



Q3 2023

Interim financial  
statements





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## Main figures

**NOK 1.010 million**

Profit after tax

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**10,7 %**

Return on equity

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**18,7 %**

Common Equity Tier 1 capital ratio

Group	30.09.2023		30.09.2022		31.12.2022	
	m NOK	% <sup>1)</sup>	m NOK	% <sup>1)</sup>	m NOK	% <sup>1)</sup>
Summary of the results						
Net interest income	1 496	2.22	1 097	1.79	1 573	1.91
Net commission and other income	657	0.97	668	1.09	883	1.07
Net income from financial assets	94	0.14	37	0.06	167	0.20
<b>Total net income</b>	<b>2 248</b>	<b>3.33</b>	<b>1 803</b>	<b>2.93</b>	<b>2 623</b>	<b>3.19</b>
<b>Total operating expenses</b>	<b>947</b>	<b>1.40</b>	<b>903</b>	<b>1.47</b>	<b>1 272</b>	<b>1.55</b>
<b>Operating profit before losses/profit before losses and tax</b>	<b>1 300</b>	<b>1.93</b>	<b>899</b>	<b>1.46</b>	<b>1 351</b>	<b>1.64</b>
Losses on loans and guarantees	-15	-0.02	10	0.02	40	0.05
<b>Profit before tax</b>	<b>1 316</b>	<b>1.95</b>	<b>889</b>	<b>1.45</b>	<b>1 311</b>	<b>1.59</b>
Tax expense	306	0.45	190	0.31	270	0.33
<b>Profit after tax</b>	<b>1 010</b>	<b>1.50</b>	<b>699</b>	<b>1.14</b>	<b>1 041</b>	<b>1.27</b>
Total other comprehensive income recognised as equity	-2	0.00	2	0.00	37	0.04
<b>Total comprehensive income</b>	<b>1 008</b>	<b>1.49</b>	<b>700</b>	<b>1.14</b>	<b>1 078</b>	<b>1.31</b>
Interest hybrid capital (additional Tier 1 capital)	19	0.03	13	0.02	19	0.02
<b>Profit after tax, incl. interest hybrid capital</b>	<b>989</b>	<b>1.47</b>	<b>687</b>	<b>1.12</b>	<b>1 059</b>	<b>1.29</b>

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



## Key figures

Group (Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
<b>Profitability</b>			
Return on equity, profit before other comprehensive income <sup>1)</sup>	10,7 %	8,4 %	9,2 %
Cost-income ratio, parent bank <sup>1)</sup>	33,8 %	44,9 %	43,0 %
Cost-income ratio, Group <sup>1)</sup>	42,2 %	50,1 %	48,5 %
<b>Statement of financial position figures</b>			
Gross lending to customers	72 077	74 231	72 852
Gross lending to customers incl. transfers to mortgage credit institutions <sup>1)</sup>	104 958	105 822	105 141
Deposits from customers	55 869	55 943	55 216
Deposit coverage <sup>1)</sup>	77,5 %	75,4 %	75,8 %
Liquidity coverage ratio (LCR), liquidity reserve	226 %	153 %	263 %
Growth in lending, incl. transferred to mortgage credit institutions in past 12 months. <sup>1) 3)</sup>	-0,8 %	4,1 %	2,5 %
Deposit growth in the past 12 months <sup>1) 3)</sup>	-0,1 %	1,5 %	1,2 %
Total assets	90 881	89 396	89 547
Total assets, incl. transferred to mortgage credit institutions <sup>1)</sup>	123 762	120 986	121 837
<b>Losses</b>			
Loss rate on lending <sup>1)</sup>	-0,02 %	0,02 %	0,06 %
Loans in Stage 3 as % of gross lending <sup>1)</sup>	0,94 %	0,52 %	0,90 %
<b>Losses (incl. SpareBank 1 Boligkreditt/Næringskreditt)</b>			
Loss rate on lending (incl. SpareBank 1 Boligkreditt/ Næringskreditt) <sup>1)</sup>	-0,01 %	0,01 %	0,04 %
Loans in Stage 3 as a % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt) <sup>1)</sup>	0,64 %	0,37 %	0,63 %
<b>Financial strength, Group (proportional consolidation)</b>			
Capital adequacy ratio	21,2 %	22,4 %	22,1 %
Tier 1 capital ratio	19,6 %	20,6 %	20,4 %
Common Equity Tier 1 capital ratio	18,7 %	19,7 %	19,5 %
Net primary capital	12 190	12 548	12 399
Tier 1 capital	11 232	11 531	11 439
Common Equity Tier 1 capital	10 724	11 025	10 939
Basis for calculation	57 371	55 960	56 097
Leverage Ratio	8,0 %	8,5 %	8,5 %
<b>Offices and staffing</b>			
Number of bank branches	19	21	21
Number of FTEs	641	628	649
of which parent bank	429	435	432
Number of FTEs	668	654	675
of which parent bank	448	454	448

Equity certificates	30.09.2023	30.09.2022	31.12.2022
Equity certificate fractions	60,7 %	60,7 %	60,7 %
Market price (NOK)	51,00	50,60	55,00
Market value (NOK millions)	7 145	7 089	7 411
Book equity per equity certificate (parent bank, NOK)	53,17	50,79	52,45
Book equity per equity certificate (Group, NOK) <sup>1)</sup>	53,79	52,21	53,79
Earnings per equity certificate (parent bank, NOK) <sup>1) 2)</sup>	4,83	2,91	4,27
Earnings per equity certificate (Group, NOK) <sup>1) 2)</sup>	4,29	2,97	4,27
Dividend per equity certificate (NOK)			2,60
Additional dividend per equity certificate (NOK)			1,50
Price/earnings per equity certificate (parent bank)	7,89x	12,99x	12,89x
Price/earnings per equity certificate (Group) <sup>1)</sup>	8,89x	12,74x	12,87x
Price/book equity (parent bank)	0,96x	1,00x	1,06x
Price/book equity (Group) <sup>1)</sup>	0,95x	0,97x	1,03x

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

<sup>2)</sup> Earnings per weighted equity certificate (weighted average in 2022)

<sup>3)</sup> Pro forma figures for 2022

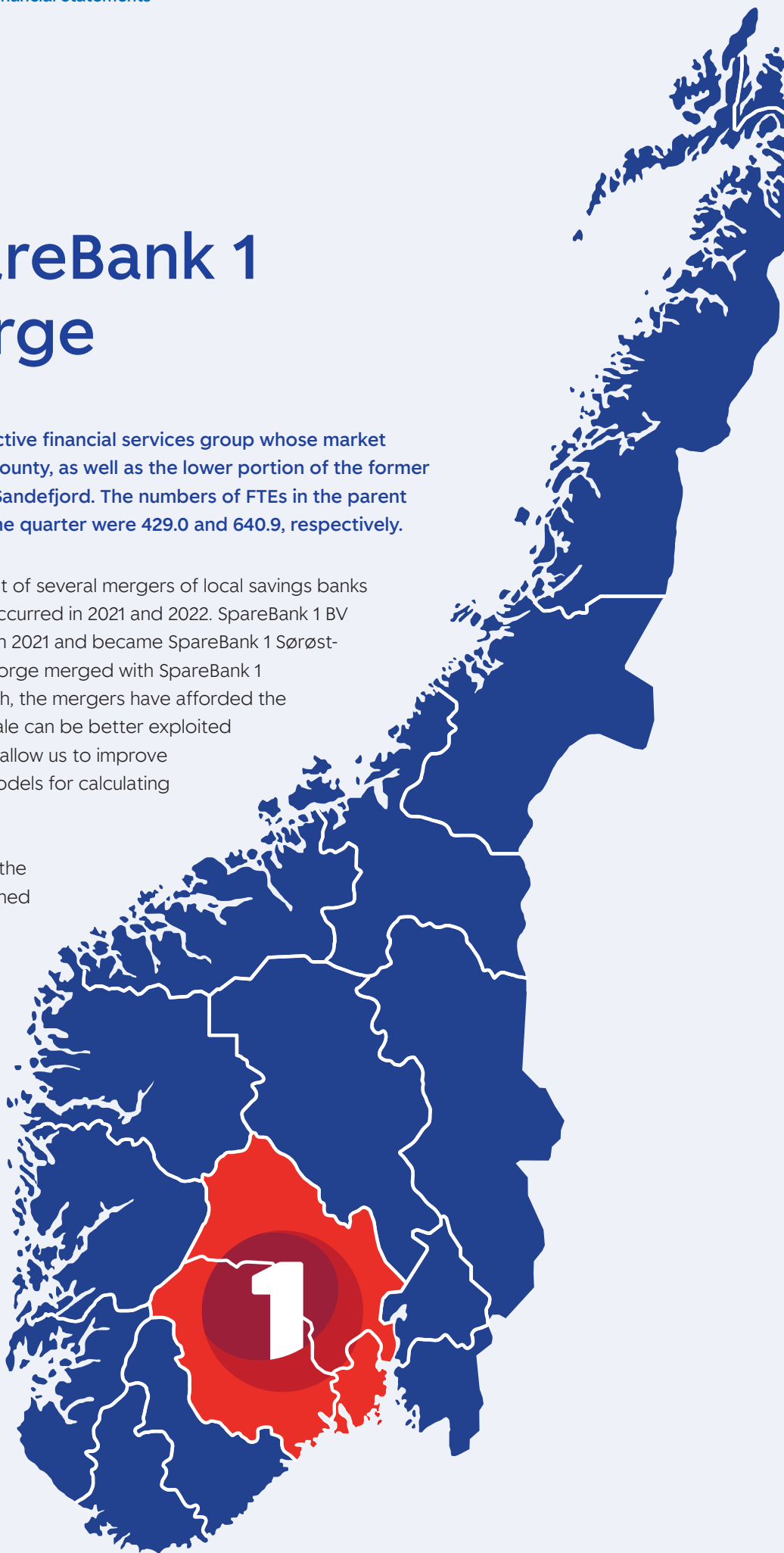
# About SpareBank 1 Sørøst-Norge

**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 429.0 and 640.9, respectively.**

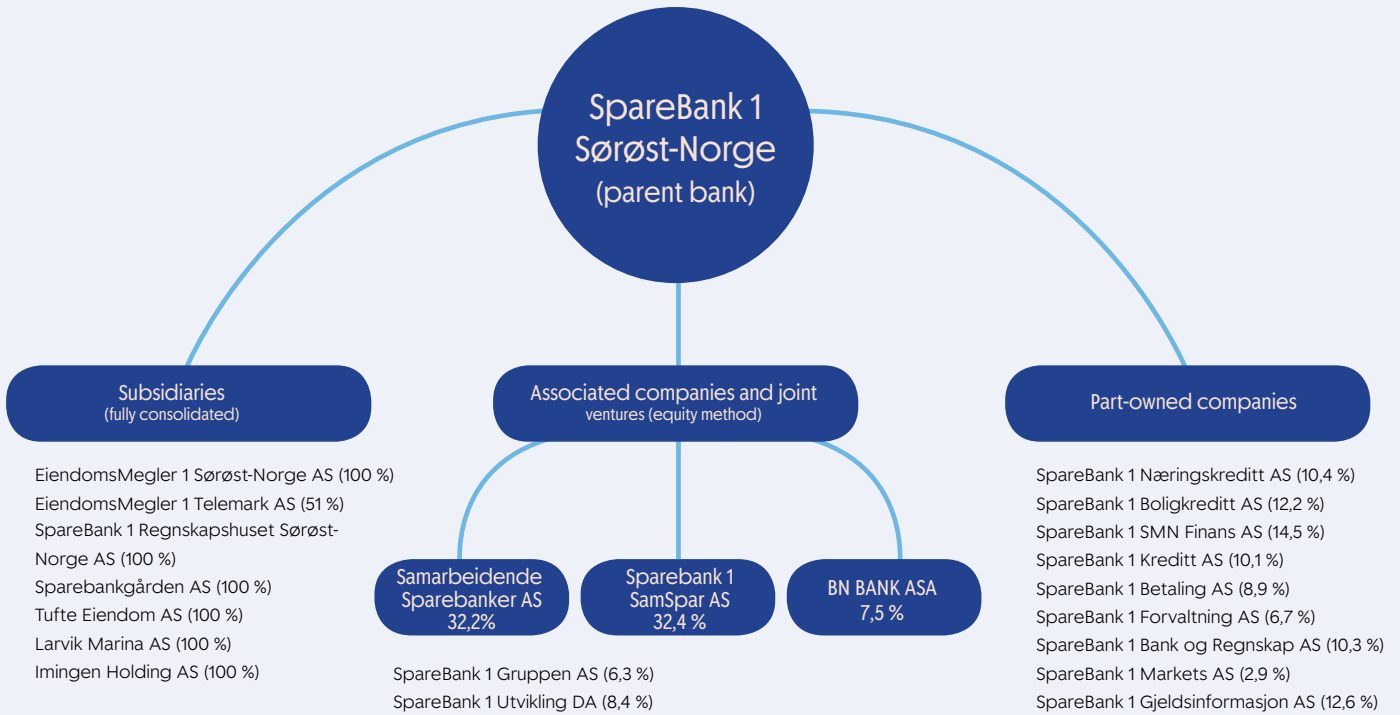
SpareBank 1 Sørøst-Norge is the result of several mergers of local savings banks in the region. The last two mergers occurred in 2021 and 2022. SpareBank 1 BV and Sparebanken Telemark merged in 2021 and became SpareBank 1 Sørøst-Norge. In 2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum. In addition to organic growth, the mergers have afforded the Group a 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 and SpareBank 1 Regnskapshuset Sørøst-Norge AS. In addition, the Bank owns 51% of EiendomsMegler 1 Telemark.

The region has a diverse business sector. SpareBank 1 Sørøst-Norge has a total of 19 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 third quarter

The Board of Directors exercised the authorisation issued by the Supervisory Council and decided on 09.08.2023 to distribute an additional dividend of NOK 1.50 per equity certificate, NOK 210 million in total, and distribute gift funds to community capital of up to NOK 136 million. The payment of dividends and gift funds was carried out on 24.08.2023.

On 02.09.2023, the subsidiaries Z-Eiendom AS and EiendomsMegler 1 Sørøst-Norge AS merged, where EiendomsMegler 1 Sørøst-Norge AS was the acquiring company.

Growth in the Norwegian economy is slowing, but inflation is high and well above the target of 2%. In order to curb inflation, Norges Bank continued its contractionary monetary policy and raised its policy rate on both 17.08.2023 and 21.09.2023 by a further 0.25 percentage points each time. At the end of the quarter, the policy rate was 4.25%. The Bank has followed Norges Bank's policy rate lead by increasing its interest rate on loans and deposits from 22.08.2023 for new customers, and from 23.10.2023 for existing retail customers and 06.09.2023 for corporate market customers with changes in August. The change in September was effective from 27.09.2023 for new customers, and will be effective from 28.11.2023 for existing retail customers and 12.10.2023 for corporate market customers.

During the quarter, the Bank issued senior non-preferred bonds (SNPs) totalling NOK 750 million.



# Board of Directors' Interim Report

# The SpareBank 1 Sørøst-Norge Group

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.

On 01.04.2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum, where SpareBank 1 Sørøst-Norge was the taking over bank. Figures from the transferring bank were included in the official accounts with effect from 01.04.2022 (SpareBank 1 Modum). Pro forma financial statements have been prepared for the first quarter of 2022 to improve comparability. Please refer to the separate pro forma income statement and statement of financial position in Notes 23 and 24.

## Third quarter highlights

- Ordinary profit after tax of NOK 303 million (NOK 258 million)
- Net interest income NOK 523 million (NOK 414 million)
- Net income from financial assets NOK 9 million (NOK 1 million)
  - Results from SpareBank 1 Gruppen and BN Bank ASA of NOK -4 million (NOK 5 million) and NOK 14 million (NOK 11 million), respectively
- Losses on loans and guarantees of NOK 19 million (NOK 7 million)
- Return on equity of 9.4% (8.4%), adjusted for one-off effects in 2022 (8.9%)
- Growth in loans and deposits in the third quarter of 0.3% (0.5%) and -2.3% (-2.1%), respectively
- Common Equity Tier 1 capital ratio, Group (proportionately consolidated) 18.7% (19.7%)

Highlights from the financial performance and statement of financial position performance as at 30.09.2023 are shown below, with the pro forma figures as at 30.09.2022 in brackets.

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

- Ordinary profit after tax of NOK 1 010 million (NOK 724 million)
- Net interest income NOK 1 496 million (NOK 1 144 million)
- Net income from financial assets NOK 94 million (NOK 48 million)
  - Results from SpareBank 1 Gruppen and BN Bank ASA of NOK 6 million (NOK 15 million) and NOK 39 million (NOK 32 million), respectively
- Losses on loans and guarantees of NOK -15 million (NOK 11 million)
- Return on equity of 10.7% (8.2%), adjusted for one-off effects in 2022 (9.1%)
- Growth in lending and deposits in the past 12 months of -0.8% (4.1%) and -0.1% (1.5%), respectively

The following details some of the highlights and figures that refer to the official accounting and consolidated

figures. Figures in brackets relate to the corresponding period last year for the takeover bank.

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

- Ordinary profit after tax of NOK 1 010 million (NOK 699 million)
- Net interest income NOK 1 496 million (NOK 1 097 million)
- Losses on loans and guarantees of NOK -15 million (NOK 10 million)
- Profits from SpareBank 1 Gruppen and BN Bank ASA of NOK 6 million (NOK 14 million) and NOK 39 million (NOK 32 million), respectively
- Return on equity of 10.7% (8.4%), adjusted for one-off effects in 2022 (9.3%)
- Common Equity Tier 1 capital ratio, Group (proportionately consolidated) 18.7% (19.7%)

## Financial performance

Cumulative figures as at 30.09 unless explicitly stated otherwise.

## Third quarter results

The Group's profit before tax was NOK 397 million for the third quarter of 2023, compared with NOK 506 million for the previous quarter. This resulted in a return on equity after tax of 9.4% in the quarter, up from 12.4% in the second quarter of 2023. The reduction in net income from the previous quarter was mainly due to reductions in financial income and other operating income of NOK 43 million and NOK 24 million, respectively, as well as increased impairment provisions. Net interest income, incl. CF strengthened in the quarter, and increased by 3.1%. Net interest income will strengthen further as a result of the interest rate hike decided in September, although notification deadlines will delay the effects to the fourth quarter.

## Net interest income

Net interest income amounted to NOK 523 million in the third quarter of 2023, up NOK 32 million from the previous quarter. Net interest income as a percentage of average total assets was 2.22% at the end of the quarter, compared with 2.17% for the previous quarter.

## Net commission and other income

Net commission and other income amounted to NOK 205 million in the third quarter of 2023, which is a decrease of NOK 36 million from the previous quarter. Income from real estate broking decreased by NOK 14 million in the third quarter.

## Net income from other financial investments

Net income from financial investments amounted to NOK 9 million in the quarter, which is a reduction of NOK 43 million from the previous quarter. Recognised dividends amounted to NOK 0 million in the quarter, which is a reduction of NOK 15 million from the previous quarter.

Income from ownership interests in SpareBank 1 Gruppen

<sup>9</sup> Proformattall for 2022 er sammenslått resultat og balanse uten beregninger av mer-/mindreverdier



and BN Bank ASA totalled NOK 10 million in the quarter, and overall it was on a par with the previous quarter. The result from SpareBank 1 Gruppen for the quarter was negative and was impacted by the extreme weather event “Hans” and torrential rain in Eastern Norway. The net result from financial investments amounted to NOK -1 million in the quarter, which is a reduction of NOK 26 million from the previous quarter. The reduction was mainly due to negative changes in the values of derivatives and fixed rate loans at fair value.

### Operating expenses

Operating expenses amounted to NOK 321 million in the quarter, which is an increase of NOK 9 million from the previous quarter. Measured as a percentage of income, the cost level was decreased to 43.6% compared with 39.8% in the previous quarter.

Salaries and other personnel expenses amounted to NOK 183 million in the quarter, a reduction of NOK 8 million from the previous quarter. The number of FTEs at the end of the quarter was 641, compared with 635 at the end of the previous quarter 2023.

Other operating expenses amounted to NOK 138 million, which is approximately on a par with the previous quarter.

### Impairment of loans

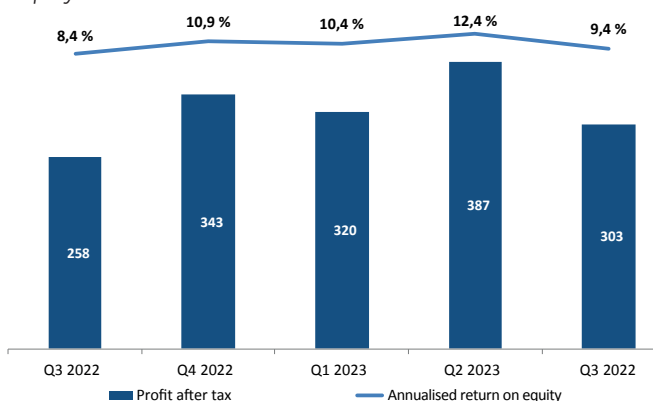
Losses on loans and guarantees amounted to NOK 19 million in the quarter, of which changes in model-calculated impairment provisions, Stages 1 and 2, decreased by NOK 5 million as a result of migration. The change in Step 3 resulted in cost recognition of NOK 21 million, mainly as a result of increased defaults in the corporate market portfolio. The period's net confirmed loss amounted to NOK 2 million. Impairment provisions for loans and guarantees amounted to NOK 322 million, which is equivalent to 0.45% of gross lending on the statement of financial position.

### First half-year performance

The SpareBank 1 Sørøst-Norge Group posted a profit from ordinary operations before losses of NOK 1 316 million (NOK 889 million). Profit after tax was NOK 1 010 million (NOK 699 million), which represents 1.50% (1.14%) of average total assets. The Group's return on equity was 10.7% (8.4%).

Earnings per equity certificate in the parent bank were NOK 4.83 (2.91) and in the Group NOK 4.29 (2.97).

Quarterly performance of profit after tax and return on equity:

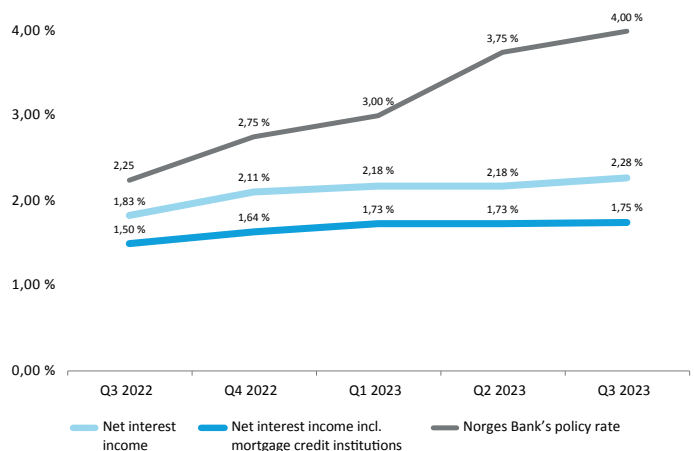


### Net interest income

Net interest income amounted to NOK 1 496 million (NOK 1 097 million). Net interest income as a percentage of average total assets was 2.22% (1.79%), which represents a solid improvement in net interest income compared to the third quarter last year. The increase was due to higher lending volumes resulting from the merger with SpareBank 1 Modum and a stronger interest margin. The development of net interest income was influenced by rising interest rates, which have resulted in higher deposit margins. The Bank has adjusted its lending and deposit rates five times in the year to date due to Norges Bank's successive increases in its policy rate. The latest interest rate change in September 2023, will not take effect for retail customers until 28.11.2023, and 12.10.2023 for corporate customers. In connection with this, please see the more detailed information under the chapter “Important financial events in the quarter” (page 17).

At the end of the quarter, the Bank had transferred mortgages worth NOK 31 419 million (NOK 30 084 million) to SpareBank 1 Boligkreditt AS, and NOK 1 461 million (NOK 1 506 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 105 million (NOK 140 million).

Quarterly change in net interest income:



### Net commission and other income

Net commission and other income totalled NOK 657 million (NOK 668 million).

### Net commission income

Net commission income amounted to NOK 401 million (NOK 437 million). The commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS amounted to a total of NOK 105 million (NOK 140 million).

### Other operating income

Other operating income amounted to NOK 256 million (NOK 231 million).

### Net income from financial assets

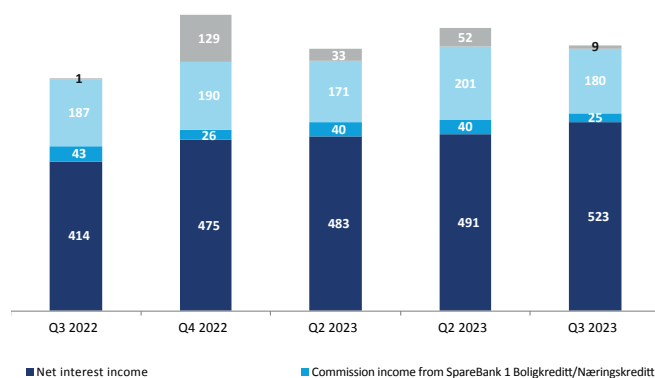
Net income from financial assets amounted to NOK 94 million (NOK 37 million). The main items consist of NOK 19 million (NOK 45 million) in dividends received, NOK



47 million (NOK 46 million) in net profit from ownership interests, and net profit from other financial investments of NOK 28 million (NOK -53 million).

The net result from ownership interests includes the results from SpareBank 1 Gruppen AS and BN Bank ASA of NOK 6 million (NOK 14 million) and NOK 39 million (NOK 32 million), respectively. The indirect ownership interest in SpareBank 1 Gruppen AS is 6.3% and the direct ownership interest in BN Bank ASA is 7.5%.

Quarterly change in income (NOK millions):



### Income from ownership interests, SpareBank 1 Gruppen

SpareBank 1 Gruppen has implemented IFRS 17 and IFRS 9 in 2023. Comparable figures for the Group for 2022 have not been restated in line with IFRS 17 and IFRS 9. If IFRS 17 and IFRS 9 had been applied in 2022, SpareBank 1 Sørøst-Norge's share of SpareBank 1 Gruppen's profit would have been NOK 33 million at the end of the third quarter of 2022, compared with the official accounting figure which was NOK 14 million at the end of the third quarter of 2022.

SpareBank 1 Gruppen achieved a profit before tax of NOK 267 million (NOK 1 216 million), which was significantly lower than last year. Increased claims rates resulting from the major damage seen in Halden (natural disaster) and torrential rain in Eastern Norway (storm "Hans") contributed to the weakening of the result.

The Fremtind Forsikring Group posted a profit before tax of NOK 366 million (NOK 1 366 million). The result of insurance services in the Group was NOK 366 million, which represents a reduction of NOK 1 355 million compared with the same period last year, which was mainly due to increased claims costs. The claims rate has increased so far this year as a result of a major claim in Halden (natural disaster), storm "Hans", torrential rain in Eastern Norway and changes in claims reserves, as well as a higher claims frequency and average claims for the main products. At the same time, the company continues to grow. Net income from investments was NOK 90 (-914) million, which is NOK 1 005 million higher than for the same period last year. The return on the equity portfolio was 11.0% (-22.5%).

SpareBank 1 Forsikring's profit before tax amounted to NOK 195 million (NOK -109 million). Its profit after tax was NOK 148 million (NOK -85 million). A better financial return

on the company portfolio has resulted in an improvement in the profit so far this year.

### Income from ownership interests, BN Bank ASA

As at 30.09.2023, BN Bank ASA posted a profit of NOK 546 million (NOK 435 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 39 million (NOK 32 million).

### Operating expenses

Total operating expenses were NOK 947 million (NOK 903 million). Operating expenses as a percentage of total operating income for the Group came to 42.2% (50.1%). The corresponding cost-income ratio for the parent bank was 33.8% (44.9%).

### Personnel expenses

Personnel expenses amounted to NOK 536 million (NOK 471 million). Merger-related one-off costs amounted to approximately NOK 37 million in 2022, mainly linked to provisions for restructuring packages in 2022. The number of FTEs at the end of the quarter was 641 (628), of which the parent bank employed 429 (435). The increase in personnel expenses was directly linked to the increase in total FTEs due to the merger with SpareBank 1 Modum with effect from 01.04.2022 and the acquisition of a new accounting firm in Telemark with effect from 2023, as well as general wage growth.

### Other operating expenses

Other operating expenses were NOK 411 million (NOK 433 million). Merger-related one-off costs amounted to NOK 55 million in 2022, mainly from costs related to the transaction and technical conversion. Operating expenses increased due in part to the merger with SpareBank 1 Modum, higher alliance expenses related to technological development and compliance, as well as increased activity in the accounting firm and general inflation.

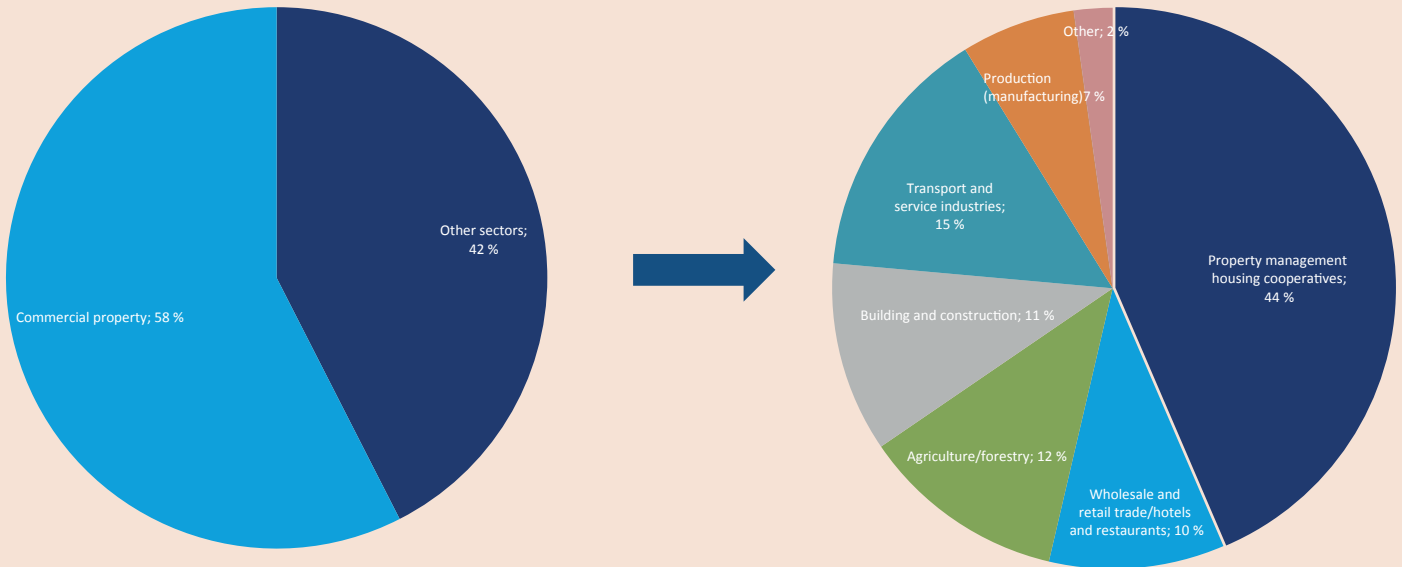
### Losses and impairment provisions

Losses charged as costs amounted to NOK -15 million (NOK 10 million). Model-generated impairment provisions (Stages 1 and 2) decreased by NOK 20 million as a result of adjustments to key assumptions and the effect of migration. Changes in Stage 3 resulted in cost recognition of NOK 2 million, mainly due to the repayment of exposures, increased defaults and recognition of losses, while the recognised net loss for the period amounted to NOK 2 million.

Loss provisions for loans and guarantees amounted to NOK 322 million (NOK 294 million), which is equivalent to 0.45% (0.43%) of gross lending on the statement of financial position. The Bank's credit risk is affected by macroeconomic conditions. Inflation, rising interest rates and an uncertain outlook for growth continue to impact the economy. The Bank continuously assesses how the situation is affecting its customers and the provisions required in line with IFRS 9.

The credit risk measured by the Bank's credit models was stable for both the corporate and retail markets. Individual impairment provisions in both the retail and

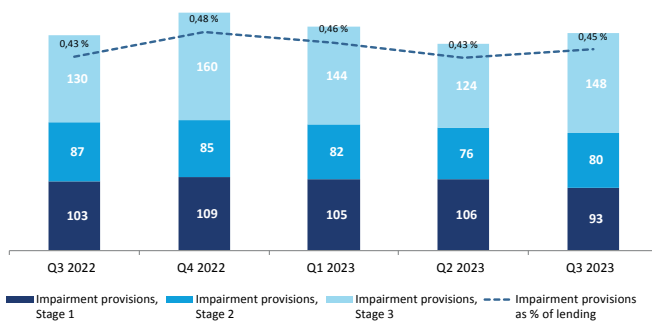
Corporate market – volume in commercial property and other industries



corporate markets were also stable.

In addition to individual loss assessments, the Bank assessed the IFRS 9 model’s scenario weighting in this quarter as well. The scenario weights were left unchanged for the corporate market portfolio and the retail market portfolio in the current quarter. The weighting includes an increase in the worst-case scenario and reflects the uncertainty about with future economic developments. For more information, see Note 3 and Note 6.

Quarterly change in impairment provisions, accumulated figure:



Statement of financial position performance

The Group’s total assets amounted to NOK 90 881 million (NOK 89 396 million). The Group’s business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 123 762 million (NOK 120 986 million).

Lending and deposit performance

Gross lending (including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 104 958 million. The past 12 months

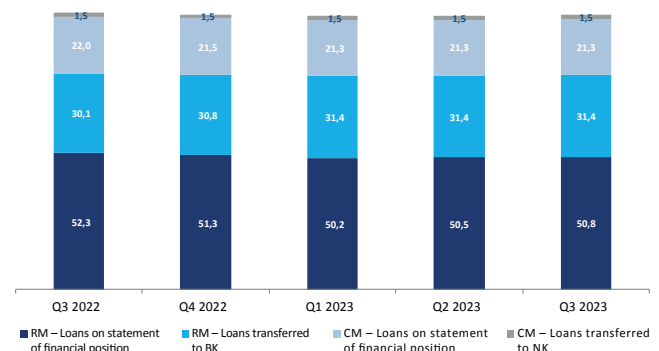
have seen negative lending growth of -0.8%. NOK -148 million (-0.2%) of the growth came in the retail market and NOK -716 million (-3.1%) in the corporate market. The retail market’s share of lending (including SpareBank 1 Boligkreditt AS) at the end of the quarter was 78% (78%).

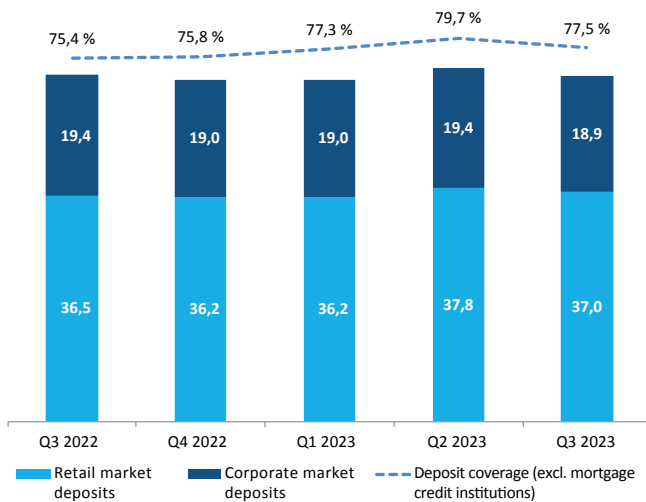
At the end of the quarter, the Group had a deposit volume of NOK 55 869 million with negative deposit growth of -0.1% in the past 12 months. NOK 481 million (1.3%) of the growth came in the retail market and NOK -555 million (-2.9%) in the corporate market.

The Group had a deposit coverage ratio of 77.5%, compared with 75.4% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/ SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounted to 53.2% (52.9%). Some 72% of deposits were within the limits of the deposit guarantee scheme.

The retail market’s share of deposits at the end of the quarter was 66% (65%).

Quarterly change in loans and deposits:





**Liquidity**

The Bank’s liquidity situation at the end of the quarter is good. The Bank’s liquidity portfolio was valued at NOK 10.4 billion and its LCR at 226% (153%). 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 at the end of the quarter.

At the end of the quarter, mortgages totalling NOK 31.4 billion (NOK 30.1 billion) had been transferred to SpareBank 1 Boligkreditt AS. The total portfolio of loans ready for transfer to SpareBank 1 Boligkreditt AS amounted to NOK 27.0 billion (NOK 27.2 billion). In addition, the Bank has transferred loans to SpareBank 1

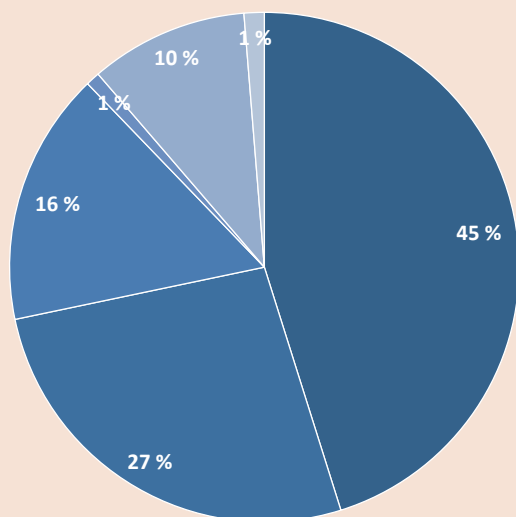
Næringskreditt AS worth NOK 1.5 billion (NOK 1.5 billion).

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

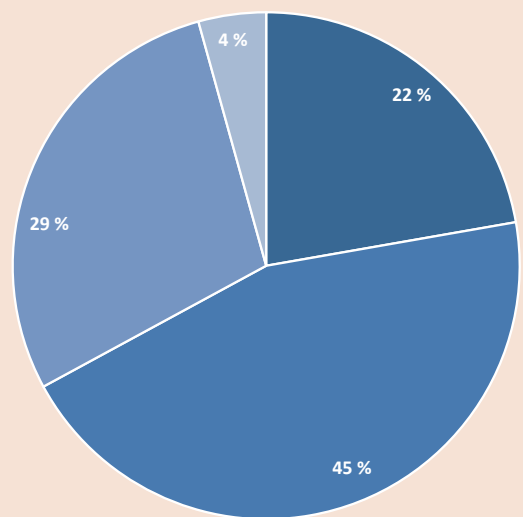
The Financial Supervisory Authority of Norway updated its MREL requirement for the Bank in December 2022, where it was decided that SpareBank 1 Sørøst-Norge must have a risk-weighted MREL (total own funds and eligible liabilities) requirement of 26.5%. Given that the own funds that are used to meet risk-weighted 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% and must be met in its entirety by the end of 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 from 31.03.2023 and any increased systemic risk buffer from 31.12.2023. Taking into account the increase in capital requirements this year, the actual need for MREL capital (effective MREL %) will increase from 34.0% to 37.5%, and the minimum requirement for subordination will increase to 30.5%.

At the end of the quarter, the Bank had issued NOK 4.8 billion (NOK 3.5 billion) in SNP bonds. SpareBank 1 Sørøst-Norge will meet the MREL requirement by the end of 2023.

Funding sources



Liquidity portfolio



■ Deposit coverage (excl. mortgage credit institutions) ■ Mortgage credit institutions ■ Bond debt ■ Subordinated loans and additional Tier 1 capital ■ 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. 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.

The countercyclical buffer amounted to 2.5% at the end of the third 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 2022, 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 submitted the results of a new internal capital adequacy assessment process (ICAAP) to the Financial Supervisory Authority of Norway in the first quarter of 2023. The regulatory requirement for the Common Equity Tier 1 capital ratio at the end of the third quarter of 2023 was 15.0% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

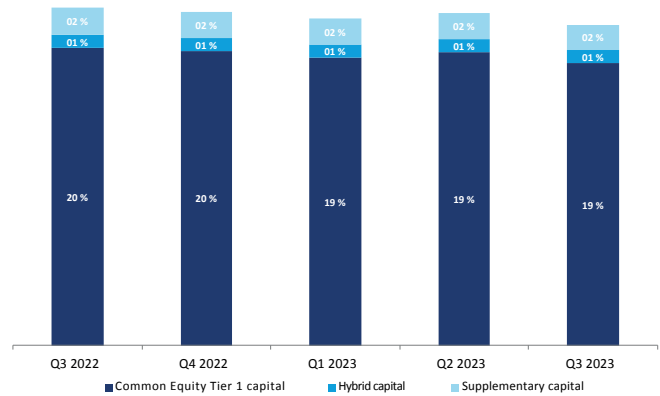
At the end of the third quarter of 2023, the Common Equity Tier 1 capital ratio was 18.7%<sup>2)</sup> (19.7%) and the leverage ratio was 8.0% (8.5%). The Group received a letter from Finanstilsynet on 17.10.2023 concerning requirements for including the interim results in consolidated results. As a result of the third quarter not being reviewed by an auditor, the interim profit has not been included in the calculation of the Group's financial strength. The regulatory requirement for the leverage ratio is 3.0%. Both targets were met by a good margin by the end of the third quarter of 2023.

### Use of own models for calculating capital requirements

The Group has established itself as a sound, competitive bank, so 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 strategic plan includes an ambition to increase our market share in our region, while being a proactive participant in the structural developments in the banking sector in Eastern Norway. A permit to use Advanced Internal Rating-Based (AIRB) would help to achieve these goals. Work that has been started on preparing an application to the Financial Supervisory Authority of Norway for permission to use of advanced IRB models is a high priority.

<sup>2)</sup> As at 30.09.2023, the interim profit was not included in Common Equity Tier 1 capital. When 50 per cent of the interim profit is included, Common Equity Tier 1 capital is estimated at 19.7%.

### Quarterly change in capital adequacy:



### Transactions with close associates

The Group has not carried out any transactions with close associates that had a significant impact on the company's financial position or results during the reporting period.

Based on the Bank's good financial strength and underlying operations, the Board of Directors decided at its board meeting in August to exercise its authorisation from the Supervisory Board and pay out the additional dividend for 2022 of NOK 1.50 per equity certificate. Of the total dividend of NOK 346 million, NOK 136 million was allocated to community capital, while NOK 210 million was paid out to equity certificate holders. In total, following the payment of additional dividends, the Group has paid 91% of the parent bank's official profit for 2022. An additional dividend was paid out on 24.08.2023.

### Future outlook

Higher prices and costs have resulted in less economic activity, especially in building and construction in the region, and particularly with respect to flats, holiday homes and commercial buildings. The retail market has also been impacted by the economic situation. In the Group's accounts, this is reflected by lower lending growth and less activity in the real estate companies. For the retail and corporate markets, the growth in lending is lower than market growth in the region.

Norges Bank's Regional Network Report shows that the businesses in the survey expect activity to increase somewhat in the second half of 2023, although there is considerable variation between industries. The picture for Region SOUTH is mixed, although overall the region scores relatively well in the survey. The Bank's survey of expectations, the 'Business Barometer Southeast', confirms the results from the Regional Network. In general, companies expect lower turnover and profitability, albeit with variations between both industries and regions in the Group's market area.

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 further with the consequential fall in house prices. Our analyses based

on figures from Statistics Norway show that households in our region have a significantly lower ratio between income and house prices than in, for example, Oslo, and their demand for goods and services is thus sensitive in the event of falling 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. Higher market rates may also lead to more competition for deposits with the resulting pressure on margins. The Bank's deposit coverage ratio is stable, with a high proportion of deposits within the limits of the deposit guarantee scheme.

Net interest income has strengthened throughout 2023 as a result of the many interest rate changes in 2022 and to date in 2023. The last two approved interest rate changes in August and September 2023, which have yet to take effect, will help to keep net interest income strong into the fourth quarter.

The region has a strong, diverse business sector and

good population growth. The Group has a strong market position, local presence and competitive terms and conditions. The Group's strategic position and growth opportunities are considered strong.

At the end of April, it became clear that Sparebanken Sogn og Fjordane would acquire a stake in SamSpar and thus indirectly in the SpareBank 1 Alliance. This entails the Group selling down its stake in the SamSpar companies. Some details remain to be sorted out in the settlement calculations for the transaction, although a preliminary estimate of the gain for SpareBank 1 Sørøst-Norge indicates it will be in the range of NOK 50-55 million for the parent bank. The transaction is expected to be completed in 2024.

The increased regulatory requirements for both capital and compliance combined with a demanding macroeconomic outlook may be important drivers of structural changes in the financial services sector. The Group has a high level of financial strength and it is strategically positioned in an exciting, growing market area with a diverse business sector. Given this, the Board of Directors' ambition is to establish a strong regional bank in Southern Norway with greater competitiveness and an increased presence.

Sandefjord, 25.10.2023

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan  
Chair

John-Arne Haugerud  
Deputy Chair

Lene Svenne

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

Maria Tho

Hanne Myhre Gravdal  
Employee representative

Frede Christensen  
Employee representative

Per Halvorsen  
CEO











# Interim financial statements

The background features a light orange gradient. A large, solid blue shape with a rounded top-left corner occupies the bottom-left portion of the page. A vertical blue bar runs along the right edge. A white, semi-circular shape is positioned at the bottom right, overlapping the blue bar and the orange background.

# Income Statement IFRS

Parent bank					Group						
2022	Q3 2022	Q3 2023	30.09. 2022	30.09. 2023	(Amounts in NOK millions)	Note	30.09. 2023	30.09. 2022	Q3 2023	Q3 2022	2022
287	75	125	177	391	Interest income - assets measured at fair value		391	177	125	75	287
2 297	603	1 041	1 522	2 747	Interest income - assets measured at amortised cost		2 746	1 521	1 040	603	2 296
1 012	265	643	602	1 641	Interest expenses		1 640	600	642	264	1 010
<b>1 572</b>	<b>413</b>	<b>523</b>	<b>1 096</b>	<b>1 497</b>	<b>Net interest income</b>	12	<b>1 496</b>	<b>1 097</b>	<b>523</b>	<b>414</b>	<b>1 573</b>
618	164	142	464	443	Commission income		443	464	142	164	618
39	10	14	27	42	Commission expenses		42	27	14	10	39
16	4	3	11	12	Other operating income		256	231	77	75	304
<b>595</b>	<b>158</b>	<b>131</b>	<b>448</b>	<b>413</b>	<b>Net commission and other income</b>	13	<b>657</b>	<b>668</b>	<b>205</b>	<b>230</b>	<b>883</b>
77	0	0	45	19	Dividends		19	45	0	0	77
116	3	0	60	188	Net result from ownership interests		47	46	10	17	94
-5	-15	-1	-53	28	Net result from other financial investments <sup>1)</sup>		28	-53	-1	-15	-5
<b>188</b>	<b>-12</b>	<b>-1</b>	<b>51</b>	<b>235</b>	<b>Net income from financial assets</b>	14	<b>94</b>	<b>37</b>	<b>9</b>	<b>1</b>	<b>167</b>
<b>2 355</b>	<b>560</b>	<b>653</b>	<b>1 596</b>	<b>2 145</b>	<b>Total net income</b>		<b>2 248</b>	<b>1 803</b>	<b>737</b>	<b>645</b>	<b>2 623</b>
501	104	122	346	354	Personnel expenses		536	471	183	149	716
512	127	124	370	371	Other operating expenses		411	433	138	150	556
<b>1 013</b>	<b>231</b>	<b>245</b>	<b>716</b>	<b>725</b>	<b>Total operating expenses</b>		<b>947</b>	<b>903</b>	<b>321</b>	<b>299</b>	<b>1 272</b>
<b>1 343</b>	<b>329</b>	<b>408</b>	<b>879</b>	<b>1 420</b>	<b>Profit before losses and tax</b>		<b>1 300</b>	<b>899</b>	<b>416</b>	<b>346</b>	<b>1 351</b>
40	7	19	10	-15	Losses on loans and guarantees	5, 6	-15	10	19	7	40
<b>1 303</b>	<b>322</b>	<b>389</b>	<b>869</b>	<b>1 435</b>	<b>Profit before tax</b>		<b>1 316</b>	<b>889</b>	<b>397</b>	<b>339</b>	<b>1 311</b>
263	81	94	183	301	Tax expense		306	190	94	81	270
<b>1 040</b>	<b>241</b>	<b>295</b>	<b>686</b>	<b>1 135</b>	<b>Profit before other comprehensive income</b>		<b>1 010</b>	<b>699</b>	<b>303</b>	<b>258</b>	<b>1 041</b>
					Controlling interest's share of profit		1 009	696	303	257	1 038
					Non-controlling interest's share of profit		1	3	0	1	3
<b>4.27</b>	<b>1.02</b>	<b>1.25</b>	<b>2.91</b>	<b>4.83</b>	<b>Earnings and diluted result per equity certificate before other comprehensive income</b>		<b>4.29</b>	<b>2.97</b>	<b>1.28</b>	<b>1.10</b>	<b>4.27</b>

## OCI

Parent bank					Group						
2022	Q3 2022	Q3 2023	30.09. 2022	30.09. 2023	(Amounts in NOK millions)	Note	30.09. 2023	30.09. 2022	Q3 2023	Q3 2022	2022
<b>1 040</b>	<b>241</b>	<b>295</b>	<b>686</b>	<b>1 135</b>	<b>Profit for the period</b>		<b>1 010</b>	<b>699</b>	<b>303</b>	<b>258</b>	<b>1 041</b>
					<b>Entries that can be reclassified through profit or loss</b>						
3	1	-1	-1	-3	Change in value of loans classified at fair value		-3	-1	-1	1	3
					Share of OCI from associated companies and joint ventures		1	2	0	1	-1
					<b>Entries that cannot be reclassified through profit or loss</b>						
35	-	-	-	-	Estimation difference, IAS 19 Pensions		-	-	-	-	35
<b>38</b>	<b>1</b>	<b>-1</b>	<b>-1</b>	<b>-3</b>	<b>Period's OCI</b>		<b>-2</b>	<b>2</b>	<b>-1</b>	<b>2</b>	<b>37</b>
<b>1 078</b>	<b>242</b>	<b>293</b>	<b>685</b>	<b>1 132</b>	<b>Total comprehensive income</b>		<b>1 008</b>	<b>700</b>	<b>302</b>	<b>260</b>	<b>1 078</b>
					Controlling interest's share of total comprehensive income		1 007	698	302	259	1 075
					Non-controlling interest's share of total comprehensive income		1	3	0	1	3

# Statement of financial position

Parent bank					Group		
31.12.2022	30.09.2022	30.09.2023	(Amounts in NOK millions)	Note	30.09.2023	30.09.2022	31.12.2022
108	120	97	Cash holdings and receivables from central banks		97	120	108
2 499	1 093	2 339	Loans to and receivables from credit institutions without agreed maturity		2 339	1 093	2 499
673	700	881	Loans to and receivables from credit institutions with agreed maturity		881	700	673
72 572	73 989	71 824	Net lending to customers		71 803	73 963	72 546
8 430	8 302	10 286	Certificates, bonds and other securities at fair value	4, 6, 7, 8	10 286	8 302	8 430
2 617	2 623	2 705	Shareholdings and other equity interests		2 705	2 623	2 617
153	117	153	Ownership interests in Group companies		0	0	0
1 191	1 136	1 341	Interests in joint ventures and associated companies		1 414	1 407	1 452
282	303	242	Tangible assets		283	345	326
357	357	357	Goodwill		458	423	458
38	23	39	Deferred tax assets		40	25	39
283	260	438	Other assets	16	575	393	399
<b>89 202</b>	<b>89 024</b>	<b>90 702</b>	<b>Total assets</b>		<b>90 881</b>	<b>89 396</b>	<b>89 547</b>
19	31	43	Deposits from and liabilities to credit institutions		43	31	19
55 284	55 999	55 925	Deposits from customers	17	55 869	55 943	55 216
19 570	19 096	19 903	Liabilities from the issuance of securities	16	19 903	19 096	19 570
308	197	311	Tax payable		314	207	319
816	835	1 145	Other liabilities and commitments	20	1 227	914	900
749	793	751	Subordinated loan capital	19	751	793	749
<b>76 745</b>	<b>76 952</b>	<b>78 079</b>	<b>Total liabilities</b>		<b>78 107</b>	<b>76 985</b>	<b>76 773</b>
2 101	2 101	2 101	Equity certificate capital		2 101	2 101	2 101
3 779	3 779	3 779	Share premium fund		3 779	3 779	3 779
1 413	812	839	Dividend equalisation fund		839	812	1 413
4 716	4 327	4 344	Sparebankens Fond		4 344	4 327	4 716
91	25	91	Fund for unrealised gains		91	25	91
350	350	350	Hybrid capital		350	350	350
	673	1 113	Other equity		1 257	1 002	310
7	7	7	Gift fund		7	7	7
			Non-controlling interest's share		7	8	7
<b>12 457</b>	<b>12 073</b>	<b>12 622</b>	<b>Total equity</b>		<b>12 774</b>	<b>12 410</b>	<b>12 774</b>
<b>89 202</b>	<b>89 024</b>	<b>90 702</b>	<b>Liabilities and equity</b>		<b>90 881</b>	<b>89 396</b>	<b>89 547</b>



# Combined results from the interim financial statements

## Group

(Amounts in NOK millions)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Interest income	1 165	1 015	956	885	678	574	446	413
Interest expenses	642	524	474	410	264	197	140	113
<b>Net interest income</b>	<b>523</b>	<b>491</b>	<b>483</b>	<b>475</b>	<b>414</b>	<b>377</b>	<b>306</b>	<b>300</b>
Commission income	142	153	148	154	164	160	140	158
Commission expenses	14	13	15	12	10	9	8	10
Other operating income	77	101	78	74	75	100	55	64
<b>Net commission and other income</b>	<b>205</b>	<b>241</b>	<b>211</b>	<b>216</b>	<b>230</b>	<b>251</b>	<b>187</b>	<b>212</b>
Dividends	0	15	3	33	0	32	12	1
Net result from ownership interests	10	11	26	48	17	16	14	48
Net result from other financial investments	-1	25	4	48	-15	-28	-10	0
<b>Net income from financial assets</b>	<b>9</b>	<b>52</b>	<b>33</b>	<b>129</b>	<b>1</b>	<b>19</b>	<b>17</b>	<b>50</b>
<b>Total net income</b>	<b>737</b>	<b>784</b>	<b>727</b>	<b>820</b>	<b>645</b>	<b>648</b>	<b>510</b>	<b>561</b>
Personnel expenses	183	175	177	245	149	152	169	177
Other operating expenses	138	136	137	124	150	147	136	108
<b>Total operating expenses</b>	<b>321</b>	<b>312</b>	<b>314</b>	<b>369</b>	<b>299</b>	<b>299</b>	<b>306</b>	<b>285</b>
<b>Profit before losses and tax</b>	<b>416</b>	<b>472</b>	<b>413</b>	<b>452</b>	<b>346</b>	<b>349</b>	<b>204</b>	<b>276</b>
Losses on loans and guarantees	19	-34	-1	29	7	15	-11	2
<b>Profit before tax</b>	<b>397</b>	<b>506</b>	<b>413</b>	<b>422</b>	<b>339</b>	<b>334</b>	<b>215</b>	<b>274</b>
Tax expense	94	119	93	80	81	63	46	49
<b>Profit before other comprehensive income</b>	<b>303</b>	<b>387</b>	<b>320</b>	<b>343</b>	<b>258</b>	<b>271</b>	<b>170</b>	<b>225</b>

## Konsern

Earnings per equity certificate (quarter in isolation)	1,28	1,65	1,36	1,46	1,10	1,15	0,84	1,12
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# Change in equity

## Group

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	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 31.12.2022	2 101	3 779	1 413	4 716	7	91	350	310	7	12 775
Interest expenses on additional Tier 1 capital								-19		-19
Dividends/gifts from 2022, paid in 2023			-574	-372					-2	-948
Employee equity certificate savings scheme		-1								-1
Other changes in equity <sup>2)</sup>								-40		-40
<b>Profit before other comprehensive income</b>								<b>1 009</b>	<b>1</b>	<b>1 010</b>
Entries that can be reclassified through profit or loss:										
Change in value of loans classified at fair value								-3		-3
Share of OCI from associated companies and joint ventures								1		1
<b>Equity as at 30.09.2023</b>	<b>2 101</b>	<b>3 779</b>	<b>839</b>	<b>4 344</b>	<b>7</b>	<b>91</b>	<b>350</b>	<b>1 257</b>	<b>7</b>	<b>12 775</b>

<sup>1)</sup> NOK 0.9 million was deducted from equity certificate capital as at 30.09.2023 for the treasury holding

NOK 0.6 million was deducted from equity certificate capital as at 31.12.2022 for the treasury holding

<sup>2)</sup> Of which the implementation effect of IFRS 17 and IFRS 9 on the opening balance as at 01.01.2023 in joint ventures amounted to NOK 61 million

## Group

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	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 additional Tier 1 capital								-13		-13
Dividends/gifts from 2021, paid in 2022			-296	-196					-4	-496
Other changes in equity								-1		-1
Employee equity certificate savings scheme	2	4								6
<b>Profit before other comprehensive income</b>								<b>696</b>	<b>3</b>	<b>699</b>
Entries that can be reclassified through profit or loss:										
Change in value of loans classified at fair value						-1				-1
Share of OCI from associated companies and joint ventures								2		2
<b>Equity as at 30.09.2022</b>	<b>2 101</b>	<b>3 779</b>	<b>812</b>	<b>4 327</b>	<b>7</b>	<b>25</b>	<b>350</b>	<b>1 002</b>	<b>8</b>	<b>12 410</b>

<sup>1)</sup> NOK 0.6 million was deducted from equity certificate capital as at 30.09.2022 for the treasury holding

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

## Parent bank

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	Share premium fund	Risk equalisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
<b>Equity as at 31.12.2022</b>	<b>2 101</b>	<b>3 779</b>	<b>1 413</b>	<b>4 716</b>	<b>7</b>	<b>91</b>	<b>350</b>	<b>0</b>	<b>12 457</b>
Interest expenses on additional Tier 1 capital								-19	-19
Dividends/gifts from 2022, paid in 2023			-574	-372					-946
Employee equity certificate savings scheme		-1							-1
<b>Profit before other comprehensive income</b>								<b>1 135</b>	<b>1 135</b>
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value								-3	-3
<b>Equity as at 30.09.2023</b>	<b>2 101</b>	<b>3 779</b>	<b>839</b>	<b>4 344</b>	<b>7</b>	<b>91</b>	<b>350</b>	<b>1 113</b>	<b>12 623</b>

<sup>1)</sup> NOK 0.9 million was deducted from equity certificate capital as at 30.09.2023 for the treasury holding  
NOK 0.6 million was deducted from equity certificate capital as at 31.12.2022 for the treasury holding

## Parent bank

(Amounts in NOK millions)	Equity certificate capital <sup>1)</sup>	Share premium fund	Risk equalisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
<b>Equity as at 31.12.2021</b>	<b>1 778</b>	<b>2 777</b>	<b>1 108</b>	<b>3 727</b>	<b>7</b>	<b>26</b>	<b>350</b>	<b>0</b>	<b>9 773</b>
Equity added from the merger with SpareBank 1 Modum	321	998		795					
Interest expenses on additional Tier 1 capital								-13	-13
Dividends/gifts from 2021, paid in 2022			-296	-196					-492
Employee equity certificate savings scheme	2	4							6
<b>Profit before other comprehensive income</b>								<b>686</b>	<b>686</b>
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value								-1	-1
<b>Equity as at 30.06.2022</b>	<b>2 101</b>	<b>3 779</b>	<b>812</b>	<b>4 327</b>	<b>7</b>	<b>25</b>	<b>350</b>	<b>673</b>	<b>12 073</b>

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

# Cash flow statement

Parent bank			Amounts in NOK millions	Group		
31.12.2022	30.09.2022	30.09.2023		30.09.2023	30.09.2022	31.12.2022
			<b>Cash flow from operating activities</b>			
1 303	869	1 435	Period's profit before tax	1 316	889	1 311
			Net profit from joint ventures	-47	-46	-158
-6	-4	-3	Loss/gain from fixed assets	-3	-4	-6
50	35	38	Depreciation and impairments	41	29	54
40	10	-15	Impairment of loans	-15	10	40
-258	-258	-307	Tax payable	-312	-268	-267
-139	-1 518	859	Change in lending and other assets	855	-1 522	-143
521	1 236	642	Change in deposits from customers	652	1 248	505
-150	-150	-208	Change in loans to and receivables from credit institutions	-208	-150	-150
-1 694	-1 566	-1 856	Change in certificates and bonds	-1 856	-1 566	-1 694
-21	48	-153	Change in other receivables	-175	24	-24
-252	-392	90	Change in other current liabilities	97	-393	-262
<b>-607</b>	<b>-1 691</b>	<b>522</b>	<b>Net cash flow from operating activities</b>	<b>345</b>	<b>-1 750</b>	<b>-794</b>
			<b>Cash flow from investing activities</b>			
625	625	0	Cash and cash equivalents added through merger 1)	0	625	642
-37	-40	-9	Investments in property, plant and equipment	-9	-34	-39
15	10	13	Sales of property, plant and equipment	13	10	15
-231	-81	-217	Investments in shares, equity certificates and units	-40	-25	-114
130	33	7	Sales of shares, equity certificates and units	7	33	130
<b>502</b>	<b>546</b>	<b>-207</b>	<b>Net cash flow from investing activities</b>	<b>-29</b>	<b>608</b>	<b>635</b>
			<b>Cash flow from financing activities</b>			
6 168	5 418	3 530	Increase in financial borrowing	3 530	5 418	6 223
-4 787	-4 438	-3 072	Repayment of financial borrowing	-3 072	-4 438	-4 785
416	416	200	Borrowing subordinated loans/additional Tier 1 capital	200	416	416
-411	-366	-200	Repayment, subordinated loans / additional Tier 1 capital	-200	-366	-411
6	7	6	Buy-back of own equity certificates for saving programme	6	7	6
-492	-490	-950	Dividends/gifts paid	-950	-494	-496
<b>901</b>	<b>547</b>	<b>-486</b>	<b>Net cash flow from financing activities</b>	<b>-486</b>	<b>544</b>	<b>954</b>
<b>796</b>	<b>-598</b>	<b>-171</b>	<b>Total change in cash and cash equivalents</b>	<b>-171</b>	<b>-598</b>	<b>796</b>
1 812	1 812	2 607	Cash and cash equivalents OB	2 607	1 812	1 812
2 607	1 214	2 437	Cash and cash equivalents at end of period	2 437	1 214	2 607
<b>796</b>	<b>-598</b>	<b>-171</b>	<b>Net change in cash and cash equivalents</b>	<b>-171</b>	<b>-598</b>	<b>796</b>
			<b>Cash and cash equivalents, specified</b>			
108	120	97	Cash holdings and receivables from central banks	97	120	108
2 499	1 093	2 339	Loans to and receivables from credit institutions without agreed maturity	2 339	1 093	2 499
<b>2 607</b>	<b>1 214</b>	<b>2 437</b>	<b>Cash and cash equivalents</b>	<b>2 437</b>	<b>1 214</b>	<b>2 607</b>

<sup>1)</sup> Cash and cash equivalents from SpareBank 1 Modum supplied upon the merger on 01.04.2022.

**Additional specifications**

Cash flow from interest received, interest payments and dividends received

Parent bank			Amounts in NOK millions	Group		
31.12.2022	30.09.2022	30.09.2023		30.09.2023	30.09.2022	31.12.2022
2 356	1 560	2 742	Interest received on loans to customers	2 740	1 559	2 354
-494	-281	-927	Interest paid on deposits from customers	-926	-279	-492
39	23	85	Interest received on loans to and receivables from credit institutions	85	23	39
-1	-1	0	Interest paid on loans to and receivables from credit institutions	0	-1	-1
189	115	312	Interest received on certificates and bonds	312	115	189
-482	-294	-687	Interest paid on certificates and bonds	-687	-294	-482
193	104	207	Dividends from investments	66	45	172
<b>1 800</b>	<b>1 227</b>	<b>1 731</b>	<b>Net cash flow from interest received, interest payments and dividends received</b>	<b>1 589</b>	<b>1 168</b>	<b>1 780</b>





# Notes to the financial statements

## Note 1 – Accounting policies

The interim report for SpareBank 1 Sørøst-Norge covers the period 01.01-30.09.2023. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim report does not include all the information required in full financial statements and should be read in conjunction with the financial statements for 2022. In this interim report, SpareBank 1 Sørøst-Norge has applied the same accounting policies and calculation methods as those used in the Annual Report 2022, with the exception of the implementation of IFRS 17, as described below.

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 2022.

### New and revised standards adopted in 2023

IFRS 17 Insurance Contracts replaces IFRS 4 Insurance Contracts and specifies principles for the recognition, measurement, presentation and disclosure of insurance contracts. The purpose of the new standard is to eliminate disparate practices in the accounting treatment of insurance contracts and the main features of the new model are as follows:

- An estimate of the present value of future cash flows for a group of insurance contracts. Future cash flows include future premium payments and payments of insurance settlements, claims and other payments to policyholders. The estimate shall take into account an explicit adjustment for risk and the estimates must be based on conditions on the statement of financial position date.

- A contractual service margin equal to the day one gain in the estimate of the present value of future cash flows from a group of insurance contracts. This corresponds to the profit element of the insurance contracts, which must be recognised over the period during which the service is provided, i.e. over the insurance policies' coverage periods.
- Certain changes in the net present value estimate of future cash flows are adjusted against the contract service margin and are, thereby, included in the result for the remaining period covered by the contracts in question.
- The effect of a change in the discount rate must, as a choice of accounting policy, be presented either in via the income statement or other comprehensive income (OCI).

IFRS 17 must generally be applied retrospectively, although modified retrospective application or application based on fair value at the time of the transition is permitted if retrospective application is impracticable.

The effect on equity in the Group as a result of the associated company SpareBank 1 Gruppen AS implementing this standard on 01.01.2022 was NOK 70 million in reduced equity. SpareBank 1 Gruppen AS's result for 2022 restated in line with to IFRS 17/IFRS 9 has been adjusted by NOK 10 million, such that the effect on equity on 01.01.2023 is NOK 61 million.

Comparative figures have not been restated.

### Implementation effect of IFRS 17 in 2022:

(Amounts in NOK millions)

Equity as at 31.12.2022 before implementation	12 775
Implementation of IFRS 17/IFRS 9 01.01.2022	-70
Adjusted result for 2022 after implementation IFRS 17/IFRS 9	10
Implementation effect on equity 01.01.2023	-61
Change in equity, Group 01.01.2023	12 714



## 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 2022, Note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions.

### Impairment of loans

Please see Note 2 "Accounting Policies" in the financial statements for 2022 for a detailed description of the loss model applied in accordance with IFRS 9. The model contains several critical estimates. The most important are related to the definition of substantially increased credit risk and key assumptions in the general loss model. The definition of increased credit risk remains unchanged since the last annual financial statements.

The Bank's loss model provides proposed key assumptions for calculating expected credit loss (ECL) using regression analysis and simulation. Future default levels (PDs) are predicted based on expected developments in money market rates and unemployment. The future loss level (LGD) is simulated based on security values and price development expectations for various security objects. Norges Bank's Monetary Policy Report has been chosen as the main source for the explanatory variables interest rates, unemployment and property price developments.

The management's estimates and discretionary assess-

ments of expected developments in default and loss levels (PD and LGD) were largely based on macro forecasts from Monetary Policy Report (PPR) 3/23. PPR 3/23 expects somewhat higher interest rates, while unemployment remains unchanged from PPR 2/23. The interest rate path has been revised up slightly since the previous report, growth in the Norwegian economy has slowed, while the labour market remains tight and there is the prospect of labour costs increasing by more than previously assumed.

The scenario weights are assessed continuously based on the available information. At the onset of the Covid-19 pandemic, the Bank saw an elevated probability of the downside scenario. As of 31.03.2022, the increased downside risk necessitated by the Covid-19 pandemic was considered no longer required. However, the Bank chose to keep the scenario weights unchanged due to elevated uncertainty related to the effects of the war in Ukraine. As of 31.12.2022, the Bank chose to increase the downside scenario for the corporate market portfolio from 80/15/5 to 75/20/5 in light of the economic situation. The Bank deemed it appropriate to keep the scenario weights unchanged as at 30.09.2023. Consequently, the expected credit loss (ECL) as at 30.09.2023 was calculated using a combination of 75% for the expected scenario, 20% for the downside scenario and 5% for the upside scenario (75/20/5) for the corporate market portfolio and a combination of 80% for the expected scenario, 15% for the downside scenario and 5% for the upside scenario (80/15/5) for the retail market portfolio.

Reference is also made to Note 6 "Impairment provisions for loans and guarantees".

## Note 3 – 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. 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 and BN Bank ASA.

The countercyclical buffer was 2.5% at the end of the third quarter of 2023. On 16.12.2022, the Ministry of Finance decided to postpone the introduction of an increase in the systemic risk buffer for banks using 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 2022, 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 regulatory requirement for the Common Equity Tier 1 capital ratio at the end of 2023 was 15.0% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

At the end of the third quarter of 2023, the Common Equity Tier 1 capital ratio was 18.7% (19.7%) and the leverage ratio was 8.0% (8.5%). The regulatory requirement for Tier 1 capital is 3.0%. Both targets were met by a good margin by the end of the third quarter of 2023.

As at 30.09.2023, the unallocated interim profit has not been included in Common Equity Tier 1 capital, while as at 30.09.2022 50 per cent of interim profit was included.

If 50 per cent of the interim profit as at 30.09.2023 was included, the Common Equity Tier 1 capital ratio would be an estimated 19.7%.

Parent bank				Group	
31.12.2022	30.09.2022	30.09.2023	(Amounts in NOK millions)	30.09.2023	31.12.2022
12 107	11 723	12 272	<b>Total capitalised equity (excluding hybrid capital)</b>	<b>12 424</b>	<b>12 424</b>
-946	-343	-1 132	Capitalised equity not included in Tier 1 capital	-959	-747
			Minority interests that cannot be included in Common Equity Tier 1 capital	7	-7
-15	-15	-17	Value adjustments on shares and bonds measured at fair value (AVA)	-25	-22
			Other intangible assets	-7	-9
			Positive values of adjusted expected loss	-72	-67
-357	-357	-357	Deduction for goodwill	-458	-458
-174	-137	-184	Deduction for non-material interests in the financial sector	-184	-174
-886	-928	-927	Deduction for material interests in the financial sector	0	0
<b>9 729</b>	<b>9 943</b>	<b>9 656</b>	<b>Total Common Equity Tier 1 capital</b>	<b>10 724</b>	<b>10 939</b>
350	350	350	Hybrid capital	350	350
			Hybrid capital issued by companies included on the consolidated accounts that can be included	158	149
<b>10 079</b>	<b>10 293</b>	<b>10 006</b>	<b>Total Tier 1 capital</b>	<b>11 232</b>	<b>11 439</b>
			<b>Supplementary capital in excess of Tier 1 capital</b>		
745	790	745	Time-limited primary capital	745	745
			Primary capital issued by companies included on the consolidated accounts that can be included	213	216
<b>10 824</b>	<b>11 083</b>	<b>10 751</b>	<b>Net primary capital</b>	<b>12 190</b>	<b>12 399</b>



Parent bank				Group	
31.12.2022	30.09.2022	30.09.2023	(Amounts in NOK millions)	30.09.2023	31.12.2022
			<b>Risk-weighted basis for calculation</b>		
41 126	41 832	41 693	Assets not included in the trading portfolio	52 463	51 272
3 782	3 569	3 782	Operational risk	4 323	4 327
56	59	58	CVA surcharge (counterparty risk on derivatives)	585	497
<b>44 964</b>	<b>45 460</b>	<b>45 533</b>	<b>Total basis for calculation</b>	<b>57 371</b>	<b>56 096</b>
21.6%	21.9%	21.2%	Common Equity Tier 1 capital ratio	18.7%	19.5%
22.4%	22.6%	22.0%	Tier 1 capital ratio	19.6%	20.4%
24.1%	24.4%	23.6%	Capital adequacy	21.2%	22.1%
11.0%	11.2%	10.7%	Leverage ratio	8.0%	8.5%
			<b>Buffer requirements</b>		
1 124	1 137	1 138	Capital conservation buffer (2.5%)	1 434	1 402
899	682	1 138	Countercyclical buffer (2.5%/1.0%)	1 434	1 122
1 349	1 364	1 366	Systemic risk buffer (3.0%)	1 721	1 683
<b>3 372</b>	<b>3 182</b>	<b>3 643</b>	<b>Total buffer requirement for Common Equity Tier 1 capital</b>	<b>4 590</b>	<b>4 207</b>
2 023	2 046	2 049	Minimum requirement for Common Equity Tier 1 capital (4.5%)	2 582	2 524
4 333	4 715	3 965	Available Common Equity Tier 1 capital in excess of minimum requirement	3 552	4 208

Parent bank				Group	
31.12.2022	30.09.2022	30.09.2023	Specification of risk-weighted credit risk (Amounts in NOK millions)	30.09.2023	31.12.2022
60	53	59	Governments and central banks	69	60
241	104	596	Local and regional authorities	692	313
10	10	10	Publicly owned companies	10	11
195	244	260	Institutions	684	521
4 015	4 127	3 998	Companies	5 630	5 269
5 760	5 853	5 897	Mass market	7 637	7 325
24 068	24 696	23 801	Collateral security in real estate	31 775	31 430
592	402	681	Exposures past due	741	646
1 898	2 333	2 010	High-risk exposures	2 010	1 898
452	551	523	Covered bonds	754	762
513	232	468	Receivables from institutions and companies with short-term ratings	468	513
69	67	73	Shares in mutual funds	73	69
2 757	2 669	2 939	Equity items	1 487	1 682
497	489	377	Other exposures	431	774
<b>41 126</b>	<b>41 832</b>	<b>41 693</b>	<b>Total credit risk</b>	<b>52 463</b>	<b>51 272</b>

**Proportional consolidation**

Amounts in NOK millions	<b>30.09.2022</b>
<b>Primary capital</b>	
Common Equity Tier 1 capital	11 025
Tier 1 capital	11 531
Primary capital	12 548
 Basis for calculation	 55 960
<b>Capital adequacy</b>	
Common Equity Tier 1 capital ratio	19,7 %
Tier 1 capital ratio	20,6 %
Capital adequacy	22,4 %
Leverage ratio	8,5 %

## Note 4 – Segment Information

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

The reporting of segments is divided into the following

areas: Retail market (RM) and corporate market (CM) customers, which include the parent bank and subsidiaries related to real estate and accounting services. 'Not allocated' mainly includes group eliminations and subsidiaries that manage properties.

### Group 30.09.2023

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Profit</b>				
Net interest income	859	638	-1	1 496
Net commission and other income	547	214	-9	751
Operating expenses	670	286	-9	947
<b>Profit before losses</b>	<b>736</b>	<b>565</b>	<b>-1</b>	<b>1 300</b>
Losses on loans and guarantees	-16	0		-15
<b>Profit before tax</b>	<b>752</b>	<b>565</b>	<b>-1</b>	<b>1 316</b>

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Statement of financial position</b>				
Net lending to customers	51 831	19 993	-21	71 803
Other assets			19 074	19 074
<b>Total assets per segment</b>	<b>51 831</b>	<b>19 993</b>	<b>19 053</b>	<b>90 876</b>
Deposits from and liabilities to customers	37 482	18 444	-57	55 869
Other equity and liabilities			35 008	35 008
<b>Total equity and debt per segment</b>	<b>37 482</b>	<b>18 444</b>	<b>34 951</b>	<b>90 876</b>

**Group 30.09.2023**

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

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

**Group 31.12.2022**

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Profit</b>				
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
<b>Profit before losses</b>	<b>788</b>	<b>562</b>	<b>0</b>	<b>1 351</b>
Losses on loans and guarantees	8	31		40
<b>Profit before tax</b>	<b>780</b>	<b>531</b>	<b>0</b>	<b>1 311</b>

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



## Note 5 – Impairment of loans

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

### Group

(Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
Effect of merger with SpareBank 1 Modum <sup>1)</sup>	0	10	10
Changes in IFRS 9 provisions	-18	0	21
Effect of changed scenario weights	0	0	15
Confirmed losses (net)	2	5	2
Receipts on previously recognised impairments	-1	-5	-6
Other corrections/amortisation of impairments	1	0	-3
<b>Losses on loans and guarantees in the period</b>	<b>-15</b>	<b>10</b>	<b>40</b>

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

## Note 6 – 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 30.09.2023	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>109</b>	<b>85</b>	<b>160</b>	<b>353</b>
Impairment provisions transferred to Stage 1	21	-20	-1	
Impairment provisions transferred to Stage 2	-7	7	0	0
Impairment provisions transferred to Stage 3	-1	-5	5	0
New financial assets issued or purchased	12	6	3	21
Increase in existing loans	36	50	46	131
Reduction in existing loans	-62	-24	-4	-90
Financial assets that have been deducted	-15	-18	-23	-57
Changes due to recognised impairments (recognised losses)	0	0	-37	-37
<b>Closing balance</b>	<b>93</b>	<b>80</b>	<b>148</b>	<b>322</b>
- reversal of impairment provisions related to fair value through OCI	-24			-24
<b>Capitalised impairment provisions at the end of the period</b>	<b>69</b>	<b>80</b>	<b>148</b>	<b>298</b>
Of which, impairment provisions for capitalised loans	55	75	144	275
Of which, impairment provisions for unused credits and guarantees	14	5	4	23
Of which, impairment provisions, corporate market	60	50	109	219
Of which, impairment provisions, retail market	9	30	40	79

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

(Amounts in NOK millions)

Group

<b>Impairment provisions for loans and guarantees 31.12.2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Opening balance</b>	<b>120</b>	<b>72</b>	<b>95</b>	<b>287</b>
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger	10	0	0	10
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger	0	7	0	7
Impairment provisions transferred to Stage 1	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
<b>Closing balance</b>	<b>109</b>	<b>85</b>	<b>160</b>	<b>353</b>
- reversal of impairment provisions related to fair value through OCI	-28			-28
<b>Capitalised impairment provisions at the end of the period</b>	<b>81</b>	<b>85</b>	<b>160</b>	<b>325</b>
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	70	46	110	227
Of which, impairment provisions, retail market	11	38	50	99

## Sensitivity analysis – loss model

The model calculates impairments on exposures 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, interest rates and growth in property prices.

At the same time, the loss model is based on multiple input factors from the portfolios, where the events have occurred as of the statement of financial position date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted a review of the

corporate market portfolio in order to identify and make impairment provisions for individual exposures.

In addition to individual loss assessments, the Bank changed the model's scenario weight based on an assessment. The scenario weights were unchanged for the corporate market portfolio (75/20/5) and the retail market portfolio (80/15/5). The weighting includes an increase in the worst-case scenario and reflects the uncertainty about with future economic developments.

The table below shows the ECL calculated using the scenario weights and the ECL calculated for the three scenarios, in isolation. The calculations are broken down into the main segments retail market and corporate market.

### Scenario weights used as at 30.09.2023

(Amounts in NOK millions)	Weight RM/CM	CM	RM	Total
Scenario 1 (normal case)	80%/75%	70	147	217
Scenario 2 (worst case)	15%/20%	30	84	115
Scenario 3 (best case)	5%/5%	3	7	10
<b>Total estimated IFRS 9 provisions</b>		<b>104</b>	<b>238</b>	<b>342</b>
Reversal of impairment provisions related to fair value through OCI and other adjustments		-25	-20	-45
<b>Capitalised impairment provisions for the parent bank as at 30.09.2023</b>		<b>79</b>	<b>219</b>	<b>298</b>

### 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%	88	196	284
Scenario 2 (worst case)	100%/100%	202	421	623
Scenario 3 (best case)	100%/100%	65	142	208

Scenario weights used	30.09.2023	30.09.2022	31.12.2022
	Weight RM/CM	Weight RM/CM	Weight RM/CM
Scenario 1 (normal case)	80%/75%	80%/80%	80%/75%
Scenario 2 (worst case)	15%/20%	15%/15%	15%/20%
Scenario 3 (best case)	5%/5%	5%/5%	5%/5%



## Note 7 – 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			
	Stage 1	Stage 2	Stage 3	Total
<b>Lending to customers</b>				
<b>Opening balance 31.12.2022</b>	<b>64 530</b>	<b>4 052</b>	<b>659</b>	<b>69 241</b>
Loans transferred to Stage 1	1 084	-1 063	-21	0
Loans transferred to Stage 2	-2 201	2 207	-7	0
Loans transferred to Stage 3	-64	-141	205	0
New financial assets issued or purchased	10 196	482	7	10 685
Increase in existing loans	12 013	535	107	12 656
Reduction in existing loans	-11 321	-598	-107	-12 027
Financial assets that have been deducted	-10 952	-921	-127	-12 001
Changes due to recognised impairments (recognised losses)	-5	0	-42	-47
Changes due to reversals of previous impairments (recognised)	1	0	2	3
<b>Closing balance 30.09.2023</b>	<b>63 281</b>	<b>4 553</b>	<b>676</b>	<b>68 510</b>
Impairment provisions as % of gross lending	0.15%	1.76%	21.92%	0.43%
Hence the loan to Corporate Market	18 656	1 892	463	21 011
Hence the loan to Retail Market	44 625	2 661	213	47 499

(Amounts in NOK millions)	Group			
	Stage 1	Stage 2	Stage 3	Total
<b>Lending to customers</b>				
<b>Opening balance 31.12.2021</b>	<b>55 639</b>	<b>3 950</b>	<b>338</b>	<b>59 927</b>
Effect of merger with SpareBank 1 Modum	8 509	528	53	9 090
Loans transferred to Stage 1	1 445	-1 438	-7	0
Loans transferred to Stage 2	-1 944	1 975	-31	0
Loans transferred to Stage 3	-35	-80	115	0
New financial assets issued or purchased	19 157	561	20	19 739
Increase in existing loans	3 980	279	20	4 279
Reduction in existing loans	-4 557	-309	-33	-4 899
Financial assets that have been deducted	-16 410	-1 097	-72	-17 579
Changes due to recognised impairments (recognised losses)	-2	0	-2	-5
Changes due to reversals of previous impairments (recognised)	0	0	-14	-14
<b>Closing balance 30.09.2022</b>	<b>65 781</b>	<b>4 369</b>	<b>388</b>	<b>70 537</b>
Impairment provisions as % of gross lending	0.12%	2.00%	33.43%	0.42%
Hence the loan to Corporate Market	19 785	1 819	221	21 824
Hence the loan to Retail Market	45 996	2 550	167	48 713

(Amounts in NOK millions)

Group

Lending to customers	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance 31.12.2021</b>	<b>55 639</b>	<b>3 950</b>	<b>338</b>	<b>59 927</b>
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	22 237	421	258	22 916
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 reversals of previous impairments (recognised)	5	29	10	43
<b>Closing balance 31.12.2022</b>	<b>64 530</b>	<b>4 052</b>	<b>659</b>	<b>69 241</b>
Impairment provisions as % of gross lending	0.17%	2.09%	24.24%	0.51%
Hence the loan to Corporate Market	18 861	1 399	453	20 713
Hence the loan to Retail Market	45 668	2 653	207	48 528

## Note 8 – Loan to customers by sector and industry

Parent bank				Group		
31.12.2022	30.09.2022	30.09.2023	(Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
51 349	52 274	50 791	Employees, etc.	50 791	52 274	51 349
13 202	13 827	12 601	Property management/business services, etc.	12 580	13 801	13 176
3 343	3 178	3 791	Property management housing cooperatives	3 791	3 178	3 343
1 003	947	881	Wholesale and retail trade/hotels and restaurants	881	947	1 003
993	964	1 028	Agriculture/forestry	1 028	964	993
881	887	955	Building and construction	955	887	881
1 352	1 371	1 286	Transport and service Industries	1 286	1 371	1 352
565	619	573	Production (manufacturing)	573	619	565
189	190	193	Other	193	190	189
<b>72 878</b>	<b>74 257</b>	<b>72 099</b>	<b>Gross lending</b>	<b>72 077</b>	<b>74 231</b>	<b>72 852</b>
20 144	21 749	19 438	- Of which, measured at amortised cost	19 417	21 723	20 119
49 122	48 814	49 094	- Of which, measured at fair value through OCI	49 094	48 814	49 122
3 611	3 694	3 567	- Of which, measured at fair value through profit or loss	3 567	3 694	3 611
-306	-268	-275	- Impairment provisions for loans	-275	-268	-306
<b>72 572</b>	<b>73 989</b>	<b>71 824</b>	<b>Net lending</b>	<b>71 803</b>	<b>73 963</b>	<b>72 546</b>
<b>72 878</b>	<b>74 257</b>	<b>72 099</b>	<b>Gross lending</b>	<b>72 077</b>	<b>74 231</b>	<b>72 852</b>
30 802	30 084	31 419	Gross lending transferred to SB1 Boligkreditt	31 419	30 084	30 802
1 487	1 506	1 461	Gross lending transferred to SB1 Næringskreditt	1 461	1 506	1 487
<b>105 167</b>	<b>105 847</b>	<b>104 979</b>	<b>Gross lending, incl. SpareBank 1 Boligkreditt/Næringskreditt</b>	<b>104 958</b>	<b>105 822</b>	<b>105 141</b>

## Note 9 – 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 2022.

## Note 10 – 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 7 700 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 13 transactions involving borrowing were hedged as at 30.09.2023.

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

#### Group

Fair value hedging (Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
Net recognition of hedging instruments	4	294	224
Net recognition of hedged items	-6	-297	-222
<b>Total fair value hedging</b>	<b>-2</b>	<b>-2</b>	<b>2</b>
Accumulated hedging adjustments for hedged items	-443	337	-262

#### Group

(Amounts in NOK millions)	30.09.2023			30.09.2022			31.12.2022		
	Contract sum	Fair value		Contract sum	Fair value		Contract sum	Fair value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
<b>Interest rate instruments</b>									
Interest rate swap agreements – hedging of customer-related assets at fair value through profit or loss	3 480	192	1	3 641	155	0	3 560	121	1
Interest rate swap agreements – hedging of fixed income securities	249	6	0	355	5	0	455	16	15
Interest rate swap agreements – hedging of fair value of fixed rate borrowing	7 700	25	369	6 200	31	259	6 800	54	250
<b>Total interest rate instruments</b>	<b>11 429</b>	<b>222</b>	<b>370</b>	<b>10 196</b>	<b>191</b>	<b>259</b>	<b>10 815</b>	<b>191</b>	<b>267</b>



## Note 11 – 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 average time to maturity for the Bank's bond debt was 3.2 years (3.2) years at the end of the quarter.

The liquidity reserve (LCR) was 226% (153%) at the end of the quarter and the average LCR is 237% (165%) for the year to date in 2023.

## Note 12 – Net interest income

Parent bank				Group		
31.12.2022	30.09.2022	30.09.2023	(Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
			<b>Interest income</b>			
39	23	85	Interest rates on loans to credit institutions at amortised cost	85	23	39
878	591	940	Interest on loans to customers at amortised cost	939	590	877
1 380	908	1 673	Interest on loans to customers at fair value through OCI	1 673	908	1 380
<b>2 297</b>	<b>1 522</b>	<b>2 698</b>	<b>Total interest income - assets measured at amortised cost</b>	<b>2 697</b>	<b>1 521</b>	<b>2 296</b>
98	61	128	Interest on loans to customers at fixed rates	128	61	98
189	115	312	Interest on securities at fair value	312	115	189
<b>287</b>	<b>177</b>	<b>440</b>	<b>Total interest income - assets measured at fair value</b>	<b>440</b>	<b>177</b>	<b>287</b>
<b>2 584</b>	<b>1 699</b>	<b>3 138</b>	<b>Total interest income</b>	<b>3 136</b>	<b>1 698</b>	<b>2 583</b>
			<b>Interest expenses</b>			
1	1	0	Interest and similar expenses for liabilities to credit institutions	0	1	1
494	281	927	Interest and similar expenses for deposits from and liabilities to customers	926	279	492
457	278	657	Interest and similar expenses for issued securities	657	278	457
25	16	29	Interest and similar expenses for subordinated loan capital	29	16	25
35	26	27	Other interest expenses and similar expenses	27	26	35
<b>1 012</b>	<b>602</b>	<b>1 641</b>	<b>Total interest expenses</b>	<b>1 640</b>	<b>600</b>	<b>1 010</b>
<b>1 572</b>	<b>1 096</b>	<b>1 497</b>	<b>Net interest income</b>	<b>1 496</b>	<b>1 097</b>	<b>1 573</b>

## Note 13 – Net commission and other income

Parent bank			(Amounts in NOK millions)	Group		
31.12.2022	30.09.2022	30.09.2023		30.09.2023	30.09.2022	31.12.2022
			<b>Commission income</b>			
12	9	8	Guarantee commission	8	9	12
1	1	0	Interbank commission	0	1	1
19	14	13	Credit brokerage	13	14	19
34	25	24	Securities trading and management	24	25	34
223	156	170	Payment services	170	156	223
144	107	110	Insurance services	110	107	144
18	12	13	Other commission income	13	12	18
166	140	105	Commission from SpareBank 1 Boligkreditt and Næringskreditt	105	140	166
<b>618</b>	<b>464</b>	<b>443</b>	<b>Total commission income</b>	<b>443</b>	<b>464</b>	<b>618</b>
			<b>Commission expenses</b>			
1	1	1	Interbank fees	1	1	1
23	16	27	Payment services	27	16	23
14	10	13	Other commission expenses	13	10	14
<b>39</b>	<b>27</b>	<b>42</b>	<b>Total commission expenses</b>	<b>42</b>	<b>27</b>	<b>39</b>
<b>579</b>	<b>437</b>	<b>401</b>	<b>Net commission income</b>	<b>401</b>	<b>437</b>	<b>579</b>
			<b>Other operating income</b>			
4	3	3	Operating income from real estate	3	3	4
6	4	3	Profit from the sale of fixed assets	3	4	6
6	4	6	Other operating income	6	6	6
0	0	0	Operating income from estate agency business	175	176	233
0	0	0	Operating income from accounting firms	69	41	55
<b>16</b>	<b>11</b>	<b>12</b>	<b>Total other operating income</b>	<b>256</b>	<b>231</b>	<b>304</b>
<b>595</b>	<b>448</b>	<b>413</b>	<b>Net commission and other income:</b>	<b>657</b>	<b>668</b>	<b>883</b>

## Note 14 – Net result from other financial investments

Parent bank			(Amounts in NOK millions)	Group		
31.12.2022	30.09.2022	30.09.2023		30.09.2023	30.09.2022	31.12.2022
65	31	30	Income from shares	30	31	65
-77	-84	-25	Income from bonds and certificates	-25	-84	-77
-10	-12	11	Income from financial derivatives	11	-12	-10
17	12	12	Net income from foreign exchange trading	12	12	17
<b>-5</b>	<b>-53</b>	<b>28</b>	<b>Net result from other financial investments</b>	<b>28</b>	<b>-53</b>	<b>-5</b>

## Note 15 – 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 yield curve.
- The fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated cash flow based on the observable yield curve, including an indicated credit spread on the issuer from a reputable brokerage firm or Reuters/ Bloomberg pricing services.
- This category includes bonds, certificates, equity instruments, own securities issued measured at fair value, and derivatives.

**Level 3:** Valuation based on other than observable data. If no valuation is available in relation to level 1 and 2, valuation methods based on non-observable information are used.

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

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

### The Group's assets and liabilities measured at fair value as at 30.09.2023

<b>Assets</b> (Amounts in NOK millions)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value				
- Fixed-rate loans			3 567	3 567
- Mortgages at fair value through OCI			49 094	49 094
- Interest-bearing securities	47	10 238		10 286
- Shares, units and equity certificates	227		2 479	2 705
- Financial derivatives		222		222
<b>Total assets</b>	<b>274</b>	<b>10 460</b>	<b>55 139</b>	<b>65 874</b>
<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at fair value				
- Securities issued		6 619		6 619
- Financial derivatives		370		370
<b>Total liabilities</b>		<b>6 989</b>		<b>6 989</b>

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

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



## 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
<b>Total assets</b>	<b>469</b>	<b>8 371</b>	<b>55 130</b>	<b>63 971</b>
<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at fair value				
- Securities issued		6 583		6 583
- Financial derivatives		267		267
<b>Total liabilities</b>		<b>6 850</b>		<b>6 850</b>

## Changes in instruments classified as Level 3 as at 30.09.2023

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2023	3 611	2 397	49 122
Additions	370	65	19 056
Disposals	-413	-8	-19 085
Net gain/loss on financial instruments		24	
<b>Closing balance 30.09.2023</b>	<b>3 567</b>	<b>2 479</b>	<b>49 094</b>

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

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2022	2 844	2 004	40 143
Supply from merger with SpareBank 1 Modum	651	353	6 506
Additions	733	53	19 424
Disposals	-533	-33	-17 259
Net gain/loss on financial instruments	0	32	0
<b>Closing balance 30.09.2022</b>	<b>3 694</b>	<b>2 410</b>	<b>48 814</b>

## Changes in instruments classified as Level 3 as at 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	
<b>Closing balance 31.12.2022</b>	<b>3 611</b>	<b>2 397</b>	<b>49 122</b>

## Note 16 – Other assets

Parent bank			(Amounts in NOK millions)	Group		
31.12.2022	30.09.2022	30.09.2023		30.09.2023	30.09.2022	31.12.2022
43	42	43	Prepaid, unaccrued costs, and accrued income not yet received	167	166	150
49	27	172	Other assets	186	36	57
191	191	222	Derivatives and other financial instruments at fair value	222	191	191
<b>283</b>	<b>260</b>	<b>438</b>	<b>Total other assets</b>	<b>575</b>	<b>393</b>	<b>399</b>

## Note 17 – Deposits from customers by sector and industry

Parent bank			(Amounts in NOK millions)	Group		
31.12.2022	30.09.2022	30.09.2023		30.09.2023	30.09.2022	31.12.2022
36 228	36 518	36 999	Employees, etc.	36 999	36 518	36 228
5 896	6 846	6 361	Property management/business services, etc.	6 305	6 790	5 829
310	327	290	Property management housing cooperatives	290	327	310
1 754	1 824	1 702	Wholesale and retail trade/hotels and restaurants	1 702	1 824	1 754
802	686	905	Agriculture/forestry	905	686	802
1 744	1 508	1 414	Building and construction	1 414	1 508	1 744
4 610	4 691	4 692	Transport and service Industries	4 692	4 691	4 610
984	906	919	Production (manufacturing)	919	906	984
2 500	2 316	2 284	Public administration	2 284	2 316	2 500
456	377	358	Other	358	377	456
<b>55 284</b>	<b>55 999</b>	<b>55 925</b>	<b>Total deposits</b>	<b>55 869</b>	<b>55 943</b>	<b>55 216</b>

## Note 18 – Securities debt

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

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

Group (Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
Bond debt, senior unsecured, nominal value	15 386	15 777	16 178
Bond debt, SNP, nominal value	4 750	3 500	3 500
Value adjustments and accrued interest	-233	-181	-108
<b>Total interest-bearing securities</b>	<b>19 903</b>	<b>19 096</b>	<b>19 570</b>

### Change in financial borrowing

Group (Amounts in NOK millions)	30.09.2023	Issued	Due/redeemed	31.12.2022
Bond debt, senior unsecured, nominal value	15 386	2 280	-3 072	16 178
Bond debt, SNP, nominal value	4 750	1 250	0	3 500
Value adjustments and accrued interest	-233		-124	-108
<b>Total interest-bearing securities</b>	<b>19 903</b>	<b>3 530</b>	<b>-3 196</b>	<b>19 570</b>

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

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

## Note 19 – Subordinated loan capital

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

### Time-limited subordinated bonds loans

Group (Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
Subordinated loan capital	745	790	745
Value adjustments and accrued interest	6	3	4
<b>Total subordinated loan capital</b>	<b>751</b>	<b>793</b>	<b>749</b>

### Change in subordinated loan capital

Group (Amounts in NOK millions)	30.09.2023	Issued	Due/redeemed	31.12.2022
Subordinated loan capital	745	200	-200	745
Value adjustments and accrued interest	6		2	4
<b>Total subordinated loan capital</b>	<b>751</b>	<b>200</b>	<b>-198</b>	<b>749</b>

Group (Amounts in NOK millions)	30.09.2022	Merger 01.04.2022 portfolio SpareBank 1 Modum	Issued	Due/redeemed	31.12.2022
Subordinated loan capital	790	90	350	-300	650
Value adjustments and accrued interest	3	0	0	2	1
<b>Total subordinated loan capital</b>	<b>793</b>	<b>90</b>	<b>350</b>	<b>-298</b>	<b>651</b>

Group (Amounts in NOK millions)	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	0	0	3	1
<b>Total subordinated loan capital</b>	<b>749</b>	<b>90</b>	<b>350</b>	<b>-342</b>	<b>651</b>

## Note 20 – Other liabilities

Parent bank				Group		
31.12.2022	30.09.2022	30.09.2023	(Amounts in NOK millions)	30.09.2023	30.09.2022	31.12.2022
139	90	77	Accrued expenses and received unearned income	82	121	166
20	26	23	Provisions for guarantees	23	26	20
81	91	65	IFRS 16 liabilities related to leases	64	86	81
103	154	103	Pension liabilities	104	155	104
207	215	507	Other liabilities	583	267	263
267	259	370	Derivatives and other financial instruments at fair value	370	259	267
<b>816</b>	<b>835</b>	<b>1 145</b>	<b>Total other liabilities</b>	<b>1 227</b>	<b>914</b>	<b>900</b>

## Note 21 – Equity certificate holders and distribution of equity certificates

### Equity certificate holders

The Bank's equity certificate capital (capital paid in via equity certificates) amounts to NOK 2 101 478 415 divided into 140 098 561 equity certificates, each with a nominal value of NOK 15.00. There were 5 833 (6 036) equity certificate holders as at 30.09.2023 in SpareBank 1 Sørøst-Norge.

The 20 largest equity certificate holders as at 30.09.2023 are:	Quantity	% of total number of equity certificates
SPAREBANK 1 STIFTELSEN BV	24 141 356	17.2%
SPAREBANKSTIFTELSEN TELEMARK	18 910 174	13.5%
SPAREBANKSTIFTELSEN SPAREBANK 1 MODUM	18 444 646	13.2%
SPAREBANKSTIFTELSEN NØTTERØY-TØNSBERG	10 925 503	7.8%
SPAREBANKSTIFTELSEN TELEMARK - HOLLA OG LUNDE	10 273 723	7.3%
VPF EIKA EGENKAPITALBEVIS	4 169 991	3.0%
SPESIALFONDET BOREA UTBYTTE	3 866 798	2.8%
PARETO INVEST NORGE AS	2 757 852	2.0%
BRANNKASSESTIFTELSEN MIDT-BUSKERUD	2 659 369	1.9%
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIG FORSIKRINGSSKAP	1 580 645	1.1%
CATILINA INVEST AS	912 032	0.7%
WENAASGRUPPEN AS	907 432	0.6%
LANDKREDITT UTBYTTE	903 455	0.6%
MELESIO INVEST AS	886 937	0.6%
SANDEN EQUITY AS	707 494	0.5%
FORETAKSKONSULENTER AS	621 230	0.4%
SKOGEN INVESTERING AS	605 000	0.4%
AARS AS	484 737	0.3%
HAUSTA INVESTOR AS	420 000	0.3%
TROVÅG AS	418 792	0.3%
Total 20 largest equity certificate holders	104 597 166	74.7%
SpareBank 1 Sørøst-Norge (own equity certificates)	63 060	0.0%
Other owners	35 438 335	25.3%
<b>Total number of equity certificates</b>	<b>140 098 561</b>	<b>100.0%</b>



## Note 22 – 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 had no potential equity certificates that could cause dilution as at 30.09.2023. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

#### Parent bank

Equity certificate fraction (Amounts in NOK millions)	30.09.2023
Equity certificate capital	2 101
Share premium fund	3 779
Dividend equalisation fund, excl. other equity	839
<b>Total equity certificate holders' capital</b>	<b>6 718</b>
Sparebankens Fond, excl. other equity	4 344
Gift fund	7
<b>Total community-owned capital</b>	<b>4 351</b>
Equity excl. dividends, gifts, hybrid capital and other equity	11 069
<b>Equity certificate fraction</b>	<b>60.7%</b>
<b>Community capital</b>	<b>39.3%</b>

Parent bank	30.09.2023
Based on profit divided between equity certificate holders and community capital (NOK millions)	1 116
Number of equity certificates issued	140 098 561
Earnings per equity certificate (NOK)	4.83
Market price (NOK)	51,00
<b>Nominal Value (NOK)</b>	<b>15.00</b>
<b>Corrected result (Amounts in NOK millions)</b>	
Profit before other comprehensive income	1 135
- corrected for interest on additional Tier 1 capital recognised directly against equity	-19
<b>Adjusted profit</b>	<b>1 116</b>

## Note 23 – Consolidated results from the interim financial statements (pro forma) <sup>1)</sup>

The pro forma results for 2022 and 2021 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 each year.

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

### Group

(Amounts in NOK millions)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Interest income	1 165	1 015	956	885	678	574	514	476
Interest expenses	642	524	474	410	264	197	161	132
<b>Net interest income</b>	<b>523</b>	<b>491</b>	<b>483</b>	<b>475</b>	<b>414</b>	<b>377</b>	<b>353</b>	<b>344</b>
Commission income	142	153	148	154	164	160	161	182
Commission expenses	14	13	15	12	10	9	10	12
Other operating income	77	101	78	74	75	100	67	90
<b>Net commission and other income</b>	<b>205</b>	<b>241</b>	<b>211</b>	<b>216</b>	<b>230</b>	<b>251</b>	<b>218</b>	<b>259</b>
Dividends	0	15	3	33	0	32	14	1
Net result from ownership interests	10	11	26	48	17	16	15	61
Net result from other financial investments	-1	25	4	48	-15	-28	-2	4
<b>Net income from financial assets</b>	<b>9</b>	<b>52</b>	<b>33</b>	<b>129</b>	<b>1</b>	<b>19</b>	<b>27</b>	<b>65</b>
<b>Total net income</b>	<b>737</b>	<b>784</b>	<b>727</b>	<b>820</b>	<b>645</b>	<b>648</b>	<b>598</b>	<b>669</b>
Personnel expenses	183	175	177	245	149	152	201	212
Other operating expenses	138	136	137	124	150	147	163	140
<b>Total operating expenses</b>	<b>321</b>	<b>312</b>	<b>314</b>	<b>369</b>	<b>299</b>	<b>299</b>	<b>364</b>	<b>352</b>
<b>Profit before losses and tax</b>	<b>416</b>	<b>472</b>	<b>413</b>	<b>452</b>	<b>346</b>	<b>349</b>	<b>235</b>	<b>316</b>
Losses on loans and guarantees	19	-34	-1	29	7	15	-11	-2
<b>Profit before tax</b>	<b>397</b>	<b>506</b>	<b>413</b>	<b>422</b>	<b>339</b>	<b>334</b>	<b>246</b>	<b>318</b>
Tax expense	94	119	93	80	81	63	51	57
<b>Profit before other comprehensive income</b>	<b>303</b>	<b>387</b>	<b>320</b>	<b>343</b>	<b>258</b>	<b>271</b>	<b>195</b>	<b>261</b>

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

## Note 24 – Consolidated statement of financial position figures from the interim financial statements (pro forma)

### Group

(Amounts in NOK millions)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
<b>Profitability</b>								
Return on equity <sup>1)</sup>	9.4%	12.4%	10.4%	10.9%	8.4%	9.4%	6.9%	9,0 %
Net interest income <sup>1)</sup>	2.28%	2.17%	2.18%	2.11%	1.83%	1.71%	1.65%	1,58 %
Cost-income ratio <sup>1)</sup>	43.6%	41.5%	43.3%	44.9%	46.3%	46.2%	60.8%	52,7 %
<b>Statement of financial position figures</b>								
Gross lending to customers incl. transfers to mortgage credit institutions <sup>1)</sup>	104 958	104 641	104 426	105 141	105 822	105 255	103 614	102 608
Gross lending to customers on the statement of financial position	72 077	71 760	71 510	72 852	74 231	74 087	72 814	72 306
Loans transferred to mortgage credit institutions	32 881	32 880	32 916	32 289	31 590	31 168	30 800	30 302
Lending growth in the past 12 months <sup>1)</sup>	-0.8%	-0.6%	0.8%	2.5%	4.1%	5.1%	5.6%	6,4 %
Deposits from customers	55 869	57 172	55 263	55 216	55 943	57 157	55 590	54 566
Deposit coverage on the statement of financial position <sup>1)</sup>	77.5%	79.7%	77.3%	75.8%	75.4%	77.1%	76.3%	75,5 %
Deposit coverage, incl. mortgage credit institutions <sup>1)</sup>	53.2%	54.6%	52.9%	52.5%	52.9%	54.3%	53.7%	53,2 %
Deposit growth in the past 12 months <sup>1)</sup>	-0.1%	0.0%	-0.6%	1.2%	1.5%	4.3%	8.5%	7,4 %
Total assets	90 881	91 392	89 897	89 547	89 396	89 863	87 394	86 487
Total assets, incl. mortgage credit institutions <sup>1)</sup>	123 762	124 272	122 813	121 837	120 986	121 032	118 194	116 789
Equity, excl. hybrid capital	12 424	12 475	12 082	12 424	12 060	11 804	11 058	11 447
<b>Staffing</b>								
Number of FTEs	640.9	635.2	633.6	649.1	628.2	626.0	632.9	637,2
of which parent bank	429.0	417.3	417.5	431.6	434.6	435.6	445.9	448,6

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

## Note 25 – 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.

# Statement of the Board of Directors and CEO

We declare that, to the best of our knowledge and belief, the interim report for the period 1 January to 30 September 2023 has 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 the performance, results and key events in the accounting period and their influence on interim financial statements, the major risk and uncertainty factors facing the business in the coming accounting period, and significant transactions with close associates.

Sandefjord, 25.10.2023

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan  
Chair

John-Arne Haugerud  
Deputy Chair

Lene Svenne

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

Maria Tho

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.



