

HALF-YEAR REPORT

2014

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First half year 2014

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Main figures

Result summary (NOK mill and % of average assets)	First half-year 2014		First half-year 2013		31.12.13	
	Beløp	%	Beløp	%	Beløp	%
Net interest income	499	2,02 %	479	2,15 %	1 008	2,21 %
Net commissions and other (non-interest) income	351	1,42 %	260	1,17 %	559	1,22 %
Net income from financial investments	170	0,69 %	63	0,28 %	263	0,58 %
Total income	1 020	4,14 %	802	3,60 %	1 830	4,01 %
Total operating expenses before losses on loans and guarantees	481	1,95 %	458	2,05 %	916	2,01 %
Profit before losses on loans and guarantees	539	2,18 %	344	1,54 %	914	2,00 %
Losses on loans and guarantees	33	0,13 %	25	0,11 %	72	0,16 %
Profit/loss before tax	506	2,05 %	319	1,43 %	842	1,84 %
Tax charge	83	0,34 %	60	0,27 %	147	0,32 %
Results for the accounting period	424	1,71 %	259	1,16 %	694	1,52 %
Minority interests	2	0,01 %	1	0,00 %	-10	-0,02 %
Profitability						
Return on equity capital before tax		14,7 %		10,4 %		13,3 %
Return on equity capital after tax		12,3 %		8,5 %		11,0 %
Return on equity capital of total result after tax		14,9 %		9,2 %		11,0 %
Total operating costs in relation to total income		47,1 %		57,1 %		50,1 %
Total operating costs in relation to total income excl. income from financial investments		56,6 %		62,0 %		58,5 %
From the Balance Sheet						
Gross loans to customers	38 256		36 772		37 180	
Gross loans to customers including loans transferred to covered bond companies*	53 916		50 761		52 361	
Deposits from customers	32 042		30 677		30 097	
Deposits from customers in relation to gross loans to customers		83,8 %		83,4 %		80,9 %
Lending growth during the last 12 months		4,0 %		6,5 %		4,9 %
Lending growth in last 12 months including loans transferred to covered bond companies*		6,2 %		10,9 %		8,9 %
Deposit growth during the last 12 months		4,4 %		10,5 %		7,0 %
Assets	50 195		46 290		47 397	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,2 %		0,1 %		0,2 %
Commitments in default as a percentage of total commitments		0,8 %		1,2 %		0,8 %
Commitments in default as a percentage of total commitments including loans transferred to covered bond companies*		0,6 %		0,9 %		0,6 %
Other bad and doubtful commitments as a percentage of total commitments		0,6 %		0,4 %		0,6 %
Other bad and doubtful commitments as a percentage of total commitments including loans transferred to covered bond companies*		0,5 %		0,3 %		0,5 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments		1,1 %		1,2 %		1,1 %
Financial strength						
Capital adequacy ratio		14,4 %		14,7 %		16,4 %
Tier 1 ratio		14,0 %		14,5 %		16,2 %
Capital adequacy ratio before transitional arrangements		14,4 %		14,9 %		16,4 %
Net core capital	5 123		4 689		5 083	
Equity ratio		14,4 %		13,6 %		14,2 %

* Covered bond companies used are SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

Half-year report

First half year 2014

Summary

The Sparebanken Hedmark Group posted a profit after tax for the first half of the year of NOK 424 (259) million (last year's figure in brackets). The return on equity was 12.3 (8.5) per cent. The earnings improvement is attributed to better results from partly-owned companies, improved banking operations, lower financial item costs and a positive development for subsidiaries.

The Group's equity was NOK 7.2 (6.3) billion, which is equivalent to 14.4 (13.6) per cent of the unweighted balance sheet. The core equity tier 1 ratio was 14.0 (14.5) per cent.

The Group posted a net interest income for the first half of

the year of 2.02 (2.15) per cent of average total assets, while operating costs as a percentage of income were 47.1 (57.1) per cent. The twelve-month growth in lending and deposits was 6.2 (10.9) per cent and 4.4 (10.5) per cent, respectively. At the end of the first half of the year, the deposit-to-loan ratio was 83.8 (83.4) per cent.

The Parent Bank's profit for the first half of the year was NOK 297 (258) million after tax.

The Group's profit for the second quarter of 2014 in isolation was NOK 197 (186) million after tax.

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 SpareBank 1 Regnskapshuset Østlandet AS with an ownership interest of 60 per cent.

The Bank owns 40.5 per cent of Bank 1 Oslo Akershus AS, 11 per cent of SpareBank 1 Gruppen AS, 16.6 per cent of SpareBank 1 Markets AS and 8 per cent of SpareBank 1 Kredittkort AS, as well as 9.4 per cent of SpareBank 1 Boligkreditt AS and 4.1 per cent 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.

Specification of the consolidated profit after tax in NOK million:

Parent Bank's profit after tax	297
Dividends received from subsidiaries/associates	- 134
Profit/loss attributable to:	
SpareBank 1 Gruppen AS	85
Bank 1 Oslo Akershus AS	119
SpareBank 1 Boligkreditt and Næringskreditt AS	8
EiendomsMegler 1 Hedmark Eiendom AS	6
SpareBank 1 Finans Østlandet AS	37
SpareBank 1 Regnskapshuset Østlandet AS	5
Other subsidiaries/associates	1
Consolidated profit after tax	424

The Group's return on equity after tax was 12.3 (8.5) per cent for the first half of the year.

Interest and other income

Net interest income for the first half of the year was NOK 499 (479) million. Total net interest income, including commissions from loans transferred to the mortgage companies (recognised as commission income), amounted to NOK 622 (569) million. This represents an increase of 9.3 (10.5) per cent compared with the first half of 2013.

In connection with the establishment of SpareBank 1 Kredittkort AS, the Bank sold its credit card portfolio totalling NOK 306 million to this company. Previously the return on the Bank's credit card portfolio was included in net interest income. After the sale, net interest income from the credit card portfolio is recognised as commission income, based on the same principle as loans transferred to a mortgage company. This change has a negative impact on the

Bank's reported interest margin.

The Group's lending margin for the first half of the year, including transferred loans, was 3.03 (2.97) per cent. The deposit margin was minus 0.62 (-0.66) per cent. In the first half of the year, the Group's interest margin was 2.41 (2.31) per cent.

Net commission and other income increased from NOK 260 million for the first half of last year to NOK 351 million for the first half of this year. Of the increase of NOK 76 million in commission income, higher commissions from loans transferred to the mortgage companies accounted for NOK 33 million, a gain on the sale of the credit portfolio accounted for NOK 25 million and commissions from the credit portfolio accounted for NOK 15 million. Of the increase in other income of NOK 19 million, the higher revenue from the accounting- and real estate brokerage business accounted for NOK 18 million.

Net income from financial assets and liabilities

Net result from financial assets and liabilities was NOK 170 (63) million for the first half of the year. This consisted of profit from ownership interests of NOK 195 (107) million, dividends of NOK 12 (18) million and a result from other financial items of minus NOK 37 (-62) million.

Of the profit from ownership interests, the profit attributable to Bank 1 Oslo Akershus AS accounted for NOK 119 (53) million. In the second quarter of 2013, Sparebanken Hedmark increased its ownership interest in Bank 1 Oslo Akershus AS from 12 to 40.5 per cent. The profit attributable to SpareBank 1 Gruppen AS totalled NOK 85 (47) million.

The result from other financial assets and liabilities was minus NOK 37 (-62) million, and this is attributed primarily to market value fluctuations. The Bank's securities debt, fixed-income investments and fixed-rate products to customers are assessed at fair value through profit and loss pursuant to IAS 39, and changes in the market value are recognised in profit and loss. The total net market value fluctuations for fixed-income securities amounted to minus NOK 51 (-39) million, while value fluctuations for fixed-rate loans was NOK 4 (-29) million.

In the first quarter, a contract was entered into to sell the company's ownership interests in the payment transfer company Nets Holding ASA. The transaction was completed early in the third quarter. The Bank's ownership interest is classified as "financial assets available for sale" in accordance with IAS 39, and the unrealised gain or loss in relation to the market value is recognised in other comprehensive income pursuant to IAS 1. Income from the sale of shares totalled

NOK 271 million. Since settlement took place in the third quarter, the sales gain of NOK 158 million will not be reclassified from equity to profit under "net profit from other financial assets and liabilities" until the third quarter.

Costs, losses and problem loans

The Group's operating costs for the first half of the year amounted to NOK 481 (458) million. This represents an increase of 5.2 (5.0) per cent, compared with the corresponding period last year. As a percentage of the total income, the operating costs were 47 (57) per cent in the first half of the year.

Losses remain low and amounted to NOK 33 (25) million for the first half of the year. Non-performing loans accounted for 0.8 (1.2) per cent of gross commitments on the Bank's own balance sheet, while other impaired commitments accounted for 0.6 (0.4) per cent of gross commitments. Overall, the Group's problem loans accounted for 1.4 (1.6) per cent of the Bank's gross commitments on its own balance sheet at the end of the first half of the year.

Assets and financing

Gross lending to customers at the end of the first half of the year, including loans transferred to the mortgage companies, totalled NOK 53.9 (50.8) billion. At the end of the first half of the year, loans totalling NOK 15.0 (13.7) billion had been transferred to SpareBank 1 Boligkreditt AS and loans totalling NOK 0.7 (0.3) billion has been transferred to SpareBank 1 Næringskreditt AS. The Group's twelve-month lending growth, including transferred loans, was 6.2 (10.9) per cent.

Deposits from customers at the end of the first half of the year totalled NOK 32 (30.7) billion. Growth in deposits over the past twelve months was 4.4 (10.5) per cent.

Sparebanken Hedmark – Parent bank

Results

The profit after tax for the first half of the year was NOK 297 (258) million. The banking operations, defined as net interest income plus other operating income minus operating costs and losses, posted a profit of NOK 244 (212) million, which corresponds to an improvement of 15 per cent. The accumulated interest margin after six months was 2.48 (2.42) per cent. The lending margin was 3.10 (3.08) and the deposit margin was minus 0.62 (-0.66) percentage points.

Net interest income

Net interest income for the first half of the year, including loans transferred to the mortgage companies, amounted to NOK 524 (486) million. The improvement is attributed primarily to volume growth, higher lending margins and increased commissions from the mortgage companies, as well as somewhat falling deposit rates.

The interest margin for the first half of the year within the retail market was 2.36 (2.35) per cent, while in the corporate market it was 2.69 (2.52) per cent.

In general, the lending margins have fallen since the beginning of the year, but better deposit margins have compensated for this to a great extent.

Net commission income

Net commission income was NOK 254 (181) million. Of this, commissions on loans transferred to the mortgage companies accounted for NOK 123 (90) million. The net margin for the portfolio transferred to SpareBank 1 Boligkreditt AS was 1.61 (1.37) percentage points for the first half of the year.

Deposits represented 83.8 (83.4) per cent of gross lending.

Liabilities to financial institutions and securities issued at the end of the first half of the year totalled NOK 9.1 billion (7.9) billion. The average term to maturity of the bank's long-term funding was 4.3 (4.6) years. The average term to maturity for all borrowing was 4.0 (3.8) 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 18 (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 7.2 (6.3) billion, which is equivalent to 14.4 (13.6) per cent of the balance sheet. The Group's core equity tier 1 ratio was 14.0 (14.5) per cent. The capital adequacy ratio was 14.4 (14.7) per cent.

For a specification of the Group's results for the second quarter in isolation, reference is made to refer to page 12 of the half-year report.

Rating

Sparebanken Hedmark is rated by Moody's as A2 (long-term senior debt and deposit rating). The Bank's individual rating (standalone financial strength rating) is C-. In May, Moody's changed Sparebanken Hedmark's rating from A2, Stable Outlook to A2, Negative Outlook. The reason for this was the EU's adoption of the Bank Recovery and Resolution Directive, the so-called "bail-in". This change applied to all of the savings banks in Norway.

Net income from financial assets and liabilities

Income from this area was NOK 93 (94) million. Income from dividends amounted to NOK 12 (18) million, while the net profit from ownership interests amounted to NOK 118 (139) million. This was primarily dividends from wholly owned companies and alliance companies. The net profit from other financial assets and liabilities was minus NOK 37 (-62) million.

Operating costs

Total operating costs were NOK 359 (344) million. Costs increased by 4.3 (5.2) per cent compared with the previous year. Personnel expenses increased by NOK 15 million and IT expenses increased by NOK 5 million. At the end of June the Parent Bank had 463 (466) full-time equivalents.

The operating costs represented 48 (51) per cent of total income.

Losses on loans and guarantees

The net loss on lending and guarantees was NOK 27 (21) million for the first half of the year. NOK 3 (4) million of the losses were in the retail market, while NOK 23 (17) million of the losses were in the corporate market.

Lending

Gross lending to customers, including loans transferred to the mortgage companies, totalled NOK 49.5 (46.7) billion as at 30 June 2014. The Parent Bank's lending growth for the last twelve months, including loans transferred to the mortgage companies, was 6.0 (9.9) per cent.

Growth, including transferred loans, was 6.1 (8.4) per cent in the retail market and 5.7 (13.6) per cent in the corporate

market. The risk profile for the Bank's granting of credit has not changed in the first half of the year.

Deposits

Deposits from and liabilities to customers as at 30 June 2014 totalled NOK 32.1 (30.7) billion. In the last twelve-month period, deposits increased by 4.5 (10.4) per cent, divided between 3.0 (6.6) per cent in the retail market and 6.9 (17.8) per cent in the corporate market.

Subsidiaries

The financing company SpareBank 1 Finans Østlandet AS posted a profit after tax of NOK 37 (27) million. The financing company's gross loans at the end of the first half of the year totalled NOK 4.5 (4.1) billion. Gross lending growth over the past twelve months was 10.8 (21.5) per cent.

SpareBank 1 Regnskapshuset Østlandet AS posted revenues of NOK 72 (60) million for the first half of the year and achieved a profit after tax of NOK 5 (3) million.

The real estate brokerage company EiendomsMegler 1 Hedmark Eiendom AS posted revenues of NOK 36 (28) million and achieved a profit after tax of NOK 6 (2) million.

Partly-owned companies

SpareBank 1 Gruppen AS (11 per cent interest) posted a consolidated profit after tax of NOK 785 (402) million for the first half of the year.

In the same period, Bank 1 Oslo Akershus AS (40.5 per cent stake) posted a profit after tax of NOK 294 (132) million. This profit corresponds to a return on equity of 21.2 (12.2) per cent. The earnings improvement is attributed primarily to the revaluation of shares in Nets Holding ASA and an increase in commission income from SpareBank 1 Boligkreditt AS. At the end of the first half of the year, the Bank's gross lending totalled NOK 41.1 (39.1) billion, including loans transferred to SpareBank 1 Boligkreditt AS. Lending growth over the past twelve months was 5 per cent. The core equity tier 1 ratio at the end of the first half of the year was 11.5 (11.6) per cent.

Financial strength

The core equity tier 1 ratio was 18.9 (20.3) per cent at the end of the first half of the year.

The Bank's equity of NOK 6.6 (6.0) billion consists entirely of retained earnings and represented 13.3 (13.1) per cent of the balance sheet.

Outlook for the rest of the year

Economic activity in Norway is expected to remain approximately at its current level. Sparebanken Hedmark's primary market is the Interior Region, which encompasses the counties of Hedmark and Oppland. This region has traditionally been less exposed to cyclical fluctuations than other regions. However, international developments may affect the situation in Norway and thus the Interior Region as well. In addition, we do not see any special Norwegian circumstances.

Board of Directors of Sparebanken Hedmark

Hamar, 12. august 2014

Siri J. Strømmevold
Board Chair

Bjørnar Håkensmoen

Erik Garaas

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Morten Herud

Richard Heiberg
CEO

Statement of the Board of Directors and CEO

We confirm that the half-year financial statements for the period 1 January to 30 June 2014, 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, 12. august 2014

Siri J. Strømmevold
Board Chair

Bjørnar Håkensmoen

Erik Garaas

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Morten Herud

Richard Heiberg
CEO

Income Statement

Parent Bank				Group			
31.12.13	30.06.13	30.06.14	(NOK million)	Notes	30.06.14	30.06.13	31.12.13
1 908	935	939	Interest income		1 038	1 018	2 085
1 078	539	538	Interest expenses		539	539	1 077
830	396	401	Net interest income		499	479	1 008
416	188	263	Commission income		263	187	415
27	12	15	Commission expenses		24	21	45
19	5	5	Other operating income		113	94	189
409	181	254	Net commission and other income		351	260	559
21	18	12	Dividends		12	18	21
189	139	117	Net profit from ownership interests		194	107	326
-84	-62	-36	Net profit from other financial assets and liabilities		-36	-62	-84
126	94	93	Net income from financial assets and liabilities		170	63	263
1 364	671	748	Total net income		1 020	802	1 829
342	171	186	Personnel expenses		265	240	486
339	174	173	Other operating expenses		216	218	430
681	344	359	Total operating expenses before losses on loans and guarantees		481	458	916
684	327	389	Profit before losses on loans and guarantees		539	344	913
61	21	27	Losses on loans and guarantees	6	33	25	72
622	306	362	Profit/loss before tax		506	319	841
124	48	65	Tax charge		83	60	147
499	258	297	Results for the accounting period		424	259	694
			Majority interests		422	258	704
			Minority interests		2	1	-10
499	258	297	Statement of comprehensive income according to IAS 1		424	259	694
-67		-33	Actuarial gains / losses on pensions		-42	-14	-85
18		9	Tax effect of actuarial gains / losses on pensions		11	4	22
			Share of other comprehensive income from associates and joint ventures				1
-49	0	-24	Total items not reclassified through profit or loss		-30	-10	-62
56	26	116	Change in value of financial assets available for sale		115	26	56
-3	8		Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value		4	8	-3
3			Financial assets available for sale transferred to profit and loss on realisation				3
			Share of other comprehensive income from associates and joint ventures				5
56	33	115	Total items reclassified through profit or loss		120	33	61
7	33	91	Total profit and loss items recognised in equity		90	23	-1
505	291	388	Total profit / loss for the accounting year		513	282	693
			Majority share of comprehensive income		511	281	703
			Minority interest of comprehensive income		2	1	-10

Balance sheet

Parent Bank				Group			
31.12.13	30.06.13	30.06.14	(NOK million)	Notes	30.06.14	30.06.13	31.12.13
ASSETS							
872	604	1 504	Cash and deposits with central banks		1 504	604	572
3 954	3 812	4 541	Loans to and receivables from credit institutions		629	480	699
32 598	32 474	33 608	Loans to and receivables from customers	5, 6	38 004	36 517	36 936
4 927	4 662	5 217	Certificates, bonds and fixed-income funds		5 218	4 662	4 927
363	375	361	Financial derivatives	7	361	375	363
357	363	483	Shares, units and other equity interests		483	363	357
2 140	2 124	2 289	Investments in associates and joint ventures		2 851	2 370	2 565
407	599	585	Investments in subsidiaries				
	1		Assets held for sale		1	1	1
266	264	280	Property, plant and equipment		302	287	288
117	122	114	Goodwill and other intangible assets		189	203	177
70	64	90	Deferred tax asset		77	56	58
600	342	417	Other assets	10	577	372	455
46 669	45 806	49 489	Total assets		50 195	46 290	47 397
LIABILITIES							
634	632	698	Deposits from and liabilities to credit institutions		697	631	632
30 110	30 686	32 053	Deposits from and liabilities to customers	11	32 042	30 677	30 097
8 398	7 259	8 443	Liabilities arising from issuance of securities	12	8 443	7 259	8 398
182	205	207	Financial derivatives	7	207	205	182
131	180	75	Current tax liabilities		102	192	144
503	347	931	Other debt and liabilities recognised in the balance sheet	13	988	523	722
503	498	508	Subordinated loan capital	12	508	498	503
40 460	39 807	42 915	Total liabilities		42 987	39 985	40 679
EQUITY CAPITAL							
6 013	5 562	5 983	Primary capital		5 983	5 563	6 013
71	77	54	Endowment fund		54	76	71
125	102	240	Fund for unrealised gains		240	102	125
			Other equity		491	281	495
	258	297	Results for the accounting year		423	258	
			Minority interests		17	25	14
6 209	5 999	6 574	Total equity capital		7 208	6 305	6 718
46 669	45 806	49 489	Total liabilities and equity capital		50 195	46 290	47 397

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 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
Equity at 1 January 2013	5 569	83	69	5 721
Results for the accounting year	499			499
Actuarial gains / losses on pensions	-49			-49
Change in value of financial assets available for sale			56	56
Donations distributed from profit 2012	-6			-6
Grants from endowment fund in 2013		-12		-12
Equity at 31 December 2013	6 013	71	125	6 208
Equity at 1 January 2014	6 013	71	125	6 208
Results for the accounting year	297			297
Actuarial gains / losses on pensions	-24			-24
Change in value of financial assets available for sale			115	115
Donations distributed from profit 2013	-6			-6
Grants from endowment fund in 2014		-17		-17
Equity at 30 June 2014	6 280	54	240	6 574

Group

(NOK million)	Earned equity					Total equity capital
	Primary capital	Endowment fund	Fund for unrealised gains	Other equity	Minority interests	
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
Adjustment to equity from associated companies and joint ventures				-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
Equity at 1 January 2013	5 565	83	69	249	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	499			205	-10	694
Actuarial gains / losses on pensions	-49			-14		-63
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss				1		1
Change in value of financial assets available for sale			56			56
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss				4		4
Adjusted equity in associated companies and joint ventures				2		2
Change in the group composition				4		4
Donations distributed from profit 2012	-6					-6
Grants from endowment fund in 2013		-12				-12
Equity at 31 December 2013	6 013	71	125	495	14	6 718
Equity at 1 January 2014	6 013	71	125	495	14	6 718
OB correction: Correction of previous years' errors				-1		-1
Adjusted equity at 1 January 2014	6 013	71	125	494	14	6 717
Results for the accounting year	297			126		423
Actuarial gains / losses on pensions	-24			-6		-30
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss				4		4
Change in value of financial assets available for sale			115			115
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss						0
Adjusted equity in associated companies and joint ventures						0
Change in the group composition				-1	2	1
Donations distributed from profit 2013	-6					-6
Grants from endowment fund in 2014		-17				-17
Equity at 30 June 2014	6 280	54	241	617	16	7 208

Cash flow statement

Parent bank				Group		
31.12.13	30.06.13	30.06.14	(NOK million)	30.06.14	30.06.13	31.12.13
12 681	6 131	4 737	This year's downpayment on repayment loans etc. to customers	5 628	6 977	14 492
			Change in advance rent leasing	11	14	28
-10 612	-5 423	-4 985	Newly discounted repayment loans etc. to customers for the year	-6 187	-6 679	-13 130
-23	-2	-64	Change in balances of foreign currency lending	-64	-2	-23
-3 174	-1 635	-728	Change in balances of credits	-728	-1 635	-3 173
1 567	752	764	Interest and commission income on lending	919	877	1 829
25	1	4	Included in previous years' realised losses on lending	5	2	27
			Net cash flow relating to bankruptcies			
1			Net cash flow from assets held for sale			
465	-176	-271	Cash flow from lending operations (A)	-416	-445	50
1 246	1 431	1 465	Change in balances of deposits from customers at call	1 468	1 450	1 260
710	793	212	Change in balances of deposits from customers with agreed maturity dates	212	793	710
-821	-112	-99	Interest payments to customers	-97	-108	-817
1 135	2 113	1 579	Cash flow from deposit operations (B)	1 583	2 135	1 153
153	410	-284	Net cash flow from securities held short term	-284	410	153
66	67	49	Cash flow linked to exchange rate gains / losses on securities held short term	49	67	66
103	44	36	Interest received on bonds and certificates	36	44	103
			Share dividends received from securities held short term			
322	520	-198	Cash flow from investments in securities (C)	-198	520	322
-755	-316	-1 469	Change in receivables from credit institutions with agreed maturity dates	-1 111	-187	-403
93	46	57	Interest received on deposits in credit institutions	57	46	93
-662	-270	-1 412	Cash flow from deposits in credit institutions (D)	-1 054	-141	-310
551	246	315	Other income	423	336	721
-644	-368	-383	Operating expenses payable	-516	-492	-897
-113	-137	-154	Tax payments	-155	-140	-116
-17	-13	-23	Donations	-23	-13	-17
-135	30	102	Net cash flow from change in other assets	-26	14	28
-203	-53	87	Net cash flow from change in accruals	35	-110	-315
-112	-80	421	Net cash flow from change in other liabilities	294	-80	-72
-673	-375	366	Remaining cash flow from current operations (E)	31	-485	-668
587	1 811	64	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	-54	1 583	547
-200	-202	33	Change in deposits from credit institutions	51	-194	-203
2 497	1 098	1 650	Receipts arising from issuance of securities	1 650	1 098	2 498
-1 173	-973	-1 388	Payments arising from redemption of securities issued	-1 388	-973	-1 173
-454	-344	-277	Buy-back of own securities	-277	-344	-454
-219	-91	-97	Interest payments on financing	-97	-91	-219
451	-512	-78	Cash flow from financing activities (G)	-60	-504	449
-70	-50	-27	Investments in fixed assets and intangible assets	-30	-54	-77
11	24		Sales of fixed assets and intangible assets at sales price		24	11
-882	-1 068	-186	Purchase of long-term securities	-186	-808	-882
178	18	10	Sale of long-term securities	10	18	178
145	139	146	Share dividends from securities held long term	84	112	115
-618	-937	-57	Cash flow from investments (H)	-122	-707	-655
3	3		Liquidity effect of acquisition and sale of ownership interests (I)	-16	-5	-3
-85		-178	Liquidity effect from placements in subsidiaries (L)	2		
338	366	-250	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I+L)	-250	366	338
261	261	599	Cash and cash equivalents at 1 January	599	261	261
599	627	349	Cash and cash equivalents at 30 June	349	627	599
			Cash and cash equivalents at 30 June comprise:			
572	604	334	Cash and deposits with central banks	334	604	572
27	23	14	Deposits etc. at call with banks	14	23	27
599	627	349	Cash and cash equivalents at 30 June	349	627	599

Results from the quarterly accounts

(Isolated figures in NOK million)

Group

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2014	2014	2013	2013	2013	2013	2012	2012	2012
Interest income	526	512	532	535	520	498	513	515	510
Interest expenses	267	272	269	269	268	271	271	273	280
Net interest income	259	240	263	266	252	227	242	242	230
Commission income	121	142	112	116	99	88	85	75	73
Commission expenses	12	12	12	12	10	11	11	12	10
Other operating income	57	56	46	49	48	46	44	51	45
Net commission and other income	165	186	146	153	137	123	118	114	108
Dividends		12	3		18				7
Net profit from ownership interests	81	114	121	98	53	54	-5	46	10
Net profit from other financial assets and liabilities	-4	-33	-3	-19	26	-88	-21	-47	38
Net income from financial assets and liabilities	77	93	121	79	97	-34	-26	-1	55
Total net income	501	519	529	498	486	316	334	355	393
Personnel expenses	129	136	124	122	115	125	110	114	112
Other operating expenses	110	106	111	101	112	106	113	91	101
Total operating expenses before losses on loans and guarantees	239	242	235	223	227	231	223	205	213
Profit before losses on loans and guarantees	262	277	294	275	259	85	111	150	180
Losses on loans and guarantees	21	12	43	4	22	3	23	-2	23
Profit/loss before tax	241	265	251	271	237	82	88	152	157
Tax charge	45	38	38	49	51	9	29	30	40
Results for the accounting period	197	227	213	222	186	74	59	122	117

Notes to the accounts

Note 1 Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.01-31.03.2014. 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 Statement are not audited.

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 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 2013. Further, the Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, except:

IFRS 10 Consolidated Financial Statements

This standard deals with defining "subsidiary", and gives more weight to actual control than earlier rules. Control exists only where and investor has power over relevant activities of the investee, exposure to variable returns, and in addition the ability to use its power to affect the investee's returns. In cases where loan terms are breached, the Bank will consider whether it has achieved genuine power under IFRS 10. The standard is implemented from 1 January 2014.

IFRS 11 Joint Arrangements

IFRS 11 removes the opportunity to apply proportional consolidation for jointly-controlled entities. The Bank has considered the effect of the new standard and concluded that it will not be of essential significance for the Group's reporting. The standard is implemented from 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities.

This standard extends the disclosure requirement in next year's annual accounts as regards investments in subsidiaries, associates, jointly controlled entities and structured entities. The standard is implemented from 1 January 2014.

Note 2 Changes in the group composition

2014

Sparebanken Hedmark sold its shares in SpareBank 1 Verdipapirservice AS (8.9 percent) and SpareBank 1 Kundesenter AS (9.7 percent) to Alliansesamarbeidet SpareBank 1 DA. The companies are still owned indirectly by Sparebanken Hedmark through Alliansesamarbeidet (11.30 percent).

2013

Sparebanken Hedmark sold its stake in Consis Credit AS to Conecto AS 01.01.2013. Conecto AS is a wholly owned subsidiary of SpareBank 1 Gruppen AS, thus 12 percent (11 percent from 18.12.2013) of Consis Credit AS is still indirectly owned by Sparebanken Hedmark.

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

Sparebanken Hedmark acquired in the third quarter 14.7 percent of SpareBank1 Markets AS. Sparebanken Hedmark previously owned 12 percent of SpareBank1 Markets AS through its ownership in SpareBank1 Gruppen AS. Final purchase price allocation is made in accordance with IFRS 3 where 21.7 NOK million, is allocated to the fair value of assets and liabilities. The previously indirectly owned 12 percent has kept its book value. The difference between the identifiable net assets and the cost of increased ownership, one NOK million, is in accordance with IAS 28 recognized as income in the third quarter.

Sparebanken Hedmark sold 18.12.2013 one percent of the shares in SpareBank 1 Gruppen AS to Bank 1 Oslo Akershus AS.

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	30.06.14						
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- megler 1 Hedmark Eiendom	SpareBank 1 Regn- skapshuset Østlandet	Other	Total
Income statement							
Net interest income	197	177	100		-1	27	499
-of which internal items			-42		-1	43	
Net commission and other income	208	36	-10	36	72	9	351
-of which internal items			-1			1	
Net return on financial investments						170	170
Operating expenses*	121	47	34	27	64	189	482
Profit before losses by segment:	283	166	56	9	7	17	538
Losses on loans and guarantees	3	23	6				33
Profit / loss per segment	280	142	50	9	7	17	505
Balance sheet							
Lending to customers	19 070	14 125	4 451			606	38 252
-of which internal items							
Individual loan write-downs	-42	-87	-6				-135
Collective loan write-downs	-27	-76	-14				-117
Other assets	167	2	96	35	111	11 784	12 194
Total assets per segment	19 169	13 964	4 527	35	111	12 390	50 195
Deposits from and liabilities to customers	19 796	11 974				272	32 042
-of which internal items							
Other liabilities and equity	-627	1 990	4 527	35	111	12 118	18 153
Total equity and liabilities per segment	19 169	13 964	4 527	35	111	12 390	50 195

Group	30.06.13						
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- megler 1 Hedmark Eiendom	SpareBank 1 Regn- skapshuset Østlandet	Other	Total
Income statement							
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

Group
31.12.13

	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- megler 1 Hedmark Eiendom	SpareBank 1 Regnskaps- huset Østlandet	Other	Total
Income statement							
Net interest income	421	332	180		-2	77	1 008
-of which internal items		-4	-85	4	-2	87	
Net commission and other income	329	65	-19	67	102	15	559
-of which internal items			-1			1	
Net return on financial investments						263	263
Operating expenses*	244	103	70	63	104	332	916
Profit before losses by segment:	506	294	91	4	-4	22	913
Losses on loans and guarantees	18	43	11				72
Profit / loss per segment	488	251	80	4	-4	22	841
Balance sheet							
Lending to customers	18 804	13 490	4 381			505	37 180
-of which internal items					30	-30	
Individual loan write-downs	-43	-88	-7				-138
Collective loan write-downs	-27	-66	-13				-106
Other assets	138	2	-16	30	90	10 217	10 461
Total assets per segment	18 872	13 338	4 345	30	90	10 722	47 397
Deposits from and liabilities to customers	18 502	11 327				268	30 097
-of which internal items		7		-7	-6	6	
Other liabilities and equity	370	2 011	4 345	30	90	10 454	17 300
Total equity and liabilities per segment	18 872	13 338	4 345	30	90	10 722	47 397

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

Note 4 Capital adequacy

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
6 013	5 563	5 983	Primary capital	5 983	5 563	6 013
71	76	54	Endowment fund	54	76	71
125	102	240	Revaluation fund / equalisation reserve	240	102	125
	258	297	Results for the accounting period	423	259	
			Other equity	491	280	495
			Minority interests	17	25	14
6 209	5 999	6 574	Total equity carried	7 208	6 305	6 718
			Tier 1 capital			
	-129		Results for the accounting year not included	-28	-130	
			Unrealised value change due to reduced / increased value of liabilities			
-188	-186	-204	Deferred tax, goodwill and other intangible assets	-280	-275	-248
-125	-102	-240	Net unrealised gains on shares available for sale	-240	-104	-125
-210	-167	-139	50 % deduction for expected losses on IRB, net of write-downs	-166	-104	-113
-543	-515	-818	Deduction for subordinated capital in other financial institutions	-75	-51	-68
			Capital adequacy reserve	-1 439	-1 013	-1 142
			Additional tier 1 capital	142	61	61
5 143	4 900	5 173	Total tier 1 capital	5 123	4 689	5 083
			Supplementary capital			
56	46	108	45 per cent of unrealised gain on shares classified as available for sale	107	46	56
500	500	500	Non-perpetual additional tier 1 capital	703	581	703
-14	-31	-139	Deduction for expected losses on IRB, net of write-downs	-166	-105	-112
-543	-515	-469	Deduction for subordinated capital in other financial institutions	-75	-51	-68
			Capital adequacy reserve	-569	-471	-579
0	0	0	Total supplementary capital	0	0	0
5 143	4 900	5 173	Net subordinated capital	5 123	4 689	5 083
			Risk-weighted assets credit risk IRB			
5 871	6 150	6 611	Involvement with specialized enterprises	8 730	8 358	8 079
5 498	5 121	5 453	Other corporate exposures	6 196	5 847	6 253
431	449	769	SME exposure	815	463	446
2 613	2 550	5 259	Retail mortgage exposure	7 174	3 463	3 529
691	616	570	Other retail exposure	629	700	765
1 666	1 747	2 096	Equity investments	1 913	1 905	1 492
16 770	16 632	20 758	Risk-weighted assets credit risk IRB	25 457	20 737	20 564
			Risk-weighted assets			
6 133	6 326	5 991	Exposures calculated using the standardised approach	9 088	8 543	8 902
			Market risk	151	582	488
			Transitional arrangements		545	
1 932	2 031	1 923	Operational risk	3 038	3 175	2 870
-1 085	-1 030	-1 288	Deductions	-2 171	-1 598	-1 853
23 751	24 108	27 384	Risk-weighted assets	35 564	31 984	30 971
			Capital adequacy ratio			
21,7 %	20,3 %	18,9 %	Capital adequacy ratio	14,4 %	14,7 %	16,4 %
21,7 %	20,3 %	18,9 %	Core equity tier 1 ratio	14,0 %	14,5 %	16,2 %
21,7 %	20,5 %	18,9 %	Capital adequacy ratio before transitional arrangements	14,4 %	14,9 %	16,4 %

Note 5 Loans to and receivables from customers

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
			Loans by type of receivable			
			Financial leasing	1 952	1 897	2 019
8 110	6 591	8 670	Overdraft facilities and operating credits	8 670	6 591	8 110
1 318	1 296	1 493	Building loans	1 493	1 296	1 318
23 301	24 712	23 584	Repayment loans	26 039	26 861	25 617
92	103	92	Accrued interest	102	127	116
32 822	32 702	33 839	Gross loans to and receivables from customers	38 256	36 772	37 180
			Write-downs	252	255	244
32 598	32 474	33 608	Loans to and receivables from customers	38 004	36 517	36 936
			Loans by type of market			
19 397	19 074	19 803	Private customers	21 922	20 958	21 406
13 421	13 623	14 033	Corporate	16 174	15 679	15 628
4	4	4	Public sector	161	134	146
32 822	32 702	33 839	Gross loans to and receivables from customers	38 256	36 773	37 180
			Write-downs	252	255	244
32 598	32 474	33 608	Loans to and receivables from customers	38 004	36 517	36 936

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
21 612	21 182	21 246	Private customers	23 365	23 086	23 630
137	175	173	Public sector	330	176	279
3 614	3 538	3 705	Primary industries	3 897	3 728	3 784
308	316	298	Paper and pulp industries	315	334	322
596	609	643	Other industry	837	758	739
1 540	1 523	1 698	Building and construction	2 149	1 931	1 936
207	198	207	Power and water supply	335	297	319
1 097	1 091	1 136	Wholesale and retail trade	1 451	1 358	1 361
171	175	180	Hotel and restaurants	202	181	179
6 327	6 702	7 386	Real estate	7 476	6 740	6 366
2 100	1 824	1 771	Commercial services	2 149	2 144	2 550
264	270	278	Transport and communications	890	785	792
24	21	22	Other	30	81	24
37 998	37 624	38 741	Total commitments by sector and industry	43 424	41 599	42 281

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
19 397	19 074	19 803	Private customers	21 922	20 958	21 406
4	4	4	Public sector	161	134	146
3 198	3 063	3 180	Primary industries	3 353	3 253	3 367
250	273	253	Paper and pulp industries	270	291	264
437	439	522	Other industry	710	586	451
931	920	995	Building and construction	1 398	1 326	1 326
187	159	183	Power and water supply	303	256	298
755	781	779	Wholesale and retail trade	1 054	1 046	1 018
153	158	161	Hotel and restaurants	169	164	161
5 837	6 172	6 484	Real estate	6 526	6 210	5 876
1 457	1 442	1 250	Commercial services	1 545	1 760	1 786
193	198	203	Transport and communications	815	709	1 057
24	18	22	Other	30	78	24
32 822	32 702	33 839	Total gross loans by sector and industry	38 256	36 773	37 180

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
46	44	44	Private customers	46	49	47
3	4	4	Primary industries	4	5	3
1	1	1	Paper and pulp industries	1	1	1
7	4	13	Other industry	14	4	8
10	12	10	Building and construction	12	19	12
20	19	22	Wholesale and retail trade	22	19	20
1	1	1	Hotel and restaurants	1	1	1
26	30	17	Real estate	17	30	26
17	15	16	Commercial services	16	15	17
	1		Transport and communications	2	3	3
131	130	129	Total individual write-downs by sector and industry	135	145	138

Note 6 Losses on loans and guarantees

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
10	-3	-2	Change in individual write-downs in the period	-3	-1	5
-5		10	Change in collective write-downs in the period	10	1	-3
29	15	16	Realised losses on commitments previously written down	22	16	44
51	10	7	Realised losses on commitments not previously written down	7	11	53
24	1	4	Recoveries on loans and guarantees previously written down	3	2	26
61	21	27	Total losses on loans and guarantees	33	25	72

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
138	138	143	Individual write-downs to cover losses on loans and guarantees at 1 January	150	150	150
29	15	16	Realised losses in the period on loans and guarantees previously written down individually	22	16	44
19	7	11	Reversal of write-downs in previous years	12	7	21
13	3	8	Increase in write-downs on commitments previously written down individually	9	4	14
40	14	17	Write-downs on commitments not previously written down individually	23	18	50
143	134	141	Individual write-downs to cover losses on loans and guarantees at the end of period *)	147	149	150

*) Guarantee provisions are included under Other liabilities in the balance sheet, see Note 13.

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
98	98	93	Collective write-downs to cover losses on loans and guarantees at 1 January	106	109	109
-5		10	Collective write-downs to cover losses on loans and guarantees in the period	11	1	-3
93	98	103	Collective write-downs to cover losses on loans and guarantees	117	110	106

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
257	391	264	Defaulted commitments	360	482	340
271	171	271	Other doubtful commitments	278	171	271
528	562	535	Total defaulted and doubtful commitments	638	653	611
143	134	141	Individual write-downs on loans and guarantees	147	149	150
385	428	394	Net defaulted and doubtful commitments	491	504	461

Note 7 Financial derivatives

Parent Bank and Group

At fair market value through p & l account

	30.06.2014		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	313	4	2
Currency swap contracts	2 453	4	19
Total foreign exchange instruments	2 766	8	21
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 067	333	186
Other interest rate contracts	150	18	
Total interest rate instruments	9 217	351	186
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	2	
Total curr.- and int. rate instruments			
Total currency instruments	2 766	8	21
Total interest rate instruments	9 217	351	186
Total other financial derivatives	66	2	0
Total	12 049	361	207

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	
Total curr. and int. rate instruments			
Total currency instruments	3 714	28	43
Total interest rate instruments	9 232	345	163
Total other financial instruments	66	1	0
Total	13 012	375	205

At fair market value through p & l account

31.12.2013

	Contract sum	Fair market value	
		Assets	Liabilities
	Foreign exchange instruments		
Forward exchange contracts	672	25	15
Currency swap contracts	1 369	14	4
Total foreign exchange instruments	2 041	38	19
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 468	310	163
Other interest rate contracts	150	11	
Total interest rate instruments	9 618	322	163
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	3	
Total curr. and int. rate instruments			
Total currency instruments	2 041	38	19
Total interest rate instruments	9 618	322	163
Total other financial instruments	66	3	0
Total	11 725	363	182

Note 8 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 30.06.2014

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		359	2	361
- Bonds and certificates		5 218		5 218
- Fixed-rate loans		1 892		1 892
- Loans with interest-rate guarantees			3	3
Financial assets available for sale				0
- Equity instruments	104	270	108	483
Total assets	104	7 739	113	7 956
Liabilities				
Financial liabilities at fair value through profit and loss				
- Derivatives		207		207
- Securities issued		8 443		8 443
- Subordinated loan capital		508		508
- Fixed-rate deposits		42		42
Total liabilities	0	9 200	0	9 200

Per 30.06.2013

	Level 1	Level 2	Level 3	Total
Assets				
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				
Financial liabilities at fair value through profit and loss				
- Derivatives		205		205
- Securities issued		7 258		7 258
- Subordinated loan capital		499		499
- Fixed-rate deposits		160		160
- Term deposits			51	51
Total liabilities	0	8 123	51	8 173

Per 31.12.2013

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		360	3	363
- Bonds and certificates		4 927		4 927
- Fixed-rate loans		1 976		1 976
- Loans with interest-rate guarantees			3	3
Financial assets available for sale				
- Equity instruments	101		256	357
Total assets	101	7 262	261	7 624
Liabilities				
Financial liabilities at fair value through profit and loss				
- Derivatives		182		182
- Securities issued		8 398		8 398
- Subordinated loan capital		503		503
- Fixed-rate deposits		76		76
- Term deposits			51	51
Total liabilities	0	9 159	51	9 210

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-up calculated 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 following table presents the changes in instruments classified in level 3

31.12.13-30.06.14	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
Opening balance	3	256	3	-51	210
Investments in the period		16			16
Sales / redemption in the period			-5	51	46
Transferred to level 2 (Nets Holding ASA)		-167			-167
Gains / losses recognised through profit and loss			5		5
Gains / losses recognised directly against comprehensive income		4			4
Closing balance	3	108	2	0	113
Gains / losses for the period included in the profit for assets owned on the balance sheet day	0		5		5

31.12.12-30.06.13	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Total
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		-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

31.12.12-31.12.13	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit	Total
Opening balance	4	251	11	-206	59
Investments in the period		2		-51	-49
Sales / redemption in the period	-1	-29	-11	205	164
Gains / losses recognised through profit and loss		-3	3	1	1
Gains / losses recognised directly against comprehensive income		35			35
Closing balance	3	256	3	-51	210
Gains / losses for the period included in the profit for assets owned on the balance sheet day	0	-3	3	0	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.

Note 9 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 two 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.

The assets and liabilities below may be offset.

	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Amounts not presented on the balance sheet on a net basis		Net amount
				Financial instruments	Cash collateral given/(received)	
30.06.2014						
Derivatives as assets	361	0	361	-55	0	306
Derivatives as liabilities	-207	0	-207	55	75	-76
30.06.2013						
Derivatives as assets	375	0	375	-39	0	335
Derivatives as liabilities	-205	0	-205	39	39	-127
31.12.2013						
Derivatives as assets	363	0	363	-74	0	289
Derivatives as liabilities	-182	0	-182	74	9	-99

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

Note 10 Other assets

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
43	28	43	Capital payments into pension fund	43	28	43
298	209	235	Accrued income, not yet received	237	210	298
32	27	12	Prepaid costs, not yet incurred	12	27	32
226	79	127	Other assets	285	107	82
599	343	417	Other assets	577	372	455

Note 11 Deposits from and liabilities to customers

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
18 744	19 424	20 079	Private customers	20 079	19 424	18 744
3 966	4	5	Public sector	5	4	3 966
831	879	962	Primary industries	962	879	831
135	111	103	Paper and pulp industries	103	111	135
410	314	383	Other industry	383	314	410
616	513	660	Building and construction	660	513	616
108	268	210	Power and water supply	210	268	108
666	663	594	Wholesale and retail trade	594	663	666
84	80	86	Hotel and restaurants	86	80	84
1 688	1 424	1 563	Real estate	1 563	1 424	1 688
2 601	6 790	7 163	Commercial services	7 152	6 781	2 588
254	212	235	Transport and communications	235	212	254
6	4	10	Other operations	10	4	6
30 110	30 686	32 053	Total deposits by sector and industry	32 042	30 677	30 097

Note 12 Securities-related debt

Parent Bank and Group

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

Changes in liabilities from issuance of securities	30.06.14	Issued	Due / redeemed	Other changes	31.12.13
Certificate-based debt, nominal value	0		-300		300
Bond debt, nominal value	8 003	1 650	-1 250	-115	7 718
Non- Perpetual additional Tier 2 capital, nominal value	500				500
Accrued interest	109			-55	164
Adjustments	340			121	219
Total debt raised through issuance of securities, fair value	8 951	1 650	-1 550	-50	8 901

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
Non- Perpetual additional Tier 2 capital, nominal value	500	500			500
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	31.12.13	Issued	Due / redeemed	Other changes	31.12.12
Certificate-based debt, nominal value	300	300	-300		300
Bond debt, nominal value	7 718	1 700	-1 350	22	7 346
Non- Perpetual additional Tier 2 capital, nominal value	500	500			0
Accrued interest	164			-19	183
Adjustments	219			10	209
Total debt raised through issuance of securities, fair value	8 901	2 500	-1 650	13	8 038

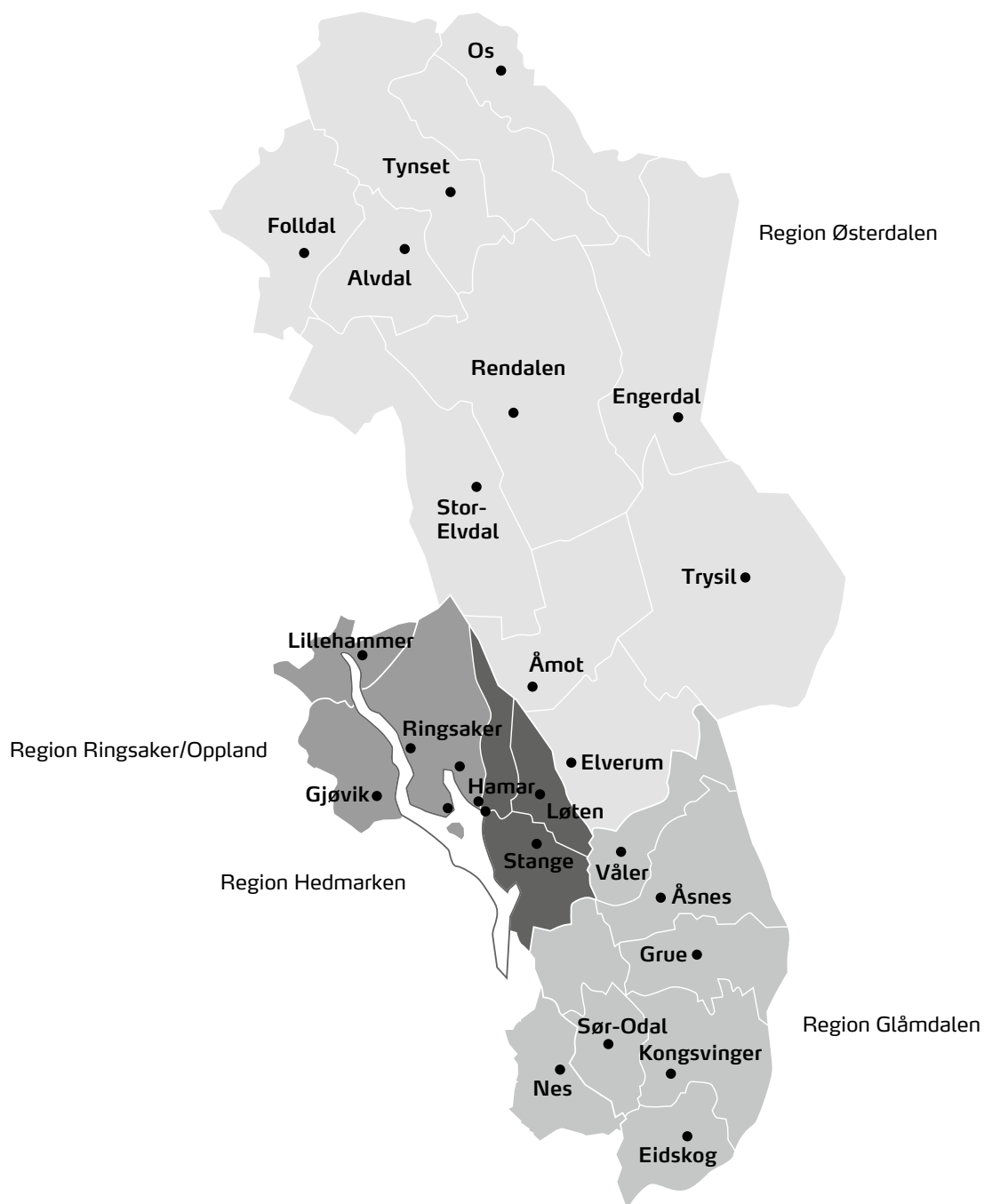
Note 13 Other debt and liabilities

Parent Bank				Group		
31.12.13	30.06.13	30.06.14		30.06.14	30.06.13	31.12.13
303	238	334	Pension liabilities	349	247	319
12	4	12	Guarantee provisions	12	4	12
8	6	7	Banker's drafts	7	6	8
41	30	9	Accounts payable	13	36	44
139	69	569	Other	607	230	339
503	347	931	Total other debt and liabilities recognised in the balance sheet	988	523	722

Note 14 Events after the balance sheet date

Planned changes to SpareBank 1 Markets

The owners plan to restructure SpareBank 1 Markets by integrating the market activity of SpareBank 1 SMN into SpareBank 1 Markets. Sparebanken Hedmark will then reduce its stake from 16.64 per cent to 6.1 per cent. After the restructuring and a new equity issue, the other owners of the company will be SpareBank 1 SMN with 73.3 per cent, SpareBank 1 Nord-Norge with 10 per cent and other owners with 0.6 per cent. It is planned to complete the above transaction during the second half of 2014.



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