ANNUAL REPORT

2011

Sparebanken HEDMARK

"The best thing about working in Sparebanken Hedmark is experiencing the great willingness to create results together."

Geir Inge Brelin

Regional Bank Manager Corporate Market Oppland

Contents

Editorial staff: Siv Stenseth, Trine Lise Østberg, Tore Anstein Dobloug and Heidi Enger.
Design & production: Ferskvann reklamebyrå. **Photo:** Ricardofoto, Brage Media.

2011 – a year of change

Sparebanken Hedmark reported a satisfactory group profit before tax of NOK 539 million in 2011. The parent bank's earnings have been as expected. At the same time the year has been marked by reorganisation and development.

At the beginning of 2011 the Bank's Board of Directors decided to implement a profitability enhancement programme with the aim of a permanent profit improvement of NOK 120 million by June 2013. The reason for this is the fact that the Bank's economy is being challenged by more expensive funding and pressure on the margins as a result of unrest in the international financial market, government regulations and increased competition.

A change in customer behaviour, focus on self-service solutions and a decline in the number of visits to offices, have affected the Bank's services, competence and staffing needs in the past fifteen years. Towards the end of the year, the Bank decided to reduce the workforce by 65 full-time equivalents through a reorganisation project as well as natural attrition and severance packages or pensions.

The aim of the profitability enhancement programme is to adapt in time so that the Bank can maintain its position as one of Norway's most solid, independent and regionally anchored banks in the future. This is important so that Sparebanken Hedmark can continue to function as a locomotive in Hedmark and Innlandet.

In order to take part in the creation of value that is taking place in the Mjøsa region, the Bank has moved into Oppland and opened branch offices in both Gjøvik and Lillehammer. Sparebanken Hedmark would like to be a locally anchored and socially committed player in the entire Mjøsa region as a result of this.

The accounting and consulting firm Consis AS in Tynset experienced financial difficulties last year, and many workplaces were at risk. Consis had been a customer of the Bank since its start-up in the 1900s, and the Bank decided to take over the company. The activities have been restructured throughout the year, and a good foundation has been established for further development.

Many of the Bank's employees have strengthened their competence in financial advice (AFR) and general insurance advice in 2011. Thanks to all the employees for their important contributions in the best interests of the Bank and our customers. Together we must be proficient, nearby and engaged in order to develop a with our customers we have to be competent, near and committed in order to develop a strong, solid bank and a region in growth.

In 2011 the internationally recognised rating agency Moody's awarded Sparebanken Hedmark a rating of A1, which confirms that the Bank is perceived externally as very solid and well-run.

This impression has been strengthened by the consolidated profit for the year. The Bank has maintained stable lending growth, positive growth in customer deposits and low losses. With high deposit coverage, good financial strength and good liquidity we are confident that we have established a future-oriented foundation in 2011 that will strengthen Sparebanken Hedmark's position as Central Norway's leading regionally anchored bank.

Thanks also to our customers for their business this past year.

Together we create!

Richard Heiberg
Chief Executive Officer

"Thanks to all our employees for their important contributions in the best interests of the Bank and our customers. Together we must be proficient, nearby and engaged in order to develop a strong, solid bank and a region in growth."

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This is Sparebanken Hedmark

Sparebanken Hedmark is today the leading retail and commercial bank in Hedmark From 2011 the Bank has also had a presence in Oppland with branches in both Gjøvik and Lillehammer.

Sparebanken Hedmark can trace its history 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 the merger of formerly independent savings banks in Hedmark. Through a number of mergers, 22 local savings banks have evolved to become Hedmark's largest source of capital with headquarters in Hamar. Sparebanken Hedmark assumed its current name in 1982. In the autumn of 2011 Sparebanken Hedmark moved into the neighbouring county, and the Bank now has branch offices in both Gjøvik and Lillehammer.

Mainstay

Today Sparebanken Hedmark is a mainstay of Hedmark society with its many branch offices in 20 of the county's 22 municipalities. The bank offers a wide range of products related to loans, deposits, insurance, pensions and payment services.

As the leading player in our market area, we take responsibility for growth and development through 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 soon to be 170 years of local knowledge. Sparebanken Hedmark has a market share of 50 per cent with approx-imately 170,000 customers The bank is close to the market with a staff of around 500 full-time equivalents spread across 27 branch offices.

We have chosen to present some of our employees in Oppland in our annual report for 2011.

Self-owned

Sparebanken Hedmark is a self-owned financial institution without Primary Capital Certificate (PCC) holders and with an equity of NOK 5.6 billion. It pays approximately 20 per cent tax on its annual profit. The rest of the profit is put to work and reloaned, which benefits the entire region.

About Hedmark

With 190,000 inhabitants, the people of Hedmark account for just over four per cent of Norway's population. In terms of area Hedmark is the third largest county in Norway. The county has scattered settlements, and nearly half of the population lives in the municipalities of Hamar, Ringsaker, Stange and Løten. Hedmark has a diverse business community, and it is the largest agricultural and forestry county in Norway. Broken down by sector, manufacturing, building and construction and the public sector are the largest employers. Unemployment is on par with the national average. The neighbouring county of Oppland has many similarities with Hedmark, both demographically and geographically.

Nature and recreation

Hedmark has a wide variety of scenery ranging from farmland in the south, 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, longest river, Glomma, and highest mountain, Galdhøpiggen (2469 metres above sea level), are important elements of our cultural landscape.

Co-owner of SpareBank 1

The Bank has been a co-owner of the Sparebank 1 Group (12 per cent) since June 2006. This partnership ensures the Bank of competitive advantages through good products, efficient IT services, purchasing schemes and the transfer of skills. Pooling our resources through our national alliance ensures local strength. This allows customers outside Hedmark and Oppland to get better offers throughout the country since they can now use all of the SpareBank 1 Alliance branch banking offices.

See sparebank1.no for more information about the Sparebank 1 Group and Alliance.

Business concept

Sparebanken Hedmark aims to offer new and existing customers comprehensive and forward-looking banking, finance and insurance products. Sparebanken Hedmark aims to be so proficient, nearby and engaged that private individuals, companies and the public sector prefer to have a longstanding relationship with the Bank. Through good profitability, good financial strength and independence, the Bank aims to contribute to growth and development in Hedmark.

Vision

The Bank's vision, **Together – to create,** makes the point that the Bank's results are achieved in cooperation with its customers. At the same time the vision implies an expectation of better interaction, additional initiatives and better results.

Values

Proficient, nearby and engaged are the Bank's core values, and they indicate that we would like to be a professional partner that defines needs and finds solutions together with our customers. We also aim to be active and outgoing in our contact with customers.

A LOOK BACK 2011

JANUARY

JANUARY

- The Bank enters into an agreement with a new supplier of corporate health services, FRISK HMS AS. Our focus is still on preventive work.
- In the survey conducted by Norsk Familieøkonomi in 2011 the Bank ranked fifth in the full-service bank category.

FEBRUARY

FEBRUARY

- CEO Richard Heiberg presents new strategies and plans for how the Bank will ensure future profitability. All employees are invited to come up with good ideas for increasing our profit and savings.

MARCH

MARCH

- Sparebanken Hedmark is officially rated for the first time. The agency Moody's awards the Bank an A1 rating, which confirms the Bank's position as one of the best savings banks in Norway.
- Sparebanken Hedmark's Supervisory Board approves the opening of branch offices in Oppland. "Our ambition is to make a substantial investment in the Mjøsa region," says CEO Richard Heiberg.
- The Bank starts to use the SpareBank 1 Alliance's Intranet, SPIN.

APRIL

- Sparebanken Hedmark acquires the finance and accounting chain Consis, which is headquartered in Tynset. The company faces major financial challenges.
- The Bank uses the same IT platform as the rest of the SpareBank 1 Alliance. All the employees receive new PCs, and the IT department makes a major effort. Work starts on the new online bank.

Consis
DITT ØKONOMIHUS

APRIL

MAY

- The Bank increases the lending and deposit rates by 0.30 and 0.25 percentage points, respectively.
- Sparebanken Hedmark enters into an agreement to acquire Toten Sparebank's branch office in Lillehammer. The four employees there are offered employment. The Bank also takes over the lease agreements.
- Sparebanken Hedmark enters into an agreement to acquire SpareBank 1 Ringerike Hadeland's operations in Gjøvik. The agreement includes the premises, customer portfolio and seven employees.

MAY

JUNE

- In late May/early June the Bank's new Corporate Online Bank, the SpareBank1 Alliance's online banking solution, is operational.
- Sparebanken Hedmark reaches its goal of Eco-Lighthouse certification for all its branches, which entails that the Bank has established systems to record and follow up consumption and waste.
- Sparebanken Hedmark hosts Capital Markets Day under the direction of the SpareBank 1 Alliance. Around 100 guests attend.

JUNE

JULY

- The Board of Directors adopts a new HR strategy. "Our intention is to focus more on professionalism, quality and the achievement of results. We aim to systemise training and skills development even more," says Eldar Kjendlie, Director of Organisation and HR.

JULY

AUGUST

- Sparebanken Hedmark wins the Finance Relay 2011 for its school programme "Economics and Career Choices", which is a collaboration with Young Enterprise Norway.
- Sparebanken Hedmark's Art Fund awards scholarships totalling NOK 1 million to young artists from Hedmark. "We are pleased to help young artists develop their talents. We hope that you will come back to Hedmark when you have completed your education and look forward to seeing more of your work," says CEO Richard Heiberg.

AUGUST

SEPTEMBER

- A total of 155 employees have been authorised as financial advisors, and this is marked by a diploma ceremony and dinner.
- The Bank's branch office in Ridabu shares offices with Hamar and Storhamar now. The branch office density is still high in Hedmark.

SEPTEMBER

OCTOBER

OCTOBER

- The Bank opens its new branch office in Gjøvik.
- Online bank is 15 years old, the Bank was the first to introduce online banking in Europe in 1996.
- A survey conducted by TNS Gallup indicates that 73 per cent of the population in Hedmark between the ages of 18-25 consider Sparebanken Hedmark as their primary bank!
- Hundreds of children participate in the Savings Bank Week and empty their piggy banks.
- Funding costs increase due to unrest in the international money markets. Interest rates on loans increase generally by 0.25 percentage points and the deposit rates increase generally by 0.15 percentage points.

NOVEMBER

NOVEMBER

- The Bank enters into an agreement to sell 40 per cent of the shares in Consis AS to SpareBank 1 SMN Regnskap AS. "With a combination of regional ownership and national cooperation, we can develop and establish profitable operations," says Corporate Market Director Nils Arne Nordheim.
- The Bank replaces its card administration system and now uses the SpareBank 1 Alliance's solution, CAS (Card Administrative System). The transition goes off without a hitch, thanks to good internal preparations.

DECEMBER

DECEMBER

- The Bank opens a branch office in Lillehammer. The premises are modern and future-oriented.
- 120 employees have passed a theoretical examination and oral practical examination to qualify as general insurance advisors.
- BSU Savings Account kick-start is launched to increase the willingness of young people to save. NOK 1,000 is given as a start-up grant when opening an account.
- The Bank's profitability enhancement programme is nearing the end of its first phase, and the conclusion is that the Bank will reduce its work force by 65 full-time equivalents.

"At Sparebanken Hedmark we have an opportunity to see each individual and arrange unique solutions for our customers."

Nina Beate Paulsen

Retail Market Manager Lillehammer

Nina Beate Paulsen
Retail Market Manager Lillehammer

Education: Bachelor's degree in marketing, internationalisation and management from the BI Norwegian Business School. Has participated in the Confederation of Norwegian Enterprise's (NHO's) management development programme, Female Future. Is an authorised financial advisor and an approved general insurance advisor.

Nina Beate has worked for the Bank since 2004 and has, for example, been the Moelv Branch Manager. She says that she enjoys varied work tasks and likes meeting pleasant and exciting customers with different needs. "In addition, we have great colleagues and a good working environment. I look forward to going to work every day."

Socially committed bank

The region shall be a good 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 167 years, and is concerned about the development of the county and the Mjøsa region. If people are happy, live well, have educational opportunities and secure jobs, the Bank will also do well. The fact that the Bank has been financially sound over time is important to the residents and businesses. Having a solid source of capital with headquarters in the region provides security and a close proximity to the decision-making process.

The Bank plays an important role in economic development and wants to be a model of good business practices, including issues related to the environment, human resources and ethics. Our goal is to ensure that the banking operations endure and are sustainable. In other words, all business activities and the creation of value must be in line with nature's carrying capacity. Sparebanken Hedmark takes employee and human rights, basic social needs and nature's carrying capacity into consideration in its operations.

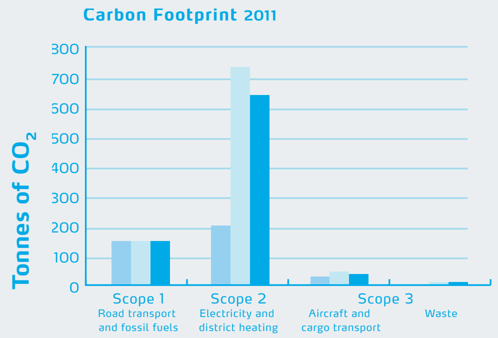
The bank also ploughs funds back into communities, through for example, sponsorship of recreational sports and programmes for children and young people In addition, Sparebanken Hedmark has a long tradition of returning part of its profit back to the local communities. Each year the Bank donates millions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

The Bank has a separate endowment fund for major cultural, research and education projects. Over the last six years Sparebanken Hedmark has set aside NOK 150 million to this fund. As much as NOK 40 million has been donated to research and development, primarily to projects at Hedmark University College, professorships and other measures aimed at securing a future Inland University.
In addition, the Bank has donated gifts to sports and public health, including artificial grass pitches, ski track machines and skiing and biathlon facilities. Cultural donations have been made, for example, to the Kirsten Flagstad Museum, Ringsaker Opera 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

Sparebanken Hedmark has certified all bank offices for The Eco-Lighthouse principle. The idea is to raise the awareness of all the employees with regard to consumption, travel, waste management and energy consumption. The Bank also prepares its own carbon footprint statements through its focus on CO^2, based on the international Greenhouse Gas Protocol Initiative standard. The purpose is to document and reduce the consumption and increase the degree of recycling.
The total greenhouse emissions for the year were 840 tonnes of CO^2 equivalents, a reduction of 12 per cent from 2010. We have achieved emission reductions in all areas. Emissions have been reduced by almost 10 percent, from 1.8 tonnes of CO^2 per employee in 2010 to 1.6 tonnes of CO^2 in 2011.

Carbon footprint statement for 2011

ENERGY AND CLIMATE INDICATORS	2009	2010	2011	10/11
Total emissions (tonnes of CO^2)	404.9	950.2	839.8	-11.6%
Total energy consumption scope 1 and 2 (MWh)	3006.8	8,159.0	7,153.5	-12.3
Energy consumption per square metre (kWh/m^2)	178.3	210.0	184.5	-12.1%
CO^2 emissions per employee (tonnes CO^2/employee)	0.8	1.8	1.6	-9.5%
CO^2 emissions per operating profit before tax (tonnes of)CO^2/NOK million):	0.6	1.5	1.6	7.6



REPORTING IN ACCORDANCE WITH THE GREENHOUSE GAS PROTOCOL

Scope 1: Direct emissions
Includes direct emissions from sources owned or controlled by the company, including the company's own cars or vehicles, or from processing or the 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.

"We must show our dynamic power and unique position as the dedicated financial player in Central Norway with the capital and willingness to be close to the local community."

Geir Inge Brelin
Regional bank manager Corporate Market Oppland

Geir Inge Brelin
Regional Bank Manager Corporate Market Oppland

Education: Engineer, University College Graduate, Master's degree in management, BI Norwegian Business School.

Geir Inge started at Sparebanken Hedmark in connection with our move into Oppland in September 2011.He came from a similar position at DNB.

"The best thing about working at Sparebanken Hedmark is experiencing the willingness to achieve results together.

Directors' report 2011

Economic situation in 2011

In spite of the weak performance in Europe, it is estimated that global growth will be around 3 per cent in 2011. China is still a locomotive for the world economy with an estimated growth of 9 per cent in 2011.

In Europe, the signs of stabilisation, increased activity and optimism in the first half of the year was succeeded by a worsening of the debt crisis and declining growth in the second half of the year. In addition to the developments in Greece and Spain, the deep-rooted problems concerning the state finances of Italy, the world's third largest borrower, also contributed to unrest. In the autumn Italian and Spanish government bond interest rates rose to levels that were not sustainable over time.

The year 2011 was a dramatic year for the European financial industry. At the end of the year important European banks were valued at about half of the institution's book equity. For a large part of the year the loan market for banks was closed, and the industry was dependent on credit from the central banks. In December the EU states agreed on an intergovernmental treaty to adopt austerity measures among the member states and increased loans to the IMF. At the same time it was agreed to continue the European Central Bank's extensive purchasing of Italian and Spanish government bonds and the favourable lending scheme for banks. This has resulted in falling government interest rates and increased activity in the new issue markets.

So far Norway has only been affected by the crisis in Europe to a limited extent. Unemployment has remained stable at around 3.3 per cent throughout the year. Preliminary estimates indicate that the mainland economy grew by 2.6 per cent in 2011.

The combined domestic lending growth from Norwegian banks and mortgage companies was 7.3 per cent in 2011, compared with 6.4 per cent in 2010. Domestic households showed the highest lending growth, driven by a continued rise in housing prices. On average housing prices rose by 8 per cent. The Consumer Price Index rose by 1.2 per cent. This was the lowest annual growth since 1960, with the exception of 2004 and 2007. Lower prices for imported consumer goods, electricity and food, as well as lower price increases for services, contributed to the low price growth.

Norges Bank sets interest rates with an aim to stabilise inflation at 2.5 per cent. The central bank changed the key rate twice in 2011 and the interest rate at the end of the year was 1.75 per cent, compared with 2 per cent at the beginning of 2011. During the same period, the money market rate rose from 2.6 per cent to 3.1 per cent.

Even though the Norwegian bond market has functioned satisfactorily throughout 2011, the serious problems in the European capital market have had an impact on Norwegian financial institutions through higher funding costs. At the beginning of 2011 the credit markup on the money market rate for five-year senior unsecured funding for Sparebanken Hedmark was 1.1 per cent. At the end of the year the markup had increased by 0.8 per cent to 1.9 per cent.

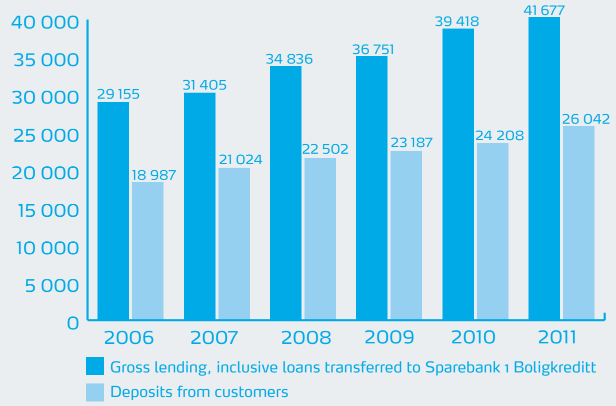
Sparebanken Hedmark in 2011

Sparebanken Hedmark was officially rated by the credit rating agency Moody's for the first time in 2011. The rating agency gave the Bank a long-term rating of A1. In its analysis the agency concluded that the rating reflects the Bank's solid regional position, robust retail operations and good capital adequacy. They also attached importance to the Bank's high deposit coverage, good access to funding through SpareBank 1 Boligkreditt AS and the Bank's ownership in the SpareBank 1 Group. Moody's rating was confirmed by DNB Market's unofficial rating of Norwegian banks, in which Sparebanken Hedmark was awarded an A rating and ranked the best among 125 banks.

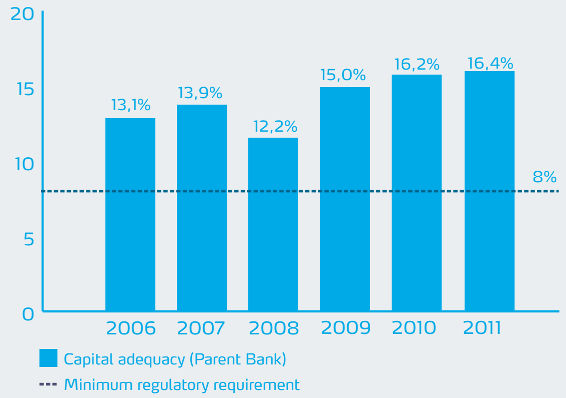
In 2011 Sparebanken Hedmark initiated a profitability enhancement programme with the goal of increasing revenue and reduce the annual costs by NOK 120 million. This programme is a consequence of the Bank's profitability being challenged. Increased competition results in lower margins. In addition, stricter government requirements, impacting primarily the banks' liquidity reserves and funding costs, will contribute to weakening the Bank's net interest income. Changing customer behaviour will also affect the Bank's operations. Our goal is to realise all the measures in the by the end of the first half of 2013. The programme is on schedule and at the end of 2011 measures had been adopted that entail a reduction of around 65 full-time equivalents in the Parent Bank. Around 30 per cent of the programme is related to income-generating measures.

As a result of serious financial problems, Sparebanken Hedmark took over the accounting and consulting firm Consis AS. Throughout the year the Bank has extensively restructured the corporate structure and operations. The Bank has recorded losses of NOK 16 million in connection with the restructuring. In addition, debt has

Gross lending and deposits (Parent Bank)



Capital adequacy (Parent Bank)



similar operations in the Trøndelag counties.

In 2011 Sparebanken Hedmark decided to expand its operations through new establishments in the neighbouring county of Oppland. In the second half of the year, the Bank therefore opened new offices in Gjøvik and Lillehammer, the two largest towns in the county. This expansion is a result of the Bank's ambition to establish itself as an important regional bank for the entire inland region. The Bank's primary target groups are private customers and small and medium-sized companies.

Sparebanken Hedmark – Group

The Group prepares its financial statements in accordance with the IAS 34 accounting standard.

The Group consists of Sparebanken Hedmark and the consolidated subsidiaries Hedmark Eiendom AS, SpareBank 1 Finans Østlandet AS, Vato AS and Consis AS.

The Bank owns 12 per cent of SpareBank 1 Gruppen AS and 12 per cent of Bank 1 Oslo Akershus AS, as well as 8 per cent of SpareBank 1 Boligkreditt AS. The profit/loss attributable to these companies is recognised in the Bank's consolidated financial statements proportionate to the Bank's ownership interest.

The Group's profit before tax totalled NOK 539 million in 2011, compared with NOK 779 million in 2010. The decline in profit is primarily attributed to high extraordinary income related to the card and payment transfer company Nordito AS in 2010 and a lower profit contribution from SpareBank 1 Gruppen AS in 2011. In addition, the financial statements for 2011 includes extraordinary costs related to the Bank's profitability enhancement programme. Specification of the consolidated profit in NOK million:

Parent Bank's profit before tax	537
Dividends received from subsidiaries and associates	-108
Profit/loss attributable to:	
SpareBank 1 Gruppen AS	59
Bank 1 Oslo Akershus AS	9
SpareBank 1 Boligkreditt AS	7
Hedmark Eiendom AS	8
SpareBank 1 Finans Østlandet AS	38
Consis AS	-12
Consolidated profit before tax	539
Tax	130
Consolidated profit after tax	409

Profit for the year after tax of NOK 409 million corresponds to a return on equity of 7.5 per cent. The corresponding figures for 2010 were NOK 635 million and 12.6 per cent.

The accounting chain Consis AS has been consolidated in the Bank's financial statements for eight month's operation. This entails that the Group's financial statements are not fully comparable with 2010.

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 44.7 billion at the end of 2011. At the end of the year the total balance for loans transferred to the alliance's mortgage company was NOK 9.9 billion. This corresponds to 22.1 per cent of the combined volume. Including transferred loans, the Group's lending growth was 6.8 per cent in 2011, compared with 7.7 per cent in 2010.

Customer deposits totalled NOK 25.9 billion as at 31 December 2011. The growth in deposits was 7.6 per cent in 2011, compared with 4.3 per cent in 2010. Deposits funded 74.5 per cent of the Group's gross lending on its own balance sheet at the end of the year.

Debt to credit institutions and debt securities issued totalled NOK 10.6 billion as at 31 December 2011. This represents a decrease of NOK 11.3 billion for the year.

The Group's equity totalled NOK 5.5 billion as at 31 December 2011. This represented 12.8 per cent of the Group's unweighted balance sheet, the same as in 2010. The Group's capital adequacy ratio was 14.8 per cent as at 31 December 2011, compared with 15.1 per cent one year ago.

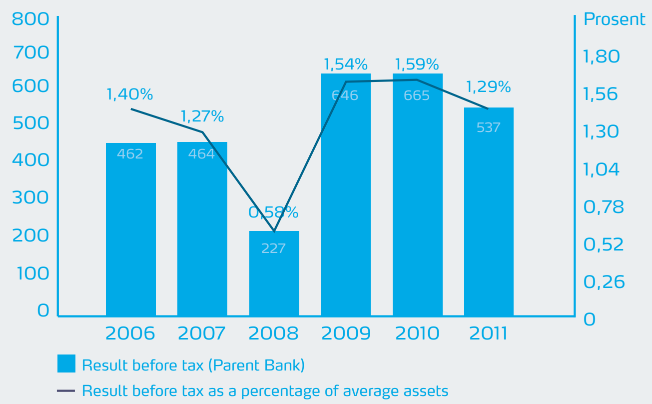
The head office is located in Hamar, and the Group's operations are primarily in Hedmark.

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

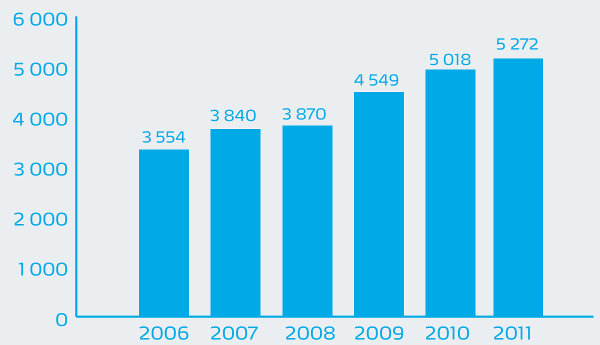
Sparebanken Hedmark - Parent Bank

With reference to the Norwegian Accounting Act's annual report content requirements, the Board of Directors confirms that the financial statements have been prepared based on a going-concern assumption.

Result before tax (Parent Bank)



Equity Capital (Parent Bank)



Profit after tax totalled NOK 537 million in 2011, compared with NOK 665 million in 2010. The profit was 1.29 per cent of the average total assets, compared with 1.59 per cent in 2010.

Net interest income totalled NOK 871 million in 2011, compared with NOK 821 million in 2010. The net interest income as a percentage of the average total assets was 2.09 per cent, compared with 1.97 per cent in 2010. The relative net interest income increased in 2011, primarily as a result of a lower liquidity balance with Norges Bank, elimination of the guarantee fund tax and the reduced need for market funding. The Parent Bank's interest margin, defined as the difference between the average lending rate and the average deposit rate, was 2.43 per cent in 2011. In 2010 the margin was 2.55 per cent. The interest margin was somewhat higher at the end of the year than at the beginning of the year.

Net commission income was NOK 196 million in 2011, compared with NOK 207 million in 2010. The financial statements for 2010 included extraordinary income of NOK 9 million. In addition, the Bank's commission income from the mortgage company was NOK 4 million lower in 2011 than in 2010. This decline is attributed to the lower margin for loans transferred to SpareBank 1 Boligkreditt AS. This margin is recognised as a commission.

Net income from investments in associates, joint ventures and group companies was NOK 108 million in 2011, compared with NOK 63 million in 2010. This increase is attributed primarily to the higher dividend from SpareBank 1 Gruppen AS.

Net profit from other financial assets and liabilities was NOK 50 million in 2011, compared with NOK 197 million in 2010. A capital gain of NOK 111 million was recognised in 2010 in connection with the merger between the Danish company PBS Holding AS and Nordito AS (BBS and Teller). The Bank's securities debt and fixed-income investments are assessed at fair value through profit and loss pursuant to IAS 39, and changes in the market value are recognised in profit and loss. This accounted for an overall positive impact on the profit of NOK 36 million in 2011. In 2010 this accounted for an overall positive impact on the profit of NOK 62 million.

The Parent Bank's combined operating expenses totalled NOK 665 million in 2011, compared with NOK 613 million in 2010. The operating expenses for 2011 include provisions and other costs related to the Bank's profitability enhancement programme totalling NOK 35 million. In addition, expenses of NOK 7 million have been recognised in connection with the Bank's establishment of new offices in Lillehammer and Gjøvik in Oppland. Adjusted for these expenses the Bank's expenses are NOK 10 million or 1.6 per cent higher in 2011 than in 2010. Total operating expenses accounted for 53.3 per cent of the total income, compared with 46.2 per cent in 2010. High revenues from the securities area contributed to the low cost/income ratio in 2010.

Net losses on loans and guarantees were NOK 45 million in 2011, which was NOK 3 million lower than in 2010. Adjusted for extraordinary recognition of income of NOK 20 million, the losses were NOK 65 million in 2011, or NOK 17 million higher than in 2010. Net losses can be broken down into NOK 5 million in the retail market and NOK 40 million in the corporate market. Individual write-downs on commitments accounted for NOK 38 million of the losses and group write-downs accounted for NOK 7 million of the losses. Net losses as a percentage of gross lending amounted to 0.1 per cent in 2011, which is the same as in 2010.

Allocation of profit for the year

Profit after tax totalled NOK 404 million, compared with NOK 525 million in 2010. The return on equity was 7.8 per cent after tax in 2011, compared with 10.9 per cent in 2010.

The Board of Directors proposes to set aside NOK 6 million for donations and transfer NOK 25 million to the endowment fund. The endowment fund is primarily used for major projects in the area of sports, culture, education and research.

Equity and capital adequacy

The capital adequacy ratio for the Parent Bank was 16.4 per cent as at 31 December 2011, compared with 16.2 per cent for the previous year. The equity of NOK 5.3 billion at the end of the year was made up entirely of retained earnings. The equity amounted to 12.3 per cent

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.

of the balance sheet. The equity ratio was 12.1 per cent for the previous year.

Balance sheet performance

The total assets increased during the year from NOK 41.3 billion to NOK 42.8 billion. This low growth is attributed to the loans transferred to SpareBank 1 Boligkreditt AS increasing from NOK 7.9 billion to NOK 9.9 billion during the year. Including transferred loans, the business volume increased from NOK 49.2 billion to NOK 52.7 billion in 2011. This corresponds to growth of 7.1 per cent. The main explanation for the balance sheet growth is a higher liquidity balance and larger loan balance for the wholly owned finance company SpareBank 1 Finans Østlandet AS.

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 41.7 billion as at 31 December 2011. The corresponding figures for 2010 were NOK 39.4 billion. Lending growth, including loans transferred to SpareBank 1 Boligkreditt AS, was 5.7 per cent in 2011, compared with 7.3 per cent in the previous year. In 2011 growth in the retail market was 7.7 per cent, compared with 8.2 per cent in 2010. Growth in the corporate market was 1.4 per cent in 2011, compared with 5.2 per cent in 2010.

Deposits from customers totalled NOK 26.0 billion at the end of the year, compared with NOK 24.2 billion one year earlier. The growth in deposits was 7.6 per cent in 2011, compared with 4.4 per cent in 2010.

The deposit-to-loan ratio, measured as customer deposits in relation to gross on-balance-sheet lending, was 81.7 per cent at the end of 2011.

Risk management

Risk management at Sparebanken Hedmark shall ensure that the risk exposure is known at all times and within the limits set by the Board of Directors. Risk management shall support the Group's strategic development and achievement of targets, and help ensure financial stability and prudent asset management.

The Board of Directors has adopted the "Risk and Capital Management Policy at Sparebanken Hedmark". This document defines the principal framework for risk management, including the management of the various risks. The Board of Directors adopts the overall risk strategy and the Bank's finance strategy on an annual basis. These strategies cover the areas of liquidity risk and market risk, as well as the Bank's governing documents in the credit area. Risk exposure and development are monitored and reported to the Bank's Board of Directors periodically

Credit risk

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

Credit risk in the loan portfolio is the Bank's greatest risk. The risk is continuously managed in accordance with the Bank's credit strategy, credit policy, credit authorities, routines for credit granting and various reporting and follow-up requirements. Sparebanken Hedmark uses statistical risk classification models as a basis for dividing the portfolio into different risk groups.

The Bank primarily finances retail market customers and corporate customers in Hedmark, as well as customers at the new offices in Oppland. In addition, as in previous years, the Bank has participated in the financing of major projects in cooperation with other banks – primarily banks in the SpareBank 1 Alliance.

The risk profile in the corporate market portfolio has not changed significantly in 2011. Defaults have been declining and losses on loans are moderate. Better risk-based price models were introduced during the year, and this has resulted in improved risk pricing. General uncertainty related to the macroeconomic factors could affect individual customers in the corporate market portfolio in 2012, but no significant changes are anticipated in the portfolio's risk profile.

The retail market portfolio is very stable, and the risk in the portfolio is assessed as low based on the ability to service and value of the underlying collateral. The majority of the portfolio has been secured by a mortgage on real property. Continued low unemployment and low interest rates, combined with stable or rising housing prices, will contribute to a further improvement in the portfolio's risk profile. As long as the collateral

Trond Hagerud
(Born in 1962),
Vice Chairman

Hagerud has a 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

Strømmevold 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.

value is not reduced as a result of significantly lower housing prices or a significant increase in unemployment, the portfolio's loss risk is limited.

The Bank's portfolio of interest-bearing securities also entails a credit risk. This is described in greater detail under the market risk section below. In addition, the Bank has credit risk related to accounts receivable from other credit institutions. The largest single receivable is a loan to the Bank's subsidiary, SpareBank 1 Finans Østlandet AS. Because of the company's strong growth, the Parent Bank's exposure increased significantly throughout 2011.

The Board of Directors feels that the Bank's credit risk related to lending operations has shown a stable development overall in 2011. The Group's credit risk is considered moderate.

Market risk

Market risk is defined as the risk of loss related to portfolios of financial instruments as a result of unfavourable changes in interest rates and credit spreads, as well as the prices for securities and foreign exchange rates

Limits and guidelines for the management of market risk follow from the Group's financial strategy adopted by the Board of Directors. Risk exposure and development is continuously monitored and reported periodically to the Bank's Board of Directors.

The Group's market risk is primarily related to investments in fixed-income securities in the Parent Bank's liquidity portfolio and the issuance of debt securities in the Parent Bank's funding portfolio. This market risk can be decomposed into interest rate risk and credit risk (spread risk).

Guidelines and limits for investments in fixed-income securities are adapted to the regulatory requirements for funding management. Investments in fixed-income securities has increased from NOK 4.5 billion to NOK 5.2 billion during the year. With regard to risk the relative percentage of fixed-income securities with the lowest credit risk has increased the most as a result of the gradual adaptation to the anticipated future regulatory requirements in accordance with Basel III.

At the end of the year the Bank's combined market funding was NOK 10.6 billion. This funding consisted of syndicated loans, bilateral loans and debt securities listed on Oslo Børs. During the year the holdings of debt securities has been stable in the amount of NOK 7 billion. The market value of the debt varies with fluctuations in interest rates, including in particular fluctuations in the indirect or traded credit spreads for the Bank's issues. Increased credit spreads in 2011 had a positive impact related to the market value assessment of the Bank's own debt securities.

Interest rate risk arises as a result that the Group's balance sheet items have different remaining interest rate commitment terms. The Bank manages interest rate risk in accordance with the adopted risk limits by adapting the interest rate commitment terms for the aforementioned investments and funding. In addition, derivatives are used for interest rate hedging. The Bank's interest rate risk has been moderate and relatively stable in 2011. As at 31 December 2011 an increase in the interest rate level of one percentage point through a parallel shift in the entire yield curve would have reduced the profit by NOK 26 million after tax.

Currency risk is managed by means of the adopted exposure limits. The positions at the end of the year were very low.

The price risk for equity capital instruments is measured in relation to the exposure in units, equity certificates, equity funds and shares, excluding investments in group companies. In 2011 the Bank has had an almost unchanged exposure in equity capital instruments. However, the price volatility on Oslo Børs has entailed changes to the portfolio's market value.

It is the opinion of the Board of Directors that the Bank's overall market risk has declined somewhat during 2011 and considers the market risk to be moderate to low at the end of the year.

Funding risk

Funding risk is the risk that the Bank is not able to fulfil its obligations when due or finance assets, including undesired growth, without significant extra costs.

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
(Born in 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.

Management of the funding risk is based on the finance strategy. This sets limits for the net funding requirements at different time intervals, requirements for long-term funding, the size of the liquidity reserve and the length of the time period the Bank shall be independent of new external financing.

Funding management at Sparebanken Hedmark entails maintenance of a broad deposit base from retail and corporate customers, as well as other diversified funding of the operations. Deposits from customers represent the Bank's most important source of funding.

Important sources for long-term funding are market funding, loans from other financial institutions and the transfer of home mortgage loans to SpareBank 1 Boligkreditt AS. Almost 50 per cent of the Bank's external funding requirements at the end of the year were covered through SpareBank 1 Boligkreditt AS.

The Bank has an average maturity for its market funding of 3.2 years as at 31 December 2011.

As part of the funding management, Sparebanken Hedmark needs to maintain a portfolio of liquid securities. The Bank has chosen to cover 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 they establish liquidity buffers for the fulfilment of strategic and regulatory requirements. At the end of 2011 the Bank's liquidity balance was NOK 5.6 billion.

Under ordinary operations, the Bank, including unused overdraft facilities and real liquidity reserves, shall be independent of external funding for a minimum of 12 months. As at 31 December 2011 the Bank had adequate funding and reserves for continued ordinary operations for more than 18 months without any new external funding.

In the event of the scenario "Major crisis in the market and in the Bank", the Bank should manage to maintain normal operations for six months without any new external funding in accordance with adopted limits. At the end of 2011 Sparebanken Hedmark could maintain operations for eight months without any new capital.

In the opinion of the Board of Directors, the Bank's funding risk is moderate to low.

Operational risk

Operational risk is the risk of losses due to inadequate or failed internal processes or systems, human error or external events.

Management of operational risk is based on the "Policy for Operational Risk". Risk assessments of the different areas are conducted annually. These provide the foundation for audit procedures that are followed up through the Bank's tools for monitoring operational risk.

On the basis of the Bank's earnings and financial strength, as well as the organisation's competence and management systems, the Board of Directors finds that the Bank's combined risk exposure is acceptable.

Organisation and personnel

The Sparebanken Hedmark Group had a total of 701 employees as at 31 December 2011. Of these employees, 117 were employed in Consis AS.

At the end of the year the Parent Bank had 510 employees. This included 12 employees in the new offices in Gjøvik and Lillehammer. The net reduction during the year was 12 persons. The average age of the Bank's employees at the end of 2011 was 48 years, and this age has increased slowly in recent years. The average period of employment is 19 years.

Annual organisational surveys are conducted, and they focus on environmental and managerial matters. The survey is conducted in cooperation with other SpareBank 1 banks, and the Bank thus has a good foundation for external comparison. The results in 2011 were in general satisfactory. In individual areas, where the results were not assessed as satisfactory, processes have been implemented that involve the employees' representatives. Importance is attached to the results from the organisational survey in connection with the assessment, follow-up and development of the organisation's managers.

Nina C. Lier
(Born in 1972),
Member 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.

Profitability enhancement programme – DRIV

In connection with the Parent Bank's profitability enhancement programme, a workforce reduction process was carried out in the autumn of 2011. Further workforce reductions will be clarified as a result of the implementation of new technology in 2012 and 2013. The scope and effects of these changes will depend on how quickly and to what extent customers start to use these new services. The Bank has offered various financial aid packages to those who have been directly affected by the process so far and will do the same for those who will be affected in the next phase.

The workforce reduction process has resulted in few working environment challenges. Measures have been implemented where they have been required. The working environment challenges are therefore seen as having been handled in a satisfactory manner. It is expected that the results from the organisational survey that will be conducted in the first quarter of 2012 will provide information on what areas may require further follow-up.

HR strategy

A separate HR strategy for the 2011-2013 period, derived from the Bank's main strategy, has been adopted. The aim of this HR strategy is to make "Sparebanken Hedmark an attractive workplace for highly qualified employees who want to contribute to development of the organisation's ability to reach its defined goals and provide efficient deliveries to customers. A more learning-oriented and performance-based culture will be developed, and good performance should be awarded". During the year the HR strategy has focused in particular on culture, management, skills development, organisational development and resource dimensioning.

Recruitment

Nine employees were recruited externally and 17 positions were filled through internal recruitments during the year. Newly recruited employees generally have a higher education of three years or more, and the Bank seeks to recruit employees with various professional backgrounds. All new employees at Sparebanken Hedmark receive and complete an individually adapted introduction programme.

The Bank would like to be perceived as an attractive employer for youths as well through cooperation with schools on the project "Economics and Career Choices", participation at education fairs and support for research and education. The Bank also participated actively in a regional trainee programme, Trainee Innlandet, which focuses on highly educated youths and young adults.

Skills development

Much of our work in 2011 has been related to completion of the new national authorisation schemes in the retail market; the Authorisation Scheme for Financial Advisers (AFR) and the Approval Scheme for General Insurance (GKS). The financial industry stands behind the authorisation schemes that are to improve the quality of the advisory processes. As at 31 December 2011 there was a total of 155 authorised financial advisors and 120 approved general insurance advisors. The Bank now considers itself finished with the authorisation of the current employees. Those who will be authorised and approved in the future will be new employees, as well as certain individuals who change their roles internally.

Sparebanken Hedmark offers various skills development activities in its own organisation and in cooperation with the other banks in the SpareBank 1 Alliance. Skills development takes place in the form of e-learning, shorter courses and more comprehensive training programmes that qualify for study credits. In 2011 the management development activities have been organised around professional days for managers, as well as a separate management development project for new managers.

Health, safety and the environment

Absence due to sickness was 5.4 per cent in 2011. Short-term absence due to sickness accounted for 0.8 per cent of this. Long-term absence due to sickness is primarily related to serious illnesses that are not work-related and must be seen in the context of the age structure among the Bank's employees. The Bank is an Inclusive Workplace (IA) and absence due to sickness is reported and followed up in accordance with established routines.

The Bank attaches importance to health-promoting activities in order to improve the working environment and prevent absence due to sickness. The Bank aims to engage and involve more employees in various forms of physical activity and increase the employees' awareness of their own health through grants to company sports clubs, allowances for training expenses and internal competitions. In addition to a number of general preventive health and safety activities, the Bank has established an agreement with a private health company that conducts a comprehensive annual medical examination for all employees over the age of 50.

No injuries have been recorded or reported to the Norwegian Labour Inspection Authority in 2011.

Equal opportunities

Women account for 60 per cent of the Bank's employees, while the proportion of women in managerial positions is 36 per cent. The CEO's management team consists of two women and seven men. The Bank's Board of Directors consists of three women and four men, while the Board of Representatives consists of 19 women and 21 men.

Sparebanken Hedmark has an explicit goal of strengthening and balancing the gender distribution in different roles and at different organisational levels. 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 they are subject to individual annual assessments.

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 some other reason require adaptation of their workplace and work tasks. In collaboration with the Norwegian Labour and Welfare Service (NAV), the Bank also welcomes employees who need training and work experience.

Outlook for 2012

The European Union represents the world's largest economic unit. As a result of the debt problems, there is a significant risk of a serious economic recession in the union. A deep-rooted European crisis will have serious global repercussions due to non-functioning international financial markets and reduced global trade. Financial unrest and the expectation of weaker international growth will also impact the economy at home. At the same time, Norway is in a unique position internationally with very sound state finances and considerable leeway in its economic policy. The expected high level of activity in petroleum-related industries will also provide an important growth stimulus for the economy. Significant real wage growth is expected in 2012, and this may have a positive impact on consumption.

Based on the Bank's solid equity and satisfactory funding, the Board of Directors expects a good result for 2012. The Board of Directors will ensure that the Bank's overall risk exposure in 2012 will be acceptable.

Hamar, 01. march 2012

Gunnar Martinsen Chairman	Trond Hagerud	Grethe G. Fossum
Espen Bjørklund Larsen	Nina C. Lier	Siri J. Strømmevold
Jan Wibe		Richard Heiberg Managing Director

"Social commitment and a close proximity to customers is important."

Eline Sandhaug
Customer Consultant Retail Market Gjøvik

Eline Sandhaug
Customer Consultant Retail Market Gjøvik

Education: Bachelor's degree in marketing, BI Norwegian Business School, Gjøvik.

Eline has worked one year at SpareBank 1 in Gjøvik and started at Sparebanken Hedmark in connection with the acquisition of Ringerike Hadeland's branch office in Gjøvik in the autumn of 2011.
Elin feels that the best thing about working at the Bank is the good working environment and the varied work tasks. "If enough resources are set aside for the Bank's venture in Oppland, then this will be super!"

Income statement

Parent bank					Group		
2009	**2010**	**2011**	*(NOK million)*	Notes	**2011**	**2010**	**2009**
1 896	1 779	1 937	Interest income	6	2 037	1 875	1 994
1 154	958	1 066	Interest expenses	6	1 066	957	1 151
742	**821**	**871**	**Net interest income**		**971**	**918**	**843**
187	220	218	Commission income	7	217	220	186
36	35	31	Commission expenses	7	45	48	45
40	22	9	Other operating income	7	113	79	93
191	**207**	**196**	**Net commission and other income**		**285**	**251**	**234**
10	38	22	Dividends	8	22	37	10
271	63	108	Net profit from ownership interests	8,25,36	76	124	-64
128	197	50	Net profit from other financial assets and liabilities	8	50	197	128
409	**298**	**180**	**Net income from financial assets and liabilities**		**148**	**359**	**74**
1 342	**1 326**	**1 247**	**Total net income**		**1 404**	**1 528**	**1 151**
263	323	357	Personnel expenses	9	446	369	308
297	290	308	Other operating expenses	10	369	330	335
560	**613**	**665**	**Total operating expenses before losses on loans and guarantees**		**815**	**699**	**643**
782	**713**	**582**	**Profit before losses on loans and guarantees**		**589**	**829**	**508**
136	48	45	Losses on loans and guarantees	15	50	50	146
646	**665**	**537**	**Profit/loss before tax**		**539**	**779**	**362**
97	140	133	Tax charge	11	130	144	111
549	**525**	**404**	**Results for the accounting year**		**409**	**635**	**251**

549	**525**	**404**	**Statement of comprehensive income according to IAS 1**	**409**	**635**	**251**
52	12	-113	Actuarial gains / losses on pensions	-133	11	60
-14	-3	32	Tax effect of actuarial gains / losses on pensions	38	-3	-16
120	67	-54	Change in value of financial assets available for sale	-54	67	120
-18	5	-7	Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value	-7	5	-18
6	-111	7	Financial assets available for sale transferred to profit and loss on realisation	7	-111	6
			Share of gains and losses in associated companies and joint ventures recognised directly in equity		-7	-27
146	**-30**	**-135**	**Total profit and loss items recognised in equity**	**-149**	**-38**	**125**
695	**495**	**269**	**Total profit / loss for the accounting year**	**260**	**597**	**376**

Balance sheet

Parent bank					Group		
2009	**2010**	**2011**	*(NOK million)*	Notes	**2011**	**2010**	**2009**
			ASSETS				
1 081	995	372	Cash and deposits with central banks		372	995	1 081
1 798	2 054	3 010	Loans to and receivables from credit institutions	12	364	57	152
32 187	31 567	31 816	Gross loans to and receivables from customers	13,16,18	34 786	33 942	34 232
-192	-216	-211	- Individual write-downs	13,15	-223	-231	-224
-137	-95	-102	- Write-downs of groups of loans	13,15	-112	-102	-144
31 858	31 256	31 503	Net loans to and receivables from customers	13	34 451	33 609	33 864
4 180	4 531	5 235	Certificates, bonds and fixed-income funds	19	5 235	4 531	4 180
295	270	376	Financial derivatives	20	376	270	295
534	359	312	Shares, units and other equity interests	21	312	359	534
579	1 009	1 100	Investments in associates and joint ventures	25	1 329	1 272	743
305	305	342	Investments in subsidiaries	25			
2			Assets held for sale			2	3
269	257	249	Property, plant and equipment	28	272	279	289
89	86	110	Goodwill and other intangible assets	29	170	90	92
90	85	69	Deferred tax asset	11	82	87	93
89	125	164	Other assets	30	278	201	165
41 169	**41 332**	**42 842**	**Total assets**		**43 241**	**41 752**	**41 491**
			LIABILITIES				
5 109	3 837	3 010	Deposits from and liabilities to credit institutions	12	3 008	3 836	5 108
23 187	24 208	26 042	Deposits from and liabilities to customers	31	25 907	24 083	23 081
7 487	7 430	7 598	Liabilities arising from issuance of securities	32	7 598	7 430	7 487
194	215	225	Financial derivatives	20	225	215	194
113	129	83	Current tax liabilities	11	88	142	124
530	495	612	Other debt and liabilities recognised in the balance sheet	33	881	721	738
36 620	**36 314**	**37 570**	**Total liabilities**		**37 707**	**36 427**	**36 732**
			EGENKAPITAL				
4 337	4 840	5 133	Primary capital		5 133	4 840	4 337
73	78	93	Endowment fund		93	78	73
139	100	46	Fund for unrealised gains		46	100	139
			Other equity		262	307	210
4 549	**5 018**	**5 272**	**Total equity**		**5 534**	**5 325**	**4 759**
41 169	**41 332**	**42 842**	**Total equity and liabilities**		**43 241**	**41 752**	**41 491**

The Board of Directors of Sparebanken Hedmark

Hamar, 1 March 2012

Gunnar Martinsen
Chairperson

Trond Hagerud

Jan Wibe

Grethe G. Fossum

Siri J. Strømmevold

Nina C. Lier

Espen Bjørklund Larsen

Richard Heiberg
Chief executive officer

Changes in equity

Parent bank

(NOK million)	Primary capital	Endowment fund	Fund for unrealised gains	Total equity
		Earned equity		
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**
Equity at 1 January 2011	**4 840**	**78**	**100**	**5 018**
Total comprehensive income	323		-54	269
Donations distributed from profit 2010	-5			-5
Grants from endowment fund in 2010		-10		-10
Transfer to endowment fund in 2011	-25	25		0
Equity at 31 December 2011	**5 133**	**93**	**46**	**5 272**

Group

(NOK million)	Primary capital	Endowment fund	Fund for unrealised gains	Other equity	Total equity
		Earned equity			
Equity at 1 January 2009	**3 782**	**57**	**31**	**528**	**4 398**
Total comprehensive income	587		108	-318	377
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 01.01.2010	**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**
Equity at 1 January 2011	**4 840**	**78**	**100**	**307**	**5 325**
IB correction: Correction of previous years' errors in joint ventures				4	4
Adjusted equity at 1 January 2011	**4 840**	**78**	**100**	**311**	**5 329**
Total comprehensive income	323		-54	-9	260
Direct recognition in equity in associated companies and joint ventures felleskontrol lert virksomhet				-40	-40
Donations distributed from profit 2010	-5				-5
Grants from endowment fund in 2010		-10			-10
Transfer to endowment fund in 2011	-25	25			0
Equity at 31 December 2011	**5 133**	**93**	**46**	**262**	**5 534**

Cash flow statement

Parent bank 2009	Parent bank 2010	Parent bank 2011	(NOK million)	Group 2011	Group 2010	Group 2009
12 872	13 574	13 280	This year's downpayment on repayment loans etc. to customers	14 379	14 524	13 748
			Change in advance rent leasing	2	4	-7
-12 670	-12 911	-13 242	Newly discounted repayment loans etc. to customers for the year	-14 992	-14 193	-13 803
173	-184	87	Change in balances of foreign currency lending	87	-184	173
291	38	-419	Change in balances of credits	-418	38	291
1 653	1 462	1 546	Interest and commission income on lending	1 746	1 612	1 791
10	6	18	Included in previous years' realised losses on lending	19	7	11
-2			Net cash flow relating to bankruptcies			-2
-2	2		Net cash flow from assets held for sale	1	1	-1
2 325	**1 987**	**1 270**	**Cash flow from lending operations (A)**	**824**	**1 809**	**2 201**
1 657	497	1 488	Change in balances of deposits from customers at call	1 484	475	1 647
-955	518	337	Change in balances of deposits from customers with agreed maturity dates	338	518	-955
-599	-515	-613	Interest payments to customers	-614	-512	-585
103	**500**	**1 212**	**Cash flow from deposit operations (B)**	**1 208**	**481**	**107**
	-213	-672	Net cash flow from securities held short term	-672	-213	
2	10	-26	Cash flow linked to exchange rate gains / losses on securities held short term	-26	10	2
111	128	130	Interest received on bonds and certificates	130	128	111
2	3		Share dividends received from securities held short term		3	2
115	**-72**	**-568**	**Cash flow from investments in securities (C)**	**-568**	**-72**	**115**
-232	-294	-947	Change in receivables from credit institutions with agreed maturity dates	-297	56	-14
108	86	103	Interest received on deposits in credit institutions	107	89	122
-124	**-208**	**-844**	**Cash flow from deposits in credit institutions (D)**	**-190**	**145**	**108**
309	315	378	Other income	483	372	361
-762	-680	-712	Operating expenses payable	-880	-778	-855
-76	-111	-131	Tax payments	-143	-120	-77
-14	-27	-14	Donations	-14	-27	-14
		-40	Net cash flow from change in other assets	-58	-14	11
71	1	-56	Net cash flow from change in accruals	-258	-63	18
21	-3	8	Net cash flow from change in other liabilities	28	14	22
-451	**-505**	**-567**	**Remaining cash flow from current operations (E)**	**-842**	**-616**	**-534**
1 968	**1 702**	**503**	**CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)**	**432**	**1 747**	**1 997**
293	-1 227	-829	Change in deposits from credit institutions	-877	-1 227	292
700	1 656	2 138	Receipts arising from issuance of securities	2 138	1 656	700
-2 681	-1 038	-1 225	Payments arising from redemption of securities issued	-1 225	-1 038	-2 681
-101	-671	-779	Buy-back of own securities	-779	-671	-101
-547	-385	-415	Interest payments on financing	-296	-385	-547
-2 336	**-1 665**	**-1 100**	**Cash flow from financing activities (G)**	**-1 039**	**-1 665**	**-2 337**
-24	-13	-43	Investments in fixed assets and intangible assets	-47	-18	-29
18		1	Sales of fixed assets and intangible assets at sales price	1		19
-1 104	-332	-51	Purchase of long-term securities	-52	-332	-1 104
391	91	-4	Sale of long-term securities	-4	91	391
128	93	130	Share dividends received from securities held long term	95	53	104
-591	**-161**	**33**	**Cash flow from investments in fixed assets (H)**	**-7**	**-206**	**-619**
		-40	Liquidity effect of acquisition and sale of subsidiaries(I)			
-959	**-124**	**-614**	**CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I)**	**-614**	**-124**	**-959**
2 104	1 145	1 021	Cash and cash equivalents at 1 January	1 021	1 145	2 104
1 145	**1 021**	**407**	**Cash and cash equivalents at 31 December**	**407**	**1 021**	**1 145**
			Cash and cash equivalents at 31 December comprise:			
1 081	995	372	Cash and deposits with central banks	372	995	1 081
64	26	35	Deposits etc. at call with banks	35	26	64
1 145	**1 021**	**407**	**Cash and cash equivalents at 31 December**	**407**	**1 021**	**1 145**

"A very good working environment and pleasant colleagues are the best things about working at Sparebanken Hedmark."

Bjørn Smidesang

Authorised Financial Adviser
Retail Market Lillehammer

Bjørn Smidesang
Authorised Financial Adviser Retail Market Lillehammer

Education: University College Gjøvik and Authorised Financial Adviser (AFR).

Bjørn started working at the Bank in July 2011, when Sparebanken Hedmark acquired Toten Sparebank's branch office in Lillehammer. Before he started working for a bank in 2008, most of Bjørn's working life was as a car salesman.

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 Consis 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 Akershus 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, 25 in the county of Hedmark and two in the county of Oppland. 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, leasing, real estate brokerage and accounting.

The Group's annual accounts shall be approved by the Bank's Board of Representatives on 29 March 2012.
The Board of Representatives is the Bank's supreme decision-making body.

Changes in the group composition

2011
Subsidiary Meglereiendom AS and Sørum & Søberg AS, which was a wholly-owned subsidiary of the Bank's subsidiary Hedmark Eiendom, was liquidated. On 18 April 2011 Sparebanken Hedmark acquired all the shares in the finance and accounting chain Consis AS. Consis AS consists of 47 financial offices and 115 employees, and it is one of Norway's leading providers and developers of finance and accounting services. The Group's head office is in Hamar, and the chain operates throughout most of Norway.

2010
From 1 january 2010 Sparebanken Hedmark owns 12 per cent of Bank 1 Oslo Akershus AS. Bank 1 Oslo Akershus AS was demerged from SpareBank 1 Gruppen AS at the same time. Bank 1 Oslo Akershus AS had until then been a wholly owned subsidiary of SpareBank 1 Gruppen AS and has thereby been indirectly owned by Sparebanken Hedmark with per cent. Sparebanken Hedmark will own 12 per cent of the bank and 12 per cent in SpareBank 1 Group AS as before.

From 1 January 2010 SpareBank 1 Boligkreditt AS is defined as an associated company in the Sparebanken Hedmark Group.

2009
On 28.09.2009, Sparebanken Hedmark sold its shareholding of 15 percent in BN Bank ASA to SpareBank 1 SMN, and from this point on the company is removed as FKV in the consolidated account.

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 2011. 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 2012 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. In genaral significant influence is when the Bank ownership is 20 per cent or more. 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 Oslo Akershus 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, 7.96 per cent, 36 per cent and 20 per cent of these companies respectively.

Bank 1 Oslo Akershus AS and SpareBank 1 Boligkreditt AS is defined as associated companies even though the ownership is less than 20 per cent. This is because the ownership structure and the strategic partnership between the owner banks SpareBank 1 Gruppen provides Sparebanken Hedmark significant influence in the two companies.

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. oint 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 per cent). 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. Commitments in default can be written down for expected loss if the customer's financial situation makes it likely for future losses. 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,

Other immaterial assets are depreciated on a straight-line basis over their estimated useful life along with share of the profit from the company.

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 år
Operating equipment:	3 - 25 år

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, accounting 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
IFRS 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	(01.01.2015)
Amendment to 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).	Yes	01.01.2012
Amendment to 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 rulesin IAS 16 Property, Plant and Equipment.	Expected Q2 2012	(01.01.2012)
Amendment to 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 Q2 2012	(01.01.2012)
Amendment to IAS 1	The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.	Expected Q2 2012	(01.07.2011)

Amendment to IAS 19	These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.	Expected Q1 2012	(01.07.2012)
IFRS 10	The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. Sets out the accounting requirements for the preparation of consolidated financial statements.	Expected Q3 2012	(01.01.2013)
IFRS 11	IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.	Expected Q3 2012	(01.01.2013)
IFRS 12	IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	Expected Q3 2012	(01.01.2013)
IFRS 13	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.	Expected Q3 2012	(01.01.2013)
Amendment to IAS 27	IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	Expected Q3 2012	(01.01.2013)
Amendment to IAS 28	IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	Expected Q3 2012	(01.01.2013)
Amendment to IAS 32	The amandments are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice.	Not determined	(01.01.2014)

Note 3 – Financial risk management

Overall responsibility and supervision

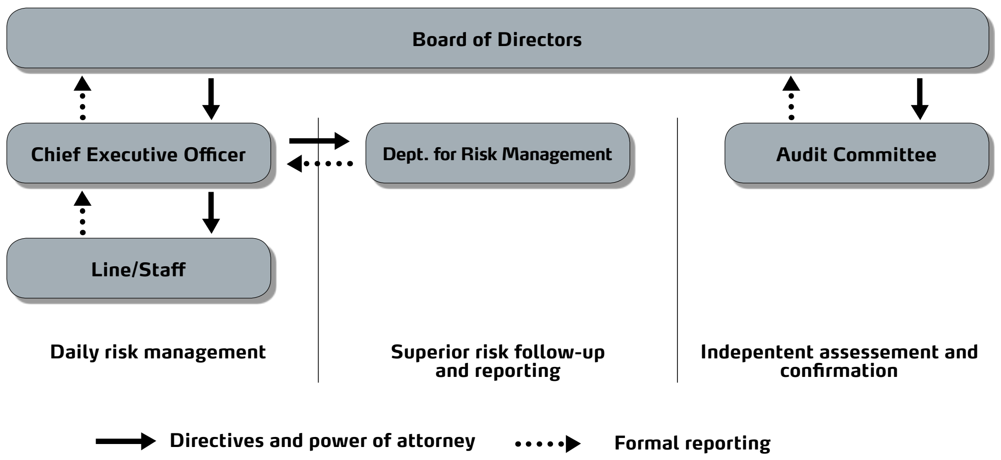
Sparebanken Hedmark's risk management shall support the Bank's strategic development and the attainment of its goals. Risk management shall also ensure financial stability and satisfactory asset management. This is to be achieved by:

- 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 the risk that Sparebanken Hedmark is unable to refinance its debt or fund an increase in assets without incurring significant additional expense. The financing strategy approved by the Board of Directors each year provides the basis for managing liquidity risk. The strategy establishes a framework for liquidity risk by defining limits for net liquidity requirements in various time intervals, requirements for long term financing and the amount of funds available as unused drawing rights. In addition, the strategy sets limits on the size of the liquidity reserve and stipulates how long the bank must be able to maintain its operations without new market financing. The size of the liquidity reserve is set to cover 12 months of ordinary banking activities at all times without requiring additional external financing. In a stress scenario, which is defined as a "major crisis in the market and in our own bank", the bank will also be in a position to maintain its ordinary activities for a minimum period of six months.

The liquidity reserve is composed of cash, bank deposits held in Norges Bank, unused committed drawing facilities, mortgage loans prepared for sale to SpareBank 1 Boligkreditt as well as mutual funds and publicly listed securities. The reserve totalled NOK 5.6 billion as at 31 December 2011. The bank has spread its funding across a number of national and international markets. At year-end, the average maturity of the financing is 3.2 years. A separate contingency plan has been established for liquidity.

The finance department has responsibility for managing liquidity, while the risk management department monitors and reports on the utilisation of limits pursuant to the liquidity strategy.

For further information see notes 37 and 38.

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 PRINCOPLES

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.

Goodwill
The Group tests goodwill for impairment each year or if there are indications that its value has become impaired. The recoverable amount from the cash-generating units is determined by calculating the discounted present value of future cash flows. The cash flows are based on historical earnings and forecasts of future conditions which require assessments and estimations to be made of uncertain amounts. The result of the valuation tests depends on estimates of required rates of return. The required rates of return are estimated on the basis of information available at the balance sheet date.

On acquisition of the portfolio from Bank 1 Oslo AS in 2006, the names of the customers who were transferred to Sparebanken Hedmark were noted to enable them to be identified at a later time. The remaining customers in the portfolio are therefore regarded as the smallest identifiable group of assets for a cash-generating unit. When testing the value of this portfolio for impairment, in principle an estimate is made of the net cash flows expected to arise from the portfolio by determining its earnings from loans and deposits, and the expenses and revenues derived from mutual funds and insurance products. Furthermore, an estimate is made of expected losses on the portfolio.

The cash flow is calculated over 20 years and is discounted using a risk free interest rate with the addition of a premium that reflects the risk associated with similar businesses. The calculations show that the present value of the discounted future cash flows connected to the portfolio acquired from Bank1 Oslo AS exceeds the carrying value of goodwill.

In conjunction with the acquisition of shares in Consis AS on 18 April 2011, the Group recognised goodwill of NOK 24 million (see note 26).

In addition, the financial statements for Consis AS contained NOK 33 million of goodwill as of 31 December 2011 deriving from a number of acquisitions. This has lead to a total increase in Group goodwill of NOK 57 million in 2011.

Note 5 - Segment information

This segment information is linked to the way the Group is run and followed 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, accounting and other activities.
- Property brokerage, leasing, financing and accounting are organised as independent companies.
- The result of the elimination of companies appears with other activities in a separate column.

2011	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	Total
Income statement							
Net interest income	429	312	104	1	-4	129	971
-of which internal items		*82*	*-82*	*4*	*-4*		
Net commission and other income	141	48	-15	57	48	6	285
-of which internal items		*2*	*-1*	*-1*			
Net return on financial investments						148	148
Operating expenses*	236	85	47	50	56	341	815
Profit before losses by segment:	**334**	**275**	**42**	**8**	**-12**	**-58**	**589**
Losses on loans and guarantees	5	40	5				50
Profit / loss per segment	**329**	**235**	**37**	**8**	**-12**	**-58**	**539**
Balance sheet							
Gross lending to customers	18 538	12 407	2 999			842	34 786
-of which internal items		*-34*			*34*		
Individual loan write-downs	-51	-160	-12				-223
Collective loan write-downs	-31	-71	-10				-112
Other assets	126		111	130	79	8 344	8 790
Total assets per segment	**18 582**	**12 176**	**3 088**	**130**	**79**	**9 186**	**43 241**
Deposits from and liabilities to customers	16 659	9 007				241	25 907
-of which internal items		*173*		*-126*	*-4*	*-43*	
Other liabilities and equity	1 923	3 169	3 088	130	79	8 945	17 334
Total equity and liabilities per segment	**18 582**	**12 176**	**3 088**	**130**	**79**	**9 186**	**43 241**

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	11	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**

*) Operating expenses in Retail and Corporate consist of directly attributable payroll and administration costs.

Note 6 - Net interest income

Parent bank				Group		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
			Interest income			
144	132	179	Interest on loans to and receivables from credit institutions	98	75	100
1 609	1 490	1 584	Interest on loans to and receivables from customers	1 765	1 643	1 750
107	116	131	Interest on certificates, bonds and other interest-bearing securities	131	116	107
35	41	43	Interest income from written-down loans charged to income	43	41	36
1			Other interest income and similar income			1
1 896	**1 779**	**1 937**	**Total interest income**	**2 037**	**1 875**	**1 994**
			Interest expenses			
202	159	160	Interest on debt to credit institutions	160	159	202
620	561	674	Interest on deposits from and liabilities to customers	669	559	614
309	214	232	Interest on securities issued	232	214	310
20	23		Fees to the Banks' Guarantee Fund		23	20
3	1		Other interest expenses and similar expenses	5	2	5
1 154	**958**	**1 066**	**Total interest expenses**	**1 066**	**957**	**1 151**
742	**821**	**871**	**Total net interest income**	**971**	**918**	**843**

Note 7 - Net commission income and other operating income

Parent bank				Group		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
			Commission income			
12	11	11	Guarantee commissions	10	10	11
7	10	6	Securities trading	6	10	7
91	100	101	Payment transmission	101	100	91
39	44	49	Insurance services	49	44	39
27	44	40	Commission from loans transferred to SpareBank 1 Boligkreditt AS	40	44	27
11	11	11	Other commission income	11	12	11
187	**220**	**218**	**Total commission income**	**217**	**220**	**186**
			Commission expenses			
28	27	23	Payment transmission	23	27	28
8	8	8	Other commission expenses	22	21	17
36	**35**	**31**	**Total commission expenses**	**45**	**48**	**45**
			Other operating income			
4	4	4	Operating income from real estate	4	4	4
			Real estate brokerage	57	55	52
6	6		Rental income		6	6
12		1	Gains on fixed assets	1	3	13
18	12	4	Other operating income	51	11	18
40	**22**	**9**	**Total other operating income**	**113**	**79**	**93**
191	**207**	**196**	**Total net commission and other operating income**	**285**	**251**	**234**

Note 8 - Net income from financial assets and liabilities

Parent bank 2009	Parent bank 2010	Parent bank 2011		Group 2011	Group 2010	Group 2009
			Change in value of interest rate instruments			
235	10	-1	Bonds and certificates at fair value through profit and loss	-1	10	235
-174	14	-34	Securities at fair value through profit and loss	-34	14	-174
-9	12	11	Fixed-rate loans at fair value through profit and loss	11	12	-9
17		-1	Fixed-rate deposits at fair value through profit and loss	-1		17
			Change in value of derivatives			
3	-3	-26	Net change in value of derivatives related to bonds (assets)	-26	-3	3
-34	27	85	Net change in value of derivatives related to funding loans	85	27	-34
22	1	-2	Guarantee liability – Eksportfinans	-2	1	22
2		2	Net change in value of other derivatives	2		2
			Income from equity instruments at fair value			
2	3		Net income from equity instruments held for trading		3	2
32	10	-1	Change in value of equity instruments held for trading	-1	10	32
96	**74**	**34**	**Total net income from financial assets and liabilities at fair value**	**34**	**74**	**96**
8	35	22	Net income from equity instruments available for sale	22	35	8
-6	111	-7	Gains / loss on realisation of equity instruments available for sale	-7	111	-6
18	-5	7	Write-down of and reversal of previous write-down of equity instruments available for sale	7	-5	18
20	**141**	**22**	**Total net income from equity instruments available for sale**	**22**	**141**	**20**
271	**63**	**108**	**Income from ownership interests**	**76**	**124**	**-64**
22	**20**	**16**	**Net income from currency trading**	**16**	**20**	**22**
409	**298**	**180**	**Total net income from financial assets and liabilities**	**148**	**359**	**74**

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

Parent bank 2009	Parent bank 2010	Parent bank 2011		Group 2011	Group 2010	Group 2009
226	248	265	Payroll	335	285	258
-8	21	42	Pension costs (note 34)	48	23	-5
45	54	50	Social security expenses	63	61	55
263	**323**	**357**	**Total personnel expenses**	**446**	**369**	**308**
520	523	516	Average no. of employees	708	589	585
489	486	479	No. of fulltime equivalents at 31 December	661	553	554
523	522	510	No. of employees at 31 December	701	590	589

Payments to Group management
2011 (NOK thousands)

Title / name	Salaries and other short-term benefits	Other remune-ration	Accrued pension entitlements in the last 12 months	Board fees in subsidia-ries etc.	Loans	Guarantees
Chief Executive Officer Richard Heiberg	2 414	120	428		1 500	
Director, Corporate Market Nils Arne Nordheim	1 834	18	183	90	733	
Director, Retail Market Kari E. Gisnås	1 270	17	285	75	2 149	
Director of Finance Tore Anstein Dobloug	1 191	16	228			
HR Director Eldar Kjendlie	1 162	18	141	50	1 197	
Director, Operations and IT Dag-Arne Hoberg	1 193	18	308		1 577	
Director, Risk Management Vidar Nordheim	919	19	183		1 720	
Bank Manager Tor Morten Nygård	975	18	243		2 666	
Head of Information Siv Stenseth	838	19	247		1 679	
Managing Director, Hedmark Eiendom AS Nils Børresen	1 217	21	199			
Managing Director, SpareBank 1 Finans Østlandet AS Hans Olav Wedvik	1 093	21	215		12 032	
Managing Director, Consis AS Ove Jahnsen *	251	1	12			
Managing Director, Consis AS Geir Schølberg **	709	8	36	8		

* From 10.10.2011
** To 09.10.2011

2010 (NOK thousands)

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

* From 01.06.2010
** To 30.06.2010

2009 (NOK thousands)

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

Of the total lending to Group management, NOK 6 million was transferred to SpareBank 1 Boligkreditt AS in 2011 (NOK 8 million in 2010, NOK 0 in 2009)

Remuneration to the Board and the Control Committee
2011 (NOK thousands)

Title / name	Fees	Other remuneration	Loans	Guarantees
Board:				
Chairman Gunnar Martinsen	219		27	
Vice Chairman Trond Hagerud	161		110	
Board member Siri J. Strømmevold	129		2 610	
Board member Nina Cecilie Lier	154			
Board member Jan Wibe	120		2 079	
Board member Grethe G. Fossum	120			
Board member Espen B. Larsen (employee, incl. in salary)	121		3 870	
Deputy Aud Christensen	93			
Deputy Jarle Dalløkken	7			
Deputy Ola Reidar Gulli (employee, incl. in salary)	70		673	
Control Committee:				
Chairman Pål Johnsrud	120			
Vice Chairman Anders Brinck	65			
Gro Svarstad	66			
Jan Erik Myrvold	66		2	
Valborg Berthelsen	65			
Deputy Mikael Løken				
Deputy Morten Kongsrud			3 080	
Deputy Kirsten Walmann			320	
Deputy Bodil Helene Andersen			724	
Deputy Gunn S. Hvamstad			956	

2010 (NOK thousands)

Title / name	Fees	Other remuneration	Loans	Guarantees
Board:				
Chairman Gunnar Martinsen	214	21	1 370	
Vice Chairman Trond Hagerud	99	18	1 123	
Board member Siri J. Strømmevold	129	25	24	
Board member Nina Cecilie Lier	138	25		
Board member Jan Wibe	120	25	1 781	
Board member Grethe G. Fossum	120	12		

Title / name	Fees	Other remuneration	Loans	Guarantees
Board:				
Board member Espen B. Larsen (employee, incl. in salary)	120	26	1 964	
Deputy Aud Christensen	68	18		
Deputy Jarle Dalløkken	50			
Deputy Ola Reidar Gulli (employee, incl. in salary)	69	18	513	

Title / name	Fees	Other remuneration	Loans	Guarantees
Control Committee:				
Chairman Pål Johnsrud	120			
Vice Chairman Anders Brinck	65			
Gro Svarstad	66			
Jan Erik Myrvold	67		2	
Valborg Berthelsen	65		2 760	
Deputy Mikael Løken				
Deputy Morten Kongsrud			2 471	
Deputy Kirsten Walmann			392	
Deputy Bodil Helene Andersen			2 240	
Deputy Gunn S. Hvamstad			935	

2009 (NOK thousands)

Title / name	Fees	Other remuneration	Loans	Guarantees
Board:				
Acting Chairman Gunnar Martinsen (from 27 Nov. 2009)	125		172	
Former Chairman Richard H. Heiberg (observer from 27 Nov. 2009)	167	2	2 142	
Board member Siri J. Strømmevold	110		4	
Board member Grethe G. Fossum	105			
Board member Espen B. Larsen (employee, incl. in salary)	105		1 997	
Board member Jan Wibe	105		1 829	
Acting board member Nina Cecilie Lier	66			
Deputy Gunveig Elvsæter Eggen				
Deputy Ola Reidar Gulli (employee, incl. in salary)	62		458	
Control Committee:				
Chairman Pål Johnsrud	107			
Vice Chairman Anders Brinck	55			
Gro Svarstad	57			
Jan Erik Myrvold	56		18	
Valborg Berthelsen	55		2 320	
Deputy Mikael Løken				
Deputy Morten Kongsrud			2 559	
Deputy Kirsten Walmann				
Deputy Ole Jan Hørstad			649	
Deputy Gunn S. Hvamstad			907	

Of the total lending to the Board and the Control Committee, NOK 4 was transferred to SpareBank 1 Boligkreditt AS in 2011 (NOK 0 in 2010, NOK 2 million in 2009).

Remuneration to the Board of Representatives (NOK thousands)	2011	2010	2009
Chairman Christen Engeloug	22	22	37
Other members	2-38	2-26	2-22

Remuneration scheme pursuant to "Regulations relating to remuneration schemes in financial institutions, securities firms and management companies"

Senior executives, etc. who fall within the regulations' definition receive remuneration in the form of fixed salary and are members of the bank's ordinary pension schemes. There are no established systems with variable salary components for senior executives, nor have any special administrative schemes been established for this group. Salaries are assessed through annual processes at the end of each year and changes normally come into effect on 1 January of the following year. Assessments are based on the bank's remuneration policy and described processes.

Note 10 - Other operating expenses

Parent bank				Group		
2009	2010	2011		2011	2010	2009
35	32	44	External services	47	35	39
42	44	49	External data processing	50	45	43
26	31	34	Marketing	50	45	38
26	25	25	Postage, courier, telephone, computer lines	29	27	28
54	49	45	IT equipment, software	47	52	57
38	28	26	Depreciation (notes 28 and 29)	32	31	41
8	9	9	Rent *	18	10	10
18	20	19	Operating expenses property	19	22	19
13	16	16	Wealth tax	16	16	13
37	36	40	Other operating expenses	61	47	47
297	**290**	**308**	**Total other operating expenses**	**369**	**330**	**335**
			Auditor's fee (NOK thousands)			
1 180	667	668	Statutory audit	1 116	871	1 723
99			Tax consulting			158
125			Other attestation services	485	33	141
128	159	47	Other services	156	255	148
1 531	**826**	**714**	**Total, including VAT**	**1 757**	**1 159**	**2 169**

* Specification of rent for 2011 (NOK thousands):

Parent bank	
Rent of premises	5 699
Machine hire	350
Rent of parking spaces	54
Electricity and fuel – rented premises	1 274
Other operating expenses – rented premises	1 648
Repairs and maintenance	47
Total rent	9 071

Group	
Rent of premises	7 372
Machine hire	5 442
Rent of parking spaces	74
Electricity and fuel – rented premises	1 582
Other operating expenses – rented premises	3 369
Repairs and maintenance	51
Total rent	17 890

Note 11 - Taxes

Parent bank				Group		
2009	2010	2011		2011	2010	2009
646	665	537	Profit/loss before tax	539	779	362
-302	-155	-110	+/- permanent differences *	-124	-259	7
8	-61	-18	+/- change in temporary differences as specified	15	-20	-10
52	12	-113	- of which recognised directly in equity	-115	11	62
404	**462**	**296**	**Tax base / taxable income for the year**	**316**	**510**	**421**
113	129	83	Of which tax payable 28 %	88	142	124
113	**129**	**83**	**Current tax liabilities**	**88**	**142**	**124**
2	9	2	Excess or insufficient tax allocation in previous years	7	9	2
115	138	85	Total tax payable	95	151	126
113	129	83	Tax payable on the year's profit	88	142	124
-3	15	18	+/- change in deferred tax	10	6	2
2	9	2	Excess or insufficient tax payable allocation in previous years	2	9	
	-9	-2	Excess or insufficient deferred tax allocation in previous years	-2	-9	2
-15	-3	32	+ change not recorded in income statement	31	-3	-17
97	**140**	**133**	**Total tax charge for the year**	**130**	**144**	**111**
2009	**2010**	**2011**	**Specification of deferred tax recognised in the balance sheet**	**2011**	**2010**	**2009**
			Temporary differences in:			
	10	9	- Operating equipment	59	13	
7	6	5	- Gains and loss account	5	6	7
34			- Reversal of losses on transition to new lending regulations from 1 January 2006			34
4	22	159	- Other temporary differences	129	63	4
45	**38**	**173**	**Total positive / tax-increasing temporary differences**	**192**	**82**	**45**
13	**11**	**48**	**Deferred taxes**	**54**	**23**	**13**
			Temporary differences in:			
336	296	395	- Net pension liability	405	310	342
31			- Securities			31
1			- Operating equipment		1	5
			Gains and loss account	2	3	
	45	23	- Other temporary differences	44	79	
			- Loss carried forward	33		
368	**341**	**418**	**Total negative / tax-reducing temporary differences**	**484**	**392**	**378**
103	**95**	**117**	**Deferred tax assets**	**136**	**110**	**106**
90	**85**	**69**	**Net deferred tax assets included in the accounts**	**82**	**87**	**93**
2009	**2010**	**2011**	**Specification of deferred tax charged to profit and loss**	**2011**	**2010**	**2009**
			Temporary differences in:			
	11	6	- Operating equipment	43	12	
			- Gains and loss account			
62	28		- Net pension liability	10	28	70
4	45	105	- Securities	105	45	4
	6	78	- Other temporary differences	2	16	
			- Loss carried forward			
67	**91**	**189**	**Total change in temporary differences**	**159**	**100**	**75**
19	**25**	**53**	**Deferred taxes**	**46**	**28**	**21**

2009	2010	2011		2011	2010	2009
			Temporary differences in:			
3			- Operating equipment	3	9	3
90			- Securities			90
2	1	1	- Gains and loss account	2	2	2
		99	- Net pension liability	99	1	
34	34		- Reversal of losses on transition to new lending regulations from 1 January 2006		34	34
	3	23	- Other temporary differences	24	3	
129	**39**	**123**	**Total change in temporary differences**	**128**	**50**	**129**
36	**11**	**35**	**Deferred tax assets**	**36**	**14**	**36**
-17	**15**	**18**	**Net recorded deferred tax assets**	**10**	**15**	**-15**

2009	2010	2011	Reconciliation current tax charged to profit and loss and pre-tax profit	2011	2010	2009
184	186	150	28 % of pre-tax profit	151	218	112
2	4	6	Non-taxable profit and loss items (permanent differences)	2	-27	88
-36	-16	-23	Share dividends	-23	-16	-36
	-3		Effect of Group contribution on change in deferred tax			
-54	-32		Net gains on securities for accounting purposes		-32	-54
2	1	1	Reversal of 3 % of tax-free earnings according to exemption method	1	1	2
2	9	2	Excess or insufficient tax payable allocation in previous years	2	9	2
-2	-9	-2	Excess or insufficient deferred tax allocation in previous years	-2	-9	-2
98	**140**	**133**	**Current tax charged to profit and loss**	**130**	**144**	**111**
15 %	**21 %**	**25 %**	**Effective tax rate (%)**	**24 %**	**18 %**	**31 %**

* 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).

Note 12 - Credit institutions - claims and liabilities

Parent bank				Group		
2009	**2010**	**2011**	**Loans to and receivables from credit institutions**	**2011**	**2010**	**2009**
64	26	35	Loans and receivables at call	35	25	64
1 734	2 028	2 975	Loans and receivables with agreed maturities or notice	329	32	88
1 798	**2 054**	**3 010**	**Total**	**364**	**57**	**152**
			Loans and receivables specified by major currencies			
1 690	1 997	2 954	NOK	307		44
30	2	8	EUR	8	2	30
26	11	6	CHF	6	11	26
47	37	34	JPY	34	37	47
5	7	9	Other	9	7	5
1 798	**2 054**	**3 010**	**Total**	**364**	**57**	**152**

2009	2010	2011	Liabilities to credit institutions	2011	2010	2009
18	10	45	Loans and deposits at call	9	9	17
5 031	3 812	2 948	Loans and deposits with agreed maturities or notice	2 982	3 812	5 031
60	15	17	Accrued interest	17	15	60
5 109	**3 837**	**3 010**	**Total**	**3 008**	**3 836**	**5 108**
			Liabilities specified by major currencies			
2 683	1 669	1 704	NOK	1 702	1 668	2 682
2 365	2 148	1 284	EUR	1 284	2 148	2 365
1	5	5	Other	5	5	1
60	15	17	Accured interest	17	15	60
5 109	**3 837**	**3 010**	**Total**	**3 008**	**3 836**	**5 108**
2,6 %	2,6 %	**2,7 %**	**Average interest rate**	**2,7 %**	2,6 %	2,6 %

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		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
			Loans by type of receivable			
			Financial leasing	1 283	1 053	1 009
2 962	3 336	3 813	Overdraft facilities and operating credits	3 813	3 336	2 962
1 182	785	724	Building loans	724	785	1 182
27 957	27 353	27 181	Repayment loans	28 847	28 660	28 993
86	93	99	Accrued interest	119	108	86
32 187	**31 567**	**31 816**	**Gross loans to and receivables from customers**	**34 786**	**33 942**	**34 232**
329	311	313	Write-downs	335	333	368
31 858	**31 256**	**31 503**	**Loans to and receivables from customers**	**34 451**	**33 609**	**33 864**
			Loans by type of market			
20 764	19 473	19 490	Private customers	20 932	20 569	21 626
11 418	12 091	12 325	Corporate	13 762	13 310	12 565
5	3	1	Public sector	91	63	41
32 187	**31 567**	**31 816**	**Gross loans to and receivables from customers**	**34 786**	**33 942**	**34 232**
329	311	313	Write-downs	335	333	368
31 858	**31 256**	**31 503**	**Loans to and receivables from customers**	**34 451**	**33 609**	**33 864**
			of which subordinated loan capital			
			Subordinated capital in credit institutions			
2			Other subordinated capital			2
2	**0**	**0**	**Subordinated loan capital recorded as lending**	**0**	**0**	**2**
			Of repayment loans, loans stated at fair value through profit and loss (FVO):			
960	*926*	*1 202*	*- Fixed-rate loans to customers, book value*	*1 202*	*926*	*960*
934	*887*	*1 155*	*- Fixed-rate loans to customers, face value*	*1 155*	*887*	*934*
14	*12*	*7*	*- Loans with interest-rate guarantees, book value*	*7*	*12*	*14*
14	*12*	*7*	*- Loans with interest-rate guarantees, face value*	*7*	*12*	*14*

Parent bank				Group		
2009	**2010**	**2011**	**Total commitments by risk group**	**2011**	**2010**	**2009**
20 826	18 950	19 672	Lowest risk	19 653	18 965	20 826
5 224	5 119	4 864	Low risk	6 618	6 368	6 510
6 631	7 167	6 859	Medium risk	7 959	8 126	7 386
1 698	1 509	1 797	High risk	1 964	1 671	1 817
1 738	1 317	1 412	Highest risk	1 412	1 317	1 738
618	710	718	Defaults	718	710	731
36 735	**34 772**	**35 322**	**Total commitments by risk group**	**38 324**	**37 157**	**39 008**

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 431 million in the Retail Division and worth NOK 283 million in the Corporate Division on 31 December 2011. These have not been paid and are therefore not included in total commitments.

Parent bank				Group		
2009	**2010**	**2011**	**Gross loans by risk group**	**2011**	**2010**	**2009**
18 434	17 073	17 391	Lowest risk	17 349	17 088	18 434
4 608	4 610	4 556	Low risk	6 305	5 859	5 674
5 698	6 837	6 347	Medium risk	7 444	7 786	6 461
1 431	1 303	1 584	High risk	1 750	1 465	1 534
1 460	1 099	1 262	Highest risk	1 262	1 099	1 460
556	645	676	Defaults	676	645	669
32 187	**31 567**	**31 816**	**Gross loans by risk group**	**34 786**	**33 942**	**34 232**

Parent bank				Group		
2009	2010	2011	**Individual write-downs by risk group**	2011	2010	2009
192	**216**	**211**	Defaults (own definition)	**223**	**231**	**224**

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		
2009	2010	2011	**Expected annual average net loss by risk group**	2011	2010	2009
1	1	1	Lowest risk	1	1	1
2	2	2	Low risk	7	2	6
12	11	11	Medium risk	11	12	16
13	12	12	High risk	14	16	17
23	21	31	Highest risk	31	21	23
26	25	18	Defaults	19	25	26
77	**72**	**75**	**Total expected annual average net loss by risk group**	**83**	**77**	**89**

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		
2009	2010	2011	**Total commitments by sector and industry**	2011	2010	2009
22 286	20 788	20 989	Private customers	22 431	21 891	23 125
5	3	1	Public sector	93	63	41
2 994	3 110	3 328	Primary industries	3 495	3 267	3 155
477	462	440	Paper and pulp industries	459	462	498
326	499	528	Other industry	638	647	428
1 233	1 023	1 110	Building and construction	1 421	1 305	1 559
119	110	111	Power and water supply	181	110	161
985	1 123	1 129	Wholesale and retail trade	1 384	1 307	1 224
211	221	215	Hotel and restaurants	220	221	218
5 666	5 098	5 197	Real estate	5 228	5 125	5 696
2 034	1 994	1 932	Commercial services	2 157	2 205	2 239
393	313	255	Transport and communications	530	526	656
8	29	86	Other	86	29	10
36 735	**34 772**	**35 322**	**Total commitments by sector and industry**	**38 324**	**37 157**	**39 008**

Parent bank				Group		
2009	2010	2011	**Gross loans by sector and industry**	2011	2010	2009
20 764	19 473	19 490	Private customers	20 932	20 569	21 626
5	3	1	Public sector	91	63	41
2 715	2 779	2 960	Primary industries	3 123	2 936	2 876
285	403	386	Paper and pulp industries	404	403	296
263	366	371	Other industry	479	514	337
728	757	756	Building and construction	1 060	1 038	987
95	86	89	Power and water supply	157	86	137
791	799	799	Wholesale and retail trade	1 050	983	968
195	203	198	Hotel and restaurants	203	203	202
4 457	4 748	4 846	Real estate	4 877	4 775	4 480
1 624	1 685	1 729	Commercial services	1 950	1 895	1 807
259	237	189	Transport and communications	458	449	469
8	29	3	Other	3	29	8
32 187	**31 567**	**31 816**	**Total gross loans by sector and industry**	**34 786**	**33 942**	**34 232**

Parent bank				Group		
2009	2010	2011	**Individual write-downs by sector and industry**	2011	2010	2009
44	46	52	Private customers	57	48	52
3	1	5	Primary industries	8	5	11
21	12	11	Paper and pulp industries	11	12	21
7	10	5	Other industry	5	15	12
6	28	27	Building and construction	28	29	8
1	2	1	Power and water supply	1	2	1
16	12	14	Wholesale and retail trade	14	13	17
15	16	12	Hotel and restaurants	12	16	15
46	50	54	Real estate	54	51	46
30	37	28	Commercial services	28	38	36
3	2	2	Transport and communications	5	2	5
192	**216**	**211**	**Total individual write-downs by sector and industry**	**223**	**231**	**224**

Parent bank				Group		
2009	2010	2011	**Expected annual average net loss by sector and industry**	2011	2010	2009
28	24	28	Private customers	32	26	33
5	10	7	Primary industries	9	10	5
			Paper and pulp industries			
4	6	5	Other industry	4	6	4
10	10	11	Building and construction	11	11	13
			Power and water supply			
5	4	6	Wholesale and retail trade	8	5	7
2	1	1	Hotel and restaurants	1	1	2
9	11	7	Real estate	7	11	9
8	5	7	Commercial services	8	6	10
6	1	3	Transport and communications	4	1	6
77	**72**	**75**	**Total expected annual average net loss by sector and industry**	**83**	**77**	**89**

Parent bank				Group		
2009	2010	2011	**Gross loans by geographic area**	2011	2010	2009
25 530	24 939	24 569	Hedmark County	25 731	26 036	26 529
6 446	6 409	7 035	Rest of Norway	8 822	7 672	7 492
125	126	113	Abroad	113	126	125
86	93	99	Accrued interest, undistributed	119	108	86
32 187	**31 567**	**31 816**	**Total gross loans by geographic area**	**34 786**	**33 942**	**34 232**

Loans to employees

Parent bank				Group		
2009	2010	2011		2011	2010	2009
507	528	558	Loans to employees	661	604	588
19	*173*	*221*	*Of which loans in SpareBank 1 Boligkreditt*	*249*	*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. As at 31.12.12 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)	2011	2010	2009
Gross receivables linked to financial leasing agreements			
- Up to 1 year	171	194	206
- 1 to 5 years	1 008	832	762
- More than 5 years	202	87	99
Total gross receivables	**1 381**	**1 113**	**1 067**
Not accrued income linked to financial leasing agreements	2	3	3
Net investments linked to financial leasing agreements	1 379	1 110	1 064
Net investments in financial leasing agreements can be analysed thus:			
- Up to 1 year	171	194	205
- 1 to 5 years	1 006	829	759
- More than 5 years	202	87	99
Total net receivables	**1 378**	**1 110**	**1 064**

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

2011

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	4	2	1	16	**23**
- Corporate market	2	7	3	6	**18**
Total	**6**	**9**	**4**	**22**	**41**

2010

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
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	Total
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**

Group

2011

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
Loans to and receivables from customers					
- Retail market	7	3	1	18	**29**
- Corporate market	11	10	4	8	**33**
Total	**18**	**13**	**5**	**26**	**62**

2010

	Up to 30 days	31 - 60 days	61 - 90 days	More than 91 days	Total
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	Total
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**

Note 15 - Losses on loans and guarantees

Parent bank										Group								
2009			2010			2011				2011			2010			2009		
RM	CM	Total	RM	CM	Total	RM	CM	Total		RM	CM	Total	RM	CM	Total	RM	CM	Total
10	71	**81**	7	33	**40**	10	-14	**-4**	Change in individual write-downs in the period	13	-20	**-7**	1	22	**23**	12	73	**85**
-1	38	**37**	9	-51	**-42**	-4	11	**7**	+ Change in collective write-downs in the period	-1	10	**9**	9	-51	**-42**	-1	37	**36**
3	10	**13**	5	38	**43**	3	45	**48**	+ Realised losses on commitments previously written down	13	45	**58**	21	44	**65**	9	11	**20**
13	2	**15**	8	6	**14**	13	19	**32**	+ Realised losses on commitments not previously written down	13	19	**32**	10	3	**13**	13	3	**16**
7	3	**10**	6	1	**7**	18	20	**38**	- Recoveries on loans and guarantees previously written down	20	22	**42**	7	2	**9**	7	4	**11**
18	**118**	**136**	**23**	**25**	**48**	**5**	**40**	**45**	**Total losses on loans and guarantees**	**19**	**31**	**50**	**34**	**16**	**50**	**26**	**120**	**146**

2009			2010			2011				2011			2010			2009		
RM	CM	Total	RM	CM	Total	RM	CM	Total	**Individual write-downs**	RM	CM	Total	RM	CM	Total	RM	CM	Total
28	93	**121**	37	157	**194**	41	180	**221**	Individual write-downs to cover losses on loans and guarantees at 1 January	43	193	**236**	45	181	**226**	33	115	**148**
3	10	**13**	5	39	**44**	3	45	**48**	Realised losses in the period on loans and guarantees previously written down individually	5	53	**58**	13	53	**66**	4	16	**20**
5	19	**24**	4	16	**20**	5	18	**22**	Reversal of write-downs in previous years	6	22	**27**	5	21	**26**	5	27	**32**
1	26	**27**	1	11	**12**	9	16	**25**	Increase in write-downs on commitments previously written down individually	9	17	**26**	1	13	**14**	1	30	**31**
16	67	**83**	12	67	**79**	8	32	**40**	Write-downs on commitments not previously written down individually	14	37	**51**	15	73	**88**	20	79	**99**
37	**157**	**194**	**41**	**180**	**221**	**50**	**166**	**216**	**Individual write-downs to cover losses on loans and guarantees at 31 December**	**55**	**173**	**228**	**43**	**193**	**236**	**45**	**181**	**226**

*) Guarantee provisions are included under "Other liabilities" in the balance sheet and at 31 December amounted to NOK 5 million. The corresponding figures in 2010 and 2009 are NOK 5 million and NOK 2 million.

2009			2010			2011				2011			2010			2009		
RM	CM	Total	RM	CM	Total	RM	CM	Total	**Collective write-downs**	RM	CM	Total	RM	CM	Total	RM	CM	Total
27	73	**100**	26	111	**137**	35	60	95	Collective write-downs to cover losses on loans and guarantees at 1 January	38	64	**102**	29	115	**144**	29	79	**108**
-1	38	**37**	9	-51	**-42**	-4	11	7	Collective write-downs to cover losses on loans and guarantees in the period	-1	11	**10**	9	-51	**-42**		36	**36**
26	**111**	**137**	**35**	**60**	**95**	**31**	**71**	**102**	**Collective write-downs to cover losses on loans and guarantees at 31 December**	**37**	**75**	**112**	**38**	**64**	**102**	**29**	**115**	**144**

Parent bank 2009	2010	2011	Losses by sector and industry	Group 2011	2010	2009
26	13	6	Private customers	9	14	29
			Public sector			-1
	1	4	Primary industries	3		4
4	5	3	Paper and pulp industries	3	5	4
	4	-1	Other industry	-3	4	-1
9	29	1	Building and construction	1	28	11
5			Power and water supply		2	5
7	4	8	Wholesale and retail trade	11	3	7
6	2	-1	Hotel and restaurants	-1	2	6
17	13	7	Real estate	7	13	17
20	19	9	Commercial services	9	22	22
5			Transport and communications	1		7
			Other	-1		
37	-42	7	Collective write-downs	9	-43	36
136	**48**	**45**	**Losses on loans to customers**	**50**	**50**	**146**

Parent bank 2007	2008	2009	2010	2011	Defaulted (more than 90 days) and doubtful commitments	Group 2011	2010	2009	2008	2007
182	243	453	344	368	Defaulted commitments	424	390	518	286	278
149	179	234	434	418	Other doubtful commitments	420	441	247	202	208
331	**422**	**687**	**778**	**786**	**Total defaulted and doubtful commitments**	**844**	**831**	**765**	**488**	**486**
90	121	194	221	216	Individual write-downs	228	236	226	148	112
241	**301**	**493**	**557**	**570**	**Net defaulted and doubtful commitments**	**616**	**595**	**539**	**340**	**374**
17	27	35	41	**43**	**Interest income from written-down loans charged to income**	**43**	41	36	27	17

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

Sparebanken Hedmark has credit card portfolio on its own balance sheet, and the figures therefore include the defaults and doubtfull commitments for the credit cards.

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 (%) 2011	Total commitment 2011	Average unsecured exposure (%) 2010	Total commitment 2010	Average unsecured exposure (%) 2009	Total commitment 2009
Lowest risk	2,99	19 672	2,78	18 950	2,88	20 826
Low risk	11,12	4 864	12,84	5 119	10,60	5 224
Medium risk	14,55	6 859	15,12	7 167	18,18	6 631
High risk	19,62	1 797	25,97	1 509	16,22	1 698
Highest risk	23,62	1 412	28,17	1 317	28,13	1 738
Defaulted and written down	31,6	718	34,21	710	28,16	618
Total	**8,6**	**35 322**	**9,41**	**34 772**	**8,98**	**36 735**

Group	Average unsecured exposure (%) 2011	Total commitment 2011	Average unsecured exposure (%) 2010	Total commitment 2010	Average unsecured exposure (%) 2009	Total commitment 2009
Lowest risk	2,99	19 662	2,78	18 950	2,88	20 826
Low risk	12,53	6 613	13,22	6 368	8,54	6 510
Medium risk	14,17	7 956	13,47	8 141	16,09	7 499
High risk	19,96	1 963	23,75	1 671	15,18	1 817
Highest risk	23,62	1 412	28,17	1 317	28,13	1 738
Defaulted and written down	31,60	718	34,21	710	28,16	618
Total	**9,12**	**38 324**	**9,35**	**37 157**	**8,46**	**39 008**

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 2009	2010	2011		Group 2011	2010	2009
			Assets			
964	882	266	Cash and deposits with central banks	266	882	964
1 798	2 054	3 010	Loans to and receivables from credit institutions	364	57	152
32 187	31 567	31 816	Gross loans to and receivables from customers	34 786	33 942	34 232
-192	-95	-211	- Individual write-downs	-223	-231	-224
-137	-216	-102	- Write-downs of groups of loans	-112	-102	-144
31 858	31 256	31 503	Net loans to and receivables from customers	34 451	33 609	33 864
4 180	4 531	5 235	Certificates, bonds and fixed-income funds	5 235	4 531	4 180
295	270	376	Financial derivatives	376	270	295
39 095	**38 993**	**40 390**	**Credit risk exposure, balance sheet**	**40 692**	**39 349**	**39 455**
			Liabilities			
708	627	684	Contingent liabilities (guarantees provided)	569	557	638
3 840	2 834	3 650	Unutilised credit lines	2 936	2 680	3 840
578	764	714	Loans approved not disbursed	714	764	578
		9	Other commitments	9		
5 126	**4 225**	**5 057**	**Total financial guarantees**	**4 228**	**4 001**	**5 056**
44 221	**43 218**	**45 447**	**Total credit risk exposure**	**44 920**	**43 350**	**44 511**

Neither defaulted nor written down

Parent bank 2009	Parent bank 2010	Parent bank 2011		Group 2011	Group 2010	Group 2009
			Banking activities			
31 265	30 283	31 315	Hedmark	28 984	29 159	30 399
8 535	8 200	8 585	Rest of Norway	10 391	9 463	9 730
189	152	150	Abroad	150	152	189
-329	-311	-313	Provisions for losses, undistributed	-335	-333	-368
86	93	99	Accrued interest, undistributed	119	108	86
39 746	**38 417**	**39 836**	**Total banking activities**	**39 309**	**38 549**	**40 036**
			Financial market activities			
3 039	3 554	4 756	Norway	4 756	3 554	3 039
1 146	968	817	Europe and Australia	817	968	1 146
290	279	38	USA	38	279	290
4 475	**4 801**	**5 611**	**Total financial market activities**	**5 611**	**4 801**	**4 475**
44 221	**43 218**	**45 447**	**Total distributed by geographic area**	**44 920**	**43 350**	**44 511**

Note 18 - Credit quality per class of financial assets

Parent bank		Neither defaulted nor written down						
2011	**Notes**	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**	**Defaulted or individually written down**	**Total**
Loans to and receivables from credit institutions	12	3 010						**3 010**
Gross loans to and receivables from customers								
Retail market	13	12 064	2 645	2 343	348	429	253	**18 082**
Corporate market	13	4 509	1 744	3 836	1 216	808	412	**12 525**
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	732	121	86	7	5	2	**953**
Corporate market	13	111	47	68	7	16	7	**256**
Total gross lending		**20 426**	**4 557**	**6 333**	**1 578**	**1 258**	**674**	**34 826**
Financial investments								
Certificates, bonds and fixed-income funds	19	2 928	1 421	834	49	3		**5 235**
Total financial investments		**2 928**	**1 421**	**834**	**49**	**3**		**5 235**
Total lending-related assets		**23 354**	**5 978**	**7 167**	**1 627**	**1 261**	**674**	**40 061**

Parent bank		Neither defaulted nor written down						
2010	**Notes**	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**	**Defaulted or individually written down**	**Total**
Loans to and receivables from credit institutions	12	2 054						**2 054**
Gross loans to and receivables from customers								
Retail market	13	12 377	3 056	2 516	286	352	219	**18 806**
Corporate market	13	4 070	1 416	4 229	1 002	742	406	**11 865**
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	522	94	58	6	5		**685**
Corporate market	13	107	44	34	9		17	**214**
Total gross lending		**19 130**	**4 610**	**6 837**	**1 303**	**1 099**	**642**	**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		**21 007**	**6 496**	**7 561**	**1 341**	**1 105**	**642**	**38 152**

Parent bank		Neither defaulted nor written down						
2009	**Notes**	**Lowest risk**	**Low risk**	**Medium risk**	**High risk**	**Highest risk**	**Defaulted or individually written down**	**Total**
Loans to and receivables from credit institutions	12	1 798						**1 798**
Gross loans to and receivables from customers								
Retail market	13	13 794	2 987	2 426	335	286	201	**20 029**
Corporate market	13	3 980	1 456	3 178	1 091	1 157	348	**11 210**
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	564	114	61	5	3	2	**749**
Corporate market	13	96	51	33		14	5	**199**
Total gross lending		**20 232**	**4 608**	**5 698**	**1 431**	**1 460**	**556**	**33 985**
Financial investments								
Certificates and bonds	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**

Group 2011	Notes	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Total
		Neither defaulted nor written down						
Loans to and receivables from credit institutions	12	364						**364**
Gross loans to and receivables from customers								
Retail market	13	12 064	3 257	3 151	352	429	253	**19 506**
Corporate market	13	4 466	2 881	4 126	1 378	808	412	**14 071**
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	732	121	86	7	5	2	**953**
Corporate market	13	111	47	68	7	16	7	**256**
Total gross lending		**17 737**	**6 306**	**7 431**	**1 744**	**1 258**	**674**	**35 150**
Financial investments								
Certificates, bonds and fixed-income funds	19	2 928	1 421	834	49	3		**5 235**
Total financial investments		**2 928**	**1 421**	**834**	**49**	**3**	**0**	**5 235**
Total lending-related assets		**20 665**	**7 727**	**8 265**	**1 793**	**1 261**	**674**	**40 385**

Group 2010	Notes	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Total
		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	3 480	3 167	286	375	219	**19 904**
Corporate market	13	4 070	2 234	4 549	1 052	831	406	**13 142**
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	522	94	58	6	5		**685**
Corporate market	13	107	44	34	9		17	**211**
Total gross lending		**17 133**	**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		**19 010**	**7 738**	**8 532**	**1 391**	**1 217**	**645**	**38 530**

Konsern 2009	Notes	Lowest risk	Low risk	Medium risk	High risk	Highest risk	Defaulted or individually written down	Total
		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	13 832	3 338	2 935	353	286	213	**20 957**
Corporate market	13	3 980	2 204	3 429	1 182	1 155	377	**12 327**
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	564	114	61	5	3	2	**749**
Corporate market	13	96	51	33		14	5	**199**
Total gross lending		**18 624**	**5 707**	**6 458**	**1 540**	**1 458**	**597**	**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		**19 892**	**7 836**	**7 203**	**1 578**	**1 458**	**597**	**38 564**

The classification of financial investments into various risk groups has been based on ratings from Standard & Poor's, Moody's, Fitch or a recognized Norwegian brokerage, according to the conversion table below. A small number of issues have not been officially rated by the rating agencies.

In 2011, these amount to NOK 1 069 million, consisting of one municipal certificate and one county certificate (NOK 549 million), and holdings in two money market funds (NOK 220 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+ eller lavere			

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	2011	2010	2009
Government			
nominal value	150	50	
fair value	155	54	
Other public sector issuers			
nominal value	945	150	190
fair value	951	149	190
Financial institutions			
nominal value	3 090	3 569	2 918
fair value	3 151	3 600	2 937
Non-financial institutions			
nominal value	990	738	1 059
fair value	977	728	1 053
Total fixed-income papers, nominal value	**5 175**	**4 507**	**4 167**
Total fixed-income papers at fair value	**5 235**	**4 531**	**4 180**

Fair value is presented including accrued interest (dirty price).
Accrued interest amounts to NOK 52 million i 2011, NOK 44 million in 2010 and NOK 38 million in 2009.

See note 18 for a more detailed specification of risk linked to fixed-income funds.

Note 20 - Financial derivatives

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

Assessment at fair value through profit and loss	2011		
	Contract sum	Fair value	
Currency instruments		Assets	Liabilities
Currency forward contracts	1 839	41	26
Currency swaps	1 985	4	19
Total currency instruments	3 824	46	45
Interest rate instruments			
Interest rate swaps (including currency swaps)	10 606	317	177
Other interest rate contracts	430	12	
Total interest rate instruments	11 036	330	177
Other derivatives			
Guarantee liability in respect of Eksportfinans ASA	57		4
Total currency and interest rate instruments			
Total currency instruments	**3 824**	**46**	**45**
Total interest rate instruments	**11 036**	**330**	**177**
Total other derivatives	**57**	**0**	**4**
Total	**14 917**	**376**	**225**

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		
	Contract sum	Fair value	
Currency instruments		Assets	Liabilities
Currency forward contracts	2 569	21	35
Currency swaps	1 480	15	5
Total currency instruments	4 049	36	40
Interest rate instruments			
Interest rate swaps (including currency swaps)	7 779	95	99
Other interest rate contracts	1 133	6	1
Total interest rate instruments	8 912	101	100
Other derivatives			
Guarantee liability in respect of Eksportfinans ASA	67		13
Total currency and interest rate instruments			
Total currency instruments	**4 049**	**36**	**40**
Total interest rate instruments	**8 912**	**101**	**100**
Accrued interest		**158**	**41**
Total other derivatives	**67**	**0**	**13**
Total	**13 028**	**295**	**194**

Note 21 - Shares, interest 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.

Shares and interest	2011	2010	2009
At fair value through profit and loss	**4**	**5**	**76**
- Listed	*4*	*5*	*76*
Available for sale	**308**	**354**	**458**
- Listed	*72*	*97*	*69*
- Unlisted	*236*	*257*	*389*
Total shares and interest	**312**	**359**	**534**
Total listed companies	**76**	**102**	**145**
Total unlisted companies	**236**	**257**	**389**

2011 Listed companies	Classification	Percentage ownership (%)	No. of shares	Cost of acquisition (NOK thousands)	Market value / book value (NOK thousands)
Visa Inc.	AFS	0,0 %	13 710	5 891	8 382
Total listed shares				**5 891**	**8 382**
SpareBank 1 Nøtterøy-Tønsberg	HFT	4,7 %	50 500	5 555	3 699
SpareBank 1 Ringerike Hadeland	AFS	0,3 %	41 338	5 126	4 837
Sparebanken Møre	AFS	0,4 %	29 999	6 909	5 280
Totens Sparebank	AFS	19,9 %	860 966	86 033	53 380
Total listed equity certificates				**103 623**	**67 196**
Total listed shares and equity certificates				**109 514**	**75 578**
Unlisted companies					
Argo ProAktiv	AFS		100 000	10 000	10 644
Eiendomskreditt	AFS	2,0 %	32 510	3 446	3 479
Eksportfinans	AFS	1,3 %	3 499	52 127	48 986
Nets Holding	AFS	1,4 %	2 591 201	112 312	126 978
Nordito Property	AFS	3,1 %	313 715	10 666	8 533
Norgesinvestor IV	AFS	1,7 %	79 000	7 900	7 805
Norgesinvestor Opportunities	AFS	6,4 %	80 000	8 000	7 336
Norgesinvestor Pro	AFS	10,9 %	150 000	15 000	16 089
Other	AFS			11 432	6 095
Total unlisted shares and interest				**230 883**	**235 945**
Total shares, units and equity certificates				**340 397**	**311 523**

Note 22 - Classification of financial instruments

Parent bank	**Financial investments at fair value through profit and loss**				
2011	**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				372	372
Loans to and receivables from credit institutions				3 010	3 010
Gross loans to and receivables from customers		1 209		30 607	31 816
- Individual write-downs				-211	-211
- Write-downs of groups of loans				-102	-102
Net loans to and receivables from customers	0	1 209	0	30 294	31 503
Certificates, bonds and fixed-income funds		5 235			5 235
Financial derivatives	376				376
Shares, units and other equity interests	4		308		312
Total assets	**379**	**6 444**	**308**	**33 676**	**40 807**
Liabilities					
Deposits from and liabilities to credit institutions				3 010	3 010
Deposits from and liabilities to customers		798		25 244	26 042
Liabilities arising from issuance of securities		7 598			7 598
Financial derivatives	225				225
Total liabilities	**225**	**8 396**	**0**	**28 254**	**36 875**

Group	**Financial investments at fair value through profit and loss**				
2011	**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				372	372
Loans to and receivables from credit institutions				364	364
Gross loans to and receivables from customers		1 209		33 577	34 786
- Individual write-downs				-223	-223
- Write-downs of groups of loans				-112	-112
Net loans to and receivables from customers	0	1 209	0	33 242	34 451
Certificates, bonds and fixed-income funds		5 235			5 235
Financial derivatives	376				376
Shares, units and other equity interests	4		308		312
Total assets	**379**	**6 444**	**308**	**33 978**	**41 109**
Liabilities					
Deposits from and liabilities to credit institutions				3 008	3 008
Deposits from and liabilities to customers		805		25 102	25 907
Liabilities arising from issuance of securities		7 598			7 598
Financial derivatives	225				225
Total liabilities	**225**	**8 403**	**0**	**28 110**	**36 738**

Parent bank	Financial investments at fair value through profit and loss				
2010	**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				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	Financial investments at fair value through profit and loss				
2010	**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				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	Financial investments at fair value through profit and loss				
2009	**Held for trading**	**To be recognised at fair value**	**Financial investments held to matu-rity**	**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	Financial investments at fair value through profit and loss				
2009	**Held for trading**	**To be recognised at fair value**	**Financial investments held to matu-rity**	**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**

Note 23 - Determination of fair value of financial instruments

The table below shows the financial instruments at fair value by the measurement method. The different levels are defined as follows:

- 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.

2011

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- Derivatives		376		376
- Bonds, certificates and fixed-income funds		5 235		5 235
- Equity instruments	4			4
- Fixed-rate loans		1 202		1 202
- Loans with interest-rate guarantees			7	7
Financial assets available for sale				
- Equity instruments	72	11	225	308
Total assets	**76**	**6 823**	**233**	**7 132**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit and loss				
- Derivatives		221	4	225
- Securities issued		7 598		7 598
- Fixed-rate deposits		437		437
- Term deposits			368	368
Total liabilities	**0**	**8 256**	**372**	**8 628**

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 liabilities at fair value through profit and loss				
- Derivatives		204	12	215
- Securities issued		7 430		7 430
- Fixed-rate deposits		228		228
- Term deposits			224	224
Total liabilities	**0**	**7 862**	**236**	**8 098**

2009

Assets	**Nivå 1**	**Nivå 2**	**Nivå 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	**Nivå 1**	**Nivå 2**	**Nivå 3**	**Total**
Financial liabilities 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 tables below presents the changes in value of the instruments classified in level 3:

2011	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
Opening balance	12	246	-12	-224	**22**
Investments in the period		5	10	224	**239**
Sales / redemption in the period	-5	-2		-368	**-375**
Gains / losses recognised through profit and loss			-2		**-2**
Gains / losses recognised directly against comprehensive income		-24			**-24**
Closing balance	7	225	-4	-368	**-140**
Gains / losses for the period included in the profit for assets owned on the balance sheet day			-2		**-2**

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**

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**

Gains and losses on instruments classified in level 3 recognised in profit and loss are included in their entirety under "Net profit from other financial assets and liabilities" in the income statement.

Note 24 - Information about fair value

Parent bank	Book value 31.12.11	Fair value 31.12.11	Book value 31.12.10	Fair value 31.12.10	Book value 31.12.09	Fair value 31.12.09
Assets						
Loans to and receivables from credit institutions	3 010	3 010	2 054	2 054	1 798	1 798
Net loans to and receivables from customers						
RM	19 407	19 407	19 251	19 251	20 485	20 485
CM	12 096	12 096	12 005	12 005	11 373	11 373
Securities	5 546	5 546	4 890	4 890	4 713	4 713
Derivatives	376	376	270	270	295	295
Total financial assets	**40 435**	**40 435**	**38 470**	**38 470**	**38 664**	**38 664**
Liabilities						
Liabilities to credit institutions	3 010	3 010	3 837	3 837	5 109	5 109
Deposits from and liabilities to customers	26 042	26 042	24 208	24 208	23 187	23 187
Liabilities arising from issuance of securities	7 598	7 598	7 430	7 430	7 487	7 487
Derivatives	225	225	215	215	194	194
Total financial liabilities	**36 875**	**36 875**	**35 690**	**35 690**	**35 977**	**35 977**

Group	Book value 31.12.11	Fair value 31.12.11	Book value 31.12.10	Fair value 31.12.10	Book value 31.12.09	Fair value 31.12.09
Assets						
Loans to and receivables from credit institutions	364	364	57	57	152	152
Net loans to and receivables from customers						
RM	20 840	20 840	20 332	20 332	21 589	21 589
CM	13 611	13 611	13 277	13 277	12 275	12 275
Securities	5 546	5 546	4 890	4 890	4 713	4 713
Derivatives	376	376	270	270	295	295
Total financial assets	**40 737**	**40 737**	**38 826**	**38 826**	**39 024**	**39 024**
Liabilities						
Liabilities to credit institutions	3 008	3 008	3 837	3 837	5 108	5 108
Deposits from and liabilities to customers	25 907	25 907	24 083	24 083	23 081	23 081
Liabilities arising from issuance of securities	7 598	7 598	7 430	7 430	7 487	7 487
Derivatives	225	225	215	215	194	194
Total financial liabilities	**36 738**	**36 738**	**35 565**	**35 565**	**35 870**	**35 870**

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 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 2011, NIBOR loans worth a total of NOK 6 833 million (to corporate customers and credit institutions) have been included with different margins and different intervals for adjustment of interest rate. This portfolio is deemed to have the correct market price. 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 %
Consis AS	2011	Hamar, Norway	100,00 %
Vato AS	1981	Hamar, Norway	100,00 %
Investments in associated companies			
Bank 1 Oslo Akershus AS	2010	Oslo, Norway	12,00 %
SpareBank 1 Boligkreditt AS	2007	Stavanger, Norway	7,96 %
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.

2011	The company's share capital	No. of shares	Assets	Liabilities	Total income	Total expenses	The company´s annual profit / loss	Book value 2011
SpareBank 1 Finans Østlandet AS	285,0	285 000	3 086	2 772	89	47	27	285
Total investments in credit institutions			**3 086**	**2 772**	**89**	**47**	**27**	**285**
Hedmark Eiendom AS	0,5	500	130	119	58	50	6	8
Consis AS	12,5	1 250 000	79	71	44	55	-9	40
Vato AS	0,6	352	12		2	2	0	9
Total investments in other subsidiaries			**221**	**190**	**104**	**107**	**-3**	**57**
Total investments in Group companies parent bank			**3 307**	**2 962**	**193**	**154**	**24**	**342**

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	285,0	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 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	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**

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		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
532	579	1 009	Book value at 1 January	1 272	743	1 030
50	436	91	Acquisitions / disposals		200	-104
-3	-6		Write-downs		-6	
			Changes in equity	44	230	-23
			Share of the profit	75	124	-64
			Dividend paid	-62	-19	-96
579	**1 009**	**1 100**	**Book value at 31 December**	**1 329**	**1 272**	**743**

Income from investments in subsidiaries, associates and joint ventures

Parent bank				Group		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
96	14	53	Dividend SpareBank 1 Gruppen AS			
			Share of the profit SpareBank 1 Gruppen AS	59	101	100
			Share of the profit Bank 1 Oslo Akershus AS	9	23	
			Share of the profit SpareBank 1 Boligkreditt AS	7	5	
		4	Dividend Bank 1 Oslo Akershus AS			
	5	5	Dividend SpareBank 1 Boligkreditt AS			
			Share of the profit BN Bank ASA			19
153			Sale BN Bank ASA			-181
	12	3	Group contribution / dividend Hedmark Eiendom AS			
25	37	43	Group contribution / dividend SB1 Finans Østlandet AS			
-3	-6		Write-down Fageråsen Invest AS		-6	
			Share of the profit from others	1	1	-2
271	**63**	**108**	**Total income**	**76**	**124**	**-64**

The Group's stake in associates and joint ventures

2011	The company's share capital	No. of shares	Assets	Liabilities	Total income	Total expenses	The company´s annual profit/ loss	Book value 2011
Bank 1 Oslo Akershus AS	12,00 %	409 667	3 383	3 193	95	75	9	190
SpareBank 1 Boligkreditt AS	7,96 %	3 000 822	12	11	12	2	7	457
Fageråsen Invest AS	36,00 %	360	31	28	1	1	0	0
Engerdal Høvleribygg AS	20,00 %	400						0
Torggt 22 AS	50,00 %	8 000	20	9	2	1	0	12
SpareBank 1 Gruppen AS	12,00 %	213 888	5 039	4 452	1 077	1 030	59	657
SpareBank 1 Utvikling DA	11,30 %						0	13
			8 547	**7 742**	**1 251**	**1 175**	**76**	**1 329**

2010	The company's share capital	No. of shares	Assets	Liabilities	Total income	Total expenses	The company´s annual profit/ loss	Book value 2010
Bank 1 Oslo Akershus 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	-6	0
Engerdal Høvleribygg AS	20,00 %	400					0	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**	**124**	**1 272**

2009	The company's share capital	No. of shares	Assets	Liabilities	Total income	Total expenses	The company´s annual profit/ loss	Book value 2009
Fageråsen Invest AS	36,00 %	360	32	26	1	2	-1	5
Engerdal Høvleribygg AS	20,00 %	400					0	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 was sold in 2009.

Note 26 - Acquisition of businesses / business combinations

CONSIS AS

On 18 April 2011 Sparebanken Hedmark acquired all the shares in the finance and accounting chain Consis AS. Consis AS consists of 47 financial offices and 115 employees, and it is one of Norway's leading providers and developers of finance and accounting services. The Group's head office is in Hamar, and the chain operates throughout most of Norway.

The objective of the acquisition is to secure the company's assets, protect local jobs and contribute to long-term operations and development. Sparebanken Hedmark sees potential in Consis AS, with its competent staff and future-oriented solutions in a changing sector. The acquisition has entailed NOK 24 million in goodwill for the Sparebanken Hedmark Group.

In connection with the acquisition, Sparebanken Hedmark has paid the following consideration at fair value:

Acquisition analysis	
Consideration 30 April 2011	0
The book value of identifiable assets and liabilities as a result of the acquistion	
Intangible assets	37
Property, plant and equipment	9
Current assets	20
Bank deposits, cash, etc.	4
Long-term debt to credit institutions	-52
Current debt to credit institutions	-8
Other current liabilities	-34
Total identifiable net assets	**-24**
Goodwill	24

Costs related to the acquisition are recognised in the Bank's income statement for 2011.

If Consis AS had been incorporated into Sparebanken Hedmark in 2010, the consolidated accounts would have shown operating income that would have been NOK 78 million higher, operating costs that would have been NOK 111 million higher and a total profit for the financial year of NOK 600 million.

ACQUISITION OF SPAREBANK 1 RINGERIKE HADELAND'S OFFICES IN GJØVIK

On 1 October 2011 Sparebanken Hedmark acquired SpareBank 1 Ringerike Hadeland's operations in Gjøvik. The acquisition included the lease for the office, seven employees and a customer portfolio with loans, deposits, insurance and pensions.

In connection with the acquisition, Sparebanken Hedmark has paid the following consideration at fair value:

Acquisition analysis	
Consideration that covers the fair value of net lending/deposits as at 1 October 2011.	314
Consideration to cover any excess value	28
The book value of identifiable assets and liabilities as a result of the acquisition	
Net loans to customers	390
Net deposits from customers	-76
Total identifiable net assets	**314**
Excess value related to the acquisition of customer relationships, banking customers	22
Excess value related to the acquisition of customer relationships, insurance customers	6
Total excess value after acquisition	**28**
Goodwill	**0**

The excess value is classified as an intangible asset with a limited life. Based on the estimated average duration of a customer relationship, the excess value upon acquisition will be depreciated on a straight line basis over 14 years.

Costs related to the acquisition are recognised in the Bank's income statement for 2011.

Comparative figures have not been prepared for 2010 in the Bank's financial statements, since no separate accounts have been prepared for the unit that was acquired. The scope of the acquired operations is such that the lack of comparative figures will not affect the understanding of the bank's financial position for 2010.

Note 27 - Material transactions with 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	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Outstanding loans at 1 January	1 996	1 658	1 434	75	71	69
Loans granted in the period	687	338	227	1	4	2
Repayment			3			
Outstanding loans at 31 December	**2 683**	**1 996**	**1 658**	**76**	**75**	**71**
Interest income	86	57	44	3	3	3
Deposits						
Deposits at 1 January	130	102	108	3	1	2
New deposits in the period	10	28	1		2	
Withdrawals			7	3		1
Deposits at 31 December	**140**	**130**	**102**	**0**	**3**	**1**
Interest expenses	4	3	4			
Guarantees	115	70	70			

All loans to related parties are recognised in the parent bank.

Note 28 - Property, plant and equipment

Parent bank				Group		
Buildings, land and other property	**Fixtures, fittings and vehicles**	**Total**		**Buildings, land and other property**	**Fixtures, fittings and vehicles**	**Total**
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 31 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
	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 31 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**
348	213	561	Acquisition cost at 1 January 2011*)	414	261	675
1	13	14	Acquisitions	1	23	24
	15	15	Disposals	3	34	37
349	211	560	Acquisition cost at 31 December 2011	412	250	662
140	164	304	Accumulated depreciation and write-downs at 1 January 2011*)	195	182	377
9	13	22	Current year's depreciation	9	18	27
			Current year's write-downs			
	15	15	Current year's disposal		15	15
149	162	311	Accumulated depreciation and write-downs at 31 December 2011	204	186	390
200	**49**	**249**	**Book value at 31 December 2011**	**208**	**64**	**272**
		0	**Buildings available for sale**			**0**

*) Opening balances as at 1 January 2011 for the Group have been adjusted by the values from the acquired subsidiary Consis AS

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 2011 was NOK 168 million.
The corresponding figures for 2010 and 2009 are NOK 169 million and NOK 142 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 2011.

Investment properties (NOK thousands)

Parent bank						Group				
Value 01.01.11	**Acquisitions / disposals / depreciation**	**Value 31.12.11**	**Rent**	**Rented on 31.12.11**		**Value 01.01.11**	**Acquisitions / disposals / depreciation**	**Value 31.12.11**	**Rent**	**Rented on 31.12.11**
7 812	-333	7 479	364	100%	Brugata 7 - Brumunddal	7 812	-333	7 479	150	66 %
7 812	**333**	**7 479**	**364**		**Total**	**7 812**	**-333**	**7 479**	**150**	
		8 000			Fair value			8 000		

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	8 145	333	7 812	142	66 %
					Torggata 24 - Hamar	814	-814		323	100 %
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	3 482	4 663	8 145	116	64 %
					Torggata 24 - Hamar	1 444	630	814	340	100 %
3 482	**4 663**	**8 145**	**324**		**Total**	**4 926**	**5 293**	**8 959**	**456**	
		8 000			True value			11 350		

Note 29 - Goodwill and other intangible assets

Parent bank				Group		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
			Goodwill			
22	22	22	Acquisition cost at 1 January	25	25	25
			Acquisitions / disposals	57		
22	22	22	Acquisition cost at 31 December	82	25	25
			Accumulated write-downs at 1 January			
			Current year's write-downs			
			Accumulated write-downs at 31 December			
22	**22**	**22**	**Goodwill incorporated in the balance sheet at 31 December**	**82**	**25**	**25**

The carrying value of goodwill in the parent bank originates from the acquisition of the Hamar department in Bank 1 Oslo Akershus AS in 2006. The Group records a smaller balance which derives from previous acquisitions in Hedmark Eiendom AS. Additions during the year of NOK 57 million are related to Consis AS.

On acquisition of the portfolio from Bank 1 Oslo Akershus AS in 2006, the names of the customers who were transferred to Sparebanken Hedmark were noted to enable them to be identified at a later time. The remaining customers in the portfolio are therefore regarded as the smallest identifiable group of assets for a cash-generating unit. When testing the value of this portfolio for impairment, in principle an estimate is made of the net cash flow by determining the portfolio's earnings from its loans and deposits, and the expenses and revenues derived from mutual funds and insurance products. Furthermore, an estimate is made of expected losses on the portfolio. The cash flow is calculated over 20 years and is discounted using a risk free interest rate with the addition of a premium that reflects the risk associated with similar businesses. The calculations show that the present value of the discounted future cash flows connected to the portfolio acquired from Bank 1 Oslo Akershus AS exceeds the carrying value of goodwill.

In conjunction with the acquisition of shares in Consis AS on 18 April 2011, the Group recognised goodwill of NOK 24 million (see note 26). In addition, the financial statements for Consis AS contained NOK 33 million of goodwill as of 31 December 2011 deriving from a number of acquisitions. This has lead to a total increase in Group goodwill of NOK 57 million in 2011. The following assumptions have been made when determining the value in use in 2011: contribution margin varies from 6 to 15 per cent with 15 per cent growth in the terminal value. The growth rate has been fixed at 5 per cent until 2016 with 3 per cent in the terminal value and a discount rate of 10 per cent.

The value of goodwill in subsidiaries, associated companies and joint ventures has been tested as of 31 December 2011. Based on the equity and the companies' forecast future earnings, there is no reason to recognise an impairment loss at the balance sheet date.

Parent bank				Group		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
			Other intangible assets			
90	78	78	Acquisition cost at 1 January	78	78	90
2	1	29	Acquisitions	29	1	2
14			Disposals			14
78	79	107	Acquisition cost at 31 December	107	79	78
15	11	15	Accumulated depreciation at 1 January	15	11	15
9			Disposals accumulated depreciation			9
5	4	4	Current year's depreciation	4	4	5
11	15	19	Accumulated depreciation at 31 December	19	15	11
67	**64**	**88**	**Other intangible assets at 31 December**	**88**	**64**	**67**

Other intangible assets principally comprise NOK 59 million relating to acquisition of the customer portfolio of the Hamar department of Bank 1 Oslo Akershus AS in 2006 and NOK 28 million in conjunction with purchasing the customer portfolio from Sparebank1 Ringerike Hadeland in 2011.The portfolios are amortised over 20 years and 14 years respectively.

Parent bank				Group		
2009	**2010**	**2011**		**2011**	**2010**	**2009**
89	**86**	**110**	**Total intangible assets at 31 December**	**170**	**90**	**92**

See note 4 for a description of the valuation models used for goodwill and intangible assets.

Note 30 - Other assets

Parent bank				Group		
2009	2010	2011		2011	2010	2009
10	13	13	Capital payments into pension fund	13	13	10
38	75	82	Accrued income, not yet received	83	75	52
17	22	22	Prepaid costs, not yet incurred	22	22	17
24	15	47	Other assets	160	91	86
89	**125**	**164**	**Other assets**	**278**	**201**	**165**

Note 31 - Deposits from and liabilities to customers

Parent bank				Group		
2009	2010	2011	**Deposits from and liabilities to customers**	2011	2010	2009
23 160	23 756	25 243	Deposits from and liabilities to customers at call	25 112	23 631	23 054
27	446	784	Deposits from and liabilities to customers with agreed maturity dates	784	446	27
	6	14	Accrued interest	11	6	
23 187	**24 208**	**26 042**	**Total deposits from and liabilities to customers**	**25 907**	**24 083**	**23 081**
			Of total deposits, deposits stated at fair value through profit and loss (FVO):			
25	228	*437*	*Fixed-rate deposits, book value*	*437*	228	25
25	225	*429*	*Fixed-rate deposits, nominal value*	*429*	225	25
	224	*361*	*Term deposits, book value*	*361*	224	
	222	*354*	*Term deposits, nominal value*	*354*	222	
2			*Market-linked certificates of deposit (BMA), book value*			2
2			*Market-linked certificates of deposit (BMA), nominal value*			2

2009	2010	2011	**Deposits by sector and industry**	2011	2010	2009
15 110	15 877	16 969	Private customers	16 969	15 877	15 110
2 165	2 122	2 514	Public sector	2 514	2 122	2 165
621	682	748	Primary industries	748	682	621
86	114	131	Paper and pulp industries	131	114	86
325	327	362	Other industry	362	327	325
408	409	454	Building and construction	454	409	408
228	215	252	Power and water supply	252	215	228
596	665	700	Wholesale and retail trade	700	665	596
76	81	97	Hotel and restaurants	97	81	76
1 349	1 333	1 324	Real estate	1 324	1 333	1 349
2 044	2 203	2 273	Commercial services	2 138	2 078	1 938
174	175	211	Transport and communications	211	175	174
5	5	5	Other operations	5	5	5
23 187	**24 208**	**26 042**	**Total deposits by sector and industry**	**25 907**	**24 083**	**23 081**

2009	2010	2011	**Deposits by geographic area**	2011	2010	2009
20 449	21 334	22 518	Hedmark County	22 386	21 209	20 343
2 498	2 589	3 214	Rest of Norway	3 214	2 589	2 498
240	279	296	Abroad	296	279	240
	6	14	Accrued interest, undistributed	11	6	
23 187	**24 208**	**26 042**	**Total deposits by geographic area**	**25 907**	**24 083**	**23 081**

Note 32 - Liabilities arising from issuance of securities

Parent bank				Group		
2009	2010	2011		2011	2010	2009
			Certificate-based debt			
200	900	300	- nominal value	300	900	200
204	912	306	- fair value	306	912	204
			Bond debt			
7 150	6 404	7 148	- nominal value	7 148	6 404	7 150
7 283	6 518	7 292	- fair value	7 292	6 518	7 283
7 350	**7 304**	**7 448**	**Total liabilities arising from issuance of securities, nominal value**	**7 448**	**7 304**	**7 350**
7 487	**7 430**	**7 598**	**Total liabilities arising from issuance of securities, fair value**	**7 598**	**7 430**	**7 487**
5,7 %	2,9 %	3,1 %	Average interest rate on certificate-based debt	3,1 %	2,9 %	5,7 %
3,3 %	3,0 %	3,3 %	Average interest rate on bond debt	3,3 %	3,0 %	3,3 %

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.

2009	2010	2011	**Liabilities from issuance of securities by maturity date**	2011	2010	2009
1 500			2010			1 500
850	1 721		2011		1 721	850
1 000	588	873	2012	873	588	1 000
1 350	1 350	1 350	2013	1 350	1 350	1 350
1 250	1 250	1 250	2014	1 250	1 250	1 250
630	1 130	1 130	2015	1 130	1 130	630
450	445	1 345	2016	1 345	445	450
		600	2017	600		
50	550	630	2018	630	550	50
270	270	270	2020	270	270	270
7 350	**7 304**	**7 448**	**Total liabilities from issuance of securities, nominal value**	**7 448**	**7 304**	**7 350**

Parent bank and Group

Changes in liabilities from issuance of securities	**31.12.2011**	**Issued**	**Due/ Redeemed**	**Other changes**	**31.12.2010**
Certificate-based debt, nominal value	300	300	-900		900
Bond debt, nominal value	7 148	1 850	-1 136	30	6 404
Accrued interest	180			3	177
Adjustments	-30			21	-51
Total debt raised through issuance of securities, fair value	**7 598**	**2 150**	**-2 036**	**54**	**7 430**

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	205
Adjustments	-30			169	-199
Total debt raised through issuance of securities, fair value	**7 487**	**700**	**-2 781**	**131**	**9 437**

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 2011 seen in isolation has served to reduce the fair value of the Bank's issued securities by an estimated NOK 90 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 2010 or the first time it was recognised for debts raised in 2011. All other factors remain the same.

By way of comparison, a drop in indicative spreads in 2010 resulted in an increase in the fair value of the Bank's issued securities seen in isolation by an estimated NOK 55 million in the course of 2010, calculated using the method described above.

At 31 December 2011, an accumulated unrealised gain, including any interest rate or currency swaps, of NOK 106 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		
2009	**2010**	**2011**	**Other debt and liabilities recognised in the balance sheet**	**2011**	**2010**	**2009**
336	296	395	Pension liabilities (note 34)	418	309	349
1	5	5	Guarantee provisions	5	5	1
26	16	12	Banker's drafts	12	16	26
20	29	34	Accounts payable	43	33	25
147	149	166	Other	403	358	337
530	**495**	**612**	**Total other debt and liabilities recognised in the balance sheet**	**881**	**721**	**738**
			Guarantee commitments etc. (amounts guaranteed)			
387	314	442	Payment guarantees	327	244	317
173	166	196	Contract guarantees	196	166	173
1	1		Loan guarantees		1	1
5	5	5	Guarantees for taxes	5	5	5
109	109	41	Other guarantees	41	109	109
33	33		Guarantee in favour of the Norwegian Banks' Guarantee Fund		33	33
708	**628**	**684**	**Total guarantees**	**569**	**558**	**638**
			Other liabilities - not on the balance sheet			
3 840	2 834	3 650	Unutilised credit lines	2 936	2 680	3 840
578	764	714	Loans approved (not discounted)	714	764	578
		9	Other liabilities	9		
4 418	**3 598**	**4 373**	**Total other liabilities**	**3 659**	**3 444**	**4 418**
5 656	**4 721**	**5 669**	**Total liabilities**	**5 109**	**4 723**	**5 794**

Buildings	**Securities**	**Total**	Assets pledged as security	**Buildings**	**Securities**	**Total**
	2 620	2 620	Assets pledged as security in 2011 *		2 620	2 620
	1 000	1 000	Related liabilities 2011		1 000	1 000
	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

* 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 10 million at 31 December 2011. All the people linked to the old scheme has 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 1 and 6 times the National Insurance basic amount (G)	5%
Salary between 6 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	406	456
Pensioners	216	217

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

Assumptions 31 December	**01.01.12**	**01.01.11**	**01.01.10**	**01.01.09**
Discount rate	2,60 %	4,00 %	4,40 %	4,00 %
Expected return on assets*	4,20 %	4,30 %	4,80 %	5,50 %
Expected future wage development	3,50 %	4,00 %	4,50 %	4,50 %
Expected adjustment of the basic amount (G)	3,25 %	3,75 %	4,25 %	4,25 %
Expected pension adjustment	3,25 %	3,75 %	4,25 %	4,25 %
Employers' National Insurance contribution	14,10 %	14,10 %	14,10 %	14,10 %
Expected voluntary retirement	2,00 %	2,00 %	2,00 %	2,0 %
Expected contractual early retirement from 62 years	0,00 %	0,00 %	25,00 %	25,0 %
Disability table applied	IR02	IR02	IR02	IR02
Mortality table applied	K2005	K2005	K2005	K2005

* Expected return on assets are calculated from the average of actual return on assets over the last six years.

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.

Opening balance in the consolidated figures has been adjusted by the addition of the subsidiary Consis AS.

Pension cost

Secured scheme

Parent bank				Group		
2009	2009	2011		2011	2010	2009
26	25	24	Present value of pension accruals for the year	28	27	30
26	29	27	Interest cost of pension liability	28	29	27
-22	-21	-21	- Return on pension assets (less administrative costs)	-22	-21	-22
-53			Effect of changes to pension plan / transition to defined-contribution pension charged to profit and loss			-55
5	5	4	Accrued employer contributions	4	5	5
-18	**37**	**34**	Net pension cost	**39**	**39**	**-16**

Actual return on pension assets:

4,7 %	3,4 %	4,6%		4,6%	3,4 %	4,7 %

Unsecured pension scheme

2009	2010	2011		2011	2010	2009
4	2	1	Present value of pension accruals for the year	1	2	4
3	2	2	Interest cost of pension liability	2	2	3
2	2	3	Defined-contribution pension charged to profit and loss	4	2	2
	-19	2	Effect of new AFP scheme charged to profit and loss	2	-19	
1	-3		Accrued employer contributions		-3	1
10	**-16**	**8**	Net pension cost	**9**	**-16**	**10**

Total secured and unsecured schemes

2009	2010	2011		2011	2010	2009
31	26	25	Present value of pension accruals for the year	29	28	35
29	31	29	Interest cost of pension liability	30	31	30
-22	-21	-21	- Return on pension assets (less administrative costs)	-22	-21	-22
2	2	3	Defined-contribution pension charged to profit and loss	4	2	2
-53	-19	2	Effect of changes to pension plan / transition to defined-contribution pension / new AFP charged to profit and loss*	2	-19	-55
5	2	4	Accrued employer contributions	4	2	6
-8	**21**	**42**	Net pension cost	**48**	**23**	**-5**

Pension liability

Secured scheme

Parent bank				Group		
2009	2010	2011		2011	2010	2009
743	656	681	Gross liabilities at 1 January	712	676	756
26	25	24	Pension accruals for the year	28	28	30
26	29	27	Interest on pension liability	28	29	27
-81			Effect of changes to pension plan / transition to defined-contribution pension etc.		-1	-81
-14	-15	-16	Benefits paid	-16	-15	-16
-46	-13	79	Actuarial differences included in equity	81	-15	-40
655	**681**	**795**	Gross liability at 31 December	**833**	**702**	**676**
425	429	472	Pension assets at 1 January	486	439	430
35	32	33	Paid into the scheme	36	35	35
22	21	21	Expected return on pension assets	22	21	26
-34			Effect of changes to pension plan / transition to defined-contribution pension etc.		-1	-34
-14	-15	-16	Benefits paid	-16	-15	-14
-4	4	-20	Actuarial differences included in equity	-21	2	-4
429	**472**	**490**	Gross liability at 31 December	**507**	**482**	**439**
45	32	30	Employers' National Insurance contribution liability at 1 January	32	34	46
-5	-5	-5	Employers' National Insurance contribution on pension premium paid in	-5	-5	-6
-6	-2	14	Employers' National Insurance contribution on actuarial differences	14	-2	-5
-7			Employers' National Insurance contribution on effect of changes to pension plan / transition to defined-contribution pension			-7
4	5	4	Employers' National Insurance contribution on the pension cost for the year	4	5	5
32	**30**	**43**	Employers' National Insurance contribution liability at 31 December	**45**	**32**	**33**
364	258	239	Net pension liability secured scheme at 1 January	258	270	382
258	239	348	Net pension liability secured scheme at 31 December	371	251	270

For 2012 the premium transfers are estimated to NOK 34 million.

Unsecured pension scheme

Parent bank				Group		
2009	2010	2011		2011	2010	2009
76	68	50	Gross liabilities at 1 January	50	69	78
4	2	1	Pension accruals for the year	1	2	4
3	2	2	Interest on pension liability	2	2	3
-11	-9	-12	Benefits paid	-12	-9	-11
	-19		Changes to pension plan		-19	
-4	6		Actuarial differences included in equity		6	-5
68	**50**	**41**	**Gross liability at 31 December**	**41**	**51**	**69**
11	10	7	Employers' National Insurance contribution liability at 1 January	7	10	11
-1	-1	-2	Employers' National Insurance contribution on paid benefits	-2	-1	-1
-1	1		Employers' National Insurance contribution on actuarial differences		1	-1
	-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	1
10	**7**	**6**	**Employers' National Insurance contribution liability at 31 December**	**6**	**7**	**10**
86	78	57	Net pension liability unsecured scheme at 1 January	57	79	88
78	57	47	Net pension liability unsecured scheme at 31 December	47	58	79

Total secured and unsecured schemes

Parent bank				Group		
2009	2010	2011	**Summary of pension liability**	2011	2010	2009
450	336	296	Net pension liability at 1 January	315	349	470
336	296	395	Net pension liability at 31 December	418	309	349

Actuarial gains and losses (changes in estimates)

Parent bank				Group		
2009	2010	2011		2011	2010	2009
52	12	-113	Actuarial gains and losses and pre-tax losses in equity capital for the period	-117	11	60
86	74	187	Cumulative actuarial gains and losses and pre-tax losses in equity capital	200	82	93

Parent bank

	2011	2010	2009	2008	2007
Present value of pension liability	885	767	765	875	731
Fair value of pension assets	490	472	429	425	387
Deficit / surplus	**395**	**296**	**293**	**446**	**344**
Experience adjustments to pension liabilities	90	-7	-57	100	26
Experience adjustments to pension assets	-23	5	-5	-19	

Group

	2011	2010	2009	2008	2007
Present value of pension liability	925	791	787	899	757
Fair value of pension assets	507	482	438	428	396
Deficit / surplus	**418**	**309**	**349**	**470**	**361**
Experience adjustments to pension liabilities	93	-9	-65	100	32
Experience adjustments to pension assets	-24	2	-5	-18	

Composition of the Group's pension assets	2011	2010	2009
Shares	33,40%	32,00 %	
Short-term bonds	0,60%	0,20 %	0,30 %
Certificates	12,70%	9,60 %	25,31 %
Money market	22,90%	27,00 %	35,30 %
Long-term bonds	30,40%	31,10 %	39,09 %
Real estate			
Other		0,10 %	
Annet			

Note 35 - Capital adequacy and capital management

Parent bank 31.12.09	Parent bank 31.12.10	Parent bank 31.12.11		Group 31.12.11	Group 31.12.10	Group 31.12.09
4 337	4 840	5 133	Primary capital	5 133	4 840	4 337
73	78	93	Endowment fund	93	78	73
139	100	46	Fund for unrealised gains	46	100	139
			Other equity	262	307	210
4 549	**5 018**	**5 272**	**Total equity carried**	**5 534**	**5 325**	**4 759**
			Group companies not consolidated for capital adequacy purposes	-225	-283	-159
			Deductions:			
			Over-funding pension liability			
-69	-58	-106	Unrealised value change due to reduced / increased value of liabilities	-106	-58	-69
-179	-171	-179	Deferred tax, goodwill and other intangible assets	-253	-173	-183
-139	-100	-46	Net unrealised gains on shares available for sale	-46	-100	-139
			Capital adequacy reserve	-629	-576	-552
-649	-867	-913	Deduction for subordinated capital in other financial institutions	-370	-350	-173
-1 036	**-1 196**	**-1 244**	**Total deductions**	**-1 404**	**-1 257**	**-1 116**
			Additions:			
63	45	21	45 per cent of unrealised gain on shares classified as available for sale	21	45	63
-63	-45	-21	Deduction for subordinated capital in other financial institutions	-21	-45	-63
0	**0**	**0**	**Total additions**	**0**	**0**	**0**
3 513	**3 822**	**4 028**	**Net subordinated capital**	**3 905**	**3 785**	**3 484**
			Risk-weighted asset calculation basis:			
10	30	179	Local and regional authorities	180	30	10
			Publicly owned enterprises	14	8	3
2 233	2 293	2 136	Institutions	1 595	1 887	1 859
5 195	5 594	5 936	Companies	6 019	5 739	5 499
5 805	6 199	6 307	Mass market	8 074	7 602	6 829
8 068	7 522	7 576	Security in mortgaged property	7 576	7 522	8 068
455	549	528	Commitments due for repayment	578	591	490
10	116	143	Preference bonds	143	116	10
79	52	53	Shares in securities funds	53	52	79
716	389	839	Other commitments	1 043	527	841
22 571	22 745	23 699	Total credit risk	25 275	24 073	23 688
1 753	1 930	2 063	Operational risk	2 410	2 151	2 054
			Market risk			
-858	-1 124	-1 173	Deductions from the calculation basis	-1 268	-1 190	-941
23 466	**23 549**	**24 588**	**Total calculation basis**	**26 417**	**25 034**	**24 801**
			Capital adequacy ratio			
15,0 %	**16,2 %**	**16,4 %**	Core capital adequacy	**14,8 %**	**15,1 %**	**14,1 %**
15,0 %	**16,2 %**	**16,4 %**	Capital adequacy ratio	**14,8 %**	**15,1 %**	**14,1 %**

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 14 per cent for the parent bank. Core capital adequacy ratio should be at least 13 per cent and entirely consist of retained earnings.

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	**2011**	**2010**	**2009**
Dividends received from:			
Group Hedmark Eiendom AS			
SpareBank 1 Finans Østlandet AS			
Vato AS			
Meglereiendom AS			
Group contributions received from:			
Group Hedmark Eiendom AS	3	12	
SpareBank 1 Finans Østlandet AS	43	37	25
Vato AS			
Meglereiendom AS			
Total dividends / Group contributions	**46**	**49**	**25**

Recognition of the group contribution for 2010 has been changed from a net to a gross basis (including tax).

Note 37 - Maturity analysis of assets and liabilities

Parent bank

2011	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	372					372
Loans to and receivables from credit institutions	35	2 975				3 010
Gross loans to and receivables from customers	5 791	195	240	2 023	23 567	31 816
- Individual write-downs	-119	-4	-22	-16	-50	-211
- Write-downs of groups of loans				-102		-102
Net loans to and receivables from customers	5 672	191	218	1 905	23 517	31 503
Certificates, bonds and fixed-income funds		1 537	388	2 375	935	5 235
Financial derivatives		30	31	212	103	376
Shares, units and other equity interests	56				256	312
Investments in associates and joint ventures					1 100	1 100
Investments in subsidiaries					342	342
Assets held for sale						0
Property, plant and equipment				49	200	249
Goodwill and other intangible assets				2	108	110
Deferred tax asset				69		69
Other assets			151		13	164
Total assets	**6 135**	**4 733**	**788**	**4 612**	**26 574**	**42 842**
Liabilities						
Deposits from and liabilities to credit institutions	10	1 017	1 918	65		3 010
Deposits from and liabilities to customers	25 258		784			26 042
Liabilities arising from issuance of securities		590	306	5 216	1 485	7 598
Financial derivatives		30	54	32	108	225
Current tax liabilities			83			83
Other debt and liabilities recognised in the balance sheet			194	23	395	612
Total liabilities	**25 268**	**1 637**	**3 340**	**5 337**	**1 989**	**37 570**

Group

2011	At call	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	372					372
Loans to and receivables from credit institutions	35	329				364
Gross loans to and receivables from customers	5 791	200	431	3 915	24 449	34 786
- Individual write-downs	-119	-4	-34	-16	-50	-223
- Write-downs of groups of loans				-112		-112
Net loans to and receivables from customers	5 672	196	397	3 787	24 399	34 451
Certificates, bonds and fixed-income funds		1 537	388	2 375	935	5 235
Financial derivatives		30	31	212	103	376
Shares, units and other equity interests	56				256	312
Investments in associates and joint ventures					1 329	1 329
Investments in subsidiaries						0
Assets held for sale						0
Property, plant and equipment				64	208	272
Goodwill and other intangible assets				2	168	170
Deferred tax asset				82		82
Other assets			265		13	278
Total assets	**6 135**	**2 092**	**1 081**	**6 522**	**27 411**	**43 241**

Group

2011	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	10	1 015	1 918	65		3 008
Deposits from and liabilities to customers	25 123		784			25 907
Liabilities arising from issuance of securities		590	306	5 216	1 485	7 598
Financial derivatives		30	54	32	108	225
Current tax liabilities			88			88
Other debt and liabilities recognised in the balance sheet			440	23	418	881
Total liabilities	**25 133**	**1 635**	**3 591**	**5 337**	**2 012**	**37 707**

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				1	85	86
Deferred tax asset				85		85
Other assets			112		13	125
Total assets	**5 458**	**2 569**	**1 173**	**4 454**	**27 678**	**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				1	89	90
Deferred tax asset				87		87
Other assets			188		13	201
Total assets	**5 475**	**631**	**1 423**	**6 025**	**28 198**	**41 752**
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					89	89
Deferred tax asset				90		90
Other assets			79		10	89
Total assets	**5 837**	**2 384**	**720**	**4 713**	**27 514**	**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					92	92
Deferred tax asset				93		93
Other assets			155		10	165
Total assets	**5 926**	**878**	**796**	**6 501**	**27 389**	**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**

Note 38 - Liquidity risk

Parent bank

2011	At call	Less than 3 months	3-12 months	1 - 5 years	More than years	Total
CASH FLOWS RELATED TO LIABILITIES						
Liabilities to credit institutions		-1 060	-1 184	-200	-795	-3 240
Deposits from and liabilities to customers	-25 244		-798			-26 042
Liabilities arising from issuance of securities		-650	-518	-5 750	-1 594	-8 512
Derivatives related to liabilities		4	21	66	10	101
Current tax liabilities			-83			-83
Other liabilities			-194	-23	-395	-612
Total cash flows related to liabilities	**-25 244**	**-1 707**	**-2 756**	**-5 907**	**-2 774**	**-38 387**

Group

2011	At call	Less than 3 months	3-12 months	1 - 5 years	More than years	Total
CASH FLOWS RELATED TO LIABILITIES						
Liabilities to credit institutions		-1 058	-1 184	-200	-795	-3 238
Deposits from and liabilities to customers		-25 109	-798			-25 907
Liabilities arising from issuance of securities		-650	-518	-5 750	-1 594	-8 512
Derivatives related to liabilities		4	21	66	10	101
Current tax liabilities			-88			-88
Other liabilities			-440	-23	-418	-881
Total cash flows related to liabilities	**0**	**-26 814**	**-3 007**	**-5 907**	**-2 797**	**-38 524**

Parent bank

2010	At call	Less than 3 months	3-12 months	1 - 5 years	More than years	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 years	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 years	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 years	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**

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).

	Interest rate risk, 1 per cent change		
Basis risk	**2011**	**2010**	**2009**
Bonds and certificates	-34	-35	-18
Fixed-rate loans	-23	-16	-19
Fixed-rate deposits	3	2	0
Certificate-based loans	1	3	0
Bond loans	126	110	101
Other fixed-rate funding and -placements	3	5	12
Derivatives	-101	-81	-85
Total interest rate risk, effect on profit after tax and equity	**-26**	**-13**	**-9**

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

Yield curve risk	Interest rate risk, 1 per cent change 2011	2010	2009
0 - 1 month	0	0	0
1 - 3 month	6	7	8
3 - 6 month	0	2	0
6 - 12 month	3	1	6
1 - 3 år	-23	-7	-7
3 - 5 år	-5	-7	-7
5 - 10 år	-6	-10	-9
Total interest rate risk, effect on profit after tax and equity	**-26**	**-13**	**-9**

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.

Net currency exposure NOK	2011	2010	2009
USD	2	2	1
EUR	1	2	3
SEK	1	1	1
CHF	0	1	-13
DKK	0	1	-1
AUD	0	1	0
JPY	0	-1	-1
Other	1	0	0
Total	**5**	**8**	**-9**
Effect on after-tax profit/loss and equity of a 3 % change	0	0	0
Effect on after-tax profit/loss and equity of a 10% change	0	1	-1

Note 41 - Events after the balance sheet date

Sparebanken Hedmark sold 40 per cent of the shares in the accounting chain Consis AS to SpareBank 1 SMN Regnskap AS on 2 January 2012. During the period that Sparebanken Hedmark has owned Consis AS, the Bank has cooperated with and exploited the expertise of SpareBank 1 SMN Regnskap AS. SpareBank 1 SMN Regnskap AS is a company that has considerable experience in this business area.

In accordance with a letter of 21 February 2012 from the Financial Supervisory Authority of Norway, Sparebanken Hedmark has received approval to adopt the basic IRB approach for calculation of the minimum regulatory capital requirement and credit risk. The Financial Supervisory Authority of Norway has also approved the treatment of engagements with states and institutions and equity positions in accordance with the basic approach pursuant to section 3-4, first paragraph of the Capital Requirements Regulations. Sparebanken Hedmark will report based on the IRB approach starting in the 1st quarter of 2012.

STATEMENT FROM THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

We confirm that according to our firm belief the annual accounts for the period from 1 January to 31 december 2011 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.

Styret i Sparebanken Hedmark
Hamar, 31 .December 2011/01. March 2012

Gunnar Martinsen
Chairman

Trond Hagerud

Jan Wibe

Grethe G. Fossum

Siri J. Strømmevold

Nina C. Lier

Espen Bjørklund Larsen

Richard Heiberg
Chief Executive Officer

"Sparebanken Hedmark is a financial locomotive in Hedmark."

Svein-Åge Kjendlie

Regional Bank Manager Retail Market Ringsaker and Oppland

Svein-Åge Kjendlie
Regional Bank Manager Retail Market Ringsaker and Oppland.

Svein-Åge has been with Sparebanken Hedmark for 40 years! He finds the establishment of branch offices in the neighbouring county exciting. We actually perceive the Mjøsa region as one market area, he says.

The regional bank manager sees Sparebanken Hedmark as a financial locomotive in Hedmark, and we would also like to become a major player in Oppland. "The best thing about the Bank is that we are engaged locally and have short decision paths, says Svein-Åge.

Report for 2011

to the

SUPERVISORY BOARD OF SPAREBANKEN HEDMARK

In accordance with the Act regarding financing activities, the Savings Banks Act and its own instructions and working plan, the Control Committee has overseen the bank's activities in 2011.

Minutes of board meetings and associated documentation have been constantly reviewed, together with the administration's appropriation records and authority rules.

In its activities, the committee has placed emphasis on assessment of the larger commitments and their security in relation to current legislation. The committee has constantly overseen overdraft and arrears lists of the bank's customers and for the bank's employees, employees of subsidiaries and elected officers. The committee has received a report of the bank's internal audit of selected areas of the bank's activities in accordance with the fixed working instructions and schedule for control activities. The internal auditor has frequently attended the committee's meetings and answered the committee's questions. As in previous years, special emphasis has been placed on risk management and operational audits, as well as compliance with legislation and regulations.

The bank's senior employees have met in committee and briefed on major administration issues. The bank's head of risk management has presented items of significance, as well as exposed and large individual commitments.

The committee has focused particularly on commitments exposed to potential loss and commitments with a high credit risk.

The committee has focused on the bank's funding management and finance strategy.

A joint meeting has been held with the bank's main board for the exchange of information and briefing on matters significant for the bank's operations and position.

In reviewing the proposed annual accounts for the parent bank, with the report of the board and auditor's report, as well as corresponding documents for the bank's subsidiaries, particularly SpareBank 1 Finans Østlandet AS, the committee has particularly reviewed the annual accounts in the light of the rules for recording losses and write-downs for losses. No circumstances of significance for the bank's financial strength and operations have been revealed that require reporting to the bank's Supervisory Board or the Financial Supervisory Authority of Norway.

In the opinion of the committee, the accounts have been presented in accordance with current rules and regulations and can be recommended to the Supervisory Board for approval as the bank's accounts for 2011.

Hamar, 01 March 2012

The Control Committee of Sparebanken Hedmark

Pål Johnsrud	Anders Brinck
Valborg Berthelsen	Jan Erik Myrvold

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 balance sheet as at 31 December 2011, income statement, statement of comprehensive income, changes in equity and 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 company’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 are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Sparebanken Hedmark as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers AS, Postboks 1100, NO-2305 Hamar
T: 02316, www.pwc.no
Org.no.: 987 009 713 MVA, Medlem av Den norske Revisorforening

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 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, 1 March 2012
PricewaterhouseCoopers AS

Ola Tronsrud
State Authorised Public Accountant (Norway)

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

Financial statement analysis Group

NØKKELTALL KONSERN

Result summary (NOK mill and % of av.assets)	2011 Kr	2011 %	2010 Kr	2010 %	2009 Kr	2009 %
Net interest income	971	2,31 %	918	2,18 %	843	1,98 %
Net commissions and other (non-interest) income	285	0,68 %	251	0,60 %	234	0,55 %
Net income from financial investments	148	0,35 %	359	0,85 %	74	0,17 %
Total income	**1 404**	**3,33 %**	**1 528**	**3,63 %**	**1 151**	**2,70 %**
Total operating costs	815	1,93 %	699	1,66 %	643	1,51 %
Result before losses	**589**	**1,40 %**	**829**	**1,97 %**	**508**	**1,19 %**
Losses on loans and guarantees	50	0,12 %	50	0,12 %	146	0,34 %
Result before tax	**539**	**1,28 %**	**779**	**1,85 %**	**362**	**0,85 %**
Taxation cost	130	0,31 %	144	0,34 %	111	0,26 %
Result after tax	**409**	**0,97 %**	**635**	**1,51 %**	**251**	**0,59 %**
Average assets	42 469		42 122		42 516	
Profitability						
Return on equity capital before tax		9,8 %		15,5 %		8,0 %
Return on equity capital after tax		7,5 %		12,6 %		5,5 %
Return on equity capital of total result after tax		4,7 %		11,8 %		8,3 %
Total operating costs in relation to total income		58,0 %		45,7 %		55,9 %
Total operating costs in rel.to total income excl. Income from financial investments		64,9 %		59,8 %		59,7 %
From the Balance Sheet						
Gross loans to customers	34 786		33 942		34 232	
Gross loans to customers including SpareBank 1 Boligkreditt	44 646		41 793		38 796	
Deposits from customers	25 907		24 083		23 081	
Deposits from customers in relation to gross loans to customers (excl. Boligkreditt)		74,5 %		71,0 %		67,4 %
Lending growth during the last 12 months		2,5 %		-0,8 %		-1,4 %
Lending growth during the last 12 months including SpareBank 1 Boligkreditt		6,8 %		7,7 %		5,9 %
Deposits growth during the last 12 months		7,6 %		4,3 %		3,0 %
Assets	43 241		41 754		41 491	
Losses and commitments in default						
Losses on loans as a percentage of total commitments		0,1 %		0,1 %		0,4 %
Commitment in default as a percentage of total commitments		1,0 %		1,0 %		1,3 %
Other bad and doubtful commitments as a percentage of total commitments		1,1 %		1,2 %		0,6 %
Net commitments in default and bad and doubtful commitments as a percentage of total commitments		1,6 %		1,6 %		1,4 %
Financial strength						
Capital adequacy ratio		14,8 %		15,1 %		14,1 %
Core capital ratio		14,8 %		15,1 %		14,1 %
Net core capital	3 905		3 785		3 484	
Total equity capital	5 534		5 325		4 759	

FINANCIAL STATEMENT ANALYSIS PARENT BANK

Result summary (NOK mill and % of av.assets)	2011 Kr	2011 %	2010 Kr	2010 %	2009 Kr	2009 %
Net interest income	871	2,09 %	821	1,97 %	742	1,77 %
Net commissions and other (non-interest) income	196	0,47 %	207	0,50 %	191	0,45 %
Net income from financial investments	180	0,43 %	298	0,71 %	409	0,97 %
Total income	**1 247**	**2,99 %**	**1 326**	**3,17 %**	**1 342**	**3,19 %**
Total operating costs	665	1,59 %	613	1,47 %	560	1,33 %
Result before losses	**582**	**1,39 %**	**713**	**1,71 %**	**782**	**1,86 %**
Losses on loans and guarantees	45	0,11 %	48	0,11 %	136	0,32 %
Result before tax	**537**	**1,29 %**	**665**	**1,59 %**	**646**	**1,54 %**
Taxation cost	133	0,32 %	140	0,34 %	97	0,23 %
Result after tax	**404**	**0,97 %**	**525**	**1,26 %**	**549**	**1,31 %**
Average assets	42 059		41 768		42 040	
Financial strength						
Capital adequacy ratio		16,4 %		16,2 %		15,0 %
Core capital ratio		16,4 %		16,2 %		15,0 %
Net core capital	4 028		3 822		3 514	
Total equity capital	5 272		5 018		4 549	
Profitability						
Return on equity capital after tax		7,8 %		10,9 %		13,1 %
Total operating costs in relation to total income		53,3 %		46,2 %		41,7 %
Total operating costs in rel.to total income excl. Income from financial investments		62,3 %		59,6 %		60,0 %
Losses and commitments in default						
Losses on loans as a percentage of total commitments		0,1 %		0,1 %		0,4 %
Commitment in default as a percentage of total commitments		1,0 %		1,0 %		1,2 %
Other bad and doubtful commitments as a percentage of total commitments		1,2 %		1,2 %		0,6 %
Net commitments in default and bad and doubtful commitments as a percentage of total commitments		1,6 %		1,6 %		1,3 %

"If we dare to be different in a positive way, we will succeed very well with our venture in Oppland."

Thomas Andersen
Branch Manager Gjøvik

Thomas Andersen
Branch Manager Gjøvik

Education: Master of Management, University of St. Andrews. Thomas has been employed at SpareBank 1 for 16 years as a department head. In the autumn of 2011 he joined Sparebanken Hedmark in connection with the acquisition of SpareBank 1 Ringerike Hadeland's branch office in Gjøvik.

Thomas feels that the Bank's most important strength is the fact that that it has a solid local affiliation.

"The best part of the job is the variation of my work tasks and the many challenges," he says. Regarding the focus on Oppland, he feels that it is just a matter of forging ahead, since there are many opportunities here and a lot to be had.

Subsidiaries

SpareBank 1 Finans Østlandet AS

Demand for the company's products was better in 2011 than in previous years. Sale of new buildings totalled NOK 1,780 million, an increase of NOK 430 million. Profit before tax was NOK 37.8 million, NOK 5.3 million lower than in 2010.

The decline in profit is attributed primarily to the increasing money market rates and higher funding costs throughout the year. Nevertheless, 2011 was a good year for the company in market terms.

The company continued to grow in accordance with the adopted plans. Net lending increased by 27 per cent and totalled NOK 2,985 million. The company's credit losses are currently low, totalling an average of 0.17 per cent. The Board is pleased with this development.

The company has ambitions for further growth and expects to see positive effects from its presence in Oslo, Akershus and Oppland. The company is also focusing on increased activity at the head office in Hamar. Several new employees have been recruited in 2011. Additional recruitment is also planned for 2012. We currently have 40 employees, including temporary employees.

The corporate market reports a low level of activity in several sectors. Transport is the sector showing the slowest growth. SpareBank 1 Finans Østlandet sees increased activity in building and construction, but profitability is still weak for many players in the industry. Due to the financial unrest in Europe, the company is expectant about the future development of the economy.

About SpareBank 1 Finans Østlandet AS

SpareBank1 Finans Østlandet is a wholly-owned subsidiary of Sparebanken Hedmark and is headquartered in Hamar. The company also has offices in Akershus and Oppland and is a major player in leasing and secured financing in Central Norway. Our activities around the Oslo fjord are increasing, partly as a result of our association with the SpareBank 1 Alliance. For more information, see www.sb1fo.no.

Hedmark Eiendom AS

The year 2011 was a good year for the real estate market. With the exception of projects and commercial properties, there were good sales figures in all segments. If we disregard new builds and projects, the sales volume for recreational properties at Hedmark Eiendom was the highest ever. A similar market is expected for 2012, but the uncertainty associated with the European and US economy entails a higher risk for financial instability in Norway as well.

The real estate market has generally been very sensitive to changes in the macroeconomic situation, but these are matters that are very difficult to predict. In addition, it is unclear what impact the Financial Supervisory Authority of Norway's new equity capital requirements for loans will have on the demand for homes.

In 2011 Hedmark Eiendom AS sold 1,237 properties, a decrease of 28 from 1,265 sales in 2010. The sales volume accounted for about one-third of all the freely sold properties in Hedmark County. Sales value was just under NOK 2 billion. Hedmark Eiendom AS employed 36 full-time equivalents in 2011.

Profit before tax was NOK 8.4 million, compared with NOK 6 million in 2010. Operating profit totalled just over NOK 7.6 million, which is the best result ever in the history of the company.

About Hedmark Eiendom AS

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

Telephone: (+47) 02998
E-mail: post@hedmark-eiendom.no
www.hedmark-eiendom.no

Consis AS

Consis AS has experienced poor financial results for the past several years. The situation deteriorated in the first quarter of 2011 and it was taken over by Sparebanken Hedmark immediately afterwards in April. The takeover also entailed the bank choosing to expand into accounting as a new business area.

After Sparebanken Hedmark took over the Consis Group, changes were made to the company's management, strategy and corporate structure. The number of companies in the group was reduced from 18 to 8 during the course of 2011.

For the group, operating revenues comprised NOK 84.7 million, with the operating results being a negative NOK 14.8 million and the after-tax results a negative NOK 16.4 million.

The parent company, Consis AS, had operating revenues for the parent company alone totalling NOK 54 million in 2011. Its operating results were minus NOK 19.1 million and the after-tax results were a negative NOK 17.4 million.

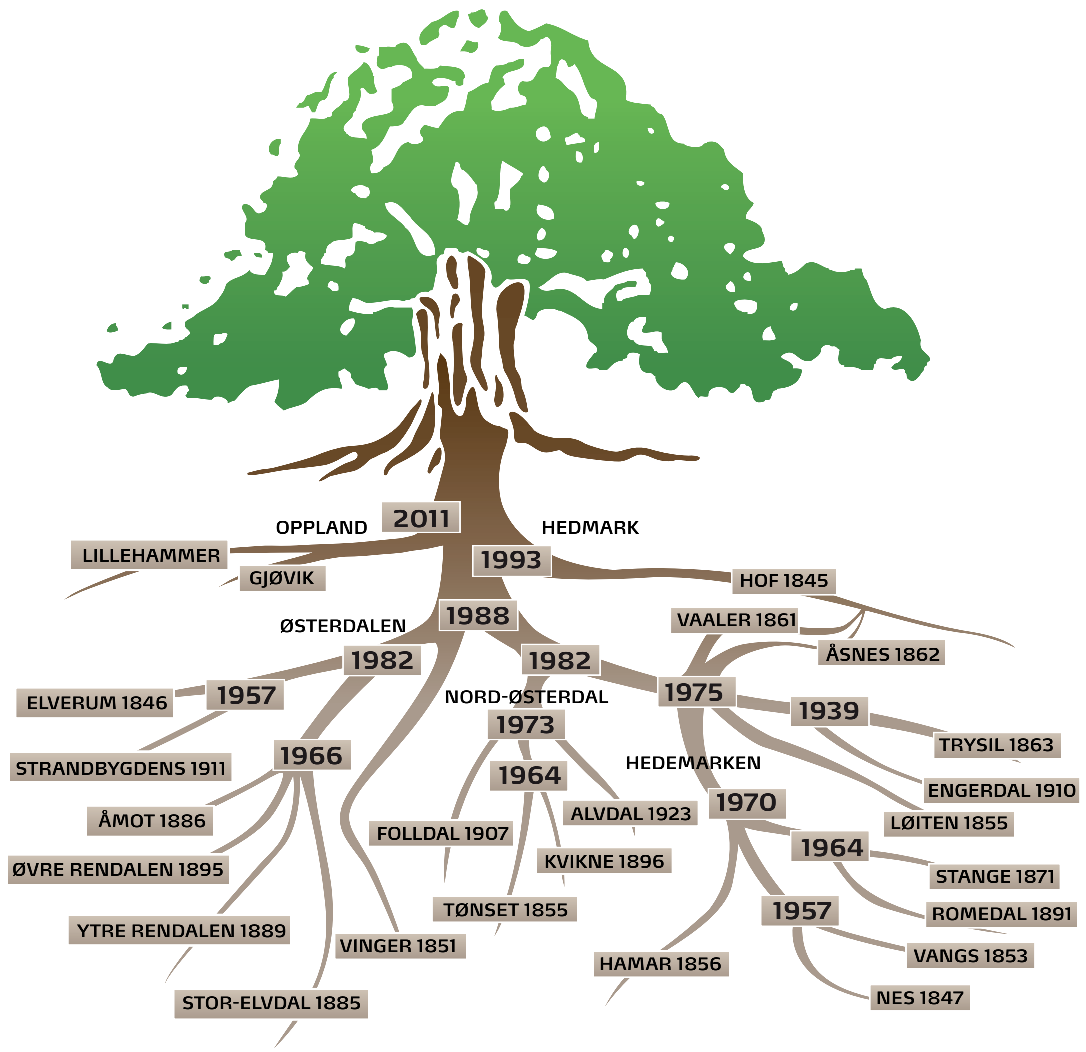
During the course of 2011, Sparebanken Hedmark has converted significant amounts from debt to equity in Consis AS.

In January 2012, 40 percent of the shares of Consis AS were sold to SpareBank 1 SMN Regnskap AS. Consis AS has the objective of expanding its working relationships with companies in the same industry that are owned by banks in the SpareBank 1 alliance.

About Consis AS

Consis AS provides specialised services in accounting, payroll, consultancy, receivables administration and collections. The Consis AS group also has subsidiaries in the fields of accounting and collections. Consis AS, the parent company, is a franchisor of 18 accounting bureaus with a total turnover in 2011 on NOK 113 million. At the end of 2011, Consis AS had units located in Lillehammer, Ringebu, Moelv, Hamar, Elverum, Tynset, Alvdal, Røros, Hvam, Oslo and Fredrikstad. Its main office is located in the Municipality of Hamar. For more information, see www.consis.no

With roots in Hedmark



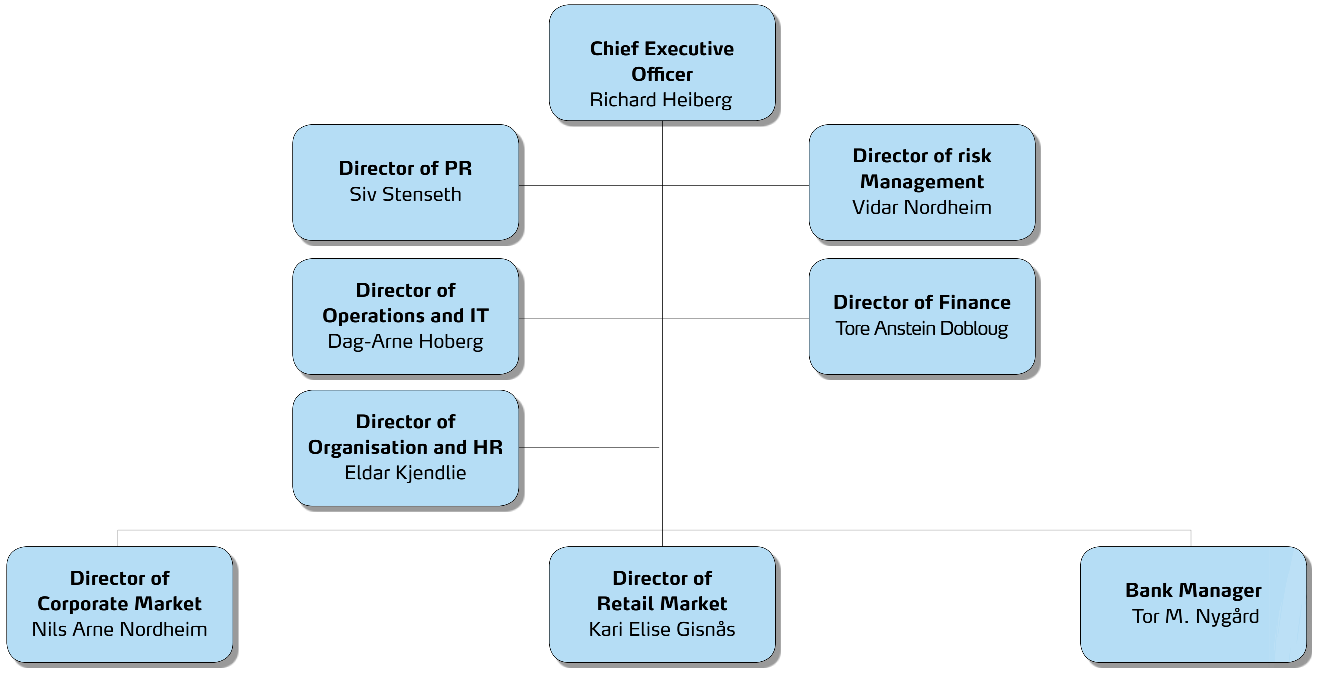
Telephone
02999

Email
Private customer centre: kundesenter@sparebanken-hedmark.no
Company customer centre: bedrift@sparebanken-hedmark.no

Internet banking
sparebanken-hedmark.no

Company administration
Strandgata 15, Postboks 203, 2302 Hamar
Organisations number 920 426 530

Corporate Management 2011



Together to create

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 and Oppland. The Bank's corporate vision, 'Together to create', makes the point that the Bank's results are achieved in co-operation with its customers.