We come together to create **SpareBank 1 Sør-Norge**

Benedicte Schilbred Fasmer og Per Halvorsen
Oslo, 26 October 2023

SpareBank 1 SØRØST-NORGE

SpareBank 1 SR-BANK

SpareBank 1 Sør-Norge will become Norway's by far largest savings bank

The boards of directors in SpareBank 1 SR-Bank and SpareBank 1 Sørøst-Norge have today approved a merger plan.

The merger will enhance our competitiveness, increase our presence, and make us attractive to customers, employees, and shareholders.

Customers will notice that we have more power to contribute to sustainable growth and development

SpareBank 1 Sør-Norge will become a savings bank that can expand its overall lending and service offerings to the entire Norwegian business sector, with greater capacity, expertise, and a network for local businesses and job opportunities

Our role as a savings bank will be crucial in the new financial group as well. Together, we will enhance our competitiveness, our access to capital, and our offerings to customers.

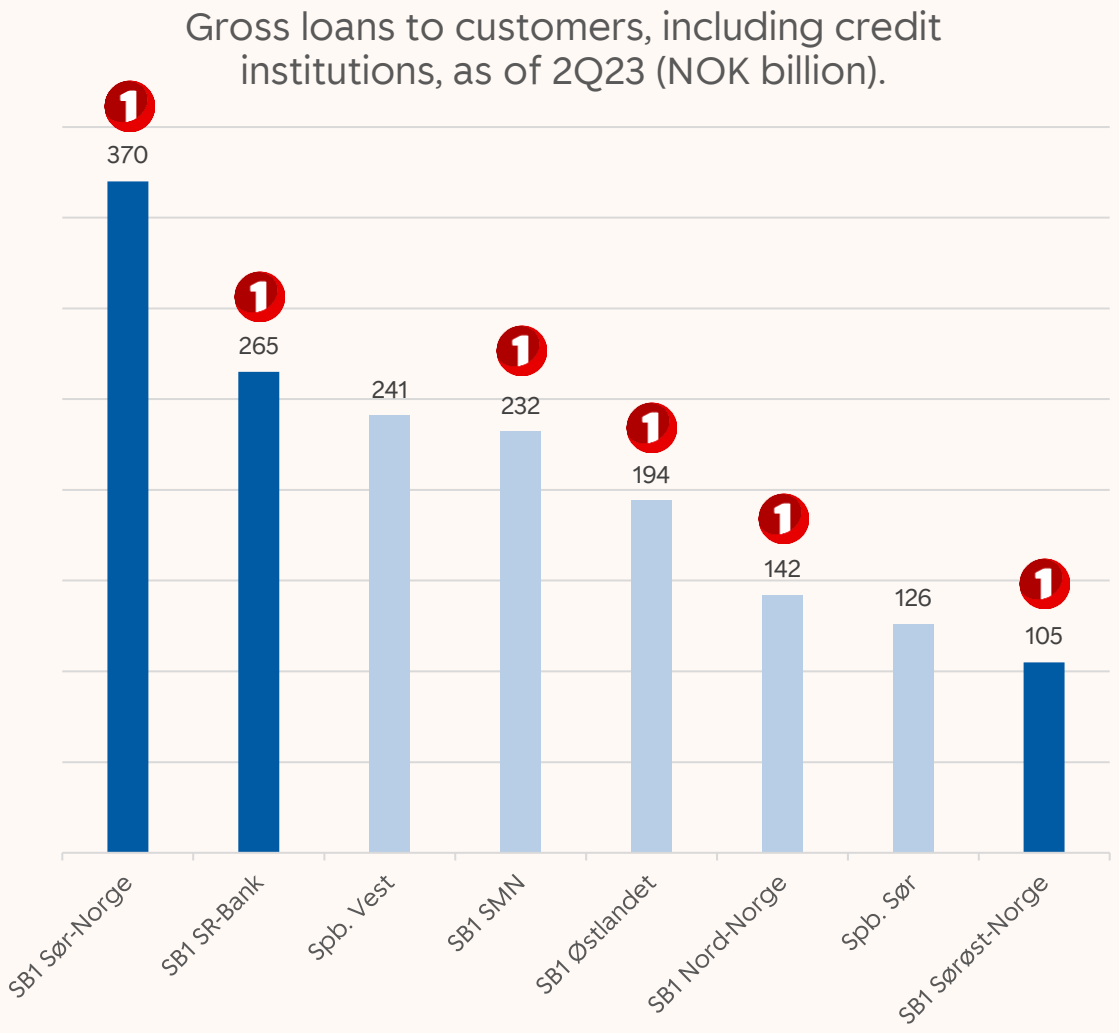
The new group will have a strong local presence in Southern Norway, with offices throughout the region.

SpareBank 1 Sør-Norge

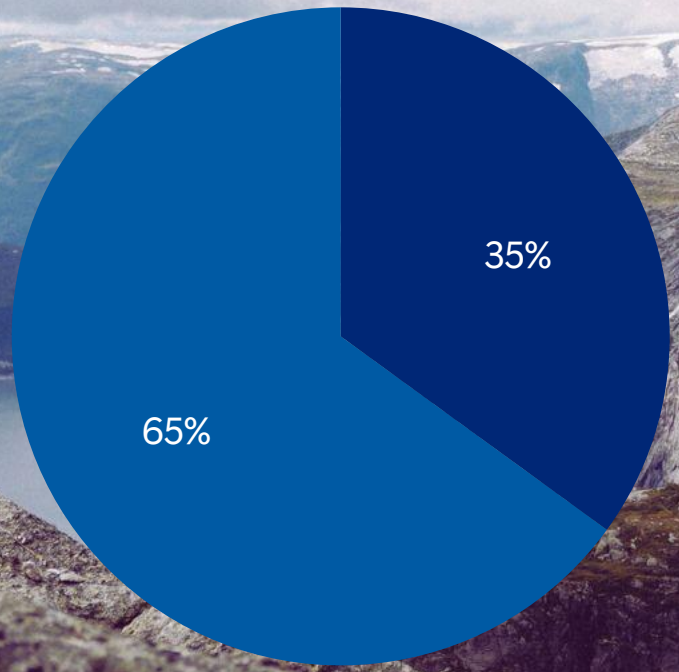
SpareBank 1 Sør-Norge will become the largest savings bank in Norway with assets under management of approximately NOK 500 billion, gross loans of NOK 375 billion, and book equity (excluding hybrid capital) of approximately NOK 40 billion as of 3Q2023.

A solid platform for further growth

The bank expects to realize capital synergies of NOK 2,5 billion and synergies related to operations and funding of NOK 150 million. There is a clear ambition to achieve income synergies in the long term.



Volume per customer segment SpareBank 1 Sør-Norge



Corporate Market

SME, Agriculture and Large Corporate Customers

Retail Market

SpareBank 1 SØRØST-NORGE

82 (NOK billion) **Retail Market**

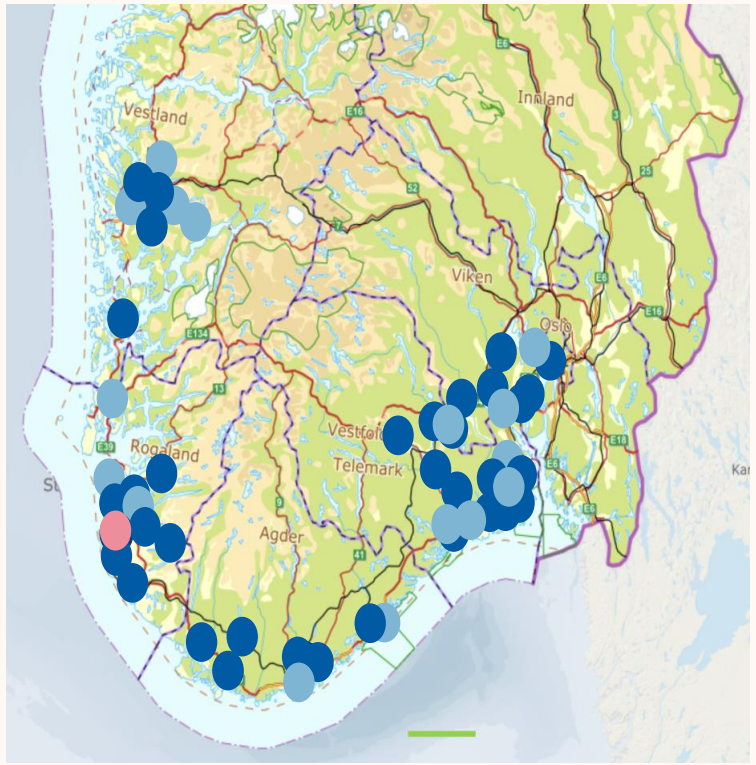
23 (NOK billion) **Corporate Market**

162 (NOK billion) **Retail Market**

108 (NOK billion) **Corporate Market**

Corporate Market at SpareBank 1 SR-Bank summarizes SME & Agriculture (21) and Large Corporate Customers (87)

With even stronger subsidiaries, we will be able to offer a wide range of services to our customers



Real estate
- New contruction
- Commercial property
- Resale
- Housing rentals
- Agriculture

Accounting and consulting services
- Accounting and salary
- Consulting
- ESG advisors
- CFO as a service

Strong and capable subsidiaries in areas such as real estate brokerage and accounting services contribute to strengthening the customer offering. Together, we take a leading position in:

Real estate brokerage
With approximately NOK 640 million in annual revenue from around 10,000 property sales.

Accounting and advisory services
With approximately NOK 500 million in annual revenue.

These are all significant units with solid positions in their respective market areas. Approximately 1/3 (850 people) of the group's employees are employed in these subsidiaries.

We solidify our position as Norway's largest savings bank and the second-largest bank. We become a powerful player with our headquarters located outside the capital.

SpareBank 1 SØRØST-NORGE

The current CEO of SpareBank 1 SR-Bank, **Benedicte Schilbred Fasmer**, will become the CEO of SpareBank 1 Sør-Norge ASA, while the current CEO of SpareBank 1 Sørøst-Norge, **Per Halvorsen**, will become the Deputy CEO.

With approximately **2300 employees** and just under **500 billion in assets under management**, we will create a stronger alternative to Norwegian and Nordic business banks.

You will find SpareBank 1 Sør-Norge from Bergen in the west to Oslo in the east

We are a leader in digital banking services for individuals and businesses.

Customers now receive an even better offer and access to strong expertise.

We are local and know our customers.

The largest savings bank with 65 offices in Vestland, Rogaland, Agder, Telemark, Vestfold, Buskerud and the Oslo area.

Organization of the new group

Competence environments and group functions will be continued in both Stavanger and Sandefjord. Flexibility is being emphasized so that we can work from where we are today.

SpareBank 1 Sør-Norge will be a strengthened group where expertise is valued, and there are many opportunities for growth and development. We want to bring all the employees with us.

SpareBank 1 Sør-Norge will be an active contributor in SpareBank 1-alliansen

SpareBank 1 SR-BANK

SpareBank 1 SØRØST-NORGE

The Board and Management of SpareBank 1 Sør-Norge

Benedicte Schilbred Fasmer becomes CEO, and **Per Halvorsen** becomes Deputy CEO. **Finn Haugan** becomes Chairman of the Board, and **Dag Mejdell** becomes Vice Chairman of the Board.

The Chairman of the Board and two members are appointed by the representative assembly in SpareBank 1 Sørøst-Norge. The Vice Chairman of the Board and four members are elected by the general meeting in SpareBank 1 SR-Bank ASA. In addition, two members will be appointed by the employees of SpareBank 1 SR-Bank and one member will be appointed by the employees of SpareBank 1 Sørøst-Norge.

Inge Reinertsen becomes CFO in the merged group. Roar Snippen will continue as CFO in SpareBank 1 Sørøst-Norge until the completion date, and then join the management team in the finance and economics area.

The nomination committee in SpareBank 1 Sør-Norge will consist of a chairman and three members from SpareBank 1 SR-Bank, one of whom is from Sparebankstiftelsen SR-Bank. Two members will come from SpareBank 1 Sørøst-Norge, with one member from one of the savings bank foundations.

A new Group with exciting opportunities

In the organization and selection of leaders, there will be a strong emphasis on balanced leadership teams, chosen with wisdom and consideration of competence, suitability, geography, and gender.

The goal is to achieve a balance of approximately 1/3 from SpareBank 1 Sørøst-Norge and 2/3 from SpareBank 1 SR-Bank.

After the merger, the CEO will continuously evaluate the group's organizational structure and distribution of responsibilities in collaboration with the board.

A strong and forward looking relationship bank

Flexibility will be provided to support the possibility that the geographical location for the group's employees can remain as before. The primary focus will be on how to best utilize the total competence within the new group. Some employees and leaders may, however, need to change responsibilities and tasks.

There will be no layoffs as a result of the merger. Everyone is invited to join and create ‘SpareBank 1 Sør-Norge - A strong and forward-looking relationship bank.

Significant values for local communities throughout South Norway.

SpareBank 1 Sør-Norge will be a group where decisions are made locally. We aim to stand alongside our customers in their daily lives and be an ally for development in many local communities and municipalities.

Together
we create strong local communities

We achieve stable local ownership. Our savings bank foundations will own 44 % of the shares in the merged group.

A significant portion of the annual dividend will go to the foundations, ensuring a community return for local development. Additionally, the merger will release capital for the foundations.

The bank will secure local employment and will also gain national significance with numerous attractive job opportunities at 65 offices throughout Southern Norway.

The seven foundations have given positive signals about the merger.

Shareholder	No. Of shares	Ownership share*
SR-stiftelsen	74 976 815	20,4 %
BV	32 666 869	8,9 %
Telemark	25 033 916	6,8 %
Modum	15 623 606	4,3 %
Kvinnheradstiftelsen	6 226 583	1,7 %
Nøtterøy	5 262 839	1,4 %
Holla Lunde	4 948 876	1,3 %
Other owners	202 198 916	55,1 %
TOTAL	366 938 420	100,0%

*Ownership share prior to completion of private placement

Implementation and Exchange Ratio

SpareBank 1 SR-Bank shall be the legal and accounting acquiring entity.

The equity capital of SpareBank 1 Sørøst-Norge is transformed into shares in SpareBank 1 SR-Bank in connection with the merger.

Simultaneously, SpareBank 1 SR-Bank shall issue shares to the equity certificate holders in SpareBank 1 Sørøst-Norge in exchange for the equity certificates.

The seven savings bank foundations collectively own 44% of SpareBank 1 Sør-Norge at the time of the merger.

SpareBank 1 SR-BANK

SpareBank 1 SØRØST-NORGE

Implementation and Exchange Ratio

The parties have agreed on an exchange ratio of 68,88% to SpareBank 1 SR-Bank and 31,12% to SpareBank 1 Sørøst-Norge.

This means that one equity certificate in SpareBank 1 Sørøst-Norge will yield 0,481702 shares in SpareBank 1 SR-Bank.

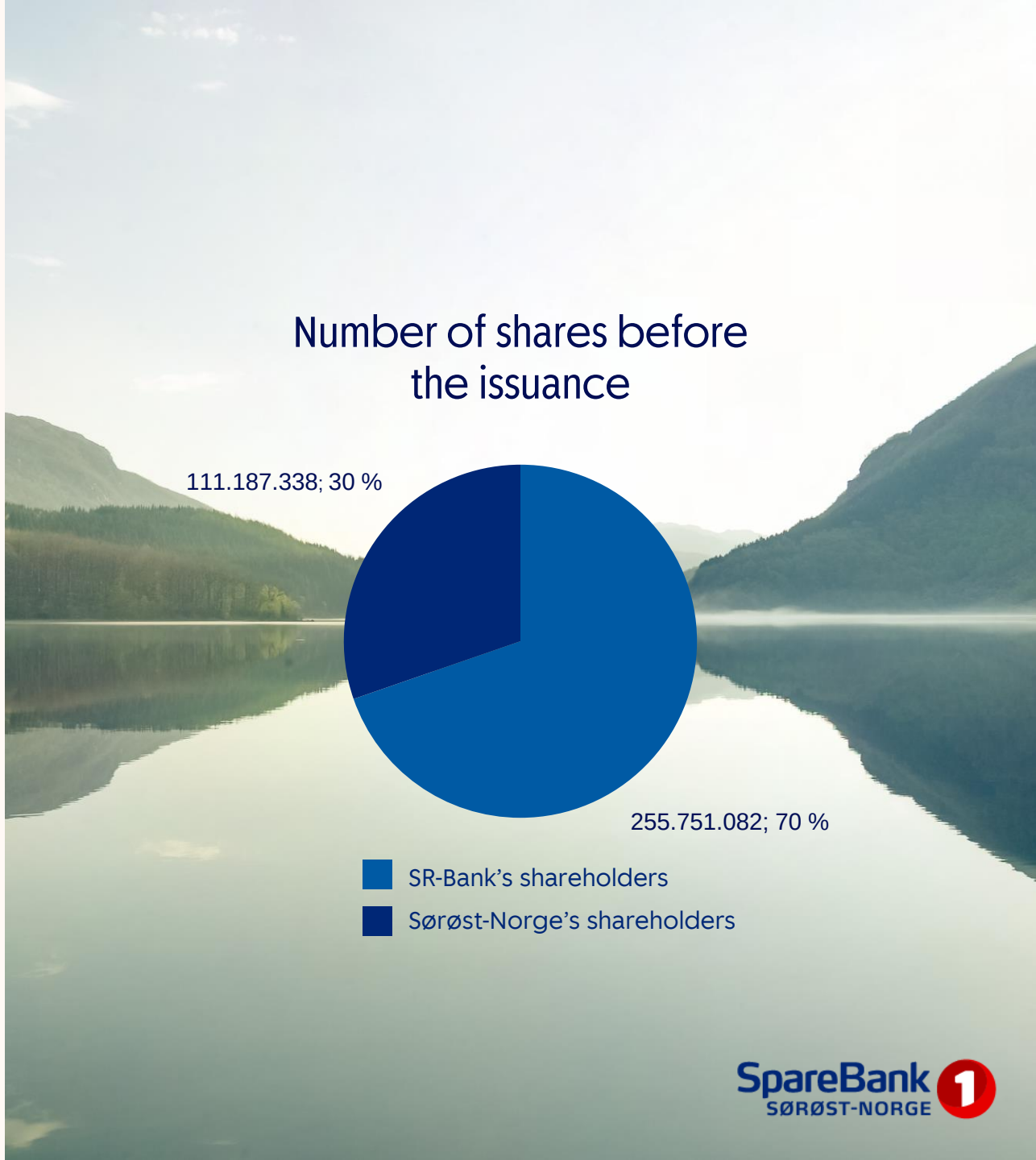
SpareBank 1 SR-Bank shall issue a total of 111,187,338 shares* as consideration for the equity capital and foundation capital in SpareBank 1 Sørøst-Norge.

Additionally, there will be a cash consideration of NOK 4,33235 per equity certificate in SpareBank 1 Sørøst-Norge.

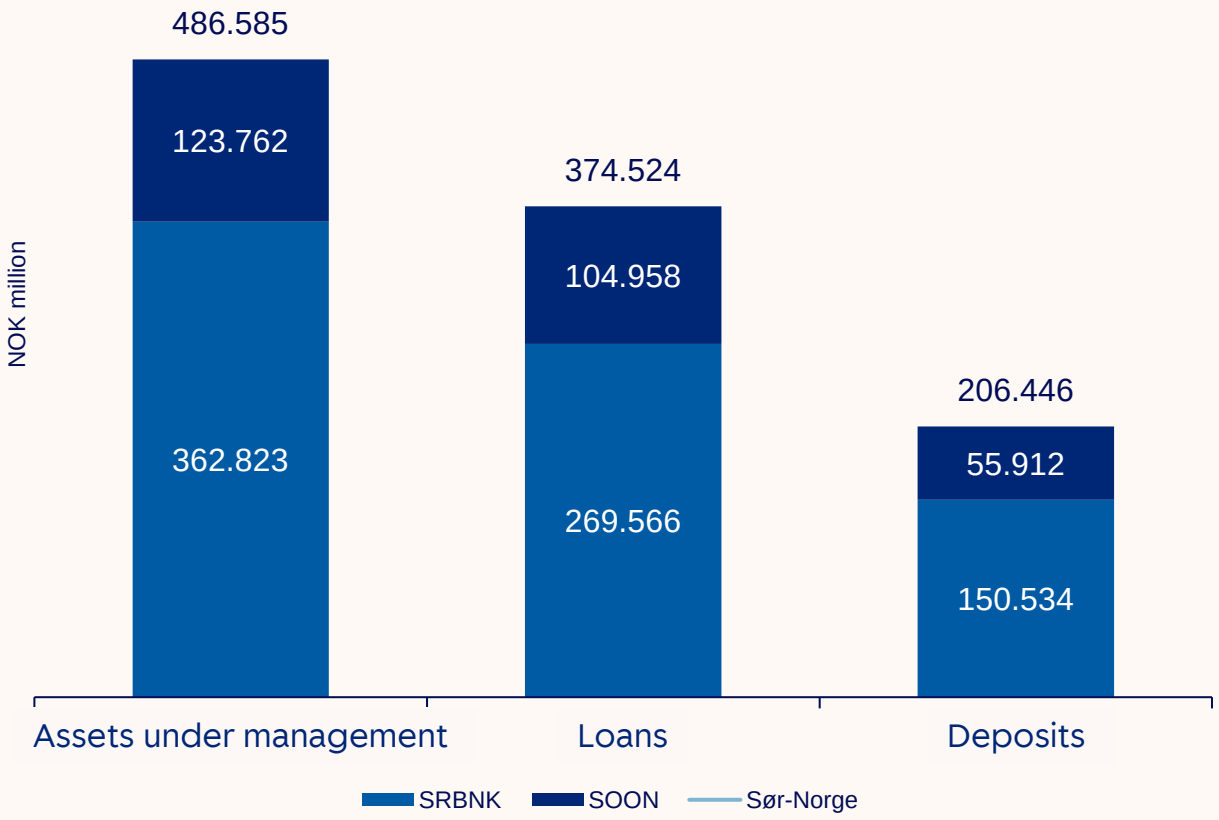
The owners in SpareBank 1 Sørøst-Norge will additionally receive approximately NOK 1 billion in cash consideration. SpareBank 1 SR-Bank will carry out a targeted share issuance of NOK 1 billion.

As a result, the merger will not lead to any loss of capital for the banks.

*Of these, 67 485 793 shares are in consideration for the equity certificates in SpareBank 1 Sørøst-Norge, and 43 701 545 shares are in consideration for the foundation capital in SpareBank 1 Sørøst-Norge.



The merger is expected to increase earnings per share (EPS) for both shareholder groups



The merger is primarily aimed at creating the most efficient platform for growth and achieving economies of scale. The companies do not have overlapping office networks. There is a clear ambition to achieve revenue synergies over time.

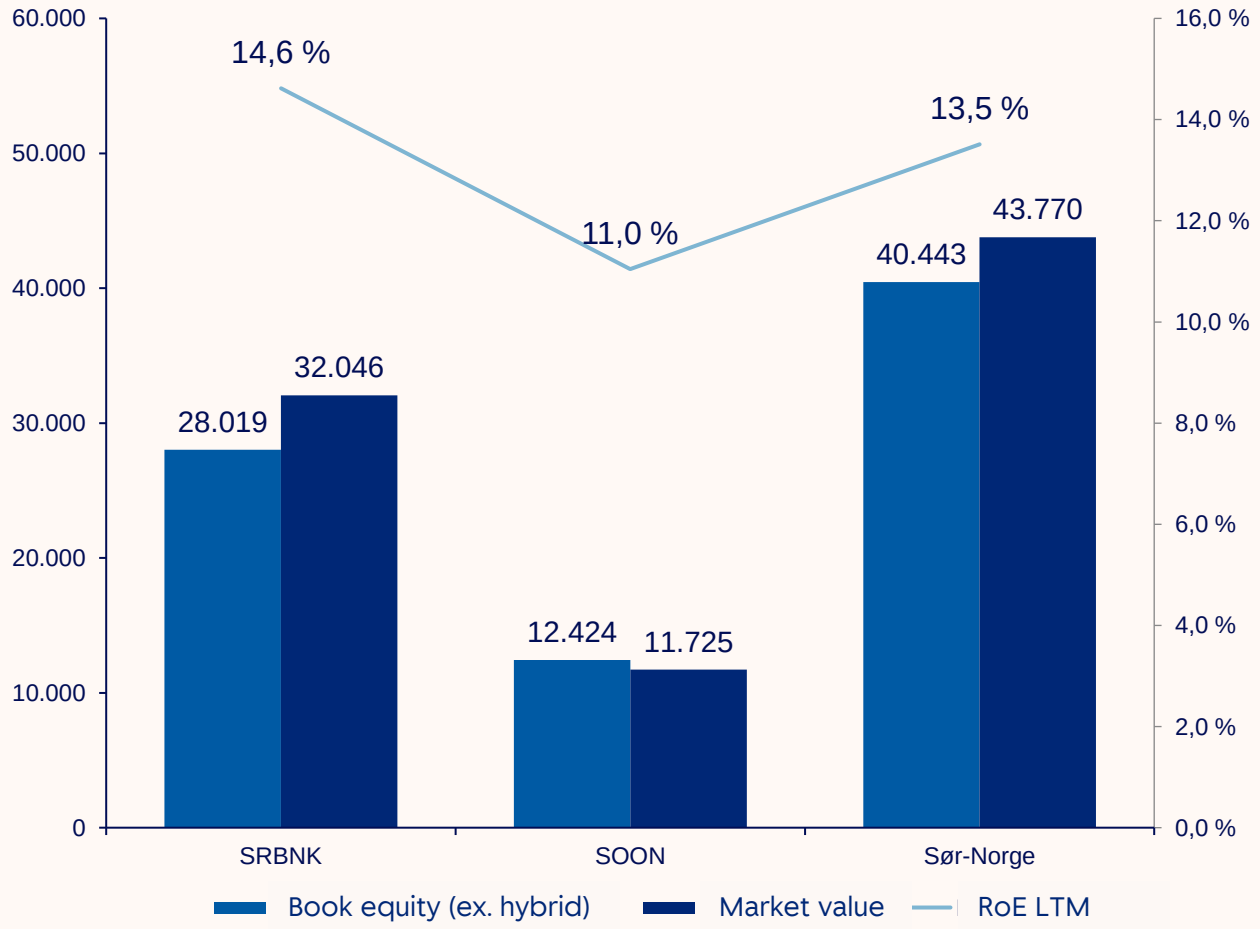
Annual synergies related to operations and funding are estimated at approximately NOK 150 million. Synergy realization will commence at the time of the merger and is expected to reach full effect after approximately three years.

SpareBank 1 Sør-Norge expects to achieve capital synergies by utilizing SpareBank 1 SR-Bank's IRB model on SpareBank 1 Sørøst-Norge's portfolio, estimated at approximately NOK 2,5 billion.

As a SIFI bank with A-IRB status, the group will become a strong competitor and challenger in the corporate market.

*Including volume transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

A targeted share issuance of NOK 1 billion in SpareBank 1 SR-Bank



The total market value is NOK 43 billion, with strong profitability before synergy realization - RoE last twelve months 13.5%.

SpareBank 1 SR-Bank will conduct a private placement of NOK 1 billion after the presentation of the third-quarter accounts.

The placement is guaranteed to be fully subscribed.

The targeted share issuance in SpareBank 1 SR-Bank will be conducted through a bookbuilding process after the stock exchange's closing time at 4:30 PM (CEST) October 26th 2023.

Arctic Securities AS, SpareBank 1 Markets AS and Corporate Finance at SpareBank 1 SR-Bank ASA, are Joint Bookrunners.

Following the completion of the placement, the pro forma common equity Tier 1 capital ratio for SpareBank 1 SR-Bank as of 3Q2023 will be 18,6%. The current internal target is 17,35%.

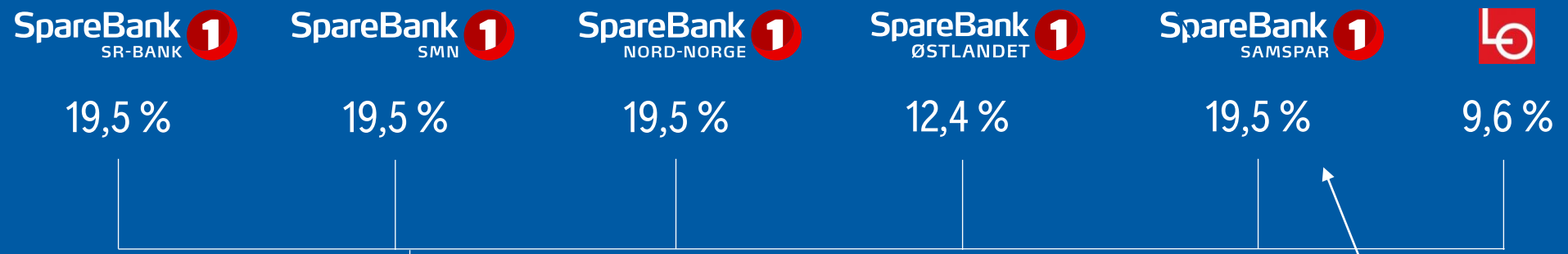
*Assuming full conversion in SpareBank 1 Sørøst-Norge (SOON).

SpareBank 1 SR-BANK

SpareBank 1 SØRØST-NORGE

The new bank will still be a driving factor in the SpareBank 1 Alliance

SpareBank 1 Sørøst-Norge will withdraw from SamSpar



SpareBank 1 Gruppen AS

SpareBank 1 Forsikring AS (100%) - Pension, life insurance, property management - commercial

LOfavør AS (49%) - Member benefits for LO's unions (LO owns 51%)

SpareBank 1 Factoring AS (100%) - Invoicing services

Kredinor AS (50%) - Debt collection business (Kredinorstiftelsen owns 50%)

Spleis AS (100%) - Crowdfunding

Fremtind Forsikring AS (65%) - Property insurance (DNB owns 35%)

SpareBank 1 Sørøst-Norge, through SamSpar, owns 6.28% of SB 1 Gruppen. SpareBank 1 Sørøst-Norge intends to withdraw from SamSpar as a result of the private placement, and the other SamSpar banks have a pre-emption right.

Overview of selected ownership stakes in jointly controlled SpareBank 1 alliance companies

	BN Bank	SB1 Forvaltning	SB1 Markets (after merger)	SB1 Kreditt
Total ownership stake (%)	**42,5 %**	**42,4 %**	**35,1 %**	**26,8 %**
SpareBank 1 Sørøst-Norge	7,5 %	6,0 %	1,7 %	10,1 %
SpareBank 1 SR-Bank	35,0 %	36,3 %	33,3 %	16,7 %

The merger process

The boards approved the merger plan on October 26th.

The general meeting of SpareBank 1 SR-Bank and the board of representatives of SpareBank 1 Sørøst-Norge will address the matter December 5th.

The planned implementation date is July 1st 2024.

Government approval

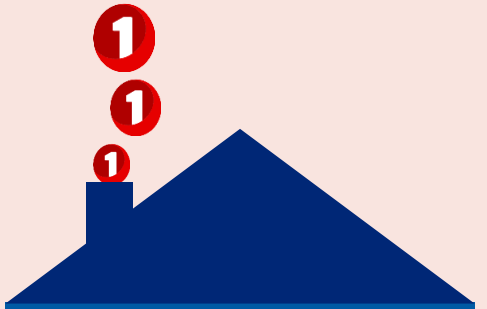
The notification will be sent to the Norwegian Competition Authority December 5th.

The merger application will be forwarded to the Financial Supervisory Authority of Norway immediately after the consideration by the banks' general assembly and board of representatives December 5th.

«Business as usual» until completion

October 26th 2023
The merger is made public

December 5th 2023
Meeting in the board of representatives at SpareBank 1 Sørøst-Norge and general assembly of SpareBank 1 SR-Bank
&
Application is sent to the Financial Authority of Norway to the Norwegian Competition Authority



July 1st 2024
Execute the merger

- «Business as usual» in both groups during this period of time
- We have a dialogue, but with clear guidelines for competition-sensitive information
- We are planning our integration and future organization

SpareBank 1 Sør-Norge will be a formidable financial group

#1 A powerful group where the parties strenghten each other

#2 A formidable bank built on the 'local bank' concept

#3 An attractive employer with exciting opportunities

#4 A solid financial group with significant abilites to assist our customers

#5 A group with improved access to capital for households and businesses

#6 Local and long term owners

#7 Strong subsidiaries that will be able to offer a wide range of services to our customers

#8 A powerful player through collaboration and ownership in the SpareBank 1 Alliance

SpareBank 1 SR-BANK

SpareBank 1 SØRØST-NORGE

SpareBank 1 SR-BANK

SpareBank 1 SØRØST-NORGE

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