

SpareBank 1 SR-Bank Group

Alternative Performance Measures (APMs)

Second quarter 2023

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 to income ratio	Provides information about the correlation between income and costs. Calculated as total operating costs divided by total income.
Cost to income ratio Banking Group	The cost to income ratio for the banking group equals the banking group's total income less net income from financial investments divided by costs. The banking group includes SpareBank 1 SR-Bank (parent bank) and SR-Bolligkreditt AS.
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, SME & agriculture and retail market	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 lending margin is calculated as net interest income on loans, less interest costs equivalent to the 3-month money market rate, divided by the average lending for the period.
Deposit margin corporate market, SME & agriculture 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	
Growth in loans over last 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.
Growth in deposits over 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.
Impairments on loans and financial commitments and loans and financial commitments in Stage 2 and Stage 3	
Impairment ratio, annualized	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 annualized.
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments	Provides relevant information about the bank's credit exposure. Calculated as loans and financial commitments in Stage 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.
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments	Provides relevant information about the bank's credit exposure. Calculated as loans and financial commitments in Stage 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.
SpareBank 1 SR-Bank share	
Book equity per share (including dividends)	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)

			YTD January-June		Full year
	Q2-23	Q2-22	Q2-23	Q2-22	2022
Profit after tax	1.028	796	1.909	1.549	3.378
Interest on hybridcapital	31	21	66	41	85
Profit after tax excl. interests on hybridcapital	998	775	1.844	1.508	3.293
Total equity	29.740	27.141	29.740	27.141	28.889
Hybridcapital	2.704	1.700	2.704	1.700	1.700
Equity excl. Hybridcapital	27.036	25.441	27.036	25.441	27.189
Average equity excl. Hybridcapital	27.424	25.803	27.278	25.645	26.086
Annualized profit after tax excl. interests on hybridcapital	3.991	3.098	3.687	3.016	3.293
Average equity excl. hybridcapital	27.424	25.803	27.278	25.645	26.086
Return on equity	14,6 %	12,0 %	13,5 %	11,8 %	12,6 %
Total operating costs	817	702	1.579	1.396	2.825
Net income	2.055	1.671	3.983	3.302	7.042
Cost to income ratio Group	39,8 %	42,0 %	39,6 %	42,3 %	40,1 %
Total operating costs	596	509	1.158	1.004	2.068
Net income excl. income on financial investments	1.720	1.341	3.371	2.587	5.503
Cost to income ratio Banking Group	34,7 %	37,9 %	34,4 %	38,8 %	37,6 %
Net interest income	1.424	1.101	2.826	2.115	4.516
Total assets	361.765	318.643	361.765	318.643	345.931
Average total assets	366.957	316.347	360.986	311.592	321.177
Average net interest margin	1,56 %	1,40 %	1,58 %	1,37 %	1,41 %
Interest receipts from lending to corporate market	1.365	699	2.602	1.301	3.268
3 month money market rate	-830	-219	-1.528	-380	-1.419
Interest margin lending to corporate market	534	480	1.074	921	1.850
Average lending volume corporate market	82.949	71.298	81.661	70.034	73.052
Net lending margins corporate market	2,58 %	2,70 %	2,65 %	2,65 %	2,53 %
Interest receipts from lending to SME & agriculture	295	169	568	323	772
3 month money market rate	-182	-57	-332	-106	-355
Interest margin lending to SME & agriculture	113	112	236	217	417
Average lending volume SME & agriculture	19.468	16.815	19.157	16.578	17.185
Net lending margins SME & agriculture	2,33 %	2,67 %	2,48 %	2,64 %	2,43 %
Interest receipts from lending to retail market incl. Loans to employees	1.739	880	3.348	1.669	4.126
3 month money market rate	-1.506	-508	-2.771	-949	-3.118
Interest margin lending to retail market incl. Loans to employees	233	372	577	719	1.008
Average lending volume retail market incl. Loans to employees	158.890	149.255	157.946	147.808	150.750
Net lending margin retail market incl. Loans to employees	0,59 %	1,00 %	0,74 %	0,98 %	0,67 %
Interest payments on deposits from corporate market	-582	-229	-1.088	-432	-1.269
3 month money market rate	583	198	1.085	368	1.206
Interest margin on deposits corporate market	2	-31	-2	-63	-63
Average volume deposits corporate market	59.575	62.699	59.998	62.572	61.059
Net margin on deposits corporate market	0,01 %	-0,20 %	-0,01 %	-0,20 %	-0,10 %

Interest payments on deposits from SME & agriculture	-84	-14	-151	-25	-103
3 month money market rate	206	54	376	100	359
Interest margin on deposits SME & agriculture	122	41	225	75	255
Average volume deposits SME & agriculture	20.959	16.837	20.652	16.585	17.318
Net margin on deposits SME & agriculture	2,34 %	0,97 %	2,20 %	0,91 %	1,48 %
Interests on deposits retail market	-332	-113	-622	-209	-631
3 month money market rate	658	220	1.205	406	1.376
Interest margin on deposits retail market	326	107	584	197	745
Average volume deposits retail market	67.898	66.589	67.245	65.495	66.741
Net margin on deposits retail market	1,92 %	0,64 %	1,75 %	0,61 %	1,12 %
Gross loans to customers end of period			264.882	242.867	252.957
Gross loans to customers end of period previous year			242.867	225.791	230.299
Lending growth			22.016	17.076	22.658
Growth in loans over last 12 months			9,1 %	7,6 %	9,8 %
Deposit from customers end of period			150.758	145.667	148.100
Deposits from customers end of period previous year			145.667	136.209	137.664
Growth in deposits			5.091	9.457	10.436
Growth in deposits over last 12 months			3,5 %	6,9 %	7,6 %
Deposit from customers			150.758	145.667	148.100
Gross loans to customers			264.882	242.867	252.957
Deposit to loan ratio			56,9 %	60,0 %	58,5 %
Impairments on loans and financial commitments	-98	-52	-63	-36	5
Annualized Impairments on loans and financial commitments	-391	-207	-126	-73	5
Average gross lending to customers	261.544	238.224	258.920	236.583	241.628
Impairment ratio, annualized	-0,15 %	-0,09 %	-0,05 %	-0,03 %	0,00 %
Financial commitments			65.522	56.118	57.532
Loans in Stage 2			19.193	10.582	14.667
Financial commitments in Stage 2			2.472	2.102	2.775
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments to customers			6,56 %	4,24 %	5,62 %
Loans in Stage 3			2.549	3.194	3.112
Financial commitments in Stage 3			835	919	1.086
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments to customers			1,02 %	1,38 %	1,35 %
Number of share issued, millions			255,75	255,75	255,75
Shares hold by the Group			0,04	0,03	0,03
Outstanding shares			255,71	255,72	255,72
Book equity per share (including dividends) (group)			105,73	99,49	106,32
Earnings per share, NOK	3,90	3,03	7,21	5,90	12,88
Market price	130,10	106,70	130,10	106,70	120,70
Earnings per share, NOK	15,61	12,12	14,42	11,79	12,88
Price / Earnings per share	8,34	8,81	9,02	9,05	9,37
Market price			130,10	106,70	120,70
Book equity per share (including dividends) (group)			105,73	99,49	106,32
Price / Book equity			1,23	1,07	1,14
Days in the year	365	365	365	365	365
Days in the quarter	91	91	91	91	91
Number of days YTD	181	181	181	181	365