



181th year

Quarterly report

Q1 2023

Quarterly report

In the first quarter, the bank reported increased net interest income, increased net commission income and an improved result compared with the same quarter last year. With a high CET1 capital ratio and a high leverage ratio, Sparebanken Øst is among Norway's most solid banks in a period marked by market unrest.

Profit for the quarter amounted to NOK 98.0 million, representing a return on equity of 8.87 per cent. The bank is happy with this performance given that it uses the standard method for calculating capital weights.

The bank's net interest income increased by NOK 36.7 million compared to Q1 2022. With effect from the start of the year and from the beginning of February, interest rate increases were implemented in large parts of the bank's lending portfolio. Further interest rate increases were decided during the quarter, taking effect from the middle of May.

In a market characterised by strong competition for customers, the bank can point to stable lending growth in the quarter, with net lending down by a modest 0.3 per cent. The reduction relates to loans to business customers. In the retail market, the bank posted solid lending growth in the office channel, corresponding to 2.0 per cent in the quarter. Deposits from customer deposits were down by 3.8 per cent in the quarter.

With a robust liquidity portfolio and a balanced maturity structure for its wholesale funding, the bank has felt little impact from the banking and market turbulence that occurred in the second half of the quarter.

The bank still has a very low losses on lending and a low rate of non-performing and impaired commitments. The bank's position is very solid, with a CET1 capital ratio of 20.37 per cent (incl. 50 per cent of retained earnings).

Results for the quarter in brief

Profit in the quarter amounts to NOK 98.0 million, an increase of NOK 35.8 million from the Q1 2022. The return on equity (ROE) ended at 8.87 per cent, compared to 5.61 per cent in Q1 2022. Earnings per equity certificate were NOK 1.27, up from NOK 0.80 in Q1 2022.

The CET1 capital ratio, inclusive of 50 per cent of retained earnings, was 20.37 per cent, up from 19.01 per cent in Q1 2022. The leverage ratio, inclusive of 50 per cent of retained earnings, was 9.29 per cent, up from 8.95 per cent in Q1 2022.

Net interest income amounted to NOK 198.6 million, up NOK 36.7 million from Q1 2022. Measured as a percentage of average total assets, net interest income increased to 1.82 percent from 1.38 percent in Q1 2022.

Net other operating income amounted to NOK 17.7 million, up by NOK 19.0 million compared with Q1 2022. Profit effects from ownership interests amount to NOK 14.4 million, an increase of NOK 8.8 million from Q1 2022. To highlight the value creation from Frende throughout the year, the bank recognised an increase in value of NOK 11.4 million in the first

quarter. This represents a quarter of the expected dividend income for 2022, which was NOK 45.6 million in the second quarter. The value of the liquidity portfolio fell by NOK 8.8 million, compared with a reduction of NOK 17.2 million in Q1 2022. Net commission income increased by NOK 4.3 million compared to Q1 2022.

Other operating costs amounted to NOK 89.1 million, up NOK 8.0 million compared with Q1 2022. Measured as a percentage of income, the bank has a cost ratio of 41.2 percent.

Losses amount to NOK 1.7 million compared to NOK 0.2 million in Q1 2022.

The Norwegian Transparency Act

The Transparency Act is a new law which entered into force on 1 July 2022 with a duty to disclosure by 1 July 2023. The purpose of the Act is to promote respect among companies for human rights and decent working conditions, and to ensure public access to information. The Transparency Act requires businesses to carry out due diligence check to stop, prevent and limit any negative impact on human rights and decent working conditions.

Sparebanken Øst has conducted due diligence assessments both internally within the bank and at our suppliers. No risk of human and labour rights violations has been identified, either internally within Sparebanken Øst or at the bank's suppliers. An account of the bank's compliance with the Transparency Act is published on the bank's website.

More about the results for the quarter

NET INTEREST INCOME

Net interest income amounted to NOK 198.6 million, up NOK 36.7 million from Q1 2022. Interest rates are considerably higher than in the same quarter last year. In this period, the key policy rate has been raised by 2.25 percentage point from 0.75 per cent to 3.0 per cent. The increase in net interest income is mainly explained by increased deposit margins. In relation to the its wholesale financing costs, the bank's lending margin has been reduced. This is because most loans to customers are repriced with notice periods after Norges Bank decided to change interest rates, while wholesale financing is repriced continuously and in line with rising interest rates.

Netto renteinntekter

Beløp i NOK mill.	Q1 23	Q4 22	Q1 22
Utlån til & fordringer på kredittinstitusjoner	3,5	2,6	0,6
Utlån til kunder	424,1	384,8	250,2
Sertifikater og obligasjoner	58,1	55,0	25,9
Sum renteinntekter	485,7	442,4	276,6

Gjeld til kredittinstitusjoner	2,7	1,6	1,7
Innskudd fra kunder	59,6	50,9	25,1
Verdipapirgjeld	205,7	183,4	79,3
Etterstilte seniorobligasjoner	9,7	8,9	2,5
Ansvarlig lånekapital	5,4	4,5	2,3
Sikringsfondsavgift	4,1	3,7	3,8
Sum rentekostnader	287,1	253,0	114,8
Netto renteinntekter	198,6	189,4	161,9
Rentenetto i % av GFK	1,82	1,68	1,38

NET OTHER OPERATING INCOME

Net other operating income comprises commission income and costs, dividends, net value changes and gains/losses on financial instruments and other income. Net other operating income amounted to NOK 17.7 million, up by NOK 19.0 million compared with Q1 2022.

Net commission income amounted to NOK 15.6 million, up NOK 4.3 million from Q1 2022. The increase is mainly due to increased commission income from insurance intermediation.

Dividends received amount to NOK 0.1 million in Q1 2023 and are at the same level as in Q1 2022.

Net value changes and gains/losses on financial instruments were positive by NOK 1.5 million, up NOK 14.7 million from Q1 2022. The value of the liquidity portfolio fell by NOK 8.8 million, compared with a reduction of NOK 17.2 million in Q1 2022. The rise in the value of the bank's shareholding in Frende amounts to NOK 11.4 million, compared with NOK 4.8 million in Q1 2022. The rise in the value of the bank's shares in Norwegian Block Exchange AS (NBX) amounted to NOK 0.6 million, against a change of NOK 0.0 million in Q1 2022. The value of the bank's shares in Kraft Bank ASA fell by NOK 3.5 million, against a rise of NOK 0.3 million in Q1 2022. Positive value adjustments related to shares and equity rights in Visa Inc. totalled NOK 5.9 million, compared with a value increase of NOK 0.5 million in Q1 2022. The negative profit effects from foreign exchange, derivatives and fixed rate loans at fair value amounted to NOK 2.3 million. The corresponding profit effects were positive and amounted to NOK 0.6 million in Q1 2022. The cost of buying back debt issued by the bank amounted to NOK 1.7 million. The corresponding buy-back costs amounted to NOK 2.1 million in Q1 2022.

Netto andre driftsinntekter

Beløp i NOK mill.	Q1 23	Q4 22	Q1 22
Netto provisjonsinntekter	15,6	9,0	11,2
Utbytte	0,1	3,6	0,0
Nto. verdiendr. og gev./tap på sert. og obl.*	-6,4	14,8	-21,2
Nto. verdiendr. og gev./tap på aksjer	14,4	-6,4	5,6
Nto. verdiendr. og gev./tap på fastrenteutlån	0,3	3,1	-5,8
Nto. verdiendr. og gev./tap på på andre fin. instr.	-6,7	-3,6	8,2
Andre driftsinntekter	0,5	1,4	0,7
Netto andre driftsinntekter	17,7	21,9	-1,3

*eksklusiv resultat-effekter fra finansielle derivater inngått med formål for økonomisk rentesikring i likviditetsporteføljen

OPERATING COSTS

Other operating costs amounted to NOK 89.1 million, up NOK 8.0 million compared with Q1 2022.

Salaries and other staff costs amount to NOK 48.9 million, up by NOK 2.2 million from Q1 2022 as a result of an increased number of full-time equivalents and general salary growth. Other operating costs amounted to NOK 33.1 million, up NOK 5.3 million compared with Q1 2022. Of this increase, NOK 1.2 million comes from an increase in the rate of wealth tax and NOK 1.4 million from increased IT costs. The bank has also increased costs of about NOK 1.3 million for consultants, as well as costs from the establishment of a green framework.

Driftskostnader

Beløp i NOK mill.	Q1 23	Q4 22	Q1 22
Lønn og andre personalkostnader	48,9	44,5	46,8
Avskrivning/nedskrivning varige og im. eiend.	7,0	7,0	6,6
Andre driftskostnader	33,1	30,8	27,7
Sum driftskostnader	89,1	82,2	81,1
Kostnader i % av GFK	0,82	0,73	0,69

IMPAIRMENT AND NON-PERFORMING COMMITMENTS

Losses on loans, unused credits and guarantees amounted to NOK 1.7 million, of which changes in model-based loan loss provisions amounted to income of NOK 0.1 million. By comparison, losses amounted to NOK 0.2 million in Q1 2022, of which changes in model-based loan loss provisions amounted to income to NOK 1.5 million.

Tapskostnad

Beløp i NOK mill.	Q1 23	Q4 22	Q1 22
Utlån til personkunder i mor og boligkredittsel.	-0,3	0,1	0,5
Utlån til næringskunder	0,4	1,1	-1,2
Utlån i AS Financiering	1,6	1,1	1,2
Ubenyttede kreditter og garantier	-0,1	0,1	-0,2
Sum tapskostnad	1,7	2,5	0,2
Tap i % av netto utlån til kunder (IB)	0,02	0,03	0,00

Total loan loss provisions amount to NOK 114.7 million, equivalent to 0.31 per cent of gross lending to customers. For comparison, total loan loss provisions amounted to NOK 126.5 million at the end of Q1 2022, or 0.33 per cent of gross lending to customers. Individually assessed loan loss provisions amounted to NOK 87.4 million, compared with NOK 98.3 million at the end of Q1 2022. The bank's loan loss provisions are mainly related to AS Financiering and, compared with the end of Q1 2022, they constitute a reduced percentage of gross lending at AS Financiering.

Tapsavsetninger

Beløp i NOK mill.	Q1 23	Q4 22	Q1 22
Utlån til personkunder i mor og boligkredittsel.	18,1	18,4	16,5
Utlån til næringskunder	4,8	4,3	3,2
Utlån i AS Financiering	90,5	89,2	105,5
Ubenyttede kreditter og garantier	1,3	1,3	1,2
Sum tapsavsetninger	114,7	113,2	126,5
Tapsavsetninger i % av brutto utlån til kunder	0,31	0,31	0,33

Net non-performing commitments are very modest at NOK 154.8 million, or 0.42 per cent of net lending to customers. For comparison, net non-performing commitments amounted to NOK 165.2 million, corresponding to 0.43 per cent of net lending to customers at the end of Q1 2022.

Misligholdte engasjementer

Beløp i NOK mill.	Q1 23	Q4 22	Q1 22
Utlån til personkunder i mor og boligkredittsel.	56,2	47,8	34,9
Næringskunder	13,2	7,1	55,5
AS Finansiering	174,0	160,6	174,6
Sum brutto misligholdte engasjementer	243,4	215,6	265,0
Tapsavsetninger på misligholdte engasjement.	88,7	86,7	99,8
Netto misligholdte engasjementer	154,8	128,9	165,2
Netto misligholdte eng. i % av netto utlån	0,42	0,35	0,43

INCOME TAX

Income tax stands at NOK 27.6 million, equal to 22.0 per cent of the profit before income tax.

Main items on the balance sheet

Total assets amounted to NOK 44.5 billion at the end of the quarter.

LENDING TO CUSTOMERS

Net lending to customers amounted to NOK 36.7 billion, down NOK 0.1 billion in the quarter.

Net lending to retail customers amounts to NOK 33.3 billion and is stable compared to the end of Q4 2022. In the last 12 months, the reduction amounted to NOK 0.9 billion, or 2.6 per cent. Within the retail market in Sparebanken Øst (RM office channel) and in AS Finansiering, the bank can point to solid lending growth. Lending growth in the RM office channel was 2.0 per cent in the quarter and 6.8 per cent in the last 12 months. In AS Finansiering, lending growth was 0.2 per cent in the quarter and 4.3 per cent in the last 12 months. Lending growth in RM digital concepts is negative by 4.0 per cent in the quarter and negative by 18.8 per cent in the last 12 months. Retail market loans and credits are generally only granted with security in a customer's home. The bank's exposure to lending and credit without associated security is very low. Over time, the bank has given priority to providing loans to customers with low LTV ratios. The LTV ratio in the residential mortgage portfolio averages 55.7 per cent, based on the value of the collateral at the date of approval. Given the Group's high share of loans to the retail market, which mainly covers the central area of Eastern Norway, the retail market portfolio is considered to serve low-risk customers in a housing and labour market that is expected to function well over time. Gross lending to retail customers accounted for 90.7 per cent of total lending to customers.

Net lending to business customers amounted to NOK 3.4 billion, a decrease of NOK 0.1 billion in the quarter. In the last 12 months, the reduction amounted to NOK 0.9 billion, or 2.6 per cent. There is still considerable uncertainty around

developments in the commercial property market. The market has seen very few transactions, which has created uncertainty about future values. After a long period of rising commercial property values (lower yields), yields have increased over the last period as have financing costs for commercial property. The bank has chosen to take a defensive approach to business customers and reduce risk in the business portfolio. Exposure to commercial property represents a relatively large proportion of the business portfolio, but a very limited proportion of the bank's total loan portfolio. The bank's commercial property lending is modest at NOK 2.2 billion, or about 5.9 per cent of total gross lending, down from NOK 2.6 billion, or approx. 6.7 per cent, at the end of Q1 2022. The bank does not have exposure to oil and oil-related activities or fishing and aquaculture activities. In general terms, the bank can also be said to have little direct or indirect exposure to the accommodation/hospitality industry, import/export businesses and major industrial and trading operations. There is little direct or indirect exposure to trading activities with the exception of groceries.

DEPOSITS FROM CUSTOMERS

Deposits from customers amounted to NOK 15.2 billion, down NOK 0.6 billion in the quarter. The reduction in the quarter is mainly explained by a larger deposits from businesses. The bank has also chosen a more defensive approach in a deposit market characterised by stiff competition. The deposit-to-loan ratio is 41.3 per cent. Deposits from retail customers amount to NOK 10.1 billion. Deposits from business customers amount to NOK 5.1 billion.

LIQUIDITY AND FINANCING

With a robust liquidity portfolio and a balanced maturity structure for its wholesale funding, the bank has felt little impact from the banking and market turbulence that occurred in the second half of the quarter. The turbulence has resulted in higher credit premiums for Norwegian banks also. During this period, the bank has not needed to issue any new market financing.

The bank takes a conservative approach to liquidity risk and exercises proper liquidity management so that the Group has sufficient liquid assets to cover its obligations upon maturity at all times. The bank must be able to run normal operations for a period of at least 12 months without access to external financing. The bank also takes on credit risk through the management of liquidity reserves and excess liquidity. The bank intends to retain interest-bearing securities with low credit risk for liquidity purposes (reserve for disposal when needed) and as a deposit basis for borrowing facilities at the central bank. The bank's liquidity risk is monitored continuously, and updated overviews of the bank's total counterparty risk are available.

Holdings of certificates and bonds totalled NOK 6.0 billion, an increase of NOK 0.4 billion in the quarter.

The short-term liquidity target measured by LCR exceeds the bank's agreed limit of 102 per cent and amounts to 301.7 per cent, compared with 257.7 per cent at the end of Q1 2022.

The bank's liquidity strategy involves a high proportion of securities that are included in the LCR calculation. The maturity structure for market funding significantly affects LCR.

Securities issued totalled NOK 22.3 billion, an increase of NOK 0.9 billion in the quarter. The bank also has senior non-preferred debt (SNP) with a nominal value of NOK 0.9 billion, an increase of NOK 0.2 billion over the past 12 months. The bank considers its access to wholesale funding to be good.

The degree of stable and long-term financing measured by NSFR amounted to 132.5 per cent compared with 124.0 per cent at the end of Q1 2022. The average term to maturity for market funding was 3.10 years compared with 3.17 years at the end of Q1 2022. Short-term borrowing (defined as borrowing with a remaining term to maturity of less than 1 year) amounted to NOK 3.6 billion at the end of the quarter.

FRENDE FORSIKRING

The bank owns 13.03 per cent of Frende Holding AS which itself owns Frende Skade AS and Frende Liv AS (Frende Forsikring). Since the bank's stake in Frende is below 20 per cent, the shareholding is measured at fair value with changes of value and dividends received recognised through profit or loss. The bank's shareholding in Frende Holding AS is valued at NOK 467.5 million.

To highlight the value creation from Frende throughout the year, the bank recognised an increase in value of NOK 11.4 million in the first quarter. This corresponds to a quarter of the expected dividend income for 2022 of NOK 45.6 million in the second quarter of 2023.

The profit in Frende amounted to NOK 43.9 million in the first quarter. By way of comparison, there was a deficit of NOK 24.5 million in Q1 2022. In 2022, Frende achieved an annual profit of NOK 305.0 million.

MISC. OWNERSHIP INTERESTS IN OTHER COMPANIES

The bank owns 4.85 per cent of the shares in Eksportfinans ASA, and the shareholding is valued at NOK 195.0 million.

The bank's stake in Vipps Holding AS was 0.71 per cent, and the shareholding was valued at NOK 58.2 million. Vipps Holding AS owns 72.22 per cent of the shares in Vipps AS and 100 per cent of the shares in BankID BankAxept AS.

The bank owns 'C' shares in Visa Inc. The shareholding is valued at NOK 44.0 million. The bank also has rights to shares in Visa Inc., owned via VN Norge Forvaltning AS and VN Norge AS. The rights are valued at NOK 9.3 million.

The bank owns 6.85 per cent of the shares in Kraft Bank ASA. Kraft Bank ASA is listed on Euronext Growth Oslo and the bank's shareholding is valued at NOK 22.6 million.

The bank owns 9.43 per cent of the shares in Norwegian Block Exchange AS (NBX). NBX is listed on Euronext Growth Oslo and the bank's shareholding is valued at NOK 11.5 million.

Capital adequacy

The bank uses the standard method to calculate capital adequacy and is very strong and well positioned to deal with

announced future increases in capital requirements, and also has both dividend capacity and scope for lending growth.

Sparebanken Øst increased its financial strength during the quarter and the CET1 capital ratio amounted to 20.37 per cent (inclusive of 50 per cent of retained earnings) at the end of the quarter, up from 19.01 per cent at the end of Q1 2022.

The applicable Pillar 2 requirement for Sparebanken Øst is 1.8 per cent, with a minimum of NOK 360 million. The requirement came into effect on 30 June 2020. The countercyclical capital buffer increased by 0.5 percentage points from 2.0 per cent to 2.5 per cent on 31 March 2023, which is where it was before March 2020 and the outbreak of Covid-19. Given the current capital requirements, this entails a total CET1 capital requirement of at least 14.3 per cent at the end of the quarter. The requirement for an increased systemic risk buffer for standard method customers has been postponed and, for the bank, it will increase by 1.5 percentage points from 3.0 per cent to 4.5 per cent from 31 December 2023. With the announced increases in capital requirements, Sparebanken Øst's total regulatory requirement for CET1 capital will increase to 15.8 per cent under the applicable Pillar 2 requirement at the end of 2023.

Sparebanken Øst has a target for CET1 capital, which should be equal to the regulatory requirement plus a capital margin of 1.0 per cent. Based on the applicable regulatory requirement at the end of 2023, the bank's target for CET1 capital is 16.8 per cent.

Net subordinated loan capital at the end of the quarter amounted to NOK 4.6 billion, of which the Group's Tier 1 capital accounted for NOK 4.2 billion. With a calculation basis of NOK 19.1 billion, this corresponds to a capital adequacy ratio of 24.05 per cent, of which 21.96 per cent constitutes the Tier 1 capital ratio. The leverage ratio was 9.29 per cent at the end of the quarter, an increase from 8.95 per cent at the end of Q1 2022. The current leverage ratio requirement is 3.0 per cent.

Kapitalnivå	Q1 23	Q4 22	Q1 22
prosent			
Ren kjernekapitaldekning*	20,37	20,11	19,01
Kjernekapitaldekning	21,96	21,94	20,56
Kapitaldekning	24,05	24,03	22,50
Uvektet kjernekapitalandel*	9,29	9,27	8,95

* 50 prosent av EK-beviseiernes og grunnfondets andel av resultat (udisponert resultat) er medregnet i kvartalstall

Significant differences in treatment of equal risk between banks

On 17 April 2023, the Minister of Finance Trygve Slagsvold Vedum visited Sparebanken Øst, to discuss framework

conditions for Norwegian savings banks and the situation faced by customers in turbulent and challenging times. A major item on the agenda was the significant differential treatment of Norwegian banks, where banks that use the risk weights from the standard method to calculate their capital adequacy have a considerable competitive disadvantage over with banks that use IRB models. The importance of a level playing field to maintaining a banking industry with small and medium-sized savings banks which have a local presence and knowledge was also discussed. The bank felt that the meeting was useful and provided insight into the general conditions for the standard method banks.

Sparebanken Øst bases its capital calculations on the principles in the standard method, which according to the current regulations means that loans with the same risk are subject to far higher risk weights when compared with the approach of banks that use risk weights set out in IRB models. The result of this is that, with its capital requirements, Sparebanken Øst holds far more equity for its lending than banks that are able to use IRB models for all or parts of their lending portfolios. The end of the Basel 1 floor for Norwegian IRB banks from 31 December 2019 altered the competitive situation in the Norwegian market to a significant degree and has also left its mark on profit performance.

Sparebanken Øst uses risk weights of 35 per cent on residential mortgages with a loan-to-value (LTV) ratio of 80 per cent or less, while banks that deploy IRB models have risk weights of around 21 per cent. In the case of loans for commercial properties, the bank uses risk weights from 100 per cent, while banks that use IRB models have risk weights of around 40 per cent.

The bank's calculations show that a standard method bank has to hold about 80 per cent more equity (CET1 capital) than an IRB bank. The calculations assume two identical banks with identical loans to identical customers with identical risk of credit loss, where the only distinction is that one uses the standard method and the other is an IRB bank. The calculations also assume that banks have the same capital requirement in percentage terms, the same 80/20 per cent split in lending to individuals and companies, and a full SME discount on loans to these businesses.

Sparebanken Øst believes that the differential treatment of the capital requirements for equal risk provides for significantly higher leverage for the IRB banks with the possibility of significantly higher lending volumes relative to equity levels, or alternatively reduced equity requirements, resulting in higher return on equity. The differential treatment of identical risk results in a highly detrimental competitive disadvantage for the standard method banks as it is also necessary to protect the interests of the bank's equity certificate investors at the same time.

Sparebanken Øst has a long-term deposit and issuer rating of A1 from Moody's Investor Services. The rating was last confirmed by Moody's in December 2022. Sparebanken Øst has had an A1 rating since January 2021, when the bank was upgraded from A2. Covered bonds issued by Sparebanken Øst Boligkreditt AS have an AAA rating from Moody's.

Subsidiaries

All subsidiaries are 100 per cent owned by Sparebanken Øst and are included in the bank's consolidated financial statements.

Sparebanken Øst Boligkreditt AS is licensed as a credit institution with the right to issue covered bonds. Through this market, the mortgage credit company is a very important participant in securing the Group favourable long-term financing. At the end of the quarter, the company had total assets of NOK 19.6 billion, which mainly consisted of first priority mortgages on homes financed through covered bonds and drawing rights from the parent bank. The company has a low LTV ratio in the cover pool. The LTV at the end of the quarter was 46.4 per cent. By comparison, the LTV ratio was 46.7 per cent at the end of Q1 2022. The company posted a profit of NOK 20.1 million for the quarter compared with NOK 21.4 million in Q1 2022. The company has no employees, instead it sources services from Sparebanken Øst.

AS Financiering's main product is secured loan financing for used cars. At the end of the quarter, the company had total assets of NOK 2.6 billion. The company posted a profit of NOK 11.3 million for the quarter compared with NOK 12.0 million in Q1 2022. The company has 16 employees, corresponding to 16 FTEs.

Sparebanken Øst Eiendom AS manages properties belonging to the bank. The company's operating income amounted to NOK 1.6 million in the quarter compared with NOK 1.5 million in Q1 2022. The company posted a profit of NOK 0.2 million in the quarter, compared with NOK 0.1 million in Q1 2022. The company has 1.2 employees, corresponding to 1.2 FTEs.

Øst Prosjekt AS's main objective is to take over projects and to undertake industrial and commercial activities to hedge and realise exposed positions in the parent bank. The company posted a deficit of NOK 0.4 million for the quarter, compared with a deficit of NOK 0.2 million in Q1 2022.

Accounting policies

The interim financial statements are prepared in accordance with IFRS (including IAS 34 Interim Financial Reporting). The interim financial statements have not been audited. Please see Note 1 for more details.

Rating

Dividend policy

Sparebanken Øst's financial targets for our operations are to achieve results that provide a good and stable return on the bank's equity and create value for equity certificate holders as competitive returns in the form of dividends and equity certificate appreciation. We will strive to ensure that our dividend policy results in a stable ownership fraction over time.

The profit for the year will be divided between equity certificate holders and social capital in accordance with their respective shares of the bank's equity. We will aim to pay out up to 50 per cent of the profit allocated to equity certificate holders as dividends.

We will also aim to distribute up to 50 per cent of the profit allocated to primary funds in the form of donations to good causes, a donation fund and/or a charitable foundation.

When the dividend is set, due consideration will be taken of the bank's financial performance, market situation, dividend stability and need for Tier 1 capital.

Target for the return on equity (ROE)

Sparebanken Øst's return target is for the Group to have a return on equity of 9 per cent over time. Given the current regulatory framework conditions and its status as a standard method bank, in the opinion of the Board a target return of 9 per cent for the next few years represents an ambitious, but not unrealistic target for Sparebanken Øst.

The macro situation

War, inflation, rising interest rates and fears of recession continue to dominate the economy. In March, inflation in Norway rose by 6.5 per cent (CPI) compared with the same month last year. Core inflation (CPI-ATE) was correspondingly high at 6.2 per cent, and there are still many different groups of goods and services that have contributed to price growth. The Norwegian krone has continued to depreciate through the quarter, pushing up prices for imported goods and services. High inflation is another reason why to this year's wage settlement is so demanding, with expectations of high wage growth. The Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) reached agreement in the wage settlement in the front-line unions on 20 April, with a limit of 5.2 per cent with a general central pay increase of NOK 7.5 per hour.

In January there was a slight growth in mainland GDP of 0.1 per cent, followed by a fall of 0.2 per cent in February. Reduced activity in construction and services related to oil and gas extraction contributed most to the decline. Despite some growth in the manufacturing sector, there are signs that the underlying growth in the mainland economy is slowing.

Unemployment has risen slightly since the end of 2022, and figures from February show that the unemployment rate stood at 3.6 per cent, an increase of 0.4 per cent compared to the same month last year. At the end of the quarter, around 1.8

per cent of the labour force was registered as unemployed with NAV, while the total number of unemployed and job-seekers on benefits (gross unemployment) was 2.2 per cent. A continuing strained labour market has resulted in wage growth for many employees, which may contribute to keeping core inflation above target for some time to come.

As expected, Norges Bank raised its key policy rate by 0.25 percentage point in March to 3.0 per cent at the end of the quarter, which is the highest level since 2009. In parallel with the interest rate change, the central bank raised its interest rate path to 3.5 per cent through to the summer, in response to a slight fall in domestic demand, a weaker krone, higher wage growth and somewhat higher interest rates abroad.

Money market rates have risen sharply throughout 2022, largely as a result of expectations of a higher key policy rate as well as increases in the key policy rate. Weak liquidity in NOK resulted in a highly volatile money market premium throughout 2022. The first quarter of the year was also characterised by market turbulence following the collapse of the niche bank Silicon Valley Bank in the USA and the uncertainty around Credit Suisse. As a result of this banking turmoil, money market premiums also rose significantly in the quarter, peaking in March at 55 basis points. Premiums have since fallen and the premium in mid-April was 39 basis points.

There was positive growth in the housing market at the start of the quarter, and large parts of the fall in house prices from autumn 2022 were recouped. At the end of the quarter, house prices are up by 5.8 per cent, after rising by 1.2 per cent in March alone. So far this year, 8.2 per cent more homes have been sold than in the same period last year, while 5.1 per cent fewer homes were advertised. Sales of new homes in the quarter were 45 per cent lower than in the same period last year. Construction activity is also historically low and new homes are 52 per cent down on Q1 2022.

Future prospects

The level of activity in the Norwegian economy is low, and Norges Bank projects growth in GDP of 1.1 per cent for mainland Norway in 2023. It points out in particular that higher interest rates will reduce household consumption and investment in homes. A weak krone will pull in the opposite direction and will improve the cost-competitiveness of Norwegian enterprises. It is estimated that activity will pick up again in 2024 and 2025.

Unemployment was very low in 2022 and is expected to increase gradually going forward.

The market is pricing in the high probability of Norges Bank raising the key policy rate to 3.5 per cent in the course of the second quarter. The market is also pricing in a reasonable likelihood of a further rate hike peaking at 3.75 per cent in the second half of 2023. A key policy rate of 3.0 per cent at the end of the first quarter is already having a tightening effect, and further increases are expected to result in a turnaround in the Norwegian economy. Money market rates are expected to rise going forward in advance of Norges Bank's assumed interest rate rises. For the next few quarters, this indicates that

borrowing costs at the bank will continue to increase ahead of interest rate changes on loans to customers. This is because loans are mainly repriced with notice periods after Norges Bank has decided to change interest rates.

With prospects of lower credit growth in society, we may expect increased competition for lending. With higher lending rates, house prices are expected to edge down in the future, but low construction activity and a tight labour market could offset this to some extent. Banks' deposit margins have increased over the past year. Increased competition and pressure on deposit margins are expected in the future.

Lending growth has varied considerably over time and is expected to be roughly in line with general credit growth. Growth in the retail market is expected to come from mortgages, both in branch and via digital channels, as well as through secured loan financing for used cars. Growth in lending to the business market should occur in the Group's defined market areas, where the main product is repayment loans secured against property.

Sparebanken Øst is a cost-effective bank and believes that low costs will constitute a competitive advantage. The bank's cost level has remained stable and low over time. The bank intends to maintain good cost control going forward, but high inflation in society and rising wages will affect the bank's costs.

Banking involves risk and losses on loans, so guarantees to customers cannot be excluded. Relatively low levels of non-performing commitments and low losses on lending are expected to continue.

The market values of securities such as bonds and equities will fluctuate over time, and losses may occur. The Group's bond portfolio is held for liquidity purposes, with a low risk of losses.

Sparebanken Øst bases its capital calculations on the principles in the standard method. Government regulation within the capital and solvency area creates major competitive advantages for those banks that are able to utilise IRB models. It is a matter of deep concern that the Norwegian authorities are choosing to discriminate against banks through the capital calculation regulations by treating equal risk differently. If the authorities choose to maintain this differential treatment, it could have a major impact on the structure of the Norwegian financial services industry and on how individual savings banks will align their operations in the future. Sparebanken Øst is working to ensure that the framework conditions for Norwegian banks become more aligned and that the banks can compete on equal terms. In the bank's opinion, there is significant uncertainty around the general conditions and future capital adequacy requirements for banks that calculate their capital requirements using the standard method.

Hokksund, 31 March 2023

Drammen, 9 May 2023

Øivind Andersson
Chair

Cecilie Hagby
Deputy Chair

Lina Andal Sørby
Board member

Jorund Rønning Indrelid
Board member

Arne K. Stokke
Board member

Ole B. Hoen
Board member

Håvard Saastad
Employee representative

Sissel Album Fjeld
Employee representative

Pål Strand
CEO

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Key figures – Group

Income Statement (Amounts in NOK millions)	Q1 2023	Q1 2022	Full year 2022
Net interest income	198,6	161,9	686,2
Net commission income	15,6	11,2	37,4
Net result from financial assets	1,6	-13,2	-28,7
Other operating income	0,5	0,7	3,4
Total net income	216,3	160,6	698,3
Total operating costs	89,1	81,1	309,7
Profit before losses	127,3	79,5	388,6
Losses on loans, unused credit and guarantees	1,7	0,2	6,8
Profit/loss before tax	125,6	79,3	381,9
Income tax	27,6	17,1	85,5
Profit/loss after tax	98,0	62,2	296,4
Key figures	1. kvartal 2023	1. kvartal 2022	Året 2022
Profitability			
Return on equity*	8,87	5,61	6,65
Net interest income as a % of average total assets	1,82	1,38	1,49
Profit/loss after income tax as a % of average total assets	0,90	0,53	0,65
Costs as a % of average total assets	0,82	0,69	0,67
Costs as a % of income (before losses on loans/guarantees)*	41,17	50,49	44,35
Costs as a % of income (excl. return on financial investments)*	41,47	46,66	42,60
Balance sheet figures			
Net lending to customers	36.688,0	38.316,4	36.800,2
Lending growth (12 months)	-4,25	-0,32	-6,57
Deposits	15.159,7	17.099,6	15.761,3
Deposit growth (12 months)	-11,34	8,58	-10,34
Average equity	4.209,9	4.211,0	4.172,9
Average total assets	44.296,2	47.439,1	45.926,7
Loan loss provisions on impaired and non-performing commitments			
Losses as a % of net lending to customers (OB)*	0,02	0,00	0,02
Loan loss provisions as a % of gross lending to customers*	0,31	0,33	0,31
Net payments over 90 days past due as a % of net lending*	0,23	0,30	0,21
Other net non-performing commitments (Stage 3) as a % of net lending*	0,19	0,13	0,14
Solvency			
CET1 capital ratio, including 50% of retained earnings (%)	20,37	19,01	20,11
CET1 capital ratio (%)	20,13	18,87	20,11
Tier 1 capital ratio (%)	21,96	20,56	21,94
Capital adequacy ratio (%)	24,05	22,50	24,03
Risk-weighted volume (calculation basis)	19.104,0	20.664,1	19.087,0
Tier 1 leverage ratio, including 50% of retained earnings (%)	9,29	8,95	9,27
Leverage ratio (%)	9,19	8,89	9,27
Liquidity			
Deposit coverage ratio	41,32	44,63	42,83
LCR (%)	301,67	257,69	217,26
NSFR (%)	132,46	124,00	130,08
Branches and full-time equivalents			
No. of branches	29	29	30
FTEs	184	181	180
Equity certificates			
Ownership fraction (parent bank) (%)**	28,59	28,59	28,59
No. of equity certificates	20.731.183	20.731.183	20.731.183
Book equity per equity certificate*	58,68	58,47	61,21
Earnings per equity certificate*	1,27	0,80	3,83
Dividend per equity certificate	0,00	0,00	3,80
Turnover rate	22,99	25,53	16,30
Price	45,50	58,40	47,00

* Defined as alternative performance target

** For ownership fraction as at 01.01.2023, see Note K13

For definisjon av nøkkeltall og omtale av alternative resultatmål, se side 35

Income Statement – Group

(Amounts in NOK million)	Note	Q1 2023	Q1 2022	Full year 2022
Interest income from assets valued at amortised cost		425,4	248,9	1.201,1
Interest income from assets valued at fair value		60,3	27,8	154,3
Interest costs		287,1	114,8	669,3
Net interest income	7	198,6	161,9	686,2
Commission income and income from banking services		27,2	23,0	86,2
Commission costs and costs for banking services		11,6	11,7	48,8
Dividend		0,1	0,0	53,9
Net value changes and gains/losses on financial instruments	8	1,5	-13,2	-82,6
Other operating income		0,5	0,7	3,4
Net other operating income		17,7	-1,3	12,1
Salaries and other personnel costs		48,9	46,8	168,5
Depreciation/impairment of tangible and intangible assets		7,0	6,6	27,2
Other operating costs		33,1	27,7	114,1
Total operating costs	9	89,1	81,1	309,7
Profit before losses		127,3	79,5	388,6
Losses on loans, unused credit and guarantees	5	1,7	0,2	6,8
Profit/loss before tax		125,6	79,3	381,9
Income tax		27,6	17,1	85,5
Profit/loss after tax		98,0	62,2	296,4
Hybrid capital owners' share of the result		6,0	3,9	18,7
Equity certificate holders' and primary capital share of profits		92,0	58,3	277,7
Profit/loss after tax		98,0	62,2	296,4
Earnings per equity certificate		1,27	0,80	3,83
Diluted earnings per equity certificate		1,27	0,80	3,83

Comprehensive income – Group

(Amounts in NOK million)	Note	1. kvartal 2023	1. kvartal 2022	Året 2022
Profit/loss after tax		98,0	62,2	296,4
Items that will not be reclassified to the income statement				
Actuarial gains and losses on defined-benefit plans		0,0	0,0	-26,9
Tax related to items that cannot be reclassified		0,0	0,0	6,7
Comprehensive income		98,0	62,2	276,2

Balance Sheet – Group

(Amounts in NOK million)	Note	31.03.2023	31.03.2022	31.12.2022
Assets				
Cash and receivables from central banks	10	594,8	461,1	486,4
Loans to and receivables from financial institutions	10	36,0	11,7	16,1
Lending to customers	2,5,10,11	36.688,0	38.316,4	36.800,2
Certificates and bonds	10,11	6.017,8	6.790,5	5.635,3
Financial derivatives	10,11	48,7	58,5	44,4
Shares and units	10,11	810,4	820,5	796,0
Intangible assets		34,6	32,4	33,9
Investment properties		13,0	11,6	11,4
Tangible fixed assets		120,6	117,0	120,5
Lease rights		44,6	41,6	41,1
Other assets		105,7	89,4	93,0
Total assets		44.514,1	46.750,6	44.078,4
Liabilities and equity				
Liabilities to financial institutions	10	277,3	301,5	274,1
Customer deposits	2,10	15.159,7	17.099,6	15.761,3
Securities issued	10,12	22.324,9	22.993,7	21.375,7
Financial derivatives	10,11	138,4	104,5	131,7
Other liabilities		534,5	419,5	238,4
Pension liabilities		52,7	35,4	52,7
Tax payable		72,2	54,4	90,1
Deferred tax		1,5	4,6	1,4
Provisions, unused credit and guarantees		1,3	1,2	1,3
Lease liabilities	10	45,8	42,6	42,2
Senior subordinated bonds	10,12	896,1	700,9	896,2
Subordinated loan capital	10,12	400,8	400,5	420,9
Total liabilities		39.905,2	42.158,3	39.286,1
Paid-up equity		595,1	595,1	595,1
Hybrid capital		353,0	352,1	352,9
Retained earnings		3.660,8	3.645,1	3.844,3
Total equity		4.608,8	4.592,2	4.792,3
Total liabilities and equity		44.514,1	46.750,6	44.078,4

Changes in equity - Group

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings					
	Total equity	Equity certificates	Share premium reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for			
								unrealised gains	Other equity	Retained earnings	
31.03.2023											
Equity at 31.12.2022	4.792,3	207,3	387,8	352,9	443,0	2.555,3	38,1	397,3	410,7	0,0	
Ordinary profit	98,0	0,0	0,0	6,0	0,0	0,0	0,0	0,0	0,0	92,0	
Comprehensive income	98,0	0,0	0,0	6,0	0,0	0,0	0,0	0,0	0,0	92,0	
Dividend to equity certificate holders 2022 – adopted	-78,8	0,0	0,0	0,0	-78,8	0,0	0,0	0,0	0,0	0,0	
Grants for good causes 2022 – adopted	-196,8	0,0	0,0	0,0	0,0	-196,8	0,0	0,0	0,0	0,0	
Interest paid on hybrid capital	-5,9	0,0	0,0	-5,9	0,0	0,0	0,0	0,0	0,0	0,0	
Equity at 31.03.2023	4.608,8	207,3	387,8	353,0	364,2	2.358,5	38,1	397,3	410,7	92,0	

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				
	Total equity	Equity certificates	Share premium reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for		
								unrealised gains	Other equity	Retained earnings
31.03.2022										
Equity at 31.12.2021	4.693,4	207,3	387,8	351,9	413,3	2.361,5	38,1	473,7	459,9	0,0
Ordinary profit	62,2	0,0	0,0	3,9	0,0	0,0	0,0	0,0	0,0	58,3
Comprehensive income	62,2	0,0	0,0	3,9	0,0	0,0	0,0	0,0	0,0	58,3
Dividend to equity certificate holders 2021 – adopted	-79,8	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0	0,0
Grants for good causes 2021 – adopted	-79,8	0,0	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-3,7	0,0	0,0	-3,7	0,0	0,0	0,0	0,0	0,0	0,0
Equity at 31.03.2022	4.592,2	207,3	387,8	352,1	333,4	2.281,7	38,1	473,7	459,9	58,3

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				
	Total equity	Equity certificates	Share premium reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for		
								unrealised gains	Other equity	Retained earnings
31.12.2022										
Equity at 31.12.2021	4.693,4	207,3	387,8	351,9	413,3	2.361,5	38,1	473,7	459,9	0,0
Ordinary profit	296,4	0,0	0,0	18,7	115,0	287,3	0,0	-76,4	-48,4	0,0
Actuarial gains and losses on defined-benefit plans	-20,2	0,0	0,0	0,0	-5,5	-13,8	0,0	0,0	-0,9	0,0
Comprehensive income	276,2	0,0	0,0	18,7	109,5	273,6	0,0	-76,4	-49,2	0,0
Dividend to equity certificate holders 2021 – adopted	-79,8	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0	0,0
Grants for good causes 2021 – adopted	-79,8	0,0	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-17,6	0,0	0,0	-17,6	0,0	0,0	0,0	0,0	0,0	0,0
Equity at 31.12.2022	4.792,3	207,3	387,8	352,9	443,0	2.555,3	38,1	397,3	410,7	0,0

Cash Flow Statement – Group

(Amounts in NOK millions)	31.03.2023	31.03.2022	31.12.2022	
Operating activities				
Profit/loss before income tax	125,6	79,3	381,9	
Adjusted for:				
Change in net interest income earned and accrued interest costs	54,3	21,8	8,0	
Net receipts/disbursements of loans to customers	114,3	1.074,2	2.621,4	
Change in certificates and bonds	-379,8	410,0	1.574,4	
Value adjustment, shares and units	-14,4	-0,8	38,7	
Net change in financial derivatives (net assets and liabilities)	5,6	-10,0	-10,3	
Net change in other assets	-12,7	-67,5	-62,9	
Net receipts/disbursement of deposits from customers	-648,1	-497,8	-1.816,5	
Change in other operating liabilities	18,0	-31,8	-149,7	
Depreciation/write-downs of tangible fixed assets and lease rights	7,1	6,6	27,2	
Write-downs of financial assets	1,5	0,1	-13,2	
Amortisation of financing activities measured at amortised cost	-4,3	-4,4	-17,9	
Net gain/loss from investing activities	0,0	-4,9	-5,3	
Net gain/loss from financing activities	1,9	2,2	4,0	
Taxes paid for the period	-45,4	-45,2	-82,5	
Net cash flow from operating activities	A	-776,4	932,0	2.497,3
Investing activities				
Payments on purchases of tangible fixed assets	-3,8	-2,4	-12,3	
Receipts from sale of fixed assets	0,3	0,2	1,9	
Payments on the purchase of intangible assets	-3,3	-2,5	-12,3	
Payments on purchases of financial investments	0,0	0,0	-15,0	
Proceeds from sales of financial investments	0,0	33,7	33,7	
Net cash flow from investing activities	B	-6,8	28,9	-4,1
Financing activities				
Net receipts/disbursements for loans to/from financial institutions	0,0	0,0	-27,3	
Payments on repayment of securities	-1.080,8	-2.125,3	-5.152,2	
Receipts on issuance of securities	1.998,2	1.327,4	2.972,6	
Payment of dividend	0,0	0,0	-79,8	
Interest paid on hybrid capital	-5,9	-3,7	-17,6	
Net cash flow from financing activities	C	911,4	-801,6	-2.304,3
Net change in cash and cash equivalents	A+B+C	128,3	159,2	188,9
Cash and cash equivalents as at 1 Jan		502,5	313,6	313,6
Holdings of cash and cash equivalents at end of period		630,8	472,8	502,5

*Liquidity reserves include NOK 594.8 million in cash and deposits with central banks and NOK 36 million in loans to and deposits with financial institutions which are pure investments.

Additional information on operating activities relating to interest and dividend income	31.03.2023	31.03.2022	31.12.2022
Interest payments received	480,8	271,4	1.322,1
Interest payments made	208,0	84,9	644,9
Dividends received	0,1	0,0	53,9

Note K1 - Basis for preparation of the financial statements

Accounting Policies

The interim financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting (IFRS).

A description of the accounting policies applied in the preparation of the financial statements is presented in the Annual Report for 2022. The accounting policies and calculation methods remain largely unchanged from the annual financial statements for 2022.

All amounts are stated in NOK millions and relate to the Group unless otherwise specified.

The interim financial statements have not been audited.

Assessments and use of estimates

The preparation of the consolidated accounts entails that the executive management performs estimates and discretionary assessments and makes assumptions which influence the effect of the application of accounting policies and, consequently, the recognised amounts for assets, liabilities, revenue and costs. For further details, see the Annual Report for 2022, Note 3 – Assessments and use of estimates.

Note K2 - Operating segments

Segment reporting is based on the bank's internal reporting format, where the parent bank and mortgage credit company are divided into retail market, business market and finance. There are also other subsidiaries, as well as a non-reportable segment with items that are not allocated to other segments.

Profit/loss

31.03.2023	Retail market	market	Finance	AS Finansiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Net interest and commission income	105,9	35,2	-7,7	32,7	0,1	32,6	0,0	198,6
Other operating income	20,1	1,3	-14,5	-5,7	1,6	16,7	-1,7	17,7
Operating costs	18,8	3,8	0,0	10,3	1,3	56,6	-1,8	89,1
Profit before losses	107,2	32,6	-22,2	16,6	0,3	-7,3	0,0	127,3
Losses on loans, unused credit and guarantees	-1,2	1,4	0,0	1,6	0,0	0,0	0,0	1,7
Profit/loss before tax	108,4	31,2	-22,2	15,0	0,3	-7,3	0,0	125,6
Income tax	0,0	0,0	0,0	3,8	0,1	23,7	0,0	27,6
Profit/loss after tax	108,4	31,2	-22,2	11,3	0,2	-31,0	0,0	98,0

31.03.2022	Retail market	market	Finance	AS Finansiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Net interest and commission income	88,3	32,6	-5,8	32,3	-0,1	14,5	0,1	161,9
Other operating income	16,3	1,7	-20,3	-5,8	1,5	3,6	1,8	-1,3
Operating costs	17,0	3,7	0,0	9,4	1,3	51,4	-1,6	81,1
Profit before losses	87,6	30,7	-26,1	17,1	0,1	-33,3	3,5	79,5
Losses on loans, unused credit and guarantees	0,7	-1,6	0,0	1,2	0,0	0,0	0,0	0,2
Profit/loss before tax	86,9	32,2	-26,1	16,0	0,1	-33,3	3,5	79,3
Income tax	0,0	0,0	0,0	4,0	0,0	12,2	0,9	17,1
Profit/loss after tax	86,9	32,2	-26,1	12,0	0,1	-45,5	2,6	62,2

31.12.2022	Retail market	market	Finance	AS Finansiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Net interest and commission income	365,7	139,6	-25,1	125,2	-0,2	81,1	-0,1	686,2
Other operating income	58,6	7,5	-94,3	-27,3	5,8	59,0	2,9	12,1
Operating costs	65,2	13,1	0,0	38,1	3,6	196,1	-6,5	309,7
Profit before losses	359,1	134,1	-119,4	59,7	2,0	-56,0	9,2	388,6
Losses on loans, unused credit and guarantees	2,4	-0,2	0,0	4,7	0,0	-0,1	0,0	6,8
Profit/loss before tax	356,8	134,3	-119,4	55,0	2,0	-55,9	9,2	381,9
Income tax	0,0	0,0	0,0	13,8	0,4	69,0	2,3	85,5
Profit/loss after tax	356,8	134,3	-119,4	41,1	1,6	-124,9	6,9	296,4

Balance sheet

31.03.2023	Retail market	market	Finance	AS Finansiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Lending to customers	30.334,6	3.288,2	0,0	2.525,3	0,0	567,8	-27,9	36.688,0
Other assets	3,8	0,0	6.522,5	55,0	104,6	3.744,1	-2.603,9	7.826,1
Total assets	30.338,4	3.288,2	6.522,5	2.580,3	104,6	4.311,9	-2.631,8	44.514,1
Customer deposits	10.621,1	3.162,6	1.267,1	0,0	0,0	163,4	-54,4	15.159,7
Other liabilities/offsetting	19.717,3	125,6	5.255,4	2.117,6	31,2	-310,2	-2.191,3	24.745,5
Equity	0,0	0,0	0,0	462,7	73,4	4.458,8	-386,0	4.608,8
Total liabilities and equity	30.338,4	3.288,2	6.522,5	2.580,3	104,6	4.311,9	-2.631,8	44.514,1

31.03.2022	Retail market	market	Finance	AS Finansiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Loans to and receivables from customers	31.394,2	4.061,1	-5,0	2.423,9	0,0	470,3	-28,1	38.316,4
Other assets	3,3	0,0	8.136,9	43,0	104,6	3.617,6	-3.471,3	8.434,2
Total assets	31.397,6	4.061,1	8.131,9	2.466,9	104,6	4.087,9	-3.499,4	46.750,6
Deposits from and liabilities to customers	12.077,9	2.975,4	1.930,8	0,0	0,0	171,1	-55,7	17.099,6
Other liabilities/offsetting	19.319,7	1.085,7	6.201,0	2.031,7	32,9	-519,0	-3.093,1	25.058,8
Equity	0,0	0,0	0,0	435,2	71,8	4.435,9	-350,6	4.592,2
Total liabilities and equity	31.397,6	4.061,1	8.131,9	2.466,9	104,6	4.087,9	-3.499,4	46.750,6

31.12.2022	Retail market	market	Finance	AS Finansiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Lending to customers	30.386,3	3.391,5	0,0	2.522,9	0,0	527,8	-28,3	36.800,2
Other assets	4,2	0,0	6.015,8	56,4	104,9	3.704,2	-2.607,3	7.278,2
Total assets	30.390,5	3.391,5	6.015,8	2.579,3	104,9	4.232,0	-2.635,6	44.078,4
Customer deposits	11.071,2	2.899,0	1.686,0	0,0	0,0	160,3	-55,1	15.761,3
Other liabilities/offsetting	19.319,3	492,6	4.329,8	2.127,8	31,8	-582,3	-2.194,2	23.524,8
Equity	0,0	0,0	0,0	451,4	73,2	4.654,1	-386,3	4.792,3
Total liabilities and equity	30.390,5	3.391,5	6.015,8	2.579,3	104,9	4.232,0	-2.635,6	44.078,4

Note K2 Operating segments (cont.)

Deposits from customers divided by sector and industry

	31.03.2023	31.03.2022	31.12.2022
Salaried employees	9.972,1	11.394,8	10.303,7
Public administration	614,3	477,5	401,5
Agriculture, forestry, fishing, etc.	107,2	102,5	104,8
Industry and mining, power and water supply	550,8	515,9	543,6
Building and construction	557,6	593,6	662,2
Wholesale and retail trade, hotels and restaurants	385,7	445,0	408,4
Transport and communications	168,5	146,8	169,1
Business financial services	886,8	1.649,0	1.309,7
Other service industries	863,9	847,1	842,6
Real estate sales and operation	954,2	812,6	916,2
Abroad	98,8	114,8	99,4
Total customer deposits	15.159,7	17.099,6	15.761,3

Lending, guarantees and credit facilities by sector and industry

	Gross lending			Guarantees			Potential exposure via overdraft facilities		
	31.03.2023	31.03.2022	31.12.2022	31.03.2023	31.03.2022	31.12.2022	31.03.2023	31.03.2022	31.12.2022
Salaried employees	33.348,4	34.249,2	33.341,2	1,0	1,055	1,0	3.731,7	3.304,3	3.613,9
Public administration	7,2	7,2	7,1	0,0	0,0	0,0	0,0	0,0	0,0
Agriculture, forestry, fishing, etc.	75,4	82,7	78,1	0,3	0,4	0,3	16,3	15,4	15,1
Industry and mining, power and water su	49,1	60,8	49,3	0,3	0,3	0,3	5,2	4,8	3,0
Building and construction	470,6	740,0	457,0	11,2	25,8	21,1	26,3	45,0	33,9
Wholesale and retail trade, hotels and re:	96,2	117,2	97,6	6,8	8,2	6,9	22,9	27,2	24,0
Transport and communications	13,8	25,5	16,7	3,9	4,5	3,9	4,3	3,2	4,1
Business financial services	76,2	79,9	73,6	1,9	0,0	0,0	8,5	5,6	4,2
Other service industries	466,3	471,3	468,4	1,6	1,6	1,6	8,4	17,9	6,3
Real estate sales and operation	2.173,7	2.582,4	2.287,7	7,4	12,6	15,6	39,1	49,8	36,0
Abroad	24,6	25,3	35,4	0,0	0,0	0,0	3,3	0,0	3,1
Total	36.801,4	38.441,6	36.912,1	34,4	54,5	50,7	3.866,1	3.473,2	3.743,6

Geographical distribution of lending to customers

	31.03.2023	31.03.2022	31.12.2022
Drammen	7.304,6	7.260,4	7.289,6
Øvre Eiker	2.000,2	1.999,3	1.965,3
Asker/Bærum	5.841,8	5.672,2	5.765,8
Rest of Viken	7.589,1	7.560,5	7.516,3
Oslo	7.304,7	8.719,0	7.558,7
Vestfold/Telemark	3.395,3	3.358,5	3.313,8
Rest of Norway	3.341,2	3.846,4	3.467,1
Abroad	24,6	25,3	35,4
Gross lending to customers	36.801,4	38.441,6	36.912,1

Note K3 – Capital adequacy

The Group uses the standardised approach when calculating minimum requirements for primary capital for credit risk. Calculations related to operational risk are performed using the basis method. The capital charge for credit valuation adjustment (CVA) is calculated using the standardised approach. Exposure amounts for derivatives are calculated using the standardised method (SA-CCR).

The Group's primary capital must satisfy the minimum capital adequacy ratio requirements at all times, with the addition of a buffer equivalent to the bank's accepted risk tolerance. See also the bank's Pillar III document, which is available from Sparebanken Øst's website.

	31.03.2023	31.03.2022	31.12.2022
CET1 capital			
Book equity	4.163,8	4.181,9	4.439,4
Deduction items in CET1 capital			
Additional value adjustments (prudent valuation requirement) (AVA)	-7,3	-8,1	-6,9
Dividends	0,0	0,0	-275,5
Goodwill included in the valuation of significant investments	-218,5	-195,4	-227,3
Intangible assets	-34,6	-32,4	-33,9
CET1 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
CET1 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
Other deductions from CET1 capital	-58,2	-46,8	-58,2
Total CET1 capital	3.845,3	3.899,2	3.837,5
Other Tier 1 capital			
Hybrid Tier 1 capital	350,0	350,0	350,0
Deductions from other Tier 1 capital			
Other Tier 1 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
Other Tier 1 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
Total other Tier 1 capital	350,0	350,0	350,0
Total Tier 1 capital	4.195,3	4.249,2	4.187,5
Tier 2 capital			
Subordinated loans	400,0	400,0	400,0
Deductions from Tier 2 capital			
Tier 2 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
Tier 2 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
Total Tier 2 capital	400,0	400,0	400,0
Net subordinated loan capital	4.595,3	4.649,2	4.587,5

Note K3 - Capital adequacy (contd.)

	31.03.2023	31.03.2022	31.12.2022
Governments and central banks	0,0	0,0	0,0
Local and regional authorities	0,0	21,5	0,0
Publicly owned companies	6,0	0,0	6,0
Multilateral development banks	0,0	0,0	0,0
Institutions	57,5	46,9	77,3
Companies	57,2	122,5	66,4
Mass market accounts	3.050,0	2.806,1	2.925,9
Accounts secured against property	12.659,9	13.919,3	12.832,3
Accounts due	186,4	209,0	151,7
High-risk commitments	139,3	429,8	163,9
Covered bonds	458,2	518,8	424,1
Shares in securities fund	0,0	0,0	0,0
Equity positions	862,0	918,4	808,5
Other exposures	197,8	199,8	192,6
Securitisation	0,0	0,0	0,0
Calculation basis for credit and counterparty risk	17.674,4	19.192,1	17.648,7
Calculation basis for currency risk	0,0	0,0	0,0
Calculation basis for operational risk	1.411,3	1.454,4	1.411,3
Calculation basis for impaired counterparty credit valuation adjustment (CVA)	18,3	17,5	27,0
Deductions from calculation basis	0,0	0,0	0,0
Total calculation basis	19.104,0	20.664,1	19.087,0
CET1 capital ratio	20,13 %	18,87 %	20,11 %
Tier 1 capital ratio	21,96 %	20,56 %	21,94 %
Capital adequacy	24,05 %	22,50 %	24,03 %
Buffers			
Capital conservation buffer	477,6	516,6	477,2
Countercyclical buffer	477,6	206,6	381,7
Systemic risk buffer	573,1	619,9	572,6
Buffer for systemically important banks	0,0	0,0	0,0
Total buffer requirements	1.528,3	1.343,2	1.431,5
Available buffer capital	2.985,6	2.969,3	2.978,6
Leverage ratio	9,19 %	8,89 %	9,27 %

Note K4 – Credit risk

Risk classification of retail and business customers is an integral part of the credit process for retail customers for the approval and overall management of the portfolio. Customers are classified using scoring models developed using statistical methods that estimate the probability of default (PD). The models are based on information about the customer's finances and behaviour.

Risk classification is performed when new loan applications are assessed, then reviewed each month based on available information about changes in the customer's finances and behaviour.

The risk classification scale consists of 11 categories from A to K, where risk class A represents the lowest credit risk and risk class I represents the highest risk for customers not in default.

Risk classes J and K comprise commitments where there is objective evidence of non-performance, and these commitments are placed under special surveillance.

Probability of default (12-month PD) by risk class

Risk class	From	To
A	0,00 %	0,10 %
B	0,10 %	0,25 %
C	0,25 %	0,50 %
D	0,50 %	0,75 %
E	0,75 %	1,50 %
F	1,50 %	2,75 %
G	2,75 %	5,00 %
H	5,00 %	10,00 %
I	10,00 %	99,99 %
Y and K	99,99 %	100,00 %

31.03.2023	Gross lending**	Guarantee liabilities	Overdraft facilities	Total commitments	%	Loan loss provisions, Stage 1		Loan loss provisions, Stage 2		Loan loss provisions, Stage 3*	
						Commitments, Stage 1	provisions, Stage 1	Commitments, Stage 2	provisions, Stage 2	Commitments, Stage 3	provisions, Stage 3*
A	13.392,0	14,9	1.327,3	14.734,2	36	14.697,4	1,0	36,8	0,0	0,0	0,0
B	15.502,3	12,5	2.345,7	17.860,5	44	17.729,0	3,6	131,4	0,1	0,0	0,0
C	4.100,8	2,5	152,2	4.255,4	10	4.123,8	1,8	131,5	0,2	0,0	0,0
D	1.208,6	0,8	24,5	1.233,8	3	1.047,6	0,8	186,2	0,4	0,0	0,0
E	923,1	0,0	6,6	929,7	2	755,7	0,9	174,0	0,9	0,0	0,0
F	747,1	0,3	4,0	751,3	2	557,0	1,2	194,3	1,7	0,0	0,0
G	366,4	0,9	1,2	368,4	1	241,8	0,9	126,6	1,3	0,0	0,0
H	123,4	0,1	0,4	123,9	0	40,5	0,3	83,4	1,1	0,0	0,0
I	194,7	0,0	3,9	198,6	0	23,2	0,7	175,4	9,5	0,0	0,0
J	58,0	0,1	0,0	58,1	0	0,0	0,0	0,1	0,0	58,0	0,0
K	185,0	0,5	0,0	185,4	0	0,0	0,0	0,0	0,0	185,4	88,7
Unallocated	0,2	1,9	0,4	2,5	0	2,5	0,0	0,0	0,0	0,0	0,0
Total	36.801,4	34,4	3.866,1	40.701,8	100	39.218,6	11,0	1.239,8	15,0	243,4	88,7

* Stage 3 provisions include individually assessed loan loss provisions of NOK 87.4 million.

** Gross lending includes loans at both amortised cost and fair value.

31.03.2022	Gross lending**	Guarantee liabilities	Overdraft facilities	Total commitments	%	Loan loss provisions, Stage 1		Loan loss provisions, Stage 2		Loan loss provisions, Stage 3*	
						Commitments, Stage 1	provisions, Stage 1	Commitments, Stage 2	provisions, Stage 2	Commitments, Stage 3	provisions, Stage 3*
A	13.150,2	23,2	1.212,4	14.385,8	34,3	14.339,5	1,0	46,4	0,0	0,0	0,0
B	16.658,2	7,1	2.012,6	18.677,9	44,5	18.611,8	3,8	66,1	0,0	0,0	0,0
C	4.897,6	4,0	187,3	5.088,8	12,1	4.993,2	2,1	95,6	0,1	0,0	0,0
D	1.341,6	16,2	42,3	1.400,1	3,3	1.203,4	1,0	196,7	0,5	0,0	0,0
E	808,0	1,8	9,7	819,5	2,0	678,2	1,0	141,3	0,6	0,0	0,0
F	700,9	0,4	4,2	705,5	1,7	542,8	1,5	162,7	1,2	0,0	0,0
G	288,9	0,9	2,7	292,5	0,7	194,2	0,9	98,3	1,0	0,0	0,0
H	152,5	0,1	0,3	152,9	0,4	45,0	0,4	107,9	1,6	0,0	0,0
I	181,7	0,1	1,8	183,7	0,4	24,3	0,7	159,4	9,0	0,0	0,0
J	82,3	0,2	0,0	82,5	0,2	0,0	0,0	0,0	0,0	82,5	0,3
K	179,4	0,5	0,0	179,8	0,4	0,0	0,0	0,0	0,0	179,8	99,5
Unallocated	0,2	0,0	0,0	0,2	0,0	0,2	0,0	0,0	0,0	0,0	0,0
Total	38.441,6	54,5	3.473,2	41.969,3	100,0	40.632,7	12,5	1.074,3	14,2	262,4	99,8

* Stage 3 provisions include individually assessed loan loss provisions of NOK 98.3 million.

** Gross lending includes loans at both amortised cost and fair value.

Note K4 - Credit risk (cont.)

31.12.2022	Gross lending**	Guarantee liabilities	Overdraft facilities	Total commitments	%	Loan loss provisions, Commitments, Stage 1		Loan loss provisions, Commitments, Stage 2		Loan loss provisions, Commitments, Stage 3*	
						Commitments, Stage 1	Stage 1	Commitments, Stage 2	Stage 2	Commitments, Stage 3	Stage 3*
A	13.761,5	19,5	1.345,6	15.126,6	37,2	15.081,0	1,0	45,6	0,0	0,0	0,0
B	15.312,1	23,7	2.210,3	17.546,1	43,1	17.427,7	3,4	118,4	0,1	0,0	0,0
C	4.016,4	3,0	139,1	4.158,5	10,2	4.054,2	2,0	104,3	0,1	0,0	0,0
D	1.259,8	1,2	28,4	1.289,4	3,2	1.052,9	0,8	236,5	0,7	0,0	0,0
E	875,5	0,3	7,8	883,5	2,2	682,4	0,8	201,1	1,0	0,0	0,0
F	743,5	0,4	7,7	751,7	1,8	558,1	1,1	193,6	1,7	0,0	0,0
G	352,1	0,0	0,5	352,6	0,9	256,9	0,9	95,7	0,8	0,0	0,0
H	152,5	0,1	0,3	152,8	0,4	50,0	0,3	102,8	1,4	0,0	0,0
I	223,5	0,0	3,5	226,9	0,6	22,8	0,9	204,2	9,5	0,0	0,0
J	43,6	0,1	0,0	43,7	0,1	0,0	0,0	0,0	0,0	43,7	0,0
K	171,4	0,5	0,0	171,9	0,4	0,0	0,0	0,0	0,0	171,9	86,7
Unallocated	0,3	1,9	0,4	2,6	0,0	2,6	0,0	0,0	0,0	0,0	0,0
Total	36.912,1	50,7	3.743,6	40.706,3	100,0	39.188,5	11,2	1.302,3	15,3	215,6	86,7

* Stage 3 provisions include individually assessed loan loss provisions of NOK 85.8 million.

** Gross lending includes loans at both amortised cost and fair value.

Note K5 - Losses on loans, unused credit and guarantees

Loss costs

	Q1 2023	Q1 2022	31.12.2022
Change in model-based provisions, Stage 1	-0,3	-1,0	-2,3
Change in model-based provisions, Stage 2	-0,3	-0,7	0,4
Change in model-based provisions, Stage 3	0,4	0,1	-0,5
Increase in existing individual loan loss provisions	2,6	3,5	9,4
New individual loan loss provisions	3,2	2,0	9,4
Established losses covered by previous individual loan loss provisions	2,0	0,4	23,2
Reversals of previous individual loan loss provisions	-4,2	-4,0	-29,9
Established losses not covered by previous individual loan loss provisions	-0,7	0,6	1,0
Recovery of previously identified losses	-1,2	-0,8	-4,1
Amortisation costs for the period	0,0	0,0	0,1
Losses on loans, unused credit and guarantees	1,7	0,2	6,8
- of which losses on lending to retail customers of the parent bank and mortgage credit company	-0,3	0,5	2,3
- of which losses on lending to business customers	0,4	-1,2	-0,1
- of which losses on lending AS Financiering	1,6	1,2	4,7
- of which losses on unused credit and guarantees	-0,1	-0,2	-0,1

Changes in loan loss provisions

Group – 31.03.2023	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
Opening balance at 01.01.23	11,2	15,3	86,7	113,2
Transferred to Stage 1	2,8	-2,8	-0,1	0,0
Transferred to Stage 2	-0,4	0,7	-0,3	0,0
Transferred to Stage 3	-0,1	-1,1	1,2	0,0
Net change	-3,3	4,3	2,4	3,3
New losses	2,6	0,5	0,0	3,1
Deducted losses	-1,9	-1,9	-1,1	-4,9
Change in risk model/parameters	0,0	0,0	0,0	0,0
Opening balance as at 31.03.23	11,0	15,0	88,7	114,7
- of which loan loss provisions for lending to retail customers of the parent bank and mortgage credit company	5,9	8,5	3,7	18,1
- of which loan loss provisions for lending to business customers	1,4	1,9	1,5	4,8
- of which loan loss provisions on lending AS Financiering	3,0	4,3	83,2	90,5
- of which loan loss provisions for unused credit and guarantees	0,7	0,3	0,3	1,3
Model-based loan loss provisions	11,0	15,0	1,3	27,3
Individual loan loss provisions	0,0	0,0	87,4	87,4

Note K4 - Losses on loans, unused credit and guarantees (cont.)

Group – 31.03.2022	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
Opening balance at 01.01.22	13,5	14,8	98,2	126,5
Transferred to Stage 1	3,0	-2,8	-0,2	0,0
Transferred to Stage 2	-0,5	1,1	-0,6	0,0
Transferred to Stage 3	-0,2	-0,6	0,8	0,0
Net change	-3,5	2,9	2,4	1,9
New losses	2,4	0,4	0,0	2,8
Deducted losses	-2,2	-1,8	-0,8	-4,8
Change in risk model/parameters	0,0	0,1	0,0	0,1
Opening balance as at 31.03.22	12,5	14,2	99,8	126,5
- of which loan loss provisions for lending to retail customers of the parent bank and mortgage credit company	6,1	6,6	3,8	16,5
- of which loan loss provisions for lending to business customers	1,7	1,0	0,5	3,2
- of which loan loss provisions on lending AS Financiering	4,0	6,3	95,2	105,5
- of which loan loss provisions for unused credit and guarantees	0,7	0,3	0,3	1,2
Model-based loan loss provisions	12,5	14,2	1,5	28,1
Individual loan loss provisions	0,0	0,0	98,3	98,3

Group – 31.12.2022	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
Opening balance at 01.01.22	13,5	14,8	98,2	126,5
Transferred to Stage 1	4,2	-3,6	-0,6	0,0
Transferred to Stage 2	-0,6	1,3	-0,7	0,0
Transferred to Stage 3	-0,2	-1,3	1,5	0,0
Net change	-5,5	3,6	9,8	7,9
New losses	6,4	6,4	2,1	14,9
Deducted losses	-5,7	-4,8	-23,3	-33,8
Change in risk model/parameters	-0,9	-1,2	-0,2	-2,3
Opening balance as at 31.12.22	11,2	15,3	86,7	113,2
- of which loan loss provisions for lending to retail customers of the parent bank and mortgage credit company	6,0	8,8	3,7	18,4
- of which loan loss provisions for lending to business customers	1,7	1,1	1,5	4,3
- of which loan loss provisions on lending AS Financiering	2,9	5,1	81,2	89,2
- of which loan loss provisions for unused credit and guarantees	0,7	0,3	0,3	1,3
Model-based loan loss provisions	11,2	15,3	0,9	27,4
Individual loan loss provisions	0,0	0,0	85,8	85,8

Change in gross lending, broken down by stage

The table below does not include fixed-rate loans at fair value.

Group – 31.03.2023	Stage 1	Stage 2	Stage 3	Total
	Opening balance at 01.01.23	35.129,5	1.272,1	215,0
Transferred to Stage 1	289,5	-287,9	-1,6	0,0
Transferred to Stage 2	-349,2	363,1	-13,8	0,0
Transferred to Stage 3	-18,7	-40,8	59,5	0,0
Net change	87,5	-0,4	-14,3	72,9
New loans	7.754,4	80,6	4,0	7.839,1
Deducted lending	-7.795,9	-174,2	-5,9	-7.976,1
Opening balance as at 31.03.23	35.097,0	1.212,4	243,0	36.552,4
- of which lending to retail customers of the parent bank and mortgage credit company	29.645,6	862,6	56,2	30.564,4
- of which lending to business customers	3.253,5	105,8	12,7	3.372,1
- of which lending AS Financiering	2.197,9	244,0	174,0	2.615,9
- of which loans with forbearance	0,0	266,0	33,5	299,6

Note 5 – Group – Losses on loans, unused credit and guarantees (cont.)

Group – 31.03.2022	Stage 1	Stage 2	Stage 3	Total
Opening balance at 01.01.22	37.848,4	1.091,5	298,2	39.238,1
Transferred to Stage 1	237,2	-233,8	-3,5	0,0
Transferred to Stage 2	-348,3	384,2	-36,0	0,0
Transferred to Stage 3	-12,6	-18,1	30,6	0,0
Net change	16,9	14,5	-12,4	19,0
New loans	7.728,1	55,8	0,0	7.783,9
Deducted lending	-8.614,0	-253,4	-12,7	-8.880,1
Opening balance as at 31.03.22	36.855,8	1.040,7	264,3	38.160,9
- of which lending to retail customers of the parent bank and mortgage credit company	30.788,0	697,5	34,9	31.520,5
- of which lending to business customers	3.969,6	86,6	54,8	4.111,0
- of which lending AS Financiering	2.098,2	256,6	174,6	2.529,4
- of which loans with forbearance	0,0	166,5	10,4	176,9

Group – 31.12.2022	Stage 1	Stage 2	Stage 3	Total
Opening balance at 01.01.22	37.848,4	1.091,5	298,2	39.238,1
Transferred to Stage 1	313,0	-307,4	-5,6	0,0
Transferred to Stage 2	-598,4	625,5	-27,0	0,0
Transferred to Stage 3	-35,6	-36,8	72,4	0,0
Net change	-101,5	-99,4	-21,2	-222,0
New loans	16.964,3	475,1	18,3	17.457,7
Deducted lending	-19.260,8	-476,5	-119,9	-19.857,2
Opening balance as at 31.12.22	35.129,5	1.272,1	215,0	36.616,5
- of which lending to retail customers of the parent bank and mortgage credit company	29.606,2	876,1	47,8	30.530,1
- of which lending to business customers	3.341,0	126,8	6,6	3.474,4
- of which lending AS Financiering	2.182,3	269,2	160,6	2.612,1
- of which loans with forbearance	0,0	254,0	19,3	273,3

Model-based expected credit loss

At the end of Q1 2023, the economic outlook is generally considered not to have changed compared with what was assumed when the annual financial statements for 2022 were published.

The probability weighting of the macro scenarios used to calculate the model-based expected credit loss changed at the end of Q1 2023 compared with what was used in the preparation of the annual financial statements for 2022. The factors for the different scenarios, which express the amount of expected credit loss in the optimistic and pessimistic scenarios compared with expected credit loss in the expected scenario, remained unchanged at the end of Q1 2023 compared with what was used in the preparation of the annual financial statements for 2022.

The table below shows the expected credit loss in the different scenarios and the probability weights. Individually assessed loss provisions remain unchanged in the various scenarios.

Group – 31.03.23	Probability	Stage 1	Stage 2	Stage 3	Total
	weight				
Optimistic scenario	0 %	6,5	8,6	88,1	103,2
Expected scenario	70 %	8,1	10,8	88,3	107,2
Pessimistic scenario	30 %	17,7	24,9	89,5	132,1
Loan loss provisions (probability-weighted)	100 %	11,0	15,0	88,7	114,7

Note K6 - Non-performing commitments, customers

	31.03.2023	31.03.2022	31.12.2022
Payments over 90 days past due			
Business	7,0	49,3	7,0
+ Retail	13,4	8,2	10,2
+ AS Financiering	153,4	157,3	145,0
= Gross payment defaults	173,9	214,7	162,3
- Loan loss provisions	87,7	98,6	86,1
= Net payment defaults	86,2	116,1	76,2
Other non-performing commitments			
Business	6,2	6,3	0,1
+ Retail	42,8	26,7	37,6
+ AS Financiering	20,5	17,3	15,6
= Gross other non-performing commitments	69,6	50,3	53,3
- Loan loss provisions	1,0	1,2	0,6
= Net other non-performing commitments	68,6	49,1	52,7
Non-performing commitments			
Business	13,2	55,5	7,1
+ Retail	56,2	34,9	47,8
+ AS Financiering	174,0	174,6	160,6
= Gross non-performing commitments	243,4	265,0	215,6
- Loan loss provisions	88,7	99,8	86,7
= Net non-performing commitments	154,8	165,2	128,9

Note K7 Net interest income

	Q1 2023	Q1 2022	Full year 2022
Interest income from loans to and receivables from financial institutions	3,5	0,6	5,7
Interest income from loans to customers	424,1	250,2	1.203,9
Interest income from certificates and bonds	58,1	25,9	145,9
Total interest income	485,7	276,6	1.355,5
Interest costs on liabilities to financial institutions	2,7	1,7	6,7
Interest on deposits from customers	59,6	25,1	136,4
Interest on securities issued	205,7	79,3	479,0
Interest on senior subordinated bonds	9,7	2,5	19,6
Interest on subordinated loan capital	5,4	2,3	12,8
Norwegian Banks Guarantee Fund levy	4,1	3,8	14,7
Total interest costs	287,1	114,8	669,3
Net interest income	198,6	161,9	686,2

Note K8 - Net changes in value and gains/losses on financial instruments

	Q1 2023	Q1 2022	Året 2022
Net changes in value and gains/losses on certificates and bonds	-6,4	-21,2	-50,5
Net value change and gains/losses on shares	14,4	5,6	-29,5
Net changes in value and gains/losses on fixed-interest loans	0,3	-5,8	-6,3
Net changes in value and gains/losses on other financial instruments	-6,7	8,2	3,6
Net value change and gains/losses on financial instruments	1,5	-13,2	-82,6

Note K9 - Operating costs

	1. kvartal 2023	1. kvartal 2022	Året 2022
Payroll costs incl. AGA and financial activity tax	42,6	41,2	148,2
Pension costs	3,852	3,6	13,0
Other personnel-related costs	2,5	1,963	7,3
IT costs	12,8	11,4	46,5
Other administrative costs	5,1	4,4	17,4
Depreciation/impairment of tangible and intangible assets	7,0	6,6	27,2
Operating costs, properties and premises	3,2	3,054	10,1
Other operating costs	12,0	8,9	40,0
Total operating costs	89,1	81,1	309,7

Note K10 - Classification of financial instruments

31.03.2023	Fair value through profit and loss		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	594,8	594,8
Net loans to and receivables from financial institutions	0,0	0,0	36,0	36,0
Net lending to customers	0,0	249,0	36.439,0	36.688,0
Certificates and bonds	6.017,8	0,0	0,0	6.017,8
Financial derivatives**	48,7	0,0	0,0	48,7
Shares and units	810,4	0,0	0,0	810,4
Total financial assets	6.876,8	249,0	37.069,7	44.195,6
Liabilities to financial institutions	0,0	0,0	277,3	277,3
Customer deposits	0,0	0,0	15.159,7	15.159,7
Securities issued	0,0	0,0	22.324,9	22.324,9
Financial derivatives**	138,4	0,0	0,0	138,4
Lease liabilities	0,0	0,0	45,8	45,8
Senior subordinated bonds	0,0	0,0	896,1	896,1
Subordinated loan capital	0,0	0,0	400,8	400,8
Total financial liabilities	138,4	0,0	39.104,6	39.243,0

* Includes hedged liabilities

** Includes derivatives for which hedge accounting is used

31.03.2022	Fair value through profit and loss		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	461,1	461,1
Net loans to and receivables from financial institutions	0,0	0,0	11,7	11,7
Net lending to customers	0,0	280,7	38.035,6	38.316,4
Certificates and bonds	6.790,5	0,0	0,0	6.790,5
Financial derivatives**	58,5	0,0	0,0	58,5
Shares and units	820,5	0,0	0,0	820,5
Total financial assets	7.669,4	280,7	38.508,4	46.458,6
Liabilities to financial institutions	0,0	0,0	301,5	301,5
Customer deposits	0,0	0,0	17.099,6	17.099,6
Securities issued	0,0	0,0	22.993,7	22.993,7
Financial derivatives**	104,5	0,0	0,0	104,5
Lease liabilities	0,0	0,0	42,6	42,6
Senior subordinated bonds	0,0	0,0	700,9	700,9
Subordinated loan capital	0,0	0,0	400,5	400,5
Total financial liabilities	104,5	0,0	41.538,7	41.643,2

* Includes hedged liabilities

** Includes derivatives for which hedge accounting is used

Note K10 - Classification of financial instruments (cont.)

31.12.2022	Fair value through profit and loss		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	486,4	486,4
Net loans to and receivables from financial institutions	0,0	0,0	16,1	16,1
Net lending to customers	0,0	295,5	36.504,7	36.800,2
Certificates and bonds	5.635,3	0,0	0,0	5.635,3
Financial derivatives**	44,4	0,0	0,0	44,4
Shares and units	796,0	0,0	0,0	796,0
Total financial assets	6.475,7	295,5	37.007,2	43.778,4
Liabilities to financial institutions	0,0	0,0	274,1	274,1
Customer deposits	0,0	0,0	15.761,3	15.761,3
Securities issued	0,0	0,0	21.375,7	21.375,7
Financial derivatives**	131,7	0,0	0,0	131,7
Lease liabilities	0,0	0,0	42,2	42,2
Senior subordinated bonds	0,0	0,0	896,2	896,2
Subordinated loan capital	0,0	0,0	420,9	420,9
Total financial liabilities	131,7	0,0	38.770,4	38.902,1

* Includes hedged liabilities

** Includes derivatives for which hedge accounting is used

Note K11 - Financial instruments at fair value

The bank classifies fair value measurements using a hierarchy involving the following levels:

Level 1: Observable market prices in active markets.

Level 2: Observable market prices in less active markets, or the use of inputs which are either directly or indirectly observable.

Level 3: Valuation techniques not based on observable market data.

Please see Note 25 in the Annual Report for 2022 for further details of individual accounting items.

31.03.2023	Level 1	Level 2	Level 3	Total
Fair value				
Lending to customers	0,0	0,0	249,0	249,0
Certificates and bonds	0,0	6.017,8	0,0	6.017,8
Financial derivatives	0,0	48,7	0,0	48,7
Shares and units	66,5	11,5	732,4	810,4
Total assets at fair value	66,5	6.077,9	981,4	7.125,8

Financial derivatives	0,0	138,4	0,0	138,4
Total liabilities at fair value	0,0	138,4	0,0	138,4

Movements in level 3 for items valued at fair value	Fixed-rate loans	through profit and loss	Total
Balance sheet as at 01.01.23	295,5	720,0	1.015,5
Net realised gains	0,0	0,0	0,0
Additions	14,2	0,0	14,2
Disposals	61,0	0,0	61,0
Changes in value	0,3	12,4	12,7
Transferred from levels 1 and 2	0,0	0,0	0,0
Balance sheet at end of period	249,0	732,4	981,3

31.03.2022	Level 1	Level 2	Level 3	Total
Fair value				
Lending to customers	0,0	0,0	280,7	280,7
Certificates and bonds	0,0	6.790,5	0,0	6.790,5
Financial derivatives	0,0	58,5	0,0	58,5
Shares and units	68,4	0,0	752,1	820,5
Total assets at fair value	68,4	6.848,9	1.032,8	7.950,2

Financial derivatives	0,0	104,5	0,0	104,5
Total liabilities at fair value	0,0	104,5	0,0	104,5

Movements in level 3 for items valued at fair value	Fixed-rate loans	through profit and loss	Total
Balance sheet as at 01.01.22	273,7	780,8	1.054,5
Net realised gains	0,0	0,0	0,0
Additions	22,0	0,0	22,0
Disposals	9,2	33,7	42,9
Changes in value	-5,8	4,9	-0,8
Transferred from levels 1 and 2	0,0	0,0	0,0
Balance sheet at end of period	280,7	752,1	1.032,8

Note K11 - Financial instruments at fair value (cont.)

31.12.2022	Level 1	Level 2	Level 3	Total
Fair value				
Lending to customers	0,0	0,0	295,5	295,5
Certificates and bonds	0,0	5.635,3	0,0	5.635,3
Financial derivatives	0,0	44,4	0,0	44,4
Shares and units	65,1	10,9	720,0	796,0
Total assets at fair value	65,1	5.690,6	1.015,5	6.771,2
Financial derivatives	0,0	131,7	0,0	131,7
Total liabilities at fair value	0,0	131,7	0,0	131,7

Movements in level 3 for items valued at fair value	Shares		Total
	Fixed-rate loans	through profit and loss	
Balance sheet as at 01.01.22	273,7	780,8	1.054,5
Net realised gains	0,0	0,0	0,0
Additions	82,3	15,0	97,3
Disposals	54,2	33,7	87,8
Changes in value	-6,3	-31,2	-37,5
Transferred from levels 1 and 2	0,0	-10,9	-10,9
Balance sheet at end of period	295,5	720,0	1.015,5

Note K12 - Securities issued, senior subordinated bonds and subordinated loan ca

Change in securities issued	31.03.2023	Other changes			31.12.2022
		Issued	Due/redeemed	incl. currency	
Ordinary senior bonds, nominal value	5.179,8	0,0	0,0	0,0	5.179,8
Covered bonds, nominal value	17.169,1	1.998,2	1.060,9	-2,9	16.234,7
Value adjustments	-142,1	0,0	0,0	3,9	-146,1
Accrued interest	118,1	0,0	0,0	10,9	107,2
Total securities issued	22.324,9	1.998,2	1.060,9	12,0	21.375,7
Of which: green bonds, nominal value	1.998,2	1.998,2	0,0	0,0	0,0

Green bonds are subordinated bond loans issued under a green framework where the monies are used exclusively to finance a portfolio of loans that will contribute to the transition towards lower carbon emissions and climate-resilient development.

Change in securities issued	31.03.2022	Other changes			31.12.2021
		Issued	Due/redeemed	incl. currency	
Ordinary senior bonds, nominal value	5.274,7	0,0	1.123,0	-0,1	6.397,8
Covered bonds, nominal value	17.745,3	1.027,7	1.002,3	-2,2	17.722,0
Value adjustments	-94,2	0,0	0,0	-180,8	86,6
Accrued interest	67,9	0,0	0,0	-9,5	77,4
Total securities issued	22.993,7	1.027,7	2.125,3	-192,6	24.283,8

Change in senior subordinated bonds	31.03.2023	Other changes			31.12.2022
		Issued	Due/redeemed	incl. currency	
Senior subordinated bonds, nominal value	891,8	0,0	0,0	0,4	891,3
Value adjustments	0,0	0,0	0,0	0,0	0,0
Accrued interest	4,3	0,0	0,0	-0,5	4,8
Total senior subordinated bonds	896,1	0,0	0,0	-0,1	896,2

Change in senior subordinated bonds	31.03.2022	Other changes			31.12.2021
		Issued	Due/redeemed	incl. currency	
Senior subordinated bonds, nominal value	699,4	299,7	0,0	0,0	399,7
Value adjustments	0,0	0,0	0,0	0,0	0,0
Accrued interest	1,5	0,0	0,0	1,014	0,5
Total senior subordinated bonds	700,9	299,7	0,0	1,0	400,2

Change in subordinated loan capital	31.03.2023	Other changes			31.12.2022
		Issued	Due/redeemed	incl. currency	
Ordinary subordinated loan capital, nominal value	399,9	0,0	20,0	0,0	419,9
Value adjustments	0,0	0,0	0,0	0,0	0,0
Accrued interest	0,9	0,0	0,0	-0,1	1,0
Total subordinated loan capital	400,8	0,0	20,0	-0,1	420,9

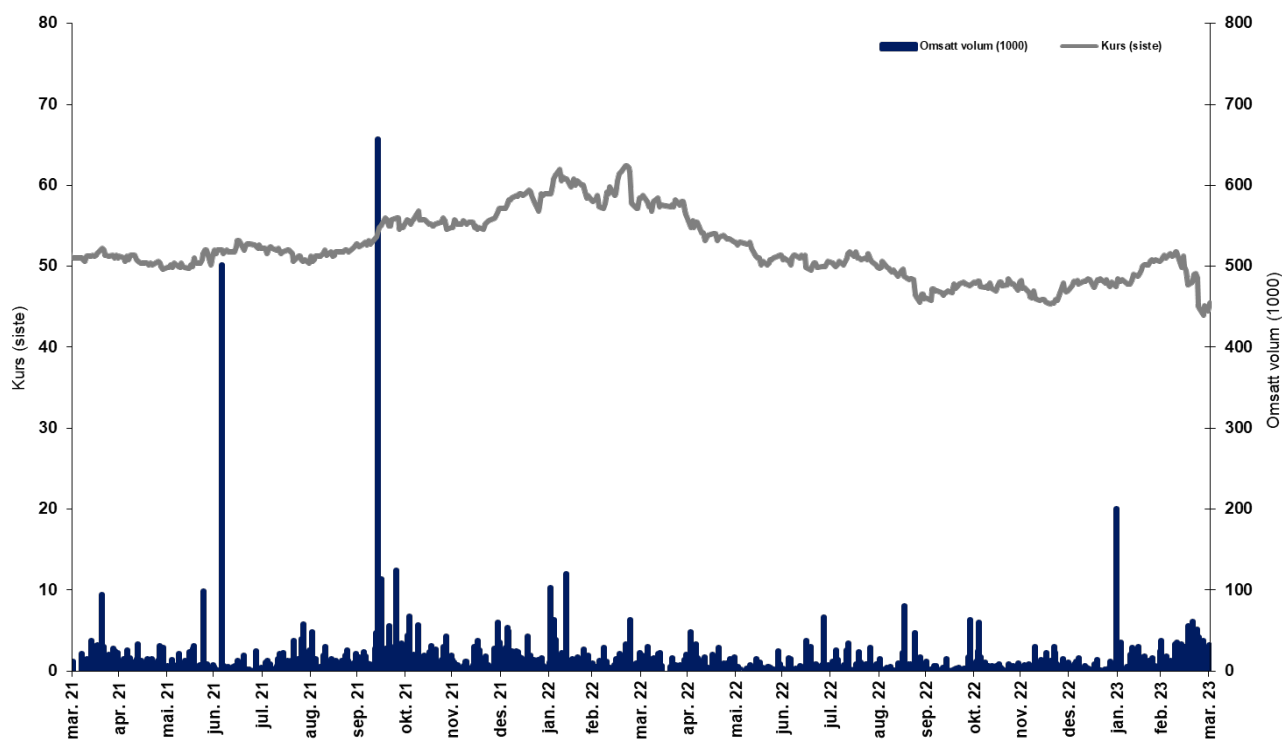
Change in subordinated loan capital	31.03.2022	Other changes			31.12.2021
		Issued	Due/redeemed	incl. currency	
Ordinary subordinated loan capital, nominal value	399,8	0,0	0,0	0,0	399,8
Value adjustments	0,0	0,0	0,0	0,0	0,0
Accrued interest	0,6	0,0	0,0	0,1	0,6
Total subordinated loan capital	400,5	0,0	0,0	0,1	400,4

Note K13 - Equity certificates

Ownership fraction, parent bank

	01.01.2023	01.01.2022
Equity certificate capital	207,3	207,3
Premium reserve	387,8	387,8
Equalisation fund (excl. dividend)	364,2	333,4
Share of Fund for Unrealised Gains	113,8	135,5
Total numerator (A)	1.073,1	1.064,1
Total equity excl. hybrid capital (dividend provisions for the year excluded)	3.753,8	3.722,5
Total denominator (B)	3.753,8	3.722,5
Ownership fraction (A/B) in per cent*	28,59	28,59

Sparebanken Øst (SPOG)



The twenty largest equity certificate holders as at 31.03.2023

Name	Number	%	Name	Number	%
1 MP Pensjon	1.437.815	6,94 %	11 Active Portfolio AS	210.000	1,01 %
2 Directmarketing Invest AS	999.500	4,82 %	12 Intertrade Shipping AS	205.000	0,99 %
3 VPF Eika Egenkapitalbevis	909.789	4,39 %	13 Bergen Kommunale Pensjonskasse	200.000	0,96 %
4 KLP	621.465	3,00 %	14 Profond AS	185.872	0,90 %
5 Foretakskonsulenter AS	507.841	2,45 %	15 Morgan Stanley & Co. Intern.	140.871	0,68 %
6 Hansen, Asbjørn Rudolf	445.502	2,15 %	16 Teigen, Anne Kristine	121.025	0,58 %
7 Jag Holding AS	395.897	1,91 %	17 Spesialfondet Borea Utbytte	120.400	0,58 %
8 Wenaasgruppen AS	273.000	1,32 %	18 Seriana AS	120.000	0,58 %
9 BKK Norwegian Public Service Pension Fund	250.000	1,21 %	19 Juel, Iver Albert	107.500	0,52 %
10 AS Andersen Eiendomselskap	238.900	1,15 %	20 Wergeland Holding AS	104.933	0,51 %

Note K14 Pledged assets and preferential rights

Pledges of security	31.03.2023	31.03.2022	31.12.2022
Bonds, nominal value, pledged as security for borrowing facilities at Norges Bank	1.230,0	1.290,0	1.317,0
Total pledges of security	1.230,0	1.290,0	1.317,0
Preferential rights	31.03.2023	31.03.2022	31.12.2022
Preferential rights in accordance with Section 11-15 of the Norwegian Financial Institutions Act (nominal value)	17.091,0	18.650,0	16.150,0
Total preferential rights	17.091,0	18.650,0	16.150,0

The parent bank's holdings of covered bonds have a nominal value of NOK 0.0 as of 31.03.23, MNOK 0.0 per 31.12.22 and MNOK 1.000.0 per 31.03.2022 are not taken into account in the table above.

Changes in key figures – Group

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Profitability					
1. Return on equity*	8,87	8,29	5,21	6,87	5,61
2. Net interest income as a % of average total assets	1,82	1,68	1,55	1,38	1,38
3. Profit/loss after income tax as a % of average total assets	0,90	0,84	0,54	0,67	0,53
4. Costs as a % of average total assets	0,82	0,73	0,70	0,58	0,69
5. Costs as a % of income (before losses on loans/guarantees)*	41,17	38,92	48,32	41,27	50,49
6. Costs as a % of income (excl. return on financial investments)*	41,47	41,17	42,94	39,71	46,66
Balance sheet figures					
7. Net lending to customers	36.688,0	36.800,2	37.207,7	37.666,8	38.316,4
8. Lending growth (quarter)	-0,31	-1,10	-1,22	-1,70	-2,72
9. Deposits	15.159,7	15.761,3	16.806,2	17.471,9	17.099,6
10. Deposit growth (quarter)	-3,82	-6,22	-3,81	2,18	-2,73
11. Average equity	4.209,9	4.267,1	4.341,9	4.276,8	4.211,0
12. Average total assets	44.296,2	44.596,0	45.338,4	46.156,9	47.439,1
Loan loss provisions on impaired and non-performing commitments					
13. Losses as a % of net lending to customers (OB)*	0,02	0,03	0,03	0,01	0,00
14. Loan loss provisions as a % of gross lending to customers*	0,31	0,31	0,35	0,34	0,33
15. Net payment defaults exceeding 90 days as a % of net lending	0,23	0,21	0,21	0,28	0,30
16. Other net non-performing commitments (Stage 3) as a % of net lending	0,19	0,14	0,10	0,12	0,13
Solvency					
17. CET1 capital ratio, including 50% of retained earnings (%)	20,37	20,11	20,44	20,04	19,01
18. CET1 capital ratio (%)	20,13	20,11	19,95	19,71	18,87
19. Tier 1 capital ratio (%)	21,96	21,94	21,77	21,50	20,56
20. Capital adequacy ratio (%)	24,05	24,03	23,83	23,55	22,50
21. Risk-weighted volume (calculation basis)	19.104,0	19.087,0	19.324,7	19.517,5	20.664,1
22. Tier 1 leverage ratio, including 50% of retained earnings (%)	9,29	9,27	9,31	9,14	8,95
23. Leverage ratio (%)	9,19	9,27	9,11	8,99	8,89
Liquidity					
24. Deposit coverage ratio	41,32	42,83	45,17	46,39	44,63
25. LCR (%)	301,67	217,26	273,80	248,46	257,69
26. NSFR (%)	132,46	130,08	134,79	137,84	124,00
Branches and full-time equivalents					
27. No. of branches	29	30	30	30	29
28. FTEs	184	180	179	178	181
Equity certificates					
29. Ownership fraction (parent bank) (%)	28,59	28,59	28,59	28,59	28,59
30. No. of equity certificates	20.731.183	20.731.183	20.731.183	20.731.183	20.731.183
31. Book equity per equity certificate*	58,68	61,21	60,26	59,48	58,47
32. Earnings per equity certificate*	1,27	1,23	0,79	1,01	0,80
33. Dividend per equity certificate	0,00	3,80	0,00	0,00	0,00
34. Turnover rate	22,99	11,36	14,22	13,96	25,53
35. Price	45,50	47,00	46,10	50,80	58,40

* Defined as alternative performance target

Definitions of key figures and alternative performance targets

Profitability

- | | |
|--|--|
| 1. Return on equity* | The profit/loss that is attributable to equity certificates and primary capital as a % of average equity adjusted for hybrid capital. The key figure provides relevant information about the Group's profitability by measuring its ability to generate profitability on equity. The return on equity is one of Sparebanken Øst's most important target figures. |
| 2. Net interest income as a % of average total assets | Net interest income as a % of average total assets |
| 3. Profit/loss after income tax as a % of average total assets | Profit/loss after tax as a % of average total assets |
| 4. Costs as a % of average total assets | Payroll, etc., administrative costs, amortisation and other operating costs as a % of average total assets |
| 5. Costs as a % of income (before losses on loans/guarantees)* | Payroll, etc., administrative costs, amortisation and other operating costs as a % of net interest income, dividend, net commission income and value changes and gains/losses on financial instruments and other operating income. The key figure is used to provide information on the ratio between income and costs. |
| 6. Costs as a % of income (excl. return on financial investments)* | Payroll, etc., administrative costs, amortisation and other operating costs as a % of net interest income, net commission income and value changes and gains/losses on financial instruments and other operating income. The key figure is used to provide information about the ratio between income and costs. |

Balance sheet figures

- | | |
|--|--|
| 7. Net lending to customers | Gross lending minus loan loss provisions |
| 8. Lending growth (quarter/12 months) | Change in net lending as a % of OB net lending. Quarterly figures show growth in the quarter, while other figures show 12-month growth |
| 9. Deposits | Customer deposits |
| 10. Deposit growth (quarter/12 months) | Change in deposits as a % of OB deposits. Quarterly figures show growth in the quarter, while other figures show 12-month growth. |
| 11. Average equity | (OB equity (adjusted for hybrid capital) less proposed dividends + CB equity (adjusted for hybrid capital) less proposed dividends)/2. |
| 12. Average total assets | Average total assets based on quarterly balance sheet figures |

Loan loss provisions on impaired and non-performing commitments

- | | |
|--|---|
| 13. Losses as a % of net lending to customers (OB)* | Losses as a % of OB net loans to customers for the period. The key figure indicates the recognised loss in relation to net lending at the beginning of the accounting period and provides relevant information on the extent of the losses incurred by the Group in relation to its lending volume. |
| 14. Loan loss provisions as a % of gross lending to customers* | Total loan loss provisions, Stages 1, 2 and 3, as a % of gross lending. This key figure provides relevant information about credit risk and is deemed useful additional information besides that stated in the loss notes. |
| 15. Net payment defaults exceeding 90 days as a % of net lending | Net payment defaults exceeding 90 days as a % of net lending. This key figure provides relevant information about credit risk and is judged to be useful additional information to what is stated in the loss notes. |
| 16. Other net non-performing commitments (Stage 3) as a % of net lending | Net other non-performing commitments as a % of net lending. This key figure provides relevant information about credit risk and is judged to be useful additional information to what is stated in the loss notes. |

Solvency

- | | |
|---|--|
| 17. CET1 capital ratio, including 50% of retained earnings (%) | Tier 1 capital incl. 50% of equity certificate holders' and primary capital share of the unallocated profit as a % of the risk-weighted volume (total calculation basis) |
| 18. CET1 capital ratio (%) | CET1 capital as a % of the risk-weighted volume (basis for calculation) |
| 19. Tier 1 capital ratio (%) | Tier 1 capital as a % of the risk-weighted volume (calculation basis) |
| 20. Capital adequacy ratio (%) | Total subordinated loan capital as a % of the risk-weighted volume (basis for calculation) |
| 21. Risk-weighted volume (calculation basis) | Total credit and counterparty risk, currency risk, operational risk and calculation basis for impaired counterparty credit rating (CVA) |
| 22. Tier 1 leverage ratio, including 50% of retained earnings (%) | Tier 1 capital incl. 50% of equity certificate holders' and primary capital share of the unallocated profit as a % of the unweighted basis |
| 23. Leverage ratio (%) | Tier 1 capital as a percentage of unweighted basis for calculation |

Liquidity

- | | |
|----------------------------|--|
| 24. Deposit coverage ratio | Deposits as a % of net loans to customers |
| 25. LCR (%) | Liquid assets as a percentage of net payments in a stress scenario lasting 30 days |
| 26. NSFR (%) | Available stable financing as a % of required stable financing |

Branches and full-time equivalents

- | | |
|---------------------|--|
| 27. No. of branches | |
| 28. FTEs | |

Equity certificates

- | | |
|--|---|
| 29. Ownership fraction (parent bank) (%) | Equity certificate holders' share of total equity adjusted for hybrid capital (less proposed dividends) as a % (Basis at 01.01, time-weighted on issue). |
| 30. No. of equity certificates | Total no. of outstanding equity certificates |
| 31. Book equity per equity certificate* | Equity share capital divided by no. of equity certificates. The calculation includes the year's allocation for dividends. The key figure provides information about the value of the book equity per equity certificate. This allows the reader to assess the reasonableness of the market price in relation to the equity certificate. |
| 32. Earnings per equity certificate* | The equity share capital's share of the profit/loss after tax divided by time-weighted average number of equity certificates during the period. |
| 33. Dividend per equity certificate | Dividend in NOK per equity certificate |
| 34. Turnover rate | Annualised turnover rate (traded as a % of issued) |
| 35. Price | The most recently traded price on the Oslo Stock Exchange at the balance sheet date. |

* Defined as alternative performance target

Financial performance – Group

(Amounts in NOK million)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Interest income	485,7	442,4	340,4	296,0	276,6
Interest costs	287,1	253,0	163,7	137,7	114,8
Net interest income	198,6	189,4	176,6	158,3	161,9
Commission income and income from banking services	27,2	21,2	21,2	20,9	23,0
Commission costs and costs for banking services	11,6	12,2	12,6	12,3	11,7
Dividend	0,1	3,6	0,1	50,1	0,0
Net changes in value and gains/losses on financial instruments	1,5	7,9	-20,8	-56,4	-13,2
Other operating income	0,5	1,4	0,5	0,8	0,7
Net other operating income	17,7	21,9	-11,5	3,0	-1,3
Salaries and other personnel costs	48,9	44,5	45,9	31,3	46,8
Depreciation/impairment of tangible and intangible assets	7,0	7,0	6,8	6,7	6,6
Other operating costs	33,1	30,8	27,0	28,6	27,7
Total operating costs	89,1	82,2	79,8	66,6	81,1
Profit before losses	127,3	129,1	85,3	94,7	79,5
Losses on loans, unused credit and guarantees	1,7	2,5	3,3	0,8	0,2
Profit/loss before tax	125,6	126,6	82,1	93,9	79,3
Income tax	27,6	31,7	20,4	16,3	17,1
Profit/loss after tax	98,0	94,9	61,7	77,6	62,2
Hybrid capital owners' share of the result	6,0	5,7	4,7	4,4	3,9
Equity certificate holders' and primary capital share of profits	92,0	89,1	57,0	73,2	58,3
Profit/loss after tax	98,0	94,9	61,7	77,6	62,2
Earnings per equity certificate	1,27	1,23	0,79	1,01	0,80
Diluted earnings per equity certificate	1,27	1,23	0,79	1,01	0,80

Comprehensive income performance – Group

(Amounts in NOK million)	1. kvartal 2023	Q4 2022	Q3 2022	Q2 2022	1. kvartal 2022
Profit/loss after tax	98,0	94,9	61,7	77,6	62,2
Items that will not be reclassified to the income statement					
Actuarial gains and losses on defined-benefit plans	0,0	-26,9	0,0	0,0	0,0
Tax related to items that cannot be reclassified	0,0	6,7	0,0	0,0	0,0
Comprehensive income	98,0	74,7	61,7	77,6	62,2

Balance sheet performance – Group

(Amounts in NOK millions)	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Assets					
Cash and receivables from central banks	594,8	486,4	498,5	520,8	461,1
Loans to and receivables from financial institutions	36,0	16,1	29,9	9,5	11,7
Lending to customers	36.688,0	36.800,2	37.207,7	37.666,8	38.316,4
Certificates and bonds	6.017,8	5.635,3	6.197,8	6.188,6	6.790,5
Financial derivatives	48,7	44,4	62,3	54,0	58,5
Shares and units	810,4	796,0	795,4	796,7	820,5
Intangible assets	34,6	33,9	31,6	33,3	32,4
Investment properties	13,0	11,4	11,5	11,5	11,6
Tangible fixed assets	120,6	120,5	119,6	117,0	117,0
Lease rights	44,6	41,1	39,5	41,9	41,6
Other assets	105,7	93,0	120,1	123,0	89,4
Total assets	44.514,1	44.078,4	45.113,6	45.563,2	46.750,6
Liabilities and equity					
Liabilities to financial institutions	277,3	274,1	302,3	300,6	301,5
Customer deposits	15.159,7	15.761,3	16.806,2	17.471,9	17.099,6
Securities issued	22.324,9	21.375,7	21.414,3	21.502,3	22.993,7
Financial derivatives	138,4	131,7	152,2	139,7	104,5
Other liabilities	534,5	238,4	285,8	262,0	419,5
Pension liabilities	52,7	52,7	35,4	35,4	35,4
Tax payable	72,2	90,1	51,6	34,0	54,4
Deferred tax	1,5	1,4	6,0	6,0	4,6
Provisions, unused credit and guarantees	1,3	1,3	1,2	1,2	1,2
Lease liabilities	45,8	42,2	40,5	42,9	42,6
Senior subordinated bonds	896,1	896,2	894,4	701,1	700,9
Subordinated loan capital	400,8	420,9	400,9	400,6	400,5
Total liabilities	39.905,2	39.286,1	40.390,8	40.897,6	42.158,3
Paid-up equity	595,1	595,1	595,1	595,1	595,1
Hybrid capital	353,0	352,9	352,4	352,1	352,1
Retained earnings	3.660,8	3.844,3	3.775,3	3.718,3	3.645,1
Total equity	4.608,8	4.792,3	4.722,8	4.665,5	4.592,2
Total liabilities and equity	44.514,1	44.078,4	45.113,6	45.563,2	46.750,6

Income statement – parent bank

(Amounts in NOK million)	Note	Q1 2023	Q1 2022	Full year 2022
Interest income		264,2	148,9	751,0
Interest costs		135,6	59,0	325,9
Net interest income		128,6	89,9	425,1
Commission income and income from banking services		32,0	28,6	110,1
Commission costs and costs for banking services		4,0	4,2	17,2
Dividend		0,1	0,0	225,0
Net changes in value and gains/losses on financial instruments		3,9	-14,0	-84,3
Other operating income		1,1	1,2	5,0
Net other operating income		33,1	11,7	238,5
Salaries and other personnel costs		44,1	41,9	149,9
Depreciation/impairment of tangible and intangible assets		6,6	6,3	25,8
Other operating costs		26,3	22,0	93,0
Total operating costs		77,1	70,2	268,7
Profit before losses		84,6	31,5	394,9
Losses on loans, unused credit and guarantees	3	-0,1	-1,0	1,9
Profit/loss before tax		84,7	32,4	393,0
Income tax		18,1	6,2	48,3
Profit/loss after tax		66,6	26,3	344,7
Hybrid capital owners' share of the result		6,0	3,9	18,7
Equity certificate holders' and primary capital share of profits		60,6	22,3	326,0
Profit/loss after tax		66,6	26,3	344,7
Earnings per equity certificate		0,84	0,31	4,50
Diluted earnings per equity certificate		0,84	0,31	4,50

Comprehensive income – parent bank

(Amounts in NOK millions)	Note	1. kvartal 2023	1. kvartal 2022	Året 2022
Profit/loss after tax		66,6	26,3	344,7
Items that will not be reclassified to the income statement				
Actuarial gains and losses on defined-benefit plans		0,0	0,0	-25,8
Tax related to items that cannot be reclassified		0,0	0,0	6,4
Items that may subsequently be reclassified to the income statement				
Lending at fair value		-0,3	0,1	0,2
Tax related to items that can be reclassified		0,1	0,0	-0,1
Comprehensive income		66,4	26,3	325,6

Balance sheet – parent bank

(Amounts in NOK millions)	Note	31.03.2023	31.03.2022	31.12.2022
Assets				
Cash and receivables from central banks		594,8	461,1	486,4
Loans to and receivables from financial institutions		2.749,9	2.679,5	3.217,4
Lending to customers	4	15.538,9	15.560,0	16.308,0
Certificates and bonds	4	5.736,9	7.523,8	5.343,7
Financial derivatives	4	27,7	16,9	29,2
Shares and units	4	810,4	820,5	796,0
Ownership interests in Group companies		1.800,0	1.760,0	1.800,0
Intangible assets		23,0	23,3	21,6
Tangible fixed assets		71,5	69,4	71,4
Lease rights		75,7	72,4	69,5
Deferred tax asset		11,8	5,6	11,8
Other assets		100,9	84,7	91,3
Total assets		27.541,6	29.077,1	28.246,2
Liabilities and equity				
Liabilities to financial institutions		906,7	879,3	999,0
Customer deposits		15.226,9	17.172,0	15.831,2
Securities issued	5	5.104,2	5.200,3	5.110,7
Financial derivatives	4	117,0	91,1	105,4
Other liabilities		534,8	407,8	319,9
Pension liabilities		51,1	34,8	51,1
Tax payable		58,1	18,3	57,0
Loss provisions, unused credit and guarantees		0,7	0,8	0,8
Lease liabilities		77,9	74,2	71,6
Senior subordinated bonds	5	896,1	700,9	896,2
Subordinated loan capital	5	400,8	400,5	420,9
Total liabilities		23.374,4	24.980,1	23.863,9
Paid-up equity		595,1	595,1	595,1
Hybrid capital		353,0	352,1	352,9
Retained earnings		3.219,1	3.149,8	3.434,3
Total equity		4.167,2	4.097,0	4.382,3
Total liabilities and equity		27.541,6	29.077,1	28.246,2

Changes in equity - parent bank

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings					
	Total equity	Equity certificates	Share premium reserve	Additional capital	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for Value change		Retained earnings
									unrealised gains	Value change as reclass.	
31.03.2023											
Equity at 31.12.2022	4.382,3	207,3	387,8	352,9	443,0	2.555,3	38,1	397,3	0,7	0,0	0,0
Ordinary profit	66,6	0,0	0,0	6,0	0,0	0,0	0,0	0,0	0,0	0,0	60,6
Change in lending at fair value through comprehensive income	-0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-0,2	0,0
Comprehensive income	66,4	0,0	0,0	6,0	0,0	0,0	0,0	0,0	0,0	-0,2	60,6
Dividend to equity certificate holders 2022 – adopted	-78,8	0,0	0,0	0,0	-78,8	0,0	0,0	0,0	0,0	0,0	0,0
Grants for good causes 2022 – adopted	-196,8	0,0	0,0	0,0	0,0	-196,8	0,0	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-5,9	0,0	0,0	-5,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity at 31.03.2023	4.167,2	207,3	387,8	353,0	364,2	2.358,5	38,1	397,3	0,5	0,0	60,6

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings					
	Total equity	Equity certificates	Share premium reserve	Additional capital	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for Value change		Retained earnings
									unrealised gains	Value change as reclass.	
31.03.2022											
Equity at 31.12.2021	4.234,1	207,3	387,8	351,9	413,2	2.361,6	38,1	473,7	0,5	0,0	0,0
Ordinary profit	26,3	0,0	0,0	3,9	0,0	0,0	0,0	0,0	0,0	0,0	22,3
Change in lending at fair value through comprehensive income	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0
Comprehensive income	26,3	0,0	0,0	3,9	0,0	0,0	0,0	0,0	0,0	0,1	22,3
Dividend to equity certificate holders 2021 – adopted	-79,8	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0	0,0	0,0
Grants for good causes 2021 – adopted	-79,8	0,0	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-3,7	0,0	0,0	-3,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity at 31.03.2022	4.097,0	207,3	387,8	352,1	333,4	2.281,7	38,1	473,7	0,6	0,0	22,3

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings					
	Total equity	Equity certificates	Share premium reserve	Additional capital	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for Value change		Retained earnings
									unrealised gains	Value change as reclass.	
31.12.2022											
Equity at 31.12.2021	4.234,0	207,3	387,8	351,9	413,3	2.361,5	38,1	473,7	0,5	0,0	0,0
Ordinary profit	344,7	0,0	0,0	18,7	115,0	287,3	0,0	-76,4	0,0	0,0	0,0
Change in lending at fair value through comprehensive income	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,2	0,0
Actuarial gains and losses on defined-benefit plans	-19,3	0,0	0,0	0,0	-5,5	-13,8	0,0	0,0	0,0	0,0	0,0
Comprehensive income	325,6	0,0	0,0	18,7	109,5	273,6	0,0	-76,4	0,0	0,2	0,0
Dividend to equity certificate holders 2021 – adopted	-79,8	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0	0,0	0,0
Grants for good causes 2021 – adopted	-79,8	0,0	0,0	0,0	0,0	-79,8	0,0	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-17,6	0,0	0,0	-17,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity at 31.12.2022	4.382,3	207,3	387,8	352,9	443,0	2.555,3	38,1	397,3	0,7	0,0	0,0

Cash flow statement – parent bank

	31.03.2023	31.03.2022	31.12.2022	
Operating activities				
Profit/loss before income tax	84,7	32,4	393,0	
Adjusted for:				
Change in net interest income earned and accrued interest costs	49,2	18,1	-8,5	
Net payment/disbursement of loans to financial institutions	487,0	-79,3	-612,2	
Net receipts/disbursements of loans to customers	769,9	1.946,2	1.204,6	
Change in certificates and bonds	-390,5	-136,0	2.051,2	
Value adjustment, shares and units	-14,4	-0,8	38,7	
Net change in financial derivatives (net assets and liabilities)	5,6	-10,0	-10,3	
Net change in other assets	-9,6	-64,3	-71,0	
Net receipts/disbursement of borrowing from financial institutions	-97,8	-259,1	-111,0	
Net receipts/disbursement of deposits from customers	-651,1	-498,6	-1.819,8	
Change in other operating liabilities	-64,0	27,4	8,7	
Depreciation/write-downs of tangible fixed assets and lease rights	6,6	6,3	25,8	
Write-downs of financial assets	0,1	-0,9	2,1	
Amortisation of financing activities measured at amortised cost	0,5	-0,1	0,7	
Net gain/loss from investing activities	0,0	-4,9	-5,3	
Net gain/loss from financing activities	0,0	0,0	0,5	
Taxes paid for the period	-17,1	-19,6	-30,9	
Net cash flow from operating activities	A	159,1	956,8	1.056,3
Investing activities				
Payments on purchases of tangible fixed assets	-1,9	-2,1	-8,8	
Receipts from sale of fixed assets	0,3	0,2	1,5	
Payments on the purchase of intangible assets	-3,3	-2,3	-6,6	
Payments on purchases of financial investments	0,0	0,0	-15,0	
Proceeds from sales of financial investments	0,0	33,7	33,7	
Net payment/disbursement concerning investments in subsidiaries	0,0	0,0	-40,0	
Net cash flow from investing activities	B	-4,9	29,4	-35,3
Financing activities				
Net receipts/disbursements for loans to/from financial institutions	0,0	0,0	-27,3	
Payments on repayment of securities	-20,0	-1.123,0	-2.148,4	
Receipts on issuance of securities	0,0	299,7	1.441,1	
Payment of dividend	0,0	0,0	-79,8	
Interest paid on hybrid capital	-5,9	-3,7	-17,6	
Net cash flow from financing activities	C	-25,9	-827,0	-832,1
Net change in cash and cash equivalents	A+B+C	128,3	159,2	189,0
Cash and cash equivalents as at 1 Jan		502,5	313,6	313,6
Holdings of cash and cash equivalents at end of period		630,8	472,8	502,5

*Liquidity reserves include NOK 594.8 million in cash and deposits with central banks and NOK 36 million in loans to and deposits with financial institutions which are pure investments.

Additional information on operating activities relating to interest and dividend income	31.03.2023	31.03.2022	31.12.2022
Interest payments received	262,0	144,8	728,6
Interest payments made	88,4	36,0	309,6
Dividends received	0,1	0,0	225,0

Note M1 - Basis for preparation of the financial statements

Accounting Policies

The interim financial statements for the parent bank have been prepared in accordance with IAS 34 Interim Financial Reporting (IFRS).

A description of the accounting policies applied in the preparation of the financial statements is presented in the Annual Report for 2022. The accounting policies and calculation methods remain largely unchanged from the annual financial statements for 2022.

All amounts are stated in NOK millions and relate to the parent bank unless otherwise specified.

The interim financial statements have not been audited.

Assessments and use of estimates

The preparation of the accounts requires the management to make estimates and discretionary assessments and to make assumptions which influence the effect of applying the accounting policies and hence the recognised amounts for assets, liabilities, income and expenses. For further details, see the Annual Report for 2022, Note 3 – Assessments and use of estimates.

Note M2 – Capital adequacy

The parent bank uses the standardised approach to calculate the minimum primary capital adequacy requirement for credit risk. Calculations related to operational risk are performed using the basis method. The capital charge for credit valuation adjustment (CVA) is calculated using the standardised approach. Exposure amounts for derivatives are calculated using the standardised method (SA-CCR).

The parent bank's primary capital must satisfy the minimum capital adequacy ratio requirements at all times, with the addition of a buffer equivalent to the bank's accepted risk tolerance. See also the bank's Pillar III document, which is available from Sparebanken Øst's website.

	31.03.2023	31.03.2022	31.12.2022
CET1 capital			
Book equity	3.753,6	3.722,6	4.029,4
Deduction items in CET1 capital			
Additional value adjustments (prudent valuation requirement) (AVA)	-9,9	-12,4	-11,2
Dividends	0,0	0,0	-275,5
Goodwill included in the valuation of significant investments	-218,5	-195,4	-227,3
Intangible assets	-23,0	-23,3	-21,6
CET1 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
CET1 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
Other deductions from CET1 capital	-58,2	-46,8	-58,2
Total CET1 capital	3.444,0	3.444,6	3.435,6
Other Tier 1 capital			
Hybrid Tier 1 capital	350,0	350,0	350,0
Deductions from other Tier 1 capital			
Other Tier 1 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
Other Tier 1 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
Total other Tier 1 capital	350,0	350,0	350,0
Total Tier 1 capital	3.794,0	3.794,6	3.785,6
Tier 2 capital			
Subordinated loans	400,0	400,0	400,0
Deductions from Tier 2 capital			
Tier 2 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
Tier 2 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
Total Tier 2 capital	400,0	400,0	400,0
Net subordinated loan capital	4.194,0	4.194,6	4.185,6

Note M2 - Capital adequacy (contd.)

	31.03.2023	31.03.2022	31.12.2022
Governments and central banks	0,0	0,0	0,0
Local and regional authorities	0,0	21,5	0,0
Publicly owned companies	6,0	0,0	6,0
Multilateral development banks	0,0	0,0	0,0
Institutions	683,6	653,2	759,1
Companies	58,9	122,5	68,1
Mass market accounts	1.080,0	881,6	961,4
Accounts secured against property	5.911,2	6.627,3	6.331,9
Accounts due	28,7	103,1	26,7
High-risk commitments	139,3	429,8	163,9
Covered bonds	2.153,5	2.366,8	2.023,1
Shares in securities fund	0,0	0,0	0,0
Equity positions	2.707,2	2.723,5	2.653,7
Other exposures	177,4	161,4	172,5
Securitisation	0,0	0,0	0,0
Calculation basis for credit and counterparty risk	12.945,8	14.090,7	13.166,3
Calculation basis for currency risk	0,0	0,0	0,0
Calculation basis for operational risk	931,0	963,2	931,0
Calculation basis for impaired counterparty credit valuation adjustment (CVA)	6,7	6,2	16,0
Deductions from calculation basis	0,0	0,0	0,0
Total calculation basis	13.883,4	15.060,0	14.113,3
CET1 capital ratio	24,81 %	22,87 %	24,34 %
Tier 1 capital ratio	27,33 %	25,20 %	26,82 %
Capital adequacy	30,21 %	27,85 %	29,66 %
Buffers			
Capital conservation buffer	347,1	376,5	352,8
Countercyclical buffer	347,1	150,6	282,3
Systemic risk buffer	416,5	451,8	423,4
Buffer for systemically important banks	0,0	0,0	0,0
Total buffer requirements	1.110,7	978,9	1.058,5
Available buffer capital	2.819,2	2.766,9	2.800,5
Leverage ratio	8,36 %	7,99 %	8,39 %

Note M3 - Losses on loans, unused credit and guarantees

Loss costs

	Q1 2023	Q1 2022	31.12.2022
Change in model-based provisions, Stage 1	-0,4	-1,1	-0,9
Change in model-based provisions, Stage 2	0,4	-0,2	1,7
Change in model-based provisions, Stage 3	0,0	0,2	0,0
Increase in existing individual loan loss provisions	0,0	0,0	0,0
New individual loan loss provisions	0,0	0,0	1,2
Established losses covered by previous individual loan loss provisions	0,0	0,0	0,1
Reversals of previous individual loan loss provisions	0,0	0,0	-0,1
Established losses not covered by previous individual loan loss provisions	0,0	0,2	0,3
Recovery of previously identified losses	-0,1	-0,1	-0,3
Amortisation costs for the period	0,0	0,0	0,1
Losses on loans, unused credit and guarantees	-0,1	-1,0	1,9
- of which losses on loans to retail customers	-0,3	0,4	2,2
- of which losses on lending to business customers	0,3	-1,3	-0,3
- of which losses on unused credit and guarantees	-0,1	-0,2	-0,3

Changes in loan loss provisions

Parent bank - 31.03.2023	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
Opening balance at 01.01.23	4,9	7,0	5,5	17,4
Transferred to Stage 1	1,1	-1,1	0,0	0,0
Transferred to Stage 2	-0,1	0,1	0,0	0,0
Transferred to Stage 3	0,0	0,0	0,1	0,0
Net change	-1,6	2,7	-0,1	1,0
New losses	1,1	0,1	0,0	1,2
Deducted losses	-0,9	-1,4	0,0	-2,3
Change in risk model/parameters	0,0	0,0	0,0	0,0
Opening balance as at 31.03.23	4,4	7,4	5,5	17,3
- of which loan loss provisions for lending to retail customers	3,2	5,5	3,7	12,4
- of which loan loss provisions for lending to business customers	1,2	2,0	1,8	4,9
- of which loan loss provisions for unused credit and guarantees	0,2	0,1	0,3	0,7
Model-based loan loss provisions	4,4	7,4	0,3	12,2
Individual loan loss provisions	0,0	0,0	5,2	5,2

Note M3 - Losses on loans, unused credit and guarantees (cont.)

Parent bank - 31.03.2022	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
Opening balance at 01.01.22	5,8	5,3	4,4	15,5
Transferred to Stage 1	0,7	-0,7	0,0	0,0
Transferred to Stage 2	-0,1	0,1	0,0	0,0
Transferred to Stage 3	-0,2	0,0	0,2	0,0
Net change	-1,0	1,4	0,1	0,5
New losses	0,6	0,1	0,0	0,7
Deducted losses	-1,2	-1,1	-0,1	-2,4
Change in risk model/parameters	0,0	0,0	0,0	0,0
Opening balance as at 31.03.22	4,7	5,1	4,6	14,4
- of which loan loss provisions for lending to retail customers	3,1	4,0	3,8	10,9
- of which loan loss provisions for lending to business customers	1,6	1,1	0,7	3,5
- of which loan loss provisions for unused credit and guarantees	0,3	0,2	0,3	0,8
Model-based loan loss provisions	4,7	5,1	0,5	10,3
Individual loan loss provisions	0,0	0,0	4,1	4,1

Parent bank - 31.12.2022	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
Opening balance at 01.01.22	5,8	5,3	4,4	15,5
Transferred to Stage 1	1,2	-1,2	0,0	0,0
Transferred to Stage 2	-0,1	0,1	0,0	0,0
Transferred to Stage 3	0,0	-0,2	0,2	0,0
Net change	-1,5	2,1	1,1	1,7
New losses	2,3	2,2	0,0	4,4
Deducted losses	-2,8	-1,9	-0,2	-5,0
Change in risk model/parameters	0,1	0,6	0,0	0,7
Opening balance as at 31.12.22	4,9	7,0	5,5	17,4
- of which loan loss provisions for lending to retail customers	3,3	5,8	3,7	12,7
- of which loan loss provisions for lending to business customers	1,6	1,2	1,8	4,6
- of which loan loss provisions for unused credit and guarantees	0,3	0,2	0,3	0,8
Model-based loan loss provisions	4,9	7,0	0,3	12,2
Individual loan loss provisions	0,0	0,0	5,2	5,2

Change in gross lending, broken down by stage

The table below does not include fixed-rate loans at fair value.

Parent bank - 31.03.2023	Stage 1	Stage 2	Stage 3	Total
	Opening balance at 01.01.23	15.465,6	534,3	
Transferred to Stage 1	114,0	-114,0	0,0	0,0
Transferred to Stage 2	-122,9	126,6	-3,8	0,0
Transferred to Stage 3	-6,4	-2,2	8,5	0,0
Net change	82,4	7,1	-2,9	86,7
New loans	2.875,4	8,2	0,2	2.883,7
Deducted lending	-3.597,5	-92,2	-3,1	-3.692,8
Opening balance as at 31.03.23	14.810,6	467,9	28,1	15.306,6
- of which lending to retail customers	11.652,4	371,7	15,3	12.039,4
- of which lending to business customers	3.158,2	96,2	12,7	3.267,2
- of which loans with forbearance	0,0	105,9	12,0	117,9

Note M3 - Losses on loans, unused credit and guarantees (cont.)

Parent bank - 31.03.2022	Stage 1	Stage 2	Stage 3	Total
Opening balance at 01.01.22	16.695,5	455,1	93,0	17.243,6
Transferred to Stage 1	84,2	-84,2	0,0	0,0
Transferred to Stage 2	-109,3	114,4	-5,1	0,0
Transferred to Stage 3	-8,9	-0,1	9,0	0,0
Net change	186,3	-1,0	-3,9	181,4
New loans	2.181,4	2,4	0,0	2.183,7
Deducted lending	-4.157,2	-147,9	-10,9	-4.315,9
Opening balance as at 31.03.22	14.872,1	338,7	82,1	15.292,9
- of which lending to retail customers	11.006,0	259,2	27,2	11.292,4
- of which lending to business customers	3.866,1	79,5	54,8	4.000,5
- of which loans with forbearance	0,0	44,3	7,0	51,3

Parent bank - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
Opening balance at 01.01.22	16.695,5	455,1	93,0	17.243,6
Transferred to Stage 1	112,3	-112,2	0,0	0,0
Transferred to Stage 2	-242,1	250,5	-8,4	0,0
Transferred to Stage 3	-5,9	-6,9	12,8	0,0
Net change	-151,8	-7,8	0,0	-159,6
New loans	8.019,9	181,6	0,0	8.201,5
Deducted lending	-8.962,4	-226,0	-68,2	-9.256,5
Opening balance as at 31.12.22	15.465,6	534,3	29,2	16.029,1
- of which lending to retail customers	12.214,7	413,4	22,6	12.650,7
- of which lending to business customers	3.250,8	120,9	6,6	3.378,3
- of which loans with forbearance	0,0	111,9	8,3	120,2

Model-based expected credit loss

At the end of Q1 2023, the economic outlook is generally considered not to have changed compared with what was assumed when the annual financial statements for 2022 were published.

The probability weighting of the macro scenarios used to calculate the model-based expected credit loss changed at the end of Q1 2023 compared with what was used in the preparation of the annual financial statements for 2022. The factors for the different scenarios, which express the amount of expected credit loss in the optimistic and pessimistic scenarios compared with expected credit loss in the expected scenario, remained unchanged at the end of Q1 2023 compared with what was used in the preparation of the annual financial statements for 2022.

The table below shows the expected credit loss in the different scenarios and the probability weights. Individually assessed loss provisions remain unchanged in the various scenarios.

31.03.2023 - Parent bank	Probability weight	Stage 1	Stage 2	Stage 3	Total
Optimistic scenario	0 %	2,4	4,0	5,3	11,7
Expected scenario	70 %	3,0	4,9	5,4	13,3
Pessimistic scenario	30 %	7,7	13,2	5,8	26,7
Loan loss provisions (probability-weighted)	100 %	4,4	7,4	5,5	17,3

Note M4 - Financial instruments at fair value

The bank classifies fair value measurements using a hierarchy involving the following levels:

Level 1: Observable market prices in active markets.

Level 2: Observable market prices in less active markets, or the use of inputs which are either directly or indirectly observable.

Level 3: Valuation techniques not based on observable market data.

Loans at fair value recognised through total comprehensive income are loans identified as transferable to Sparebanken Øst Boligkreditt AS.

Please see Note 25 in the Annual Report for 2022 for further details of individual accounting items.

31.03.2023	Level 1	Level 2	Level 3	Total
Fair value				
Lending to customers	0,0	0,0	3.195,8	3.195,8
Certificates and bonds	0,0	5.736,9	0,0	5.736,9
Financial derivatives	0,0	27,7	0,0	27,7
Shares and units	66,5	11,5	732,4	810,4
Total assets at fair value	66,5	5.776,1	3.928,2	9.770,8
Financial derivatives	0,0	117,0	0,0	117,0
Total liabilities at fair value	0,0	117,0	0,0	117,0

Movements in level 3 for items valued at fair value	Fixed-rate loans	Shares through profit and loss	recognised at fair value through	Total
Balance sheet as at 01.01.23	295,5	720,0	4.609,5	5.625,0
Net realised gains	0,0	0,0	0,0	0,0
Additions	14,2	0,0	2.533,5	2.547,7
Disposals	61,0	0,0	4.196,2	4.257,2
Changes in value	0,3	12,4	0,0	12,7
Transferred from levels 1 and 2	0,0	0,0	0,0	0,0
Balance sheet at end of period	249,0	732,4	2.946,8	3.928,2

31.03.2022	Level 1	Level 2	Level 3	Total
Fair value				
Loans to and receivables from customers*	0,0	0,0	3.938,4	3.938,4
Certificates and bonds	0,0	7.523,8	0,0	7.523,8
Financial derivatives	0,0	16,9	0,0	16,9
Shares and units	68,4	0,0	752,1	820,5
Total assets at fair value	68,4	7.540,7	4.690,5	12.299,5
Financial derivatives	0,0	91,1	0,0	91,1
Total liabilities at fair value	0,0	91,1	0,0	91,1

* In the parent bank, loans at fair value with a changes in value through comprehensive income are included.

Movements in level 3 for items valued at fair value	Fixed-rate loans	Shares through profit and loss	Recognised at fair value through comprehensive income	Total
Balance sheet as at 01.01.22	273,7	780,8	3.361,3	4.415,8
Net realised gains	0,0	0,0	0,0	0,0
Additions	22,0	0,0	2.811,9	2.833,9
Disposals	9,2	33,7	2.515,6	2.558,4
Changes in value	-5,8	4,9	0,0	-0,8
Transferred from levels 1 and 2	0,0	0,0	0,0	0,0
Balance sheet at end of period	280,7	752,1	3.657,6	4.690,4

Note M4 - Financial instruments at fair value (cont.)

31.12.2022	Level 1	Level 2	Level 3	Total
Fair value				
Lending to customers	0,0	0,0	4.905,1	4.905,1
Certificates and bonds	0,0	5.343,7	0,0	5.343,7
Financial derivatives	0,0	29,2	0,0	29,2
Shares and units	65,1	10,9	720,0	796,0
Total assets at fair value	65,1	5.383,8	5.625,1	11.074,0
Financial derivatives	0,0	105,4	0,0	105,4
Total liabilities at fair value	0,0	105,4	0,0	105,4

Movements in level 3 for items valued at fair value	Fixed-rate loans	Shares through profit and loss	Lending recognised at fair value through	Total
Balance sheet as at 01.01.22	273,7	780,8	3.361,3	4.415,8
Net realised gains	0,0	0,0	0,0	0,0
Additions	82,3	15,0	6.282,0	6.379,3
Disposals	54,2	33,7	5.033,8	5.121,6
Changes in value	-6,3	-31,2	0,0	-37,5
Transferred from levels 1 and 2	0,0	-10,9	0,0	-10,9
Balance sheet at end of period	295,5	720,0	4.609,5	5.625,0

Note M5 - Securities issued, senior subordinated bonds and subordinated loan cap

Change in securities issued	31.03.2023	Issued	Due/redeemed	Other changes		31.12.2022
				incl. currency		
Ordinary senior bonds, nominal value	5.179,9	0,0	0,0	0,0	0,0	5.179,8
Value adjustments	-129,8	0,0	0,0	0,0	4,3	-134,1
Accrued interest	54,2	0,0	0,0	0,0	-10,8	65,0
Total securities issued	5.104,2	0,0	0,0	0,0	-6,5	5.110,7

Change in securities issued	31.03.2022	Issued	Due/redeemed	Other changes		31.12.2021
				incl. currency		
Ordinary senior bonds, nominal value	5.274,7	0,0	1.123,0	-0,1		6.397,8
Value adjustments	-105,7	0,0	0,0	-111,4		5,8
Accrued interest	31,3	0,0	0,0	-25,9		57,2
Total securities issued	5.200,3	0,0	1.123,0	-137,4		6.460,7

Change in senior subordinated bonds	31.03.2023	Issued	Due/redeemed	Other changes		31.12.2022
				incl. currency		
Senior subordinated bonds, nominal value	891,8	0,0	0,0	0,4		891,3
Value adjustments	0,0	0,0	0,0	0,0		0,0
Accrued interest	4,3	0,0	0,0	-0,5		4,8
Total senior subordinated bonds	896,1	0,0	0,0	-0,1		896,2

Change in senior subordinated bonds	31.03.2022	Issued	Due/redeemed	Other changes		31.12.2021
				incl. currency		
Senior subordinated bonds, nominal value	699,4	299,7	0,0	0,0		399,7
Value adjustments	0,0	0,0	0,0	0,0		0,0
Accrued interest	1,514	0,0	0,0	1,014		0,5
Total senior subordinated bonds	700,9	299,7	0,0	1,0		400,2

Change in subordinated loan capital	31.03.2023	Issued	Due/redeemed	Other changes		31.12.2022
				incl. currency		
Ordinary subordinated loan capital, nominal value	400,0	0,0	20,0	0,0		419,9
Value adjustments	0,0	0,0	0,0	0,0		0,0
Accrued interest	0,9	0,0	0,0	-0,1		1,0
Total subordinated loan capital	400,8	0,0	20,0	-0,1		420,9

Change in subordinated loan capital	31.03.2022	Issued	Due/redeemed	Other changes		31.12.2021
				incl. currency		
Ordinary subordinated loan capital, nominal value	399,8	0,0	0,0	0,0		399,8
Value adjustments	0,0	0,0	0,0	0,0		0,0
Accrued interest	0,6	0,0	0,0	0,1		0,6
Total subordinated loan capital	400,5	0,0	0,0	0,1		400,4

Note M6 Transactions with Group companies

The items below show recognised transactions and balances that the parent company has with subsidiaries.

Sparebanken Øst sells mortgages to Sparebanken Øst Boligkreditt AS to replenish the cover pool in the mortgage company. This is either to increase the cover pool in connection with the issuance of new covered bonds or to compensate for mortgages that have been moved to other banks or back to the parent bank. In Q1 2023, Sparebanken Øst Boligkreditt AS purchased mortgages from Sparebanken Øst worth NOK 2,086 million. The corresponding value for the same period last year was NOK 2,344 million. The parent bank sees no significant accounting gains or losses from selling mortgages to Sparebanken Øst Boligkreditt AS.

The parent bank has issued a revolving credit facility vis-à-vis Sparebanken Øst Boligkreditt AS which guarantees timely payment of outstanding covered bonds that expire during the next 12 months, including the coupon rate, principal and derivative contracts entered into for the purpose of hedging outstanding covered bonds. In addition to the revolving credit facility, Sparebanken Øst Boligkreditt AS has a NOK 3.0 billion credit line from the parent bank.

	31.03.2023	31.03.2022	31.12.2022
Profit/loss			
Interest income and similar income			
Interest income from subsidiaries	28,7	12,8	72,5
Interest certificates and covered bonds from subsidiaries	0,0	3,3	9,6
Interest costs and similar costs			
Interest and commission to subsidiaries	2,7	0,9	9,1
Dividend/group contribution receipts			
Dividends/group contributions from subsidiaries	0,0	0,0	171,1
Commission income and income from banking services			
Other operating income from subsidiaries	7,9	8,4	32,8
Other operating income			
Rent from subsidiaries	0,5	0,5	2,0
Other operating costs			
Rent to subsidiaries	1,0	0,9	3,7
Other costs to subsidiaries	0,3	0,2	0,9
Balance sheet			
Loans to and receivables from financial institutions			
Loans to subsidiaries	2.707,1	2.667,8	3.186,0
Lending to customers			
Loans to subsidiaries	27,4	27,3	27,4
Certificates and bonds			
Investment in covered bonds in subsidiaries	0,0	1.011,2	0,0
Liabilities to financial institutions			
Deposits from subsidiaries	629,5	577,8	725,0
Customer deposits			
Deposits from subsidiaries	68,5	73,4	70,8
Other liabilities			
Other receivables from and liabilities to subsidiaries	23,9	27,7	103,6