Alternative performance measures

SpareBank 1 Nord-Norge's alternative performance measures (APMs), provide relevant additional information to what is otherwise shown in the quarterly financial statements. These key figures are not defined through IFRS and cannot be directly compared with equivalent figures for other companies unless the same definition is used.

The alternative performance measures are not meant to replace any measurements/key figures under IFRS. The performance targets provide additional insight into the Group's operations and represent important targets in management's control of the Group's various business areas. Non-financial data or key figures governed by IFRS or other regulations, e.g. CRR/CRD, are not defined as APMs. The APMs are presented on the company's website and show comparable figures from the equivalent period last year.

Profitability	**Definition**	**Relevance**
Return on equity	Result in relation to average equity. The result for the period is adjusted for interest expenses on fund bonds, which are recorded directly against equity. The average equity is calculated at the end of each quarter as well as the opening and closing balance for the year. In the calculation of average equity, fund bonds are excluded. The return on equity for the period is reported with a day-based annualisation.	Return on equity is the Group's strategic target for profitability. The return on equity is a measure of profitability on the Group's performance factors.
Cost/income ratio	Total costs in relation to total income.	The cost/income ratio is a measure of the profitability of the Group's ongoing operations.
Interest margin	Net interest income in relation to average total assets. Average total assets (Total assets) are calculated as at the end of each quarter, along with opening and closing balances. Interest margin for the period is reported with a day-based annualization.	The interest margin shows the trend in the ratio between the sale price of products and lending costs from period to period. The interest margin measures the profitability of the Group's loan products.

Deposits

Deposit-to-loan ratio	Total deposits are divided by total lending excluding loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.	The ratio shows the proportion of the Group's total lending financed through customer deposits, and the need for financing from external lenders.
Deposit-to-loan ratio incl. intermediary loans	Total deposits are divided by total lending including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.	The ratio shows how much of the Group's total lending including loans sold to SpareBank 1 Boligkreditt and SpareBank Næringskreditt, has been funded through customers' deposits.
Growth in deposits	Deposit growth is measured quarterly as the percentage change in the Bank's deposits in the last 12 months.	Measures both customer growth and changes in the financing situation.

Lending

Growth in lending (%)	Growth in lending excl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, is measured quarterly as the percentage change in the Bank's customer loans in the last 12 months.	Shows the growth in the Bank's core area, customer lending. The calculation does not include liquidity portfolio/loans to credit institutions.
Growth in lending, incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt (%).	Growth in lending incl. loans sold to SpasreBank 1 Boligkreditt and SpareBank 1 Næringskreditt is measured quarterly as the percentage change in the Bank's customer loans in the last 12 months.	Shows the growth in the Bank's core area, including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

Proportion of loans deducted/sold	Measured as the percentage of loans deducted/sold in relation to gross lending.	A not insignificant part of the bank's lending is transferred to SpareBank1 Boligkreditt or SpareBank1 Næringskreditt and deducted from the balance. This key figure shows the percentage of loans in this category.
Proportion of loans deducted/sold, retail market	Measured as the percentage of loans deducted/sold in relation to gross lending to the retail market.	Deducted portion of the retail market. The bulk of deducted loans are in the retail market segment.

Losses and non-performing loans		
Loan losses (%)	Total posted losses year to date in relation to total lending volume incl. loans sold to SpareBank1 Boligkreditt and SpareBank1 Næringskreditt.	Measures the relative importance of losses set against the rest of the portfolio of loans. Relevant for estimating future expected losses and the Group's credit risk.
Commitments in default (%)	Percentage of overdue commitments (over 90 days) in relation to total lending volume incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.	Measures the relative importance of non-performing loans set against the rest of the portfolio of loans. Relevant for estimating future expected defaults and the Group's credit risk.
Doubtful commitments (%)	Percentage of impaired commitments in relation to total lending volume incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.	Measures the relative importance of non-performing loans set against the rest of the portfolio of loans. Relevant for estimating future expected defaults and the Group's credit risk.

Net defaulted and doubtful commitments (%)	Defaulted and doubtful commitments are adjusted for individual loss write-downs and expressed as a proportion of gross lending incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt..	Defaulted and doubtful commitments are netted off against loss provisions in Stage 3.
Loss provision ratio	Ratio between total loss provisions and non-performing and impaired commitments.	Shows the percentage of losses and non-performing loans that have been raised in Stage 3 of loss provisions.