



Totens Sparebank and SpareBank 1 Østlandet

We join forces to strengthen the Inland region



Agreed letter of intent to merge

The Boards of Directors of Totens Sparebank and SpareBank 1 Østlandet have today signed a letter of intent to merge the two largest banks in the Inland region.

Together, the banks will contribute to sustainable growth and development in the region.

The merged bank will have larger credit capacity for people and businesses in towns and cities in the inland region and in central parts of Eastern Norway.



With roots in the Inland region, we are building a larger bank for people and businesses in central Eastern Norway



Savings bank for the entire region

- The region around Lake Mjøsa is the home market for both banks
- Operations in the city of Gjøvik will be strengthened with the establishment of a regional office for the former Oppland county (today part of the Inland region).
- Region Oppland in SpareBank 1 Østlandet will consist of the offices in Lena, Raufoss, Gjøvik, Råholt and Lillehammer, and the merged bank will have a stronger branch network west of Lake Mjøsa.
- Offices where both banks have operations will be combined. This applies to Hamar, Gjøvik and Råholt/Eidsvoll.



Solid local foothold, near customers and with local decision-making

With significant local decision-making powers, approximately 1,240 employees and a business capital of NOK 264 billion, the bank becomes a stronger source of financing for people and businesses in the region.

CEO of Totens Sparebank, Rolf Delingsrud, joins the group management team with responsibility for the integration process.

CEO of SpareBank 1 Østlandet, Richard Heiberg, will retire on 1 April. Klara-Lise Aasen, originally from the Toten area, will then become the new CEO.



Securing jobs and improving competitiveness

- **We want all employees onboard the new bank.**
- The merger will help secure local jobs and provide greater scope for internal career opportunities.
- Centers of excellence and centralized functions to continue and develop further on both sides of Mjøsa.
- We will become an even more attractive employer for competencies needed in the financial industry going forward.



Customers of Totens will enjoy excellent financial products and services from a locally based bank

- The combined bank's geographical presence will remain the same, while becoming more competitive with greater credit capacity.
- Customers will meet the same advisers as before, in the same locations.
- Customers will gain access to a greater range of products, leading digital solutions and broader bank competencies than today.
- SpareBank 1 Østlandet shares profits from the ownerless capital through the customer dividend, which customers in Totens Sparebank now also will qualify for.





A financial center for businesses on the western side of Lake Mjøsa

Strong local banks are important for the development of businesses in rural areas. As a merged bank, we will have an even greater capacity to service the financial needs of the region's businesses going forward.



An even stronger supporter of local communities

Both banks are major sponsors of voluntary work and contribute significantly to good causes. As a significant contributor in our societies, we will continue our contributions to local growth and development.

Totens Sparebankstiftelse (a foundation) will be established, owning approx. 8.6 per cent of the merged bank. The foundation will consequently also receive substantial annual dividends from the bank's profits.

The foundation will be governed locally, with Stig Håvard Blikseth (current deputy CEO of Totens) as likely manager and with substantial assets under management. The foundation will be able to contribute significantly more to local public purposes than Totens Sparebank does today. Values that have been built up over 170 years will remain in the region.

In addition, SpareBank 1 Østlandet will push for the establishment by Sparebankstiftelsen Hedmark (largest owner of SPOL) of a branch of Innlandet Science Park in the Gjøvik region, together with the new Totens Sparebankstiftelse. In the event, SpareBank 1 Østlandet will contribute NOK 20 million to this establishment.

Organisation, Board of Directors and management

- Customer-oriented environments in Totens Sparebank will develop further, among other things by creating a larger regional office for the old Oppland county. Significant specialist competence will be added locally.
- Staff and support teams at Totens Sparebank will become part of larger specialist teams in SpareBank 1 Østlandet.
- CEO of Totens Sparebank, Rolf Delingsrud, will become part of group management, with responsibility for integrating the two banks. The rest of Totens' management team will be offered central tasks in the new bank.
- Chairman of the board of Totens Sparebank, Geir Stenseth, will be elected as a new board member of the merged bank.
- Two depositor representatives from Totens Sparebank will be elected to the Supervisory Board of SpareBank 1 Østlandet. Plans are also for one representative from Innlandet County Council from the old Hedmark county to be replaced by a member in the County Council from the Gjøvik region.



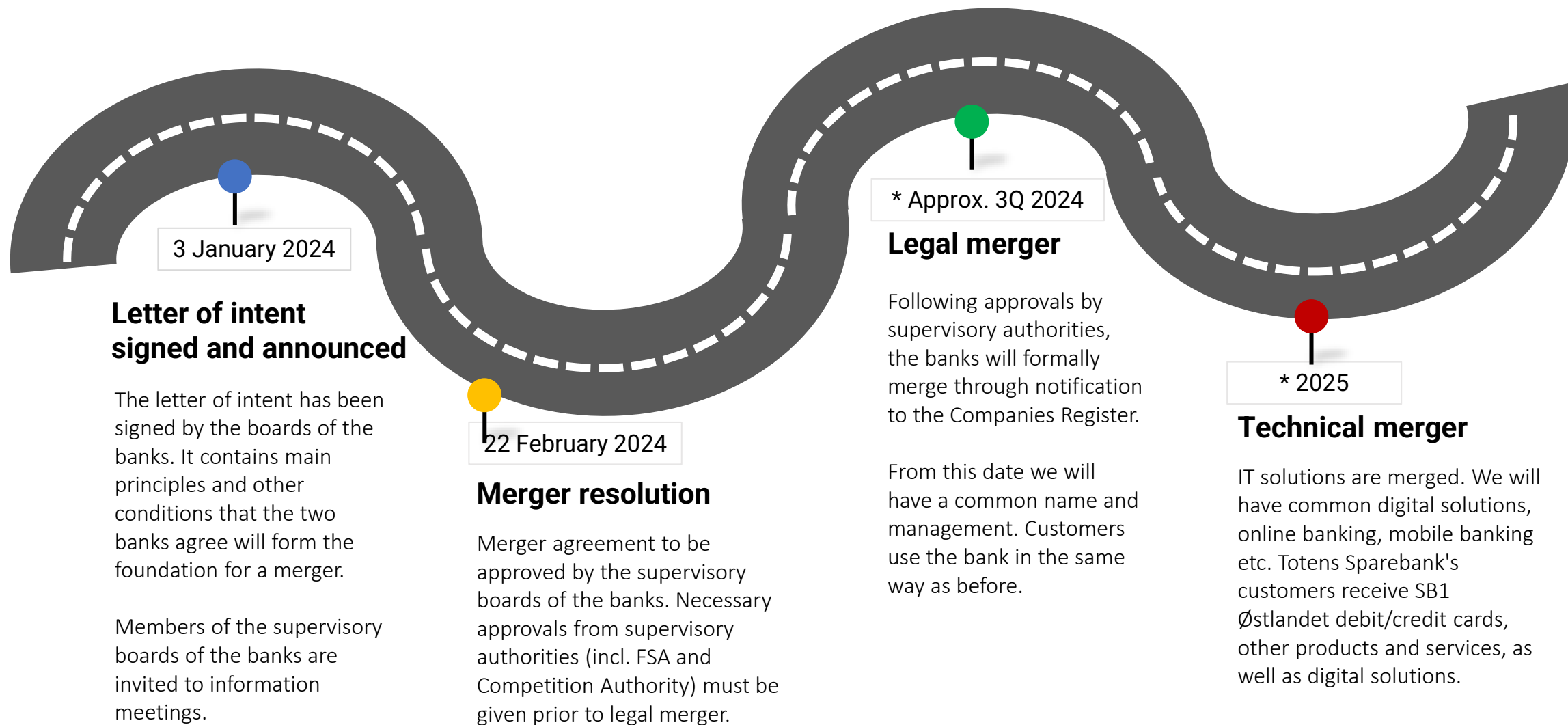
Totens Sparebank and SpareBank 1 Østlandet share a common geography and a similar set of values. Both banks are involved in local communities, have local roots and share a desire to contribute positively to people living and working in the Inland region.





Together, we improve our positions as strong and traditional relationship banks in the Inland region

The merger process

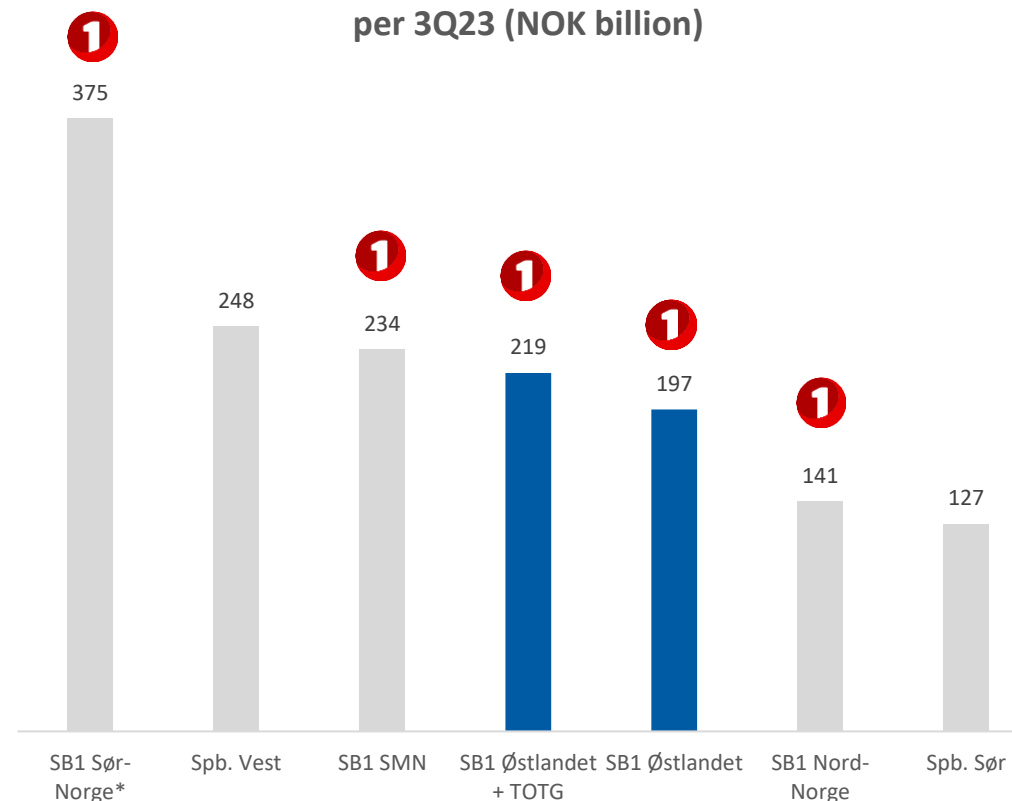


A solid platform for further growth

With total assets (incl. covered bond companies) of approximately NOK 264 billion, gross lending (also incl. covered bond companies) of ~NOK 219 billion and book equity (excluding hybrid capital) of approximately NOK 21.3 billion per 3Q 2023, SpareBank 1 Østlandet consolidates its position as the 4th largest savings bank in Norway.

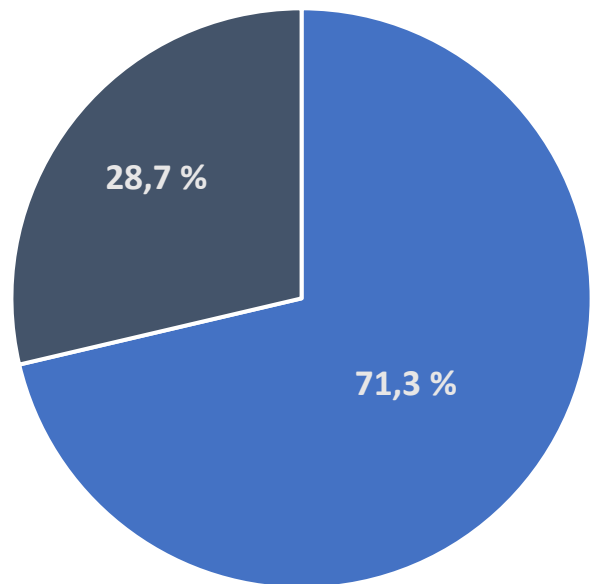
The bank primarily expects to realize capital synergies. There is also a clear ambition to achieve income synergies in the long term.

Gross lending incl. covered bond companies per 3Q23 (NOK billion)



*SB1 Sør-Norge = SpareBank 1 SR-Bank + SpareBank 1 Sørøst-Norge

The loan portfolio



■ Retail market ■ Corporate market



17

(NOK billion)
Retail

5

(NOK billion)
Corporate



140

(NOK billion)
Retail

57

(NOK billion)
Corporate

Numbers include loans transferred to covered bond companies.

Strong savings bank foundations

The two savings bank foundations will own ~53 percent of the equity certificates in the merged bank.

A significant proportion of annual dividends will benefit the foundations. This ensures local development.

ECC owners	Share (%)
Sparebankstiftelsen Hedmark	44.5 %
Norwegian Confederation of Trade Unions	8.2 %
Other SPOL-owners	32.6 %
New TOTG foundation	8.6 %
Other TOTG-owners (excl. SPOL)	6.1 %

Implementation and exchange ratio

SpareBank 1 Østlandet will be the acquiring bank.

SpareBank 1 Østlandet takes over assets, rights and obligations from Totens Sparebank upon completion of the merger.

It is further intended that the merger be carried out by Sparebank 1 Østlandet issuing equity capital certificates and paying a cash consideration to existing owners of equity certificates in Totens Sparebank and to a newly established savings bank foundation as settlement for the primary capital in Totens Sparebank.



Implementation and exchange ratio

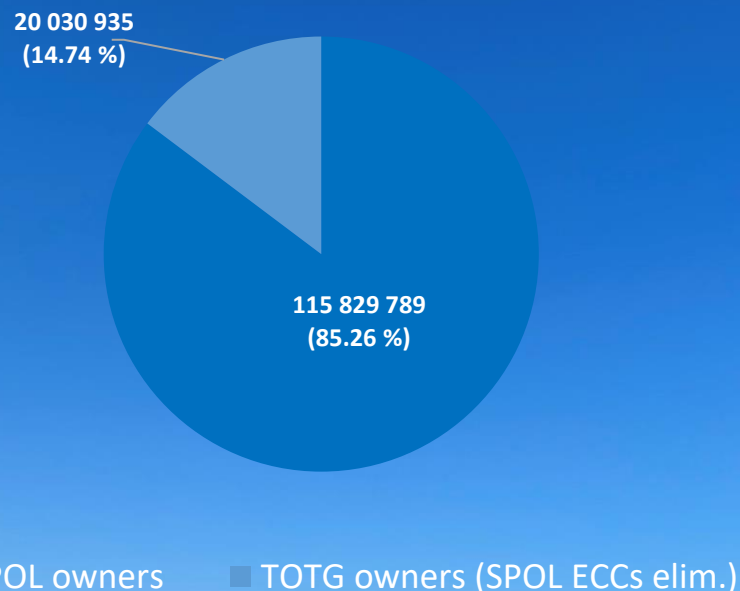
The parties agree on SpareBank 1 Østlandet paying the equivalent of 1.80 equity capital certificates (SPOL) in SpareBank 1 Østlandet per equity capital certificate in Totens Sparebank (TOTG). In addition, a cash consideration of NOK 7.7880 per equity capital certificate in Totens Sparebank is paid to cover the difference up to 1.86 equity capital certificates in SpareBank 1 Østlandet per equity capital certificate in Totens Sparebank.

The cash consideration is determined based on SPOL's closing price on 2 January 2024. Total cash consideration for the equity in Totens Sparebank is NOK 98.4 million.

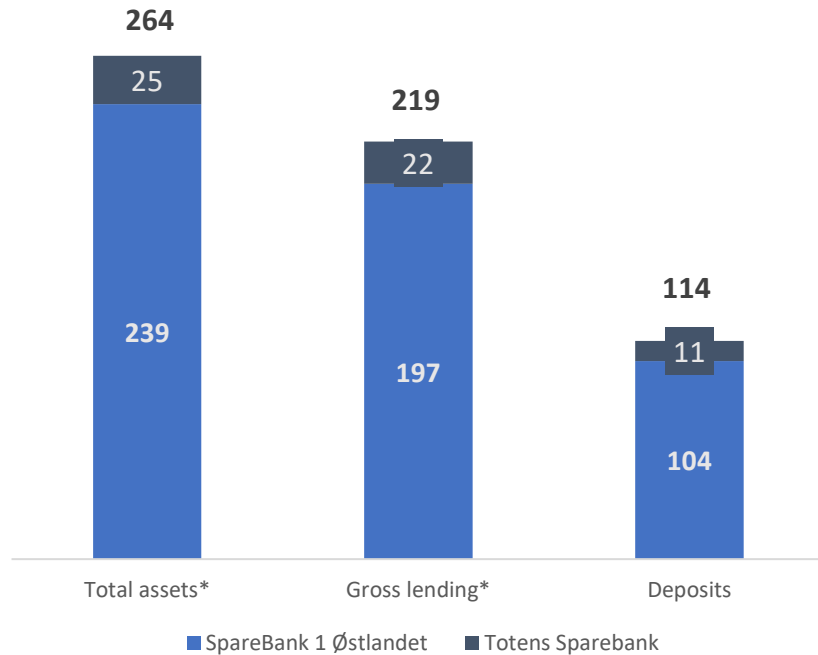
Total consideration corresponds to an exchange ratio of 87.52% to SPOL and 12.48% to TOTG.

The primary capital in TOTG is theoretically converted to equity certificate capital when calculating the remuneration.

Number and share of ECCs after merger



The merger is expected to be accretive for both shareholder groups



* Including loans transferred to covered bond companies

SpareBank 1 Østlandet expects to be able to realize significant capital synergies by using its A-IRB model on Totens Sparebank's portfolio.

Operational synergies are somewhat limited due to different alliance affiliations, as well as the need for all employees in Totens Sparebank to utilize the merged bank's growth potential. The bank will nevertheless work to realize all possible operational synergies.

The merged bank will have an efficient platform for further growth and achieving economies of scale. It is a clear ambition to achieve income synergies in the long term.

Total market value of NOK 18 bn (assuming full conversion of TOTG) and with good profitability before synergy realization: Pro-forma return on equity (RoE) year to date annualized per 3Q23 of 11.7%.



Creating together

- Together, we strengthen our presence in the area around Lake Mjøsa, becoming an even more significant bank both in the Inland region and in Eastern Norway.
- We are local supporters and continue to work for the benefit of our communities.
- We strengthen our ability to be the relationship bank for large and small customers.
- We strengthen our credit capacity for businesses west of Lake Mjøsa.
- We become the most attractive financial services industry employer in the Inland region.
- We create new jobs around the city of Gjøvik.

Through almost 180 years of operations in the Inland region, Oslo and Akershus, SpareBank 1 Østlandet has become an important bank in central Eastern Norway area, with 1,150 employees across 37 locations.

Totens Sparebank has almost 170 years of history, and is currently located around in Lena, Raufoss, Gjøvik, Hamar and Råholt with 90 employees.

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