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 722 full-time equivalents
- Diversified product portfolio. Biggest shareholder in Frende Forsikring and Brage Finans (leasing)
- Several digital initiatives, like the first Norwegian mobile-only banking concept, Bulder Bank
- More than NOK 219 bill. in assets under management, approx. 283,000 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 among the three biggest regions in Norway
- Important industries: Oil and gas, aquaculture & fisheries, public services and other industry
- Bulder Bank signals the launch of Norway’s first mobile-only banking concept

Market areas

Vestland 28.3%
Rogaland 6.7%

1) Market share (capital) in the retail market
Source: Statistics Norway
Low complexity

Conservative loan book

Digital leadership

High rate of return
A bank with low complexity

**Corporate market**
- 26% of total lending
- NOK 44.4 bill. in loans
- 12,600 customers
- Diversified portfolio

**Retail market**
- 74% of total lending
- NOK 129.6 bill. in loans
- 282,750 customers
- Includes Bulder Bank

**FrendeForsikring**
- 39.7% holding
- Market share of 3.5%
- 23.2% ROE in 2019
- Mainly general insurance

**EiendomsmeglerVest**
- 100% holding
- Estate agency
- 119 employees
- Important for loans

**BRAGE**
- 49.99% holding
- Leasing and financing
- Balance sheet, NOK 13.0 bill.
Low losses over several years

- Systematic work in reducing risk paying off
- Conservative decisions and solid banking expertise over time limits loss risk in demanding times
Norway’s best mobile banking solution since 2016 – rating strengthened through first quarter (record score of 4.7)

- Mobile banking solution ranking increased in a demanding period
- New solutions developed and launched in Q1
  - My Subscriptions
  - Customer dividend
- An in-house, business near development environment an important success criteria

Average customer rating in App Store (iPhone) and Google Play (Android). Figures from 24 April 2020.
Reported ROE, 2012–2019* 
- Sparebanken Vest with highest average return on equity

*Sparebanken Vest*

*The selection comprises of SVEG, DNB, NONG, MING, SR, MØRE, SPOG, SOR, HELG, SADG*
Proactive measures ensure sound operations during the crisis

- Infection measures to safeguard employees
- Distribution of key functions to ensure uptime
- Staff working from home without significant efficiency loss
- Upheld availability for direct banking services and local offices

- Close dialogue with owners and management of exposed businesses
- Established ‘Corona hotline’ for small and medium sized businesses
- Mediated 850 MNOK in government-guaranteed loans – 75 % of bank’s assigned frame
- Portfolio reviewed every month (commitments exceeding NOK 10 mill)
- Moderate losses in Q1 reflects good and conservative credit assessments over time

- Loan relief for approx. 8,500 customers with a total of NOK 12 bill. in commitments
- Leverage ratio and loan payment ability considered overall good

- Solid liquidity buffer established prior to market unrest
- Diversified maturity structure
- No need for long-term financing until autumn 2020
• Strategic discipline provides robust results despite market unrest
• Conservative loan book with moderate risk
• Proactive market positioning in uncertain times
Key figures Q1
- lower ROE and sound capital adequacy

ROE as percentage*

CET1 as percentage

Profit per equity certificate

Book value per equity certificate

* A one-off gain of NOK 141 mill. relating to the acquisition of Jonsvollsvartalet AS was taken to income in Q2 2019. ROE corrected for one-off effects was 14.1% and the profit per equity certificate, corrected for one-off effects, was NOK 1.89.
Strong net interest income
- result affected by net losses on financial instruments and loss provision on loans
Good growth in net interest income
- repricing effects affect relative net interest income

Nominal net interest income

Net interest income as % of assets under management

<table>
<thead>
<tr>
<th>Quarter (Q1 2019)</th>
<th>Net Interest Income</th>
<th>% of Assets Under Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>724</td>
<td>1.50%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>753</td>
<td>1.51%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>808</td>
<td>1.57%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>833</td>
<td>1.63%</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>838</td>
<td>1.60%</td>
</tr>
</tbody>
</table>
Increased loan margins and somewhat falling deposit margins
Profit contribution from Frende Forsikring og Brage Finans
- good actuarial result for Frende

Frende Forsikring
- The best technical result for the quarter since 2017
- Claims ratio 87.7 (91.1) % in the quarter
- Demanding quarter for the investment portfolio with a -3.5 % rate of return
- Growth in premiums of 4 % over the past 12 months

Brage Finans
- Growth in lending of NOK 2.5 bill. over the past 12 months, and lending volume of NOK 12.3 bill.
- Solid top-line growth, with 37 % growth in net operating income compared with Q1 2019
- Sound capital adequacy
Continued low costs and shift in cost structure
- flat cost level a precondition for digital development

Cost development, past seven years*

Cost development, Q1 2020 excl. Bulder Bank**

* 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 Group and corrected for direct costs for Bulder Bank, NOK 12.8 mill. in Q1 2020 and NOK 4.6 mill. in Q1 2019.
Low losses over time
- Covid-19 and oil price development entails higher provisions

Quarterly development – losses on loans and guarantees

Losses as a percentage of gross lending
Loss provision driven by the coronavirus crisis and low oil prices

- The effect of the crisis on model-based provision is estimated to be NOK 85–100 mill., ascribed, among other things, to:
  - Classification of exposures in acc. with Stage 2 based on the bank’s watchlist.
  - Increased default paths in industries affected by the crisis.
- Increase in individual provisions ascribed to negative risk development in offshore exposures
- Reversals of approx. NOK 25 mill. have been carried out during the quarter. Confirmed loss in quarter limited to 13 MNOK
The risk in the lending portfolio is still at moderate levels but has increased due to COVID-19 and the fall in oil prices

Retail
- The quality of the mortgage loan portfolio is considered good overall,
- We have yet to see changes in overdue payments, but the effect may be slightly reduced and deferred by loan relief
- Provision 32,7 %

Corporate
- The increase from Q4 is primarily ascribed to negative risk development in a few exposures, including one offshore exposure
- The risk profile in the corporate market is moderate, but has increased due to Covid-19 and the fall in oil prices.
- A material increase in overdue payments and defaults has not yet been observed, but developments are being monitored closely, with a focus on affected industries.
- Provision 72,5 %
The bank has good liquidity and well-diversified maturity structure

- Liquidity portfolio: Large and liquid
  - Approx. NOK 30 bill.
- LCR well above requirements – 143 %
- No need for external financing until autumn 2020
  - Diversified maturity structure
- Sparebanken Vest has not substantially utilized F-loans due to good liquidity
  - However, usage of F-loans important to stabilise the Norwegian market

Maturity structure senior and covered bonds (NOK bill.)

- Senior
- Covered bonds
Regulatory capital requirements met by very good margin

CET1 ratio*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
<th>Q1 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>CET1 %</td>
<td>17.0 %</td>
<td>17.0 %</td>
<td>17.0 %</td>
<td>17.5 %</td>
<td>17.3 %</td>
</tr>
</tbody>
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Leverage ratio

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<tr>
<td>Requirement 12.7% (Q1 2020)**</td>
<td>Requirement 14.2% (Q4 2020)**</td>
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<tr>
<td>Requirement 5%</td>
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<tbody>
<tr>
<td>7.0</td>
<td>7.0</td>
<td>7.1</td>
<td>7.3</td>
<td>7.0</td>
<td></td>
</tr>
</tbody>
</table>

**Requirement 14.2% (Q4 2020)**
**Requirement 12.7% (Q1 2020)**
**Requirement 5%**

**Requirement 5%**
7.7% ROE and a sound capital adequacy despite market unrest

##### Income
- Increased net interest income, NOK 838 (724) mill. despite challenging end to the quarter
- Reduction in commission income from savings in funds and in volume of card transactions
- Net loss on financial instruments as a result of market unrest, NOK -120 (+3) mill.

##### Costs
- Low costs; NOK 384 (371) mill.
- Minimal impact from the situation in the market

##### Write-downs
- Increased model-based provision as a result of COVID-19 and the fall in oil prices
- Effect estimated to be NOK 85–100 mill.
- Total recognised write-downs of NOK 125 million (NOK 1 mill. taken to income) in the quarter

##### Profit
- Q1 pre-tax profit NOK 328 (531) mill.
- Return on equity 7.7 (11.3) %
- Profit per equity certificate NOK 1.12 (1.48)

##### Capital adequacy
- Sound CET1 ratio, 17.3 (17.0) %
- The change from fourth quarter 2019 is mainly due to currency effects
- Regulatory capital requirements met by a very good margin
• Strategic discipline provides robust results despite market unrest
• Conservative loan book with moderate risk
• Proactive market positioning in uncertain times
Conservative loan book dominated by mortgage loans

Gross lending by customer group

- Retail: 74%
  - Mortgages 99%
  - Other retail 1%
- Corporate: 26%
  - Real estate 33%
  - Shipping & Offshore 17%
  - Agriculture & Forestry 13%
  - Services 8%
  - Building & Construction 13%
  - Other corporate 16%

Gross lending by region, Q1 20

- Vestland 74.4%
- Rogaland 18.1%
- Rest of Norway 7.1%
- Abroad 0.3%

Notes: As of 1Q20. 1) Other Corporate consists of: Wholesale & Retail (5.1%), Energy (4%), Industry (4.3%), Hotels and Restaurants (1.6%), Other financial undertakings (0.5%) and Municipal/Public sector (0.02%)

- Retail lending constitutes 74% of lending, of which 99% are mortgages, making mortgages 74% of total gross loans.
- Real estate, shipping and primary industries are the largest sectors in corporate lending, of which real estate constitutes 33%.
Low risk in the retail market portfolio
- 99% of the lending portfolio secured by residential collateral

Lending broken down by LTV ratio

LTV <= 70%: 93.8%
70 - 85%: 5.0%
LTV > 85%: 1.2%

Lending broken down by region

Vestland: 78%
Rogaland: 15%
Rest of Norway: 6%
Abroad: 0%

1) Only the part of a loan that exceeds the LTV threshold is shown in a higher LTV interval.
90% of retail customers serving loans without need for installment relief
- limited impact of Covid-19 on retail portfolio

Retail portfolio (NOK 130 bill. in gross loans)

- Granted installment relief for approximately 8500 customers totalling NOK 12 billion in commitments
- Satisfactory servicing of loan, also for commitments with loan relief
- Approx. 50% of granted loan relief with short period (max one month)
- Leverage ratio on par with total portfolio
Focus on securing liquidity through government schemes

Ensure customers liquidity through government schemes

- Granted NOK 850 million (75% utilization) in government guaranteed loans to financially sustainable businesses
- Proactive and swift in customer dialogue related to government schemes
- Limited to existing customers

Close follow-up of liquidity development

- Minimum monthly follow-up of development relative to forecast for customers of more than NOK 10 million engagement
- Follow-up of government cash arrangement scheme for customers, including utilization
- Customers on watch list followed up by task force and advisor

Focus on healthy customers and revenue

- Growth target upheld
- Continuous focus on lifting margins due to tighter bank market
Conservative risk selection in corporate portfolio
- limits impact of Covid-19 and oil price reduction

Considerably impacted by Covid-19
- Approx NOK 1 billion. Primarily retail trade, hotel/tourism, restaurants and certain companies within real estate
- Engagements that could enter challenges with fulfilling loan agreement due to Covid 19
- Liquidity main challenge, customers in this category mainly helped through government schemes

Medium impact of Covid-19
- Approx NOK 3 billion, mainly small and medium sized companies
- More opportunities due to liquidity buffers or lower loan leverage ratio
- Typically good owners with will and ability to provide new capital

Impacted by oil price reduction
- Approx NOK 1.4 billion
- Primarily offshore
Well-diversified property portfolio
- building type, geography, tenants and maturity profile of leasing contracts

- Property portfolio by property type

- Volume impacted by Covid-19 constitutes approx NOK 1.3 billion, whereas 90 % is medium impacted
- Moderate leverage ratio in portfolio: Approx 90 % of volume has less than 70 % leverage ratio
- Office, combination usage and residential
  - Primarily long-term leasing agreements and low leverage ratio
- Hotel property
  - Restrictive policy over time and currently with a low leverage ratio on limited exposure
- Land property
  - A conservative policy over time focused on low leverage ratio and location
  - Typically with debt payments based on ongoing operations
- Retail trade
  - Primarily low leverage ratio, typically with security in other assets

'Other' mainly comprises storage buildings, agricultural property and industrial buildings
Retail trade and hotel
- diversified and with considerable degree of private collateral

Retail trade

- Primarily small and medium sized companies, well diversified
- Large share of portfolio consists of business with personal liability and collateral
- Volume impacted by Covid-19: NOK 490 million

Hotel and restaurant

- Small and medium sized portfolio with good loan servicing ability
- Large share of mortgage collateral or collateral in commercial real estate ensures conservative risk profile
- Volume impacted by Covid-19: NOK 252 million
Low exposure to offshore
- other shipping exposure to industrial customers with good serviceability

- Chemical tankers: 28%
- Offshore: 20%
- Product tankers: 16%
- Dry bulk: 11%
- MPVs: 10%
- Crude tankers: 6%
- Container ships: 5%
- Other: 4%

- Subsea: 74%
- PSV: 17%
- Seismic: 5%
- MRV: 4%
- MPV - a multi-purpose vessel is a seagoing ship that is built for the carriage of a wide range of cargoes. Examples of such cargoes include: wood, steel, building materials, rolls of paper and bulk cargo.
- MRV - Multi Rescue Vessel

MNOK 6.672
MNOK 1.368
Low complexity in limited offshore portfolio
- only 9 customers and no exposure to anchor handling vessels or rig

- Relatively focused towards Subsea, segment with currently low crisis impact
- Currently no shore laid ships
- PSV and seismic: Limited exposure
- Mainly financed prior to industry top of cycle
  - Good balance between maturity and leverage ratio
- Ownership and structure
  - Mainly industrial ownership
- No remission or equity conversion of debt

![Customer Graph]

- Debt service unchanged
- Paying reduced installments
- Under restructuring
• Strategic discipline provides robust results despite market unrest
• Conservative loan book with moderate risk
• Proactive market positioning in uncertain times
Well prepared to strengthen position through the crisis

1. Sound customer growth in RM and CM, and we are winning market shares
2. The RM organization adjusted to cultivate top-line growth
3. Bulder Bank with strong growth in crisis
4. High digital service launch rate despite crisis
5. Customer dividend has differentiated us from main competitors
6. Increased visibility of our donations and the bank’s societal position
Good increase in retail and corporate customers

Retail customers
Growth 0.3% past year

Corporate customers
Growth 0.8% past year
Good growth and strong SME profile in the corporate market
Good lending growth in the retail market

Retail market
Growth 6.0% past year

Breakdown retail market
New loans

- New customers: 25%
- Existing customers, first mortgage loan: 34%
- Existing customers, increased mortgage loan: 42%

Q4 Growth lending: 1.7%
Growth last 12 months: 6.0%
Increased market share in own market area*

Growth in lending, retail market, Q4 2019

- Sparebanken Vest has won market shares in its own market area over the past 12 months as of Q4 2019
- The market area is defined as Vestland and Rogaland counties

*) Source: EarlyWarning competition report, Q4 2019. Debt growth in the retail market is defined as loans to households from banks, credit companies, financing companies and life insurance companies
Well prepared to strengthen position through the crisis

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Increased customer focus in the executive management team
- organisational change in the retail market division

- Previous retail market division divided in two units with approx. equal volume
- Retail market increases representation in corporate management team
- Hired two new EVPs to lead RM North and RM South
- One management level removed (regional)
- EVP’s closer to office managers, advisors and customers
- EVP’s in RM clear priority on market and revenue growth
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We will redefine banking – starting with housing loans
Rise in number of applications: Up to 230% above the normal level

NOK 1.672 mill. Housing loans

NOK 2.28 mill. Average housing loan

4.200 Total number of customers

56 % Average LTV

716 Loan customers

10 % Total recognition rate in the target group

Figures updated 20 April
Continued high development rate
- New functions developed and launched, and more in test phase

- Move direct debits
- Move money from another bank
- Scan receipts
- Maintenance functions for housing loans
- Add emojis to account names
Customers have ranked Bulder as Norway’s best housing loan provider at Bytt.no

Bulder is number one on:
• Overall assessment
• Customer satisfaction
• Customer service
• Advice

*Bytt.no is Norway’s biggest personal finance price-matching service.*
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Norway’s best mobile banking solution since 2016
– Rating strengthened through first quarter (record score of 4.7)

Average customer rating in App Store (iPhone) and Google Play (Android). Figures from 24 April 2020.
New functions launched and in development in Norway’s best mobile banking application

- **Winner**
  - Sparebanken Vest ranked best in digital user experience

- **Invoice scanner**
  - You have entered your last KID-number

- **Savings packages**
  - Easy to start saving direct in mobile app

- **Traffic record**
  - 189,000 logged in users in app in 24h.

- **New insurance web pages**
  - Access to and purchase of insurance directly in app (coming)

- **2020**

- **New record**
  - 145,000 users of mobile application

- **Norway’s best mobile bank app**
  - Record high rating in App Store and Google Play of 4.7

- **My subscriptions**
  - Overview and opportunity to cancel subscriptions

- **Customer dividend**
  - Overview of calculation and pay-out

- **Pre-meeting solution**
  - Fully digital obtainment of documentation for loan application

- **Digital savings guide**
  - Easy onboarding and guidance to savings (coming)
Launch of “My Subscriptions”

Results after the first week:

• 37,500 users
• 3,000 subscriptions cancelled

‘Easy to use. Cancelled a subscription I never would have done without this service.’

‘I love Sparebanken Vest! You keep making life easier for customers.’

‘I got rid of two expensive subscriptions I didn’t even know I had, and now I’ve saved more than NOK 7,000 per year. THANKS A MILLION.’

‘Everything that gives you a better and simpler overview is fantastic.’
Well prepared to strengthen position through the crisis

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Sparebanken Vest has distributed NOK 300 mill. in customer dividend

- 165,000 of the bank’s customers received customer dividend for 2019
- An average of NOK 3,200 paid in customer dividend per housing loan
- Has made us stand out among our competitors and strengthened our unique position in Western Norway
- Sparebanken Vest’s online and mobile banking solutions had more than 300,000 log-ins the day after the customer dividend was announced to customers
- 80% per cent of the customers gave the bank the top score after navigating the bank’s new customer dividend pages
Excellent feedback from customers

‘Incredible. Norway must be the best country in the world in terms of solidarity. That people are willing to go this far to help others get through this pandemic is outstanding. So is this bank. FANTASTIC.’

‘Thank you! Great reason to be loyal to the bank! Hope all customers see it that way. Much appreciated!’

‘Great bank that always cares about its customers.’

‘This was a great boost in these tough financial times. Thank you so much, SPV.’
‘All time high’ customer satisfaction among retail customers
- Average of immediate satisfaction, reflective satisfaction and closeness to being the ideal bank

Customer satisfaction survey Q1 2020. The last interview round was conducted in March 2020, in the period from and including 11 March up to and including 22 March. A total of 2,772 interviews were conducted.
Well prepared to strengthen position through the crisis

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Established ‘The Coronavirus Fund’ of NOK 100 million

- The foundation Sparebankstiftelsen Sparebanken Vest established an extraordinary coronavirus fund of NOK 100 million
- It aims to support clubs and associations in Western Norway that will lose money or miss out on income because of the coronavirus epidemic
- The fund opened before Easter and has received many applications – and has started awarding funds
Climbed to leading score in ISS and MSCI ratings

- **ISS Oekom** (Germany) raised our ESG rating status to **Prime** after its last review of our sustainability work
  - Less than 10% of comparable banks score as high or better

- **MSCI** has increased our rating from A to AA.
  - Only 1% of comparable banks score higher
• Strategic discipline provides robust results despite market unrest
• Conservative loan book with moderate risk
• Proactive market positioning in uncertain times
Why invest in Sparebanken Vest

- Low risk and complexity
- At the forefront of digital developments
- Attractive customer dividend for investors
- Strong ESG focus
- Strong performance culture
- Leading in terms of ROE – target 12%
We are in an attractive region and strongly engaged for setting direction for Western Norway

- “Vestlandskonferansen” business conference was fully subscribed with 1,500 participants from politics and the business sector
- 36 speakers on the stage and more participants attended from Asia via Skype
- Extended live stream with a complete TV studio
- More than 4,000 followed the conference via the website or local newspapers
- The Western Norway Report 2020 launched
DET STØRSTE SKIFTET

03.03.2020

FILM
Investor contacts

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

Frank Johannesen
EVP CFO
Tel.: (+47) 952 65 971
frank.johannesen@spv.no

Bjarte Fauske
Director Finance and IR
Tel.: (+47) 915 61 698
bjarte.fauske@spv.no