



181th year

# Quarterly report

Q2 2023

# Interim financial statements – Q2 2023

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## Key figures – Group

Income Statement (Amounts in NOK millions)	Q2 2023	Q2 2022	1.01-30.06.2023	1.01-30.06.2022	Full year 2022
Net interest income	200,2	158,3	398,8	320,2	686,2
Net commission income	9,0	8,5	24,6	19,8	37,4
Net result from financial assets	7,2	-6,3	8,8	-19,5	-28,7
Other operating income	0,6	0,8	1,1	1,5	3,4
<b>Total net income</b>	<b>216,9</b>	<b>161,3</b>	<b>433,2</b>	<b>321,9</b>	<b>698,3</b>
<b>Total operating costs</b>	<b>75,1</b>	<b>66,6</b>	<b>164,2</b>	<b>147,7</b>	<b>309,7</b>
<b>Profit before losses</b>	<b>141,8</b>	<b>94,7</b>	<b>269,0</b>	<b>174,3</b>	<b>388,6</b>
Losses on loans, unused credit and guarantees	-0,2	0,8	1,5	1,0	6,8
<b>Profit/loss before tax</b>	<b>142,0</b>	<b>93,9</b>	<b>267,6</b>	<b>173,2</b>	<b>381,9</b>
Income tax	31,8	16,3	59,4	33,4	85,5
<b>Profit/loss after tax</b>	<b>110,2</b>	<b>77,6</b>	<b>208,2</b>	<b>139,8</b>	<b>296,4</b>

Key figures	Q2 2023	Q2 2022	1.01-30.06.2023	1.01-30.06.2022	Full year 2022
<b>Profitability</b>					
Return on equity*	9,59	6,87	9,23	6,24	6,65
Net interest income as a % of average total assets	1,81	1,38	1,81	1,38	1,49
Profit/loss after income tax as a % of average total assets	0,99	0,67	0,95	0,60	0,65
Costs as a % of average total assets	0,68	0,58	0,75	0,64	0,67
Costs as a % of income (before losses on loans/guarantees)*	34,64	41,27	37,90	45,87	44,35
Costs as a % of income (excl. return on financial investments)*	35,83	39,71	38,69	43,25	42,60
<b>Balance sheet figures</b>					
Net lending to customers	37.274,5	37.666,8	37.274,5	37.666,8	36.800,2
Lending growth (quarter/12 months)	1,60	-1,70	-1,04	-6,82	-6,57
Deposits	15.521,7	17.471,9	15.521,7	17.471,9	15.761,3
Deposit growth (quarter/12 months)	2,39	2,18	-11,16	0,89	-10,34
Average equity	4.307,4	4.276,8	4.261,3	4.247,7	4.172,9
Average total assets	44.465,3	46.156,9	44.336,3	46.813,8	45.926,7
<b>Loan loss provisions on impaired and non-performing commitments</b>					
Losses as a % of net lending to customers (OB)*	0,00	0,01	0,01	0,01	0,02
Loan loss provisions as a % of gross lending to customers*	0,29	0,34	0,29	0,34	0,31
Net payments over 90 days past due as a % of net lending*	0,23	0,28	0,23	0,28	0,21
Other net non-performing commitments (Stage 3) as a % of net lending*	0,16	0,12	0,16	0,12	0,14
<b>Solvency</b>					
CET1 capital ratio, including 50% of retained earnings (%)	20,02	20,04	20,02	20,04	20,11
CET1 capital ratio (%)	19,52	19,71	19,52	19,71	20,11
Tier 1 capital ratio (%)	21,31	21,50	21,31	21,50	21,94
Capital adequacy ratio (%)	23,36	23,55	23,36	23,55	24,03
Risk-weighted volume (calculation basis)	19.530,4	19.517,5	19.530,4	19.517,5	19.087,0
Tier 1 leverage ratio, including 50% of retained earnings (%)	9,34	9,14	9,34	9,14	9,27
Leverage ratio (%)	9,13	8,99	9,13	8,99	9,27
<b>Liquidity</b>					
Deposit coverage ratio	41,64	46,39	41,64	46,39	42,83
LCR (%)	278,99	248,46	278,99	248,46	217,26
NSFR (%)	126,07	137,84	0,00	137,84	130,08
<b>Branches and full-time equivalents</b>					
No. of branches	29	30	29	30	30
FTEs	192	178	192	178	180
<b>Equity certificates</b>					
Ownership fraction (parent bank) (**)	28,59	28,59	28,59	28,59	28,59
No. of equity certificates	20.731.183	20.731.183	20.731.183	20.731.183	20.731.183
Book equity per equity certificate*	60,10	59,48	60,10	59,48	61,21
Earnings per equity certificate*	1,42	1,01	2,69	1,81	3,83
Dividend per equity certificate	0,00	0,00	0,00	0,00	3,80
Turnover rate	13,84	13,96	18,52	19,98	16,30
Price	47,50	50,80	47,50	50,80	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 37

# Quarterly report

**The Bank can look back on good performance in the second quarter, with positive lending growth and a return on equity higher than the long-term return target. The quarter also produced increased income and an improved result compared to 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.**

Profit for the quarter amounted to NOK 110.2 million, which corresponds to a return on equity of 9.59 per cent. The bank is very happy with this performance given that it uses the standard method for calculating capital weights.

The Bank's net interest income increased by NOK 41.9 million compared to Q2 2022. With effect from both mid-May and the latter half of June, interest rate increases were applied to large parts of the Bank's loan portfolio. Further interest rate increases were decided during the quarter, taking effect from the middle of August.

In a market characterised by strong competition for customers, the Bank can point to good lending growth in the quarter, with net lending up by 1.6 per cent. There was positive growth in lending to both retail and corporate customers. Within the retail market (in the office channel), the Bank has very good lending growth of 3.1 per cent. Deposits from customer deposits were up by 2.4 per cent in the quarter.

The Bank still has a very low losses on lending and a low rate of impaired commitments. The Bank's position is very solid, with a CET1 capital ratio of 20.02 per cent (incl. 50 per cent of retained earnings).

## Results for the quarter in brief

Profit in the quarter amounts to NOK 110.2 million, an increase of NOK 32.6 million from Q2 2022. The return on equity (ROE) ended at 9.59 per cent, compared to 6.87 per cent in Q2 2022. Earnings per equity certificate were NOK 1.42, up from NOK 1.01 in Q2 2022.

The CET1 ratio, including 50 per cent of unallocated profit, is 20.02 per cent, unchanged from the second quarter of 2022. The leverage ratio, inclusive of 50 per cent of retained earnings, was 9.34 per cent, up from 9.14 per cent in Q2 2022.

Net interest income amounted to NOK 200.2 million, up NOK 41.9 million from Q2 2022. Measured as a percentage of average total assets, net interest income amounts to 1.81 per cent, an increase of 0.43 percentage points from Q2 2022.

Net other operating income amounted to NOK 16.7 million, up by NOK 13.7 million compared with Q2 2022. The value of the liquidity portfolio fell by NOK 2.7 million, compared with a reduction of NOK 26.8 million in Q2 2022. Profit effects from the Bank's shareholding in Frende are positive at NOK 11.4 million net, made up of dividends received for 2022 totalling NOK 45.6 million with a negative change in value of NOK 34.2 million. This represents a quarter of the dividend income from Frende. By way of comparison, dividend income for 2021 from Frende amounted to NOK 49.1 million in

Q2 2022. Changes in value from other ownership interests were plus NOK 0.9 million, compared to minus NOK 24.7 million in Q2 2022. Net commission income amounted to NOK 9.0 million, up NOK 0.4 million from Q2 2022.

Operating costs totalled NOK 75.1 million, up NOK 8.6 million from Q2 2022. Measured as a percentage of income, the Bank has a cost ratio of 34.6 per cent, against 41.3 per cent in Q2 2022.

Losses amount to income of NOK 0.2 million compared to an expense of NOK 0.8 million in Q2 2022.

## Change in dividend policy

The Board of Directors decided on 13 July 2023 to change the Bank's dividend policy. The change means that, over the next few years, the Bank aims to distribute up to 100 per cent of its profits in dividends to equity certificate holders and donations for charitable purposes, although up to 50 per cent of the profits will still be retained for distribution in the longer term.

The Board of Directors of Sparebanken Øst took account of the Bank's very good capital situation and the low level of risk in the business when the new dividend policy was considered and adopted. The Bank is now a standard-method bank which uses conservative capital weights in calculating its capital adequacy. The introduction of a more risk-sensitive standard approach (Basel IV) could have a positive impact on the Bank in the form of higher capital adequacy. The Board of Directors considers that the new dividend policy will allow the Bank to maintain solid growth capacity in the future.

The Bank's new dividend policy is as follows:

- Our 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 ensure that up to 100 per cent of the profits allocated to equity certificate holders are paid as dividends over the next few years, while retaining up to 50 per cent of the profits allocated to equity certificate holders to be paid as dividends in the longer term.
- We also aim to distribute dividends on the Bank's primary capital in the form of gifts to charity, the donations fund and/or charitable foundations, up to 100 per cent of the profits allocated to primary capital over the next few years, while retaining up to 50 per cent of the profits allocated to primary capital to be distributed as dividends on the Bank's primary capital in the form of gifts to charity, the donations fund and/or charitable foundations in the longer term.

- 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.

## ESG

In 2022, Sparebanken Øst adopted an overall target of net zero emissions by 2050. In order to achieve this goal, the Bank adopted interim targets in the second quarter to be achieved by 2030. These provide for a 25 per cent reduction in CO2 emissions in the customer portfolio, a 50 per cent reduction in internal CO2 emissions and a 50 per cent increase in the share of green lending in the customer portfolio.

Moving forward, the Bank will define what these targets entail and establish concrete measures to achieve them by 2030. The Bank will give priority to measures that have the greatest impact and will make a real difference in reducing emissions.

The Bank's ambition is to follow industry standards and to comply with the policies that guide the industry and the market. Sparebanken Øst's objective is for the Bank's stakeholders to be confident that the Bank is always working to reduce emissions and contribute to a green transition.

## More about the results for the quarter

### NET INTEREST INCOME

Net interest income amounted to NOK 200.2 million, up NOK 41.9 million from Q2 2022. Net interest income as a percentage of average total assets is 1.81 per cent, an increase of 0.43 percentage points compared to the same quarter in 2022. Interest rates are considerably higher than in the same quarter last year. In this period, the key policy rate has been raised by 2.50 percentage point from 1.25 per cent to 3.75 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.

#### Net interest income

Amounts in NOK million	Q2 23	Q1 23	Q2 22
Loans to & receivables from financial institutions	3,6	3,5	1,0
Lending to customers	449,7	424,1	264,5
Certificates and bonds	59,0	58,1	30,5
Total interest income	512,3	485,7	296,0

Liabilities to financial institutions	2,5	2,7	1,7
Customer deposits	66,0	59,6	25,8
Securities issued	222,0	205,7	100,5
Senior subordinated bonds	12,0	9,7	3,5
Subordinated loan capital	5,6	5,4	2,7
Norwegian Banks Guarantee Fund levy	4,1	4,1	3,6
Total interest costs	312,2	287,1	137,7
Net interest income	200,2	198,6	158,3
Net interest income as a percentage of average total assets	1,81	1,82	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 16.7 million, up by NOK 13.7 million compared with Q2 2022.

Net commission income amounted to NOK 9.0 million, up NOK 0.4 million from Q2 2022.

Dividends received amounted to NOK 45.7 million, of which NOK 45.6 million related to dividends received from Frende. In the second quarter of 2022, dividends received amounted to NOK 50.1 million, of which dividends from Frende accounted for NOK 49.1 million.

Net value changes and gains/losses on financial instruments amounted to NOK -38.5 million, down NOK 18.0 million from Q2 2022. The value of the liquidity portfolio fell by NOK 2.6 million, compared with a reduction of NOK 26.8 million in Q2 2022. Negative changes in the value of the Bank's shareholding in Frende came to NOK 34.2 million in connection with dividends received. No change in the value of the shareholding in Frende was applied in Q2 2022. The fall in the value of the Bank's shares in Norwegian Block Exchange AS (NBX) amounted to NOK 5.6 million, against a fall of NOK 21.2 million in Q2 2022. The value of the Bank's shares in Kraft Bank rose by NOK 1.7 million, against a fall of NOK 3.0 million in Q2 2022. Positive value adjustments related to shares and equity rights in Visa Inc. totalled NOK 4.8 million, compared with a value increase of NOK 0.5 million in Q2 2022. The negative profit effects from foreign exchange, derivatives and fixed rate loans at fair value amounted to NOK 2.4 million. The corresponding profit effects were negative at NOK -4.8 million in Q2 2022. The cost of buying back the bank's own issued debt amounted to NOK 0.2 million, compared with NOK 1.0 million in Q2 2022.

## Net other operating income

Amounts in NOK million	Q2 23	Q1 23	Q2 22
Net commission income	9,0	15,6	8,5
Dividend	45,7	0,1	50,1
Net value change and gains/losses on certificates and bonds*	-14,9	-6,4	-28,2
Net value change and gains/losses on shares	-33,2	14,4	-23,8
Net value change and gains/losses on fixed-interest loans	-5,1	0,3	-2,7
Net value change and gains/losses on other financial instruments	14,8	-6,7	-1,7
Other operating income	0,6	0,5	0,8
Net other operating income	16,7	17,7	3,0

\*excluding profit/loss effect of financial derivatives entered into for the purpose of financial interest rate hedging in the liquidity portfolio

## OPERATING COSTS

Operating costs totalled NOK 75.1 million, up NOK 8.6 million from Q2 2022. Measured as a percentage of income, costs were reduced to 34.6 per cent, compared with 41.3 per cent in Q2 2022.

Salaries and other personnel costs amounted to NOK 38.3 million, up by NOK 7.0 million compared with Q2 2022. The Bank has strengthened its specialist expertise, and compared with the end of Q2 2022, the number of full-time equivalents has increased by 14 to 192.

Other operating costs totalled NOK 29.6 million, up NOK 1.0 million from Q2 2022. IT expenses account for NOK 0.9 million of this increase.

### Operating costs

Amounts in NOK million	Q2 23	Q1 23	Q2 22
Salaries and other personnel costs	38,3	48,9	31,3
Depreciation/impairment of tangible and intangible assets	7,3	7,0	6,7
Other operating costs	29,6	33,1	28,6
Total operating costs	75,1	89,1	66,6
Costs as a % of average total assets	34,64	41,17	41,27
Costs as a percentage of average total assets	0,68	0,82	0,58

## IMPAIRMENTS AND NON-PERFORMING COMMITMENTS

Losses on loans, unused credits and guarantees amounted to income of NOK 0.2 million, of which changes in model-based loan loss provisions amounted to income of NOK 0.9 million. By comparison, losses amounted to NOK 0.8 million in Q2 2022, of which changes in model-based loan loss provisions amounted to income to NOK 0.9 million.

## Loss costs

Amounts in NOK million	Q2 23	Q1 23	Q2 22
Lending to retail customers of the parent and mortgage credit company	-1,0	-0,3	-0,1
Lending to business customers	-0,5	0,4	0,2
Lending at AS Financiering	1,1	1,6	0,8
Unused credit and guarantees	0,3	-0,1	-0,1
Total loss costs	-0,2	1,7	0,8
Losses as a percentage of net lending to customers (OB)	0,00	0,02	0,01

Total loan loss provisions amount to NOK 108.6 million, equivalent to 0.29 per cent of gross lending to customers. By comparison, total loan loss provisions amounted to NOK 126.9 million at the end of Q2 2022, equivalent to 0.34 per cent of gross lending to customers. Individually assessed loan loss provisions amounted to NOK 82.2 million, compared with NOK 99.7 million at the end of Q2 2022. The Bank's loan loss provisions are mainly related to AS Financiering and, compared with the end of Q2 2022, they constitute a reduced percentage of gross lending at AS Financiering.

## Loan loss provisions

Amounts in NOK million	Q2 23	Q1 23	Q2 22
Lending to retail customers of the parent and mortgage credit company	17,0	18,1	16,5
Lending to business customers	4,2	4,8	3,3
Lending at AS Financiering	85,9	90,5	106,0
Unused credit and guarantees	1,5	1,3	1,1
Total loan loss provisions	108,6	114,7	126,9
Loan loss provisions as a percentage of gross lending to customers	0,29	0,31	0,34

Net non-performing commitments are very modest at NOK 146.9 million, or 0.39 per cent of net lending to customers. For comparison, net non-performing commitments amounted to NOK 149.8 million, corresponding to 0.40 per cent of net lending to customers at the end of Q2 2022.

## Non-performing commitments

Amounts in NOK million	Q2 23	Q1 23	Q2 22
Lending to retail customers of the parent and mortgage credit company	46,4	56,2	34,1
Business customers	16,3	13,2	42,0
AS Financiering	168,0	174,0	174,6
Total gross non-performing commitments	230,6	243,4	250,8
Loan loss provisions for non-performing commitments.	83,9	88,7	101,0
Net non-performing commitments	146,7	154,8	149,8
Net non-performing commitments as a percentage of net lending	0,39	0,42	0,40

## INCOME TAX

Income tax stands at NOK 31.8 million, equal to 22.4 per cent of the profit before income tax.

## Profit for the first half-year

Profit for the first half-year was NOK 208.2 million, a reduction of NOK 68.4 million from the first half of 2022. The return on equity was 9.23 per cent compared with 6.24 per cent for the first half of 2022. Earnings per equity certificate were NOK 2.69, up from NOK 1.81 in the first half of 2022.

### NET INTEREST INCOME

Net interest income amounted to NOK 398.8 million, up NOK 78.6 million from the first half of 2022. Net interest income as a percentage of average total assets is 1.81 per cent, an increase of by 0.43 percentage points compared to the first half of 2022. The development of net interest income was primarily affected by rising interest rates that have resulted in increased deposit margins. A reduced liquidity portfolio is a further positive factor.

Interest income from lending to customers was higher compared with the first half of 2022, primarily due to interest rate rises in the Bank's loan portfolio. Interest rates in the Bank's loan portfolio have been increased four times based on rate rises implemented by Norges Bank in the first half-year. Interest rate rises in the loan portfolio are announced some time before they come into effect, which results in a significant time lag compared with interest rate adjustments for the Bank's market funding. In a market where interest rates are rising, interest costs thus accrue before interest income does, which has affected the Bank's net interest income in the year to date.

Interest costs on securities issued are closely linked to the development of money market rates. The increase in interest costs compared with the first half of 2022 was attributable to rising money market rates due to expected rate hikes by Norges Bank. The money market premium has also been high at times and resulted in higher money market rates than what the policy rate would indicate under normal conditions.

The Bank's deposit margins increased during the first half-year. Interest costs on deposits, measured in Norwegian krone and compared with the end of the first half of 2022, primarily increased due to higher interest rates.

### Net interest income

Amounts in NOK million	alas. Q2 23	alas. Q2 22
Loans to & receivables from financial institutions	7,1	1,6
Lending to customers	873,8	514,7
Certificates and bonds	117,1	56,4
Total interest income	998,0	572,7

Liabilities to financial institutions	5,2	3,3
Customer deposits	125,6	50,9
Securities issued	427,7	179,9
Senior subordinated bonds	21,6	5,9
Subordinated loan capital	11,0	5,1
Norwegian Banks Guarantee Fund levy	8,1	7,4
Total interest costs	599,2	252,5
Net interest income	398,8	320,2
Net interest income as a percentage of average total assets	1,81	1,38

### NET OTHER OPERATING INCOME

Net commission income amounted to NOK 24.6 million, up NOK 4.8 million from the first half of 2022. The increase is mainly due to increased commission income from insurance intermediation.

Dividends received amounted to NOK 45.7 million, of which NOK 45.6 million related to dividends received from Frende. In the same period in 2022, dividends received totalled NOK 50.1 million, of which dividends from Frende accounted for NOK 49.1 million and dividends from Kraft Bank accounted for NOK 0.7 million.

Net value changes and gains/losses on financial instruments amounted to NOK -36.9 million, up NOK 32.7 million compared with the first half of 2022. The value of the liquidity portfolio fell by NOK 11.5 million, compared with a reduction of NOK 44.0 million in the first half of 2022. Banking turmoil in the US in the first quarter, along with persistently high inflation, higher interest rates and fears of recession, pushed credit premiums on bonds up in the first half of the year. The increased credit premiums contributed to a fall in the value of the Bank's liquidity portfolio in the first half of the year. The negative change in value of the Bank's shares in Norwegian Block Exchange AS (NBX) amounted to NOK 5.0 million. By comparison, the negative change in the value of the shareholding in NBX amounted to NOK 21.2 million in the first half of 2022. The value of the Bank's shares in Kraft Bank fell by NOK 1.7 million, against a fall of NOK 2.7 million in the first half of 2022. Positive value changes related to shares and options in Visa Inc. amounted to NOK 10.7 million compared with an increase of NOK 1.0 million in the first half of 2022. The fall in the value of the Bank's shareholding in Frende amounts to NOK 22.8 million, and must be viewed in conjunction with dividends received for 2022. By way of comparison, the realised gain in the first half of 2022 was NOK 4.8 million. The negative profit effects from foreign exchange, derivatives and fixed rate loans at fair value amounted to NOK 4.6 million. The corresponding profit effects were negative and amounted to NOK -4.3 million in the first half of 2022. The cost of buying back the bank's own issued debt amounted to NOK 2.0 million, compared with NOK 3.2 million in the first half of 2022.

Other operating income amounted to NOK 1.1 million, down by NOK 0.4 million from the first half of 2022.

## Net other operating income

Amounts in NOK million	akk. Q2 23	akk. Q2 22
Net commission income	24,6	19,8
Dividend	45,7	50,1
Net value change and gains/losses on certificates and bonds*	-21,3	-49,4
Net value change and gains/losses on shares	-18,8	-18,2
Net value change and gains/losses on fixed-interest loans	-4,8	-8,5
Net value change and gains/losses on other financial instruments	8,1	6,4
Other operating income	1,1	1,5
Net other operating income	34,4	1,7

\*excluding profit/loss effect of financial derivatives entered into for the purpose of financial interest rate hedging in the liquidity portfolio

## OPERATING COSTS

Other operating costs amounted to NOK 164.2 million, up NOK 16.5 million compared with the first half of 2022. Measured as a percentage of income, costs were reduced to 37.9 per cent, compared with 45.9 per cent in the first half of 2022.

Salaries and personnel costs amounted to NOK 87.2 million, up by NOK 9.2 million compared with the first half of 2022. The Bank has strengthened its professional expertise, and compared with the end of the first half of 2022, the number of full-time equivalents has increased by 14 to 192.

Other operating costs amount to NOK 62.7 million, an increase of NOK 6.4 million. Of this increase, NOK 2.3 million comes from increased IT costs and NOK 1.5 million from an increase in the rate of wealth tax.

## Operating costs

Amounts in NOK million	akk. Q2 23	akk. Q2 22
Salaries and other personnel costs	87,2	78,0
Depreciation/impairment of tangible and intangible assets	14,3	13,3
Other operating costs	62,7	56,3
Total operating costs	164,2	147,7
Costs as a % of average total assets	37,90	45,87
Costs as a percentage of average total assets	0,75	0,64

## IMPAIRMENTS AND NON-PERFORMING COMMITMENTS

Losses on loans, unused credits and guarantees amounted to NOK 1.5 million, of which changes in model-based losses amounted to income of NOK 1.0 million. By comparison, losses amounted to NOK 1.0 million in the first half of 2022, of which changes in model-based loan loss provisions amounted to a cost of NOK 2.5 million.

## Loss costs

Amounts in NOK million	akk. Q2 23	akk. Q2 22
Lending to retail customers of the parent and mortgage credit company	-1,3	0,4
Lending to business customers	-0,1	-1,1
Lending at AS Finansiering	2,7	2,0
Unused credit and guarantees	0,2	-0,3
Total loss costs	1,5	1,0
Losses as a percentage of net lending to customers (OB)	0,01	0,01

## INCOME TAX

Income tax stands at NOK 59.4 million, equal to 22.2 per cent of the profit before income tax.

## Main items on the balance sheet

Total assets amounted to NOK 44.4 billion at the end of the quarter.

## LENDING TO CUSTOMERS

Net lending to customers amounted to NOK 37.3 billion, up NOK 0.6 billion in the quarter.

Net lending to retail customers amounts to NOK 33.5 billion and is up by NOK 0.2 billion compared to the end of the first quarter. This is a reduction of NOK 0.5 billion over the last 12 months, equivalent to 1.6 per cent. Within the retail market in the office channel (Sparebanken Øst) and in AS Finansiering, the Bank can point to good lending growth. Lending growth in the RM office channel was 3.1 per cent in the quarter and 8.0 per cent in the last 12 months. In AS Finansiering, lending growth was 4.2 per cent in the quarter and 6.1 per cent in the last 12 months. Lending growth in RM digital concepts (Sparebanken Øst) is negative by 5.1 per cent in the quarter and negative by 19.1 per cent in the last 12 months. Retail customer 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 55.9 per cent, based on the value of the collateral at the date of approval. Given the Group's high share of loans to retail customers, which mainly covers the central area of Eastern Norway, the retail customer 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 89.9 per cent of total lending to customers.

Net lending to business customers amounted to NOK 3.8 billion, an increase of NOK 0.4 billion in the quarter. In the last 12 months, the reduction amounted to NOK 0.1 billion. 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 significantly over the last period as have financing costs for commercial property. The Bank takes a cautious approach to business customers, requiring good collateral and low loan-to-value ratios. 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 2.4 billion, or about 6.5 per cent of total gross lending, up from NOK 2.2 billion, or approx. 5.9 per cent, at the end of Q2 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 15.5 billion, down NOK 0.4 billion in the quarter. The deposit-to-loan ratio is 41.6 per cent. Deposits from retail customers amount to NOK 10.3 billion and deposits from business customers amount to NOK 5.2 billion.

### LIQUIDITY AND FINANCING

With a robust liquidity portfolio and a balanced maturity structure for its wholesale funding, the Bank has so far felt little impact from the banking and market turbulence that occurred in the last half of the first quarter and has kept credit spreads high throughout the second quarter.

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 5.5 billion, a reduction of NOK 0.5 in the quarter.

The short-term liquidity target measured by LCR exceeds the Bank's agreed limit of 102 per cent and amounts to 279.0 per cent, compared with 248.5 per cent at the end of the first half of 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 21.4 billion, an decrease of NOK 0.9 billion in the quarter. The Bank also has senior non-preferred debt (SNP) with a nominal value of NOK 1.2 billion,

an increase of NOK 0.3 billion in the quarter. The Bank considers its access to wholesale funding to be good.

The degree of stable and long-term financing measured by NSFR amounted to 126.1 per cent compared with 137.8 per cent at the end of the first half-year 2022. The average term to maturity for market funding was 3.06 years compared with 3.32 years at the end of the first half of 2022. Short-term borrowing (defined as borrowing with a remaining term to maturity of less than 1 year) amounted to NOK 5.0 billion at the end of the first half-year.

### FRENDE FORSIKRING

The Bank owns 13.03 per cent of Frende Holding AS (Frende), which itself owns Frende Skade AS and Frende Liv AS (Frende Forsikring). No financial performance for the first half-year has been published by Frende. 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. In order to highlight the added value to the Bank from Frende throughout the year, the shareholding will be revalued quarterly from Q1 2023. The Bank's shareholding in Frende is valued at NOK 433.3 million.

In the second quarter, the Bank recognised NOK 45.6 million in dividend income received for 2022 along with a negative change in value of NOK 34.2 million. The net positive profit effect amounted to NOK 11.4 million in the second quarter. So far this year, the net positive profit effect amounts to NOK 22.8 million from the shareholding in Frende, corresponding to half of the dividend income received for 2022.

### 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 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 47.8 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 10.3 million.

The Bank owns 6.85 per cent of the shares in Kraft Bank ASA. Kraft Bank is listed on Euronext Growth Oslo and the Bank's shareholding is valued at NOK 24.3 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 5.9 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.

The leverage ratio amounted to 20.02 per cent (inclusive of 50 per cent of retained earnings) at the end of the quarter, a marginal decrease from 20.04 per cent at the end of Q2 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. 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 at least 15.8 per cent under the applicable Pillar 2 requirement at the end of 2023.

In June 2023, the Board of Directors of Sparebanken Øst changed its capital target from a CET1 ratio to a capital adequacy ratio. The capital target is expressed as follows: The Sparebanken Øst Group should have capital coverage equal to the regulatory requirement plus a capital margin of 1.0 percentage point. Based on current regulatory requirements at the end of 2023, the capital adequacy target is a minimum of 20.3 per cent. The minimum CET1 ratio is then 16.8 per cent, which is unchanged from before.

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 19.5 million, this corresponds to a capital adequacy ratio of 23.36 per cent, of which 21.31 per cent constitutes the Tier 1 capital ratio. The leverage ratio amounted to 9.34 per cent (inclusive of 50 per cent of retained earnings) at the end of the quarter, up from 9.14 per cent at the end of Q2 2022. The current leverage ratio requirement is 3.0 per cent.

#### Capital level

per cent	akk. Q2	akk. Q2
CET1 capital ratio	20,02	20,04
Tier 1 capital ratio	21,31	21,50
Capital adequacy	23,36	23,55
Leverage ratio	9,34	9,14

## Significant differences in treatment of equal risk between 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.

## Rating

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 first half-year, the company had total assets of NOK 18.5 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 first

half-year was 46.9 per cent. By comparison, the LTV ratio was 43.8 per cent at the end of the first half of 2022. The company posted a profit of NOK 43.3 million for the first half-year compared with NOK 36.2 million for the first half of 2022. The company has no employees, instead it sources services from Sparebanken Øst.

**AS Finansiering's** main product is secured loan financing for used cars. At the end of the first half-year, the company had total assets of NOK 2.7 billion. The company posted a profit of NOK 22.5 million for the first half-year compared with NOK 24.0 million for the first half of 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 3.1 million for the first half-year compared with NOK 2.9 million for the first half of 2022. The company posted a profit of NOK 0.9 million for the first half-year compared with NOK 0.5 million for the first half of 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 first half-year, compared with a deficit of NOK 0.3 million for the first half of 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.

## 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

Inflation, rising interest rates and uncertain growth prospects continue to dominate the economy. Inflation in Norway has slowed slightly since the autumn, but is still high. In May, the consumer price index (CPI) was 6.7 per cent higher than in the same month last year. Core inflation (CPI-ATE) was similarly high at 6.7 per cent, and food prices have been the biggest contributor to this. The Norwegian krone has continued to depreciate through the quarter, pushing up prices for imported goods and services. High inflation has also contributed to high wage growth in this year's pay settlement, which will also make it more difficult to bring inflation down towards the target of 2 per cent over time. On the international front, many

of Norway's most important trading partners are seeing a fall in inflation, although it remains high.

In April, mainland GDP fell by 0.4 per cent in April, but there was an increase of 0.2 per cent in the first quarter as a whole. After steady growth in the Norwegian economy through 2022, there are now signs that the economy is slowing. The figures for April showed a broad decline in industries and in sectors of the economy that are affected by household purchasing power. The latest Regional Network report shows that business are expecting increased activity in the future. Companies report that capacity problems have abated somewhat and it is easier to recruit labour, while the projections for wage growth have been revised upwards.

Unemployment has risen slightly since the end of 2022, and the unemployment survey from Statistics Norway shows that the unemployment rate stood at 3.5 per cent, an increase of 0.4 per cent compared to the same month last year. Unemployment has risen in cyclically sensitive occupations such as construction, engineering and ICT, but has fallen slightly in manufacturing and the public sector.

Norges Bank raised its key policy rate by 0.25 percentage point in May and by 0.50 percentage point in June, bringing it to 3.75 per cent at the end of the quarter. This is the highest level since autumn 2008. Alongside the interest rate change, Norges Bank raised its interest rate curve to 4.2 per cent in the period up to the New Year, reflecting continued high activity levels, a weaker krone, higher wage growth and slightly higher interest rates abroad.

Money market rates have risen sharply, largely as a result of increases in the key policy rate and expectations of a further rises. The 3-month Nibor money market rate increased by 1.11 percentage points from 3.26 per cent at the beginning of the year to 4.37 per cent at the end of the quarter. The turbulence in the market resulting from bank failures in the US abated in the second quarter, but continued geopolitical risk and weak liquidity have nevertheless contributed to a high money market premium.

Activity on the housing market remained high. In June, however, house prices fell by 1.2 per cent; adjusted for seasonal variations, this was a drop of 0.5 per cent. So far this year, house prices in Norway have increased by 6.4 per cent. Turnover in existing homes has remained high, but the number of homes for sale is increasing. Construction activity is very low, and new builds are 54 per cent lower so far this year than for the same period last year, with much of the decline attributable to a decrease in the number of new apartments.

## Future prospects

Growth in the Norwegian economy has slowed, and Norges Bank projects growth in GDP of 1.2 per cent for mainland Norway in 2023. It points out in particular that higher interest rates and price growth 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. GDP growth in mainland Norway is

projected to fall further in 2024 before gradually picking up again in 2025 and 2026.

Unemployment remains low and employment has continued to increase into 2023 after substantial growth in 2022. Norges Bank expects employment growth to slow somewhat in the near term, but to gradually pick up from the end of next year. Unemployment is expected to edge up in the years ahead, and unemployment is expected to be slightly above the level prevailing before the pandemic.

The market is pricing in the high probability of Norges Bank raising the key policy rate to at least 4.25 per cent in the course of the second half-year. 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 continued strong 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 view, there is still considerable uncertainty associated with framework conditions and future capital requirements for banks that calculate capital requirements using the standard method.

Hokksund, 30 June 2023

Drammen, 13 July 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

## Income Statement – Group

(Amounts in NOK million)	Note	Q2 2023	Q2 2022	01.01-30.06.2023	01.01-30.06.2022	Full year 2022
Interest income from assets valued at amortised cost		451,2	263,4	876,7	512,3	1.201,1
Interest income from assets valued at fair value		61,1	32,6	121,4	60,4	154,3
Interest costs		312,2	137,7	599,2	252,5	669,3
<b>Net interest income</b>	7	<b>200,2</b>	<b>158,3</b>	<b>398,8</b>	<b>320,2</b>	<b>686,2</b>
Commission income and income from banking services		20,7	20,9	47,9	43,8	86,2
Commission costs and costs for banking services		11,7	12,3	23,3	24,1	48,8
Dividend		45,7	50,1	45,7	50,1	53,9
Net value changes and gains/losses on financial instruments	8	-38,5	-56,4	-36,9	-69,6	-82,6
Other operating income		0,6	0,8	1,1	1,5	3,4
<b>Net other operating income</b>		<b>16,7</b>	<b>3,0</b>	<b>34,4</b>	<b>1,7</b>	<b>12,1</b>
Salaries and other personnel costs		38,3	31,3	87,2	78,0	168,5
Depreciation/impairment of tangible and intangible assets		7,3	6,7	14,3	13,3	27,2
Other operating costs		29,6	28,6	62,7	56,3	114,1
<b>Total operating costs</b>	9	<b>75,1</b>	<b>66,6</b>	<b>164,2</b>	<b>147,7</b>	<b>309,7</b>
<b>Profit before losses</b>		<b>141,8</b>	<b>94,7</b>	<b>269,0</b>	<b>174,3</b>	<b>388,6</b>
Losses on loans, unused credit and guarantees	5	-0,2	0,8	1,5	1,0	6,8
<b>Profit/loss before tax</b>		<b>142,0</b>	<b>93,9</b>	<b>267,6</b>	<b>173,2</b>	<b>381,9</b>
Income tax		31,8	16,3	59,4	33,4	85,5
<b>Profit/loss after tax</b>		<b>110,2</b>	<b>77,6</b>	<b>208,2</b>	<b>139,8</b>	<b>296,4</b>
Hybrid capital owners' share of the result		7,2	4,4	13,2	8,3	18,7
Equity certificate holders' and primary capital share of profits		103,0	73,2	195,0	131,5	277,7
<b>Profit/loss after tax</b>		<b>110,2</b>	<b>77,6</b>	<b>208,2</b>	<b>139,8</b>	<b>296,4</b>
Earnings per equity certificate		1,42	1,01	2,69	1,81	3,83
Diluted earnings per equity certificate		1,42	1,01	2,69	1,81	3,83

## Comprehensive income – Group

(Amounts in NOK million)	Note	Q2 2023	Q2 2022	01.01-30.06.2023	01.01-30.06.2022	Full year 2022
<b>Profit/loss after tax</b>		<b>110,2</b>	<b>77,6</b>	<b>208,2</b>	<b>139,8</b>	<b>296,4</b>
<b>Items that will not be reclassified to the income statement</b>						
Actuarial gains and losses on defined-benefit plans		0,0	0,0	0,0	0,0	-26,9
Tax related to items that cannot be reclassified		0,0	0,0	0,0	0,0	6,7
<b>Comprehensive income</b>		<b>110,2</b>	<b>77,6</b>	<b>208,2</b>	<b>139,8</b>	<b>276,2</b>

## Balance Sheet – Group

(Amounts in NOK million)	Note	30.06.2023	30.06.2022	31.12.2022
<b>Assets</b>				
Cash and receivables from central banks	10	437,8	520,8	486,4
Loans to and receivables from financial institutions	10	13,1	9,5	16,1
Lending to customers	2,5,10,11	37.274,5	37.666,8	36.800,2
Certificates and bonds	10,11	5.485,3	6.188,6	5.635,3
Financial derivatives	10,11	24,6	54,0	44,4
Shares and units	10,11	777,2	796,7	796,0
Intangible assets		33,7	33,3	33,9
Investment properties		13,2	11,5	11,4
Tangible fixed assets		123,0	117,0	120,5
Lease rights		42,1	41,9	41,1
Other assets		192,1	123,0	93,0
<b>Total assets</b>		<b>44.416,5</b>	<b>45.563,2</b>	<b>44.078,4</b>
<b>Liabilities and equity</b>				
Liabilities to financial institutions	10	246,7	300,6	274,1
Customer deposits	2,10	15.521,7	17.471,9	15.761,3
Securities issued	10,12	21.420,8	21.502,3	21.375,7
Financial derivatives	10,11	240,5	139,7	131,7
Other liabilities		449,7	262,0	238,4
Pension liabilities		52,7	35,4	52,7
Tax payable		55,7	34,0	90,1
Deferred tax		1,5	6,0	1,4
Provisions, unused credit and guarantees		1,5	1,1	1,3
Lease liabilities	10	43,3	42,9	42,2
Senior subordinated bonds	10,12	1.199,2	701,1	896,2
Subordinated loan capital	10,12	400,9	400,6	420,9
<b>Total liabilities</b>		<b>39.634,2</b>	<b>40.897,6</b>	<b>39.286,1</b>
Paid-up equity		595,1	595,1	595,1
Hybrid capital		423,4	352,1	352,9
Retained earnings		3.763,8	3.718,3	3.844,3
<b>Total equity</b>		<b>4.782,2</b>	<b>4.665,5</b>	<b>4.792,3</b>
<b>Total liabilities and equity</b>		<b>44.416,5</b>	<b>45.563,2</b>	<b>44.078,4</b>

## Changes in equity - Group

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				
	Total equity	Equity certificates	Share premium reserve	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for		
								unrealised gains	Other equity	Retained earnings
<b>30.06.2023</b>										
<b>Equity at 31.12.2022</b>	<b>4.792,3</b>	<b>207,3</b>	<b>387,8</b>	<b>352,9</b>	<b>443,0</b>	<b>2.555,3</b>	<b>38,1</b>	<b>397,3</b>	<b>410,7</b>	<b>0,0</b>
Ordinary profit	208,2	0,0	0,0	13,2	0,0	0,0	0,0	0,0	0,0	195,0
<b>Comprehensive income</b>	<b>208,2</b>	<b>0,0</b>	<b>0,0</b>	<b>13,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>195,0</b>
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	-12,0	0,0	0,0	-12,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of new hybrid capital	200,0	0,0	0,0	200,0	0,0	0,0	0,0	0,0	0,0	0,0
Hybrid capital redemption	-130,7	0,0	0,0	-130,7	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30.06.2023</b>	<b>4.782,2</b>	<b>207,3</b>	<b>387,8</b>	<b>423,4</b>	<b>364,2</b>	<b>2.358,5</b>	<b>38,1</b>	<b>397,3</b>	<b>410,7</b>	<b>195,0</b>

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				
	Total equity	Equity certificates	Share premium reserve	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for		
								unrealised gains	Other equity	Retained earnings
<b>30.06.2022</b>										
<b>Equity at 31.12.2021</b>	<b>4.693,4</b>	<b>207,3</b>	<b>387,8</b>	<b>351,9</b>	<b>413,3</b>	<b>2.361,5</b>	<b>38,1</b>	<b>473,7</b>	<b>459,9</b>	<b>0,0</b>
Ordinary profit	139,8	0,0	0,0	8,3	0,0	0,0	0,0	0,0	0,0	131,5
<b>Comprehensive income</b>	<b>139,8</b>	<b>0,0</b>	<b>0,0</b>	<b>8,3</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>131,5</b>
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	-8,0	0,0	0,0	-8,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30.06.2022</b>	<b>4.665,5</b>	<b>207,3</b>	<b>387,8</b>	<b>352,1</b>	<b>333,4</b>	<b>2.281,7</b>	<b>38,1</b>	<b>473,7</b>	<b>459,9</b>	<b>131,5</b>

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				
	Total equity	Equity certificates	Share premium reserve	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for		
								unrealised gains	Other equity	Retained earnings
<b>31.12.2022</b>										
<b>Equity at 31.12.2021</b>	<b>4.693,4</b>	<b>207,3</b>	<b>387,8</b>	<b>351,9</b>	<b>413,3</b>	<b>2.361,5</b>	<b>38,1</b>	<b>473,7</b>	<b>459,9</b>	
Ordinary profit	296,4	0,0	0,0	18,7	115,0	287,3	0,0	-76,4	-48,4	
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	
<b>Comprehensive income</b>	<b>276,2</b>	<b>0,0</b>	<b>0,0</b>	<b>18,7</b>	<b>109,5</b>	<b>273,6</b>	<b>0,0</b>	<b>-76,4</b>	<b>-49,2</b>	
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	
Grants for good causes 2021 – adopted	-79,8	0,0	0,0	0,0	0,0	-79,8	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	
<b>Equity at 31.12.2022</b>	<b>4.792,3</b>	<b>207,3</b>	<b>387,8</b>	<b>352,9</b>	<b>443,0</b>	<b>2.555,3</b>	<b>38,1</b>	<b>397,3</b>	<b>410,7</b>	

# Cash Flow Statement – Group

(Amounts in NOK millions)		30.06.2023	30.06.2022	31.12.2022
<b>Operating activities</b>				
Profit/loss before income tax		267,6	173,2	381,9
Adjusted for:				
Change in net interest income earned and accrued interest costs		105,3	38,1	8,0
Net receipts/disbursements of loans to customers		-463,0	1.723,4	2.621,4
Change in certificates and bonds		155,3	1.013,1	1.574,4
Value adjustment, shares and units		18,8	23,0	38,7
Net change in financial derivatives (net assets and liabilities)		-13,9	-12,0	-10,3
Net change in other assets		-99,1	-101,1	-62,9
Net receipts/disbursement of deposits from customers		-338,0	-144,0	-1.816,5
Change in other operating liabilities		10,0	-112,0	-149,7
Depreciation/write-downs of tangible fixed assets and lease rights		14,3	13,3	27,2
Write-downs of financial assets		-4,8	0,7	-13,2
Amortisation of financing activities measured at amortised cost		-8,3	-9,0	-17,9
Net gain/loss from investing activities		0,0	-4,9	-5,3
Net gain/loss from financing activities		2,0	3,2	4,0
Taxes paid for the period		-93,9	-80,4	-82,5
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>-447,7</b>	<b>2.524,8</b>	<b>2.497,3</b>
<b>Investing activities</b>				
Payments on purchases of tangible fixed assets		-8,4	-5,1	-12,3
Receipts from sale of fixed assets		0,4	1,1	1,9
Payments on the purchase of intangible assets		-5,2	-6,0	-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
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>-13,2</b>	<b>23,7</b>	<b>-4,1</b>
<b>Financing activities</b>				
Net receipts/disbursements for loans to/from financial institutions		-27,3	0,0	-27,3
Payments on repayment of securities		-2.090,1	-3.871,3	-5.152,2
Receipts on issuance of securities		2.548,2	1.627,4	2.972,6
Payment of dividend		-78,8	-79,8	-79,8
Payment disbursed for repayment of hybrid capital		-130,7	0,0	0,0
Payment received for issue of hybrid capital		200,0	0,0	0,0
Interest paid on hybrid capital		-12,0	-8,0	-17,6
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>409,3</b>	<b>-2.331,7</b>	<b>-2.304,3</b>
Net change in cash and cash equivalents	<b>A+B+C</b>	-51,6	216,7	188,9
Cash and cash equivalents as at 1 Jan		502,5	313,6	313,6
<b>Holdings of cash and cash equivalents at end of period</b>		<b>450,9</b>	<b>530,3</b>	<b>502,5</b>
*Liquidity reserves include NOK 437.8 million in cash and deposits with central banks and NOK 13.1 million in loans to and deposits with financial institutions which are pure investments.				
<b>Additional information on operating activities relating to interest and dividend income</b>				
		30.06.2023	30.06.2022	31.12.2022
Interest payments received		985,8	566,0	1.322,1
Interest payments made		446,0	203,9	644,9
Dividends received		45,7	50,1	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

30.06.2023	Retail market	market	Finance	AS Financiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Net interest and commission income	211,5	72,3	-16,0	64,4	0,2	66,6	-0,1	398,8
Other operating income	33,4	2,3	-24,1	-12,3	3,1	35,6	-3,5	34,4
Operating costs	32,5	6,4	0,0	19,3	2,1	107,3	-3,5	164,2
<b>Profit before losses</b>	<b>212,3</b>	<b>68,1</b>	<b>-40,1</b>	<b>32,7</b>	<b>1,2</b>	<b>-5,1</b>	<b>-0,1</b>	<b>269,0</b>
Losses on loans, unused credit and guarantees	-2,2	1,1	0,0	2,7	0,0	0,0	0,0	1,5
<b>Profit/loss before tax</b>	<b>214,6</b>	<b>67,1</b>	<b>-40,1</b>	<b>30,0</b>	<b>1,2</b>	<b>-5,1</b>	<b>-0,1</b>	<b>267,6</b>
Income tax	0,0	0,0	0,0	7,5	0,3	51,6	0,0	59,4
<b>Profit/loss after tax</b>	<b>214,6</b>	<b>67,1</b>	<b>-40,1</b>	<b>22,5</b>	<b>0,9</b>	<b>-56,7</b>	<b>-0,1</b>	<b>208,2</b>

30.06.2022	Retail market	market	Finance	AS Financiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Net interest and commission income	171,5	64,3	-10,6	64,9	-0,2	30,2	0,0	320,2
Other operating income	30,6	3,5	-79,3	-13,1	2,9	51,2	6,0	1,7
Operating costs	29,3	6,2	0,0	17,9	2,0	95,5	-3,2	147,7
<b>Profit before losses</b>	<b>172,8</b>	<b>61,6</b>	<b>-89,9</b>	<b>34,0</b>	<b>0,7</b>	<b>-14,2</b>	<b>9,3</b>	<b>174,3</b>
Losses on loans, unused credit and guarantees	0,6	-1,4	0,0	2,0	0,0	-0,1	0,0	1,0
<b>Profit/loss before tax</b>	<b>172,3</b>	<b>63,0</b>	<b>-89,9</b>	<b>32,0</b>	<b>0,7</b>	<b>-14,1</b>	<b>9,3</b>	<b>173,2</b>
Income tax	0,0	0,0	0,0	8,0	0,1	22,9	2,3	33,4
<b>Profit/loss after tax</b>	<b>172,3</b>	<b>63,0</b>	<b>-89,9</b>	<b>24,0</b>	<b>0,5</b>	<b>-37,0</b>	<b>6,9</b>	<b>139,8</b>

31.12.2022	Retail market	market	Finance	AS Financiering	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
<b>Profit before losses</b>	<b>359,1</b>	<b>134,1</b>	<b>-119,4</b>	<b>59,7</b>	<b>2,0</b>	<b>-56,0</b>	<b>9,2</b>	<b>388,6</b>
Losses on loans, unused credit and guarantees	2,4	-0,2	0,0	4,7	0,0	-0,1	0,0	6,8
<b>Profit/loss before tax</b>	<b>356,8</b>	<b>134,3</b>	<b>-119,4</b>	<b>55,0</b>	<b>2,0</b>	<b>-55,9</b>	<b>9,2</b>	<b>381,9</b>
Income tax	0,0	0,0	0,0	13,8	0,4	69,0	2,3	85,5
<b>Profit/loss after tax</b>	<b>356,8</b>	<b>134,3</b>	<b>-119,4</b>	<b>41,1</b>	<b>1,6</b>	<b>-124,9</b>	<b>6,9</b>	<b>296,4</b>

### Balance sheet

30.06.2023	Retail market	market	Finance	AS Financiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Lending to customers	30.394,4	3.655,3	0,0	2.630,2	0,0	622,9	-28,3	37.274,5
Other assets	3,8	0,0	5.880,4	61,9	104,4	3.803,5	-2.712,1	7.141,9
<b>Total assets</b>	<b>30.398,2</b>	<b>3.655,4</b>	<b>5.880,4</b>	<b>2.692,1</b>	<b>104,4</b>	<b>4.426,4</b>	<b>-2.740,4</b>	<b>44.416,5</b>
Customer deposits	10.827,4	3.035,4	1.540,9	0,0	0,0	172,1	-54,2	15.521,7
Other liabilities/offsetting	19.570,9	620,0	4.339,4	2.218,2	30,3	-366,4	-2.299,9	24.112,6
Equity	0,0	0,0	0,0	473,9	74,1	4.620,6	-386,4	4.782,2
<b>Total liabilities and equity</b>	<b>30.398,2</b>	<b>3.655,4</b>	<b>5.880,4</b>	<b>2.692,1</b>	<b>104,4</b>	<b>4.426,4</b>	<b>-2.740,4</b>	<b>44.416,5</b>

30.06.2022	Retail market	market	Finance	AS Financiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Loans to and receivables from customers	31.236,4	3.525,2	-7,8	2.479,6	0,0	461,4	-28,1	37.666,8
Other assets	3,9	0,0	6.959,4	45,4	103,5	3.799,8	-3.015,6	7.896,3
<b>Total assets</b>	<b>31.240,3</b>	<b>3.525,2</b>	<b>6.951,6</b>	<b>2.525,0</b>	<b>103,5</b>	<b>4.261,2</b>	<b>-3.043,7</b>	<b>45.563,2</b>
Deposits from and liabilities to customers	12.239,5	3.201,4	1.912,8	0,0	0,0	173,2	-55,0	17.471,9
Other liabilities/offsetting	19.000,8	323,9	5.038,8	2.077,8	31,3	-404,4	-2.642,5	23.425,7
Equity	0,0	0,0	0,0	447,2	72,2	4.492,4	-346,2	4.665,5
<b>Total liabilities and equity</b>	<b>31.240,3</b>	<b>3.525,2</b>	<b>6.951,6</b>	<b>2.525,0</b>	<b>103,5</b>	<b>4.261,2</b>	<b>-3.043,7</b>	<b>45.563,2</b>

31.12.2022	Retail market	market	Finance	AS Financiering	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
<b>Total assets</b>	<b>30.390,5</b>	<b>3.391,5</b>	<b>6.015,8</b>	<b>2.579,3</b>	<b>104,9</b>	<b>4.232,0</b>	<b>-2.635,6</b>	<b>44.078,4</b>
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
<b>Total liabilities and equity</b>	<b>30.390,5</b>	<b>3.391,5</b>	<b>6.015,8</b>	<b>2.579,3</b>	<b>104,9</b>	<b>4.232,0</b>	<b>-2.635,6</b>	<b>44.078,4</b>

## Note K2 Operating segments (cont.)

### Deposits from customers divided by sector and industry

	30.06.2023	30.06.2022	31.12.2022
Salaried employees	10.170,4	11.336,9	10.303,7
Public administration	390,8	555,8	401,5
Agriculture, forestry, fishing, etc.	102,4	101,0	104,8
Industry and mining, power and water supply	1.027,1	518,8	543,6
Building and construction	571,1	649,7	662,2
Wholesale and retail trade, hotels and restaurants	385,2	409,9	408,4
Transport and communications	193,5	170,3	169,1
Business financial services	719,2	1.664,4	1.309,7
Other service industries	846,8	840,7	842,6
Real estate sales and operation	1.013,2	1.123,7	916,2
Abroad	101,9	100,7	99,4
<b>Total customer deposits</b>	<b>15.521,7</b>	<b>17.471,9</b>	<b>15.761,3</b>

### Lending, guarantees and credit facilities by sector and industry

	Gross lending			Guarantees			Potential exposure via overdraft facilities		
	30.06.2023	30.06.2022	31.12.2022	30.06.2023	30.06.2022	31.12.2022	30.06.2023	30.06.2022	31.12.2022
Salaried employees	33.574,5	34.119,6	33.341,2	1,0	1,055	1,0	3.802,2	3.455,5	3.613,9
Public administration	7,0	7,1	7,1	0,0	0,0	0,0	0,0	0,0	0,0
Agriculture, forestry, fishing, etc.	76,1	81,3	78,1	0,3	0,4	0,3	16,0	15,2	15,1
Industry and mining, power and water supply	44,3	60,3	49,3	0,3	0,3	0,3	3,2	5,5	3,0
Building and construction	555,1	571,3	457,0	8,4	25,5	21,1	84,1	27,8	33,9
Wholesale and retail trade, hotels and restaurants	108,8	114,9	97,6	6,7	6,6	6,9	21,9	25,9	24,0
Transport and communications	14,4	20,3	16,7	3,6	4,5	3,9	4,3	3,8	4,1
Business financial services	78,8	83,1	73,6	1,9	0,6	0,0	6,4	6,0	4,2
Other service industries	452,5	462,1	468,4	1,6	1,6	1,6	17,8	13,1	6,3
Real estate sales and operation	2.447,6	2.246,9	2.287,7	7,4	13,5	15,6	26,6	134,6	36,0
Abroad	22,5	25,7	35,4	0,0	0,0	0,0	4,3	0,0	3,1
<b>Total</b>	<b>37.381,6</b>	<b>37.792,6</b>	<b>36.912,1</b>	<b>31,2</b>	<b>52,9</b>	<b>50,7</b>	<b>3.986,7</b>	<b>3.687,4</b>	<b>3.743,6</b>

### Geographical distribution of lending to customers

	30.06.2023	30.06.2022	31.12.2022
Drammen	7.443,9	7.259,0	7.289,6
Øvre Eiker	2.128,2	1.995,0	1.965,3
Asker/Bærum	6.020,9	5.673,2	5.765,8
Rest of Viken	7.643,3	7.593,4	7.516,3
Oslo	7.423,7	8.183,9	7.558,7
Vestfold/Telemark	3.460,5	3.324,2	3.313,8
Rest of Norway	3.238,7	3.738,3	3.467,1
Abroad	22,5	25,7	35,4
<b>Gross lending to customers</b>	<b>37.381,6</b>	<b>37.792,6</b>	<b>36.912,1</b>

## 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 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.

	30.06.2023	30.06.2022	31.12.2022
<b>CET1 capital</b>			
Book equity	4.163,8	4.181,9	4.439,4
<b>Deduction items in CET1 capital</b>			
Approval for acquisition of own equity certificates	-28,3	0,0	
Additional value adjustments (prudent valuation requirement) (AVA)	-6,8	-7,5	-6,9
Dividends	0,0	0,0	-275,5
Goodwill included in the valuation of significant investments	-224,3	-247,8	-227,3
Intangible assets	-33,7	-33,3	-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
<b>Total CET1 capital</b>	<b>3.812,6</b>	<b>3.846,5</b>	<b>3.837,5</b>
<b>Other Tier 1 capital</b>			
Hybrid Tier 1 capital	350,0	350,0	350,0
<b>Deductions from other Tier 1 capital</b>			
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
<b>Total other Tier 1 capital</b>	<b>350,0</b>	<b>350,0</b>	<b>350,0</b>
<b>Total Tier 1 capital</b>	<b>4.162,6</b>	<b>4.196,5</b>	<b>4.187,5</b>
<b>Tier 2 capital</b>			
Subordinated loans	400,0	400,0	400,0
<b>Deductions from Tier 2 capital</b>			
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
<b>Total Tier 2 capital</b>	<b>400,0</b>	<b>400,0</b>	<b>400,0</b>
<b>Net subordinated loan capital</b>	<b>4.562,6</b>	<b>4.596,5</b>	<b>4.587,5</b>

## Note K3 - Capital adequacy (contd.)

	30.06.2023	30.06.2022	31.12.2022
Governments and central banks	0,0	0,0	0,0
Local and regional authorities	0,0	20,3	0,0
Publicly owned companies	6,0	6,0	6,0
Multilateral development banks	0,0	0,0	0,0
Institutions	77,3	57,3	77,3
Companies	67,3	53,2	66,4
Mass market accounts	3.227,1	2.886,1	2.925,9
Accounts secured against property	12.918,1	13.108,7	12.832,3
Accounts due	180,8	185,8	151,7
High-risk commitments	253,7	297,4	163,9
Covered bonds	401,3	459,3	424,1
Shares in securities fund	0,0	0,0	0,0
Equity positions	763,0	763,7	808,5
Other exposures	211,3	192,5	192,6
Securitisation	0,0	0,0	0,0
<b>Calculation basis for credit and counterparty risk</b>	<b>18.105,9</b>	<b>18.030,4</b>	<b>17.648,7</b>
<b>Calculation basis for currency risk</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Calculation basis for operational risk</b>	<b>1.411,3</b>	<b>1.454,4</b>	<b>1.411,3</b>
<b>Calculation basis for impaired counterparty credit valuation adjustment (CVA)</b>	<b>13,2</b>	<b>32,6</b>	<b>27,0</b>
<b>Deductions from calculation basis</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total calculation basis</b>	<b>19.530,4</b>	<b>19.517,5</b>	<b>19.087,0</b>
CET1 capital ratio	19,52 %	19,71 %	20,11 %
Tier 1 capital ratio	21,31 %	21,50 %	21,94 %
Capital adequacy	23,36 %	23,55 %	24,03 %
<b>Buffers</b>			
Capital conservation buffer	488,3	487,9	477,2
Countercyclical buffer	488,3	292,8	381,7
Systemic risk buffer	585,9	585,5	572,6
Buffer for systemically important banks	0,0	0,0	0,0
<b>Total buffer requirements</b>	<b>1.562,4</b>	<b>1.366,2</b>	<b>1.431,5</b>
<b>Available buffer capital</b>	<b>2.933,7</b>	<b>2.968,2</b>	<b>2.978,6</b>
<b>Leverage ratio</b>	<b>9,13 %</b>	<b>8,99 %</b>	<b>9,27 %</b>

## 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 on the basis of 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 %

30.06.2023	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*	
						ts, Stage 1	Stage 1	ts, Stage 2	Stage 2	ts, Stage 3	Stage 3*
A	13.682,7	14,6	1.434,4	15.131,6	37	15.088,6	1,1	43,0	0,0	0,0	0,0
B	14.875,7	8,1	2.338,6	17.222,3	42	17.065,8	3,4	156,5	0,1	0,0	0,0
C	4.784,1	2,6	149,5	4.936,2	12	4.801,6	2,3	134,6	0,2	0,0	0,0
D	1.339,7	0,8	31,7	1.372,2	3	1.121,3	0,8	250,9	0,6	0,0	0,0
E	958,2	0,9	12,1	971,2	2	775,0	0,9	196,2	1,0	0,0	0,0
F	839,4	1,6	10,9	851,9	2	627,5	1,2	224,4	1,7	0,0	0,0
G	338,9	0,0	2,9	341,8	1	236,8	0,8	105,0	0,9	0,0	0,0
H	160,9	0,1	0,1	161,1	0	49,5	0,3	111,7	1,4	0,0	0,0
I	171,8	0,0	6,3	178,1	0	21,3	0,5	156,8	7,5	0,0	0,0
J	51,1	0,1	0,0	51,2	0	0,0	0,0	0,0	0,0	51,2	0,1
K	179,0	0,5	0,0	179,5	0	0,0	0,0	0,0	0,0	179,5	83,8
Unallocated	0,2	1,9	0,4	2,5	0	2,5	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>37.381,6</b>	<b>31,2</b>	<b>3.986,7</b>	<b>41.399,5</b>	<b>100</b>	<b>39.789,8</b>	<b>11,4</b>	<b>1.379,1</b>	<b>13,3</b>	<b>230,6</b>	<b>83,9</b>

\* Stage 3 provisions include individually assessed loan loss provisions of NOK 82.2 million.

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

30.06.2022	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*	
						ts, Stage 1	Stage 1	ts, Stage 2	Stage 2	ts, Stage 3	Stage 3*
A	14.113,0	21,4	1.423,0	15.557,4	37,5	15.529,9	1,1	27,5	0,0	0,0	0,0
B	15.529,4	21,7	2.068,8	17.620,0	42,4	17.504,5	3,3	115,4	0,1	0,0	0,0
C	4.519,0	5,6	150,1	4.674,7	11,3	4.565,2	2,1	109,5	0,1	0,0	0,0
D	1.207,8	0,9	29,2	1.237,9	3,0	1.040,8	0,8	197,1	0,5	0,0	0,0
E	844,4	0,7	10,0	855,0	2,1	726,4	1,1	128,6	0,6	0,0	0,0
F	709,7	0,9	2,3	712,9	1,7	558,5	1,5	154,4	1,3	0,0	0,0
G	312,6	0,0	0,7	313,3	0,8	211,1	1,0	102,2	1,0	0,0	0,0
H	130,9	0,0	0,4	131,2	0,3	45,4	0,4	85,8	1,3	0,0	0,0
I	175,3	0,1	2,5	177,9	0,4	21,9	0,9	154,1	8,6	1,8	0,1
J	68,9	0,3	0,0	69,2	0,2	0,0	0,0	0,0	0,0	69,2	0,0
K	181,4	0,5	0,0	181,9	0,4	0,0	0,0	2,2	0,3	179,8	100,9
Unallocated	0,2	1,9	0,4	2,5	0,0	2,5	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>37.792,6</b>	<b>54,0</b>	<b>3.687,4</b>	<b>41.534,0</b>	<b>100,0</b>	<b>40.206,2</b>	<b>12,2</b>	<b>1.077,0</b>	<b>13,7</b>	<b>250,8</b>	<b>101,0</b>

\* Stage 3 provisions include individually assessed loan loss provisions of NOK 99.7 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
<b>Total</b>	<b>36.912,1</b>	<b>50,7</b>	<b>3.743,6</b>	<b>40.706,3</b>	<b>100,0</b>	<b>39.188,5</b>	<b>11,2</b>	<b>1.302,3</b>	<b>15,3</b>	<b>215,6</b>	<b>86,7</b>

\* 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

	Q2 2023	Q2 2022	.01-30.06.2023	.01-30.06.2022	31.12.2022
Change in model-based provisions, Stage 1	0,4	-0,3	0,2	-1,3	-2,3
Change in model-based provisions, Stage 2	-1,7	-0,4	-2,0	-1,1	0,4
Change in model-based provisions, Stage 3	0,4	-0,2	0,8	-0,1	-0,5
Increase in existing individual loan loss provisions	1,5	2,3	4,1	5,8	9,4
New individual loan loss provisions	0,9	1,8	4,1	3,8	9,4
Established losses covered by previous individual loan loss provisions	6,2	1,3	8,2	1,7	23,2
Reversals of previous individual loan loss provisions	-7,6	-2,7	-11,8	-6,7	-29,9
Established losses not covered by previous individual loan loss provisions	1,2	0,2	0,5	0,8	1,0
Recovery of previously identified losses	-1,6	-1,1	-2,7	-1,9	-4,1
Amortisation costs for the period	0,1	0,0	0,1	0,0	0,1
<b>Losses on loans, unused credit and guarantees</b>	<b>-0,2</b>	<b>0,8</b>	<b>1,5</b>	<b>1,0</b>	<b>6,8</b>
- of which losses on lending to retail customers of the parent bank and mortgage credit company	-1,0	-0,1	-1,3	0,4	2,3
- of which losses on lending to business customers	-0,5	0,2	-0,1	-1,1	-0,1
- of which losses on lending AS Financiering	1,1	0,8	2,7	2,0	4,7
- of which losses on unused credit and guarantees	0,3	-0,1	0,2	-0,3	-0,1

### Changes in loan loss provisions

Group - 30.06.2023	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance at 01.01.23</b>	<b>11,2</b>	<b>15,3</b>	<b>86,7</b>	<b>113,2</b>
Transferred to Stage 1	3,2	-2,9	-0,3	0,0
Transferred to Stage 2	-0,6	1,4	-0,8	0,0
Transferred to Stage 3	-0,1	-1,5	1,6	0,0
Net change	-3,4	2,7	3,8	3,0
New losses	4,1	1,4	0,0	5,5
Deducted losses	-3,0	-3,0	-7,1	-13,1
Change in risk model/parameters	0,0	0,0	0,0	0,0
<b>Opening balance as at 30.06.23</b>	<b>11,4</b>	<b>13,3</b>	<b>83,9</b>	<b>108,6</b>
- of which loan loss provisions for lending to retail customers of the parent bank and mortgage credit company	6,0	7,2	3,8	17,0
- of which loan loss provisions for lending to business customers	1,7	1,0	1,6	4,2
- of which loan loss provisions on lending AS Financiering	3,0	4,6	78,2	85,9
- of which loan loss provisions for unused credit and guarantees	0,7	0,5	0,3	1,5
Model-based loan loss provisions	11,4	13,3	1,7	26,4
Individual loan loss provisions	0,0	0,0	82,2	82,2



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

Group – 30.06.2022	Expected credit loss			Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance at 01.01.22</b>	<b>13,5</b>	<b>14,8</b>	<b>98,2</b>	<b>126,5</b>
Transferred to Stage 1	4,4	-3,9	-0,5	0,0
Transferred to Stage 2	-0,6	1,5	-0,8	0,0
Transferred to Stage 3	0,0	-0,9	1,0	0,0
Net change	-5,3	3,1	5,8	3,6
New losses	4,2	1,7	0,2	6,0
Deducted losses	-3,9	-2,8	-2,8	-9,4
Change in risk model/parameters	0,0	0,2	0,0	0,2
<b>Opening balance as at 30.06.22</b>	<b>12,2</b>	<b>13,7</b>	<b>101,0</b>	<b>126,9</b>
- of which loan loss provisions for lending to retail customers of the parent bank and mortgage credit company	5,9	6,8	3,7	16,5
- of which loan loss provisions for lending to business customers	1,6	1,4	0,3	3,3
- of which loan loss provisions on lending AS Financiering	4,1	5,3	96,6	106,0
- of which loan loss provisions for unused credit and guarantees	0,6	0,2	0,3	1,1
Model-based loan loss provisions	12,2	13,7	1,3	27,2
Individual loan loss provisions	0,0	0,0	99,7	99,7

Group – 31.12.2022	Expected credit loss			Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance at 01.01.22</b>	<b>13,5</b>	<b>14,8</b>	<b>98,2</b>	<b>126,5</b>
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
<b>Opening balance as at 31.12.2022</b>	<b>11,2</b>	<b>15,3</b>	<b>86,7</b>	<b>113,2</b>
- 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 – 30.06.2023	Expected credit loss			Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance at 01.01.23</b>	<b>35.129,5</b>	<b>1.272,1</b>	<b>215,0</b>	<b>36.616,5</b>
Transferred to Stage 1	331,3	-327,5	-3,8	0,0
Transferred to Stage 2	-498,6	524,2	-25,5	0,0
Transferred to Stage 3	-26,2	-48,6	74,9	0,0
Net change	-33,3	-72,3	-17,2	-122,8
New loans	12.277,8	265,7	1,0	12.544,5
Deducted lending	-11.609,9	-278,7	-14,3	-11.902,9
<b>Opening balance as at 30.06.23</b>	<b>35.570,5</b>	<b>1.334,8</b>	<b>230,1</b>	<b>37.135,3</b>
- of which lending to retail customers of the parent bank and mortgage credit company	29.729,7	915,0	46,4	30.691,1
- of which lending to business customers	3.562,3	150,1	15,7	3.728,2
- of which lending AS Financiering	2.278,4	269,7	168,0	2.716,1
- of which loans with forbearance	0,0	225,3	24,3	249,6

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

<b>Group – 30.06.2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Opening balance at 01.01.22</b>	<b>37.848,4</b>	<b>1.091,5</b>	<b>298,2</b>	<b>39.238,1</b>
Transferred to Stage 1	303,4	-296,8	-6,6	0,0
Transferred to Stage 2	-446,5	479,0	-32,5	0,0
Transferred to Stage 3	-19,7	-23,1	42,8	0,0
Net change	-92,3	-25,9	-31,7	-149,9
New loans	12.025,0	168,8	2,1	12.196,0
Deducted lending	-13.409,3	-344,1	-22,3	-13.775,7
<b>Opening balance as at 30.06.22</b>	<b>36.209,0</b>	<b>1.049,4</b>	<b>250,0</b>	<b>37.508,4</b>
- of which lending to retail customers of the parent bank and mortgage credit company	30.562,3	736,5	34,1	31.332,9
- of which lending to business customers	3.456,7	91,8	41,3	3.589,8
- of which lending AS Financiering	2.190,0	221,1	174,6	2.585,7
- of which loans with forbearance	0,0	179,7	12,3	192,0

<b>Group – 31.12.2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Opening balance at 01.01.22</b>	<b>37.848,4</b>	<b>1.091,5</b>	<b>298,2</b>	<b>39.238,1</b>
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
<b>Opening balance as at 31.12.2022</b>	<b>35.129,5</b>	<b>1.272,1</b>	<b>215,0</b>	<b>36.616,5</b>
- 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 Q2 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 remained unchanged at the end of Q2 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 Q2 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 loan loss provisions remain unchanged in the various scenarios.

<b>30.06.2023 – Group</b>	<b>Probability weight</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Optimistic scenario	0 %	6,6	7,9	83,2	97,7
Expected scenario	70 %	8,3	9,8	83,5	101,6
Pessimistic scenario	30 %	18,7	21,5	84,9	125,1
<b>Loan loss provisions (probability-weighted)</b>	<b>100 %</b>	<b>11,4</b>	<b>13,3</b>	<b>83,9</b>	<b>108,6</b>

## Note K6 - Non-performing commitments, customers

	30.06.2023	30.06.2022	31.12.2022
<b>Payments over 90 days past due</b>			
Business	10,0	35,7	7,0
+ Retail	12,6	11,9	10,2
+ AS Financiering	145,2	156,8	145,0
= Gross payment defaults	167,7	204,4	162,3
- Loan loss provisions	82,5	100,0	86,1
= <b>Net payment defaults</b>	<b>85,2</b>	<b>104,4</b>	<b>76,2</b>
<b>Other non-performing commitments</b>			
Business	6,3	6,3	0,1
+ Retail	33,8	22,3	37,6
+ AS Financiering	22,8	17,8	15,6
= Gross other non-performing commitments	62,9	46,4	53,3
- Loan loss provisions	1,4	1,0	0,6
= <b>Net other non-performing commitments</b>	<b>61,5</b>	<b>45,3</b>	<b>52,7</b>
<b>Non-performing commitments</b>			
Business	16,3	42,0	7,1
+ Retail	46,4	34,1	47,8
+ AS Financiering	168,0	174,6	160,6
= Gross non-performing commitments	230,6	250,8	215,6
- Loan loss provisions	83,9	101,0	86,7
= <b>Net non-performing commitments</b>	<b>146,7</b>	<b>149,8</b>	<b>128,9</b>

## Note K7 Net interest income

	Q2 2023	Q2 2022	1.01-30.06.2023	1.01-30.06.2022	Full year 2022
Interest income from loans to and receivables from financial institutions	3,6	1,0	7,1	1,6	5,7
Interest income from loans to customers	449,7	264,5	873,8	514,7	1.203,9
Interest income from certificates and bonds	59,0	30,5	117,1	56,4	145,9
<b>Total interest income</b>	<b>512,3</b>	<b>296,0</b>	<b>998,0</b>	<b>572,7</b>	<b>1.355,5</b>
Interest costs on liabilities to financial institutions	2,5	1,7	5,2	3,3	6,7
Interest on deposits from customers	66,0	25,8	125,6	50,9	136,4
Interest on securities issued	222,0	100,6	427,7	179,9	479,0
Interest on senior subordinated bonds	12,0	3,4	21,6	5,9	19,6
Interest on subordinated loan capital	5,6	2,7	11,0	5,1	12,8
Norwegian Banks Guarantee Fund levy	4,1	3,6	8,1	7,4	14,7
Total interest costs	<b>312,2</b>	<b>137,7</b>	<b>599,2</b>	<b>252,5</b>	<b>669,3</b>
<b>Net interest income</b>	<b>200,2</b>	<b>158,3</b>	<b>398,8</b>	<b>320,2</b>	<b>686,2</b>

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

	Q2 2023	Q2 2022	1.01-30.06.2023	1.01-30.06.2022	Full year 2022
Net changes in value and gains/losses on certificates and bonds	-14,9	-28,2	-21,3	-49,4	-50,5
Net value change and gains/losses on shares	-33,2	-23,8	-18,8	-18,2	-29,5
Net changes in value and gains/losses on fixed-interest loans	-5,1	-2,7	-4,8	-8,5	-6,3
Net changes in value and gains/losses on other financial instruments	14,8	-1,7	8,1	6,4	3,6
<b>Net value change and gains/losses on financial instruments</b>	<b>-38,5</b>	<b>-56,4</b>	<b>-36,9</b>	<b>-69,6</b>	<b>-82,6</b>

## Note K9 - Operating costs

	Q2 2023	Q2 2022	1.01-30.06.2023	1.01-30.06.2022	Full year 2022
Payroll costs incl. AGA and financial activity tax	31,8	25,7	74,4	66,9	148,2
Pension costs	4,3	3,8	8,1	7,4	13,0
Other personnel-related costs	2,2	1,7	4,7	3,695	7,3
IT costs	12,2	11,3	25,0	22,7	46,5
Other administrative costs	3,7	4,0	8,8	8,4	17,4
Depreciation/impairment of tangible and intangible assets	7,3	6,7	14,3	13,3	27,2
Operating costs, properties and premises	3,2	2,7	6,4	5,7	10,1
Other operating costs	10,5	10,6	22,5	19,5	40,0
<b>Total operating costs</b>	<b>75,1</b>	<b>66,6</b>	<b>164,2</b>	<b>144,0</b>	<b>309,7</b>

## Note K10 - Classification of financial instruments

30.06.2023	air value through profit and los		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	437,8	437,8
Net loans to and receivables from financial institutions	0,0	0,0	13,1	13,1
Net lending to customers	0,0	246,3	37.028,2	37.274,5
Certificates and bonds	5.485,3	0,0	0,0	5.485,3
Financial derivatives**	24,6	0,0	0,0	24,6
Shares and units	777,2	0,0	0,0	777,2
<b>Total financial assets</b>	<b>6.287,1</b>	<b>246,3</b>	<b>37.479,1</b>	<b>44.012,5</b>
Liabilities to financial institutions	0,0	0,0	246,7	246,7
Customer deposits	0,0	0,0	15.521,7	15.521,7
Securities issued	0,0	0,0	21.420,8	21.420,8
Financial derivatives**	240,5	0,0	0,0	240,5
Lease liabilities	0,0	0,0	43,3	43,3
Senior subordinated bonds	0,0	0,0	1.199,2	1.199,2
Subordinated loan capital	0,0	0,0	400,9	400,9
<b>Total financial liabilities</b>	<b>240,5</b>	<b>0,0</b>	<b>38.832,6</b>	<b>39.073,1</b>

\* Includes hedged liabilities

\*\* Includes derivatives for which hedge accounting is used

30.06.2022	air value through profit and los		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	520,8	520,8
Net loans to and receivables from financial institutions	0,0	0,0	9,5	9,5
Net lending to customers	0,0	284,2	37.382,6	37.666,8
Certificates and bonds	6.188,6	0,0	0,0	6.188,6
Financial derivatives**	54,0	0,0	0,0	54,0
Shares and units	796,7	0,0	0,0	796,7
<b>Total financial assets</b>	<b>7.039,3</b>	<b>284,2</b>	<b>37.912,9</b>	<b>45.236,4</b>
Liabilities to financial institutions	0,0	0,0	300,6	300,6
Customer deposits	0,0	0,0	17.471,9	17.471,9
Securities issued	0,0	0,0	21.502,3	21.502,3
Financial derivatives**	139,7	0,0	0,0	139,7
Lease liabilities	0,0	0,0	42,9	42,9
Senior subordinated bonds	0,0	0,0	701,1	701,1
Subordinated loan capital	0,0	0,0	400,6	400,6
<b>Total financial liabilities</b>	<b>139,7</b>	<b>0,0</b>	<b>40.419,3</b>	<b>40.559,0</b>

\* Includes hedged liabilities

\*\* Includes derivatives for which hedge accounting is used

## Note K10 - Classification of financial instruments (cont.)

31.12.2022	<u>air value through profit and loss</u>		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
<b>Total financial assets</b>	<b>6.475,7</b>	<b>295,5</b>	<b>37.007,2</b>	<b>43.778,4</b>
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
<b>Total financial liabilities</b>	<b>131,7</b>	<b>0,0</b>	<b>38.770,4</b>	<b>38.902,1</b>

\* 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.

<b>30.06.2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Fair value</b>				
Lending to customers	0,0	0,0	246,3	246,3
Certificates and bonds	0,0	5.485,3	0,0	5.485,3
Financial derivatives	0,0	24,6	0,0	24,6
Shares and units	72,1	5,9	699,2	777,2
<b>Total assets at fair value</b>	<b>72,1</b>	<b>5.515,8</b>	<b>945,5</b>	<b>6.533,4</b>
Financial derivatives	0,0	240,5	0,0	240,5
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>240,5</b>	<b>0,0</b>	<b>240,5</b>

<b>Movements in level 3 for items valued at fair value</b>	<b>Fixed-rate loans</b>	<b>through profit and loss</b>	<b>Total</b>
<b>Balance sheet as at 01.01.23</b>	295,5	720,0	1.015,5
Net realised gains	0,0	0,0	0,0
Additions	24,5	0,0	24,5
Disposals	68,9	0,0	68,9
Changes in value	-4,8	-20,8	-25,6
Transferred from levels 1 and 2	0,0	0,0	0,0
<b>Balance sheet at end of period</b>	<b>246,3</b>	<b>699,2</b>	<b>945,5</b>

<b>30.06.2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Fair value</b>				
Lending to customers	0,0	0,0	284,2	284,2
Certificates and bonds	0,0	6.188,6	0,0	6.188,6
Financial derivatives	0,0	54,0	0,0	54,0
Shares and units	65,7	0,0	731,0	796,7
<b>Total assets at fair value</b>	<b>65,7</b>	<b>6.242,6</b>	<b>1.015,3</b>	<b>7.323,6</b>
Financial derivatives	0,0	139,7	0,0	139,7
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>139,7</b>	<b>0,0</b>	<b>139,7</b>

<b>Movements in level 3 for items valued at fair value</b>	<b>Fixed-rate loans</b>	<b>through profit and loss</b>	<b>Total</b>
<b>Balance sheet as at 01.01.22</b>	273,7	780,8	1.054,5
Net realised gains	0,0	0,0	0,0
Additions	33,8	0,0	33,8
Disposals	14,8	33,7	48,4
Changes in value	-8,5	-16,1	-24,6
Transferred from levels 1 and 2	0,0	0,0	0,0
<b>Balance sheet at end of period</b>	<b>284,2</b>	<b>731,0</b>	<b>1.015,3</b>

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

31.12.2022	Level 1	Level 2	Level 3	Total
<b>Fair value</b>				
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
<b>Total assets at fair value</b>	<b>65,1</b>	<b>5.690,6</b>	<b>1.015,5</b>	<b>6.771,2</b>
Financial derivatives	0,0	131,7	0,0	131,7
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>131,7</b>	<b>0,0</b>	<b>131,7</b>

Movements in level 3 for items valued at fair value	Shares		Total
	Fixed-rate loans	through profit and loss	
<b>Balance sheet as at 01.01.22</b>	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
<b>Balance sheet at end of period</b>	<b>295,5</b>	<b>720,0</b>	<b>1.015,5</b>



## Note K12 - Securities issued, senior subordinated bonds and subordinated loan capital

Change in securities issued	30.06.2023	Issued	Due/redeemed	Other changes		31.12.2022
				incl. currency		
Ordinary senior bonds, nominal value	5.361,9	250,0	68,0	0,1		5.179,8
Covered bonds, nominal value	16.223,5	1.998,2	2.002,1	-7,3		16.234,7
Value adjustments	-294,3	0,0	0,0	-148,2		-146,1
Accrued interest	129,7	0,0	0,0	22,5		107,2
<b>Total securities issued</b>	<b>21.420,8</b>	<b>2.248,2</b>	<b>2.070,1</b>	<b>-133,0</b>		<b>21.375,7</b>
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	30.06.2022	Issued	Due/redeemed	Other changes		31.12.2021
				incl. currency		
Ordinary senior bonds, nominal value	5.329,8	300,0	1.368,6	0,5		6.397,8
Covered bonds, nominal value	16.240,5	1.027,7	2.502,0	-7,2		17.722,0
Value adjustments	-172,0	0,0	0,0	-258,5		86,6
Accrued interest	103,9	0,0	0,0	26,6		77,4
<b>Total securities issued</b>	<b>21.502,3</b>	<b>1.327,7</b>	<b>3.870,6</b>	<b>-238,7</b>		<b>24.283,8</b>

Change in senior subordinated bonds	30.06.2023	Issued	Due/redeemed	Other changes		31.12.2022
				incl. currency		
Senior subordinated bonds, nominal value	1.192,2	300,0	0,0	0,9		891,3
Value adjustments	0,0	0,0	0,0	0,0		0,0
Accrued interest	7,0	0,0	0,0	2,2		4,8
<b>Total senior subordinated bonds</b>	<b>1199,2</b>	<b>300,0</b>	<b>0,0</b>	<b>3,0</b>		<b>896,2</b>

Change in senior subordinated bonds	30.06.2022	Issued	Due/redeemed	Other changes		31.12.2021
				incl. currency		
Senior subordinated bonds, nominal value	699,4	300,0	0,0	-0,2		399,7
Value adjustments	0,0	0,0	0,0	0,0		0,0
Accrued interest	1,6	0,0	0,0	1,1		0,5
<b>Total senior subordinated bonds</b>	<b>701,1</b>	<b>300,0</b>	<b>0,0</b>	<b>0,9</b>		<b>400,2</b>

Change in subordinated loan capital	30.06.2023	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	0,0		1,0
<b>Total subordinated loan capital</b>	<b>400,9</b>	<b>0,0</b>	<b>20,0</b>	<b>0,0</b>		<b>420,9</b>

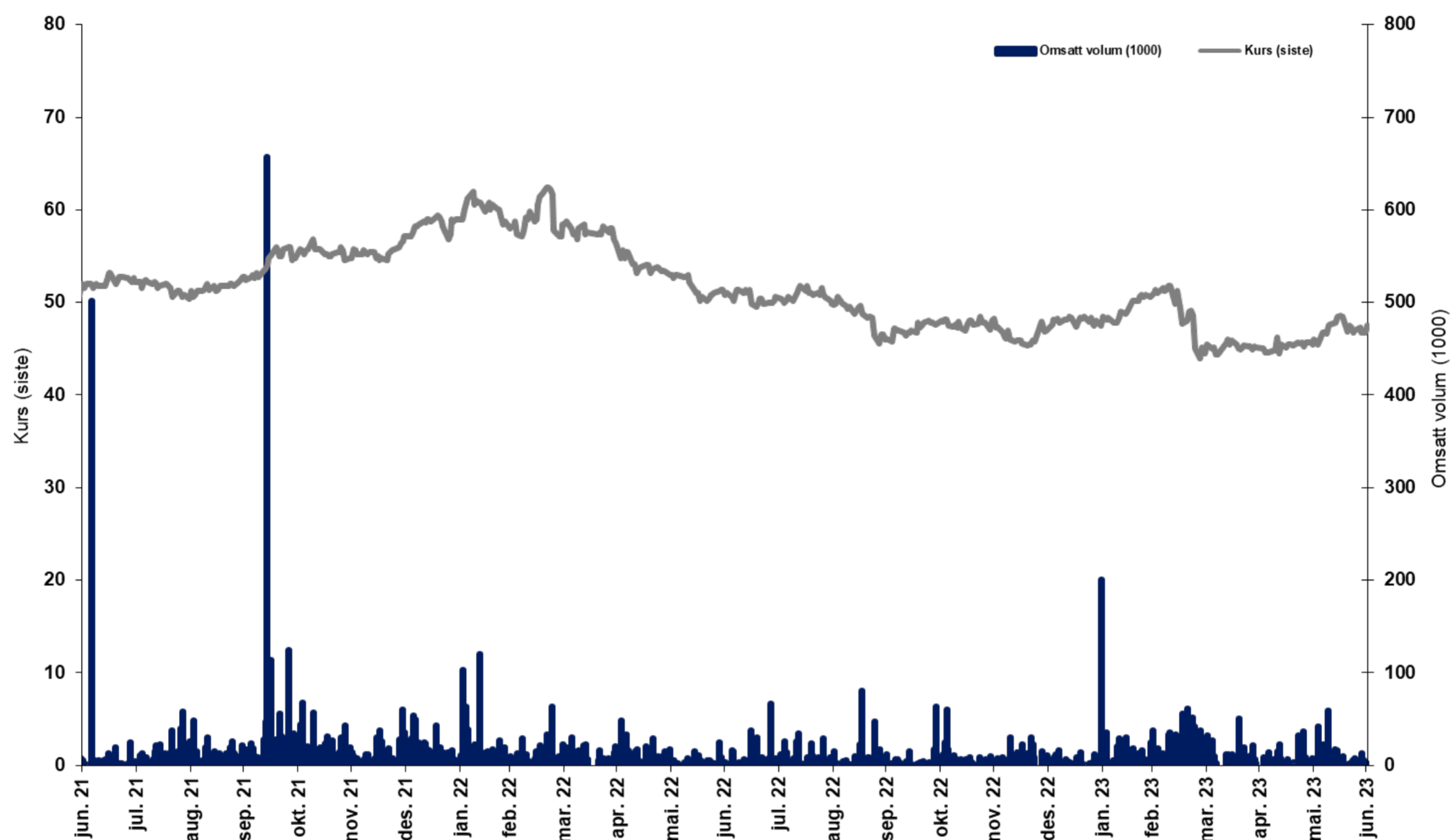
Change in subordinated loan capital	30.06.2022	Issued	Due/redeemed	Other changes		31.12.2021
				incl. currency		
Ordinary subordinated loan capital, nominal value	399,9	0,0	0,0	0,1		399,8
Value adjustments	0,0	0,0	0,0	0,0		0,0
Accrued interest	0,7	0,0	0,0	0,1		0,6
<b>Total subordinated loan capital</b>	<b>400,6</b>	<b>0,0</b>	<b>0,0</b>	<b>0,2</b>		<b>400,4</b>

## 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
<b>Ownership fraction (A/B) in per cent*</b>	<b>28,59</b>	<b>28,59</b>

### Sparebanken Øst (SPOG)



### The twenty largest equity certificate holders as at 30.06.2023

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	929.789	4,48 %	13 Bergen Kommunale Pensjonskasse	200.000	0,96 %
4 KLP	641.465	3,09 %	14 Profond AS	167.771	0,81 %
5 Foretakskonsulenter AS	589.435	2,84 %	15 Morgan Stanley & Co. Intern.	138.838	0,67 %
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 Juel, Iver Albert	107.500	0,52 %
9 BKK Norwegian Public Service Pension Fund	250.000	1,21 %	19 Wergeland Holding AS	104.933	0,51 %
10 AS Andersen Eiendomselskap	238.900	1,15 %	20 Sørby, Leif Ove	102.399	0,49 %

## Note K14 Pledged assets and preferential rights

<b>Pledges of security</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>31.12.2022</b>
Bonds, nominal value, pledged as security for borrowing facilities at Norges Bank	1.160,0	1.190,0	1.317,0
<b>Total pledges of security</b>	<b>1.160,0</b>	<b>1.190,0</b>	<b>1.317,0</b>

<b>Preferential rights</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>31.12.2022</b>
Preferential rights in accordance with Section 11-15 of the Norwegian Financial Institutions Act (nominal value)	16.150,0	16.650,0	16.150,0
<b>Total preferential rights</b>	<b>16.150,0</b>	<b>16.650,0</b>	<b>16.150,0</b>

The parent bank's holdings of covered bonds have a nominal value of NOK 0.0 as of 30.06.23, MNOK 0.0 per 31.12.22 and MNOK 500.0 per 30.06.2022 are not taken into account in the table above.

## Changes in key figures – Group

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<b>Profitability</b>					
1. Return on equity*	9,59	8,87	8,29	5,21	6,87
2. Net interest income as a % of average total assets	1,81	1,82	1,68	1,55	1,38
3. Profit/loss after income tax as a % of average total assets	0,99	0,90	0,84	0,54	0,67
4. Costs as a % of average total assets	0,68	0,82	0,73	0,70	0,58
5. Costs as a % of income (before losses on loans/guarantees)*	34,64	41,17	38,92	48,32	41,27
6. Costs as a % of income (excl. return on financial investments)*	35,83	41,47	41,17	42,94	39,71
<b>Balance sheet figures</b>					
7. Net lending to customers	37.274,5	36.688,0	36.800,2	37.207,7	37.666,8
8. Lending growth (quarter)	1,60	-0,31	-1,10	-1,22	-1,70
9. Deposits	15.521,7	15.159,7	15.761,3	16.806,2	17.471,9
10. Deposit growth (quarter)	2,39	-3,82	-6,22	-3,81	2,18
11. Average equity	4.307,4	4.209,9	4.267,1	4.341,9	4.276,8
12. Average total assets	44.465,3	44.296,2	44.596,0	45.338,4	46.156,9
<b>Loan loss provisions on impaired and non-performing commitments</b>					
13. Losses as a % of net lending to customers (OB)*	0,00	0,02	0,03	0,03	0,01
14. Loan loss provisions as a % of gross lending to customers*	0,29	0,31	0,31	0,35	0,34
15. Net payment defaults exceeding 90 days as a % of net lending	0,23	0,23	0,21	0,21	0,28
16. Other net non-performing commitments (Stage 3) as a % of net lending	0,16	0,19	0,14	0,10	0,12
<b>Solvency</b>					
17. CET1 capital ratio, including 50% of retained earnings (%)	20,02	20,37	20,11	20,44	20,04
18. CET1 capital ratio (%)	19,52	20,13	20,11	19,95	19,71
19. Tier 1 capital ratio (%)	21,31	21,96	21,94	21,77	21,50
20. Capital adequacy ratio (%)	23,36	24,05	24,03	23,83	23,55
21. Risk-weighted volume (calculation basis)	19.530,4	19.104,0	19.087,0	19.324,7	19.517,5
22. Tier 1 leverage ratio, including 50% of retained earnings (%)	9,34	9,29	9,27	9,31	9,14
23. Leverage ratio (%)	9,13	9,19	9,27	9,11	8,99
<b>Liquidity</b>					
24. Deposit coverage ratio	41,64	41,32	42,83	45,17	46,39
25. LCR (%)	278,99	301,67	217,26	273,80	248,46
26. NSFR (%)	126,07	132,46	130,08	134,79	137,84
<b>Branches and full-time equivalents</b>					
27. No. of branches	29	29	30	30	30
28. FTEs	192	184	180	179	178
<b>Equity certificates</b>					
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*	60,10	58,68	61,21	60,26	59,48
32. Earnings per equity certificate*	1,42	1,27	1,23	0,79	1,01
33. Dividend per equity certificate	0,00	0,00	3,80	0,00	0,00
34. Turnover rate	13,84	22,99	11,36	14,22	13,96
35. Price	47,50	45,50	47,00	46,10	50,80

\* Defined as alternative performance target

# Definitions of key figures and alternative performance targets

<b>Profitability</b>	
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 value changes and gains/losses on financial instruments and other operating income. The key figure is used to provide information 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 other operating income. The key figure is used to provide information about the ratio between income and costs.
<b>Balance sheet figures</b>	
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
<b>Loan loss provisions on impaired and non-performing commitments</b>	
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.
<b>Solvency</b>	
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 for calculation
23. Leverage ratio (%)	Tier 1 capital as a percentage of unweighted basis for calculation
<b>Liquidity</b>	
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
<b>Branches and full-time equivalents</b>	
27. No. of branches	
28. FTEs	
<b>Equity certificates</b>	
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)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Interest income	512,3	485,7	442,4	340,4	296,0
Interest costs	312,2	287,1	253,0	163,7	137,7
<b>Net interest income</b>	<b>200,2</b>	<b>198,6</b>	<b>189,4</b>	<b>176,6</b>	<b>158,3</b>
Commission income and income from banking services	20,7	27,2	21,2	21,2	20,9
Commission costs and costs for banking services	11,7	11,6	12,2	12,6	12,3
Dividend	45,7	0,1	3,6	0,1	50,1
Net changes in value and gains/losses on financial instruments	-38,5	1,5	7,9	-20,8	-56,4
Other operating income	0,6	0,5	1,4	0,5	0,8
<b>Net other operating income</b>	<b>16,7</b>	<b>17,7</b>	<b>21,9</b>	<b>-11,5</b>	<b>3,0</b>
Salaries and other personnel costs	38,3	48,9	44,5	45,9	31,3
Depreciation/impairment of tangible and intangible assets	7,3	7,0	7,0	6,8	6,7
Other operating costs	29,6	33,1	30,8	27,0	28,6
<b>Total operating costs</b>	<b>75,1</b>	<b>89,1</b>	<b>82,2</b>	<b>79,8</b>	<b>66,6</b>
<b>Profit before losses</b>	<b>141,8</b>	<b>127,3</b>	<b>129,1</b>	<b>85,3</b>	<b>94,7</b>
Losses on loans, unused credit and guarantees	-0,2	1,7	2,5	3,3	0,8
<b>Profit/loss before tax</b>	<b>142,0</b>	<b>125,6</b>	<b>126,6</b>	<b>82,1</b>	<b>93,9</b>
Income tax	31,8	27,6	31,7	20,4	16,3
<b>Profit/loss after tax</b>	<b>110,2</b>	<b>98,0</b>	<b>94,9</b>	<b>61,7</b>	<b>77,6</b>
Hybrid capital owners' share of the result	7,2	6,0	5,7	4,7	4,4
Equity certificate holders' and primary capital share of profits	103,0	92,0	89,1	57,0	73,2
<b>Profit/loss after tax</b>	<b>110,2</b>	<b>98,0</b>	<b>94,9</b>	<b>61,7</b>	<b>77,6</b>
Earnings per equity certificate	1,42	1,27	1,23	0,79	1,01
Diluted earnings per equity certificate	1,42	1,27	1,23	0,79	1,01

## Comprehensive income performance – Group

(Amounts in NOK million)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<b>Profit/loss after tax</b>	<b>110,2</b>	<b>98,0</b>	<b>94,9</b>	<b>61,7</b>	<b>77,6</b>
<b>Items that will not be reclassified to the income statement</b>					
Actuarial gains and losses on defined-benefit plans	0,0	0,0	-26,9	0,0	0,0
Tax related to items that cannot be reclassified	0,0	0,0	6,7	0,0	0,0
<b>Comprehensive income</b>	<b>110,2</b>	<b>98,0</b>	<b>74,7</b>	<b>61,7</b>	<b>77,6</b>

## Balance sheet performance – Group

(Amounts in NOK millions)	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022
<b>Assets</b>					
Cash and receivables from central banks	437,8	594,8	486,4	498,5	520,8
Loans to and receivables from financial institutions	13,1	36,0	16,1	29,9	9,5
Lending to customers	37.274,5	36.688,0	36.800,2	37.207,7	37.666,8
Certificates and bonds	5.485,3	6.017,8	5.635,3	6.197,8	6.188,6
Financial derivatives	24,6	48,7	44,4	62,3	54,0
Shares and units	777,2	810,4	796,0	795,4	796,7
Intangible assets	33,7	34,6	33,9	31,6	33,3
Investment properties	13,2	13,0	11,4	11,5	11,5
Tangible fixed assets	123,0	120,6	120,5	119,6	117,0
Lease rights	42,1	44,6	41,1	39,5	41,9
Other assets	192,1	105,7	93,0	120,1	123,0
<b>Total assets</b>	<b>44.416,5</b>	<b>44.514,1</b>	<b>44.078,4</b>	<b>45.113,6</b>	<b>45.563,2</b>
<b>Liabilities and equity</b>					
Liabilities to financial institutions	246,7	277,3	274,1	302,3	300,6
Customer deposits	15.521,7	15.159,7	15.761,3	16.806,2	17.471,9
Securities issued	21.420,8	22.324,9	21.375,7	21.414,3	21.502,3
Financial derivatives	240,5	138,4	131,7	152,2	139,7
Other liabilities	449,7	534,5	238,4	285,8	262,0
Pension liabilities	52,7	52,7	52,7	35,4	35,4
Tax payable	55,7	72,2	90,1	51,6	34,0
Deferred tax	1,5	1,5	1,4	6,0	6,0
Provisions, unused credit and guarantees	1,5	1,3	1,3	1,2	1,1
Lease liabilities	43,3	45,8	42,2	40,5	42,9
Senior subordinated bonds	1.199,2	896,1	896,2	894,4	701,1
Subordinated loan capital	400,9	400,8	420,9	400,9	400,6
<b>Total liabilities</b>	<b>39.634,2</b>	<b>39.905,2</b>	<b>39.286,1</b>	<b>40.390,8</b>	<b>40.897,6</b>
Paid-up equity	595,1	595,1	595,1	595,1	595,1
Hybrid capital	423,4	353,0	352,9	352,4	352,1
Retained earnings	3.763,8	3.660,8	3.844,3	3.775,3	3.718,3
<b>Total equity</b>	<b>4.782,2</b>	<b>4.608,8</b>	<b>4.792,3</b>	<b>4.722,8</b>	<b>4.665,5</b>
<b>Total liabilities and equity</b>	<b>44.416,5</b>	<b>44.514,1</b>	<b>44.078,4</b>	<b>45.113,6</b>	<b>45.563,2</b>

## Income statement – parent bank

(Amounts in NOK million)	Note	Q2 2023	Q2 2022	1.01-30.06.2023	1.01-30.06.2022	Full year 2022
Interest income		280,2	157,2	544,4	306,1	751,0
Interest costs		150,3	63,0	286,0	121,9	325,9
<b>Net interest income</b>		<b>129,9</b>	<b>94,2</b>	<b>258,5</b>	<b>184,1</b>	<b>425,1</b>
Commission income and income from banking services		26,4	27,5	58,4	56,1	110,1
Commission costs and costs for banking services		4,1	4,3	8,1	8,4	17,2
Dividend		45,7	50,1	45,7	50,1	225,0
Net changes in value and gains/losses on financial instruments		-37,8	-58,6	-33,8	-72,6	-84,3
Other operating income		1,2	1,3	2,3	2,5	5,0
<b>Net other operating income</b>		<b>31,4</b>	<b>16,0</b>	<b>64,6</b>	<b>27,7</b>	<b>238,5</b>
Salaries and other personnel costs		34,8	27,9	79,0	69,8	149,9
Depreciation/impairment of tangible and intangible assets		7,0	6,4	13,6	12,8	25,8
Other operating costs		23,8	22,9	50,1	44,9	93,0
<b>Total operating costs</b>		<b>65,6</b>	<b>57,2</b>	<b>142,7</b>	<b>127,4</b>	<b>268,7</b>
<b>Profit before losses</b>		<b>95,7</b>	<b>53,0</b>	<b>180,4</b>	<b>84,4</b>	<b>394,9</b>
Losses on loans, unused credit and guarantees	3	-0,7	0,2	-0,8	-0,8	1,9
<b>Profit/loss before tax</b>		<b>96,5</b>	<b>52,8</b>	<b>181,2</b>	<b>85,3</b>	<b>393,0</b>
Income tax		21,3	6,6	39,4	12,8	48,3
<b>Profit/loss after tax</b>		<b>75,2</b>	<b>46,2</b>	<b>141,8</b>	<b>72,5</b>	<b>344,7</b>
Hybrid capital owners' share of the result		7,2	4,4	13,2	8,3	18,7
Equity certificate holders' and primary capital share of profits		68,0	41,8	128,6	64,2	326,0
<b>Profit/loss after tax</b>		<b>75,2</b>	<b>46,2</b>	<b>141,8</b>	<b>72,5</b>	<b>344,7</b>
Earnings per equity certificate		0,94	0,58	1,77	0,88	4,50
Diluted earnings per equity certificate		0,94	0,58	1,77	0,88	4,50

## Comprehensive income – parent bank

(Amounts in NOK millions)	Note	Q2 2023	Q2 2022	1.01-30.06.2023	1.01-30.06.2022	Full year 2022
<b>Profit/loss after tax</b>		<b>75,2</b>	<b>46,2</b>	<b>141,8</b>	<b>72,5</b>	<b>344,7</b>
<b>Items that will not be reclassified to the income statement</b>						
Actuarial gains and losses on defined-benefit plans		0,0	0,0	0,0	0,0	-25,8
Tax related to items that cannot be reclassified		0,0	0,0	0,0	0,0	6,4
<b>Items that may subsequently be reclassified to the income statement</b>						
Lending at fair value		0,4	0,0	0,1	0,1	0,2
Tax related to items that can be reclassified		-0,1	0,0	0,0	0,0	-0,1
<b>Comprehensive income</b>		<b>75,4</b>	<b>46,2</b>	<b>141,8</b>	<b>72,5</b>	<b>325,6</b>



## Balance sheet – parent bank

(Amounts in NOK millions)

	Note	30.06.2023	30.06.2022	31.12.2022
<b>Assets</b>				
Cash and receivables from central banks		437,8	520,8	486,4
Loans to and receivables from financial institutions		2.681,8	3.622,8	3.217,4
Lending to customers	4	16.961,7	15.937,5	16.308,0
Certificates and bonds	4	5.183,6	6.288,3	5.343,7
Financial derivatives	4	22,9	20,1	29,2
Shares and units	4	777,2	796,7	796,0
Ownership interests in Group companies		1.800,0	1.760,0	1.800,0
Intangible assets		22,9	22,5	21,6
Tangible fixed assets		74,6	69,3	71,4
Lease rights		76,9	71,9	69,5
Deferred tax asset		11,7	5,6	11,8
Other assets		187,6	118,8	91,3
<b>Total assets</b>		<b>28.238,6</b>	<b>29.234,3</b>	<b>28.246,2</b>
<b>Liabilities and equity</b>				
Liabilities to financial institutions		732,7	711,3	999,0
Customer deposits		15.588,1	17.541,1	15.831,2
Securities issued	5	5.179,2	5.233,1	5.110,7
Financial derivatives	4	203,6	114,9	105,4
Other liabilities		458,5	271,1	319,9
Pension liabilities		51,1	34,8	51,1
Tax payable		39,4	12,9	57,0
Loss provisions, unused credit and guarantees		0,9	0,7	0,8
Lease liabilities		79,1	73,7	71,6
Senior subordinated bonds	5	1.199,2	701,1	896,2
Subordinated loan capital	5	400,9	400,6	420,9
<b>Total liabilities</b>		<b>23.932,7</b>	<b>25.095,4</b>	<b>23.863,9</b>
Paid-up equity		595,1	595,1	595,1
Hybrid capital		423,4	352,1	352,9
Retained earnings		3.287,4	3.191,7	3.434,3
<b>Total equity</b>		<b>4.305,8</b>	<b>4.138,9</b>	<b>4.382,3</b>
<b>Total liabilities and equity</b>		<b>28.238,6</b>	<b>29.234,3</b>	<b>28.246,2</b>

## Changes in equity - parent bank

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				Retained earnings
	Total equity	Equity certificates	Share premium reserve	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for Value change		
								unrealised gains	conservative income as reclass.	
<b>30.06.2023</b>										
<b>Equity at 31.12.2022</b>	<b>4.382,3</b>	<b>207,3</b>	<b>387,8</b>	<b>352,9</b>	<b>443,0</b>	<b>2.555,3</b>	<b>38,1</b>	<b>397,3</b>	<b>0,7</b>	<b>0,0</b>
Ordinary profit	141,8	0,0	0,0	13,2	0,0	0,0	0,0	0,0	0,0	128,6
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	0,1	0,0
<b>Comprehensive income</b>	<b>141,8</b>	<b>0,0</b>	<b>0,0</b>	<b>13,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,1</b>	<b>128,6</b>
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	-12,0	0,0	0,0	-12,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of new hybrid capital	200,0	0,0	0,0	200,0	0,0	0,0	0,0	0,0	0,0	0,0
Hybrid capital redemption	-130,7	0,0	0,0	-130,7	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30.06.2023</b>	<b>4.305,8</b>	<b>207,3</b>	<b>387,8</b>	<b>423,4</b>	<b>364,2</b>	<b>2.358,5</b>	<b>38,1</b>	<b>397,3</b>	<b>0,7</b>	<b>128,6</b>

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				Retained earnings
	Total equity	Equity certificates	Share premium reserve	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for Value change		
								unrealised gains	conservative income as reclass.	
<b>30.06.2022</b>										
<b>Equity at 31.12.2021</b>	<b>4.234,0</b>	<b>207,3</b>	<b>387,8</b>	<b>351,9</b>	<b>413,3</b>	<b>2.361,5</b>	<b>38,1</b>	<b>473,7</b>	<b>0,5</b>	<b>0,0</b>
Ordinary profit	72,5	0,0	0,0	8,3	0,0	0,0	0,0	0,0	0,0	64,2
Change in lending at fair value through comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>72,5</b>	<b>0,0</b>	<b>0,0</b>	<b>8,3</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>64,2</b>
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	-8,0	0,0	0,0	-8,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30.06.2022</b>	<b>4.138,9</b>	<b>207,3</b>	<b>387,8</b>	<b>352,1</b>	<b>333,4</b>	<b>2.281,7</b>	<b>38,1</b>	<b>473,7</b>	<b>0,6</b>	<b>64,2</b>

(Amounts in NOK millions)	Paid-up equity		Hybrid capital			Retained earnings				Retained earnings
	Total equity	Equity certificates	Share premium reserve	Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	Fund for Value change		
								unrealised gains	conservative income as reclass.	
<b>31.12.2022</b>										
<b>Equity at 31.12.2021</b>	<b>4.234,0</b>	<b>207,3</b>	<b>387,8</b>	<b>351,9</b>	<b>413,3</b>	<b>2.361,5</b>	<b>38,1</b>	<b>473,7</b>	<b>0,5</b>	<b>0,0</b>
Ordinary profit	344,7	0,0	0,0	18,7	115,0	287,3	0,0	-76,4	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	0,2	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
<b>Comprehensive income</b>	<b>325,6</b>	<b>0,0</b>	<b>0,0</b>	<b>18,7</b>	<b>109,5</b>	<b>273,6</b>	<b>0,0</b>	<b>-76,4</b>	<b>0,2</b>	<b>0,0</b>
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
<b>Equity at 31.12.2022</b>	<b>4.382,3</b>	<b>207,3</b>	<b>387,8</b>	<b>352,9</b>	<b>443,0</b>	<b>2.555,3</b>	<b>38,1</b>	<b>397,3</b>	<b>0,7</b>	<b>0,0</b>

# Cash flow statement – parent bank

	30.06.2023	30.06.2022	31.12.2022	
<b>Operating activities</b>				
Profit/loss before income tax	181,2	85,3	393,0	
Adjusted for:				
Change in net interest income earned and accrued interest costs	101,1	35,6	-8,5	
Net payment/disbursement of loans to financial institutions	532,3	-1.024,8	-612,2	
Net receipts/disbursements of loans to customers	-647,6	1.569,2	1.204,6	
Change in certificates and bonds	165,1	1.099,6	2.051,2	
Value adjustment, shares and units	18,8	23,0	38,7	
Net change in financial derivatives (net assets and liabilities)	-13,9	-12,0	-10,3	
Net change in other assets	-96,2	-98,5	-71,0	
Net receipts/disbursement of borrowing from financial institutions	-243,6	-426,6	-111,0	
Net receipts/disbursement of deposits from customers	-342,3	-148,1	-1.819,8	
Change in other operating liabilities	-64,7	-32,8	8,7	
Depreciation/write-downs of tangible fixed assets and lease rights	13,6	12,8	25,8	
Write-downs of financial assets	-0,9	-0,6	2,1	
Amortisation of financing activities measured at amortised cost	1,0	0,1	0,7	
Net gain/loss from investing activities	0,0	-4,9	-5,3	
Net gain/loss from financing activities	0,0	0,6	0,5	
Taxes paid for the period	-57,1	-31,6	-30,9	
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>-453,5</b>	<b>1.046,3</b>	<b>1.056,3</b>
<b>Investing activities</b>				
Payments on purchases of tangible fixed assets	-6,5	-3,9	-8,8	
Receipts from sale of fixed assets	0,3	0,7	1,5	
Payments on the purchase of intangible assets	-5,2	-3,3	-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	
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>-11,4</b>	<b>27,2</b>	<b>-35,3</b>
<b>Financing activities</b>				
Net receipts/disbursements for loans to/from financial institutions	-27,3	0,0	-27,3	
Payments on repayment of securities	-88,0	-1.368,6	-2.148,4	
Receipts on issuance of securities	550,0	599,7	1.441,1	
Payment of dividend	-78,8	-79,8	-79,8	
Net payments on repayment of hybrid capital	-130,7	0,0	0,0	
Net receipts on issue of hybrid capital	200,0	0,0	0,0	
Interest paid on hybrid capital	-12,0	-8,0	-17,6	
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>413,2</b>	<b>-856,7</b>	<b>-832,1</b>
Net change in cash and cash equivalents	<b>A+B+C</b>	-51,6	216,7	189,0
Cash and cash equivalents as at 1 Jan		502,5	313,6	313,6
<b>Holdings of cash and cash equivalents at end of period</b>		<b>450,9</b>	<b>530,3</b>	<b>502,5</b>

\*Liquidity reserves include NOK 437.8 million in cash and deposits with central banks and NOK 13.1 million in loans to and deposits with financial institutions which are pure investments.

Additional information on operating activities relating to interest and dividend income	30.06.2023	30.06.2022	31.12.2022
Interest payments received	537,4	300,9	728,6
Interest payments made	176,2	79,9	309,6
Dividends received	45,7	50,1	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 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.

	30.06.2023	30.06.2022	31.12.2022
<b>CET1 capital</b>			
Book equity	3.753,9	3.722,6	4.029,4
<b>Deduction items in CET1 capital</b>			
Approval for acquisition of own equity certificates	-28,3	0,0	0,0
Additional value adjustments (prudent valuation requirement) (AVA)	-10,5	-11,4	-11,2
Dividends	0,0	0,0	-275,5
Goodwill included in the valuation of significant investments	-224,3	-247,8	-227,3
Intangible assets	-22,9	-22,5	-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
<b>Total CET1 capital</b>	<b>3.409,6</b>	<b>3.394,0</b>	<b>3.435,6</b>
<b>Other Tier 1 capital</b>			
Hybrid Tier 1 capital	350,0	350,0	350,0
<b>Deductions from other Tier 1 capital</b>			
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
<b>Total other Tier 1 capital</b>	<b>350,0</b>	<b>350,0</b>	<b>350,0</b>
<b>Total Tier 1 capital</b>	<b>3.759,6</b>	<b>3.744,0</b>	<b>3.785,6</b>
<b>Tier 2 capital</b>			
Subordinated loans	400,0	400,0	400,0
<b>Deductions from Tier 2 capital</b>			
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
<b>Total Tier 2 capital</b>	<b>400,0</b>	<b>400,0</b>	<b>400,0</b>
<b>Net subordinated loan capital</b>	<b>4.159,6</b>	<b>4.144,0</b>	<b>4.185,6</b>

## Note M2 - Capital adequacy (contd.)

	30.06.2023	30.06.2022	31.12.2022
Governments and central banks	0,0	0,0	0,0
Local and regional authorities	0,0	20,3	0,0
Publicly owned companies	6,0	6,0	6,0
Multilateral development banks	0,0	0,0	0,0
Institutions	696,2	823,6	759,1
Companies	68,9	54,9	68,1
Mass market accounts	1.166,3	946,2	961,4
Accounts secured against property	6.499,0	6.176,3	6.331,9
Accounts due	34,1	79,1	26,7
High-risk commitments	253,7	297,4	163,9
Covered bonds	2.003,6	2.108,0	2.023,1
Shares in securities fund	0,0	0,0	0,0
Equity positions	2.608,1	2.568,7	2.653,7
Other exposures	196,0	156,8	172,5
Securitisation	0,0	0,0	0,0
<b>Calculation basis for credit and counterparty risk</b>	<b>13.532,0</b>	<b>13.237,4</b>	<b>13.166,3</b>
<b>Calculation basis for currency risk</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Calculation basis for operational risk</b>	<b>931,0</b>	<b>963,2</b>	<b>931,0</b>
<b>Calculation basis for impaired counterparty credit valuation adjustment (CVA)</b>	<b>7,4</b>	<b>13,2</b>	<b>16,0</b>
<b>Deductions from calculation basis</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total calculation basis</b>	<b>14.470,4</b>	<b>14.213,8</b>	<b>14.113,3</b>
CET1 capital ratio	23,56 %	23,88 %	24,34 %
Tier 1 capital ratio	25,98 %	26,34 %	26,82 %
Capital adequacy	28,75 %	29,15 %	29,66 %
<b>Buffers</b>			
Capital conservation buffer	361,8	355,3	352,8
Countercyclical buffer	361,8	213,2	282,3
Systemic risk buffer	434,1	426,4	423,4
Buffer for systemically important banks	0,0	0,0	0,0
<b>Total buffer requirements</b>	<b>1.157,6</b>	<b>995,0</b>	<b>1.058,5</b>
<b>Available buffer capital</b>	<b>2.758,4</b>	<b>2.754,4</b>	<b>2.800,5</b>
<b>Leverage ratio</b>	<b>8,32 %</b>	<b>8,13 %</b>	<b>8,39 %</b>

## Note M3 - Losses on loans, unused credit and guarantees

### Loss costs

	Q2 2023	Q2 2022	.01-30.06.2023	.01-30.06.2022	31.12.2022
Change in model-based provisions, Stage 1	0,7	0,0	0,2	-1,1	-0,9
Change in model-based provisions, Stage 2	-1,5	0,4	-1,1	0,2	1,7
Change in model-based provisions, Stage 3	0,0	-0,3	0,0	-0,1	0,0
Increase in existing individual loan loss provisions	0,0	0,0	0,0	0,0	0,0
New individual loan loss provisions	0,0	0,1	0,0	0,1	1,2
Established losses covered by previous individual loan loss provisions	0,0	0,1	0,0	0,1	0,1
Reversals of previous individual loan loss provisions	0,0	-0,1	0,0	-0,1	-0,1
Established losses not covered by previous individual loan loss provisions	0,0	0,0	0,1	0,3	0,3
Recovery of previously identified losses	0,0	-0,1	-0,1	-0,2	-0,3
Amortisation costs for the period	0,1	0,0	0,1	0,0	0,1
<b>Losses on loans, unused credit and guarantees</b>	<b>-0,7</b>	<b>0,2</b>	<b>-0,8</b>	<b>-0,8</b>	<b>1,9</b>
- of which losses on loans to retail customers	-0,3	0,1	-0,6	0,5	2,2
- of which losses on lending to business customers	-0,5	0,1	-0,2	-1,3	-0,3
- of which losses on unused credit and guarantees	0,2	-0,1	0,1	-0,3	-0,3

### Changes in loan loss provisions

Parent bank - 30.06.2023	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance at 01.01.23</b>	<b>4,9</b>	<b>7,0</b>	<b>5,5</b>	<b>17,4</b>
Transferred to Stage 1	1,3	-1,3	0,0	0,0
Transferred to Stage 2	-0,3	0,3	0,0	0,0
Transferred to Stage 3	0,0	-0,3	0,3	0,0
Net change	-1,3	1,4	-0,3	-0,2
New losses	1,9	0,5	0,0	2,4
Deducted losses	-1,4	-1,6	0,0	-3,0
Change in risk model/parameters	0,0	0,0	0,0	0,0
<b>Opening balance as at 30.06.23</b>	<b>5,1</b>	<b>5,9</b>	<b>5,6</b>	<b>16,6</b>
- of which loan loss provisions for lending to retail customers	3,5	4,9	3,7	12,1
- of which loan loss provisions for lending to business customers	1,5	1,0	1,8	4,4
- of which loan loss provisions for unused credit and guarantees	0,3	0,3	0,3	0,9
Model-based loan loss provisions	5,1	5,9	0,3	11,3
Individual loan loss provisions	0,0	0,0	5,2	5,2

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

Parent bank - 30.06.2022	Expected credit loss cted credit loss cted credit loss			Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance at 01.01.22</b>	<b>5,8</b>	<b>5,3</b>	<b>4,4</b>	<b>15,5</b>
Transferred to Stage 1	1,4	-1,4	0,0	0,0
Transferred to Stage 2	-0,2	0,2	0,0	0,0
Transferred to Stage 3	0,0	0,0	0,0	0,0
Net change	-1,7	2,4	0,1	0,8
New losses	1,4	0,2	0,0	1,6
Deducted losses	-2,0	-1,4	-0,2	-3,6
Change in risk model/parameters	0,0	0,1	0,0	0,1
<b>Opening balance as at 30.06.22</b>	<b>4,7</b>	<b>5,5</b>	<b>4,3</b>	<b>14,5</b>
- of which loan loss provisions for lending to retail customers	3,2	4,1	3,7	11,0
- of which loan loss provisions for lending to business customers	1,5	1,4	0,6	3,6
- of which loan loss provisions for unused credit and guarantees	0,3	0,1	0,3	0,7
Model-based loan loss provisions	4,7	5,5	0,3	10,5
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	
<b>Opening balance at 01.01.22</b>	<b>5,8</b>	<b>5,3</b>	<b>4,4</b>	<b>15,5</b>
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
<b>Opening balance as at 31.12.2022</b>	<b>4,9</b>	<b>7,0</b>	<b>5,5</b>	<b>17,4</b>
- 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 - 30.06.2023	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at 01.01.23</b>	<b>15.465,6</b>	<b>534,3</b>	<b>29,2</b>	<b>16.029,1</b>
Transferred to Stage 1	114,1	-114,0	-0,1	0,0
Transferred to Stage 2	-202,3	210,4	-8,1	0,0
Transferred to Stage 3	-6,2	-7,9	14,1	0,0
Net change	54,5	-16,3	-0,1	38,1
New loans	5.865,2	99,5	0,2	5.964,9
Deducted lending	-5.172,1	-125,7	-3,1	-5.301,0
<b>Opening balance as at 30.06.23</b>	<b>16.118,7</b>	<b>580,3</b>	<b>32,0</b>	<b>16.731,0</b>
- of which lending to retail customers	12.646,5	441,2	16,3	13.104,0
- of which lending to business customers	3.472,2	139,1	15,7	3.627,0
- of which loans with forbearance	0,0	87,0	11,2	98,2



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

Parent bank - 30.06.2022	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at 01.01.22</b>	<b>16.695,5</b>	<b>455,1</b>	<b>93,0</b>	<b>17.243,6</b>
Transferred to Stage 1	129,6	-129,1	-0,5	0,0
Transferred to Stage 2	-158,1	162,7	-4,6	0,0
Transferred to Stage 3	-6,2	-0,2	6,4	0,0
Net change	1,7	0,4	-17,4	-15,3
New loans	4.968,4	27,3	0,0	4.995,7
Deducted lending	-6.369,7	-175,4	-11,7	-6.556,9
<b>Opening balance as at 30.06.22</b>	<b>15.261,2</b>	<b>340,8</b>	<b>65,1</b>	<b>15.667,1</b>
- of which lending to retail customers	11.906,1	258,9	23,8	12.188,8
- of which lending to business customers	3.355,1	81,9	41,3	3.478,3
- of which loans with forbearance	0,0	50,9	7,7	58,6

Parent bank - 31.12.2022	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at 01.01.22</b>	<b>16.695,5</b>	<b>455,1</b>	<b>93,0</b>	<b>17.243,6</b>
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
<b>Opening balance as at 31.12.2022</b>	<b>15.465,6</b>	<b>534,3</b>	<b>29,2</b>	<b>16.029,1</b>
- 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 Q2 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 remained unchanged at the end of Q2 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 Q2 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 loan loss provisions remain unchanged in the various scenarios.

30.06.2023 - Parent bank	Probability weight	Stage 1	Stage 2	Stage 3	Total
Optimistic scenario	0 %	2,7	3,3	5,4	11,4
Expected scenario	70 %	3,4	4,2	5,4	13,0
Pessimistic scenario	30 %	9,0	10,1	5,9	24,9
<b>Loan loss provisions (probability-weighted)</b>	<b>100 %</b>	<b>5,1</b>	<b>5,9</b>	<b>5,6</b>	<b>16,6</b>

## 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.

30.06.2023	Level 1	Level 2	Level 3	Total
<b>Fair value</b>				
Lending to customers	0,0	0,0	4.353,9	4.353,9
Certificates and bonds	0,0	5.183,6	0,0	5.183,6
Financial derivatives	0,0	22,9	0,0	22,9
Shares and units	72,1	5,9	699,2	777,2
<b>Total assets at fair value</b>	<b>72,1</b>	<b>5.212,3</b>	<b>5.053,0</b>	<b>10.337,5</b>
Financial derivatives	0,0	203,6	0,0	203,6
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>203,6</b>	<b>0,0</b>	<b>203,6</b>

Movements in level 3 for items valued at fair value	Fixed-rate loans	Shares through profit and loss	Shares recognised at fair value through comprehensive income	Total
<b>Balance sheet as at 01.01.23</b>	295,5	720,0	4.609,5	5.625,0
Net realised gains	0,0	0,0	0,0	0,0
Additions	24,5	0,0	3.558,7	3.583,2
Disposals	68,9	0,0	4.060,7	4.129,6
Changes in value	-4,8	-20,8	0,0	-25,6
Transferred from levels 1 and 2	0,0	0,0	0,0	0,0
<b>Balance sheet at end of period</b>	<b>246,3</b>	<b>699,2</b>	<b>4.107,5</b>	<b>5.053,0</b>

30.06.2022	Level 1	Level 2	Level 3	Total
<b>Fair value</b>				
Loans to and receivables from customers*	0,0	0,0	4.217,3	4.217,3
Certificates and bonds	0,0	6.288,3	0,0	6.288,3
Financial derivatives	0,0	20,1	0,0	20,1
Shares and units	65,7	0,0	731,0	796,7
<b>Total assets at fair value</b>	<b>65,7</b>	<b>6.308,4</b>	<b>4.948,4</b>	<b>11.322,4</b>
Financial derivatives	0,0	114,9	0,0	114,9
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>114,9</b>	<b>0,0</b>	<b>114,9</b>

\* 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
<b>Balance sheet as at 01.01.22</b>	273,7	780,8	3.361,3	4.415,8
Net realised gains	0,0	0,0	0,0	0,0
Additions	33,8	0,0	3.748,0	3.781,8
Disposals	14,8	33,7	3.176,2	3.224,6
Changes in value	-8,5	-16,1	0,0	-24,6
Transferred from levels 1 and 2	0,0	0,0	0,0	0,0
<b>Balance sheet at end of period</b>	<b>284,2</b>	<b>731,0</b>	<b>3.933,1</b>	<b>4.948,4</b>

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

31.12.2022	Level 1	Level 2	Level 3	Total
<b>Fair value</b>				
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
<b>Total assets at fair value</b>	<b>65,1</b>	<b>5.383,8</b>	<b>5.625,1</b>	<b>11.074,0</b>
Financial derivatives	0,0	105,4	0,0	105,4
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>105,4</b>	<b>0,0</b>	<b>105,4</b>

Movements in level 3 for items valued at fair value	Fixed-rate loans	Shares through profit and loss	Lending	Total
			recognised at fair value through	
<b>Balance sheet as at 01.01.22</b>	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	5.033,7	5.121,5
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
<b>Balance sheet at end of period</b>	<b>295,5</b>	<b>720,0</b>	<b>4.609,6</b>	<b>5.625,1</b>

## Note M5 - Securities issued, senior subordinated bonds and subordinated loan capital

Change in securities issued	30.06.2023	Issued	Due/redeemed	Other changes	
				incl. currency	31.12.2022
Ordinary senior bonds, nominal value	5.361,9	250,0	68,0	0,1	5.179,8
Value adjustments	-237,1	0,0	0,0	-102,9	-134,1
Accrued interest	54,4	0,0	0,0	-10,6	65,0
<b>Total securities issued</b>	<b>5.179,2</b>	<b>250,0</b>	<b>68,0</b>	<b>-113,5</b>	<b>5.110,7</b>

Change in securities issued	30.06.2022	Issued	Due/redeemed	Other changes	
				incl. currency	31.12.2021
Ordinary senior bonds, nominal value	5.329,8	300,0	1.368,6	0,5	6.397,8
Value adjustments	-153,7	0,0	0,0	-159,5	5,8
Accrued interest	57,1	0,0	0,0	-0,1	57,2
<b>Total securities issued</b>	<b>5.233,1</b>	<b>300,0</b>	<b>1.368,6</b>	<b>-159,0</b>	<b>6.460,7</b>

Change in senior subordinated bonds	30.06.2023	Issued	Due/redeemed	Other changes	
				incl. currency	31.12.2022
Senior subordinated bonds, nominal value	1.192,2	300,0	0,0	0,9	891,3
Value adjustments	0,0	0,0	0,0	0,0	0,0
Accrued interest	7,0	0,0	0,0	2,2	4,8
<b>Total senior subordinated bonds</b>	<b>1.199,2</b>	<b>300,0</b>	<b>0,0</b>	<b>3,0</b>	<b>896,2</b>

Change in senior subordinated bonds	30.06.2022	Issued	Due/redeemed	Other changes	
				incl. currency	31.12.2021
Senior subordinated bonds, nominal value	699,4	299,7	0,0	0,1	399,7
Value adjustments	0,0	0,0	0,0	0,0	0,0
Accrued interest	1,6	0,0	0,0	1,1	0,5
<b>Total senior subordinated bonds</b>	<b>701,1</b>	<b>299,7</b>	<b>0,0</b>	<b>1,2</b>	<b>400,2</b>

Change in subordinated loan capital	30.06.2023	Issued	Due/redeemed	Other changes	
				incl. currency	31.12.2022
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	0,0	1,0
<b>Total subordinated loan capital</b>	<b>400,9</b>	<b>0,0</b>	<b>20,0</b>	<b>0,0</b>	<b>420,9</b>

Change in subordinated loan capital	30.06.2022	Issued	Due/redeemed	Other changes	
				incl. currency	31.12.2021
Ordinary subordinated loan capital, nominal value	399,9	0,0	0,0	0,1	399,8
Value adjustments	0,0	0,0	0,0	0,0	0,0
Accrued interest	0,7	0,0	0,0	0,1	0,6
<b>Total subordinated loan capital</b>	<b>400,6</b>	<b>0,0</b>	<b>0,0</b>	<b>0,2</b>	<b>400,4</b>

## 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. So far this year, Sparebanken Øst Boligkreditt AS has purchased mortgages from Sparebanken Øst worth NOK 2,616 million net. The corresponding value for the same period last year was NOK 2,678 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.

	30.06.2023	30.06.2022	31.12.2022
<b>Profit/loss</b>			
<b>Interest income and similar income</b>			
Interest income from subsidiaries	59,5	28,5	72,5
Interest certificates and covered bonds from subsidiaries	0,0	6,9	9,6
<b>Interest costs and similar costs</b>			
Interest and commission to subsidiaries	5,4	1,5	9,1
<b>Dividend/group contribution receipts</b>			
Dividends/group contributions from subsidiaries	0,0	0,0	171,1
<b>Commission income and income from banking services</b>			
Other operating income from subsidiaries	16,1	16,8	32,8
<b>Other operating income</b>			
Rent from subsidiaries	1,2	1,0	2,0
<b>Other operating costs</b>			
Rent to subsidiaries	2,0	1,8	3,7
Other costs to subsidiaries	0,5	0,4	0,9
<b>Balance sheet</b>			
<b>Loans to and receivables from financial institutions</b>			
Loans to subsidiaries	2.668,7	3.613,4	3.186,0
<b>Lending to customers</b>			
Loans to subsidiaries	27,4	27,3	27,4
<b>Certificates and bonds</b>			
Investment in covered bonds in subsidiaries	0,0	505,0	0,0
<b>Liabilities to financial institutions</b>			
Deposits from subsidiaries	486,0	410,8	725,0
<b>Customer deposits</b>			
Deposits from subsidiaries	67,1	71,4	70,8
<b>Other liabilities</b>			
Other receivables from and liabilities to subsidiaries	32,0	30,3	103,6