

Sparebanken Sør and Sparebanken Vest are joining forces

August 28, 2024

Sparebanken Sogn og Fjordane kjøper seg inn i Sparebank 1



«Den sammenslåtte banken vil også få økte ressurser til å svare opp de stadig økende regulatoriske myndighetskravene alle banker møter», skriver bankene i en børsmelding.



De to bankene er så sammenslått og registrert i Foretaksregisteret. Dermed er fusjonen gjennomført.



Sandnes Sparebank og Hjelmeland Sparebank etablerer Rogaland Sparebank.



Sparebank 1 Sør-Norge blir Norges desidert største sparebank, og passerer både Handelsbanken og Danske Bank.



rebank og SpareBank 1 Østlandet slår seg
ørstnevnte blir en del av SpareBank 1-alliansen.



Haugesund Sparebank og Tysnes Sparebank blir en del av Eika-alliansen.



in mellom Hemne og Åfjord Sparebank er gjennomført og heter fra 1. januar 2004 Indelag Sparebank.



Fusjonen mellom Skue Sparebank og Hjørtal og Gransherød Sparebank mangler nå bare myndighetsgodkjenning.

Fusjonen mellom de to bankene blir gjennomført i dag.





Norway's largest savings bank

Customers

760 000

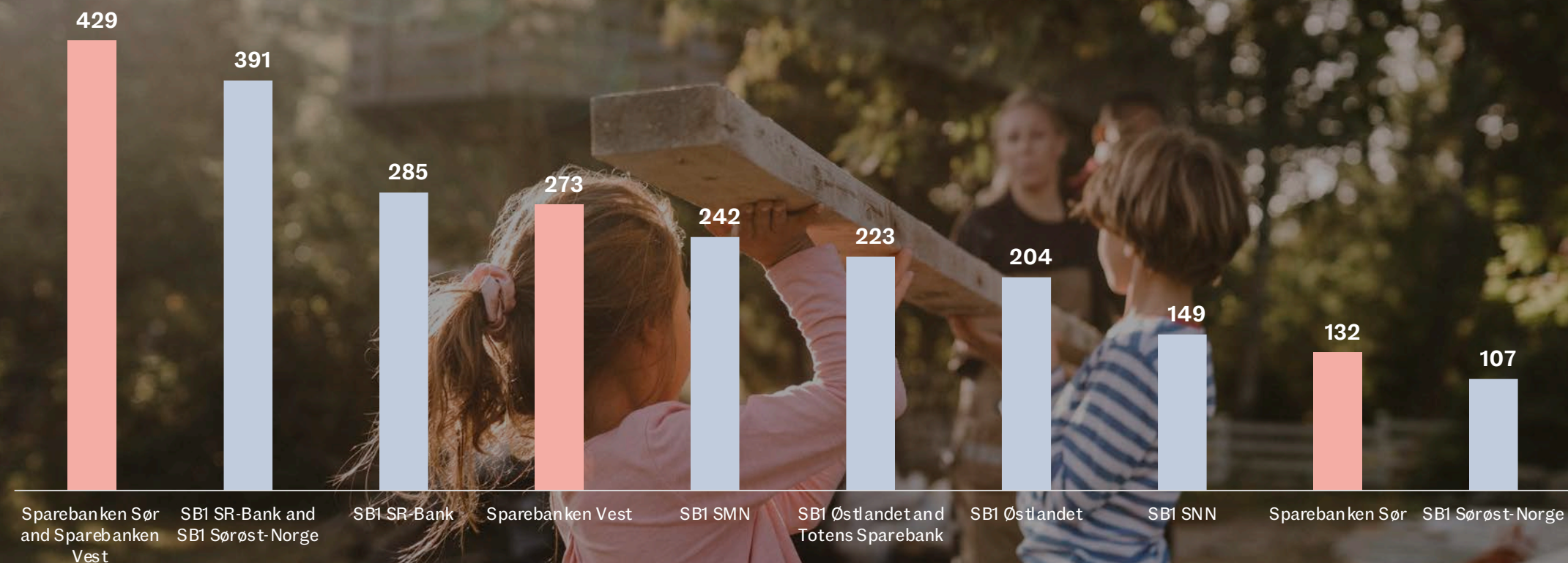
FTEs

1 543

Gross loans

429 billion

Norway's largest savings bank



Gross lending (billion) as of the second quarter of 2024, including Brage Finans

Head offices in Kristiansand and Bergen

Our local impact will be strengthened through a total of 67 offices, none of which overlap today.

Our customers will have an even better offer and access to stronger local competence environments.

All current employees will be part of building the best savings bank in Norway. They will be part of a larger and even more interesting competence environment, and we will have head office functions in both Kristiansand and Bergen.



Real estate agents across the entire market area

Employees

Number of
properties sold in the
first half of 2024

230 3604



**SØR-
MEGLEREN**



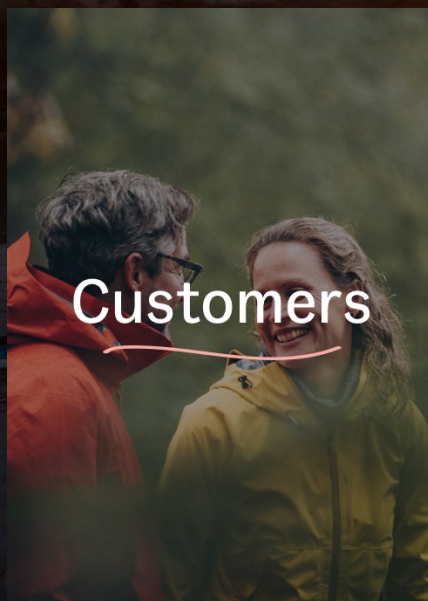
EiendomsmeglerVest



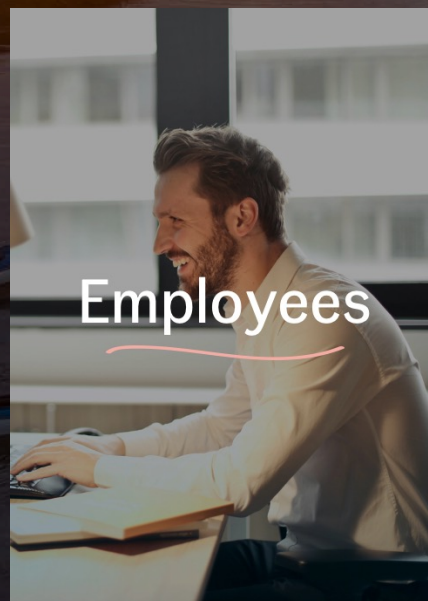
Bulder will still be the leading challenger concept in Norway.

Of course, delivered by the best savings bank in Norway.

Strengthened value proposition to our stakeholders



Customers



Employees



Community



Investors

Customers



Increased competitiveness with a solid distribution power



Increased loan capacity that can support corporates in their growth to a greater extent



The best and most innovative services and products in the Norwegian banking sector

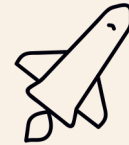


Basis for solid customer dividends going forward

Employees



Two head offices based on locally strong competence environments



One of the most attractive employers in the Norwegian financial sector

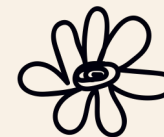


Pride in being part of Norway's best savings bank that delivers world-class digital solutions





Community



Attractive jobs in the the bank's regions



A high level of community ownership ensures strong local roots and significant funds for public benefit



A stronger bank for the commercial sector as a driving force for competitive business and attractive jobs in the regions

Investors



Leading return on equity



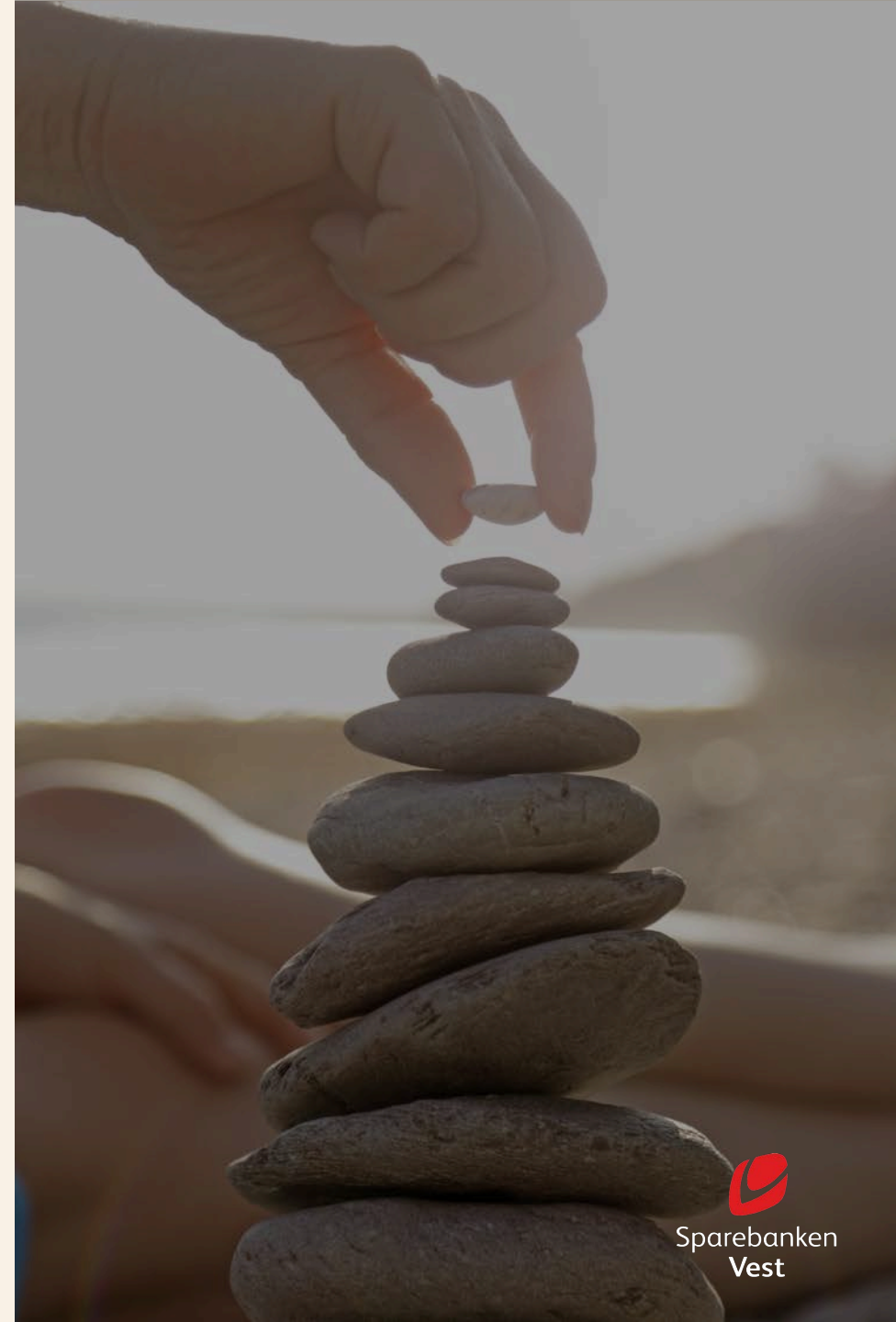
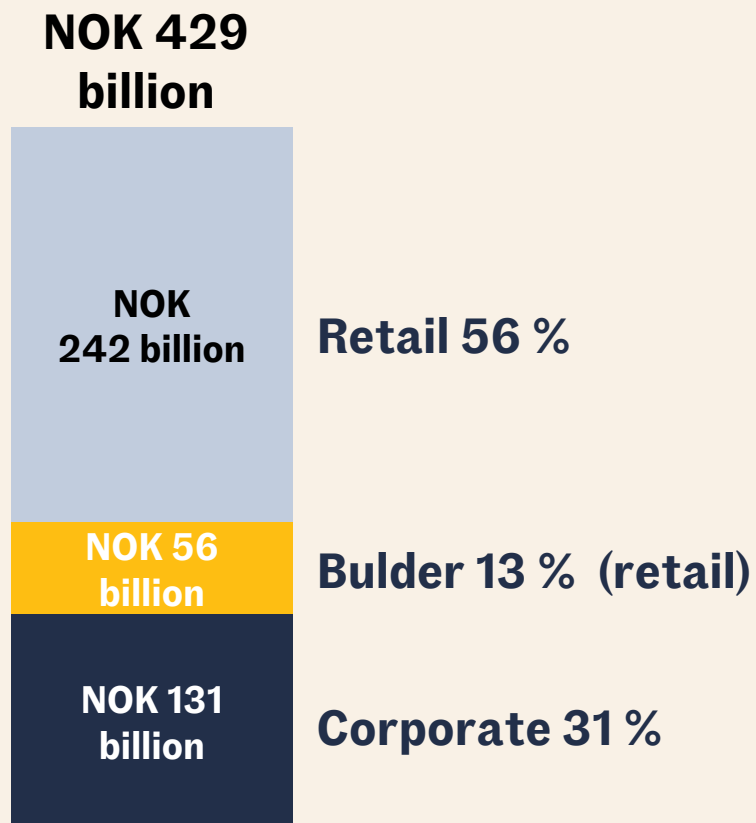
Cost synergies and significantly increased capital efficiency



Significant room for growth and attractive dividends

Financial perspective

A strong position in both retail and corporate segments



A leader in operations and financial performance

Financial targets

Return on equity

>13.0 %

Dividend payout ratio

approx.

50 %

Common Equity Tier 1
capital (CET1) *

>16.05 %



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Sparebanken
Vest

* Derived as sum of all minimum, buffer and Pillar 2 requirements + 1.25 percentage point capital requirement margin

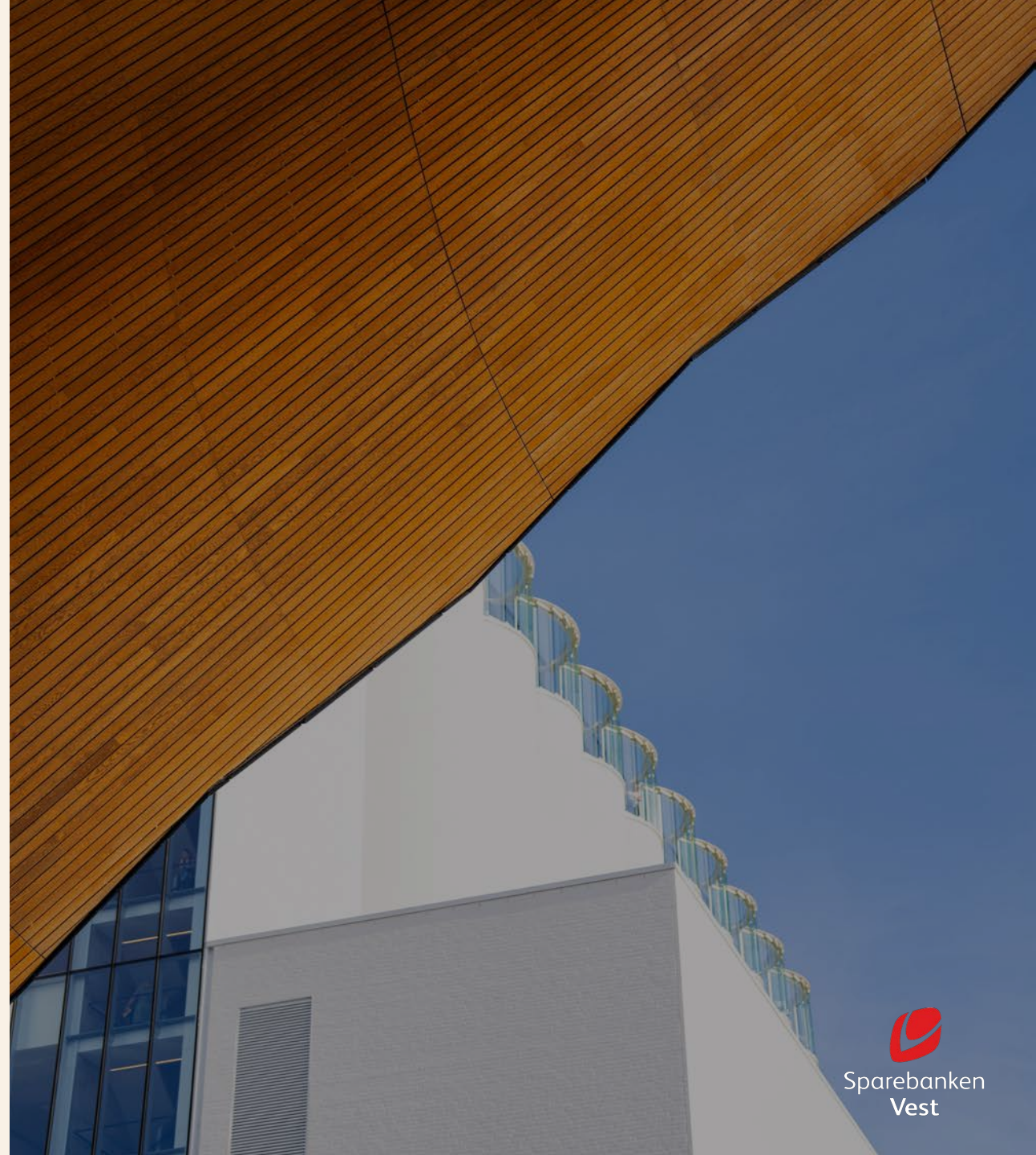
Significant cost and capital synergies

Cost synergies

Estimated to NOK 350-400 million annually

Capital synergies

Estimated to net NOK 2 billion. In addition, there is the effect of Basel IV of NOK 2.1 billion



Exchange ratio and equity certificate ratio

The parties have agreed on an exchange ratio of 64.3% to Sparebanken Vest and 35.7% to Sparebanken Sør.

The equity capital certificate holders in Sparebanken Sør will receive 1.437 equity capital certificates in the merged bank for each equity capital certificate they own in Sparebanken Sør.

The equity capital certificate ratio in the merged bank will be 40.44%, in line with the current ratio in the two banks (Sparebanken Vest 40.7% and Sparebanken Sør 40.0%)



An attractive and liquid equity certificate

75%
of employees own
equity certificates

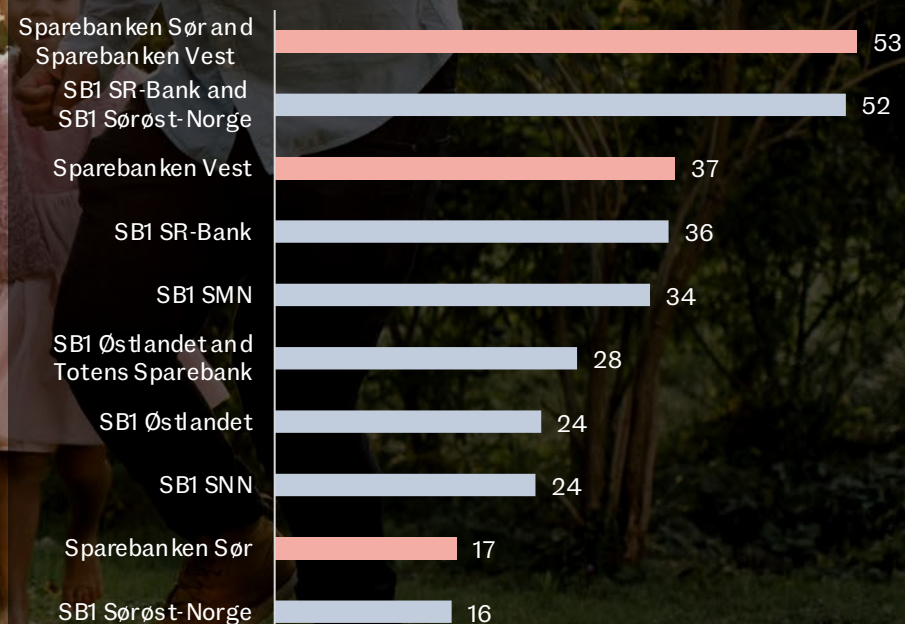
20%
Foreign ownership

20%
Savings Bank Foundations

Proforma 10 largest owners

Shareholder	Ownership
Sparebankstiftelsen Sparebanken Sør	9.3%
Sparebankstiftinga Hardanger	7.0%
Skandinaviska Enskilda Banken AB	6.2%
Geveran Trading Company	4.1%
Eika Kapitalforvaltning	3.3%
Kommunal Landspensjonskasse (KLP)	2.4%
Borea Asset Management	2.4%
Alfred Berg Kapitalforvaltning	2.1%
Sparebanken Vest	2.0%
JP Morgan Securities LLC	2.0%

Market cap billion NOK (100 % basis)



Per August 26 2024

A photograph of children playing outdoors in a park-like setting. In the foreground, a young girl with long brown hair in a ponytail, wearing a pink long-sleeved shirt, is seen from the back, holding a long wooden plank horizontally above her head with both hands. To her right, a boy in a blue and white striped shirt is also holding a wooden plank. In the background, another child is visible, and there are trees and a wooden fence. The scene is bathed in warm, golden light, suggesting late afternoon or early morning. The text "The bank we are going to build" is overlaid in white, bold, sans-serif font across the center of the image.

The bank we are going to build

Strong local ownership and anchoring

Community ownership through the primary fund accounts for about 60% of the bank's equity. In addition, savings banks foundations own equity certificates. This capital has been built up over 200 years in the banks' respective parts of the country.

Strengthened basis for gifts and customer dividends.

The primary fund, which is built up in Sparebanken Sør and Sparebanken Vest respectively, will "belong" to the respective parts of the country. In the event of a future liquidation/conversion, the primary fund is distributed in accordance with the agreed exchange ratio.

The return and dividends from community ownership will go to the banks' respective regions and customers.



Community ownership

Customer dividend

Donation funds

New renovation in Kristiansand

With a new renovation in Kristiansand and an existing building in Bergen, we will create two powerful and equal head offices

One of the most attractive workplaces in the Norwegian financial sector

Competence

A larger competence environment and a targeted focus on competence development will make us the bank with the greatest competitiveness

Leadership

We will be the most attractive employer for managers and employees who want to develop

Culture

A strong culture that engages, motivates and develops is crucial to our success. Therefore, together we will build the best culture in the Norwegian financial sector

Organization and employees

We welcome all current employees to build Norway's best savings bank

We will be a strengthened team and want all employees to continue.

There will be head office functions in Kristiansand and Bergen.

The current CEO of Sparebanken Vest, Jan Erik Kjerpeseth, will become CEO of the merged bank. The current CEO of Sparebanken Sør, Geir Bergskaug, will join the Board of Directors of the merged bank.

The Group Executive Management shall consist of 11 to 13 members (excluding the CEO), and the aim is to achieve representation of approximately 40 percent over time, who will have their daily operations in Kristiansand.



CEO of Sparebanken Sør Geir Bergskaug and CEO of Sparebanken Vest Jan Erik Kjerpeseth

General meeting and nomination committee

General meeting

The current general meetings of Sparebanken Sør and Sparebanken Vest will be merged and, following a legal merger, will consist of 80 members (of which 48 will come from Sparebanken Vest and 32 from Sparebanken Sør) with 44 deputy members.

As of the election in 2027, the general meeting will have 60 members with 28 deputy members.

As of the election in 2028, the general meeting will have 48 members with 24 deputy members.

Nomination Committee

The general meeting elects a nomination committee of 9 members. As of the election in 2028, the nomination committee will consist of 7 members.



Board of Directors

The Board of Directors of the merged bank consists of 13 members and 8 deputy members.

The general meeting of Sparebanken Sør appoints the chairman of the board, 3 members and 2 deputy members.

The general meeting of Sparebanken Vest appoints the deputy chairman of the board, 4 members and 2 deputy members.

The employees of Sparebanken Sør and Sparebanken Vest appoint 2 members and 2 deputy members from each bank.

The current chair person of the board of Sparebanken Sør, Knut Ruhaven Sæthre, will be chairman of the board. The current CEO of Sparebanken Sør, Geir Bergskaug, will become a board member.

As of the election in 2028, the board will consist of 10 members, of which 7 members and 2 deputy members will be elected by the general meeting and 3 members and 3 deputy members will be elected by and among the employees.



Strong and long-term partner for Frende Group

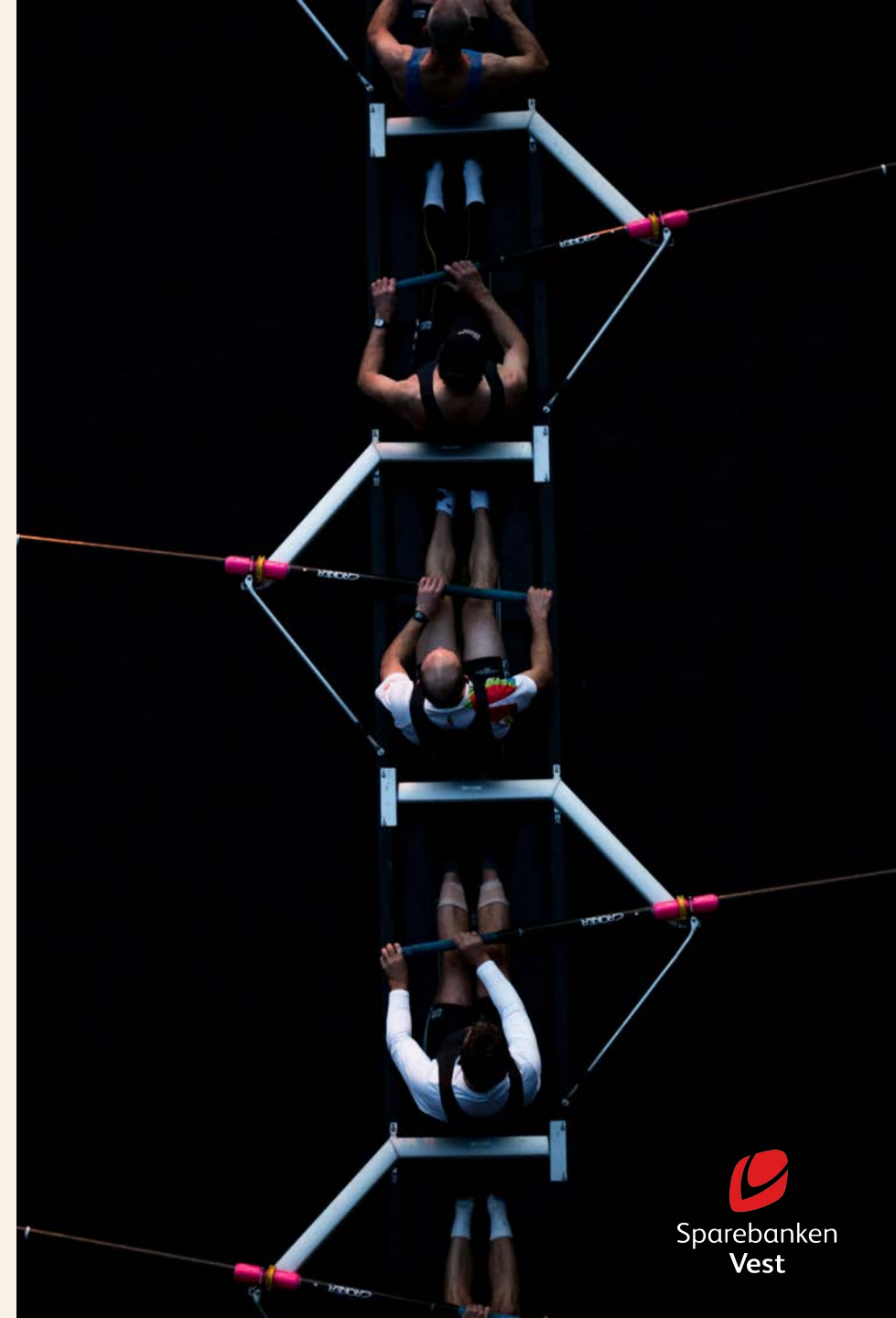
A strong commitment to Frende Group

The two largest banks in Frende Group will now have found their "structural solution" at a time when the savings bank map is being redrawn. The merger provides Frende Group with strategic clarification and predictability.

The new bank will help to develop Frende Group to become even more relevant to non-alliance banks that want an attractive and cost-efficient alternative to close and costly alliance cooperation.

The new bank will be a strong driving force in developing cost-effective cooperation based on direct ownership of product companies, expertise in its own bank and own local brands.

The new bank will have considerable resources and purchasing power for the benefit of all Frende-banks.

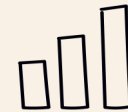




Frende Group and Product companies



A strengthened partner and catalyst for an ambitious Frende Group



A solid, long-term owner for the product subsidiaries, ensuring stability and consistency



A partner that provides technology and expertise to make Frende Group attractive to other savings banks

The product companies will benefit from a larger, long-term owner motivated to invest

Frende Group was founded to offer the most attractive product subsidiaries for banks and financial institutions that do not seek close alliance cooperation.

Our objective is to create Norway's leading product companies.

Ownership after merger

 FrendeForsikring

60,6 %*

 Brage Finans

77,6 %

NORNE
securities

56,9 %

 BOREA
ASSET MANAGEMENT

63,1%**

 balder
betaling

61,5 %

*Before distribution of shares from Sparebanken Sogn og Fjordane

**Will own 90.1% of Frende Kapitalforvaltning, which will own 70% of Borea Asset Management

Timeline

Next step is the general meeting of the two banks

On August 28, 2024, the boards have approved the merger.

The general meetings of Sparebanken Sør and Sparebanken Vest will decide the matter in early October 2024.

The merger application to the Financial Supervisory Authority and the notification to the Norwegian Competition Authority will be promptly submitted after approval by the banks' general meetings.

Following the general meetings, an integration program will be initiated to assess, among other things, name selection and branding.

The merger is expected to be completed by the end of the first half of 2025.



Together we will build Norway's best savings bank

- ✓ Low complexity
- ✓ Low risk in the loan portfolio
- ✓ Proud performance culture and two strong headquarters
- ✓ New and strong brand built on savings bank values
- ✓ Significant gifts and high customer dividends
- ✓ Among the best in terms of return on equity



SPAREBANKEN
SØR



Sparebanken
Vest

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