

# 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 2019. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts.

## Revised distribution of profit for 2019

The Board of Directors of SpareBank 1 SMN has decided to change its distribution of profit for 2019 based on the economic outlook, reducing the payout ratio from 53.5 % to 41.2 %. New dividend is NOK 5.00 per equity certificate, down from NOK 6.50 in the annual accounts for 2019. The annual accounts for 2019 were not changed to reflect this. Comparable figures for 2019 has not been restated in the quarterly report, but the effect on the solvency of the changed allocation is shown in note 4.

## Distribution of profit for 2020

The board of directors will recommend that 49.6 per cent of the group profit be allocated to cash dividend, corresponding to NOK 4.40 per equity certificate. Of this, NOK 1.30 per equity certificate is recommended for disbursement, in keeping with the Ministry of Finance's recommendation to limit payouts to 30 per cent of overall profits for 2019 and 2020. The board is given authorisation to decide whether to distribute all or parts of the remaining dividend after 30 September 2021 if the capital situation so permits. NOK 321m (364m) is recommended for allocation to community dividend, of which NOK 95m is to be disbursed.