



Half-year report

Half-year report

First half-year 2016



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Main figures Group

Result summary (NOK mill and % of average assets)	Proforma First half-year ⁸⁾		First half-year 2016 ⁷⁾		First half-year 2015		31.12.2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Net interest income	845	1,75 %	596	1,68 %	536	2,10 %	1 105	2,08 %
Net commissions and other (non-interest) income	624	1,29 %	334	0,94 %	337	1,32 %	651	1,23 %
Net income from financial investments	88	0,18 %	101	0,29 %	203	0,79 %	514	0,97 %
Total income	1 557	3,23 %	1 032	2,91 %	1 076	4,21 %	2 270	4,28 %
Total operating expenses before losses on loans and guarantees	882	1,83 %	513	1,45 %	509	1,99 %	1 052	1,98 %
Profit before losses on loans and guarantees	675	1,40 %	519	1,46 %	567	2,22 %	1 219	2,30 %
Losses on loans and guarantees	40	0,08 %	29	0,08 %	40	0,16 %	56	0,11 %
Profit/loss before tax	635	1,32 %	490	1,38 %	527	2,06 %	1 163	2,19 %
Tax charge	136	0,28 %	94	0,27 %	97	0,38 %	233	0,44 %
Results for the accounting period	499	1,03 %	396	1,12 %	430	1,68 %	930	1,75 %
Minority interests	2	0,00 %	2	0,01 %	0	0,00 %	0	0,00 %
Profitability								
Return on equity capital ¹⁾		9,2 %		8,2 %		11,0 %		14,3 %
Cost-income ratio ²⁾		56,6 %		49,7 %		47,3 %		46,3 %
From the balance sheet								
Gross loans to customers	79 286		79 286		42 091		43 779	
Gross loans to customers including loans transferred to covered bond companies ³⁾	115 224		115 224		57 995		61 140	
Lending growth during the last 12 months				88,4 %		10,0 %		9,6 %
Lending growth in last 12 months including loans transferred to covered bond companies		10,6 %		98,7 %		7,6 %		9,3 %
Deposits from customers	62 637		62 637		33 205		33 458	
Deposit-to-loan ratio ⁴⁾		79,0 %		79,0 %		78,9 %		76,4 %
Deposit growth during the last 12 months		11,5 %		88,6 %		3,6 %		7,7 %
Total assets	100 883		100 883		53 558		55 971	
Total adjusted assets ⁹⁾	136 821		136 821		69 462			
Losses and commitments in default								
Losses on loans as a percentage of gross loans		0,1 %		0,1 %		0,2 %		0,1 %
Commitments in default as a percentage of total commitments		0,4 %		0,4 %		0,8 %		0,6 %
Other bad and doubtful commitments as a percentage of total commitments		0,3 %		0,3 %		0,5 %		0,5 %
Net commitment in default and commitments with loss provisions as a percentage of total commitments ⁵⁾		0,5 %		0,5 %		0,9 %		0,8 %
Financial strength								
Common equity Tier 1 capital ratio		16,0 %		16,0 %		17,0 %		17,2 %
Tier 1 Capital ratio		16,7 %		16,7 %		17,4 %		17,5 %
Capital adequacy ratio		18,6 %		18,6 %		19,0 %		19,1 %
Net subordinated capital	9 305		9 305		6 924		7 179	
Equity ratio		11,3 %		11,3 %		15,2 %		15,6 %
Leverage Ratio		8,3 %		8,3 %		8,6 %		9,2 %
LCR ⁶⁾		136,9 %		136,9 %		113,0 %		120,8 %

1) Net profit as a percentage of average equity

2) Total operating expenses as a percentage of total operating income

3) Covered bond companies used are SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

4) Deposit from customers as a percentage of gross loans to customers (excl. loans transferred to covered bond companies)

5) Net defaulted and doubtful commitments equals the sum of commitments in default and doubtful commitments minus individual write-downs

6) Liquidity Coverage Ratio; measures the size of bank's liquid assets in relation to net liquidity outflows 30 days ahead given a stress situation

7) As a result of the acquisition of Bank 1 Oslo Akershus ratios and comparative figures in the official accounts are not comparable with previous periods.

8) Proforma consolidated displayed as it would be at 100 per cent ownership in Bank 1 Oslo Akershus from January 1, 2016.

9) Total assets and loans transferred to the covered bond companies.

Half-year report First half-year 2016

Summary

Sparebanken Hedmark's acquisition of the remaining shares in Bank 1 Oslo Akershus AS was completed with accounting effect from 29 June 2016. Following the acquisition, Bank 1 Oslo Akershus AS is a wholly owned subsidiary of the Sparebanken Hedmark Group.

After the transaction, the Group is Norway's fourth largest savings bank with total adjusted assets of NOK 137 billion and operations in the counties of Hedmark, Oppland, Akershus and Oslo. The Group has around 1180 employees and 44 branches in the Interior Region, Akershus and Oslo. The aim is for our customers to view us as even more competent with greater breadth and greater competitiveness, as well as to increase our attractiveness in the capital markets.

The results from Bank 1 Oslo Akershus AS in the first half of the year were consolidated into the Group using the equity method with an ownership interest of 40.5 per cent. Bank 1 Oslo Akershus AS's balance sheet has been fully consolidated in the consolidated financial statements as per 30 June 2016. This means that the reported consolidated financial statements contain 40.5 per cent of the results of Bank 1 Oslo Akershus AS, while the reported balance sheet as per 30 June has been consolidated inclusive of Bank 1 Oslo Akershus AS. The Group's calculated proforma result (100 per cent ownership) after tax for the first half of the year amounted to NOK 499 million. This is equivalent to a return on equity of 9.2 per cent. Adjusted for financial items consisting of changes in the value of securities issued and fixed income securities, inclusive of hedging, the return on equity was 10.8 per cent.

Due to the consolidation of Bank 1 Oslo Akershus AS's balance sheet, many of the comparable figures in the official half-yearly financial statements are not particularly informative. Reported net income for the Group (40.5 percent) after taxes (previous year's figures in brackets) was 396 (430) million. The return on equity was 8.2 (11.0) percent. Excluding financial items, return on equity was 10.0 (10.5) percent.

Exclusive of the consolidation of Bank 1 Oslo Akershus AS's balance sheet, the return on equity was 8.8 (11.0) per cent. Exclusive of the consolidation of Bank 1 Oslo Akershus AS's balance sheet, and adjusted for financial items, the return on equity was 10.7 (10.5) per cent.

Sparebanken Hedmark's loan portfolio has no exposure to the oil and petroleum industry. Losses were very low and amounted to NOK 29 million in the first half of the year for the Sparebanken Hedmark Group and NOK 40 million proforma for the new group. Problem loans, defined as non-performing and impaired loans, accounted for 0.7 per cent of gross on-balance sheet commitments for the new group. Inclusive of loans transferred to the covered bond companies, the proportion of problem loans was 0.5 per cent. The new group's common equity tier 1 capital ratio was 16.0 per cent and its capital adequacy ratio 18.6 per cent. Because the Group's balance sheet as per 30 June is consolidated with 100 per cent Bank 1 Oslo Akershus AS, common equity tier 1 capital, tier 1 capital and subordinated capital are identical, regardless of whether one uses a result share of 40.5 per cent or 100 per cent.

Proforma group with consolidation of Bank 1 Oslo Akershus AS

Because the acquisition was completed on 29 June, the reported income statement for the first half of the year for the Sparebanken Hedmark Group is inclusive of a 40.5 per cent ownership interest in Bank 1 Oslo Akershus AS. A selection of key figures is provided for the proforma group as they would have been with 100 per cent ownership of Bank 1 Oslo Akershus AS from 1 January 2016.

The proforma consolidated profit after tax for the first half of 2016 was NOK 499 million.

The return on equity was 9.2 per cent. Adjusted for financial items the return on equity was 10.8 per cent. Total net interest income, inclusive of commissions from loans and credits transferred to partly-owned companies (recognised as commissions), amounted to NOK 1,001 million.

Net interest income as a percentage of average total assets was 1.75 per cent for the first half of the year.

The lending margin, inclusive of mortgages in the covered bond company, amounted to 2.20 (2.46) per cent. The deposit margin was 0.02 (-0.34) per cent. The net interest margin was 2.22 (2.13) per cent.

Net commissions in the first half of the year were NOK 515 (519) million, while other operating income was NOK 109 (112) million.

The net profit from financial assets and liabilities was NOK 88 million. Of this, dividends accounted for NOK 76 million, of which 68 million were dividends from VISA Norway after the first settlement after the sale of VISA Europe Ltd to VISA Inc. The net result from ownership interests, mainly SpareBank 1 Gruppen AS and other alliance companies, was NOK 116 million. The net result from other financial assets and liabilities (securities) was NOK -104 million. Of this, changes in the value of securities issued, inclusive of hedging, amounted to NOK -135 million.

Operating costs amounted to NOK 882 (880) million. Personnel costs amounted to NOK 485 (483) million, depreciation NOK 37 (36) million, and other operating costs NOK 360 (361) million. Loan losses were NOK 40 (34) million.

Lending growth for the last twelve months, inclusive of transferred loans, was 10.6 per cent. Lending growth in Sparebanken Hedmark was 9.8 per cent and 11.7 per cent in Bank 1 Oslo Akershus AS. The deposit growth was 11.5 per cent. The deposit growth in Sparebanken Hedmark

was 10.6 per cent and 13.9 per cent in Bank 1 Oslo Akershus . The deposit-to-loan ratio was 79.0 per cent.

The common equity tier 1 ratio was 16.0 per cent. Net subordinated capital accounted for 18.6 per cent of risk-weighted assets.

Total assets were NOK 101 billion at 30 June 2016 and total adjusted assets, inclusive of loans transferred to the covered bond companies, were NOK 137 billion.

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 wholly owned subsidiaries EiendomsMegler 1 Hedmark Eiendom AS, Vato AS, SpareBank 1 Regnskapshuset Østlandet AS and Bank 1 Oslo Akershus AS, as well as the 95 per cent owned subsidiary SpareBank 1 Finans Østlandet AS.

On 29 June 2016, Sparebanken Hedmark acquired the remaining shares in Bank 1 Oslo Akershus AS and thus increased its ownership interest in the company from 40.5 per cent to 100 per cent.

The results from Bank 1 Oslo Akershus AS in the first half of the year were consolidated into the Group using the equity method with an ownership interest of 40.5 per cent. Bank 1 Oslo Akershus AS's balance sheet has been fully consolidated in the consolidated financial statements as per 30 June 2016. The consolidation of Bank 1 Oslo Akershus AS's balance sheet as per the first half of 2016 means that the balance sheet figures in Sparebanken Hedmark's consolidated financial statements are not directly comparable with last year's figures.

Sparebanken Hedmark owns 12.4 per cent of SpareBank 1 Gruppen AS, 6.2 per cent of SpareBank 1 Markets AS, and 18.3 per cent of SpareBank 1 Kredittkort AS. The bank also owns 19.7 per cent of SpareBank 1 Boligkreditt AS and 3.8 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The results from the above companies are recognised in the bank's consolidated financial statements proportionate to the bank's ownership stake.

The consolidated profit after tax for the first half of the year was NOK 396 (430) million. The return on equity was 8.2 (11.0) per cent.

Exclusive of changes in the market values of securities issued, fixed-income investments, derivatives and fixed-rate products for customers that are assessed at fair value through profit and loss, the return on equity was 10.0 (10.5) per cent. Due to the consolidation of Bank 1 Oslo Akershus AS's balance sheet, many of the comparable figures in the official half-yearly financial statements are not particularly informative. Exclusive of the consolidation of Bank 1 Oslo Akershus AS's balance sheet, the return on equity was 8.8 (11.0) per cent. Exclusive of the consolidation of Bank 1 Oslo Akershus AS's balance sheet, and adjusted for financial items, the return on equity was 10.7 (10.5) per cent.

Specification of the consolidated profit after tax in NOK millions:

Parent bank's profit after tax	433
Dividends received from subsidiaries/associated companies	- 256

Share of the result from:

SpareBank 1 Gruppen AS	80
Bank 1 Oslo Akershus AS	71
SpareBank 1 Boligkreditt AS	12
EiendomsMegler 1 Hedmark Eiendom AS	10
SpareBank 1 Finans Østlandet AS	39
SpareBank 1 Regnskapshuset Østlandet AS	4
Other associated companies/joint ventures	3
Consolidated profit after tax	396

Interest income and other operating income

Total net interest income, inclusive of commissions from loans and credit transferred to partly-owned companies (recognised as commissions), was NOK 677 (634) million. This corresponded to an increase of 6.8 per cent over the previous year.

The Group's net interest income as a percentage of average total assets was 1.68 (2.10) per cent for the first half of the year. Exclusive of the consolidation of Bank 1 Oslo Akershus AS's balance sheet, the Group's net interest income as a percentage of average total assets was 2.07 (2.10) per cent in the first half of the year.

The Group's lending margin, inclusive of mortgages in the covered bond company, amounted to 2.46 (2.76) per cent. The deposit margin was 0.16 (-0.34) per cent. The Group's net interest margin was 2.62 (2.42) per cent.

Net commissions in the first half of the year were NOK 234 (228) million, while other operating income was NOK 100 (109) million.

Income from the real estate agency accounted for NOK 49 (39) million of net commissions. Income from the accounting business accounted for NOK 91 (93) million of other operating income.

Net result from financial assets and liabilities

The net result from financial assets and liabilities fell by NOK 102 million to NOK 101 (203) million. Dividends were

NOK 37 million higher, the net result from ownership interests increased by NOK 2 million, and the result from other financial items decreased by NOK 140 million.

Dividends of NOK 45 (8) million are primarily dividends from VISA Norge, NOK 38 (0) million, and dividends from Totens Sparebank, NOK 7 (7) million.

The share of the profit from Bank 1 Oslo Akershus AS accounted for NOK 71 (59) million of the profit from ownership interests. The results from Bank 1 Oslo Akershus AS will be consolidated into the consolidated result with effect from the second half of 2016.

The profit contribution from SpareBank 1 Gruppen AS totalled NOK 80 (72) million.

The net result from other financial assets and liabilities (securities) amounted to NOK minus 109 (31) 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 minus 120 (23) million, while the change in value for fixed-rate products for customers was NOK 5 (1) million. Other items amounted to NOK 7 (7) million, consisting mainly of income from foreign exchange trading with customers.

The first half of the year saw a marked contraction in the so-called secondary trading spreads for Norwegian senior financial securities. For a three-year senior bond issue from a Norwegian regional savings bank, the market spread above NIBOR dropped from an indicative 114 basis points at the start of the year to around 80 basis points at the end of the first half of the year. All other things being equal, this result in the relevant discount rate on previously issued fixed-income securities with fixed coupons decreasing and thus their present value (price) rising. The rise in prices for own debt results in an unrealised loss, while the rise in prices for purchased fixed-income securities results in an unrealised gain. The net effect for Sparebanken Hedmark of price changes for all fixed-income securities, inclusive of hedging transactions, was negative in the amount of NOK 120 million in the first half of the year, almost all of which are unrealised losses.

Costs, losses and problem loans

The Group's operating costs were NOK 513 (509) million. This represented an increase of 0.7 (5.7) per cent compared with the year before.

Personnel costs amounted to NOK 293 (290) million, depreciation NOK 23 (22) million, and other operating costs NOK 196 (197) million. Operating costs as a percentage of total income were 49.7 (47.3) per cent.

Losses are still low, at NOK 29 (40) million. NOK 3 (3) million of the losses occurred in the retail market division and

NOK 18 (25) million in the corporate market division, while NOK 4 (0) million was recognised as income in connection with the sales of a portfolio of loans with recorded losses. The losses in SpareBank 1 Finans Østlandet AS amounted to NOK 11 (12) million. Changes in group write-downs accounted for NOK 10 (10) million of the above losses. At the end of the first half of the year, the bank's credit exposure to oil-related industries was less than 0.1 per cent.

Group write-downs to cover net loan loss provisions amounted to NOK 250 million and amounted to 0.32 per cent of total lending. Exclusive of the consolidation of Bank 1 Oslo Akershus AS, group write-downs were NOK 130 (126) million and accounted for 0.28 (0.30) per cent of total lending.

The loan loss provision ratio, measured as total individual write-downs of NOK 149 million in relation to total non-performing and other impaired loans of NOK 564 million, was 26 (26) per cent at the end of the first half of the year. Credit quality, measured as total problem commitments in relation to total lending, improved compared with the corresponding period last year. In total, the Group's problem commitments amounted to 0.6 (1.2) per cent of gross commitments on its balance sheet and 0.5 (0.9) per cent if one includes loans transferred to the covered bond companies. The improvement in credit quality is due to both the consolidation of Bank 1 Oslo Akershus AS's balance sheet and positive migration.

The Board of Sparebanken Hedmark has decided to close the bank's defined benefit scheme with effect from 1 July 2016. The decision means that over time total costs will fall and the change will contribute to more predictable costs and liabilities. The bank's capital adequacy will improve due to the change, although the final effect depends on the estimated necessary recapitalisation of the pension fund.

The winding up of the scheme means that from 1 July 2016 all of its members will be transferred to the existing defined contribution scheme. Members of the defined benefit scheme will also be compensated for any lack of accrual of pension capital, based on assumed returns on contributions to the defined contribution scheme. A one-off payment of compensation has also been paid to members of the defined benefit scheme for the discontinuation of G adjustments (G= the National Insurance Scheme's basic amount). This will be recognised as a cost in the third quarter.

The defined contribution scheme's rates will not be changed, but premiums will be paid in from the first krone, unlike today when it is from 1G. Identical decisions have been taken in the subsidiaries SpareBank 1 Finans Østlandet AS and EiendomsMegler 1 Hedmark Eiendom AS. The pension schemes in Bank 1 Oslo Akershus AS are not covered by the decisions.

Assets and funding

Gross lending to customers, inclusive of loans transferred to

the covered bond companies, totalled NOK 115.2 (58.0) billion. At the end of the first half of the year, loans totalling NOK 34,8 (15.3) billion had been transferred to SpareBank 1 Boligkreditt AS and loans totalling NOK 1.2 (0.6) billion had been transferred to SpareBank 1 Næringskreditt AS.

Exclusive of the consolidation of Bank 1 Oslo Akershus AS, the Group's lending growth in the last twelve months, inclusive of transferred loans, was 9.8 (7.6) per cent. Bank 1 Oslo Akershus AS saw lending growth in the last twelve months, inclusive of transferred loans, of 11.7 (12.3) per cent. Retail loans transferred to the covered bond companies as a percentage of total retail loans (loans on the balance sheet and transferred loans) was 41.0 (38.7) per cent.

Customer deposits totalled NOK 62.6 (33.2) billion. Exclusive of the consolidation of Bank 1 Oslo Akershus AS, the growth in the last twelve-month period was 10.6 (3.6) per cent. Bank 1 Oslo Akershus AS saw growth in deposits over the past twelve months of 13.9 (12.2) per cent.

Deposits represented 79.0 (78.9) per cent of gross lending. Borrowing from financial institutions and senior securities issued totalled NOK 22.5 (10.3) billion. The average term to maturity of the Group's long-term funding was 3.7 (3.9) years. The average term to maturity for all borrowing was 3.3 (3.6) years. The average risk premium on the Group's borrowing portfolio, exclusive of subordinated loans and hybrid tier 1 capital, was 92 (75) basis points at the end of the first half of the year. The increase is due to Bank 1 Oslo Akershus AS having higher borrowing costs than

Sparebanken Hedmark. In addition to senior debt, the Group had NOK 1.2 (0.5) billion in outstanding subordinated loans and NOK 0.4 (0.0) billion in outstanding hybrid tier 1 capital.

Liquidity was good and there has been good level of interest in the Group's bonds. At year-end, the Group had enough reserves to maintain normal operations for 18 (17) months. The LCR (Liquidity Coverage Ratio) was 137 (113) per cent.

In the opinion of the Board, the Group's liquidity risk is low.

Financial strength and capital adequacy

The Group's equity amounted to NOK 11.4 (8.1) billion, which is equivalent to 11.3 (15.2) per cent of the balance sheet. The leverage ratio was 8.3 (8.6) per cent.

The Group's common equity tier 1 ratio was 16.0 (17.0) per cent. The total capital adequacy ratio was 18.6 (19.0) per cent. A simplified audit has been conducted of the result and balance sheet, which means that the half-year results after expected taxes have been included in the capital adequacy calculations.

After the first quarter, the Group Sparebanken Hedmark reported a common equity tier 1 ratio of 16.9 per cent. The private placement with other shareholders of Bank 1 Oslo Akershus AS, which was conducted as settlement for the

acquisition of shares, strengthened the common equity tier 1 capital by 3.7 per cent. Inclusive of the effect of the half-year results (0.7 per cent) this resulted in an overall increase in the common equity tier 1 capital of 4.3 per cent. The consolidation of Bank 1 Oslo Akershus AS in the bank's capital adequacy calculations had a negative effect on common equity tier 1 capital of 5.2 per cent. In total, the common equity tier 1 ratio changed by 0.9 per cent from 16.9 per cent to 16.0 per cent from the first to the second quarter.

The Group's financial strength following the acquisition of Bank 1 Oslo Akershus AS is therefore identical to the long-term, financial strength target of common equity tier 1 capital of 16 per cent.

Equity certificates

The equity share capital at 30 June 2016 consists of 106,203,000 equity certificates with a nominal value of NOK 50 per certificate. The equity certificates are owned by Sparebanken Hedmark Sparebankstiftelse (75.08 per cent), the Norwegian Confederation of Trade Unions (LO) and affiliated trade unions (14.95 per cent), Samarbeidende Sparebanker AS (5.12 per cent), SpareBank 1 Nord-Norge (1.61 per cent), SpareBank 1 SMN (1.61 per cent), and SpareBank 1 SR-Bank (1.61 per cent).

The book value per equity certificate at 30 June 2016 was NOK 71.8 and earnings per equity certificate was NOK 2.51.

Rating

Sparebanken Hedmark is rated A2 by Moody's Investor Service. The rating has a 'stable outlook'. In connection with the announcement of Sparebanken Hedmark's acquisition of Bank 1 Oslo Akershus AS, Moody's published an assessment of the acquisition that concluded that the acquisition was credit positive for Sparebanken Hedmark. In April 2016, Moody's announced that Sparebanken Hedmark's so-called 'baseline credit assessment' (BCA) had been set to 'review for upgrade' based on the acquisition of Bank 1. This means that the ratings agency will spend an unspecified period assessing a potential upgrade to the bank's BCA.

The current rating is one level lower than the other regional savings banks, despite the bank's BCA being on the same level (prior to any upgrade). This is due to Moody's method of awarding banks one or more upward adjustments due to the likelihood of government support. Moody's believes that the likelihood of government support for Sparebanken Hedmark, prior to the acquisition of Bank 1 Oslo Akershus AS, in a crisis situation is lower than for the other regional banks. This is due to the fact that the Inland Region is not large enough a region in a national context. In order to assess whether or not a region is large enough, Moody's looks at bank loans in the region as a percentage of total outstanding loans in Norway. In order to receive an upgrade due to government support, the total lending in the region must account for more than 5 per cent of the total lending in Norway.

Sparebanken Hedmark – Parent bank

Results

The profit after tax for the first half of the year was NOK 433 (465) million. Banking operations, defined as net interest income plus commissions and other operating income less operating costs and losses, achieved a profit before tax of NOK 318 (244) million. This was an improvement of 30 per cent. Net interest income and commissions from transferred loans to the covered bond companies increased by NOK 47 million. Other operating income increased by NOK 14 million, operating costs were reduced by NOK 3 million, and net losses were NOK 10 million lower.

Margins and net interest income

Net interest income, inclusive of loans transferred to the covered bond companies, amounted to NOK 567 (520) million. The NOK 47 million improvement is attributable to the NOK 63 million increase in net interest income due to growth and higher deposit margins, and the NOK 16 million reduction in commissions from loans transferred to the covered bond companies due to reduced commission rates.

The net interest margin for loans on the balance sheet (exclusive of currency loans) was 2.56 (2.39) per cent. The lending margin was 2.40 (2.73) per cent and the deposit margin was 0.16 (-0.34) per cent.

The interest margin for the retail market was 2.37 (2.28) per cent, and 2.88 (2.61) per cent for the corporate market.

Net commissions

NOK 81 (98) million of the NOK 208 (211) million in net commissions and other operating income came from commissions on loans transferred to the covered bond companies. The net margin for the portfolio transferred to SpareBank 1 Boligkreditt AS was 0.92 (1.25) per cent.

Net result from financial assets and liabilities

The net income from this area was NOK 192 million (NOK 298 million).

Income from dividends amounted to NOK 45 (8) million, of which NOK 38 (0) million came from VISA Norge and NOK 7 (7) million from Totens Sparebank.

The net result from ownership interests, primarily dividends, amounted to NOK 255 (259) million. The dividends were as follows: NOK 148 (107) million from SpareBank 1 Gruppen AS, NOK 17 (51) million from Bank 1 Oslo Akershus AS, NOK 10 (19) million from SpareBank 1 Boligkreditt AS, NOK 74 (73) million from SpareBank 1 Finans Østlandet AS, and NOK 5 (7) million from EiendomsMegler 1 Hedmark Eiendom AS.

The net result from other financial assets and liabilities amounted to NOK -109 (31) million. The result for the first half of the year is explained in the corresponding section for the Group.

Operating costs

Total operating costs amounted to NOK 359 (361) million. The growth in costs compared with last year was -0.8 (0.6) per cent. Personnel costs were reduced by NOK 4 million, depreciation increased by NOK 1 million, while other operating costs were unchanged.

At the end of the quarter, the Parent Bank had 474 (470) full-time equivalents.

Operating costs represented 40.5 (38.9) per cent of total income.

Losses on loans and guarantees

The net loan loss provisions were NOK 18 (28) million. NOK 3 (3) million of the losses occurred in the retail market and NOK 18 (25) million in the corporate market, while NOK 4 (0) million was recognised as income in connection with the sales of a portfolio of loans with recorded losses. The change in group write-downs accounted for NOK 9 (9) million of total losses.

Lending and deposits

Gross lending to customers, inclusive of loans worth NOK 17.9 billion transferred to the covered bond companies, totalled NOK 57.7 (52.8) billion at 30 June 2016. The Parent Bank's lending growth for the last twelve months, inclusive of loans transferred to the covered bond companies, was 9.4 (6.5) per cent.

Lending growth, including transferred loans, was 9.4 (7.2) per cent in the retail market and 9.3 (5.1) per cent in the corporate market. The risk profile of the bank's granting of credit did not change in the last quarter.

Deposits from and liabilities to customers at 30 June 2016 totalled NOK 36.8 (33.2) billion. The growth in deposits over the past twelve months was 10.6 (3.7) per cent. NOK 23.4 (21.7) billion of deposits came from the retail market, while NOK 13.3 (11.5) billion came from the corporate market.

Financial strength

The common equity tier 1 ratio was 29.5 (24.1) per cent at the end of the first half of the year.

The Parent Bank's equity was NOK 9.9 (7.3) billion. The total equity in the Parent Bank amounted to 16.2 (13.9) per cent of the balance sheet at 30 June 2016.

Subsidiary - Bank 1 Oslo Akershus AS

The Bank 1 Oslo Akershus AS Group (40.5 per cent ownership interest up to 29 June - 100 per cent ownership interest from 29 June) posted a profit after tax of NOK 174 (145) million. The improvement was largely attributable to increased net interest income, capital gains on securities in the year-to-date, compared with capital losses in the corresponding period last year, as well as the positive effect of the sale of the bank's share in Visa Europe. The group's return on equity was 11.1 (9.7) per cent.

Net interest income

Net interest income for the first half of the year was NOK 249 (229) million. The increase was due to the growth in lending, increased deposit margins and changes in the policy for recognising hybrid tier 1 capital, while, seen in isolation, reduced lending margins and increased funding costs reduced net interest income.

Net interest income must be viewed in the context of commissions from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. At the end of the first half of the year, these commissions amounted to NOK 75 (88) million.

At the end of the first quarter of 2016, interest rates were reduced for loans to retail customers and the bank has thus adjusted its lending rates in line with the competitive situation. Deposit rates for retail and corporate customers were reduced in the same period due to falling market rates.

Other operating income

Net commissions and other operating income amounted to NOK 290 (294) million. The reduction was mainly due to reduced commissions from SpareBank 1 Boligkreditt due to lower lending rates for customers than in 2015.

The net result from financial investments was NOK 58 (24) million. The change in value for financial assets was NOK 37 (-17) million. The bank has received dividends from VISA Norway of NOK 30 million linked to the bank's share of the sale of VISA Europe to VISA Inc. Bonds and derivatives showed capital gains of NOK 4 million, compared with capital losses of NOK 18 million for the corresponding period last year.

The gains on securities in the year-to-date are primarily due to gains in the bank's liquidity portfolio due to narrower spreads.

Income from ownership interests was 21 (41) million. The reduction is primarily due to the reduced profit share from SpareBank 1 Boligkreditt, due to the result for the first half of 2015 being significantly and positively affected by currency effects on its own borrowing (basis swap effects).

Operating costs

Operating costs at the end of the first half of the year amounted to NOK 370 (371) million. Costs linked to new common IT solutions in the SpareBank 1 Alliance showed an increase, while personnel costs showed a reduction due to the lower number of full-time equivalents. There were 406 full-time equivalents in the Group at the end of the first half of the year, which represents a reduction of 22 full-time

equivalents since the corresponding point last year and 17 full-time equivalents since the start of the year.

Losses on loans and guarantees

Net loan loss provisions amounted to NOK 11 (6) million for the first half of the year. Gross non-performing and impaired loans at the end of the first half of the year amounted to NOK 85 (113) million. Measured against gross lending, this was 0.3 (0.4) per cent. Individual write-downs amounted to NOK 8 (29) million for the first half of the year. Group write-downs amounted to NOK 120 (85) million for the first half of the year. The increase in group write-downs reflects the weaker business cycle and is in line with indications in the Financial Supervisory Authority of Norway's letter to Norwegian banks concerning banks' level of loss write-downs.

Lending and deposits

In the last twelve months, lending to customers grew by NOK 5.4 billion, or 11.7 per cent, to NOK 51.5 billion. This includes loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt worth a total of NOK 18.0 billion.

In the first half of the year, lending to customers increased by NOK 3.4 billion, NOK 1.3 billion of which was due to the acquisition of portfolios. The growth was distributed as follows: NOK 3.4 billion (or 8.9 per cent) in the retail market, while the corporate market was on the same level as at the start of the year.

The distribution between the retail market and the corporate market at the end of the first half of the year was 82/18 (81/19) per cent, inclusive of loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

There has been a general improvement in the credit risk profile in the last year.

Deposits from customers at the end of the first half of the year amounted to NOK 25.9 (22.7) billion, which represents growth of 13.9 per cent. The growth was distributed as follows: NOK 1.8 billion (or 15.8 per cent) in the retail market and NOK 0.6 billion (or 4.9 per cent) in the corporate market.

The on balance sheet deposit coverage ratio (deposits/loans) at the end of the first half of the year was 77.3 (73.5) per cent.

Funding and financial strength

The bank's liquidity situation is good. At the end of the first half of the year, the bank has sufficient liquidity reserves to cover its refinancing needs for more than the next eighteen months. The Group's capital and tier 1 capital ratios at the end of the first half of the year were 17.3 per cent and 15.1 per cent, respectively. The common equity tier 1 ratio was 14.0 per cent. The Group's net subordinated capital totals NOK 3.1 billion. A simplified audit has been conducted of the result and balance sheet, which means that the half-year results after expected taxes and dividends have been included in the capital adequacy calculations.

For supplementary information about the financial statements of Bank 1 Oslo Akershus AS, please see the bank's half-yearly report available from its website.

Subsidiaries - Other

The financing company SpareBank 1 Finans Østlandet AS (95 per cent ownership interest) posted a profit after tax of NOK 39 (37) million. The financing company's gross lending totalled NOK 6.0 (5.3) billion at 30 June 2016. Gross lending growth over the past twelve months was 14.0 (18.2) per cent.

SpareBank 1 Regnskapshuset Østlandet AS posted earnings of NOK 91 (101) million and achieved a profit after tax of NOK 4 (14) million.

The real estate agency EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 49 (40) million and achieved a profit after tax of NOK 10 (7) million.

Partly-owned companies

SpareBank 1 Gruppen AS (11 per cent ownership interest) achieved a consolidated profit after tax of NOK 694 (653) million. The return on equity was 16.8 (17.6) per cent. For information about the financial statements of SpareBank 1 Gruppen AS please see the half-yearly report available from the company's website.

Outlook for 2016

On 29 June 2016, Sparebanken Hedmark acquired the remaining shares of Bank 1 Oslo Akershus AS. The new group is Norway's fourth largest regional savings bank with around 1 180 employees and 44 bank branches in the Inland Region, Akershus and Oslo. The aim is for our customers to view us as even more competent with greater breadth and greater competitiveness, as well as to increase our attractiveness in the capital markets.

Bank 1 Oslo Akershus AS will be operated as a subsidiary of Sparebanken Hedmark until the legal merger has been completed. The plan is to complete the merger in the first half of 2017.

The Inland Region, consisting of Hedmark and Oppland counties, has traditionally been less exposed to cyclical fluctuations than other regions. The business sector in this region has very little exposure to the oil and gas industry. Bank 1 Oslo Akershus AS primarily operates in retail market. Its corporate customer loans account for 19 per cent of its total lending and amount to around NOK 9 billion, NOK 6 billion of which is within property with minimum petroleum-related exposure. Overall, the risk involved in lending to corporate customers in the Oslo region is very low, which is reflected by very low losses and a very low proportion of problem loans.

The business sector's economic barometer for the second quarter, prepared by the Confederation of Norwegian Enterprise (NHO), indicates that the Norwegian economy may be approaching a cyclical turning point, although the

recovery is expected to take time. However, the downturn did not result in a broadly based decrease in output. A small number of industries suffered most of the decrease in output. The NHO's market index shows that companies in both the Inland and the Oslo regions are now more positive in their assessments of the market situation and market outlook than they were in the first quarter.

Sparebanken Hedmark is planning to list its equity certificates on the stock exchange in 2017, if the market conditions are satisfactory. Listing on the stock exchange will enable the bank to play an active role in the future structural development of the industry. At the same time, it will give the bank an opportunity to raise new equity and offer ownership to customers, staff and investors.

The banks have adopted a joint funding strategy for the period up to the merger. The bond funding in the market for senior securities will mainly take place through bonds issued by Sparebanken Hedmark. Nonetheless, until the merger the banks will preserve the option to issue bonds from Bank 1 Oslo Akershus AS when this is appropriate. The new group's funding strategy includes issuing senior bonds in the European market. The bank will issue these via the EMTN-programme, which has been established together with SpareBank 1 Nord-Norge, SpareBank 1 SR-Bank AS and SpareBank 1 SMN.

Statement of the Board of Directors and CEO

We confirm that the half-year financial statements for the period 1 January to 30 June 2016, 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.

The Board of Directors of Sparebanken Hedmark

Hamar, 11. August 2016

Siri J. Strømmevold
Board Chair

Nina C. Lier

Erik Garaas

Espen Bjørklund Larsen

Guro Nina Vestvik

Vibeke Hanvold Larsen

Morten Herud

Hans-Christian Gabrielsen

Richard Heiberg
CEO

Income statement

Parent bank					Proforma			Group				
31.12.15	Q2 2015	Q2 2016	30.6.15	30.6.16	(NOK million)	Notes	30.6.16	30.6.16	30.6.15	Q2 2016	Q2 2015	31.12.15
1 748	437	414	879	833	Interest income		1 516	944	993	472	492	1 972
868	221	172	457	347	Interest expenses		671	348	457	172	221	867
880	216	242	422	486	Net interest income		845	596	536	300	271	1 105
435	109	108	214	212	Commission income		558	259	253	137	130	514
27	6	7	13	13	Commission expenses		43	25	25	13	12	53
21	3	5	10	10	Other operating income		109	100	109	51	48	190
429	106	106	211	208	Net commission and other income		624	334	337	175	166	651
9	1	45	8	45	Dividends from other than group companies	7	76	45	8	45	1	9
259	165	177	259	255	Net profit from ownership interests	7	116	166	164	96	76	301
205	5	-47	31	-109	Net profit from other financial assets and liabilities	7	-104	-109	31	-47	5	205
472	171	175	298	191	Net income from financial assets and liabilities		88	102	203	94	82	514
1 781	492	523	930	886	Total net income		1 557	1 032	1 076	569	519	2 270
381	96	94	188	184	Personnel expenses		485	293	290	145	143	590
36	9	9	17	18	Depreciation		37	23	22	12	11	46
327	78	81	157	156	Other operating expenses		360	196	197	102	97	416
745	183	184	361	359	Total operating expenses before losses on loans and guarantees		882	513	509	259	251	1 052
1 037	310	339	569	527	Profit before losses on loans and guarantees		675	519	567	310	268	1 220
35	30	14	28	18	Losses on loans and guarantees	6	40	29	40	20	35	56
1 002	280	325	541	509	Profit/loss before tax		635	490	527	289	233	1 164
207	32	50	75	77	Tax charge		136	94	97	62	43	234
795	247	275	465	433	Results for the accounting period		499	396	430	227	190	930
					Majority interests		497	394	430	226	190	930
					Minority interests		2	2		1		
					Earnings per equity certificate (NOK)			2,51				
795	247	275	465	433	Statement of comprehensive income according to IAS 1		499	396	430	227	190	930
79	40	-65	40	-65	Actuarial gains / losses on pensions		-144	-65	40	-65	40	85
-20	-11	16	-11	16	Tax effect of actuarial gains / losses on pensions		36	16	-11	16	-11	-21
					Share of other comprehensive income from associates and joint ventures		-12	-36	29	-36	29	34
59	29	-49	29	-49	Total items not reclassified through profit or loss		-120	-85	59	-85	58	98
67	2	-41	27	-32	Change in value of financial assets available for sale		-32	-32	27	-41	2	67
					Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value							
					Financial assets available for sale transferred to profit and loss on realisation							
					Share of other comprehensive income from associates and joint ventures		-22	-12		-12		15
67	2	-41	27	-32	Total items reclassified through profit or loss		-54	-43	27	-53	2	82
127	31	-90	56	-80	Total profit and loss items recognised in equity		-174	-128	86	-138	60	180
921	278	185	521	352	Total profit/loss for the accounting year		325	268	516	89	250	1 109
					Majority share of comprehensive income		323	266	516	89	250	1 109
					Minority interest of comprehensive income		2	2				

Balance sheet

Parent Bank			Group				
31.12.15	30.06.15	30.06.16	(NOK million)	Notes	30.06.16	30.06.15	31.12.15
ASSETS							
264	626	635	Cash and deposits with central banks		1 211	626	264
5 701	5 710	6 996	Loans to and receivables from credit institutions		2 645	1 205	864
37 952	36 626	39 593	Loans to and receivables from customers	5,6	78 902	41 826	43 526
6 133	5 177	6 871	Certificates, bonds and fixed-income funds	9	10 881	5 177	6 133
455	394	485	Financial derivatives	8,1	1 134	394	455
294	289	286	Shares, units and other equity interests	9	709	289	294
2 457	2 304	1 632	Investments in associates and joint ventures		3 443	3 073	3 386
859	847	3 842	Investments in subsidiaries				
			Assets held for sale		8		
314	314	313	Property, plant and equipment		614	340	341
104	107	101	Goodwill and other intangible assets		351	211	211
13	65	58	Deferred tax asset			14	
314	226	336	Other assets	11	985	404	497
54 861	52 685	61 147	Total assets		100 883	53 558	55 970
LIABILITIES							
661	661	1 266	Deposits from and liabilities to credit institutions		1 799	660	660
33 508	33 240	36 754	Deposits from and liabilities to customers	12	62 637	33 205	33 458
11 576	10 133	11 826	Liabilities arising from issuance of securities	9,13	22 199	10 133	11 576
320	227	312	Financial derivatives	8,1	506	227	320
163	70	86	Current tax liabilities		95	90	167
			Deferred tax liabilities				65
440	544	529	Other debt and liabilities recognised in the balance sheet	14	1 108	608	510
496	507	495	Subordinated loan capital	9,13	1 188	507	496
47 166	45 382	51 268	Total liabilities		89 532	45 430	57 253
EQUITY CAPITAL							
3 987		5 310	Equity certificates	16	5 310		3 987
		520	Premium fund		520		
503		503	Cohesion funds		503		503
3 019	7 134	3 014	Primary capital		3 014	7 134	3 019
50	34	44	Endowment fund		44	34	50
135	135	106	Fund for unrealised gains		106	137	135
		381	Other equity		1 809	823	1 023
			Minority interests		45		
7 695	7 303	9 879	Total equity capital		11 350	8 128	8 718
54 861	52 685	61 147	Total liabilities and equity capital		100 883	53 558	55 970

The Board of Directors of Sparebanken Hedmark

Hamar, 11. August 2016

Siri J. Strømmevold
Board Chair

Nina C. Lier

Erik Garaas

Espen Bjørklund Larsen

Guro Nina Vestvik

Vibeke Hanvold Larsen

Morten Herud

Hans-Christian Gabrielsen

Richard Heiberg
CEO

Changes in equity capital

Parent Bank (NOK million)	Earned equity capital							Total equity capital
	Equity certificates	Premium fund	Cohesion funds	Primary capital	Endowment fund	Fund for unrealised gains	Other equity	
Equity capital at 1 January 2015				6 645	42	109		6 796
Results for the accounting year				465				465
Actuarial gains / losses on pensions				29				29
Change revaluation reserve						27		27
Donations distributed from profit 2014				-6				-6
Grants from endowment fund in 2015					-8			-8
Equity capital at 30 June 2015				7 134	34	135		7 303
Equity capital at 1 January 2015	0			6 644	42	109		6 796
OB correction: Correction of previous years' errors				57		-57		
Adjusted equity capital at 1 January 2015				6 701	42	52		6 796
ECs transferred Foundation	3 987			-3 987				
Results for the accounting year			468	312		16		796
Actuarial gains / losses on pensions			35	24				59
Change revaluation reserve						67		67
Donations distributed from profit 2014				-6				-6
To endowment fund in 2015				-25	25			
Grants from endowment fund in 2015					-17			-17
Equity capital at 31 December 2015	3 987		503	3 019	50	135		7 695
Equity capital at 1 January 2016	3 987		503	3 019	50	135		7 695
Equity certificates issued and transferred to owners	1 323	520						1 843
Results for the accounting year						3	430	433
Actuarial gains after tax on pensions							-49	-49
Change revaluation reserve						-32		-32
Donations distributed from profit 2015				-6				-6
Grants from endowment fund in 2016					-6			-6
Equity capital at 30 June 2016	5 310	520	503	3 014	44	106	381	9 879

Group	Earned equity capital									
	Equity certificates	Cohesion Funds	Primary capital	Endowment fund	Fund for unrealised gains	Fond for urealiserte gevinster	Other equity	Minority interests	Total equity capital	
(NOK million)										
Equity capital at 1 January 2015					6 645	42	109	827	7 624	
OB correction: Correction of previous years' errors in joint ventures								5	5	
Corrections of previous years' error					57	-57				
Adjusted equity capital at 1 January 2015					6 702	42	52	832	7 630	
Results for the accounting year					465			-35	430	
Actuarial gains after tax on pensions					29			29	58	
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								1	1	
Change revaluation reserve							27		27	
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss										
Adjusted equity in associated companies and joint ventures								-1	-1	
Change in the group composition								-3	-3	
Donations distributed from profit 2014					-6				-6	
Grants from endowment fund in 2015						-8			-8	
Equity capital at 30 June 2015					7 134	34	137	823	0	8 128
Equity capital at 1 January 2015					6 645	42	109	827		7 624
OB correction: Correction of previous years' errors in joint ventures								5	5	
Corrections of previous years' error					57	-57				
Adjusted equity capital at 1 January 2015					6 702	42	52	832	7 630	
ECs transferred to foundation	3 987				-3 987				0	
Results for the accounting year			468		312		16	134	930	
Actuarial gains / losses on pensions			35		24			5	65	
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								34	34	
Change revaluation reserve							67		67	
Other items that will be reclassified in associated companies and joint ventures								14	14	
Adjusted equity capital in associated companies and joint ventures								2	2	
Donations distributed from profit 2014					-6				-6	
To endowment fund in 2015					-25	25				
Grants from endowment fund in 2015						-17			-17	
Equity capital at 31 December 2015	3 987	0	503	3 019	50	135	1 023		8 718	
Equity capital at 1 January 2016	3 987		503	3 019	50	135	1 023	0	8 718	
Equity certificates issued and transferred owners	1 323	520							1 843	
Results for the accounting year						3	391	2	396	
Actuarial gains after tax on pensions							-49		-49	
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								-36	-36	
Change revaluation reserve							-32		-32	
Other items that will be reclassified in associated companies and joint ventures								-11	-11	
Adjusted equity in associated companies and joint ventures								97	97	
Reclassification of hybrid capital in subsidiary								396	396	
Change in shareholding in Group companies								43	43	
Donations distributed from profit 2015					-6				-6	
Grants from endowment fund in 2016						-6			-6	
Equity capital at 30 June 2016	5 310	520	503	3 014	44	106	1 809	45	11 350	

Cash flow statement

Parent Bank			(NOK million)	Group		
31.12.15	30.06.15	30.06.16		30.06.16	30.06.15	31.12.15
10 912	5 851	4 581	This year's down-payment on repayment loans etc. to customers	5 966	7 007	13 378
			Change in advance rent leasing	52	5	9
-14 568	-6 975	-7 077	Newly discounted repayment loans etc. to customers for the year	-8 841	-8 579	-17 868
74	111	51	Change in balances of foreign currency lending	51	111	74
513	-722	821	Change in balances of credits	821	-722	511
1 403	716	646	Interest and commission income on lending	820	875	1 726
4	1	23	Included in previous years' realised losses on lending	25	2	9
			Net cash flow from assets held for sale			
-1 663	-1 018	-955	Cash flow from lending operations (A)	-1 105	-1 301	-2 161
2 146	1 950	1 640	Change in balances of deposits from customers at call	1 653	1 933	2 118
277	-32	1 478	Change in balances of deposits from customers with agreed maturity dates	1 478	-32	277
-566	-79	-75	Interest payments to customers	-75	-78	-564
1 857	1 839	3 044	Cash flow from deposit operations (B)	3 056	1 823	1 831
-2 184	-1 191	-728	Net cash flow from securities held short term	-728	-1 191	-2 184
			Cash flow linked to exchange rate gains / losses on securities held short term	-92	-39	39
39	-39	-92				
92	30	45	Interest received on bonds and certificates	45	30	92
-2 053	-1 200	-775	Cash flow from investments in securities (C)	-775	-1 200	-2 053
-835	-879	-1 295	Change in receivables from credit institutions with agreed maturity dates	-978	-555	-170
126	58	77	Interest received on deposits in credit institutions	77	58	126
-709	-821	-1 218	Cash flow from deposits in credit institutions (D)	-902	-497	-44
563	279	254	Other income	383	411	814
-860	-419	-311	Operating expenses payable	-465	-583	-1 186
-128	-134	-181	Tax payments	-183	-137	-130
-24	-15	-12	Donations	-12	-15	-24
-40	-40		Contributions from the group			-6
-10	26	-456	Net cash flow from change in other assets	-500	-5	-43
57	44	-94	Net cash flow from change in accruals	-210	-5	-45
-33	6	471	Net cash flow from change in other liabilities	466	-24	-16
-475	-253	-329	Remaining cash flow from current operations (E)	-521	-358	-635
-3 043	-1 453	-233	CASH FLOW FROM OPERATIONS (A+B+C+D+E=F)	-246	-1 533	-3 062
-6	3	610	Change in deposits from credit institutions	621	4	-10
4 000	1 901	1 296	Receipts arising from issuance of securities	1 296	1 901	4 000
-658	-313	-939	Payments arising from redemption of securities issued	-939	-313	-658
-440	-256	-214	Buy-back of own securities	-214	-256	-440
-241	-127	-122	Interest payments on financing	-122	-127	-241
2 656	1 208	631	Cash flow from financing activities (G)	642	1 209	2 651
-31	-15	-15	Investments in fixed assets and intangible assets	-20	-24	-50
2			Sales of fixed assets and intangible assets at sales price			2
-178	-5	-34	Purchase of long-term securities	-34	-5	-178
4	1	41	Sale of long-term securities	41	1	4
268	267	301	Share dividends from securities held long term	221	187	187
64	248	294	Cash flow from investments (H)	209	159	-35
		-2 068	Liquidity effect of acquisition and sale of ownership interests (I)	-2 080	18	-28
-150	-150	-95	Liquidity effect from placements in subsidiaries (L)	5		
		1 843	Paid by issuing equity certificates (M)	1 843		
-474	-147	372	CHANGE IN CASH AND CASH EQUIVALENTS (F+G+H+I+L+M)	372	-147	-474
783	783	309	Cash and cash equivalents at 1 January (B1OA 100 % incl.)	1 152	783	783
309	636	681	Cash and cash equivalents at the end of the period	1 524	636	309
			Cash and cash equivalents comprise:			
264	626	635	Cash and deposits with central banks	1 211	626	264
46	10	46	Deposits etc. at call with banks	312	10	46
309	636	681	Cash and cash equivalents at the end of the period (Bank 1 OA 100 % incl.)	1 524	636	309

Results from the quarterly accounts

Group	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(Isolated figures in NOK million)	2016 ⁷⁾	2016	2015	2015	2015	2015	2014	2014	2014
Interest income	472	472	481	497	492	501	527	536	526
Interest expenses	172	176	192	218	221	236	255	264	267
Net interest income	300	297	289	280	271	265	272	272	259
Commission income	137	123	129	132	130	123	116	117	121
Commission expenses	13	13	14	14	12	13	12	13	12
Other operating income	51	50	44	37	48	61	54	51	57
Net commission and other income	175	160	159	155	166	171	158	155	165
Dividends	45				1	7	1	1	
Net profit from ownership interests	96	70	70	66	76	88	97	103	80
Net profit from other financial assets and liabilities	-47	-63	33	142	5	26	29	173	-3
Net income from financial assets and liabilities	94	7	103	208	82	121	126	276	77
Total net income	569	464	551	643	519	557	556	702	501
Personnel expenses	145	148	155	145	143	147	146	132	129
Depreciation	12	11	13	11	11	11	11	11	10
Other operating expenses	102	94	126	92	97	100	107	93	100
Total operating expenses before losses on loans and guarantees	259	253	294	248	251	258	264	236	239
Profit before losses on loans and guarantees	310	211	260	395	268	299	293	466	262
Losses on loans and guarantees	20	9	18	-2	35	5	24	9	21
Profit/loss before tax	289	202	242	397	233	294	269	456	241
Tax charge	62	33	48	89	43	54	56	54	45
Results for the accounting period	227	169	194	307	190	240	214	403	197
Profitability									
Return on equity capital ¹⁾	9,0 %	7,6 %	8,9 %	14,7 %	9,5 %	12,5 %	11,3 %	21,8 %	11,1 %
Net interest income ²⁾	1,53 %	2,09 %	2,08 %	2,05 %	2,08 %	2,13 %	2,17 %	2,16 %	2,14 %
Cost-income ratio ³⁾	45,6 %	54,5 %	52,9 %	38,6 %	48,4 %	46,3 %	47,3 %	33,6 %	47,7 %
From the balance sheet									
Gross loans to customers	79 286	44 308	43 779	42 793	42 091	40 484	39 936	39 233	38 256
Gross loans to customers including loans transferred to covered bond companies ⁴⁾	115 224	62 156	61 140	59 437	57 995	56 619	55 930	54 806	53 916
Lending growth during the last 12 months	88,4 %	9,4 %	9,6 %	9,1 %	10,0 %	9,8 %	7,4 %	5,3 %	4,0 %
Lending growth in last 12 months including loans transferred to covered bond companies	98,7 %	9,8 %	9,3 %	8,4 %	7,6 %	7,7 %	6,8 %	6,2 %	6,2 %
Deposits from customers	62 637	33 675	33 458	33 052	33 205	31 054	31 070	31 575	32 043
Deposit-to-loan ratio ⁵⁾	79,0 %	76,0 %	76,4 %	77,2 %	78,9 %	76,7 %	77,8 %	80,5 %	83,8 %
Deposit growth during the last 12 months	88,6 %	8,4 %	7,7 %	4,7 %	3,6 %	3,7 %	3,2 %	6,3 %	4,4 %
Total assets	100 883	57 184	55 970	54 501	53 558	51 101	49 934	49 751	50 195
Losses and commitments in default									
Losses on loans as a percentage of gross loans	0,1 %	0,1 %	0,2 %	0,0 %	0,3 %	0,1 %	0,2 %	0,1 %	0,2 %
Commitments in default as a percentage of total commitments	0,4 %	0,5 %	0,6 %	0,7 %	0,8 %	0,7 %	0,8 %	0,8 %	0,8 %
Other bad and doubtful commitments as a percentage of total commitments	0,3 %	0,4 %	0,5 %	0,4 %	0,5 %	0,5 %	0,5 %	0,5 %	0,6 %
Net defaulted and doubtful commitments as a percentage of total commitments ⁶⁾	0,5 %	0,7 %	0,8 %	0,8 %	0,9 %	0,8 %	0,9 %	0,9 %	1,1 %
Financial strength									
Common equity Tier 1 capital ratio	16,0 %	16,9 %	17,2 %	17,1 %	17,0 %	15,3 %	14,8 %	14,5 %	14,0 %
Tier 1 Capital ratio	16,7 %	17,3 %	17,5 %	17,5 %	17,4 %	15,8 %	15,2 %	16,3 %	14,4 %
Capital adequacy ratio	18,6 %	18,8 %	19,1 %	18,8 %	19,0 %	17,6 %	17,1 %	16,3 %	14,4 %
Net subordinated capital	9 305	7 229	7 178	7 030	6 924	6 318	6 273	5 992	5 123

1) Net profit for the period as a percentage of average equity

2) Net interest income for the period as a percentage of average total assets

3) Total operating expenses for the period as a percentage of total operating income

4) Covered bond companies used are SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

5) Deposits from customers as a percentage of gross loans to customers

(excl. loans transferred to covered bond companies)

6) Liquidity Coverage Ratio; measures the size of banks liquid assets in relation to net liquidity outflows 30 days ahead given a stress situation

7) As a result of the acquisition of Bank 1 Oslo Akershus, ratios and comparative figures in the official accounts are not comparable with previous periods.

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The quarterly accounts for Sparebanken Hedmark cover the period 01.01 - 30.06.2016 and have not been audited. The quarterly accounts have been prepared in accordance with IAS 34 Interim Financial Reporting, relevant IFRS standards and IFRIC interpretations.

The presentation currency is NOK (Norwegian kroner), which is also the functional currency of all the units in the group. All amounts are in NOK millions unless stated otherwise.

The quarterly accounts do not contain all the information required in a full set of annual accounts and should be read in conjunction with the annual financial statements for 2015.

The group has applied the same accounting principles and calculation methods in this quarterly report as in the last annual report.

IAS 37, interpretation; IFRIC 21 Levies

The interpretation concerns the date from which a liability to pay a levy should be recognized in the accounts.

Following the introduction of the standard, there has been a discussion as to whether the annual levy for the Norwegian Banks' Guarantee Fund for 2015 and 2016 should be expensed in its entirety in the first quarter. The levy to the Banks' Guarantee Fund is normally based on average guaranteed deposits and average risk-weighted assets for previous quarters. The question of whether withdrawing from the Guarantee Fund scheme will entail a refund of levy paid in excess is not regulated. The general practice has been a pro rata charge at the time of registration. Established practice and considerations of equal treatment call for a pro rata approach also upon withdrawal. The Ministry of Finance will settle the matter by administrative decision. This has a bearing on when the levy should be recognised in the accounts.

In a letter dated 8 April 2016, the Ministry of Finance asked the Financial Supervisory Authority (FSA) to produce a consultation memorandum and draft amendments to the regulations regarding calculations of the levy upon withdrawal from the Guarantee Fund scheme, which may entitle a bank to a refund of the levy for the part of the year in question when it was not a member of the Guarantee Fund.

In the consultation memorandum - published on 26 May 2016 - the FSA proposed the inclusion in a regulation to the Financial Institutions Act of a pro rata calculation of the levy upon withdrawal from the Guarantee Fund scheme. Awaiting the closing date for the public consultation on 17 August 2016 and the statement from the Ministry of Finance, Sparebanken Hedmark has continued the current practice of accrual on a monthly basis in the accounts for the first half of 2016. The Guarantee Fund levy for 2016 is NOK 22.5 million.

1.2 Important accounting estimates and discretionary assessments

In drawing up the consolidated financial statements, Group management applies estimates and discretionary assessments and makes assumptions that determine the effect of applying accounting principles. These will therefore affect reported amounts for assets and liabilities, income and expenses. The annual financial statements for 2015 provide more details of critical estimates and assessments in relation to the use of accounting principles in Note 3.

Note 2 Changes in the composition of the group

2016

On 29 June 2016 Sparebanken Hedmark purchased the remaining 59.5 per cent of the shares in Bank 1 Oslo Akerhus AS (B1OA). As a consequence, Sparebanken Hedmark owns 100 per cent of the shares in B1OA. B1OA was until 29 June 2016 classified as an associated company. From 29 June 2016 B1OA is classified as a wholly owned subsidiary.

On 01 January 2016 5 per cent of the shares in SpareBank 1 Finans Østlandet AS were sold to SpareBank 1 Ringerike Hadeland. The company was a wholly-owned subsidiary of Sparebanken Hedmark.

2015

In the fourth quarter, the group acquired 12.6 per cent of SpareBank 1 Mobilbetaling AS. The company is owned jointly with the other banks in the SpareBank 1 alliance.

In the second quarter, SpareBank 1 Markets AS was reclassified for accounting purposes from an associated company to shares available for sale. The stake in the company is now 6.1 per cent.

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, real estate, financing, accounting and other activities.
- Real estate 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.
- Tax is calculated at 25 per cent (27 per cent in 2015) for retail banking and corporate banking..

30.06.2016	Retail banking	Corporate banking	Bank 1 Oslo Akershus AS	SpareBank 1 Finans Østlandet	Eiendomsmegler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Unallocated activities	Total
Income statement								
Net interest income	267	217		112			-1	596
-of which internal items				-63			-1	64
Net commission and other income	177	44		-13	48		91	334
-of which internal items				-1				1
Net return on financial investments								101
Operating expenses*	256	100		36	35		85	513
Profit before losses by segment:	187	161	0	63	13	5	90	519
Losses on loans and guarantees		18		11				29
Profit / loss per segment before taxes	187	143	0	52	13	5	90	490
Tax charge	47	36		13	3		1	94
Profit / loss after tax charge	140	107	0	39	10	4	95	396
Balance sheet								
Lending to customers	22 589	16 428	33 509	6 004			756	79 286
-of which internal items					-7		29	
Individual loan write-downs	-28	-86	-8	-13				-134
Collective loan write-downs	-25	-87	-120	-19				-250
Other assets	101	-5	8 270	88	63	154	13 311	21 981
Total assets	22 637	16 251	41 651	6 060	63	154	14 067	100 883
Deposits from and liabilities to customers	22 711	12 423	25 922				1 581	62 637
-of which internal items								
Other liabilities and equity	-74	3 828	15 729	6 060	63	154	12 486	38 246
Total equity and liabilities	22 637	16 251	41 651	6 060	63	154	14 067	100 883

30.06.2015	Retail banking	Corporate banking	Bank 1 Oslo Akershus AS	SpareBank 1 Finans Østlandet	Eiendomsmegler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Unallocated activities	Total
Income statement								
Net interest income	230	191		115			-1	536
-of which internal items				-44			-1	45
Net commission and other income	167	38		-12	40		101	337
-of which internal items				-1				1
Net return on financial investments								203
Operating expenses*	262	102		40	30		81	509
Profit before losses by segment:	135	127	0	63	10	19	213	567
Losses on loans and guarantees	3	25		12				40
Profit / loss per segment before taxes	132	102	0	51	10	19	213	527
Tax charge				14	3		5	97
Profit / loss after tax charge	132	102	0	37	7	14	138	430
Balance sheet								
Gross lending to customers	21 231	14 966		5 267			626	42 090
-of which internal items							26	
Individual loan write-downs	-35	-90		-13				-138
Collective loan write-downs	-29	-81		-16				-126
Other assets	101			73	38	151	11 369	11 732
Total assets	21 268	14 795	0	5 311	38	151	11 995	53 558
Deposits from and liabilities to customers	21 140	11 539					526	33 205
-of which internal items								
Other liabilities and equity	128	3 256		5 311	38	151	11 469	20 353
Total equity and liabilities	21 268	14 795	0	5 311	38	151	11 995	53 558

Retail banking	Retail	Corporate banking	SpareBank 1 Finans Østlandet	Eiendomsmegler 1 Hedmark Eiendom	SpareBank 1 Regnskaps- huset Østlandet	Unallocated activities	Total
Income statement							
Net interest income	482	390	227	1	-2	7	1 105
-of which internal items			-1	0	-2	3	
Net commission and other income	350	78	-26	81	172	-3	651
-of which internal items			-1			1	
Net return on financial investments						514	514
Operating expenses*	534	210	86	74	155	-7	1 051
Profit before losses by segment:	298	258	115	7	15	526	1 219
Losses on loans and guarantees	6	29	21				56
Profit / loss per segment	292	229	95	7	15	526	1 163
Tax charge	79	62	20	2	4	67	233
Profit / loss after tax charge per segment	213	167	75	5	11	459	930

Balance sheet

Gross lending to customers	21 270	16 174	5 643			693	43 779
-of which internal items					23	-23	
Individual loan write-downs	-32	-87	-13				-132
Collective loan write-downs	-27	-76	-17				-120
Other assets	128	1	67	43	135	12 070	12 444
Total assets	21 339	16 012	5 680	43	135	12 762	55 971
Deposits from and liabilities to customers	21 068	11 915				475	33 458
-of which internal items							
Other liabilities and equity	271	4 097	5 680	43	135	12 286	22 513
Total equity and liabilities	21 339	16 012	5 680	43	135	12 761	55 971

*) Operating expenses in Retail and Corporate contains their share of indirect costs

Note 4 Capital adequacy

Parent Bank			Group			
Basel III	Basel III	Basel III		Basel III	Basel III	Basel III
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
3 987		5 310	Equity certificates	5 310		3 987
		520	Premium Fund	520		
503		503	Cohesion Funds	503		503
3 019	6 669	3 014	Primary capital	3 014	6 668	3 019
50	34	44	Endowment fund	44	34	50
135	135	106	Fund for unrealised gains	106	137	135
	465	381	Other equity	1 809	1 289	
			Minority interests	45		
7 695	7 303	9 879	Total equity carried	11 350	8 128	8 718
			Tier 1 capital			
		-54	Share of equity not included in Tier 1 capital	-454		
			Minority interests that can be included CET1 capital	32		
-119		-3	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-3		-119
-104	-107	-101	Goodwill and other intangible assets		-223	-217
-155	-184	-135	Positive value of expected losses under the IRB approach		-229	-182
			CET1 instruments of financial sector entities where the institution does not have a significant investment			
-264	-219	-290	CET1 instruments of financial sector entities where the institution does have a significant investment		-1 477	-1 720
-10	-9	-11	Value adjustments due to the requirements for prudent valuation		-11	-13
-220	-174	-112	Excess of deduction from AT1 items over AT1 CET1 Capital			
6 823	6 610	9 174	Total common equity Tier 1 capital	8 040	6 188	6 468
			Additional Tier 1 capital			
			Hybrid capital			162
			AT1 instruments of financial sector entities where the institution does not have a significant investment			
-220	-174	-112	AT1 instruments of financial sector entities where the institution does have a significant investment			-32
			Excess of deduction from T2 items over AT1 Capital			
220	174	112	Excess of deduction from AT1 items over AT1 CET1 Capital			
0	0	0	Total additional Tier 1 capital	0	0	130
			Supplementary capital in excess of Tier1 capital			
500	500	500	Subordinated loan	1 200	784	783
			T2 instruments of financial sector entities where the institution does not have a significant investment			
-277	-240	-151	T2 instruments of financial sector entities where the institution does have a significant investment	-291	-208	-202
			Excess of deduction from T2 items over AT1 Capital			
223	260	347	Total supplementary capital	909	576	581
7 047	6 870	9 520	Net subordinated capital	9 305	6 924	7 179

Parent Bank				Group		
Basel III	Basel III	Basel III		Basel III	Basel III	Basel III
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
4 257	3 307	3 613	Corporates - SME	4 641	3 704	4 639
6 253	6 299	6 596	Corporates - Specialised Lending	10 893	8 611	8 270
763	769	660	Corporates - Other	900	875	847
905	814	864	SME exposure	943	852	939
6 301	6 355	6 261	Retail mortgage exposure	12 181	8 631	8 538
624	667	629	Other retail exposure	826	758	704
19 103	18 211	18 624	Risk-weighted assets credit risk IRB	30 384	23 431	23 937
7 068	7 001	9 988	Exposures calculated using the standardised approach	15 840	9 476	10 237
			Market risk			
199	220	210	CVA	232	254	234
1 989	1 989	2 253	Operational risk	3 704	3 269	3 269
28 359	27 421	31 076	Risk-weighted assets	50 159	36 430	37 677
2 269	2 194	2 486	Capital requirements (8%)	4 013	2 914	3 014
			Buffer requirements			
709	686	777	Conservation buffer (2.5%)	1 256	911	942
284	274	466	Countercyclical capital buffer (1.5 % as at Q2 2016, 1 % in prior periods)	754	364	377
851	823	932	Systemic risk buffer (3%)	1 505	1 093	1 130
1 843	1 782	2 175	Total buffer requirements for common equity (7 % as per Q2 2016, 6.5 % as per Q2 2015)	3 511	2 368	2 449
3 704	3 593	5 601	Available common equity (net minimum requirement of 11.5 % as per Q2 2016, 11 % as per Q2 2015)	2 272	2 181	2 323
			Capital adequacy ratio			
24,1 %	24,1 %	29,5 %	Common equity Tier 1 capital ratio	16,0 %	17,0 %	17,2 %
24,1 %	24,1 %	29,5 %	Tier 1 Capital ratio	16,7 %	17,4 %	17,5 %
24,8 %	25,1 %	30,6 %	Capital adequacy ratio	18,6 %	19,0 %	19,1 %

Note 5 Loans to and receivables from customers

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
			Loans by type of receivable			
			Financial leasing	2 684	2 315	2 490
10 940	11 861	10 133	Overdraft facilities and operating credits	13 611	11 861	10 940
860	1 182	844	Building loans	1 157	1 169	847
26 295	23 736	28 763	Repayment loans	61 670	26 652	29 412
80	84	78	Accrued interest	164	94	90
38 175	36 862	39 818	Gross loans to and receivables from customers	79 286	42 091	43 779
			Write-downs	384	265	253
37 953	36 626	39 593	Loans to and receivables from customers	78 902	41 826	43 526
			Loans by type of market			
21 814	21 764	23 397	Private customers	50 951	24 225	24 289
16 354	15 094	16 417	Corporate	28 131	17 685	19 287
6	3	4	Public sector	204	180	203
38 175	36 862	39 818	Gross loans to and receivables from customers	79 286	42 091	43 779
			Write-downs	384	265	253
37 953	36 626	39 593	Loans to and receivables from customers	78 902	41 826	43 526

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
23 870	23 603	25 681	Private customers	54 708	26 069	26 345
177	195	175	Public sector	385	372	374
4 304	4 097	4 539	Primary industries	4 830	4 305	4 543
336	320	291	Paper and pulp industries	310	339	357
858	857	915	Other industry	1 295	1 148	1 136
1 491	1 295	1 428	Building and construction	2 280	1 833	2 140
258	227	250	Power and water supply	440	361	404
1 214	1 102	1 235	Wholesale and retail trade	1 883	1 490	1 589
185	196	327	Hotel and restaurants	633	210	197
8 286	8 000	8 387	Real estate	14 812	8 054	8 345
2 386	1 801	2 320	Commercial services	5 301	2 224	2 937
334	297	328	Transport and communications	1 452	1 054	1 138
21	23	19	Other	562	31	21
43 719	42 012	45 894	Total commitments by sector and industry	88 892	47 489	49 525

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
21 814	21 764	23 397	Private customers	50 951	24 225	24 289
6	3	4	Public sector	204	180	203
3 731	3 453	3 788	Primary industries	4 064	3 661	3 970
275	260	226	Paper and pulp industries	241	275	292
534	558	587	Other industry	875	806	777
836	786	805	Building and construction	1 533	1 291	1 417
228	197	224	Power and water supply	395	331	374
804	732	817	Wholesale and retail trade	1 316	1 030	1 128
169	176	171	Hotel and restaurants	462	190	181
7 667	7 325	7 927	Real estate	13 900	7 377	7 722
1 836	1 361	1 613	Commercial services	3 618	1 729	2 365
254	222	241	Transport and communications	1 244	963	1 041
21	23	19	Other	484	31	21
38 175	36 862	39 818	Total gross loans by sector and industry	79 286	42 091	43 779

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
32	36	28	Private customers	41	42	38
5		10	Primary industries	10		5
1	1	1	Paper and pulp industries	1	1	1
5	15	4	Other industry	7	17	9
9	8	8	Building and construction	8	9	9
1	1	1	Power and water supply	1	1	1
20	19	21	Wholesale and retail trade	21	19	20
	1		Hotel and restaurants		1	
20	18	17	Real estate	20	19	21
25	25	23	Commercial services	23	26	25
			Transport and communications	2	2	2
119	126	113	Total individual write-downs by sector and industry	134	139	132

Note 6 Losses on loans and guarantees

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
1	4	-6	Change in individual write-downs in the period		-6	8
2	9	9	Change in collective write-downs in the period		10	10
21	10	10	Realised losses on commitments previously written down		17	16
15	7	28	Realised losses on commitments not previously written down		33	9
3	1	23	-Recoveries on loans and guarantees previously written down		25	2
35	28	18	Total losses on loans and guarantees	29	40	56

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
134	134	134	Individual write-downs to cover losses on loans and guarantees at 1 January	147	143	143
21	10	10	Realised losses in the period on loans and guarantees previously written down individually	17	16	35
14	6	7	Reversal of write-downs in previous years	13	13	24
3		2	Increase in write-downs on commitments previously written down individually	4	3	8
32	20	9	Write-downs on commitments not previously written down individually	20	34	55
			Change in closing balances due to acquisition of Bank 1 Oslo Akershus	8		
134	138	128	Individual write-downs to cover losses on loans and guarantees at the end of period *)	149	151	147

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
101	101	103	Collective write-downs to cover losses on loans and guarantees at 1 January	120	116	116
2	9	9	Collective write-downs to cover losses on loans and guarantees in the period	10	10	4
			Change in closing balances due to acquisition of Bank 1 Oslo Akershus	120		
103	110	112	Collective write-downs to cover losses on loans and guarantees	250	126	120

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
180	250	205	Gross defaulted commitments for more than 90 days	332	374	234
32	39	33	Individual write-downs on defaulted commitments	47	51	41
148	211	172	Net defaulted commitments	285	323	193
18 %	16 %	16 %	Provision rate	14 %	14 %	18 %
234	214	194	Gross problem commitments (not in default)	232	217	257
102	99	95	Individual write-downs on problem commitments	102	100	107
132	115	99	Net problem commitments	130	116	150
44 %	46 %	49 %	Provision rate	44 %	46 %	42 %
32 %	30 %	32 %	Total provision rate	26 %	26 %	30 %

Note 7 Net income from financial assets and liabilities

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
9	8	45	Net income from equity instruments available for sale	45	8	9
9	8	45	Net income from other than group companies	45	8	9
259	259	256	Dividends (Parent bank) or net profit (Group) from group companies	168	164	301
			Gains / losses on realisation of group companies			
		-2	Write-down of assets in group companies	-2		
259	259	255	Net income from ownership interests	166	164	300
-75	-28	19	Net change in value of bonds and certificates identified at fair value through profit and loss	19	-28	-75
7	11	-8	Net change in value of derivatives related to bonds and certificates	-8	11	7
-68	-18	11	Net change in value to bonds and certificates including security	11	-18	-68
294	130	-139	Net change in value securities at fair value through profit and loss	-139	130	294
-42	-90	7	Net change in value in derivatives that hedge securities issued	7	-90	-42
252	40	-131	Net change in value to securities debt including security	-131	40	252
15	1	5	Fixed-rate loans and deposits to customers at fair value through profit and loss	5	1	15
-6	2		Net change in value of other derivatives		2	-6
			Gains / losses on realisation of equity instruments available for sale			
			Write-down of and reversal of previous write-down of equity instruments available for sale			
12	5	7	Net income from currency trading	7	5	12
205	31	-109	Net income from other financial assets and liabilities	-109	31	205
472	297	191	Total net income from financial assets and liabilities	102	203	514

Note 8 Financial derivatives

At fair market value through p & l account	Parent Bank 30.06.2016		
	Contract sum	Fair market value Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	623	13	9
Currency swap contracts	1 833	10	7
Total foreign exchange instruments	2 456	23	17
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	10 484	452	295
Other interest rate contracts	150	9	
Total interest rate instruments	10 634	461	295
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	1	0
Total financial derivatives in MNOK			
Total currency instruments	2 456	23	17
Total interest rate instruments	10 634	461	295
Other financial derivatives	20	1	0
Total	13 110	485	312

At fair market value through p & l account	Parent Bank 30.06.2015		
	Contract sum	Fair market value Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	622	9	6
Currency swap contracts	1 866	8	11
Total foreign exchange instruments	2 488	18	17
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	9 024	363	210
Other interest rate contracts	150	13	
Total interest rate instruments	9 174	376	210
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	0
Total financial derivatives in MNOK			
Total currency instruments	2 488	18	17
Total interest rate instruments	9 174	376	210
Total other financial instruments	66	0	0
Total	11 728	394	227

At fair market value through p & l account

31.12.2015

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	626	12	10
Currency swap contracts	1 988	3	27
Total foreign exchange instruments	2 614	15	37
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	10 465	435	281
Other interest rate contracts	150	6	
Total interest rate instruments	10 615	441	281
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	3
Total financial derivatives in MNOK			
Total currency instruments	2 614	15	37
Total interest rate instruments	10 615	441	281
Other financial derivatives	66	0	3
Total	13 295	455	320

At fair market value through p & l account

Group
30.06.2016

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	623	13	9
Currency swap contracts	2 440	1	7
Total foreign exchange instruments	3 063	13	17
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	21 752	1 110	489
Other interest rate contracts	234	10	
Total interest rate instruments	21 986	1 120	490
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	1	0
Total financial derivatives in MNOK			
Total currency instruments	3 063	13	17
Total interest rate instruments	21 986	1 120	490
Other financial derivatives	20	1	0
Total	25 070	1 134	506

At fair market value through p & l account

Group
30.06.2015

	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	622	9	6
Currency swap contracts	1 866	8	11
Total foreign exchange instruments	2 488	18	17
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	9 024	363	210
Other interest rate contracts	150	13	
Total interest rate instruments	9 174	376	210
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	0
Total financial derivatives in MNOK			
Total currency instruments	2 488	18	17
Total interest rate instruments	9 174	376	210
Total other financial instruments	66	0	0
Total	11 728	394	227

At fair market value through p & l account	Group 31.12.2015		
	Contract sum	Fair market value	
		Assets	Liabilities
Foreign exchange instruments			
Forward exchange contracts	626	12	10
Currency swap contracts	1 988	3	27
Total foreign exchange instruments	2 614	15	37
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	10 465	435	281
Other interest rate contracts	150	6	
Total interest rate instruments	10 615	441	281
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	66	0	3
Total financial derivatives in MNOK			
Total currency instruments	2 614	15	37
Total interest rate instruments	10 615	441	281
Total other financial instruments	66	0	3
Total	13 295	455	320

Note 9 Determination of fair value of financial instruments

The table below shows financial instruments at fair value by valuation method. The different levels are defined as follows:

- 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.

Group 30.06.2016	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		1 133	1	1 134
- Bonds and certificates		10 880		10 880
- Fixed-rate loans		2 887	2 527	5 414
- Loans with interest-rate guarantees	352			352
Financial assets available for sale				
- Equity instruments	157		201	357
- Other financial assets (Visa Norge)			32	32
Total assets	508	14 900	2 760	18 168
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		506		506
- Securities issued		17 468		17 468
- Subordinated loan capital		495		495
- Fixed-rate deposits		324		324
- Term deposit			60	60
Total liabilities	0	18 794	60	18 854
30.06.2015				
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		394	0	394
- Bonds and certificates		5 175		5 175
- Fixed-rate loans to customers		2 711		2 711
Financial assets available for sale				
- Equity instruments	154		135	289
Total assets	154	8 280	135	8 569
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		227		227
- Securities issued		10 133		10 133
- Subordinated loan capital		507		507
- Fixed-rate deposits from customers		45		45
- Term deposit			60	60
Total liabilities	0	10 912	60	10 972

31.12.2015	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives		455		455
- Bonds and certificates		6 133		6 133
- Fixed-rate loans to customers		2 771		2 771
- Loans with interest-rate guarantees				
Financial assets available for sale				
- Equity instruments	154		139	294
- Other financial assets (Visa Norge)			40	40
Total assets	154	9 359	180	9 693
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives		317	3	320
- Securities issued		11 576		11 576
- Subordinated loan capital		496		496
- Fixed-rate deposits from customers		89		89
- Term deposit			61	61
Total liabilities	0	12 479	64	12 543

Fair value of financial instruments traded on active markets is based on the market value on the balance sheet day. considered active if the market prices are easily and regularly available from a stock exchange, dealer, broker, industrial group, A market is 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 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 table below presents the changes in value of the instruments classified in level 3:

31.12.15-30.06.16 (Incl B1OA)	Fixed-rate loans (B1OA)	Equity instruments	Derivatives	Term deposits	Other financial assets	Total
Opening balance	2 661	213	-3	-61	71	2 882
Investments in the period	98					97
Sales / redemption in the period	-232	-14	3	1		-243
Gains / losses recognised through profit and loss			1			1
Gains / losses recognised directly against comprehensive income		2			-40	-38
Closing balance	2 527	201	1	-60	32	2 700
Gains / losses for the period included in the profit for assets owned on the balance sheet day			1			1
31.12.14-30.06.15 (without B1OA)						
	Loans with interest-rate guarantees	Equity instruments	Derivatives	Term deposits	Other financial assets	Total
Opening balance	1	108	3			112
Investments in the period		24		-60		-36
Sales / redemption in the period	-1	-1	-3			-5
Gains / losses recognised through profit and loss			1			1
Gains / losses recognised directly against comprehensive income		3				3
Closing balance	0	135	0	-60		75
Gains / losses for the period included in the profit for assets owned on the balance sheet day			1			1

31.12.14-31.12.15 (without B1OA)	Loans with interest-rate guarantees	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
Opening balance	1	108	3			112
Investments in the period		30		-61		-30
Sales / redemption in the period	-1	-2	-3			-6
Gains / losses recognised through profit and loss			-3			-3
Gains / losses recognised directly against comprehensive income		3			40	43
Closing balance	0	139	-3	-61	40	117
Gains / losses for the period included in the profit for assets owned on the balance sheet day			-3			-3

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.

Specification of fair value, instruments classified in level 3

30.06.2016 (inclusive Bank 1 OA)	Fixed-rate loans (B1OA)	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments) / cost (shares)	2 447	152		-60		2 539
Fair value adjustment	80	49	1		32	161
Closing balance	2 527	201	1	-60	32	2 700

Sensitivity, instruments classified as level 3

The valuation of fixed-rate loans to customers in Bank 1 Oslo Akershus AS is based on the agreed rate with the customer. The loans are discounted by the current yield curve plus a discretionary market premium. An increase in the discount rate by ten basis points would have resulted in a negative change in fair value of MNOK 7. The effect on the Group's total portfolio of fixed-rate loans to customers is estimated at NOK 12 million.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Convention Centre People's House BA (MNOK 55), Eksportfinans ASA (MNOK 75) and SpareBank 1 Markets AS (NOK 29 million). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass of the Oslo Convention Centre People's House (P/B 4.9). Based on an external valuation in connection with a demerger in 2012 and subsequent result. The value of Eksportfinans is considered to be substantially smaller (P/B 0.8).

Derivatives in level 3 is entirely a 1.3 percentage of a portfolio hedge agreement with Eksportfinans ASA. The agreement secures Eksportfinans against further decreases in the portfolio from 29 February 2008 up to 1.5 billion. Any recovery of values relative to the nominal value accruing to participants in the portfolio hedge agreement as payment for the hedge. Eksportfinans performs monthly valuation of the hedging agreement based on the fair value of the underlying instruments.

The valuation of term deposits is based on the agreed rate with the customer. The contributions are discounted by the current yield curve plus a discretionary market premium reducing the discount rate by ten basis points would have resulted in an insignificant negative change in fair value of MNOK 4.

Other financial assets are entirely the Group's share of the remaining settlement for Visa Norway sale of Visa Europe Ltd to Visa Inc. This consists of an agreed cash consideration settled in 2019 as well as preference shares in Visa Inc will be converted into tradable shares no later than 2028. The valuation of the Group's assets is based on the closing exchange rates (EUR and USD), the share price of tradeable Visa Inc. Stocks purchase agreement conversion factor for the preference shares and the adopted settlement share of Visa Norway FLI to the member banks Sparebanken Hedmark and Bank 1 Oslo Akershus AS. The value of this record will change with the aforementioned assumptions.

Note 10 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 cash collateral (CSA) with ten institutional counterparties.

The Group's exposure as a result of reverse repurchase agreements are recognized under "Loans and advances to credit institutions". Net exposure takes into account the value of the underlying security. Reverse repurchase agreements are governed by GMRA agreements with counterparty. The Group has per 30.06.2016 one GMRA agreement.

The assets and liabilities below may be offset.

Parent Bank	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
30.06.2016						
Derivatives as assets	485	0	485	-73	0	411
Derivatives as liabilities	-312	0	-312	73	128	-111
30.06.2015						
Derivatives as assets	394	0	394	-67	0	327
Derivatives as liabilities	-227	0	-227	67	84	-76
31.12.2015						
Derivatives as assets	455	0	455	-48	0	407
Derivatives as liabilities	-320	0	-320	48	116	-157

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
30.06.2016						
Derivatives as assets	1 134	0	1 134	-108	-300	727
Derivatives as liabilities	-506	0	-506	108	222	-176
Loans to and receivables from credit institutions	536	0	536	-536	0	0
30.06.2015						
Derivatives as assets	394	0	394	-67	0	327
Derivatives as liabilities	-227	0	-227	67	84	-76
31.12.2015						
Derivatives as assets	455	0	455	-48	0	407
Derivatives as liabilities	-320	0	-320	48	116	-157

Note 11 Other assets

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
73	73	103	Capital payments into pension fund	103	73	73
17	17	15	Accrued income, not yet received	31	23	21
27	9	8	Prepaid costs, not yet incurred	157	10	27
197	127	210	Other assets	695	298	376
314	226	336	Other assets	985	404	497

Note 12 Deposits from and liabilities to customers

Parent Bank				Group		
31.12.2015	30.06.2015	30.06.2016		30.06.2016	30.06.2015	31.12.2015
20 396	20 446	22 061	Private customers	35 692	20 446	20 396
4 126	4 471	4 940	Public sector	5 448	4 471	4 126
921	1 002	982	Primary industries	993	1 002	921
104	100	92	Paper and pulp industries	97	100	104
503	414	532	Other industry	609	414	503
806	642	700	Building and construction	848	642	806
124	265	236	Power and water supply	237	265	124
882	699	701	Wholesale and retail trade	1 309	699	882
131	95	121	Hotel and restaurants	281	95	131
1 487	1 522	1 885	Real estate	4 343	1 522	1 487
3 756	3 338	4 238	Commercial services	11 618	3 303	3 706
268	242	263	Transport and communications	379	242	268
4	4	3	Other operations	783	4	4
33 508	33 240	36 754	Total deposits by sector and industry	62 637	33 205	33 458

Note 13 Securities-related debt

Parent Bank

Changes in liabilities from issuance of securities	30.06.2016	Issued	Due / redeemed	Other changes	31.12.2015
Certificate-based debt, nominal value	0		-500		500
Bond debt, nominal value	11 462	1 300	-1 000	348	10 814
Subordinated loan capital, nominal value	500				500
Accrued interest	101			-34	136
Adjustments	258			135	123
Total debt raised through issuance of securities and subordinated loan capital, fair value	12 321	1 300	-1 500	449	12 073

Changes in liabilities from issuance of securities	30.06.2015	Issued	Due / redeemed	Other changes	31.12.2014
Certificate-based debt, nominal value	0				0
Bond debt, nominal value	9 742	1 900	-660	93	8 410
Subordinated loan capital, nominal value	500				500
Accrued interest	111			-20	131
Adjustments	287			-128	415
Total debt raised through issuance of securities and subordinated loan capital, fair value	10 640	1 900	-660	-55	9 455

Changes in liabilities from issuance of securities	31.12.2015	Issued	Due / redeemed	Other changes	31.12.2014
Certificate-based debt, nominal value	500	500			0
Bond debt, nominal value	10 814	3 500	-1 205	110	8 410
Subordinated loan capital, nominal value	500				500
Accrued interest	136			4	131
Adjustments	123			-291	415
Total debt raised through issuance of securities and subordinated loan capital, fair value	12 073	4 000	-1 205	-178	9 455

Group

Changes in liabilities from issuance of securities	30.06.2016	Issued	Due / redeemed	Other changes	31.12.2015
Certificate-based debt, nominal value	0		-500		500
Bond debt, nominal value	21 241	2 170	-1 931	348	20 654
Subordinated loan capital, nominal value	1 200				1 200
Accrued interest	602			3	599
Adjustments	344			128	216
Total debt raised through issuance of securities and subordinated loan capital, fair value	23 387	2 170	-2 431	480	23 169

Changes in liabilities from issuance of securities	30.06.2015	Issued	Due / redeemed	Other changes	31.12.2014
Certificate-based debt, nominal value	0				0
Bond debt, nominal value	9 742	1 900	-660	93	8 410
Subordinated loan capital, nominal value	500				500
Accrued interest	111			-20	131
Adjustments	287			-128	415
Total debt raised through issuance of securities and subordinated loan capital, fair value	10 640	1 900	-660	-55	9 455

Changes in liabilities from issuance of securities	31.12.2015	Issued	Due / redeemed	Other changes	31.12.2014
Certificate-based debt, nominal value	500	500			0
Bond debt, nominal value	10 814	3 500	-1 205	110	8 410
Subordinated loan capital, nominal value	500				500
Accrued interest	136			4	131
Adjustments	123			-291	415
Total debt raised through issuance of securities and subordinated loan capital, fair value	12 073	4 000	-1 205	-178	9 455

Note 14 Other debt and liabilities

Parent Bank			Group		
31.12.2015	30.06.2015	30.06.2016	30.06.2016	30.06.2015	31.12.2015
263	307	308	429	326	280
14	12	14	14	12	14
7	6	6	7	6	7
34	32	27	32	36	41
121	187	174	626	228	167
440	544	529	1 108	608	510
Total other debt and liabilities recognised in the balance sheet					

Note 15 Disclosure - Business combination

Acquisition of Bank 1 Oslo Akershus

Sparebanken Hedmark entered into separate purchase agreements in December 2015 through which it gained ownership of 100 percent of the shares in Bank 1 Oslo Akershus (B1OA), which is a regional bank headquartered in Oslo. Sparebanken Hedmark previously owned 40.54 percent of the shares in B1OA. Separate agreements for the purchase of the remaining shares were entered into with the Norwegian Confederation of Trade Unions (LO) for the purchase of their ownership interest of 29.9 percent, and other Sparebank 1-banks for their ownership interest of 29.6 percent total.

Through the purchase of the remaining shares in B1OA, Sparebanken Hedmark increases its geographic market area and diversifies the customer portfolio. Moreover, the bank gains cost synergies through increased economies of scale.

The agreements were subject to approval by the Supervisory Board of Sparebanken Hedmark and by public authorities. These approvals were obtained in Q2 2016, and Sparebanken Hedmark has determined that the acquisition date and the date upon which it gained control over B1OA is June 29, 2016. From this date and onwards, B1OA has been consolidated as a wholly owned subsidiary.

The fair values of the identifiable assets and liabilities of B1OA at the date of acquisition were:

	30.06.2016
ASSETS	
Cash and deposits with central banks	580
Due from credit institutions	744
Loans to customers	32 544
Commercial paper, bonds and financial derivatives	5 201
Other investments	374
Investments in associated companies and joint ventures	1 284
Fixed tangible assets	278
Other assets	203
Total assets	41 207
LIABILITIES	
Due to credit institutions	358
Deposits from customers	25 159
Debt securities issued	10 860
Financial derivatives	185
Other liabilities	258
Subordinated loan capital	1 100
Total liabilities	37 921
Total identifiable net assets at fair value	3 286
Total payment made	2 068
Fair value of existing ownership share	1 316
Total identifiable net assets at fair value	-3 286
Goodwill	99
Issuance of equity certificates in Sparebanken Hedmark	1 843
Cash paid	225
Total payment made	2 068

Based on the purchase price and fair value of identified assets and liabilities, MNOK 99 is allocated to Goodwill, out of which MNOK 17 is a consequence of deferred tax.

The Goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of B1OA with those of Sparebanken Hedmark. None of the goodwill recognized is expected to be deductible for income tax purposes.

The payment in the form of equity certificates in Sparebanken Hedmark consists of a total of 26 462 540 certificates. The fair value of these certificates has been measured based on marked based valuation methodologies performed by external valuation experts.

Transaction costs have not been included in the statement of profit or loss for the accounting year 2016.

For the acquired receivables in the form of loans to customers, the gross contractual amount receivable is MNOK 32 668, and the best estimate as of the acquisition date of the contractual cash flows not expected to be collected is MNOK 128.

The previously held ownership interest in B1OA which was classified as an associated company was remeasured to its fair value at the acquisition date. The fair value as of this date was MNOK 1 316, resulting in a gain of MNOK 25. In addition, costs recognized in other comprehensive income totaling of MNOK 21 were recycled over ordinary profit/loss in connection with the acquisition.

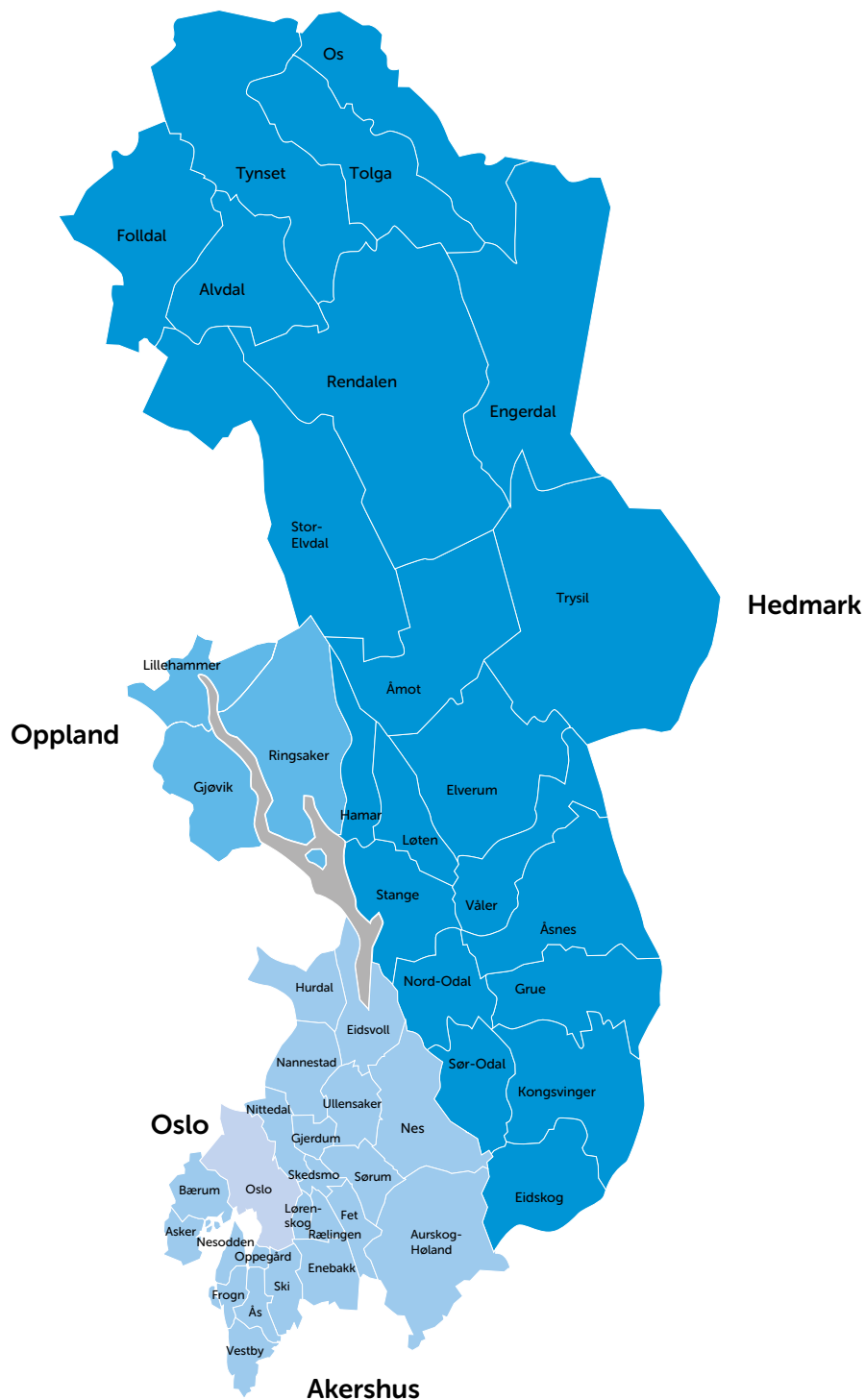
Because the date of acquisition was June 29, Cost and income from B1OA have not been consolidated in the first half of 2016, in accordance with IFRS3. The result share has been included in accordance with the equity method at MNOK 71. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been MNOK 596 and the profit before tax MNOK 215.

Note 16 Equity capital certificates

Equity share capital per at 30.06.16 consists of 106 202 540 equity certificates at NOK 50 each.

Parent Bank	30.06.2016
Equity certificated capital	5 310
Dividend equalisation fund	503
Premium fund	520
A. The equity capital certificate owners' capital	6 333
Primary capital	3 014
Endowment fund	44
B. Total primary capital	3 058
Fund for unrealised gains	106
Other equity	381
Total other equity	487
Total equity	9 879
Equity capital certificate ratio (A/(A+B))	67,4 %
Equity certificates issued	106 202 540
Equity capital certificate ratio is used for the distribution of the result	
Parent Bank EC's per EC certificates	59,6 kr
Group EC's per EC certificates	71,8 kr

Owner of equity certificates:	Antall EK bevis	Prosentandel
Sparebanken Hedmark Sparebankstiftelse	79 740 000	75,08 %
Norwegian Confederation of Trade Unions (LO) and affiliated unions	15 881 965	14,95 %
Samarbeidende sparebanker AS	5 438 749	5,12 %
SpareBank 1 Nord-Norge	1 713 942	1,61 %
SpareBank 1 SMN	1 713 942	1,61 %
SpareBank 1 SR-Bank	1 713 942	1,61 %



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