Capital Market Day
15 August, 2019

Jonsvollkvartalet
Agenda:

13:00-13:30: Registration and lunch
13:30-14:15: Presentation of the second quarter results for 2019
14:15-14:40: Bulder Bank – by Torvald Kvamme
14:40-15:00: Break
15:00-16:00: The Best Savings Bank in Norway and the road ahead – by Jan Erik Kjerpeseth
A challenger with long-standing traditions

Jan Erik Kjerpeseth
CEO
Investing in business culture is paying off
– from inspiration to action

- Our goal is to continuously focus on Best Practice and to use literature to improve management behaviour in Sparebanken Vest.
« If you did today what we did back in 2000 you would absolutely lose. It would no longer be good enough.

But if you followed our logic of always improving, always building momentum, you’d do extremely well»

Ben Hunt-Davis
Reported ROE 2015 – 2018

Average from 2015 - 2018
High returns in SVEG with moderate risk
PROUD, BUT NEVER SATISFIED.
Solid ROE in the quarter vs peers
- incl and excl non-recurring effects

* Adjusted for non-recurring effects related to the acquisition of Jonsvoll for SPV and write-up of properties in the life insurance company in Sparebank 1 Gruppen AS for SR, SMN, SNN and SPOL.
Presentation of accounting figures,
Q2 2019

Jan Erik Kjerpeseth
CEO
Sparebanken Vest and the region

Third biggest savings bank in Norway

- Established in 1823 and listed on Oslo Børs since 1995
- Head office in Bergen, 33 branch offices and 719 full-time equivalents
- Diversified product portfolio. Biggest shareholder in Frende (insurance), Brage (leasing)
- More than NOK 198 million in assets under management, and approx. 279,000 retail customers and 13,000 corporate customers
- 74% of lending to the retail market
- Long-term ROE target of 12%

Home market:

- Approx. 1.1 million inhabitants, corresponding to 21% of the Norwegian population
- Bergen and Stavanger are the second and third biggest regions in Norway
- Main business areas: Oil and gas, aquaculture and fisheries, public services and other industry

Markedsområder
Markedsandel*%

Sogn og Fjordane
19,6%

Hordaland
29,7%

Rogaland
6,7%

* Markedsandel i personmarkedet
Sound ROE on higher equity

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE</th>
<th>Average 12.7 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>14.1%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>11.7%</td>
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<tr>
<td>2014</td>
<td>13.7%</td>
<td></td>
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<tr>
<td>2015</td>
<td>11.0%</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2017</td>
<td>11.0%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td>2019 ytd</td>
<td>14.7%</td>
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</tr>
</tbody>
</table>
Key developments – Q2
- Sound result with and without one-off effects

**ROE as percentage**

- **Q2 18**: 14.9%
- **Q3 18**: 12.1%
- **Q4 18**: 11.7%
- **Q1 19**: 10.9%
- **Q2 19**: 14.1%

**CET1 as percentage**

- **Q2 18**: 15.0%
- **Q3 18**: 15.0%
- **Q4 18**: 14.9%
- **Q1 19**: 14.7%
- **Q2 19**: 14.7%

**Profit per equity certificate**

- **Q2 18**: 1.84
- **Q3 18**: 1.51
- **Q4 18**: 1.46
- **Q1 19**: 1.48
- **Q2 19**: 2.42

**Book value per equity certificate**

- **Q2 18**: 50.6
- **Q3 18**: 52.2
- **Q4 18**: 53.6
- **Q1 19**: 52.7
- **Q2 19**: 55.1

* A one-off gain of NOK 141 mill. relating to the acquisition of Jonsvollskvartalet AS was taken to income in Q2 2019, while in Q2 2018, the merger between Vipps, BankAxept and BankID had an effect on profits of NOK 94 mill. ROE corrected for one-off effects was 14.1% for Q2 2019 and 12.1% for Q2 2018. The profit per equity certificate, corrected for one-off effects, was NOK 1.89 for Q2 2019 and NOK 1.49 for Q2 2018.
Change in profit performance Q2 2018–2019
Key developments – year to date
- Strong result with and without one-off effects

* A one-off gain of NOK 141 mill. relating to the acquisition of Jonsvollskvartalet AS was taken to income in Q2 2019, while in Q2 2018, the merger between Vipps, BankAxept and BankID had an effect on profits of NOK 94 mill. ROE corrected for one-off effects was 12.7% for Q2 2019 YTD and 11.1% for Q2 2018 YTD. The profit per equity certificate, corrected for one-off effects, was NOK 3.37 for Q2 2019 and NOK 2.72 for Q2 2018.
• Sound banking operations
• Strong market position
• Digital investments paying off
Good growth in net interest income

Nominal net interest income

Net interest income as % of assets under management
Increased deposit margins – contribute to increased interest margins
Increasing contribution to profits from Frende Forsikring and Brage Finans

Frende Forsikring
- Considerably better general insurance result at the start of the year
- Very good financial result in the quarter
- 21% ROE year to date

Brage Finans
- Growth in lending of NOK 2.8 bill. past 12 months, and lending volume of NOK 10.6 bill.
- Solid top-line growth, with 46% growth in net interest income over the past 12 months
- First quarter with two-digit ROE (10.3%)s
Sound development for Savings and Investments

Income from Savings and Investments

Assets under management, Savings and Investments (NOK bill.)

* CAGR – Compound annual growth
Considerable reduction in defaults and potential bad debt
- Stable distribution of model-based provision
Still very low losses

Losses on loans and guarantees. Quarterly development

- Loss costs amount to NOK 4 mill. for the quarter and NOK 3 mill. for the year to date
- The low write-downs are due to the good quality of the lending portfolio and a good market outlook for Western Norway.
Good credit work has resulted in low losses over time
• Sound banking operations
• Strong market position
• Digital investments paying off
Strong position in the retail market
- well-diversified in the corporate market

Loan portfolio, NOK 165.6 bill.

Breakdown by sector in the corporate market, NOK 42.5 bill.
More retail and corporate customers

Retail customers
Growth 1.7% in past year

Corporate customers
Growth 5.7% in past year
Lending growth in the retail market

Retail market
Growth 5.7% in past year

Breakdown retail market
New loans

- New customers: 22%
- Existing customers, first mortgage loan: 35%
- Existing customers, increased mortgage loan: 43%
Increased market share in the bank’s market area*

- Sparebanken Vest has won market shares in its own market area over the past 12 months as of the end of Q1 2019.
- Sparebanken Vest has a market share of 18.6% in the retail market for loans in its own market area, an increase of 0.7 percentage points in the past 12 months.
- The market area is defined as Hordaland, Rogaland and Sogn og Fjordane counties.

Growth in lending, retail market, end of Q1 2019

- 6.0% for Norway
- 4.4% for Own market area*
- 6.2% for Sparebanken Vest

*) Source: EarlyWarning competition report, end of Q1 2019. Debt growth in the retail market is defined as loans to households from banks, credit companies, financing companies and life insurance companies.
Low risk in the retail market portfolio
- 96% of the lending portfolio secured by residential mortgage

Lending broken down by LTV ratio

<table>
<thead>
<tr>
<th>LTV &lt;= 70 %</th>
<th>70 - 85 %</th>
<th>LTV &gt; 85 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>94.1 %</td>
<td>3.5 %</td>
<td>2.4 %</td>
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</tbody>
</table>

Lending broken down by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hordaland</td>
<td>72 %</td>
</tr>
<tr>
<td>Rogaland</td>
<td>15 %</td>
</tr>
<tr>
<td>Sogn og Fjordane</td>
<td>8 %</td>
</tr>
<tr>
<td>The rest of Norway</td>
<td>4 %</td>
</tr>
<tr>
<td>Abroad</td>
<td>2 %</td>
</tr>
</tbody>
</table>
Good growth and strong SME profile in the corporate market
- Goal of 10% growth in commitments during the year

Corporate market
Growth in commitments 13.1% in past year

By volume

<table>
<thead>
<tr>
<th></th>
<th>Q2 18</th>
<th>Q2 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-50 mill</td>
<td>24,955</td>
<td>26,377</td>
</tr>
<tr>
<td>50-200 mill</td>
<td>12,664</td>
<td>15,229</td>
</tr>
<tr>
<td>over 200 mill</td>
<td>6,142</td>
<td>8,105</td>
</tr>
</tbody>
</table>
Growth past 12 months in the corporate market

Growth, new and existing customers

- Eksisterende kunder: 60%
- Nye kunder: 40%

Growth by industry, new customers. Percentage and NOK mill

- ANNET: 17%
- BYGGE OG ANLEGGS: 9%
- EIENDOM: 6%
- ENERGI OG MØRKJERFE: 8%
- FISKERI OG FISKESKOLT: 7%
- HOTELL OG EDELESTF: 4%
- INDUSTRI: 4%
- INDUSTRI: 12%
- JORD OG SKOENG: 4%
- LANDBASET TRANSPORT: 6%
- OFFSHORE: 6%
- SHIPPING: 4%
- VAREHANDEL: 6%
- VERTSINDUSTR: 4%
High market shares in Western Norway*

Retail Market

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Kunder</td>
<td>23%</td>
</tr>
<tr>
<td>Utlån</td>
<td>18%</td>
</tr>
<tr>
<td>Innskudd</td>
<td>18%</td>
</tr>
<tr>
<td>Fondsplasseringer</td>
<td>20%</td>
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Corporate Market

<table>
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</tr>
<tr>
<td>Innskudd</td>
<td>17%</td>
</tr>
<tr>
<td>Fondsplasseringer</td>
<td>10%</td>
</tr>
</tbody>
</table>

* For the counties Hordaland, Rogaland and Sogn & Fjordane. Source: SSB and EarlyWarning
Good development in the economy of Western Norway
The bank meets regulatory capital requirements by a good margin

- The bank's Pillar 2 addition was reduced from 1.8 to 1.7% from 31 March 2019. Q2 IRB includes a 0.4 percentage point effect of the SME discount.
The bank is well positioned to meet increased capital requirements
- The Basel 1 floor expected to be removed and the SME discount introduced in 2019

Changes in capital requirements in 2019

<table>
<thead>
<tr>
<th>30.06.2019</th>
<th>31.12.2019</th>
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<tbody>
<tr>
<td>Equity</td>
<td>13.7</td>
</tr>
<tr>
<td>Capital conservation buffer</td>
<td>1.7</td>
</tr>
<tr>
<td>Systemic risk</td>
<td>2</td>
</tr>
<tr>
<td>Countercyclical</td>
<td>3</td>
</tr>
<tr>
<td>Pilar 2</td>
<td>2.5</td>
</tr>
<tr>
<td>Equity</td>
<td>15.7</td>
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<td>Systemic risk</td>
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<td>Countercyclical</td>
<td>2.5</td>
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<tr>
<td>Pilar 2</td>
<td>4.5</td>
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Changes affecting the CET1 ratio

<table>
<thead>
<tr>
<th>CET1</th>
<th>Removal of floor</th>
<th>SME discount part 1</th>
<th>Adjusted CET1</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.7</td>
<td>-1.9</td>
<td>-0.4</td>
<td>17.0</td>
</tr>
</tbody>
</table>
• Sound banking operations
• Strong market position
• Digital investments paying off
Sparebanken Vest is at the forefront of the digital transformation

91% of Norwegians use online banking services

150 of 700 in-house employees with responsibility for development and innovation

4.6/5.0 Mobile banking solution ranked no 1 in Norway

First to launch ‘mobile only’ challenger bank
Our Value Proposition

A PERSONAL «SIGNATURE»

OUTSTANDING DIGITAL SERVICES

A COMMITMENT FOR A STRONG AND SUSTAINABLE WESTERN NORWAY
IT strategy

• We believe in hands-on, in-house development focusing on the digital user experience.

• **Threefold IT development:**
  • In-house development – user experience
  • Buying standard services
  • Strategic partnerships (fintech)
IT strategy

Gikk mot strømmen, droppet utlandet
IT-SPIRALEN GÅR RETT TIL VÆRS

DEL – Vi er overbevist om at valget var riktig!

For en del år tilbake tok Sparebanken Vest et strategisk valg. Trenden blant andre store konsern i markedet var å erstatte kompetente IT-hoder med billig arbeidskraft i utlandet.

– Vi gikk motstrøms og satset i stedet tungt på å bygge opp vårt eget IT-miljø i banken, sier konsernsjef Jan Erik Kjerpeseth til BA.

Falling cost development and shift in cost structure – flat costs a precondition for digital development

**Cost development, past six years**

- 2012: 1.305 MNOK
- 2018: 1.242 MNOK

-9% decrease

**Cost development for the year to date, excl. Bulder Bank**

- 2018 ytd: 632 MNOK
- 2019 ytd: 617 MNOK

* 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.

** Cost development for the parent bank, corrected for direct costs for Bulder Bank (NOK 18 mill.).
New ways of working

Systematic efforts to develop a more ambitious organisational culture.

All top management meetings starts with a stand-up status on all major IT and development projects

Project owners with autonomous teams have replaced hierarchical committees

Now we are seeing the results.
Customers have never ‘visited’ the bank more often
- The mobile banking solution now has more users than the online banking solution, and five times as many visits per month
Norway’s best mobile banking solution since 2016

Average customer rating in iTunes (iPhone) and Google Play (Android). Figures from 9 Aug. 2019.
SHOW YOU CARE
MAKE IT EASY FOR ME
GIVE ME CLEAR ADVICE

TELL ME WHAT TO EXPECT
KEEP ME INFORMED
KEEP YOUR PROMISES
High, increasing customer satisfaction

- Highest customer satisfaction since 2014
- Two years in a row among the top two on Kantar's annual customer service ranking.
- Frende Forsikring has Norway's most satisfied insurance customers*

*) Source: EPSI 2018.
Launch of Norway’s simplest solution for booking meetings
Customers want to book a meeting with the bank themselves

Mobile channel preferred

Customers give the solutions the thumbs up

1 of 4 book meetings themselves

7 of 10 book meetings via their mobile phone

9 of 10 say the solution is very simple
Where does the money go?
– on 20 August, we will give our customers the means to find out
Strategic partnership with Folio
– An integrated app for banking and accounting for small businesses

Sparebanken Vest holds 24% of the shares and is responsible for the banking services.

Return on investment through a beneficial distribution agreement on banking services.

Significant potential synergies with scalable national digital distribution.
Folio card ready for launch
- The bank account that does your accounts

• Soft launch 12 August
• >25 companies have tested the solution over the past months
• >2,500 companies have registered their interest
• Initially Folio card and account, but much more to come
Examples of high digital development rate – frequent improvements going forward

- Winter 2018: New overview, online and mobile banking
- Spring 2018: Apply for and change credit card digitally
- Autumn 2018: Buffer
- Autumn 2018: Possibility of adding accounts from other banks
- Winter 2019: Digital booking of meetings
- May 2019: Digital loan confirmations
- Autumn 2019: My finances
- Autumn 2019: Launch of Folio card

- Spring 2018: Fully digital consumer loans
- Spring 2018: Fully digital top-up mortgages
- Autumn 2018: Push notifications for e-invoices
- Winter 2019: Folio test customers
- May 2019: Soft launch of Bulder Bank
- Autumn 2019: My savings
- Autumn 2019: Full-scale launch of Bulder Bank
- 2020: Fully digital housing loan applications
We will redefine banking – starting with housing loans
Bulder Bank - target for end of 2021

Loan: 20 mrd.

ROE: 12%
Strategic rationale

- Upscale nationally to an attractive mobile phone platform
- Potential for significant value creation
- Significant development synergies
• Sound banking operations
• Strong market position
• Digital investments paying off
Longterm financial targets

ROE

12 %

DIVIDEND

< 50 %
Why invest in SVEG

- Flat cost development adjusted for Bulder Bank
- Strong market position and potential for profitable growth
- Ambitious organisational culture
- Digital initiatives with national ambitions
- 74% retail customer portfolio results in low risk and low losses
- ROE target of 12% and dividend of up to 50%
- Goal: Among the top two with respect to return on equity
Investor contacts

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Head of Finance
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bjarte.fauske@spv.no
Strong earnings, low risk and well capitalised

Net interest margin and total income

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Income</th>
<th>NIM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3,230</td>
<td>1.68%</td>
</tr>
<tr>
<td>2015</td>
<td>2,948</td>
<td>1.55%</td>
</tr>
<tr>
<td>2016</td>
<td>3,242</td>
<td>1.47%</td>
</tr>
<tr>
<td>2017</td>
<td>3,326</td>
<td>1.50%</td>
</tr>
<tr>
<td>2018</td>
<td>3,656</td>
<td>1.46%</td>
</tr>
<tr>
<td>H119</td>
<td>2,081</td>
<td>1.50%</td>
</tr>
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Cost-income ratio and operating expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>Opex</th>
<th>Cost/Income</th>
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</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,470</td>
<td>45.5%</td>
</tr>
<tr>
<td>2015</td>
<td>1,443</td>
<td>48.9%</td>
</tr>
<tr>
<td>2016</td>
<td>1,270</td>
<td>39.2%</td>
</tr>
<tr>
<td>2017</td>
<td>1,450</td>
<td>43.6%</td>
</tr>
<tr>
<td>2018</td>
<td>1,487</td>
<td>40.9%</td>
</tr>
<tr>
<td>H119</td>
<td>752</td>
<td>36.1%</td>
</tr>
</tbody>
</table>

Provision for losses and proportion in default

<table>
<thead>
<tr>
<th>Year</th>
<th>NPL ratio</th>
<th>Loan Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.35%</td>
<td>0.15%</td>
</tr>
<tr>
<td>2015</td>
<td>0.12%</td>
<td>0.03%</td>
</tr>
<tr>
<td>2016</td>
<td>0.24%</td>
<td>0.02%</td>
</tr>
<tr>
<td>2017</td>
<td>0.20%</td>
<td>0.00%</td>
</tr>
<tr>
<td>2018</td>
<td>0.22%</td>
<td>0.00%</td>
</tr>
<tr>
<td>H119</td>
<td>0.21%</td>
<td>0.00%</td>
</tr>
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ROE and profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,188</td>
<td>13.7%</td>
</tr>
<tr>
<td>2015</td>
<td>1,047</td>
<td>11.0%</td>
</tr>
<tr>
<td>2016</td>
<td>1,521</td>
<td>13.1%</td>
</tr>
<tr>
<td>2017</td>
<td>1,416</td>
<td>11.0%</td>
</tr>
<tr>
<td>2018</td>
<td>1,660</td>
<td>11.9%</td>
</tr>
<tr>
<td>H119</td>
<td>1,068</td>
<td>14.7%</td>
</tr>
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CET1 and equity

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Equity</th>
<th>CET-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>9,094</td>
<td>12.2%</td>
</tr>
<tr>
<td>2015</td>
<td>10,737</td>
<td>13.7%</td>
</tr>
<tr>
<td>2016</td>
<td>12,085</td>
<td>14.9%</td>
</tr>
<tr>
<td>2017</td>
<td>12,099</td>
<td>15.0%</td>
</tr>
<tr>
<td>2018</td>
<td>14,431</td>
<td>14.9%</td>
</tr>
<tr>
<td>H119</td>
<td>14,789</td>
<td>14.7%</td>
</tr>
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Growth in lending and gross lending

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Lending</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>137</td>
<td>7.3%</td>
</tr>
<tr>
<td>2017</td>
<td>148</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>160</td>
<td></td>
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<tr>
<td>H119</td>
<td>166</td>
<td></td>
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</tbody>
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Income, operating expenses, profit and equity in NOK mill. Gross lending in NOK bill.