



4. quarter 2012

Contents Q4 - 2012

3-4	Interim report
5	Main figures – Group
6	Income statement
7	Balance sheet
8	Change in equity capital
9	Results from the Quarterly accounts
10	Cashflow statement
11-17	Notes to the accounts

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Interim report

Q4 2012

Summary

The Sparebanken Hedmark Group's profit after tax was NOK 403 (409) million for 2012 (last year's figure in brackets). The return on equity was 7.0 (7.5) per cent. The Group achieved net interest income of 2.21 (2.29) per cent of average total assets, while operating costs as a percentage of income were 60.3 (58.0) per cent.

The 12-month growth figures for lending and deposits, including loans transferred to SpareBank 1 Boligkreditt AS, were 7.7 (6.8) per cent and 8.6 (7.6) per cent, respectively. At the

end of the year, the deposit-to-loan ratio was 79.4 (74.5) per cent. The Group's equity amounted to 13.7 (12.8) per cent of the unweighted balance sheet. The core capital adequacy ratio was 16.9 (15.2) per cent. The Parent Bank's profit for 2012 was NOK 363 (404) million after tax.

The Group's profit for Q4 2012 in isolation was NOK 59 (66) million after tax. The Parent Bank achieved a profit before tax of NOK 52 (39) million.

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 EiendomsMegler 1 Hedmark Eiendom AS, SpareBank 1 Finans Østlandet AS and Vato AS. The accounting chain Consis AS is also consolidated with an ownership interest of 60 per cent, as well as Consis Credit AS with an ownership interest of 74.5 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 profit of NOK 403 (409) million provided a return on equity of 7.0 (7.5) per cent after tax.

Net interest income was NOK 955 (971) million in 2012. Interest income from mortgages transferred to SpareBank 1 Boligkreditt AS is recognised as commission income in the Bank's accounts. Total net interest income, including commission income from mortgages transferred to the mortgage company, amounted to NOK 1,063 (1,011) million. This corresponds to an increase of 5.1 per cent over the previous year. The Group's lending margin, including loans transferred to SpareBank 1 Boligkreditt AS, was 2.63 per cent in 2012. The deposit margin was minus 0.33 per cent in 2012. The Group's interest margin was 2.30 per cent in 2012.

Net commission and other income increased from NOK 285 million in 2011 to NOK 435 million in 2012. This increase is attributed primarily to income from the subsidiary Consis AS, which was acquired in the second quarter of 2011, and higher commission income from SpareBank 1 Boligkreditt AS.

Net profit from other financial assets and liabilities was NOK 43 (148) million in 2012. This decline is attributed primarily to negative changes in the market value of investments and funding.

The Group's total operating costs were NOK 864 (815) million. Of the increase of NOK 49 million, NOK 41 million is attributed to the consolidation of the operating costs of Consis AS in the Group for seven months in 2011. The Group's operating costs accounted for 60.3 (58.0) per cent of the total income in 2012. Excluding the accounting chain Consis AS and the real estate brokerage business, the Group's cost percentage was 55.9 per cent.

Losses remain low and amounted to NOK 42 (50) million, which corresponds to 0.1 (0.1) per cent of gross lending. Problem loans (non-performing and other impaired commitments) as a percentage of gross commitments, including loans transferred to SpareBank 1 Boligkreditt AS, amounted to 1.4 (1.8) per cent at the end of the year.

Specification of the consolidated profit in NOK million:

Parent Bank's profit before tax	479
Dividends received from subsidiaries and associates	- 101
Profit/loss attributable to:	
Joint ventures and associated companies	95
EiendomsMegler 1 Hedmark Eiendom AS	5
SpareBank 1 Finans Østlandet AS	37
Consis AS	2
Other companies	11
Consolidated profit before tax	527
Tax	124
Consolidated profit after tax	403

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 47.9 (44.6) billion as at 31 December. At the end of the year, home mortgage loans totalling NOK 12.9 (9.9) billion had been transferred to SpareBank 1 Boligkreditt AS. This corresponded to 26.0 per cent of the total lending and 37.7 per cent of private customer loans, including loans transferred to the mortgage company. Including the transferred loans, the 12-month lending growth was 7.7 (6.8) per cent. At the end of the year the Bank's customer deposits totalled NOK 28.1 (25.9) billion. Growth in deposits over the past 12 months was 8.6 (7.6) per cent. Deposits as a percentage of gross lending were 79.4 (74.5) per cent.

Debt to credit institutions and securities debt was NOK 8.9 (10.6) billion as at 31 December. The average term to maturity for the Bank's long-term funding is 4.4 years. The average term to maturity of all borrowing was 3.5 years. As at 31 December, the Bank had adequate funding for continued normal operations for 16 months without any new external funding. This scenario assumes 9 per cent lending growth and 6 per cent growth in deposits. There is good interest in the Bank's bonds. In the opinion of the Board of Directors, the Bank's funding risk is moderate to low.

The Group's equity was NOK 6.0 (5.5) billion as at 31 December 2012, which is equivalent to 13.7 (12.8) per cent of the balance sheet. The core capital adequacy ratio was 16.9 (15.2) per cent. The increased capital adequacy is attributed to a practically unchanged assessment basis and an increase of NOK 422 million in pure core capital.

The Group's profit for the fourth quarter in isolation was NOK 59 (66) million after tax. Net return on investment securities was NOK minus 26 (28) million. The Group's quarterly result without any contribution from financial investments was NOK 85 million in the fourth quarter. The result was NOK 61 million for the same period last year, adjusted for allocations of NOK 23 million to the Bank's profitability enhancement programme. For detailed specification of the fourth quarter results, reference is made to page 9 of the quarterly report.

Sparebanken Hedmark – Parent Bank and subsidiaries

Results

Profit after tax totalled NOK 363 (404) million. Net interest income including commissions from SpareBank 1 Boligkreditt AS was 3.4 per cent higher than in the corresponding period last year. The Parent Bank's operating costs represent 56.1 (53.3) per cent of total income. Profit from banking operations, defined as the result after losses less the result from ownership interests and dividends, as well as financial assets and liabilities, was NOK 423 (372) million adjusted for non-recurring items. The profit was NOK 51 million (13,7 per cent) better than last year.

Net interest income

Net interest income in 2012 was NOK 834 (871) million. Net income from lending and deposit activities, which include loans transferred to SpareBank 1 Boligkreditt AS, amounted to NOK 942 (911) million.

The net interest margin on the balance sheet (excluding currency loans) was 2.42 (2.52) per cent. The interest margin for the retail market was 2.39 (2.42) per cent, while in the corporate market it was 2.53 (2.73) per cent. The Parent Bank's lending margin was 2.75 (2.10) per cent. The deposit margin was minus 0.33 (0.42) per cent.

Net commission and other income

Net commission and other income amounted to NOK 287 (196) million. Of this, commission income on loans transferred to SpareBank 1 Boligkreditt AS constituted NOK 108 (40) million.

Net income from financial investments

Income from this area was NOK 41 (180) million. The reduction was mainly due to changed market values in the Bank's liquidity and bond issue portfolio. The net change in the market value of investments and funding was negative in the amount of NOK 97 million, while it was positive in the amount of NOK 26 million last year. In addition, dividends were NOK 22 million lower in 2012 than in 2011.

Operating costs

Total operating costs were NOK 652 (665) million. Compared with last year, costs were 2.0 per cent lower in 2012. After adjustment for non-recurring items, these costs were NOK 5 million or 0.8 per cent higher in 2012 than in 2011. The Bank's profitability enhancement programme, which was adopted by the Board in June 2011, is proceeding as expected. At the end of the year, the Parent Bank had 462 full time equivalents, compared with 479 a year ago. The operating costs accounted for 56.1 (53.3) per cent of total income.

Losses

The net loss on lending and guarantees was NOK 31 (45) million. NOK 5 million of the losses came within the retail market division and NOK 26 million within the corporate market division.

Lending

Gross lending to customers totalled NOK 31.8 (31.8) billion as at 31 December 2012. Including loans transferred to SpareBank 1 Boligkreditt AS, the lending volume was NOK 44.6 (41.7) billion. Lending growth over the past 12 months, including loans transferred to SpareBank 1 Boligkreditt, was 7.1 (5.7) per cent. In the retail market, growth has been 9.0 (7.7) per cent, including loans transferred to SpareBank 1 Boligkreditt AS. In the corporate market, growth has been 2.8 (1.4) per cent. The risk profile for the Bank's granting of credit did not change in 2012.

Deposits

Deposits from and liabilities to customers totalled NOK 28.2 (26.0) billion as at 31 December 2012. In the last 12-month period, deposits increased by 8.2 (7.6) per cent, divided between 7.4 (7.0) per cent in the retail market and 9.6 (8.7) per cent in the corporate market.

Capital adequacy

The pure capital adequacy ratio was 18.5 (16.9) per cent as at 31 December 2012. The Bank's equity of NOK 5.7 (5.3) billion consists entirely of retained earnings and represents 13.1 (12.3) per cent of the balance sheet.

Rating

On 6 December 2012, Moody's Investor Service confirmed Sparebanken Hedmark's rating (long-term debt and deposit rating) as A1. The Bank's individual rating (standalone financial strength rating) was also confirmed as C-.

Sparebanken Hedmark's individual rating has a stable outlook, while the Bank's long-term senior debt and deposit rating is under review for a possible downgrade. This review will focus on the support that is assumed to be available from the alliance membership.

Subsidiaries

The accounting chain Consis AS posted revenues of NOK 101 million in 2012 and achieved a profit after tax of NOK 5.5 million. The real estate brokerage company EiendomsMegler 1 Hedmark posted revenues of NOK 59 (57) million and achieved a profit after tax of NOK 3.5 (6.1) million. The finance company SpareBank 1 Finans Østlandet AS posted net interest income of NOK 122 (104) million and achieved a profit after tax of NOK 26.6 (27.2) million. At the end of the year the finance company's gross lending totalled NOK 3.6 (3.0) billion.

Group's outlook for 2013

The economic outlook for several European countries is uncertain. Economic activity is expected to remain at its current level in Norway. International developments, and especially the uncertainty in Europe, may affect the situation in Norway and the interior of the country. With good funding, a high deposit-to-loan ratio, and high equity, the Bank is well prepared.

Board of Directors of Sparebanken Hedmark

Hamar, 7 February 2013

Siri J. Strømmevold
Leder

Bjørnar Håkensmoen

Grethe G. Fossum

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Jan Wibe

Richard Heiberg
adm direktør

Main figures

Result summary (NOK mill and % of average assets)	31.12.12		31.12.11	
	Amount	%	Amount	%
Net interest income	955	2,21 %	971	2,29 %
Net commissions and other (non-interest) income	435	1,00 %	285	0,67 %
Net income from financial investments	43	0,10 %	148	0,35 %
Total income	1 433	3,31 %	1 404	3,30 %
Total operating expenses before losses on loans and guarantees	864	2,00 %	815	1,92 %
Profit before losses on loans and guarantees	569	1,31 %	589	1,39 %
Losses on loans and guarantees	42	0,10 %	50	0,12 %
Profit/loss before tax	527	1,22 %	539	1,27 %
Tax charge	124	0,29 %	130	0,31 %
Results for the accounting period	403	0,93 %	409	0,96 %
Minority interests	3	0,01 %		
Profitability				
Return on equity capital before tax		9,2 %		9,8 %
Return on equity capital after tax		7,0 %		7,5 %
Return on equity capital of total result after tax		9,0 %		4,7 %
Total operating costs in relation to total income		60,3 %		58,0 %
Total operating costs in rel. to total income excl. income from financial investments		62,2 %		64,9 %
From the Balance Sheet				
Gross loans to customers	35 455		34 786	
Gross loans to customers including SpareBank 1 Boligkreditt	48 091		44 646	
Deposits from customers	28 137		25 907	
Deposits from customers in relation to gross loans to customers		79,4 %		74,5 %
Lending growth during the last 12 months		1,9 %		2,5 %
Lending growth in last 12 months including SpareBank 1 Boligkreditt		7,7 %		6,8 %
Deposit growth during the last 12 months		8,6 %		7,6 %
Average assets	43 290		42 483	
Assets	44 113		43 143	
Losses and commitments in default				
Losses on loans as a percentage of gross loans		0,1 %		0,1 %
Commitments in default as a percentage of total commitments		1,2 %		1,0 %
Commitments in default as a percentage of total commitments incl. SpareBank 1 Boligkreditt		0,9 %		0,9 %
Other bad and doubtful commitments as a percentage of total commitments		0,7 %		1,1 %
Other bad and doubtful commitments as a percentage of total commitments incl. SpareBank 1 Boligkreditt		0,5 %		0,9 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments		1,5 %		1,6 %
Financial strength				
Capital adequacy ratio		16,9 %		15,2 %
Core capital ratio		16,9 %		15,2 %
Net core capital	4 154		3 732	
Net equity and related capital	6 044		5 534	

Income statement (not audited)

Parent Bank		Group		
31.12.11	31.12.12 (NOK million)	Notes	31.12.12	31.12.11
1 937	1 942		2 062	2 037
1 066	1 108		1 107	1 066
871	834		955	971
218	295		294	217
31	29		44	45
9	21		185	113
196	287		435	285
22	7		7	22
108	93		95	76
50	-59		-59	50
180	41		43	148
1 247	1 162		1 433	1 404
357	331		457	446
308	321		407	369
665	652	4	864	815
582	510		569	589
45	31	6	42	50
537	479		527	539
133	116		124	130
404	363		403	409
			524	
			3	
404	363		403	409
-113	110		125	-133
32	-31		-35	38
-54	21		21	-54
-7	-3		-3	7
7	5		5	-7
-135	102		113	-149
269	465		516	260
			513	
			3	

Balance sheet (not audited)

Parent bank			Group		
31.12.11	31.12.12	(NOK million)	Notes	31.12.12	31.12.11
ASSETS					
372	236	Cash and deposits with central banks		236	372
3 010	3 496	Loans to and receivables from credit institutions		294	364
31 503	31 558	Loans to and receivables from customers	5, 6	35 200	34 451
5 235	5 104	Certificates, bonds and fixed-income funds		5 104	5 235
376	513	Financial derivatives	7	513	376
312	341	Shares, units and other equity interests		341	312
1 100	1 299	Investments in associates and joint ventures		1 558	1 329
342	340	Investments in subsidiaries			
	1	Assets held for sale		1	
249	250	Property, plant and equipment		272	272
110	126	Goodwill and other intangible assets		199	170
69	46	Deferred tax asset		43	82
164	332	Other assets	8	352	180
42 842	43 642	Total assets		44 113	43 143
LIABILITIES					
3 010	834	Deposits from and liabilities to credit institutions		833	3 008
26 042	28 168	Deposits from and liabilities to customers	9	28 137	25 907
7 598	8 038	Liabilities arising from issuance of securities	10	8 038	7 598
225	193	Financial derivatives	7	193	225
83	114	Current tax liabilities		117	88
612	574	Other debt and liabilities recognised in the balance sheet	11	751	783
37 570	37 921	Total liabilities		38 069	37 609
EQUITY CAPITAL					
5 133	5 569	Primary capital		5 569	5 133
93	83	Endowment fund		83	93
46	69	Fund for unrealised gains		69	46
		Other equity		299	262
		Minority interests		24	
5 272	5 721	Total equity capital		6 044	5 534
42 842	43 642	Total liabilities and equity capital		44 113	43 143

Change in equity capital

Parent bank

(NOK million)	Earned equity			
	Balance primary capital	Donation Fund	Fund for value adjustment	Total equity capital
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	442		23	465
Donations distributed from profit 2011	-6			-6
Grants from endowment fund in 2012		-10		-10
Transfer to endowment fund in 2012				
Equity at 31 December 2012	5 569	83	69	5 721

Group

(NOK million)	Earned equity					
	Balance primary capital	Donation Fund	Fund for value adjustment	Other equity capital	Minority interests	Total equity capital
Equity at 1 January 2011	4 840	78	100	307		5 325
OB correction: Correction of previous years' errors				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
OB correction of previous years' errors				-1		-1
Adjusted equity at 1 January 2012	5 133	93	46	261	0	5 533
Total comprehensive income	442		23	48	3	516
Change in the group composition					21	21
Direct recognition in equity in associated companies and joint ventures				-10		-10
Donations distributed from profit 2011	-6					-6
Grants from endowment fund in 2012		-10				-10
Transfer to endowment fund in 2012						
Equity at 31 December 2012	5 569	83	69	299	24	6 044

Results from the quarterly accounts

(Isolated figures in NOK million)

Group

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2012	2012	2012	2012	2011	2011	2011	2011	2010
Interest income	513	515	510	524	542	518	497	480	493
Interest expenses	271	273	280	283	296	274	253	243	251
Net interest income	242	242	230	241	246	244	244	237	242
Commission income	85	75	73	61	55	55	53	54	58
Commission expenses	11	12	10	11	11	12	10	12	12
Other operating income	44	51	45	45	66	18	16	13	20
Net commission and other income	118	114	108	95	110	61	59	55	66
Dividends			7			2	20		1
Net profit from ownership interests	-5	46	10	44	30	5	17	24	38
Net profit from other financial assets and liabilities	-21	-47	38	-29	-2	66	4	-18	11
Net income from financial assets and liabilities	-26	-1	55	15	28	73	41	6	50
Total net income	334	355	393	351	384	378	344	298	358
Personnel expenses	110	114	112	121	152	106	93	95	96
Other operating expenses	113	91	101	102	124	80	91	74	95
Total operating expenses before losses on loans and guarantees	223	205	213	223	276	186	184	169	191
Profit before losses on loans and guarantees	111	150	180	128	108	192	160	129	167
Losses on loans and guarantees	23	-2	23	-2	26	12	22	-10	32
Profit/loss before tax	88	152	157	130	82	180	138	139	135
Tax charge	29	30	40	25	16	59	22	33	26
Results for the accounting period	59	122	117	105	66	121	116	106	109

Cash flow statement

Parent bank			Group	
31.12.11	31.12.12	(NOK million)	31.12.12	31.12.11
13 280	12 800	This year's downpayment on repayment loans etc. to customers	14 129	14 379
		Change in advance rent leasing	16	2
-13 242	-11 569	Newly discounted repayment loans etc. to customers for the year	-13 599	-14 992
87	210	Change in balances of foreign currency lending	210	87
-419	-1 757	Change in balances of credits	-1 757	-418
1 546	1 533	Interest and commission income on lending	1 757	1 746
18	3	Included in previous years' realised losses on lending	6	19
		Net cash flow relating to bankruptcies		
	-1	Net cash flow from assets held for sale	-1	1
1 270	1 219	Cash flow from lending operations (A)	761	824
1 488	2 288	Change in balances of deposits from customers at call	2 291	1 484
337	-164	Change in balances of deposits from customers with agreed maturity dates	-164	338
-613	-783	Interest payments to customers	-778	-614
1 212	1 341	Cash flow from deposit operations (B)	1 348	1 208
-672	187	Net cash flow from securities held short term	187	-672
-26	-67	Cash flow linked to exchange rate gains / losses on securities held short term	-67	-26
130	145	Interest received on bonds and certificates	145	130
		Share dividends received from securities held short term		
-568	265	Cash flow from investments in securities (C)	265	-568
-947	-269	Change in receivables from credit institutions with agreed maturity dates	287	-297
103	114	Interest received on deposits in credit institutions	114	107
-844	-155	Cash flow from deposits in credit institutions (D)	401	-190
378	408	Other income	578	483
-712	-795	Operating expenses payable	-1 029	-880
-131	-56	Tax payments	-58	-143
-14	-16	Donations	-16	-14
	-30	Group contributions		
-40	-67	Net cash flow from change in other assets	28	-58
-56	-28	Net cash flow from change in accruals	-158	-258
8	112	Net cash flow from change in other liabilities	130	28
-567	-472	Remaining cash flow from current operations (E)	-525	-842
503	2 198	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	2 251	432
-829	-2 160	Change in deposits from credit institutions	-2 163	-877
2 138	1 383	Receipts arising from issuance of securities	1 383	2 138
-1 225	-579	Payments arising from redemption of securities issued	-579	-1 225
-779	-601	Buy-back of own securities	-601	-779
-415	-271	Interest payments on financing	-272	-296
-1 110	-2 228	Cash flow from financing activities (G)	-2 230	-1 039
-43	-55	Investments in fixed assets and intangible assets	-62	-47
1	21	Sales of fixed assets and intangible assets at sales price	21	1
-51	-215	Purchase of long-term securities	-215	-52
-4	9	Sale of long-term securities	9	-4
130	108	Share dividends from securities held long term	75	95
33	-132	Cash flow from investments in fixed assets (H)	-171	-7
-40	16	Liquidity effect of acquisition and sale of subsidiaries(I)	4	
-614	-146	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I)	-146	-614
1 021	407	Cash and cash equivalents at 1 January	407	1 021
407	261	Cash and cash equivalents at 31 December	261	407
		Cash and cash equivalents at 31 December comprise:		
372	236	Cash and deposits with central banks	236	372
35	25	Deposits etc. at call with banks	25	35
407	261	Cash and cash equivalents at 31 December	261	407

Notes to the accounts

Note 1: Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.01-31.12.2012. 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 created in June 2012. Sparebanken Hedmark owns 10 percent of the company along with the other banks in the SpareBank 1 Alliance. The company is defined as a associated company.

Consis AS spun off its ownership interest of 74.5 per cent in Consis Credit AS with effect from 2 January 2012. The ownership interest was taken over by Sparebanken Hedmark from the same date.

Sparebanken Hedmarks shareholding in Fageråsen Invest AS of 36 percent was sold in september.

Sparebanken Hedmark has during the fourth quarter acquired shares in SpareBank 1 Verdipapirservice AS and SpareBank 1 Kredittkort AS. The companies are defined as a associated company.

2011

The subsidiary Meglereiendom AS and the wholly-owned subsidiary of the Bank's subsidiary Hedmark Eiendom AS, Sørum & 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.

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, debt collection and other activities.
- Property brokerage, leasing, financing, accounting and debt collection are organised as independent companies.
- The result of the elimination of companies appears with other activities in a separate column.

Group

Income statement	31.12.12							Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-megler 1 Hedmark Eiendom	Consis	Consis Credit	Other	
Net interest income	401	271	123		-2		162	955
-of which internal items		-4	-104	4	-2		106	
Net commission and other income	217	54	-16	59	101	5	58	478
-of which internal items			-1				1	
Net return on financial investments								
Operating expenses*	246	92	59	54	97	3	313	864
Profit before losses by segment:	372	233	48	5	2	2	-93	569
Losses on loans and guarantees	5	26	11					42
Profit / loss per segment	367	207	37	5	2	2	-93	527

31.12.12								
Balance sheet	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- megler 1 Hedmark Eiendom	Consis	Consis Credit	Other	Total
Lending to customers	18 500	12 763	3 690				503	35 456
-of which internal items					31		-31	
Individual loan write-downs	-42	-91	-12				-1	-146
Collective loan write-downs	-24	-74	-11					-109
Other assets	127	52	12	29	94	4	8 594	8 912
Total assets per segment	18 561	12 650	3 679	29	94	4	9 096	44 113
Deposits from and liabilities to customers	17 929	9 875					333	28 137
-of which internal items		10		-10	-16		16	
Other liabilities and equity	632	2 775	3 679	29	94	4	8 763	15 976
Total equity and liabilities per segment	18 561	12 650	3 679	29	94	4	9 096	44 113

31.12.11								
Income statement	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- megler 1 Hedmark Eiendom	Consis		Other	Total
Net interest income		429	312	104	1	-4	129	971
-of which internal items			-4	-82	4	-4	86	
Net commission and other income		141	48	-15	57	48	6	285
-of which internal items			1	-1	-1		1	
Net return on financial investments							148	148
Operating expenses*		236	85	47	50	56	341	815
Profit before losses by segment:		334	275	42	8	-12	-58	589
Losses on loans and guarantees		5	40	5				50
Profit / loss per segment		329	235	37	8	-12	-58	539

Balance sheet								
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- megler 1 Hedmark Eiendom	Consis		Other	Total
Lending to customers		18 538	12 407	2 999			842	34 786
-of which internal items					34		-34	
Individual loan write-downs		-51	-160	-12				-223
Collective loan write-downs		-31	-71	-10				-112
Other assets		126		111	32	79	8 344	8 692
Total assets per segment		18 582	12 176	3 088	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		1 923	3 169	3 088	32	79	8 945	17 236
Total equity and liabilities per segment		18 582	12 176	3 088	32	79	9 186	43 143

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

Note 4: Operating expences

Parent Bank		Group	
31.12.11	31.12.12	31.12.12	31.12.11
357	331	457	446
218	229	271	246
26	29	36	32
9	9	26	18
16	20	20	16
39	34	54	57
665	652	864	815

Note 5: Loans to and receivables from customers

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
		Loans by type of receivable		
		Financial leasing	1 682	1 283
3 813	5 360	Overdraft facilities and operating credits	5 360	3 813
724	900	Building loans	900	724
27 181	25 434	Repayment loans	27 395	28 847
99	95	Accrued interest	118	119
31 816	31 790	Gross loans to and receivables from customers	35 455	34 786
313	232	Write-downs	255	335
31 503	31 558	Loans to and receivables from customers	35 200	34 451
		Loans by type of market		
19 490	19 065	Private customers	20 773	20 932
12 324	12 949	Corporate	14 569	13 762
1	2	Public sector	113	91
31 816	31 790	Gross loans to and receivables from customers	35 455	34 786
313	232	Write-downs	255	335
31 503	31 558	Loans to and receivables from customers	35 200	34 451
		Of which subordinated loan capital		
		Subordinated capital in credit institutions		
		Other subordinated capital		
0	0	Subordinated loan capital recorded as lending	0	0

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
20 989	20 870	Private customers	22 586	22 431
1	140	Public sector	252	93
3 328	3 414	Primary industries	3 589	3 495
440	319	Paper and pulp industries	336	459
528	571	Other industry	708	638
1 110	1 202	Building and construction	1 574	1 421
111	170	Power and water supply	244	181
1 129	1 063	Wholesale and retail trade	1 335	1 384
215	186	Hotel and restaurants	191	220
5 197	6 060	Real estate	6 096	5 228
1 932	1 807	Commercial services	2 145	2 157
255	271	Transport and communications	695	530
86	17	Other	17	86
35 322	36 090	Total commitments by sector and industry	39 768	38 324

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
19 490	19 065	Private customers	20 773	20 932
1	2	Public sector	113	91
2 960	3 044	Primary industries	3 218	3 123
386	267	Paper and pulp industries	284	404
371	437	Other industry	573	479
756	787	Building and construction	1 158	1 060
89	148	Power and water supply	222	157
799	736	Wholesale and retail trade	1 008	1 050
198	181	Hotel and restaurants	186	203
4 846	5 454	Real estate	5 490	4 877
1 729	1 453	Commercial services	1 791	1 950
189	201	Transport and communications	624	458
3	16	Other	16	3
31 816	31 790	Total gross loans by sector and industry	35 455	34 786

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
52	46	Private customers	52	57
5	4	Primary industries	7	8
11	1	Paper and pulp industries	1	11
5	4	Other industry	4	5
27	10	Building and construction	10	28
1		Power and water supply		1
14	18	Wholesale and retail trade	19	14
12	10	Hotel and restaurants	10	12
54	26	Real estate	26	54
28	15	Commercial services	16	28
2	1	Transport and communications	1	5
211	134	Total individual write-downs by sector and industry	146	223

Note 6: Losses on loans and guarantees

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
-4	-70	Change in individual write-downs in the period	-70	-7
7	-5	Change in collective write-downs in the period	-3	9
48	90	Realised losses on commitments previously written down	101	58
32	19	Realised losses on commitments not previously written down *)	20	32
38	3	Recoveries on loans and guarantees previously written down	6	42
45	31	Total losses on loans and guarantees	42	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	31.12.12		31.12.12	31.12.11
221	216	Individual write-downs to cover losses on loans and guarantees at 1 January	228	236
48	90	Realised losses in the period on loans and guarantees previously written down individually	100	58
22	49	Reversal of write-downs in previous years	56	27
25	37	Increase in write-downs on commitments previously written down individually	37	26
40	24	Write-downs on commitments not previously written down individually	41	51
216	138	Individuelle nedskrivninger til dekning av tap på utlån og garantier *)	150	228

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

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
95	102	Collective write-downs to cover losses on loans and guarantees at 1 January	112	102
7	-4	Collective write-downs to cover losses on loans and guarantees in the period	-3	10
102	98	Collective write-downs to cover losses on loans and guarantees	109	112

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
368	382	Defaulted commitments	459	424
418	270	Other doubtful commitments	270	420
786	652	Total defaulted and doubtful commitments	729	844
216	138	Individual write-downs on loans and guarantees	150	228
570	514	Net defaulted and doubtful commitments	578	616

Note 7: Financial derivatives

Parent Bank and Group

At fair market value through p & l account

31.12.2012

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	856	20	19
Currency swap contracts	974	19	2
Total foreign exchange instruments	1 830	38	21
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 847	451	172
Other interest rate contracts	430	13	
Total interest rate instruments	10 277	464	172
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	57	11	
Total curr.- and int. rate instruments			
Total currency instruments	1 830	38	21
Total interest rate instruments	10 277	464	172
Total other financial derivatives	57	11	0
Total	12 164	513	193

At fair market value through p & l account

31.12.2011

	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	31.12.12	31.12.12	31.12.11
13	28	28	13
82	161	161	84
22	32	32	22
47	111	131	61
164	332	352	180
	Other assets		

Note 9: Deposits from and liabilities to customers

Parent bank		Group	
31.12.11	31.12.12	31.12.12	31.12.11
16 969	18 133	18 133	16 969
2 514	2 843	2 843	2 514
748	796	796	748
131	119	119	131
362	405	405	362
454	598	598	454
252	116	116	252
700	720	720	700
97	89	89	97
1 324	1 536	1 536	1 324
2 273	2 604	2 573	2 138
211	203	203	211
5	7	7	5
26 042	28 168	28 137	25 907
	Total deposits by sector and industry		

Note 10: Securities-related debt

Parent Bank and Group

Changes in liabilities from issuance of securities	31.12.12	Issued	Due /redeemed	Other changes	31.12.11
Certificate-based debt, nominal value	300	300	-300		300
Bond debt, nominal value	7 346	1 075	-1 000	123	7 148
Accrued interest	183			3	180
Adjustments	209			239	-30
Total debt raised through issuance of securities, fair value	8 038	1 375	-1 300	365	7 598

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	31.12.12	31.12.12	31.12.11
395	249	261	418
5	4	4	5
12	9	9	12
34	42	48	43
166	270	429	305
612	574	751	783
	Total other debt and liabilities recognised in the balance sheet		

Note 12: Capital adequacy

Parent bank			Group	
31.12.11	31.12.12		31.12.12	31.12.11
5 133	5 569	Primary capital	5 569	5 133
93	83	Endowment fund	83	93
46	69	Revaluation fund / equalisation reserve	69	46
		Other equity	299	262
		Minority interests	24	
5 272	5 721	Total equity carried	6 044	5 534
		Tier 1 capital		
-106		Unrealised value change due to reduced / increased value of liabilities		-106
-179	-171	Deferred tax, goodwill and other intangible assets	-242	-253
-46	-69	Net unrealised gains on shares available for sale	-69	-46
-173	-167	Deduction for expected losses on IRB, net of write-downs	-167	-173
-913	-1 129	Deduction for subordinated capital in other financial institutions	-487	-370
		Capital adequacy reserve	-925	-854
3 855	4 185	Total tier 1 capital	4 154	3 732
		Supplementary capital		
21	31	45 per cent of unrealised gain on shares classified as available for sale	31	21
-21	-31	Deduction for subordinated capital in other financial institutions	-31	-21
0	0	Total supplementary capital	0	0
3 855	4 185	Net subordinated capital	4 154	3 732
4 701	5 775	Involvement with specialized enterprises	5 775	4 701
5 235	5 063	Other corporate exposures	5 063	5 235
318	363	SME exposure	363	318
2 370	2 456	Retail mortgage exposure	2 456	2 370
452	479	Other retail exposure	479	452
	2 604	Equity investments	2 436	
13 076	16 739	Total risk-weighted assets	16 571	13 076
5 297	4 797	Exposures calculated using the standardised approach	6 927	6 895
3 290		Transitional arrangements		3 140
2 063	2 286	Operational risk	2 491	2 410
-934	-1 160	Deductions	-1 467	-1 029
22 793	22 662	Risk-weighted assets	24 522	24 492
		Capital adequacy ratio		
16,9 %	18,5 %	Capital adequacy ratio	16,9 %	15,2 %
16,9 %	18,5 %	Tier 1 ratio	16,9 %	15,2 %
19,8 %	18,5 %	Capital adequacy ratio before transitional arrangements	16,9 %	17,5 %

Note 13: Events after the date of the balance sheet

In the first half of 2013 Sparebanken Hedmark will increase its ownership interest in Bank 1 Oslo Akershus AS from 12 to 40.5 per cent. The Bank will acquire a significant share of SpareBank 1 SR-Bank's, SpareBank 1 SMN's and SpareBank 1 Nord-Norge's ownership interests and thus become the largest owner in Bank 1 Oslo Akershus AS with 40.5 per cent of the shares.

The Norwegian Confederation of Trade Unions (LO) and affiliated trade unions will own 29.9 per cent of the shares after a private offering, the SamSpar banks will own 15.2 per cent, SpareBank 1 SR-Bank will own 4.8 per cent, SpareBank 1 SMN will own 4.8 per cent and SpareBank 1 Nord-Norge will own 4.8 per cent. The acquisition of shares requires approval by the Financial Supervisory Authority of Norway.



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