SpareBank 1 SMN

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 2018. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, except implementing IFRS 16 as described below.

Leases - IFRS 16

IFRS 16 Leases include principles for recognition, measurement, presentation and disclosures for leases for both parties in the arrangement, lessor and lessee.The standard requires lessees to recognise assets and liabilities for the majority of leases, a significant change from previous rules. The leases accounted for under IFRS 16 is mainly the Group rent of property. Discount rate applied is 2 per cent. The right to use asset has been presented as «fixed assets», while lease liability is presented as «other liabilities». Refer to note 2 i annual accounts for 2018 for further details regarding implementation of IFRS 16. The effect on the accounts for first quarter 2019 are shown below. Comparables have not been restated.

Parent 31 Mar 2019	Right to use asset (NOKm)	Group 31 Mar 2019
374	Book value 1.january 2019	621
-	Additions/ Derecognition	-
374	**Book value 31.march 2019**	**621**
12	Depreciation in period	22
362	**Net book value right to use asset 31.march 2019**	**599**
374	Lease liability 1.january 2019	621
11	Lease payments in the period	20
363	**Lease liability 31.march 2019**	**601**

31 Mar 2019	Profit and Loss	31 Mar 2019
13	Depreciations	22
2	Interest	4
15	**Total lease expense**	**26**
	Effect of IFRS 16	
11	Reduced operating expenses under IAS 17	20
15	Increase lease expense under IFRS 16	26
-4	**Changes in profit before tax in the period**	**-5**