

A black and white photograph of a glass surface, possibly a window or door, with the SpareBank 1 Markets logo etched or reflected on it. The logo consists of the text "SpareBank" in a large, bold, sans-serif font, with "MARKETS" in a smaller, bold, sans-serif font below it. To the right of the text is a large, stylized number "1" inside a circle.

SpareBank
MARKETS



Capital Markets Discussion

Raising capital, dividend policy and other key matters for listed companies

23 March 2022

Today's presenters



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- 22 years of investment banking experience
- Clarksons Platou Securities, 2016-2020
- Swedbank/First Securities, 2004-2016
- Jefferies and JP Morgan, 2000-2004
- B.Sc. in Management, London School of Economics



Jarand Lønne
Head of Natural Resources

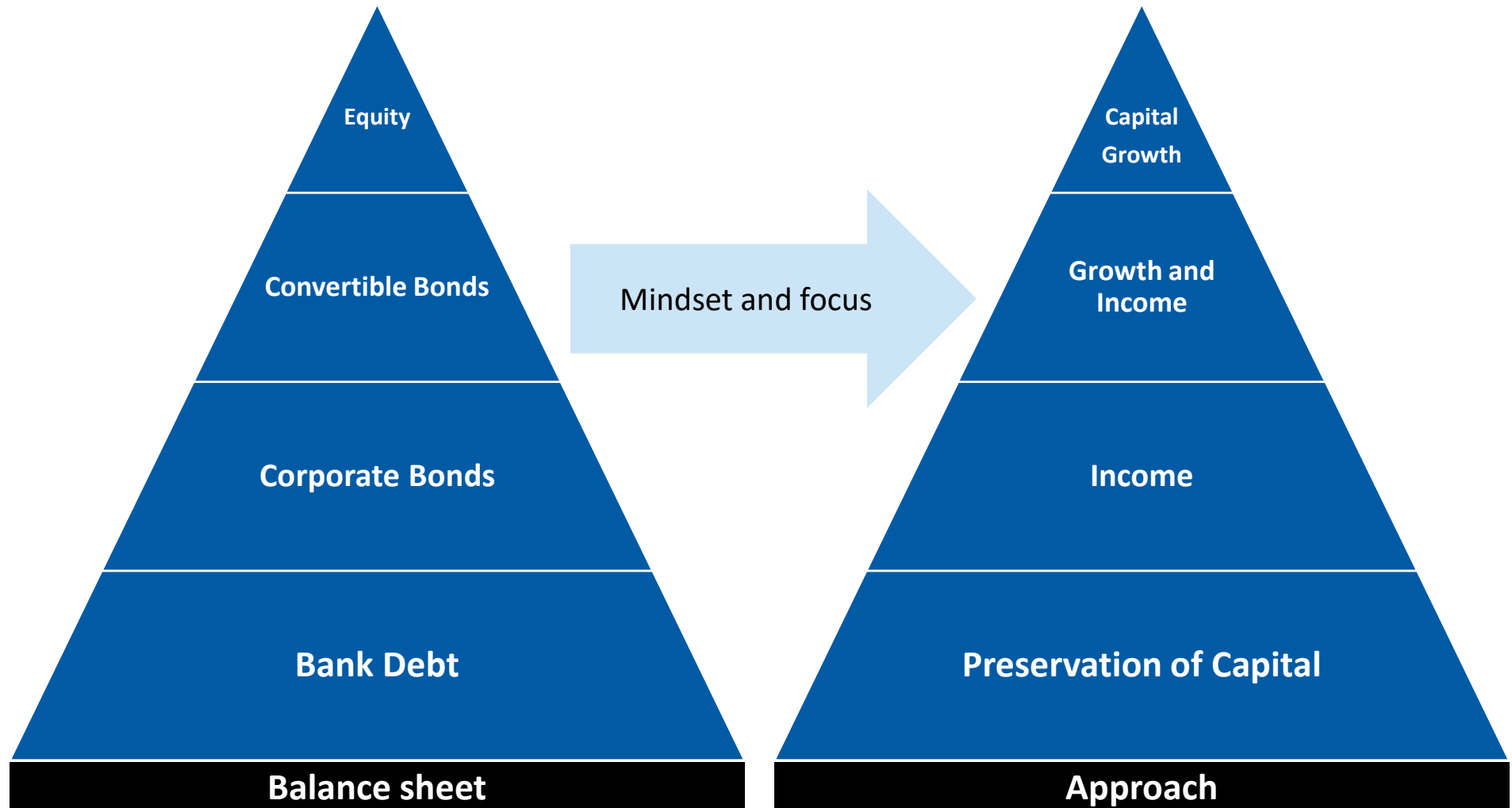
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- 12 years of investment banking experience
- SB1 Markets from June 2017
- Swedbank/First Securities, 2010-2017
- M.Sc. Cass Business School

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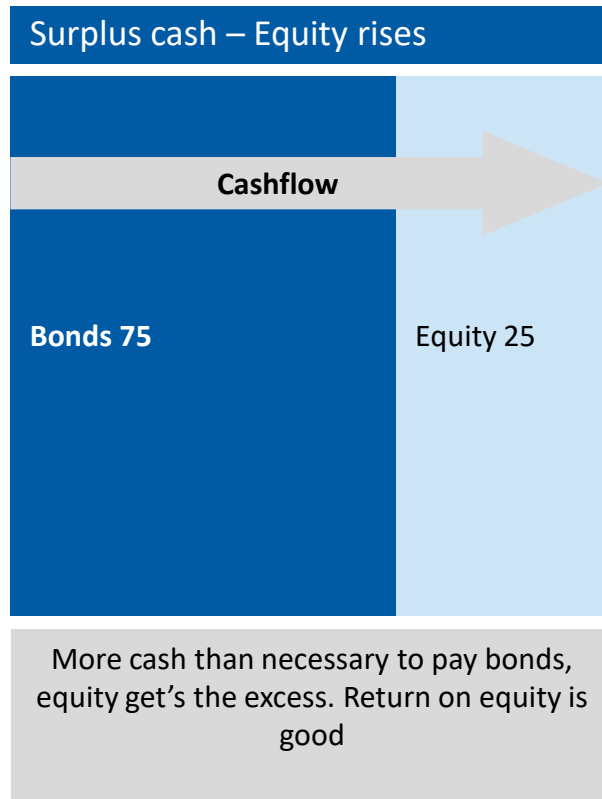
I	Capital structure – high-level
II	Raising capital: equity, debt and hybrid instruments
III	Dividend policy – key considerations
IV	Appendix

The pecking order of capital structure



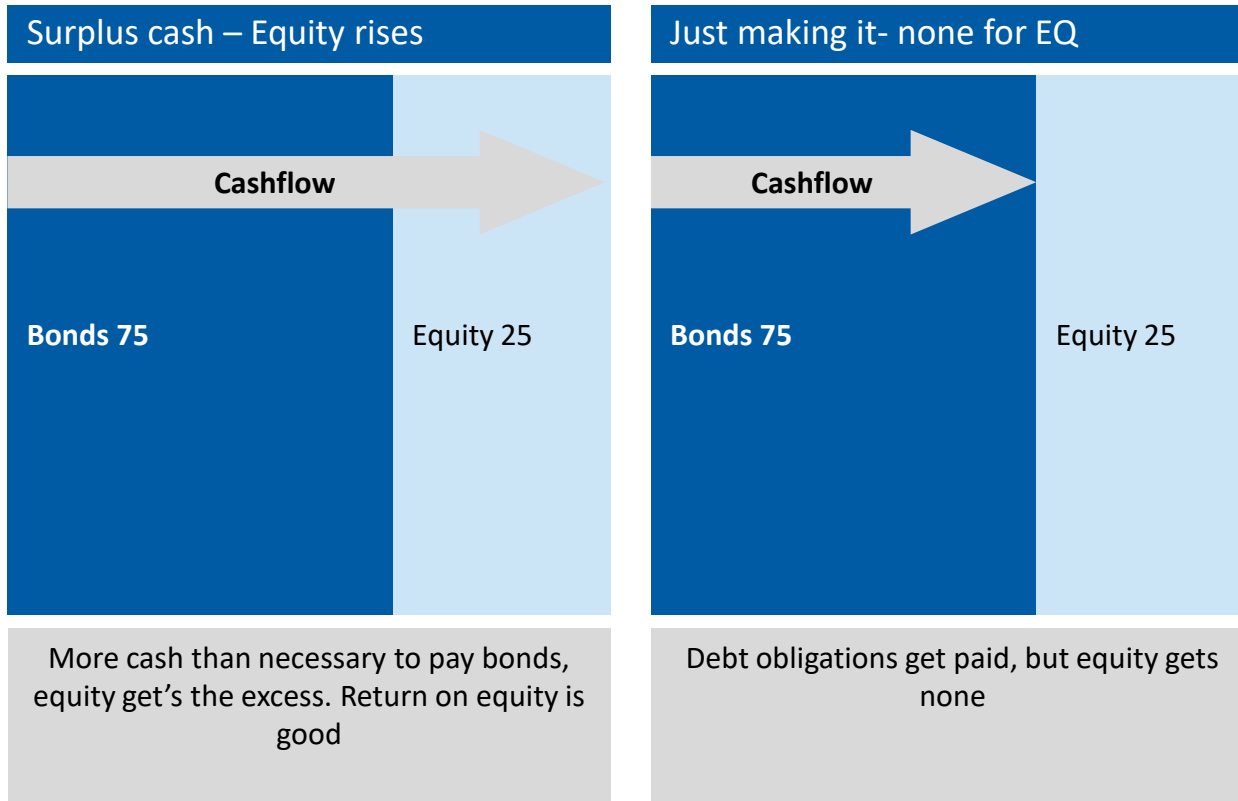
The pecking order of capital structure (cont'd)

The pecking order – who gets served, and when?



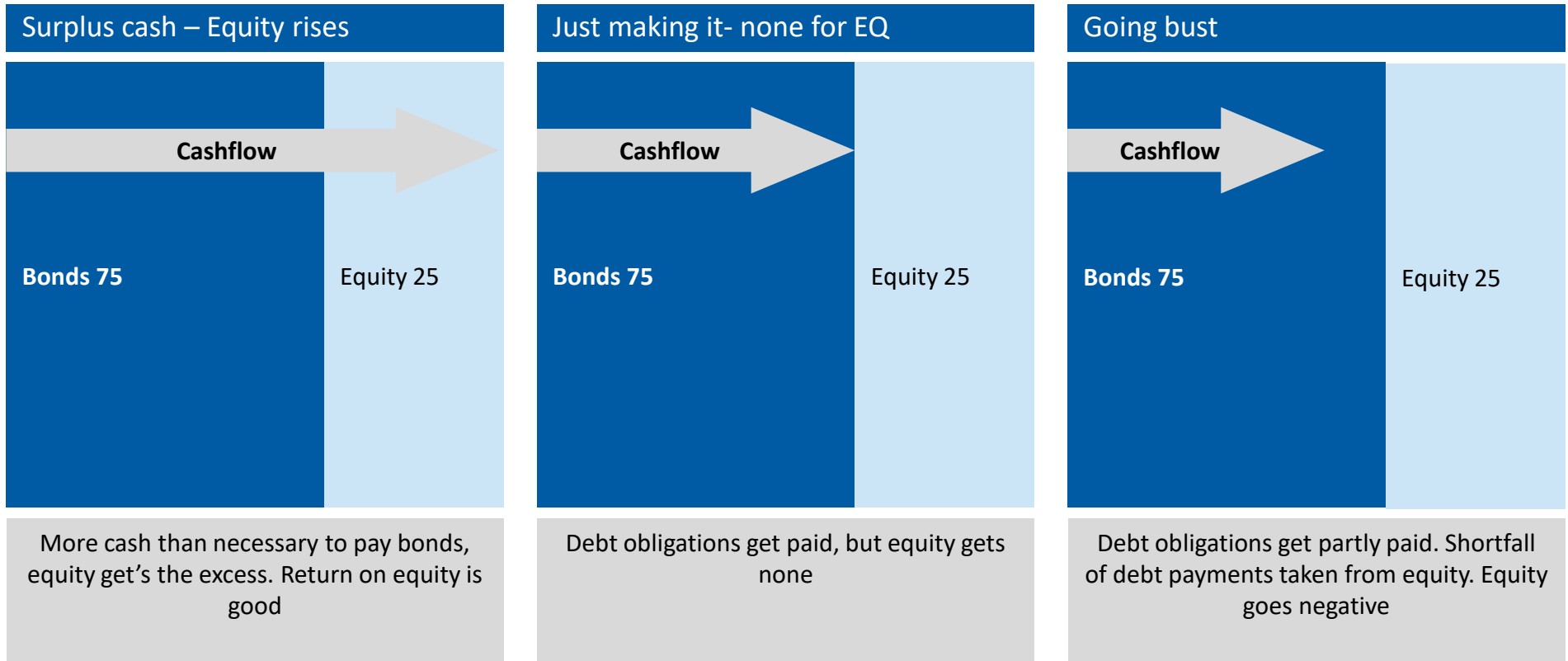
The pecking order of capital structure (cont'd)

The pecking order – who gets served, and when?



The pecking order of capital structure (cont'd)

The pecking order – who gets served, and when?



Ways to change the capital structure of a company

Capital structure: The combination of debt and equity, and how this is balanced

Ways to reduce company net debt

Issuance of new equity

Sale of assets

Restructuring of capital structure

Ways to increase company net debt

Issuance of new debt / bonds

Payment of dividends

Repurchase of shares

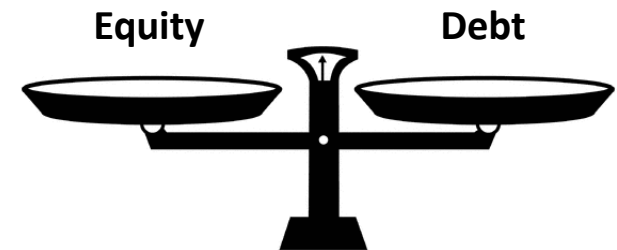
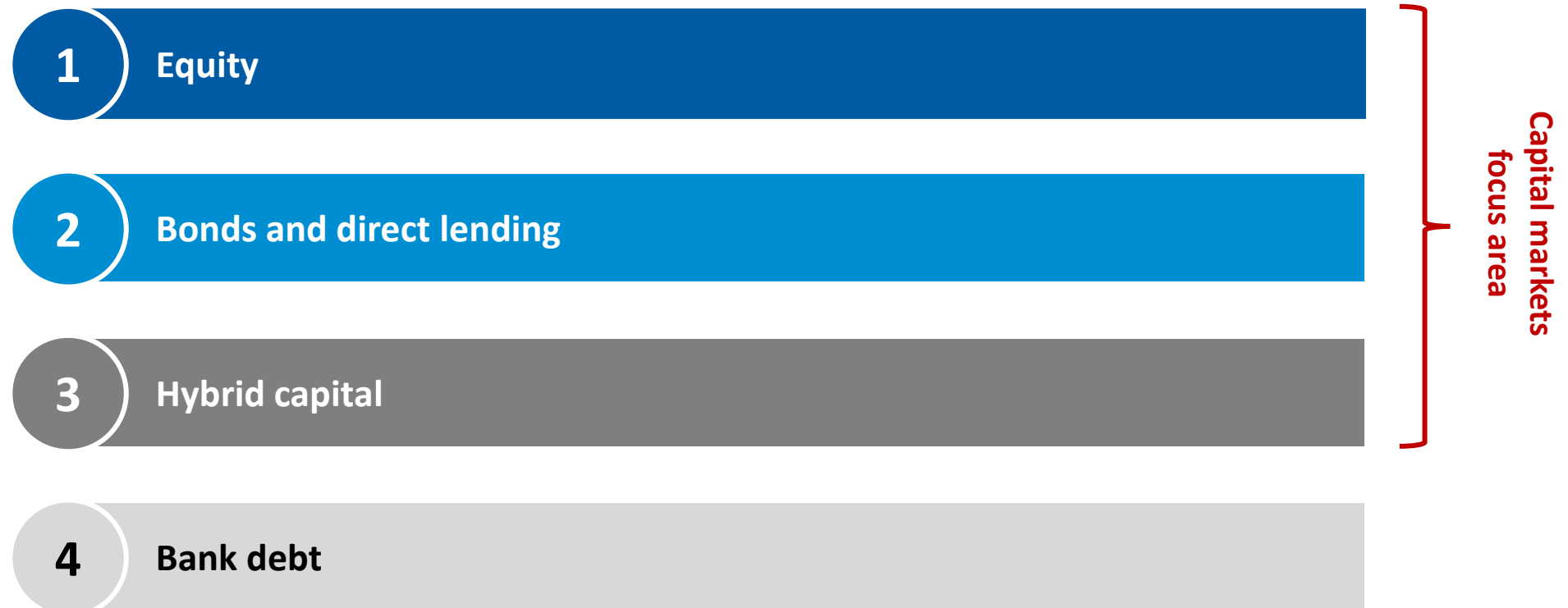


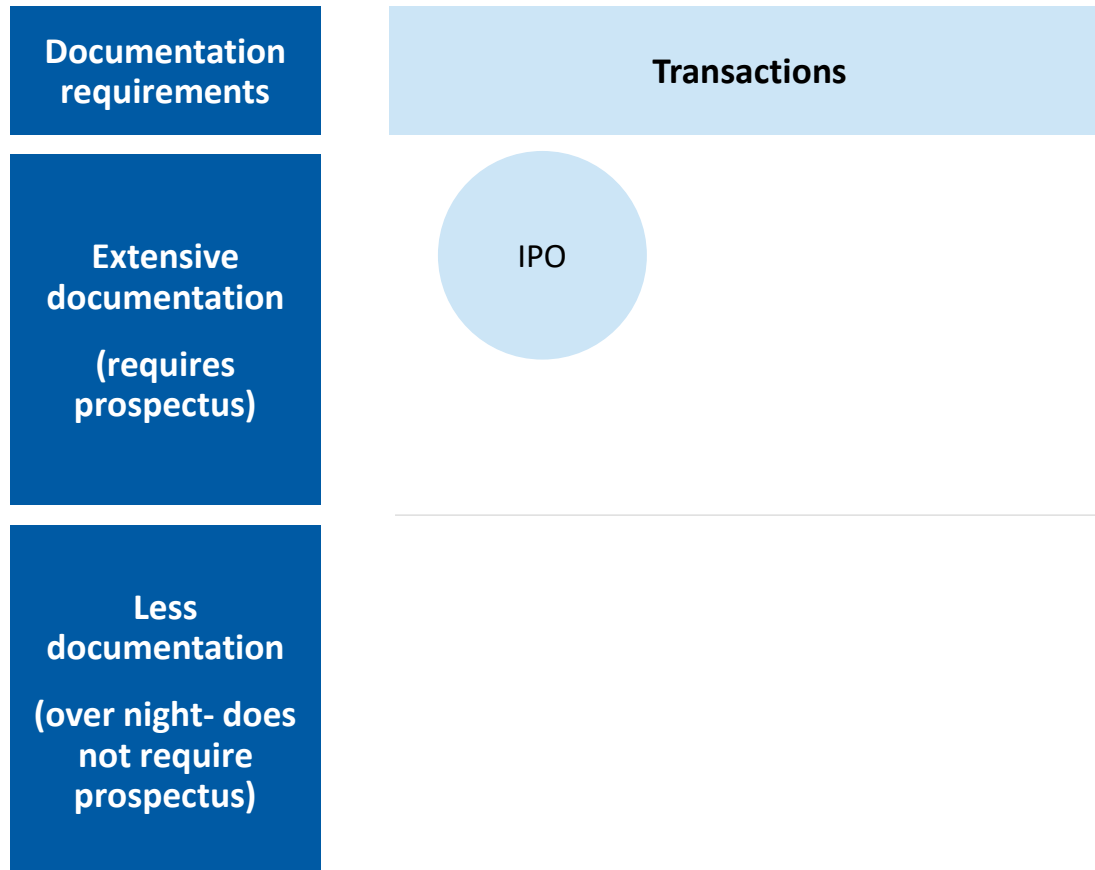
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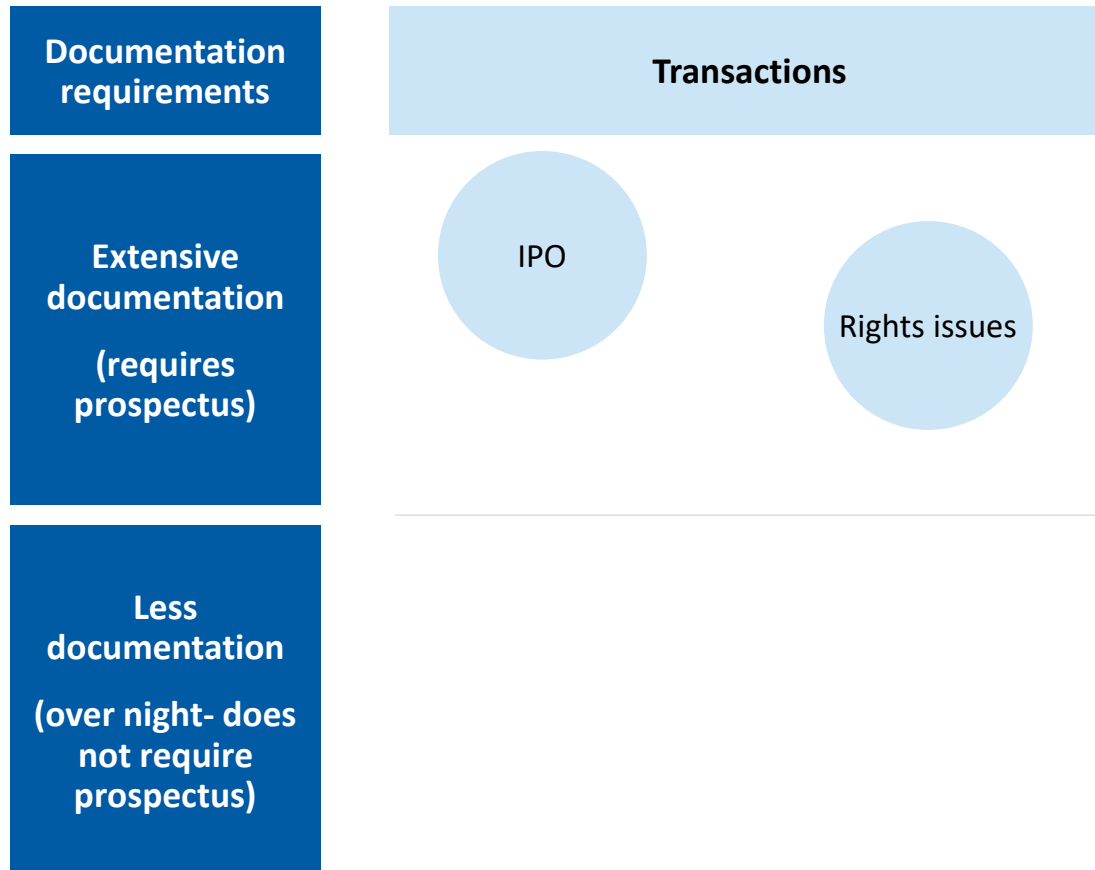
Sources of capital



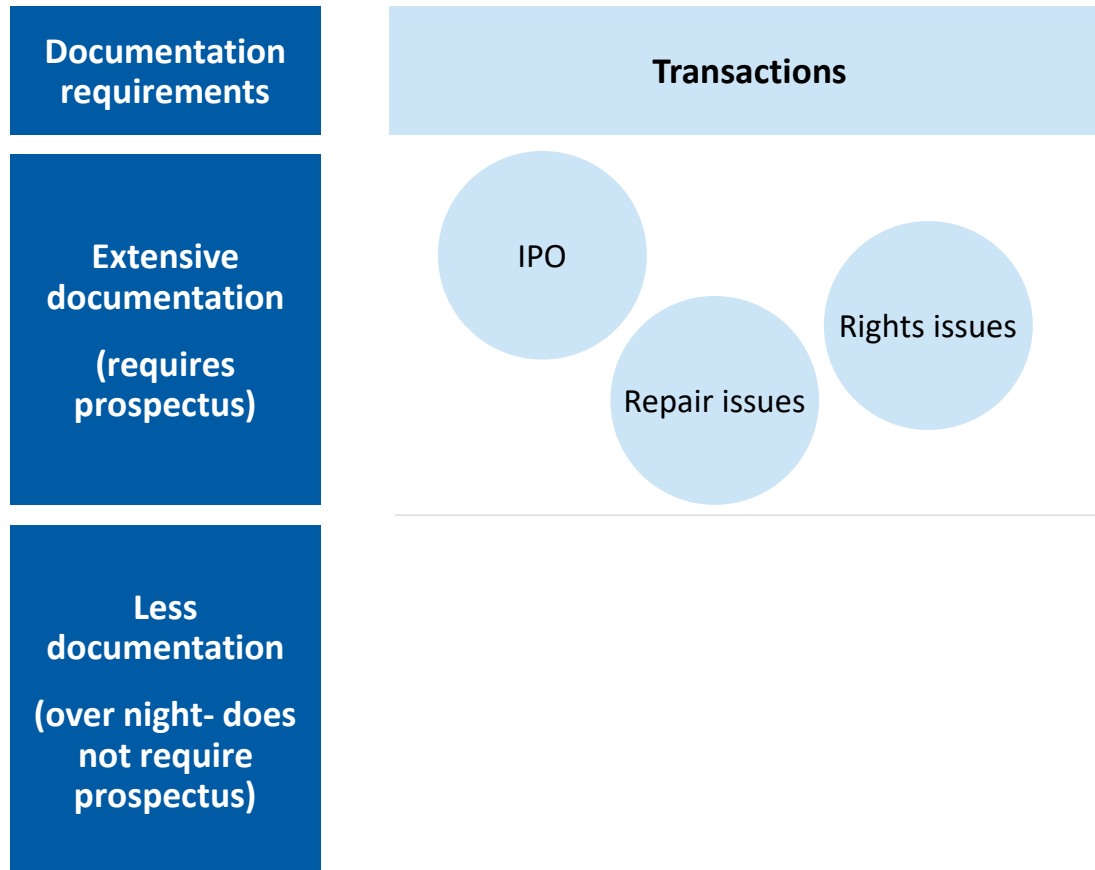
Overview – different equity transactions



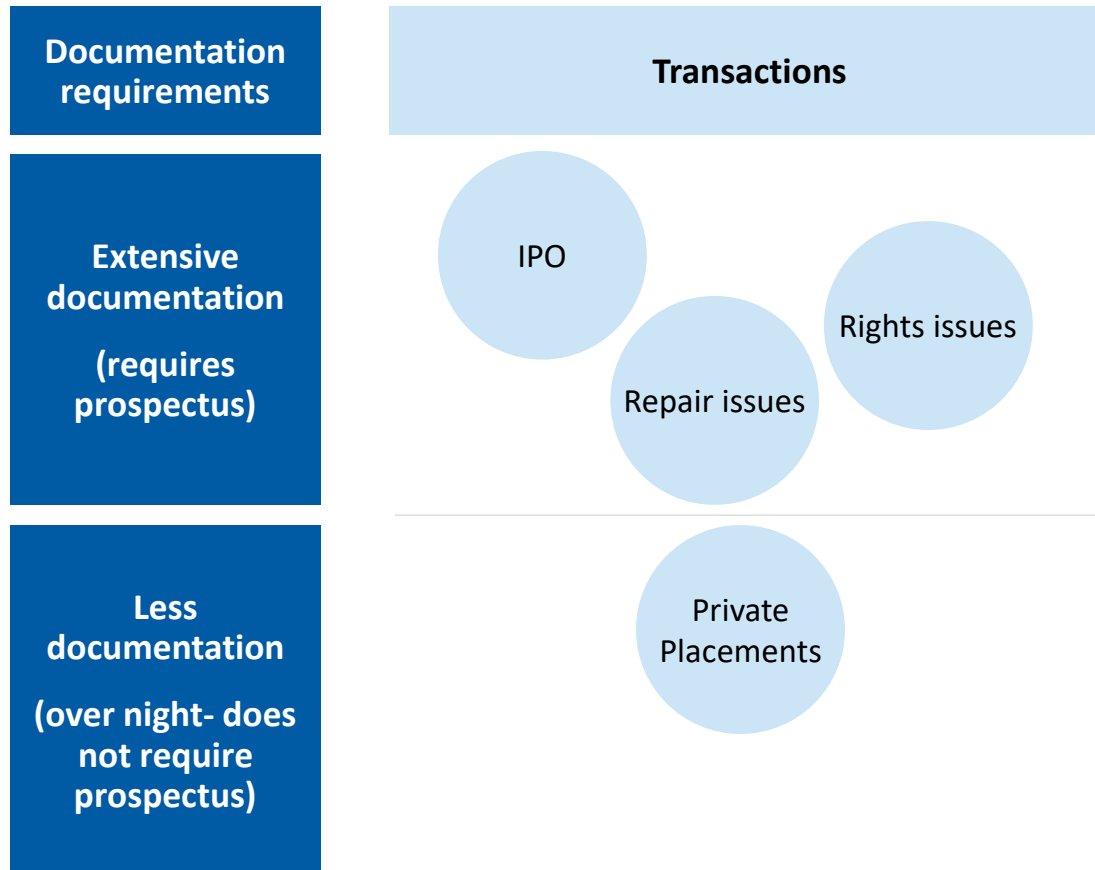
Overview – different equity transactions



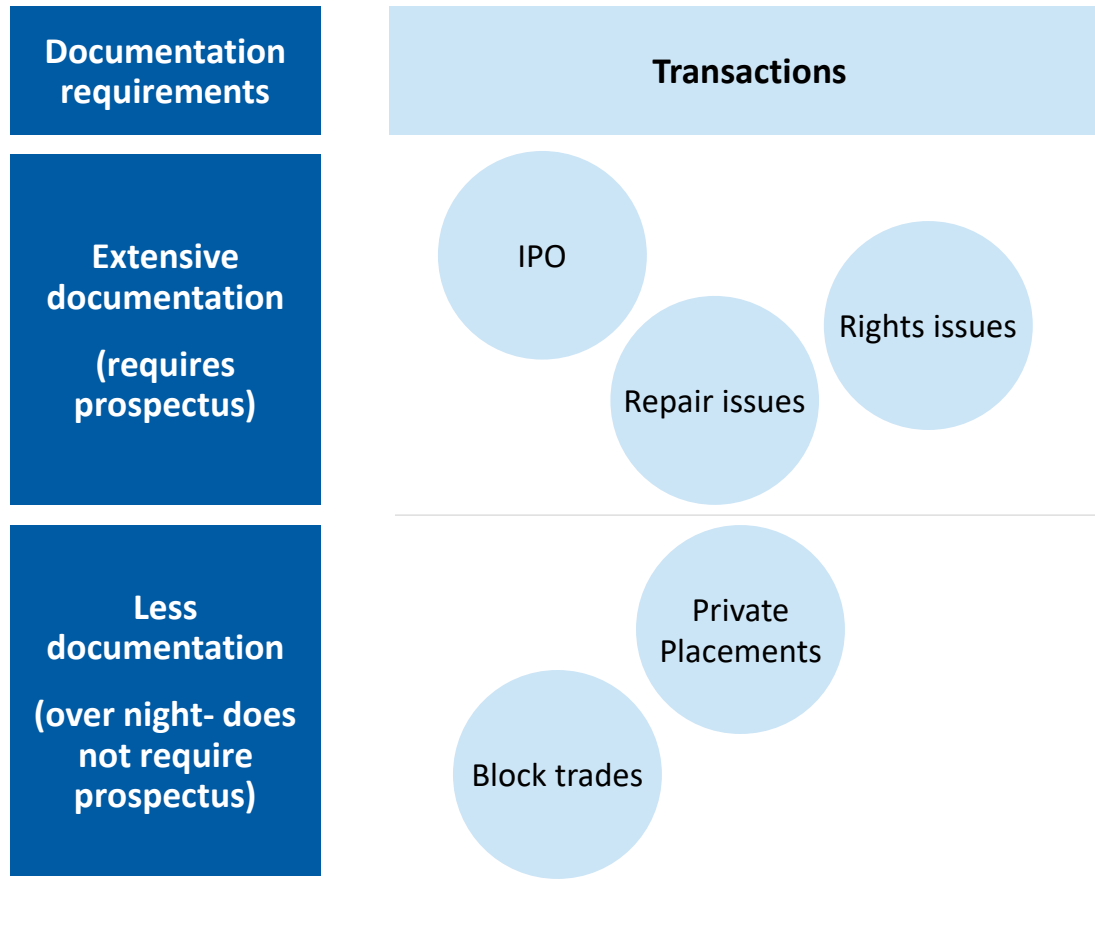
Overview – different equity transactions



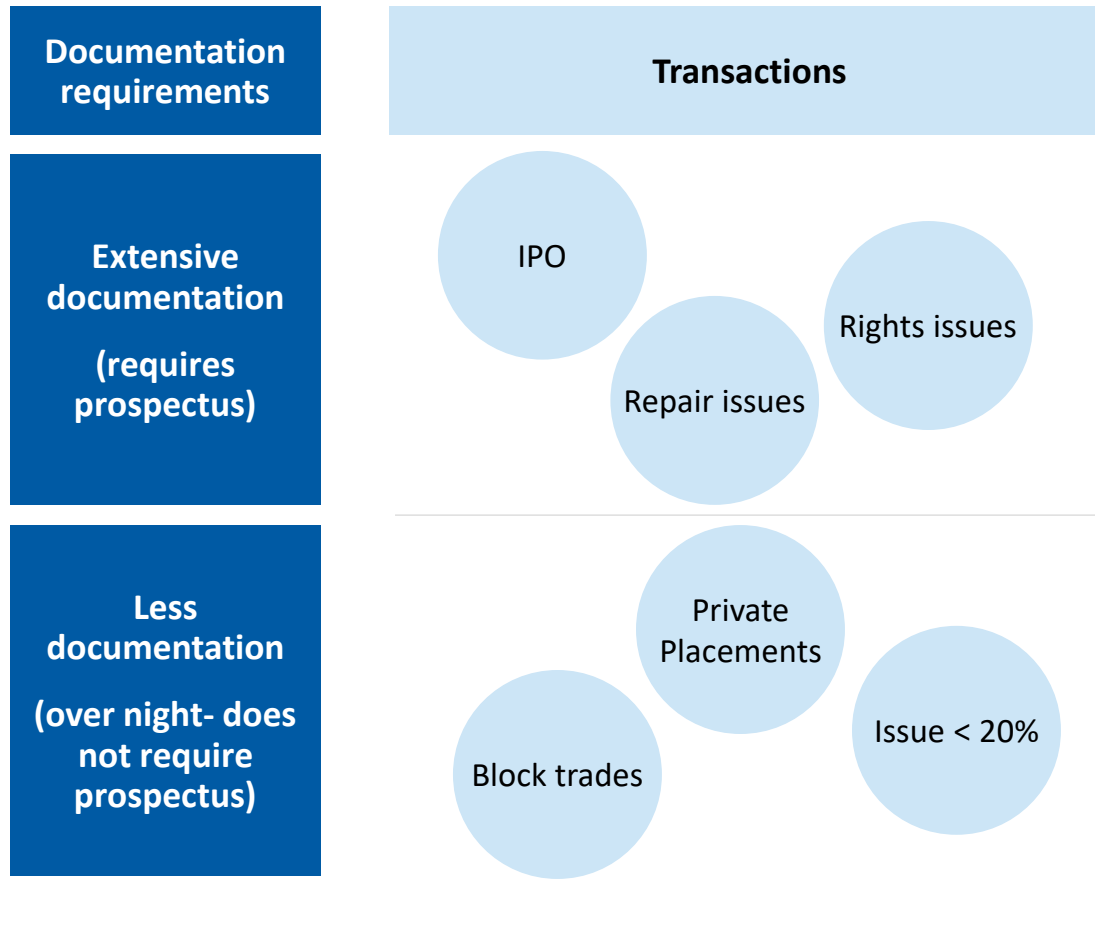
Overview – different equity transactions



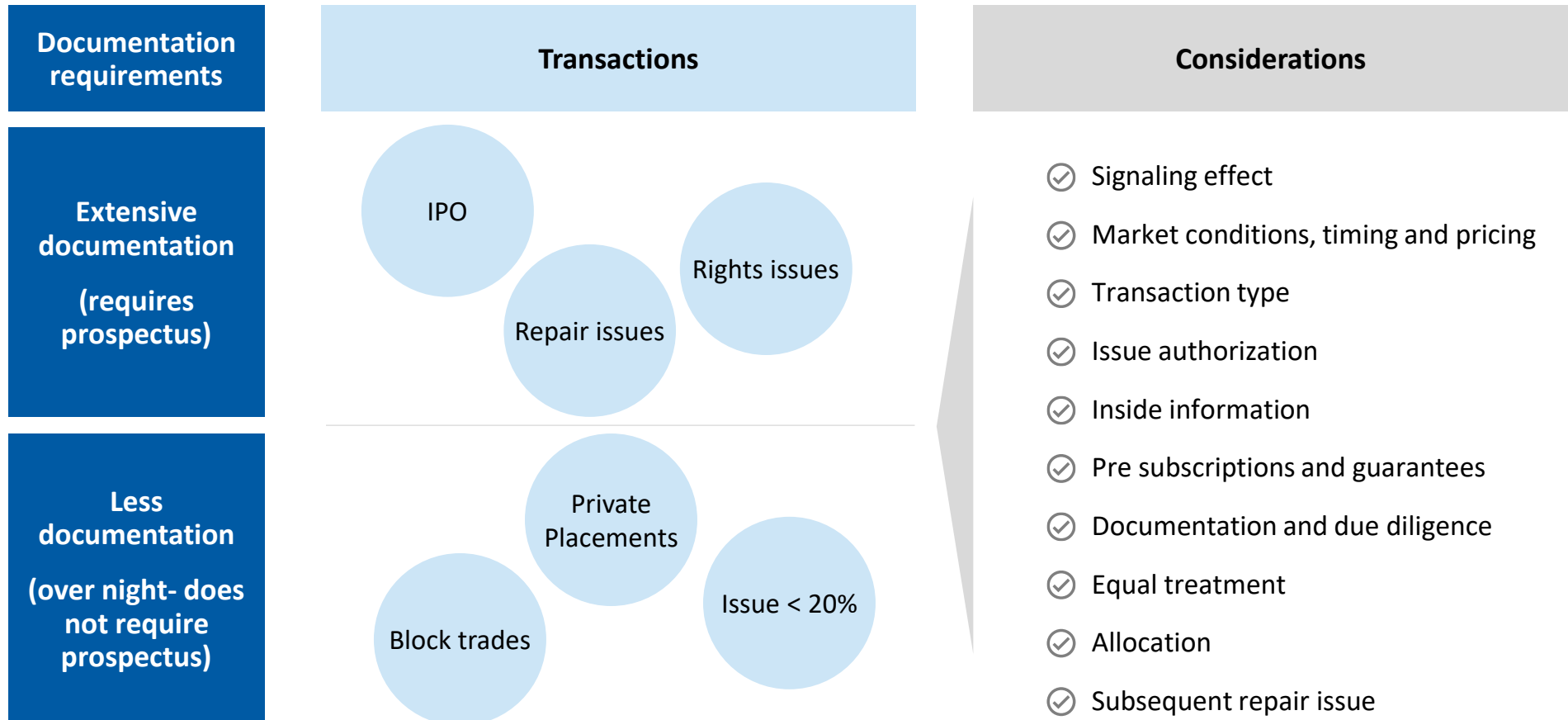
Overview – different equity transactions



Overview – different equity transactions



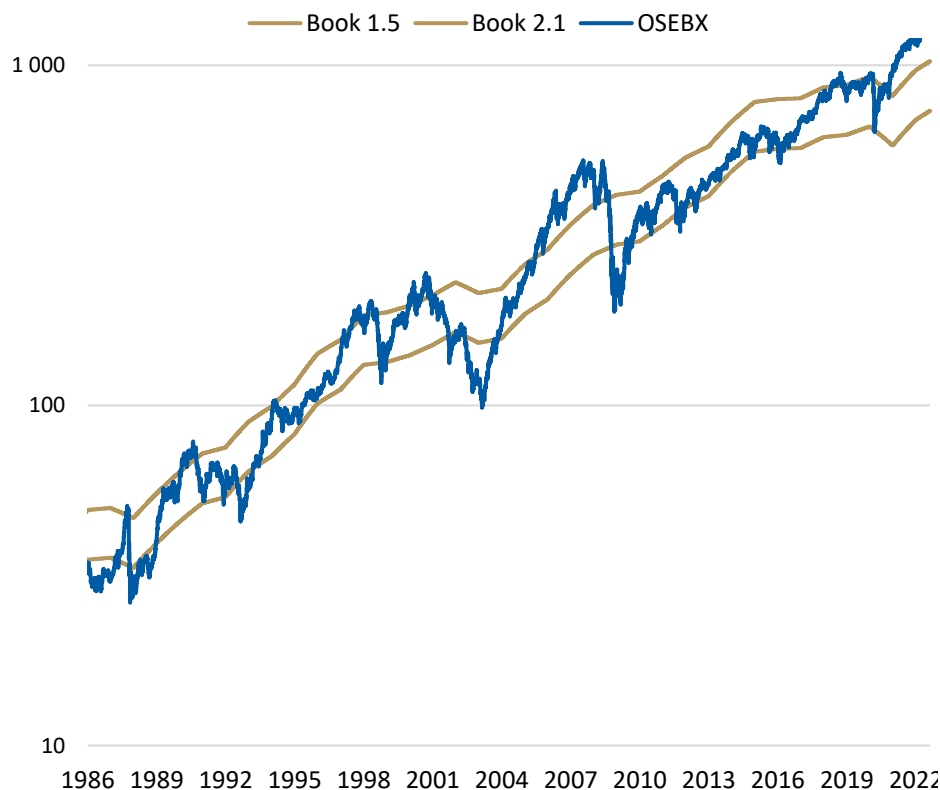
Overview – different equity transactions



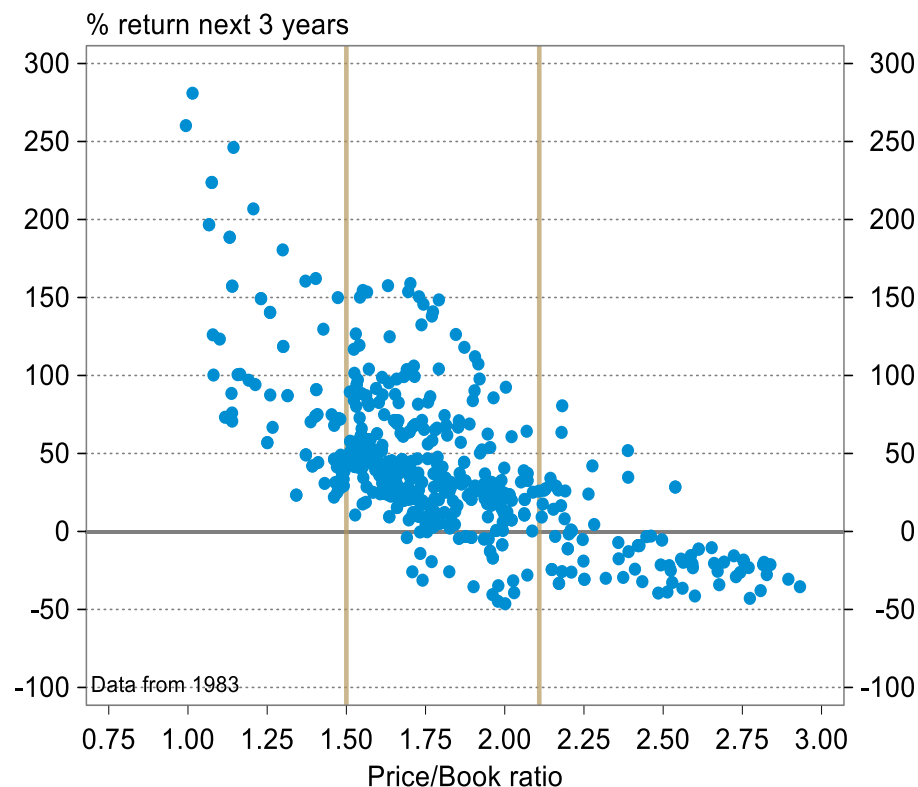
OSEBX has never been more highly valued on P/B

Historically, investing at the current levels has hardly ever been profitable

OSEBX P/B band

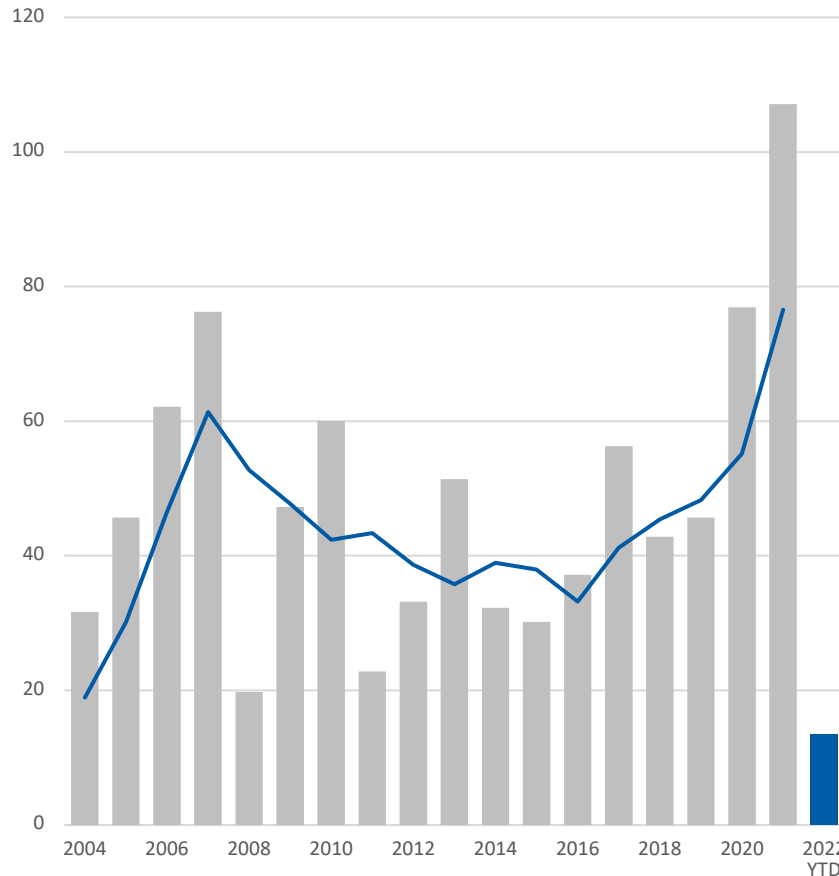


OSEBX return next 3 years vs. P/B

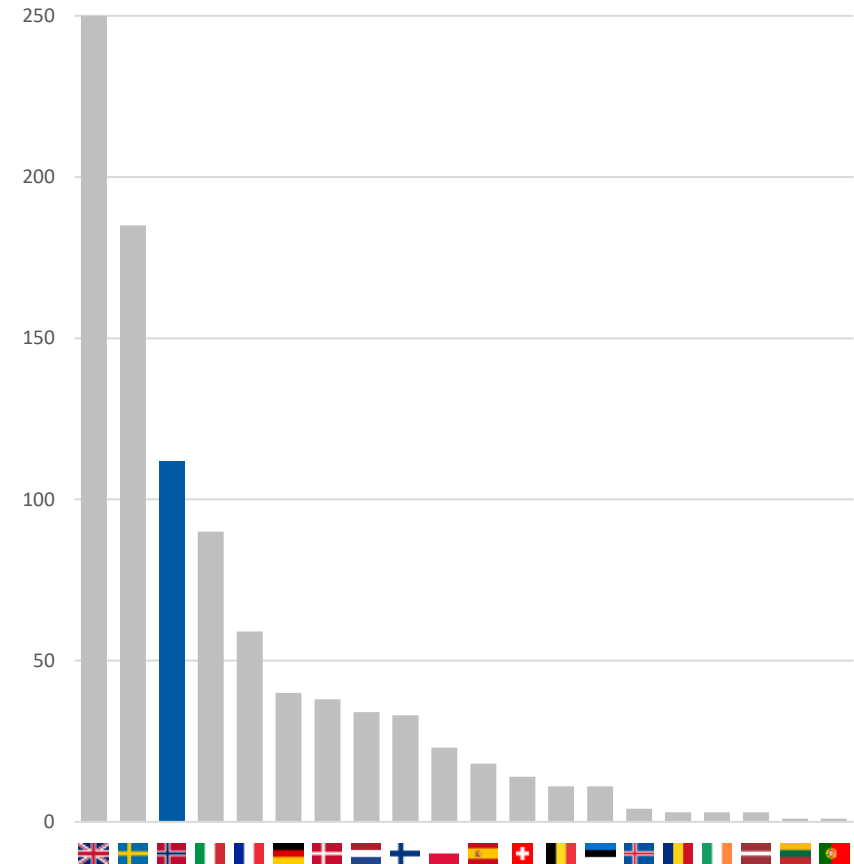


All time high equity capital markets activity in Norway

ECM volume Norway (NOKbn)



IPO comparison Europe, 2020-2022 YTD (#)



Trading venues in Norway

Faster execution and light(er) documentation requirements for NOTC and Euronext Growth



Oslo Stock Exchange trading venue options

NOTC

Un-regulated market
for unlisted shares

Information system
Lower requirements and
fewer obligations

Euronext Growth

Multilateral Trading
Facility (MTF)

Operated by Oslo Børs
Simplified requirements and
obligations

Euronext Expand

Regulated market

#2 regulated market place in
Norway
Strict regulations
Lower barriers to entry than
Oslo Børs

Oslo Børs

Regulated market

Leading regulated market
place in Norway
Strict regulations

Private Placement

A share issue directed towards selected investors (new and/or existing shareholders)

Flexible, quick and predictable

- Often executed by Board authority, granted by the shareholders at AGM/EGM
- Flexible within the limits set by the general meeting and can be used to invite specific investors to invest in the issuer
- Book building and possible guarantees increases predictability

Dilution of existing shareholders

- Board authority supersedes shareholder pre-emption rights
- Can be prone to criticism, if issue is (highly) dilutive

Repair issue

- Often followed by a subsequent offering (repair issue) directed at all shareholders at the time of the private placement who were not offered shares in the private placement

A Private Placement can be completed in 2-3 weeks (typically)

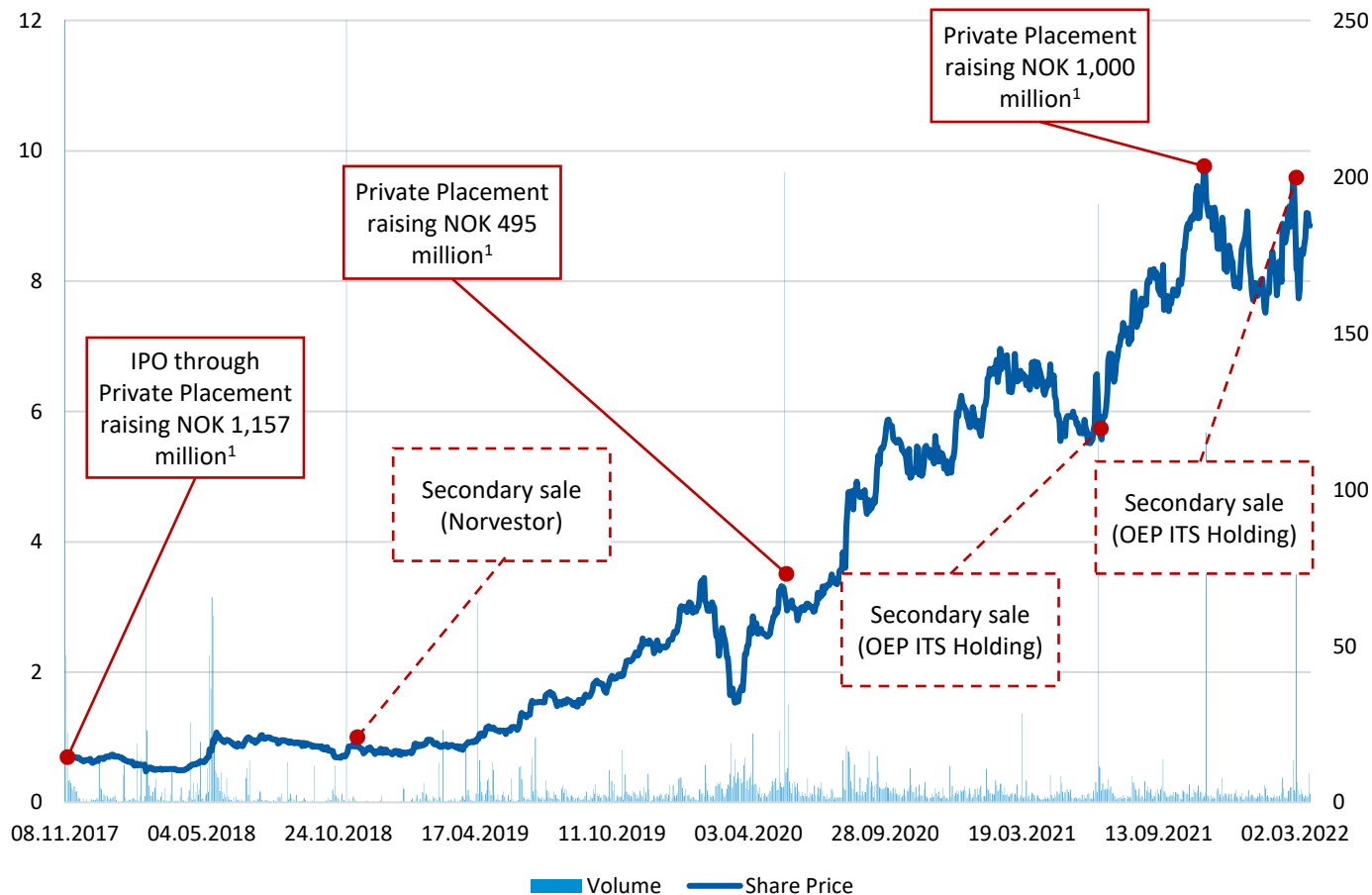
And launched in a matter of days if documentation and approvals are in place

Activity																									
	Week	1					2					3					4								
	Day	1	2	3	4	5	8	9	10	11	12	15	16	17	18	19	22	23	24	25	26				
Internal issuer preparations																									
Advisor coordination and documentation																									
Brokers' morning meeting presentations																									
Pre-sound																									
Announcement/accelerated book-building																									
Allocation																									
Settlement																									
Redeliver of borrowed shares																									

Private Placement case study: Crayon

Raised NOK 2.7 bn of new equity since IPO

Caryon share price (NOK), volume traded (m shares) and key capital market events



- Crayon has raised NOK 2.7bn through three private placements (including IPO)
- Prior AGM approval and no prospectus requirement enabled highly efficient listing process
- Share lending agreement from main shareholder provided T+2 days settlement
- Accelerated by high demand for software shares
- Resulted in strong capital availability with minimum friction

Rights Issue

A share issue directed at all current shareholders

Definition

- A rights issue is a share issue directed at all current shareholders where they are invited to subscribe for shares on a pro rata basis, e.g. 1 new share per 2 shares held (1:2 ratio)

Ensures shareholders interests

- A rights issue is the "default" method of issuing shares according to Norwegian law, as it is the method that ensures shareholders pre-emption rights
- The capital increase is dependent on approval by the general meeting
- As all shareholders are given subscription rights on an equal basis, the discount to the current share price is of minor importance
- The larger the discount, the higher is the value of the subscription rights

Risks

- The outcome of a rights issue is highly dependent on the willingness (and awareness) of the shareholder base to further finance the company
- The risk can be mitigated by a full or partial guarantee by an underwriter
- Furthermore, subscription rights can be actively traded to ensure that all subscription rights are held by investors who want a stake in the company

Rights Issue: High-level timeline

Can be completed in ten weeks

	1	2	3	4	5	6	7	8	9	10
Company preparations										
Retain Financial and Legal advisors										
Board approval of share capital increase										
Call EGM (if required)										
EGM approval of capital increase										
Prospectus										
Prospectus drafting										
Prospectus approval periode										
Prospectus approved and distributed										
Marketing										
Share trading ex rights										
Rights allocated										
Subscription period										
Allocation										
Payment										
Registration and delivery of shares										

Comments

- Prospectus drafting usually takes 2 weeks or more expect +3 weeks for approval
- Minimum 4 days between shares trading ex-rights and rights allocated

Private Placements and Rights Issues are the two main types of equity issues

Private Placement

Rights Issue

Pros

- ✓ Can be initiated quicker than rights issues, as placements can be executed subject to EGM approval, or by Board authority
- ✓ Can be used to improve shareholder structure by inviting new investors to invest in the company

- ✓ Ensures the interest of existing shareholders
Conserves value to existing shareholders, as the issue price discount is offset by the value of the right(s)
A rights issue enables all current shareholders to participate and avoid being diluted
- ✓ Low risk in a guaranteed rights issue with tradeable rights
Transaction risk mitigated by guarantee (manager and/or large shareholder)
Subscription rights can be traded to ensure that all rights are held by interested investors
- ✓ Full openness with regards to information after EGM

Cons

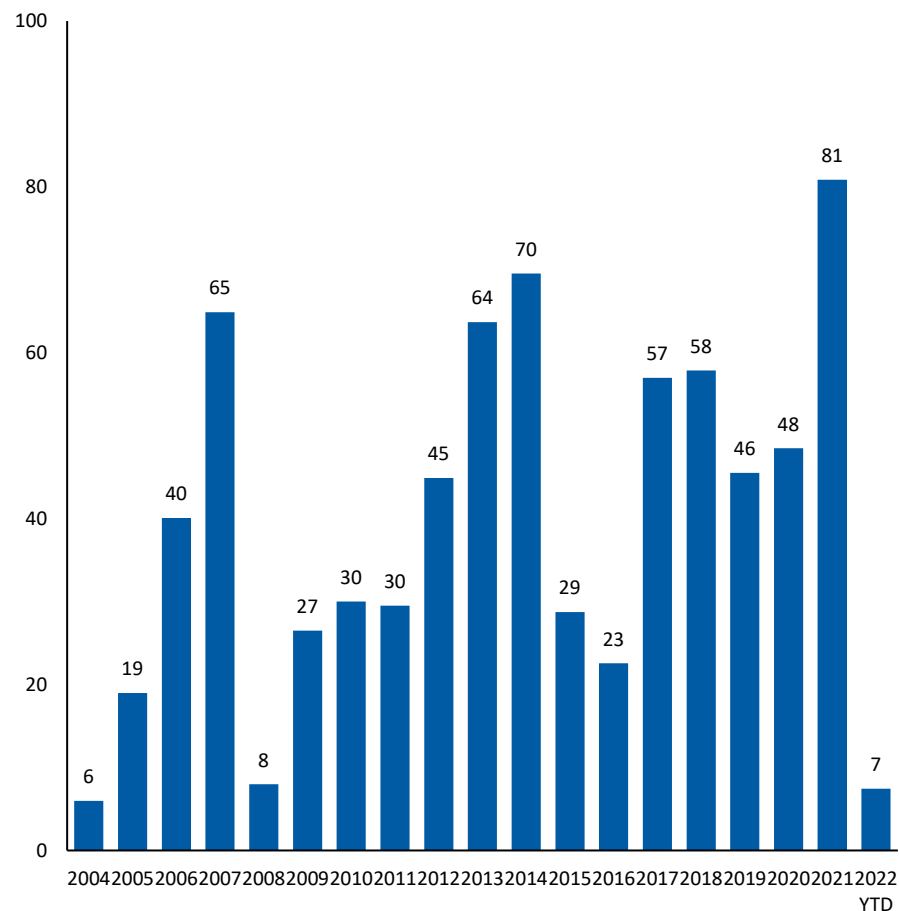
- ✗ Can be prone to criticism if issue is dilutive
- ✗ Pre-marketing/roadshow triggers insider information issues
- ✗ Unpredictable result and difficult to guarantee
- ✗ Time consuming if EGM and prospectus are required, in addition to subsequent offering

- ✗ Time consuming due to requirement of EGM, prospectus, two week subscription period and settlement period
- ✗ Risk of non-efficient pricing of rights

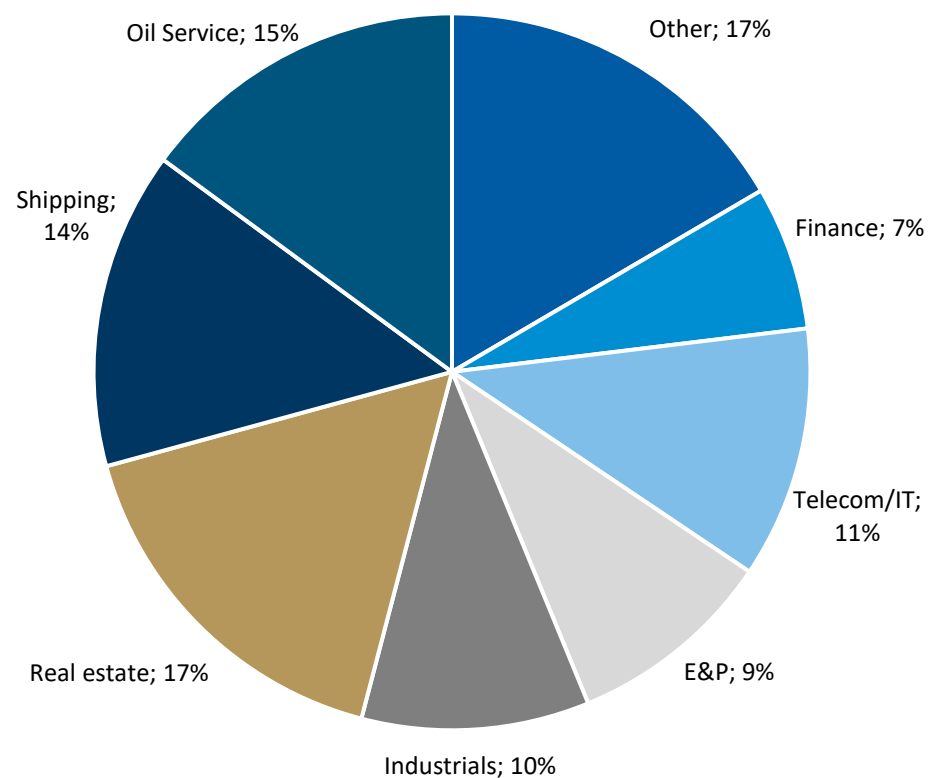
Norwegian HY market has developed into a major global financing hub

Attracting both Nordic and international issuers

Norwegian HY market – issued volume (NOKbn)



Outstanding volume per sector



Several strengths of the market that attract issuers

A flexible and attractive source of debt financing

Norwegian HY bonds in brief

Flexible structures	<ul style="list-style-type: none"> • Unsecured and secured structures • Going concern, project finance and acquisition finance • 1-10 year tenors (5 years the most common) • Typically covenant light
Established documentation	<ul style="list-style-type: none"> • Active trustee function with Nordic Trustee AS • Well-tested and globally accepted LMA based loan agreement based on an existing template • Moderate legal costs, Nordic law documentation very efficient compared to UK and NY law
Short time to market	<ul style="list-style-type: none"> • No public rating requirement nor regulated offering memorandum/prospectus • No due diligence requirements • 4-6 weeks until completion; market monitoring prior to launch fully possible
Waivers /Amendments	<ul style="list-style-type: none"> • All major waivers/amendments require 2/3s majority of Voting Bonds ($\geq 50\%$ participation) • Proven processes for waivers and amendments being successful • Banks (all banks) and US bonds (90%) proven to be challenging in difficult times
Global product	<ul style="list-style-type: none"> • Global investor universe with ticket sizes from USD 1 million up to USD 100 million (and higher) • Successfully used by numerous international issuers • Highly active secondary trading market

Process can be completed in a matter of weeks for a first time issuer

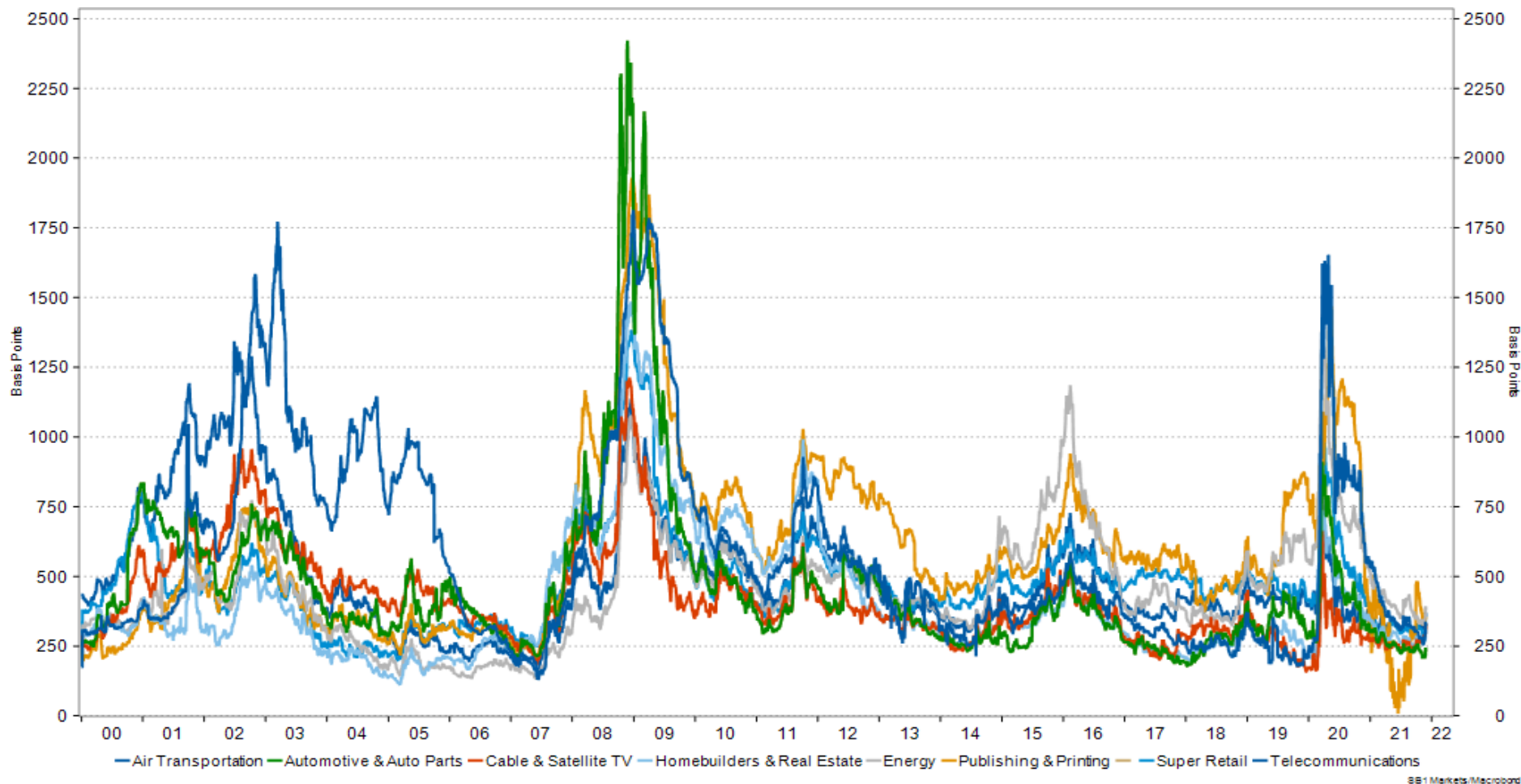
Normal accelerated process is 4-6 weeks, shorter for established issuers

Week #	1	2	3	4	5	6	Comments
Structuring and documentation							<ul style="list-style-type: none"> Process can be accelerated further, but also tends to take more time than indicated if complex transactions <ul style="list-style-type: none"> » Due diligence, structuring, etc. Expect 3 – 5 days of pre-sounding – exact timing subject to how «busy» the market is at the time Expect book-building to take 1 or 2 days – option to close the books at any time Bond settlement to take place 1-2 weeks after close of books
Engagement letter							
Term sheet							
Investor presentation / Info Memo							
Credit research							
Green bond certification							
All documents concluded							
Market pre-sounding							
Mandate announcement							
Management meetings and group presentations							
Term sheet discussion with ~15 large investors							
Summary of pre-sounding and launch decision							
Book-building and pricing							
Deal launch and books open							
Management meetings / conference calls							
Pricing and close of books							

HY market is both cyclical and follows equity pricing / general economy

Analysts and investors approach companies and credits in the same way

US HY spreads



Green bonds

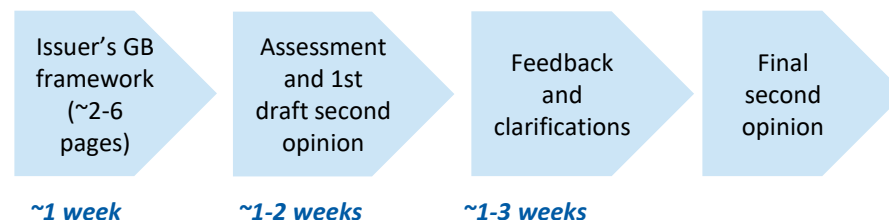
Estimated price effect depending on “shade of green”

Comments

- Strongly increasing focus on Environment, Social and Governance (“ESG”) among Scandinavian investors
 - » Examples: environmental issues, human rights and corruptions
 - » Strong ESG focus is a means for risk mitigation for investors
 - » “Buzz word” effect
- Green bonds enable capital raising for new investments with environmental focus for states, multinationals, corporates, municipalities, etc.
- Attractive due to access to new pockets and also deeper pockets
 - » Potential positive price effect for issuers!

ICMA Green Bond Principles

- Example of recognized independent providers of green bond opinions are Cicero and DNV GL



- Cost @ Cicero: ~NOK 150-200,000 (if standard review)

Example: Cicero shades of green

SHADES OF GREEN	EXAMPLES
Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.	Wind energy projects with a governance structure that integrates environmental concerns
Medium green is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet.	Plug-in hybrid busses
Light green is allocated to projects and solutions that are environmentally friendly but do not by themselves represent or contribute to the long-term vision.	Efficiency in fossil fuel infrastructure that decrease cumulative emissions
Brown for projects that are in opposition to the long-term vision of a low carbon and climate resilient future.	New infrastructure for coal

Recent examples from the Norwegian market

From opposites side of the spectrum – **green** vs “**brown**”

Scatec Solar – EUR 250m bond



- **Maturity:** 4.5 years bullet
- **Status:** Senior Unsecured
- **Use of proceeds:** Refi. of acquisition facility, refi. of existing bond and eligible green projects (**Green Financing Framework**)
- **Debt metrics:** Debt/EBITDA 8.2x for 2020 and 6.5x for 2021, further equity would be needed to fund base case growth scenario

NOKm	2017	2018	2019	2020	2019 PF	2020 PF	2021e
Proportionate: EBITDA margin (excl D&C)	68.8 %	65.7 %	72.2 %	67.7 %	68.1 %	68.7 %	
Proportionate: Debt / EBITDA	4.9x	7.0x	6.0x	6.9x		8.2x	6.5x
Recourse Group: Debt/Cap (Equity + debt), re Bond docs	0 %	19 %	13 %	6 %		39 %	
Recurring FFO to Scatec ASA (ex D&C) / Recourse Gr. Debt	13 %	13 %	43 %	45 %		11 %	12 %
FFO (incl D&C) to Scatec ASA / Recourse Gr. Debt (%)	36 %	65 %	106 %	43 %		10 %	9 %
Recurr FFO (ex D&C) less Divi paid / Recourse Gr. Debt (%)	5 %	3 %	29 %	28 %		10 %	9 %
Scatec ASA: (FFO + Interest) / Interest	3.7x	2.7x	6.3x	6.8x		4.2x	4.7x
Value adj Equity ratio: (Mcap / (Mcap + Corp debt))	87 %	92 %	95 %	99 %		87 %	

Siccar Point Energy – USD 200m bond



- **Maturity:** 5 years bullet
- **Status:** Senior Unsecured
- **Use of proceeds:** Refi. of existing bond
- **Debt metrics:** Rapid cash build-up and net debt declining from 3.8x in 2021 to ~1,2x in 2024

Company Overview (USDm)						
	2019A	2020A	2021E	2022E	2023E	2024E
EBITDA interest coverage	2.4x	3.7x	3.8x	4.3x	5.1x	5.3x
FFO/total net IB debt	35 %	34 %	26 %	35 %	51 %	82 %
OCF/total net IB debt	35 %	34 %	25 %	34 %	50 %	80 %
NIBD/EBITDA	2.9x	2.8x	3.8x	2.9x	2.0x	1.2x
Total IB debt/Total capital	28 %	25 %	22 %	22 %	21 %	21 %
Cash and cash equivalents	276	164	63	124	200	293

Recent examples from the Norwegian market

From opposites side of the spectrum – **green** vs “**brown**”

Scatec Solar – EUR 250m bond



?

Siccar Point Energy – USD 200m bond



?

Recent examples from the Norwegian market

From opposites side of the spectrum – **green** vs “**brown**”

Scatec Solar – EUR 250m bond



Siccar Point Energy – USD 200m bond



~2%

?

Recent examples from the Norwegian market

From opposites side of the spectrum – **green** vs “**brown**”

Scatec Solar – EUR 250m bond



~2%

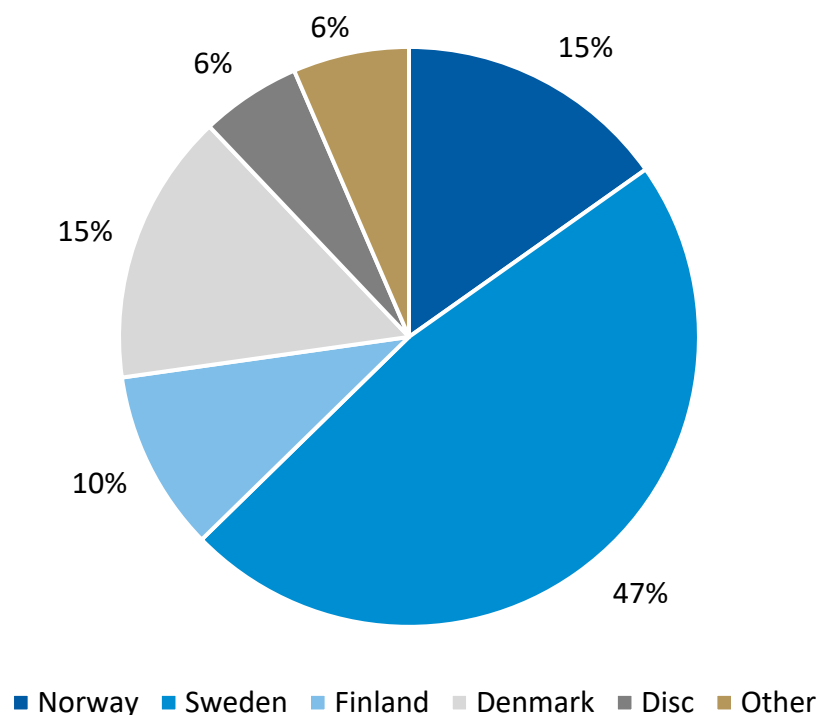
Siccar Point Energy – USD 200m bond



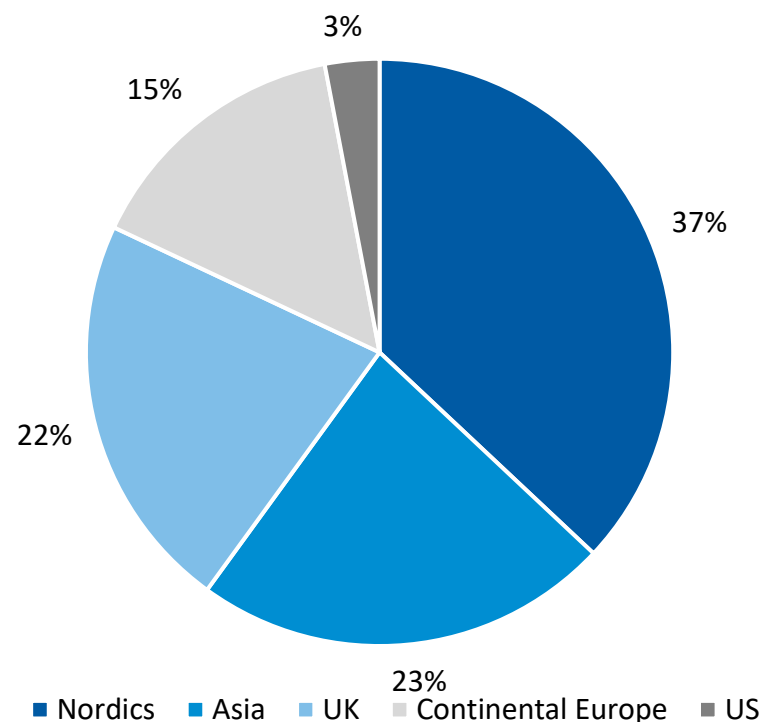
~9.5%

Deal summary: Scatec and Siccar Point Energy – Order books

Scatec – order book



Siccar Point Energy – order book



Private Debt – an increasingly alternative source of financing

Private Debt providers:	Growing number in Scandinavia, UK, Central Europe, US, Asia
Industries of interest:	<ul style="list-style-type: none"> Covering most business segments and industries
Transaction size:	<ul style="list-style-type: none"> From NOK 50 million to NOK 2-3 billion (or the equivalent in other currencies)
Instruments:	<p>Capital available throughout the entire capital structure</p> <ul style="list-style-type: none"> Debt Junior capital Mezzanine capital Preferred equity/equity
Secured/unsecured:	Typically providing secured debt
Use of proceeds:	Flexible, including acquisitions, growth, restructurings, project financing, family succession, dividend-recap
Basis for leverage:	Historical and/or forward looking view based on business case
Tenors:	Typically 3-5 years
Relationship:	<p>Seeks long-term partnership and prefer to be sole lender (or investing with partners)</p> <ul style="list-style-type: none"> Hold to maturity commitments and additional debt availability
DD and timing:	<p>Carry out due diligence, financial modelling, etc.</p> <ul style="list-style-type: none"> [4-8] weeks from initiation to final closing Exclusivity and cost coverage
Documentation:	<p>Stand alone loan documentation, no listing requirement (some flexibility on law)</p> <ul style="list-style-type: none"> Standard undertaking and reporting requirements
Return requirement:	<ul style="list-style-type: none"> Varies a lot depending on case, some 5-8%, many 7-15% IRR p.a. Fees, PIK interest, redemption premium, equity upside, etc. elements for meeting the IRR requirements

Overview of key instruments

Convertible bonds

- Offers investors features of a bond, such as interest payments, while also having the option to own the underlying stock
- Pays fixed-income interest payments, but can be converted into a predetermined number of common stock shares
- The conversion from the bond to stock happens at specific times during the bond's life and is usually at the discretion of the bondholder

Preference shares

- Four types of preference shares: cumulative, non-cumulative, participating and convertible
 - Convertible includes an option to convert the preferred shares into a set number of common shares
- Dividend is paid to holders of preference shares before common stock dividends are paid out
 - » Usually carries a specific dividend rate

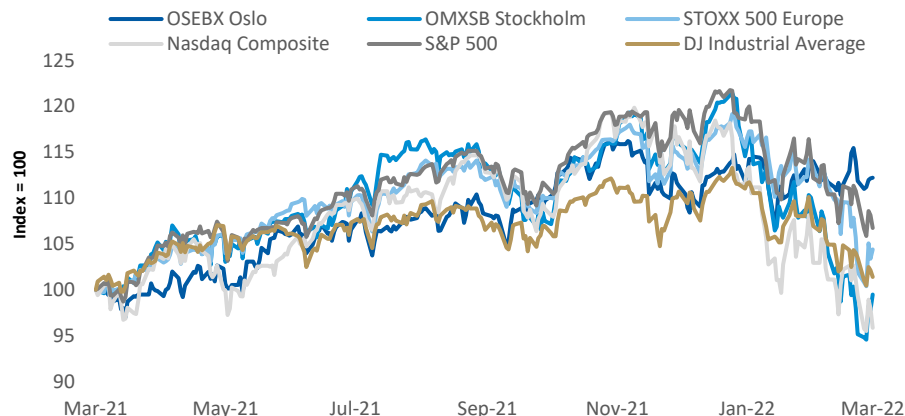
Other examples

- Toggle notes: Give the company an option to defer payments in exchange for a higher interest rate
- Bonds with warrants: Give the investor a right to buy or sell shares at a particular price on a particular date

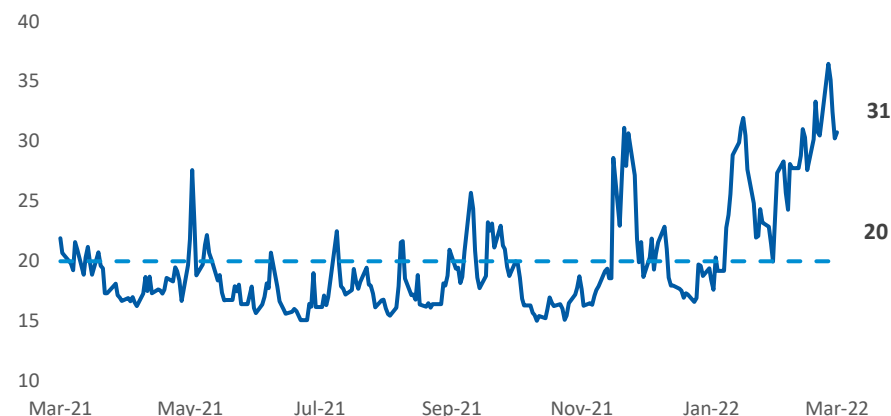
Key recommendation: Use markets when you can, not when you have to

Markets will continue to be open and shut, also for prolonged periods of time

Major equity indices development, LTM



VIX development, LTM



VIX vs. OSEBX

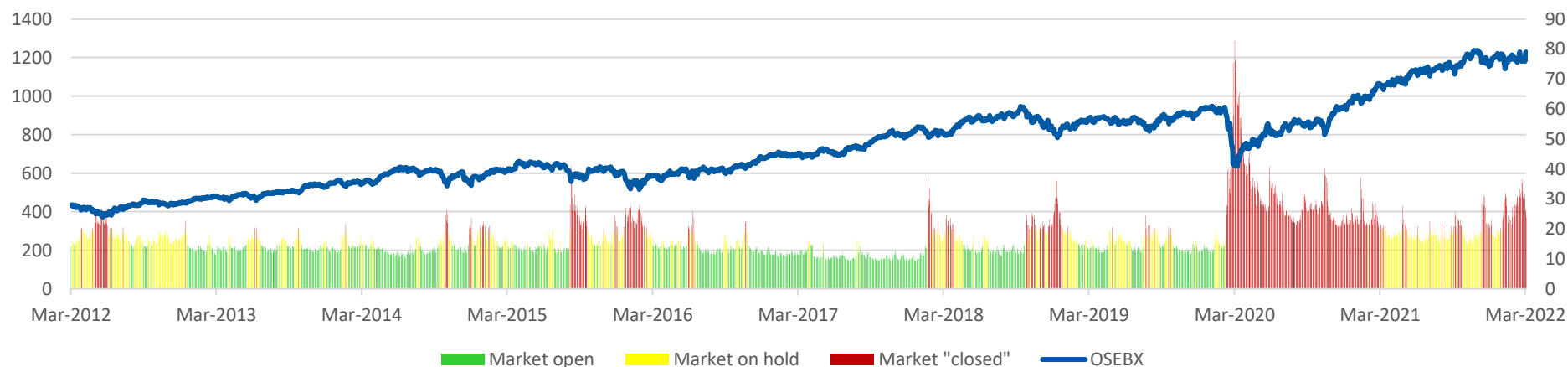


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Theoretically dividends are value-neutral... but in practice:

Kanonvekst i brennhett marked – varsler enda mer utbytte

MPC Container Ships leverte en kruttsterk bunnlinje i tredje kvartal og varsler mer utbytte til aksjonærene.

Publisert 18. nov. 2021 kl. 08:20

Lesetid: 2 minutter



Foreslår ekstra utbytte til eierne

Rana Gruber-styret foreslår ekstraordinært utbytte på 2,50 kroner pr. aksje. I tillegg vil det ha fullmakt til å utføre tilbakekjøp.

Publisert 23. nov. 2021 kl. 09:32

Lesetid: 1 minut



Skatteadvokater forventer utbytterush før nyttår

Selskaper vurderer å droppe utbytte

De første børsnoterte selskapene holder tilbake planlagte utbytter, og flere ber nå råd om hvordan de kan droppe utbyttet.

Publisert 18. mars 2020 kl. 06:43

Lesetid: 1 minut



Aker Solutions stuper på børsen etter varsel om at også 2021 blir et svakt år

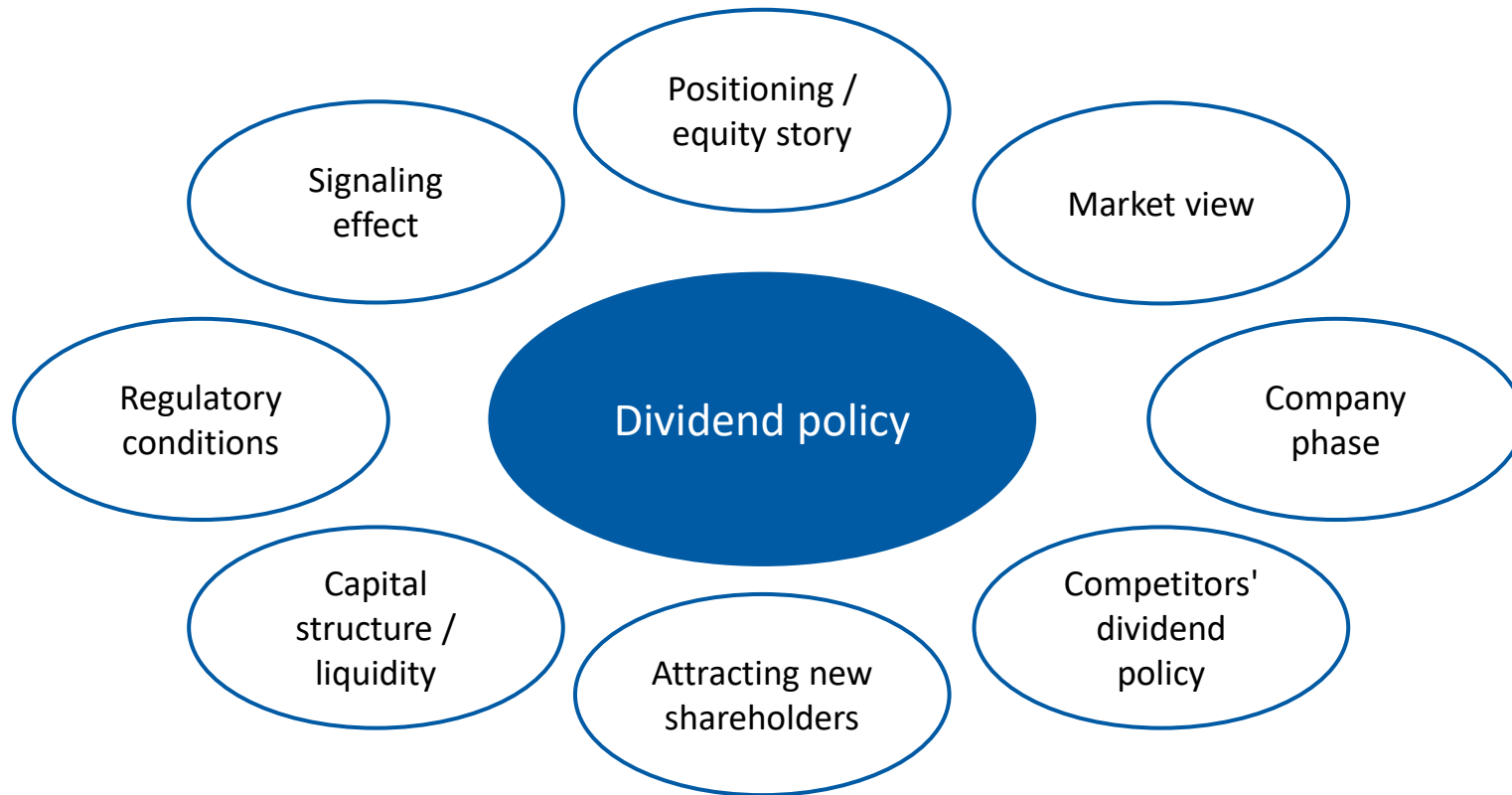
Kjell Inge Røkkes Aker Solutions la frem svake tall – akkurat som ventet – etter et koronapreget fjorår. **Styret har besluttet å ikke foreslå utbytte for 2020.**

1 min Publisert: 15.02.21 – 07:02 Oppdatert: 2 måneder siden



Dividend policy

Key considerations when deciding on a dividend policy



Companies that manage to maintain a good direct return combined with a solid balance will be attractive from an investor perspective given limited return opportunities in other assets

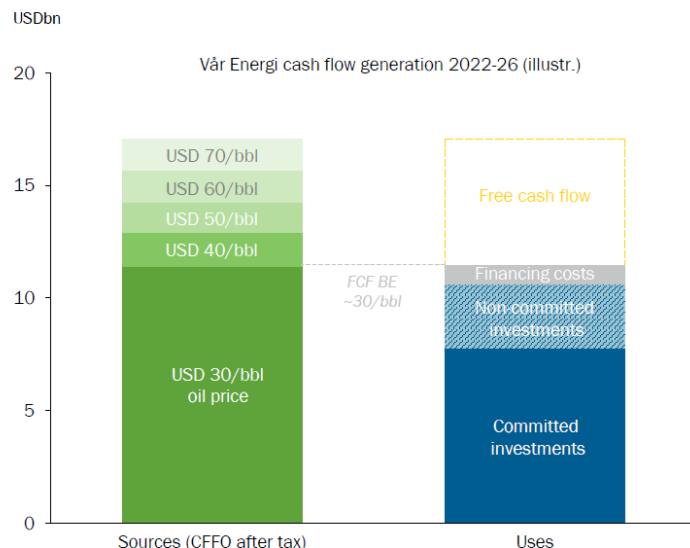
Vår Energi is one example of a company that got the dividend story *right*...

Critical to have a clear capital allocation framework and consistent dividend distributions

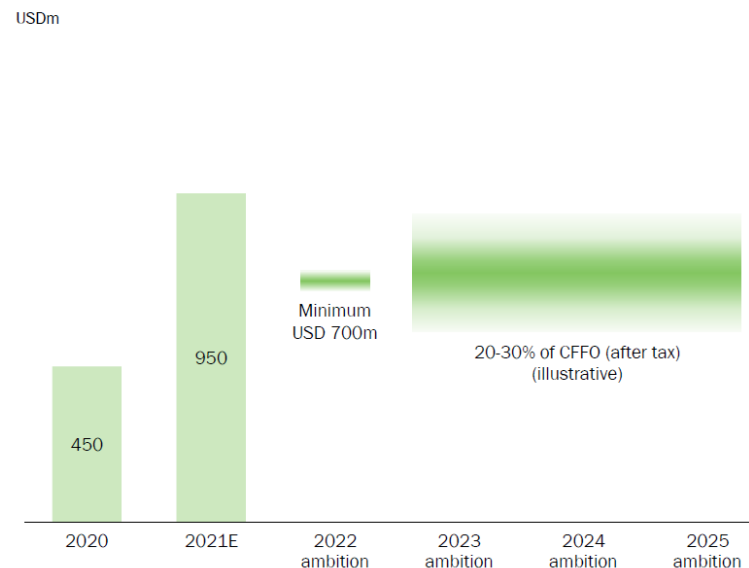
Extract from company presentation

Outlook towards material cash flow generation and dividends

Potential for strong cash flow generation ahead...



...driving robust returns to shareholders¹



40

Source: Vår Energi

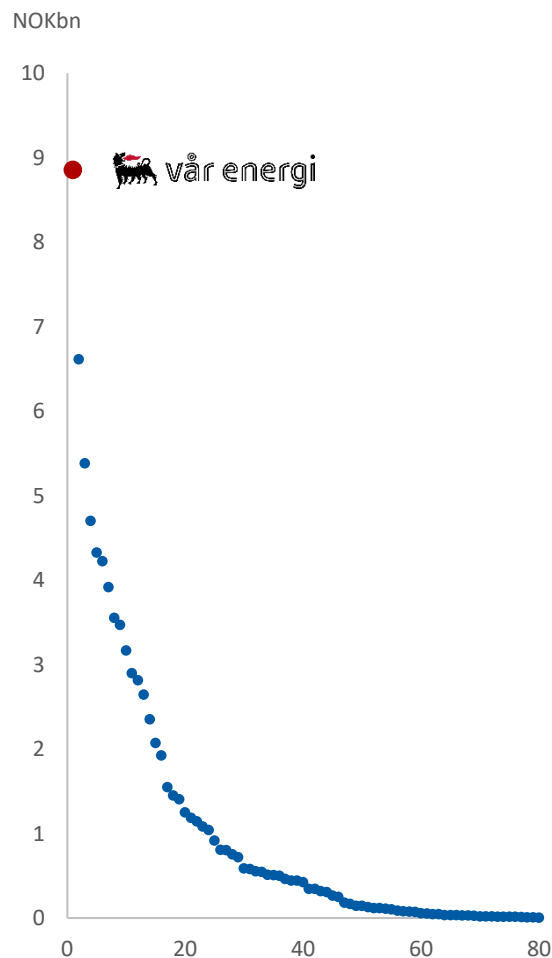
Note: Company estimates, assuming forward Brent and NBP prices for the first six months of 2022, where oil price levels refer to Brent 2022 real prices. Assumed NOK/USD 8.50. Assuming implementation of proposed petroleum tax regime

¹ Assuming a stable commodity price environment

... enabling the largest IPO in Europe the last 15 years in the O&G sector

And stands out even more when filtering out the pure-play upstream O&G companies

European O&G IPOs ranking



24 IPOs of NOK 1bn+ in Europe in the last 15 years

Date	Issuer	Country	Sector	Size (NOKm)
24 January 2022	vår energi	Norway	Exploration & Development	8,855
4 May 2018	VIVO ENERGY	United Kingdom	Refinery/Marketing	6,613
21 October 2010	Statoil Fuel & Retail	Norway	Field Equipment & Services	5,382
22 February 2007	INTESPA	Russian Federation	Field Equipment & Services	4,700
25 November 2016	Russnet	Russian Federation	Exploration & Development	4,325
2 November 2007	EDC	Russian Federation	Field Equipment & Services	4,223
21 February 2011	Aker Drilling	Norway	Field Equipment & Services	3,917
16 March 2018	ENERGEAN	United Kingdom	Exploration & Development	3,555
28 March 2014	Bunker	Denmark	Pipeline	3,471
1 November 2013	ROMEX	Romania	Exploration & Development	3,168
30 March 2007	emgs	Norway	Field Equipment & Services	2,898
25 April 2007	WILLIS TOWERS WATSON	United Kingdom	Field Equipment & Services	2,814
31 July 2014	vtt energy partners	Netherlands	Pipeline	2,643
27 September 2013	ODFELL DRILLING	Norway	Field Equipment & Services	2,352
8 July 2011	ophir	United Kingdom	Exploration & Development	2,074
28 April 2011	SEVANDrilling	Norway	Field Equipment & Services	1,925
18 June 2008	CADOGAN PETROLEUM PLC	Ukraine	Exploration & Development	1,551
8 May 2013	ORYX PETROLEUM	Switzerland	Exploration & Development	1,453
18 January 2012	RUSSNET	Russian Federation	Exploration & Development	1,406
18 October 2012	Sesdill	Norway	Field Equipment & Services	1,249
12 February 2007	Fred.Olsen Production	Norway	Exploration & Development	1,188
17 February 2020	BW ENERGY	Norway	Exploration & Development	1,144
3 September 2012	eland	United Kingdom	Exploration & Development	1,085
5 December 2012	KazTransOil	Kazakhstan	Pipeline	1,042

Thank you! (and remember SB1M has a leading position across all products areas)

IPO	<p>vår energi IPO February 2022 NOK 8,855,000,000</p>	<p>AutoStore IPO October 2021 NOK 20,700,000,000</p>	<p>FRØY IPO March 2021 NOK 1,510,000,000</p>	<p>NORSE IPO March 2021 NOK 1,400,000,000</p>	<p>ECC ONLINE IPO March 2021 NOK 1,840,000,000</p>	<p>RANA GRUBER IPO February 2021 NOK 925,000,000</p>	<p>CADELER IPO November 2020 USD 177,500,000</p>
ECM (Listed)	<p>Integrated Wind Solutions Private placement March 2022 NOK 350,000,000</p>	<p>Crayon Secondary placement March 2022 NOK 564,000,000</p>	<p>SATS Private placement February 2022 NOK 600,600,000</p>	<p>HEXAGON PURUS Private placement February 2022 NOK 600,000,000</p>	<p>AURORA Private placement February 2022 NOK 400,000,000</p>	<p>Kitron Private placement December 2021 NOK 350,000,000</p>	<p>equinor Lundin Energy Secondary placement May 2020 SEK 3,300,000,000</p>
ECM (Not listed)	<p>ATLAS AGRO Private placement March 2022 NOK 50,000,000</p>	<p>NORDAVIND Private placement July 2021 NOK 50,000,000</p>	<p>AURORA Private placement June 2021 NOK 2,000,000,000</p>	<p>AKOBOMINERALS Private placement June 2021 NOK 50,000,000</p>	<p>ONNL Private placement May 2021 NOK 160,000,000</p>	<p>TouchNetix Private placement May 2021 NOK 117,000,000</p>	<p>OTOVO Private placement October 2020 NOK 155,000,000</p>
M&A	<p>HITECVISION The Serial Entrepreneur TrønderEnergi Est. of leading renewables company March 2022 Undisclosed</p>	<p>Eidsiva. Acquisition of Stange Energi March 2022 Undisclosed</p>	<p>ENTEC EVOTEC BRIMER SERVICE Acquisition of Norpartners February 2022 Undisclosed</p>	<p>AutoStore Sale of 40% to Softbank April 2021 NOK 24,000,000,000</p>	<p>Eidsiva. Hafslund Eco Merger September 2019 NOK 100,000,000,000</p>	<p>Lundin Energy equinor Asset and cash swap for 16% own shares July 2019 SEK 14,500,000,000</p>	<p>EURONEXT Acquisition of Oslo Børs VPS June 2019 NOK 6,790,000,000</p>
DCM	<p>NORDIC MINING Convertible bond January 2022 NOK 132,500,000</p>	<p>International Petroleum Corp. Senior unsecured bond January 2022 USD 300,000,000</p>	<p>KENTECH Senior secured bond June 2021 USD 65,000,000</p>	<p>SICCAR POINT ENERGY Unsecured bond February 2021 USD 200,000,000</p>	<p>endur Senior unsecured bond February 2021 NOK 1,100,000,000</p>	<p>Scatec Unsecured green bond February 2021 EUR 250,000,000</p>	<p>Bonheur ASA Unsecured green bond September 2020 NOK 700,000,000</p>
IG	<p>Vegfinans Bond issues January 2022 NOK 1,500,000,000</p>	<p>Nordea Inaugural green covered bond November 2021 NOK 7,000,000,000</p>	<p>SpareBank ØSTLANDET Senior non-preferred bond issue June 2021 NOK 1,500,000,000</p>	<p>SparebankenVest Additional tier 1 bonds June 2021 NOK 400,000,000</p>	<p>ALP Senior bond June 2021 NOK 2,500,000,000</p>	<p>SpareBank SMN Green senior bonds November 2020 NOK 3,250,000,000</p>	<p>Pareto bank Unsecured bond July 2020 NOK 350,000,000</p>

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Conceptual illustration of wealth and split effect in a rights issue

The subscription price in a rights issue has no influence on shareholders wealth position

Prior to rights issue			Rights issue			Post rights issue	
Share price	100		Subscription price	50		Share price (TERP)	75
Number of shares	1		Number of shares issued	1		Number of shares	2
<hr/>			<hr/>			<hr/>	
Market cap	100	→	Issue proceeds	50	→	Market cap	150
			<i>One old share gives the right to subscribe for one new</i>				
			Subscription ratio	1:1		Correction and split factor	0.75
			Value of subscription right	25			

Value neutral to shareholders

Shareholders can

- Sell the subscription price
Wealth = Value of sold right + Value of share = 25 + 75 = **100**)
- Exercise the subscription right and invest
Wealth = Value of holding – Cost of subscription = 150 – 50 = **100**)

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