

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 half year 2019 are shown below. Comparables have not been restated.

Parent	Group
30 June 2019	30 June 2019
Right to use asset (mill kr)	
374 Book value 1 January 2019	621
22 Additions	31
-5 Derecognition	0
391 Book value 30 June 2019	652
0 Acc depreciation 1 January 2019	0
24 Depreciation in period	44
24 Acc depreciation 30 June 2019	44
367 Net book value right to use asset 30 June 2019	607
374 Lease liability 1 January 2019	621
22 Additions	31
-27 Lease payments in the period	-41
370 Total	611
30 June 2019 Profit and Loss	30 June 2019
24 Depreciations	44
4 Interest	6
28 Total lease expense	51
Effect of IFRS 16	
27 Reduced operating expenses under IAS 17	41
28 Increase lease expense under IFRS 16	51
-1 Changes in profit before tax in the period	-10