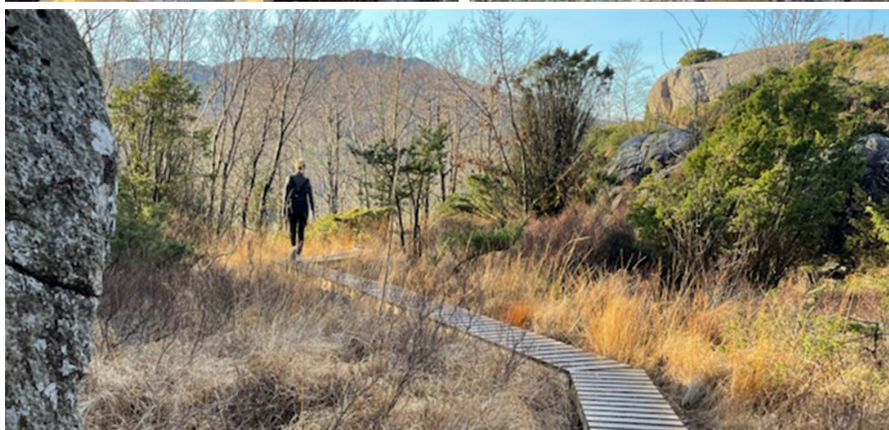




SPAREBANKEN SØR

Q3 2022

(This translation from Norwegian has been prepared for information purposes only.)



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Key figures Group

Income statement (NOK million)	Q3 2022	Q3 2021	30.09 2022	30.09.2021	31.12.2021
Net interest income	609	493	1 685	1 432	1 939
Net commission income	107	98	302	294	419
Net income from financial instruments	- 69	29	- 128	26	0
Income from associated companies	28	34	79	108	174
Other operating income	1	4	4	7	191
Total net income	677	658	1 942	1 867	2 549
Total operating expenses before losses	282	249	834	750	1 018
Operating profit before losses	395	409	1 108	1 117	1 531
Losses on loans, guarantees and unused credit	51	2	59	- 20	- 18
Profit before taxes	344	407	1 049	1 137	1 549
Tax expenses	77	91	234	240	323
Profit for the period	267	315	815	898	1 226
Key figures, income statement					
Return on equity after tax (adjusted for hybrid capital)	7.1 %	9.2 %	7.4 %	8.8 %	9.0 %
Costs as % of income	41.6 %	37.9 %	42.9 %	40.2 %	39.9 %
Costs as % of income, excl. net income from financial instruments	37.8 %	39.6 %	40.2 %	40.7 %	40.0 %
Net interest income as % of average assets	1.60 %	1.37 %	1.12 %	1.34 %	1.35 %
Key figures, balance sheet					
Total assets	150 879	145 431	150 879	145 431	144 182
Average total assets	151 000	143 000	150 000	143 000	143 100
Net loans to customers			122 713	116 539	116 653
Growth in loans as % last 12 mths.			5.3 %	5.4 %	4.5 %
Customer deposits			65 368	65 185	63 146
Growth in loans as % last 12 mths.			0.3 %	7.8 %	5.5 %
Deposits as % of net loans			53.3 %	55.9 %	54.1 %
Equity (incl. hybrid capital)			15 486	14 394	14 941
Losses on loans as % of net loans, annualised			0.17 %	0.01 %	-0.02 %
Other key figures					
Liquidity reserve (LCR) Group			148 %	142 %	140 %
Liquidity reserve (LCR) Group- Euro			2 597 %	637 %	604 %
Liquidity reserve (LCR) Parent Bank			130 %	126 %	127 %
Common equity tier 1 capital ratio			17.5 %	16.2 %	16.4 %
Tier 1 capital ratio			18.9 %	17.6 %	18.1 %
Total capital ratio			21.1 %	19.7 %	20.3 %
Total common equity tier 1 capital ratio			13 569	12 820	13 004
Tier 1 capital ratio			14 692	13 941	14 376
Net subordinated capital			16 412	15 640	16 074
Leverage ratio			9.2 %	9.3 %	9.4 %
Number of branches			35	35	35
Number of FTEs in banking operations			482	452	464
Key figures, equity certificates					
Equity certificate ratio, weighted average over the period			40.0 %	16.0 %	15.7 %
Number of equity certificates issued			41 703 057	15 663 944	15 663 944
Profit/diluted earnings per equity certificate (Parent bank)	1.9	2.1	8.8	9.5	11.8
Profit/diluted earnings per equity certificate (Group)	2.5	3.2	7.4	9.0	12.2
Proposed dividend last year per equity certificate			8.0	14.0	8.0
Paid out dividend last year per equity certificate			8.0	10.4	14.0
Book equity per equity certificate			138.6	137.3	136.4
Price/book equity per equity certificate			0.86	0.97	1.07
Listed price on Oslo Stock Exchange at end of period			119.0	133.0	146.0

Board of Director's report

General

Sparebanken Sør is an independent financial institution that engages in banking, securities trading and real estate brokerage activities in Agder, Rogaland, Vestfold and Telemark.

Real estate agency activities are conducted through the subsidiary Sørmeglere. General and personal insurance products are supplied through Frende, an insurance company partly owned by the Bank. The Bank is also a part owner of Norne Securities, a security trading company, and Brage Finans, a provider of leasing products and vendor's lien.

Highlights in Q3 2022

- Very good growth in net interest income
- Positive development in commission income
- Good profit contributions from associated companies
- Negative profit contribution from the liquidity portfolio, though a positive contribution from basis swaps under other comprehensive income
- Increased model-based loss provisions
- Return on equity after tax of 7.1 percent
- Profit per equity certificate NOK 2.5
- Common equity tier 1 (CET1) ratio of 17.5 percent and a leverage ratio of 9.2 percent

Highlights after 9 months in 2022

- Very good growth in net interest income
- Positive development in commission income
- Negative profit contribution from the liquidity portfolio, though a positive contribution from basis swaps under other comprehensive income
- Cost increase of NOK 44 million related to strategic investment.
- Return on equity after tax of 7.4 percent
- Profit per equity certificate NOK 7.4
- The ownership ratio up from 15 to 40 percent through the conversion of primary capital
- 12-month lending growth of 5.3 percent
- 12-month deposit growth of 0.3 percent

Financial framework conditions

The Norwegian economy has picked up in 2022. Unemployment has fallen significantly since the government withdrew all remaining infection prevention measures in February. Inflation has increased significantly, particularly as a result of higher energy and commodity prices.

In August 2022, the key policy rate was raised from 1.25 to 1.75 percent. In September, the key policy rate was raised by a further 0.5 percentage points to 2.25 percent. As the Norwegian central bank, Norges Bank, assessed the outlook and the risk picture, the key policy rate will most likely be raised further in November 2022. Higher rates are needed to bring inflation down towards the target of 2 percent and a faster rise in interest rates will reduce the risk of price inflation remaining at a high level.

The yields, in both the money and bond markets, rose in the first six months of the year and the third quarter, mainly due to more uncertainty resulting from the situation in Ukraine. The risk premium on bond debt has increased, both domestically and abroad.

At the end of August 2022, the annual growth in the general public's gross domestic debt, C2, was at 5.2 percent. The growth in credit to households and businesses was 4.3 percent and 7.6 percent respectively. Fund management for municipal authorities grew by 3.7 percent.

In March 2022, the requirement for a countercyclical capital buffer was decided to be increased to 2.5 percent with effect from 31 March 2023. In June, it was decided to maintain this requirement. The purpose of the countercyclical capital buffer is to strengthen the banks financial situation and to prevent a more restrictive lending practices by the banks from reinforcing the economic downturn. The buffer requirement had previously been raised to 1.5 percent from 30 June 2022, 2 percent from 31 December 2022 and 2.5 percent from 31 March 2023.

Sustainability (ESG)

Sparebanken Sør has a long tradition as a responsible social actor. Sustainability is embedded and integrated in the Bank's overarching strategy. Sparebanken Sør aims to integrate sustainability in all its operations and in all its business areas and contribute to solutions to the sustainability challenges that society is confronting. This means that the Bank support the Paris Agreement and other relevant global and national initiatives.

In 2018, Sparebanken Sør was the first Norwegian bank to be certified in the area of gender equality and diversity. The bank was recertified in November 2021. In January 2019, Sparebanken Sør was one of the first banks in Norway to establish a green framework for issuing green bonds. The Group issued its first green bonds in November the same year. Frameworks for green, social and sustainable products were established in the summer of 2021. The bank updated its bond framework in the first quarter of 2022 to ensure that financing under the framework is channelled to sustainable activities in accordance with the EU taxonomy. Sparebanken Sør issued NOK 2 billion in the first quarter of 2022 in senior debt under the updated bond framework.

The Bank offers green mortgages, and ESG risk is integrated in the Bank's credit processes. By offering sustainable products, digital services, advice and specification of requirements for customers, the Bank contributes positively to social development through reduced greenhouse gas emissions. The bank worked on its first official ESG rating throughout the summer of 2021 and was rated in the third quarter by Sustainalytics as "low risk" with a score of 11.7. This positions Sparebanken Sør as the best of the Norwegian banks rated by Sustainalytics.

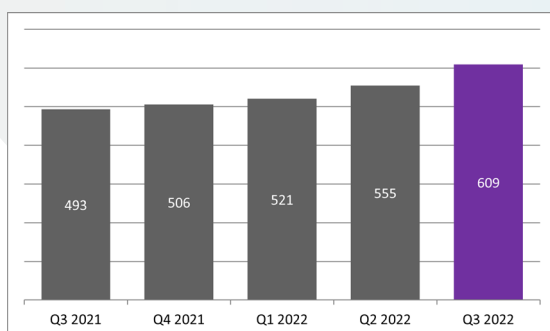
Earnings

Profit before tax amounted to NOK 344 million in Q3 2022, compared with NOK 407 million in the same period in 2021. Return on equity after tax amounted to 7.1 percent in Q3 2022, compared with 9.2 percent in the same period in 2021.

After the third quarter 2022, profit before tax amounted to NOK 1 049 million, compared with NOK 1 137 million in the same period 2021. Return on equity after tax amounted to 7.4 percent after the third quarter of 2022, compared with 8.8 percent in the same period in 2021.

Net interest income

Quarterly net interest income (NOK million)



Net interest income totalled NOK 609 million in Q3 2022, compared with NOK 493 million in Q3 2021, an increase of NOK 116 million.

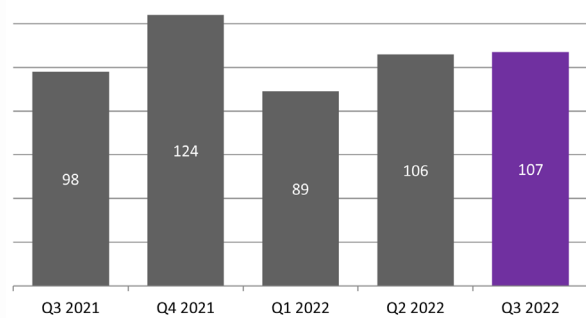
Net interest income increased by NOK 54 million in Q2 2022 compared to Q2 2022, mainly due to changes in the bank's interest rates following Norges Bank's decision to raise the key policy rate. The changes have collectively improved interest rate margins in the third quarter, for both the retail and corporate markets.

Norges Bank raised the key policy rate by 0.50 percentage points in August, to 1.75 percent. Consequently, Sparebanken Sør decided to adjust interest rates on mortgages and deposits by up to 0.50 percentage points. For retail customers, the changed interest rates will take effect from 5 October for existing loans and from 21 October for deposits. Corporate customers have been notified that interest will be raised by up to 0.50 percentage points.

The key policy rate was further increased by 0.50 percentage points in September to 2.25 percent. In this connection, the bank decided to adjust the interest rates on mortgages and deposits by up to 0.50 percentage points. For retail customers, the interest rate change will take effect from 9 November for existing loans and deposits. For business customers, an interest rate increase of up to 0.50 percentage points has been announced for loans.

Commission income

Quarterly net commission income (NOK million)



Net commission income totalled NOK 107 million in Q3 2022, compared with NOK 98 million in Q3 2021.

Gross commission income in Q3 2022 totalled NOK 124 million, compared with NOK 114 million in Q3 2021.

Commission income	Q3 2022	Q3 2021	Change	30.09.2022	30.09.2021	Change
Payment services	56	45	11	151	123	28
Real estate brokerage	38	42	-4	122	140	-18
Mutual fund	8	8	-0	24	23	1
Insurance	12	9	3	38	25	13
Credit procurement and leasing	2	1	1	5	4	1
Other commission income	9	10	-1	24	26	-2
Total	124	114	10	363	341	22

There has been a positive development in commission income from both payment services and insurance (Frende) over the past year. The investments made in insurance, including the acquisition of Sørlandet Forsikringscenter, has had a positive impact on commission income from insurance.

Income from the real estate agency (Sørmegleren) has fallen as a result of lower activity than in the corresponding period in 2021.

Financial instruments

Net income from financial instruments totalled minus NOK -69 million in Q3 2022, compared with NOK 29 million in Q3 2021. The negative profit contribution is mainly due to losses in the bank's liquidity portfolio as a result of higher credit spreads and increased lending margins, which caused accounting losses on the bank's fixed-rate lending. At the reporting date, the liquidity portfolio was valued at NOK 22.1 billion, and comprised of highly liquid covered bonds and certificates issued by the state and municipalities.

Net income from financial instruments	Q3 2022	Q3 2021	Change	30.09.2022	30.09.2021	Change
Bonds and certificates	-39	-9	-30	-130	-28	-102
Shares incl. dividends	1	2	-1	14	20	-6
Fixed rate loans	-50	14	-64	-66	10	-76
Securities issued - hedge accounting	5	15	-10	20	10	10
Repurchase of issued bonds	-0	-0	0	-4	-15	11
Payment services (agio)	8	7	1	23	20	3
Other financial instruments	7	1	6	15	9	7
Total	-69	29	-97	-128	26	-154

The accounting effects linked to hedge accounting are mainly caused by changes in the value of basis swaps. Basis swaps are used to hedge fixed-rate debt issued in Euro. The value of basis swaps fluctuates due to market changes, and the fluctuations are recognised in the income statement continuously. These are hedging instruments, and assuming the underlying bonds are held to maturity, the change in market value over the term of the instruments is zero.

Income from associated companies

Sparebanken Sør has increased its shareholdings in Frende Holding AS and Brage Finans AS in recent years. This due to offer relevant, integrated and sound solutions to our customers as part of the bank's strategic focus. It has also been important for diversifying the Group's sources of income.

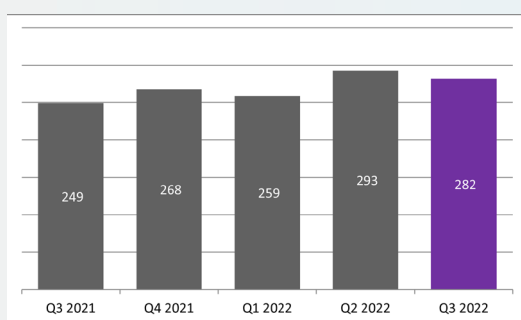
Associated companies		Q3 2022	Q3 2021	Change	30.09.2022	30.09.2021	Change
Frende Holding - 19.8 %	Share of profit	19.4	26.5	-7.1	30.2	77.4	-47.2
	Amort.	-5.5	-5.4	-0.1	-16.3	-16.2	-0.1
	Realisation				24.9		24.9
Brage Finans - 20.8 %	Share of profit	14.1	12.4	1.7	39.7	35.7	4.0
Balder Betaling - 24.8 %	Share of profit	0.2	0.0	0.2	0.2	11.1	-10.9
Total		28.3	33.5	-5.3	78.7	108.0	-29.2

The share of profits from Frende in Q3 2022 was strongly impacted by a negative financial return due to market turmoil. The gain on disposal is due to divestment in Q1 to allow 10 smaller savings banks to come on board as new owners.

In connection with the stepwise acquisition of shares in Frende Holding AS, excess values were identified, which are being amortised over the expected economic lifetime. The Group amortised surplus values of NOK 5.5 million in Q3 2022.

Operating expenses

Quarterly operating expenses (NOK million)



Operating expenses totalled NOK 282 million in the third quarter of 2022, an increase of NOK 33 million compared to the same quarter in 2021. The increase is mainly due to increased personnel costs, as well as increased IT costs and costs for external fees.

Operating expenses	Q3 2022	Q3 2021	Change	30.09.2022	30.09.2021	Change
Wages and fees	115	101	15	352	322	30
Payroll tax	19	16	3	54	48	6
Financial tax	5	5	0	15	14	1
Pension costs	14	14	1	28	40	-11
Other personnel costs	5	5	0	18	15	4
Total personnel costs	159	141	18	468	438	30
Depreciation, amortization and impairment of non-current assets	10	10	0	32	32	0
Marketing	11	9	2	36	27	9
IT costs	52	45	7	155	126	30
Operating cost - real estate	11	8	3	25	19	6
External fees	10	8	2	37	24	13
Wealth tax	5	5	-0	10	16	-7
Other operating expenses	23	23	1	72	68	4
Total other operating expenses	112	98	14	334	280	54
Total Operating expenses	282	249	33	834	750	83

Personnel costs increased both for the parent bank and the Group due to strategic investments. The Group have strengthened its capability in analysis, risk management (IRB) and compliance, and has also reinforced its insurance sales organisation.

The investments in IT and a new data platform are intended to reduce operating costs in the future.

The bank expects a year-on-year cost increase in 2022 of 9 to 10 percent. Growth in costs has been higher than we expected at the start of the year, and as a result, the bank will implement measures related to cost reductions. The bank expects cost inflation in 2023 to be on par with general salary and price growth.

Cost-income ratio amounted to 41.6 percent (37.9 percent) in Q3 2022. Cost-income ratio, excl. financial instruments, accounted for 37.8 percent (36.9 percent).

Losses and non-performing loans

Losses on loans amounted to NOK 51 million in Q3 2022, compared to losses on loans of NOK 2 million in Q3 2021.

Losses on loans increase mainly as a result of increased model-based loss provisions. Model-based losses in the third quarter amounted to NOK 48.8 million, due to a weaker macro picture going forward. In addition, NOK 6.3 million in losses related to fraud cases in the quarter.

Changes in some macroeconomic factors lead to adverse changes in framework conditions, for both the corporate market and the retail market. This applies to sharp increases in electricity prices, but also general inflation and interest rate increases. For some industries, there will also be potential knock-on effects of the war between Russia and Ukraine through disruptions in supply chains, as well as price increases for input factors. Although the bank's corporate customers' direct dependency on imports from or exports to Russia, Belarus or Ukraine is insignificant, some customers may be affected by second and third-hand effects.

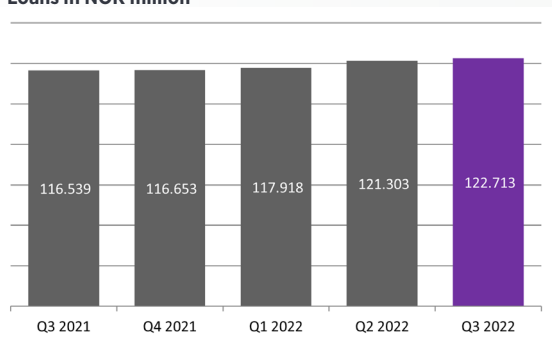
A significant percentage of the bank's corporate portfolio are within property management and are considered as a well-diversified portfolio, with reliable mortgage security and low loan-to-value ratios. In Q2 2022 the bank, therefore, assessed potential negative effects with larger corporate customers. At present, there have been revealed no major problems related to cost gaps or supply problems in large projects the bank has financed. The initiation of new projects within property development, also for building and construction, will be particularly affected by developments in the housing market in the future.

The Group's impairment losses were calculated to be NOK 437 million by the end of Q3 2022, which is equivalent to 0.36 percent of gross loans. The corresponding figures for 2021 were NOK 421 million and 0.36 percent of gross loans.

Non-performing loans were NOK 708 million, down from NOK 870 million in the same period last year. Non-performing loans represented 0.58 percent of gross loans.

Loans

Loans in NOK million



Over the past 12 months net loans increased by NOK 6.2 billion to a total of NOK 122.7 billion, representing a growth of 5.3 percent. Growth in lending in Q3 2022 was NOK 1.4 billion, representing a growth of 4.6 percent.

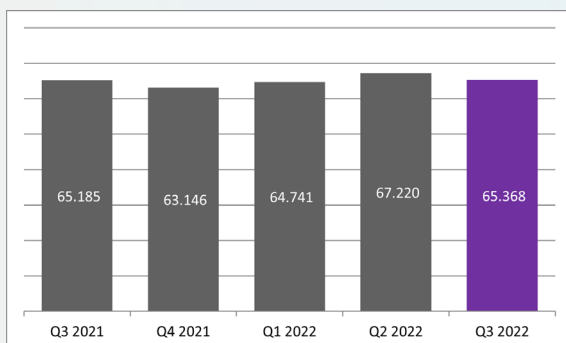
Over the past 12 months, gross loans to retail customers increased by NOK 3.3 billion to NOK 80.2 billion, a growth of 4.4 percent. Annualised growth in lending in Q3 was 3.0 percent. The bank have a goal of increasing market share within the retail market and has a stated goal of achieving growth in loans corresponding to the growth in credit in the region, plus 1 percentage point.

Gross loans to corporate customers increased by NOK 2.7 billion to NOK 42.6 billion over the last 12 months, representing a growth of 6.8 percent. Annualised lending growth in Q3 was 7.5 percent. Growth within the corporate market will fluctuate throughout the year.

Loans to retail customers accounted for 65 percent (66 percent) of total loans at the end of Q3 2022.

Deposits

Deposits in NOK million



Over the past 12 months, customer deposits increased by NOK 0.2 billion to NOK 65.4 billion, a growth of 0.3 percent. This includes accrued interest on deposits, which has increased as a result of a higher interest rate level from NOK 0.1 billion to NOK 0.2 billion.

Deposits from retail customers increased by NOK 0.8 billion to NOK 32.1 billion in the past twelve months, a growth of 2.6 percent.

Deposits from corporate customers decreased by NOK 0.8 billion to NOK 33.0 billion in the past twelve months, a reduction of 2.2 percent.

Deposits in percent of net loans were 53.3 percent at the end of Q3 2022, down from 55.9 percent at the same time in 2021.

Wholesale funding and liquidity portfolio

The Group has a good liquidity situation. The liquidity buffers are adequate, and the maturity structure of the funding is well adapted to the needs of the business. New long-term funding is established through the issuance of covered bonds, senior debt and senior non-preferred. The Group has also arranged for long-term funding in the international market through established EMTN programs.

At the end of Q3 2022, wholesale funding amounted to NOK 56.8 billion, of which 84 percent consisted of covered bonds. Long-term funding (over 1 year maturity) had an average maturity of 4.0 years at the end of the quarter.

The war in Ukraine resulted in a difficult market situation in 2022. Despite this, the bank still issued NOK 200 million in additional Tier 1 bonds (AT1) and 1.25 billion in senior debt on good terms in the third quarter.

The Group's portfolio of interest-bearing securities totalled NOK 22.1 billion as of 30 September 2022. The Group's liquidity reserve (LCR) amounted to 148 percent as at 30 September 2022 (130 percent in the Parent bank).

Rating

Sparebanken Sør has an A1 rating with "Positive Outlook" rated by Moody's. The rating outlook for the bank has been changed from "Stable" to "Positive" in September.

Covered bonds issued by Sparebanken Sør Boligkreditt AS have an Aaa rating from Moody's.

Subordinated capital and capital adequacy

At the end of Q3 2022, net subordinated capital totalled NOK 16.4 billion. Total tier 1 capital totalled NOK 14.7 billion and common tier 1 capital totalled NOK 13.6 billion. On the same date, the (total) capital ratio for the Sparebanken Sør Group was 21.1 percent, the tier 1 capital ratio was 18.9 percent and the common equity tier 1 (CET1) capital ratio was 17.5 percent. The calculations are based on the standard method in the Basel II regulations. Brage Finans AS is proportionally consolidated in accordance with the rules on cooperative groups.

The parent bank had a (total) capital ratio of 22.8 percent, a tier 1 capital ratio of 20.2 percent and a CET1 capital ratio of 18.6 percent at the end of Q3 2022.

The Group met the capital requirements of, respectively, 13.2 percent for CET1, 14.7 percent for tier 1 capital and 16.7 percent for total capital by a solid margin. Based on the new pillar 2 decision from Finanstilsynet (FSA), the Group's internal target for 2022 is a CET1 capital ratio of 16.2 percent.

On 26 April 2022, Sparebanken Sør received Pillar 2 of Finanstilsynet's decision, in connection with the completed SREP (Supervisory Review and Evaluation Process and Pillar 2). Finanstilsynet set the capital requirement under Pillar 2 at 1.7 percent of the calculation basis. This is a reduction of 0.3 percentage points from the current Pillar 2 supplement. In addition, Finanstilsynet considers that the bank should have a capital requirement margin of 1.0 percent in the form of common equity tier 1 capital over the total requirement for common equity tier 1 capital. The Pillar 2 requirement and the capital requirement margin set by the Authority came into force on 30 April 2022.

In March 2022, the requirement for countercyclical capital buffer was decided to be increased to 2.5 percent with effect from 31 March 2023. In June, it was decided to maintain this requirement. The purpose of the countercyclical capital buffer is to make the banks more solid and to prevent the banks' credit practices from reinforcing a setback in the economy. The buffer requirement has previously been decided to be increased to 1.5 percent with effect from 30 June 2022, to 2 percent from 31 December 2022 and to 2.5 percent from 31 March 2023.

The Norwegian Ministry of Finance has amended the statutory regulations to put into effect the EU's Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) IV with effect from 31 December 2019. The systemic risk buffer requirement will be increased from 3.0 to 4.5 percent with effect from 31 December 2022.

Changes in the EU banking regulations (the "banking package") were implemented in Norway from 1 June 2022. This affected, among other things, Part 2 of the SME discount and the introduction of an infrastructure discount. The implementation increased the CET1 ratio in Q2 2022 by 1.0 percentage points.

An important part of the Group's key objectives is to keep the CET1 capital ratio at the same level as that of comparable banks. Sparebanken Sør is the only major regional bank that uses the standard method to calculate capital adequacy, and the Bank currently has a higher leverage ratio than the other regional banks. Sparebanken Sør also aims to have a quality of risk management on a par with comparable banks. The Bank has started a process to develop the Bank's risk management framework and modelling in a way that will make it possible to apply to the FSA for approval of an internal rating-based (IRB) approach to calculate capital requirements. This work has a high priority in the bank, and the bank plans to apply for IRB-F approval by the end of 2023.

The bank considers that an IRB process with subsequent IRB approval in any case contains key elements that are important for the bank's future development. As regards the capital effects of IRB-F, it is expected that these will be on par with the estimated effects of the new standard method coming in Basel IV.

The introduction of the revised Basel III framework ("Basel IV") was due to have been implemented in the EU from 2022 with transition rules up until 2027, but this has been postponed. The Commission has drafted a proposal for the implementation of the last part of the Basel III framework in EU law, and the goal is for the revised regulations (CRR3/CRD6 and BRRD3) to enter into force in the EU from 1 January 2025 at the earliest. The implementation date in Norway will therefore depend on how quickly the new legislative acts can be incorporated into the EEA Agreement, but this will not occur until 1 January 2025 at the earliest. A critical element in the new Basel IV regulations will be the introduction of a new and more risk-sensitive standard method for credit risk which will be beneficial for the Group. Basel IV also indicates that there may be some changes in the IRB regulations.

Given the composition of the Group's loan portfolio, it is expected that the new standard regulations for credit risk will result in a very positive effect for the Group. Based on current information on the regulations and the customers' loan portfolios, it is estimated that this may have a positive effect on CET1 capital ratio of approx. 3.5 percentage points. This corresponds to the estimated effect of implementing IRB-F.

The Group's Leverage Ratio stood at 9.2 percent at the end of Q3 2022, compared with 9.3 percent at the end of Q3 2021. The Bank's capital adequacy is highly satisfactory.

The Bank Resolution and Recovery Directive (BRRD) has introduced a minimum requirement for the sum of subordinated capital and convertible debt (MREL). This entails a new requirement for convertible/non-preferred debt ("Tier 3"), which also applies to Sparebanken Sør. The requirements are determined by FSA on the basis of capital requirements and the current adjusted calculation basis in force at any given time. Based on capital requirements and adjusted calculation basis as of 31 December 2020, the effective MREL requirement is set at 32.0 percent and amounted to NOK 20.2 billion

The authorities have introduced a ceiling provision for the share of subordinated debt, and the requirement must be met by 1 January 2024. From 1. January 2022, the Bank must meet a minimum adjustment requirement of 20.0 percent of the adjusted calculation basis. This requirement is considered the starting level for the linear phasing of the claim for subordination. By the end of Q3 2022, the Bank had issued a total of NOK 4.5 billion of senior non-preferred (Tier 3).

The bank's equity certificates

As of 30 September 2022, the Bank had issued 41 703 057 equity certificates.

Profit (consolidated) per equity certificate amounted to NOK 2.5 per certificate and the comprehensive income amounted NOK 7.4 per certificate after Q3 2022.

The average ownership ratio was 40.0 percent and the ownership fraction will then be kept stable at 40 percent in the future. Hybrid capital, which is classified as equity, is excluded when calculating the ownership ratio.

Dividend policy

Through solid, stable and profitable operations, Sparebanken Sør will ensure that its equity certificate holders achieve a competitive return in the form of dividends and appreciation in the value of their equity certificates.

Profit will be distributed between equity certificate capital (equity certificate owners) and primary capital based on their share of the equity.

In determining the annual dividend, the bank's capital requirements shall be considered, including the government-required requirements for capital adequacy, expectations of investors, as well as the bank's strategic plans.

The aim is for approximately 40 to 50 percent of the equity certificate holders' share of the year's profit after tax to be distributed as a dividend. Dividends are distributed through cash dividends to the owners of equity certificates, customer dividends to the bank's customers and gifts in the regions where the foundation capital is built up.

In a meeting on 31 March 2022, the bank's Board of Trustees decided to raise the ownership ratio from 15 to 40 percent by converting primary capital. Finanstilsynet approved the conversion on 10 June 2022 and the new equity certificates were registered in Foretaksregisteret (Brønnøysund Business Register) on 14 June 2022. A total of 26 039 113 new equity certificates were issued, which will be entitled to dividends for the entire 2022 financial year. One important element going forward will be equal allocation of dividends, and to facilitate this, the ownership ratio will be maintained at 40 percent.

Subsidiaries and partner businesses

The bank's wholly owned subsidiary **Sparebanken Sør Boligkreditt AS** is licensed to issue covered bonds which are used as an instrument in the Bank's long-term funding strategy. As of 30 September 2022, the Bank had transferred NOK 50.9 billion to Sparebanken Sør Boligkreditt AS, equivalent to 63 percent of all loans to the retail market.

The Bank's own real estate business, **Sørmegleren**, is the absolute leader in its field in Southern Norway. Sørmegleren is continuing to grow, and had employed 100 staff in 18 locations at the end of Q3 2022. Business got off to a sluggish start in 2022 as a result of lower activity in the housing market, particularly in the first quarter. Activity levels increased in the second and third quarter. The company posted a profit before tax of NOK 11.7 million after Q3 2022, compared to NOK 30.0 million in the corresponding period last year.

At 1 July 2021, the Bank acquired a 78 percent shareholding in **Sørlandet Forsikringscenter AS**. The Bank has an option to acquire the residual shares in the company. The acquisition increases the Bank's insurance portfolio to NOK 110 million and will provide the Group with a stronger insurance sales organisation. The Group aims to double its insurance income by 2025 and the strategic acquisition will contribute in achieving the ambition.

Frende Holding AS (19.9 percent shareholding) is the parent company of Frende Skadeforsikring AS and Frende Livsforsikring AS, which provides general insurance and life insurance to retail and corporate customers.

Frende Holding AS had a profit before tax in Q3 2022 of NOK 138.5 million, down from NOK 166.4 million in the same period in the previous year. Profit before tax after Q3 2022 was NOK 247.1 million down from NOK 469.7 million in the same period in 2021. The quarter has produced a very good technical profit, which helped offset negative financial results due to turmoil in the financial markets.

Net financial items closed on negative NOK -17.0 million in the third quarter, down from NOK 47.1 million (positive) in the corresponding period 2021. Net financial items after Q3 2022 came in at negative NOK -183.8 million, down from NOK 215.6 million (positive) in the corresponding period 2021.

Frende Skadeforsikring recorded a profit before tax of NOK 130.0 million in Q3 2022, down from NOK 153.7 million in Q3 2021. The profit before tax after Q3 2022 amounted to NOK 268.5 million, compared with NOK 396.7 million in the corresponding period 2021.

The company's written premiums totalled NOK 2 368 million (NOK 2 178 million), distributed among 166 000 customers. At the reporting date, the market share stood at 3.4 percent. The loss ratio so far this year was 58.9 percent (67.9 percent), while the company's combined ratio was 77.3 percent (84.8 percent).

Frende Livsforsikring posted a profit before tax of NOK 14.3 million in the third quarter, compared with NOK 16.9 million in the third quarter of 2021. The profit before tax after Q3 2022 was negative by NOK -4.0 million, compared to a profit of NOK 87.2 million (positive) in the corresponding period of 2021. The risk result has been better than in the same quarter of 2021, but weaker than in previous years, especially within the disability products. The portfolio premium at the end of the quarter was NOK 616 million, up from NOK 560 million at the same time in 2021.

Brage Finans AS (20.8 percent shareholding) is a financing company owned by 23 independent banks. The company was established in 2010 and operates from its head office in Bergen. The company also has sales offices in the Norwegian cities of Kristiansand, Porsgrunn, Sandefjord, Stavanger, Haugesund, Ålesund and Trondheim. The company offers leasing and loans secured by the purchased objects in the corporate and retail markets. Distribution of the products is provided mainly through owner banks and retailers, in addition to the company's own organisation.

Brage Finans has reported yet another good quarter with positive growth in profits and return on equity. Profit before tax in Q3 2022 amounted to NOK 94.6 million, up from NOK 81.3 million in the corresponding period in 2021. The profit resulted in a return on equity of 12.2 percent for the quarter, compared with 13.2 percent for Q2 2021.

Profit before tax after Q3 2022 amounted to NOK 265.6 million, up from NOK 214.4 million in the corresponding period in 2021. The profit resulted in a return on equity of 12.0 percent, up from 11.5 percent in the corresponding period of 2021.

On 30.09.2022, Brage Finans had a gross lending portfolio of NOK 19.5 billion. This represents an increase of NOK 3.1 billion compared with the same time last year and a lending growth of 19 percent. At the end of the reporting period, recognised impairment losses totalled NOK 123.1 million, which corresponds to 0.63 percent of the gross lending portfolio.

Norne Securities AS (14.8 percent shareholding) is an investment company owned by savings banks that offers investment services to the corporate and retail markets.

In Q3 2022, the company posted revenues of NOK 14.3 million (NOK 21.5 million) and had a profit before tax of NOK -2.3 million (NOK 0.3 million). At 30.09.2022, the company posted total revenues of NOK 105.7 million (NOK 79.9 million) and had a profit before tax of NOK 22.0 million (NOK 8.7 million).

The third quarter is normally characterized by low transaction activity, especially during the holiday months of July and August. In 2022, conditions have been particularly demanding. The capital markets have almost been "closed" to new transactions, as shown for the business area of Investment Banking and Stock and bond brokerage for professional investors. Norne works actively, both with new mandates and transactions that have come a long way and will be closed as soon as the markets allow it. Customer activity for retail customers Online, which includes both share and fund trading, has been more profitable than for Investment Banking. To customers in the retail market, Norne develops its services in cooperation with the banks as distribution partners. Within the fund area, Norne offers, among other things, a fund platform that is used by 25 banks. This solution provides significant economies of scale for the banks.

The macro situation is still characterized by uncertainty with high inflation, the war in Ukraine and turbulence in the capital markets. The long-term consequences are uncertain, but the company is very well-positioned for further growth. The year 2022 will be a very good year overall, but the turnover for Q4 is difficult to quantify due to investors' uncertainty about values and subsequent postponements of transactions.

Balder Betaling AS (26.7 percent shareholding) is owned by Sparebanken Sør together with eleven other savings banks. The company has a shareholding of 9.12 percent in Vipps AS and has a goal of developing Vipps together with other owners. Sparebanken Sør thus has an indirect shareholding in Vipps AS of 2.44 percent.

Outlook

The Norwegian economy has picked up in 2022. Unemployment has fallen significantly since the government lifted all remaining infection prevention measures at the start of the year. Inflation has increased significantly, in particular on the back of higher energy and commodity prices. Norges Bank has raised the key policy rate to 2.25 percent and will probably announce further increases in 2022. Norges Bank expects the key policy rate to be around 3 percent by summer 2023. The war in Ukraine has considerably increased uncertainty in the financial markets, resulting in significantly higher credit risk premiums for the bank's financing. How this will affect the bank's customers and how both private individuals and companies will react to the higher cost levels remain unclear. Despite this, the board believes that the bank is well positioned to generate further growth. The bank has a sound financial position and meets its current capital requirements by a comfortable margin. The bank is well equipped to withstand any more challenging developments in the Norwegian economy.

Sparebanken Sør has guidelines adopted by the Board of Directors that ensure that any refinancing in the bond market is normally undertaken well in advance of the final date of maturity. This has contributed to the Bank's solid financing situation. The Bank has a low-risk lending portfolio, and high loss-absorbing capacity through a high equity capital ratio. Bank operations are highly cost effective, with good underlying operations.

Residential property prices in the bank's main markets have shown a positive, though moderate, development over several years. Statistics for the third quarter of 2022 indicate slightly weaker growth in residential property prices in the bank's market area, following very strong growth in the previous 12 months.

The Group has a common Tier 1 capital ratio requirement of 13.2 percent, including Pillar 2 addition of 1.7 percent. The Ministry of Finance has adopted regulations that put into force the EU's capital requirements regulations CRR/CRD IV as of 31 December 2019. One consequence of this was that the systemic risk buffer requirement was increased from 3 to 4.5 percent. The Group applies the standard method and will meet the increased systemic risk buffer requirement effective 31 December 2022. The Group has an internal objective of a common equity tier 1 capital ratio of 16.2 percent by the end of 2022, which takes the forthcoming increase in the system buffer requirement into account. At the end of the third quarter of 2022, the common equity tier 1 capital ratio was 17.5 percent, well above the regulatory requirement and the requirement that enters into force on 31 December 2022.

The Group has a long-term ambition for lending growth in excess of credit growth. The Group has a target on return on equity of 10 percent within 2023 and 11 percent within 2025.

In line with the strategy adopted, the Bank will pay great attention to expenses and long-term value creation. The Bank's investments in technology will continue to contribute to cost-effective operations and make it possible to improve the efficiency of the branch structure. This, together with good-quality credit management, will contribute to continued profitable growth and development for Sparebanken Sør.

Events after the reporting period

There have been no significant events after September 30 2022, that affect the quarterly accounts.

Kristiansand, 27 October 2022

Knut Ruhaven Sæthre
Chairman

Mette Ramfjord Harv
Deputy Chairman

Merete Steinvåg Østby

Erik Edvard Tønnesen

Trond Randøy

Eli Giske

Jan Erling Tobiassen
Employee representative

Gunnhild Tveiten Golid
Employee representative

Geir Bergskaug
CEO

Income statement

PARENT BANK					NOK million		GROUP				
31.12.	30.09.	30.09.	Q3	Q3			Q3	Q3	30.09.	30.09.	31.12.
2021	2021	2022	2021	2022	Notes	2022	2021	2022	2021	2021	
1 206	875	1 364	287	544	Interest income at amortised cost	4	1 017	608	2 624	1 821	2 494
682	504	659	171	252	Interest income at fair value through profit and loss	4	154	70	373	238	326
511	371	688	113	293	Interest expenses	4	563	186	1 312	627	881
1 378	1 008	1 334	344	503	Net interest income	4	609	493	1 685	1 432	1 939
400	273	318	97	113	Commission income		124	114	363	341	484
70	46	73	17	29	Commission expenses		17	17	60	46	66
329	227	245	80	84	Net commission income		107	98	302	294	419
325	325	340	6	1	Dividend		1	6	3	7	7
25	41	- 118	14	- 64	Net income from other financial instruments		- 69	23	- 130	19	- 7
350	365	222	20	- 63	Net income from financial instruments		- 69	29	- 128	26	0
174	108	79	34	28	Income from associated companies		28	34	79	108	174
19	6	5	2	2	Other operating income		1	4	4	7	17
193	114	85	35	30	Total other income		29	38	83	115	191
2 249	1 714	1 886	480	553	Total net income		677	658	1 942	1 867	2 549
475	343	367	116	132	Wages and other personnel expenses		159	142	468	438	606
44	31	31	10	10	Depreciation, amortization and impairment of non-current assets		10	10	32	32	44
348	262	315	89	101	Other operating expenses		112	97	334	280	368
866	636	713	215	243	Total operation expenses before losses		282	249	834	750	1 018
1 383	1 078	1 173	265	310	Operating profit before losses		395	409	1 108	1 117	1 531
- 20	- 22	51	- 1	47	Losses on loans, guarantees and undrawn credit	5	51	2	59	- 20	- 18
1 403	1 100	1 121	266	263	Profit before taxes	2	344	407	1 049	1 137	1 549
214	156	167	56	57	Tax expenses		77	91	234	240	323
1 189	943	954	210	206	Profit for the period		267	315	815	898	1 226
					Minority interests		1	1	1	3	3
1 189	943	954	210	206	Majority interests		267	315	814	895	1 223
46	38	43	8	11	Attributable to additional Tier 1 capital holders		11	8	43	38	46
1 143	906	911	202	196	Attributable to ECC-holders and to the primary capital		256	306	772	858	1 177
1 189	943	954	210	206	Profit for the period		267	315	814	895	1 223
11.5	9.5	8.8	2.1	1.9	Profit/diluted earnings per equity certificate (in whole NOK)		2.5	3.2	7.4	9.0	12.2

Other comprehensive income

PARENT BANK					Mill. kroner		GROUP				
31.12.	30.09.	30.09.	Q3	Q3			Q3	Q3	30.09.	30.09.	31.12.
2021	2021	2022	2021	2022	Notes	2022	2021	2022	2021	2021	
1 189	943	954	210	206	Profit for the period		267	315	815	895	1 223
					Change in value, basis swaps		126	24	255	-32	14
					Tax effect		-32	-6	-64	8	-3
					Total other comprehensive income		95	18	191	-24	11
1 189	943	954	210	206	Comprehensive income for the period		362	334	1 007	874	1 237
					Minority interests						3
					Majority interests		362	334	1 007	874	1 234
11.5	9.5	8.8	2.1	1.9	Comprehensive income/diluted earnings per equity certificate		3,4	3,4	9,3	8,8	12,3

Balance sheet

PARENT BANK				NOK million		GROUP		
31.12.*	31.12.*	30.09.*	30.09.			30.09.	30.09.	31.12.
2020	2021	2021	2022	ASSETS	Notes	2022	2021	2021
1 148	437	799	1 363	Cash and receivables from central banks	11	1 363	799	437
10 936	5 644	9 285	3 436	Loans to credit institutions	11	1 101	5 970	1 789
62 724	67 028	67 893	71 871	Net loans to customers	2,6,7,8,10,11	122 713	116 539	116 653
18 329	17 743	14 929	16 922	Bonds and certificates	11	22 114	18 562	22 062
166	193	193	205	Shares	11	205	193	193
907	367	413	1 080	Financial derivatives	11,12	1 471	1 497	1 104
2 111	2 116	2 116	2 813	Shareholding in group companies		- 0		
1 134	1 201	1 127	1 167	Shareholding in associated companies		1 167	1 127	1 201
41	54	52	65	Intangible assets		75	59	64
				Deferred tax assets		0	-	
430	431	423	431	Property, plant and equipment		456	454	463
96	115	96	115	Other assets		213	231	218
98 022	95 328	97 327	99 467	TOTAL ASSETS	2,11	150 879	145 431	144 182
				LIABILITIES AND EQUITY CAPITAL				
6 765	2 660	2 976	3 708	Liabilities to credit institutions	11	3 621	2 880	2 627
59 883	63 185	65 209	65 393	Deposits from customers	2,9,11	65 368	65 185	63 146
14 149	10 013	10 048	8 808	Liabilities related to issue of securities	11,13	56 802	56 454	56 605
687	322	365	926	Financial derivatives	11,12	2 549	493	844
272	204	161	237	Payable taxes		240	272	310
705	604	519	473	Other liabilities		435	469	395
38	135	128	125	Provisions for commitments		125	128	135
29	41	39	14	Deferred tax		129	7	28
2 002	3 499	3 497	4 470	Senior non-preferred	11	4 470	3 497	3 499
1 653	1 654	1 653	1 656	Subordinated loan capital	11,13	1 656	1 653	1 654
86 185	82 315	84 594	85 809	Total liabilities		135 393	131 037	129 242
1 694	1 692	1 684	4 666	Equity certificate capital	14	4 666	1 684	1 692
1 075	1 335	1 085	1 085	Hybrid capital		1 085	1 085	1 335
9 068	9 986	9 963	7 908	Other equity	15	9 734	11 625	11 914
11 837	13 013	12 732	13 659	Total equity	3,14	15 486	14 394	14 941
98 022	95 328	97 327	99 467	TOTAL LIABILITIES AND EQUITY	2,11	150 879	145 431	144 182

* Reclassification in 2022 according to a changed accounting principle. See note 1 and note 15.

Kristiansand, 27. October 2022

Knut Ruhaven Sæthre
Chairman

Mette Ramfjord Harv
Deputy Chairman

Merete Steinvåg Østby

Erik Edvard Tønnesen

Trond Randøy

Eli Giske

Jan Erling Tobiassen
Employee representative

Gunnhild Tveiten Golid
Employee representative

Geir Bergskaug
CEO

Cash flow statement

PARENT BANK			NOK million	GROUP		
31.12.	30.09.	30.09.		30.09.	30.09.	31.12.
2021	2021	2022		2022	2021	2021
1 911	1 426	1 980	Interest received	2 976	2 129	2 841
-543	-314	- 528	Interest paid	-1 087	-611	-894
683	578	601	Other payments received	253	312	439
-782	-582	- 680	Operating expenditure	- 791	-714	-946
12	7	6	Loan recoveries	6	7	12
-245	-243	- 219	Tax paid for the period	- 325	-323	-346
-30	-22	- 41	Gift expenditure	- 41	-22	-30
3 315	5 233	1 968	Change in customer deposits	1 982	5 259	3 325
-4 421	-5 291	-5 111	Change in loans to customers	-6 324	-5 088	-5 190
-2 104	-1 287	547	Change in deposits from credit institutions	494	-1 044	-1 798
-2 204	-494	-1 477	Net cash flow from operating activities	-2 857	-96	-2 586
37 851	31 790	19 510	Payments received, securities	18 777	29 141	33 658
-37 295	-28 421	-18 749	Payments made, securities	-18 849	-26 181	-34 207
31	19	2	Payments received, sale of property, plant and equipment	11	19	31
-75	-57	- 45	Payments made, purchase of property, plant and equipment	- 44	-58	-76
201	201	136	Payments received, investments in subsidiaries and associates	127	201	201
-88	-81	- 714	Payments made, investments in subsidiaries and associates	- 14	-76	-88
205	234	- 746	Change in other assets	-2 076	117	-324
830	3 686	- 606	Net cash flow from investing activities	-2 069	3 163	-805
5 292	1 651	2 208	Change in loans to credit institutions	688	-3 510	671
-2 003	-2 503	499	Change in deposits from credit institutions	499	-2 502	-2 003
		3 250	Payments received, bond debt	11 000	14 255	15 755
-3 701	-3 700	-3 971	Payments made, bond debt	-8 666	-12 875	-13 460
-265	-201	- 168	Payments made, dividends and interest on hybrid capital	- 168	-201	-265
1 500	1 500	1 000	Issue of senior non-preferred	1 000	1 500	1 500
-420	-298	454	Change in other assets	1 761	-93	222
450	200	200	Issue of hybrid capital	200	200	450
-190	-190	- 450	Deduction of hybrid capital	- 450	-190	-190
		- 13	Payments made, purchase of own equity certificates	- 13		
664	-3 541	3 010	Net cash flow from financing activities	5 851	-3 416	2 680
-711	-349	926	Net change in liquid assets	926	-348	-711
1 148	1 148	437	Cash and cash equivalents as at 1 Jan	437	1 148	1 148
437	799	1 363	Cash and cash equivalents at end of period	1 363	800	437

Statement of change in equity

GROUP	Equity	Premium	Dividend	Hybrid	Primary	Gift	Other	Minority	
NOK million	certificates	Fund	equalization-fund	capital	capital	fund	equity	interests	TOTAL
Balance 31.12.2020	783	451	459	1 075	9 069	80	1 831	4	13 752
Dividend distributed for 2020							- 163		- 163
Profit YtD				38			855	3	895
Interest paid, hybrid capital				- 38					- 38
Issuance of hybrid capital				200					200
Buyback of hybrid capital				- 190					- 190
Trading of own equity certificates	- 8		- 2		- 10				- 20
Other comprehensive income							- 24		- 24
Allocated gift fund						- 21			- 21
Other changes							2		2
Balance 30.09.2021	776	451	457	1 085	9 058	58	2 502	6	14 394
Dividend distributed for 2020							- 56		- 56
Profit YtD			61	8	858	100	- 700	1	328
Interest paid, hybrid capital				- 8					- 8
Issuance of hybrid capital				250					250
Buyback of hybrid capital									0
Trading of own equity certificates	6		1		10				17
Other comprehensive income							34		34
Allocated gift fund						- 18			- 18
Balance 31.12.2021	782	451	520	1 335	9 925	141	1 780	7	14 941
Dividend distributed for 2021							- 125		- 125
Profit YtD				43			771	1	815
Interest paid, hybrid capital				- 43					- 43
Issuance of hybrid capital				200					200
Buyback of hybrid capital				- 450					- 450
Conversion of primary capital basic fund to equity certificates	1 302	1 617			- 2 919				0
Purchase of own equity certificates	- 5		0		- 8				- 13
Other comprehensive income							191		191
Allocated gift fund					- 2	- 27			- 30
Balance 30.09.2022	2 078	2 068	520	1 085	6 996	113	2 616	8	15 486
PARENT BANK									
Balance 31.12.2020*	783	451	459	1 075	9 068		0		11 837
Profit YtD				38			906		943
Interest paid, hybrid capital				- 38					- 38
Issuance of hybrid capital				200					200
Buyback of hybrid capital				- 190					- 190
Trading of own equity certificates	- 8		- 2		- 10				- 20
Other change					- 1				- 1
Balance 30.09.2021*	776	451	457	1 085	9 057	0	906	0	12 732
Profit YtD			61	8	858		- 906		21
Interest paid, hybrid capital				- 8					- 8
Issuance of hybrid capital				250					250
Buyback of hybrid capital				0					0
Trading of own equity certificates	6		1		9				16
Other comprehensive income					1				1
Other changes					1				1
Balance 31.12.2021*	781	451	519	1 335	9 926	0	0	0	13 013
Profit Ytd				43			911		954
Interest paid, hybrid capital				- 43					- 43
Issuance of hybrid capital				200					200
Buyback of hybrid capital				- 450					- 450
Purchase of own equity certificates	- 5		0		- 8				- 13
Conversion of primary capital basic fund to equity certificates	1302	1617			- 2 919				0
Other comprehensive income					- 2				- 2
Balance 30.09.2022	2 078	2 068	519	1 085	6 997	0	911	0	13 659

* Losses on deducted loans relate to losses on loans redeemed.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

1. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Standards for Financial Reporting (IFRS), including IAS 34. Unless otherwise specified, the accounting policies applied are the same as those applied in the annual financial statements for 2021. There are no new standards applicable for 2022 that have had a material impact on the financial statements.

A tax rate of 25 percent has been used when preparing the quarterly accounts.

Change in the Parent bank as of 1.1.2022

Sparebanken Sør Parent bank has previously been prepared in accordance with IFRS and regulations on annual accounts for banks, mortgage companies and financial institutions § 1-4, 2nd paragraph a). From January 1st 2022, the Parent bank accounts (company accounts) have been prepared in accordance with the regulations on annual accounts for banks, mortgage companies and financial institutions § 1-4, 2nd paragraph b). This means that the same principles are used as for IFRS, with the exception of proposed dividends and gifts for distribution that are accounted for in the year that is the basis for the distribution.

Effects in the Parent bank's accounts in connection with the transition to a new principle for accounting for proposed dividends and gifts for distribution are stated in note 15. Comparative figures have been restated.

Discretionary assessments, estimates and assumptions

With the preparation of the financial statements, the management makes discretionary assessments, estimates and assumptions that effects the accounting policies and financial records. Please refer to the annual financial statements for 2021 (Note 2 – Discretionary assessments, estimates and assumptions) for further details.

The financial item losses on loans and undrawn credit, are subject to a significant degree of discretionary assessments. This item was in 2020 and 2021 particularly challenging to quantify, due to the ongoing pandemic. In 2022, there are again major turmoil and fluctuations in the financial market. Many macro parameters pointed upwards from the last six months of 2021 and the first six months of 2022. At the end of the 3rd quarter 2022, there is a significant increase in pessimism in the market with increased commodity prices, an increasing key policy rate, an expected future fall in the property market and an expected future increase in unemployment. Models used to calculate future credit losses contains forward-looking macro data, and in events of major changes to the economy, the current models and parameters must be changed accordingly.

Macro parameters and measures that have been used as input in the loss model is presented in note 5.

2. SEGMENT REPORTING

	BANKING BUSINESS			30.09.2022		
Report per segment			Undistrib.	Total banking	Sørmegleren	Total
Income statement (NOK million)	RM	CM	and elimin.	business		
Net interest and commission income	802	729	154	1 685	0	1 685
Net other operating income	166	64	-97	133	125	258
Operating expenses	352	89	281	722	113	834
Profit before losses per segment	616	704	-224	1 096	12	1 108
Losses on loans and guarantees	16	40	2	59		59
Profit before tax per segment	600	664	-227	1 037	12	1 049
Gross loans to customers	82 752	40 598	-255	123 095		123 095
Impairment losses	-65	-316	0	-382		-382
Net loans to customers	82 687	40 282	-256	122 713		122 713
Other assets			28 038	28 038	128	28 166
Total assets per segment	82 687	40 282	27 782	150 751	128	150 879
Deposits from customers	33 916	27 459	3 993	65 368		65 368
Other liabilities	48 771	12 823	8 304	69 898	128	70 026
Total liabilities per segment	82 687	40 282	12 297	135 266	128	135 393
Equity			15 486	15 486		15 486
Total liabilities and equity per segment	82 687	40 282	27 782	150 751	128	150 879

BANKING BUSINESS

30.09.2021

Report per segment	Undistrib.			Total banking		
Income statement (NOK million)	RM	CM	and elimin.	business	Sørmeglere	Total
Net interest and commission income	859	612	-39	1 432	0	1 432
Net other operating income	134	61	100	295	140	435
Operating expenses	298	80	263	640	110	750
Profit before losses per segment	696	592	-201	1 087	30	1 117
Losses on loans and guarantees	10	-31	1	-20		-20
Profit before tax per segment	686	624	-202	1 107	30	1 137
Gross loans to customers	78 939	37 949	43	116 930		116 930
Impairment losses	-52	-339	0	-391		-391
Net loans to customers	78 887	37 610	43	116 539		116 539
Other assets			28 769	28 769	123	28 892
Total assets per segment	78 887	37 610	28 812	145 308	123	145 431
Deposits from customers	33 110	28 069	4 006	65 185		65 185
Other liabilities	45 777	9 540	10 411	65 729	123	65 852
Total liabilities per segment	78 887	37 610	14 417	130 914	123	131 037
Equity			14 394	14 394		14 394
Total liabilities and equity per segment	78 887	37 610	28 812	145 308	123	145 431

3. SUBORDINATED CAPITAL AND CAPITAL ADEQUACY

MINIMUM CAPITAL REQUIREMENTS

PARENT BANK			NOK million	GROUP		
31.12. 2021	30.09. 2021	30.09. 2022		30.09. 2022	30.09. 2021	31.12. 2021
Minimum capital requirements						
4.50 %	4.50 %	4.50 %	Minimum Tier 1 capital requirements	4.50 %	4.50 %	4.50 %
2.50 %	2.50 %	2.50 %	Conservation buffer	2.50 %	2.50 %	2.50 %
3.00 %	3.00 %	3.00 %	Systemic risk buffer	3.00 %	3.00 %	3.00 %
1.00 %	1.00 %	1.50 %	Counter-cyclical buffer	1.50 %	1.00 %	1.00 %
2.00 %	2.00 %	1.70 %	Pilar 2 requirements	1.70 %	2.00 %	2.00 %
13.00 %	13.00 %	13.20 %	CET1 requirements. incl. Pilar 2	13.20 %	13.00 %	13.00 %
14.50 %	14.50 %	14.70 %	Tier1 Capital requirements. incl. Pilar 2	14.70 %	14.50 %	14.50 %
16.50 %	16.50 %	16.70 %	Total capital requirements. incl. Pilar 2	16.70 %	16.50 %	16.50 %
8 438	8 477	8 454	CET1 requirements. incl. Pilar 2	10 263	10 318	10 308
9 412	9 455	9 415	Tier1 Capital requirements. incl. Pilar 2	11 429	11 508	11 498
10 710	10 759	10 696	Total capital requirements. incl. Pilar 2	12 984	13 096	13 084
2 978	2 859	3 428	Above CET1 requirements. incl. Pilar 2	3 306	2 502	2 696
3 340	2 966	3 552	Above Tier1 Capital requirements. incl. Pilar 2	3 263	2 432	2 878
3 692	3 312	3 921	Above total capital requirements. incl. Pilar 2	3 428	2 544	2 991

PARENT BANK			NOK million	GROUP		
31.12. 2021*	30.09. 2021*	30.09. 2022		30.09. 2022	30.09. 2021	31.12. 2021
13 013	12 732	13 659	Total equity	15 486	14 394	14 941
			Tier 1 capital			
-1 335	-1 085	-1 085	Equity not eligible as common equity tier 1 capital	-1 123	-1 121	-1 371
- 271	- 211	- 416	Share of profit not eligible as common equity tier 1 capital	- 544	- 211	- 271
- 54	- 52	- 65	Deductions for intangible assets and deferred tax assets	- 73	- 64	- 61
- 43	- 41	- 42	Deductions for additional value adjustments	- 31	- 26	- 29
106	- 8	- 168	Other deductions	- 145	- 153	- 204
11 416	11 336	11 882	Total common equity tier 1 capital	13 569	12 820	13 004
			Other tier 1 capital			
1 335	1 085	1 085	Hybrid capital	1 123	1 121	1 371
12 752	12 421	12 967	Total tier 1 capital	14 692	13 941	14 375
			Additional capital supplementary to tier 1 capital			
1 650	1 650	1 650	Subordinated loan capital	1 720	1 699	1 699
1 650	1 650	1 650	Total additional capital	1 720	1 699	1 699
14 402	14 071	14 617	Net subordinated capital	16 412	15 640	16 074
			Minimum requirement for subordinated capital Basel II calculated according to standard method			
22	21	151	Engagements with local and regional authorities	152	22	22
981	874	789	Engagements with institutions	357	580	388
3 137	2 898	4 095	Engagements with enterprises	5 597	4 399	4 688
5 259	5 172	6 981	Engagements with mass market	9 484	7 885	8 045
37 798	39 060	33 953	Engagements secured in property	51 991	56 162	55 290
522	489	430	Engagements which have fallen due	624	588	632
1 823	2 177	1 446	Engagements which are high risk	1 446	2 177	1 823
5 934	5 736	6 185	Engagements in covered bonds	1 479	1 139	1 381
4 899	4 805	5 665	Engagements in collective investment funds	1 487	1 612	1 680
650	433	468	Engagements other	488	458	700
61 022	61 666	60 164	Capital requirements for credit and counterparty risk	73 105	75 023	74 649
0	0	0	Capital requirements for position, currency and product risk	0	0	0
3 878	3 530	3 878	Capital requirements for operational risk	4 638	4 336	4 638
8	10	5	CVA addition	5	10	8
64 908	65 205	64 047	Risk-weighted balance (calculation basis)	77 749	79 368	79 295
17.6 %	17.4 %	18.6 %	Common equity tier 1 capital ratio, %	17.5 %	16.2 %	16.4 %
19.7 %	19.0 %	20.2 %	Tier 1 capital ratio, %	18.9 %	17.6 %	18.1 %
22.2 %	21.6 %	22.8 %	Total capital ratio, %	21.1 %	19.7 %	20.3 %
8.8 %	8.7 %	8.4 %	Leverage ratio	9.2 %	9.3 %	9.4 %

* Reclassification in 2022 according to a changed accounting principle. See note 1 and note 15.

4. INTEREST INCOME AND INTEREST EXPENSES

					Interest income	GROUP				
31.12. 2021	30.09. 2021	30.09. 2022	Q3 2021	Q3 2022	NOK million	Q3 2022	Q3 2021	30.09. 2022	30.09. 2021	31.12. 2021
					<i>Interest income from financial instruments at amortised cost</i>					
62	46	86	14	29	Interest on receivables from credit institutions	9	1	26	3	6
1 144	829	1 277	272	515	Interest on loans given to customers	1 009	608	2 598	1 818	2 488
1 206	875	1 364	287	544	Total interest from financial instruments at amortised cost	1 017	608	2 624	1 821	2 494
					<i>Interest income from financial instruments at fair value</i>					
156	119	100	39	33	Interest on loans given to customers (fixed rate loans)	33	39	100	119	156
139	101	218	31	97	Interest on certificates and bonds	121	31	273	119	169
295	220	318	71	130	Total interest from financial instruments at fair value via profit or loss	154	70	373	238	326
					<i>Interest income from financial instruments at fair value via OCI</i>					
387	284	340	100	121	Interest on loans given to customers (mortgages)					
387	284	340	100	121	Total interest from financial instruments at fair value via OCI					
1 888	1 379	2 022	457	796	Total interest income	1 172	679	2 997	2 059	2 820
					Interest expenses	GROUP				
31.12. 2021	30.09. 2021	30.09. 2022	Q3 2021	Q3 2022	NOK million	Q3 2022	Q3 2021	30.09. 2022	30.09. 2021	31.12. 2021
					<i>Interest expenses from financial instruments at amortised cost</i>					
20	15	40	4	21	Interest on liabilities to credit institutions	21	4	38	14	19
246	179	373	56	173	Interest on customer deposits	174	56	373	178	247
119	88	145	24	54	Interest on issued securities	322	95	764	340	483
31	22	34	7	13	Interest on subordinated loans	13	7	34	22	31
42	27	60	8	19	Interest on senior non-preferred loans	19	8	60	27	42
52	39	36	13	12	Fees to the Norwegian Banks Guarantee Fund and other interest expenses	14	15	43	45	60
511	371	688	113	293	Interest expenses from financial instruments at amortised cost	563	186	1 312	627	881
511	371	688	113	293	Total interest expenses	563	186	1 312	627	881

5. LOSSES ON LOANS, GUARANTEES AND UNDRAWN CREDITS

Provisions for loss allowances and loss expenses for the period are calculated according to the accounting standard IFRS 9 and are based on expected credit loss (ECL) using the 3-stage model described in Note 7 of the 2021 financial statements.

As a result of covid-19, the macro situation changed significantly in 2020, which improved at the end of the year and in 2021. In 2022, the macro picture has again become more uncertain with the war in Ukraine, high inflation and increasing interest rates. The Group's loss provision in Q3 2022 is based on new assumptions.

Model-based losses on loans are based on the Bank's IFRS 9 model. Among others, this model includes variables in a macro model. The macro model looks to the current PD level, and shows the expected development.

The following macro variables have been used when calculating impairment losses, as of September 30 2022:

	2022	2023	2024	2025	2026
Housing price %	5.5	-2.4	1.3	4.1	4.1
Housing price region %	5.5	-2.4	1.3	4.1	4.1
Unemployment %	3.3	3.6	3.7	4.2	4.2
Oil prices, USD	102	83.3	77.8	74	74
Policy rate	1.3	3	3	2.7	2.7
Import-weighted exchange rate	110	110.1	108.1	106.6	106.6
USD	10.4	10.4	10.2	10.1	10.1
CPI	5.4	4.5	3.1	2.5	2.5
Other collateral	5.5	-7	-7	-7	0

Determination of macro variables is mainly based on figures from the Monetary Policy Report from Norges Bank and figures from Statistics Norway. Sparebanken Sør has to a large extent collateralized mortgages on real estate and the determination of these parameters for housing prices (including real estate) are considered to be the parameters that have the most significant effect on LGD (loss given default).

Sensitivity analyses related to the parameters that the Group considers to be most significant in today's situation, are reproduced in the table below.

GROUP	30.09.2022				
Loan loss provisions NOK million	10 percent reduction in collateral	20 percent reduction in collateral	30 percent reduction in collateral	1 percent increase in unemployment	
Loan loss provisions, CM	58	128	208	10	
Loan loss provisions, RM	17	39	65	7	
Total	75	166	273	17	

PARENT BANK	30.09.2022				
Loan loss provisions NOK million	10 percent reduction in collateral	20 percent reduction in collateral	30 percent reduction in collateral	1 percent increase in unemployment	
Loan loss provisions, CM	58	127	207	10	
Loan loss provisions, RM	8	18	31	4	
Total	66	145	237	15	

The bank's loss expenses are presented in the table below.

PARENT BANK					NOK million		GROUP				
31.12. 2021	30.09. 2021	30.09. 2022	Q3 2021	Q3 2022	Loss expense on loans during the period	Q3 2022	Q3 2021	30.09. 2022	30.09. 2021	31.12. 2021	
-12	-20	14	-5	4	Period's change in write-downs stage 1	5	-5	17	-21	-13	
-16	-10	49	3	28	+Period's change in write-downs stage 2	30	3	51	-10	-15	
5	2	-18	0	11	+Period's change in write-downs stage 3	12	2	-14	4	6	
12	10	4	3	0	+ Period's confirmed loss	0	3	4	10	12	
2	3	0	0	0	+ Recognised as interest income	0	0	0	3	2	
12	7	6	1	2	- Period's recoveries relating to previous losses	2	1	6	7	12	
0	0	1	0	0	+ Change in write-downs and guarantees	0	0	2	0	0	
0	0	6	0	6	+ Losses from fraud cases	6	0	6	0	0	
-20	-22	51	-1	47	Loss expenses during the period	51	2	59	-20	-18	

GROUP	Stage 1 Expected losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
NOK million				
Provisions for loan losses as at 01.01.2022	88	135	202	424
Transfers				
Transferred to stage 1	69	-41	-29	0
Transferred to stage 2	-6	7	-1	0
Transferred to stage 3	0	-4	4	0
Losses on new loans	38	80	11	128
Losses on deducted loans *	-19	-35	-40	-94
Losses on older loans and other changes	-65	43	0	-22
Provisions for loan losses as at 30.09.2022	104	185	147	437
Provisions for loan losses	87	158	137	382
Provisions for guarantees and undrawn credits	17	28	10	55
Total provision for losses as at 30.09.2022	104	185	147	437

*Losses on deducted loans relate to losses on loans redeemed.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

PARENT BANK	Stage 1 Expected losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
NOK million				
Provisions for loan losses as at 01.01.2022	83	129	199	411
Transfers				
Transferred to stage 1	67	-39	-28	0
Transferred to stage 2	-6	6	0	0
Transferred to stage 3	0	-4	4	0
Losses on new loans	35	78	11	124
Losses on deducted loans *	-18	-33	-40	-91
Losses on older loans and other changes	-65	40	-2	-27
Provisions for loan losses as at 30.09.2022	97	178	144	418
Provisions for loan losses	80	150	134	364
Provisions for losses on guarantees and undrawn credits	17	28	10	54
Total provision for losses as at 30.09.2022	97	178	144	418

*Losses on deducted loans relate to losses on loans redeemed or transferred between the Bank and Sparebanken Sør Boligkreditt AS.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

GROUP	Stage 1 Expected losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
NOK million				
Provisions for loan losses as at 01.01.2021	101	149	217	468
Transfers				
Transferred to stage 1	40	-38	-2	0
Transferred to stage 2	-5	7	-2	0
Transferred to stage 3	0	-2	2	0
Losses on new loans	23	31	2	56
Losses on deducted loans	-14	-27	-6	-47
Losses on older loans and other changes	-65	19	-9	-55
Provisions for loan losses as at 30.09.2021	80	140	202	421
Provisions for loan losses	68	123	200	391
Provisions for guarantees and undrawn credits	12	17	1	30
Total provision for losses as at 30.09.2021	80	140	202	421

*Losses on deducted loans relate to losses on loans redeemed.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

PARENT BANK	Stage 1 Expected losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
NOK million				
Provisions for loan losses as at 01.01.2021	94	145	217	456
Transfers				
Transferred to stage 1	38	-36	-2	0
Transferred to stage 2	-5	7	-2	0
Transferred to stage 3	0	-2	2	0
Losses on new loans	21	30	1	53
Losses on deducted loans *	-13	-26	-6	-45
Losses on older loans and other changes	-62	17	-12	-57
Provisions for loan losses as at 30.09.2021	74	136	199	409
Provisions for loan losses	63	118	198	379
Provisions for losses on guarantees and undrawn credits	11	17	1	30
Total provision for losses as at 30.09.2021	74	136	199	409

* Losses on deducted loans relate to losses on loans redeemed.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

6. NON-PERFORMING LOANS

All commitments in Stage 3 are defined as being in default. A new definition of default was implemented on 1 January 2021. Under the new definition, payment default is based on a minimum amount of NOK 1 000 for retail customers and NOK 2 000 for corporate customers. However, a new relative limit of 1 percent of the customer's commitment has also been introduced. Both conditions must be met before a default can be said to exist.

In addition to direct payment default, default will also exist in the event of other objective causes or qualitative assessments and loss indications. Default will also exist in the following situations:

Forbearance: This may be defined as a combination of financial difficulties and concessions on the part of the bank, where the bank has granted terms that would not have been granted to a healthy customer.

Unlikeliness to pay: This may relate to breaches of covenant or other information about the customer whose impact on the probability of default must be evaluated.

New contagion and quarantine rules have also been introduced, which means that if a joint loan is defaulted, co-borrowers will be tainted, and there will be a quarantine period of 3 to 12 months from the date on which the default is cleared until the customer is declared healthy.

PARENT BANK			NOK million	GROUP		
31.12. 2021	30.09. 2021	30.09. 2022		30.09. 2022	30.09. 2021	31.12. 2021
691	788	553	Total non-performing loans (step 3)	708	870	783
199	199	144	Impairment losses in stage 3	147	202	202
492	588	409	Net non-performing loans	561	669	581
28.8 %	25,3 %	26.0 %	Provisioning non-performing loans	20.8 %	23,1 %	25.8 %
1.03 %	1,15 %	0.77 %	Total non-performing loans in % of gross loans	0.58 %	0,74 %	0.67 %

7. IMPAIRMENT LOSSES BY SECTOR, INDUSTRY AND STAGE

Impairment losses by sector and industry

PARENT BANK				NOK million	GROUP			
Stage 1	Stage 2	Stage 3	Total impairment losses as of 30.09.2022		Total impairment losses as of 30.09.2022	Stage 3	Stage 2	Stage 1
8	13	28	49	Retail customers	70	31	24	14
0	0	0	0	Public administration	0	0	0	0
2	2	3	7	Primary Industry	7	3	2	2
2	2	3	7	Manufacturing industry	7	3	2	2
22	49	25	96	Real estate development	95	25	47	23
5	4	21	30	Building and construction industry	30	21	4	5
45	82	43	170	Property management	168	43	80	45
1	1	1	2	Transport	2	1	1	1
2	9	10	22	Retail trade	22	10	9	2
1	1	2	3	Hotel and restaurants	3	2	1	1
2	2	0	4	Housing cooperatives	4	0	2	2
1	4	8	14	Financial/commercial services	14	8	4	1
6	8	1	14	Social services	15	1	8	6
97	178	144	418	Total impairment losses on loans, guarantees and undrawn credit	437	147	185	104
80	150	134	364	Impairment losses on lending	382	137	158	87
17	28	10	54	Impairment losses on unused credits and guarantees	55	10	28	17
97	178	144	418	Total impairment losses	437	147	185	104

Industries are presented based on official industrial codes and are grouped as the Group reports these internally.

8. MIGRATION OF GROSS LOANS

PARENT BANK				30.09.2022		GROUP			
NOK MILLION									
Stage 1*	Stage 2	Stage 3	Total	GROSS LOANS		Total	Stage 3	Stage 2	Stage 1*
57 884	8 860	668	67 413	Gross loans as at 01.01		117 049	762	11 047	105 240
2 670	-2 499	-171	-0	Transferred to stage 1		-0	-196	-3 442	3 638
-2 830	2 842	-12	0	Transferred to stage 2		0	-26	4 356	-4 330
-71	-59	130	0	Transferred to stage 3		0	252	-105	-146
-1 101	23	-41	-1 120	Net change on present loans		-2 977	-45	-65	-2 868
21 200	3 944	105	25 249	New loans		37 929	118	4 301	33 510
-15 736	-3 110	-173	-19 020	Derecognised loans		-28 618	-190	-3 619	-24 809
-287			-287	Change in value during the period		-287			-287
61 728	10 001	505	72 234	Gross loans as at 30.09		123 095	674	12 473	109 948
			47 092	Of which loan at amortised cost		118 506			
			20 554	Of which loan at fair value through OCI					
			4 588	Of which loan at fair value		4 588			
80	150	134	364	Impairment losses on lending		382	137	158	87
0.13 %	1.50 %	26.53 %	0.50 %	Impairments in % of gross loans		0.31 %	20.36 %	1.27 %	0.08 %
74 167	11 064	553	85 784	Commitments		141 643	708	13 681	127 254
97	178	144	418	Impairment losses on commitments		437	147	185	104
0.13 %	1.61 %	26.03 %	0.49 %	Impairments in % of commitments		0.31 %	20.76 %	1.35 %	0.08 %

PARENT BANK				30.09.2021		GROUP			
NOK MILLION									
Stage 1*	Stage 2	Stage 3	Total	GROSS LOANS		Total	Stage 3	Stage 2	Stage 1*
53 704	8 503	936	63 143	Gross loans as at 01.01		112 006	977	9 697	101 332
2 021	-2 005	-16	-0	Transferred to stage 1		-0	-27	-2 496	2 523
-2 250	2 271	-20	-	Transferred to stage 2		0	-19	3 119	-3 099
-69	-38	106	-0	Transferred to stage 3		-0	168	-58	-109
-5 761	261	-76	-5 576	Net change on present loans		-7 205	-79	200	-7 327
21 913	2 572	6	24 492	New loans		35 612	7	2 680	32 924
-11 533	-1 942	-174	-13 649	Derecognised loans		-23 346	-181	-2 326	-20 839
-137			-137	Change in value during the period		-137			-137
57 888	9 622	762	68 272	Gross loans as at 30.09		116 930	845	10 816	105 268
			43 312	Of which loan at amortised cost		111 679			
			19 709	Of which loan at fair value through OCI					
			5 252	Of which loan at fair value		5 252			
63	118.3	198	379	Impairment losses on lending		391	200	123	68
0.11 %	1.23 %	25.97 %	0.56 %	Impairments in % of gross loans		0.33 %	23.71 %	1.14 %	0.06 %
69 533	10 740	870	81 143	Commitments		131 998	870	11 977	119 151
74	135.6	199	409	Impairment losses on commitments		421	202	140	80
0.11 %	1.26 %	22.86 %	0.50 %	Impairments in % of commitments		0.32 %	23.19 %	1.17 %	0.07 %

* Loans at fair value have previously been reported on a separate row in note 8 in the quarterly accounts for 2021. These loans are included in the annual report as part of step 1.

This is because these loans are valued on an ongoing basis at fair value and are not included in the model calculations in accordance with IFRS 9.

PARENT BANK

30.09.2021				NOK MILLION		30.09.2022			
Stage 1	Stage 2	Stage 3	Total	GROSS LOAN ASSESSED AT AMORTISED COST	Total	Stage 3	Stage 2	Stage 1	
34 001	6 013	817	40 832	Gross loans assessed at amortised cost 01.01	43 129	627	6 438	36 064	
1 434	-1 429	-5	-0	Transferred to stage 1	-0	-171	-2 108	2 279	
-1 545	1 556	-11	0	Transferred to stage 2	0	-6	2 297	-2 291	
-68	-36	103	0	Transferred to stage 3	0	101	-43	-58	
-5 456	274	-68	-5 250	Net change on present loans	-727	-41	21	-708	
11 723	1 227	-1	12 949	New loans	12 595	95	2 441	10 058	
-4 103	-983	-134	-5 220	Derecognised loans	-7 904	-166	-1 747	-5 991	
35 988	6 623	701	43 312	Gross loan assessed at amortised cost 30.09	47 092	440	7 299	39 353	

PARENT BANK

30.09.2021				NOK MILLION		30.09.2022			
Stage 1	Stage 2	Stage 3	Total	GROSS LOAN THROUGH OTHER COMPREHENSIVE INCOME	Total	Stage 3	Stage 2	Stage 1	
14 758	1 864	112	16 735	Gross loan through other comprehensive income 01.01	19 280	41	2 422	16 817	
379	-370	-9	0	Transferred to stage 1	0	-1	-390	391	
-501	505	-5	0	Transferred to stage 2	0	-6	545	-539	
-1	-2	3	-0	Transferred to stage 3	0	29	-15	-14	
-67	2	-8	-72	Net change on present loans	-117	-0	2	-118	
9 697	1 248	7	10 952	New loans	11 995	9	1 503	10 483	
-6 958	-908	-40	-7 906	Derecognised loans	-10 604	-8	-1 363	-9 233	
17 308	2 339	61	19 709	Gross loan through other comprehensive income 30.09	20 554	65	2 703	17 787	

9. CUSTOMER DEPOSITS BY SECTOR AND INDUSTRY

PARENT BANK			NOK million	GROUP		
31.12.2021	30.09.2021	30.09.2022		30.09.2022	30.09.2021	31.12.2021
31 173	31 317	32 118	Retail customers	32 122	31 320	31 177
9 158	10 042	9 988	Public administration	9 989	10 043	9 159
832	899	863	Primary industry	863	899	832
1 917	1 547	2 174	Manufacturing industry	2 175	1 547	1 917
850	742	828	Real estate development	797	710	802
1 586	1 478	1 588	Building and construction industry	1 588	1 478	1 587
3 240	4 050	3 954	Property management	3 954	4 050	3 240
718	523	573	Transport	573	523	718
1 397	1 924	1 351	Retail trade	1 351	1 924	1 398
262	328	352	Hotel and restaurant	352	328	262
168	170	178	Housing cooperatives	178	170	168
5 185	5 221	4 751	Financial/commercial services	4 752	5 222	5 186
6 691	6 856	6 427	Social services	6 427	6 856	6 692
8	113	247	Accrued interests	247	113	8
63 185	65 209	65 393	Total deposits from customers	65 368	65 185	63 146

The breakdown is based on official industry codes and corresponds to the Groups internal reporting.

10. LOANS TO CUSTOMERS BY SECTOR AND INDUSTRY

PARENT BANK			NOK million	GROUP		
31.12.2021	30.09.2021	30.09.2022		30.09.2022	30.09.2021	31.12.2021
29 357	29 466	30 782	Retail customers	80 191	76 848	77 549
430	544	273	Public administration	273	545	431
1 381	1 278	1 467	Primary industry	1 576	1 384	1 497
764	790	901	Manufacturing industry	965	854	840
3 666	4 258	4 358	Real estate development	4 326	4 218	3 632
1 433	1 436	1 772	Building and construction industry	2 069	1 695	1 726
19 579	20 018	21 695	Property management	21 759	20 078	19 648
500	505	416	Transport	503	591	594
1 401	1 251	1 496	Retail trade	1 621	1 371	1 519
400	404	389	Hotel and restaurant	418	430	430
1 494	1 473	1 606	Housing cooperatives	1 610	1 475	1 496
929	923	826	Financial/commercial services	1 114	1 157	1 198
5 950	5 815	6 050	Social services	6 413	6 140	6 322
128	112	204	Accrued interests	257	144	167
67 412	68 272	72 234	Total gross loans	123 095	116 930	117 049
384	379	364	Impairment losses on lending	382	391	397
67 028	67 893	71 871	Total net loans	122 713	116 539	116 653

*Impairment losses on lending relate only to loans to customers and do not include impairment losses on unused credit and guarantees. Impairment losses in this note are not comparable to other figures relating to losses.

The breakdown is based on official industry codes and corresponds to the Group's internal reporting.

PARENT BANK				NOK million	GROUP			
Recognized value	Fair value			30.09.2021	Recognized value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognized at amortised cost								
799		799		Cash and receivables from central banks	799		799	
9 285		9 285		Loans to credit institutions	5 970		5 970	
42 933			42 933	Net loans to customers (floating interest rate)	111 287			111 287
Assets recognized at fair value								
5 252			5 252	Net loans to customers (fixed interest rate)	5 252			5 252
19 708			19 708	Net loans to customers (mortgages)				
14 929		14 929		Bonds and certificates	18 562		18 562	
193	9		184	Shares	193	9		184
413		413		Financial derivatives	1 497		1 497	
93 513	9	25 427	68 077	Total financial assets	143 561	9	26 829	116 723
Liabilities recognized at amortised cost								
2 976		2 976		Liabilities to credit institutions	2 880		2 880	
65 209			65 209	Deposits from customers	65 185			65 185
10 048		10 070		Liabilities from issue of securities	56 454		56 646	
3 497		3 527		Senior non-preferred	3 497		3 527	
1 653		1 678		Subordinated loan capital	1 653		1 678	
Liabilities recognized at fair value								
365		365		Financial derivatives	493		493	
83 747	-	18 616	65 209	Total financial liabilities	130 161	-	65 223	65 185

PARENT BANK				NOK million	GROUP			
Recognized value	Fair value			31.12.2021	Recognized value	Fair value		
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets recognized at amortised cost								
437		437		Cash and receivables from central banks	437		437	
5 644		5 644		Loans to credit institutions	1 789		1 789	
42 750			42 750	Net loans to customers (floating interest rate)	111 650			111 650
Assets recognized at fair value								
5 003			5 003	Net loans to customers (fixed interest rate)	5 003			5 003
19 275			19 275	Net loans to customers (mortgages)				
17 743		17 743		Bonds and certificates	22 062		22 062	
193	9		184	Shares	193	9		184
367		367		Financial derivatives	1 104		1 104	
91 412	9	24 191	67 212	Total financial assets	142 238	9	25 392	116 836
Liabilities recognized at amortised cost								
2 660		2 660		Liabilities to credit institutions	2 627		2 627	
63 185			63 185	Deposits from customers	63 146			63 146
10 013		10 029		Liabilities from issue of securities	56 605		56 710	
3 499		3 512		Senior non-preferred	3 499		3 512	
1 654		1 669		Subordinated loan capital	1 654		1 669	
Liabilities recognized at fair value								
322		322		Financial derivatives	844		844	
81 331	-	18 191	63 185	Total financial liabilities	128 373	-	65 361	63 146

Movement level 3

GROUP

NOK million	Net loans to customers	Of which credit risk	Shares
Recognized value as at 01.01.2021	5 575	25	160
Acquisitions Q1, Q2 and Q3	625		18
Of which, transferred from level 1 or 2			
Change in value recognized during the period	-137	12	7
Disposals Q1, Q2 and Q3	-811		-1
Reclassified as associated company			
Recognized value as at 30.09.2021	5 252	37	184
Acquisitions Q4	192		1
Of which, transferred from level 1 or 2			
Change in value recognized during the period	- 4	12	- 1
Disposals Q4	- 437		0
Reclassified as associated company			
Recognized value as at 31.12.2021	5 003	50	184
Acquisitions Q1, Q2 and Q3	693		10
Of which, transferred from level 1 or 2			
Change in value recognized during the period	-287	- 58	3
Disposals Q1, Q2 and Q3	-820		-
Reclassified as associated company			
Recognized value as at 30.09.2022	4 588	-8	198

PARENT BANK

NOK million	Net loans to customers	Of which credit risk	Shares
Recognized value as at 01.01.2021	22 304	25	160
Acquisitions Q1, Q2 and Q3	3 604		18
Of which, transferred from level 1 or 2			
Change in value recognized during the period	- 137	12	6
Disposals Q1, Q2 and Q3	- 811		- 1
Reclassified as associated company			
Recognized value as at 30.09.2021	24 960	37	184
Acquisitions Q4	193		1
Of which, transferred from level 1 or 2			
Change in value recognized during the period	- 4	12	- 0
Disposals Q4	- 870		0
Reclassified as associated company			
Recognized value as at 31.12.2021	24 278	50	184
Acquisitions Q1, Q2 and Q3	1 963		10
Of which, transferred from level 1 or 2			
Change in value recognized during the period	- 287	- 58	3
Disposals Q1, Q2 and Q3	- 821		- 0
Reclassified as associated company			
Recognized value as at 30.09.2022	25 133	-8	198

Sensitivity analysis

Changes in value as a result of a change in credit spread of 10 basis points.

GROUP / PARENT BANK

NOK million	30.09.2022	30.09.2021	31.12.2021
Loans to customers	20	19	20
- of which loans to corporate market (CM)	1	1	1
- of which loans to retail market (RM)	19	18	19

12. FINANCIAL DERIVATIVES, COLLATERAL RECEIVED AND OFFSETTING

Sparebanken Sør and Sparebanken Sør Boligkreditt AS have agreements that regulate counterparty risk and netting of derivatives.

ISDA agreements have been concluded with financial counterparties where a supplementary agreement has been signed with regard to collateral (CSA). Through the agreements, the Group has the right to offset balances if certain events occur. The amounts are not offset in the balance sheet due to the fact that the transactions are normally a gross settlement. Sparebanken Sør (parent bank) has also entered into an agreement on clearing derivatives where the counterparty risk is transferred to a central counterparty (clearing house) that calculates the need of collateral. The assets and liabilities are presented in the table below.

GROUP						30.09.2022
NOK million	Book value	Financial instruments	Financial derivatives - presented as net	Delivered/received collateral	Net	
Derivatives - assets	1 471	658	813	- 764	49	
Derivatives - liabilities	-2 549	- 658	-1 891	0	- 1 891	
Net	-1 078	0	-1 078	- 764	- 1 842	

GROUP						30.09.2021
NOK million	Book value	Financial instruments	Financial derivatives - presented as net	Delivered/received collateral	Net	
Derivatives - assets	1 497	345	1 152	- 460	692	
Derivatives - liabilities	- 493	- 345	- 147	259	111	
Net	1 005	0	1 005	- 202	803	

PARENT BANK						30.09.2022
NOK million	Book value	Financial instruments	Financial derivatives - presented as net	Delivered/received collateral	Net	
Derivatives - assets	1 080	267	813	- 764	48	
Derivatives - liabilities	- 926	- 267	- 659	0	- 659	
Net	154	0	154	- 764	- 611	

PARENT BANK						30.09.2021
NOK million	Book value	Financial instruments	Financial derivatives - presented as net	Delivered/received collateral	Net	
Derivatives - assets	413	218	196	- 25	171	
Derivatives - liabilities	- 365	- 218	- 147	155	7	
Netto	48	0	48	130	179	

13. DEBT SECURITIES AND SUBORDINATED LOAN CAPITAL

Debt securities - Group

NOK million	30.09.2022	30.09.2021	31.12.2021
Bonds, nominal value	59 324	55 883	56 227
Value adjustments	-2 676	447	242
Accrued interest	154	123	136
Debt incurred due to issuance of securities	56 802	56 454	56 605

Change in debt securities - Group

NOK million	31.12.2021	Issued	Matured/ Redeemed	Other changes during the period	30.09.2022
Bonds, nominal value	56 227	11 000	-8 666	763	59 324
Value adjustments	242			-2 918	-2 676
Accrued interest	136			18	154
Debt incurred due to issuance of securities	56 605	11 000	-8 666	-2 137	56 802

Debt securities - Parent bank

NOK Million	30.09.2022	30.09.2021	31.12.2021
Bonds, nominal value	8 930	9 950	9 950
Value adjustments	-182	35	11
Accrued interest	60	62	52
Debt incurred due to issuance of securities	8 808	10 048	10 013

Change in debt securities - Parent bank

NOK million	31.12.2021	Issued	Matured/ Redeemed	Other changes during the period	30.09.2022
Bonds, nominal value	9 950	3 250	-3 971	-299	8 930
Value adjustments	11			-193	-182
Accrued interest	52			8	60
Debt incurred due to issuance of securities	10 013	3 250	-3 971	-483	8 808

Change in subordinated capital - Parent bank and Group

NOK million	31.12.2021	Issued	Matured/ Redeemed	Other changes during the period	30.09.2022
Subordinated loans	1 650	0	0		1 650
Accrued interest	4			3	6
Total subordinated loan capital	1 654	0	0	3	1 656

Change in non-preferred senior debt - Parent bank and Group

NOK million	31.12.2021	Issued	Matured/ Redeemed	Other changes during the period	30.09.2022
Non-preferred senior debt	3 500	1 000	0	0	4 500
Value adjustments	-7			-36	-42
Accrued interest	5			7	12
Total non-preferred senior debt	3 499	1 000	0	-29	4 470

14. EQUITY CERTIFICATE HOLDERS

The 20 largest equity certificate holders as at 30.09.2022 were as follows:

		Number	Share of			Number	Share of
	NAME	of EC	EC-CAP. %		NAME	of EC	EC-CAP. %
1.	Sparebankstiftelsen Sparebanken Sør	34 027 792	81.60	11.	Sparebanken Sør	132 272	0.32
2.	EIKA utbytte VPF c/o Eika kapitalforv.	730 097	1.75	12.	Ottersland AS	100 000	0.24
3.	Pareto Invest Norge AS	317 309	0.76	13.	DNB Luxembourg S.A.	100 000	0.24
4.	Drangslund Kapital AS	302 107	0.72	14.	MP Pensjon PK	85 523	0.21
5.	Glastad Capital AS	200 000	0.48	15.	Lombard Int Assurance S.A.	82 800	0.20
6.	Wenaasgruppen AS	186 000	0.45	16.	Geir Bergskaug	75 691	0.18
7.	Hamjern Invest AS	180 099	0.43	17.	Gunnar Hillestad	74 438	0.18
8.	Gumpen Bileiendom AS	174 209	0.42	18.	Alf Albert	73 235	0.18
9.	KLP Gjensidige Forsikring	163 300	0.39	19.	Apriori Holding AS	72 575	0.17
10.	Allumgården AS	151 092	0.36	20.	K.T. Brøvig Invest AS	72 000	0.17
Total - 10 largest certificate holders		36 432 005	87.36	Total - 20 largest certificate holders		37 300 539	89.44

As of 1 January 2022, the ownership ratio was 15.7 percent. Hybrid capital, classified as equity, has been excluded when calculating the ownership ratio. As of 30 September 2022, the ownership ratio was 40.0 percent.

The equity certificate capital amounted to NOK 2 085 152 850 distributed over 41 703 057 equity certificates, each with a nominal value of NOK 50. At the reporting date, Sparebanken Sør owned 132 272 of its own equity certificates.

15. EFFECTS OF THE TRANSITION TO "REGULATORY IFRS" IN PARENT BANK

Changes in the accounting principle for the Parent bank has led to a reclassification of liabilities related to proposed dividends and gift funds as discussed in note 1. The effect of reclassification for previous periods is shown in the table below.

The change in principle has not resulted in a change in items in the income statement, other comprehensive income, or cash flow.

Effects of the transition to "regulatory IFRS" - Parent bank

NOK million	Reported	Reclassifi-	Adjusted	Reported	Reclassifi-	Adjusted	Reported	Reclassifi-	Adjusted
	31.12.2020	cation	31.12.2020	30.09.2021	cation	30.09.2021	31.12.2021	cation	31.12.2021
TOTAL ASSETS	98 022		98 022	97 327		97 327	95 328		95 328
Total liabilities	85 886	299	86 185	84 480	115	84 595	82 050	266	82 315
Total equity	12 136	-299	11 837	12 847	-115	12 732	13 278	-266	13 013
TOTAL LIABILITIES AND EQUITY	98 022		98 022	97 327		97 327	95 328		95 328

The Group's risk management procedures ensure that the Group's risk exposure is known at all times and are instrumental in helping the Group to achieve its strategic objectives and comply with legal and regulatory requirements. Governing targets are established for the Group's overall risk level and each specific risk area, and systems are in place to calculate, manage and control risk. The aim of capital management is to ensure that the Group has an acceptable tier 1 capital ratio, is financially stable and achieves a satisfactory return commensurate with its risk profile. The Group's total capital ratio and risk exposure are monitored through periodic reports.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties failing to meet their obligations. One of the key risk factors relating to Sparebanken Sør's operations is credit risk. Future changes in the Bank's losses will also be impacted by general economic trends. This makes the granting of credit and associated processes one of the most important areas for the Bank's risk management.

Credit risk is managed through the Group's strategy and policy documents, credit routines, credit processes, scoring models and authority mandates.

Market risk

Market risk generally arises from the Group's unhedged transactions in the interest rate, currency and equity markets. Such risk can be divided into interest rate risk, currency risk, share risk and spread risk, and relates to changes in results caused by fluctuations in interest rates, market prices and/or exchange rates. The Board of Directors establishes guidelines and limits for managing market risk.

Liquidity risk

Liquidity risk relates to Sparebanken Sør's ability to finance its lending growth and fulfil its loan obligations subject to market conditions. Liquidity risk also includes risk of the financial markets that the Group wishes to use ceasing to function. The Board of Directors establishes guidelines and limits for the management of liquidity risk.

Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failing internal processes, procedures or systems, human error or malpractice, or external events. Examples of operational risk include undesirable actions and events such as IT systems failure, money laundering, corruption, embezzlement, insider dealing, fraud, robbery, threats against employees, breaches of authority and breaches of established routines, etc.

Business risk

Business risk is defined as the risk of unexpected fluctuations in revenue based on factors other than credit risk, liquidity risk, market risk and operational risk. This risk could, for example, derive from regulatory amendments or financial or monetary policy measures, including changes in fiscal and currency legislation, which could have a negative impact on the business.

All risks at Sparebanken Sør must be subject to active and satisfactory management, based on objectives and limits for risk exposure and risk tolerance established by the Board of Directors.

Quarterly trend in results

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Profit (NOK million)					
Net interest income	609	555	521	506	493
Net commission income	107	106	89	124	98
Net income from financial instruments	-69	-33	-26	-26	29
Income from associated companies	28	24	27	66	34
Other operating income	1	1	1	11	4
Total net income	677	654	612	682	658
Total operating expenses before losses	282	293	259	268	249
Operating profit before losses	395	361	352	414	408
Losses on loans, guarantees and undrawn credits	51	11	-2	2	2
Profit before taxes	344	351	355	412	406
Tax expenses	77	77	79	83	91
Profit for the period	267	273	276	328	315
Profit as % of average assets					
Net interest income	1.60 %	1.48 %	1.44 %	1.39 %	1.37 %
Net commission income	0.28 %	0.28 %	0.24 %	0.34 %	0.27 %
Net income from financial instruments	-0.18 %	-0.09 %	-0.07 %	-0.07 %	0.08 %
Income from associated companies	0.07 %	0.06 %	0.07 %	0.18 %	0.09 %
Other operating income	0.00 %	0.00 %	0.00 %	0.03 %	0.01 %
Total net income	1.78 %	1.75 %	1.69 %	1.88 %	1.82 %
Total operating expenses before losses	0.74 %	0.78 %	0.72 %	0.74 %	0.69 %
Operating profit before losses	1.04 %	0.97 %	0.97 %	1.14 %	1.13 %
Losses on loans, guarantees and undrawn credit	0.13 %	0.03 %	-0.01 %	0.01 %	0.01 %
Profit before taxes	0.91 %	0.94 %	0.98 %	1.13 %	1.13 %
Tax expenses	0.20 %	0.21 %	0.22 %	0.23 %	0.25 %
Profit for the period	0.70 %	0.73 %	0.76 %	0.90 %	0.88 %
Key figures, income statement					
Return on equity after tax (adjusted for hybrid capital)	71 %	72 %	78 %	94 %	92 %
Costs as % of income	41.6 %	44.8 %	42.4 %	39.3 %	37.9 %
Costs as % of income, excl. net income from financial instruments	37.8 %	42.7 %	40.6 %	37.9 %	39.6 %
Key figures, balance sheet					
Total assets	150 879	151 803	148 072	144 182	145 431
Average total assets	151 000	150 000	147 000	144 200	143 000
Net loans to customers	122 713	121 303	117 918	116 653	116 539
Growth in loans as %, last 12 mths.	5.3 %	5.4 %	4.5 %	4.5 %	5.4 %
Customer deposits	65 368	67 220	64 741	63 146	65 185
Growth in deposits as %, last 12 mths.	0.3 %	1.8 %	6.4 %	5.5 %	7.8 %
Deposits as % of net loans	53.3 %	55.4 %	54.9 %	54.1 %	55.9 %
Equity (incl. hybrid capital)	15 486	15 165	15 163	14 941	14 394
Losses on loans as % of net loans, annualised	0.17 %	0.04 %	-0.01 %	0.01 %	0.01 %
Other key figures					
Liquidity reserves (LCR), Group	148 %	160 %	156 %	140 %	142 %
Liquidity reserves (LCR), Group- EUR	2 597 %	805 %	2628 %	604 %	637 %
Liquidity reserves (LCR), Parent Bank	130 %	152 %	138 %	127 %	126 %
Common equity tier 1 capital ratio	17.5 %	17.4 %	16.7 %	16.4 %	16.2 %
Tier 1 capital ratio	18.9 %	18.9 %	18.4 %	18.1 %	17.6 %
Total capital ratio	21.1 %	21.2 %	20.5 %	20.3 %	19.7 %
Common equity tier 1 capital	13,569	13,388	13,252	13,004	12,820
Tier 1 capital	14,692	14,525	14,633	14,376	13,941
Net subordinated capital	16,412	16,245	16,346	16,074	15,640
Leverage ratio	9.2 %	9.0 %	9.3 %	9.4 %	9.3 %
Number of branches	35	35	35	35	35
Number of FTEs in banking operations	482	474	471	464	452
Key figures, equity certificates					
Equity certificate ratio	40.0 %	40.0 %	15.5 %	15.7 %	16.0 %
Number of equity certificates issued	41 703 057	41 703 057	15 663 944	15 663 944	15 663 944
Profit per equity certificate (Parent Bank)	1.9	2.0	5.0	2.4	2.1
Profit per equity certificate (Group)	2.5	2.4	2.6	3.2	3.2
Dividend last year per equity certificate (Parent Bank)	138.6	135.2	132.7	136.4	137.3
Dividend paid last period per equity certificate	0.86	1.00	1.18	1.07	0.97
Book equity per equity certificate	119.0	134.5	157.0	146.0	133.0

	31.12. 2021	31.12. 2020	31.12. 2019	31.12. 2018	31.12. 2017	31.12. 2016
Income statement (NOK million)						
Net interest income	1 939	1 914	1 926	1 729	1 679	1 565
Net commission income	419	347	344	318	312	293
Net income from financial instruments	0	40	24	2	88	224
Other operating income	191	143	74	23	18	28
Total net income	2 549	2 444	2 368	2 072	2 097	2 110
Total operating expenses before losses	1 018	958	918	884	811	787
Operating profit before losses	1 531	1 486	1 450	1 188	1 286	1 323
Losses on loans and guarantees	- 18	83	-17	-36	20	50
Profit before taxes	1 549	1 403	1 467	1 224	1 266	1 273
Tax expenses	323	307	342	285	282	284
Profit for the period	1 226	1 096	1 125	939	984	989
Profit as a percentage of average assets						
Net interest income	1.35 %	1.36 %	1.53 %	1.46 %	1.53 %	1.49 %
Net commission income	0.29 %	0.25 %	0.27 %	0.27 %	0.28 %	0.28 %
Net income from financial instruments	0.00 %	0.03 %	0.02 %	0.00 %	0.08 %	0.21 %
Other operating income	0.13 %	0.10 %	0.06 %	0.02 %	0.02 %	0.03 %
Total net income	1.78 %	1.74 %	1.88 %	1.75 %	1.92 %	2.01 %
Total operating expenses before losses	0.71 %	0.68 %	0.73 %	0.75 %	0.74 %	0.75 %
Operating profit before losses	1.07 %	1.06 %	1.15 %	1.00 %	1.17 %	1.26 %
Losses on loans and guarantees	-0.01 %	0.06 %	-0.01 %	-0.03 %	0.02 %	0.05 %
Profit before taxes	1.08 %	1.00 %	1.17 %	1.03 %	1.16 %	1.21 %
Tax expenses	0.23 %	0.22 %	0.27 %	0.24 %	0.26 %	0.27 %
Profit for the period	0.86 %	0.78 %	0.89 %	0.79 %	0.90 %	0.94 %
Key figures, income statement						
Return on equity after tax (adjusted for hybrid capital)	9.0 %	8.4 %	9.5 %	8.5 %	9.7 %	11.3 %
Costs as % of income	39.9 %	39.2 %	38.8 %	42.7 %	38.7 %	37.3 %
Costs as % of income, excl. net income from financial instruments	40.0 %	39.9 %	39.2 %	42.7 %	40.4 %	41.7 %
Key figures, balance sheet						
Total assets	144 182	142 126	129 499	121 125	114 310	105 455
Average total assets	143 100	140 400	125 900	118 600	109 500	104 950
Net loans to customers	116 653	111 577	106 334	102 942	97 518	90 928
Growth in loans as %, last 12 mths.	4.5 %	4.9 %	3.3 %	5.6 %	7.2 %	2.9 %
Customer deposits	63 146	59 833	57 949	56 537	55 580	51 562
Growth in deposits as %, last 12 mths.	5.5 %	3.3 %	2.5 %	1.7 %	7.8 %	6.6 %
Deposits as % of net loans	54.1 %	53.6 %	54.5 %	54.9 %	57.0 %	56.7 %
Equity (incl. hybrid capital)	14 941	13 752	13 081	11 845	11 108	10 051
Losses on loans as % of net loans, annualised	-0.02 %	0.07 %	-0.01 %	-0.17 %	0.02 %	0.05 %
Gross non-performing loans (over 90 days) as % of gross lending	IA	0.29 %	0.27 %	0.21 %	0.28 %	0.30 %
Other key figures						
Liquidity reserves (LCR), Group	140 %	173 %	148 %	159 %	139 %	128 %
Liquidity reserves (LCR), Group- EUR	604 %	107 %	1 168 %	4 727 %	3 105 %	
Liquidity reserves (LCR), Parent Bank	127 %	154 %	140 %	180 %	134 %	119 %
Common equity tier 1 capital ratio	16.4 %	15.7 %	15.7 %	14.8 %	14.9 %	14.7 %
Tier 1 capital ratio	18.1 %	17.1 %	17.6 %	16.6 %	16.7 %	16.0 %
Total capital ratio	20.3 %	19.1 %	20.3 %	18.7 %	18.9 %	17.9 %
Common equity tier 1 capital	13 004	12 204	11 356	10 517	9 890	9 114
Tier 1 capital	14 376	13 315	12 767	11 591	10 965	9 939
Net total primary capital	16 074	14 864	14 686	13 096	12 347	11 121
Leverage ratio	9.4 %	8.9 %	9.3 %	9.1 %	9.2 %	8.6 %
Number of branches	35	35	34	34	34	34
Number of FTEs in banking operations	464	442	429	434	432	439
Key figures, equity certificates						
Equity certificate ratio before profit distribution	15.7 %	17.3 %	17.2 %	17.9 %	18.7 %	19.8 %
Number of equity certificates issued	15 663 944	15 663 944	15 663 944	15 663 944	15 663 944	15 663 944
Profit per equity certificate (Parent Bank)	11.8	10.5	9.3	7.7	8.9	8.5
Profit per equity certificate (Group)	12.2	11.3	11.7	10.1	11.2	10.7
Dividend last year per equity certificate (Parent Bank)	8.0	14.0	0.0	6.0	6.0	6.0
Book equity per equity certificate	136.4	140.0	128.5	123.2	120.0	115.2
Price/book value per equity certificate	1.07	0.82	0.86	0.79	0.87	0.79
Listed price on Oslo Stock Exchange at end of period	146.0	114.5	110.0	96.9	104.0	91.3

Calculations

	Q3	Q2	Q1	Q4	Q3	30.09	30.09	31.12.
NOK million	2022	2022	2022	2021	2021	2022	2021	2021
Return on equity adjusted for hybrid capital								
Profit after tax	267	273	276	328	315	815	895	1 223
Interest on hybrid capital	-11	-21	-12	-9	-8	-43	-38	-46
Profit after tax, incl. Interest on hybrid capital	257	252	264	320	306	773	858	1 177
Opening balance, equity	15 165	15 163	14 941	14 394	14 076	14 941	13 752	13 752
Opening balance, hybrid capital	-1 085	-1 335	-1 335	-1 085	-1 085	-1 335	-1 075	-1 075
Opening balance, equity excl. hybrid capital	14 080	13 828	13 606	13 309	12 991	13 606	12 677	12 677
Closing balance, equity	15 486	15 165	15 163	14 941	14 394	15 486	14 394	14 941
Closing balance, hybrid capital	-1 085	-1 085	-1 335	-1 335	-1 085	-1 085	-1 085	-1 335
Closing balance, equity excl. hybrid capital	14 401	14 080	13 827	13 606	13 309	14 401	13 309	13 606
Average equity	15 325	15 164	15 052	14 668	14 235	15 213	14 073	14 347
Average equity excl. Hybrid capital	14 240	13 954	13 717	13 458	13 150	14 003	12 993	13 142
Return on equity	6.9 %	7.2 %	7.4 %	8.9 %	8.8 %	7.2 %	8.5 %	8.5 %
Return on equity, excl. hybrid capital	7.1 %	7.2 %	7.8 %	9.4 %	9.2 %	7.4 %	8.8 %	9.0 %
Net interest income, incl. interest on hybrid capital								
Net interest income, incl. interest on hybrid capital	609	555	521	506	493	1 685	1 432	1 939
Interest on hybrid capital	-11	-21	-12	-9	-8	-43	-38	-46
Net interest income, incl. interest on hybrid capital	598	535	509	498	485	1 642	1 395	1 892
Average total assets	151 000	150 000	147 000	144 200	143 000	149 042	143 000	143 100
As percentage of total assets	1.57 %	1.43 %	1.40 %	1.37 %	1.35 %	1.47 %	1.30 %	1.32 %
Profit from ordinary operations (adjusted earnings)								
Net interest income, incl. Interest on hybrid capital	598	535	509	498	485	1 642	1 395	1 892
Net commission income	107	106	89	124	98	302	294	419
Share of profit from associated companies	28	24	27	66	34	79	108	174
Other operating income	1	1	1	0	4	4	7	7
Operating expenses	282	278	267	281	249	834	750	1 031
Profit from ordinary operations (adjusted earnings), before tax	453	388	359	408	371	1 193	1 053	1 461
Losses on loans, guarantees and undrawn credits	51	11	- 2	2	2	59	- 20	- 18
Profit excl. finance and adjusted for non-recurring items	402	378	362	406	369	1 134	1 074	1 479
Tax (25 %) adjusted for tax, share of profit associated companies	93	88	84	85	84	264	241	326
Ordinary operations /adjusted earnings after losses and tax	309	289	278	321	285	870	832	1 153
Average equity, excl. hybrid capital	14 240	13 954	13 717	13 458	13 150	14 003	12 993	13 142
Return on equity, profit excl. finance and adjusted for non-recurring items	8.6 %	8.3 %	8.2 %	9.5 %	8.6 %	8.3 %	8.6 %	8.8 %
Average interest rates/margins								
Average lending rate RM (return)	2.86 %	2.52 %	2.35 %	2.12 %	2.02 %			
Average lending rate CM (return)	4.35 %	3.69 %	3.42 %	3.06 %	2.72 %			
Average deposit rate RM	0.58 %	0.41 %	0.34 %	0.28 %	0.29 %			
Average deposit rate CM	1.53 %	0.91 %	0.74 %	0.55 %	0.39 %			
Average 3-month NIBOR	2.39 %	1.36 %	1.20 %	0.79 %	0.39 %			
Lending margin RM (lending rate - 3-month NIBOR)	0.47 %	1.16 %	1.15 %	1.33 %	1.63 %			
Lending margin CM (lending rate - 3-month NIBOR)	1.97 %	2.33 %	2.22 %	2.27 %	2.33 %			
Deposit margin RM (3-month NIBOR - deposit rate)	1.81 %	0.95 %	0.86 %	0.51 %	0.10 %			
Deposit margin CM (3-month NIBOR - deposit rate)	0.86 %	0.45 %	0.46 %	0.24 %	0.00 %			
Interest-rate margin (lending rate - deposit rate)								
Interest-rate margin RM	2.28 %	2.10 %	2.00 %	1.84 %	1.73 %			
Interest-rate margin CM	2.83 %	2.78 %	2.68 %	2.51 %	2.33 %			

The Board of Directors' report and accounting presentations refer to certain adjusted figures, which are not defined by IFRS (Alternative Performance Measures - APM). For definitions of Sparebanken Sør's APM, please refer to next section.

Sparebanken Sør's alternative performance measures (APMs) provide useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with other companies' adjusted measures. The APMs are not intended to replace or overshadow any IFRS measures of performance, but have been included to provide a better picture of Sparebanken Sør's underlying operations.

Key financial ratios regulated by IFRS or other legislation are not considered APMs. The same is true of non-financial information. Sparebanken Sør's APMs are presented in the key figures for the Group, in the calculations and in the Board of Directors' report. APMs are shown with comparable figures for earlier periods. All APMs referred to below have been applied consistently over time.

Sparebanken Sør's APMs and definitions

Measure	Definition
Return on equity (ROE)	ROE provides relevant information on Sparebanken Sør's profitability by measuring the ability to generate profits from the shareholders' investments. ROE is one of the Group's most important financial APMs and is calculated as: Profit after tax for the period (adjusted for interest on hybrid capital) divided by average equity (adjusted for hybrid capital).
Book equity per equity certificate (including dividend)	This key figure provides information on the value of book equity per equity certificate. This enables the reader to assess the reasonableness of the market price of the equity certificate. Book equity per equity certificate is calculated as the equity certificate holders' share of the equity (excluding hybrid capital) at the end of the period divided by the total number of outstanding certificates.
Profit / diluted earnings per equity certificate	This key figure provides information on the profit/diluted earnings per equity certificate in the period. Profit per equity certificate is calculated by multiplying profit after tax by the equity certificate ratio, divided by the number of equity certificates issued. Diluted earnings per equity certificate is calculated by multiplying majority interests by the equity certificate ratio, divided by the number of equity certificates issued.
Growth in loans as %, last 12 months	Growth in lending over the last 12 months is a performance measure that provides information on the level of activity and growth in the bank's lending business. The bank uses Sparebanken Sør Boligkreditt (SSBK) as a source of funding, and this key figure includes loans transferred to SSBK since this better reflects the relevant comparable level of growth. Lending growth is calculated as gross loans incl. loans transferred to SSBK at period-end minus gross loans incl. loans transferred to SSBK as at the same date in the previous year, divided by gross loans incl. loans transferred to SSBK as at the same date.
Growth in deposits as %, last 12 months	Growth in deposits over the last 12 months provides information on the level of activity and growth in the bank's financing of lending activities that is not established in the financial market. Deposit growth is calculated as total deposits at period-end minus total deposits at the same date in the previous year, divided by total deposits at the same date in the previous year.
Cost/income ratio (Expenses as % of income)	This ratio is included to provide information on the correlation between income and expenses and is considered to be one of Sparebanken Sør's most important performance measures. It is calculated as total operating expenses divided by total income.
Price/book equity per equity certificate	This measure is used to compare the company's current market price to its book value. It is frequently used to compare banks and is calculated as Sparebanken Sør's closing equity certificate price at the end of the period divided by the book value per equity certificate.
Losses on loans as % of net loans (annualised)	This key figure indicates losses on loans as a percentage of net loans. It is calculated as losses on loans (including losses on loans transferred to SSBK) divided by net loans (including loans transferred to SSBK) at period-end. Where information is disclosed on loan-loss ratios for periods shorter than one year, the ratios are annualised.
Gross non-performing loans (over 90 days) as % of gross loans	This ratio provides relevant information on the bank's credit exposure. It is calculated as total non-performing exposure (over 90 days) divided by total loans, including loans transferred to SSBK, at period-end.
Lending margin (CM and RM)	Measures the group's average margin on loans, calculated as average lending rate in the period less average 3-month NIBOR for the period. The average lending rate is calculated as interest income from loans to customers divided by average loans to customers in the period.
Deposit margin (CM and RM)	Measures the group's average margin on deposits, calculated as the average 3-month NIBOR in the period less average deposit rate in the period. The average deposit rate is calculated as interest expense on customer deposits divided by average deposits from customers in the period.
Average lending rate	See Lending margin (CM and RM) above.
Average deposit rate	See Deposit margin (CM and RM) above.