FIRST HALF-YEAR AND Q2 2018

JAN ERIK KJERPESETH
CEO
SPAREBANKEN VEST
A BANK IN GOOD DEVELOPMENT

High return on equity

Good growth and low losses

New digital solutions

SparebankenVest
LONG-TERM FINANCIAL GOALS
- INCREASED GOALS FOR RETURN ON EQUITY AND DIVIDEND LEVELS

Return on Equity 12 %

Cash Dividend < 50 %
*) For 2016, corrections have been made for the winding up of the pension scheme in the amount of NOK 243 million, the sale of a monitored portfolio of NOK 58 million, the taking to income of NOK 108 million in dividend from VISA and NOK 68 million in restructuring costs.

**) An equity certificate issue whereby 27.3 million new equity certificates were issued was carried out in 2015.
CHANGE IN PROFIT PERFORMANCE SECOND QUARTER 2017–2018
KEY DEVELOPMENTS – YEAR TO DATE

*) For 2016, corrections have been made for the winding up of the pension scheme in the amount of NOK 243 million, the sale of a monitored portfolio of NOK 58 million, the taking to income of NOK 108 mill. in dividend from VISA and NOK 68 mill. in restructuring costs.

**) An equity certificate issue whereby 27.3 million new equity certificates were issued was carried out in 2015.
Good growth with low losses and moderate risk

Inhouse digital investments paying off

Higher financial targets
Vestlandsindeksen tar **pulsen på Vestlandet**

Den kvartalsvise forventningsindeksen for vestlandsk næringsliv
# View of developments

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total index</strong></td>
<td>56</td>
<td>57</td>
</tr>
<tr>
<td><strong>Own economy, past year</strong></td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td><strong>Own economy, coming year</strong></td>
<td>55</td>
<td>57</td>
</tr>
<tr>
<td><strong>The region's economy, past year</strong></td>
<td>55</td>
<td>57</td>
</tr>
<tr>
<td><strong>The region's economy, coming year</strong></td>
<td>61</td>
<td>63</td>
</tr>
<tr>
<td><strong>Major investments</strong></td>
<td>67</td>
<td>70</td>
</tr>
</tbody>
</table>
MORE RETAIL AND CORPORATE CUSTOMERS*

Retail customers
Growth 2.0% in past year

Corporate customers
Growth 5.1% in past year

*Number of exclusive customers.
GOOD GROWTH IN THE RETAIL MARKET

Retail market
Lending NOK 116.5 billion

Breakdown retail market
New loans

- New customers
- Existing customers, first mortgage loan
- Existing customers, increased mortgage loan
LOW RISK IN THE RETAIL MARKET PORTFOLIO
- 96% OF LENDING PORTFOLIO SECURED BY RESIDENTIAL MORTGAGE

LENDING BROKEN DOWN BY LTV RATIO

- LTV <= 70%: 96.8%
- 70 - 85%: 2.7%
- LTV > 85%: 2.8%

LENDING BROKEN DOWN BY REGION

- Hordaland: 73%
- Rogaland: 14%
- Sogn og Fjordane: 8%
- Rest of Norway: 3%
- Abroad: 2%
STRONG POSITION IN THE RETAIL MARKET
- WELL-DIVERSIFIED IN THE CORPORATE MARKET

Loan portfolio NOK 153.0 bill.

Breakdown by sector in the corporate market, NOK 36.5 bill.
GOOD GROWTH AND STRONG SME PROFILE IN THE CORPORATE MARKET

**Corporate market**
Lending NOK 36.5 billion

**Growth last 12 months**
- Q2 Growth lending: 1,1 %
- Growth last 12 months: 6,1 %

**By volume***

<table>
<thead>
<tr>
<th>Size Range</th>
<th>Q1 18</th>
<th>Q2 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-50 mill</td>
<td>26 266</td>
<td>28 571</td>
</tr>
<tr>
<td>50-200 mill</td>
<td>12 883</td>
<td>12 664</td>
</tr>
<tr>
<td>over 200 mill</td>
<td>5 897</td>
<td>6 142</td>
</tr>
</tbody>
</table>

*Measured by commitments excl. the Jonsvoll company.
REDUCED RISK WEIGHTS IN THE CORPORATE MARKET
DEVELOPMENT IN NET INTEREST
- GROWTH IN NET INTEREST IN THE PAST YEAR AND HIGHER FINANCING COSTS

Development in nominal net interest

Net interest as % of assets under management

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Development in Nominal Net Interest</th>
<th>Net Interest as % of Assets Under Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2017</td>
<td>631</td>
<td></td>
</tr>
<tr>
<td>Q3 2017</td>
<td>650</td>
<td></td>
</tr>
<tr>
<td>Q4 2017</td>
<td>674</td>
<td></td>
</tr>
<tr>
<td>Q1 2018</td>
<td>656</td>
<td></td>
</tr>
<tr>
<td>Q2 2018</td>
<td>649</td>
<td></td>
</tr>
<tr>
<td>Q2 2017</td>
<td>1.49%</td>
<td></td>
</tr>
<tr>
<td>Q3 2017</td>
<td>1.50%</td>
<td></td>
</tr>
<tr>
<td>Q4 2017</td>
<td>1.51%</td>
<td></td>
</tr>
<tr>
<td>Q1 2018</td>
<td>1.48%</td>
<td></td>
</tr>
<tr>
<td>Q2 2018</td>
<td>1.42%</td>
<td></td>
</tr>
</tbody>
</table>
HIGHER DEPOSIT MARGINS, PRESSURE ON LENDING

Lending

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Retail</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 - 17</td>
<td>3.05</td>
<td>1.88</td>
</tr>
<tr>
<td>Q3 - 17</td>
<td>3.04</td>
<td>1.95</td>
</tr>
<tr>
<td>Q4 - 17</td>
<td>3.06</td>
<td>1.95</td>
</tr>
<tr>
<td>Q1 - 18</td>
<td>2.90</td>
<td>1.77</td>
</tr>
<tr>
<td>Q2 - 18</td>
<td>2.88</td>
<td>1.64</td>
</tr>
</tbody>
</table>

Deposits

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Retail</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 - 17</td>
<td>0.13</td>
<td>0.03</td>
</tr>
<tr>
<td>Q3 - 17</td>
<td>0.12</td>
<td>0.03</td>
</tr>
<tr>
<td>Q4 - 17</td>
<td>0.08</td>
<td>0.03</td>
</tr>
<tr>
<td>Q1 - 18</td>
<td>0.26</td>
<td>0.14</td>
</tr>
<tr>
<td>Q2 - 18</td>
<td>0.35</td>
<td>0.27</td>
</tr>
</tbody>
</table>

Measured against average 3-month NIBOR
LOANS AND GUARANTEES TAKEN TO INCOME

- NOK 5 million was taken to income as write-downs on losses and guarantees in the second quarter.
- This is due to the good quality of the lending portfolio and a better market outlook for Western Norway.
CONTINUED ROBUST PROVISION LEVEL
The dotted line shows regulatory capital requirements.
Good growth with low losses and moderate risk

Inhouse digital investments paying off

Higher financial targets
IT STRATEGY

We believe in in-house development where the digital user experience is at the center.

Threefold IT development:
In-house development - user experience
Purchase of standard solutions
Strategic partnerships (fintech)
Cost development in the past year

-9.8%

9%

Costs excl. IT

IT*

NOK 1,305 mill.

NOK 1,232 mill.

2012

2017

NOK 360 mill.

Q2 17

NOK 367 mill.

Q2 18

* This is corrected for non-recurring effects in the third quarter 2016 such as winding-up of the pension scheme of NOK 245 million and restructuring costs of NOK 2 million. The figure for the third quarter 2017 has been corrected for NOK 5.3 million in financial tax.

IT costs are the total costs of the IT department in the parent bank, including payroll expenses, external fees, ICT costs and other operating costs in the department.
NEW PAYMENT SOLUTION IN OUR OWN DIGITAL BANK
- SEAMLESS TRANSFER FROM EVRY

- New digital payment solution makes the prerequisite for the development of one single digital bank, independent platform, in place
- The solution provides faster development and lower management costs
- Demanding process that has taken place over 2 years ends now, resources are released for further development
CUSTOMERS CAN NOW TOP UP THEIR MORTGAGES THEMSELVES
- SELF-SERVICE SOLUTION FOR RETAIL CUSTOMERS IN THE ONLINE AND MOBILE BANKING SOLUTIONS

- The most simple solution in the market?

- 500 customers have applied since its launch in June
- 10,000 have checked out the solution
- Developed from scratch by the bank's own interdisciplinary development team

Comments
SUCCESSFUL NEW DIGITAL SOLUTION IN THE FAMILY BANK

Open a children’s account online in just minutes

More than 2,400 new children’s accounts since its launch in April
NEW, SELF-SERVICE SOLUTION FOR INTERNATIONAL PAYMENTS

- Replaces 17,000 annual enquiries to the Direct Bank
- Almost 25,000 customers have activated the function since its launch in May

- 11,927 via the online banking solution
- 2,691 via the mobile banking solution
Our ambition is a strong, Norwegian payment solution alternative to global technology companies

The merger and investment in Vipps is essential to ensure traffic on the banks' surfaces and ownership of transaction data in the future

We have clear ambitions for value creation for the owner banks
Ukeslutt: Apple Pay versus Vipps

Published 1. juli 2018

Jan Erik Kjerpeseth
Konsernsjef i Sparebanken Vest

«Hvorfor tilbyr ikke dere Apple Pay?»

Spørsmålet kom umiddelbart til vårt kundesenter da nyheten ble sluppet forrige uke: Apple Pay lanseres i Norge.

FIRST BANK IN NORWAY WITH PUSH NOTIFICATIONS FOR EINVOICES

- All mobile banking users can be notified immediately directly on their phone when they receive a new invoice
- By pushing the notification, they are transferred immediately to the mobile banking solution for approval
- The bill is paid in a matter of seconds
- Helps keep traffic on the bank’s surfaces

Comments
«BECOME A CORPORATE CUSTOMER IN 2 MINUTES» A SUCCESS
- 1,700 CUSTOMERS SINCE NEW SOLUTION WAS LAUNCHED
DEVELOPING A DIGITAL ECONOMY SYSTEM FOR SME CUSTOMERS
— NATIONAL INITIATIVE WITH FOLIO

Gründere vil si farvel til økonomisjefen

Sparebanken Vest legger 25 millioner i potten for et halvt år gammelt oppstartselskap, som håper å gjøre økonomisjefen overflødig.

Sparebanken Vest går sammen om SMB-satsning med start-up selskapet Folio

1 dag blir det kjent at Sparebanken Vest går inn i finansteknologiselskapet Folio med inntil 25 millioner kroner for å bygge landets enkleste totalekonomisystem for SMB-bedrifter.
More than 300 customers have registered their interest.
PROACTIVE APPROACH TO PSD2

• Sparebanken Vest and the financial technology cluster Finance Innovation are taking the lead

• Our customers will soon be given information about accounts in other banks in our online banking solution
BE THE BEST SAVINGS BANK IN NORWAY
Customers
- Among the best in terms of customer satisfaction

Equity certificate holders
- Among the best in terms of ROE

Society
- Strongest social commitment to Western Norway

Employees
- The most exciting place to work for those who want to develop their personal and professional competence (Q12)
Culture absolutely essential

- Sparebanken Vest has systematically focused on the development of a new organizational culture over the past five years.
- Cultural development, leadership development programs, new working methods and restructuring are essential elements of that journey.
- Now we see the results.
NEW PHASE IN THE LEADERSHIP DEVELOPMENT PROGRAM THIS AUTUMN - IT WILL ALSO BE POSSIBLE TO APPLY FOR NON-MANAGERS

- Mandatory for all leaders in the bank
- New of the year is that non-managers with ambitions to become a leader can apply to participate
- Should be the best place for leaders who want to develop
Our goal is to continuously inspire best practice and translate professional literature into concrete and improved management behavior in Sparebanken Vest.

The theme of the autumn's leadership development and academic breakfasts is the book «Will it make the boat go faster?» by Bent Hunt-Davis and Harriet Beveridge.
«THE RIGHT PEOPLE ON THE BUS»
- SPAREBANKEN VEST A VERY ATTRACTIVE WORKPLACE

- Relatively large turnover of employees and managers in recent years - have both provided new skills and helped accelerate cultural travel

- Clear change in our attractiveness as an employer among knowledge workers, IT people and managers - the best candidates want to work in Sparebanken Vest

- Internal candidate preferred in around 70% of all management recruitment processes
Tavlemøter har erstattet styringsgrupper i Sparebanken Vest

Av Erlend Eidem - 21. februar 2018

Stående tavlemøter har erstattet styringsgrupper hos Sparebanken Vest. Her møter bankens prosjekter konsernledelsen for å diskutere kundeverdi og få hjelp til å drive prosjektene fremover (Foto: Sparebanken Vest).

Sparebanken Vest har sluttet med styringsgrupper

Sparebanken Vest driver rett og slett ikke med styringsgrupper lengre. En del av prosjektene våre har sluttet helt å rapportere og de tar nå opp eventuelle utfordringer gjennom eksisterende strukturer i organisasjonen. For de viktigste prosjektene derimot har vi valgt at disse skal gå i dialog direkte med konsernledelsen. Det gjore vi ved hjelp av et et hjelpemiddel fra Lean-verktøykassen som vi har gode erfaringer med i Sparebanken Vest, nemlig tavlemøter.

Omtrent hver tredje uke gjennomfører vi nå stående tavlemøter hvor konsernledelsen møter de viktigste prosjektene til banken. Her forteller hvert prosjekt om hvilken kundeverdi prosjektet løper, hva som har skjedd i prosjektet siden sist, hvilke utfordringer de har møtt...
Good growth with low losses and moderate risk

Inhouse digital investments paying off

Higher financial targets
Vision
Everything we do, we do to make life in Western Norway even better

Independence
The savings bank model and independence is at the core of everything we do

Strategic goals
One of the top two banks in terms of return on equity
Simplicity and local commitment – because it makes a difference

MWB
House purchases in a class of their own

MWB
Clearer signature! From talk to practice

MWB
The battle for freedom of action

Behavioural principles
Teamwork
Bold
Inquisitive
LONG-TERM FINANCIAL TARGETS

- HIGHER ROE TARGET AND DIVIDEND LEVEL

ROE

12%

Dividend

< 50%

Capital

≈ 14.8%

MREL

Pending requirements
FINANCIAL TARGETS 2018

**Return on equity as percentage***
- 2016: 10.7%
- 2017: 11.0%
- Target 2018: 11.0%

**Growth in lending***
- 2017: 8.0%
- Last 12 months: 7.2%
- Target 2018: 8.0%

**Dividend***
- 2016: 71.9%
- 2017: 74.4%
- Target 2018: About 40%

**Core Tier 1 capital as percentage***
- 2017: 15.0%
- Q1 2018: 15.1%
- Target 2018: 14.9%

**Costs parent bank**

Cost development

≈ 0%

*) For 2016, corrections have been made for the winding up of the pension scheme in the amount of NOK 243 million, the sale of a monitored portfolio of NOK 58 million, the taking to income of NOK 108 million in dividend from VISA and NOK 68 million in restructuring costs.

**) Excluding non-recurring effects and financial tax

***) Approximately 1.0% above the minimum and buffer requirements and Pillar 2.
OUR BIGGEST OWNER IS THE PEOPLE OF WESTERN NORWAY
HIGHER DONATIONS FOR THE PUBLIC BENEFIT NEXT YEAR
- GIVEN TODAY'S STRATEGY, SOLIDITY AND DEVELOPMENT

Community ownership

77,7%

ROE

11%

Cash Dividend

40%

= 300 - 400 MNOK
HJERTE BANK '18

BØMLO / 25. SEPT
SØR-JÆREN / 27. SEPT
SUNNFJORD / 3. OKT
MÅLØY / 5. OKT
BJØRNAFJORDEN / 1. NOV
VÖSS / 8. NOV
ÅSANE / MARS 2019
We are providing funding to 46 walking trails in Western Norway this year

• All applications for improvements to walking trails received funding

• From Dronningstien in Hardanger to Siggjo on Bømlo, Jølster and Jæren
We are providing funding to 46 walking trails in Western Norway this year

• All applications for improvements to walking trails received funding

• From Dronningstien in Hardanger to Siggjo on Bømlo, Jølster and Jæren

• And we are involved in the completion of the final steps of the Oppstemten trail to the top of Mount Ulriken

Nå er Oppstemten snart i mål
I februar manglet Oppstemten flere millioner kroner for å komme i mål. Nå er den snart ferdigstilt.

Av HANS IVAR MOSS KOLSETH

I 2016 startet sherpaer fra Nepal arbeidet med Oppstemten, en 750 meter lang steintrapp opp Ulriken.
Overall goal: Value creation for the owners

✓ Ambition: To be among the two best savings banks in ROE
✓ Long-term ROE target of 12% and dividend up to 50%
✓ Offensive organizational culture and digital efforts
✓ 76% of portfolio in retail market provides low risk and low loss levels

2018:
✓ Limited loss level
✓ Flat cost development
✓ Expectation of 11% ROE and dividend of about 40%
WE ARE HERE.
INVESTOR CONTACTS:

Jan Erik Kjerpeseth
CEO
tel.: (+47) 951 98 430
jan.kjerpeseth@spv.no

Frank Johannesen
Director of Risk Management
Tel.: (+ 47) 952 65 971
frank.johannesen@spv.no

Bjarte Fauske
Head of Finance & Accounting
Tel.: (+47) 915 61 698
bjarte.fauske@spv.no

SparebankenVest