

### Alternative performance measures (APMs)

SpareBank 1 SMN hereby presents alternative performance measures (APMs) providing useful information as a supplement to financial statements. The measures are not defined under IFRS and may not be directly comparable with other companies' alternate performance measures. APMs are not intended to replace or overshadow accounting data. They are included in our reports to provide an insight into, and understanding of, results achieved by SpareBank 1 SMN, and are important measures of the management's governance of the group companies and of the Group as a whole.

Key figures and ratios regulated under IFRS or other legislation are not regarded as APMs. The same is true of non-financial information. SpareBank 1 SMN's alternative performance measures are presented in the Overview of Main Figures, and in the Report of the Board of Directors. All APMs are presented with comparatives. All APMs referred to below have been applied consistently over time.

Alternative performance measures at SpareBank 1 SMN with definitions:	Justification and definition
Return on equity <sup>1)</sup>	Return on equity (ROE) provides relevant information about SpareBank 1 SMN' profitability by measuring its ability to generate profit from the shareholder's investment. ROE is one of SpareBank 1 SMN' most important APMs, and is calculated as the shareholder's portion of the profit for the period divided by average equity capital, less hybrid capital (debt-equity hybrids classified as equity capital)
Book equity per ECC (including dividend)	This key figure provides information on the value of book per equity capital certificate (ECC). This enables the reader to assess the reasonableness of the market price of the ECC. Book equity per ECC is calculated as the ECCs' share of equity capital at period-end divided by the number of ECCs.
Price / earnings per ECC	This key figure provides information on the value of book equity per ECC against the market price at a given point in time, enabling an assessment of the reasonableness of the market price of the ECC. It is calculated as market price per ECC divided by book equity per ECC (see the definition of this key figure above).
Cost ratio <sup>2)</sup>	Cost ratio is included to provide information on the correlation between incomes and costs, and is considered to be one of SpareBank 1 SMN's most important performance measures. It is calculated as the total operating costs divided by the total incomes.
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt	This ratio provides relevant information on SpareBank 1 SMN's liquidity position. It is calculated as customer deposits divided by total loans incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt at period-end.
Lending growth (gross) in last 12 months (incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt)	Growth in lending over the last 12 months is a performance measure that provides relevant information on the level of activity of and growth in the bank's lending business. The bank uses mortgage companies as a source of funding, and this key figure includes loans sold to the mortgage companies since this better reflects the level of activity and growth in lending than if these loans were excluded. Lending growth is calculated as gross loans incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt at period-end minus gross loans incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt at period-start divided by gross loans incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt at the start of the period.
<b>Losses and defaults in % of gross loans incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt</b>	
Loan-loss ratio	This key figure indicates recognised impairment cost as a function of gross loans incl. loans transferred to mortgage companies. The figure is calculated as loss recognised in the period divided by gross loans incl. loans sold to

	SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt at period-end. Where information is disclosed on loan-loss ratios for periods shorter than one year, the ratios are annualised for recognition purposes.
Defaulted exposures in % of gross loans <sup>3)</sup>	This ratio is presented because it provides relevant information on the bank's credit exposure. It is calculated as total defaulted exposures divided by total loans incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt at period-end.
Other doubtful exposures in % of gross loans <sup>3)</sup>	This ratio is presented because it provides relevant information on the bank's credit exposure. It is calculated as total other doubtful exposures divided by total loans incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt at period-end.

1) Ordinary profit in % of average equity capital

2) Total operating costs in % of total incomes

3) Defaults and doubtful exposures are reported on the basis of gross loans incl. loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt and drawn-down guarantees