



Second quarter report 2024



871-1871

MÅA BYEN SOM PÅ TUNET STAAR
FÅA BLDSTRE NYE TUSIND AAR.

Contents

Main figures	p. 4
Key figures	p. 6
About SpareBank 1 Sørøst-Norge	p. 8
Board of Directors' Interim Report	p. 11
Second quarter report	p. 21
Income Statement IFRS	p. 22
Balance sheet	p. 23
Consolidated results from the interim financial statements	p. 24
Change in equity	p. 25
Cash flow statement	p. 27
Notes to the financial statements	p. 30
1. Accounting policies	p. 31
2. Critical accounting estimates and discretionary valuations	p. 31
3. Capital adequacy	p. 32
4. Segment information	p. 34
5. Losses on loans and guarantees	p. 36
6. Impairment provisions for loans and guarantees	p. 36
7. Loans to customers by Stages 1, 2 and 3	p. 39
8. Loan to customers by sector and industry	p. 41
9. Transfer of financial assets	p. 41
10. Financial derivatives	p. 42
11. Liquidity risk	p. 43
12. Net interest income	p. 43
13. Net commission and other income:	p. 44
14. Net result from financial investments	p. 44
15. Fair value of financial instruments	p. 45
16. Other assets	p. 48
17. Deposits from customers by sector and industry	p. 48
18. Liabilities from the issuance of securities, subordinated debt and debt to credit institutions	p. 49
19. Subordinated loan capital	p. 50
20. Other liabilities	p. 50
21. Earnings per equity certificate and calculation of the equity certificate fraction	p. 51
22. Equity certificate holders and distribution of equity certificates	p. 52
23. Events after the statement of financial position date	p. 52
Declaration from the Board of Directors and the CEO	p. 53
Statements concerning future events	p. 54
Report on Review of Interim Financial Information	p. 57

Main figures

NOK 738 million

Profit after tax

11.5%

Return on equity

19.2%

Common Equity Tier 1 capital ratio

Group	30.06.2024		30.06.2023		31.12.2023	
	m NOK	% ¹⁾	m NOK	% ¹⁾	m NOK	% ¹⁾
Summary of the results						
Net interest income	1 062	2.31	973	2.18	2 039	2.27
Net commission and other income	434	0.95	452	0.95	848	0.95
Net income from financial assets	141	0.31	85	0.15	100	0.11
Total net income	1 638	3.57	1 511	3.29	2 987	3.33
Total operating expenses	684	1.49	626	1.42	1 334	1.49
Operating profit before losses/profit before losses and tax	954	2.08	884	1.86	1 654	1.84
Losses on loans and guarantees	19	0.04	-34	0.00	-57	-0.06
Profit before tax	935	2.04	919	1.87	1 711	1.91
Tax expense	197	0.43	212	0.42	400	0.45
Profit after tax	738	1.61	707	1.45	1 310	1.46
Total other comprehensive income recognised as equity	2	0.00	-1	-0.01	-8	-0.01
Total comprehensive income	740	1.61	706	1.44	1 303	1.45
Interest hybrid capital (additional Tier 1 capital)	17	0.04	6	0.03	26	0.03
Total comprehensive income, incl. interest on hybrid capital	723	1.58	700	3.14	1 277	1.42

¹⁾ Calculated as a % of average total assets



Key figures

Group (Amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
Profitability			
Return on equity, profit before other comprehensive income ¹⁾	11.5%	11.3%	10.2%
Cost-income ratio, parent bank ¹⁾	37.5%	32.2%	36.8%
Cost-income ratio, Group ¹⁾	41.8%	41.5%	44.6%
Statement of financial position figures			
Gross lending to customers	77 181	71 760	72 862
Gross lending to customers incl. transfers to mortgage credit institutions ¹⁾	106 623	104 641	105 204
Deposits from customers	57 712	57 172	55 184
Deposit coverage ¹⁾	74.8%	79.7%	75.7%
Liquidity coverage ratio (LCR), liquidity reserve	225%	295%	202%
Growth in lending, incl. transferred to mortgage credit institutions in past 12 months. ¹⁾	1.9%	-0.6%	0.1%
Deposit growth in the past 12 months ¹⁾	0.9%	0.0%	-0.1%
Total assets	94 673	91 392	90 003
Total assets, incl. transferred to mortgage credit institutions ¹⁾	124 115	124 272	122 345
Losses			
Loss rate on lending ¹⁾	0.03%	-0.05%	-0.08%
Loans in Stage 3 as % of gross lending ¹⁾	0.99%	0.84%	0.94%
Losses (incl. SpareBank 1 Boligkreditt/Næringskreditt)			
Loss rate on lending (incl. transferred to mortgage credit institutions) ¹⁾	0.02%	-0.03%	-0.05%
Loans in Stage 3 as percentage of gross lending (incl. transferred to mortgage credit institutions) ¹⁾	0.72%	0.58%	0.65%
Financial strength, Group (proportional consolidation)			
Capital adequacy ratio	21.7%	22.0%	21.8%
Tier 1 capital ratio	20.0%	20.3%	20.2%
Common Equity Tier 1 capital ratio	19.2%	19.4%	19.4%
Net primary capital	12 936	12 635	12 648
Tier 1 capital	11 928	11 676	11 687
Common Equity Tier 1 capital	11 444	11 168	11 207
Basis for calculation	59 545	57 436	57 916
Leverage Ratio	8.6%	8.3%	8.5%
Offices and staffing			
Number of bank branches	18	21	18
Number of FTEs	660	635	644
of which parent bank	453	417	436
Number of FTEs	689	659	671
of which parent bank	474	433	455

Equity certificates	30.06.2024	30.06.2023	31.12.2023
Equity certificate fractions	60.7%	60.7%	60.7%
Market price (NOK)	67.22	50.60	64.00
Market value (NOK millions)	9 417	7 089	8 966
Book equity per equity certificate (parent bank, NOK)	53.45	53.44	54.44
Book equity per equity certificate (Group, NOK) ¹⁾	54.27	54.03	55.00
Earnings per equity certificate (parent bank, NOK) ¹⁾	2.86	3.59	6.05
Earnings per equity certificate (Group, NOK) ¹⁾	3.12	3.01	5.47
Dividend per equity certificate (NOK)			3.88
Price/earnings per equity certificate (parent bank)	11.69x	7.00x	10.58x
Price/earnings per equity certificate (Group) ¹⁾	10.70x	8.33x	11.70x
Price/book equity (parent bank)	1.26x	0.95x	1.18x
Price/book equity (Group) ¹⁾	1.24x	0.94x	1.16x

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

About SpareBank 1 Sørøst-Norge

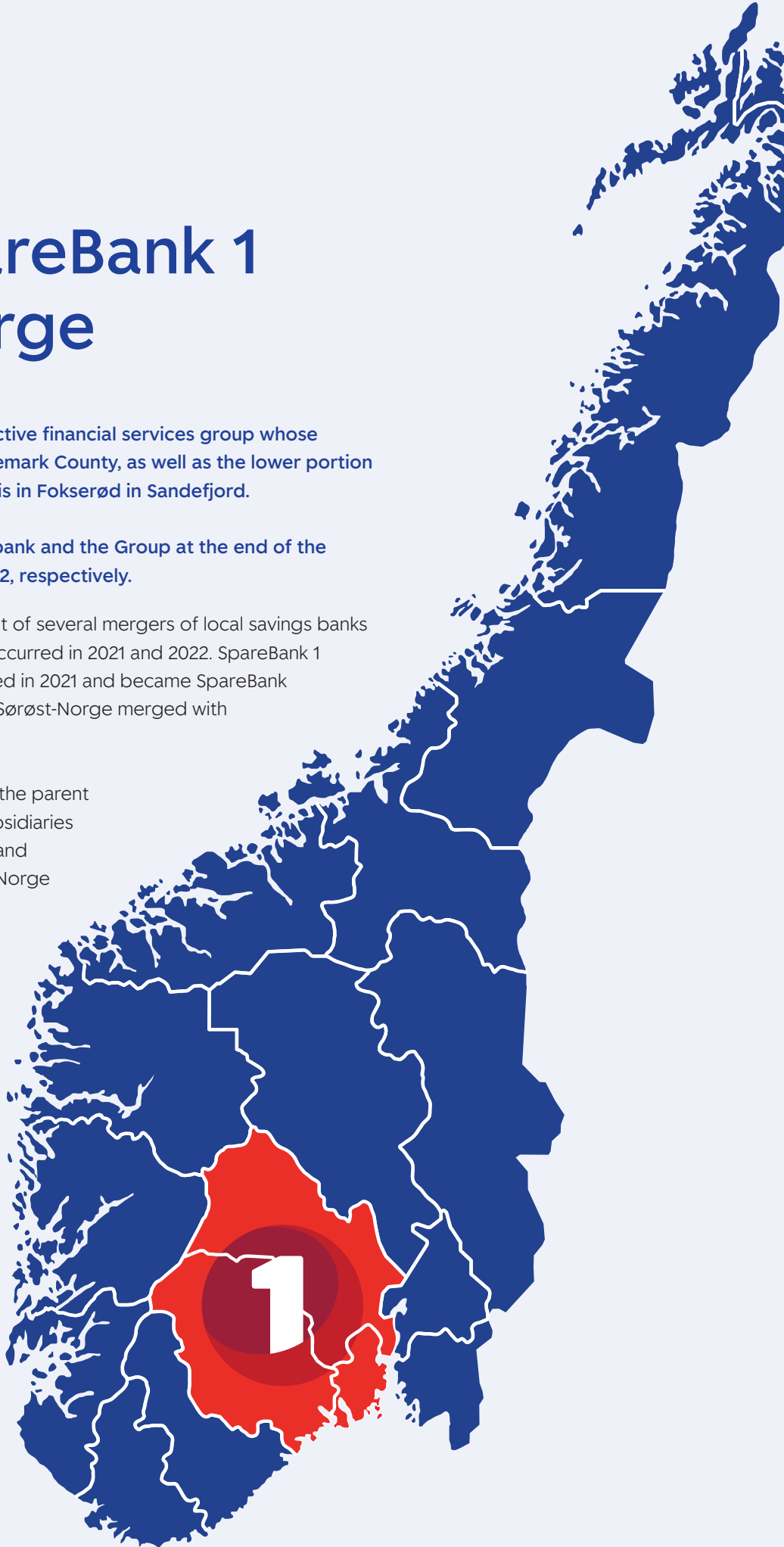
SpareBank 1 Sørøst-Norge is a proactive financial services group whose market area covers Vestfold og Telemark County, as well as the lower portion of Buskerud County. Its head office is in Fokserød in Sandefjord.

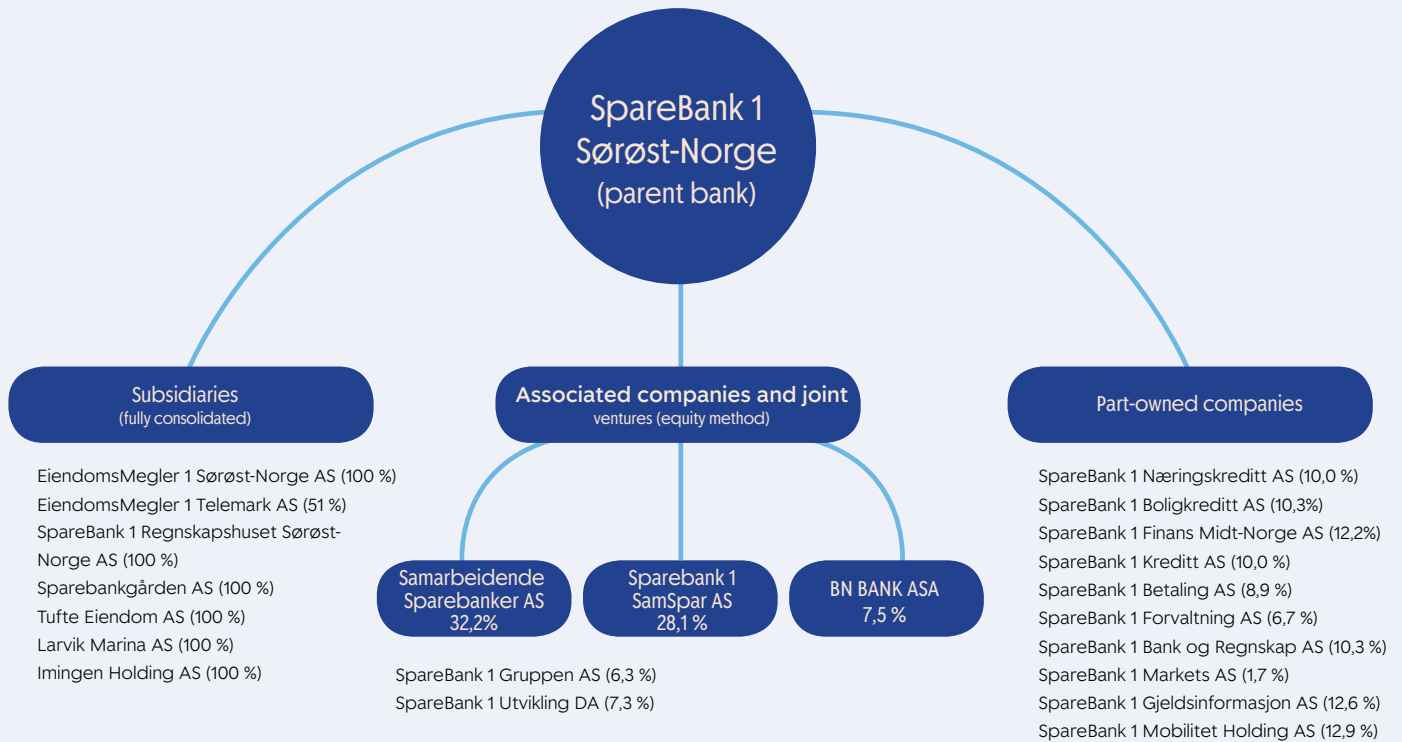
The numbers of FTEs in the parent bank and the Group at the end of the second quarter were 452.8 and 660.2, respectively.

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.

The Group's main activity consists of the parent bank, as well as the wholly owned subsidiaries EiendomsMegler 1 Sørøst-Norge AS and SpareBank 1 Regnskapshuset Sørøst-Norge AS. In addition, the Bank owns 51% of EiendomsMegler 1 Telemark.

The region has a diverse business sector. SpareBank 1 Sørøst-Norge has a total of 18 branches spread across cities and towns in areas seeing economic growth. The business sector in the Bank's market areas is well diversified with the varied composition of the sectors represented by the public sector, industry, power, technology, research and trade.





Important financial events in the second quarter of 2024

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

A dedicated project organisation is responsible for preparing for the merger and is addressing the legal and competition law considerations.

On 17.04.2024, the Norwegian Competition Authority announced that it had no comments on the merger plan and that it had completed its work on the application. On 20.06.2024, the Financial Supervisory Authority of Norway granted the approvals necessary to implement the merger. On 25.06.2024, the Ministry of Finance decided that the merger would be exempt from tax. The Financial Supervisory Authority's approval was granted on certain conditions, see the stock exchange notice of 21.06.2024.

Implementation of the merger is still scheduled for 01.10.2024. SpareBank 1 Sør-Norge will be Norway's largest savings bank, with approximately 2 300 employees, total assets of around NOK 500 billion and about NOK 375 billion in lending to people and businesses.



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.

Implementation of merger with SpareBank 1 SR-Bank ASA

On 26.10.2023, the Board of Directors announced a plan to merge with SpareBank 1 SR-Bank ASA to form SpareBank 1 Sør-Norge ASA. On 05.12.2023, the merger plan was unanimously approved by the Supervisory Board of SpareBank 1 Sørøst-Norge. On 17.04.2024, the Norwegian Competition Authority announced that it had no comments on the merger plan and that it had completed its work on the application. On 20.06.2024, the Financial Supervisory Authority of Norway granted the approvals necessary to implement the merger, with certain conditions as stated in the stock exchange notice of 21.06.2024. The Ministry of Finance's decision to exempt the merger from tax was received on 25.06.2024.

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

SpareBank 1 Sør-Norge will be, by far, Norway's largest savings bank, with approximately 2 300 employees, total assets of NOK 500 billion and NOK 375 billion in lending to retail customers and businesses. The Group will be a strong competitor for Norwegian and Nordic commercial banks.

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

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

position. The conversion means that together the foundations will own around 45% of the shares in the new group. The three largest foundations will, in line with the Financial Supervisory Authority's conditions for the merger, formulate the points in their articles of association concerning each's smallest ownership interest in such a way that together they own a minimum of 33.4% of SpareBank 1 Sør-Norge ASA's share capital and votes, thereby securing national ownership.

SpareBank 1 SR-Bank ASA and SpareBank 1 Sørøst-Norge do not have overlapping locations, which means that the Group's branch networks will complement each other and strengthen the new bank's overall presence, from Bergen to Oslo. Through this presence, SpareBank 1 Sørøst-Norge will use its strength and lifting capacity to create further growth and development in the business sectors and local communities. By also becoming Norway's largest savings bank, the new group will provide the region with a strong player that can offer larger companies a partner with expertise, product breadth and financial lifting capacity. Thanks to new bank's size and strength, it will be even better able to attract the best expertise by offering attractive and skilled jobs throughout Southern Norway. A dedicated project organisation is responsible for preparing for the merger and preparations were proceeding according to plan at the end of the second quarter. Implementation of the merger is still scheduled for 01.10.2024.

Highlights from the financial performance and statement of financial position performance in the second quarter are shown below, with the figures for the second quarter of 2023 in brackets.

Highlights from the second quarter of 2024

- Ordinary profit after tax NOK 350 (387) million
- Net interest income NOK 536 (491) million
- Net income from financial assets NOK 25 (52) million
 - Results from SpareBank 1 Gruppen and BN Bank ASA of NOK 0 (-1) million and NOK 16 (12) million, respectively
- Recognised losses on loans and guarantees of NOK -5 (-34) million
- Return on equity of 10.7% (12.4%); adjusted for one-time effects the return on equity was 10.8% (12.5%)
- Growth in lending and deposits in the quarter of 1.1% (0.2%) and 4.6% (3.5%), respectively
- The Group's Common Equity Tier 1 capital ratio (consolidated) was 19.2% (19.4%)

Highlights from the financial performance and statement of financial position performance as at 30.06.2024 are shown below, with the figures as at 30.06.2023 in brackets.

Highlights from the first half of 2024

- Ordinary profit after tax NOK 738 (707) million
- Net interest income NOK 1 062 (973) million
- Net income from financial assets NOK 141 (85) million
 - Results from SpareBank 1 Gruppen and BN Bank ASA of NOK 13 (12) million and NOK 33 (25) million, respectively
- Losses on loans and guarantees of NOK 19 (-34) million
- Return on equity of 11.5% (11.3%); adjusted for one-time effects the return on equity was 11.6% (11.3%)
- Growth in lending and deposits in the past 12 months of 1.9% (-0.6%) and 0.9% (0.0%), respectively

Financial performance

Cumulative figures as at 30.06.2024 unless explicitly stated otherwise.

Results for the second quarter compared with the first quarter

The Group's profit before tax was NOK 456 million for the second quarter of 2024, compared with NOK 478 million for the first quarter. This resulted in a return on equity after tax of 10.7% in the quarter, compared with 11.9% in the first quarter of 2024. The decrease in profit from the previous quarter was mainly due to a reduction in income from financial assets. Net interest income, including the mortgage credit institutions, increased by NOK 12 million from the first quarter (2,2%).

Net interest income

Net interest income amounted to NOK 536 million in the second quarter of 2024, up NOK 10 million from the first quarter. Net interest income as a percentage of average total assets was 2.30% at the end of the quarter, compared with 2.31% for the first quarter.

Net commission and other income

Net commission and other income amounted to NOK 238 million in the second quarter of 2024, up NOK 42 million from the first quarter. Commission income from estate agency business increased by NOK 33 million and income from money-transfer services increased by NOK 4 million in the second quarter of 2024.

Net income from financial assets

Net income from financial assets amounted to NOK 25 million in the quarter, a decrease of NOK 91 million from the first quarter. Recognised dividends amounted to NOK 14 million, which represents a reduction of NOK 43 million from the first quarter.

Income from ownership interests in SpareBank 1 Gruppen and BN Bank ASA totalled NOK 16 million in the quarter, which overall represents a decrease of NOK 16 million from the first quarter. The net result from financial investments amounted to NOK -4 million in the quarter, which is a reduction of NOK 32 million from the first quarter. The reduction was mainly due to negative changes in the values of derivatives and fixed rate loans.

Operating expenses

Operating expenses amounted to NOK 349 million in the quarter, which is an increase of NOK 14 million from the first quarter. Measured as a percentage of income, the cost level increased to 43.6% compared with 40.0% in the previous quarter.

Salaries and other personnel expenses amounted to NOK 195 million in the quarter, a reduction of NOK 1 million from the first quarter. The number of FTEs at the end of the second quarter of 2024 was 660, compared with 653 at the end of the previous quarter.

Other operating expenses amounted to NOK 153 million in the quarter, which is an increase of NOK 13 million compared with the previous quarter. The increase was

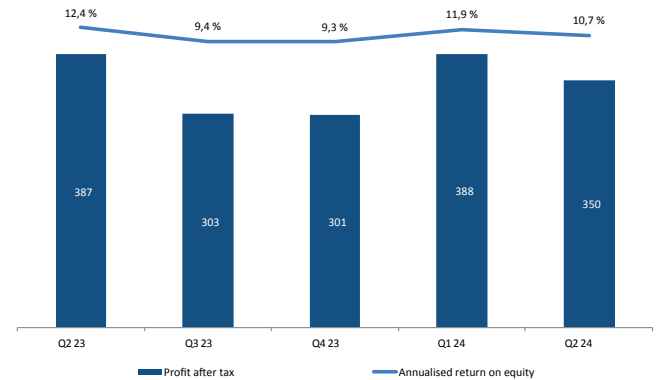
mainly attributable to NOK 5 million in costs linked to a savings programme for employees as well as merger costs of NOK 5 million.

Results for the first half-year compared with the same period last year

The Group posted a profit from ordinary operations before losses of NOK 954 (884) million in the first half-year. Profit after tax was NOK 738 (707) million, which represents 1.61% (1.45%) of average total assets. The Group's return on equity was 11.5% (11.3%).

Earnings per equity certificate in the parent bank were NOK 2.86 (3.59) and in the Group NOK 3.12 (3.01).

Quarterly performance of profit after tax and return on equity:

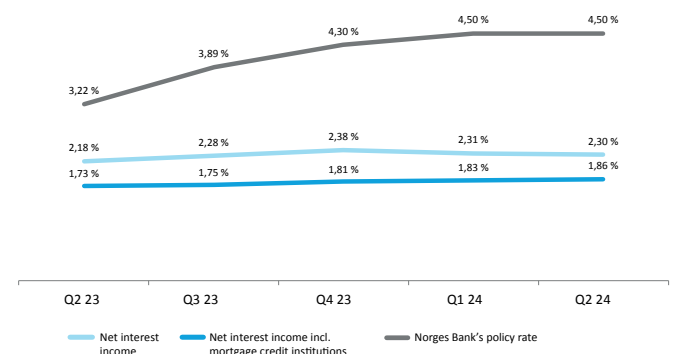


Net interest income

Net interest income amounted to NOK 1 062 (973) million. Net interest income as a percentage of average total assets was 2.31% (2.18%). An improvement in net interest income compared with the first half-year was mainly due to a better interest margin. The development of net interest income was influenced by rising interest rates, which have resulted in higher deposit margins. The Bank adjusted its lending and deposit rates due to Norges Bank's successive increases in its policy rate.

At the end of the first half-year, the Bank had transferred mortgages worth NOK 28 070 (31 409) million to SpareBank 1 Boligkreditt AS, and loans worth NOK 1 372 (1 471) million to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 66 (80) million.

Quarterly change in net interest income:



Net commission and other income

Net commission and other income totalled NOK 434 (452) million.

Net commission income

Net commission income amounted to NOK 256 (273) million. The commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounted for NOK 66 (80) million of this.

Other operating income

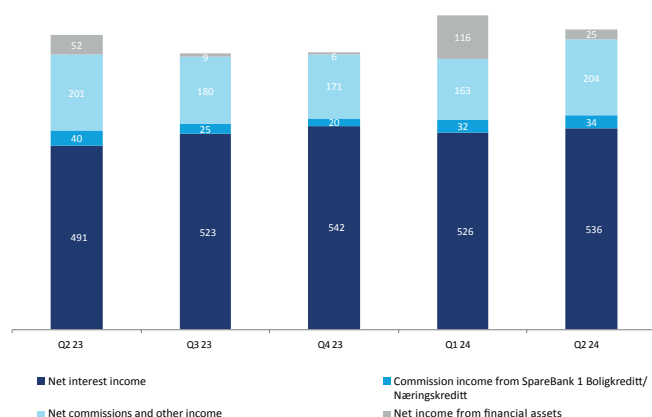
Other operating income amounted to NOK 178 (179) million.

Net income from financial assets

Net income from financial assets amounted to NOK 141 (85) million. The main items consist of NOK 71 (18) million in dividends received, NOK 47 (38) million in net profit from ownership interests, and net result from other financial investments of NOK 23 (29) million.

The net result from ownership interests includes the results from SpareBank 1 Gruppen AS and BN Bank ASA of NOK 13 (12) million and NOK 33 (25) 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 posted a profit for the year to date of NOK 578 (316) million before tax and NOK 416 (250) after tax, of which NOK 205 (152) million constitutes the controlling interest's share of the profit after tax. The annualised return on equity was 6.6% (3.9%). SpareBank 1 Sørøst-Norge's share of SpareBank 1 Gruppen's profit amounted to NOK 13 (12) million.

In the second quarter, Kredinor became a subsidiary of SpareBank 1 Gruppen as a result of the conversion of subordinated loans to equity. The acquisition analysis conducted in connection with the consolidation of Kredinor as a subsidiary (68.64%) resulted in a further NOK 234 million write-down of the stake. Of this, SpareBank 1 Sørøst-Norge's share amounted to NOK 14 million.

The Fremtind Forsikring Group posted a profit before tax of NOK 728 (346) million. The Group's profit from insurance services amounted to NOK 198 (286) million, a reduction of NOK 88 million, although still a significant improvement on the first quarter. The claims ratio

was 77.5% (72.8%). The increase in the claims ratio was mainly due to the extreme weather event "Ingunn" in the north, rainfall and the period of frost early in the year. In addition, the result was characterised by a high claims rate, and increased average claims for the home, fire damage and motor products. Net income from investments was NOK 725 (25) million. Lower market interest rates in the first half of the year resulted in a positive change in the value of the bond portfolio. The return on equities was on a par with last year.

SpareBank 1 Forsikring's profit before tax amounted to NOK 250 (104) million for the year to date. Its profit after tax was NOK 191 (79) million. The main contributors to the positive result were the profit from insurance contracts of NOK 165 (67) million and the return on the company portfolio of NOK 117 (72) million, while investment contracts have reduced the result by NOK -18 (-22) million so far this year.

Sparebanken Sogn og Fjordane's acquisition of SamSpar means that the Group will be selling down its stake in the SamSpar companies. In April 2024, Sparebanken Sogn and Fjordane signed an amendment and supplementary agreement in which it was agreed that Sparebanken Sogn and Fjordane would take an ownership stake of 13% in SpareBank 1 SamSpar AS and Samarbeidende Sparebanker Utvikling DA with effect from 02.05.2024. With this, Sparebanken Sogn and Fjordane became part of the SamSpar collaboration and the SpareBank 1 Alliance without entering into the insurance collaboration in the SpareBank 1 Alliance or as an owner of Samarbeidende Sparebanker AS at this time. Sparebanken Sogn and Fjordane plans to enter into the insurance collaboration and as an owner of Samarbeidende Sparebanker AS once Sparebanken Sogn and Fjordane's ownership in Frende Holding AS has ended, although by no later than January 2025. Preliminary estimates of SpareBank 1 Sørøst-Norge's gain from the sale of the shares in Samarbeidende Sparebanker AS are in the region of NOK 55-60 million.

Income from ownership interests, BN Bank ASA

BN Bank ASA posted a profit after tax for the first half-year of NOK 467 (354) 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 33 (25) million.

Operating expenses

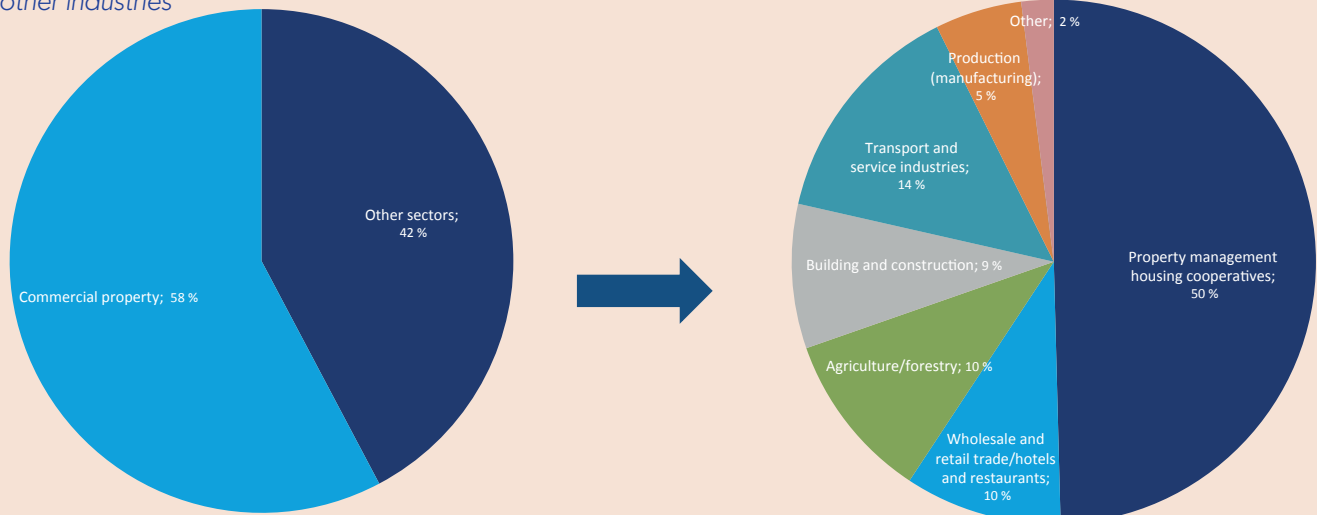
Total operating expenses amounted to NOK 684 (626) million, of which NOK 7,3 (3,5) million was due to merger/recurring costs. Operating costs have increased by NOK 51 million, e.g. merger costs (7.5%). The increase in costs is mainly due to more man-years in customer positions, wage growth and higher alliance costs linked to ICT investments.

Operating expenses as a percentage of total operating income for the Group came to 41.8% (41.5%).

Personnel expenses

Personnel expenses amounted to NOK 390 (353) million. The increase in personnel expenses was due to an increase in the number of FTEs, as well as general wage growth. The number of FTEs at the end of the quarter was 660 (635), of which the parent bank employed 453 (417).

Corporate market – volume in commercial property and other industries



Other operating expenses

Other operating expenses were NOK 294 (273) million. Merger-related on-off costs amounted to NOK 7 (0) million in 2024. The increase in operating expenses was mainly due to increased market costs and costs linked to technological development and compliance.

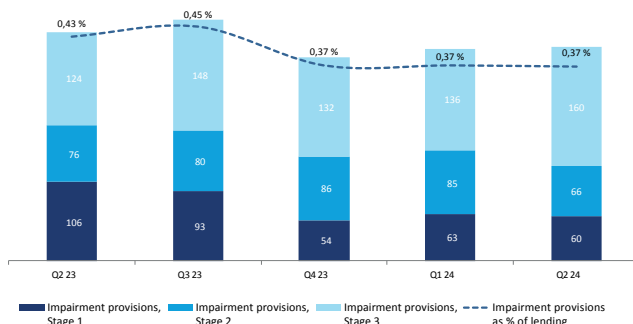
Losses and impairment provisions

Losses charged as costs amounted to NOK 19 (-34) million. Impairment provisions for loans and guarantees amounted to NOK 286 (306) million, which was equivalent to 0.37% (0.43%) of gross lending on the statement of financial position.

In the fourth quarter of 2023, the Bank decided to increase its impairment provisions by “migrating” lending to the real estate projects and construction segments from Stage 1 to Stage 2 because these industries were assessed as facing challenges due to historically low levels of activity, especially in the new housebuilding segment. The decision to migrate the lending to the real estate projects segment was maintained in the quarter, while the migration of the lending to the construction segment was reversed. The reversal was based on a thorough review of the exposures in this industry, and no material breaches had been identified as at the end of the quarter.

The Bank also assessed the IFRS 9 model’s scenario weighting. The scenario weights were unchanged for both the corporate and the retail market portfolio for the current quarter. The weighting includes an increase in the worst-case scenario and reflects the uncertainty about with future economic developments. Please see the more detailed comments in Note 6.

Quarterly change in impairment provisions, accumulated figure:



Statement of financial position performance

The Group’s total assets amounted to NOK 94 673 (91 392) million. The Group’s business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 124 115 (124 272) million.

Lending and deposit performance

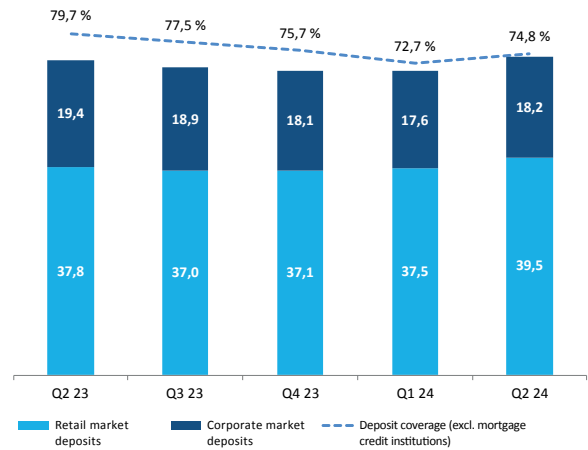
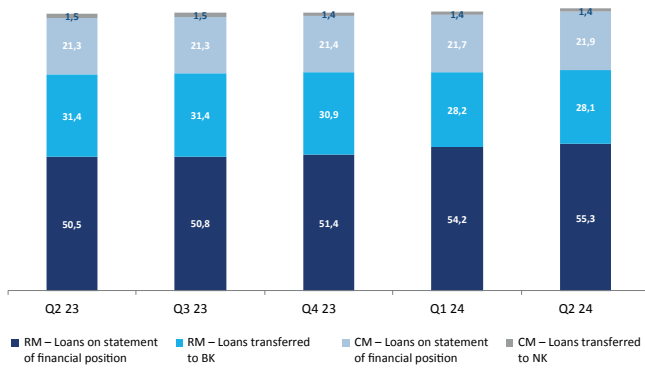
Gross lending (including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 106 623 million. The past 12 months have seen lending growth of 1.9%. NOK 1 485 million (1.8%) of the growth came in the retail market and NOK 475 million (2.1%) in the corporate market. The retail market’s share of lending (including SpareBank 1 Boligkreditt AS) at the end of the quarter was 78% (78%).

At the end of the quarter, the Group had a deposit volume of NOK 57 712 million with deposit growth of 0.9% in the past 12 months. NOK 1 726 million (4.6%) of the growth came in the retail market and NOK -1 235 million (-6.3%) in the corporate market.

The Group had a deposit coverage ratio of 74.8%, compared with 79.7% 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 54.1% (54.6%).

The retail market’s share of deposits at the end of the quarter was 68% (66%).

Quarterly change in loans and deposits:



Liquidity

The Bank’s liquidity situation at the end of the quarter is good. The Bank’s liquidity portfolio was valued at NOK 9.6 (10.3) billion and its LCR at 225% (295%). The Bank aims to keep its liquidity risk low. In a normal market, SpareBank 1 Sørøst-Norge’s goal is to be able to maintain ordinary operations for a minimum of 12 months without access to new external financing. The Bank was well above this target as at the end of the second quarter.

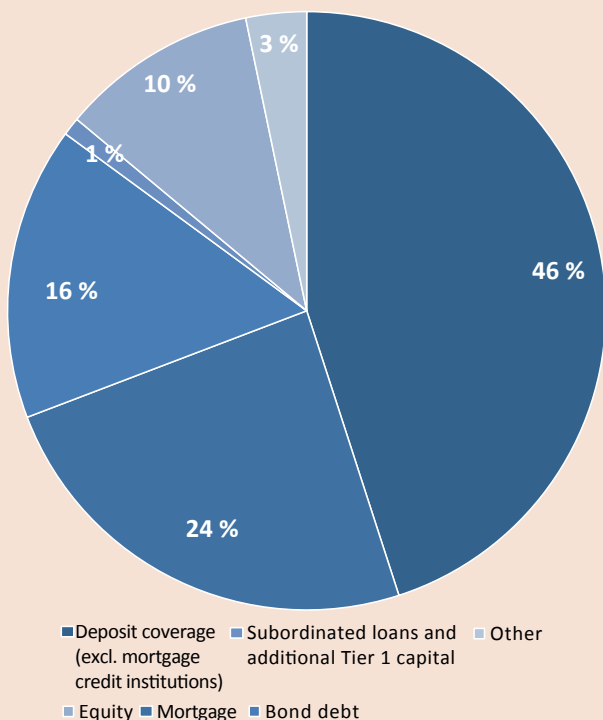
At the end of the quarter, mortgages totalling NOK 28 070 (31 409) million had been transferred to SpareBank 1 Boligkreditt AS. The total portfolio of loans ready for transfer to SpareBank 1 Boligkreditt AS amounted to NOK 31 437 (27 028) million.

In addition, the Bank has transferred loans to SpareBank 1 Næringskreditt AS worth NOK 1 372 (1 471) million.

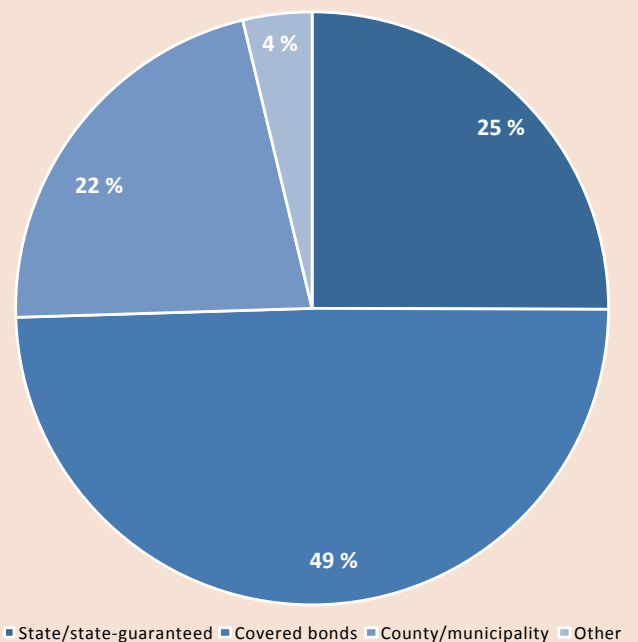
The Group’s target was to increase the average term to maturity of its bond debt to a minimum of 3.0 years. At the end of the quarter, the average term to maturity was 2.9 years (3.2 years).

The Financial Supervisory Authority of Norway updated three requirements for the Bank in December 2023, where it was decided that SpareBank 1 Sørøst-Norge must have a risk-weighted MREL (total own funds and eligible liabilities) requirement of 28.0%. Given that own funds used to meet risk-weighted MREL cannot simultaneously be used to cover the combined buffer requirement (7.5%), the actual requirement for own funds and eligible liabilities (effective MREL capital) is 37.5% of the adjusted basis for calculation at any given time. Furthermore, based on the “supervision formula” in section 20-7, fifth paragraph, letter b of the Financial Institutions Regulations, the Financial Supervisory Authority of Norway has concluded that the Bank must have own funds and subordinated debt totalling a minimum of 30.5% of the adjusted basis for calculation. At the end of the quarter, the Bank had issued NOK 4 755 (4 000) million in subordinated debt (SNP bonds). The Group’s risk-weighted MREL is calculated to be 47.8% and its “actual” MREL capital to be 31.2%. The Group met both MREL requirements at the end of the quarter.

Funding sources



The liquidity portfolio



Equity

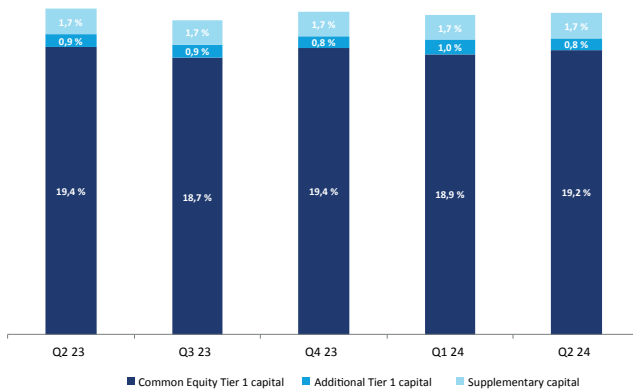
Capital adequacy

In capital adequacy calculations, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk. The Bank reports its capital adequacy on a consolidated basis. The Bank proportionally consolidates its ownership interests in SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt AS, SpareBank 1 Finans Midt-Norge AS and BN Bank ASA.

The regulatory requirement for the Common Equity Tier 1 capital ratio at the end of the second quarter of 2024 pursuant to new Regulations was 15.4% exclusive of the management buffer. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%. At the end of the first quarter, the Common Equity Tier 1 capital ratio was 19.2%¹ (19.4%)² and the leverage ratio was 8.6% (8.3%). The regulatory requirement for the leverage ratio is 3.0%.

The targets for the Common Equity Tier 1 capital ratio and the leverage ratio were met by a good margin at the end of the second quarter of 2024.

Quarterly change in capital adequacy:



¹ 31% of the undistributed profit is included in the Common Equity Tier 1 capital

² 50% of the undistributed profit is included in the Common Equity Tier 1 capital

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.

Economic outlook

The main scenario for the Norwegian economy in 2024 is that interest rates have peaked, and economic growth will pick up, although there are major differences between industries. Sections of the Norwegian economy are more optimistic than they were earlier this year and expect increased growth in the second half of 2024. Feedback from the regional network suggests that companies are generally planning for small increases in investments this year and increasing growth next year. Construction companies continue to see low economic activity and weak growth prospects. The results from Regional Network 2/2024 are also confirmed by separate

surveys in the region conducted via the "Konjunktur Sørøst" business cycle barometer.

Although inflation has slowed, it is still well above Norges Bank's inflation target of 2%. The policy rate is not expected to be reduced until 2025. If unemployment rises by more than expected or inflation drops faster, interest rates may be reduced earlier. Persistent weakness in, or a further weakening of, the Norwegian kroner exchange rate could, combined with developments in unemployment and high inflation and wage growth, result in the policy rate being put up. Changes in the policy rate will affect the recovery of the economy and change expectations concerning future economic developments. Higher interest rates and high inflation have resulted in the overall growth in credit for businesses and households being weak and declining. Credit growth is also expected to be weak in the second half of 2024.

Outlook for the Group

Because the policy rate is not expected to change in 2024, the main scenario is that money market rates will remain at their current level for the rest of 2024, such that the Bank maintains satisfactory net interest income that will make a positive contribution to the return on equity in the third quarter.

A slight or further weakening of the krone exchange rate could lead to a higher interest rate than expected. This could affect economic activity in business and households. At the same time, we see that the political and economic uncertainty in the world around us is higher than normal. The Bank's loan portfolio has proven to be robust throughout the interest rate hikes in 2022 and 2023, and has seen very low losses. The assumption that interest rates are nearing their peak has had a positive impact on the outlook for household and corporate finances. In the second quarter, the Group saw greater activity in the estate agency companies and greater demand for mortgages in the retail market, as well as good lending growth. There was also some increased activity in the corporate market in the property segment, although the level of new build activity is particularly low. Growth is expected to pick up during the third quarter.

The Board considers the quality of the loan portfolio to be good and the credit risk to be prudent. The Bank has seen low losses and has a high proportion of customers with a low loss risk. A high proportion of loans to retail customers also contribute to a stable return on equity. At the end of the second quarter, the Group enjoys very good financial strength and meets its regulatory capital requirements by a good margin. The region has a varied and strong business sector with good profitability and growth prospects and is seeing population growth and moderate rises in house prices.

SpareBank 1 Sørøst-Norge's strategic position and good financial strength will, following the merger with SpareBank 1 SR-Bank ASA, help to bolster SpareBank 1

Sør-Norge's competitiveness, profitability, growth and capacity for paying dividends. SpareBank 1 Sør-Norge wants to be a savings bank and a financial services group with capacity to increase its total lending to Norwegian businesses, with greater lifting power, expertise and networks for local businesses and jobs.

Sandefjord, 07.08.2024

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan
Chair of the Board

John-Arne Haugerud
Deputy Chair

Lene Svenne

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

Maria Tho

Hanne Myhre Gravdal
Employee representative

Frede Christensen
Employee representative

Per Halvorsen
CEO





Second quarter report

Income Statement IFRS

Parent bank					Group						
2023	Q2 2023	Q2 2024	30.06. 2023	30.06. 2024	(Amounts in NOK millions)	Note	30.06. 2024	30.06. 2023	Q2 2024	Q2 2023	2023
621	144	174	266	350	Interest income - assets measured at fair value		350	266	174	144	621
3 769	872	1 141	1 707	2 233	Interest income - assets measured at amortised cost		2 231	1 705	1 140	871	3 765
2 351	524	778	998	1 521	Interest expenses		1 519	998	777	524	2 347
2 039	492	536	974	1 062	Net interest income	12	1 062	973	536	491	2 039
584	153	147	301	284	Commission income		284	301	147	153	584
60	13	14	28	28	Commission expenses		28	28	14	13	60
15	6	3	9	7	Other operating income		178	179	106	101	325
538	146	136	282	263	Net commission and other income	13	434	452	238	241	848
38	15	14	18	71	Dividends		71	18	14	15	38
188	188	0	188	0	Net result from ownership interests		47	38	16	11	44
18	25	-4	29	23	Net result from other financial investments ¹⁾		23	29	-4	25	18
245	229	10	236	95	Net income from financial assets	14	141	85	25	52	100
2 822	866	682	1 492	1 420	Total net income		1 638	1 511	800	784	2 987
525	114	128	233	264	Personnel expenses		390	353	195	175	767
515	124	140	247	268	Other operating expenses		294	273	153	136	567
1 040	237	267	480	532	Total operating expenses		684	626	349	312	1 334
1 782	628	414	1 012	888	Profit before losses and tax		954	884	451	472	1 654
-57	-34	-5	-34	19	Losses on loans and guarantees	5, 6	19	-34	-5	-34	-57
1 839	662	420	1 046	869	Profit before tax		935	919	456	506	1 711
396	114	101	207	193	Tax expense		197	212	106	119	400
1 443	548	318	840	676	Profit before other comprehensive income		738	707	350	387	1 310
					Controlling interest's share of profit		736	706	348	386	1 309
					Non-controlling interest's share of profit		2	1	2	1	1
6.05	2.35	1.34	3.59	2.86	Earnings and diluted result per equity certificate before other comprehensive income		3.12	3.01	1.48	1.65	5.47

OCI

Parent bank					Group						
2023	Q2 2023	Q2 2024	30.06. 2023	30.06. 2024	(Amounts in NOK millions)	Note	30.06. 2024	30.06. 2023	Q2 2024	Q2 2023	2023
1 443	548	318	840	676	Profit for the period		738	707	350	387	1 310
					<i>Entries that can be reclassified through profit or loss</i>						
-9	-1	2	-2	-1	Change in value of loans classified at fair value		-1	-2	-2	-1	-9
					Share of OCI from associated companies and joint ventures		3	1	2	1	2
					<i>Entries that cannot be reclassified through profit or loss</i>						
0					Estimation difference, IAS 19 Pensions						0
-10	-1	2	-2	-1	Period's OCI		2	-1	0	0	-8
1 434	547	320	838	676	Total comprehensive income		740	706	350	387	1 303
					Controlling interest's share of total comprehensive income		738	705	349	386	1 302
					Non-controlling interest's share of total comprehensive income		2	1	2	1	1

Balance sheet

Parent bank					Group		
31.12.2023	30.06.2023	30.06.2024	(Amounts in NOK millions)	Note	30.06.2024	30.06.2023	31.12.2023
105	99	95	Cash holdings and receivables from central banks		95	99	105
1 688	2 737	1 665	Loans to and receivables from credit institutions without agreed maturity		1 665	2 737	1 688
761	1 370	1 229	Loans to and receivables from credit institutions with agreed maturity		1 229	1 370	761
72 646	71 524	76 946	Net lending to customers	4, 6, 7, 8	76 932	71 502	72 625
9 783	10 304	9 581	Interest-bearing securities		9 581	10 304	9 783
2 448	2 689	2 491	Shares and other equity interests		2 491	2 689	2 448
160	153	160	Investments in group companies		0	0	0
1 341	1 341	1 333	Investments in joint ventures and associated companies		1 454	1 404	1 411
234	253	233	Tangible assets		271	296	275
357	357	357	Goodwill		465	458	465
59	38	60	Deferred tax assets		60	39	60
267	431	273	Other assets	16	430	494	382
89 850	91 296	94 423	Total assets		94 673	91 392	90 003
16	30	2 789	Deposits from and liabilities to credit institutions		2 789	30	16
55 243	57 222	57 758	Deposits from customers and liabilities to customers	17	57 712	57 172	55 184
19 766	19 339	19 484	Liabilities from the issuance of securities	18	19 484	19 339	19 766
431	214	201	Tax payable		206	217	435
726	1 059	755	Other liabilities and commitments	20	849	1 059	802
751	750	751	Subordinated loan capital	19	751	750	751
76 934	78 614	81 739	Total liabilities		81 792	78 567	76 954
2 100	2 101	2 101	Equity certificate capital		2 101	2 101	2 100
3 779	3 779	3 781	Share premium fund		3 781	3 779	3 779
1 681	1 049	1 138	Dividend equalisation fund		1 138	1 049	1 681
4 889	4 480	4 537	Sparebankens Fond		4 537	4 480	4 889
112	91	112	Fund for unrealised gains		112	91	112
350	350	350	Hybrid capital		350	350	350
	826	659	Other equity		848	962	127
7	7	7	Gift fund		7	7	7
			Non-controlling interest's share		7	6	6
12 916	12 682	12 684	Total equity		12 880	12 825	13 050
89 850	91 296	94 423	Liabilities and equity		94 673	91 392	90 003

Combined results from the interim financial statements

Group

(Amounts in NOK millions)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Interest income	1 314	1 267	1 250	1 165	1 015	956	885	678
Interest expenses	777	741	707	642	524	474	410	264
Net interest income	536	526	542	523	491	483	475	414
Commission income	147	137	140	142	153	148	154	164
Commission expenses	14	13	19	14	13	15	12	10
Other operating income	106	72	69	77	101	78	74	75
Net commission and other income	238	196	191	205	241	211	216	230
Dividends	14	57	19	0	15	3	33	0
Net result from ownership interests	16	31	-3	10	11	26	48	17
Net result from other financial investments	-4	28	-10	-1	25	4	48	-15
Net income from financial assets	25	116	6	9	52	33	129	1
Total net income	800	838	740	737	784	727	820	645
Personnel expenses	195	194	230	183	175	177	245	149
Other operating expenses	153	141	156	138	136	137	124	150
Total operating expenses	349	335	386	321	312	314	369	299
Profit before losses and tax	451	503	353	416	472	413	452	346
Losses on loans and guarantees	-5	24	-42	19	-34	-1	29	7
Profit before tax	456	478	395	397	506	413	422	339
Tax expense	106	91	94	94	119	93	80	81
Profit before other comprehensive income	350	388	301	303	387	320	343	258
Interest hybrid capital	9	8	7	7	6	6	6	5
Profit after tax, incl. interest hybrid capital	341	380	293	296	381	314	337	253

Group

Earnings per equity certificate (quarter in isolation, NOK)	1.48	1.65	1.27	1.28	1.65	1.36	1.46	1.10
---	------	------	------	------	------	------	------	------

Change in equity

Group

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Non-controlling interest's share	Total equity
Equity as at 31.12.2023	2 101	3 779	1 681	4 889	7	112	350	127	6	13 051
Interest costs on additional Tier 1 capital								-17		-17
Employee equity certificate savings scheme		2								2
Dividends/gifts from 2023, to be paid in 2024			-543	-352					-1	-896
Other changes in equity								-1		-1
Profit before other comprehensive income								736	2	738
Entries that can be reclassified through profit or loss:										
Change in value of loans classified at fair value								-1		-1
Share of OCI from associated companies and joint ventures								3		3
Equity as at 30.06.2024	2 101	3 781	1 138	4 537	7	112	350	848	7	12 880

¹⁾ NOK 0.1 million was deducted from equity certificate capital as at 30.06.2024 for the treasury holding

NOK 1.9 million was deducted from equity certificate capital as at 31.12.2023 for the treasury holding

Group

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Non-controlling interest's share	Total equity
Equity as at 31.12.2022	2 101	3 779	1 413	4 716	7	91	350	310	7	12 774
Interest costs on additional Tier 1 capital								-12		-12
Employee equity certificate savings scheme		-1								-1
Dividends/gifts from 2022, paid in 2023			-364	-236					-2	-602
Other changes in equity ²⁾								-40		-40
Profit before other comprehensive income								706	1	707
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 30.06.2023	2 101	3 779	1 049	4 480	7	91	350	962	6	12 825

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

Parent bank

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2023	2 101	3 779	1 681	4 889	7	112	350	0	12 918
Interest costs on additional Tier 1 capital								-17	-17
Employee equity certificate savings scheme		2							
Dividends/gifts from 2023, paid in 2024			-543	-352					-895
Profit before other comprehensive income								676	676
Entries that can be reclassified through profit or loss:									
Change in value of loans classified at fair value								-1	-1
Equity as at 30.06.2024	2 101	3 781	1 138	4 537	7	112	350	659	12 684

¹⁾ NOK 0.1 million was deducted from equity certificate capital as at 30.06.2024 for the treasury holding

²⁾ NOK 1.9 million was deducted from equity certificate capital as at 31.12.2023 for the treasury holding

Parent bank

(Amounts in NOK millions)	Equity certificate capital ¹⁾	Share premium fund	Risk equalisation fund	Spare-bankens-fond	Gift fund	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2022	2 101	3 779	1 413	4 716	7	91	350	0	12 457
Interest costs on additional Tier 1 capital								-12	-12
Employee equity certificate savings scheme		-1							
Dividends/gifts from 2022, paid in 2023			-364	-236					-600
Profit before other comprehensive 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	12 682

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

Cash flow statement

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
			Cash flow from operating activities			
1 839	1 046	869	Period's profit before tax	935	919	1 711
			Net profit from joint ventures	-47	-38	-44
-3	-3	0	Loss/gain from fixed assets	0	-3	-3
50	26	24	Depreciation and impairments	27	28	54
-57	-34	19	Impairment of loans	19	-34	-57
-307	-307	-431	Tax payable	-431	-312	-312
-37	1 206	-4 284	Change in lending and other assets	-4 293	1 110	-42
-40	1 939	2 515	Change in deposits from customers	2 529	1 956	-33
-88	-697	-468	Change in loans to and receivables from credit institutions	-468	-697	-88
-1 353	-1 874	202	Change in certificates and bonds	202	-1 874	-1 353
-24	-152	-15	Change in other receivables	-58	-187	-21
23	-37	-15	Change in other current liabilities	1	68	14
3	1 114	-1 584	Net cash flow from operating activities	-1 585	937	-173
			Cash flow from investing activities			
-13	-8	-24	Investments in property, plant and equipment	-24	-10	-14
14	13	0	Sales of property, plant and equipment	1	13	14
-246	-197	-57	Investments in shares, equity certificates and units	-57	130	-69
264	7	30	Sales of shares, equity certificates and units	30	7	264
18	-186	-51	Net cash flow from investing activities	-50	141	195
			Cash flow from financing activities			
3 530	2 080	5 300	Increase in financial borrowing	5 300	1 930	3 530
-3 393	-2 159	-2 790	Repayment of financial borrowing	-2 790	-2 159	-3 393
200	200	100	Borrowing subordinated loans/additional Tier 1 capital	100	200	200
-200	-200	-100	Repayment, subordinated loans / additional Tier 1 capital	-100	-200	-200
-21	-18	-13	Buy-back of own equity certificates for saving programme	-13	-18	-21
-951	-603	-895	Dividends/gifts paid	-895	-603	-951
-835	-699	1 602	Net cash flow from financing activities	1 602	-849	-835
-814	229	-34	Total change in cash and cash equivalents	-34	229	-814
2 607	2 607	1 794	Cash and cash equivalents OB	1 794	2 607	2 607
1 794	2 836	1 760	Cash and cash equivalents at end of period	1 760	2 836	1 794
-814	229	-34	Net change in cash and cash equivalents	-34	229	-814
			Cash and cash equivalents, specified			
105	99	95	Cash holdings and receivables from central banks	95	99	105
1 688	2 737	1 665	Loans to and receivables from credit institutions without agreed maturity	1 665	2 737	1 688
1 794	2 836	1 760	Cash and cash equivalents	1 760	2 836	1 794

Additional specifications

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

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
3 825	1 739	2 270	Interest received on loans to customers	2 268	1 738	3 821
-1 331	-563	-885	Interest paid on deposits from customers	-883	-562	-1 327
123	47	64	Interest received on loans to and receivables from credit institutions	64	47	123
-1	0	-50	Interest paid on loans to and receivables from credit institutions	-50	0	-1
442	187	248	Interest received on certificates and bonds	248	187	442
-984	-418	-569	Interest paid on certificates and bonds	-569	-418	-984
227	207	71	Dividends from investments	71	56	38
2 302	1 199	1 150	Net cash flow from interest received, interest payments and dividends received	1 150	1 048	2 113



Notes to the financial statements

Note 1 – Accounting policies

The interim report for SpareBank 1 Sørøst-Norge covers the period 01.01-30.06.2024. The interim financial statements have been prepared in conformity with IAS 34 Interim Financial Reporting. The interim financial statements have undergone simplified auditor control.

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 2023. In this interim report, SpareBank 1 Sørøst-Norge has applied the same accounting policies and calculation methods as those used in the Annual Report 2023.

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 2023.

Note 2 – Critical accounting estimates

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

In the financial statements for 2023, 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 2023 for a detailed description of the loss model applied in accordance with IFRS 9. The model contains several critical estimates. The most important are related to the definition of substantially increased credit risk and key assumptions in the general loss model. The definition of increased credit risk remains unchanged since the last annual financial statements.

The Bank's loss model provides proposed key assumptions for calculating expected credit loss (ECL) using regression analysis and simulation. Future default levels (PDs) are predicted based on expected developments in money market rates and unemployment. The future loss level (LGD) is simulated based on security values and price development expectations for various security objects.

Norges Bank's Monetary Policy Report has been chosen as the main source for the explanatory variables interest rates, unemployment and property price developments. The management's estimates and discretionary assessments of expected developments in default and loss levels (PD and LGD) were largely based on macro forecasts from Monetary Policy Report (PPR) 2/24. The forecast for the policy rate has been adjusted slightly compared with the previous report, and the projections for inflation going forward have also been adjusted to some extent. As at 30.06.2024, the Bank assessed that the changes in the macro forecasts, compared with 31.03.2024, indicated, overall, slightly lower levels of defaults and loss rates given default.

The selection of scenarios and the weighting of these are regularly reviewed by an internal working group consisting of people at manager level and adjusted if there are significant changes in the macro picture. At the end of the second quarter of 2024, the expected scenario was weighted 80%, the downside scenario 15% and the upside scenario 5% (80/15/5). The weighting is similar for both the corporate market portfolio and the retail market portfolio, and reflects the uncertainty associated with economic developments going forward.

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

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. The Bank reports its capital adequacy on a consolidated basis. The Bank proportionally consolidates its ownership interests in SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt ASA, SpareBank 1 Finans Midt-Norge AS and BN Bank ASA.

The total requirement for the Common Equity Tier 1 capital ratio for SpareBank 1 Sørøst-Norge was 15.4% exclusive of the management buffer at the end of the second quarter

of 2024. The Group's target for the Common Equity Tier 1 capital ratio is 17.0%. At the end of the second quarter of 2024, the Common Equity Tier 1 capital ratio was 19.2% (19.4%) and the leverage ratio was 8.6% (8.3%). 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 2024.

The interim result, reduced by a dividend of 69% (the average dividend over the past 3 years), was included in the Common Equity Tier 1 capital as at 30.06.2024.

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
12 566	12 332	12 334	Total capitalised equity (excluding hybrid capital)	12 530	12 475	12 700
-896	-765	-466	Capitalised equity not included in Tier 1 capital	-337	-553	-739
			Minority interests that cannot be included in Common Equity Tier 1 capital	-7	-6	-6
-16	-17	-15	Value adjustments on shares and bonds measured at fair value (AVA)	-23	-24	-24
			Other intangible assets	-5	-8	-5
			Positive values of adjusted expected loss	-74	-72	-77
-357	-357	-357	Deduction for goodwill	-465	-458	-465
-176	-184	-176	Deduction for non-material interests in the financial sector	-176	-184	-176
-767	-867	-784	Deduction for material interests in the financial sector			
10 356	10 143	10 537	Total Common Equity Tier 1 capital	11 444	11 168	11 207
350	350	350	Hybrid capital	350	350	350
			Hybrid capital issued by companies included on the consolidated accounts that can be included	135	158	130
10 706	10 493	10 887	Total Tier 1 capital	11 928	11 676	11 687
			Supplementary capital in excess of Tier 1 capital			
745	745	745	Time-limited primary capital	745	745	745
			Primary capital issued by companies included on the consolidated accounts that can be included	262	214	216
11 451	11 238	11 632	Net primary capital	12 936	12 635	12 648

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
			Risk-weighted basis for calculation			
41 639	42 039	43 878	Assets not included in the trading portfolio	54 504	52 573	52 271
4 196	3 782	4 196	Operational risk	4 579	4 147	4 956
49	58	48	CVA surcharge (counterparty risk on derivatives)	462	716	688
45 884	45 879	48 123	Total basis for calculation	59 545	57 436	57 916
22.6%	22.1%	21.9%	Common Equity Tier 1 capital ratio	19.2%	19.4%	19.4%
23.3%	22.9%	22.6%	Tier 1 capital ratio	20.0%	20.3%	20.2%
25.0%	24.5%	24.2%	Capital adequacy	21.7%	22.0%	21.8%
11.5%	11.0%	11.2%	Leverage ratio	8.6%	8.3%	8.5%
			Buffer requirements			
1 147	1 147	1 203	Capital conservation buffer (2.5%)	1 489	1 436	1 448
1 147	1 147	1 203	Countercyclical buffer (2.5%)	1 489	1 436	1 448
2 065	1 376	2 166	Systemic risk buffer 4.5% (3.0%)	2 680	1 723	2 606
4 359	3 670	4 572	Total buffer requirement for Common Equity Tier 1 capital	5 657	4 595	5 502
2 065	2 065	2 166	Minimum requirement for Common Equity Tier 1 capital (4.5%)	2 680	2 585	2 606
3 932	4 408	3 799	Available Common Equity Tier 1 capital in excess of minimum requirement	3 107	3 988	3 099

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	Specification of risk-weighted credit risk (amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
60	59	60	Governments and central banks	203	73	70
492	535	442	Local and regional authorities	478	596	637
10	10	0	Publicly owned companies	0	11	12
214	257	247	Institutions	662	805	728
8 434	8 737	8 936	Companies	10 638	10 319	10 147
5 924	6 065	6 113	Mass market	14 656	15 027	14 826
19 370	19 040	20 643	Collateral security in real estate	21 003	19 477	19 816
708	574	867	Exposures past due	935	633	762
2 105	1 990	2 213	High-risk exposures	2 213	1 990	2 105
499	550	474	Covered bonds	784	763	801
338	647	393	Receivables from institutions and companies with short-term ratings	393	647	338
46	74	53	Shares in securities funds	54	75	46
2 989	2 983	3,000	Equity items	1 942	1 592	1 475
450	517	435	Other exposures	543	566	507
41 639	42 039	43 878	Total credit risk	54 504	52 573	52 271

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 segment reporting for the Bank's supreme decision-

making body (the Board of Directors) is divided into the following areas: retail market (RM) and corporate market (CM).

Group eliminations are shown together with undivided operations in a separate column.

Group 30.06.2024

(amounts in NOK millions)	RM	CM	Not allocated	Total
Profit				
Net interest income	619	443	0	1 062
Net commission and other income	423	159	-6	576
Operating expenses	482	207	-5	684
Profit before losses	559	395	0	954
Losses on loans and guarantees	10	9		19
Profit before tax	549	386	0	935

(amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	56 674	20 272	-14	76 932
Other assets			17 741	17 741
Total assets per segment	56 674	20 272	17 727	94 673
Deposits from and liabilities to customers	39 938	17 820	-46	57 712
Other equity and liabilities			36 960	36 960
Total equity and debt per segment	39 938	17 820	36 915	94 673

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

Group 30.06.2023

(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 31.12.2023

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

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	52 600	20 046	-21	72 625
Other assets			17 378	17 378
Total assets per segment	52 600	20 046	17 357	90 003
Deposits from and liabilities to customers	37 695	17 548	-59	55 184
Other equity and liabilities			34 819	34 819
Total equity and debt per segment	37 695	17 548	34 760	90 003

Note 5 – Impairment of loans

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

Group

(Amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
Changes in IFRS 9 provisions	15	-34	-50
Effect of changed scenario weights	0	0	-8
Confirmed losses (net)	4	1	6
Receipts on previously recognised impairments	-1	-3	-4
Other corrections/amortisation of impairments	1	1	0
Losses on loans and guarantees in the period	19	-34	-57

Note 6 – Impairment provisions for loans and guarantees

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

(Amounts in NOK millions)

	Group			
Impairment provisions for loans and guarantees 30.06.2024	Stage 1	Stage 2	Stage 3	Total
Opening balance	54	86	132	272
Impairment provisions transferred to Stage 1	16	-16	0	0
Impairment provisions transferred to Stage 2	-3	5	-2	0
Impairment provisions transferred to Stage 3	0	-6	7	0
New financial assets issued or purchased	3	1	1	5
Increase in existing loans	18	24	50	92
Reduction in existing loans	-27	-24	-1	-52
Financial assets that have been deducted	-2	-3	-5	-11
Changes due to recognised impairments (recognised losses)	0	0	-22	-22
Closing balance	60	66	160	286
- reversal of impairment provisions related to fair value through OCI	-15			-15
Capitalised impairment provisions at the end of the period	45	66	160	272
Of which, impairment provisions for capitalised loans	30	62	157	249
Of which, impairment provisions for unused credits and guarantees	15	4	3	22
Of which, impairment provisions, corporate market	31	45	107	183
Of which, impairment provisions, retail market	14	22	53	88

(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
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 31.12.2023	Stage 1	Stage 2	Stage 3	Total
Opening balance	109	85	160	353
Impairment provisions transferred to Stage 1	15	-14	-1	0
Impairment provisions transferred to Stage 2	-13	14	-1	0
Impairment provisions transferred to Stage 3	-1	-5	6	0
New financial assets issued or purchased	7	14	1	23
Increase in existing loans	17	46	64	127
Reduction in existing loans	-63	-32	-30	-125
Financial assets that have been deducted	-18	-21	-23	-63
Changes due to recognised impairments (recognised losses)	0	0	-43	-43
Closing balance	54	86	132	272
- reversal of impairment provisions related to fair value through OCI	-16			-16
Capitalised impairment provisions at the end of the period	38	86	132	256
Of which, impairment provisions for capitalised loans	31	78	128	237
Of which, impairment provisions for unused credits and guarantees	7	8	4	19
Of which, impairment provisions, corporate market	32	61	91	183
Of which, impairment provisions, retail market	6	25	41	73

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. Scenarios and scenario weights are assessed continuously based on the available information.

The weighting has been kept unchanged from the end of the year, and at the end of the second quarter of 2024, the expected scenario was weighted 80%, the downside

scenario 15% and the upside scenario 5% (80/15/5).

The weighting is similar for both the corporate market portfolio and the retail market portfolio, and reflects the uncertainty associated with economic developments going forward.

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 (RM) and corporate market (CM).

Scenario weights used as at 30.06.2024

(amounts in NOK millions)	Weight RM/CM	RM	CM	Total
Scenario 1 (normal case)	80%/80%	71	133	203
Scenario 2 (worst case)	15%/15%	24	49	73
Scenario 3 (best case)	5%/5%	3	6	10
Total estimated IFRS 9 provisions		98	188	286
Reversal of impairment provisions related to fair value through OCI and other adjustments		-10	-5	-15
Capitalised impairment provisions for the parent bank as at 30.06.2024		88	183	272

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

(Amounts in NOK millions)	Weight RM/CM	RM	CM	Total
Scenario 1 (normal case)	100%/100%	89	168	257
Scenario 2 (worst case)	100%/100%	162	326	487
Scenario 3 (best case)	100%/100%	69	130	199

	30.06.2024	30.06.2023	31.12.2023
Scenario weights used	Weight RM/CM	Weight RM/CM	Weight RM/CM
Scenario 1 (normal case)	80%/80%	80%/75%	80%/80%
Scenario 2 (worst case)	15%/15%	15%/20%	15%/15%
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 30.06.2024			
	Stage 1	Stage 2	Stage 3	Total
Lending to customers				
Opening balance	61 820	6 841	684	69 345
Loans transferred to Stage 1	1 714	-1 711	-2	0
Loans transferred to Stage 2	-1 195	1 221	-26	0
Loans transferred to Stage 3	-47	-207	255	0
New financial assets issued or purchased	8 680	227	14	8 920
Increase in existing loans	9 277	605	29	9 911
Reduction in existing loans	-9 159	-1 019	-102	-10 280
Financial assets that have been deducted	-3 650	-372	-52	-4 075
Changes due to recognised impairments (recognised losses)	0	0	-33	-33
Closing balance ¹⁾	67 438	5 584	766	73 788
Impairment provisions as % of gross lending	0.1%	1.2%	20.9%	0.4%
Hence the loan to Corporate Market	18 180	2 940	499	21 619
Hence the loan to Retail Market	49 258	2 644	267	52 169

(amounts in NOK millions)	Group 30.06.2023			
	Stage 1	Stage 2	Stage 3	Total
Lending to customers				
Opening balance	64 530	4 052	659	69 241
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 ¹⁾	63 495	4 013	606	68 113
Impairment provisions as % of gross lending	0.2%	1.9%	20.4%	0.4%
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)	Group 31.12.2023			
	Stage 1	Stage 2	Stage 3	Total
Lending to customers				
Opening balance	64 530	4 052	659	69 241
Loans transferred to Stage 1	925	-903	-22	0
Loans transferred to Stage 2	-3 306	3 318	-12	0
Loans transferred to Stage 3	-94	-150	244	0
New financial assets issued or purchased	12 109	1 245	17	13 371
Increase in existing loans	13 867	1 159	115	15 141
Reduction in existing loans	-13 405	-839	-132	-14 376
Financial assets that have been deducted	-12 803	-1 039	-137	-13 979
Changes due to recognised impairments (recognised losses)	-5	0	-49	-54
Changes due to reversals of previous impairments (recognised)	1	0	2	3
Closing balance ¹⁾	61 820	6 841	684	69 345
Impairment provisions as % of gross lending	0.1%	1.3%	19.3%	0.4%
Hence the loan to Corporate Market	17 005	3 977	430	21 412
Hence the loan to Retail Market	44 815	2 864	254	47 933

¹⁾ Does not include loans measured at fair value through profit or loss



Note 8 – Loan to customers by sector and industry

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
51 431	50 476	55 301	Employees, etc.	55 301	50 476	51 431
12 666	12 743	12 974	Property management/business services, etc.	12 960	12 721	12 645
3 858	3 759	3 906	Property management housing cooperatives	3 906	3 759	3 858
928	890	923	Wholesale and retail trade/hotels and restaurants	923	890	928
1 042	1 037	1 080	Agriculture/forestry	1 080	1 037	1 042
909	885	893	Building and construction	893	885	909
1 348	1 271	1 416	Transport and service Industries	1 416	1 271	1 348
514	541	523	Production (manufacturing)	523	541	514
187	182	178	Other	178	182	187
72 883	71 782	77 195	Gross lending	77 181	71 760	72 862
20 140	19 545	19 956	- Of which, measured at amortised cost	19 942	19 522	20 119
49 226	48 591	53 847	- Of which, measured at fair value through OCI	53 847	48 591	49 226
3 517	3 647	3 393	- Of which, fixed rate loans measured at fair value through profit or loss	3 393	3 647	3 517
-237	-258	-249	- Impairment provisions for loans	-249	-258	-237
72 646	71 524	76 946	Net lending	76 932	71 502	72 625
72 883	71 782	77 195	Gross lending	77 181	71 760	72 862
30 892	31 409	28 070	Gross lending transferred to SB1 Boligkreditt	28 070	31 409	30 892
1 449	1 471	1 372	Gross lending transferred to SB1 Næringskreditt	1 372	1 471	1 449
105 225	104 663	106 637	Gross lending, incl. SpareBank 1 Boligkreditt/Næringskreditt	106 623	104 641	105 204

Note 9 – Transfer of financial assets

SpareBank 1 Sørøst-Norge has signed an agreement for the legal sale of loans with high security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. All the transferred loans are derecognised on the Bank's statement of financial position. In accordance with the management agreement entered into with these two companies in the Alliance, the Bank manages the loans and maintains customer contact. In addition to the sales price, the Bank receives a payment in the form of regular commission for the loans. SpareBank 1 Sørøst-Norge owned a stake of 10.3% in SpareBank 1 Boligkreditt AS as at the end of the second quarter of 2024 and its book value of transferred loans amounted to NOK 28.1 billion.

SpareBank 1 Sørøst-Norge owns a 10.0% stake in SpareBank 1 Næringskreditt AS and transferred loans to it worth NOK 1.4 billion.

SpareBank 1 Sørøst-Norge and other owners had agreed to establish a liquidity facility for SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. These agreements were terminated as of 26.03.2024 and an agreement on the establishment of a liquidity facility for SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS no longer applies.

For further information, see Notes 2 and 9 in the annual financial statements for 2023.

Note 10 – Financial derivatives

General description

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

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

Fair value hedging

The Bank has hedged fixed rate borrowing with a capitalised value of NOK 7 050 million. The borrowing is hedged 1:1 through external contracts where the term to maturity and fixed rate of the hedged item and hedging transaction match. The Bank prepares quarterly documentation of the effectiveness of the hedging instrument in relation to the hedged item. A total of 11 transactions involving borrowing were hedged as at 30.06.2024.

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

Group

Fair value hedging (Amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
Net recognition of hedging instruments	92	177	-32
Net recognition of hedged items	-82	-177	28
Total fair value hedging	11	0	-5
Accumulated hedging adjustments for hedged items	-305	-436	-220

Group

(Amounts in NOK millions)	30.06.2024			30.06.2023			31.12.2023		
	Contract sum	Fair value Assets	Liabilities	Contract sum	Fair value Assets	Liabilities	Contract sum	Fair value Assets	Liabilities
Interest rate instruments									
Interest rate swap agreements – hedging of customer-related assets at fair value through profit or loss	3 295	134	2	3 280	194	0	3 495	116	10
Interest rate swap agreements – hedging of fixed income securities	249	4	0	324	7	0	249	3	0
Interest rate swap agreements – hedging of fair value of fixed rate borrowing	7 050	40	255	7 500	19	375	7 200	61	224
Total interest rate instruments	10 594	178	257	11 104	220	375	10 944	180	234

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

The liquidity reserve (LCR) was 225% (295%) at the end of the quarter and the average LCR is 210% (237%) for the year to date in 2024.

Note 12 – Net interest income

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
			Interest income			
123	47	64	Interest rates on loans to credit institutions at amortised cost	64	47	123
1 301	598	706	Interest on loans to customers at amortised cost	704	597	1 297
2 346	1 061	1 463	Interest on loans to customers at fair value through OCI and expenses	1 463	1 061	2 346
3 769	1 707	2 233	Total interest income - assets measured at amortised cost	2 231	1 705	3 765
179	79	101	Interest on loans to customers at fixed rates	101	79	179
442	187	248	Interest on securities at fair value	248	187	442
621	266	350	Total interest income - assets measured at fair value	350	266	621
4 390	1 972	2 583	Total interest income	2 581	1 971	4 386
			Interest expenses			
1	0	50	Interest and similar expenses for liabilities to credit institutions	50	0	1
1 331	563	885	Interest and similar expenses for deposits from and liabilities to customers	883	562	1 327
943	400	546	Interest and similar expenses for issued securities	546	400	943
41	18	24	Interest and similar expenses for subordinated loan capital	24	18	41
36	18	16	Other interest expenses and similar expenses	16	18	36
2 351	998	1 521	Total interest expenses	1 519	998	2 347
2 039	974	1 062	Net interest income	1 062	973	2 039

Note 13 – Net commission and other income

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
			Commission income			
11	5	5	Guarantee commission	5	5	11
19	9	9	Credit brokerage	9	9	19
30	16	17	Securities trading and management	17	16	30
236	111	114	Payment services	114	110	236
144	73	67	Insurance services	67	73	144
20	7	6	Other commission income	6	7	20
125	80	66	Commission from SpareBank 1 Boligkreditt and Næringskreditt	66	80	125
584	301	284	Total commission income	284	301	584
			Commission expenses			
47	23	23	Payment services	23	23	47
13	5	4	Other commission expenses	4	5	13
60	28	28	Total commission expenses	28	28	60
523	273	256	Net commission income	256	273	523
			Other operating income			
5	2	2	Operating income from real estate	2	2	5
3	3	0	Profit from the sale of fixed assets	0	3	3
7	4	4	Other operating income	4	5	11
0	0	0	Operating income from estate agency business	123	119	220
0	0	0	Operating income from accounting firms	48	50	87
15	9	7	Total other operating income	178	179	325
538	282	263	Net commission and other income:	434	452	848

Note 14 – Net result from other financial investments

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
29	34	10	Income from shares	10	34	29
-13	-37	2	Income from bonds and certificates	2	-37	-13
-14	24	4	Income from financial derivatives	4	24	-14
15	8	8	Net income from foreign exchange trading	8	8	15
18	29	23	Net result from other financial investments	23	29	18

Note 15 – Financial instruments at fair value

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 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 30.06.2024

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans			3 393	3 393
- Mortgages at fair value through OCI			53 847	53 847
- Interest-bearing securities	48	9 532		9 581
- Shares, units and equity certificates	89		2 402	2 491
- Financial derivatives		178		178
Total assets	137	9 710	59 642	69 489
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued		6 881		6 881
- Financial derivatives		257		257
Total liabilities		7 138		7 138

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 31.12.2023

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans			3 517	3 517
- Mortgages at fair value through OCI			49 226	49 226
- Interest-bearing securities	49	9 734		9 783
- Shares, units and equity certificates	78		2 370	2 448
- Financial derivatives		180		180
Total assets	126	9 914	55 113	65 153
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued		6 515		6 515
- Financial derivatives		234		234
Total liabilities		6 749		6 749

Changes in instruments classified as Level 3 as at 30.06.2024

(amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2024	3 517	2 370	49 226
Additions	112	53	15 987
Disposals	-236	-22	-11 366
Net gain/loss on financial instruments			
Closing balance 30.06.2024	3 393	2 402	53 847

Changes in instruments classified as Level 3 as at 30.06.2023

(amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2023	3 611	2 397	49 122
Additions	387	45	12 592
Disposals	-351	-8	-13 124
Net gain/loss on financial instruments		27	
Closing balance 30.06.2023	3 647	2 462	48 591

Changes in instruments classified as Level 3 as at 31.12.2023

(Amounts in NOK millions)	Fixed rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2023	3 611	2 397	49 122
Additions	406	88	22 091
Disposals	-500	-132	-21 987
Net gain/loss on financial instruments		17	
Closing balance 31.12.2023	3 517	2 370	49 226

Note 16 – Other assets

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
49	69	58	Prepaid, unaccrued costs, and accrued income not yet received	204	205	163
38	142	37	Other assets	48	69	39
180	220	178	Derivatives and other financial instruments at fair value	178	220	180
267	431	273	Total other assets	430	494	382

Note 17 – Deposits from customers by sector and industry

Parent bank				Group		
31.12.2023	30.06.2023	30.06.2024	(amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
37 113	37 750	39 476	Employees, etc.	39 476	37 750	37 113
5 858	6 210	5 913	Property management/business services, etc.	5 867	6 160	5 799
260	267	229	Property management housing cooperatives	229	267	260
1 605	1 743	1 474	Wholesale and retail trade/hotels and restaurants	1 474	1 743	1 605
585	878	604	Agriculture/forestry	604	878	585
1 628	1 433	1 527	Building and construction	1 527	1 433	1 628
4 656	4 929	4 892	Transport and service Industries	4 892	4 929	4 656
889	1 040	840	Production (manufacturing)	840	1 040	889
2 346	2 568	2 469	Public administration	2 469	2 568	2 346
304	405	334	Other	334	405	304
55 243	57 222	57 758	Total deposits	57 712	57 172	55 184

Note 18 – Liabilities from the issuance of securities, subordinated debt and debt to credit institutions

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..

All bond loans are issued in Norwegian kroner (NOK) and are stated at their nominal value.

Figures have not been prepared for the parent bank, since they are almost identical to the Group's figures.

Group (Amounts in NOK millions)	30.06.2024	30.06.2023	31.12.2023
Loans from credit institutions	2 750	0	0
Bond debt	14 820	15 599	15 065
Subordinated debt, SNP bonds	4 755	4 000	4 750
Value adjustments and accrued interest	-91	-260	-49
Total interest-bearing securities	22 234	19 339	19 766

Change in financial borrowing

Group (Amounts in NOK millions)	30.06.2024	Issued	Due/redeemed	31.12.2023
Loans from credit institutions	2 750	2 750	0	0
Bond debt	14 820	2 100	-2 345	15 065
Subordinated debt, SNP bonds	4 755	450	-445	4 750
Value adjustments and accrued interest	-91	0	-42	-49
Total interest-bearing securities	22 234	5 300	-2 832	19 766

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

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

Note 19 – Subordinated loan capital

Subordinated loans are raised in Norwegian krone (NOK) and stated at their nominal value.

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)	30.06.2024	30.06.2023	31.12.2023
Subordinated loan capital	745	745	745
Value adjustments and accrued interest	6	5	6
Total subordinated loan capital	751	750	751

Change in subordinated loan capital

Group (Amounts in NOK millions)	30.06.2024	Issued	Due/redeemed	31.12.2023
Subordinated loan capital	745	0	0	745
Value adjustments and accrued interest	6	0	0	6
Total subordinated loan capital	751	0	0	751

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	0	1	4
Total subordinated loan capital	750	200	-199	749

Group (Amounts in NOK millions)	31.12.2023	Issued	Due/redeemed	31.12.2022
Subordinated loan capital	745	200	-200	745
Value adjustments and accrued interest	6	0	2	4
Total subordinated loan capital	751	200	-198	749

Note 20 – Other liabilities

Parent bank			(amounts in NOK millions)	Group		
31.12.2023	30.06.2023	30.06.2024		30.06.2024	30.06.2023	31.12.2022
124	100	82	Accrued expenses and received unearned income	118	128	137
19	22	22	Provisions for guarantees	22	22	19
58	71	58	IFRS 16 liabilities related to leases	58	71	58
108	103	116	Pension liabilities	116	104	109
183	387	221	Other liabilities	278	358	244
234	375	257	Derivatives and other financial instruments at fair value	257	375	234
726	1 059	755	Total other liabilities	849	1 059	802

Note 21 – Earnings per equity certificate and calculation of the equity certificate fraction

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

Parent bank

	30.06.2024
Equity certificate fraction (Amounts in NOK millions)	
Equity certificate capital	2 101
Share premium fund	3 781
Dividend equalisation fund, excl. other equity	1 138
Total equity certificate holders' capital	7 020
Sparebankens Fond, excl. other equity	4 537
Gift fund	7
Total community-owned capital	4 544
Equity excl. dividends, gifts, hybrid capital and other equity	11 564
Equity certificate fraction	60.7%
Community capital	39.3%

	30.06.2024
Parent bank	
Based on profit divided between equity certificate holders and community capital (NOK millions)	660
Average number of equity certificates issued	140 098 561
Earnings per equity certificate (NOK)	2.86
Market price (NOK)	67.22
Nominal Value (NOK)	15.00
Corrected result (amounts in NOK millions)	
Profit before other comprehensive income	676
- corrected for interest on additional Tier 1 capital recognised directly against equity	-17
Adjusted profit	660

Note 22 – 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.

SpareBank 1 Sørøst-Norge owned 7 359 equity certificates at the end of the quarter.

The ownership fraction was 60.7%. Equity certificate holders are represented by 11 out of 28 members (voting) on the Supervisory Board.

There were 5 893 (5 814) equity certificate holders as at the end of the quarter. The 20 largest owners were:

	Quantity	% of total number of equity certificates
SPAREBANK 1 STIFTELSEN BV	24 141 356	17.2%
SPAREBANKSTIFTELSEN TELEMARK	18 910 174	13.5%
SPAREBANKSTIFTELSEN SPAREBANK 1 MODUM	18 444 646	13.2%
SPAREBANKSTIFTELSEN NØTTERØY-TØNSBERG	10 925 503	7.8%
SPAREBANKSTIFTELSEN NOME	10 273 723	7.3%
SPESIALFONDET BOREA UTBYTTE	3 789 758	2.7%
VPF EIKA EGENKAPITALBEVIS	3 153 678	2.3%
PARETO INVEST NORGE AS	2 871 322	2.0%
BRANNKASSESTIFTELSEN MIDT-BUSKERUD	2 149 541	1.5%
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE	1 608 606	1.1%
WENAASGRUPPEN AS	1 087 931	0.8%
CATILINA INVEST AS	1 062 032	0.8%
MELESIO INVEST AS	952 259	0.7%
LANDKREDITT UTBYTTE	903 455	0.6%
SANDEN EQUITY AS	707 494	0.5%
FORETAKSKONSULENTER AS	621 230	0.4%
SKOGEN INVESTERING AS	605 000	0.4%
LAMHOLMEN INVEST AS	556 159	0.4%
TROVÅG AS	418 792	0.3%
JAG HOLDING AS	417 367	0.3%
Total 20 largest equity certificate holders	103 600 026	73.9%
SpareBank 1 Sørøst-Norge (own equity certificates)	7 359	0.0%
Other owners	36 491 176	26.0%
Total number of equity certificates (par value NOK 15)	140 098 561	100.0%

Note 23 – Events after the statement of financial position date

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

Statement of the Board of Directors and CEO

We declare that, to the best of our knowledge and belief, the interim accounts for the period 01.01.2024 to 30.06.2024 have been prepared in accordance current accounting standards, including IAS 34 “Interim reporting”, and that the information in the financial statements gives a true picture of the parent bank’s and the Group’s assets, liabilities, financial position and results as a whole.

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

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

Sandefjord, 07.08.2024

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.



Report on Review of Interim Financial Information



KPMG AS
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
N-0306 Oslo

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Shareholders of Sparebank 1 Sørøst-Norge

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Sparebank 1 Sørøst-Norge as at 30 June 2024, and the related condensed 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 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 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Oslo, 7 August 2024
KPMG AS

Anders Sjöström
State Authorised Public Accountant
(This document is signed electronically)

Offices in:

© KPMG AS, a Norwegian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

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

