

1. QUARTER

2013

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Editorial staff: Trine Lise Østberg

Design & production: Ferskvann reklamebyrå

Interim Report

1st Quarter 2013

Summary

The Sparebanken Hedmark Group's net profit for the 1st quarter was NOK 74 (105) million (last year's figure in brackets). The result was affected by negative changes in value for borrowing and fixed-rate loans totalling NOK 96 million. However, these are accounting effects that will be reversed over time. Corrected for changes in value adjustments, the net profit was NOK 141 million.

The return on equity in the 1st quarter was 4.9 (7.5) per cent. Exclusive value adjustments, the return on equity was 9.2 per cent.

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. It also includes a 60 per cent stake in the accounting chain Consis AS.

The bank owns 12 per cent of SpareBank 1 Gruppen AS and Bank 1 Oslo Akershus AS, as well as 7.8 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 74 (105) million provided a return on equity of 4.9 (7.5) per cent after tax. The return on equity after tax, excluding market changes in securities and fixed-rate loans, was 9.5 per cent.

Net interest income in the 1st quarter was NOK 227 (241) million. Interest income from mortgages transferred to SpareBank 1 Boligkreditt AS is recognised as commissions in the bank's accounts. Total net interest income, including commissions from mortgages transferred to the mortgage company, amounted to NOK 268 (258) million. The Group's lending margin, including loans transferred to SpareBank 1 Boligkreditt AS, was 2.87 per cent in the 1st quarter. Deposit margin was minus 0.68 per cent. The Group's net interest margin, including loans transferred to SpareBank 1 Boligkreditt AS, was 2.19 per cent in the 1st quarter 2013.

Net commissions and other operating income amounted to NOK 123 (95) million. The increase is mainly attributable to higher commissions from SpareBank 1 Gruppen AS.

Net result from other financial assets and liabilities was NOK -34 (15) million in the 1st quarter. The contribution to the result from ownership interests was NOK 54 (44) million kroner, of which NOK 37 million was from SpareBank 1 Gruppen AS and NOK 27 million was from Bank 1 Oslo Akershus AS.

The bank values bond issues, bond investments and fixed-rate loans to customers at fair value where changes in value in the period are recognised through profit or loss. Therefore, market value changes for borrowing and loans could vary greatly depending on developments in the financial markets and from an accounting perspective this would result in volatility in the profit and loss account from one quarter to the next. These are temporary effects and viewed over their entire term to maturity the market value changes are equal to zero. The accounting effects will therefore be reversed over time. The total effect of market value changes on the result for the 1st quarter was minus NOK 94 million. For more detailed comments about the value changes please refer to the section "Net result from financial assets and liabilities" in the discussion of the parent bank's result.

The Group's total operating costs amounted to NOK 231 (223) million, which represents an increase of 3.6 per cent.

The Group's operating costs as a percentage of total income was

Total losses in the period amounted to NOK 3 million.

The 12-month growth figures for lending, including loans transferred to SpareBank 1 Boligkreditt AS, and deposits were 8.9 (6.3) per cent and 12.3 (7.8) per cent, respectively. At the end of the quarter, the deposit coverage ratio was 82 (75.3) per cent. The Group's core capital adequacy ratio was 15.8 (15) per cent.

The parent bank's net profit for the 1st quarter was NOK 36 (93) million.

72.8 (63.5) per cent. Excluding the accounting chain Consis AS and the real estate brokerage business, the Group's cost percentage was 69.6 per cent.

Losses were very low and amounted to NOK 3 (-2) million. Problem loans (non-performing and other impaired commitments) as a percentage of gross commitments, including loans transferred to SpareBank 1 Boligkreditt AS, amounted to 1.1 (1.4) per cent at the end of the quarter.

Specification of the consolidated profit in NOK million:

Parent bank pre-tax profit	40
Dividends received from subsidiaries and associates	- 27
Profit/loss attributable to:	
SpareBank 1 Gruppen AS	37
Bank 1 Oslo Akershus AS	8
SpareBank 1 Boligkreditt AS	5
EiendomsMegler 1 Hedmark Eiendom AS	0
SpareBank 1 Finans Østlandet AS	17
Consis AS	2
Others	1
Consolidated pre-tax profit	83
Tax	9
Consolidated net profit for the period	74

Gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt AS, totalled NOK 49 (45) billion as at 31 March 2013. At the end of the quarter, home mortgage loans totalling NOK 13.4 (10.5) billion had been transferred to SpareBank 1 Boligkreditt AS. This corresponded to 27 per cent of the total lending and 42.6 per cent of retail market loans, including loans transferred to the mortgage company. Including the transferred loans, the 12-month lending growth was 8.9 (6.3) per cent.

At the end of the quarter the bank's customer deposits totalled NOK 29.1 (25.9) billion. The growth in deposits over the past 12 months was 12.3 (7.8) per cent. Deposits as a percentage of gross loans were 82 (75.3) per cent.

Debt to financial institutions and securities issued amounted to NOK 8 (9.5) billion as of 31 March 2013. The average term to maturity of the bank's long-term funding (remaining term of more than 1 year) is 4.8 years. The average term for all borrowing was 3.6 years. As of 31 March 2013, the bank had adequate funding for continued normal operations for 17 months without any new external funding. This scenario assumes 9.3 per cent lending growth and a 6.3 per cent growth in deposits.

There is good interest in the bank's bonds. In the opinion of the Board of Directors, the bank is exposed to little liquidity risk.

The Group's equity was NOK 6.1 (5.6) billion as of 31 March 2013, which is equivalent to 13.8 (13.3) per cent of the balance sheet. The core capital adequacy ratio was 15.8 (15) per cent.

Sparebanken Hedmark – parent bank and other wholly or partly owned companies

Results

Net profit for the 1st quarter totalled NOK 36 (93) million. Profit from banking operations, defined as the result after losses less the result from ownership interests and dividends, and financial assets and liabilities, was NOK 97 (112) million.

Net interest income

Net income from lending and deposit activities, which include loans transferred to SpareBank 1 Boligkreditt AS, amounted to NOK 230 (234) million. The net interest margin for loans on its own balance sheet (excluding currency loans) was 2.29 (2.50) per cent in the 1st quarter. The parent bank's lending margin was 2.97 (2.74) per cent and the deposit margin was -0.68 (-0.24) per cent. The interest margin for the retail market was 2.24 (2.41) per cent, while in the corporate market it was 2.41 (2.69) per cent.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 84 (56) million. Of this, commissions on loans transferred to SpareBank 1 Boligkreditt AS accounted for NOK 41 (17) million.

Net result from financial assets and liabilities

The net investment result from financial assets and liabilities was minus NOK 57 (5) million. Dividends from subsidiaries amounted to NOK 31 (34) million. Financial assets and liabilities contributed a negative result of NOK 88 (-29) million. Of this changes in market values for securities and fixed-rate loans accounted for NOK 94 million. This comprised minus NOK 40 million from bond issues, plus NOK 2 million from bond investments, and minus NOK 56 million from fixed-rate loans. The value changes in the fixed-rate loan portfolio were due to margin increases of around 1 percentage point during the 1st quarter. The bank had around NOK 2 billion in fixed-rate loans with a weighted term to maturity of almost 4 years.

Operating costs

Total operating costs were NOK 174 (165) million. At the end of the 1st quarter, the parent bank had 463 full time equivalents compared with 464 a year ago. Operating costs amounted to 80.9 (59.6) per cent of total income.

Losses

The net loan loss provisions was NOK 1 (-4) million. Individual write-downs amounted to NOK 5.5 million. Group write-downs were reduced by NOK 4.7 million.

Lending

Gross lending to customers totalled NOK 31.8 (31.4) billion as of 31 March 2013. Including loans transferred to SpareBank 1 Boligkreditt AS, the lending volume was NOK 45.2 (41.8) billion. Lending growth over the past 12 months, including loans transferred to SpareBank 1 Boligkreditt, was 8.1 (5.1) per cent. Within the retail market, growth was 8 (7.8) per cent, including loans transferred to SpareBank 1 Boligkreditt AS. In the corporate market, the growth was 8 (-1) per cent.

The bank credit granting risk profile remained unchanged in the 1st quarter.

Deposits

Deposits from and liabilities to customers totalled NOK 29.2 (26) billion as of 31 March 2013. In the last 12-month period, deposits have increased by 12.2 (7.4) per cent, divided between 8.3 (6.7) per cent in the retail market and 20 (9) per cent in the corporate market.

Capital adequacy

The core capital adequacy ratio was 17.9 (16.7) per cent as of 31 March 2013. The bank's equity of NOK 5.8 (5.3) billion consists entirely of retained earnings and represents 13.2 (12.9) per cent of the balance sheet.

Subsidiaries

The accounting chain Consis AS posted revenues of NOK 31 (32) million in the 1st quarter and achieved a net profit for the period of NOK 2 (-1) million. The real estate brokerage company SpareBank 1 Hedmark Eiendom AS posted revenues of NOK 13 (11) million and achieved a net profit for the period of NOK 0 (-1) million. The financing company SpareBank 1 Finans Østlandet AS achieved a pre-tax profit of 17 (6) million. The financing company's gross loans at the end of the quarter totalled NOK 3.8 (3.1) billion.

Partly owned companies

NOK 315 (200) million. In the same period, Bank 1 Oslo Akershus AS achieved a net profit of NOK 68 (33) million.

Sparebanken Hedmark has signed an agreement to acquire shares from other owners of Bank 1 Oslo Akershus AS meaning that after the transaction the bank's stake will rise from 12 per cent to 40.5 per cent. The Ministry of Finance approved the acquisition after the end of the 1st quarter. This means that the bank's financial statements for the 2nd quarter will include 40.5 per cent of the result in Bank 1 Oslo Akershus AS.

The proforma net profit for the 1st quarter for the Sparebanken Hedmark Group including the 40.5 per cent stake in Bank 1 Oslo Akershus AS was NOK 93 million. The consolidated core capital adequacy ratio for the Group was 12.6 per cent.

Rating

In March, Moody's changed Sparebanken Hedmark's (long-term debt and deposit rating) rating from A1 to A2. The bank's individual rating (standalone financial strength rating) was unchanged at 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 is due to the bank's acquisition of shares in Bank 1 Oslo Akershus AS.

Group's future prospects for 2013

The economic outlook remains uncertain in a number of European countries. Economic activity is expected to remain at its current level in Norway. International developments may affect the situation in Norway and inland regions. With good funding, a high deposit coverage ratio, and high equity, the bank is well prepared.

The Board of Directors of Sparebanken Hedmark

Hamar, 2. May 2013

Siri J. Strømmevold
Board Chair

Bjørnar Håkensmoen

Morten Herud

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Erik Garaas

Richard Heiberg
CEO

Main figures

	31.03.13		31.03.12		31.12.12	
	Amount	%	Amount	%	Amount	%
Result summary (NOK mill and % of average assets)						
Net interest income	227	2,07 %	241	2,25 %	955	2,21 %
Net commissions and other (non-interest) income	123	1,12 %	95	0,89 %	435	1,00 %
Net income from financial investments	-34	-0,31 %	15	0,14 %	43	0,10 %
Total income	317	2,89 %	351	3,27 %	1 433	3,31 %
Total operating expenses before losses on loans and guarantees	231	2,11 %	223	2,08 %	864	2,00 %
Profit before losses on loans and guarantees	86	0,78 %	128	1,19 %	569	1,31 %
Losses on loans and guarantees	3	0,03 %	-2	-0,02 %	42	0,10 %
Profit/loss before tax	83	0,76 %	130	1,21 %	527	1,22 %
Tax charge	9	0,09 %	25	0,23 %	124	0,29 %
Results for the accounting period	74	0,67 %	105	0,98 %	403	0,93 %
Minority interests	1	0,01 %	0	0,00 %	3	0,01 %
Profitability						
Return on equity capital before tax		5,5 %		9,3 %		9,2 %
Return on equity capital after tax		4,9 %		7,5 %		7,0 %
Return on equity capital of total result after tax		6,8 %		8,0 %		9,0 %
Total operating costs in relation to total income		72,8 %		63,5 %		60,3 %
Total operating costs in rel. to total income excl. income from financial investments		65,8 %		66,4 %		62,2 %
From the Balance Sheet						
Gross loans to customers	35 569		34 472		35 455	
Gross loans to customers including SpareBank 1 Boligkreditt	48 999		45 000		48 091	
Deposits from customers	29 155		25 957		28 137	
Deposits from customers in relation to gross loans to customers		82,0 %		75,3 %		79,4 %
Lending growth during the last 12 months		3,2 %		0,3 %		1,9 %
Lending growth in last 12 months including SpareBank 1 Boligkreditt		8,9 %		6,3 %		7,7 %
Deposit growth during the last 12 months		12,3 %		7,8 %		8,6 %
Average assets	44 479		42 885		43 290	
Assets	44 260		42 138		44 113	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,0 %		0,0 %		0,1 %
Commitments in default as a percentage of total commitments		1,1 %		1,1 %		1,2 %
Commitments in default as a percentage of total commitments incl. SpareBank 1 Boligkreditt		0,8 %		0,9 %		0,9 %
Other bad and doubtful commitments as a percentage of total commitments		0,4 %		0,9 %		0,7 %
Other bad and doubtful commitments as a percentage of total commitments incl. SpareBank 1 Boligkreditt		0,3 %		0,5 %		0,5 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments		1,2 %		1,5 %		1,5 %
Financial strength						
Capital adequacy ratio		15,8 %		15,0 %		16,9 %
Core capital ratio		15,8 %		15,0 %		16,9 %
Net core capital	4 096		3 620		4 154	
Net equity and related capital	6 136		5 628		6 044	

Income statement (not audited)

Parent Bank			Group			
31.12.12	31.03.12	31.03.13 (NOK million)	Notes	31.03.13	31.03.12	31.12.12
1 942	499	459		498	524	2 062
1 108	283	271		271	283	1 107
834	216	188		227	241	955
295	61	89		88	61	294
29	7	7		11	11	44
21	2	2		46	45	185
287	56	84		123	95	435
7		-	Dividends			7
93	34	31	Net profit from ownership interests	54	44	95
-59	-29	-88	Net profit from other financial assets and liabilities	-88	-29	-59
41	5	-57	Net income from financial assets and liabilities	-34	15	43
1 162	277	215	Total net income	317	351	1 433
331	84	87	Personnel expenses	125	121	457
321	81	87	Other operating expenses	106	102	407
652	165	174	Total operating expenses before losses on loans and guarantees	4	231	864
510	112	41	Profit before losses on loans and guarantees	86	128	569
31	-4	1	Losses on loans and guarantees	6	3	42
479	116	40	Profit/loss before tax	83	130	527
116	23	4	Tax charge	9	25	124
363	93	36	Results for the accounting period	74	105	403
			Majority interests	73	105	524
			Minority interests	1	0	3
363	93	36	Statement of comprehensive income according to IAS 1	74	105	403
110			Actuarial gains / losses on pensions			118
-31			Tax effect of actuarial gains / losses on pensions			-35
			Share of other comprehensive income from associates and joint ventures			
79	0	0	Amount of posts that will not be reclassified to profit/loss	0	0	83
21	7	33	Change in value of financial assets available for sale	33	7	21
-3			Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value			-3
5		-4	Financial assets available for sale transferred to profit and loss on realisation	-4		5
			Share of other comprehensive income from associates and joint ventures			7
23	7	29	Amount of posts that will be reclassified to profit/loss	29	7	30
102	7	29	Total profit and loss items recognised in equity	29	7	113
465	100	65	Total profit / loss for the accounting year	103	112	516
			Majority share of comprehensive income	102	112	513
			Minority interest of comprehensive income	1	0	3

Balance sheet (not audited)

Parent bank			Group				
31.12.12	31.03.12	31.03.13	(NOK million)	Notes	31.03.13	31.03.12	31.12.12
ASSETS							
236	346	540	Cash and deposits with central banks		540	346	236
3 496	2 840	3 650	Loans to and receivables from credit institutions		309	72	294
31 558	31 082	31 550	Loans to and receivables from customers	5, 6	35 328	34 162	35 200
5 104	4 580	4 771	Certificates, bonds and fixed-income funds		4 771	4 580	5 104
513	313	411	Financial derivatives	7	411	313	513
341	323	394	Shares, units and other equity interests		394	323	341
1 299	1 200	1 302	Investments in associates and joint ventures		1 606	1 439	1 558
340	348	339	Investments in subsidiaries				
1		1	Assets held for sale		1		1
250	253	265	Property, plant and equipment		288	276	272
126	108	124	Goodwill and other intangible assets		205	180	199
46	87	72	Deferred tax asset		69	91	43
332	250	319	Other assets	8	339	356	352
43 642	41 730	43 738	Total assets		44 260	42 138	44 113
LIABILITIES							
834	1 880	694	Deposits from and liabilities to credit institutions		694	1 877	833
28 168	25 992	29 174	Deposits from and liabilities to customers	9	29 155	25 957	28 137
8 038	7 600	7 362	Liabilities arising from issuance of securities	10	7 362	7 600	8 038
193	221	175	Financial derivatives	7	175	221	193
114	116	144	Current tax liabilities		151	121	117
574	557	407	Other debt and liabilities recognised in the balance sheet	11	587	734	751
37 921	36 366	37 956	Total liabilities		38 124	36 510	38 069
EQUITY CAPITAL							
5 569	5 127	5 569	Primary capital		5 569	5 127	5 569
83	91	79	Endowment fund		79	91	83
69	53	98	Fund for unrealised gains		98	53	69
			Other equity		291	240	299
	93	36	Results for the accounting year		74	105	
			Minority interests		25	12	24
5 721	5 364	5 782	Total equity capital		6 136	5 628	6 044
43 642	41 730	43 738	Total liabilities and equity capital		44 260	42 138	44 113

Changes in equity capital

Parent bank

(NOK million)	Earned equity			Total equity capital
	Primary capital	Endowment fund	Fund for unrealised gains	
Equity at 1 January 2012	5 133	93	46	5 272
Results for the accounting year	93			93
Actuarial gains / losses on pensions				0
Change in value of financial assets available for sale			7	7
Donations distributed from profit 2011	-6			-6
Grants from endowment fund in 2012		-2		-2
Equity at 31 March 2012	5 220	91	53	5 364
Equity at 1 January 2012	5 133	93	46	5 272
Results for the accounting year	363			363
Actuarial gains / losses on pensions	79			79
Change in value of financial assets available for sale			23	23
Donations distributed from profit 2011	-6			-6
Grants from endowment fund in 2012		-10		-10
Transfer to endowment fund in 2012				0
Equity at 31 December 2012	5 569	83	69	5 721
Equity at 1 January 2013	5 569	83	69	5 721
Results for the accounting year	36			36
Actuarial gains / losses on pensions				0
Change in value of financial assets available for sale			29	29
Donations distributed from profit 2012				0
Grants from endowment fund in 2013		-4		-4
Equity at 31 March 2013	5 605	79	98	5 782

Group

(NOK million)	Earned equity					Total equity capital
	Primary capital	Endowment fund	Fund for unrealised gains	Other equity	Minority interests	
Equity at 1 January 2012	5 133	93	46	262	0	5 534
OB correction: Correction of previous years' errors				-11		-11
Adjusted equity at 1 January 2012	5 133	93	46	251	0	5 523
Results for the accounting year	93			12		105
Actuarial gains / losses on pensions						0
Change in value of financial assets available for sale			7			7
Change in the group composition				-12	12	0
Donations distributed from profit 2011	-6					-6
Grants from endowment fund in 2012		-2				-2
Equity at 31 March 2012	5 220	91	53	251	12	5 628
Equity at 1 January 2012	5 133	93	46	262	0	5 534
OB correction: Correction of previous years' errors				-11		-11
Adjusted equity at 1 January 2012	5 133	93	46	251	0	5 523
Results for the accounting year	363			37	3	403
Actuarial gains / losses on pensions	79			11		90
Change in value of financial assets available for sale			23			23
Change in the group composition					21	21
Donations distributed from profit 2011	-6					-6
Grants from endowment fund in 2012		-10				-10
Transfer to endowment fund in 2012						0
Equity at 31 December 2012	5 569	83	69	299	24	6 044
Equity at 1 January 2013	5 569	83	69	299	24	6 044
OB correction: Correction of previous years' errors				-7		-7
Adjusted equity at 1 January 2013	5 569	83	69	292	24	6 037
Results for the accounting year	36			37	1	74
Actuarial gains / losses on pensions						0
Change in value of financial assets available for sale			29			29
Donations distributed from profit 2012						0
Grants from endowment fund in 2013		-4				-4
Equity at 31 March 2013	5 605	79	98	329	25	6 136

Results from the quarterly accounts

(Isolated figures in NOK million)

Group

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2013	2012	2012	2012	2012	2011	2011	2011	2011
Interest income	498	513	515	510	524	542	518	497	480
Interest expenses	271	271	273	280	283	296	274	253	243
Net interest income	227	242	242	230	241	246	244	244	237
Commission income	88	85	75	73	61	55	55	53	54
Commission expenses	11	11	12	10	11	11	12	10	12
Other operating income	46	44	51	45	45	66	18	16	13
Net commission and other income	123	118	114	108	95	110	61	59	55
Dividends	0			7			2	20	
Net profit from ownership interests	54	-5	46	10	44	30	5	17	24
Net profit from other financial assets and liabilities	-88	-21	-47	38	-29	-2	66	4	-18
Net income from financial assets and liabilities	-34	-26	-1	55	15	28	73	41	6
Total net income	317	334	355	393	351	384	378	344	298
Personnel expenses	125	110	114	112	121	152	106	93	95
Other operating expenses	106	113	91	101	102	124	80	91	74
Total operating expenses before losses on loans and guarantees	231	223	205	213	223	276	186	184	169
Profit before losses on loans and guarantees	86	111	150	180	128	108	192	160	129
Losses on loans and guarantees	3	23	-2	23	-2	26	12	22	-10
Profit/loss before tax	83	88	152	157	130	82	180	138	139
Tax charge	9	29	30	40	25	16	59	22	33
Results for the accounting period	74	59	122	117	105	66	121	116	106

Cash flow statement

Parent bank				Group		
31.12.12	31.03.12	31.03.13	(NOK million)	31.03.13	31.03.12	31.12.12
12 800	3 291	2 544	This year's downpayment on repayment loans etc. to customers	2 944	3 590	14 129
			Change in advance rent leasing	3	3	16
-11 569	-2 888	-1 965	Newly discounted repayment loans etc. to customers for the year	-2 510	-3 325	-13 599
210	110	16	Change in balances of foreign currency lending	16	110	210
-1 757	-88	-578	Change in balances of credits	-578	-88	-1 757
1 533	396	359	Interest and commission income on lending	420	449	1 757
3		1	Included in previous years' realised losses on lending	1	1	6
			Net cash flow relating to bankruptcies			
-1			Net cash flow from assets held for sale			-1
1 219	821	377	Cash flow from lending operations (A)	297	740	761
2 288	-215	1 064	Change in balances of deposits from customers at call	1 073	-118	2 291
-164	21	-205	Change in balances of deposits from customers with agreed maturity dates	-205	21	-164
-783	-51	-58	Interest payments to customers	-54	-51	-778
1 341	-245	801	Cash flow from deposit operations (B)	815	-148	1 348
187	661	318	Net cash flow from securities held short term	318	661	187
-67	-7	-16	Cash flow linked to exchange rate gains / losses on securities held short term	-16	-7	-67
145	30	25	Interest received on bonds and certificates	24	30	145
			Share dividends received from securities held short term			
265	684	327	Cash flow from investments in securities (C)	326	684	265
-269	194	-128	Change in receivables from credit institutions with agreed maturity dates	12	316	287
114	28	24	Interest received on deposits in credit institutions	24	28	114
-155	222	-104	Cash flow from deposits in credit institutions (D)	36	344	401
408	80	116	Other income	157	120	578
-795	-161	-174	Operating expenses payable	-231	-218	-1 029
-56	-155	-51	Tax payments	-52	-155	-58
-16	-8	-4	Donations	-4	-8	-16
-30	-30		Group contributions			
-67	-90	28	Net cash flow from change in other assets	27	-83	28
-28	2	-12	Net cash flow from change in accruals	-37	2	-158
112	100	-120	Net cash flow from change in other liabilities	-115	11	130
-472	-262	-217	Remaining cash flow from current operations (E)	-255	-331	-525
2 198	1 220	1 184	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	1 218	1 289	2 251
-2 160	-1 115	-139	Change in deposits from credit institutions	-135	-1 117	-2 163
1 383	1 008		Receipts arising from issuance of securities	0	1 008	1 383
-579	-490	-614	Payments arising from redemption of securities issued	-614	-490	-579
-601	-497	-43	Buy-back of own securities	-43	-497	-601
-271	-66	-37	Interest payments on financing	-37	-94	-272
-2 228	-1 160	-833	Cash flow from financing activities (G)	-830	-1 190	-2 230
-55	-10	-25	Investments in fixed assets and intangible assets	-26	-11	-62
21		3	Sales of fixed assets and intangible assets at sales price	3		21
-215	-106	-27	Purchase of long-term securities	-27	-106	-215
9			Sale of long-term securities			9
108	35	27	Share dividends from securities held long term		7	75
-132	-81	-22	Cash flow from investments (H)	-50	-110	-171
16	19	1	Liquidity effect of acquisition and sale of ownership interests (I)	-8	9	4
-146	-2	330	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I)	330	-2	-146
407	407	261	Cash and cash equivalents at 1 January	261	407	407
261	405	591	Cash and cash equivalents at 31 March	591	405	261
			Cash and cash equivalents at 31 December comprise:			
236	346	540	Cash and deposits with central banks	540	346	236
25	59	51	Deposits etc. at call with banks	51	59	25
261	405	591	Cash and cash equivalents at 31 March	591	405	261

Notes to the accounts

Note 1: Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.01-31.03.2013. 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 statement for 2012.

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.

The Group has in this interim report applied the same accounting policies and calculation methods as those applied in the last annual financial statements, with the following exceptions:

IAS 1 Presentation of Financial Statements

From the 1st quarter the statement of other operating income and costs states items that have been reclassified through profit and loss and items that have not been reclassified through profit and loss separately.

IAS 19 R Employee Benefits

The Group has applied IAS 19 R Employee Benefits from 1 January 2013. This has not resulted in any changes in the calculation of the bank's pension liabilities. Estimate deviations have been recognised in the statement of other operating income and costs since the introduction of IFRS in 2007. The calculation of the pension costs was slightly affected by the implementation of the revised standard. Previously, the return on pension assets was calculated using a long-term expected return on pension assets. Due to the application of IAS 19 R, the period's net pension costs are now calculated by applying the discount rate for the liabilities at the start of the period to the net liabilities. The net interest cost therefore consists of the interest on the liabilities and the return on the assets, both calculated using the discount rate. The difference between the actual return on the pension assets and the recognised return is recognised on an ongoing basis against other operating income and costs. The pension costs for 2012 (closed scheme) calculated according to the previous policy amounted to NOK 29 million. Due to the revised policy for calculating pension costs, the recognised pension costs increased to NOK 39 million. The comparable figures in result have not been restated since the change was considered immaterial. The capital adequacy ratio and other key figures have not been restated for earlier periods either.

IFRS 7 Netting of financial instruments

The Group has implemented the amendment to IFRS 7 which entails expanded information in the notes relating to the net recognition of financial instruments and netting arrangements linked to financial instruments. See note 13.

IFRS 13 Measurement of fair value

The Group has implemented IFRS 13 relating to fair value measurements of financial instruments. The information in the notes is largely based on the corresponding notes in the last annual financial statements. See note 14.

Note 2: Changes in the group composition

2013

Sparebanken Hedmark solgte 01.01.2013 sin aksjepost i Consis Credit AS til Conecto AS. Conecto AS er er heleid selskap i SpareBank 1 Gruppen og eies derfor indirekte med 12 prosent av Sparebanken Hedmark fortsatt.

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 joint venture.

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 Verdipapirservise AS and SpareBank 1 Kredittkort AS. The companies are defined as a joint venture.

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 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	31.03.13							Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	Consis	Other		
Net interest income	91	71	39			26	227	
-of which internal items			-22			22		
Net commission and other income	68	14	-4	13	31		123	
-of which internal items								
Net return on financial investments						-33	-33	
Operating expenses*	62	25	16	13	28	86	231	
Profit before losses by segment:	98	60	20	0	2	-93	86	
Losses on loans and guarantees	1		2				3	
Profit / loss per segment	97	60	17	0	2	-93	83	
Balance sheet	18 063	13 223	3 833	1		450	35 570	
Lending to customers					33	-33		
-of which internal items	-42	-81	-14				-137	
Individual loan write-downs	-23	-70	-12				-105	
Collective loan write-downs	123	52	-21	26	98	8 653	8 932	
Other assets	18 120	13 125	3 787	27	98	9 103	44 260	
Deposits from and liabilities to customers	18 225	10 606				324	29 155	
-of which internal items		-6		6	7	-7		
Other liabilities and equity	-105	2 519	3 787	27	98	8 779	15 105	
Total equity and liabilities per segment	18 120	13 125	3 787	27	98	9 103	44 260	

Income statement	31.03.12							Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	Consis	Other		
Net interest income	100	67	26		-1	49	241	
-of which internal items			-26		1	25		
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	
Balance sheet								
Lending to customers	18 593	12 269	3 134			476	34 472	
-of which internal items					33	-33		
Individual loan write-downs	-48	-140	-14			-1	-203	
Collective loan write-downs	-29	-69	-9				-107	
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		-13		13	18	-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	

31.12.12

	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	Consis	Consis Credit	Other	Total
Income statement								
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	15	435
-of which internal items			-1				1	
Net return on financial investments							43	43
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
Balance sheet								
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		8 598	8 912
Total assets per segment	18 561	12 650	3 679	29	94		9 100	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		8 767	15 976
Total equity and liabilities per segment	18 561	12 650	3 679	29	94		9 100	44 113

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

Note 4: Operating expenses

Parent Bank			Group		
31.12.12	31.03.12	31.03.13	31.03.13	31.03.12	31.12.12
331	84	87	125	121	457
229	55	58	67	62	271
29	7	8	9	9	36
9	2	3	7	7	26
20	4	5	5	4	20
34	12	13	18	20	54
652	165	174	231	223	864

Note 5: Loans to and receivables from customers

Parent bank			Group		
31.12.11	31.03.12	31.03.13	31.03.13	31.03.12	31.12.12
			Loans by type of receivable		
			1 734	1 344	1 682
5 360	3 869	5 792	5 792	3 869	5 360
900	760	1 032	1 031	760	900
25 434	26 642	24 832	26 879	28 385	27 395
95	97	110	133	114	118
31 790	31 368	31 766	35 569	34 472	35 455
			Loans to and receivables from customers		
232	286	216	242	310	255
31 558	31 082	31 550	35 328	34 162	35 200
			Loans by type of market		
19 065	19 193	18 625	20 419	20 741	20 773
12 949	12 170	13 136	15 024	13 610	14 569
2	5	5	126	121	113
31 790	31 368	31 766	35 569	34 472	35 455
			Loans to and receivables from customers		
232	286	216	242	310	255
31 558	31 082	31 550	35 328	34 162	35 200

Parent bank			Group		
31.12.12	31.03.12	31.03.13	31.03.13	31.03.12	31.12.12
20 870	20 730	20 592	22 395	22 279	22 586
140	5	5	126	121	252
3 414	3 410	3 469	3 645	3 569	3 589
319	441	321	341	458	336
571	606	584	721	724	708
1 202	780	1 292	1 669	1 127	1 574
170	116	181	253	202	244
1 063	1 055	1 075	1 341	1 321	1 335
186	203	169	174	208	191
6 060	5 410	6 625	6 662	5 442	6 096
1 807	1 762	1 867	2 202	1 923	2 145
271	251	267	737	500	695
17	154			154	17
36 090	34 924	36 447	40 266	38 028	39 768
			Total commitments by sector and industry		

Parent bank			Group		
31.12.12	31.03.12	31.03.13	31.03.13	31.03.12	31.12.12
19 065	19 193	18 625	20 419	20 741	20 773
2	5	5	126	121	113
3 044	2 971	3 007	3 183	3 129	3 218
267	385	280	300	402	284
437	406	437	573	524	573
787	441	832	1 207	788	1 158
148	88	152	224	175	222
736	740	804	1 069	1 006	1 008
181	186	154	159	191	186
5 454	5 169	5 980	6 017	5 201	5 490
1 453	1 593	1 295	1 629	1 753	1 791
201	191	195	663	440	624
16					16
31 790	31 368	31 766	35 569	34 472	35 455
			Total gross loans by sector and industry		

Parent bank				Group		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
46	49	45	Private customers	48	56	52
4	4	4	Primary industries	5	8	7
1	7	2	Paper and pulp industries	2	7	1
4	5	4	Other industry	4	5	4
10	1	10	Building and construction	18	3	10
	1		Power and water supply		1	
18	14	17	Wholesale and retail trade	17	14	19
10	9	1	Hotel and restaurants	1	9	10
26	80	26	Real estate	26	80	26
15	15	13	Commercial services	13	16	16
1	2	1	Transport and communications	3	4	1
134	188	123	Total individual write-downs by sector and industry	137	203	146

Note 6: Losses on loans and guarantees

Parent Bank				Group		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
-70	-19	-11	Change in individual write-downs in the period	-10	-17	-70
-5	-4	-5	Change in collective write-downs in the period	-5	-4	-3
90	16	10	Realised losses on commitments previously written down	10	17	101
19	3	7	Realised losses on commitments not previously written down	8	3	20
3			Recoveries on loans and guarantees previously written down		1	6
31	-4	1	Total losses on loans and guarantees	3	-2	42

Parent Bank				Group		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
216	216	138	Individual write-downs to cover losses on loans and guarantees at 1 January	150	228	228
90	16	10	Realised losses in the period on loans and guarantees previously written down individually	10	17	100
49	26	4	Reversal of write-downs in previous years	5	28	56
37	19	2	Increase in write-downs on commitments previously written down individually	2	19	37
24		1	Write-downs on commitments not previously written down individually	3	5	41
138	194	127	Individual write-downs to cover losses on loans and guarantees at the end of period *)	141	208	150

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

Parent Bank				Group		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
102	102	98	Collective write-downs to cover losses on loans and guarantees at 1 January	109	112	112
-4	-4	-5	Collective write-downs to cover losses on loans and guarantees in the period	-4	-4	-3
98	98	93	Collective write-downs to cover losses on loans and guarantees	105	107	109

Parent Bank				Group		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
382	363	375	Defaulted commitments	450	437	459
270	352	167	Other doubtful commitments	167	354	270
652	716	542	Total defaulted and doubtful commitments	617	791	729
138	194	127	Individual write-downs on loans and guarantees	141	208	150
514	522	415	Net defaulted and doubtful commitments	476	583	578

Note 7: Financial derivatives

Parent Bank and Group

At fair market value through p & l account

31.03.2013

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	945	19	17
Currency swap contracts	1 256	8	8
Total foreign exchange instruments	2 201	27	25
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	8 875	369	150
Other interest rate contracts	150	15	
Total interest rate instruments	9 025	384	150
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	0
Total curr.- and int. rate instruments			
Total currency instruments	2 201	27	25
Total interest rate instruments	9 025	384	150
Total other financial derivatives	66	0	0
Total	11 292	411	175

At fair market value through p & l account

31.03.2012

	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	66	0	0
Total curr. and int. rate instruments			
Total currency instruments	3 589	54	37
Total interest rate instruments	10 889	259	184
Total other financial instruments	66	0	0
Total	14 544	313	221

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	19	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	66	11	0
Total curr. and int. rate instruments			
Total currency instruments	1 830	38	21
Total interest rate instruments	10 277	464	172
Total other financial instruments	66	11	0
Total	12 173	513	193

Note 8: Other assets

Parent Bank				Group		
31.12.12	31.03.11	31.03.13		31.03.13	31.03.12	31.12.12
28	13	28	Capital payments into pension fund	28	13	28
161	84	181	Accrued income, not yet received	182	87	161
32	9	31	Prepaid costs, not yet incurred	31	9	32
111	144	79	Other assets	98	247	131
332	250	319	Other assets	339	356	352

Note 9: Deposits from and liabilities to customers

Parent Bank				Konsern		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
18 133	17 105	18 482	Private customers	18 482	17 105	18 133
2 843	2 564	3 636	Public sector	3 636	2 564	2 843
796	878	907	Primary industries	907	878	796
119	124	107	Paper and pulp industries	107	124	119
405	282	305	Other industry	305	282	405
598	428	517	Building and construction	517	428	598
116	157	293	Power and water supply	293	157	116
720	659	717	Wholesale and retail trade	717	659	720
89	90	83	Hotel and restaurants	83	90	89
1 536	1 334	1 431	Real estate	1 431	1 334	1 536
2 604	2 201	2 518	Commercial services	2 499	2 166	2 573
203	165	178	Transport and communications	178	165	203
7	4		Other operations		4	7
28 168	25 992	29 174	Total deposits by sector and industry	29 155	25 957	28 137

Note 10: Securities-related debt

Parent Bank and Group

Changes in liabilities from issuance of securities	31.03.13	Issued	Due /redeemed	Other changes	31.12.12
Certificate-based debt, nominal value	259			-41	300
Bond debt, nominal value	6 729		-646	29	7 346
Accrued interest	128			-55	183
Adjustments	246			37	209
Total debt raised through issuance of securities, fair value	7 362	0	-646	-30	8 038

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	31.12.12	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

Note 11: Other debt and liabilities

Parent Bank				Group		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
249	401	257	Pension liabilities	268	424	261
4	5	4	Guarantee provisions	4	5	4
9	9	6	Banker's drafts	6	9	9
42	79	30	Accounts payable	34	87	48
270	62	110	Other	275	209	429
574	557	407	Total other debt and liabilities recognised in the balance sheet	587	734	751

Note 12: Capital adequacy

Parent Bank				Group		
31.12.12	31.03.12	31.03.13		31.03.13	31.03.12	31.12.12
5 569	5 127	5 569	Primary capital	5 569	5 127	5 569
83	91	79	Endowment fund	79	91	83
69	53	98	Revaluation fund / equalisation reserve	98	53	69
	93	36	Results for the accounting period	74	105	299
			Other equity	291	240	
			Minority interests	25	12	24
5 721	5 364	5 782	Total equity carried	6 136	5 628	6 044
			Tier 1 capital			
	-93	-36	Results for the accounting year not included	-51	-105	
	-106		Unrealised value change due to reduced / increased value of liabilities		-106	
-171	-186	-196	Deferred tax, goodwill and other intangible assets	-274	-253	-242
-69	-53	-98	Net unrealised gains on shares available for sale	-98	-53	-69
-167	-138	-168	50 % deduction for expected losses on IRB, net of write-downs	-167	-138	-167
-1 129	-1 062	-1 136	Deduction for subordinated capital in other financial institutions	-486	-472	-487
			Capital adequacy reserve	-964	-881	-925
4 185	3 726	4 148	Total tier 1 capital	4 096	3 620	4 154
			Supplementary capital			
31	24	44	45 per cent of unrealised gain on shares classified as available for sale	44	24	31
-31	-24	-44	Deduction for subordinated capital in other financial institutions	-44	-24	-31
0	0	0	Total supplementary capital	0	0	0
4 185	3 726	4 148	Net subordinated capital	4 096	3 620	4 154
5 775	5 239	6 260	Involvement with specialized enterprises	6 260	5 239	5 775
5 063	4 431	4 874	Other corporate exposures	4 874	4 431	5 063
363	293	381	SME exposure	381	293	363
2 456	2 457	2 441	Retail mortgage exposure	2 441	2 457	2 456
479	538	461	Other retail exposure	461	538	479
2 604		2 801	Equity investments	2 646		2 436
16 739	12 958	17 218	Risk-weighted assets credit risk IRB	17 064	12 958	16 571
4 797	4 825	5 165	Exposures calculated using the standardised approach	7 680	6 499	6 927
	3 368		Transitional arrangements		3 316	
2 286	2 286	2 031	Operational risk	2 606	2 491	2 491
-1 160	-1 086	-1 180	Deductions	-1 506	-1 202	-1 467
22 662	22 349	23 234	Risk-weighted assets	25 843	24 062	24 522
			Capital adequacy ratio			
18,5 %	16,7 %	17,9 %	Capital adequacy ratio	15,8 %	15,0 %	16,9 %
18,5 %	16,7 %	17,9 %	Tier 1 ratio	15,8 %	15,0 %	16,9 %
18,5 %	19,6 %	17,9 %	Capital adequacy ratio before transitional arrangements	15,8 %	17,4 %	16,9 %

Note 13: Financial instruments and offsetting

As from 2013 the Bank is required to disclose financial instruments which the Bank considers to fulfil the requirements for netting under IAS 32.42, and financial instruments in respect of which offsetting agreements have been entered into. Both in accordance with IFRS 7.13 A-F.

The Bank has no financial instruments booked on a net basis in the financial statements.

Sparebanken Hedmark has to sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, use is made of framework agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e it is only the customers that provide collateral. As regards financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank has entered into supplementary agreements on provision of collateral (CSA) with the most central counterparties. The Bank only enters into agreements with cash as collateral.

Period	Type of financial instrument	Amounts which can only be netted upon bankruptcy or default (MNOK)
31.03.13	Derivatives	46
31.12.12	Derivatives	54
31.03.12	Derivatives	39

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

Note 14: Determination of fair value of financial instruments

In connection with implementation of IFRS 13, interim financial statements are required to present fair value measurements per level with the following division into levels for fair value measurement:

- Level 1: Quoted prices for similar asset or liability on an active market
- Level 2: Valuation based on other observable factors either direct (price) or indirect (deduced from prices) than the quoted price (used on level 1) for the asset or liability
- Level 3: Valuation based on factors not based on observable market data (non-observable inputs)

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

Per 31.03.2013

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Derivatives		411		411
- Bonds and certificates		4 720		4 720
- Fixed-rate loans		1 935		1 935
- Loans with interest-rate guarantees			3	3
Financial assets available for sale				
- Equity instruments	87	12	295	394
Total assets	87	7 078	298	7 463
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
- Derivatives		175		175
- Securities issued		7 362		7 362
- Fixed-rate deposits		218		218
- Term deposits			153	153
Total liabilities	0	7 755	153	7 908

Per 31.12.2012

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Derivatives		502	11	513
- Bonds and certificates		5 104		5 104
- Fixed-rate loans		1 758		1 758
- Loans with interest-rate guarantees			4	4
Financial assets available for sale				
- Equity instruments	78	12	251	341
Total assets	78	7 376	265	7 720
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
- Derivatives		193		193
- Securities issued		8 038		8 038
- Fixed-rate deposits		429		429
- Term deposits			206	206
Total liabilities	0	8 660	206	8 866

Fair value of financial instruments traded on active markets is based on the market value on the balance sheet day. A market is considered active if the market prices are easily and regularly available from a stock exchange, dealer, broker, industrial group, pricing service or regulatory authority and these prices represent actual and regularly occurring arm's-length market transactions. The market price used for financial assets is the current purchase price; for financial liabilities the current selling price is used. Instruments included in level 1 include only equity instruments listed on Oslo Børs or the New York Stock Exchange, classified as held for trading or available for sale.

Fair value value of financial instruments that are not traded in an active market (such as individual OTC derivatives) is determined using valuation methods. These valuation methods make maximum use of observable data where available and try to avoid using the Group's own estimates. If all the significant data required to determine the fair value of an instrument is observable data, the instrument is included in level 2.

If one or more important inputs required to determine the fair value of an instrument are is observable market data, the instrument is included in level 3.

Valuation methods used to determine the value of financial instruments include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.
- Fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated future cash flow based on observable yield curves, including an indicated credit spread on issuers from a recognised broker a reputable brokerage firms or Reuters pricing service.
- Fair value of fixed-rate deposits and loans is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus an implicit mark-upcalculated as the difference between the reference rate and the interest rate indicated by the Bank's price list on balance sheet day.
- Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

The table below presents the changes in value of the instruments classified in level 3:

	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Sum
Opening balance	4	251	11	-206	59
Investments in the period		25		-50	-25
Sales / redemption in the period	-1		-11	103	91
Gains / losses recognised through profit and loss					0
Gains / losses recognised directly against comprehensive income		19			19
Closing balance	3	295	0	-153	144
Gains / losses for the period included in the profit for assets owned on the balance sheet day					0

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



Phone

02999

E-mail

Private customer centre: kundesenter@sparebanken-hedmark.no

Corporate customer centre: bedrift@sparebanken-hedmark.no

Internet banking

sparebanken-hedmark.no

Corporate Management

Strandgata 15, Box 203, N-2302 Hamar

Organisation: NO 920 426 530