

## 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.

### Guarantee fund levy

After the implementation of IFRIC 21, there has been a discussion of whether the annual levy to the guarantee fund for 2015 and 2016 should be expensed in first quarter. 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. The financial supervisory Authority (FSA) concluded in their circular from 19.november 2015 that the guarantee fund levy should be fully expensed in first quarter every year, and expects that the banks change their practice from first quarter 2016. The Ministry of Finance has in a letter from 8.april 2016 asked that FSA prepare draft for changes to the regulation regarding the calculation of levy upon withdrawal where the banks will get the levy refunded for the part of the year the bank is no longer a member of the guarantee fund. The Ministry of Finance requests that the consequences for the guarantee fund and other parties be assessed in the hearing, included the effect for the members' accounting for the levy. Due date for the response was set to 1.june 2016. Awaiting the FSA response, Sparebank 1 SMN has continued its earlier practice of accrual on a monthly basis.

The expense was 14,5 million in first quarter 2016, compared to 14,4 million in first quarter 2015. If the guarantee fund levy had been fully expensed in first quarter 2016, the interest expenses would increase by 43,6 million (42,9 million in 2015)

### 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 24 - Pension in the 2015 annual report.

### Companies held for sale

The strategy of SpareBank 1 SMN is that ownership in companies resulting from engagements in default should be of short duration, normally not more than a year. The investments are accounted for at fair value and classified as held for sale.

Assets and liabilities related to the company Brannstasjonen SMN AS have been presented as held for sale from 1Q 2016 as group management and board has approved the sale of the company, and the process for sale has come to the point where it is highly likely that a transaction will be completed before 12 months. Brannstasjonen SMN AS was founded in 2012 after SMN acquired Kongensgt 2, the previous fire station. The purpose was to develop the property for own use since the bank at that point had a need for more office space driven by the growth strategy and the newly established credit card company in addition to the need to integrate SMN Regnskapshuset in the head quarter. Subsequently, it has been shown that the need for office space is less than anticipated due to the digitalisation and efficiency gains to be realised.

2016 1Q (mill. kr)	Assets	Liabilities	Revenue	Expenses	Profit/Loss	Ownership
Mavi XV AS group	19	0	0	-0	-0	100 %
Brannstasjonen SMN AS	195	5	-	-0	-0	100 %
<b>Total Held for sale</b>	<b>214</b>	<b>5</b>	<b>0</b>	<b>-1</b>	<b>-0</b>	<b>-</b>

### Stake in SpareBank 1 Finans Midt-Norge reduced

From 18. january 2016 the subsidiary SpareBank 1 Finans Midt-Norge has had Sparebanken Sogn og Fjordane as new owner and partner, as SpareBank 1 SMN reduced its ownership in the company by 7,5 prosent from 72,1 per cent to 64,6 per cent.