



First half-year 2012

Contents 1. half-year 2012

3	Main Figures Group
4-5	Half-year report
6	Statement of the Board of Directors and CEO
7	Income statement
8	Balance sheet
9	Change in equity capital
10	Results from the quarterly accounts and Cash flow statement
11-19	Notes to the accounts

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Main figures Group

	Q2 2012		Q2 2011		Year 2011	
Result summary (NOK mill and % of average assets)	Amount	%	Amount	%	Amount	%
Net interest income	471	2,21 %	481	2,32 %	971	2,29 %
Net commissions and other (non-interest) income	203	0,95 %	114	0,55 %	285	0,67 %
Net income from financial investments	70	0,33 %	47	0,23 %	148	0,35 %
Total income	744	3,49 %	642	3,09 %	1 404	3,30 %
Total operating expenses before losses on loans and guarantees	436	2,05 %	353	1,70 %	815	1,92 %
Profit before losses on loans and guarantees	308	1,44 %	289	1,39 %	589	1,39 %
Losses on loans and guarantees	21	0,10 %	12	0,06 %	50	0,12 %
Profit/loss before tax	287	1,35 %	277	1,33 %	539	1,27 %
Tax charge	65	0,30 %	55	0,26 %	130	0,31 %
Results for the accounting period	222	1,04 %	222	1,07 %	409	0,96 %
Minority interests	0	0,0 %				
Profitability						
Return on equity capital before tax		10,3 %		10,3 %		9,8 %
Return on equity capital after tax		7,9 %		8,2 %		7,5 %
Return on equity capital of total result after tax		7,4 %		7,7 %		4,7 %
Total operating costs in relation to total income		58,6 %		55,0 %		58,0 %
Total operating costs in rel. to total income excl. income from financial investments		64,7 %		59,3 %		64,9 %
From the Balance Sheet						
Gross loans to customers	34 542		34 715		34 786	
Gross loans to customers including SpareBank 1 Boligkreditt	45 787		43 024		44 646	
Deposits from customers	27 760		25 592		25 907	
Deposits from customers in relation to gross loans to customers		80,4 %		73,7 %		74,5 %
Lending growth during the last 12 months		-0,5 %		4,9 %		2,5 %
Lending growth in last 12 months including SpareBank 1 Boligkreditt		6,4 %		6,7 %		6,8 %
Deposit growth during the last 12 months		8,5 %		5,7 %		7,6 %
Average assets	42 864		41 890		42 483	
Assets	43 488		42 280		43 143	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,1 %		0,1 %		0,1 %
Commitments in default as a percentage of total commitments		1,2 %		1,3 %		1,0 %
Other bad and doubtful commitments as a percentage of total commitments		0,8 %		1,2 %		1,1 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments		1,5 %		1,7 %		1,6 %
Financial strength						
Capital adequacy ratio		14,3 %		14,7 %		15,2 %
Core capital ratio		14,3 %		14,7 %		15,2 %
Net core capital	3 579		3 586		3 732	
Net equity and related capital	5 685		5 526		5 534	

Half-year report

1. Half-year 2012

Summary

The Sparebanken Hedmark Group's profit was NOK 222 (222) million after tax in the first half of 2012 (last year's figure in parenthesis). The return on equity was 7.9 (8.2) per cent. The Group achieved a net interest income of 2.21 (2.32) per cent in the first half of the year, while costs in percentage of income were 58.6 (55.0) per cent. The twelve-month growth in lending and deposit was 6.4 (6.7) and 8.5 (5.7) per cent, respectively. At the end of the first half of the year, the deposit-to-loan ratio was 80.4 (73.7) per cent. The

Group's equity was NOK 5.685 (5.526) million, which is equivalent to 13.1 (13.1) per cent of the unweighted balance sheet. The core capital adequacy ratio was 14.3 (14.7) per cent. The Group's profit for Q2 2012 was NOK 117 (116) million after tax.

The Parent Bank's profit was NOK 247 (258) million after tax in 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, 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 NOK 222 (222) million profit in the first half of the year provided a return on equity of 7.9 (8.2) per cent after tax.

Net interest income was NOK 471 (481) million in the first half of the year. Interest income from mortgages transferred to SpareBank 1 Boligkreditt AS is recognised as commission in the bank's accounts. The total net interest income, inclusive of commission income from mortgages transferred to the mortgage company, increased by 2.6 per cent from the first half of 2011 to the first half of 2012. The Group's lending margin, inclusive of loans transferred to SpareBank 1 Boligkreditt AS, was 2.53 (2.08) per cent in the first half of the year. The deposit margin fell to -0.18 per cent from 0.36 per cent in the first half of last year. In the first half of the year, the Group's interest rate margin was 2.35 (2.44) per cent.

Net commission and other income increased from NOK 114 million in the first half of last year to NOK 203 million in the first half of this year. Sales by the accounting chain Consis AS, which Sparebanken Hedmark acquired in Q2 2011, are incorporated in the accounts for the first half of 2012. Consis AS had sales of NOK 60 million in the first half of this year. Commission income from loans transferred to the mortgage company was also significantly higher this year as compared with the same period last year.

The Group's costs were NOK 436 (353) million in the first half of 2012. Adjusted for Consis AS's operating costs, the costs were NOK 378 million. This is an increase of seven per cent as compared with the same period last year. The increase is mainly due to the costs related to the establishment of new offices in Oppland and the increased costs of SpareBank 1 Alliansen. As percentage of the total income, the operating costs were 58.6 (55) per cent in the first half of the year.

Losses remain low, at NOK 21 (12) million in the first half of the year. This is equivalent to 0.1 (0.1) per cent of gross lending. When taking income recognition of NOK 20 million in the first half of the year into account, the losses on lending were lower than last year. Defaults constituted 1.2 (1.4) per cent of gross commitments, while other doubtful commitments represented 0.8 (1.2) per cent of gross commitments. In total, the Group's problem loans

constituted 2.0 per cent of gross commitments at the end of the first half of the year, against 2.5 per cent one year ago.

Specification of the consolidated profit before tax in NOK million:

Parent Bank's profit before tax	307
Dividends received from subsidiaries/associates	-101
Profit/loss attributable to:	
SpareBank 1 Gruppen AS	38
Bank 1 Oslo Akershus AS	12
SpareBank 1 Boligkreditt AS	11
Hedmark Eiendom AS	2
SpareBank 1 Finans Østlandet AS	16
Other companies	2
Consolidated profit before tax	287

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 45.7 billion as at 30/06/12. At the end of the first half year, loans totalling NOK 11.2 billion had been transferred to SpareBank 1 Boligkreditt AS, as compared with NOK 8.3 billion one year ago. Including the transferred loans, the twelve-month lending growth was 6.4 (6.7) per cent.

Customer deposits totalled NOK 27.8 (25.6) billion. Growth in deposits over the past twelve months was 8.5 (5.7) per cent. Deposits as a percentage of gross lending were 80.4 (73.7) per cent.

Debt to credit institutions and securities debt was NOK 8.8 (10.2) billion at the end of the first half of the year. The average term to maturity of the bank's long-term funding is 4.5 years. The average term to maturity of all borrowing was 3.9 years.

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

The Group's equity totalled NOK 5.7 (5.5) billion as at 30/06/2012. Equity amounted to 13.1 (13.1) per cent of the balance sheet. The core capital adequacy ratio was 14.3 (14.7) per cent. The half-year results are not included in the calculation of the core capital. The lower core capital adequacy ratio as compared with last year is due to the higher basis for the calculation. This is mainly caused by an increase in the Group's liquidity balance of NOK 1.7 billion.

For a specification of the Group's profits for Q2 only, see page 10 of the half-year report.

In July, a letter of intent was entered into with Bank 1 Oslo Akershus AS on the acquisition of their office in Årnes in Nes municipality of Akershus county. The acquisition is expected to take place this autumn.

Sparebanken Hedmark – Parent Bank

Results

Profit after tax totalled NOK 247 (258) million for the first half of the year. Profit represented 1.47 (1.49) per cent of average total assets. Net interest income was somewhat lower in the first half of 2012 than in 2011, while dividends, as well as commission and other income, were higher. The Parent Bank's costs were 5.5 per cent higher. Further comments on the individual items are provided below.

Net interest income

Net interest income in the first half of the year was NOK 418 (428) million. The decline in net interest income is due to a reduced interest rate margin, more expensive market funding, and lower returns on the liquidity reserve as a result of a reallocation towards low-risk fixed-income securities. In the first half of the year, the interest margin was 2.46 (2.53) per cent. The interest margin for the retail market was 2.41 per cent, while in the corporate market it was 2.59 per cent. The lending margins have increased as compared with the same period last year, while the deposit margins have decreased. The Parent Bank's lending margin for the first half of the year was 2.64 (2.12). The deposit margin was negative, at -0.18 (0.36) per cent.

Net commission income

Net commission income was NOK 124 (96) million. Of this, commission income on loans transferred to SpareBank 1 Boligkreditt AS constituted NOK 44 (21) million.

Net income from financial investments

Income from this area was NOK 110 (102) million. Income from dividends was NOK 101 (116) million. Net profits from other financial investments were NOK 9 (-14) million, and are mainly due to changed market values in the bank's liquidity and bond issue portfolio.

Operating costs

Total operating expenses were NOK 327 (310) million. Costs increased 5.5 per cent on the previous year. Salary costs in the first half of the year, adjusted for salary costs for activities in Oppland county, were lower in the first half of the year as compared with the same period last year. The bank's profit improvement programme, which was adopted by the Board in June 2011, is advancing as planned, and at the end of the first half of the year there were 35 FTEs less in the Parent Bank (excl. Oppland) as compared with the same point last year. This corresponds to an approximately seven per cent reduction of FTEs. The increase in total operating costs is primarily due to increased salary costs

(NOK 3 million), increased SpareBank 1 Alliansen costs (NOK 5 million), marketing (NOK 3 million), and increased amortisations (NOK 2 million). The operating expenses represent 50.2 (49.5) per cent of total income.

Losses on loans and guarantees

The net loss on lending and guarantees was NOK 18 (10) million in the first half of the year. All losses related to customers in the Corporate Market Division.

Lending

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 42.5 (40.4) billion. Lending growth over the past 12 months, including loans transferred to SpareBank 1 Boligkreditt, was 5.2 (5.9) per cent.

In the past 12-month period, growth has been 8.1 (7.1) per cent in the retail market, including loans transferred to SpareBank 1 Boligkreditt, and -1.3 (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 27.7 (25.7) billion as at 30/06/2012. In the last 12-month period, deposits increased by 8.0 (5.7) per cent, divided between 7.3 (6.0) per cent in the retail market and 9.2 (5.2) per cent in the corporate market.

Capital adequacy

The capital adequacy ratio was 15.8 (16.3) per cent as at 30/06/2012. The half-year results are not included in the calculation of the core capital. The reduction in the capital adequacy ratio as compared with last year is primarily caused by an increased liquidity balance.

The Bank's equity of approximately NOK 5.5 (5.2) billion consists entirely of retained earnings and represents 12.7 (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. In Norway, unemployment is expected to continue to be low, and activity is expected to remain at its current level. However, international developments and especially the uncertainty in Europe may affect the situation in Norway. The bank is well prepared, and has good funding, a satisfactory deposit coverage ratio, and high equity.

Hamar, 9. August 2012

Board of Directors of Sparebanken Hedmark

Statement of the Board of Directors and CEO

We confirm that the half-year accounts for the period 1 January to 30 June 2012, 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 give a fair summary of the information mentioned in Section 5-6 of the Securities Trading Act

Board of Directors of Sparebanken Hedmark

Hamar, 9. August 2012

Siri J. Strømmevold, Leader

Bjørnar Håkensmoen

Grethe G. Fossum

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Jan Wibe

Richard Heiberg
CEO

Income statement (not audited)

Parent Bank				Group			
31.12.11	30.06.11	30.06.12	(NOK million)	Notes	30.06.12	30.06.11	31.12.11
1 937	923	982	Interest income		1 034	977	2 037
1 066	495	564	Interest expenses		563	496	1 066
871	428	418	Net interest income		471	481	971
218	107	134	Commission income		134	107	217
31	15	14	Commission expenses		21	22	45
9	4	4	Other operating income		90	29	113
196	96	124	Net commission and other income		203	114	285
22	20	7	Dividends		7	20	22
108	96	94	Net profit from ownership interests		54	41	76
50	-14	9	Net profit from other financial assets and liabilities		9	-14	50
180	102	110	Net income from financial assets and liabilities		70	47	148
1 247	626	652	Total net income		744	642	1 404
357	163	165	Personnel expenses		233	188	446
308	147	162	Other operating expenses		203	165	369
665	310	327	Total operating expenses before losses on loans and guarantees	4	436	353	815
582	316	325	Profit before losses on loans and guarantees		308	289	589
45	10	18	Losses on loans and guarantees	6	21	12	50
537	306	307	Profit/loss before tax		287	277	539
133	48	60	Tax charge		65	55	130
404	258	247	Results for the accounting period		222	222	409
			Majority interests		222		
			Minority interests		0		

Statement of comprehensive income according to IAS 1

404	258	247	Statement of comprehensive income according to IAS 1		222	222	409
-113			Actuarial gains / losses on pensions		1		-133
32			Tax effect of actuarial gains / losses on pensions				38
-54	-17	-15	Change in value of financial assets available for sale		-15	-17	-54
-7	-7		Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value			-7	7
7	7		Financial assets available for sale transferred to profit and loss on realisation			7	-7
			Share of gains and losses in associated companies and joint ventures recognised directly in equity			3	
-135	-17	-15	Total profit and loss items recognised in equity		-14	-14	-149
269	241	232	Total profit / loss for the accounting year		208	208	260
			Majority share of comprehensive income		208		
			Minority interest of comprehensive income		0		

Balance sheet (not audited)

Parentbank					Group		
31.12.11	30.06.11	30.06.12	(NOK million)	Notes	30.06.12	30.06.11	31.12.11
ASSETS							
372	1 255	608	Cash and deposits with central banks		608	1 255	372
3 010	2 410	3 283	Loans to and receivables from credit institutions		349	65	364
31 503	31 745	30 978	Loans to and receivables from customers	5, 6	34 226	34 369	34 451
5 235	3 945	5 320	Certificates, bonds and fixed-income funds		5 320	3 945	5 235
376	203	358	Financial derivatives	7	358	203	376
312	350	313	Shares, units and other equity interests		313	350	312
1 100	1 099	1 260	Investments in associates and joint ventures		1 415	1 346	1 329
342	305	339	Investments in subsidiaries				
	16		Assets held for sale			17	
249	255	253	Property, plant and equipment		275	277	272
110	84	107	Goodwill and other intangible assets		179	88	170
69	84	75	Deferred tax asset		79	87	82
164	166	255	Other assets	8	366	154	180
42 842	41 917	43 149	Total assets		43 488	42 156	43 143
LIABILITIES							
3 010	3 725	1 012	Deposits from and liabilities to credit institutions		1 010	3 722	3 008
26 042	25 738	27 791	Deposits from and liabilities to customers	9	27 760	25 592	25 907
7 598	6 428	7 833	Liabilities arising from issuance of securities	10	7 833	6 428	7 598
225	182	147	Financial derivatives	7	147	182	225
83	176	140	Current tax liabilities		144	187	88
612	419	733	Other debt and liabilities recognised in the balance sheet	11	909	519	783
37 570	36 668	37 656	Total liabilities		37 803	36 630	37 609
EQUITY CAPITAL							
5 133	4 836	5 128	Primary capital		5 128	4 836	5 133
93	72	87	Endowment fund		87	72	93
46	83	31	Fund for unrealised gains		31	83	46
			Other equity		192	313	262
	258	247	Result for the period		222	222	
			Minority interests		25		
5 272	5 249	5 493	Total equity capital		5 685	5 526	5 534
42 842	41 917	43 149	Total liabilities and equity capital		43 488	42 156	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	258		-17	241
Donations distributed from profit 2010	-4			-4
Grants from endowment fund in 2011		-6		-6
Equity at 30 June 2011	5 094	72	83	5 249
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	247		-15	232
Donations distributed from profit 2011	-6			-6
Grants from endowment fund in 2012		-6		-6
Transfer to endowment fund in 2012				0
Equity at 30 June 2012	5 375	87	31	5 493

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		5 329
Total comprehensive income	258		-17	-33		208
Change in Eq cap from companies in the Group				-1		-1
Donations distributed from profit 2010	-4					-4
Grants from endowment fund in 2011		-6				-6
Equity at 30 June 2011	5 094	72	83	277		5 526
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		5 534
Correction of previous years' errors				-2		-2
Adjusted equity at 1 January 2012	5 133	93	46	260		5 532
Total comprehensive income	247		-15	-24		208
Change in the group composition					25	25
Direct recognition in equity in associated companies and joint ventures				-69		-69
Donations distributed from profit 2011	-6					-6
Grants from endowment fund in 2012		-6				-6
Transfer to endowment fund in 2012						0
Equity at 30 June 2012	5 375	87	31	167	25	5 685

Results from the quarterly accounts

(Isolated figures in NOK million)

Group

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2012	2012	2011	2011	2011	2011	2010	2010	2010
Interest income	510	524	542	518	497	480	493	488	457
Interest expenses	280	283	296	274	253	243	251	256	235
Net interest income	230	241	246	244	244	237	242	232	222
Commission income	73	61	55	55	53	54	58	57	59
Commission expenses	10	11	11	12	10	12	12	12	12
Other operating income	45	45	66	18	16	13	20	19	17
Net commission and other income	108	95	110	61	59	55	66	64	64
Dividends	7			2	20		1	1	36
Net profit from ownership interests	10	44	30	5	17	24	38	37	29
Net profit from other financial assets and liabilities	38	-29	-2	66	4	-18	11	-5	119
Net income from financial assets and liabilities	55	15	28	73	41	6	50	33	184
Total net income	393	351	384	378	344	298	358	329	470
Personnel expenses	112	121	152	106	93	95	96	103	96
Other operating expenses	101	102	124	80	91	74	95	73	80
Total operating expenses before losses on loans and guarantees	213	223	276	186	184	169	191	176	176
Profit before losses on loans and guarantees	180	128	108	192	160	129	167	153	294
Losses on loans and guarantees	23	-2	26	12	22	-10	32	3	-8
Profit/loss before tax	157	130	82	180	138	139	135	150	302
Tax charge	40	25	16	59	22	33	26	12	58
Results for the accounting period	117	105	66	121	116	106	109	138	244

Cash flow statement

Parent bank				Group			
31.12.11	30.06.11	30.06.12	(NOK million)	30.06.12	30.06.11	31.12.11	
1 270	232	1 283	Cash flow from lending operations (A)	1 094	46	824	
1 212	1 243	1 362	Cash flow from deposit operations (B)	1 368	1 227	1 208	
-568	585	-88	Cash flow from investments in securities (C)	-88	585	-568	
-844	-306	82	Cash flow from deposits in credit institutions (D)	370	42	-190	
-567	-311	-170	Remaining cash flow from current operations (E)	-227	-475	-842	
503	1 443	2 469	Cash flow from operations (A+B+C+D+E=F)	2 517	1 425	432	
-415	-1 194	-1 873	Cash flow from financing activities (G)	-1 875	-1 142	-1 039	
33	15	-84	Cash flow from investments in fixed assets (H)	-120	-19	-7	
-40		18	Liquidity effect of acquisition and sale of subsidiaries(I)	8			
81	264	530	Change in cash and cash equivalents (F+G+H+I)	530	264	-614	
1 021	1 021	407	Cash and cash equivalents at 1 January	407	1 021	1 021	
407	1 285	937	Cash and cash equivalents at the end of the period	937	1 285	407	
Cash and cash equivalents at the end of the period comprise:							
372	1 255	608	Cash and deposits with central banks	608	1 255	372	
35	30	329	Deposits etc. at call with banks	329	30	35	
407	1 285	937	Cash and cash equivalents at the end of the period	937	1 285	407	

Notes to the accounts

Note 1: Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.01-30.06.2012. 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 Høvleribbygg AS and the company is not incorporated in the consolidated accounts for 2012. SpareBank 1 Kundesenter AS was established in June 2012. Sparebanken Hedmark owns 10 per cent of SpareBank 1 kundesenter AS, which is wholly owned together with the other banks in SpareBank 1 Alliansen AS.

2011

The subsidiary Meglereiendom AS and the wholly-owned subsidiary of the Bank's subsidiary Hedmark Eiendom, Sørumsø & Sørberg 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	Q2 2012						Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	
Net interest income	200	131	54		-1	87	471
-of which internal items			-54			54	
Net commission and other income	95	26	-7	26	60	3	203
-of which internal items			-1	-1		2	
Net return on financial investments						70	70
Operating expenses*	124	42	28	24	58	160	436
Profit before losses by segment:	171	115	19	2	1	0	308
Losses on loans and guarantees		19	2				21
Profit / loss per segment	171	96	17	2	1	0	287

Balance sheet	Q2 2012						Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	
Lending to customers	18 287	11 986	3 275			678	34 226
-of which internal items							
Other assets	117	1	73	29	106	8 936	9 262
Total assets per segment	18 404	11 987	3 348	29	106	9 614	43 488
Deposits from and liabilities to customers	17 980	9 490				290	27 760
-of which internal items		-11		11	22	-22	
Other liabilities and equity	424	2 497	3 348	29	106	9 324	15 728
Total equity and liabilities per segment	18 404	11 987	3 348	29	106	9 614	43 488

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

Balance sheet							Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other	
Lending to customers	19 182	12 126	2 624			437	34 369
-of which internal items							
Other assets	119		136	7		7 525	7 787
Total assets per segment	19 301	12 126	2 760	7	0	7 962	42 156
Deposits from and liabilities to customers	16 728	8 687				322	25 737
-of which internal items		-3		3			
Other liabilities and equity	2 573	3 439	2 760	7		7 640	16 419
Total equity and liabilities per segment	19 301	12 126	2 760	7	0	7 962	42 156

** Figures for the company were not incorporated into the consolidated accounts until Q4 2011.

Year 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			-82	4	-4	82	
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		0
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		-28		28	4	-4	
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	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
357	163	165	Total personnel expenses	233	188	446
218	101	115	Administration expenses	133	112	246
26	12	14	Depreciation	18	14	32
9	4	5	Rent	11	5	18
16	7	8	Wealth tax	8	7	16
39	23	20	Other operating expenses	33	27	57
665	310	327	Total operating expenses	436	353	815

Note 5: Loans to and receivables from customers

Parent bank				Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
			Loans by type of receivable			
			Financial leasing	1 404	1 152	1 283
3 813	3 696	4 302	Overdraft facilities and operating credits	4 302	3 696	3 813
724	675	813	Building loans	813	675	724
27 181	27 606	26 061	Repayment loans	27 906	29 088	28 847
99	89	96	Accrued interest	117	104	119
31 816	32 066	31 272	Gross loans to and receivables from customers	34 542	34 715	34 786
313	321	294	Write-downs	316	346	335
31 503	31 745	30 978	Loans to and receivables from customers	34 226	34 369	34 451
			Loans by type of market			
19 490	19 841	18 952	Private customers	20 539	21 139	20 932
12 324	12 223	12 318	Corporate	13 895	13 505	13 762
1	2	1	Public sector	108	71	91
31 816	32 066	31 272	Gross loans to and receivables from customers	34 542	34 715	34 786
313	321	294	Write-downs	316	346	335
31 503	31 745	30 978	Loans to and receivables from customers	34 226	34 369	34 451
			Of which subordinated loan capital			
			Subordinated capital in credit institutions			
			Other subordinated capital			
0	0	0	Subordinated loan capital recorded as lending	0	0	0

Parent bank				Group		
31.12.11	30.06.11	30.06.12	Total commitments by sector and industry	30.06.12	30.06.11	31.12.11
20 989	21 316	20 612	Private customers	22 199	22 614	22 431
1	2	1	Public sector	108	71	93
3 328	3 163	3 445	Primary industries	3 610	3 318	3 495
440	459	346	Paper and pulp industries	363	486	459
528	499	636	Other industry	753	614	638
1 110	1 066	1 180	Building and construction	1 499	1 422	1 421
111	113	126	Power and water supply	203	174	181
1 129	988	1 045	Wholesale and retail trade	1 326	1 270	1 384
215	218	192	Hotel and restaurants	197	224	220
5 197	5 019	5 568	Real estate	5 602	5 055	5 228
1 932	1 884	1 786	Commercial services	2 037	2 109	2 157
255	221	262	Transport and communications	572	446	530
86	114	118	Other	118	114	86
35 322	35 062	35 318	Total commitments by sector and industry	38 588	37 917	38 324

Parent bank				Group		
31.12.11	30.06.11	30.06.12	Gross loans by sector and industry	30.06.12	30.06.11	31.12.11
19 490	19 825	18 952	Private customers	20 539	21 123	20 932
1	2	1	Public sector	108	71	91
2 960	2 764	3 012	Primary industries	3 177	2 919	3 123
386	405	288	Paper and pulp industries	305	422	404
371	371	433	Other industry	550	458	479
756	800	793	Building and construction	1 112	1 088	1 060
89	90	87	Power and water supply	164	151	157
799	808	726	Wholesale and retail trade	1 007	1 028	1 050
198	202	176	Hotel and restaurants	181	208	203
4 846	4 838	5 082	Real estate	5 116	4 868	4 877
1 729	1 744	1 519	Commercial services	1 770	1 946	1 950
189	199	202	Transport and communications	512	415	458
3	18		Other		18	3
31 816	32 066	31 272	Total gross loans by sector and industry	34 542	34 715	34 786

Parent bank				Group		
31.12.11	30.06.11	30.06.12	Individual write-downs by sector and industry	30.06.12	30.06.11	31.12.11
52	49	46	Private customers	53	53	57
5	1	4	Primary industries	7	5	8
11	8	7	Paper and pulp industries	7	8	11
5	9	4	Other industry	5	13	5
27	27	11	Building and construction	12	28	28
1	1		Power and water supply		1	1
14	18	19	Wholesale and retail trade	19	21	14
12	18	10	Hotel and restaurants	10	18	12
54	50	71	Real estate	71	50	54
28	46	17	Commercial services	18	46	28
2	2	2	Transport and communications	3	4	5
211	229	192	Total individual write-downs by sector and industry	205	247	223

Note 6: Losses on loans and guarantees

Parent Bank				Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
-4	13	-14	Change in individual write-downs in the period	-14	17	-7
7	-3	0	+ Change in collective write-downs in the period	0	-3	9
48	14	26	+ Realised losses on commitments previously written down	28	11	58
32	67	9	+ Realised losses on commitments not previously written down			32
38	81	1	- Recoveries on loans and guarantees previously written down*)	2	82	42
45	10	18	Total losses on loans and guarantees	21	12	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	30.06.11	30.06.12		30.06.12	30.06.11	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	14	26	written down individually	28	16	58
22	5	30	Reversal of write-downs in previous years	33	7	27
			Increase in write-downs on commitments previously			
25	9	27	written down individually	27	9	26
			Write-downs on commitments not previously written			
40	22	11	down individually	17	29	51
216	233	198	Individual write-downs to cover losses on loans and guarantees at the end of period *)	211	251	228

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

Parent Bank				Group		
31.12.11	30.06.11	30.06.12	Collective write-downs	30.06.12	30.06.11	31.12.11
95	95	102	Collective write-downs to cover losses on loans and guarantees at 1 January	112	102	102
7	-3	0	Collective write-downs to cover losses on loans and guarantees in the period	-1	-3	10
102	92	102	Collective write-downs to cover losses on loans and guarantees	111	99	112

Parent Bank				Group		
31.12.11	30.06.11	30.06.12	Defaulted (more than 90 days) and doubtful commitments	30.06.12	30.06.11	31.12.11
368	357	392	Defaulted commitments	473	475	424
418	432	303	Other doubtful commitments	305	438	420
786	789	696	Total defaulted and doubtful commitments	778	913	844
216	233	198	Individual write-downs	211	251	228
570	556	498	Net defaulted and doubtful commitments	567	662	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

Q2 2012

	Contract sum	Fair market value	
Foreign exchange instruments		Assets	Liabilities
Forward exchange contracts	1 047	13	9
Currency swap contracts	2 571	11	5
Total foreign exchange instruments	3 617	24	14
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 565	312	132
Other interest rate contracts	430	22	
Total interest rate instruments	9 995	334	132
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	57		1
Total curr.- and int. rate instruments			
Total currency instruments	3 617	24	14
Total interest rate instruments	9 995	334	132
Total other financial derivatives	57	0	1
Total	13 669	358	147

At fair market value through p & l account

Q2 2011

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

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	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
13	13	28	Capital payments into pension fund	28	13	13
82	84	116	Accrued income, not yet received	122	84	84
22	23	25	Prepaid costs, not yet incurred	25	23	22
47	46	86	Other assets	191	34	61
164	166	255	Other assets	366	154	180

Note 9: Deposits from and liabilities to customers

Parent Bank			Deposits by sector and industry	Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
16 969	16 920	18 233	Private customers	18 233	16 920	16 969
2 514	2 663	3 152	Public sector	3 152	2 663	2 514
748	764	852	Primary industries	852	764	748
131	114	113	Paper and pulp industries	113	114	131
362	279	317	Other industry	317	279	362
454	368	439	Building and construction	439	368	454
252	216	174	Power and water supply	174	216	252
700	618	654	Wholesale and retail trade	654	618	700
97	82	83	Hotel and restaurants	83	82	97
1 324	1 363	1 384	Real estate	1 384	1 363	1 324
2 273	2 126	2 192	Commercial services	2 161	1 980	2 138
211	211	190	Transport and communications	190	211	211
5	14	7	Other operations	7	14	5
26 042	25 738	27 791	Total deposits by sector and industry	27 760	25 592	25 907

Note 10: Securities-related debt

Parent Bank and Group

Changes in liabilities from issuance of securities	30.06.12	Issued	Due / redeemed	Other changes	31.12.11
Certificate-based debt, nominal value	300	300	-300		300
Bond debt, nominal value	7 377	1 075	-1 000	154	7 148
Accrued interest	120			-60	180
Adjustments	36			66	-30
Total debt raised through issuance of securities, fair value	7 833	1 375	-1 300	160	7 598

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
Total debt raised through issuance of securities, fair value	6 428	800	-1 521	-281	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

Parent Bank				Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
395	289	406	Pension liabilities	429	301	418
5	4	6	Guarantee provisions	6	4	5
12	7	8	Banker's drafts	8	7	12
34	36	46	Accounts payable	53	39	43
166	83	267	Others	413	168	305
612	419	733	Total other debt and liabilities recognised in the balance sheet	909	519	783

Note 12: Capital adequacy

Parent Bank				Group		
31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
5 133	4 836	5 128	Primary capital	5 128	4 836	5 133
93	72	87	Endowment fund	87	72	93
46	83	31	Revaluation fund / equalisation reserve	31	83	46
	258	247	Results for the accounting period	222	222	
			Other equity	192	313	262
			Minority interests	25		
5 272	5 249	5 493	Total equity carried	5 685	5 526	5 534
			Group companies not consolidated for capital adequacy purposes	-216	-299	-225
			Tier 1 capital			
	-258	-247	Result so far not included	-222	-222	
-106	-58	-106	Unrealised value change due to reduced / increased value of liabilities	-106	-58	-106
-179	-169	-182	Deferred tax, goodwill and other intangible assets	-257	-172	-253
-46	-84	-31	Net unrealised gains on shares available for sale	-31	-83	-46
-173	-95	-127	Deduction for expected losses on IRB, net of write-downs	-127	-94	-173
-913	-855	-1 139	Deduction for subordinated capital in other financial institutions	-458	-384	-370
			Capital adequacy reserve	-689	-629	-629
3 855	3 730	3 661	Total tier 1 capital	3 579	3 586	3 732
			Supplementary capital			
21	37	14	45 per cent of unrealised gain on shares classified as available for sale	14	37	21
-21	-37	-14	Deduction for subordinated capital in other financial institutions	-14	-37	-21
0	0	0	Total supplementary capital	0	0	0
3 855	3 730	3 661	Net subordinated capital	3 579	3 586	3 732
			Minimum requirements subordinated debt, Basel II			
4 701	4 086	5 016	Involvement with specialised enterprises	5 016	4 086	4 701
5 235	4 262	5 235	Other corporate exposures	5 235	4 262	5 235
318	280	313	SME exposure	313	280	318
2 370	1 495	2 424	Retail mortgage exposure	2 424	1 495	2 370
452	370	535	Other retail exposure	535	370	452
			Equity investments			
13 076	10 493	13 522	Total credit risk IRB	13 522	10 493	13 076
5 297	4 242	5 906	Exposures calculated using the standardised approach	7 933	5 801	6 895
3 290	6 955	2 674	Transitional arrangements	2 317	6 927	3 140
2 063	2 063	2 286	Operational risk	2 491	2 410	2 410
-934	-895	-1 153	Deductions	-1 170	-1 257	-1 029
22 793	22 858	23 236	Minimum subordinated capital requirement	25 093	24 374	24 492
16,9 %	16,3 %	15,8 %	Capital adequacy ratio	14,3 %	14,7 %	15,2 %
16,9 %	16,3 %	15,8 %	of which tier 1 capital	14,3 %	14,7 %	15,2 %

*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: Events after the balance sheet date

On 5 July a letter of intent was signed by Sparebanken Hedmark and Bank 1 Oslo Akershus AS on the acquisition of the bank offices in Årnes. The agreement also includes the activities of EiendomsMegler 1 Oslo Akershus AS related to the Årnes office.

Bank 1 Oslo Akershus opened a local bank in Årnes in 2009. The local bank has had a good development and currently has a lending volume of NOK 470 million.

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