



Q1 2022

Interim financial statements



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Main figures

NOK 170 million

Profit after tax

7,0 %

Return on equity

18,2 %

Common Equity Tier 1 capital ratio

Main figures

Group	31.03.2022		31.03.2021		31.12.2021	
	m NOK	% ¹⁾	m NOK	% ¹⁾	m NOK	% ¹⁾
Summary of the results						
Net interest income	306	1.64	149	1.49	920	1.53
Net commission and other income	187	1.00	125	1.25	716	1.19
Net income from financial assets	17	0.09	42	0.42	360	0.60
Total net income	510	2.74	317	3.16	1,995	3.31
Total operating expenses	306	1.64	154	1.54	886	1.47
Operating profit before losses/profit before losses and tax	204	1.10	162	1.62	1,109	1.84
Losses on loans and guarantees	(11)	(0.06)	2	0.02	79	0.13
Profit before tax	215	1.16	160	1.60	1,030	1.71
Tax expense	46	0.24	29	0.29	161	0.27
Profit after tax	170	0.91	131	1.31	869	1.44
Total other comprehensive income recognised as equity	1	0.01	(1)	(0.01)	(13)	(0.02)
Total comprehensive income	171	0.92	131	1.31	855	1.42

¹⁾ Calculated as a % of average total assets



Key figures

Group (amounts in NOK millions)	31.03.2022	31.03.2022 with pro forma figures for 2021	31.03.2021	31.12.2021	31.12.2021 with pro forma figures for 2020
Profitability					
Return on equity, profit before other comprehensive income ¹⁾	7.0%		9.8%	11.4%	
Return on equity, comprehensive income ¹⁾	7.1%		9.7%	11.2%	
Cost-income ratio ¹⁾	60.0%		48.7%	44.4%	
Cost-income ratio excl. financial investments ¹⁾	62.0%		56.3%	54.2%	
Statement of financial position figures					
Gross lending to customers	63,078		33,405	62,771	
Gross lending to customers incl. SpareBank 1 Boligkreditt/ Næringskreditt ¹⁾	88,898		46,765	88,105	
Deposits from customers	47,105		25,766	46,212	
Deposit coverage ¹⁾	74.7%		77.1%	73.6%	
Liquidity coverage ratio (LCR), liquidity reserve	154.0%		187%	175%	
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months ¹⁾		5.3%	3.7%		6.2%
Deposit growth in the past 12 months ¹⁾		7.9%	5.3%		6.0%
Total assets	75,738		40,890	74,911	
Total assets, incl. SpareBank 1 Boligkreditt/Næringskreditt ¹⁾	101,559		54,249	100,245	
Losses					
Loss rate on lending ¹⁾	(0.02%)		0.01%	0.17%	
Loans in Stage 3 as % of gross lending ¹⁾	0.64%		0.54%	0.54%	
Loss (incl. SpareBank 1 Boligkreditt/Næringskreditt)					
Loss rate on lending (incl. SpareBank 1 Boligkreditt/Næringskreditt) ¹⁾	(0.01%)		0.00%	0.12%	
Loans in group 3 as % of gross lending (incl. SpareBank 1 Boligkreditt/ Næringskreditt) ¹⁾	0.45%		0.39%	0.38%	
Financial strength in terms of proportional consolidation					
Capital adequacy ratio	21.0%		21.5%	21.0%	
Tier 1 capital ratio	19.2%		19.6%	19.3%	
Common Equity Tier 1 capital ratio	18.2%		18.4%	18.3%	
Net primary capital	10,185		5,732	10,124	
Tier 1 capital	9,339		5,222	9,293	
Common Equity Tier 1 capital	8,855		4,896	8,817	
Basis for calculation	48,588		26,660	48,269	
Leverage ratio, proportional consolidation	8.3%		8.6%	8.4%	
Offices and staffing					
Number of bank branches	17		10	17	
Number of brokerage offices	16		10	16	
Number of accounting offices	5		5	5	
Number of FTEs, parent bank (avg. YTD)	372		235	320	
Number of FTEs, group (avg. YTD)	529		356	463	
Number of FTEs, parent bank (at end of period)	371		236	378	
Number of FTEs, Group (at end of period)	530		358	533	

Group (amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
Equity certificates			
Equity certificate fractions	60.3%	53.6%	60.3%
Market price (NOK)	61.60	47.90	65.40
Market value (NOK millions)	7,311	3,023	7,762
Book equity per equity certificate (parent bank, NOK)	46.08	44.30	47.71
Book equity per equity certificate (Group, NOK) ¹⁾	47.58	46.66	49.32
Earnings per equity certificate (parent bank, NOK) ¹⁾	0.76	0.91	4.94
Earnings per equity certificate (Group, NOK) ¹⁾	0.84	1.08	5.37
Dividend per equity certificate (NOK)			2.50
Price/earnings per equity certificate (parent bank)	19.94	13.01	13.25
Price/earnings per equity certificate (Group) ¹⁾	18.00	10.97	12.18
Price/book equity (parent bank)	1.34	1.08	1.37
Price/book equity (Group) ¹⁾	1.29	1.03	1.33

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

Corporate strategy

On 01.06.2021, SpareBank 1 BV and Sparebanken Telemark merged with SpareBank 1 BV as the takeover bank. At the same time, the merged bank changed its name to SpareBank 1 Sørøst-Norge. This established a new powerful regional bank in an attractive market.

Brand and identity

SpareBank 1 Sørøst-Norge aims to contribute to sustainable development in local communities by providing a wide range of financial services, as well as relevant advice to individuals and businesses.

SpareBank 1 Sørøst-Norge wants to be seen as the personal regional bank that provides value for local businesses, people and communities.

We also want to be known for our four customer promises:

1. Best for most people and businesses
2. Always personal
3. The most useful innovations
4. Strong and engaged local partners

Its foundations must be built of competitive products and services combined with a proactive sales and advice culture.

Vision and values

Vision

Together we create value

Our values

Present, power and movement

Market area

SpareBank 1 Sørøst-Norge's geographical market area includes Vestfold og Telemark County, as well as the former Buskerud County with centres of gravity around Kongsberg and Drammen.

SpareBank 1 Sørøst-Norge's registered business address is in Sandefjord, and it has local branches offering advice in Kongsberg, Nedre Eiker, Drammen, Lier, Holmestrand, Horten, Tønsberg, Færder, Sandefjord, Larvik, Bamble, Porsgrunn, Skien, Ulefoss, Lunde, Bø and Notodden.



Corporate Strategy 2022-2025

Four overarching ambitions

- Strengthen customer relationships and become the preferred bank for the retail and SME segment in our market area
- Build an attractive, sound regional bank for Southeast Norway
- Be one of the most attractive places to work in banking/finance in Southeast Norway
- Facilitate profitable growth that provides a basis for increased value creation for all of our stakeholders

Seven strategic focus areas

- Stronger top line throughout the Group
- Strongly customer-oriented
- Focusing on sustainability throughout the Bank's value chain
- Creating and developing an attractive workplace
- Being a data and insight-driven bank
- Quality in everything we do
- Our ambition to be a good, strong regional bank

Resource management

Within the priority areas described in the strategy, our resources must be employed to yield the best return on capital for the benefit of our equity certificate holders, customers, employees and region.

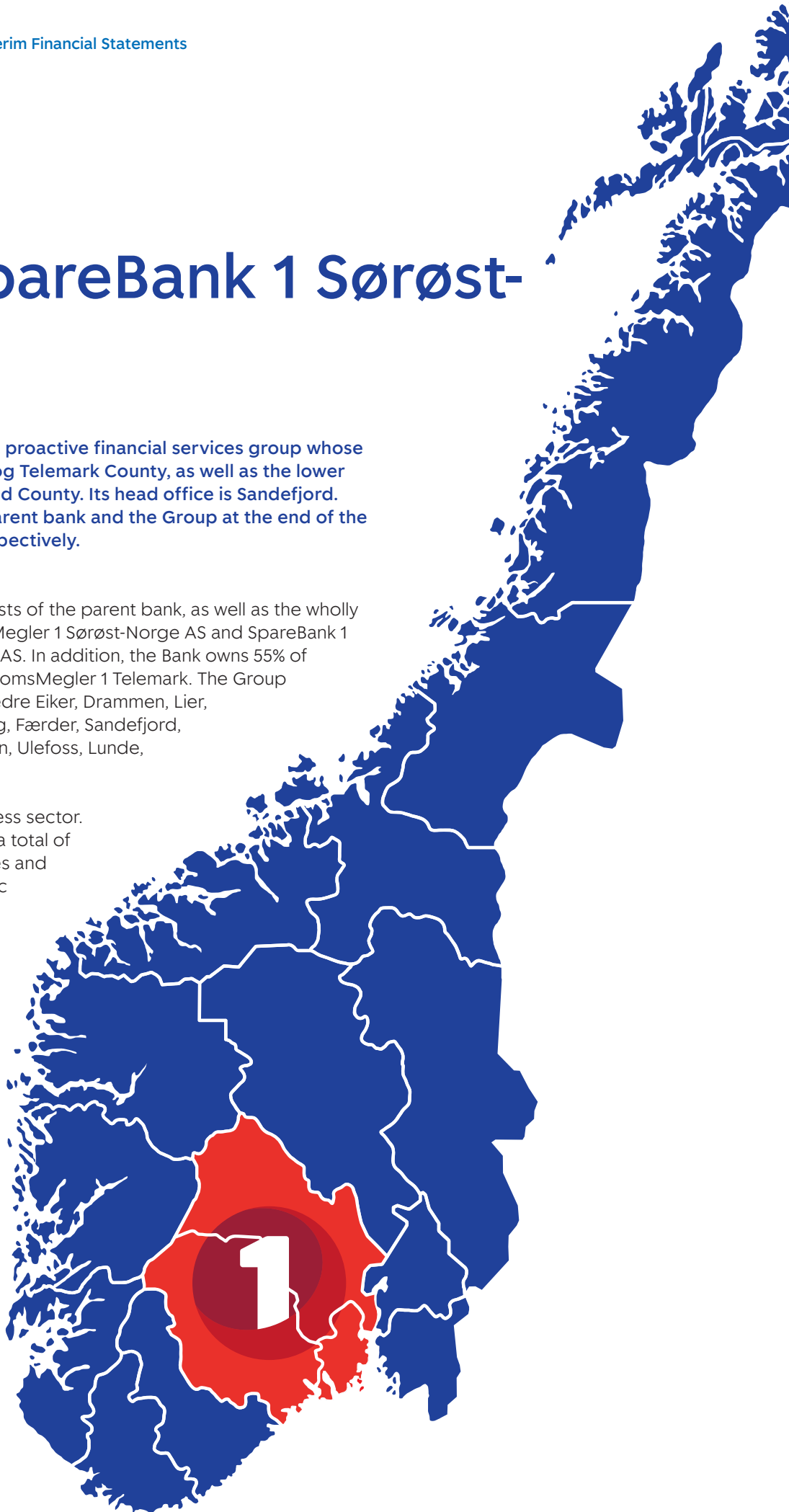


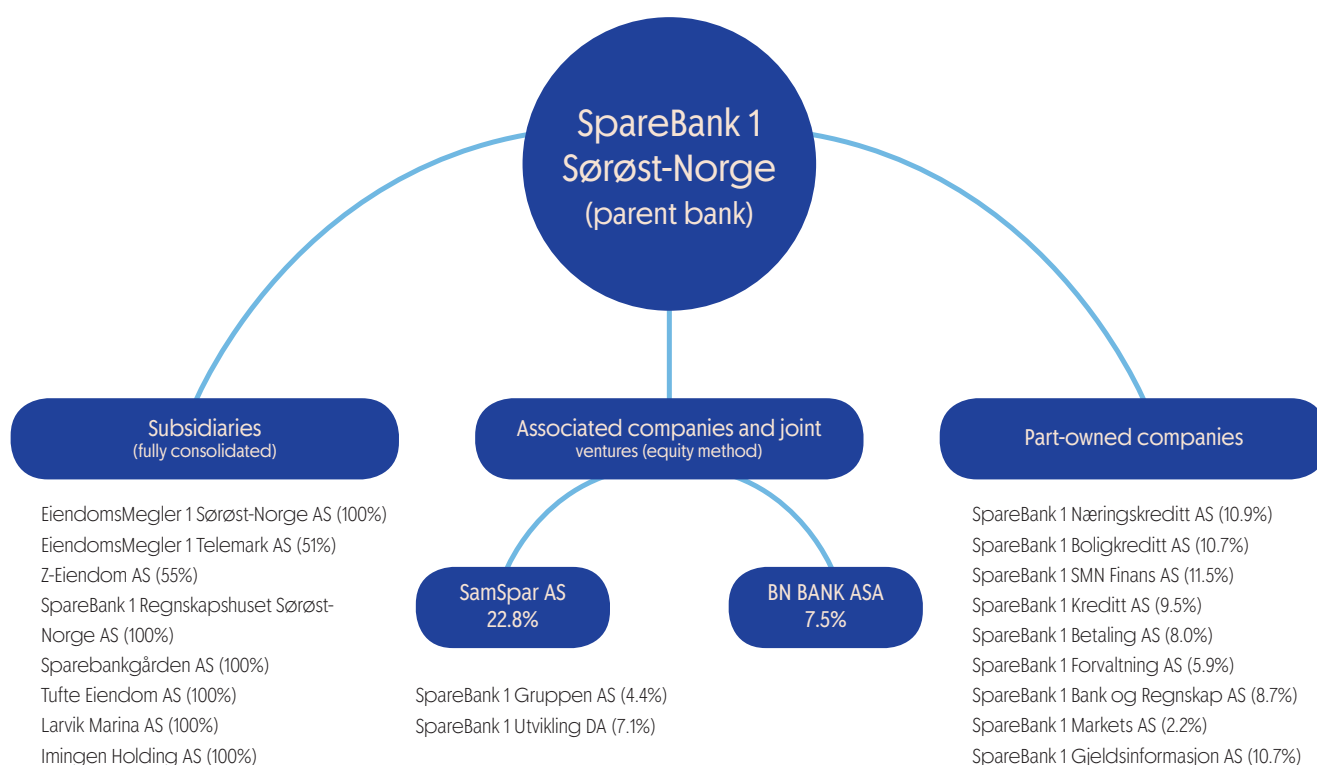
About SpareBank 1 Sørøst-Norge

SpareBank 1 Sørøst-Norge is a proactive financial services group whose market area covers Vestfold og Telemark County, as well as the lower portion of the former Buskerud County. Its head office is Sandefjord. The numbers of FTEs in the parent bank and the Group at the end of the quarter were 371 and 530, respectively.

The Group's main activity consists of the parent bank, as well as the wholly owned subsidiaries EiendomsMegler 1 Sørøst-Norge AS and SpareBank 1 Regnskapshuset Sørøst-Norge AS. In addition, the Bank owns 55% of Z-Eiendom AS and 51% of EiendomsMegler 1 Telemark. The Group has branches in Kongsberg, Nedre Eiker, Drammen, Lier, Holmestrand, Horten, Tønsberg, Færder, Sandefjord, Larvik, Bamble, Porsgrunn, Skien, Ulefoss, Lunde, Bø and Notodden.

The region has a diverse business sector. SpareBank 1 Sørøst-Norge has a total of 17 branches spread across cities and towns in areas seeing economic growth. The business sector in the Bank's market areas is well diversified with the varied composition of the sectors represented by the public sector, industry, power, technology, research and trade.





Important financial events in the quarter

On 04.01.2022, the Bank was cleared by the Norwegian Competition Authority to execute the merger between SpareBank 1 Sørøst-Norge and SpareBank 1 Modum.

On 03.03.2022, the Financial Supervisory Authority of Norway gave the Bank the necessary permissions to execute the merger with SpareBank 1 Modum in line with the decision taken by the banks' supervisory board/general meeting on 16.12.2021. At the same time, the Financial Supervisory Authority of Norway set the Pillar 2 requirement for the merged bank's Common Equity Tier 1 capital ratio to at least 2.5 percentage points above the minimum and buffer requirements.

Based on the Financial Supervisory Authority of Norway's setting of the requirement for own funds and eligible liabilities (MREL) on 14.12.2021, the Bank has started to issue senior non-preferred bonds (SNP). On 14.01.2022, the Bank issued a new SNP bond for NOK 650 million. The bond can first be redeemed on 15.02.2027 and will mature on 15.02.2028. The bond was issued on good terms (3-month NIBOR + 0.72 percentage points p.a.).

It is viewed as important that employees of the Group have ownership in the Bank through owning equity certificates, which the Bank has listed on Oslo Børs. On 22.03.2022, the Supervisory Board resolved to grant the Board authority to acquire up to 300,000 of the Bank's own equity certificates as part of the savings programme for employees in the Group. The Bank offers individual employees in the Group the opportunity to save a total amount of up to either NOK 12,000, NOK 24,000 or NOK 36,000 through monthly deductions during the period of saving. The discount in the savings programme is 30%. Employees who enrol in the savings programme commit to saving one of the amounts mentioned above during the period of saving, and it is not possible to change the amount underway. The Bank holds 188,826 treasury equity certificates. In addition to the existing holding, the Bank is aiming to purchase its own equity certificates in the market in order to be able to distribute them to employees who participate in the savings programme.

In connection with the merger with SpareBank 1 Modum, the Board will be expanded by two new board members. At its meeting on 23.03.2022, the Supervisory Board elected Lene Marie Aas Thorstensen and John-Arne Haugerud new board members with effect from 01.04.2022. In addition, Ragnhild Ask Connell was elected a new deputy member with effect from the same date.

Based on Norges Bank's decision to raise its policy rate at its interest rate meeting on 24.03.2022 and higher money market rates, the Bank has raised its mortgage rate by up to 0.25 percentage points. The new interest rates will apply from 31.03.2022 for new mortgages and from 11.05.2022 for existing mortgages.

Interim report from the Board of Directors for Q1

The SpareBank 1 Sørøst-Norge Group

On 01.06.2021, SpareBank 1 BV and Sparebanken Telemark merged with SpareBank 1 BV as the takeover bank. At the same time, the merged bank changed its name to SpareBank 1 Sørøst-Norge. On 01.04.2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum, where SpareBank 1 Sørøst-Norge was the taking over bank. The goal of the merger is to create a powerful bank in the banks' market areas and be well-positioned for the future. Please refer to the section 'Merger – synergies' in the report for a more detailed description.

The interim financial statements have been prepared in accordance with IAS 34 Interim reporting.

The comments and figures below refer to the Group unless explicitly stated otherwise. Figures in brackets relate to the corresponding period last year.

Figures from the transferring bank (Sparebanken Telemark) were included in the official accounts with effect from 01.06.2021. Pro forma financial statements have been prepared for 2021¹ to improve comparability. Please refer to the separate pro forma income statement and statement of financial position in Notes 23 and 24.

Highlights from the pro forma financial performance and statement of financial position performance as at 31.03.2022 are shown below, with the pro forma figures as at 31.03.2021 in brackets.

¹⁾ The pro forma figures for 2021 represent the combined income statement and statement of financial position without calculation of added/less value

Highlights (pro forma) for the period 01.01 to 31.03.

- Ordinary profit after tax of NOK 170 million (NOK 217 million)
- Net interest income of NOK 306 million (NOK 265 million)
- Profit contributions from SpareBank 1 Gruppen and BN Bank ASA of NOK 4 million (NOK 16 million) and NOK 11 million (NOK 9 million), respectively
- Higher operating expenses were mainly due to merger-related one-time costs of NOK 67 million (NOK 4 million)
- Losses on loans and guarantees of NOK -11 million (NOK 13 million)
- Return on equity of 7.0% (9.6 %)
- Lending and deposit growth in the past 12 months of 5.3 % (6.8 %) and 7.9 % (6.5 %), respectively

Some of the highlights and figures that refer to the official accounting and consolidated figures are shown below. Figures in brackets relate to the corresponding period last year for the takeover bank.

Highlights for the period 01.01 to 31.03

- Ordinary profit after tax of NOK 170 million (NOK 131 million)
- Net interest income of NOK 306 million (NOK 149 million)
- Losses on loans and guarantees of NOK 11 million (NOK -2 million)
- Profit contributions from SpareBank 1 Gruppen and BN Bank ASA of NOK 4 million (NOK 10 million) and NOK 11 million (NOK 6 million), respectively
- Return on equity of 7.0 % (9.8 %)
- Common Equity Tier 1 capital ratio, proportional consolidation, 18.2 % (18.4 %)

Financial performance

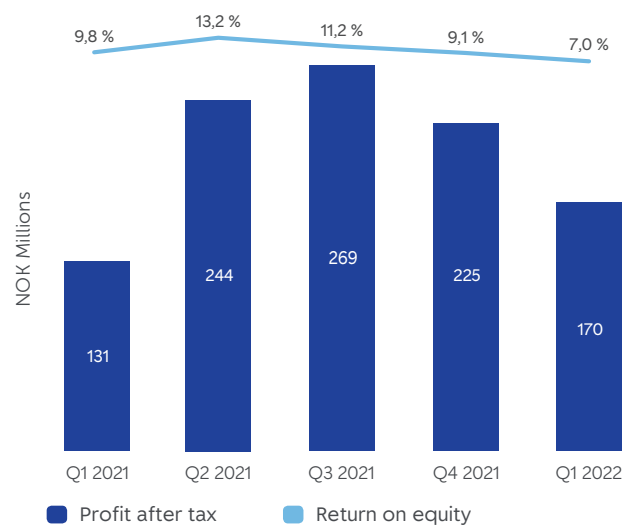
Cumulative figures as at 31.03.2022 unless explicitly stated otherwise.

Profit

The SpareBank 1 Sørøst-Norge Group posted a profit from ordinary operations before losses of NOK 204 million (NOK 162 million). Profit after tax was NOK 170 million (NOK 131 million), which represents 0.91 % (1.31 %) of average total assets. The Group's annualised return on equity was 7.0 % (9.8 %).

Earnings per equity certificate (weighted average as at 31.03.2022) in the parent bank were NOK 0.76 (0.91) and in the Group NOK 0.84 (1.08).

Quarterly performance of profit after tax and return on equity:



Net interest income

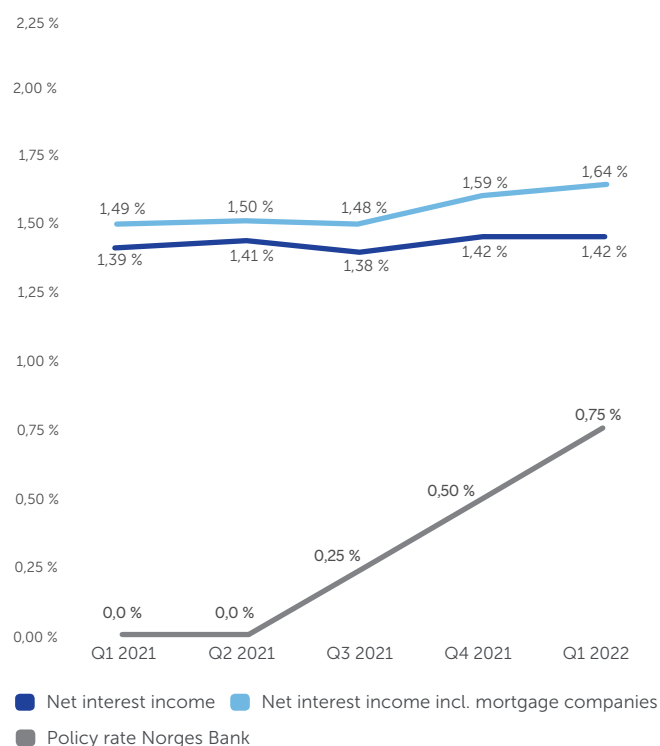
Net interest income amounted to NOK 306 million (NOK 149 million). Net interest income annualised as a percentage of average total assets was 1.64 % (1.49 %).

In December 2021, Norges Bank decided to raise the policy rate, this time from 0.25 % to 0.50 %. Based on

the rising money market rates and policy rate, the Bank raised lending and deposit rates for existing customers by up to 0.25 percentage points on 20.12.2021. The new terms came into effect from 21.12.2021 for new loans and from 01.02.2022 for existing loans to retail customers. In March 2022, Norges Bank decided to raise its policy rate by 0.25 percentage points to 0.75 %. As a result of further increases in market interest rates, the Bank chose to raise lending and deposit rates from 31.03.2022 for new customers and from 11.05.2022 for existing retail customers and 22.04.2022 for corporate customers.

At the end of the quarter, the Bank had transferred mortgages worth NOK 24,299 million (NOK 12,704 million) to SpareBank 1 Boligkreditt AS, and NOK 1,522 million (NOK 656 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 48 million (35 million).

Quarterly change in net interest income:



Net commission and other income:

Net commission and other income totalled NOK 187 million (NOK 125 million).

Net commission income

Net commission income amounted to NOK 132 million (NOK 81 million). The commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounted for NOK 48 million (NOK 35 million) of this.

Other operating income

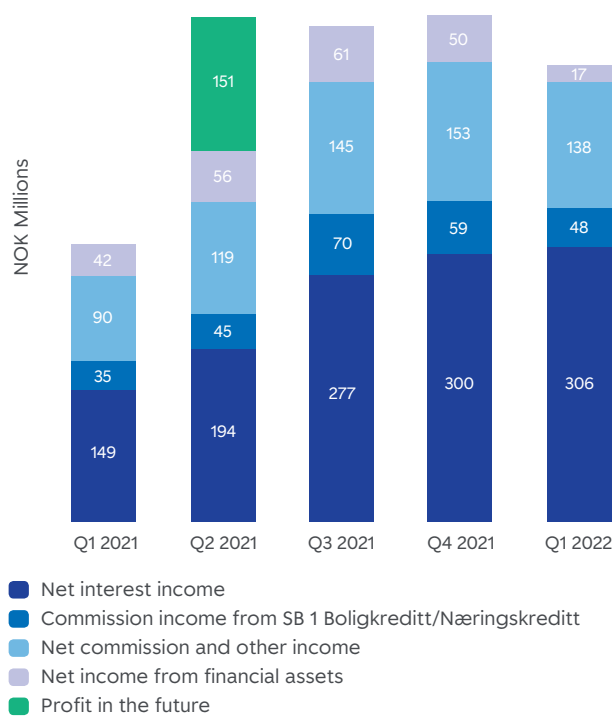
Other operating income amounted to NOK 55 million (NOK 44 million).

Net income from financial assets

Net income from financial assets amounted to NOK 17 million (NOK 42 million). As at 31.03.2022, the main items consist of NOK 12 million (NOK 10 million) in dividends received, NOK 14 million (NOK 17 million) in net profit from ownership interests, and net profit from other financial investments of NOK 10 million (NOK 16 million).

The net result from ownership interests includes the results from SpareBank 1 Gruppen AS and BN Bank ASA of NOK 4 million (NOK 10 million) and NOK 11 million (NOK 6 million), respectively. The indirect stake in SpareBank 1 Gruppen AS and direct stake in BN Bank ASA were increased from 3.0 % and 5.0 % to 4.4 % and 7.5 %, respectively, in connection with the merger on 01.06.2021.

Quarterly change in income (NOK millions):



Income from ownership interests, SpareBank 1 Gruppen

SpareBank 1 Gruppen posted a first quarter profit that was considerably weaker than the profit for the same period last year. The profit before tax amounted to NOK 121 million, which is NOK 563 million weaker than in 2021. The drop in profit was due to a weak equities market and a negative development in the value of the interest rate portfolio in the insurance companies, as well as a high incidence of natural damage in Fremtind and a major fire in Drammen. The result after tax was NOK 94.5 million (NOK 507.3 million), of which NOK 67 million (NOK 344 million) constitutes the controlling interest's share of the profit after tax.

SpareBank 1 Sørøst-Norge's share of SpareBank 1 Gruppen's profit amounted to NOK 3.5 million for the first quarter of 2022.

Income from ownership interests, BN Bank ASA

BN Bank ASA's profit for 2022 amounted to NOK 143 million (NOK 117 million). SpareBank 1 Sørøst-Norge owns 7.5 % of BN Bank ASA. SpareBank 1 Sørøst-Norge's share of BN Bank's profit amounted to NOK 10.7 million.

Operating expenses

Total operating expenses were NOK 306 million (NOK 154 million). Operating expenses as a percentage of total operating income for the Group came to 60.0 % (48.7 %). The corresponding cost-income ratio for the parent bank was 57.8 % (45.2 %).

Merger-related one-time costs (NOK millions)	As at 31.03.2022 Official	As at 31.03.2021 Official	As at 31.03.2022 Pro forma	As at 31.03.2021 Pro forma
Personnel expenses	37	-	37	-
Other operating expenses	31	2	31	4
Total	67	2	67	4

Personnel expenses

Personnel expenses amounted to NOK 169 million (NOK 97 million). Of which, merger-related one-off costs amounted to approximately NOK 37 million (NOK 0 million), which relates in its entirety to provisions for accepted restructuring packages.

The number of FTEs at the end of the quarter was 530 (358), of which the parent bank employs 371 (236). The increase is related to the merger with Sparebanken Telemark with effect from 01.06.2021.

Other operating expenses

Other operating expenses were NOK 136 million (NOK 58 million). Of which one-off costs amounted to NOK 31 million (NOK 2 million), mainly related to transaction costs and the technical merger.

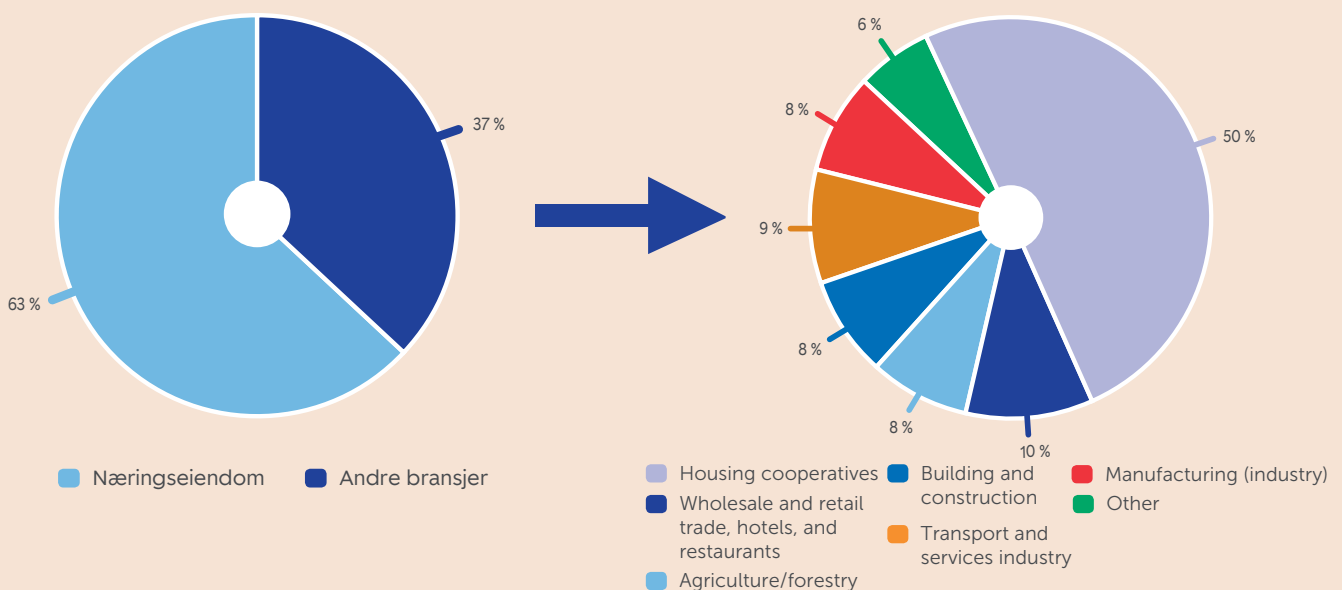
Losses and impairment provisions

Losses charged as costs amounted to NOK -11 million (NOK 2 million). No changes were made to scenario weights this quarter. Loss provisions for loans and guarantees amounted to NOK 275 million (NOK 168 million), which is equivalent to 0.44 % (0.50 %) of gross lending on the statement of financial position.

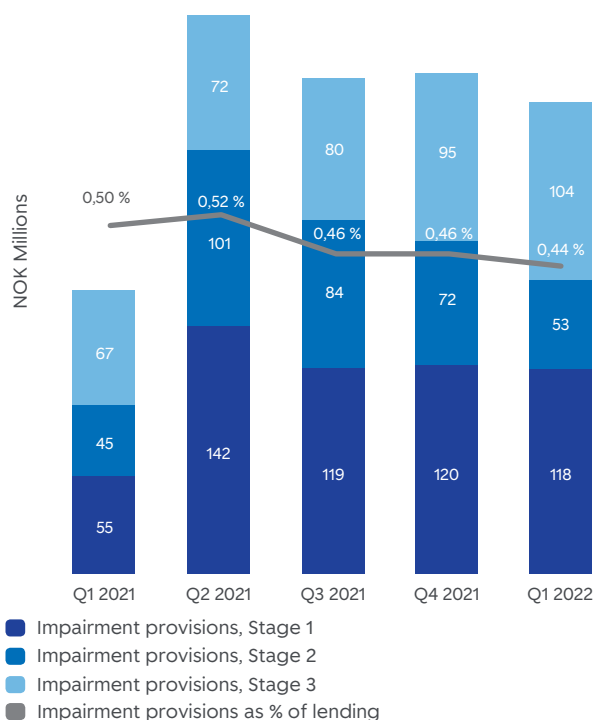
Mortgages for retail customers account for around 77 % (80 %) of the Bank's total lending.

In addition to expanded individual loss assessments, the Bank assessed the model's scenario weighting in this quarter as well. Society reopened during the quarter and the risk of losses related to the pandemic therefore decreased. Russia's invasion of Ukraine has at the same time resulted in greater disquiet in the global financial and commodity markets, and may increase the challenges faced by the construction industry in particular. Based on the considerable uncertainty surrounding the security policy situation, the scenario weights for both the retail market and the corporate market were kept unchanged at 80/15/5 (likelihood of normal/downside/upside scenario, respectively) at the end of the first quarter. Please see the more detailed comments in Notes 2 and 6.

CM – volume in commercial property and other industries:



Quarterly change in impairment provisions:



Statement of financial position performance

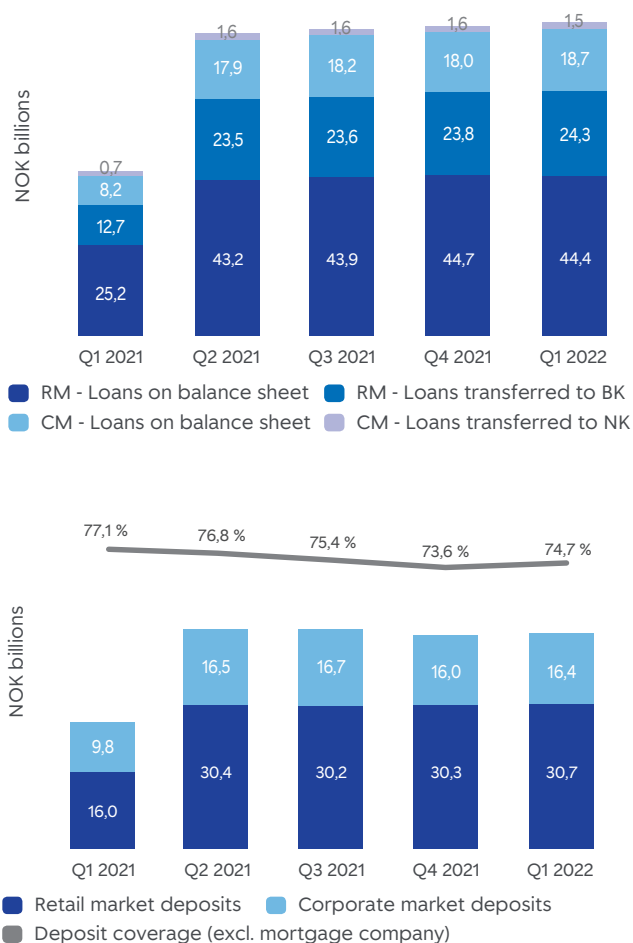
The Group's total assets amounted to NOK 75,738 million (NOK 40,890 million). The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 101,559 million (54,249 million).

Lending and deposit performance

Gross lending (including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 88,898 million. The past 12 months have seen lending growth of 5.3 % (pro forma). Some NOK 3,457 million, equivalent to 5.3 % of the growth came in the retail market and NOK 1,014 million, equivalent to 5.3%, in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt AS) at the end of the quarter was 77 % (81 %).

At the end of the quarter, the Group had a deposit volume of NOK 47,105 million (25,766 million) with deposit growth of 7.9 % (pro forma) in the past 12 months. Some NOK 1,681 million, equivalent to 5.8 % of the growth came in the retail market and NOK 1,749 million, equivalent to 11.9 %, in the corporate market. The Group had a deposit coverage ratio of 74.7 %, compared with 77.1 % at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounted to 53.0 % (55.1 %). The retail market's share of deposits at the end of the quarter was 65 % (62 %).

Quarterly change in loans and deposits:



Liquidity

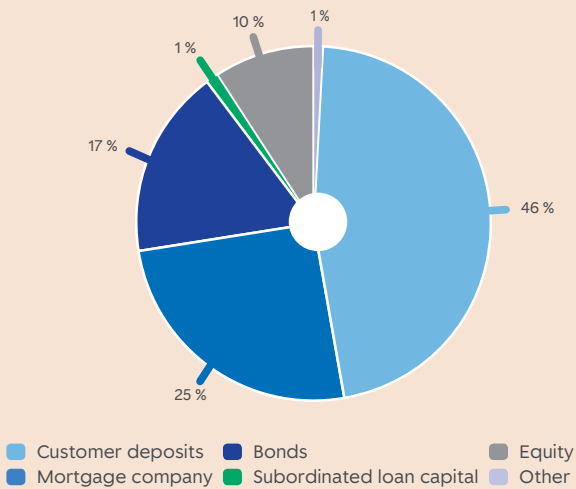
The Bank's liquidity situation at the end of the quarter was very good. The Bank's liquidity portfolio was valued at NOK 7,000 million and its LCR at 154 % (187 %) as at the end of the quarter. The Bank aims to keep its liquidity risk low. In a normal market, SpareBank 1 Sørøst-Norge's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to new external financing. As at 31.03.2022, the Bank was well above this target.

At the end of the quarter, mortgages totalling NOK 24,299 million had been transferred to SpareBank 1 Boligkreditt AS. As at 31.03.2022, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 24.5 billion.

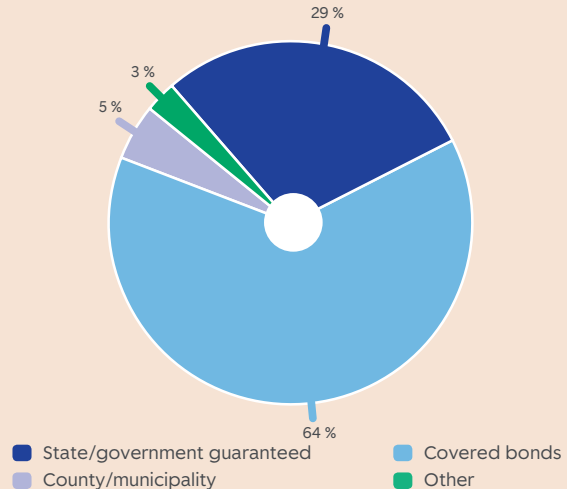
In addition, the Bank had transferred loans to SpareBank 1 Næringskreditt AS worth NOK 1,522 million as at 31.03.2022.

In 2022, the Group's target was to increase the average term to maturity of its bond debt to a minimum of 3.0 years. At the end of the quarter, the average term to maturity was 3.0 (3.1) years.

Funding sources



Liquidity portfolio



The Financial Supervisory Authority of Norway has decided that SpareBank 1 Sørøst-Norge must have a risk-weighted MREL (total own funds and eligible liabilities) requirement of 26.1% of the adjusted basis for calculation at any given time. Given that the own funds that are used to meet risk-weighted MREL cannot at the same time be used to cover the combined buffer requirement (6.5%), the actual requirement for MREL capital is 32.6%, which must be met in its entirety by the end of 2023 with gradual escalation in 2022 and 2023.

At the end of the quarter, the Bank had issued NOK 2,200 million in SNP bonds.

Equity Capital adequacy

When calculating capital adequacy, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk.

The Ministry of Finance has decided to increase the countercyclical buffer by a total of 1.0 percentage points in 2022 (0.5 percentage points on 30.06.2022 and 0.5 percentage points on 31.12.2022) and a further 0.5 percentage points on 31.03.2023, such that the total countercyclical buffer will amount to 2.5% at the end of the first quarter of 2023. In addition, the systemic risk buffer will be increased by 1.5 percentage points to a total of 4.5% on 31.12.2022. In connection with the approval of the merger with SpareBank 1 Modum in March, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement of 2.5%. This requirement will apply until the Financial Supervisory Authority of Norway sets a new Pillar 2 requirement. The Board of Directors is going to start work on a new internal capital adequacy assessment process (ICAAP). The assessment must be submitted to the Financial Supervisory Authority of Norway by no later than 12 months after

the merger has been completed. The Group's target Common Equity Tier 1 Capital ratio has been revised upwards to a minimum of 17.0% in light of the increased capital requirements.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.2% (18.4%). The leverage ratio was 8.3% (8.6%) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0%.

An expanded SME discount will be introduced in connection with the approved banking package in CRR 2/CRD V. Preliminary calculations estimate the effect will be an increase in the Common Equity Tier 1 capital ratio of 0.6 percentage points. The banking package will come in force on 01.06.2022.

SpareBank 1 Sørøst-Norge's strategic plan includes an ambition to increase our market share in our region, while being a proactive participant in the structural developments in the banking sector in Eastern Norway. An Advanced Internal Rating-Based (AIRB) permit will make us more competitive and probably more attractive in structural dialogues.

The Group's ambition is to establish itself as a regional bank on a par with the other regional banks in the SpareBank 1 Alliance. For the Group, it will be absolutely vital to ensure our competitiveness, profitability, and management and control of credit risk are on a par with the banks with which we compete.

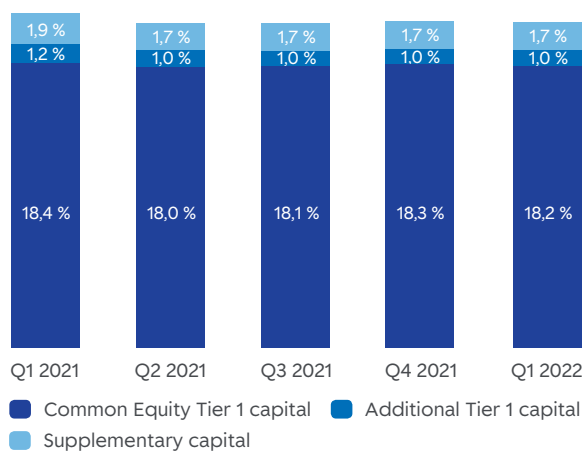
The Group has, through organic and structural growth, reached a size that means it can start working on preparing an application to the Financial Supervisory Authority of Norway for approval to use advanced IRB models.

As a result of the mergers with Sparebanken Telemark in 2021 and SpareBank 1 Modum in 2022, the Bank has established a project that includes integration of the three banks within the area of credit, as well as surveying established practice for AIRB banks in order to identify areas that must be worked on before the application can be submitted. The Board believes it is an advantage that the SpareBank 1 Alliance has already developed a strong professional environment that manages and develops IRB models that are used by the regional banks in the alliance and to which SpareBank 1 Sørøst-Norge has access and has used for several years.

Based on the current loan portfolio, it is estimated that AIRB approval could improve the Common Equity Tier 1 capital by around 5 percentage points. It must be stressed that there is some uncertainty associated with this estimate.

The application is expected to be submitted to the Financial Supervisory Authority of Norway in the first half of 2024.

Quarterly change in capital adequacy (proportional consolidation):



Transactions with close associates

Apart from the completed merger between SpareBank 1 Sørøst-Norge and SpareBank 1 Modum from 01.04.2022, the Group has not carried out any transactions with close associates that had a significant impact on the company's position or results during the reporting period.

Merger – synergies

On 01.04.2022, SpareBank 1 Sørøst-Norge merged with SpareBank 1 Modum. A merger with SpareBank 1 Modum will strengthen the Bank's position in the Drammen region, while supporting the Bank's ambition to become an AIRB bank. Thanks to a number of mergers in recent years, the Bank has good experience and expertise in implementing mergers in the savings bank sector. The Board wishes to play an active role in the future structural changes that are expected in the savings bank sector.

Annual synergies in the range of NOK 20 million have been defined in relation to the planned merger with SpareBank 1 Modum. These will be fully phased in during 2024.

The Bank has previously communicated synergies of approximately NOK 80-90 million annually, fully phased in by the end of 2024, related to the merger between SpareBank 1 BV and Sparebanken Telemark. Following severance packages, the estimated amount has been revised to around NOK 60 million. Since 30.11.2020, the number of FTEs in the parent bank has been reduced by around 20 FTEs to 371 FTEs as at the end of the quarter. In the first quarter, the Bank offered severance packages to anyone born in 1960 or earlier. The offer was sent to just under 50 employees and 37 employees accepted. The costs associated with severance packages were, in their entirety, recognised as a cost of NOK 37 million in the first quarter.

The transaction costs related to the merger between SpareBank 1 BV and Sparebanken Telemark were recognised in 2021. In the current quarter, total costs of NOK 31 million were recognised in relation to the technical merger of the three former banks in October 2022 and transaction costs related to the merger with Modum.

The remaining merger costs are estimated at around NOK 40 million and concern technical IT conversion of the three former banks (Telemark, BV and Modum).

Future outlook

The Norwegian economy continued to develop positively in the first quarter, although some uncertainty exists concerning future developments in light of higher inflation and the ongoing war in Ukraine.

Norges Bank's loan survey for the first quarter shows that the demand for mortgages was almost unchanged compared with last year. The growth in household credit is falling slightly. In the Bank's market area, housing prices rose by around 6 % in the first quarter according to Eiendomsverdi. One of the main reasons for the increase is probably the changes to the Alienation Act that came into force on 01.01.2022, with the subsequent increased requirements for documentation and thereby lower supply of homes.

Norges Bank's regional surveys show that the business sector in our region is optimistic about the future and plans to increase investment and jobs, although there are signs of capacity problems and labour shortages that are in turn expected to squeeze profitability.

Unemployment in our market area, measured as the proportion of fully unemployed people registered with NAV, was stable during the quarter and amounted to 2.5 % at the end of March.

There are still few bankruptcies in the business sector. The business sector has received help weathering the pandemic through comprehensive financial measures on the part of the government. Developments in 2022 could be more demanding since a decision has been made to discontinue the packages of measures.

Russia's war against Ukraine has created greater uncertainty and resulted in higher energy and food prices, which in turn could impact households and corporates. The credit quality of the Bank's loan portfolio is stable and no increased defaults or losses have been observed in the Bank's loan portfolio. The Bank has no credit exposure to Russia or Ukraine.

The policy rate is expected to rise, which could result in more moderate house price growth going forward. Even after a period of strong growth in house prices, house prices in our market area remain at a proportionally lower level than in, for example, Oslo. Therefore, the Board of Directors expects continued positive growth in house prices in our market area. The Bank has a sound lending portfolio in the retail market, with a high percentage of low risk mortgages.

A general rise in market rates is expected to improve the Group's interest rate margin and earnings. Higher interest rates may lead to lower credit growth and greater competition, especially for mortgages. This may result in pressure on lending margins. The Group's target for its return on equity is 11 % in the period up to 2024. The aim is to achieve the goal through profitable growth, efficient operations and good cost control, including efficient capital utilisation, where the ambition to eventually apply for AIRB approval is an important strategic initiative. The Bank has started work on mapping the regulatory requirements and expectations for AIRB approval. The Board aims to submit an application to the Financial Supervisory Authority of Norway in the first half of 2024.

As far as results are concerned, 2022 will be affected by a somewhat higher level of costs resulting from restructuring and other merger-related costs. The Board wishes to play an active role in the future structural changes that are expected in the savings bank sector.

Sandefjord, 10.05.2022

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan
Chair of the Board

Anne Berg Behring
Deputy Chair

Elisabeth Haug

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

John Arne Haugerud

Hanne Myhre Gravdal
Employee representative

Frede Christensen
Employee representative

Per Halvorsen
CEO



Interim financial statements

Income Statement IFRS

Parent bank			Group				
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	Note	31.03.2022	31.03.2021	31.12.2021
96	19	41	Interest income - assets measured at fair value		41	19	96
1,158	186	406	Interest income - assets measured at amortised cost		405	186	1,157
334	55	140	Interest expenses		140	56	333
920	150	306	Net interest income	12	306	149	920
513	85	140	Commission income		140	85	513
30	4	8	Commission expenses		8	4	30
7	1	2	Other operating income		55	44	233
489	82	133	Net commission and other income	13	187	125	716
129	10	12	Dividends		12	10	33
12	1	1	Net result from ownership interests		14	17	153
170	15	(10)	Net result from other financial investments ¹⁾		(10)	16	174
311	26	3	Net income from financial assets	14	17	42	360
1,721	257	443	Total net income		510	317	1,995
365	65	137	Personnel expenses		169	97	529
326	52	119	Other operating expenses		136	58	357
691	116	256	Total operating expenses		306	154	886
1,030	141	187	Profit before losses and tax		204	162	1,109
79	2	(11)	Losses on loans and guarantees	5, 6	(11)	2	79
951	139	198	Profit before tax		215	160	1,030
154	28	45	Tax expense		46	29	161
796	111	154	Profit before other comprehensive income		170	131	869
-	-	-	Controlling interest's share of profit		170	131	865
-	-	-	Non-controlling interest's share of profit		-	-	4
OCI							
796	111	154	Profit for the period		170	131	869
1	(1)	1	Items reversed through profit or loss, net after tax				
			Change in value of loans classified at fair value		1	(1)	1
-	-	-	Share of OCI from associated companies and joint ventures		-	-	1
			Items not reversed through profit or loss, net after tax				
(14)	-	-	Estimation difference, IAS 19 Pensions		-	-	(15)
(13)	(1)	1	Period's OCI		1	(1)	(13)
783	111	155	Total comprehensive income		171	131	855
-	-	-	Controlling interest's share of total comprehensive income		171	131	852
-	-	-	Non-controlling interest's share of total comprehensive income		-	-	4
4.94	0.91	0.76	Earnings and diluted result per equity certificate before other comprehensive income		0.84	1.08	5.37

1) Of which, recognised negative goodwill related to the merger amounted to NOK 151 million in the second quarter of 2021.

Statement of financial position

Parent bank					Group		
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	Note	31.03.2022	31.03.2021	31.12.2021
114	97	106	Cash and receivables from central banks		106	97	114
2,153	850	1,826	Loans to and receivables from credit institutions		1,826	899	2,153
62,571	33,296	62,884	Net lending to customers	4, 7, 8	62,856	33,270	62,542
6,146	4,292	6,930	Certificates, bonds and other securities at fair value		6,930	4,292	6,146
2,203	1,326	2,190	Shareholdings and other equity interests		2,190	1,326	2,203
69	37	69	Ownership interests in Group companies		-	-	-
862	477	862	Interests in joint ventures and associated companies		1,155	721	1,141
239	70	246	Tangible assets		285	87	277
-	-	-	Goodwill		24	34	34
23	11	23	Deferred tax assets		25	12	23
193	128	256	Other assets	16	342	153	279
74,573	40,584	75,392	Total assets		75,738	40,890	74,911
150	-	150	Deposits from and liabilities to credit institutions		150	-	150
46,264	25,803	47,151	Deposits from customers	17	47,105	25,766	46,212
16,913	8,554	16,971	Liabilities from the issuance of securities	18	16,971	8,554	16,913
212	21	46	Tax payable		50	25	220
609	419	990	Other liabilities and commitments	20	1,053	479	664
651	401	651	Subordinated loan capital	19	651	401	651
64,801	35,199	65,960	Total liabilities		65,980	35,225	64,811
1,778	947	1,778	Equity share capital		1,778	947	1,778
2,777	1,026	2,777	Share premium fund		2,777	1,026	2,777
811	645	812	Dividend equalisation fund		812	645	811
3,532	2,261	3,532	Sparebankens Fond		3,532	2,261	3,532
26	21	27	Fund for unrealised gains		27	21	26
350	250	350	Hybrid capital		350	250	350
-	109	150	Other equity		470	387	318
202	7	7	Allocated to gifts		7	7	202
297	120	-	Allocated to dividends		-	120	297
-	-	-	Non-controlling interest's share		5	1	10
9,773	5,385	9,432	Total equity		9,758	5,665	10,100
74,573	40,584	75,392	Liabilities and equity		75,738	40,890	74,911

Consolidated results from the quarterly financial statements

Group

(Amounts in NOK millions)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Interest income	446	413	373	262	205	210	215	247
Interest expenses	140	113	96	68	56	53	55	95
Net interest income	306	300	277	194	149	157	161	152
Commission income	140	158	161	109	85	94	91	70
Commission expenses	8	10	10	6	4	5	6	4
Other operating income	55	64	63	62	44	34	47	45
Net commission and other income	187	212	214	164	125	123	133	111
Dividends	12	1	-	22	10	9	-	7
Net result from ownership interests	14	48	54	34	17	18	23	21
Net result from other financial investments	(10)	-	7	150	16	(6)	4	50
Net income from financial assets	17	50	61	206	42	22	27	78
Total net income	510	561	553	565	317	302	320	341
Personnel expenses	169	177	150	105	97	107	81	81
Other operating expenses	136	108	99	92	58	62	55	59
Total operating expenses	306	285	249	198	154	170	136	140
Profit before losses and tax	204	276	303	368	162	133	184	201
Losses on loans and guarantees	(11)	2	(35)	111	2	(3)	(11)	17
Profit before tax	215	274	339	256	160	135	194	185
Tax expense	46	49	70	13	29	28	41	35
Profit before other comprehensive income	170	225	269	244	131	108	153	150

Parent bank

Earnings per equity certificate (quarter in isolation)	0.84	0.87	1.03	2.24	0.91	0.84	1.01	1.23
Diluted earnings per equity certificate (quarter in isolation)	0.84	0.87	1.03	2.24	0.91	0.84	1.01	1.23

Change in equity as at Q1 2022

Group												
(Amounts in NOK millions)	Owner- ship interest ¹	Share premium fund	Risk equali- sation fund	Allocated to dividends	Spare- bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Non- controlling interest's share	Total equity	
Equity as at 31.12.2021	1,778	2,777	811	297	3,532	202	26	350	318	10	10,100	
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(4)	-	(4)	
Gifts paid out	-	-	-	-	-	(196)	-	-	-	-	(196)	
Dividends from 2021, paid in 2022	-	-	-	(297)	-	-	-	-	-	(4)	(300)	
Change in carrying amount of joint ventures and associated companies	-	-	-	-	-	-	-	-	(14)	-	(14)	
Profit before other comprehensive income	-	-	-	-	-	-	-	-	170	-	170	
<i>Entries that can be reclassified through profit or loss</i>												
Change in value of loans classified at fair value	-	-	-	-	-	-	1	-	-	-	1	
Equity as at 31.03.2022	1,778	2,777	812	-	3,532	7	27	350	470	5	9,758	

¹⁾ Equity certificate capital as at 31.12.2021 has been deducted 3,000 in treasury holding

Group												
(Amounts in NOK millions)	Owner- ship interest ¹	Share premium fund	Risk equali- sation fund	Allocated to dividends	Spare- bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Non- controlling interest's share	Total equity	
Equity as at 31.12.2020	947	1,026	645	120	2,261	7	22	250	258	2	5,537	
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(2)	-	(2)	
Dividends from 2020, paid in 2021	-	-	-	-	-	-	-	-	-	(1)	(1)	
Profit before other comprehensive income	-	-	-	-	-	-	-	-	131	-	131	
<i>Entries that can be reclassified through profit or loss</i>												
Change in value of loans classified at fair value	-	-	-	-	-	-	(1)	-	-	-	(1)	
Share of OCI from associated companies and joint ventures	-	-	-	-	-	-	-	-	-	-	-	
Equity as at 31.03.2021	947	1,026	645	120	2,261	7	21	250	387	1	5,665	

¹⁾ Equity certificate capital as at 31.03.2021 has been deducted 1,000 in treasury holding

Parent bank

(Amounts in NOK millions)	Owner- ship interest ¹	Share premium fund	Risk equali- sation fund	Allocated to dividends	Spare- bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2021	1,778	2,777	811	297	3,532	202	26	350	-	9,773
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(4)	(4)
Gifts paid out	-	-	-	-	-	(196)	-	-	-	(196)
Dividends from 2021, paid in 2022	-	-	-	(297)	-	-	-	-	-	(296)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	154	154
<i>Entries that can be reclassified through profit or loss</i>										
Change in value of loans classified at fair value	-	-	-	-	-	-	1	-	-	1
Equity as at 31.03.2022	1,778	2,777	812	-	3,532	7	27	350	150	9,432

¹⁾ Equity certificate capital as at 31.12.2021 has been deducted 3,000 in treasury holding

Parent bank

(Amounts in NOK millions)	Owner- ship interest ¹	Share premium fund	Risk equali- sation fund	Allocated to dividends	Spare- bankens Fond	Allocated to gifts	Fund for unrealised gains	Hybrid capital	Other equity	Total equity
Equity as at 31.12.2020	947	1,026	645	120	2,261	7	22	250	-	5,277
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(2)	(2)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	111	111
<i>Entries that can be reclassified through profit or loss</i>										
Change in value of loans classified at fair value	-	-	-	-	-	-	(1)	-	-	(1)
Equity as at 31.03.2021	947	1,026	645	120	2,261	7	21	250	109	5,385

¹⁾ Equity certificate capital as at 31.03.2021 has been deducted 1,000 in treasury holding

Cash flow statement

Parent bank			Group			
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
			Cash flow from operating activities			
951	139	199	Period's profit before tax	188	144	1,030
-	-	-	Net profit from joint ventures	15	-	(153)
(151)	-	-	Negative goodwill through profit or loss	-	-	(151)
-	-	-	Loss/gain from fixed assets	-	-	6
31	5	9	Depreciation and impairments	10	7	36
79	2	(11)	Impairment of loans	(11)	2	79
(117)	(92)	(258)	Tax payable	(261)	(95)	(123)
(3,944)	(886)	(218)	Change in lending and other assets	(217)	(888)	(3,959)
1,646	(99)	887	Change in deposits from customers	893	(97)	1,642
59	-	(85)	Change in loans to and receivables from credit institutions	(85)	-	59
(293)	141	(783)	Change in certificates and bonds	(783)	141	(293)
(19)	(39)	9	Change in other receivables	8	(69)	(46)
20	62	(99)	Change in other current liabilities	(106)	78	(16)
(1,738)	(767)	(352)	Net cash flow from operating activities	(350)	(777)	(1,888)
			Cash flow from investing activities			
1,186	-	-	Liquidity from SpareBank 1 Telemark upon the merger on 01.06.2021	-	-	1,186
(22)	(1)	(16)	Investments in property, plant and equipment	(17)	(3)	(29)
-	-	-	Sales of property, plant and equipment	-	23	23
(177)	(1)	(4)	Investments in shares, equity certificates and units	(4)	(1)	(81)
223	72	28	Sales of shares, equity certificates and units	28	72	223
1,209	70	8	Net cash flow from investing activities	7	92	1,322
			Cash flow from financing activities			
4,450	1,100	950	Increase in financial borrowing	950	1,100	4,450
(2,817)	(593)	(730)	Repayment of financial borrowing	(731)	(593)	(2,817)
150	-	-	Borrowing, subordinated loans	-	-	150
(150)	-	-	Repayment, subordinated loans	-	-	(150)
(124)	-	(297)	Dividends/endowments paid	(296)	-	(125)
1,509	507	(77)	Net cash flow from financing activities	(77)	507	1,508
980	(190)	(420)	Total change in cash and cash equivalents in the year	(420)	(179)	942
832	832	1,812	Cash and cash equivalents OB	1,812	870	870
1,812	642	1,392	Cash balance at end of the period	1,392	691	1,812
980	(190)	(420)	Net change in cash and cash equivalents in the year	(420)	(179)	942
			Cash and cash equivalents, specified			
114	97	106	Cash and receivables from central banks	106	97	114
1,698	545	1,286	Cash and current receivables from credit institutions	1,286	594	1,698
1,812	642	1,392	Cash and cash equivalents	1,392	691	1,812

Cash flow from interest received, interest payments and dividends received

31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
1,192	194	416	Interest received on loans to customers	416	193	1,191
(151)	(26)	(60)	Interest paid on deposits from customers	(60)	(26)	(150)
10	2	5	Interest received on loans to and receivables from credit institutions	5	2	10
(1)	-	-	Interest paid on loans to and receivables from credit institutions	-	-	(1)
57	11	27	Interest received on certificates and bonds	27	11	57
(154)	(26)	(71)	Interest paid on certificates and bonds	(71)	(26)	(154)
129	10	13	Dividends from investments	13	(86)	33
1,083	165	329	Net cash flow from interest received, interest payments and dividends received	329	68	988



Notes to the financial statements

Note 1 – Accounting policies

The interim report for SpareBank 1 Sørøst-Norge covers the period 01.01.-31.03.2022. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and in line with the same accounting policies and calculation methods applied in the annual financial statements for 2021.

For a detailed description of the accounting policies that have been applied, please see Note 2 in the Bank's official annual financial statements for 2021.

Note 2 – Critical accounting estimates and discretionary valuations

In preparing consolidated financial statements, the management makes estimates and discretionary assessments, as well as assumptions that affect the impact of applying the accounting policies.

This will therefore affect the reported amounts for assets, liabilities, income and expenses.

In the financial statements for 2021, Note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions.

The IFRS 9 loss model is based on multiple input factors from the portfolios, where the events have occurred as of the statement of financial position date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted detailed, quarterly reviews of the corporate market portfolio in order to identify and

make loss provisions for individual exposures. PD/LGD levels have not been recalibrated in the model as at 31.03.2022.

In addition to expanded individual loss assessments, the Bank conducted a subjective assessment of the model's scenario weights in this quarter as at 31.03.2022. Society reopened during the quarter and the risk of losses related to the pandemic therefore decreased. Russia's invasion of Ukraine has at the same time resulted in greater disquiet in the financial and commodity markets, and may increase the challenges faced by the construction industry in particular. Based on the considerable uncertainty surrounding the security policy situation, the scenario weights for both the retail market and the corporate market were kept unchanged at 80/15/5 (likelihood of normal/downside/upside scenario, respectively) at the end of the first quarter. Please see the more detailed comments in Note 6 and the Board of Directors' Interim Report.

Note 3 – Capital adequacy

When calculating capital adequacy, SpareBank 1 Sørøst-Norge uses the standard method for calculating credit risk and the basic method for operational risk.

The Ministry of Finance has decided to increase the countercyclical buffer by a total of 1.0 percentage points in 2022 (0.5 percentage points on 30.06.2022 and 0.5 percentage points on 31.12.2022) and a further 0.5 percentage points on 31.03.2023, such that the total countercyclical buffer will amount to 2.5 % at the end of the first quarter of 2023. In addition, the systemic risk buffer will be increased by 1.5 percentage points to a total of 4.5 % on 31.12.2022. In connection with the approval of the merger with SpareBank 1 Modum in March, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement of 2.5 %. This requirement will apply until the Financial Supervisory Authority of Norway sets a new Pillar 2 requirement. The Board of Directors is going to start work on a new internal capital adequacy assessment process (ICAAP). The assessment must be submitted to the Financial Supervisory Authority of Norway by no later than 12 months after the merger has been completed. The Group's target Common Equity Tier 1 Capital ratio has been revised upwards to a minimum of 17.0 % in light of the increased capital requirements.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.2 % (18.4 %). The leverage ratio was 8.3 % (8.6 %) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0 %.

An expanded SME discount will be introduced in connection with the approved banking package in CRR 2/CRD V. Preliminary calculations estimate the effect will be an increase in the Common Equity Tier 1 capital ratio of 0.6 percentage points. The banking package will come in force on 01.06.2022.

Extended consolidation for owner companies in the Samarbeidende Sparebanker grouping

Under the CRD IV rules, SpareBank 1 Sørøst-Norge is currently below the materiality threshold for reporting fully consolidated capital adequacy. Consequently, capital adequacy is not worked out at a consolidated level. The Bank has carried out proportional consolidation of interests in the cooperative group since 2018.

The following companies are included in proportional consolidation:

SpareBank 1 Boligkreditt AS (10.7 %)
 SpareBank 1 Næringskreditt AS (10.9 %)
 SpareBank 1 Kreditt AS (9.5 %)
 SpareBank 1 SMN Finans AS (11.5 %)
 BN Bank ASA (7.5 %)

The provision applies to interests in other financial institutions engaged in the activities to which the cooperation relates; see Financial Institutions Act, section 17-13.

Proportional consolidation

(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
Primary capital			
Common Equity Tier 1 capital	8,855	4,896	8,817
Tier 1 capital	9,339	5,222	9,293
Primary capital	10,185	5,732	10,124
Basis for calculation	48,588	26,660	48,269
Capital adequacy			
Common Equity Tier 1 capital ratio	18.2%	18.4%	18.3%
Tier 1 capital ratio	19.2%	19.6%	19.3%
Capital adequacy	21.0%	21.5%	21.0%
Leverage ratio	8.3%	8.6%	8.4%

Parent bank

	31.03.2022	31.03.2021	31.12.2021
Primary capital			
Equity certificate capital	1,778	947	1,778
Share premium fund	2,777	1,026	2,777
Dividend equalisation fund	812	645	637
Sparebankens Fond	3,532	2,261	3,417
Fund for unrealised gains/losses	27	21	22
Endowment fund	7	7	7
Allocated dividend classified as equity	-	120	-
Other equity (IAS pensions and interest paid on hybrid capital)	(4)	(2)	(11)
Profit for the period	-	111	796
Total capitalised equity (excluding hybrid capital)	8,928	5,135	9,423
Value adjustments on shares and bonds measured at fair value (AVA)	(11)	(7)	(11)
Deduction for non-material interests in the financial sector	(129)	(928)	(122)
Deduction for material interests in the financial sector	(717)	-	(749)
Dividends allocated for distribution, classified as equity	-	(120)	(297)
Dividends/gifts to community capital, classified as equity	-	-	(196)
Profit for the period	-	(111)	-
Total Common Equity Tier 1 capital	8,072	3,969	8,048
Hybrid capital	350	250	350
Total Tier 1 capital	8,421	4,219	8,398
Supplementary capital in excess of Tier 1 capital			
Time-limited primary capital	650	400	650
Deduction for non-material interests in the financial sector	-	(5)	-
Net primary capital	9,071	4,614	9,047

Risk-weighted basis for calculation			
Assets not included in the trading portfolio	36,869	19,481	36,532
Operational risk	3,066	1,902	3,066
CVA surcharge (counterparty risk on derivatives)	75	32	74
Total basis for calculation	40,009	21,415	39,672
Common Equity Tier 1 capital	20.2%	18.5%	20.3%
Tier 1 capital	21.1%	19.7%	21.2%
Capital adequacy	22.7%	21.5%	22.8%
Leverage ratio	10.9%	10.1%	11.0%
Buffer requirements			
Capital conservation buffer (2.50%)	1,000	535	992
Countercyclical buffer (1.0%)	400	214	397
Systemic risk buffer (3.00%)	1,200	642	1,190
Total buffer requirement for Common Equity Tier 1 capital	2,601	1,392	2,579
Minimum requirement for Common Equity Tier 1 capital (4.50%)	1,800	964	1,785
Available Common Equity Tier 1 capital in excess of minimum requirement	3,671	1,613	3,684

Specification of risk-weighted credit risk	31.03.2022	31.03.2021	31.12.2021
Governments and central banks	44	-	27
Local and regional authorities	58	59	63
Publicly owned companies	10	10	10
Institutions	194	118	159
Companies	4,225	2,144	4,280
Mass market	4,489	2,630	4,600
Mortgaged against residential and holiday property	16,533	8,450	16,456
Mortgaged against commercial property	5,992	2,667	5,589
Exposures past due	327	199	326
High-risk exposures	1,746	1,503	1,646
Covered bonds	468	314	497
Receivables from institutions and companies with short-term ratings	257	109	340
Shares in mutual funds	46	43	48
Equity items	2,145	1,105	2,135
Other exposures	335	130	356
Total credit risk	36,869	19,481	36,532

Note 4 – Segment Information

The segment information is related to the way in which the Group is managed and followed up internally by the business through performance and capital reporting, proxies and procedures.

customers, which include the parent bank and subsidiaries related to real estate and accounting services. 'Not allocated' mainly includes group eliminations and subsidiaries that manage properties.

The reporting of segments is divided into the following areas: Retail market (RM) and corporate market (CM)

Group 31.03.2022

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Profit				
Net interest income	181	126	-	306
Net commission and other income	154	54	(4)	203
Operating expenses	203	105	(3)	306
Profit before losses	131	74	(1)	204
Losses on loans and guarantees	-	(11)	-	(11)
Profit before tax	131	85	(1)	215

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	44,344	18,541	(28)	62,856
Other assets	-	-	12,882	12,882
Total assets per segment	44,344	18,541	12,854	75,738
Deposits from and liabilities to customers	31,593	15,559	(46)	47,105
Other equity and liabilities	-	-	28,633	28,633
Total equity and liabilities per segment	31,593	15,559	28,587	75,738

Group 31.03.2021

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Profit				
Net interest income	94	55	-	149
Net commission and other income	122	46	-	167
Operating expenses	107	48	-	154
Profit before losses	109	53	-	162
Losses on loans and guarantees	(1)	3	-	2
Profit before tax	110	50	-	160

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	25,286	8,010	(26)	33,270
Other assets	-	-	7,620	7,620
Total assets per segment	25,286	8,010	7,594	40,890
Deposits from and liabilities to customers	16,467	9,336	(37)	25,766
Other equity and liabilities	-	-	15,124	15,124
Total equity and liabilities per segment	16,467	9,336	15,087	40,890

Group 31.12.2021

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Profit				
Net interest income	550	370	-	920
Net commission and other income	838	254	(17)	1,075
Operating expenses	653	242	(8)	886
Profit before losses	735	382	(8)	1,109
Losses on loans and guarantees	8	71	-	79
Profit before tax	728	311	(9)	1,030

(Amounts in NOK millions)	RM	CM	Not allocated	Total
Statement of financial position				
Net lending to customers	44,609	17,963	(29)	62,542
Other assets	-	-	12,370	12,370
Total assets per segment	44,609	17,963	12,340	74,911
Deposits from and liabilities to customers	31,098	15,166	(52)	46,212
Other equity and liabilities	-	-	28,699	28,699
Total equity and liabilities per segment	31,098	15,166	28,647	74,911

Note 5 – Losses on loans and guarantees

Parent bank				Group		
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
89			Effects of merger with Sparebanken Telemark ¹⁾			89
(21)	3	(2)	Change in impairment provisions in the period, Stage 1	(2)	3	(21)
(15)	(5)	(20)	Change in impairment provisions in the period, Stage 2	(20)	(5)	(15)
9	(10)	9	Change in impairment provisions in the period, Stage 3	9	(10)	17
17	13	3	Losses for the period with previous impairments	3	13	9
8	3	-	Losses for the period without previous impairments	-	3	8
(3)	-	(1)	Previously recognised impairments at start of period	(1)	-	(3)
(5)	(2)	-	Other corrections/amortisation of impairments	-	(2)	(5)
79	2	(11)	Losses on loans and guarantees in the period	(11)	2	79

¹⁾ Loans and guarantees in Stage 1 were measured at fair value, equivalent to amortised cost, in connection with the opening balance upon the merger between SpareBank 1 BV and Sparebanken Telemark on 01.06.2021. Upon initial recognition in the merged bank, the loans were reassessed and loss provisions of NOK 89 million were made in Stage 1. This corresponds to Sparebanken Telemark's impairment provision as at 31.05.2021 (prior to the merger).

Note 6 – Impairment provisions for loans and guarantees

Only the Group is shown since the parent bank's figures are virtually identical to the consolidated figures.

(Amounts in NOK millions)

	Group			
Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
31.12.2021	120	72	95	287
Impairment provisions transferred to Stage 1	15	(15)	-	0
Impairment provisions transferred to Stage 2	(3)	3	-	0
Impairment provisions transferred to Stage 3	-	(3)	3	0
New financial assets issued or purchased	7	1	-	8
Increase in existing loans	5	12	15	31
Reduction in existing loans	(19)	(10)	(4)	(34)
Financial assets that have been deducted	(6)	(8)	(4)	(17)
31.03.2022	118	53	104	275
- reversal of impairment provisions related to fair value through OCI	(23)	-	-	(23)
Capitalised impairment provisions as at 31.03.2022	94	53	104	251
Of which, impairment provisions for capitalised loans	71	52	100	222
Of which, impairment provisions for unused credits and guarantees	24	1	5	30
Of which: impairment provisions, retail market - amortised cost	6	35	37	77
Of which: impairment provisions, corporate market - amortised cost	88	18	68	174

(Amounts in NOK millions)

	Group			
Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
31.12.2020	52	50	69	172
Impairment provisions transferred to Stage 1	4	(4)	-	0
Impairment provisions transferred to Stage 2	(1)	1	-	0
Impairment provisions transferred to Stage 3	-	(1)	1	0
New financial assets issued or purchased	11	-	1	12
Increase in existing loans	4	9	8	22
Reduction in existing loans	(11)	(5)	(5)	(20)
Financial assets that have been deducted	(6)	(6)	(3)	(14)
Changes due to recognised impairments (recognised losses)	-	-	(5)	(5)
31.03.2021	55	45	67	168
- reversal of impairment provisions related to fair value through OCI	(14)	-	-	(14)
Capitalised impairment provisions as at 31.03.2021	42	45	67	154
Of which, impairment provisions for capitalised loans	29	40	67	136
Of which, impairment provisions for unused credits and guarantees	13	5	-	18
Of which: impairment provisions, retail market - amortised cost	3	19	21	42
Of which: impairment provisions, corporate market - amortised cost	39	26	46	112

(Amounts in NOK millions)

	Group			
Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
31.12.2020	52	50	69	172
Recognised through profit or loss in connection with the recognition of loans in Stage 1 upon the merger	89	-	-	89
Recognised gross on the statement of financial position in connection with the recognition of loans in Stage 2 upon the merger	-	38	-	38
Change in recognised gross on the balance sheet in connection with the recognition of loans in Stage 3 upon the merger	-	-	9	9
Impairment provisions transferred to Stage 1	32	(22)	(10)	0
Impairment provisions transferred to Stage 2	(5)	6	-	0
Impairment provisions transferred to Stage 3	(2)	(3)	5	0
New financial assets issued or purchased	53	16	2	72
Increase in existing loans	(16)	21	57	63
Reduction in existing loans	(47)	(12)	(10)	(69)
Financial assets that have been deducted	(38)	(22)	(17)	(77)
Changes due to recognised impairments (recognised losses)	-	-	(9)	(9)
31.12.2021	120	72	95	287
- reversal of impairment provisions related to fair value through OCI	(24)	-	-	(24)
Capitalised impairment provisions as at 31.12.2021	96	72	95	264
Of which, impairment provisions for capitalised loans	70	68	91	229
Of which, impairment provisions for unused credits and guarantees	26	4	4	34
Of which: impairment provisions, retail market - amortised cost	4	28	30	62
Of which: impairment provisions, corporate market - amortised cost	92	44	65	201

Sensitivity analysis – loss model

The model calculates impairments on exposures in three different scenarios where the probability of the individual scenario occurring is weighted. The base scenario for the IFRS 9 calculations is mainly based on the benchmark trajectory of the Monetary Policy Report from Norges Bank and contains expectations regarding macroeconomic factors such as unemployment, GDP growth, interest rates, house prices, etc.

At the same time, the loss model is based on multiple input factors from the portfolios, where the events have occurred as of the statement of financial position date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted an expanded review of our CM portfolio in order to identify and make provisions for individual commitments and industries that we believe will experience specific problems making it through the crisis. PD/LGD levels have not been recalibrated in the model as at 31.03.2022.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based on an assessment. The scenario weighting has remained unchanged from 31.12.2021.

Below, the impairment provisions are shown at full (100 %) weighting of the various scenarios in order to illustrate the span in the model.

Internal simulations were last carried out in the event of changes to weighted PD on 31.12.2021. The simulation shows that, given the Bank's scenario weighting as at 31.12.2021, impairment provisions increase by around NOK 10 million for every 10 % increase in weighted PD. These indicate that adjustments to the scenarios have about the same effect as similar adjustments to PD levels.

Scenario weights used as at 31.03.2022

(Amounts in NOK millions)	Weight RM/CM	RM	CM	Total
Scenario 1 (expected case)	80 %/80 %	55	139	194
Scenario 2 (downside case)	15 %/15 %	44	74	118
Scenario 3 (upside case)	5 %/5 %	2	6	9
Total estimated IFRS 9 provisions		101	220	321
Adjusted for amortisation effects		-	-	(46)
- reversal of impairment provisions related to fair value through OCI		(23)	-	(23)
Capitalised impairment provisions for the parent bank as at 31.03.2022		77	220	251

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

(Amounts in NOK millions)	Weight RM/CM	RM	CM	Total
Scenario 1 (expected case)	100 %/100 %	68	174	242
Scenario 2 (downside case)	100 %/100 %	294	495	789
Scenario 3 (upside case)	100 %/100 %	44	129	173

Scenario weighting used during the year	31.03.2022 Weight RM/CM	31.03.2021 Weight RM/CM	31.12.2021 Weight RM/CM
Scenario 1 (Normal case)	80 %/80 %	80 %/80 %	80 %/80 %
Scenario 2 (worst case)	15 %/15 %	15 %/20 %	15 %/15 %
Scenario 3 (upside case)	5 %/5 %	5 %/0 %	5 %/5 %

Note 7 – Loans to customers by Stages 1, 2 and 3

We only show the Group since the parent bank and Group are almost identical

(Amounts in NOK millions)				Group
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
31.12.2021	58,441	3,950	381	62,771
Loans transferred to Stage 1	893	(892)	(1)	-
Loans transferred to Stage 2	(844)	848	(3)	-
Loans transferred to Stage 3	(9)	(36)	45	-
New financial assets issued or purchased	5,192	45	-	5,237
Increase in existing loans	642	61	6	709
Reduction in existing loans	(1,133)	(141)	(6)	(1,280)
Financial assets that have been deducted	(3,982)	(356)	(20)	(4,359)
Changes due to recognised impairments (recognised losses)	-	-	-	-
31.03.2022	59,199	3,477	401	63,078
Impairment provisions as % of gross lending	0.01%	0.99%	9.21%	0.44%

(Amounts in NOK millions)				Group
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
31.12.2020	28,478	2,246	198	30,922
Loans transferred to Stage 1	292	(292)	-	-
Loans transferred to Stage 2	(291)	291	-	-
Loans transferred to Stage 3	(2)	(12)	14	-
New financial assets issued or purchased	4,568	35	6	4,610
Increase in existing loans	233	50	2	285
Reduction in existing loans	(610)	(35)	(3)	(649)
Financial assets that have been deducted	(3,130)	(199)	(20)	(3,349)
Changes due to recognised impairments (recognised losses)	-	-	(17)	(17)
31.03.2021	29,539	2,084	180	31,803
Impairment provisions as % of gross lending	0.19%	2.16%	37.40%	0.53%

(Amounts in NOK millions)				Group
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
31.12.2020	28,478	2,246	198	30,922
Effects of merger with Sparebanken Telemark	23,696	1,061	102	24,859
Loans transferred to Stage 1	955	(932)	(23)	-
Loans transferred to Stage 2	(1,926)	1,933	(8)	-
Loans transferred to Stage 3	(132)	(62)	194	-
New financial assets issued or purchased	26,687	883	18	27,588
Increase in existing loans	819	121	7	948
Reduction in existing loans	(3,213)	(204)	(31)	(3,448)
Financial assets that have been deducted	(19,726)	(1,095)	(104)	(20,925)
Changes due to recognised impairments (recognised losses)	-	(1)	(7)	(8)
31.12.2021	55,638	3,950	339	59,927
Impairment provisions as % of gross lending	0.21%	1.83%	28.15%	0.48%

Note 8 – Loan to customers by sector and industry

Parent bank				Group		
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
44,736	25,202	44,390	Employees, etc.	44,390	25,202	44,736
11,201	5,825	11,892	Property management/business services, etc.	11,864	5,171	11,172
2,853	628	3,065	Property management housing cooperatives	3,065	628	2,853
768	357	777	Wholesale and retail trade/hotels and restaurants	777	357	768
590	214	588	Agriculture/forestry	588	214	590
571	256	635	Building and construction	635	256	571
714	355	690	Transport and service Industries	690	355	714
759	332	611	Production (manufacturing)	611	332	759
10	1	10	Public administration	10	1	10
598	262	448	Abroad and others	448	262	598
62,801	33,432	63,106	Gross lending	63,078	32,778	62,771
19,814	8,956	19,832	- Of which, measured at amortised cost	19,804	8,929	19,784
40,143	22,874	40,265	- Of which, measured at fair value through OCI	40,265	22,874	40,143
2,844	1,602	3,009	- Of which, measured at fair value	3,009	1,602	2,844
(229)	(136)	(222)	- Impairment provisions for loans	(222)	(136)	(229)
62,571	33,296	62,884	Net lending	62,856	33,270	62,542
62,801	33,432	63,106	Gross lending	63,078	32,778	62,771
23,769	12,704	24,299	Gross lending transferred to SB1 Boligkreditt	24,299	12,704	23,769
1,565	656	1,522	Gross lending transferred to SB1 Næringskreditt	1,522	656	1,565
88,135	46,792	88,926	Gross lending including SB1 Boligkreditt and Næringskreditt	88,898	46,137	88,105

Note 9 – Transfer of financial assets

SpareBank 1 Sørøst-Norge and other owners have agreed to establish a liquidity facility for SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. This means that the banks commit to buy bonds issued by the company up to a total value of 12 months' term to maturity. Each owner is principally liable for its share of the requirement, and secondarily for twice the primary liability under the same agreement.

The bonds can be deposited with Norges Bank, so carry no significant added risk for SpareBank 1 Sørøst-Norge. The Bank has signed an agreement for the legal sale of loans with high security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. For more information on the accounting treatment of the agreements, see Note 2 and Note 10 to the annual financial statements for 2021.

Note 10 – Financial derivatives

General description

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

Fair value hedging

The Bank has hedged fixed rate borrowing with a capitalised value of NOK 5,600 million. The borrowing is hedged 1:1 through external contracts where the term to maturity and fixed rate of the hedged item and hedging transaction match. The Bank prepares quarterly documentation of the effectiveness of the hedging instrument in relation to the hedged item. A total of eight transactions involving borrowing were hedged as at 31.03.2022. All interest rate swap agreements are based on observable market prices. Both the hedging instruments and hedged items experienced substantial changes in value during the first quarter of 2022. This was due to a rise in the yield curve in the first quarter. The Bank does not hedge cash flows.

Fair value hedging	31.03.2022	31.03.2021	31.12.2021
Net recognition of hedging instruments	181	56	135
Net recognition of hedged items	(180)	(56)	(134)
Total fair value hedging	1	1	-
Accumulated hedging adjustments for hedged items	(220)	36	(40)

Group (Amounts in NOK millions)	31.03.2022			31.03.2021			31.12.2021		
	Contract- total	Fair value		Contract- total	Fair value		Contract- total	Fair value	
Assets		Liabilities	Assets		Liabilities	Assets		Liabilities	
Interest rate instruments									
Interest rate swap agreements – hedging of customer-related assets at fair value through profit or loss	2,907	72	4	1,450	11	21	2,882	18	15
Interest rate swap agreements – hedging of fixed income securities	355	16	18	365	27	25	355	14	20
Interest rate swap agreements – hedging of fair value of fixed rate borrowing	5,600	31	164	2,650	25	-	5,600	66	28
Total interest rate instruments	8,862	119	186	4,465	63	46	8,837	98	64

Note 11 – Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its payment obligations, and/or the risk of not being able to finance the desired growth in assets. SpareBank 1 Sørøst-Norge draws up an annual liquidity strategy which addresses the Bank's liquidity risk, among other things.

The Bank's liquidity risk is covered by the Bank's liquidity reserve/buffer. The main objective of SpareBank 1 Sørøst-Norge is to maintain the viability of the Bank in a normal situation, without external funding, for 12 months. The Bank should also be able to survive

a minimum of 6 months in a 'highly stressed' situation where there is no access to funding from the capital markets. The Bank exercises daily governance according to the above goals. A contingency plan for dealing with liquidity crises has also been established.

The remaining time to maturity for the Bank's bond debt was 3.0 (3.1) years at the end of the quarter.

The liquidity coverage ratio (LCR) was 154 % (187 %) at the end of the quarter and the average LCR has been 168 % (186 %) in 2022.

Note 12 – Net interest income

Parent bank				Group		
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
			Interest income			
10	2	5	Interest rates on loans to credit institutions at amortised cost	5	2	10
432	61	155	Interest on loans to customers at amortised cost	155	61	431
715	123	246	Interest on loans to customers at fair value through OCI	246	123	715
1,158	186	406	Total interest income - assets measured at amortised cost	405	186	1,157
39	8	14	Interest on loans to customers at fixed rates	14	8	39
57	11	27	Interest on securities at fair value	27	11	57
96	19	41	Total interest income - assets measured at fair value	41	19	96
1,254	205	447	Total interest income	446	205	1,253
			Interest expenses			
1	-	-	Interest and similar expenses for liabilities to credit institutions	-	-	1
151	26	60	Interest and similar expenses for deposits from and liabilities to customers	59	26	150
143	23	67	Interest and similar expenses for issued securities	67	23	143
11	2	4	Interest and similar expenses for subordinated loan capital	4	2	11
29	5	9	Other interest expenses and similar expenses	9	5	29
334	55	140	Total interest expenses	140	56	333
920	150	306	Net interest income	307	149	920

Note 13 – Net commission income and other income

Parent bank				Group		
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
			Commission income			
9	1	3	Guarantee commission	3	1	9
1	-	-	Interbank commission	-	-	1
10	2	3	Credit brokerage	3	2	10
33	6	9	Securities trading and management	9	6	33
151	24	44	Payment services	44	24	151
90	14	30	Insurance services	30	14	90
11	2	2	Other commission income	2	2	11
209	35	48	Commission from Boligkreditt and Næringskreditt	48	35	209
513	85	140	Total commission income	140	85	513
			Commission expenses			
1	-	-	Interbank fees	-	-	1
19	3	5	Payment services	5	3	19
10	2	3	Other commission expenses	3	2	10
30	4	8	Total commission expenses	8	4	30
483	81	131	Net commission income	131	81	483
			Other operating income			
3	-	1	Operating income from real estate	1	-	4
-	-	-	Profit from the sale of fixed assets	-	1	-
5	1	1	Other operating income	1	1	4
-	-	-	Operating income from estate agency business	38	29	176
-	-	-	Operating income from accounting firms	15	14	50
7	1	2	Total other operating income	55	44	233
489	82	133	Net commission and other income	187	125	716

Note 14 – Net result from other financial investments

Parent bank				Group		
31.12.2021	31.03.2021	31.03.2022	(Amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
27	18	10	Net change in value of stocks, shares, etc. measured at fair value	10	18	30
(31)	(2)	(27)	Net change in value of bonds/certificates measured at fair value	(27)	(2)	(31)
12	(2)	4	Net change in value of financial derivatives measured at fair value	4	(2)	12
12	2	3	Exchange rate gains/losses on currency	3	2	12
151	-	-	Negative goodwill recognised through profit or loss upon the merger with Sparebanken Telemark	-	-	151
170	15	(10)	Net result from other financial investments	(10)	16	174

Note 15 – Measuring fair value of financial instruments

Financial instruments at fair value are classified at different levels.

Level 1: Valuation based on quoted prices on an active market. The fair value of financial instruments traded on active markets is based on their market price on the statement of financial position date. A market is considered to be active if the market prices are easily and regularly available from a stock exchange, dealer, broker, economic grouping, pricing service or regulatory authority, and these prices represent actual and regularly occurring market transactions at arm's length. The category includes listed shares and units in mutual funds, treasury bills, and government bonds.

Level 2: Valuation based on observable market data. Level 2 consists of instruments which are valued using information other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, and also include listed prices in a non-active market.

- These valuation methods maximise the use of observable data where it is available and rely as little as possible on the Bank's own estimates.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on the observable yield curve.
- The fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated cash flow based on the observable yield curve, including an indicated credit spread on the issuer from a reputable brokerage firm or Reuters/ Bloomberg pricing services.
- This category includes bonds, certificates, equity instruments, own securities debt at fair value, and derivatives.

Level 3: Valuation based on other than observable data. If no valuation is available in relation to level 1 and 2, valuation methods based on non-observable information are used.

- The fair value of fixed interest rate loans to customers is calculated as the fair value of the agreed cash flows discounted with an observable yield curve with the addition of a calculated margin premium.
- Equity investments are valued at fair value under the following conditions:
 1. Price at the time of the last capital increase or last sale between independent parties, adjusted for changes in market conditions since the capital increase/sale.
 2. Fair value based on expected future cash flows for the investment.
- On the remaining financial instruments, fair value is determined on the basis of value estimates obtained from external parties.
- This category includes other equity instruments, loans at fair value through OCI and the Bank's own fixed rate loans.
- The fair value of mortgages is understood to be:
 - Loans in loss category 1 - the nominal value of the loan (not equal to amortised cost). Loan in loss category 2, and 3 - the loan's nominal value decreases by the expected losses (= amortised cost). Loans in loss category 3K - the loan's nominal value decreases by individual impairment provisions (= amortised cost).

The Group's assets and liabilities measured at fair value as at 31.03.2022

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	3,008	3,008
- Mortgages at fair value through OCI	-	-	40,265	40,265
- Interest-bearing securities	252	6,677	-	6,930
- Shares, units and equity certificates	199	-	1,978	2,177
- Financial derivatives	-	119	-	119
Total assets	451	6,797	45,252	52,500
Liabilities				
Financial liabilities at fair value				
- Securities issued	-	5,600	-	5,600
- Financial derivatives	-	186	-	186
Total liabilities	-	5,786	-	5,786

The Group's assets and liabilities measured at fair value as at 31.03.2021

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,602	1,602
- Mortgages at fair value through OCI	-	-	22,874	22,874
- Interest-bearing securities	209	4,073	-	4,282
- Shares, units and equity certificates	192	-	1,134	1,326
- Financial derivatives	-	63	-	63
Total assets	402	4,136	25,610	30,148
Liabilities				
Financial liabilities at fair value				
- Securities issued	-	2,666	-	2,666
- Financial derivatives	-	71	-	71
Total liabilities	-	2,737	-	2,737

The Group's assets and liabilities measured at fair value as at 31.12.2021

Assets (Amounts in NOK millions)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	2,844	2,844
- Mortgages at fair value through OCI	-	-	40,143	40,143
- Interest-bearing securities	252	5,894	-	6,146
- Shares, units and equity certificates	199	-	2,004	2,203
- Financial derivatives	-	98	-	98
Total assets	451	5,992	44,991	51,434
Liabilities				
Financial liabilities at fair value				
- Securities issued	-	5,597	-	5,597
- Financial derivatives	-	64	-	64
Total liabilities	-	5,661	-	5,661

Changes in instruments classified as Level 3 as at 31.03.2022

(Amounts in NOK millions)	Fixed-rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2022	2,844	2,004	40,143
Additions	268	2	4,625
Disposals	(104)	(28)	(4,503)
Net gain/loss on financial instruments	-	-	-
Closing balance 31.03.2022	3,008	1,978	40,265

Changes in instruments classified as Level 3 as at 31.03.2021

(Amounts in NOK millions)	Fixed-rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2021	1,664	1,158	22,700
Supply from merger with Sparebanken Telemark			
Additions	90	-	3,514
Disposals	(152)	(24)	(3,339)
Net gain/loss on financial instruments	-	(1)	-
Closing balance 31.03.2021	1,602	1,134	22,874

Note 16 – Other assets

Parent bank			(Amounts in NOK millions)	Group		
31.12.2021	31.03.2021	31.03.2022		31.03.2022	31.03.2021	31.12.2021
42	20	34	Prepaid, unaccrued costs, and accrued income not yet received	114	31	125
50	44	37	Other assets	42	58	53
101	63	185	Derivatives and other financial instruments at fair value	185	63	101
193	128	256	Total other assets	342	153	279

Note 17 – Deposits from customers by sector and industry

Parent bank			(Amounts in NOK millions)	Group		
31.12.2021	31.03.2021	31.03.2022		31.03.2022	31.03.2021	31.12.2021
30,255	15,962	30,691	Employees, etc.	30,691	15,962	30,255
6,149	3,164	6,315	Property management/business services, etc.	6,268	3,128	6,098
296	21	283	Property management housing cooperatives	283	21	296
1,611	862	1,669	Wholesale and retail trade/hotels and restaurants	1,669	862	1,611
421	229	395	Agriculture/forestry	395	229	421
1,232	755	1,210	Building and construction	1,210	755	1,232
2,725	1,613	2,891	Transport and service Industries	2,891	1,613	2,725
658	347	597	Production (manufacturing)	597	347	658
1,684	2,071	1,890	Public administration	1,890	2,071	1,684
1,234	779	1,210	Abroad and others	1,210	779	1,234
46,264	25,803	47,151	Total deposits	47,105	25,766	46,212

Note 18 – Securities debt

SpareBank 1 Sørøst-Norge issues and redeems securities issued as part of its liquidity management. The refinancing requirement has also been partly funded by the transfer of the loan portfolio to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

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

Group (amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
Loans from credit institutions, nominal value	150	-	150
Bond debt, senior unsecured, nominal value	14,863	8,001	15,293
Bond debt, SNP, nominal value	2,200	500	1,550
Value adjustments and accrued interest	(92)	53	70
Total interest-bearing securities	17,121	8,554	17,063

Change in financial borrowing

Group (amounts in NOK millions)	31.03.2022	Issued	Due/ redeemed	31.12.2021
Loans from credit institutions, nominal value	150	-	-	150
Bond debt, senior unsecured, nominal value	14,863	300	(730)	15,293
Bond debt, SNP, nominal value	2,200	650	-	1,550
Value adjustments and accrued interest	(92)	-	-	70
Total interest-bearing securities	17,121	950	-730	17,063

Group (amounts in NOK millions)	31.03.2021	Issued	Due/ redeemed	31.12.2020
Loans from credit institutions, nominal value	-	-	(200)	200
Bond debt, senior unsecured, nominal value	8,001	600	(393)	7,794
Bond debt, SNP, nominal value	500	500	-	-
Value adjustments and accrued interest	53	-	-	115
Total interest-bearing securities	8,554	1,100	(593)	8,109

Note 19 – Subordinated loan capital

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

Time-limited subordinated bonds loans

Group (amounts in NOK millions)	31.03.2022	31.03.2021	31.12.2021
Subordinated loan capital	650	400	650
Value adjustments and accrued interest	1	1	1
Total subordinated loan capital	651	401	651

Change in subordinated loan capital

Group (amounts in NOK millions)	31.03.2022	Issued	Due/ redeemed	31.12.2021
Subordinated loan capital	650	-	-	650
Value adjustments and accrued interest	1	-	-	1
Total subordinated loan capital	651	-	-	651

Group (amounts in NOK millions)	31.03.2021	Issued	Due/ redeemed	31.12.2020
Subordinated loan capital	400	-	-	400
Value adjustments and accrued interest	1	-	-	1
Total subordinated loan capital	401	-	-	401

Note 20 – Other liabilities

Parent bank			(Amounts in NOK millions)	Group		
31.12.2021	31.03.2021	31.03.2022		31.03.2022	31.03.2021	31.12.2021
101	44	99	Accrued expenses and received unearned income	135	67	128
34	18	30	Provisions for guarantees	30	18	34
83	57	83	IFRS 16 liabilities related to leases	76	57	78
139	77	140	Pension liabilities	141	77	140
145	152	448	Other liabilities	482	188	177
107	71	190	Derivatives and other financial instruments at fair value	190	71	107
609	419	990	Total other liabilities	1,053	479	664

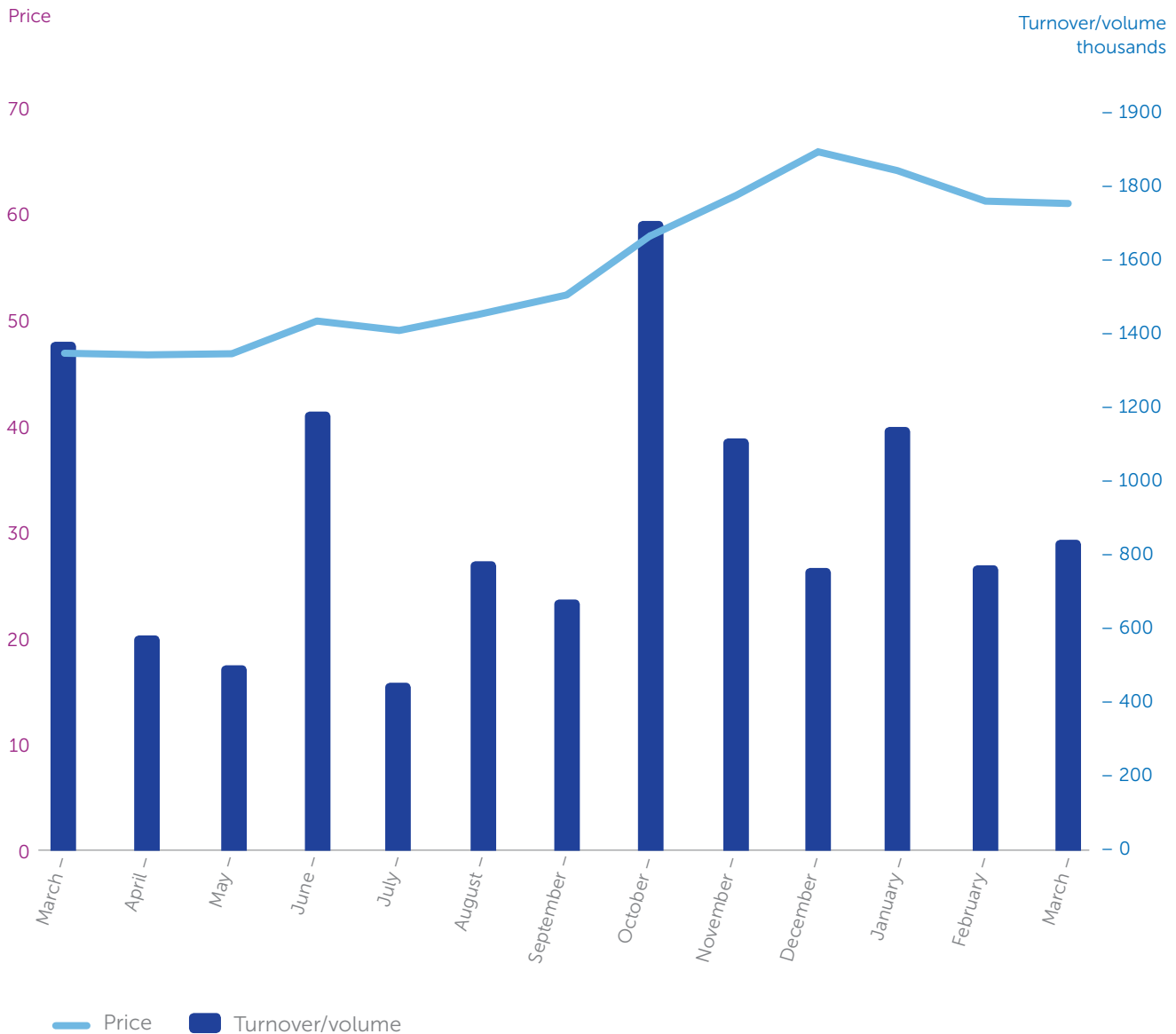
Note 21 – Equity certificate holders and distribution of equity certificates

There were 6,074 equity certificate holders as at 31.03.2022.

20 largest equity certificate holders

	Quantity	Share
SpareBank 1 Stiftelsen BV	24,141,356	20.3%
Sparebankstiftelsen Telemark	18,910,174	15.9%
Sparebankstiftelsen Nøtterøy-Tønsberg	10,925,503	9.2%
Sparebankstiftelsen Telemark-Holla og Lunde	10,273,723	8.7%
VPF Eika Egenkapitalbevis	4,119,865	3.5%
Spesialfondet Borea utbytte	2,420,760	2.0%
Pareto Invest AS	1,771,308	1.5%
Landkreditt Utbytte	1,100,000	0.9%
Catilina Invest AS	912,032	0.8%
Wenaasgruppen AS	907,432	0.8%
Melesio Invest AS	886,937	0.7%
Kommunal Landspensjonskasse Gjensidige	752,614	0.6%
Sanden Equity AS	707,494	0.6%
Aars AS	684,737	0.6%
Foretakskonsulenter AS	621,230	0.5%
Skogen Investering AS	533,116	0.4%
Elgar Kapital AS	426,000	0.4%
Babord AS	421,266	0.4%
Hausta Investor AS	420,000	0.4%
Jag Holding AS	400,000	0.3%
Total 20 largest owners	81,335,547	68.5%
SpareBank 1 Sørøst-Norge (own equity certificates)	188,826	0.2%
Other owners	37,165,544	31.3%
Issued equity certificates	118,689,917	100.0%

Price development March 2021 – March 2022



Dividend policy

SpareBank 1 Sørøst-Norge's goal is to achieve financial results that provide equity certificate holders with a good, stable and competitive return in the form of dividends and increases in the price of the equity certificate.

The annual profit will be distributed between the equity capital and community capital in line with their proportion of the Bank's equity.

SpareBank 1 Sørøst-Norge assumes that around 50 % of the owner capital's share of the annual profit will be paid out as cash dividends.

In order to maintain stable ownership fractions over time, as a general rule, dividend funds amounting to around 50 % of the primary capital's share of the profit will be transferred to SpareBank 1 Stiftelsen BV and Sparebankstiftelsen Telemark.

When determining the level of dividends, the Group's financial strength must be taken into account, including its expected financial performance in a normalised market situation, future capital requirements, external framework conditions, the Group's goals and strategic plans.

Note 22 – Equity certificates and ownership fractions

Earnings per equity certificate

Earnings per equity certificate are calculated by dividing the portion of the profit/loss assigned to the company's equity certificate holders (minus own equity certificates) by a weighted average of the number of equity certificates over the year.

Diluted earnings per equity certificate

In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution as at 31.03.2022. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

Parent bank

Equity certificate fraction Amounts in NOK millions	31.03.2022
Equity certificate capital	1,778
Share premium fund	2,777
Dividend equalisation fund, excl. other equity	811
Total equity certificate holders' capital	5,366
Sparebankens Fond, excl. other equity	3,532
Gift fund	7
Total community-owned capital	3,538
Equity excl. dividends, gifts, hybrid capital and other equity	8,905
Equity certificate fraction	60.3%
Community capital	39.7%

Parent bank (amounts in NOK millions)	31.03.2022
Based on profit divided between equity certificate holders and community capital	150
Number of equity certificates issued	118,689,917
Earnings per equity certificate (NOK)	0.76
Market price (NOK)	61.60
Nominal Value (NOK)	15.00
Adjusted profit	
Profit	154
- corrected for interest on hybrid Tier 1 securities recognised directly against equity	(4)
Adjusted profit	150

Note 23 – Pro forma results from the quarterly financial statements

The pro forma results for 2021 and 2020 represent the results for both banks (former SpareBank 1 BV and Sparebanken Telemark), consolidated as if the merger had occurred with accounting effect from 01.01.

There were no significant eliminations between the banks during this period meaning that the results for the period was just consolidated.

Group

(Amounts in NOK millions)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Interest income	446	413	373	372	367	373	378	430
Interest expenses	140	113	96	98	101	96	97	179
Net interest income	306	300	277	274	265	277	281	251
Commission income	140	158	161	149	144	159	152	117
Commission expenses	8	10	10	9	9	10	10	8
Other operating income	55	64	63	73	57	51	63	71
Net commission and other income	187	212	214	213	193	200	204	179
Dividends	12	1	-	24	16	16	-	12
Net result from ownership interests	14	48	54	41	25	28	34	32
Net result from other financial investments	(10)	-	7	149	22	(13)	4	63
Net income from financial assets	17	50	61	214	63	31	39	107
Total net income	510	561	553	701	521	509	524	536
Personnel expenses	169	177	150	136	142	159	121	122
Other operating expenses	136	108	99	138	98	106	95	97
Total operating expenses	306	285	249	275	241	265	216	218
Profit before losses and tax	204	276	303	427	280	244	308	318
Losses on loans and guarantees	(11)	2	(35)	107	13	(15)	(2)	30
Profit before tax	215	274	339	320	268	259	310	287
Tax expense	46	49	70	27	50	55	66	55
Profit before other comprehensive income	170	225	269	293	217	204	244	232

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

Note 24 – Pro forma statement of financial position figures from the quarterly financial statements

Group								
(Amounts in NOK millions)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Profitability								
Return on equity ¹⁾	7.0%	9.1%	11.2%	12.7%	9.6%	9.1%	11.1%	10.9%
Net interest income, excl. interest on subordinated bonds ¹⁾	1.63%	1.59%	1.48%	1.52%	1.53%	1.58%	1.61%	1.49%
Cost-income ratio ¹⁾	60.0%	50.8%	45.1%	39.1%	46.2%	52.0%	41.2%	40.7%
Statement of financial position figures								
Gross lending to customers incl. transfers to mortgage companies ¹⁾	88,898	88,105	87,383	86,174	84,428	82,927	82,267	80,786
Gross lending to customers on the balance sheet	63,078	62,771	62,171	61,051	59,359	58,128	58,289	56,909
Loans transferred to mortgage credit institutions	25,821	25,334	25,212	25,123	25,068	24,799	23,978	23,877
Lending growth in the past 12 months ¹⁾	5.3%	6.2%	6.2%	6.7%	6.8%	7.9%	9.0%	8.7%
Deposits from customers	47,105	46,212	46,888	46,872	43,675	43,579	43,662	43,962
Deposit coverage on the balance sheet ¹⁾	74.7%	73.6%	75.4%	76.8%	73.6%	75.0%	74.9%	77.3%
Deposit coverage, incl. mortgage companies ¹⁾	53.0%	52.5%	53.7%	54.4%	51.7%	52.6%	53.1%	54.4%
Deposit growth in the past 12 months ¹⁾	7.9%	6.0%	7.4%	6.6%	6.5%	7.5%	7.5%	8.5%
Total assets	75,738	74,911	74,432	73,765	70,680	70,155	69,160	69,181
Total assets, incl. mortgage companies ¹⁾	101,559	100,245	99,645	98,888	95,749	94,954	93,138	93,058
Equity, excl. hybrid capital	9,408	9,750	9,545	9,287	9,092	8,947	8,742	8,508
Staffing								
Number of FTEs	529.9	533.2	539.1	529.5	533.5	523.9	519.9	516.5
of which parent bank	371.1	377.8	380.4	385.4	384.5	385.9	383.9	381.8

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

Note 25 – Events after the statement of financial position date

SpareBank 1 Sørøst-Norge and SpareBank 1 Modum merged with effect from 01.04.2022. The merger is discussed in more detail in the Board's report.

Other than this, no events with a material bearing on the financial statements have occurred since the statement of financial position date.

Declaration from the Board of Directors and the CEO

We declare that, to the best of our knowledge and belief, the interim financial statements for the period 1 January to 31 March 2022 have been prepared in accordance with IAS 34 Interim Reporting, and that the information in the financial statements provides a true picture of the Bank's and the Group's assets, liabilities, financial position and results as a whole.

We also declare that, to the best of our knowledge and belief, the interim report provides an accurate summary of key events in the accounting period and their influence on preliminary annual financial statements, the major risk and uncertainty factors facing the business in the coming accounting period, and significant transactions with close associates.

Sandefjord, 10.05.2022

The Board of Directors of SpareBank 1 Sørøst-Norge

Finn Haugan
Chair of the Board

Anne Berg Behring
Deputy Chair

Elisabeth Haug

Heine Wang

Jan Erling Nilsen

Lene Marie Aas Thorstensen

John Arne Haugerud

Hanne Myhre Gravdal
Employee representative

Frede Christensen
Employee representative

Per Halvorsen
CEO

Statements concerning future events

The report contains statements about future circumstances that reflect the executive management team's current view of certain future events and potential financial performance.

Although SpareBank 1 Sørøst-Norge believes that the expectations expressed in such statements about the future are reasonable, there can be no guarantee that the expectations will prove to have been correct. Results could therefore vary greatly from those assumed in the statements regarding future circumstances.

Important factors that can cause such differences for SpareBank 1 Sørøst-Norge include, but are not limited to:

- (i) macroeconomic developments,
- (ii) changes in the market, and
- (iii) changes in interest rates.

This report does not mean that SpareBank 1 Sørøst-Norge undertakes to revise these statements on future matters beyond that which is required by applicable law or applicable stock exchange rules if and when circumstances arise that will cause changes compared with the situation on the date when the statements were made.



