

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 nine months 2019 are shown below. Comparables have not been restated.

Parent	Group
30 Sept 2019 Right to use asset (NOKm)	30 Sept 2019
374 Book value 1 January 2019	621
24 Additions	4
-7 Derecognition	-
391 Book value 30 September 2019	625
- Acc depreciation 1 January 2019	-
37 Depreciation in period	65
37 Acc depreciation 30 September 2019	65
355 Net book value right to use asset 30 September 2019	560
374 Lease liability 1 January 2019	621
25 Additions	-
-40 Lease payments in the period	-55
358 Lease liability 30 September 2019	566
30 Sept 2019 Profit and Loss	30 Sept 2019
37 Depreciations	65
7 Interest	11
44 Total lease expense	75
Effect of IFRS 16	
40 Reduced operating expenses under IAS 17	55
44 Increase lease expense under IFRS 16	75
-3 Changes in profit before tax in the period	-20