



1. quarter 2012

Quarterly report

1st quarter 2012

Norwegian and international economy

The European Central Bank's lending programme for European banks contributed to a positive start to the New Year in the international credit and capital markets. Access to funding resulted in a fall in interest rates for national debt and bank bonds, and price gains for bank shares. However, at the start of Q2 interest rates have started to rise again. The cost of debt in Spain has returned to the same level that was seen in the autumn last year. Therefore, it is uncertain what the long-term effects of the European Central Bank's liquidity measures will be.

The Norwegian economy continued to grow in Q1. This was primarily driven by oil-related industry and a high level of oil-related investment. The level of activity in building and con-

struction has also been high and this has contributed to a further fall in unemployment. According to Norges Bank's regional network, more than 55 per cent of companies in Northern Norway and North Western Norway now say that a lack of access to labour is restricting production. Inland, between one third and one quarter of companies say the same.

The 3-month money market rate at the end of Q1 was 2.3 per cent compared to 2.7 per cent at the same time last year. The interest rate has fallen by 50 basis points since the start of the year. Norges Bank's key interest rate has been lowered by 50 basis points from 2.0 per cent to 1.5 per cent over the last 12 months.

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, wholly owned subsidiaries Hedmark Eiendom AS, SpareBank 1 Finans Østlandet AS and Vato AS, as well as the accounting chain Consis AS in which it has an ownership interest of 60 per cent.

The Bank owns 12 per cent of SpareBank 1 Gruppen AS and 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 pre-tax profit totalled NOK 130 million for Q1 2012. The profit for the corresponding period last year was NOK 139 million.

Net interest income was NOK 4 million higher than in the same period last year. Net interest income amounted to 2.25 per cent of average total assets, compared to 2.26 per cent for the same period last year.

Commissions and other operating income were NOK 40 million higher than in the same period last year. This increase was mainly due to operating income from the accounting chain Consis AS now being consolidated in the Group.

Income from financial assets and liabilities was NOK 9 million higher this year due to the increased profit contributions from associated companies.

Costs were NOK 54 million higher for Q1 2012 compared with Q1 2011. Again, this was mainly due to Consis AS being consolidated in the Group. Total operating costs as a percentage of total income increased to 63.5 per cent in Q1 2012, yet again primarily due to Consis AS now being consolidated in the Group. In Q1 2011 the ratio was 56.7 per cent.

The Groups saw net income recognition from lending losses of NOK 2 million in Q1 2012, compared to a positive contribution of NOK 10 million in the same quarter last year.

The return on equity for the Group in Q1 2012 was 9.3 per cent before tax and 7.5 per cent after tax. The return on equity in Q1 2011 was 10.3 per cent before tax and 7.9 per cent after tax.

Specification of the consolidated profit in NOK million:

The Parent Bank's pre-tax profit	116
Received dividends and group contribution from subsidiaries/associated companies	- 34

Profit/loss attributable to:

SpareBank 1 Gruppen AS	29
Bank 1 Oslo Akershus AS	7
SpareBank 1 Boligkreditt AS	7
Hedmark Eiendom AS	-1
Consis AS	-1
SpareBank 1 Finans Østlandet AS	7
Pre-tax profit Group	130

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 45.0 billion as at 31.03.12. As at 31.03.2011, the corresponding lending volume was NOK 42.3 billion. At the end of Q1 2012, loans totalling NOK 10.5 billion had been transferred to SpareBank 1 Boligkreditt AS, compared to NOK 8 billion at the same time last year. Including transferred loans, lending had grown by 6.3 per cent in the preceding 12 months at the end of Q1 2012, compared to 7.8 per cent as at 31.03.2011.

Deposits from customers amounted to NOK 26.0 billion at the end of Q1 2012, compared to NOK 24.1 billion for the same period last year. Deposits had grown by 7.8 per cent in the preceding 12 months at the end of Q1 2012, compared to 5.5 per cent as at 31.03.2011. Deposits as a percentage of gross lending were 75.3 per cent, compared to 70 per cent at the same time last year.

Securities issued and liabilities to financial institutions amounted to NOK 9.5 billion, compared to NOK 11.2 billion at the end of Q1 2011.

The Group's equity totalled NOK 5.6 billion as at 31.03.2012, which represents 13.4 per cent of the balance sheet. A year ago the equity was NOK 5.4 billion, which represents 13 per cent of the balance sheet.

As of Q1 2012, Sparebanken Hedmark reports its capital adequacy according to the 'Internal Ratings Based approach' (IRB). The Group's core capital ratio based on IRB with a floor was 15.0 per cent at the end of Q1 2012. A year ago, the Group reported core capital adequacy of 14.9 per cent, according to the Standard approach.

Sparebanken Hedmark – Parent Bank

Results

The pre-tax profit totalled NOK 116 million for Q1 2012. The pre-tax profit for the same period in 2011 was NOK 134 million. Net interest income in Q1 2012 amounted to NOK 93 million, compared to NOK 104 million for the same period last year. The profit corresponded to 1.10 per cent of the average total assets, compared with 1.31 per cent in 2011. The Bank's income was NOK 5 million higher than for the same period last year, while costs were NOK 17 million higher. This year too, the Bank recognised a net lending loss against income at the end of Q1. The contribution to the result from losses is positive in the amount of NOK 4 million, compared to NOK 10 million in Q1 2011.

Net interest income

Net interest income totalled NOK 216 million in Q1 2012, compared to NOK 211 million in Q1 2011. Net interest income as a percentage of average total assets was 2.05 per cent, compared to 2.06 per cent for the same period last year. The Parent Bank's net interest margin at the end of Q1 2012 was 2.42 per cent, compared to 2.45 per cent for the same period last year. The Bank's lending margin is higher than at the same time last year, while the deposit margin has decreased.

The Bank's funding costs increased in the same period by around 50 basis points. Sparebanken Hedmark's funding costs for 5-year funding, measured as a credit premium above the money market interest rate is today around 1.60 per cent. A year ago this credit premium was 1.10 per cent.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 56 million, compared to NOK 48 million in Q1 2011. Net interest income from loans transferred to SpareBank 1 Boligkreditt AS, which is recognised as commissions, amounted to NOK 16 million in Q1 2012. Last year the equivalent income amounted to NOK 11 million.

Net income from financial investments

Net profit from other financial assets and liabilities was NOK 5 million, compared to NOK 13 million in 2011. The difference was primarily due to the spread input for the Bank's securities issued, which are stated at fair value through profit and loss.

Operating costs

Total operating costs amounted to NOK 165 million in Q1 2012, compared to NOK 148 million in Q1 2011. The costs associated with the SpareBank 1 alliance show the largest difference with an increase of NOK 9 million. Personnel costs were NOK 2 million higher this year than at the same time last year, corresponding to growth of 2.4 per cent.

Losses

Net loan loss provisions were positive and amounted to NOK 4 million in Q1 2012. The net income recognition for the corresponding period last year was NOK 10 million.

The net positive result from loss items in Q1 2012 amounted to 0.05 per cent of gross loans on an annualised basis. The income recognition was 0.12 per cent of gross loans for the same period last year.

Lending

Net lending to customers totalled NOK 31.1 billion as at 31.03.12. Including loans transferred to SpareBank 1 Boligkreditt AS, net lending amounted to NOK 41.6 billion, compared to NOK 39.6 billion at the same time last year. Lending growth over the past 12 months, including loans transferred to SpareBank 1 Boligkreditt, was 5.1 per cent. A year ago, the 12-month growth figure was 7.3 per cent.

The risk profile for the Bank's granting of credit has not changed in Q1 2012.

Deposits

Deposits from and liabilities to customers totalled NOK 26.0 billion as at 31.03.2012. The growth in deposits over the past 12 months was 7.4 per cent. A year ago, the 12-month growth figure was 5.5 per cent. Deposits within the retail market grew by 6.7 per cent and by 9.0 per cent within the corporate market. Deposits as a percentage of net lending amounted to 83.6 per cent at the end of Q1 2012, compared to 76.5 per cent a year ago.

Capital adequacy

As of Q1 2012, Sparebanken Hedmark reports its capital adequacy according to the 'Internal Ratings Based approach' (IRB) with a floor. The Parent Bank's capital adequacy according to IRB with a floor was 16.7 per cent as at 31.03.2012. Without a floor the Bank's capital adequacy was 19.8 per cent. The reported capital adequacy a year ago was 16.0 per cent based on the standard method. For Sparebanken Hedmark's part its core capital adequacy is identical to its capital adequacy. The year-to-date result for 2012 is not included in the calculation of capital adequacy.

The Bank's equity consists, in its entirety, of retained earnings and at the end of Q1 2012 amounted to 12.9 per cent of total assets.

Liquidity

As at 31.03.12, the Bank had adequate funding and reserves for continued normal operations for more than 17 months without any new external funding. In the opinion of the Board of Directors, the Bank's funding risk is moderate to low.

Outlook

Relatively high levels of activity and employment are expected throughout 2012. International uncertainty may affect parts of business and industry in the region. With good funding, a satisfactory deposit coverage ratio and high capital adequacy ratio, the Bank's situation is solid.

Hamar, 26. April 2012

Board of Directors of Sparebanken Hedmark

Income Statement (Not Audited)

Parent Bank			Notes	Group		
31.12.11	31.03.11	31.03.12 (NOK million)		31.03.12	31.03.11	31.12.11
1 937	454	499	Interest income	524	480	2 037
1 066	243	283	Interest expenses	283	243	1 066
871	211	216	Net interest income	241	237	971
218	54	61	Commission income	61	54	217
31	8	7	Commission expenses	11	12	45
9	2	2	Other operating income	45	13	113
196	48	56	Net commission and other income	95	55	285
22			Dividends			22
108	31	34	Net profit from ownership interests	44	24	76
50	-18	-29	Net profit from other financial assets and liabilities	-29	-18	50
180	13	5	Net income from financial assets and liabilities	15	6	148
1 247	272	277	Total net income	351	298	1 404
357	82	84	Personnel expenses	121	95	446
308	66	81	Other operating expenses	102	74	369
665	148	165	Total operating expenses before losses on loans and guarantees	223	169	815
582	124	112	Profit before losses on loans and guarantees	128	129	589
45	-10	-4	Losses on loans and guarantees	-2	-10	50
537	134	116	Profit/loss before tax	130	139	539
133	30	23	Tax charge	25	33	130
404	104	93	Results for the accounting period	105	106	409
			Majority interests	105		
			Minority interests	0		

Statement of comprehensive income according to IAS 1

404	104	93	Results for the accounting period	105	106	409
-113			Actuarial gains / losses on pensions			-133
32			Tax effect of actuarial gains / losses on pensions			38
-54	10	7	Change in value of financial assets available for sale	7	10	-54
-7			Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value			7
7			Financial assets available for sale transferred to profit and loss on realisation			-7
			Share of gains and losses in associated companies and joint ventures recognised directly in equity		4	
-135	10	7	Total profit and loss items recognised in equity	7	14	-149
269	114	100	Total profit / loss for the accounting year	112	120	260
			Majority share of comprehensive income	112		
			Minority interest of comprehensive income	0		

Balance sheet (Not Audited)

Parent Bank					Group		
31.12.11	31.03.11	31.03.12	(NOK million)	Notes	31.03.12	31.03.11	31.12.11
ASSETS							
372	1 100	346	Cash and deposits with central banks		346	1 100	372
3 010	2 256	2 840	Loans to and receivables from credit institutions		72	127	364
31 503	31 609	31 082	Loans to and receivables from customers	5, 6	34 162	34 051	34 451
5 235	3 913	4 580	Certificates, bonds and fixed-income funds		4 580	3 913	5 235
376	173	313	Financial derivatives	7	313	173	376
312	370	323	Shares, units and other equity interests		323	370	312
1 100	1 009	1 200	Investments in associates and joint ventures		1 439	1 304	1 329
342	305	348	Investments in subsidiaries				
			Assets held for sale			1	
249	254	253	Property, plant and equipment		276	276	272
110	85	108	Goodwill and other intangible assets		180	89	170
69	85	87	Deferred tax asset		91	87	82
164	136	250	Other assets	8	356	143	180
42 842	41 295	41 730	Total assets		42 138	41 634	43 143
LIABILITIES							
3 010	3 886	1 880	Deposits from and liabilities to credit institutions		1 877	3 882	3 008
26 042	24 192	25 992	Deposits from and liabilities to customers	9	25 957	24 083	25 907
7 598	7 326	7 600	Liabilities arising from issuance of securities	10	7 600	7 326	7 598
225	192	221	Financial derivatives	7	221	192	225
83	163	116	Current tax liabilities		121	170	88
612	411	557	Other debt and liabilities recognised in the balance sheet	11	734	539	783
37 570	36 170	36 366	Total liabilities		36 510	36 192	37 609
EQUITY CAPITAL							
5 133	4 834	5 127	Primary capital		5 127	4 834	5 133
93	77	91	Endowment fund		91	77	93
46	110	53	Fund for unrealised gains		53	110	46
			Other equity		240	315	262
104	93	104	Result for the period		105	106	
			Minority interests		12		
5 272	5 125	5 364	Total equity capital		5 628	5 442	5 534
42 842	41 295	41 730	Total liabilities and equity capital		42 138	41 634	43 143

Change in equity capital

Parent Bank

(NOK million)	Earned equity			Total equity capital
	Balance primary capital	Donation fund	Fund for value adjustment	
Equity at 1 January 2011	4 840	78	100	5 018
Total comprehensive income	104		10	114
Donations distributed from profit 2010	-6			-6
Grants from endowment fund in 2011		-1		-1
Equity at 31 March 2011	4 938	77	110	5 125
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 2011		-10		-10
Transfer to endowment fund in 2011	-25	25		0
Equity at 31 December 2011	5 133	93	46	5 272
Equity at 1 January 2012	5 133	93	46	5 272
Total comprehensive income	93		7	100
Donations distributed from profit 2011	-6			-6
Grants from endowment fund in 2012		-2		-2
Transfer to endowment fund in 2012				0
Equity at 31 March 2012	5 220	91	53	5 364

Group

(NOK million)	Earned equity				Majority interests	Total equity capital
	Balance primary capital	Donation fund	Fund for value adjustment	Other equity capital		
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	0	5 329
Total comprehensive income	106		10	4		120
Change in Eq cap from companies in the Group						0
Donations distributed from profit 2010	-6					-6
Grants from endowment fund in 2011		-1				-1
Equity at 31 March 2011	4 940	77	110	315		5 442
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				-40		-40
Donations distributed from profit 2010	-5					-5
Grants from endowment fund in 2011		-10				-10
Transfers to endowment fund in 2011	-25	25				0
Equity at 31 December 2011	5 133	93	46	262		5 534
Equity at 1 January 2012	5 133	93	46	262	0	5 534
Correction of previous years' errors				-10		-10
Adjusted equity at 1 January 2012	5 133	93	46	252	0	5 524
Total comprehensive income	105		7			112
Change in the group composition				-12	12	0
Direct recognition in equity in associated companies and joint ventures						0
Donations distributed from profit 2011	-6					-6
Grants from endowment fund in 2012		-2				-2
Transfer to endowment fund in 2012						0
Equity at 31 March 2012	5 232	91	53	240	12	5 628

Results from the quarterly accounts

Group

	1.q.	4.q.	3.q.	2.q.	1.q.	4.q.	3.q.	2.q.	1.q.
(Isolated figures in NOK million)	2012	2011	2011	2011	2011	2010	2010	2010	2010
Interest income	524	542	518	497	480	493	488	457	437
Interest expenses	283	296	274	253	243	251	256	235	215
Net interest income	241	246	244	244	237	242	232	222	222
Commission income	61	55	55	53	54	58	57	59	46
Commission expenses	11	11	12	10	12	12	12	12	12
Other operating income	45	66	18	16	13	20	19	17	23
Net commission and other income	95	110	61	59	55	66	64	64	57
Dividends			2	20		1	1	36	
Net profit from ownership interests	44	30	5	17	24	38	37	29	20
Net profit from other financial assets and liabilities	-29	-2	66	4	-18	11	-5	119	72
Net income from financial assets and liabilities	15	28	73	41	6	50	33	184	92
Total net income	351	384	378	344	298	358	329	470	371
Personnel expenses	121	152	106	93	95	96	103	96	74
Other operating expenses	102	124	80	91	74	95	73	80	82
Total operating expenses before losses on loans and guarantees	223	276	186	184	169	191	176	176	156
Profit before losses on loans and guarantees	128	108	192	160	129	167	153	294	215
Losses on loans and guarantees	-2	26	12	22	-10	32	3	-8	23
Profit/loss before tax	130	82	180	138	139	135	150	302	192
Tax charge	25	16	59	22	33	26	12	58	48
Results for the accounting period	105	66	121	116	106	109	138	244	144

Cash flow statement

Parent Bank				Group			
31.12.11	31.03.11	31.03.12	(NOK million)	31.03.12	31.03.11	31.12.11	
1 270	23	821	Cash flow from lending operations (A)	740	-24	824	
1 212	-156	-245	Cash flow from deposit operations (B)	-148	-140	1 208	
-568	558	684	Cash flow from investments in securities (C)	684	558	-568	
-844	-112	222	Cash flow from deposits in credit institutions (D)	344	21	-190	
-567	-172	-262	Remaining cash flow from current operations (E)	-331	-268	-842	
503	141	1 220	Cash flow from operations (A+B+C+D+E=F)	1 289	147	432	
-415	4	-1 161	Cash flow from financing activities (G)	-1 190	29	-1 039	
33	28	-80	Cash flow from investments in fixed assets (H)	-110	-3	-7	
-40		19	Liquidity effect of acquisition and sale of subsidiaries(I)	9			
81	173	-2	Change in cash and cash equivalents (F+G+H+I)	-2	173	-614	
1 021	1 021	407	Cash and cash equivalents at 1 January	407	1 021	1 021	
407	1 194	405	Cash and cash equivalents at the end of the period	405	1 194	407	
Cash and cash equivalents at the end of the period comprise:							
372	1 100	346	Cash and deposits with central banks	346	1 100	372	
35	94	59	Deposits etc. at call with banks	59	94	35	
407	1 194	405	Cash and cash equivalents at the end of the period	405	1 194	407	

Financial statement analysis Group

	Q1-2012		Q1-2011		Year 2011	
Result summary (NOK mill and % of average assets)	Amount	%	Amount	%	Amount	%
Net interest income	241	2,25 %	237	2,26 %	971	2,29 %
Net commissions and other (non-interest) income	95	0,89 %	55	0,53 %	285	0,67 %
Net income from financial investments	15	0,14 %	6	0,06 %	148	0,35 %
Total income	351	3,27 %	298	2,85 %	1 404	3,30 %
Total operating expenses before losses on loans and guarantees	223	2,08 %	169	1,61 %	815	1,92 %
Profit before losses on loans and guarantees	128	1,19 %	129	1,23 %	589	1,39 %
Losses on loans and guarantees	-2	-0,02 %	-10	-0,10 %	50	0,12 %
Profit/loss before tax	130	1,21 %	139	1,33 %	539	1,27 %
Tax charge	25	0,23 %	33	0,32 %	130	0,31 %
Results for the accounting period	105	0,98 %	106	1,01 %	409	0,96 %
Minority interests	0	0,0 %				
Profitability						
Return on equity capital before tax		9,3 %		10,3 %		9,8 %
Return on equity capital after tax		7,5 %		7,9 %		7,5 %
Return on equity capital of total result after tax		8,0 %		8,9 %		4,7 %
Total operating costs in relation to total income		63,5 %		56,7 %		58,0 %
Total operating costs in rel. to total income excl. income from financial investments		66,4 %		57,9 %		64,9 %
From the Balance Sheet						
Gross loans to customers	34 472		34 382		34 786	
Gross loans to customers including SpareBank 1 Boligkreditt	45 000		42 339		44 646	
Deposits from customers	25 957		24 083		25 907	
Deposits from customers in relation to gross loans to customers		75,3 %		70,0 %		74,5 %
Lending growth during the last 12 months		0,3 %		3,4 %		2,5 %
Lending growth in last 12 months including SpareBank 1 Boligkreditt		6,3 %		7,8 %		6,8 %
Deposit growth during the last 12 months		7,8 %		5,5 %		7,6 %
Average assets	42 885		41 870		42 483	
Assets	42 138		41 634		43 143	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,0 %		-0,1 %		0,1 %
Commitments in default as a percentage of total commitments		1,1 %		1,1 %		1,0 %
Other bad and doubtful commitments as a percentage of total commitments		0,9 %		0,9 %		1,1 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments		1,5 %		1,4 %		1,6 %
Financial strength						
Capital adequacy ratio		15,0%		15,5 %		15,2 %
Core capital ratio		15,0%		15,5 %		15,2 %
Net core capital	3 620		3 686		3 732	
Net equity and related capital	5 628		5 442		5 534	

Notes to the accounts

Note 1: Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.01-31.03.2012. 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 2011.

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

2012

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. In March 2012 Sparebanken Hedmark sold all the shares in Engerdal Høvleribygge AS and the company is not incorporated in the consolidated accounts for 2012.

2011

The subsidiary Meglereiendom AS and the wholly-owned subsidiary of the Bank's subsidiary Hedmark Eiendom, Sørumsøberg AS, was liquidated in 2011. 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

Bank 1 Oslo Akershus AS de-merged from the Group SpareBank 1 Gruppen AS from 01.01.2010 and is from then an independent commercial bank. Bank 1 Oslo Akershus AS was until 01.01.2010 a wholly owned subsidiary of SpareBank 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 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.

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, 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.

Group

Income statement	Q1 2012						Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	
Net interest income	100	67	26		-1	49	241
-of which internal items		25	-26		1		
Net commission and other income	42	13	-4	11	32	1	95
-of which internal items							
Net return on financial investments						15	15
Operating expenses*	62	21	14	12	32	82	223
Profit before losses by segment:	80	59	8	-1	-1	-17	128
Losses on loans and guarantees	-2	-2	2				-2
Profit / loss per segment	82	61	6	-1	-1	-17	130

Q1 2012							
Balance sheet	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	Total
Lending to customers	18 516	12 060	3 111			475	34 162
-of which internal items		33			-33		
Other assets	120		76	27	105	7 648	7 976
Total assets per segment	18 636	12 060	3 187	27	105	8 123	42 138
Deposits from and liabilities to customers	16 855	8 839				263	25 957
-of which internal items		-31		13	18		
Other liabilities and equity	1 781	3 221	3 187	27	105	7 860	16 181
Total equity and liabilities per segment	18 636	12 060	3 187	27	105	8 123	42 138

Q1 2011							
Income statement	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	Total
Net interest income	105	75	26			31	237
-of which internal items		16	-17	1			
Net commission and other income	36	11	-4	11		1	55
-of which internal items							
Net return on financial investments						6	6
Operating expenses*	54	20	10	11		74	169
Profit before losses by segment:	87	66	12	0	0	-36	129
Losses on loans and guarantees	-12	2					-10
Profit / loss per segment	99	64	12	0	0	-36	139
Balance sheet							
Lending to customers	19 016	12 164	2 438			433	34 051
-of which internal items							
Other assets	111		107	23		7 342	7 583
Total assets per segment	19 127	12 164	2 545	23	0	7 775	41 634
Deposits from and liabilities to customers	15 777	8 113				193	24 083
-of which internal items		105		-105			
Other liabilities and equity	3 350	4 051	2 545	23		7 582	17 551
Total equity and liabilities per segment	19 127	12 164	2 545	23	0	7 775	41 634

Q1 2011							
Income statement	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	Total
Net interest income	429	312	104	1	-4	129	971
-of which internal items		78	-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	-70	589
Losses on loans and guarantees	5	40	5				50
Profit / loss per segment	329	235	37	8	-12	-70	539
Balance sheet							
Lending to customers	18 455	12 175	2 979			842	34 451
-of which internal items		-34			34		
Other assets	126		111	32	79	8 344	8 692
Total assets per segment	18 581	12 175	3 090	32	79	9 186	43 143
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	1 922	3 168	3 090	32	79	8 945	17 236
Total equity and liabilities per segment	18 581	12 175	3 090	32	79	9 186	43 143

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

Note 4: Operating expenses

Parent Bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
357	82	84	Total personnel expenses	121	95	446
218	41	55	Administration expenses	62	46	246
26	6	7	Depreciation	9	7	32
9	2	2	Rent	7	3	18
16	4	4	Wealth tax	4	4	16
39	13	12	Other operating expenses	20	14	57
665	148	165	Total operating expenses	223	169	815

Note 5: Loans to and receivables from customers

Parent Bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
			Loans by type of receivable			
			Financial leasing	1 344	1 076	1 288
3 813	3 565	3 869	Overdraft facilities and operating credits	3 869	3 565	3 813
724	801	760	Building loans	760	801	724
27 181	27 457	26 642	Repayment loans	28 385	28 833	28 847
99	93	97	Accrued interest	114	107	119
31 816	31 916	31 368	Gross loans to and receivables from customers	34 472	34 382	34 786
313	307	286	Write-downs	310	331	335
31 503	31 609	31 082	Loans to and receivables from customers	34 162	34 051	34 451
			Loans by type of market			
19 490	19 686	19 193	Private customers	20 741	20 826	20 932
12 324	12 218	12 170	Corporate	13 610	13 478	13 762
1	12	5	Public sector	121	78	91
31 816	31 916	31 368	Gross loans to and receivables from customers	34 472	34 382	34 786
313	307	286	Write-downs	310	331	335
31 503	31 609	31 082	Loans to and receivables from customers	34 162	34 051	34 451
			Of which subordinated loan capital			
			Subordinated capital in credit institutions			
0	0	0	Other subordinated capital	0	0	0
0	0	0	Subordinated loan capital recorded as lending	0	0	0

Parent Bank				Group		
31.12.11	31.03.11	31.03.12	Total commitments by sector and industry	31.03.12	31.03.11	31.12.11
20 989	21 063	20 730	Private customers	22 279	22 225	22 431
1	12	5	Public sector	121	78	93
3 328	3 106	3 410	Primary industries	3 569	3 261	3 495
440	443	441	Paper and pulp industries	458	458	459
528	487	606	Other industry	724	568	638
1 110	1 012	780	Building and construction	1 127	1 299	1 421
111	114	116	Power and water supply	202	176	181
1 129	1 148	1 055	Wholesale and retail trade	1 321	1 349	1 384
215	220	203	Hotel and restaurants	208	226	220
5 197	5 194	5 410	Real estate	5 442	5 224	5 228
1 932	2 020	1 762	Commercial services	1 923	2 220	2 157
255	299	251	Transport and communications	500	509	530
86		154	Other	154	17	86
35 322	35 118	34 924	Total commitments by sector and industry	38 028	37 610	38 324

Parent Bank				Group		
31.12.11	31.03.11	31.03.12	Gross loans by sector and industry	31.03.12	31.03.11	31.12.11
19 490	19 686	19 193	Private customers	20 741	20 830	20 932
1	12	5	Public sector	121	78	91
2 960	2 698	2 971	Primary industries	3 129	2 849	3 123
386	405	385	Paper and pulp industries	402	420	404
371	382	406	Other industry	524	463	479
756	787	441	Building and construction	788	1 073	1 060
89	88	88	Power and water supply	175	150	157
799	821	740	Wholesale and retail trade	1 006	1 021	1 050
198	207	186	Hotel and restaurants	191	213	203
4 846	4 891	5 169	Real estate	5 201	4 920	4 877
1 729	1 709	1 593	Commercial services	1 753	1 908	1 950
189	230	191	Transport and communications	440	440	458
3			Other		17	3
31 816	31 916	31 368	Total gross loans by sector and industry	34 472	34 382	34 786

Parent Bank				Group		
31.12.11	31.03.11	31.03.12	Individual write-downs by sector and industry	31.03.12	31.03.11	31.12.11
52	47	49	Private customers	56	47	57
5	1	4	Primary industries	8	5	8
11	8	7	Paper and pulp industries	7	12	11
5	8	5	Other industry	5	13	5
27	27	1	Building and construction	3	29	28
1	2	1	Power and water supply	1	2	1
14	16	14	Wholesale and retail trade	14	17	14
12	16	9	Hotel and restaurants	9	16	12
54	48	80	Real estate	80	49	54
28	40	15	Commercial services	16	40	28
2	2	2	Transport and communications	4	2	5
211	215	188	Total individual write-downs by sector and industry	203	232	223

Note 6: Losses on loans and guarantees

Parent Bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
-4	-2	-19	Change in individual write-downs in the period	-17	1	-7
7	-3	-4	+ Change in collective write-downs in the period	-4	-3	9
48	12	16	+ Realised losses on commitments previously written down	17	8	65
32	50	3	+ Realised losses on commitments not previously written down *)	3	51	32
38	67	0	- Recoveries on loans and guarantees previously written down	1	67	42
45	-10	-4	Total losses on loans and guarantees	-2	-10	50

*) 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		
31.12.11	31.03.11	31.03.12	Individual write-downs	31.03.12	31.03.11	31.12.11
221	221	216	Individual write-downs to cover losses on loans and guarantees at 1 January	228	236	236
			Realised losses in the period on loans and guarantees previously			
48	12	16	written down individually	17	12	58
22	4	26	Reversal of write-downs in previous years	28	6	27
			Increase in write-downs on commitments previously written			
25	10	19	down individually	19	10	26
			Write-downs on commitments not previously written			
40	3	0	down individually	5	7	51
216	218	194	Individual write-downs to cover losses on loans and guarantees at the end of period *)	208	235	228

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

Parent Bank				Group		
31.12.11	31.03.11	31.03.12	Collective write-downs	31.03.12	31.03.11	31.12.11
95	95	102	Collective write-downs to cover losses on loans and guarantees at 1 January	112	102	102
7	-3	-4	Collective write-downs to cover losses on loans and guarantees in the period	-4	-3	10
102	92	98	Collective write-downs to cover losses on loans and guarantees	107	99	112

Parent Bank				Group		
31.12.11	31.03.11	31.03.12	Defaulted (more than 90 days) and doubtful commitments	31.03.12	31.03.11	31.12.11
368	375	363	Defaulted commitments	437	420	424
418	323	352	Other doubtful commitments	354	330	420
786	698	716	Total defaulted and doubtful commitments	791	750	844
216	218	194	Individual write-downs	208	235	228
570	480	522	Net defaulted and doubtful commitments	583	515	616

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

1 q. 2012

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	1 989	46	31
Currency swap contracts	1 600	8	6
Total foreign exchange instruments	3 589	54	37
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	10 459	246	184
Other interest rate contracts	430	13	
Total interest rate instruments	10 889	259	184
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	58		
Total curr.- and int. rate instruments			
Total currency instruments	3 589	54	37
Total interest rate instruments	10 889	259	184
Total other financial derivatives	58	0	0
Total	14 536	313	221

At fair market value through p & l account

1.q.2011

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	1 952	36	31
Currency swap contracts	2 181	18	11
Total foreign exchange instruments	4 132	54	42
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 178	106	144
Other interest rate contracts	1 130	7	0
Total interest rate instruments	10 308	113	144
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	67		
Total curr. and int. rate instruments			
Total currency instruments	4 132	54	42
Total interest rate instruments	10 308	113	144
Total other financial instruments	67	0	0
Accrued interests		6	6
Total	14 507	173	192

*) For comparable figures from 1 q. 2010, accrued interest has only been included in the summation table.

At fair market value through p & l account

Year 2011

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	1 839	41	26
Currency swap contracts	1 985	4	19
Total foreign exchange instruments	3 824	46	45
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	10 606	317	177
Other interest rate contracts	430	12	
Total interest rate instruments	11 036	330	177
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	57		4
Total curr. and int. rate instruments			
Total currency instruments	3 824	46	45
Total interest rate instruments	11 036	330	177
Total other financial instruments	57	0	4
Total	14 917	376	225

Note 8: Other assets

Parent Bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
13	13	13	Capital payments into pension fund	13	13	13
82	81	84	Accrued income, not yet received	87	81	84
22	26	9	Prepaid costs, not yet incurred	9	26	22
47	16	144	Other assets	247	23	61
164	136	250	Other assets	356	143	180

Note 9: Deposits from and liabilities to customers

Parent Bank			Deposits by sector and industry	Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
16 969	16 001	17 105	Private customers	17 105	16 001	16 969
2 514	2 166	2 564	Public sector	2 564	2 166	2 514
748	761	878	Primary industries	878	761	748
131	117	124	Paper and pulp industries	124	117	131
362	301	282	Other industry	282	301	362
454	370	428	Building and construction	428	370	454
252	207	157	Power and water supply	157	207	252
700	615	659	Wholesale and retail trade	659	615	700
97	81	90	Hotel and restaurants	90	81	97
1 324	1 277	1 334	Real estate	1 334	1 277	1 324
2 273	2 056	2 201	Commercial services	2 166	1 947	2 138
211	228	165	Transport and communications	165	228	211
5	12	4	Other operations	4	12	5
26 042	24 192	25 992	Total deposits by sector and industry	25 957	24 083	25 907

Note 10: Securities-related debt

Parent Bank and Group

Changes in liabilities from issuance of securities	31.03.12	Issued	Due / redeemed	Other changes	31.12.11
Certificate-based debt, nominal value	280			-20	300
Bond debt, nominal value	7 175	1 000	-490	-483	7 148
Accrued interest	116			-64	180
Adjustments	29			59	-30
Total debt raised through issuance of securities, fair value	7 600	1 000	-490	-508	7 598

Changes in liabilities from issuance of securities	31.03.11	Issued	Due / redeemed	Other changes	31.12.10
Certificate-based debt, nominal value	900				900
Bond debt, nominal value	6 433	500	-271	-200	6 404
Accrued interest	98			-79	177
Adjustments	-105			-54	-51
Total debt raised through issuance of securities, fair value	7 326	500	-271	-333	7 430

Changes in liabilities from issuance of securities	31.12.11	Issued	Due / redeemed	Other changes	31.12.10
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

Note 11: Other debt and liabilities recognised in the balance sheet

Parent Bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
395	304	401	Pension liabilities	424	318	418
5	3	5	Guarantee provisions	5	3	5
12	6	9	Banker's drafts	9	6	12
34	21	79	Accounts payable	87	23	43
166	77	62	Other	209	189	305
612	411	557	Total other debt and liabilities recognised in the balance sheet	734	539	783

Note 12: Capital adequacy

Parent Bank				Group		
31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
5 133	4 834	5 127	Primary capital	5 127	4 834	5 133
93	77	91	Endowment fund	91	77	93
46	110	53	Revaluation fund / equalisation reserve	53	110	46
	104	93	Results for the accounting period	105	106	
			Other equity	240	315	262
			Minority interests	12		
5 272	5 125	5 364	Total equity carried	5 628	5 442	5 534
			Group companies not consolidated for capital adequacy purposes	-252	-300	-225
			Deductions:			
			Over-funding pension liability			
	-104	-93	Result so far not included	-105	-106	
-106	-58	-106	Unrealised value change due to reduced / increased value of liabilities	-106	-58	-106
-179	-171	-186	Deferred tax, goodwill and other intangible assets	-253	-173	-253
-46	-110	-53	Net unrealised gains on shares available for sale	-53	-110	-46
-173	-90	-138	50 % deduction for expected losses on IRB, net of write-downs	-138	-90	-173
-913	-869	-1 062	Deduction for subordinated capital in other financial institutions	-472	-343	-370
			Capital adequacy reserve	-629	-576	-629
3 855	3 723	3 726	Total tier 1 capital	3 620	3 686	3 732
			Additions:			
21	50	24	45 per cent of unrealised gain on shares classified as available for sale	24	50	21
-21	-50	-24	Deduction for subordinated capital in other financial institutions	-24	-50	-21
0	0	0	Total supplementary capital	0	0	0
3 855	3 723	3 726	Net subordinated capital	3 620	3 686	3 732
			Minimum requirements subordinated debt, Basel II			
4 701	4 154	5 239	Involvement with specialised enterprises	5 239	4 154	4 701
5 235	4 244	4 431	Other corporate exposures	4 431	4 244	5 235
318	301	293	SME exposure	293	301	318
2 370	1 548	2 457	Retail mortgage exposure	2 457	1 548	2 370
452	303	538	Other retail exposure	538	303	452
	1 238		Equity investments		1 238	
13 076	11 787	12 958	Total credit risk IRB	12 958	11 787	13 076
5 297	4 049	4 825	Exposures calculated using the standardised approach	6 499	5 426	6 895
3 290	5 716	3 376	Transitional arrangements	3 445	5 403	3 140
2 063	2 063	2 286	Operational risk	2 491	2 410	2 410
-934	-1 128	-1 086	Deductions	-1 202	-1 185	-1 029
22 793	22 487	22 358	Minimum subordinated capital requirement	24 191	23 841	24 492
			Capital adequacy ratio			
16,9 %	16,6 %	16,7 %	Capital adequacy ratio	15,0 %	15,5 %	15,2 %
16,9 %	16,6 %	16,7 %	of which tier 1 capital	15,0 %	15,5 %	15,2 %

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

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