

Alternative Performance Measures – APMs

SpareBank 1 SR-Bank presents alternative performance measures (APMs), which provide useful, supplementary information to the financial statements. The measures are not defined in IFRS (International Financial Reporting Standards) and are not necessarily directly comparable with other companies' performance measures. APMs are not intended to replace or overshadow accounting figures, but are included in our reports to provide insight and understanding of the group's performance, and represent important target figures for how the executive management team manages the companies and activities in the group. Key figures that are regulated by IFRS or other legislation are not regarded as APMs. The same applies to non-financial information. SpareBank 1 SR-Bank's APMs are presented in the overviews key figures and quarterly income statement, as well as in the board of directors' report. All APMs are presented with corresponding figures. The APMs listed below have been used consistently over time.

Alternative performance measures in SpareBank 1 SR-Bank with reasons and definitions:

Return on equity	Return on equity provides relevant information about the group's profitability by measuring its ability to generate profitability from the shareholders' investment. Return on equity is one of the group's most important financial target figures, and is calculated as the ordinary result available to shareholders for the period as a percentage of average equity, exclusive of other core capital.
Book equity per share (inclusive of dividend)	Provides information about the value of the book equity per share and provides a basis for assessing the reasonableness of the share price. Calculated as equity at the end of the period divided by the number of shares.
Earnings per share	Measures the group's earnings per share, and is used to assess the group's profitability. Calculated as the result divided by the number of shares.
Price / Earnings per share	Earnings per share compared to the share price at the relevant time, which provides a basis for assessing the reasonableness of the share price. Calculated as the share price divided by the annualised earnings per share.
Price / Book equity	The value of book equity per share compared with the share price at a given time. Provides a basis for assessing the reasonableness of the share price. Calculated as the share price divided by book equity per share (see the definition of this key figure above).
Effective return	Measures the percentage change in the share price, inclusive of paid dividend, and provides information about the actual direct return on investments in the share.
Cost / Income ratio	Provides information about the correlation between income and costs. Calculated as total operating costs divided by total income.
Average interest margin	Measures the group's average profit from loans and deposits, calculated as net interest income as a percentage of average total assets.
Deposit coverage ratio	Provides relevant information about the group's liquidity. Calculated as customer deposits divided by total loans to customers, inclusive of loans sold to SpareBank 1 SR-Boligkreditt (SR-Bol), SpareBank 1 Boligkreditt (SB1 BK) and SpareBank 1 Næringskreditt (SB1 NK) at the end of the period.
Lending growth in the last 12 months, inclusive of SR-Bol, SB1 BK and SB1 NK	Information about the activity and growth in the group's lending activities. The bank uses the mortgage companies as sources of funding and the key figure includes loans sold to the mortgage companies because this reflects the activity and growth in lending activities better than would be the case if these were excluded. Calculated as the change in gross loans, inclusive of loans sold to SR-Bol, SB1 BK and SB1 NK, in the period, divided by gross loans, inclusive of loans sold to SR-Bol, SB1 BK and SB1 NK, at the start of the period.
Impairment as % of lending, inclusive of SR-Bol, SB1 BK and SB1 NK	Recognised impairment losses measured proportionally in relation to total lending, calculated as a function of gross loans, inclusive of loans sold to the mortgage companies. The figure is calculated as losses recognised in the period divided by gross loans, inclusive of loans sold to SR-Bol, SB1 BK and SB1 NK at the end of the period. When information is provided about loss percentages for periods shorter than a full year, the recognised impairment losses are annualised.
Non-performing commitments as % of gross loans, incl. of SR-Bol, SB1 BK and SB1 NK	Provides relevant information about the bank's credit exposure. The figure is calculated as the sum of non-performing commitments over 90 days divided by total loans, inclusive of loans sold to SR-Bol, SB1 BK and SB1 NK at the end of the period.
Other impaired commitments as % of gross loans, incl. of SR-Bol, SB1 BK and SB1 NK	Provides relevant information about the bank's credit exposure. The figure is calculated as the sum of other impaired commitments (customers with non-performance of less than 90 days, plus customers with individual impairments) divided by total loans, inclusive of loans sold to SR-Bol, SB1 BK and