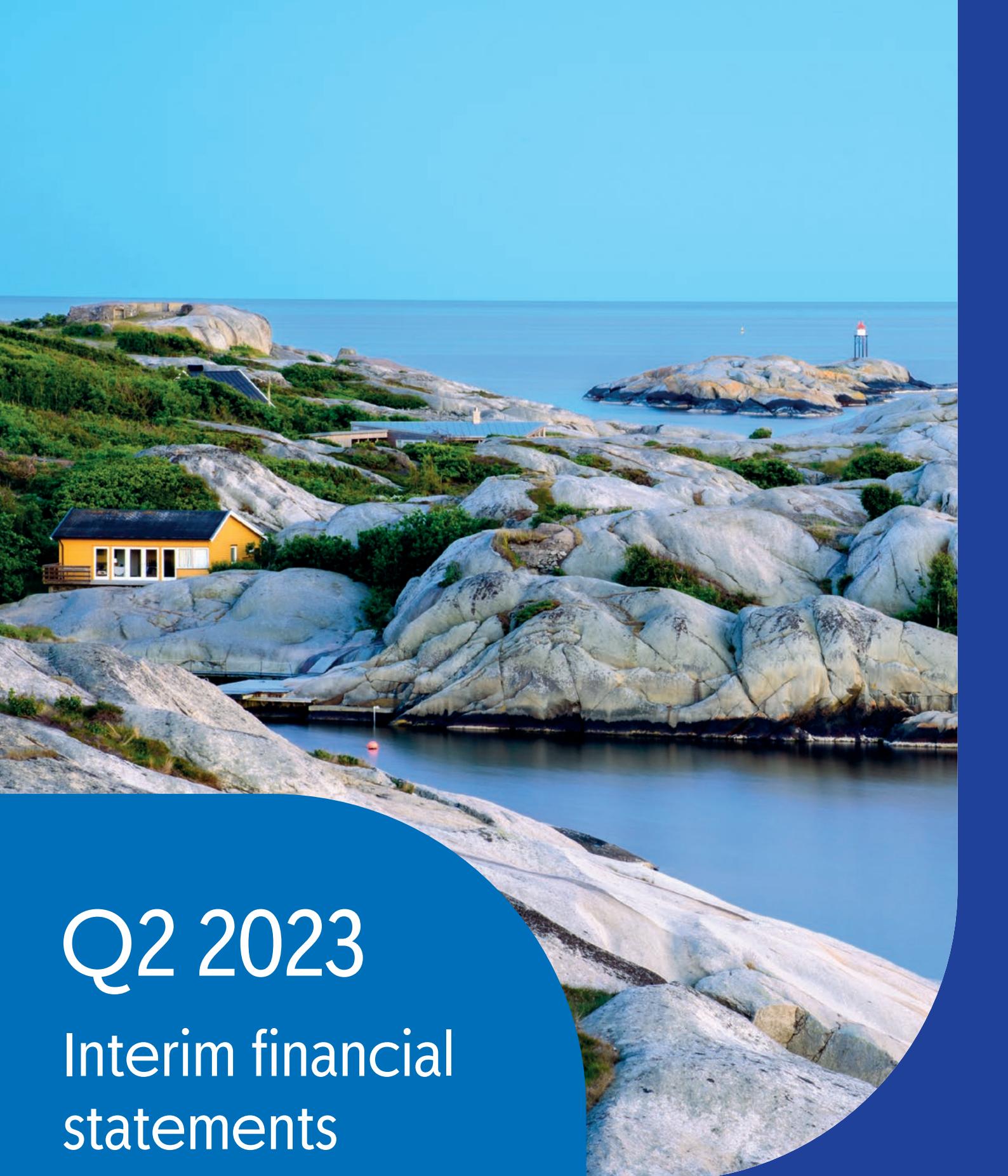


Q2 2023

Interim financial statements





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Main figures

NOK 707 million

Profit after tax

11,3 %

Return on equity

19,4 %

Common Equity Tier 1 capital ratio

Group	30.06.2023		30.06.2022		31.12.2022	
	m NOK	% ¹⁾	m NOK	% ¹⁾	m NOK	% ¹⁾
Summary of the results						
Net interest income	973	2,17	684	1,69	1 573	1,91
Net commission and other income	452	1,01	438	1,08	883	1,07
Net income from financial assets	85	0,19	36	0,09	167	0,20
Total net income	1 511	3,37	1 158	2,86	2 623	3,19
Total operating expenses	626	1,40	605	1,49	1 272	1,55
Operating profit before losses/profit before losses and tax	884	1,97	553	1,36	1 351	1,64
Losses on loans and guarantees	-34	-0,08	4	0,01	40	0,05
Profit before tax	919	2,05	549	1,36	1 311	1,59
Tax expense	212	0,47	109	0,27	270	0,33
Profit after tax	707	1,58	441	1,09	1 041	1,27
Total other comprehensive income recognised as equity	-1	0,00	0	0,00	37	0,04
Total comprehensive income	706	1,57	440	1,09	1 078	1,31

¹⁾ Calculated as a % of average total assets



Key figures

Group (Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Profitability			
Return on equity, profit before other comprehensive income ¹⁾	11,3 %	8,1 %	9,4 %
Cost-income ratio, parent bank ¹⁾	32,2 %	46,8 %	43,0 %
Cost-income ratio, Group ¹⁾	41,5 %	52,2 %	48,5 %
Statement of financial position figures			
Gross lending to customers	71 760	74 087	72 852
Gross lending to customers (incl. SpareBank 1 Boligkreditt/Næringskreditt ¹⁾	104 641	105 255	105 141
Deposits from customers	57 172	57 157	55 216
Deposit coverage ¹⁾	79,7 %	77,1 %	75,8 %
Liquidity coverage ratio (LCR), liquidity reserve	295 %	152 %	263 %
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months ¹⁾	-0,6 %	5,1 %	2,5 %
Deposit growth in the past 12 months ^{1) 3)}	0,0 %	4,3 %	1,2 %
Total assets	91 392	89 863	89 547
Total assets (incl. SpareBank 1 Boligkreditt/Næringskreditt ¹⁾	124 272	121 032	121 837
Losses			
Loss rate on lending ¹⁾	-0,05 %	0,01 %	0,06 %
Loans in Stage 3 as % of gross lending ¹⁾	0,84 %	0,53 %	0,90 %
Losses (incl. SpareBank 1 Boligkreditt/Næringskreditt)			
Loss rate on lending (incl. SpareBank 1 Boligkreditt/ Næringskreditt) ¹⁾	-0,03 %	0,00 %	0,04 %
Loans in Stage 3 as a % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt) ¹⁾	0,58 %	0,37 %	0,63 %
Financial strength, Group (proportional consolidation)			
Capital adequacy ratio	22,0 %	22,2 %	22,1 %
Tier 1 capital ratio	20,3 %	20,4 %	20,4 %
Common Equity Tier 1 capital ratio	19,4 %	19,3 %	19,5 %
Net primary capital	12 635	12 462	12 399
Tier 1 capital	11 676	11 409	11 439
Common Equity Tier 1 capital	11 168	10 837	10 939
Basis for calculation	57 436	56 014	56 097
Leverage Ratio	8,3 %	8,5 %	8,5 %
Offices and staffing			
Number of bank branches	21	21	21
Number of brokerage offices	19	19	19
Number of accounting offices	7	5	7
Number of FTEs, parent bank (avg.)	417	401	426
Number of FTEs, group (avg.)	634	571	609
Number of FTEs, parent bank (at end of period)	417	436	432
Number of FTEs, Group (at end of period)	635	626	652

Equity certificates	30.06.2023	30.06.2022	31.12.2022
Equity certificate fractions	60,7 %	60,7 %	60,7 %
Market price (NOK)	50,60	52,20	55,00
Market value (NOK millions)	7 089	7 313	7 411
Book equity per equity certificate (parent bank, NOK)	53,04	53,08	52,06
Book equity per equity certificate (Group, NOK) ¹⁾	53,57	54,45	53,38
Earnings per equity certificate (parent bank, NOK) ^{1,2)}	3,59	2,02	4,27
Earnings per equity certificate (Group, NOK) ^{1,2)}	3,01	2,00	4,27
Dividend per equity certificate (NOK)	1,50		2,60
Price/earnings per equity certificate (parent bank)	7,00x	12,79x	12,89x
Price/earnings per equity certificate (Group) ¹⁾	8,33x	12,92x	12,87x
Price/book equity (parent bank)	0,95x	0,98x	1,06x
Price/book equity (Group) ¹⁾	0,94x	1,02x	1,03x

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

²⁾ Earnings per weighted equity certificate (weighted average in 2022)

³⁾ Pro forma figures for 2022

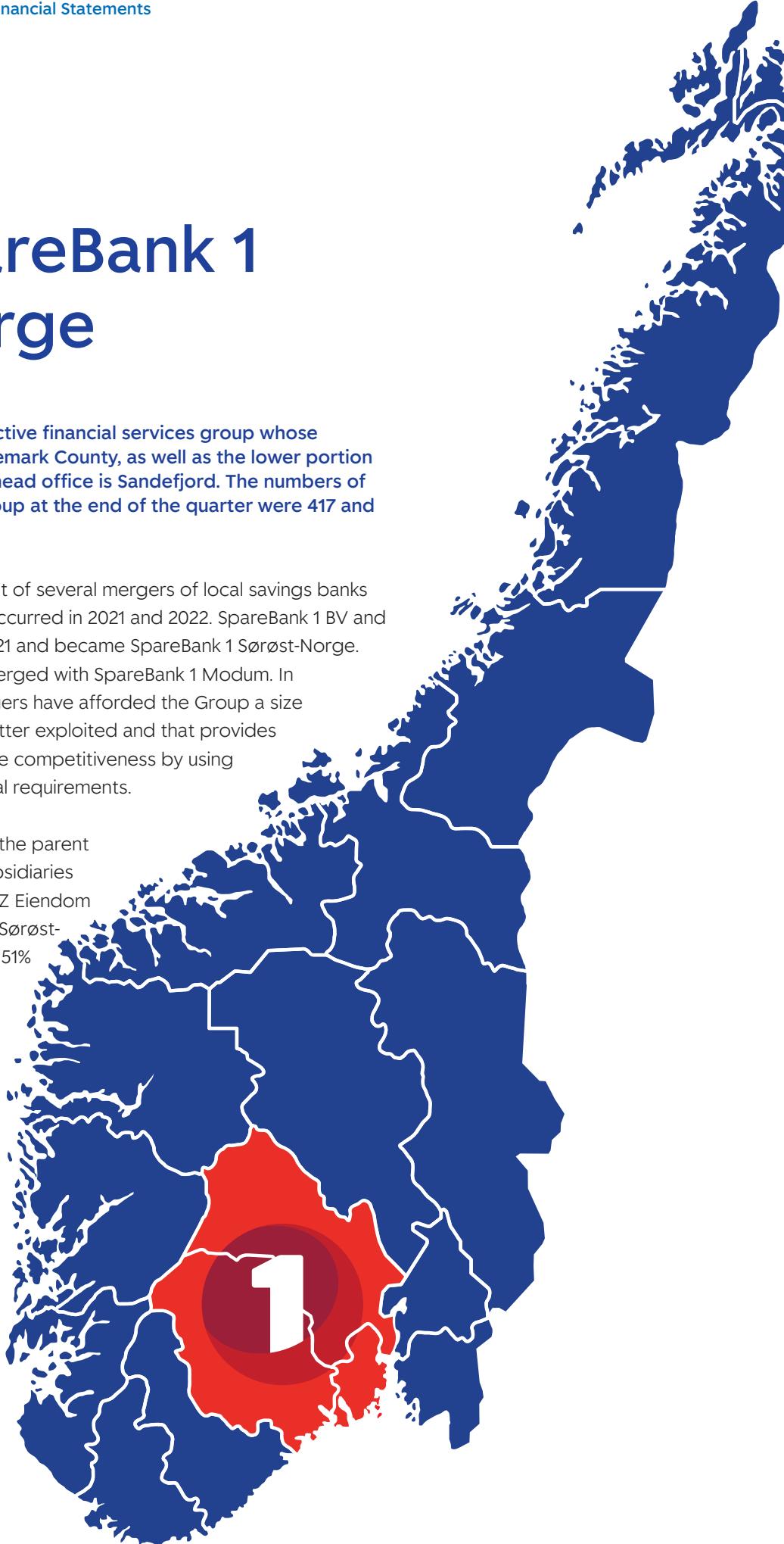
About SpareBank 1 Sørøst-Norge

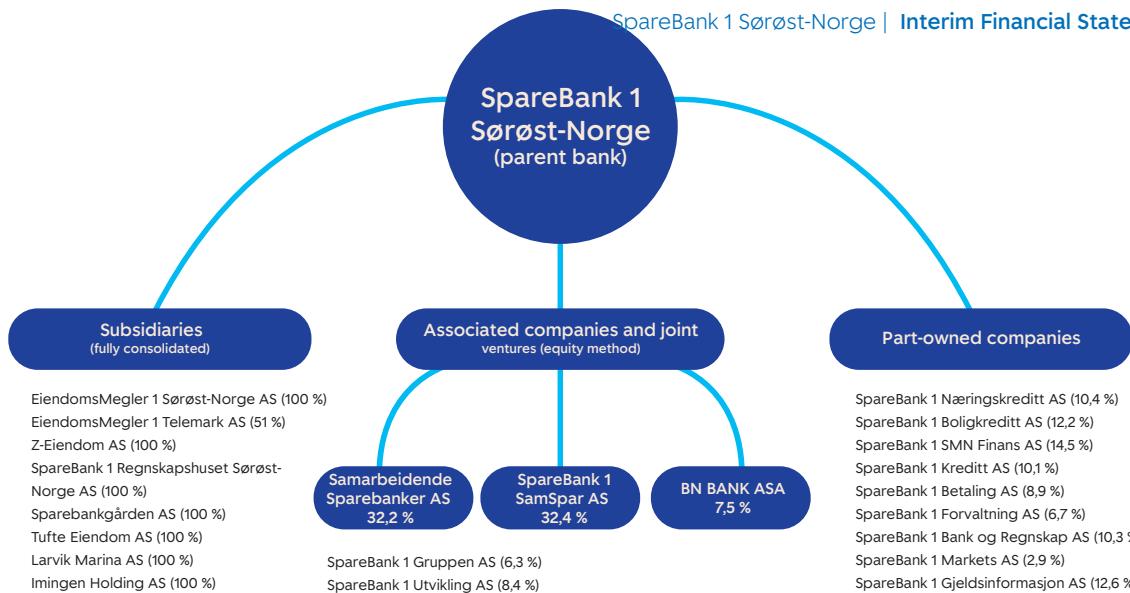
SpareBank 1 Sørøst-Norge is a proactive financial services group whose market area covers Vestfold og Telemark County, as well as the lower portion of the former Buskerud County. Its head office is Sandefjord. The numbers of FTEs in the parent bank and the Group at the end of the quarter were 417 and 635, 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, Z Eiendom AS and SpareBank 1 Regnskapshuset Sørøst-Norge AS. In addition, the Bank owns 51% of EiendomsMegler 1 Telemark.

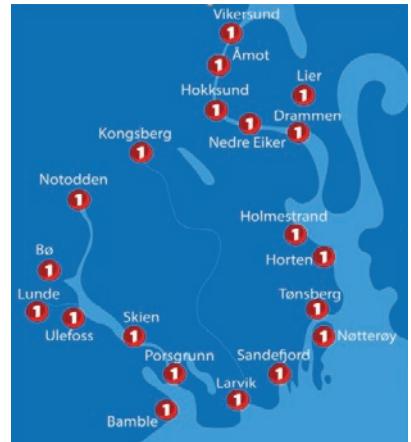
The region has a diverse business sector. SpareBank 1 Sørøst-Norge has a total of 21 branches spread across cities and towns in areas seeing economic growth. The business sector in the Bank's market areas is well diversified with the varied composition of the sectors represented by the public sector,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





Important financial events in the quarter

On 30.03.2003, the Bank's Supervisory Board approved the financial statements and annual report for 2022. The Supervisory Board decided to pay a dividend to equity certificate holders of NOK 2.60 per equity certificate, totalling NOK 365 million, and to distribute gift funds for community capital amounting to NOK 236 million. In addition, the Board of Directors was authorised to decide whether to distribute an additional dividend of up to NOK 1.50 per equity certificate, corresponding to a total of NOK 210 million, and to distribute gift funds for community capital of up to NOK 136 million. Given the Group's good financial strength and good underlying operations, the Board of Directors decided to exercise its authorisation.



Sparebanken Sogn og Fjordane signed a letter of intent at the end of April to become an owner of the SamSpar companies and become the 14th bank in the SpareBank 1 Alliance. Sparebanken Sogn og Fjordane is investing NOK 630 million to become a co-owner of SpareBank 1 and it will join as a shareholder and participant in the SamSpar companies together with the other banks in SamSpar. In total, Sparebanken Sogn og Fjordane will acquire 13% of the shares in SamSpar. 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 by 01.01.2024.

Increased ownership interest in Samarbeidende Sparebanker AS, SpareBank 1 SamSpar AS and Samarbeidende Sparebanker Utvikling DA following the acquisition of shares from SpareBank 1 SMN following its merger with the former SamSpar-bank SpareBank 1 Søre Sunnmøre. Following negotiations, an agreement was signed on 29.06.2023 in which the other banks in SamSpar purchased all of the shares that SpareBank 1 Søre Sunnmøre, now merged into SpareBank 1 SMN, owned in Samarbeidende Sparebanker AS, SpareBank 1 SamSpar AS and Samarbeidende Sparebanker Utvikling DA, respectively. Based on this, SpareBank 1 Sørøst-Norge will, upon completion the transaction, own 32.2% of Samarbeidende Sparebanker AS, 32.4% of SpareBank 1 SamSpar and 46.7% of Samarbeidende Sparebanker Utvikling DA. This corresponds with an indirect ownership interest of 6.3% in SpareBank 1 Gruppen AS and 8.4% in SpareBank 1 Utvikling DA.

Growth in the Norwegian economy is starting to slow down, but inflation has been considerably higher than Norges Bank's inflation target. In order to curb inflation, Norges Bank continued its contractionary monetary policy and raised its key policy rate further on 04.05.2023 and 22.06.2023. First by 0.25 percentage points and then by 0.50 percentage points. At the end of the quarter, the policy rate was 3.75%. The Bank has followed Norges Bank's policy rate lead by increasing its interest rate on loans and deposits from 10.05.2023 for new customers, and from 22.06.2023 for existing retail customers and 25.05.2023 for corporate market customers. The change in June was effective from 27.06.2023 for new customers, and will be effective from 09.08.2023 for existing retail customers and 12.07.2023 for corporate market customers.

During the quarter, the Bank issued a new senior non-preferred bonds (SNP) worth NOK 500 million and one subordinated loan (T2) of NOK 200 million.

Together we create value

**Our mission is to contribute to
sustainable development in Norwegian communities**

Our shared mission
What we want to be
known for

**SpareBank 1
Sørøst-Norge's
distinctiveness**
How we differ
from each other

The banks that understand
my needs and with the
resources and muscle to
deliver the goods.

The banks whose ownership
model and network actively
boost their region's growth,
development and attractiveness
as a place to live.

**Our common
customer promises**
How we differ from
other banks

Corporate strategy, vision, values and goals

Brand and identity

As far as SpareBank 1 Sørøst-Norge is concerned, branding is about clarifying who we want to be and ensuring that we stand out from the crowd of competitors. A strong brand will help to attract new customers, good partners and new expertise. Branding is therefore an important tool for creating lasting competitive advantages.

SpareBank 1 Sørøst-Norge aims to contribute to sustainable development in Norwegian local communities by providing a wide range of financial services, as well as relevant advice to individuals and businesses. As a relationship bank, we want to be seen as the personal regional bank that provides value for local businesses, people and communities.

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

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

The SpareBank 1 Alliance uses NeedScope's strategy framework to understand the banking market and measure brand strength relative to its competitors. A strong brand is created by being relevant, distinct and consistent across customer points of contact with the bank. Despite major changes in society, basic banking needs much the same. Nonetheless, considerable changes are taking place in how banks position themselves. In the overall competitive picture, SpareBank 1 banks are very clear about which segment they want to be in, i.e. close, safe, local and helpful banks that follow-up their customers well. The positive development

from 2018 has been significant, and SpareBank 1 is now among the 5% clearest brands worldwide, according to Kantar. It is important for SpareBank 1 Sørøst-Norge to exploit the alliance's strong position while building positive associations with our new and relatively young brand name, Sørøst-Norge.

Vision and values

Our vision, "Together we create value", expresses what we achieve when the Group is most successful at what it does. The word "together" tells us how the results will be achieved.

We create value for customers through good advice based on expertise, quality and ethical standards in line with the best traditions of the savings bank industry. We develop skills and a corporate culture in-house and deliver good results every day for customers, owners, employees and society. "Together" is warm, friendly and inclusive.

Together we create development and growth over time. Our vision and values provide an important platform from which to successfully achieve our goals.

Our values, "Present", "Power" and "Movement", speak of a group that is continuously evolving, while maintaining our closeness to our customers. The power provided by a strong corporate culture should make a difference; this power is created by the people who work here.

Present

We are available to our surroundings and to each other.

We are present where people live and work – physically and digitally. For your future dreams and for today.

Power

We create power through the people who work here. Together we are a strong, solid organisation, rich in experience and expertise.

This power helps customers, employees, owners and communities develop.

Movement

Movement produces development, skills and motivation – it makes dreams come true.

Movement facilitates change and growth, and ensures we can follow through well.

We are moving forward in order to develop and learn through our experiences.



Corporate Strategy 2022-2025

Our Corporate Strategy 2025 sets out the strategic direction for SpareBank 1 Sørøst-Norge during the strategy period and provides guidelines for the goals and measures that the organisation has established for all levels based on a balanced scorecard. The strategy has a wide reach across the Group, including subsidiaries.

The methodology follows our strategy framework, which consists of the following four main milestones:

1. Agreeing on a future vision based on different trends
2. Establishing a common understanding of the current situation
3. Defining overarching strategic goals
4. Outlining the change map that shows the strategic measures or focus areas that must be initiated to achieve our common goals.

Strategies are about making choices. The strategy is divided up into a common corporate part that applies to everyone, and more specific goals and measures for succeeding in the retail and corporate market.



Four overarching goals

The Group has the following four overarching ambitions for the strategy period 2022-2025.

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

Seven Strategic focus areas

The Group has defined and prioritised seven strategic focus areas. Managers in the retail and corporate

markets have a clear responsibility for the first two, while the other five points are group-wide and apply to everyone.



Top line growth



Customer-oriented



Sustainability



Attractive place to work



Data and insights



Quality



Regional bank

Group goals 2023

The Group's overarching goal is profitable growth with a return on equity of 11%. Satisfied customers, engaged employees, strengthening income other than margin-based income, increased share of sustaina-

ble exposure and a solid Tier 1 capital ratio are other group-wide goals. The Group's goals and strategy are followed up using balanced scorecards. This ensures ownership and good governance.



Egenkapital-
avkastning

> 11%

Attraktiv
arbeidsplass

> 75

Other
income:
NOK 950
million





Board of Directors' Interim Report



The SpareBank 1 Sørøst-Norge Group

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

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

On 01.04.2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum, where SpareBank 1 Sørøst-Norge was the taking over bank. Figures from the transferring bank were included in the official accounts with effect from 01.04.2022 (SpareBank 1 Modum). Pro forma financial statements have been prepared for the first quarter of 2022 to improve comparability¹. Please refer to the separate pro forma income statement and statement of financial position in Notes 23 and 24.

Highlights from the second quarter

- Ordinary profit after tax of NOK 387 million (NOK 271 million)
- Additional dividend of NOK 1.50 per equity certificate, NOK 210 million in total, and gift funds for community capital amounting to NOK 136 million.
- Net interest income of NOK 491 million (NOK 377 million)
- Net income from financial assets NOK 52 million (NOK 19 million)
 - Profits from SpareBank 1 Gruppen and BN Bank ASA of NOK -1 million (NOK 5 million) and NOK 12 million (NOK 10 million), respectively
- Losses on loans and guarantees of NOK -34 million (NOK 15 million)
- Return on equity 12.4% (9.4%), adjusted for one-time effects in 2022 (10.0%)
- Lending and deposit growth in the past quarter was 0.2% (1.6%) and 3.5% (2.8%), respectively
- Common Equity Tier 1 capital ratio, Group (proportional consolidation) 19.4% (19.3%)

Highlights from the financial performance and statement of financial position performance as at 30.06.2023 are shown below, with the pro forma figures as at 30.06.2022 in brackets.

Highlights from the first half-year

- Ordinary profit after tax of NOK 707 million (NOK 466 million)
- Net interest income of NOK 973 million (NOK 730 million)
- Net income from financial assets NOK 85 million (NOK 46 million)
 - Profits from SpareBank 1 Gruppen and BN Bank ASA of NOK 10 million (NOK 10 million) and NOK 25 million (NOK 21 million), respectively
- Losses on loans and guarantees of NOK -34 million (NOK 4 million)
- Return on equity 11.3% (7.9%), adjusted for one-time effects in 2022 (9.5%)
- Lending and deposit growth in the past 12 months of -0.6% (5.1%) and 0.0% (4.3%), 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) from the first half-year

- Ordinary profit after tax of NOK 707 million (NOK 441 million)
- Net interest income of NOK 973 million (NOK 684 million)
- Losses on loans and guarantees of NOK -34 million (NOK 4 million)
- Profit contributions from SpareBank 1 Gruppen and BN Bank ASA of NOK 10 million (NOK 9 million) and NOK 25 million (NOK 21 million), respectively
- Return on equity 11.3% (8.1%), adjusted for one-time effects in 2022 (10.0%)
- Common Equity Tier 1 capital ratio, Group (proportional consolidation) 19.4% (19.3%)

Financial performance

Cumulative figures as at 30.06 unless explicitly stated otherwise.

Second quarter performance

The Group's profit before tax was NOK 506 million for the second quarter of 2023, compared with NOK 413 million for the previous quarter. This resulted in a return on equity after tax of 12.4% in the quarter, up from 10.4% in the first quarter of 2023. The improvement in profit from the previous quarter was due to increases in financial and other income of NOK 18 million and NOK 23 million, respectively. Net interest income also strengthened in the quarter, although warning deadlines and higher market interest rates mean the effects will be seen in the coming quarter.

Net interest income

Net interest income amounted to NOK 491 million in the second quarter of 2023, up NOK 8 million from the previous quarter. The increase was mainly due to an increase in interest income from interest-bearing securities. Net interest income as a percentage of average total assets was 2.17%, which is on a par with the previous quarter.

Net commission and other income

Net commission and other income amounted to NOK 241 million in the second quarter of 2023, up NOK 30 million from the previous quarter. Income from real estate broking increased by NOK 22 million in the second quarter.

Net income from other financial investments

Net income from financial investments amounted to NOK 52 million in the second quarter of 2023, an increase of NOK 18 million from the previous quarter. Recognised dividends amounted to NOK 15 million in the second quarter, up NOK 12 million from the previous quarter. Income from ownership interests in SpareBank 1 Gruppen and BN Bank ASA totalled NOK 10 million in the second quarter of 2023, down NOK 14 million from the previous quarter. Higher claims rates contributed to a weakening of SpareBank 1 Gruppen's profit.

¹ Proformatall for 2022 er sammenslått resultat og balanse uten beregninger av mer-/mindreverdier

Net profit from financial investments amounted to NOK 25 million in the second quarter of 2023, up NOK 21 million from the previous quarter. The increase was mainly due to positive changes in the values of derivatives and fixed rate loans at fair value.

Operating expenses

Operating expenses amounted to NOK 312 million in the second quarter of 2023, down NOK 2 million from the previous quarter. Measured as a percentage of income, the cost level was reduced to 39.8% compared with 43.3% in the previous quarter. Salaries and other personnel expenses amounted to NOK 175 million in the second quarter of 2023, a reduction of NOK 2 million from the previous quarter. The number of FTEs at the end of the second quarter of 2023 was 635, compared with 633 at the end of the previous quarter. Other operating expenses amounted to NOK 136 million in the second quarter of 2023, which is approximately on a par with the previous quarter.

Impairment of loans

Losses on loans and guarantees amounted to NOK -34 million in the second quarter of 2023, of which changes in model-calculated impairment provisions, Stages 1 and 2, decreased by NOK 5 million as a result of adjustments to key assumptions and the effect of migration. Changes in the individual impairment provisions for Stage 3 resulted in income recognition of NOK 28 million, mainly due to the repayment of exposures, while the net losses for the period amounted to income recognition of NOK 1 million.

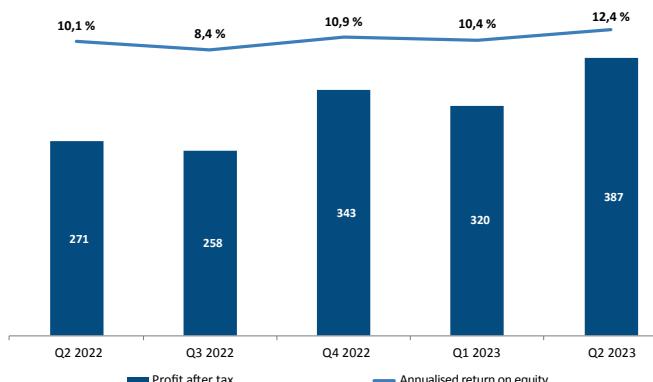
Impairment provisions for loans and guarantees amounted to NOK 306 million, which is equivalent to 0.43% of gross lending on the statement of financial position.

First half-year performance

The SpareBank 1 Sørøst-Norge Group posted a profit from ordinary operations before losses of NOK 884 million (NOK 553 million). Profit after tax was NOK 707 million (NOK 441 million), which represents 1.58% (1.09%) of average total assets. The Group's return on equity was 11.3% (8.1%).

Earnings per equity certificate in the parent bank were NOK 3.59 (2.02) and in the Group NOK 3.01 (2.00).

Quarterly performance of profit after tax and return on equity:

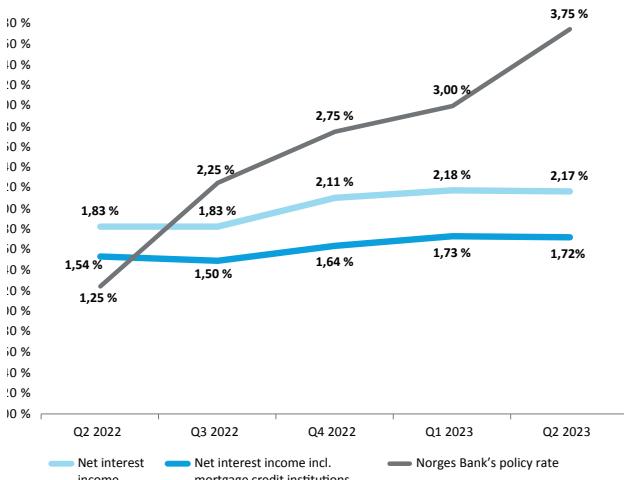


Net interest income

Net interest income amounted to NOK 973 million (NOK 684 million). Net interest income as a percentage of average total assets was 2.17% (1.69%), which represents a solid improvement in net interest income compared to the second quarter last year. The increase was due to higher lending volumes resulting from the merger with SpareBank 1 Modum and a stronger interest margin. The development of net interest income was influenced by rising interest rates, which have resulted in higher deposit margins. The Bank has adjusted its lending and deposit rates three times in the year to date due to Norges Bank's successive increases in its policy rate. The latest interest rate change in June 2023, will not take effect for retail customers until 09.08.2023, and 12.07.2023 for corporate customers. In connection with this, please see the more detailed information under the chapter "Important financial events in the quarter" (page 17).

At the end of the quarter, the Bank had transferred mortgages worth NOK 31 409 million (NOK 29 724 million) to SpareBank 1 Boligkreditt AS, and NOK 1 470 million (NOK 1 444 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 80 million (NOK 97 million).

Quarterly change in net interest income:



Net commission and other income

Net commission and other income totalled NOK 452 million (NOK 438 million).

Net commission income

Net commission income amounted to NOK 273 million (NOK 283 million). The commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounted for NOK 80 million (NOK 97 million) of this.

Other operating income

Other operating income amounted to NOK 179 million (NOK 155 million).

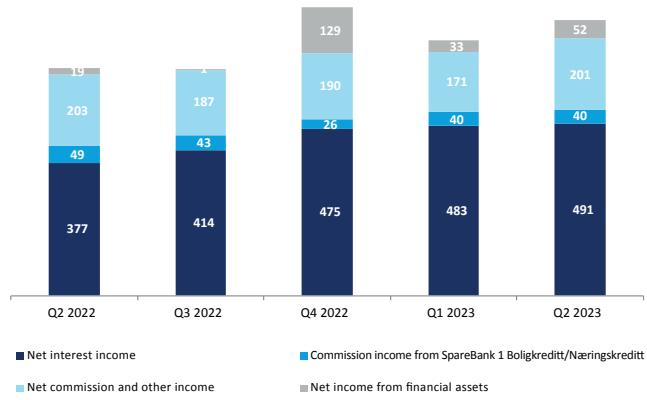
Net income from financial assets

Net income from financial assets amounted to NOK 85

million (NOK 36 million). The main items consist of NOK 18 million (NOK 44 million) in dividends received, NOK 38 million (NOK 30 million) in net profit from ownership interests, and net result from other financial investments of NOK 29 million (NOK -38 million).

The net result from ownership interests includes the results from SpareBank 1 Gruppen AS and BN Bank ASA of NOK 10 million (NOK 9 million) and NOK 25 million (NOK 21 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 16.5 million at the end of the second quarter of 2022, which is significantly higher than the result as at the second quarter of 2023 (NOK 9.7 million).

SpareBank 1 Gruppen achieved a profit before tax of NOK 316 million (NOK 614 million), which was significantly lower than last year. Higher claims rates contributed to the drop in profit. On the other hand, equity and interest rate markets resulted in higher financial income this year than last year. Its profit after tax was NOK 250 million (NOK 467 million).

The Fremtind Forsikring Group posted a profit before tax of NOK 346 million (NOK 706 million). The result for insurance services in the Group was NOK 286 million (NOK 979 million), a decrease that was mainly due to increased claims costs. The claims rate has increased so far this year as a result of a major claim in Halden (natural disaster) 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 25 million (NOK -771 million). The return on the equity portfolio was 13.3% (-17.5%).

SpareBank 1 Forsikring's profit before tax amounted to NOK 104 million (NOK -88 million). Its profit after tax was NOK 79 million (NOK -61 million). Increased volumes and improved financial returns have produced an improvement in the profit so far this year.

Income from ownership interests, BN Bank ASA

BN Bank ASA posted a profit for the first half-year 2023 of NOK 354 million (NOK 281 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 25 million (NOK 21 million).

Operating expenses

Total operating expenses were NOK 626 million (NOK 605 million). Operating expenses as a percentage of total operating income for the Group came to 41.5% (52.2%). The corresponding cost-income ratio for the parent bank was 32.2% (46.8%).

Personnel expenses

Personnel expenses amounted to NOK 353 million (NOK 322 million). Merger-related one-off costs amounted to approximately NOK 37 million in 2022, mainly linked to provisions for restructuring packages in 2022. The increase in personnel expenses was due to an increase in the number of FTEs. The number of FTEs at the end of the quarter was 635 (626), of which the parent bank employed 417 (436). The increase was directly linked 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 273 million (NOK 283 million). Merger-related one-off costs amounted to NOK 41 million in 2022, mainly from costs related to the transaction. Operating expenses increased due in part to the merger with SpareBank 1 Modum, as well as increased activity in the accounting firm and general inflation.

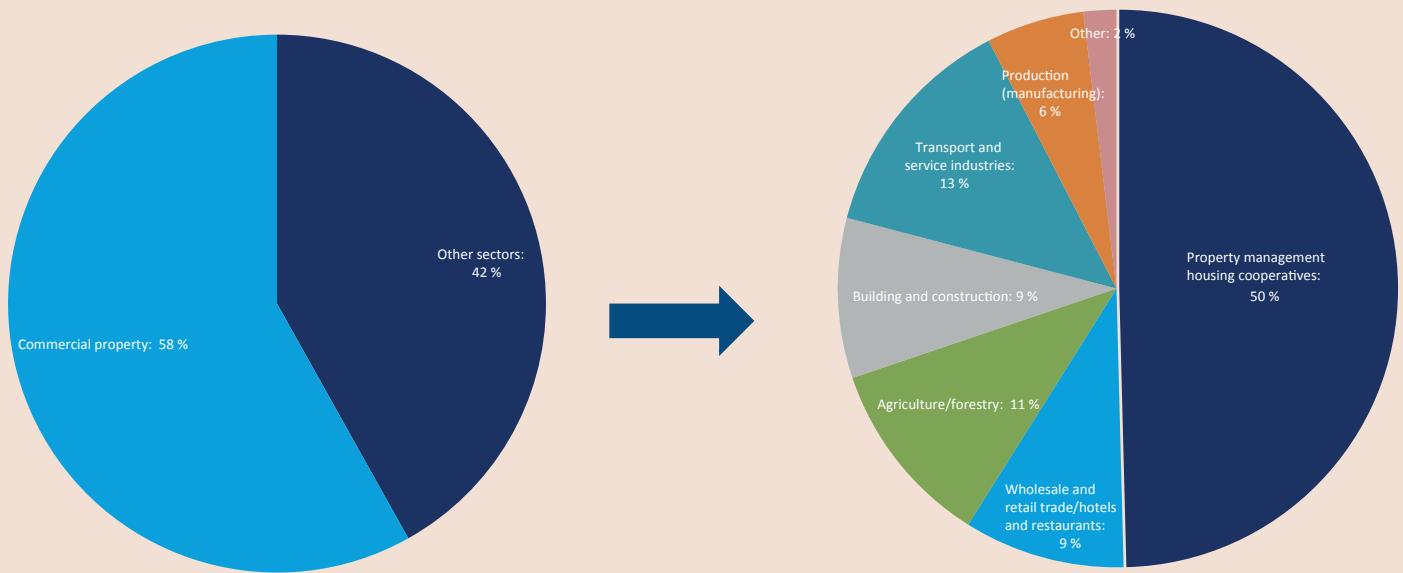
Losses and impairment provisions

Losses charged as costs amounted to NOK -34 million (NOK 4 million). Model-generated impairment provisions (Stages 1 and 2) decreased by NOK 15 million as a result of adjustments to key assumptions and the effect of migration. Changes in the individual impairment provisions for Stage 3 resulted in income recognition of NOK 19 million, mainly due to the repayment of exposures and recognition of losses, while the recognised net loss for the period amounted to NOK 1 million.

Impairment provisions for loans and guarantees amounted to NOK 306 million (NOK 310 million), which was equivalent to 0.43% (0.42%) 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 as a result of the repayment of exposures and recognition of losses.

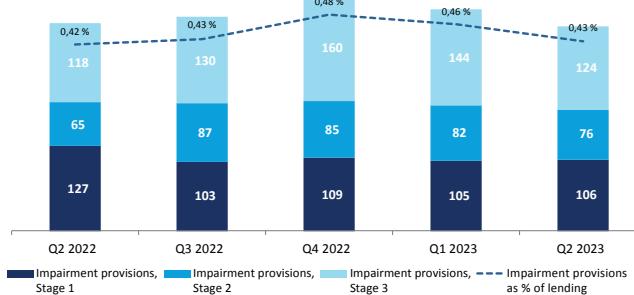
Corporate market – volume in commercial property and other industries



In addition to individual loss assessments, the Bank assessed the IFRS 9 model's scenario weighting in this quarter as well. The scenario weights were left unchanged for

the corporate market portfolio and the retail market portfolio in the current quarter. The weighting includes an increase in the worst-case scenario and reflects the uncertainty about future economic developments. For more information, see Note 3 and Note 6.

Quarterly change in impairment provisions, accumulated figure:



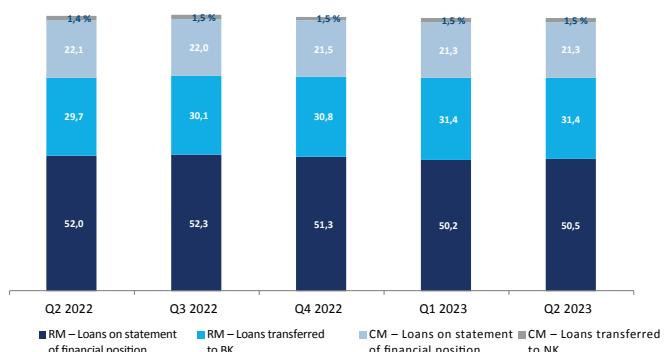
NOK 200 million (0.2%) of the growth came in the retail market and NOK 815 million (-3.5%) in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt AS) at the end of the quarter was 78% (78%).

At the end of the quarter, the Group had a deposit volume of NOK 57 172 million with deposit growth of 0.0% (pro forma) in the past 12 months. NOK 402 million (1.1%) of the growth came in the retail market and NOK -386 million (-2.0%) in the corporate market.

The Group had a deposit coverage ratio of 79.7%, compared with 77.1% 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 54.6% (54.3%).

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

Quarterly change in loans and deposits:

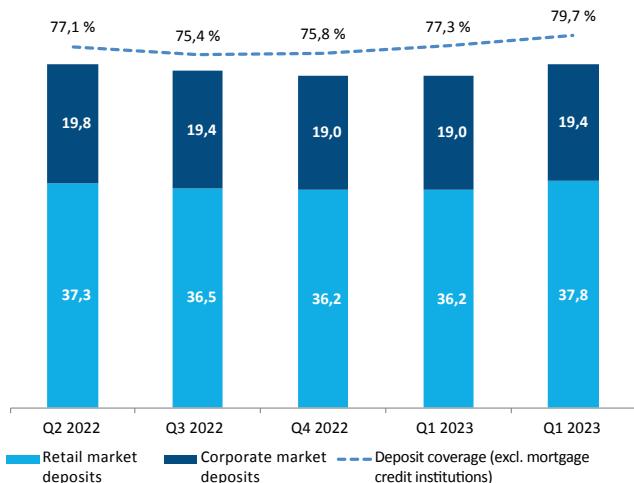


Statement of financial position performance

The Group's total assets amounted to NOK 91 392 million (NOK 89 863 million). The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 124 272 million (NOK 121 032 million).

Lending and deposit performance

Gross lending (including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 104 641 million. The past 12 months have seen negative lending growth of -0.6% (pro forma).



Liquidity

The Bank's liquidity situation at the end of the quarter is good. The Bank's liquidity portfolio was valued at NOK 10.5 billion and its LCR at 295% (152%). The Bank aims to keep its liquidity risk low. In a normal market, SpareBank 1 Sørøst-Norge's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to new external financing. The Bank was well above this target at the end of the first half-year.

At the end of the quarter, mortgages totalling NOK 31.4 billion (NOK 29.7 billion) had been transferred to SpareBank 1 Boligkreditt AS, and the portfolio of loans prepared for transfer to SpareBank 1 Boligkreditt AS amounted to NOK 26.3 billion (NOK 28.0 billion).

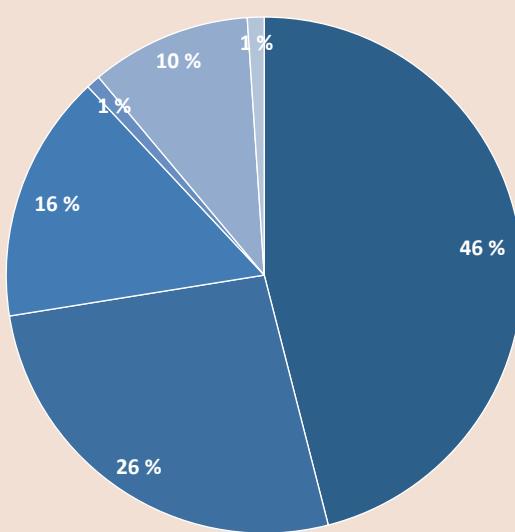
In addition, the Bank had transferred loans to SpareBank 1 Næringskreditt AS worth NOK 1.5 billion (NOK 1.4 billion) as at 30.06.

The Group's target was to increase the average term to maturity of its bond debt to a minimum of 3.0 years. At the end of the quarter, the average term to maturity was 3.2 years (3.1 years).

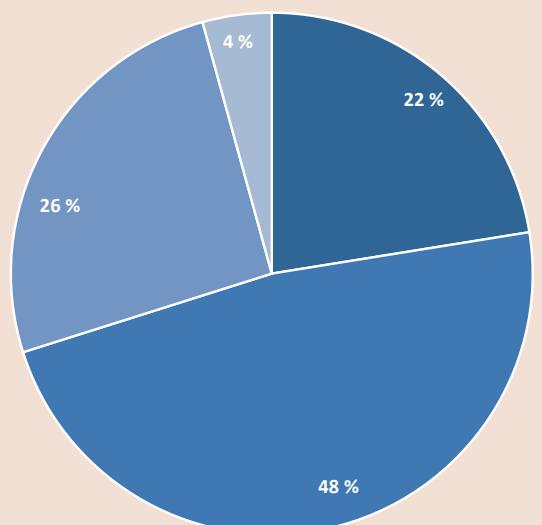
The Financial Supervisory Authority of Norway updated three requirements for the Bank in December 2022, where it was decided that SpareBank 1 Sørøst-Norge must have a risk-weighted MREL (total own funds and eligible liabilities) requirement of 26.5%. Given that the own funds that are used to meet risk-weighted MREL cannot at the same time be used to cover the combined buffer requirement (7.5%), the actual requirement for MREL capital is 34.0%, which must be met in its entirety by the end of 2023. The requirement of 34.0% was calculated based on the applicable capital requirements as at the end 2022 and does not take into account an increased countercyclical buffer from 31.03.2023 and any increased systemic risk buffer from 31.12.2023. Taking into account the increase in capital requirements this year, the actual need for MREL capital (effective MREL %) will increase from 34.0% to 37.5%, and the minimum requirement for subordination will increase to 30.5%.

At the end of the quarter, the Bank had issued NOK 4.0 billion (NOK 3.0 billion) in SNP bonds. SpareBank 1 Sørøst-Norge will satisfy the MREL requirements by the end of 2023.

Funding sources



Liquidity portfolio



■ Deposit coverage (excl. mortgage credit institutions)

■ Mortgage credit institutions

■ Bond debt

■ Subordinated loans and additional Tier 1 capital

■ Equity

■ Other

■ State/state-guaranteed ■ Covered bonds ■ County/municipality ■ Other

Equity

Capital adequacy

In capital adequacy calculations, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk. From the end of 2022 onwards, the Bank will report a consolidated capital adequacy statement. The Bank proportionally consolidates its ownership interests in SpareBank 1 Boligkredit AS, SpareBank 1 Næringskredit AS, SpareBank 1 Kredit AS, SpareBank 1 Finans Midt-Norge AS and BN Bank ASA.

The countercyclical buffer was increased by a further 0.5 percentage points as at 31.03.2023, such that the total countercyclical buffer amounts to 2.5% at the end of the second quarter of 2023. On 16.12.2022, the Ministry of Finance decided to postpone introduction of an increase in the systemic risk buffer for banks that use the standard method. The requirement to increase the systemic risk buffer from 3.0% to 4.5% has been postponed by a year, meaning that the requirement will apply from the end of 2023. In connection with the approval of the merger with SpareBank 1 Modum in March 2022, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement of 2.5%. This requirement will apply until the Financial Supervisory Authority of Norway sets a new Pillar 2 requirement. The Board of Directors submitted the results of a new internal capital adequacy assessment process (ICAAP) to the Financial Supervisory Authority of Norway in the first quarter of 2023. The regulatory requirement for the Common Equity Tier 1 capital ratio at the end of the second quarter of 2023 was 15.0% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

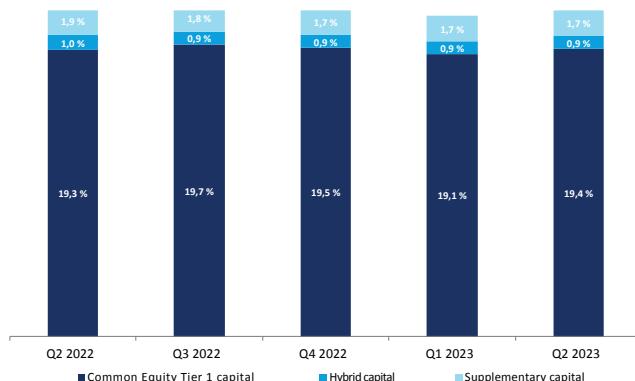
At the end of the second quarter of 2023, the Common Equity Tier 1 capital ratio was 19.4%² (19.3%) and the leverage ratio was 8.3% (8.5%). The regulatory requirement for the leverage ratio is 3.0%. Both targets were met by a good margin by the end of the second quarter of 2023.

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

The Board of Directors sees it as a strength that the SpareBank 1 Alliance has already developed a strong professional environment that manages and develops IRB models. SpareBank 1 Sørøst-Norge has also used credit management models for several years. In 2022, the Bank established a project to identify areas that need to be

reworked before an application can be submitted. An application is expected to be submitted by the end of the first half of 2024.

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 position or results during the reporting period.

Additional dividend

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

Auditor

The interim financial statements have undergone simplified auditor control.

Future outlook

Higher prices and costs have resulted in less economic activity, especially in building and construction in the region, and particularly with respect to flats, holiday homes and commercial buildings. The retail market has also been impacted by the economic situation. In the Group's accounts, this is reflected by lower credit growth and less activity in the real estate companies. For the retail and corporate markets, the growth in lending is lower than market growth in the region. The Group's ambition is to outperform market growth in the region, although it will focus on profitable growth based on the Group's financial targets and the economic outlook. Both the Board of Directors and management are monitoring the situation closely against set parameters in the Group's corporate governance.

High inflation and higher interest rates are reducing disposable household incomes, meaning that demand for goods and services is expected to fall. The Bank's own survey of expectations, the 'Business Barometer Southeast' ('Konjunktur Sørøst'), indicates that households

² 50 prosent av udisponert resultat er medregnet i kvartalstall

in the region are pessimistic about their finances in 2023, even though unemployment in the region remains very low. Household expectations concerning their own financial situation may lead to a reduction in private consumption and less demand for credit.

Norges Bank's Regional Network Report shows that the businesses in the survey expect activity to increase somewhat in the second half of 2023, although there is considerable variation between industries. Services, manufacturing and tourism expect an increase in activity, while building and construction and the wholesale and retail trade expect the decline in activity to continue in the third quarter. This is due to high construction costs, high inflation and higher interest expenses. Commercial property prices are expected to fall as a result of higher interest costs and higher yield requirements. Manufacturers expect growth to pick up further in the third quarter as a result of the weak NOK exchange rate and high demand for energy production and defence equipment. The strong growth in these areas is also boosting activity levels at Norwegian subcontractors. The picture for Region SOUTH is therefore mixed, although overall the region scores relatively well in the survey. The Bank's survey of expectations, the 'Business Barometer Southeast', confirms the results from the Regional Network. In general, companies expect lower turnover and profitability, albeit with variations between both industries and regions in the Group's market area.

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

Higher interest rates may lead to lower credit growth and greater competition, especially for mortgages. This may result in pressure on lending margins. High market rates and credit premiums may also lead to more competition for deposits with the resulting pressure on margins. The region has a diverse business sector and is seeing good population growth. The Group has a strong market position, local presence and competitive terms and

conditions. Therefore, the Group's overall opportunity for growth is considered strong in the long term.

Net interest income strengthened at the start of 2023 due to the numerous hikes in interest rates implemented in 2022. Interest rate changes have also been implemented in 2023 that have not yet had an effect, but which will help keep net interest income strong in the future.

The Group's target for its return on equity is 11% for the period up to the end of 2024. About NOK 25 million remains to be realised of the communicated merger synergies of NOK 110 million. These are expected to be distributed approximately equally in 2023 and 2024. The 11% return on equity target will be achieved through profitable growth, good cost control and the efficient use of capital. The efficient use of capital depends on a number of factors, where approval from the authorities to use AIRB models is a very important step. The internal work is proceeding as planned and communicated. Another means of improving efficiency is by increasing the dividend distribution rate in light of the Group's good financial strength. The Board has therefore changed the dividend policy such that the distribution rate has been amended from about 50% to a minimum of 50%. Based on the Bank's good financial strength and underlying operations, the Board of Directors decided to exercise its authorisation from the Supervisory Board and pay out the additional dividend of NOK 1.50 per equity certificate. In total, the Group will pay out around 90% of the profit for 2022. The Board of Directors has also adopted a financial target of a cost-income ratio of less than 40%. During the second half of 2023, the Group will implement a profitability and cost programme.

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

The increased regulatory requirements for both capital and compliance combined with a demanding macroeconomic outlook may be important drivers of structural changes in the savings banking sector. The Board wishes to play an active role in the future structural changes that are expected in the savings bank sector. In a situation where there is great uncertainty surrounding macroeconomic developments, the Bank has both good financial strength and good capacity for paying dividends.

Sandefjord, 09.08.2023

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan
Chair of the Board

Heine Wang

Maria Tho
Per Halvorsen
CEO

John-Arne Haugerud
Deputy Chair

Jan Erling Nilsen

Hanne Myhre Gravdal
Employee representative

Lene Svenne

Lene Marie Aas Thorstensen

Frede Christensen
Employee representative



VICTORIA

VICTORIA

VICTORIA



Interim financial statements

Income Statement IFRS

Parent bank							Group				
2022	Q2 2022	Q2 2023	30.06. 2022	30.06. 2023	(Amounts in NOK millions)	Note	30.06. 2023	30.06. 2022	Q2 2023	Q2 2022	2022
287	61	144	102	266	Interest income - assets measured at fair value		266	102	144	61	287
2 297	513	872	919	1 707	Interest income - assets measured at amortised cost		1 705	918	871	513	2 296
1 012	197	524	338	998	Interest expenses		998	337	524	197	1 010
1 572	377	492	683	974	Net interest income	12	973	684	491	377	1 573
618	160	153	300	301	Commission income		301	300	153	160	618
39	9	13	17	28	Commission expenses		28	17	13	9	39
16	5	6	7	9	Other operating income		179	155	101	100	304
595	156	146	290	282	Net commission and other income	13	452	438	241	251	883
77	32	15	44	18	Dividends		18	44	15	32	77
116	56	188	57	188	Net result from ownership interests		38	30	11	16	94
-5	-28	25	-38	29	Net result from other financial investments ¹⁾		29	-38	25	-28	-5
188	60	229	63	236	Net income from financial assets	14	85	36	52	19	167
2 355	593	866	1 036	1 492	Total net income		1 511	1 158	784	648	2 623
501	106	114	243	233	Personnel expenses		353	322	175	152	716
512	123	124	243	247	Other operating expenses		273	283	136	147	556
1 013	229	237	485	480	Total operating expenses		626	605	312	299	1 272
1 343	364	628	551	1 012	Profit before losses and tax		884	553	472	349	1 351
40	15	-34	4	-34	Losses on loans and guarantees	5, 6	-34	4	-34	15	40
1 303	349	662	547	1 046	Profit before tax		919	549	506	334	1 311
263	58	114	102	207	Tax expense		212	109	119	63	270
1 040	291	548	445	840	Profit before other comprehensive income		707	441	387	271	1 041
					Controlling interest's share of profit		706	439	386	269	1 038
					Non-controlling interest's share of profit		1	2	1	2	3
4.27	1.24	2.35	2.02	3.59	Earnings and diluted result per equity certificate before other comprehensive income		3.01	2.00	1.65	1.15	4.27

OCI

Parent bank							Group				
2022	Q2 2022	Q2 2023	30.06. 2022	30.06. 2023	(Amounts in NOK millions)	Note	30.06. 2023	30.06. 2022	Q2 2023	Q2 2022	2022
1 040	291	548	445	840	Profit for the period		707	441	387	271	1 041
					Entries that can be reclassified through profit or loss						
3	-2	-1	-2	-2	Change in value of loans classified at fair value		-2	-2	-1	-2	3
					Share of OCI from associated companies and joint ventures		1	1	1	2	-1
					Entries that cannot be reclassified through profit or loss						
35	-	-	-	-	Estimation difference, IAS 19 Pensions		-	-	-	-	35
38	-2	-1	-2	-2	Period's OCI		-1	0	0	0	37
1 078	290	547	443	838	Total comprehensive income		706	440	387	271	1 078
					Controlling interest's share of total comprehensive income		705	438	386	269	1 075
					Non-controlling interest's share of total comprehensive income		1	2	1	2	3

Statement of financial position

Parent bank				Group			
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	Note	30.06.2023	30.06.2022	31.12.2022
108	121	99	Cash holdings and receivables from central banks		99	121	108
2 499	1 385	2 737	Loans to and receivables from credit institutions without agreed maturity		2 737	1 385	2 499
673	705	1 370	Loans to and receivables from credit institutions with agreed maturity		1 370	705	673
72 572	73 861	71 524	Net lending to customers	4, 6, 7, 8	71 502	73 834	72 546
8 430	8 593	10 304	Certificates, bonds and other securities at fair value		10 304	8 593	8 430
2 617	2 599	2 689	Shareholdings and other equity interests		2 689	2 599	2 617
153	117	153	Ownership interests in Group companies		0	0	0
1 191	1 136	1 341	Interests in joint ventures and associated companies		1 404	1 390	1 452
282	313	253	Tangible assets		296	353	326
357	360	357	Goodwill		458	426	458
38	23	38	Deferred tax assets		39	25	39
283	296	431	Other assets	16	494	434	399
89 202	89 509	91 296	Total assets		91 392	89 863	89 547
19	164	30	Deposits from and liabilities to credit institutions		30	164	19
55 284	57 210	57 222	Deposits from customers	17	57 172	57 157	55 216
19 570	18 257	19 339	Liabilities from the issuance of securities	18	19 339	18 257	19 570
308	113	214	Tax payable		217	121	319
816	1 035	1 059	Other liabilities and commitments	20	1 059	1 117	900
749	828	750	Subordinated loan capital	19	750	828	749
76 745	77 607	78 614	Total liabilities		78 567	77 644	76 773
2 101	2 101	2 101	Equity certificate capital		2 101	2 101	2 101
3 779	3 779	3 779	Share premium fund		3 779	3 779	3 779
1 413	812	1 049	Dividend equalisation fund		1 049	812	1 413
4 716	4 327	4 480	Sparebankens Fond		4 480	4 327	4 716
91	24	91	Fund for unrealised gains		91	24	91
350	416	350	Hybrid capital		350	416	350
	437	826	Other equity		962	747	310
7	7	7	Gift fund		7	7	7
			Non-controlling interest's share		6	8	7
12 457	11 902	12 682	Total equity		12 825	12 220	12 774
89 202	89 509	91 296	Liabilities and equity		91 392	89 863	89 547

Combined results from the interim financial statements

Group

(Amounts in NOK millions)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Interest income	1 015	956	885	678	574	446	413	373
Interest expenses	524	474	410	264	197	140	113	96
Net interest income	491	483	475	414	377	306	300	277
Commission income	153	148	154	164	160	140	158	161
Commission expenses	13	15	12	10	9	8	10	10
Other operating income	101	78	74	75	100	55	64	63
Net commission and other income	241	211	216	230	251	187	212	214
Dividends	15	3	33	0	32	12	1	0
Net result from ownership interests	11	26	48	17	16	14	48	54
Net result from other financial investments	25	4	48	-15	-28	-10	0	7
Net income from financial assets	52	33	129	1	19	17	50	61
Total net income	784	727	820	645	648	510	561	553
Personnel expenses	175	177	245	149	152	169	177	150
Other operating expenses	136	137	124	150	147	136	108	99
Total operating expenses	312	314	369	299	299	306	285	249
Profit before losses and tax	472	413	452	346	349	204	276	303
Losses on loans and guarantees	-34	-1	29	7	15	-11	2	-35
Profit before tax	506	413	422	339	334	215	274	339
Tax expense	119	93	80	81	63	46	49	70
Profit before other comprehensive income	387	320	343	258	271	170	225	269

Parent bank

Earnings per equity certificate (quarter in isolation)	2.35	1.24	1.51	1.02	1.24	0.84	0.87	1.03
Diluted earnings per equity certificate (quarter in isolation)	2.35	1.24	1.51	1.02	1.24	0.84	0.87	1.03

Change in equity

Group

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equ-alisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Non-control-ling 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									-12	-12
Dividends/gifts from 2022, to be paid in 2023				-364	-236				-2	-602
Employee equity certificate savings scheme			-1							
Other changes in equity ²⁾								-40		-40
Profit before other comprehensive income							706	1	707	
Entries that can be reclassified through profit or loss:										320
Change in value of loans classified at fair value								-2		-2
Share of OCI from associated companies and joint ventures								1		
Equity as at 30.06.2023	2 101	3 779	1 049	4 480	7	91	350	962	6	12 826

¹⁾ NOK 0.9 million was deducted from equity certificate capital as at 30.06.2023 for the treasury holding

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

²⁾ 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 ¹⁾	Share premium fund	Risk equ-alisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Non-control-ling 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					
Interest expenses on additional Tier 1 capital								-8		-8
Dividends/gifts from 2021, paid in 2022				-296	-196				-4	-496
Other changes in equity								-3		
Additional Tier 1 capital issued								66		
Employee equity certificate savings scheme	2	4								
Profit before other comprehensive income							439	2	441	
Entries that can be reclassified through profit or loss:										
Change in value of loans classified at fair value						-2				-2
Share of OCI from associated companies and joint ventures						1				1
Equity as at 30.06.2022	2 101	3 779	812	4 327	7	24	416	747	8	12 220

¹⁾ Eierandelskapital per 30.06.2022 er fratrukket 0,9 mnok i egenbeholdning

Eierandelskapital per 31.12.2021 er fratrukket 2,8 mnok i egenbeholdning

Parent bank

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equ-alisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2022	2 101	3 779	1 413	4 716	7	91	350	0	12 457
Interest expenses on additio-nal Tier 1 capital							-12		-12
Dividends/gifts from 2022, to be paid in 2023			-364		-236				-600
Employee equity certificate savings scheme			-1						-1
Profit before other compre-hensive income							840		840
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value							-2		-2
Equity as at 30.06.2023	2 101	3 779	1 049	4 480	7	91	350	826	12 683

¹⁾ NOK 0.9 million was deducted from equity certificate capital as at 30.06.2023 for the treasury holding
NOK 0.6 million was deducted from equity certificate capital as at 31.12.2022 for the treasury holding

Parent bank

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equ-alisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2021	1 778	2 777	1 108	3 727	7	26	350	0	9 773
Equity added from the merger with SpareBank 1 Modum	321	998		795					
Interest expenses on additio-nal Tier 1 capital							-8		-8
Dividends/gifts from 2021, paid in 2022			-296		-196				-492
Additional Tier 1 capital issued							66		
Employee equity certificate savings scheme	2	4							
Profit before other compre-hensive income							445		445
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value						-2			-2
Equity as at 30.06.2022	2 101	3 779	812	4 327	7	24	416	437	11 902

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

Cash flow statement

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	Amounts in NOK millions	30.06.2023	30.06.2022	31.12.2022
Cash flow from operating activities						
1 303	547	1 046	Period's profit before tax	919	549	1 311
			Net profit from joint ventures	-38	-30	-158
-6	-3	-3	Loss/gain from fixed assets	-3	-3	-6
50	20	26	Depreciation and impairments	28	17	54
40	4	-34	Impairment of loans	-34	4	40
-258	-258	-307	Tax payable	-312	-268	-267
-139	-1 414	1 183	Change in lending and other assets	1 087	-1 417	-143
521	2 447	1 939	Change in deposits from customers	1 956	2 462	505
-150	-150	-697	Change in loans to and receivables from credit institutions	-697	-150	-150
-1 694	-1 857	-1 874	Change in certificates and bonds	-1 874	-1 857	-1 694
-21	-21	-152	Change in other receivables	-187	-58	-24
-252	-155	-37	Change in other current liabilities	68	-152	-262
-607	-840	1 090	Net cash flow from operating activities	914	-901	-794
Cash flow from investing activities						
625	625	0	Cash and cash equivalents added through merger 1)	0	625	642
-37	-39	-8	Investments in property, plant and equipment	-10	-36	-39
15	9	13	Sales of property, plant and equipment	13	9	15
-231	-54	-197	Investments in shares, equity certificates and units	130	2	-114
130	33	7	Sales of shares, equity certificates and units	7	33	130
502	574	-186	Net cash flow from investing activities	141	633	635
Cash flow from financing activities						
6 168	3 548	2 080	Increase in financial borrowing	1 930	3 548	6 223
-4 787	-3 256	-2 159	Repayment of financial borrowing	-2 159	-3 256	-4 785
416	506	200	Borrowing subordinated loans/additional Tier 1 capital	200	506	416
-411	-355	-200	Repayment, subordinated loans / additional Tier 1 capital	-200	-355	-411
6	7	6	Buy-back of own equity certificates for saving programme	6	7	6
-492	-490	-603	Dividends/gifts paid	-603	-487	-496
901	-39	-676	Net cash flow from financing activities	-826	-37	954
796	-306	229	Total change in cash and cash equivalents	229	-306	796
1 812	1 812	2 607	Cash and cash equivalents OB	2 607	1 812	1 812
2 607	1 506	2 836	Cash and cash equivalents at end of period	2 836	1 506	2 607
796	-306	229	Net change in cash and cash equivalents	229	-306	796
Cash and cash equivalents, specified						
108	121	99	Cash holdings and receivables from central banks	99	121	108
2 499	1 385	2 737	Loans to and receivables from credit institutions without agreed maturity	2 737	1 385	2 499
2 607	1 506	2 836	Cash and cash equivalents	2 836	1 506	2 607

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

Additional specifications

Cash flow from interest received, interest payments and dividends received

Parent bank			Group		
31.12.2022	30.06.2022	30.06.2023	Amounts in NOK millions	30.06.2023	30.06.2022
					31.12.2022
2 356	944	1 739	Interest received on loans to customers	1 738	943
-494	-150	-563	Interest paid on deposits from customers	-562	-149
39	13	47	Interest received on loans to and receivables from credit institutions	47	13
-1	-1	0	Interest paid on loans to and receivables from credit institutions	0	-1
189	65	187	Interest received on certificates and bonds	187	65
-482	-169	-418	Interest paid on certificates and bonds	-418	-169
193	101	207	Dividends from investments	56	44
1 800	802	1 199	Net cash flow from interest received, interest payments and dividends received	1 048	746
					1 780



Notes to the financial statements

Note 1 – Accounting policies

The interim report for SpareBank 1 Sørøst-Norge covers the period 01.01-30.06.2023. 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. The interim financial statements have undergone simplified auditor control.

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 sets out principles for recognising, measuring, presenting and disclosing insurance contracts. The purpose of the new standard is to eliminate disparate practices in the accounting treatment of insurance contracts. 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 IFRS 17/IFRS 9 has been adjusted by NOK 10 million, such that the effect on equity on 01.01.2023 is NOK 61 million.

Comparative figures have not been restated.

Implementation effect of IFRS 17 in 2022:

(Amounts in NOK millions)

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

Note 2 – Critical accounting estimates

In preparing the consolidated accounts, the management makes estimates and discretionary assessments, as well as assumptions that affect the impact of applying the accounting principles. This will therefore affect the reported amounts for assets, liabilities, income and expenses.

In the financial statements for 2022, Note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions

Impairment of loans

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

In the second quarter of 2023, an upgraded loss model was used for the first time that provides suggestions for key assumptions using regression analysis and simulations. 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) 2/23. PPR 2/23 expects somewhat higher unemployment and interest rates. The interest rate path has been increased due to higher inflation, a weaker NOK exchange rate and higher than expected wage growth.

The scenario weights are assessed continuously based on the available information. At the onset of the Covid-19 pandemic, the Bank saw an elevated probability of the downside scenario. As of 31.03.2022, the increased downside risk necessitated by the Covid-19 pandemic was considered no longer required. However, the Bank chose to keep the scenario weights unchanged due to elevated uncertainty related to the effects of the war in Ukraine. As of 31.12.2022, the Bank chose to increase the downside scenario for the corporate market portfolio from 80/15/5 to 75/20/5 in light of the economic situation. The Bank deemed it appropriate to keep the scenario weights unchanged as at 30.06.2023. Consequently, the expected credit loss (ECL) as at 30.06.2023 was calculated using a combination of 75% for the expected scenario, 20% for the downside scenario and 5% for the upside scenario (75/20/5) for the corporate market portfolio and a combination of 80% for the expected scenario, 15% for the downside scenario and 5% for the upside scenario (80/15/5) for the retail market portfolio.

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

Note 3 – Capital adequacy

In capital adequacy calculations, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk. From the end of 2022 onwards, the Bank will report a consolidated capital adequacy statement. The Bank proportionally consolidates its ownership interests in SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt AS, SpareBank 1 Finans Midt-Norge and BN Bank ASA.

The countercyclical buffer increased by a further 0.5 percentage points on 31.03.2023, such that the total countercyclical buffer was 2.5% at the end of the second quarter of 2023. On 16.12.2022, the Ministry of Finance decided to postpone the introduction of an increase in the systemic risk buffer for banks using the standard method. The requirement to increase the systemic risk buffer from 3.0% to 4.5% has been postponed by a year, meaning that the requirement will first apply from the end of 2023. In

connection with the approval of the merger with SpareBank 1 Modum in March 2022, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement of 2.5%. This requirement will apply until the Financial Supervisory Authority of Norway sets a new Pillar 2 requirement. The regulatory requirement for the Common Equity Tier 1 capital ratio at the end of 2022 was 15.0% excluding the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%.

At the end of the second quarter of 2023, the Common Equity Tier 1 capital ratio was 19.4% (19.3%) and the leverage ratio was 8.3% (8.5%). The regulatory requirement for Tier 1 capital is 3.0%. Both targets were met by a good margin by the end of the second quarter of 2023.

50% of the unallocated profit is included in interim figures.

Parent bank				Group ¹⁾	
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	31.12.2022
12 107	11 486	12 332	Total capitalised equity (excluding hybrid capital)	12 475	12 424
-946	-223	-765	Capitalised equity not included in Tier 1 capital	-765	-946
			Common Equity Tier 1 capital from companies included in the consolidated accounts that can be included	212	200
			Minority interests that cannot be included in Common Equity Tier 1 capital	-6	-7
-15	-13	-17	Value adjustments on shares and bonds measured at fair value (AVA)	-24	-22
			Other intangible assets	-8	-9
			Positive values of adjusted expected loss	-72	-67
-357	-360	-357	Deduction for goodwill	-458	-458
-174	-111	-184	Deduction for non-material interests in the financial sector	-184	-174
-886	-940	-867	Deduction for material interests in the financial sector		
9 729	9 839	10 143	Total Common Equity Tier 1 capital	11 168	10 939
350	416	350	Hybrid capital	350	350
			Hybrid capital issued by companies included on the consolidated accounts that can be included	158	149
10 079	10 255	10 493	Total Tier 1 capital	11 676	11 439
Supplementary capital in excess of Tier 1 capital					
745	825	745	Time-limited primary capital	745	745
			Primary capital issued by companies included on the consolidated accounts that can be included	214	216
10 824	11 080	11 238	Net primary capital	12 635	12 399

Parent bank				Group ¹⁾	
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	31.12.2022
Risk-weighted basis for calculation					
41 126	42 385	42 039	Assets not included in the trading portfolio	52 573	51 272
3 782	3 569	3 782	Operational risk	4 147	4 327
56	56	58	CVA surcharge (counterparty risk on derivatives)	716	497
44 964	46 010	45 879	Total basis for calculation	57 436	56 096
Buffer requirements					
1 124	1 150	1 147	Capital conservation buffer (2.5%)	1 436	1 402
899	690	1 147	Countercyclical buffer (2.5%/1.0%)	1 436	1 122
1 349	1 380	1 376	Systemic risk buffer (3.0%)	1 723	1 683
3 372	3 221	3 670	Total buffer requirement for Common Equity Tier 1 capital	4 595	4 207
2 023	2 070	2 065	Minimum requirement for Common Equity Tier 1 capital (4.5%)	2 585	2 524
4 333	4 548	4 408	Available Common Equity Tier 1 capital in excess of minimum requirement	3 988	4 208

Parent bank				Group ¹⁾	
31.12.2022	30.06.2022	30.06.2023	Specification of risk-weighted credit risk (Amounts in NOK millions)	30.06.2023	31.12.2022
Specification of risk-weighted credit risk					
60	53	59	Governments and central banks	73	60
241	121	535	Local and regional authorities	596	313
10	10	10	Publicly owned companies	11	11
195	343	257	Institutions	805	521
4 015	4 566	4 080	Companies	5 662	5 269
5 760	5 710	6 065	Mass market	7 753	7 325
24 068	24 661	23 697	Collateral security in real estate	31 410	31 430
592	417	573	Exposures past due	633	646
1 898	2 377	1 990	High-risk exposures	1 990	1 898
452	748	550	Covered bonds	763	762
513	173	647	Receivables from institutions and companies with short-term ratings	647	513
69	68	74	Shares in mutual funds	75	69
2 757	2 659	2 983	Equity items	1 590	1 682
497	478	517	Other exposures	566	774
41 126	42 385	42 039	Total credit risk	52 573	51 272

Proportional consolidation

Amounts in NOK millions	30.06.2022
Primary capital	
Common Equity Tier 1 capital	10 837
Tier 1 capital	11 409
Primary capital	12 462
Basis for calculation	56 014
Capital adequacy	
Common Equity Tier 1 capital ratio	19,3 %
Tier 1 capital ratio	20,4 %
Capital adequacy	22,2 %
Leverage ratio	8,5 %

Note 4 – Segment Information

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

The reporting of segments is divided into the following

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

Group 30.06.2023

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Profit				
Net interest income	565	409	-1	973
Net commission and other income	388	155	-6	537
Operating expenses	445	187	-6	626
Profit before losses	508	377	-1	884
Losses on loans and guarantees	-12	-23		-34
Profit before tax	520	400	-1	919

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	51 522	20 002	-22	71 502
Other assets			19 889	19 889
Total assets per segment	51 522	20 002	19 867	91 392
Deposits from and liabilities to customers	38 541	18 682	-50	57 172
Other equity and liabilities			34 219	34 219
Total equity and debt per segment	38 541	18 682	34 169	91 392

Group 30.06.2022

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Profit				
Net interest income	403	280	1	684
Net commission and other income	365	116	-7	474
Operating expenses	444	167	-7	605
Profit before losses	323	229	1	553
Losses on loans and guarantees	6	-2		4
Profit before tax	318	231	1	549

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	52 292	21 569	-27	73 834
Other assets	0	0	15 993	15 993
Total assets per segment	52 292	21 569	15 967	89 828
Deposits from and liabilities to customers	38 316	18 894	-53	57 157
Other equity and liabilities	0	0	32 671	32 671
Total equity and debt per segment	38 316	18 894	32 618	89 828

Group 31.12.2022

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

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

Note 5 – Impairment of loans

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

(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Effect of merger with SpareBank 1 Modum ¹⁾	0	10	10
Changes in IFRS 9 provisions	-34	1	21
Effect of changed scenario weights	0	0	15
Confirmed losses (net)	1	-5	2
Receipts on previously recognised impairments	-3	-3	-6
Other corrections/amortisation of impairments	1	0	-3
Losses on loans and guarantees in the period	-34	4	39

¹⁾ Utlån og garantier i trinn 1 ble i forbindelse med åpningsbalansen ved fusjonen med Modum 01.04.2022 vurdert til virkelig verdi, tilsvarende amortisert kost. Ved første gangs innregning i den fusjonerte banken ble lånene vurdert på nytt og det ble gjort en tapsavsetning i trinn 1 på 10 mill. kroner. Dette tilsvarer tapsavsetningen som SpareBank 1 Modum hadde pr. 31.03.2022 (før fusjonen).

Note 6 – Tapsavsetninger på utlån og garantier

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

(Amounts in NOK millions)	Group			
Impairment provisions for loans and guarantees 30.06.2023	Stage 1	Stage 2	Stage 3	Total
Opening balance	109	85	160	353
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger				
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger				
Impairment provisions transferred to Stage 1	13	-13	0	0
Impairment provisions transferred to Stage 2	-3	4	-1	0
Impairment provisions transferred to Stage 3	0	-3	4	0
New financial assets issued or purchased	9	1	0	10
Increase in existing loans	36	40	26	102
Reduction in existing loans	-46	-24	-10	-80
Financial assets that have been deducted	-12	-13	-19	-45
Changes due to recognised impairments (recognised losses)	0	0	-36	-36
Closing balance	106	76	124	306
- reversal of impairment provisions related to fair value through OCI	-26			-26
Capitalised impairment provisions at the end of the period	80	76	124	280
Of which, impairment provisions for capitalised loans	65	71	122	258
Of which, impairment provisions for unused credits and guarantees	15	5	2	22
Of which, impairment provisions, corporate market	77	46	77	200
Of which, impairment provisions, retail market	4	30	47	81

(Amounts in NOK millions)	Group			
Impairment provisions for loans and guarantees 30.06.2022	Stage 1	Stage 2	Stage 3	Total
Opening balance	120	72	95	287
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger	10	0	0	10
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger	0	7	0	7
Impairment provisions transferred to Stage 1	18	-17	0	0
Impairment provisions transferred to Stage 2	-4	6	-1	0
Impairment provisions transferred to Stage 3	0	-4	5	0
New financial assets issued or purchased	21	7	1	30
Increase in existing loans	15	22	29	66
Reduction in existing loans	-32	-13	2	-43
Financial assets that have been deducted	-20	-14	-7	-41
Changes due to recognised impairments (recognised losses)	0	0	-6	-6
Closing balance	127	65	118	310
- reversal of impairment provisions related to fair value through OCI	-25			-25
Capitalised impairment provisions at the end of the period	102	65	118	285
Of which, impairment provisions for capitalised loans	78	62	113	253
Of which, impairment provisions for unused credits and guarantees	24	3	5	32
Of which, impairment provisions, corporate market	94	28	73	195
Of which, impairment provisions, retail market	8	37	45	90

(Amounts in NOK millions)

	Group			
	Stage 1	Stage 2	Stage 3	Total
Impairment provisions for loans and guarantees 31.12.2022				
Opening balance	120	72	95	287
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger	10	0	0	10
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger	0	7	0	7
Impairment provisions transferred to Stage 1	19	-19	0	0
Impairment provisions transferred to Stage 2	-11	13	-2	0
Impairment provisions transferred to Stage 3	0	-2	2	0
New financial assets issued or purchased	33	11	18	62
Increase in existing loans	16	41	52	109
Reduction in existing loans	-41	-15	9	-48
Financial assets that have been deducted	-36	-24	-14	-74
Changes due to recognised impairments (recognised losses)	0	0	0	0
Closing balance	109	85	160	353
- reversal of impairment provisions related to fair value through OCI	-28			-28
Capitalised impairment provisions at the end of the period	81	85	160	325
Of which, impairment provisions for capitalised loans	69	81	156	306
Of which, impairment provisions for unused credits and guarantees	12	4	4	20
Of which, impairment provisions, corporate market	68	40	129	237
Of which, impairment provisions, retail market	13	45	31	89

Sensitivity analysis – loss model

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

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

delay factor, the Bank has conducted a review of the corporate market portfolio in order to identify and make impairment provisions for individual exposures.

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

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

Scenario weights used as at 30.06.2023

(Amounts in NOK millions)	Weight RM/CM	CM	RM	Total
Scenario 1 (normal case)	80 % / 75 %	130	72	201
Scenario 2 (worst case)	15 % / 20 %	77	31	109
Scenario 3 (best case)	5 % / 5 %	6	3	9
Total estimated IFRS 9 provisions	213	106	319	
Adjustments		-14		-14
-reversal of impairment provisions related to at fair value through OCI			-26	-26
Capitalised impairment provisions for the parent bank as at 30.06.2023	200	81	280	

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

(Amounts in NOK millions)	Weight RM/CM	CM	RM	Total
Scenario 1 (normal case)	100 % / 100 %	173	90	263
Scenario 2 (worst case)	100 % / 100 %	387	209	596
Scenario 3 (best case)	100 % / 100 %	121	66	187

Scenario weights used	30.06.2023	30.06.2022	31.12.2022
	Weight RM/CM	Weight RM/CM	Weight RM/CM
Scenario 1 (normal case)	80 % / 75 %	80 % / 80%	80 % / 75 %
Scenario 2 (worst case)	15 % / 20 %	15 % / 15%	15 % / 20 %
Scenario 3 (best case)	5 % / 5 %	5 % / 5 %	5 % / 5 %

Note 7 – Loans to customers by Stages 1, 2 and 3

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

(Amounts in NOK millions)	Group			
Lending to customers	Stage 1	Stage 2	Stage 3	Total
Opening balance 31.12.2022	64 530	4 052	659	69 241
Effect of merger with SpareBank 1 Modum				
Loans transferred to Stage 1	806	-796	-10	0
Loans transferred to Stage 2	-1 409	1 418	-8	0
Loans transferred to Stage 3	-17	-128	145	0
New financial assets issued or purchased	7 050	162	2	7 214
Increase in existing loans	8 112	368	9	8 489
Reduction in existing loans	-8 060	-469	-49	-8 578
Financial assets that have been deducted	-7 519	-593	-106	-8 217
Changes due to recognised impairments (recognised losses)	0	0	-38	-38
Changes due to reversals of previous impairments (recognised)	1	0	1	3
Closing balance 30.06.2023	63 495	4 013	606	68 113
Impairment provisions as % of gross lending	0,13 %	1,89 %	20,44 %	0,41 %
Hence the loan to Corporate Market	19 490	1 210	356	21 055
Hence the loan to Retail Market	44 005	2 803	250	47 058
 (Amounts in NOK millions)				
Lending to customers	Stage 1	Stage 2	Stage 3	Total
Opening balance 31.12.2021	55 639	3 950	338	59 927
Effect of merger with SpareBank 1 Modum	8 509	528	49	9 086
Loans transferred to Stage 1	1 228	-1 224	-4	0
Loans transferred to Stage 2	-1 220	1 237	-17	0
Loans transferred to Stage 3	-32	-64	96	0
New financial assets issued or purchased	13 689	326	13	14 027
Increase in existing loans	2 547	140	10	2 697
Reduction in existing loans	-3 605	-299	-36	-3 939
Financial assets that have been deducted	-10 685	-708	-47	-11 440
Changes due to recognised impairments (recognised losses)	0	0	0	0
Changes due to reversals of previous impairments (recognised)	0	0	-5	-5
Closing balance 30.06.2022	66 069	3 887	397	70 353
Impairment provisions as % of gross lending	0,15 %	1,68 %	29,89 %	0,41 %
Hence the loan to Corporate Market	20 030	1 183	211	21 425
Hence the loan to Retail Market	46 042	2 704	183	48 929

(Amounts in NOK millions)

	Group			
Lending to customers	Stage 1	Stage 2	Stage 3	Total
Opening balance 31.12.2021	55 639	3 950	338	59 927
Effect of merger with SpareBank 1 Modum	8 509	528	53	9 090
Loans transferred to Stage 1	1 435	-1 426	-9	0
Loans transferred to Stage 2	-2 073	2 104	-31	0
Loans transferred to Stage 3	-69	-85	154	0
New financial assets issued or purchased	22 237	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
Closing balance 31.12.2022	64 530	4 052	659	69 241
Impairment provisions as % of gross lending	0,17 %	2,09 %	24,24 %	0,51 %
Hence the loan to Corporate Market	18 861	1 399	453	20 713
Hence the loan to Retail Market	45 668	2 653	207	48 528

Note 8 – Loan to customers by sector and industry

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
51 349	51 961	50 476	Employees, etc.	50 476	51 961	51 349
13 202	14 173	12 743	Property management/business services, etc.	12 721	14 146	13 176
3 343	3 205	3 759	Property management housing cooperatives	3 759	3 205	3 343
1 003	888	890	Wholesale and retail trade/hotels and restaurants	890	888	1 003
993	988	1 037	Agriculture/forestry	1 037	988	993
881	709	885	Building and construction	885	709	881
1 132	875	1 271	Transport and service Industries	1 271	875	1 132
565	628	541	Production (manufacturing)	541	628	565
0	0	0	Public administration	0	0	0
409	687	182	Other	182	687	409
72 878	74 113	71 782	Gross lending	71 760	74 087	72 852
20 144	30 237	19 545	- Of which, measured at amortised cost	19 522	30 210	20 119
49 122	40 143	48 591	- Of which, measured at fair value through OCI	48 591	40 143	49 122
3 611	3 734	3 647	- Of which, measured at fair value through profit or loss	3 647	3 734	3 611
-306	-253	-258	- Impairment provisions for loans	-258	-253	-306
72 572	73 861	71 524	Net lending	71 502	73 834	72 546
72 878	74 113	71 782	Gross lending	71 760	74 087	72 852
30 802	29 724	31 409	Gross lending transferred to SB1 Boligkredit	31 409	29 724	30 802
1 487	1 444	1 471	Gross lending transferred to SB1 Næringskredit	1 471	1 444	1 487
105 167	105 282	104 663	Gross lending, incl. SpareBank 1 Boligkredit/-Næringskredit	104 641	105 255	105 141

Note 9 – Transfer of financial assets

SpareBank 1 Sørøst-Norge and other owners have agreed to establish a liquidity facility for SpareBank 1 Boligkredit AS and SpareBank 1 Næringskredit 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 Boligkredit AS and SpareBank 1 Næringskredit AS. For more information on the accounting treatment of the agreements, see Note 2 and Note 10 to the annual financial statements for 2022.

Note 10 – Financial derivatives

General description

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

Fair value hedging

The Bank has hedged fixed rate borrowing with a capitalised value of NOK 7 500 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 30.06.2023.

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

Fair value hedging (Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Net recognition of hedging instruments	196	256	224
Net recognition of hedged items	-194	-256	-222
Total fair value hedging	2	0	2
Accumulated hedging adjustments for hedged items	-436	36	-262

Group

(Amounts in NOK millions)	30.06.2023			30.06.2022			30.06.2022		
	Contract sum	Fair value		Contract sum	Fair value		Contract sum	Fair value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Interest rate instruments									
Interest rate swap agreements – hedging of customer-related assets at fair value through profit or loss	3 280	194	0	3 692	128	0	3 560	121	1
Interest rate swap agreements – hedging of fixed income securities	324	7	0	355	3	0	455	16	15
Interest rate swap agreements – hedging of fair value of fixed rate borrowing	7 500	19	375	5 800	31	247	6 800	54	250
Total interest rate instruments	11 104	220	375	9 847	161	247	10 815	191	267

Note 11 – Liquidity risk

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

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

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

The average time to maturity for the Bank's bond debt was 3.2 years (3.1) years at the end of the quarter.

The liquidity reserve (LCR) was 295% (152%) at the end of the quarter and the average LCR is 237% (165%) in the year to date in 2023.

Note 12 – Net interest income

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Interest income						
39	13	47	Interest rates on loans to credit institutions at amortised cost	47	13	39
878	355	598	Interest on loans to customers at amortised cost	597	354	877
1 380	551	1 061	Interest on loans to customers at fair value through OCI	1 061	551	1 380
2 297	919	1 707	Total interest income - assets measured at amortised cost	1 705	918	2 296
98	36	79	Interest on loans to customers at fixed rates	79	36	98
189	65	187	Interest on securities at fair value	187	65	189
287	102	266	Total interest income - assets measured at fair value	266	102	287
2 584	1 021	1 972	Total interest income	1 971	1 020	2 583
Interest expenses						
1	1	0	Interest and similar expenses for liabilities to credit institutions	0	1	1
494	150	563	Interest and similar expenses for deposits from and liabilities to customers	562	149	492
457	159	400	Interest and similar expenses for issued securities	400	159	457
25	10	18	Interest and similar expenses for subordinated loan capital	18	10	25
35	17	18	Other interest expenses and similar expenses	18	17	35
1 012	338	998	Total interest expenses	998	337	1 010
1 572	683	974	Net interest income	973	684	1 573

Note 13 – Net commission and other income

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Commission income						
12	6	5	Guarantee commission	5	6	12
1	1	0	Interbank commission	0	1	1
19	9	9	Credit brokerage	9	9	19
34	16	16	Securities trading and management	16	16	34
223	96	110	Payment services	110	96	223
144	69	73	Insurance services	73	69	144
18	6	7	Other commission income	7	6	18
166	97	80	Commission from SpareBank 1 Boligkreditt and Næringskreditt	80	97	166
618	300	301	Total commission income	301	300	618
Commission expenses						
1	1	1	Interbank fees	1	1	1
23	10	18	Payment services	18	10	23
14	7	9	Other commission expenses	9	7	14
39	17	28	Total commission expenses	28	17	39
579	283	273	Net commission income	273	283	579
Other operating income						
4	2	2	Operating income from real estate	2	2	4
6	3	3	Profit from the sale of fixed assets	3	3	6
6	3	4	Other operating income	5	3	6
0	0	0	Operating income from estate agency business	119	117	233
0	0	0	Operating income from accounting firms	50	31	55
16	7	9	Total other operating income	179	155	304
595	290	282	Net commission and other income:	452	438	883

Note 14 – Net result from other financial investments

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Net change in value of stocks, shares, etc. measured at fair value						
65	33	34	Net change in value of stocks, shares, etc. measured at fair value	34	33	65
-71	-66	-37	Net change in value of bonds/certificates measured at fair value	-37	-66	-71
-17	-12	24	Net change in value of financial derivatives measured at fair value	24	-12	-17
17	7	8	Exchange rate gains/losses on currency	8	7	17
-5	-38	29	Net result from other financial investments	29	-38	-5

Note 15 – Measuring fair value of financial instruments

Financial instruments at fair value are classified at different levels.

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

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

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

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

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

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

The Group's assets and liabilities measured at fair value as at 30.06.2023

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans			3 647	3 647
- Mortgages at fair value through OCI			48 591	48 591
- Interest-bearing securities	47	10 256		10 304
- Shares, units and equity certificates	228		2 462	2 689
- Financial derivatives		220		220
Total assets	275	10 476	54 700	65 451
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued		6 546		6 546
- Financial derivatives		375		375
Total liabilities		6 921		6 921

The Group's assets and liabilities measured at fair value as at 30.06.2022

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans			3 734	3 734
- Mortgages at fair value through OCI			46 352	46 352
- Interest-bearing securities	247	8 345		8 593
- Shares, units and equity certificates	216		2 384	2 599
- Financial derivatives		161		161
Total assets	463	8 507	52 469	61 439
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued		5 599		5 599
- Financial derivatives		247		247
Total liabilities		5 845		5 845

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

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

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued		6 583		6 583
- Financial derivatives		267		267
Total liabilities	6 850			6 850

Changes in instruments classified as Level 3 as at 30.06.2023

(Beløp i mnok)	Fastrente-utlån	Aksjer til virkelig verdi over res.	Lån til vv over utv.res.
Inngående balanse 01.01.2023	3 611	2 397	49 122
Tilgang	387	45	12 592
Avgang	-351	-8	-13 124
Netto gevinst/tap på finansielle instrumenter		27	
Utgående balanse 30.06.2023	3 647	2 462	48 591

Endringer i instrumentene klassifisert i nivå 3 pr 30.06.2022

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2022	2 844	2 004	40 143
Supply from merger with SpareBank 1 Modum	651	353	6 506
Additions	730	27	11 688
Disposals	-491	-33	-11 986
Net gain/loss on financial instruments	0	33	0
Closing balance 30.06.2022	3 734	2 384	46 352

Changes in instruments classified as Level 3 as at 31.12.2022

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2022	2 844	2 004	40 143
Supply from merger with SpareBank 1 Modum	651	352	6 506
Additions	758	111	22 912
Disposals	-641	-130	-20 439
Net gain/loss on financial instruments		60	
Closing balance 31.12.2022	3 611	2 397	49 122

Note 16 – Other assets

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
43	66	69	Prepaid, unaccrued costs, and accrued income not yet received	205	204	150
49	69	142	Other assets	69	68	57
191	161	220	Derivatives and other financial instruments at fair value	220	161	191
283	296	431	Total other assets	494	434	399

Note 17 – Deposits from customers by sector and industry

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
36 228	37 348	37 750	Employees, etc.	37 750	37 348	36 228
5 896	6 978	6 210	Property management/business services, etc.	6 160	6 925	5 829
310	293	267	Property management housing cooperatives	267	293	310
1 754	1 811	1 743	Wholesale and retail trade/hotels and restaurants	1 743	1 811	1 754
802	578	878	Agriculture/forestry	878	578	802
1 744	1 330	1 433	Building and construction	1 433	1 330	1 744
4 184	3 828	4 929	Transport and service industries	4 929	3 828	4 184
984	832	1 040	Production (manufacturing)	1 040	832	984
2 500	2 781	2 568	Public administration	2 568	2 781	2 500
882	1 430	405	Other	405	1 430	882
55 284	57 210	57 222	Total deposits	57 172	57 157	55 216

Note 18 – Securities debt

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

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

Group (Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Loans from credit institutions, nominal value	0	150	0
Bond debt, senior unsecured, nominal value	15 599	15 439	16 178
Bond debt, SNP, nominal value	4 000	3 000	3 500
Value adjustments and accrued interest	-260	-182	-108
Total interest-bearing securities	19 339	18 407	19 570

Change in financial borrowing

Group (Amounts in NOK millions)	30.06.2023	Issued	Due/redeemed	31.12.2022
Bond debt, senior unsecured, nominal value	15 599	1 580	-2 159	16 178
Bond debt, SNP, nominal value	4 000	500	0	3 500
Value adjustments and accrued interest	-260		-152	-108
Total interest-bearing securities	19 339	2 080	-2 311	19 570

Group (Amounts in NOK millions)	30.06.2022	Merger 01.04.2022 portfolio SpareBank 1 Modum	31.12.2021		
			Issued	Due/redeemed	31.12.2021
Loans from credit institutions, nominal value	150	0	0	0	150
Bond debt, senior unsecured, nominal value	15 439	598	1 500	-1 952	15 293
Bond debt, SNP, nominal value	3 000	0	1 450	0	1 550
Value adjustments and accrued interest	-182	0	0	-252	70
Total interest-bearing securities	18 407	598	2 950	-2 204	17 063

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

Note 19 – Subordinated loan capital

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

Time-limited subordinated bonds loans

Group (Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Subordinated loan capital	745	825	745
Value adjustments and accrued interest	5	3	4
Total subordinated loan capital	750	828	749

Change in subordinated loan capital

Group (Amounts in NOK millions)	30.06.2023	Issued	Due/redeemed	31.12.2022
Subordinated loan capital	745	200	-200	745
Value adjustments and accrued interest	5		1	4
Total subordinated loan capital	750	200	-199	749

Group (Amounts in NOK millions)	30.06.2022	Modum	Issued	Due/redeemed	31.12.2022
Subordinated loan capital	825	90	350	-265	650
Value adjustments and accrued interest	3	0	0	1	1
Total subordinated loan capital	828	90	350	-264	651

Group (Amounts in NOK millions)	31.12.2022	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
Total subordinated loan capital	749	90	350	-342	651

Note 20 – Other liabilities

Parent bank				Group		
31.12.2022	30.06.2022	30.06.2023	(Amounts in NOK millions)	30.06.2023	30.06.2022	31.12.2022
139	132	100	Accrued expenses and received unearned income	128	167	166
20	32	22	Provisions for guarantees	22	32	20
81	92	71	IFRS 16 liabilities related to leases	71	84	81
103	154	103	Pension liabilities	104	155	104
207	379	387	Other liabilities	358	431	263
267	247	375	Derivatives and other financial instruments at fair value	375	247	267
816	1 035	1 059	Total other liabilities	1 059	1 117	900

Note 21 – Equity certificate holders and distribution of equity certificates

Equity certificate holders

The Bank's equity certificate capital (capital paid in via equity certificates) amounts to NOK 2 101 478 415 divided into 140 098 561 equity certificates, each with a nominal value of NOK 15.00. As at 30.06.2023, there were 5 814 (6 112) equity certificate holders in SpareBank 1 Sørøst-Norge.

The 20 largest equity certificate holders as at 30.06.2023 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 HOLLA OG LUNDE	10 273 723	7.3%
VPF EIKA EGENKAPITALBEVIS	4 169 991	3.0%
SPESIALFONDET BOREA UTBYTTE	3 647 442	2.6%
PARETO INVEST NORGE AS	2 757 852	2.0%
BRANNKASSESTIFTELSEN MIDT-BUSKERUD	2 659 369	1.9%
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIG FORSIKRINGSSELSKAP	1 580 645	1.1%
LANDKREDITT UTBYTTE	950 000	0.7%
CATILINA INVEST AS	912 032	0.7%
WENAASGRUPPEN AS	907 432	0.6%
MELESIO INVEST AS	886 937	0.6%
SANDEN EQUITY AS	707 494	0.5%
AARS AS	684 737	0.5%
FORETAKSKONSULENTER AS	621 230	0.4%
SKOGEN INVESTERING AS	605 000	0.4%
HAUSTA INVESTOR AS	420 000	0.3%
TROVÅG AS	418 792	0.3%
Total 20 largest equity certificate holders	104 624 355	74.7%
SpareBank 1 Sørøst-Norge (own equity certificates)	63 060	0.0%
Other owners	35 411 146	25.3%
Total number of equity certificates	140 098 561	100.0%

Note 22 – Equity certificates and ownership fractions

Earnings per equity certificate

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

Diluted earnings per equity certificate

In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution as at 30.06.2023. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

Parent bank

Equity certificate fraction (Amounts in NOK millions)	30.06.2023
Equity certificate capital	2 101
Share premium fund	3 779
Dividend equalisation fund, excl. other equity	1 049
Total equity certificate holders' capital	6 928
Sparebankens Fond, excl. other equity	4 480
Gift fund	7
Total community-owned capital	4 487
Equity excl. dividends, gifts, hybrid capital and other equity	11 415
Equity certificate fraction	60,7 %
Community capital	39,3 %

Parent bank

	30.06.2023
Based on profit divided between equity certificate holders and community capital (NOK millions)	828
Number of equity certificates issued	140 098 561
Earnings per equity certificate (NOK)	3,59
Market price (NOK)	50,60
Nominal Value (NOK)	15,00
Corrected result (Amounts in NOK millions)	840
Profit before other comprehensive income	-12
- corrected for interest on additional Tier 1 capital recognised directly against equity	828
Adjusted profit	286

Note 23 – Consolidated results from the interim financial statements (pro forma)¹⁾

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

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

Group

(Amounts in NOK millions)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Interest income	1 015	956	885	678	574	514	476	429
Interest expenses	524	474	410	264	197	161	132	115
Net interest income	491	483	475	414	377	353	344	314
Commission income	153	148	154	164	160	161	182	186
Commission expenses	13	15	12	10	9	10	12	11
Other operating income	101	78	74	75	100	66,7	90	79
Net commission and other income	241	211	216	230	251	218	259	254
Dividends	15	3	33	0	32,1	14	1	0
Net result from ownership interests	11	26	48	17	15,5	15	61	60
Net result from other financial investments	25,0	4	48	-15	-28,3	-2	4	14
Net income from financial assets	52	33	129	1	19	27	65	74
Total net income	784	727	820	645	648	598	669	642
Personnel expenses	175	177	245	149	152	201	212	180
Other operating expenses	136	137	124	150	147	163	140	118
Total operating expenses	312	314	369	299	299,2	364	352	298
Profit before losses and tax	472	413	452	346	349	235	316	344
Losses on loans and guarantees	-34	-1	29	7	15	-11	-2	-33
Profit before tax	506	413	422	339	334	246	318	377
Tax expense	119	93	80	81	63	51	57	78
Profit before other comprehensive income	387	320	343	258	271	195	261	300

¹⁾ 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	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
(Amounts in NOK millions)								
Profitability								
Return on equity ¹⁾	12,4 %	10,4 %	10,9 %	8,4 %	9,4 %	6,9 %	9,0 %	10,6 %
Net interest income ¹⁾	2,17 %	2,18 %	2,11 %	1,83 %	1,71 %	1,65 %	1,58 %	1,46 %
Cost-income ratio ¹⁾	41,5 %	43,3 %	44,9 %	46,3 %	46,2 %	60,8 %	52,7 %	46,4 %
Statement of financial position figures								
Gross lending to customers incl. transfers to mortgage credit institutions ¹⁾	104 641	104 426	105 141	105 822	105 255	103 614	102 608	101 677
Gross lending to customers on the statement of financial position	71 760	71 510	72 852	74 231	74 087	72 814	72 306	71 701
Loans transferred to mortgage credit institutions	32 880	32 916	32 289	31 590	31 168	30 800	30 302	29 976
Lending growth in the past 12 months ¹⁾	-0,6 %	0,8 %	2,5 %	4,1 %	5,1 %	5,6 %	6,4 %	6,5 %
Deposits from customers	57 172	55 263	55 216	55 943	57 157	55 590	54 566	55 120
Deposit coverage on the statement of financial position ¹⁾	79,7 %	77,3 %	75,8 %	75,4 %	77,1 %	76,3 %	75,5 %	76,9 %
Deposit coverage, incl. mortgage credit institutions ¹⁾	54,6 %	52,9 %	52,5 %	52,9 %	54,3 %	53,7 %	53,2 %	54,2 %
IDeposit growth in the past 12 months ¹⁾	0,0 %	-0,6 %	1,2 %	1,5 %	4,3 %	8,5 %	7,4 %	8,1 %
Total assets	91 392	89 897	89 547	89 396	89 863	87 394	86 487	86 140
Total assets, incl. mortgage credit institutions ¹⁾	124 272	122 813	121 837	120 986	121 032	118 194	116 789	116 116
Equity, excl. hybrid capital	12 475	12 082	12 424	12 060	11 804	11 058	11 447	11 205
Staffing								
Number of FTEs	635,2	632,6	651,8	628,2	626,0	632,9	637,2	643,1
of which parent bank	417,3	417,5	431,6	434,6	435,6	445,9	448,6	456,9

1) Alternative resultatmål er definert i eget vedlegg til kvartalsrapporten.

Note 25 – Events after the statement of financial position date

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

Statement of the Board of Directors and CEO

We declare that, to the best of our knowledge and belief, the interim report for the period 1 January to 30 June 2023 has been prepared in accordance with IAS 34 'Interim reporting', and that the information in the financial statements gives a true picture of the Bank's and the Group's assets, liabilities, financial position and results as a whole.

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

Sandefjord, 09.08.2023

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan
Chair

John-Arne Haugerud
Deputy Chair

Lene Svenne

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

Maria Tho

Hanne Myhre Gravdal
Employee representative

Frede Christensen
Employee representative

Per Halvorsen
CEO

Statements concerning future events

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

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

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

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

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



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To the Board of Directors of SpareBank 1 Sørøst-Norge

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated balance sheet of SpareBank 1 Sørøst-Norge as at 30 June 2023, and the related consolidated income statement, the statement of changes in equity and the cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information that gives a true and fair view in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not, in all material respects, give a true and fair view of the financial position of the entity as at 30 June 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 9 August 2023
KPMG AS

Anders Sjöström
State Authorised Public Accountant

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

Offices in:

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnset	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Stavanger	Ulsteinvik
Bodø	Knarvik	Stord	
Drammen	Kristiansand	Straume	Alesund



