

Note 25 - Business acquisitions/business combinations

Takeover of shares in Polaris Media ASA

On 28 March 2011 SpareBank 1 SMN took over 18.81 per cent of the shares of Polaris Media ASA. The shares, which had been posted as security for debt, were acquired by the Bank as a result of the debtor's bankruptcy. The SpareBank 1 SMN Group accordingly holds 23.45 per cent of the shares of Polaris Media ASA, with voting rights up to 20 per cent. The Group consequently classifies this ownership interest as an affiliate and accounts for the investment using the equity method.

The shares were taken over at a value of NOK 27 per share, plus dividend of NOK 1.50. Dividend payout is received in the second quarter.

A purchase analysis has been prepared in accordance with IFRS 3 in which identifiable assets and liabilities are measured at fair value at the time of acquisition. The difference between the Group's acquisition cost and the book value of net assets in Polaris Media ASA is allocated in the consolidated accounts to the shares of Finn.no AS, Avisa Nordland AS, business properties and future pension liabilities. The analysis builds on valuations conducted by external parties.

SpareBank 1 SMN recognises its portion of the financial result of Polaris Media ASA with effect from the date of acquisition. Polaris Media ASA's quarterly financial statements have not been available to the Bank when preparing the accounts for SpareBank 1 SMN. The Bank's profit share is therefore estimated against the background of assessments made by external brokers and is consequently encumbered with uncertainty. In addition, amortisation effects from the purchase analysis are taken into account.

Acquisition of SpareBank 1 SMN Card Solutions AS (previously Convenient Card AS)

SpareBank 1 SMN acquired all the shares of Convenient Card, now SpareBank 1 SMN Card Solutions, on 9 September 2011. A purchase price analysis was prepared in accordance with IFRS 3 in which identifiable assets and liabilities are measured at fair value as at the acquisition date. The difference between the Group's acquisition cost and the book value of net assets is allocated to time-limited intangible assets which are amortised over three years. The company is consolidated in the group accounts as from the fourth quarter 2011.

Acquisition of accounting firm

SpareBank 1 SMN Regnskap acquired six accounting firms situated in Trondheim, Steinkjer and Namsos. All are merged and integrated into the parent company's business. Purchase price analyses were prepared in accordance with IFRS 3 in which identifiable assets and liabilities are measured at fair value as at the acquisition date. The difference between the Group's acquisition cost and the book value of net assets is allocated to goodwill. In addition, an agreement has been signed regarding takeover of 40 per cent of Consis AS with effect from 1 January 2012.