items (see note 7):

Dividends, realised and unrealised losses on equity capital instruments	NOK -121 million
Value changes on certificates and bond assets, including financial derivatives	NOK - 275 million
Value changes on certificates and bond liabilities, including financial derivatives	NOK 1204 million
Guarantee liabilities - Eksportfinans AS	NOK - 35 million
Income from foreign exchange trading	NOK 19 million
Value change - fixed interest loans and deposits from customers	NOK 14 million
Total	NOK - 194 million

Of the above total, unrealised and realised value changes accounted for minus NOK 226 million and NOK 32 million respectively.

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 Department Manager of Sykehuset Innlandet, Kongsvinger. She was appointed to the Board of Directors in 2006. She lives in the municipality of Grue.

Espen Bjørklund Larsen
Member of the Board (Born in 1976)

Larsen is a graduate (finance) of Hedmark University College and has been the main representative of the Bank`s staff on the Board of Directors since 2008. He lives in the municipality of Elverum.

Income from associated- and joint venture companies, together with wholly-owned subsidiaries, totalled NOK 63 million. Of this, dividend from SpareBank 1 Gruppen AS accounted for 54 million. The Bank's operating costs at NOK 574 million represented 1.45 per cent of average assets. The corresponding figures for 2007 were NOK 562 million and 1.54 per cent respectively. The increase in costs, which has been moderate, amounted to 2.1 per cent. Wage-, salary- and personnel costs were largely unchanged from 2007. In view of the 2008 result, no bonuses will be paid to the Bank's staff.

Losses on loans totalled NOK 66 million. Although credit losses were higher than in 2007, the level remains moderate, representing 0.20 per cent of gross lending. The losses of NOK 66 million are made up of NOK 18 million in collective write-downs and NOK 48 million in individual write-downs.

Profit for the year
Taxation cost for the year amounts to NOK 81 million. The after-tax result finished up at NOK 146 million. The Board of Directors proposes that NOK 6 million is set aside for donations for good causes in Hedmark. The remaining amount, NOK 140 million, will be transferred to the Savings Bank's Fund.

Equity capital and capital adequacy ratio
The Bank's equity capital at the end of the year under review totalled NOK 3,870 million, equivalent to 9.3 per cent of total assets. Increased pension liabilities of NOK 85 million are recognised directly in equity. The equity capital consists in its entirety of retained earnings. The capital adequacy ratio was 12.2 per cent as at 31.12.2008, compared to 13.9 per cent a year earlier.

Balance Sheet
Gross loans to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 34.7 billion, up by 10.4 per cent during the last 12 months. Growth within the retail banking- and corporate sectors was 7.3 and 17.3 per cent respectively.

Deposits from customers at the end of the year totalled NOK 22.5 billion, up by 7 per cent on the year before. The growth was somewhat higher in the corporate market than in the retail banking market.

Cash and placements with Norges Bank totalled NOK 1.9 billion at the end of the year, up by NOK 1.0 billion. Liabilities to credit institutions and debt incurred through the issuance of securities increased from NOK 11.9 to 14.1 billion during the last 12 months, equivalent to 33 per cent of total assets.

Domestic interest rates
After an increasing level of interest rates during the first three quarters, there was a marked reduction in the last quarter. Norges Bank's benchmark rate of interest was 5.25 per cent at the beginning of the year and 3.0 per cent at the end of 2008. The Bank's best house mortgage loan rate of interest was 4.70 per cent at the end of the year.

In 2008, the Bank's average lending rate was 7.5 per cent, as against 6.1 per cent in 2007. The average interest rate for deposits was 5.0 per cent, as opposed to 3.5 per cent in the previous year.

Due to the turbulence in global financial markets, the risk spread added to the Bank's funding loan costs from the capital market increased markedly throughout 2008. This additional cost has only partly been compensated for in the Bank's lending rates of interest.

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 and support the Bank's activities aimed at achieving its targets, contributing to a stable and good rate of return on equity capital.

The Board of Directors has introduced special principles for risk management through 'Policy for Risk- and Capital Management at Sparebanken Hedmark'. The document defines the overall framework for risk management, including management of the different risks involved. Each year, the Board of Directors agrees the Bank's financial strategy which covers the areas of funding, shares, interest-bearing securities, financial derivatives trading, foreign exchange and interest rate risk. In the same way, the Board of Directors agrees the Bank's management documents relating to the credit area. Risk exposure and risk development are followed up and reported periodically to the Bank's Board of Directors and senior management.

Credit risk
Credit risk is defined as the risk of loss as a result of customers or other counterparts being unable or unwilling to meet their obligations.

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.

Credit risk contained in the lending portfolio represents the Bank's biggest financial risk exposure. The risk is managed on an ongoing basis in accordance with the Bank's credit strategy, credit policy, credit-related powers of attorney/delegated lending authority, routines for the granting of credit and different reporting- and follow-up requirements.

Sparebanken Hedmark uses its own statistical risk classification models as a basis for dividing the credit portfolio into different risk groups.

For the first time in many years, the growth in the corporate market has been larger than the growth in the retail banking market. In addition to the financing of projects in Hedmark, the Bank has contributed to the financing of larger projects in cooperation with other member banks in the SpareBank 1 alliance. Lending growth in the retail banking portfolio decreased during the latter half of 2008 due to the change in the Norwegian and international economy.

The global financial crisis has resulted in an increase in the credit risk contained in the lending portfolio and this has brought about higher loss provisions in the accounts.

The Board of Directors is of the opinion that the credit risk contained in the Bank's lending portfolio has increased in 2008 as a result of the financial crisis.

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 industrial enterprises.

The credit risk contained in the Bank's portfolio of interest-bearing securities has increased due to the financial crisis.

The Bank's claims on other financial 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, SpareBank 1 Finans Østlandet AS, represent the largest single claim.

Overall, the Board of Directors is of the opinion that the Bank's aggregate credit risk exposure increased in 2008 but that it remains moderate.

Market risk

Market risk is defined as the risk of loss due to changes in the level of interest rates, share prices and foreign exchange rates.

The management of market risk is done through the Bank's financial strategy, agreed by the Board of Directors. Risk exposure and risk development are reported periodically to the Bank's Board of Directors and senior management.

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 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 was moderate throughout 2008.

Sparebanken Hedmark increased its holdings of securities from NOK 2,985 million to NOK 3,376 million during the course of 2008. The financial crisis, which brought about substantial falls in value, has meant significant accounting-related losses on securities portfolios for most banks. Most of the losses are unrealised losses.

The Board of Directors has reduced the limits for foreign exchange risk, and the Bank has had a low exposure throughout the year. Overall, the exposure to foreign exchange risk is considered to be low.

According to the Board of Directors' assessment, the Bank's market risk has increased, being moderate to high overall at the end of the year.

Funding risk

Funding risk is defined as the risk of the Bank being unable to meet its obligations or being unable to fund its assets, including desired growth in lending, without having to incur significantly increased costs.

The management of funding risk is initially based on the funding strategy, which is agreed annually by the Board of Directors, fixing limits for net funding requirements within the different time periods involved, specifying requirements with regard to long-term funding, the amount of unutilised drawing rights, the level of liquidity reserves and the length of the time during which the Bank shall be independent of new external funding.

Deposits from customers are the Bank's most important source of funding. As at 31.12.2008, Sparebanken Hedmark's overall deposit ratio (deposits from customers as a percentage of gross loans to customers) was 68.6 per cent. The targeted ratio is minimum 60 per cent.

The Financial Supervisory Authority of Norway's (FSAN) liquidity indicators calculate the Bank's ratio between stable sources of funding and illiquid assets. The two indicators calculate the proportion of the Bank's illiquid assets which is funded with maturities of over one month and one year respectively. At the end of the year, Sparebanken Hedmark's indicator values were 111.1 and 115.4 respectively. By comparison, those indicators were 107.7 and 112.7 at the end of 2007.

Sparebanken Hedmark's aggregate funding at the end of 2008 had an average maturity of 3.6 years. During the course of 2008, the Bank tried to reduce the funding risk by making the necessary preparations for using new funding sources. The transfer of loans to SpareBank 1 Boligkreditt AS has been the most important measure. Sparebanken Hedmark had transferred loans of a total value of NOK 1.9 billion to SpareBank 1 Boligkreditt AS at the end of 2008.

In an ordinary operating situation, taking into consideration unutilised committed drawing rights facilities and actual liquidity reserves, the Bank shall be independent of external funding for 6 months. As at 31.12.2008, the Bank had sufficient liquidity and reserves to continue its operations for more than 12 months without the need for any external funding. Sparebanken Hedmark runs periodic stress tests in order to evaluate the liquidity situation. According to the Board of Directors' assessment, the Bank's funding risk is 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 'Policy for Risk- and Capital Management'. Annual risk assessment of different areas is done. This provides the basis for control actions which are followed up by using the Bank's tools for follow-up of operational risk.

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

Organisation and personnel

In 2008, Sparebanken Hedmark's customer activities have been organised in 9 profit centres. The Corporate Customer Department located in Hamar has the responsibility for larger and more complicated corporate commitments and for certain industrial and commercial sectors.

As at 31.12.2008, Sparebanken Hedmark employed 518 people, up by 21 persons in the last 12 months. The increase is ascribable to the Bank's strong efforts aimed at the sale of insurance- and savings products, coupled with the development and further strengthening of skills- and competence levels within the areas of risk management and credit management.

During the latter part of 2008, active efforts were being made relating to the planning of and preparation for a new organisation model for the Bank. With effect from 1 January 2009, the Bank's business operations are organised in two divisions, one for the retail banking market and one for the corporate market. The aim of the organisational change is enhanced effectiveness and improved quality in all deliveries to a constantly shifting and more demanding market.

Human relations strategy

In 2008, a great deal of work was done in connection with the establishment of key areas involving the Bank's HR strategy. Quality assurance of recruitment processes, focus on skills training for advisory officers, as well as management training programmes focusing on target management, have been the prioritised areas.

Recruitment

In 2008, 31 new staff were recruited, and there were 54 cases of internal recruitment. Virtually all newly recruited employees have higher education of at least bachelor level. All new staff at Sparebanken Hedmark complete an individually adapted introductory programme. This is important in order to achieve an effective and quality-assured introduction into the position involved.

Through participation at education fairs and support for research and education, the Bank wishes to be seen as an interesting employer for young people. The Bank also takes part in "Trainee Innlandet" which seeks out young people with higher education.

«For the first time in many years, the growth in the corporate market has been larger than the growth in the retail banking market.»

Development of skills and competence
In 2008, the prioritised activities within skills- and competence development were concentrated on two areas: the further development of credit competence, and the implementation of the SpareBank 1 alliance's 'Training and Learning Forums' for all staff at the Bank. In connection with the implementation of the 'Training and Learning Forums', ethics and attitudes as well as basic competence within the Bank's main business areas have been focused on.

At the end of 2008, Sparebanken Hedmark had 145 licensed financial advisory officers. The transition to the SpareBank 1 alliance's 'Training and Learning Forums' at the same time involves a re-licensing of financial advisory officers which is to be completed by 31 December 2010. This means that all staff in customer-related jobs at the Bank are to be licensed. The financial advisory officers and their closest managers in the retail banking division shall also be licensed within a new national licence scheme.

During the course of 2008, all financial advisory officers and their closest managers in the retail banking division attended courses within sales- and advisory training and coaching with the use of video and role play. The aim has been to achieve a stronger awareness of staff's own skills, and to develop systematism and culture for continual training and learning within all environments.

In addition, in 2008, management training programmes focusing on target management and result follow-up were completed. In 2008, two women from the Bank took part in a national management development programme for women in finance - FUTURA.

Health and safety and working environment
Annual working environment surveys are done in cooperation with the other member banks in the SpareBank 1 alliance. The results from the surveys are used actively as a basis for organisation- and management development.

In 2008, the level of absenteeism through illness was 5.5 per cent. Short-term absenteeism through illness was under 1 per cent. Long-term absenteeism is largely related to serious illness which is not work-related. The Bank is a Care in the Workplace company and absenteeism through illness is systematically followed up and reported according to agreed routines.

The Bank has been concentrating increasingly on health-enhancing activities in order to prevent absenteeism through illness and in order to further improve the working environment. In December 2007, the Bank started the concept, Active Company, within the framework initiated by the Norwegian Exercise- and Corporate Athletics Association. Through this initiative, the Bank wishes to get more of its staff to participate in some form of physical activity and to increase the awareness of one's health and life style.

The Bank has been making every effort in order to achieve flexibility for its staff during their different phases of life, partly through the opportunity for individual adaptation of work hours. Other methods are study leave, working at home and the possibility to gradually reduce one's working time before the transition to retirement.

In 2008, no work-related injury was reported to the Labour Inspection Department.

Equality between the sexes and equal opportunities
Female employees account for 58 per cent of the Bank's total staff and 36 per cent of all managerial positions.

The Bank's Board of Directors consists of 2 women and 4 men, whereas the Bank's Supervisory Board comprises 11 women and 33 men.

Sparebanken Hedmark's aim is to strengthen versatility and flexibility, balancing 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 creates conditions conducive to equality between the sexes. This is all part of the Bank's strategy.

Salary for all employees 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 actively involves the Bank's elected representatives, and every effort is made to correct any imbalances in this connection in relation to individual employees or groups of staff. In addition, analyses and assessments are done by the central employment committee in order to pick up on any imperfections.

Corporate responsibility - the environment
Global warming is the biggest environmental challenge facing the world. Climate changes will affect the basis of life for people throughout the world in relation to the production of food, access to water, health and environment. Economic activity is also affected. Climate changes require both local, national and global solutions.

Savings banks have a long tradition when it comes to taking responsibility in their local communities and contributing to positive development in important areas. Sparebanken Hedmark wishes to be a role model of good business operations and conduct, also in the case of environmental questions. The Bank has a mutual relationship of dependence as far as the general development is concerned. In order to be able to influence other companies and people involved and in order to gain a desirable reputation amongst customers and to attract favourable public opinion, it is important that the Bank is honest, believable and reliable and sets a good example.

The Group administration building was environmentally certified during the autumn of 2008. The intention is that the rest of the Bank's operations shall be environmentally certified during the course of 2009. 'Environmental Lighthouse' is an official Norwegian certificate, supported by amongst others the Environment Protection Ministry. For the Bank's staff, this means that they will become even more aware of their attitude to consumption, travel, the handling of refuse and the use of energy generally. Everything which is thrown away and sorted according to source is registered. The aim is that the Bank shall be able to document reduced consumption on an annual basis, that the extent of recycling is increased, and that the energy consumption and fuel costs are reduced. This is to be documented in a separate set of accounts.

Prospects for 2009
The financial crisis has brought about a global recession, the worst since the 1930s. The turbulence has resulted in the financial markets at times functioning badly and there has been a lack of capital. This has triggered a high risk spread adding to the cost of capital from the bond market at the beginning of 2009. The financial crisis has gradually been affecting the real economy in the form of sharply reduced international demand for goods and services. This is having an impact on the Norwegian economy, as large parts of the industry export their products. The level of activity in the building- and construction sector is already sharply reduced.

NAV's prognoses suggest an increase in unemployment in 2009. This expectation is confirmed by the replies provided in the Confederation of Norwegian Business and Industry's economic barometer for the Inner Regions during the autumn of 2008, when nearly 70 per cent of the companies forming part of the survey said that they expected a negative development in market prospects in 2009. 55 per cent stated that they had postponed or reassessed their capital investment plans as a result of the global financial crisis.

The authorities have implemented a number of measures in order to stimulate activity within the economy and the banks' ability to lend. So far it is difficult to tell what impact the authorities' crisis packages may have.

The level of interest rates in Norway is expected to be further reduced towards the summer of 2009 and a positive real wage growth is anticipated. Private households with high levels of debt will therefore experience an increase in disposable income in 2009 following the reduction in interest rates towards the end of 2008.

The turbulence in financial markets is in the process of having a significant impact on the Norwegian real economy. Many more businesses are expected to experience problems in 2009. The Bank's Board of Directors accordingly expects higher losses on loans and lower credit growth in 2009.

Hamar, 5th March 2009

Richard H. Heiberg
styreleder

Gunnar Martinsen

Siri J. Strømmevold

Grethe G. Fossum

Espen Bjørklund Larsen

Jan Wibe

Harry Konterud
adm. direktør

> The aim has been to achieve a stronger awareness of staff's own skills, and to develop systematism and culture for continual training and learning within all environments.

Profit and Loss Account

Parent Bank					Group		
2006	**2007**	**2008**	*(NOK million)*	Notes	**2008**	**2007**	**2006**
1 512	2 126	2 844	Interest income	5	2 910	2 180	1 556
761	1 337	1 997	Interest costs	5	1 994	1 334	760
751	**789**	**847**	**Net interest income**		**916**	**846**	**796**
152	164	170	Commission income	6	169	162	145
39	39	38	Commission costs	6	43	47	46
113	**125**	**132**	**Net commission income**		**126**	**115**	**99**
9	57	63	Income from inv. in ass. cos., joint vs. and Group companies	14	233	182	60
56	59	-194	Income from other financial investments	7	-194	59	54
21	12	19	Other operating income	8	64	64	71
493	562	574	Operating costs	9	651	628	549
456	**480**	**293**	**Result before losses**		**494**	**638**	**531**
-6	16	66	Losses on loans and guarantees	20	76	24	24
462	**464**	**227**	**Result before tax**		**418**	**614**	**507**
136	114	81	Tax	10	87	122	140
326	**350**	**146**	**Result after tax**		**331**	**492**	**367**

Balance sheet

Parent Bank					Group		
2006	**2007**	**2008**	*(NOK million)*	Notes	**2008**	**2007**	**2006**
			ASSETS				
525	881	1 854	Cash and claims on central banks		1 854	881	525
1 359	1 273	1 751	Loans to and claims on financial institutions	18	322	98	359
29 155	31 405	32 764	Loans to and claims on customers	19	34 557	32 883	30 451
-142	-87	-117	Individual write-down on loans and claims on customers	19,20	-144	-108	-161
-74	-82	-100	Collective write-down on loans/claims on customers	19,20	-108	-90	-84
28 939	**31 236**	**32 547**	**Net loans to customers**		**34 305**	**32 685**	**30 206**
102	35	514	Financial derivatives	17	514	35	102
2 941	2 665	3 009	Securities - at market value through profit & loss acct.	15,16	3 009	2 665	2 941
212	320	367	Securities - available for sale	15	367	320	212
449	445	532	Investment in associated companies and joint ventures	14	1 030	746	536
301	299	305	Investment in subsidiaries	14			
99	99	98	Intangible assets	13	101	102	102
299	291	282	Property, plant and equipment	12	299	299	319
			Assets held for sale		1		
63	75	87	Deferred tax asset	10	95	88	78
376	390	418	Other assets	11	497	501	448
35 665	**38 009**	**41 764**	**Total assets**		**42 394**	**38 420**	**35 828**
			LIABILITIES				
2 769	2 987	4 756	Liabilities to financial institutions	18	4 753	2 970	2 749
18 987	21 024	22 484	Deposits from and liabilities to customers	21	22 389	20 812	18 865
8 641	8 944	9 232	Debt incurred through issuance of securities	27	9 232	8 944	8 641
290	299	405	Financial derivatives	17	405	299	290
119	126	74	Liabilities relating to period tax	10	76	131	121
1 305	789	943	Other liabilities	22,23	1 141	1 108	1 515
32 111	**34 169**	**37 894**	**Total liabilities**		**37 996**	**34 264**	**32 181**
			EQUITY CAPITAL				
46	65	57	Donations Fund		57	65	46
88	36	-74	Fund for Value Adjustment and Estimate Discrepancies		-53	56	113
3 420	3 739	3 887	Savings Bank's Fund		4 394	4 035	3 488
3 554	**3 840**	**3 870**	**Total equity capital**	24	**4 398**	**4 156**	**3 647**
35 665	**38 009**	**41 764**	**Total liabilities and equity capital**		**42 394**	**38 420**	**35 828**

Sparebanken Hedmark's Board of Directors
Hamar, 31st December 2008/5th March 2009

Richard H. Heiberg
Chairman

Gunnar Martinsen

Grethe G. Fossum

Espen Bjørklund Larsen

Siri J. Strømmevold

Jan Wibe

Harry Konterud
Chief Executive Officer

Statement of incorporated income and costs

Parent Bank					Group		
2006	**2007**	**2008**	*(NOK million)*	Notes	**2008**	**2007**	**2006**
			Investments available for sale				
26	-25	-26	- Net change in securities assessed at market value		-26	-25	26
	-1	1	- Net change in securities assessed at market value transferred to profit and loss account on realisation		1	-1	
7	-26	-85	Change in estimate discrepancies - pension after tax		-84	-32	6
			Change in acc. prins. re ass. cos. and j.vs. recognised directly in equity		26	89	
			Share of gains and losses re ass. cos. and j.vs. recognised directly in equity			1	26
33	**-52**	**-110**	**Net result recognised directly in equity**		**-83**	**32**	**58**
326	350	146	Result for the year		331	492	367
359	**298**	**36**	**Total incorporated income and costs during the period**	24	**248**	**524**	**425**

Cash Flow Statement

Parent Bank				Group		
2006	2007	2008	(NOK million)	2008	2007	2006
11 531	14 964	13 767	Year's instalments on rept. loans etc. to customers	14 497	15 666	12 185
			Change in prepaid rental - leasing	3	-7	10
-14 212	-16 612	-13 085	Newly discounted rpt. loans etc. to customers during year	-14 138	-17 501	-14 991
-156	444	-916	Change in balance - foreign currency loans	-916	444	-156
-552	-1 105	-1 132	Change in balance - credits	-1 132	-1 105	-552
1 288	1 791	2 354	Int.- and comm. payments received on loans	2 502	1 895	1 361
7	7	8	Recoveries from previous years' losses on loans	10	7	10
	-3	6	Change in expected recoveries relating to bankruptcies	6	-3	
	1		Change in assets 'available for sale'		3	3
-2 094	**-513**	**1 002**	**Cash flow from lending operations (A)**	**832**	**-601**	**-2 130**
2 118	1 847	651	Change in balance of deps. from custs., no agreed maturity	794	1 747	2 051
-3	190	809	Change in balance of deps. from custs., with agreed maturity	809	190	-3
-371	-686	-1 065	Interest payable to customers	-1 054	-679	-371
1 744	**1 351**	**395**	**Cash flow from deposit operations (B)**	**549**	**1 258**	**1 677**
-710	289	-648	Change in securities held on a short-term basis	-648	289	-709
-13	33	-143	Gains/losses on securities held on a short-term basis	-143	33	-13
88	122	167	Interest receivable on bonds and certificates	167	122	87
7	8	3	Dividends received on shares held on a short-term basis	3	8	7
-628	**452**	**-621**	**Cash flow from securities investment (C)**	**-621**	**452**	**-628**
-303	119	-303	Change in claims on financial insts. - agreed maturities	-49	112	-230
56	122	211	Interest receivable from deposits in financial institutions	223	58	23
-247	**241**	**-92**	**Cash flow from deposits in financial institutions (D)**	**174**	**170**	**-207**
230	221	206	Other (non-interest) income	250	223	276
-528	-593	-508	Payable operating costs	-594	-613	-588
-104	-119	-116	Payment of tax	-114	-121	-106
-4	-12	-14	Donations	-14	-12	-4
6	-24	28	Change in other assets	41	-26	4
33	-100	-159	Change in accrual accounting-related items	-237	-106	47
430	-538	5	Change in other liabilities	-103	-443	498
63	**-1 165**	**-558**	**Remaining cash flow from current operations (E)**	**-771**	**-1 098**	**127**
-1 162	**366**	**126**	**CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)**	**163**	**181**	**-1 161**
1 895	218	1 769	Change in deposits from financial institutions	1 769	408	1 899
4 992	2 649	3 219	Payments received through the issuance of securities	3 219	2 649	4 992
-4 208	-2 219	-2 620	Payments made on repayment of securities-related debt	-2 620	-2 219	-4 208
-499		-389	Repurchase of own securities	-389		-499
-341	-563	-833	Interest payable relating to financing	-855	-571	-341
1 839	**85**	**1 146**	**Cash flow from financing (G)**	**1 124**	**267**	**1 843**
-154	-30	-38	Invested in fixed- and intangible assets	-42	-32	-155
4	3	5	Sale of fixed- and intangible assets at sale price	5	10	4
-446	-114	-161	Purchase of long-term securities	-161	-114	-446
	43		Sale of long-term securities		43	
15	37	74	Dividends received from long-term shareholdings	65	35	11
-581	**-61**	**-120**	**Cash flow from investment in fixed assets (H)**	**-133**	**-58**	**-586**
		-3	Liquidity effect on purchase and sale of subsidiaries (I)	-5		
96	**390**	**1 149**	**CHANGE IN LIQUID ASSETS (F+G+H+I)**	**1 149**	**390**	**96**
469	565	955	Liquid assets as at 01.01	955	565	469
565	**955**	**2 104**	**Liquid assets as at 31.12**	**2 104**	**955**	**565**
			Liquid assets as at 31.12 consist of:			
524	881	1 854	Cash and claims on central banks	1 854	881	524
41	74	250	Deposits with and claims on banks - no agreed maturities	250	74	41
565	**955**	**2 104**	**Total liquid assets as at 31.12**	**2 104**	**955**	**565**

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Note 1 – Accounting principles

GENERAL INFORMATION

The Sparebanken Hedmark Group consists of Sparebanken Hedmark, the Parent Bank, and its wholly-owned subsidiaries, Hedmark Eiendom AS, Sparebank 1 Finans Østlandet AS, Vato AS and Meglereiendom AS.

SpareBank 1 Gruppen AS, BNbank ASA (the former Glitnir Bank ASA), Torggt. 22 AS and SpareBank 1 Utvikling DA are incorporated in the Bank's accounts according to the cost method of accounting and included in the Group's accounts as joint venture companies according to the equity method of accounting.

Fageråsen Invest AS and Engerdalen Høvleribygg AS are shown in the Bank's accounts according to the cost method and are both included in the Group's accountsequity method of accounting.

Sparebanken Hedmark is domiciled in Norway with its head office located in Hamar. The Bank has 29 branches, all of which are located in the county of Hedmark. All subsidiaries have their head offices in Hedmark county.

The Group's main operations involve the sale and provision of financial products and services as well as leasing and real estate brokerage.

The Group accounts are finally approved by the Supervisory Board on 2 April 2009. The Supervisory Board is the most senior body in a savings bank.

ACCOUNTING PRINCIPLES

The basis for preparation of the consolidated accounts

The company- and Group accounts for Sparebanken Hedmark are prepared in accordance with international standards for financial reporting (IFRS) which are approved by the EU and which shall be applied as at 31.12.2008. This also comprises interpretations by the International Interpretation Committee for Financial Reporting (IFRIC) and its predecessor, the Permanent Interpretation Committee (SIC). Sparebanken Hedmark started applying IFRS with effect from 01.01.2007 and this occurred with retroactive effect. Sparebanken Hedmark has not taken advantage of the opportunity to start applying new standards or changes in standards which are obligatory from 01.01.2009 or later.

Reporting currency

The reporting currency is NOK (Norwegian kroner), which is also the Group's functional currency. All amounts are in NOK million unless stated otherwise.

Consolidation

The Group accounts comprise the Bank and all subsidiaries. Subsidiaries are defined as all enterprises of which the Bank has control, i.e. the power to manage a company's financial and operational principles with the aim of profiting from the company's activities. Subsidiaries are consolidated from the time at which the Bank has assumed control, and are no longer consolidated once the Bank has relinquished control. Mutual balance sheet items and all significant profit and loss account-related elements are netted out.

In the case of taking over control of a company (merger), all identifiable assets and liabilities are shown at market value in accordance with IFRS 3. A positive difference between the value of the purchase amount and the market value of identifiable assets and liabilities is shown as goodwill, whereas any negative difference is included as income in the profit and loss account at the time of acquisition.

The Bank has not applied IFRS 3 retrospectively to mergers which were completed before 01.01.2006.

Associated companies

Associated companies are defined as companies in which the Bank has an equity stake of between 20 and 50 per cent. In some cases this provides significant influence, but not control over the companies in question. The accounting treatment of associated companies commences from the time significant influence is established and continues until it no longer applies. Associated companies are included in the Group's accounts according to the equity method of accounting. At the outset, the investment is incorporated at acquisition cost and is subsequently adjusted for the Bank's share of the net assets of the associated company. Associated companies are included in the Parent Bank's accounts according to the cost method of accounting.

Fageråsen Invest AS and Engerdal Høvleribygg AS are both treated as associated companies in the accounts of the Parent Bank and Group. The equity stakes are 36 and 20 per cent respectively.

Joint ventures

In a joint venture company, the partners involved have joint control over operations based on contract-related agreements. The agreements demand unanimity between the partners involved in the case of strategic, financial and operations-related decisions. Joint venture companies are incorporated in the Group's accounts according to the equity method of accounting and in the Parent Bank's accounts according to the cost method of accounting.

The Bank has an 11.14 per cent shareholding in SpareBank 1 Gruppen. The other shareholders are SpareBank 1 SR-Bank, SpareBank 1 Midt-Norge, SpareBank 1 Nord-Norge and Samarbeidende Sparebanker AS, each owning 19.89 per cent, and LO (the Norwegian Federation of Trade Unions) owning 9.29 per cent. The management structure for the SpareBank 1 alliance is stipulated in an agreement between the shareholders. The Sparebanken Hedmark Group classifies its equity stake in SpareBank 1 Gruppen as an investment in a joint venture company. The Bank owns 15 per cent of BNbank ASA. The other shareholders are SpareBank 1 SR-Bank, SpareBank 1 Nord-Norge and Samarbeidende Sparebanker AS, each owning 20 per cent, and SpareBank 1 Midt-Norge owning 25 per cent. The management structure for the joint investment in BNbank ASA is regulated by an agreement between the shareholders. The Sparebanken Hedmark Group classifies its equity stake in BNbank ASA as an investment in a joint venture company.

The Bank owns 50 per cent of the shares in Torggt. 22 AS. The company is incorporated in the accounts as a joint venture company, as is SpareBank 1 Utvikling DA, in which the Bank has an 11 per cent shareholding. The other shareholders in the latter company are member banks of the SpareBank 1 alliance.

Loans to and claims on customers
After the Bank started using IFRS from 01.01.2007, loans are assessed at amortised cost according to IAS 39. The assessment of loans according to IAS 39 accordingly follows the same principles as the lending rules and regulations dated 21 December 2004, with reference to FSAN's circular letter no. 10/2005.

Fixed interest rate loans and loans with interest rate guarantee are included in the accounts at market value. Gains and losses due to change in market value are incorporated in the profit and loss account as value change. In the Bank's opinion, the assessment of fixed interest rate loans and loans with interest rate guarantee at market value provides more relevant information about the values in the balance sheet.

Assessment of impairment in value of financial assets which are not classified as 'at fair market value through the profit and loss account'
On each balance sheet day, the Bank assesses whether there is objective proof of a financial asset or a group of financial assets having been subject to impairment in value. Impairment in value of a financial asset or a group of financial assets is deemed to have taken place if, and only if, there is objective proof of impairment in value which may bring about reduced future cash flows for servicing the commitment.

The impairment in value must be a result of one or more events having occurred after the first time the item in question had been included in the accounts (a loss event) and it must also be possible to calculate the result of the loss event (or events) in a reliable manner. Objective proof of impairment in value of a financial asset or a group of financial assets comprises observable data about the loss events mentioned below, of which the Group has been made aware:

- significant financial difficulties experienced by the issuer or borrower
- default of contract, such as failure to pay instalments and interest
- the Group grants the borrower special terms and conditions against the background of financial or legal reasons relating to the borrower's situation
- a probability of the debtor entering into debt negotiations or other financial restructurings
- the active markets for the financial asset come to an end due to financial problems, or
- observable data indicate that there is a measurable reduction in future cash flows from a group of financial assets since the first time the asset in question was included in the accounts, even though the reduction has not yet been identified with and linked to an individual financial asset in the group, including:
  - an unfavourable development in payment status for the borrowers in the group, or
  - national or local economic and financial conditions which correlate with default involving the assets in the group

The Bank first assesses whether there is individual, objective proof of impairment in value of financial assets which are individually significant. In the case of financial assets which are not individually significant, the examples of objective proof of impairment in value are assessed individually or collectively. If the Bank decides that there is no objective proof of impairment in value of an individually assessed financial asset, significant or not, the asset is included in a group of financial assets with the same credit risk characteristics. The group is then assessed collectively in order to ascertain whether any impairment in value has occurred. Assets which are individually assessed with regard to impairment in value, and where impairment in value is identified or continues to be identified, are not included in an aggregate assessment of impairment in value.

If there is objective proof of impairment in value having occurred, the amount of the loss is calculated as the difference between the asset's book value and the present value of future cash flows (excluding future credit loss which has not been incurred), discounted at the original effective rate of interest applied to the financial asset in question. The book value of the asset is reduced by using an appropriation account and the loss is charged to the profit and loss account.

Future cash flows from a group of financial assets which have been collectively assessed with regard to impairment in value are estimated on the basis of contract-related cash flows for the group, coupled with historical losses for assets with similar credit risk. Historical losses are adjusted for existing, observable data in order to be able to take into account the effects of existing circumstances which were not ruling at the time when the historical losses occurred.

Commitments in default/bad and doubtful commitments
A customer's total commitments are deemed to be in default and are included in the Bank's summary of commitments in default when instalments and interest due have not been paid within 90 days of maturity or when credit facilities have been overdrawn for 90 days or more. Loans and commitments which are not in default, but when the customer's financial situation makes it likely that the Bank will incur losses, are classified as bad and doubtful.

Confirmed losses
When it is more probable than not that the losses are definite, they are classified as confirmed losses. Confirmed losses which are covered by previous loss provisions are shown in relation to the provisions made. Confirmed losses which are not covered by loss provisions or confirmed losses where there is too much or too little cover in relation to previous loss provisions, are charged to the profit and loss account.

Assets available for sale
As part of the treatment of loans and guarantees in default, in some cases the Bank repossesses assets which have been pledged as collateral security for such commitments. Repossessed assets which are expected to be realised are classified as fixed assets available for sale. In accordance with IFRS 5, at the time of repossession, these assets are assessed at fair market value minus sales costs. The difference between this value and the value of the loan commitment is adjusted through the profit and loss account. Repossessed assets which cannot be expected to be sold are capitalised as fixed assets in the Bank's balance sheet.

Rental agreements
Financial rental agreements are shown under the main item, Loans, in the balance sheet and are incorporated in the accounts in accordance with the principle of amortised cost. All fixed income within the rental agreement's expected life is factored into the computation of the agreement's effective interest. The Group does not have contracts of the type 'sale and lease back' of property, plant and equipment.

Financial instruments which are not financial derivatives
Financial instruments which are not financial derivatives consist of shares, unit trust certificates/equity participations, PCCs, certificates and bonds. Shares, unit trust certificates/equity participations and PCCs are classified at fair market value through the profit and loss account or as available for sale. Certificates and bonds are classified at fair market value through the profit and loss account. All financial instruments classified at fair market value through the profit and loss account are assessed at fair market value, and any change in value since the opening balance sheet is recognised as income from other financial investments. Gains or losses on financial assets classified as available for sale are recognised directly in equity and specified in a statement of changes in the equity capital (see also note 3 on financial instruments).

Financial instruments shown at fair market value through the profit and loss account are mainly classified according to 'Fair value option'. Reclassification of financial instruments, which became permitted from October 2008, has accordingly not been applied at Sparebanken Hedmark.

Financial derivatives
Financial derivatives consist of foreign currency- and interest rate instruments, a guarantee liability in relation to Eksportfinans, as well as financial instruments relating to structured products. Financial derivatives are shown at fair market value through the profit and loss account. Gains occurring or losses which are incurred in connection with change in the financial derivative's fair market value are incorporated in the profit and loss account as income from other financial investments.

Goodwill
Goodwill is defined as the difference between the purchase price and the values of the acquired business included in the balance sheet, after the acquisition cost has been allotted to identifiable tangible and intangible assets, liabilities and contingent liabilities. Goodwill in the case of acquisition of associated- and joint venture companies is shown in the accounts together with the investment. Goodwill is not depreciated, but is subject to an annual write-down test with the aim of identifying any impairment in value, in accordance with IAS 36. In the case of assessment of impairment in value, the assessment is made on the basis of the lowest level at which cash flows may be identified. Write-down of goodwill is not reversed.

Negative goodwill is taken to income immediately. Negative goodwill relating to the acquisition of associated- and joint venture companies is included in the accounts according to the equity method of accounting immediately and together with the share of the result from the company.

Real estate, plant and equipment
Fixed assets comprise buildings, sites and operational chattels. Buildings and operational chattels are carried in the accounts at cost price minus depreciation and write-downs. Building sites are shown in the accounts at cost price minus write-downs. Acquisition cost includes all direct costs applicable to doing what is required in order to make sure that the asset will function as intended, as well as costs in respect of dismantling and removal. Straight-line depreciation is applied in order to allocate cost price minus any residual value over the life of the operating equipment involved.

When agreeing on a depreciation schedule, the various assets are to the extent required split into components of different economic lives, and any estimated residual value is taken into consideration. Real estate, plant and equipment which individually are deemed to be of little importance, for instance PCs and other office equipment, are not assessed individually for residual value, economic life or impairment in value, but as groups. The different classes of real estate, plant and equipment have the following economic lives:

Buildings, furniture and fittings:	10	-	100	years
Movable property:	3	-	25	years

Real estate, plant and equipment which are depreciated are subject to a write-down test according to IAS 36 when circumstances would indicate that this is required. The Group does not have any property which is to be classified as investment property according to IAS 40.

Funding
Bond loans and certificate-based loans in addition to fixed interest rate deposits and term deposits are recognised at fair market value through the profit and loss account according to Fair Value Option (FVO) in IAS 39. Any change in fair market value from the time of the opening balance sheet is incorporated in the profit and loss account as income from financial investments.

Other liabilities are included at cost, which is fair value of the consideration received after deduction of transaction costs. Loans are subsequently assessed at amortised cost. Any difference between initial cost and the settlement amount at maturity is subject to accrual accounting over the life of the loan by applying the loan's effective rate of interest.

Pensions
Until 01.07.2008, the Sparebanken Hedmark Group companies have provided benefit-based pension schemes for their staff. Those schemes have been guaranteed through payments made to insurance companies or pension funds, and determined through periodical calculations made by an actuary. A defined benefit-based scheme is a pension scheme which provides the right to receive a certain future benefit once the applicable pension age has been reached, normally determined by factors such as age, the number of years in employment and salary. The liability relating to a certain benefit-based scheme shown in the accounts is equivalent to the present value of the defined liability, reductions having been made for the market value of the pension resources. The liability relating to the defined benefit-based scheme is computed each year by an independent actuary.

The present value of future, defined benefits is calculated by discounting future payments, using the yield on Norwegian government bonds adjusted for differences in the maturities involved.

In accordance with IAS 19, when applying IFRS in the accounts, actuarial gains and losses (estimate discrepancies) may by shown directly against the equity capital. The Group has chosen to implement this principle in connection with the transition to IFRS.

On 01.07.2008, Sparebanken Hedmark's benefit-based pension scheme became a closed scheme for existing members. Newly appointed staff after this date have been offered a contributory pension scheme. The remaining employees have been given the option to remain in the benefit-based scheme or to transfer to the contributory scheme with effect from 01.01.2009.

Interest income and -costs
Interest income and -costs relating to assets and liabilities measured at amortised cost are incorporated in the profit and loss account on an ongoing basis based on the effective interest rate method of accounting. The effective rate of interest is defined as the rate, which, when applied to discounting, makes the present value of the expected cash flow over the expected life of the financial asset or liability in question equal to the book value of the respective financial asset or liability. When calculating the effective interest rate, the cash flow impact included in the agreement involved is estimated, but without taking into consideration any future credit losses. The calculation therefore takes into account factors such as fees, transaction costs and premium or discount in relation to price. If a financial asset is written down in respect of loss, a new effective rate of interest is calculated based on adjusted, estimated cash flow. In the case of interest-bearing financial instruments assessed at market value, the market interest is classified as interest income or cost, whereas the impact of interest rate changes are classified as income from other financial investments.

Commission income and -costs
Commission income and –costs are generally subject to accrual accounting as the service in question is provided/received. Fees relating to interest-bearing financial instruments are not treated as commissions in the accounts, but are factored into the computation of effective interest and shown accordingly in the profit and loss account. Fees for advisory services are accrued in accordance with the agreement entered into, normally as the service is being provided. Fees relating to the sale or brokerage of financial instruments, property or other investment objects which do not generate balance sheet items in the accounts of the Bank or the Group, are included in the profit and loss account once the transaction in question has been completed.

Transactions and money items in foreign currencies
Transactions in foreign currencies are translated into Norwegian kroner at the time of the transaction involved. Gains or losses relating to completed transactions or to the recalculation of portfolios of money items in foreign currencies on the balance sheet day in question are included in the profit and loss account.

Tax
Taxation cost consists of payable tax and deferred tax. Payable tax is defined as calculated tax on the year's result subject to tax. Deferred tax is shown in the accounts according to the debt method of accounting in compliance with IAS 12. Liability or asset is calculated in the case of deferred tax on temporary differences, defined as the difference between book value and tax-related value of assets and liabilities.

Asset is calculated in the case of deferred tax on tax-related losses carried forward. A deferred tax asset is to be included only to the extent that an expected future result subject to tax would mean that the related tax benefit could be utilised.

Segment reporting
Sparebanken Hedmark's aim is to be a supplier of all financial products and services, partly through services provided by the Bank, and partly by distributing products and services on behalf of joint venture partners; in addition, the Bank has a number of subsidiaries which provide different financial services. Within the Group, different kinds of operations are therefore conducted. The segmentation reporting within the Group is primarily divided into the following four areas: banking, financing, real estate brokerage and other operations.

The Group presents, as its secondary format, a breakdown of loans and deposits according to different industrial, commercial and other sectors.

Events occurring after the balance sheet date
The accounts are deemed to have been approved for publication once the Board of Directors has dealt with the matter. After this, the Bank's Supervisory Board and the regulatory authorities will be able to refuse approval of the accounts, but they cannot change the accounts. Events occurring up to the time when the accounts are deemed to have been approved for publication, and which relate to circumstances which were already known on the balance sheet day in question, will be included in the information basis for determining accounts-related estimates and therefore be fully reflected in the accounts. Events relating to circumstances which were not known on the balance sheet day will be made known provided that they are significant.

The accounts have been prepared on the assumption of a going concern. In the Board of Directors' opinion, this assumption was applicable at the time when the accounts were approved for publication.

Note 2 – Financial risk management

Overall responsibility and control
Risk management at Sparebanken Hedmark shall support its strategic development and achievement of goals. Furthermore, risk management shall ensure financial stability and appropriate management of the Bank's assets and liabilities management. This shall be achieved through:

- A strong corporate culture characterised by high awareness of risk management.
- A good understanding of the types of risk which are important for revenue generation.
- All efforts to be made in order to achieve optimal capital employment within the agreed business strategy, provided that the strategic capital targets at all times are met.
- To avoid that unexpected single events shall be capable of harming the Group's financial position to a serious extent.
- Making the most of synergy- and diversification effects.

The Board of Directors is responsible for making sure that Sparebanken Hedmark has a level of equity and related capital which is appropriate in relation to its desired risk profile and the requirements stipulated by the authorities. The Board of Directors stipulates the overall targets relating to risk management, including overall limits, powers of attorney and guidelines for risk management.

The Chief Executive Officer is responsible for risk management. This means that the CEO is responsible for the introduction of effective risk management functions and -systems, and for the risk exposure being monitored. The business areas and branches are responsible for the day-to-day risk management within the separate areas of responsibility involved and must see to it that risk management and –exposure are within the limits and powers of attorney which have been stipulated by the Board of Directors or CEO.

The department of credit management at the Bank is responsible for ensuring that the decision process and decision basis in relation to applications for credit are in accordance with the Bank's management documents and routines. The department shall prepare a suggestion for revised ratios and management principles within the area. The risk management department is independent and reports direct to the CEO. The department is responsible for the development of effective risk management systems, including the Bank's risk models. In addition, the department is responsible for the overall risk monitoring and for periodic risk reporting to the Board of Directors. The internal auditing function reports to the Board of Directors and is primarily the Board of Directors' but also the management's tool for monitoring the effectiveness and appropriateness of the risk management process. The internal audit's recommendations for improvements are examined on an ongoing basis.

Sparebanken Hedmark's risk is registered partly through the calculation of expected losses and risk-adjusted capital. Sparebanken Hedmark uses the SpareBank 1 alliance's models for the computation of credit risk. The models are based on statistical calculations and on the fact that the risk-adjusted capital shall cover 99.9 per cent of any unexpected losses. The calculation of risk-adjusted capital for other types of risk are to a larger extent based on qualitative methods. In order to ensure an effective and appropriate process for risk- and capital management, the overall framework shall be based on those elements which reflect the way in which Sparebanken Hedmark is managed by its Board of Directors and management.

- Strategic goals
- Organisation and corporate culture
- Identification of various types of risk
- Risk analysis
- Stress tests
- Risk strategies
- Capital management (including return and capital coverage)
- Reporting
- Follow-up
- Contingency plans
- Compliance

Below is given a more detailed description of financial risk management relating credit risk, funding risk and market risk.

Credit risk
Sparebanken Hedmark's biggest financial risk exposure is the credit risk contained in its lending portfolio. Credit risk is the risk of loss relating to customers or other counterparts not being able or willing to meet their obligations to the Bank. Each year, the Board of Directors reviews the Bank's management documents and rules and regulations for the granting of loans. Through the management documents, the Bank's credit policy is defined, and overall targets for the exposure relating to portfolio, sector and individual customers are determined. Overall, this provides the basis for determining the desired risk profile. Through the Bank's rules and regulations relating to the granting of credit, credit-related powers of attorney are delegated to the CEO within certain limits. The CEO may delegate these powers of attorney to other members of staff. The delegated powers of attorney are related to individual commitments' size and risk.

Sparebanken Hedmark uses its own statistic models as the basis for the calculation of risk and the categorisation of the credit portfolio. Against the background of the models, customers are classified in the following subgroups: very low, low, medium, high and very high risk, as well as commitments in default. The Bank makes every effort to price credit risk correctly and has established price matrixes based on the risk classification system. The Bank's portfolio of interest-bearing securities also involves credit risk for the Bank. Each year, the Board of Directors examines the Bank's financial strategy and fixes limits for the maximum portfolio of interest-bearing securities, as well as maximum limits for exposure per sector and per issuer.

For further information, please see notes 19, 29 and 30.

Market risk
Market risk is defined as the risk of loss due to changes in interest rates, share-/securities prices and foreign exchange rates. Market risk mainly occurs in connection with the Bank's investments in securities and as a result of funding activities, and in connection with interest rate- and foreign exchange trading. The management of market risk is done through limits agreed by the Board of Directors. These limits are agreed each year by the Board of Directors in connection with the revision of the financial strategy. Sparebanken Hedmark's positions in relation to limits are reported regularly to the Board of Directors and management.

The Board of Directors has agreed limits for the total interest rate risk, both with regard to basis risk and interest rate curve risk. Sparebanken Hedmark manages interest rate risk towards a desired level through interest rate fixings for placements and funding loans, and through the use of interest rate derivatives.

In the case of share risk, maximum limits have been established for the stock market and for foreign exchange risk limits have been put in place for maximum exposure totally and for each foreign currency involved.

For further information, please see notes 31 and 32.

Funding risk
Funding risk is defined as the risk of Sparebanken Hedmark being unable to refinance its liabilities or being unable to fund increases in assets without having to incur substantially increased costs. Management of funding risk is based on the Bank's financial strategy, which stipulates limits for funding risk through limits for net funding requirements for the different periods involved, requirements relating to long-term financing, the amount of unutilised drawing rights facilities, the amount of liquidity reserves, and the length of the period during which the Bank would be able to be independent of new funding from the money- and capital markets.

The capital markets department is responsible for funding management, whereas the financial control department and risk management department monitor and report on the utilisation of limits in relation to the Bank's funding strategy. The funding risk is reduced through the diversification of funding loans with regard to different markets, sources of funding, financial instruments and maturities.

For further information, please see note 28.

Miscellaneous
Extended market information (Basel I – Pilar III) is described in a separate document on the Bank's home page.

Note 3 – Critical estimates and assessments regarding the use of accounting principles

MANAGEMENT'S ASSESSMENTS OF THE CHOICE OF ACCOUNTING PRINCIPLES

Sparebanken Hedmark made a number of choices of principles when it switched to IFRS on 01.01.2007. This mainly involves the following main areas in the accounts:

Financial instruments
Financial derivatives and financial assets and liabilities classified as available for sale are incorporated and carried at fair market value through the result in accordance with IAS 39. Financial instruments classified as available for sale (AFS) only comprised parts of the Bank's share portfolio as at 31.12.2008. In addition, the following financial instruments are voluntarily earmarked at fair market value through the result according to the stipulation of 'Fair Value Option' (FVO) in IAS 39, paragraph 9: Bonds and certificates in the Bank's portfolio, fixed rate loans and loans with interest rate guarantee to customers, bond loans and certificate-based loans, 'BMA'-deposits, fixed rate deposits, fixed interest rate deposits from customers and term deposits. FVO is applied for the purpose of achieving as consistent a value assessment as possible of the assets and liabilities which are assessed as a group. Ordinary and long-term shareholdings which are not classified as FVO are designated as available for sale. Any changes in fair market value of shares classified as AFS are recognised directly in equity capital. In the case of a significant or longer-lasting impairment in the fair market value of an AFS share, the cumulative loss which has been recognised directly in equity capital is removed and incorporated in the profit and loss account. Sparebanken Hedmark follows recommendations from the chartered accountants industry and the norm applicable to the sector when assessing what is deemed to be a 'significant' or 'longer-lasting' impairment in value.

Pensions
In connection with the transition to IFRS, Sparebanken Hedmark decided to recognise estimate discrepancies which had not previously been included in the profit and loss account directly in equity. The transition from the use of the 'corridor solution' for recognising estimate discrepancies directly in equity was done in order to make sure that in the annual accounts each year, Sparebanken Hedmark's pension liabilities are based on the parameters chosen for the computation of pension liabilities. With effect from the 2007 accounting year, estimate discrepancies are recognised directly in equity both as far as the Parent Bank and the Group are concerned.

Fixed assets
Fixed assets are valued at cost and depreciated over the anticipated economic life of the assets in question. On the transition to IFRS, a rearrangement of the portfolio of buildings and an assessment of the depreciation period for each individual component involved were done. This rearrangement and assessment of the depreciation period showed that earlier depreciation according to NGAAP had been larger than that which would have applied in accordance with the IFRS rules and regulations. The difference in depreciation was reversed once the transition to IFRS was made on 01.01.2007. No write-up or assessment at fair market value was made in connection with the transition to IFRS on 01.01.2007. An annual revision of the portfolio of real estate is completed by an external expert in order to assess the need if any for write-downs. The Bank does not have any investment properties.

Critical estimates
Losses on loans and guarantees
The Bank examines the corporate portfolio in order to identify credit risk and bad and doubtful commitments. Significant and especially bad and doubtful commitments are examined on a quarterly basis. Both the corporate- and retail banking portfolios are subject to assessment, with default older than 46 days triggering collection plus a related assessment of the basis for individual write-down for losses.

Individual write-down for losses or individual commitments is made when objective events trigger impairment in value for the Bank. Individual write-down is defined as the difference between the commitments' book value and the present value of discounted cash flow based on the effective rate of interest at the time of the first estimated individual write-down. This means that the commitment involved is placed in the highest risk class.

Estimating impairment in value can be complicated as the prediction of future events to a large extent involves uncertainty. Emphasis is placed on information about the actual measure involved and on the care to be exercised with regard to value assessment as the basis for the sale of collateral assets pledged as security. The cash flow involved is updated periodically, at least once every year.

Collective write-down comprises the Bank's assessment of the basis for impairment in value for groups of loans with largely similar risk characteristics. This also includes loans assessed for individual write-down, but where there is no objective proof of impairment in value. Accordingly, all loans are assessed with the exception of those which have been subject to individual write-down. The Bank's model for the calculation of collective write-down is based on the lending portfolio's 'migration' between different risk classes.

Financial instruments assessed at fair market value
For financial instruments which are traded in a regular market, fair market value on the balance sheet day in question is used. The fair market value of financial instruments which are not traded in an active market is based on value assessment from Reuter's price setting service, brokerage firms or other external sources in addition to accepted theoretical calculation techniques based on observable interest rates and prices on the balance sheet day in question. The Bank assesses and chooses methods and assumptions which to the largest possible extent reflect the information available and the market conditions on the balance sheet day. Below is set out in more detail the assessment methods applied for the various financial instruments which are assessed at fair market value.

Shares, unit trust certificates/equity participations and Primary Capital Certificates (PCCs)
Listed shares, unit trust certificates/equity participations and PCCs are assessed at closing bid prices on the balance sheet day in question. For unlisted companies, a value assessment hierarchy is applied which involves: 1) last known traded price 2) externally known value assessment 3) value assessment received from the company involved 4) own value assessment 5) cost price.

Bonds and certificates (loans)
For bonds and certificates which are regularly valued by Reuter's price setting service, their indicated bid prices on the balance sheet days in question are applied. Other interest-bearing securities are valued against the interest rate curve (ask), adjusted for indicative trading spreads from recognised firms of brokers.

Securities-based debt
Issued certificates and bonds are valued against the interest rate curve (bid), adjusted for indicated trading spread for Sparebanken Hedmark's securities-based debt.

Financial derivatives
The Bank does not at the moment have any financial derivatives traded in a regular market. For non-standardised financial derivatives contracts (OTC), a theoretical price is estimated, based on market-related approximation, taking into consideration agreed cash flows and observable market information on the balance sheet day in question.

Other financial instruments assessed at fair market value ('BMA' deposits, fixed interest deposits, fixed interest rate loans and loans with interest rate guarantee)
Fair market value is assessed as the value of the agreed cash flows discounted at market rate of interest adjusted for a trading spread assessed on a best judgment basis on the balance sheet day involved. 'BMA' deposits and loans with interest rate guarantee in addition contain financial derivatives elements. The products are assessed as a whole at fair market value.

Intangible assets
Write-down tests of intangible assets are mainly based on the discounting of expected future cash flows. A great deal of uncertainty will always be related to cash flow estimates, and in some cases the methods for allocating cash flows to different assets will also be subject to uncertainty.

Pensions
Net pension liabilities and the pension cost for the year are based on a number of estimates including the return on pension resources, future interest rate- and inflation levels, wage- and salary development, turnover of staff, development in the National Insurance's basic amount, and the general development in the number of former employees with disability pension and the life expectancies are of great importance. The uncertainty is to a large extent related to the gross liability and not to the net liability which is shown in the balance sheet. Any estimate changes as a result of changes in the abovementioned parameters will be recognised on an ongoing basis in equity both as far as the Bank and its subsidiaries are concerned.
A 1 percentage point shrinkage in interest rates would mean that the Bank's gross pension liability would increase by about 20 per cent over an average period of 20 years, if the other parameters remain unchanged.

Note 4 - Segment information

The Bank's management has considered what segments can be reported based on the form of distribution, products and customers. The reporting of segments has been divided into four areas: banking, real estate, finance and other lines of business. Each segment is organised as an independent company. Income, costs, assets and loans coincide with the allocation according to the companies' accounts. Intra-Group netting out is shown in separate columns. The Bank operates in a geographically limited area and reporting in respect of secondary segments provides little additional information. However, important classes of assets, such as loans and deposits to customers, are allocated geographically in separate notes.

2008 *(NOK million)*	**The Bank**	**Hedmark Eiendom**	**SpareBank 1 Finans Østlandet**	**Other operations**	**To be netted out**	**Total for Group**
Profit and Loss Account						
Net interest income	847	1	68			916
Net commission income	132		-5		-1	126
Other operating income	19	46		3	-4	64
Operating costs	574	50	30	2	-5	651
Net return on financial investments *)	-131			200	-30	39
Result before losses	**293**	**-3**	**33**	**201**	**-30**	**494**
Losses on loans and guarantees	66		10			76
Result before tax	**227**	**-3**	**23**	**201**	**-30**	**418**
Pre-tax return on equity capital	**5,9 %**					**10,1 %**
Balance Sheet						
Loans to customers	32 764		744		-1	33 507
Individual write-down on loans	-117		-27			-144
Collective write-down on loans	-100		-8			-108
Other assets	9 217	109	1 136	532	-1 855	9 139
Total assets per segment	**41 764**	**109**	**1 845**	**532**	**-1 856**	**42 394**
Deposits from and liabilities to customers	22 484					22 484
Other liabilities and equity capital	19 280	109	1 845	532	-1 856	19 910
Total liabilities and equity capital per segment	**41 764**	**109**	**1 845**	**532**	**-1 856**	**42 394**

2007 *(NOK million)*	**The Bank**	**Hedmark Eiendom**	**SpareBank 1 Finans Østlandet**	**Other operations**	**To be netted out**	**Total for Group**
Profit and Loss Account						
Net interest income	789	1	55	1		846
Net commission income	125		-9		-1	115
Other operating income	12	50		5	-3	64
Operating costs	562	43	24	3	-4	628
Net return on financial investments *)	116			130	-5	241
Result before losses	**480**	**8**	**22**	**133**	**-5**	**638**
Losses on loans and guarantees	16		7	1		24
Result before tax	**464**	**8**	**15**	**132**	**-5**	**614**
Pre-tax return on equity capital	**13,1 %**					**16,8 %**
Balance Sheet						
Loans to customers	31 405		1 485		-7	32 883
Individual write-down on loans	-87		-21			-108
Collective write-down on loans	-82		-8			-90
Other assets	6 773	229	120	111	-1 498	5 735
Total assets per segment	**38 009**	**229**	**1 576**	**111**	**-1 505**	**38 420**
Deposits from and liabilities to customers	21 024				-212	20 812
Other liabilities and equity capital	16 985	229	1 576	111	-1 293	17 608
Total equity capital and liabilities per segment	**38 009**	**229**	**1 576**	**111**	**-1 505**	**38 420**

*) Specification of net return on financial investments	Group	
(NOK million)	**2008**	**2007**
Share of SpareBank 1 Gruppen result excluding dividend	-85	129
Share of BNbank ASA's result	5	
Negative goodwill relating to BNbank ASA	312	
Dividend from securities	14	40
Trading gains on shares	2	7
Net gains from securities, foreign exchange and financial derivatives	-210	27
Net gains from other financial assets	1	38
Total net return from financial investments	**39**	**241**

Note 5 - Net interest income

Parent Bank			Group	
2007	**2008**	*(NOK million)*	**2008**	**2007**
		Interest income		
152	269	Interest receivable from loans to and claims on financial institutions	181	95
1 837	2 400	Interest receivable from loans to and claims on customers	2 555	1 948
136	174	Interest earned from certificates, bonds and other interest-bearing securities	174	136
1	1	Other interest- and similar income		1
2 126	**2 844**	**Total interest income**	**2 910**	**2 180**
		Interest costs		
191	292	Interest on debt to financial institutions	292	183
711	1 102	Interest on deposits from and liabilities to customers	1 091	711
435	596	Interest payable on issued securities	596	435
	7	Levy paid to the Banks' Guarantee Fund	7	
		Other interest- and similar costs	8	5
1 337	**1 997**	**Total interest costs**	**1 994**	**1 334**
789	**847**	**Total net interest income**	**916**	**846**

Note 6 - Netto net commission income

Parent Bank			Group	
2007	**2008**	*(NOK million)*	**2008**	**2007**
		Commission income		
11	10	Guarantee commission	9	9
13	8	Securities trading	8	13
105	101	Payments transmission	101	105
17	34	Insurance services	34	17
18	17	Other commission income	17	18
164	**170**	**Total commission income**	**169**	**162**
		Commission costs		
25	23	Payments transmission	23	25
14	15	Other commission costs	20	22
39	**38**	**Total commission costs**	**43**	**47**
125	**132**	**Total net commission income**	**126**	**115**

Note 7 - Income from other financial investments

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
		Net income from financial assets at fair market value		
15	-47	Value change for equity capital instruments	-47	15
11	*-50*	*- Price change - equity capital instruments 'available for sale'*	*-50*	*11*
4	*3*	*- Dividends from equity capital instruments 'available for sale'*	*3*	*4*
-50	-241	Value change - interest rate instruments (assets)	-241	-50
2	*0*	*- Bonds and certificates 'available for sale'*	*0*	*2*
-52	*-241*	*- Bonds and certificates included at fair value through P & L acct. (FVO)*	*-241*	*-52*
127	-100	Value change - securities included at fair value (bonds and certificates)	-100	127
0	32	Value change - cust. loans at fair value (fixed int. rate, loans with int. rate guarantee)	32	0
5	-18	Value change - cust. deposits ('BMA', fixed int. deposits and term deposits)	-18	5
-72	234	Value change for financial derivatives	234	-72
5	*-34*	*- Derivatives related to interest rate instruments (assets)*	*-34*	*5*
-45	*304*	*- Derivatives related to securities-based debt*	*304*	*-45*
-11	*-1*	*- Derivatives related to 'BMA' deposits*	*-1*	*-11*
0	*-35*	*- Guarantee liability regarding Eksportfinans*	*-35*	*0*
-21	*1*	*- Other financial derivatives*	*1*	*-21*
25	**-140**	**Total net income from financial assets shown at fair market value**	**-140**	**25**
		Net income from financial assets available for sale		
21	11	Dividends from equity capital instruments	11	21
-6	-1	Realised 'available for sale' financial instruments	-1	-6
0	-83	Write-down of 'available for sale' financial instruments	-83	0
16	**-74**	**Total net income from securities available for sale**	**-74**	**16**
17	**19**	**Net income from foreign exchange trading**	**19**	**17**
59	**-194**	**Total net income from other financial investments**	**-194**	**59**

Note 8 Other operating income

Parent bank 2007	Parent bank 2008	(NOK million)	Group 2008	Group 2007
4	4	Operating income from real estate	3	5
		Real estate turnover	46	49
8	15	Other operating income	15	10
12	**19**	**Total other operating income**	**64**	**64**

Note 9 Operating costs

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
291	288	Personnel costs	332	327
185	196	Administration costs	217	204
42	42	Ordinary depreciation	45	44
44	48	Other operating costs	57	53
562	**574**	**Total operating costs**	**651**	**628**
		Remuneration paid to Auditor (NOK thousand)		
640	760	Ordinary auditing	1 087	915
157	196	Other services apart from auditing	479	230
797	956	Total excluding value added tax	1 566	1 145
199	239	Value added tax	392	286
996	**1 195**	**Total**	**1 958**	**1 431**

Parent Bank 2007	Parent Bank 2008	Personnel costs	Group 2008	Group 2007
205	201	Wages and salaries	233	232
38	43	Pension costs (Note 23)	49	42
48	44	Social costs	50	53
291	**288**	**Total personnel costs**	**332**	**327**
466	508	Average number of staff employed	571	524
455	485	Number of man-years as at 31.12	550	508
482	518	Number of staff as at 31.12	584	541

The interest rate subsidy for 2008 for the Parent Bank has been estimated at NOK 6.9 million measured in relation to the rate of interest which provides the basis for the taxation of benefits in kind for staff (NOK 4.5 million in 2007). For the Group as a whole, the interest subsidy has been estimated at NOK 7.7 million (NOK 4.9 million in 2007). Loans to staff are described in note 19.

REMUNERATION FOR MEMBERS OF THE MAIN BOARD OF DIRECTORS

2008 *(NOK 1,000)*

	Fees	Other remuneration	Loans	Guarantees
Richard H. Heiberg, Chairman	167	2	2 205	
Gunnar Martinsen, Deputy Chairman	125		46	
Siri J. Strømmevold, Board member	113		13	
Grethe G. Fossum, Board member	106			
Espen B. Larsen, Board member (employee, included in salary)	119		1 952	
Jan Wibe, Board member	105		602	
Nina Cecilie Lier, Deputy Board member	22			
Gunveig Elvsæter Eggen, Deputy Board member				
Ola Gulli, Deputy Board member (employee, included in salary)	44		557	

2007 *(NOK 1,000)*	Fees	Other remuneration	Loans	Guarantees
Richard H. Heiberg, Chairman	150	13	2 259	
Gunnar Martinsen, Deputy Chairman	95	7	13	
Siri J. Strømmevold, Board member	95	16	2	
Grethe G. Fossum, Board member	95	1		
Atle Bratås, Board member (employee, included in salary)	95		868	
Jan Wibe, Board member	95	2	712	
Nina Cecilie Lier, Deputy Board member	20	2		
Gunveig Elvsæter Eggen, Deputy Board member	5			
Espen B. Larsen, Dep. Board member (employee, incl. in salary)	37		1 720	

REMUNERATION FOR CONTROL COMMITTEE MEMBERS

2008 *(NOK 1,000)*

	Fees	Other remuneration	Loans	Guarantees
Pål Johnsrud, Chairman	107			
Anders Brinck, Deputy Chairman	55			
Gro Svarstad	56			
Jan Erik Myrvold	56		6	
Valborg Berthelsen	55		2 327	
Mikael Løken, Deputy Member				
Morten Kongsrud, Deputy Member			2 886	
Kirsten Walmann, Deputy Member			387	
Ole Jan Hørstad, Deputy Member			125	
Gunn S. Hvamstad, Deputy Member			718	

2007 *(NOK 1,000)*	Fees	Other remuneration	Loans	Guarantees
Pål Johnsrud, Chairman	95			
Anders Brinck, Deputy Chairman	50			
Gro Svarstad	50			
Jan Erik Myrvold	50		12	
Valborg Berthelsen	50		2 406	
Mikael Løken, Deputy Member				
Morten Kongsrud, Deputy Member			2 938	
Kirsten Walmann, Deputy Member			403	
Ole Jan Hørstad, Deputy Member			158	
Gunn S. Hvamstad, Deputy Member			483	

Remuneration for Supervisory Board members

(NOK 1,000)	**2008** Fees	**2007** Fees
Christen Engeloug, Chairman	20	18
Other members	2-6	1-2

Remuneration for members of the Bank's senior management and for senior staff in subsidiaries

2008 *(NOK 1,000)* Title/name	Salary and other short-term benefits	Other remuneration	Accured pension rights last year	Directors' fees in subsidiaries	Loans	Guarantees
Harry Konterud, Chief Executive Officer	2 160	424	629		634	
Nils Arne Nordheim, Director, Corp. customers	1 122	179	402	85	1 330	
Kari E. Gisnås, General Manager, Markets	969	15	268	40	2 873	
Arne Grunt, General Manager, Finance	993	22	381	75	1 150	
Eldar Kjendlie, Personnel and Org. Manager	926	20	155		1 305	
Dag-Arne Hoberg, IT Manager	962	22	267		1 459	
Siv Stenseth, Information Manager	717	13	224		1 510	
Man. dir Hedmark Eiendom, Nils Børresen	1 201	22	283			
Man. Dir. Hedmark Finans Hans, Olav Wedvik	862	21	177		1 298	

2007 (hele 1000) Title/name	Salary and other short-term benefits	Other remuneration	Accured pension rights last year	Directors' fees in subsidiaries	Loans	Guarantees
Harry Konterud, CEO	1 974	356	658		685	
Nils Arne Nordheim, Director, Corp. custs.	1 535	197	368	75	1 402	
Kari E. Gisnås, General Manager, Markets	900	13	241	40	3 000	
Arne Grunt General Manager, Finance	937	41	334	35	1 400	
Eldar Kjendlie, Personnel and Org. Mgr.	849	39	137		1 433	
Dag-Arne Hoberg, IT Manager	904	38	264		1 528	
Siv Stenseth, Information Manager	626	35	169		1 764	
Man. dir. Hedmark Eiendom, Nils Børresen	1 041	21	205			
Man. dir. Hedmark Finans, Hans Olav Wedvik	708	23	179		12	

Liabilities at the end of employment or relating to change in employment conditions for senior staff (Parent Bank)
An agreement has been entered into with the Bank's CEO according to which he shall continue in his job until he reaches the age of 67 years. From that time, the CEO is ensured of a retirement pension of 70 per cent of leaving salary.

The Bank has a scheme involving a gradual reduction and early retirement pension for 5 (5) of the Bank's managers who had passed the age of 50 years on 1 January 2001. This arrangement provides the option of retiring at the age of 62 years. The cost for the year relating to the pension liability has been charged to the profit and loss account under 'Pensions'.

Note 10 Tax

Parent Bank 2007	Parent Bank 2008	*(NOK million)*	Group 2008	Group 2007
464	227	Result before taxation cost	418	614
-93	59	+/-permanent differences	-108	-220
44	46	+/- change in temporary differences according to specification	24	35
	-107	- of which recognised directly in equity	-107	
415	**225**	**The year's tax basis/taxable income**	**227**	**429**
116	63	Of which payable tax - 28 per cent	64	121
	-1	Tax related to Group contributions not included in profit and loss acct.		
10	12	Wealth tax	12	10
126	**74**	**Payable tax in the balance sheet**	**76**	**131**
	-11	Too much/little tax set aside in previous years	-11	
126	63	Total payable tax	65	131
126	63	Year's change in payable tax	65	131
-12	-13	+/- change in deferred tax	-8	-10
	31	+ change which is not included in the profit and loss account	30	
114	**81**	**Taxation cost for the year**	**87**	**122**

In balance sheet			In balance sheet	
2007	**2008**	**Composition of deferred tax in balance sheet and p&l account**	**2008**	**2007**
		Temporary differences relating to:		
9	2	- Operating equipment	15	13
3	9	- Gains/losses	9	3
103	68	- Rev. of losses at trans. to new loan rules from 01.01.2006	68	103
	59	- Other temporary differences	59	5
115	**138**	**Total temporary differences**	**151**	**124**
32	**39**	**Deferred tax**	**42**	**35**
		Temporary differences relating to:		
344	450	- Net pension liabilities	469	362
35		- Securities		35
		- Adjustment of establishment fee - new loan rules from 01.01.2006		3
3		- Other temporary differences		8
		- Loss carried forward	20	30
382	**450**	**Temporary differences relating to:**	**489**	**438**
107	**126**	**Deferred tax asset**	**137**	**123**
-75	**-87**	**Net deferred tax asset included in accounts**	**-95**	**-88**

Parent Bank			Group	
In balance sheet			**In balance sheet**	
2007	**2008**	**Composition of deferred tax shown in bal. Sheet and p&l account**	**2008**	**2007**
		Temporary differences relating to:		
		- Operating equipment		10
	6	- Gains/losses	7	
3		- Adjustment of establishment fees - new loan rules from 01.01.2006		3
	13	- Net pension liabilities	15	
14	82	- Securities	82	14
4	2	- Other temporary differences	2	8
		- Loss carried forward	12	7
21	**103**	**Total temporary differences**	**118**	**42**
6	**29**	**Deferred tax**	**33**	**12**
		Temporary differences relating to:		
10	7	- Operating equipment	7	10
1		- Gains/losses		1
20		- Net pension liabilities		28
34	34	- Rev. of loss provs. on transition to net loan rules from 01.01.2006	34	37
		- Other temporary differences		4
65	**41**	**Total temporary differences**	**41**	**80**
18	**11**	**Deferred tax asset**	**11**	**22**
-12	**17**	**Net**	**22**	**-10**

2007	**2008**	**Reconciliation of p % l acct.-included per. tax and pre-tax result**	**2008**	**2007**
128	63	28% of pre-tax result	117	172
1	1	P & L items not liable to tax (permanent differences)	-47	-35
-12	-21	Share dividends	-21	-12
-13	39	Gains on securities according to exemption method	39	-13
	-11	Too much/little set aside for payable tax in previous years	-11	
	-2	Too much/little set aside for deferred tax in previous years	-2	
10	12	Wealth tax	12	10
114	**81**	**Period tax through the profit and loss account**	**87**	**122**
25 %	**36 %**	**Effective tax rate**	**21 %**	**20 %**

Note 11 Other assets

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
10	10	Capital payments into pension fund	10	10
143	172	Accrued income, not yet received	181	138
173	187	Claims relating to securities	187	173
11	18	Prepaid costs, not yet incurred	18	14
53	31	Other debtors	101	166
390	**418**	**Other assets**	**497**	**501**

Note 12 Real estate, plant and equipment

Parent Bank: Buildings, sites and other real estate	Parent Bank: Machinery, fixtures and trans-pot eq.	Parent Bank: Total	(NOK million)	Group: Buildings, sites and other real estate	Group: Machinery, fixtures and trans-port eq.	Group: Total
322	206	528	Acquisition cost as at 01.01.2007	391	212	603
10	22	32	Additions	10	22	32
	13	13	Disposals	7	13	20
332	215	547	Acquisition cost as at 31.12.2007	394	221	615
105	124	229	Acc. depreciation and write-down as at 01.01.2007	158	126	284
11	28	39	Depreciation during the year	11	33	44
			Write-down during the year			
	12	12	Disposals during the year		12	12
116	140	256	Accumulated depreciation and write-down as at 31.12.2007	169	147	316
216	**75**	**291**	**Value incorporated in the balance sheet as at 31.12.2007**	**225**	**74**	**299**
332	215	547	Acquisition cost as at 01.01.2008	394	221	615
11	21	32	Additions	19	25	44
4	13	17	Disposals	4	13	17
339	223	562	Acquisition cost as at 31.12.2008	409	233	642
116	140	256	Acc. depreciation and write-down as at 01.01.2008	169	147	316
11	27	38	Depreciation during the year	12	29	41
			Write-down during the year			
2	12	14	Disposals during the year	2	12	14
125	155	280	Accumulated depreciation and write-down as at 31.12.2008	179	164	343
214	**68**	**282**	**Value incorporate in the balance sheet as at 31.12.2008**	**230**	**69**	**299**
		0	**Buildings available for sale**			**0**

Depreciation

Rate for ordinary depreciation is 10-33% for machinery, fixtures and transport equipment and 2-4% for bank buildings and other real estate.

Collateral security pledged

The Bank has not pledged any of its fixed assets as security nor has it agreed to any limitations as far as the disposal of its fixed assets is concerned.

Gross value of depreciated assets

The gross value of fully depreciated assets which were still in use at the Bank in 2008 was NOK 110 million.

Gross value of fixed assets which are temporarily not in operation

The Group did not have any fixed assets temporarily not in operation as at 31.12.2008.

Note 13 Intangible assets

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
		Goodwill		
47	47	Acquisition cost as at 01.01	50	50
		Additions/disposals		
47	47	Acquisition cost as at 31.12	50	50
		Accumulated write-downs as at 01.01		
		Write-downs during the year		
		Accumulated write-downs as at 31.12		
47	**47**	**Goodwill incorporated in the balance sheet as at 31.12**	**50**	**50**

The goodwill included in the balance sheet is mainly related to the acquisition of Bank 1 Hamar in 2006. In the Group's accounts, there is a smaller item relating to an earlier acquisition of Hedmark Eiendom. The goodwill items are assessed every year and written down in value if there is reason for it. There was no need for any write-down of goodwill in 2008.

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
		Other intangible assets		
62	65	Acquisition cost as at 01.01	65	62
3	3	Additions	3	3
		Disposals		
65	68	Acquisition cost as at 31.12	68	65
10	13	Accumulated depreciation as at 01.01	13	10
3	4	Depreciation for the year	4	3
13	17	Accumulated depreciation as at 31.12	17	13
52	**51**	**Other intangible assets as at 31.12**	**51**	**52**

Other intangible assets consist of two different types of assets. One item is related to the acquisition of Bank 1 Hamar's customer portfolio in 2006 and will be depreciated over a period of 20 years on a straight-line basis. The other intangible assets are internally-developed programmes which will be depreciated over a period of 4 years on a straight-line basis.

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
99	**98**	**Total intangible assets as at 31.12**	**101**	**102**

Note 14 - Associated companies, joint ventures and investment in subsidiaries

Investment in associated companies and joint ventures

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
449	445	Book value as at 01.01	746	536
-4	87	Additions/disposals	87	-5
		Changes in equity capital	18	87
		Share of result	233	144
		Dividends paid	-54	-16
445	**532**	**Book value as at 31.12**	**1 030**	**746**

Income from investment in associated companies, joint ventures and Group companies

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
39		Sale of Actor Fordringsforvaltning AS		38
4		Dividends from Actor Fordringsforvaltning AS		
12	54	Dividends from SpareBank 1 Gruppen AS		
		Share of SpareBank 1 Gruppen AS's result	-85	141
		Share of BNbank ASA's result	5	
		Negative goodwill relating to BNbank ASA	312	
2	5	Dividends from Hedmark Eiendom AS		
	4	Dividends from SpareBank 1 Finans Østlandet AS		
		Shares of result from other comps.	1	3
57	**63**	**Total income**	**233**	**182**

Breakdown of the year's change for Group - associated companies

2008	Acq. Cost	Share of book v. of equity after acq.	Book value 31-12-07	Additions/ disposals	Result as income	Year's dividends	Book value 31-12-08
Fageråsen Invest AS	9	9	10		-4		6
Engerdal Høvleribygg AS	0	0					0
Sum	**9**		**10**	**0**	**-4**	**0**	**6**

Breakdown of year's change for group joint venture companies

2008	Acq. Cost	Share of book v. of equity after acq.	Book value 31-12-07	Additions/ disposals	Result as income	Year's dividends	Equity cap. adjust-ments	Book value 31-12-08
Torggt 22 AS	8	8	9		1			10
BNbank ASA	46	412		46	317			363
SpareBank 1 Gruppen AS	456	387	719	36	(85)	(54)	22	638
SpareBank 1 Utvikling DA	13	13	8	5				13
Sum	**523**		**736**	**87**	**233**	**(54)**	**18**	**1 024**

On 05.12.2008, together with the other member banks in the SpareBank 1 alliance, Sparebanken Hedmark acquired all the shares in BNbank ASA (the former Glitnir Bank ASA) for a consideration of NOK 300 million. A shareholders' agreement has been entered into which shall regulate the further operations of the bank as a joint venture company. In accordance with IFRS 3, a preliminary acquisition analysis has been done which shows identifiable net assets of NOK 2,377 million. The Bank's share of the acquisition cost including costs amounts to NOK 46 million and its share of identifiable net assets is NOK 357 million. The difference between identifiable net assets and acquisition cost, in accordance with IAS 28, has been incorporated as income (negative goodwill) and included in the Bank's shares of results in the annual accounts.

Group's equity stakes in associated and joint venture companies

2008	Country	Assests	Liabilities	Op. income	Op. costs	Equity stake
Fageråsen Invest AS	Norway	31	25			36 %
Engerdal Høvleribygg AS	Norway					20 %
Torggt 22 AS	Norway	20	10	2	1	50 %
BNbank ASA	Norway	8 136	7 724	11	8	15 %
SpareBank 1 Gruppen AS	Norway	6 278	5 709	616	699	11,14 %
SpareBank 1 Utvikling DA	Norway	37	25	51	46	11 %
		14 502	**13 492**	**680**	**754**	

Investment in subsidiaries

2008	Registered office	Eq. Stake	Acq. Cost 2007	Additions/ disposals	Acq. Cost 2008
Hedmark Eiendom AS	Hamar, Norway	100 %	6	2	8
SpareBank 1 Finans Østlandet AS	Hamar, Norway	100 %	285		285
Meglereiendom AS	Hamar, Norway	100 %		3	3
Vato AS	Hamar, Norway	100 %	8	1	9
Total investment in subsidiaries			**299**	**6**	**305**

Note 15 Shares and equity stakes

Parent Bank			Group	
2007	**2008**	**Shares and equity stakes** *(NOK million)*	**2008**	**2007**
91	43	At fair value through the profit and loss account	43	91
91	*43*	*- Quoted*	*43*	*91*
		- Unquoted		
320	367	Available for sale	367	320
60	*72*	*- Quoted*	*72*	*60*
260	*295*	*- Unquoted*	*295*	*260*
411	**410**	**Total shares and equity stakes**	**410**	**411**
151	**115**	**Total - quoted companies**	**115**	**151**
260	**295**	**Total - unquoted companies**	**295**	**260**

The portfolio of shares and equity participations is the same at the Parent Bank and in the Group. Total shares at fair value through the profit and loss account are classified as 'available for sale' in accordance with IAS 39.

Quoted companies	**Eq. stake (%)**	**Our portfolio (number)**	**Acq. Cost (NOK 1,000)**	**Market value/ book value (NOK 1,000)**
Acergy	0,0 %	32 400	2 849	1 241
Austevoll Seafood	0,0 %	59 000	2 124	622
BWG Homes	0,1 %	48 400	1 897	124
Bonheur	0,0 %	11 200	2 394	1 624
DOF	0,1 %	58 900	3 720	1 950
Ekornes	0,0 %	18 000	2 351	1 116
Farstad Shipping	0,1 %	25 800	2 777	1 754
Komplett	0,2 %	25 900	2 051	673
Lerøy Seafood Group	0,1 %	42 400	3 746	1 802
Norsk Hydro	0,0 %	76 300	2 963	2 121
Odfjell	0,0 %	29 700	3 431	1 292
Orkla	0,0 %	54 500	3 157	2 425
Prosafe	0,0 %	75 000	4 816	1 946
SalMar	0,1 %	71 700	2 892	1 793
Seadrill	0,0 %	42 100	2 978	2 320
Solstad Offshore	0,1 %	35 400	3 536	2 071
StatoilHydro	0,0 %	46 730	6 597	5 323
TGS-NOPEC Geophysical Co.	0,1 %	58 100	5 255	2 004
Wilh. Wilhelmsen	0,1 %	29 200	6 585	2 774
Yara International	0,0 %	21 700	2 201	3 222
Total quoted shares			**68 317**	**38 198**
SpareBank 1 Nøtterøy Tønsberg	4,6 %	50 500	5 555	3 535
Sparebanken Møre	0,5 %	30 449	8 482	4 811
Sparebank 1 Nord-Norge	0,1 %	11 682	1 659	485
Sparebanken Øst	0,7 %	25 000	5 967	1 400
Toten Sparebank	19,4 %	832 566	84 590	40 379
Total - quoted Primary Capital Certificates (PCCs)			**106 254**	**50 610**
Odin Europa		87 116	8 800	5 701
Odin Norden		4 092	5 280	3 451
Odin Norge		1 730	3 520	2 157
Skagen Global		20 198	13 200	10 912
Skagen Kon-Tiki		13 338	4 400	3 731
Total - quoted unit trusts			**35 200**	**25 952**
Total quoted companies			**209 771**	**114 760**

Unquoted companies	Eq. stake (%)	Our portfolio (number)	Acq. Cost (NOK 1,000)	Market value/ book value (NOK 1,000)
Atlungstad Golf	19,1 %	210	6 100	2 310
Eiendomskreditt	2,0 %	32 510	3 446	2 601
Eksportfinans	1,3 %	3 499	52 127	36 740
Flisa Mølle og Kornsilo	15,3 %	106 997	2 500	2 140
Icon Capital 1	5,7 %	37 500	2 692	1 613
Nordito	3,1 %	313 715	12 090	45 534
Norgesinvestor IV	1,7 %	47 000	4 700	5 085
Norgesinvestor Opportunities	6,4 %	38 400	3 840	3 295
Norgesinvestor Pro	10,8 %	150 000	15 000	10 553
Scanpole Norge	11,4 %	70 434	7 436	2 113
Sikon Øst	10,9 %	54 588	11 663	6 987
SpareBank 1 Boligkreditt	10,6 %	1 153 234	173 218	173 218
Others			3 234	3 130
Total - unquoted companies			**298 045**	**295 318**
Total - shares and equity participations			**507 815**	**410 078**

Note 16 Certificates and bonds

Parent Bank			Group	
		Certificates and bonds acc. to sectors of issuers		
2007	**2008**	*(NOK million)*	**2008**	**2007**
		Public sector issuer	51	
	51	- nominal amount	51	
	51	- fair market value		
		Financial companies		
1 890	2 450	- nominal value	2 450	1 890
1 845	2 245	- fair market value	2 245	1 845
		Non-financial companies		
735	747	- nominal value	747	735
729	670	- fair market value	670	729
2 625	**3 248**	**Total certificates and bonds - nominal value**	**3 248**	**2 625**
2 574	**2 966**	**Total certificates and bonds - fair market value**	**2 966**	**2 574**
2 574	2 966	Certificates and bonds	2 966	2 574
91	43	Shares and equity participations/unit trusts (see note 15)	43	91
2 665	**3 009**	**Total securities at fair value through P & L account**	**3 009**	**2 665**

All certificates and bonds are incorporated at fair market value through the profit and loss account in accordance with Fair Value Option (FVO) in IAS 39. Certificates and bonds are assessed in principle in relation to the actual interest rate curve against which the securities are regulated as far as the interest rate is concerned, adjusted for an indicated trading spread for each issuer in question. Parts of the portfolio are assessed at prices provided by Reuter's price setting service. The value change in the interest rate securities portfolio is primarily ascribable to changes in trading spreads which may be attributed partly to changes in events and the assets' credit risk, but this credit risk is deemed to be non-quantifiable.

Note 17 Financial derivatives

A general description
Financial derivatives are classified at fair value through the profit and loss account in compliance with IAS 39. Unrealised gains are shown under Assets and unrealised losses under Liabilities in the balance sheet.

Financial derivatives comprise forward exchange contracts, swaps and options in addition to combinations of these, including FRAs. The financial instruments are all traded in markets other than the stock exchanges as socalled 'Over the counter' (OTC) derivatives. This mean that the agreements involved are tailor-made with regard to the underlying object, number, price and maturity. Financial derivatives are traded in on behalf of the Group's customers and with other financial institutions in order to take care of the market risk which is incurred as a result of the Sparebanken Hedmark Group's ordinary operations.

Parent Bank and Group
All amounts are identical for Parent Bank and Group. (NOK million)

At fair value through profit and loss account	2008			2007		
	Contract sum	Fair value		Contract sum	Fair value	
Foreign currency instruments		Assets	Liabilities		Assets	Liabilities
Forward exchange contracts	2 834	177	145	2 168	1	6
Foreign currency swaps	2 235	8	106	768	0	-2
Total foreign currency instruments	5 069	185	251	2 936	1	4
Interest rate instruments						
Interest rate swaps (incl. int. rate- and currency swaps)	8 085	319	114	7 593	32	277
Short interest rate swaps (FRAs)	300	1	1	0	0	0
Other interest rate contracts	1 327	9	5	1 334	2	18
Total interest rate instruments	9 712	328	120	8 926	34	295
Other financial derivatives						
Guarantee liability in respect of Eksportfinans ASA	67	0	35	0	0	0
Total currency- and int. rate instrs. *(NOK mill.)*						
Total interest rate instruments	**9 712**	**328**	**120**	**8 926**	**34**	**295**
Total currency instruments	**5 069**	**185**	**251**	**2 936**	**1**	**4**
Total other financial derivatives	**67**	**0**	**35**	**0**	**0**	**0**
Total	**14 848**	**514**	**405**	**11 862**	**35**	**299**

Note 18 Financial institutions - claims and liabilities

Parent Bank			Group	
		Loans to and claims on financial institutions		
2007	**2008**	*(NOK million)*	**2008**	**2007**
74	249	Loans to and claims - no agreed maturity or period of notice	249	75
1 199	1 502	Loans to and claims - with agreed maturity or period of notice	73	23
1 273	**1 751**	**Total**	**322**	**98**
		Breakdown of loans and claims in most significant currencies		
1 202	1 643	NOK	214	27
28	37	EURO	37	28
18	21	CHF	21	18
11	39	JPY	39	11
14	11	Other	11	14
1 273	**1 751**	**Total**	**322**	**98**

2007	2008	Liabilities to financial institutions *(NOK million)*	2008	2007
12	229	Loans and deposits without agreed maturities or period of notice	226	12
2 975	4 527	Loans and deposits with agreed maturities or period of notice	4 527	2 958
2 987	**4 756**	**Total**	**4 753**	**2 970**
		Breakdown of liabilities in the most significant currencies		
625	1 842	NOK	1 839	608
2 353	2 901	EURO	2 901	2 353
8	5	SEK	5	8
1	8	DKK	8	1
		Other		
2 987	**4 756**	**Total**	**4 753**	**2 970**

Deposits and loans from/to financial institutions are mainly on the basis of floating rates of interest.
Claims on and liabilities to financial institutions are classified as loans and claims according to IAS 39 and assessed at amortised cost.

Note 19 - Loans to and claims on customers

Parent Bank			Group	
2007	**2008**	*(NOK million)*	**2008**	**2007**
		Loans according to types of claims		
		Financial leasing agreements	1 051	962
2 351	3 388	Overdraft- and working capital facilities	3 388	2 351
920	1 029	Building loans	1 029	920
28 134	28 347	Repayment loans	29 089	28 650
31 405	**32 764**	**Gross loans and claims on customers**	**34 557**	**32 883**
169	217	Write-downs		
31 236	**32 547**	**Net loans and claims on customers**	**252**	**198**
		Loans according to markets		
21 948	21 635	Wage- and salary earners	22 187	22 305
9 431	11 102	Industry and commerce	12 336	10 536
26	27	Public sector	34	42
31 405	**32 764**	**Gross loans and claims**	**34 557**	**32 883**
169	217	Write-downs	252	198
31 236	**32 547**	**Net loans and claims**	**34 305**	**32 685**
		Of which subordinated capital		
		Equity and related capital in financial institutions		
7	7	Other equity and related capital	7	7
7	**7**	**Subordinated loan capital shown under loans**	**7**	**7**
365	**453**	**Of which loans to staff**	**527**	**442**
		Of repayment loans, loans recognised at fair value through the profit and loss account (FVO)		
487	*517*	*- Fixed interest loans to customers, book value*	*517*	*487*
498	*496*	*- Fixed interest loans to customers, nominal value*	*496*	*498*
17	*16*	*- Loans with interest rate guarantee, book value*	*16*	*17*
17	*16*	*- Loans with interest rate guarantee, nominal value*	*16*	*17*

Repayment loans to staff are based on a 30-year repayment period and monthly repayments. The rate of interest for repayment loans and 'Flexiloans' for staff amounts to 75 per cent of the lowest interest rate for private market loans and 'Flexiloans'.
The total loan amount according to these conditions cannot exceed NOK 1.5 million for each member of staff.

Gross loans

2007	2008	Breakdown according to risk group	2008	2007
15 705	14 837	Very low risk	14 837	15 705
4 780	5 189	Low risk	6 168	5 534
8 549	9 877	Medium risk	10 449	9 042
947	1 198	High risk	1 359	1 178
1 162	1 266	Very high risk	1 266	1 162
262	397	Commitments in default	478	262
31 405	**32 764**	**Total**	**34 557**	**32 883**

Parent Bank			Group	
2007	**2008**	**Breakdown according to geographical areas**	**2008**	**2007**
26 060	26 222	Hedmark	27 090	26 756
5 236	6 423	Rest of the country	7 348	6 018
109	119	International	119	109
31 405	**32 764**	**Total**	**34 557**	**32 883**

Parent Bank			Group	
2007	**2008**	**Breakdown according to different sectors**	**2008**	**2007**
21 948	21 635	Wage- and salary earners etc.	22 187	22 305
26	27	Public sector	34	34
2 263	2 588	Primary industries	2 745	2 413
123	268	Paper and pulp industry	276	130
271	372	Other industry	443	333
752	880	Building and construction	1 212	1 059
61	69	Power- and water supply	101	87
866	1 227	Wholesale- and retail trade	1 408	1 021
218	196	Hotels and restaurants	205	435
3 149	3 994	Real estate management	4 011	3 166
992	696	Business services	895	1 153
664	699	Transport and communications	930	676
72	113	Miscellaneous	110	71
31 405	**32 764**	**Total**	**34 557**	**32 883**

Total commitments (Loans, guarantees and unutilised facilities)

Parent Bank			Group	
2007	**2008**	**Breakdown according to risk groups**	**2008**	**2007**
17 364	16 698	Very low risk	16 698	17 364
5 248	5 775	Low risk	6 849	6 003
9 303	10 735	Medium risk	11 307	9 796
1 014	1 326	High risk	1 487	1 245
1 356	1 418	Very high risk	1 418	1 356
290	429	In default	510	290
34 575	**36 381**	**Total**	**38 269**	**36 054**

Parent Bank 2007	Parent Bank 2008	Breakdown according to sectors	Group 2008	Group 2007
23 111	23 019	Wage- and salary earners etc.	23 571	23 468
26	27	Public sector	34	34
2 560	2 951	Primary industries	3 108	2 710
203	350	Paper and pulp industry	358	210
419	617	Othe industry	708	481
1 211	1 296	Building and construction	1 655	1 518
181	91	Power- and water supply	123	207
1 202	1 688	Wholesale- and retail trade	1 893	1 357
236	223	Hotels and restaurants	232	453
3 365	4 274	Real estate management	4 291	3 382
1 209	919	Business services	1 122	1 370
780	813	Transport and communications	1 063	792
72	113	Sundry	111	72
34 575	**36 381**	**Total**	**38 269**	**36 054**

Individual write-downs

Parent Bank 2007	Parent Bank 2008	Breakdown according to risk group	Group 2008	Group 2007
87	117	In default	144	108

All the Bank's individual write-downs are classified as default and are not at the moment allocated to different risk classes. The Bank calculates the probability of default for all customers in its lending portfolio on the basis of objective historical data. Together with the values of collateral assets pledged as security, the likelihood of default is used in order to classify the customers in different risk groups. The customers are re-scored each month in the Bank's portfolio system. Expected annual average net loss is calculated on the basis of historical data. At a time of strong economic expansion, actual annual losses will be lower than average expected losses. In an economic downturn, actual losses may be higher.

2007	2008	Breakdown according to sectors	2008	2007
22	28	Wage- and salary earners etc.	33	25
		Public sector		
4	4	Primary industries	9	7
5	15	Paper and pulp industry	15	5
20	9	Other industry	14	26
1	1	Building and construction	3	3
2	2	Power- and water supply	2	2
7	4	Wholesale- and retail trade	7	8
2	8	Hotels and restaurants	8	2
15	30	Real estate managemenet	30	15
7	12	Business services	17	8
2	4	Transport and communications	6	7
		Miscellaneous		
87	**117**	**Total**	**144**	**108**

Loans to and claims on customers relating to financial leasing agreements (only Group)	2008	2007
Gross claims relating to financial leasing agreements		
- Up to 1 year	55	75
- Between 1 and 5 years	858	831
- Over 5 years	146	55
Total	**1 059**	**961**
Not accrued income related to financial leasing agreements	4	3
Net investments relating to financial leasing agreements	1 056	959
Net investments in financial leasing contracts:		
- Up to 1 year	53	75
- Between 1 and 5 years	857	829
- Over 5 years	146	55
Total	**1 056**	**959**

Note 20 Losses on loans, guarantees etc.

Parent Bank							Group					
2007			2008				2008			2007		
RB	CB	Total	RB	CB	Total	*(NOK million)*	RB	CB	Total	RB	CB	Total
-2	-55	**-57**	6	28	**34**	Period's change in individual write-downs	8	33	**41**		-54	**-54**
3	5	**8**	11	7	**18**	+ Period's change in group write-downs	12	6	**18**	2	5	**7**
4	52	**56**	3	12	**15**	+ Confirmed losses on commitments which were previously written down	7	12	**19**	4	56	**60**
13	3	**16**	9	1	**10**	+ Confirmed losses on commitments with no previous write-downs	10	1	**11**	15	3	**18**
6	1	**7**	7	4	**11**	- Recoveries from previously written down loans, guarantees etc.	8	5	**13**	6	1	**7**
12	**4**	**16**	**22**	**44**	**66**	**Total losses on loans, guarantees etc.**	**29**	**47**	**76**	**15**	**9**	**24**

After many years with lower losses on loans and guarantees than budgeted, the losses in 2008, due in particular to developments during the second half of the year, were higher than budgeted and expected. The Bank expects increasing losses on loans and guarantees in 2009, and higher than expected losses, as these appear in note 19.

2007			2008				2008			2007		
RB	CB	Total	RB	CB	Total	*(NOK million)*	RB	CB	Total	RB	CB	Total
26	126	**152**	22	68	**90**	Individual write-downs to cover losses on loans, guarantees etcl. As at 01.01	22	90	**112**	26	145	**171**
4	52	**56**	3	12	**15**	- Confirmed losses on loans, guarantees etc. during the period where individual write-downs have previously been made	7	17	**24**	4	57	**61**
5	26	**31**	4	13	**17**	- Reversial of previous year's writedowns	4	13	**17**	5	33	**38**
1	2	**3**	5	13	**18**	+ Increase in write-downs on commit-ments where individual write-downs had previously been made	5	17	**22**	1	14	**15**
4	18	**22**	8	37	**45**	+ Write-downs on commitments where no write-downs had previously been made	11	44	**55**	4	21	**25**
22	**68**	**90**	**28**	**93**	**121**	**Individual write-downs to cover losses on loans and guarantees as at 31.12 *)**	**27**	**121**	**148**	**22**	**90**	**112**

*) Guarantee provisions are included under 'Other liabilities' in the balance sheet.

						Collective write-downs						
13	61	**74**	16	66	**82**	Collective write-downs to cover loan- and guar. losses as at 01.01	16	70	**86**	13	67	**80**
3	5	**8**	11	7	**18**	+ Period's collective write-downs to cover loans and guarantees	10	8	**18**	3	3	**6**
16	**66**	**82**	**27**	**73**	**100**	**Collective write-downs to cover losses on loans and guarantees as at 31.12**	**26**	**78**	**104**	**16**	**70**	**86**

Parent Bank							Group					
2007			2008				2008			2007		
RB	CB	Total	RB	CB	Total	Losses according to different sectors	RB	CB	Total	RB	CB	Total
9		**9**	10		**10**	Wage- and salary earners etc.	11		**11**	13		**13**
		0			**0**	Public sector			**0**			**0**
	3	**3**		1	**1**	Primary industries		4	**4**		3	**3**
	-1	**-1**		4	**4**	Paper and pulp industries		4	**4**		-1	**-1**
	13	**13**		1	**1**	Other industry			**0**		13	**13**
	-2	**-2**		1	**1**	Building and construction		3	**3**			**0**
		0			**0**	Power- and water supply			**0**			**0**
	-5	**-5**			**0**	Wholesale- and retail trade		2	**2**		-5	**-5**
		0		9	**9**	Hotels and restaurants		9	**9**			**0**
	2	**2**		17	**17**	Real estate management		17	**17**		2	**2**
	-2	**-2**		4	**4**	Business services		6	**6**			**0**
	-2	**-2**		1	**1**	Transport and communications		1	**1**		-1	**-1**
	-7	**-7**			**0**	Other industries		1	**1**		-7	**-7**
	5	**5**		9	**9**	Collective write-down - corporate banking		10	**10**		5	**5**
3		**3**	9		**9**	Collective write-down - retail banking	8		**8**	2		**2**
		0			**0**	Collective write-down - losses on repossessed properties			**0**			**0**
12	**4**	**16**	**19**	**47**	**66**	**Losses on loans to customers**	**19**	**57**	**76**	**15**	**9**	**24**

Parent Bank						Group				
2004	2005	2006	2007	2008	Commitments in default and bad and doubtful commitments	2008	2007	2006	2005	2004
225	297	350	182	229	Commitments in default	272	278	398	313	248
454	397	165	149	179	Other bad and doubtful commitments	202	208	180	397	454
679	**694**	**515**	**331**	**408**	**Total commitments in default and bad and doubtful commitments**	**474**	**486**	**578**	**710**	**702**
184	195	142	90	121	Individual write-downs	144	112	161	197	190
495	**499**	**373**	**241**	**287**	**Net commitments in default and bad and doubtful commitments**	**330**	**374**	**417**	**513**	**512**

Note 21 Deposits from customers

Parent Bank			Group	
2007	2008	*(NOK million)*	2008	2007
20 160	20 811	Deposits from/liabs. to custs., no agreed maturities	20 716	19 949
864	1 673	Deposits from/liabs. to custs., with agreed maturities	1 673	863
21 024	**22 484**	**Total deposits from customers**	**22 389**	**20 812**
		Of total deposits,deposits recognised as fair value through the profit and loss account (FVO)		
128	*176*	*- Fixed interest rate deposits - book value*	*176*	*128*
129	*172*	*- Fixed interest rate deposits - nominal value*	*172*	*129*
124	*848*	*- Term deposits - book value*	*848*	*124*
125	*835*	*- Term deposits - nominal value*	*835*	*125*
7	*2*	*- BMA' deposits - book value*	*2*	*7*
6	*2*	*- BMA' deposits - nominal value*	*2*	*6*

Parent Bank 2007	Parent Bank 2008		Group 2008	Group 2007
13 443	14 327	Wage- and salary earners etc.	14 327	13 443
2 041	2 013	Public sector	2 013	2 041
712	746	Primary industries	746	712
92	93	Paper and pulp industry	93	92
578	603	Other industry	603	578
386	396	Building and construction	396	386
40	28	Power- and water supply	28	40
655	659	Wholesale- and retail trade	659	655
84	80	Hotels and restaurants	80	84
959	1 397	Real estate management	1 397	959
1 029	1 262	Bbusiness services	1 262	817
295	374	Transport and communications	374	295
710	506	Miscellaneous	411	710
21 024	**22 484**	**Total deposits by different sectors**	**22 389**	**20 812**

2007	2008	Deposits broken down by geographical areas	2008	2007
18 746	19 934	Hedmark	19 839	18 534
2 093	2 315	Rest of Norway	2 315	2 093
185	235	International	235	185
21 024	**22 484**	**Total deposits by geographical areas**	**22 389**	**20 812**

Note 22 Other liabilities

Parent Bank 2007	Parent Bank 2008	**Other liabilities in balance sheet** *(NOK million)*	Group 2008	Group 2007
344	450	Pensjon liabilities (note 23)	470	361
4	4	Guarantee provisions	4	4
10	21	Trade creditors	23	15
431	468	Other	644	728
789	**943**	**Total other liabilities**	**1 141**	**1 108**
		Guarantees etc. provided (agreed guarantee amounts)		
457	426	Payment guarantees	426	457
175	181	Contract guarantees	181	175
1	1	Loans guarantees	13	1
5	5	Guarantees for tax	5	5
140	114	Other guarantees	114	140
23	23	Guarantee in favour of Savings Banks' Guarantee Fund	23	23
801	**750**	**Total guarantees provided**	**762**	**801**
		Other guarantees - not on the balance sheet		
2 369	2 888	Unutilised facilities	2 972	2 369
2 369	**2 888**	**Total other liabilities**	**2 972**	**2 369**
3 959	**4 581**	**Total liabilities**	**4 875**	**4 278**

Buildings	Securities	Total	Collateral assets pledged as security	Buildings	Securities	Total
	2 400	2 400	Assets pledged as security in 2008		2 400	2 400
	1 000	1 000	Related liabilities in 2008		1 000	1 000
	2 036	2 036	Assets pledged as security in 2007		2 036	2 036
			Related liabilities in 2007			

Current legal disputes
The Group is involved in some legal disputes whose financial implications are deemed to have no significant impact on the Group's financial position. Loss provisions have been made where this has been considered to be appropriate.

Note 23 Pensions

The Bank's guaranteed pension scheme is organised through the Bank's own pension fund, providing the right to certain future pension benefits from the age of 67 years. The guarantee scheme was closed on 30 June 2008. Employees who have been with the Bank from 1 July 2008 are offered a contributory occupational pension. Staff who are members of the now closed pension scheme can choose to transfer to the contributory pension scheme with effect from 1 January 2009. 34 of the employees have chosen to make such a transfer. Through a gradual transfer from a benefit-based- to a contributory pension scheme, the Bank and Group expect more stability and predictability and, gradually, reduced future pension costs.

The closed scheme also includes pension for spouses, a children's pension and disability pension according to certain detailed rules and regulations. With effect from 1 January 2009, pensions for spouses and children will not be benefits to be incorporated in the pension schemes. The pension schemes meet the requirements with regard to statutory occupational pension.

In addition, the Group has pension liabilities involving former employees who retired early and some employees with salaries exceeding 12 times the basic amount.The banking- and financial services industry has entered into an agreement relating to statutory early retirement pension (SERP) for staff from the age of 62 years. The Bank's own part amounts to the National Insurance's accruals for pensions paid for employees who take advantage of SERP. The Bank's liability is 100 per cent per annum from 62 to 64 years of age. The computation is based on the assumption that 25 per cent of the employees involved will avail themselves of this scheme from the age of 62 years and 25 per cent from the age of 64 years. The costs relating to SERP will be systematically allocated over the remaining pension accrual period.

Contributory pension from 01.07. 2008	
Salary between 1 and 6 G (G is basic amount)	5%
Salary between 6 and 12 G	8%

Salary includes fixed additions, but does not comprise overtime, taxable benefits in kind and other remuneration. In 2008, NOK 107,518 has been paid into the contributory pension scheme. 18 of the Bank's staff are part of this scheme as at 31.12.2008.

The closed pension scheme comprises	**Parent Bank**	**Group**
Staff	511	573
Pensioners	192	192

Computation of costs and liabilities for the closed pension scheme is based on the following assumptions:

Financial assumptions as at 31.12	**01.01.09**	**01.01.08**	**01.01.07**
Discounting rate of interest	4,00%	4,80 %	4,30 %
Expected return on pension resources	5,50%	5,50 %	4,30 %
Expected future wage- and salary increase	4,50%	4,75 %	4,00 %
Expected adjustment in basic amount (G)	4,25%	4,50 %	2,50 %
Expected adjustment in pension	4,25%	4,50 %	2,50 %
Employer's social security contributions	14,10%	14,10 %	14,10 %
Expected voluntary retirement	2,0 %	2,0 %	2,0 %
Expected Statutory Early Retirement Pension take-up from age of 62 years	25,0 %	35,0 %	50,0 %
Disability table applied	IR02	IR02	IR73
Mortality table applied	K2005	K2005	K63

The times mentioned above state from which point in time the liability is computed with changed assumptions. This for example means that the pension liability as at 31.12.2008 has been discounted on the basis of the assumptions which apply on 1 January 2009, whereas the annual cost for 2008 is based on the assumptions which applied at the beginning of the year.

Pension cost

Guranteed scheme

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
19	23	Present value of pension accruals for the year	28	21
23	28	Interest cost of the pension liability	28	24
15	22	- Return on pension resources (minus administrative costs)	22	15
		Contributary pension through the profit and loss account		
		Changed plan effect/trans. to contrib. p. etc. - p & l account		
		Effect of changed scheme/trans. to contrib. p. etc. - p & l acct.		
5	4	Employer's soc. sec. contr. subject to accrual accounting	5	7
32	34	Net pension cost	40	37

Actual return on pension resources

15	6		6	15

* Best estimate based on return for the 1st quarter of 2008

Non-guaranteed scheme

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
6	5	Present value of pension accruals for the year	5	5
4	4	Interest cost for the pension liability	4	5
		- Return on pension resources (minus administrative costs)		
		Contributary pension through the profit and loss account		
		Changed plan effect/trans. to contrib. p. etc. - p & l account		
-4	1	Employer's social service contributions subj. to accr. accounting	1	-5
6	9	Net pension cost	9	5

Total - guaranteed and non-guaranteed schemes

Parent Bank 2007	Parent Bank 2008	(NOK million)	Group 2008	Group 2007
25	28	Present value of pension accruals for the year	33	27
27	32	Interest cost for the pension liability	32	28
15	22	- Return on pension resources (minus administrative costs)	22	15
		Contributory pension through the profit and loss account		
		Changed plan effect/trans. to contrib. p. sch. etc. - p&l acct. *		
1	5	Employer's social security contributions	6	2
38	43	Net pension cost	49	42

Pension liability

Guaranteed scheme

Parent Bank 2007	Parent Bank 2008	*(NOK million)*	Group 2008	Group 2007
523	597	Gross liability as at 01.01	620	544
19	23	Pension accruals for the year	28	22
23	28	Interest relating to pension liability	29	23
-11	-11	Pensions paid out	-18	-11
43	106	Estimate discrepancies recognised directly in equity capital	104	42
597	744	Gross liability as at 31.12	764	620
343	387	Value of pension resources as at 01.01	396	355
36	44	Paid into the scheme	47	36
15	22	Interest on pension resources for the year	22	15
-11	-11	Pensions paid out	-18	-11
4	-16	Estimate discrepancies recognised directly in equity capital	-18	1
387	425	Value of pension resources as at 31.12	428	396
25	25	Employer's social security contributions (ESSC) as at 01.01	28	26
-5	-6	ESSC on pension premium paid in	-7	-5
	22	ESSC on estimate discrepancies 2007/2008	22	
5	4	ESSC on pension cost for the year	4	7
25	45	ESSC as at 31.12	47	28
205	235	Net pension liability guaranteed scheme as at 01.01	252	215
235	364	Net pension liability guaranteed scheme as at 31.12	382	252

Non-guaranteed scheeme

Parent Bank 2007	Parent Bank 2008	*(NOK million)*	Group 2008	Group 2007
100	94	Gross liability as at 01.01	95	101
6	5	Pension accruals for the year	5	5
4	4	Interest on pension liability	5	5
-6	-7	Pensions paid out	-7	-6
	-3	Change in scheme	-3	
-10	-16	Estimate discrepancies recognised directly in equity	-17	-10
94	76	Gross liability as at 31.12	77	95
19	15	ESSC liability as at 01.01	14	19
		ESSC on pension premium paid in		
	-5	ESSC on estimate discrepancies 2007/2008	-5	
-4	1	ESSC on pension cost for the year	2	-5
15	11	ESSC liability as at 31.12	11	14
119	109	Net pension liability - non-guaranteed scheme as at 01.01	109	120
109	86	Net pension liability - non-guaranteed scheme as at 31.12	88	109

Total - guaranteed and non-guaranteed scheme

Parent Bank 2007	Parent Bank 2008	**Summary of pension liability**	Group 2008	Group 2007
324	344	Net pension liability as at 01.01	361	335
344	450	Net pension liability as at 31.12	470	361

Actuarial gains and losses (estimate discrepancies)

Parent Bank 2007	Parent Bank 2008	*(NOK million)*	Group 2008	Group 2007
26	119	Period's actuarial gains/losses and pre-tax losses incl. in equity capital	118	-32
-19	138	Cumulative act. gains/losses and pre-tax losses incl. in equity capital	153	-35

Composition of the pension resources in the Group	2008*	2007	2006
The contract has been insured through Vital Forsikring ASA's portfolio			
Shares	6,00%	24,80%	29,70 %
Short-term bonds	32,40%	21,50%	20,60 %
Money market	11,50%	7,50%	4,50 %
Long-term bonds	28,70%	27,70%	30,00 %
Property	17,10%	15,60%	12,60 %
Sundry	4,30%	2,90%	2,60 %

* As at 30.09.2008

Note 24 Change in equity capital

Parent Bank		Accrued equity capital		
(NOK million)	Fund for value adj. and est. disr.	Savings Bank's Fund	Don. Fund	Total equity capital
Equity capital as at 01.01.2007	**88**	**3 420**	**46**	**3 554**
Total incorporated income and costs for the period	-52	350		298
Donations distributed from the 2006 result		-6		-6
Allotted from the Donations Fund in 2007			-6	-6
Transfer to Donations Fund in 2007		-25	25	
Equity capital as at 31.12.2007	**36**	**3 739**	**65**	**3 840**
Equity capital as at 01.01.2008	**36**	**3 739**	**65**	**3 840**
Correction of previous years' errors regarding value assesment of bonds loads.		8		8
Total incorporated income and costs for the period	-110	146		36
Donations distributed from the 2007 result		-6		-6
Allotted from the Donations Fund in 2008			-8	-8
Tranfer to Donations Fund in 2008				0
Equity capital as at 31.12.2008	**-74**	**3 887**	**57**	**3 870**

Group		Accrued equity capital		
(NOK million)	Fund for val. adj. and est. discr.	Savings Bank's Fund	Don. Fund	Total equity capital
Equity capital as at 01.01.2007	**113**	**3 485**	**46**	**3 644**
Total incorporated income and costs for the period	-57	581		524
Donations distributed from the 2006 result		-6		-6
Allotted from the Donations Fund in 2007			-6	-6
Transfer to the Donations Fund in 2007		-25	25	
Equity capital as at 31.12.2007	**56**	**4 035**	**65**	**4 156**
Equity capital as at 01.01.2008	**56**	**4 035**	**65**	**4 156**
Correction of previous years' errors regarding value assesment of bonds loads.		8		8
Total incorporated income and costs in the period	-109	357		248
Donations distributed from the 2007 result		-6		-6
Allotted from the Donations Fund in 2008			-8	-8
Transfer to Donations Fund in 2008				0
Equity capital as at 31.12.2008	**-53**	**4 394**	**57**	**4 398**

Note 25 Capital adequacy

Parent Bank BASEL II transition 31.12.07	Parent Bank BASEL II 31.12.08	*(NOK million)*	Group BASEL II 31.12.08	Group BASEL II transition 31.12.07
3 840	**3 870**	**Reserves**	**3 916**	**4 067**
		Deductions:		
		Over-funding of pension liabilities		
	-308	Unrealised value change due to reduced/increased value of liabilities	-308	
-179	-185	Deferred tax, goodwill and other intangible assets	-195	-193
-56	-31	Net unrealised gain on shares available for sale	-31	-56
-503	-572	Minus equity and related capital in other financial institutions	-572	-715
-738	**-1 096**	**Total deductions**	**-1 106**	**-964**
		Additions:		
25	14	45% of unrealised gain on shares classified as available for sale	14	25
25	**14**	**Total additions**	**14**	**25**
3 127	**2 788**	**Net equity and related capital**	**2 824**	**3 128**
		Risk-weighted asset calculation basis:		
	13	Local and regional authorities	13	
	2 175	Institutions	2 138	
	6 013	Companies	6 675	
	3 400	Mass market	4 188	
	8 763	Security on mortgaged property	8 763	
	800	Commitments due for repayment	838	
	5	Preference bonds	5	
	25	Shares in securities funds	25	
	388	Other commitments	513	
21 493	21 580	Total credit risk	23 155	22 769
1 617	1 700	Operational risk	1 875	1 754
27		Market risk		27
-675	-463	Deductions from the weighted asset calculation basis	-470	-916
22 462	**22 818**	**Total calculation basis**	**24 561**	**23 634**
13,92 %	**12,22 %**	**Capital adequacy ratio**	**11,49%**	**13,24%**

The Bank has in its entirety deducted the non-accrual unamortised estimate discrepancy relating to the pension liability. We have not made use of the transitional rule in this area. The Bank does not have comparative figures for the risk-weighted asset calculation basis for 2007.

Note 26 Close parties

Transactions between close parties. Close parties here mean associated companies, joint venture businesses and subsidiaries. The Bank's outstanding accounts with staff and members of the Board of Directors are shown in note 9.

Loans (NOK million)	**2008**	**2007**
Loans outstanding as at 1.1	1 187	1 019
Loans granted during the period	328	175
Repayments	12	7
Outstanding loans as at 31.12	**1 503**	**1 187**
Interest income	93	57
Losses on loans	0	0

Deposits (NOK million)	**2008**	**2007**
Deposits as at 1.1	230	157
New deposits during the period	4	99
Withdrawals	125	26
Deposits as at 31.12	**109**	**230**
Interest costs	10	8

All loans extended to close parties are included in the Parent Bank's accounts.

Note 27 Debt incurred through the issance of securities

Parent Bank			Group	
2007	2008	*(NOK million)*	2008	2007
		Certificate-based debt		
900	1 506	- nominal value	1 506	900
900	1 522	- fair market value	1 522	900
		Bond debt		
8 310	7 925	- nominal value	7 925	8 310
8 044	7 710	- fair market value	7 710	8 044
9 210	**9 431**	**Total debt through issuance of securities, nominal value**	**9 431**	**9 210**
8 944	**9 232**	**Total debt through issuance of securiteis, fair value**	**9 232**	**8 944**
4,6 %	6,0 %	Average rate of interest - certificates	6,0 %	4,6 %
4,9 %	6,5 %	Average rate of interest - bond debt	6,5 %	4,9 %
		Bond debt according to maturities		
979		2008		979
1 263	1 284	2009	1 284	1 263
974	1 293	2010	1 293	974
840	855	2011	855	840
963	966	2012	966	963
1 062	1 287	2013	1 287	1 062
726	741	2014	741	726
561	572	2015	572	561
444	429	2016	429	444
	52	2018	52	
231	231	2020	231	231
8 044	**7 710**	**Total bond debt**	**7 710**	**8 044**

All bond debt and certificate-related debt is issued in Norwegian kroner and the amounts are shown at their book value if nothing else is mentioned. The bond debt is presented own net portfolio. The average rate of interest is calculated on the basis of actual interest cost during the year (including related interest rate swaps) as a percentage of the average securities portfolio.

The securities-related debt is shown at fair market value through the profit and loss account in accordance with Fair Value Option in IAS 39. Issued certificates and bonds are assessed against the interest rate curve adjusted for an indicated trading spread for the Bank's securities. Increased trading spreads in 2008 have reduced the fair market value of the securities-related debt by an estimated NOK 266 million. It is assumed that increased trading spreads are related only to a limited extent to the changes in the credit risk of the liability involved.

Note 28 - Maturity analysis of assets and liabilities

Parent Bank

As at 31.12.2008 *(NOK million)*	**On demand**	**Under 3 months**	**3-12 months**	**1 - 5 years**	**Over 5 years**	**Total**
ASSETS						
Cash and claims on central banks	1 854					1 854
Loans to and claims on financial institutions	249	1 502				1 751
Loans to and claims on customers	4 909	237	2 106	4 909	20 603	32 764
Individual write-downs on loans from and claims on customers	-51	-1	-3	-28	-34	-117
Collective write-down - loans to and claims on customers				-100		-100
Net loans to customers	**4 858**	**236**	**2 103**	**4 781**	**20 569**	**32 547**
Financial derivatives		66	130	260	57	514
Securities - at fair value through the profit and loss account	43	75	118	2 084	689	3 009
Securities - available for sale	367					367
Investment in associated companies, joint ventures and subsidiaries					837	837
Intangible assets				51	47	98
Real estate, plant and equipmenet				62	220	282
Tax-related asset				87		87
Other assets			408		10	418
Total assets	**7 371**	**1 879**	**2 759**	**7 325**	**22 429**	**41 764**
LIABILITIES						
Liabilities to financial institutions	610	10	167	3 904	65	4 756
Deposits from and liabilities to customers	22 482			2		22 484
Debt incurred through the issuance of securities		477	2 328	4 401	2 025	9 232
Financial derivatives		134	120	66	86	405
Liabilities relating to period tax			74			74
Other liabilities			493		450	943
Total liabilities	**23 092**	**621**	**3 182**	**8 373**	**2 626**	**37 894**

Group

As at 31.12.2008 *(NOK million)*	**On demand**	**Under 3 months**	**3-12 months**	**1 - 5 years**	**Over 5 years**	**Total**
ASSETS						
Cash and claims on central banks	1 854					1 854
Loans to and claims on financial institutions	249	73				322
Loans to and claims on customers	4 909	262	2 234	6 160	20 992	34 557
Individual write-downs on loans to and claims on customers	-51	-1	-30	-28	-34	-144
Collective write-down on loans to and claims on customers				-108		-108
Net loans to customers	**4 858**	**261**	**2 204**	**6 024**	**20 958**	**34 305**
Financial derivatives		66	130	260	57	514
Securities - at fair value through the profit and loss account	43	75	118	2 084	689	3 009
Securities - available for sale	367					367
Investment in associated companies, joint ventures and subsidiaries					1 030	1 030
Intangible assets				51	50	101
Real estate, plant and equipment				69	230	299
Assets held for sale	1					1
Tax-related asset				95		95
Other assets			487		10	497
Total assets	**7 372**	**475**	**2 939**	**8 583**	**23 024**	**42 394**
LIABILITIES						
Liabilities to financial institutions	607	10	167	3 904	65	4 753
Deposits from and liabilities to customers	22 389					22 389
Debt incurred through issuance of securities		477	2 328	4 401	2 025	9 232
Financial derivatives		134	120		134	120
Liabilities relating to period tax			76			76
Other liabilities			671			671
Total liabilities	**22 996**	**621**	**3 362**	**8 371**	**2 646**	**37 996**

Note 29 - Credit quality by class - financial assets

2008 **Parent Bank** *(NOK million)*	Notes	Not matured - not written down Very low risk	Low risk	Medium risk	High risk	Very high risk	Matured or individually written down	Total
Loans to and claims on financial institutions	18	1 751						**1 751**
Loans to and claims on customers								
Retail banking market	19	9 756	3 719	6 350	602	704	141	**21 272**
Corporate banking market	19	4 835	1 368	3 405	582	542	248	**10 980**
Loans to and claims on customers and financial institutions classified as financial assets at fair value through the profit and loss account at first inclusion in the accounts								
Retail banking	19	184	79	80	13	6	1	**363**
Corporate banking	19	62	23	41	1	14	8	**149**
Total		**16 588**	**5 189**	**9 876**	**1 198**	**1 266**	**398**	**34 515**
Financial investments								
Certificates and bonds	16	1 336	816	745	45	24		**2 966**
Total		**1 336**	**816**	**745**	**45**	**24**		**2 966**
Total		**17 924**	**6 005**	**10 621**	**1 243**	**1 290**	**398**	**37 481**

2007 **Parent Bank** *(NOK million)*	Notes	Not matured - not written down Very low risk	Low risk	Medium risk	High risk	Very high risk	Matured or individually written down	Total
Loans to and claims on financial institutions	18	1 273						**1 273**
Loans to and claims on customers								
Retail banking market	19	11 140	3 635	5 542	576	600	113	**21 606**
Corporate banking market	19	4 310	1 061	2 883	359	537	146	**9 296**
Loans to and claims on customers and financial institutions classified as financial assets at fair value through the profit and loss account at first inclusion in the accounts								
Retail banking	19	184	66	81	6	6		**343**
Corporate banking	19	70	18	43	6	20	3	**160**
Total		**16 977**	**4 780**	**8 549**	**947**	**1 163**	**262**	**32 678**
Financial investments								
Certificates and bonds	16		2 052	473	49			**2 574**
Total			**2 052**	**473**	**49**			**2 574**
Total		**16 977**	**6 832**	**9 022**	**996**	**1 163**	**262**	**35 252**

2008 Group *(NOK million)*	Notes	Not matured - not written down Very low risk	Low risk	Medium risk	High risk	Very high risk	Matured or individually written down	Total
Loans to and claims on financial institutions	18	322						**322**
Loans to and claims on customers								
Retail banking market	19	9 756	3 940	6 673	602	704	161	**21 836**
Corporate banking market	19	4 835	2 126	3 654	673	542	379	**12 209**
Loans to and claims on customers and financial institutions classified as financial assets at fair value through the profit and loss account at first inclusion in the accounts								
Retail banking	19	184	79	80	13	6	1	**363**
Corporate banking	19	62	23	41	1	14	8	**149**
Total		**15 159**	**6 168**	**10 448**	**1 289**	**1 266**	**549**	**34 879**
Financial investments								
Certificates and bonds	16	1 336	816	745	45	24		**2 966**
Total		**1 336**	**816**	**745**	**45**	**24**		**2 966**
Total		**16 495**	**6 984**	**11 193**	**1 334**	**1 290**	**549**	**37 845**

2007 Group *(NOK million)*	Notes	Not matured - not written down Very low risk	Low risk	Medium risk	High risk	Very high risk	Matured or individually written down	Total
Loans to and claims on financial institutions	18	98						**98**
Loans to and claims on customers								
Retail banking market	19	11 140	3 786	5 739	582	600	114	**21 961**
Corporate banking market	19	4 310	1 665	3 180	563	537	164	**10 419**
Loans to and claims on customers and financial institutions classified as financial assets at fair value through the profit and loss account at first inclusion in the accounts								
Retail banking	19	184	66	81	6	6		**343**
Corporate banking	19	70	18	43	6	20	3	**160**
Total		**15 802**	**4 780**	**8 549**	**947**	**1 163**	**262**	**31 503**
Financial investments								
Certificates and bonds	16		2 052	473	49			**2 574**
Total			**2 052**	**473**	**49**			**2 574**
Total		**15 802**	**6 832**	**9 022**	**996**	**1 163**	**262**	**35 555**

In 2008, the breakdown of financial investments into different risk groups was done on the basis of ratings from Standard Poor's, Moody's, Fitch or DnBNOR Markets according to the conversion table below. In the case of some issuers/issues, there is no official rating from the rating bureaus or no rating from DnBNOR Markets. These are on the basis of best judgment allocated to the groups 'very low risk', with MNOK 51, medium risk, with MNOK 128, and high risk, with MNOK 24.

Credit quality	**Rating (presented in S&P's format)**			
Very low risk	AAA	AA+	AA	AA-
Low risk	A+	A	A-	
Medium risk	BBB+	BBB	BBB-	
High risk	BB+	BB	BB-	
Very high risk	B+ or lower			

Note 30 - Breakdown of matured loans, not written down

The table shows matured amounts of loans and overdrafts on credits/deposits according to the number of days after maturity, these situations not being due to delays in payments transmission.

2008
Parent Bank

(NOK million)	**Up to 30 days**	**31 - 60 days**	**61 - 90 days**	**Over 91 days**	**Totalt**
Loans to and claims on customers	19	5	3	19	46
Total	**19**	**5**	**3**	**19**	**46**

2007
Parent Bank

(NOK million)	**Up to 30 days**	**31 - 60 days**	**61 - 90 days**	**Over 91 days**	**Totalt**
Loans to and claims on customers	19	8	2	19	48
Total	**19**	**8**	**2**	**19**	**48**

2008
Group

(NOK million)	**Up to 30 days**	**31 - 60 days**	**61 - 90 days**	**Over 91 days**	**Totalt**
Loans to and claims on customers	25	10	4	22	61
Total	**25**	**10**	**4**	**22**	**61**

2007
Group

(NOK million)	**Up to 30 days**	**31 - 60 days**	**61 - 90 days**	**Over 91 days**	**Totalt**
Loans to and claims on customers	27	11	3	30	71
Total	**27**	**11**	**3**	**30**	**71**

Note 31 - Market risk relating to interest rate risk

Interest rate risk is incurred due to the various asset- and liabilities items having different remaining interest rate fixing periods. The total interest rate risk may be divided into four different elements:

- Basis risk
- Administrative risk
- Interest rate curve risk
- Spread risk

The Bank's Board of Directors has agreed limits for the total interest rate risk with regard to basis risk and interest rate curve risk. The Bank manages interest rate risk towards the desired level of placements and funding loans through the interest rate fixing, and through the use of interest rate derivatives such as FRAs and interest rate swaps.

Basis risk is the value change in the Bank's assets and liabilities occurring when the entire interest rate curve does a parallel shift. This risk is shown in the table below by calculating the interest rate risk on fixed interest rate positions as the impact on the financial instruments' fair market value from an interest rate change where the entire interest rate curve is deemed to make a parallel shift of 1 percentage point. Administrative interest rate risk has not been taken into consideration, i.e. the effect of the fact that in practice it will take some time from when an interest rate change occurs in the market until the Bank has managed to adjust the terms and conditions for deposits and loans at floating rates of interest. As a main rule,the Financial Agreement Act stipulates the need for minimum 6 weeks' notice in the case of an interest rate increase on loans to customers and 2 weeks for an interest rate reduction for deposits from customers.

Basis risk Group (NOK million)	**Int.rate risk - 1 p.p change**	**Int. rate risk - 2 p.p. ch.**
Bonds	-26	-52
Fixed interest rate loans	-15	-30
Fixed interest rate deposits	6	11
Certificate-based loans	6	12
Bond loans	154	309
Other fixed interest rate financing	25	50
Financial derivatives	-130	-260
Total int. rate risk on fixed int. rate positions	**20**	**40**

A plus sign in front of the figure indicates that the Bank makes a profit from an increase in interest rates.

Although the above calculations show that the Bank will profit from an increase in interest rates, the way in which the increase in interest rates happens is not unimportant.
The table below shows this interest rate curve risk (the risk of the interest rate curve shifting differently within the different time periods when there is a change in interest rates) by measuring the Bank's net interest rate exposure within the different time periods.

Interest rate curve risk Group (NOK million)	Int.rate risk - 1 p.p change	Int. rate risk - 2 p.p. ch.
0 - 1 months	1	2
1 - 3 months	13	25
3 - 6 months	4	9
6 - 12 months	6	12
1 - 2 years	22	44
2 - 3 years	-4	-8
3 - 4 years	-6	-12
4 - 5 years	-4	-8
5 - 7 years	-4	-9
7 - 10 years	-8	-16
Total int. rate risk on fixed int. r. positions	**20**	**40**

Spread risk is the risk of the market's pricing of the different issuers not changing in the same way as the underlying reference rates of interest, for example the yield on government bonds or the swap rates of interest. This risk is difficult to illustrate and has therefore not been quantified in this note.

Note 32 - Market risk relating to foreign currency risk

Foreign currency risk is the risk of the Bank incurring a loss as a result of changes in the foreign exchange rates. The Bank has both throughout the year and at the end of the year had a limited foreign currency risk. Guidelines have been agreed for exposure in foreign currencies. Amongst other things, total positions have been agreed in foreign currencies, both on an aggregate basis and for different currencies. All significant foreign currency positions are hedged at all times. As at 31.12.2007 and 31.12.2008, the net positions in the most important currencies were converted into NOK, based on fair market value of the underlying assets, as follows:

Parent Bank			Group	
2007	**2008**	**Net currency exposure - NOK** *(NOK million)*	**2008**	**2007**
12	6	EUR	6	12
2	3	DKK	3	2
0	3	USD	3	0
0	2	CHF	2	0
1	-2	JPY	-2	1
-1	1	Other	1	-1
14	**12**	**Total**	**12**	**14**
300	200	Total f/x limit for gross positions	200	300
100	100	Total limit for each curency	100	100
0	0	Impact on result of 3% change	0	0
1	1	Impact on result of 10% change	1	1

Note 33 Events occurring after balance sheet date

No significant events have been registered after the balance sheet date which would have affected the Bank's accounts.

Statement from the board of directors and executive officer

We confirm that according to our firm belief the annual accounts for the period from 1 January to 31 december 2008 have been prepared in accordance with international standards for financial reporting (IFRS) and that the information in the annual report gives a true picture of the Parent Bank's and Group's assets, liabilities, financial position and result as a whole, and a correct overview of the imformation mentioned in the Securities Trading Act, § 5-6, 4th subsection.

Sparebanken Hedmark's Board of Directors
Hamar, 31st December 2008/ 5th March 2009

Richard H. Heiberg
styreleder

Gunnar Martinsen

Siri J. Strømmevold

Grethe G. Fossum

Espen Bjørklund Larsen

Jan Wibe

Harry Konterud
adm. direktør

Control committee report for 2008

REPORT FOR 2008
for
SPAREBANKEN HEDMARK'S SUPERVISORY BOARD
from
SPAREBANKEN HEDMARK'S 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 2008.

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.

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 SpareBank 1 Finans Oestlandet 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 2008.

Hamar, 10th March 2008

The Control Committee of Sparebanken Hedmark

Paal Johnsrud　　　Gro Svarstad

Anders Brinck　　　Jan Erik Myrvold

Valborg Berthelsen

Auditor's report for 2008

We have audited Sparebanken Hedmark's annual accounts for the 2008 accounting year, which show a NOK 146 million profit for the year for the Parent Bank and a profit of NOK 331 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 and comprise Profit and Loss Account, Balance Sheet, Cash Flow Statement, a statement of incorporated income and costs, and Notes to the Accounts. The accounts have been prepared in accordance with the International Financial Reporting Standards, which have been introduced by the EU. The annual accounts and Annual Report are presented by the Savings Bank's Board of Directors and the Bank's Chief Executive Officer. 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 2008, and of the result, the cash flows, and the incorporated income and costs in the accounting year, in accordance with the International Financial Reporting Standards, which have been introduced by the EU.
- 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, 5th March 2009
BDO Noraudit AS

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

FINANCIAL STATEMENT ANALYSIS

RESULT SUMMARY 2005-2008 - NOK MILL. (PARENT BANK)

	IFRS 2008	IFRS 2007	IFRS 2006	NGAAP 2006	NGAAP 2005
Interest income	2 844	2 126	1 512	1 512	1 214
Interest costs	1 997	1 337	761	761	516
Net interest income	847	789	751	751	698
Net other (non-interest) operating income	20	253	199	189	232
Contribution margin	867	1 042	950	940	930
Salaries, wages, fees etc.	288	291	257	268	251
Other operating costs	243	229	201	200	172
Ordinary depreciation	43	42	36	40	28
Total operating costs	574	562	494	508	451
Operating result before losses	293	480	456	432	479
Losses on loans etc.	66	16	-6	-6	57
Operating result after losses but before tax	**227**	**464**	**462**	**438**	**422**

RESULT SUMMARY AS % OF AV. ASSETS (PARENT BANK)

	IFRS 2008	IFRS 2007	IFRS 2006	NGAAP 2006	NGAAP 2005
Interest income	7,22 %	5,82 %	4,58 %	4,60 %	4,27 %
Interest costs	5,07 %	3,66 %	2,31 %	2,31 %	1,82 %
Net interest income	2,15 %	2,16 %	2,28 %	2,28 %	2,46 %
Net other operating income	0,05 %	0,69 %	0,60 %	0,57 %	0,82 %
Contribution margin	2,20 %	2,85 %	2,88 %	2,86 %	3,27 %
Salaries, wages, fees etc.	0,73 %	0,80 %	0,78 %	0,82 %	0,88 %
Other operating costs	0,62 %	0,63 %	0,61 %	0,61 %	0,61 %
Ordinary depreciation	0,11 %	0,11 %	0,11 %	0,12 %	0,10 %
Total operating costs	1,46 %	1,54 %	1,50 %	1,55 %	1,59 %
Operating result before losses	0,74 %	1,31 %	1,38 %	1,31 %	1,69 %
Losses on loans etc.	0,17 %	0,04 %	-0,02 %	-0,02 %	0,20 %
Operating result after losses	**0,58 %**	**1,27 %**	**1,40 %**	**1,33 %**	**1,48 %**
Average assets (NOK million)	**39 373**	**36 543**	**33 000**	**32 875**	**28 424**

BALANCE SHEET DEVT. 2005-2008, NOK MILL.(PARENT BANK)

	IFRS 2008	IFRS 2007	IFRS 2006	NGAAP 2006	NGAAP 2005
Liquid assets and loans to financial institutions	3 605	2 154	1 884	1 883	1 484
Gross loans	32 764	31 405	29 155	29 166	25 858
Write-downs	-217	-169	-216	-216	-444
Short-term securities	3 009	2 665	2 941	2 987	2 291
Other financial placements	1 204	1 064	962	862	403
Buildings, machinery etc.	282	291	299	266	247
Other assets	1 117	599	640	530	453
Total assets	**41 764**	**38 009**	**35 665**	**35 478**	**30 292**
Loans and deposits from financial institutions	4 756	2 987	2 769	2 769	874
Deposits from customers	22 484	21 024	18 987	18 984	16 869
Certificate-based debt and bond debt	9 232	8 944	8 641	8 813	8 536
Other liabilities	1 422	1 214	1 714	1 252	750
Equity capital	3 870	3 840	3 554	3 660	3 263
Total liabilities and equity capital	**41 764**	**38 009**	**35 665**	**35 478**	**30 292**

KEY GROUP FIGURES	Definiton	IFRS 2008	IFRS 2007	IFRS 2006	NGAAP 2006	NGAAP 2005
Result before tax (NOK million)		418	614	507	431	426
Gross loans to customers (NOK million)		34 557	32 883	30 451	30 469	27 051
Growth in gross loans to customers	2	5,1 %	8,0 %	12,6 %	12,6 %	14,1 %
Deposits from customers (NOK million)		22 389	20 812	18 865	18 855	16 810
Growth in deposits from customers		7,6 %	10,3 %	12,2 %	12,2 %	5,6 %
Capital adequacy ratio		11,5 %	13,2 %	12,7 %	12,7 %	15,0 %
Customer deposits as a percentage of gross loans		64,8 %	63,3 %	62,0 %	61,9 %	62,1 %

KEY FIGURES FOR PARENT BANK	Definiton	IFRS 2008	IFRS 2007	IFRS 2006	NGAAP 2006	NGAAP 2005
Profitability						
Result before tax (NOK million)		227	464	462	430	422
Result before tax as a percentage of average assets		0,58 %	1,27 %	1,40 %	1,31 %	1,48 %
Pre-tax return on equity capital	1	5,9 %	13,1 %	14,2 %	13,2 %	14,3 %
Effectiveness						
Operating costs as a percentage of contribution margin		66,2 %	53,9 %	52,0 %	53,9 %	48,5 %
Op. costs as a percentage of contr. margin excl. trading gains		54,1 %	57,2 %	55,3 %	54,9 %	50,7 %
Operating costs as a percentage of average assets		1,46 %	1,54 %	1,50 %	1,55 %	1,59 %
Volume and growth						
Gross loans to customers (NOK million)		32 764	31 405	29 155	29 166	25 858
Growth in gross loans to customers	2	4,3 %	7,7 %	12,8 %	12,8 %	13,9 %
Deposits from customers (NOK million)		22 484	21 024	18 987	18 984	16 869
Growth in deposits from customers		6,9 %	10,7 %	12,6 %	12,5 %	5,6 %
Assets (NOK million)		41 764	38 009	35 665	35 477	30 408
Growth in assets		9,9 %	6,6 %	17,3 %	16,7 %	13,7 %
Financial strength						
Capital adequacy ratio	3	12,2 %	13,9 %	13,1 %	13,1 %	15,2 %
Equity capital ratio	4	9,3 %	10,1 %	10,0 %	10,3 %	10,8 %
Liquidity and funding						
Customer deposits as a percentage of gross lending		68,6 %	66,9 %	65,1 %	65,1 %	65,2 %
Liabilities to fin. insts. and securities-related debt as % of assets		33,5 %	31,4 %	32,0 %	32,6 %	30,9 %
Cash flow from lending operations (NOK million)		1 002	-513	-2 094	-2 116	-2 128
Cash flow from deposit operations (NOK million)		394	1 351	1 744	1 744	659
Funding requirements from core operations (NOK million)		1 396	838	-350	-372	-1 469
Commitments in fault and loss provisions						
Gross loans in default over 90 days (NOK million)		229	182	350	350	297
Degree of provisions for commitments in default	5	27,9 %	35,2 %	19,7 %	19,7 %	20,9 %
Individual write-downs on loans (NOK million)		117	87	142	142	194
Individual write-downs as percentage of gross loans		0,4 %	0,3 %	0,5 %	0,5 %	0,8 %
Collective write-downs on loans (NOK million)		100	82	74	74	250
Collective write-downs as a percentage of gross loans		0,3 %	0,3 %	0,3 %	0,3 %	1,0 %

Definitions/foot notes

1: Return on equity capital before tax	Resultat before tax as a percentage of total equity capital as at 01.01.
2: Growth in gross loans to customers	Including loans transferred to Sparebank 1 Boligkreditt AS the growth is 10.4 per cent (applies to 2008).
3: Capital adequacy ratio	Capital adequacy ratio according to capital adequacy rules and regulations.
4: Equity capital ratio	Total equity capital as a percentage of aggregate assets.
5: Degree of provisions for commitments in default	Individual write-downs on commitments in default as percentage of gross commitments in default.

QUARTERLY RESULTS DEVELOPMENT (PARENT BANK)	YEAR 2008	4TH Q.	3RD Q.	2ND Q.	1ST Q.
Interest income	2 844	764	738	689	653
Interest costs	1 997	541	519	486	451
Net interest income	847	223	219	203	202
Net other operating income	20	-204	65	90	69
Contribution margin	867	19	284	293	271
Total operating costs	574	130	148	149	147
Operating result before losses	293	-111	136	144	124
Losses on loans etc.	66	43	24	3	-4
Operating result after losses	**227**	**-154**	**112**	**141**	**128**

Subsidaries

Hedmark Eiendom AS

The property market in 2008 was strongly affected by the global financial crisis. After last summer, the market no longer functioned in a normal way and turnover during the autumn months was virtually halved compared to earlier years.

About every third property in the county of Hedmark is sold through Hedmark Eiendom AS. Many properties were put on the market for sale during the course of the year. The large number suggests that the need for buying and selling residential property remains big, due to the fact that the sellers are almost always also would-be buyers. However, there are fewer buyers in the market now. The latter half of 2008 in particular was strongly affected by the financial crisis. Sellers are now biding their time, wanting to sell their own properties before buying another property. At earlier times in the market, it was usual for people to buy a new dwelling first and then sell their own property.

This behavioural change is ascribable to uncertainty about the price it is possible to get. In addition, many customers experience difficulties with bridging finance if they buy before they have sold their existing property. Many banks now advise customers to sell their properties before they buy new ones. The level of employment remains relatively good, but the number of jobless, the number of lay-offs and job cuts has been increasing. Many people therefore feel uncertain about their own financial position.

The building of new residential property fell markedly throughout last year, and the building of new apartments has now almost stopped. Many properties were built in recent years, and we therefore have to expect that the market for newly built houses will remain weak during the next 2-3 years.

The fall in house prices has been marked all over the country. In our county, house prices fell be nearly 10 per cent from 2007 to 2008. Hedmark Eiendom AS sold 1,185 properties in 2008 compared to 1,467 in 2007, a shrinkage of approximately 19 per cent. The aggregate sales value was NOK 1.8 billion, down by just over 17 per cent. Commission income fell by 20 per cent.

The holiday property market has been particularly hard hit by the global financial crisis, and this has resulted in a strong reduction in sales volumes. During the course of last year, the number of holiday properties sold plummeted from 197 in 2007 to 132 in 2008. The commercial property market too is currently characterised by many small orders and this means weak profitability in this market.

The before-tax result totalled 0 as against some NOK 8 million in 2007. With effect from 2008, Hedmark Eiendom AS acquired all the shares in the real estate brokerage company, Sørum & Søberg AS. This subsidiary also posted a weak result.

Hedmark Eiendom AS has 40 permanent employees, the equivalent of 39 man-years. About half of our staff are either state-authorised real estate brokers or lawyers. The company provides a high level of competence within all areas of real estate brokerage.

In an economic downturn in particular, the company benefits from being a local real estate brokerage company owned by the biggest bank in the county of Hedmark. Competition among brokers in the county is becoming fiercer all the time and this is having a strong impact in a weak property market.

Hedmark Eiendom AS is a wholly-owned subsidiary of Sparebanken Hedmark and the leading real estate brokerage company in Hedmark. The company has branches in the biggest and most densely populated places within the county, at Hamar, Stange, Kongsvinger, Elverum, Trysil, Brumunddal and Moelv.

For more information, see www.hedmark-eiendom.no.

SpareBank 1 Finans Østlandet AS

Demand for financial products was good in 2008. New sales totalled NOK 1,072 million.
The company earned NOK 23.5 million before tax.

Overall, 2008 was a good year for the company despite the turbulence in global financial markets. The pre-tax result improved from NOK 15.2 million in 2007 to NOK 23.5 million in 2008. The good result is principally attributed to growth in loans within segments and areas which have produced a good level of profitability for the company. Loans expanded by some NOK 300 million. The company completed a successful name- and brand name change during the spring of 2008 as a result of the Parent company re-branding. The Board of Directors is pleased that SpareBank 1 Finans Østlandet AS reached its main targets for 2008.

The company still has ambitions to further develop operations, but sales volumes are expected to increase only marginally in 2009. The challenges within the sector will increase going forward. In the case of the corporate market, losses on loans are likely to increase as the year progresses. This is due to the big fall in demand and related weak economy, which many sectors are now experiencing. Increasing unemployment may also affect the company as private customers experience problems servicing their liabilities. SpareBank 1 Finans Østlandet is monitoring this development very closely and is prepared for altered circumstances and assumptions.

SpareBank 1 Finans Østlandet AS is a wholly-owned subsidiary of Sparebanken Hedmark. The company, whose head office is located in Hamar, is a significant player in the areas of leasing and vendor's lien-related financing within Hedmark and Oppland. The company's presence in Oslo, Akershus and Østfold is increasing, partly due to the Parent Bank being a member of the SpareBank 1 alliance.

For more information, see www.sb1fo.no.

Representatives of the Savings bank

BOARD OF REPRESENTATIVES

Members elected from the depositors:

Christen Engeloug – Chairman	Ilseng
Vigdis Øvergård – Deputy Chairman	Os i Østerdalen
Roald Andersen	Engerdal
Kjell Berg	Furnes
Liv Anne Borkhus	Alvdal
Eli Kristin Bryhn	Våler i Solør
Per Olaf Børke	Hamar
Erik Flataas	Folldal
Tor Granvold	Kvikne
Goro Brita Aardal Hagen	Moelv
Knut Hartz	Rena
Lars Petter Heggelund	Flisa
Jonny Holen	Elverum
Pål Johnsrud	Ingeberg
Gunnar Cato Lund	Skarnes
Finn Ola Moen	Rendalen
Torstein Amund Opdahl	Namnå
Arnt Risberg	Koppang
Oddbjørn Roverudseter	Kongsvinger
Sven Peter Sinnerud	Ottestad
Bjørn Støa	Østby
Per Morten Wangen	Magnor

County council elected members

Ivar Arnesen	Våler i Solør
Herdis Bragelien	Namnå
Gry Grønland	Ljørdalen
Terje Hoffstad	Atna
Tore André Johnsen	Brumunddal
Maj S Lund	Ridabu
Jørgen Olsen	Oslo
Kaare Johan Ommundsen	Løten
Solveig Seem	Hamar
Otto Skogheim	Kongsvinger
Martin Skramstad	Løten

Employee elected members:

Anita H Amundsen	Hamar
Johan Ragnar Eggen	Alvdal
Roger Granseth	Kongsvinger
Asbjørn Grønbakken	Hamar
Iver Helstad	Våler i Solør
Idar Jørgensen	Stange
Bjørn Gunnar Pedersen	Hamar
Lise Flendalen	Elverum
Øyvind Sandbakk	Trysil
Eli Aske Solberg	Hamar
Karen Storlien	Brumunddal

BOARD OF DIRECTORS

Richard Heiberg - Chairman	Våler i Solør
Gunnar Martinsen - Deputy Chairman	Nes Hedmark
Espen Bjørklund Larsen - employee	Hamar
Grethe G. Fossum	Kirkenær
Siri J Strømmevold	Tynset
Jan Wibe	Hamar

CONTROL COMITTEE

Pål Johnsrud - Chairman	Ingeberg
Anders Brinck - Deputy Chairman	Nes Hedmark
Valborg Berthelsen	Hamar
Jan Erik Myrvold	Kongsvinger
Gro Svarstad	Nybergsund

RETAIL BANKING MARKET

Costumer service, bank

Phone: 62 51 22 00
Fax: 62 51 21 11
kundeservice@sparebanken-hedmark.no

Costumer service, insurance

Phone: 62 51 22 22
Fax: 62 51 22 23
forsikring@sparebanken-hedmark.no

Internet bank

www.sparebanken-hedmark.no

Phone bank

Phone: 02990

CORPORATIVE MARKET

Costumer service, bank

Phone: 62 51 22 00
Fax: 62 51 21 11
kundeservice@sparebanken-hedmark.no

Costumer service, insurance

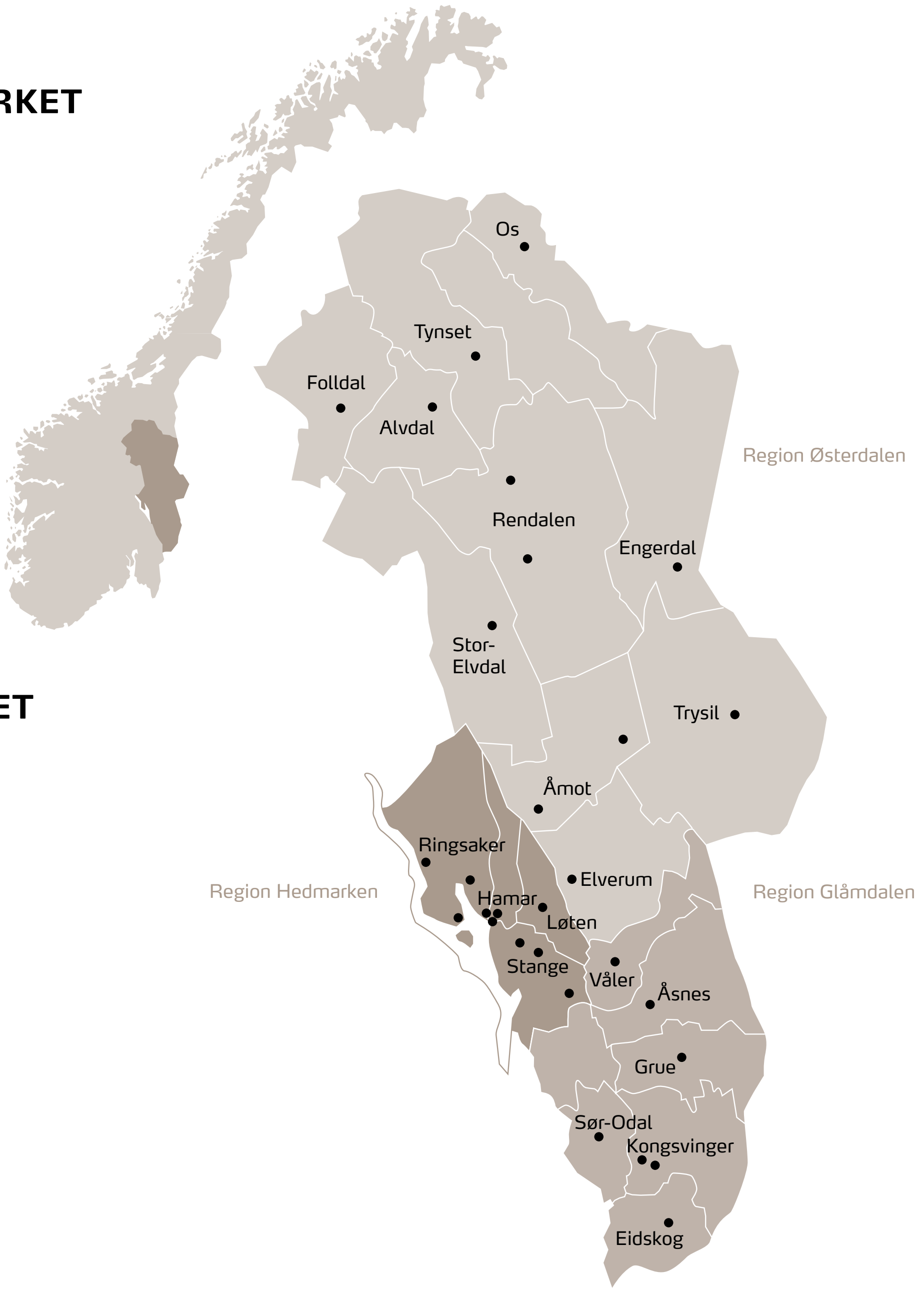
Phone: 62 51 23 33
Fax: 62 51 20 52
forsikring.bedrift@sparebanken-hedmark.no

Costumer service, pension

Phone: 62 51 23 00
Fax: 62 51 20 65
pensjon@sparebanken-hedmark.no

Internet bank

www.sparebanken-hedmark.no/bedrift



Investment centre

Phone: 62 51 20 50
Fax: 62 51 20 65
investeringssenter@sparebanken-hedmark.no

Branches

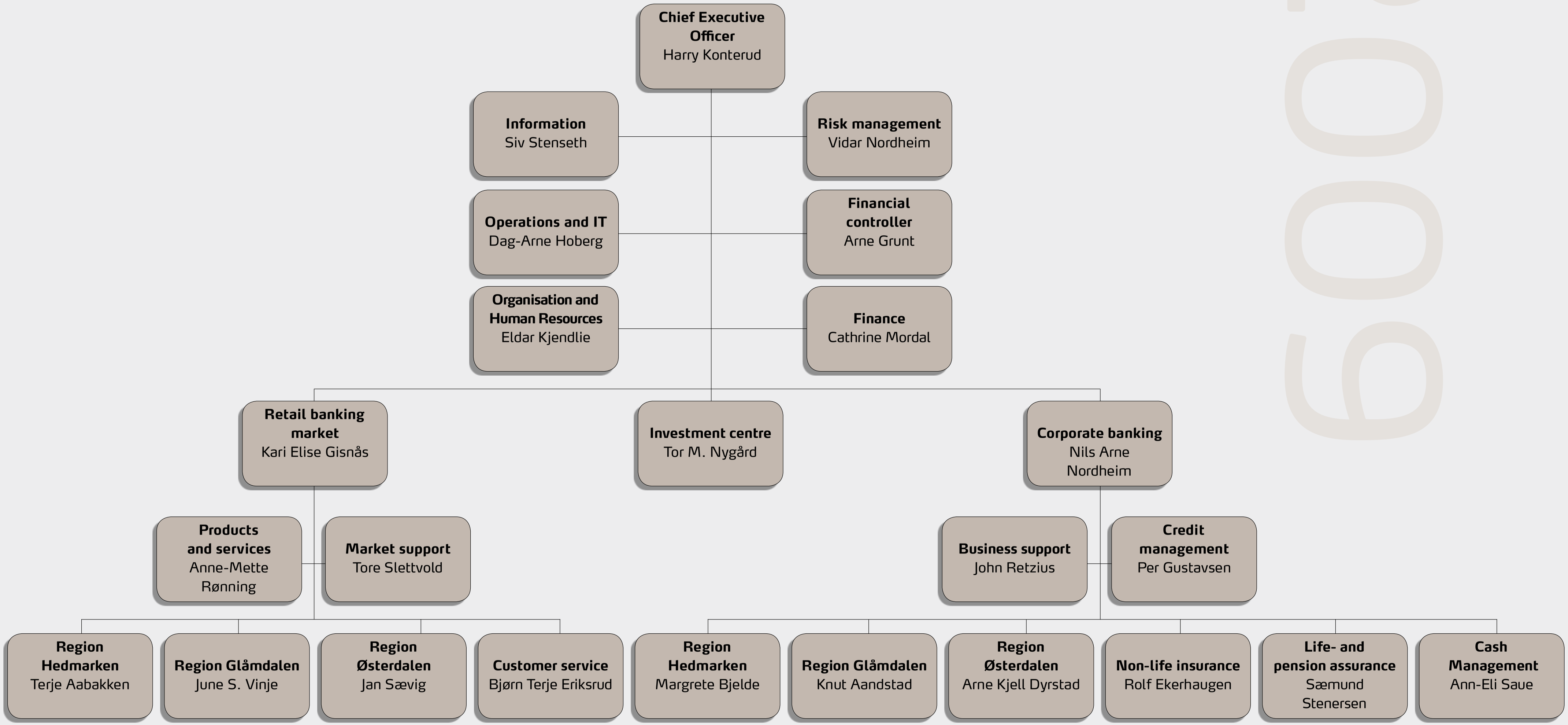
See over view at
www.sparebanken-hedmark.no

Group management

Strandgata 15, Postboks 203, 2302 Hamar
Phone: 62 51 20 00
Fax: 62 53 29 75
konsern@sparebanken-hedmark.no
Org nr 920 426 530

Sparebanken Hedmark per 01.01.2009

2009



Subsidiaries

Hedmark Eiendom AS (100 %)
Nils Børresen

Sparebank 1 Finans Østlandet AS (100 %)
Hans Olav Wedvik