SPAREBANKEN ØST

Annual Report 2023

SPAREBANKEN ØST | 181. YEAR OF OPERATION

Contents

The business

Statement and Results

This annual report is digital. To save the environment, we encourage you to avoid printing the report.

Layout: NYG AS

The business

Financial highlights

RESULT AFTER TAX 2023

440,6

Million NOK

Return on equity

OBJECTIVE	RESULT
> 9,0 %	9,9 %

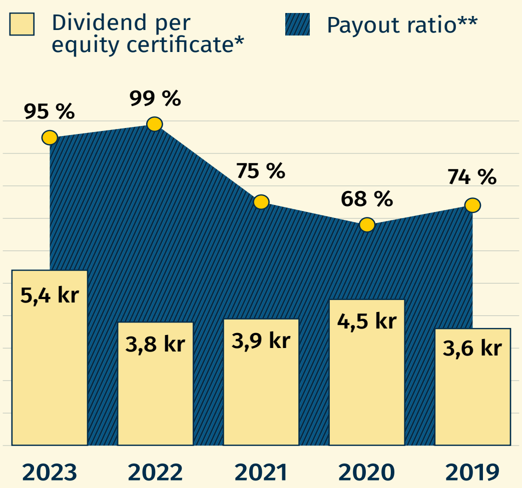
Capital Adequacy

OBJECTIVE	RESULT
> 19,6	22,4

Costs as a Percentage of Income

OBJECTIVE	RESULT
< 40 %	37,7 %

Dividend on equity



* Dividend per equity certificate is the board's proposed amount for consideration at the annual supervisory board meeting.
** Dividend as a percentage of the equity certificate holders' share of the group result according to the ownership ratio.

Income statement key figures

	2023	2022	2021	2020	2019
Net interest income	828,8	686,2	631,3	632,1	641,7
Net commission income	43,3	37,4	33,3	35,1	45,1
Net result from financial assets	42,7	-28,7	89,8	148,1	19,4
Other operating income	2,0	3,4	6,4	29,3	15,3
Total net income	**916,8**	**698,3**	**760,8**	**844,7**	**721,5**
Total operating expenses	**345,9**	**309,7**	**305,7**	**296,0**	**277,8**
Profit before losses	**570,9**	**388,6**	**455,2**	**548,7**	**443,7**
Loan losses, unused credit, and guarantees	6,7	6,8	0,5	15,1	18,9
Profit before tax	**564,2**	**381,9**	**454,7**	**533,6**	**424,8**
Tax expense	123,7	85,5	79,3	80,4	95,5
Net profit	**440,6**	**296,4**	**375,4**	**453,1**	**329,3**

Key figures

	2023	2022	2021	2020	2019
Profitability					
Return on equity*	9,87	6,65	8,86	11,47	8,74
Net interest margin as a percentage of average total assets	1,85	1,49	1,34	1,46	1,51
Net profit after tax as a percentage of average total assets	0,98	0,65	0,79	1,05	0,77
Operating expenses as a percentage of average total assets	0,77	0,67	0,65	0,68	0,65
Operating expenses as a percentage of income (before loan losses/ guarantees)*	37,73	44,35	40,17	35,04	38,50
Operating expenses as a percentage of income excluding returns on financial investments	39,57	42,60	45,55	42,50	39,57
Balance sheet figures					
Net loans to customers	37 877,1	36 800,2	39 386,7	35 443,8	34 225,3
Loan growth (12 months)	2,93	-6,57	11,12	3,56	-2,62
Deposits	15 860,8	15 761,3	17 578,9	14 845,1	14 791,7
Deposit growth (12 months)	0,63	-10,34	18,42	0,36	-0,73
Average equity	4 166,1	4 172,9	4 076,5	3 812,9	3 564,6
Average total assets (ATA)	44 753,3	45 926,7	47 242,1	43 299,0	42 504,5
Write-downs on loans and defaults					
Losses as a percentage of net loans to customers (opening balance)	0,02	0,02	0,00	0,04	0,05
Provision for losses as a percentage of gross loans to customers*	0,29	0,31	0,32	0,35	0,33
Net payment delinquencies over 90 days as a percentage of net loans*	0,23	0,21	0,20	0,29	0,37
Net other impaired exposures (in Stage 3) as a percentage of net loans*	0,28	0,14	0,31	0,02	0,02
Solvency					
Common equity tier 1 (CET1) capital ratio	18,67	20,11	18,24	17,96	17,69
Tier 1 capital ratio	20,40	21,94	19,89	19,67	19,49
Capital adequacy ratio	22,37	24,03	21,78	21,34	21,25
Risk-weighted assets (RWA)	20 278,7	19 087,0	21 190,0	20 471,4	19 450,3
Leverage ratio	8,89	9,27	8,60	9,03	8,81
Liquidity					
Deposit coverage ratio	41,87	42,83	44,63	41,88	43,22
Liquidity Coverage Ratio (LCR)	250,14	217,26	249,72	266,93	265,11
Net Stable Funding Ratio (NSFR)	127,65	130,08	122,33	120,40	117,04
Offices and full-time equivalents (FTEs)					
Number of bank branches	29	30	29	29	28
Full-time equivalents (FTEs)	193	180	187	184	192
Equity certificates					
Ownership fraction**	28,59	28,59	29,59	31,40	32,45
Number of equity certificates	20 731 183	20 731 183	20 731 183	20 731 183	20 731 183
Book equity per certificate*	62,88	61,21	61,51	61,18	58,95
Earnings per equity certificate	5,67	3,83	5,16	6,62	4,87
Dividend per certificate	5,40	3,80	3,85	4,50	3,60
Turnover rate	14,26	16,30	28,53	20,64	15,17
Rate	50,20	47,00	57,20	51,40	54,60

*Defined as alternative performance measures **For the ownership fraction applicable from 01.01.24, see note 41
For the definition of key figures and discussion of alternative performance measures, see page 136

CEO's statement

Sparebanken Øst has put the 180th anniversary year behind, and this year also turned out to be an unusual one. Like the previous three years, 2023 was also characterized by geopolitical unrest and war in Europe. Increased tension and warfare in the Middle East and high prices in Norway have also affected us. 2023 proved to be another challenging year for many. After years of Covid19 and the aftermath of lockdowns, the population felt the economic negative consequences of all the turmoil. Many and frequent interest rate increases have raised concerns about Norwegians' ability to handle high interest rates due to high debt burdens. Increased prices of goods and services have additionally added extra pressure on Norwegians' finances. In the bank's local areas in Drammen and Eiker, we also felt the forces of nature when the extreme weather Hans paid a visit and resulted in new flood records in the Drammen River and surrounding waterways.

When high prices, increased interest rates, and unrest and worries surround us, it is especially important to be present for our customers. With the bank's branch network, we can offer personal conversations and advice with the aim of solving customers' financial challenges. Good and responsible financial advice is always important, but particularly significant when uncertainty strikes us. Whether you prefer to use digital solutions or meet us at one of our offices and get help from a customer advisor, you should feel at home with us. This is why the bank has a total of 29 bank branches in the central eastern region.

We notice that our customers appreciate us, and it's very gratifying when customer surveys show that customers are happier than ever with Sparebanken Øst. It's a good starting point for further improvement, developing new services and venues, and creating an even simpler and more efficient banking experience for the bank's customers.

In 2023, the bank experienced good customer growth and increased sales of the bank's products and services. In tough competition for customers, we have succeeded well with a combination of good and relevant products, friendly and service-oriented employees, and great flexibility for customers.

Sparebanken Øst has a well-established strategy to be a solid, independent, and self-reliant savings bank. Our geographical location, with a very large and growing market right outside our door, gives us access to both an almost limitless market CEO's statement with good customers and to a well-functioning and large labor market. The bank's unique location gives us the opportunity to maintain the bank's overall strategy, even in a financial industry subject to increasingly extensive regulations. It is noted that in 2023 and so far in 2024, more structural changes have been announced than in many years in the industry.

Sparebanken Øst has, through ownership and as a distributor of Frende Insurance and Norne Savings Products, an ongoing collaboration with the other banks that have ownership in the «Frende companies.» The collaboration is now somewhat more formalized through the establishment of the Frende Group. The goals going forward are to collaborate to a greater extent within technology, establishing a foundation for joint development of selected products and services, and to establish new product companies to facilitate growth and profitability in the banks. Furthermore, the Frende Group aims to appear as a credible and cost-effective collaboration that has succeeded in recruiting new members.

Sparebanken Øst sees that the authorities consider the bank as an important player with the ability to increase competition in the banking market. We will continue to work to maintain and strengthen the bank's strategic position for a long time to come. We have many talented employees, we are solid, and we have efficient systems and good technical solutions. Therefore, Sparebanken Øst will succeed!

The bank finds it meaningful and necessary to contribute to the community around us. The bank has a long tradition of giving back. Through the bank's allocation towards charitable donations, the bank's annual results are significantly returned to the local community every single year. For many years, the bank has provided good returns to both equity shareholders and the local community. The bank has a broad commitment that includes both young and old, sports and culture, teams, associations, and individual projects. We want to contribute to providing children and young people with slightly better conditions when they want to express themselves and develop, and we want to support volunteerism with both financial support and inspiring experiences so that we can continue to motivate volunteers to carry out invaluable and absolutely necessary tasks every single day throughout the year.

Pål Strand
chief executive officer in Sparebanken Øst

«Through the bank's allocation towards charitable donations, the bank's annual results are significantly returned to the local community every single year»

Pål Strand

chief executive officer in Sparebanken Øst

Highlights of the year

Green framework

ESG

The bank established a green framework for issuing green bonds and financing green loans. The establishment of a green framework is part of the bank's strategy, where we aim to use the green bond market to contribute to the green transition. As a savings bank, we can have a positive impact through close dialogue with our customers and support them in making sustainable choices.

Celebrated 180 years

THE BANK

On January 11, 1843, the bank opened its first office in Skotselv, then under the name Egers Sparebank. The birthday was marked with cake and coffee at all of the bank's offices, while the big celebration took place in June when the employees gathered for an evening event at Union Scene in Drammen.

The Experience Bank

SOCIETY

Sparebanken Øst launched its own app: The Experience Bank. The app is a tool designed to increase the attractiveness of Drammen and Eiker. The Experience Bank is a map featuring nearly 100 different experiences for people of all ages, aimed at boosting local pride, knowledge, and activity. The app is intended to be inclusive and accessible to everyone, with the experiences being either free or low-cost

Juster prize

CULTURE

The Leif Juster Honorary Award, also known as the Juster Prize, is a Norwegian revue award. It is awarded annually to a person who has made or is making a significant contribution to a Norwegian revue stage. Since 2019, Chat Noir has been responsible for the award's distribution in collaboration with Sparebanken Øst. The prize was originally established and previously awarded by the Leif Juster Revue Fund. In 2023, the prize was awarded to Rune Andersen

Reopening in Vikersund

CUSTOMER

The bank's Vikersund branch moved into new premises, and the number of employees increased from two to seven. With greater availability and influence in the local community, the branch has challenged the established banks in the area. The Vikersund branch has gained good visibility in the local press, at events, and as a local supporter, and has experienced significant growth in its customer base since the relocation.

Member offers at NBBO and ABBL

CUSTOMER

The bank entered into partnerships with the housing associations Nedre Buskerud Boligbyggelag (NBBO) and Asker og Bærum Boligbyggelag (ABBL) to provide membership benefits on savings and loans. The collaboration was established due to shared interests in offering favorable conditions to homeowners in areas where the parties are local players. This allows for the creation of strong customer relationships based on familiarity with the areas in which the partners operate

Visit from the Finance Minister

ECONOMY

Finance Minister Trygve Slagsvold Vedum visited Sparebanken Øst, where the focus was on the regulatory conditions for Norwegian savings banks and the situation of customers during turbulent and challenging times. An important point on the agenda was the significant disparity in treatment of Norwegian banks, where banks using the standardized approach for calculating capital adequacy face a substantial competitive disadvantage compared to banks using Internal Ratings-Based (IRB) models

Customer satisfaction

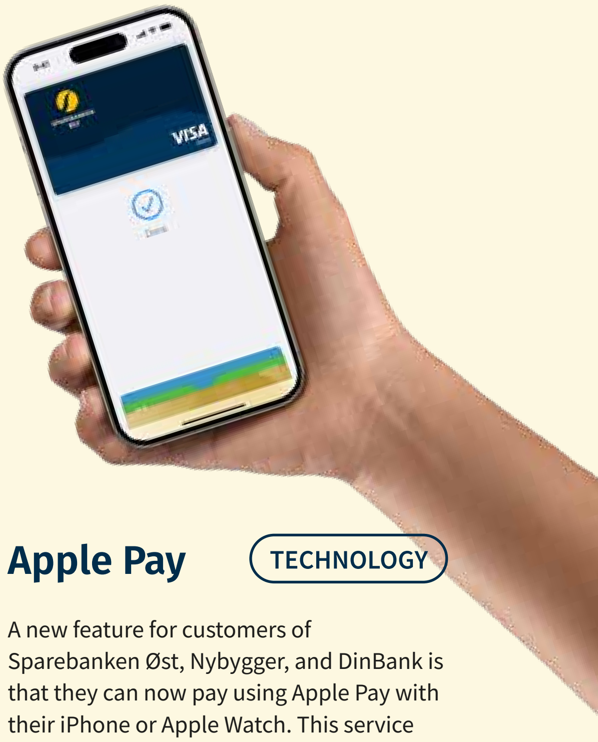
CUSTOMER

According to EPSI Rating and their 2023 banking study, which ranks customer satisfaction among bank customers, the industry average was 67.7. While customer satisfaction is generally experiencing a decline, the opposite is true for Sparebanken Øst. Our own customer survey gives us a score of 82, placing us at the top among Norwegian banks and showing an increase from the previous year. Both Sparebanken Øst and the bank's digital concept, Nybygger, also score highly on the comparison service Bytt.no.

New opening hours

CUSTOMER

The opening hours of the customer service center have been extended to 8 AM to 6 PM on weekdays and 10 AM to 2 PM on Saturdays. This increases telephone availability by a total of 24 hours per week. With 29 branches, extended customer service center hours, and the option for advisor appointments outside regular hours, the bank is now more accessible to its customers, which is especially important during times of economic uncertainty.



Apple Pay

TECHNOLOGY

A new feature for customers of Sparebanken Øst, Nybygger, and DinBank is that they can now pay using Apple Pay with their iPhone or Apple Watch. This service has been in high demand among the bank's customers, and within a short period, nearly 4,500 customers had registered as Apple Pay users. By the end of the year, Apple iOS had a 64 percent market share in Norway

Historical perspective

1839
Petter A. Elster proposes the establishment of a savings bank in Eger.

1842
Egers Prøvesparebank established on January 8 with capital from 261 private individuals.

1843
Egers Sparebank receives royal approval on January 11.

1859
Skoger Sparebank is founded on January 8 with capital from 172 private individuals.

1876
The monetary unit changes from speciedaler and skilling to kroner and øre.

1888
The issuance of mortgage loans secured by real estate is allowed.

1896
Egers Sparebank moves into a new bank building, "Tingstua."

1898
The bank acquires its first telephone.

1907
Piggy banks for home use are introduced.

1910
Egers Sparebank is divided into two, corresponding to Øvre and Nedre Eiker municipalities.

1925
The school savings scheme is established.

1943
The bank's 7 employees celebrate the 100th anniversary during the war.

1954
The bank adopts mechanical bookkeeping.

1970
Ekers Sparebank and Nedre Eiker Sparebank merge again.

1971
"Modern" data equipment is used for the first time.

1978
The bank acquires its first ATMs.

1986
Internal email is introduced in the bank.

1988
Email communication with the outside world is introduced.

1988
As the first in Norway, the bank invites subscriptions for equity certificates.

1988
The bank crisis occurs.

1991
The bank acquires the car financing company AS Financiering in Oslo.

1993
The bank takes over Fokus Bank's operations in lower Buskerud.

1996
Internet banking for personal customers is introduced, and a dedicated website is launched.

1997
Merger between Eiker Sparebank and Drammensbanken Skoger Sparebank – renamed Sparebanken Eiker Drammen.

1999
Renamed Sparebanken Øst.

2006
Establishes digital customer concepts and a multi-brand strategy.

2008
The financial crisis occurs.

2009
Establishes Sparebanken Øst Boligkreditt AS.

2023
Sparebanken Øst celebrates 180 years.

Ekers Sparebank's head office at Stasjonsgata in Hokksund, which was inaugurated in 1916.

Strategic ambitions

Sparebanken Øst is a mid-sized savings bank with a prime location in the central Eastern Norway region. The bank is among the most solid of the larger Norwegian savings banks when considering capital levels, capital ratios, and risk in the bank's balance sheet.

The bank's vision of being a leading savings bank in the central Eastern Norway region reflects an ambition to remain a relevant and attractive savings bank option for the general public, both now and in the future. Our business idea is based on the bank being an independent, self-managed, and locally governed provider of financial services, aimed at enabling individuals, as well as small and medium-sized businesses, to make the best use of their financial resources.

Sparebanken Øst calculates its solidity using the standardized approach. Under the current rules, the bank is required to hold significantly more capital for its loans compared to banks that use IRB (Internal Ratings-Based) models for all or part of their loan portfolios. These regulatory differences have created significant competitive distortions to the disadvantage of standardized approach banks, which also lack shared-owned mortgage companies that can use IRB models. Sparebanken Øst expects that upcoming regulations, including a more risk-sensitive standardized approach (Basel IV), will help reduce this substantial competitive disadvantage, with potential implementation as early as January 1, 2025.

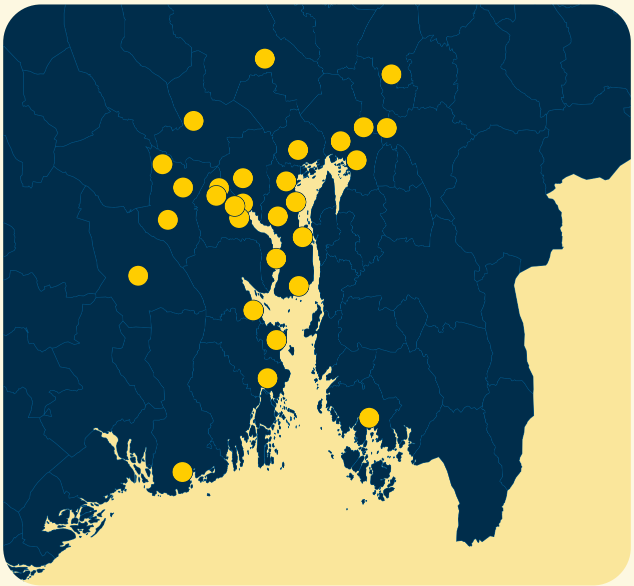
For many years, Sparebanken Øst has aimed to combine traditional and modern business models. Regardless of the level of digitalization in its operations, the bank wishes to ensure that its savings bank identity is clearly experienced and recognized. This means we will remain community-oriented and uphold high ethical standards for ourselves and our surroundings. We aim to contribute to value creation and sustainable development, both through the bank's regular operations and its public-benefit activities, regionally and locally. In the bank's development, we see significant value in maintaining local anchorage. Sparebanken Øst should be perceived as solid, long-term, and credible to our stakeholders.

Sparebanken Øst aims to be a profitable bank operated on sound business principles, with a goal of remaining relevant to the bank's interest groups in the long term. With a high proportion of private mortgage customers and low loan-to-value ratios, the bank has a good overview, insight, and level of risk in its loan portfolios. Growth over time in both customer and product portfolios, in both the personal and business markets, is crucial for maintaining good and profitable operations in the future.

Financial Objectives

Theme	Objective	
Overall financial goals	We aim to be a profitable bank operated according to sound business principles. Financial results should be achieved each year and over time to contribute to the group's objectives.	
The group's goal for return on equity	The group aims for a return on equity of 9 percent over time.	
The group's goal for capital adequacy	The group should maintain a capital adequacy ratio that meets regulatory requirements plus an additional margin of 1.0 percentage points.	
The group's goal for capital adequacy	< 40 %	
Target for loan growth	**Private customers**	At least in line with credit growth in Norway over time
	Business customers	10% annual growth in the coming years
Target for satisfaction	**Employees**	> 83 %
	Customers	> 77 %

Market and business areas



Sparebanken Øst has had a distribution strategy since 2005 that significantly differs from traditional savings banks and most other Norwegian savings banks. The bank has extensive experience providing digital banking services to market segments through its multi-brand strategy (house of brands strategy). This branding strategy allows us to maintain the bank's competitive edge over time in selected customer segments across the country. The concepts enable differentiation in distribution methods, information flow, customer communication, purchasing processes, service levels, and risk management. As a result, each concept serves as a distinct and tailored platform for delivering selected financial services to targeted market segments. Our Market Areas:

- Local Market: We originate from the municipalities of Øvre Eiker, Nedre Eiker, and Drammen, considering this market our local area. Our ambition is to be a recommended and preferred local bank.
- Regional Market: We are present with bank branches in large parts of Eastern Norway, offering personal advisory services and close follow-up for customers throughout their different life stages. Our ambition is to be an engaged and proactive bank in the regional market.
- National Market: We consider the entire country as a market through digital service concepts and distribution channels. Our ambition is to be an efficient and straightforward bank in the national market.
- Business Market: We provide products and services to small and medium-sized businesses in the central Eastern Norway area, defining the axis from Kongsberg to Oslo as our core market.

Since 1996, Sparebanken Øst has established 24 branches from Stavern in the south to Jessheim in the north, and we now have 29 branches in the central Eastern Norway area. With cost-effective setups and flexible opening hours, we create meeting places for customers who occasionally need discussions with advisors in addition to the digital and self-service solutions the bank offers. The bank provides simple, tailored solutions in everyday banking, loans, savings, and insurance. Our customers can freely choose from the bank's product range without requiring other products or complex linkages.

We aim to be an engaged partner for small and medium-sized businesses and contribute to regional economic development. Our business customers should find us personal and flexible, working to ensure that businesses can make the most of their financial resources.

	1843	2006	2014	2012	2011
	SPAREBANKEN ØST	DinBANK.no	NYBYGGER.NO	BOLIGKREDITT.NO	TOPPRENTE.NO
Physical offices and personal advisory services	✓				
Self-service	✓	✓	✓	✓	✓
Availability customer center	✓	✓	✓	✓	✓
Home loans	✓	✓	✓	✓	
Savings	✓	✓			✓
Insurance	✓	✓			

Environment and Sustainability

Sparebanken Øst has integrated the sustainability perspective as a natural part of its operations. The bank has an overarching goal of achieving net-zero emissions by 2050 and has set intermediate targets for 2030.

Sparebanken Øst aims to:

- Identify significant sustainability risks and opportunities among our customers, ensuring that key sustainability factors influence our offerings to them.
- Integrate the sustainability perspective into our risk reporting.
- Report to our stakeholders in an honest and credible manner about how we manage sustainability.
- Be an attractive partner and financial advisor for customers' sustainable projects and solutions.
- Offer green products and concepts to customers who prioritize sustainability.
- Lead by example, maintaining control over internal processes and operations, setting requirements for suppliers and partners, and acting with credibility.
- Be recognized as a bank that is honest and clear, especially concerning the sustainability perspective.

Objective	Objective
Overall objective	Net Zero by 2050
Sub-goals by 2030	25% reduction in CO_2 emissions across the total portfolio
	50% reduction in internal CO_2 emissions
	50% increase in the share of green loans

Customer experience

In Sparebanken Øst, we are committed to delivering excellent customer experiences through good accessibility and personalized advice. We want our customers to have positive experiences with consistently high-quality and relevant financial advice tailored to their needs and situation.

Accessibility

We believe that a good customer experience depends on strong accessibility. Our dedicated advisors are available both physically, by phone, and via email to answer questions and resolve issues quickly and effectively. Additionally, we have 29 bank locations in the central Østlandet area where customers can visit or schedule meetings both during and outside of regular opening hours. In 2023, we extended the hours of our customer center, allowing customers to contact us later on weekdays and on weekends. Our goal is to provide the same high-quality experience regardless of how customers interact with us.

Sparebanken Øst aims for our customers to enjoy their experience with us. Through customer satisfaction measurements, we see that the bank has very high customer satisfaction. Our ambition is to continuously improve, and the bank has set a realistic goal of achieving a customer satisfaction rate of 83 percent. Currently, customer satisfaction is measured every four months, and the latest survey at the end of 2023 showed a score of 82 percent, a slight improvement from previous measurements. This indicates that customers of Sparebanken Øst are generally satisfied with the services and support they receive.

Digitalization

Our digital strategy is anchored in our goal to deliver cost-effective solutions that provide value to the customer, simplify daily life for both our customers and advisors, and offer customers choice in how they wish to interact with us.

Cost-Effective and Competitive

We are committed to providing digital services that are not only cost-effective for the bank but also offer real value to our customers. This includes services that provide better financial oversight, simpler payment solutions, and more efficient self-service options. We invest in technology that automates processes and allows us to offer competitive products and services. We believe in giving our customers the freedom to choose how they want to interact with the bank. Our goal is to provide mobile apps, online platforms, telephone support, and personal meetings at the bank's branches. This creates opportunities for customers to make choices that best fit their individual needs and preferences.

Our digital strategy can be described as a "Smart Follower" position. This means that we carefully monitor and assess new technological trends and innovations in the banking sector and implement solutions once they have proven to be reliable. We aim to balance innovation with stability and reliability to ensure a smooth transition to new technologies.

In response to customer requests, the bank decided to introduce Apple Pay as part of our digital service portfolio. This provides customers with the option to choose from a wide range of products and make payments using their Apple devices.

Cyber and Information Security

The bank must provide a stable and secure infrastructure for both internal production and reporting processes and for our customers. The bank's risk-based approach to IT security is based on the national security authorities' basic principles for ICT security. The bank uses TietoEvry as the main provider of banking solutions, which nearly all Norwegian banks also do. TietoEvry is a major Nordic player with strong systems for ensuring the security of the solutions they offer. Sparebanken Øst has invested significant resources in recent years in new and improved customer solutions, more efficient production solutions, and updated security measures.

Sparebanken Øst has established a risk register for the digitalization and technology area of the bank to identify any need for changes in implemented security measures and to continuously uncover areas for improvement. The bank's method for ensuring IT security primarily involves monitoring and identifying potential threats, followed by protecting, managing, and possibly recovering from incidents.

Competence

Sparebanken Øst is dependent on attracting staffing resources with the right attitudes and levels of expertise. The bank's employees have been, and continue to be, our most important resource for achieving business objectives, meeting regulatory requirements, and providing customers with services, products, and experiences that maintain the bank's relevance in the future. Sparebanken Øst aims to offer an inclusive and developmental workplace for its employees.

With its location, Sparebanken Øst has access to a large labor market. The bank experiences good access to the right expertise and finds that its profile appeals to various segments of the labor market.

Sparebanken Øst will primarily prioritize the continuous development of employees' skills. This provides good development opportunities despite the bank being a medium-sized savings bank. The bank has a strategy for competence and learning that ensures ongoing skill development. We offer a good working environment characterized by open communication, an inclusive culture, interesting challenges, and excellent development opportunities. Our employees have access to extensive training, certifications, and authorizations to ensure they are up-to-date with the latest industry trends and professional standards. We also encourage lifelong learning and support our employees' ambitions to develop in their roles. Through annual employee satisfaction surveys, we have seen in recent years that the bank has a high level of employee satisfaction.

We understand that flexibility in the workday is valued, so we facilitate this through flexible working hours, summer hours, and additional vacation for parents of young children. Employees also have the option to work from home. The bank also offers other employee benefits such as health insurance, pension and insurance schemes, loan conditions, and a wide selection of company cabins.

Good Advising

A prerequisite for the bank to achieve its goal of providing personalized service to our customers is that the bank's advisors must be able to assist customers in all life stages and situations. To provide the best possible services to our customers, we rely on dedicated advisors who are specialists in their field, both in finance and insurance.

Risk

All banking activities involve a certain degree of risk-taking. Sparebanken Øst is consciously aware of the risks it has or assumes. This includes significant risk areas for losses, such as credit risk and climate risk, market risk, liquidity risk, and operational risk. The bank has established risk tolerances, frameworks, and metrics for these risk areas through approved strategic documents.

Credit Risk

The bank's credit strategies cover various types of credit risk associated with loans, credits, and guarantees provided to customers in both personal and business markets, as well as counterparty risk for securities.

The credit strategy aims to ensure that the bank's credit activities align with the regulatory framework and conditions. The bank's strategic plans and extensive risk assessments reflect its ability and willingness to take risks. The credit strategy is operationalized in the bank's credit manuals and other instructional documents.

The bank has a credit portfolio with a quality and composition that ensures profitability in the short and long term and ensures that the bank's management of credit risk complies with laws, regulations, guidelines from authorities, and other regulatory requirements.

In the personal and business markets, loan-to-value ratio, repayment ability, and willingness to repay are central to credit assessments. The Financial Contracts Act and the loan regulations provide clear guidelines for the bank's lending activities.

Risk assessment for loans to customers is carried out through risk classification of customers. Customers are risk-classified based on score models developed with statistical methods that estimate the probability of default (PD). Risk classification is an integrated part of the credit process, and the requirement for annual reclassification of loan engagements is maintained. The development of credit risk is continuously monitored with reports to the bank's management and quarterly reporting to the bank's board.

The bank's geographic area provides access to a large market in terms of both private and business customers. Mortgage loans to private customers primarily have low risk, with loans secured by real estate representing a significant portion of the bank's total loans. The bank has a low proportion of loans to business customers compared to other comparable banks. The bank's conservative business portfolio, with a large share of commercial real estate for well-known customers, contributes to a low overall credit risk in the bank.

The bank also takes credit risk through the management of liquidity reserves. The bank intends to hold interest-bearing securities with low credit risk for liquidity purposes (reserve for sale if needed) and as a basis for depositing borrowing access with the central bank.

Market Risk

The bank's financial strategy aims to ensure that activities within the financial sector are in line with the framework conditions and guidelines derived from the bank's overall business idea, strategic plans, and budgets, and that activities

are prudent in relation to the bank's ability and willingness to bear risk. Furthermore, the financial strategy aims to ensure that the bank's management of financial risk complies with laws, regulations, guidelines from authorities, and other regulatory requirements. Sparebanken Øst has a liquidity portfolio consisting of interest-bearing securities primarily issued by Nordic credit institutions, Norwegian banks, municipalities, states, and state-guaranteed enterprises. Through this, the bank assumes credit spread risk. Interest rate risk is kept within established limits and is mitigated by having assets and liabilities mostly at floating rates or swapped to floating rates. Exposure to equity instruments beyond the bank's subsidiaries and strategic investments is limited.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human errors, or external events. Management and control of operational risk are covered by Sparebanken Øst's comprehensive risk management strategy, which is the bank's overarching document for risk management. The strategy clearly defines who is responsible for establishing and implementing internal controls in the bank. The bank has a clear organizational structure and division of responsibilities, as well as established governance and control arrangements. Systems are in place to monitor risks, ensuring they are identified and managed with regular assessments. Operational risk is aimed to be kept at a low level. The bank conducts annual key process reviews and management confirmations.

Liquidity Risk

Sparebanken Øst maintains a conservative approach to liquidity risk and ensures prudent liquidity management so that the group always has sufficient liquid assets to meet obligations as they fall due. The group should be able to maintain normal operations for at least 12 months without additional liquidity and for three months in a combined stress scenario. The group's liquidity is managed according to established limits and metrics, including LCR, NSFR, and stress tests.

Climate Risk

Climate risk consists of physical climate risk and transition risk. Physical risk can include landslides, floods, sea-level rise, droughts, or other issues related to climate change. Transition risk involves risks associated with the transition to a low-emission society, where changes in climate policy/regulations, development of new technologies, changing customer preferences, and investor requirements can lead to sudden changes in the market value of financial assets and properties. Climate risk can result in increased credit risk, financial losses, or reduced access to capital.

The bank does not finance carbon-sensitive industries such as oil, gas, or shipping. The bank has defined sectors and activities it does not wish to finance, including coal mining or energy production based on coal, controversial weapons, tobacco, pornography, oil sands/tar sands, shale oil and gas, or oil and gas extraction in the Arctic.

In recent years, Sparebanken Øst has increased its focus on climate risk in its lending portfolios and has mapped both mortgage customers and commercial real estate customers for physical climate risk. For more details on climate and environmental risk, refer to page 38.

Subsidiaries and Strategic Ownership Interests

The bank's ownership strategy aims to ensure that our independence and local governance are maintained or strengthened. Furthermore, the bank may engage in activities expected to contribute to achieving the bank's overall financial objectives in the short and long term. All subsidiaries are 100 percent owned by Sparebanken Øst and are included in the bank's consolidated financial statements.

Subsidiaries

AS Financiering

One of Norway's oldest financing companies with roots dating back to 1930, and since 1991 has been a wholly-owned subsidiary of Sparebanken Øst. AS Financiering is co-located with Sparebanken Øst in central Oslo. AS Financiering specializes in sales pledge loans for new and used cars. The company aims to be a leading player in used car financing and also has a clear position in the leisure market (motorcycles, ATVs, snowmobiles, and caravans). AS Financiering operates nationwide and distributes its products through digital channels, partner dealers, and the parent bank's branches. The company also offers sales pledge loans through the digital concept "Dittbillån.no," a leading car loan concept for newer cars with low loan-to-value ratios. AS Financiering also contributes to the green shift by offering favorable financing for zero- and low-emission vehicles.

At the end of 2023, net loans to customers amounted to NOK 2.8 billion in AS Financiering.

Sparebanken Øst Boligkreditt AS

Has a license as a credit institution with the right to issue covered bonds (OmF). Since its establishment in 2009, the company has been a crucial player in ensuring the bank's long-term and favorable market financing of the bank's mortgage loan portfolio through the issuance of OmF in the market. The company has an Aaa credit rating from Moody's Investor Service on all its bond issuances. This reflects the lowest risk and is important for securing the bank's market access and achieving favorable loan terms.

The company acquires loans from two sources. Loans can be granted through the market concept "Boligkreditt.no" in Sparebanken Øst Boligkreditt AS, or loans can be acquired from the parent bank. The latter is the company's primary source of loans for the issuance of OmF. Loans transferred to or granted by Sparebanken Øst Boligkreditt AS are secured by mortgages on real estate (home mortgage loans) within 75 percent of the property's market value.

At the end of 2023, net loans to customers amounted to NOK 18.1 billion, and issued covered bonds amounted to NOK 16.5 billion in Sparebanken Øst Boligkreditt AS.

Sparebanken Øst Eiendom AS

Manages properties belonging to the Sparebanken Øst group.

Øst Prosjekt AS

The primary purpose is to take over projects and conduct industrial and commercial activities to secure and realize troubled engagements in the parent bank.

Strategic Ownership Interests

Frende Forsikring
Consists of the parent company Frende Holding AS, which manages ownership in its wholly-owned subsidiaries Frende Skadeforsikring AS and Frende Livsforsikring AS. The company offers insurance products for vehicles, homes and contents, boats and leisure, as well as life and health. Sparebanken Øst is the third-largest owner in Frende Holding AS with a 13.03 percent ownership stake. The bank distributes property and life insurance products to businesses and individuals through Frende.

Norne Securities AS
A securities firm involved in primary and secondary trading of financial instruments and financial advisory services. The company offers stock and fund trading online, as well as investment banking. Sparebanken Øst holds a 2.15 percent ownership stake in the company. The bank distributes stock and fund savings to businesses and individuals through Norne, with Norne's savings platform available via the bank's online and mobile banking services.

Vipps Holding AS
Owns the wholly-owned subsidiary BankID BankAxept AS and is the majority owner of Vipps MobilePay AS. The ownership combines the strong brands Vipps, MobilePay, BankID, and BankAxept. The companies are leading players in the Nordics in payments and identification, continuously challenging the established systems and creating new simplifications. Vipps Holding AS is owned by the Norwegian banking industry, and Sparebanken Øst holds a 0.72 percent ownership stake in Vipps Holding AS.

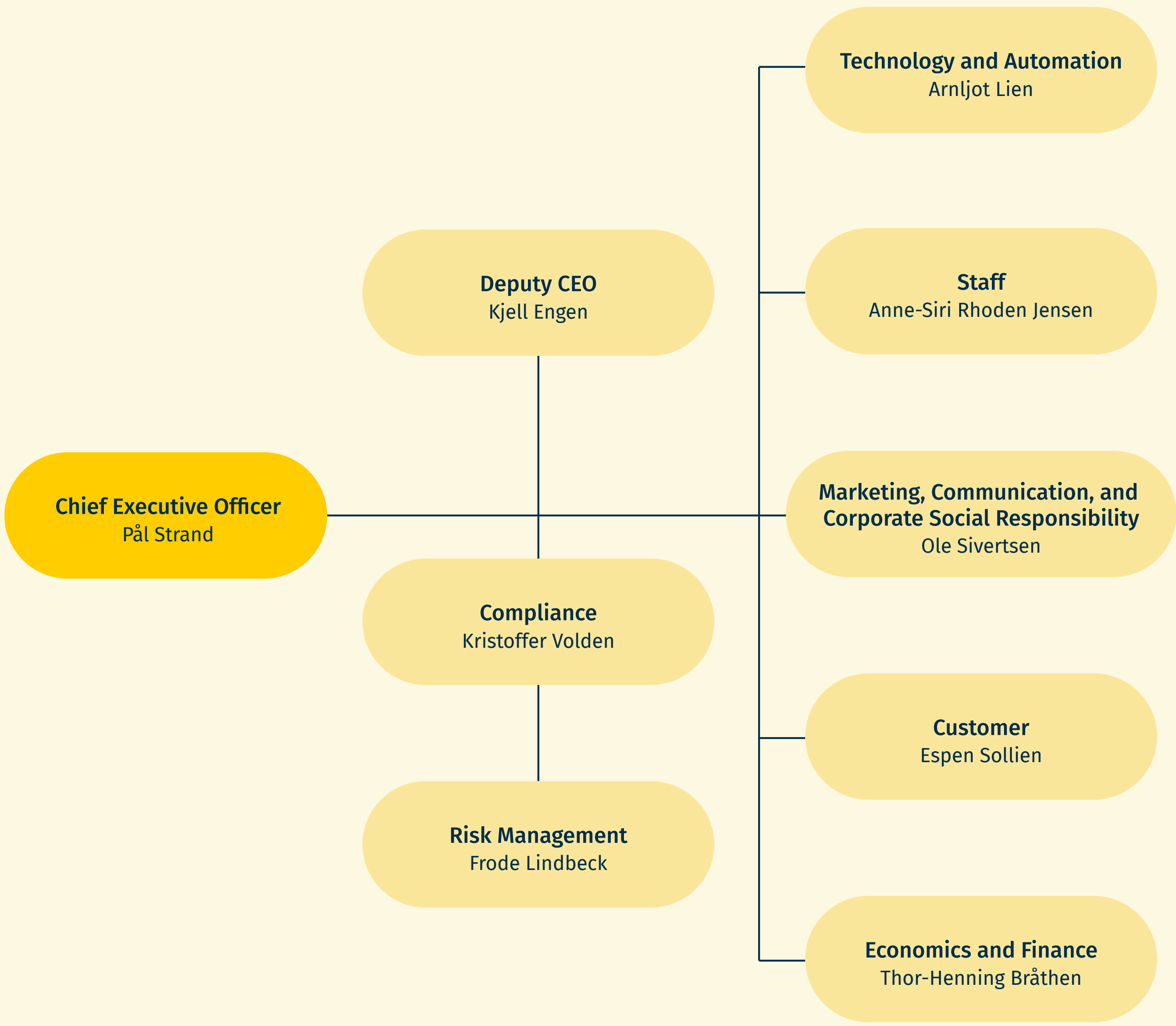
Dialog Eiendomsmegling AS
One of the largest real estate agents in the Drammen region, primarily operating in Buskerud and northern Vestfold. Sparebanken Øst is the second-largest owner with a 35.9 percent ownership stake.

Kraft Bank ASA
A bank that assists individuals struggling with difficult finances by offering refinancing of loans secured by property and providing guidance towards a healthier financial status. For customers with good financial health, the company also offers savings products. Sparebanken Øst became a shareholder in the company in 2018 and holds a 6.85 percent ownership stake.

NBX AS
A Norwegian cryptocurrency exchange for buying, selling, and storing cryptocurrencies. The company is registered with the Financial Supervisory Authority of Norway. NBX builds its services on future financial infrastructure and currently operates as a trading platform for cryptocurrencies. Sparebanken Øst became a shareholder in the company in 2019 and holds a 9.43 percent ownership stake in NBX AS. The bank's ownership in NBX is strategically oriented towards gaining knowledge about digital developments in the financial industry and learning from disruptive initiatives to stay well-positioned in the competition for future customers.

The board and management

The board of Sparebanken Øst consists of eight members, four women and four men. The board has two subcommittees: the Audit and Risk Committee and the Compensation Committee.



Organization

At the end of 2023, the group had 198 employees, distributed as 179 employees in the parent bank, 17 employees in AS Financiering, and 1 employee in Sparebanken Øst Eiendom. A few employees work part-time, so the total number of full-time equivalents in the group is 193. This represents an increase from 2022 when the group had 184 employees and 179 full-time equivalents. The average age in the parent bank is 45 years, which has decreased slightly in recent years. The proportion of female employees is 61 percent. In the parent bank, 50 percent of leadership positions are held by women. However, the proportion of women in the executive management team is low. The bank's strategy stipulates that the bank should work towards gender equality and diversity in all areas and strive for a higher proportion of women in top management.

The parent bank is organized into five business areas, with the directors of these areas reporting to the CEO. Additionally, the Deputy CEO, the Head of Risk Management, and the Head of Compliance report to the CEO. The latter two also report directly to the board and have the right to attend board meetings. The Customer business area serves all of the bank's clients in both the corporate and private markets, including all customers using the bank's digital concepts. Other business areas include staff and support functions and departments that perform operational tasks and services, providing professional support to the bank and its subsidiaries within their respective areas.

Styret i Sparebanken Øst

Øivind Andersson

Born 1956

Role in the Board:
Chairman since 2017 and board member since 2015. Member of the remuneration committee and the audit and risk committee.

Background:
Certified public accountant from the Norwegian School of Economics (NHH). Managing Director and owner of the consulting and management company Vin AS.

Number of Board Meetings:
17 av 17

Number of Equity Certificates*:
65.000

Cecilie Hagby

Born 1966

Role in the Board:
Vice Chairman since 2020. Board member since 2018. Chair of the remuneration committee and the audit and risk committee.

Background:
Master of Science in Engineering from NTNU. Managing Director at Norsk Betongforening (employed by Tekna).

Number of Board Meetings:
17 av 17

Number of Equity Certificates*: 0

Lina Andal Sørby

Born 1986

Role in the Board:
Board Member since 2022, member of the audit and risk committee.

Background:
Civil Engineer in Industrial Economics from the Norwegian University of Life Sciences. Operates a farm with dairy, beef, and grain production.

Number of Board Meetings:
17 av 17

Number of Equity Certificates*: 4.543

Jorund Rønning Indrelid

Born 1959

Role in the Board:
Board member since 2019. Member of the remuneration committee.

Background:
Economic and engineering education. Owner and CEO since 1987 of the construction and real estate company Hobbelstad og Rønning AS.

Number of Board Meetings:
17 av 17

Number of Equity Certificates*: 34.485

Arne K. Stokke

Born 1946

Role in the Board:
Board member since 2019. Member of the audit and risk committee.

Background:
Lawyer with a legal license. Experience as a deputy judge and attorney. Employed as an attorney at Sparebanken Øst from 1996 to 2013.

Number of Board Meetings:
15 av 17

Number of Equity Certificates*: 6.012

Ole B. Hoen

Born 1976

Role in the Board:
Board member since 2021. Member of the audit and risk committee.

Background:
Master's degree in Industrial Engineering from the Norwegian University of Life Sciences. Head of Industrial Innovation Center at Kongsberg Innovation AS.

Number of Board Meetings:
16 av 17

Number of Equity Certificates*: 52.619

Håvard Saastad

Born 1983

Role in the Board:
Employee-elected board member since 2022.

Background:
Studies in Trade, Service, and Logistics at the University College of Harstad. Union representative and authorized financial advisor at Sparebanken Øst. Work experience in banking and insurance.

Number of Board Meetings:
16 av 17

Number of Equity Certificates*:
2.649

Sissel Album Fjeld

Born 1959

Role in the Board:
Employee-elected board member since 2019. Member of the remuneration committee.

Background:
Secretary program at Drammen Handelsgymnasium. Chief union representative and market consultant at Sparebanken Øst.

Number of Board Meetings:
17 av 17

Number of Equity Certificates*: 2.824

** Number of Equity Certificates in Sparebanken Øst as of December 31, 2023, including equity certificates belonging to related parties.*

Ledelsen i Sparebanken Øst

Pål Strand

Born 1965

CEO
since 2011

Other Experience at Sparebanken Øst:
Various functions and roles in the bank since 1984, including director of retail and corporate markets and deputy CEO. Experience as CEO of Dialog Eiendomsmegling AS.

Education:
Business Economist and Bachelor of Management from the Norwegian School of Economics (Handelshøyskolen BI).

Number of Equity Certificates*: 40.649

Kjell Engen

Born 1969

Deputy CEO
since 2009

Other Experience at Sparebanken Øst:
Various functions and roles in the bank since 2003, including CFO from 2008 to 2017.

Other Experience:
Experience from the Financial Supervisory Authority of Norway (Finanstilsynet) and DNB.

Education:
Master of Economics from the Norwegian School of Economics (Handelshøyskolen BI).

Number of Equity Certificates*:
433

Arnljot Lien

Born 1965

Director of Technology and Automation
since 2020

Other Experience at Sparebanken Øst:
Experience from various functions and roles in the bank since 2001, and as director since 2019.

Annen erfaring:
Leadership positions in the technology sector within the food industry.

Education:
Business Economics and various management courses from the Norwegian School of Economics (BI) and Folkeuniversitetet (HiB).

Number of Equity Certificates*:
649

Thor-Henning Bråthen

Born 1981

Director of Finance and Economics
since 2017

Other Experience:
Senior Manager and Authorized Public Accountant at Ernst & Young AS.

Education:
Master of Business Administration (Siviløkonom) and Master's degree in Auditing and Accounting from the Norwegian School of Economics (Handelshøyskolen BI).

Number of Equity Certificates*: 2.649

Ole Sivertsen

Born 1979

Director of Marketing, Communication, and Corporate Responsibility
since 2021

Other Experience:
Journalist at Mediehuset Drammens Tidende. Commercial Manager at Mjøndalen IF Football and Consultant and Project Manager at the advertising and communication agency NYG.

Education:
Media Studies from NTNU.

Number of Equity Certificates*:
649

Anne-Siri Rhoden Jensen

Born 1961

Director of Staff
since 2011

Other Experience at Sparebanken Øst:
Various functions and roles in the bank since 1985, with experience in both corporate and retail markets, most recently as Head of Credit in the Retail Market.

Education:
Diploma in Business Economics from BI

Number of Equity Certificates*: 1.065

Espen Sollien

Born 1969

Direktør kunde
since january 1, 2023

Other Experience at Sparebanken Øst:
Head of Insurance and Managing Director at AS Financiering.

Other Experience:
Various roles at Ford Credit Europe Bank and Genworth Financial (now AXA).

Education: Master of Business Administration from Handelshøyskolen BI

Number of Equity Certificates*:
649

** Number of Equity Certificates in Sparebanken Øst as of December 31, 2023, including equity certificates belonging to related parties.*

Gifts for charitable purposes

Sparebanken Øst has a beating heart for our local communities and is committed to contributing to socially beneficial purposes.

A large portion of the bank's profits is allocated to public-benefit purposes. These are funds intended to benefit the general public. Over time, the funds are provided to organizations and projects aimed at supporting community spirit, idealists, and other causes that contribute to positive social development. Initiatives specifically targeting children, youth, and vulnerable groups are prioritized. The bank is committed to ensuring that the support has real societal value and reaches a broad audience. Recipients

Grunnfondet

Sparebanken Øst is a self-owned foundation, and a significant portion of its equity consists of the Grunnfond (foundation capital). This fund can be traced back directly to the bank's origins in 1843 when 261 residents of Eger Præstegjæld provided the necessary capital to establish Egers Sparebank. Over time, the capital has grown from 309 speciedaler, 1 ort, and 12 skilling to a much larger amount. A long-term strategy and sound banking practices over many years have led to the Grunnfond reaching 2.6 billion NOK by the end of 2023. The return on this capital helps ensure the bank's solidity, as well as maintaining and further developing its operations.

Enthusiasm Evening

«We greatly appreciate that Sparebanken Øst recognizes the significance of sports in Drammen for the entire community model, and especially that through the 'Enthusiasm Evening' event, you both acknowledge and credit the volunteer efforts in sports in Drammen. Every day, we have approximately 1,500 volunteers active for the benefit of children and youth in the area from Berger to Steinberg.»

Per Fjeld-Olsen
Chairman of Drammen Sports Council

Ski and Ball Club Skiold

«Yippee! Now we can continue working towards our main goal, which is to ensure that everyone in Skiold has the opportunity to grow and develop, both athletically and socially.»

Morten Backe
General Manager

Red Cross

«Drammensmarka and the Drammenselva River offer wonderful hiking and nature experiences. However, to ensure safe passage, strong local preparedness is essential. Without the support from the bank, it would have taken us eight years to finance an ATV, which we received from Sparebanken Øst.»

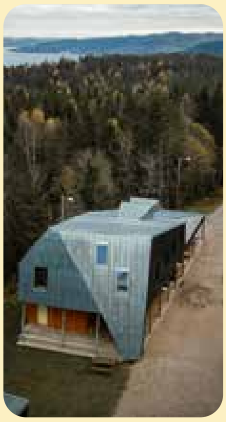
Rune Skjolden
Chairman and Head of Emergency Preparedness

are diverse, including areas such as culture, volunteerism, preservation of buildings and memories, financial awareness, and sports. In the bank's service area, local sports clubs and associations are the heart of the community. With ambitions and visions, they lay the foundation for social and physical growth among children and youth and serve as a venue for integration and community for people of all ages. We want everyone to have the opportunity to participate and develop across various arenas, finding sports and activities that suit them, alongside like-minded individuals, regardless of their economic background. Part of our contributions are also aimed at young people with ambitions to reach the top. There are many local, young talents with big dreams whom we wish to support along the way.

By focusing on both elite and grassroots levels, we create valuable meeting spaces for people of all ages and, importantly, provide environments where young people thrive and stay engaged in sports, while talents have a secure place to develop. It's also important to recognize the many volunteers who keep local sports clubs running—without them, children and youth would not have the same opportunities for activities in their communities. But there are other arenas crucial for children and youth to shine and develop. In local theater groups,

Spire

Through the "Spire Fund," Sparebanken Øst supports a wide range of clubs, associations, foundations, and cultural and humanitarian organizations, primarily based on volunteerism. The bank is committed to long-term partnerships with many recipients to ensure predictability and the development of activity offerings. This is particularly important for the many sports clubs the bank has collaborated with for countless years. Volunteer organizations contribute to competence, learning, and inclusion, providing people of all ages the opportunity to meet, engage, and be part of a community. They also ensure that many children and young people can participate in a wide range of activities. By supporting volunteer organizations, Sparebanken Øst helps improve the quality of life for many of its residents and ensures a more sustainable future for future generations.



Stronghytta

«Without the support of 2.9 million NOK from Sparebanken Øst, it would not have been possible to carry out the project. In fact, I would say that the bank's support was crucial for us to even dare to consider the idea.»

John Eckhoff
Project Manager

Frelsesarmeen

«I have never been so surprised and happy. Most of the projects we apply for last only one year. The great thing about the agreement with Sparebanken Øst is that it provides us with predictability and opportunities for further development. I've said it many times before, but I'll say it again: Thank you so much! This means more than you can imagine.»

Lill Torun Løwe
Head of Care

Mjøndalen Idrettsforening

«It's hard to imagine MIF's development without thinking of Sparebanken Øst. They contribute significantly to the association every single year. This is quite crucial for us to continue creating quality activities for children and youth in Mjøndalen Idrettsforening.»

Svein Erik Gevelt
General Manager

young aspiring actors can express themselves in a safe and supportive environment. Here, they explore theater arts with peers and professionals, creating strong bonds. Theater groups are open to anyone interested in participating. All child and youth theaters are based on significant volunteer efforts from parents and others. With financial support, these groups can hire instructors and scriptwriters, enabling them to produce their own annual performances. Through creative rehearsals, children and youth engage in a learning process where expression forms are developed, and self-esteem is built from rehearsal to performance. This provides children and young people with a valuable opportunity to learn about theater, perform on stage, and get a taste of what it means to be an actor or musician.

Sustainable Future

The bank is committed to being a good partner when it comes to the environment and sustainability. We therefore maintain close dialogue with our grant recipients to identify sustainable

Sprang

Through the scholarship programs in "Sprang," Sparebanken Øst supports young people who aspire to pursue sports and culture but are not affiliated with an organization. The support is intended to help recipients develop their talents. Young people who receive support to enhance their skills and interests can later make significant contributions to society and help increase diversity within it. "Sprang" aims to create a more engaged and active youth generation, inspiring them to take responsibility for their own lives and participate actively in the local community, ultimately contributing to a more positive society.

Idrettsforeningen Birkebeineren

«Neither the facility nor the club would be where they are today without this collaboration agreement and the various grants provided by the bank.»

Erik Arve
Chairman

Stiftelsen Nøstetangen-senteret

«The funds from the bank were crucial for us to realize the dream of new exhibition spaces and a café with outdoor seating.»

Bente Gustavson
Board Member

Mjøndalen Barne- og ungdomsteater

«The support for Mjøndalen Children's and Youth Theatre (MBUT) means that we can provide children and young people with a stage to showcase their talents. Music, dance, and drama through theatre offer a valuable platform for youth to develop their skills, experience achievement, and build community. We are therefore pleased that Sparebanken Øst invests in us and provides both financial and long-term support.»

Trine Beate Bye
Chair of the Board

solutions for the benefit of the local community. Both Solberg Sportsklubb and Mjøndalen Idrettsforening received support from the bank for financing LED lighting for their facilities, which has a positive impact on the community and saves the sports clubs expenses. We have also supported the replacement with sustainable artificial grass solutions and the establishment of social gathering places and projects that promote diversity and inclusion. A societal task that the bank is committed to is reducing inequalities. We aim to contribute to better living conditions and safe environments for more residents. The bank has long collaborated with the Salvation Army in Drammen and Øvre Eiker. The Salvation Army complements the public welfare system and has the overarching goal of helping people with various needs. The services are aimed at residents facing challenges such as addiction, psychiatry, unemployment, disability benefits, and low-income families.

The bank has contributed financially to the distribution of food, cultural experiences, and Christmas gifts. In addition to

Spekter

As part of "Spekter," the bank collaborates with Ungt Entreprenørskap to raise financial awareness among 10th graders. This initiative provides students with knowledge about good saving habits and informs them about general financial matters that are important when considering further education or entering the workforce. Additionally, Sparebanken Øst publishes the magazine "Verdier," which is distributed both digitally and in print. This is a crucial aspect of the bank's goal to promote financial inclusion for all societal groups. Sparebanken Øst is built on the vision of encouraging thrift and sound financial management, which is a key part of our savings bank identity. By sharing our expertise, we aim to contribute to greater financial understanding within the community.

Strømsgodset Idrettsforening

«The fact that the local bank chooses to support us in this way means a lot to us. The bank has been clear that they don't just support top-tier football. They are also involved in all our community-building projects, such as Blått Hjerte, Blåtimen, and Gatelaget.»

Rune Marthinsen
Marketing Manager

Idretts-foreningen Eiker Kvikk

«Now we can breathe easier and plan for even more activities at our facility. Predictability is very important for all of us who work voluntarily.»

Tone Nordli
Chairperson

Stiftelsen Trygg i Vannet

«The funds we received were incredibly helpful. In 2023, we were able to train two of our assistants with the support we got from you, allowing three young people from Larvik to have the opportunity to work one to two evenings a week. For some of them, this was their very first encounter with the working life.»

Kent Fostås
Chairperson

many care initiatives for residents of all ages, the Salvation Army also has several initiatives focused on children and youth. The project "Into Activity" aims to get children involved in leisure activities. The goal is for all children to participate in activities in their local area regardless of their parents' finances. In this project, adults receive guidance and help with equipment and other needs, such as volunteering and transportation to matches, tournaments, etc. The purpose is to provide good experiences to people in challenging everyday lives and to offer activities during school holidays, the bank contributes funds and the Salvation Army provides the support system. In financially challenging times, there is growing concern about stretching funds during the Christmas season. Providing Christmas gifts for children is not a given for everyone. With the "Christmas Help" project, the bank helps the Salvation Army purchase gifts that parents can give to their children. This way, more children are ensured a gift from

Minner

Sparebanken Øst has long taken social responsibility by purchasing, preserving, and managing buildings of historical significance. We have also ensured the acquisition and display of historical artifacts and art. Among our contributions are the renovation of the historic Tingstua in Øvre Eiker and the purchase of a number of historically significant glass pieces from Nøstetangen Glassworks. Preserving local history is of societal interest and helps secure valuable knowledge for both current and future generations about what has shaped our communities.

Temte Gård and Village Collection

«Thank you to Sparebanken Øst! We will make sure to be worthy of this support! The donation will enrich the residents of the Eiker villages going forward. There are strict fire safety requirements for using the barn as a gathering space. These costs will now be fully covered by the bank's donation.»

Trine Otilie Silion
Chairperson

Åssiden IF

«The support is simply invaluable for the development of activity offerings in football, handball, and e-sports. Sparebanken Øst is a serious community player that cares about the local area, and these are the kinds of partners we at Åssiden want on our team.»

Ørjan Dimmestøl
Managing Director

Vestfossen Kunstlaboratorium

«The support from the bank has been crucial for many of our exhibitions. Making art accessible is an important part of our responsibility and something I find much joy in. We also welcome school students from elementary, middle, and high schools in the region.»

Lars-Andreas Kristiansen
Managing Director

their parents for Christmas.

Enriching Experiences

To stimulate and inspire activity, the bank has developed "Opplevelsesbanken" in 2023, a free app filled with local experiences in Drammen and Eiker. The app is designed to inspire residents and visitors who want to get out and experience something enjoyable without costing too much. The app shows various experiences and destinations within the categories of culture, nature, leisure, and events. It serves as a great adventure map for creating wonderful memories with family and friends and exploring more of what your local area has to offer. With Opplevelsesbanken, the bank aims to reach a wider audience and enrich as many people as possible—thus contributing to a positive societal impact.

Agenda Øst

We are also committed to bringing people together through enriching cultural experiences. The bank has a long tradition of organizing free Christmas concerts, open to everyone regardless of their banking relationship. Sparebanken Øst is also a partner for the popular family show "Jakten på Juleskurken" at Drammens Teater every other year. The bank provides free tickets to families through child protection services and local charitable organizations, enabling more people to participate in cultural events. Art and culture can inspire people to think differently and explore new ideas, contributing to a more creative and innovative population. Sparebanken Øst believes that cultural experiences have a positive impact on public health and community engagement. As a partner, the bank also aims to contribute to economic growth in the cultural sector, which can create jobs and broaden the range of available cultural offerings.

Celleforeningen 1412-2

«We won't be wasteful, but with this predictability, we can now transport all the materials we need in one load, instead of having to carry the last extra planks up the long, steep path to the camp. We can also buy two three-liter cans of stain at once instead of buying one can and applying it thinly as it nears the end.»

Anders Fossesholm
Leader

Johan Halvorsen Musikkfestival

«The generous support is crucial for us. They wanted to make a difference, and they certainly have. The support is a significant reason we can host such a large festival, and it also enhances the music experience.»

Martin Haug
Chairman

Sustainability

Innhold

Sparebanken Øst's Sustainability Efforts

2023 turned out to be one of the hottest years on record globally. The consequences of climate change have fully impacted the entire world and also Sparebanken Øst's local market area, where we have experienced extreme rainfall and flooding. To limit future climate change, we, like other actors, must contribute to a sustainable transition.

As a local savings bank, Sparebanken Øst plays a central role in directing financial resources towards the transition to a low-carbon and circular economy. We have set an ambitious goal of achieving net-zero emissions by 2050. Therefore, we actively work to integrate sustainability into all parts of our business. This supports our strategic ambitions to create excellent customer experiences, ensure compliance, and meet financial goals.

In the coming years, we will continue to support and collaborate with our customers in a managed transition through effective advisory services. While we will primarily use positive influence, Sparebanken Øst has defined certain sectors and activities that the bank does not wish to finance in the future. These are activities that are extremely negative for the environment, society, or people. The sectors and activities covered by the exclusion criteria include: coal mining or energy production based on coal, controversial weapons, tobacco, pornography, oil sands/tar sands, shale oil and shale gas, and oil and gas extraction in the Arctic.

We will expand our sustainable products and work on developing our expertise in sustainability. Additionally, we will continue to collaborate with local stakeholders in our network to contribute to the necessary transition of local communities. The bank will also continue to make significant contributions to both environmental and social development projects in the region through our donation fund. The sustainability perspective is a key factor in the selection of recipients for financial support.

The UN Sustainable Development Goals

The bank works primarily based on the UN Sustainable Development Goals, which are the world's shared blueprint for ending poverty, combating inequality, and stopping climate change by 2030. These goals consist of a total of 17 objectives and 169 targets. The goals are intended to provide a common global direction for countries, businesses, and civil society. Sparebanken Øst prioritizes four of these goals, and later in the report, we will elaborate on how we strive to meet these ambitions:

QUALITY EDUCATION

Ensure inclusive, equitable, and quality education and promote lifelong learning opportunities for all.

CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

PEACE, JUSTICE, AND STRONG INSTITUTIONS

Promote peaceful and inclusive societies for sustainable development, ensure access to justice for all, and build effective, accountable, and inclusive institutions at all levels.

The concept of "sustainable development" was first used in the 1987 UN report Our Common Future. Sustainable development is defined there as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Sustainability encompasses three dimensions: environmental, social, and economic. When we talk about the environmental dimension of sustainable development, it involves preserving nature and the climate. The social aspect of sustainability focuses on ensuring that all people have a fair and adequate basis for a decent life. The economic dimension is about ensuring economic security for individuals and communities.

Organization of Sustainability Efforts in the Bank

The bank's board drives the necessary green transition for the bank. They have the overall responsibility for sustainability at Sparebanken Øst and make strategic sustainability decisions for the bank. The board is kept regularly informed about climate-related issues in society and within regulatory frameworks. In 2023, the board adopted the bank's sub-goals for 2030, and all board members have undergone sustainability training along with the bank's employees.

In daily operations, sustainability work is organized under the business area of Marketing, Communication, and Corporate Responsibility. The Director of this area reports to the bank's CEO. The Deputy CEO is actively involved in the bank's sustainability efforts, contributing professionally and handling external communication with investors and stakeholders. The bank also has a sustainability advisor responsible for ensuring the bank stays updated on relevant laws and guidelines.

All directors in the bank's management team are responsible for achieving the goals in the bank's sustainability strategy. This year, the bank established an ESG committee consisting of department heads and directors. The committee is responsible for overseeing the status of ESG-related tasks, ensuring that ESG measures are implemented regularly, and delegating relevant ESG tasks to various departments. In 2024, the bank plans to organize ESG development work into working groups that encompass several business areas within the bank.

The bank's subsidiary, AS Financiering, is a financing company that provides loans for vehicles with a security interest in the financed object. The subsidiary consists of 17 employees and has a portfolio of just under 3 billion. AS Financiering is included in the bank's sustainability efforts, including the sustainability report. For topics not specifically commented on for AS Financiering, the bank's reporting also applies to AS Financiering.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal no. 4, 8, 13, 16
UN Global Compact	Principle 7 and 8
GRI Indicator	2.9 and 2.14
TCFD	Corporate Governance

Overall Goal: Net Zero Emissions by 2050

Net zero emissions means reducing greenhouse gas emissions to as close to zero as possible, with any remaining emissions being absorbed from the atmosphere, for example by oceans and forests.

The energy sector is responsible for around three-quarters of current greenhouse gas emissions and holds the key to mitigating the worst effects of climate change. The bank aims to reduce its own and financed emissions and has set a target of net zero emissions by 2050. In 2023, we established interim goals to be achieved by 2030.

The bank has implemented several measures over time to reduce emissions. We have gradually phased out the purchase of fossil fuel vehicles in favor of electric cars. As a result, in 2023, the bank has 8 company cars running on diesel and gasoline, in addition to a maintenance vehicle, and 11 electric cars. The goal for the coming years is to replace all bank vehicles with hybrid and electric cars. At our headquarters in Drammen, the ventilation system has been replaced with a new, energy-efficient system that requires significantly less electricity. Overall, the bank's training and meeting activities have increased, largely due to a rise in digital meetings and seminars.

To achieve our interim goals by 2030, the bank will establish new specific measures. This process has begun and will continue into 2024. The bank seeks broad support for these measures, including their associated impacts and the emission reductions they are expected to achieve.

SUB-GOALS FOR 2030*

- 25% reduction in CO_2 emissions in the total portfolio
- 50% reduction in internal CO_2 emissions
- 50% increase in the proportion of green loans

**Measured against the baseline year 2019.*

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13
UN Global Compact	Principles 7 and 8
GRI Indicator	305.5
TCFD	Goals and Methods

Guidelines Supported by the Bank

NUES

In line with the Norwegian Code of Practice for Corporate Governance (NUES), this section of the report highlights our ongoing efforts to identify and describe significant non-financial topics and their impact on Sparebanken Øst's operations. Read more about NUES in the chapter on Corporate Governance.

NUES
Norsk utvalg for eierstyring og selskapsledelse

GRI

Sparebanken Øst reports according to the GRI Standards (Global Reporting Initiative). Guidelines from Oslo Børs/Euronext for ESG reporting refer to this standard. The reporting has been prepared to the best of our ability based on the conditions applicable to Sparebanken Øst. There may be areas in the report that do not fully meet all the requirements of the GRI Standards at this time.

GRI

CSRD

The bank's sustainability reporting will be under development going forward as the bank aims for a gradual implementation of the upcoming CSRD directive from the EU throughout 2024, with complete reporting for the financial year 2025. The CSRD stipulates that companies must report their sustainability information in accordance with the European Sustainability Reporting Standards (ESRS).

UN Global Compact

The UN Global Compact is a voluntary initiative launched by the United Nations in 2000 to encourage companies worldwide to adopt sustainable and socially responsible policies and practices. The initiative provides a framework for businesses to align their strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and to take actions that advance societal goals. Companies that join the UN Global Compact commit to implementing the initiative's ten principles in their business operations and reporting on their progress. Sparebanken Øst is a member of the UN Global Compact, and how we adhere to these principles is described in the report.

TCFD

Sparebanken Øst supports the recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD) and has been working to integrate this framework into the bank's efforts and reporting on climate risk. Going forward, we will look towards the CSRD, which will encompass the TCFD recommendations.

PCAF

To achieve our goal of net zero emissions by 2050, the bank is a member of PCAF (Partnership for Carbon Accounting Financials). PCAF is a collaboration among financial institutions aimed at establishing systematic reporting on financed emissions. This membership provides the bank with valuable insights into climate mapping, and in 2023, the bank calculated greenhouse gas emissions in its portfolio based on this framework.

PBAF

An important part of our sustainability work going forward will involve mapping our own and our corporate customers' impact on nature and biodiversity. Therefore, in 2023, we joined PBAF (Partnership for Biodiversity Accounting Financials) as a supporting member.

TNFD

To support risk assessments and reporting on nature, the bank has joined TNFD (Task Force on Nature-related Financial Disclosures).

Under each theme in the report, we have listed the relevant rules and guidelines in tables.

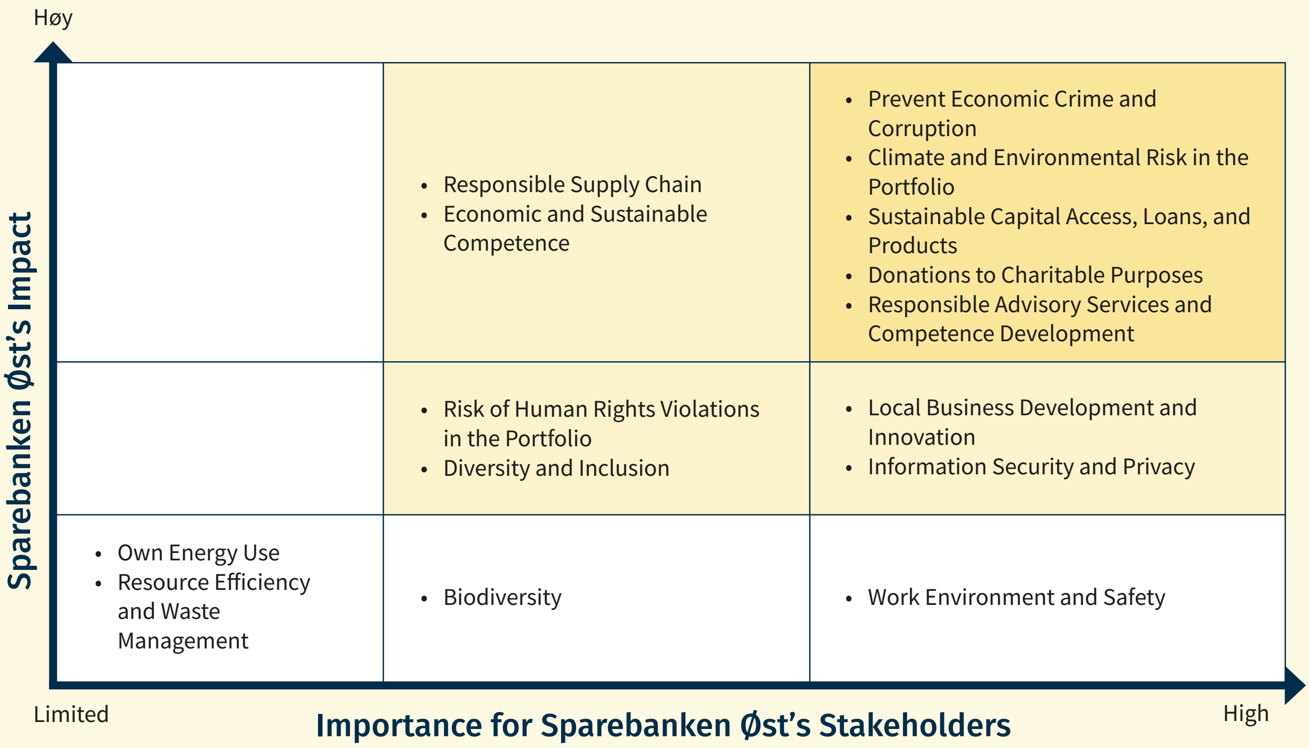
RULES AND GUIDELINES

UN Sustainable Development Goals	Goals No. 8, 13, and 16
UN Global Compact	Principles 1-10
GRI Indicator	2.28

What is Important and What We Can Influence

To prioritize the areas where the bank can truly make a difference, Sparebanken Øst has conducted a materiality analysis. This analysis will form the basis for our future work. How we prioritize actions and integrate sustainability into our operations will be grounded in our vision, ambitions, long-term goals, and values, and thus in our overarching strategic platform.

The materiality analysis outlines themes where Sparebanken Øst believes we have the opportunity to influence our stakeholders, as well as the degree of importance these themes may hold for society, customers, and employees. In 2024, the bank will conduct a double materiality analysis according to CSRD requirements, highlighting both the bank's impact on society, what affects the bank, and how this impacts financial materiality.



RULES AND GUIDELINES

UN Sustainable Development Goals	Goals 4, 8, 13, and 16
GRI Indicator	3.1, 3.2 and 3.3
TCFD	Corporate Governance

Areas Where We Can Contribute to a Sustainable Future

- Climate and Environment
- Human Rights, Diversity, and Inclusion
- Combatting Economic Crime and Protecting Privacy

Climate and Environment

Reducing emissions in our own operations and portfolio is a priority area for the bank and supports the UN Sustainable Development Goal No. 13: "Climate Action." This area covers our ability and efforts to reduce greenhouse gas emissions that the bank generates directly through its operations, as well as emissions created by the companies and projects we finance.

In 2024, we will work on a transition plan for the bank, which includes seeking approval of our emission reduction targets from the Science Based Targets Initiative (SBTi). Through new measures, Sparebanken Øst aims to mitigate our impact on climate change and support the transition to a low-carbon economy.

To achieve the goal of contributing to halting climate change, Sparebanken Øst is focusing on the following areas:

- Climate and environmental risk in the portfolio
- The bank's climate accounting: own and financed emissions
- The EU Taxonomy
- Sustainable capital access, loans, and products
- Economic and sustainable competence
- Local business development and innovation
- Biodiversity
- Resource efficiency and waste management

Climate and Environmental Risk in the Portfolio

The bank is exposed to several sustainability-related risks, including physical climate risks, transition risks, and nature risks. Physical climate risk involves how weather affects us. Extreme weather events, for example, can damage the bank's premises or disrupt our value chain. Our customer portfolio includes both residential and commercial properties that may be directly impacted by weather events.

The bank is also subject to transition risk, which encompasses all risks associated with the shift to a low-carbon economy. For example, the bank will need to comply with new sustainability reporting requirements and consider changes in consumer behavior due to the green transition. The loss of nature and biodiversity, as well as regulations and measures to halt nature loss, are also sustainability risks for the bank. Therefore, we must ensure that our own operations do not contribute to nature loss and include nature risk in financial assessments.

Klimarisiko i bedriftsmarkedet

As a savings bank, our greatest opportunity to make an impact lies in our close dialogue with our business customers and supporting them in making sustainable choices. Our ambition is to be a driving force and motivator for our customers' transition to sustainable operations. In 2023, we launched a guide to help our business customers start their sustainability efforts within their operations.

Sparebanken Øst assesses the sustainability risk of its business customers. By sustainability risk, we mean risks related to climate and environment, social factors, and corporate governance. The field of sustainability is continuously evolving, which means we occasionally need to adjust our parameters for assessing customers in line with market changes and new regulations. Customers are categorized as either low, moderate, or high sustainability risk.

Reasons customers may be categorized as high risk:

1. Low Awareness
The customer has little awareness of sustainability and/or is significantly exposed to climate change. This makes the customer potentially vulnerable to transition risk.

2. Physical Risk
The customer owns property located in areas identified as having risk for natural events or physical risks.

By the end of 2023, the assessment shows that there are very few customers with high sustainability risk in the bank's business portfolio.

Sustainability Risk Business Customers 2023	Real Estate, Buying, Selling, and Property Management	Other Industries	Total
Low Risk	34,0 %	31,0 %	65,0 %
Moderate Risk	19,0 %	14,6 %	33,6 %
High Risk	1,4 %	0,0 %	1,4 %

The table shows that 1.4% of customers in the bank's business portfolio have high risk. These are customers with properties located in areas defined by NVE (Norwegian Water Resources and Energy Directorate) as having climate risk, such as flooding, landslides, or quick clay. NVE's assessments do not necessarily account for individual and local mitigation measures.

The bank can demonstrate a reduction in the number of high-risk business customers from 2022 to 2023. This is primarily due to changes in the bank's assessment criteria. From 2023, only engagements over NOK 2 million are assessed. This is because smaller engagements under NOK 2 million are less feasible to assess according to the intended criteria.

The bank has previously refrained from financing projects based on evaluations of physical climate risk. As a general rule, we will not onboard new customers with high sustainability risk, and we will work on risk mitigation measures for the customers we already have in the bank's portfolio.

Climate Risk in the Residential Mortgage Portfolio

Sparebanken Øst operates and primarily finances residential properties in the central Østlandet region. The bank's local area includes the municipalities of Drammen and Øvre Eiker. This region is particularly prone to flooding due to its location near watercourses. This was clearly observed during the major flood "Hans" in the autumn of 2023, which affected several of our local areas.

To address climate risk in our mortgage portfolio, we have mapped our financed homes for physical climate risks. We have obtained data from NVE (Norwegian Water Resources and Energy Directorate) for this purpose. NVE provides overview maps showing areas that may have physical climate risks, but these maps are not detailed at the individual property level. Therefore, the overviews presented here are indicative of physical climate risks in our portfolio rather than precise figures.

As the table below shows, 8.7% of the bank's financed homes are within an identified risk level for physical climate risk. When including homes located in precautionary areas with potential climate risk, the number rises to 22.3%. Precautionary areas are those with indications of climate risk but without established risk. Flooding and landslides are identified as the primary physical climate risks in the bank's area, and we will therefore be particularly attentive to such risks in the mapping and risk assessments of financed properties located in vulnerable areas, including those within a defined precautionary level.

For a more detailed overview of climate risk in the portfolio, see Note 5 on page 109. The bank aims to make sustainability advisory services a mandatory part of customer follow-up while also incorporating climate risk into the credit process for residential customers. The figures from NVE will therefore be a valuable contribution to the work on climate risk assessments. Additionally, we have developed a guide for our residential customers that provides tips and advice on climate risk, upgrading to a more energy-efficient home, and general tips for a greener daily life as part of our sustainability advisory services.

Type of Climate Risk	Proportion of Properties Exposed to Identified Climate Risk	Proportion of Properties Exposed to Both Identified and Potential Climate Risk
Flood	2,1 %	14,2 %
Landslide	5,2 %	5,2 %
Sea Level Rise	0,8 %	0,8 %
Flood + Landslide	0,2 %	1,5 %
Flood + Sea Level Rise	0,3 %	0,5 %
Landslide + Sea Level Rise	0,1 %	0,1 %
All (Flood, Landslide, and Sea Level Rise)	0,0002 %	0,0002 %
Total	**8,7 %**	**22,3 %**

Water

Sparebanken Øst is committed to the sustainable use of water. This involves how water is extracted, treated, and utilized. It is important that water is used in a manner that ensures it remains a renewable resource and that its quality is not compromised.

Currently, the bank does not consider water as a significant risk factor in our analyses. The bank's own water usage is minimal. However, it is evident that the largest estimated water consumption comes from our commercial customers. We are actively mapping the water usage of our commercial customers as part of the credit process. This involves engaging in discussions about water management to ensure that our customers do not have disproportionately high water usage or cause pollution of water sources. Through this collaboration, the bank aims to encourage customers to reduce their water usage where applicable.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13
UN Global Compact	Principles 7-9
GRI Indicator	201-2, 303-1, 303-5
PCAF	Measure greenhouse gas emissions
TCFD	Net zero emissions by 2050, assessment of climate risk

The Bank's Own Emissions

The bank has set a goal to cut 50% of emissions from its own operations by 2030. As a consulting firm, the bank has no direct production emissions. Therefore, our own emissions primarily concern transportation and electricity from our buildings. To compensate for our electricity emissions, we have purchased origin certificates for all electricity used at our offices. Additionally, we use district heating at two of our offices. The bank's energy consumption is considered relatively modest.

		2021		2022		2023	
Category	**Unit**	**Number of Units**	**Emissions**	**Number of Units**	**Emissions**	**Number of Units**	**Emissions**
Transport - company cars, maintenance vehicles			(tCO2e)		(tCO2e)		(tCO2e)
Petrol	Liter	102	0,2	106	0,2	316	0,7
Diesel	Liter	3.475	9,3	3.502	9,4	8.634	23,2
Electric car	kWh	7.043	2,8	5.312	2,1	4.707	0,9
Total Scope 1			**12,3**		**11,7**		**24,8**
District heating Norway							
District heating Bragernes	kWh	336.080	6,0	259.700	4,7	220.440	0,9
District heating Vestfossen	kWh	51.128	0,7	49.561	0,6	63.216	0,8
Total district heating	kWh	387.208	6,7	309.261	5,3	283.656	1,7
Electricity Norway							
Total electricity	kWh	1.270.519	0,0	1.134.450	0,0	1.079.961	0,0
Total Scope 2			**6,7**		**5,3**		**1,7**
Flights							
Flights Norway	Km	3.352	0,8	12.620	3,0	13.764	3,3
Flights Nordic	Km	3.866	1,0	4.276	1,0	55.411	13,3
Flights Europe	Km	0		8.948	2,1	40.834	9,8
Employee mileage compensation							
Petrol	Liter	1.709	3,9	1.957	4,5	3.731	8,6
Diesel	Liter	1.009	2,7	986	2,6	1.748	4,7
Electric car	kWh	1.387	0,6	5.119	2,1	6.670	1,3
Financed emissions							
Residential properties							3.597
Commercial real estate							1.003
Other business portfolio							10.994
Vehicles							21.078
Total Scope 3			**9**		**15,2**		**36.713**
Total emissions			**28**		**32,2**		**36.739,5**

Scope 1

Transportation: This includes gasoline, diesel, and electricity consumption for company cars and maintenance vehicles. For those company cars where the bank currently only has information on the amount spent on fuel and electricity, an average price of 27 NOK per liter of gasoline and 24.5 NOK per liter of diesel has been used. For electricity, an average price of 2.33 NOK per kWh has been used. It is difficult to know how much the cars are used for work purposes, but it is assumed that 15% of the usage is related to work. For the carbon emissions associated with electric cars, the NVE's location-based factor of 19 g/kWh has been applied.

Scope 2

District Heating: For two of the bank's offices (Bragernes and Vestfossen), district heating is used for heating. For the Vestfossen office, an emissions factor of 14.0 gCO2/kWh for 2023, as provided by the supplier for 2023, has been used. For the Bragernes office, an updated figure from 2023 from the supplier with 3.7 gCO2/kWh has been used.

Electricity: Sparebanken Øst has purchased origin certificates for all electricity used at our locations, and calculations are therefore based on a market-based method. By purchasing origin certificates, our suppliers confirm that the electricity comes from renewable sources, thus ensuring that the bank's electricity consumption has no emissions.

Scope 3

Air Travel: Sparebanken Øst's offices are located in the Eastern Norway region, and thus there is little need for air travel for internal meetings. Due to its geographical location in central Eastern Norway, the bank is close to most of its partners and contacts, and the occurrence of flights is very limited. The bank strives, as much as possible, to use digital meeting platforms to streamline meetings and reduce emissions from air travel. For air travel, an emissions factor from SSB of 0.24 kg CO2 per km has been used.

Employee Transportation: Employee transportation includes mileage reimbursements paid to employees who travel for work. For gasoline cars, a factor of 2.31 CO2 per driven kilometer has been used, while for diesel cars, a factor of 2.69 per driven kilometer has been used. For electric cars, a factor of 0.2 kWh per driven kilometer has been used. For the carbon emissions of electric cars, the NVE's location-based factor of 19 g/kWh has been applied.

The following carbon footprint includes Sparebanken Øst and its subsidiary AS Financiering's greenhouse gas emissions, as well as the bank's financed emissions in scope 3.

For the first time, the bank has estimated financed emissions in its portfolio. This is included in this year's carbon footprint and shows that our financed emissions account for the highest share of our total greenhouse gas emissions.

The bank's own emissions from scopes 1, 2, and 3 have increased from 2022 to 2023. The increases have primarily occurred in Scope 1 and Scope 3, which pertain to travel and fuel. The reasons for the increase include higher use of maintenance vehicles, increased driving among employees, and increased air travel, as well as low emission figures in 2021 and 2022 due to Covid-19. In the coming years, the bank will implement targeted measures to reduce its own emissions in line with the goals for 2030 and 2050.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13
UN Global Compact	Principles 7-9
GRI Indicator	302-1, 305-1, 305-2, 305-3, 305-4 and 305-5
PCAF	Measure greenhouse gas emissions, net zero emissions by 2050
TCFD	Goals and Methods

Financed Emissions

To provide both ourselves and our stakeholders with insight into the bank's sustainability impact, we have included in the carbon footprint report an estimate of the bank's financed greenhouse gas emissions through our customer portfolio. This includes emissions from commercial properties and business customers, private residences, and financed vehicles through AS Financiering. This represents an estimate of emissions for the bank's total loan portfolio.

Total overview of financed emissions

Financed emissions by category:	Financed emissions in tCO2e	Emissions intensity in tons CO2e/MNOK	PCAF data quality score for the portfolio
Corporate clients (excluding real estate)	10.994	2,73	5
Commercial real estate	1.003	0,47	4
Residential properties	3.597	0,11	4
Vehicles	21.078	7,6	2,2
Total	36.672	0,88 *	3,3*

**Total emissions intensity is calculated by dividing total emissions by the total financed amount, and the total data quality score is a weighted average of the data quality scores based on emissions.*

Methodology

The bank has used Finans Norge's guide for calculating financed greenhouse gas emissions, as well as recommendations from the Partnership for Carbon Accounting Financials (PCAF). PCAF provides a data quality score between 1-5 based on the data used, where 1 has the highest score and 5 has the lowest score. Under "assumptions used in the calculations," we specify the data quality score used for each part of the portfolio. The figures presented are estimates and should not be used for comparison with other financial institutions, as data sources and methodology may vary.

How the Bank Has Calculated Emission Intensity for Residential and Commercial Properties

The figures for commercial properties and the mortgage portfolio are reported with calculations using both location-based and market-based methods, following the recommendations from Finans Norge's guide. The aggregated table above includes only calculations made using the location-based method. Calculations made with the market-based method are included in the tables below.

The location-based method will show a lower emission intensity since Norway has significant access to renewable energy. As Norway is also connected to the European electricity grid, it is relevant to present figures calculated using the market-based emission factor, which has a higher emission intensity than the location-based method. It should be noted from NVE that using the CO2 factor for the market-based method may give an inaccurate picture of high emissions related to electricity in Norway. For the market-based method, we have used NVE's product declaration for electricity suppliers with 502 g CO2 equivalents/kWh. For the location-based method, we have used NVE's climate declaration for physically delivered electricity with 19 g CO2 equivalents/kWh.

Commercial Customers

Commercial Real Estate

The bank's commercial portfolio has the largest exposure to real estate, with over 60% of the commercial portfolio. The table below shows the emission intensity for commercial real estate financed by Sparebanken Øst, measured in tons of CO2 equivalents for 2023, as well as the total energy intensity of the portfolio.

	Tons CO2e financed emissions (location-based method)	Tons CO2e financed emissions (market-based method)	Total energy intensity in the portfolio in MWh
Commercial real estate (location-based method)	1.003	26.495	102.298

Assumptions Used in Calculations: *The emissions are based on estimates of building energy use in 2023. Due to the lack of real data, the bank has made several assumptions in the calculations. For energy use in kWh, all commercial buildings are assumed to have average office energy consumption in Norway (kWh/m²), based on the guide from Finans Norge, which sourced the figure from CREEM's database. Additionally, it is assumed that all buildings use the same energy mix, and a present value estimate has been applied to all buildings. The heated area is calculated based on the part of the building financed by the bank. The data quality used for this calculation is assessed to be level 4, which is the second lowest data quality in the hierarchy.*

Other Business Customers

The remaining portion of the business portfolio consists of service industries, business finance, service provision, construction, retail/hotel and restaurant, transport/communication, industry and mining, power and water supply, agriculture, forestry and fishing, as well as public administration. We have estimated the emissions for these sectors as follows:

Tons CO2 financed emissions	Tons CO2 financed emissions per MNOK (emission intensity)
109.94	2,73

***Assumptions used in the calculations:** The calculation of emissions for the corporate customer portfolio is based on a data quality score of 5 in PCAF's data quality hierarchy, using option 3b, which relies on emission factors per asset for each industry code. Emissions reported for corporate customers are for Scope 1 and 2, following PCAF guidelines. PCAF's database is used to obtain emission factors for various sectors, which are mapped against industry codes in our data. The industry code used is therefore a significant determinant of the emissions calculated, and the calculations are primarily based on our financing of each corporate customer and emissions per asset. The most recent factors from PCAF are from 2019, so updated factors for 2023 are not available. These calculations are therefore considered rough estimates.*

Private Customers

The emissions intensity for the mortgage portfolio shows the emissions financed by Sparebanken Øst, measured in tons of CO_2-equivalents in total for 2023. Private residences account for over 90% of the bank's total lending portfolio.

Tons CO2e financed emissions for residential properties (location-based method)	Tons CO2e financed emissions (market-based method)	Total energy intensity in the portfolio in MWh
3.597	95.025	390.689

***Assumptions used in the calculations:** Calculation of emissions in the bank's residential mortgage portfolio is primarily based on estimated energy consumption from statistics (property value). This corresponds to data quality level 4 in PCAF's data quality hierarchy, as factors such as energy label and area are used for estimates from Property Value. In cases where fundamental data for PCAF-standard calculations is lacking, average figures from calculations done on properties with sufficient data are used. This accounts for just over 14% of the portfolio. Some engagements are co-financed by guarantors whose security is not held by the bank. In such cases, a small portion of the engagement's LTV and thus emissions will belong to the guarantor's property.*

Financed Vehicles

The bank finances various vehicles through its subsidiary AS Financiering. This portfolio includes a mix of fuel types, with a proportion of diesel and gasoline cars contributing to higher emissions figures.

Tons CO2 financed emissions for vehicles	Tons CO2 financed emissions per MNOK (emission intensity)
21.078	7,6

***Assumptions used in the calculations:** Emission calculations for the vehicle portfolio have been given a weighted data quality score of 2.2. A large portion of the portfolio is calculated using method 2b, as we know the fuel type, car make, and model for a significant number of vehicles in our portfolio. In cases where we do not have sufficient data on car make and model, emissions are calculated based on fuel type and estimated mileage (method 3a). For electric vehicles, an emission of 4 g CO2/km is used, based on NVE's location-based factor of 19 g/kWh and an average of 5 km per kWh. For 5% of the portfolio where sufficient data is lacking for PCAF's method, an average based on the rest of the portfolio has been used.*

The Way Forward

In line with upcoming industry regulations, stakeholder expectations, and the bank's desire for development, we will actively work over the next few years to enhance data quality in emission calculations. Our ambition is to achieve precise identification of emissions in our portfolio and to focus on targeted emission reductions. To achieve our goals, the bank must maintain close dialogue with our customers regarding emission-reducing measures. The bank's long-term ambitions include having all financed properties energy-labeled, encouraging more customers to renovate their buildings, ensuring that business customers actively work on emission reductions, and financing more electric and hybrid vehicles.

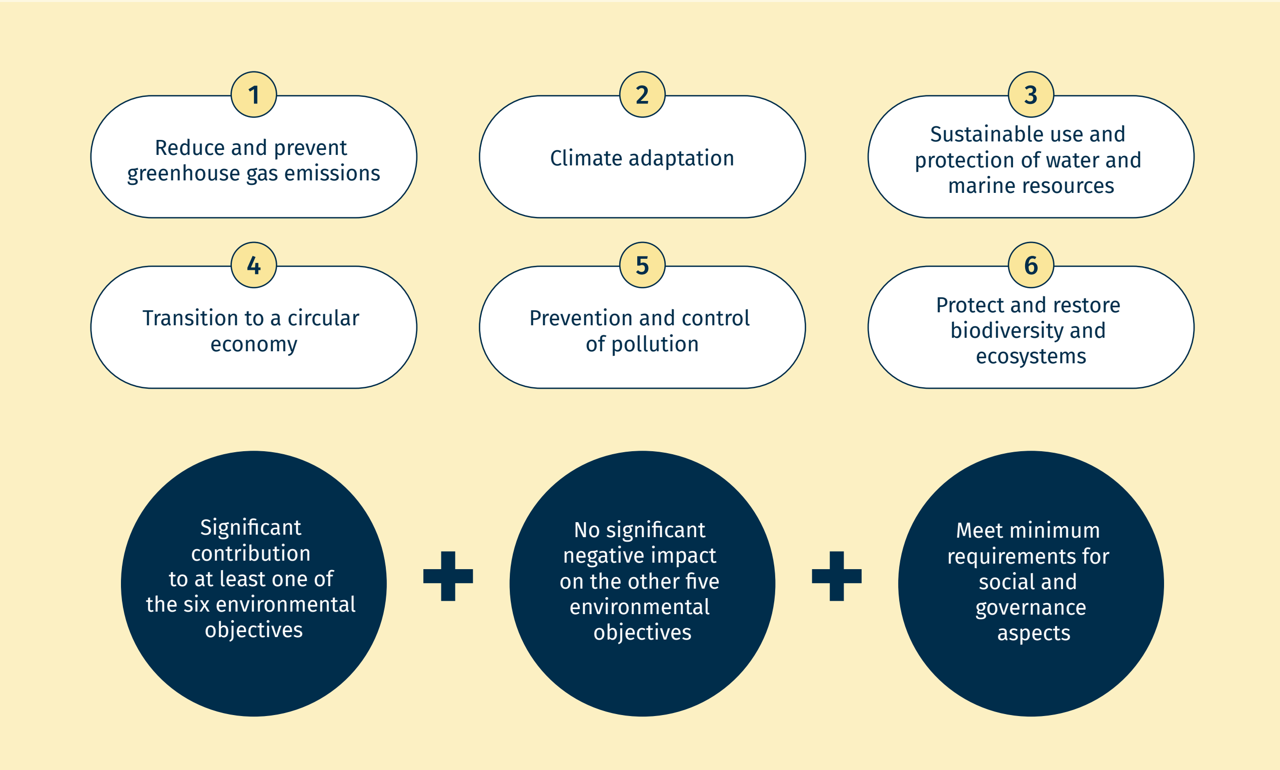
RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13
UN Global Compact	Principles 7-9
GRI Indicator	305-3, 305-4, 305-5
PCAF	Measure greenhouse gas emissions, net zero emissions by 2050
TCFD	Goals and methods

EU Taxonomy

The Act on Sustainable Finance came into force in 2023. This law implements the Taxonomy Regulation into Norwegian law. The requirements for taxonomy reporting currently apply to large, listed companies, but it is encouraged that businesses not yet covered by the requirement report on a voluntary basis. Sparebanken Øst aims to contribute to the transition to a low-emission society and has therefore begun preparations to report according to the taxonomy.

The taxonomy is designed to make it easier for financial actors to assess whether investments align with Europe's climate and environmental goals. An activity is considered sustainable if it significantly contributes to achieving at least one of the six climate and environmental goals, does not have a significant negative impact on the other goals, and meets minimum requirements for social and governance issues.



Sparebanken Øst has developed nine products to support the green transition, including products tailored for upgrading commercial real estate and private homes, as well as loans for green vehicles and properties.

New for 2023 are the upgrading products for commercial real estate and private homes. These are partially aligned with the taxonomy, as upgrading buildings significantly contributes to environmental goals if the upgrade complies with national building standards or reduces energy demand by at least 30 percent.

In the corporate market, ESG (Environmental, Social, and Governance) assessments are a crucial criterion when evaluating credit risk for approving and monitoring credit engagements. For corporate building applications, specific evaluations of climate and natural risks are conducted. In the retail market, there is a trend of construction loans increasingly being converted to green products, as more buildings are being constructed to be more energy-efficient than before.

Currently, the bank cannot guarantee that building upgrades do not significantly harm any of the other environmental goals or that labor conditions and human rights are not violated in such processes. Going forward, the bank will establish robust procedures to ensure that this type of lending can be considered fully compliant with the taxonomy and continue to positively influence our customers to collectively contribute to overarching climate and environmental goals.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13

Sustainable Capital Access, Loans, and Products

Society is undergoing a major transition to be sustainable in the future. In this transition, the bank plays a crucial role through influencing who is offered financing and through providing sustainable advice. As a savings bank, our influence is greatest through close dialogue with our customers and supporting them in making sustainable choices during the transition process. The bank, therefore, offers products and services that support this ambition. We have a dedicated loan for financing green assets, a green framework, and green products.

To encourage our commercial customers towards a green transition, we have developed three new products this year. These include a green loan for newer commercial real estate, a rehabilitation loan for commercial properties, and a conversion loan for properties that have been rehabilitated. To qualify for the green loan for commercial properties, the customer must meet one of the following criteria: BREEAM-NOR (minimum Very Good), energy class A or B, or the building must be Swan-labeled. For the rehabilitation loan, the customer must meet one or more of the bank's requirements: BREEAM-NOR (minimum Very Good), a reduction in energy demand of at least 30%, an improvement of two energy ratings, or an energy label D after upgrading.

For private customers, we offer a green mortgage, a green first home loan, a green credit line, a green youth mortgage, and an environmental loan for energy efficiency measures such as solar panels, heat pumps, and insulation. The latter three products were developed in 2023 and will be launched in 2024. To qualify for a green mortgage or green credit line, the customer must meet one or more of the bank's criteria: BREEAM-NOR certification (minimum Very Good), energy label A or B, or the property must be Swan-labeled. Additional requirements for the Green First Home Loan are that the property must be the customer's first purchase, regardless of the bank, and that the customer will be living in the property.

PERCENTAGE OF GREEN RESIDENTIAL LOANS RELATIVE TO TOTAL RESIDENTIAL PORTFOLIO (MILLION NOK)

	2021	2022	2023
Green Residential Loans	11.668	164.198	275.590
Portfolio	0 %	0,5 %	0,9 %

AS Financiering offers green car loans for hybrid or electric vehicles. Of all new loans in 2023, approximately 21 percent were for pure electric cars, a decrease of just over 4 percentage points from the previous year. The share of electric vehicles in the total portfolio has increased by 3% from 2022 to 2023.

SHARE OF ELECTRIC VEHICLES IN NEW LOANS AND TOTAL PORTFOLIO

	2021	2022	2023
New Loans	17 %	25 %	21 %
Portfolio	15 %	21 %	24 %

Sustainable Capital Access

Sparebanken Øst currently has a loan of approximately NOK 218.2 million from the Nordic Investment Bank (NIB). This loan finances green assets in accordance with NIB's sustainability criteria. NIB supports projects that promote environmental and productivity gains in the Nordic and Baltic countries to foster a prosperous and sustainable member region.

The bank's green framework is verified by Cicero. The framework, established in January 2023, covers the entire group. It defines the assets and projects that can be financed with green bonds and green loans. The criteria for green assets according to the framework include:

- Buildings constructed after 2011 and before 2021
- Buildings and homes with energy labels A or B
- All electric vehicles, regardless of the loan product

The framework is intended to be updated approximately every two years, and the next update will include homes built in 2021 and later.

In connection with the establishment of the green framework, an impact report was prepared. This report is intended to show the environmental impact of the green loans that are or may be financed by green bonds. It describes qualified objects and buildings within the criteria, as well as the area. The report also details how much more energy-efficient the qualified portion of the portfolio is compared to the average Norwegian home. Additionally, it calculates the amount of CO_2 emissions avoided based on the energy mix supplied to Norwegian homes and the production of the European energy mix.

	Qualified Area for Buildings in the Portfolio (m²)				Total Qualified Area (m²)
	TEK 10	TEK 17	Energy Label A	Energy Label B	
Apartments	48.675	14.769	5.927	1.195	70.566
Residential Houses	111.698	28.950	4.135	13.989	158.772
Total	160.373	43.719	10.062	15.184	229.338

	Area (m²)	Avoided Energy Consumption Compared to Normal Consumption (GWh/year)	Avoided Energy Consumption Compared to Normal Consumption (tons CO2/year)
Buildings Qualified Under Energy Label A	10.062	1.1	116
Buildings Qualifying Under Building Code Criteria	204.092	28	3.050
Buildings Qualified Under Energy Label B	15.184	1.6	175
Total Qualified Buildings in the Portfolio	229.338	30	3.341
Bank's Impact		14	1.557

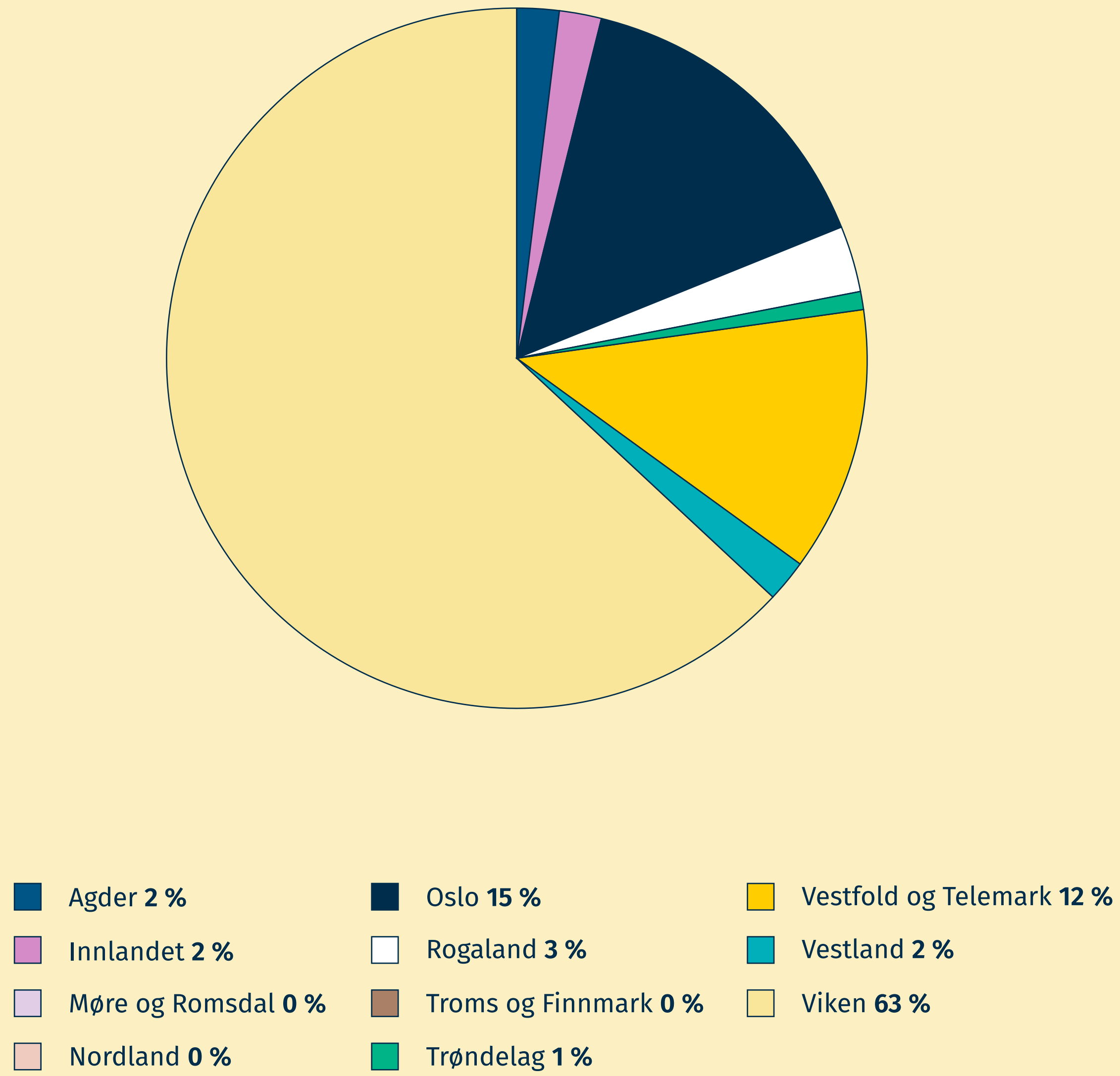
Sparebanken Øst Boligkreditt AS issued NOK 2.0 billion in a Green Bond with Priority Right (OMF) on January 31, with a maturity of 5.5 years. The bond was expanded by NOK 500 million in August, and the outstanding amount as of December 31, 2023, was NOK 2.5 billion.

As of December 31, 2023, Sparebanken Øst Boligkreditt AS held assets that qualified as green under the framework, totaling NOK 3.3 billion. Additionally, NOK 1.2 billion was held in the parent bank and could be transferred to the mortgage company if needed.

AS Financiering has car loans for electric vehicles amounting to approximately NOK 600 million.

Qualified Portfolio for Green Loans	Amount in million NOK	Percentage of Total Green Loan Portfolio Allocated
Sparebanken Øst Boligkreditt AS: Green Loans for Residential Properties	3.303.519	100%
Green Residential Properties	1.467.583	0%
AS Financiering: Green Transport	634.610	0%
Total	5.432.712	100%

The residential properties that fall within the framework are geographically distributed as shown in the table below.



RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13
UN Global Compact	Principles 7-9
TCFD	Access to Green Capital, Green Products
PCAF	Net Zero Emissions in the Portfolio

Economic and Sustainable Expertise

In 2023, all employees of the bank, AS Financiering, and the bank's board completed a basic course in sustainability. Our business advisors and leaders have undertaken courses on climate risk and upcoming regulatory requirements.

Especially our business customers will experience increased requirements, legal regulations, and guidelines directly affecting them and their companies, and we aim to be a supportive partner for customers in the area of sustainability.

ESG courses have become part of the training plan for all new hires at the bank, including both in-person courses and digital overviews of the basic sustainability course. AS Financiering is continuously working to enhance sustainability competence across all customer and dealer interactions.

Efforts to improve sustainability competence across all departments of the bank will be an ongoing process, with more departments being offered courses on relevant sustainability topics in 2024.

Read more about competence under Responsible Advisory and Competence Development on page 60.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 4 and 13
UN Global Compact	Principles 7-9
GRI Indicator	404
TCFD	Employee Competence in ESG and Climate Risk

Local Business Development and Innovation

Sparebanken Øst is a regional savings bank with a strong presence in the local market. The bank's local market can be defined as Øvre Eiker and Drammen. In this area, we are a major employer offering work across many different professional fields and levels of positions.

It is important for Sparebanken Øst that, through our role as a provider of skilled jobs, we also collaborate with various industries and business actors on development projects in the local communities.

In 2023, the bank has, among other things, partnered with a local actor who can assist our customers with energy mapping, energy labeling, and energy efficiency, as well as an actor who can offer solar panel installation. The bank also has a long and positive relationship with public entities when discussing or initiating business and community development projects.

The bank's role as a provider of financial services to businesses creates increased competition in products and services, which can, over time, contribute to enhanced business development and innovation. We have the expertise, local knowledge, and familiarity that help the bank contribute to development through knowledge exchange with the business community, including in sustainability.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 8
GRI Indicator	413-1

Biodiversity

Biodiversity encompasses all the different variations of life found in nature, including plants, animals, and organisms. Biodiversity loss (loss of species) is considered one of the major threats in today's society. Most businesses rely on nature, either directly or indirectly. Human impact primarily involves the exploitation of natural resources, land use, and greenhouse gas emissions.

Sparebanken Øst aims to be a positive contributor to the preservation of local biodiversity around us. Conserving and restoring nature is a task that must be addressed locally, and the bank's knowledge of the local market can help us implement measures that positively impact nature. The bank's primary operations are located in the Eastern Norway region, with Drammen and Øvre Eiker as its local market, and thus our impact on nature is greatest here. The bank operates in an area with endangered species, contaminated land, protected areas, and areas proposed for protection. We must therefore consider these factors when, for example, assessing new premises or approving new financing.

In 2023, we have taken steps to protect biodiversity. Firstly, we are now surveying our business customers with questions about their impact on nature and how their operations may depend on natural resources. Furthermore, the bank has also implemented a new exclusion criterion in 2023: Sparebanken Øst does not finance construction projects that destroy protected nature or lead to the loss of endangered species.

Additionally, the board has decided on a new environmental and biodiversity policy, which establishes the bank's biodiversity goals for 2030 as follows:

- We will contribute to the restoration of damaged nature in our local area by 2050.
- By 2030, we will ensure that we contribute to zero loss of important biodiverse areas both in our own operations and in financing new projects.

In the coming years, we will implement effective and concrete measures to achieve these goals.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13
UN Global Compact	Principles 7-8
PBAF	Analyze Biological Footprint
TNFD	Goals and Methods, Strategy
GRI Indicator	304-2

Resource Efficiency and Waste

Sparebanken Øst's direct climate impact through its own operations is considered relatively modest compared to the emissions, resource use, and waste generated indirectly through our customer portfolio. In the bank's owned buildings and offices, where the majority of the bank's employees work, complete source separation is carried out. In some of the smaller and leased locations, source separation is partial. This is due to the small size of the locations, reduced opening hours, and few employees. Waste produced at these smaller locations primarily includes paper, wet organic waste, and residual waste. Electronic waste, toner cartridges, and batteries are managed according to current waste disposal regulations at all offices. A significant portion of the office supplies purchased by the bank for its own use is environmentally certified. The bank's ambition is to prioritize sustainable alternatives in procurement.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 13
UN Global Compact	Principles 7-8
GRI Indicator	306-3
PCAF	Greenhouse Gas Emissions

Human Rights, Diversity, and Inclusion

Human rights are the fundamental rights and freedoms that all individuals are entitled to, regardless of gender, age, religion, orientation, nationality, or where in the world they live. Examples of human rights include the right to life, freedom from discrimination, freedom of speech, and the right to work and education.

Diversity refers to the range of characteristics that make individuals unique, such as their backgrounds, perspectives, and experiences. It involves approaching differences with openness, respect, and inclusion. Sparebanken Øst is committed to being a workplace where employees experience a safe and inclusive environment, and where individual rights are upheld in a respectful manner. We believe that diversity in the workplace can create high-performance environments that enhance both the operation and development of the bank.

Inclusion refers to the proactive and intentional effort to create an environment where all individuals feel valued, respected, and supported.

Businesses have a responsibility to respect human rights in their operations and throughout their supply chains. They should also strive for diverse and inclusive workplaces, where everyone is treated with fairness and respect, and all voices are heard.

The governance of Sparebanken Øst includes a board-approved strategy for people and organization. The group's ethical principles, outlined in the "Rules for Good Conduct at Sparebanken Øst" and a more detailed internal ethical guidelines, provide the framework for ethics and describe obligations and expectations for how we, as a group, should act. This framework stipulates that we must facilitate equality and diversity in all areas, and we do not tolerate discrimination or harassment. As part of our work on equality, diversity, and inclusion, the bank has developed a dedicated policy for diversity and inclusion.

Sparebanken Øst works within the following areas:

- Diversity and Inclusion
- Responsible Supply Chain (including risks related to human rights violations)
- Responsible Advisory and Employee Development
- Work Environment and Safety
- Donations to Charitable Causes

Diversity and Inclusion

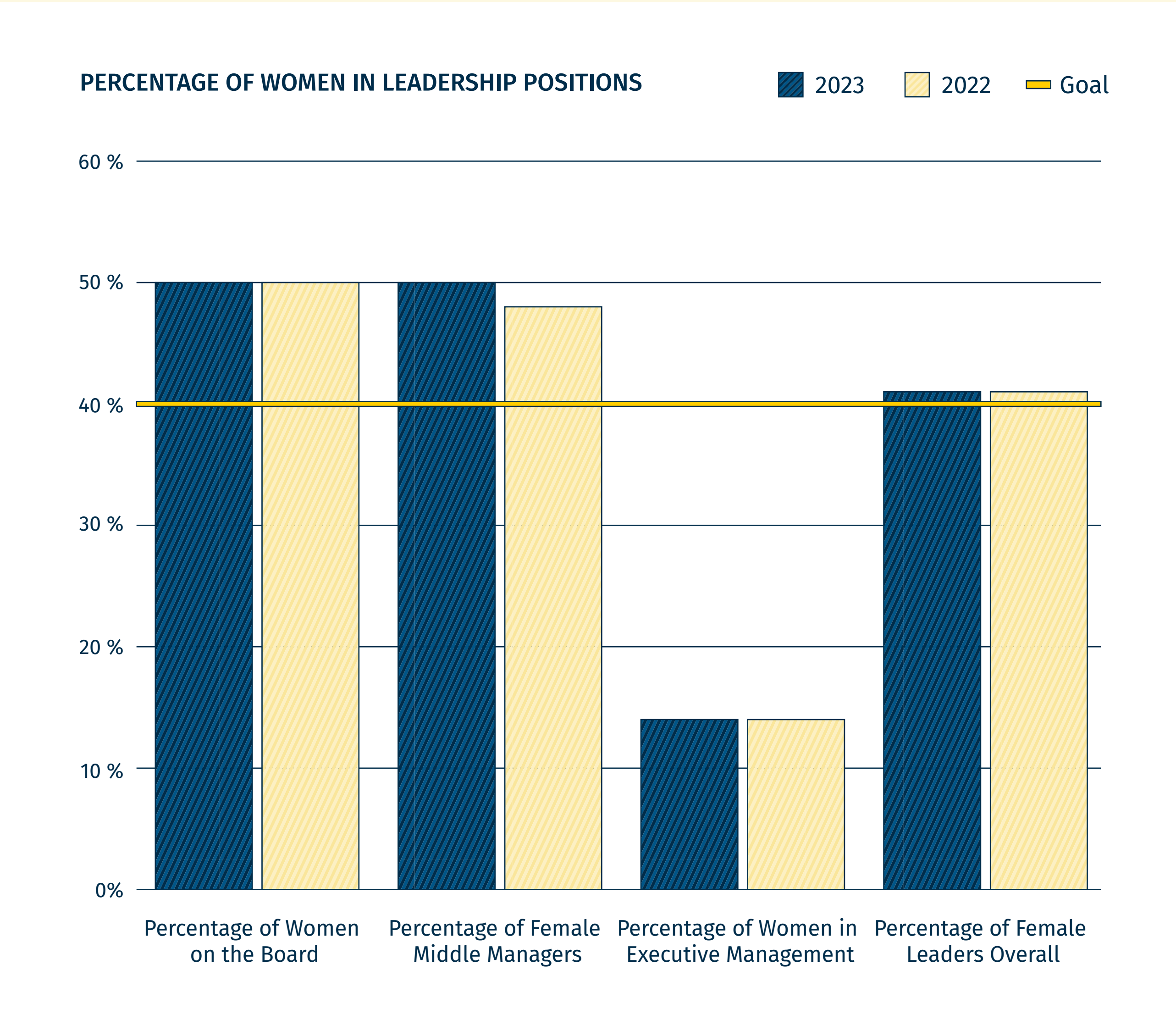
Sparebanken Øst aims to be an attractive employer for skilled and responsible individuals. Our ambition is to attract relevant talent regardless of age, gender, ethnicity, or disability. We will provide interesting challenges, job responsibilities, and career opportunities. All employees are given equal opportunities for personal and professional development and should be treated equally in terms of hiring, salary, training, and advancement.

We seek a relatively balanced gender distribution across all leadership levels and aim to achieve at least 40 percent women in leadership positions over time.

Sparebanken Øst has a special duty to work towards gender equality and prevent gender discrimination. Our goal is to ensure equal pay for work of equal value, regardless of gender. We will, as far as possible, accommodate employees with disabilities and strive to maintain a good work-life balance.

We do not tolerate bullying or harassment. We have a zero-tolerance policy for verbal, physical, and sexual harassment. All employees have a duty to report harassment or discrimination under the Equality and Anti-Discrimination Act if they become aware of such issues in the workplace. Employees should have the ability to report concerns safely. Internal reporting mechanisms are in place, and all reports will be treated with respect and seriousness.

Status on Gender Equality at Sparebanken Øst



Gender-Segregated Salary Statistics at Sparebanken Øst

2023	Gender		Salary differences (average) Percentage of women's earnings compared to men's	
	Number of women	Number of men	Agreed salary/base salary	Agreed salary including insurance, company car, any bonuses, pension
Total number of employees	109	71	74 %	72 %
Total number of employees excluding top management	108	63	86 %	87 %
All managers including top management	16	23	66 %	64 %
Top management excluding CEO	1	7	75 %	78 %
Middle managers	15	15	84 %	85 %
Business advisors/Customer advisors	46	30	90 %	89 %

Sparebanken Øst has set a long-term goal of achieving at least 40 percent women in leadership positions at all levels. This target has consistently been met over the years for the total proportion of female leaders, female middle managers, and women on the board. When there is a need to replace top management personnel, efforts will be made to further increase the proportion of women in these positions.

PERCENTAGE OF WOMEN BY JOB LEVEL

	2022	2023
Total percentage of female managers	41 %	41 %
Level 1 (CEO)	0 %	0
Top management *	14 %	13 %
Middle managers	48 %	50 %
Business advisors/Customer advisors	61 %	61 %
Percentage of women on the board	50 %	50 %

**Including Compliance and Risk Management leaders*

EQUALITY REPORT

	2022	2023
Total number of employees	168	180
Percentage of women	62 %	61 %
Percentage of men	38 %	39 %
Part-time female employees	7 %	7 %
Part-time male employees	1 %	1 %
Temporary positions for women	1	0
Temporary positions for men	1	1

Part-time Work and Temporary Employees at Sparebanken Øst

In 2023, 15 employees (8%) at Sparebanken Øst worked part-time. In ten of these cases, the reason for part-time work was either that the employee was partially disabled, or that the employee had requested reduced working hours in accordance with the Working Environment Act § 10-2. This aligns with our goal of accommodating employees with disabilities or those who, for other reasons, have a particular need for permanent or temporary reduced working hours. The remaining five employees who worked part-time had requested this and were granted it. Based on this, it can be concluded that there is no involuntary part-time work at Sparebanken Øst. The bank generally prefers full-time positions but facilitates part-time work where required by law, to include employees with disabilities or upon their request.

Sparebanken Øst uses temporary employment to a very limited extent and primarily only for temporary replacement positions. We have a strong tradition of offering youth and students work experience as summer temps.

Sparebanken Øst aims to ensure equal pay for work of equal value, regardless of gender. The bank has a joint employee-employer hiring committee that formally decides on appointments for employees who have salaries within a pay scale. In 2024, this committee will be mandated to assess how pay disparities may arise within work of equal value and how any disparities can be evened out.

GENDER EQUALITY IN PARENTAL LEAVE AT SPAREBANKEN ØST

Parental leave utilization	2022		2023	
	Number on leave	Average number of weeks	Number on leave	Average number of weeks
Men	6	10	2	10
Women	9	18	4	25
Total	15	28	6	35

UNPAID LEAVE RELATED TO PARENTAL LEAVE

Number who took unpaid leave related to parental leave	2022	Total number of unpaid leave instances		2023	Total number of unpaid leave instances	
Men	4	9	44 %	1	2	50 %
Women	0	6	0 %	0	4	0 %

Number who took reduced parental leave	2022	Total number of unpaid leave instances		2023	Total number of unpaid leave instances	
Men	0	9	0 %	0	2	0 %
Women	2	6	33 %	0	4	0 %

REDUCED WORKING HOURS TO CARE FOR CHILDREN

Reduced working hours to care for children	2022	Children under 10 years in 2022		2023	Children under 10 years in 2023	
Men	2	25	8 %	4	28	14 %
Women	0	19	0 %	0	20	0 %

We observe that fathers at Sparebanken Øst, in line with the trend in Norway's population, primarily only take the legally mandated paternity quota. It is mostly mothers who take the shared parental leave period and unpaid leave in connection with parental leave. Men at Sparebanken Øst receive the same level of understanding and accommodation if they choose to take a larger share of the parental leave, and it is also accepted that fathers can take unpaid leave. Awareness efforts regarding this will be emphasized during the onboarding of new managers specifically and in leadership training in general.

Sick leave at Sparebanken Øst

Sick leave (self-reported/ doctor-reported)	As of 31.12.22	Possible workdays 2022	Number of workdays	As of 31.12.23	Possible workdays 2023	Number of workdays
Men	2,1 %	14.600	313	2,4 %	15.578	380
Women	8,2 %	22.377	1.832	5,7 %	22.975	1.302
Total	5,8 %	36.977	2.145	4,4 %	38.553	1.682

The bank has good control over sick leave and effective routines for following up with employees on sick leave. There is no perceived need to implement additional measures to reduce absenteeism.

Absence due to sick children (total number of workdays)	As of 31.12.22	Possible workdays 2022	Number of workdays	As of 31.12.23	Possible workdays 2023	Number of workdays
Men	1,2 %	4.370	53	1,3 %	5.060	67
Women	3,8 %	5.750	219	3,3 %	7.590	247
Total	2,7 %	10.120	272	2,5 %	12.650	315

As in society at large, we observe a generally higher rate of sick leave among women compared to men. Part of the sick leave for women is related to pregnancy. Women also take more sick days than men to stay home with sick children. Awareness efforts around this issue will be emphasized during the onboarding of new managers specifically and in leadership training in general.

Balancing Work and Family Life

Sparebanken Øst aims to facilitate a good balance between work and leisure for its employees. To enhance flexibility, the bank offers a flexitime arrangement with core hours from 09:00 to 15:00 and a general working time frame from 07:30 to 18:00. Within these hours, employees can manage their working time as they see fit. Sparebanken Øst is one of the few employers that offers an extra week of vacation to employees with young children aged two to nine years. Additionally, the bank has implemented a reduced working hour policy during the summer, with a one-hour reduction in work hours from mid-May through August. The bank also has a clear goal that meetings should be held within normal working hours.

Efforts Toward Equality and Anti-Discrimination

Both external and internal recruitments are handled by the bank's recruitment committee. This committee consists of three representatives from management, two union representatives from the Finance Sector Union of Norway (Finansforbundet), and one employee representative. The committee works to ensure diversity, equality, and equal pay for equal work during the recruitment process. The committee is provided with information on the recommended candidate, access to the applicant lists, and is responsible for deciding on salary levels for positions covered by the financial sector's wage regulations. The local wage negotiations are also handled and decided by the recruitment committee. In 2024, Sparebanken Øst will implement competence-enhancing measures on diversity and inclusion for members of the recruitment committee and leaders in general.

Workers' Rights

A large group of employees in the bank are organized within Finansforbundet. The bank is a member of Finance Norway (Finans Norge) and complies with Norwegian laws. The employment of children and young people is regulated by Chapter 11 of the Working Environment Act and in the regulations on organization, management, and participation. As a general rule, Sparebanken Øst does not employ children under the age of 15. Our internal guidelines and the leadership handbook detail how we should take care of employees, both during the hiring process and while they are employed. The bank has published "Rules for Good Conduct," which also addresses discrimination. These rules state that Sparebanken Øst should promote respect for human dignity by encouraging diversity in the workplace. We should recognize similarities but also value differences to bring out the best for both our customers and Sparebanken Øst.

Reporting on Gender Equality at AS Financiering

2023	Gender		Salary differences (average) Percentage of women's earnings compared to men's	
	Number of women	Number of men	Agreed salary/ base salary	Agreed salary including insurance, company car, any bonuses, pension
Total number of employees	9	8	80 %	76 %
Total number of employees excluding management group	8	5	101 %	99 %

PERCENTAGE OF WOMEN BY JOB LEVEL

Percentage of women by job level	2022	2023
Number of female leaders	20 %	25 %
Leadership level 1 (CEO)	0 %	0 %
Leadership team	25 %	33 %
Percentage of women on the board	40 %	40 %

GENDER EQUALITY REPORT

Temporary positions for women (full-time equivalents)	2022	2023
Total number of employees (full-time equivalents)	17	17
Percentage of women	53 %	53 %
Percentage of men	47 %	47 %
Part-time female employees	0 %	0 %
Part-time male employees	0 %	0 %
Temporary positions for women (full-time equivalents)	0	0
Temporary positions for men (full-time equivalents)	0	0

AS Financiering does not have any part-time or temporary employees. In 2023, no employees at AS Financiering took parental leave, either full-time or partial. Furthermore, no one took unpaid leave in connection with parental leave. There were a total of two days of absence reported in 2023 due to sick children. The sick leave rate at AS Financiering is considered low, and there is no need to implement additional measures to reduce absenteeism. The working environment is deemed to be good.

Sykefravær og arbeidsmiljø i AS Financiering

	2022			2023		
Sick leave	As of 31.12.22	Possible workdays	Number of workdays	As of 31.12.23	Number of workdays	Antall dagsverk
Men	3,2 %	1.770	56	1,9 %	1.643	31
Women	4,1 %	2.030	84	1,9 %	2.059	38
Total	3,7 %	3.800	140	1,9 %	3.702	69

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal no. 8 and 16
UN Global Compact	Principles 1-6
The Transparency Act	Employee rights
GRI Indicator	401-3, 405-1, 405-2, 406-1
The UN Human Rights	Article no. 23

Responsible Value Chain

To realize the bank's ambition of integrating sustainability at every level, we are committed to working towards the most sustainable value chain possible. In 2023, the bank adopted a Policy for Responsible Procurement, which applies to all existing and new suppliers. The purpose of this policy is to ensure that fundamental human rights, decent working conditions, environmental stewardship, and governance are upheld by our suppliers and business partners.

Just as all employees at Sparebanken Øst are ensured good working conditions in line with human rights and Norwegian laws, we expect the same from our suppliers and business partners. Therefore, Sparebanken Øst has conducted due diligence assessments of its suppliers in accordance with the Transparency Act and published the findings.

We have mapped and assessed whether there are any actual or potential risks of violations of human rights and decent working conditions directly linked to the bank's business activities, products, or services through the supply chain or business partners. Common to our suppliers is that they are either Norwegian companies operating in Norway or large international corporations based in Western Europe and North America. These are parts of the world where companies are subject to regulations. Sparebanken Øst has, for now, chosen to prioritize suppliers where we believe we can have an influence.

We have identified a low risk of human and labor rights violations within Sparebanken Øst. The bank is subject to regulations and legislation, and we have procedures in place to address any violations should they occur. We also perceive a low risk of human rights and decent working condition violations through our supply chain. The bank has not uncovered any violations. However, we have found insufficient information from some suppliers that could indicate potential violations. This applies to 7 out of a total of 158 suppliers. We have also identified 5 suppliers that we believe carry an industry risk, although these suppliers have currently responded satisfactorily to our inquiries.

Sparebanken Øst will work with suppliers in three areas:

1. Businesses with which we currently have agreements that have provided insufficient information or have not responded to our inquiries regarding human rights and decent working conditions.
2. Businesses with which we currently have agreements that operate in industries we believe may be at risk of human rights and decent working condition violations.
3. New businesses we are considering or wish to enter into agreements with.

When entering into agreements with new suppliers, we will conduct a due diligence assessment before finalizing any contracts and set requirements in line with our Policy for Responsible Procurement. Moving forward, we will require all suppliers to document how they work with human rights and decent working conditions.

Due Diligence Assessments at AS Financiering

AS Financiering is a small company with few employees, operating solely in Norway. The risk of internal violations of fundamental human rights at AS Financiering is considered low. The industry risk among collaborating car dealerships is considered moderate. In 2023, due diligence assessments of our suppliers and partners were conducted in accordance with the Transparency Act. The company has not identified any violations.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal no. 8 and 16
UN Global Compact	Principles 1-6
The Transparency Act	Employee rights
GRI Indicator	408-1, 409-1, 414-1, 414-2
The UN Human Rights	Article no. 23

Responsible Advisory and Competence Development

Competent employees are essential for a sustainable and attractive financial sector. Continuous development of employee skills is a key focus to achieve our strategic goals and to serve our customers in the best possible way. We will also attract the necessary expertise through recruitment and collaboration. In 2023, we established a new strategy for competence and learning at Sparebanken Øst.

Sparebanken Øst is affiliated with the Financial Sector's Authorization Schemes (FinAut) in savings and investment, credit, private and business property insurance, and private and business personal insurance. Our affiliation with these authorization schemes is a crucial part of ensuring that our employees have the required competence and ethics in customer interactions. Employees in the business market must be authorized in credit. Employees in the personal market must be authorized in credit, property insurance, and personal insurance. Selected employees in the personal market have been authorized in property insurance since 2022, but this is no longer a general requirement as the bank no longer provides individual investment advice. All authorized employees undergo annual professional updates to maintain their authorization. In 2023, the bank hired several new advisors who were not recruited from within the bank. They will receive training and be authorized during their first year of employment.

Throughout the year, a range of competence-enhancing measures have been implemented. All employees have undergone training in sustainability, prevention of financial crime, anti-money laundering, anti-corruption, and the new Financial Agreements Act. Ongoing internal leadership training is conducted on various relevant topics. In the personal market, training has been provided to ensure that our advisors offer excellent service to our customers. Various departments and specialists within the bank regularly participate in courses and webinars to ensure competence development in line with the bank's needs and market and societal developments.

All new employees undergo training to gain the necessary knowledge and insights into the bank's history, strategy, and values, as well as our regulatory conditions. Additionally, all new hires must complete tailored professional and system training, anti-money laundering and counter-terrorist financing training, and IT security training.

The bank has several handbooks and an extensive set of instructions. Throughout the year, efforts have been made to ensure the quality of these tools to maintain competence within the organization. Structuring and quality assurance of necessary learning and development are key areas for Sparebanken Øst.

The increase in the number of complaints to the Financial Services Complaints Board from 2022 to 2023 is primarily due to increased fraud activity.

AS Financiering had 1 case with the Financial Services Complaints Board in 2023.

NUMBER OF COMPLAINTS TO THE FINANCIAL COMPLAINTS BOARD

	2020	2021	2022	2023
Number	8	8	3	8

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal no. 4, 8, and 16
UN Global Compact	Principles 1-6
GRI Indicator	404-2, 417-2
The Transparency Act	Employee rights
The UN Human Rights	Article no. 26

Work Environment and Safety

The physical and psychosocial work environment at the bank should ensure that all employees have a positive experience in their work situation. Sparebanken Øst conducts annual employee surveys to assess the work environment and has used the Humetrica Organizational Analysis (HOA) for several years. The organizational analysis is well-documented, based on 30 years of experience, and is used by a number of Norwegian organizations. The feedback provides the bank with valuable insights into both small and large areas for improvement, allowing the bank to implement targeted measures to foster enhancement. It also enables the bank to maintain and further develop the positive aspects of the work environment.

EMPLOYEE SURVEY

	2021	2022	2023
Average score	75,5	82	82,2
Proud to work at Sparebanken Øst	64,5	80,1	83,4
Would recommend Sparebanken Øst as an employer	63,1	80	85

The score from the employee survey in 2023 was very good, showing positive developments in several areas. This indicates that targeted measures have positively impacted the work environment and increased employee pride in the bank.

Effective follow-up and development of employees are crucial for the bank. Throughout the year, structured work has been done on employee follow-up. Strategies and result presentations are made available through digital formats to ensure consistent information about goals, expectations, and results. The bank systematically meets mandatory health, environment, and safety requirements through, among other things, established instructions and close collaboration with the occupational health service. Post-incident support in the event of a robbery is part of the bank's overall health, environment, and safety work and is managed by a dedicated post-incident support group. There have been no robberies at the bank in 2023. Training in conflict and situation management was conducted for customer-facing employees in the winter of 2023. The bank has not carried out any termination processes.

EPORTED INCIDENTS RELATED TO EMPLOYEES AND WORKING ENVIRONMENT

	2020	2021	2022	2023
Incidents	4	5	3	6

REPORTED PERSONAL INJURIES

	2020	2021	2022	2023
Personal injuries	3	1	0	0

All personal injuries are reported to NAV.

Personal injuries refer to accidents or physical injuries sustained by employees at the workplace and managed by the bank's HR department.

Turnover

The bank's turnover varies over time. Balancing organizational renewal, maintaining relevant experience and essential skills, and being an attractive employer for new generations is important. Periodically, the bank's age composition results in a higher proportion of employees retiring. Unemployment in Norway has been low in recent years, with a significant number of job openings. The shortage of labor, combined with the attractiveness of the bank's employees to other companies, has led to increased turnover.

The overview below shows departures and new hires by age and gender. Reporting by geographical location is not relevant, as the bank only has employees in the Eastern Norway region. To gain more insight into why employees choose to leave, exit interviews are conducted. In 2023, 11 exit interviews were completed.

	2021				2022				2023			
	Total		Ex. retirees		Total		Ex. retirees		Total		Ex. retirees	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
New hires	**29**	**17,3**			**37**	**22,4**			**38**	**21,1**		
Women	14	8,3			16	9,7			18	10,0		
Men	15	8,9			21	12,7			20	11,1		
New hires under 30 years	**13**				**11**				**8**			
Women	6				5				3			
Men	7				6				5			
New hires between 30-50 years	**16**				**21**				**22**			
Women	8				10				13			
Men	8				11				9			
New hires over 50 years					**5**				**8**			
Women					1				2			
Menn					4				6			
Turnover	**33**	**19,6**	**24**	**14,3**	**39**	**23,6**	**34**	**20,6**	**26**	**14,4**	**19**	**10,6**
Women	15	8,9	11	6,6	18	10,9	15	9,1	15	8,3	8	4,4
Men	18	10,7	13	7,7	21	12,7	19	11,5	11	6,1	11	6,1
Turnover under 30 years	**9**		**9**		**6**		**6**		**5**		**5**	
Women	4		4		3		3		0		0	
Men	5		5		3		3		5		5	
Turnover between 30 and 50 years	**12**		**12**		**25**		**25**		**10**		**9**	
Women	6		6		10		10		5		4	
Men	6		6		15		15		5		5	
Turnover over 50 years	**12**		**3**		**8**		**3**		**11**		**5**	
Women	5		1		5		2		9		4	
Men	7		2		3		1		1		1	

Turnover AS Financiering

Turnover at AS Financiering remains steady and relatively low, and there are no concerns regarding the turnover figures for 2023.

	2021	2022	2023
Percentage	6%	12%	13%

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 8 and 16
UN Global Compact	Principles 1-6
GRI Indicator	401-1, 403-1, 403-4
The Transparency Act	Employee Rights

Donations to Charitable Causes

As a savings bank, a portion of the annual profit is allocated to charitable donations. Over time, these funds will be directed towards organizations and projects aimed at supporting volunteerism, idealists, and other community-beneficial causes. Initiatives specifically targeting children, youth, and vulnerable groups are prioritized. Please refer to the separate chapter on “Charitable Donations” for more details.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 16
UN Global Compact	Principles 1-6
GRI Indicator	413-1

Efforts Against Financial Crime and Protection of Privacy

Economic crime refers to illegal activities involving the use of the financial system for criminal gain, money laundering, fraud, and terrorism financing. Sparebanken Øst has a responsibility to prevent and detect economic crime to protect its customers and maintain the integrity of the financial system.

Sparebanken Øst works in the following areas:
- Preventing economic crime and corruption
- Information security and data privacy

Preventing Financial Crime and Corruption

Economic crime occurs on a large scale and is a serious societal issue. It continually threatens both individuals and businesses, undermining fundamental pillars of society. As a bank, we have an important societal mission—namely to prevent, detect, and report activities related to economic crime.

One of our selected sustainability goals is "Peace, Justice, and Strong Institutions." This includes efforts to mitigate the consequences of economic crime, such as hindering economic growth, addressing social inequalities, protecting human rights, and combating corruption. To this end, Sparebanken Øst has its own ethics committee, consisting of the chief union representative, a lawyer, the HR manager, the deputy managing director, and the managing director. This committee handles ethical guidelines, reports, and questionable issues. All employees sign internal ethical guidelines, and there are also established "Rules of Conduct" that must be followed by all staff.

Sparebanken Øst's overarching goal is to combat economic crime, and we work systematically to prevent our products and services from being used for money laundering and terrorism financing. The bank has a zero-tolerance policy towards economic crime, and our "Anti-Money Laundering and Anti-Terrorism Financing Policy" guides our approach and efforts to prevent such activities.

To effectively address this area, we first need a thorough understanding and information about our customers' use of our products and services. Information gathering is carried out both at the establishment stage and on an ongoing basis, with robust operational routines that each employee must follow. Additionally, we continuously improve and optimize transaction rules. One of the main tasks in detecting and analyzing suspicious transactions with potential indications of money laundering and terrorism financing is transaction monitoring. In this process, a range of control and customer measures, anchored in robust and operational routines, are used to refute suspicion. Furthermore, we have strong management and control functions to detect any errors or deficiencies in our work. Most transactions are cleared of suspicion, but in cases where the suspicion cannot be refuted, the matter is reported to Økokrim (see table below).

In recent years, there has been a rapid technological development, making the bank's work to prevent economic crime, including fraud, money laundering, terrorism financing, and corruption, increasingly challenging. This necessitates knowledgeable and adaptable employees. In 2023, training for all employees was initiated through external courses, followed by knowledge tests. Additionally, key personnel have completed and passed specialization in anti-money laundering.

At Sparebanken Øst, we believe in close collaboration with other industry players to share information and exchange experiences. Therefore, employees in the AML department participate in several network groups, including "OPS AT" (public-private collaboration) and "AML Network" through JUC.

	2020	2021	2022	2023
Corruption Cases Internally	0	0	0	0
Fraud Cases Internally	0	0	0	0
Suspicious Cases – Flagged	24.423	20.010	20.352	19.846
Number of Reports to Økokrim	69	61	87	182

AS Financiering

AS Financiering focuses on fraud prevention during loan approvals and actively works to prevent and detect economic crime. All employees undergo regular mandatory training on anti-money laundering and counter-terrorism financing. The anti-money laundering officer at AS Financiering possesses the relevant expertise to fulfill obligations under the anti-money laundering regulations. They work systematically on risk assessment, internal control, and procedures. Through a robust training strategy and internal guidance, AS Financiering prevents and detects fraud both in manual credit assessments and in pre-disbursement checks.

NUMBER OF TRANSACTIONS REPORTED TO ØKOKRIM

	2021	2022	2023
Number of Transactions	1	2	1

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 16
UN Global Compact	Principle 10
GRI Indicator	205-1, 205-2, 205-3
The Transparency Act	Preventing Economic Crime and Corruption

Information Security and Privacy

Sparebanken Øst takes information and IT security very seriously. Responsibility for information and IT security is anchored in the bank's executive management team, and IT strategies and information security management systems have been established. These strategies are updated annually and as needed, with decisions made by the bank's management and board. The bank maintains a strong collaboration with Nordic Financial Cert (NFCert) and engages in good dialogue with its technical service providers in this area. Additionally, the bank has established a dedicated IT security program that includes various courses and exercises for all employees, enhancing their awareness of their role and the importance of the bank's security culture.

The General Data Protection Regulation (GDPR) provides general provisions on the processing of personal data, which are data that can be directly or indirectly linked to an individual. All employees are legally bound by confidentiality obligations under the Financial Institutions Act § 9-6 and § 9-7, and sign a confidentiality agreement upon employment. Sparebanken Øst has developed its own privacy policies for both customers and employees and has a dedicated Data Protection Officer.

The bank has established procedures to safeguard customers' and employees' rights and complaint mechanisms. There are also procedures for reporting deviations, including breaches of personal data security. The bank records and assesses deviations related to personal data processing and reports to the Data Protection Authority (Datatilsynet) as necessary. In 2023, one incident related to a system provider's deviation was reported to Datatilsynet. Sparebanken Øst is not aware of any formal complaints lodged against the bank to Datatilsynet for privacy breaches in the past five years. The bank has also not had any registered serious security incidents in 2023. More information about the bank's handling of personal data can be found in the bank's privacy statement at oest.no/personvern.

RULES AND GUIDELINES

UN Sustainable Development Goals	Goal No. 16
UN Global Compact	Principle 10
GRI Indicator	418-1
The Transparency Act	Information Security

Sustainability Areas Sparebanken Øst – GRI Indicators

GRI Indicator	Description	Page Reference
102-18	Corporate Governance	68
2.9	Governance Structure and Composition	33
2.14	Board’s Role in Sustainability Reporting	33
2.28	Membership Affiliations	34
3.1, 3.2, 3.3	Process for Setting Material Topics, List of Material Topics, Management of Material Topics	36
205-1, 205-2, 205-3	Preventing Economic Crime and Corruption	64
201-2	Climate and Environmental Risks in the Portfolio	37
302-1, 305-1, 305-2, 305-3	Energy Use	37
303-1	Interactions with Water as a Shared Resource	39
303-5	Water Consumption	39
304-2	Significant Impact from Activities, Products, and Services on Biodiversity	51
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305-4	GHG Emission Intensity	37
305-5	Reduction of Greenhouse Gas Emissions	43
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308-2	Responsible Supply Chain	59
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401-3	Parental Leave	53
403-1, 403-4	Occupational Health and Safety (OHS) Management System, Employee Participation, Consultation, and Communication on OHS	62
404	Training and Education	50
404-2	Responsible Advisory and Competence Development	60
405-1	Gender Distribution at Various Levels	53
405-2	Gender Equality in Pay	53
405-1, 405-2, 406-1	Diversity and Inclusion	53
408-1 , 409-1	Operations and Suppliers with Risk of Child Labor and Forced Labor	59
417-2	Economic and Sustainability Competence	60
413-1	Community Involvement, Local Business Development, and Innovation	63, 50
414-1	New Suppliers	59
414-2	Negative Social Impact in the Supply Chain and Actions Taken	59
418-1	Information Security and Privacy	66

Corporate governance

Innhold

1. Introduction

Savings banks are self-owned foundations. The Norwegian Corporate Governance Code, developed by the Norwegian Committee for Corporate Governance (NUES), is designed for limited companies owned by shareholders with shares listed on regulated markets in Norway. For savings banks, the code applies insofar as it is relevant.

The Supervisory Board is the highest governing body in Sparebanken Øst, equivalent to the general meeting in limited companies. The Supervisory Board is elected from among equity certificate holders, employees, depositors, and municipal appointees in Drammen, Nedre Eiker, and Øvre Eiker. Each member of the Supervisory Board has one vote.

The purpose of the NUES recommendation is to ensure that companies listed on regulated markets in Norway have corporate governance that clarifies the roles between shareholders, the board, and executive management beyond what is required by legislation. In a savings bank, there is also a need to clarify roles in relation to employees, customers, and municipal-appointed trustees. This is addressed through the bylaws of Sparebanken Øst.

The management and board of Sparebanken Øst annually review the principles of corporate governance and how they are practiced and adhered to within the organization. Initially, Sparebanken Øst provides a statement on the principles and practices of corporate governance in accordance with section 3-3b of the Accounting Act. This is followed by a commentary on each point of the Norwegian recommendation. The review is based on the most recently revised version of the recommendation dated October 14, 2021.

2. Statement on Corporate Governance According to the Accounting Act

The description below explains how section 3-3b, second paragraph of the Accounting Act is covered in Sparebanken Øst. The sections correspond to the numbering in the paragraph.

Statement on Corporate Governance According to the Accounting Act	Comments
1. Specification of recommendations and regulations on corporate governance that the company is subject to or otherwise chooses to follow	Savings bank operations are subject to licensing and are governed by an extensive regulatory framework that regulates the operations of savings banks. The Financial Supervisory Authority Act and the Financial Institutions Act, along with their associated regulations, are central to this context. This legislation largely defines what is considered good corporate governance and management in financial institutions. Savings banks are subject to supervision by the Financial Supervisory Authority. Sparebanken Øst also follows the Norwegian recommendation for corporate governance and management issued by the Norwegian Committee for Corporate Governance (NUES) as far as applicable.
2. Information on where the recommendations and regulations mentioned in point 1 are publicly available	The NUES recommendation is available at nues.no. Other regulations can be found at lovdata.no.
3. A justification for any deviations from the recommendations and regulations mentioned in point 1	Deviations may be necessary to accommodate all stakeholders in Sparebanken Øst. Any deviations from the recommendation are explained in this statement.
4. A description of the main elements of the bank's systems for internal control and risk management related to the accounting reporting process	See point 12
5. Statutory provisions that wholly or partially expand or deviate from the provisions in the Public Limited Liability Companies Act Chapter 5	Sparebanken Øst is regulated by the Financial Institutions Act and has statutes in accordance with this. See also point 7
6. The composition of leading bodies as well as a description of the main elements of applicable instructions and guidelines for the work of these bodies and any committees	See points 6-11
7. Statutory provisions that regulate the appointment and replacement of board members	See point 9
8. Statutory provisions and powers that allow the board to decide on and repurchase or issue its own shares or equity certificates	See points 4
9. A description of the company's policies on equality and diversity with respect to, for example, age, gender, and educational and professional background for the composition of the board, management, and control bodies and their sub-committees. Goals for these policies, how they have been implemented, and their impact during the reporting period should be stated. If the company does not have policies, this should be explained.	See points 8 and 9

3. Statement on Ownership and Corporate Governance

Corporate governance and management in Sparebanken Øst contribute to protecting the interests of employees, depositors, equity certificate holders, and other external parties. Corporate governance and management are the board's overarching responsibilities and aim to ensure that organs and functions operate according to regulations and that the business is managed effectively and purposefully over time.

The governance of Sparebanken Øst is based on an adopted vision, foundational principles, goals, strategies, and core values, as outlined in the "Bank's Strategy" section of the 2023 annual report, including the ethical guidelines established by the board. The rules begin as follows:

"Sparebanken Øst and savings banks, in general, play a central role in modern society. We are more dependent on trust from all groups than other businesses. Trust, of course, involves not only solidity and profitability but also the attitudes and behavior we as a bank demonstrate. We cannot function independently of our surroundings. We must gain acceptance in the market. To achieve this, our ethical standard must be beyond reproach. The ethical level at Sparebanken Øst is your responsibility. It is, of course, also the responsibility of the management and the representatives. Leaders determine through their behavior how high the bar should be set, but leaders alone cannot ensure a high ethical standard. Everyone contributes to influencing the bank's ethical level. It is our collective challenge. At Sparebanken Øst, we require loyalty, integrity, and transparency from leaders and employees. There is room for disagreement in internal discussions and preparations, but once a decision is made, all employees are expected to remain loyal to it."

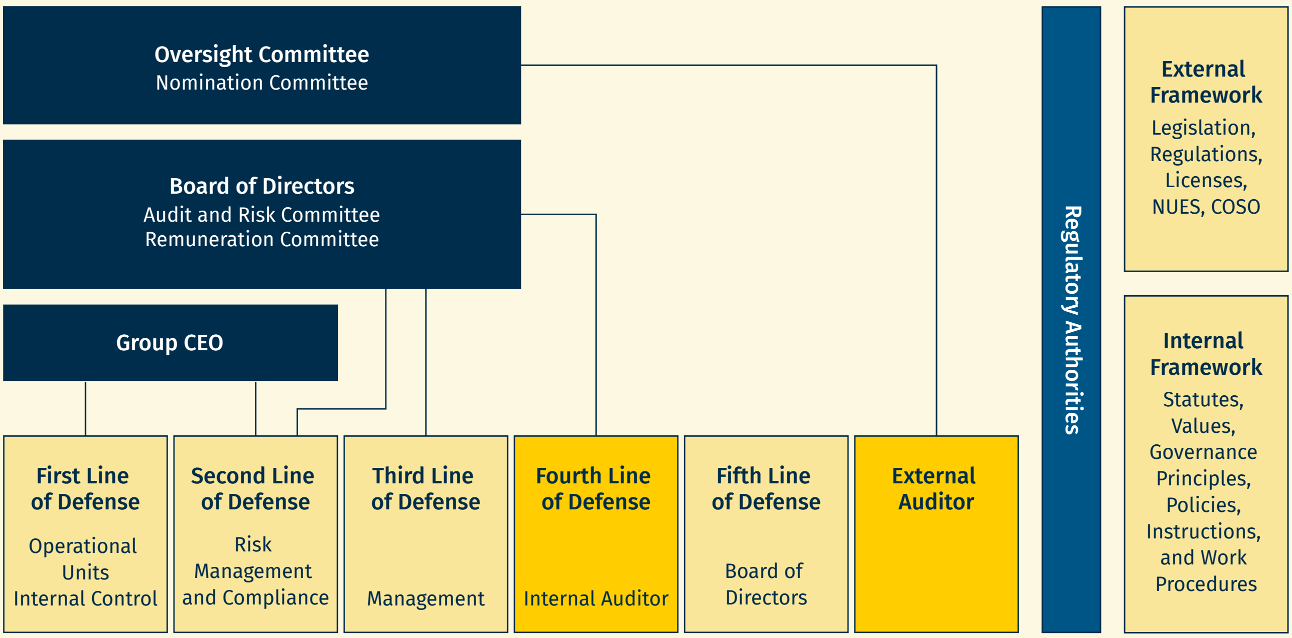
Governance is maintained by the bank's elected organs and functions entrusted with management responsibilities. The foundation for effective and purposeful operations of Sparebanken Øst is solid expertise in the core activities of the savings bank, with appropriate organization based on personal and corporate market activities, finance, IT, and collections.

The bank also has internal legal expertise. The framework for governing savings banks is set by an extensive body of laws and regulations. The regulations consist of special rules for financial institutions that are significantly more detailed than general company law rules and recommendations for public limited companies. The special rules cover requirements for supervision, licenses, the nature of the business, equity and dividends, the composition and responsibilities of governing organs, risk management and control, and matters related to acquisitions, mergers, and more.

Sparebanken Øst practices a "comply or explain" principle with respect to the recommendation (NUES), so any deviations from NUES will be commented on. In this context, we consider that savings banks are self-owned foundations and that the governance structure and composition of governing bodies significantly differ from those of public limited companies.

Presentations, quarterly reports, statutes, and more can be found at www.oest.no, under "About Us."

a) Overview of Governing and Controlling Bodies in Sparebanken Øst



4. Business

The overall operations of Sparebanken Øst are outlined in its statutes. The purpose of Sparebanken Øst is to conduct business and provide services that are customary and natural for savings banks to perform in accordance with the prevailing legislation and the licenses granted at any given time.

In accordance with the prevailing provisions of the Financial Institutions Act and other laws, the bank may hold assets in other financial institutions, as well as in companies engaged in activities closely related to banking and financing. The bank may also own shares in other companies, but it cannot operate or participate as a responsible partner in companies engaged in activities other than those mentioned in this section unless this is temporary and necessary for securing the bank's claims. The bank's operations are otherwise conducted within the framework of the license to operate as a savings bank and the rules set forth in the Financial Institutions Act and other laws and regulations applicable to savings banks.

Sparebanken Øst is to be development-oriented with a local foundation, solid, long-term, and trustworthy. The bank's corporate social responsibility is embedded in its statutes and guidelines. The bank's overall strategy specifies that Sparebanken Øst should be community-oriented and uphold high ethical standards. The bank is to contribute to value creation and sustainable development both through its ordinary operations and through the bank's social capital distribution – especially in the municipalities of Øvre Eiker and Drammen. The Supervisory Board is the highest body in the savings bank. The composition of the Supervisory Board is outlined in the statutes and clearly reflects the local community responsibility through its composition, which provides representation for depositor representatives, the local community (municipal appointees), employees, as well as equity certificate holders.

For a more detailed description of the operations, refer to the board's annual report for 2023 and the discussion of the bank's strategy.

DEVIATION FROM NUES: None

5. Share Capital and Dividends

a) Share Capital

The board continuously assesses the capital structure in light of the company's goals, strategy, and desired risk profile. The minimum capital requirements for savings banks are set out in Section 14-1 of the Financial Institutions Act. Requirements for preservation buffers, systemic risk buffers, and counter-cyclical capital buffers are regulated in Section 14-3 of the Financial Institutions Act. The group's target for capital adequacy is in line with regulatory requirements plus a capital margin of 1.0 percent. For a more detailed description of the rules regarding capital adequacy, the principles used to assess capital needs, and a detailed specification of the elements of the bank's capital adequacy, refer to the bank's Pillar 3 report on risk management, risk exposure, and solvency, which is published on the bank's website. The Financial Supervisory Authority (Finanstilsynet) supervises that the savings bank operates with adequate solvency in relation to the actual risk level. The dividend policy is outlined in the board's annual report.

The Supervisory Board has granted the board authorization to acquire and/or establish collateral on its own equity certificates. The authorization is valid for 18 months from March 23, 2023, and is subject to annual review. The Financial Supervisory Authority has approved the authorization. For practical reasons, Sparebanken Øst deviates from NUES' recommendation that such authorizations should be valid until the next Supervisory Board meeting, implicitly for one year.

b) Capital Increase

The Supervisory Board has not granted the board any general authorization for increasing equity. If the savings bank requires an increase in capital, it will be addressed as a separate issue at the Supervisory Board meeting. Decisions on increasing equity capital must be approved by the Financial Supervisory Authority (Finanstilsynet), cf. Section 10-4, (3) of the Financial Institutions Act.

DEVIATION FROM NUES: Sparebanken Øst deviates for practical reasons from the recommendation that a board authorization to acquire and/or establish collateral on its own equity certificates should not last longer than until the next ordinary Supervisory Board meeting, by having the authorization valid for 18 months.

6. Equal Treatment of Shareholders

a) Equal Treatment

Sparebanken Øst has one class of equity certificates.

The bank's equity certificates are listed on the Oslo Stock Exchange in accordance with the rules of financial legislation and the issuer rules provided by the Oslo Stock Exchange. All equity certificate holders have the same rights. In 2023, no transactions were conducted between the bank and the equity certificate holders and their related parties beyond loans, deposits, and payment services, as well as salaries/honorariums to employees and representatives who are equity certificate holders.

b) Preferential Rights

The preferential rights of equity certificate holders in capital increases are outlined in the Financial Institutions Act § 10-10 (3). This section specifies that in the event of an increase in equity capital, the holders of equity certificates have the preferential right to subscribe to the new equity certificates in proportion to the equity certificates they already hold issued by the institution. The provisions of the Public Limited Companies Act § 10-5 regarding the waiver of preferential rights apply similarly.

DEVIATION FROM NUES: None

7. Equity Certificates and Tradability

The bank's equity certificates are freely traded on the Oslo Stock Exchange. There are no additional ownership restrictions other than the applicable rules in the Financial Institutions Act concerning ownership limitations and licensing requirements, as well as the bylaws stipulating board approval for the purchase of equity certificates, which apply to equity certificate holders in Sparebanken Øst.

DEVIATION FROM NUES: Sparebanken Øst deviates from NUES in that the purchase of the bank's equity certificates requires board approval. This is stipulated in the bank's bylaws.

8. The Supervisory Board

The Supervisory Board must ensure that the savings bank operates according to its purpose in accordance with laws, bylaws, and decisions made by the Supervisory Board.

The Supervisory Board approves the accounts and determines the remuneration for the bank's officials, including the board, the nomination committee, and the appointed auditor. The Supervisory Board selects the nomination committee from among its members. According to the bylaws, the following matters must be handled by the regular Supervisory Board meetings, including the election of board members:

- Election of the Chair and Deputy Chair of the Supervisory Board
- Approval of the annual financial statements and annual report, including the allocation of profits/dividends
- Other matters that, according to law or bylaws, fall under the Supervisory Board's responsibility

a) Composition

The composition of the Supervisory Board is outlined in the bylaws, which were last amended on March 23, 2023. In the bylaws, the municipalities of Øvre Eiker, Nedre Eiker, and Drammen are defined as they were geographically defined as of January 1, 2019.

The local community responsibility is demonstrated through the composition of the Supervisory Board, which includes representatives from depositors, municipal representatives (the public), equity certificate holders, and employees.

The Supervisory Board consists of a total of 32 members with 24 alternate members. Nine members are elected by depositors, with 3 from Øvre Eiker, 2 from Nedre Eiker, and 4 from Drammen. Four members are elected by the public, with 1 member from Øvre Eiker, 2 members from Nedre Eiker, and 1 member from Drammen. Eight members are elected by the employees, and 11 members are elected by the equity certificate holders. Board members are elected for a term of 4 years.

The election of members to the Supervisory Board follows the Financial Institutions Act and the bank's bylaws. According to the bylaws, the position is personal, and it is not possible to attend by proxy. Thus, NUES' recommendation regarding the use of proxies at the general meeting is not applicable for equity certificate holders in Sparebanken Øst. Equity certificate holders have the right to vote in the election of members and alternates for the Supervisory Board. Each equity certificate gives one vote, but no one can vote for more than 10% of all equity certificates or cast more than 20% of the votes represented at the election meeting.

In 2023, the Chair of the Supervisory Board has been May-Britt Andersen, and the Deputy Chair has been Lars M. Lunde.

The election of Supervisory Board members follows the Financial Institutions Act and the bank's bylaws. The bylaws state that the position is personal and that it is not possible to attend by proxy. In case of absence, pre-elected alternates are called in.

b) Meetings

The Supervisory Board holds one regular meeting each year. In addition to this, the Supervisory Board may be convened by its Chair as needed. The Supervisory Board had one meeting in 2023. The Board calls for the annual meetings of the Supervisory Board with at least 21 days' notice, in accordance with the Financial Institutions Act § 8-3 (1) and thus the Companies Act § 5-10. Both the bank's auditor and the Board receive notice of the Supervisory Board meetings. The meetings are chaired by the Chair of the Supervisory Board as per the bylaws and the Financial Institutions Act, thereby adhering to the recommendation for independent meeting leadership. Regarding agenda documents, registration deadlines, the conduct of elections, and the publication of minutes from Supervisory Board meetings, the bank follows all points of the NUES recommendations.

DEVIATION FROM NUES: None. The NUES recommendation regarding the use of authorization at the general meeting is not relevant as the Supervisory Board operates with pre-elected deputies who are called upon in the event of absences of regular members.

9. Nomination Committees

It follows from the bank's bylaws that the election of members to the Supervisory Board and the Board of Directors should be done based on nominations from the Nomination Committee. There are 3 Nomination Committees at Sparebanken Øst:

1. Nomination Committee for the Supervisory Board and the Board of Directors
2. Nomination Committee for Depositors
3. Nomination Committee for Equity Certificate Holders

The Nomination Committees are responsible for ensuring that the composition of the Board and other bodies complies with the bank's bylaws and current legislation. Additionally, consideration must be given to the composition of the body in terms of gender, age, and the candidates' independence from the administration.

Employee representatives on the Board and the Supervisory Board are elected by and from among the employees in accordance with Regulation No. 9386 of December 23, 1977.

The Nomination Committee for the Supervisory Board consists of representatives from all groups represented on the Supervisory Board, including equity certificate holders. This is to ensure that the relationship between the Nomination Committees and the candidates considered takes into account independence and impartiality. It is also emphasized that the various Nomination Committees maintain their independence from the Board of Directors of the bank. The committees should also ensure that the necessary expertise is available for the tasks they face.

The Nomination Committee for the Supervisory Board and the Board of Directors is elected by and from among the members of the Supervisory Board. The composition of the Nomination Committee is outlined in the bank's bylaws. NUES' recommendations on this point are met to the extent that they align with the bylaws.

The Nomination Committee's recommendations to the Supervisory Board are justified in accordance with NUES. A specific instruction for the Nomination Committees, last approved by the Supervisory Board on March 30, 2017, has been prepared.

In 2023, the Nomination Committee for the Supervisory Board and the Board of Directors consisted of the following members:

- Thor S. Syvaldsen
- Ann Kristin Plomås, ansatt
- Cato Brekke
- Ole Jørgen Smedsrud
- Frank Borgen

Sparebanken Øst adheres to the recommendation that a majority of the Nomination Committee should be independent of the Board of Directors and other senior management. Additionally, Board members or senior executives should not be members of the Nomination Committee. The bank's bylaws require that all members of the Nomination Committee are members of the Supervisory Board.

In 2023, the Nomination Committee held separate meetings with both the Chair of the Board and the bank's Chief Executive Officer.

10. The Board of Directors: Composition and Independence

a) Board Composition

The Board of Directors consists of 6 external members and 2 employee representatives. The Chief Executive Officer and the Deputy Chief Executive Officer have the right to attend meetings but do not have voting rights on the Board.

The composition of the Board, the background of Board members, and their participation in Board meetings in 2023 are discussed under "Presentation of the Board." Detailed information about each Board member is also available on our website at oest.no/om-oss/styret-og-ledelse/.

The Chief Executive Officer and the Deputy Chief Executive Officer attended 17 out of 17 Board meetings.

b) Election of the Board

Election of Board members is conducted based on the preparation by the nomination committee appointed by the Supervisory Board. The nomination committee prepares a recommendation for the Supervisory Board.

Board members are elected for a term of 2 years. The Supervisory Board elects the Chair and Vice Chair of the Board. The competence and professional experience of the Board members are presented to the Supervisory Board during the election process. Section 4-1 of Sparebanken Øst's articles of association addresses the composition of the Board.

c) Independence

The Board must act independently, and its members, with the exception of employee representatives, are considered independent of the bank's significant business relationships and daily management. None of the bank's senior executives are members of the Board. The composition of the Board reflects diversity, with competence and skills forming the basis for performing the necessary board duties. The Board Instruction indicates that the Board functions as a collegial body. However, responsibility for decisions and actions taken by the Board lies with each individual Board member.

d) Board Members' Ownership of Equity Certificates

Board members who hold equity certificates in Sparebanken Øst as of 31.12.2023 are listed in Note 41.

DEVIATION FROM NUES: None

11. The Board's Work

a) Board Responsibilities

The board directs the operations of the savings bank in accordance with laws, regulations, articles of association, and specific instructions given by the supervisory committee.

The management of the savings bank falls under the board's purview. The board must ensure the proper organization of the bank's operations, including compliance with requirements for organizing the bank and establishing adequate governance and control systems.

The board is responsible for setting plans and budgets for the bank's operations. It must also establish guidelines for the business, including rules on confidentiality regarding information about the bank and its activities.

The board must stay informed about the bank's financial status and ensure that its operations, accounting, and asset management are subject to adequate oversight. The board is required to meet with the auditor at least once a year and as needed, without the presence of the daily management or other staff members.

The board oversees the daily management and overall operations of the bank. It is responsible for setting the instructions for the daily manager and ensuring that the daily manager regularly informs the board about the bank's operations, position, and performance.

The board initiates necessary investigations to fulfill its duties.

It is responsible for ensuring that the savings bank maintains adequate equity in relation to the risk and extent of its operations. The board has delegated parts of the management responsibility to the administration through various delegation decisions.

These decisions have varying durations. The board has also established guidelines for the internal auditor, who performs operational audits in accordance with applicable auditing standards. Sparebanken Øst's internal auditor is KPMG.

b) Confidentiality

All elected representatives in Sparebanken Øst are subject to the same rules regarding confidentiality, ethics, and impartiality as apply to the bank's general employees. Independence between the bank's various governing and controlling bodies is a central criterion for the proper management of the business. According to the board's assessment, there are no close relationships or personal connections among the elected representatives in Sparebanken Øst that could affect the independence and judgment of individual representatives.

c) Conflicts of Interest and Ineligibility

The bank's ethical rules stipulate that board members and employees have a duty to report if they have a direct or indirect significant interest in agreements made by or within the bank (the group) or in matters the board is to handle.

d) Board Instructions

The board's responsibilities and tasks are established in Section 8-6 of the Financial Institutions Act and in the bank's articles of association. The board has developed its own set of instructions, which is subject to annual revision. The instructions were last revised on February 8, 2024. The instructions describe the board's responsibilities, the matters the board should address, and the rules governing the handling of these matters. The board has also established instructions for the Chief Executive Officer (CEO), who is responsible for the daily management of the bank. The board's instructions and the instructions for the CEO specify the division of responsibilities and tasks between the board and the CEO.

e) Financial Reporting

The board receives monthly reports that comment on the bank's economic and financial status, including the CEO's monthly operational report. These monthly reports form the basis for internal management and communication regarding the bank's status. The board also receives periodic reports showing the bank's compliance with delegated authorities, as well as quarterly reports detailing the development of the bank's overall risk profile.

f) Annual Plan

The board prepares an annual plan for its work. The annual plan includes, among other things, a meeting schedule for the year, an overview of fixed tasks for specific meetings, and a financial calendar. Each year, the board conducts a self-evaluation. The evaluation covers the competence of board members, the composition of the board, and how the board functions both as a group and individually. The board's self-evaluation is available to the nomination committee of the supervisory board.

DEVIATION FROM NUES: None

12. Board Committees

a) Remuneration Committee

In accordance with the requirements of Section 15-1 of the Financial Institutions Act and Section 15-1 et seq. of the Regulation on Financial Institutions and Financial Groups, a remuneration committee has been established in Sparebanken Øst. The task of the remuneration committee is to prepare guidelines for the board regarding compensation for senior executives.

The committee is also responsible for ensuring that the company always has and practices guidelines and frameworks for compensation schemes that comply with the Regulation on Compensation Schemes in Financial Institutions, Securities Firms, and Management Companies for Securities Funds. The committee performs its duties in accordance with guidelines established by the board. The committee appoints its own chairperson. Its members are elected by the board. In 2023, the remuneration committee consisted of the following members:

- Cecilie Hagby, Chair
- Øivind Andersson
- Jorund Rønning Indrelid (until April 24, 2023)
- Sissel Album Fjeld, Employee Representative

HR-sjef har vært sekretær for utvalget. Styret har godkjent retningslinjer for godtgjørelser i Sparebanken Øst. Flertallet i utvalget er i henhold til NUES anbefaling uavhengig av virksomheten.

b) Audit and Risk Committee

In accordance with the requirements of Sections 8-18 and 13-6 (4) of the Financial Institutions Act, Sparebanken Øst has established an audit and risk committee according to the guidelines described by the law. The audit and risk committee serves as a preparatory and advisory body for the board.

The members are elected by the board and serve for one year at a time. The chairperson of the committee is appointed by the board. The main tasks of the audit and risk committee are to prepare the board's oversight of financial statements and reporting, monitor risk management systems and internal controls, evaluate the work of internal audit, and assess and monitor the independence of the external auditor.

The committee is also responsible for preparing and advising the board on matters related to the bank's existing and future risk appetite and risk strategy, as well as the monitoring and implementation of this strategy.

Additionally, the committee monitors the extent to which the bank's pricing of products to customers fully reflects the risk borne by the bank.

The committee performs its duties according to instructions established by the board. The audit and risk committee held 9 meetings in 2023. In 2023, the committee consisted of the following members:

- Cecilie Hagby, Chair
- Øivind Andersson
- Arne K. Stokke
- Ole B. Hoen (until April 24, 2023)
- Lina Andal Sørby (until April 24, 2023)

The committee is independent of the business, in accordance with NUES recommendations.

DEVIATION FROM NUES: None

13. Risk Management and Internal Control

Risk management should support the group's development and goal achievement and ensure financial stability and sound business operations. This is achieved through a risk profile characterized by a strong risk culture and a high awareness of risk management. To ensure an effective and appropriate process for risk management and internal control, the group has adopted the COSO model[1]. This is a recognized framework for risk management and internal control. The model is based on the principle that risk management and internal control apply to all parts of the organization while maintaining a holistic perspective. Risk management and internal control cover both strategic and operational aspects, with particular emphasis on the quality of external reporting and compliance with laws and regulations. This is referred to as holistic risk management.

The concept of holistic risk management is used in Sparebanken Øst with the following definition:

Holistic risk management is the culture, characteristics, and practices that the organization integrates with strategy and uses when implementing the strategy, to manage risk as values are created, preserved, and realized.

a) Roles and Responsibilities

The organization and control functions are in accordance with current legislation. The provisions on holistic risk management are outlined in Section 13-5 of the Financial Institutions Act, concerning prudent operations and good business practice. Section 13-5 (1) states that a financial institution must be organized and operated in a prudent manner. The institution must have a clear organizational structure and division of responsibilities, as well as clear and appropriate governance and control arrangements. The institution must have suitable guidelines and procedures to identify, manage, monitor, and report on the risks to which it is, or may be, exposed. A clear organization with well-defined responsibilities and authority is a central element of good risk management and internal control.

b) Internal Audit

The internal audit must, in accordance with Section 8-16 (1) of the Financial Contracts Act, ensure that the financial institution is organized and operated in a prudent manner and in compliance with applicable requirements. Issues deemed unsatisfactory must be reported to the board and the CEO.

- The internal auditor has the right to attend board meetings and present a report on risk management and internal control at least once a year.
- Provide objective advice to the board and management regarding the group's risk management, the design and compliance of controls, as well as adherence to established routines, procedures, and guidelines.
- Possess sufficient competence and experience, methodologies, and tools to ensure that all areas with high and critical risk are covered.
- Conduct planned internal controls.

[1]The Committee of Sponsoring Organisations of the Treadway Commission (COSO) has defined these concepts through an internationally recognized framework, which is also used in financial sector legislation.

c) External Audit

The external auditor provides the management and board with independent and objective viewpoints that can help the bank achieve its objectives not only for financial reporting but also for goals in other categories. In connection with the annual financial statement audit, the auditor presents their opinion on the extent to which the financial statements provide a fair representation of the company's financial position in accordance with IFRS, thus contributing to the company's financial reporting goals. The auditor can also assist by providing useful information to management in its execution of activities related to risk management. Such information includes audit findings, analytical information, and recommendations for necessary actions to achieve established objectives, as well as findings regarding deficiencies in risk management and control, with recommendations for improvements.

d) Oversight

In accordance with the Financial Institutions Act § 11-14, BDO AS has been appointed as the independent supervisor for Sparebanken Øst Boligkreditt AS. The supervisor conducts independent quarterly checks, including those of the legally required register and the financial balance between collateral and issued covered bonds. The supervisor regularly reports to the Financial Supervisory Authority (Finanstilsynet).

e) Risk Management Department and Compliance Department

According to the CRR/CRD IV regulations, §§ 38-39, Sparebanken Øst has established separate departments for risk management and compliance. These departments operate independently of the regular operational functions.

Risk Management Department's Main Tasks:

- Have a group-wide responsibility for monitoring the strategy for comprehensive risk management.
- Take the lead in shaping strategies for key risk areas.
- Be involved in evaluating risks associated with significant credit approvals, new and significant changes in products, services, and other activities, including outsourcing.
- Participate in developing risk tolerance levels, risk strategies, and overall risk-taking frameworks.
- Contribute to the ongoing development of the bank's framework for comprehensive risk management and internal control, including risk strategy, methods, models, and systems according to recognized principles.
- Ensure that risk management systems are implemented, used, monitored, and documented in compliance with laws, regulations, strategies, and procedures, and that the risk management process is appropriate and effective.
- Monitor the bank's risk status and development in relation to established risk-strategic targets and business strategy.
- Participate in meetings of the board's audit and risk committee.

The head of the Risk Management Department cannot be dismissed without the board's consent, according to CRR/CRD IV regulations, § 38.

Compliance Department's Main Tasks:

- Have a group-wide responsibility for monitoring the strategy for comprehensive risk management.
- Be involved in evaluating risks associated with new and significant changes in products, services, and other activities, including outsourcing. Facilitate the bank's workshops for identifying, assessing, and managing operational risks across various departments.
- Act as an independent entity challenging the operational departments in the bank.
- Contribute to the ongoing development of the bank's framework for comprehensive risk management and internal control, including risk strategy, methods, models, and systems according to recognized principles.
- Ensure that effective systems and processes are established for compliance with applicable regulations, capture changes in laws/regulations, industry standards, and internal guidelines, and ensure their implementation within the bank.
- Test, assess, and advise on internal controls.
- Be responsible for conducting annual key process reviews and presenting proposals and evaluations to the bank's management.
- Participate in meetings of the board's audit and risk committee.

The head of the Compliance Department cannot be dismissed without the board's consent, according to CRR/CRD IV regulations, § 39.

f) Internal Control in Operational Departments

Chief Executive Officer (CEO)

The CEO is responsible for ensuring that:

- A sound, comprehensive risk management system is established in accordance with guidelines set by the board.
- Comprehensive risk management is documented, implemented, and monitored effectively.
- Reporting obligations to the board comply with laws, regulations, bylaws, and the group's established principles.

- Risk management systems are executed, followed up, and documented in accordance with laws, regulations, strategies/policies, and procedures.
- The risk management process is appropriate and effective.

The CEO must ensure that the group is appropriately organized, including clear delineation of responsibilities and necessary division of labor. The CEO is also responsible for ensuring that the process for assessing risks and overall capital needs (ICAAP) is carried out.

Heads of Business Areas

The heads of business areas, including directors and middle managers, are responsible for:

- Establishing and implementing sound risk management within their area, including assessing risks and establishing necessary line controls.
- Compliance with applicable regulations.
- Reporting related to comprehensive risk management, including reporting of significant breaches/incidents.

Employees

Employees are responsible for:

- Possessing sufficient knowledge of their responsibilities and tasks for adequate self-control.
- Performing work within established instructions, limits, and authorizations with the required quality.
- Reporting significant breaches/incidents to their supervisor.

Comprehensive risk management should be part of the ongoing monitoring between the supervisor and the employee. The employee's role in this should be clearly defined and followed up.

g) Other Bodies and Control Points

The bank's Balance Management Committee (BSK) holds regular meetings to discuss the status and measures concerning liquidity. The BSK includes the CEO, the Deputy CEO, the Director of Finance and Economics, the Head of Risk Management, the Chief Financial Officer, and the Chief Accountant. The BSK is also the forum for evaluations related to the Recovery Plan under normal conditions, including ongoing assessment of indicators and triggers.

The Risk Committee aims to assess risk exposure and risk reporting. The committee evaluates capital needs and handles risk reporting to the board. The committee's members include a lawyer, department heads for Risk Management and Compliance, controllers, the Head of Collections, the Credit Manager, the Head of Retail Credit, and the Director of IT/Automation. The committee's conclusions and comments are documented and sent to the CEO.

A separate department for anti-money laundering has been established. The bank's Deputy CEO is responsible for anti-money laundering.

h) Financial Supervisory Authority

The Financial Supervisory Authority (Finanstilsynet) is an independent governing body based on laws and decisions from the Parliament, the Government, and the Ministry of Finance, as well as international standards for financial supervision. Through its oversight of companies and markets, Finanstilsynet aims to contribute to financial stability and orderly market conditions, and to ensure that users can trust that financial agreements and services are being followed according to their purpose. In addition to preventive work, Finanstilsynet must also be able to help resolve issues that may arise. Finanstilsynet operates under the principle that Norwegian businesses should have competitive conditions that are, overall, in line with those of businesses in other EEA countries.

DEVIATION FROM NUES: None

14. Remuneration for the Supervisory Board, the Board of Directors, and Trustees

Compensation for the board, the supervisory board, and the nomination committee is determined by the supervisory board. The compensation is intended to reflect the workload and responsibility of each individual. The remuneration is independent of the bank's results and is a fixed amount. There are no performance-based or variable compensations for the members of the supervisory board, board members, or other officials of the savings bank. Compensation for the supervisory board and the board is disclosed in the executive remuneration report for 2023. None of the board members, except for the employee representatives, have performed other tasks for the savings bank in 2023 besides their board duties.

DEVIATION FROM NUES: None

15. Salary and Other Compensation for Senior Executives

In accordance with the applicable laws, specifically the Financial Institutions Act §§ 15-1 to 15-6, the board sets the necessary guidelines for the compensation of senior executives. Compensation for senior executives is disclosed in the executive remuneration report for 2023. The fixed salary constitutes the primary income for all employees at Sparebanken Øst. The board determines the compensation for the CEO. The CEO determines the compensation for the top management team. There are no agreements on variable compensation, stock options, or bonus arrangements. The top management participates in the board-approved profit-sharing scheme. The board may decide to grant a one-time bonus to the CEO and the deputy CEO.

DEVIATION FROM NUES: None

16. Information and Communication

The bank's objectives for information and communication are based on openness and accessibility. To ensure necessary information flow, financial information should be published in accordance with the established financial calendar on the bank's website, submitted to the Oslo Stock Exchange, and presented to investors and other stakeholders. Sparebanken Øst organizes open investor presentations in conjunction with the release of annual and quarterly results. However, regulations for information and communication, rules on good stock exchange ethics, and a general requirement for equal treatment impose limitations on the bank's ability to release information, including to analysts.

Sparebanken Øst has developed guidelines for investor relations. The guidelines indicate that the bank aims to maintain extensive and effective communication with the financial markets, emphasizing openness and credibility. The bank seeks long-term and mutually beneficial relationships with as many brokerage firms as possible. Investment decisions should be based on economic calculations rather than relationships. Sparebanken Øst should be favorable towards investment decisions that do not significantly alter current profitability estimates and that would be advantageous to the investor. Brokerage contacts should be handled through the Finance Department to ensure consistent information flow.

Information deemed important and sensitive will first be communicated to the Oslo Stock Exchange. Sparebanken Øst aims to provide accurate and well-balanced information both in writing and orally, ensuring that no investors are given preferential treatment. All information offered should be distributed to all investor circles and presented in a clear and uniform manner. The bank should strive to be accessible to investors and respond to inquiries in a reasonable time. Information considered central to investors should be distributed via the bank's website, the Oslo Stock Exchange, and via email.

DEVIATION FROM NUES: None

17. Company Acquisition

Savings banks cannot be acquired by other companies or individuals. Therefore, NUES' recommendation on this point is not relevant for savings banks. The supervisory board must make decisions on all matters related to changes in the operations of Sparebanken Øst, acquisitions of other companies, or other issues of particular importance to the bank. However, this does not apply to the acquisition of smaller companies within the bank's current business area, or if the matter should, for other special reasons, be decided by the board of directors first and then presented to the supervisory board.

DEVIATION FROM NUES: None

18. Auditor

The audit of Sparebanken Øst is conducted according to recognized auditing principles regarding planning, execution, and reporting. Ernst & Young AS is the bank's external auditor. The external auditor meets at least once a year with the Audit and Risk Committee and at the board meeting to review their assessments of the bank's risks. The external auditor always participates in the board meeting when the annual financial statements are approved and at the financial meeting of the Audit and Risk Committee, reviewing their assessment of significant matters within the bank. Additionally, the external auditor attends board meetings as needed. According to the Financial Institutions Act § 8-6 (3), the board must meet with the auditor at least once per quarter without the daily management being present unless otherwise specified in the board's instructions. The external auditor is also invited to all supervisory board meetings. Further details on auditor compensation, including the allocation of fees, can be found in note 20 of the annual financial statements.

DEVIATION FROM NUES: None

19. Financial Calendar for 2024

	Disclosure
• Preliminary Results for 2023 (Q4 2023)	February 9, 2024
• Annual Financial Statements 2023	February 29, 2024
• Supervisory Board Meeting	March 21, 2024
• Ex-Dividend Date	March 22, 2024
• Dividend Payment	April 5, 2024
• Q1 2024	May 8, 2024
• Q2 2024	July 12, 2024
• Q3 2024	November 1, 2024

20. Investor Relations

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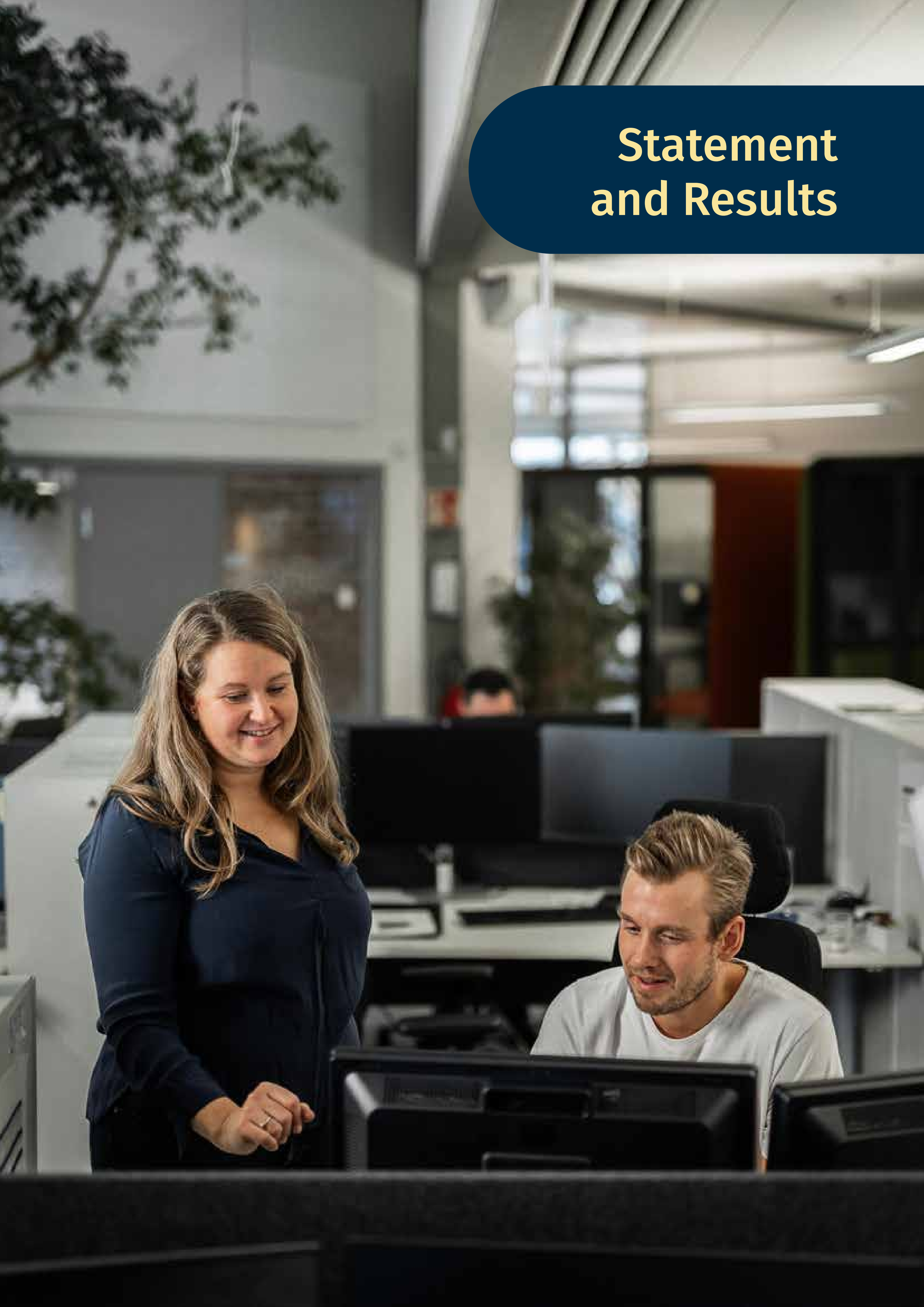
Statement and Results



Annual report

In 2023, the Bank can point to very good results and an increased return on equity. The Bank has low risk in its loan portfolios and was assigned a reduced Pillar 2 requirement in 2023. With reduced Pillar 2 requirements, a high CET1 capital ratio and a high leverage ratio, Sparebanken Øst is among Norway's most solid banks.

The Bank's 181st year of trading shows an after-tax profit of NOK 440.6 million, producing an equity ratio of 9.87 per cent. The return on equity is higher than the long-term return target of 9 per cent. The Bank is very happy with this performance in view of its financial strength and the fact that it uses the standard method for calculating capital weights.

Seven interest rate hikes have been implemented in the Bank's customer portfolios, which have taken effect during 2023. The Bank's net interest income increased by NOK 142.6 million compared to 2022. Further interest rate increases were decided, taking effect from the middle of March 2024.

In a market characterised by strong competition for lending customers, the Bank can point to lending growth in 2023, with net lending up by 2.9 per cent. The positive trend is driven by high lending growth to retail customers in the office channel, where the increase is 7.7 per cent.

The Bank still has very low losses on lending and a low rate of non-performing commitments. The Bank's CET1 capital ratio is very solid at 18.67 per cent.

Earnings per equity certificate were NOK 5.67. The Board of Directors proposes that a cash dividend of NOK 5.40 per equity certificate (NOK 111.9 million in all) be distributed for 2023, with provisions for good causes totalling NOK 279.6 million. The Board's proposed distributions constitute 95.2 per cent of the Group's profit for the year allocated to equity certificate holders and primary capital respectively. This year's allocations are based on the Bank's earnings, low credit risk and very solid capital adequacy.

Results for 2023 in brief

The profit for the year is NOK 440.6 million, a reduction of NOK 144.2 million from 2022. The return on equity (ROE) was 9.87 per cent, compared with 6.65 per cent in 2022. Earnings per equity certificate were NOK 5.67, up from NOK 3.83 in 2022.

The CET1 capital ratio is 18.67 per cent, down from 20.11 per cent at the end of 2022. The leverage ratio is 8.89 per cent, down from 9.27 per cent at the end of 2022.

Net interest income amounted to NOK 828.8 million, up NOK 142.6 million from 2022. Net interest income as a percentage of average total assets is 1.85 per cent, an increase of 0.36 percentage points compared to the same period in 2022. The development of net interest income was primarily affected by rising interest rates resulting in increased deposit margins.

Net other operating income amounted to NOK 88.0 million, up by NOK 75.9 million compared with 2022. The value of the liquidity portfolio fell by NOK 7.6 million, compared with a reduction of NOK 46.8 million in 2022. Dividends received totalled NOK 45.9 million, down NOK 8 million from 2022. Other profit effects from ownership interests amount to NOK 7.3 million, an increase of NOK 36.8 million from 2022. Net commission income amounted to NOK 43.3 million, up NOK 5.9 million from 2022.

Operating costs amount to NOK 345.9 million, an increase of NOK 36.2 million. The increase is mainly due to an increase in the number of full-time equivalents. Measured as a percentage of revenue, the cost ratio is 37.7 per cent, down from 44.4 per cent in 2022.

Losses are modest at NOK 6.7 million. By comparison, losses amounted to NOK 6.8 million in 2022.

Strategy and goals

Sparebanken Øst aims to be a leading savings bank in central Eastern Norway, which we define as our main market. With a combination of physical and digital distribution, we are a modern traditionalist and provider of financial services.

Our business concept is to be a non-affiliated, independent and locally managed provider of financial services, to enable people in general, along with small and medium-sized enterprises, to exploit their financial resources in the best possible manner.

We want to be a profitable bank run according to business principles. Its financial performance each year and over time must help ensure the Group achieves its targets. The Bank'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 the target return represents an ambitious, but not unrealistic target for Sparebanken Øst. The Group's capital adequacy target is a ratio at least equal to the regulatory requirement plus a margin of 1.0 percentage point.

Refer to the more detailed discussion of the bank's strategy under 'Strategic ambitions' from page 12 onwards.

Report on the financial statements

The financial statements have been prepared in accordance with IFRS Accounting Standards, as approved by the EU.

The Board hereby confirms that the conditions for the presentation of the financial statements under the going concern assumption are present.

NET INTEREST INCOME

Net interest income amounted to NOK 828.8 million, up NOK 142.6 million from 2022. Net interest income as a percentage of average total assets is 1.85 per cent, an increase of 0.36 percentage points compared to the same period in 2022. The development of net interest income was primarily affected by rising interest rates resulting in increased deposit margins.

Interest income from lending to customers was higher compared with 2022, primarily due to interest rate rises in the Bank's loan portfolio. Interest rates in the Bank's loan portfolio have been increased seven times based on rate rises implemented by Norges Bank in 2023. 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 wholesale funding.

Interest costs on securities issued are closely linked to the development of money market rates. The increase in interest costs compared with 2022 was attributable to rising money market rates following rate hikes and expectations of further rate hikes by Norges Bank. The money market premium was high in the first three quarters and resulted in higher wholesale funding costs than the policy rate would indicate under normal conditions.

Netto renteinntekter

Beløp i NOK mill.	2023	2022
Utlån til & fordringer på kredittinstitusjoner	15,7	5,7
Utlån til kunder	1.950,8	1.202,9
Sertifikater og obligasjoner	273,9	145,9
Andre renteinntekter	4,5	1,0
Sum renteinntekter	2.244,9	1.355,5
Gjeld til kredittinstitusjoner	9,3	6,7
Innskudd fra kunder	312,5	136,4
Verdipapirgjeld	993,7	479,0
Etterstilte seniorobligasjoner	59,0	19,6
Ansvarlig lånekapital	25,4	12,8
Sikringsfondsavgift	16,3	14,7
Sum rentekostnader	1.416,1	669,3
Netto renteinntekter	828,8	686,2
Rentenetto i % av GFK	1,85	1,49

NET OTHER OPERATING INCOME

Net commission income amounted to NOK 43.3 million, up NOK 5.9 million from 2022. The increase is mainly due to increased commission income from insurance intermediation.

Dividends received amounted to NOK 45.9 million, of which NOK 45.6 million related to dividends received from Frende. Dividends received totalled NOK 53.9 million in 2022, of which dividends from Frende accounted for NOK 49.1 million, while dividends from VN Norge AS came to NOK 3.0 million (sale of shares in Visa Inc.).

Net value changes and gains/losses from financial instruments amounted to a loss of NOK 3.3 million, compared with a loss of NOK 82.6 million in 2022. The value of the liquidity portfolio fell by NOK 7.6 million, compared with a reduction of NOK 46.8 million in 2022. Last year's fall in value was mainly due to the effects of the geopolitical uncertainty associated with the invasion of Ukraine. The fall in value of the Bank's shares in Norwegian Block Exchange AS (NBX) amounted to NOK 6.8 million. By comparison, the fall in the value of the shareholding in NBX amounted to NOK 30.9 million in 2022. The value of the Bank's shares in Kraft Bank ASA fell by NOK 1.9 million, against a fall of NOK 5.3 million in 2022. The rise in value of the Bank's shares in Norne Securites totalled NOK 2.4 million.   Positive value changes related to shares and options in Visa Inc. amounted to NOK 13.6 million compared with an increase of NOK 1.5 million in 2022. The positive profit effect on the Bank's shareholding in Frende AS amounts to NOK 4.8 million in 2022. The negative profit effects from foreign exchange, derivatives and fixed rate loans at fair value amounted to NOK 0.7 million. The corresponding profit effects were minus NOK 2.4 million in 2022. The cost of buying back the Bank's own issued debt amounted to NOK 2.2 million, compared with NOK 3.9 million in 2022.

Netto andre driftsinntekter

Beløp i NOK mill.	2023	2022
Netto provisjonsinntekter	43,3	37,4
Utbytte	45,9	53,9
Nto. verdiendr. og gev./tap på sert. og obl.*	-1,9	-50,5
Nto. verdiendr. og gev./tap på aksjer	7,3	-29,5
Nto. verdiendr. og gev./tap på fastrenteutlån	1,3	-6,3
Nto. verdiendr. og gev./tap på på andre fin. instr.	-10,0	3,6
Andre driftsinntekter	2,0	3,4
Netto andre driftsinntekter	88,0	12,1

*eksklusiv resultateffekt fra finansielle derivater inngått med formål for økonomisk rentesikring i likviditetsporteføljen

OPERATING COSTS

Operating costs amount to NOK 345.9 million, an increase of NOK 36.2 million from 2022. Measured as a percentage of revenue, the cost ratio is 37.7 per cent, down from 44.4 per cent in 2022.

Salaries and personnel costs amounted to NOK 194.7 million, up by NOK 26.3 million from 2022. The Bank has strengthened its specialist expertise and staffing in the office channel, and compared with the end of 2022, the average number of full-time equivalents has increased by 13. The increase in salary and staff costs includes a provision for a distribution of profits of NOK 2.8 million in 2023

Other operating costs amount to NOK 122.3 million, an increase of NOK 8.2 million from 2022. Of this increase, NOK 4.2 million comes from increased IT costs and NOK 2.7 million from an increase in the rate of wealth tax.

Driftskostnader

Beløp i NOK mill.	2023	2022
Lønn og andre personalkostnader	194,7	168,5
Avskrivning/nedskrivning varige og im. eiend.	29,0	27,2
Andre driftskostnader	122,3	114,1
Sum driftskostnader	345,9	309,7
Kostnader i % av inntekter	37,73	44,35
Kostnader i % av GFK	0,77	0,67

IMPAIRMENTS AND NON-PERFORMING COMMITMENTS

Losses on loans, unused credits and guarantees amounted to NOK 6.7 million, of which changes in model-based losses amounted to income of NOK 1.2 million. By comparison, losses amounted to NOK 6.8 million in 2022, of which changes in model-based loan loss provisions produced income of NOK 2.3 million.

Tapskostnad

Beløp i NOK mill.	2023	2022
Utlån til personkunder i mor og boligkredittsel.	-3,8	2,3
Utlån til næringskunder	2,2	-0,1
Utlån i AS Financiering	8,0	4,7
Ubenyttede kreditter og garantier	0,2	-0,1
Sum tapskostnad	6,7	6,8
Tap i % av netto utlån til kunder (IB)	0,02	0,02

Total loan loss provisions amount to NOK 109.9 million, equivalent to 0.29 per cent of gross lending to customers. By comparison, total loan loss provisions amounted to NOK 113.2 million at the end of 2022, equivalent to 0.31 per cent of gross lending to customers. Individually assessed loan loss provisions amounted to NOK 83.7 million, compared with NOK 85.8 million at the end of 2022. The bank's loan loss provisions are mainly related to AS Financiering and, compared with the end of 2022, they constitute a reduced percentage of gross lending at AS Financiering.

Tapsavsetninger

Beløp i NOK mill.	2023	2022
Utlån til personkunder i mor og boligkredittsel.	14,6	18,4
Utlån til næringskunder	6,5	4,3
Utlån i AS Financiering	87,4	89,2
Ubenyttede kreditter og garantier	1,5	1,3
Sum tapsavsetninger	109,9	113,2
Tapsavsetninger i % av brutto utlån til kunder	0,29	0,31

Net non-performing commitments are low, at NOK 194.6 million or 0.51 per cent of net lending to customers. For comparison, net non-performing commitments amounted to NOK 128.9 million, corresponding to 0.35 per cent of net lending to customers at the end of 2022.
The increase in net non-performing commitments is mainly down to payment relief and the grace period of up to one year.

Misligholdte engasjementer

Beløp i NOK mill.	2023	2022
Utlån til personkunder i mor og boligkredittsel.	80,9	47,8
Næringskunder	30,4	7,1
AS Financiering	168,3	160,6
Sum brutto misligholdte engasjementer	279,6	215,6
Tapsavsetninger på misligholdte engasjementer	85,0	86,7
Netto misligholdte engasjementer	194,6	128,9
Netto misligholdte eng. i % av netto utlån	0,51	0,35

INCOME TAX

Income tax stands at NOK 123.7 million, equal to 21.9 per cent of the profit before tax.

Proposed allocation of profits for 2023

The profit for the year is allocated on the basis of the profit/loss for the year to the parent bank. The profit for the year for the parent bank is NOK 426.7 million for 2023, compared with NOK 344.7 million in 2022. The parent bank has recognised NOK 114.2 million in dividends from wholly owned subsidiaries in 2023, compared with NOK 171.1 million in 2022.

The hybrid capital owners' share of the parent bank's profit for the year amounted to NOK 29.3 million in 2023 and is allocated to their share of the equity. The corresponding share of profit amounted to NOK 18.7 million in 2022. The share of the profit is made up of interest and buyback costs on additional Tier 1 capital, where interest paid is presented as a distribution from equity.

The Board of Directors proposes that the parent bank's profit for 2023 be allocated to equity certificate holders and primary capital as shown in the table below:

(beløp i mill. kroner)		
Årsresultat morbank*		**397,4**
Kontantutbytte til egenkapitalbeviseierne	111,9	
Avsatt til allmennyttige gaver	279,6	
Sum utdelinger		**391,6**
Til utjevningsfond	1,0	
Til grunnfond	2,4	
Til fond for urealiserte gevinster	2,4	
Sum til egenkapital		**5,8**
Sum disponert		**397,4**

* EK-beviseiernes og grunnfondets andel av resultatet.

The proposed distribution of cash dividends amounts to NOK 5.40 per equity certificate, equivalent to NOK 111.9 million in all. This year's provision for grants to good causes is historically high, at NOK 279.6 million. Dividends to equity certificate holders and grants to good causes together constitute 95.2 per cent of the Group's profit for the year allocated to the equity certificate holders and primary capital respectively. The Board's proposed allocation keeps the Bank's ownership fraction unchanged at 28.59 per cent.

The Board's proposal for distributions is in line with the Bank's current dividend policy which was amended on 13 July 2023. 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 proposed allocation of profits for 2023 is for 98.5 per cent of the parent bank's profit for the year to allocated to equity certificate holders and primary capital to be distributed in dividends and provisions for grants. Under the Financial Institutions Act, the Board of Directors is obliged to notify the Financial Supervisory Authority of Norway when the Board submits a proposal where the total distributions exceed half of the profit. Sparebanken Øst has fulfilled this duty and has informed the Financial Supervisory Authority of Norway of the Board's proposal. The prudence assessments of the Board of

Directors in connection with the proposed distributions for 2023 are discussed in more detail in the next section.

THE BOARD'S PRUDENCE ASSESSMENT FOR 2023

The requirements of the Financial Institutions Act for a prudence assessment

The dividends on equity share capital and primary capital must not be set higher than is justifiable and consistent with prudent and good conduct under due consideration for losses that may be incurred following the end of the accounting year, or that may be expected to be incurred, as well as based on the need to build up equity in the bank. If the Board of Directors decides to submit a proposal for distribution which entails that the total dividend in a single year will exceed half of the profit according to the approved income statement for the last financial year, the Board must notify the Financial Supervisory Authority of Norway of the proposal. The Financial Supervisory Authority of Norway may, where the financial institution's solvency so requires, order the institution not to distribute a dividend or to distribute less than what has been proposed by the Board of Directors or adopted by the General Meeting (Section 10-6 of the Financial Institutions Act).

Losses that may have occurred after the end of the financial year, or which must be expected to occur, are recognised in the Bank's quarterly and annual accounts based on IFRS standards, including IFRS 9 Financial Instruments. The Bank's need for equity is discussed in the ICAAP for 2023. The total capital requirement is expressed through the Bank's capital target, which equals the regulatory requirement plus a capital margin of 1.0 per cent. Sparebanken Øst uses the standard method when calculating its capital requirement. Comparable savings banks mainly use the IRB method for this purpose. The standard method requires significantly higher capital weights than the IRB method for identical risk and identical customers. Compared with banks that use the IRB method, Sparebanken Øst's real loss-absorbing capacity is therefore considerably higher than for IRB banks, other things being equal.

Outlook for the Norwegian and international economy

The Board has assessed macroeconomic conditions nationally and internationally related to inflation, employment and economic development, as well as the influence of geopolitical conditions more generally. The Board's assessments are based, among other things, on Monetary Policy Report 4/2023 published by Norges Bank. The Board's prudence assessment assumes continued uncertainty in the international economy with low growth in the economies in 2024, while inflation appears to be under control in many of our main trading partners. The Board assumes modest but positive growth in the Norwegian economy in 2024 with prospects for increased growth in subsequent years. Inflation also appears to be under control in Norway. The Board also assumes that unemployment in Norway will remain low in the future and expects some growth in house prices in 2024. Some continued uncertainty in the demand for commercial property is also assumed. Similarly, weaker growth in revenue in the retail trade and in some service industries cannot be ruled out.

Assessments by the Board of Directors

The Board considers that the Bank's loan portfolio is of very good quality and the risk of losses and non-performance in the future is still considered to be low, while the ongoing macroeconomic uncertainty will have limited impact on the Bank's lending activities going forward. At the end of 2023, net non-performing commitments as a percentage of net lending were 0.51 per cent. This is an increase from 0.35 per cent at the end of 2022, but on a par with the period prior to the coronavirus pandemic. Losses in 2023 were unchanged from 2022 at 0.02 per cent of net lending to customers. The Bank has limited lending exposure of NOK 2.5 billion against commercial property, equivalent to about 6.6 per cent of gross lending in the Bank. In 2022, this exposure was reduced as a risk mitigation measure in response to increased macroeconomic uncertainty. The Bank's share of loans to business customers is low at 10.3 per cent of gross lending. The Bank analyses the composition of the tenant base in the commercial buildings that the Bank has lent against on an ongoing basis. The Bank has low exposure to vulnerable industries such as building and construction projects, craft services, hotels and restaurants and trade related to sports and leisure. Loans to private individuals account for 89.7 per cent of total lending. The average loan-to-value ratio in the mortgage portfolio is 55.0 per cent, and 99.0 per cent of mortgages have an LTV ratio lower than 85 per cent.

The Board of Directors considers that the risk associated with access to liquidity and management of the liquidity portfolio is relatively low, that the ongoing macroeconomic uncertainty will have limited impact on the Bank's access to funding, and that fluctuations in value related to liquidity management will be limited going forward. There is good access to liquidity in the Norwegian capital markets. The liquidity portfolio has low credit risk and limited duration.

The Board has also assessed the prospects related to the Bank's ownership in Frende Forsikring and judges the risk to be relatively low. In 2023, there were several natural perils claims and other large claims payments, which may be regarded as natural fluctuations in our industry. The underlying profitability of Frende is still considered to be good, and with further price increases to compensate for claims inflation, we can expect the underlying insurance profitability to be maintained over time. The Bank's shares in Eksportfinans AS are not considered to be affected to any great extent by the macroeconomic situation, as the company now has very limited operations and substantial equity. The Bank's investments in NBX AS and Kraftbank are collectively very limited in amount, and the consequences of the macroeconomic situation going forward are considered to be very limited for the Bank.

The proposed distributions mean that the ownership fraction is unchanged at 28.6 per cent. The Board of Directors is aware that the Financial Supervisory Authority of Norway interprets Section 10-17(1) of the Financial Institutions Act to mean that dilution of the ownership fraction is contrary to this provision.

On 10 November 2023, the Ministry of Finance presented a Bill (Prop. 13 L 2023-2024) amending the Financial Institutions Act, with changes to the rules for distributing dividends in financial institutions. In a draft consultation note, the FSA has proposed a number of changes to the distribution of dividends to allow Norwegian financial institutions to continue to use their share and equity certificate capital to meet solvency requirements under the European capital requirement rules. From the changes put forward by the FSA, the Ministry proposed an amendment to Section 10-18 of the Financial Institutions Act, whereby any distribution of dividends from the equalisation fund will require the consent of the Authority. The Finance Committee considered the Bill on 13 February 2024, when it opposed the move for consent to distribute dividends from the equalisation fund, and removed this from its recommendation to the Storting. This was based on responses to consultation and the feeling that any changes should await the ongoing investigation by the Sparebank Committee which is due to report back at the end of September 2024. Any amendments to provisions on distribution of dividends are not expected to affect the Board's proposal for allocation of the profits for 2023.

Conclusion of the Board of Directors

The Board of Directors concludes that the Bank has substantial risk-bearing capacity with a CET1 capital ratio of almost 19 per cent, which enables growth in lending to customers going forward. The Board considers the risk in the Bank's balance sheet to be low, even compared with banks that use IRB models, wholly or partly, in their capital adequacy calculations. For 2024, the Bank expects lending growth in line with general credit growth.

As of today, the Board of Directors has no plans to reduce subordinated capital during 2024 beyond the buyback of equity certificates related to savings programmes for employees (up to NOK 5 million).

The Board of Directors assumes that risk assessments and stress tests used in the ICAAP for 2023 will remain relevant and conservative, taking account of the macroeconomic situation nationally and internationally. Based on the above, the Board of Directors sees no need to make extraordinary changes to the Bank's ICAAP, including reassessing the Bank's capital target. The Board of Directors is of the opinion that there are no circumstances as at 29 February 2024 that would indicate that all or part of the profit for 2023 must be retained as equity in the Bank.

Main items on the balance sheet

Total assets amounted to NOK 45.4 billion at the end of 2023, an increase of NOK 1.3 billion from the end of 2022.

LENDING TO CUSTOMERS

Net lending to customers totalled NOK 37.9 billion, up NOK 1.1 billion or 2.9 per cent in the past 12 months.

Net lending to retail customers amounted to NOK 34.0 billion, up NOK 0.7 billion or 2.1 per cent in the past 12 months. Within the retail market in the office channel (Sparebanken Øst) and in AS Finansiering, the Bank can point to very good lending growth. Lending growth in the RM office channel was 7.7 per cent in the last 12 months. In AS Finansiering, lending growth was 9.6 per cent in the last 12 months. Lending growth in RM digital concepts (Sparebanken Øst) is negative by 10.6 per cent in the last 12 months. Loans and credits to retail customers 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 55.0 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 cover 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 89.7 per cent of total lending to customers.

Net lending to business customers amounted to NOK 3.9 billion, an increase of NOK 0.4 billion in the past 12 months. There is still considerable uncertainty around developments in the commercial property market. There are still very few transactions in the market and this makes any valuation uncertain. After a long period of rising commercial property values (lower yields), yields have increased significantly, 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 2.5 billion, or about 6.6 per cent of total gross lending, up from NOK 2.3 billion or approx. 6.2 per cent at the end of 2022. The Bank does not have exposure to oil and oil-related business or fishing and aquaculture activities. In general terms, the Bank can also be said to have little direct or indirect exposure to construction and development projects, handicraft services, 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 totalled NOK 15.9 billion, up NOK 0.1 billion, or 0.6 per cent, in the past 12 months. The deposit-to-loan ratio is 41.9 per cent. Deposits from retail customers amounted to NOK 10.1 billion, down NOK 0.3 billion in the past 12 months. Deposits from business customers amounted to NOK 5.8 billion, up NOK 0.4 billion in the past 12 months.

LIQUIDITY AND FINANCING

With a robust liquidity portfolio and a balanced maturity structure for its wholesale funding, the Bank felt little impact from the banking and market turbulence that occurred in the first quarter of 2023.

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 5.9 billion, an increase of NOK 0.3 billion in the past 12 months.

The short-term liquidity target measured by LCR is above the Bank's agreed limit of 102 per cent and amounts to 250.1 per cent, compared with 217.3 per cent at the end of 2022. The Bank's liquidity strategy entails a high proportion of securities that count towards the LCR calculation and in periods when little wholesale funding falls due, the Group will have a high reported LCR.

Securities issued totalled NOK 21.7 billion, an increase of NOK 0.3 billion in the past 12 months. The Bank also has senior non-preferred debt (SNP) with a nominal value of NOK 1.5 billion, an increase of NOK 0.6 billion over the past 12 months. The Bank considers its access to wholesale funding to be good.

The degree of stable and long-term financing measured as NSFR (net stable funding ratio) is 127.7 per cent, compared with 130.1 per cent at the end of 2022. The average maturity for wholesale funding was 3.02 years, compared with 3.01 years at the end of 2022. Short-term borrowing (defined as borrowing with a remaining term to maturity of less than 1 year) amounted to NOK 3.9 billion at the end of 2023.

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). Since the Bank's stake in Frende is below 20 per cent, the shareholding is measured at fair value with changes of value and dividends received recognised through profit or loss. The Bank's stake in Frende is valued at NOK 456.1 million, or NOK 518 per share.

In 2023, the positive profit effect came to NOK 45.6 million, all of it in dividend income received.

On 19 January 2024, together with 22 other owners in Frende, the Bank entered into an agreement to acquire Haugesund Sparebank's stake in Frende at a price of NOK 520 per share. The agreement means that, from Q1 2024, Sparebanken Øst increases its ownership fraction by 0.22 per cent and now owns 13.25 per cent of Frende. The share transfer is not expected to have any significant profit effect in 2024.

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 is 0.72 per cent, and the shareholding is valued at NOK 64.4 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 50.2 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 10.8 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 24.2 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 4.1 million.

Capital adequacy

The CET1 capital ratio was 18.67 per cent at the end of 2023, down from 20.11 per cent at the end of 2022.

The current Pillar 2 requirement for Sparebanken Øst is 1.1 per cent, of which at least 56.25 per cent has to be covered by CET1 capital and at least 75 per cent by core capital. This requirement took effect on 30 September 2023. The requirement for an increased systemic risk buffer for standard method customers increased by 1.5 percentage points from 3.0 per cent to 4.5 per cent from 31 December 2023. Given the current capital requirements, this entails a total CET1 capital requirement of at least 14.62 per cent at the end of 2023. Added to the Financial Supervisory Authority of Norway's expectation of a solvency capital margin of at least 1.0 per cent, there is a total regulatory requirement of at least 15.62 per cent at the end of 2023.

In June 2023, the Board of Directors changed its capital target from a CET1 capital 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 19.60 per cent. The minimum CET1 capital ratio is then 15.62 per cent.

Net subordinated loan capital at the end of 2023 amounted to NOK 4.5 billion, of which the Group's CET1 capital accounted for NOK 4.1 billion. With a calculation basis of NOK 20.3 million, this corresponds to a capital adequacy ratio of 22.37 per cent, of which 20.40 per cent constitutes the Tier 1 capital ratio. The leverage ratio was 8.89 per cent at the end of 2023, down from 9.27 per cent at the end of 2022. The current leverage ratio requirement is 3.0 per cent.

Kapitalnivå

prosent	2023	2022
Ren kjernekapitaldekning	18,67	20,11
Kjernekapitaldekning	20,40	21,94
Kapitaldekning	22,37	24,03
Uvektet kjernekapitalandel	8,89	9,27

MREL

Sparebanken Øst is one of a number of banks in Norway that the Financial Supervisory Authority has tasked with crisis management in the event of financial crises, to ensure financial stability. Section 20-9(1) of the Financial Institutions Act states that such institutions “shall at all times meet a minimum requirement on the sum of own funds and eligible liabilities” (MREL). For Sparebanken Øst, the Financial Supervisory Authority of Norway has made a decision on MREL effective from 1 January 2024. The requirement for effective MREL is set at 34.7 per cent of an adjusted basis for calculation, with a further requirement that 27.7 per cent of the adjusted basis for calculation should consist of subordinated debt. At the end of 2023, Sparebanken Øst’s actual MREL was 41.4 per cent, while the proportion of subordinated debt was 29.5 per cent.

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 an 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 very great competitive disadvantage for the standard method banks as they also have to safeguard the interests of the their equity certificate investors. Sparebanken Øst is working to ensure that the framework conditions for Norwegian banks become more aligned and that the banks compete on equal terms.

Sustainability and corporate social responsibility

Sparebanken Øst pays considerable attention to sustainability and corporate social responsibility. Sustainability is embedded in all areas of our business and it underpins our strategic ambitions to provide great customer experiences, ensure compliance and deliver on financial targets. The bank will primarily use positive influence, but may also choose not to finance certain commitments that are not aligned with the bank's strategy.

In 2023 and subsequent years, the bank will focus strongly on climate and environmental impact in its loan portfolios. The bank also takes corporate social responsibility in a number of other areas, including grants for good causes. Please see further discussion of sustainability and corporate social responsibility in the bank's chapter on sustainability from page 30 and on the bank's contribution to society through grants for good causes from page 24.

The Bank aims to reduce its own and financed emissions and has a target of net zero emissions by the year 2050. In 2023, the Bank set interim targets to be achieved by 2030 measured against the base year 2019. The Bank’s interim targets include a 25 per cent reduction in CO_2 emissions in the overall portfolio, a 50 per cent reduction in CO_2 emissions internally and a 50 per cent increase in the proportion of green loans. In the future, the Bank will work to specify measures to help achieve these goals and to expand qualitative and quantitative reporting on both greenhouse emissions and climate risk. For further information on direct and financed emissions, please refer to “Climate and environment” from page 37 in the chapter on Sustainability.

The bank has established a green framework for issuing green bonds and financing green lending. The establishment of a green framework is part of the bank's strategy of using the green bond market to contribute to the green transition. As a savings bank, we can have a positive influence through close dialogue with our customers and by helping them to make sustainable choices. The bank offers customers both green mortgages and green first-home loans, as well as green car loans through subsidiary AS Financiering. Sparebanken Øst Boligkreditt AS issued its first covered green bond in January 2023.

In 2023, Sparebanken Øst conducted due diligence assessments of suppliers in accordance with the Norwegian Transparency Act and published an account on the Bank’s website (www.oest.no). For further discussion, see under “Responsible value chain” in the section on Sustainability on page 59.

Corporate governance

The management of Sparebanken Øst is based, among other things, on the Financial Institutions Act, the Public Limited Liability Companies Act and the Norwegian Code of Practice for Corporate Governance (the NUES Code of Practice). Good corporate governance in Sparebanken Øst helps to safeguard the interests of employees, depositors, equity certificate holders and other external stakeholders in Sparebanken Øst. Corporate governance is the overall responsibility of the Board of Directors and must ensure that bodies and functions comply with the regulations and that the business activities are managed in an effective and purposeful manner over time. See further discussion in the bank's report on corporate governance from page 68. For a presentation of the Bank's Board of Directors and senior management and how the Bank is organised, please refer to the review from page 20.

The bank has director's liability insurance covering the members of the Board, the CEO, other members of management or similar governing bodies at the bank, and any past or current/future employees of the bank who could incur personal management liability. The insurance covers liability for economic loss, including personal liability for the Group's debts arising from claims raised against the bank during the insurance period relating to an alleged liability-bearing act or omission in the insured's capacity of Board member, CEO or member of management or equivalent governing body at the bank. In this context, economic loss is any financial loss not directly arising from physical injury or damage to a person or object. The director's liability insurance has amount limits.

Risk management and compliance

Pursuant to section 13-5 (1) of the Financial Institutions Act, the bank must be organised and operated properly. This involves having a clear organisational structure, clear division of responsibilities, clear and appropriate management and control systems, and appropriate guidelines and routines for identifying, managing, monitoring and reporting risks to which the bank is or may be exposed. The bank's Board of Directors and executive management team bear ultimate responsibility for risk management and internal control. The Board adopts the overall risk strategy and approves principles for monitoring, control, and risk thresholds. The executive management team regularly reports to the Board on all significant risks, including the actual level of risk compared with established limits. An annual report on internal control, including confirmation that internal control has been carried out, is also produced together with an overall annual risk assessment.

Risk management must support the bank's development and achievement of objectives and must ensure financial stability and responsible business operations.

The process for risk management and internal control at the bank is described in more detail in the "Risk management and internal control" section under "Corporate governance" from page 76 onwards.

Banking requires a certain degree of risk-taking, but the bank seeks to take a conscious and measured approach to the risk it has or assumes. This applies to the most significant risk areas for losses, which are credit risk, market risk, liquidity risk, climate risk and operational risk. The strategy documents adopted by the bank have established risk tolerances, limits and targets within these risk areas. The significant risk areas are discussed in more detail under "Risk" from page 16 in the chapter on "Strategic ambitions".

People and organisation

Sparebanken Øst's strategy is to be a market-oriented organisation and an attractive employer for competent and responsible people, who want to actively contribute to the bank achieving its goals. The bank wants to ensure that its employees are given opportunities to develop, an inclusive working environment and a flexible working day. This makes Sparebanken Øst a forward-looking organisation. For further details, refer to the discussion on "Competence" in the section on "Strategic Ambitions" on page 16, and under "Sustainability" in the sections on:

- Economic and sustainability expertise – page 50
- Human rights, diversity and inclusion– from page 52
- Responsible advice and competence development – page 60
- Health and safety – from page 61

Total sick leave in 2023 amounted to 4.4 per cent of total working hours, compared with 5.8 per cent in 2022. The sick leave rate in 2023 was 2.4 per cent for men and 5.7 per cent for women. No personal injuries were recorded during 2023.

Sparebanken Øst is constantly developing, digitising and streamlining work and credit processes. No own research was conducted and no internal costs were capitalised in relation to development activities in 2023.

The Board of Directors and executive management team would like to thank the employees of Sparebanken Øst for their great efforts in 2023.

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 it 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 wholesale funding. At the end of 2023, the company had total assets of NOK 19.0 billion, consisting mainly 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 loan-to-value ratio at the end of 2023 was 46.7 per cent, compared with 45.6 per cent at the end of 2022. In 2023, the company had a profit of NOK 84.7 million, compared with NOK 73.1 million in 2022. The company has no employees, but sources services from Sparebanken Øst.

AS Financiering's main product is secured loan financing for used cars. At the end of 2023, the company had total assets of NOK 2.8 billion. In 2023, the company had a profit of NOK 41.8 million, compared with NOK 41.1 million in 2022. The company has 17 employees, corresponding to 17 FTEs.

Sparebanken Øst Eiendom AS manages properties belonging to the Bank. The company's operating income totalled NOK 6.2 million in 2023, compared with NOK 5.8 million in 2022. In 2023, the company had a profit of NOK 2.2 million, compared with NOK 1.6 million in 2022. The company has 1.2 employees, corresponding to 1.2 FTEs.

Øst Prosjekt AS's main purpose 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 0.6 million in 2023, compared with a deficit of NOK 1.1 million in 2022.

Dividend policy

The Board of Directors decided on 13 July 2023 to change the Bank's dividend policy. The change meant 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 change was based on the Bank's very good capital situation and the low level of risk in the business. Moreover, the Bank is a standard method bank which uses conservative capital weights when calculating capital adequacy, and the introduction of a more risk-sensitive standard method (Basel IV) could have positive effects in the form of higher capital adequacy. The Bank's dividend policy is as follows:

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

The profit for the year will be divided between equity certificate holders and social capital in accordance with their respective shares of the Bank's equity.

We will aim to 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.

The macro situation

Inflation, rising interest rates and uncertain growth prospects dominated the economy in 2023. Inflation in Norway is slowing after remaining very high - well above the inflation target - for a long period. In December, the consumer price index (CPI) was 4.8 per cent higher than in the same month last year. Core inflation (CPI-ATE) was 5.7 per cent. High prices for food, drink and rent have contributed a lot to the rise in prices. The electricity price, on the other hand, has had a dampening effect on inflation over the past 12 months. The Norwegian krone has weakened compared to the end of 2022, but strengthened somewhat through the fourth quarter. A strengthening krone has helped to reduce imported inflation compared to earlier quarters in 2023. High inflation has also contributed to high wage growth in this year's pay settlement, making 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 many countries and economies.

In the fourth quarter of 2023, mainland GDP rose by 0.2 per cent. Overall, the mainland economy grew by 0.7 percent in 2023. In 2023, there were signs of the economy slowing down. The figures indicate weaker performance in the Norwegian economy than in previous years, and there are strong indications that higher interest rates have started to have a serious impact on consumers. The latest report from the Regional Network shows that companies are expecting stagnation in the economy in the fourth quarter and a 0.3 per cent drop in the first quarter of 2024. Lower household demand and lower levels of construction activity are curbing growth. On the other hand, the weak krone has contributed to improved competitiveness for exporters in 2023.

Unemployment remains low, but has increased slightly since the end of 2022. The workforce survey from Statistics Norway for December shows that the unemployment rate stood at 3.7 per cent, unchanged from the previous month and 0.3 per cent up on the same month last year.

Norges Bank has raised its key policy rate by 1.75 percentage points in 2023 to 4.50 per cent by the end of 2023. The key policy rate was last raised by 0.25 per cent in December. The weak krone, along with price growth that is still well above the target, was one of the main arguments for the rise in interest rates. This is the highest key policy rate level since autumn 2008. When raising its interest rate in December, Norges Bank also indicated that the peak had probably been reached and that it could envisage a rate cut towards the end of 2024.

Money market rates rose sharply in 2023, a result of both expected and actual increases in the key policy rate. In the fourth quarter, however, the money market rate, 3-month NIBOR, was stable at about 4.72 per cent.

House prices have shown weaker growth through 2023. House prices fell by 0.9 per cent in December, although they rose by 0.2 per cent when adjusted for seasonal variations. In 2023, house prices in Norway rose by 0.5 per cent, the weakest annual growth since 2017. Turnover in existing homes in 2023 ended at the same level as 2022, and volumes are as they were in the years before the pandemic. Construction activity is very low and new builds started in 2023 are significantly lower than in 2022. The decline is mainly due to a decrease in new apartments. There is still considerable uncertainty around developments in commercial property. High inflation and rapidly rising interest rates have reduced market values, but the commercial property market is still characterised by few transactions.

Future prospects

Growth in the Norwegian economy has slowed, and Norges Bank estimates growth in GDP of 1.0 per cent for mainland Norway in 2023, while activity is expected to remain more or less unchanged in 2024. It points out in particular that higher interest rates and price growth will reduce household consumption and investment in homes. On the other hand, the weaker krone has improved the cost competitiveness of Norwegian exporters.

Unemployment is still low, and a large proportion of the population is in work. Norges Bank expects weak growth in employment in the coming years to lead to slightly higher unemployment, which will eventually return to the level it was at before the pandemic.

After the inflation figures for December showed marginally lower inflation than expected, the market was strengthened in its belief that Norges Bank would lower the key policy rate significantly more in 2024 than the Bank itself had signalled at the monetary policy meeting in December. Market expectations have since been significantly lowered, and the market is now pricing two to three interest rate hikes from Norges Bank in 2024.

With prospects of continuing lower credit growth in society, we may expect continued strong competition for lending. With high lending rates, house prices are stay quite flat in the future, but low construction activity and a tight labour market could offset this to some extent and produce growth in house prices. 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 has had a stable and low cost level over time and intends to maintain good cost control going forward. High inflation, rising wages and expectations of higher IT costs 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, as an owner and distributor for Frende Forsikring and Norne savings products, collaborates on a regular basis with the other banks with stakes in the "Frende companies". This collaboration is now slightly more formalised through the establishment of the Frendegruppen group. The objectives in the future are to be able to collaborate more on technology, establishing a basis for joint development of selected products and services, and establishing new product companies to promote growth and profitability in the banks. Frendegruppen also wants to be seen as a reliable and cost-effective collaboration that has succeeded in recruiting new members.

Sparebanken Øst bases its capital calculations on the principles in the standard method. On 13 December 2023, the Ministry of Finance announced a package of measures that will improve the framework conditions for small and medium-sized banks. The most important measure is that the Ministry has asked the Financial Supervisory Authority to examine the changes in the banks' capital requirements, including the introduction of a new and more risk-sensitive standard method for calculating capital needs for credit risk (Basel IV). The aim is that this should apply in Norway from 1 January 2025. In the Bank's opinion, there is considerable uncertainty about how Basel IV will be introduced in Norway. Based on preliminary analyses and assumptions, the Bank expects that the introduction will provide it with improved competitive conditions in the form of lower capital needs in Pillar 1. It is expected that the current differential treatment of banks using the standard method, compared to banks that can use IRB models for all or part of their loan portfolios, will be reduced. However, banks such as Sparebanken Øst are expected to remain at a competitive disadvantage as a result of differential treatment.

The FSA has proposed a number of changes to the distribution of dividends to allow Norwegian financial institutions to continue to use their share and equity certificate capital to meet solvency requirements under the European capital requirement rules. The reason is that the European Banking Authority (EBA) has suggested that some features of these capital instruments are not in line with the rules. On this basis, the Ministry of Finance presented a Bill (Prop. 13 L 2023-2024) on 10 November 2023 with amendments to the Financial Institutions Act. Among other things, an amendment was proposed whereby any distribution of dividends from the equalisation fund will require the consent of the FSA. The Finance Committee considered the Bill on 13 February 2024, when it opposed the move for consent to distribute dividends from the equalisation fund, and removed this from its recommendation to the Storting. This was based on responses to consultation and the feeling that any changes should await the ongoing investigation by the Sparebank Committee, to ensure a comprehensive and coordinated approach to regulating the capital structure of the savings banks and the position of the equity certificate. The Sparebank Committee was set up in August 2023, among other things, to assess the capital structure of savings banks. The committee is due to report back by the end of September 2024. In other words, there is an ongoing broad review of the position of the equity certificate, where we may expect clarifications and new rules relating to e.g. dividend distributions and expectations on the size of equalisation funds. Ongoing processes are creating some uncertainty around the position of equity certificates and dividend options in the future.

Hokksund, 31 December 2023
Drammen, 29 February 2024

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

FINANCIAL STATEMENTS

Contents

INCOME STATEMENT

Group 2023	Group 2022	Figures in NOK millions	Notes	Parent bank 2023	Parent bank 2022
1,962.2	1,201.1	Interest income from assets valued at amortised cost	14,42	818.5	389.7
282.7	154.3	Interest income from assets valued at fair value	14,42	435.9	361.3
1,416.1	669.3	Interest costs	14,42	704.7	325.9
828.8	**686.2**	**NET INTEREST INCOME**		**549.7**	**425.1**
90.9	86.2	Commission income and income from banking services	15	112.7	110.1
47.6	48.8	Commission costs and costs for banking services	15	17.1	17.2
45.9	53.9	Dividends	16	160.1	225.0
-3.3	-82.6	Net value adjustments and gain/loss on financial instruments	17	1.1	-84.3
2.0	3.4	Other operating income	18	4.6	5.0
194.7	168.5	Salaries and personnel costs	19,37	176.0	149.9
29.0	27.2	Depreciation/impairment of tangible and intangible assets	20,31,32	27.6	25.8
122.3	114.1	Other operating costs	20	96.0	93.0
570.9	**388.6**	**PROFIT BEFORE LOSSES**		**511.5**	**394.9**
6.7	6.8	Losses on loans, unused credit and guarantees	10	-0.2	1.9
564.2	**381.9**	**PROFIT BEFORE TAX**		**511.8**	**393.0**
123.7	85.5	Income tax	21	85.1	48.3
440.6	**296.4**	**PROFIT FOR THE YEAR**		**426.7**	**344.7**

29.3	18.7	Hybrid capital owners' share of the result		29.3	18.7
411.3	277.7	Equity certificate holders' and primary capital share of profits		397.4	326.0
440.6	**296.4**	**PROFIT FOR THE YEAR**		**426.7**	**344.7**

5.67	3.83	Earnings per equity certificate (NOK)	41	5.48	4.50
5.67	3.83	Diluted earnings per equity certificate (NOK)	41	5.48	4.50

STATEMENT OF COMPREHENSIVE INCOME

Group 2023	Group 2022	Figures in NOK millions	Notes	Parent bank 2023	Parent bank 2022
440.6	**296.4**	**PROFIT FOR THE YEAR**		**426.7**	**344.7**
		Items that will not be reclassified to the income statement			
-20.3	-26.9	Actuarial gains and losses on defined-benefit plans	37	-19.2	-25.8
5.1	6.7	Tax related to items that cannot be reclassified	21,37	4.8	6.4
		Items that may subsequently be reclassified to the income statement			
0.0	0.0	Lending at fair value	17	-0.4	0.2
0.0	0.0	Tax related to items that may be reclassified	17,21	0.1	-0.1
425.4	**276.2**	**STATEMENT OF COMPREHENSIVE INCOME**		**412.0**	**325.6**

BALANCE SHEET

Group 31.12.23	Group 31.12.22	Figures in NOK millions	Notes	Parent bank 31.12.23	Parent bank 31.12.22
		ASSETS			
417.3	486.4	Cash and receivables from central banks	22	417.3	486.4
16.5	16.1	Loans to and receivables from financial institutions	22	3,041.7	3,217.4
37,877.1	36,800.2	Lending to customers	4,9,10,22,27	17,051.1	16,308.0
5,914.0	5,635.3	Certificates and bonds	22,25,28	5,601.9	5,343.7
67.6	44.4	Financial derivatives	22,23,24,25	67.6	29.2
809.6	796.0	Shares and units	22,25,29	809.6	796.0
0.0	0.0	Ownership interests in Group companies	30	1,800.0	1,800.0
33.0	33.9	Intangible assets	31	22.3	21.6
13.1	11.4	Investment properties	32	0.0	0.0
122.8	120.5	Property, plant and equipment	32	73.7	71.4
40.2	41.1	Lease rights	32	73.0	69.5
0.0	0.0	Deferred tax asset	21	10.1	11.8
67.4	93.0	Other assets	33	64.7	91.3
45,378.6	**44,078.4**	**TOTAL ASSETS**		**29,032.9**	**28,246.2**
		LIABILITIES AND EQUITY			
219.6	274.1	Liabilities to financial institutions	22,34	858.2	999.0
15,860.8	15,761.3	Customer deposits	4,22	15,909.1	15,831.2
21,658.5	21,375.7	Securities issued	22,35	5,115.2	5,110.7
147.4	131.7	Financial derivatives	22,23,24,25	97.7	105.4
433.8	238.4	Other liabilities	36	427.6	319.9
60.2	52.7	Pension liabilities	37	57.8	51.1
126.7	90.1	Tax payable	21	90.0	57.0
4.5	1.4	Deferred tax	21	0.0	0.0
1.5	1.3	Provisions, unused credit and guarantees	10	1.0	0.8
41.5	42.2	Lease liabilities		75.5	71.6
1,508.2	896.2	Subordinated senior bonds	22,38	1,508.2	896.2
402.4	420.9	Subordinated loan capital	22,39	402.4	420.9
40,465.0	**39,286.1**	**TOTAL LIABILITIES**		**24,542.7**	**23,863.9**
595.1	595.1	Paid-up equity	41	595.1	595.1
353.7	352.9	Hybrid capital	40	353.7	352.9
3,964.8	3,844.3	Retained earnings		3,541.4	3,434.3
4,913.6	**4,792.3**	**TOTAL EQUITY**	6	**4,490.2**	**4,382.3**
45,378.6	**44,078.4**	**TOTAL LIABILITIES AND EQUITY**		**29,032.9**	**28,246.2**

Hokksund, 31 December 2023
Drammen, 29 February 2024

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

CHANGES IN EQUITY

Changes in equity – Group

(Amounts in NOK millions)	Total equity	Paid-up equity: Equity certificates	Paid-up equity: Premium reserve	Hybrid capital: Hybrid bonds	Retained earnings: Equalisation fund	Retained earnings: Primary capital	Retained earnings: Donations fund	Retained earnings: Fund for unrealised gains	Retained earnings: Other equity
2023									
Equity at 31.12.2022	**4,792.3**	**207.3**	**387.8**	**352.9**	**443.0**	**2,555.3**	**38.1**	**397.3**	**410.7**
Profit for the year	440.6	0.0	0.0	29.3	112.9	282.1	0.0	2.4	13.9
Actuarial gains and losses on defined-benefit plans, after tax	-15.2	0.0	0.0	0.0	-4.1	-10.3	0.0	0.0	-0.8
Comprehensive income	**425.4**	**0.0**	**0.0**	**29.3**	**108.8**	**271.8**	**0.0**	**2.4**	**13.1**
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
Grants for good causes 2022 – adopted	-196.8	0.0	0.0	0.0	0.0	-196.8	0.0	0.0	0.0
Interest paid on hybrid capital	-27.8	0.0	0.0	-27.8	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
Hybrid capital redemption	-200.7	0.0	0.0	-200.7	0.0	0.0	0.0	0.0	0.0
Equity at 31.12.2023	**4,913.6**	**207.3**	**387.8**	**353.7**	**473.0**	**2,630.3**	**38.1**	**399.7**	**423.8**

The year’s proposed dividend to equity certificate holders of NOK 111.9 million (NOK 5.40 per equity certificate) remains part of the equalisation fund, and the year’s provision for grants for good causes of NOK 279.6 million remains part of the primary capital until finally adopted by the Board of Trustees.

(Amounts in NOK millions)	Total equity	Paid-up equity: Equity certificates	Paid-up equity: Premium reserve	Hybrid capital: Hybrid bonds	Retained earnings: Equalisation fund	Retained earnings: Primary capital	Retained earnings: Donations fund	Retained earnings: Fund for unrealised gains	Retained earnings: Other equity
2022									
Equity at 31.12.2021	**4,693.4**	**207.3**	**387.8**	**351.9**	**413.3**	**2,361.5**	**38.1**	**473.7**	**459.9**
Profit for the year	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, after tax	-20.2	0.0	0.0	0.0	-5.5	-13.8	0.0	0.0	-0.9
Comprehensive income	**276.2**	**0.0**	**0.0**	**18.7**	**109.5**	**273.6**	**0.0**	**-76.4**	**-49.2**
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
Equity at 31.12.2022	**4,792.3**	**207.3**	**387.8**	**352.9**	**443.0**	**2,555.3**	**38.1**	**397.3**	**410.7**

Changes in equity – parent bank

(Amounts in NOK millions) 2023	Total equity	Paid-up equity Equity certificates	Premium reserve	Hybrid capital Hybrid bonds	Retained earnings Equalisation fund	Primary capital	Donations fund	Fund for unrealised gains	Changes in value through CI as reclass.
Equity at 31.12.2022	**4,382.3**	**207.3**	**387.8**	**352.9**	**443.0**	**2,555.3**	**38.1**	**397.3**	**0.7**
Profit for the year	426.7	0.0	0.0	29.3	112.9	282.1	0.0	2.4	0.0
Change in lending at fair value through comprehensive income, after tax	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3
Actuarial gains and losses on defined-benefit plans, after tax	-14.4	0.0	0.0	0.0	-4.1	-10.3	0.0	0.0	0.0
Comprehensive income	**412.0**	**0.0**	**0.0**	**29.3**	**108.8**	**271.8**	**0.0**	**2.4**	**-0.3**
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
Grants for good causes 2022 – adopted	-196.8	0.0	0.0	0.0	0.0	-196.8	0.0	0.0	0.0
Interest paid on hybrid capital	-27.8	0.0	0.0	-27.8	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
Hybrid capital redemption	-200.7	0.0	0.0	-200.7	0.0	0.0	0.0	0.0	0.0
Equity at 31.12.2023	**4,490.2**	**207.3**	**387.8**	**353.7**	**473.0**	**2,630.3**	**38.1**	**399.7**	**0.4**

The year's proposed dividend to equity certificate holders of NOK 111.9 million (NOK 5.40 per equity certificate) remains part of the equalisation fund, and the year's provision for grants for good causes of NOK 279.6 million remains part of the primary capital until finally adopted by the Board of Trustees.

(Amounts in NOK millions) 2022	Total equity	Paid-up equity Equity certificates	Premium reserve	Hybrid capital Hybrid bonds	Retained earnings Equalisation fund	Primary capital	Donations fund	Fund for unrealised gains	Changes in value through CI as reclass.
Equity at 31.12.2021	**4,234.0**	**207.3**	**387.8**	**351.9**	**413.3**	**2,361.5**	**38.1**	**473.7**	**0.5**
Profit for the year	344.7	0.0	0.0	18.7	115.0	287.3	0.0	-76.4	0.0
Change in lending at fair value through comprehensive income, after tax	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Actuarial gains and losses on defined-benefit plans, after tax	-19.3	0.0	0.0	0.0	-5.5	-13.8	0.0	0.0	0.0
Comprehensive income	**325.6**	**0.0**	**0.0**	**18.7**	**109.5**	**273.6**	**0.0**	**-76.4**	**0.2**
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
Equity at 31.12.2022	**4,382.3**	**207.3**	**387.8**	**352.9**	**443.0**	**2,555.3**	**38.1**	**397.3**	**0.7**

CASH FLOW STATEMENT

Group 2023	Group 2022	Figures in NOK millions	Note	Parent bank 2023	Parent bank 2022
		Operating activities			
564.2	381.9	Profit/loss before income tax		511.8	393.0
		Adjusted for:			
12.1	8.0	Change in net interest income earned and accrued interest costs		-4.9	-8.5
0.0	0.0	Net receipt/disbursement of loans to financial institutions		176.9	-612.2
-1,043.5	2,621.4	Net receipts/disbursements of loans to customers		-725.4	1,204.6
-264.9	1,574.4	Change in certificates and bonds		-245.1	2,051.2
-7.3	38.7	Value adjustment, shares and units		-7.3	38.7
40.3	5.1	Net change in financial derivatives (net assets and liabilities)		10.1	5.1
36.5	-62.9	Net change in other assets		26.6	-71.0
0.0	0.0	Net receipt/disbursement of borrowing to financial institutions		-86.4	-111.0
93.2	-1,816.5	Net receipts/disbursement of deposits from customers		71.6	-1,819.8
-23.8	-149.7	Change in other operating liabilities		-103.8	8.7
29.0	27.2	Depreciation/amortisation of property, plant and equipment, intangible assets and lease rights		27.6	25.8
-3.5	-13.2	Write-downs of financial assets		-0.5	2.1
-16.5	-17.9	Amortisation of financing activities measured at amortised cost		1.9	0.7
-0.1	-5.3	Net gains from investing activities		-0.1	-5.3
2.2	4.0	Net losses from financing activities		-0.8	0.5
-89.8	-82.5	Taxes paid for the period		-56.5	-30.9
-671.9	**2,512.6**	**Net cash flow from operating activities**	**A**	**-404.4**	**1,071.7**
		Investing activities			
-12.6	-12.3	Payments on purchases of tangible fixed assets		-8.6	-8.8
0.9	1.9	Receipts from sale of fixed assets		0.5	1.5
-10.2	-12.3	Payments on the purchase of intangible assets		-8.6	-6.6
-6.2	-15.0	Payments on purchases of financial investments		-6.2	-15.0
0.0	33.7	Proceeds from sales of financial investments		0.0	33.7
0.0	0.0	Payment concerning investments in subsidiaries		0.0	-40.0
-28.1	**-4.1**	**Net cash flow from investing activities**	**B**	**-23.0**	**-35.3**
		Financing activities			
-54.5	-27.3	Net receipts/disbursements for loans to/from financial institutions		-54.5	-27.3
-3,768.3	-5,152.2	Payments on repayment of securities	35,38,39	-1,274.2	-2,148.4
4,561.5	2,957.2	Receipts on issuance of securities	35,38,39	1,794.7	1,425.8
-78.8	-79.8	Payment of dividend		-78.8	-79.8
-200.7	0.0	Payment disbursed for repayment of hybrid capital		-200.7	0.0
200.0	0.0	Payment received for issue of hybrid capital		200.0	0.0
-27.8	-17.6	Interest paid on hybrid capital		-27.8	-17.6
631.3	**-2,319.6**	**Net cash flow from financing activities**	**C**	**358.6**	**-847.4**
-68.7	188.9	Net change in cash and cash equivalents	**A+B+C**	-68.7	189.0
502.5	313.6	Cash and cash equivalents as at 01.01.		502.5	313.6
433.8	**502.5**	**Cash and cash equivalents as at 31.12.**		**433.8**	**502.5**

*Liquidity reserves include NOK 417.3 million in cash and deposits with central banks and NOK 16.5 million in loans to and deposits with financial institutions which are pure investments.

Group 2023	Group 2022	Additional information on operating activities relating to interest and dividend income	Parent bank 2023	Parent bank 2022
2,204.4	1,322.1	Interest payments received	1,226.2	728.6
1,388.4	644.9	Interest payments made	677.9	309.6
45.9	53.9	Dividends received	160.1	225.0

NOTE 1 – GENERAL INFORMATION

Sparebanken Øst is an equity certificate savings bank listed on the Oslo Stock Exchange. The bank is headquartered in Drammen, Norway. Its street address is Bragernes Torg 2, Drammen, Norway. The business address is Stasjonsgata 14, N-3300 Hokksund. Sparebanken Øst is non-aligned and has been operating savings bank activities without interruption since 1843.

At the end of 2023, the Bank also had branches in the municipalities of Øvre Eiker, Lier, Asker, Bærum, Oslo, Fredrikstad, Ullensaker, Lillestrøm, Horten, Tønsberg, Kongsberg, Ringerike, Holmestrand, Larvik and Modum. The Sparebanken Øst Group consists of the parent bank and the wholly owned subsidiaries Sparebanken Øst Boligkreditt AS, AS Financiering, Øst Inkasso AS, Øst Prosjekt AS with its subsidiaries Slagenveien 16 AS, Borreveien 44 AS and Jon Smørs Vei 7 AS, and Sparebanken Øst Eiendom AS with its subsidiaries Hawø Eiendom AS and Stasjonsgaten 14 AS.

Sparebanken Øst provides services within the areas of financing, savings and investment, money-transfer services, and insurance.

The financial statements for 2023 were reviewed and approved by the Board of Directors of Sparebanken Øst on 29 February 2024.

NOTE 2 – ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS
Sparebanken Øst's consolidated financial statements and the parent company's financial statements are prepared in accordance with current International Financial Reporting Standards (IFRS) and Accounting Standards (IAS), as approved by the EU.

The basic principles of historical cost accounting are applied, with the exception of financial assets and liabilities measured at fair value. Where the Group uses hedge accounting, the value of the hedged object is adjusted for value adjustments associated with hedged risk. Interest-bearing balance sheet items include earned/accrued interest.

Unless otherwise specified, all amounts are stated in NOK millions in the notes.

2. AMENDMENTS TO ACCOUNTING POLICIES

Changes to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
The IASB has made changes IAS 1 to ensure that the financial statements contain "material accounting policy information" rather than "significant accounting policies", which was the wording in the standard before the change came into effect. The Bank has reviewed all of the policy notes to meet the new requirement for material information, which has resulted in content changes compared to last year. There are no changes in the application of the policies, but information that is not considered to be material accounting policy information has been removed.

Changes in IAS 8 – Definition of accounting estimates
In February 2021, the IASB adopted changes to IAS 8, introducing a definition of "accounting estimates". The changes do not have any material impact on the financial statements.

No other changes have come into effect that have a material impact on the financial statements.

3. CONSOLIDATION
Subsidiaries are included in the consolidated financial statements from the time the Group takes control until such control ceases.

4. CURRENCY
The financial statements are presented in NOK, which is the functional currency for all companies in the Group.

5. INTEREST INCOME AND COSTS
Interest income and costs are recognised in the income statement using the effective interest method. The effective interest rate is determined by discounting contractual cash flows within the expected term. Interest income on impaired commitments is calculated as the effective interest on the net written–down value.
Recognition of interest as income according to the effective interest method is employed for both balance sheet items that are measured at amortised cost, and balance sheet items that are measured at fair value through profit and loss.

6. COMMISSION INCOME AND COSTS

Commission income and expenses are recognised through profit and loss at the time the service is performed. Fees related to interest-bearing instruments are not recognised as commission, rather they are included in the calculation of the effective interest rate and are recognised through profit and loss accordingly.

7. FINANCIAL INSTRUMENTS

7.1 Recognition and derecognition
Financial assets and liabilities are recognised when the Group becomes a party to the instrument's contractual conditions. Financial liabilities are derecognised when the liability stated in the contract is fulfilled, cancelled or expires.

7.2 Classification and measurement
The Group's financial instruments covered by IFRS 9 are classified as follows:

Financial assets:

- Amortised cost: Loans to customers at floating interest rates
- Fair value with value adjustments through profit and loss: Fixed rate lending, certificates, bonds, equity instruments and financial derivatives
- Lending recognised at fair value through comprehensive income Loans ready for transfer to the mortgage company (in the parent bank only)

Financial liabilities:

- Amortised cost: Securities issued and debt to credit institutions
- Fair value with value adjustments through profit and loss: Financial derivatives

Loans to customers
The Group's loans and receivables, except for fixed-rate loans, are measured at amortised cost. The classification is based on the Group's business model, where the purpose is to hold the instruments to receive contractual cash flows. Arrangement fees are recognised as income over the expected maturity of the loan.

Fixed-rate loans
Fixed-rate loans are recognised and measured at fair value through profit and loss to avoid accounting discrepancies when interest rate derivatives are used to reduce interest rate risk.

Certificates and bonds
Holdings of certificates, bonds, etc., comprise the Group's liquidity portfolio, which is managed and measured at fair value. The Group's holding of certificates and bonds is classified at fair value with value adjustments through profit or loss.

Equity instruments
The Group's holding of equity instruments is measured at fair value with value adjustment through profit and loss. Refer to Note 25 for a more detailed description of the valuation hierarchy.

Dividends received are recognised in the income statement once the Group's right to receive payment has been determined.

Securities issued
Securities issued are measured at amortised cost. Interest costs and the amortisation effects on instruments are included in "Interest costs" in the income statement. Holdings of own bonds are posted as reductions of liabilities. Upon repurchase, the difference between the capitalised value and the consideration paid is recognised in the income statement.

Financial derivatives
Financial derivatives are recognised at fair value with value adjustment through profit or loss. The derivative is recognised as an asset if the fair value is positive and as a liability if the fair value is negative.

Lending recognised at fair value through comprehensive income
The parent bank has a practice whereby it transfers loans to its subsidiary Sparebanken Øst Boligkreditt AS, which involves a business model in which the parent bank both 'receives contractual cash flows' and 'sells loans'. The share of loans to customers identified as transferable to Sparebanken Øst Boligkreditt AS is measured in the parent bank at fair value with value adjustment through comprehensive income. Value adjustments for loans resulting from fair value measurement are included in the 'Loans at fair value' through comprehensive income. Upon divestment, accumulated gains, or losses on the loans, which were previously recognised in comprehensive income, are reversed, and gains and losses are recognised under 'Net value adjustment and gain/loss on financial instruments'.

7.3 Hedge accounting

The Group mainly makes use of financial derivatives to reduce interest and/or currency risks.

The Group employs fair value hedging for fixed-rate borrowing and currency borrowing. Changes in the fair value of financial derivatives classified as and meeting the requirements for fair value hedging are recognised in the income statement together with any change in the fair value of the hedged liability which can be ascribed to the hedged risk. Interest rate swaps and combined interest rate and currency swaps (basic swaps) are the hedging instruments used by the Group. Accrued interest from financial derivatives, where hedge accounting is applied, is presented on the same line in the income statement as interest on the hedged item.

The Group predominantly uses one-to-one hedging, meaning for example that the nominal amount and principal, terms, repricing dates, dates of receipt and payment of interest and principal, as well as the basis for measuring interest rates, are the same for the hedging instrument and the hedged item.

7.4 Non-performing commitments, losses and loan loss provisions

7.4.1 Non-performing commitments

A non-performing commitment is defined as a payment default if the following criteria are met:

- Arrears over 90 days
- Amount due greater than NOK 1,000 for retail customers or greater than NOK 2,000 for business customers
- Arrears exceeding 1 per cent of the customer's total commitment

A commitment should also be classed as non-performing if situations arise which make it unlikely that the customer will be able to meet its obligations ("unlikeliness to pay" criteria), including:

- It is assumed that debt negotiations will be initiated, bankruptcy occurs, or the counterparty enters into public administration.
- The terms have been changed because of payment issues, and it is assumed that this will reduce the value of the cash flow by a not insignificant amount.
- A receivable is disposed of at a lower price and the reduction is not insignificant.
- It is assumed that the commitment will not be met for other reasons.

Commitments are reported as non-performing for a waiting period of at least three months after the default position ceased.

If a customer with a non-performing commitment has multiple commitments with the Bank, all of them will be treated as non-performing. For customers with joint commitments, default on the joint commitment will cause all joint commitments between the same customers to be treated as non-performing.

Non-performing commitments are assigned to Stage 3.

Declaring losses
Losses are only recognised when it is no longer considered possible to recover a commitment, when the bankruptcy of the debtor has been affirmed, when execution proceedings have not been successful, or when there is a final and enforceable judgement, or in instances in which the Bank has waived the loan or parts of it, or in other instances when it is highly likely that the losses are final. Established losses are recognised through profit and loss to the extent they are not covered by existing loan loss provisions.

7.4.2 Measurement of expected credit loss
Expected credit loss is calculated for financial assets which are debt instruments measured at amortised cost or at fair value with value adjustments through comprehensive income. The expected credit loss is calculated on loans, unused credit facilities and guarantees. Expected credit loss is calculated per commitment. The Group breaks down commitments into three stages when calculating expected credit loss. See Note 10 for model-based loss costs and loan loss provisions per stage and Note 9 for commitment totals per risk class and distribution per stage.

Stage 1: Commitments that do not have a substantial increase in credit risk after initial recognition, measured by the change in the probability of default (PD), are included in Stage 1. For commitments in Stage 1, an expected 12-month loss is calculated on the basis of the commitment's exposure.

Stage 2: Commitments with a significant increase in credit risk after initial calculation, measured by the change in the probability of default (PD), including commitments overdue by more than 30 days, are included in Stage 2. For commitments in Stage 2, an expected lifetime loss is calculated on the basis of the commitment's exposure and expected duration. Commitments with forbearance are assigned to Stage 2 if they have not already been assigned to Stage 2 or Stage 3. If the credit risk is deemed to have significantly increased due to events that have occurred but that were not caught by the Bank's system for measuring probability of default (PD), commitments are assigned to Stage 2 if they have not already been assigned to Stage 2 or Stage 3.

Stage 3: Non-performing commitments, i.e. commitments that are in default or have objective evidence of loss, are included in Stage 3. The provisions for Stage 3 consist of both individually assessed loan loss provisions and model-based expected credit loss. For commitments that are assessed individually, estimates of any credit loss are based on the size of expected future cash flows from expected earnings, sale of collateral etc., when the cash flows are expected to be paid, and the discount rate. The amount of the loss is a direct function of the present value of contractual cash flows that
one does not expect to receive, discounted with the original effective interest rate on the loan. Where there are several probable outcomes, the probability-weighted present value of discounted future cash flows is used. For commitments for which there is no individual loss assessment, expected credit loss is calculated on the basis of the commitment's exposure, the segment parameter for expected credit loss, and expected duration.

Principle for calculation of expected credit loss: Losses per commitment are calculated. The loss estimates are based on the estimated 12-month and lifelong probability of default (PD) per customer. The Bank's commitments are further classified into segments based on the product, security, and other criteria, so each segment contains commitments with virtually the same risk profile. A loss given default (LGD) figure is determined for each segment. An expected commitment exposure is also determined. For repayment loans, the basis is an expected repayment plan. For credit lines and guarantees, the basis is an exposure at default (EAD). Expected credit loss (ECL) is calculated by multiplying probability of default (PD) x loss given default (LGD) x exposure at default (EAD). When calculating expected credit loss, probability-weighted calculations are made based on an analysis of alternative outcomes of observed credit losses and projected trends, including macroeconomic developments.

Probability of default (PD) at initial recognition: When a loan application is processed, a scoring model is used to estimate a 12-month probability of default for the customer. This probability forms the basis for measuring any significant increase in credit risk.

Probability of default (PD): In subsequent measurements, the portfolio scoring model is used, based on the estimated 12-month probability of default (PD). The portfolios are scored on a monthly basis with an updated probability of default (PD). The expected probability of default during the term of the commitment, used to calculate the expected credit loss in Stage 2, is derived from the probability of default in the first 12 months. For risk classes J and K, which cover non-performing commitments, the probability of default is 100 per cent.

Loss given default (LGD): The loss given default must reflect the degree of uncovered losses given the cash flow from the customer and any realisation of the collateral for non-performing commitments. The loss ratio is assessed overall per segment and per product. Assessments of the realisation value of collateral reflect short and medium-term expectations.

Exposure at default (EAD): An expected repayment profile is determined per segment for repayment loans based on analyses of average maturity in the segments. For commitments with a credit limit, a determination is made of how much of the credit limit is expected to have been drawn at the time of default. The exposure at default is determined for guarantees.

Rules concerning a significant increase in credit risk: The Bank uses the change in the 12-month probability of default (PD) measured against the probability of default at initial recognition as the primary criterion for a material increase in credit risk. As a general principle, a doubling of the 12-month probability of default (PD) entails a significant increase in credit risk, assuming that the new probability of default (PD) is greater than 0.5 per cent. Loans with a significant increase in credit risk are transferred from Stage 1 to Stage 2. Non-performing commitments are assigned to Stage 3. The Bank does not use the exemption for loans with low credit risk.

Reversal from Stage 2 and from Stage 3: When the criteria for a significant increase in credit risk (Stage 2) are no longer present, the commitment is transferred to Stage 1 after one month. For non-performing commitments in Stage 3, a quarantine period starts at least 90 days after the cause of the default has ceased. After the end of the quarantine period, the customer's behaviour and financial situation are assessed before they are given a clean bill of health.

Macroeconomic scenarios and probability weighting: Expected credit loss is calculated on the basis of the model parameters for the anticipated scenario. When assessing the macroeconomic situation and potential macroeconomic developments, two further scenarios are determined – one optimistic and the other pessimistic. On the basis of the anticipated scenario, a factor is set for how much the expected credit loss is expected to change in the optimistic and pessimistic scenarios respectively. The three scenarios are weighted in terms of probability and constituted the model-based expected credit loss. Factors and the probability of the scenarios are set based on the Group's internal assessments, which include the expected development in key macroeconomic indicators, including economic growth (GDP), house prices, interest rate levels and unemployment, as well as observed credit losses. The factor and probability of the scenarios are set individually for each segment in the Group.

8. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

The acquisition cost model is used to measure the assets, including investment properties.

9. ASSETS TAKEN OVER

Assets taken over in connection with follow-up on non-performing commitments are measured at fair value at the time of takeover. The Group has no assets taken over during the year.

10. LEASES

When the Group enters into a contract it assesses whether the contract is a lease or contains a lease in line with IFRS 16. Short-term agreements or leases are not recognised where the underlying asset is of low value.

11. PENSIONS

The Group has various defined-benefit schemes, as well as defined-contribution schemes.

Defined-benefit schemes

The pension liability is estimated as the present value of the estimated future pension contributions which for the purposes of accounting are regarded as accrued on the balance sheet date.
See Note 3 for more information on estimates used in the present value calculation, and Note 37 for a more detailed description of the pension schemes.

12. CASH FLOW STATEMENT

The indirect method is used to prepare the cash flow statement.

13. HYBRID CAPITAL

The Group's hybrid capital consists of additional Tier 1 capital that does not meet the definition of financial liabilities under IAS 32. Such bonds are defined as perpetual, where the Group has the right to withhold interest under certain conditions. Interest paid on additional Tier 1 capital is allocated to hybrid capital, while interest paid is recognised as a payment from hybrid capital at the time of payment.

14. EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date concerning the Bank's financial position as at the balance sheet date will be included in the basis for assessing the accounting estimates in the accounts and will thus be taken into consideration in the annual financial statements. Events after the balance sheet date which do not affect the Bank's financial position on the balance sheet date, but which will affect the Bank's financial position in the future, are reported if such information is material.

15. FUTURE AMENDMENTS TO ACCOUNTING POLICIES

Standards and interpretations adopted at the time of the presentation of the annual financial statements, but where there is a later date of entry into force, except those assessed as irrelevant, are stated below. The Group's intention is to implement the relevant changes on the date they enter into force, provided that the EU approves the changes before the presentation of the financial statements.

Changes to IAS 1 – Classification of debt as current or non-current
The changes relate to presentation in the financial accounts and clarify how debt and other liabilities are to be classified as current or non-current. The changes are designed to promote consistent application of the requirements in order to determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The changes have not been approved by the EU, but the intention of the IASB is for them to apply to accounting periods beginning on or after 1 January 2024. The changes are not expected to affect the financial statements.

NOTE 3 – ASSESSMENTS AND USE OF ESTIMATES

Due to the uncertainties associated with business activities, many accounting items cannot be accurately measured, but only estimated. The executive management team has exercised judgement in the application of the accounting policies and used assumptions and expectations of future events that are regarded as likely. Estimates and assessments are regularly evaluated and are based on the most recent reliable data available, as well as experience from similar assessments. There will always be an inherent uncertainty associated with financial items that are not measured accurately, and the executive management team's assessments and best estimates may differ significantly from actual results.

In the Bank's financial statements, the use of such estimates relates in particular to the measurement of the following items:

- Losses on loans, unused credit and guarantees
- Fair value of financial instruments
- Net pension liabilities

3.1 Losses on loans, unused credit and guarantees

3.1.1 Model-calculated expected credit loss
Using a model to calculate expected credit loss requires the exercise of judgement, and a degree of estimate uncertainty is therefore associated with model-based expected credit loss. The management team has used its discretion when determining the parameters included in the calculation. An expected credit loss model uses a significant number of parameters. The parameters for which the model is most sensitive and subject to the most uncertainty are: Probability of default, expected loss given default and probability weighting of the scenarios. Please see Note 10 for quantitative information and sensitivity analyses for model-calculated expected credit loss.

3.1.2 Individually assessed loan loss provisions
Loans are written down for credit losses on a case by case (individual) basis if there is objective evidence that such credit losses have occurred. Objective evidence is considered to exist where the debtor has substantial financial problems, is in default on payments or otherwise in material breach of contract, or in the case of deferral of payments or new credit to pay amounts due, agreed changes in interest rates or other terms and conditions as a consequence of problems faced by the debtor, likelihood of the debtor entering into debt negotiations, other financial restructuring or that the debtor's estate will be lost in bankruptcy proceedings. Estimates of any credit loss are based on the size of expected future cash flows from sale of collateral etc., when the cash flows are expected to be paid and the discount rate. The size of the loss is directly proportional to the difference between the book value and the present value of discounted future cash flows. Where there are several probable outcomes, the probability-weighted present value of discounted future cash flows is used. The main uncertainty when estimating the size of credit losses stems from the assessment of the size of the cash flows and when they are expected to be received. Individually assessed loan loss provisions are included in expected credit loss Stage 3. See also Note 10.

3.2 Fair value of financial instruments
In principle, observable market rates must be used as the basis for measuring financial instruments at fair value. Other valuation methods are used where there are no observable market rates in an active market and the fair value cannot be derived directly or indirectly from observable market input. These are methods that can involve using discretionary evaluations to some degree. Such discretionary evaluations may be liquidity risk, credit risk and volatility. Changes in the attitude toward these factors may affect the determination of the fair value of a financial instrument. See also Note 25 for information about the measurement of financial instruments at fair value.

3.3 Net pension liability
The Group's defined-contribution pension liabilities are calculated by an external actuary. The calculations are based on standardised assumptions concerning death and disability and other demographic assumptions drawn up by Finance Norway (FNO). A number of economic assumptions are also used as the calculation basis, including the expected return on pension funds, the discount rate, annual payroll growth, the change in G (the National Insurance Scheme's basic amount) and the regulation of pensions.

The discount interest rate is based on the rate of interest on covered bonds in the Norwegian market since the market for covered bonds in Norway is regarded as satisfying the requirements for corporate bonds of high quality with a deep market. The discount rate is adjusted by a premium to arrive at an interest rate that reflects the estimated time of payment. The expected return on the pension funds is set as the discount rate in accordance with IAS 19. Pension funds are mostly invested in liquid assets valued at fair value on the balance sheet date. The other economic assumptions are based on the expected long-term change in the parameters. A far higher risk is assessed to be associated with estimated gross pension liabilities than with estimated pension funds. See also Note 37 for further information.

NOTE 4 – OPERATING SEGMENTS

Segment reporting is based on the Bank's internal reporting format, in which the parent bank and the mortgage credit company are split into the retail market, the business market and the financial market. Subsidiaries also constitute distinct segments. The 'unallocated' segment is mainly made up of income and expenses, assets and equity in the parent bank which have not been allocated to other segments. Almost all the Group's income is earned in Norway.

For the purpose of management, the Bank is organised into five operating segments based on its products and services, as follows: The retail market and business market segments mainly consist of lending to and deposits from customers. Finance mainly consists of the Bank's liquidity portfolio, while the main product of AS Financiering is debenture financing of vehicles. Sparebanken Øst Eiendom AS is tasked with managing properties belonging to the Sparebanken Øst Group. Income from the retail market, business market and AS Financiering mainly comprises net interest income, while income from Sparebanken Øst Eiendom AS consists of income from real estate. Income taxes are managed on a company basis and not allocated to operating segments, except for subsidiaries that are reported as separate operating segments.

Interest rates are reported on a net basis since the majority of segment income is derived from interest income on loans. The executive management team primarily bases its work on net interest income and not gross interest income and costs. Transactions between operating segments are based on arm's length pricing equivalent to transactions with third parties. No single customer accounts for more than 10% of the Bank's total income in 2023 or 2022.

Income Statement

2023	Retail market	Corporate market	Finance	AS Financiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Net interest and commission income	423.4	155.3	-33.7	131.7	0.5	152.3	-0.7	828.8
Other income	61.3	4.3	-5.7	-25.5	6.2	54.3	-7.0	88.0
Operating costs	72.0	14.5	0.0	42.1	3.8	220.7	-7.2	345.9
Profit before losses	**412.7**	**145.1**	**-39.4**	**64.1**	**2.8**	**-14.0**	**-0.5**	**570.9**
Losses on loans, unused credit and guarantees	-4.6	3.3	0.0	8.0	0.0	-0.1	0.0	6.7
Profit/loss before tax	**417.3**	**141.8**	**-39.4**	**56.0**	**2.8**	**-13.9**	**-0.5**	**564.2**
Income tax	0.0	0.0	0.0	14.2	0.6	108.9	-0.1	123.7
Profit/loss after tax	**417.3**	**141.8**	**-39.4**	**41.8**	**2.2**	**-122.9**	**-0.4**	**440.6**

Income Statement

2022	Retail market	Corporate 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 income	58.6	7.5	-94.3	-27.3	5.8	59.0	2.9	12.1
Operating costs	65.2	13.1	0.0	38.1	3.6	196.1	-6.5	309.7
Profit before losses	**359.1**	**134.1**	**-119.4**	**59.7**	**2.0**	**-56.0**	**9.2**	**388.6**
Losses on loans, unused credit and guarantees	2.4	-0.2	0.0	4.7	0.0	-0.1	0.0	6.8
Profit/loss before tax	**356.8**	**134.3**	**-119.4**	**55.0**	**2.0**	**-55.9**	**9.2**	**381.9**
Income tax	0.0	0.0	0.0	13.8	0.4	69.0	2.3	85.5
Profit/loss after tax	**356.8**	**134.3**	**-119.4**	**41.1**	**1.6**	**-124.9**	**6.9**	**296.4**

Balance sheet

2023	Retail market	Corporate market	Finance	AS Financiering	Sparebanken Øst Eiendom AS	Unallocated	Eliminations	Group
Lending to customers	30,721.2	3,775.8	0.0	2,759,6	0.0	628.4	-7.9	37,877.1
Other assets	3.4	0.0	6,072.3	63.6	86.0	4,103.2	-2,826.9	7,501.5
Total assets	**30,724.6**	**3,775.8**	**6,072.3**	**2,823.2**	**86.0**	**4,731.6**	**-2,834.8**	**45,378.6**
Customer deposits	10.698.3	3,038.5	2,020.8	0.0	0.0	139.6	-36.3	15,860.8
Other liabilities/offsetting	20,026.3	737.3	4,051.5	2,371.8	10.7	-181.2	-2,412,2	24,604.2

Equity	0.0	0.0	0.0	451.4	75.3	4,773.2	-386.2	4,913.6
Total liabilities and equity	**30,724.6**	**3,775.8**	**6,072.3**	**2,823.2**	**86.0**	**4,731.6**	**-2,834.8**	**45,378.6**

Balance sheet

2022	Retail market	Corporate 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
Total assets	**30,390.5**	**3,391.5**	**6,015.8**	**2,579.3**	**104.9**	**4,232.0**	**-2,635.6**	**44,078.4**
Customer deposits	11,071.2	2,899.0	1,686.0	0.0	0.0	160.3	-55.1	15,761.3
Other liabilities/offsetting	19,319.3	492.6	4,329.8	2,127.8	31.8	-582.3	-2,194.2	23,524.8
Equity	0.0	0.0	0.0	451.4	73.2	4,654.1	-386.3	4,792.3
Total liabilities and equity	**30,390.5**	**3,391.5**	**6,015.8**	**2,579.3**	**104.9**	**4,232.0**	**-2,635.6**	**44,078.4**

Lending, Guarantees and deposits by geographic area

Group Gross lending		Group Guarantees			Parent bank Gross lending		Parent bank Guarantees	
2023	2022	2023	2022		2023	2022	2023	2022
7,370.5	7,289,6	15.6	17.0	Drammen	3,782.1	4,209.7	15.6	17.0
2,252.5	1,965.3	4.6	6.4	Øvre Eiker	1,303,6	1,186.2	4.6	6.4
2,540.8	2,335.2	2.6	2.4	Rest of Buskerud	1,560.1	1,412.2	2.6	2.4
4,596.7	4,057.8	0.1	15.0	Asker	2,306.2	2,229.5	0.1	15.0
5,081.5	5,073,6	0.1	0.1	Other Akershus	1,896.3	1,641.9	0.1	0.1
7,272.8	7,558.7	2.6	9.1	Oslo	3,300.8	3,139.7	2.6	9.1
1,994.9	1,815.5	0.6	0.1	Østfold	700.9	430.7	0.6	0.1
3,191.0	2,933.4	0.6	0.7	Vestfold	1,480.3	1,546.7	0.6	0.7
3,674.7	3,847.6	0.0	0.0	Rest of Norway	733.3	506.5	0.0	0.0
10.0	35.5	0.0	0.0	Abroad	3.6	21.6	0.0	0.0
37,985.5	**36,912.1**	**26.7**	**50.7**	**Total**	**17,067.1**	**16,324.6**	**26.7**	**50.7**

Group Deposits			Parent bank Deposits	
2023	2022		2023	2022
5,376.1	5,505.8	Drammen	5,424.4	5,575.7
2,416.2	2,303.0	Øvre Eiker	2,416.2	2,303.0
962.8	954.9	Rest of Buskerud	962.8	954.9
709.7	669.5	Asker	709.7	669.5
794.1	868.2	Other Akershus	794.1	868.2
2,566.0	2,484.7	Oslo	2,566.0	2,484.7
305.5	310.1	Østfold	305.5	310.1
746.4	742.5	Vestfold	746.4	742.5
1,854.8	1,823.3	Rest of Norway	1,854.8	1,823.3
129.3	99.4	Abroad	129.3	99.4
15,860.8	**15,761.3**	**Total**	**15,909.1**	**15.831.2**

Lending, Guarantees and deposits by sector and industry

Group	Gross lending		Guarantees		Potential exposure via overdraft facilities	
	2023	2022	2023	2022	2023	2022
Salaried employees	34,061.6	33,341.2	0.6	1.0	3,865.0	3,613.9
Public administration	7.1	7.1	0.0	0.0	0.0	0.0
Agriculture, forestry, fishing, etc.	93.5	78.1	0.3	0.3	15.7	15.1
Industry and mining, power and water supply	50.3	49.3	0.1	0.3	4.8	3.0
Building and construction	551.5	457.0	4.8	21.1	74.9	33.9
Wholesale and retail/hotels and restaurants	93.5	97.6	5.4	6.9	23.4	24.0
Transport and communications	14.1	16.7	3.8	3.9	2.2	4.1
Business financial services	133.1	73.6	2.9	0.0	5.3	4.2
Other service industries	468.3	468.4	1.6	1.6	19.8	6.3
Real estate sales and operation	2,502.5	2,287.7	7.4	15.6	21.5	36.0
Abroad	10.0	35.4	0.0	0.0	2.7	3.1
Total	**37,985.5**	**36,912.1**	**26.7**	**50.7**	**4,035.0**	**3,743.6**

Parent bank	Gross lending		Guarantees		Potential exposure via overdraft facilities	
	2023	2022	2023	2022	2023	2022
Salaried employees	13,339.3	12.920.5	0.6	1.0	795.9	820.7
Public administration	7.1	7.1	0.0	0.0	0.0	0.0
Agriculture, forestry, fishing, etc.	92.0	78.0	0.3	0.3	15.7	15.1
Industry and mining, power and water supply	41.3	41.1	0.1	0.3	4.8	3.0
Building and construction	508.3	417.5	4.8	21.1	71.9	30.7
Wholesale and retail/hotels and restaurants	66.9	68.0	5.4	6.9	23.4	24.0
Transport and communications	6.3	4.3	3.8	3.9	1.1	2.0
Business financial services	114.6	60.1	2.9	0.0	5.8	5.1
Other service industries	381.3	394.0	1.6	1.6	21.0	12.2
Real estate sales and operation	2,506.5	2,312.4	7.4	15.6	21.5	36.0
Abroad	3.6	21.5	0.0	0.0	0.5	0.6
Total	**17,067.1**	**16,324.6**	**26.7**	**50.7**	**961.3**	**949.5**

Group Deposits			Parent bank Deposits	
2023	2022		2023	2022
9,975.6	10,303.7	Salaried employees	9,975.0	10,303.6
333.5	401.5	Public administration	333.5	401.5
139.7	104.8	Agriculture, forestry, fishing, etc.	139.7	104.8
1,131.5	543.6	Industry and mining, power and water supply	1,131.5	543.6
647.4	662.2	Building and construction	647.4	662.2
477.1	408.4	Wholesale and retail/hotels and restaurants	477.1	408.4
175.2	169.1	Transport and communications	175.2	169.1
924.6	1,309.7	Business financial services	924.6	1,309.7
870.1	842.6	Other service industries	870.0	842.6
1,057.0	916.2	Real estate sales and operation	1,105.9	986.3
129.3	99.4	Abroad	129.3	99.4
15,860.8	**15,761.3**	**Total**	**15,909.1**	**15.831.2**

NOTE 5 – FINANCIAL RISK MANAGEMENT

Credit risk, market risk, liquidity risk and climate risk are considered financial risks. Concentration risk is also discussed. Risks are reported quarterly to the executive management team and Board of Directors. The reporting describes the current status in relation to various set limits for risk, both internal and statutory. An internal risk committee has been established to handle and assess all significant risk areas that may affect the Group's operations and objectives, including financial and operational risk.

Credit risk
Credit risk is regarded as the risk of loss due to customers and other counterparties failing to meet their repayment obligations and any pledged collateral not covering the Bank's outstanding debt.

Measuring risk when lending to customers takes place by classifying the risk customers represent and is an integral part of the credit process.
Pricing of credit is to be based on the risk of the individual commitment.

The Bank's credit strategy describes the Bank's overall extension of credit in the retail and business markets. On a day-to-day basis, the credit strategy is implemented via credit manuals, limits, and the approved hierarchy for authorisations. Everyone authorised to grant credit has a responsibility to comply with the Bank's adopted credit policy.

A central credit unit has been established in the retail market. This has been given authorisation to grant loans and credit facilities in line with the Bank's credit strategy, approved instructions, and the credit manual for the retail market, within the limits specified by the authorisation.

A Board-approved decision-making hierarchy has been established in the business market. The decision-making level required for the individual case is based on a combination of the customer's risk class and the amount in question. The Bank's board is the supreme decision-making level, and smaller commitments are entered into in accordance with the adopted limits and personal mandates of the Business Market Department. The development in credit risk related to the Bank's lending is monitored on an ongoing basis with framework control, periodic analyses and reports, and the use of random sampling at customer level.

Investments in interest-bearing securities for liquidity purposes are linked to the investment policy for portfolio management adopted by the Board of Directors. The adopted strategy and investment policy specify the risk tolerance, allocation to asset classes, limits, and mandates. Credit losses must be close to zero. Furthermore, a significant proportion of the portfolio must be suitable to act as collateral for lending from Norges Bank. When investing funds in certificates and bonds, the risk is assessed on the basis of the paper's liquidity, issuer's rating, and other counterparty-specific factors. Interest-bearing securities are booked at market value so that changes in value are continuously reflected in the financial statements.

Settlement risk is a form of credit risk. Should contract counterparties not meet their commitments, settlement in the form of cash or securities are at risk of being lost. The Bank seeks to avoid such risks by entering into contracts with sound, and if possible rated, counterparties, and by using clearing systems with a good reputation.

Counterparty risk on derivatives and off balance sheet items (guarantees, loan approvals, etc.) also entail credit risk in that contracts may produce a loss if the counterparty goes bankrupt or is unable to fulfil its payment obligations. Derivative contracts are only entered into with financial institutions that have a minimum official rating of A- (A3) or better. The counterparty risk is mitigated by the Bank having entered into ISDA agreements that give the parties the right to offset in the event of non-performance. Additional agreements have also been entered into concerning the provision of security (CSA). Please see Note 24 for details about offsetting financial instruments.

Concentration risk
Concentration risk arises from low diversification with respect to counterparty risk for associated customer groups, geographical areas, sectors and products. This is managed at Sparebanken Øst by setting limits for exposure to industries and sectors, and commitment size.

Out of the Group's ordinary lending activities as at 31.12.2023, 89.5 per cent of gross lending involved retail customers. A small proportion of lending to business customers contributes to a low concentration risk.

The Group's loan portfolio to retail customers and businesses is primarily spread across the central Eastern Norway region. The Bank is not regarded as being particularly exposed to individual business customers (cornerstone industries) or one-sided financial growth in the region. The Bank's location in Eastern Norway provides close proximity to a large market area. Exposure to property and property development accounts for a relatively large share of the corporate portfolio, but measured as a share of the Group's total lending portfolio this exposure accounts for a limited share of the total lending portfolio. Sales and the operation of real estate account for 63.3 per cent of the business portfolio. Measured as a portion of the total lending portfolio in the Group, exposure to sales and the operation of real estate is nonetheless no more than 6.6 per cent. Property is a cyclical industry that is particularly vulnerable in periods of economic downturn. The commitments are, however, regarded as well secured, often with additional collateral.

Sparebanken Øst has set limits for the levels of concentration which stipulate that the greatest exposure must not exceed 15 per cent of the business portfolio, the three largest exposures no more than 25 per cent, and the ten largest no more than 40 per cent. In its lending operations as at 31 December 2023, apart from commitments with its own subsidiaries (AS Financiering and Sparebanken Øst Boligkreditt AS), the Bank had no exposure to external customers exceeding 10 per cent of its primary capital. As of 31 December 2023, exposure to the Group's largest borrower represented 0.6 per cent of gross lending. The Group's 10 largest borrowers represented 3.6 per cent of gross lending, and the group's 20 largest borrowers represented 5.1 per cent of gross lending.

Market risk
Market risk is the risk of incurring losses on open positions in financial instruments due to changes in observable market variables such as interest rates, currencies, and securities markets.

Sparebanken Øst is exposed to market risk primarily through changes in the level of interest rates (interest risk), through changes in market prices of financial instruments, including changes in spreads for interest-bearing securities (credit spread risk), exchange rates (currency risk) and share prices (equities risk).

Market risk is managed via limits for maximum exposure to various asset classes, interest risk, currency risk and other risks.

<u>Interest rate risk</u>
When there is a change in the market interest rate, Sparebanken Øst is unable to immediately change the interest rate for all balance sheet items if these have different fixed-rate periods. A change in the market interest rate will then result in an increase or reduction of the net interest and balance sheet items' fair value. This risk is reduced by matching assets, liabilities and various derivatives with each other, in order to keep the risk within accepted limits.

<u>Credit spread risk</u>
The credit spread risk is the risk of losses due to changes in the margin (credit spread) on interest-bearing securities. The credit spread risk in the liquidity portfolio is managed by ensuring that the loss due to changes in the credit spread never exceeds a specific limit.

<u>Currency risk</u>
Currency risk is the risk of loss of value due to exchange rate fluctuations. Such risk is reduced by matching asset and liability positions with each other on the balance sheet or by using currency derivatives. Rolling swaps are used for assets where debtors are able to repay before the final due date. Where the final due date may not be deviated from, the positions are secured by basis swaps. Limits for currency exposure have been set.

<u>Equities risk</u>
The Group has a holding of equities for mainly strategic purposes. Equities risk is the risk of losses due to changes in the prices of equities. A 10 per cent drop in the value of equities as at 31.12.2023 would have had a negative impact on earnings of NOK -81.0 million. By comparison, a 10 per cent drop in the value of equities at the end of 2022 would have had a negative impact on earnings of NOK -79.6 million. See Note 29 for specification of the Group's shares and equity certificates.

<u>Property risk</u>
Property risk is the risk of loss as a result of the Bank's positions and direct ownership of real estate, including its own business premises. The Bank's property risk is continuously monitored and stress tests of property risk are regularly prepared in accordance with guidelines from the Financial Supervisory Authority of Norway.

Risk mitigation measures
The Bank uses guarantees, derivatives and financial hedging to reduce risk exposure due to changes in interest rate levels, exchange rates and credit risks. Please see the descriptions of each individual risk area.

The commitments are considered to be well secured against real property, often with additional collateral. Loans and credit facilities extended to the retail market primarily concern commitments against mortgages on real estate within appropriate loan-to-value ratios. In AS Financiering, the vehicles themselves mainly serve as collateral. The Bank has very low exposure to loans/credit facilities without related collateral.

Lending to other banks and lending as senior bond placements and certificates is provided on an unsecured basis. Investments in covered bonds provide security in a defined selection of issuer's assets, usually mortgages.

Liquidity risk
Liquidity risk is the risk of the Bank not being in a position to meet its ongoing liabilities as they fall due or having to obtain necessary funding at a higher cost. The overall strategy dictates that Sparebanken Øst must practise a conservative liquidity risk

policy. This involves a long-term and proactive approach to future liquidity needs and managing liquidity through investments in assets with low liquidity risk and credit risk. Limits have been established which govern the composition of the balance sheet with regard to the degree of long-term funding and the horizon for survival in a situation with no access to new liquidity. The Bank maintains liquidity reserves in the form of cash, drawing rights in Norges Bank and a bond portfolio consisting of liquid securities with high credit quality.

Sparebanken Øst always seeks to diversify its sources of finance in order to be as independent as possible of events in individual markets. In addition to deposits from customers, the Norwegian certificate and bond market is the most important funding source, including the market for covered bonds.

Deposits are a key source of funding for the banks. The Bank is actively working to increase deposits from different customer groups. In 2023, deposits increased by 0.6 per cent. As of 31 December 2023, deposits from customers amount to 41.9 per cent of the Group’s net loans against 42.8 per cent as of 31 December 2022.

It is primarily major institutional investors which invest in the banks’ issued securities. In order to ensure liquidity in the securities, it is desirable that the bond issues are of a certain size. On the other hand, it is not desirable to have loans that are too large, since this will increase the refinancing risk. Covered bonds provide security for investors in the form of preferential rights to low-risk mortgages. The largest bond loans are generally covered bonds.

The balance sheet steering committee addresses market events and agrees measures related to the liquidity situation in accordance with the adopted strategy on an ongoing basis. Recovery plans have also been drawn up that define monitoring and action plans for solvency and liquidity crises.

Climate risk

Climate risk consists of physical climate risk and transition risk. Physical risk can be landslides, floods, rising sea levels, droughts or other risks related to climate change. Transition risk is the risk associated with the transition to a low-emission society, where changes in climate policy/regulation, development of new technology, changed customer preferences and investor demands may lead to abrupt changes in the market value of financial assets. Climate risk can lead to increased credit risk, financial losses or reduced access to capital. Increased exposure to climate risk also increases the risk of stranded assets. Stranded assets are defined as assets that have suffered from unanticipated or premature reductions in value.

The Norwegian Water Resources and Energy Directorate (NVE) has mapped and published a national dataset which shows, at the overview level, which areas may be exposed to physical climate risk. Through its assessments, NVE provides indications of whether homes are within specified zones for flooding, avalanches or rising sea levels. NVE’s assessments are based on areas and not individual dwellings. The Bank has chosen to analyse exposed commitments within NVE's categories for flooding, storm surges, quick clay and avalanches. Risk class 1 covers 20-year floods and storm surges, quick clay in the high hazard level category and avalanche risk areas. Risk class 2 covers 50 to 200-year floods and storm surges and quick clay in the medium hazard grade. NVE ratings do not take account of individual and local safeguards. Based on NVE’s analyses, Sparebanken Øst Boligkreditt AS has 3.2 per cent of the portfolio exposed to the risk class 1 scenarios, increasing to 6.8 per cent if the risk class 2 scenarios are included. The Bank considers the physical risk to be low and within acceptable levels. The number of risks in the table below expresses the number of main categories of physical risk (flood, avalanche and sea level rise) to which a commitment is exposed.

Risk class 1 at 31.12.23 – Group

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	602	1,077.7	2.75%
2	102	184.3	0.47%
3	1	2.7	0.01%
Total	**705**	**1,264.7**	**3.22%**

Risk class 1+2 at 31.12.23 – Group

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	1,075	2,225.7	5.68%
2	214	426.8	1.09%
3	2	4.5	0.01%
Total	**1,291**	**2,657.0**	**6.77%**

Risk class 1 at 31.12.23 – parent bank

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	290	516.6	2.86%
2	45	101.8	0.56%
3	0	0.0	0.00%
Total	**335**	**618.3**	**3.42%**

Risk class 1+2 at 31.12.23 – parent bank

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	519	1,248.9	6.92%
2	99	242.2	1.34%
3	0	0.0	0.00%
Total	**618**	**1,491.1**	**8.26%**

Long-term capital management

Sparebanken Øst's long-term capital management is intended to ensure good solidity and adequate liquidity for the entire group. Good solidity is maintained first and foremost by ensuring that there are sufficient capital buffers in excess of the minimum capital requirements. The Bank is adapting to the new capital adequacy rules and closely monitors the development in the market's capital expectations beyond the regulatory requirements.

The current capital adequacy target is defined as follows: "The Sparebanken Øst Group should have capital adequacy at least equal to the regulatory requirement plus a capital margin of 1.0 percentage point." Targets for CET1 capital and Tier 1 capital will be similar, and the Group will seek to optimise its capital structure by using loss-absorbing debt instruments. The systemic risk buffer requirement was increased by 1.5 percentage points to 4.5 percent from the end of 2023. The countercyclical buffer requirement was increased from 2.0 to 2.5 percent from 31 March 2023.

The current pillar 2 requirement for Sparebanken Øst is 1.1 per cent, reduced from 1.8 per cent. This requirement took effect on 30 September 2023. Pillar 2 must consist of a minimum of 56.25 per cent CET1 capital and 75 per cent Tier 1 capital, which corresponds to the capital composition requirement in Pillar 1. The decision from the Financial Supervisory Authority stipulates that Sparebanken Øst should also have a solvency margin amounting to at least 1.0 per cent of the risk-weighted calculation basis in pillar 1. The solvency margin requirement must be met with CET1 capital.

The Group's CET1 capital ratio was 18.67 per cent as at 31.12.2023. This level of capital provides growth capacity and room for manoeuvre in relation to regulatory requirements. See also Note 6 on capital adequacy.

Growth and planned growth in lending and other assets will therefore always take into consideration the need for buffer capital above the minimum requirements. Otherwise, there is a heavy focus on maintaining the prudent management of commercial operations so that the Group can achieve good results and satisfactory returns on invested capital. This will ensure the Bank remains attractive to investors and help to ensure the Group access to capital when required to strengthen its equity share capital.

NOTE 6 – CAPITAL ADEQUACY

Group 31.12.2023	Group 31.12.2022		Parent bank 31.12.2023	Parent bank 31.12.2022
		CET1 capital		
4,559.9	4,439.4	Total equity excluding hybrid capital	4,136.5	4,029.4
		Deduction items in CET1 capital		
-28.3	0.0	Approval for acquisition of own equity certificates	-28.3	0.0
-7.2	-6.9	Additional value adjustments (prudent valuation requirement) (AVA)	-9.2	-11.2
-391.6	-275.5	Dividends	-391.6	-275.5
-247.6	-227.3	Goodwill in the valuation of significant investments	-247.6	-227.3
-33.0	-33.9	Intangible assets	-22.3	-21.6
0.0	0.0	CET1 capital instruments in other financial institutions (not significant)	0.0	0.0
0.0	0.0	CET1 capital instruments in other financial institutions (significant)	0.0	0.0
-65.7	-58.2	Other deductions from CET1 capital	-64.4	-58.2
3,786.6	**3,837.5**	**Total CET1 capital**	**3,373.2**	**3,435.6**
		Other Tier 1 capital		
350.0	350.0	Additional Tier 1 capital	350.0	350.0
		Deductions from other Tier 1 capital		
0.0	0.0	Other Tier 1 capital instruments in other financial institutions (not significant)	0.0	0.0
0.0	0.0	Other Tier 1 capital instruments in other financial institutions (significant)	0.0	0.0
350.0	**350.0**	**Total other Tier 1 capital**	**350.0**	**350.0**
4,136.6	**4,187.5**	**Total Tier 1 capital**	**3,723.2**	**3,785.6**
		Tier 2 capital		
400.0	400.0	Subordinated loans	400.0	400.0
		Deductions from Tier 2 capital		
0.0	0.0	Tier 2 capital instruments in other financial institutions (not significant)	0.0	0.0
0.0	0.0	Tier 2 capital instruments in other financial institutions (significant)	0.0	0.0
400.0	**400.0**	**Total Tier 2 capital**	**400.0**	**400.0**
4,536.6	**4,587.5**	**Net subordinated loan capital**	**4,123.2**	**4,185.6**
		Calculation basis		
0.0	0.0	Governments and central banks	0.0	0.0
0.0	0.0	Local and regional authorities	0.0	0.0
0.0	6.0	Publicly owned companies	0.0	6.0
0.0	0.0	Multilateral development banks	0.0	0.0
83.6	77.3	Institutions	773.2	759.1
118.3	66.4	Companies	120.0	68.1
3,241.0	2,925.9	Mass market commitments	1,040.9	961.4
13,128.7	12,832.3	Commitments secured against property	6,578.1	6,331.9
232.1	151.7	Commitments due	83.6	26.7
597.1	163.9	High-risk commitments	597.1	163.9
448.3	424.1	Covered bonds	2,080.7	2,023.1
0.0	0.0	Shares in securities fund	0.0	0.0
750.0	808.5	Equity positions	2,610.4	2,653.7
195.0	192.6	Other commitments	172.6	172.5
0.0	0.0	Securitisation	0.0	0.0
18,794.1	**17,648.7**	**Calculation basis for credit and counterparty risk**	**14,056.4**	**13,166.3**
0.0	**0.0**	**Calculation basis for currency risk**	**0.0**	**0.0**
1,456.4	**1,411.3**	**Calculation basis for operational risk**	**1,016.6**	**931.0**
28.3	**27.0**	**Calculation basis for impaired counterparty credit valuation adjustment (CVA)**	**11.5**	**16.0**
20,278.7	**19,087.0**	**Total calculation basis**	**15,084.5**	**14,113.3**
18.67%	20.11%	CET1 capital ratio	22.36%	24.34%
20.40%	21.94%	Tier 1 capital ratio	24.68%	26.82%

22.37%	24.03%	Capital adequacy	27.33%	29.66%

Group 31.12.2023	**Group 31.12.2022**	**Buffers**	**Parent bank 31.12.2023**	**Parent bank 31.12.2022**
507.0	477.2	Capital conservation buffer	377.1	352.8
507.0	381.7	Countercyclical buffer	377.1	282.3
912.5	572.6	Systemic risk buffer	678.8	423.4
0.0	0.0	Buffer for systemically important banks	0.0	0.0
1,926.5	**1,431.5**	**Total buffer requirements**	**1,433.0**	**1,058.5**
2,874.0	**2,978.6**	**Available buffer capital**	**2,694.4**	**2,800.5**
8.89%	9.27%	Leverage ratio	8.05%	8.39%

The Bank uses the standardised approach to calculate the minimum primary capital adequacy requirement for credit risk. Operational risk is calculated using the basic indicator approach. The capital charge for credit value adjustment (CVA) is calculated using the standardised approach. Commitment amounts for derivatives are calculated using the standardised approach (SA-CCR).

The Bank's primary capital must satisfy the minimum capital adequacy ratio requirements at all times, with the addition of a buffer equivalent to the company's accepted risk tolerance.

See also the Group's Pillar III document, which is available on Sparebanken Øst's website.

NOTE 7 – CREDIT RISK

Maximum credit risk

Maximum credit risk is represented as the book value of the financial assets, including derivatives, on the balance sheet. The Group also has credit risk related to loan approvals, unused overdraft facilities and guarantees. The maximum credit risk in excess of book values is shown below.

Group 31.12.2023	**Group 31.12.2022**		**Parent bank 31.12.2023**	**Parent bank 31.12.2022**
		Liabilities		
541.8	512.5	Loan pledges	510.4	470.5
4,033.8	3,742.5	Overdraft facilities	3,502.2	3,058.9
26.2	50.2	Guarantees to customers	26.2	50.2
0.0	0.0	Guarantee for all covered bond liabilities in the mortgage credit company*	16,459.0	16,150.0
4,601.9	**4,305.3**	**Total liabilities**	**20,497.8**	**19,729.6**

* The parent bank has issued a guarantee for all covered bond commitments in the mortgage credit company in connection the rating process for Sparebanken Øst Boligkreditt AS. Covered bonds amounted to a nominal value of NOK 16,459.0 million as at 31.12.23 compared with a nominal value of NOK 16,150.0 million as at 31.12.22. The parent bank has no holdings of covered bonds in Sparebanken Øst Boligkreditt AS as of 31.12.23 or as of 31.12.22.

For more information on maximum credit exposure associated with the different classes of financial instruments, refer to the notes below up to and including Note 10.

Credit risk

Sparebanken Øst's credit strategy provides the basis for the credit activities of the bank. The scope, target figures, procedures and guidelines have been established for both the retail and businessmarkets to help ensure that all elements associated with credit assessments are adequately described and known. These must also ensure that portfolios are properly followed up and that any changes relating to the assessed risk for the individual commitment can be identified at an early stage and monitored closely. Developments in individual commitments and portfolios are continuously followed up on through various administrative reports. Target figures and frameworks adopted by the Board are followed up on and reported to the Board on quarterly basis.

Debt-servicing capacity is central to any credit assessment in either the retail or the business markets. Normally, credit must not be provided if it is unlikely that the customer will be able to service the debt even when adequate security is provided. The basis for the assessment of a customer's capacity to service the debt is current and future cash flows measured against the customer's cost obligations at any time. Cash flow is based on the salary income or business income of the customer(s) being financed. Besides this, the extent to which the Bank will be able to cover the commitments by realising the security in the event of any future default, reduction of cash flows, or other negative market changes, is also assessed. Sparebanken Øst generally has very low exposure to unsecured loans/credit facilities.

Routines for the periodic follow-up of commitments have been established in the business market. These ensure that the Bank updates its assessments at least once a year for the majority of the portfolio. In addition to the customary credit assessment, clauses in credit agreements are also used to reduce risk and ensure the follow-up and management of individual commitments. It is the total exposure to the individual customer that is taken into consideration when assessing the effect the security pledged has for the credit risk.

Chapter 11-II of the Financial Institutions Act governs the activities of Sparebanken Øst Boligkreditt AS and sets strict criteria concerning which loans may be included in the security pledged as collateral for covered bonds. These are more stringent regulations than for ordinary home mortgages and the Act also requires an independent assessor appointed by the Norwegian Financial Supervisory Authority and an independent assessment of each individual pledge of security.

NOTE 8 – CREDIT QUALITY BY CLASS OF FINANCIAL ASSETS

Sparebanken Øst's underlying credit quality relating to loans and advances to customers is shown by the portfolio's risk classification. The risk classification of customers is an integral and mandatory element of the credit process in both the retail and business markets. A limit has been adopted in the credit strategy for the proportion of portfolios within the grouping of the risk classes in low, medium and high risk based on calculated PD. The development in the portfolio distribution in the risk classes must be followed up on through continuous monitoring and reporting.

The Group is constantly seeking to improve its internal risk classification models in order to ensure that the models always have high explanatory power based on the key drivers in the various customer segments. In the Group, the risk classification of customers is performed using a credit scoring model. See Note 9 for further details of the risk classification of customers.

In the case of financial investments in certificates and bonds, the risk is assessed based on rating and counterparty-specific factors. Ratings from credit rating agencies are preferred. Where such ratings are not available, scores from Norwegian brokers as well as internal assessments are used.

Ratings from credit rating agencies and scores from brokers generally follow a scale from AAA to C, where AAA is the highest quality and C indicates the lowest quality. The scale is used such that AAA to A are deemed low risk, BBB is deemed medium risk and BB to C are deemed higher risk.

Group as at 31.12.23

Book values	Low risk	Moderate risk	High risk	Stage 3	Unclassified	Total
Lending						
Loans to and receivables from financial institutions	16.5					16.5
Lending to customers						
- Financial leases	17.4	2.3	0.2			20.0
- Overdraft facilities and operating credits	7,581.8	132.6	22.3	5.6	0.2	7,742,6
- Building loans	74.3	11.3				85.6
- Repayment loans	27,324.7	2,226.8	282.7	186.9	7.8	30,028.9
Total loans	**35,014.7**	**2,373.0**	**305.3**	**192.5**	**8.0**	**37,893.6**
Financial investments						
Listed government bonds						
Listed other bonds	5,911.9					5,911.9
Unlisted bonds			2.1			2.1
Total financial investments	**5,911.9**	**0.0**	**2.1**	**0.0**	**0.0**	**5,914.0**

Group as at 31.12.22

Book values	Low risk	Moderate risk	High risk	Stage 3	Unclassified	Total
Lending						
Loans to and receivables from financial institutions	16.1					16.1
Lending to customers						
- Financial leases	16.0	2.4	1.0		0.0	19.3
- Overdraft facilities and operating credits	8,071,6	93.9	6.0	1.9	0.3	8,173.7
- Building loans	202.0	13.3	2.7		0.0	218.0
- Repayment loans	26,025.9	1,854.9	354.3	126.8	27.4	28,389.2
Total loans	**34,331.6**	**1,964.5**	**363.9**	**128.6**	**27.6**	**36,816.3**
Financial investments						
Listed government bonds						
Listed other bonds	5,633.2					5,633.2
Unlisted bonds			2.0			2.0
Total financial investments	**5,633.2**	**0.0**	**2.0**	**0.0**	**0.0**	**5,635.3**

Parent bank as at 31.12.23

Book values	Low risk	Moderate risk	High risk	Stage 3	Unclassified	Total
Lending						
Loans to and receivables from financial institutions	3,041.7					3,041.7
Lending to customers						
- Financial leases						
- Overdraft facilities and operating credits	1,639.5	54.5	9.3	1.9	0.2	1,705.4
- Building loans	74.3	11.3				85.6
- Repayment loans	14,652.5	494.4	38.6	67.1	7.3	15,260.0
Total loans	**19,408.0**	**560.2**	**47.9**	**69.0**	**7.6**	**20,092.7**
Financial investments						
Listed government bonds						
Listed other bonds	5,599.8					5,599.8
Unlisted bonds			2.1			2.1
Total financial investments	**5,599.8**	**0.0**	**2.1**	**0.0**	**0.0**	**5,601.9**

Parent bank as at 31.12.22

Book values	Low risk	Moderate risk	High risk	Stage 3	Unclassified	Total
Lending						
Loans to and receivables from financial institutions	3,217.4					3,217.4
Lending to customers						
- Financial leases						
- Overdraft facilities and operating credits	2,001.9	49.6	2.9	0.5	0.3	2,055.2
- Building loans	202.0	13.3	2.7			218.0
- Repayment loans	13,575.7	319.8	88.5	23.5	27.4	14,034.8
Total loans	**18,996.9**	**382.7**	**94.1**	**24.0**	**27.6**	**19,525.4**
Financial investments						
Listed government bonds						
Listed other bonds	5,341,6					5,341,6
Unlisted bonds			2.0			2.0
Total financial investments	**5,341,6**	**0.0**	**2.0**	**0.0**	**0.0**	**5,343.7**

NOTE 9 – CREDIT RISK BY RISK CLASS

In its credit strategy the Board has determined overall limits related to the maximum exposure per customer/group, industry exposure, risk class, concentration risk and requirements for the acceptance of new customers. The target figures and limits adopted by the Board of Directors, as described in the credit strategy, are followed up via the quarterly risk reports and presented to the Bank's Board.

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 risk-classified based on 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 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 consist of commitments for which objective evidence of a default/loss exists and the commitments are subject to special monitoring in the Bank's Recovery Department. Risk class U (unallocated) covers credit commitments without any risk classification.

The consolidated figures show a summary of the parent bank, Sparebanken Øst AS, and AS Financiering. AS Financiering's business mainly consists of financing for used cars.

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%

Credit risk by risk class 2023 – Group

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	13,556.9	11.8	1,509.3	15,078,0	35.9	15,059.7	1.1	18.4	0.0	0.0	0.0
B	14,818.1	3.7	2,324.1	17,145.9	40.8	16,990.7	3.5	155.2	0.2	0.0	0.0
C	5,146.4	5.7	132.3	5,284.4	12.6	5,150.1	2.5	134.3	0.3	0.0	0.0
D	1,492.4	0.4	40.2	1,533.0	3.6	1,155.9	0.9	377.1	1.6	0.0	0.0
E	1,097.9	2.1	9.2	1,109.2	2.6	869.1	1.2	240.1	1.2	0.0	0.0
F	938.5	0.2	12.0	950.7	2.3	694.6	1.6	256.1	1.9	0.0	0.0
G	344.1	0.1	0.7	344.9	0.8	243.7	0.8	101.2	0.7	0.0	0.0
H	146.5	0.0	0.1	146.6	0.3	45.1	0.3	101.6	1.1	0.0	0.0
I	166.1	0.2	4.9	171.3	0.4	16.7	0.5	154.6	5.5	0.0	0.0
J	98.5	0.1	1.8	100.4	0.2	0.0	0.0	0.5	0.0	99.9	0.0
K	179.2	0.5	0.0	179.7	0.4	0.0	0.0	0.0	0.0	179.7	85.0
Unallocated	0.9	1.9	0.4	3.2	0.0	3.2	0.0	0.0	0.0	0.0	0.0
Total	**37,985.5**	**26.7**	**4,035.0**	**42,047.3**	**100.0**	**40,228.8**	**12.4**	**1,538.9**	**12.6**	**279.6**	**85.0**

* Stage 3 provisions include individually assessed loss write-downs of NOK 83.7 million.

Credit risk by risk class 2022 – Group

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	13,761.5	19.5	1,345,6	15,126.6	37.2	15,081.0	1.0	45.6	0.0	0.0	0.0
B	15,312.1	23.7	2,210.3	17,546.1	43.1	17,427.7	3.4	118.4	0.1	0.0	0.0
C	4,016.4	3.0	139.1	4,158.5	10.2	4,054.2	2.0	104.3	0.1	0.0	0.0
D	1,259.8	1.2	28.4	1,289.4	3.2	1,052.9	0.8	236.5	0.7	0.0	0.0
E	875.5	0.3	7.8	883.5	2.2	682.4	0.8	201.1	1.0	0.0	0.0
F	743.5	0.4	7.7	751.7	1.8	558.1	1.1	193.6	1.7	0.0	0.0
G	352.1	0.0	0.5	352.6	0.9	256.9	0.9	95.7	0.8	0.0	0.0
H	152.5	0.1	0.3	152.8	0.4	50.0	0.3	102.8	1.4	0.0	0.0
I	223.5	0.0	3.5	226.9	0.6	22.8	0.9	204.2	9.5	0.0	0.0
J	43.6	0.1	0.0	43.7	0.1	0.0	0.0	0.0	0.0	43.7	0.0
K	171.4	0.5	0.0	171.9	0.4	0.0	0.0	0.0	0.0	171.9	86.7
Unallocated	0.3	1.9	0.4	2.6	0.0	2.6	0.0	0.0	0.0	0.0	0.0
Total	**36,912.1**	**50.7**	**3,743.6**	**40,706.3**	**100.0**	**39,188.5**	**11.2**	**1,302.3**	**15.3**	**215.6**	**86.7**

* Stage 3 provisions include individually assessed loss write-downs of NOK 85.8 million.

Retail customers – parent bank and mortgage credit company
The risk classification system is used for decision-making support, monitoring and reporting. Risk classification of mortgage customers is an integral part of the credit process for granting loans and overall management of the portfolio. Customers are classified according to the rules set out in Sparebanken Øst's credit handbook for the retail market, based on an automatic scoring model for retail customers which estimates the probability of default (PD) from information about the customer's finances and behaviour.

The Bank's organisation of the approval process within the retail market is based on centralised decision-making units.

Credit risk by risk class 2023 – retail at parent bank and mortgage credit company

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	11,232,6	0.5	1,436.8	12,669.8	36.0	12,653.4	0.7	16.5	0.0	0.0	0.0
B	13,938.7	0.1	2,274.1	16,212.9	46.1	16,084.2	2.9	128.7	0.1	0.0	0.0
C	4,295.3	0.0	121.5	4,416.9	12.6	4,309.1	1.6	107.8	0.2	0.0	0.0
D	999.6	0.0	16.2	1,015.9	2.9	741.8	0.5	274.0	0.7	0.0	0.0
E	360.8	0.0	7.0	367.8	1.0	208.9	0.2	158.9	0.6	0.0	0.0
F	242.7	0.0	5.1	247.8	0.7	73.3	0.2	174.5	1.0	0.0	0.0
G	51.5	0.0	0.3	51.8	0.1	15.4	0.1	36.4	0.2	0.0	0.0
H	27.9	0.0	0.1	28.0	0.1	2.0	0.0	26.0	0.3	0.0	0.0
I	51.9	0.0	4.8	56.8	0.2	12.1	0.4	44.7	1.9	0.0	0.0
J	75.7	0.0	1.3	77.0	0.2	0.0	0.0	0.5	0.0	76.5	0.0
K	4.4	0.0	0.0	4.4	0.0	0.0	0.0	0.0	0.0	4.4	3.7
Unallocated	0.3	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Total	**31,281.4**	**0.6**	**3,867.2**	**35,149.2**	**100.0**	**34,100.4**	**6.8**	**968.0**	**5.1**	**80.9**	**3.7**

* Stage 3 provisions include individually assessed loss write-downs of NOK 3.5 million.

Credit risk by risk class 2022 – retail at parent bank and mortgage credit company

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	11,435.7	0.8	1,271.4	12,708.0	36.9	12,673.6	0.7	34.4	0.0	0.0	0.0
B	14,594.9	0.1	2,175.7	16,770.8	48.7	16,661.0	3.1	109.8	0.1	0.0	0.0
C	3,232.8	0.1	127.5	3,360.4	9.8	3,263.7	1.3	96.8	0.1	0.0	0.0
D	829.9	0.0	18.6	848.6	2.5	649.8	0.5	198.8	0.4	0.0	0.0
E	272.1	0.0	3.4	275.5	0.8	138.8	0.2	136.7	0.5	0.0	0.0
F	198.0	0.0	2.7	200.7	0.6	50.5	0.1	150.1	1.1	0.0	0.0
G	71.2	0.0	0.4	71.7	0.2	30.7	0.1	41.0	0.5	0.0	0.0
H	37.0	0.0	0.0	37.0	0.1	3.4	0.0	33.6	0.6	0.0	0.0
I	108.1	0.0	3.4	111.4	0.3	17.1	0.7	94.4	5.6	0.0	0.0
J	41.1	0.0	0.0	41.1	0.1	0.0	0.0	0.0	0.0	41.1	0.0
K	4.3	0.0	0.0	4.3	0.0	0.0	0.0	0.0	0.0	4.3	3.7
Unallocated	0.3	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Total	**30,825.3**	**1.0**	**3,603.3**	**34,429.6**	**100.0**	**33,488.8**	**6.7**	**895.5**	**9.0**	**45.3**	**3.7**

* Stage 3 provisions include individually assessed loss write-downs of NOK 3.5 million.

Business customers – parent bank

The risk classification is included as an integral part of the credit process in the business market and, together with commitment size, it determines the decision-making level and provides guidance with regard to risk pricing. The risk classification is central to the management and control of the current portfolio, and is based on an automatic scoring model for enterprises which estimates the probability of default (PD) based on information about the customer's finances and behaviour.

Credit risk by risk class 2023 – business

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	2,317.2	11.3	83.5	2,412.0	59.3	2,410.1	0.4	1.9	0.0	0.0	0.0
B	682.8	3.7	50.0	736.4	18.1	709.9	0.6	26.5	0.0	0.0	0.0
C	507.7	5.7	10.8	524.1	12.9	497.6	0.8	26.5	0.2	0.0	0.0
D	113.0	0.4	24.0	137.4	3.4	37.1	0.1	100.3	0.9	0.0	0.0
E	119.4	2.1	2.2	123.7	3.0	51.7	0.3	72.1	0.6	0.0	0.0
F	91.1	0.2	6.9	98.2	2.4	43.6	0.3	54.6	0.8	0.0	0.0
G	1.0	0.1	0.4	1.6	0.0	0.3	0.0	1.3	0.0	0.0	0.0
H	0.1	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
I	2.7	0.2	0.0	3.0	0.1	0.0	0.0	3.0	0.2	0.0	0.0
J	22.8	0.1	0.5	23.4	0.6	0.0	0.0	0.0	0.0	23.4	0.0
K	6.5	0.5	0.0	7.0	0.2	0.0	0.0	0.0	0.0	7.0	1.8
Unallocated	0.6	1.9	0.4	3.0	0.1	3.0	0.0	0.0	0.0	0.0	0.0
Total	**3,864.9**	**26.2**	**178.8**	**4,069.9**	**100.0**	**3,753.3**	**2.5**	**286.2**	**2.8**	**30.4**	**1.8**

* Stage 3 provisions include individually assessed loss write-downs of NOK 1.8 million.

Credit risk by risk class 2022 – business

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	2,346.5	18.7	85.2	2,450.4	66.2	2,439.3	0.3	11.1	0.0	0.0	0.0
B	508.5	23.6	34.5	566.7	15.3	558.9	0.3	7.8	0.0	0.0	0.0
C	449.5	2.9	11.6	464.0	12.5	457.1	0.6	6.9	0.0	0.0	0.0
D	82.0	1.2	9.8	93.0	2.5	57.6	0.1	35.3	0.2	0.0	0.0
E	80.3	0.3	4.3	84.9	2.3	28.6	0.1	56.3	0.5	0.0	0.0
F	21.9	0.4	5.0	27.4	0.7	7.6	0.1	19.8	0.5	0.0	0.0
G	3.2	0.0	0.1	3.3	0.1	3.1	0.0	0.1	0.0	0.0	0.0
H	0.4	0.1	0.3	0.7	0.0	0.4	0.0	0.3	0.0	0.0	0.0
I	1.6	0.0	0.1	1.7	0.0	1.7	0.1	0.0	0.0	0.0	0.0
J	2.5	0.1	0.0	2.6	0.1	0.0	0.0	0.0	0.0	2.6	0.0
K	6.6	0.5	0.0	7.1	0.2	0.0	0.0	0.0	0.0	7.1	1.8
Unallocated	0.0	1.9	0.4	2.3	0.1	2.3	0.0	0.0	0.0	0.0	0.0
Total	**3,503.0**	**49.7**	**151.2**	**3,703.9**	**100.0**	**3,556.6**	**1.6**	**137.7**	**1.3**	**9.6**	**1.8**

* Stage 3 provisions include individually assessed loss write-downs of NOK 1.7 million.

AS Financiering

Risk classification is an integral part of the credit process for granting loans and for overall management of the portfolio and is based on an automatic scoring model adapted to AS Financiering's portfolio which estimates the probability of default (PD) based on information about the customer's finances and behaviour.

Credit risk by risk class 2023 – AS Financiering

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	15.1	0.0	0.0	15.1	0.5	15.1	0.0	0.0	0.0	0.0	0.0
B	196.6	0.0	0.0	196.6	6.9	196.6	0.0	0.0	0.0	0.0	0.0
C	343.5	0.0	0.0	343.5	12.1	343.4	0.1	0.0	0.0	0.0	0.0
D	379.7	0.0	0.0	379.7	13.3	376.9	0.2	2.8	0.0	0.0	0.0
E	617.7	0.0	0.0	617.7	21.7	608.5	0.6	9.2	0.0	0.0	0.0
F	604.6	0.0	0.0	604.6	21.2	577.7	1.1	26.9	0.1	0.0	0.0
G	291.6	0.0	0.0	291.6	10.2	228.1	0.7	63.4	0.4	0.0	0.0
H	118.5	0.0	0.0	118.5	4.2	43.0	0.2	75.5	0.8	0.0	0.0
I	111.5	0.0	0.0	111.5	3.9	4.6	0.1	106.9	3.4	0.0	0.0
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
K	168.3	0.0	0.0	168.3	5.9	0.0	0.0	0.0	0.0	168.3	79.5
Unallocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**2,847.0**	**0.0**	**0.0**	**2,847.0**	**100.0**	**2,394.0**	**3.2**	**284.7**	**4.7**	**168.3**	**79.5**

* Stage 3 provisions include individually assessed loss write-downs of NOK 78.5 million.

Credit risk by risk class 2022 – AS Financiering

	Gross lending	Gross guarantee liability	Overdraft facilities	Commitments	%	Commitments Stage 1	Loss provisions Stage 1	Commitments Stage 2	Loss provisions Stage 2	Commitments Stage 3	Loss provisions Stage 3*
A	7.5	0.0	0.0	7.5	0.3	7.4	0.0	0.1	0.0	0.0	0.0
B	208.7	0.0	0.0	208.7	8.0	207.8	0.0	0.9	0.0	0.0	0.0
C	334.0	0.0	0.0	334.0	12.8	333.4	0.1	0.6	0.0	0.0	0.0
D	347.9	0.0	0.0	347.9	13.3	345.5	0.2	2.4	0.0	0.0	0.0
E	523.1	0.0	0.0	523.1	20.0	515.0	0.5	8.2	0.0	0.0	0.0
F	523.6	0.0	0.0	523.6	20.0	500.0	0.9	23.7	0.1	0.0	0.0
G	277.7	0.0	0.0	277.7	10.6	223.0	0.7	54.6	0.3	0.0	0.0
H	115.1	0.0	0.0	115.1	4.4	46.2	0.3	68.9	0.7	0.0	0.0
I	113.8	0.0	0.0	113.8	4.4	4.0	0.1	109.8	3.9	0.0	0.0
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
K	160.6	0.0	0.0	160.6	6.1	0.0	0.0	0.0	0.0	160.6	81.2
Unallocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**2,612.1**	**0.0**	**0.0**	**2,612.1**	**100.0**	**2,182.3**	**2.9**	**269.2**	**5.1**	**160.6**	**81.2**

* Stage 3 provisions include individually assessed loss write-downs of NOK 80.6 million.

Collateral in relation to loans to customers

Maximum exposure to credit risk	Group 31.12.23	Group 31.12.22	Parent bank 31.12.23	Parent bank 31.12.22
Gross loans to customers incl. unused overdraft facilities and guarantees for customers	42,047.3	40,706.3	18,055.2	17,324.8

Nature and quality of the objects used as collateral
The Group's lending portfolio is primarily secured by real estate. Where a commitment is secured by real estate, the property value is based on an estimated market value at the time of the last assessment of the commitment. The estimated market value is based on known market values, valuations or other types of value assessments. For commercial property, the security's cash flow will provide a guide as to the estimated market value. The estimated market values for all other types of security, including operationally dependent security, will be conservative. The principles for valuing all underlying collateral objects are described in the Bank's guidelines.

Commitments with individually assessed loan loss provisions in Stage 3
In the case of commitments in the Group with individually assessed loan loss provisions, the sum of gross commitments totals NOK 178.5 million (NOK 154.2 million in 2022) and the associated individually assessed loan loss provisions NOK 83.7 million (NOK 86.8 million in 2022). For commitments in the parent bank, the corresponding sum of gross commitments totals NOK 10.2 million (NOK 9.2 million in 2022) and the associated individually assessed loan loss provisions NOK 5.2 million (NOK 5.2 million in 2022). The commitments in the parent bank and the mortgage credit company are largely secured by collateral in real estate. In AS Financiering, the sum of gross commitments totals NOK 146.5 million (NOK 145.0 million in 2022) and the associated individually assessed loan loss provisions NOK 78.5 million (NOK 80.6 million in 2022).

Commitments without loan loss provisions in Stage 3
In the case of individual assessments, where the measured present value of the collateral indicates that no loss will be incurred by the Group, no loan loss provisions are made for commitments. The sum of all non-performing commitments without loan loss provisions in the Group totals NOK 100.0 million (NOK 41.1 million in 2022). The estimated fair value of the collateral amounts to NOK 179.3 (90.8 million in 2022). In the parent bank, exposures amounted to NOK 64.0 million (NOK 18.4 million in 2022) and the value of the collateral to NOK 95.8 million (NOK 22.9 million in 2022). The vast majority of the objects used as collateral are real estate. The following table shows the loan to value (LTV) ratio for the collateral.

Group 2023		Group 2022		Non-performing commitments without loan loss provisions as a percentage of collateral value	Parent bank 2023		Parent bank 2022	
NOK millions	Per cent	NOK millions	Per cent		NOK millions	Per cent	NOK millions	Per cent
18.0	18.0%	16.1	39.1%	Less than 50%	4.8	7.5%	4.9	26.6%
41.4	41.4%	14.9	36.2%	50% to 70%	28.1	43.9%	4.0	21.5%
37.4	37.3%	10.1	24.5%	70% to 85%	29.9	46.6%	9.5	51.5%
3.1	3.1%	0.1	0.2%	85% to 100%	1.1	1.7%	0.1	0.4%
0.0	0.0%	0.0	0.0%	More than 100%	0.0	0.0%	0.0	0.0%
0.1	0.1%	0.0	0.0%	Unsecured	0.1	0.2%	0.0	0.0%
100.0	**100.0%**	**41.1**	**100.0%**	**Total**	**64.0**	**100.0%**	**18.4**	**100.0%**

NOTE 10 – LOSSES ON LOANS, UNUSED CREDIT AND GUARANTEES

Loss costs

	Group 2023	Group 2022	Parent bank 2023	Parent bank 2022
Change in model-based provisions, Stage 1	1.1	-2.3	1.0	-0.9
Change in model-based provisions, Stage 2	-2.7	0.4	-1.3	1.7
Change in model-based provisions, Stage 3	0.4	-0.5	0.0	0.0
Increase in existing individual loan loss provisions	8.0	9.4	0.0	0.0
New individual loan loss provisions	9.3	9.4	0.0	1.2
Established losses covered by previous individual loan loss provisions	14.3	23.2	0.0	0.1
Reversals of previous individual loan loss provisions	-19.5	-29.9	0.0	-0.1
Established losses not covered by previous individual loan loss provisions	1.7	1.0	0.1	0.3
Recovery of previously identified losses	-6.2	-4.1	-0.2	-0.3
Amortisation costs for the period	0.2	0.1	0.2	0.1
Losses on loans, unused credit and guarantees	**6.7**	**6.8**	**-0.2**	**1.9**
- of which losses on unused credit and guarantees	0.2	-0.1	0.2	-0.3

Loss cost in Group

	Retail 2023	Retail 2022	Business 2023	Business 2022	ASF 2023	ASF 2022
Change in model-based provisions, Stage 1	0.1	-0.6	0.9	-0.7	0.2	-0.9
Change in model-based provisions, Stage 2	-3.9	2.8	1.5	-0.6	-0.3	-1.8
Change in model-based provisions, Stage 3	0.0	-0.1	0.0	0.0	0.4	-0.4
Increase in existing individual loan loss provisions	0.0	0.0	0.0	0.0	8.0	9.4
New individual loan loss provisions	0.0	0.1	0.0	1.1	9.3	8.1
Established losses covered by previous individual loan loss provisions	0.0	0.0	0.0	0.1	14.3	23.1
Reversals of previous individual loan loss provisions	0.0	0.0	0.0	-0.1	-19.5	-29.8
Established losses not covered by previous individual loan loss provisions	0.1	0.3	0.0	0.0	1.6	0.8
Recovery of previously identified losses	0.0	-0.1	-0.1	-0.2	-6.0	-3.8
Amortisation costs for the period	0.0	0.0	0.2	0.1	0.0	0.0
Losses on loans, unused credit and guarantees	**-3.8**	**2.3**	**2.4**	**-0.3**	**8.0**	**4.7**
- of which losses on unused credit and guarantees	0.0	0.1	0.2	-0.2	0.0	0.0

Changes in loan loss provisions – Group

Changes in loan loss provisions 2023	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.23	**11.2**	**15.3**	**86.7**	**113.2**
Transferred to Stage 1	3.7	-3.3	-0.3	0.0
Transferred to Stage 2	-0.5	1.0	-0.5	0.0
Transferred to Stage 3	-0.2	-2.4	2.5	0.0
Net change	-4.5	2.2	8.7	6.5
New losses	6.5	4.1	1.5	12.1
Deducted losses	-4.5	-4.8	-13.6	-22.8
Change in risk model/parameters	0.6	0.4	0.0	1.0
Opening balance as at 31.12.23	**12.4**	**12.6**	**85.0**	**109.9**
- of which loan loss provisions for unused credit and guarantees	0.7	0.5	0.3	1.5
Model-calculated loan loss provisions	12.4	12.6	1.3	26.2
Individual loan loss provisions	0.0	0.0	83.7	83.7

Changes in loan loss provisions 2022	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.22	**13.5**	**14.8**	**98.2**	**126.5**
Transferred to Stage 1	4.2	-3.6	-0.6	0.0
Transferred to Stage 2	-0.6	1.3	-0.7	0.0
Transferred to Stage 3	-0.2	-1.3	1.5	0.0
Net change	-5.5	3.6	9.8	7.9
New losses	6.4	6.4	2.1	14.9
Deducted losses	-5.7	-4.8	-23.3	-33.8
Change in risk model/parameters	-0.9	-1.2	-0.2	-2.3
Opening balance as at 31.12.22	**11.2**	**15.3**	**86.7**	**113.2**
- of which loan loss provisions for 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

Changes in gross lending – Group

Change in gross lending by stage, 2023	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.23	**35,129.5**	**1,272.1**	**215.0**	**36,616.5**
Transferred to Stage 1	361.5	-355.3	-6.2	0.0
Transferred to Stage 2	-654.2	678.4	-24.2	0.0
Transferred to Stage 3	-59.0	-83.5	142.5	0.0
Net change	-247.9	-92.5	-34.4	-374.8
New loans	18,909.4	546.6	22.1	19,478.1
Deducted lending	-17,467.8	-475.1	-37.5	-17,980.4
Opening balance as at 31.12.23	**35,971.5**	**1,490.7**	**277.2**	**37,739.4**
- of which loans with forbearance	0.0	222.3	41.2	263.5

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

Change in gross lending by stage, 2022	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.22	**37,848.4**	**1,091.5**	**298.2**	**39,238.1**
Transferred to Stage 1	313.0	-307.4	-5.6	0.0
Transferred to Stage 2	-598.4	625.5	-27.0	0.0
Transferred to Stage 3	-35.6	-36.8	72.4	0.0
Net change	-101.5	-99.4	-21.2	-222.0
New loans	16,964.3	475.1	18.3	17,457.7
Deducted lending	-19,260.8	-476.5	-119.9	-19,857.2
Opening balance as at 31.12.22	**35,129.5**	**1,272.1**	**215.0**	**36,616.5**
- of which loans with forbearance	0.0	254.0	19.3	273.3

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

Changes in loan loss provisions – retail at parent bank and mortgage credit company

Changes in loan loss provisions 2023	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.23	**6.7**	**9.0**	**3.7**	**19.3**
Transferred to Stage 1	2.2	-2.2	0.0	0.0
Transferred to Stage 2	-0.2	0.2	0.0	0.0
Transferred to Stage 3	0.0	-1.3	1.3	0.0
Net change	-2.3	1.4	-1.2	-2.1
New losses	2.8	1.1	0.0	3.9
Deducted losses	-2.5	-3.0	0.0	-5.6
Change in risk model/parameters	0.0	0.0	0.0	0.0
Closing balance at 31.12.23	**6.8**	**5.1**	**3.7**	**15.5**
- of which loan loss provisions for unused credit and guarantees	0.7	0.2	0.0	0.9
Model-calculated loan loss provisions	6.8	5.1	0.2	12.0
Individual loan loss provisions	0.0	0.0	3.5	3.5

Changes in loan loss provisions 2022	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.22	**7.3**	**6.1**	**3.7**	**17.2**
Transferred to Stage 1	1.2	-1.2	0.0	0.0
Transferred to Stage 2	-0.2	0.2	0.0	0.0
Transferred to Stage 3	-0.1	-0.2	0.3	0.0
Net change	-1.5	2.7	-0.2	0.9
New losses	2.6	2.5	0.0	5.1
Deducted losses	-2.7	-1.8	-0.1	-4.7
Change in risk model/parameters	0.1	0.7	0.0	0.8
Opening balance as at 31.12.22	**6.7**	**9.0**	**3.7**	**19.3**
- of which loan loss provisions for unused credit and guarantees	0.7	0.2	0.0	0.9
Model-calculated loan loss provisions	6.7	9.0	0.2	15.8
Individual loan loss provisions	0.0	0.0	3.5	3.5

Changes in gross lending – retail at parent bank and mortgage credit company

Change in gross lending by stage, 2023	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.23	**29,606.2**	**876.1**	**47.8**	**30,530.1**
Transferred to Stage 1	264.2	-261.7	-2.5	0.0
Transferred to Stage 2	-447.0	462.4	-15.5	0.0
Transferred to Stage 3	-10.2	-47.2	57.4	0.0
Net change	188.2	-35.8	-3.2	149.1
New loans	16,333.8	335.5	8.6	16,677.9
Deducted lending	-15,926.7	-382.6	-13.0	-16,322.3
Opening balance as at 31.12.23	**30,008.5**	**946.7**	**79.6**	**31,034.8**
- of which loans with forbearance	0.0	211.7	34.9	246.6

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

Change in gross lending by stage, 2022	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.22	**31,590.8**	**660.5**	**47.5**	**32,298.8**
Transferred to Stage 1	173.8	-173.8	0.0	0.0
Transferred to Stage 2	-407.2	423.9	-16.7	0.0
Transferred to Stage 3	-18.2	-13.7	31.9	0.0
Net change	255.8	-53.4	0.4	202.8
New loans	14.841.1	336.2	3.7	15,181.1
Deducted lending	-16,830.0	-303.6	-19.0	-17,152.6
Opening balance as at 31.12.22	**29,606.2**	**876.1**	**47.8**	**30,530.1**
- of which loans with forbearance	0.0	237.8	19.2	257.0

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

Changes in loan loss provisions – business

Changes in loan loss provisions 2023	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.23	**1.6**	**1.3**	**1.8**	**4.7**
Transferred to Stage 1	0.0	0.0	0.0	0.0
Transferred to Stage 2	-0.1	0.1	0.0	0.0
Transferred to Stage 3	-0.1	0.0	0.1	0.0
Net change	-0.5	0.0	-0.1	-0.6
New losses	1.2	1.3	0.0	2.5
Deducted losses	-0.3	-0.2	0.0	-0.6
Change in risk model/parameters	0.6	0.5	0.0	1.1
Opening balance as at 31.12.23	**2.5**	**2.8**	**1.8**	**7.1**
- of which loan loss provisions for unused credit and guarantees	0.0	0.3	0.3	0.6
Model-calculated loan loss provisions	2.5	2.8	0.1	5.3
Individual loan loss provisions	0.0	0.0	1.8	1.8

Changes in loan loss provisions 2022	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.22	**2.3**	**1.9**	**0.8**	**4.9**
Transferred to Stage 1	0.7	-0.7	0.0	0.0
Transferred to Stage 2	-0.1	0.1	0.0	0.0
Transferred to Stage 3	0.0	0.0	0.0	0.0
Net change	-1.1	0.3	1.2	0.4
New losses	0.6	0.6	0.0	1.2
Deducted losses	-1.0	-1.0	-0.1	-2.1
Change in risk model/parameters	0.1	0.1	0.0	0.3
Opening balance as at 31.12.22	**1.6**	**1.3**	**1.8**	**4.7**
- of which loan loss provisions for unused credit and guarantees	-0.1	0.2	0.3	0.4
Model-calculated loan loss provisions	1.6	1.3	0.1	2.9
Individual loan loss provisions	0.0	0.0	1.7	1.7

Changes in gross lending – business

Change in gross lending by stage, 2023	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.23	**3,341.0**	**126.8**	**6.6**	**3,474.4**
Transferred to Stage 1	4.9	-4.9	0.0	0.0
Transferred to Stage 2	-84.1	84.1	0.0	0.0
Transferred to Stage 3	-23.0	0.0	23.0	0.0
Net change	-124.1	-18.6	-0.2	-142.9
New loans	1,470.8	112.8	0.0	1,583,6
Deducted lending	-1,016.5	-40.8	-0.1	-1,057.4
Opening balance as at 31.12.23	**3,569.0**	**259.3**	**29.3**	**3,857.6**
- of which loans with forbearance	0.0	8.5	6.1	14.7

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

Change in gross lending by stage, 2022	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.22	**4,182.2**	**164.1**	**72.1**	**4,418.4**
Transferred to Stage 1	38.4	-38.4	0.0	0.0
Transferred to Stage 2	-75.2	78.0	-2.8	0.0
Transferred to Stage 3	0.0	-0.1	0.1	0.0
Net change	-39.7	-6.5	0.0	-46.2
New loans	1,130.9	39.2	0.0	1,170.1
Deducted lending	-1,895.7	-109.5	-62.7	-2,067.9
Opening balance as at 31.12.22	**3,341.0**	**126.8**	**6.6**	**3,474.4**
- of which loans with forbearance	0.0	14.8	0.0	14.8

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

Changes in loan loss provisions – AS Financiering

Changes in loan loss provisions 2023	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.23	**2.9**	**5.1**	**81.2**	**89.2**
Transferred to Stage 1	1.4	-1.1	-0.3	0.0
Transferred to Stage 2	-0.2	0.8	-0.5	0.0
Transferred to Stage 3	-0.1	-1.1	1.2	0.0
Net change	-2.1	0.6	10.0	8.6
New losses	1.9	1.4	1.5	4.8
Deducted losses	-0.7	-0.9	-13.5	-15.1
Change in risk model/parameters	0.0	0.0	0.0	0.0
Closing balance at 31.12.23	**3.2**	**4.7**	**79.5**	**87.4**
- of which loan loss provisions for unused credit and guarantees	0.0	0.0	0.0	0.0
Model-calculated loan loss provisions	3.2	4.7	1.0	8.9
Individual loan loss provisions	0.0	0.0	78.5	78.5

Changes in loan loss provisions 2022	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.22	**3.9**	**6.9**	**93.8**	**104.5**
Transferred to Stage 1	2.3	-1.7	-0.6	0.0
Transferred to Stage 2	-0.3	1.0	-0.7	0.0
Transferred to Stage 3	-0.1	-1.1	1.1	0.0
Net change	-3.2	1.0	8.8	6.7
New losses	2.5	2.3	2.1	6.9
Deducted losses	-1.0	-1.4	-23.1	-25.4
Change in risk model/parameters	-1.2	-2.0	-0.2	-3.4
Opening balance as at 31.12.22	**2.9**	**5.1**	**81.2**	**89.2**
- of which loan loss provisions for unused credit and guarantees	0.0	0.0	0.0	0.0
Model-calculated loan loss provisions	2.9	5.1	0.6	8.6
Individual loan loss provisions	0.0	0.0	80.6	80.6

Changes in gross lending – AS Financiering

Change in gross lending by stage, 2023	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.23	**2,182.3**	**269.2**	**160.6**	**2,612.1**
Transferred to Stage 1	92.3	-88.7	-3.7	0.0
Transferred to Stage 2	-123.1	131.9	-8.7	0.0
Transferred to Stage 3	-25.8	-36.2	62.0	0.0
Net change	-312.0	-38.1	-31.0	-381.0
New loans	1,104.9	98.3	13.5	1,216.7
Deducted lending	-524.6	-51.7	-24.4	-600.7
Opening balance as at 31.12.23	**2,394.0**	**284.7**	**168.3**	**2,847.0**
- of which loans with forbearance	0.0	2.1	0.1	2.2

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

Change in gross lending by stage, 2022	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.22	**2,075.3**	**267.0**	**178.5**	**2,520.8**
Transferred to Stage 1	100.8	-95.1	-5.6	0.0
Transferred to Stage 2	-116.0	123.5	-7.5	0.0
Transferred to Stage 3	-17.4	-23.0	40.4	0.0
Net change	-317.6	-39.4	-21.5	-378.6
New loans	992.3	99.8	14.5	1,106.6
Deducted lending	-535.1	-63.5	-38.2	-636.7
Opening balance as at 31.12.22	**2,182.3**	**269.2**	**160.6**	**2,612.1**
- of which loans with forbearance	0.0	1.5	0.1	1.5

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

Changes in loan loss provisions – parent bank

Changes in loan loss provisions 2023	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.23	**4.9**	**7.0**	**5.5**	**17.4**
Transferred to Stage 1	1.2	-1.2	0.0	0.0
Transferred to Stage 2	-0.2	0.2	0.0	0.0
Transferred to Stage 3	-0.1	-0.9	0.9	0.0
Net change	-1.7	0.7	-0.9	-1.9
New losses	3.1	2.0	0.0	5.1
Deducted losses	-2.0	-2.6	0.0	-4.6
Change in risk model/parameters	0.6	0.4	0.0	1.0
Opening balance as at 31.12.23	**5.8**	**5.7**	**5.5**	**17.1**
- of which loan loss provisions for unused credit and guarantees	0.3	0.4	0.3	1.0
Model-calculated loan loss provisions	5.8	5.7	0.3	11.8
Individual loan loss provisions	0.0	0.0	5.2	5.2

Changes in loan loss provisions 2022	Expected credit loss Stage 1	Expected credit loss Stage 2	Expected credit loss Stage 3	Total
Opening balance as at 01.01.22	**5.8**	**5.3**	**4.4**	**15.5**
Transferred to Stage 1	1.2	-1.2	0.0	0.0
Transferred to Stage 2	-0.1	0.1	0.0	0.0
Transferred to Stage 3	0.0	-0.2	0.2	0.0
Net change	-1.5	2.1	1.1	1.7
New losses	2.3	2.2	0.0	4.4
Deducted losses	-2.8	-1.9	-0.2	-5.0
Change in risk model/parameters	0.1	0.6	0.0	0.7
Opening balance as at 31.12.22	**4.9**	**7.0**	**5.5**	**17.4**
- of which loan loss provisions for unused credit and guarantees	0.3	0.2	0.3	0.8
Model-calculated loan loss provisions	4.9	7.0	0.3	12.2
Individual loan loss provisions	0.0	0.0	5.2	5.2

Changes in gross lending – parent bank

Change in gross lending by stage, 2023	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.23	**15,465.6**	**534.3**	**29.2**	**16,029.1**
Transferred to Stage 1	105.9	-105.8	-0.1	0.0
Transferred to Stage 2	-312.9	321.1	-8.3	0.0
Transferred to Stage 3	-27.3	-24.1	51.4	0.0
Net change	-147.5	-29.6	-0.1	-177.2
New loans	8,822.4	223.9	8.6	9,054.9
Deducted lending	-7,858.6	-220.6	-6.5	-8,085.7
Opening balance as at 31.12.23	**16,047.6**	**699.2**	**74.2**	**16,821.1**
- of which loans with forbearance	0.0	70.6	26.9	97.5

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

Change in gross lending by stage, 2022	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01.01.22	**16,695.5**	**455.1**	**93.0**	**17,243.6**
Transferred to Stage 1	112.3	-112.2	0.0	0.0
Transferred to Stage 2	-242.1	250.5	-8.4	0.0
Transferred to Stage 3	-5.9	-6.9	12.8	0.0
Net change	-151.8	-7.8	0.0	-159.6
New loans	8,019.9	181.6	0.0	8,201.5
Deducted lending	-8,962.4	-226.0	-68.2	-9,256.5
Opening balance as at 31.12.22	**15,465.6**	**534.3**	**29.2**	**16,029.1**
- of which loans with forbearance	0.0	111.9	8.3	120.2

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

Model-based expected credit loss

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

The probability weighting of the macro scenarios used to calculate the model-based expected credit loss changed at the end of 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 2023, except for the commercial property segment, compared with what was used in the preparation of the financial statements for 2022. In the commercial property segment, the factor has been increased from 600 to 1,000 from 31.12.2023. The change resulted in NOK 1.0 million in increased model-based loan loss provisions.

Sensitivity analyses of model-based expected credit loss

Macroeconomic scenarios and probability weighting

For measuring expected losses in the Group, commitments are divided into segments. The major segments are commercial property, other commercial loans, mortgages and AS Financiering. When measuring model-calculated expected credit loss per segment, assessments are made of the macro situation and expected economic developments, developments in non-performance and losses, developments in the segment's credit quality, and developments in house prices and prices in the commercial property market (among other things). These assessments require a large amount of discretion. The expected credit loss in an expected scenario is arrived at based on a normal economic situation over time and a factor set to 100 for all segments. Assessments are made in the optimistic and pessimistic scenarios based on the expected scenario. The expected credit losses in these scenarios compared with the expected scenario are expressed by an estimated factor. In a pessimistic scenario the factor is estimated at 200 for all commitments except commercial commitments, for which the factor is estimated at 600 for commercial property and 1,000 for other property. In assessing a pessimistic scenario, assessments are made that reflect a realistically sharp, negative macroeconomic development, where non-performance increases and the value of collateral decreases such that the losses will increase and repayment plans will be affected by refinancing becoming more difficult. When assessing an optimistic scenario, the factor is estimated to be 80.

The tables below show the expected credit loss in the various scenarios and the probability weight. Individually assessed loan loss provisions remain unchanged in the different scenarios.

31.12.23 – Group	Probability weighting	Stage 1	Stage 2	Stage 3	Total
Retail at parent bank and mortgage credit company					
Optimistic scenario	0%	4.1	3.0	3.6	10.7
Expected scenario	70%	5.2	3.8	3.6	12.6
Pessimistic scenario	30%	10.5	8.0	3.9	22.3
Loan loss provisions (probability-weighted)	**100%**	**6.8**	**5.1**	**3.7**	**15.5**
Business					
Optimistic scenario	0%	0.7	1.0	1.8	3.5
Expected scenario	70%	0.9	1.2	1.8	3.9
Pessimistic scenario	30%	6.1	6.3	2.0	14.4
Loan loss provisions (probability-weighted)	**100%**	**2.5**	**2.8**	**1.8**	**7.1**
AS Financiering					
Optimistic scenario	0%	1.9	2.9	79.1	83.9
Expected scenario	70%	2.4	3.6	79.2	85.3
Pessimistic scenario	30%	4.9	7.3	80.0	92.1
Loan loss provisions (probability-weighted)	**100%**	**3.2**	**4.7**	**79.5**	**87.4**
Total Group					
Optimistic scenario	0%	6.8	6.9	84.5	98.2
Expected scenario	70%	8.5	8.7	84.6	101.8
Pessimistic scenario	30%	21.4	21.6	85.9	128.9
Loan loss provisions (probability-weighted)	**100%**	**12.4**	**12.6**	**85.0**	**109.9**

Group – 31.12.2022	Probability weighting	Stage 1	Stage 2	Stage 3	Total
Retail at parent bank and mortgage credit company					
Optimistic scenario	0%	4.1	5.5	3.6	13.1
Expected scenario	70%	5.1	6.8	3.6	15.5
Pessimistic scenario	30%	10.4	13.9	3.8	28.1
Loan loss provisions (probability-weighted)	**100%**	**6.7**	**9.0**	**3.7**	**19.3**
Business					
Optimistic scenario	0%	0.6	0.5	1.8	2.9
Expected scenario	70%	0.8	0.6	1.8	3.2
Pessimistic scenario	30%	3.5	2.8	2.0	8.2
Loan loss provisions (probability-weighted)	**100%**	**1.6**	**1.3**	**1.8**	**4.7**
AS Financiering					
Optimistic scenario	0%	1.8	3.1	80.9	85.9
Expected scenario	70%	2.3	3.9	81.0	87.2
Pessimistic scenario	30%	4.5	7.8	81.5	93.8
Loan loss provisions (probability-weighted)	**100%**	**2.9**	**5.1**	**81.2**	**89.2**
Total Group					
Optimistic scenario	0%	6.5	9.1	86.3	101.9
Expected scenario	70%	8.2	11.3	8.64	105.9
Pessimistic scenario	30%	18.4	24.5	87.3	130.1
Loan loss provisions (probability-weighted)	**100%**	**11.2**	**15.3**	**86.7**	**113.2**

31.03.2023 – parent bank	Probability weighting	Stage 1	Stage 2	Stage 3	Total
Optimistic scenario	0%	2.8	2.7	5.4	10.9
Expected scenario	70%	3.5	3.4	5.4	12.3
Pessimistic scenario	30%	11.3	11.1	5.9	28.3
Loan loss provisions (probability-weighted)	**100%**	**5.8**	**5.7**	**5.5**	**17.1**

Parent bank – 31.12.2022	Probability weighting	Stage 1	Stage 2	Stage 3	Total
Optimistic scenario	0%	2.6	4.0	5.3	11.9
Expected scenario	70%	3.3	5.0	5.4	13.6
Pessimistic scenario	30%	8.6	11.8	5.8	26.1
Loan loss provisions (probability-weighted)	**100%**	**4.9**	**7.0**	**5.5**	**17.4**

Sensitivity to model parameters
A sensitivity analysis has been conducted based on the assumptions to which model-based expected credit loss is most sensitive, which are probability of default, expected loss given default and the probability weighting of the pessimistic scenario. The sensitivity analyses are based on the modelled expected loss and do not include commitments that have been individually loss-assessed.

An increase in the probability of default assumes a doubling of the estimated 12-month probability of default (PD). For expected loss given default (LGD), an increase of 50 per cent is used. The assumption used in setting the pessimistic scenario's probability weighting is that the probability will increase by 50 per cent and that the expected scenario will be reduced correspondingly.

31.12.23 – Group	Doubling of probability of default (PD)	50% increase in loss given default (LGD)	50% increase in probability weight for pessimistic scenario
Business	5.1	2.7	1.6
Retail at parent bank and mortgage credit company	14.1	6.0	1.5
AS Financiering	10.6	4.4	1.0
Total	**29.8**	**13.1**	**4.1**

Group – 31.12.2022	Doubling of probability of default (PD)	50% increase in loss given default (LGD)	50% increase in probability weight for pessimistic scenario
Business	4.1	1.5	0.8
Retail at parent bank and mortgage credit company	17.3	7.9	1.9
AS Financiering	10.0	4.3	1.0
Total	**31.5**	**13.7**	**3.6**

31.03.2023 – parent bank	Doubling of probability of default (PD)	50% increase in loss given default (LGD)	50% increase in probability weight for pessimistic scenario
Business	5.1	2.6	1.6
Retail	7.6	3.3	0.8
Total	**12.7**	**5.9**	**2.4**

Parent bank – 31.12.2022	Doubling of probability of default (PD)	50% increase in loss given default (LGD)	50% increase in probability weight for pessimistic scenario
Business	4.1	1.4	0.7
Retail	9.8	4.6	1.1

Total	**13.8**	**6.1**	**1.9**

Sensitivity in individually assessed loan loss provisions
Commitments with individually assessed loss provisions in AS Financiering have a total gross commitment amount of NOK 146.5 million, and individually assessed loan loss provisions amount to NOK 78.5 million, which gives a net book value of NOK 68.0 million. The commitments are mainly characterised by the fact that the collateral objects (typically vehicles) are realised and that the company has a small residual claim for later collection. Many of AS Financiering's commitments are fulfilled without any loss. The range for loan loss provisions after the realisation of collateral typically extends from 35 per cent up to 90 per cent, and depends, among other things, on how long the commitment has been in default. As of 31.12.2023, the average loss provision level is 53.6 per cent. If the level of loss provisions had increased by 5 percentage points, the individually assessed loss provisions in AS Financiering would have increased by NOK 7.3 million as of 31.12.2023.

Commitments with individually assessed loan loss provisions in the parent bank have a total gross commitment amount of NOK 10.2 million and individually assessed loan loss provisions amount to NOK 5.2 million, which gives a net book value of NOK 5.0 million. If the level of loss provisions had increased by 5 percentage points, the individually assessed loss provisions in the parent bank would have increased by NOK 0.5 million as of 31.12.2023.

Non-performing commitments, customers

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
		Payments over 90 days past due		
10.9	7.0	Business	10.9	7.0
13.6	10.2	Retail	5.8	7.3
146.5	145.0	AS Financiering	0.0	0.0
171.0	**162.3**	**Gross payment defaults**	**16.7**	**14.4**
84.0	86.1	Loan loss provisions	5.5	5.5
87.0	**76.2**	**Net payment defaults**	**11.1**	**8.9**
49%	53%	Provisions ratio	33%	38%
		Other non-performing commitments		
19.5	0.1	Business	19.5	0.1
67.3	37.6	Retail	39.1	15.3
21.7	15.6	AS Financiering	0.0	0.0
108.5	**53.3**	**Gross other non-performing commitments**	**58.6**	**15.4**
1.0	0.6	Loan loss provisions	0.0	0.0
107.5	**52.7**	**Net other non-performing commitments**	**58.6**	**15.4**
1%	1%	Provisions ratio	0%	0%
		Total non-performing commitments		
30.4	7.1	Business	30.4	7.1
80.9	47.8	Retail	44.9	22.6
168.3	160.6	AS Financiering	0.0	0.0
279.6	**215.6**	**Gross non-performing commitments**	**75.3**	**29.7**
85.0	86.7	Loan loss provisions	5.5	5.5
194.6	**128.9**	**Net non-performing commitments**	**69.8**	**24.2**
30%	40%	Provisions ratio	7%	18%

NOTE 11 – INTEREST RATE RISK

Interest rate risk related to deposits from and loans to financial institutions, deposits from customers and loans to customers, and debt and investments in certificates and bonds, is managed using interest rate swaps and fixed-rate agreements (FRA). For borrowing or investments in other currencies, interest rate and currency swap agreements are generally entered into such that relevant market interest rates are Norwegian money market rates. The distribution of foreign currency in the tables is based on the instruments' underlying currency where the effect of hedging is included.

Loans to and deposits from retail customers in reality entail a 2-month fixed-rate period (Section 3-13, paragraph 2, of the Norwegian Financial Contracts Act).

The net interest rate sensitivity of a parallel shift in the yield curve of 1 percentage point is shown below. The effect is calculated based on a permanent shift in the yield curve occurring on the measurement date, 31.12.2023, amounting to one year's effect on the profit. The table shows that an immediate increase in interest rates of 1 percentage point will lead to higher net interest. Correspondingly, an immediate reduction in interest rates will give reduced net interest.

The 'Time until expected rate change' table shows the balance sheet distribution in terms of the time of the change in interest rates. Net exposure shows the net fixing of net interest rates for assets and liabilities. Positive amounts for net exposure show that the Bank has fixed interest rates on the asset side to a greater extent than on the liabilities side.

Interest rate sensitivity – Group as at 31.12.23

Currency	Increase in basis points	Sensitivity of profit	Sensitivity of equity	Decrease in basis points	Sensitivity of profit	Sensitivity of equity
NOK	+100	54.6	0.0	-100	-54.6	0.0
Total		**54.6**	**0.0**	**-100**	**-54.6**	**0.0**

Interest rate sensitivity – Group as at 31.12.22

Currency	Increase in basis points	Sensitivity of profit	Sensitivity of equity	Decrease in basis points	Sensitivity of profit	Sensitivity of equity
NOK	+100	49.9	0.0	-100	-49.9	0.0
Total		**49.9**	**0.0**	**-100**	**-49.9**	**0.0**

Time until expected rate change as at 31.12.23 – Group

		Up to 1 month	From 1–3 months	From 3 months to 1 year	From 1–5 years	Over 5 years	Without fixed interest rate	Total
Assets								
Cash and receivables from central banks	NOK	398.0					18.8	416.9
	FCY						0.5	0.5
Loans to and receivables from financial institutions	NOK	16.5						16.5
Lending to customers	NOK	3,749.6	33,785.6	42.2	175.4	28.2		37,781.0
Certificates and bonds	NOK	972.8	4,405.3	49.3	296.4	153.9		5,877.7
Financial derivatives	NOK						20.4	20.4
Accrued interest, not yet due	NOK						179.7	179.7
Other asset items	NOK						833.5	833.5
	FCY						61.0	61.0
Total		**5,136.9**	**38,190.9**	**91.4**	**471.8**	**182.1**	**1,113.9**	**4,.187.1**
Liabilities								
Liabilities to financial institutions	NOK			218.1				218.1
Customer deposits	NOK	3,735.7	12,118.2					15,853.9
Financial derivatives	NOK						145.4	145.4
Securities issued	NOK	2,205.0	19,310.0					21,515.0
Subordinated senior bonds	NOK		1,492.7					1,492.7
Subordinated loan capital	NOK		400.0					400.0
Accrued interest	NOK						171.6	171.6
Other liabilities	NOK						61.8	61.8
Total		**5,940.7**	**33,320.9**	**218.1**	**0.0**	**0.0**	**378.9**	**39,858.6**
Net interest rate exposure on balance sheet		**-803.8**	**4,869.9**	**-126.7**	**471.8**	**182.1**	**735.0**	
Contract sum for financial derivatives, without hedge accounting, that affects interest rate exposure	NOK	140.0	604.0	-90.0	-470.0	-184.0		
Net exposure		**-663.8**	**5,473.9**	**-216.7**	**1.8**	**-1.9**	**735.0**	

The table is based on book values excluding accrued interest. Securities issued where hedge accounting is used include the effect of hedging instruments.

Time until expected rate change as at 31.12.22 – Group

		Up to 1 month	From 1–3 months	From 3 months to 1 year	From 1–5 years	Over 5 years	Without fixed interest rate	Total
Assets								
Cash and receivables from central banks	NOK	469.9					16.1	485.9
	FCY						0.5	0.5
Loans to and receivables from financial institutions	NOK	16.1						16.1
Lending to customers	NOK	3,492.3	32,999.5	28.7	186.6	26.9		36,734.0
Certificates and bonds	NOK	1,124.4	4,095.4	148.3	244.6			5,612.8
Financial derivatives	NOK						2.5	2.5
Accrued interest, not yet due	NOK						130.6	130.6
Other asset items	NOK						868.9	868.9
	FCY						47.4	47.4
Total		**5,102.8**	**37,094.9**	**177.0**	**431.2**	**26.9**	**1,065.9**	**43,898.6**
Liabilities								
Liabilities to financial institutions	NOK			272.6				272.6
Customer deposits	NOK	5,057.8	10,703.0					15,760.7
Financial derivatives	NOK						136.3	136.3
Securities issued	NOK	1,461.3	19,807.2					21,268.5
Subordinated senior bonds	NOK		891.3					891.3
Subordinated loan capital	NOK		419.9					419.9
Accrued interest	NOK						110.5	110.5
Other liabilities	NOK						43.5	43.5
Total		**6,519.1**	**31,821.4**	**272.6**	**0.0**	**0.0**	**290.3**	**38,903.4**
Net interest rate exposure on balance sheet		**-1,416.3**	**5,273.4**	**-95.6**	**431.2**	**26.9**	**775.6**	
Contract sum for financial derivatives, without hedge accounting, that affects interest rate exposure	NOK	40.0	545.0	-175.0	-375.0	-35.0		
Net exposure		**-1,376.3**	**5,818.4**	**-270.6**	**56.2**	**-8.1**	**775.6**	

The table is based on book values excluding accrued interest. Securities issued where hedge accounting is used include the effect of hedging instruments.

Interest rate sensitivity – parent bank as at 31.12.23

Currency	Increase in basis points	Sensitivity of profit	Sensitivity of equity	Decrease in basis points	Sensitivity of profit	Sensitivity of equity
NOK	+100	28.4	0.0	-100	-28.4	0.0
Total		**28.4**	**0.0**		**-28.4**	**0.0**

Interest rate sensitivity – parent bank as at 31.12.22

Currency	Increase in basis points	Sensitivity of profit	Sensitivity of equity	Decrease in basis points	Sensitivity of profit	Sensitivity of equity
NOK	+100	24.9	0.0	-100	-24.9	0.0
Total		**24.9**	**0.0**		**-24.9**	**0.0**

Time until expected rate change as at 31.12.23 – parent bank

		Up to 1 month	From 1–3 months	From 3 months to 1 year	From 1–5 years	Over 5 years	Without fixed interest rate	Total
Assets								
Cash and receivables from central banks	NOK	398.0					18.8	416.9
	FCY						0.5	0.5
Loans to and receivables from financial institutions	NOK	2,979.9	60.0					3,039.9
Lending to customers	NOK	3,609.2	13,153.3	42.2	175.4	28.2		17,008.4
Certificates and bonds	NOK	864.8	4.203.1	49.3	296.4	153.9		5,567.4
Financial derivatives	NOK						20.4	20.4
Accrued interest, not yet due	NOK						126.1	126.1
Other asset items	NOK						2,666.3	2,666.3
	FCY						61.0	61.0
Total		**7,852.0**	**17,416.4**	**91.4**	**471.8**	**182.1**	**2,893.1**	**28,906.9**
Liabilities								
Liabilities to financial institutions	NOK	637.9	0.7	218.1				856.8
Customer deposits	NOK	3,784.0	12,118.2					15,902.2
Financial derivatives	NOK						99.4	99.4
Securities issued	NOK	1,454.2	3,584.6					5,038.7
Subordinated senior bonds	NOK		1,492.7					1,492.7
Subordinated loan capital	NOK		400.0					400.0
Accrued interest	NOK						101.0	101.0
Other liabilities	NOK						95.3	95.3
Total		**5,876.1**	**17,596.2**	**218.1**	**0.0**	**0.0**	**295.7**	**23,986.1**
Net exposure on balance sheet		**1,975.9**	**-179.8**	**-126.7**	**471.8**	**182.1**	**2,597.5**	
Contract sum for financial derivatives, without hedge accounting, that affects interest rate exposure	NOK	140.0	604.0	-90.0	-470.0	-184.0		
Net exposure		**2,115.9**	**424.2**	**-216.7**	**1.8**	**-1.9**	**2,597.5**	

The table is based on book values excluding accrued interest. Securities issued where hedge accounting is used include the effect of hedging instruments.

Time until expected rate change as at 31.12.22 – parent bank

		Up to 1 month	From 1–3 months	From 3 months to 1 year	From 1–5 years	Over 5 years	Without fixed interest rate	Total
Assets								
Cash and receivables from central banks	NOK	469.9					16.1	485.9
	FCY						0.5	0.5
Loans to and receivables from financial institutions	NOK	3,171,4	45.0					3,216.4
Lending to customers	NOK	3,369.2	12,671.5	28.7	186.6	26.9		16,282.8
Certificates and bonds	NOK	1,046.4	3,882.9	148.3	244.6			5,322.3
Financial derivatives	NOK							0.0
Accrued interest, not yet due	NOK						88.1	88.1
Other asset items	NOK						2,697.2	2,697.2
	FCY						47.4	47.4
Total		**8,056.9**	**16,599.5**	**177.0**	**431.2**	**26.9**	**2,849.2**	**28,140.7**
Liabilities								
Liabilities to financial institutions	NOK	724.3	0.7	272.6				997.6
Customer deposits	NOK	5,127.7	10,703.0					15,830.6
Financial derivatives	NOK						121.8	121.8
Securities issued	NOK	708.0	4,337.8					5,045.7
Subordinated senior bonds	NOK		891.3					891.3
Subordinated loan capital	NOK		419.9					419.9
Accrued interest	NOK						67.8	67.8
Other liabilities	NOK						72.3	72.3
Total		**6,559.9**	**16,352.7**	**272.6**	**0.0**	**0.0**	**262.0**	**23,447.2**
Net exposure on balance sheet		**1,497.0**	**246.8**	**-95.6**	**431.2**	**26.9**	**2,587.2**	
Contract sum for financial derivatives, without hedge accounting, that affects interest rate exposure	NOK	40.0	545.0	-175.0	-375.0	-35.0		
Net exposure		**1,537.0**	**791.8**	**-270.6**	**56.2**	**-8.1**	**2,587.2**	

The table is based on book values excluding accrued interest. Securities issued where hedge accounting is used include the effect of hedging instruments.

NOTE 12 – LIQUIDITY RISK

As long as the Bank's loan customers require long-term financing and the Bank's deposit customers are able in practice to withdraw their deposits at very short notice, the Bank will be exposed to some liquidity risk. In addition, Sparebanken Øst is dependent on financing a gap between deposits from customers and loans to the general public. Sparebanken Øst has a conservative liquidity strategy, and the liquidity risk at the end of 2023 was considered low.

The Bank has deliberately sought to reduce the Bank's liquidity risk by, among other things, distributing borrowing over several sources/instruments and/or by balancing the maturity terms for capital acquisition and capital deployment. Essentially, banks use the Norwegian bond market as a source of funding. This increases its vulnerability somewhat and means the Bank seeks to have a long-term funding strategy, and wants a balanced relationship between long-term and short-term borrowing. The net stable funding ratio (NSFR) is used as a measure of the long-term sustainability of the funding. At the end of 2023, the Bank had an NSFR of 127.7% compared with 130.1% a year ago.

The liquidity coverage ratio (LCR) amounted to 250.1% as at 31.12.23, compared with 217.3% a year ago. The LCR is intended to ensure that the banks have sufficient liquidity of very high quality to tolerate a period of 30 days with serious market instability. The Bank will satisfy the applicable LCR requirement set by the authorities at all times, both at a company and at a group level. The

Bank's liquidity portfolio primarily consists of cash, securities issued by the Norwegian state, state-guaranteed bonds, securities issued by Norwegian municipalities and covered bonds. The Bank has also pledged bonds as security for borrowing facilities with Norges Bank.

The Group's deposits measured as a percentage of net lending amounted to 41.9 per cent as at 31.12.23, compared with 42.8 per cent a year ago. Other funding in the market is mainly raised through senior unsecured bonds and covered bonds. Limits and targets have been adopted that are intended to ensure that the relationship between deposits and market funding is kept at a satisfactory level. The coming years will see a relatively high demand for refinancing and the Bank wishes to take account of uncertainty and will thus seek to refinance at an early stage.

Financial liabilities

The nominal value of the Group's financial liabilities is shown below. All liabilities are added to the category for first possible payment when a contractual payment date is provided. The principal of the liability including future interest payments is what is stated. Interest rates and currency rates are as at 31.12.23. Liabilities associated with derivatives are shown on a separate line, and related inflows from derivatives are shown under each table.

Maturity analysis of financial liabilities as at 31.12.23 – Group

	Up to 1 month	From 1–3 months	From 3 months–1 year	From 1–5 years	Over 5 years	No term	Total
Liabilities to financial institutions			-67.7	203.1			270.8
Customer deposits	12,884.2	2,529.9	577.8	0.3			15,992.3
Securities issued	208.2	1,233.2	3,215.2	17,009.0	2,570.5		24,236.1
Other liabilities			515.4				515.4
Subordinated senior bonds		17.1	63.8	1,379.0	324.1		1,784.0
Subordinated loan capital		7.1	21.3	502.8			531.1
Loan pledges	541.8						541.8
Unused credit	4,033.8						4,033.8
Guarantees						26.7	26.7
Financial liabilities excl. derivatives	**17,668.1**	**3,787.4**	**4,461.1**	**19,094.2**	**2,894.6**	**26.7**	**47,932.1**
Financial derivatives (outflows)	34.4	64.8	236.2	914.4	160.7		1,410.6
Financial liabilities	**17,702.5**	**3,852.2**	**4,697.2**	**20,008.6**	**3,055.4**	**26.7**	**49,342.7**
Financial derivatives (inflows)	9.9	41.5	208.0	689.5	132.3		1,081.2

Maturity analysis of financial liabilities as at 31.12.22 – Group

	Up to 1 month	From 1–3 months	From 3 months–1 year	From 1–5 years	Over 5 years	No term	Total
Liabilities to financial institutions			67.5	269.9			337.4
Customer deposits	13,036.8	2,320.5	405.2				15.762.5
Securities issued	8.2	181.3	3,620.5	17,774.5	2,155.4		23,739.8
Other liabilities			290.9				290.9
Subordinated senior bonds		9.7	29.0	998.6			1,037.3
Subordinated loan capital		25.4	213.2	245.4			484.0
Loan pledges	512.5						512.5
Unused credit	3,742.5						3,742.5
Guarantees						50.7	50.7
Financial liabilities excl. derivatives	**17,300.1**	**2,536.9**	**4,626.3**	**19,288.3**	**2,155.4**	**50.7**	**45,957.7**
Financial derivatives (outflows)	9.6	50.0	182.2	520.2	104.9		866.9
Financial liabilities	**17,309.7**	**2,586.9**	**4,808.5**	**19,808.5**	**2,260.3**	**50.7**	**46,824.6**
Financial derivatives (inflows)	8.6	40.5	136.1	455.9	108.2		749.2

Maturity analysis of financial liabilities as at 31.12.23 – parent bank

	Up to 1 month	From 1–3 months	From 3 months–1 year	From 1–5 years	Over 5 years	No term	Total
Liabilities to financial institutions			-67.7	203.1		638.6	909.4
Customer deposits	12,975.8	2,529.9	577.8	0.3			16,083.9
Securities issued	208.2	1,032.7	633.5	2,080.3	1,831,6		5,786.3
Other liabilities			579.8				579.8
Subordinated senior bonds		17.1	63.8	1,379.0	324.1		1,784.0
Subordinated loan capital		7.1	21.3	502.8			531.1
Loan pledges	510.4						510.4
Unused credit	3,502.2						3,502.2
Guarantees						26.7	26.7
Financial liabilities excl. derivatives	**17,196.7**	**3,586.8**	**1,943.9**	**4,165.4**	**2,155.7**	**665.4**	**29,713.9**
Financial derivatives (outflows)	23.9	55.3	175.9	677.3	84.4		1,016.7
Financial liabilities	**17,220.5**	**3,642.1**	**2,119.8**	**4,842.7**	**2,240.1**	**665.4**	**30,730.6**
Financial derivatives (inflows)	9.9	41.5	154.4	543.4	93.4		842.6

Maturity analysis of financial liabilities as at 31.12.22 – parent bank

	Up to 1 month	From 1–3 months	From 3 months–1 year	From 1–5 years	Over 5 years	No term	Total
Liabilities to financial institutions			67.5	269.9		725.8	1,063.2
Customer deposits	13,118.6	2,320.5	405.2				15.844.3
Securities issued	8.2	40.9	1,160.2	2,769.9	1,722.0		5,701.3
Other liabilities			452.4				452.4
Subordinated senior bonds		9.7	29.0	998.6			1,037.3
Subordinated loan capital		25.4	213.2	245.4			484.0
Loan pledges	470.5						470.5
Unused credit	3,058.9						3,058.9
Guarantees						50.7	50.7
Financial liabilities excl. derivatives	**16,656.3**	**2,396,6**	**2,327.6**	**4,283.7**	**1,722.0**	**776.5**	**28,162.7**
Financial derivatives (outflows)	2.3	45.9	147.9	366.9	56.1		619.1
Financial liabilities	**16,658.6**	**2,442.5**	**2,475.5**	**4,650.7**	**1,778.1**	**776.5**	**28,781.8**
Financial derivatives (inflows)	8.6	40.5	90.8	309.0	74.8		523.8

NOTE 13 – CURRENCY RISK

Market risk associated with currency risk as at 31.12.23

Currency	Increase in exchange rate, %	Effect on profit before tax	Effect on equity	Decrease in exchange rate, %	Effect on profit before tax	Effect on equity
USD	+10	1.9	0.0	-10	-1.9	0.0
Total		**1.9**	**0.0**		**-1.9**	**0.0**

Market risk associated with currency risk as at 31.12.22

Currency	Increase in exchange rate, %	Effect on profit before tax	Effect on equity	Decrease in exchange rate, %	Effect on profit before tax	Effect on equity
USD	+10	0.8	0.0	-10	-0.8	0.0
Total		**0.8**	**0.0**		**-0.8**	**0.0**

The bank has limited currency exposure. As at 31.12.23, the Bank's open net position was NOK 18.7 million (NOK 8.4 million as at 31.12.22). Normally, investments and borrowing in foreign currency are covered by an opposite position, usually by using currency swap agreements and similar derivatives. See also Note 19 – Financial Derivatives.

NOTE 14 – NET INTEREST INCOME

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
15.7	5.7	Interest income and similar income from loans to and receivables from financial institutions	155.4	77.2
1.0	1.1	Interest income and similar income from financial leases	0.0	0.0
1,931.0	1,186,6	Interest income and similar income from loans to customers	658.4	312.4
		Interest income and similar income from financial assets that are impaired		
0.0	0.0	Loans to and receivables from financial institutions	0.0	0.0
10.0	7.7	Loans to and receivables from customers	0.2	0.1
1,962.2	1,201.1	Total interest income and similar income for instruments at amortised cost	818.5	389.7
8.8	8.5	Interest income and similar income from loans at fair value	176.4	214.3
273.9	145.9	Interest income and similar income from certificates, bonds, etc.	259.5	147.0
282.7	154.3	Total interest income and similar income for instruments at fair value through profit and loss	435.9	361.3
2,244.9	**1,355.5**	**Interest income and similar income**	**1,254.4**	**751.0**
9.3	6.7	Interest costs and similar costs for liabilities to financial institutions	32.0	15.1
312.5	136.4	Interest costs and similar costs for deposits from customers	314.3	137.1
993.7	479.0	Interest costs and similar costs for securities issued	260.6	129.0
59.0	19.6	Interest costs and similar costs for senior subordinated bonds issued	59.0	19.6
25.4	12.8	Interest costs and similar costs for subordinated loan capital	25.4	12.8
16.3	14.7	Other interest costs and similar costs	13.5	12.3
1,416.1	**669.3**	**Interest costs and similar costs for instruments at amortised cost**	**704.7**	**325.9**
828.8	**686.2**	**Net interest income**	**549.7**	**425.1**

Average interest rates and average interest-bearing assets and liabilities in the period

Group 2023			Parent bank 2023	
Avg. interest-bearing balance	Avg. interest rate, %		Avg. interest-bearing balance	Avg. interest rate, %
		Assets		
473.6	3.31	Net lending to financial institutions*	3,311.7	4.69
37,076.9	5.26	Net lending to customers	16,247.2	5.14
6,055.6	4.52	Certificates and bonds	5,755.8	4.51
		Liabilities		
262.4	3.54	Liabilities to financial institutions	987.8	3.24
15,405.9	2.03	Customer deposits	15,405.5	2.04
22,020.9	4.51	Securities issued	5,175.7	5.04
1,169.8	5.04	Senior subordinated bonds	1,169.8	5.04
417.2	6.08	Subordinated loan capital	417.2	6.08

* Incl. receivables from central banks.

Group 2022 Avg. interest-bearing balance	Avg. interest rate, %		Parent bank 2022 Avg. interest-bearing balance	Avg. interest rate, %
		Assets		
481.7	1.18	Net lending to financial institutions*	3,154.2	2.45
37,758.7	3.19	Net lending to customers	16,406.1	3.21
6,517.5	2.24	Certificates and bonds	6,723.1	2.19
		Liabilities		
293.1	2.27	Liabilities to financial institutions	1,026,6	1.47
17,017.9	0.80	Customer deposits	17,013.7	0.81
23,055.6	2.16	Securities issued	5,290.1	2.44
727.7	2.69	Senior subordinated bonds	727.7	2.69
402.4	3.18	Subordinated loan capital	402.4	3.18

* Incl. receivables from central banks.

Average interest rate is calculated by dividing interest recognised in the year by the average balance on a quarterly basis.

NOTE 15 – NET COMMISSION INCOME

Group 2023	Group 2022	Amounts in NOK millions	Parent bank 2023	Parent bank 2022
58.0	57.3	Fees, money-transfer services	58.0	57.3
0.6	0.9	Fees, guarantees	0.6	0.9
32.3	28.1	Other commissions and fees	54.1	51.9
90.9	**86.2**	**Commission income, etc.**	**112.7**	**110.1**
13.8	13.5	Costs, money-transfer services	13.8	13.5
33.8	35.3	Other commissions and fees	3.3	3.7
47.6	**48.8**	**Commission costs, etc.**	**17.1**	**17.2**
43.3	**37.4**	**Net commission income, etc.**	**95.6**	**92.9**

NOTE 16 – DIVIDENDS AND OTHER INCOME FROM SECURITIES WITH VARIABLE YIELDS

Group 2023	Group 2022	Amounts in NOK millions	Parent bank 2023	Parent bank 2022
45.9	53.9	Dividend from equity instruments	45.9	53.9
0.0	0.0	Dividends and Group contributions from subsidiaries	114.2	171.1
45.9	**53.9**	**Dividends and other operating income from securities with variable yields**	**160.1**	**225.0**

NOTE 17 – NET CHANGES IN VALUE AND GAINS/LOSSES ON FINANCIAL INSTRUMENTS

Recognised through profit and loss

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
		Change in value and gain/loss on financial instruments at fair value through profit and loss		
14.2	-17.6	Change in value of certificates and bonds	15.4	-12.0
-16.0	-32.9	Realised gains/losses on certificates and bonds	-16.0	-43.7
6.9	-81.9	Change in value of equity instruments	6.9	-81.9
-5.0	48.7	Realised gains/losses on equity instruments	-5.0	48.7
-5.1	10.3	Change in value of derivatives, hedge accounting not used	-5.1	10.3
-5.1	-5.3	Realised gains/losses on derivatives, hedge accounting not used	-5.1	-5.3
1.3	-6.3	Change in value of fixed-rate loans	1.3	-6.3
-8.8	**-84.9**	**Net change in value and gain/loss on financial instruments at fair value**	**-7.5**	**-90.1**
13.8	-232.6	Financial derivatives, hedge accounting	47.9	-139.9
-13.8	232.6	Financial liabilities, hedged	-47.9	139.9
0.0	**0.0**	**Total net hedged items***	**0.0**	**0.0**
		Change in value and gains/losses on financial instruments at amortised cost		
-2.2	-3.9	Realised gain/loss on securities issued	0.8	-0.5
-2.2	**-3.9**	**Total realised gain/loss on securities issued and senior subordinated bonds at amortised cost**	**0.8**	**-0.5**
		Currency trading		
5.4	3.7	- Net translation gain	5.4	3.7
2.4	2.6	- Net transaction gain	2.4	2.6
7.8	**6.3**	**Total net income from currency trading**	**7.8**	**6.3**
-3.3	**-82.6**	**Net change in value and gain/loss on financial instruments**	**1.1**	**-84.3**

* For hedged financial liabilities, the hedged risk is measured at fair value, while the rest of the instrument is measured at amortised cost. Hedging derivatives are measured at fair value. The Group uses hedge accounting on fixed-rate bonds. Borrowing is hedged on a one-to-one basis.

Recognised through comprehensive income

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
		Change in value of financial instruments through OCI		
0.0	0.0	Lending at fair value	-0.4	0.2
0.0	**0.0**	**Net change in value of financial instruments through OCI**	**-0.4**	**0.2**

NOTE 18 – OTHER OPERATING INCOME

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
0.5	0.4	Rental income, investment properties	0.0	0.0
0.5	0.6	Operating income, real estate	0.0	0.0
0.0	0.7	Profit from sale of real estate	0.0	0.0

1.0	1.6	Other operating income	4.6	5.0
2.0	**3.4**	**Other operating income**	**4.6**	**5.0**

NOTE 19 – SALARIES AND PERSONNEL COSTS

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
139.1	121.1	Salaries	125.5	107.4
31.9	27.1	National insurance contributions	29.0	24.1
		Pensions		
6.8	6.2	- defined-benefit	6.3	5.8
8.3	6.8	- defined-contribution and similar	7.8	6.3
8.7	7.3	Social security costs	7.3	6.2
194.7	**168.5**	**Total salaries and personnel costs**	**176.0**	**149.9**
193	180	No. of full-time equivalents as at 31.12	175	163
198	186	No. of employees as at 31.12	180	168
184	171	Average no. of full time equivalents	167	154
187	174	Average no. of employees	170	157

For the remuneration of senior executives, see the published report on executive pay for 2023

NOTE 20 – OTHER OPERATING COSTS

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
50.7	46.5	IT costs	44.3	40.8
16.9	17.4	Other administrative costs	11.2	12.5
10.7	10.1	Operating costs, properties and premises	11.0	10.3
10.9	8.2	Wealth Tax	10.9	8.2
33.1	31.8	Other operating costs	18.6	21.2
122.3	**114.1**	**Total other operating costs**	**96.0**	**93.0**

Remuneration to auditor

Group 2023	Group 2022	Amounts in NOK thousands	Parent bank 2023	Parent bank 2022
3,280	3,177	Audit	2,215	2,125
160	426	Other certification services	124	170
42	93	Tax consulting	42	93
0	0	Other services	0	0
3,482	**3,696**	**Total remuneration to auditor**	**2,381**	**2,388**

The stated remuneration to the auditor includes VAT.

NOTE 21 – TAXES

Tax costs for the year in the income statement comprise the tax payable for the financial year, any over/under allocated tax payable from previous years, and deferred tax recognised in the income statement. These are recognised as income tax in the income statement as income tax with the exception of tax payable and deferred tax on transactions which are recognised directly in comprehensive income or under equity.

Deferred tax/tax asset as at 31.12.23 is recognised at a tax rate of 25 per cent for the parent bank. Deferred tax/tax asset as at 31.12.23 in the Group is recognised at a tax rate in the range of 22–25 per cent. Net deferred tax assets are reported in their entirety on the balance sheet as the Group expects to be able to utilise negative temporary differences in the future. Deferred tax and deferred tax assets are not discounted.

Wealth tax is not regarded as income tax under IAS 12 and the expense is recognised on the line 'Other operating costs'. See also Note 20.

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
		Income tax for the year in the income statement		
115.4	81.1	Tax payable on the profit for the year	78.7	48.0
8.2	4.5	Recognised deferred tax	6.5	0.3
0.1	0.0	Excess/deficit tax, previous year	-0.1	0.0
123.7	**85.5**	**Income tax for the year**	**85.1**	**48.3**
		Tax on other income and costs recognised in comprehensive income		
		Change in net deferred tax		
-5.1	-6.7	- Actuarial gains and losses on defined-benefit plans	-4.8	-6.4
0.0	0.0	- Lending at fair value	-0.1	0.1
-5.1	**-6.7**	**Tax on other income and costs**	**-4.9**	**-6.4**
		Change in net deferred tax		
8.2	4.5	Recognised deferred tax in the income statement	6.5	0.3
-5.1	-6.7	Recognised deferred tax in comprehensive income	-4.9	-6.4
3.1	**-2.3**	**Total change in net deferred tax**	**1.6**	**-6.1**
		Reconciliation of income tax for the year		
564.2	381.9	Profit before tax	511.8	393.0
137.7	92.6	Tax at the nominal rate of 22–25%	127.9	98.3
-14.2	-7.1	Tax effect of permanent differences	-42.7	-49.9
0.1	0.0	Excess/deficit tax, previous year	-0.1	0.0
123.7	**85.5**	**Income tax**	**85.1**	**48.3**
		Tax payable in the balance sheet is as follows:		
115.4	81.1	Tax payable on the profit for the year	78.7	48.0
11.3	9.0	Wealth tax for the year	11.3	9.0
126.7	**90.1**	**Total tax payable**	**90.0**	**57.0**

Group 2023	Group 2022	Group Change 2023	Group Change 2022	Deferred tax liability/deferred tax asset	Parent bank 2023	Parent bank 2022	Parent bank Change 2023	Parent bank Change 2022
				Positive temporary differences				
34.3	35.1	0.8	-3.8	Property, plant and equipment	5.0	4.5	-0.5	-1.4
16.0	20.0	4.0	5.0	Gains and losses account	1.6	2.0	0.4	0.5
24.4	0.0	-24.4	6.7	Securities	24.4	0.0	-24.4	7.2
0.0	0.0	0.0	96.0	Financial derivatives	0.0	0.0	0.0	9.0
0.0	0.0	0.0	-0.1	Lending	0.0	0.0	0.0	0.6
179.9	179.6	-0.2	-179.6	Securities issued	83.5	135.6	52.1	-135.6
254.5	234.7	-19.8	-75.7	Total positive temporary differences	114.4	142.1	27.7	-119.7
59.8	**56.3**	**-3.5**	**-20.5**	**Deferred tax**	**28.6**	**35.5**	**6.9**	**-29.9**
				Negative temporary differences				
1.3	1.1	-0.2	-0.1	Finance leases	2.5	2.0	-0.4	-0.3
5.9	8.9	3.0	-8.2	Securities	0.0	3.9	3.9	-3.9
134.5	132.9	-1.7	-132.9	Financial derivatives	84.9	121.7	36.8	-121.7
1.9	2.1	0.2	1.3	Other assets	0.0	0.0	0.0	0.0
5.0	6.3	1.3	-6.3	Lending	4.5	5.4	1.0	-5.4
0.0	0.0	0.0	81.9	Securities issued	0.0	0.0	0.0	3.7
21.1	19.2	-1.9	-2.6	Other liabilities/other negative differences	5.3	5.0	-0.3	-0.3
60.2	52.7	-7.5	-17.3	Pension liability	57.8	51.1	-6.7	-16.3
229.8	223.2	-6.6	-84.2	Total negative temporary differences	154.9	189.1	34.2	-144.1
55.3	**54.9**	**-0.4**	**-22.7**	**Deferred tax asset**	**38.7**	**47.3**	**8.6**	**-36.0**
-4.5	**-1.4**	**3.1**	**-2.3**	**Net deferred tax (-) / net deferred tax asset (+)**	**10.1**	**11.8**	**1.6**	**-6.1**

NOTE 22 – CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Fair value through profit and loss			
Group as at 31.12.23	**Mandatory**	**Designated**	**Measured at amortised cost***	**Total**
Cash and receivables from central banks	0.0	0.0	417.3	417.3
Loans to and receivables from financial institutions	0.0	0.0	16.5	16.5
Lending to customers	0.0	246.1	37,631.0	37,877.1
Certificates and bonds	5,914.0	0.0	0.0	5,914.0
Shares and units	809.6	0.0	0.0	809.6
Financial derivatives**	67.6	0.0	0.0	67.6
Total financial assets	**6,791.2**	**246.1**	**38,064.8**	**45,102.1**
Liabilities to financial institutions	0.0	0.0	219.6	219.6
Customer deposits	0.0	0.0	15,860.8	15,860.8
Financial derivatives**	147.4	0.0	0.0	147.4
Securities issued	0.0	0.0	21,658.5	21,658.5
Lease liabilities	0.0	0.0	41.5	41.5
Subordinated senior bonds	0.0	0.0	1,508.2	1,508.2
Subordinated loan capital	0.0	0.0	402.4	402.4
Total financial liabilities	**147.4**	**0.0**	**39,690.9**	**39,838.3**

* Includes hedged liabilities
** Includes derivatives for which hedge accounting is used

Group as at 31.12.22	Fair value through profit and loss		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0.0	0.0	486.4	486.4
Loans to and receivables from financial institutions	0.0	0.0	16.1	16.1
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
Shares and units	796.0	0.0	0.0	796.0
Financial derivatives**	44.4	0.0	0.0	44.4
Total financial assets	**6,475.7**	**295.5**	**37,007.2**	**43,778.4**
Liabilities to financial institutions	0.0	0.0	274.1	274.1
Customer deposits	0.0	0.0	15,761.3	15,761.3
Financial derivatives**	131.7	0.0	0.0	131.7
Securities issued	0.0	0.0	21,375.7	21,375.7
Lease liabilities	0.0	0.0	42.2	42.2
Subordinated senior bonds	0.0	0.0	896.2	896.2
Subordinated loan capital	0.0	0.0	420.9	420.9
Total financial liabilities	**131.7**	**0.0**	**38,770.4**	**38,902.1**

* Includes hedged liabilities
** Includes derivatives for which hedge accounting is used

Parent bank as at 31.12.23	Fair value through profit and loss		Fair value through comprehensive income	Measured at amortised cost*	Total
	Mandatory	Designated			
Cash and receivables from central banks	0.0	0.0	0.0	417.3	417.3
Loans to and receivables from financial institutions	0.0	0.0	0.0	3,041.7	3,041.7
Lending to customers	0.0	246.1	2,355.5	14,449.4	17,051.1
Certificates and bonds	5,601.9	0.0	0.0	0.0	5,601.9
Shares and units	809.6	0.0	0.0	0.0	809.6
Financial derivatives**	67.6	0.0	0.0	0.0	67.6
Total financial assets	**6,479.1**	**246.1**	**2,355.5**	**17,908.4**	**26,989.1**
Liabilities to financial institutions	0.0	0.0	0.0	858.2	858.2
Customer deposits	0.0	0.0	0.0	15,909.1	15,909.1
Financial derivatives**	97.7	0.0	0.0	0.0	97.7
Securities issued	0.0	0.0	0.0	5,115.2	5,115.2
Lease liabilities	0.0	0.0	0.0	75.5	75.5
Subordinated senior bonds	0.0	0.0	0.0	1,508.2	1,508.2
Subordinated loan capital	0.0	0.0	0.0	402.4	402.4
Total financial liabilities	**97.7**	**0.0**	**0.0**	**23,868.6**	**23,966.3**

* Includes hedged liabilities
** Includes derivatives for which hedge accounting is used

Parent bank as at 31.12.22	Fair value through profit and loss: Mandatory	Fair value through profit and loss: Designated	Fair value through comprehensive income	Measured at amortised cost*	Total
Cash and receivables from central banks	0.0	0.0	0.0	486.4	486.4
Loans to and receivables from financial institutions	0.0	0.0	0.0	3,217.4	3,217.4
Lending to customers	0.0	295.5	4,609.5	11,402.9	16,308.0
Certificates and bonds	5,343.7	0.0	0.0	0.0	5,343.7
Shares and units	796.0	0.0	0.0	0.0	796.0
Financial derivatives**	29.2	0.0	0.0	0.0	29.2
Total financial assets	**6,168.9**	**295.5**	**4,609.5**	**15,106.7**	**26,180.7**
Liabilities to financial institutions	0.0	0.0	0.0	999.0	999.0
Customer deposits	0.0	0.0	0.0	15,831.2	15,831.2
Financial derivatives**	105.4	0.0	0.0	0.0	105.4
Securities issued	0.0	0.0	0.0	5,110.7	5,110.7
Lease liabilities	0.0	0.0	0.0	71.6	71.6
Subordinated senior bonds	0.0	0.0	0.0	896.2	896.2
Subordinated loan capital	0.0	0.0	0.0	420.9	420.9
Total financial liabilities	**105.4**	**0.0**	**0.0**	**23,329.6**	**23,435.0**

* Includes hedged liabilities
** Includes derivatives for which hedge accounting is used

NOTE 23 – FINANCIAL DERIVATIVES

Interest rate derivatives have been entered into for the Group's fixed-rate bond loans to mitigate interest rate risk. For lending at fixed interest rates, the hedging includes a change in value due to changes in market interest rates. The Group does not have loan bonds in foreign currency. The hedging ratio is one-to-one and hedge accounting is used. No material ineffectiveness of the hedges was recognised in 2023 and 2022. The value adjustment of financial derivatives used for hedge accounting was plus NOK 13.8 million (minus NOK 232.6 million in 2022), with an equivalent, opposite change in value for hedged objects. For recognised changes in value, gains/losses, see note 17.

In addition, the Group has entered into interest rate and exchange rate derivatives to reduce other interest rate and exchange rate risk without applying the rules for hedge accounting.

Group 2023	Contractual totals	Book value of hedged item	Fair value of hedging instruments: Assets	Fair value of hedging instruments: Liabilities	Value adjust. of hedged item: Liabilities
Fair value through profit and loss					
Forward exchange contracts	41.9		0.0	9.0	
Interest rate swaps (IRS)	744.0		11.1	0.0	
Total at fair value through profit and loss	**785.9**		**11.1**	**9.0**	
Used for hedge accounting					
Interest rate swaps (IRS)	6,375.0		56.5	138.4	
Securities issued		6,386.2			-132.2
Total used for hedge accounting	**6,375.0**	**6,386.2**	**56.5**	**138.4**	**-132.2**
Total		**6,386.2**	**67.6**	**147.4**	**-132.2**

See Note 17 for the period's recognised change in hedging instruments and hedged items. The difference between the fair value of hedging instruments and the value adjustment of a hedged item is due to accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest. See Note 35.

Group 2022	Contractual totals	Book value of hedged item	Fair value of hedging instruments		Value adjust. of hedged item
			Assets	Liabilities	Liabilities
Fair value through profit and loss					
Forward exchange contracts	39.0		0.0	0.6	
Interest rate swaps (IRS)	665.0		11.2	0.0	
Total at fair value through profit and loss	**704.0**		**11.2**	**0.6**	
Used for hedge accounting					
Interest rate swaps (IRS)	5,675.0		33.2	131.1	
Securities issued		5,636.1			-146.1
Total used for hedge accounting	**5,675.0**	**5,636.1**	**33.2**	**131.1**	**-146.1**
Total		**5,636.1**	**44.4**	**131.7**	**-146.1**

See Note 17 for the period's recognised change in hedging instruments and hedged items. The difference between the fair value of hedging instruments and the value adjustment of a hedged item is due to accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest. See Note 35.

Parent bank 2023	Contractual totals	Book value of hedged item	Fair value of hedging instruments		Value adjust. of hedged item
			Assets	Liabilities	Liabilities
Fair value through profit and loss					
Forward exchange contracts	41.9		0.0	9.0	
Interest rate swaps (IRS)	744.0		11.1	0.0	
Total at fair value through profit and loss	**785.9**		**11.1**	**9.0**	
Used for hedge accounting					
Interest rate swaps (IRS)	4,925.0		56.5	88.7	
Securities issued		4,915.3			-86.2
Total used for hedge accounting	**4,925.0**	**4,915.3**	**56.5**	**88.7**	**-86.2**
Total		**4,915.3**	**67.6**	**97.7**	**-86.2**

See Note 17 for the period's recognised change in hedging instruments and hedged items. The difference between the fair value of hedging instruments and the value adjustment of a hedged item is due to accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest. See Note 35.

Parent bank 2022	Contractual totals	Book value of hedged item	Fair value of hedging instruments		Value adjust. of hedged item
			Assets	Liabilities	Liabilities

Fair value through profit and loss					
Forward exchange contracts	39.0		0.0	0.6	
Interest rate swaps (IRS)	665.0		11.2	0.0	
Total at fair value through profit and loss	**704.0**		**11.2**	**0.6**	
Used for hedge accounting					
Interest rate swaps (IRS)	4,525.0		18.0	104.7	0.0
Securities issued		4,455.9			-134.1
Total used for hedge accounting	**4,525.0**	**4,455.9**	**18.0**	**104.7**	**-134.1**
Total		**4,455.9**	**29.2**	**105.4**	**-134.1**

See Note 17 for the period's recognised change in hedging instruments and hedged items. The difference between the fair value of hedging instruments and the value adjustment of a hedged item is due to accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest. See Note 35.

NOTE 24 – FINANCIAL DERIVATIVES – OFFSETTING

The Group's offsetting rights adhere to the general rules in Norwegian law. Standardised and mainly bilateral ISDA agreements have been entered into with financial institutions, which give the parties netting rights in the event of any default. In addition, credit support annexes (CSA) have been entered into for the provision of collateral. In accordance with the disclosure requirements for offsetting, no offset amounts are recognised on the balance sheet.

31.12.23 – Group	Gross amount	Offset	Capitalised amount	Amount subject to net settlement	Exchanged collateral security	Amount in accordance with any net settlement
Financial derivatives, assets	67.6	0.0	67.6	-43.3	-18.8	5.6
Financial derivatives, liabilities	147.4	0.0	147.4	-43.3	-44.8	59.3

Group – 31.12.2022	Gross amount	Offset	Capitalised amount	Amount subject to net settlement	Exchanged collateral security	Amount in accordance with any net settlement
Financial derivatives, assets	44.4	0.0	44.4	-36.7	0.0	7.7
Financial derivatives, liabilities	131.7	0.0	131.7	-36.7	-79.1	16.0

31.03.2023 – parent bank	Gross amount	Offset	Capitalised amount	Amount subject to net settlement	Exchanged collateral security	Amount in accordance with any net settlement
Financial derivatives, assets	67.6	0.0	67.6	-43.3	-18.8	5.6
Financial derivatives, liabilities	97.7	0.0	97.7	-43.3	-44.8	9.7

Parent bank – 31.12.2022	Gross amount	Offset	Capitalised amount	Amount subject to net settlement	Exchanged collateral security	Amount in accordance with any net settlement
Financial derivatives, assets	29.2	0.0	29.2	-26.5	0.0	2.7
Financial derivatives, liabilities	105.4	0.0	105.4	-26.5	-79.1	-0.2

NOTE 25 – FINANCIAL INSTRUMENTS AT FAIR VALUE

The Bank's financial instruments in the fair value category consist of fixed-rate loans, certificates and bonds, shares and derivatives.

Valuation of financial assets and liabilities at fair value

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

Level 1: Observable trading prices in active markets.
Level 2: Observable market prices in less active markets, or the use of inputs which are observable, either directly or indirect.
Level 3: Valuation techniques not based on observable market data.

Loans to and receivables from customers
Loans with fixed interest rates are valued at fair value on the balance sheet. The valuation is based on contracted cash flows discounted by the swap interest rate to which a margin is added.

Certificates and bonds
The Bank's portfolio of certificates and bonds is valued based on prices obtained from Nordic Bond Pricing. The prices from Nordic Bond Pricing are based on reported spreads from the brokers active in the Norwegian market.

Certificates or bonds not priced by Nordic Bond Pricing are valued on the basis of trades and observable credit spreads in the market. If this has not been possible, price estimates or credit spread assessments have been used based on other certificates and bonds with equivalent characteristics and maturities.

The valuation of the Bank's bond portfolio includes an assessment of potential imbalance in the market and whether there are different motives behind the transactions that have taken place. Assessments are made of whether the prices from Nordic Bond Pricing appear correct.

The Bank believes that the valuation estimates used are within reasonable intervals for fair value and that the credit and liquidity risk development has been considered in the valuation wherever necessary. In the opinion of the Bank, the prices used represent the best estimate of the securities' fair value. All of the Bank's certificate and bond holdings are placed in the pricing hierarchy's level 2. This is due to the fact that there is insufficient trading in any of the listed instruments for a market price to be read at any given time.

Shares and units
If there are no listed prices in an active market, alternative valuation techniques are used. Such techniques include the use of the arm's length price of recent market transactions, comparison with the market value of corresponding financial instruments, and the discounting of expected future cash flows. As a calibration test of the feasibility of the estimate of fair value, multiplier models such as the price/book model and the price/profit model are used to check that the valuation models correlate with market data.

Listed shares that are traded daily are classified as level 1. Level 2 consists of shares where valuation is based on observable market data. Level 3 consists of shares in local companies and other unlisted undertakings for which alternative valuation techniques are used to determine fair value.

Financial derivatives
Sparebanken Øst only has derivatives where the fair value is based on observable yield curves and exchange rates and which are therefore placed at level 2 of the pricing hierarchy.

31.12.23 – Group	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets and liabilities measured at fair value				
Lending to customers	0.0	0.0	246.1	246.1
Certificates and bonds	0.0	5,914.0	0.0	5,914.0
Shares and units	74.4	4.1	731.1	809.6
Financial derivatives	0.0	67.6	0.0	67.6
Total assets at fair value	**74.4**	**5,985.8**	**977.2**	**7,037.3**
Financial derivatives	0.0	147.4	0.0	147.4
Total liabilities at fair value	**0.0**	**147.4**	**0.0**	**147.4**

Movement in level 3	**Fixed interest loans**	**Shares and units**	**Total**
Balance sheet as at 01.01.23	295.5	720.0	1,015.5
Net realised gains	0.0	0.0	0.0
Additions	48.5	6.2	54.7
Disposals	99.2	0.0	99.2

Changes in value	1.3	4.9	6.2
Transferred from levels 1 and 2	0.0	0.0	0.0
Balance sheet as at 31.12.23	**246.1**	**731.1**	**977.2**

Shares and units
The shares in Frende Holding AS were valued at NOK 456.1 million at the end of 2023. The assessment of the shareholding is based on observed transaction prices. Eksportfinans ASA was valued at NOK 195.0 million at the end of 2023. The shareholding is assessed on the basis of a price/book assessment, taking into consideration risks at the enterprise and uncertainties concerning expected cash flow relating to financial performance and winding up.

Group – 31.12.2022	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value				
Lending to customers	0.0	0.0	295.5	295.5
Certificates and bonds	0.0	5,635.3	0.0	5,635.3
Shares and units	65.1	10.9	720.0	796.0
Financial derivatives	0.0	44.4	0.0	44.4
Total assets at fair value	**65.1**	**5,690,6**	**1,015.5**	**6,771.2**
Financial derivatives	0.0	131.7	0.0	131.7
Total liabilities at fair value	**0.0**	**131.7**	**0.0**	**131.7**

Movement in level 3	Fixed interest loans	Shares and units	Total
Balance sheet as at 01.01.22	273.7	780.8	1,054.5
Net realised gains	0.0	0.0	0.0
Additions	82.3	15.0	97.3
Disposals	54.2	33.7	87.9
Changes in value	-6.3	-31.2	-37.5
Transferred from levels 1 and 2	0.0	-10.9	-10.9
Balance sheet as at 31.12.22	**295.5**	**720.0**	**1,015.5**

31.12.2023 – parent bank	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value				
Lending to customers*	0.0	0.0	2,601.6	2,601.6
Certificates and bonds	0.0	5,601.9	0.0	5,601.9
Shares and units	74.4	4.1	731.1	809.6
Financial derivatives	0.0	67.6	0.0	67.6
Total assets at fair value	**74.4**	**5,673,6**	**3,332.7**	**9,080.7**
Financial derivatives	0.0	97.7	0.0	97.7
Total liabilities at fair value	**0.0**	**97.7**	**0.0**	**97.7**

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

31.12.2022 – parent bank	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value				
Lending to customers*	0.0	0.0	4,905.1	4,905.1
Certificates and bonds	0.0	5,343.7	0.0	5,343.7
Shares and units	65.1	10.9	720.0	796.0
Financial derivatives	0.0	29.2	0.0	29.2
Total assets at fair value	**65.1**	**5,383.8**	**5,625.1**	**11,074.0**
Financial derivatives	0.0	105.4	0.0	105.4
Total liabilities at fair value	**0.0**	**105.4**	**0.0**	**105.4**

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

NOTE 26 – FINANCIAL INSTRUMENTS AT AMORTISED COST

Lending

The Group's variable rate loan portfolios are measured at amortised cost. The fair value of variable rate loans is subject to the impact of changing interest rates and credit margins, but can be re-priced on an ongoing basis with a short deadline. The Norwegian Act on Financial Contracts and Financial Assignments normally permits re-pricing with two months' notice. The Bank's assessment of the best estimates for the lending portfolios, exclusive of loan loss provisions in Stage 1, results in a good approximation of fair value.

Securities issued, senior subordinated bonds and subordinated loan capital
Securities issued, senior subordinated bonds and subordinated loan capital are placed in level 2 of the pricing hierarchy because the turnover is not large enough in any of the loans to be able to read off a market price at any given time. The Group uses rates and credit spread assessments from Nordic Bond Pricing and makes reasonability assessments of the rates used based on actual transactions and spreads.

Other financial assets and liabilities
Other financial assets and liabilities are measured at amortised cost. These instruments assume that the capitalised amount provides a good approximation of fair value. This includes the accounting lines of cash and receivables at central banks, loans to and receivables from financial institutions, debt to financial institutions, deposits from and debts to customers, as well as lease liabilities.

31.12.23 – Group	**Fair value**	**Book value**
Assets and liabilities measured at amortised cost		
Cash and receivables from central banks	417.3	417.3
Loans to and receivables from financial institutions	16.5	16.5
Lending to customers	37,642.7	37,631.0
Total assets at amortised cost	**38,076.5**	**38,064.8**
Liabilities to financial institutions	219.6	219.6
Customer deposits	15,860.8	15,860.8
Securities issued	21,695.2	21,658.5
Lease liabilities	41.5	41.5
Subordinated senior bonds	1,508.7	1,508.2
Subordinated loan capital	409.9	402.4
Total liabilities at amortised cost	**39,735.7**	**39,690.9**

Group – 31.12.2022	**Fair value**	**Book value**
Assets and liabilities measured at amortised cost		
Cash and receivables from central banks	486.4	486.4
Loans to and receivables from financial institutions	16.1	16.1
Lending to customers	36,515.3	36,504.7
Total assets at amortised cost	**37,017.8**	**37,007.2**
Liabilities to financial institutions	274.1	274.1
Customer deposits	15,761.3	15,761.3
Securities issued	21,355.4	21,375.7
Lease liabilities	42.2	42.2
Subordinated senior bonds	879.3	896.2
Subordinated loan capital	421.5	420.9
Total liabilities at amortised cost	**38,733.8**	**38,770.4**

31.03.2023 – parent bank	Fair value	Book value
Assets and liabilities measured at amortised cost		
Cash and receivables from central banks	417.3	417.3
Loans to and receivables from financial institutions	3,041.7	3,041.7
Lending to customers	14,455,0	14,449.4
Total assets at amortised cost	**17,913.9**	**17,908.4**
Liabilities to financial institutions	858.2	858.2
Customer deposits	15,909.1	15,909.1
Securities issued	5,155.1	5,115.2
Lease liabilities	75.5	75.5
Subordinated senior bonds	1,508.7	1,508.2
Subordinated loan capital	409.9	402.4
Total liabilities at amortised cost	**23,916.5**	**23,868.6**

Parent bank – 31.12.2022	Fair value	Book value
Assets and liabilities measured at amortised cost		
Cash and receivables from central banks	486.4	486.4
Loans to and receivables from financial institutions	3,217.4	3,217.4
Lending to customers	11,407.6	11,403.0
Total assets at amortised cost	**15,111.3**	**15,106.7**
Liabilities to financial institutions	999.0	999.0
Customer deposits	15,831.2	15,831.2
Securities issued	5,117.6	5,110.7
Lease liabilities	71.6	71.6
Subordinated senior bonds	879.3	896.2
Subordinated loan capital	421.5	420.9
Total liabilities at amortised cost	**23,320.2**	**23,329.6**

NOTE 27 – LOANS TO AND RECEIVABLES FROM CUSTOMERS IN RELATION TO FINANCE LEASES

The Group has finance leases with customers. The leases are largely associated with the leasing of cars and other vehicles, industrial equipment and machinery. The Group has not assumed the risk relating to residual values.

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
5.4	0.9	Within 1 year	0.0	0.0
15.2	19.0	Between 1 and 5 years	0.0	0.0
0.0	0.0	After 5 years	0.0	0.0
20.6	**19.8**	**Gross receivables from finance leases**	**0.0**	**0.0**
2.3	2.4	Non-accrued income from finance leases		
18.3	**17.4**	**Net investments associated with finance leases**	**0.0**	**0.0**
5.2	0.3	Within 1 year	0.0	0.0
13.2	17.1	Between 1 and 5 years	0.0	0.0
0.0	0.0	After 5 years	0.0	0.0
18.3	**17.4**	**Net investments associated with finance leases**	**0.0**	**0.0**
0.0	0.0	Accumulated loan loss provisions for outstanding minimum lease amounts	0.0	0.0

NOTE 28 – CERTIFICATES AND BONDS

All certificates and bonds in 2023 and 2022 are measured at fair value through profit and loss.

Certificates and bonds by issuing sector, Group	Nominal value 2023	Fair value 2023	Nominal value 2022	Fair value 2022
State and state-guaranteed	1,395.0	1,428.4	1,337.0	1,362.0
Other public issuers	0.0	0.0	30.0	30.1
Covered bonds	4,442.0	4,483.5	4,201.0	4,241.1
Financial institutions	2.0	2.1	2.0	2.0
Non-financial enterprises	0.0	0.0	0.0	0.0
Total certificates and bonds	**5,839.0**	**5,914.0**	**5,570.0**	**5,635.3**

Certificates and bonds by issuing sector, parent bank	Nominal value 2023	Fair value 2023	Nominal value 2022	Fair value 2022
State and state-guaranteed	1,290.0	1,319.0	1,252.0	1,273.2
Other public issuers	0.0	0.0	30.0	30.1
Covered bonds	4,242.0	4,280.8	4,001.0	4,038.4
Financial institutions	2.0	2.1	2.0	2.0
Non-financial enterprises	0.0	0.0	0.0	0.0
Total certificates and bonds	**5,534.0**	**5,601.9**	**5,285.0**	**5,343.7**

The Bank pledges bonds as security for borrowing facilities with Norges Bank. At the end of 2023, the total security pledged with Norges Bank amounted to NOK 1,160.0 million, compared with NOK 1,317.0 million in 2022.

Certificates and bonds by maturity as at 31.12.23 – Group

	Accrued interest	Up to 6 months	6–12 months	1–5 years	5–10 years	Total
State and state-guaranteed	14.1	49.3	0.0	1,261.5	103.6	1,428.4
Other public issuers	0.0	0.0	0.0	0.0	0.0	0.0
Covered bonds	22.3	290.4	390.7	3,729.9	50.2	4,483.5
Financial institutions	0.0	0.0	0.0	0.0	2.1	2.1
Non-financial enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Total certificates and bonds	**36.3**	**339.7**	**390.7**	**4,991.4**	**155.9**	**5,914.0**

Certificates and bonds by maturity as at 31.12.23 – parent bank

	Accrued interest	Up to 6 months	6–12 months	1–5 years	5–10 years	Total
State and state-guaranteed	12.6	49.3	0.0	1,153.4	103.6	1,319.0
Other public issuers	0.0	0.0	0.0	0.0	0.0	0.0
Covered bonds	21.8	290.4	390.7	3,527.7	50.2	4,280.8
Financial institutions	0.0	0.0	0.0	0.0	2.1	2.1
Non-financial enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Total certificates and bonds	**34.5**	**339.7**	**390.7**	**4,681.1**	**155.9**	**5,601.9**

Certificates and bonds by maturity as at 31.12.22 – Group

	Accrued interest	Up to 6 months	6–12 months	1–5 years	5–10 years	Total
State and state-guaranteed	8.3	236.7	73.9	1,043.1	0.0	1,362.0
Other public issuers	0.1	0.0	30.0	0.0	0.0	30.1
Covered bonds	14.1	50.1	25.0	4,151.9	0.0	4,241.1
Financial institutions	0.0	0.0	0.0	0.0	2.0	2.0
Non-financial enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Total certificates and bonds	**22.5**	**286.7**	**129.0**	**5,195.0**	**2.0**	**5,635.3**

Certificates and bonds by maturity as at 31.12.22 – parent bank

	Accrued interest	Up to 6 months	6–12 months	1–5 years	5–10 years	Total
State and state-guaranteed	7.5	226.7	73.9	965.1	0.0	1,273.2
Other public issuers	0.1	0.0	30.0	0.0	0.0	30.1
Covered bonds	13.8	50.1	25.0	3,949.5	0.0	4,038.4
Financial institutions	0.0	0.0	0.0	0.0	2.0	2.0
Non-financial enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Total certificates and bonds	**21.4**	**276.7**	**129.0**	**4,914.6**	**2.0**	**5,343.7**

Modified duration

Group 2023	Group 2022	Modified duration	Parent bank 2023	Parent bank 2022
0.68	0.53	State and state-guaranteed	0.73	0.57
0.00	0.18	Other public issuers	0.00	0.18
0.20	0.16	Covered bonds	0.20	0.16
0.17	0.17	Financial institutions	0.17	0.17
0.00	0.00	Non-financial enterprises	0.00	0.00
0.32	**0.25**	**Total duration**	**0.33**	**0.26**

Modified duration is used as a measure of interest rate sensitivity for issuer sectors and categories.

NOTE 29 – SHARES AND EQUITY CERTIFICATES

Specification of shares and equity certificates as at 31.12.23

	No. of shares	Stake in %	Book cost	Fair value
Fair value through profit and loss				
Bankenes ID-tjeneste AS	6,700	6.70	0.0	0.0
Eksportfinans ASA	12,787	4.85	139.4	195.0
Frende Holding AS	880,523	13.03	123.1	456.1
Kraft Bank ASA	2,875,000	6.85	23.0	24.2
Kredittforeningen for Sparebanker	2,760	5.52	2.8	0.7
Norne Securities AS	396,735	2.15	1.3	3.2
Norsk Gjeldsinformasjon AS	4,322	0.83	0.3	0.3
Norwegian Block Exchange AS (NBX)	6,437,768	9.43	15.0	4.1
Spama AS	302	0.96	0.0	0.0
Vipps Holding AS	11,838	0.72	64.4	64.4
Visa C Shares	4,739	0.00	2.0	50.2
Visa Norge Forvaltning AS	1,686,745	0.00	1.7	6.2
VN Norge AS	6.4 trillion	0.64	0.0	4.6
Other shares			0.5	0.5
Total shares and Equity certificates			**373.6**	**809.6**

NOTE 30 – OWNERSHIP INTERESTS IN GROUP COMPANIES

Subsidiary	Acquisition date	Business office	Stake	Share of votes
Sparebanken Øst Eiendom AS	29.12.88	Drammen	100%	100%
AS Financiering	01.10.91	Oslo	100%	100%
Øst Prosjekt AS	22.12.97	Drammen	100%	100%
Sparebanken Øst Boligkreditt AS	14.04.09	Drammen	100%	100%
Øst Inkasso AS	18.04.16	Drammen	100%	100%
Hawø Eiendom AS*	01.07.11	Drammen	100%	100%
Stasjonsgata 14 AS*	29.08.12	Drammen	100%	100%
Borreveien 44 AS**	28.10.2014	Drammen	100%	100%
Jon Smørs Vei 7 AS**	05.02.16	Drammen	100%	100%
Slagenveien 16 AS**	10.03.20	Drammen	100%	100%

* 100%-owned subsidiary of Sparebanken Øst Eiendom AS.

** 100%-owned subsidiary of Øst Prosjekt AS.

NOTE 31 – INTANGIBLE ASSETS

Intangible assets as at 31.12.23

	Group	Parent bank
Acquisition cost as at 01.01.	124.1	92.6
Additions	10.2	8.6
Disposals	2.7	2.7
Acquisition cost as at 31.12.	**131.7**	**98.5**
Total ordinary depreciation and write-downs	98.7	76.2
Book value as at 31.12.	**33.0**	**22.3**
Ordinary depreciation for the year	11.2	7.9
Year's write-downs	0.0	0.0
Economic life	2–10 years	2–10 years
Depreciation plan	Straight line	Straight line

Intangible assets as at 31.12.22

	Group	Parent bank
Acquisition cost as at 01.01.	113.5	87.6
Additions	11.9	6.3
Disposals	1.3	1.3
Acquisition cost as at 31.12.	**124.1**	**92.6**
Total ordinary depreciation and write-downs	90.2	71.0
Book value as at 31.12.	**33.9**	**21.6**
Ordinary depreciation for the year	10.3	7.6
Write-downs for the year	0.0	0.0
Economic life	2–10 years	2–10 years
Depreciation plan	Straight line	Straight line

NOTE 32 – PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND LEASE RIGHTS

Property, plant and equipment as at 31.12.23 – Group

	Machinery/equipment /vehicles	Properties	Investment properties	Lease rights
Acquisition cost as at 01.01.	83.0	146.5	14.8	68.2
Additions	3.7	6.8	1.9	9.0
Disposals	3.4	0.0	0.0	5.7
Acquisition cost as at 31.12.	**83.3**	**153.3**	**16.7**	**71.5**
Total ordinary depreciation and write-downs	60.0	53.8	3.7	31.3
Book value as at 31.12.	**23.3**	**99.4**	**13.1**	**40.2**
Ordinary depreciation for the year	4.7	2.8	0.3	10.0
Year's write-downs	0.0	0.0	0.0	0.0
Economic life	2-10 years	10-100 years	10-100 years	2-12 years
Depreciation plan	Straight line	Straight line	Straight line	Straight line

Property, plant and equipment as at 31.03.2023 – parent bank

	Machinery/equipment /vehicles	Properties	Investment properties	Lease rights
Acquisition cost as at 01.01.	65.3	57.3	0.0	107.8
Additions	3.4	5.2	0.0	17.2
Disposals	2.9	0.0	0.0	5.7
Acquisition cost as at 31.12.	**65.8**	**62.5**	**0.0**	**119.3**
Total ordinary depreciation and write-downs	35.1	19.6	0.0	46.3
Book value as at 31.12.	**30.7**	**43.0**	**0.0**	**73.0**
Ordinary depreciation for the year	4.5	1.5	0.0	13.7
Year’s write-downs	0.0	0.0	0.0	0.0
Economic life	2-10 years	10-100 years	10-100 years	2-12 years
Depreciation plan	Straight line	Straight line	Straight line	Straight line

Property, plant and equipment as at Group – 31.12.2022

	Machinery/equipment /vehicles	Properties	Investment properties	Lease rights
Acquisition cost as at 01.01.	82.7	141.2	14.8	62.8
Additions	7.3	5.4	0.0	9.8
Disposals	6.9	0.1	0.0	4.4
Acquisition cost as at 31.12.	**83.0**	**146.5**	**14.8**	**68.2**
Total ordinary depreciation and write-downs	58.5	50.5	3.4	27.1
Book value as at 31.12.	**24.6**	**96.0**	**11.4**	**41.1**
Ordinary depreciation for the year	4.7	2.4	0.3	9.6
Year’s write-downs	0.0	0.0	0.0	0.0
Economic life	2-10 years	10-100 years	10-100 years	2-12 years
Depreciation plan	Straight line	Straight line	Straight line	Straight line

Property, plant and equipment as at Parent bank – 31.12.2022

	Machinery/equipment /vehicles	Properties	Investment properties	Lease rights
Acquisition cost as at 01.01.	65.0	54.9	0.0	102.3
Additions	6.6	2.5	0.0	10.9
Disposals	6.4	0.1	0.0	5.4
Acquisition cost as at 31.12.	**65.3**	**57.3**	**0.0**	**107.8**
Total ordinary depreciation and write-downs	36.4	14.9	0.0	38.2
Book value as at 31.12.	**28.9**	**42.4**	**0.0**	**69.5**
Ordinary depreciation for the year	4.4	1.1	0.0	12.7
Year’s write-downs	0.0	0.0	0.0	0.0
Economic life	2-10 years	10-100 years	10-100 years	2-12 years
Depreciation plan	Straight line	Straight line	Straight line	Straight line

Valuation of investment properties

The Group uses the following valuation hierarchy:

Level 1: Observable market value in active market.
Level 2: Valuation techniques based on observable market data, external valuations.
Level 3: Valuation techniques not based on observable market data.

All the Group's investment properties are categorised in level 3.

GROUP	Fair value	Book value
Investment properties at fair value as at 31.12.23	17.4	13.1
Investment properties at fair value as at 31.12.22	15.5	11.4

The fair value of the investment properties is based on assessments of market rents and estimated sales value. The properties are located in Drammen and Tønsberg. No changes have been made to the valuation techniques compared with the previous year.

For leasing income and operating costs on investment properties see also Note 18 – Other operating income and Note 20 – Other operating costs.

Real estate for own activities 2023

Group				Parent bank		
Area – m2		Book value		Area – m2		Book value
Own use	Leasing	31.12.23*	Commercial buildings	Own use	Leasing	31.12.23*
3,143	0	49.8	Drammen	2,087	0	32.9
4,364	791	31.4	Øvre Eiker	0	0	0.0
210	102	9.9	Tønsberg	0	0	0.0
7,717	**893**	**91.1**	**Total commercial buildings**	**2,087**	**0**	**32.9**

* Total book value on the balance sheet also includes properties that are not commercial buildings.

Liabilities
There are no liabilities relating to projects or purchases of property, plant and equipment.

Real estate for own activities 2022

Group				Parent bank		
Area – m2		Book value		Area – m2		Book value
Own use	Leasing	31.12.22*	Commercial buildings	Own use	Leasing	31.12.22*
3,143	0	47.3	Drammen	2,087	0	32.9
4,364	791	30.4	Øvre Eiker	0	0	0.0
7,507	**791**	**77.6**	**Total commercial buildings**	**2,087**	**0**	**32.9**

* Total book value on the balance sheet also includes properties that are not commercial buildings.

NOTE 33 – OTHER ASSETS

Group 31.12.2023	Group 31.12.2022		Parent bank 31.12.2023	Parent bank 31.12.2022
0.0	0.0	Earned but not received income	2.3	2.2
16.5	9.2	Other prepaid non-accrued costs	16.3	8.5
44.8	79.1	Exchange of collateral	44.8	79.1
6.2	4.8	Other assets	1.4	1.5
67.4	**93.0**	**Total other assets**	**64.7**	**91.3**

NOTE 34 – LIABILITIES TO FINANCIAL INSTITUTIONS

Group 31.12.2023	Group 31.12.2022		Parent bank 31.12.2023	Parent bank 31.12.2022
0.0	0.0	Loans and deposits from financial institutions without agreed term or notice period	637.9	724.3
219.6	274.1	Loans and receivables from financial institutions with agreed term or notice period	220.3	274.7
219.6	**274.1**	**Liabilities to financial institutions**	**858.2**	**999.0**

Loans from credit institutions by maturity – Group

	Loans from financial institutions
2024	54.5
2025	54.5
2026	54.5
2027	54.5
2028	0.0
2029	0.0
2030	0.0
2031	0.0
2032 and after	0.0
Gross borrowing	218.2
Accrued interest	1.5
Direct costs and premium/discount	-0.1
Value adjustments	0.0
Net borrowing	219.6

Call/put loans by call/put date.

Loans from credit institutions by maturity – parent bank

	Loans from financial institutions
2024	693.2
2025	54.5
2026	54.5
2027	54.5
2028	0.0
2029	0.0
2030	0.0
2031	0.0
2032 and after	0.0
Gross borrowing	856.8
Accrued interest	1.5
Direct costs and premium/discount	-0.1
Value adjustments	0.0
Net borrowing	858.2

Call/put loans by call/put date.

NOTE 35 – SECURITIES ISSUED

Change in securities issued 2023 – Group

	31.12.22	Issued	Due/redeemed	Other changes incl. currency	31.12.23
Ordinary senior bonds, nominal value	5,179.8	995.0	1,054.1	4.2	5,124.9
Covered bonds, nominal value	16,234.7	2,766.8	2,494.2	14.9	16,522.3
Value adjustments	-146.1	0.0	0.0	13.8	-132.2
Accrued interest	107.2	0.0	0.0	36.3	143.5
Total securities issued	**21,375.7**	**3,761.8**	**3,548.3**	**69.2**	**21,658.5**

Change in securities issued 2023 – parent bank

	31.12.22	Issued	Due/redeemed	Other changes incl. currency	31.12.23
Ordinary senior bonds, nominal value	5,179.8	995.0	1,054.1	4.2	5,124.9
Value adjustments	-134.1	0.0	0.0	47.9	-86.2
Accrued interest	65.0	0.0	0.0	11.5	76.5
Total securities issued	**5,110.7**	**995.0**	**1,054.1**	**63.6**	**5,115.2**

Change in securities issued 2022 – Group

	31.12.21	Issued	Due/redeemed	Other changes incl. currency	31.12.22
Ordinary senior bonds, nominal value	6,397.8	734.6	1,968.4	15.7	5,179.8
Covered bonds, nominal value	17,722.0	1,531.5	3,003.7	-15.0	16,234.7
Value adjustments	86.6	0.0	0.0	-232.6	-146.1
Accrued interest	77.4	0.0	0.0	29.8	107.2
Total securities issued	**24,283.8**	**2,266.1**	**4,972.1**	**-202.2**	**21,375.7**

Change in securities issued 2022 – parent bank

	31.12.21	Issued	Due/redeemed	Other changes incl. currency	31.12.22
Ordinary senior bonds, nominal value	6,397.8	734.6	1,968.4	15.7	5,179.8
Value adjustments	5.8	0.0	0.0	-139.9	-134.1
Accrued interest	57.2	0.0	0.0	7.9	65.0
Total securities issued	**6,460.7**	**734.6**	**1,968.4**	**-116.3**	**5,110.7**

Group	Outstanding volume 31.12.23*	Av erage balance 2023	Weighted effective interest rate 2023	Outstanding volume 31.12.22*	Av erage balance 2022	Weighted effective interest rate 2022
Bond loans	21,647.2	22,029.7	4.51%	21,414.6	22,217.6	2.16%
Securities issued	**21,647.2**	**22,029.7**	**4.51%**	**21,414.6**	**22,217.6**	**2.16%**

* Measured at amortised cost excl. accrued interest on the balance sheet date.

Parent bank	Outstanding volume 31.12.23*	Av erage balance 2023	Weighted effective interest rate 2023	Outstanding volume 31.12.22*	Av erage balance 2022	Weighted effective interest rate 2022
Bond loans	5,124.9	5,314.3	4.90%	5,179.8	5,347.7	2.41%
Securities issued	**5,124.9**	**5,314.3**	**4.90%**	**5,179.8**	**5,347.7**	**2.41%**

* Measured at amortised cost excl. accrued interest on the balance sheet date.

Securities issued by maturity – Group

	Senior bonds	Covered bonds	Total
2024	1,700.0	2,009.0	3,709.0
2025	525.0	2,500.0	3,025.0
2026	750.0	4,750.0	5,500.0
2027	0.0	4,000.0	4,000.0
2028	400.0	2,500.0	2,900.0
2029	1,750.0	0.0	1,750.0
2030	0.0	700.0	700.0
2031	0.0	0.0	0.0
2032 and after	0.0	0.0	0.0
Gross borrowing	5,125.0	16,459.0	21,584.0
Accrued interest	76.5	67.0	143.5
Direct costs and premium/discount	-0.1	63.3	63.2
Value adjustments	-86.2	-46.1	-132.2
Net borrowing	**5,115.2**	**16,543.2**	**21,658.5**

Call/put loans by call/put date.

Securities issued by maturity – Parent bank

	Senior bonds
2024	1,700.0
2025	525.0
2026	750.0
2027	0.0
2028	400.0
2029	1,750.0
2030	0.0
2031	0.0
2032 and after	0.0
Gross borrowing	5,125.0
Accrued interest	76.5
Direct costs and premium/discount	-0.1
Value adjustments	-86.2
Net borrowing	**5,115.2**

Call/put loans by call/put date.

NOTE 36 – OTHER LIABILITIES

Group 31.12.2023	Group 31.12.2022		Parent bank 31.12.2023	Parent bank 31.12.2022
0.0	0.2	Liabilities related to payment obligations	0.0	0.2
317.7	153.0	Provisions for social dividends	317.7	153.0
16.5	14.1	Accounts payable	14.0	11.0
18.8	0.0	Exchanged collateral	18.8	0.0
34.4	32.5	Other liabilities	40.8	125.3
46.4	38.7	Accrued expenses and deferred income	36.2	30.5
433.8	**238.4**	**Other liabilities**	**427.6**	**319.9**

NOTE 37 – PENSION LIABILITIES

Mandatory Occupational Pensions (OTP) are obligatory, and the Group has schemes that satisfy these requirements. Sparebanken Øst has both defined-contribution and defined-benefit plans.

The defined-benefit plans in the Group are closed schemes. New employees receive a pension based on a defined-contribution plan.

Defined-benefit pension scheme
Sparebanken Øst has a collective pension scheme at Storebrand Livsforsikring AS. This is a defined-benefit scheme and includes retirement pensions for scheme members, and spouse and child pensions for members' surviving families. The defined-benefit scheme currently covers 184 persons: 42 active employees, 122 retirement pensioners and 20 who are completely or partly disabled with premium reduction according to degree of disability. The scheme has been closed. Pension liabilities are entered to accounts in accordance with IAS 19, which requires that the present value of pension liabilities minus the market value of pension funds should be included on the balance sheet. Actuarial calculations are carried out each year on the basis of the information provided by the Bank.

Defined-contribution pension scheme

On 1 January 2007, Sparebanken Øst introduced a defined-contribution pension scheme for all new employees in the Bank. The scheme is managed by Storebrand Livsforsikring AS. 5 per cent of salaries up to 7.1G (G = the National Insurance basic amount) and 8 per cent of salaries between 7.1G and 12G are paid. The paid contributions are managed in various Storebrand funds. At the end of the year, the defined-contribution scheme covered 135 employees, seven of whom receive disability pensions. The premiums for these are paid and expensed in 'Salaries, etc.' in the accounts on an ongoing basis.

Subsidiary

AS Financiering has a collective defined-benefit scheme which covers 15 persons, 7 of whom are active and 8 disabled/retired. The scheme has been closed. Eleven employees have defined-contribution schemes, of which one is disabled. Sparebanken Øst Eiendom AS has a defined-benefit scheme that covers one pensioner. The scheme has been closed. Two employees corresponding to 1.2 FTEs have a defined-contribution scheme.

Operating pensions

The Group has separate pension agreements in place for eight people on salaries above 12G, all of whom are no longer employed by the Group. These operating pensions are taken into account in the calculations from the actuary.

Contractual early retirement pension (AFP)

The parent bank is a member of the AFP scheme, which is a collective pension scheme for the sector regulated by tariff agreements in Norway. The AFP scheme is based on a tripartite collaboration between employer organisations, employee organisations and the state. The state covers 1/3 of the AFP pension costs, while companies that are members of the scheme covers 2/3. Companies that participate in the AFP scheme are joint and severally liable for that which shall be paid to the employees who fulfil the terms of the scheme at any given time. All the parent bank's employees are members of the scheme.

For accounting purposes, the scheme is regarded as a defined-benefit multi-company scheme. The Bank is unable to identify its share of the scheme's underlying financial position and result with any sufficient degree of reliability, and for this reason the scheme is entered in the accounts as a defined-contribution scheme. This means that liabilities from the AFP scheme are not capitalised. Premiums for the scheme are expensed as they are incurred.

Contributions to the AFP scheme are included in the accounts under 'Personnel expenses', and comprised NOK 1.9 million in 2023 and NOK 1.8 million in 2022. It is estimated that next year's premium will be NOK 2.2 million.

An employee (member) must meet a number of criteria to be entitled to a contractual early retirement pension (AFP). These include that the member must be an employed and actual employee of an organisation that is affiliated with the scheme at the time of drawing his/her pension, and the member must have been continuously employed for the past 3 years, and have been employed in an organisation affiliated with the scheme for 7 of the past 9 years. AFP provides employees with a lifelong premium to the retirement pension from the National Insurance Scheme.

The scheme is administrated by the 'Fellesordningen for AFP', which also determines and collects the scheme's premium. The premium shall be set such that it is sufficient to cover current costs and also provides a basis for the arrangement of a pension fund.

In 2023, the premium was 2.6 per cent of salary between 1G and 7.1G. The premium rate for 2024 has gone up to 2.7 per cent. The premium model is based on actual paid salary.

There is some undercoverage in the scheme. In the event of any discontinuation of the scheme, the organisations participating in the scheme are obliged to continue premium payments for the coverage of pension payments to employees who have joined or who fulfil the requirements for the contractual early retirement pension (AFP) at the time of discontinuation.

The transitional supplement in the financial services sector was clarified in January 2020. The transitional supplement is a temporary extra benefit for employees who retire on an AFP and stop working. The scheme initially only applied to people born between 1955 and 1960 inclusive and was to be closed to new participants at the end of 2022. In the main negotiations in 2022, the scheme was amended and it was agreed between the parties that the scheme will be closed to new participants in 2024 and will end in 2034. The scheme came into effect on 1 January 2019 and to be entitled to the supplement an employee's income must not have exceeded an average of 6G in the last three years before drawing the pension. The payout period is from age 62 (at the earliest) to 72 and the benefit amounts to 0.15G per year, unchanged for the entire payout period. The scheme will end in 2034. At the end of 2023, 14 people were receiving payments under the scheme. A further 18 people had the right to claim a transitional supplement within the duration of the scheme at the end of 2024. In 2023, NOK 0.2 million was paid in transitional supplements.
The future obligation related to the transitional supplement increased by NOK 0.3 million during 2023 and amounts to NOK 4.2 million at the end of 2023. The liability is recognised under "Other liabilities" on the balance sheet.

Further information about defined-benefit schemes

Remaining qualification period

For the secured schemes, the calculations for Sparebanken Øst and AS Financiering are based on a remaining qualification period for active members of 8 years and 6 years respectively. Sparebanken Øst Eiendom AS has no active members in the scheme.

Actuarial assumptions
Calculations are based on mortality table K2013 and disability tariff KU. The calculations are based on standardised assumptions concerning death and disability trends. A retirement rate is expected that slowly decreases from 8 per cent for the age group 20–24 years, down to 0 per cent for 51-year-olds and older.

Qualification
The qualification period for individual pension rights is calculated from employment by the company until the established retirement age. The actuarial calculation methods are based on the principle of linear earning and allow for future salary and G (the National Insurance basic amount) growth.

Financial assumptions	**2023**	**2022**
Expected return on pension funds, %	3.10	3.00
Discount rate	3.10	3.00
Annual salary growth, %	3.00	3.00
Annual G adjustment	3.25	3.25
Annual pension regulation, %	1.80	1.50

When calculating the pension costs and net pension liabilities, a number of assumptions are used. According to IAS 19, the discount interest rate on each balance sheet date must be determined with reference to the interest rate for corporate bonds of high quality or to government bonds in the absence of a deep market for corporate bonds of high quality, in accordance with the standard's description. The Norwegian market for covered bonds is assessed to have the characteristics that make them suitable to be the basis for the calculation of the discount interest rate.

Sparebanken Øst sets the discount rate on the basis of covered bonds.

Risk assessment
Via defined-benefit pension schemes, the Group is affected by individual risks as a result of uncertainty in conditions and future development. The most central risks are:

Life expectancy: The Group has undertaken to pay the pension for the entirety of the employee's life. Therefore an increase in life expectancy among the members will result in an increased liability for the Group.

Return risk: The Group's pension assets are affected by the actual return on pension funds. A reduction in actual return will therefore result in increased liability for the Group.

Inflation and salary growth risk: The group's pension liability has risk relating to both inflation and salary development, even though salary development is closely related to inflation. Higher inflation and salary developments than those used in the pension calculations will result in increased liabilities for the group.

Pension costs in ordinary result

Group 2023	**Group 2022**		**Parent bank 2023**	**Parent bank 2022**
		Net pension costs, defined-benefit scheme		
5.3	5.7	Present value of annual pension savings	4.8	5.2
1.6	0.6	Interest costs for pension liabilities	1.5	0.6
6.8	**6.3**	**Net pension costs including employers' National Insurance contribution**	**6.3**	**5.8**
0.5	0.6	Payments and changes in provisions for transitional supplement for AFP	0.5	0.6
5.8	4.3	Premium payment, defined-contribution scheme	5.4	3.9
1.9	1.8	Premium payment, AFP scheme	1.9	1.8
15.0	**13.0**	**Total pension costs in ordinary result**	**14.1**	**12.1**

Specification of pension liabilities and pension funds – Group

	2023				2022	
Funded	Unfunded	Total		Funded	Unfunded	Total
			Change in gross pension liability:			
263.5	25.3	288.7	Pension liability as at 1.1.	256.4	25.8	282.2
0.0	0.0	0.0	Additions and disposals	0.0	0.0	0.0
5.1	0.0	5.1	Costs of current period's pension earnings	5.2	0.0	5.2
7.8	0.7	8.5	Interest costs	4.8	0.5	5.3
9.3	0.6	9.8	Actuarial gains and losses	6.9	1.4	8.3
0.0	0.0	0.0	Employee transfer from subsidiary	0.0	0.0	0.0
-10.9	-1.7	-12.6	Disbursement of pension/paid-up policies	-9.9	-2.3	-12.2
274.7	**24.9**	**299.6**	**Gross pension liability as at 31.12**	**263.5**	**25.3**	**288.7**
			Change in gross pension funds:			
236.0	0.0	236.0	Fair value of pension funds as at 1.1	246.8	0.0	246.8
0.0	0.0	0.0	Additions and disposals	0.0	0.0	0.0
6.8	0.0	6.8	Estimated return on pension funds	4.2	0.0	4.2
-10.4	0.0	-10.4	Actuarial gains and losses	-18.7	0.0	-18.7
17.8	0.0	17.8	Premium payments	13.5	0.0	13.5
-10.8	0.0	-10.8	Disbursement of pensions/paid-up policies	-9.8	0.0	-9.8
239.4	**0.0**	**239.4**	**Fair value of pension funds as at 31.12**	**236.0**	**0.0**	**236.0**
35.3	**24.9**	**60.2**	**Net pension liability (+)/- pension funds (-)**	**27.5**	**25.3**	**52.7**

Changes in the commitment:

2023		2022
52.7	**Net pension liability as at 1.1**	**35.4**
0.0	Employee transfer from subsidiary	0.0
6.8	Recognised pension costs (in ordinary result)	6.3
0.0	Additions and disposals	0.0
20.2	Actuarial gains and losses	26.9
-17.8	Paid-in pension premiums	-13.5
-1.8	Pension payments	-2.4
60.2	**Net pension liabilities on balance sheet as at 31.12**	**52.7**
15.1	Expected premium payment next year, defined-benefit scheme	12.7
6.4	Expected premium payment next year, defined-contribution scheme	5.5
2.2	Expected premium payment next year, contractual early retirement pension scheme (AFP)	2.0

	Investment of pension funds in per cent	
4.0%	Shares	4.0%
7.0%	Bonds	6.0%
13.0%	Loans	15.0%
45.0%	Facilities	41.0%
15.0%	Money market	16.0%
2.0%	Business loans	3.0%
14.0%	Property	14.0%
2.0%	Alternative investments	2.0%
1.8%	**Total value-adjusted return**	**-3.1%**

Sensitivity analysis, defined-benefit schemes

The sensitivity analysis is performed by changing an actuarial assumption while simultaneously keeping the other assumptions unchanged. Actual results may differ significantly from these estimates.

	Discount rate		Annual growth in salary/basic amount		Annual pension regulation	
Change in percentage points	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**
Percentage change in pension						
- Pension liability (PBO)	-8.1%	9.1%	2.2%	-2.0%	7.1%	-6.5%
- Net pension costs for the period	-9.4%	10.7%	4.2%	-3.9%	6.8%	-6.2%

The pension liability is particularly sensitive to changes in the discount rate. A reduction in the discount rate will in isolation result in an increase in the pension liability. A reduction in the discount rate of 0.5 percentage points will increase the pension liability by around 9.1 per cent. An increase in salary adjustments and pension regulation will result in an increase in the pension liability.

The maturity structure for the Group's pension liability for the next 10 years was as follows as at 31.12.23.

	Amount	As a percentage of gross pension liability
Under 1 year	9.5	3.2%
Year 2	9.9	3.3%
Year 3	10.2	3.4%
Year 4	11.0	3.7%
Year 5	12.0	4.0%
Years 6–10	80.5	26.9%
Total	133.1	44.4%

Specification of pension liabilities and pension funds – parent bank

2023				2022		
Funded	**Unfunded**	**Total**		**Funded**	**Unfunded**	**Total**
			Change in gross pension liability:			
246.4	24.8	271.2	Pension liability as at 1.1.	239.9	25.3	265.2
0.0	0.0	0.0	Additions and disposals	0.0	0.0	0.0
4.6	0.0	4.6	Costs of current period's pension earnings	4.7	0.0	4.7
7.3	0.7	8.0	Interest costs	4.5	0.5	5.0
8.9	0.5	9.4	Actuarial gains and losses	6.5	1.3	7.8
0.0	0.0	0.0	Employee transfer from subsidiary	0.0	0.0	0.0
-10.2	-1.6	-11.8	Disbursement of pension/paid-up policies	-9.2	-2.3	-11.5
257.0	**24.4**	**281.4**	Gross pension liability as at 31.12	**246.4**	**24.8**	**271.2**
			Change in gross pension funds:			
220.1	0.0	220.1	Fair value of pension funds as at 1.1	230.4	0.0	230.4
0.0	0.0	0.0	Additions and disposals	0.0	0.0	0.0
6.4	0.0	6.4	Estimated return on pension funds	3.9	0.0	3.9
-9.8	0.0	-9.8	Actuarial gains and losses	-17.9	0.0	-17.9
17.2	0.0	17.2	Premium payments	13.0	0.0	13.0
-10.2	0.0	-10.2	Disbursement of pensions/paid-up policies	-9.2	0.0	-9.2
223.6	**0.0**	**223.6**	Fair value of pension funds as at 31.12	**220.1**	**0.0**	**220.1**
33.4	**24.4**	**57.8**	**Net pension liability (+)/- pension funds (-)**	**26.3**	**24.8**	**51.1**

Changes in the commitment:

2023		2022
51.1	**Net pension liability as at 1.1**	**34.8**
0.0	Employee transfer from subsidiary	0.0
6.3	Recognised pension costs (in ordinary result)	5.8
0.0	Additions and disposals	0.0
19.2	Actuarial gains and losses	25.8
-17.2	Paid-in pension premiums	-13.0
-1.6	Pension payments	-2.3
57.8	**Net pension liabilities on balance sheet as at 31.12**	**51.1**
14.3	Expected premium payment next year, defined-benefit scheme	11.9
5.8	Expected premium payment next year, defined-contribution scheme	4.9
2.2	Expected premium payment next year, contractual early retirement pension scheme (AFP)	2.0

	Investment of pension funds in per cent	
4.0%	Shares	4.0%
7.0%	Bonds	6.0%
13.0%	Loans	15.0%
45.0%	Facilities	41.0%
15.0%	Money market	16.0%
2.0%	Business loans	3.0%
14.0%	Property	14.0%
2.0%	Alternative investments	2.0%
1.8%	**Total value-adjusted return**	**-3.1%**

Sensitivity analysis, defined-benefit schemes

The sensitivity analysis is performed by changing an actuarial assumption while simultaneously keeping the other assumptions unchanged. Actual results may differ significantly from these estimates.

	Discount rate		**Annual growth in salary/basic amount**		**Annual pension regulation**	
Change in percentage points	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**
Percentage change in pension						
- Pension liability (PBO)	-8.2%	9.2%	2.2%	-2.1%	7.2%	-6.6%
- Net pension costs for the period	-10.1%	11.5%	4.8%	-4.4%	7.1%	-6.5%

The pension liability is particularly sensitive to changes in the discount rate. A reduction in the discount rate will in isolation result in an increase in the pension liability. A reduction in the discount rate of 0.5 percentage point will increase pension liabilities by around 9.2 per cent. An increase in salary adjustments and pension regulation will result in an increase in the pension liability.

The maturity structure for the parent bank's pension liability for the next 10 years was as follows as at 31.12.23.

	Amount	As a percentage of gross pension liability
Under 1 year	8.9	3.2%
Year 2	9.3	3.3%
Year 3	9.6	3.4%
Year 4	10.2	3.6%
Year 5	11.2	4.0%
Years 6–10	74.8	26.6%
Total	124.0	44.1%

NOTE 38 – SENIOR SUBORDINATED BONDS

Change in senior subordinated bonds 2023 – Group and parent bank

	31.12.22	Issued	Due/redeemed	Other changes incl. currency	31.12.23
Senior subordinated bonds, nominal value	891.3	599.7	0.0	1.7	1,492.7
Value adjustments	0.0	0.0	0.0	0.0	0.0
Accrued interest	4.8	0.0	0.0	10.6	15.4
Total	**896.2**	**599.7**	**0.0**	**12.3**	**1,508.2**

Change in senior subordinated bonds 2022 – Group and parent bank

	31.12.21	Issued	Due/redeemed	Other changes incl. currency	31.12.22
Senior subordinated bonds, nominal value	399.7	491.1	0.0	0.6	891.3
Value adjustments	0.0	0.0	0.0	0.0	0.0
Accrued interest	0.5	0.0	0.0	4.3	4.8
Total	**400.2**	**491.1**	**0.0**	**4.9**	**896.2**

	Outstanding volume 31.12.23*	Av erage balance 2023	Weighted effective interest rate 2023	Outstanding volume 31.12.22*	Av erage balance 2022	Weighted effective interest rate 2022
Senior subordinated bonds (SNPs)	1,492.7	1,167.9	5.05%	891.3	727.9	2.69%
Senior subordinated bonds (SNPs)	**1,492.7**	**1,167.9**	**5.05%**	**891.3**	**727.9**	**2.69%**

* Measured at amortised cost excl. accrued interest on the balance sheet date.

Senior subordinated bonds by maturity

	Senior subordinated bonds
2024	0.0
2025	0.0
2026	0.0
2027	400.0
2028	800.0
2029	0.0
2030	300.0
2031	0.0
2032 and after	0.0
Gross borrowing	1,500.0
Accrued interest	15.4
Direct costs and premium/discount	-7.3
Value adjustments	0.0
Net borrowing	**1,508.2**

Call/put loans by call/put date.

NOTE 39 – SUBORDINATED LOAN CAPITAL

Change in subordinated loan capital 2023 – Group and parent bank

	31.12.22	Issued	Due/redeemed	Other changes incl. currency	31.12.23
Ordinary subordinated loan capital, nominal value	419.9	200.0	220.1	0.1	400.0
Value adjustments	0.0	0.0	0.0	0.0	0.0
Accrued interest	1.0	0.0	0.0	1.4	2.4
Total subordinated loan capital	**420.9**	**200.0**	**220.1**	**1.5**	**402.4**

Change in subordinated loan capital 2022 – Group and parent bank

	31.12.21	Issued	Due/redeemed	Other changes incl. currency	31.12.22
Ordinary subordinated loan capital, nominal value	399.8	200.0	180.1	0.2	419.9
Value adjustments	0.0	0.0	0.0	0.0	0.0
Accrued interest	0.6	0.0	0.0	0.4	1.0
Total subordinated loan capital	**400.4**	**200.0**	**180.1**	**0.6**	**420.9**

	Outstanding volume 31.12.23*	Av erage balance 2023	Weighted effective interest rate 2023	Outstanding volume 31.12.22*	Av erage balance 2022	Weighted effective interest rate 2022
Subordinated bond loan	400.0	414.1	6.13%	419.9	401.3	3.19%
Subordinated loan capital	**400.0**	**414.1**	**6.13%**	**419.9**	**401.3**	**3.19%**

* Measured at amortised cost excl. accrued interest on the balance sheet date.

Subordinated loan capital by maturity

	Subordinated loan capital
2024	0.0
2025	0.0
2026	0.0
2027	0.0
2028	400.0
2029	0.0
2030	0.0
2031	0.0
2032 and after	0.0
Gross borrowing	400.0
Accrued interest	2.4
Direct costs and premium/discount	0.0
Value adjustments	0.0
Net borrowing	**402.4**

Call/put loans by call/put date.

NOTE 40 – ADDITIONAL TIER 1 CAPITAL

Additional Tier 1 capital and interest earned on additional Tier 1 capital are presented as equity.

Change in additional Tier 1 capital 2023 – Group and parent bank

	31.12.22	Issued	Due/redeemed	Other changes	31.12.23
Additional Tier 1 capital, nominal value	350.0	200.0	200.7	0.7	350.0
Value adjustments	0.0	0.0	0.0	0.0	0.0
Accrued interest	2.9	0.0	0.0	0.8	3.7
Hybrid Tier 1 capital loans	**352.9**	**200.0**	**200.7**	**1.5**	**353.7**

Change in additional Tier 1 capital 2022 – Group and parent bank

	31.12.21	Issued	Due/redeemed	Other changes	31.12.22
Additional Tier 1 capital, nominal value	350.0	0.0	0.0	0.0	350.0
Value adjustments	0.0	0.0	0.0	0.0	0.0
Accrued interest	1.9	0.0	0.0	1.1	2.9
Hybrid Tier 1 capital loans	**351.9**	**0.0**	**0.0**	**1.1**	**352.9**

	Outstanding volume 2023*	Av erage balance 2023	Weighted effective interest rate 2023	Outstanding volume 2022*	Av erage balance 2022	Weighted effective interest rate 2022
Additional Tier 1 capital	350.0	350.0	8.17%	350.0	350.0	5.34%
Additional Tier 1 capital	**350.0**	**350.0**	**8.17%**	**350.0**	**350.0**	**5.34%**

* Measured at amortised cost excl. accrued interest on the balance sheet date.

NOTE 41 – EQUITY CERTIFICATES

Earnings per equity certificate

Earnings per equity certificate are calculated by dividing the part of the profit after tax that accrues to equity certificate holders by a weighted average number of outstanding equity certificates during the year.

Sparebanken Øst has issued no options or other instruments that may lead to the dilution of earnings per equity certificate. Diluted earnings per equity certificate will therefore be the same as earnings per equity certificate.

Group 2023	Group 2022		Parent bank 2023	Parent bank 2022
411.3	277.7	Equity certificate holders' and primary capital share of profits	397.4	326.0
117.6	79.4	Profit after tax attributable to equity certificate holders	113.6	93.2
20.7	20.7	Weighted average number of outstanding equity certificates	20.7	20.7
5.67	3.83	Earnings per equity certificate (NOK)	5.48	4.50

Weighted number of equity certificates

2023	
No. of equity certificates in 2023	20,731,183
Total no. of certificates in 2023	20,731,183
2022	
No. of equity certificates in 2022	20,731,183
Total no. of equity certificates in 2022	20,731,183

Nominal value per equity certificate NOK 10.

Equity certificates registered in the CSD give voting rights in accordance with the articles of association. Of the 32 members of the Board of Trustees, 11 are elected by the owners of equity certificates. Owners of equity certificates are eligible to vote in elections from among their number to be members and deputy members of the Board of Trustees of the savings bank. Each equity certificate carries one vote, but no one can vote for more than 10% of all equity certificates or cast more than 20% of the votes represented at the election meeting.

Ownership fraction, parent bank

	01.01.2024	**01.01.2023**
Equity certificate capital	207.3	207.3
Premium reserve	387.8	387.8
Equalisation fund (excl. dividend)	361.1	364.2
Share of Fund for Unrealised Gains	114.4	113.8
Total numerator (A)	1,070.5	1,073.1
Total equity excl. hybrid capital (dividend provisions for the year excluded)	3,745.0	3,753.8
Total denominator (B)	3,745.0	3,753.8
Ownership fraction (A/B) in per cent	**28.59**	**28.59**

The Board's proposed dividend

NOK	**2023**	**2022**
Total dividend paid out	111,948,388	78,778,495
Paid out per equity certificate	5.40	3.80

The largest equity certificate holders as at 31.12.23

	Name	**Number**	**%**		**Name**	**Number**	**%**
1	MP Pensjon	1,467,815	7.08%	11	Bergen Kommunale Pensjonskasse	220,000	1.06%
2	Directmarketing Invest AS	999,500	4.82%	12	Active Portfolio AS	210,000	1.01%
3	VPF Eika Egenkapitalbevis	988,314	4.77%	13	Intertrade Shipping AS	205,000	0.99%
4	KLP	641,465	3.09%	14	Profond AS	168,529	0.81%
5	Foretakskonsulenter AS	589,435	2.84%	15	Morgan Stanley & Co. Internal	135,542	0.65%
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	Hifo Invest AS	108,462	0.52%
9	BKK Pensjonskasse	250,000	1.21%	19	Saturn Invest AS	108,462	0.52%
10	AS Andersen Eiendomselskap	230,900	1.11%	20	Juel, Iver Albert	107,500	0.52%

Board of Trustees	
Jon Aas	28,500
Ole Jørgen Smedsrud	0
Tor Flesaker	0
Nina Wilthil	0
Knut Andersen	0
Morten Ranvik	0
Thomas F. Halvorsen	0
May-Britt Andersen	0
Cato Brekke	0
Kim Mogen Myhre	0
Thor Sigurd Syvaldsen	0
Syed Wali Haider Gilani	0
Trine Astrid Borge Johansen	0
Brynulf Kopperud	649
Ann Kristin Plomås	0
Anette Green	649
Camilla Schenk	649
Gunnar Sanden	1,077
Nathalie S. Evans	649
Knut Helge Jakobsen	0
Silje Wold Rørvik	433
Asbjørn R. Hansen	445,502
Johan H. Vister	13,360
Bent Guttormsen	1,500
Odd Reidar Øie	32,000
Kristin Nystrøm	39,728
Erlend Ramnefjell (representing Investmaer AS)	4,000
Morten A. Yttreeide (representing Yttreeide AS)	10,000
Lars M. Lunde	3,000
Per Fjeld-Olsen (representing Simplian AS)	5,000
Frank Borgen	37,472
Erik Hansen (representing Norsk Hussoppforsikring)	45,000

Board of Directors and related parties	
Øivind Andersson (Chair)	65,000
Cecilie Hagby (Deputy Chair)	0
Jorund Rønning Indrelid	34,485
Arne K. Stokke	6,012
Ole B. Hoen	52,619
Lina Andal Sørby	3,543
Sissel Album Fjeld	2,824
Håvard Saastad	2,649

Executive personnel and related parties	
Pål Strand	40,649
Kjell Engen	433
Ole Sivertsen	649
Espen Sollien	649
Arnljot Lien	649
Anne-Siri Rhoden Jensen	1,065
Thor-Henning Bråthen	2,649
Frode Lindbeck	1,077
Kristoffer Volden	649

Development in equity certificate capital

Year	Issue type	Paid-up equity certificate capital		Total equity certificate capital	
1988	Public issue	NOK	25,000,000	NOK	25,000,000
1989	Issue 1:1	NOK	25,000,000	NOK	50,000,000
1991	Issue 1:2	NOK	25,000,000	NOK	75,000,000
1991	Private placement	NOK	20,000,000	NOK	95,000,000
1993	Converted subordinated loan	NOK	15,531,000	NOK	110,531,000
1993	Issue 1:3	NOK	36,843,700	NOK	147,374,700
1993	Converted subordinated loan	NOK	245,000	NOK	147,619,700
1994	Converted subordinated loan	NOK	5,128,000	NOK	152,747,700
1994	Issue 1:3	NOK	50,915,900	NOK	203,663,600
1995	Converted subordinated loan	NOK	395,000	NOK	204,058,600
1996	Converted subordinated loan	NOK	808,000	NOK	204,866,600
1997	Converted subordinated loan	NOK	7,893,000	NOK	212,759,600
1997	Public issue	NOK	60,000,000	NOK	272,759,600
1999	Issue 1:3	NOK	90,919,900	NOK	363,679,500
2008	Dividend issue	NOK	24,252,400	NOK	387,931,900
2009	Write-down of nominal value from NOK 100 to NOK 20	NOK	310,345,520	NOK	77,586,380
2009	Write-down of nominal value from NOK 20 to NOK 10	NOK	38,793,190	NOK	38,793,190
2009	Preferential rights issue	NOK	168,518,640	NOK	207,311,830

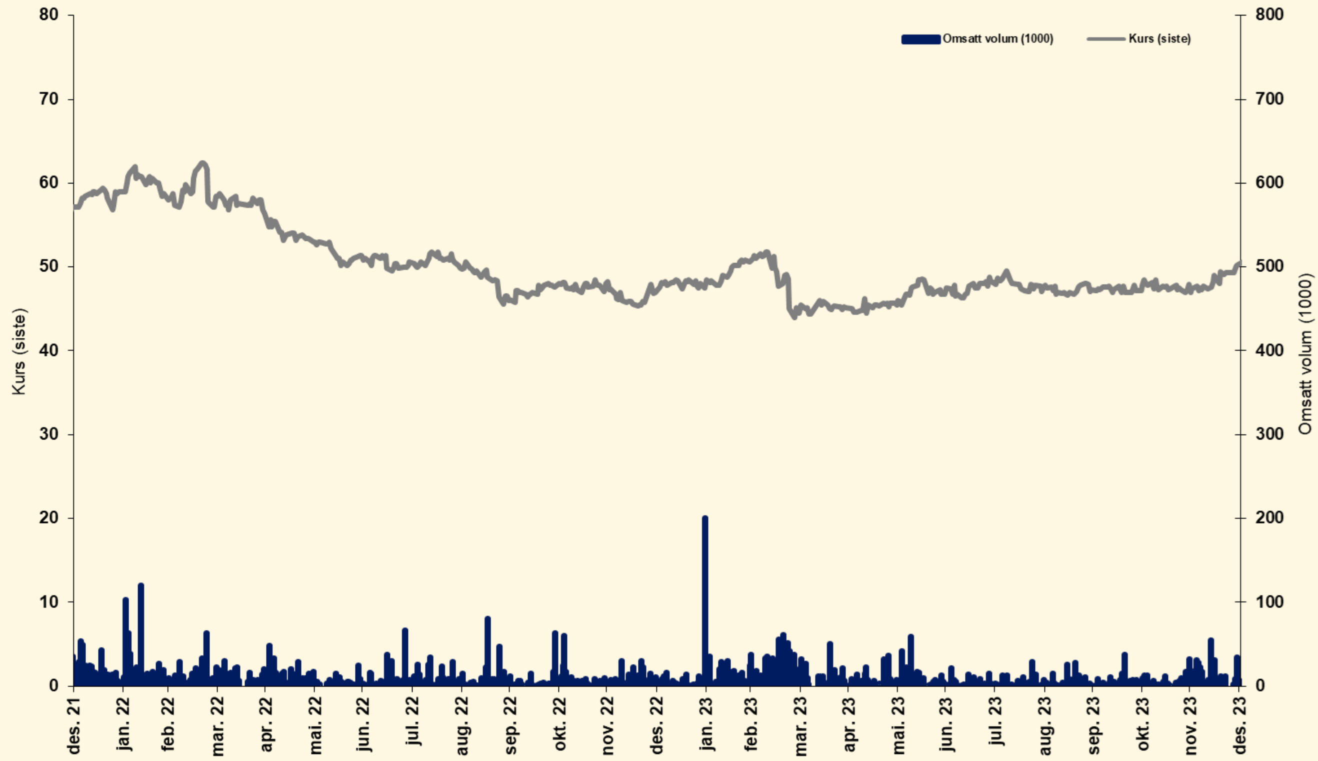
Owner statistics – geographical distribution

	No. of owners	%	No. of equity certificates	%
Abroad	98	2.7%	789,045	3.8%
Drammen	399	11.0%	3,038.819	14.7%
Øvre Eiker	259	7.1%	703,316	3.4%
Rest of Buskerud	108	3.0%	206,118	1.0%
Asker/Bærum	234	6.4%	875,332	4.2%
Oslo	660	18.1%	7,400.881	35.7%
Trondheim	84	2.3%	311,307	1.5%
Bergen	177	4.9%	1,066,469	5.1%
Rest of Norway	1,623	44.6%	6,339,896	30.6%
Total	**3,642**	**100.0%**	**20,731,183**	**100.0%**

Distribution of equity certificates

No. of equity certificates per owner	No. of owners	%	No. of equity certificates	%
1 - 100	717	19.7%	29,570	0.1%
101 - 1,000	1,436	39.4%	678,581	3.3%
1,001 - 10,000	1,172	32.2%	4,332,728	20.9%
10,001 - 100,000	295	8.1%	7,696,224	37.1%
100,001 -	22	0.6%	7,994,080	38.6%
Total	**3,642**	**100.0%**	**20,731,183**	**100.0%**

Sales and price trend in last 2 years



NOTE 42 – RELATED PARTY TRANSACTIONS

Transactions with Group companies

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

Sparebanken Øst sells mortgages to Sparebanken Øst Boligkreditt AS to replenish the cover pool in the mortgage company. This is either to increase the cover pool in connection with the issuance of new covered bonds or to compensate for mortgages that have been moved to other banks or back to the parent bank. In 2023, Sparebanken Øst Boligkreditt AS purchased mortgages from Sparebanken Øst with a net value of NOK 5,489 million, of which purchased mortgages amount to NOK 7,356 million and mortgages sold back amount to NOK 1,867 million. In 2022, the corresponding net value was NOK 4,098 million, of which purchased mortgages amounted to NOK 6,282 million and mortgages sold back amounted to NOK 2,184 million.

Income statement	**2023**	**2022**
Interest income and similar income		
Interest certificates and covered bonds from subsidiaries	0.0	9.6
Interest income from subsidiaries	141.6	72.5
Interest costs and similar costs		
Interest and commission to subsidiaries	24.8	9.1
Commission income and income from banking services		
Other operating income from subsidiaries	31.9	32.8
Other operating income		
Rent from subsidiaries	2.3	2.0
Other operating costs		
Rent to subsidiaries	4.1	3.7
Other costs to subsidiaries	0.9	0.9

Balance sheet	**31.12.23**	**31.12.22**
Loans to and receivables from financial institutions		
Loans to subsidiaries	3,025.2	3,186.0
Lending to customers		
Loans to subsidiaries	7.3	27.4
Certificates and bonds		
Investment in covered bonds in subsidiaries	0.0	0.0
Other assets		
Other receivables	2.3	2.2
Liabilities to financial institutions		
Deposits from subsidiaries	638.6	725.0
Customer deposits		
Deposits from subsidiaries	47.9	70.8
Other liabilities		
Other liabilities to subsidiaries	13.0	103.6

Transactions with the executive management team, the Board of Directors and the Board of Trustees

Amounts in NOK thousands	Executive management team 2023	Executive management team 2022	Board of Directors 2023	Board of Directors 2022	Board of Trustees 2023	Board of Trustees 2022
Loans						
Outstanding loans as at 01.01.	19,109	24,250	19,543	11,253	32,350	47,950
Net change in loans during the period	13,136	-5,140	-3,041	8,290	20,364	-15,600
Outstanding loans as at 31.12.	**32,246**	**19,109**	**16,502**	**19,543**	**52,714**	**32,350**
Interest income	579	320	634	423	1,534	693
Loan losses	0	0	0	0	0	0
Deposits						
Deposits as at 01.01.	3,321	3,186	10,346	9,409	20,957	24,780
Net change in deposits during the period	-1,577	135	-2,398	938	2,987	-3.822
Deposits as at 31.12.	**1,744**	**3,321**	**7,949**	**10,346**	**23,945**	**20,957**
Interest costs	59	11	156	61	745	376
Other income	0	0	0	0	0	0
Guarantees issued	0	0	0	0	0	0

None of the commitments were non-performing as at 31.12.23 or as at 31.12.22

NOTE 43 – COVERED BONDS AND PROVISION OF COLLATERAL

Through its subsidiary Sparebanken Øst Boligkreditt AS, the Group has pledged assets as collateral for issuing covered bonds. The Group has issued a nominal value of NOK 16,459.0 million as at 31.12.2023, and NOK 16,150.0 million as at 31.12.2022.

Pursuant to Section 11-7 of the Norwegian Financial Institutions Regulations, Sparebanken Øst Boligkreditt AS must at all times have an over-collateralisation of the cover pool of at least five per cent of the nominal value of outstanding covered bonds. The cover pool consists mainly of secured mortgage loans, but this also includes derivative contracts and substitute assets in the form of a liquidity buffer. Secured mortgage loans in the cover pool had a loan-to-value ratio of 75 per cent or lower at the time of acquisition. Non-performing loans (stage 3), loan loss provisions and loans with a loan-to-value ratio of more than 80 per cent are excluded from the cover pool.

	Sparebanken Øst Boligkreditt AS 31.12.2023	Sparebanken Øst Boligkreditt AS 31.12.2022
Preferential rights in accordance with Section 11-15 of the Financial Institutions Act (nominal value)	**16,459.0**	**16,150.0**

Cover pool	Sparebanken Øst Boligkreditt AS 31.12.2023	Sparebanken Øst Boligkreditt AS 31.12.2022
Qualified lending secured against property*	18,004.5	17,968.0
Financial derivatives (net)	-49.7	-11.2
Other substitute assets (bank deposits)	911.2	968.5
Total cover pool	**18,866.1**	**18,925.3**
Cover pool utilisation	114%	116%

* NOK 41.4 million of gross lending at Sparebanken Øst Boligkreditt AS does not qualify for the cover pool as at 31.12.23 (NOK 35.7 million as at 31.12.22).

SPAREBANKEN ØST