



Q3 2022

Interim financial  
statements







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## Main figures

**NOK 699 million**

Profit after tax

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**8.4%**

Return on equity

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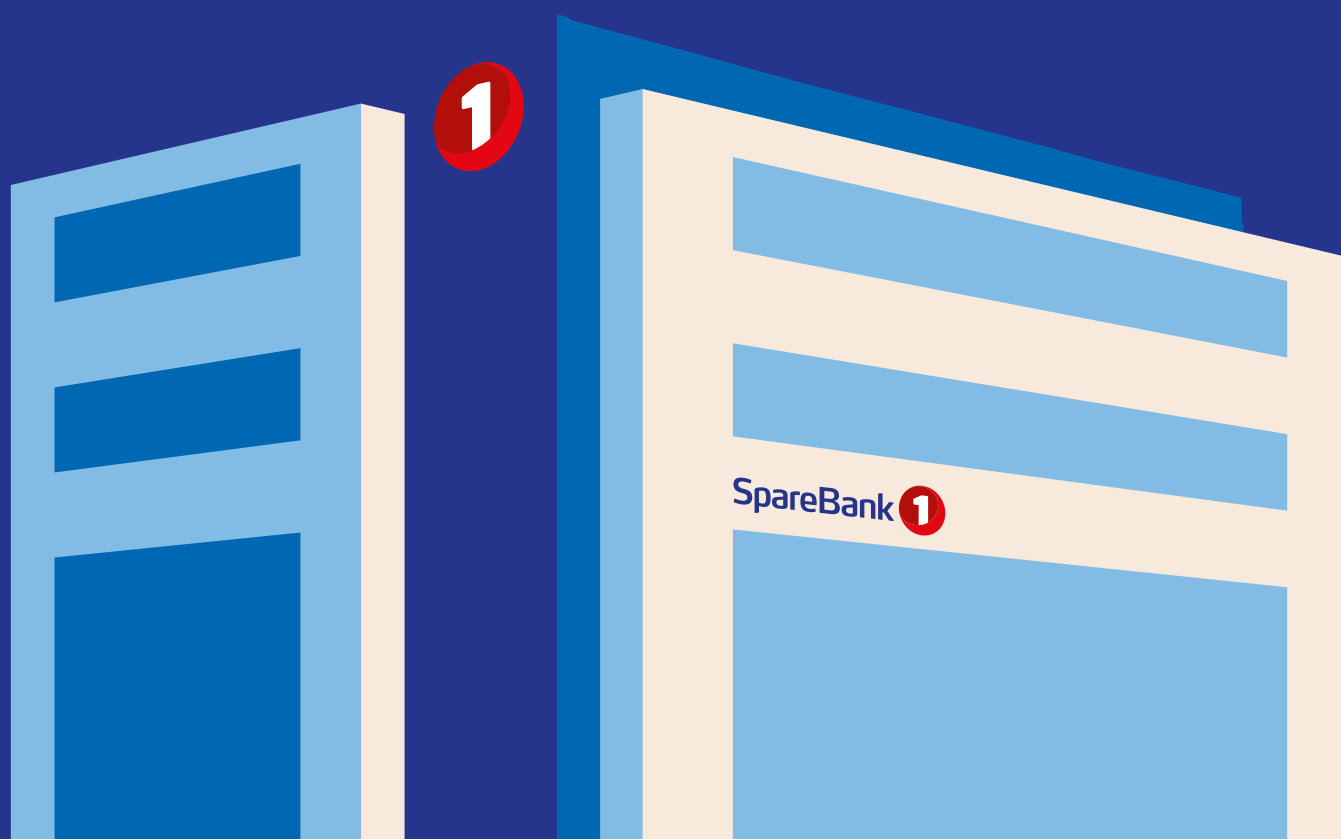
**19.7%**

Common Equity Tier 1 capital ratio

# Main figures

Group	30.09.2022		30.09.2021		31.12.2021	
	m NOK	% <sup>1)</sup>	m NOK	% <sup>1)</sup>	m NOK	% <sup>1)</sup>
Summary of the results						
Net interest income	1 097	1.79	620	1.49	920	1.53
Net commission and other income	668	1.09	504	1.21	716	1.19
Net income from financial assets	37	0.06	310	0.75	360	0.60
<b>Total net income</b>	<b>1 803</b>	<b>2.93</b>	<b>1 434</b>	<b>3.46</b>	<b>1 995</b>	<b>3.31</b>
<b>Total operating expenses</b>	<b>903</b>	<b>1.47</b>	<b>601</b>	<b>1.45</b>	<b>886</b>	<b>1.47</b>
<b>Operating profit before losses/profit before losses and tax</b>	<b>899</b>	<b>1.46</b>	<b>833</b>	<b>2.01</b>	<b>1 109</b>	<b>1.84</b>
Losses on loans and guarantees	10	0.02	78	0.19	79	0.13
<b>Profit before tax</b>	<b>889</b>	<b>1.45</b>	<b>755</b>	<b>1.82</b>	<b>1 030</b>	<b>1.71</b>
Tax expense	190	0.31	112	0.27	161	0.27
<b>Profit after tax</b>	<b>699</b>	<b>1.14</b>	<b>644</b>	<b>1.55</b>	<b>869</b>	<b>1.44</b>
Total other comprehensive income recognised as equity	2	0.00	2	0.00	(13)	-0.02
<b>Total comprehensive income</b>	<b>700</b>	<b>1.14</b>	<b>645</b>	<b>1.56</b>	<b>855</b>	<b>1.42</b>

<sup>1)</sup> Calculated as a % of average total assets



## Key figures

Group (amounts in NOK millions)	30.09.2022	30.09.2022 with pro forma 2021 figures	30.09.2021	30.09.2021 with pro forma 2020 figures	31.12.2021 with pro forma 2020 figures
<b>Profitability</b>					
Return on equity, profit before other comprehensive income <sup>1)</sup>	8.4%		11.5%		11.4%
Return on equity, comprehensive income <sup>1)</sup>	8.4%		11.5%		11.2%
Cost-income ratio <sup>1)</sup>	50.1%		41.9%		44.4%
Cost-income ratio excl. financial investments <sup>1)</sup>	51.2%		53.5%		54.2%
<b>Statement of financial position figures</b>					
Gross lending to customers	74 231		62 171		62 771
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt <sup>1)</sup>	105 822		87 383		88 105
Deposits from customers	55 943		46 888		46 212
Deposit coverage <sup>1)</sup>	75.4%		75.4%		73.6%
Liquidity coverage ratio (LCR), liquidity reserve	153%		143%		175%
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months <sup>1)</sup>		4.1%		6.5%	6.4%
Deposit growth in the past 12 months <sup>1)</sup>		1.5%		8.1%	7.4%
Total assets	89 396		74 432		74 911
Total assets, incl. SpareBank 1 Boligkreditt/Næringskreditt <sup>1)</sup>	120 986		99 645		100 245
<b>Losses</b>					
Loss rate on lending <sup>1)</sup>	0.02%		0.16%		0.17%
Loans in Stage 3 as % of gross lending <sup>1)</sup>	0.52%		0.47%		0.54%
<b>Losses (incl. SpareBank 1 Boligkreditt/Næringskreditt)</b>					
Loss rate on lending (incl. SpareBank 1 Boligkreditt/Næringskreditt <sup>1)</sup>	0.01%		0.12%		0.12%
Loans in group 3 as % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt <sup>1)</sup>	0.37%		0.33%		0.38%
<b>Financial strength in terms of proportional consolidation</b>					
Capital adequacy ratio	22.4%		20.8%		21.0%
Tier 1 capital ratio	20.6%		19.1%		19.3%
Common Equity Tier 1 capital ratio	19.7%		18.1%		18.3%
Net primary capital	12 548		10 183		10 124
Tier 1 capital	11 531		9 345		9 293
Common Equity Tier 1 capital	11 025		8 865		8 817
Basis for calculation	55 960		48 977		48 269
Leverage ratio, proportional consolidation	8.5%		8.4%		8.4%
<b>Offices and staffing</b>					
Number of bank branches	21		17		17
Number of brokerage offices	19		16		16
Number of accounting offices	5		5		5
Number of FTEs, parent bank (avg. YTD)	411		301		320
Number of FTEs, group (avg. YTD)	588		442		463
Number of FTEs, parent bank (at end of period)	435		380		378
Number of FTEs, Group (at end of period)	628		539		533

Equity certificates	30.09.2022	30.09.2021	2021
<b>Profitability</b>			
Equity certificate fractions	60.7%	60.3%	60.3%
Market price (NOK)	50.60	53.00	65.40
Market value (NOK millions)	7 089	6 291	7 762
Book equity per equity certificate (parent bank, NOK)	50.68	46.91	47.71
Book equity per equity certificate (Group, NOK) <sup>1)</sup>	52.03	48.27	49.32
Earnings per equity certificate (parent bank, NOK) <sup>1)</sup>	2.91	4.20	4.94
Earnings per equity certificate (Group, NOK) <sup>1)</sup>	2.97	4.32	5.37
Dividend per equity certificate (NOK)			2.50
Price/earnings per equity certificate (parent bank, x)	12.99	12.62	13.25
Price/earnings per equity certificate (Group,x) <sup>1)</sup>	12.74	12.26	12.18
Price/book equity (parent bank, x)	1.00	1.13	1.37
Price/book equity (Group, x) <sup>1)</sup>	0.97	1.10	1.33

<sup>1)</sup> Alternative performance measures are defined in a separate appendix to the interim report

# Corporate strategy

SpareBank 1 Sørøst-Norge and SpareBank 1 Modum merged on 01.04.2022. SpareBank 1 Sørøst-Norge was the acquiring bank. The Group further strengthened its position as a powerful regional bank in Southeast Norway.

## Brand and identity

SpareBank 1 Sørøst-Norge aims to contribute to sustainable development in local communities by providing a wide range of financial services, as well as relevant advice to individuals and businesses.

SpareBank 1 Sørøst-Norge wants to be seen as the personal regional bank that provides value for local businesses, people and communities.

We also want to be known for our four customer promises:

1. Best for most people and businesses
2. Always personal
3. The most useful innovations
4. Strong and engaged local partners

Its foundations must be built of competitive products and services combined with a proactive sales and advice culture.

## Vision and values

### Vision

Together we create value.

### Our values

Present, power and movement

## Market area

SpareBank 1 Sørøst-Norge's geographical market area includes Vestfold og Telemark County, as well as the former county of Buskerud with centres of gravity around Kongsberg, Drammen and Modum.

SpareBank 1 Sørøst-Norge's registered business address is in Sandefjord, and it has local branches in Kongsberg, Vikersund, Åmot, Hokksund, Nedre Eiker, Drammen, Lier, Holmestrand, Horten, Tønsberg, Færder, Sandefjord, Larvik, Bamble, Porsgrunn, Skien, Ulefoss, Lunde, Bø and Notodden.





## Corporate Strategy 2022-2025

### Four overarching ambitions

- Strengthen customer relationships and become the preferred bank for the retail and SME segment in our market area
- Build an attractive, sound regional bank for Southeast Norway
- Be one of the most attractive places to work in banking/finance in Southeast Norway
- Facilitate profitable growth that provides a basis for increased value creation for all of our stakeholders

### Seven strategic focus areas

- Stronger top line throughout the Group
- Strongly customer-oriented
- Focusing on sustainability throughout the Bank's value chain
- Creating and developing an attractive workplace
- Being a data and insight-driven bank
- Quality in everything we do
- Our ambition to be a good, strong regional bank

### Resource management

Within the priority areas described in the strategy, our resources must be employed to yield the best return on capital for the benefit of our equity certificate holders, customers, employees and region.



# Corporate social responsibility and sustainability

Our sustainability strategy states that “SpareBank 1 Sørøst-Norge will be responsible by preventing and detecting financial crime, be climate proactive and help customers be the same and be socially engaged.” A newly established sustainability council meets monthly and updates each other on the status of sustainability initiatives in each department and the next steps. The sustainability strategy for the period 2022-2025 will be adjusted following the merger with SpareBank 1 Modum. Following the merger, the Group’s sustainability department has 3.5 FTEs, of whom 1.5 FTEs were recruited through a collaboration with the University of South-Eastern Norway (USN).

## Green proportion

The Bank has issued NOK 2.5 billion in green bonds. The framework is NOK 5.0 billion. Preliminary figures show that 83% of the loan portfolio is deemed eligible in relation to the EU taxonomy, of which 11% is deemed eligible and aligned in relation to the EU taxonomy (see Annual Report 2021, p. 169).

## Green mortgages

At the end of the third quarter, the total volume of green mortgages amounted to around NOK 1.1 billion. The Bank has recently launched loans of up to NOK 500 000 for implementing sustainability measures.

## Responsible business

The Bank is now a member of the Partnership for Carbon Accounting Financials (PCAF) and in the future will use PCAF’s tools to report on greenhouse gas emissions.

In the third quarter of 2022, the Bank signed up to the “Grønnvaskingsplakaten” anti-greenwashing campaign. Our sponsorship strategy has been updated such that it takes more account of sustainability, including the requirements of the Transparency Act. The Group has implemented measures to comply with the Transparency Act in operations, supply chains and in relation to partners, and has also established procedures for dealing with access requests. All of the Bank’s corporate customers have received information about what the Act means for them. Control measures have also been established to check compliance in several other areas within sustainability, including lending.

SpareBank 1 Sørøst-Norge’s goal is to get employees engaged in the Group’s sustainability work and to implement sustainability measures in their own homes. A pilot project has started that aims to evaluate sustainability at our 21 branches. The evaluation is designed to identify, measure, verify and follow up building factors that impact the environment, health and well-being of all employees. All of the branches will be evaluated by the end of 2023.

## Local Business Barometer

SpareBank 1 Sørøst-Norge has launched the 'Business Barometer Southeast' ('Konjunktur Sørøst'), a live business cycle barometer ([www.konjunktursorost.no](http://www.konjunktursorost.no)) covering 17 locations in the Bank's market area. Konjunktur Sørøst launched four new local pages covering Øvre Eiker, Modum, Nome and Bamble in the third quarter. In the third quarter, Konjunktur Sørøst conducted a survey of the public's expectations concerning the economy, housing, moving and work. The majority of respondents in the Bank's market area are pessimistic about their own financial situation and the country's economy over the next 12 months. The results can be found on [www.konjunktursorost.no](http://www.konjunktursorost.no). Konjunktur Sørøst is continuously being refined and we expect to be able to offer more graphs of local statistics during 2022.

The public's expectations with the area of work were examined as part of the Bank's commitment to closer cooperation with the Norwegian Confederation of Trade Unions (LO) on sustainability. The parties have established a working group that will discuss specific joint measures for the shorter and longer term.

## Improving skills

The Group has started a programme to boost skills within sustainability. The goal of the skills boost is to ensure that all employees feel confident with regard to sustainability within their professional field and within their day-to-day work. The UN's environment programme describes the Group's training programme as a model for other banks that want to comply with the UN Principles for Responsible Banking. Two courses were conducted in the third quarter (on the requirements of the disclosure regulations for investment advisers, and on sustainability risks and opportunities in commercial real estate for business advisers). There have been a total of three courses so far in 2022. The remaining training will be completed by the end of the first quarter of 2023. The learning programme for each department will continue throughout the strategy period, i.e. until 2025.



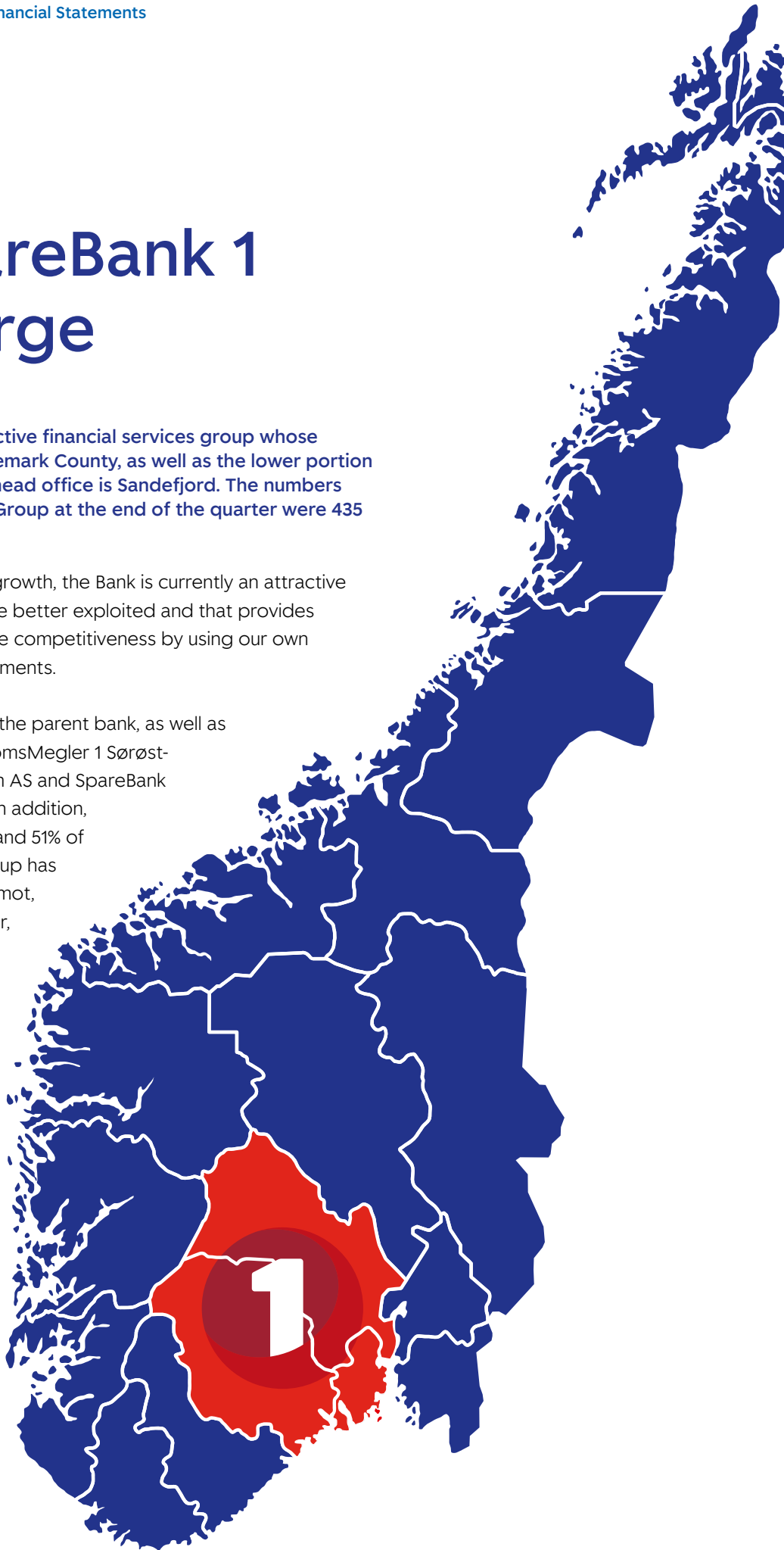
# About SpareBank 1 Sørøst-Norge

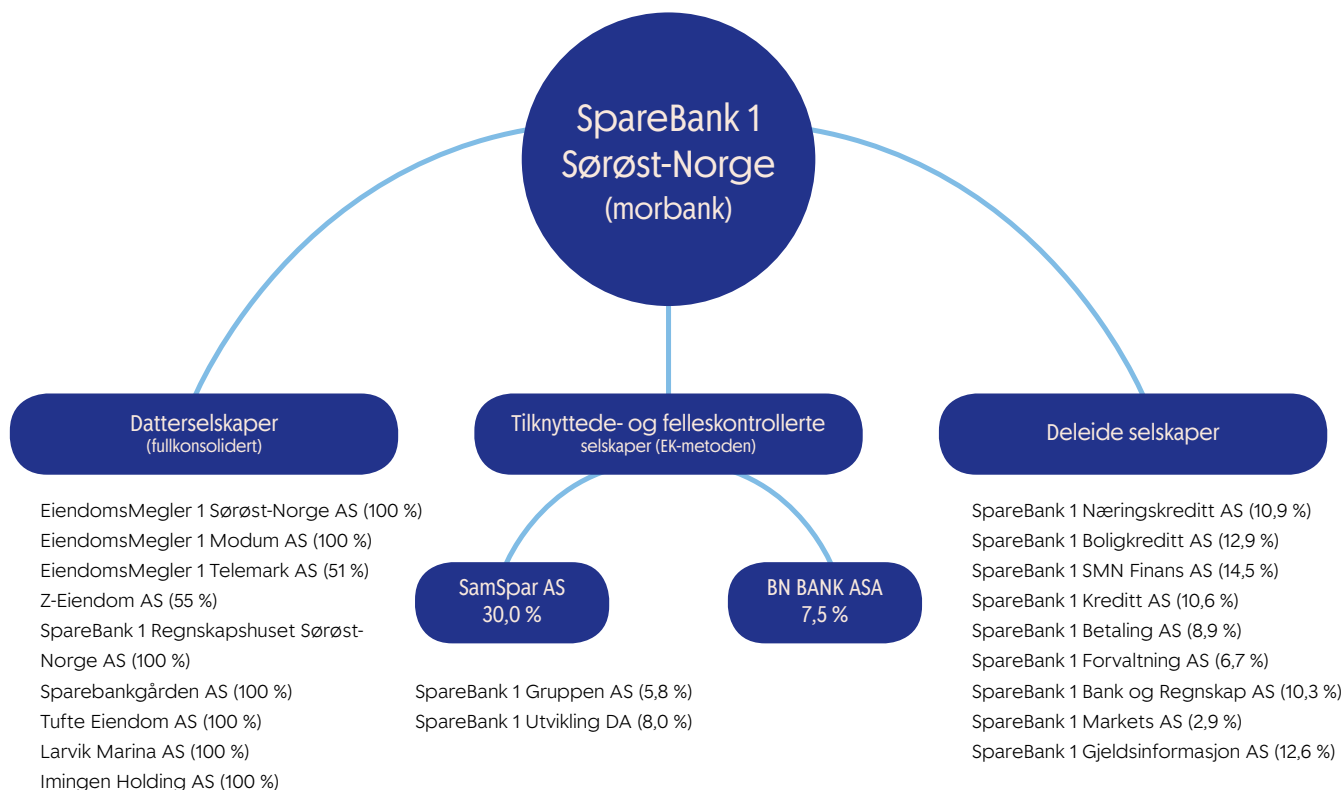
SpareBank 1 Sørøst-Norge is a proactive financial services group whose market area covers Vestfold og Telemark County, as well as the lower portion of the former Buskerud County. Its head office is Sandefjord. The numbers of FTEs in the parent bank and the Group at the end of the quarter were 435 and 628, respectively.

As a result of structural and organic growth, the Bank is currently an attractive size where economies of scale can be better exploited and that provides opportunities that allow us to improve competitiveness by using our own models for calculating capital requirements.

The Group's main activity consists of the parent bank, as well as the wholly owned subsidiaries EiendomsMegler 1 Sørøst-Norge AS, EiendomsMegler 1 Modum AS and SpareBank 1 Regnskapshuset Sørøst-Norge AS. In addition, the Bank owns 55% of Z-Eiendom AS and 51% of EiendomsMegler 1 Telemark. The Group has branches in Kongsberg, Vikersund, Åmot, Hokksund, Nedre Eiker, Drammen, Lier, Holmestrand, Horten, Tønsberg, Færder, Sandefjord, Larvik, Bamble, Porsgrunn, Skien, Ulefoss, Lunde, Bø and Notodden.

The region has a diverse business sector. SpareBank 1 Sørøst-Norge has a total of 21 branches spread across cities and towns in areas seeing economic growth. The business sector in the Bank's market areas is well diversified with the varied composition of the sectors represented by the public sector, industry, power, technology, research and trade.





## Important financial events in the quarter

On 03.03.2022, the Financial Supervisory Authority of Norway gave the Bank the necessary permissions to execute the merger with SpareBank 1 Modum in line with the decision taken by the banks' supervisory boards on 16.12.2021. The legal merger was completed on 01.04.2022. In line with the plan, the technical merger was completed in the period 07.10 to 09.10.2022.

Activity in the Norwegian economy is higher and there is little available capacity. As a result, inflation is rising and is clearly above Norges Bank's inflation target of 2%. Both employment rates and inflation have risen faster than forecast. The weakened NOK exchange rate has also resulted in higher imported inflation. As a result of this and the prospect of more persistent high inflation, Norges Bank raised its policy rate several times in the third quarter. Given the increased policy rate and increased borrowing costs, the Bank raised its lending rates for the retail and corporate markets. Interest rates for deposits accounts have also been increased.

On 23.06.2022, Norges Bank decided to raise its policy rate by 0.50 percentage points to 1.25%. As a result of increases in market interest rates, the Bank chose to raise lending and deposit rates from 29.06.2022 for new retail customers and from 10.08.2022 for existing retail customers and 13.07.2022 for corporate customers. In August, Norges Bank decided to raise its policy rate by a further 0.50 percentage points to 1.75%. As a result of further increases in market interest rates, the Bank chose to raise lending and deposit rates from 24.08.2022 for new retail customers and from 05.10.2022 for existing retail customers and 07.09.2022 for corporate customers. In September, Norges Bank decided to raise its policy rate by another 0.50 percentage points to 2.25%. As a result of further increases in market interest rates, the Bank chose to raise lending and deposit rates from 28.09.2022

for new retail customers and from 09.11.2022 for existing retail customers and 12.04.2022 for existing corporate customers.

The Bank maintains a strong focus on the composition of funding and primary capital. Optimisation of the composition of primary capital reflects the various regulatory requirements for capital requirements with the aim of minimising average capital costs.

As part of the escalation of the previously communicated MREL requirement, the Bank issued a new green SNP bond on 18.08.2022 amounting to NOK 500 million that will mature on 25.08.2025. As at the end of the quarter, the Bank has issued SNP bonds amounting to NOK 3 500 million, of which NOK 500 million are green.

SpareBank 1 Sørøst-Norge's goal is to get employees engaged in the Group's sustainability work and to implement sustainability measures in their own homes. A pilot project has started that aims to evaluate sustainability at our 21 branches. The evaluation is designed to identify, measure, verify and follow up building factors that impact the environment, health and well-being of all employees. All of the branches will be evaluated by the end of 2023.





# Board of Directors' Interim Report

# The SpareBank 1 Sørøst-Norge Group

On 01.06.2021, SpareBank 1 BV and Sparebanken Telemark merged with SpareBank 1 BV as the takeover bank. At the same time, the merged bank changed its name to SpareBank 1 Sørøst-Norge. On 01.04.2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum, where SpareBank 1 Sørøst-Norge was the taking over bank. The goal of the merger is to create a competitive bank in the banks' market areas and be well-positioned for the future.

The interim financial statements have been prepared in accordance with IAS 34 Interim reporting.

The comments and figures below refer to the Group unless explicitly stated otherwise. Figures in brackets relate to the corresponding period last year.

Figures from the transferring banks were included in the official accounts with effect from 01.06.2021 (Sparebanken Telemark) and 01.04.2022 (SpareBank 1 Modum). Pro forma financial statements have been prepared for 2021 and the first quarter of 2022 to improve comparability. Please refer to the separate pro forma income statement and statement of financial position in Notes 24 and 25.

Highlights from the pro forma financial performance and statement of financial position performance as at 30.09.2022 are shown below, with the pro forma figures as at 30.09.2021 in brackets.

## Highlights (pro forma) for the period 01.01.2021 to 30.09.2021

- Ordinary profit after tax of NOK 724 million (NOK 891 million)
- Net interest income of NOK 1 144 million (NOK 927 million)
- Net income from financial assets NOK 48 (390) million
  - Profits from SpareBank 1 Gruppen and BN Bank ASA of NOK 15 million (NOK 125 million) and NOK 32 million (NOK 27 million), respectively
  - Of which negative goodwill due to the merger NOK 0 million (NOK 151 million)
- Higher operating expenses were mainly due to one-off merger-related costs of NOK 99 million (NOK 62 million)
- Losses on loans and guarantees of NOK 11 million (NOK 90 million)
- Return on equity of 8.1% (10.9%)
- Lending and deposit growth in the past 12 months of 4.1% (6.5%) and 1.5% (8.1%), respectively

The following details some of the highlights and figures that refer to the official accounting and consolidated figures. Figures in brackets relate to the corresponding period last year for the takeover bank.

## Highlights (official) for the period 01.01 to 30.09

- Ordinary profit after tax of NOK 699 million (NOK 644 million)
- Net interest income of NOK 1 097 million (NOK 620 million)
- Losses on loans and guarantees of NOK 10 million (NOK 78 million)
- Profit from SpareBank 1 Gruppen and BN Bank ASA of NOK 14 million (NOK 82 million) and NOK 32 million (NOK 22 million), respectively
- Return on equity of 8.4% (11.5%)
- Common Equity Tier 1 capital ratio, proportional consolidation, 19.7% (18.1%)

## Main features (official) for Q3

- Ordinary profit after tax of NOK 258 million (NOK 269 million)
- Net interest income of NOK 414 million (NOK 277 million)
- Losses on loans and guarantees of NOK 7 million (NOK -35 million)
- Profit from SpareBank 1 Gruppen and BN Bank ASA in the third quarter of NOK 5 million (NOK 45 million) and NOK 11 million (NOK 9 million), respectively
- Return on equity of 8.4% (11.2%)

## Financial performance

Cumulative figures as at 30.09 unless explicitly stated otherwise.

### Profit

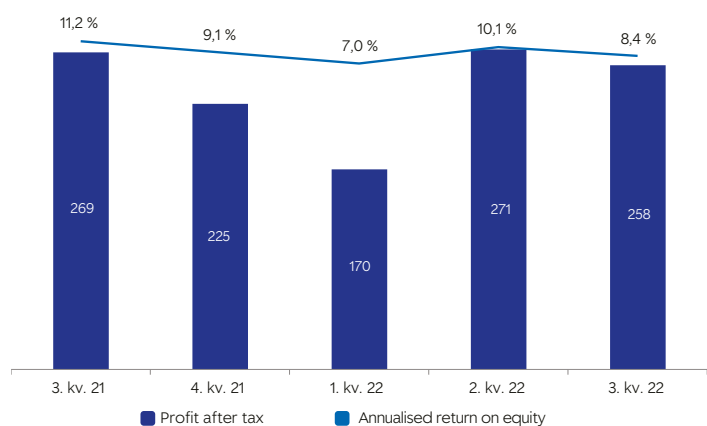
The SpareBank 1 Sørøst-Norge Group posted a profit from ordinary operations before losses of NOK 899 million (NOK 833 million). Profit after tax was NOK 699 million (NOK 644 million), which represents 1.14% (1.55%) of average total assets. The Group's annualised return on equity was 8.4% (11.5%).

Earnings per equity certificate (weighted average as at 30.09) in the parent bank were NOK 2.91 (4.20) and in the Group NOK 2.97 (4.32).

Quarterly performance of profit after tax and return on equity:

1) The pro forma figures for 2021 and the first quarter of 2022 represent the combined income statement and statement of financial position without calculation of added/less value

Quarterly performance of profit after tax and return on equity:



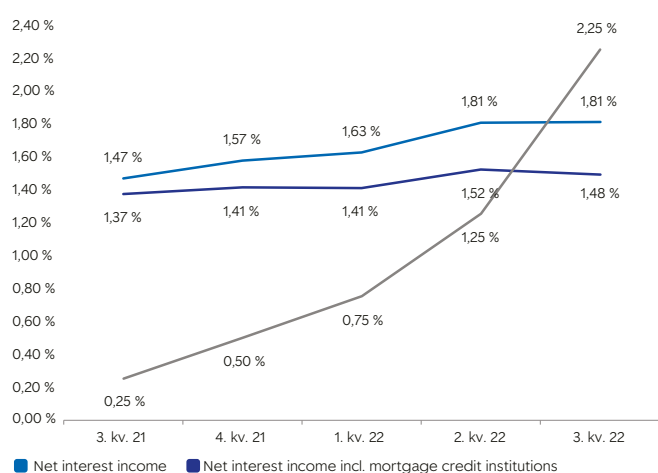
### Net interest income

Net interest income amounted to NOK 1 097 million (NOK 620 million). Net interest income annualised as a percentage of average total assets was 1.79% (1.49%).

The Bank adjusted its lending and deposit rates during the quarter due to Norges Bank's successive increases in its policy rate. In connection with this, please see the more detailed information under the chapter "Important financial events in the quarter" (page 13).

At the end of the quarter, the Bank had transferred mortgages worth NOK 30 084 million (NOK 23 598 million) to SpareBank 1 Boligkreditt AS, and NOK 1 505 million (NOK 1 614 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 140 million (150 million).

Quarterly change in net interest income:



### Net commission and other income

Net commission and other income totalled NOK 668 million (NOK 504 million).

### Net commission income

Net commission income amounted to NOK 437 million (NOK 335 million). The commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounted for NOK 140 million (NOK 150 million) of this.

### Other operating income

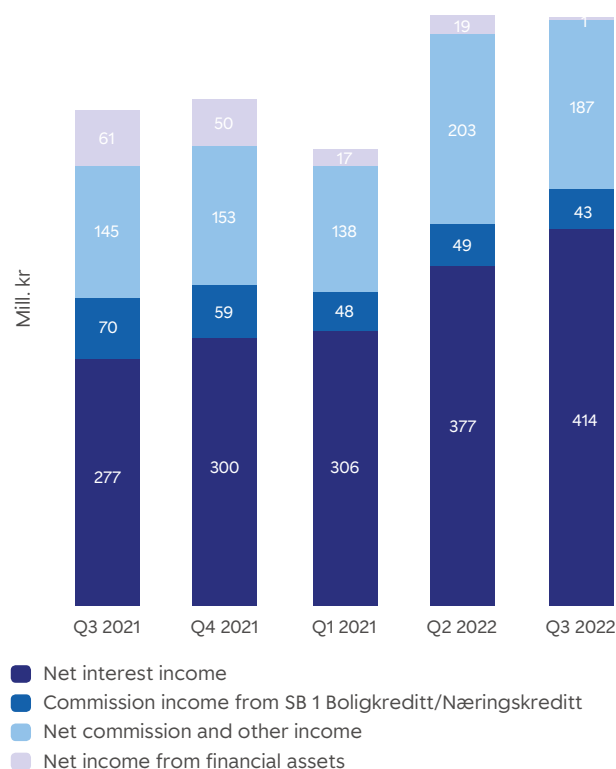
Other operating income amounted to NOK 231 million (NOK 169 million).

### Net income from financial assets

Net income from financial assets amounted to NOK 37 million (NOK 310 million). As at 30.09.2022, the main items consist of NOK 45 million (NOK 33 million) in dividends received, NOK 46 million (NOK 104 million) in net profit from ownership interests, and net result from other financial investments of NOK -53 million (NOK 173 million). The latter item included NOK 151 million of recognised negative goodwill in last year's figures related to the merger with Sparebanken Telemark.

The net result from ownership interests includes the results from SpareBank 1 Gruppen AS and BN Bank ASA of NOK 14 million (NOK 82 million) and NOK 32 million (NOK 22 million), respectively. The indirect stake in SpareBank 1 Gruppen AS and direct stake in BN Bank ASA were increased from 3.0% and 5.0% to 4.4% and 7.5%, respectively, in connection with the merger on 01.06.2021. In connection with the merger on 01.04.2022, the indirect ownership interest in SpareBank 1 Gruppen AS was further increased from 4.4% to 5.8%.

Quarterly change in income (NOK millions):





## Income from ownership interests, SpareBank 1 Gruppen

As at 30.09.2022, SpareBank 1 Gruppen posted a profit that was considerably weaker than the profit for the same period last year. The profit before tax amounted to NOK 595 million, which is NOK 2 221 million weaker than in 2021. The reduction in profit was due to a weak equity market, falls in the value of the fixed income portfolio in the insurance companies, falls in the values of properties, and an increase in claims rates compared with last year. The result after tax was NOK 444 million (NOK 2 170 million), of which NOK 238 million (NOK 1 527 million) constitutes the controlling interest's share.

SpareBank 1 Sørøst-Norge's share of SpareBank 1 Gruppen's profit amounted to NOK 13.8 million as at 30.09.2022.

## Income from ownership interests, BN Bank ASA

As at 30.09.2022, BN Bank ASA posted a profit of NOK 435 million (NOK 356 million). SpareBank 1 Sørøst-Norge owns 7.5% of BN Bank ASA. SpareBank 1 Sørøst-Norge's share of BN Bank's profit amounted to NOK 32.4 million.

## Operating expenses

Total operating expenses were NOK 903 million (NOK 601 million). Operating expenses as a percentage of total operating income for the Group came to 50.1% (41.9%). The corresponding cost-income ratio for the parent bank was 44.9% (36.5%).

Merger-related one-time costs (NOK millions)	As at	As at	As at	As at
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	Official	Official	Pro forma	Pro forma
Personnel expenses	37	19	41	19
Other operating expenses	56	22	58	43
<b>Total</b>	<b>92</b>	<b>41</b>	<b>99</b>	<b>62</b>

## Personnel expenses

Personnel expenses amounted to NOK 471 million (NOK 352 million). Of which, merger-related one-off costs

amounted to approximately NOK 37 million (NOK 19 million), which were mainly related to provisions for accepted restructuring packages in 2022 and the new/former CEO in 2021.

The number of FTEs at the end of the quarter was 628 (539), of which the parent bank employs 435 (380). The increase is related to the merger with SpareBank 1 Modum with effect from 01.04.2022.

## Other operating expenses

Other operating expenses were NOK 433 million (NOK 249 million). Of which one-off costs amounted to NOK 56 million (NOK 22 million), mainly related to transaction costs and the technical merger.

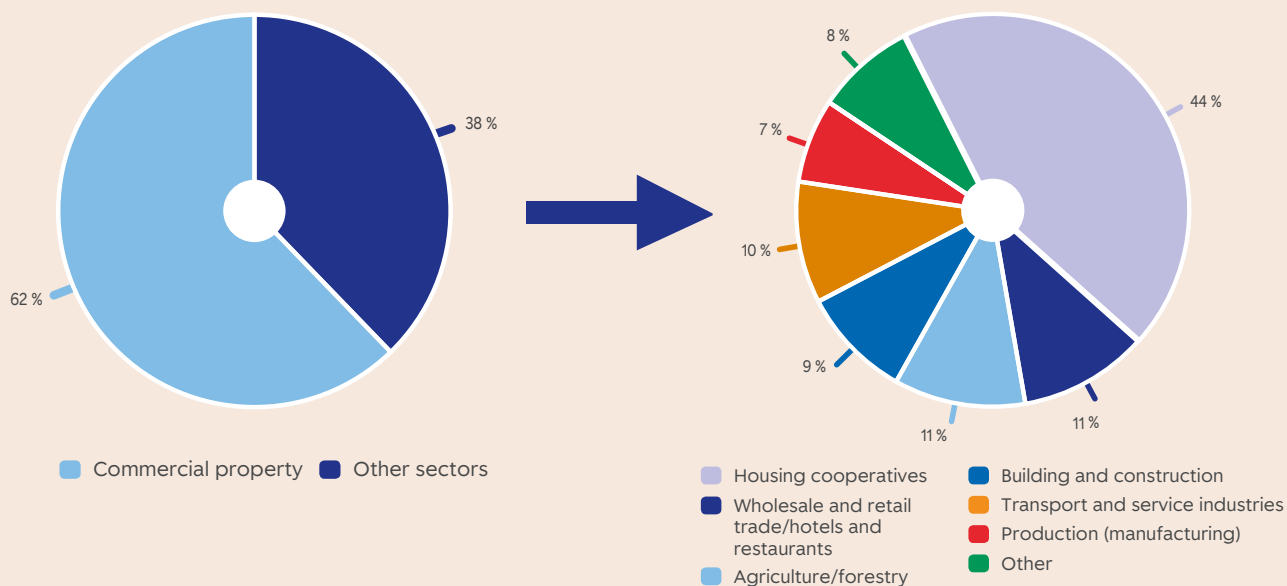
## Losses and impairment provisions

Losses charged as costs amounted to NOK 10 million (NOK 78 million). No changes were made to scenario weights this quarter. The weighting used is 80/15/5 (likelihood of normal/worst/best scenario, respectively). Loss provisions for loans and guarantees amounted to NOK 294 million (NOK 259 million), which is equivalent to 0.42% (0.44%) of gross lending on the statement of financial position.

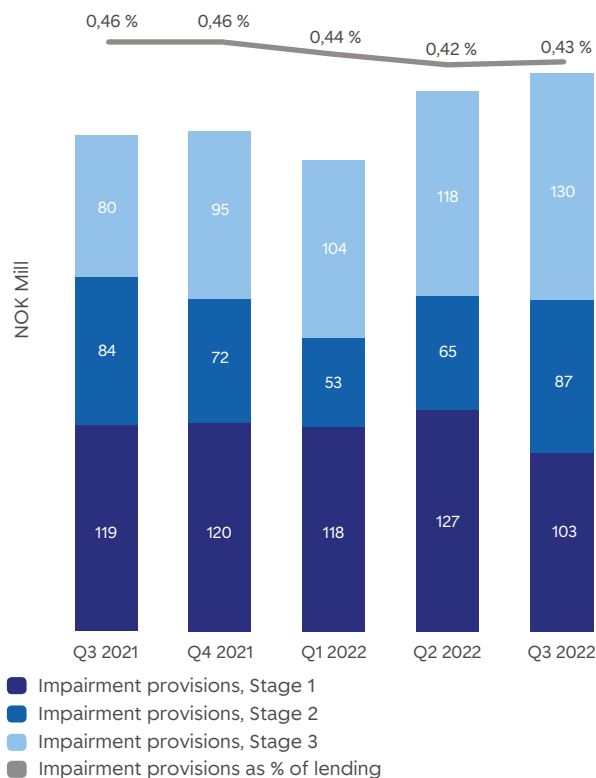
Mortgages for retail customers account for around 78% (77%) of the Bank's total lending.

In addition to expanded individual loss assessments, the Bank assessed the model's scenario weighting in this quarter as well. Society reopened during the first quarter and the risk of losses related to the pandemic therefore decreased. At the same time, the uncertainty surrounding the security situation increased and there has been persistent turmoil in financial and commodity markets (with the construction industry being particularly exposed). Based on this, the scenario weights for both the retail market and the corporate market have been kept unchanged at 80/15/5 (likelihood of normal/worst/best scenario, respectively) at the end of the third quarter. Please see the more detailed comments in Notes 2 and 7.

Corporate market – volume in commercial property and other industries:



Quarterly change in impairment provisions:



### Statement of financial position performance

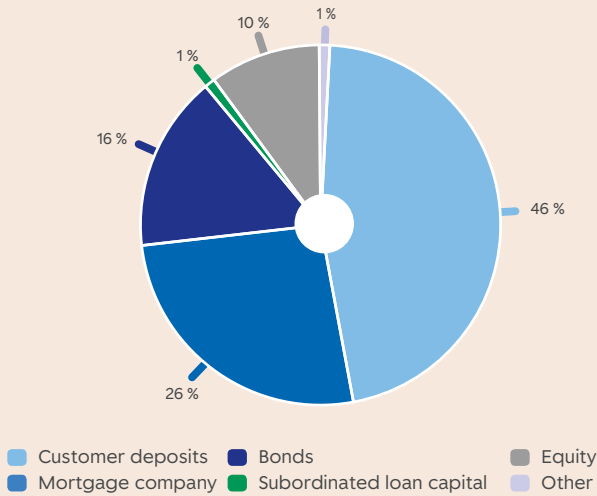
The Group's total assets amounted to NOK 89 396 million (NOK 74 432 million). The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 120 986 million (NOK 99 645 million).

### Lending and deposit performance

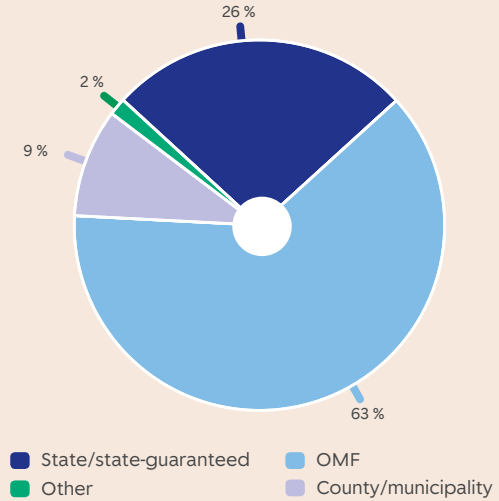
Gross lending (including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 105 822 million. The past 12 months have seen lending growth of 4.1% (pro forma). Some NOK 2 924 million, equivalent to 3.7% of the growth came in the retail market and NOK 1 220 million, equivalent to 5.5%, in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt AS) at the end of the quarter was 78% (78%).

At the end of the quarter, the Group had a deposit volume of NOK 55 943 million with deposit growth of 1.5% (pro forma) in the past 12 months. Some NOK 1 649 million, equivalent to 4.7% of the growth came in the retail market and NOK 826 million, equivalent to 4.1%, in the corporate market. The Group had a deposit coverage ratio of 75.4%, compared with 75.4% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounted to 52.9% (54.2%). The retail market's share of deposits at the end of the quarter was 65% (63%).

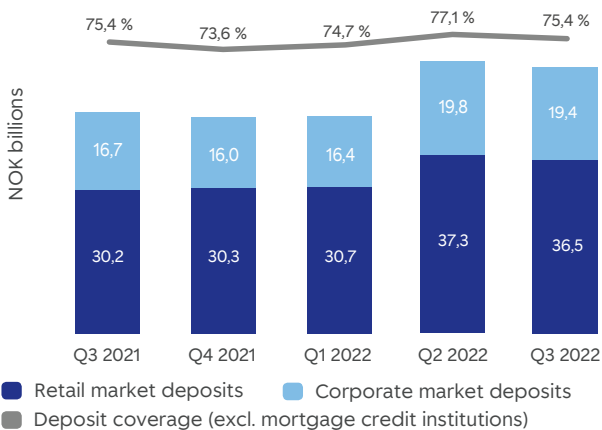
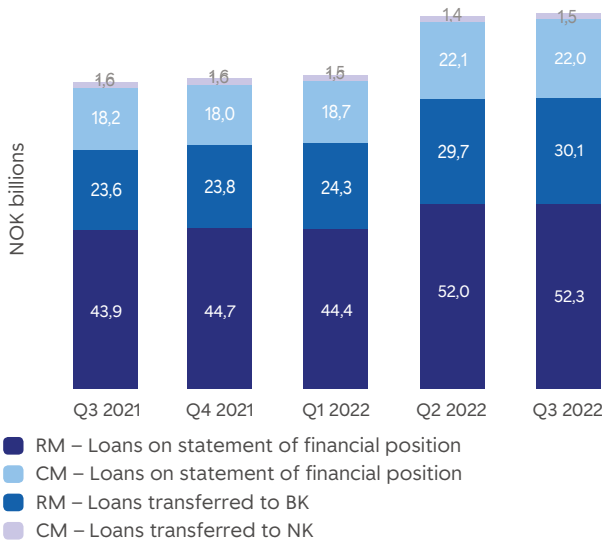
Funding sources



Liquidity portfolio



Quarterly change in loans and deposits:



Liquidity

The Bank's liquidity situation at the end of the quarter is good. The Bank's liquidity portfolio was valued at NOK 8.4 billion and its LCR at 153% (138%) as at the end of the quarter. The Bank aims to keep its liquidity risk low. In a normal market, SpareBank 1 Sørøst-Norge's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to new external financing. As at 30.09.2022, the Bank was well above this target.

At the end of the quarter, mortgages totalling NOK 30.1 billion (NOK 23.6 billion) had been transferred to SpareBank 1 Boligkreditt AS. As at 30.09, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 27.2 billion (NOK 21.8 billion).

In addition, the Bank had transferred loans to SpareBank 1 Næringskreditt AS worth NOK 1.5 billion (NOK 1.6 billion) as at 30.09.2022.

In 2022, the Group's target was to increase the average term to maturity of its bond debt to a minimum of 3.0 years. At the end of the quarter, the average term to maturity was 3.2 (3.0) years.

The Financial Supervisory Authority of Norway has decided that SpareBank 1 Sørøst-Norge must have a risk-weighted MREL (total own funds and eligible liabilities) requirement of 26.1% of the adjusted basis for calculation at any given time. Given that the own funds that are used to meet risk-weighted MREL cannot at the same time be used to cover the combined buffer requirement (6.5%), the actual requirement for MREL capital is 32.6%, which must be met in its entirety by the end of 2023 with gradual escalation in 2022 and 2023.

The requirement of 32.6% was calculated based on the applicable capital requirements as at the end of the first quarter of 2022 and does not take into account an increased countercyclical buffer and systemic risk buffer as at 31.12.2022 and 31.12.2023. The systemic risk buffer increased by 1.5 percentage points as at 31.12.2022. The countercyclical buffer increased by 1.0 percentage point in 2022 and a further 0.5 percentage points in 2023. Nor does the requirement take into account the increased Pillar 2 requirement from 2.3% to 2.5% that was set for the Bank in connection with approval of the merger with SpareBank 1 Modum.

Taking into account the approved increases in capital requirements, the actual need for MREL capital (effective MREL %) will increase from 32.6% to 37.5% at the end of 2023, and the minimum requirement for subordination increase in the same period to 30.5%. The Bank's minimum subordination requirement at the end of 2021 was 20%. The minimum subordination requirement will be phased in linearly in 2022 and 2023. Linear phasing in entails a requirement for subordination of 25.3% by the end of 2022.

At the end of the quarter, the Bank had issued NOK 3.5 billion in SNP bonds.

## Equity Capital adequacy

In capital adequacy calculations, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk.

The Ministry of Finance has decided to increase the countercyclical buffer by a total of 1.0 percentage points in 2022 (0.5 percentage points on 30.06.2022 and 0.5 percentage points on 31.12.2022) and a further 0.5 percentage points on 31.03.2023, such that the total countercyclical buffer will amount to 2.5% at the end of the first quarter of 2023. In addition, the systemic risk buffer will be increased by 1.5 percentage points to a total of 4.5% on 31.12.2022. In connection with the approval of the merger with SpareBank 1 Modum in March, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement of 2.5%. This requirement will apply until the Financial Supervisory Authority of Norway sets a new Pillar 2 requirement. The Board of Directors is going to start work on a new internal capital adequacy assessment process (ICAAP). The assessment must be submitted to the Financial Supervisory Authority of Norway by no later than 12 months after the merger has been completed. The Group's target Common Equity Tier 1 Capital ratio has been revised upwards to a minimum of 17.0% in light of the increased capital requirements.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 19.7% (18.1%). The leverage ratio was 8.5% (8.4%) at the end of the quarter. The regulatory

requirement for the leverage ratio is 5.0%.

The EU's banking package entered into force in Norway 01.06.2022. This entails, among other things, lower weights for loans to SMEs. This has, in isolation, increased the Common Equity Tier 1 capital by approximately 0.6 percentage points.

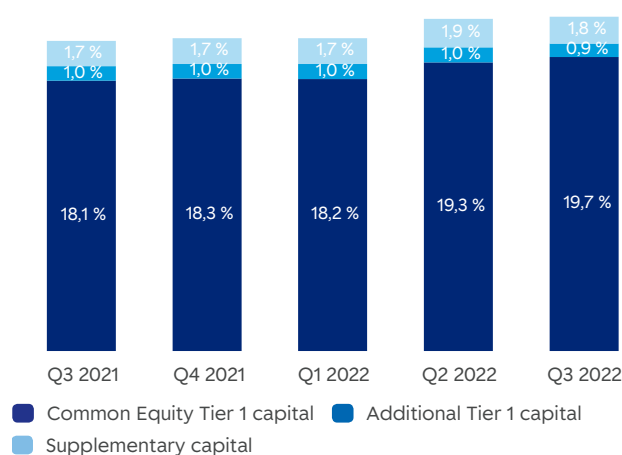
## Use of own models for calculating capital requirements

The Group aims to establish itself as a sound, competitive bank, which means it is crucial that we ensure that our competitiveness, profitability and control and management are on a par with our competitor banks. The Group's strategy plan includes an ambition to increase our market share in our region while being a proactive participant in the structural development of the banking sector in Eastern Norway. A permit to use Advanced Internal Rating-Based (AIRB) would help to achieve these goals. The Group has, through organic and structural growth, reached a size that means it can start working on preparing an application to the Financial Supervisory Authority of Norway for approval to use advanced IRB models.

The Board of Directors sees it as a strength that the SpareBank 1 Alliance has already developed a strong professional environment that manages and develops IRB models. SpareBank 1 Sørøst-Norge has also used credit management models for several years.

In the second quarter, the Bank established a project to identify areas that need to be reworked before an application can be submitted. An application is expected to be submitted by the end of the first half of 2024.

*Quarterly change in capital adequacy (proportional consolidation):*



## Transactions with close associates

Apart from the completed merger between SpareBank 1 Sørøst-Norge and SpareBank 1 Modum from 01.04.2022, the Group has not carried out any transactions with close



associates that had a significant impact on the company's position or results during the reporting period.

### Merger – synergies

On 01.04.2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum. A merger with SpareBank 1 Modum will strengthen the Bank's position in the Drammen region, while supporting the Bank's ambition to become an AIRB bank. Thanks to a number of mergers in recent years, the Bank has good experience and expertise in implementing mergers in the savings bank sector. The Board wishes to play an active role in the future structural changes that are expected in the savings bank sector.

In the first quarter, the Bank offered severance packages to anyone born in 1960 or earlier. The offer was sent to just under 50 employees and 37 employees accepted. The costs associated with severance packages were, in their entirety, recognised as a cost of NOK 37 million in the first quarter.

The transaction costs related to the merger between SpareBank 1 BV and Sparebanken Telemark were recognised in 2021. As at 30.09.2022, total costs of NOK 56 million had been recognised in relation to the technical merger of the three former banks (October 2022) and transaction costs related to the merger with Modum.

The remaining merger costs are estimated at around NOK 10 million and concern technical IT conversion of the three former banks (Telemark, BV and Modum).

### Future outlook

The Norwegian economy continued to develop positively in the third quarter, with high levels of economic activity and a tight labour market. Inflation has risen sharply in recent months and has been considerably higher than expected. At the same time, there are clear signs that the economy is cooling down.

Unemployment in our market area, measured as the proportion of fully unemployed people registered with NAV, remained low and was 2.0% at the end of September. A shortage of available resources combined with higher commodity prices has led to rising inflation and, in light of this, a rise in the key policy rate in the third quarter as well, with indications of further rises in 2022 and 2023.

The growth in household credit was marginally lower than the growth in credit in the third quarter. In the Bank's market area, housing prices fell by around 0.5% in the third quarter according to Eiendomsverdi. In the past 12 months prices have grown by about 7%. The growth in prices in the third quarter was affected by short sales times and short unsold periods for unsold homes. However, as a result of rising interest rates and

living costs, there is some uncertainty surrounding future developments with respect to house prices. Historically, inflation is normally weaker towards the end of the year, although how large any price correction will be this year is uncertain.

Although the Norwegian economy currently is doing well, some uncertainty exists in relation to future economic growth due to high inflation and high wage growth. Norges Bank's regional surveys show that the business sector in our region is more pessimistic about future economic developments. Companies expect weaker top-line growth, reduced profitability and are holding back on investment plans. Surveys among households in our market area show that households have low expectations concerning the development of their financial circumstances next year.

The credit quality of the Bank's loan portfolio is, however, stable, and no increased defaults or losses have been observed in the Bank's loan portfolio. The Bank has no credit exposure to Russia or Ukraine.

Compared with income levels, house prices in our market area remain at a proportionally lower level than in, for example, Oslo. The Bank has a sound lending portfolio in the retail market, with a high percentage of low risk mortgages.

A general rise in market rates is expected, over time, to improve the Group's interest rate margin and earnings. Higher interest rates may lead to lower credit growth and greater competition, especially for mortgages. This may result in pressure on lending margins. The Group's target for its return on equity is 11% in the period up to 2024. The aim is to achieve the goal through profitable growth, efficient operations and good cost control, including efficient capital utilisation, where the ambition to eventually apply for AIRB approval is an important strategic initiative. The Board aims to submit an application to the Financial Supervisory Authority of Norway in the first half of 2024. The regulatory requirements for the systemic risk buffer and countercyclical buffer will increase by 2.0% at the end of 2022. The countercyclical buffer will increase by 0.5 percentage points to 2.5%. 31.03.2023. After this, the Group's Common Equity Tier 1 capital ratio will increase to 17.5%, including a Pillar 2 requirement of 2.5% as a result of the merger with SpareBank 1 Modum. The actual Common Equity Tier 1 capital ratio, proportionally consolidated, at the end of the third quarter was 19.7%.

As far as results are concerned, 2022 will be affected by a somewhat higher level of costs resulting from restructuring and other merger-related costs. The Group's target return on equity of 11% remains unchanged, but will in the short term be affected by structural costs. The dividend policy remains in place, which means around 50% of the owner capital's share of

the annual profit should be paid out as cash dividends.

The increased regulatory requirements for both capital and compliance combined with a challenging

macroeconomic picture may be important drivers of structural changes in the savings banking sector. The Board wishes to play an active role in the future structural changes that are expected in the savings bank sector.

Sandefjord, 09.11.2022

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan  
Chair of the Board

Anne Berg Behring  
Deputy Chair

Elisabeth Haug

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

John Arne Haugerud

Hanne Myhre Gravdal  
Employee representative

Frede Christensen  
Employee representative

Per Halvorsen  
CEO

# Interim financial statements

# Income Statement IFRS

Parent bank					Group						
2021	Q3 2021	Q3 2022	30.09. 2021	30.09. 2022		Note	30.09. 2022	30.09. 2021	Q3 2022	Q3 2021	2021
					(Amounts in NOK millions)						
96	25	75	64	177	Interest income - assets measured at fair value		177	64	75	25	96
1 158	349	603	777	1 522	Interest income - assets measured at amortised cost		1 521	776	603	348	1 157
334	97	265	220	602	Interest expenses		600	220	264	96	333
<b>920</b>	<b>277</b>	<b>413</b>	<b>620</b>	<b>1 096</b>	<b>Net interest income</b>	13	<b>1 097</b>	<b>620</b>	<b>414</b>	<b>277</b>	<b>920</b>
513	161	164	355	464	Commission income		464	355	164	161	513
30	10	10	20	27	Commission expenses		27	20	10	10	30
7	2	4	4	11	Other operating income		231	169	75	63	233
<b>489</b>	<b>153</b>	<b>158</b>	<b>339</b>	<b>448</b>	<b>Net commission and other income</b>	14	<b>668</b>	<b>504</b>	<b>230</b>	<b>214</b>	<b>716</b>
33	0	0	128	45	Dividends		45	33	0	0	33
108	0	3	11	60	Net result from ownership interests		46	104	17	54	153
170	4	-15	170	-53	Net result from other financial investments <sup>1)</sup>		-53	173	-15	7	174
<b>311</b>	<b>4</b>	<b>-12</b>	<b>310</b>	<b>51</b>	<b>Net income from financial assets</b>	15	<b>37</b>	<b>310</b>	<b>1</b>	<b>61</b>	<b>360</b>
<b>1 721</b>	<b>434</b>	<b>560</b>	<b>1 269</b>	<b>1 596</b>	<b>Total net income</b>		<b>1 803</b>	<b>1 434</b>	<b>645</b>	<b>553</b>	<b>1 995</b>
365	105	104	236	346	Personnel expenses		471	352	149	150	529
326	90	127	227	370	Other operating expenses		433	249	150	99	357
<b>691</b>	<b>196</b>	<b>231</b>	<b>463</b>	<b>716</b>	<b>Total operating expenses</b>		<b>903</b>	<b>601</b>	<b>299</b>	<b>249</b>	<b>886</b>
<b>1 030</b>	<b>239</b>	<b>329</b>	<b>806</b>	<b>879</b>	<b>Profit before losses and tax</b>		<b>899</b>	<b>833</b>	<b>346</b>	<b>303</b>	<b>1 109</b>
79	-35	7	78	10	Losses on loans and guarantees	6, 7	10	78	7	-35	79
<b>951</b>	<b>274</b>	<b>322</b>	<b>729</b>	<b>869</b>	<b>Profit before tax</b>		<b>889</b>	<b>755</b>	<b>339</b>	<b>339</b>	<b>1 030</b>
154	69	81	106	183	Tax expense		190	112	81	70	161
<b>796</b>	<b>206</b>	<b>241</b>	<b>623</b>	<b>686</b>	<b>Profit before other comprehensive income</b>		<b>699</b>	<b>644</b>	<b>258</b>	<b>269</b>	<b>869</b>
					Controlling interest's share of profit		696	641	257	267	865
					Non-controlling interest's share of profit		3	3	1	1	4



## OCI

Parent bank					Group					
2021	Q3 2021	Q3 2022	30.09. 2021	30.09. 2022		30.09. 2022	30.09. 2021	Q3 2022	Q3 2021	2021
(Amounts in NOK millions)										
796	206	241	623	686	<b>Profit for the period</b>	699	644	258	269	869
<i>Entries that can be reclassified through profit or loss</i>										
1	1	1	2	-1	Change in value of loans classified at fair value	-1	2	1	1	1
Share of OCI from associated companies and joint ventures										
						2	0	1	0	1
<i>Entries that cannot be reclassified through profit or loss</i>										
-14	-	-	-	-	Estimation difference, IAS 19 Pensions	-	-	-	-	-15
-13	1	1	2	-1	<b>Period's OCI</b>	2	2	2	1	-13
783	206	242	624	685	<b>Total comprehensive income</b>	700	645	260	269	855
Controlling interest's share of total comprehensive income										
						698	642	259	268	852
Non-controlling interest's share of total comprehensive income										
						3	3	1	1	4
4.94	1.03	1.02	4.20	2.91	<b>Earnings and diluted result per equity certificate before other comprehensive income</b>	2.97	4.32	1.10	1.34	5.37

1) Of which, recognised negative goodwill related to the merger with Sparebanken Telemark amounted to NOK 151 million in the second quarter of 2021.

# Balance sheet

Parent bank				Group			
31.12.2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	Note	30.09.2022	30.09.2021	31.12.2021
114	112	120	Cash holdings and receivables from central banks		120	112	114
1 698	1 526	1 093	Loans to and receivables from credit institutions without agreed maturity		1 093	1 526	1 698
455	495	605	Loans to and receivables from credit institutions with agreed maturity		605	495	455
62 571	61 984	73 989	Net lending to customers	5, 7, 8, 9	73 963	61 946	62 542
6 146	6 429	8 302	Certificates, bonds and other securities at fair value		8 302	6 429	6 146
2 203	2 266	2 623	Shareholdings and other equity interests		2 623	2 266	2 203
69	69	117	Ownership interests in Group companies		0	0	0
862	858	1 136	Interests in joint ventures and associated companies		1 407	1 089	1 141
239	226	303	Tangible assets		345	263	277
		357	Goodwill		423	34	34
23	7	23	Deferred tax assets		25	7	23
193	165	355	Other assets	17	488	266	279
<b>74 573</b>	<b>74 137</b>	<b>89 024</b>	<b>Total assets</b>		<b>89 396</b>	<b>74 432</b>	<b>74 911</b>
150	150	0	Deposits from and liabilities to credit institutions		0	150	150
46 264	46 928	55 999	Deposits from customers	18	55 943	46 888	46 212
16 913	16 053	19 096	Liabilities from the issuance of securities	19	19 096	16 053	16 913
212	143	197	Tax payable		207	150	220
609	542	866	Other liabilities and commitments	21	946	593	664
651	703	793	Subordinated loan capital	20	793	703	651
<b>64 801</b>	<b>64 520</b>	<b>76 952</b>	<b>Total liabilities</b>		<b>76 985</b>	<b>64 537</b>	<b>64 811</b>
1 778	1 778	2 101	Equity certificate capital		2 101	1 778	1 778
2 777	2 777	3 779	Share premium fund		3 779	2 777	2 777
811	645	812	Dividend equalisation fund		812	645	811
3 532	3 423	4 327	Sparebankens Fond		4 327	3 423	3 532
26	23	25	Fund for unrealised gains		25	23	26
350	350	350	Hybrid capital		350	350	350
0	615	673	Other equity		1 002	882	318
202	7	7	Allocated to gifts		7	7	202
297	-	-	Allocated to dividends		-	-	297
			Non-controlling interest's share		8	10	10
<b>9 773</b>	<b>9 617</b>	<b>12 073</b>	<b>Total equity</b>		<b>12 410</b>	<b>9 895</b>	<b>10 100</b>
<b>74 573</b>	<b>74 137</b>	<b>89 024</b>	<b>Liabilities and equity</b>		<b>89 396</b>	<b>74 432</b>	<b>74 911</b>

# Combined results from quarterly accounts

## Group

(Amounts in NOK millions)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Interest income	678	574	446	413	373	262	205	210
Interest expenses	264	197	140	113	96	68	56	53
<b>Net interest income</b>	<b>414</b>	<b>377</b>	<b>306</b>	<b>300</b>	<b>277</b>	<b>194</b>	<b>149</b>	<b>157</b>
Commission income	164	160	140	158	161	109	85	94
Commission expenses	10	9	8	10	10	6	4	5
Other operating income	75	100	55	64	63	62	44	34
<b>Net commission and other income</b>	<b>230</b>	<b>251</b>	<b>187</b>	<b>212</b>	<b>214</b>	<b>164</b>	<b>125</b>	<b>123</b>
Dividends	0	32	12	1	0	22	10	9
Net result from ownership interests	17	16	14	48	54	34	17	18
Net result from other financial investments	-15	-28	-10	0	7	150	16	-6
<b>Net income from financial assets</b>	<b>1</b>	<b>19</b>	<b>17</b>	<b>50</b>	<b>61</b>	<b>206</b>	<b>42</b>	<b>22</b>
<b>Total net income</b>	<b>645</b>	<b>648</b>	<b>510</b>	<b>561</b>	<b>553</b>	<b>565</b>	<b>317</b>	<b>302</b>
Personnel expenses	149	152	169	177	150	105	97	107
Other operating expenses	150	147	136	108	99	92	58	62
<b>Total operating expenses</b>	<b>299</b>	<b>299</b>	<b>306</b>	<b>285</b>	<b>249</b>	<b>198</b>	<b>154</b>	<b>170</b>
<b>Profit before losses and tax</b>	<b>346</b>	<b>349</b>	<b>204</b>	<b>276</b>	<b>303</b>	<b>368</b>	<b>162</b>	<b>133</b>
Losses on loans and guarantees	7	15	-11	2	-35	111	2	-3
<b>Profit before tax</b>	<b>339</b>	<b>334</b>	<b>215</b>	<b>274</b>	<b>339</b>	<b>256</b>	<b>160</b>	<b>135</b>
Tax expense	81	63	46	49	70	13	29	28
<b>Profit before other comprehensive income</b>	<b>258</b>	<b>271</b>	<b>170</b>	<b>225</b>	<b>269</b>	<b>244</b>	<b>131</b>	<b>108</b>

## Parent bank

Earnings per equity certificate (quarter in isolation)	1.02	1.24	0.84	0.87	1.03	2.24	0.91	0.84
Diluted earnings per equity certificate (quarter in isolation)	1.02	1.24	0.84	0.87	1.03	2.24	0.91	0.84

# Change in equity

## Group

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	Share premium fund	Risk equalisation fund	Allocated to dividends	Spare-bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Non-controlling interest's share	Total equity
<b>Equity as at 31.12.2021</b>	<b>1 778</b>	<b>2 777</b>	<b>811</b>	<b>297</b>	<b>3 532</b>	<b>202</b>	<b>26</b>	<b>350</b>	<b>318</b>	<b>10</b>	<b>10 100</b>
Equity added from the merger with SpareBank 1 Modum	321	998	-	-	795	-	-	-	-	-	2 113
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	-13	-	-13
Gifts paid out	-	-	-	-	-	-196	-	-	-	-	-196
Dividends from 2021, paid in 2022	-	-	0	-297	-	-	-	-	-	-4	-300
Change in carrying amount of joint ventures and associated companies	-	-	-	-	-	-	-	-	-1	-	-1
Employee equity certificate savings scheme	2	4	-	-	-	-	-	-	-	-	6
<b>Profit before other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>696</b>	<b>3</b>	<b>699</b>
<i>Entries that can be reclassified through profit or loss</i>											
Change in value of loans classified at fair value	-	-	-	-	-	-	-1	-	-	-	-1
Share of OCI from associated companies and joint ventures	-	-	-	-	-	-	-	-	2	-	2
<b>Equity as at 30.09.2022</b>	<b>2 101</b>	<b>3 779</b>	<b>812</b>	<b>0</b>	<b>4 327</b>	<b>7</b>	<b>25</b>	<b>350</b>	<b>1 002</b>	<b>8</b>	<b>12 410</b>

1) NOK 0.6 million was deducted from equity certificate capital as at 30.09.2022 for the treasury holding  
 NOK 2.8 million was deducted from equity certificate capital as at 31.12.2021 for the treasury holding



## Group

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	Share premium fund	Risk equalisation fund	Allocated to dividends	Spare-bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Non-controlling interest's share	Total equity
<b>Equity as at 31.12.2020</b>	<b>947</b>	<b>1 026</b>	<b>645</b>	<b>120</b>	<b>2 261</b>	<b>7</b>	<b>22</b>	<b>250</b>	<b>258</b>	<b>2</b>	<b>5 537</b>
Equity added from the merger with Sparebanken Telemark, as well as bond issue SpareBank 1 BV.	831	1 751	-	-	1 162	-	-	100	-	5	3 849
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	-8	-	-8
Dividends from 2020, paid in 2021	-	-	-	-120	-	-	-	-	-	-1	-121
Change in carrying amount of joint ventures and associated companies	-	-	-	-	-	-	-	-	-8	-	-8
<b>Profit before other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>641</b>	<b>3</b>	<b>644</b>
<i>Entries that can be reclassified through profit or loss</i>											
Change in value of loans classified at fair value	-	-	-	-	-	-	2	-	-	-	2
<b>Equity at 30.09.2021</b>	<b>1 778</b>	<b>2 777</b>	<b>645</b>	<b>0</b>	<b>3 423</b>	<b>7</b>	<b>23</b>	<b>350</b>	<b>882</b>	<b>10</b>	<b>9 895</b>

1) NOK 2.8 million was deducted from equity certificate capital as at 30.09.2021 for the treasury holding

## Parent bank

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	Share premium fund	Risk equalisation fund	Allocated to dividends	Spare-bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
<b>Equity as at 31.12.2021</b>	<b>1 778</b>	<b>2 777</b>	<b>811</b>	<b>297</b>	<b>3 532</b>	<b>202</b>	<b>26</b>	<b>350</b>	<b>0</b>	<b>9 773</b>
Equity added from the merger with SpareBank 1 Modum	321	998	-	-	795	-	-	-	-	2 113
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	-13	-13
Gifts paid out	-	-	-	-	-	-196	-	-	-	-196
Dividends from 2021, paid in 2022	-	-	0	-297	-	-	-	-	-	-296
Hybrid Tier 1 securities issued	-	-	-	-	-	-	-	0	-	0
Employee equity certificate savings scheme	2	4	-	-	-	-	-	-	-	6
<b>Profit before other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>686</b>	<b>686</b>
<i>Entries that can be reclassified through profit or loss</i>										
Change in value of loans classified at fair value	-	-	-	-	-	-	-1	-	-	-1
<b>Equity as at 30.09.2022</b>	<b>2 101</b>	<b>3 779</b>	<b>812</b>	<b>0</b>	<b>4 327</b>	<b>7</b>	<b>25</b>	<b>350</b>	<b>673</b>	<b>12 073</b>

<sup>1)</sup> NOK 0.6 million was deducted from equity certificate capital as at 30.06.2022 for the treasury holding  
NOK 2.8 million was deducted from equity certificate capital as at 31.12.2021 for the treasury holding

## Parent bank

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	Share premium fund	Risk equalisation fund	Allocated to dividends	Spare-bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
<b>Equity as at 31.12.2020</b>	<b>947</b>	<b>1 026</b>	<b>645</b>	<b>120</b>	<b>2 261</b>	<b>7</b>	<b>22</b>	<b>250</b>	<b>0</b>	<b>5 277</b>
Equity added from the merger with Sparebanken Telemark, as well as bond issue SpareBank 1 BV.	831	1 751	-	-	1 162	-	-	100	-	3 844
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	-8	-8
Dividends from 2020, paid in 2021	-	-	-	-120	-	-	-	-	-	-120
<b>Profit before other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>623</b>	<b>623</b>
<i>Entries that can be reclassified through profit or loss</i>										
Change in value of loans classified at fair value	-	-	-	-	-	-	2	-	-	2
<b>Equity at 30.09.2021</b>	<b>1 778</b>	<b>2 777</b>	<b>645</b>	<b>0</b>	<b>3 423</b>	<b>7</b>	<b>23</b>	<b>350</b>	<b>615</b>	<b>9 617</b>

<sup>1)</sup> NOK 2.8 million was deducted from equity certificate capital as at 30.06.2021 for the treasury holding

# Cash flow statement

Parent bank				Group		
31.12.2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	30.09.2022	30.09.2021	31.12.2021
			<b>Cash flow from operating activities</b>			
951	729	869	Period's profit before tax	889	757	1 030
			Net profit from joint ventures	-46	-104	-153
-151	-151	0	Negative goodwill through profit or loss	0	-151	-151
0	0	-4	Loss/gain from fixed assets	-4	0	6
31	21	35	Depreciation and impairments	29	24	36
79	78	10	Impairment of loans	10	78	79
-117	-128	-258	Tax payable	-268	-132	-123
-3 944	-3 358	-1 518	Change in lending and other assets	-1 522	-3 364	-3 959
1 646	2 311	1 236	Change in deposits from customers	1 248	2 317	1 642
59	19	-150	Change in loans to and receivables from credit institutions	-150	19	59
-293	-576	-1 566	Change in certificates and bonds	-1 566	-576	-293
-19	37	48	Change in other receivables	24	-41	-46
20	-18	-392	Change in other current liabilities	-393	-8	-16
<b>-1 738</b>	<b>-1 035</b>	<b>-1 691</b>	<b>Net cash flow from operating activities</b>	<b>-1 750</b>	<b>-1 181</b>	<b>-1 888</b>
			<b>Cash flow from investing activities</b>			
1 186	1 186	625	Cash and cash equivalents added through merger 1)	625	1 186	1 186
-22	-3	-40	Investments in property, plant and equipment	-34	-7	-29
0	3	10	Sales of property, plant and equipment	10	20	23
-177	-168	-81	Investments in shares, equity certificates and units	-25	-74	-81
223	152	33	Sales of shares, equity certificates and units	33	152	223
<b>1 209</b>	<b>1 170</b>	<b>546</b>	<b>Net cash flow from investing activities</b>	<b>608</b>	<b>1 276</b>	<b>1 322</b>
			<b>Cash flow from financing activities</b>			
4 450	2 850	5 418	Increase in financial borrowing	5 418	2 850	4 450
-2 817	-2 107	-4 438	Repayment of financial borrowing	-4 438	-2 107	-2 817
150	52	416	Borrowing subordinated loans/additional Tier 1 capital	416	52	150
-150	0	-366	Repayment, subordinated loans	-366	0	-150
0	0	7	Buy-back of own equity certificates for saving programme	7	0	0
-124	-123	-490	Dividends/endowments paid	-494	-123	-125
<b>1 509</b>	<b>672</b>	<b>547</b>	<b>Net cash flow from financing activities</b>	<b>544</b>	<b>672</b>	<b>1 508</b>
<b>980</b>	<b>806</b>	<b>-598</b>	<b>Total change in cash and cash equivalents in year</b>	<b>-598</b>	<b>768</b>	<b>942</b>
832	832	1 812	Cash and cash equivalents OB	1 812	870	870
1 812	1 638	1 214	Cash and cash equivalents at end of period	1 214	1 638	1 812
<b>980</b>	<b>806</b>	<b>-598</b>	<b>Net change in cash and cash equivalents in year</b>	<b>-598</b>	<b>768</b>	<b>942</b>
			<b>Cash and cash equivalents, specified</b>			
114	112	120	Cash holdings and receivables from central banks	120	112	114
1 698	1 526	1 093	Loans to and receivables from credit institutions without agreed maturity	1 093	1 526	1 698
<b>1 812</b>	<b>1 638</b>	<b>1 214</b>	<b>Cash and cash equivalents</b>	<b>1 214</b>	<b>1 638</b>	<b>1 812</b>

1) Cash and cash equivalents from SpareBank 1 Telemark upon merger on 01.06.2021  
Cash and cash equivalents from SpareBank 1 Modum upon merger on 01.04.2022.

## Cash flow from interest received, interest payments and dividends received

Parent bank				Group		
31.12.2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	30.09.2022	30.09.2021	31.12.2021
1 192	800	1 560	Interest received on loans to customers	1 559	800	1 191
-151	-102	-281	Interest paid on deposits from customers	-279	-102	-150
10	7	23	Interest received on loans to and receivables from credit institutions	23	7	10
-1	0	-1	Interest paid on loans to and receivables from credit institutions	-1	0	-1
57	37	115	Interest received on certificates and bonds	115	37	57
-154	-99	-294	Interest paid on certificates and bonds	-294	-99	-154
129	128	104	Dividends from investments	45	33	33
<b>1 083</b>	<b>772</b>	<b>1 227</b>	<b>Net cash flow from interest received, interest payments and dividends received</b>	<b>1 168</b>	<b>676</b>	<b>988</b>





# Notes to the financial statements

## Note 1 – Accounting policies

The interim report for SpareBank 1 Sørøst-Norge covers the period 01.01-30.09.2022. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and in line with the same accounting policies and calculation methods applied in the annual financial statements for 2021.

As of the financial year 2021, the Bank changed its accounting policy and definition of and cash equivalents. In connection with this, loans to and receivables from credit institutions with agreed maturity or terms were no longer included as part of cash and cash equivalents. The change in policy was made due to the Bank believing that presenting the figures in this way provides more relevant information and a better basis for comparisons with other banks. The figures that were reclassified on the basis of cash and

cash equivalents were NOK 305 million per as at 01.01.2020 and as at 31.12.2020.

The Financial Supervisory Authority of Norway made the Bank aware that the aforementioned, voluntary change in policies should be discussed in the annual report for 2021.

As of the financial year 2021, the Bank defines cash and cash equivalents as including cash holdings, receivables from central banks and loans to and receivables from credit institutions without agreed maturity.

For a detailed description of the accounting policies that have been applied, please see Note 2 in the Bank's official annual financial statements for 2021.

## Note 2 – Critical accounting estimates

In preparing the consolidated accounts, the management makes estimates and discretionary assessments, as well as assumptions that affect the impact of applying the accounting principles.

This will therefore affect the reported amounts for assets, liabilities, income and expenses.

In the financial statements for 2021, Note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions.

The IFRS 9 loss model is based on multiple input factors from the portfolios, where the events have occurred as of the statement of financial position date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted detailed, quarterly reviews of the corporate

market portfolio in order to identify and make loss provisions for individual exposures. PD/LGD levels have not been recalibrated in the model as at 30.09.2022.

In addition to expanded individual loss assessments, the Bank assessed the model's scenario weightings in this quarter as well, as at 30.09.2022. Society reopened during the first quarter and the risk of losses related to the pandemic therefore decreased. At the same time, the uncertainty surrounding the security situation increased and there has been persistent turmoil in financial and commodity markets (with the construction industry being particularly exposed) throughout the year. Based on this, the scenario weights for both the retail market and the corporate market have been kept unchanged at 80/15/5 (likelihood of normal/worst/best scenario, respectively) at the end of the third quarter. Please see the more detailed comments in Note 6 and the Board of Directors' Interim Report.

### Note 3 – Merger of SpareBank 1 Sørøst-Norge and SpareBank 1 Modum on 01.04.2022

The merger of SpareBank 1 Sørøst-Norge and SpareBank 1 Modum was completed on 01.04.2022, with accounting effect from the same date. SpareBank 1 Sørøst-Norge is the takeover bank. The merger was treated in line with the acquisition method in line with IFRS 3. The Bank's head office is in Fokserød in Sandefjord.

On 15.09.2021, the boards of the banks adopted an internal agreement on a possible merger between SpareBank 1 Sørøst-Norge and SpareBank 1 Modum. The intention behind the merger is to form a powerful bank that will strengthen the banks' positions with customers, produce greater returns for the owners, and, not least, create secure and attractive jobs within banking and finance in the region. The new bank also wants to strengthen and secure the banks' positions in the respective local communities via a decentralised organisational model, which together with the five strong and important local savings bank foundations is intended to underpin the Bank's identity.

The merger plan was approved by the boards of directors of both banks on 10.11.2021. The merger plan received the final approval of the banks' supervisory board/general meeting on 16.12.2021, and on 03.03.2022, the Financial Supervisory Authority of Norway granted the necessary permissions for the merger. Completion of the merger was approved from 01.04.2022.

The final merger plan set the exchange ratio at 85.2% for SpareBank 1 Sørøst-Norge and 14.8% for SpareBank 1 Modum, equivalent to an exchange ratio of 2.223 per equity certificate. The remuneration for the takeover of SpareBank 1 Modum's business was settled in the form of

new equity certificates in SpareBank 1 Sørøst-Norge. In connection with the merger, the equity certificate capital was increased by NOK 321.1 million through the issuance of 21 408 644 new equity certificates, of which 8 521 495 equity certificates were for the former equity certificate holders of SpareBank 1 Modum and 12 887 149 equity certificates were for Sparebankstiftelsen SpareBank 1 Modum, as remuneration for the business taken over from SpareBank 1 Modum. These equity certificates were issued with a nominal value of NOK 15 per equity certificate and at a price of NOK 53.54 per equity certificate. The exchange rate corresponds to the 3-month volume-adjusted exchange rate as at 04.11.2021.

Following the issuance of new equity certificates, total equity certificate capital will amount to NOK 2 101.5 million divided into NOK 140 098 561 equity certificates with a nominal value of NOK 15 per equity certificate. The fair value of the 21 406 644 equity certificates that were issued as remuneration for the equity certificate holders in SpareBank 1 Modum and Sparebankstiftelsen SpareBank 1 Modum amounts to NOK 61.6 per equity certificate, which corresponds to the selling price on 31.03.2022. The difference between the fair value of the remuneration for the equity certificate holders in SpareBank 1 Modum before the merger and their share of net equity pursuant to the acquisition analysis amounts to goodwill and was recognised on the statement of financial position at the time of completion (01.04.2022) in line with IFRS 3.

The table below shows the remuneration, fair value of assets and liabilities from SpareBank 1 Modum, as well as the calculation of goodwill as at 01.04.2022 (completion date).

Remuneration	Quantity	Price (NOK)	Remuneration (NOK millions)
Equity certificate capital – permanent	2 963 998	53.54	159
Equity certificate capital – Sparebankstiftelsen Modum	18 444 646	53.54	988
<b>Total remuneration</b>	<b>21 408 644</b>	<b>-</b>	<b>1 146</b>

Amounts in NOK millions

	PARENT BANK Modum			GROUP Modum		
	31.03.2022	Added/ less value	Fair value 01.04.2022	31.03.2022	Added/ less value	Fair value 01.04.2022
<b>Fair value of identifiable assets and liabilities</b>						
Cash and receivables from central banks	11	-	11	11	-	11
Loans to and receivables from credit institutions	613	-	613	613	-	613
Gross lending to and receivables from customers	9 754	-18	9 736	9 776	-18	9 758
Impairment provisions	-31	24	-7	-31	24	-7
Net lending to and receivables from customers	9 723	6	9 729	9 745	6	9 751
Interest-bearing securities	589	-	589	589	-	589
Financial derivatives	13	-	13	13	-	13
Shares, equity certificates and units	372	-	372	372	-	372
Interests in group companies	48	-	48	-	-	-
Ownership interests in joint ventures	82	192	274	166	108	274
Tangible assets	51	11	62	68	11	79
Goodwill	9	-	9	48	-	48
Deferred tax assets	4	-4	0	4	-4	0
Other assets	26	-	26	26	-	26
<b>Total assets</b>	<b>11 541</b>	<b>205</b>	<b>11 746</b>	<b>11 656</b>	<b>121</b>	<b>11 776</b>
Deposits from customers	8 499	-	8 499	8 485	-	8 485
Liabilities from the issuance of securities	1 306	-	1 306	1 306	-	1 306
Financial derivatives	1	-	1	1	-	1
Subordinated loan capital	90	-	90	90	-	90
Other liabilities and commitments	88	-	88	123	-	123
<b>Total liabilities</b>	<b>9 984</b>	<b>0</b>	<b>9 984</b>	<b>10 005</b>	<b>0</b>	<b>10 005</b>
<b>Net equity for distribution to equity certificate holders and community capital</b>	<b>1 557</b>	<b>205</b>	<b>1 762</b>	<b>1 650</b>	<b>121</b>	<b>1 771</b>
The calculated equity based on a closing price as at 31.03.2022 of NOK 61.6 and an exchange ratio of 15 Modum/85 SOON.			2 113			2 113
<b>Calculated goodwill</b>			<b>-351</b>			<b>-342</b>

Amounts in NOK millions

	Parent bank			Group		
	SpareBank 1 Modum	SpareBank 1 Sørøst- Norge	New SpareBank 1 Sørøst- Norge	SpareBank 1 Modum	SpareBank 1 Sørøst- Norge	New SpareBank 1 Sørøst- Norge
<b>Opening balance 01.04.22</b>						
<b>Assets</b>						
Cash and receivables from central banks	11	106	117	11	106	117
Loans to and receivables from credit institutions	613	1 826	2 439	613	1 826	2 439
Gross lending to and receivables from customers	9 736	63 106	72 842	9 758	63 078	72 835
Impairment provisions	-7	-222	-229	-7	-222	-229
Net lending to and receivables from customers	9 729	62 884	72 614	9 751	62 856	72 607
Interest-bearing securities	589	6 930	7 519	589	6 930	7 519
Financial derivatives	13	-	13	13	-	13
Shares, equity certificates and units	372	2 190	2 562	372	2 190	2 562
Interests in group companies	48	69	117	0	0	0
Ownership interests in joint ventures and associated companies	274	862	1 136	274	1 155	1 429
Tangible assets	62	246	308	79	285	364
Goodwill	9	-	360	48	24	415
Deferred tax assets	0	23	23	0	25	25
Other assets	26	256	282	26	342	367
<b>Total assets</b>	<b>11 746</b>	<b>75 392</b>	<b>87 489</b>	<b>11 776</b>	<b>75 738</b>	<b>87 857</b>
<b>Liabilities</b>						
Deposits from credit institutions	-	150	150	-	150	150
Deposits from customers	8 499	47 151	55 650	8 485	47 105	55 590
Liabilities from the issuance of securities	1 306	16 971	18 277	1 306	16 971	18 277
Financial derivatives	1	-	1	1	-	1
Subordinated loan capital	90	651	742	90	651	742
Other liabilities and commitments	88	1 036	1 124	123	1 103	1 226
<b>Total liabilities</b>	<b>9 984</b>	<b>65 960</b>	<b>75 944</b>	<b>10 005</b>	<b>65 980</b>	<b>75 986</b>
<b>Equity</b>						
Equity certificate capital	249	1 780	2 101	249	1 780	2 101
Treasury holding	-	-3	-3	-	-3	-3
Share premium fund	101	2 777	3 775	101	2 777	3 775
Dividend equalisation fund	31	812	812	31	812	812
Gift fund	-	7	7	-	7	7
Fund for unrealised gains	23	27	27	23	27	27
Hybrid capital (hybrid Tier 1 securities)	-	350	350	-	350	350
Sparebankens Fond	1 154	3 532	4 327	1 154	3 532	4 327
Other equity	205	150	150	214	470	470
Minority interests	-	-	-	-	5	5
<b>Total equity</b>	<b>1 762</b>	<b>9 432</b>	<b>11 546</b>	<b>1 771</b>	<b>9 758</b>	<b>11 871</b>
<b>Total liabilities and equity</b>	<b>11 746</b>	<b>75 392</b>	<b>87 489</b>	<b>11 776</b>	<b>75 738</b>	<b>87 857</b>
<b>Off-statement of financial position items:</b>						
Portfolio transferred to mortgage credit institutions	4 980	25 821	30 800	4 980	25 821	30 800

The pro forma results for the period 01.01.2022-31.03.2022 represent the results of both banks consolidated as if the merger had occurred with accounting effect from 01.01.2022.

There were no significant eliminations between the banks during this period meaning that the results for the period was just consolidated.

Amounts in NOK millions

<b>Pro forma results 01.01-31.03.22</b>	<b>Parent bank</b>	<b>Group</b>
Interest income	514	514
Interest expenses	161	161
<b>Net interest income</b>	<b>353</b>	<b>353</b>
Commission income	161	161
Commission expenses	10	10
Other operating income	2	67
<b>Net commission and other income</b>	<b>154</b>	<b>218</b>
Dividends	14	14
Net result from ownership interests in joint ventures and associated companies	1	15
Net result from other financial investments	-2	-2
<b>Net result from financial investments</b>	<b>12</b>	<b>27</b>
<b>Total net income</b>	<b>520</b>	<b>598</b>
Personnel expenses	160	201
Other operating expenses	143	163
<b>Total expenses</b>	<b>303</b>	<b>364</b>
<b>Profit before losses and tax</b>	<b>216</b>	<b>235</b>
Losses on loans and guarantees	-11	-11
<b>Profit before tax</b>	<b>227</b>	<b>245</b>
Tax expense	50	51
<b>Ordinary profit</b>	<b>177</b>	<b>195</b>



## Note 4 – Capital adequacy

In capital adequacy calculations, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk.

The Ministry of Finance has decided to increase the countercyclical buffer by a total of 1.0 percentage points in 2022 (0.5 percentage points on 30.06.2022 and 0.5 percentage points on 31.12.2022) and a further 0.5 percentage points on 31.03.2023, such that the total countercyclical buffer will amount to 2.5% at the end of the first quarter of 2023. In addition, the systemic risk buffer will be increased by 1.5 percentage points to a total of 4.5% on 31.12.2022. In connection with the approval of the merger with SpareBank 1 Modum in March, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement of 2.5%. This requirement will apply until the Financial Supervisory Authority of Norway sets a new Pillar 2 requirement. The Board of Directors is going to start work on a new internal capital adequacy assessment process (ICAAP). The assessment must be submitted to the Financial Supervisory Authority of Norway by no later than 12 months after the merger has been completed. The Group's target Common Equity Tier 1 Capital ratio has been revised upwards to a minimum of 17.0% in light of the increased capital requirements.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 19.7% (18.1%). The leverage ratio was 8.5% (8.4%) at the end of the quarter. The regulatory

requirement for the leverage ratio is 5.0%.

The EU's banking package entered into force in Norway 01.06.2022. This entails, among other things, an expanded SME discount. This has, in isolation, increased the Common Equity Tier 1 capital ratio by approximately 0.6 percentage points.

### Extended consolidation for owner companies in the Samarbeidende Sparebanker grouping

Under the CRD IV rules, SpareBank 1 Sørøst-Norge is currently below the materiality threshold for reporting fully consolidated capital adequacy. Consequently, capital adequacy is not worked out at a consolidated level. The Bank has carried out proportional consolidation of interests in the cooperative group since 2018.

*The following companies are included in proportional consolidation:*

SpareBank 1 Boligkreditt AS (12.9%)  
 SpareBank 1 Næringskreditt AS (10.9%)  
 SpareBank 1 Kreditt AS (10.6%)  
 SpareBank 1 SMN Finans AS (14.6%)  
 BN Bank ASA (7.5%)

The provision applies to interests in other financial institutions engaged in the activities to which the cooperation relates; see Financial Institutions Act, section 17-13.

## Proportional consolidation

Amounts in NOK millions	30.09.2022	30.09.2021	31.12.2021
Primary capital			
Common Equity Tier 1 capital	11 025	8 865	8 817
Tier 1 capital	11 531	9 345	9 293
Primary capital	12 548	10 183	10 124
Basis for calculation	55 960	48 977	48 269
<b>Capital adequacy</b>			
Common Equity Tier 1 capital ratio	19.7%	18.1%	18.3%
Tier 1 capital ratio	20.6%	19.1%	19.3%
Capital adequacy	22.4%	20.8%	21.0%
Leverage ratio	8.5%	8.4%	8.4%

## Parent bank

Amounts in NOK millions	30.09.2022	30.09.2021	31.12.2021
Equity certificate capital	2 101	1 778	1 778
Share premium fund	3 779	2 777	2 777
Dividend equalisation fund	812	645	637
Sparebankens Fond	4 327	3 423	3 417
Fund for unrealised gains/losses	25	23	22
Endowment fund	7	7	7
Allocated dividend classified as equity			
Other equity (IAS pensions and interest paid on hybrid capital)	-14	-8	-11
Profit for the period	869	623	796
<b>Total capitalised equity (excluding hybrid capital)</b>	<b>11 906</b>	<b>9 267</b>	<b>9 423</b>
Value adjustments on shares and bonds measured at fair value (AVA)	-15	-10	-11
Deduction for goodwill	-357		
Deduction for non-material interests in the financial sector		-82	-122
Deduction for material interests in the financial sector	-1 065	-804	-749
Dividends allocated for distribution, classified as equity			-297
Dividends/gifts to community capital, classified as equity			-196
Profit for the period	-869	-623	
Interim profit included in Tier 1 capital	343	311	
<b>Total Common Equity Tier 1 capital</b>	<b>9 943</b>	<b>8 060</b>	<b>8 048</b>
Hybrid capital	350	350	350
<b>Total Tier 1 capital</b>	<b>10 293</b>	<b>8 410</b>	<b>8 398</b>
<b>Supplementary capital in excess of Tier 1 capital</b>			
Time-limited primary capital	790	650	650
Deduction for non-material interests in the financial sector			0
<b>Net primary capital</b>	<b>11 083</b>	<b>9 060</b>	<b>9 047</b>

<b>Risk-weighted basis for calculation</b>			
Assets not included in the trading portfolio	41 832	36 942	36 532
Operational risk	3 569	3 001	3 066
CVA surcharge (counterparty risk on derivatives)	59	76	74
<b>Total basis for calculation</b>	<b>45 460</b>	<b>40 018</b>	<b>39 672</b>
Common Equity Tier 1 capital ratio	21.9%	20.1%	20.3%
Tier 1 capital ratio	22.6%	21.0%	21.2%
Capital adequacy	24.4%	22.6%	22.8%
Leverage ratio	11.2%	11.0%	11.0%
<b>Buffer requirements</b>			
Capital conservation buffer (2.50%)	1 137	1 000	992
Countercyclical buffer (1.5%)	682	400	397
Systemic risk buffer (3.00%)	1 364	1 201	1 190
<b>Total buffer requirement for Common Equity Tier 1 capital</b>	<b>3 182</b>	<b>2 601</b>	<b>2 579</b>
Minimum requirement for Common Equity Tier 1 capital (4.50%)	2 046	1 801	1 785
Available Common Equity Tier 1 capital in excess of minimum requirement	4 715	3 658	3 684

<b>Specification of risk-weighted credit risk</b>	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>31.12.2021</b>
Governments and central banks	53	52	27
Local and regional authorities	104	84	63
Publicly owned companies	10	10	10
Institutions	244	252	159
Companies	4 127	4 370	4 280
Mass market	5 853	4 861	4 600
Mortgaged against residential and holiday property	18 205	15 116	16 456
Mortgaged against commercial property	6 491	6 777	5 589
Exposures past due	402	312	326
High-risk exposures	2 333	1 677	1 646
Covered bonds	551	628	497
Receivables from institutions and companies with short-term ratings	232	305	340
Shares in mutual funds	67	58	48
Equity items	2 669	2 171	2 135
Other exposures	489	270	356
<b>Total credit risk</b>	<b>41 832</b>	<b>36 942</b>	<b>36 532</b>

## Note 5 – Segment information

The segment information is related to the way in which the Group is managed and followed up internally by the business through performance and capital reporting, proxies and procedures.

The reporting of segments is divided into the following areas: Retail market (RM) and corporate market (CM)

customers, which include the parent bank and subsidiaries related to real estate and accounting services. 'Not allocated' mainly includes group eliminations and subsidiaries that manage properties.

### Group 30.09.2022

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Profit</b>				
Net interest income	647	449	1	1 097
Net commission and other income	524	190	-9	705
Operating expenses	666	247	-10	903
<b>Profit before losses</b>	<b>505</b>	<b>392</b>	<b>2</b>	<b>899</b>
Losses on loans and guarantees	2	9		10
<b>Profit before tax</b>	<b>504</b>	<b>383</b>	<b>2</b>	<b>889</b>

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Statement of financial position</b>				
Net lending to customers	52 619	21 370	-25	73 963
Other assets			15 432	15 432
<b>Total assets per segment</b>	<b>52 619</b>	<b>21 370</b>	<b>15 407</b>	<b>89 396</b>
Deposits from and liabilities to customers	37 377	18 622	-56	55 943
Other equity and liabilities			33 453	33 453
<b>Total equity and debt per segment</b>	<b>37 377</b>	<b>18 622</b>	<b>33 397</b>	<b>89 396</b>

**Group 30.09.2021**

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Profit</b>				
Net interest income	376	244	0	620
Net commission and other income	624	195	-5	814
Operating expenses	437	170	-5	601
<b>Profit before losses</b>	<b>563</b>	<b>269</b>	<b>1</b>	<b>833</b>
Losses on loans and guarantees	14	64		78
<b>Profit before tax</b>	<b>550</b>	<b>205</b>	<b>1</b>	<b>755</b>

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Statement of financial position</b>				
Net lending to customers	44 325	17 659	-38	61 946
Other assets			12 487	12 487
<b>Total assets per segment</b>	<b>44 325</b>	<b>17 659</b>	<b>12 448</b>	<b>74 432</b>
Deposits from and liabilities to customers	31 072	15 857	-41	46 888
Other equity and liabilities			27 544	27 544
<b>Total equity and debt per segment</b>	<b>31 072</b>	<b>15 857</b>	<b>27 504</b>	<b>74 432</b>

**Group 31.12.2021**

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Profit</b>				
Net interest income	550	370	(0)	920
Net commission and other income	838	254	(17)	1 075
Operating expenses	653	242	(8)	886
<b>Profit before losses</b>	<b>735</b>	<b>382</b>	<b>(8)</b>	<b>1 109</b>
Losses on loans and guarantees	8	71	0	79
<b>Profit before tax</b>	<b>728</b>	<b>311</b>	<b>(9)</b>	<b>1 030</b>

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Statement of financial position</b>				
Net lending to customers	44 609	17 963	-29	62 542
Other assets			12 370	12 370
<b>Total assets per segment</b>	<b>44 609</b>	<b>17 963</b>	<b>12 340</b>	<b>74 911</b>
Deposits from and liabilities to customers	31 098	15 166	-52	46 212
Other equity and liabilities			28 699	28 699
<b>Total equity and debt per segment</b>	<b>31 098</b>	<b>15 166</b>	<b>28 647</b>	<b>74 911</b>

## Note 6 – Impairment of loans

Parent bank				Group		
2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	30.09.2022	30.09.2021	2021
-	-	10	Effect of merger with SpareBank 1 Modum 1)	10	-	-
89	89	-	Effects of merger with Sparebanken Telemark 2)	-	89	89
-21	-22	-23	Change in impairment provisions in the period, Stage 1	-23	-22	-21
-15	-4	8	Change in impairment provisions in the period, Stage 2	8	-4	-15
9	-2	14	Change in impairment provisions in the period, Stage 3	14	-2	17
17	14	2	Losses for the period with previous impairments	2	14	9
8	5	4	Losses for the period without previous impairments	4	5	8
-3	-2	-1	Previously recognised impairments at start of period	-1	-2	-3
-5	-1	-4	Other corrections/amortisation of impairments	-4	-1	-5
<b>79</b>	<b>78</b>	<b>10</b>	<b>Losses on loans and guarantees in the period</b>	<b>10</b>	<b>78</b>	<b>79</b>

<sup>1)</sup> Loans and guarantees in Stage 1 were measured at fair value, equivalent to amortised cost, in connection with the opening balance upon the merger with SpareBank 1 Modum on 01.04.2022. Upon initial recognition in the merged bank, the loans were reassessed and loss provisions of NOK 10 million were made in Stage 1. This corresponds to SpareBank 1 Modum's impairment provisions as at 31.03.2022 (prior to the merger).

<sup>2)</sup> Loans and guarantees in Stage 1 were measured at fair value, equivalent to amortised cost, in connection with the opening balance upon the merger between SpareBank 1 BV and Sparebanken Telemark on 01.06.2021. Upon initial recognition in the merged bank, the loans were reassessed and loss provisions of NOK 89 million were made in Stage 1. This corresponds to Sparebanken Telemark's impairment provision as at 31.05.2021 (prior to the merger).



## Note 7 – Impairment provisions for loans and guarantees

Only figures for the Group are shown as the parent bank's figures are identical.

(Amounts in NOK millions)

Impairment provisions for loans and guarantees	Group			Total
	Stage 1	Stage 2	Stage 3	
<b>31.12.2021</b>	<b>120</b>	<b>72</b>	<b>95</b>	<b>287</b>
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger	10	0	0	10
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger	0	7	0	7
Impairment provisions transferred to Stage 1	22	-22	0	0
Impairment provisions transferred to Stage 2	-11	13	-2	0
Impairment provisions transferred to Stage 3	-1	-5	5	0
New financial assets issued or purchased	28	13	3	44
Increase in existing loans	15	42	36	93
Reduction in existing loans	-51	-13	12	-51
Financial assets that have been deducted	-30	-20	-12	-62
Changes due to recognised impairments (recognised losses)	0	0	-9	-9
<b>30.09.2022</b>	<b>103</b>	<b>87</b>	<b>130</b>	<b>320</b>
- reversal of impairment provisions related to fair value through OCI	-26			-26
<b>Capitalised impairment provisions as at 30.09.2022</b>	<b>77</b>	<b>87</b>	<b>130</b>	<b>294</b>
Of which, impairment provisions for capitalised loans	60	83	125	268
Of which, impairment provisions for unused credits and guarantees	17	4	5	26
Impairment provisions as % of gross lending	0.12%	2.00%	33.43%	0.42%
Of which: impairment provisions, retail market - amortised cost	8	37	45	90
Of which: impairment provisions, corporate market - amortised cost	69	51	84	204

(Amounts in NOK millions)

Impairment provisions for loans and guarantees	Group			
	Stage 1	Stage 2	Stage 3	Total
<b>31.12.2020</b>	<b>52</b>	<b>50</b>	<b>69</b>	<b>172</b>
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger	89			89
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger		38		38
Change in recognised gross on the balance sheet in connection with the recognition of loans in Stage 3 upon the merger			5	5
Impairment provisions transferred to Stage 1	18	-18	0	0
Impairment provisions transferred to Stage 2	-9	10	-1	0
Impairment provisions transferred to Stage 3	-1	-2	3	0
New financial assets issued or purchased	35	6	3	44
Increase in existing loans	-12	32	39	59
Reduction in existing loans	-32	-17	-23	-71
Financial assets that have been deducted	-22	-15	-9	-46
Changes due to recognised impairments (recognised losses)	<b>0</b>	<b>0</b>	<b>-6</b>	<b>-6</b>
<b>30.09.2021</b>	<b>119</b>	<b>84</b>	<b>80</b>	<b>283</b>
- reversal of impairment provisions related to fair value through OCI	<b>-25</b>			<b>-25</b>
<b>Capitalised impairment provisions as at 30.09.2021</b>	<b>95</b>	<b>84</b>	<b>80</b>	<b>259</b>
Of which, impairment provisions for capitalised loans	74	78	73	225
Of which, impairment provisions for unused credits and guarantees	21	6	7	34
Of which: impairment provisions, retail market - amortised cost	6	32	23	62
Of which: impairment provisions, corporate market - amortised cost	88	52	57	197

(Amounts in NOK millions)

Impairment provisions for loans and guarantees	Group			
	Stage 1	Stage 2	Stage 3	Total
<b>31.12.2020</b>	<b>52</b>	<b>50</b>	<b>69</b>	<b>172</b>
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger	89	0	0	89
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger	0	38	0	38
Change in recognised gross on the balance sheet in connection with the recognition of loans in Stage 3 upon the merger	0	0	9	9
Impairment provisions transferred to Stage 1	32	-22	-10	0
Impairment provisions transferred to Stage 2	-5	6	0	0
Impairment provisions transferred to Stage 3	-2	-3	5	0
New financial assets issued or purchased	53	16	2	72
Increase in existing loans	-16	21	57	63
Reduction in existing loans	-47	-12	-10	-69
Financial assets that have been deducted	-38	-22	-17	-77
Changes due to recognised impairments (recognised losses)	<b>0</b>	<b>0</b>	<b>-9</b>	<b>-9</b>
<b>31.12.2021</b>	<b>120</b>	<b>72</b>	<b>95</b>	<b>287</b>
- reversal of impairment provisions related to fair value through OCI	<b>-24</b>	<b>0</b>	<b>0</b>	<b>-24</b>
<b>Capitalised impairment provisions as at 31.12.2021</b>	<b>96</b>	<b>72</b>	<b>95</b>	<b>264</b>
Of which, impairment provisions for capitalised loans	70	68	91	229
Of which, impairment provisions for unused credits and guarantees	26	4	4	34
Of which: impairment provisions, retail market - amortised cost	4	28	30	62
Of which: impairment provisions, corporate market - amortised cost	92	44	65	201

### Sensitivity analysis – loss model

The model calculates impairments on commitments in three different scenarios where the probability of the individual scenario occurring is weighted. The basic scenario for the IFRS 9 calculations is mainly based on the benchmark trajectory of the Monetary Policy Report from Norges Bank and contains expectations regarding macroeconomic factors such as unemployment, GDP growth, interest rates, house prices, etc.

At the same time, the loss model is based on multiple input factors from the portfolios, where the events have occurred as of the balance sheet date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted an expanded review of our CM portfolio in order to identify and make provisions for individual commitments and industries that we believe will experience specific problems making it through the crisis.

PD/LGD levels have not been recalibrated in the model as at 30.09.2022.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based on an assessment. The scenario weighting has remained unchanged from 31.12.2021.

Below, the impairment provisions are shown at full (100%) weighting of the various scenarios in order to illustrate the span in the model.

Internal simulations were last carried out in the event of changes to weighted PD on 31.12.2021. The simulation shows that, given the Bank's scenario weighting as at 31.12.2021, impairment provisions increase by around NOK 10 million for every 10% increase in weighted PD. These indicate that adjustments to the scenarios have about the same effect as similar adjustments to PD levels.

#### Scenario weights used as at 30.09.2022

(Amounts in NOK millions)	Weight RM/CM	RM	CM	Total
Scenario 1 (expected case)	80%/80%	61	162	223
Scenario 2 (downside case)	15%/15%	47	87	134
Scenario 3 (upside case)	5%/5%	3	7	10
<b>Total estimated IFRS 9 provisions</b>		<b>111</b>	<b>257</b>	<b>368</b>
Adjusted for amortisation effects				-47
-reversal of impairment provisions related to at fair value through OCI		-26		-26
<b>Capitalised impairment provisions for the parent bank as at 30.09.2022</b>		<b>85</b>	<b>257</b>	<b>294</b>

#### IFRS 9 impairment provisions in the event of a change in weight:

(Amounts in NOK millions)	Weight RM/CM	RM	CM	Total
Scenario 1 (Normal case)	100%/100%	77	202	279
Scenario 2 (downside case)	100%/100%	313	582	895
Scenario 3 (upside case)	100%/100%	51	147	198

Scenario weights used	30.09.2022 Weight RM/CM	30.09.2021 Weight RM/CM	31.12.2021 Weight RM/CM
Scenario 1 (Normal case)	80%/80%	80%/80%	80%/80%
Scenario 2 (worst case)	15%/15%	15%/15%	15%/15%
Scenario 3 (upside case)	5%/5%	5%/5%	5%/5%

## Note 8 – Loans to customers by Stages 1, 2 and 3

Only figures for the Group are shown as the parent bank's figures are identical.

(Amounts in NOK millions)

	Group			
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
<b>31.12.2021</b>	<b>55 671</b>	<b>3 950</b>	<b>335</b>	<b>59 957</b>
Effect of merger with SpareBank 1 Modum	8 509	528	53	9 090
Loans transferred to Stage 1	1 445	-1 438	-7	-
Loans transferred to Stage 2	-1 944	1 975	-31	-
Loans transferred to Stage 3	-35	-80	115	-
New financial assets issued or purchased	19 125	561	23	19 709
Increase in existing loans	3 980	279	20	4 279
Reduction in existing loans	-4 557	-309	-33	-4 899
Financial assets that have been deducted	-16 410	-1 097	-72	-17 579
Changes due to recognised impairments (recognised losses)	-2	-	-2	-5
Changes due to receipts for previous impairments (recognised)	-	-	-14	-14
<b>30.09.2022</b>	<b>65 781</b>	<b>4 369</b>	<b>388</b>	<b>70 537</b>
Impairment provisions as % of gross lending	0.12%	2.00%	33.43%	0.42%
of which corporate market	19 785	1 819	221	21 824
of which retail market	45 996	2 550	167	48 713

(Amounts in NOK millions)

Group

Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
<b>31.12.2020</b>	<b>28 478</b>	<b>2 246</b>	<b>198</b>	<b>30 922</b>
Effects of merger with Sparebanken Telemark	23 696	1 061	102	24 859
Loans transferred to Stage 1	832	-823	-9	-
Loans transferred to Stage 2	-1 579	1 593	-13	-
Loans transferred to Stage 3	-50	-36	86	-
New financial assets issued or purchased	18 847	519	14	19 380
Increase in existing loans	620	208	4	832
Reduction in existing loans	-2 264	-114	-28	-2 406
Financial assets that have been deducted	-13 476	-809	-46	-14 331
Changes due to recognised impairments (recognised losses)	-	-	-12	-12
Changes due to receipts for previous impairments (recognised)	-	-	-7	-7
<b>30.09.2021</b>	<b>55 104</b>	<b>3 844</b>	<b>290</b>	<b>59 238</b>
Impairment provisions as % of gross lending	0.17%	2.19%	27.55%	0.44%
of which corporate market	15 127	1 853	174	17 154
of which retail market	39 988	1 975	122	42 084

(Amounts in NOK millions)

Group

Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
<b>31.12.2020</b>	<b>28 478</b>	<b>2 246</b>	<b>198</b>	<b>30 922</b>
Effects of merger with Sparebanken Telemark	23 696	1 061	102	24 859
Loans transferred to Stage 1	955	-932	-23	0
Loans transferred to Stage 2	-1 926	1 933	-8	0
Loans transferred to Stage 3	-132	-62	194	0
New financial assets issued or purchased	26 696	883	18	27 596
Increase in existing loans	819	121	7	948
Reduction in existing loans	-3 213	-204	-31	-3 448
Financial assets that have been deducted	-19 734	-1 095	-104	-20 933
Changes due to recognised impairments (recognised losses)	-	-1	-7	-8
Changes due to receipts for previous impairments (recognised)	-	-	-9	-9
<b>31.12.2021</b>	<b>55 638</b>	<b>3 950</b>	<b>339</b>	<b>59 927</b>
Impairment provisions as % of gross lending	0.17%	1.83%	28.15%	0.44%
of which corporate market	15 995	1 638	209	17 843
of which retail market	39 643	2 312	130	42 085

## Note 9 – Loan to customers by sector and industry

Parent bank				Group		
31.12.2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	30.09.2022	30.09.2021	31.12.2021
44 736	43 950	52 274	Employees, etc.	52 274	43 950	44 736
11 201	11 729	13 846	Property management/business services, etc.	13 821	11 691	11 172
2 853	2 391	3 178	Property management housing cooperatives	3 178	2 391	2 853
768	759	944	Wholesale and retail trade/hotels and restaurants	944	759	768
590	582	964	Agriculture/forestry	964	582	590
571	589	816	Building and construction	816	589	571
714	830	892	Transport and service Industries	892	830	714
759	728	616	Production (manufacturing)	616	728	759
10	10	0	Public administration	0	10	10
598	641	727	Abroad and others	727	641	598
<b>62 801</b>	<b>62 209</b>	<b>74 257</b>	<b>Gross lending</b>	<b>74 231</b>	<b>62 171</b>	<b>62 771</b>
19 814	19 896	21 749	- Of which, measured at amortised cost	21 723	19 858	19 784
40 143	39 381	48 814	- Of which, measured at fair value through OCI	48 814	39 381	40 143
2 844	2 932	3 694	- Of which, measured at fair value through profit or loss	3 694	2 932	2 844
-229	-225	-268	- Impairment provisions for loans	-268	-225	-229
<b>62 571</b>	<b>61 984</b>	<b>73 989</b>	<b>Net lending</b>	<b>73 963</b>	<b>61 946</b>	<b>62 542</b>
<b>62 801</b>	<b>62 209</b>	<b>74 257</b>	<b>Gross lending</b>	<b>74 231</b>	<b>62 171</b>	<b>62 771</b>
23 769	23 599	30 084	Gross lending transferred to SB1 Boligkreditt	30 084	23 599	23 769
1 565	1 614	1 506	Gross lending transferred to SB1 Næringskreditt	1 506	1 614	1 565
<b>88 135</b>	<b>87 421</b>	<b>105 847</b>	<b>Gross lending including SB1 Bol-igkreditt and Næringskreditt</b>	<b>105 822</b>	<b>87 383</b>	<b>88 105</b>

## Note 10 – Transfer of financial assets

SpareBank 1 Sørøst-Norge and other owners have agreed to establish a liquidity facility for SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. This means that the banks commit to buy bonds issued by the company up to a total value of 12 months' term to maturity. Each owner is principally liable for its share of the requirement, and secondarily for twice the primary liability under the same agreement.

The bonds can be deposited with Norges Bank, so carry no significant added risk for SpareBank 1 Sørøst-Norge. The Bank has signed an agreement for the legal sale of loans with high security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. For more information on the accounting treatment of the agreements, see Note 2 and Note 10 to the annual financial statements for 2021.



## Note 11 – Financial derivatives

### General description

The table below shows the fair value of the Bank's financial derivatives presented as assets and liabilities, as well as the nominal values of the contract volumes. Positive market values of the contracts are presented as assets, while negative market values are presented as liabilities. The contract volume, shows the size of the derivatives' underlying assets and liabilities, and is the basis for the measurement of changes in the fair value of the Bank's derivatives. Derivative transactions are related to the ordinary banking operations and implemented to reduce risk related to the Bank's liquidity portfolio and the Bank's borrowing in the financial markets and to identify and reduce risk related to customer-related activities. Only hedging related to the Bank's funding activities is defined as 'fair value hedging' in accordance with IFRS 9.

### Fair value hedging

The Bank has hedged fixed rate borrowing with a capitalised value of NOK 6 200 million. The borrowing is hedged 1:1 through external contracts where the term to maturity and fixed rate of the hedged item and hedging transaction match. The Bank prepares quarterly documentation of the effectiveness of the hedging instrument in relation to the hedged item. A total of ten transactions involving borrowing were hedged as at 30.09.2022. All interest rate swap agreements are based on observable market prices. Both the hedging instruments and hedged items experienced substantial changes in value during 2022. This was due to a sharp rise in the yield curve in the year to date 2022. The Bank does not hedge cash flows.

Only figures for the Group are shown as the parent bank's figures are identical.

Fair value hedging	30.09.2022	30.09.2021	31.12.2021
Net recognition of hedging instruments	294	107	135
Net recognition of hedged items	-297	-107	-134
<b>Total fair value hedging</b>	<b>-2.3</b>	<b>0.1</b>	<b>0.1</b>
Accumulated hedging adjustments for hedged items	337	12	-40

	30.09.2022			30.09.2021			31.12.2021		
	Contract sum	Fair value		Contract sum	Fair value		Contract sum	Fair value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
<b>Interest rate instruments</b>									
Interest rate swap contract – hedging of customer-related assets at fair value through profit or loss	3 641	155	0	2 832	14	27	2 882	18	15
Interest rate swap contract – hedging of fixed income securities	355	5	0	305	14	20	355	14	20
Interest rate swap agreements – hedging of fair value of fixed rate borrowing	6 200	31	259	4 250	83	7	5 600	66	28
<b>Total interest rate instruments</b>	<b>10 196</b>	<b>191</b>	<b>259</b>	<b>7 387</b>	<b>111</b>	<b>54</b>	<b>8 837</b>	<b>98</b>	<b>64</b>

## Note 12 – Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its payment obligations, and/or the risk of not being able to finance the desired growth in assets. SpareBank 1 Sørøst-Norge draws up an annual liquidity strategy which addresses the Bank's liquidity risk, among other things.

The Bank's liquidity risk is covered by the Bank's liquidity reserve/buffer. The main objective of SpareBank 1 Sørøst-Norge is to maintain the viability of the Bank in a normal situation, without external funding, for 12 months. The Bank should also be able to survive a minimum of 6 months in a 'highly stressed' situation where there is no access to

funding from the capital markets. The Bank exercises daily governance according to the above goals. A contingency plan for dealing with liquidity crises has also been established.

The remaining time to maturity for the Bank's bond debt was 3.2 (3.0) years at the end of the quarter.

The liquidity coverage ratio (LCR) was 153% (143%) at the end of the quarter and the average LCR has been 164% (161%) so far in 2022.

## Note 13 – Net interest income

Parent bank				Group		
2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	30.09.2022	30.09.2021	2021
			<b>Interest income</b>			
10	7	23	Interest rates on loans to credit institutions at amortised cost	23	7	10
432	282	591	Interest on loans to customers at amortised cost	590	281	431
715	488	908	Interest on loans to customers at fair value through OCI	908	488	715
<b>1 158</b>	<b>777</b>	<b>1 522</b>	<b>Total interest income - assets measured at amortised cost</b>	<b>1 521</b>	<b>776</b>	<b>1 157</b>
39	27	61	Interest on loans to customers at fixed rates	61	27	39
57	37	115	Interest on securities at fair value	115	37	57
<b>96</b>	<b>64</b>	<b>177</b>	<b>Total interest income - assets measured at fair value</b>	<b>177</b>	<b>64</b>	<b>96</b>
<b>1 254</b>	<b>841</b>	<b>1 699</b>	<b>Total interest income</b>	<b>1 698</b>	<b>840</b>	<b>1 253</b>
			<b>Interest expenses</b>			
1	0	1	Interest and similar expenses for liabilities to credit institutions	1	0	1
151	102	281	Interest and similar expenses for deposits from and liabilities to customers	279	101	150
143	91	278	Interest and similar expenses for issued securities	278	91	143
11	8	16	Interest and similar expenses for subordinated loan capital	16	8	11
29	20	26	Other interest expenses and similar expenses	26	20	29
<b>334</b>	<b>220</b>	<b>602</b>	<b>Total interest expenses</b>	<b>600</b>	<b>220</b>	<b>333</b>
<b>920</b>	<b>620</b>	<b>1 096</b>	<b>Net interest income</b>	<b>1 097</b>	<b>620</b>	<b>920</b>

## Note 14 – Net commission and other income

Parent bank				Group		
2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	30.09.2022	30.09.2021	2021
			<b>Commission income</b>			
9	6	9	Guarantee commission	9	6	9
1	1	1	Interbank commission	1	1	1
10	7	10	Credit brokerage	10	7	10
28	19	25	Securities trading and management	25	19	28
151	100	160	Payment services	160	100	151
95	65	107	Insurance services	107	65	95
11	8	12	Other commission income	12	8	11
209	150	140	Commission from Boligkreditt and Næringskreditt	140	150	209
<b>513</b>	<b>355</b>	<b>464</b>	<b>Total commission income</b>	<b>464</b>	<b>355</b>	<b>513</b>
			<b>Commission expenses</b>			
1	1	1	Interbank fees	1	1	1
19	12	16	Payment services	16	12	19
10	7	10	Other commission expenses	10	7	10
<b>30</b>	<b>20</b>	<b>27</b>	<b>Total commission expenses</b>	<b>27</b>	<b>20</b>	<b>30</b>
<b>483</b>	<b>335</b>	<b>437</b>	<b>Net commission income</b>	<b>437</b>	<b>335</b>	<b>483</b>
			<b>Other operating income</b>			
3	1	3	Operating income from real estate	3	2	3
(0)	0	4	Profit from the sale of fixed assets	4	0	1
5	3	4	Other operating income	6	0	4
			Operating income from estate agency business	176	126	176
			Operating income from accounting firms	41	41	50
<b>7</b>	<b>4</b>	<b>11</b>	<b>Total other operating income</b>	<b>231</b>	<b>169</b>	<b>233</b>
<b>489</b>	<b>339</b>	<b>448</b>	<b>Net commission and other income</b>	<b>668</b>	<b>504</b>	<b>716</b>

## Note 15 – Net result from other financial investments

Parent bank				Group		
2021	30.09.2021	30.09.2022	(Amounts in NOK millions)	30.09.2022	30.09.2021	2021
27	23	31	Net change in value of stocks, shares, etc. measured at fair value	31	26	30
-31	-6	-84	Net change in value of bonds/certificates measured at fair value	-84	-6	-31
12	-5	-12	Net change in value of financial derivatives measured at fair value	-12	-5	12
12	7	12	Exchange rate gains/losses on currency	12	7	12
151	151		Negative goodwill recognised through profit or loss upon the merger with Sparebanken Telemark		151	151
<b>170</b>	<b>170</b>	<b>-53</b>	<b>Net result from other financial investments</b>	<b>-53</b>	<b>173</b>	<b>174</b>

## Note 16 – Measuring fair value of financial instruments

Financial instruments at fair value are classified at different levels.

**Level 1:** Valuation based on quoted prices on an active market. The fair value of financial instruments traded on active markets is based on their market price on the statement of financial position date. A market is considered to be active if the market prices are easily and regularly available from a stock exchange, dealer, broker, economic grouping, pricing service or regulatory authority, and these prices represent actual and regularly occurring market transactions at arm's length. The category includes listed shares and units in mutual funds, treasury bills, and government bonds.

**Level 2:** Valuation based on observable market data. Level 2 consists of instruments which are valued using information other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, and also include listed prices in a non-active market.

- These valuation methods maximise the use of observable data where it is available and rely as little as possible on the Bank's own estimates.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on the observable rate curve.
- The fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated cash flow based on the observable yield curve, including an indicated credit spread on the issuer from a reputable brokerage firm or Reuters/ Bloomberg pricing services.
- This category includes bonds, certificates, equity instruments, own securities issued measured at fair value, and derivatives.

**Level 3:** Valuation based on other than observable data.

If no valuation is available in relation to level 1 and 2, valuation methods based on non-observable information are used.

- The fair value of fixed interest rate loans to customers is calculated as the fair value of the agreed cash flows discounted with an observable yield curve with the addition of a calculated margin premium.
- Equity investments are valued at fair value under the following conditions:
  1. Price at the time of the last capital increase or last sale between independent parties, adjusted for changes in market conditions since the capital increase/sale.
  2. Fair value based on expected future cash flows for the investment.
- On the remaining financial instruments, fair value is determined on the basis of value estimates obtained from external parties.
- This category includes other equity instruments, loans at fair value through OCI and the Bank's own fixed rate loans.
- The fair value of mortgages is understood to be: Loans in loss category 1 - the loan's nominal value (not equal to amortised cost). Loan in loss category 2, and 3 - the loan's nominal value decreases by the expected losses (= amortised cost). Loans in loss category 3K - the loan's nominal value decreases by individual impairment provisions (= amortised cost)

Only figures for the Group are shown as the parent bank's figures are identical.

## The Group's assets and liabilities measured at fair value as at 30.09.2022

<b>Assets</b> (Amounts in NOK millions)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value				
- Fixed-rate loans	-	-	3 694	3 694
- Mortgages at fair value through OCI	-	-	48 814	48 814
- Interest-bearing securities	248	8 054	0	8 302
- Shares, units and equity certificates	214	-	2 410	2 623
- Financial derivatives	-	191	-	191
<b>Total assets</b>	<b>462</b>	<b>8 245</b>	<b>54 918</b>	<b>63 624</b>
<b>Liabilities</b>				
Financial liabilities at fair value				
- Securities issued	-	5 993	-	5 993
- Financial derivatives	-	259	-	259
<b>Total liabilities</b>	<b>-</b>	<b>6 252</b>	<b>-</b>	<b>6 252</b>

## The Group's assets and liabilities measured at fair value as at 30.09.2021

<b>Assets</b> (Amounts in NOK millions)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value				
- Fixed-rate loans	-	-	2 932	2 932
- Mortgages at fair value through OCI	-	-	39 381	39 381
- Interest-bearing securities	204	6 225	-	6 429
- Shares, units and equity certificates	205	-	2 061	2 266
- Financial derivatives	-	111	-	111
<b>Total assets</b>	<b>409</b>	<b>6 337</b>	<b>44 374</b>	<b>51 120</b>
<b>Liabilities</b>				
Financial liabilities at fair value				
- Securities issued	-	4 014	-	4 014
- Financial derivatives	-	103	-	103
<b>Total liabilities</b>	<b>-</b>	<b>4 117</b>	<b>-</b>	<b>4 117</b>

## The Group's assets and liabilities measured at fair value as at 31.12.2021

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	2 844	2 844
- Mortgages at fair value through OCI	-	-	40 143	40 143
- Interest-bearing securities	252	5 894	-	6 146
- Shares, units and equity certificates	199	-	2 004	2 203
- Financial derivatives	-	98	-	98
<b>Total assets</b>	<b>451</b>	<b>5 992</b>	<b>44 991</b>	<b>51 434</b>
<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at fair value				
- Securities issued	-	5 597	-	5 597
- Financial derivatives	-	64	-	64
<b>Total liabilities</b>	<b>-</b>	<b>5 661</b>	<b>-</b>	<b>5 661</b>

## Changes in instruments classified as Level 3 as at 30.09.2022

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2022	2 844	2 004	40 143
Supply from merger with SpareBank 1 Modum	651	353	6 506
Additions	733	53	19 424
Disposals	-533	-33	-17 259
Net gain/loss on financial instruments	-	32	-
<b>Closing balance 30.09.2022</b>	<b>3 694</b>	<b>2 410</b>	<b>48 814</b>

## Changes in instruments classified as Level 3 as at 30.09.2021

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2021	1 664	1 158	22 700
Supply from merger with Sparebanken Telemark	1 444	866	14 852
Additions	270	127	15 601
Disposals	-446	-91	-13 772
Net gain/loss on financial instruments	-	-	-
<b>Closing balance 30.09.2021</b>	<b>2 932</b>	<b>2 061</b>	<b>39 381</b>

## Changes in instruments classified as Level 3 as at 31.12.2021

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2021	1 664	1 158	22 700
Supply from merger with Sparebanken Telemark	1 444	866	14 852
Additions	694	134	21 864
Disposals	-958	-153	-19 273
Net gain/loss on financial instruments	-	-1	-
<b>Closing balance 31.12.2021</b>	<b>2 844</b>	<b>2 004</b>	<b>40 143</b>

## Note 17 – Other assets

Parent bank			(Amounts in NOK millions)	Group		
31.12.2021	30.09.2021	30.09.2022		30.09.2022	30.09.2021	31.12.2021
42	27	42	Prepaid, unaccrued costs, and accrued income not yet received	166	122	125
50	27	123	Other assets	131	32	53
101	111	191	Derivatives and other financial instruments at fair value	191	111	101
<b>193</b>	<b>165</b>	<b>355</b>	<b>Total other assets</b>	<b>488</b>	<b>266</b>	<b>279</b>

## Note 18 – Deposits from customers by sector and industry

Parent bank			(Amounts in NOK millions)	Group		
31.12.2021	30.09.2021	30.09.2022		30.09.2022	30.09.2021	31.12.2021
30 255	30 181	36 518	Employees, etc.	36 518	30 181	30 255
6 149	6 313	6 930	Property management/business services, etc.	6 875	6 272	6 098
296	317	327	Property management housing cooperatives	327	317	296
1 611	1 787	1 824	Wholesale and retail trade/hotels and restaurants	1 824	1 787	1 611
421	398	689	Agriculture/forestry	689	398	421
1 232	1 118	1 300	Building and construction	1 300	1 118	1 232
2 725	2 696	3 839	Transport and service Industries	3 839	2 696	2 725
658	668	896	Production (manufacturing)	896	668	658
1 684	2 148	2 316	Public administration	2 316	2 148	1 684
1 234	1 303	1 360	Abroad and others	1 360	1 303	1 234
<b>46 264</b>	<b>46 928</b>	<b>55 999</b>	<b>Total deposits</b>	<b>55 943</b>	<b>46 888</b>	<b>46 212</b>



## Note 19 – Securities issued

SpareBank 1 Sørøst-Norge issues and redeems securities issued as part of its liquidity management. The refinancing requirement has also been partly funded by the transfer of the loan portfolio to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

Only figures for the Group are shown as the parent bank's figures are identical.

Group (Amounts in NOK millions)	30.09.2022	30.09.2021	31.12.2021
Loans from credit institutions, nominal value	0	150	150
Bond debt, senior unsecured, nominal value	15 777	14 403	15 293
Bond debt, SNP, nominal value	3 500	1 550	1 550
Value adjustments and accrued interest	-181	100	70
<b>Total interest-bearing securities</b>	<b>19 096</b>	<b>16 203</b>	<b>17 063</b>

### Change in financial borrowing

Group (Amounts in NOK millions)	30.09.2022	Merger 01.04.2022 portfolio SpareBank 1 Modum	Issued	Due/ redeemed	31.12.2021
Loans from credit institutions, nominal value	0			-150	150
Bond debt, senior unsecured, nominal value	15 777	598	2 870	-2 984	15 293
Bond debt, SNP, nominal value	3 500		1 950		1 550
Value adjustments and accrued interest	-181			-251	70
<b>Total interest-bearing securities</b>	<b>19 096</b>	<b>598</b>	<b>4 820</b>	<b>-3 385</b>	<b>17 063</b>

Group (Amounts in NOK millions)	30.09.2021	Merger 01.06.2021 portfolio Sparebanken Telemark	Issued	Due/ redeemed	31.12.2020
Loans from financial institutions, nominal value	150	150		-200	200
Bond debt, senior unsecured, nominal value	14 403	7 216	1 300	-1 907	7 794
Bond debt, SNP, nominal value	1 550		1 550		
Value adjustments and accrued interest	100	75		-90	115
<b>Total interest-bearing securities</b>	<b>16 203</b>	<b>7 441</b>	<b>2 850</b>	<b>-2 197</b>	<b>8 109</b>

## Note 20 – Subordinated loan capital

Only figures for the Group are shown as the parent bank's figures are identical.

### Time-limited subordinated bonds loans

Group (Amounts in NOK millions)	30.09.2022	30.09.2021	31.12.2021
Subordinated loan capital	790	702	650
Value adjustments and accrued interest	3	1	1
<b>Total subordinated loan capital</b>	<b>793</b>	<b>703</b>	<b>651</b>

### Change in subordinated loan capital

Group (Amounts in NOK millions)	30.09.2022	Merger 01.04.2022 portfolio SpareBank 1 Modum	Issued	Due/redeemed	31.12.2021
Subordinated loan capital	790	90	350	-300	650
Value adjustments and accrued interest	3	-	-	2	1
<b>Total subordinated loan capital</b>	<b>793</b>	<b>90</b>	<b>350</b>	<b>-298</b>	<b>651</b>

Group (Amounts in NOK millions)	30.09.2021	Merger 01.06.2021 portfolio Sparebanken Telemark	Issued	Due/redeemed	31.12.2020
Subordinated loan capital	702	250	150	-98	400
Value adjustments and accrued interest	1	-	-	-	1
<b>Total subordinated loan capital</b>	<b>703</b>	<b>250</b>	<b>150</b>	<b>-98</b>	<b>401</b>

## Note 21 – Other liabilities

Parent bank			(Amounts in NOK millions)	Group		
31.12.2021	30.09.2021	30.09.2022		30.09.2022	30.09.2021	31.12.2021
101	35	90	Accrued expenses and received unearned income	121	56	128
34	34	26	Provisions for guarantees	26	34	34
83	68	91	IFRS 16 liabilities related to leases	86	63	78
139	127	154	Pension liabilities	155	127	140
145	175	246	Other liabilities	298	210	177
107	103	259	Derivatives and other financial instruments at fair value	259	103	107
<b>609</b>	<b>542</b>	<b>866</b>	<b>Total other liabilities</b>	<b>946</b>	<b>593</b>	<b>664</b>

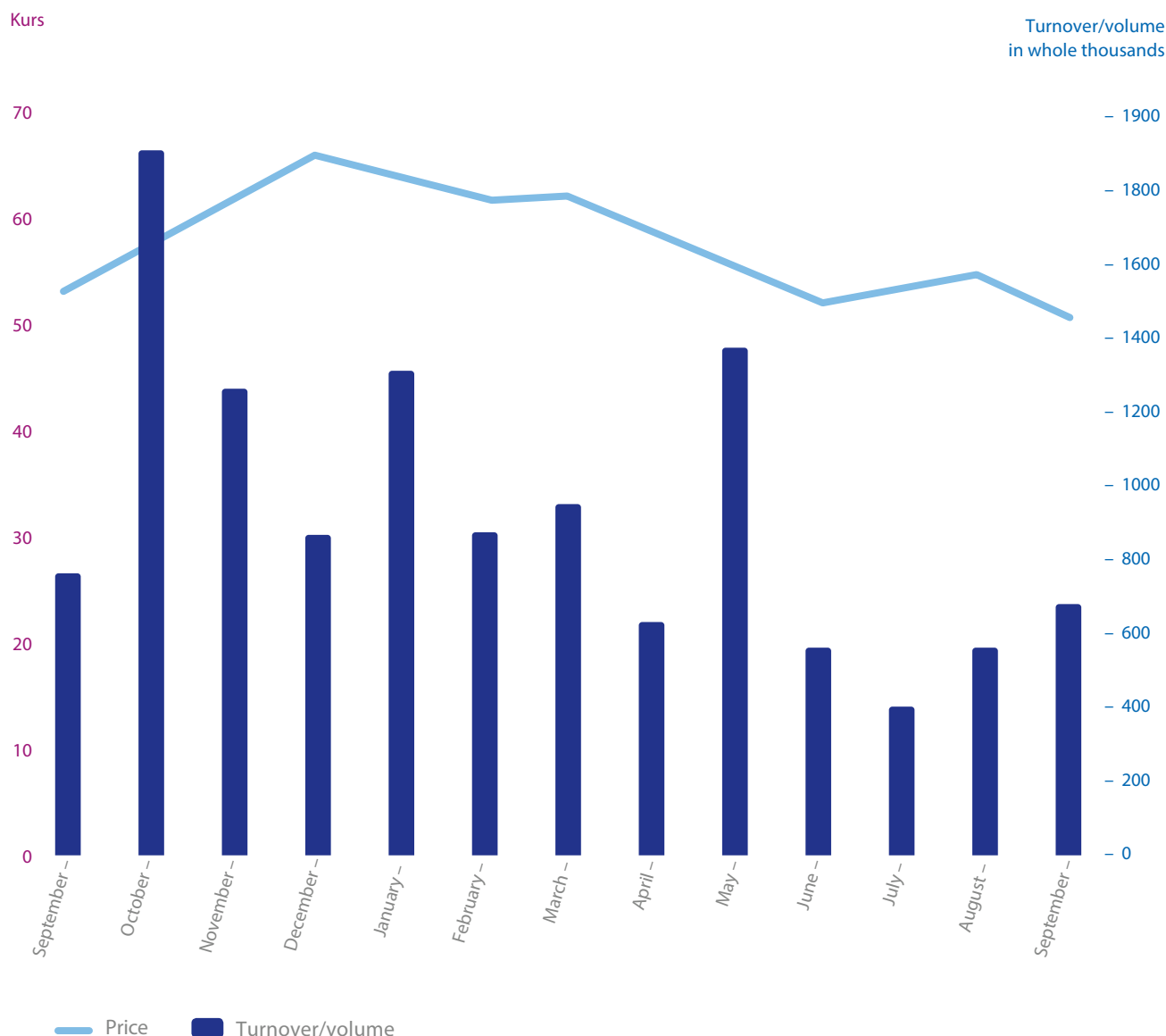
## Note 22 – Equity certificate holders and distribution of equity certificates

There were 6 036 equity certificate holders as at 30.09.2022.

### 20 largest equity certificate holders

	Quantity	% of total number of equity certificates
SpareBank 1 Stiftelsen BV	24 141 356	17.2%
Sparebankstiftelsen Telemark	18 910 174	13.5%
Sparebankstiftelsen SpareBank 1 Modum	18 444 646	13.2%
Sparebankstiftelsen Nøtterøy-Tønsberg	10 925 503	7.8%
Sparebankstiftelsen Telemark - Holla og Lunde	10 273 723	7.3%
VPF Eika Egenkapitalbevis	4 072 529	2.9%
Brannkassestiftelsen Midt-Buskerud	2 963 998	2.1%
Spesialfondet Borea utbytte	2 865 702	2.0%
Pareto invest Norge AS	2 320 883	1.7%
Kommunal landspensjonskasse Gjensidige	1 024 879	0.7%
Landkreditt utbytte	950 000	0.7%
Catilina invest AS	912 032	0.7%
Wenaasgruppen AS	907 432	0.6%
Melesio invest AS	886 937	0.6%
Sanden equity AS	707 494	0.5%
Aars AS	684 737	0.5%
Foretakskonsulenter AS	621 230	0.4%
Skogen investering AS	605 000	0.4%
Babord AS	421 266	0.3%
Haustad investor AS	420 000	0.3%
Total 20 largest owners	103 059 521	73.6%
SpareBank 1 Sørøst-Norge (own equity certificates)	43 284	0.03%
Other owners	36 995 756	26.4%
Issued equity certificates	140 098 561	100.0%

## Change in prices September 2021 - September 2022



## Dividend policy

SpareBank 1 Sørøst-Norge's goal is to achieve financial results that provide equity certificate holders with a good, stable and competitive return in the form of dividends and increases in the price of the equity certificate.

The annual profit will be distributed between the equity capital and primary capital in line with their proportion of the Bank's equity.

SpareBank 1 Sørøst-Norge assumes that around 50% of the owner capital's share of the annual profit will be paid out as cash dividends.

In order to maintain stable ownership fractions over time, as a general rule, dividend funds amounting to around 50% of the primary capital's share of the profit will be transferred to SpareBank 1 Stiftelsen BV, Sparebankstiftelsen Telemark-Grenland and SpareBank 1 Stiftelsen SpareBank 1 Modum.

When determining the level of dividends, the Group's financial strength must be taken into account, including its expected financial performance in a normalised market situation, future capital requirements, external framework conditions, the Group's goals and strategic plans.

## Note 23 – Equity certificates and ownership fractions

### Earnings per equity certificate

Earnings per equity certificate are calculated by dividing the portion of the profit/loss assigned to the company's equity certificate holders (minus own equity certificates) by a weighted average of the number of equity certificates over the year.

### Diluted earnings per equity certificate

In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution as at 30.09.2022. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

#### Parent bank

Equity certificate fraction	30.09.2022
Amounts in NOK millions	
Equity certificate capital	2 101
Share premium fund	3 779
Dividend equalisation fund, excl. other equity	812
<b>Total equity certificate holders' capital</b>	<b>6 692</b>
Sparebankens Fond, excl. other equity	4 327
Gift fund	7
<b>Total community-owned capital</b>	<b>4 333</b>
Equity excl. dividends, gifts, hybrid capital and other equity	11 025
<b>Equity certificate fraction</b>	<b>60.7%</b>
<b>Community capital</b>	<b>39.3%</b>

Parent bank	30.09.2022
Based on profit divided between equity certificate holders and community capital (NOK millions)	673
Number of equity certificates issued	140 098 561
Earnings per equity certificate (NOK)	2.91
Market price (NOK)	50.60
<b>Nominal Value (NOK)</b>	<b>15.00</b>
<b>Corrected result (amounts in NOK millions)</b>	
Profit	686
- corrected for interest on hybrid Tier 1 securities recognised directly against equity	-13
<b>Adjusted profit</b>	<b>673</b>

## Note 24 – Consolidated results from the quarterly financial statements (pro forma)<sup>1)</sup>

The pro forma results for 2022, 2021 and 2020 represent the results for all three banks (former SpareBank 1 BV, Sparebanken Telemark and SpareBank 1 Modum), consolidated as if the merger had occurred with accounting effect from 01.01.

There were no significant eliminations between the banks during this period meaning that the results for the period was just consolidated.

### Group

(Amounts in NOK millions)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Interest income	678	574	514	476	429	427	420	427
Interest expenses	264	197	161	132	115	116	119	114
<b>Net interest income</b>	<b>414</b>	<b>377</b>	<b>353</b>	<b>344</b>	<b>314</b>	<b>311</b>	<b>301</b>	<b>314</b>
Commission income	164	160	161	182	186	172	167	185
Commission expenses	10	9	10	12	11	10	10	11
Other operating income	75	100	67	90	79	93	71	75
<b>Net commission and other income</b>	<b>230</b>	<b>251</b>	<b>218</b>	<b>259</b>	<b>254</b>	<b>255</b>	<b>228</b>	<b>248</b>
Dividends	0	32	14	1	0	27	18	18
Net result from ownership interests	17	16	15	61	60	67	30	34
Net result from other financial investments	-15	-28	-2	4	14	139	36	-7
<b>Net income from financial assets</b>	<b>1</b>	<b>19</b>	<b>27</b>	<b>65</b>	<b>74</b>	<b>233</b>	<b>83</b>	<b>45</b>
<b>Total net income</b>	<b>645</b>	<b>648</b>	<b>598</b>	<b>669</b>	<b>642</b>	<b>799</b>	<b>612</b>	<b>607</b>
Personnel expenses	149	152	201	212	180	158	170	187
Other operating expenses	150	147	163	140	118	159	118	134
<b>Total operating expenses</b>	<b>299</b>	<b>299</b>	<b>364</b>	<b>352</b>	<b>298</b>	<b>317</b>	<b>288</b>	<b>321</b>
<b>Profit before losses and tax</b>	<b>346</b>	<b>349</b>	<b>235</b>	<b>316</b>	<b>344</b>	<b>482</b>	<b>324</b>	<b>286</b>
Losses on loans and guarantees	7	15	-11	-2	-33	112	12	-12
<b>Profit before tax</b>	<b>339</b>	<b>334</b>	<b>246</b>	<b>318</b>	<b>377</b>	<b>370</b>	<b>312</b>	<b>299</b>
Tax expense	81	63	51	57	78	35	57	62
<b>Profit before other comprehensive income</b>	<b>258</b>	<b>271</b>	<b>195</b>	<b>261</b>	<b>300</b>	<b>335</b>	<b>256</b>	<b>237</b>

<sup>1)</sup> Alternative performance measures are defined in a separate appendix to the interim report

## Note 25 – Consolidated statement of financial position figures from the quarterly financial statements (pro forma)

### Group

(Amounts in NOK millions)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Profitability</b>								
Return on equity 1)	8.4%	9.4%	6.9%	9.0%	10.6%	12.3%	9.7%	9.1%
Net interest income, excl. interest on subordinated bonds 1)	1.81%	1.69%	1.63%	1.56%	1.44%	1.48%	1.48%	1.54%
Cost-income ratio 1)	46.3%	46.2%	60.8%	52.7%	46.4%	39.7%	47.0%	52.9%
<b>Statement of financial position figures</b>								
Gross lending to customers incl. transfers to mortgage companies 1)	105 822	105 255	103 614	102 608	101 677	100 167	98 163	96 455
Gross lending to customers on the balance sheet	74 231	74 087	72 814	72 306	71 701	70 087	68 124	66 696
Loans transferred to mortgage credit institutions	31 590	31 168	30 800	30 302	29 976	30 080	30 040	29 759
Lending growth in the past 12 months 1)	4.1%	5.1%	5.6%	6.4%	6.5%	6.6%	6.8%	7.8%
Deposits from customers	55 943	57 157	55 590	54 566	55 120	54 795	51 215	50 823
Deposit coverage on the balance sheet 1)	75.4%	77.1%	76.3%	75.5%	76.9%	78.2%	75.2%	76.2%
Deposit coverage, incl. mortgage companies 1)	52.9%	54.3%	53.7%	53.2%	54.2%	54.7%	52.2%	52.7%
Deposit growth in the past 12 months 1)	1.5%	4.3%	8.5%	7.4%	8.1%	6.7%	7.0%	8.2%
Total assets	89 396	89 863	87 394	86 487	86 140	85 179	81 921	81 008
Total assets, incl. mortgage companies 1)	120 986	121 032	118 194	116 789	116 116	115 259	111 961	110 767
Equity, excl. hybrid capital	12 060	11 804	11 058	11 447	11 205	10 917	10 683	10 421
<b>Staffing</b>								
Number of FTEs	628.2	626.0	632.9	637.2	643.1	633.5	633.5	623.9
of which parent bank	434.6	435.6	445.9	448.6	456.9	464.4	462.7	457.7

1) Alternative performance measures are defined in a separate appendix to the quarterly report

## Note 26 – Events after the statement of financial position date

No events with a material bearing on the financial statements have occurred since the statement of financial position date.



# Declaration from the Board of Directors and the CEO

We declare that, to the best of our knowledge and belief, the interim accounts for the period 01.01.2022 to 30.09.2021 have been prepared in accordance with IAS 34 'Interim reporting', and that the information in the financial statements gives a true picture of the Bank's and the Group's assets, liabilities, financial position and results as a whole.

We also declare that, to the best of our knowledge and belief, the interim report provides an accurate summary of key events in the accounting period and their influence on preliminary annual financial statements, the major risk and uncertainty factors facing the business in the coming accounting period, and significant transactions with close associates.

Sandefjord, 09.11.2022

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan  
Chair of the Board

Anne Berg Behring  
Deputy Chair

Elisabeth Haug

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

John Arne Haugerud

Hanne Myhre Gravdal  
Employee representative

Frede Christensen  
Employee representative

Per Halvorsen  
CEO

# Statements concerning future events

The report contains statements about future circumstances that reflect the executive management team's current view of certain future events and potential financial performance.

Although SpareBank 1 Sørøst-Norge believes that the expectations expressed in such statements about the future are reasonable, there can be no guarantee that the expectations will prove to have been correct. Results could therefore vary greatly from those assumed in the statements regarding future circumstances.

Important factors that can cause such differences for SpareBank 1 Sørøst-Norge include, but are not limited to:

- (i) macroeconomic developments,
- (ii) changes in the market, and
- (iii) changes in interest rates.

This report does not mean that SpareBank 1 Sørøst-Norge undertakes to revise these statements on future matters beyond that which is required by applicable law or applicable stock exchange rules if and when circumstances arise that will cause changes compared with the situation on the date when the statements were made.





# Audit statement





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Enterprise 935 174 627 MVA

To the Board of Directors of SpareBank 1 Sørøst-Norge

## Report on Review of Interim Financial Information

### Introduction

We have reviewed the accompanying consolidated interim balance sheet of SpareBank 1 Sørøst-Norge as of 30 September 2022, the income statement, and the cash flow statement for the nine-month period that ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as of 30 September 2022, and its financial performance and its cash flows for the nine-month period that ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 9 November 2022  
KPMG AS

Anders Sjöström  
*State Authorised Public Accountant*

Note: This translation from Norwegian has been prepared for information purposes only.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

