



First half-year 2011

# Half-year report

## Results for first half of 2011

### Norwegian and international economy

Debt problems in several European countries have affected the international credit marked in the first half of the year.

The situation in Southern Europe and USA in particular has contributed to unrest. International growth at the real economic level has been maintained throughout the first half of the year as a result of high growth in Asia and South America. In the USA and parts of the EU the development of the economy has been weaker than anticipated.

In Norway, capacity utilisation is approaching a normal level, while unemployment has declined and wage inflation has

increased. There has been a further rise in the housing prices throughout the first half of the year at the same time. Overall the development in Norway indicates therefore a gradual rise in interest rates, even though differences in the development of the international and national economy could result in a stronger than desired Norwegian krone. The short-term money market rate, the 3-month NIBOR, has been 2.7 per cent on average in the first half of the year. It has been rising slowly throughout the first half of the year.

### 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 Meglereiendom AS.

The Bank owns 12 per cent of SpareBank 1 Gruppen AS and Bank 1 Oslo Akershus AS, as well as 8.7 per cent of SpareBank 1 Boligkreditt AS. The profit/loss of these companies is recognised in the Bank's consolidated financial statements proportionate to the Bank's ownership interest.

In the second quarter the Bank acquired 100 per cent of the shares in the finance and accounting chain Consis AS. In the accounts the company is classified as an asset held for sale.

The Group's profit before tax totalled NOK 277 million for the first half of the year. The profit for the corresponding period last year was NOK 493 million.

The main reason for the decline in profit is the fact that the half-year results for 2010 included income from financial investments totalling NOK 276 million, NOK 191 million of which was extraordinary income related to the card and payment transfer company Nordito AS, as well as changes in the value of the Bank's interest-bearing debt and securities. Income from financial investments totalled NOK 47 million for the first half of the year.

Profit after tax of NOK 222 million corresponds to a return on equity of 8.2 per cent. The corresponding figures for the same period in 2010 were NOK 387 million and 15.9 per cent.

#### Specification of the consolidated profit in NOK million:

Parent Bank's profit before tax	306
Dividends and group contributions received from subsidiaries/associates	-96
<b>Profit/loss attributable to:</b>	
SpareBank 1 Gruppen AS	31
Bank 1 Oslo Akershus AS	6
SpareBank 1 Boligkreditt AS	5
Hedmark Eiendom AS	2
SpareBank 1 Finans Østlandet AS	23
Other companies	0
<b>Consolidated profit before tax</b>	<b>277</b>

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS totalled NOK 43 billion as at 30 June 2011. At the end of the half year loans totalling NOK 8.3 billion had been transferred to SpareBank 1 Boligkreditt AS, compared with NOK 7.2 billion one year ago. Including the transferred loans, the twelve-month lending growth was 6.7 per cent.

Customer deposits totalled NOK 25.6 billion. Growth in deposits over the past twelve months was 5.7 per cent. Deposits as a percentage of gross lending was 73.7 per cent, compared with 73.2 per cent one year ago.

Debt to credit institutions and securities debt was NOK 10.2 billion at the end of the first half of the year. One year ago the debt was NOK 12.2 billion. A higher loan volume transferred to SpareBank 1 Boligkreditt AS and the reduced liquidity balance with Norges Bank has contributed to reducing the external funding requirement. Average maturity of the Bank's market funding is 3.1 years at the end of the second quarter.

Liquidity has been good throughout the first half of the year. At the end of the half year the Bank is not dependent on external funding for 18 months of normal operations. In the opinion of the Board of Directors, the Bank's liquidity risk is moderate to low.

The Group's equity was NOK 5.5 billion as at 30 June 2011. The capital adequacy ratio is 14.5 per cent, compared with 13.5 per cent as at 30 June 2010. The Group's equity as at 30 June 2011 accounts for 13.1 per cent of the balance sheet, compared with 11.8 per cent one year ago.

## Sparebanken Hedmark – Parent Bank

### Profit before tax

The profit before tax totalled NOK 306 million for the first half of the year. The profit for the same period in 2010 was NOK 479 million. The profit corresponded to 1.49 per cent of the average total assets, compared with 2.35 per cent for the same period last year. Net interest income is NOK 30 million higher than the corresponding period last year. The difference is attributed primarily to higher income from financial investments in the first half of last year.

### Profit after tax

Profit after tax totalled NOK 258 million. The profit for the corresponding period last year was NOK 379 million. The profit corresponds to a return on equity of 10.1 per cent. The corresponding figure for the same period last year was 16.1 per cent.

### Net interest income

Net interest income in the first half of the year amounted to NOK 428 million, compared with NOK 398 million for the same period last year. Net interest as a percentage of average total assets was 2.08 per cent. The corresponding figure for the same period in 2010 was 1.96 per cent. Net interest income year to date is higher than the same period last year as a result of a reduced need for market funding, lower liquidity balance with Norges Bank, and elimination of the guarantee fund charge in 2011, as well as a higher volume of mortgage loans transferred to SpareBank 1 Boligkreditt AS with a lower interest rate than average for the Bank's loan portfolio.

### Net commission income

Net commission income amounted to NOK 92 million, compared with NOK 87 million for the corresponding period last year. Commission income from loans transferred to SpareBank 1 Boligkreditt AS is at about the same level as last year.

### Income from investments in associates, joint ventures and group companies

Income from this area totalled NOK 96 million, compared with NOK 58 million in the first half of 2010. All the income represents dividends received. Dividends received from SpareBank 1 Gruppen AS totalled NOK 53 million.

### Income from other financial investments

Income from financial investments totalled NOK 6 million. This breaks down into NOK 20 million in dividends and NOK 14 million in a negative impact on earnings related to the valuation of the Bank's interest-bearing securities and debt. Income from financial investments totalled NOK 227 million for the first half of the year last year. NOK 124 million of this was income from ownership interests in PBS-Holding AS and Nordito Property AS, and NOK 66 million was the impact on earnings related to the valuation of the Bank's interest-bearing securities and debt.

### Operating expenses

Total operating expenses were NOK 310 million. The operating expenses for the same period last year was NOK 293 million. Adjusted for non-recurring items totalling NOK 10 million, the cost growth amounted to NOK 7 million or 2.5 per cent.

Annualised, the operating expenses represent 49.5 per cent of the total income, compared with 37.3 per cent for the first half of 2010.

### Losses on loans and guarantees

Net losses on loans and guarantees in the first half of the year totalled NOK 10 million. Net losses include income from the sale of loans previously written down totalling NOK 20 million. Net losses consist of NOK 16 million in losses in the corporate market and the recognition of income of NOK 6 million in the retail market. The losses for the first half of 2010 totalled NOK 13 million. Annualised, the losses represent 0.1 per cent of gross lending in the first half of the year.

### Lending

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 40.4 billion as at 30 June 2011. Lending growth over the past 12 months, including loans transferred to SpareBank 1 Boligkreditt, has been 5.9 per cent. Growth over the past 12 months one year ago was 6.7 per cent. In the past 12 month period, growth has been 7.1 per cent in the retail market, including loans transferred to SpareBank 1 Boligkreditt, and 3.3 per cent in the corporate market. The risk profile for the Bank's granting of credit has not changed in the first half of the year.

### Deposits

Deposits from and liabilities to customers totalled NOK 25.7 billion as at 30 June 2011. Growth in deposits over the past twelve months has been 5.7 per cent. Growth in deposits over the past 12 months one year ago was 4.4 per cent. The growth in deposits over the last 12 month period has been 6.0 per cent in the retail market and 5.2 per cent in the corporate market.

### Capital adequacy

The capital adequacy ratio was 16.0 per cent as at 30 June 2011, compared with 14.3 per cent as at 30 June 2010. The Bank's equity of at least NOK 5.2 billion consists entirely of retained earnings and represents 12.5 per cent of the balance sheet.

### Outlook for the rest of the year

The financial situation in several European countries is still uncertain. The downgrading of US government debt has contributed to strengthening uncertainty in the markets. We anticipate that unemployment in Norway will remain at a relatively low level, that the interest rate level will increase and that we will experience moderate credit growth for the rest of the year. However, international developments will be of great importance to the development in Norway. In addition to the real economic consequences, the development will also have a direct impact on the Bank's balance sheet performance, funding costs and securities portfolio.

Hamar, 18. august 2011

**Styret i Sparebanken Hedmark**

## Statement of the Board of Directors and CEO

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We confirm that the half-year accounts for the period 1 January to 30 June 2011, to the best of our knowledge, have been prepared in accordance with IAS 34 Interim financial Reporting, and that the disclosures in the interim report provide a true and fair view of the parent bank and the Group's assets, liabilities, financial position and results as a whole, and gives a fair summary of the information mentioned in Section 5-6 of the Securities Trading Act.

### Board of Directors of Sparebanken Hedmark

Hamar, 30 june 2011/18. august 2011

Gunnar Martinsen, Board Chairman

Trond Hagerud

Grethe G. Fossum

Espen Bjørklund Larsen

Nina C. Lier

Siri J. Strømmevold

Jan Wibe

Richard Heiberg  
CEO

# Income statement (Not Audited)

Parent Bank				Group			
31.12.10	30.06.10	30.06.11	(NOK million)	Notes	30.06.11	30.06.10	31.12.10
1 779	848	923	Interest income		977	894	1 875
958	450	495	Interest expenses		496	450	957
821	398	428	Net interest income		481	444	918
220	105	107	Commission income		107	105	220
35	18	15	Commission expenses		22	24	48
22	15	4	Other operating income		29	40	79
207	102	96	Net commission and other income		114	121	251
38	36	20	Dividends		20	41	38
52	58	96	Net profit from ownership interests		41	44	124
197	191	-14	Net profit from other financial assets and liabilities		-14	191	197
287	285	102	Net income from financial assets and liabilities		47	276	359
1 315	785	626	Total net income		642	841	1 528
323	149	163	Personnel expenses		188	170	369
290	144	147	Other operating expenses		165	163	330
613	293	310	Total operating expenses	4	353	333	699
702	492	316	Profit before losses		289	508	829
48	13	10	Losses on loans and guarantees	6	12	15	50
654	479	306	Profit/loss before tax		277	493	779
129	100	48	Tax charge		55	106	144
525	379	258	Results for the accounting period		222	387	635

## Statement of comprehensive income according to IAS 1

<b>525</b>	<b>379</b>	<b>258</b>	<b>Results for the accounting period</b>		<b>222</b>	<b>387</b>	<b>635</b>
12			Actuarial gains / losses on pensions				11
-3			Tax effect of actuarial gains / losses on pensions				-3
67	48	-17	Change in value of financial assets available for sale		-17	48	67
5		-7	Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value		-7		5
-111	-111	7	Financial assets available for sale transferred to profit and loss on realisation		7	-111	-111
			Change in accounting principles in associated companies and joint ventures recognised directly in equity				
			Share of gains and losses in associated companies and joint ventures recognised directly in equity		3		-7
<b>-30</b>	<b>-63</b>	<b>-17</b>	<b>Total profit and loss items recognised in equity</b>		<b>-14</b>	<b>-63</b>	<b>-38</b>
<b>495</b>	<b>316</b>	<b>241</b>	<b>Total profit / loss for the accounting year</b>		<b>208</b>	<b>324</b>	<b>597</b>

# Balance sheet (Not Audited)

Parent Bank				Group			
31.12.10	30.06.10	30.06.11	(NOK million)	Notes	30.06.11	30.06.10	31.12.10
ASSETS							
995	3 031	1 255	Cash and deposits with central banks		1 255	3 031	995
2 054	1 912	2 410	Loans to and receivables from credit institutions		65	86	57
31 567	30 889	32 066	Gross loans to and receivables from customers	5	34 715	33 093	33 942
-216	-174	-229	- Individual write-downs		-247	-195	-231
-95	-137	-92	- Write-downs of groups of loans		-99	-144	-102
31 256	30 578	31 745	Net loans to and receivables from customers		34 369	32 754	33 609
4 531	4 604	3 945	Certificates, bonds and fixed-income funds		3 945	4 604	4 531
270	333	203	Financial derivatives	7	203	333	270
359	675	350	Shares, units and other equity interests		350	675	359
1 009	603	1 099	Investments in associates and joint ventures		1 346	791	1 272
305	305	305	Investments in subsidiaries				
	2	16	Assets held for sale	13	17	3	2
257	261	255	Property, plant and equipment		277	282	279
86	88	84	Goodwill and other intangible assets		88	91	90
85	61	84	Deferred tax asset		87	66	87
125	229	157	Other assets	8	278	294	201
41 332	42 683	41 908	Total assets		42 280	43 010	41 752
LIABILITIES							
3 837	5 026	3 725	Deposits from and liabilities to credit institutions		3 722	5 025	3 836
24 208	24 344	25 738	Deposits from and liabilities to customers	9	25 592	24 215	24 083
7 430	7 318	6 428	Liabilities arising from issuance of securities	10	6 428	7 318	7 430
215	301	182	Financial derivatives	7	182	301	215
129		176	Current tax liabilities		187	93	142
495	849	410	Other debt and liabilities recognised in the balance sheet	11	643	1 002	721
36 314	37 838	36 659	Total liabilities		36 754	37 954	36 427
EQUITY CAPITAL							
4 840	4 332	4 836	Primary capital		4 836	4 332	4 840
78	58	72	Endowment fund		72	58	78
100	76	83	Fund for unrealised gains		83	76	100
			Other equity		313	203	307
	379	258	Result for the period		222	387	
5 018	4 845	5 249	Total equity capital		5 526	5 056	5 325
41 332	42 683	41 908	Total liabilities and equity capital		42 280	43 010	41 752

# Change in equity capital

## Parent Bank

(NOK million)

	Earned equity			Total equity capital
	Balance primary capital	Donation Fund	Fund for value adjustment	
<b>Equity at 1 January 2010</b>	<b>4 337</b>	<b>73</b>	<b>139</b>	<b>4 549</b>
Total comprehensive income	379		-63	316
Donations distributed from profit 2009	-6			-6
Grants from endowment fund in 2010		-14		-14
<b>Equity at 30 June 2010</b>	<b>4 710</b>	<b>58</b>	<b>76</b>	<b>4 845</b>
<b>Equity at 1 January 2010</b>	<b>4 337</b>	<b>73</b>	<b>139</b>	<b>4 549</b>
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
<b>Equity at 31 December 2010</b>	<b>4 840</b>	<b>78</b>	<b>100</b>	<b>5 018</b>
<b>Equity at 1 January 2011</b>	<b>4 840</b>	<b>78</b>	<b>100</b>	<b>5 018</b>
Total comprehensive income	258		-17	241
Donations distributed from profit 2010	-4			-4
Grants from endowment fund in 2011		-6		-6
Transfer to endowment fund in 2011				0
<b>Equity at 30 June 2011</b>	<b>5 094</b>	<b>72</b>	<b>83</b>	<b>5 249</b>

## Group

(NOK million)

	Earned equity				Total equity capital
	Balance primary capital	Donation Fund	Fund for value adjustment	Other equity capital	
<b>Equity at 1 January 2010</b>	<b>4 337</b>	<b>73</b>	<b>139</b>	<b>210</b>	<b>4 759</b>
IB correction: Correction of previous years' errors in joint ventures				-6	-6
<b>Adjusted equity at 1 January 2010</b>	<b>4 337</b>	<b>73</b>	<b>139</b>	<b>204</b>	<b>4 753</b>
Total comprehensive income	387		-63		323
Change in Eq cap from companies in the Group				-1	-1
Donations distributed from profit 2009	-6				-6
Grants from endowment fund in 2010		-14			-14
<b>Equity at 30 June 2010</b>	<b>4 718</b>	<b>58</b>	<b>76</b>	<b>203</b>	<b>5 056</b>
<b>Equity at 1 January 2010</b>	<b>4 337</b>	<b>73</b>	<b>139</b>	<b>210</b>	<b>4 759</b>
IB correction: Reclassification of associated companies				200	200
IB correction: Correction of previous years' errors in joint ventures				-11	-11
<b>Adjusted equity at 1 January 2010</b>	<b>4 337</b>	<b>73</b>	<b>139</b>	<b>399</b>	<b>4 948</b>
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
<b>Equity at 31 December 2010</b>	<b>4 840</b>	<b>78</b>	<b>100</b>	<b>307</b>	<b>5 325</b>
<b>Equity at 1 January 2011</b>	<b>4 840</b>	<b>78</b>	<b>100</b>	<b>307</b>	<b>5 325</b>
IB correction: Correction of previous years' errors in joint ventures				4	4
<b>Adjusted equity at 1 January 2011</b>	<b>4 840</b>	<b>78</b>	<b>100</b>	<b>311</b>	<b>5 329</b>
Total comprehensive income	258		-17	-33	208
Direct recognition in equity in associated companies and joint ventures				-1	-1
Donations distributed from profit 2010	-4				-4
Grants from endowment fund in 2011		-6			-6
Transfer to endowment fund in 2011					0
<b>Equity at 30 June 2011</b>	<b>5 094</b>	<b>72</b>	<b>83</b>	<b>277</b>	<b>5 526</b>

# Results from the quarterly accounts

## Group

(Isolated figures in NOK million)	2.q. 2011	1.q. 2011	4.q. 2010	3.q. 2010	2.q. 2010	1.q. 2010	4.q. 2009	3.q. 2009	2.q. 2009
Interest income	497	480	493	488	457	437	433	455	510
Interest expenses	253	243	251	256	235	215	206	230	309
<b>Net interest income</b>	<b>244</b>	<b>237</b>	<b>242</b>	<b>232</b>	<b>222</b>	<b>222</b>	<b>227</b>	<b>225</b>	<b>201</b>
Commission income	53	54	58	57	59	46	57	48	44
Commission expenses	10	12	12	12	12	12	11	12	12
Other operating income	16	13	20	19	17	23	31	34	17
<b>Net commission and other income</b>	<b>59</b>	<b>55</b>	<b>66</b>	<b>64</b>	<b>64</b>	<b>57</b>	<b>77</b>	<b>70</b>	<b>49</b>
Dividends	20	0	1	1	36		1	2	7
Net profit from ownership interests	17	24	38	37	29	20	12	-125	43
Net profit from other financial assets and liabilities	4	-18	11	-5	119	72	75	38	49
<b>Net income from financial assets and liabilities</b>	<b>41</b>	<b>6</b>	<b>50</b>	<b>33</b>	<b>184</b>	<b>92</b>	<b>88</b>	<b>-85</b>	<b>99</b>
<b>Total net income</b>	<b>344</b>	<b>298</b>	<b>358</b>	<b>329</b>	<b>470</b>	<b>371</b>	<b>392</b>	<b>210</b>	<b>349</b>
Personnel expenses	93	95	96	103	96	74	88	101	34
Other operating expenses	91	74	95	73	80	82	101	72	80
<b>Total operating expenses</b>	<b>184</b>	<b>169</b>	<b>191</b>	<b>176</b>	<b>176</b>	<b>156</b>	<b>189</b>	<b>173</b>	<b>114</b>
<b>Profit before losses</b>	<b>160</b>	<b>129</b>	<b>167</b>	<b>153</b>	<b>294</b>	<b>215</b>	<b>203</b>	<b>37</b>	<b>235</b>
Losses on loans and guarantees	22	-10	32	3	-8	23	27	58	46
<b>Profit/loss before tax</b>	<b>138</b>	<b>139</b>	<b>135</b>	<b>150</b>	<b>302</b>	<b>192</b>	<b>176</b>	<b>-21</b>	<b>189</b>
Tax charge	22	33	26	12	58	48	30	36	36
<b>Results for the accounting period</b>	<b>116</b>	<b>106</b>	<b>109</b>	<b>138</b>	<b>244</b>	<b>144</b>	<b>146</b>	<b>-57</b>	<b>153</b>

## Cash flow statement

Parent Bank				Group		
31.12.10	30.06.10	30.06.11	(NOK million)	30.06.11	30.06.10	31.12.10
1 987	1 977	232	Cash flow from lending operations (A)	46	1 886	1 809
500	913	1 243	Cash flow from deposit operations (B)	1 227	893	481
-72	-322	585	Cash flow from investments in securities (C)	585	-322	-72
-208	-115	-306	Cash flow from deposits in credit institutions (D)	42	65	145
-505	-186	-311	Remaining cash flow from current operations (E)	-475	-200	-616
<b>1 702</b>	<b>2 267</b>	<b>1 443</b>	<b>Cash flow from operations (A+B+C+D+E=F)</b>	<b>1 426</b>	<b>2 322</b>	<b>1 747</b>
-1 665	-339	-1 194	Cash flow from financing activities (G)	-1 142	-353	-1 665
-161	-15	15	Cash flow from investments in fixed assets (H)	-19	-56	-206
			Liquidity effect of acquisition and sale of subsidiaries(I)			
<b>-124</b>	<b>1 913</b>	<b>264</b>	<b>Change in cash and cash equivalents (F+G+H+I)</b>	<b>264</b>	<b>1 913</b>	<b>-124</b>
1 145	1 145	1 021	Cash and cash equivalents at 1 January	1 021	1 145	1 145
<b>1 021</b>	<b>3 058</b>	<b>1 285</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>1 285</b>	<b>3 058</b>	<b>1 021</b>
<b>Cash and cash equivalents at the end of the period comprise:</b>						
995	3 031	1 255	Cash and deposits with central banks	1 255	3 031	995
26	27	30	Deposits etc. at call with banks	30	27	26
<b>1 021</b>	<b>3 058</b>	<b>1 285</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>1 285</b>	<b>3 058</b>	<b>1 021</b>

# Key figures for the Group

	First half-year 2011		First half-year 2010		Year 2010	
	Amount	%	Amount	%	Amount	%
<b>Profit and Loss Account summary (NOK million and as % of average assets)</b>						
Net interest income	481	2,32 %	444	2,14 %	918	2,18 %
Net commissions and other (non-interest) income	114	0,55 %	121	0,55 %	251	0,60 %
Net income from financial investments	47	0,23 %	276	0,88 %	359	0,85 %
<b>Total income</b>	<b>642</b>	<b>3,09 %</b>	<b>841</b>	<b>3,57 %</b>	<b>1 528</b>	<b>3,63 %</b>
<b>Total operating expenses</b>	<b>353</b>	<b>1,70 %</b>	<b>333</b>	<b>1,50 %</b>	<b>699</b>	<b>1,66 %</b>
<b>Result before losses</b>	<b>289</b>	<b>1,39 %</b>	<b>508</b>	<b>2,07 %</b>	<b>829</b>	<b>1,97 %</b>
Losses on loans and guarantees	12	0,06 %	15	0,22 %	50	0,12 %
<b>Result before tax</b>	<b>277</b>	<b>1,33 %</b>	<b>493</b>	<b>1,85 %</b>	<b>779</b>	<b>1,85 %</b>
Tax charge	55	0,26 %	106	0,46 %	144	0,34 %
<b>Result after tax</b>	<b>222</b>	<b>1,07 %</b>	<b>387</b>	<b>1,39 %</b>	<b>635</b>	<b>1,51 %</b>
<b>Profitability</b>						
Return on equity capital before tax		10,3 %		20,3 %		15,5 %
Return on equity capital after tax		8,2 %		15,9 %		12,6 %
Return on equity capital of total result after tax		7,7 %		13,3 %		11,8 %
Total operating costs in relation to total income		55,0 %		39,6 %		45,7 %
Total operating costs in rel. to total income excl. income from financial investments		59,3 %		58,9 %		59,8 %
<b>From the Balance Sheet</b>						
Gross loans to customers	34 715		33 093		33 942	
Gross loans to customers including SpareBank 1 Boligkreditt	43 024		40 318		41 793	
Deposits from customers	25 592		24 215		24 083	
Deposits from customers in relation to gross loans to customers		73,7 %		73,2 %		71,0 %
Lending growth during the last 12 months		4,9 %		-5,6 %		-0,8 %
Lending growth in last 12 months including SpareBank 1 Boligkreditt		6,7 %		7,1 %		7,7 %
Deposit growth during the last 12 months		5,7 %		4,5 %		4,3 %
Average assets	41 890		41 631		42 053	
Assets	42 280		43 010		41 752	
<b>Losses and commitments in default</b>						
Losses on loans as a percentage of gross loans		0,1 %		0,1 %		0,3 %
Commitments in default as a percentage of total commitments		1,3 %		1,0 %		1,0 %
Other bad and doubtful commitments as a percentage of total commitments		1,2 %		0,5 %		1,2 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments		1,7 %		1,0 %		1,6 %
<b>Financial strength</b>						
Capital adequacy ratio		14,5 %		13,5 %		15,1 %
Core capital ratio		14,5 %		13,5 %		15,1 %
Net core capital	3 720		3 366		3 785	
Net equity and related capital	5 526		5 056		5 325	

# Notes to the accounts

## Note 1: Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.01-30.06.2011. The financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, currently valid IFRS standards and IFRIC interpretations. The consolidated financial statements have been prepared according to IFRS rules and regulations since 1 January 2007.

The financial statements in this interim report have been prepared using the same principles and calculation methods as used in the most recent annual financial statements.

The interim financial statements do not contain all of the information required for complete annual financial statements, and should be read in conjunction with the annual financial statements for 2010.

The reporting currency is Norwegian kroner (NOK), which is also the functional currency of all of the Group's units. All figures are stated in millions of NOK unless otherwise stated.

## Note 2: Changes in the Group composition

### 2011

There have been no changes in the Group's composition during the period from 1 January 2011 to 30 June 2011.

### 2010

Bank 1 Oslo Akershus AS de-merged from the Group SpareBank 1 Gruppen AS from 01.01.2010 and as of then will be an independent commercial bank.

Bank 1 Oslo Akershus AS has up until now been a wholly owned subsidiary of SpareBanken 1 Gruppen AS and has thereby been indirectly owned by Sparebanken Hedmark with 12 per cent. Sparebanken Hedmark will own 12 per cent of the bank and 12 per cent in SpareBank 1 Group AS as before. The de-merge of Bank 1 Oslo Akershus AS will not lead to accounting consequences of significance.

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

### 2009

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

## Note 3: 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, leasing and other activities. Property brokerage and leasing are organised as independent companies. The result of the elimination of companies appears with other activities in a separate column.

### Group

Income statement	Q2 2011					
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Other	Total
Net interest income	208	157	54		62	481
-of which internal items			35		-35	0
Net commission and other income	70	23	-8	25	4	114
-of which internal items						0
Net return on financial investments					47	47
Operating expenses*	113	41	21	22	156	353
<b>Profit before losses by segment:</b>	<b>165</b>	<b>139</b>	<b>25</b>	<b>3</b>	<b>-43</b>	<b>289</b>
Losses on loans and guarantees	-6	16	2			12
<b>Profit / loss per segment</b>	<b>171</b>	<b>123</b>	<b>23</b>	<b>3</b>	<b>-43</b>	<b>277</b>

Q2 2011						
Balance sheet	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Other	Total
Gross lending to customers	19 259	12 370	2 649		437	34 715
-of which internal items						0
Individual loan write-downs	-45	-184	-18			-247
Collective loan write-downs	-32	-60	-7			-99
Other assets	119		136	140	7 516	7 911
<b>Total assets per segment</b>	<b>19 301</b>	<b>12 126</b>	<b>2 760</b>	<b>140</b>	<b>7 953</b>	<b>42 280</b>
Deposits from and liabilities to customers	16 728	8 687			322	25 737
-of which internal items			4	136	-140	0
Other liabilities and equity	2 573	3 439	2 760	140	7 631	16 543
<b>Total equity and liabilities per segment</b>	<b>19 301</b>	<b>12 126</b>	<b>2 760</b>	<b>140</b>	<b>7 953</b>	<b>42 280</b>

Q2 2010						
Income statement	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Other	Total
Net interest income	214	152	46		32	444
-of which internal items			-26	2	24	0
Net commission and other income	70	29	-6	24	4	121
-of which internal items						0
Net return on financial investments					276	276
Operating expenses*	113	39	18	22	141	333
<b>Profit before losses by segment:</b>	<b>171</b>	<b>142</b>	<b>22</b>	<b>2</b>	<b>171</b>	<b>508</b>
Losses on loans and guarantees	10	3	2			15
<b>Profit / loss per segment</b>	<b>161</b>	<b>139</b>	<b>20</b>	<b>2</b>	<b>171</b>	<b>493</b>

Balance sheet	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Other	Total
Gross lending to customers	18 372	11 972	2 190		459	32 993
-of which internal items						0
Individual loan write-downs	-38	-135	-22			-195
Collective loan write-downs	-32	-105	-8			-145
Other assets	162	51	88	131	9 925	10 357
<b>Total assets per segment</b>	<b>18 464</b>	<b>11 783</b>	<b>2 248</b>	<b>131</b>	<b>10 384</b>	<b>43 010</b>
Deposits from and liabilities to customers	15 596	8 198			209	24 003
-of which internal items			-1	-124	125	0
Other liabilities and equity	2 868	3 585	2 248	131	10 175	19 007
<b>Total equity and liabilities per segment</b>	<b>18 464</b>	<b>11 783</b>	<b>2 248</b>	<b>131</b>	<b>10 384</b>	<b>43 010</b>

	2010					
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Other	Total
<b>Income statement</b>						
Net interest income	440	317	96	1	64	918
-of which internal items			-57	3	54	0
Net commission and other income	146	53	-13	54	10	251
-of which internal items			-1		1	0
Net return on financial investments					359	359
Operating expenses*	231	80	38	48	301	699
<b>Profit before losses by segment:</b>	<b>355</b>	<b>290</b>	<b>45</b>	<b>7</b>	<b>132</b>	<b>829</b>
Losses on loans and guarantees	22	26	2			50
<b>Profit / loss per segment</b>	<b>333</b>	<b>264</b>	<b>43</b>	<b>7</b>	<b>132</b>	<b>779</b>
<b>Balance sheet</b>						
Gross lending to customers	18 893	12 239	2 371		439	33 942
-of which internal items						0
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
<b>Total assets per segment</b>	<b>18 947</b>	<b>12 005</b>	<b>2 438</b>	<b>124</b>	<b>8 238</b>	<b>41 752</b>
Deposits from and liabilities to customers	15 674	8 288			121	24 083
-of which internal items		124		-120	-4	0
Other liabilities and equity	3 273	3 717	2 438	124	8 117	17 669
<b>Total equity and liabilities per segment</b>	<b>18 947</b>	<b>12 005</b>	<b>2 438</b>	<b>124</b>	<b>8 238</b>	<b>41 752</b>

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

## Note 4: Operating expenses

Parent Bank				Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
323	149	163	Total personnel expenses	188	170	369
201	98	101	Administration expenses	112	109	225
28	15	12	Depreciation	14	16	31
9	2	2	Rent	3	5	10
16	6	7	Wealth tax	7	6	16
36	23	25	Other operating expenses	29	27	48
613	293	310	Total operating expenses	353	333	699

## Note 5: Loans to and receivables from customers

Parent Bank				Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
Loans by type of receivable						
			Financial leasing	1 152	1 018	1 053
3 336	2 987	3 696	Overdraft facilities and operating credits	3 696	2 987	3 336
785	820	675	Building loans	675	820	785
27 353	26 995	27 606	Repayment loans	29 088	28 168	28 660
93	87	89	Accrued interest	104	100	108
31 567	30 889	32 066	Gross loans to and receivables from customers	34 715	33 093	33 942
311	311	321	Write-downs	346	339	333
31 256	30 578	31 745	Loans to and receivables from customers	34 369	32 754	33 609
Loans by type of market						
19 472	19 000	19 825	Private customers	21 108	19 962	20 553
12 066	11 857	12 223	Corporate	13 505	13 038	13 285
3	2	2	Public sector	71	50	63
26	30	16	Accrued interest	31	43	41
31 567	30 889	32 066	Gross loans to and receivables from customers	34 715	33 093	33 942
311	311	321	Write-downs	346	339	333
31 256	30 578	31 745	Loans to and receivables from customers	34 369	32 754	33 609
Of which subordinated loan capital						
Subordinated capital in credit institutions						
0	2	0	Other subordinated capital	0	2	0
0	2	0	Subordinated loan capital recorded as lending	0	2	0

Parent Bank				Group		
31.12.10	30.06.10	30.06.11	Total commitments by sector and industry	30.06.11	30.06.10	31.12.10
20 786	20 323	21 316	Private customers	22 599	21 291	21 875
3	2	2	Public sector	71	50	63
3 110	3 047	3 163	Primary industries	3 318	3 199	3 267
462	484	459	Paper and pulp industries	486	497	462
499	529	499	Other industry	614	603	648
1 023	1 083	1 066	Building and construction	1 422	1 344	1 304
110	115	113	Power and water supply	174	160	110
1 123	1 125	988	Wholesale and retail trade	1 270	1 309	1 307
221	224	218	Hotel and restaurants	224	231	221
5 098	5 101	5 019	Real estate	5 055	5 127	5 125
1 994	1 808	1 884	Commercial services	2 109	1 995	2 205
313	329	221	Transport and communications	446	546	525
30	136	114	Other	114	136	30
			Accrued interest, undistributed	15	12	15
34 772	34 306	35 062	Total commitments by sector and industry	37 917	36 500	37 157

Parent Bank				Group		
31.12.10	30.06.10	30.06.11	Gross loans by sector and industry	30.06.11	30.06.10	31.12.10
19 472	19 000	19 825	Private customers	21 108	19 962	20 553
3	2	2	Public sector	71	50	63
2 779	2 681	2 764	Primary industries	2 919	2 833	2 936
404	429	405	Paper and pulp industries	422	442	404
366	369	371	Other industry	458	442	514
756	736	800	Building and construction	1 088	996	1 037
86	90	90	Power and water supply	151	135	86
799	815	808	Wholesale and retail trade	1 028	998	983
203	209	202	Hotel and restaurants	208	216	203
4 748	4 721	4 838	Real estate	4 868	4 747	4 775
1 685	1 575	1 744	Commercial services	1 946	1 762	1 895
236	227	199	Transport and communications	415	443	448
30	35	18	Other	18	55	30
			Accrued interest, undistributed	15	12	15
<b>31 567</b>	<b>30 889</b>	<b>32 066</b>	<b>Total gross loans by sector and industry</b>	<b>34 715</b>	<b>33 093</b>	<b>33 942</b>

Parent Bank				Group		
31.12.10	30.06.10	30.06.11	Individual write-downs by sector and industry	30.06.11	30.06.10	31.12.10
46	42	49	Private customers	53	44	48
1	3	1	Primary industries	5	11	5
12	6	8	Paper and pulp industries	8	6	12
10	8	9	Other industry	13	12	15
28	2	27	Building and construction	28	3	29
2	1	1	Power and water supply	1	1	2
12	16	18	Wholesale and retail trade	21	20	13
16	17	18	Hotel and restaurants	18	17	16
50	50	50	Real estate	50	51	2
37	26	46	Commercial services	46	26	51
2	3	2	Transport and communications	4	4	38
<b>216</b>	<b>174</b>	<b>229</b>	<b>Total individual write-downs by sector and industry</b>	<b>247</b>	<b>195</b>	<b>231</b>

## Note 6: Losses on loans and guarantees

Parent Bank				Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
40	-16	13	Change in individual write-downs in the period	17	-26	23
-42		-3	+ Change in collective write-downs in the period	-3		-42
43	27	14	+ Realised losses on commitments previously written down	11	40	65
14	5	67	+ Realised losses on commitments not previously written down	69	5	13
7	3	81	- Recoveries on loans and guarantees previously written down	82	4	9
<b>48</b>	<b>13</b>	<b>10</b>	<b>Total losses on loans and guarantees</b>	<b>12</b>	<b>15</b>	<b>50</b>

Sparebanken Hedmark sold a loan portfolio that had been written off earlier in the Bank's accounts in the first quarter of 2011. The net gain from this transaction was around NOK 20 million and appears under receipts on earlier write-offs.

Parent Bank				Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
194	194	221	Individual write-downs to cover losses on loans and guarantees at 1 January	236	226	226
44	27	14	Realised losses in the period on loans and guarantees previously written down individually	16	41	66
20	15	5	Reversal of write-downs in previous years	7	18	26
12	4	9	Increase in write-downs on commitments previously written down individually	9	5	14
79	19	22	Write-downs on commitments not previously written down individually	29	24	88
<b>221</b>	<b>175</b>	<b>233</b>	<b>Individual write-downs to cover losses on loans and guarantees at the end of period *)</b>	<b>251</b>	<b>196</b>	<b>236</b>

\*) Guarantee provisions are included under Other liabilities in the balance sheet, see Note 11.

Parent Bank				Group		
31.12.10	30.06.10	30.06.11	Collective write-downs	30.06.11	30.06.10	31.12.10
137	137	95	Collective write-downs to cover losses on loans and guarantees at 1 January	102	144	144
-42	0	-3	Collective write-downs to cover losses on loans and guarantees in the period	-3	0	-42
<b>95</b>	<b>137</b>	<b>92</b>	<b>Collective write-downs to cover losses on loans and guarantees</b>	<b>99</b>	<b>144</b>	<b>102</b>

Parent Bank				Group		
31.12.10	30.06.10	30.06.11	Defaulted (more than 90 days) and doubtful commitments	30.06.11	30.06.10	31.12.10
344	315	357	Defaulted commitments	475	381	390
434	183	432	Other doubtful commitments	438	197	441
<b>778</b>	<b>498</b>	<b>789</b>	<b>Total defaulted and doubtful commitments</b>	<b>913</b>	<b>578</b>	<b>831</b>
221	175	233	Individual write-downs	251	196	236
<b>557</b>	<b>323</b>	<b>556</b>	<b>Net defaulted and doubtful commitments</b>	<b>662</b>	<b>382</b>	<b>595</b>

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

## Note 7: Financial derivatives

### Parent Bank and Group

At fair market value through p & l account

	30.06.11		
	Contract sum	Fair market value	
		Assets	Liabilities
<b>Foreign exchange instruments</b>			
Forward exchange contracts	1 383	38	25
Currency swap contracts	2 315	10	37
Total foreign exchange instruments	3 698	48	62
<b>Interest rate instruments</b>			
Interest rate swaps (inc. int. rate & currency)	8 906	140	120
Other interest rate contracts	430	12	0
Total interest rate instruments	9 336	152	120
<b>Other financial derivatives</b>			
Guarantee liability - Eksportfinans ASA	57	3	0
<b>Total curr.- and int. rate instruments</b>			
<b>Total currency instruments</b>	<b>3 698</b>	<b>48</b>	<b>62</b>
<b>Total interest rate instruments</b>	<b>9 336</b>	<b>152</b>	<b>120</b>
<b>Total other financial derivatives</b>	<b>57</b>	<b>3</b>	<b>0</b>
<b>Total</b>	<b>13 091</b>	<b>203</b>	<b>182</b>

## At fair market value through p &amp; l account

30.06.10

	Contract sum	Fair market value	
		Assets	Liabilities
<b>Foreign exchange instruments</b>			
Forward exchange contracts	3 414	102	98
Currency swap contracts	2 009	2	45
Total foreign exchange instruments	5 423	104	143
<b>Interest rate instruments</b>			
Interest rate swaps (inc. int. rate & currency)	8 027	120	104
Other interest rate contracts	1 132	15	0
Total interest rate instruments	9 159	135	104
<b>Other financial derivatives</b>			
Guarantee liability - Eksportfinans ASA	67	0	16
<b>Total curr. and int. rate instruments</b>			
Total currency instruments	5 423	104	143
Total interest rate instruments	9 159	135	104
Total other financial instruments	67	0	16
Accrued interest *)		94	38
Total	14 649	333	301

## At fair market value through p &amp; l account

Year 2010

At fair market value through profit or loss account	Year 2010		
	Contract sum	Fair market value	
		Assets	Liabilities
<b>Foreign exchange instruments</b>			
Forward exchange contracts	1 773	58	44
Currency swap contracts	1 738	4	37
Total foreign exchange instruments	3 511	62	81
<b>Interest rate instruments</b>			
Interest rate swaps (inc. int. rate & currency)	8 486	198	122
Other interest rate contracts	1 130	10	0
Total interest rate instruments	9 616	208	122
<b>Other financial derivatives</b>			
Guarantee liability - Eksportfinans ASA	67	0	12
<b>Total curr. and int. rate instruments</b>			
<b>Total currency instruments</b>	<b>3 511</b>	<b>62</b>	<b>81</b>
<b>Total interest rate instruments</b>	<b>9 616</b>	<b>208</b>	<b>122</b>
<b>Total other financial instruments</b>	<b>67</b>	<b>0</b>	<b>12</b>
<b>Total</b>	<b>13 194</b>	<b>270</b>	<b>215</b>

## Note 8: Other assets

Parent Bank				Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
13	13	13	Capital payments into pension fund	13	13	13
75	86	84	Accrued income, not yet received	84	174	75
22	22	23	Prepaid costs, not yet incurred	23	21	22
15	108	37	Other assets	158	86	91
<b>125</b>	<b>229</b>	<b>157</b>	<b>Other assets</b>	<b>278</b>	<b>294</b>	<b>201</b>

## Note 9: Deposits from and liabilities to customers

Parent Bank			Deposits by sector and industry	Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
15 871	16 006	16 920	Private customers	16 920	16 006	15 871
2 122	2 577	2 663	Public sector	2 663	2 577	2 122
682	713	764	Primary industries	764	713	682
114	70	114	Paper and pulp industries	114	70	114
327	284	279	Other industry	279	284	327
409	333	368	Building and construction	368	333	409
215	214	216	Power and water supply	216	214	215
665	564	618	Wholesale and retail trade	618	564	665
81	69	82	Hotel and restaurants	82	69	81
1 333	1 310	1 363	Real estate	1 363	1 310	1 333
2 203	2 023	2 126	Commercial services	1 980	1 894	2 078
175	171	211	Transport and communications	211	171	175
11	10	14	Other operations	14	10	11
<b>24 208</b>	<b>24 344</b>	<b>25 738</b>	<b>Total deposits by sector and industry</b>	<b>25 592</b>	<b>24 215</b>	<b>24 083</b>

## Note 10: Securities-related debt

### Parent Bank and Group

Changes in liabilities from issuance of securities	30.06.11	Issued	Due / redeemed	Other changes	31.12.10
Certificate-based debt, nominal value	300	300	-900		900
Bond debt, nominal value	6 083	500	-621	-200	6 404
Accrued interest	105			-72	177
Adjustments	-60			-9	-51
<b>Total debt raised through issuance of securities, fair value</b>	<b>6 428</b>	<b>800</b>	<b>-1 521</b>	<b>-281</b>	<b>7 430</b>

Changes in liabilities from issuance of securities	30.06.10	Issued	Due / redeemed	Other changes	31.12.09
Certificate-based debt, nominal value	600	600	-200		200
Bond debt, nominal value	6 655	500	-995		7 150
Accrued interest	89			-78	167
Adjustments	-26			4	-30
<b>Total debt raised through issuance of securities, fair value</b>	<b>7 318</b>	<b>1 100</b>	<b>-1 195</b>	<b>-74</b>	<b>7 487</b>

Changes in liabilities from issuance of securities	31.12.10	Issued	Due / redeemed	Other changes	31.12.09
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
<b>Total debt raised through issuance of securities, fair value</b>	<b>7 430</b>	<b>1 660</b>	<b>-1 946</b>	<b>229</b>	<b>7 487</b>

## Note 11: Other debt and liabilities

Parent Bank			Other debt and liabilities recognised in the balance sheet	Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
296	326	289	Pension liabilities	301	337	309
5	1	4	Guarantee provisions	4	1	5
16	9	7	Banker's drafts	7	9	16
29	18	36	Accounts payable	39	23	33
149	495	74	Other	292	670	358
<b>495</b>	<b>849</b>	<b>410</b>	<b>Total other debt and liabilities recognised in the balance sheet</b>	<b>643</b>	<b>1 040</b>	<b>721</b>

## Note 12: Capital adequacy

Parent Bank				Group		
31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
4 840	4 332	4 836	Primary capital	4 836	4 332	4 840
100	76	83	Endowment fund	83	76	100
78	58	72	Revaluation fund / equalisation reserve	72	58	78
	379	258	Results for the accounting period	222	387	
			Other equity	313	203	307
<b>5 018</b>	<b>4 845</b>	<b>5 249</b>	<b>Total equity carried</b>	<b>5 526</b>	<b>5 056</b>	<b>5 325</b>
			Group companies not consolidated for capital adequacy purposes	-258	-192	-283
			<b>Deductions:</b>			
			Over-funding pension liability			
	-379	-258	Result so far not included	-222	-387	
-58	-69	-58	Unrealised value change due to reduced / increased value of liabilities	-58	-69	-58
-171	-149	-168	Deferred tax, goodwill and other intangible assets	-172	-153	-173
-100	-76	-83	Net unrealised gains on shares available for sale	-83	-76	-100
			Capital adequacy reserve	-629	-576	-576
-867	-781	-858	Deduction for subordinated capital in other financial institutions	-384	-237	-350
<b>-1 196</b>	<b>-1 454</b>	<b>-1 425</b>	<b>Total deductions</b>	<b>-1 548</b>	<b>-1 498</b>	<b>-1 257</b>
			<b>Additions:</b>			
45	34	37	45 per cent of unrealised gain on shares classified as available for sale	37	34	45
-45	-34	-37	Deduction for subordinated capital in other financial institutions	-37	-34	-45
<b>0</b>	<b>0</b>	<b>0</b>	<b>Total additions</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3 822</b>	<b>3 391</b>	<b>3 824</b>	<b>Net subordinated capital</b>	<b>3 720</b>	<b>3 366</b>	<b>3 785</b>
			<b>Risk-weighted asset calculation basis:</b>			
30	10	10	Local and regional authorities	10	10	30
			Publicly owned enterprises	9	7	8
2 293	2 483	2 070	Institutions	1 593	2 108	1 887
5 594	5 770	5 021	Companies	5 121	5 913	5 739
6 199	5 785	6 391	Mass market	7 975	7 031	7 602
7 522	7 565	7 623	Security in mortgaged property	7 623	7 565	7 522
549	430	602	Commitments due for repayment	720	502	591
115		120	Preference bonds	120		115
52	91	53	Shares in securities funds	53	91	52
390	669	1 038	Other commitments.	1 263	745	528
22 744	22 803	22 928	Total credit risk	24 487	23 972	24 073
1 930	1 938	2 063	Operational risk	2 410	2 151	2 151
			Market risk			
-1 124	-1 065	-1 102	Deductions from the calculation basis	-1 219	-1 104	-1 190
<b>23 549</b>	<b>23 676</b>	<b>23 889</b>	<b>Total calculation basis</b>	<b>25 678</b>	<b>25 019</b>	<b>25 034</b>
			<b>Capital adequacy ratio</b>			
<b>16,2 %</b>	<b>14,3 %</b>	<b>16,0 %</b>	Core capital adequacy	<b>14,5 %</b>	<b>13,5 %</b>	<b>15,1 %</b>
<b>16,2 %</b>	<b>14,3 %</b>	<b>16,0 %</b>	Capital adequacy ratio	<b>14,5 %</b>	<b>13,5 %</b>	<b>15,1 %</b>

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

## Note 13: Assets held for sale

On 18 April 2011 Sparebanken Hedmark took over all the shares in the finance and accounting chain Consis AS.

Consis AS consists of 47 financial offices and 350 employees, and it is one of Norway's leading providers and developers of finance and accounting services. The Group's head office is in Tynset, and the chain operates throughout most of Norway.

Sparebanken Hedmark has been the main bank for Consis AS, which has experienced severe financial and liquidity challenges in recent months.

Investments in companies held for sale	Ownership interest	Number of shares	Book value
Consis AS	100%	600,000	16

Consis AS has not been consolidated into the Sparebanken Hedmark Group as at 30 June 2011. The company is undergoing restructuring and the company's opening balance sheet is under preparation. A new management will be appointed in the near future, and it is expected that the company will be consolidated into the Sparebanken Hedmark Group as at 31 December 2011.

The ownership interest is therefore classified as an asset held for sale pending clarification of certain matters and the availability of the necessary figures.

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