

Notes

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Note 1 - Accounting principles

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 2015 SpareBank 1 SMN has 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 30 September 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.

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 73.4 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. In the parent bank's accounts, sale of the markets business entails recognition of NOK 183 million as income. In addition, the shareholding in SpareBank 1 SMN Markets is written down by NOK 28 million at the parent bank.

Stake in SpareBank 1 Finans Midt-Norge reduced

As of June 2015 the subsidiary SpareBank 1 Finans Midt-Norge acquired eight new SamSpar banks as partners and owners. Sparebank 1 Nordvest and Sparebank 1 Søre Sunnmøre were already on the owner side, so that Samarbeidende Sparebanker now has a stake of 27.9 per cent. SpareBank 1 SMN reduced its holding in the company from 90.1 per cent to 72.1 per cent. With Samarbeidende Sparebanker on the owner side, the company has a presence in ten different counties dispersed across Mid- and South Norway, Nord-trøndelag and Sør-trøndelag, Møre og Romsdal, Sogn og Fjordane, Oppland, Buskerud, Telemark, Akershus, Vestfold and Østfold.

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.

The segment SB1 Markets comprises the subsidiary SpareBank 1 Markets as from the second quarter of 2015. SpareBank 1 Markets became a subsidiary on 1 April 2015 when SpareBank 1 SMN integrated its markets activity into SpareBank 1 Markets and at the same time increased its holding to 73.4 per cent. As a consequence, the result as of 30 September 2015 is solely the result for the second and third quarter.

In the reporting on the first quarter of 2015 and previously, the segment Markets comprised SpareBank 1 SMN's own markets activity in the parent bank. The result for the first quarter of 2015 is now, in the second quarter, moved to the column 'uncollated'. For 2014 the segment Markets continues to comprise the bank's own markets activity.

Group 30 September 2015

Profit and loss account (NOKm)	RM	SB1		SB1	SB1	SB1	BN	Uncollated	Total	
		CM	Markets	Finans	Regnskaps					
			EM 1	MN	huset SMN	Gruppen	Bank			
Net interest	672	685	-2	2	112	-0	-	-	-70	1,399
Interest from allocated capital	37	44	-	-	-	-	-	-	-81	-
Total interest income	709	729	-2	2	112	-0	-	-	-151	1,399
Commission income and other income	530	135	25	282	24	153	-	-	19	1,168
Net return on financial investments ***)	1	11	31	-	-	-	183	31	93	349
Total income *)	1,239	874	55	284	136	153	183	31	-39	2,917
Total operating expenses	565	258	118	244	68	127	-	-	36	1,416
Ordinary operating profit	674	617	-63	39	68	26	183	31	-74	1,501
Loss on loans, guarantees etc.	6	100	-	-	5	-	-	-	1	112
Result before tax including held for sale	668	517	-63	39	63	26	183	31	-76	1,388
Post-tax return on equity**)	16.2 %	12.9 %								11.5 %
Balance (NOKm)										
Loans and advances to customers	83,077	37,781	-	-	4,199	-	-	-	1,124	126,180
Adv. of this to SB1 Boligkreditt and SB1 Næringskreditt	-29,993	-1,269	-	-	-	-	-	-	-1	-31,263
Individual allowance for impairment on loan	-24	-158	-	-	-7	-	-	-	-2	-191
Group allowance for impairment on loan	-90	-218	-	-	-17	-	-	-	-0	-326
Other assets	140	9	1,316	281	14	137	1,453	1,145	30,341	34,836
Total assets	53,109	36,144	1,316	281	4,189	137	1,453	1,145	31,462	129,237
Deposits to customers	33,449	29,567	-	-	-	-	-	-	604	63,620
Other liabilities and equity	19,660	6,578	1,316	281	4,189	137	1,453	1,145	30,858	65,617
Total liabilities	53,109	36,144	1,316	281	4,189	137	1,453	1,145	31,462	129,237

Group 30 September 2014

Profit and loss account (NOKm)	RM	CM	Markets	EM 1	SB1	SB1	SB1	BN	Uncollated	Total
					Finans	Regnskaps				
					MN	huset SMN				
Net interest	629	621	-1	2	95	-0	-	-	-55	1,305
Interest from allocated capital	33	51	1	-	-	-	-	-	-84	-
Total interest income	661	672	-1	2	95	-0	-	-	-139	1,305
Commission income and other income	568	121	15	270	-3	141	-	-	44	1,140
Net return on financial investments (***)	1	20	26	-	-	-	259	78	245	628
Total income *)	1,230	812	41	272	92	141	259	78	149	3,074
Total operating expenses	596	226	49	230	37	117	-	-	54	1,310
Ordinary operating profit	634	586	-9	42	55	24	259	78	95	1,765
Loss on loans, guarantees etc.	7	44	-	-	5	-	-	-	-1	55
Result before tax including held for sale	626	542	-9	42	50	24	259	78	96	1,709
Post-tax return on equity**)	19.8 %	10.7 %								16.1 %
Balance (NOKm)										
Loans and advances to customers	76,834	35,016	-	-	3,600	-	-	-	1,015	116,464
Adv. of this to SpareBank 1 Boligkreditt	-28,609	-1,130	-	-	-	-	-	-	-1	-29,740
Individual allowance for impairment on loan	-28	-142	-	-	-11	-	-	-	0	-182
Group allowance for impairment on loan	-90	-188	-	-	-16	-	-	-	-0	-295
Other assets	189	7	-	280	10	128	1,341	1,187	27,803	30,946
Total assets	48,296	33,563	-	280	3,582	128	1,341	1,187	28,816	117,194
Deposits to customers	31,829	25,474	-	-	-	-	-	-	789	58,091
Other liabilities and equity	16,467	8,089	-	280	3,582	128	1,341	1,187	28,027	59,102
Total liabilities	48,296	33,563	-	280	3,582	128	1,341	1,187	28,816	117,194

*) 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 including held for sale (NOKm)	30 Sept 2015	30 Sept 2014
Capital gains/dividends, shares	79	216
Bonds and derivatives	-73	-18
Change in discount factor in fair value model for fixed interest loans	-64	-
Forex and fixed income business, Markets	82	46
Net return on financial investments	24	245
SpareBank 1 Gruppen	183	259
SpareBank 1 Boligkreditt	65	23
SpareBank 1 Næringskreditt	22	30
BN Bank	31	78
SpareBank 1 Kredittkort	15	-
Companies owned by SpareBank 1 SMN Invest	13	18
Other companies	-3	-25
Income from investment in related companies	326	383
Total	349	628

Note 4 - Operating expenses

Parent bank			Group			
31 Dec 2014	30 Sept 2014	30 Sept 2015 (NOKm)	30 Sept 2015	30 Sept 2014	31 Dec 2014	
645	461	440	Personnel expenses	814	735	1,002
199	159	161	IT costs	193	177	223
21	15	13	Postage and transport of valuables	16	19	25
44	31	34	Marketing	65	59	81
40	29	31	Ordinary depreciation	79	80	109
119	88	90	Operating expenses, real properties	75	68	93
66	43	46	Purchased services	68	51	78
131	90	76	Other operating expense	106	122	178
1,265	916	890	Total other operating expenses	1,416	1,310	1,789

Note 5 - Distribution of loans by sector/industry

Parent bank				Group		
31 Dec 2014	30 Sept 2014	30 Sept 2015 (NOKm)		30 Sept 2015	30 Sept 2014	31 Dec 2014
7,042	6,644	8,159	Agriculture, forestry, fisheries, hunting	8,313	6,788	7,158
1,213	1,245	1,297	Sea farming industries	1,581	1,387	1,367
2,069	2,043	2,224	Manufacturing	2,517	2,315	2,330
3,221	2,748	3,232	Construction, power and water supply	3,707	3,251	3,717
2,509	2,705	2,768	Retail trade, hotels and restaurants	2,940	2,867	2,671
5,616	4,765	6,073	Maritime sector	6,097	4,778	5,638
14,002	12,697	14,130	Property management	14,142	12,769	14,075
3,445	3,360	1,880	Business services	1,698	3,581	3,681
2,696	2,613	3,021	Transport and other services provision	3,509	3,038	3,141
280	253	205	Public administration	225	273	300
2,252	2,843	2,569	Other sectors	2,587	2,861	2,270
44,347	41,915	45,558	Gross loans in retail market	47,315	43,907	46,348
72,430	70,942	76,868	Wage earners	78,864	72,556	74,087
116,777	112,858	122,426	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	126,180	116,464	120,435
28,393	28,518	29,894	SpareBank 1 Boligkreditt	29,894	28,518	28,393
1,463	1,222	1,369	SpareBank 1 Næringskreditt	1,369	1,222	1,463
86,920	83,118	91,163	Gross loans in balance sheet	94,917	86,724	90,578

Note 6 - Losses on loans and guarantees

Parent Bank

Losses on loans and guarantees (NOKm)	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in individual impairment losses provisions for the period	0	18	19	-1	21	20	-4	18	14
+ Change in collective impairment losses provisions for the period	-	30	30	-	-	-	-	-	-
+ Actual loan losses on commitments for which provisions have been made	6	51	57	9	18	27	10	41	51
+ Actual loan losses on commitments for which no provision has been made	4	1	5	10	6	16	12	16	28
- Recoveries on commitments previously written-off	4	1	5	11	1	12	12	-2	10
Losses of the year on loans and guarantees	6	100	106	7	44	51	6	77	83

Group

Losses on loans and guarantees (NOKm)	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in individual impairment losses provisions for the period	0	19	19	-4	13	9	-9	8	-1
+ Change in collective impairment losses provisions for the period	1	30	31	-	-	-	-	-	-
+ Actual loan losses on commitments for which provisions have been made	7	53	60	12	22	34	14	51	66
+ Actual loan losses on commitments for which no provision has been made	7	3	10	13	12	25	15	20	35
- Recoveries on commitments previously written-off	6	2	8	12	1	12	13	-2	11
Losses of the year on loans and guarantees	10	102	112	10	45	55	8	81	89

Note 7 - Losses

Parent Bank

	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Individual write-downs (NOKm)									
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	6	51	57	9	18	27	10	41	51
- Reversal of provisions from previous periods	2	29	31	2	12	15	6	13	19
+ Increased write-downs on provisions previously written down	1	4	5	2	3	5	1	0	2
+ Write-downs on provisions not previously written down	8	94	102	9	48	57	11	72	83
Specification of loss provisions at end of period	25	157	182	28	142	170	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'

	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Collective write-downs (NOKm)									
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	-	30	30	-	-	-	-	-	-
Collective write-downs to cover loss on loans and guarantees	90	218	308	90	188	278	90	188	278

Group

	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Individual write-downs (NOKm)									
Individual write-downs to cover loss on loans at 1.1*	27	145	172	36	137	173	36	137	173
- Actual losses during the period for which provisions for individual impairment losses have been made previously	7	53	60	12	22	34	14	51	66
- Reversal of provisions from previous periods	3	29	32	4	19	23	7	15	22
+ Increased write-downs on provisions previously written down	1	4	5	2	4	6	1	1	2
+ Write-downs on provisions not previously written down	10	96	106	9	50	59	11	73	84
Specification of loss provisions at end of period	28	163	191	32	150	182	27	145	172

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

	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Collective write-downs (NOKm)									
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	1	30	31	-	-	-	-	-	-
Collective write-downs to cover loss on loans and guarantees	95	231	326	94	201	295	94	201	295

Note 8 - Defaults

Parent Bank

	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Total defaults (NOKm)									
Loans in default for more than 90 days *)	149	35	184	161	108	268	134	90	224
- Individual write-downs	15	10	25	21	64	85	18	45	63
Net defaults	134	25	160	139	44	183	116	45	162
Provison rate	10 %	28 %	13 %	13 %	59 %	32 %	13 %	50 %	28 %
Problem loans									
Problem loans (not in default)	16	422	438	14	180	194	15	193	208
- Individual write-downs	9	148	157	7	78	85	7	95	101
Net problem loans	7	274	281	8	101	109	9	98	107
Provison rate	56 %	35 %	36 %	45 %	44 %	44 %	43 %	49 %	49 %

*) There are no defaults that relates to loans in the guarantee portfolio taken over from BN Bank per Q3

Group

	30 Sept 15			30 Sept 14			31 Dec 14		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Total defaults (NOKm)									
Loans in default for more than 90 days *)	169	50	218	186	152	338	156	114	270
- Individual write-downs	18	12	30	25	67	92	21	47	67
Net defaults	151	38	188	161	85	246	135	67	202
Provison rate	10 %	25 %	14 %	13 %	44 %	27 %	13 %	41 %	25 %
Problem loans									
Problem loans (not in default)	17	431	448	16	190	206	16	201	216
- Individual write-downs	9	151	160	7	83	90	7	98	105
Net problem loans	8	281	288	9	107	116	9	103	112
Provison rate	55 %	35 %	36 %	42 %	44 %	44 %	43 %	49 %	48 %

*) There are no defaults that relates to loans in the guarantee portfolio taken over from BN Bank per Q3

Note 9 - Other assets

Parent bank				Group		
31 Dec 2014	30 Sept 2014	30 Sept 2015	(NOKm)	30 Sept 2015	30 Sept 2014	31 Dec 2014
-	7	-	Deferred tax asset	169	25	44
162	161	149	Fixed assets	1,067	1,128	1,120
31	370	47	Earned income not yet received	41	379	39
8	346	16	Accounts receivable, securities	251	346	8
6	11	6	Pensions	6	11	6
89	150	74	Other assets	348	427	292
297	1,045	291	Total other assets	1,882	2,316	1,509

Note 10 - Distribution of customer deposits by sector/industry

Parent bank				Group		
31 Dec 2014	30 Sept 2014	30 Sept 2015	(NOKm)	30 Sept 2015	30 Sept 2014	31 Dec 2014
2,354	2,361	2,450	Agriculture, forestry, fisheries, hunting	2,450	2,361	2,354
402	332	553	Sea farming industries	553	332	402
2,359	1,597	1,870	Manufacturing	1,870	1,597	2,359
2,117	1,612	2,372	Construction, power and water supply	2,372	1,612	2,117
4,221	3,249	3,416	Retail trade, hotels and restaurants	3,416	3,249	4,221
2,346	1,701	1,928	Maritime sector	1,928	1,701	2,346
4,051	4,209	4,535	Property management	4,347	4,085	3,919
4,540	4,565	5,038	Business services	5,038	4,565	4,540
4,488	4,348	4,657	Transport and other services provision	4,218	4,078	4,131
5,254	4,989	6,358	Public administration	6,358	4,989	5,254
2,574	3,519	2,922	Other sectors	2,894	3,485	2,542
34,706	32,482	36,097	Total	35,442	32,055	34,184
26,496	26,037	28,178	Wage earners	28,178	26,037	26,496
61,202	58,519	64,276	Total deposits	63,620	58,091	60,680

Note 11 - Debt created by issue of securities

Parent bank				Group		
31 Dec 2014	30 Sept 2014	30 Sept 2015	(NOKm)	30 Sept 2015	30 Sept 2014	31 Dec 2014
820	300	300	Short-term debt instruments, nominal value	300	300	820
30,981	29,564	32,180	Bond debt, nominal value	32,180	29,564	30,981
830	627	788	Value adjustments	788	627	830
370	230	289	Accrued interest	289	230	370
33,001	30,721	33,557	Total	33,557	30,721	33,001

Change in securities debt (NOKm)

	30 Sept 2015	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2014
Short-term debt instruments, nominal value	300	3,205	3,725	-	820
Bond debt, nominal value	32,180	5,314	4,781	666	30,981
Value adjustments	788	-	-	-42	830
Accrued interest	289	-	-	-80	370
Total	33,557	8,519	8,506	543	33,001

Change in subordinated debt and hybrid equity (NOKm)

	30 Sept 2015	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2014
Ordinary subordinated loan capital, nominal value	1,633	-	-	75	1,558
Perpetual subordinated loan capital, nominal value	300	-	-	-	300
Hybrid equity, nominal value	1,400	-	-	-	1,400
Value adjustments	92	-	-	-5	98
Accrued interest	27	-	-	12	15
Total	3,453	-	-	82	3,371

Note 12 - Other liabilities

Parent bank			(NOKm)	Group		
31 Dec 2014	30 Sept 2014	30 Sept 2015		30 Sept 2015	30 Sept 2014	31 Dec 2014
32	-	34	Deferred tax	48	7	45
363	342	192	Payable tax	241	387	398
10	8	10	Capital tax	10	8	10
66	88	51	Accrued expenses and received, non-accrued income	23	235	190
79	57	87	Provision for accrued expenses and commitments	87	57	79
25	-	17	Pension liabilities	32	7	32
74	53	43	Drawing debt	43	53	74
5	8	3	Creditors	48	42	33
-	1,490	-	Debt from securities	157	1,490	-
191	287	255	Other liabilities	654	330	234
846	2,332	691	Total other liabilities	1,342	2,617	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 30 September 2015 the capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement is 3 per cent and countercyclical buffer is 1 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 11 per cent. The countercyclical buffer is announced to increase to 1.5 per cent with effect from 30 June 2016.

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 30 September 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 operational risk using the standardised approach. In the case of subsidiaries, the basic indicator approach is applied.

Parent Bank				Group		
31 Dec 2014	30 Sept 2014	30 Sept 2015 (NOKm)		30 Sept 2015	30 Sept 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
-	-65	-	Other equity	1,660	1,282	1,620
-	-	-	Minority interests	295	69	72
-	1,194	1,294	Net profit	1,119	1,407	-
10,824	10,588	11,666	Total book equity	13,455	12,228	12,524
-447	-447	-447	Deferred taxes, goodwill and other intangible assets	-679	-565	-566
-	-	-	Part of reserve for unrealised gains, associated companies	179	131	120
-452	-	-	Deduction for allocated dividends and gifts	-	-	-452
-	-	-	Minority interests recognised in other equity capital	-295	-69	-72
-	-	-	Minority interests eligible for inclusion in CET1 capital	49	34	35
-4	-28	-4	Surplus financing of pension obligations	-	-21	-
-	-1,194	-1,294	Net profit	-1,119	-1,407	-
-	872	992	Year-to-date profit included in core capital (73 per cent pre tax of group profit)	817	1,027	-
-31	-27	-32	Value adjustments due to requirements for prudent valuation	-49	-36	-45
-325	-300	-199	Positive value of adjusted expected loss under IRB Approach	-277	-367	-419
-	-	-	Direct, indirect and synthetic investments in financial sector companies	-428	-349	-451

9,565	9,465	10,682	Total common equity Tier one	11,652	10,605	10,674
1,449	1,440	950	Hybrid capital, core capital	1,311	1,707	1,716
-	-	496	Hybrid capital covered by transitional provisions	496	-	-
-	-	-	Direct, indirect and synthetic investments in financial sector companies	-9	-9	-9
11,014	10,905	12,128	Total core capital	13,451	12,302	12,382
			Supplementary capital in excess of core capital			
1,906	1,875	1,000	Subordinated capital	1,692	2,566	2,598
-	-	786	Subordinated capital covered by transitional provisions	786	-	-
-43	-43	-43	Direct, indirect and synthetic investments in financial sector companies	-43	-43	-43
1,864	1,833	1,743	Total supplementary capital	2,435	2,523	2,555
12,878	12,738	13,871	Net subordinated capital	15,886	14,826	14,937
			Minimum requirements subordinated capital			
1,632	1,482	1,062	Involvement with specialised enterprises	1,262	1,732	1,887
1,331	1,328	981	Other corporations exposure	1,058	1,375	1,371
829	790	1,136	Mass market exposure, property	1,551	1,233	1,280
149	138	174	Mass market exposure, SMEs	186	147	159
49	40	15	Other retail exposure	15	42	51
1,111	1,105	1,155	Equity investments	0	0	0
5,102	4,884	4,524	Total credit risk IRB	4,073	4,529	4,748
397	440	93	Debt risk	94	440	397
-	-	-	Equity risk	10	2	1
-	-	-	Currency risk	0	-	0
292	292	316	Operational risk	457	416	416
849	778	911	Exposures calculated using the standardised approach	1,827	1,860	1,971
42	31	55	Credit value adjustment risk (CVA)	92	116	92
-	-	-	Transitional arrangements	533	-	-
6,682	6,425	5,899	Minimum requirements subordinated capital	7,087	7,364	7,625
83,523	80,315	73,732	Risk weighted assets (RWA)	88,586	92,045	95,317
3,759	3,614	3,318	Minimum requirement on CET1 capital, 4.5 per cent	3,986	4,142	4,289
			Capital Buffers			
2,088	2,008	1,843	Capital conservation buffer, 2.5 per cent	2,215	2,301	2,383
2,506	2,409	2,212	Systemic risk buffer, 3.0 per cent	2,658	2,761	2,860
		737	Countercyclical buffer, 1.0 per cent	886		
4,594	4,417	4,793	Total buffer requirements on CET1 capital	5,758	5,062	5,242
1,212	1,434	2,571	Available CET1 capital after buffer requirements	1,908	1,400	1,143
			Capital adequacy			
11.5 %	11.8 %	14.5 %	Common equity Tier one ratio	13.2 %	11.5 %	11.2 %
13.2 %	13.6 %	16.4 %	Core capital ratio	15.2 %	13.4 %	13.0 %
15.4 %	15.9 %	18.8 %	Capital adequacy ratio	17.9 %	16.1 %	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. Regarding 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 third quarter 2015 the Bank has 26 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 (NOKm)
30 Sept 2015	Derivatives	2,201
30 Sept 2014	Derivatives	890
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 30 September 2015:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	64	7,448	-	7,513
Bonds and money market certificates	1,697	12,732	-	14,430
Equity instruments	613	-	572	1,184
Fixed interest loans	-	43	4,706	4,749
Financial assets available for sale				
Equity instruments	-	-	36	36
Total assets	2,374	20,223	5,314	27,912
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	64	5,421	-	5,486
Total liabilities	64	5,421	-	5,486

The following table presents the Group's assets and liabilities measured at fair value at 30 September 2014:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	269	4,783	-	5,052
Bonds and money market certificates	4,111	11,194	-	15,305
Equity instruments	46	-	615	661
Fixed interest loans	-	43	2,631	2,673
Financial assets available for sale				
Equity instruments	-	-	33	33
Total assets	4,426	16,020	3,279	23,724
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	265	4,119	-	4,384
Total liabilities	265	4,119	-	4,384

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 30 September 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	2,044	9	3	2,056
Disposals in the periode	-599	-61	-2	-662
Gain or loss on financial instruments	48	-2	-	47
Change in discount factor in fair value model for fixed interest loans	-64	-	-	-64
Closing balance 30 September 15	4,706	572	36	5,314

The following table presents the changes in the instruments classified in level 3 as at 30 September 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	241	28	-	269
Disposals in the periode	-263	-329	-4	-596
Gain or loss on financial instruments	-4	8	-3	1
Closing balance 30 September 14	2,631	615	33	3,279

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

Acquisition of mCASH

The SpareBank 1 Alliance entered on 12 October 2015 an agreement to purchase the Norwegian arm of mCASH . This includes the technological platform, customer base and user site agreements. No employees of mCASH are encompassed by the agreement.

mCASH has close to 100,000 users and more than 600 shops. The service covers friend-to-friend payments, payments in shops, payments at jumble sales etc, and online purchases by mobile phone.