

# Fourth quarter report 2023







# Contents

Main figures	p. 4
Key figures	p. 6
About SpareBank 1 Sørøst-Norge	p. 8
Report of the Board of Directors	p. 11
Fourth quarter report	p. 21
Income Statement IFRS	p. 22
Balance sheet	p. 23
Consolidated results from the interim financial statements	p. 24
Change in equity	p. 25
Cash flow statement	p. 27
Notes to the financial statements	p. 30
1. Accounting policies	p. 31
2. Critical accounting estimates and discretionary valuations	p. 32
3. Capital adequacy	p. 33
4. Segment information	p. 35
5. Losses on loans and guarantees	p. 36
6. Impairment provisions for loans and guarantees	p. 37
7. Loans to customers by Stages 1, 2 and 3	p. 39
8. Loan to customers by sector and industry	p. 40
9. Transfer of financial assets	p. 40
10. Financial derivatives	p. 41
11. Liquidity risk	p. 42
12. Net interest income	p. 42
13. Net commission and other income:	p. 43
14. Net result from financial investments	p. 43
15. Measuring fair value of financial instruments	p. 44
16. Other assets	p. 47
17. Deposits from customers by sector and industry	p. 47
18. Securities issued	p. 48
19. Subordinated loan capital	p. 49
20. Other liabilities	p. 49
21. Equity certificate holders and distribution of equity certificates	p. 50
22. Equity certificates and ownership fractions	p. 51
23. Pro forma results from the interim financial statements	p. 52
24. Pro forma statement of financial position figures from the interim financial statements	p. 53
25. Events after the statement of financial position date	p. 53
Declaration from the Board of Directors and the CEO	p. 54
Statements concerning future events	p. 55

# Main figures

**NOK 1 310 million**

Profit after tax

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**10.2%**

Return on equity

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**19.4%**

Common Equity Tier 1 capital ratio

Group	31.12.2023		31.12.2022	
	m NOK	% <sup>1)</sup>	m NOK	% <sup>1)</sup>
Summary of the results				
Net interest income	2 039	2.27	1 573	1.91
Net commission and other income	848	0.95	883	1.07
Net income from financial assets	100	0.11	167	0.20
<b>Total net income</b>	<b>2 987</b>	<b>3.33</b>	<b>2 623</b>	<b>3.19</b>
<b>Total operating expenses</b>	<b>1 334</b>	<b>1.49</b>	<b>1 272</b>	<b>1.55</b>
<b>Operating profit before losses/profit before losses and tax</b>	<b>1 654</b>	<b>1.84</b>	<b>1 351</b>	<b>1.64</b>
Losses on loans and guarantees	-57	-0.06	40	0.05
<b>Profit before tax</b>	<b>1 711</b>	<b>1.91</b>	<b>1 311</b>	<b>1.59</b>
Tax expense	400	0.45	270	0.33
<b>Profit after tax</b>	<b>1 310</b>	<b>1.46</b>	<b>1 041</b>	<b>1.27</b>
Total other comprehensive income recognised as equity	-8	-0.01	37	0.04
<b>Total comprehensive income</b>	<b>1 303</b>	<b>1.45</b>	<b>1 078</b>	<b>1.31</b>
Interest hybrid capital (additional Tier 1 capital)	26	0.03	19	0.02
<b>Profit after tax, incl. interest hybrid capital</b>	<b>1 277</b>	<b>1.42</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)	31.12.2023	31.12.2022
<b>Profitability</b>		
Return on equity, profit before other comprehensive income <sup>1)</sup>	10.2%	9.2%
Cost-income ratio, parent bank <sup>1)</sup>	36.8%	43.0%
Cost-income ratio, Group <sup>1)</sup>	44.6%	48.5%
<b>Statement of financial position figures</b>		
Gross lending to customers	72 862	72 852
Gross lending to customers incl. transfers to mortgage credit institutions <sup>1)</sup>	105 204	105 141
Deposits from customers	55 184	55 216
Deposit coverage <sup>1)</sup>	75.7%	75.8%
Liquidity coverage ratio (LCR), liquidity reserve	202%	263%
Growth in lending, incl. transferred to mortgage credit institutions in past 12 months. <sup>1) 3)</sup>	0.1%	2.5%
Deposit growth in the past 12 months <sup>1) 3)</sup>	-0.1%	1.2%
Total assets	90 003	89 547
Total assets, incl. transferred to mortgage credit institutions <sup>1)</sup>	122 345	121 837
<b>Losses</b>		
Loss rate on lending <sup>1)</sup>	-0.08%	0.06%
Loans in Stage 3 as % of gross lending <sup>1)</sup>	0.94%	0.90%
<b>Losses (incl. SpareBank 1 Boligkreditt/Næringskreditt)</b>		
Loss rate on lending (incl. transferred to mortgage credit institutions) <sup>1)</sup>	-0.05%	0.04%
Loans in Stage 3 as percentage of gross lending (incl. transferred to mortgage credit institutions) <sup>1)</sup>	0.65%	0.63%
<b>Financial strength, Group (proportional consolidation)</b>		
Capital adequacy ratio	21.8%	22.1%
Tier 1 capital ratio	20.2%	20.4%
Common Equity Tier 1 capital ratio	19.4%	19.5%
Net primary capital	12 648	12 399
Tier 1 capital	11 687	11 439
Common Equity Tier 1 capital	11 207	10 939
Basis for calculation	57 916	56 097
Leverage Ratio	8.5%	8.5%
<b>Offices and staffing</b>		
Number of bank branches	18	21
Number of FTEs	644	652
of which parent bank	436	432
Number of FTEs	671	676
of which parent bank	455	449

Equity certificates	31.12.2023	31.12.2022
Equity certificate fractions	60.7%	60.7%
Market price (NOK)	64.00	55.00
Market value (NOK millions)	8 966	7 411
Book equity per equity certificate (parent bank, NOK)	54.44	52.45
Book equity per equity certificate (Group, NOK) <sup>1)</sup>	55.00	53.79
Earnings per equity certificate (parent bank, NOK) <sup>1) 2)</sup>	6.05	4.27
Earnings per equity certificate (Group, NOK) <sup>1) 2)</sup>	5.47	4.27
Dividend per equity certificate (NOK)	3.88	2.60
Additional dividend per equity certificate (NOK)		1.50
Price/earnings per equity certificate (parent bank)	10.58x	12.89x
Price/earnings per equity certificate (Group) <sup>1)</sup>	11.70x	12.87x
Price/book equity (parent bank)	1.18x	1.06x
Price/book equity (Group) <sup>1)</sup>	1.16x	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 Buskerud County. Its head office is in Fokserød in Sandefjord.

The numbers of FTEs in the parent bank and the Group at the end of the year were 436.1 and 644.0, respectively.

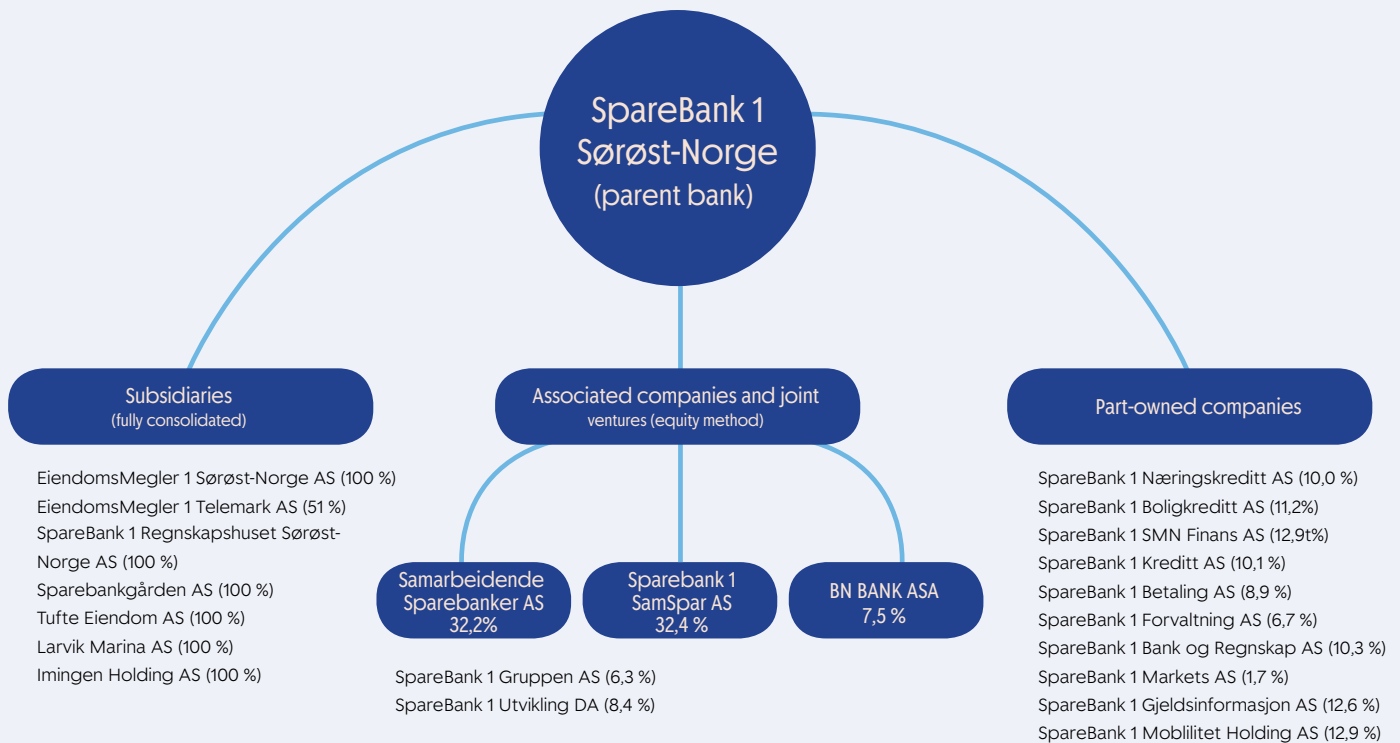
SpareBank 1 Sørøst-Norge is the result of several mergers of local savings banks in the region. The last two mergers occurred in 2021 and 2022. SpareBank 1 BV and Sparebanken Telemark merged in 2021 and became SpareBank 1 Sørøst-Norge. In 2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum. 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 18 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 fourth quarter

On 26.10.2023, the boards of SpareBank 1 SR-Bank ASA and SpareBank 1 Sørøst-Norge approved a plan to merge the banks (merger plan) to form SpareBank 1 Sør-Norge ASA. The merger of SpareBank 1 SR-Bank ASA and SpareBank 1 Sørøst-Norge was approved by the Supervisory Council of SpareBank 1 Sørøst-Norge and by the general meeting of SpareBank 1 SR-Bank ASA on 05.12.2023.

Growth in the Norwegian economy is slowing, but inflation is still high and above the target of 2%. In order to curb inflation, Norges Bank continued its contractionary monetary policy and surprisingly raised its policy rate on 14.12.2023 by a further 0.25 percentage points. At the end of the year, the policy rate was 4.50%. The Bank followed Norges Bank's policy rate increases through the year. In the latest interest rate changes, housing mortgage rates were increased by up to 0.15 percentage points and rates for savings accounts by 0.25 percentage points. The higher rates for loans and deposits will apply from 09.01.2024 for new customers, and from 10.03.2024 for existing retail customers and 24.01.2024 for corporate market customers.



# Report of the Board of Directors



# 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<sup>1</sup>. Please refer to the separate pro forma income statement and statement of financial position in Notes 23 and 24.

## Planned implementation of the merger with SpareBank 1 SR-Bank ASA

On 26.10.2023, the Board of Directors announced a plan to merge with SpareBank 1 SR-Bank ASA to form SpareBank 1 Sør-Norge ASA. On 05.12.2023, the merger plan was unanimously approved at a meeting of the Supervisory Board of SpareBank 1 Sørøst-Norge.

SpareBank 1 Sør-Norge ASA will become Norway's largest savings bank and the country's second largest bank, as well as a strong competitor for Norwegian and Nordic commercial banks.

Both SpareBank 1 Sørøst-Norge and SpareBank 1 SR-Bank are the results of numerous mergers over many years. SpareBank 1 Sørøst-Norge has been particularly active in recent years with the mergers with SpareBank 1 BV and Sparebanken Telemark in 2021 and SpareBank 1 Modum in 2022. The mergers were driven by a desire to approach the opportunities and challenges facing the banking industry in a proactive manner by implementing structural measures during good times that would ensure future competitiveness. The merger with SpareBank 1 SR-Bank will enable faster access to IRB methodology, while surplus capital will be put to work at a higher rate of profitability. This will strengthen the Group's competitiveness.

The Board of Directors is satisfied with the exchange ratio for the merger, which reflects the Group's capital situation and strategic value. SpareBank 1 SR-Bank will pay the equivalent of 0.481702 shares per equity certificate in SpareBank 1 Sørøst-Norge and a cash payment of NOK 4.33235 per equity certificate in SpareBank 1 Sørøst-Norge, in total NOK 1 billion. The total remuneration corresponds to a distribution of equity of 68.88 per cent to SpareBank 1 SR-Bank and 31.12 per cent to SpareBank 1 Sørøst-Norge. The merger plan and exchange ratio have been received positively by the financial markets.

The merger with SpareBank 1 SR-Bank entails conversion to an ASA Bank. This means that the three savings bank foundations that have not received final settlement for their primary capital will have their entire capital converted into shares in SpareBank 1 Sør-Norge ASA. The agreement thus ensures that the capital will remain where it was created and benefit local communities. The new financial services group will have seven strong local savings bank foundations as owners, and these will strengthen the Group's local profile and market position.

Given that SpareBank 1 SR-Bank and SpareBank 1 Sørøst-Norge do not have overlapping locations, the Group's branch networks will complement each other and strengthen the new bank's overall presence, from Bergen to Oslo. Through this presence, SpareBank 1 Sørøst-Norge will use its strength and lifting capacity to create further growth and development in the business sectors and local communities. By also becoming Norway's largest savings bank, the new group will provide the region with a strong player that can offer larger companies a partner with expertise, product breadth and financial lifting capacity. Thanks to new bank's size and strength, it will be even better able to attract the best expertise by offering attractive and skilled jobs throughout Southern Norway. The merger plan has been well received by employees, owners and customers

Due to capacity constraints on the part of external partners, suppliers and internally, the Board of Directors believes that it is appropriate to give the process more time. The parties are therefore now working to complete the legal merger on 01.10.2024. This is contingent on the Group having received the necessary approvals from the authorities by that time.

## Highlights of Q4

- Ordinary profit after tax of NOK 301 (343) million
- Net interest income NOK 542 (475) million
- Net income from financial assets NOK 6 (129) million
  - Results from SpareBank 1 Gruppen and BN Bank ASA of NOK -19 (37) million and NOK 16 (11) million, respectively
- Losses on loans and guarantees of NOK -42 (29) million
- Return on equity 9.3% (10.9%), adjusted for one-time effects 9.8% (11.3%)
- Lending and deposit growth in the fourth quarter was 0.2% (-0.6%) and -1.2% (-1.3%), respectively
- The Group's target for the Common Equity Tier 1 capital ratio is 19.4% (19.5%)

Highlights from the financial performance and statement of financial position performance as at 31.12.2023 are shown below, with the pro forma figures as at 31.12.2022 in brackets.

<sup>1</sup> The pro forma figures for 2022 represent the combined income statement and statement of financial position without calculation of added/less value

### Highlights (pro forma) for the period 01.01 to 31.12

- Ordinary profit after tax NOK 1 310 (1 067) million
- Net interest income amounted to NOK 2 039 (1 620) million
- Net income from financial assets NOK 100 (177) million
  - Results from SpareBank 1 Gruppen and BN Bank ASA of NOK -11 (53) million and NOK 55 (43) million, respectively
- Losses on loans and guarantees of NOK -57 (40) million
- Return on equity 10.2% (8.8%), adjusted for one-time effects 10.4% (9.6%)
- Lending and deposit growth in the past 12 months of 0.1% (2.5%) and -0.1% (1.2%), 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 31.12

- Ordinary profit after tax NOK 1 310 (1 041) million
- The Board is proposing a cash dividend for equity certificate holders of NOK 3.88 (4.10<sup>2</sup>) per equity certificate, totalling NOK 544 (574) million, and gift funds for community capital amounting to NOK 352 (372) million.
- Net interest income amounted to NOK 2 039 (1 573) million
- Losses on loans and guarantees of NOK -57 (40) million
- Profit contributions from SpareBank 1 Gruppen and BN Bank ASA of NOK -11 (51) million and NOK 55 (43) million, respectively
- Return on equity 10.2% (9.2%), adjusted for one-time effects 10.4% (10.0%)
- The Group's target for the Common Equity Tier 1 capital ratio is 19.4% (19.5%)

### Financial performance

Cumulative figures as at 31.12 unless explicitly stated otherwise.

#### Q4 results

The Group's profit before tax was NOK 395 million for the fourth quarter of 2023, compared with NOK 397 million for the previous quarter. This resulted in a return on equity after tax of 9.3% in the quarter, up from 9.4% in the third quarter of 2023. The decrease in profit from the previous quarter was mainly due to increased operating expenses; merger costs, costs of terminating defined benefit pensions and profit sharing allocated to employees, while reversed impairment provisions made a positive contribution. Net interest income, incl. mortgage credit institutions, strengthened in the quarter, and increased by 2.7%.

#### Net interest income

Net interest income amounted to NOK 542 million in the fourth quarter of 2023, up NOK 20 million from the

previous quarter. Net interest income as a percentage of average total assets was 2.27% at the end of the quarter, compared with 2.22% for the previous quarter.

#### Net commission and other income

Net commission and other income amounted to NOK 191 million in the fourth quarter of 2023, which is a decrease of NOK 14 million from the previous quarter. Commission income from CF decreased by NOK 5 million and income from real estate business decreased by NOK 6 million in the fourth quarter.

#### Net income from other financial investments

Net income from financial investments amounted to NOK 6 million in the quarter, which is a reduction of NOK 3 million from the previous quarter. Recognised dividends amounted to NOK 19 million in the quarter, up NOK 19 million from the previous quarter.

Income from ownership interests in SpareBank 1 Gruppen and BN Bank ASA totalled NOK -3 million in the quarter, which overall represents a reduction of NOK 13 million from the previous quarter. SpareBank 1 Gruppen's result for the quarter was negative. SpareBank 1 Gruppen AS has conducted a valuation of the joint venture Kredinor AS. The updated value entails a write-down of the stake and has a negative profit effect on SpareBank 1 Gruppen's parent and group profit of NOK 769 million in the fourth quarter of 2023.

The net result from financial investments amounted to NOK -10 million in the quarter, which is a reduction of NOK 9 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 386 million in the quarter, which is an increase of NOK 65 million from the previous quarter. Measured as a percentage of income, the cost level increased to 52.2% compared with 43.6% in the previous quarter.

Salaries and other personnel expenses amounted to NOK 230 million in the quarter, a reduction of NOK 47 million from the previous quarter. The increase was due to provisions for profit sharing and termination costs in connection with the transition from defined benefit pensions to defined contribution pensions. The number of FTEs at the end of 2023 was 644, compared with 641 at the end of the previous quarter of 2023.

Other operating expenses amounted to NOK 156 million in the quarter, which is an increase of NOK 18 million compared with the previous quarter. The increase was mainly attributable to one-off costs in connection with the merger (NOK 13 million) as well as costs for consultants linked to compliance with statutory requirements.

<sup>2)</sup> Of which NOK 1.50 in additional dividend was paid in August 2023

## Impairment of loans

Losses on loans and guarantees amounted to NOK -42 million for the quarter. The changes in IFRS 9 provisions were mainly due to adjustment of the safety margins related to the LGD calculations in the IFRS 9 model and changes in scenario weights for the corporate market portfolio. In connection with the upgrading of the loss model in the second quarter, a safety margin linked to LGD estimates of 20% was established. Model validation confirmed that LGD has consistently been overestimated. As a result, the safety margin for LGD was reversed in the fourth quarter. The reversal amounted to a total of NOK 27 million. Furthermore, the scenario weights for the retail and corporate market portfolios were harmonised as the macro scenarios used are common to the customer portfolios. In light of the uncertainty associated with macroeconomic developments, a decision was made to use scenario weighting of 80/15/5. Harmonisation of the scenario weights entailed income recognition of NOK 8 million. The period's net confirmed loss amounted to NOK 0 million.

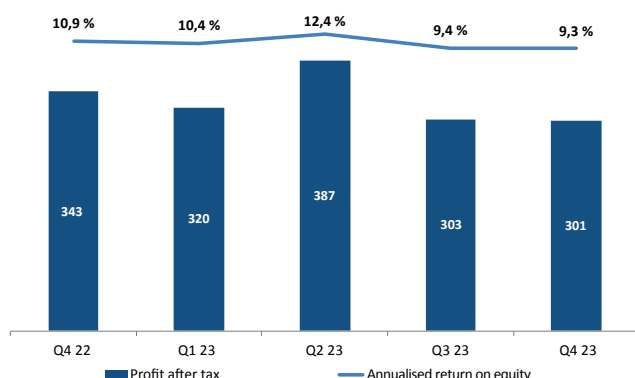
Impairment provisions for loans and guarantees amounted to NOK 256 million, which is equivalent to 0.35% of gross lending on the statement of financial position.

## Results for the period 01.01 to 31.12

The SpareBank 1 Sørøst-Norge Group posted a profit from ordinary operations before losses of NOK 1 654 (1 351) million. Profit after tax was NOK 1 310 (1 041) million, which represents 1.46% (1.27%) of average total assets. The Group's return on equity was 10.2% (9.2%).

Earnings per equity certificate in the parent bank were NOK 6.05 (4.27) and in the Group NOK 5.47 (4.27).

Quarterly performance of profit after tax and return on equity:



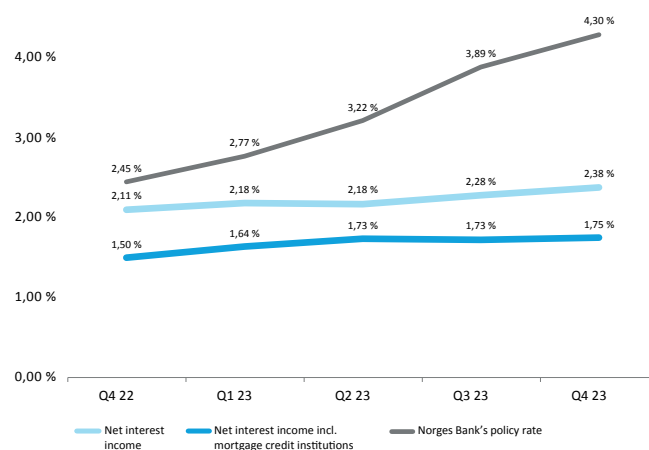
## Net interest income

Net interest income amounted to NOK 2 039 (1 573) million. Net interest income as a percentage of average total assets was 2.27% (1.91%), which represents a solid improvement in net interest income compared with 2022. 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 adjusted

its lending and deposit rates six times in the year due to Norges Bank's successive increases in its policy rate. The last approved interest rate change in December, effective from March 2024, will keep net interest income strong at the beginning of 2024. Pressure on deposit rates may result in net interest income being slightly weaker than what we saw in 2023. In connection with this, please see the more detailed information under the chapter "Important financial events in the quarter" (page 9).

At the end of the quarter, the Bank had transferred mortgages worth NOK 30 892 (30 802) million to SpareBank 1 Boligkreditt AS, and NOK 1 449 (1 487) million to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 125 (166) million.

Quarterly change in net interest income:



## Net commission and other income

Net commission and other income totalled NOK 848 (883) million.

### Net commission income

Net commission income amounted to NOK 523 (579) million. The commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS amounted to a total of NOK 125 (166) million.

### Other operating income

Other operating income amounted to NOK 325 (304) million.

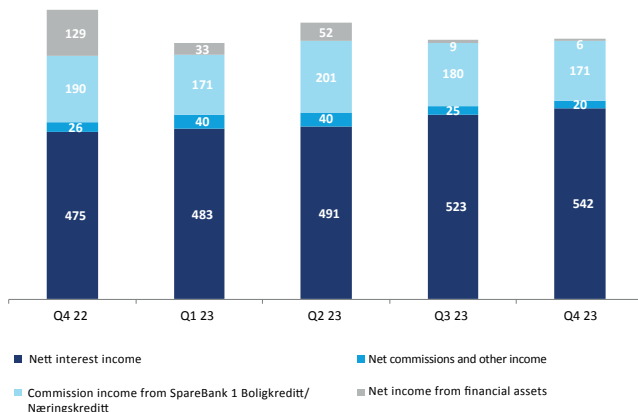
## Net income from financial assets

Net income from financial assets amounted to NOK 100 (167) million. As at 31.12.2023, the main items consist of NOK 38 (77) million in dividends received, NOK 44 (94) million in net profit from ownership interests, and net profit from other financial investments of NOK 18 (-5) million.

The net result from ownership interests includes the results from SpareBank 1 Gruppen AS and BN Bank ASA of NOK -11 (51) million and NOK 55 (43) 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 61 million in 2022, compared with the official accounting figure which was NOK 51 million in 2022. SpareBank 1 Sørøst-Norge's share of the result for 2023 amounted to NOK -11 million, which is significantly lower than that for 2022.

SpareBank 1 Gruppen achieved a profit before tax of NOK 213 (1 796) million, which was significantly lower than last year. The controlling interest's share of the result after tax amounted to NOK -173 (1 036) million. SpareBank 1 Gruppen AS has conducted a valuation of the joint venture Kredinor AS. The updated value entails a write-down of the stake and has a negative profit effect on SpareBank 1 Gruppen's parent and group profit of NOK 769 million in the fourth quarter of 2023. The write-down of the stake together with 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 in 2023.

The Fremtind Forsikring Group posted a profit before tax of NOK 1 160 (1 570) million. The result of insurance services in the Group was NOK 849 million, which represents a reduction of NOK 1 016 million compared with 2022, which was mainly due to increased claims costs. The claims rate increased in 2023 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 994 (-506) million, which is NOK 1 500 million higher than for last year. The return on the equity portfolio was 20.7% (-16.4%).

SpareBank 1 Forsikring's profit before tax amounted to NOK 278 (-30) million. Its profit after tax was NOK 208 (-21) million. A better financial return on the company portfolio has resulted in an improvement in 2023.

### Income from ownership interests, BN Bank ASA

BN Bank ASA posted a profit for 2023 of NOK 764 (595) 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 55 (43) million.

### Operating expenses

Total operating expenses amounted to NOK 1 334 (1 272) million. Operating expenses as a percentage of total operating income for the Group came to 44.6% (48.5%). The corresponding cost-income ratio for the parent bank was 36.8% (43.0%).

### Personnel expenses

Personnel expenses amounted to NOK 767 (716) million. The one-off cost in 2023 from the transition from defined benefit pensions to defined contribution pensions for around 65 employees amounted to NOK 12 million. Merger-related one-off costs amounted to approximately NOK 39 million in 2022, mainly linked to provisions for restructuring packages in 2022. The number of FTEs at the end of the quarter was 644 (652), of which the parent bank employed 436 (432). 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.

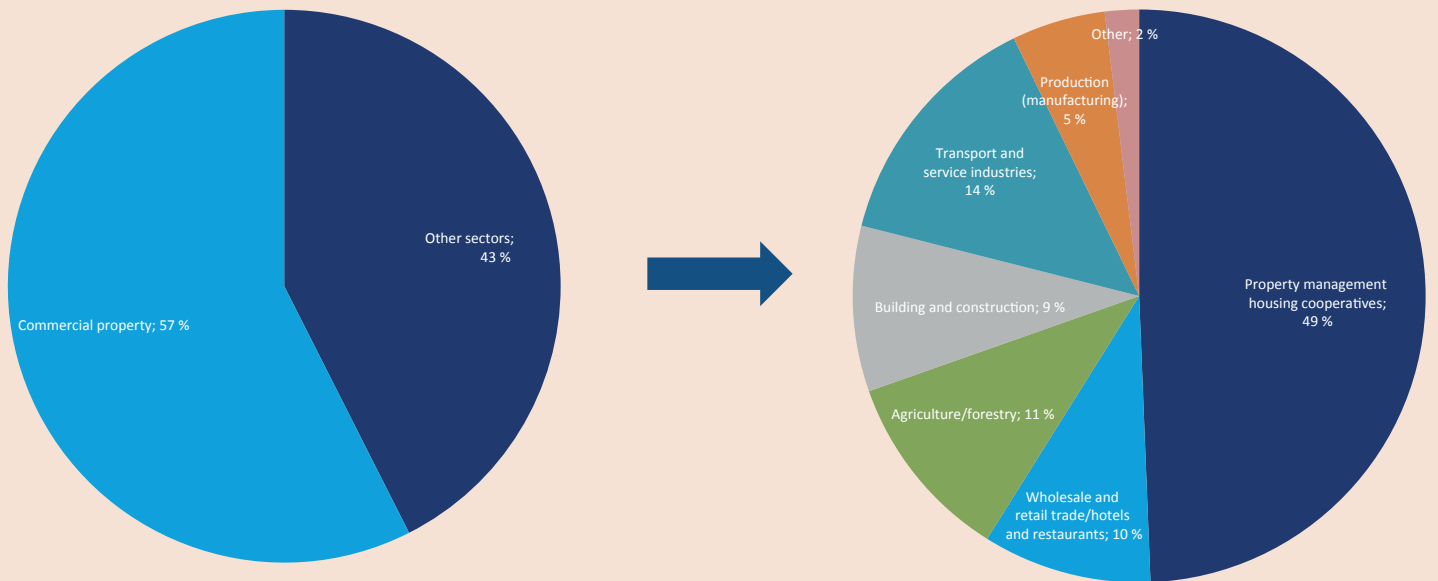
### Other operating expenses

Other operating expenses were NOK 567 (556) million. Merger-related on-off costs amounted to NOK 13 (68) million in 2023. Operating expenses increased due in part to the merger with SpareBank 1 Modum, higher consultancy and 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 -57 (40) million. The changes in IFRS 9 provisions were mainly due to adjustment of the safety margins related to the LGD calculations in the IFRS 9 model and changes in scenario weights for the corporate market portfolio for the fourth quarter. In connection with the upgrading of the loss model in the second quarter, a safety margin linked to LGD estimates of 20% was established. Model validation confirmed that LGD has consistently been overestimated. As a result, the safety margin for LGD was reversed in the fourth quarter. The reversal amounted to a total of NOK 27 million. Furthermore, the scenario weights for the retail and corporate market portfolios were harmonised as the macro scenarios used are common to the customer portfolios. In light of the uncertainty associated with macroeconomic developments, a decision was made to use scenario weighting of 80/15/5. Harmonisation of the scenario weights entailed income recognition of NOK 8 million. In addition, there was a decrease in Stage 3, mainly due to both the redemption of exposures and confirmation of losses, net confirmed losses of NOK 6 million.

Corporate market – volume in commercial property and other industries



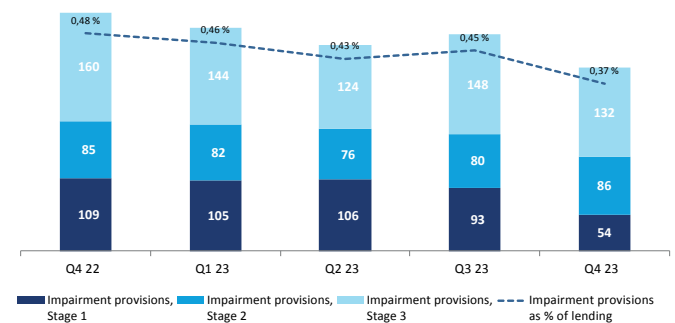
Loss provisions for loans and guarantees amounted to NOK 256 (325) million, which is equivalent to 0.35% (0.45%) of gross lending on the statement of financial position. The Bank's credit risk is affected by macroeconomic conditions. Inflation, rising interest rates and an uncertain outlook for growth 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 the retail market were stable, while individual impairment provisions were reduced in the corporate market, mainly as a result of the repayment of exposures.

In addition to individual loss assessments, the Bank has chosen to move real estate projects and building and construction from Stage 1 to Stage 2 since these industries face challenges as a result of a historic decline in investments in housing in 2023 and the outlook for the next few years. The Bank also assessed the IFRS 9 model's scenario weighting in this quarter as well. The scenario weights were changed for the corporate market portfolio and unchanged for the retail market portfolio for the current quarter. As at 31.12.2023, the Bank believes that expected adverse effects have largely been included in the expected scenario. Therefore, the weighting of the downside scenario was reduced to 15%, with a corresponding upward adjustment of the expected scenario to 80%. The scenario weights for the corporate market portfolio and the retail market portfolio were harmonised at the end of 2023.

The weighting still includes an increase in the downside 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 90 003 (89 547) million. The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 122 345 (121 837) million.

Lending and deposit performance

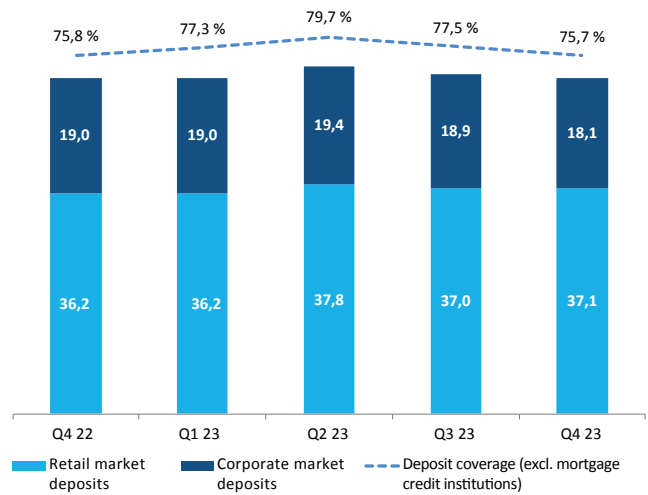
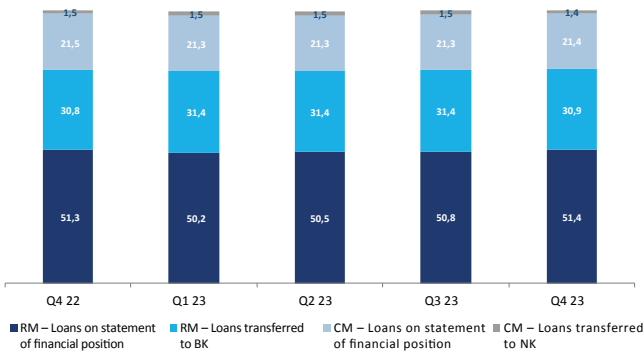
Gross lending (including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 105 204 million. The past 12 months have seen lending growth of 0.1%. NOK 172 million (0.2%) of the growth came in the retail market and NOK -110 million (-0.5%) in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt AS) at the end of the quarter was 78% (78%).

At the end of the quarter, the Group had a deposit volume of NOK 55 184 million with negative deposit growth of -0.1% in the past 12 months. NOK 885 million (2.4%) of the growth came in the retail market and NOK -917 million (-4.8%) in the corporate market.

The Group had a deposit coverage ratio of 75.7%, compared with 75.8% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/ SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounted to 52.5% (52.5%). Deposits covered by the deposit guarantee scheme amounted to 73% at the end of the year.

The retail market's share of deposits at the end of the quarter was 67% (66%).

Quarterly change in loans and deposits:



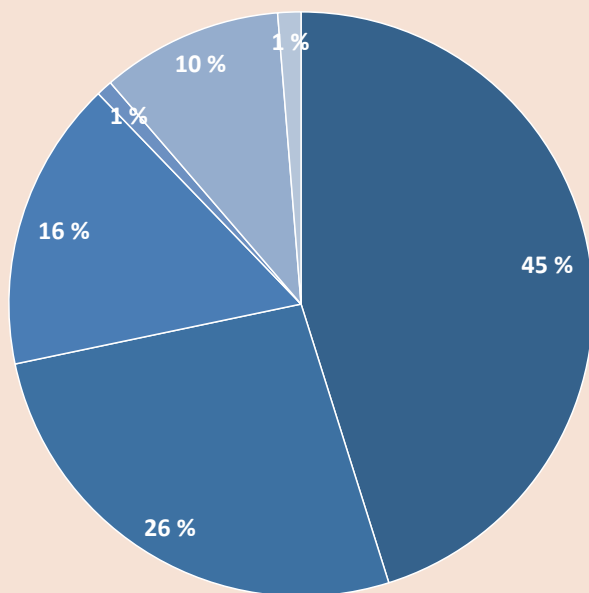
Liquidity

The Bank's liquidity situation is good. The Bank's liquidity portfolio was valued at NOK 9 783 (8 430) million and its LCR at 202% (263%).

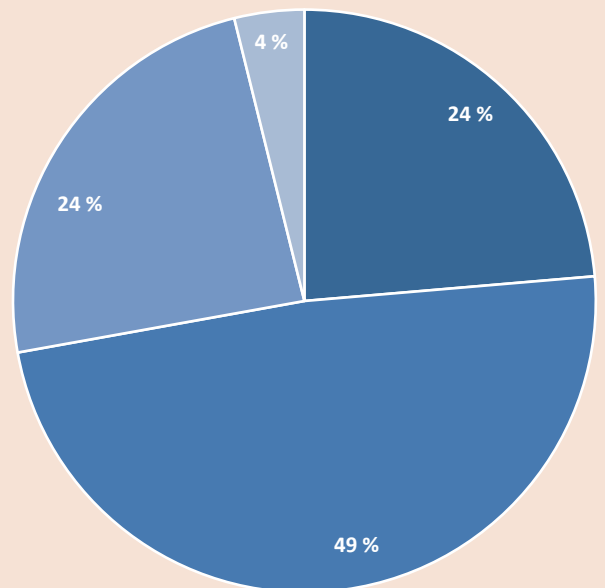
The Bank aims to keep its liquidity risk low. In a normal market, SpareBank 1 Sørøst-Norge's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to new external financing. The Bank was well above this target at the end of 2023.

At the end of the year, mortgages totalling NOK 30 892 (30 802) had been transferred to SpareBank 1 Boligkreditt

Funding sources



The liquidity portfolio



Legend for Funding sources:  
 ■ Deposit coverage (excl. mortgage credit institutions) ■ Mortgage credit institutions ■ Bond debt ■ Subordinated loans and additional Tier 1 capital ■ Equity ■ Other

Legend for The liquidity portfolio:  
 ■ State/state-guaranteed ■ Covered bonds ■ County/municipality ■ Other



AS. The total portfolio of loans ready for transfer to SpareBank 1 Boligkreditt AS amounted to NOK 28 814 (27 423) million. In addition, the Bank has transferred loans to SpareBank 1 Næringskreditt AS worth NOK 1 449 (1 487) million.

Total outstanding funding including hybrid capital is NOK 20 910 (20 773) million. The Group has a target of average maturity for the funding on its own balance sheet of at least 3.0 years. At the end of the year, the average term to maturity for funding was 3.0 (3.1) 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%. 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 increased systemic risk buffer from 31.12.2023. Taking into account the increase in capital requirements in 2023, 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%.

As at the end of the year, the Bank had a risk-weighted MREL of 45%<sup>3</sup>, which is well above the requirement of 37.5%. At the end of the year, the Bank had issued NOK 4 750 (3 500) million in SNP bonds.

## Equity Capital adequacy

In capital adequacy calculations, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk. The Bank reports its capital adequacy on a consolidated basis. 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 systemic risk buffer requirement increased from 3.0% to 4.5% as at 31.12.2023. 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. On 20.12.2023, the Ministry of Finance issued new Regulations concerning changes to fulfilment of the Pillar 2 requirement. The Pillar 2 requirement no longer has to be met by 100% Common Equity Tier 1 capital, it now needs to be met by a minimum of 56.25%

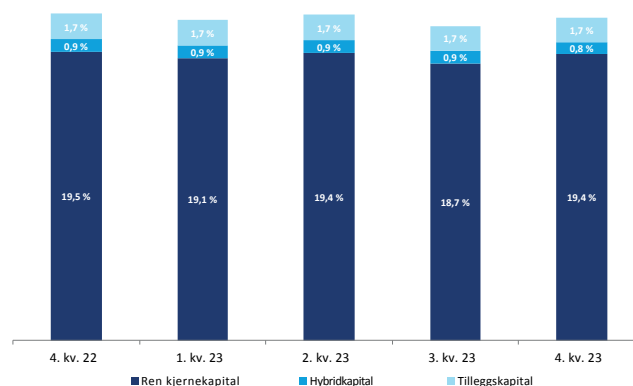
Common Equity Tier 1 capital and 75% Tier 1 capital. The regulatory requirement for the Common Equity Tier 1 capital ratio at the end of the fourth quarter of 2023 was 15.4% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

At the end of 2023, the Common Equity Tier 1 capital ratio was 19.4% (19.5%) and the leverage ratio was 8.5% (8.5%). The regulatory requirement for the leverage ratio is 3.0%.

## Equity certificates – dividend

In the Group's dividend policy, the Board of Directors has adopted a dividend distribution rate of a minimum 50%. Because of the good results in 2023 and the Bank's very good financial strength as at 31.12.2023, the Board of Directors is recommending a cash dividend for 2023 of NOK 3.88 per equity certificate, totalling NOK 544 million, and gift funds for community capital totalling NOK 352 million. The distribution rate for the parent bank's profit is about 64% for 2023. The Financial Supervisory Authority of Norway has been informed of the proposed level of the cash dividend for equity certificate holders and gift funds for community capital, based on section 10-6(3) of the Financial Institutions Act.

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.

## Macroeconomic 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. Credit growth slowed throughout 2023 and is also expected to be weak in 2024. Lending growth picked up somewhat in the fourth quarter, although it is being affected by strong competition.

<sup>3</sup> Excluding eligible ordinary senior debt as at 31.12.2023

Norges Bank's Regional Network Report shows that the businesses in the survey expect lower activity in the first half of 2024, although there is considerable variation between industries. In general, the outlooks for the retail trade and building and construction are weak, while the levels of activity in the oil and supply industries are high. Export-oriented industries within power, climate measures and the defence industry also report good activity. 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. Inflation is higher than Norges Bank's long-term inflation target. If inflation and wages growth do not slow down, the policy rate and lending rates may rise further.

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.

Sparebanken Sogn og Fjordane's acquisition of SamSpar means that the Group will be selling down its stake in the SamSpar companies. A preliminary estimate shows the gain for SpareBank 1 Sørøst-Norge will be in the region of NOK 50-55 million for the parent bank. The transaction is expected to be completed in 2024.

Sandefjord, 07.02.2024

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan  
Chair of the Board

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

## Outlook for the Group

Net interest income strengthened throughout 2023 as a result of the many interest rate changes in 2023. The last approved interest rate change in December, which will be effective from March 2024, will help keep net interest income strong at the start of 2024. Pressure on deposit rates could result in slightly weaker net interest income than was seen in 2023. The main scenario is that money market rates are expected to stabilise at current levels in 2024, and in general, a higher nominal interest rate level and satisfactory net interest income will contribute positively to the return on equity going forward. The Group takes a systematic approach to collaboration between banking, real estate and accounting units, which is also expected to provide positive profit contributions in 2024.

The Board of Directors is of the opinion that the quality of the lending portfolio is good with low losses and a high proportion of lending to retail customers. The Group is financially very strong with a good margin in relation to capital requirements, a high liquidity buffer, low market risk, good profitability and cost efficiency. 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 Board of Directors' assessment is that the Group enjoys a strong strategic position in a market with good growth opportunities. The Board of Directors' believes that 2024 will also be a good year for SpareBank 1 Sørøst-Norge.







# Fourth quarter report

# Income Statement IFRS

Parent bank						Group			
Q4 2022	Q4 2023	31.12. 2022	31.12. 2023	(Amounts in NOK millions)	Note	31.12. 2023	31.12. 2022	Q4 2023	Q4 2022
110	131	287	522	Interest income - assets measured at fair value		522	287	131	110
775	1 121	2 297	3 869	Interest income - assets measured at amortised cost		3 864	2 296	1 119	775
410	710	1 012	2 351	Interest expenses		2 347	1 010	707	410
<b>475</b>	<b>542</b>	<b>1 572</b>	<b>2 039</b>	<b>Net interest income</b>	12	<b>2 039</b>	<b>1 573</b>	<b>542</b>	<b>475</b>
154	140	618	584	Commission income		584	618	140	154
12	19	39	60	Commission expenses		60	39	19	12
5	3	16	15	Other operating income		325	304	69	74
<b>147</b>	<b>125</b>	<b>595</b>	<b>538</b>	<b>Net commission and other income</b>	13	<b>848</b>	<b>883</b>	<b>191</b>	<b>216</b>
33	19	77	38	Dividends		38	77	19	33
56	0	116	188	Net result from ownership interests		44	94	-3	48
48	-10	-5	18	Net result from other financial investments		18	-5	-10	48
<b>137</b>	<b>10</b>	<b>188</b>	<b>245</b>	<b>Net income from financial assets</b>	14	<b>100</b>	<b>167</b>	<b>6</b>	<b>129</b>
<b>760</b>	<b>677</b>	<b>2 355</b>	<b>2 822</b>	<b>Total net income</b>		<b>2 987</b>	<b>2 623</b>	<b>740</b>	<b>820</b>
155	171	501	525	Personnel expenses		767	716	230	245
142	144	512	515	Other operating expenses		567	556	156	124
<b>297</b>	<b>315</b>	<b>1 013</b>	<b>1 040</b>	<b>Total operating expenses</b>		<b>1 334</b>	<b>1 272</b>	<b>386</b>	<b>369</b>
<b>463</b>	<b>362</b>	<b>1 343</b>	<b>1 782</b>	<b>Profit before losses and tax</b>		<b>1 654</b>	<b>1 351</b>	<b>353</b>	<b>452</b>
29	-42	40	-57	Losses on loans and guarantees	5, 6	-57	40	-42	29
<b>434</b>	<b>404</b>	<b>1 303</b>	<b>1 839</b>	<b>Profit before tax</b>		<b>1 711</b>	<b>1 311</b>	<b>395</b>	<b>422</b>
80	95	263	396	Tax expense		400	270	94	80
<b>354</b>	<b>309</b>	<b>1 040</b>	<b>1 443</b>	<b>Profit before other comprehensive income</b>		<b>1 310</b>	<b>1 041</b>	<b>301</b>	<b>343</b>
				Controlling interest's share of profit		1 309	1 038	301	342
				Non-controlling interest's share of profit		1	3	0	1
<b>1.51</b>	<b>1.30</b>	<b>4.27</b>	<b>6.05</b>	<b>Earnings and diluted result per equity certificate before other comprehensive income</b>		<b>5.47</b>	<b>4.27</b>	<b>1.27</b>	<b>1.46</b>

## OCI

Parent bank						Group			
Q4 2022	Q4 2023	31.12. 2022	31.12. 2023	(Amounts in NOK millions)	Note	31.12. 2023	31.12. 2022	Q4 2023	Q4 2022
<b>354</b>	<b>309</b>	<b>1 040</b>	<b>1 443</b>	<b>Profit for the period</b>		<b>1 310</b>	<b>1 041</b>	<b>301</b>	<b>343</b>
				<b>Entries that can be reclassified through profit or loss</b>					
4	6	3	-9	Change in value of loans classified at fair value		-9	3	-6	1
				Share of OCI from associated companies and joint ventures		2	-1	1	1
				<b>Entries that cannot be reclassified through profit or loss</b>					
35	0	35	0	Estimation difference, IAS 19 Pensions		0	35	0	35
<b>39</b>	<b>5</b>	<b>38</b>	<b>-10</b>	<b>Period's OCI</b>		<b>-8</b>	<b>37</b>	<b>-5</b>	<b>37</b>
<b>393</b>	<b>314</b>	<b>1 078</b>	<b>1 434</b>	<b>Total comprehensive income</b>		<b>1 303</b>	<b>1 078</b>	<b>295</b>	<b>380</b>
				Controlling interest's share of total comprehensive income		1 302	1 075	295	379
				Non-controlling interest's share of total comprehensive income		1	3	0	1

# Balance sheet

Parent bank				Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	Note	31.12.2023	31.12.2022
108	105	Cash holdings and receivables from central banks		105	108
2 499	1 688	Loans to and receivables from credit institutions without agreed maturity		1 688	2 499
673	761	Loans to and receivables from credit institutions with agreed maturity		761	673
72 572	72 646	Net lending to customers		72 625	72 546
8 430	9 783	Interest-bearing securities	4, 6, 7, 8	9 783	8 430
2 617	2 448	Shares and other equity interests		2 448	2 617
153	160	Investments in group companies		0	0
1 191	1 341	Investments in joint ventures and associated companies		1 411	1 452
282	234	Tangible assets		275	326
357	357	Goodwill		465	458
38	59	Deferred tax assets		60	39
283	267	Other assets	16	382	399
<b>89 202</b>	<b>89 850</b>	<b>Total assets</b>		<b>90 003</b>	<b>89 547</b>
19	16	Deposits from and liabilities to credit institutions		16	19
55 284	55 243	Deposits from customers and liabilities to customers	17	55 184	55 216
19 570	19 766	Liabilities from the issuance of securities	18	19 766	19 570
308	431	Tax payable		435	319
816	726	Other liabilities and commitments	20	802	900
749	751	Subordinated loan capital	19	751	749
<b>76 745</b>	<b>76 934</b>	<b>Total liabilities</b>		<b>76 954</b>	<b>76 773</b>
2 101	2 100	Equity certificate capital		2 100	2 101
3 779	3 779	Share premium fund		3 779	3 779
1 413	1 681	Dividend equalisation fund		1 681	1 413
4 716	4 889	Sparebankens Fond		4 889	4 716
91	112	Fund for unrealised gains		112	91
350	350	Hybrid capital		350	350
		Other equity		127	310
7	7	Gift fund		7	7
		Non-controlling interest's share		6	7
<b>12 457</b>	<b>12 916</b>	<b>Total equity</b>		<b>13 050</b>	<b>12 774</b>
<b>89 202</b>	<b>89 850</b>	<b>Liabilities and equity</b>		<b>90 003</b>	<b>89 547</b>



# Combined results from the interim financial statements

## Group

(Amounts in NOK millions)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Interest income	1 250	1 165	1 015	956	885	678	574	446
Interest expenses	707	642	524	474	410	264	197	140
<b>Net interest income</b>	<b>542</b>	<b>523</b>	<b>491</b>	<b>483</b>	<b>475</b>	<b>414</b>	<b>377</b>	<b>306</b>
Commission income	140	142	153	148	154	164	160	140
Commission expenses	19	14	13	15	12	10	9	8
Other operating income	69	77	101	78	74	75	100	55
<b>Net commission and other income</b>	<b>191</b>	<b>205</b>	<b>241</b>	<b>211</b>	<b>216</b>	<b>230</b>	<b>251</b>	<b>187</b>
Dividends	19	0	15	3	33	0	32	12
Net result from ownership interests	-3	10	11	26	48	17	16	14
Net result from other financial investments	-10	-1	25	4	48	-15	-28	-10
<b>Net income from financial assets</b>	<b>6</b>	<b>9</b>	<b>52</b>	<b>33</b>	<b>129</b>	<b>1</b>	<b>19</b>	<b>17</b>
<b>Total net income</b>	<b>740</b>	<b>737</b>	<b>784</b>	<b>727</b>	<b>820</b>	<b>645</b>	<b>648</b>	<b>510</b>
Personnel expenses	230	183	175	177	245	149	152	169
Other operating expenses	156	138	136	137	124	150	147	136
<b>Total operating expenses</b>	<b>386</b>	<b>321</b>	<b>312</b>	<b>314</b>	<b>369</b>	<b>299</b>	<b>299</b>	<b>306</b>
<b>Profit before losses and tax</b>	<b>353</b>	<b>416</b>	<b>472</b>	<b>413</b>	<b>452</b>	<b>346</b>	<b>349</b>	<b>204</b>
Losses on loans and guarantees	-42	19	-34	-1	29	7	15	-11
<b>Profit before tax</b>	<b>395</b>	<b>397</b>	<b>506</b>	<b>413</b>	<b>422</b>	<b>339</b>	<b>334</b>	<b>215</b>
Tax expense	94	94	119	93	80	81	63	46
<b>Profit before other comprehensive income</b>	<b>301</b>	<b>303</b>	<b>387</b>	<b>320</b>	<b>343</b>	<b>258</b>	<b>271</b>	<b>170</b>
Interest hybrid capital	7	7	6	6	6	5	4	4
<b>Profit after tax, incl. interest hybrid capital</b>	<b>293</b>	<b>296</b>	<b>381</b>	<b>314</b>	<b>337</b>	<b>253</b>	<b>266</b>	<b>166</b>

## Group

Earnings per equity certificate (quarter in isolation, NOK)	1.27	1.28	1.65	1.36	1.46	1.10	1.15	0.84
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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			-16	-10						-26
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>								-51	-0.5	-51
<b>Profit before other comprehensive income</b>			<b>863</b>	<b>559</b>		<b>21</b>		<b>-134</b>	<b>1</b>	<b>1 310</b>
Entries that can be reclassified through profit or loss:										
Change in value of loans classified at fair value		-5	-4							-9
Share of OCI from associated companies and joint ventures							2			2
Entries that cannot be reclassified through profit or loss										
Estimation difference, IAS 19 Pensions			-0.3	-0.2						-0.5
<b>Equity as at 31.12.2023</b>	<b>2 101</b>	<b>3 779</b>	<b>1 681</b>	<b>4 889</b>	<b>7</b>	<b>112</b>	<b>350</b>	<b>127</b>	<b>6</b>	<b>13 051</b>

<sup>1)</sup> NOK 1.9 (0.6) million was deducted from equity certificate capital for treasury equity certificates

<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			-11	-7						-19
Dividends/gifts from 2021, paid in 2022			-297	-195					-4	-496
Other changes in equity			3	2		-8		-5		-8
Employee equity certificate savings scheme	2	4								6
<b>Profit before other comprehensive income</b>			<b>586</b>	<b>380</b>		<b>74</b>		<b>-1</b>	<b>3</b>	<b>1 041</b>
Entries that can be reclassified through profit or loss:										
Change in value of loans classified at fair value			2	1						3
Share of OCI from associated companies and joint ventures								-1		-1
Entries that cannot be reclassified through profit or loss:										
Estimation difference, IAS 19 Pensions			21	14						35
<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>310</b>	<b>7</b>	<b>12 774</b>

<sup>1)</sup> NOK 0.6 (2.8) million was deducted from equity certificate capital for treasury equity certificates

## 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			-16	-10					-26
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>863</b>	<b>559</b>		<b>21</b>			<b>1 443</b>
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value			-5	-4					-9
Entries that cannot be reclassified through profit or loss:									
Estimation difference, IAS 19 Pensions			-0.3	-0.2					-0.5
<b>Equity as at 31.12.2023</b>	<b>2 101</b>	<b>3 779</b>	<b>1 681</b>	<b>4 889</b>	<b>7</b>	<b>112</b>	<b>350</b>	<b>0</b>	<b>12 918</b>

<sup>1)</sup> NOK 1.9 (0.6) million was deducted from equity certificate capital for treasury equity certificates

## 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					2 113
Interest expenses on additional Tier 1 capital			-11	-7					-19
Dividends/gifts from 2021, paid in 2022			-297	-195					-492
Employee equity certificate savings scheme	2	4							6
Other changes in equity			3	2		-8			-3
<b>Profit before other comprehensive income</b>			<b>586</b>	<b>380</b>		<b>74</b>			<b>1 040</b>
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value			2	1					3
Entries that cannot be reclassified through profit or loss:									
Estimation difference, IAS 19 Pensions			21	14					35
<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>

<sup>1)</sup> NOK 0.6 (2.8) million was deducted from equity certificate capital for treasury equity certificates



# Cash flow statement

Parent bank			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
		<b>Cash flow from operating activities</b>		
1 303	1 839	Period's profit before tax	1 711	1 311
		Net profit from joint ventures	-44	-158
-6	-3	Loss/gain from fixed assets	-3	-6
50	50	Depreciation and impairments	54	54
40	-57	Impairment of loans	-57	40
-258	-307	Tax payable	-312	-267
-139	-64	Change in lending and other assets	-69	-143
521	-40	Change in deposits from customers	-33	505
-150	-88	Change in loans to and receivables from credit institutions	-88	-150
-1 694	-1 353	Change in certificates and bonds	-1 353	-1 694
-21	-24	Change in other receivables	-21	-24
-252	23	Change in other current liabilities	14	-262
<b>-607</b>	<b>-24</b>	<b>Net cash flow from operating activities</b>	<b>-200</b>	<b>-794</b>
		<b>Cash flow from investing activities</b>		
625	0	Cash and cash equivalents added through merger <sup>1)</sup>	0	642
-37	-13	Investments in property, plant and equipment	-14	-39
15	14	Sales of property, plant and equipment	14	15
-231	-246	Investments in shares, equity certificates and units	-69	-114
130	264	Sales of shares, equity certificates and units	264	130
<b>502</b>	<b>18</b>	<b>Net cash flow from investing activities</b>	<b>195</b>	<b>635</b>
		<b>Cash flow from financing activities</b>		
6 168	3 530	Increase in financial borrowing	3 530	6 223
-4 787	-3 393	Repayment of financial borrowing	-3 393	-4 785
416	200	Borrowing subordinated loans/additional Tier 1 capital	200	416
-411	-200	Repayment, subordinated loans / additional Tier 1 capital	-200	-411
6	6	Buy-back of own equity certificates for saving programme	6	6
-492	-951	Dividends/gifts paid	-951	-496
<b>901</b>	<b>-808</b>	<b>Net cash flow from financing activities</b>	<b>-808</b>	<b>954</b>
<b>796</b>	<b>-814</b>	<b>Total change in cash and cash equivalents</b>	<b>-814</b>	<b>796</b>
1 812	2 607	Cash and cash equivalents OB	2 607	1 812
2 607	1 794	Cash and cash equivalents at end of period	1 794	2 607
<b>796</b>	<b>-814</b>	<b>Net change in cash and cash equivalents</b>	<b>-814</b>	<b>796</b>
		<b>Cash and cash equivalents, specified</b>		
108	105	Cash holdings and receivables from central banks	105	108
2 499	1 688	Loans to and receivables from credit institutions without agreed maturity	1 688	2 499
<b>2 607</b>	<b>1 794</b>	<b>Cash and cash equivalents</b>	<b>1 794</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

<b>Parent bank</b>			<b>Group</b>	
<b>31.12.2022</b>	<b>31.12.2023</b>	(Amounts in NOK millions)	<b>31.12.2023</b>	<b>31.12.2022</b>
2 356	3 825	Interest received on loans to customers	3 821	2 354
-494	-1 331	Interest paid on deposits from customers	-1 327	-492
39	123	Interest received on loans to and receivables from credit institutions	123	39
-1	-1	Interest paid on loans to and receivables from credit institutions	-1	-1
189	442	Interest received on certificates and bonds	442	189
-482	-984	Interest paid on certificates and bonds	-984	-482
193	227	Dividends from investments	38	77
<b>1 800</b>	<b>2 302</b>	<b>Net cash flow from interest received, interest payments and dividends received</b>	<b>2 113</b>	<b>1 685</b>





# Notes to the financial statements

## Note 1 – Accounting policies

The interim report for SpareBank 1 Sørøst-Norge covers the period 01.01-31.12.2023. 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 policies. 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 assessments of expected developments in default and loss levels (PD and LGD) were largely based on macro forecasts from Monetary Policy Report (PPR) 4/23. In PPR 4/23, both interest rates and unemployment are expected to be somewhat lower than in PPR 3/23. Compared with the

previous report, the interest rate path is about the same for the next year. After this the interest rate path is somewhat lower. The interest rate path is being pulled down by lower-than-projected consumption, as well as lower energy prices and international interest rates. A weaker Norwegian krone and higher-than-projected petroleum investments pull, seen in isolation, in the direction of a higher interest rate path. As at 31.12.2023, the Bank's assessment is that the changes in the macro forecasts overall warranted moderately lower default levels and loss given default ratios.

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. As at 31.12.2023, the Bank believes that expected adverse effects have largely been included in the expected scenario. Therefore, the weighting of the downside scenario was reduced to 15%, with a corresponding upward adjustment of the expected scenario to 80%.

Consequently, the expected credit loss (ECL) as at 31.12.2023 was calculated using a combination of 80% for the expected scenario, 15% for the downside scenario and 5% for the upside scenario (80/15/5) for both the corporate market portfolio and 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 systemic risk buffer requirement increased from 3.0% to 4.5% as at 31.12.2023. 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. On 20.12.2023, the Ministry of Finance issued a new Regulations concerning changes to fulfilment of the Pillar 2 requirement. SpareBank 1 Sørøst-Norge can use new rules for the composition of Pillar 2, and not 100% Common Equity Tier 1 capital as before. The regulatory requirement for the Common Equity Tier 1 capital ratio at the end of 2023 pursuant to new Regulations was 15.4% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

At the end of 2023, the Common Equity Tier 1 capital ratio was 18.4% (19.5%) 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 2023.

Parent bank			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
12 107	12 566	<b>Total capitalised equity (excluding hybrid capital)</b>	12 700	12 424
-946	-896	Capitalised equity not included in Tier 1 capital	-739	-747
		Minority interests that cannot be included in Common Equity Tier 1 capital	-6	-7
-15	-16	Value adjustments on shares and bonds measured at fair value (AVA)	-24	-22
		Other intangible assets	-5	-9
		Positive values of adjusted expected loss	-77	-67
-357	-357	Deduction for goodwill	-465	-458
-174	-176	Deduction for non-material interests in the financial sector	-176	-174
-886	-767	Deduction for material interests in the financial sector	0	0
<b>9 729</b>	<b>10 356</b>	<b>Total Common Equity Tier 1 capital</b>	<b>11 207</b>	<b>10 939</b>
350	350	Hybrid capital	350	350
		Hybrid capital issued by companies included on the consolidated accounts that can be included	130	149
<b>10 079</b>	<b>10 706</b>	<b>Total Tier 1 capital</b>	<b>11 687</b>	<b>11 439</b>
		<b>Supplementary capital in excess of Tier 1 capital</b>		
745	745	Time-limited primary capital	745	745
		Primary capital issued by companies included on the consolidated accounts that can be included	216	216
<b>10 824</b>	<b>11 451</b>	<b>Net primary capital</b>	<b>12 648</b>	<b>12 399</b>



Parent bank			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
		<b>Risk-weighted basis for calculation</b>		
41 126	41 639	Assets not included in the trading portfolio	52 271	51 272
3 782	4 196	Operational risk	4 956	4 327
56	49	CVA surcharge (counterparty risk on derivatives)	688	497
<b>44 964</b>	<b>45 884</b>	<b>Total basis for calculation</b>	<b>57 916</b>	<b>56 096</b>
21.6%	22.6%	Common Equity Tier 1 capital ratio	19.4%	19.5%
22.4%	23.3%	Tier 1 capital ratio	20.2%	20.4%
24.1%	25.0%	Capital adequacy	21.8%	22.1%
11.0%	11.5%	Leverage ratio	8.5%	8.5%
		<b>Buffer requirements</b>		
1 124	1 147	Capital conservation buffer (2.5%)	1 448	1 402
899	1 147	Countercyclical buffer (2.5%/1.0%)	1 448	1 122
1 349	2 065	Systemic risk buffer (4.5%/3.0%)	2 606	1 683
<b>3 372</b>	<b>4 359</b>	<b>Total buffer requirement for Common Equity Tier 1 capital</b>	<b>5 502</b>	<b>4 207</b>
2 023	2 065	Minimum requirement for Common Equity Tier 1 capital (4.5%)	2 606	2 524
4 333	3 932	Available Common Equity Tier 1 capital in excess of minimum requirement	3 099	4 208

Parent bank			Group	
31.12.2022	31.12.2023	Specification of risk-weighted credit risk (Amounts in NOK millions)	31.12.2023	31.12.2022
60	60	Governments and central banks	70	60
241	492	Local and regional authorities	637	313
10	10	Publicly owned companies	12	11
195	214	Institutions	728	521
4 015	4 097	Companies	5 810	5 269
5 760	5 924	Mass market	14 826	7 325
24 068	23 707	Collateral security in real estate	24 153	31 430
592	708	Exposures past due	762	646
1 898	2 105	High-risk exposures	2 105	1 898
452	499	Covered bonds	801	762
513	338	Receivables from institutions and companies with short-term ratings	338	513
69	46	Shares in mutual funds	46	69
2 757	2 989	Equity items	1 475	1 682
497	450	Other exposures	507	774
<b>41 126</b>	<b>41 639</b>	<b>Total credit risk</b>	<b>52 271</b>	<b>51 272</b>

## 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 31.12.2023

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Profit</b>				
Net interest income	1 163	876	-1	2 039
Net commission and other income	688	273	-12	949
Operating expenses	940	405	-12	1 333
<b>Profit before losses</b>	<b>911</b>	<b>744</b>	<b>-1</b>	<b>1 654</b>
Losses on loans and guarantees	-22	-35		-57
<b>Profit before tax</b>	<b>932</b>	<b>780</b>	<b>-1</b>	<b>1 711</b>

(Amounts in NOK millions)	RM	CM	Not allocated	Total
<b>Statement of financial position</b>				
Net lending to customers	52 600	20 046	-21	72 625
Other assets			17 378	17 378
<b>Total assets per segment</b>	<b>52 600</b>	<b>20 046</b>	<b>17 357</b>	<b>90 003</b>
Deposits from and liabilities to customers	37 695	17 548	-59	55 184
Other equity and liabilities			34 819	34 819
<b>Total equity and debt per segment</b>	<b>37 695</b>	<b>17 548</b>	<b>34 760</b>	<b>90 003</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)	31.12.2023	31.12.2022
Effect of merger with SpareBank 1 Modum <sup>1)</sup>	0	10
Changes in IFRS 9 provisions	-50	21
Effect of changed scenario weights	-8	15
Confirmed losses (net)	6	2
Receipts on previously recognised impairments	-4	-6
Other corrections/amortisation of impairments	0	-3
<b>Losses on loans and guarantees in the period</b>	<b>-57</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 31.12.2023	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	15	-14	-1	0
Impairment provisions transferred to Stage 2	-13	14	-1	0
Impairment provisions transferred to Stage 3	-1	-5	6	0
New financial assets issued or purchased	7	14	1	23
Increase in existing loans	17	46	64	127
Reduction in existing loans	-63	-32	-30	-125
Financial assets that have been deducted	-18	-21	-23	-63
Changes due to recognised impairments (recognised losses)	0	0	-43	-43
<b>Closing balance</b>	<b>54</b>	<b>86</b>	<b>132</b>	<b>272</b>
- reversal of impairment provisions related to fair value through OCI	-16			-16
<b>Capitalised impairment provisions at the end of the period</b>	<b>38</b>	<b>86</b>	<b>132</b>	<b>256</b>
Of which, impairment provisions for capitalised loans	31	78	128	237
Of which, impairment provisions for unused credits and guarantees	7	8	4	19
Of which, impairment provisions, corporate market	32	61	91	183
Of which, impairment provisions, retail market	6	25	41	73

(Amounts in NOK millions)

Group

Impairment provisions for loans and guarantees 31.12.2022	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	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 a number of input factors from the portfolios where events have occurred as at the balance sheet date. Because reviews 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. As at 31.12.2023, the Bank believes that expected adverse effects have largely been included in the expected scenario. Therefore, the weighting of the downside scenario was reduced to 15%, with a corresponding upward adjustment of the expected scenario to 80% for the corporate market portfolio.

Consequently, the expected credit loss (ECL) as at 31.12.2023 was calculated using a combination of 80% for the expected scenario, 15% for the downside scenario and 5% for the upside scenario (80/15/5) for both the corporate market portfolio and the retail market portfolio. 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 31.12.2023

(Amounts in NOK millions)	Weight RM/CM	CM	RM	Total
Scenario 1 (normal case)	80%/80%	67	144	211
Scenario 2 (worst case)	15%/15%	24	51	75
Scenario 3 (best case)	5%/5%	3	6	10
<b>Total estimated IFRS 9 provisions</b>		<b>94</b>	<b>202</b>	<b>295</b>
Reversal of impairment provisions related to fair value through OCI and other adjustments		-21	-19	-40
<b>Capitalised impairment provisions for the parent bank as at 31.12.2023</b>		<b>73</b>	<b>183</b>	<b>256</b>
<b>IFRS 9 impairment provisions in the event of a change in weight:</b>				
(Amounts in NOK millions)	Weight RM/CM	CM	RM	Total
Scenario 1 (normal case)	100%/100%	86	180	266
Scenario 2 (worst case)	100%/100%	158	339	497
Scenario 3 (best case)	100%/100%	68	128	196

Scenario weights used	31.12.2023	31.12.2022
	Weight RM/CM	Weight RM/CM
Scenario 1 (normal case)	80%/80%	80%/75%
Scenario 2 (worst case)	15%/15%	15%/20%
Scenario 3 (best case)	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			
Lending to customers	Stage 1	Stage 2	Stage 3	Total
<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	925	-903	-22	0
Loans transferred to Stage 2	-3 306	3 318	-12	0
Loans transferred to Stage 3	-94	-150	244	0
New financial assets issued or purchased	12 109	1 245	17	13 371
Increase in existing loans	13 867	1 159	115	15 141
Reduction in existing loans	-13 405	-839	-132	-14 376
Financial assets that have been deducted	-12 803	-1 039	-137	-13 979
Changes due to recognised impairments (recognised losses)	-5	0	-49	-54
Changes due to reversals of previous impairments (recognised)	1	0	2	3
<b>Closing balance 31.12.2023</b>	<b>61 820</b>	<b>6 841</b>	<b>684</b>	<b>69 345</b>
Impairment provisions as % of gross lending	0.09%	1.25%	19.30%	0.37%
Hence the loan to Corporate Market	17 005	3 977	430	21 412
Hence the loan to Retail Market	44 815	2 864	254	47 933

(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	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
51 349	51 431	Employees, etc.	51 431	51 349
13 202	12 666	Property management/business services, etc.	12 645	13 176
3 343	3 858	Property management housing cooperatives	3 858	3 343
1 003	928	Wholesale and retail trade/hotels and restaurants	928	1 003
993	1 042	Agriculture/forestry	1 042	993
881	909	Building and construction	909	881
1 352	1 348	Transport and service Industries	1 348	1 352
565	514	Production (manufacturing)	514	565
189	187	Other	187	189
<b>72 878</b>	<b>72 883</b>	<b>Gross lending</b>	<b>72 862</b>	<b>72 852</b>
20 144	20 140	- Of which, measured at amortised cost	20 119	20 119
49 122	49 226	- Of which, measured at fair value through OCI	49 226	49 122
3 611	3 517	- Of which, measured at fair value through profit or loss	3 517	3 611
-306	-237	- Impairment provisions for loans	-237	-306
<b>72 572</b>	<b>72 646</b>	<b>Net lending</b>	<b>72 625</b>	<b>72 546</b>
<b>72 878</b>	<b>72 883</b>	<b>Gross lending</b>	<b>72 862</b>	<b>72 852</b>
30 802	30 892	Gross lending transferred to SB1 Boligkreditt	30 892	30 802
1 487	1 449	Gross lending transferred to SB1 Næringskreditt	1 449	1 487
<b>105 167</b>	<b>105 225</b>	<b>Gross lending, incl. SpareBank 1 Boligkreditt/Næringskreditt</b>	<b>105 204</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.

Counterparty risk linked to derivatives is mitigated through ISDA agreements and a CSA supplement. The CSA supplement regulates counterparty risk through the payment of margins based on exposure limits.

### Fair value hedging

The Bank has hedged fixed rate borrowing with a capitalised value of NOK 7 200 million. The borrowing is hedged 1:1 through external contracts where the term to maturity and fixed rate of the hedged item and hedging transaction match. The Bank prepares quarterly documentation of the effectiveness of the hedging instrument in relation to the hedged item. A total of 12 transactions involving borrowing were hedged as at 31.12.2023.

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

### Group

Fair value hedging (Amounts in NOK millions)	31.12.2023	31.12.2022
Net recognition of hedging instruments	-213	224
Net recognition of hedged items	208	-222
<b>Total fair value hedging</b>	<b>-5</b>	<b>2</b>
Accumulated hedging adjustments for hedged items	-220	-262

### Group

(Amounts in NOK millions)	31.12.2023			31.12.2022		
	Contract sum	Fair value		Contract sum	Fair value	
		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	3 495	116	10	3 560	121	1
Interest rate swap agreements – hedging of fixed income securities	249	3		455	16	15
Interest rate swap agreements – hedging of fair value of fixed rate borrowing	7 200	61	224	6 800	54	250
<b>Total interest rate instruments</b>	<b>10 944</b>	<b>180</b>	<b>234</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 3.0 years (3.1 years) at the end of the year.

The liquidity coverage ratio (LCR) was 202% (263%) at the end of the year and the average LCR was 236% (175%) in 2023, the same as the LCR for the fourth quarter of 236% (207%).

## Note 12 – Net interest income

Parent bank			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
		<b>Interest income</b>		
39	123	Interest rates on loans to credit institutions at amortised cost	123	39
878	1 301	Interest on loans to customers at amortised cost	1 297	877
1 380	2 346	Interest on loans to customers at fair value through OCI	2 346	1 380
<b>2 297</b>	<b>3 769</b>	<b>Total interest income - assets measured at amortised cost</b>	<b>3 765</b>	<b>2 296</b>
98	179	Interest on loans to customers at fixed rates	179	98
189	442	Interest on securities at fair value	442	189
<b>287</b>	<b>621</b>	<b>Total interest income - assets measured at fair value</b>	<b>621</b>	<b>287</b>
<b>2 584</b>	<b>4 390</b>	<b>Total interest income</b>	<b>4 386</b>	<b>2 583</b>
		<b>Interest expenses</b>		
1	1	Interest and similar expenses for liabilities to credit institutions	1	1
494	1 331	Interest and similar expenses for deposits from and liabilities to customers	1 327	492
457	943	Interest and similar expenses for issued securities	943	457
25	41	Interest and similar expenses for subordinated loan capital	41	25
35	36	Other interest expenses and similar expenses	36	35
<b>1 012</b>	<b>2 351</b>	<b>Total interest expenses</b>	<b>2 347</b>	<b>1 010</b>
<b>1 572</b>	<b>2 039</b>	<b>Net interest income</b>	<b>2 039</b>	<b>1 573</b>

## Note 13 – Net commission and other income

Parent bank			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
		<b>Commission income</b>		
12	11	Guarantee commission	11	12
1	1	Interbank commission	1	1
19	19	Credit brokerage	19	19
34	30	Securities trading and management	30	34
223	235	Payment services	235	223
144	144	Insurance services	144	144
18	20	Other commission income	20	18
166	125	Commission from SpareBank 1 Boligkreditt and Næringskreditt	125	166
<b>618</b>	<b>584</b>	<b>Total commission income</b>	<b>584</b>	<b>618</b>
		<b>Commission expenses</b>		
1	2	Interbank fees	2	1
23	36	Payment services	36	23
14	22	Other commission expenses	22	14
<b>39</b>	<b>60</b>	<b>Total commission expenses</b>	<b>60</b>	<b>39</b>
<b>579</b>	<b>523</b>	<b>Net commission income</b>	<b>523</b>	<b>579</b>
		<b>Other operating income</b>		
4	5	Operating income from real estate	5	4
6	3	Profit from the sale of fixed assets	3	6
6	7	Other operating income	11	6
0	0	Operating income from estate agency business	220	233
0	0	Operating income from accounting firms	87	55
<b>16</b>	<b>15</b>	<b>Total other operating income</b>	<b>325</b>	<b>304</b>
<b>595</b>	<b>538</b>	<b>Net commission and other income:</b>	<b>848</b>	<b>883</b>

## Note 14 – Net result from other financial investments

Parent bank			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
65	29	Income from shares	29	65
-77	-13	Income from bonds and certificates	-13	-77
-10	-14	Income from financial derivatives	-14	-10
17	15	Net income from foreign exchange trading	15	17
<b>-5</b>	<b>18</b>	<b>Net result from other financial investments</b>	<b>18</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 31.12.2023

<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			3 517	3 517
- Mortgages at fair value through OCI			49 226	49 226
- Interest-bearing securities	49	9 734		9 783
- Shares, units and equity certificates	78		2 370	2 448
- Financial derivatives		180		180
<b>Total assets</b>	<b>126</b>	<b>9 914</b>	<b>55 113</b>	<b>65 153</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		6 515		6 515
- Financial derivatives		234		234
<b>Total liabilities</b>		<b>6 749</b>		<b>6 749</b>

### The Group's assets and liabilities measured at fair value as at 31.12.2022

<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			3 611	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 31.12.2023**

(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	406	88	22 091
Disposals	-500	-132	-21 987
Net gain/loss on financial instruments		17	
<b>Closing balance 31.12.2023</b>	<b>3 517</b>	<b>2 370</b>	<b>49 226</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			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
43	49	Prepaid, unaccrued costs, and accrued income not yet received	163	150
49	38	Other assets	39	57
191	180	Derivatives and other financial instruments at fair value	180	191
<b>283</b>	<b>267</b>	<b>Total other assets</b>	<b>382</b>	<b>399</b>

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

Parent bank			Group	
31.12.2022	31.12.2023	(Amounts in NOK millions)	31.12.2023	31.12.2022
36 228	37 113	Employees, etc.	37 113	36 228
5 896	5 858	Property management/business services, etc.	5 799	5 829
310	260	Property management housing cooperatives	260	310
1 754	1 605	Wholesale and retail trade/hotels and restaurants	1 605	1 754
802	585	Agriculture/forestry	585	802
1 744	1 628	Building and construction	1 628	1 744
4 610	4 656	Transport and service Industries	4 656	4 610
984	889	Production (manufacturing)	889	984
2 500	2 346	Public administration	2 346	2 500
456	304	Other	304	456
<b>55 284</b>	<b>55 243</b>	<b>Total deposits</b>	<b>55 184</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)	31.12.2023	31.12.2022
Bond debt, senior unsecured, nominal value	15 065	16 178
Bond debt, SNP, nominal value	4 750	3 500
Value adjustments and accrued interest	-49	-108
<b>Total interest-bearing securities</b>	<b>19 766</b>	<b>19 570</b>

### Change in financial borrowing

Group (Amounts in NOK millions)	31.12.2023	Issued	Due/redeemed	31.12.2022
Bond debt, senior unsecured, nominal value	15 065	2 280	-3 393	16 178
Bond debt, SNP, nominal value	4 750	1 250	0	3 500
Value adjustments and accrued interest	-49		59	-108
<b>Total interest-bearing securities</b>	<b>19 766</b>	<b>3 530</b>	<b>-3 334</b>	<b>19 570</b>

Group (Amounts in NOK millions)	31.12.2022	Merger 01.04.2022 portfolio SpareBank 1		31.12.2021	
		Modum	Issued		Due/redeemed
Loans from credit institutions, nominal value	0	0	0	-150	150
Bond debt, senior unsecured, nominal value	16 178	598	3 620	-3 333	15 293
Bond debt, SNP, nominal value	3 500	0	1 950	0	1 550
Value adjustments and accrued interest	-108	0	0	-179	70
<b>Total interest-bearing securities</b>	<b>19 570</b>	<b>598</b>	<b>5 570</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)	31.12.2023	31.12.2022
Subordinated loan capital	745	745
Value adjustments and accrued interest	6	4
<b>Total subordinated loan capital</b>	<b>751</b>	<b>749</b>

### Change in subordinated loan capital

Group (Amounts in NOK millions)	31.12.2023	Issued	Due/redeemed	31.12.2022
Subordinated loan capital	745	200	-200	745
Value adjustments and accrued interest	6	0	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)	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		(Amounts in NOK millions)	Group	
31.12.2022	31.12.2023		31.12.2023	31.12.2022
139	124	Accrued expenses and received unearned income	137	166
20	19	Provisions for guarantees	19	20
81	58	IFRS 16 liabilities related to leases	58	81
103	108	Pension liabilities	109	104
207	183	Other liabilities	244	263
267	234	Derivatives and other financial instruments at fair value	234	267
<b>816</b>	<b>726</b>	<b>Total other liabilities</b>	<b>802</b>	<b>900</b>

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

### Equity certificate holders

The Bank's equity certificate capital amounts to NOK 2 101 478 415, divided into 140 098 561 equity certificates, each with a nominal value of NOK 15.00. The ownership fraction was 60.70%.

There were 5 776 (5 961) equity certificate holders in SpareBank 1 Sørøst-Norge at the end of 2023 (2022).

The 20 largest equity certificate holders as at 31.12.2023 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 NOME	10 273 723	7.3%
SPESIALFONDET BOREA UTBYTTE	3 870 435	2.8%
VPF EIKA EGENKAPITALBEVIS	3 595 308	2.6%
PARETO INVEST NORGE AS	2 871 322	2.0%
BRANNKASSESTIFTELSEN MIDT-BUSKERUD	2 659 369	1.9%
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE	1 608 606	1.1%
WENAASGRUPPEN AS	1 087 931	0.8%
CATILINA INVEST AS	954 559	0.7%
MELESIO INVEST AS	952 259	0.7%
LANDKREDITT UTBYTTE	903 455	0.6%
SANDEN EQUITY AS	707 494	0.5%
FORETAKSKONSULENTER AS	621 230	0.4%
SKOGEN INVESTERING AS	605 000	0.4%
HAUSTA INVESTOR AS	440 000	0.3%
TROVÅG AS	418 792	0.3%
JAG HOLDING AS	417 367	0.3%
Total 20 largest equity certificate holders	104 408 529	74.5%
SpareBank 1 Sørøst-Norge (own equity certificates)	127 430	0.1%
Other owners	35 562 602	25.4%
<b>Total number of equity certificates (par value NOK 15.00)</b>	<b>140 098 561</b>	<b>100.0%</b>



## Note 22 – Equity certificates and ownership fractions

The equity certificate holders' share of the profit is calculated as the profit before tax distributed in relation to the average number of equity certificates issued in the financial year. There are no option agreements relating to the equity certificates meaning that the diluted result is consistent with earnings per equity certificate.

### Parent bank

Equity certificate fraction (Amounts in NOK millions)	<b>31.12.2023</b>
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>6 719</b>
Sparebankens Fond, excl. other equity	4 344
Gift fund	7
<b>Total community-owned capital</b>	<b>4 350</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>

<b>Parent bank</b>	<b>2023</b>	<b>2022</b>
Based on profit divided between equity certificate holders and community capital (NOK millions)	1 396	947
Number of equity certificates issued	140 098 561	134 746 400
Earnings per equity certificate (NOK)	6.05	4.27
Market price (NOK)	64.00	55.00
Nominal Value (NOK)	15.00	15.00
<b>Adjusted profit</b> (Amounts in NOK millions)		
Profit before other comprehensive income	1 443	1 040
- corrected for interest on additional Tier 1 capital recognised directly against equity	-26	-19
- corrected for income/expenses recognised through profit or loss – transferred to/from FUG	-21	-74
<b>Adjusted profit</b>	<b>1 396</b>	<b>947</b>

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

The pro forma results for the first quarter of 2022 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)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Interest income	1 250	1 165	1 015	956	885	678	574	514
Interest expenses	707	642	524	474	410	264	197	161
<b>Net interest income</b>	<b>542</b>	<b>523</b>	<b>491</b>	<b>483</b>	<b>475</b>	<b>414</b>	<b>377</b>	<b>353</b>
Commission income	140	142	153	148	154	164	160	161
Commission expenses	19	14	13	15	12	10	9	10
Other operating income	69	77	101	78	74	75	100	67
<b>Net commission and other income</b>	<b>191</b>	<b>205</b>	<b>241</b>	<b>211</b>	<b>216</b>	<b>230</b>	<b>251</b>	<b>218</b>
Dividends	19	0	15	3	33	0	32	14
Net result from ownership interests	-3	10	11	26	48	17	16	15
Net result from other financial investments	-10	-1	25	4	48	-15	-28	-2
<b>Net income from financial assets</b>	<b>6</b>	<b>9</b>	<b>52</b>	<b>33</b>	<b>129</b>	<b>1</b>	<b>19</b>	<b>27</b>
<b>Total net income</b>	<b>740</b>	<b>737</b>	<b>784</b>	<b>727</b>	<b>820</b>	<b>645</b>	<b>648</b>	<b>598</b>
Personnel expenses	230	183	175	177	245	149	152	201
Other operating expenses	156	138	136	137	124	150	147	163
<b>Total operating expenses</b>	<b>386</b>	<b>321</b>	<b>312</b>	<b>314</b>	<b>369</b>	<b>299</b>	<b>299</b>	<b>364</b>
<b>Profit before losses and tax</b>	<b>353</b>	<b>416</b>	<b>472</b>	<b>413</b>	<b>452</b>	<b>346</b>	<b>349</b>	<b>235</b>
Losses on loans and guarantees	-42	19	-34	-1	29	7	15	-11
<b>Profit before tax</b>	<b>395</b>	<b>397</b>	<b>506</b>	<b>413</b>	<b>422</b>	<b>339</b>	<b>334</b>	<b>246</b>
Tax expense	94	94	119	93	80	81	63	51
<b>Profit before other comprehensive income</b>	<b>301</b>	<b>303</b>	<b>387</b>	<b>320</b>	<b>343</b>	<b>258</b>	<b>271</b>	<b>195</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)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Profitability</b>								
Return on equity <sup>1)</sup>	9.3%	9.4%	12.4%	10.4%	10.9%	8.4%	9.4%	6.9%
Net interest income <sup>1)</sup>	2.38%	2.28%	2.17%	2.18%	2.11%	1.83%	1.71%	1.65%
Cost-income ratio <sup>1)</sup>	52.2%	43.6%	41.5%	43.3%	44.9%	46.3%	46.2%	60.8%
<b>Statement of financial position figures</b>								
Gross lending to customers incl. transfers to mortgage credit institutions <sup>1)</sup>	105 204	104 958	104 641	104 426	105 141	105 822	105 255	103 614
Gross lending to customers on the statement of financial position	72 862	72 077	71 760	71 510	72 852	74 231	74 087	72 814
Loans transferred to mortgage credit institutions	32 342	32 881	32 880	32 916	32 289	31 590	31 168	30 800
Lending growth in the past 12 months <sup>1)</sup>	0.1%	-0.8%	-0.6%	0.8%	2.5%	4.1%	5.1%	5.6%
Deposits from customers	55 184	55 869	57 172	55 263	55 216	55 943	57 157	55 590
Deposit coverage on the statement of financial position <sup>1)</sup>	75.7%	77.5%	79.7%	77.3%	75.8%	75.4%	77.1%	76.3%
Deposit coverage, incl. mortgage credit institutions <sup>1)</sup>	52.5%	53.2%	54.6%	52.9%	52.5%	52.9%	54.3%	53.7%
Deposit growth in the past 12 months <sup>1)</sup>	-0.1%	-0.1%	0.0%	-0.6%	1.2%	1.5%	4.3%	8.5%
Total assets	90 003	90 881	91 392	89 897	89 547	89 396	89 863	87 394
Total assets, incl. mortgage credit institutions <sup>1)</sup>	122 345	123 762	124 272	122 813	121 837	120 986	121 032	118 194
Equity, excl. hybrid capital	12 700	12 424	12 475	12 082	12 424	12 060	11 804	11 058
<b>Staffing</b>								
Number of FTEs	644.0	640.9	635.2	633.6	651.8	628.3	626.0	627.0
of which parent bank	436.1	429.0	417.3	417.5	431.6	434.6	435.6	437.6

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 accounts for the period 01.01.2023 to 31.12.2023 have been prepared in accordance current accounting standards, including IAS 34 “Interim reporting”, and that the information in the financial statements gives a true picture of the parent bank’s and the Group’s assets, liabilities, financial position and results as a whole.

We also declare that, to the best of our knowledge and belief, the interim report provides an accurate:

- summary of key events in the accounting period and their influence on the interim financial statements
- description of the most important risk and uncertainty factors faced by the Group in the next financial period
- description of material transactions with close associates.

Sandefjord, 07.02.2024  
The Board of Directors of SpareBank 1  
Sørøst-Norge

Finn Haugan  
Chair of the Board

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.



SpareBank  
SØRØST-NORGE





