

Notes

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Note 1 - Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS) approved by EU, including IAS 34, Interim Financial Reporting. The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 2014. Further, the Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, except:

IFRIC 21 Levies

Wealth tax

The interpretation addresses when to recognise a liability to pay levies. For SpareBank 1 SMN this brings a change in the treatment of wealth tax. Wealth tax is calculated on the bank's assets at year-end and is therefore recognised in December of the accounting year. In previous years this was done monthly on an accruals basis.

Guarantee Fund levy

The levy to the Banks' Guarantee Fund is normally based on previous quarters' average guaranteed deposits and average risk weighted assets. The question of whether withdrawing from the guarantee fund arrangement will entail a refund of levy paid in excess is not regulated. In practice a pro rata charge has been made upon enrolment. This practice and consistency of treatment suggest a pro rata approach upon withdrawal. The Ministry of Finance will settle the matter by administrative decision. This has a bearing on when the levy is to be recognised in the accounts. In the first quarter SpareBank 1 SMN continued its earlier practice of accrual on a monthly basis.

SpareBank 1 SMN implemented IFRIC 21 on 1 January 2015.

Other changes

The Group has changed its presentation of accrued interest as from the first quarter of 2015. Accrued interest is now presented together with the underlying financial instrument. It was previously presented as other assets and other liabilities. Historical figures for 2014 are similarly restated.

Note 2 - Critical estimates and assessment concerning the use of accounting principles

When it prepares the consolidated accounts the management team makes estimates, discretionary assessments and assumptions which influence the application of accounting principles. This accordingly affects recognised amounts for assets, liabilities, revenues and expenses. Last year's annual accounts give a closer explanation of significant estimates and assumptions in Note 3 Critical estimates and assessments concerning the use of accounting principles.

Pensions

The Group has not obtained a new calculation of pensions as of 31 March since no factors have been identified that significantly alter the pension liability. For a further description of the various pension schemes, see note 25 in the 2014 annual report.

Note 3 - Account by business line

For the subsidiaries the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

Group 31 March 2015

Profit and loss account (NOKm)	RM	CM	Markets	EM 1	SB1 Regnskaps		SB1	BN	Uncollated	Total
					Finans	huset				
					MN	SMN	Gruppen	Bank		
Net interest	221	216	-15	1	40	0	-	-	4	467
Interest from allocated capital	18	19	0	-	-	-	-	-	-36	-
Total interest income	239	235	-15	1	40	0	-	-	-32	467
Commission income and other income	173	43	3	83	-5	53	-	-	28	377
Net return on financial investments (***)	0	4	43	0	0	-	59	18	72	197
Total income *)	411	282	32	83	35	53	59	18	67	1,042
Total operating expenses	199	99	10	76	13	45	-	-	11	454
Ordinary operating profit	212	183	21	8	23	8	59	18	56	588
Loss on loans, guarantees etc.	3	17	-	-	2	-	-	-	0	22
Result before tax including held for sale	209	165	21	8	21	8	59	18	56	566
Post-tax return on equity**)	15.5 %	11.9 %								14.1 %
Balance (NOKm)										
Loans and advances to customers	79,184	38,606	-	-	3,638	-	-	-	1,504	122,933
Adv. of this to SB1 Boligkreditt and SB1 Næringskreditt	-29,250	-1,371	-	-	-	-	-	-	-1	-30,622
Individual allowance for impairment on loan	-26	-125	-	-	-8	-	-	-	-2	-160
Group allowance for impairment on loan	-90	-188	-	-	-16	-	-	-	-	-295
Other assets	224	5	-	283	4	123	1,482	1,220	28,491	31,831
Total assets	50,042	36,926	-	283	3,619	123	1,482	1,220	29,993	123,687
Deposits to customers	31,782	28,219	-	-	-	-	-	-	588	60,589
Other liabilities and equity	18,260	8,708	-	283	3,619	123	1,482	1,220	29,404	63,098
Total liabilities	50,042	36,926	-	283	3,619	123	1,482	1,220	29,993	123,687

Group 31 March 2014

Profit and loss account (NOKm)	RM	SME	Markets	SB1		SB1		BN Bank	Uncollated	Total
				EM 1	MN	Finans huset SMN	Regnskaps gruppen			
Net interest	197	206	-3	-1	32	0	-	-	-20	412
Interest from allocated capital	9	14	0	-	-	-	-	-	-23	-
Total interest income	206	220	-2	-1	32	0	-	-	-43	412
Commission income and other income	194	38	8	79	-0	50	-	-	18	385
Net return on financial investments (***)	0	9	11	-	0	-	46	25	168	259
Total income *)	400	267	17	78	31	50	46	25	142	1,055
Total operating expenses	204	84	16	75	13	43	-	-	7	441
Ordinary operating profit	196	182	1	3	19	7	46	25	135	614
Loss on loans, guarantees etc.	1	14	-	-	2	-	-	-	0	17
Result before tax including held for sale	195	169	1	3	17	7	46	25	137	598
Post-tax return on equity**)	36.3 %	16.5 %								17.7 %
Balance (NOKm)										
Loans and advances to customers	73,812	33,579	-	-	3,382	-	-	-	1,026	111,800
Adv. of this to SpareBank 1 Boligkreditt	-31,054	-1,138	-	-	-	-	-	-	-3	-32,194
Individual allowance for impairment on loan	-28	-128	-	-	-17	-	-	-	0	-173
Group allowance for impairment on loan	-90	-188	-	-	-16	-	-	-	-	-295
Other assets	202	29	-	281	6	140	1,161	1,213	29,439	32,471
Total assets	42,842	32,154	-	281	3,355	140	1,161	1,213	30,463	111,609
Deposits to customers	29,314	24,969	-	-	-	-	-	-	360	54,643
Other liabilities and equity	13,528	7,185	-	281	3,355	140	1,161	1,213	30,103	56,966
Total liabilities	42,842	32,154	-	281	3,355	140	1,161	1,213	30,463	111,609

*) A portion of capital market income (Markets) is distributed on RM and CM

***) As from the third quarter 2014, calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 13.5 percent to be in line with the capital plan

***) Specification of net return on financial investments (NOKm)	31 Mar 2015	31 Mar 2014
Capital gains/dividends, shares	10	156
Bonds and derivatives	11	-1
Forex and fixed income business, Markets	48	20
Net return on financial investments	69	175
SpareBank 1 Gruppen	59	46
SpareBank 1 Boligkreditt	41	8
SpareBank 1 Næringskreditt	8	11
BN Bank	18	25
SpareBank 1 Markets	-2	-4
SpareBank 1 Kredittkort	4	-2
Companies owned by SpareBank 1 SMN Invest	-	-
Other companies	-1	1
Income from investment in related companies	128	84
Total	197	259

Note 4 - Operating expenses

Parent bank				Group		
31 Dec 2014	31 Mar 2014	31 Mar 2015	(NOKm)	31 Mar 2015	31 Mar 2014	31 Dec 2014
645	161	160	Personnel expenses	267	254	1,002
199	55	56	IT costs	62	61	223
21	6	5	Postage and transport of valuables	6	7	25
44	8	11	Marketing	23	12	81
40	9	10	Ordinary depreciation	25	26	109
119	29	30	Operating expenses, real properties	23	22	93
66	9	12	Purchased services	15	12	78
131	28	23	Other operating expense	33	48	178
1,265	305	307	Total other operating expenses	454	441	1,789

Note 5 - Distribution of loans by sector/industry

Parent bank				Group		
31 Dec 2014	31 Mar 2014	31 Mar 2015	(NOKm)	31 Mar 2015	31 Mar 2014	31 Dec 2014
7,042	6,226	7,557	Agriculture, forestry, fisheries, hunting	7,694	6,374	7,158
1,213	1,490	1,137	Sea farming industries	1,322	1,624	1,367
2,069	1,847	1,920	Manufacturing	2,190	2,036	2,330
3,221	2,600	3,571	Construction, power and water supply	4,048	3,113	3,717
2,509	2,214	2,774	Retail trade, hotels and restaurants	2,937	2,380	2,671
5,616	5,093	5,995	Maritime sector	6,017	5,099	5,638
14,002	11,982	14,312	Property management	14,375	12,052	14,075
3,445	3,664	3,389	Business services	3,594	3,902	3,681
2,696	2,298	2,892	Transport and other services provision	3,344	2,729	3,141
280	272	266	Public administration	286	294	300
2,252	2,572	1,951	Other sectors	1,969	2,591	2,270
44,347	40,258	45,765	Gross loans in retail market	47,776	42,195	46,348
72,430	68,166	73,445	Wage earners	75,157	69,604	74,087
116,777	108,424	119,210	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	122,933	111,800	120,435
28,393	30,961	29,165	SpareBank 1 Boligkreditt	29,165	30,961	28,393
1,463	1,233	1,457	SpareBank 1 Næringskreditt	1,457	1,233	1,463
86,920	76,230	88,587	Gross loans in balance sheet	92,311	79,606	90,578

Note 6 - Losses on loans and guarantees

Parent Bank

Losses on loans and guarantees (NOK million)	31 Mar 15			31 Mar 14			31 Dec 14		
	RM	CM	Totalt	RM	CM	Totalt	RM	CM	Totalt
Change in individual impairment losses provisions for the period	1	-14	-13	-1	7	6	-4	18	14
+ Change in collective impairment losses provisions for the period	-	-	-	-	-	-	-	-	-
+ Actual loan losses on commitments for which provisions have been made	1	31	32	3	7	10	10	41	51
+ Actual loan losses on commitments for which no provision has been made	2	0	2	1	0	1	12	16	28
- Recoveries on commitments previously written-off	1	-1	0	2	0	2	12	-2	10
Losses of the year on loans and guarantees	3	17	20	1	14	15	6	77	83

Group

Losses on loans and guarantees (NOK million)	31 Mar 15			31 Mar 14			31 Dec 14		
	RM	CM	Totalt	RM	CM	Totalt	RM	CM	Totalt
Change in individual impairment losses provisions for the period	1	-14	-13	-4	4	0	-9	8	-1
+ Change in collective impairment losses provisions for the period	-	-	-	-	-	-	-	-	-
+ Actual loan losses on commitments for which provisions have been made	2	31	33	6	10	16	14	51	66
+ Actual loan losses on commitments for which no provision has been made	2	0	2	2	1	3	15	20	35
- Recoveries on commitments previously written-off	1	-1	0	2	-0	2	13	-2	11
Losses of the year on loans and guarantees	4	18	22	3	15	17	8	81	89

Note 7 - Losses

Parent Bank

	31 Mar 15			31 Mar 14			31 Dec 14		
	RM	CM	Totalt	RM	CM	Totalt	RM	CM	Totalt
Individual write-downs									
Individual write-downs to cover loss on loans at 1.1*	25	139	164	28	122	150	28	122	150
- Actual losses during the period for which provisions for individual impairment losses have been made previously	1	31	32	3	7	10	10	41	51
- Reversal of provisions from previous periods	1	2	3	1	0	2	6	13	19
+ Increased write-downs on provisions previously written down	1	4	4	2	1	3	1	0	2
+ Write-downs on provisions not previously written down	2	15	17	2	13	15	11	72	83
Specification of loss provisions at end of period	26	125	151	28	128	156	25	139	164

*) Individually assessed impairment write-downs on guarantees, totalling NOK 1m, are shown in the balance sheet as a liability under 'Other liabilities'

	31 Mar 15			31 Mar 14			31 Dec 14		
	RM	CM	Totalt	RM	CM	Totalt	RM	CM	Totalt
Collective write-downs									
Collective write-downs to cover loss on loans, guarantees at 01.01	90	188	278	90	188	278	90	188	278
Period's collective write-downs to cover loss on loans, guarantees etc	-	-	-	-	-	-	-	-	-
Collective write-downs to cover loss on loans and guarantees at 31.03	90	188	278	90	188	278	90	188	278

Group

	31 Mar 15			31 Mar 14			31 Dec 14		
	RM	CM	Totalt	RM	CM	Totalt	RM	CM	Totalt
Individual write-downs									
Individual write-downs to cover loss on loans at 1.1*	24	147	172	41	131	173	33	139	173
- Actual losses during the period for which provisions for individual impairment losses have been made previously	1	32	33	6	10	16	14	51	66
- Reversal of provisions from previous periods	1	2	3	1	1	2	7	15	22
+ Increased write-downs on provisions previously written down	1	4	4	2	1	3	1	1	2
+ Write-downs on provisions not previously written down	3	17	20	2	14	16	11	73	84
Specification of loss provisions at end of period	26	134	160	38	135	173	24	147	172

	31 Mar 15			31 Mar 14			31 Dec 14		
	RM	CM	Totalt	RM	CM	Totalt	RM	CM	Totalt
Collective write-downs									
Collective write-downs to cover loss on loans, guarantees at 1.1	94	201	295	94	201	295	94	201	295
Period's collective write-downs to cover loss on loans, guarantees etc	-	-	-	-	-	-	-	-	-
Collective write-downs to cover loss on loans and guarantees at 31.03	94	201	295	94	201	295	94	201	295

Note 8 - Defaults

Parent bank			(NOKm)	Group		
31 Dec 2014	31 Mar 2014	31 Mar 2015		31 Mar 2015	31 Mar 2014	31 Dec 2014
Total defaults						
224	205	224	Loans in default for more than 90 days *)	237	263	270
63	51	58	- individual write-downs	59	59	67
162	155	166	Net defaults	178	205	202
28 %	25 %	26 %	Provision rate	25 %	22 %	25 %
Problem Loans						
208	213	225	Problem loans (not in default)	226	231	216
101	105	93	- individual write-downs	92	114	105
107	108	132	Net problem loans	134	117	112
49 %	49 %	41 %	Provision rate	41 %	49 %	48 %

*) There are no defaults that relates to loans in the guarantee portfolio taken over from BN Bank per Q1
Any default in this portfolio will not entail loss for SpareBank 1 SMN.

Note 9 - Other assets

Parent bank				Group		
31 Dec 2014	31 Mar 2014	31 Mar 2015	(NOKm)	31 Mar 2015	31 Mar 2014	31 Dec 2014
-	-	-	Deferred tax benefit	30	18	44
162	167	156	Fixed assets	1,099	1,160	1,120
31	395	33	Earned income not yet received	55	406	42
8	149	26	Accounts receivable, securities	26	149	8
6	82	6	Pensions	6	82	6
89	111	192	Other assets	371	300	289
297	904	412	Total other assets	1,587	2,114	1,509

Note 10 - Distribution of customer deposits by sector/industry

Parent bank				Group		
31 Dec 2014	31 Mar 2014	31 Mar 2015	(NOKm)	31 Mar 2015	31 Mar 2014	31 Dec 2014
2,354	2,154	2,548	Agriculture, forestry, fisheries, hunting	2,548	2,154	2,354
402	507	524	Sea farming industries	524	507	402
2,359	1,619	2,177	Manufacturing	2,177	1,619	2,359
2,117	1,635	2,092	Construction, power and water supply	2,092	1,635	2,117
4,221	3,256	3,764	Retail trade, hotels and restaurants	3,764	3,256	4,221
2,346	1,933	2,129	Maritime sector	2,129	1,933	2,346
4,051	3,753	4,282	Property management	4,138	3,642	3,919
4,540	4,690	4,610	Business services	4,610	4,690	4,540
4,488	4,379	4,714	Transport and other services provision	4,346	4,081	4,131
5,254	4,692	5,232	Public administration	5,232	4,692	5,254
2,574	2,266	2,572	Other sectors	2,536	2,225	2,542
34,706	30,883	34,645	Total	34,096	30,433	34,184
26,496	24,209	26,493	Wage earners	26,493	24,209	26,496
61,202	55,092	61,137	Total deposits	60,589	54,643	60,680

Note 11 - Debt created by issue of securities

Parent bank				Group			
31 Dec 2014	31 Mar 2014	31 Mar 2015	(NOKm)	31 Mar 2015	31 Mar 2014	31 Dec 2014	
820	2,750	2,305	Short-term debt instruments, nominal value	2,305	2,750	820	
30,981	26,761	28,519	Bond debt, nominal value	28,519	26,761	30,981	
830	404	824	Value adjustments	824	404	830	
370	295	323	Accrued interest	323	295	370	
33,001	30,209	31,971	Total	31,971	30,209	33,001	

Change in securities debt, subordinated debt and hybrid equity (NOKm)

	31 Mar 2015	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2014
Short-term debt instruments, nominal value	2,305	2,305	820	-	820
Bond debt, nominal value	28,519	1,143	3,139	-467	30,981
Value adjustments	824	-	-	-6	830
Accrued interest	323	-	-	-46	370
Total	31,971	3,448	3,959	-519	33,001

	31 Mar 2015	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2014
Ordinary subordinated loan capital, nominal value	1,609	-	-	51	1,558
Perpetual subordinated loan capital, nominal value	300	-	-	-	300
Hybrid equity, nominal value	1,400	-	-	-	1,400
Value adjustments	96	-	-	-2	98
Accrued interest	10	-	-	-5	15
Total	3,415	-	-	45	3,371

Note 12 - Other liabilities

Parent bank				Group		
31 Dec 2014	31 Mar 2014	31 Mar 2015 (NOKm)		31 Mar 2015	31 Mar 2014	31 Dec 2014
32	17	32	Deferred tax	45	24	45
363	401	238	Payable tax	265	430	398
8	8	10	Capital tax	10	8	10
58	392	663	Accrued expenses and received, non-accrued income	574	555	181
79	76	104	Provision for accrued expenses and commitments	104	76	79
25	-	25	Pension liabilities	32	2	32
74	47	137	Drawing debt	137	47	74
5	5	19	Creditors	67	45	33
-	742	59	Debt from securities	59	742	-
201	154	177	Other liabilities	204	188	244
846	1,842	1,463	Total other liabilities	1,495	2,116	1,095

Note 13 - Capital adequacy

The Ministry of Finance adopted on 22 August 2014 amendments to regulations on capital requirements taking effect on 30 September 2014. The amendments bring Norwegian legislation into line with the EU's new capital requirements framework (CRR/CRD IV). This framework is for the present not incorporated into the EEA agreement, although its most important provisions have been incorporated in the Financial Institutions Act and the Securities Trading Act. The adjusted legislation entered into force on 1 July 2013, and requires a gradual increase in minimum requirements on Common Equity Tier 1 (CET1) capital in the period to 1 July 2016.

As of 31 March 2015 the capital conservation buffer requirement is 2.5 per cent and the systemic risk requirement is 3 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital, so that the overall minimum requirement on CET1 capital is 10 per cent. On 30 June 2015 a countercyclical buffer requirement of 1 percentage point will become effective, bringing the overall minimum CET1 requirement to 11 per cent.

SpareBank 1 SMN utilises the Internal Rating Based Approach (IRB) for credit risk. Use of IRB imposes wide-ranging requirements on the bank's organisational set-up, competence, risk models and risk management systems. As from 31 March 2015 the bank has received permission to apply the Advanced IRB Approach to those corporate portfolios that were previously reported under the Basic Indicator Approach.

SpareBank 1 SMN has reviewed the intention for the bond portfolios and on that basis reclassified certain portfolios from trading to banking in the first quarter of 2015. This is reflected in reduced debt risk and increased credit risk under the standardised approach.

In connection with changed requirements on conditions governing hybrid capital, hybrid capital not meeting the new requirements over time will not be eligible as other core capital. The bonds will subject to a stepwise reduction of 30 per cent in 2015 and 10 per cent thereafter. As at 31 March 2015 SpareBank 1 SMN held hybrid capital worth NOK 450m that will be subject to stepwise reduction. Finanstilsynet may require the hybrid capital to be written down in proportion to equity capital if the bank's CET1 capital ratio falls below 5.125 per cent.

The parent bank calculates capital charges against credit risk using the standardised approach. In the case of subsidiaries, the basic indicator approach is applied.

Capital adequacy figures are stated in accordance with the new reporting requirements as from 30 September 2014. Comparatives have not been restated.

Parent Bank				Group		
31 Dec 2014	31 Mar 2014	31 Mar 2015	(NOKm)	31 Mar 2015	31 Mar 2014	31 Dec 2014
2,597	2,597	2,597	Equity capital certificates	2,597	2,597	2,597
-0	-0	-0	- Own holding of ECCs	-0	-0	-0
895	895	895	Premium fund	895	895	895
3,122	2,496	3,122	Dividend equalisation fund	3,122	2,496	3,122
3,619	3,276	3,619	Savings bank's reserve	3,619	3,276	3,619
292	-	-	Recommended dividends	-	-	292
160	-	-	Provision for gifts	-	-	160
139	195	139	Unrealised gains reserve	148	206	148
-	-	-	Other equity and minority interest	1,622	1,357	1,620
-	-	-	Minority interests	78	62	72
-	450	389	Net profit	441	500	-
10,824	9,909	10,761	Total book equity	12,521	11,389	12,524
-447	-447	-447	Deferred taxes, goodwill and other intangible assets	-569	-613	-566
-	-	-	Part of reserve for unrealised gains, associated companies	120	98	120
-452	-	-	Deduction for allocated dividends and gifts	-	-4	-452
-	-413	-	50 % deduction for subordinated capital in other financial institutions	-	-120	-
-	-275	-	50 % deduction for expected losses on IRB, net of write-downs	-	-259	-
-	-	-	50 % capital adequacy reserve	-	-623	-
-	-	-	Minority interests recognised in other equity capital	-78	-	-72
-	-	-	Minority interests eligible for inclusion in CET1 capital	36	-	35
-4	-80	-4	Surplus financing of pension obligations	-	-78	-
-	-450	-389	Net profit	-441	-500	-
-	329	270	Year-to-date profit included in core capital (73 per cent pre tax of group profit)	322	365	-
-31	-	-30	Value adjustments due to requirements for prudent valuation	-44	-	-45
-325	-	-277	Positive value of adjusted expected loss under IRB Approach	-381	-	-419

-	-	-	Direct, indirect and synthetic investments in financial sector companies	-477	-	-451
9,565	8,574	9,884	Total common equity Tier one	11,008	9,655	10,674
1,449	1,433	950	Hybrid capital, core capital	1,217	1,647	1,716
-	-	497	Hybrid capital covered by transitional provisions	497	-	-
-	-	-	Direct, indirect and synthetic investments in financial sector companies	-9	-	-9
11,014	10,007	11,331	Total core capital	12,713	11,303	12,382
			Supplementary capital in excess of core capital			
1,906	1,874	1,000	Subordinated capital	1,692	2,592	2,598
-	-	786	Subordinated capital covered by transitional provisions	786	-	-
-	-413	-	50 % deduction for subordinated capital in other financial institutions	-	-120	-
-	-275	-	50 % deduction for expected losses on IRB, net of write-downs	-	-259	-
-	-	-	50 % capital adequacy reserve	-	-623	-
-43	-	-43	Direct, indirect and synthetic investments in financial sector companies	-43	-	-43
1,864	1,187	1,743	Total supplementary capital	2,435	1,591	2,555
12,878	11,194	13,074	Net subordinated capital	15,147	12,893	14,937
			Minimum requirements subordinated capital			
1,632	1,508	1,258	Involvement with specialised enterprises	1,506	1,508	1,887
1,331	1,380	987	Other corporations exposure	1,038	1,381	1,371
829	703	1,089	Mass market exposure, property	1,447	1,153	1,280
149	136	141	Mass market exposure, SMBs	149	145	159
49	37	54	Other retail exposure	54	43	51
1,111	1,225	1,160	Equity investments	0	-	0
5,102	4,989	4,689	Total credit risk IRB	4,194	4,229	4,748
397	281	199	Debt risk	200	281	397
-	-	-	Equity risk	2	3	1
-	-	-	Currency risk	0	-	0
292	292	316	Operational risk	452	416	416
849	579	911	Exposures calculated using the standardised approach	2,025	2,186	1,971
-	-69	-	Deductions	-	-126	-
42	-	42	Credit value adjustment risk (CVA)	97	-	92
-	-	-	Transitional arrangements	163	-	-
6,682	6,072	6,158	Minimum requirements subordinated capital	7,134	6,989	7,625
83,523	75,900	76,969	Risk weighted assets (RWA)	89,171	87,361	95,317
3,759		3,464	Minimum requirement on CET1 capital, 4.5 per cent	4,013		4,289
			Capital Buffers			
2,088		1,924	Capital conservation buffer, 2.5 per cent	2,229		2,383
2,506		2,309	Systemic risk buffer, 3.0 per cent	2,675		2,860
4,594		4,233	Total buffer requirements on CET1 capital	4,904		5,242
1,212		2,187	Available CET1 capital after buffer requirements	2,091		1,143
			Capital adequacy			
11.5 %	11.3 %	12.8 %	Common equity Tier one ratio	12.3 %	11.1 %	11.2 %
13.2 %	13.2 %	14.7 %	Core capital ratio	14.3 %	12.9 %	13.0 %
15.4 %	14.7 %	17.0 %	Capital adequacy ratio	17.0 %	14.8 %	15.7 %

Note 14 - Financial instruments and offsetting

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

SpareBank 1 SMN has two sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, use is made of framework agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e. it is only the customers that provide collateral. As regards financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank has entered into supplementary agreements on provision of collateral (CSA) with the most central counterparties. As of the first quarter 2015 the Bank has 25 active CSA agreements. The Bank only enters into agreements with cash as collateral. The Bank has delegated responsibility for handling these agreements to SEB Prime Collateral Services which handles margin requirements on behalf of the Bank.

Period	Type of financial instrument	Amounts which can only be netted upon bankruptcy or default
31 Mar 2015	Derivatives	1,407
31 Mar 2014	Derivatives	1,098
31 Dec 2014	Derivatives	1,980

Parent bank and Group are identical.

Note 15 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

Level 1: Valuation based on quoted prices in an active market

Fair value of financial instruments that are traded in the active markets is based on market price on the balance sheet date. A market is considered active if market prices are easily and regularly available from a stock exchange, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring market transactions at an arm's length. This category also includes quoted shares and Treasury bills.

Level 2: Valuation based on observable market data

Level 2 consists of instruments that are valued by the use of information that does not consist in quoted prices, but where the prices are directly or indirectly observable for the assets or liabilities concerned, and which also include quoted prices in non-active markets.

Level 3: Valuation based on other than observable data

If valuation data are not available for level 1 and 2, valuation methods are applied that are based on non-observable information.

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2015:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	377	6,964	-	7,340
Bonds and money market certificates	3,170	10,784	-	13,954
Equity instruments	53	-	611	664
Fixed interest loans	-	43	3,991	4,034
Financial assets available for sale				
Equity instruments	-	-	35	35
Total assets	3,600	17,790	4,638	26,028
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	375	5,721	-	6,096
Total liabilities	375	5,721	-	6,096

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2014:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	149	3,782	-	3,931
Bonds and money market certificates	4,120	13,558	-	17,679
Equity instruments	63	-	995	1,058
Fixed interest loans	-	43	2,572	2,614
Financial assets available for sale				
Equity instruments	-	-	36	36
Total assets	4,332	17,383	3,603	25,318
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	409	2,611	-	3,020
Total liabilities	409	2,611	-	3,020

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2014:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	326	7,551	-	7,877
Bonds and money market certificates	3,859	10,318	-	14,177
Equity instruments	48	-	625	673
Fixed interest loans	-	43	3,277	3,320
Financial assets available for sale				
Equity instruments	-	-	35	35
Total assets	4,233	17,911	3,937	26,082
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	324	5,928	-	6,252
Total liabilities	324	5,928	-	6,252

The following table presents the changes in the instruments classified in level 3 as at 31 March 2015:

(NOKm)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	3,277	625	35	3,937
Investment in periode	828	4	-	833
Disposals in the periode	-157	-20	-	-177
Gain or loss on financial instruments	43	2	-	45
Closing balance 31 March 15	3,991	611	35	4,638

The following table presents the changes in the instruments classified in level 3 as at 31 March 2014:

(NOKm)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	2,656	909	40	3,605
Investment in periode	17	7	-	24
Disposals in the periode	-94	-71	-	-165
Gain or loss on financial instruments	-8	150	-3	139
Closing balance 31 March 14	2,572	995	36	3,603

The following table presents the changes in the instruments classified in level 3 as at 31 December 2014:

(NOKm)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	2,656	909	40	3,605
Investment in periode	946	38	3	987
Disposals in the periode	-389	-341	-4	-733
Gain or loss on financial instruments	64	19	-4	79
Closing balance 31 December 14	3,277	625	35	3,937

Note 16 - Subsequent events

Takeover of shares of SpareBank 1 Markets

SpareBank 1 SMN integrated its markets business with SpareBank 1 Markets against settlement in shares on 1 April 2015. SpareBank 1 SMN accordingly owns 73.3 per cent (27.3 per cent) of the shares of SpareBank 1 Markets and the company is consolidated as from the second quarter of 2015. Other owners are SpareBank 1 Nord-Norge (10.0 per cent), Samarbeidende Sparebanker (10.0 per cent), Sparebanken Hedmark (6.1 per cent) and other owners (0.6 per cent). The owners wish to strengthen a fully-fledged range of products and services in their market segment and to achieve coordination gains.

An acquisition analysis has been prepared in accordance with IFRS 3 in which identifiable assets and liabilities are valued at their fair value on the acquisition date. The difference between the Group's acquisition cost and the book value of the net assets of SpareBank 1 Markets results in an income recognition of about NOK 20 million in the Group accounts for the second quarter. In addition a new cost price is established for a previous asset resulting in income recognition of about NOK 16 million in the Group accounts.