

FIRST HALF-YEAR

2013

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Main figures

	30.06.13		30.06.12		31.12.12	
	Amount	%	Amount	%	Amount	%
Result summary (NOK mill and % of average assets)						
Net interest income	479	2,15 %	471	2,21 %	955	2,21 %
Net commissions and other (non-interest) income	260	1,17 %	203	0,95 %	435	1,00 %
Net income from financial investments	63	0,28 %	70	0,33 %	43	0,10 %
Total income	802	3,60 %	744	3,49 %	1 433	3,31 %
Total operating expenses before losses on loans and guarantees	458	2,05 %	436	2,05 %	864	2,00 %
Profit before losses on loans and guarantees	344	1,54 %	308	1,44 %	569	1,31 %
Losses on loans and guarantees	25	0,11 %	21	0,10 %	42	0,10 %
Profit/loss before tax	319	1,43 %	287	1,35 %	527	1,22 %
Tax charge	60	0,27 %	65	0,30 %	124	0,29 %
Results for the accounting period	259	1,16 %	222	1,04 %	403	0,93 %
Minority interests	1	0,00 %	0	0,00 %	3	0,01 %
Profitability						
Return on equity capital before tax		10,4 %		10,3 %		9,2 %
Return on equity capital after tax		8,5 %		7,9 %		7,0 %
Return on equity capital of total result after tax		9,2 %		7,4 %		9,0 %
Total operating costs in relation to total income		57,1 %		58,6 %		60,3 %
Total operating costs in rel. to total income excl. income from financial investments		62,0 %		64,7 %		62,2 %
From the Balance Sheet						
Gross loans to customers	36 772		34 542		35 455	
Gross loans to customers including SpareBank 1 Boligkreditt and Næringskreditt	50 761		45 787		48 091	
Deposits from customers	30 677		27 760		28 137	
Deposits from customers in relation to gross loans to customers		83,4 %		80,4 %		79,4 %
Lending growth during the last 12 months		6,5 %		-0,5 %		1,9 %
Lending growth in last 12 months including SpareBank 1 Boligkreditt		10,9 %		6,4 %		7,7 %
Deposit growth during the last 12 months		10,5 %		8,5 %		8,6 %
Average assets	44 950		42 864		43 290	
Assets	46 290		43 488		44 113	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,1 %		0,1 %		0,1 %
Commitments in default as a percentage of total commitments		1,2 %		1,2 %		1,2 %
Commitments in default as a percentage of total commitments incl. SpareBank 1 Boligkreditt		0,9 %		0,9 %		0,9 %
Other bad and doubtful commitments as a percentage of total commitments		0,4 %		0,8 %		0,7 %
Other bad and doubtful commitments as a percentage of total commitments incl. SpareBank 1 Boligkreditt		0,3 %		0,6 %		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		14,7 %		14,3 %		16,9 %
Tier 1 ratio		14,7 %		14,3 %		16,9 %
Capital adequacy ratio before transitional arrangements		14,9 %		15,7 %		16,9 %
Net core capital	4 689		3 579		4 154	
Net equity and related capital	6 305		5 685		6 044	

Half-year report

1. Half-year 2013

Summary

The Sparebanken Hedmark Group achieved a net profit for the first half of 2013 of NOK 259 million (NOK 222 million) (last year's figure in brackets). The return on equity was 8.5% (7.9%). The Group's net interest income for the first half of 2013 amounted to 2.15% (2.21%) of average total assets, while costs as a percentage of income were 57.1% (58.6%). The twelve-month growth in lending and deposits was 10.9% (6.4%) and 10.5% (8.5%), respectively. At the end of the first half of the year, the deposit coverage ratio was 83.4%

(80.4%). The Group's equity was NOK 6.3 billion (NOK 5.7 billion), which is equivalent to 13.6% (13.1%) of the unweighted balance sheet. The core capital adequacy ratio was 14.7% (14.3%).

The Group's net profit for the second quarter of 2013 alone was NOK 186 million (NOK 117 million). The parent bank's net profit for the first half of the year was NOK 258 million (NOK 247 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, as well as the accounting chain Consis AS in which it has an ownership interest of 60%.

The bank owns 40.5% of Bank 1 Oslo Akershus AS, 12% of SpareBank 1 Gruppen AS, as well as 8% of SpareBank 1 Boligkreditt AS and 3.3% of SpareBank 1 Næringskreditt AS (the mortgage companies). 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 net profit for the first half of 2013 of NOK 259 million (NOK 222 million) provided a return on equity after tax of 8.5% (7.9%).

Net interest income for the first half of the year was NOK 479 million (NOK 471 million). Interest income from mortgages transferred to the mortgage companies is recognised as commission in the bank's accounts. Total net interest income, including commissions from loans transferred to the mortgage companies, amounted to NOK 569 million (NOK 515 million). This represents an increase of 10.5% compared with the first half of 2012. The 2013 financial statements include a NOK 10 million charge for the Norwegian Banks Guarantee Fund. The Group's lending margin for the first half of the year, including transferred loans, was 2.97% (2.53%). The deposit margin was -0.66% (-0.18%). The Group's interest rate margin for the first half of the year was 2.31% (2.35%).

Net commissions and other operating income increased from NOK 203 million in the first half of last year to NOK 260 million in the first half of this year. Commissions from loans transferred to the mortgage companies accounted for NOK 46 million of the increase.

The Group's operating costs for the first half of the year amounted to NOK 458 million (NOK 436 million). This represents an increase of 5% compared with the same period last year. Operating costs as a percentage of total income for the first half of the year amounted to 57.1% (58.6%).

Losses remain low and amounted for the first half of the year to NOK 21 million (NOK 25 million). Non-performing loans constituted 1.2% (1.2%) of gross commitments, while other impaired commitments were reduced to 0.4% (0.8%) of gross commitments. In total, the Group's problem loans constituted 1.6% of gross commitments on its balance sheet at the end of the first half of the year, compared to 2.0% a year ago.

Specification of the consolidated pre-tax profit in NOK millions:

Parent bank's pre-tax profit	306
Dividends received from subsidiaries/associated companies	- 121
Profit/loss attributable to:	
SpareBank 1 Gruppen AS	47
Bank 1 Oslo Akershus AS	53
SpareBank 1 Boligkreditt AS	5
Eiendomsmegler 1 Hedmark Eiendom AS	3
SpareBank 1 Finans Østlandet AS	39
Other companies	-13
Consolidated pre-tax profit	319

Gross lending to customers at the end of the first half of the year, including loans transferred to the mortgage companies, totalled NOK 50.8 billion (NOK 45.8 billion). At the end of the first half of the year, loans totalling NOK 13.7 billion (NOK 11.2 billion) had been transferred to SpareBank 1 Boligkreditt AS and NOK 0.3 billion to SpareBank 1 Næringskreditt AS. The Group's 12-month lending growth, including transferred loans, was 10.9% (6.4%). The increased lending growth is primarily attributable to greater activity within the parent bank's corporate market division.

Deposits from customers at the end of the first half of the year totalled NOK 30.7 billion (NOK 27.8 billion). In the last 12 months deposits have grown by 10.5% (8.5%). New public sector customers contributed to this high growth.

Deposits as a percentage of gross loans amounted to 83.4% (80.4%).

Liabilities to financial institutions and securities issued at the end of the first half of the year totalled NOK 7.9 billion (NOK 8.8 billion). The average term to maturity of the bank's long-term funding was 4.6 years (4.5 years). The average term to maturity for all borrowing was 3.8 years (3.9 years).

Liquidity has been good throughout the first half of the year. At the end of the first half of the year, the bank could operate normally for 16 months without requiring external funding. In the opinion of the Board of Directors, the bank's liquidity risk is low.

The Group's equity at the end of the first half of the year amounted to NOK 6.3 billion (NOK 5.7 billion), which is equivalent to 13.5% (13.1%) of the balance sheet. The Group's core capital adequacy ratio was 14.7% (14.3%). The negative effect of the changed basis for consolidating the acquisition of shares in Bank 1 Oslo Akershus AS was partially compensated for by a new subordinated loan. The NOK 500 million loan was raised in June.

For a specification of the Group's results for the second quarter alone, please refer to page 10 of the half-year report.

Sparebanken Hedmark – Parent Bank

Results

The net profit for the first half of the year was NOK 258 million (NOK 247 million). Banking operations, defined as the net interest income plus other operating income minus operating costs and losses, achieved a profit of NOK 212 million. This is NOK 17 million higher than for the corresponding period last year. The accumulated net interest margin at the end of the first half of the year was 2.42%, which is 4 points lower than for the same period last year. Lending margins were 44 points higher and deposits margins 48 points lower than for the same period last year.

Net interest income

Net interest income for the first half of the year, including loans transferred to the mortgage companies, amounted to NOK 486 million (NOK 462 million). Increased lending margins and commissions from the mortgage companies made positive contributions, while smaller deposits margins and the charge for the Norwegian Banks Guarantee Fund pulled in the other direction. The parent bank's lending margin for the first half of the year was 3.08% (2.64%). The deposit margin was negative at -0.66% (-0.18%).

The interest margin for the first half of the year within the retail market was 2.35% (2.41%), while in the corporate market it was 2.52% (2.59%).

Net commissions

Net commissions amounted to NOK 181 million (NOK 124 million). Of this, commissions on loans transferred to the mortgage companies accounted for NOK 90 million (NOK 44 million). The net margin in the first half of the year for the portfolio transferred to SpareBank 1 Boligkreditt AS was 1.37 percentage points.

Net result from financial assets and liabilities

The total income from this area was NOK 94 million (NOK 110 million). Income from dividends amounted to NOK 15 million (NOK 7 million), while the net profit from ownership interests amounted to NOK 134 million (NOK 94 million). The net result from other financial assets and liabilities was negative and amounted to NOK -55 million (NOK 9 million). Decreases in the market values of the bank's securities issued and fixed-rate loans to customers accounted for NOK 41 million and NOK 30 million of this, respectively. Fixed income investments and other items made positive contributions in the first half of the year of NOK 6 million and NOK 10 million, respectively.

Operating costs

Total operating costs were NOK 344 million (NOK 327 million). Costs increased by 5.2% on the previous year. The increase in operating costs is primarily due to increased payroll costs (NOK 6 million), the higher SpareBank 1 Alliance costs (NOK 4 million), marketing (NOK 2 million), and increased amortisations (NOK 2 million). At the end of June, the parent bank had 466 full time equivalents, which is 5 full time equivalents more than a year ago. 4 of the full time equivalents were linked to the bank's acquisition of the Årnes branch of Bank 1 Oslo Akershus AS.

Operating costs represented 51.2% (50.2%) of total income.

Losses on loans and guarantees

The net loss on lending and guarantees in the first half of the year was NOK 21 million (NOK 18 million). NOK 4 million of this came from losses in the retail market and NOK 17 million from losses in the corporate market.

Lending

Gross loans to customers at the end of the first half of the year, including loans transferred to the mortgage companies, totalled NOK 46.7 billion (NOK 42.5 billion). The loans transferred to the mortgage companies amounted to NOK 13.7 billion (SpareBank 1 Boligkreditt AS) and NOK 0.3 billion (SpareBank 1 Næringskreditt AS),

respectively. The parent bank's lending growth in the last 12 months, including transferred loans, was 9.9% (5.2%).

The last 12 months have seen growth of 8.4% (8.1%) in the retail market, including loans transferred to SpareBank 1 Boligkreditt AS, and 13.6% (-1.3%) in the corporate market, including loans transferred to SpareBank 1 Næringskreditt AS. The growth within the corporate market was due to a general increase in lending activities. Several larger corporate customer commitments were also redeemed in the first half of 2012. The risk profile for the bank's granting of credit did not change in the first half of the year.

Deposits

Deposits from and liabilities to customers as per 30 June 2013 totalled NOK 30.7 billion (NOK 27.7 billion). In the last 12-month period, deposits increased by 10.4% (8.0%), split between 6.6% (7.3%) in the retail market and 17.8% (9.2%) in the corporate market. The growth in deposits within the corporate market was to a large extent due to deposits from the public sector.

Subsidiaries

The financing company SpareBank 1 Finans Østlandet AS achieved a pre-tax profit of NOK 38 million (NOK 17 million). The financing company's gross loans at the end of the first half of the year totalled NOK 4.1 billion (NOK 3.3 billion). Gross loans have increased by 21.5% in the last 12 months.

The accounting chain Consis AS posted first half year revenues of NOK 60 million (NOK 59 million) and achieved a net profit for the period of NOK 3 million (NOK 1 million).

The estate agent company Eiendomsmegler 1 Hedmark Eiendom AS posted revenues of NOK 28 million (NOK 26 million) and achieved a net profit for the period of NOK 2 million (NOK 2 million).

Part-owned companies

SpareBank 1 Gruppen AS (12% stake) achieved a consolidated net profit for the first half of the year of NOK 402 million (NOK 263 million).

In the same period, Bank 1 Oslo Akershus AS (40,5% stake) achieved a net profit of NOK 132 million (NOK 75 million). This corresponds to a return on equity of 12.2% (9.1%). At the end of the first half of the year the bank's gross lending totalled NOK 39.1 billion (NOK 32.9 billion), including loans transferred to SpareBank 1 Boligkreditt AS. The core equity capital ratio at the end of the first half of the year was 11.6% (9.4%).

Financial strength

The core equity capital ratio at the end of the first half of the year was 20.3% (15.8%).

The bank's equity of NOK 6.0 billion (NOK 5.5 billion) consists entirely of retained earnings and represents 13.1% (12.7%) of the balance sheet.

Rating

In March, Moody's marked Sparebanken Hedmark for possible downgrading. This was due to the bank's increased stake (from 12% to 40.5%) in Bank 1 Oslo Akershus AS. On 2 July, the ratings agency confirmed Sparebanken Hedmark's A2 rating and at the same time assigned the rating a stable outlook. The bank's individual rating (standalone financial strength rating) was also unchanged at C-.

Outlook for the rest of the year

Uncertainty remains concerning the financial situation in a number of European countries. In Norway, unemployment is expected to continue to be low, and activity is expected to remain at its current level. However, international developments and especially the uncertainty in Europe may affect the situation in Norway. The bank is well prepared for any setback in the Norwegian economy and has good funding, a satisfactory deposit coverage ratio, and high equity.

Hamar, 13. August 2013

Board of Directors of Sparebanken Hedmark

Statement of the Board of Directors and CEO

We confirm that the half-year financial statements for the period 1 January to 30 June 2013, to the best of our knowledge, have been prepared in accordance with IAS 34 Interim Financial Reporting, and that the disclosures in the interim report provide a true and fair view of the parent bank and the Group's assets, liabilities, financial positions and results as a whole, and give a fair summary of the information mentioned in Section 5-6 of the Securities Trading Act

Board of Directors of Sparebanken Hedmark

Hamar, 14. August 2013

Siri J. Strømmevold, Board Chair

Bjørnar Håkensmoen

Morten Herud

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Erik Garaas

Richard Heiberg
CEO

Income statement

Parent Bank			Group				
31.12.12	30.06.12	30.06.13	(NOK million)	Notes	30.06.13	30.06.12	31.12.12
1 942	982	935	Interest income		1 018	1 034	2 062
1 108	564	539	Interest expenses		539	563	1 107
834	418	396	Net interest income		479	471	955
295	134	188	Commission income		187	134	294
29	14	12	Commission expenses		21	21	44
21	4	5	Other operating income		94	90	185
287	124	181	Net commission and other income		260	203	435
7	7	18	Dividends		18	7	7
93	94	139	Net profit from ownership interests		107	54	95
-59	9	-62	Net profit from other financial assets and liabilities		-62	9	-59
41	110	94	Net income from financial assets and liabilities		63	70	43
1 162	652	671	Total net income		802	744	1 433
331	165	171	Personnel expenses		240	233	457
321	162	174	Other operating expenses		218	203	407
652	327	344	Total operating expenses before losses on loans and guarantees	4	458	436	864
510	325	327	Profit before losses on loans and guarantees		344	308	569
31	18	21	Losses on loans and guarantees	6	25	21	42
479	307	306	Profit/loss before tax		319	287	527
116	60	48	Tax charge		60	65	124
363	247	258	Results for the accounting period		259	222	403
			Majority interests		258	222	400
			Minority interests		1	0	3
363	247	258	Statement of comprehensive income according to IAS 1		259	222	403
110			Actuarial gains / losses on pensions		-14	1	118
-31			Tax effect of actuarial gains / losses on pensions		4		-35
			Share of other comprehensive income from associates and joint ventures				
79	0	0	Total items not reclassified through profit or loss		-10	1	83
21	-15	26	Change in value of financial assets available for sale		26	-15	21
-3		8	Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value		8		-3
5			Financial assets available for sale transferred to profit and loss on realisation				5
7	7		Share of other comprehensive income from associates and joint ventures				7
23	-15	33	Total items reclassified through profit or loss		33	-15	30
102	-15	33	Total profit and loss items recognised in equity		23	-14	113
465	232	291	Total profit / loss for the accounting year		282	208	516
			Majority share of comprehensive income		281	208	513
			Minority interest of comprehensive income		1		3

Balance sheet

Parent bank				Group			
31.12.12	30.06.12	30.06.13	(NOK million)	Notes	30.06.13	30.06.12	31.12.12
ASSETS							
236	608	604	Cash and deposits with central banks		604	608	236
3 496	3 283	3 812	Loans to and receivables from credit institutions		480	349	294
31 558	30 978	32 474	Loans to and receivables from customers	5, 6	36 517	34 226	35 200
5 104	5 320	4 662	Certificates, bonds and fixed-income funds		4 662	5 320	5 104
513	358	375	Financial derivatives	7	375	358	513
341	313	363	Shares, units and other equity interests		363	313	341
1 299	1 260	2 124	Investments in associates and joint ventures		2 370	1 415	1 558
340	339	599	Investments in subsidiaries				
1		1	Assets held for sale		1		1
250	253	264	Property, plant and equipment		287	275	272
126	107	122	Goodwill and other intangible assets		203	179	199
46	75	64	Deferred tax asset		56	79	43
332	255	343	Other assets	8	372	366	352
43 642	43 149	45 806	Total assets		46 290	43 488	44 113
LIABILITIES							
834	1 012	632	Deposits from and liabilities to credit institutions		631	1 010	833
28 168	27 791	30 686	Deposits from and liabilities to customers	9	30 677	27 760	28 137
8 038	7 833	7 259	Liabilities arising from issuance of securities	10	7 259	7 833	8 038
193	147	205	Financial derivatives	7	205	147	193
114	140	180	Current tax liabilities		192	144	117
574	733	347	Other debt and liabilities recognised in the balance sheet	11	523	909	751
		498	Subordinated loan capital	10	498		
37 921	37 656	39 808	Total liabilities		39 985	37 803	38 069
EQUITY CAPITAL							
5 569	5 117	5 563	Primary capital		5 563	5 128	5 569
83	87	76	Endowment fund		76	87	83
69	31	102	Fund for unrealised gains		102	31	69
			Other equity		281	192	299
	258	258	Results for the accounting year		258	222	
			Minority interests		25	25	24
5 721	5 493	5 999	Total equity capital		6 305	5 685	6 044
43 642	43 149	45 806	Total liabilities and equity capital		46 290	43 488	44 113

Change 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	247			247
Actuarial gains / losses on pensions				0
Change in value of financial assets available for sale			-15	-15
Donations distributed from profit 2011	-6			-6
Grants from endowment fund in 2012		-6		-6
Equity at 30 June 2012	5 375	87	31	5 493
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	258			258
Actuarial gains / losses on pensions				0
Change in value of financial assets available for sale			33	33
Donations distributed from profit 2012	-6			-6
Grants from endowment fund in 2013		-7		-7
Equity at 30 June 2013	5 821	76	102	5 999

Group

(NOK million)	Earned equity					Total equity capital
	Primary capital	Endowment fund	Fund for unrealised gains	Other equity capital	Minority interests	
Equity at 1 January 2012	5 133	93	46	262	0	5 534
OB correction: Correction of previous years' errors				-2		-11
Adjusted equity at 1 January 2012	5 133	93	46	260	0	5 523
Results for the accounting year	247			-25		222
Actuarial gains / losses on pensions				1		1
Change in value of financial assets available for sale			-15			-15
Change in the group composition				-25	25	0
Adjusted equity associates				-35		-35
Donations distributed from profit 2011	-6					-6
Grants from endowment fund in 2012		-6				-6
Equity at 30 June 2012	5 375	87	31	176	25	5 685
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
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				-6		-6
Adjusted equity at 1 January 2013	5 569	83	69	293	24	6 038
Results for the accounting year	258				1	259
Actuarial gains / losses on pensions				-10		-10
Change in value of financial assets available for sale			33			33
Adjusted equity associates				-2		-2
Donations distributed from profit 2012	-6					-6
Grants from endowment fund in 2013		-7				-7
Equity at 30 June 2013	5 821	76	102	281	25	6 305

Results from the quarterly accounts

(Isolated figures in NOK million)

Group

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2013	2013	2012	2012	2012	2012	2011	2011	2011
Interest income	520	498	513	515	510	524	542	518	497
Interest expenses	268	271	271	273	280	283	296	274	253
Net interest income	252	227	242	242	230	241	246	244	244
Commission income	99	88	85	75	73	61	55	55	53
Commission expenses	10	11	11	12	10	11	11	12	10
Other operating income	48	46	44	51	45	45	66	18	16
Net commission and other income	137	123	118	114	108	95	110	61	59
Dividends	18				7			2	20
Net profit from ownership interests	53	54	-5	46	10	44	30	5	17
Net profit from other financial assets and liabilities	26	-88	-21	-47	38	-29	-2	66	4
Net income from financial assets and liabilities	97	-34	-26	-1	55	15	28	73	41
Total net income	486	316	334	355	393	351	384	378	344
Personnel expenses	115	125	110	114	112	121	152	106	93
Other operating expenses	112	106	113	91	101	102	124	80	91
Total operating expenses before losses on loans and guarantees	227	231	223	205	213	223	276	186	184
Profit before losses on loans and guarantees	259	85	111	150	180	128	108	192	160
Losses on loans and guarantees	22	3	23	-2	23	-2	26	12	22
Profit/loss before tax	237	82	88	152	157	130	82	180	138
Tax charge	51	9	29	30	40	25	16	59	22
Results for the accounting period	186	73	59	122	117	105	66	121	116

Cash flow statement

Parent bank				Group		
31.12.12	30.06.12	30.06.13	(NOK million)	30.06.13	30.06.12	31.12.12
12 800	7 037	6 131	This year's downpayment on repayment loans etc. to customers	6 977	7 661	14 129
			Change in advance rent leasing	14	4	16
-11 569	-6 050	-5 423	Newly discounted repayment loans etc. to customers for the year	-6 679	-6 974	-13 599
210	92	-2	Change in balances of foreign currency lending	-2	92	210
-1 757	-574	-1 635	Change in balances of credits	-1 635	-574	-1 757
1 533	777	752	Interest and commission income on lending	877	884	1 757
3	1	1	Included in previous years' realised losses on lending	2	2	6
			Net cash flow relating to bankruptcies			
-1			Net cash flow from assets held for sale		-1	-1
1 219	1 283	-176	Cash flow from lending operations (A)	-447	1 095	761
2 288	1 349	1 431	Change in balances of deposits from customers at call	1 450	1 354	2 291
-164	108	793	Change in balances of deposits from customers with agreed maturity dates	793	108	-164
-783	-95	-112	Interest payments to customers	-108	-93	-778
1 341	1 362	2 113	Cash flow from deposit operations (B)	2 135	1 369	1 348
187	-76	410	Net cash flow from securities held short term	410	-76	187
-67	-67	67	Cash flow linked to exchange rate gains / losses on securities held short term	67	-67	-67
145	55	44	Interest received on bonds and certificates	44	55	145
			Share dividends received from securities held short term			
265	-88	520	Cash flow from investments in securities (C)	520	-88	265
-269	22	-316	Change in receivables from credit institutions with agreed maturity dates	-187	309	287
114	60	46	Interest received on deposits in credit institutions	46	60	114
-155	82	-270	Cash flow from deposits in credit institutions (D)	-141	369	401
408	174	246	Other income	336	254	578
-795	-319	-368	Operating expenses payable	-492	-426	-1 029
-56	-147	-137	Tax payments	-140	-153	-58
-16	-11	-13	Donations	-13	-11	-16
-30	-30		Group contributions			
-67	-45	30	Net cash flow from change in other assets	14	-44	28
-28	-58	-53	Net cash flow from change in accruals	-110	-118	-158
112	266	-80	Net cash flow from change in other liabilities	-80	271	130
-472	-170	-375	Remaining cash flow from current operations (E)	-485	-227	-525
2 198	2 469	1 811	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	1 583	2 518	2 251
-2 160	-1 983	-202	Change in deposits from credit institutions	-194	-1 984	-2 163
1 383	1 382	1 098	Receipts arising from issuance of securities	1 098	1 382	1 383
-579	-578	-973	Payments arising from redemption of securities issued	-973	-578	-579
-601	-569	-344	Buy-back of own securities	-344	-569	-601
-271	-125	-91	Interest payments on financing	-91	-125	-272
-2 228	-1 873	-512	Cash flow from financing activities (G)	-504	-1 874	-2 230
-55	-15	-50	Investments in fixed assets and intangible assets	-54	-17	-62
21		24	Sales of fixed assets and intangible assets at sales price	24		21
-215	-177	-1 068	Purchase of long-term securities	-808	-177	-215
9		18	Sale of long-term securities	18	0	9
108	108	139	Share dividends from securities held long term	112	75	75
-132	-84	-937	Cash flow from investments (H)	-707	-119	-171
16	18	3	Liquidity effect of acquisition and sale of ownership interests (I)	-5	8	4
-146	530	366	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I)	366	530	-146
407	407	261	Cash and cash equivalents at 1 January	261	407	407
261	937	627	Cash and cash equivalents at 30 June	627	937	261
			Cash and cash equivalents at 31 December comprise:			
236	608	604	Cash and deposits with central banks	604	608	236
25	329	23	Deposits etc. at call with banks	23	329	25
261	937	627	Cash and cash equivalents at 30 June	627	937	261

Notes to the accounts

Note 1: Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.04-30.06.2013. 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 financial statements 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 01.01.2013 sold its stake in Consis AS to Conecto AS. Conecto AS is a wholly owned company of Sparebank 1 Gruppen and is owned indirectly 12 percent of Sparebanken Hedmark still.

Sparebanken Hedmark increased its stake from 12 per cent to 40.5 per cent in Sparebank 1 Oslo Akershus AS for the acquisition of shares from the other shareholders in the bank. The transaction was completed with effect from 02.01.2013

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

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	30.06.2013							Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	Consis	Other		
Net interest income	194	157	84		-1	45	479	
-of which internal items			-43		-1	44		
Net commission and other income	148	30	-9	28	61	2	260	
-of which internal items			-1			1		
Net return on financial investments						63	63	
Operating expenses*	125	51	32	26	57	167	458	
Profit before losses by segment:	217	136	43	2	3	-57	344	
Losses on loans and guarantees	9	11	5				25	
Profit / loss per segment	208	125	38	2	3	-57	319	
Balance sheet								
Lending to customers	18 483	13 705	4 096			488	36 772	
-of which internal items								
Individual loan write-downs	-42	-88	-15				-145	
Collective loan write-downs	-28	-70	-12				-110	
Other assets	107	53	-15	26	95	9 507	9 773	
Total assets per segment	18 520	13 600	4 054	26	95	9 995	46 290	
Deposits from and liabilities to customers	19 148	11 197				332	30 677	
-of which internal items		-2		2	3	-3		
Other liabilities and equity	-628	2 403	4 054	26	95	9 663	15 613	
Total equity and liabilities per segment	18 520	13 600	4 054	26	95	9 995	46 290	

Income statement	30.06.2012							Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Hedmark Eiendom	Consis	Other		
Net interest income		200	131	54		-1	87	471
-of which internal items				-54			54	
Net commission and other income		95	26	-7	26	60	3	203
-of which internal items				-1	-1		2	
Net return on financial investments							70	70
Operating expenses*		124	42	28	24	58	160	436
Profit before losses by segment:		171	115	19	2	1	0	308
Losses on loans and guarantees			19	2				21
Profit / loss per segment		171	96	17	2	1	0	287
Balance sheet								
Lending to customers		18 359	12 208	3 297			678	34 542
-of which internal items						-35	35	
Individual loan write-downs		-43	-149	-13				-205
Collective loan write-downs		-29	-73	-9				-111
Other assets		117	1	73	29	106	8 936	9 262
Total assets per segment		18 404	11 987	3 348	29	106	9 614	43 488
Deposits from and liabilities to customers		17 980	9 490				290	27 760
-of which internal items			-11		11	22	-22	
Other liabilities and equity		424	2 497	3 348	29	106	9 324	15 728
Total equity and liabilities per segment		18 404	11 987	3 348	29	105	9 614	43 488

31.12.2012

	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- Megler1 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	4	8 763	15 976
Total equity and liabilities per segment	18 561	12 650	3 679	29	94	4	9 096	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	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
331	165	171	Total personnel expenses	241	233	457
229	115	121	Administration expenses	142	133	271
29	14	16	Depreciation	19	18	36
9	5	6	Rent	14	11	26
20	8	9	Wealth tax	9	8	20
34	20	22	Other operating expenses	33	33	54
652	327	344	Total operating expenses	458	436	864

Note 5: Loans to and receivables from customers

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
			Loans by type of receivable			
			Financial leasing	1 897	1 404	1 682
5 360	4 302	6 591	Overdraft facilities and operating credits	6 591	4 302	5 360
900	813	1 296	Building loans	1 296	813	900
25 434	26 061	24 712	Repayment loans	26 861	27 906	27 395
95	96	103	Accrued interest	127	117	118
31 790	31 272	32 702	Gross loans to and receivables from customers	36 772	34 542	35 455
232	294	227	Write-downs	255	316	255
31 558	30 978	32 474	Loans to and receivables from customers	36 517	34 226	35 200
			Loans by type of market			
19 065	18 952	19 074	Private customers	20 958	22 199	20 773
12 949	12 318	13 623	Corporate	15 679	12 235	14 569
2	1	4	Public sector	134	108	113
31 790	31 272	32 702	Gross loans to and receivables from customers	36 772	34 542	35 455
232	294	227	Write-downs	255	316	255
31 558	30 978	32 474	Loans to and receivables from customers	36 517	34 226	35 200

Parent bank				Group		
31.12.12	30.06.12	30.06.13	Total commitments by sector and industry	30.06.13	30.06.12	31.12.12
20 870	20 612	21 182	Private customers	23 086	22 199	22 586
140	1	175	Public sector	176	108	252
3 414	3 445	3 538	Primary industries	3 728	3 610	3 589
319	346	316	Paper and pulp industries	334	363	336
571	636	609	Other industry	758	753	708
1 202	1 180	1 523	Building and construction	1 931	1 499	1 574
170	126	198	Power and water supply	297	203	244
1 063	1 045	1 091	Wholesale and retail trade	1 358	1 326	1 335
186	192	175	Hotel and restaurants	181	197	191
6 060	5 568	6 702	Real estate	6 740	5 602	6 096
1 807	1 786	1 824	Commercial services	2 144	2 037	2 145
271	262	270	Transport and communications	785	572	695
17	118	21	Other	81	118	17
36 090	35 318	37 624	Total commitments by sector and industry	41 599	38 588	39 768

Parent bank				Group		
31.12.12	30.06.12	30.06.13	Total gross loans by sector and industry	30.06.13	30.06.12	31.12.12
19 065	18 952	19 074	Private customers	20 958	22 199	20 773
2	1	4	Public sector	134	108	113
3 044	3 012	3 063	Primary industries	3 253	3 177	3 218
267	288	273	Paper and pulp industries	291	305	284
437	433	439	Other industry	586	550	573
787	793	920	Building and construction	1 326	1 112	1 158
148	87	159	Power and water supply	256	164	222
736	726	781	Wholesale and retail trade	1 046	1 007	1 008
181	176	158	Hotel and restaurants	164	181	186
5 454	5 082	6 172	Real estate	6 210	5 116	5 490
1 453	1 519	1 442	Commercial services	1 760	1 770	1 791
201	202	198	Transport and communications	709	512	624
16		18	Other	78		16
31 790	31 272	32 702	Total gross loans by sector and industry	36 772	36 202	35 455

Parent bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
			Total individual write-downs by sector and industry			
46	46	44	Private customers	49	53	52
4	4	4	Primary industries	5	7	7
1	7	1	Paper and pulp industries	1	7	1
4	4	4	Other industry	4	5	4
10	11	12	Building and construction	19	12	10
			Power and water supply	0		
18	19	19	Wholesale and retail trade	19	19	19
10	10	1	Hotel and restaurants	1	10	10
26	71	30	Real estate	30	71	26
15	17	15	Commercial services	15	18	16
1	2	1	Transport and communications	3	3	1
134	192	130	Total individual write-downs by sector and industry	145	205	146

Note 6: Losses on loans and guarantees

Parent Bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
-70	-14	-3	Change in individual write-downs in the period	-1	-14	-70
-5	0	0	Change in collective write-downs in the period	1	0	-3
90	26	15	Realised losses on commitments previously written down	16	28	101
19	9	10	Realised losses on commitments not previously written down	11	9	20
3	1	1	Recoveries on loans and guarantees previously written down	2	2	6
31	20	21	Total losses on loans and guarantees	25	21	42

Parent Bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
216	216	138	Individual write-downs to cover losses on loans and guarantees at 1 January	151	228	228
			Realised losses in the period on loans and guarantees previously written down individually	16	28	100
90	26	15	Reversal of write-downs in previous years	7	33	56
49	30	7	Increase in write-downs on commitments previously written down individually	4	27	37
37	27	3	Write-downs on commitments not previously written down individually			
24	11	14		18	17	41
138	198	134	Individual write-downs to cover losses on loans and guarantees at the end of period *)	149	211	150

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

Parent Bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
102	102	98	Collective write-downs to cover losses on loans and guarantees at 1 January	109	112	112
-4	0	0	Collective write-downs to cover losses on loans and guarantees in the period	1	-1	-3
98	102	98	Collective write-downs to cover losses on loans and guarantees	110	111	109

Parent Bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
382	392	391	Defaulted commitments	482	473	459
270	303	171	Other doubtful commitments	171	305	270
652	696	562	Total defaulted and doubtful commitments	653	778	729
138	198	134	Individual write-downs on loans and guarantees	149	211	150
514	498	428	Net defaulted and doubtful commitments	504	567	578

Note 7: Financial derivatives

Parent Bank and Group

At fair market value through p & l account

30.06.2013

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	1 525	22	21
Currency swap contracts	2 189	6	22
Total foreign exchange instruments	3 714	28	43
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 082	330	163
Other interest rate contracts	150	16	
Total interest rate instruments	9 232	345	163
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	1	0
Total curr.- and int. rate instruments			
Total currency instruments	3 714	28	43
Total interest rate instruments	9 232	345	163
Total other financial derivatives	66	1	0
Total	13 012	375	205

At fair market value through p & l account

30.06.2012

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	1 047	13	9
Currency swap contracts	2 571	11	5
Total foreign exchange instruments	3 617	24	14
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 565	312	132
Other interest rate contracts	430	22	
Total interest rate instruments	9 995	334	132
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	1
Total curr. and int. rate instruments			
Total currency instruments	3 617	24	14
Total interest rate instruments	9 995	334	132
Total other financial instruments	66	0	1
Total	13 678	358	147

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	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
28	28	28	Capital payments into pension fund	28	28	28
161	116	209	Accrued income, not yet received	210	122	161
32	25	27	Prepaid costs, not yet incurred	27	25	32
111	86	79	Other assets	107	191	131
332	255	343	Other assets	372	366	352

Note 9: Deposits from and liabilities to customers

Parent Bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
18 133	18 233	19 424	Private customers	19 424	18 233	18 133
2 843	3 152	4	Public sector	4	3 152	2 843
796	852	879	Primary industries	879	852	796
119	113	111	Paper and pulp industries	111	113	119
405	317	314	Other industry	314	317	405
598	439	513	Building and construction	513	439	598
116	174	268	Power and water supply	268	174	116
720	654	663	Wholesale and retail trade	663	654	720
89	83	80	Hotel and restaurants	80	83	89
1 536	1 384	1 424	Real estate	1 424	1 384	1 536
2 604	2 192	6 790	Commercial services	6 781	2 161	2 573
203	190	212	Transport and communications	212	190	203
7	7	4	Other operations	4	7	7
28 168	27 791	30 686	Total deposits by sector and industry	30 677	27 760	28 137

Note 10: Securities-related debt

Parent Bank and Group

Changes in liabilities from issuance of securities	30.06.13	Issued	Due / redeemed	Other changes	31.12.12
Certificate-based debt, nominal value	300	300	-300		300
Bond debt, nominal value	6 629	300	-850	-167	7 346
Perpetual additional Tier 2 capital, nominal value	500	500			0
Accrued interest	110			-73	183
Adjustments	218			9	209
Total debt raised through issuance of securities, fair value	7 757	1 100	-1 150	-231	8 038

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

Changes in liabilities from issuance of securities	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	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
249	406	238	Pension liabilities	247	429	261
4	6	4	Guarantee provisions	4	6	4
9	8	6	Banker's drafts	6	8	9
42	46	30	Accounts payable	36	53	48
270	267	69	Other	230	413	429
574	733	347	Total other debt and liabilities recognised in the balance sheet	523	909	751

Note 12: Capital adequacy

Parent Bank				Group		
31.12.12	30.06.12	30.06.13		30.06.13	30.06.12	31.12.12
5 569	5 128	5 563	Primary capital	5 563	5 128	5 569
83	87	76	Endowment fund	76	87	83
69	31	102	Revaluation fund / equalisation reserve	102	31	69
	247	258	Results for the accounting period	259	222	299
			Other equity	280	192	
			Minority interests	25	25	24
5 721	5 493	5 999	Total equity carried	6 305	5 685	6 044
			Tier 1 capital			
	-247	-129	Results for the accounting year not included	-130	-222	
	-106		Unrealised value change due to reduced / increased value of liabilities		-106	
-171	-182	-186	Deferred tax, goodwill and other intangible assets	-275	-257	-242
-69	-31	-102	Net unrealised gains on shares available for sale	-104	-31	-69
-167	-127	-167	Deduction for expected losses on IRB, net of write-downs	-104	-127	-167
-1 129	-1 139	-515	Deduction for subordinated capital in other financial institutions	-51	-458	-487
			Deduction in capital adequacy reserve	-1 013	-689	-925
			Additional Tier 1 capital	61		
4 185	3 661	4 900	Total tier 1 capital	4 689	3 579	4 154
			Supplementary capital			
31	14	46	45 per cent of unrealised gain on shares classified as available for sale	46	14	31
		500	Perpetual additional Tier 2 capital	500		
			Non-perpetual additional Tier 2 capital	81		
		-31	Deduction for expected losses on IRB, net of write-downs	-105		
-31	-14	-515	Deduction for subordinated capital in other financial institutions	-51	-14	-31
			Deduction in capital adequacy reserve	-471		
0	0	0	Total supplementary capital	0	0	0
4 185	3 661	4 900	Net subordinated capital	4 689	3 579	4 154
5 775	5 016	6 150	Involvement with specialized enterprises	8 358	5 016	5 775
5 063	5 235	5 121	Other corporate exposures	5 847	5 235	5 063
363	313	449	SME exposure	463	313	363
2 456	2 424	2 550	Retail mortgage exposure	3 463	2 424	2 456
479	535	616	Other retail exposure	700	535	479
2 604		1 747	Equity investments	1 905		2 436
16 739	13 522	16 632	Risk-weighted assets credit risk IRB	20 737	13 522	16 571
4 797	5 906	6 326	Exposures calculated using the standardised approach	8 543	7 933	6 927
			Market risk	582		
	2 674	151	Transitional arrangements	545	2 317	
2 286	2 286	2 031	Operational risk	3 175	2 491	2 491
-1 160	-1 153	-1 030	Deductions	-1 598	-1 170	-1 467
22 662	23 236	24 108	Risk-weighted assets	31 984	25 093	24 522
			Capital adequacy ratio			
18,5 %	15,8 %	20,3 %	Capital adequacy ratio	14,7 %	14,3 %	16,9 %
18,5 %	15,8 %	20,3 %	Tier 1 ratio	14,7 %	14,3 %	16,9 %
18,5 %	17,8 %	20,5 %	Capital adequacy ratio before transitional arrangements	14,9 %	15,7 %	16,9 %

Sparebanken Hedmark had limited audit per 30.06.2013. Given this is part of the financial statements included in the capital adequacy calculation.

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)
30.06.13	Derivatives	45
31.12.12	Derivatives	54
30.06.12	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.
Shares held for sale are not included in the table.

Per 30.06.2013

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Derivatives		374	1	375
- Bonds and certificates		4 611		4 611
- Fixed-rate loans		1 982		1 982
- Loans with interest-rate guarantees			3	3
Financial assets available for sale				
- Equity instruments	85	13	265	363
Total assets	85	6 979	269	7 333
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
- Derivatives		205		205
- Securities issued		7 757		7 757
- Fixed-rate deposits		160		160
- Term deposits			51	51
Total liabilities	0	8 123	51	8 173

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		5 053		5 053
- Fixed-rate loans		1 809		1 809
- 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	Deriva- tives	Market- linked certificates of deposit (BMA)	Sum
31.12.12-30.06.13					
Opening balance	4	246	11	-206	54
Investments in the period		1		-50	-49
Sales / redemption in the period	-1		-11	205	193
Gains / losses recognised through profit and loss	0	-8	1	1	-5
Gains / losses recognised directly against comprehensive income		26			26
Closing balance	3	265	1	-51	218
Gains / losses for the period included in the profit for assets owned on the balance sheet day	0	-8	1	0	-6

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.

Note 15: Events after the balance sheet date

SpareBank 1 Markets, which had SpareBank 1 Gruppen AS as main shareholder (98 %), will with planned effect from the third quarter of 2013 have new ownership structure.

SpareBank 1 Gruppen AS sells its shares for 145 million. SpareBank 1 Markets will be directly owned by Sparebank 1 SMN (24%), Sparebank 1 Nord-Norway (24%), Cooperative Savings (24%), Sparebanken Hedmark (15%), LO (12%) and employees (2%).



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