A winter landscape featuring snow-covered pine trees in the foreground and a sunset sky with warm orange and blue tones in the background. The sun is low on the horizon, creating a lens flare effect. The scene is captured from a slightly elevated perspective, showing a snow-covered slope with tracks.

Q4 2022

Interim financial
statements



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Main figures

NOK 1 041 million

Profit after tax

9.2%

Return on equity

19.5%

Common Equity Tier 1 capital ratio

Group	31.12.2022		31.12.2021	
	m NOK	% ¹⁾	m NOK	% ¹⁾
Summary of the results				
Net interest income	1 573	1.91	920	1.53
Net commission and other income	883	1.07	716	1.19
Net income from financial assets	167	0.20	360	0.60
Total net income	2 623	3.19	1 995	3.31
Total operating expenses	1 272	1.55	886	1.47
Operating profit before losses/profit before losses and tax	1 351	1.64	1 109	1.84
Losses on loans and guarantees	40	0.05	79	0.13
Profit before tax	1 311	1.59	1 030	1.71
Tax expense	270	0.33	161	0.27
Profit after tax	1 041	1.27	869	1.44
Total other comprehensive income recognised as equity	37	0.04	-13	-0.02
Total comprehensive income	1 078	1.31	855	1.42

¹⁾ Calculated as a % of average total assets



Key figures

Group (amounts in NOK millions)	31.12.2022	31.12.2022 Pro forma	31.12.2021	31.12.2021 Pro forma
Profitability				
Return on equity, profit before other comprehensive income ¹⁾	9.2%		11.4%	
Return on equity, comprehensive income ¹⁾	9.6%		11.2%	
Cost-income ratio ¹⁾	48.5%		44.4%	
Cost-income ratio excl. financial investments ¹⁾	51.8%		54.2%	
Statement of financial position figures				
Gross lending to customers	72 852		62 771	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt ¹⁾	105 141		88 105	
Deposits from customers	55 216		46 212	
Deposit coverage ¹⁾	75.8%		73.6%	
Liquidity coverage ratio (LCR), liquidity reserve	263%		175%	
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months ¹⁾		2.5%		6.4%
Deposit growth in the past 12 months ¹⁾		1.2%		7.4%
Total assets	89 547		74 911	
Total assets, incl. SpareBank 1 Boligkreditt / Næringskreditt ¹⁾	121 837		100 245	
Losses				
Loss rate on lending ¹⁾	0.06%		0.17%	
Loans in Stage 3 as % of gross lending ¹⁾	0.90%		0.54%	
Losses (incl. SpareBank 1 Boligkreditt/Næringskreditt)				
Loss rate on lending (incl. SpareBank 1 Boligkreditt/Næringskreditt ¹⁾	0.04%		0.12%	
Loans in group 3 as % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt ¹⁾	0.63%		0.38%	
Financial strength, Group (proportional consolidation)				
Capital adequacy ratio	22.1%		21.0%	
Tier 1 capital ratio	20.4%		19.3%	
Common Equity Tier 1 capital ratio	19.5%		18.3%	
Net primary capital	12 399		10 124	
Tier 1 capital	11 439		9 293	
Common Equity Tier 1 capital	10 939		8 817	
Basis for calculation	56 097		48 269	
Leverage Ratio	8.5%		8.4%	
Offices and staffing				
Number of bank branches	21		17	
Number of brokerage offices	19		16	
Number of accounting offices	7		5	
Number of FTEs, parent bank (avg. YTD)	426		320	
Number of FTEs, group (avg. YTD)	609		463	
Number of FTEs, parent bank (at end of period)	432		378	
Number of FTEs, Group (at end of period)	652		533	

Equity certificates	31.12.2022	31.12.2021
Profitability		
Equity certificate fractions	60.7%	60.3%
Market price (NOK)	55.00	65.40
Market value (NOK millions)	7 411	7 762
Book equity per equity certificate (parent bank, NOK)	52.06	47.71
Book equity per equity certificate (Group, NOK) ¹⁾	53.38	49.32
Earnings per equity certificate (parent bank, NOK) ^{1) 2)}	4.27	4.94
Earnings per equity certificate (Group, NOK) ^{1) 2)}	4.27	5.37
Dividend per equity certificate (NOK)	2.60	2.50
Price/earnings per equity certificate (parent bank)	12.89x	13.25x
Price/earnings per equity certificate (Group) ¹⁾	12.87x	12.18x
Price/book equity (parent bank)	1,06x	1,37x
Price/book equity (Group) ¹⁾	1,03x	1,33x

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

²⁾ Earnings per weighted equity certificate (weighted average 01.01.-31.12.)

Corporate strategy

SpareBank 1 Sørøst-Norge and SpareBank 1 Modum merged on 01.04.2022. SpareBank 1 Sørøst-Norge was the takeover 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 sustainability council meets monthly and updates each other on the status of sustainability initiatives in each department and the next steps. An updated version of the sustainability strategy for 2022-2025 was adopted in the fourth quarter as a result of 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 2.6 billion in green bonds.

Green mortgages

At the end of the fourth quarter, the total volume of green mortgages amounted to around NOK 1.7 billion.

Responsible business

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. Employees have contributed their views on the area of sustainability to the Group’s materiality analysis. In December, students at the Sustainability Lab, run by the University of Oslo in partnership with the UN Global Compact, contributed important elements of the data collection for the materiality analysis. The Group has been one of the Sustainability Lab’s corporate partners since its start-up phase.

The Group’s property strategy, adopted in the fourth quarter, takes sustainability into account. Important property decisions (refurbishments, purchases, sales, leases, etc.) must take account of the Group’s goal of reducing greenhouse gas emissions per unit of value creation from operations by 7% a year. New and refurbished premises must satisfy the requirements of the EU taxonomy. The goal is to extend the useful lives of premises and select local suppliers where possible. If feasible, office spaces should be designed such that they do not limit who can work in them (diversity and inclusion) and be located where they contribute to green mobility.

Equal opportunities, diversity and inclusion

In the fourth quarter, the Bank took important steps to strengthen its work in the areas of equal opportunities, diversity and inclusion. We signed the Women in Finance Charter in December. Becoming a signatory commits us to setting internal gender balance targets, publishing how we are doing in relation to those targets and having an ambition of linking management remuneration to our progress in attaining the goals. CEO Per Halvorsen has been given overall responsibility for following up the work on gender balance and inclusion. We have set ourselves the target of 40% women and 40% men among managers at all levels.

Support for local growth companies

ZURF, the Bank's initiative aimed at stimulating selected growth companies, was expanded in the fourth quarter from Modum to also include the Drammen region. In December, three new companies were chosen to participate in the programme from among a large number of eligible applicants.

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. 11 courses were arranged in the fourth quarter, meaning there were a total of 15 courses in 2022. The Board and executive management team started their learning path with a focus on environmental and climate challenges. Courses for other departments have focused on sustainability in housing and insurance; strategy and business development; property management; economics and finance; support schemes for companies in the area of sustainability; and sustainability factors within economic crime. These department-specific skills packages are now being shared with other banks and companies in the SpareBank 1 Alliance. 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.

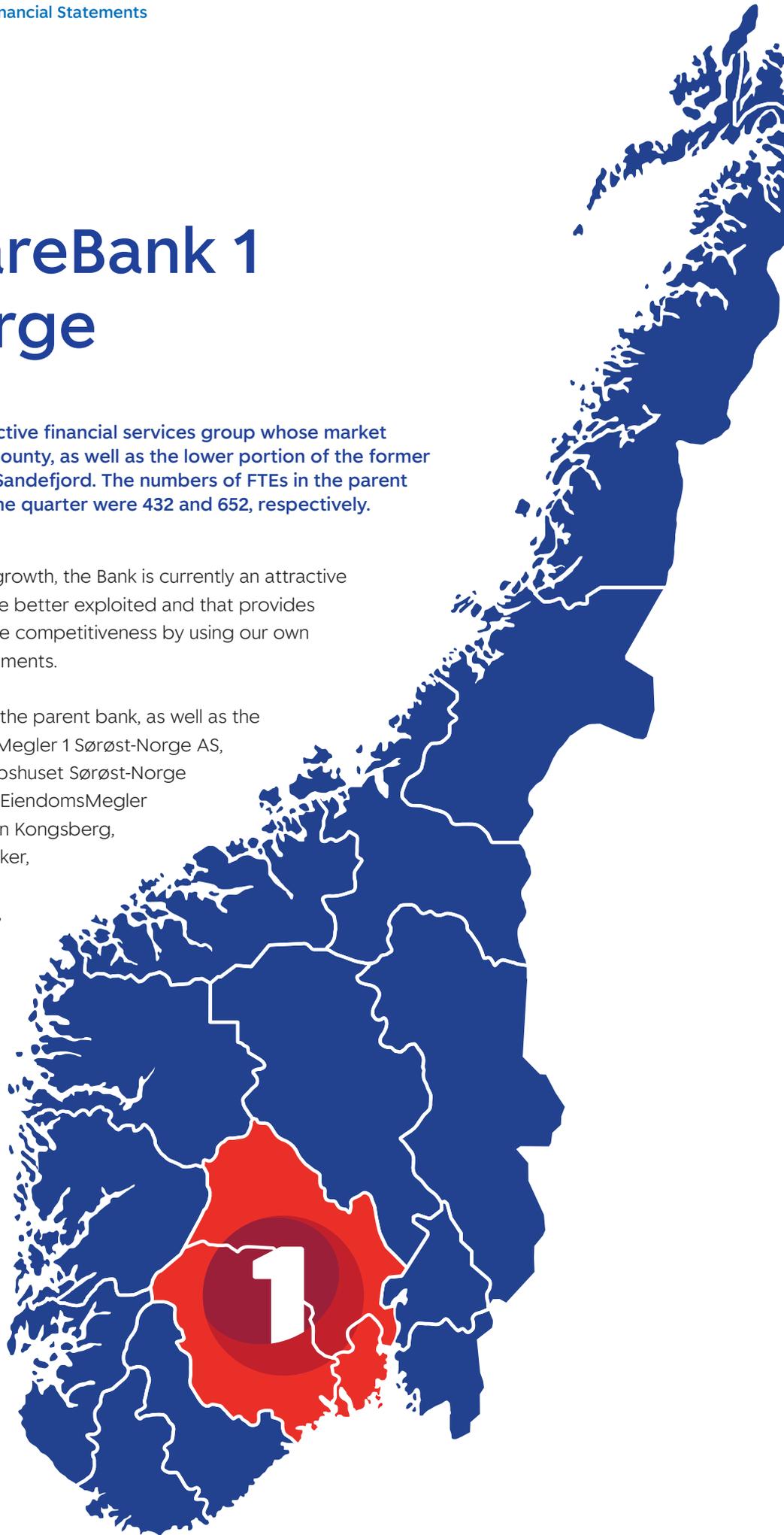
About SpareBank 1 Sørøst-Norge

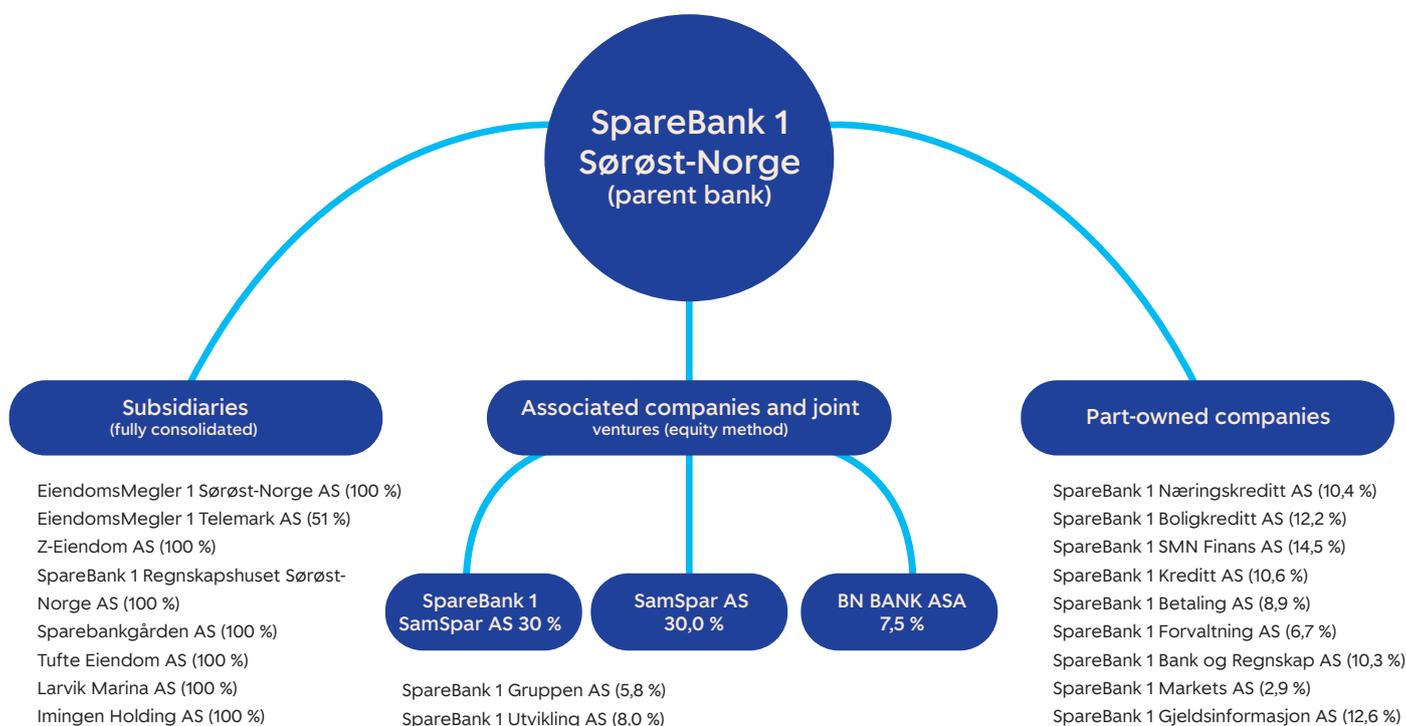
SpareBank 1 Sørøst-Norge is a proactive financial services group whose market area covers Vestfold og Telemark County, as well as the lower portion of the former Buskerud County. Its head office is Sandefjord. The numbers of FTEs in the parent bank and the Group at the end of the quarter were 432 and 652, 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, Z Eiendom and SpareBank 1 Regnskapshuset Sørøst-Norge AS. In addition, the Bank owns 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. The technical merger was carried out as planned between 7-9.10.2022 for all three banks: SpareBank 1 BV, Sparebanken Telemark and SpareBank 1 Modum.

The fourth quarter was one of continued high activity and little spare capacity in the Norwegian economy. As a result, inflation is rising and is clearly above Norges Bank's inflation target of 2%. Unemployment remains very low, and inflation has risen more sharply than forecast. Norges Bank has continued its contractive monetary policy aimed at curbing activity in the Norwegian economy and raised its policy rate twice in the fourth quarter, from 2.25% to 2.75%. 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 3.11.2022, Norges Bank decided to raise its policy rate by 0.25 percentage points to 2.50%. As a result of increases in market interest rates, the Bank chose to raise lending and deposit rates from 08.11.2022 for new customers and from 21.12.2022 for existing retail customers and 23.11.2022 for corporate customers. In December, Norges Bank decided to raise its policy rate by a further 0.25 percentage points to 2.75%. As a result of further increases in market interest rates, the Bank chose to raise lending and deposit rates from 20.12.2022 for new customers and from 31.01.2023 for existing retail customers and 03.01.2023 for 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. On 28.10.2022, the Bank exercised a call on subordinated bonds for NOK 45 million. The Bank issued a new subordinated bond of NOK 350 million on 12.04.2022 to cover this maturity.

On 18.10.2022, the Bank's rating from Moody's was upgraded to A1 with a 'stable outlook'.

The Group has strengthened its position within accounting in Telemark. On 10.11.2022, the Bank announced that its wholly owned subsidiary SpareBank 1 Regnskapshuset AS had acquired all of the shares in Grenland Gruppen AS.



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.¹ 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 31.12.2022 are shown below, with the pro forma figures as at 31.12.2021 in brackets.

Highlights (pro forma) for the period 01.01 to 31.12

- Ordinary profit after tax of NOK 1 066 million (NOK 1 152 million)
- Net interest income of NOK 1 620 million (NOK 1 270 million)
- Net income from financial assets NOK 177 (455) million
 - Profits from SpareBank 1 Gruppen and BN Bank ASA of NOK 53 million (NOK 177 million) and NOK 43 million (NOK 36 million), respectively
 - Negative goodwill due to the merger in 2021 NOK 151 million
- Higher operating expenses were mainly due to one-off merger-related costs of NOK 114 million (NOK 68 million)
- Losses on loans and guarantees of NOK 40 million (NOK 88 million)
- Return on equity 8.8% (10.4%)
Adjusted for one-time effects 9.6% (10.1%)
- Lending and deposit growth in the past 12 months of 2.5% (6.4%) and 1.2% (7.4%), 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.

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

Highlights (official) for the period 01.01 to 31.12

- Ordinary profit after tax of NOK 1 041 million (NOK 869 million)
- The Board is proposing a cash dividend for equity certificate holders of NOK 2.60 (2.50) per equity certificate, totalling NOK 364 (297) million, and gift funds for community capital amounting to NOK 236 (196) million.
- The Board is proposing a possible additional dividend of NOK 1.50 per equity certificate, NOK 210 million in total, and potential additional gift funds for community capital amounting to NOK 136 million.
- Net interest income of NOK 1 573 million (NOK 920 million)
- Losses on loans and guarantees of NOK 40 million (NOK 79 million)
- Profit from SpareBank 1 Gruppen and BN Bank ASA of NOK 51 million (NOK 121 million) and NOK 43 million (NOK 31 million), respectively
- Return on equity of 9.2% (11.4%)
- Common Equity Tier 1 capital ratio, Group (proportional consolidation) 19.5% (18.3%)

Based on the Group's extremely good financial strength, even after the ordinary dividend for equity certificate holders and gift funds for community capital, the Board of Directors will propose to the Supervisory Board that the Board of Directors be authorised to pay an additional dividend to the Bank's equity certificate holders and for gifts to good causes if the financial situation so permits. An additional dividend of up to NOK 1.50 per equity certificate is proposed, which corresponds to NOK 210 million in dividends and NOK 136 million in gifts via community capital. The Board will assess whether there is a basis for paying out any additional dividend/gifts in the third quarter of 2023.

Main features (official) for Q4

- Ordinary profit after tax of NOK 343 million (NOK 225 million)
- Net interest income of NOK 475 million (NOK 300 million)
- Losses on loans and guarantees of NOK 29 million (NOK 2 million)
- Profit contributions from SpareBank 1 Gruppen and BN Bank ASA in the fourth quarter of NOK 37 million (NOK 39 million) and NOK 11 million (NOK 9 million), respectively
- Return on equity of 10.9% (9.1%)

Financial performance

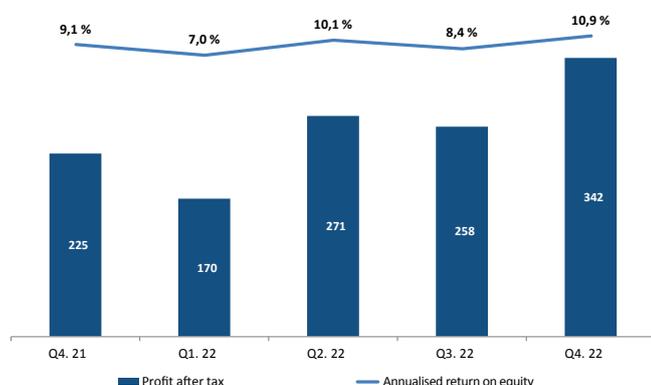
Cumulative figures as at 31.12 unless explicitly stated otherwise.

Profit

The SpareBank 1 Sørøst-Norge Group posted a profit from ordinary operations before losses of NOK 1 351 million (NOK 1 109 million). Profit after tax was NOK 1 041 million (NOK 869 million), which represents 1.27% (1.44%) of average total assets. The Group's return on equity was 9.2% (11.4%).

Earnings per equity certificate (weighted average as at 31.12) in the parent bank were NOK 4.27 (4.94) and in the Group NOK 4.27 (5.37).

Quarterly performance of profit after tax and return on equity:



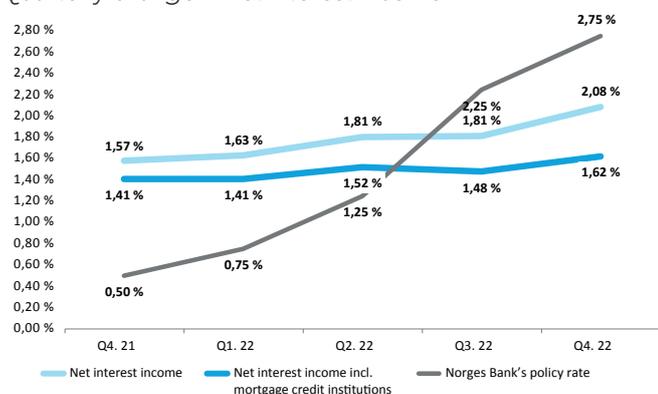
Net interest income

Net interest income amounted to NOK 1573 million (NOK 920 million). Net interest income as a percentage of average total assets was 1.91% (1.53%).

The Bank adjusted its lending and deposit rates twice in 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 30 802 million (NOK 23 769 million) to SpareBank 1 Boligkreditt AS, and NOK 1 487 million (NOK 1 565 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 166 million (209 million). The decrease was due to higher market interest rates during 2022 and some delay in when interest rate changes take effect.

Quarterly change in net interest income:



Net commission and other income:

Net commission and other income totalled NOK 883 million (NOK 716 million).

Net commission income

Net commission income amounted to NOK 579 million (NOK

483 million). The commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounted for NOK 166 million (NOK 209 million) of this.

Other operating income

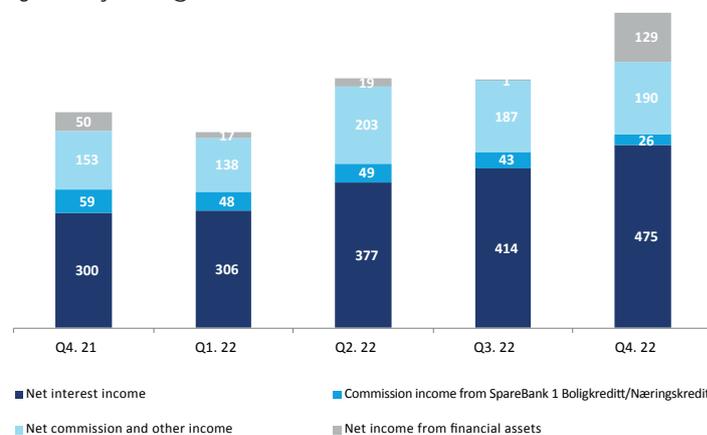
Other operating income amounted to NOK 304 million (NOK 233 million).

Net income from financial assets

Net income from financial assets amounted to NOK 167 million (NOK 360 million). As at 31.12.2022, the main items consist of NOK 77 million (NOK 33 million) in dividends received, NOK 94 million (NOK 153 million) in net profit from ownership interests, and net result from other financial investments of NOK -5 million (NOK 174 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 53 million (NOK 121 million) and NOK 43 million (NOK 31 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

SpareBank 1 Gruppen posted a result that was significantly weaker than in 2021. The profit before tax amounted to NOK 1 458 million (NOK 4 105 million), which is NOK 2 647 million weaker than in 2021. Compared with last year, financial income in the insurance companies was significantly lower due to weak equity markets and increased interest rates, as well as write-downs of investment properties. In the fourth quarter, SpareBank 1 Gruppen became a 50% owner of the Kredinor Group, and the Group's gain of NOK 382 million from the derecognition of Modhi Finance and its transfer to Kredinor was recognised as income in the current quarter. The result after tax was NOK 1 196 million (NOK 3 250 million), of which NOK 895 million (NOK 2 415 million) constitutes the controlling interest's share.

The Fremtind Forsikring Group posted a profit before tax of NOK 1 137 million (NOK 3 085 million). Its profit after tax was NOK 859 million (NOK 2 386 million). Profit decreased due to a weaker insurance result and a weaker financial result. The insurance result was NOK 1 263 million in 2022 (NOK 2 457 million), a decrease of NOK 1 193 million compared with the year before. The claims rate for the year was 65.5% compared with 57.6% at the same time the year before. The claims rate rose due to major fires early in the year and in December, as well as a higher claims rate for cars and travel in the retail market. The financial result was negatively impacted by weak developments in the equity markets and weaker interest rate returns due to higher interest rates and credit spreads, as well as write-downs of investment properties.

SpareBank 1 Forsikring's profit before tax amounted to NOK 68 million (NOK 894 million). Its profit after tax was NOK 53 million (NOK 778 million). The risk result was NOK 219 (143) million, which is NOK 76 million higher.

SpareBank 1 Sørøst-Norge's share of SpareBank 1 Gruppen's profit amounted to NOK 51 million in 2022 (NOK 121 million).

Income from ownership interests, SpareBank 1 SamSpar AS

On 08.12.2022, the annual general meeting of Samarbeidende Sparebanker AS decided that the shares in SpareBank 1 SamSpar AS would be distributed as dividends in kind to the owner banks.

A valuation of SpareBank 1 SamSpar AS was conducted in connection with the change in company structure. The company was valued at NOK 185 million, which results in a gain in Samarbeidende Sparebanker AS of NOK 155 million. The gain was distributed in its entirety as dividends in kind to the owner banks.

Following the restructuring, the total equity in the company accounts of Samarbeidende Sparebanker AS and SpareBank 1 SamSpar AS was equal to the equity in the Group before the change and the transaction thus does not affect the Group.

The transaction was recognised in SpareBank 1 Sørøst-Norge as NOK 55.5 million in income for the parent bank and there was no recognition of income in the Group, as described above. SpareBank 1 Sørøst-Norge owns 29.98% of SpareBank 1 SamSpar AS.

SpareBank 1 SamSpar AS's result for 2022 was NOK -0.89 million, of which SpareBank 1 Sørøst-Norge's share was NOK -0.27 million.

Income from ownership interests, BN Bank ASA

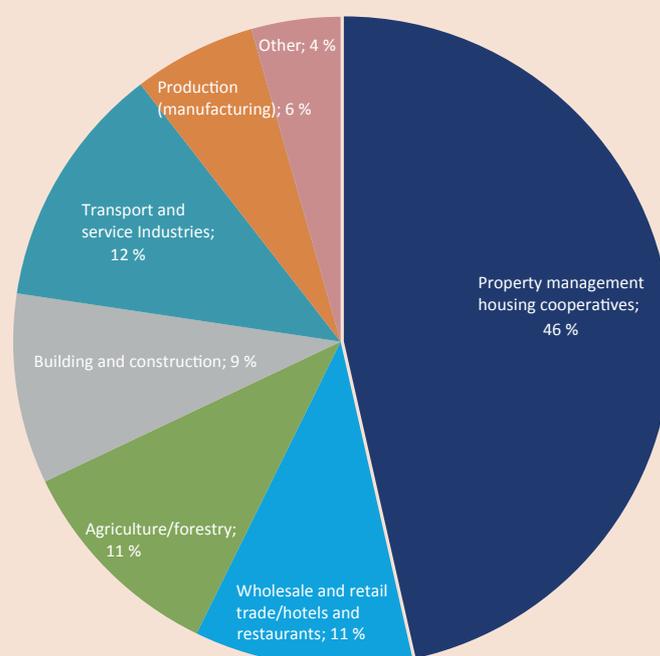
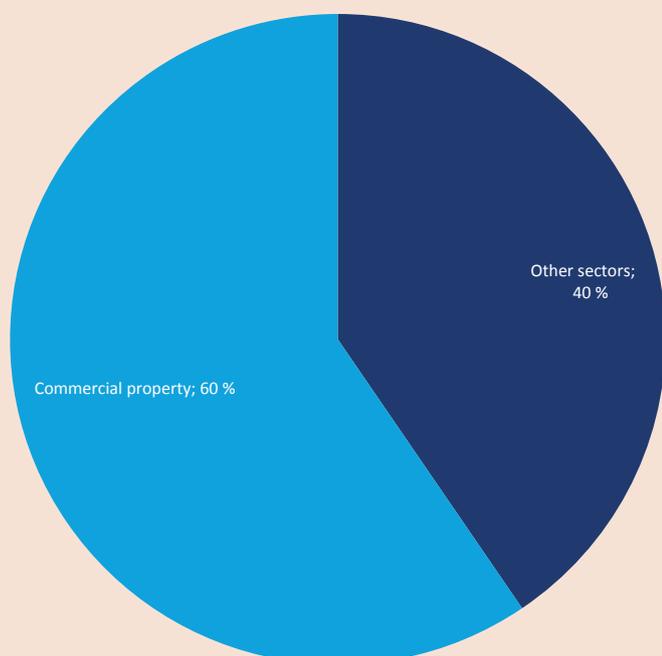
BN Bank ASA posted a profit for 2022 of NOK 578 million (NOK 478 million). SpareBank 1 Sørøst-Norge owns 7.5% of BN Bank ASA. SpareBank 1 Sørøst-Norge's share of BN Bank's profit amounted to NOK 43 million (NOK 31 million).

Operating expenses

Total operating expenses were NOK 1 272 million (NOK 886 million). Operating expenses as a percentage of total operating income for the Group came to 48.5% (44.4%). The corresponding cost-income ratio for the parent bank was 43.0% (40.2%).

Merger-related one-time costs (NOK millions)	As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
	Official	Official	Pro forma	Pro forma
Personnel expenses	39	19	43	19
Other operating expenses	68	27	71	49
Total	107	46	114	68

Corporate market – volume in commercial property and other industries:



Personnel expenses

Personnel expenses amounted to NOK 716 million (NOK 529 million). Of which, merger-related one-off costs amounted to approximately NOK 39 million (NOK 19 million), which mainly relates to provisions for restructuring packages in 2022.

The number of FTEs at the end of the quarter was 652 (533), of which the parent bank employed 432 (378). The increase is directly related to the merger with SpareBank 1 Modum with effect from 01.04.2022, with approximately 100 employees.

Other operating expenses

Other operating expenses were NOK 556 million (NOK 357 million). Of which one-off costs amounted to NOK 68 million (NOK 27 million), mainly related to costs related to the transactions in 2021 and 2022 and the technical merger.

Losses and impairment provisions

Losses charged as costs amounted to NOK 40 million (NOK 79 million). Changes were made to scenario weights this quarter. The scenario weights for the corporate market were changed with an increase of 5 percentage points from the normal to worst case, i.e. from 80/15/5 to 75/20/5. The worst case scenario for the corporate market portfolio was increased because of the increased risk in the corporate market due to the current uncertainty in the macro situation.

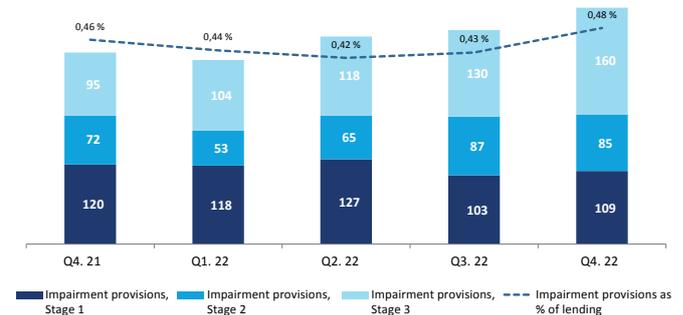
The retail market portfolio's weights were left unchanged from the previous quarter at 80/15/5. The weights for the retail market include an increase in the worst case scenario back during the pandemic, and this has been maintained in light of the economic outlook. Loss provisions for loans and guarantees amounted to NOK 325 million (NOK 264 million), which is equivalent to 0.45% (0.42%) 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 IFRS 9 model's scenario weighting in this quarter as well. The economic outlook is one marked by the aftermath of the pandemic and the war in Ukraine. Shortages in factor inputs have led to sharp price rises for a number of goods and services. The expectations of companies and households regarding 2023 have been particularly affected by higher interest rates and electricity prices. In the coming period, companies expect sharp rises in prices and costs, higher interest rates and fewer new assignments to result in less activity. Commercial property prices are also expected to fall as a result of higher interest costs and higher yield requirements.

Please see the more detailed comments in Notes 2 and 7.

Quarterly change in impairment provisions, accumulated figure:



Statement of financial position performance

The Group's total assets amounted to NOK 89 547 million (NOK 74 911 million). The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 121 837 million (NOK 100 245 million).

Lending and deposit performance

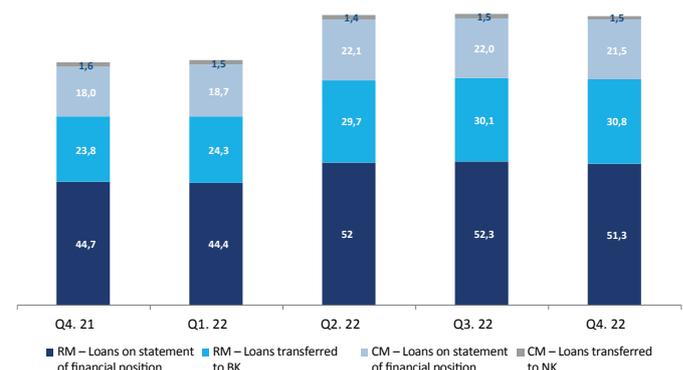
Gross lending (including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 105 141 million. The past 12 months have seen lending growth of 2.5% (pro forma). NOK 1 563 million (1.9%) of the growth came in the retail market and NOK 971 million (4.4%) in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt AS) at the end of the quarter was 78% (65%).

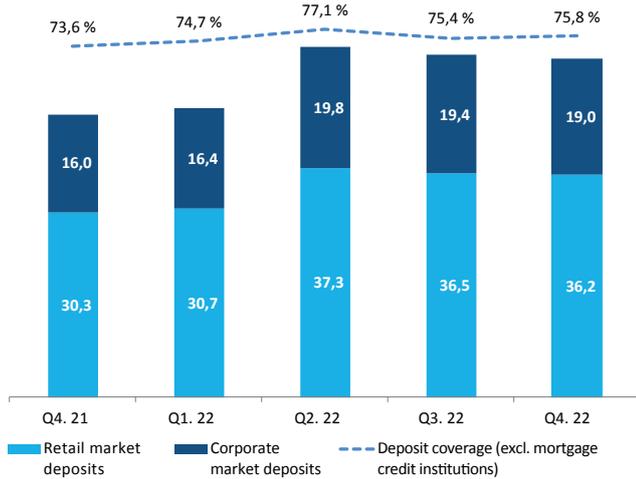
At the end of the quarter, the Group had a deposit volume of NOK 55 216 million (NOK 46 212 million) with deposit growth of 1.2% (pro forma) in the past 12 months. NOK 1 241 million (3.5%) of the growth came in the retail market and NOK -590 million (-3.0%) in the corporate market.

The Group had a deposit coverage ratio of 75.8%, compared with 73.6% 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 52.5% (53.2%).

The retail market's share of deposits at the end of the quarter was 66% (64%).

Quarterly change in loans and deposits:





end of the quarter, the average term to maturity was 3.1 (3.2) years.

The Financial Supervisory Authority of Norway updated three requirements for the Bank in December 2022, where it was decided that SpareBank 1 Sørøst-Norge must have a risk-weighted MREL (total own funds and eligible liabilities) requirement of 26.5% 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 (7.5%), the actual requirement for MREL capital is 34.0%, which must be met in its entirety by the end of 2023 with gradual escalation in 2022 and 2023.

The requirement of 34.0% was calculated based on the applicable capital requirements as at the end 2022 and does not take into account an increased countercyclical buffer and systemic risk buffer in 2023. The increase in the systemic risk buffer from 3.0% to 4.5%, which was postponed until the end of 2023, has not been taken into account in the requirement as at 01.01.2023. A decision has been made to increase the countercyclical buffer by 0.5 percentage points in 2023.

Taking into account the increase in capital requirements, the actual need for MREL capital (effective MREL %) will increase from 34.0% to 37.5% at the end of 2023, and the minimum requirement for subordination will increase in the same period to 30.5%. The Bank's minimum subordination requirement at the end of 2022 was 25.0%, phased in on a linear basis.

At the end of the quarter, the Bank had issued NOK 3.5 billion in SNP bonds. SNP bonds have higher borrowing costs than other traditional funding, so the total cost of borrowing is expected to increase.

Liquidity

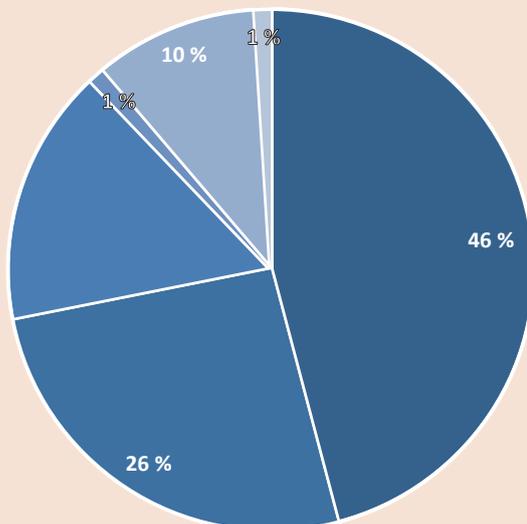
The Bank's liquidity situation at the end of the quarter is good. The Bank's liquidity portfolio was valued at NOK 8.5 billion and its LCR at 263% (175%) as at the end of the quarter. The Bank aims to keep its liquidity risk low. In a normal market, SpareBank 1 Sørøst-Norge's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to new external financing. The Bank was well above this target as at 31.12.

At the end of the quarter, mortgages totalling NOK 30.8 billion (NOK 23.8 billion) had been transferred to SpareBank 1 Boligkreditt AS. As at 31.12, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 27.4 billion (NOK 24.5 billion).

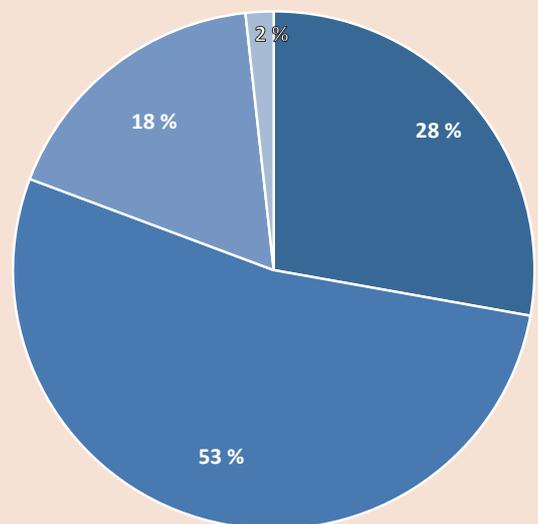
In addition, the Bank had transferred loans to SpareBank 1 Næringskreditt AS worth NOK 1.5 billion (NOK 1.6 billion) as at 31.12.

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

Funding sources



Liquidity portfolio



■ Funding sources ■ Mortgage credit institutions ■ Bond debt ■ Subordinated loans and hybrid Tier 1 securities ■ Equity ■ Other ■ State/state-guaranteed ■ Covered bonds ■ County/municipality ■ Other

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. From the end of 2022 onwards, the Bank will report a consolidated capital adequacy statement. This increased the Common Equity Tier 1 capital ratio by approximately 0.2 percentage points. The Bank proportionally consolidates its ownership interests in SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt AS, SpareBank 1 Finans Midt-Norge AS and BN Bank ASA.

In 2022, the Ministry of Finance decided to increase the countercyclical buffer by 1.0 percentage point to 2.0%. It has also decided to increase the countercyclical buffer by a further 0.5 percentage points as at 31.03.2023, such that the total countercyclical buffer will be 2.5% at the end of the first quarter of 2023. On 16.12.2022, the Ministry of Finance decided to postpone introduction of an increase in the systemic risk buffer for banks that use the standard method. The requirement to increase the systemic risk buffer from 3.0% to 4.5% has been postponed by a year, meaning that the requirement will apply from the end of 2023. 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 has started 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 regulatory requirement for the Common Equity Tier 1 capital ratio at the end of 2022 was 14.5% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

At the end of 2022, the Common Equity Tier 1 capital ratio was 19.5% (18.3%) and the leverage ratio was 8.5% (8.4%). The regulatory requirement for the leverage ratio is 3.0%. Both targets were met by a good margin at the end of 2022, including if the possible additional dividend is taken into account.

The EU's banking package entered into force in Norway 01.06.2022. This entails, among other things, a lower capital weight 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 2022, 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.

Equity certificates – dividend

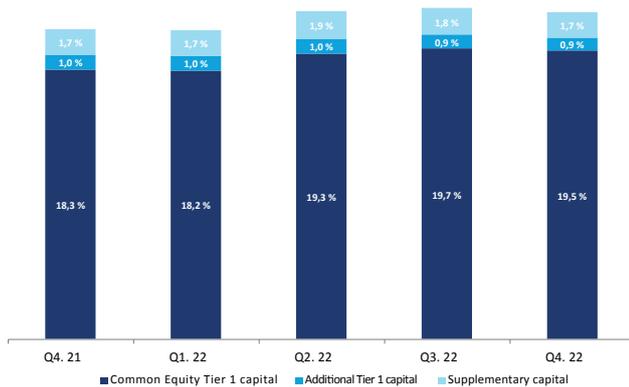
In the Group's dividend policy, the Board of Directors has decided to change the dividend distribution rate from about 50% to a minimum of 50%. The Bank's normal policy is that a minimum of 50% of the equity certificate holders' share of each year's profit should be paid out as a cash dividend.

Because of the good results in 2022 and the Bank's very good financial strength as at 31.12.2022, the Board of Directors is recommending a cash dividend for 2022 of NOK 2.60 per equity certificate, totalling NOK 364 million, and gift funds for community capital totalling NOK 236 million. In total, the distribution rate of the parent bank's official profit is around 58% and 56% of the pro forma consolidated profit for 2022.

Based on the Group's extremely good financial strength, even after the ordinary dividend for equity certificate holders and gift funds for community capital, the Board of Directors will propose to the Supervisory Board that the Board of Directors be authorised to pay an additional dividend to the Bank's equity certificate holders and for gifts to good causes if the financial situation so permits. An additional dividend of up to NOK 1.50 per equity certificate is proposed, which corresponds to NOK 210 million in dividends and NOK 136 million in gifts via community capital. The Board will assess whether there is a basis for paying out any additional dividend/gifts in the third quarter of 2023.

The ordinary dividend and any additional dividend would result in the total distribution of around 91% of the parent bank's official profit (also see Note 23) and 89% of the Group's pro forma profit. The Financial Supervisory Authority of Norway has been informed of the proposed level of the cash dividend for equity certificate holders and gift funds for community capital, based on section 10-6, paragraph three of the Financial Institutions Act.

Quarterly change in capital adequacy:



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 several mergers in recent years, the Bank has good experience and expertise in implementing mergers 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 39 million in the first quarter.

The transaction costs related to the merger between SpareBank 1 BV and Sparebanken Telemark were recognised in 2021. In 2022, total costs of NOK 68 million were recognised in relation to the technical merger of the three former banks (October 2022) and transaction costs related to the merger with SpareBank 1 Modum. A successful technical merger was completed as planned in October.

Future outlook

The level of activity in the Norwegian economy was high in the fourth quarter. Unemployment remains very low. Inflation was high, although prices for some commodities have fallen back. Despite the high inflation and higher interest rates, household demand for goods and services has remained stable. Tight fiscal and monetary policy means that the outlook is more negative. The expectations of companies and households regarding 2023 have been particularly affected by higher interest rates and electricity prices. Local surveys show that households are pessimistic about their personal finances in 2023. Unemployment is expected to rise from the current historically low level to a more normal level of around 2.5%. Higher interest rates and high inflation

may result in a reduction in real disposable income in 2023, which may lead to a reduction in private consumption and less demand for credit in the household segment. Such a trend could also lead to weak growth in house prices in the region in 2023.

According to the companies in the regional network, growth in activity slowed in the autumn. In the coming period, companies expect sharp rises in prices and costs, higher interest rates and fewer new assignments to result in less activity. Less activity eased the shortage of qualified labour, although more companies than normal still experienced capacity limitations and describe the labour market as tight. Inflation has been unusually high, although more than half of companies believe inflation will slow going forward. For Region SOUTH, the survey shows that companies expected reduced investments and reduced profitability. Commercial property prices are also expected to fall as a result of higher interest costs and higher yield requirements.

The debt-to-income ratio is high in parts of the Norwegian household segment. If inflation and wages growth do not slow down, the policy rate, and thus lending rates, may have to rise a lot with the consequential sharp fall in house prices. Our analyses based on figures from Statistics Norway shows that households in our region have a significantly lower ratio between income and house prices than in, for example, Oslo. This means that households are assumed to spend a smaller share of their income on living costs and that their demand for goods and services is thus less sensitive to any fall in house prices. Smaller fluctuations in the demand for goods and services help reduce the risk of a serious downturn for business in the region. A high proportion of public sector jobs in the region also has a mitigating effect.

Higher interest rates may lead to lower credit growth and greater competition, especially for mortgages. This may result in pressure on lending margins. High market rates and credit premiums may also lead to more competition for deposits with the resulting pressure on margins.

The Group's target for its return on equity is 11% for the period up to the end of 2024. As far as results are concerned, 2022 was affected by a somewhat high level of costs resulting from restructuring and other merger-related costs. About NOK 30 million remains to be realised of the communicated merger synergies. These are expected to be distributed approximately equally in 2023 and 2024. The Group's target return on equity of 11% remains unchanged but will in the short term be affected by structural costs. The 11% return on equity target will be achieved through profitable growth, good cost control and the efficient use of capital. The efficient use of capital depends on a number of factors, where approval from the authorities to use AIRB models is a very important step. The internal work is proceeding as planned and the Board expects applications to be submitted to the Financial Supervisory Authority of Norway by the end of the first half-year 2024. Another means of improving efficiency is by increasing the dividend distribution rate in light of the Group's good

financial strength. The Board has therefore changed the dividend policy such that the distribution rate has been amended from about 50% to a minimum of 50%. The Board of Directors has also decided to introduce a profitability target via a cost-income ratio of less than 40%. In light of this, the Group will commence a profitability and cost programme.

During the first half-year 2023, the Board will start an internal process to increase profitability in the Group.

The Ministry of Finance has decided to postpone introduction of the higher systemic risk buffer requirement to the end of 2023. At the end of 2022, the Group's Common Equity Tier 1 capital ratio requirement was 15.5%, including the 1-percentage point management buffer. This is expected to increase to just under 17% by the end of 2023. Prior to the allocation of the annual profit for

2022, the Group's Common Equity Tier 1 capital ratio was proportionately consolidated at the end of the fourth quarter at 21.2%.

The increased regulatory requirements for both capital and compliance combined with a demanding macroeconomic outlook may be important drivers of structural changes in the savings banking sector. In a situation where there is great uncertainty surrounding macroeconomic developments, the Bank has both good financial strength and good capacity for paying dividends.

The Board wishes to play an active role in the future structural changes that are expected in the savings bank sector.

Sandefjord, 08.02.2023

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			
Q4 2021	Q4 2022	31.12. 2021	31.12. 2022	(Amounts in NOK millions)	Note	31.12. 2022	31.12. 2021	Q4 2022	Q4 2021
32	110	96	287	Interest income - assets measured at fair value		287	96	110	32
381	775	1 158	2 297	Interest income - assets measured at amortised cost		2 296	1 157	775	381
113	410	334	1 012	Interest expenses		1 010	333	410	113
300	475	920	1 572	Net interest income	13	1 573	920	475	300
158	154	513	618	Commission income		618	513	154	158
10	11.6	30	39	Commission expenses		39	30	12	10
3	5	7	16	Other operating income		304	233	74	64
150	147	489	595	Net commission and other income	14	883	716	216	212
1	33	33	77	Dividends		77	33	33	1
1	56	108	116	Net result from ownership interests		94	153	48	48
0	48	170	-5	Net result from other financial investments ¹⁾		-5	174	48	0
1	137	311	188	Net income from financial assets	15	167	360	129	50
452	760	1 721	2 355	Total net income		2 623	1 995	820	561
130	155	365	501	Personnel expenses		716	529	245	177
99	142	326	512	Other operating expenses		556	357	124	108
228	297	691	1 013	Total operating expenses		1 272	886	369	285
223	463	1 030	1 343	Profit before losses and tax		1 351	1 109	452	276
1	29	79	40	Losses on loans and guarantees	6, 7	40	79	29	2
222	434	951	1 303	Profit before tax		1 311	1 030	422	274
48	80	154	263	Tax expense		270	161	80	49
174	354	796	1 040	Profit before other comprehensive income		1 041	869	342	225
				Controlling interest's share of profit		1 038	865	342	224
				Non-controlling interest's share of profit		3	4	1	0

OCI

Parent bank						Group			
Q4 2021	Q4 2022	31.12. 2021	31.12. 2022	(Amounts in NOK millions)	Note	31.12. 2022	31.12. 2021	Q4 2022	Q4 2021
174	354	796	1 040	Profit for the period		1 041	869	342	225
				<i>Entries that can be reclassified through profit or loss</i>					
-1	4	1	3	Change in value of loans classified at fair value		3	1	4	-1
				Share of OCI from associated companies and joint ventures		-1	1	-4	1
				<i>Entries that cannot be reclassified through profit or loss</i>					
-14	35	-14	35	Estimation difference, IAS 19 Pensions		35	-15	35	-15
-15	39	-13	38	Period's OCI		37	-13	35	-15
159	393	783	1 078	Total comprehensive income		1 078	855	378	210
				Controlling interest's share of total comprehensive income		1 075	852	377	210
				Non-controlling interest's share of total comprehensive income		3	4	1	0
0.87	1.51	4.94	4.27	Earnings and diluted result per equity certificate before other comprehensive income		4.27	5.37	1.46	1.13

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	31.12.2022	(Amounts in NOK millions)	Note	31.12.2022	31.12.2021
114	108	Cash holdings and receivables from central banks		108	114
1 698	2 499	Loans to and receivables from credit institutions without agreed maturity		2 499	1 698
455	605	Loans to and receivables from credit institutions with agreed maturity		605	455
62 571	72 572	Net lending to customers	5, 7, 8, 9	72 546	62 542
6 146	8 430	Certificates, bonds and other securities at fair value		8 430	6 146
2 203	2 617	Shareholdings and other equity interests		2 617	2 203
69	153	Ownership interests in Group companies			
862	1 191	Interests in joint ventures and associated companies		1 452	1 141
239	282	Tangible assets		326	277
0	357	Goodwill		458	34
23	38	Deferred tax assets		39	23
193	351	Other assets	17	467	279
74 573	89 202	Total assets		89 547	74 911
150	0	Deposits from and liabilities to credit institutions		0	150
46 264	55 284	Deposits from customers	18	55 216	46 212
16 913	19 570	Liabilities from the issuance of securities	19	19 570	16 913
212	308	Tax payable		319	220
609	835	Other liabilities and commitments	21	919	664
651	749	Subordinated loan capital	20	749	651
64 801	76 745	Total liabilities		76 773	64 811
1 778	2 101	Equity certificate capital		2 101	1 778
2 777	3 779	Share premium fund		3 779	2 777
1 108	1 413	Dividend equalisation fund		1 413	1 108
3 727	4 716	Sparebankens Fond		4 716	3 727
26	91	Fund for unrealised gains		91	26
350	350	Hybrid capital		350	350
		Other equity		310	318
7	7	Gift fund		7	7
		Non-controlling interest's share		7	10
9 773	12 457	Total equity		12 774	10 100
74 573	89 202	Liabilities and equity		89 547	74 911

Combined results from quarterly accounts

Group

(Amounts in NOK millions)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Interest income	885	678	574	446	413	373	262	205
Interest expenses	410	264	197	140	113	96	68	56
Net interest income	475	414	377	306	300	277	194	149
Commission income	154	164	160	140	158	161	109	85
Commission expenses	12	10	9	8	10	10	6	4
Other operating income	74	75	100	55	64	63	62	44
Net commission and other income	216	230	251	187	212	214	164	125
Dividends	33	0	32	12	1	0	22	10
Net result from ownership interests	48	17	16	14	48	54	34	17
Net result from other financial investments 1)	48	-15	-28	-10	0	7	150	16
Net income from financial assets	129	1	19	17	50	61	206	42
Total net income	820	645	648	510	561	553	565	317
Personnel expenses	245	149	152	169	177	150	105	97
Other operating expenses	124	150	147	136	108	99	92	58
Total operating expenses	369	299	299	306	285	249	198	154
Profit before losses and tax	452	346	349	204	276	303	368	162
Losses on loans and guarantees	29	7	15	-11	2	-35	111	2
Profit before tax	422	339	334	215	274	339	256	160
Tax expense	80	81	63	46	49	70	13	29
Profit before other comprehensive income	342	258	271	170	225	269	244	131

Parent bank

Earnings per equity certificate (quarter in isolation)	1.51	1.02	1.24	0.84	0.87	1.03	2.24	0.91
Diluted earnings per equity certificate (quarter in isolation)	1.51	1.02	1.24	0.84	0.87	1.03	2.24	0.91

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

Change in equity

Group

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens Fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Non-controlling interest's share	Total equity
Equity as at 31.12.2021	1 778	2 777	1 108	3 727	7	26	350	318	10	10 100
Equity added from the merger with SpareBank 1 Modum	321	998		795						2 113
Interest expenses on subordinated bonds reclassified as equity			-11	-7						-19
Dividends/gifts from 2021, paid in 2022			-297	-196					-4	-497
Change in carrying amount of joint ventures and associated companies								-5		-5
Employee equity certificate savings scheme	2	4								6
Other changes in equity			3	2		-8				-3
Profit before other comprehensive income			586	380		74		-1	3	1 041
<i>Entries that can be reclassified through profit or loss</i>										
Change in value of loans classified at fair value			2	1						3
Share of OCI from associated companies and joint ventures								-1		-1
<i>Entries that cannot be reclassified through profit or loss</i>										
Estimation difference, IAS 19 Pensions			21	14						35
Equity as at 31.12.2022	2 101	3 779	1 413	4 716	7	91	350	310	7	12 774

1) NOK 0.6 million was deducted from equity certificate capital as at 31.12.2022 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 ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens Fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Non-controlling interest's share	Total equity
Equity as at 31.12.2020	947	1 026	765	2 261	7	22	250	258	2	5 537
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								-11		-11
Dividends from 2020, paid in 2021			-120						-1	-121
Change in carrying amount of joint ventures and associated companies								-8		-8
Profit before other comprehensive income			471	310		3		80	4	869
<i>Entries that can be reclassified through profit or loss:</i>										
Change in value of loans classified at fair value						1				1
<i>Entries that cannot be reclassified through profit or loss:</i>										
Estimation difference, IAS 19 Pensions			-8	-6				-1		-15
Equity as at 31.12.2021	1 778	2 777	1 108	3 727	7	26	350	318	10	10 100

1) NOK 2.8 million was deducted from equity certificate capital as at 31.12.21 for the treasury holding

Parent bank

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens Fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2021	1 778	2 777	1 108	3 727	7	26	350	0	9 773
Equity added from the merger with SpareBank 1 Modum	321	998		795					2 113
Interest expenses on subordinated bonds reclassified as equity			-11	-7					-19
Dividends/gifts from 2021, paid in 2022			-297	-195					-492
Employee equity certificate savings scheme	2	4							6
Other changes in equity			3	2		-8			-3
Profit before other comprehensive income			586	380		74			1 040
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value			2	1					3
<i>Entries that cannot be reclassified through profit or loss</i>									
Estimation difference, IAS 19 Pensions			21	14					35
Equity as at 31.12.2022	2 101	3 779	1 413	4 716	7	91	350	0	12 457

1) NOK 0.6 million was deducted from equity certificate capital as at 31.12.2022 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 ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens Fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2020	947	1 026	765	2 261	7	22	250	0	5 277
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								-11	-11
Dividends from 2020, paid in 2021			-120						-120
Profit before other comprehensive income			471	310		3		11	796
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value						1			1
Entries that cannot be reclassified through profit or loss:									
Estimation difference, IAS 19 Pensions			-8	-6					-14
Equity as at 31.12.2021	1 778	2 777	1 108	3 727	7	26	350	0	9 773

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

Cash flow statement

Parent bank			Group	
31.12.2021	31.12.2022	Amounts in NOK millions	31.12.2022	31.12.2021
		Cash flow from operating activities		
951	1 303	Period's profit before tax	1 311	1 030
		Net profit from joint ventures	-158	-153
-151		Negative goodwill through profit or loss		-151
0	-6	Loss/gain from fixed assets	-6	6
31	50	Depreciation and impairments	54	36
79	40	Impairment of loans	40	79
-117	-258	Tax payable	-267	-123
-3 944	-139	Change in lending and other assets	-143	-3 959
1 646	521	Change in deposits from customers	505	1 642
59	-150	Change in loans to and receivables from credit institutions	-150	59
-293	-1 694	Change in certificates and bonds	-1 694	-293
-19	-21	Change in other receivables	-24	-46
20	-252	Change in other current liabilities	-262	-16
-1 738	-607	Net cash flow from operating activities	-794	-1 888
		Cash flow from investing activities		
1 186	625	Cash and cash equivalents added through merger 1)	642	1 186
-22	-37	Investments in property, plant and equipment	-39	-29
0	15	Sales of property, plant and equipment	15	23
-177	-231	Investments in shares, equity certificates and units	-114	-81
223	130	Sales of shares, equity certificates and units	130	223
1 209	502	Net cash flow from investing activities	635	1 322
		Cash flow from financing activities		
4 450	6 168	Increase in financial borrowing	6 223	4 450
-2 817	-4 787	Repayment of financial borrowing	-4 785	-2 817
150	416	Borrowing subordinated loans/additional Tier 1 capital	416	150
-150	-411	Repayment, subordinated loans / additional Tier 1 capital	-411	-150
0	6	Buy-back of own equity certificates for saving programme	6	0
-124	-492	Dividends/gifts paid	-496	-125
1 509	901	Net cash flow from financing activities	954	1 508
980	796	Total change in cash and cash equivalents in year	796	942
832	1 812	Cash and cash equivalents OB	1 812	870
1 812	2 607	Cash and cash equivalents at end of period	2 607	1 812
980	796	Net change in cash and cash equivalents in year	796	942
		Cash and cash equivalents, specified		
114	108	Cash holdings and receivables from central banks	108	114
1 698	2 499	Loans to and receivables from credit institutions without agreed maturity	2 499	1 698
1 812	2 607	Cash and cash equivalents	2 607	1 812

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.

Additional specifications

Cash flow from interest received, interest payments and dividends received

Parent bank			Group	
31.12.2021	31.12.2022	Amounts in NOK millions	31.12.2022	31.12.2021
1 192	2 356	Interest received on loans to customers	2 354	1 191
-151	-494	Interest paid on deposits from customers	-492	-150
10	39	Interest received on loans to and receivables from credit institutions	39	10
-1	-1	Interest paid on loans to and receivables from credit institutions	-1	-1
57	189	Interest received on certificates and bonds	189	57
-154	-482	Interest paid on certificates and bonds	-482	-154
129	193	Dividends from investments	172	33
1 083	1 800	Net cash flow from interest received, interest payments and dividends received	1 780	988



Notes to the financial statements

Note 1 – Accounting policies

The interim report for SpareBank 1 Sørøst-Norge covers the period 01.01-31.12.2022. 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 cash 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.

From the end of 2022 onwards, the Bank will report a consolidated capital adequacy statement since the Bank is not below the materiality limit set out in the CRD IV regulations.

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 incurred 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 31.12.2022.

In addition to expanded individual loss assessments, the Bank assessed the model's scenario weightings in this quarter as well, as at 31.12.2022. 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 the corporate market were changed to 75/20/5, while the weights for the retail market were kept unchanged at 80/15/5 (likelihood of normal/worst/best scenario, respectively) at the end of 2022. Please see the more detailed comments in Note 7 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
Total remuneration	21 408 644	-	1 146

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
Fair value of identifiable assets and liabilities						
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
Total assets	11 541	205	11 746	11 656	121	11 776
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
Total liabilities	9 984	0	9 984	10 005	0	10 005
Net equity for distribution to equity certificate holders and community capital	1 557	205	1 762	1 650	121	1 771
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
Calculated goodwill			-351			-342

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
Opening balance 01.04.22						
Assets						
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
Total assets	11 746	75 392	87 489	11 776	75 738	87 857
Liabilities						
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
Total liabilities	9 984	65 960	75 944	10 005	65 980	75 986
Equity						
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
Total equity	1 762	9 432	11 546	1 771	9 758	11 871
Total liabilities and equity	11 746	75 392	87 489	11 776	75 738	87 857
Off-statement of financial position items:						
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

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

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. From the end of 2022 onwards, the Bank will report a consolidated capital adequacy statement. This has, in isolation, increased the Common Equity Tier 1 capital ratio by approximately 0.2 percentage points. The Bank proportionally consolidates its ownership interests in SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt AS, SpareBank 1 Finans Midt-Norge AS and BN Bank ASA.

In 2022, the Ministry of Finance decided to increase the countercyclical buffer by a total of 1.0 percentage point to 2.0% at the end of 2022. It has also decided to increase the countercyclical buffer by a further 0.5 percentage points as at 31.03.2023, such that the total countercyclical buffer will be 2.5% at the end of the first quarter of 2023. On 16.12.2022, the Ministry of Finance decided to postpone introduction of an increase in the systemic risk buffer for banks that use the standard method. The requirement to increase the systemic risk buffer from 3.0% to 4.5% has been postponed by a year, meaning that the requirement will first apply from the end of 2023. 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 regulatory requirement for the Common Equity Tier 1 capital ratio at the end of 2022 was 14.5% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

At the end of 2022, the Common Equity Tier 1 capital ratio was 19.5% (18.3%). The leverage ratio was 8.5% (8.4%) at the end of 2022. The regulatory requirement for the leverage ratio is 3.0%. Both targets were met by a good margin by the end of 2022.

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.

Group (proportional consolidation)

Amounts in NOK millions	31.12.2022	31.12.2021
Primary capital		
Common Equity Tier 1 capital	10 939	8 817
Tier 1 capital	11 439	9 293
Primary capital	12 399	10 124
Basis for calculation	56 097	48 269
Capital adequacy		
Common Equity Tier 1 capital ratio	19.5%	18.3%
Tier 1 capital ratio	20.4%	19.3%
Capital adequacy	22.1%	21.0%
Leverage ratio	8.5%	8.4%

Parent bank

Amounts in NOK millions	31.12.2022	31.12.2021
Primary capital		
Total capitalised equity (excluding hybrid capital)	12 107	9 423
Capitalised equity not included in Tier 1 capital	-946	-492
Value adjustments on shares and bonds measured at fair value (AVA)	-15	-11
Deduction for goodwill	-357	
Deduction for non-material interests in the financial sector	-174	-122
Deduction for material interests in the financial sector	-886	-749
Total Common Equity Tier 1 capital	9 729	8 048
Hybrid capital	350	350
Total Tier 1 capital	10 079	8 397
Supplementary capital in excess of Tier 1 capital		
Time-limited primary capital	745	650
Net primary capital	10 824	9 047

Risk-weighted basis for calculation		
Assets not included in the trading portfolio	41 126	36 532
Operational risk	3 782	3 066
CVA surcharge (counterparty risk on derivatives)	56	74
Total basis for calculation	44 964	39 672
Common Equity Tier 1 capital ratio	21.6%	20.3%
Tier 1 capital ratio	22.4%	21.2%
Capital adequacy	24.1%	22.8%
Leverage ratio	11.0%	11.0%
Buffer requirements		
Capital conservation buffer (2.5%)	1 124	992
Countercyclical buffer (2.0%/1.0%)	899	397
Systemic risk buffer (3.0%)	1 349	1 190
Total buffer requirement for Common Equity Tier 1 capital	3 372	2 579
Minimum requirement for Common Equity Tier 1 capital (4.5%)	2 023	1 785
Available Common Equity Tier 1 capital in excess of minimum requirement	4 333	3 684

Specification of risk-weighted credit risk	31.12.2022	31.12.2021
Governments and central banks	60	27
Local and regional authorities	241	63
Publicly owned companies	10	10
Institutions	195	159
Companies	4 015	4 280
Mass market	5 760	4 600
Mortgaged against residential and holiday property	17 078	16 456
Mortgaged against commercial property	6 990	5 589
Exposures past due	592	326
High-risk exposures	1 898	1 646
Covered bonds	452	497
Receivables from institutions and companies with short-term ratings	513	340
Shares in mutual funds	69	48
Equity items	2 757	2 135
Other exposures	497	356
Total credit risk	41 126	36 532

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 31.12.2022

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Profit				
Net interest income	916	656	1	1 573
Net commission and other income	800	263	-13	1 050
Operating expenses	928	357	-13	1 272
Profit before losses	788	562	0	1 351
Losses on loans and guarantees	8	31		40
Profit before tax	780	531	0	1 311

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	52 096	20 476	-26	72 546
Other assets			17 001	17 001
Total assets per segment	52 096	20 476	16 975	89 547
Deposits from and liabilities to customers	36 756	18 527	-67	55 216
Other equity and liabilities			34 331	34 331
Total equity and debt per segment	36 756	18 527	34 264	89 547

Group 31.12.2021

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

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

Note 6 – Impairment of loans

Parent bank			Group	
31.12.2021	31.12.2022	(Amounts in NOK millions)	31.12.2022	31.12.2021
	10	Effect of merger with SpareBank 1 Modum 1)	10	
89	0	Effects of merger with Sparebanken Telemark 2)	0	89
-21	-23	Change in impairment provisions in the period, Stage 1	-23	-21
-15	4	Change in impairment provisions in the period, Stage 2	4	-15
9	56	Change in impairment provisions in the period, Stage 3	56	17
17	17	Losses for the period with previous impairments	17	9
8	-1	Losses for the period without previous impairments	-1	8
-3	-12	Previously recognised impairments at start of period	-12	-3
-5	-10	Other corrections/amortisation of impairments	-10	-5
79	40	Losses on loans and guarantees in the period	40	79

¹⁾ 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).

²⁾ 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)

Group

Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
31.12.2021	120	72	95	287
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	19	-19	0	0
Impairment provisions transferred to Stage 2	-11	13	-2	0
Impairment provisions transferred to Stage 3	0	-2	2	0
New financial assets issued or purchased	33	11	18	62
Increase in existing loans	16	41	52	109
Reduction in existing loans	-41	-15	9	-48
Financial assets that have been deducted	-36	-24	-14	-74
Changes due to recognised impairments (recognised losses)	0	0	0	0
31.12.2022	109	85	160	353
- reversal of impairment provisions related to fair value through OCI	-28			-28
Capitalised impairment provisions as at 31.12.2022	81	85	160	325
Of which, impairment provisions for capitalised loans	69	81	156	306
Of which, impairment provisions for unused credits and guarantees	12	4	4	20
Of which: impairment provisions, corporate market - amortised cost	68	40	129	237
Of which: impairment provisions, retail market - amortised cost	13	45	31	89

(Amounts in NOK millions)

Group

Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
31.12.2020	52	50	69	172
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	-	-	9	9
Impairment provisions transferred to Stage 1	32	-22	-10	-
Impairment provisions transferred to Stage 2	-5	6	0	-
Impairment provisions transferred to Stage 3	-2	-3	5	-
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)	0	0	-9	-9
31.12.2021	120	72	95	287
- reversal of impairment provisions related to fair value through OCI	-24	-	-	-24
Capitalised impairment provisions as at 31.12.2021	96	72	95	264
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 31.12.2022.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based on an assessment. The scenario weights were changed for the corporate market portfolio from 80/15/5 to 75/20/5. The worst case scenario was increased because of the increased risk in the corporate market due to the current uncertainty in the macro situation. The retail market portfolio's weights were left unchanged at 80/15/5. The weights include an increase in the worst case scenario back during the pandemic, and this has been maintained in light of the economic outlook.

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

Scenario weights used as at 31.12.2022

(Amounts in NOK millions)	Weight RM/CM	CM	RM	Total
Scenario 1 (normal case)	80%/75%	161	64	226
Scenario 2 (worst case)	15%/20%	104	49	153
Scenario 3 (best case)	5%/5%	9	3	11
Total estimated IFRS 9 provisions		274	117	390
Adjusted for amortisation effects		-37		-37
-reversal of impairment provisions related to at fair value through OCI			-28	-28
Capitalised impairment provisions for the parent bank as at 31.12.2022		237	89	325

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

(Amounts in NOK millions)	Weight RM/CM	CM	RM	Total
Scenario 1 (normal case)	100%/100%	215	84	299
Scenario 2 (worst case)	100%/100%	519	330	849
Scenario 3 (best case)	100%/100%	170	57	227

Scenario weights used	31.12.2022 Weight RM/CM	31.12.2021 Weight RM/CM	31.12.2020 Weight RM/CM
Scenario 1 (normal case)	80%/75%	80%/80%	80%/80%
Scenario 2 (worst case)	15%/20%	15%/15%	15%/20%
Scenario 3 (best case)	5%/5%	5%/5%	5%/0%

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
31.12.2021	55 639	3 950	338	59 927
Effect of merger with SpareBank 1 Modum	8 509	528	53	9 090
Loans transferred to Stage 1	1 435	-1 426	-9	0
Loans transferred to Stage 2	-2 073	2 104	-31	0
Loans transferred to Stage 3	-69	-85	154	0
New financial assets issued or purchased	22 238	421	258	22 918
Increase in existing loans	2 709	186	20	2 915
Reduction in existing loans	-4 746	-417	-32	-5 195
Financial assets that have been deducted	-19 113	-1 239	-81	-20 432
Changes due to recognised impairments (recognised losses)	-2	0	-22	-24
Changes due to receipts for previous impairments (recognised)	5	29	10	43
31.12.2022	64 530	4 052	659	69 241
Impairment provisions as % of gross lending	0.13%	2.09%	24.24%	0.47%
of which corporate market	18 861	1 399	453	20 713
of which retail market	45 668	2 653	207	48 528

(Amounts in NOK millions)	Group			
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
31.12.2020	28 478	2 246	198	30 922
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)	0	-1	-7	-8
Changes due to receipts for previous impairments (recognised)	-	-	-9	-9
31.12.2021	55 638	3 950	339	59 927
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	31.12.2022	(Amounts in NOK millions)	31.12.2022	31.12.2021
44 736	51 349	Employees, etc.	51 349	44 736
11 201	13 202	Property management/business services, etc.	13 176	11 172
2 853	3 343	Property management housing cooperatives	3 343	2 853
768	1 003	Wholesale and retail trade/hotels and restaurants	1 003	768
590	993	Agriculture/forestry	993	590
571	881	Building and construction	881	571
714	1 132	Transport and service Industries	1 132	714
759	565	Production (manufacturing)	565	759
10	0	Public administration	0	10
598	409	Other	409	598
62 801	72 878	Gross lending	72 852	62 771
19 814	20 144	- Of which, measured at amortised cost	20 119	19 784
40 143	49 122	- Of which, measured at fair value through OCI	49 122	40 143
2 844	3 611	- Of which, measured at fair value through profit or loss	3 611	2 844
-229	-306	- Impairment provisions for loans	-306	-229
62 571	72 572	Net lending	72 546	62 542
62 801	72 878	Gross lending	72 852	62 771
23 769	30 802	Gross lending transferred to SB1 Boligkreditt	30 802	23 769
1 565	1 487	Gross lending transferred to SB1 Næringskreditt	1 487	1 565
88 135	105 167	Gross lending including SB1 Boligkreditt and Næringskreditt	105 141	88 105

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 6 800 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 11 transactions involving borrowing were hedged as at 31.12.22.

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 2022. The Bank does not hedge cash flows.

Fair value hedging (amounts in NOK millions)	31.12.2022	31.12.2021
Net recognition of hedging instruments	224	135
Net recognition of hedged items	-222	-134
Total fair value hedging	2.4	0.1
Accumulated hedging adjustments for hedged items	-262	-40

Group

(Amounts in NOK millions)	31.12.2022			31.12.2021		
	Contract sum	Fair value		Contract sum	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate instruments						
Interest rate swap contract – Securing of customer-related assets fair value through profit or loss	3 560	121	1	2 882	18	15
Interest rate swap contract – hedging of fixed income securities	455	16	15	355	14	20
Interest rate swap agreements – hedging of fair value of fixed rate borrowing	6 800	54	250	5 600	66	28
Total interest rate instruments	10 815	191	267	8 837	98	64

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 3.1 (3.2) years at the end of the quarter.

The liquidity coverage ratio (LCR) was 263% (175%) at the end of the quarter and the average LCR was 175% (170%) in 2022.

Note 13 – Net interest income

Parent bank			Group	
31.12.2021	31.12.2022	(Amounts in NOK millions)	31.12.2022	31.12.2021
		Interest income		
10	39	Interest rates on loans to credit institutions at amortised cost	39	10
432	878	Interest on loans to customers at amortised cost	877	431
715	1 380	Interest on loans to customers at fair value through OCI	1 380	715
1 158	2 297	Total interest income - assets measured at amortised cost	2 296	1 157
39	98	Interest on loans to customers at fixed rates	98	39
57	189	Interest on securities at fair value	189	57
96	287	Total interest income - assets measured at fair value	287	96
1 254	2 584	Total interest income	2 583	1 253
		Interest expenses		
1	1	Interest and similar expenses for liabilities to credit institutions	1	1
151	494	Interest and similar expenses for deposits from and liabilities to customers	492	150
143	457	Interest and similar expenses for issued securities	457	143
11	25	Interest and similar expenses for subordinated loan capital	25	11
29	35	Other interest expenses and similar expenses	35	29
334	1 012	Total interest expenses	1 010	333
920	1 572	Net interest income	1 573	920

Note 14 – Net commission and other income

Parent bank			Group	
31.12.2021	31.12.2022	(Amounts in NOK millions)	31.12.2022	31.12.2021
		Commission income		
9	12	Guarantee commission	12	9
1	1	Interbank commission	1	1
14	19	Credit brokerage	19	14
28	34	Securities trading and management	34	28
147	223	Payment services	223	147
95	144	Insurance services	144	95
11	18	Other commission income	18	11
209	166	Commission from Boligkreditt and Næringskreditt	166	209
513	618	Total commission income	618	513
		Commission expenses		
1	1	Interbank fees	1	1
19	23	Payment services	23	19
10	14	Other commission expenses	14	10
30	39	Total commission expenses	39	30
483	579	Net commission income	579	483
		Other operating income		
3	4	Operating income from real estate	4	3
0	6	Profit from the sale of fixed assets	6	1
5	6	Other operating income	6	4
		Operating income from estate agency business	233	176
		Operating income from accounting firms	55	50
7	16	Total other operating income	304	233
489	595	Net commission and other income	883	716

Note 15 – Net result from other financial investments

Parent bank			Group	
31.12.2021	31.12.2022	(Amounts in NOK millions)	31.12.2022	31.12.2021
27	65	Net change in value of stocks, shares, etc. measured at fair value	65	30
-23	-71	Net change in value of bonds/certificates measured at fair value	-71	-23
3	-17	Net change in value of financial derivatives measured at fair value	-17	3
12	17	Exchange rate gains/losses on currency	17	12
151		Negative goodwill recognised through profit or loss upon the merger with Sparebanken Telemark		151
170	-5	Net result from other financial investments	-5	174

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 31.12.2022

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans			3 611	3 611
- Mortgages at fair value through OCI			49 122	49 122
- Interest-bearing securities	250	8 180		8 430
- Shares, units and equity certificates	219		2 397	2 617
- Financial derivatives		191		191
Total assets	469	8 371	55 130	63 971
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued		6 584		6 584
- Financial derivatives		267		267
Total liabilities		6 850		6 850

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
Total assets	451	5 992	44 991	51 434
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued		5 597		5 597
- Financial derivatives		64		64
Total liabilities	0	5 661	0	5 661

Changes in instruments classified as Level 3 as at 31.12.2022

(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	352	6 506
Additions	758	111	22 912
Disposals	-641	-130	-20 439
Net gain/loss on financial instruments	-	60	-
Closing balance 31.12.2022	3 611	2 397	49 122

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	-
Closing balance 31.12.2021	2 844	2 004	40 143

Note 17 – Other assets

Parent bank			Group	
31.12.2021	31.12.2022	(Amounts in NOK millions)	31.12.2022	31.12.2021
42	43	Prepaid, unaccrued costs, and accrued income not yet received	150	125
50	117	Other assets	126	53
101	191	Derivatives and other financial instruments at fair value	191	101
193	351	Total other assets	467	279

Note 18 – Deposits from customers by sector and industry

Parent bank			Group	
31.12.2021	31.12.2022	(Amounts in NOK millions)	31.12.2022	31.12.2021
30 255	36 228	Employees, etc.	36 228	30 255
6 149	5 896	Property management/business services, etc.	5 829	6 098
296	310	Property management housing cooperatives	310	296
1 611	1 754	Wholesale and retail trade/hotels and restaurants	1 754	1 611
421	802	Agriculture/forestry	802	421
1 232	1 744	Building and construction	1 744	1 232
2 725	4 184	Transport and service Industries	4 184	2 725
658	984	Production (manufacturing)	984	658
1 684	2 500	Public administration	2 500	1 684
1 234	882	Abroad and others	882	1 234
46 264	55 284	Total deposits	55 216	46 212

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)	31.12.2022	31.12.2021
Loans from credit institutions, nominal value	0	150
Bond debt, senior unsecured, nominal value	16 178	15 293
Bond debt, SNP, nominal value	3 500	1 550
Value adjustments and accrued interest	-108	70
Total interest-bearing securities	19 570	17 063

Change in financial borrowing

Group (Amounts in NOK millions)	31.12.2022	Merger 01.04.2022 portfolio SpareBank 1 Modum	Issued	Due/ redeemed	31.12.2021
Loans from credit institutions, nominal value	0	0	0	-150	150
Bond debt, senior unsecured, nominal value	16 178	598	3 620	-3 333	15 293
Bond debt, SNP, nominal value	3 500	0	1 950	0	1 550
Value adjustments and accrued interest	-108	0	0	-179	70
Total interest-bearing securities	19 570	598	5 570	-3 662	17 063

Group (Amounts in NOK millions)	31.12.2021	Merger 01.06.2021 portfolio Sparebanken Telemark	Issued	Due/ redeemed	31.12.2020
Loans from financial institutions, nominal value	150	150	0	-200	200
Bond debt, senior unsecured, nominal value	15 293	7 216	3 050	-2 767	7 794
Bond debt, SNP, nominal value	1 550	0	1 550	0	0
Value adjustments and accrued interest	70	75	0	0	115
Total interest-bearing securities	17 063	7 441	4 600	-2 967	8 109

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)	31.12.2022	31.12.2021
Subordinated loan capital	745	650
Value adjustments and accrued interest	4	1
Total subordinated loan capital	749	651

Change in subordinated loan capital

Group (Amounts in NOK millions)	31.12.2022	Merger 01.04.2022 portfolio SpareBank 1 Modum	Issued	Due/redeemed	31.12.2021
Subordinated loan capital	745	90	350	-345	650
Value adjustments and accrued interest	4			3	1
Total subordinated loan capital	749	90	350	-342	651

Group (Amounts in NOK millions)	31.12.2021	Merger 01.06.2021 portfolio Sparebanken Telemark	Issued	Due/redeemed	31.12.2020
Subordinated loan capital	650	250	150	-150	400
Value adjustments and accrued interest	1				1
Total subordinated loan capital	651	250	150	-150	401

Note 21 – Other liabilities

Parent bank		(Amounts in NOK millions)	Group	
31.12.2021	31.12.2022		31.12.2022	31.12.2021
101	139	Accrued expenses and received unearned income	166	128
34	20	Provisions for guarantees	20	34
83	81	IFRS 16 liabilities related to leases	81	78
139	103	Pension liabilities	104	140
188	226	Other liabilities	282	220
64	267	Derivatives and other financial instruments at fair value	267	64
609	835	Total other liabilities	919	664

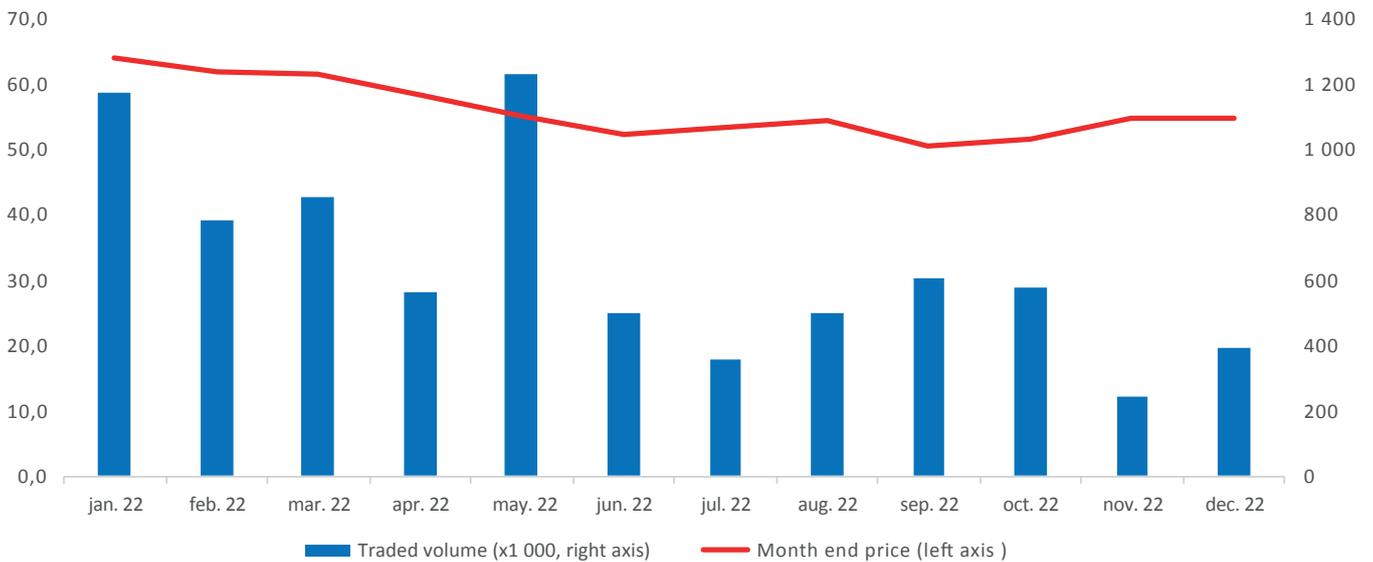
Note 22 – Equity certificate holders and distribution of equity certificates

There were 5 961 (5 929) equity certificate holders as at 31.12.2022.

The 20 largest were:

	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 HOLLA OG LUNDE	10 273 723	7.3%
VPF EIKA EGENKAPITALBEVIS	3 951 495	2.8%
SPESIALFONDET BOREA UTBYTTE	2 907 433	2.1%
BRANKASSESTIFTELSEN MIDT-BUSKERUD	2 863 998	2.0%
PARETO INVEST NORGE AS	2 608 539	1.9%
KOMMUNAL LANDSPENSJONSKASSE GJENSI	1 377 645	1.0%
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%
HAUSTA INVESTOR AS	420 000	0.3%
Total 20 largest owners	103 520 640	73.9%
SpareBank 1 Sørøst-Norge (own equity certificates)	43 284	0.0%
Other owners	36 534 637	26.1%
Issued equity certificates	140 098 561	100.0%

Price development January 2022 - December 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 a minimum of 50% of the owner capital's share of the annual profit will be paid out as cash dividends.

As a general rule, dividend funds amounting to a minimum of 50% of the primary capital's share of the profit will be transferred to the foundations in order to maintain stable ownership fractions over time.

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 31.12.2022. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

Parent bank

Equity certificate fraction	31.12.2022
Amounts in NOK millions	
Equity certificate capital	2 101
Share premium fund	3 779
Dividend equalisation fund, excl. other equity	1 413
Total equity certificate holders' capital	7 293
Sparebankens Fond, excl. other equity	4 716
Gift fund	7
Total community-owned capital	4 723
Equity excl. dividends, gifts, hybrid capital and other equity	12 016
Equity certificate fraction	60.7%
Community capital	39.3%

Parent bank	2022
Based on profit divided between equity certificate holders and community capital (NOK millions)	947
Number of equity certificates issued (weighted average 01.01-31.12)	134 746 400
Earnings per equity certificate (NOK)	4.27
Market price (NOK)	55.00
Nominal Value (NOK)	15.00

Corrected result (amounts in NOK millions)

Profit before other comprehensive income	1 040
- corrected for interest on hybrid Tier 1 securities recognised directly against equity	-19
- corrected for unrealised gains on shares (FUG)	-74
Adjusted profit	947

Note 24 – Consolidated results from the quarterly financial statements (pro forma)¹⁾

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)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Interest income	885	678	574	514	476	429	427	420
Interest expenses	410	264	197	161	132	115	116	119
Net interest income	475	414	377	353	344	314	311	301
Commission income	154	164	160	161	182	186	172	167
Commission expenses	12	10	9	10	12	11	10	10
Other operating income	74	75	100	67	90	79	93	71
Net commission and other income	216	230	251	218	259	254	255	228
Dividends	33	0	32	14	1	0	27	18
Net result from ownership interests	48	17	16	15	61	60	67	30
Net result from other financial investments	48	-15	-28	-2	4	14	139	36
Net income from financial assets	129	1	19	27	65	74	233	83
Total net income	820	645	648	598	669	642	799	612
Personnel expenses	245	149	152	201	212	180	158	170
Other operating expenses	124	150	147	163	140	118	159	118
Total operating expenses	369	299	299	364	352	298	317	288
Profit before losses and tax	452	346	349	235	316	344	482	324
Losses on loans and guarantees	29	7	15	-11	-2	-33	112	12
Profit before tax	422	339	334	246	318	377	370	312
Tax expense	80	81	63	51	57	78	35	57
Profit before other comprehensive income	342	258	271	195	261	300	335	256

¹⁾ 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)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Profitability								
Return on equity 1)	10.9%	8.4%	9.4%	6.9%	9.0%	10.6%	12.3%	9.7%
Net interest income, excl. interest on subordinated bonds 1)	2.08%	1.81%	1.69%	1.63%	1.56%	1.44%	1.48%	1.48%
Cost-income ratio 1)	44.9%	46.3%	46.2%	60.8%	52.7%	46.4%	39.7%	47.0%
Statement of financial position figures								
Gross lending to customers incl. transfers to mortgage credit institutions 1)	105 141	105 822	105 255	103 614	102 608	101 677	100 167	98 163
Gross lending to customers on the balance sheet	72 852	74 231	74 087	72 814	72 306	71 701	70 087	68 124
Loans transferred to mortgage credit institutions	32 289	31 590	31 168	30 800	30 302	29 976	30 080	30 040
Lending growth in the past 12 months 1)	2.5%	4.1%	5.1%	5.6%	6.4%	6.5%	6.6%	6.8%
Deposits from customers	55 216	55 943	57 157	55 590	54 566	55 120	54 795	51 215
Deposit coverage on the balance sheet 1)	75.8%	75.4%	77.1%	76.3%	75.5%	76.9%	78.2%	75.2%
Deposit coverage, incl. mortgage credit institutions 1)	52.5%	52.9%	54.3%	53.7%	53.2%	54.2%	54.7%	52.2%
Deposit growth in the past 12 months 1)	1.2%	1.5%	4.3%	8.5%	7.4%	8.1%	6.7%	7.0%
Total assets	89 547	89 396	89 863	87 394	86 487	86 140	85 179	81 921
Total assets, incl. mortgage credit institutions 1)	121 837	120 986	121 032	118 194	116 789	116 116	115 259	111 961
Equity, excl. hybrid capital	12 424	12 060	11 804	11 058	11 447	11 205	10 917	10 683
Staffing								
Number of FTEs	651.8	628.2	626.0	632.9	637.2	643.1	633.5	633.5
of which parent bank	431.6	434.6	435.6	445.9	448.6	456.9	464.4	462.7

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 31.12.2022 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, 08.02.2023

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.



