ANNUAL REPORT

2010

Sparebanken HEDMARK

Hedmark

190 000 inhabitants

27 000 squ

22

are kilometers
municipalities
1 regional bank

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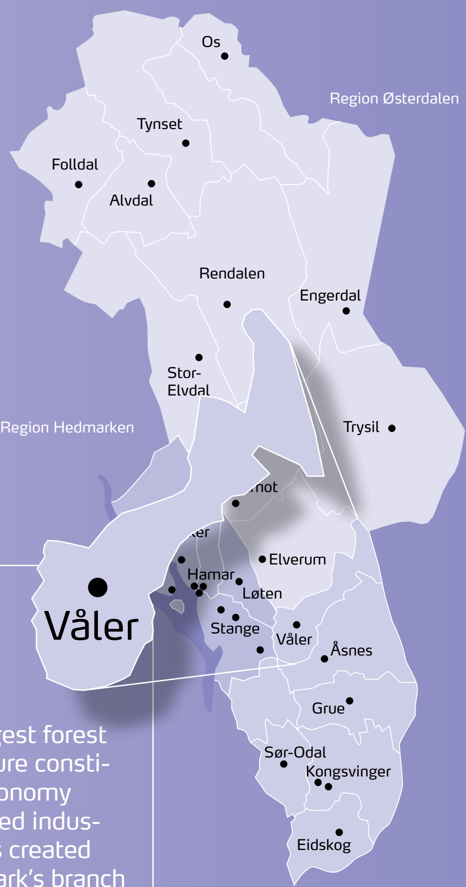
"With its 165-year history in Hedmark, Sparebanken Hedmark has evolved into a full-fledged financial services institution with all the banking, insurance and financial products retail and corporate customers need."

Richard Heiberg, CEO, Sparebanken Hedmark.



Richard Heiberg

CEO.

Education: Siviløkonom (MBA), Norwegian School of Management (BI).

Heiberg was previously CEO of Nordic Paper A/S, Forestia and Norske Skog. He has been a member of Sparebanken Hedmark's Board since 1995 and was appointed CEO of the bank on 1 June 2010. Heiberg is a resident of Våler municipality.

Våler

Population: about 3,900
Area: 705 km²

Våler is one of Norway's largest forest municipalities, with agriculture constituting a major part of the economy along with forestry and related industries. A millennium site was created outside Sparebanken Hedmark's branch office and serves as a meeting place for visitors and residents of the municipality.

2010 – a year of challenges and good results

We can be very pleased with our consolidated profit of NOK 779 million, which includes good income from financial investments. But the good result is also a reflection of our ability to live up to the bank's vision Together - to create.

It was with humility and respect for many years of solid banking that I took over as CEO after Harry Konterud on 1 June 2010. I was given responsibility for a bank on a steady course, even if the outlook for the Norwegian and international economy at the beginning of the year was somewhat uncertain.

Improved economic growth, low unemployment and rising house prices are now confirming that conditions in the Norwegian economy are back to normal. In Hedmark we are seeing increased willingness to invest in agriculture and in business.

The bank increased its lending last year slightly above the growth of credit in Norway. Deposit growth also picked up in 2010. Net interest income is back to the 2008 level. The bank's losses are lower than the previous two years, and our liquidity is very satisfactory.

The bank reached an important milestone in 2010 when the Group's equity exceeded NOK five billion.
Solid equity provides security for the future, for both the bank and its customers. It is important for Hedmark that we have a strong source of capital headquartered in the county that has the development of Hedmark as its primary focus. Since the bank has no shareholders requiring dividends, it puts all of its profits into new projects in Hedmark.

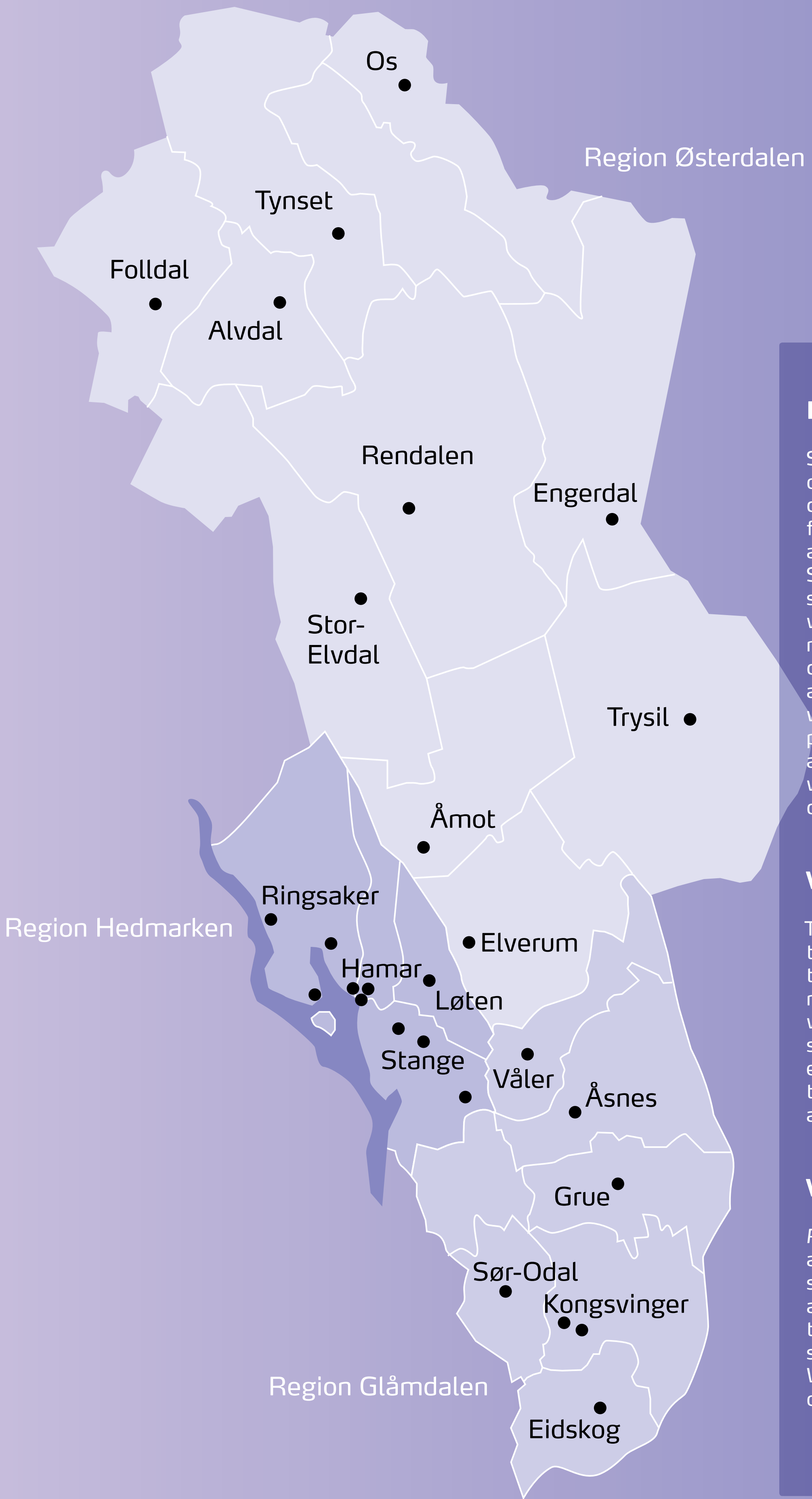
I have both seen and experienced how solid and well run the bank is during my first six months at Sparebanken Hedmark. I have visited almost all the offices and met many employees. It has been an enjoyable and educational experience.

I am proud of the fact that nearly 100 of my colleagues have become authorised as financial advisers during the year. No other bank in our vicinity can boast of the same, and during the first half of 2011, 160 advisers became authorised.

I am also proud of the excellent results delivered throughout the year, which included achieving a market share of 20 per cent in home and car insurance. While banking operations are generally healthy, we have also noticed challenges. Higher funding costs and stronger price competition are factors we must tackle in the future. We are more than well enough equipped to do so, and the bank will take proactive steps in meeting these challenges. With competent and ambitious staff by my side, and, not least, satisfied customers on the team, this is a task I look forward to taking on.

I would like to thank all staff members for their hard work and customers for doing business with us in 2010.

Richard Heiberg
CEO



Business concept

Sparebanken Hedmark will offer new and existing customers comprehensive and forwardlooking bank-, finance- and insurance products. Sparebanken Hedmark will be so proficient, close and engaged with private customers, companies and the public sector that customers would prefer to have a longstanding relationship with the Bank. Through good profitablity, financial strength and independence, the Bank will contribute to growth and development in Hedmark.

Vision

The Bank's vision, Together to create, promotes that it is teamwork with the environment that the Bank's results will be attributed to. At the same time, the vision entails expectations about better teamwork, several initiatives and better results.

Values

Proficient, close and engaged are our customer values, and signal that we would like to be a professional working partner that defines needs and finds solutions with our customers. We will also be active and reach out in customer contact.

This is Sparebanken Hedmark

Business concept
Sparebanken Hedmark shall offer existing and new customers integrated and forward-looking banking and insurance products. The aim of Sparebanken Hedmark is to be so competent, close and committed that private individuals, companies and the public sector will prefer to have a long-term customer relationship with the bank. Through good profitability, sound financial strength and independence the bank shall contribute to growth and development in Hedmark.

Vision
The bank's vision, Together - to create, communicates that the bank's profits are generated by its interaction with the communities it serves. At the same time the vision implies an expectation of better interaction, more initiatives and higher profits.

Values
Competent, close and committed, are our customer values and signal that we want to be a professional partner that defines needs and finds solutions together with our customers. We will also be active and outgoing in our contact with customers.
Sparebanken Hedmark is the leading private and business bank in Hedmark.

165 years in Hedmark
Sparebanken Hedmark can trace its ancestry back to 1845 when funds from local granaries, forest commons, municipalities and private individuals were pooled to found the first savings banks. The bank is the result of mergers of previously independent savings banks in Hedmark. Through several mergers 22 local savings banks evolved to become Hedmark's largest source of capital. Headquartered in Hamar, Sparebanken Hedmark took its current name in 1982.

Mainstay
Today Sparebanken Hedmark is a mainstay of Hedmark society with its many branches in 20 of the county's 22 municipalities. The bank offers a wide range of products in loans, deposits, insurance and payment services.
As the leading player in our market area, we take responsibility for growth and development by financing individuals and companies who want to see good ideas come to fruition. In this way, the bank helps people build, live and work here.

Market
The bank has a unique competitive advantage by virtue of its 165 years of local knowledge. Sparebanken Hedmark has a market share of 50 percent, with approximately 167,000 customers. The bank is close to the market with 500 full-time equivalents across 27 offices.

Self-owned
Sparebanken Hedmark is a self-owned financial institution without Primary Capital Certificate (PCC) holders and equity of NOK 5 billion. Due to its unique form of ownership, the bank does not issue dividends. It pays approximately 30 percent tax on its annual profit. The rest of the profit is put to work and reloaned, benefiting Hedmark as a whole.

About Hedmark
With 190,000 inhabitants the people of Hedmark account for just over four percent of Norway's population. In terms of area Hedmark is the third largest county in Norway. The county has scattered towns and small communities, and nearly half of the population lives in the municipalities of Hamar, Ringsaker, Strange and Løten. Hedmark has a diverse business community and is the country's largest agricultural and forestry county. Broken down by sector, manufacturing, building and construction and the public sector are the leading employers. Unemployment is on par with the national average.

Hedmark's natural environs
Hedmark has a wide variety of scenery ranging from farmland in its southern reaches to vast forests in the east and mountain ranges in the north. Large parts of these mountain ranges are protected. Norway's largest lake, Mjøsa, and the country's longest river, Glomma, are important elements of our cultural landscape.

Co-owner of SpareBank 1
The Bank has been a co-owner of the Sparebank 1 Gruppen (12 percent) since June 2006. The partnership ensures the bank competitive advantages through efficient IT services, purchasing schemes and transfer of skills. Pooling our resources through our national alliance ensures local strength. This allows customers outside Hedmark to get better offers throughout the country since they can now deal with all SpareBank 1 alliance bank offices.

See www.sparebank1.no for more information about the Sparebank 1 Gruppen and alliance.

Our ambition is to be a good bank for all our customer groups through a capable decentralized organization highly supportive of local management who know what their communities need.

JANUARY

JANUARY

- 02999 – The bank introduces a new phone number with touch options. Good preparation facilitates problem-free implementation.
- The Board decides to create Sparebanken Hedmark's Art Fund. The bank donates NOK 10 million to the Fund as start capital.
- The bank conducts its first-ever electronic election for the bank's depositor-elected Supervisory Board, significantly increasing the turnout.

FEBRUARY

FEBRUARY

- The bank's health promotion work continues and Aktiv bedrift (Active business) starts up again with broad participation and a strong focus on wellness. Company sports activities bloom and new teams are created.
- The parent bank posts a profit before tax of NOK 646 million in 2009. This is the best result ever and is mainly attributed to gains from the sale of shares in BN Bank ASA and excellent returns on financial investments.

REVY 20

SEPTEMBER

- The bank office at Storhamar marks its 40th anniversary.
- SpareBank 1 Finans Østlandet AS opens a branch in Lillehammer.
- A total of 250 representatives from business, the public sector and the bank participate in the annual leader conference.

SEPTEMBER

OCTOBER

- As it has done for more than 30 years, the bank furnished premises manned by 60 to 70 bank employees for the annual national telethon. The bank also donates a monetary gift and encourages the business community in Hedmark to do the same.
- The branch office in Trysil hosts a well-received Internet banking school for appreciative pensioner

OCTOBER

NOVEMBER

- The bank passes 20 per cent market share in non-life insurance in the retail market in Hedmark.

NOVEMBER

DECEMBER

DECEMBER

- By New Year's nearly 100 employees are authorised as financial advisers in the bank.
- Per Nygaard is appointed regional bank manager for the business market in Glåmdalen, succeeding Knut Aandstad, who retired.
- The results of this autumn's customer relationship survey confirm that the strength of the bank's customer relationships is very good.

MARCH

MARCH

- All of the bank's 230 employees over age 50 are offered a free health check to detect possible illness and provide early treatment.
- The bank adopts a new Code of Conduct with action rules for responding to key issues that could potentially erode public trust in the bank and damage its reputation.
- Gunnar Martinsen (45) from Ringsaker is elected the new chairman of the board of Sparebanken Hedmark.

APRIL

APRIL

- Ranja Aasen, department head at Kirkenær, graduates as the bank's first authorised adviser. "In terms of competencies, this represents a big step forward for the industry, the bank and for myself," she says.
- DnB NOR's ratings of 129 banks for 2009 show that Sparebanken Hedmark is ranked as the third best-rated bank (A) in Norway.
- The bank's depot reaches its goal of checking 50,000 customer folders. The conclusion is that the quality is very good.

MAY

MAY

- The bank delivers an application to the Financial Supervisory Authority of Norway to become an IRB bank.
- Mobile banking for iPhone is launched. Use of the bank's mobile services doubled in 2010.

10

JUNE

- CEO Harry Konterud resigns after 25 years at the helm of the bank.
- The new CEO, Richard Heiberg, assumes his position on 1 June and in the autumn he visited all the branches to meet the bank's employees.
- The security guard strike in Norway affects banks' supply of cash, but Sparebanken Hedmark avoids problems.

JUNE

JULY

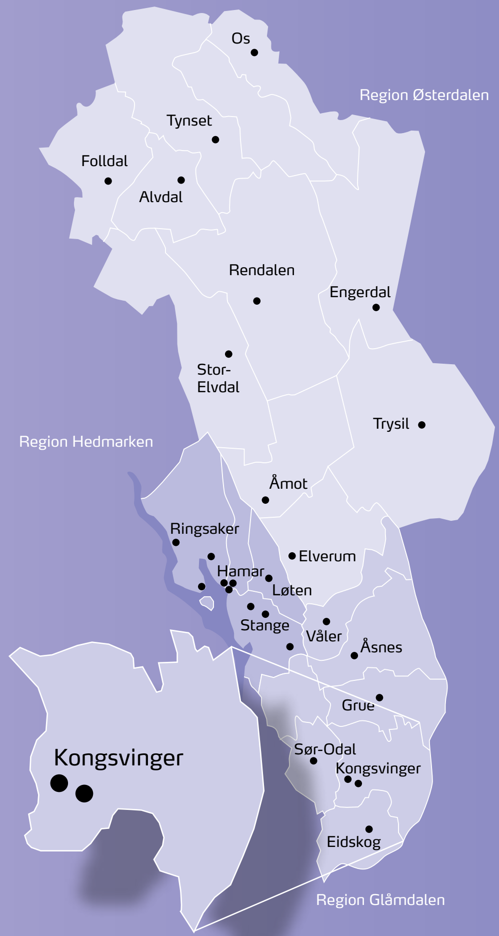
- The annual employee survey confirms that the bank remains an attractive employer. Bank staff expressed strong loyalty to the bank and great confidence in the management.

JULY

AUGUST

- Group equity, which consists entirely of retained earnings, passed NOK 5 billion.

AUGUST



"It's important that we have good knowledge of the insurance profession and the customer, so that we can offer insurance solutions that meet the customer's total need."

Jon André Kleppe,

Insurance adviser, non-life insurance for companies.

Education: Private law foundation course, public law foundation course and insurance courses at BI.

Jon André has worked for Sparebanken Hedmark for two years, and thinks his job is varied and challenging. "It's interesting to meet the customer at home and get a good insight into their everyday lives." Jon André believes the bank's strength is that customers know they are dealing with a sound and stable bank.

Kongsvinger

Population: about 17,400
Area: 1,037 km²

The municipality borders Eidskog, Sør-Odal and Grue municipalities and Sweden. While most of Kongsvinger is covered by forests, it also has many farms, lakes and rivers.

Its more well-known tourist attractions include monumental Kongsvinger fortress and the Women's Museum, which shows the role of women in Norwegian cultural history.

Socially committed

Hedmark is a great place to grow up, a good place to live and a good place to move to. We are doing our part to keep it that way.

Sparebanken Hedmark has a mutually dependent relationship with the communities that it serves. The bank has been present in Hedmark for 165 years and has its pulse on the county's economic development. If people are happy, live well, have educational opportunities and secure jobs the bank will also thrive. The fact that the bank has been financially sound over time is important for residents and businesses. Having a solid source of capital and headquarters in the county provides security and proximity in decision-making.

Sustainable operations

The bank plays an important role in economic development and wants to be a model of good business practices, including environmental, human and ethical issues. Our goal is for banking operations to be long-term and sustainable. In other words, all business activities and creation of value must be in line with nature's carrying capacity. For this reason Sparebanken Hedmark takes employee and human rights, basic social needs and nature's carrying capacity into consideration.

Donations to charitable causes

The bank also ploughs funds back into communities through, for example, sponsorship of recreational sports and programmes for children and young people. In addition, Sparebanken Hedmark has a long tradition of returning part of its profits back to local communities. Each year the bank donates millions of kroner to clubs, organisations, and other good causes. Support can be sought via the bank's website and funds are allocated as a rule after the financial statements have been adopted at the beginning of the year.

Endowment Fund and Art Fund

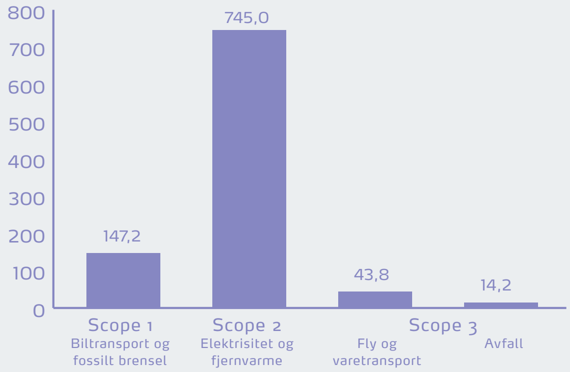
The bank has a separate endowment fund for major cultural, research and education projects. Over the last five years Sparebanken Hedmark has set aside NOK 125 million to this fund. Of these funds, as much as NOK 40 million was donated to research and development, primarily for projects at Hedmark University College, professorships and other measures aimed at securing a future Inland University. In addition, the bank has given away NOK 30 million to sports and public health, including 18 artificial grass pitches, 18 track machines and the Lierberget ski jump facility. Cultural activities have received about NOK 20 million, including the Hedmark Symphony Orchestra, Forest Museum, the Aukrust Centre, and various cultural projects in Hamar, Kongsvinger and Ringsaker. Sparebanken Hedmark's newly established Art Fund has received NOK 10 million of these cultural funds.

The environment

In 2010 Sparebanken Hedmark environmentally certified all 27 of its branch offices in conformance with the Eco-Lighthouse principle. The idea is to raise the awareness of all employees of the bank to consumption, travel, waste disposal and energy consumption in general. The goal is to reduce consumption in all areas. The Bank also prepares its own carbon footprint statements through CO2 Focus, based on the international Greenhouse Gas Protocol Initiative. The purpose is to document and reduce the bank's consumption and increase the recycling rate. The challenge so far has been to establish a reliable statistical basis for comparing consumption from year to year. Consumption for the year was 950.2 tonnes of CO2, or 1.8 tonnes of CO2 per employee.

ENERGY AND CLIMATE INDICATORS	2010
Total emissions (tonnes CO2):	950,2
Total energy scope 1 and 2 (MWh):	8 159,0
Energ consumption per square meter (kWh/m2)	210,0
CO2 emissions per employee (tonnes CO2/employee):	1,8
CO2 emissions per operating result before tax (tonnes CO2/NOK m):	1,5

CARBON FOOTPRINT 2010



REPORTING ACCORDING TO THE GREENHOUSE GAS PROTOCOL

Scope 1: Direct emissions

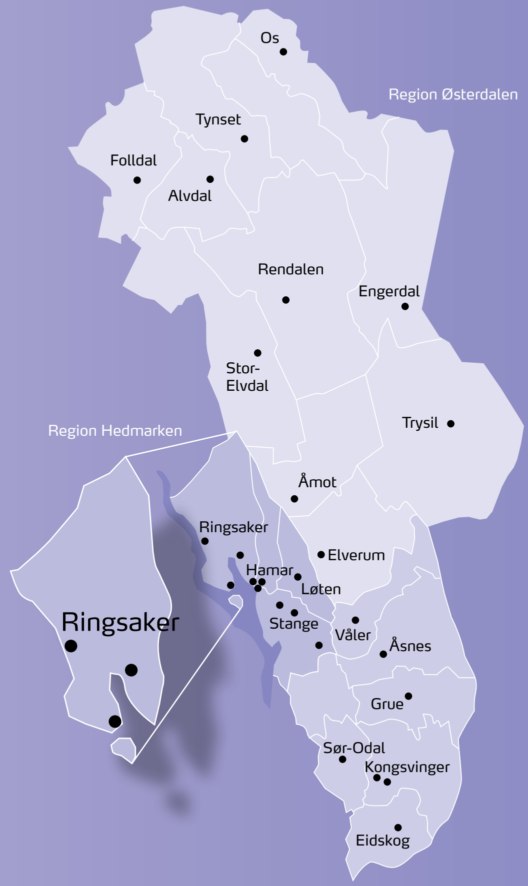
Includes direct emissions from sources owned or controlled by the company, including own cars, vehicles, or from processing, transport of employees.

Scope 2: Indirect emissions

Emissions from purchased energy, mainly electricity and/or district heating.

Scope 3: Indirect emissions

Includes other indirect emissions. The emissions are a result of the company's activities, but emitted from sources not controlled by the company.



"Being an authorised financial adviser provides security for both the customer and the bank. I use my expertise actively in my dealings with customers and believe it helps ensure sound advise and follow-up."

Marianne Holm,

Authorised financial adviser, Ringsaker.

Education: Bachelor's degree in Business Admini-stration from Lillehammer University College. Master's degree in economics from UMB.

Marianne has worked in the bank for almost three years. What she likes best about her job is using her know-how in her dealings with customers. Moreover, she believes the bank's strength is its closeness to the customer and local know-ledge.

Ringsaker

Population: about 33,000
Area: 1,280 km²

By population Ringsaker is Hedmark's largest municipality. Ringsaker is Norway's largest agricultural municipality, but also has a considerable amount of industry. Ringsaker also boasts Norway's two newest cities: Moelv and Brumunddal received city status in 2010.

Ringsaker has 100 km of coast-line along Lake Mjøsa in addi-tion to magnificent forest and mountain areas. There is a large network of trails in the Sjusjø area and in the southern part of the municipality. In the summer Ringsaker offers a number of swimming areas and idyllic land-ing sites for boaters.

Directors` report 2010

Economic situation in 2010

The global economy came out of recession in 2010. After negative growth in gross domestic product in the US and Europe in 2009, positive growth of about 2.5 per cent is expected in the US and of about 1 per cent in the Euro zone in 2010. The expansive fiscal policy adopted by a number of countries in 2008 and 2009 means that several European countries are now lumbered with a national debt that the financial markets doubt they will be able to service. Portugal, Italy, Ireland, Spain, and not least, Greece, are prime examples. Asia, and particularly China, has consolidated its position as an important driving force in the world economy in 2010.

In 2010 the Norwegian economy was still in recession, but there was an upturn in economic activity in 2010, especially in the second half of the year. Growth in GDP for mainland Norway is expected to be about 2 per cent in 2010, compared with -1.3 per cent in 2009.

Norges Bank's interest-rate setting aims to stabilise inflation at 2.5 per cent. The consumer price index for 2010 is estimated to grow by 2.4 per cent from the previous year. Norges Bank changed its key rate once in 2010, from 1.75 to 2.0 per cent. Interest rates, which are still historically low, have helped to stimulate growth in the economy in the wake of the financial crisis.

Share prices on the Oslo Stock Exchange continued to rise in 2010 after strong growth in 2009. The all-share index rose from 372 to 440 points during the year, an increase of 18 per cent compared with 65 per cent the previous year. Nevertheless, the all-share index is still lower than it was in 2007, when it closed at 491 points.

House prices rose markedly in 2010 by an estimated 8 per cent. New house building was low, although higher than in 2009. The moderate level of new builds has served to push up house prices.

Mainland business investment has been low for the three last years, but there was an increase in loan demand from companies in the second half of 2010. Credit growth in Norway (measured using the credit indicator C2) rose by 6.2 per cent in 2010, compared with 4.1 per cent in 2009. Credit growth has increased in the corporate market in particular.

The decline in activity in the Norwegian and international economy curbed wage growth in 2010, which is estimated to be 3.5 per cent. In 2009, it was 4.5 per cent. Unemployment has remained stable at 3.5 per cent throughout the year, which is very low compared with our trading partners in Europe.

The Norwegian economy is very robust, with an expected operating profit in 2010 of almost NOK 400 billion and a petroleum fund with assets worth over NOK 3,000 billion at year-end.

Local developments in Hedmark

Each quarter, TNS Gallup conducts a survey of the Norwegian population's perception and expectations of their personal financial situation and the country's economy. The survey shows that at the end of 2010 people living in the county of Hedmark were optimistic about economic developments.

At the end of 2010, according to the employment statistics from the Norwegian Labour and Welfare Administration (NAV), there were 2,661 job seekers without any employment in Hedmark, equivalent to 2.8 per cent of the workforce. Unemployment is thus slightly up on December 2009, but is still very low. According to NAV, there was an unexpectedly large rise in unemployment from November to December, mainly due to lower activity in the construction industry and redundancies in construction-related industries.

While unemployment has risen slightly, there has been a decrease in the number of bankruptcies in the county. According to the Brønnøysund Register Centre, there were 21.7 per cent fewer bankruptcies in Hedmark in 2010 than in 2009.

Sparebanken Hedmark – Group

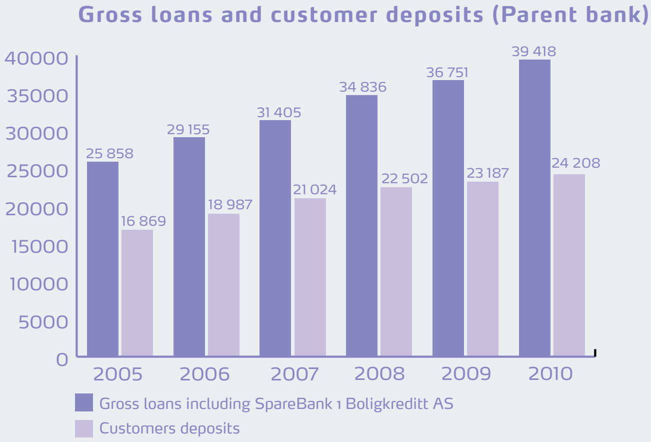
The Group comprises the parent company Sparebanken Hedmark and the subsidiaries Hedmark Eiendom AS, SpareBank 1 Finans Østlandet AS, Vato AS and Meglereiendom AS.

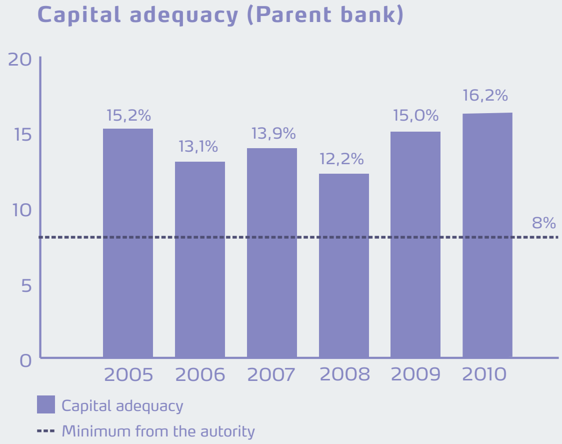
The Bank owns 12 per cent of SpareBank 1 Gruppen AS, and Bank 1 AS and 8.7 per cent of SpareBank 1 Boligkreditt AS. These companies are defined as joint ventures. Sparebanken Hedmark's share of the company's profits is charged to income in the consolidated financial statements as joint ventures using the equity method of accounting.

The subsidiary SpareBank 1 Finans Østlandet AS, which provides leasing and sale of mortgage financing, had a pre-tax profit of NOK 43 million in 2010, compared with NOK 44 million in 2009. The subsidiary Hedmark Eiendom had a profit of NOK 7 million before tax in 2010, compared with NOK 3 million in 2009. The other subsidiaries, which are real-estate companies, broke even in 2010.

Sparebank 1 Gruppen AS owns 100 per cent of the shares in SpareBank 1 Livsforsikring AS, SpareBank 1 Skadeforsikring AS, Odin Forvaltning AS and SpareBank 1 Gruppen Finans AS. The company also owns 76.5 per cent of the shares in Argo Securities AS.

The SpareBank 1 Group posted a profit after tax of NOK 822 million in 2010, compared with 735 million in 2009. The general insurance and life insurance companies (SpareBank 1 Livsforsikring AS and SpareBank 1 Skadeforsikring AS) performed especially well in 2010.





Bank 1 AS was demerged from Sparebank 1 Gruppen AS with effect from 1 January 2010 and is now owned by the alliance banks and the Norwegian Federation of Trade Unions (LO). Bank 1 AS provides banking and real estate services in Oslo and Akershus. The company posted a profit after tax of NOK 189 million in 2010, compared with NOK 165 million in 2009.

SpareBank 1 Boligkreditt AS is owned by the alliance banks. The company shall secure funding for the banks on favourable terms from domestic and international capital markets against collateral in mortgages up to 75 per cent of the mortgage value. The company returned a profit after tax of NOK 76 million in 2010, compared with NOK 84 million in 2009.

The Sparebanken Hedmark Group had a pre-tax profit of NOK 779 million in 2010. The corresponding figure for the preceding year was NOK 362 million. The profit after tax of NOK 635 million yields a return on equity of 12.6 per cent, against NOK 251 million and 5.5 per cent in 2009.

Specification of consolidated profit before tax ( ) = last year's figures:

Profit before tax in the parent bank	MNOK	654	(646)
Dividends from subsidiaries and joint ventures in 2010	MNOK	58	(-120)
Share of the profit from:			
SpareBank 1 Gruppen AS	MNOK	101	(100)
Bank 1 AS	MNOK	23	(0)
Hedmark Eiendom AS	MNOK	7	(3)
SpareBank 1 Finans Østlandet AS	MNOK	43	(44)
SpareBank 1 Boligkreditt AS	MNOK	5	(0)
Reversal of negative goodwill for BN Bank ASA	MNOK	0	(- 317)
Other companies and eliminations	MNOK	4	(6)
Profit before tax in the Group	MNOK	779	(362)

The pre-tax profit is up NOK 417 million on 2009. The main reason for the significant profit growth is that excess value in relation to purchase price (negative goodwill) of the shareholding in BN Bank ASA was dissolved by the sale of the Bank's shareholding of 15 per cent in 2009. The excess value was NOK 317 million.

The Group's equity at 31 December 2010 amounted to NOK 5,326 million. The capital adequacy ratio was 15.1 per cent. The corresponding figure at 31 December 2009 was 14.1 per cent. Equity constituted 12.8 per cent of the total assets, compared with 11.5 per cent at the end of the previous year.

The Bank's head office is in Hamar, and most of the Group's business is in Hedmark.

The Group does not have any operations that pollute the external environment to a notable degree.

Sparebanken Hedmark – parent bank

In compliance with the requirements in the Norwegian Accounting Act concerning the content of the annual report, the Board confirms that the accounts have been prepared on the assumption that the company will continue as a going concern.

Pre-tax profit was NOK 654 million or 1.57 per cent of average total assets. The corresponding figures for 2009 were NOK 646 million and 1.54 per cent.

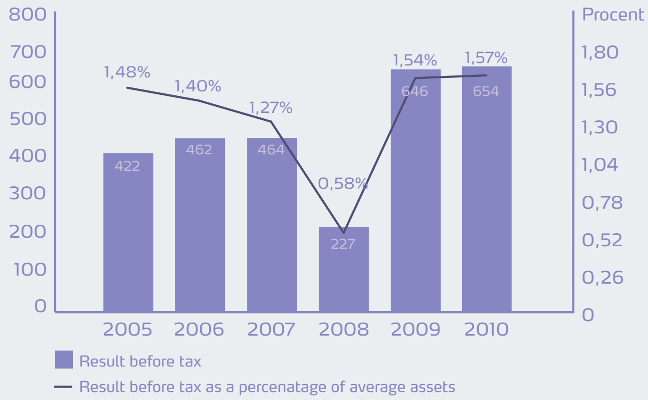
The good results are due to high revenues from securities trading and solid banking operations. The main items in the income statement are specified as follows (NOK millions):

Net interest income	821	(742)
Net commission and other income	207	(191)
Net profit from financial assets and liabilities	287	(409)
Total net income	1.315	(1.342)
Total operating expenses	613	(560)
Profit before losses	702	(782)
Losses on loans and guarantees	48	(136)
Profit / loss before tax	654	(646)

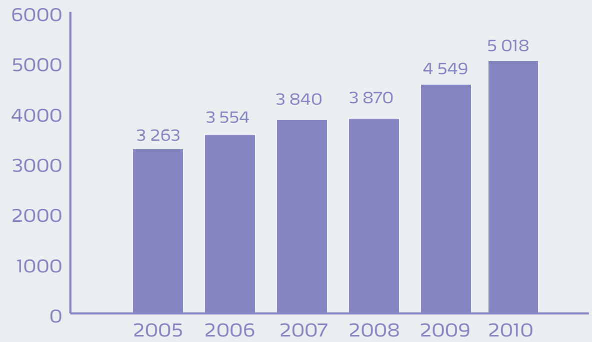
The Board regards the profit for the year as very good, relative to the Bank's targets for return on equity and capital strength.

Net interest income of NOK 821 million is up NOK 79 million, or 10.6 per cent, on the previous year. The growth is due to increased equity and deposit volumes and a slightly larger margin between lending and deposit interest rates.
Net commission income and other income of NOK 207 million is NOK 16 million higher than in 2009. The commission income on loans transferred to SpareBank 1 Boligkreditt amounted to NOK 44 million, compared with NOK 27 million in 2009. Revenues from payment transmission services increased by NOK 9 million, while revenues from funds, life insurance and general insurance

Result before tax (Parent bank)



Equity capital (Parent bank)



products have risen from NOK 46 to 53 million. Other income items are slightly lower in 2010 than in the preceding year.

Net income from financial assets and liabilities of NOK 287 million is down NOK 122 on the previous year. In 2010 Nordito AS (BBS / Teller) merged with the Danish company PBS Holding AS to form Nets AS after demerger of the real-estate company Nordito Property AS. The value assessment of the new companies, including dividends, yields an earnings effect of NOK 128 million. Of the revenue for the year, NOK 58 million is dividends and/or group contributions from subsidiaries and joint ventures, compared with NOK 120 million in 2009. In 2009, gains of NOK 153 million were recognised as income in connection with the sale of the shares in BN Bank ASA. Other gains from securities amount to NOK 101 million, compared with NOK 134 million in the previous year (see note 8).

Operating expenses amounted to NOK 613 million or 1.47 per cent of average total assets. This is NOK 53 million more than in 2009. In 2010, a new AFP scheme for contractual early retirement pensions entailed a one-off reduction in expenses of NOK 22 million. In 2009, the Bank switched from a defined-benefit to a defined-contribution pension scheme. This had a one-off effect of NOK 53 million in reduced pension liabilities. After elimination of these items, operating expenses rose from NOK 613 to 635 million. This corresponds to a 3.6 per cent increase in expenses.

Operating expenses of NOK 613 million in 2010 equal 46.6 per cent of the total income. The corresponding figure for the previous year was 41.7 per cent. High income from securities trading in 2009 and 2010 have contributed to the good key figures.

Losses on loans and guarantees came to NOK 48 million. This is NOK 88 million less than in 2009. Of the year's loss, NOK 90 million is individual write-downs on individual commitments, while group write-downs have been reduced and are recognised at NOK 42 million. The losses consist of NOK 22 million in the retail market and NOK 26 million in the corporate market. The losses correspond to 0.15 per cent of gross lending, compared with 0.42 per cent in 2009. This is a moderate level of loss.

Allocation of profit for the year

The total tax charge for the year is NOK 129 million. The profit after tax was NOK 525 million, giving a return on equity of 10.9 per cent compared with 13.1 per cent in the preceding year. Including NOK 30 million in expenses charged directly to equity, the total profit for the year is NOK 495 million.

The Board proposes allocating NOK 6 million for donations and transferring NOK 25 million to the endowment fund. The endowment fund is primarily used for major projects in areas such as sports, culture, education and research.

Equity

After a transfer from the profit for the year, equity totalled NOK 5,018 million at the end of the year. This corresponds to 12.1 per cent of the total assets. Equity is made up entirely of retained earnings. The capital adequacy ratio was strengthened by 1.2 percentage points and was 16.2 per cent at 31 December 2010.

Balance sheet developments

Total assets increased during the year from NOK 41.2 to 41.3 billion. This low growth is due to the increase in loans transferred to SpareBank 1 Boligkreditt AS from NOK 4.6 to 7.9 billion. Including transferred loans, business volume increased in 2010 from NOK 45.8 to 49.2 billion.

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, amounted to NOK 39.4 billion. Annual growth was 7.3 per cent, compared with 5.5 per cent the previous year. There was 7.9 per cent growth in the retail market and 5.9 per cent growth in the corporate market in 2010.

Deposits from customers totalled NOK 24.2 billion at year-end. The increase in deposits was 4.4 per cent, compared with 3.0 per cent the previous year. In the retail market, the growth rate was 5.0 per cent and 3.2 per cent in the corporate market.

Customer deposits financed 77 per cent of gross lending on their own balance sheets at 31 December 2010, against 72 per cent at year-end 2009.
Liabilities to credit institutions and liabilities arising from issuance of securities totalled NOK 11.3 billion at year-end, or 27 per cent of total assets. At year-end 2009, the corresponding figures were NOK 12.6 billion and 30 per cent.

The Divisions

The Retail Market Division's profit for 2010 came to NOK 118 million, and the Corporate Market Division had a profit of NOK 178 million. From 2010, the Divisions' accounts include their share of the Bank's management and support costs. Of the Bank's 486 fulltime equivalents at 31 December 2010, 295 are in the Retail Market Division, 114 are in the Corporate Market Division, and 77 are central management and support functions.

Gunnar Martinsen
(Born in 1965)
Deputy Chairman

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.

Interest rate developments
Interest rates have risen slightly over the course of the year. In 2010, the Bank's average lending rate was 4.75 per cent, while deposit interest rates averaged at 2.20 per cent. Interest rates have remained low in 2010.

Risk management
Sparebanken Hedmark's risk management shall ensure that risk exposure is monitored at all times and is always within the limits stipulated by the Board. Risk management shall support the Group's strategic development and achievement of objectives, while ensuring financial stability and prudent management of assets.

The Board has approved the "Policy for risk management and capital management in Sparebanken Hedmark". This document defines the overarching framework for risk management, including management of individual types of risks. Each year the Board approves an overall risk strategy and the Bank's financial strategy, covering the areas of liquidity risk and market risk and Bank's policy documents relating to credit. Risk exposure and risk trends are monitored and reported periodically to the Board.

Credit risk
Credit risk is defined as the risk of loss if customers or other counterparties are unable or unwilling to meet their financial obligations.

Credit risk in the loan portfolio is the Bank's largest risk. Risk is managed continuously in accordance with the Bank's credit strategy, credit policy, credit authorisations, routines for granting credit and various reporting and monitoring requirements. Sparebanken Hedmark uses statistical risk classification models to divide the portfolio into different risk groups.

In addition to funding the Bank's retail customers and businesses in Hedmark, in 2010 the Bank has also been involved in funding some major projects in partnership with other banks in the Sparebank 1 Alliance.

The risk in the corporate portfolio has improved in 2010. The expected loss levels have been reduced, and the default rate in the portfolio is dropping back down again now, which is also reflected in the lower recorded losses. Meanwhile, risk pricing in the portfolio has improved. The improvement is due to a recent focus on measures to reduce risk, but also improvements in the economy in general that benefit the Bank's customers. The lending growth rate of 5.9 per cent is slightly higher than in 2009.

The retail banking portfolio is very stable, with low risk, based on customers' ability to service loans and the underlying collateral values. Most of the portfolio is secured by mortgages on real estate. Continued low unemployment and low interest rates, combined with rising house prices will all serve to improve the portfolio risk profile further. As long as collateral values do not deteriorate as a result of significant decreases in house prices, there is limited risk of losses in the portfolio. Lending growth has remained stable in recent years.

The Bank's portfolio of interest-bearing securities also entails credit risk for the Bank. This is described in more detail in the section on market risk below. The Bank also has credit risk related to claims on other credit institutions. The largest single claim is lending to the Bank's subsidiary SpareBank1 Finans Østlandet AS.
The Board finds that the Bank's credit risk related to lending activity has been reduced in 2010. The Group's credit risk is considered moderate.

Market risk
Market risk is defined as the risk of loss linked to portfolios of financial instruments as a result of adverse changes in interest rates and credit spreads, and securities prices and exchange rates.

Frameworks and guidelines for the management of market risk ensue from the Group's financial strategy, adopted by the Board. Risk exposure and risk trends are monitored and reported periodically to the Board.

Most of the Group's market risk is related to investments in fixed-income securities in the parent bank's liquidity portfolio and to the issuance of securities in the parent bank's funding portfolio. Market risk can be broken down into interest-rate risk and credit risk (spread risk).

In 2010, the guidelines and limits for investments in fixed-income securities have been adapted to the new requirements for liquidity management (Basel III). Investments in fixed-income securities have increased in the course of the year from NOK 4.2 billion to NOK 4.5 billion. In terms of risk, however, the proportion of fixed-income securities with the lowest credit risk has increased the most.
The nominal stock of issued securities has remained stable through the year at just over NOK 7 billion respectively. The current market value of this debt varies with changes in interest rates and the indicative credit spreads for the Bank's issuances. During the financial crisis, credit spreads in general were high and volatile, resulting in significant fluctuations in value in 2008 and 2009. At the end of 2010, the spreads seem to have stabilised.
Interest risk arises because the Group's balance sheet items have different remaining fixed-rate terms. The Bank manages interest-rate risk against adopted risk limits by adapting the fixed interest on the above-mentioned placements and funding. Derivatives are also used for interest-rate hedging. The Bank's interest-rate risk has been moderate and relatively stable in 2010.

Trond Hagerud
(Born in 1962)
Vice Chairman

Hagerud has a siviløkonom (MBA) degree and is CEO of Rescon Mapei AS.
He was elected to the Board in 2010 and lives in Kongsvinger Municipality.

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

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

At 31 December 2010, a parallel shift in the yield curve of one percentage point will have an impact on the profit after tax of NOK -13 million in the event of a rise in interest rates and of NOK 13 million in the event of a cut in interest rates.

Currency risk is managed by means of the adopted exposure limits. The Group has had limited currency risk in trading positions. As a result of the merger of the Norwegian company Nordito (BBS / Teller) and the Danish company PBS (Nets), the Bank has foreign currency risk in Danish kroner in connection with its shareholding.

Price risk for equity instruments is measured relative to exposure in shares, unit trust shares, equity certificates and mutual funds, excluding investments in subsidiaries. In 2010, the Bank sold some large, non-strategic holdings and reduced its exposure in financial investments. At the same time adjustments in connection with the above-mentioned merger between Nordito and PBS have resulted in total exposure in equity positions not including Group companies remaining relatively stable.

It is the Board's opinion that the Bank's overall market risk has been reduced somewhat in 2010, and it considers it to be moderate to low at year-end.

Liquidity risk
Liquidity risk is the risk of the Bank not being able to meet its obligations when due or to finance assets, including desired growth, without significantly increased costs.

Management of liquidity risk is based on the Bank's financial strategy. This sets limits for net liquidity requirements for the different periods involved, requirements relating to long-term financing, the size of the liquidity reserve and the length of the period during which the Bank must be able to be independent of new external funding.

Sparebanken Hedmark's liquidity management entails maintenance of a broad deposit base of both retail and corporate customers, as well as diversified financing of operations in general. Deposits from customers represent the Bank's main source of funding. The Bank's deposit coverage ratio on 31 December 2010 was 77 per cent. The Bank's target for its deposit coverage ratio is minimum 65 per cent.
Important sources of long-term funding include market financing, loans from other financial institutions and transfer of mortgages to SpareBank1 Boligkreditt AS. On 31 December 2010, Sparebanken Hedmark had transferred loans worth NOK 7.9 billion in Sparebank 1 Boligkreditt AS.
Average maturity of the funding at year-end was 3.2 years.

As part of its liquidity management, Sparebanken Hedmark needs a stock of liquid securities. The Bank has chosen to meet this need by investing in national and international bonds. The securities can be used as collateral for short-term and long-term loans from Norges Bank and form a basis for liquidity buffers for fulfilment of the strategic and regulatory requirements.

At the end of 2010, the Bank's liquidity reserve was NOK 5.5 billion. The Group had unutilised overdraft facilities of NOK 2 billion at the end of 2010. Sparebanken Hedmark's liquidity requirement for the next 12 months at 31 December 2010 was NOK 2.6 billion.

The Bank shall, in ordinary operating conditions, and including any unutilised credit facilities and real liquidity reserves, be able to be independent of external funding for a minimum of 12 months. At 31 December 2010, the Bank had sufficient liquidity and reserves to be able to continue ordinary operations for 18 months without any external liquidity.

In the event of the case scenario "Major crisis in the market and in the Bank" the Bank shall in accordance with the approved frameworks be able to maintain normal operations for six months without external capital.
At the end of 2010, Sparebanken Hedmark could continue operations for eight months without new capital.

The Board considers the Bank's liquidity risk to be moderate to low.

Operational risk
Operational risk is the risk of losses resulting from inadequate or failed internal processes or systems, human error or external events.
Management of operational risk is based on the Bank's "Policy for operational risk". Each year, risk assessments are conducted in the different areas. These form the basis for control procedures that are then followed up through the Bank's tools for monitoring operational risk.

Given the Bank's earnings and financial strength, and the competence and management systems of the organisation, the Board considers the Bank's overall risk exposure to be satisfactory.

Organisation and personnel
At 31 December 2010 Sparebanken Hedmark had 522 employees – a decrease of one person in the course of the year. The average age of the Bank's employees was 47.7 at year-end 2010 and has risen slightly in the last few years. Average length of service was 18.7 years.

Jan Wibe
(Born in 1942),
Member of the Board
Wibe is a BI (business school) graduate, with post-graduate management education from UCLA, Los Angeles, retired, 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 and lives in Hamar.

Grethe G. Fossum
(født 1945),
Member of the Board
Fossum has a university degree – cand.mag. She is a former member of the Norwegian parliament and is today Interaction Director of Sykehuset Innlandet, Kongsvinger. She was appointed to the Board of Directors in 2006 and lives in the municipality of Grue.

An employee satisfaction survey was conducted in spring 2010, with a focus on working environment and management. The same survey was conducted in most of the banks in the Sparebank 1 Alliance, giving a good basis for comparison with other organisations. The results were satisfactory in most areas. Improvement processes have been implemented in the areas where the results were not considered satisfactory. The findings of the survey have also been used in the evaluation, supervision and development of the organisation's executive management.

HR strategy
Sparebanken Hedmark wants to be an attractive employer where good, professional customer service goes hand in hand with ensuring good profitability for the Bank, and with good opportunities for personal growth and development.

The Bank has adopted an HR strategy that underpins the vision of "Together – to create" and the Bank's strategic, business and financial objectives. The employees' expertise shall give the company's core values of being "competent, close and committed" substance and content that meet the customers' requirements and expectations. The HR strategy is evaluated each year.

The Banks strives to have a corporate culture where the customers' needs come first. The organisation nurtures a clear focus on results and good performance, quality and professionalism, team spirit, respect and care towards colleagues, integrity and ethical awareness.

Recruitment
During the course of 2010, 18 employees were recruited externally and 13 positions were filled by internal recruitment. Most of the newly recruited employees have at least three years' higher education and varied work experience. All new employees at Sparebanken Hedmark undertake an individual introduction programme.

Through its collaboration with schools in the project "Economics as a career choice", participation at careers fairs and support for research and education, the Bank wants to promote its reputation as an attractive workplace for young people too. The Bank is also involved in Trainee Innlandet – a regional trainee programme for recent graduates in central Norway.

Skills development
The main focus in 2010 has been linked to the implementation of the new national authorisation scheme for financial advisers (AFR). The entire financial industry supports the authorisation scheme, which will ensure better quality in advisory processes. At 31 December 2010, 88 financial advisers had been authorised. A further 79 employees are going to take the theoretical and practical examinations in Q1 2011.

From 1 April 2011, customers will have access to an open register of all the authorised financial advisers in Norway.

Other skills development activities are related to the implementation of the SpareBank 1 Alliance's "Læringshus" training programme for all employees that have customer contact in the corporate division and the retail division. Sparebanken Hedmark conducts skills development activities within its own organisation and in cooperation with the other banks in the SpareBank 1 Alliance.

Leadership development activities in 2010 have consisted of specialist training days for managers, as well as a dedicated management development project in the retail division.

Health, safety and the environment
Sickness absence in 2010 amounted to 5.9 per cent, of which short-term absence constitutes 0.8 per cent. Most of the long-term sickness absence is related to serious illness that is not workplace-related. The Bank has entered into an Inclusive Workplace (IA) agreement.

In recent years the Bank has had an increased focus on health-promoting activities with a view to preventing illness and improving the working environment. Through initiatives such as grants for company sports clubs, grants for exercise expenses and internal competitions, the Bank aims to engage and involve more employees in various forms of physical activity, and increase employees' awareness about their own health.
In addition to a number of general preventive health and safety activities, the Bank has established agreements with a private health company that conducts a comprehensive annual medical examination of all employees over the age of 50 years. The purpose of this is to ensure early detection of disease in order to be able to treat it and prevent serious and prolonged illness.

In 2010 the Bank evaluated its HSE programme and chose a new provider of occupational health services from 1 January 2011.

No injuries have been recorded or reported to the Norwegian Labour Inspection Authority in 2010.

Nina C. Lier
(Born in 1972),
Menber of the board

Lier is a business school graduate and is head of department for accounting and salary at Sykehuset Innlandet HF. She was appointed to the Board of Directors in 2010, and she lives in the muncipality of Ringsaker.

Espen Bjørklund Larsen
(Born in 1976),
Member of the board

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.

Equal opportunities
60 per cent of the Bank's employees are women, whereas the proportion of women in management positions is 38 per cent. The CEO's management team consists of two women and seven men. The Board of Directors consists of three women and four men, and the Board of Representatives consists of 18 women and 22 men. Sparebanken Hedmark has an explicit target of ensuring parity in gender distribution in different roles and on different organisational levels, and the proportion of female managers has risen in recent years. The Bank promotes equality through its personnel management and development measures anchored in the Bank's main strategy and HR strategy.

All employees' salaries are determined on the basis of their position, education, experience, personal qualities and performance.

Sparebanken Hedmark strives to establish procedures and practices to avoid discrimination in all contexts. The Bank makes special adaptations for employees who because of illness, reduced capacity for work or for some other reason require adaptation of the workplace and work tasks.

In collaboration with NAV, the Bank also welcomes employees who need training and work experience.

Outlook for 2011
In the wake of the financial crisis, the Norwegian economy is now recovering and on its way back to normal levels of activity growth. Consumers are starting to spend more, and private-sector investment rates are rising. This will lead to a gradual growth in credit demand in 2011. The strong Norwegian krone at the beginning of 2011 and the moderate wage settlement pave the way for continued low inflation. The very low interest rates internationally limit Norges Bank's freedom of action in setting interest rates. Although house prices are rising rapidly, interest rates are expected to remain low, but slightly rising in 2011.

The economic outlook is considered to be better at the beginning of 2011 than it was one year previously. In view of the Bank's robust equity and satisfactory liquidity, the Board expects a good result for 2011. The Board also believes that the Bank's overall risk exposure in 2011 will be acceptable.

Hamar, 8. mars 2010

Gunnar Martinsen
styreleder

Jan Wibe

Grethe G. Fossum

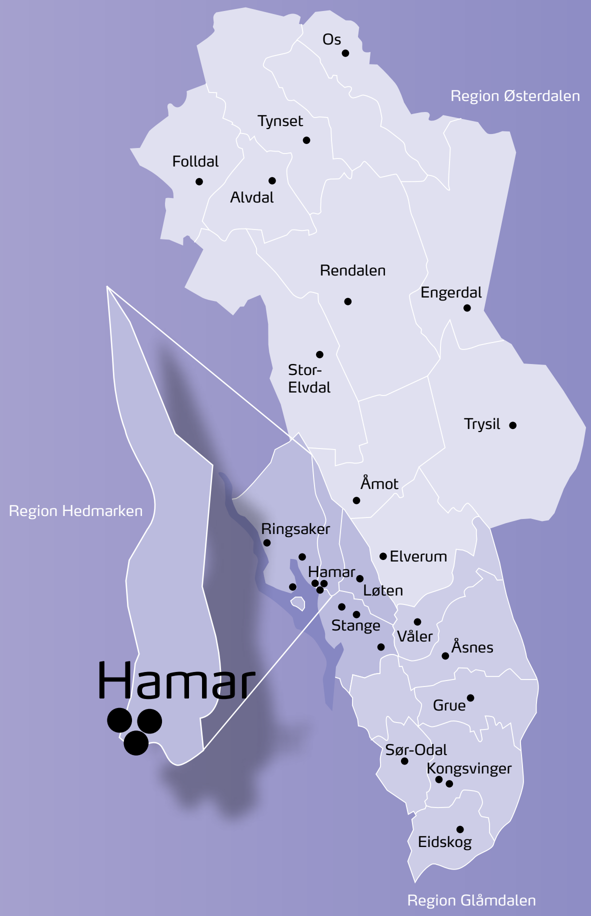
Trond Hagerud

Espen Bjørklund Larsen

Siri J. Strømmevold

Nina C. Lier

Richard Heiberg
adm direktør



"Sparebanken helps keep expertise and capital from disappearing from the region."

Geir Midtmoen,
Controller, Investment Centre.

Education: M.Sc. in Finance and International Business from Aarhus School of Business.

Geir has worked for Sparebanken Hedmark since May 2010. He came to the bank from SpareBank 1 Finans Østlandet, where he had worked since 2004. He cites a good working environment with many skilled employees as the bank's strength.

Hamar

Population: about 28,000
Area: 351 km²

Hamar Municipality offers a broad range of sports, recreational and cultural activities year-round. Hamar is a small and pleasant town with an easily navigable centre and walking distance to Lake Mjøsa. Koigen, a beach popular with locals, scenic Furuberget mountain and the magnificent Domkirke-odden cathedral ruins frame the town centre.

Income statement

Parent bank 2008	2009	2010	(NOK million)	Notes	Group 2010	2009	2008
2 844	1 896	1 779	Interest income	6	1 875	1 994	2 910
1 997	1 154	958	Interest expenses	6	957	1 151	1 994
847	**742**	**821**	**Net interest income**		**918**	**843**	**916**
170	187	220	Commission income	7	220	186	169
38	36	35	Commission expenses	7	48	45	43
19	40	22	Other operating income	7	79	93	64
151	**191**	**207**	**Net commission and other income**		**251**	**234**	**190**
13	10	38	Dividends	8	38	10	13
63	271	52	Net profit from ownership interests	8,25,36	124	-64	233
-207	128	197	Net profit from other financial assets and liabilities	8	197	128	-207
-131	**409**	**287**	**Net income from financial assets and liabilities**		**359**	**74**	**39**
867	**1 342**	**1 315**	**Total net income**		**1 528**	**1 151**	**1 145**
288	263	323	Personnel expenses	9	369	308	332
286	297	290	Other operating expenses	10	330	335	319
574	**560**	**613**	**Total operating expenses**		**699**	**643**	**651**
293	**782**	**702**	**Profit before losses**		**829**	**508**	**494**
66	136	48	Losses on loans and guarantees	15	50	146	76
227	**646**	**654**	**Profit/loss before tax**		**779**	**362**	**418**
81	97	129	Tax charge	11	144	111	87
146	**549**	**525**	**Results for the accounting year**		**635**	**251**	**331**

Statement of comprehensive income according to IAS 1

Parent bank 2008	2009	2010		Group 2010	2009	2008
146	**549**	**525**	**Results for the accounting year**	**635**	**251**	**331**
-109	52	12	Actuarial gains / losses on pensions	11	60	-118
24	-14	-3	Tax effect of actuarial gains / losses on pensions	-3	-16	34
-109	120	67	Change in value of financial assets available for sale	67	120	-109
83	-18	5	Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value	5	-18	83
1	6	-111	Financial assets available for sale transferred to profit and loss on realisation	-111	6	1
			Change in accounting principles in associated companies and joint ventures recognised directly in equity			26
			Share of gains and losses in associated companies and joint ventures recognised directly in equity	-7	-27	
-110	**146**	**-30**	**Total profit and loss items recognised in equity**	**-38**	**125**	**-83**
36	**695**	**495**	**Total profit / loss for the accounting year**	**597**	**376**	**248**

Balance sheet

Parent bank					Group		
2008	**2009**	**2010**	*(NOK million)*	Notes	**2010**	**2009**	**2008**
			ASSETS				
1 854	1 081	995	Cash and deposits with central banks		995	1 081	1 854
1 758	1 798	2 054	Loans to and receivables from credit institutions	12	57	152	329
32 917	32 187	31 567	Gross loans to and receivables from customers	13,16,18	33 942	34 232	34 711
-117	-192	-216	- Individual write-downs	13,15	-231	-224	-144
-100	-137	-95	- Write-downs of groups of loans	13,15	-102	-144	-108
32 700	31 858	31 256	Net loans to and receivables from customers	13	33 609	33 864	34 459
3 000	4 180	4 531	Certificates, bonds and fixed-income funds	19	4 531	4 180	3 000
668	295	270	Financial derivatives	20	270	295	668
410	534	359	Shares, units and other equity interests	21	359	534	410
532	579	1 009	Investments in associates and joint ventures	25	1 272	743	1 030
305	305	305	Investments in subsidiaries	25			
	2		Assets held for sale		2	3	1
282	269	257	Property, plant and equipment	28	279	289	299
98	89	86	Goodwill and other intangible assets	29	90	92	101
87	90	85	Deferred tax asset	11	87	93	95
70	89	125	Other assets	30	201	165	148
41 764	**41 169**	**41 332**	**Total assets**		**41 752**	**41 491**	**42 394**
			LIABILITIES				
4 778	5 109	3 837	Deposits from and liabilities to credit institutions	12	3 836	5 108	4 775
22 502	23 187	24 208	Deposits from and liabilities to customers	31	24 083	23 081	22 398
9 437	7 487	7 430	Liabilities arising from issuance of securities	32	7 430	7 487	9 437
492	194	215	Financial derivatives	20	215	194	492
62	113	129	Current tax liabilities	11	142	124	64
623	530	495	Other debt and liabilities recognised in the balance sheet	33	721	738	830
37 894	**36 620**	**36 314**	**Total liabilities**		**36 427**	**36 732**	**37 996**
3 782	4 337	4 840	Primary capital		4 840	4 337	3 782
57	73	78	Endowment fund		78	73	57
31	139	100	Fund for unrealised gains		100	139	31
			Other equity		307	210	528
3 870	**4 549**	**5 018**	**Total equity**		**5 325**	**4 759**	**4 398**
41 764	**41 169**	**41 332**	**Total equity and liabilities**		**41 752**	**41 491**	**42 394**

The Board of Directors of Sparebanken Hedmark

Hamar, 31 December 2010 /2 March 2011

Gunnar Martinsen
Styreleder

Trond Hagerud

Jan Wibe

Grethe G. Fossum

Siri J. Strømmevold

Nina C. Lier

Espen Bjørklund Larsen

Richard Heiberg
Administrerende direktør

Changes in equity

Parent bank		**Earned equity**		
(NOK million)	**Primary capital**	**Edowment fund**	**Fund for unrealized gains**	**Total equity**
Equity at 1 January 2008	**3 719**	**65**	**56**	**3 840**
IB correction: Previous years errors re. value assessment of bond loans	8			8
Adjusted equity at 1 January 2008	**3 727**	**65**	**56**	**3 848**
Total comprehensive income	61		-25	36
Donations distributed from profit 2007	-6			-6
Grants from endowment fund in 2008		-8		-8
Transfer to endowment fund in 2008				0
Equity at 31 December 2008	**3 782**	**57**	**31**	**3 870**
Equity at 1 January 2009	**3 782**	**57**	**31**	**3 870**
Total comprehensive income	587		108	695
Donations distributed from profit 2008	-6			-6
Grants from endowment fund in 2009		-9		-9
Transfer to endowment fund in 2009	-25	25		0
Equity at 31 December 2009	**4 337**	**73**	**139**	**4 549**
Equity at 1 January 2010	**4 337**	**73**	**139**	**4 549**
Total comprehensive income	534		-39	495
Donations distributed from profit 2009	-6			-6
Grants from endowment fund in 2010		-20		-20
Transfer to endowment fund in 2010	-25	25		0
Equity at 31 December 2010	**4 840**	**78**	**100**	**5 018**

Group		**Earned equity**			
(NOK million)	**Primary capital**	**Endowment fund**	**Fund for unrealized gains**	**Other equity**	**Total equity**
Equity at 1 January 2008	**3 719**	**65**	**56**	**316**	**4 156**
IB correction: Previous years errors re. value assessment of bond loans	8				8
Adjusted equity at 1 January 2008	**3 727**	**65**	**56**	**316**	**4 164**
Total comprehensive income	61		-25	212	248
Donations distributed from profit 2007	-6				-6
Grants from endowment fund in 2008		-8			-8
Transfer to endowment fund in 2008					0
Equity at 31 December 2008	**3 782**	**57**	**31**	**528**	**4 398**
Equity at 1 January 2009	**3 782**	**57**	**31**	**528**	**4 398**
Total comprehensive income	587		108	-318	376
Donations distributed from profit 2008	-6				-6
Grants from endowment fund in 2009		-9			-9
Transfers to endowment fund in 2009	-25	25			0
Equity at 31 December 2009	**4 337**	**73**	**139**	**210**	**4 759**
Equity at 1 January 2010	**4 337**	**73**	**139**	**210**	**4 759**
IB correction: Reclassification of associated companies				200	200
IB correction: Correction of previous years' errors in joint ventures				-11	-11
Adjusted equity at 1 January 2010	**4 337**	**73**	**139**	**399**	**4 948**
Total comprehensive income	534		-39	102	597
Direct recognition in equity in associated companies and joint ventures				-194	-194
Donations distributed from profit 2009	-6				-6
Grants from endowment fund in 2010		-20			-20
Transfers to endowment fund in 2010	-25	25			0
Equity at 31 December 2010	**4 840**	**78**	**100**	**307**	**5 325**

Cash flow statement

Parent bank 2008	Parent bank 2009	Parent bank 2010		Group 2010	Group 2009	Group 2008
13 767	12 872	13 574	This year's downpayment on repayment loans etc. to customers	14 524	13 748	14 497
			Change in advance rent leasing	4	-7	3
-13 085	-12 670	-12 911	Newly discounted repayment loans etc. to customers for the year	-14 193	-13 803	-14 138
-916	173	-184	Change in balances of foreign currency lending	-184	173	-916
-1 132	291	38	Change in balances of credits	38	291	-1 132
2 354	1 653	1 462	Interest and commission income on lending	1 612	1 791	2 502
8	10	6	Included in previous years' realised losses on lending	7	11	10
6	-2		Net cash flow relating to bankruptcies		-2	6
	-2	2	Net cash flow from assets held for sale	1	-1	
1 002	**2 325**	**1 987**	**Cash flow from lending operations (A)**	**1 809**	**2 201**	**832**
651	1 657	497	Change in balances of deposits from customers at call	475	1 647	794
809	-955	518	Change in balances of deposits from customers with agreed maturity dates	518	-955	809
-1 065	-599	-515	Interest payments to customers	-512	-585	-1 054
395	**103**	**500**	**Cash flow from deposit operations (B)**	**481**	**107**	**549**
		-213	Net cash flow from securities held short term	-213		
-1	2	10	Cash flow linked to exchange rate gains / losses on securities held short term	10	2	-1
167	111	128	Interest received on bonds and certificates	128	111	167
3	2	3	Share dividends received from securities held short term	3	2	3
169	**115**	**-72**	**Cash flow from investments in securities (C)**	**-72**	**115**	**169**
-303	-232	-294	Change in receivables from credit institutions with agreed maturity dates	56	-14	-49
211	108	86	Interest received on deposits in credit institutions	89	122	223
-92	**-124**	**-208**	**Cash flow from deposits in credit institutions (D)**	**145**	**108**	**174**
206	309	315	Other income	372	361	250
-508	-762	-680	Operating expenses payable	-778	-855	-594
-116	-76	-111	Tax payments	-120	-77	-114
-14	-14	-27	Donations	-27	-14	-14
28			Net cash flow from change in other assets	-14	11	41
-159	71	1	Net cash flow from change in accruals	-63	18	-237
5	21	-3	Net cash flow from change in other liabilities	14	22	-103
-558	**-451**	**-505**	**Remaining cash flow from current operations (E)**	**-616**	**-534**	**-771**
916	**1 968**	**1 702**	**CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)**	**1 747**	**1 997**	**953**
1 769	293	-1 227	Change in deposits from credit institutions	-1 227	292	1 769
3 219	700	1 656	Receipts arising from issuance of securities	1 656	700	3 219
-2 620	-2 681	-1 038	Payments arising from redemption of securities issued	-1 038	-2 681	-2 620
-389	-101	-671	Buy-back of own securities	-671	-101	-389
-833	-547	-385	Interest payments on financing	-358	-547	-855
1 146	**-2 336**	**-1 665**	**Cash flow from financing activities (G)**	**-1 665**	**-2 337**	**1 124**
-38	-24	-13	Investments in fixed assets and intangible assets	-18	-29	-42
5	18		Sales of fixed assets and intangible assets at sales price		19	5
-951	-1 104	-332	Purchase of long-term securities	-332	-1 104	-951
	391	91	Sale of long-term securities	91	391	
74	128	93	Share dividends from securities held long term	53	104	65
-910	**-591**	**-161**	**Cash flow from investments in fixed assets (H)**	**-206**	**-619**	**-923**
-3			Liquidity effect of acquisition and sale of subsidiaries(I)			-5
1 149	**-959**	**-124**	**CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I)**	**-124**	**-959**	**1 149**
955	2 104	1 145	Cash and cash equivalents at 1 January	1 145	2 104	955
2 104	**1 145**	**1 021**	**Cash and cash equivalents at 31 December**	**1 021**	**1 145**	**2 104**
			Cash and cash equivalents at 31 December comprise:			
1 854	1 081	995	Cash and deposits with central banks	995	1 081	1 854
250	64	26	Deposits etc. at call with banks	26	64	250
2 104	**1 145**	**1 021**	**Cash and cash equivalents at 31 December**	**1 021**	**1 145**	**2 104**

"First impressions are crucial. Being professional, accommodating and credible are important factors in this respect."

Rendalen

Population: About 1,900
Area: 3,180 km²

South Norway's largest municipality in size, Rendalen's main industries are agriculture, forestry and, in more recent years, tourism. Rendalen has big, beautiful mountain areas, with many opportunities for fishing, hunting and fishing.

Area attractions include Jutulhogget gorge, the Bull Museum, Fiskevollen fishing village and Lake Sølen.

Eva Kristin Myhre,

Bank manager for the retail market, North Østerdal.

Education: Bachelor of Management BI.

Eva has worked for Sparebanken Hedmark for 21 years and finds her work interesting, exciting and varied. "Our closeness and our local commitment and dedication are the bank's main strengths."

Notes to the accounts

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Note 1 - General information

The Sparebanken Hedmark Group consists of the parent bank Sparebanken Hedmark and the wholly owned subsidiaries: Hedmark Eiendom AS. SpareBank 1 Finans Østlandet AS, Vato AS and Meglereiendom AS. The subsidiaries are recognised at cost price less deductions for write-downs in the parent bank's accounts.

SpareBank 1 Gruppen AS, Torggt 22 AS and SpareBank 1 Utvikling DA are shown according to the cost method in the parent bank's accounts and are incorporated in the consolidated financial statements as joint ventures according to the equity method of accounting.

Bank 1 Oslo AS, SpareBank 1 Boligkreditt AS, Fageråsen Invest AS and Engerdal Høvleribygg AS are shown according to the cost method in the parent bank's accounts and are all incorporated in the consolidated financial statements as associated companies according to the equity method of accounting.

Sparebanken Hedmark is domiciled in Norway, with its head office in Hamar. The Bank has 27 branches, all in the county of Hedmark.

All the subsidiaries have their head offices in Hedmark county. The Group's main operations are deposits, loans and payment transmission services, sale of financial products and services, and leasing and real estate brokerage.

The Group's annual accounts shall be approved by the Bank's Board of Representatives on 24 March 2011. The Board of Representatives is the Bank's supreme decision-making body.

Note 2 - Accounting principles

Basis for preparation of the consolidated accounts
The company and the consolidated accounts for Sparebanken Hedmark are prepared in accordance with International Standards for Financial Reporting (IFRS), which the EU has ruled shall be used at 31 December 2010. This includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). Sparebanken Hedmark started applying IFRS on 1 January 2007 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 1 January 2011 or later.

Presentation currency
The presentation currency is NOK (Norwegian kroner), which is also functional currency of all the units in the Group. All figures are in NOK million unless otherwise stated.

Basis of consolidation
The consolidated financial statement comprises the Bank and all its subsidiaries. Subsidiaries are defined as all enterprises that the Bank controls, i.e. has the power to manage a company's financial and operational principles with the aim of profiting from that company's activities. Subsidiaries are consolidated from the date on which the Group assumes control and are no longer consolidated from the date the Bank relinquishes control. Mutual balance sheet items and all significant profit and loss elements are eliminated.

On achieving a controlling influence in an enterprise (business combinations), all identifiable assets and liabilities are shown at fair value in accordance with IFRS 3. Any positive difference between fair value of the payment on acquisition and fair value of identifiable assets and and liabilities is recognised as goodwill, whereas any negative difference is recognised as income at the time of acquisition. The Bank has not applied IFRS 3 retrospectively on business combinations that were implemented before 1 January 2006.

Associated companies
Associated companies are companies in which the Bank has significant influence, but not control.
Enterprises are treated as associated companies from the time significant influence is established and until it no longer applies. Associated companies are included in the Group's accounts according to the equity method of accounting. The investment is recognised for the first time in the balance sheet at cost
and subsequently adjusted for changes in 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.

Bank 1 AS, SpareBank 1 Boligkreditt AS, Fageråsen Invest AS and Engerdal Høvleribygg AS are all treated as associated companies in the accounts of the parent bank and Group. The Group owns 12 per cent, 8.72 per cent, 36 per cent and 20 per cent of these companies respectively

Joint ventures

In a joint venture company, the partners involved have joint control over operations based on contractual agreements.
The agreements demand unanimity between the partners concerning 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 a 12 per cent shareholding in SpareBank 1 Gruppen AS. The other shareholders are SpareBank 1 SR-bank, SpareBank 1 Midt-Norge, SpareBank 1 Nord-Norge and Samarbeidende Sparebanker AS (19.5 per cent each) and the Norwegian Federation of Trade Unions LO (10 %). The management structure for the SpareBank 1 Alliance is stipulated in an agreement between the shareholders. The Group classifies its stake in SpareBank 1 Gruppen AS as an investment in a joint venture.

The Bank owns 50 per cent of shares in Torggata 22 AS. This company too is incorporated in the accounts as a joint venture, as is SpareBank 1 Utvikling DA in which the Bank has an 11.3 per cent shareholding. The other shareholders in the latter company are also members of the SpareBank 1 Alliance.

Loans to and receivables from customers

Since the Bank started using IFRS from 1 January 2007, loans have been assessed at amortised cost in accordance with IAS 39. The assessment of loans according to IAS 39 thus follows the same principles as the lending regulations of 21 December 2004, see circular no. 10/2005 from Finanstilsynet (the Financial Supervisory Authority of Norway).

Fixed-rate loans and loans with interest-rate guarantees are designated at fair value through profit and loss using the Fair Value Option (FVO) in IAS 39. Gains and losses arising from a change in fair value value are recognised as income from other financial investments Fixed-rate loans and loans with interest rate guarantee are presented including accrued interest (dirty price).

Loans transferred to SpareBank 1 Boligkreditt AS are deducted from the balance. The risk of loss on transferred loans is included in the annual commission for processing transferred loans.

Assessment of loan impairment

On each balance sheet day, for loans assessed at amortised cost, the Bank assesses whether there is objective proof of reduction in value of a financial asset or group of financial assets. Impairment of a financial asset or group of financial assets is only deemed to have occurred if, and only if, there is objective proof of an impairment that may result in a reduction in future cash flows to service the loan.

The impairment must be a result of one or more events that 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 measure the impact of the loss event(s) in a reliable manner. Objective proof of reduction in value of a financial asset or group of financial assets includes observed data that is known to the Group relating to the following loss events:

- significant financial difficulties experienced by the issuer or borrower
- default of contract, such as failure to pay instalments and interest
- the Group granting the borrower special terms and conditions for financial or legal reasons relating to the borrower's situation it becoming probable that the borrower will enter debt settlement proceedings or other financial reorganisation
- the disappearance of active markets for the financial assets because of financial difficulties, or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with an individual financial asset in the group including:
  - adverse changes in the payment status of the borrowers in the group, or
  - national or local economic conditions that correlate with defaults on the assets in the group

The Bank first considers whether there is individual objective evidence of impairment of financial assets that are significant individually. For financial assets that are not individually significant, the objective evidence of impairment is considered individually or collectively. If the Bank decides that there is no objective evidence of impairment of an individually assessed financial asset, significant or otherwise, the asset is included in a portfolio of financial assets with the same credit risk characteristics. The group of assets is then tested for any impairment loss Assets that are tested individually for impairment and where an impairment loss can be identified or is still identified are not included in the portfolio assessment of impairment loss.

If there is objective evidence that impairment has occurred, the amount of the loss is calculated as the difference between the asset's book (carrying) value and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The book value of the asset shall be reduced through the use of an allowance account, and the loss shall be recognised in profit and loss.

Future cash flows from a group of financial assets that are tested for impairment on a portfolio basis are estimated on the basis of the contractual cash flows for the group and historical losses on assets with a similar credit risk. Historical losses are adjusted for existing observable data in order to take into account the effects of existing circumstances that were not present at the time of the historical losses.

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 summaries 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 that are not in default, but where the customer's financial situation makes it likely that the Bank will incur losses, are classified as doubtful.

Realised losses
When it is highly probable that losses will be final, they are classified as realised losses. Realised losses that are covered by earlier specific loss provisions are recorded against the provisions. Realised losses without cover by way of loss provisions, and overfunding or underfunding in relation to previous loss provisions, are recognised in profit and loss.

Assets held for sale
In connection with legal recovery of claims under non-performing loans and guarantees, the Bank in some cases repossesses assets that have been provided as security for. the commitments. Repossessed assets that are expected to be realised are classified as fixed assets held for sale. In accordance with IFRS 5, these assets are assessed at the time of repossession at fair value minus sales costs. The difference between this value and the value of the loan commitment is adjusted through profit and loss. Repossessed assets that cannot be expected to be sold are capitalised as fixed assets in the Bank's balance sheet.

Leasing
Financial leases are classified as loans and recognised in accordance with the amortised cost principle. All fixed income during the ordinary leasing period is included in the calculation of the agreement's effective rate of interest. The Group has no "sell and lease back" contracts covering property, plant and equipment.

Goodwill and other intangible assets
Goodwill is defined as the difference between the purchase price and the value 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 on the acquisition of associated companies and joint ventures is included with the investment. Goodwill is not amortised, but is subject to an annual impairment test with a view to ascertaining any impairment, in accordance with IAS 36. When assessing impairment, the assessment is carried out at the lowest level where it is possible to identify cash flows. Any write-down of goodwill of goodwill cannot be reversed.

Negative goodwill is recognised in income immediately. Negative goodwill relating to investments in associated companies and joint ventures is recognised in income immediately according to the equity method of accounting, along with share of the profit from the company.

Other immaterial assets are depreciated on a straight-line basis over their estimated useful life.

Property, plant and equipment
Fixed assets comprise buildings, plots of land and operating equipment. Buildings and operating equipment are recorded at cost less depreciation and write-downs. Plots of land are recorded at cost price less write-downs. The cost price includes all direct costs related to the costs to get the asset to function as intended. Non-current assets, less any residual value, are depreciated on a straight-line basis over their estimated useful life.
When determining a depreciation method, the separate assets are split up into components with different useful lives to the extent that this is regarded as necessary, taking into account estimated residual value. Property, plant and equipment that individually are regarded as insignificant, such as PCs and other office equipment, are not assessed individually for residual value, useful life or impairment, but are assessed in groups. Useful life of various classes of property, plant and equipment:
Fair value is established as either appraised value or by valuation by an authorised real-estate broker.

Buildings, furniture and fittings:	10–100 years
Operating equipment:	3–25 years

Property, plant and equipment that are depreciated are subject to an impairment test in accordance with IAS 36 whenever circumstances indicate it.

Plots of land, buildings and sections of buildings owned by the Bank for the purpose of earning rental income and/or capital gains are classified as investment properties.
In buildings where the Bank uses parts of the building for its own operations, that part that is leased to others is treated as an investment property if that part can be divided into sections. The Bank has chosen to recognise investment properties in accordance with the cost method of accounting.

Pensions
The pension schemes are financed via payments to insurance companies or pension funds determined by periodic actuarial calculations. The Group has both defined-contribution and defined-benefit pension plans. A defined-contribution plan is a pension scheme in which the company pays fixed contributions to a separate legal entity. The Group has no legal or other obligation to pay any further contributions if the entity does not have sufficient funds to pay all employees benefits relating to their service in current and prior periods. Pension schemes that are not defined-contribution schemes are defined-benefit plans. Typically a defined-benefit plan is a pension scheme that defines the pension payment an employee will receive on retirement. The pension payment will normally depend on one or more factors, such as age, length of service and pay.

The carried liability related to defined-contribution schemes is the current value of the defined contributions on the balance sheet date minus the fair value of the pension funds, adjusted for unrecognised actuarial gains / losses and unrecognised costs of past period's pension contributions. The pension commitment is calculated on an annual basis by an independent actuary, applying a straight-line method of contribution. The current value of the defined contributions is determined by discounting estimated future payments with the interest rate on a bond issued by a company with a high credit rating in the same currency as that in which the contributions will be paid and with a maturity that is equivalent to the maturity for the related pension commitment, or, if no such interest rate exists, a government bond interest rate. Since there is not a liquid market for long-term Norwegian company bonds in Norwegian kroner with AA classification or higher, the discount rate for defined-contribution pension schemes in Norwegian kroner must be determined on the basis of the yield on Norwegian government bonds (ten year).

Actuarial gains / losses due to new information or changes in the actuarial assumptions are charged to equity in the statement of other comprehensive income in the period they arise.

Changes in the benefits in the pension plan are entered continuously in the income statement, unless the rights according to the new pension plan are contingent on the employee remaining in service for a specified period of time (contribution period). In this case, costs linked to changed benefits are amortised on a straight-line basis over the contribution period.

In defined-contribution plans, the Group pays contributions to privately administered pension insurance plans on a mandatory or contractual basis. The Group does not have any further payment obligations after the contributions have been paid. The contributions are recognised as payroll expenses as they fall due.

Funding
Bond loans and certificate-based loans in addition to fixed-rate deposits and term deposits are designated at fair value through profit and loss using the Fair Value Option (FVO) in IAS 39. Changes in fair value after the opening balance are recognised as revenues from other financial investments. Other liabilities are shown in the accounts at their borrowing cost, which is the fair value of the amount received after deduction of transaction costs. Loans are subsequently assessed at amortised cost. Any difference between the borrowing cost and settlement amount upon maturity is subject to accrual accounting over the life of the loan, by applying the loan's effective rate of interest. Fair value of these financial instruments is presented including accrued interest (dirty price).

Certificates, bonds and fixed-income funds
All certificates, bonds and fixed-income funds are designated at fair value through profit and loss in compliance with IAS 39. The instruments are assessed at fair value (see note 4). Changes in market value after the opening balance and realised gains and losses are included under "Net profit from other financial assets and liabilities" in the income statement. The fixed-income papers are presented including accrued interest (dirty price).

Shares, units and other equity interests
Shares, units and other equity interests are classified in compliance with IAS 39 as either financial assets held for trading or financial assets available for sale.

Equity instruments classified as held for trading are assessed at fair value on the basis of the listed price in an active market. Change in value from the opening balance, realised gains / losses and dividends from these instruments are included under "Net profit from other financial assets and liabilities" in the income statement.

Equity interests classified as available for sale are assessed at fair value on the basis of listed prices or using different valuation methods. Unrealised gains and losses on equity interests available for sale are included in the comprehensive income statement in compliance with IAS 1. Realised gains and losses, dividends and write-downs are included under "Net profit from other assets and liabilities" in the income statement.

Derivatives
Derivatives comprise forward exchange contracts, swaps and options plus combinations of these. In addition, a guarantee liability in respect of Eksportfinans is defined as a financial derivative. All these instruments are traded outside the stock exchanges and are so-called "over-the counter" (OTC) derivatives. This means that the contracts are tailored to the underlying object, volume, price and maturity.

Financial derivatives are classified at fair value through profit and loss in compliance with IAS 39. Gains and losses arising from changes in the derivative's fair value are included under "Income from other financial assets and liabilities" in the income statement. Unrealised gains are presented in the balance sheet as an asset, and unrealised losses are presented as a liability. The book values include accrued interest (dirty price).

Other financial instruments
All financial instruments are recognised and assessed in accordance with IAS 39 and are presented pursuant to IAS 32. Notes comply with the requirements in IFRS 7. Financial instruments that are not derivatives comprise shares, unit trust shares and equity certificates, as well as certificates, bonds and fixed-income funds. Shares, unit trust shares and equity certificates are classified either at fair value through profit and loss or as available for sale. certificates, bonds and fixed-income funds are classified at fair value through profit and loss. All financial instruments classified at fair value through profit and loss are recognised at fair value, and any change in value from the opening balance is recognised as income from other financial investments. Gains and losses on financial assets classified as available for sale are recognised directly in equity and are specified in the statement of recognised income, expense and change in value (see also note 4 for a more detailed description of how financial instruments are handled in the accounts). These fixed-income papers are presented including accrued interest (dirty price).

Financial instruments recognised at fair value through profit and loss are classified using the Fair Value Option. Sparebanken Hedmark has thus not used the opportunity to reclassify financial instruments, introduced in October 2008.

Interest income and interest expenses
Interest income and interest expenses related to assets and liabilities are entered continuously in the income statement in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of the expected cash flow over the expected life of a financial asset or liability being equal to the carrying value of the respective financial asset or liability. When calculating an effective interest rate, the cash flow effect inherent in the agreement is estimated, without taking into account future credit losses. The calculations take therefore into account fees, transaction costs, premiums and discounts. Interest income and interest expenses linked to interest-bearing instruments that are assessed at fair value are included in the presented market value (dirty price).

Commission income and commission expenses
Commission income and commission expenses are generally accrued in keeping with delivery or receipt of a service. Fees related to interest-bearing instruments are not recognised as commission, but are included in the calculation of effective interest rate and recognised accordingly in profit and loss. Advisory fees are accrued in accordance with the consultancy agreement, typically at the time the service is provided. Fees and charges related to the sale or brokerage of financial instruments,
property or other investment objects that do not generate balance sheet items in the Bank's or the Group's accounts are recognised when the transaction is completed.

Transactions and monetary items in foreign currency Transactions in foreign currencies are converted into Norwegian kroner at the time of the transaction. Gains and losses related to completed transactions or to the conversion of monetary items in foreign currencies on the balance sheet date are recognised in profit and loss.

Taxes

Taxes consist of taxes payable and deferred taxes. Taxes payable are the estimated taxes on the year's taxable profit. Deferred taxes are accounted for by means of the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book value of assets and liabilities for accounting purposes and the book value for taxation purposes. Deferred tax assets are calculated for tax loss carryforwards.
Deferred tax assets are included only to the extent that future taxable profits make it possible to exploit the related tax benefit.

Segment reporting
Sparebanken Hedmark aims to be a full-service provider of 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 that provide different financial services. Different kinds of operations are therefore conducted within the Group. The Group's segment reporting is primarily divided into the following areas: retail banking, corporate banking, financing, real estate brokerage and other operations. Sparebanken Hedmark has applied IFRS 8 Operating Segments in its segment reporting since 1 January 2009.

Events occurring after the balance sheet date

The annual accounts are deemed to be approved for publication once the Board of Directors has approved the financial statements. The Board of Representatives and regulatory authorities may refuse to approve the published annual accounts subsequent to this, but they cannot change the accounts Events occurring up to the time when the annual accounts are approved for publication involving issues that were already known on the balance sheet date will form part of the information basis for determining accounting estimates and will thus be fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant.

The annual accounts have been prepared on the assumption that the Group will continue as a going concern. This assumption was valid in the Board of Directors' opinion at the time the financial statements were approved for publication.

Standards that have been issued, but have not come into effect

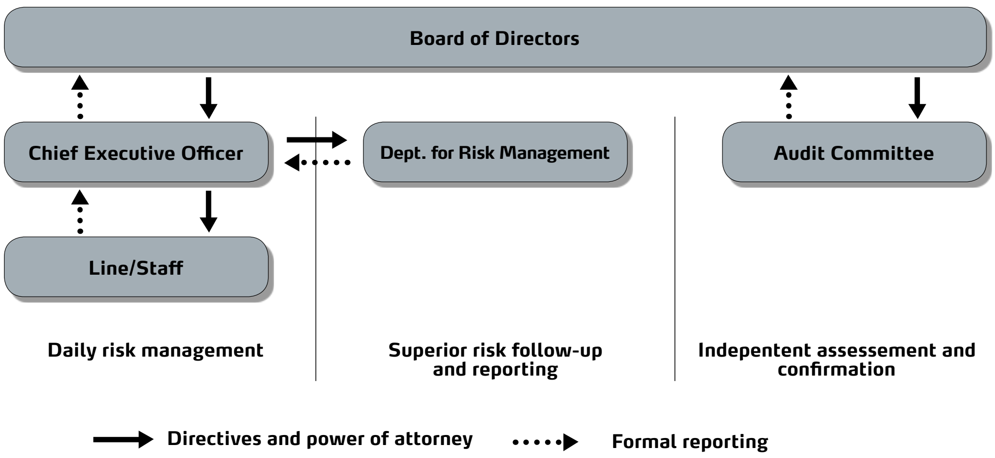
Standard/ interpretation	**Topic (main changes)**	**Approved by the EU**	**EU's effective date** (IASB's effective date)
Amendment of IFRS 1	Exemption from the requirement concerning additional disclosures for the comparative period in the first year an enterprise is using the amended provisions in IFRS 7 extended to apply to first-time adopters of IFRS.	Yes	7/1/2010
Amendment of IFRS 24	The purpose of the amendment is clarify and simplify the definition of related parties. The revised standard also provides some relief with respect to the requirements for additional disclosures for public enterprises.	Yes	1/1/2011
Amendment of IFRS 32	Amendment of the definition of a financial liability. The revision entails classification of issued rights and certain options and warrants as equity.	Yes	2/1/2010
Amendment of IFRS 14	The change applies to entities that are subject to a minimum funding requirement and that undertake prepayment to ensure they can meet these requirements. The amendment allows the entity to treat the advantage of of this kind of prepayment as an asset.	Yes	1/1/2011
New IFRIC 19	Applies when a company renegotiates loan agreements, and creditors accept redemption with settlement in the company's shares or other equity instruments. The debt shall be derecognised, and the difference between the fair value of the equity instrument and the book value of the liability shall be recognised in profit and loss.	Yes	7/1/2010
New IFRIC 9	Replaces the classification and measurement rules in IAS 39 Financial instruments – Recognition and measurement for financial assets and liabilities. Pursuant to IFRS 9, financial assets that contain ordinary loan terms shall be recognised at amortised cost unless it has been decided to recognise them at fair value, while other financial assets shall be recognised at fair value. The classification and measurement rules for financial liabilities are identical to those we currently use in IAS 39, apart from designation of liabilities at fair value with changes through profit and loss (Fair Value Option). For these kinds of instruments, any changes in fair value as result of changes in the entity's own credit risk are recorded against comprehensive income (OCI), but all other changes will be recorded in the profit on ordinary activities IFRS 9 also contains derecognition provisions from IFRS 39.	No, deferred	(1 January 2013)
Amendment of IFRS 7	The change entails increased requirements concerning information that will have to be provided in the notes in cases where the entity has financial that are being derecognised in their entirety, but where the entity is still involved (e.g. through guarantees or options).	Expected Q2 2011	(1 July 2011)
The annual improvement project published May 2010	The annual improvement project was published in May 2010, and discusses 11 amendments in six standards.	Expected Q1 2011	(1 July 2010 and 1 January 2011)
Amendment of IFRS 12	The changes entail that deferred tax on investment properties assessed at fair value under IAS 40 Investment properties shall generally be determined on the basis of an assumption that the property will recovered entirely through sale (and not use). The amendments also apply to non-depreciable assets recognised at fair value pursuant to the rules in IAS 16 Property, Plant and Equipment.	Expected Q3 2011	(1 January 2012)
Amendment of IFRS 1	The first amendment provides guidance on how entities can resume their financial reporting in cases where their functional currency is or has been subject to severe hyperinflation and that have thus not been able to comply with the requirements in IAS 29 Financial reporting in hyperinflationary economies concerning adjusting financial information. The second amendment removes the fixed dates linked to derecognition and "day 1" gains and replaces them with the date of transition to IFRS.	Expected Q3 2011	(1 July 2011)

Note 3 - Financial risk management

Overall responsibility and supervision
Sparebanken Hedmark's risk management shall support the Bank's strategic development and the attainment of its goals. Risk management shall also
ensure financial stability and satisfactory asset management. This is to be achieved by:
- A strong corporate culture characterised by high awareness of risk management
- A good understanding of which risks drive earnings
- Striving towards an optimal application of capital within the adopted business strategy, provided that the strategic capital targets are met
- Avoiding unexpected negative events that can seriously harm the Group's financial status
- Exploitation of synergy and diversification effects

In order to ensure an effective and appropriate process for risk and capital management, the framework is based on the following elements, which reflect the way in which Sparebanken Hedmark is managed by its Board of Directors
and the Bank's senior management:
- Strategic targets
- Organisation and corporate culture
- Risk identification
- Risk analysis
- Stress tests
- Risk strategies
- Capital management (including returns and capital adequacy)
- Reporting
- Follow-up
- Contingency plans
- Compliance

Management and supervision comprise all the processes and control measures that have been introduced and implemented by the Bank's management to ensure effective operation and the implementation of the Group's strategies. The Group attaches importance to having a supervisory and management structure that promotes targeted and independent management and control:



On 1 July 2010, the Board established an audit committee to prepare matters for the Board concerning business administration, finance and risk management for consideration by the Board.
The audit committee does not have the authority to make decisions.

Sparebanken Hedmark shall have a moderate to low risk profile. The risk profile shall ensure the Group has access to long-term funding at good prices. The size of and composition of the Group's risk-adjusted capital shall reflect this ambition.

The Board of Directors is responsible for making sure that Sparebanken Hedmark has an appropriate level of subordinated capital in relation to the desired risk profile and regulatory requirements stipulated by the authorities.
The Board of Directors shall determine the overall targets relating to risk management, including the overall limits, authorisations 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 monitoring of the risk exposure.
The business areas and branches are responsible for the day-to-day risk management within their own areas of responsibility and must ensure that risk management and risk exposure are within the limits and authorisations provided by the Board of Directors or CEO.

The Credit Management Department is responsible for ensuring that the decision-making process and the basis on which decisions are made in relation to applications for credit are in accordance with the Bank's steering documents and routines. The department shall prepare proposals for revised targets 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. The department is also responsible for the overall risk monitoring and for periodic risk reporting to the Board of Directors. The Internal Audit 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 improvement recommendations are considered on an ongoing basis.

Sparebanken Hedmark's risk is measured by calculating expected losses and risk-adjusted capital. Sparebanken Hedmark uses the SpareBank 1 Alliance's models for the computation of credit risk. The models use statistical calculations and are based on the fact that the risk-adjusted capital shall cover 99.9 per cent of possible, unexpected losses. The calculation of risk-adjusted capital for other types of risk are largely based on qualitative methods. A more detailed description of financial risk management relating to credit risk, liquidity risk and market risk is provided below.

Credit risk
Sparebanken Hedmark's biggest financial risk exposure is credit risk in its lending portfolio.
Credit risk is the risk of loss relating to customers or other counterparties not being able or willing to meet their obligations to the Sparebanken Hedmark. Each year, the Board of Directors reviews the Bank's steering documents and credit regulations. The steering documents define the Bank's credit policy and overall targets for exposure relating to portfolio, sector and individual customers. Together they provide the basis for determining the desired risk profile. Through the Bank's credit regulations, authority to grant credit is delegated to the CEO within certain limits.The CEO may delegate this authority to other employees. The delegated authorisations are related to the size and risk of individual commitments.

Sparebanken Hedmark uses statistical models in its calculation of risk and categorisation of the credit portfolio. Using these models, customers are classified into the following subgroups: low, medium, and high risk, and commitments in default. The Bank makes every effort to price credit risk correctly and has established price matrices based on the risk classification system.

The Bank's portfolio of interest-bearing securities also entails credit risk for the Bank. Each year, the Board of Directors examines the Bank's financial strategy and sets limits for the maximum portfolio of interest-bearing securities, as well as maximum limits for exposure. For further information, see notes 13-18.

Market risk
Market risk is the risk of loss due to changes in interest rates, the price of share / securities and foreign exchange rates. Market risk arises primarily in connection with the Bank's investments in securities and as a result of funding activities, and in connection trading in currencies and interest rate instruments. Market risk is managed through limits agreed by the Board of Directors. These limits are set 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 yield curve risk. Sparebanken Hedmark manages interest rate risk towards the desired level by means of interest rate commitment for investments and funding loans and through the use of interest rate derivatives.

The Group's risk exposure in terms of stock market risk is controlled through limits for maximum investments in the various portfolios, while currency risk is controlled through limits for the maximum aggregate currency position and maximum position in individual currencies.

See notes 39 and 40 for further information.

Liquidity risk
Liquidity risk is defined as the risk of Sparebanken Hedmark not being able to refinance its debt or finance an increase in assets without incurring significant additional costs. Management of liquidity risk is based on the Bank's financial strategy, which stipulates limits for liquidity risk through limits for net liquidity requirements for the different periods involved, requirements relating to long-term financing, the size of unutilised overdraft facilities, the amount of liquidity reserves, and the length of the period during which the Bank is to be able to be independent of new funding from the money and capital markets.

The Economics and Finance Department is responsible for liquidity management, while the Risk Management Department monitors and reports the exploitation of the limits in relation to the liquidity strategy. Liquidity risk is reduced by the diversification of loans in different markets, funding sources, instruments and maturity periods.

See notes 37 and 38 for further information.

Other
More detailed market information (Basel II – Pilar III) is available in a separate document on the Bank's website.

Note 4 - Critical estimates and assessments regarding the use of accounting principles

THE MANAGEMENT'S ASSESSMENTS IN CONNECTION WITH CHOICE OF ACCOUNTING PRINCIPLES

Sparebanken Hedmark made a number of choices regarding principles when it switched to IFRS 1 January 2007. These choices primarily concern the following main areas in the accounts:

Financial assets and liabilities
Derivatives and financial assets and liabilities classified as held for trading (HFT) are recognised and assessed at fair value through profit and loss in accordance with IAS 39. Financial instruments classified HFT only cover a part of the share portfolio on 31 December 2009. The following financial assets and liabilities are also voluntarily earmarked at fair value through profit and loss pursuant to the Fair Value Option provisions (FVO) in IAS 39, paragraph 9: Bonds, certificates and fixed-income funds in the Bank's portfolio, fixed-rate loans and loans with interest-rate guarantees to customers, bond and certificate funding, market-linked certificates of deposit, fixed-rate deposits for customers and term deposits. FVO is applied with a view to achieving the most consistent possible assessment of assets and obligations that are assessed together. Moreover, assessment at fair value reduces the accounting disparity that would otherwise have arisen if assets and liabilities were recognised on a basis other than as derivatives. Equity instruments not classified as held for trading (HFT) are earmarked as available for sale (AFS). Changes in fair value of assets classified as AFS are recognised directly in equity. In the event of a prolonged, major decrease in fair value of an AFS asset, the cumulative loss recognised directly in equity is removed and recognised in profit and loss. Of course, what constitutes a prolonged, major decrease in fair value is a matter of judgement. In deciding this question, Sparebanken Hedmark follows the IFRIC guidelines, recommendations from the international auditing profession and professional standards The assessments are carried out on the instrument level and are used to measure reductions in value that assess the assets at less than 80 per cent of the cost price on balance sheet day or in cases where market price remains lower than cost price for more than 12 months. Further reductions in value on previously written-down AFS assets are subsequently recognised continuously in profit and loss each time the accounts are published.

Fair value is presented consistently as dirty price, i.e. including any accrued interest

Pensions
In connection with the transition to IFRS, Sparebanken Hedmark decided to recognise actuarial differences that had not previously been charged to profit and loss directly in equity. The transition from using the corridor method to recognising actuarial differences directly in equity was done in order to ensure that the annual accounts each year correctly reflect Sparebanken Hedmark's pension liabilities,given the parameters chosen for the computation of pension liabilities. With effect from the 2007 accounting year, actuarial gains and losses are recognised directly in equity in the parent bank and the Group.

Fixed assets
Fixed assets are stated at cost and depreciated over their expected useful life. On transition to IFRS, we undertook an assessment of the depreciation period for each individual building owned by the Bank. This process revealed that depreciation according to NGAAP formerly used by the Bank was higher than depreciation under IFRS. The difference in depreciation was reversed on transition to IFRS on 1 January 2007. No write-up or assessment at fair value was made in connection with the transition to IFRS on 1 January 2007. The property portfolio has been reviewed to ascertain the need for any write-downs.

CRITICAL ESTIMATES

Losses on loans

The Bank examines both its retail market portfolio and its corporate portfolio in order to identify credit risk and the need for provisions for losses. Large and especially 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 forwarding for collection and an assessment of the basis for individual write-down for losses. Loans transferred to SpareBank 1 Boligkreditt AS are deducted from the balance. The risk of loss on transferred loans is included in the annual commission for processing transferred loans.
Individual write-down for losses on individual commitments is done when objective events entail a loss for the Bank. Individual write-down is calculated as the difference between the commitment's book value and the present value of discounted cash flows based on the effective interest rate at the time of initial write-down. This means that the commitment is placed in the highest risk class. The same method is used regardless of whether the loan is recognised at amortised cost or fair value (fixed-rate loans). Estimating impairment can be complicated as the prediction of future events always involves uncertainty. Importance is attached to concrete information in value assessment as the basis for realisation of collateral assets pledged as security. Cash flow is updated periodically, at least once a year.

Collective write-down comprises the Bank's assessment of the basis for impairment in groups of loans with similar risk characteristics. This also includes loans assessed for individual write-down, but where there is no objective proof of impairment. 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 assets and liabilities assessed at fair value
For financial instruments traded on a regulated market, fair value on the balance sheet day is used. Fair value of financial instruments that are not traded in an active market is based on estimated value from Reuters pricing service, prices indicated by brokerage firms or other external sources and accepted theoretical computation techniques based on observable interest rates and prices on the balance sheet day. The Bank assesses and chooses methods and assumptions that best reflect the information available and the market conditions on the balance sheet day. Below is a more detailed presentation of the assessment methods used for the various financial instruments that are assessed at fair value.

Shares, unit trust shares and equity certificates
Listed shares, fund units and equity certificates are assessed at closing bid price on the balance sheet day. For unlisted companies, value is assessed using a valuation hierarchy including:

1) recent trading price
2) externally known value assessment
3) value assessment received from the company
4) own value assessment
5) cost price

Bonds, certificates and fixed-income funds (loans)
For bonds and certificates that are regularly valued by Reuters pricing service, the Bank uses their indicated bid price on the balance sheet day. Other interest-bearing securities are valued against the yield curve (ask), adjusted for indicative trading spreads from recognised firms of brokers. Fixed-income funds are valued at the spot exchange rate indicated by the fund manager.

Securities issued
Issued certificates and bonds are valued against the yield curve (bid), adjusted for indicated trading spread from DnB NOR Markets for Sparebanken Hedmark's issued securities.

Derivatives
The Bank does not have any financial derivatives traded in a regulated market. For non-standardised derivatives contracts (OTC), a theoretical price is estimated, based on a market-related approach taking account of agreed cash flows and observable market information on the balance sheet day.

Other financial assets and liabilities assessed at fair value (market-linked certificates of deposit, fixed-rate deposits, term deposits, fixed-rate loans and loans with interest-rate guarantee)
Fair value is assessed as the value of the agreed cash flows discounted at market interest rate adjusted for a discretionary trading spread on the balance sheet date. Market-linked certificates of deposit and loans with an interest-rate guarantee also contain derivative elements. These products are assessed together at fair value.

Fair value of all interest derivatives is presented including accrued interest (dirty price).

Intangible assets
Intangible assets are subject to an impairment test that is mainly based on the discounting of expected future cash flows. There will always be uncertainty relating to estimated cash flows, and in some cases there will also be uncertainty regarding the methods for allocating cash flows to various assets.

Pensions
Net pension liabilities and the pension cost for the year are based on a number of estimates including: the return on pension assets, future rates of of interest rate and inflation, wage growth, turnover, etc. Developments in the National Insurance basic amount and general developments in the number of people receiving disability benefits and life expectancy are also very important. Much of the uncertainty is related to the gross liability and not to the net liability shown in the balance sheet. Any changes in estimates as a result of changes in these parameters will be recognised on an ongoing basis in equity in the Bank and its subsidiaries. A one percentage point decrease in interest rates would mean that the Bank's gross pension liability would increase by roughly 20 per cent over an average period of 20 years, all other parameters remaining unchanged.

Note 5 - Segment information

This segment information is linked to the way the Group is run and fo lowed up internally in the entity through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas:

- Retail banking, corporate banking, property, financing and other activities.
- Property brokerage and leasing are organised as independent companies.
- The result of the elimination of companies appears with other activities in a separate column.

2010	**Retail banking**	**Corporate banking**	**SpareBank 1 Finans Østlandet**	**Hedmark Eiendom**	**Other**	**Total**
Income statement						
Net interest income	440	317	96	1	64	918
-of which internal items		*54*	*-57*	*3*		
Net commission and other income	146	53	-13	54	10	250
-of which internal items		*1*	*-1*			
Net return on financial investments					359	359
Operating expenses*	231	80	38	48	301	699
Profit before losses by segment	**355**	**290**	**45**	**7**	**132**	**829**
Losses on loans and guarantees	22	26	2			50
Profit / loss per segment	**333**	**264**	**43**	**7**	**132**	**779**
Balance sheet						
Gross lending to customers	18 893	12 239	2 371		439	33 942
-of which internal items						
Individual loan write-downs	-42	-174	-15			-231
Collective loan write-downs	-35	-60	-7			-102
Other assets	131		89	124	7 799	8 143
Total assets per segment	**18 947**	**12 005**	**2 438**	**124**	**8 238**	**41 752**
Deposits from and liabilities to customers	15 674	8 288			121	24 083
-of which internal items		*124*		*-120*	*-4*	
Other liabilities and equity	3 273	3 717	2 438	124	8 117	17 669
Total equity and liabilities per segment	**18 947**	**12 005**	**2 438**	**124**	**8 238**	**41 752**

2009	**Retail banking**	**Corporate banking**	**SpareBank 1 Finans Østlandet**	**Hedmark Eiendom**	**Other**	**Total**
Income statement						
Net interest income	475	294	99	1	-26	843
-of which internal items		*39*	*-45*	*6*		
Net commission and other income	114	56	-9	52	21	234
-of which internal items		*1*	*-1*			
Net return on financial investments					74	74
Operating expenses*	241	77	35	50	240	643
Profit before losses by segment	**348**	**273**	**55**	**3**	**-171**	**508**
Losses on loans and guarantees	18	117	11			146
Profit / loss per segment	**330**	**156**	**44**	**3**	**-171**	**362**
Balance sheet						
Gross lending to customers	19 982	11 638	2 044		568	34 232
-of which internal items						
Individual loan write-downs	-38	-154	-32			-224
Collective loan write-downs	-26	-111	-7			-144
Other assets	141	1 658	82	108	5 638	7 627
Total assets per segment	**20 059**	**13 031**	**2 087**	**108**	**6 206**	**41 491**
Deposits from and liabilities to customers	14 818	8 112			151	23 081
-of which internal items		*106*	*-1*	*-103*	*-2*	
Other liabilities and equity	5 241	4 919	2 087	108	6 055	18 410
Total equity and liabilities per segment	**20 059**	**13 031**	**2 087**	**108**	**6 206**	**41 491**

The Group's operations were not organised in divisions in 2008. Comparative figures are therefore only available for 2009
*) Operating expenses in Retail and Corporate consist of directly attributable payroll and administration costs.

Note 6 - Net interest income

Parent bank 2008	2009	2010		Group 2010	2009	2008
			Interest income			
269	144	132	Interest on loans to and receivables from credit institutions	75	100	181
2 382	1 609	1 490	Interest on loans to and receivables from customers	1 643	1 750	2 536
165	107	116	Interest on certificates, bonds and other interest-bearing securities	116	107	165
27	35	41	Interest income from written-down loans charged to income	41	36	28
1	1		Other interest income and similar income		1	
2 844	**1 896**	**1 779**	**Total interest income**	**1 875**	**1 994**	**2 910**
			Interest expenses			
230	167	142	Interest on debt to credit institutions	142	167	292
1 102	620	561	Interest on deposits from and liabilities to customers	558	614	1 091
658	345	232	Interest on securities issued	232	345	596
7	20	23	Fees to the Banks' Guarantee Fund	23	20	7
	2		Other interest expenses and similar expenses	2	5	8
1 997	**1 154**	**958**	**Total interest expenses**	**957**	**1 151**	**1 994**
847	**742**	**821**	**Total net interest income**	**918**	**843**	**916**

Note 7 - Netto commission income and other operating income

Parent bank 2008	2009	2010		Group 2010	2009	2008
			Commission income			
11	12	11	Guarantee commissions	10	11	9
13	7	10	Securities trading	10	7	8
105	91	100	Payment transmission	100	91	101
17	39	44	Insurance services	44	39	34
	27	44	Commission from loans transferred to SpareBank 1 Boligkreditt AS	44	27	
24	11	11	Other commission income	12	11	17
170	**187**	**220**	**Total commission income**	**220**	**186**	**169**
			Commission expenses			
25	28	27	Payment transmission	27	28	23
13	8	8	Other commission expenses	21	17	20
38	**36**	**35**	**Total commission expenses**	**48**	**45**	**43**
			Other operating income			
4	4	4	Operating income from real estate	5	4	3
			Real estate brokerage	55	52	46
5	6	6	Rental income	6	6	5
6	12		Gains on fixed assets	3	13	6
4	18	12	Other operating income	11	18	4
19	**40**	**22**	**Total other operating income**	**79**	**93**	**64**
151	**191**	**207**	**Total net commission income and other operating income**	**251**	**234**	**190**

Note 8 - Net income from financial assets and liabilities

Parent bank				Group		
2008	2009	2010		2010	2009	2008
			Change in value of interest rate instruments			
-241	235	10	Bonds and certificates at fair value through profit and loss	10	235	-241
-100	-174	14	Securities at fair value through profit and loss	14	-174	-100
32	-9	12	Fixed-rate loans at fair value through profit and loss	12	-9	32
-18	17		Fixed-rate deposits at fair value through profit and loss		17	-18
			Change in value of derivatives			
-34	3	-3	Net change in value of derivatives related to bonds (assets)	-3	3	-34
304	-34	27	Net change in value of derivatives related to funding loans	27	-34	304
-35	22	1	Guarantee liability – Eksportfinans	1	22	-35
	2		Net change in value of other derivatives		2	
			Income from equity instruments at fair value			
3	2	3	Net income from equity instruments held for trading	3	2	3
-50	32	10	Change in value of equity instruments held for trading	10	32	-50
-139	**96**	**74**	**Total net income from financial assets and liabilities at fair value**	**74**	**96**	**-139**
10	8	35	Net income from equity instruments available for sale	35	8	10
-1	-6	111	Gains / loss on realisation of equity instruments available for sale	111	-6	-1
-83	18	-5	Write-down of and reversal of previous write-down of equity instruments available for sale	-5	18	-83
-74	**20**	**141**	**Total net income from equity instruments available for sale**	**141**	**20**	**-74**
63	**271**	**52**	**Income from ownership interests**	**124**	**-64**	**233**
19	**22**	**20**	**Net income from currency trading**	**20**	**22**	**19**
-131	**409**	**287**	**Total net income from financial assets and liabilities**	**359**	**74**	**39**

Sale of shares in Nordito AS
Sparebanken Hedmark previously had a 3.1 per cent holding in Nordito AS. The Nordito Group's activities included Teller AS and Bankenes. Betalingssentral AS (BBS).

A process has been under way for some time to merge Nordito with PBS, which runs similar operations in Denmark. The boards of the two companies approved the merger plans in autumn 2009, and on 12 April 2010 the merger of Nordito and PBS was approved by the Norwegian Ministry of Finance. The merger was completed on 14 April 2010 with effect from 1 January 2010, with PBS Holding AS as the acquiring company.

Sparebanken Hedmark's stake in PBS Holding AS is 1.4 per cent after the merger and entailed realisation of the shares in Nordito AS. The company later changed the name to Nets Holding AS.

Prior to the merger, BBS's properties in Oslo were spun off as a separate company, Nordito Property AS.
Sparebanken Hedmark has a 3.1 per cent holding in this company, corresponding to the Bank's previous stake in Nordito AS.

The shares in Nets Holding AS and Nordito Property AS are classified for accounting purposes as shares available for sale and any change in value after the initial valuation is recognised over Statement of comprehensive income according to IAS 1.

Note 9 - Payroll expenses and payments to senior employees and elected officers

Parent bank				Group		
2008	**2009**	**2010**		**2010**	**2009**	**2008**
201	226	248	Payroll	285	258	233
43	-8	21	Pension costs (note 34)	23	-5	49
44	45	54	Social security expenses	61	55	50
288	**263**	**323**	**Total personnel expenses**	**369**	**308**	**332**
508	520	523	Average no. of employees	589	585	571
485	489	486	No. of fulltime equivalents at 31 December	553	554	550
518	523	522	No. of employees at 31 December	590	589	584

Payments to Group management
2010 (NOK thousands)

Title/name	Salaries and other short-term benefits	Other remune-ration	Accrued pension entitle-ments in the last 12 months	Board fees in subsidi-aries etc.	Loans	Guaran-tees	Deposits
Chief Executive Officer Richard Heiberg *	1 264	97	371		2 061		849
Chief Executive Officer Harry Konterud **	1 420	614	381		4 000		1 835
Director, Corporate Market Nils Arne Nordheim	1 485	22	384	90	750		428
Director, Retail Market Kari E. Gisnås	1 261	18	247	75	2 417		1 090
Director of Finance Tore Anstein Dobloug	1 058	18	207				11
HR Director Eldar Kjendlie	1 024	22	120		1 009		277
Director, Operations and IT Dag-Arne Hoberg	1 056	22	207		1 713		42
Director, Risk Management Vidar Nordheim	961	22	132		1 561		160
Bank Manager Tor Morten Nygård	897	16	224		2 704		61
Head of Information Siv Stenseth	781	17	208		1 049		23
Managing Director, Hedmark Eiendom AS Nils Børresen	1 007	24	267				54
Managing Director, SpareBank 1 Finans Østlandet AS Hans Olav Wedvik	1 090	20	163		1 993		

*From 1 June 2010
**To 30 June 2010

2009 (NOK thousands)

Title/name	Salaries and other short-term benefits	Other remune-ration	Accrued pension entitle-ments in the last 12 months	Board fees in subsidi-aries etc.	Loans	Guaran-tees	Deposits
Chief Executive Officer Harry Konterud	2 525	637	910		543		886
Director, Corporate Market Nils Arne Nordheim	1 286	60	427	85	786		242
Director, Retail Market Kari E. Gisnås	1 094	17	277	40	2 708		948
Director of Finance Tore Anstein Dobloug	484	97	281				5
HR Director Eldar Kjendlie	973	20	160		1 161		274
Director, Operations and IT Dag-Arne Hoberg	1 018	25	283		1 385		90
Director, Risk Management Vidar Nordheim	810	20	172				105
Bank Manager Tor Morten Nygård	850	15	316				15
Head of Information Siv Stenseth	742	13	233		1 531		573
Managing Director, Hedmark Eiendom AS Nils Børresen	940	21	239				1 215
Managing Director, SpareBank 1 Finans Østlandet AS Hans Olav Wedvik	969	21	177		1 681		10

2008 (NOK thousands)

Title/name	Salaries and other short-term benefits	Other remune-ration	Accrued pension entitle-ments in the last 12 months	Board fees in subsidi-aries etc.	Loans	Guaran-tees	Deposits
Chief Executive Officer Harry Konterud	2 160	424	629		634		976
Director, Corporate Market Nils Arne Nordheim	1 122	179	402	85	1 330		396
Director, Retail Market Kari E. Gisnås	969	15	268	40	2 873		793
Economic Director Arne Grunt	993	22	381	75	1 150		8
HR Director Eldar Kjendlie	926	20	155		1 305		230
Director, Operations and IT Dag-Arne Hoberg	962	22	267		1 459		35
Head of Information Siv Stenseth	717	13	224		1 510		818
Managing Director, Hedmark Eiendom AS Nils Børresen	1 201	22	283				1 077
Managing Director, SpareBank 1 Finans Østlandet AS Hans Olav Wedvik	862	21	177		1 298		16

Of the total lending to Group management, NOK 8 million was transferred to SpareBank 1 Boligkreditt AS in 2010 (NOK 0 in 2009, NOK 0 in 2008)

Remuneration to the Board and the Control Committee

Title/name	Fees	Other remune-ration	Loans	Guaran-tees	Deposits
Board:					
Chairman Gunnar Martinsen	214	21	1 370		19
Vice Chairman Trond Hagerud	99	18	1 123		127
Board member Siri J. Strømmevold	129	25	24		653
Board member Nina Cecilie Lier	138	25			88
Board member Jan Wibe	120	25	1 781		402
Board member Grethe G. Fossum	120	12			
Board member Espen B. Larsen (employee, incl. in salary)	120	26	1 964		1
Deputy Aud Christensen	68	18			
Deputy Jarle Dalløkken	50				668
Deputy Ola Reidar Gulli (employee, incl. in salary)	69	18	513		72
Control Committee:					
Chairman Pål Johnsrud	120				41
Vice Chairman Anders Brinck	65				1 999
Gro Svarstad	66				
Jan Erik Myrvold	67		2		4 703
Valborg Berthelsen	65		2 760		4 422
Deputy Mikael Løken					5
Deputy Morten Kongsrud			2 471		33
Deputy Kirsten Walmann			392		11
Deputy Bodil Helene Andersen			2 240		19
Deputy Gunn S. Hvamstad			935		16

2009 (NOK thousands)

Title/name	Fees	Other remune-ration	Loans	Guaran-tees	Deposits
Board:					
Acting Chairman Gunnar Martinsen (from 27 Nov. 2009)	125		172		575
Former Chairman Richard H. Heiberg (observer from 27 Nov. 2009)	167	2	2 142		1 982
Board member Siri J. Strømmevold	110		4		304
Board member Grethe G. Fossum	105				
Board member Espen B. Larsen (employee, incl. in salary)	105		1 997		86
Board member Jan Wibe	105		1 829		595
Acting board member Nina Cecilie Lier	66				32
Deputy Gunveig Elvsæter Eggen					67
Deputy Ola Reidar Gulli (employee, incl. in salary)	62		458		122

Title/name	Fees	Other remune-ration	Loans	Guaran-tees	Deposits
Control Committee:					
Chairman Pål Johnsrud	107				26
Vice Chairman Anders Brinck	55				698
Gro Svarstad	57				
Jan Erik Myrvold	56		18		7 071
Valborg Berthelsen	55		2 320		31
Deputy Mikael Løken					23
Deputy Morten Kongsrud			2 559		5
Deputy Kirsten Walmann					88
Deputy Ole Jan Hørstad			649		119
Deputy Gunn S. Hvamstad			907		8

2008 (NOK thousands)

Title/name	Fees	Other remune-ration	Loans	Guaran-tees	Deposits
Board:					
Chairman Richard H. Heiberg	167	2	2 205		335
Vice Chairman Gunnar Martinsen	125		46		206
Board member Siri J. Strømmevold	113		13		241
Board member Grethe G. Fossum	106				
Board member Espen B. Larsen (employee, incl. in salary)	119		1 952		54
Board member Jan Wibe	105		602		324
Deputy Nina Cecilie Lier	22				182
Deputy Gunveig Elvsæter Eggen					27
Deputy Ola Reidar Gulli (employee, incl. in salary)	44		557		109
Control Committee:					
Chairman Pål Johnsrud	107				56
Vice Chairman Anders Brinck	55				1 209
Gro Svarstad	56				
Jan Erik Myrvold	56		6		28 651
Valborg Berthelsen	55		2 327		385
Deputy Mikael Løken					
Deputy Morten Kongsrud			2 886		18
Deputy Kirsten Walmann			387		13
Deputy Ole Jan Hørstad			125		116
Deputy Gunn S. Hvamstad			718		106

Of the total lending to the Board and the Control Committee, NOK 0 was transferred to SpareBank 1 Boligkreditt AS in 2010 (NOK 2 million in 2009, NOK 0 in 2008)

Remuneration to the Board of Representatives

(NOK thousands)	2010	2009	2008
Chairman Christen Engeloug	22	37	20
Other members	2-26	2-22	2-6

Note 10 - Other operating expenses

Parent bank				Group		
2008	2009	2010		2010	2009	2008
22	35	32	External services	35	39	25
48	42	44	External data processing	45	43	48
30	26	31	Marketing	45	38	42
23	26	25	Postage, courier, telephone, computer lines	27	28	24
54	54	49	IT equipment, software	52	57	57
43	38	28	Depreciation (notes 27 and 28)	31	41	46
8	8	9	Rent *	10	10	8
17	18	20	Operating expenses property	22	19	18
	13	16	Wealth tax **	16	13	
41	37	36	Other operating expenses	47	47	51
286	**297**	**290**	**Total other operating expenses**	**330**	**335**	**319**
			Auditor's fee (NOK thousands)			
950	1 180	667	Statutory audit	871	1 723	1 359
	99		Tax consulting		158	
	125		Other attestation services	33	141	
245	128	159	Other services	255	148	599
1 195	**1 531**	**826**	**Total, including VAT**	**1 159**	**2 169**	**1 958**

* Specification of rent for 2010 (NOK thousands):

Parent bank	
Rent of premises	5 384
Machine hire	338
Rent of parking spaces	57
Electricity and fuel – rented premises	992
Other operating expenses – rented premises	1 642
Repairs and maintenance	441
Total rent	8 854

Group	
Rent of premises	5 509
Machine hire	444
Rent of parking spaces	78
Electricity and fuel – rented premises	1 3 11
Other operating expenses – rented premises	2 469
Repairs and maintenance	470
Total rent	10 281

** For 2008, wealth tax was posted as tax. Profit has not been restated.

Note 11 - Taxes

Parent bank				Group		
2008	2009	2010		2010	2009	2008
227	646	654	Profit/loss before tax	779	362	418
59	-302	-189	+/- permanent differences *	-259	7	-108
46	8	-61	+/- change in temporary differences as specified	-20	-10	24
-107	52	12	- of which recognised directly in equity	11	62	-107
225	**404**	**417**	**Tax base / taxable income for the year**	**510**	**421**	**227**
63	113	117	Of which tax payable 28 %	142	124	64
-1		13	Tax payable linked to Group contribution			
62	**113**	**129**	**Tax payable in balance sheet**	**142**	**124**	**64**
-11	2	9	Excess or insufficient tax allocation in previous years	9	2	-11
51	115	138	Total tax payable	151	126	53
63	113	117	Tax payable on the year's profit	142	124	64
		13	Tax payable Group contribution			
-13	-3	15	+/- change in deferred tax	6	2	-8
		-11	Effect of Group contribution on change in deferred tax			
-11	2	9	Excess or insufficient tax payable allocation in previous years	9		
		-9	Excess or insufficient deferred tax allocation in previous years	-9	2	-11
30	-15	-3	+ change not recorded in income statement	-3	-17	30
69	**97**	**129**	**Total tax charge for the year**	**144**	**111**	**75**

2008	2009	2010	Specification of deferred tax recognised in the balance sheet	2010	2009	2008
			Temporary differences in:			
2		10	- Operating equipment	13		15
9	7	6	- Gains and loss account	6	7	9
68	34		- Reversal of losses on transition to new lending regulations from 1 January 2006		34	68
59	4	22	- Other temporary differences	63	4	59
138	**45**	**38**	**Total positive / tax-increasing temporary differences**	**82**	**45**	**151**
39	**13**	**11**	**Deferred taxes**	**23**	**13**	**42**
			Temporary differences in:			
450	336	296	- Net pension liability	310	342	469
	31		- Securities		31	
	1		- Operating equipment	1	5	
			Gains and loss account	3		
		45	- Other temporary differences	79		
			- Loss carried forward			20
450	**368**	**341**	**Total negative / tax-reducing temporary differences**	**392**	**378**	**489**
126	**103**	**95**	**Deferred tax assets**	**110**	**106**	**137**
87	**90**	**85**	**Net deferred tax assets included in the accounts**	**87**	**93**	**95**

2008	2009	2010	Specification of deferred tax charged to profit and loss	2010	2009	2008
			Temporary differences in:			
		11	- Operating equipment	12		
6			- Gains and loss account			7
13	62	28	- Net pension liability	28	70	15
82	4	45	- Securities	45	4	82
2		6	- Other temporary differences	16		2
			- Loss carried forward			12
103	**67**	**91**	**Total change in temporary differences**	**100**	**75**	**118**
29	**19**	**25**	**Deferred taxes**	**28**	**21**	**33**
			Temporary differences in:			
7	3		- Operating equipment	9	3	7
	90		- Securities		90	
	2	1	- Gains and loss account	2	2	
			- Net pension liability	1		
34	34	34	- Reversal of losses on transition to new lending regulations from 1 January 2006	34	34	34
		3	- Other temporary differences	3		
41	**129**	**39**	**Total change in temporary differences**	**50**	**129**	**41**
11	**36**	**11**	**Deferred tax assets**	**14**	**36**	**11**
17	**-17**	**15**	**Net recorded deferred tax assets**	**15**	**-15**	**22**

2008	2009	2010	Reconciliation current tax charged to profit and loss and pre-tax profit	2010	2009	2008
63	184	183	28 % of pre-tax profit	218	112	117
1	2	4	Non-taxable profit and loss items (permanent differences)	-27	88	-47
-21	-36	-16	Share dividends	-16	-36	-21
		-11	Effect of Group contribution on change in deferred tax			
39	-54	-32	Net gains on securities for accounting purposes	-32	-54	39
	2	1	Reversal of 3 % of tax-free earnings according to exemption method	1	2	
-11	2	9	Excess or insufficient tax payable allocation in previous years	9	2	-11
-2	-2	-9	Excess or insufficient deferred tax allocation in previous years	-9	-2	-2
69	**98**	**129**	**Current tax charged to profit and loss**	**144**	**111**	**75**
30%	**15%**	**20%**	**Effective tax rate (%)**	**18%**	**31%**	**18%**

* Includes non-tax-deductible expenses and tax allowances for share of profit attributable to associated companies and joint ventures (the percentage of the profit is deducted as it has already been taxed in the individual company). Pursuant to IFRA regulations, wealth tax is classified as a levy and not as a tax charge From 2009, wealth tax is classified as other operating expenses. This note has been restated for 2008 in light of this. Wealth tax in 2008 is NOK 12 million By contrast, the income statements and the balance sheets for 2008 have not been restated.

Note 12 - Credit institutions - claims and liabilities

Parent bank 2008	2009	2010	Loans to and receivables from credit institutions	Group 2010	2009	2008
249	64	26	Loans and receivables at call	25	64	249
1 502	1 734	2 028	Loans and receivables with agreed maturities or notice	32	88	73
7			Accrued interest			7
1 758	**1 798**	**2 054**	**Total**	**57**	**152**	**329**
			Loans and receivables specified by major currencies			
1 643	1 690	1 997	NOK		44	214
37	30	2	EUR	2	30	37
21	26	11	CHF	11	26	21
39	47	37	JPY	37	47	39
11	5	7	Other	7	5	11
7			Accured interest			7
1 758	**1 798**	**2 054**	**Total**	**57**	**152**	**329**

2008	2009	2010	Liabilities to credit institutions	2010	2009	2008
229	18	10	Loans and deposits at call	9	17	226
4 527	5 031	3 812	Loans and deposits with agreed maturities or notice	3 812	5 031	4 527
22	60	15	Accrued interest	15	60	22
4 778	**5 109**	**3 837**	**Total**	**3 836**	**5 108**	**4 775**
			Liabilities specified by major currencies			
1 842	2 683	1 669	NOK	1 668	2 682	1 839
2 901	2 365	2 148	EUR	2 148	2 365	2 901
5			SEK			5
8			DKK			8
	1	5	Other	5	1	
22	60	15	Accured interest	15	60	22
4 778	**5 109**	**3 837**	**Total**	**3 836**	**5 108**	**4 775**
5,3%	2,6%	**2,6%**	**Average interest rate**	**2,6%**	2,6%	5,3%

Deposits with and loans from / to credit institutions tend to have floating interest rates. Receivables from and liabilities to credit institutions are classified as loans and receivables pursuant to IAS 39 and are stated at amortised cost.

Average interest rate is calculated on the actual interest expense during the year as a percentage of the average outstanding debt to credit institutions.

Note 13 - Loans to and receivables from customers

Parent bank				Group		
2008	2009	2010		2010	2009	2008
			Loans by type of receivable			
			Financial leasing	1 053	1 009	1 051
3 388	2 962	3 336	Overdraft facilities and operating credits	3 336	2 962	3 388
1 029	1 182	785	Building loans	785	1 182	1 029
28 347	27 957	27 353	Repayment loans	28 660	28 993	29 089
153	86	93	Accrued interest	108	86	154
32 917	**32 187**	**31 567**	**Gross loans to and receivables from customers**	**33 942**	**34 232**	**34 711**
217	329	311	Write-downs	333	368	252
32 700	**31 858**	**31 256**	**Loans to and receivables from customers**	**33 609**	**33 864**	**34 459**
			Loans by type of market			
21 635	20 722	19 431	Private customers	20 512	21 562	22 184
11 102	11 374	12 040	Corporate	13 259	12 543	12 336
27	5	3	Public sector	63	41	37
153	86	93	Accrued interest	108	86	154
32 917	**32 187**	**31 567**	**Gross loans to and receivables from customers**	**33 942**	**34 232**	**34 711**
217	329	311	Write-downs	333	368	252
32 700	**31 858**	**31 256**	**Loans to and receivables from customers**	**33 609**	**33 864**	**34 459**
			of which subordinated loan capital			
			Subordinated capital in credit institutions			
7	2	0	Other subordinated capital	0	2	7
7	**2**	**0**	**Subordinated loan capital recorded as lending**	**0**	**2**	**7**
			Of repayment loans, loans stated at fair value through profit and loss (FVO):			
525	*960*	*926*	*- Fixed-rate loans to customers, book value*	*926*	*960*	*525*
496	*934*	*887*	*- Fixed-rate loans to customers, face value*	*887*	*934*	*496*
16	*14*	*12*	*- Loans with interest-rate guarantees, book value*	*12*	*14*	*16*
16	*14*	*12*	*- Loans with interest-rate guarantees, face value*	*12*	*14*	*16*

Parent bank				Group		
2008	2009	2010	**Total commitments by risk group**	2010	2009	2008
21 437	20 826	18 950	Lowest risk	18 950	20 826	21 437
4 696	5 224	5 119	Low risk	6 368	6 510	5 770
7 058	6 631	7 167	Medium risk	8 126	7 386	7 630
1 660	1 698	1 509	High risk	1 671	1 817	1 821
1 255	1 738	1 317	Highest risk	1 317	1 738	1 255
428	618	710	Defaults	710	731	509
			Accrued interest, undistributed	15		1
36 534	**36 735**	**34 772**	**Total commitments by risk group**	**37 157**	**39 008**	**38 423**

Commitment means the customer's total commitment including guarantee ceilings and unused credit facilities.
In addition are loans approved not disbursed to a value to NOK 325 million in the Retail Division and worth NOK 439 million in the Corporate Division on 31 December 2010.
These have not been paid and are therefore not included in total commitments.

Parent bank				Konsern		
2008	2009	2010	**Gross loans by risk group**	2010	2009	2008
19 543	18 434	17 073	Lowest risk	17 073	18 434	19 543
4 193	4 608	4 610	Low risk	5 859	5 674	5 172
6 209	5 698	6 837	Medium risk	7 786	6 461	6 781
1 504	1 431	1 303	High risk	1 465	1 534	1 665
1 072	1 460	1 099	Highest risk	1 099	1 460	1 072
396	556	645	Defaults	645	669	477
			Accrued interest, undistributed	15		1
32 917	**32 187**	**31 567**	**Gross loans by risk group**	**33 942**	**34 232**	**34 711**

Parent bank				Group		
2008	2009	2010	**Individual write-downs by risk group**	2010	2009	2008
117	192	216	Defaults (own definition)	231	224	144

In the Bank's internal risk classification system, all commitments with individual write-downs are classified as defaults, regardless of external definitions of defaults (see note 2). They are not distributed into the various risk groups like the other commitments. Distribution by risk group is based on the Bank's estimation of the default probability for all customers in the loans portfolio based on objective historical data. Default probability is then used with collateral values to classify customers into the different risk categories. Customers are rescored monthly in the Bank's portfolio system.

Parent bank				Group		
2008	2009	2010	**Expected annual average net loss by risk group**	2010	2009	2008
1	1	1	Lowest risk	1	1	1
2	2	2	Low risk	2	6	5
14	12	11	Medium risk	12	16	18
7	13	12	High risk	16	17	11
27	23	21	Highest risk	21	23	27
17	26	25	Defaults	25	26	17
68	**77**	**72**	**Total expected annual average net loss by risk group**	**77**	**89**	**79**

Expected annual average net loss is the amount that the parent bank expects statistically to lose on the loans portfolio over a 12 month period. It is calculated using historical data. During boom conditions, the actual annual loss is lower than average expected loss. Similarly, in periods of recession, actual losses may be higher.

Parent bank				Group		
2008	2009	2010	**Total commitments by sector and industry**	2010	2009	2008
23 019	22 244	20 746	Private customers	21 834	23 083	23 568
27	5	3	Public sector	63	41	34
2 951	2 983	3 098	Primary industries	3 255	3 144	3 108
350	475	461	Paper and pulp industries	461	496	358
617	325	498	Other industry	646	427	708
1 296	1 231	1 021	Building and construction	1 303	1 557	1 655
91	118	109	Power and water supply	109	160	123
1 688	982	1 120	Wholesale and retail trade	1 304	1 221	1 896
223	210	220	Hotel and restaurants	220	217	232
4 274	5 648	5 075	Real estate	5 102	5 678	4 291
919	2 028	1 987	Commercial services	2 198	2 233	1 122
813	392	312	Transport and communications	525	655	1 063
113	8	29	Other	29	10	111
153	86	93	Accrued interest, undistributed	108	86	154
36 534	**36 735**	**34 772**	**Total commitments by sector and industry**	**37 157**	**39 008**	**38 423**

Parent bank				Group		
2008	2009	2010	**Gross loans by sector and industry**	2010	2009	2008
21 635	20 722	19 431	Private customers	20 512	21 584	22 184
27	5	3	Public sector	63	41	34
2 588	2 704	2 767	Primary industries	2 924	2 865	2 745
268	283	402	Paper and pulp industries	402	294	276
372	262	365	Other industry	513	336	443
880	726	755	Building and construction	1 036	985	1 212
69	94	85	Power and water supply	85	136	101
1 227	788	796	Wholesale and retail trade	980	965	1 408
196	194	202	Hotel and restaurants	202	201	205
3 994	4 439	4 725	Real estate	4 752	4 462	4 011
696	1 618	1 678	Commercial services	1 888	1 801	895
699	258	236	Transport and communications	448	468	930
113	8	29	Other	29	8	113
153	86	93	Accrued interest, undistributed	108	86	154
32 917	**32 187**	**31 567**	**Total gross loans by sector and industry**	**33 942**	**34 232**	**34 711**

Parent bank				Group		
2008	2009	2010	Individual write-downs by sector and industry	2010	2009	2008
28	44	46	Private customers	48	52	33
4	3	1	Primary industries	5	11	9
15	21	12	Paper and pulp industries	12	21	15
9	7	10	Other industry	15	12	14
1	6	28	Building and construction	29	8	3
2	1	2	Power and water supply	2	1	2
4	16	12	Wholesale and retail trade	13	17	7
8	15	16	Hotel and restaurants	16	15	8
30	46	2	Real estate	2	46	30
12	30	50	Commercial services	51	36	17
4	3	37	Transport and communications	38	5	6
117	**192**	**216**	**Total individual write-downs by sector and industry**	**231**	**224**	**144**

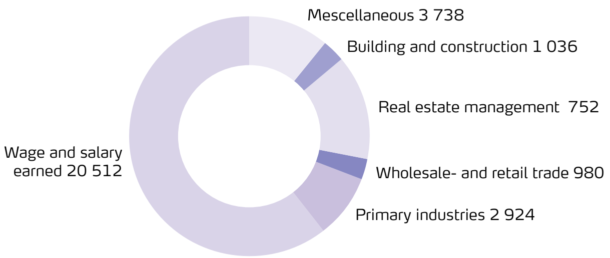
Parent bank				Group		
2008	2009	2010	Expected annual average net loss by sector and industry	2010	2009	2008
24	28	24	Private customers	26	33	29
1	5	10	Primary industries	10	5	1
			Paper and pulp industries			
3	4	6	Other industry	6	4	3
5	10	10	Building and construction	11	13	7
			Power and water supply			
7	5	4	Wholesale and retail trade	5	7	9
1	2	1	Hotel and restaurants	1	2	1
13	9	11	Real estate	11	9	13
13	8	5	Commercial services	6	10	15
1	6	1	Transport and communications	1	6	1
68	**77**	**72**	**Total expected annual average net loss by sector and industry**	**77**	**89**	**79**

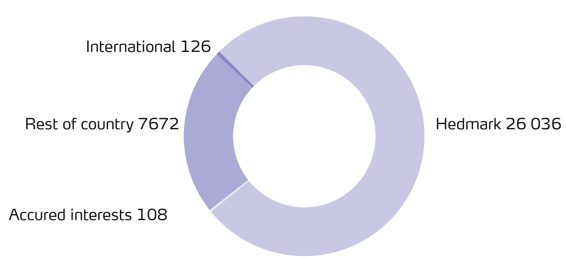
Parent bank				Group		
2008	2009	2010	Gross loans by geographic area	2010	2009	2008
26 222	25 530	24 939	Hedmark County	26 036	26 529	27 090
6 423	6 446	6 409	Rest of Norway	7 672	7 492	7 348
119	125	126	Abroad	126	125	119
153	86	93	Accrued interest, undistributed	108	86	154
32 917	**32 187**	**31 567**	**Total gross loans by geographic area**	**33 942**	**34 232**	**34 711**

Loans to employees

Parent bank				Group		
2008	2009	2010		2010	2009	2008
453	507	528	Loans to employees	604	588	527
	19	*173*	*Of which loans in SpareBank 1 Boligkreditt*	*199*	*21*	

Repayment loans are granted to employees with up to 30 years repayment period and monthly instalments. The rate of interest for repayment loans and Flexiloans for employees is 75 per cent of the lowest ordinary interest rate for private market loans and Flexiloans. The total loan amount on these terms is limited to NOK 1.5 million per individual employee.





Loans to and receivables from customers linked financial leasing agreements (Group only)	2010	2009	2008
Gross receivables linked to financial leasing agreements			
- Up to 1 year	194	206	55
- 1 to 5 years	832	762	858
- More than 5 years	87	99	146
Total gross receivables	**1 113**	**1 067**	**1 059**
Not accrued income linked to financial leasing agreements	3	3	4
Net investments linked to financial leasing agreements	1 110	1 064	1 056
Net investments in financial leasing agreements can be analysed thus:			
- Up to 1 year	194	205	53
- 1 to 5 years	829	759	857
- More than 5 years	87	99	146
Total net receivables	**1 110**	**1 064**	**1 056**

Note 14 - Distribution by age of defaulted loans not written down

The table shows amounts due on loans and overdraft facilities / deposits that are not caused by delays in payment transmission, by number of days after due date.

Parent bank

2010

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Totalt
Loans to and receivables from customers					
- Retail market	9	1		5	**15**
- Corporate market	8	16	6	11	**41**
Total	**17**	**17**	**6**	**16**	**56**

2009

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Totalt
Loans to and receivables from customers					
- Retail market	3	4	1	9	**17**
- Corporate market	6	4	8	27	**45**
Total	**9**	**8**	**9**	**36**	**62**

2008

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Totalt
Loans to and receivables from customers					
- Retail market	8	2	2	6	**18**
- Corporate market	12	3		12	**27**
Total	**20**	**5**	**2**	**18**	**45**

Group

2010

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Totalt
Loans to and receivables from customers					
- Retail market	11	1		6	**18**
- Corporate market	15	19	8	13	**55**
Total	**26**	**20**	**8**	**19**	**73**

2009

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Totalt
Loans to and receivables from customers					
- Retail market	6	8	2	12	**28**
- Corporate market	6	4	8	27	**45**
Total	**12**	**12**	**10**	**39**	**73**

2008

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	14	7	3	9	**33**
- Corporate market	12	3		12	**27**
Total	**26**	**10**	**3**	**21**	**60**

Note 15 - Losses on loans and guarantees

Parent bank										Group								
2008			2009			2010				2010			2009			2008		
RM	CM	Total	RM	CM	Total	RM	CM	Total		RM	CM	Total	RM	CM	Total	RM	CM	Total
6	28	**34**	10	71	**81**	7	33	**40**	Change in individual write-downs in the period	1	22	**23**	12	73	**85**	8	33	**41**
11	7	**18**	-1	38	**37**	9	-51	**-42**	+ Change in collective write-downs in the period	9	-51	**-42**	-1	37	**36**	12	6	**18**
3	12	**15**	3	10	**13**	5	38	**43**	+ Realised losses on commitments previously written down	21	44	**65**	9	11	**20**	7	12	**19**
9	1	**10**	13	2	**15**	8	6	**14**	+ Realised losses on commitments not previously written down	10	3	**13**	13	3	**16**	10	1	**11**
7	4	**11**	7	3	**10**	6	1	**7**	- Recoveries on loans and guarantees previously written down	7	2	**9**	7	4	**11**	8	5	**13**
22	**44**	**66**	**18**	**118**	**136**	**23**	**25**	**48**	**Total losses on loans and guarantees**	**34**	**16**	**50**	**26**	**120**	**146**	**29**	**47**	**76**

2008			2009			2010				2010			2009			2008		
RM	CM	Total	RM	CM	Total	RM	CM	Total	**Individual write-downs**	RM	CM	Total	RM	CM	Total	RM	CM	Total
22	68	**90**	28	93	**121**	37	157	**194**	Individual write-downs to cover losses on loans and guarantees at 1 January	45	181	**226**	33	115	**148**	22	90	**112**
3	12	**15**	3	10	**13**	5	39	**44**	Realised losses in the period on loans and guarantees previously written down individually	13	53	**66**	4	16	**20**	7	17	**24**
4	13	**17**	5	19	**24**	4	16	**20**	Reversal of write-downs in previous years	5	21	**26**	5	27	**32**	4	13	**17**
5	13	**18**	1	26	**27**	1	11	**12**	Increase in write-downs on commitments previously written down individually	1	13	**14**	1	30	**31**	5	17	**22**
8	37	**45**	16	67	**83**	12	67	**79**	Write-downs on commitments not previously written down individually	15	73	**88**	20	79	**99**	11	44	**55**
28	**93**	**121**	**37**	**157**	**194**	**41**	**180**	**221**	**Individual write-downs to cover losses on loans and guarantees at 31 December *)**	**43**	**193**	**236**	**45**	**181**	**226**	**27**	**121**	**148**

*) Guarantee provisions are included under "Other liabilities" in the balance sheet and at 31 December amounted to NOK 5 million. The corresponding figures in 2009 and 2008 are NOK 2 million and NOK 4 million.

2008			2009			2010				2010			2009			2008		
RM	CM	Total	RM	CM	Total	RM	CM	Total	**Collective write-downs**	RM	CM	Total	RM	CM	Total	RM	CM	Total
16	66	**82**	27	73	**100**	26	111	137	Collective write-downs to cover losses on loans and guarantees at 1 January	29	115	**144**	29	79	**108**	19	71	**90**
11	7	**18**	-1	38	**37**	9	-51	-42	Collective write-downs to cover losses on loans and guarantees in the period	9	-51	**-42**		36	**36**	10	8	**18**
27	**73**	**100**	**26**	**111**	**137**	**35**	**60**	**95**	**Collective write-downs to cover losses on loans and guarantees at 31 December**	**38**	**64**	**102**	**29**	**115**	**144**	**29**	**79**	**108**

Parent bank 2008	2009	2010	Losses by sector and industry	Group 2010	2009	2008
10	26	13	Private customers	14	29	11
0	0	0	Public sector	0	-1	0
1	0	1	Primary industries	0	4	4
4	4	5	Paper and pulp industries	5	4	4
1	0	4	Other industry	4	-1	0
1	9	29	Building and construction	28	11	3
0	5	0	Power and water supply	2	5	0
0	7	4	Wholesale and retail trade	3	7	2
9	6	2	Hotel and restaurants	2	6	9
17	17	13	Real estate	13	17	17
4	20	19	Commercial services	22	22	6
1	5	0	Transport and communications	0	7	1
0	0	0	Other	0	0	1
18	37	-42	Collective write-downs	-43	36	18
66	**136**	**48**	**Losses on loans to customers**	**50**	**146**	**76**

Parent bank 2006	2007	2008	2009	2010	Defaulted (more than 90 days) and doubtful commitments	Group 2010	2009	2008	2007	2006
350	182	243	453	344	Defaulted commitments	390	518	286	278	398
165	149	179	234	434	Other doubtful commitments	441	247	202	208	180
515	**331**	**422**	**687**	**778**	**Total defaulted and doubtful commitments**	**831**	**765**	**488**	**486**	**578**
142	90	121	194	221	Individual write-downs	236	226	148	112	161
373	**241**	**301**	**493**	**557**	**Net defaulted and doubtful commitments**	**595**	**539**	**340**	**374**	**417**
24	17	27	35	**41**	**Interest income from written-down loans charged to income**	**41**	35	27	17	24

Commitment means the customer's total commitment including guarantee ceilings and unused credit facilities.

Note 16 - Credit risk exposure for each internal risk rating

Sparebanken Hedmark uses its own classification system that it uses to monitor credit risk in the portfolio. Categorisation into risk classes is based on each individual commitment's probability of default: In addition to default probability, the Bank uses estimated value of collateral (collateral classes) in its classification of customers. Customers are categorised into different risk groups on the basis of default probability and collateral class.

Parent bank	Average unsecured exposure (%) 2010	Total commitment 2010	Average unsecured exposure (%) 2009	Total commitment 2009	Average unsecured exposure (%) 2008	Total commitment 2008
Lowest risk	2,78	18 950	2,88	20 826	1,04	21 437
Low risk	12,84	5 119	10,60	5 224	9,20	4 696
Medium risk	15,12	7 167	18,18	6 631	17,07	7 058
High risk	25,97	1 509	16,22	1 698	11,80	1 660
Highest risk	28,17	1 317	28,13	1 738	28,48	1 255
Defaulted and written down	34,21	710	28,16	618	15,13	428
Total	**9,41**	**34 772**	**8,98**	**36 735**	**6,78**	**36 534**

Group	Average unsecured exposure (%) 2010	Total commitment 2010	Average unsecured exposure (%) 2009	Total commitment 2009	Average unsecured exposure (%) 2008	Total commitment 2008
Lowest risk	2,78	18 950	2,88	20 826	1,04	21 437
Low risk	13,22	6 368	8,54	6 510	7,54	5 757
Medium risk	13,47	8 141	16,09	7 499	15,79	7 644
High risk	23,75	1 671	15,18	1 817	10,34	1 902
Highest risk	28,17	1 317	28,13	1 738	28,48	1 255
Defaulted and written down	34,21	710	28,16	618	15,13	428
Total	**9,35**	**37 157**	**8,46**	**39 008**	**6,46**	**38 423**

Average unsecured exposure is calculated on the basis of average security coverage in each collateral class.
Sparebanken Hedmark's policy is that a conservative evaluation of collateral security shall be used as a main principle.
The Bank has an unsecured credit card portfolio, which is included in this table.

Note 17 - Maximum credit risk exposure, not taking into account assets pledged as security

The table below shows maximum exposure to credit risk.
Exposure is shown gross before any assets pledged as security or permitted off-sets.

Parent bank 2008	Parent bank 2009	Parent bank 2010		Group 2010	Group 2009	Group 2008
			ASSETS			
1 724	964	882	Cash and deposits with central banks	882	964	1 724
1 758	1 798	2 054	Loans to and receivables from credit institutions	57	152	329
32 917	32 187	31 567	Gross loans to and receivables from customers	33 942	34 232	34 711
-117	-192	-95	- Individual write-downs	-231	-224	-144
-100	-137	-216	- Write-downs of groups of loans	-102	-144	-108
32 700	31 858	31 256	Net loans to and receivables from customers	33 609	33 864	34 459
3 000	4 180	4 531	Certificates, bonds and fixed-income funds	4 531	4 180	3 000
668	295	270	Financial derivatives	270	295	668
39 850	**39 095**	**38 993**	**Credit risk exposure, balance sheet**	**39 349**	**39 455**	**40 180**
			Liabilities			
750	708	627	Contingent liabilities (guarantees provided)	557	638	692
2 888	3 840	2834	Unutilised credit lines	2 680	3 840	2 888
	578	764	Loans approved not disbursed	764	578	
3 638	**5 126**	**4 225**	**Total financial guarantees**	**4 001**	**5 056**	**3 580**
43 488	**44 221**	**43 218**	**Total credit risk exposure**	**43 350**	**44 511**	**43 760**

Credit risk exposure on financial assets distributed by geographic area

Parent bank 2008	2009	2010		Group 2010	2009	2008
			Banking activities			
30 546	31 265	30 283	Hedmark	29 159	30 399	29 885
9 148	8 520	8 200	Rest of Norway	9 463	9 730	10 137
168	189	152	Abroad	152	189	168
-217	-329	-311	Provisions for losses, undistributed	-333	-368	-252
161	86	93	Accrued interest, undistributed	108	86	154
39 806	**39 731**	**38 417**	**Total banking activities**	**38 549**	**40 036**	**40 092**
			Financial market activities			
2 047	3 039	3 554	Norway	3 554	3 039	2 047
1 380	1 146	968	Europe and Australia	968	1 146	1 380
241	290	279	USA	279	290	241
3 668	**4 475**	**4 801**	**Total financial market activities**	**5 160**	**4 475**	**3 668**
43 474	**44 206**	**43 218**	**Total distributed by geographic area**	**43 350**	**44 511**	**43 760**

Note 18 - Credit quality per class of financial assets

Parent bank

		Neither defaulted nor written down						
2010	**Notes**	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**	**Defaulted or individually written down**	**Sum**
Loans to and receivables from credit institutions	12	2 054						**2 054**
Gross loans to and receivables from customers								
Retail market	13	12 377	3 057	2 516	286	352	211	**18 799**
Corporate market	13	4 070	1 416	4 229	1 002	736	355	**11 808**
Gross loans to and receivables from customers and credit institutions classified as financial assets at fair value through profit and loss on initial recognition								
Retail market	13	519	93	58	6	5	8	**689**
Corporate market	13	107	44	34	9	6	71	**271**
Total gross lending		**19 127**	**4 610**	**6 837**	**1 303**	**1 099**	**645**	**33 621**
Financial investments								
Certificates, bonds and fixed-income funds	19	1 877	1 886	724	38	6		**4 531**
Total financial investments		**1 877**	**1 886**	**724**	**38**	**6**		**4 531**
Total lending-related assets		**21 004**	**6 496**	**7 561**	**1 341**	**1 105**	**645**	**38 152**

Parent bank 2009	Notes	Neither defaulted nor written down: Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Sum
Loans to and receivables from credit institutions	12	1 798						**1 798**
Gross loans to and receivables from customers								
Retail market	13	13 753	3 007	2 444	337	286	189	**20 016**
Corporate market	13	3 984	1 470	3 172	1 079	1 155	288	**11 148**
Gross loans to and receivables from customers and credit institutions classified as financial assets at fair value through profit and loss on initial recognition								
Retail market	13	606	94	43	3	3	14	**762**
Corporate market	13	92	37	39	12	16	65	**261**
Total gross lending		**20 232**	**4 608**	**5 698**	**1 431**	**1 460**	**556**	**33 985**
Financial investments								
Certificates, bonds and fixed-income funds	19	1 268	2 129	745	38			**4 180**
Total financial investments		**1 268**	**2 129**	**745**	**38**	**0**		**4 180**
Total lending-related assets		**21 500**	**6 737**	**6 443**	**1 469**	**1 460**	**556**	**38 165**

Parent bank 2008	Notes	Neither defaulted nor written down: Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Sum
Loans to and receivables from credit institutions	12	1 751						**1 751**
Gross loans to and receivables from customers								
Retail market	13	14 592	3 085	2 811	419	317	148	**21 372**
Corporate market	13	4 705	1 007	3 271	1 069	731	189	**10 972**
Gross loans to and receivables from customers and credit institutions classified as financial assets at fair value through profit and loss on initial recognition								
Retail market	13	184	79	80	13	7	1	**364**
Corporate market	13	62	22	47	3	17	58	**209**
Total gross lending		**21 294**	**4 193**	**6 209**	**1 504**	**1 072**	**396**	**34 668**
Financial investments								
Certificates and bonds	19	1 351	825	754	46	24		**3 000**
Total financial investments		**1 351**	**825**	**754**	**46**	**24**	**0**	**3 000**
Total lending-related assets		**22 645**	**5 018**	**6 936**	**1 550**	**1 096**	**396**	**37 668**

Group 2010	Notes	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Sum
		Neither defaulted nor written down						
Loans to and receivables from credit institutions	12	57						**57**
Gross loans to and receivables from customers								
Retail market	13	12 377	3 481	3 167	286	375	211	**19 897**
Corporate market	13	4 070	2 234	4 549	1 052	825	355	**13 085**
Gross loans to and receivables from customers and credit institutions classified as financial assets at fair value through profit and loss on initial recognition								
Retail market	13	519	93	58	6	5	8	**689**
Corporate market	13	107	44	34	9	6	71	**271**
Total gross lending		**17 130**	**5 852**	**7 808**	**1 353**	**1 211**	**645**	**33 999**
Financial investments								
Certificates, bonds and fixed-income funds	19	1 877	1 886	724	38	6		**4 531**
Total financial investments		**1 877**	**1 886**	**724**	**38**	**6**		**4 531**
Total lending-related assets		**19 007**	**7 738**	**8 532**	**1 391**	**1 217**	**645**	**38 530**

Group 2009	Notes	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Sum
		Neither defaulted nor written down						
Loans to and receivables from credit institutions	12	152						**152**
Gross loans to and receivables from customers								
Retail market	13	13 753	3 338	2 935	353	286	213	**20 878**
Corporate market	13	3 984	2 204	3 429	1 182	1 155	377	**12 331**
Gross loans to and receivables from customers and credit institutions classified as financial assets at fair value through profit and loss on initial recognition								
Retail market	13	605	94	43	3	3	14	**762**
Corporate market	13	92	37	39	12	16	65	**261**
Total gross lending		**18 586**	**5 673**	**6 446**	**1 550**	**1 460**	**669**	**34 384**
Financial investments								
Certificates, bonds and fixed-income funds	19	1 268	2 129	745	38			**4 180**
Total financial investments		**1 268**	**2 129**	**745**	**38**	**0**	**0**	**4 180**
Total lending-related assets		**19 854**	**7 802**	**7 191**	**1 588**	**1 460**	**669**	**38 564**

Group 2008	Notes	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Sum
		Neither defaulted nor written down						
Loans to and receivables from credit institutions	12	322						**322**
Gross loans to and receivables from customers								
Retail market	13	14 592	3 306	3 127	419	317	168	**21 929**
Corporate market	13	4 705	1 765	3 528	1 160	731	320	**12 209**
Gross loans to and receivables from customers and credit institutions classified as financial assets at fair value through profit and loss on initial recognition								
Retail market	13	184	79	80	13	7	1	**364**
Corporate market	13	62	22	47	3	17	58	**209**
Total gross lending		**19 865**	**5 172**	**6 782**	**1 595**	**1 072**	**547**	**35 033**
Financial investments								
Certificates, bonds and fixed-income funds	19	1 351	825	754	46	24		**3 000**
Total financial investments		**1 351**	**825**	**754**	**46**	**24**	**0**	**3 000**
Total lending-related assets		**21 216**	**5 997**	**7 536**	**1 641**	**1 096**	**547**	**38 033**

From 2009, the Bank is using a new risk classification method. The changes are the result of a validation of the risk classification method. The validation found that showed that the probability of loss was set too high in the retail segment and too low in the corporate segment. Prior to 2009, probability of loss alone determined classification. Since 2009, collateral class is also included as a factor in the classification model. The changes to the model have entailed an increase in the percentage of very low risk investments in the retail market, and a corresponding decrease in the same category in the corporate market.
The classification of financial investments into various risk groups has been based on ratings from Standard & Poor's, Moody's, Fitch or DnB Nor Markets, according to the conversion table below. A small number of issues have not been officially rated by the rating agencies or DnB NOR Markets.

Markets. In 2010, these amount to NOK 313 million, consisting of one municipal certificate (NOK 50 mill), one bond with the county administration (NOK 50 million) and holdings in two money market funds (NOK 213 million). The Bank has classified the public issuers in the lowest risk group, using discretionary judgement. The fixed-income funds are invested in bank securities with minimum rating BBB and are thus classified in the category medium risk.

Credit quality	**Rating (using Standard & Poor's system)**			
Lowest risk	AAA	AA+	AA	AA-
Low risk	A+	A	A-	
Medium risk	BBB+	BBB	BBB-	
High risk	BB+	BB	BB-	
Highest risk	B+ or lower			

Note 19 - Certificates, bonds and fixed-income funds

All figures are identical for the parent bank and the Group.

Certificates, bonds and fixed-income funds by sector of issuers	2010	2009	2008
Government			
- *nominal value*	50		
- *fair value*	54		
Other public sector issuers			
- *nominal value*	150	190	51
- *fair value*	149	190	51
Finansielle foretak			
- *nominal value*	3 569	2 918	2 450
- *fair value*	3 600	2 937	2 272
Ikke-finansielle foretak			
- *nominal value*	738	1 059	747
- *fair value*	728	1 053	677
Total fixed-income papers, nominal value	**4 507**	**4 167**	**3 248**
Total fixed-income papers at fair value	**4 531**	**4 180**	**3 000**

Fair value is presented including accrued interest (dirty price). Accrued interest amounts to NOK 44 million in 2010, NOK 38 million in 2009 and NOK 34 million in 2008.
See note 18 for a more detailed specification of risk linked to fixed-income funds.

Note 20 - Financial derivatives

For 2010 financial derivatives are presented including accrued interest (dirty price). For comparable figures from 2008 and 2009, accrued interest has only been included in the summation table at the end of this note.

All figures are identical for the parent bank and the Group.

Assessment at fair value through profit and loss	2010		
	Contract sum	Fair value	
Currency instruments		Assets	Liabilities
Currency forward contracts	1 773	58	44
Currency swaps	1 738	4	37
Total currency instruments	3 511	62	81
Interest rate instruments			
Interest rate swaps (including currency swaps)	8 486	198	122
Other interest rate contracts	1 130	10	
Total interest rate instruments	9 616	208	122
Other derivatives			
Guarantee liability in respect of Eksportfinans ASA	67		12
Total currency and interest rate instruments			
Total currency instruments	**3 511**	**62**	**81**
Total interest rate instruments	**9 616**	**208**	**122**
Total other derivatives	**67**	**0**	**12**
Total	**13 194**	**270**	**215**

Assessment at fair value through profit and loss	2009			2008		
	Contract sum	Fair value		Contract sum	Fair value	
Currency instruments		**Assets**	**Liabilities**		**Assets**	**Liabilities**
Currency forward contracts	2 569	21	35	2 834	177	145
Currency swaps	1 480	15	5	2 235	8	106
Total currency instruments	4 049	36	40	5 069	185	251
Interest rate instruments						
Interest rate swaps (including currency swaps)	7 779	95	99	8 085	319	114
Forward Rate Agreements (FRA)				300	1	1
Other interest rate contracts	1 133	6	1	1 327	9	5
Total interest rate instruments	8 912	101	100	9 712	329	120
Other derivatives						
Guarantee liability in respect of Eksportfinans ASA	67		13	67		35
Total currency and interest rate instruments						
Total currency instruments	**4 049**	**36**	**40**	**5 069**	**185**	**251**
Total interest rate instruments	**8 912**	**101**	**100**	**9 712**	**329**	**120**
Accrued interest (2008–2009)		**158**	**41**		**154**	**86**
Total other derivatives	**67**	**0**	**13**	**67**	**0**	**35**
Total	**13 028**	**295**	**194**	**14 848**	**668**	**492**

Note 21 - Shares, units and other equity interests

Shares, units and other equity interests are classified in compliance with IAS 39 as either financial assets held for trading (HFT) or financial assets available for sale (AFS).

All figures are identical for the parent bank and the Group.

	2010	2009	2008
At fair value through profit and loss	5	76	43
- Listed	*5*	*76*	*43*
Available for sale	**354**	**458**	**367**
- Listed	*97*	*69*	*72*
- Unlisted	*257*	*389*	*295*
Total shares and units	**359**	**534**	**410**
Total listed companies	**102**	**145**	**115**
Total unlisted companies	**257**	**389**	**295**

2010 **Listed companies**	**Classification**	**Percentage ownership (%)**	**No. of shares (number)**	**Cost of acquisition (NOK thousands)**	**Market value / book value (NOK thousands)**
Visa Inc.	AFS	0,0 %	13 710	5 891	7 019
Total listed shares				**5 891**	**7 019**
SpareBank 1 Nøtterøy-Tønsberg	HFT	4,7 %	50 500	5 555	4 848
Sparebanken Møre	AFS	0,4 %	29 999	6 909	6 210
Totens Sparebank	AFS	19,9 %	860 966	86 033	83 514
Total listed equity certificates				**98 497**	**94 572**
Total listed shares and equity certificates				**104 388**	**101 591**
Unlisted companies					
Argo ProAktiv	AFS		100 000	10 000	10 987
Eiendomskreditt	AFS	2,0 %	32 510	3 446	4 616
Eksportfinans	AFS	1,3 %	3 499	52 127	64 732
Nets Holding	AFS	1,4 %	2 591 201	112 312	127 126
Nordito Property	AFS	3,1 %	313 715	10 666	8 534
Norgesinvestor IV	AFS	1,7 %	62 000	6 200	6 212
Norgesinvestor Opportunities	AFS	6,4 %	80 000	8 000	10 064
Norgesinvestor Pro	AFS	10,9 %	150 000	15 000	20 690
Scanpole Norge	AFS	11,4 %	70 434	7 436	1 500
Other	AFS			9 787	2 559
Total unlisted shares and units				**234 974**	**257 020**
Total shares, units and equity certificates				**339 362**	**358 611**

Note 22 - Classification of financial instruments

Parent bank

2010	Held for trading (Financial investments at fair value through profit and loss)	To be recognised at fair value (Financial investments at fair value through profit and loss)	Financial investments held to maturity	Financial instruments assessed at amortised cost	Total
Assets					
Cash and deposits with central banks				995	995
Loans to and receivables from credit institutions				2 054	2 054
Gross loans to and receivables from customers		932		30 635	31 567
- Individual write-downs				-216	-216
- Write-downs of groups of loans				-95	-95
Net loans to and receivables from customers	0	932	0	30 324	31 256
Certificates, bonds and fixed-income funds		4 531			4 531
Financial derivatives	270				270
Shares, units and other equity interests	5		354		359
Total assets	**275**	**5 463**	**354**	**33 373**	**39 465**
Liabilities					
Deposits from and liabilities to credit institutions				3 837	3 837
Deposits from and liabilities to customers		452		23 756	24 208
Liabilities arising from issuance of securities		7 430			7 430
Financial derivatives	215				215
Total liabilities	**215**	**7 882**	**0**	**27 593**	**35 690**

Group

2010	Held for trading (Financial investments at fair value through profit and loss)	To be recognised at fair value (Financial investments at fair value through profit and loss)	Financial investments held to maturity	Financial instruments assessed at amortised cost	Total
Assets					
Cash and deposits with central banks				995	995
Loans to and receivables from credit institutions				57	57
Gross loans to and receivables from customers		932		33 010	33 942
- Individual write-downs				-231	-231
- Write-downs of groups of loans				-102	-102
Net loans to and receivables from customers	0	932	0	32 677	33 609
Certificates, bonds and fixed-income funds		4 531			4 531
Financial derivatives	270				270
Shares, units and other equity interests	5		354		359
Total assets	**275**	**5 463**	**354**	**33 729**	**39 821**
Liabilities					
Deposits from and liabilities to credit institutions				3 836	3 836
Deposits from and liabilities to customers		452		23 631	24 083
Liabilities arising from issuance of securities		7 430			7 430
Financial derivatives	215				215
Total liabilities	**215**	**7 882**	**0**	**27 467**	**35 564**

Parent bank

2009	Financial investments at fair value through profit and loss: Held for trading	Financial investments at fair value through profit and loss: To be recognised at fair value	Financial investments held to maturity	Financial instruments assessed at amortised cost	Total
Assets					
Cash and deposits with central banks				1 081	1 081
Loans to and receivables from credit institutions				1 798	1 798
Gross loans to and receivables from customers		974		31 213	32 187
- Individual write-downs				-192	-192
- Write-downs of groups of loans				-137	-137
Net loans to and receivables from customers	0	974	0	30 884	31 858
Certificates, bonds and fixed-income funds		4 180			4 180
Financial derivatives	295				295
Shares, units and other equity interests	76		458		534
Total assets	**371**	**5 154**	**458**	**33 763**	**39 746**
Liabilities					
Deposits from and liabilities to credit institutions				5 109	5 109
Deposits from and liabilities to customers		319		22 868	23 187
Liabilities arising from issuance of securities		7 487			7 487
Financial derivatives	194				194
Total liabilities	**194**	**7 806**	**0**	**27 977**	**35 977**

Group

2009	Financial investments at fair value through profit and loss: Held for trading	Financial investments at fair value through profit and loss: To be recognised at fair value	Financial investments held to maturity	Financial instruments assessed at amortised cost	Total
Assets					
Cash and deposits with central banks				1 081	1 081
Loans to and receivables from credit institutions				152	152
Gross loans to and receivables from customers		974		33 258	34 232
- Individual write-downs				-224	-224
- Write-downs of groups of loans				-144	-144
Net loans to and receivables from customers	0	974	0	32 890	33 864
Certificates, bonds and fixed-income funds		4 180			4 180
Financial derivatives	295				295
Shares, units and other equity interests	76		458		534
Total assets	**371**	**5 154**	**458**	**34 123**	**40 106**
Liabilities					
Deposits from and liabilities to credit institutions				5 108	5 108
Deposits from and liabilities to customers		319		22 762	23 081
Liabilities arising from issuance of securities		7 487			7 487
Financial derivatives	194				194
Total liabilities	**194**	**7 806**	**0**	**27 870**	**35 870**

Parent bank	Financial investments at fair value through profit and loss				
2008	**Held for trading**	**To be recognised at fair value**	**Financial investments held to maturity**	**Financial instruments assessed at amortised cost**	**Total**
Assets					
Cash and deposits with central banks				1 854	1 854
Loans to and receivables from credit institutions				1 758	1 758
Gross loans to and receivables from customers		533		32 384	32 917
- Individual write-downs				-117	-117
- Write-downs of groups of loans				-100	-100
Net loans to and receivables from customers	0	533	0	32 167	32 700
Certificates, bonds and fixed-income funds		3 000			3 000
Financial derivatives	668				668
Shares, units and other equity interests	43		367		410
Total assets	**711**	**3 533**	**367**	**35 779**	**40 390**
Liabilities					
Deposits from and liabilities to credit institutions				4 778	4 778
Deposits from and liabilities to customers		1 031		21 471	22 502
Liabilities arising from issuance of securities		9 437			9 437
Financial derivatives	492				492
Total liabilities	**492**	**10 468**	**0**	**26 249**	**37 209**

Group	Financial investments at fair value through profit and loss				
2008	**Held for trading**	**To be recognised at fair value**	**Financial investments held to maturity**	**Financial instruments assessed at amortised cost**	**Total**
Assets					
Cash and deposits with central banks				1 854	1 854
Loans to and receivables from credit institutions				329	329
Gross loans to and receivables from customers		533		34 178	34 711
- Individual write-downs				-144	-144
- Write-downs of groups of loans				-108	-108
Net loans to and receivables from customers	0	533	0	33 926	34 459
Certificates, bonds and fixed-income funds		3 000			3 000
Financial derivatives	668				668
Shares, units and other equity interests	43		367		410
Total assets	**711**	**3 533**	**367**	**36 109**	**40 720**
Liabilities					
Deposits from and liabilities to credit institutions				4 775	4 775
Deposits from and liabilities to customers		1 031		21 367	22 398
Liabilities arising from issuance of securitie		9 437			9 437
Financial derivatives	492				492
Total liabilities	**492**	**10 468**	**0**	**26 142**	**37 102**

Note 23 - Determination of fair value of financial instruments

With effect from 1 January 2009, the Group has implemented the changes in IFRS 7 linked to financial instruments assessed at fair value on balance sheet day.
The changes require presentation of the fair value measurements per level using the following levels for measuring fair value (dirty price):

- Level 1: Quoted prices for similar asset or liability on an active market
- Level 2: Valuation based on other observable factors either direct (price) or indirect (deduced from prices) than the quoted price (used on level 1) for the asset or liability
- Level 3: Valuation based on factors not based on observable market data (non-observable inputs)

All figures are identical for the parent bank and the Group

2010

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- Derivatives		270		270
- Bonds, certificates and fixed-income funds		4 531		4 531
- Equity instruments	5			5
- Fixed-rate loans		926		926
- Loans with interest-rate guarantees			12	12
Financial assets available for sale				
- Equity instruments	97	11	246	354
Total assets	**102**	**5 737**	**258**	**6 097**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- Derivatives		204	12	215
- Securities issued		7 430		7 430
- Fixed-rate deposits		452		452
Total liabilities	**0**	**8 086**	**12**	**8 098**

2009

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- Derivatives		295		295
- Bonds, certificates and fixed-income funds		4 180		4 180
- Equity instruments	76			76
- Fixed-rate loans		960		960
- Loans with interest-rate guarantees			14	14
Financial assets available for sale				
- Equity instruments	69		389	458
Total assets	**145**	**5 435**	**403**	**5 984**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- Derivatives		182	13	194
- Securities issued		7 487		7 487
- Fixed-rate deposits		25		25
- Market-linked certificates of deposit (BMA)			2	2
Total liabilities	**0**	**7 693**	**15**	**7 708**

Fair value of financial instruments traded on active markets is based on the market value on the balance sheet day. A market is considered active if the market prices are easily and regularly available from a stock exchange, dealer, broker, industrial group, pricing service or regulatory authority and these prices represent actual and regularly occurring arm's-length market transactions. The market price used for financial assets is the current purchase price; for financial liabilities the current selling price is used.
Instruments included in level 1 include only equity instruments listed on Oslo Børs or the New York Stock Exchange, classified as held for trading or available for sale.

Fair value value of financial instruments that are not traded in an active market (such as individual OTC derivatives) is determined using valuation methods. These valuation methods make maximum use of observable data where available and try to avoid using the Group's own estimates. If all the significant data required to determine the fair value of an instrument is observable data, the instrument is included in level 2.

If one or more important inputs required to determine the fair value of an instrument are is observable market data, the instrument is included in level 3.

Valuation methods used to determine the value of financial instruments include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.
- Fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated future cash flow based on observable yield curves, including an indicated credit spread on issuers from a recognised broker a reputable brokerage firms or Reuters pricing service.
- Fair value of fixed-rate deposits and loans is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus an implicit mark-up calculated as the difference between the reference rate and the interest rate indicated by the Bank's price list on balance sheet day.
- Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

The table below presents the changes in value of the instruments classified in level 3:

2010	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
Opening balance	14	389	-13	-2	**388**
Investments in the period		125			**125**
Sales / redemption in the period	-2	-318		2	**-318**
Gains / losses recognised through profit and loss		106	1		**107**
Gains / losses recognised directly against comprehensive income		-56			**-56**
Closing balance	12	246	-12	0	**246**
Gains / losses for the period included in the profit for assets owned on the balance sheet day		111	1		**112**

The table below presents the changes in value of the instruments classified in level 3:

2009	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
Opening balance	16	295	-35	-2	**274**
Investments in the period		160			**160**
Sales / redemption in the period	-2	-139			**-141**
Gains / losses recognised through profit and loss		-6	22		**15**
Gains / losses recognised directly against comprehensive income		79			**79**
Closing balance	14	389	-13	-2	**388**
Gains / losses for the period included in the profit for assets owned on the balance sheet day		3	22		**25**

Note 24 - Information about fair value

Parent bank	Book value 31.12.10	Fair value 31.12.10	Book value 31.12.09	Fair value 31.12.09	Book value 31.12.08	Fair value 31.12.08
ASSETS						
Loans to and receivables from credit institutions	2 054	2 054	1 798	1 798	1 758	1 758
Net loans to and receivables from customers						
RM	19 251	19 251	20 485	20 485	21 761	21 761
CM	12 005	12 005	11 373	11 373	10 939	10 939
Securities	4 890	4 890	4 713	4 713	3 410	3 410
Derivatives	270	270	295	295	668	668
Total financial assets	**38 470**	**38 470**	**38 664**	**38 664**	**38 536**	**38 536**
LIABILITIES						
Liabilities to credit institutions	3 837	3 837	5 109	5 109	4 778	4 778
Deposits from and liabilities to customers	24 208	24 208	23 187	23 187	22 502	22 502
Liabilities arising from issuance of securities	7 430	7 430	7 487	7 487	9 437	9 437
Derivatives	215	215	194	194	492	492
Total financial liabilities	**35 690**	**35 690**	**35 977**	**35 977**	**37 209**	**37 209**

Group	Book value 31.12.10	Fair value 31.12.10	Book value 31.12.09	Fair value 31.12.09	Book value 31.12.08	Fair value 31.12.08
ASSETS						
Loans to and receivables from credit institutions	57	57	152	152	329	329
Net loans to and receivables from customers						
RM	20 332	20 332	21 589	21 589	22 314	22 314
CM	13 277	13 277	12 275	12 275	12 145	12 145
Securities	4 890	4 890	4 713	4 713	3 410	3 410
Derivatives	270	270	295	295	668	668
Total financial assets	**38 826**	**38 826**	**39 024**	**39 024**	**38 866**	**38 866**
LIABILITIES						
Liabilities to credit institutions	3 837	3 837	5 108	5 108	4 775	4 775
Deposits from and liabilities to customers	24 083	24 083	23 081	23 081	22 398	22 398
Liabilities arising from issuance of securities	7 430	7 430	7 487	7 487	9 437	9 437
Derivatives	215	215	194	194	492	492
Total financial liabilities	**35 565**	**35 565**	**35 870**	**35 870**	**37 102**	**37 102**

General

Financial instruments assessed at fair value

Financial instruments – with the exception of loans to and deposits from customers with floating rates of interest, and debts to credit institutions – are assessed at fair value For a more detailed description, see notes 2 and 4.

Financial instruments assessed at amortised cost

Financial instruments that are not assessed at fair value are recognised at amortised cost. See note 2 for a more detailed description. Amortised costs entails assessing balance sheet items after originally agreed cash flows and, as applicable, adjusted for write-downs.

Assessment at fair value will always be subject to uncertainty.

Assessment at fair value of items recognised at amortised cost In connection with assessment at fair value of items recognised at amortised cost, we divide items into the following categories: loans to and receivables from credit institutions, loans to retail and corporate customers, deposits from and liabilities to customers, and liabilities to credit institutions.

Differing pricing methods are used for loans to customers and loans to credit institutions. Below is a summary of the various pricing models for the different categories:

- Loans to and receivables from credit institutions are priced using NIBOR.

- Loans to retail market customers are priced using floating and fixed customer interest rates.

- Loans to corporate market customers are priced using floating and fixed customer interest rates, and a number of loans are priced using NIBOR.

All fixed-rate loans are recognised at fair value in the Bank's accounts.

It is the Bank's view that loans in the retail market with floating interest rates always have a fair market price. Loans in the corporate market floating interest rates are also deemed to have a fair market price on the balance sheet date. The justification for this is that floating interest is subject to continuous assessment and adjustment to the interest rates in the capital market and changes in the competition situation.

On 31 December 2010, NIBOR loans worth a total of NOK 7,026 million (to corporate customers and credit institutions) have been included with different margins and different intervals for adjustment of interest rate. Of these loans, roughly NOK 800 million has a margin with a fixed lock-in period. Together, this portfolio is deemed to have the correct market price. The other NIBOR loans can be renegotiated.

The Bank strives to ensure that these loans have a fair market price at all times.

Liabilities to credit institution and deposits to customers

For deposits to customers and liabilities to credit institutions, fair value is estimated to be equal to book value, since they generally have floating rates of interest. In the light of these assessments, there is no difference between book value and real value in the table above.

Note 25 - Investments in subsidiaries, associates and joint ventures

Company	Date of acquisition	Registered office	Stake stake
Investments in subsidiaries			
Shares owned by the parent bank			
Hedmark Eiendom AS	1988	Hamar, Norway	100,00%
SpareBank 1 Finans Østlandet AS	1995	Hamar, Norway	100,00%
Meglereiendom AS	2008	Hamar, Norway	100,00%
Vato AS	1981	Hamar, Norway	100,00%
Shares owned by subsidiaries			
Sørum & Søberg AS	2008	Hamar, Norway	100,00%
IInvestments in associated companies			
Bank 1 Oslo AS	2010	Oslo, Norway	12,00%
SpareBank 1 Boligkreditt AS	2007	Stavanger, Norway	8,72%
Fageråsen Invest AS	2006	Trysil, Norway	36,00%
Engerdal Høvleribygg AS	1995	Engerdal, Norway	20,00%
Investments in joint ventures			
Torggt 22 AS	2001	Hamar, Norway	50,00%
BN Bank ASA (sold 2009)	2008	Trondheim, Norway	15,00%
SpareBank 1 Gruppen AS	2006	Oslo, Norway	12,00%
SpareBank 1 Utvikling DA	2006	Oslo, Norway	11,30%

Shares in subsidiaries parent bank

Investments are recognised at cost in the parent bank. The figures are fully consolidated in the consolidated financial statements.

2010	The company's share capital	No. of shares	Assets	Liabilities	Total income	Total expenses	The company´s annual profit / loss	Book value 2010
SpareBank 1 Finans Østlandet AS	285	285 000	2 438	2 118	83	38	31	285
Total investments in credit institutions			**2 438**	**2 118**	**83**	**38**	**31**	**285**
Hedmark Eiendom AS	0,5	500	124	117	55	48	5	8
Meglereiendom AS	0,2	100	4	0	3	0	3	3
Vato AS	0,6	352	11	0	2	2	0	9
Total investments in other subsidiaries			**139**	**117**	**60**	**50**	**8**	**20**
Total investments in Group companies parent bank			**2 577**	**2 235**	**143**	**88**	**39**	**305**

2009	The company's share capital	No. of shares	Assets	Liabilities	Total income	Total expenses	The company´s annual profit/ loss	Book value 2009
SpareBank 1 Finans Østlandet AS	285,0	285 000	2 087	1 770	90	34	32	285
Total investments in credit institutions			**2 087**	**1 770**	**90**	**34**	**32**	**285**
Hedmark Eiendom AS	0,5	500	107	95	53	50	2	8
Meglereiendom AS	0,2	100	1	0	1	0	1	3
Vato AS	0,6	352	11	0	2	2	0	9
Total investments in other subsidiaries			**119**	**95**	**56**	**52**	**3**	**20**
Total investments in Group companies parent bank			**2 206**	**1 865**	**146**	**86**	**35**	**305**

2008	The company's share capita	No. of shares	Assets	Liabilities	Total income	Total expenses	The company´s annual profit/ loss	Book value 2009
SpareBank 1 Finans Østlandet AS	285,0	285 000	1 845	1 534	63	30	17	285
Total investments in credit institutions			**1 845**	**1 534**	**63**	**30**	**17**	**285**
Hedmark Eiendom AS	0,5	500	113	109	47	50	-2	8
Meglereiendom AS	0,2	100	2	1	0	0	0	3
Vato AS	0,6	352	12	0	2	1	1	9
Total investments in other subsidiaries			**127**	**110**	**49**	**51**	**-1**	**20**
Total investments in Group companies parent bank			**1 972**	**1 644**	**112**	**81**	**16**	**305**

Investments in associates and joint ventures

Investments in associates and joint ventures are recognised at cost in the parent bank. Consolidated figures are presented according to the equity method of accounting

Parent bank				Group		
2008	**2009**	**2010**		**2010**	**2009**	**2008**
445	532	579	Book value at 1 January	743	1 030	746
87	50	436	Acquisitions / disposals	200	-104	87
	-3	-6	Write-downs	-6		
			Changes in equity	230	-23	18
			Share of the profit	124	-64	233
			Dividend paid	-19	-96	-54
532	**579**	**1 009**	**Book value at 31 December**	**1 272**	**743**	**1 030**

Income from investments in subsidiaries, associates and joint ventures

Parent bank				Group		
2008	**2009**	**2010**		**2010**	**2009**	**2008**
54	96	14	Dividend SpareBank 1 Gruppen AS			
			Share of the profit SpareBank 1 Gruppen AS	101	100	-85
			Share of the profit Bank 1 Oslo AS	23		
			Share of the profit SpareBank 1 Boligkreditt AS	5		
		5	Dividend SpareBank 1 Boligkreditt AS			
			Share of the profit BN Bank ASA		19	5
			Negative goodwill BN Bank ASA			312
	153		Sale BN Bank ASA		-181	
5		10	Group contribution / dividend Hedmark Eiendom AS			
4	25	28	Group contribution / dividend SB1 Finans Østlandet AS			
	-3	-6	Write-down Fageråsen Invest AS	-6		
			Share of the profit from others	1	-2	1
63	**271**	**52**	**Total income**	**124**	**-64**	**233**

The Group's stake in associates and joint ventures
(NOK million)

2010	Stake	No. of shares	Assets	Liabilities	Income	Expenses	Profit/loss	Book value 2010
Bank 1 Oslo AS	12,00%	409 667	3 232	3 048	102	66	23	183
SpareBank 1 Boligkreditt AS	8,72%	2 747 585	9 163	8 744	11	2	5	420
Fageråsen Invest AS	36,00%	360	32	27	1	2	-1	0
Engerdal Høvleribygg AS	20,00%	400						0
Torggt 22 AS	50,00%	8 000	20	8	2	1	1	11
SpareBank 1 Gruppen AS	12,00%	213 888	4 867	4 291	1 229	1 110	101	645
SpareBank 1 Utvikling DA	11,30%		43	31	47	47	0	13
			17 356	**16 150**	**1 392**	**1 228**	**129**	**1 272**

2009	Stake	No. of shares	Assets	Liabilities	Income	Expenses	Profit/loss	Book value 2010
Fageråsen Invest AS	36,00%	360	32	26	1	2	-1	5
Engerdal Høvleribygg AS	20,00%	400						0
Torggt 22 AS	50,00%	8 000	20	9	2	1	0	10
BN Bank ASA *	15,00%	1 857 050			64	35	19	0
SpareBank 1 Gruppen AS	12,00%	213 888	7 365	6 721	1 298	1 156	100	715
SpareBank 1 Utvikling DA	11,30%		36	22	57	57	0	13
			7 453	**6 778**	**1 422**	**1 251**	**118**	**743**

* BN Bank ASA were sold in 2009.

2008	Stake	No. of shares	Assets	Liabilities	Income	Expenses	Profit/loss	Book value 2010
Fageråsen Invest AS	36,00%	360	31	25	11	12	-4	6
Engerdal Høvleribygg AS	20,00%	400						0
Torggt 22 AS	50,00%	8 000	20	10	2	1	1	10
BN Bank ASA	15,00%	1 857 050	8 136	7 724	76	5	317	363
SpareBank 1 Gruppen AS	11,14%	187 488	6 277	5 709	616	699	-85	638
SpareBank 1 Utvikling DA	11,30%		38	25	52	49	3	13
			14 502	**13 493**	**757**	**766**	**232**	**1 030**

On 5 December 2008 the Bank together with all the banks in the SpareBank 1 Alliance bought all the shares in BN Bank ASA (formerly Glitnir Bank ASA) for NOK 300 million. A shareholder agreement was signed governing operation of the bank as a joint venture. A preliminary acquisition analysis, performed in accordance with IFRS 3, shows identifiable net assets of NOK 2,377 million. The Bank's share of the acquisition costs, including expenses, was NOK 46 million, and its share of the identifiable net assets totals NOK 357 million. The difference between the identifiable net assets and the acquisition cost has been included as income (negative goodwill) in accordance with IAS 28 and is included in the share of the profit for 2008. In connection with the sale of the shares in 2009, this item was reversed in the consolidated accounts.

Note 26 - Acquisition of businesses / business combinations

2010

From 1 January 2010 Sparebanken Hedmark owns 12 per cent of Bank 1 Oslo AS. Bank 1 Oslo AS was spun off from the Group SpareBank 1 Gruppen AS from the same date. Bank 1 Oslo AS has previously been a wholly owned subsidiary of SpareBank 1 Gruppen AS and thus been indirectly owned by Sparebanken Hedmark (12 per cent).
Sparebanken Hedmark will own 12 per cent of the spun-off bank and 12 per cent of SpareBank 1 Gruppen as previously.

From 1 January 2010 SpareBank 1 Boligkreditt AS is defined as an associated company in the Sparebanken Hedmark Group. The Bank owns an 8.72 per cent stake.

2009

On 28 September 2009, Sparebanken Hedmark sold its 15 per cent holding in BN Bank ASA to Sparebank 1 SMN, and from this date the company is no longer included as a joint venture in the consolidated financial statements.

2008

On 1 January 2008, the wholly owned subsidiary Hedmark Eiendom AS bought 100 per cent of the real estate brokerage company Sørum & Søberg AS. The company is being continued as a wholly owned subsidiary of Hedmark Eiendom AS and was consolidated into the Group from the same date. On 1 January 2008 Sparebanken Hedmark bought 100 per cent of the property company Meglereiendom AS. The company was consolidated into the Group from the same date. The wholly owned subsidiary Stor-Elvdal Hytteforum AS was discontinued from 1 January 2008.

On 20 October 2008 Sparebanken Hedmark bought 15 per cent of the shares in BN Bank ASA (formerly Glitnir Bank ASA). The remaining 85 per cent is owned by banks in the SpareBank 1 Alliance. The Ministry of Finance approved the transaction on 5 December 2008, and from this date the company is included as a joint venture in the consolidated financial statements.

Note 27 - Material transactions with related parties

Transactions between related parties In this context, related parties are associated companies, joint ventures and subsidiaries. The Bank's business with employees and Board members is shown in notes 9 and 13.

	Subsidiaries			**Associated companies and joint ventures**		
Loans	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Outstanding loans at 1 January	1 658	1 434	1 185	71	69	51
Loans granted in the period	338	227	259	4	2	18
Repayment		3	10			
Outstanding loans at 31 December	**1 996**	**1 658**	**1 434**	**75**	**71**	**69**
Interest income	57	44	89	3	3	4
Deposits						
Deposits at 1 January	102	108	230	1	2	1
New deposits in the period	28	1	2	2		1
Withdrawals		7	124		1	
Deposits at 31 December	**130**	**102**	**108**	**3**	**1**	**2**
Interest expenses	3	4	10		0	0
Guarantees	70	70	70		0	0

All loans to related parties are recognised in the parent bank

Note 28 - Property, plant and equipment

Parent bank: Buildings, land and other property	Parent bank: Fixtures, fittings and vehicles	Parent bank: Total		Group: Buildings, land and other property	Group: Fixtures, fittings and vehicles	Group: Total
332	215	547	Acquisition cost at 1 January 2008	394	221	615
11	21	32	Acquisitions	19	25	44
4	13	17	Disposals	4	13	17
339	223	562	Acquisition cost at 31 December 2008	409	233	642
116	140	256	Accumulated depreciation and write-downs at 1 January 2008	169	147	316
11	27	38	Current year's depreciation	12	29	41
			Current year's write-downs			
2	12	14	Current year's disposal	2	12	14
125	155	280	Accumulated depreciation and write-downs at 31 December 2008	179	164	343
214	**68**	**282**	**Book value at 31 December 2008**	**230**	**69**	**299**
339	223	562	Acquisition cost at 1 January 2009	409	233	642
9	12	21	Acquisitions	6	19	25
	23	23	Disposals		23	23
348	212	560	Acquisition cost at 31 December 2009	415	229	644
125	155	280	Accumulated depreciation and write-downs at 1 January 2009	179	164	343
8	25	33	Current year's depreciation	8	26	34
			Current year's write-downs			
	22	22	Current year's disposal		22	22
133	158	291	Accumulated depreciation and write-downs at 31 December 2009	187	168	355
215	**54**	**269**	**Book value at 31 December 2009**	**228**	**61**	**289**
348	212	560	Acquisition cost at 1 January 2010	415	229	644
0	11	11	Acquisitions		17	17
	10	10	Disposals	1	10	11
348	213	561	Acquisition cost at 31 December 2010	414	236	650
133	158	291	Accumulated depreciation and write-downs at 1 January 2010	187	168	355
7	16	23	Current year's depreciation	8	18	26
			Current year's write-downs			
	10	10	Current year's disposal		10	10
140	164	304	Accumulated depreciation and write-downs at 31 December 2010	195	176	371
208	**49**	**257**	**Book value at 31 December 2010**	**219**	**60**	**279**
		0	**Buildings available for sale**			**0**

Collateral security
The Bank has not mortgaged or accepted any other limitations on its right to dispose of the fixed assets.

Acquisition cost of depreciated assets
The acquisition cost of fully depreciated assets still in use in the Bank in 2010 was NOK 169 million.
The corresponding figures for 2009 and 2008 are NOK 142 million and NOK 110 million respectively.

Gross value of fixed assets temporarily not in operation
The Group did not have any fixed assets temporarily not in operation at 31 December 2010.

Investment properties (NOK thousands)

Parent bank						Group				
Value 01.01.10	**Acquisitions / disposals / depreciation**	**Value 31.12.10**	**Rent**	**Rented on 31.12.10**		**Value 01.01.10**	**Acquisitions/ disposals/ depreciation**	**Value 31.12.10**	**Rent**	**Rented on 31.12.10**
8 145	-333	7 812	349	100%	Brugata 7 - Brumunddal	814	-814	0	323	100%
					Torggata 24 - Hamar					
8 145	**333**	**7 812**	**349**		**Total**	**8 959**	**-481**	**7 812**	**465**	
		8 000			True value			8 000		

Parent bank						Group				
Value 01.01.09	**Acquisitions / disposals / depreciation**	**Value 31.12.09**	**Rent**	**Rented on 31.12.09**		**Value 01.01.09**	**Acquisitions / disposals / depreciation**	**Value 31.12.09**	**Rent**	**Rented on 31.12.09**
3 482	4 663	8 145	324	100%	Brugata 7 - Brumunddal	1 444	630	814	340	100%
					Torggata 24 - Hamar					
3 482	**4 663**	**8 145**	**324**		**Total**	**4 926**	**5 293**	**8 959**	**456**	
		8 000			True value			11 350		

Parent bank						Group				
Value 01.01.09	**Acquisitions / disposals / depreciation**	**Value 31.12.09**	**Rent**	**Rented on 31.12.09**		**Value 01.01.09**	**Acquisitions / disposals / depreciation**	**Value 31.12.09**	**Rent**	**Rented on 31.12.09**
3 750	-268	3 482	407	100%	Brugata 7 - Brumunddal	1 609	166	1 444	300	100%
					Torggata 24 - Hamar					
3 750	**-268**	**3 482**	**407**		**Total**	**5 359**	**-102**	**4 926**	**506**	
		5 600			True value			10 250		

Note 29 - Goodwill and other intangible assets

Parent bank				Group		
2008	2009	2010		2010	2009	2008
			Goodwill			
22	22	22	Acquisition cost at 1 January	25	25	25
			Acquisitions / disposals			
22	22	22	Acquisition cost at 31 December	25	25	25
			Accumulated write-downs at 1 January			
			Current year's write-downs			
			Accumulated write-downs at 31 December			
			Omregningsdifferanser			
22	**22**	**22**	**Goodwill incorporated in the balance sheet at 31 December**	**25**	**25**	**25**

Goodwill incorporated in the balance sheet is primarily linked to the takeover of Bank 1 Oslo AS , branch Hamar in 2006. The Group has a small item relating to an earlier acquisition by Hedmark Eiendom AS. The goodwill items are assessed annually and written down if appropriate.

There was no write-down of goodwill in 2010.

Parent bank				Group		
2008	2009	2010		2010	2009	2008
			Other intangible assets			
90	90	78	Acquisition cost at 1 January	78	90	90
3	2	1	Acquisitions	1	2	3
3	14		Disposals		14	3
90	78	79	Acquisition cost at 31 December	79	78	90
13	15	11	Accumulated depreciation at 1 January	11	15	13
2	9		Disposals accumulated depreciation		9	2
4	5	4	Current year's depreciation	4	5	4
15	11	15	Accumulated depreciation at 31 December	15	11	15
76	**67**	**64**	**Other intangible assets at 31 December**	**64**	**67**	**76**

Other intangible assets consist of primarily of an item at NOK 63 million at 31 December 2010 to related acquisition of Bank 1 Oslo AS, branch Hamar's customer portfolio in 2006. This is depreciated over 20 years on a straight-line basis.

Parent bank				Group		
2008	2009	2010		2010	2009	2008
98	**89**	**86**	**Total intangible assets at 31 December**	**90**	**92**	**101**

See note 4 for a description of the value assessment model for goodwill.

Note 30 - Other assets

Parent bank				Group		
2008	2009	2010		2010	2009	2008
10	10	13	Capital payments into pension fund	13	10	10
11	38	75	Accrued income, not yet received	75	52	19
18	17	22	Prepaid costs, not yet incurred	22	17	18
31	24	15	Other assets	91	86	101
70	**89**	**125**	**Other assets**	**201**	**165**	**148**

Note 31 - Deposits from and liabilities to customers

Parent bank				Group		
2008	**2009**	**2010**	**Deposits from and liabilities to customers**	**2010**	**2009**	**2008**
21 459	23 160	23 756	Deposits from and liabilities to customers at call	23 631	23 054	21 363
1 025	27	446	Deposits from and liabilities to customers with agreed maturity dates	446	27	1 026
18		6	Accrued interest	6		9
22 502	**23 187**	**24 208**	**Total deposits from and liabilities to customers**	**24 083**	**23 081**	**22 398**
			Of total deposits, deposits stated at fair value through profit and loss (FVO):			
180	25	228	*Fixed-rate deposits, book value*	228	25	180
172	25	225	*Fixed-rate deposits, nominal value*	225	25	172
864		224	*Term deposits, book value*	224		864
835		222	*Term deposits, nominal value*	222		835
2	2		*Market-linked certificates of deposit (BMA), book value*		2	2
2	2		*Market-linked certificates of deposit (BMA), nominal value*		2	2

2008	**2009**	**2010**	**Deposits by sector and industry**	**2010**	**2009**	**2008**
14 327	15 110	15 871	Private customers	15 871	15 110	14 327
2 013	2 165	2 122	Public sector	2 122	2 165	2 013
746	621	682	Primary industries	682	621	746
93	86	114	Paper and pulp industries	114	86	93
603	325	327	Other industry	327	325	603
396	408	409	Building and construction	409	408	396
28	228	215	Power and water supply	215	228	28
659	596	665	Wholesale and retail trade	665	596	659
80	76	81	Hotel and restaurants	81	76	80
1 397	1 349	1 333	Real estate	1 333	1 349	1 397
1 262	2 044	2 203	Commercial services	2 078	1 938	1 262
374	174	175	Transport and communications	175	174	374
506	5	5	Other operations	5	5	411
18		6	Accrued interest, undistributed	6		9
22 502	**23 187**	**24 208**	**Total deposits by sector and industry**	**24 083**	**23 081**	**22 398**

2008	**2009**	**2010**	**Deposits by geographic area**	**2010**	**2009**	**2008**
19 934	20 449	21 334	Hedmark County	21 209	20 343	19 839
2 315	2 498	2 589	Rest of Norway	2 589	2 498	2 315
235	240	279	Abroad	279	240	235
18		6	Accrued interest, undistributed	6		9
22 502	**23 187**	**24 208**	**Total deposits by geographic area**	**24 083**	**23 081**	**22 398**

Note 32 - Liabilities arising from issuance of securities

Parent bank				Group		
2008	**2009**	**2010**		**2010**	**2009**	**2008**
			Certificate-based debt			
1 506	200	900	- nominal value	900	200	1 506
1 560	204	912	- fair value	912	204	1 560
			Bond debt			
7 925	7 150	6 404	- nominal value	6 404	7 150	7 925
7 877	7 283	6 518	- fair value	6 518	7 283	7 877
9 431	**7 350**	**7 304**	**Total liabilities arising from issuance of securities, nominal value**	**7 304**	**7 350**	**9 431**
9 437	**7 487**	**7 430**	**Total liabilities arising from issuance of securities, fair value**	**7 430**	**7 487**	**9 437**
6,0%	5,7%	2,9%	Average interest rate on certificate-based debt	2,9%	5,7%	6,0%
6,5%	3,3%	3,0%	Average interest rate on bond debt	3,0%	3,3%	6,5%

Average interest rate is calculated on the actual interest expense during the year, including any interest rate or currency swaps, as a percentage of the average security holdings.

2008	**2009**	**2010**	**Liabilities from issuance of securities by maturity date**	**2010**	**2009**	**2008**
2 781			2009			2 781
1 300	1 500		2010		1 500	1 300
850	850	1 721	2011	1 721	850	850
1 000	1 000	588	2012	588	1 000	1 000
1 350	1 350	1 350	2013	1 350	1 350	1 350
750	1 250	1 250	2014	1 250	1 250	750
630	630	1 130	2015	1 130	630	630
450	450	445	2016	445	450	450
50	50	550	2018	550	50	50
270	270	270	2020	270	270	270
9 431	**7 350**	**7 304**	**Total liabilities from issuance of securities, nominal value**	**7 304**	**7 350**	**9 431**

Parnt bank and Group

Changes in liabilities from issuance of securities	**31.12.2010**	**Issued**	**Due/ Redeemed**	**Other changes**	**31.12.2009**
Certificate-based debt, nominal value	900	900	-200		200
Bond debt, nominal value	6 404	760	-1 746	240	7 150
Accrued interest	177			10	167
Adjustments	-51			-21	-30
Total debt raised through issuance of securities, fair value	**7 430**	**1 660**	**-1 946**	**229**	**7 487**

Changes in liabilities from issuance of securities	**31.12.2009**	**Issued**	**Due/ Redeemed**	**Other changes**	**31.12.2008**
Certificate-based debt, nominal value	200	200	-1 506		1 506
Bond debt, nominal value	7 150	500	-1 275		7 925
Accrued interest	167			-38	-199
Adjustments	-30			169	205
Total debt raised through issuance of securities, fair value	**7 487**	**700**	**-2 781**	**131**	**9 437**

Changes in liabilities from issuance of securities	**31.12.2008**	**Issued**	**Due/ Redeemed**	**Other changes**	**31.12.2007**
Certificate-based debt, nominal value	1 506	2 480	-1 874		900
Bond debt, nominal value	7 925	750	-1 135		8 310
Accrued interest	205			13	192
Adjustments	-199			67	-266
Total debt raised through issuance of securities, fair value	**9 437**	**3 230**	**-3 009**	**80**	**9 136**

Securities issued are recorded at fair value through profit and loss in compliance with the Fair Value Option in IAS 39 and are presented net own holdings. Fair value includes accrued interest (dirty price). Issued certificates and bonds are valued against the yield curve (bid), adjusted for indicated indicative spreads from DnB NOR Markets. All debts from issuance of securities are raised in Norwegian kroner (NOK).

The higher level of the indicative spreads in 2010 seen in isolation has served to reduce the fair value of the Bank's issued securities by an estimated NOK 55 million. The estimate corresponds to the calculated difference between the market value of the securities issued based on the spread curve on balance sheet day, and the projected market value of the same portfolio based on the spread curve at the end of 2009 or the first time it was recognised for debts raised in 2010. All other factors remain the same.

By way of comparison, a drop in indicative spreads in 2009 resulted in an increase in the fair value of the Bank's issued securities seen in isolation by an estimated NOK 177 million in the course of 2009, calculated using the method described above.

At 31 December 2010, an accumulated unrealised gain, including any interest rate or currency swaps, of NOK 56 million was incorporated in the balance sheet, related to assessment of the Bank's issued securities at fair value.

Note 33 - Other debt and liabilities

Parent bank				Group		
2008	**2009**	**2010**	**Other debt and liabilities recognised in the balance sheet**	**2010**	**2009**	**2008**
450	336	296	Pension liabilities (note 34)	309	349	470
4	1	5	Guarantee provisions	5	1	4
30	26	16	Banker's drafts	16	26	30
21	20	29	Accounts payable	33	25	27
118	147	149	Other	358	337	299
623	**530**	**495**	**Total other debt and liabilities recognised in the balance sheet**	**721**	**738**	**830**
			Guarantee commitments etc. (amounts guaranteed)			
426	387	314	Payment guarantees	314	387	426
181	173	166	Contract guarantees	166	173	181
1	1	1	Loan guarantees	1	1	13
5	5	5	Guarantees for taxes	5	5	5
114	109	109	Other guarantees	39	39	44
23	33	33	Guarantee in favour of the Norwegian Banks' Guarantee Fund	33	33	23
750	**708**	**628**	**Total guarantees**	**558**	**638**	**692**
			Other liabilities - not on the balance sheet			
2 888	3 840	2 834	Unutilised credit lines	2 680	3 840	2 888
	578	764	Loans approved (not discounted)	764	578	
2 888	**4 418**	**3 598**	**Total other liabilities**	**3 444**	**4 418**	**2 888**
4 261	**5 656**	**4 721**	**Total liabilities**	**4 723**	**5 794**	**4 410**

Buildings	**Securities**	**Total**	Assets pledged as security	**Buildings**	**Securities**	**Total**
	2 845	2 845	Assets pledged as security in 2010 *		2 845	2 845
	1 000	1 000	Related liabilities 2010		1 000	1 000
	2 966	2 966	Assets pledged as security in 2009 *		2 966	2 966
	2 000	2 000	Related liabilities 2009		2 000	2 000
	2 400	2 400	Assets pledged as security in 2008 *		2 400	2 400
	1 000	1 000	Related liabilities 2008		1 000	1 000

* Bonds in escrow as collateral for loan access from Norges Bank.

SpareBank 1 Boligkreditt AS

Together with the other shareholders of SpareBank 1 Boligkreditt AS, Sparebanken Hedmark agreed in 2010 to provide a liquidity facility to SpareBank 1 Boligkreditt AS. This involves the banks committing themselves to buying residential mortgage bonds with a maximum total value corresponding to SpareBank 1 Boligkreditt's debt maturing over the next twelve months. The agreement means that each shareholder has principal responsibility for his share of the requirement, and secondary responsibility for double the value of his principal responsibility. The bonds can be deposited with Norges Bank, which means that they do not significantly increase the Bank's risk exposure.

Ongoing lawsuits

The Group is involved in some legal disputes whose financial implications are deemed not to have significant impact on its financial position. The Group has made provisions for losses in the cases in which there is a probability that it will suffer losses as a consequence of the lawsuits.

Note 34 - Pensions

The Bank's secured pension scheme is organised through the Bank's own pension fund, providing entitlement to defined future pension benefits from the age of 67 years. The secured scheme was closed on 30 June 2008. Employees who joined the Bank on or after 1 July 2008 are members of a defined-contribution occupational pension scheme. Employees who were members of the discontinued pension scheme were offered the choice of transferring to the defined-contribution scheme with effect from 1 January 2009. 45 employees chose to transfer to the new pension scheme. The Bank and Group expects gradual transition from a defined-benefit to a defined-contribution pension scheme to provide more stable and predictable pension costs and eventually also reduced future pension costs. The discontinued scheme also had rules concerning pensions for surviving spouses and children and disability pensions. From 1 January, the surviving spouse and children's pensions were removed from the Bank's pension scheme. These changes were charged to income in 2009 as changes to pension plan / transition to defined-contribution pension.
The pension schemes satisfy the requirements regarding mandatory occupational pension.

In addition, the Group has pension liabilities related to employees who have taken early retirement and some employees with salaries exceeding 12 times the National Insurance basic amount (G.)

The banking and finance sector has entered into an agreement relating to contractual early retirement pensions under the AFP scheme for employees from the age of 62 years.

The new AFP scheme for contractual early retirement pensions in the private sector has been adopted with effect from 19 February 2010. The new AFP scheme is basically a defined-benefit multi-employer pension plan that the Bank is booking as a defined-contribution scheme for the time being, since there is not currently enough information to calculate the commitment. This has necessitated a reversal of liabilities recognised in the balance sheet linked to the AFP scheme of NOK 21.7 million in 2010.

With regard to the former early retirement scheme (AFP), the balance sheet still contains a liability of NOK 17 million at 31 December 2010. All the people linked to the old scheme will have retired in 2011, and the liability will therefore gradually decrease until it disappears completely at year-end 2015.
The Bank's liability is 100 per cent per annum from 62 to 64 years of age. In period 64 to 67 years, the Bank pays 60 per cent of the basic pension and supplementary pension plus the early-retirement supplement.

Defined-contribution pension from 1 July 2008	
Salary between 2 and 6 times the National Insurance basic amount (G)	5%
Salary between 7 and 12 times the National Insurance basic amount (G)	8%

Salary includes regular supplements, but does not include overtime, taxable benefits in kind and other remuneration of expenses.

The discontinued pension scheme includes	Parent bank	Group
Employees	424	466
Pensioners	209	211

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

Assumptions 31 December	01.01.2011	01.01.2010	01.01.2009	01.01.2008
Discount rate	4,00%	4,40%	4,00%	4,80%
Expected return on assets	4,30%	4,80%	5,50%	5,50%
Expected future wage development	4,00%	4,50%	4,50%	4,75%
Expected adjustment of the basic amount (G)	3,75%	4,25%	4,25%	4,50%
Expected pension adjustment	3,75%	4,25%	4,25%	4,50%
Employers' National Insurance contribution	14,10%	14,10%	14,10%	14,10%
Expected voluntary retirement	2,00%	2,00%	2,0 %	2,0 %
Expected contractual early retirement from 62 years	0,00%	25,00%	25,0 %	35,0 %
Disability table applied	IR02	IR02	IR02	IR02
Mortality table applied	K2005	K2005	K2005	K2005

The dates used above indicate the date from which the liability is calculated with changed assumptions. For example, this means that the pension liability at 31 December 2010 has been discounted on the basis of the assumptions that apply on 1 January 2010, whereas the annual cost for 2010 is based on the assumptions that applied at the beginning of the year.

Pension cost

Secured scheme

Parent bank 2008	2009	2010		Group 2010	2009	2008
23	26	25	Present value of pension accruals for the year	27	30	28
28	26	29	Interest cost of pension liability	29	27	28
-22	-22	-21	- Return on pension assets (less administrative costs)	-21	-22	-22
	-53		Effect of changes to pension plan / transition to defined-contribution pension charged to profit and loss	0	-55	
4	4	5	Accrued employer contributions	5	5	5
34	**-18**	**37**	Net pension cost	**39**	**-16**	**40**

Actual return on pension assets:

2008	2009	2010		2010	2009	2008
4,1%	4,7%	3,4%		3,4%	4,7 %	4,1 %

Unsecured pension scheme

Parent bank 2008	2009	2010		Group 2010	2009	2008
5	4	2	Present value of pension accruals for the year	2	4	4
4	3	2	Interest cost of pension liability	2	3	3
	2	2	Defined-contribution pension charged to profit and loss	2	2	
		-19	Effect of new AFP scheme charged to profit and loss	-19		
1	1	-3	Accrued employer contributions	-3	1	1
9	**10**	**-16**	Net pension cost	**-16**	**10**	**8**

Total secured and unsecured schemes

Parent bank 2008	2009	2010		Group 2010	2009	2008
28	31	26	Present value of pension accruals for the year	28	35	33
32	29	31	Interest cost of pension liability	31	30	32
-22	-22	-21	- Return on pension assets (less administrative costs)	-21	-22	-22
	2	2	Defined-contribution pension charged to profit and loss	2	2	
	-53	-19	Effect of changes to pension plan / transition to defined-contribution pension / new AFP charged to profit and loss*	-19	-55	
5	5	2	Accrued employer contributions	2	6	6
43	**-8**	**21**	Net pension cost	**23**	**-5**	**49**

Pension liability

Secured scheme

Parent bank 2008	2009	2010		Group 2010	2009	2008
597	743	656	Gross liabilities at 1 January	676	756	620
23	26	25	Pension accruals for the year	28	30	28
28	26	29	Interest on pension liability	29	27	29
	-81		Effect of changes to pension plan / transition to defined-contribution pension etc.	-1	-81	
-11	-14	-15	Benefits paid	-15	-16	-18
106	-46	-13	Actuarial differences included in equity	-15	-40	104
743	**655**	**681**	Gross liability at 31 December	**702**	**676**	**764**
387	425	429	Pension assets at 1 January	439	430	396
44	35	32	Paid into the scheme	35	35	47
22	22	21	Expected return on pension assets	21	26	22
	-34		Effect of changes to pension plan / transition to defined-contribution pension etc.	-1	-34	
-11	-14	-15	Benefits paid	-15	-14	-18
-16	-4	4	Actuarial gains and losses included in equity	2	-4	-18
425	**429**	**472**	Pension assets at 31 December	**482**	**439**	**429**
25	45	32	Employers' National Insurance contribution liability at 1 January	34	46	28
-6	-5	-5	Employers' National Insurance contribution on pension premium paid in	-5	-6	-7
22	-6	-2	Employers' National Insurance contribution on actuarial differences	-2	-5	22
	-7		Employers' National Insurance contribution on effect of changes to pension plan / transition to defined-contribution pension	0	-7	
4	4	5	Employers' National Insurance contribution on the pension cost for the year	5	5	4
45	**32**	**30**	Employers' National Insurance contribution liability at 31 December	**32**	**33**	**47**
235	364	258	Net pension liability secured scheme at 1 January	270	382	252
364	258	239	Net pension liability secured scheme at 31 December	251	270	382

Unsecured pension scheme

Parent bank 2008	2009	2010		Group 2010	2009	2008
94	76	68	Gross liabilities at 1 January	69	78	95
5	4	2	Pension accruals for the year	2	4	5
4	3	2	Interest on pension liability	2	3	5
-7	-11	-9	Benefits paid	-9	-11	-7
-3		-19	Changes to pension plan	-19		-3
-16	-4	6	Actuarial differences included in equity	6	-5	-17
76	**68**	**50**	**Gross liability at 31 December**	**51**	**69**	**77**
15	11	10	Employers' National Insurance contribution liability at 1 January	10	11	14
	-1	-1	Employers' National Insurance contribution on paid benefits	-1	-1	
-5	-1	1	Employers' National Insurance contribution on actuarial differences	1	-1	-5
		-3	Employers' National Insurance contribution on effect of new AFP scheme	-3		
1	1	1	Employers' National Insurance contribution on the pension cost for the year	1	1	2
11	**10**	**7**	**Employers' National Insurance contribution liability at 31 December**	**7**	**10**	**11**
109	86	78	Net pension liability unsecured scheme at 1 January	79	88	109
86	78	57	Net pension liability unsecured scheme at 31 December	58	79	88

Total secured and unsecured schemes

Parent bank 2008	2009	2010	**Summary of pension liability**	Group 2010	2009	2008
344	450	336	Net pension liability at 1 January	349	470	361
450	336	296	Net pension liability at 31 December	309	349	470

Actuarial gains and loss (changes in estimates)

Parent bank 2008	2009	2010		Group 2010	2009	2008
-119	52	12	Actuarial gains and losses and pre-tax losses in equity capital for the period	11	60	-118
138	86	74	Cumulative actuarial gains and losses and pre-tax losses in equity capital	82	93	153

Parent bank

	2010	2009	2008	2007	2006
Present value of pension liability	767	765	875	731	667
Fair value of pension assets	472	429	425	387	343
Deficit / surplus	**296**	**336**	**450**	**344**	**324**
Experience adjustments to pension liabilities	-7	-57	100	26	-7
Experience adjustments to pension assets	5	-5	-19		

Group

	2010	2009	2008	2007	2006
Present value of pension liability	791	787	899	757	690
Fair value of pension assets	482	438	428	396	355
Deficit / surplus	**309**	**349**	**470**	**361**	**335**
Experience adjustments to pension liabilities	-9	-65	100	32	-6
Experience adjustments to pension assets	2	-5	-18		

Composition of the Group's pension assets	2010	2009	2008
Shares	32,00%	0,30 %	6,00 %
Short-term bonds	0,20%	25,31 %	32,40 %
Certificates	9,60%	35,30 %	
Money market	27,00%	39,09 %	11,50 %
Long-term bonds	31,10%		28,70 %
Real estate			17,10 %
Other	0,10%		4,30 %

Note 35 - Capital adequacy and capital management

Parent bank				Group		
2008	2009	2010		2010	2009	2008
3 782	4 337	4 840	Primary capital	4 840	4 337	3 782
31	139	100	Revaluation fund / equalisation reserve	100	139	31
57	73	78	Endowment fund	78	73	57
			Other equity	307	210	528
3 870	**4 549**	**5 018**	**Total equity carried**	**5 325**	**4 759**	**4 398**
			Group companies not consolidated for capital adequacy purposes	-283	-159	-482
			Deductions:			
			Over-funding pension liability			
-308	-69	-58	Unrealised value change due to reduced / increased value of liabilities	-58	-69	-308
-185	-179	-171	Deferred tax, goodwill and other intangible assets	-173	-183	-195
-31	-139	-100	Net unrealised gains on shares available for sale	-100	-139	-31
			Capital adequacy reserve	-576	-552	-456
-558	-649	-867	Deduction for subordinated capital in other financial institutions	-350	-173	-102
-1 082	**-1 036**	**-1 196**	**Total deductions**	**-1 257**	**-1 116**	**-1 092**
			Additions:			
14	63	45	45 per cent of unrealised gain on shares classified as available for sale	45	63	14
-14	-63	-45	Deduction for subordinated capital in other financial institutions	-45	-63	-14
0	**0**	**0**	**Total additions**	**0**	**0**	**0**
2 788	**3 513**	**3 822**	**Net subordinated capital**	**3 785**	**3 484**	**2 824**
			Risk-weighted asset calculation basis:			
13	10	30	Local and regional authorities	30	10	13
			Publicly owned enterprises	8	3	
2 175	2 233	2 293	Institutions	1 887	1 859	2 138
6 013	5 195	5 594	Companies	5 739	5 499	6 675
3 400	5 805	6 199	Mass market	7 602	6 829	4 188
8 763	8 068	7 522	Security in mortgaged property	7 522	8 068	8 763
800	455	549	Commitments due for repayment	591	490	838
5			Preference bonds			5
25	79	52	Shares in securities funds	52	79	25
388	726	505	Other commitments.	643	851	513
21 580	22 571	22 744	Total credit risk	24 073	23 688	23 155
1 700	1 753	1 930	Operational risk	2 151	2 054	1 875
			Market risk			
-463	-858	-1 124	Deductions from the calculation basis	-1 190	-941	-470
22 817	**23 466**	**23 549**	**Total calculation basis**	**25 034**	**24 801**	**24 561**
			Capital adequacy ratio			
12,2 %	**15,0 %**	**16,2 %**	Core capital adequacy	**15,1 %**	**14,1 %**	**11,5 %**
12,2 %	**15,0 %**	**16,2 %**	Capital adequacy ratio	**15,1 %**	**14,1 %**	**11,5 %**

*The Bank has deducted the entire reset non-amortised estimate deviation related to the pension liability.
We have not used the transitional rules here.

Capital management

Sparebanken Hedmark's capital management shall ensure:

- effective funding and use of capital funds in relation to the Group's strategic goals and approved business strategy
- competitive returns
- satisfactory capital adequacy in relation to the Bank's chosen risk profile
- competitive terms and good long-term access to funding in capital markets
- exploitation of the growth opportunities in the Group's defined market area
- that no individual negative events can seriously harm the Group's financial status

On the basis of the strategic goals, a capital plan is drawn up each year for the following three years to ensure long-term and targeted capital management. The capital plan shall take into account projections of the Group's financial development over the next three years. These projections are based on the expected developments in the period, as well as a situation with a serious economic downturn over a minimum of three years.

Based on the projections of the total capital requirements, the management and Board make an overall assessment about whether the capital requirements are sufficient and adapted to Sparebanken Hedmark's current and future risk profile and strategic goals.

Sparebanken Hedmark has a strategic goal of a minimum regulatory capital adequacy of 12 per cent for the parent bank. This will ensure sufficient capital to:

- meet the authorities' requirements of minimum 8 per cent capital adequacy
- ensure protection of the Group's creditors

There is more detailed information concerning Sparebanken Hedmark's management of capital and risk in the document "Basel II – Pilar III" on the Bank's website.

Note 36 - Dividends and Group contributions from subsidiaries

Dividends / Group contributions	**2010**	**2009**	**2008**
Dividends received from:			
Group Hedmark Eiendom AS			5
Sparebank 1 Finans Østlandet AS			4
Vato AS			
Meglereiendom AS			
Group contributions received from:			
Group Hedmark Eiendom AS	10		
Sparebank 1 Finans Østlandet AS	28	25	
Vato AS			
Meglereiendom AS			
Total dividends / Group contributions	**38**	**25**	**9**

Note 37 - Maturity analysis of assets and liabilities

Parent bank

2010	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	995					995
Loans to and receivables from credit institutions	26	2 028				2 054
Gross loans to and receivables from customers	4 265	104	255	2 171	24 772	31 567
- Individual write-downs	-100	-6	-16	-35	-59	-216
- Write-downs of groups of loans				-95		-95
Net loans to and receivables from customers	4 165	98	239	2 041	24 713	31 256
Certificates, bonds and fixed-income funds	213	413	780	2 113	1 012	4 531
Financial derivatives		27	42	165	36	270
Shares, units and other equity interests	59				300	359
Investments in associates and joint ventures					1 009	1 009
Investments in subsidiaries		3			302	305
Assets held for sale						0
Property, plant and equipment				49	208	257
Goodwill and other intangible assets				64	22	86
Deferred tax asset				85		85
Other assets			112		13	125
Total assets	**5 458**	**2 569**	**1 173**	**4 517**	**27 615**	**41 332**
Liabilities						
Deposits from and liabilities to credit institutions	9	15	860	2 339	614	3 837
Deposits from and liabilities to customers	23 762		446			24 208
Liabilities arising from issuance of securities		289	1 468	4 448	1 225	7 430
Financial derivatives		48	35	75	57	215
Current tax liabilities			129			129
Other debt and liabilities recognised in the balance sheet			199		296	495
Total liabilities	**23 771**	**352**	**3 137**	**6 862**	**2 192**	**36 314**

Group

2010	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	995					995
Loans to and receivables from credit institutions	26	31				57
Gross loans to and receivables from customers	4 280	167	443	3 736	25 316	33 942
- Individual write-downs	-100	-7	-30	-35	-59	-231
- Write-downs of groups of loans				-102		-102
Net loans to and receivables from customers	4 180	160	413	3 599	25 257	33 609
Certificates, bonds and fixed-income funds	213	413	780	2 113	1 012	4 531
Financial derivatives		27	42	165	36	270
Shares, units and other equity interests	59				300	359
Investments in associates and joint ventures					1 272	1 272
Investments in subsidiaries						0
Assets held for sale	2					2
Property, plant and equipment				60	219	279
Goodwill and other intangible assets				64	26	90
Deferred tax asset				87		87
Other assets			188		13	201
Total assets	**5 475**	**631**	**1 423**	**6 088**	**28 135**	**41 752**

Group

2010	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Liabilities						
Deposits from and liabilities to credit institutions	8	15	860	2 339	614	3 836
Deposits from and liabilities to customers	23 637		446			24 083
Liabilities arising from issuance of securities		289	1 468	4 448	1 225	7 430
Financial derivatives		48	35	75	57	215
Current tax liabilities			142			142
Other debt and liabilities recognised in the balance sheet			411		310	721
Total liabilities	**23 645**	**352**	**3 362**	**6 862**	**2 206**	**36 427**

Parent bank

2009	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	1 081					1 081
Loans to and receivables from credit institutions	64	1 734				1 798
Gross loans to and receivables from customers	4 207	188	287	2 216	25 289	32 187
- Individual write-downs	-40	-2	-80	-22	-48	-192
- Write-downs of groups of loans				-137		-137
Net loans to and receivables from customers	4 167	186	207	2 057	25 241	31 858
Certificates, bonds and fixed-income funds	409	404	411	2 350	607	4 180
Financial derivatives		60	24	163	48	295
Shares, units and other equity interests	114				420	534
Investments in associates and joint ventures					579	579
Investments in subsidiaries					305	305
Assets held for sale	2					2
Property, plant and equipment				54	215	269
Goodwill and other intangible assets				67	22	89
Deferred tax asset				90		90
Other assets			79		10	89
Total assets	**5 837**	**2 384**	**720**	**4 780**	**27 447**	**41 169**
Liabilities						
Deposits from and liabilities to credit institutions	79	2	1 083	3 331	614	5 109
Deposits from and liabilities to customers	22 893		294			23 187
Liabilities arising from issuance of securities		300	1 224	4 599	1 364	7 487
Financial derivatives		29	22	67	76	194
Current tax liabilities			113			113
Other debt and liabilities recognised in the balance sheet			194		336	530
Total liabilities	**22 972**	**332**	**2 930**	**7 996**	**2 391**	**36 620**

Group

2009	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	1 081					1 081
Loans to and receivables from credit institutions	152					152
Gross loans to and receivables from customers	4 207	416	287	4 033	25 289	34 232
- Individual write-downs	-40	-2	-80	-54	-48	-224
- Write-downs of groups of loans				-144		-144
Net loans to and receivables from customers	4 167	414	207	3 835	25 241	33 864
Certificates, bonds and fixed-income funds	409	404	411	2 350	607	4 180
Financial derivatives		60	24	163	48	295
Shares, units and other equity interests	114				420	534
Investments in associates and joint ventures					743	743
Investments in subsidiaries						0
Assets held for sale	3					3
Property, plant and equipment				61	228	289
Goodwill and other intangible assets				66	26	92
Deferred tax asset				93		93
Other assets			155		10	165
Total assets	**5 926**	**878**	**796**	**6 567**	**27 323**	**41 491**
Liabilities						
Deposits from and liabilities to credit institutions	78	2	1 083	3 331	614	5 108
Deposits from and liabilities to customers	22 787		294			23 081
Liabilities arising from issuance of securities		300	1 224	4 599	1 364	7 487
Financial derivatives		29	22	67	76	194
Current tax liabilities			124			124
Other debt and liabilities recognised in the balance sheet			389		349	738
Total liabilities	**22 865**	**332**	**3 136**	**7 996**	**2 404**	**36 732**

Parent bank

2008	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	1 854					1 854
Loans to and receivables from credit institutions	249	1 509				1 758
Gross loans to and receivables from customers	4 909	390	2 106	4 909	20 603	32 917
- Individual write-downs	-51	-1	-3	-28	-34	-117
- Write-downs of groups of loans				-100		-100
Net loans to and receivables from customers	4 858	389	2 103	4 781	20 569	32 700
Certificates, bonds and fixed-income funds		109	118	2 084	689	3 000
Financial derivatives		220	130	260	57	668
Shares, units and other equity interests	72				338	410
Investments in associates and joint ventures					532	532
Investments in subsidiaries					305	305
Assets held for sale						0
Property, plant and equipment				62	220	282
Goodwill and other intangible assets				51	47	98
Deferred tax asset				87		87
Other assets			60		10	70
Total assets	**7 033**	**2 227**	**2 411**	**7 325**	**22 767**	**41 764**
Liabilities						
Deposits from and liabilities to credit institutions	610	32	167	3 904	65	4 778
Deposits from and liabilities to customers	22 197		305			22 502
Liabilities arising from issuance of securities		682	2 328	4 401	2 025	9 437
Financial derivatives		134	207	66	86	492
Current tax liabilities			62			62
Other debt and liabilities recognised in the balance sheet			173		450	623
Total liabilities	**22 807**	**848**	**3 242**	**8 371**	**2 626**	**37 894**

Group

2008	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	1 854					1 854
Loans to and receivables from credit institutions	256	73				329
Gross loans to and receivables from customers	4 909	416	2 234	6 160	20 992	34 711
- Individual write-downs	-51	-1	-30	-28	-34	-144
- Write-downs of groups of loans				-108		-108
Net loans to and receivables from customers	4 858	415	2 204	6 024	20 958	34 459
Certificates, bonds and fixed-income funds		109	118	2 084	689	3 000
Financial derivatives		220	130	260	57	668
Shares, units and other equity interests	72				338	410
Investments in associates and joint ventures					1 030	1 030
Investments in subsidiaries						0
Assets held for sale	1					1
Property, plant and equipment				69	230	299
Goodwill and other intangible assets				51	50	101
Deferred tax asset				95		95
Other assets			138		10	148
Total assets	**7 041**	**817**	**2 590**	**8 583**	**23 362**	**42 394**
Liabilities						
Deposits from and liabilities to credit institutions	607	32	167	3 904	65	4 775
Deposits from and liabilities to customers	22 093		305			22 398
Liabilities arising from issuance of securities		682	2 328	4 401	2 025	9 437
Financial derivatives		134	207	66	86	492
Current tax liabilities			64			64
Other debt and liabilities recognised in the balance sheet			360		470	830
Total liabilities	**22 700**	**848**	**3 431**	**8 371**	**2 646**	**37 996**

Note 38 - Liquidity risk

Parent bank

2010	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 år	Total
CASH FLOWS RELATED TO LIABILITIES						
Liabilities to credit institutions	-10	-40	-927	-2 422	-782	-4 181
Deposits from and liabilities to customers	-23 762		-446			-24 208
Liabilities arising from issuance of securities		-520	-1 630	-4 887	-1 387	-8 424
Derivatives related to liabilities		133	31	126	26	316
Current tax liabilities			-129			-129
Other liabilities			-199		-296	-495
Total cash flows related to liabilities	**-23 772**	**-427**	**-3 300**	**-7 183**	**-2 439**	**-37 121**

Group

2010	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 år	Total
CASH FLOWS RELATED TO LIABILITIES						
Liabilities to credit institutions	-10	-40	-927	-2 422	-782	-4 181
Deposits from and liabilities to customers	-23 637		-446			-24 083
Liabilities arising from issuance of securities		-520	-1 630	-4 887	-1 387	-8 424
Derivatives related to liabilities		133	31	126	26	316
Current tax liabilities			-142			-142
Other liabilities			-411		-310	-721
Total cash flows related to liabilities	**-23 647**	**-427**	**-3 525**	**-7 183**	**-2 453**	**-37 235**

Parent bank

2009	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 år	Total
CASH FLOWS RELATED TO LIABILITIES						
Liabilities to credit institutions	-18	-86	-1 158	-3 444	-765	-5 471
Deposits from and liabilities to customers	-23 160		-27			-23 187
Liabilities arising from issuance of securities		-535	-1 376	-4 993	-1 501	-8 405
Derivatives related to liabilities		145	48	185	43	421
Current tax liabilities			-113			-113
Other liabilities			-463		-336	-799
Total cash flows related to liabilities	**-23 178**	**-476**	**-3 089**	**-8 252**	**-2 559**	**-37 554**

Group

2009	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 år	Total
CASH FLOWS RELATED TO LIABILITIES						
Liabilities to credit institutions	-18	-86	-1 158	-3 444	-765	-5 471
Deposits from and liabilities to customers	-23 054		-27			-23 081
Liabilities arising from issuance of securities		-535	-1 376	-4 993	-1 501	-8 405
Derivatives related to liabilities		145	48	185	43	421
Current tax liabilities			-124			-124
Other liabilities			-657		-349	-1 006
Total cash flows related to liabilities	**-23 072**	**-476**	**-3 294**	**-8 252**	**-2 572**	**-37 666**

The Bank has not prepared historical figures for 2008.

Management of liquidity risk is based on the Bank's financial strategy, which is adopted each year by the Board. The strategy stipulated limits for the size of the liquidity reserve and net liquidity requirements for the different maturities. The size of the liquidity reserve shall at all times be such that the Bank does not require external funding for 12 months in ordinary operating conditions In addition, the Bank shall be able to maintain operations in a stress scenario defined as a "major crisis in the market and in the Bank" for at least six months.

The liquidity reserve consists of cash, papers that can be deposited in Norges Bank, unutilised committed drawing rights, mortgages that have been cleared for sale to SpareBank 1 Boligkreditt and unit trust certificates and listed shares. At 31 December 2010, the reserve was NOK 5.5 billion.

The Bank has spread its borrowing over several markets in Norway and internationally. Average maturity of the funding at year-end was 3.2 years.

The Bank has a special liquidity contingency plan.

Note 39 - Market risk related to interest rate risk

Interest risk arises because the individual assets and liabilities have different remaining fixed rate terms. The Board has agreed limits for the total interest rate risk, both with regard to basis risk and yield curve risk. The Bank steers interest rate risk towards the desired level on investments and funding loans by means of interest rate commitment and through the use of interest rate derivatives such as FRAs and interest rate swaps. Basis risk is the change in the value of the Group's assets and liabilities that arises when there is a parallel shift in the entire yield curve. This risk is shown in the table below by calculating the interest rate risk as the effect on the financial instruments' fair value of a change in interest rate change assuming a parallel shift in the entire yield curve of one percentage point. Administrative interest rate risk has not been taken into account, i.e. the effect of the fact that in practice there will be a lapse between a change in interest rate in the market and the Bank having adjusted the terms and conditions for deposits and loans at floating rates of interest.

The Group's interest rate risk is related primarily to shifts in the yield curve for Norwegian kroner (NOK).

All figures are identical for the parent bank and the Group.

	Interest rate risk, 1 per cent change		
Basis risk	**2010**	**2009**	**2008**
Bonds and certificates	-35	-18	-19
Fixed-rate loans	-16	-19	-11
Fixed-rate deposits	2	0	4
Certificate-based loans	3	0	4
Bond loans	110	101	111
Other fixed-rate funding	5	12	18
Derivatives	-81	-85	-94
Total interest rate risk, effect on profit after tax	**-13**	**-9**	**14**

A minus sign in front of a figure indicates that the Bank incurs a loss on an increase in interest rates.

Although the calculations above show that the Bank will incur a loss from an increase in interest rates, the way in which the increase in interest rates happens is not insignificant. The table below shows yield curve risk, i.e. the risk of the yield 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 periods

	Interest rate risk, 1 per cent change		
Yield curve risk	**2010**	**2009**	**2008**
0 - 1 month	0	0	1
1 - 3 months	7	8	9
3 - 6 months	2	0	3
6 - 12 months	1	6	4
1 - 2 years	-15	0	16
2 - 3 years	8	-7	-3
3 - 4 years	-5	-5	-4
4 - 5 years	-3	-2	-3
5 - 7 years	-7	-6	-3
7 - 10 years	-3	-3	-6
Total interest rate risk, effect on profit after tax	**-13**	**-9**	**14**

Note 40 - Market risk related to currency exposure

Currency risk is the risk of the Group incurring a loss as a result of changes in the currency exchange rates that disfavour the Bank's positions. Currency risk arises when the Group has differences in assets and liabilities in an individual currency.

Foreign exchange trading shall always comply with adopted guidelines, limits and authorisations. The Group's limits define quantitative goals for maximum currency exposure, measured in NOK. The Group has set limits for the net exposure in each individual currency and limits for aggregate net currency exposure and total absolute sum of net positions per currency:

- Net positions in any single currency must not exceed NOK 100 million
- Aggregate net exposure in foreign currency must not exceed NOK 100 million
- The absolute total of each net position in any single currency must not exceed NOK 200 million

Currency risk is quantified and monitored at all times. The Group's currency risk throughout the year and at year-end is limited.

At 31 December, the net positions in the most important currencies, based on fair value of the underlying assets, was as follows:

All figures are identical for the parent bank and the Group.

	2010	2009	2008
EUR*	-1	3	6
USD*	0	1	3
SEK	-2	1	0
DKK*	0	-1	3
CHF	1	-13	2
JPY	-1	-1	-2
Other	0	1	1
Total	**-3**	**-9**	**12**
Effect on profit after-tax profit or loss of a 3 % change	0	0	0
Effect on after-tax profit or loss of a 10% change	0	-1	1

* Strategic shareholdings in the Danish Nets Holding (NOK 127 million), US VISA (NOK 7 million) and Belgian SWIFT (NOK 0.1 million) are exempt from the limits for maximum currency exposure and are not included in this statement. Fluctuations in DKK/NOK, USD/NOK and EUR/NOK exchange rates affect the market value of these assets, recognised in comprehensive income according to IAS 1.

Note 41 - Events after the balance sheet date

We have not registered any significant events after the balance sheet date that affect the Bank's accounts.

"There are three things that are important in dealing with our farm customers: local presence, local knowledge and good knowledge of agriculture."

Egil Arne Tørhaug,

Financial adviser for the business market, region Østerdalen.

Education: Tax auditor.

Egil Arne has been with the bank since 1988, first as a bank manager at Folldal, then in Alvdal and since 2009 as financial adviser to the business community. He enjoys working in a knowledge business and being able to contribute to the development of business and industry in the district. Egil Arne believes the bank's strength is that it is close, competent and helpful.

Folldal

Population: about 1,700
Area: 1,275 km²

Located at the northern end of the county between Østerdalen and Gudbrandsdalen, the municipality features breathtaking mountain scenery and beautiful valleys with wonderful panoramic views of Rondane.

Folldal has a broad business sector, with agriculture accounting for a large share of employment. Other industries include mechanical engineering, wood processing, services, various manufacturing activities and an advanced IT programming environment.

Statement from the board of directors and cheif executive officer

We confirm that according to our firm belief the annual accounts for the period from 1 January to 31 december 2010 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 information mentioned in the Securities Trading Act, § 5-5.

Sparebanken Hedmark's Board of Directors
Hamar, 31 December 2010/02 March 2011

Gunnar Martinsen
Styreleder

Trond Hagerud

Grethe G. Fossum

Espen Bjørklund Larsen

Nina C. Lier

Siri J. Strømmevold

Jan Wibe

Richard Heiberg
Adm direktør

PricewaterhouseCoopers AS
Postboks 1100
NO-2305 Hamar
Telefon 02316

To representantskapet of Sparebanken Hedmark

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Sparebanken Hedmark, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements for of group comprise the balance sheet as at 31 December 2010, income statement, statement of comprehensive income, changes in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position for the parent company and the group Sparebanken Hedmark as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Hamar, 2 March 2011
PricewaterhouseCoopers AS

Ola Tronsrud
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

"A sincere commitment to excellence and expertise are important in dealing with customers."

June Vinje,

Regional bank manager - Retail market in Glåmdalen including responsibility for Eidskog.

Education: Bachelor of Business Administration from BI and Bachelor of Management from BI with a concentration in financial management and business analysis.

June has over 25 years of experience with Sparebanken Hedmark. Her most important driving force is to develop the retail market in her region in collaboration with talented colleagues.

Eidskog

Population: about 6,300
Area: 643 km², of which 60% is productive forest.

Eidskog Municipality is located at the southern tip of Hedmark. The road through Eidskog is an important artery linking Norway and Sweden. Eidskog is best known for Magnor Glassverk and as the birthplace of the Norwegian poet Hans Børli. The municipality is also the home of Sootkanalen, Norway's first lock system for floating timber. In addition, Eidskog offers beautiful scenery with an active cultural scene and abundant outdoor recreation options.

REPORT FOR 2010
for
SPAREBANKEN HEDMARK'S SUPERVISORY BOARD

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 2010.

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 reviewed the Boards protocols. 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.

In the case of particularly important management-, administrative- and business matters, the Bank's management o 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. The focus for the committee has been liquidity management and the financial strategy.

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 2010.

Hamar, 2th March 2011
The Control Committee of Sparebanken Hedmark

Paal Johnsrud | Anders Brinck

Gro Svarstad | Jan Erik Myrvold

Valborg Berthelsen

Subsidiaries

SpareBank 1 Finans Østlandet AS

Demand for the company's products in 2010 was better than in previous years, with new sales totalling NOK 1,349 million. Profit before tax was NOK 43.1 million, down NOK 1.2 million from 2009. This was mainly due to lower interest margins and short-term effects of an expansionary strategy.

Overall, 2010 was a good year even though the company reduced its interest rate margins on the basis of lower lending interest rates and higher borrowing costs.
The company continues to grow and its balance sheet increased by NOK 355 million to NOK 2,442 million.
The company's credit losses are currently low, totalling an average of 0.1 percent. The Board is pleased that SpareBank1 Finans Østlandet achieved its main goals for 2010.
The company has ambitions for further growth and expects to see positive effects of increased activity at the main office in Hamar and its increased presence in Oslo/Akershus and Lillehammer. We hired several new employees in 2010 and plan to recruit more in 2011.

The business market reports low activity in several sectors, especially in the construction industry. We are also seeing little activity and low profitability in the transport industry.

About SpareBank1 Finans Østlandet

SpareBank1 Finans Østlandet is a wholly-owned subsidiary of Sparebanken Hedmark and is headquartered in Hamar. The company also has offices in Oslo and Lillehammer. The company is a major player in leasing and secured financing in Hedmark and Oppland. Our activities around the Oslo fjord are increasing, partly as a result of our association with the SpareBank1 alliance. For more information see www.sb1fo.no.

Hedmark Eiendom AS

The housing market is back after the financial crisis

Activities in parts of the real estate market returned to normal in 2010. Sales of existing homes were back to the same level as before the financial crisis. The market for recreational properties and new homes was still weak in Hedmark, but has improved somewhat. Sales of commercial properties were also in the doldrums.

The labour market in 2010 was stable with relatively good employment levels.
Most people perceive their economic situation as being secure. House prices grew a modest 5 percent in our county, slightly lower than the national average.

Hedmark Eiendom AS sold 1,268 properties in 2010, an increase of 5 percent compared to 2009. Sales accounted for about one third of all properties sold in Hedmark county. The value of properties sold was about NOK 2 billion.

Profit before tax was NOK 6 million after tax, compared with NOK 2.3 million in 2009. The company's subsidiary Sørum & Søberg AS is being liquidated. The shares in this company have been written down to zero, reducing the result by NOK 1.75 million.

Hedmark Eiendom AS had 35 full-time equivalents in 2010. Most employees are real estate agents, attorneys or agents with a transition examination. The company has expertise in all areas of real estate trading.

Hedmark Eiendom benefits from being a local real estate agency owned by the county's largest bank. Competition among brokers in the county is brisk, which is highly visible in all our geographic work areas.

About Hedmark Eiendom AS

Hedmark Eiendom is a wholly owned subsidiary of Sparebanken Hedmark and is the county's leading real estate agent. The company has offices in the largest towns of Hedmark: Hamar, Kongsvinger, Elverum, Trysil and Brumunddal.

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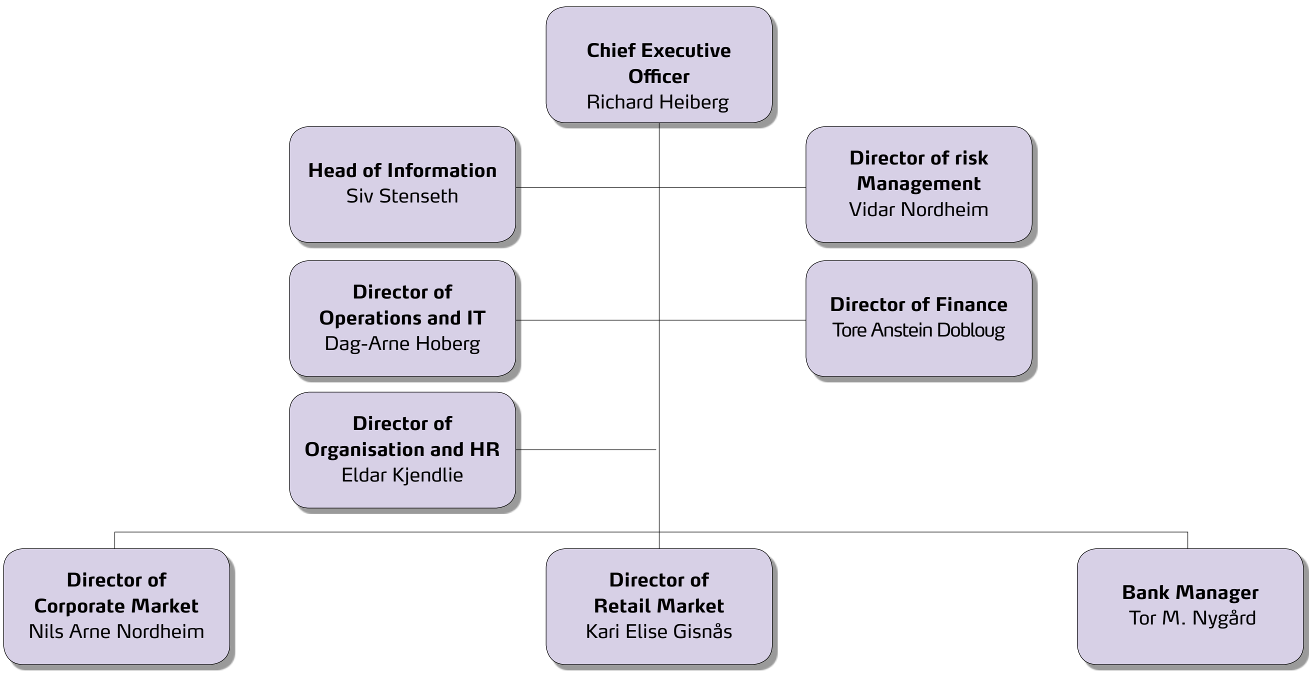
Financial statement analysis Group

	2010		2009		2008	
Result summary (NOK mill and % of av.assets)	**Kr**	**%**	**Kr**	**%**	**Kr**	**%**
Net interest income	918	2,18%	843	1,98%	916	2,29%
Net commissions and other (non-interest) income	251	0,60%	234	0,55%	190	0,48%
Net income from financial investments	359	0,85%	74	0,17%	39	0,10%
Total income	**1 528**	**3,63%**	**1 151**	**2,70%**	**1 145**	**2,87%**
Total operating costs	699	1,66%	643	1,51%	651	1,63%
Result before losses	**829**	**1,97%**	**508**	**1,19%**	**494**	**1,24%**
Losses on loans and guarantees	50	0,12%	146	0,34%	76	0,19%
Result before tax	**779**	**1,85%**	**362**	**0,85%**	**418**	**1,05%**
Taxation cost	144	0,34%	111	0,26%	87	0,22%
Result after tax	**635**	**1,51%**	**251**	**0,59%**	**331**	**0,83%**
Average assets	42 122		42 516		39 957	
Profitability						
Return on equity capital before tax		15,5%		8,0%		9,8%
Return on equity capital after tax		12,6%		5,5%		7,7%
Return on equity capital of total result after tax		11,8%		8,3%		5,8%
Total operating costs in relation to total income		45,7%		55,9%		56,9%
Total operating costs in rel.to total income excl. Income from financial investments		59,8%		59,7%		58,9%
From the Balance Sheet						
Gross loans to customers	33 942		34 232		34 711	
Gross loans to customers including SpareBank 1 Boligkreditt	41 793		38 796		36 630	
Deposits from customers	24 083		23 081		22 407	
Deposits from customers in relation to gross loans to customers (excl. Boligkreditt)		71,0%		67,4%		64,6%
Lending growth during the last 12 months		-0,8%		-1,4%		5,1%
Lending growth during the last 12 months including SpareBank 1 Boligkreditt		7,7%		5,9%		10,9%
Deposits growth during the last 12 months		4,3%		3,0%		7,7%
Assets	41 752		41 491		42 394	
Losses and commitments in default						
Losses on loans as a percentage of total commitments		0,1%		0,4%		0,2%
Commitment in default as a percentage of total commitments		1,0%		1,3%		0,7%
Other bad and doubtful commitments as a percentage of total commitments		1,2%		0,6%		0,5%
Net commitments in default and bad and doubtful commitments as a percentage of total commitments		1,6%		1,4%		0,9%
Financial strength						
Capital adequacy ratio		15,1 %		14,1 %		11,5 %
Core capital ratio		15,1 %		14 ,1%		11,5 %
Net core capital	3 785		3 484		2 824	
Total equity capital	5 325		4 759		4 398	

FINANCIAL STATEMENT ANALYSIS PARENT BANK

	2010		2009		2008	
Result summary (NOK mill and % of av.assets)	**Kr**	**%**	**Kr**	**%**	**Kr**	**%**
Net interest income	821	1,97%	742	1,77%	847	2,15%
Net commissions and other (non-interest) income	207	0,50%	191	0,45%	151	0,38%
Net income from financial investments	287	0,69%	409	0,97%	-131	-0,33%
Total income	**1 315**	**3,15%**	**1 342**	**3,19%**	**867**	**2,20%**
Total operating costs	613	1,47%	560	1,33%	574	1,46%
Result before losses	**702**	**1,68%**	**782**	**1,86%**	**293**	**0,74%**
Losses on loans and guarantees	48	0,11%	136	0,32%	66	0,16%
Result before tax	**654**	**1,57%**	**646**	**1,54%**	**227**	**0,58%**
Taxation cost	129	0,31%	97	0,23%	81	0,21%
Result after tax	**525**	**1,26%**	**549**	**1,31%**	**146**	**0,37%**
Average assets	41 768		42 040		39 440	
Financial strength						
Capital adequacy ratio		16,2%		15,0%		12,2%
Core capital ratio		16,2%		15,0%		12,2%
Net core capital	3 822		3 5 13		2 788	
Total equity capital	5 018		4 549		3 870	
Profitability						
Return on equity capital after tax		10,9%		13,1%		3,7%
Total operating costs in relation to total income		46,6%		41,7%		66,2%
Total operating costs in rel.to total income excl. Income from financial investments		59,6%		60,0%		57,5%
Losses and commitments in default						
Losses on loans as a percentage of total commitments		0,1%		0,4%		0,2%
Commitment in default as a percentage of total commitments		1,0%		1,2%		0,7%
Other bad and doubtful commitments as a percentage of total commitments		1,2%		0,6%		0,5%
Net commitments in default and bad and doubtful commitments as a percentage of total commitments		1,6%		1,3%		0,8%

Corporate Management 2011



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Organisasjonsnummer 920 426 530

Working together for wealth creation

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