

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 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. APMs are not intended to replace or overshadow accounting figures. 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 main figures and results from the interim accounts, as well as in the board of directors' report. All APMs are presented with corresponding figures. The APMs listed below have generally been used consistently over time.

Alternative performance measures in SpareBank 1 SR-Bank with definitions:	Explanations and definitions
Profitability	
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, less hybrid capital (hybrid tier 1 capital) classified as equity.
Cost ratio	Provides information about the correlation between income and costs. Calculated as total operating costs divided by total income.
Cost ratio Group	Provides information about the correlation between income excl. Income on financial investments and costs in the Group. The Group consists of SpareBank 1 SR-Bank ASA (parent bank) and SR-Boligkreditt AS. Calculated as total operating costs divided by total income excl. Income on financial investments.
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.
Lending margin corporate market and retail market, including loans sold to S	The lending margin provides information about the group's net interest income by measuring the interest margin relative to the 3-month money market rate. The group uses mortgage companies as a source of funding and the lending margins are included in commissions on loans sold to SB1 BK and SB1 NK, since this best reflects the group's income from total lending. The lending margin is calculated as net interest income on loans, including commissions from SB1 BK and SB1 NK, less interest costs equivalent to the 3-month money market rate, divided by the average lending for the period, including loans to SB1 BK and SB1 NK.
Deposit margin corporate market and retail market	The deposit margin provides information about the group's net interest income by measuring the interest rate margin relative to the 3-month money market rate. The deposit margin is calculated as net interest cost on deposits, adjusted for interest income equivalent to the 3-month money market rate, divided by average deposits for the period.
Balance sheet figures	
Gross lending growth over the past 12 months	Information about the activity and growth in the group's lending activities. This key figure is calculated as gross loans at the end of the period less gross loans at the start of the period, divided by gross loans at the start of the period.
Gross lending growth over the past 12 months, including SB1 BK and SB1 NK	Information about the activity and growth in the group's lending activities. The group uses the mortgage companies as sources of funding, and gross lending growth including loans sold to the mortgage companies reflects the activity and growth in lending activities better than would be case were these loans excluded. This key figure is calculated as gross loans, including loans sold to SB1 BK and SB1 NK, at the end of the period, less gross loans, including loans sold to SB1 BK and SB1 NK, at the start of the period, divided by gross loans, including loans sold to SB1 BK and SB1 NK, at the start of the period.
Growth in deposits over the last 12 months	Information about the activity and growth in the group's deposit business. This key figure is calculated as deposits from customers at the end of the period less deposits from customers at the start of the period, divided by deposits from customers at the start of the period.
Deposit-to-loan ratio	Provides relevant information about the group's liquidity and is calculated as deposits from customers divided by total loans to customers at the end of the period.
Deposit-to-loan ratio, including SB1 BK and SB1 NK	Provides relevant information about the group's liquidity, taking into account loans sold to SB1 BK and SB1 NK. Calculated as deposits from customers divided by total loans to customers, including loans sold to SB1 BK and SB1 NK, at the end of the period.
Impairments on loans and financial commitments and loans and financial commitments in Stage 2 and Stage 3	
Impairment ratio	Recognised impairments on loans and financial commitments measured relative to gross loans. This is calculated as a function of gross loans and provides some information about how large a percentage of gross loans are subject to impairments. The figure is calculated as impairments on loans and financial commitments recognised in the period divided by average gross loans in the period. When information is provided about impairment percentages for periods of shorter than a full year, the recognised impairments are annualised.
Impairment ratio, incl. loans SB1 BK and SB1 NK	Recognised impairments on loans and financial commitments measured relative to gross loans, including loans sold to the mortgage companies. This is calculated as a function of gross loans, including loans sold to the mortgage companies, and provides some information about how large a percentage of gross loans are subject to impairments. The group uses mortgage companies as a source of funding, and impairments as a percentage of gross loans, including loans sold to the mortgage companies, reflects how large a proportion of gross loans, including loans to the mortgage companies, are subject to impairments better than would be case were these loans excluded. The figure is calculated as impairments on loans and financial commitments recognised in the period divided by average gross loans, including loans sold to SB1 BK and SB1 NK, in the period. When information is provided about impairment percentages for periods of shorter than a full year, the recognised impairments are annualised.
Loans and financial commitments in step 2 as % of gross loans and financial commitments	Provides relevant information about the bank's credit exposure. Calculated as loans and financial commitments in step 2 divided by gross loans and financial commitments at the end of the period. Loans and financial commitments in stage 2 are loans and financial commitments that have seen a significant rise in credit risk since initial recognition, but where there is no objective evidence of a loss event on the balance sheet date. Calculated from and including 2018 following the transition to IFRS 9.

Alternative performance measures in SpareBank 1 SR-Bank with definitions:	Explanations and definitions
Loans and financial commitments in step 2 as % of gross loans and financial commitments, including SB1 BK and SB1 NK	Provides relevant information about the bank's credit exposure. The group uses mortgage companies as a source of funding, and loans and financial commitments in stage 2 as a percentage of gross loans, including loans sold to the mortgage companies, reflect the group's credit exposure better than would be case were these loans excluded. Calculated as loans and financial commitments in step 2 divided by gross loans and financial commitments, including loans sold to SB1 BK and SB1 NK, at the end of the period. Loans and financial commitments in stage 2 are loans and financial commitments that have seen a significant rise in credit risk since initial recognition, but where there is no objective evidence of a loss event on the balance sheet date. Calculated from and including 2018 following the transition to IFRS 9.
Loans and financial commitments in step 3 as % of gross loans and financial commitments	Provides relevant information about the bank's credit exposure. Calculated as loans and financial commitments in step 3 divided by gross loans and financial commitments at the end of the period. Loans and financial commitments in stage 3 are loans and financial commitments that have seen a significant rise in credit risk since granting and where there is objective evidence of a loss event on the balance sheet date. Calculated from and including 2018 following the transition to IFRS 9.
Loans and financial commitments in step 3 as % of gross loans and financial commitments, including SB1 BK and SB1 NK	Provides relevant information about the bank's credit exposure. The group uses mortgage companies as a source of funding, and loans and financial commitments in stage 3 as a percentage of gross loans, including loans sold to the mortgage companies, reflect the group's credit exposure better than would be case were these loans excluded. Calculated as loans and financial commitments in step 3 divided by gross loans and financial commitments, including loans sold to SB1 BK and SB1 NK, at the end of the period. Loans and financial commitments in stage 3 are loans and financial commitments that have seen a significant rise in credit risk since granting and where there is objective evidence of a loss event on the balance sheet date. Calculated from and including 2018 following the transition to IFRS 9.
SpareBank 1 SR-Bank share	
Book equity per share (including dividend)	This key figure provides information about the value of the book equity per share and 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.
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).

SpareBank 1 SR-Bank Group (MNOK) Q1 19

Profit after tax	1.146
Interest on hybridcapital	4
Profit after tax excl. interests on hybridcapital	1.142
Total equity	23.114
Hybridcapital	1.000
Equity excl. hybridcapital	22.114
Average equity excl. hybridcapital	21.574
Annualised profit after tax excl. interests on hybridcapital	4.568
Average equity excl. hybridcapital	21.574
Return on equity	21,2 %
Total operating costs	583
Net income	1.955
Cost ratio	29,8 %

Total operating costs	
Net income excl. income on financial investments	
Cost ratio Group	

Net interest income	938
Total assets	241.926
Average total assets	237.959

Average interest margin 1,60 %

Interest receipts from lending to corporate market	558
3 month money market rate (MNOK)	- 135
Interest margin lending to corporate market	424
Average lending volume corporate market	63.102
Net lending margins corporate market	2,72 %

Interest receipts from lending to SME & agriculture	147
3 month money market rate (MNOK)	- 48
Interest margin lending to SME & agriculture	98
Average lending volume SME & agriculture	14.652
Net lending margins SME & agriculture	2,72 %

Interest receipts from lending to retail market incl. Loans to employees	825
3 month money market rate (MNOK)	- 414
Interest margin lending to retail market incl. Loans to employees	411
Average lending volume retail market incl. Loans to employees	124.907
Net lending margin retail market incl. Loans to employees	1,33 %

Interest payments on deposits from corporate market	- 129
3 month money market rate (MNOK)	- 116
Interest margin on deposits corporate market	- 13
Average volume deposits corporate market	38.874
Net margin on deposits corporate market	-0,14 %

Interest payments on deposits from SME & agriculture	- 14
3 month money market rate (MNOK)	35
Interest margin on deposits SME & agriculture	21
Average volume deposits SME & agriculture	11.085
Net margin on deposits SME & agriculture	0,77 %

Interests on deposits retail market	- 122
3 month money market rate (MNOK)	160
Interest margin on deposits retail market	38
Average volume deposits retail market	50.312
Net margin on deposits retail market	0,30 %

Gross loans to customers end of period	
Loans sold to SB1 BK and SB1 NK end of period	
Gross loans to customers end of period, incl. loans BK and SB1 NK	

Gross loans to customers end of period	
Gross loans to customers end of period previous year	
Lending growth (MNOK)	

Gross loans to customers end of period, incl. loans BK and SB1 NK

Gross loans to customers end of period previous year, incl. loans BK and SB1 NK	
Lending growth (MNOK), incl. SB1 BK and SB1 NK	

Growth in loans

Growth in loans incl SB1 BK and SB1 NK

Deposits from customers end of period	
Deposits from customers end of period previous year	
Growth in deposits (MNOK)	

Growth in deposits

Deposits from customers	
Gross loans to customers	
Deposit-to-loan ratio	

Deposits from customers	
Gross loans to customers incl. SB1 BK and SB1 NK	
Deposit-to-loan ratio, incl. loans SB1 BK and NK	

Impairments on loans and financial commitments	49
Annualised Impairments on loans and financial commitments	196

Average gross lending to customers	194.287
Impairment ratio	0,10 %

Average gross lending to customers incl. SB1 BK and SB1 NK	203.403
Impairment ratio, incl. loans SB1 BK and SB1 NK	0,10 %

Financial commitments

Loans in Stage 2
Financial commitments in Stage 2

Loans and financial commitments in Stage 2 in % of gross loans to customers

Loans and financial commitments in Stage 2 in % of gross loans to customers, incl. loans SB1 BK and SB1 NK

Loans and financial commitments in Stage 2 in % of gross loans and financial commitments to customers

Loans and financial commitments in Stage 2 in % of gross loans and financial commitments to customers, incl. loans SB1 BK and SB1 NK

Loans in Stage 3
Financial commitments in Stage 3

Loans and financial commitments in Stage 3 in % of gross loans to customers

Loans and financial commitments in Stage 3 in % of gross loans to customers, incl. loans SB1 BK and SB1 NK

Loans and financial commitments in Stage 3 in % of gross loans and financial commitments to customers

Loans and financial commitments in Stage 3 in % of gross loans and financial commitments to customers, incl. loans SB1 BK and SB1 NK

Number of share issued, millions
Shares held by the Group
Outstanding shares

Book equity per share (including dividends) (group)

Earnings per share, NOK 4,47

Market price	99,40
Earnings per share, NOK	17,90
Price / Earnings per share	5,56

Market price
Book equity per share (including dividends) (group)
Price / Book equity

SpareBank 1 SR-Bank Group (MNOK)	31.12.2018	Q4 18	30.09.2018	Q3 18	30.06.2018	Q2 18	31.03.2018	Q1 18
Profit after tax	2.296	527	1.769	634	1.135	617	518	518
Interest on hybridcapital	5	1	4	1	2	1	1	1
Profit after tax excl. interests on hybridcapital	2.291	526	1.765	633	1.132	616	516	516
Total equity	21.585	21.585	21.008	21.008	19.908	19.908	20.400	20.400
Hybridcapital	550	550	550	550	550	550	550	550
Equity excl. hybridcapital	21.035	21.035	20.458	20.458	19.358	19.358	19.850	19.850
Average equity excl. hybridcapital	20.248	20.746	20.051	20.108	19.916	20.004	19.995	19.995
Annualised profit after tax excl. interests on hybridcapital	2.291	2.105	2.353	2.531	2.264	2.463	2.066	2.066
Average equity excl. hybridcapital	20.248	20.746	20.051	20.108	19.916	20.004	19.995	19.995
Return on equity	11,3 %	10,1 %	11,7 %	12,6 %	11,4 %	12,3 %	10,3 %	10,3 %
Total operating costs	2.229	576	1.653	543	1.111	572	539	539
Net income	5.445	1.344	4.101	1.395	2.706	1.425	1.281	1.281
Cost ratio	40,9 %	42,9 %	40,3 %	38,9 %	41,1 %	40,1 %	42,1 %	42,1 %
Total operating costs								
Net income excl. income on financial investments								
Cost ratio Group								
Net interest income	3.439	926	2.513	871	1.642	842	800	800
Total assets	234.061	234.061	226.023	226.023	223.954	223.954	217.370	217.370
Average total assets	223.838	231.062	221.168	225.472	219.106	221.838	215.940	215.940
Average interest margin	1,54 %	1,59 %	1,52 %	1,53 %	1,51 %	1,52 %	1,50 %	1,50 %
Interest receipts from lending to corporate market	2.307	637	1.671	587	1.084	567	517	517
3 month money market rate (MNOK)	- 510	- 152	- 358	- 128	- 231	- 125	- 106	- 106
Interest margin lending to corporate market	1.797	485	1.312	459	853	442	411	411
Average lending volume corporate market	65.936	70.229	64.505	67.062	63.227	64.598	61.855	61.855
Net lending margins corporate market	2,73 %	2,74 %	2,72 %	2,72 %	2,72 %	2,74 %	2,70 %	2,70 %
Interest receipts from lending to SME & agriculture								
3 month money market rate (MNOK)								
Interest margin lending to SME & agriculture								
Average lending volume SME & agriculture								
Net lending margins SME & agriculture								
Interest receipts from lending to retail market incl. Loans to employees	3.179	829	2.350	792	1.557	782	775	775
3 month money market rate (MNOK)	- 1.380	- 391	- 990	- 344	- 645	- 342	- 303	- 303
Interest margin lending to retail market incl. Loans to employees	1.799	439	1.360	448	912	440	472	472
Average lending volume retail market incl. Loans to employees	121.916	124.007	121.219	122.135	120.761	121.148	120.373	120.373
Net lending margin retail market incl. Loans to employees	1,48 %	1,40 %	1,50 %	1,45 %	1,52 %	1,46 %	1,59 %	1,59 %
Interest payments on deposits from corporate market	- 549	- 145	- 404	- 137	- 268	- 146	- 121	- 121
3 month money market rate (MNOK)	513	143	369	129	240	133	107	107
Interest margin on deposits corporate market	- 37	- 1	- 35	- 8	- 27	- 14	- 14	- 14
Average volume deposits corporate market	50.171	50.257	50.142	50.671	49.878	51.779	47.977	47.977
Net margin on deposits corporate market	-0,07 %	-0,01 %	-0,09 %	-0,06 %	-0,11 %	-0,11 %	-0,12 %	-0,12 %
Interest payments on deposits from SME & agriculture								
3 month money market rate (MNOK)								
Interest margin on deposits SME & agriculture								
Average volume deposits SME & agriculture								
Net margin on deposits SME & agriculture								
Interests on deposits retail market	- 432	- 116	- 316	- 109	- 207	- 105	- 102	- 102
3 month money market rate (MNOK)	538	153	385	138	248	133	115	115
Interest margin on deposits retail market	106	37	69	29	40	28	12	12
Average volume deposits retail market	50.374	50.997	50.166	51.717	49.390	49.683	49.097	49.097
Net margin on deposits retail market	0,21 %	0,29 %	0,18 %	0,22 %	0,16 %	0,23 %	0,10 %	0,10 %
Gross loans to customers end of period	192.105		183.014		178.927		174.292	
Loans sold to SB1 BK and SB1 NK end of period	9.294		13.431		14.547		14.632	
Gross loans to customers end of period, incl. loans BK and SB1 NK	201.399		196.445		193.474		188.924	
Gross loans to customers end of period	192.105		183.014		178.927		174.292	
Gross loans to customers end of period previous year	172.554		167.105		164.958		159.843	
Lending growth (MNOK)	19.551		15.909		13.969		14.449	
Gross loans to customers end of period, incl. loans BK and SB1 NK	201.399		196.445		193.474		188.924	
Gross loans to customers end of period previous year, incl. loans BK and SB1 NK	187.137		185.150		184.317		183.182	
Lending growth (MNOK), incl. SB1 BK and SB1 NK	14.262		11.295		9.157		5.742	
Growth in loans	11,3 %		9,5 %		8,5 %		9,0 %	
Growth in loans incl SB1 BK and SB1 NK	7,6 %		6,1 %		5,0 %		3,1 %	
Deposits from customers end of period	98.814		100.320		105.824		99.626	
Deposits from customers end of period previous year	95.384		98.602		99.758		93.125	
Growth in deposits (MNOK)	3.430		1.718		6.066		6.501	
Growth in deposits	3,6 %		1,7 %		6,1 %		7,0 %	

SpareBank 1 SR-Bank Group (MNOK)	31.12.2018	Q4 18	30.09.2018	Q3 18	30.06.2018	Q2 18	31.03.2018	Q1 18
Deposits from customers	98.814		100.320		105.824		99.626	
Gross loans to customers	192.105		183.014		178.927		174.292	
Deposit-to-loan ratio	51,4 %		54,8 %		59,1 %		57,2 %	
Deposits from customers	98.814		100.320		105.824		99.626	
Gross loans to customers incl. SB1 BK and SB1 NK	201.399		196.445		193.474		188.924	
Deposit-to-loan ratio, incl. loans SB1 BK and NK	49,1 %		51,1 %		54,7 %		52,7 %	
Impairments on loans and financial commitments	324	92	232	59	173	99	74	74
Annualised Impairments on loans and financial commitments	324	368	309	236	346	396	296	296
Average gross lending to customers	182.330	187.560	177.197	180.971	175.258	176.610	173.423	173.423
Impairment ratio	0,18 %	0,20 %	0,17 %	0,13 %	0,20 %	0,22 %	0,17 %	0,17 %
Average gross lending to customers incl. SB1 BK and SB1 NK	194.268	198.922	191.495	194.960	189.845	191.199	188.031	188.031
Impairment ratio, incl. loans SB1 BK and SB1 NK	0,17 %	0,18 %	0,16 %	0,12 %	0,18 %	0,21 %	0,16 %	0,16 %
Financial commitments	38.851		40.169		39.353		36.231	
Loans in Stage 2	14.289		14.413		13.080		14.027	
Financial commitments in Stage 2	4.224		4.941		4.685		4.549	
Loans and financial commitments in Stage 2 in % of gross loans to customers	9,64 %		10,58 %		9,93 %		10,66 %	
Loans and financial commitments in Stage 2 in % of gross loans to customers, incl. loans SB1 BK and SB1 NK	9,19 %		9,85 %		9,18 %		9,83 %	
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments to customers	8,02 %		8,67 %		8,14 %		8,82 %	
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments to customers, incl. loans SB1 BK and SB1 NK	7,71 %		8,18 %		7,63 %		8,25 %	
Loans in Stage 3	2.133		2.699		2.816		2.018	
Financial commitments in Stage 3	802		157		166		164	
Loans and financial commitments in Stage 3 in % of gross loans to customers	1,53 %		1,56 %		1,67 %		1,25 %	
Loans and financial commitments in Stage 3 in % of gross loans to customers, incl. loans SB1 BK and SB1 NK	1,46 %		1,45 %		1,54 %		1,15 %	
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments to customers	1,27 %		1,28 %		1,37 %		1,04 %	
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments to customers, incl. loans SB1 BK and SB1 NK	1,22 %		1,21 %		1,28 %		0,97 %	
Number of share issued, millions	255,75		255,75		255,75		255,75	
Shares held by the Group	0,09		0,09		0,09		0,21	
Outstanding shares	255,67		255,67		255,67		255,54	
Book equity per share (including dividends) (group)	82,27		80,02		77,28		79,24	
Earnings per share, NOK	8,96	2,06	6,90	2,47	4,43	2,41	2,02	2,02
Market price	89,20	89,20	99,00	99,00	86,40	86,40	86,20	86,20
Earnings per share, NOK	8,96	8,23	9,20	9,90	8,86	9,63	8,08	8,08
Price / Earnings per share	9,96	10,83	10,76	10,00	9,76	8,97	10,66	10,66
Market price	89,20		99,00		86,40		86,20	
Book equity per share (including dividends) (group)	82,27		80,02		77,28		79,24	
Price / Book equity	1,08		1,24		1,12		1,09	