

3. quarter

2014

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Main figures

Result summary (NOK mill and % of average assets)	Q3 2014		Q3 2013		31.12.13	
	Amount	%	Amount	%	Amount	%
Net interest income	771	2,05%	745	2,20%	1 008	2,21%
Net commissions and other (non-interest) income	505	1,34%	413	1,22%	559	1,22%
Net income from financial investments	447	1,19%	142	0,42%	263	0,58%
Total income	1 723	4,59%	1 300	3,84%	1 830	4,01%
Total operating expenses before losses on loans and guarantees	718	1,91%	681	2,01%	916	2,01%
Profit before losses on loans and guarantees	1 005	2,67%	619	1,83%	914	2,00%
Losses on loans and guarantees	42	0,11%	29	0,09%	72	0,16%
Profit/loss before tax	963	2,56%	590	1,74%	842	1,84%
Tax charge	136	0,36%	109	0,32%	147	0,32%
Results for the accounting period	826	2,22%	481	1,42%	695	1,52%
Minority interests	2	0,01%	1	0,00%	-10	-0,02%
Profitability						
Return on equity capital before tax		18,1 %		12,6 %		13,3 %
Return on equity capital after tax		15,5 %		10,3 %		11,0 %
Return on equity capital of total result after tax		14,7 %		11,1 %		11,0 %
Total operating costs in relation to total income		41,7 %		52,4 %		50,1 %
Total operating costs in relation to total income excl. income from financial investments		56,3 %		58,8 %		58,5 %
From the Balance Sheet						
Gross loans to customers	39 233		37 261		37 180	
Gross loans to customers including loans transferred to covered bond companies*	54 806		51 583		52 361	
Deposits from customers	31 575		29 707		30 097	
Deposits from customers in relation to gross loans to customers		80,5 %		79,7 %		80,9 %
Lending growth during the last 12 months		5,3 %		7,1 %		4,9 %
Lending growth in last 12 months including loans transferred to covered bond companies*		6,2 %		10,3 %		8,9 %
Deposit growth during the last 12 months		6,3 %		7,6 %		7,0 %
Assets	49 751		45 956		47 397	
Losses and commitments in default						
Losses on loans as a percentage of gross loans		0,1 %		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		0,5 %		0,7 %		0,6 %
Other bad and doubtful commitments as a percentage of total commitments including loans transferred to covered bond companies*		0,3 %		0,5 %		0,5 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments		0,9 %		1,4 %		1,1 %
Financial strength						
Capital adequacy ratio		16,3 %		15,3 %		16,4 %
Tier 1 ratio		14,5 %		15,1 %		16,2 %
Capital adequacy ratio before transitional arrangements		16,3 %		15,8 %		16,4 %
Net core capital	5 992		4 820		5 083	
Equity ratio		15,0 %		14,2 %		14,2 %

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

Interim report

Q3 2014

Summary

The Sparebanken Hedmark Group posted a profit after tax for the third quarter of NOK 403 (222) million (last year's figure in brackets). The return on equity in the quarter was 21.8 (13.8) per cent. The Parent Bank's profit after tax for the third quarter was NOK 285 (112) million.

The Sparebanken Hedmark Group's profit after tax was NOK 826 (481) million after three quarters. The return on equity was 15.5 (10.3) per cent.

The NOK 345 million improvement in the result is mainly attributable to the profit from the sale of the payment system company Nets Holding ASA (NOK 158 million), good results from partly-owned companies (NOK 92 million), profit from

the sale of the credit card portfolio (NOK 25 million) and lower net losses on financial assets and liabilities (NOK 60 million).

The Group's unweighted equity ratio was 15.0 (14.2) per cent at the end of the third quarter. The core equity tier 1 ratio was 14.5 (15.1) per cent.

The Group achieved a net interest margin of 2.44 (2.38) per cent, including loans transferred to the mortgage company. The 12-month growth in lending and deposits was 6.2 (10.3) per cent and 6.3 (7.6) per cent, respectively. At the end of the quarter, the deposit coverage ratio was 80.5 (79.7) per cent.

The Parent Bank's profit after tax for the third quarter was NOK 582 (369) million.

Sparebanken Hedmark – consolidated profit in the third quarter

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, 16.8 per cent of SpareBank 1 Markets AS and 8 per cent of SpareBank 1 Kredittkort AS. The Bank also owns 9.4 per cent of SpareBank 1 Boligkreditt AS and 4.1 per cent of SpareBank 1 Næringskreditt AS (the mortgage companies). The results from the above mentioned companies are recognised in the Bank's consolidated financial statements proportionate to the Bank's ownership interest.

The Group's profit for the third quarter amounted to NOK 403 (222) million. The return on equity was 21.8 (13.8) per cent. Excluding the profit from the sale of Nets Holding ASA, the return on equity was 13.2 per cent.

The profit from the sale of the shares in Nets Holding ASA accounted for NOK 158 million of the NOK 181 million improvement in the result.

Net interest income increased by NOK 6 million to NOK 272 (266) million, while net commissions and other operating income increased to NOK 155 (153) million.

The net return on financial investments was NOK 276 (79) million in the third quarter. Ownership interests have improved by NOK 5 million since last year. Bank 1 Oslo Akershus AS contributed NOK 30 (46) million, while SpareBank 1 Gruppen AS contributed NOK 61 (50) million.

The net result from other financial assets and liabilities was NOK 173 (-19) million, primarily due to the profit from the sale of the shares in Nets Holding ASA.

Operating costs were NOK 14 (18) million higher in the third quarter than in the same quarter last year. NOK 10 million of this was due to higher personnel costs, which apart from ordinary wages growth were also due to greater activity and new employments in subsidiaries. The costs amounted to 34 (45) per cent of the Group's total income in the quarter.

The Group's losses amounted to NOK 9 (4) million in the period and the percentage of problem loans was 1.3 (1.9) per cent. For further details about the third quarter in isolation, please see page 12 of the report, "Results from the interim financial statements".

Sparebanken Hedmark – consolidated profit after three quarters

The Group's profit after tax after three quarters totalled NOK 826 (481) million. The return on equity was 15.5 (10.3) per cent. Excluding the profit from the sale of Nets Holding ASA, the return on equity was 12.6 per cent.

Specification of the consolidated profit after tax in NOK million:

Parent Bank's profit after tax	582
Dividends received from subsidiaries/associated companies	-135
Share of the result from:	
SpareBank 1 Gruppen AS	146
Bank 1 Oslo Akershus AS	149
SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS	15
EiendomsMegler 1 Hedmark Eiendom AS	8
SpareBank 1 Finans Østlandet AS	53
SpareBank 1 Regnskapshuset Østlandet AS	5
Other associated companies/joint ventures	3

Consolidated profit after tax **826**

Interest income and other operating income

Total net interest income, including commissions from loans and credit transferred to partly-owned companies (recognised as commissions), amounted to NOK 946 (892) million. This represents an increase of 6.1 (13.8) per cent compared with the same period in 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 in February. The return on the Bank's credit card portfolio was previously included in net interest income. After the sale, net interest income from the credit card portfolio is recognised as commissions, based on the same principle applied to loans transferred to the home mortgage company. This change has had a negative impact on the Bank's reported net interest margin.

The Group's lending margin after three quarters, including transferred loans to the mortgage companies and credit and exclusive interest income from the credit cards portfolio, was 2.99 (3.05) per cent. The deposit margin was -0.55 (-0.67) per cent. The Group's net interest margin was 2.44 (2.38) per cent.

Net commissions and other operating income increased from NOK 413 million last year to NOK 505 million this year. The NOK 77 million increase in commissions was due to: NOK 28 million in higher commissions from loans transferred to the mortgage companies, NOK 25 million in profit from the sale of the credit card portfolio, and NOK 23 million in commissions from the credit card portfolio. NOK 29 million of the NOK 20 million increase in other operating income was due to higher earnings from the accounting and estate agency business.

Net result from financial assets and liabilities

The net result from financial assets and liabilities increased by NOK 305 million to NOK 447 (142) million. The result from ownership interests increased by NOK 92 million and the result from other financial assets and liabilities improved by NOK 218 million.

The share of the profit from Bank 1 Oslo Akershus accounted for NOK 149 (99) million of the profit from ownership interests. 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 share of the profit from SpareBank 1 Gruppen AS totalled NOK 146 (97) million.

The result from other financial assets and liabilities of NOK 137 (-81) million is primarily attributable to the NOK 158 million profit from the sale of Nets Holding ASA. Other items under financial assets and liabilities achieved a result of NOK -19 million.

The Bank's securities issued, fixed-income investments, derivatives and fixed-rate products for customers are assessed at fair value through profit and loss pursuant to IAS 39, and changes in market value are recognised in profit and loss. The total net change in market value for fixed-income securities amounted to NOK -59 (-51) million, while the change in value for fixed-rate products for customers was NOK 26 (4) million. Other items amounted to NOK 14 (10) million.

Costs, losses and problem loans

The Group's operating costs were NOK 718 (681) million. This represents an increase of 5.4 (6.2) per cent, compared with the corresponding period last year. NOK 14 million was due to increased activity in subsidiaries. Operating costs as a percentage of total income were 41.7 (52.4) per cent. After three quarters losses amounted to NOK 42 (29) million. Non-performing loans accounted for 0.8 (1.2) per cent

of gross commitments, while other impaired commitments accounted for 0.5 (0.7) per cent of gross commitments. Overall, the Group's problem loans accounted for 1.3 (1.9) per cent of gross commitments.

Assets and funding

Gross lending to customers, including loans transferred to the mortgage companies, totalled NOK 54.8 (51.6) billion. At the end of the third quarter, loans totalling NOK 15.0 (14.0) billion had been transferred to SpareBank 1 Boligkreditt AS and loans totalling NOK 0.6 (0.3) billion had been transferred to SpareBank 1 Næringskreditt AS. The Group's 12-month lending growth, including transferred loans, was 6.2 (10.3) per cent.

Customer deposits totalled NOK 31.6 (29.7) billion. The growth in deposits over the past 12 months was 6.3 (7.6) per cent. Deposits represented 80.5 (79.7) per cent of gross lending.

Debt to financial institutions and securities issued totalled NOK 9.2 (8.1) billion. The average term to maturity of the Bank's long-term funding was 4.0 (4.3) years. The average term to maturity for all borrowing was 3.8 (3.6) years. The average risk premium on the Bank's borrowing portfolio at the end of the third quarter was 87 basis points.

Liquidity has been good and there has been a good level of interest in the Bank's bonds. At the end of the third quarter, the Bank could operate normally for 17 (14) months without requiring external funding. In the opinion of the Board of Directors, the Bank's liquidity risk is low.

The Group's equity amounted to NOK 7.5 (6.5) billion, which is equivalent to 15.0 (14.2) per cent of the balance sheet. The Bank is reporting for the first time according to the new capital adequacy regulations (CRD IV). The Group's core equity tier 1 ratio was 14.5 (15.1) per cent. The capital adequacy ratio was 16.3 (15.8) per cent.

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.

Sparebanken Hedmark – parent bank

Results

The profit after tax after three quarters totalled NOK 582 (369) million. Banking operations, defined as net interest income plus commissions and other operating income minus operating costs and losses, achieved a profit of NOK 399 (383) million. The accumulated net interest margin after three quarters was 2.50 (2.53) per cent. The lending margin was 3.05 (3.21) and the deposit margin was -0.55 (-0.68) per cent.

Net interest income

Net interest income, including loans transferred to the mortgage companies, amounted to NOK 795 (763) million. The improvement was primarily due to volume growth.

The year-to-date interest margin within the retail market was 2.38 (2.48) per cent, while in the corporate market it was 2.71 (2.61) per cent. Lending margins have been reduced throughout the quarter, but better deposit margins have compensated for this to a great extent.

Net commissions

NOK 175 (147) million of the NOK 367 (300) million in net

commissions came from commissions on loans transferred to the mortgage companies. The net margin for the portfolio transferred to SpareBank 1 Boligkreditt AS for the year-to-date was 1.51 percentage points.

Net result from financial assets and liabilities

Income from this area amounted to NOK 269 (77) million. Income from dividends amounted to NOK 13 (18) million. The net profit from ownership interests, primarily dividends, amounted to NOK 135 (124) million. The net result from other financial assets and liabilities amounted to NOK 122 (-65) million. This includes the profit from the sale of the shares in Nets Holding ASA.

Operating costs

Total operating costs were NOK 534 million (NOK 513 million). Costs increased by 4.0 (6.0) per cent compared with the previous year. The increase in costs was due to NOK 19 million in increased personnel costs, NOK 6 million in increased IT costs, and NOK 2 million in increased costs due to the SpareBank 1 banking alliance. Other operating costs fell by NOK 6 million.

At the end of September, the Parent Bank had 450 (462) full-time equivalents.

Operating costs represented 42.5 (51.7) per cent of total income.

Losses on loans and guarantees

The net loss on lending and guarantees was NOK 29 (20) million after three quarters. NOK 10 (5) million of this was in the retail market, while NOK 19 (15) million was in the corporate market.

Lending

Gross lending to customers, including loans transferred to the mortgage companies, totalled NOK 50.2 (47.3) billion as at 30 September 2014. The Parent Bank's lending growth for the last 12 months, including loans transferred to the mortgage companies, was 6.0 (9.2) per cent.

Growth, including transferred loans, was 6.0 (7.4) per cent in the retail market and 6.1 (14.0) 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 September 2014 totalled NOK 31.6 (29.7) billion. The growth in deposits over the past 12 months was 6.3 (7.5) per cent. NOK 19.9 billion of deposits came from the retail market, while NOK 11.7 billion came from the corporate market. Public sector deposits amounted to NOK 4.7 billion.

Subsidiaries

The financing company SpareBank 1 Finans Østlandet AS posted a profit after tax of NOK 53 (42) million. The financing company's gross loans at the end of the quarter totalled NOK 4.7 (4.2) billion. Gross lending growth over the past 12 months was 8.7 (24.2) per cent.

SpareBank 1 Regnskapshuset Østlandet AS posted earnings of NOK 98 (80) million and achieved a profit after tax of

NOK 5 (1) million.

The estate agency EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 57 (46) million and achieved a profit after tax of NOK 8 (3) million.

Partly-owned companies

SpareBank 1 Gruppen AS (11 per cent stake) posted a consolidated profit after tax of NOK 1,343 (820) million after three quarters.

In the same period, Bank 1 Oslo Akershus AS (40.5 per cent stake) posted a profit after tax of NOK 367 (244) million. The result gave a return on equity of 17.9 (14.5) per cent, including the profit from the sale of the shares in Nets Holding ASA. The return on equity excluding this profit was 11.6 per cent. At the end of the quarter, the Bank's gross lending totalled NOK 41.6 (40.3) billion, including loans transferred to SpareBank 1 Boligkreditt AS. Lending growth over the past 12 months was 4.4 (8.6) per cent. The core equity tier 1 ratio was 11.5 (13.2) per cent.

Financial strength

The core equity tier 1 ratio was 21.0 (20.8) per cent at the end of the quarter.

The Parent Bank's equity of NOK 6.7 (6.1) billion consists entirely of retained earnings and represents 13.7 (13.5) per cent of the balance sheet.

Prospects for the remainder of the year

Economic activity in Norway is expected to remain around 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. We see no special Norwegian circumstances that could have significant consequences for the Interior Region in the short-term. The Bank is well prepared for any setback with good funding, a high deposit coverage ratio, stable earnings and a high level of equity.

The Board of Directors of Sparebanken Hedmark

Hamar, 30 October 2014.

Siri J. Strømmevold
Leder

Bjørnar Håkensmoen

Erik Garaas

Espen Bjørklund Larsen

Nina C. Lier

Aud Christensen

Morten Herud

Richard Heiberg
adm direktør

Income statement

Parent bank				Group			
31.12.13	30.09.13	30.09.14	(NOK million)	Notes	30.09.14	30.09.13	31.12.13
1 908	1 424	1 423	Interest income		1 574	1 553	2 085
1 078	808	803	Interest expenses		803	808	1 077
830	616	620	Net interest income		771	745	1 008
416	304	381	Commission income		380	303	415
27	20	24	Commission expenses		38	33	45
19	16	10	Other operating income		163	143	189
409	300	367	Net commission and other income		505	413	559
21	18	13	Dividends		13	18	21
189	124	135	Net profit from ownership interests		297	205	326
-84	-65	122	Net profit from other financial assets and liabilities		137	-81	-84
126	77	269	Net income from financial assets and liabilities		447	142	263
1 364	993	1 256	Total net income		1 723	1 300	1 829
342	258	276	Personnel expenses		397	362	486
339	255	257	Other operating expenses		320	319	430
681	513	534	Total operating expenses before losses on loans and guarantees		718	681	916
684	480	722	Profit before losses on loans and guarantees		1 005	619	913
61	20	29	Losses on loans and guarantees	6	42	29	72
622	460	693	Profit/loss before tax		963	590	841
124	91	111	Tax charge		136	109	147
499	369	582	Results for the accounting period		826	481	694
			Majority interests		824	481	704
			Minority interests		2	0	-10
499	369	582	Statement of comprehensive income according to IAS 1		826	481	694
-67		-40	Actuarial gains / losses on pensions		-42		-85
18		11	Tax effect of actuarial gains / losses on pensions		12		22
			Share of other comprehensive income from associates and joint ventures			-6	1
-49	0	-29	Total items not reclassified through profit or loss		-30	-6	-62
56	41	140	Change in value of financial assets available for sale		140	41	56
-3	8	-1	Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value		-1	8	-3
3	-3	-158	Financial assets available for sale transferred to profit and loss on realisation		-158	-3	3
			Share of other comprehensive income from associates and joint ventures		4		5
56	45	-18	Total items reclassified through profit or loss		-15	45	61
7	45	-47	Total profit and loss items recognised in equity		-45	39	-1
505	414	534	Total profit / loss for the accounting year		782	520	693
			Majority share of comprehensive income		780	520	703
			Minority interest of comprehensive income		2	0	-10

Balance sheet

Parent bank				Group			
31.12.13	30.09.13	30.09.14	(NOK million)	Notes	30.09.14	30.09.13	31.12.13
ASSETS							
872	313	713	Cash and deposits with central banks		713	313	572
3 954	3 779	4 701	Loans to and receivables from credit institutions		635	314	699
32 598	32 797	34 390	Loans to and receivables from customers	5,6	38 978	37 022	36 936
4 927	4 140	4 687	Certificates, bonds and fixed-income funds		4 687	4 140	4 927
363	346	399	Financial derivatives	7	399	346	363
357	357	237	Shares, units and other equity interests		237	357	357
2 140	2 148	2 299	Investments in associates and joint ventures		2 966	2 488	2 565
407	599	585	Investments in subsidiaries				
	1		Assets held for sale			2	1
266	285	271	Property, plant and equipment		291	307	288
117	120	111	Goodwill and other intangible assets		187	201	177
70	71	88	Deferred tax asset		75	63	58
600	388	434	Other assets	10	583	403	455
46 669	45 344	48 915	Total assets		49 751	45 956	47 397
LIABILITIES							
634	631	677	Deposits from and liabilities to credit institutions		677	630	632
30 110	29 723	31 592	Deposits from and liabilities to customers	11	31 575	29 707	30 097
8 398	7 515	8 476	Liabilities arising from issuance of securities	12	8 476	7 515	8 398
182	216	189	Financial derivatives	7	189	216	182
131	136	118	Current tax liabilities		152	248	144
503	500	639	Other debt and liabilities recognised in the balance sheet	13	701	604	722
503	502	511	Subordinated loan capital	12	511	502	503
40 460	39 223	42 202	Total liabilities		42 281	39 422	40 679
EQUITY CAPITAL							
6 013	5 564	5 977	Primary capital		5 733	5 564	6 013
71	74	48	Endowment fund		48	74	71
125	114	106	Fund for unrealised gains		106	114	125
			Other equity		739	276	495
	369	582	Results for the accounting year		826	481	
			Minority interests		18	25	14
6 209	6 121	6 713	Total equity capital		7 470	6 534	6 718
46 669	45 344	48 915	Total liabilities and equity capital		49 751	45 956	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 Sept 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	6 209
Equity at 1 January 2014	6 013	71	125	6 209
OB correction: Correction of previous years' errors	-1			-1
Adjusted equity at 1 January 2014	6 012	71	125	6 208
Results for the accounting year	582			582
Actuarial gains / losses on pensions	-29			-29
Change in value of financial assets available for sale			-18	-18
Donations distributed from profit 2013	-6			-6
Grants from endowment fund in 2014		-23		-23
Equity at 30 Sept 2014	6 559	48	106	6 713

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	369			112		481
Actuarial gains / losses on pensions						0
Change in value of financial assets available for sale			45			45
Adjustment to equity from associated companies and joint ventures				-16		-16
Donations distributed from profit 2012	-6					-6
Grants from endowment fund in 2013		-9				-9
Equity at 30 Sept 2013	5 933	74	114	389	24	6 534
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	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	824				2	826
Actuarial gains / losses on pensions	-29			-1		-30
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss						0
Change in value of financial assets available for sale			-18			-18
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						0
Change in the group composition				-2	2	0
Donations distributed from profit 2013	-6					-6
Grants from endowment fund in 2014		-23				-23
Equity at 30 Sept 2014	6 802	48	107	495	18	7 470

Cash flow statement

Parent bank				Group		
31.12.13	30.09.13	30.09.14	(NOK million)	30.09.14	30.09.13	31.12.13
12 681	9 132	7 509	This year's downpayment on repayment loans etc. to customers	8 916	10 339	14 492
			Change in advance rent leasing	14	20	28
-10 612	-8 001	-7 425	Newly discounted repayment loans etc. to customers for the year	-9 341	-9 812	-13 130
-23	-24	-26	Change in balances of foreign currency lending	-26	-24	-23
-3 174	-2 384	-1 883	Change in balances of credits	-1 883	-2 384	-3 173
1 567	1 160	1 153	Interest and commission income on lending	1 383	1 353	1 829
25	23	5	Included in previous years' realised losses on lending	6	24	27
			Net cash flow relating to bankruptcies			
1			Net cash flow from assets held for sale	1	-1	
465	-94	-667	Cash flow from lending operations (A)	-930	-485	50
1 246	346	881	Change in balances of deposits from customers at call	880	360	1 260
710	770	178	Change in balances of deposits from customers with agreed maturity dates	178	770	710
-821	-169	-153	Interest payments to customers	-150	-167	-817
1 135	947	906	Cash flow from deposit operations (B)	908	963	1 153
153	931	254	Net cash flow from securities held short term	254	931	153
66	84	29	Cash flow linked to exchange rate gains / losses on securities held short term	29	84	66
103	76	71	Interest received on bonds and certificates	71	76	103
			Share dividends received from securities held short term			
322	1 091	354	Cash flow from investments in securities (C)	354	1 091	322
-755	-300	-615	Change in receivables from credit institutions with agreed maturity dates	-104	-171	-403
93	68	87	Interest received on deposits in credit institutions	87	68	93
-662	-232	-528	Cash flow from deposits in credit institutions (D)	-17	-103	-310
551	400	466	Other income	620	527	721
-644	-536	-528	Operating expenses payable	-730	-720	-897
-113	-137	-143	Tax payments	-144	-140	-116
-17	-15	-29	Donations	-29	-15	-17
-135	43	119	Net cash flow from change in other assets	1	49	28
-203	-100	79	Net cash flow from change in accruals	1	-182	-315
-112	-40	60	Net cash flow from change in other liabilities	-62	-19	-72
-673	-385	24	Remaining cash flow from current operations (E)	-344	-500	-668
587	1 326	89	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	-29	966	547
-200	-202	28	Change in deposits from credit institutions	46	-60	-203
2 497	1 497	1 650	Receipts arising from issuance of securities	1 650	1 497	2 498
-1 173	-1 173	-1 388	Payments arising from redemption of securities issued	-1 388	-1 173	-1 173
-454	-291	-277	Buy-back of own securities	-277	-291	-454
-219	-149	-157	Interest payments on financing	-157	-149	-219
451	-318	-144	Cash flow from financing activities (G)	-125	-176	449
-70	-68	-25	Investments in fixed assets and intangible assets	-29	-74	-77
11	25	1	Sales of fixed assets and intangible assets at sales price	1	25	11
-882	-832	-198	Purchase of long-term securities	-198	-832	-882
178	40	280	Sale of long-term securities	280	40	178
145	142	147	Share dividends from securities held long term	85	115	115
-618	-693	205	Cash flow from investments (H)	140	-725	-655
3	3		Liquidity effect of acquisition and sale of ownership interests (I)	-16	-5	-3
-85	-260	-178	Liquidity effect from placements in subsidiaries (L)	2		
338	59	-28	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I+L)	-28	59	338
261	261	599	Cash and cash equivalents at 1 January	599	261	261
599	320	571	Cash and cash equivalents at 30 Sept	571	320	599
			Cash and cash equivalents at 30 Sept comprise:			
572	313	563	Cash and deposits with central banks	563	313	572
27	7	8	Deposits etc. at call with banks	8	7	27
599	320	571	Cash and cash equivalents at 30 Sept	571	320	599

Results from the quarterly accounts

(Isolated figures in NOK million)

Group

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2014	2014	2014	2013	2013	2013	2013	2012	2012
Interest income	536	526	512	532	535	520	498	513	515
Interest expenses	264	267	272	269	269	268	271	271	273
Net interest income	272	259	240	263	266	252	227	242	242
Commission income	117	121	142	112	116	99	88	85	75
Commission expenses	13	12	12	12	12	10	11	11	12
Other operating income	51	57	56	46	49	48	46	44	51
Net commission and other income	155	165	186	146	153	137	123	118	114
Dividends	1		12	3		18			
Net profit from ownership interests	103	80	114	121	98	53	54	-5	46
Net profit from other financial assets and liabilities	173	-3	-33	-3	-19	26	-88	-21	-47
Net income from financial assets and liabilities	276	77	93	121	79	97	-34	-26	-1
Total net income	702	501	519	529	498	486	316	334	355
Personnel expenses	132	129	136	124	122	115	125	110	114
Other operating expenses	104	110	106	111	101	112	106	113	91
Total operating expenses before losses on loans and guarantees	237	239	242	235	223	227	231	223	205
Profit before losses on loans and guarantees	466	262	277	294	275	259	85	111	150
Losses on loans and guarantees	9	21	12	43	4	22	3	23	-2
Profit/loss before tax	456	241	265	251	271	237	82	88	152
Tax charge	54	45	38	38	49	51	9	29	30
Results for the accounting period	403	197	227	213	222	186	74	59	122

Notes to the accounts

Note 1 Accounting principles

The financial statements for Sparebanken Hedmark comprise the period 01.01-30.09.2014. 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 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 Kundsenter AS (9.7 percent) to Alliansesamarbeidet SpareBank 1 DA.

The companies are still owned indirectly by Sparebanken Hedmark through Alliansesamarbeidet (11.30 percent).

Sparebanken Hedmark increased its ownership interest in SpareBank 1 Markets AS from 14.70 to 16.64 per cent in the second quarter. In the third quarter ownership interest in SpareBank 1 Markets AS increased to 16.80 per cent.

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, thus Sparebanken Hedmark's ownership in SpareBank 1 Gruppen AS is reduced from 12 percent to 11 percent.

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	30.09.14							Total
	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other		
Income statement								
Net interest income	310	273	154		-2	37		771
-of which internal items			-63		-2	65		
Net commission and other income	301	55	-14	57	98	9		505
-of which internal items			-1			1		
Net return on financial investments						447		447
Operating expenses*	183	73	53	46	89	275		718
Profit before losses by segment:	428	255	87	12	7	218		1 005
Losses on loans and guarantees	10	19	13					42
Profit / loss per segment	418	236	73	12	7	218		963
Balance sheet								
Lending to customers	19 740	14 280	4 646			567		39 233
-of which internal items								
Individual loan write-downs	-40	-88	-11					-139
Collective loan write-downs	-31	-71	-14					-116
Other assets	107	2	85	40	110	10 429		10 773
Total assets per segment	19 776	14 123	4 706	40	110	10 996		49 751
Deposits from and liabilities to customers	19 573	11 723				279		31 575
-of which internal items								
Other liabilities and equity	203	2 400	4 706	40	110	10 717		18 176
Total equity and liabilities per segment	19 776	14 123	4 706	40	110	10 996		49 751

Group	30.09.13							Total
	Retail banking	Corporate banking	SpareBank1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other		
Income statement								
Net interest income	307	245	131		-1	63		745
-of which internal items			-64		-1	65		
Net commission and other income	240	47	-14	47	80	13		413
-of which internal items			-1			1		
Net return on financial investments						142		142
Operating expenses*	184	75	49	43	78	252		681
Profit before losses by segment:	363	217	68	4	1	-34		619
Losses on loans and guarantees	5	15	9					29
Profit / loss per segment	358	202	59	4	1	-34		590
Balance sheet								
Lending to customers	18 703	13 776	4 276			506		37 261
-of which internal items								
Individual loan write-downs	-40	-94	-7					-141
Collective loan write-downs	-24	-61	-13					-98
Other assets	107	1	-27	31	89	8 733		8 934
Total assets per segment	18 746	13 622	4 229	31	89	9 239		45 956
Deposits from and liabilities to customers	18 672	10 732				303		29 707
-of which internal items								
Other liabilities and equity	74	2 890	4 229	31	89	8 936		16 249
Total equity and liabilities per segment	18 746	13 622	4 229	31	89	9 239		45 956

Group

31.12.13

	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other	Total
Retail banking							
Netto renteinntekter	421	332	180		-2	77	1 008
<i>av dette utgjør interne poster</i>		-4	-85	4	-2	87	
Netto provisjons- og andre inntekter	329	65	-19	67	102	15	559
<i>av dette utgjør interne poster</i>			-1			1	
Netto avkastning på finansielle investeringer						263	263
Driftskostnader*)	244	103	70	63	104	332	916
Resultatbidrag før tap per segment	506	294	91	4	-4	22	913
Tap på utlån og garantier	18	43	11				72
Resultatbidrag før skatt per segment	488	251	80	4	-4	22	841
Balance sheet							
Lending to customers	18 804	13 490	4 381			505	37 180
<i>-of which internal items</i>					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
<i>-of which internal items</i>		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		
Basel II	Basel II	Basel III		Basel III	Basel II	Basel II
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
6 013	5 564	5 978	Primary capital	5 978	5 564	6 013
71	74	48	Endowment fund	48	74	71
125	114	106	Revaluation fund / equalisation reserve	106	114	125
	369	582	Results for the accounting period	826	481	
			Other equity	495	276	495
			Minority interests	17	25	14
6 209	6 121	6 714	Total equity carried	7 470	6 534	6 718
			Tier 1 capital			
	-111		Results for the accounting year not included	-57	-222	
			Minority interests not included	-17		
-188	-191	-112	Deferred tax (Basel II), goodwill and other intangible assets	-199	-280	-248
-125	-114	-106	Unrealised value change due to reduced / increased value of liabilities (Basel II/ transitional adj.)	-106	-114	-125
-210	-195	-282	Positive value of expected losses under the IRB approach	-321	-122	-113
-543	-526		Deduction for subordinated capital in other financial institutions (Basel II)		-54	-68
			Capital adequacy reserve (Basel II)		-983	-1 142
		-112	CET1 instruments of financial sector entities where the institution does not have a significant investment			
			CET1 instruments of financial sector entities where the institution does have a significant investment	-1 453		
			Cumulative gains and losses due to changes in own credit risk on fair valued liabilities			
		-7	Value adjustments due to the requirements for prudent valuation	-10		
		-264	Excess of deduction from AT1 items over AT1 Capital			
5 143	4 984	5 831	Total common equity Tier 1 capital	5 307	4 759	5 022
			Additional Tier 1 capital			
			Hybrid capital	142	61	61
		-264	AT1 instruments of financial sector entities where the institution does not have a significant investment			
			AT1 instruments of financial sector entities where the institution does have a significant investment	-2		
			Excess of deduction from T2 items over AT1 Capital			
		264	Excess of deduction from AT1 items over AT1 Capital			
0	0	0	Total additional Tier 1 capital	140	61	61
			Supplementary capital in excess of core capital			
56	51	38	36 per cent (45 per cent under Basel II) of unrealised gain on shares classified as available for sale	38	51	56
500	500	500	Non-perpetual additional T1 capital	703	703	703
-14	-25		Deduction for expected losses on IRB, net of write-downs (Basel II)		-122	-112
-543	-526		Deduction for subordinated capital in other financial institutions (Basel II)		-54	-68
			Capital adequacy reserve (Basel II)		-578	-579
		-303	T2 instruments of financial sector entities where the institution does not have a significant investment			
			T2 instruments of financial sector entities where the institution does have a significant investment	-196		
			Excess of deduction from T2 items over AT1 Capital			
0	0	235	Total supplementary capital	545	0	0
5 143	4 984	6 066	Net subordinated capital	5 992	4 820	5 083

Parent bank				Group		
Basel II	Basel II	Basel III		Basel III	Basel II	Basel II
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
		4 596	Corporates - SME	5 118		
5 871	5 870	6 898	Corporates - Specialised Lending	9 034	8 128	8 079
5 498	5 185	845	Corporates - Other	1 049	5 874	6 253
431	444	636	SME exposure	677	460	446
2 613	2 494	5 431	Retail mortgage exposure	7 342	3 380	3 529
691	611	654	Other retail exposure	728	697	765
1 666	1 729		Equity investments		1 925	1 492
16 770	16 332	19 060	Risk-weighted assets credit risk IRB	23 948	20 464	20 564
6 133	5 763	6 535	Exposures calculated using the standardised approach	9 434	8 169	8 902
			Market risk		618	488
		188	CVA	240		
	952		Transitional arrangements		1 159	
1 932	1 932	1 923	Operational risk	3 038	2 870	2 870
-1 085	-1 028		Deductions		-1 681	-1 853
23 750	23 951	27 706	Risk-weighted assets	36 660	31 599	30 971
1 900	1 916	2 216	Capital requirements (8 %)	2 933	2 528	2 478
			Buffer requirements			
		693	Conservation buffer (2.5 %)	917		
			Countercyclical buffer (0 %)			
		831	Systemic risk buffer (3 %)	1 100		
		1 524	Total buffer requirements for common equity (5.5 %)	2 016		
		3 060	Available common equity (net minimum requirement of 10 %)	1 641		
			Capital adequacy ratio			
21,7 %	20,8 %	21,0 %	Common equity Tier 1 capital ratio	14,5 %	15,1 %	16,2 %
21,7 %	20,8 %	21,0 %	Tier 1 Capital ratio	14,9 %	15,3 %	16,4 %
21,7 %	20,8 %	21,9 %	Capital adequacy ratio	16,3 %	15,3 %	16,4 %
21,7 %	21,7 %	21,9 %	Capital adequacy ratio before transitional arrangements	16,3 %	15,8 %	16,4 %

Note 5 Loans to and receivables from customers

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
			Loans by type of receivable			
			Financial leasing	2 038	1 969	2 019
8 110	7 476	9 744	Overdraft facilities and operating credits	9 744	7 476	8 110
1 318	1 159	1 573	Building loans	1 573	1 159	1 318
23 301	24 283	23 211	Repayment loans	25 776	26 534	25 617
92	99	92	Accrued interest	102	123	116
32 822	33 017	34 620	Gross loans to and receivables from customers	39 233	37 261	37 180
224	220	230	Write-downs	255	239	244
32 598	32 797	34 390	Loans to and receivables from customers	38 978	37 022	36 936
			Loans by type of market			
19 397	19 311	20 200	Private customers	22 344	21 291	21 406
13 421	13 696	14 415	Corporate	16 726	15 831	15 628
4	10	5	Public sector	164	139	146
32 822	33 017	34 620	Gross loans to and receivables from customers	39 233	37 261	37 180
224	220	230	Write-downs	255	239	244
32 598	32 797	34 390	Loans to and receivables from customers	38 978	37 022	36 936

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
21 612	21 517	21 849	Private customers	23 993	23 506	23 630
137	185	178	Public sector	342	315	279
3 614	3 598	3 792	Primary industries	4 013	3 790	3 784
308	321	292	Paper and pulp industries	309	340	322
596	604	724	Other industry	949	749	739
1 540	1 563	1 457	Building and construction	1 923	1 991	1 936
207	208	216	Power and water supply	342	330	319
1 097	1 107	1 147	Wholesale and retail trade	1 418	1 370	1 361
171	172	178	Hotel and restaurants	198	182	179
6 327	6 520	7 533	Real estate	7 601	6 565	6 366
2 100	1 849	2 112	Commercial services	2 523	2 171	2 550
264	354	276	Transport and communications	915	898	792
24	14	42	Other	50	40	24
37 998	38 013	39 796	Total commitments by sector and industry	44 576	42 248	42 281

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
19 397	19 311	20 200	Private customers	22 337	21 291	21 406
4	10	5	Public sector	169	139	146
3 198	3 163	3 280	Primary industries	3 460	3 379	3 367
250	261	245	Paper and pulp industries	262	280	264
437	415	494	Other industry	707	561	451
931	963	987	Building and construction	1 394	1 390	1 326
187	177	192	Power and water supply	310	298	298
755	775	796	Wholesale and retail trade	1 064	1 037	1 018
153	155	159	Hotel and restaurants	168	165	161
5 837	6 021	6 570	Real estate	6 612	6 066	5 876
1 457	1 558	1 451	Commercial services	1 861	1 879	1 786
193	194	200	Transport and communications	839	736	1 057
24	14	41	Other	50	40	24
32 822	33 017	34 620	Total gross loans by sector and industry	39 233	37 261	37 180

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
46	43	42	Private customers	49	44	47
3	4	4	Primary industries	4	4	3
1	1	1	Paper and pulp industries	1	1	1
7	4	13	Other industry	14	5	8
10	11	10	Building and construction	10	12	12
			Power and water supply			
20	18	24	Wholesale and retail trade	25	18	20
1	1	1	Hotel and restaurants	1	1	1
26	37	17	Real estate	17	37	26
17	15	17	Commercial services	17	15	17
			Transport and communications			
131	135	129	Total individual write-downs by sector and industry	139	141	138

Note 6 Losses on loans and guarantees

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
10	3	-2	Change in individual write-downs in the period	1	-4	5
-5	-13		Change in collective write-downs in the period	11	-11	-3
29	22	18	Realised losses on commitments previously written down	25	36	44
51	31	9	Realised losses on commitments not previously written down	11	32	53
24	23	5	Recoveries on loans and guarantees previously written down	6	24	26
61	20	29	Total losses on loans and guarantees	42	29	72

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
138	138	143	Individual write-downs to cover losses on loans and guarantees at 1 January	150	150	150
			Realised losses in the period on loans and guarantees previously			
29	22	18	written down individually	25	36	44
19	10	13	Reversal of write-downs in previous years	19	11	21
			Increase in write-downs on commitments previously written			
13	4	7	down individually	8	5	14
			Write-downs on commitments not previously written			
40	29	22	down individually	38	37	50
143	139	141	Individual write-downs to cover losses on loans and guarantees at the end of period *)	152	145	150

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

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
98	98	93	Collective write-downs to cover losses on loans and guarantees at 1 January	106	109	109
-5	-13	9	Collective write-downs to cover losses on loans and guarantees in the period	10	-11	-3
93	85	102	Collective write-downs to cover losses on loans and guarantees	116	98	106

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
257	387	266	Defaulted commitments	358	453	340
271	266	204	Other doubtful commitments	206	266	271
528	653	470	Total defaulted and doubtful commitments	564	719	611
143	139	141	Individual write-downs on loans and guarantees	152	145	150
385	514	329	Net defaulted and doubtful commitments	412	573	461

Note 7 Financial derivatives

Parent bank og Group

At fair market value through p & l account

	30.09.14		
	Contact sum	Fair market	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	446	5	5
Currency swap contracts	2 301	23	6
Total foreign exchange instruments	2 747	28	12
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	8 748	348	177
Other interest rate contracts	150	20	
Total interest rate instruments	8 898	368	177
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	3	0
Total curr.- and int. rate instruments			
Total currency instruments	2 747	28	12
Total interest rate instruments	8 898	368	177
Total other financial derivatives	66	3	0
Total	11 711	399	189

At fair market value through p & l account

30.09.13

	Contact sum	Fair market	
		Assets	Liabilities
	Foreign exchange instruments		
Forward exchange contracts	969	25	17
Currency swap contracts	2 471	1	33
Total foreign exchange instruments	3 440	26	50
Interest rate instruments			
Interest rate swaps (inc. int. rate & currency)	9 081	299	166
Other interest rate contracts	150	20	
Total interest rate instruments	9 231	319	166
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	0
Total curr. and int. rate instruments			
Total currency instruments	3 440	26	50
Total interest rate instruments	9 231	319	166
Total other financial instruments	66	0	0
Total	12 737	346	216

At fair market value through p & l account

31.12.13

	Contact sum	Fair market	
		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	0
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 30.09.2014

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		396	3	399
- Bonds and certificates		4 687		4 687
- Fixed-rate loans		1 878		1 878
- Loans with interest-rate guarantees			3	3
Financial assets available for sale				
- Equity instruments	127		110	237
Total assets	127	6 960	116	7 203
Liabilities				
Financial liabilities at fair value through profit and loss				
- Derivatives		189		189
- Securities issued		8 476		8 476
- Subordinated loan capital		511		511
- Fixed-rate deposits		40		40
Total liabilities	0	9 216	0	9 216

Per 30.09.2013

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		345		346
- Bonds and certificates		4 132		4 132
- Fixed-rate loans		1 951		1 951
- Loans with interest-rate guarantees			3	3
Financial assets available for sale				
- Equity instruments	90		267	357
Total assets	90	6 429	270	6 788
Liabilities				
Financial liabilities at fair value through profit and loss				
- Derivatives		216		216
- Securities issued		8 017		8 017
- Subordinated loan capital				0
- Fixed-rate deposits		115		115
- Term deposits			51	51
Total liabilities	0	8 348	51	8 399

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 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 not are based on 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 brokerage firms or Reuters pricing service.
- Fair value of fixed-rate deposits and loans is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus an implicit mark-upcalculated as the difference between the reference rate and the interest rate indicated by the Bank's price list on balance sheet day.
- - Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

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

	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Sum
31.12.13-30.09.14					
Opening balance	3	256	3	-51	210
Investments in the period		16			16
Sales / redemption in the period	0	-271	-5	51	-225
Transferred to level 2 (Nets Holding ASA)	0	158	5	0	164
Gains / losses recognised through profit and loss		-50			-50
Gains / losses recognised directly against comprehensive income	3	110	3	0	116
Closing balance	0		5		5
Gains / losses for the period included in the profit for assets owned on the balance sheet day					

	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Sum
31.12.12-30.09.13					
Opening balance	4	251	11	-206	59
Investments in the period		-7		-51	-58
Sales / redemption in the period	-1	-5	-11	205	188
Gains / losses recognised through profit and loss	0	-8	1	1	-6
Gains / losses recognised directly against comprehensive income		36			36
Closing balance	3	267	0	-51	219
Gains / losses for the period included in the profit for assets owned on the balance sheet day	0	-8	1	0	-7

	Loans with interest-rate guarantees	Equity instruments	Derivatives	Market-linked certificates of deposit (BMA)	Sum
31.12.12-31.12.13					
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 are 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

According to IRFR 7.3 A-F the Bank shall state the types of financial instruments that the Bank considers to meet the requirements of netting under IAS 32.42, as well as the financial instruments the Bank has signed netting for.

The Bank has no financial instruments recognized 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. The agreements are unilateral, meaning that only the customers that provide security. Towards financial institutions the Bank standardized and mainly bilateral ISDA agreements. In addition, the Bank has entered into additional agreements for cash collateral (CSA) against two institutional counterparties.

The assets and liabilities below may be offset.

All figures are identical for the parent bank and the Group.	Amounts not presented on the balance sheet on a net basis					
	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
30.09.14						
Derivatives as assets	399	0	399	-67	0	331
Derivatives as liabilities	-189	0	-189	67	73	-48
30.09.13						
Derivatives as assets	345	0	345	-57	0	288
Derivatives as liabilities	-216	0	-216	57	34	-125
31.12.13						
Derivatives as assets	363	0	363	-74	0	289
Derivatives as liabilities	-182	0	-182	74	9	-99

Note 10 Other assets

Parent bank				Group		
31.12.13	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
43	28	43	Capital payments into pension fund	43	28	43
298	257	219	Accrued income, not yet received	219	258	298
32	29	16	Prepaid costs, not yet incurred	16	29	32
227	74	156	Other assets	305	88	82
600	388	434	Other assets	583	403	455

Note 11 Deposits from and liabilities to customers

Parent bank				Group		
31.12.2013	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
18 744	18 949	18 912	Private customers	18 912	18 949	18 744
3 966	3 943	4 378	Public sector	4 378	3 943	3 966
831	855	960	Primary industries	960	855	831
135	122	111	Paper and pulp industries	111	122	135
410	317	378	Other industry	378	317	410
616	537	624	Building and construction	624	537	616
108	244	199	Power and water supply	199	244	108
666	652	634	Wholesale and retail trade	634	652	666
84	85	95	Hotel and restaurants	95	85	84
1 688	1 454	1 727	Real estate	1 727	1 454	1 688
2 601	2 336	3 311	Commercial services	3 294	2 320	2 588
254	221	257	Transport and communications	257	221	254
6	8	6	Other operations	6	8	6
30 110	29 723	31 592	Total deposits by sector and industry	31 575	29 707	30 097

Note 12 Securities-related debt

Parent bank og Group

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

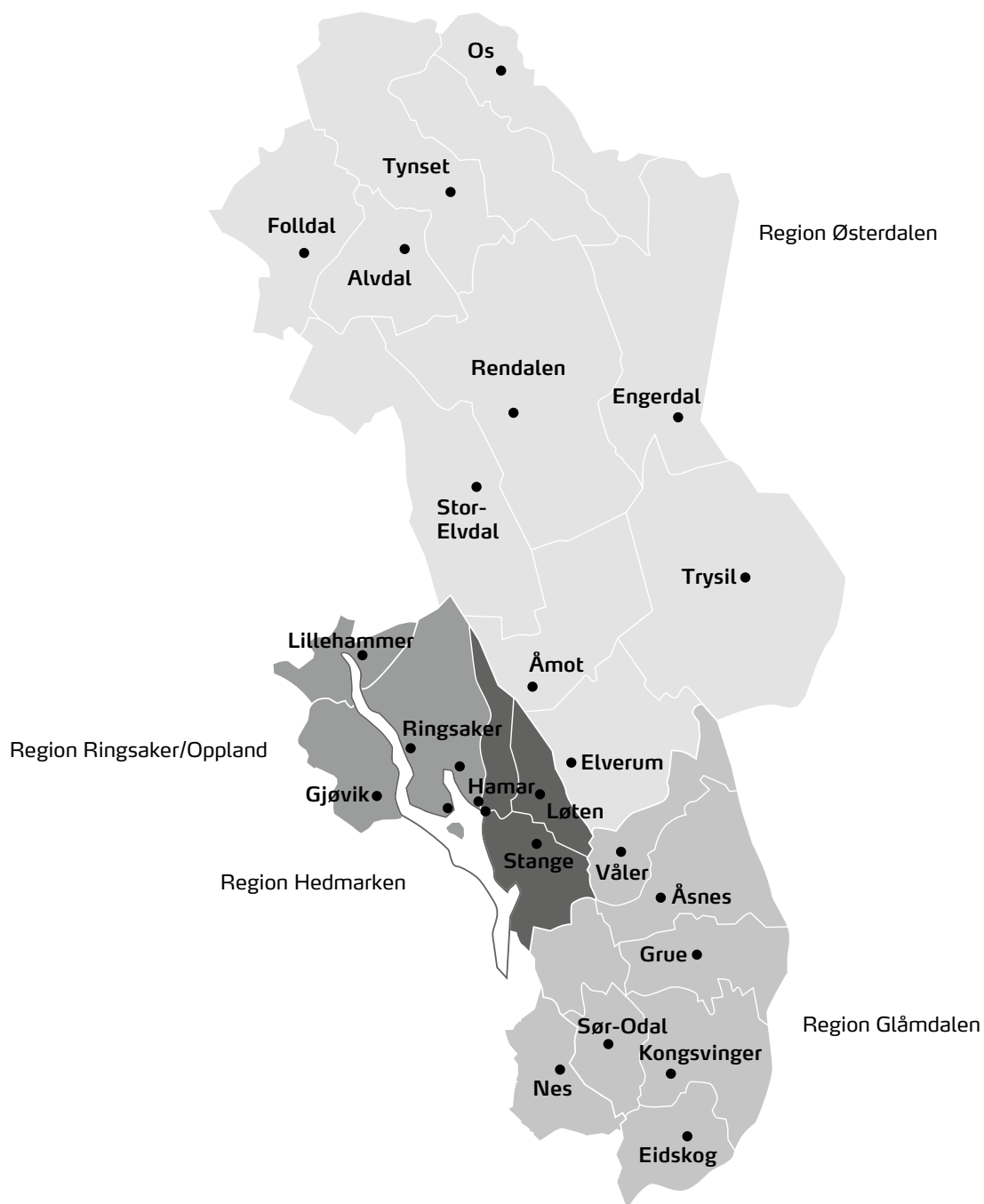
Changes in liabilities from issuance of securities	30.09.14	Issued	Due / redeemed	Other changes	31.12.13
Certificate-based debt, nominal value	0		-300		300
Bond debt, nominal value	8 003	1 650	-1 250	-115	7 718
Non- Perpetual additional Tier 2 capital, nominal value	500				500
Accrued interest	127			-37	164
Adjustments	357			138	219
Total debt raised through issuance of securities, fair value	8 987	1 650	-1 550	-14	8 901

Changes in liabilities from issuance of securities	30.09.13	Issued	Due / redeemed	Other changes	31.12.12
Certificate-based debt, nominal value	300	300	-300		300
Bond debt, nominal value	6 879	700	-1 350	183	7 346
Non- Perpetual additional Tier 2 capital, nominal value	500	500			
Accrued interest	131			-52	183
Adjustments	207			-2	209
Total debt raised through issuance of securities, fair value	8 017	1 500	-1 650	129	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	30.09.13	30.09.14		30.09.14	30.09.13	31.12.13
303	245	348	Pension liabilities	363	252	319
12	4	12	Guarantee provisions	12	4	12
8	5	6	Banker's drafts	6	5	8
41	29	28	Accounts payable	32	33	44
139	217	245	Other	288	310	339
503	500	639	Total other debt and liabilities recognised in the balance sheet	701	604	722



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