



SPAREBANKEN VEST

Annual Report 2022

Who are we?

Everything we do, we do to make life in Western Norway even better

When Sparebanken Vest was founded exactly 200 years ago, it was a new way to think about banking. The bank was to be owned by its customers, and its objective was to help the many poor in society. The idea that challenges are best solved together was what made us and what still drives us, and is more important than ever in these turbulent times. Today, we have more than 300,000 owners, and everything we do, we do to make life in Western Norway even better.

We aim to make life even better for those growing up and settling down. For those who need to break with tradition and go their own ways. For those who have a dream they want to pursue. For everyone who works hard, and for business owners who create jobs in Western Norway. We will achieve this by caring about our customers, helping people where they are, being easy to bank with and by providing important advice along the way. This sense of community gives us a unique strength to deal with major challenges.

Challenges that concern us all and that are decisive for our future.

We can do it better together.

NORWAY'S SECOND BIGGEST SAVINGS BANK

- Established in 1823 and listed on Oslo Børs since 1995
- Head office in Bergen, 35 branch offices and 755 FTEs
- Diversified product portfolio. Largest shareholder in Frende Forsikring, Norne Securities and Brage Finans
- Several digital initiatives, such as the first Norwegian mobile-only banking concept, Bulder
- NOK 264 billion in assets under management, approx. 305,000 retail customers and approx. 13,800 corporate customers
- 75% of lending is to the retail market, with 99% of loans secured by mortgage
- Long-term ROE target of 12%

THE NATURE OF THE BUSINESS

Sparebanken Vest is an independent, listed financial services group that is primarily engaged in banking and financing activities in the counties of Vestland, Rogaland and Møre og Romsdal. The Group's head office is in Bergen. At the end of 2022, the bank had 35 points of sale.

The business is characterised by low complexity, a conservative loan book, digital leadership and a strong focus on development of the organisational culture. In sum, this will help the bank to deliver a return on equity in line with its target.

HOME MARKET

- Approx. 1.4 million inhabitants, corresponding to 26% of the Norwegian population
- The Bergen and Stavanger regions are among the three biggest in Norway
- Important industries: Aquaculture and fisheries, public services, shipping, oil and gas, and other industry
- The Bulder concept is Norway's first mobile-only banking concept, with a lending volume of more than NOK 24 billion



Branch offices



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Sparebanken Vest strives for an active, future-oriented focus on the environment. Because of this, the report is made in electronic form only. The report is available at www.spv.no



1.2 Overall strategy and value proposition

Sparebanken Vest's vision is that 'everything we do, we do to make life in Western Norway even better'. The bank has four main stakeholder groups: Customers, owners, society and employees, and value propositions have been defined for all groups.

The sum of our value propositions is reflected in the bank's ambition to be Norway's best savings bank.



THREE NEW SUB-STRATEGIES IN 2022

In 2022, the bank has devised and updated three strategic priorities, also referred to as sub-strategies. They are: the competitive strategy, IT strategy and sustainability strategy.

A detailed description of the content, vision and building blocks of these sub-strategies is included in the chapter 'Our strategic agenda'. It also provides a detailed description of how the strategy is operationalised.

1.3 How we delivered on commitments to stakeholders

Our goal is to be among the top two savings banks in terms of ROE for our owners, among the best banks in terms of customer satisfaction, the strongest in terms of social commitment in Western Norway and the most exciting place to work for people who want to develop their personal and professional skills. We delivered on all these goals to our stakeholders in 2022.

Profitability is up from 2021, and among the best in the market. The bank and its customers have done well over the year. Profitability benefited all groups of owners in 2022 through dividend to equity certificate holders, donations to society and customer dividend to customers.

CUSTOMERS

Our value proposition to our customers is to be among the best banks in terms of customer satisfaction.

In the analysis company EPSI's customer satisfaction survey in September 2022, Sparebanken Vest came out top in terms of corporate customer satisfaction. Customer satisfaction is also high in the retail market. In the bank's own survey, retail customers gave the bank a score of 77, which is a new record. The 2022 surveys also show that Sparebanken Vest scores very high on local social commitment and sustainability. We achieved a high score in the Fair Finance Guide, and are in the exclusive group of four banks scoring in the green range (higher than 80%).

The strategy and targets remain unchanged and set a clear direction

The bank regularly has to address important strategic challenges to ensure that it achieves its targets going forward. The savings bank of the future will be developed in the digital transition, a trend that has accelerated in recent years.

The bank must also maintain its current strengths, including being a bank with strong personal relations with its customers. For Sparebanken Vest, this entails another step away from being a traditional digitalised bank towards becoming a digital bank supported by traditional services and a personal signature.

Sparebanken Vest shall be a bank with a personal signature, both physically and digitally, with simple, good and user-friendly services, a passionate social commitment to Western Norway and the distribution of customer dividend.

Customer dividend

The year 2022 was the third time Sparebanken Vest paid a customer dividend. The Board decided to pay a full customer dividend in the total amount of NOK 390 million for the 2021 financial year. This is an important means of enabling customers to directly benefit from the bank's results, in line with the savings bank model. The customers were very satisfied with the customer dividend in 2022.

The Board has proposed to the General Meeting to pay a record-high customer dividend of NOK 580 million in 2023 as part of the allocation of profit for the 2022 financial year.

¹ EPSI Rating supplies independent customer satisfaction analyses, and serves as an external auditor of the customer group.



The best digital solutions

Sparebanken Vest's mobile banking solution is still rated best in Norway, based on customer ratings in App Store and Google Play. Further improvements have been made to the bank's digital services in 2022, and more customer-friendly services will be launched going forward.

Sparebanken Vest is investing in hands-on, in-house IT development focusing on the digital user experience. This has become even more important as customers have become even better at using digital services and increasingly choose digital channels. Sparebanken Vest's hands-on approach means a high degree of in-house IT development in areas that provide opportunities for a differentiated customer experience, and in areas that the bank defines as core services. In other areas where a product or service is a hygiene factor or off-the-shelf item only, the bank will seek to purchase standard solutions. The bank is also entering into strategic partnerships in selected areas where collaboration is the right course of action, for example through Vipps, NCE Finance Innovation and with the FinTech companies Folio and Fiken.

OWNERS

Sparebanken Vest recorded a pre-tax profit of NOK 3,504 (3,055) million in 2022, and a return on equity of 14.6% (14.0%).

The result is mainly explained by good customer growth, increased interest and commission income as well as low losses. For the 2022 financial year, the Board proposes a dividend of 5.50 (4.50) per equity certificate. That means a total dividend payment of NOK 603 (483) million. After allocation of the profit for the year, the owner fraction will remain unchanged at 40.6%.

SOCIETY

In addition to a stable high level of customer satisfaction over the past four years, the bank received excellent feedback on its social commitment in 2022. Of the respondents, 87% were very positive about the bank's support for clubs, associations and social development initiatives.

Social dividend

The social dividend is the bank's means of encouraging sustainable development in Western Norway, and ensuring that the region continues to be an attractive place to live and work in the future. The bank shall support regional initiatives that strengthen local communities, and give the people of Western Norway new knowledge and financial support to make the transition to a more sustainable society. The bank will be a source of inspiration and help to ensure that industry, clusters and educational institutions succeed in realising the region's potential, especially with regard to the green transition. The bank will also make a special effort to promote socially sustainable development, and help to solve the social challenges facing Western Norway.

In 2022, the bank, together with the foundation Sparebankstiftelsen Sparebanken Vest, has distributed a total of around NOK 235 million among 2,200 projects in Western Norway.

Agenda Vestlandet

Agenda Vestlandet is a foundation created by Sparebanken Vest to be a driving force for the green transition in Western Norway. The foundation's funds are earmarked for investments in sustainability, green technology and the green transition.

In 2022, the foundation has prioritised scaling projects such as Slingshot, GCE Ocean Technology and Flow Accelerator. The ocean region is another important priority area, and Agenda Vestlandet has made a large contribution to the One Ocean expedition the Norwegian tall ship 'Statsraad Lehmkühl' is now conducting.

One of Agenda Vestlandet's new initiatives in 2022 was 'Women in Tech', an initiative to increase the number of women in tech leadership roles. More than 100 highly-qualified applicants meant that the original two courses with 24 places each became four courses. All the applicants were also offered to attend a workshop.

EMPLOYEES

Sparebanken Vest aims to be the most exciting place to work for employees who want to develop their personal and professional skills. The bank is considered a very attractive employer in the region.

The bank's competitive strategy is to be the best at behavioral change. Good leadership will help the bank develop the most performance-oriented culture in banking and finance.

In addition to regular competence-raising measures such as aspiring manager programmes, breakfast meetings, learning days and mentoring schemes, the bank launched a strategy and management development initiative in 2022.

One of the measures was a mobilisation event for all managers. The concept was called Camp Finse 2022, and consisted of five sessions over two and a half days in Finse in 2022, where they devised the bank's strategy for the way forward. In autumn 2022, all the bank's employees

attended Camp Vest in Kalvåg to work on plotting a course and energising the bank.

In 2022, the bank conducted a survey to map the physical and psychosocial working environment. The results show that the bank's employees feel safe and secure at work. The working environment is perceived as good, and employees feel that they are able to express their views freely. The bank also conducts an annual organisational survey, which in 2022 demonstrated that employees feel that their work provides development opportunities, and that they are seen and invested in.

STRATEGIC GOAL ATTAINMENT

Our goals are to be among the best two savings banks on ROE for our owners, among the best banks in terms of customer satisfaction, the strongest in terms of social commitment in Western Norway and the most exciting place to work for people who want to develop their personal and professional skills.

We delivered on all these goals in 2022.

	TARGET	RESULT	
 Return on equity after tax	> 12.0%	14.6%	
 Dividend ratio	Up to 50%	54%	
 CET1 ratio	> 16.75%*	18.1%	

At the board meeting on 22 February 2023, the Board of Directors decided to raise the bank's ROE target to > 13%. During the same meeting, the dividend ratio was changed to 'around 50%'. An equal payout ratio for the bank's two asset classes remains unchanged.





1.4 Created by and for Western Norway

The savings bank model is 200 years old, but as relevant as ever.

Sparebanken Vest was founded in an age when poverty was a major problem, and the establishment of banks for the poor was necessary to secure personal finances and Norway's economy.

The bank aimed to make money from its activities, but not to accumulate too much profit and to reinvest part of the profit in the community as donations for the public benefit.

Sparebanken Vest was created by and for Western Norway, and its long-term goal is, as it was 200 years ago, to strengthen future value creation in the region. The value the bank creates through financial advice and access to safe saving and financing services benefits the people who live in the region, businesses, the community and society in numerous ways.

Sparebanken Vest is an equity certificate bank, which means that the bank has two classes of assets and owners. Sparebanken Vest is 59.4% owned by the community and 40.6% owned by the equity certificate holders.

Sparebanken Vest is Norway's second oldest savings bank and will celebrate its 200th anniversary on 3 March 2023. The anniversary will be marked in several ways throughout the year, including by making donations and holding a number of events and celebrations that will include a wide range of the bank's stakeholder groups.

Social dividend

Since the region owns about 60 per cent of Sparebanken Vest, part of the profit goes back to the communities in Western Norway. The

social dividend is a way for the bank to help ensure that the region is an attractive place to live and work also in the future. The bank shall support regional initiatives that strengthen local communities, and give the people of Western Norway new knowledge and financial support to make the transition to a more sustainable society.

Voluntary teams, clubs and organisations, sports clubs, festivals and various knowledge clusters in Western Norway have been awarded a total of more than NOK 2 billion in social dividend from Sparebanken Vest and Sparebankstiftelsen Sparebanken Vest over the past ten years.

The bank is also a visible and powerful force in creating jobs for the next generation in the region.

Agenda Vestlandet

Western Norway is Norway's largest growth engine, and the region plays a critically important role in the extensive transition that Norway must now undergo. Sparebanken Vest has therefore established the Agenda Vestlandet foundation, and earmarked NOK 300 million for sustainability and green transition initiatives.

The bank will be a source of inspiration and help to ensure that industry, clusters and educational institutions succeed in realising the region's potential, especially with regard to sustainability. The foundation Agenda Vestlandet is dedicated to this work.

Customer dividend

Like the social dividend, the customer dividend is an important part of the savings bank model whereby customers in the region and local communities are awarded a share of the profit.

The customer dividend is strongly rooted in the fundamental values of a savings bank.

Sparebanken Vest's customers own a stake in the bank, and the bank therefore shares its profit with them. In 2022, Sparebanken Vest paid a customer dividend of NOK 390 million.

It is important for the bank that customers can take part in its value creation, and it is natural that large parts of the profits the bank creates together with the customers should benefit them.

Dividend policy

Sparebanken Vest's objective is to achieve results that provide a competitive return on the bank's equity. The profit for the year after tax will be divided between the equity certificate capital and primary capital in proportion to their relative share of the bank's equity (the owner fraction). The equity certificate holders' share of the profit will be divided between dividend and the equalisation reserve.

Dividend funds will as far as possible be divided between the different groups of owners so that they each receive a proportionate share of the profit. The dividend funds will consist of a cash dividend for the equity certificate holders, customer dividend and donations for the public benefit.

Taking into account the bank's capital adequacy, strategy and development, the goal is for up to 50% of the year's profit to be distributed to dividend funds. The potential for development and growth that creates value for the bank's owners, the expected profit development in a normalised market situation, external framework conditions and the need for core capital will be taken into account when determining dividend. The bank's dividend policy will form the basis for the resolutions proposed by the Board to the General Meeting.

For the 2022 financial year, the Board has proposed a dividend of NOK 5.50 per equity certificate, giving a total dividend of NOK 603 million. In addition, a customer dividend of NOK 580 million and NOK 301 million in donations

have been proposed.

The equity certificate (ticker: SVEG)

At year-end 2022, Sparebanken Vest was the biggest equity certificate bank measured by assets under management in the balance sheet. The bank had assets under management of NOK 264 billion. The total market value of the equity certificates was NOK 10.1 billion.

The total return on the SVEG certificate in 2022, including dividend, was -3.7 per cent, compared with -1.0 per cent for the Oslo Børs benchmark index (OSEBX) and -6.7% for the equity certificate index (OSEEX). At year-end, Sparebanken Vest's equity certificate was traded at a market price of NOK 92.4, which corresponds to 1.22 times the book equity.

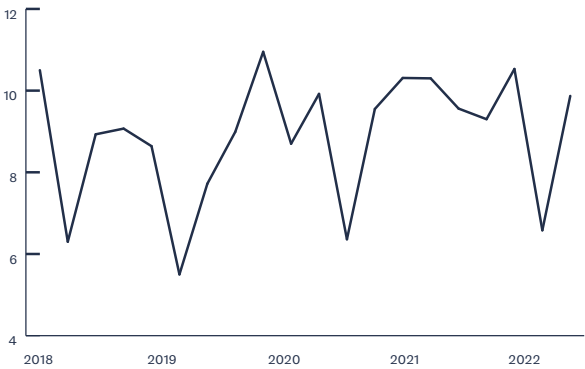
Since 2019, Norwegian savings banks (represented by the equity certificate index OSEEX) have been repriced by the market, and have seen a stock exchange return that far exceeds the OSEBX return. In 2022, however, the benchmark index remained relatively stable, probably as a result of energy exposure, while Norwegian savings banks were priced somewhat lower due to stock market turbulence. Nevertheless, over the past five years, Norwegian equity certificate banks have generated cumulatively higher returns than the benchmark index, and, in this context, an investment in Sparebanken Vest's equity certificate has generated even higher returns than the equity certificate index.

Price development SVEG last five years

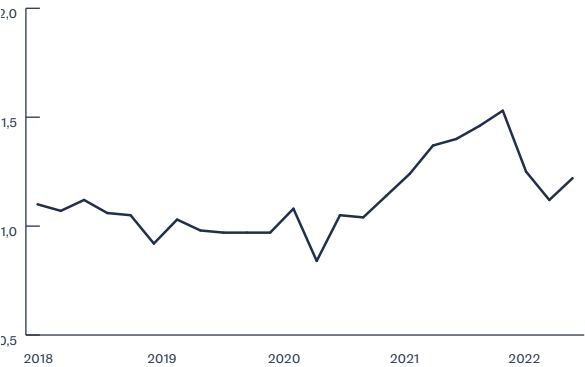




Development in market price of equity certificate relative to profit (price-to-earnings ratio)



Development in market price of equity certificate relative to book value (price-to-book ratio)



In November 2019, Sparebanken Vest converted around NOK 2.4 billion of its primary capital into equity certificate capital. The purpose was to make the bank's equity certificate even more attractive to the current owners and raise interest among investors who were not currently owners. The conversion has increased the volume of trading in the equity certificate.

The average monthly trading volume has more than doubled as a result of the conversion. The price development has also been good overall during the same period.

At year-end 2022, the Group's overall paid-up capital linked to equity certificates amounted to NOK 2,743 million, divided between

Monthly trading volume and SVEG



109,721,186 equity certificates with a nominal value of NOK 25.

Sparebankstiftinga Hardanger is the bank's biggest owner, with an ownership interest of 10.90%, followed by Pareto Invest with an ownership interest of 6.38%. Around 77% of the equity certificates are owned by Norwegian investors. Among foreign investors, investors in the USA and UK have the biggest ownership interests.

The twenty biggest owners of equity certificates

	No of ECs
SPAREBANKSTIFTINGA HARDANGER	11,954,394
PARETO INVEST NORGE AS	6,997,506
GEVERAN TRADING CO LTD	4,297,818
VPF EIKA EGENKAPITALBEVIS	3,345,808
VERDIPAPIRFONDET ALFRED BERG GAMBA	3,253,829
SPAREBANKSTIFTELSEN SAUDA	2,636,442
SPESIALFONDET BOREA UTBYTTE	2,492,099
SPAREBANKSTIFTINGA ETNE	2,398,146
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE	2,354,478
BROWN BROTHERS HARRIMAN & CO.	2,183,075
BLOMESTØ AS	2,000,000
PARETO AKSJE NORGE VERDIPAPIRFOND	1,861,762
STATE STREET BANK AND TRUST COMP	1,733,913
VERDIPAPIRFONDET NORDEA NORGE VERD	1,407,543
J.P. MORGAN SE	1,367,273
DNB MARKETS AKSJEHANDEL/-ANALYSE	1,314,826
THE BANK OF NEW YORK MELLON SA/NV	1,280,000
SPAREBANKSTIFTELSEN SPAREBANKEN VEST	1,193,958
SPAR SHIPPING AS	1,183,480
LANDKREDITT UTBYTTE	1,125,690
Sum	56,382,040
Other	53,339,146
Total	109,721,186

Further information is available at www.spv.no/english/investor-relations



1.5 Our key sustainability topics

In spring 2022, in connection with the bank's strategy work, an analysis was carried out to identify the most significant sustainability topics for the bank. The most important topics are presented below and are divided into the strategy's four focus areas. Each topic is also discussed in the related chapters of this integrated annual report and summarised in the GRI index.

See *Chapter 8 Factbook* for in-depth information about the individual sustainability topics and how Sparebanken Vest communicates with stakeholder groups about them.



Competence and instinctive reflex

We look for competence that ensures that all employees put sustainability into practice

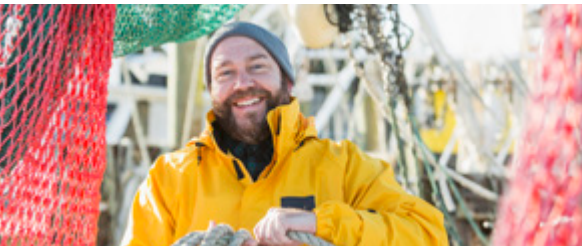
- Competence development
- Diversity and inclusion
- Responsible procurements and sponsorships



Products and services

One step ahead in translating insights into differentiating and motivating solutions for our customers

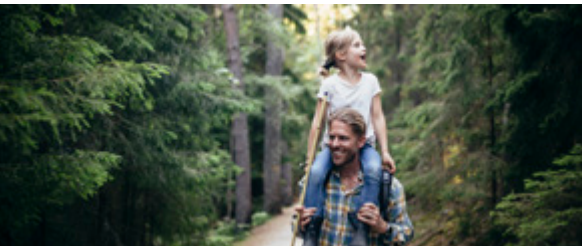
- Sustainable finance
- Requirements and follow-up of asset managers



Our customers

Actively develop and select customers who help us achieve our net zero target by 2040 and new ambitious environmental goals

- Greenhouse gas emissions and energy consumption
- Climate risk
- Biodiversity and risk
- Circular economy



Sustainable social development

We accelerate sustainable social development in our region

- Economic crime prevention
- Information security and data protection
- Social dividend for transition
- Agenda setter and driving force for transparency

Summary and highlights



2.1 Letter from the CEO

Photo: Eivind Semmeset



be even more important in the next ten years than it has been in the last ten years.

As Western Norway's own bank, we have awarded funds to teams, clubs, associations and volunteers to maintain and boost their activities, and to contribute to inclusion and diversity throughout the region. Over the past ten years, the bank and Sparebankstiftelsen Sparebanken Vest have awarded more than NOK 2 billion in funding to sports teams, the cultural scene, voluntary organisations and restructuring projects, and we know that this means a lot to many people.

RECORD CUSTOMER SATISFACTION

In challenging times, we see that corporate customers value a local and dependable bank. Knowing that the decisions that concern them are made here in Western Norway by a bank that knows them and knows the region is an added assurance.

As Western Norway's own bank, we are an integral part of the region and share the destiny of our customers and the local community, in good times and in bad. In 2022, with the pandemic still in mind, we have seen a war in Europe, an environmental crisis, an energy crisis and rising prices across the board affecting both people and businesses in Western Norway. The situation is more gloomy and uncertain than it has been for a long time. At the same time, our region is seeing tighter municipal budgets and a prudent national budget. The times are quite simply getting tougher, making savings banks more important than ever.

The savings bank model is 200 years old, but the idea behind it is still every bit as relevant.

The potential we represent for our region, given that it owns about 60% of the bank, is likely to

In fact, we have never had more satisfied customers than in 2022, both in the retail and corporate markets, since we began measuring customer satisfaction in 1997. The EPSI survey¹, which is a national survey of customer satisfaction, showed in autumn 2022 that Sparebanken Vest has the most satisfied corporate customers in Norway, which is something we are very proud of.

In the retail market, we beat our own customer satisfaction record in 2022, and our customers are particularly satisfied with the customer dividend, which we paid out for the third time in 2022.

¹ EPSI is a Swedish-owned company that, among other things, analyses customer satisfaction.



Happy customers fuel our growth. We have seen good growth in deposits both in the retail and corporate markets, well above market growth. This means that Sparebanken Vest won market shares throughout the year, in line with the goals we have set ourselves as a bank. Lending growth is also good. Gross lending increased by 10.6% in 2022. In the corporate market, lending growth came to 13.3%.

CULTURE AS A COMPETITIVE ADVANTAGE

To stand strong as a stand-alone bank for our customers in difficult times, we depend on having the very best people on our team. We quite simply have to be a winning team.

That is why culture as a competitive strategy is important for Sparebanken Vest. In 2022, we have invested a lot of effort in involving all employees in energising the bank and staking a course together. We have done this by organising events for all our employees, and by describing our ideal performance. This serves as our [cultural document](#).

This systematic investment in teamwork and performance culture pays off for our customers, for the employees who work in the bank and for the community we are a part of.

GREATER FOCUS ON THE GREEN TRANSITION

Sparebanken Vest will act as a driving force in the transition to a more sustainable society, and we have intensified our focus on the green transition over several years. If Western Norway is to continue to be an attractive region with vibrant local communities going forward, we have to create the green and sustainable jobs of the future. New industry must be built on the shoulders of Western Norway's world-leading technology environments and ambitious business and industry.

Sustainability is a competitive advantage, and is integrated into the very core of our financing and risk management activities. We have adopted an ambitious target of net zero CO₂ emissions by 2040 for the entire bank's operations, including its loan book.

We are making considerable efforts to reduce the environmental impact of the bank's own operations. Our biggest indirect impact is, however, in the loan book, and we must therefore focus on reducing its footprint, and work actively on selecting and developing our customers.

We are also taking action in our value chain. In 2022, 95 of our 98 suppliers and sponsorships have pledged to offset their own climate footprint. We also expect our largest suppliers to devise their own plans for achieving net zero emissions.

Our foundation, Agenda Vestlandet, was created by the bank to be a driving force for the green transition in Western Norway. The foundation funds projects that support the green transition in the region, for example by contributing to the scaling of new green business models that create jobs in Western Norway. The foundation has therefore prioritised projects such as Slingshot, GCE Ocean Technology and Flow Accelerator.

WELL POSITIONED FOR MERGERS

In early 2022, we announced that Etne Sparebank and Sparebanken Vest planned to merge. In December 2022, we became one and the same bank, eleven years after our last merger, then with SpareBank 1 Hardanger.

The merger with Etne Sparebank is an important strategic step for us. We believe further

consolidation will take place in the market. Sparebanken Vest is well positioned for further mergers with banks that wish to do so. It can be hard for small banks to stand alone, and mergers can be advantageous for customers, employees and communities alike.

WE CAN DO IT BETTER TOGETHER

Our vision is that 'everything we do, we do to make life in Western Norway even better'.

Our goals are to be among the best two savings banks on ROE for our owners, among the best banks in terms of customer satisfaction, the strongest in terms of social commitment in Western Norway and the most exciting place to work for people who want to develop their personal and professional skills. We delivered on all these goals in 2022.

I would like to thank our customers, owners and partners, and the bank's staff in particular for the great effort they have made in the past year. Together, we are all part of the winning team that makes up Western Norway's own bank. The groundwork has been laid in 2022 for taking further steps in 2023 and the years to come, both as a bank and as a region.

Sparebanken Vest stands strong, and will do so even in more difficult times.

Jan Erik Kjerpeseth
CEO



Sustainable donation takes football club into the future

A NOK 2.8 million donation from Sparebanken Vest for solar cells and battery storage will make Fana IL Fotball's clubhouse energy-positive, and ensure a high level of activity in the club. The goal is to develop Norway's greenest sports ground. 'The donation is crazy! A huge donation like this means the world to us. We go into 2023 with a lot of optimism,' says a delighted Mads Vik Tvedte, general manager of Fana IL Fotball.

In 2023, a former boat battery from Corvus Energy and 380 solar panels from the supplier FUSen, together with technology from Volte, will create an energy-positive clubhouse at Nesttun Idrettsplass. This will benefit the 1,000 active football players in Fana IL Fotball. Power production is highest during the summer months and during the day. If more energy is produced than the club uses, the surplus can be stored in the battery and used later. Volte's technology connects the data flows and enables the club to optimise the value of its own power production and use it smartly.

The football club sees the potential to improve its sustainability footprint, and also the opportunity to reduce its electricity bills. 'The energy crisis hits sport very hard, and may pose a threat to the current level of activity. By being proactive and having an energy-positive clubhouse, we can make significant savings that we can invest on the pitch,' says Tvedte.

In 2022, Sparebanken Vest donated NOK 280 million, 1 per cent of which went to the sustainability project at Nesttun Idrettsplass. NOK 600,000 has been set aside for the preliminary project, and NOK 2.2 million for investment in the solar panels. 'This is a pioneering project that is interesting in terms of finances, and, not least, when it comes to emissions. We are keen to contribute where we see that funds are needed to start a process, and where the learning gained can benefit many,' says Jan Erik Kjerpeseth, CEO of Sparebanken Vest.



2.2 Highlights of the past year



JANUARY, FEBRUARY, MARCH

Strong first quarter

The bank delivered a strong first quarter with an ROE of 16.5% (13.1%). Sparebanken Vest continued to lead the way as Norway's top savings bank, with record customer satisfaction in both RM and CM, especially among young customers.

New mobile phone bank for corporate customers

The new year saw the launch of a brand new and improved version of the mobile banking solution for corporate customers, representing a massive digital boost. The app immediately received top marks in App Store and Google Play and is one of the main reasons the bank came out top among corporate customers on this year's EPSI¹ customer satisfaction survey.

Merger with Etne Sparebank

Sparebanken Vest was considered the best merger partner for Etne Sparebank, and the news of the planned merger between the two banks was announced in February. The savings bank tradition of being close to customers and having local support are upheld.

Secured attractive financing terms

In January, Sparebanken Vest Boligkreditt launched its first ten-year covered bond in the

European bond market on very attractive financing terms for the bank. Very strong demand from investors meant the bank was able to increase the bond from EUR 500 million to EUR 750 million.

We set course for Finse

Sparebanken Vest invests in management development and strategic involvement. In order to rally the entire bank behind a common goal for further growth, the bank brought all the managers together in Finse. Joint ownership of strategic priorities, culture building, energising the bank and bouncing back after the pandemic were important topics.

Contactless payment with Apple Pay

In March, Apple Pay was launched for Sparebanken Vest and Bulder customers. Apple Pay enables contactless and secure payment in shops and online. Customers had been waiting for this: More than 90,000 customers have started using the service since its launch. The bank also offers Google Pay.

Green upgrade loan launched

The bank launched the green upgrade loan in March, a loan product for mortgage customers looking to borrow money to implement energy-saving measures in their homes. A customer can borrow up to NOK 500,000 and receive an interest discount of 1 percentage point if they manage to upgrade their home by two energy ratings or install an energy storage system.

APRIL, MAY, JUNE

Sound second quarter

The bank presented sound banking operations and a good ROE in the second quarter, showing that it is well rigged for a more unpredictable and uncertain future.



Packed Vestlandskonferansen business conference

A total of 1,500 people attended the conference in the Grieg Hall on 5 April. The interest on social media and at the event itself was overwhelming. The conference is Western Norway's most important meeting place for business, politics and academia. The topic in 2022 was 'Quantum leap' and concerned how the climate crisis is making us adopt new ways of thinking, new solutions and new technology.

Customer dividend paid for the third time

In 2022, more customers received a customer dividend, and they also received more than the previous year. Retail and corporate customers who have loans and deposits in the bank receive customer dividend. A total of NOK 365 million was paid in 2022. Since the customer dividend was launched in 2019, the bank has paid out more than NOK 1 billion.

Record distributions to local communities in Western Norway

The bank distributed NOK 235 million in donations in 2022, and several large allocations in the second quarter are worth highlighting: Nærbø IL received NOK 11 million for a football hall and approved handball arena, Svanøy Stiftelse received NOK 5 million for the refurbishment of Svanøy Estate Manor House and Skakke culture centre in Etne received NOK 6 million for renovations.

Fiken invests in Folio

The accounting challenger Fiken invested NOK 50 million in the fintech company Folio. The online business newspaper Shifter referred to the investment as the most exciting development in fintech in Norway. Sparebanken Vest is the largest shareholder in Folio, and this entails significant business potential for the bank.

JULY, AUGUST, SEPTEMBER

Bulder notches up NOK 20 billion in lending
Bulder achieved its very ambitious lending target of NOK 20 billion in July 2022. The concept is positioned as a high-profile and attractive challenger in the national market.

Three new EVPs in the executive management

Therese Linn Arentsen became new Head of HR and Organisation. She came from the position as head of Direkttebank Corporate Market. Hans Olav Ingdal got the job of EVP of Banking Services, having served as Director of Finance and Investor Relations. Margunn Minne became the new head of CM Region South, and also acting head of CM Region North.

Still Norway's best mobile banking solution!

The fact that Sparebanken Vest has Norway's best mobile banking solution is nothing new, but is still worth a mention. Our developers work tirelessly to retain this position with a score of 4.7 out of 5, which is the average customer rating in App Store and Google Play.

Sparebanken Vest has the most satisfied corporate customers

The exacting work on the corporate app is generating results. Sparebanken Vest has the most satisfied customers in Norway. Both retail and corporate customers give Sparebanken Vest a record score in the customer satisfaction survey.



'Hjertebank' for Western Norway

The two-year hiatus was finally over. In autumn, Sparebanken Vest finally embarked on another 'Hjertebank' tour. The tour visited Etne, Stord, Askøy and Ålesund, and in each place, volunteers and local enthusiasts were celebrated with song, music and a NOK 1 million donation to great initiatives and organisations in each local community.

¹ EPSI is a Swedish-owned company that, among other things, analyses customer satisfaction.



OCTOBER, NOVEMBER, DECEMBER

Strong result also in the third quarter

The result for the third quarter was strong with an ROE of 17.3% (13.8%) and a CET1 ratio of 18.3%, significantly above the 14.5% requirement.

Camp Vest for all employees

Beautiful Kalvåg was the perfect setting for bringing all the employees together at Camp Vest. The aim of the three sessions was to set a strategic course for the bank and involve everyone in the process. We left Kalvåg full of energy and initiative for what lies ahead.

New head of Bulder

Torvald Kvamme was the first person to be employed in Bulder. After three years as director, he stepped down in October. Simen Eilertsen has also been involved in Bulder from the start, and took over the helm in October to bring the concept into a new phase of growth.

New Must Win Battles

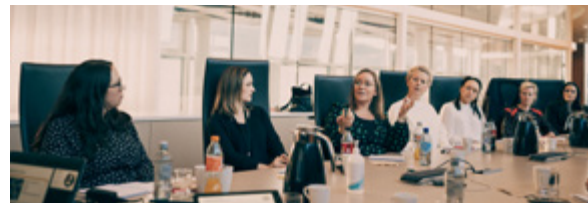
The new Must Win Battles were kickstarted after Camp Vest, and called 'Kamp Vest'. Until June 2023, the entire bank will focus on identifying time thieves in the 'Stop the Thief' battle, winning young customers in 'Win first-time buyers', winning deposits in 'Cash is King', and ensuring low losses in 'Best on loss'.

New sub-strategies and TR10

The bank developed three new sub-strategies: a competitive strategy, an IT strategy and a sustainability strategy, and identified Top Rolling 10 (TR10), which represents the most important strategic initiatives to support our strategic goals. The status of these measures is regularly evaluated at executive management meetings and board meetings to ensure progress and transparency.

The Volum conference is a smash hit

A new conference for designers, technologists, business developers and brand builders received a warm reception. The conference aims to bring together groups of professionals who will create new, innovative solutions to boost diversity and the green transition. The waiting list for the 2023 conference is already long.



Women in Tech

Women in Tech, with Sarah Cartwright, was held for the first time – an Agenda Vestlandet initiative to secure more women in tech leadership roles. More than 100 highly-qualified applicants meant that the original two courses with 24 places each became four courses. All the applicants are also offered to attend a workshop.

New group of aspiring managers

Autumn means a new group of aspiring managers in Sparebanken Vest. Twelve young talents take part in sessions over the course of a year. This year's group began their management training in October.

Etne Sparebank + Sparebanken Vest = true

1 December 2022 marked the bank's historic merger with Etne Sparebank.

The culture document is launched

The culture document sets out how Sparebanken Vest should be at our very best. Six chapters describe our culture, and are shared with the world at large, inspired by global companies like Netflix and Spotify.

The bank has never had more satisfied customers. Both corporate customers and retail customers gave the bank a record high score on the bank's CSI throughout the year. CM achieved a new top score of 73, while RM maintained its 'all time high' with a score of 76.

The Poseidon Principles

Sparebanken Vest has the best emission score of all the international banks that have signed the Poseidon Principles.

Sound fourth quarter

Sound banking operations in the fourth quarter ended a strong year for Sparebanken Vest, with the bank recording a pre-tax profit of NOK 3,504 million and an ROE of 14.6% for 2022.

2.3 Outlook

WESTERN NORWAY

The performance index in the cyclical barometer Vestlandsindeks for Q4 2022 decreased to 54.4 points, from 59.1 points in Q3. The level for this quarter is well below the historical average, reflecting the fact that, following a considerable decline in expectations throughout 2022, businesses in Western Norway are now seeing the lower expectations they previously reported materialise in the performance index.

Real estate and finance, shipping and transport, accommodation and industry saw the biggest declines in the quarter. The performance indices have fallen throughout the bank's market area, with the biggest fall in Møre og Romsdal, and the smallest in former Sogn og Fjordane county.

The expectation index, which measures businesses' expectations of the next six months, shows a considerable decline since Q1 2022. The decline in expectations in the fourth quarter is even more pronounced than in the previous quarter.

The expectation index is thus well below its historical average. The decline can be seen across all industries, but is most pronounced in shipping and transport, with accommodation, building and construction, wholesale and retail, and industry also reporting a substantial decline. There has been a sharp decline in expectations in all counties, particularly in Møre og Romsdal and Rogaland.

The businesses report a decline in expectations across all indicators during the quarter; demand, investments, employment and profitability. Expectations of demand and profitability show the biggest decline compared with the previous quarter.

SPAREBANKEN VEST

After several years of favourable framework conditions, the situation is now changing. War in Europe, high inflation, higher energy prices and higher interest rates are impacting the market. Central banks are raising key interest rates to ease the pressure on the economy and reduce inflation.

If this is not successful in the short term, most economies run a real risk of a hard landing whereby central banks will have to tighten the purse strings even further.

In other words, the outlook for 2023 is uncertain. Some areas of the business sector may face challenges even if inflation is brought under control, and there is reason to assume that the number of bankruptcies will increase. Lower demand and credit growth must be seen in connection with assumed higher unemployment, lower disposable household income and, as a consequence, lower borrowing capacity. This may impact the bank in the form of lower lending growth and higher losses. Over time, Sparebanken Vest has built up considerable capital adequacy, and has capital buffers to withstand a recession.

Sparebanken Vest's market position is good, and has improved over the past years. This is supported by, among other things, better scores in customer satisfaction surveys, demonstrated by the most recent EPSI survey where Sparebanken Vest came out top in Norway among banks operating in the corporate market. The bank has focused on strengthening its value proposition in both the retail and corporate markets, and has continuously improved its customer satisfaction ratings over the past few years. The Board also expects this to be the case for 2023.



NOK 4 million for an outdoor pool in Skånevik

The donation from Sparebanken Vest means the dream of a heated outdoor pool in the centre of Skånevik will soon become a reality. The groundwork has started, and, before too long, there will be a 25-metre long pool, a children's pool, sauna, therapy room and changing rooms in the centre of Skånevik, overlooking the harbour. With an ideal location beside the hotel and school, the pool will benefit everyone in Skånevik: School pupils will get swimming lessons, the sports team will have a training arena, and people can use the heated pool to keep fit and for rehabilitation purposes, and, not least, it will become a social meeting place for activity and play. 'It will make a big difference to the Skånevik community in general. Permanent residents, people with holiday homes, tourists, and, not least, the business community will all benefit,' says Heidi Wannberg, head of the foundation Stiftelsen Sjøkanten Trivsel.

The people of Skånevik are known for their sense of community and solidarity. The local firms that are going to build the pool will do much of the work free of charge. Other businesses in the community will also support the project. Football pool funds will go towards the new pool, and many people have bought a share in it through deeds of gift. Maren Tunesvik Tveiten, Sparebanken Vest adviser in Etne, grew up in Skånevik and can still remember the long bus trips back and forth to Etne for swimming lessons.

'Now the local children can finally learn to swim right here – it's really great. I also hope that this will make Skånevik an even more attractive destination for tourists and holidaymakers,' says Tveiten.

expenses down. The Board has nonetheless taken greater losses than expected into account in both the payout ratio for the 2022 financial year and in its capital plans. The bank's CET1 ratio is expected to be well above all the minimum and buffer requirements, even with the countercyclical buffer requirement back at pre-COVID-19 level.

The cost development in the parent bank (incl. Sparebanken Vest Boligkreditt) has been flat in nominal terms for ten years since 2012. Although the costs have increased in 2022, the bank's cost ratio was 32.5%. The Board expects this to represent one of the lowest cost-income ratios in the market. The Board emphasises

strong cost discipline to ensure competitiveness and a satisfactory return. However, higher inflation and interest rates will put pressure on all cost elements in 2023. The outcome of wage adjustments is particularly uncertain.

The bank's two overarching financial targets are an ROE of 12% and a payout ratio of around 50%. It is also the bank's relative ambition to be among the top two in terms of ROE in the group of comparable banks. Although the framework conditions are more uncertain than they have been for a long time with higher losses expected, the Board expects the bank to achieve these targets in 2023.



Lower market growth and stronger competition combined with the fact that the banks are well capitalised will thus lead to more competition to lend. This applies in particular to the retail market. The Board nonetheless expects the bank to win market shares in 2023, with a target of 5% lending growth in the retail market excluding Bulder. The bank has cemented its position in the corporate market over the years, and expects to further strengthen this position in 2023. Especially given that foreign banks have historically made efforts to reduce their exposure to the Norwegian market in uncertain times. Good risk selection will enable the bank to achieve its target of 8% lending growth in the corporate market.

Although growth in the mobile-only banking concept Bulder has eased off slightly in 2022, it is still seeing good growth. Its ambition is to expand its customer and product base and achieve a lending target of approx. NOK 36 billion by the end of 2023.

The uncertain framework conditions in 2022

have led to wider credit spreads. Combined with higher money market interest rates, this means that the cost of market financing has increased, and will continue to increase over time as financing is rolled over. The costs linked to interest rate and currency swaps for foreign financing have been highly volatile in 2022, and are now at a higher level than at the start of the year, which further increases financing costs.

As a whole, competition will probably lead to lower lending margins than has been the case in the second half of 2022, while a higher interest rate level should make it possible to increase deposit margins. Volatile capital markets lead to higher capital market financing costs.

Banks have seen low losses in recent years. The losses in 2023 may potentially be higher than we have seen in recent years, but Sparebanken Vest has built up strong capital buffers over time that ensure it is well-positioned to handle this effectively. Moderate credit risk with a high proportion of RM exposure, good credit work and a diversified CM portfolio help to keep loss



Our strategic agenda



3.1 Introduction

Sparebanken Vest's overall strategy and value proposition to the stakeholder groups are described in Chapter 1. This chapter describes the bank's strategic priorities and the current operationalisation of the strategy.

Over the past year, we have also continued our work on culture development. Our culture is an important competitive advantage.



NOK 6 million to upgrade the culture centre in Etne

One of Sparebanken Vest's most important tasks is to help bolster the great sense of community across Western Norway. In 2022, we made our largest donation ever, when we granted NOK 6 million to upgrade Skakke culture centre in Etne. The bank has never made such a large donation to a single project or cause. CEO Jan Erik Kjerpeseth wants to show that Sparebanken Vest means business after the merger with Etne Sparebank. 'This donation to the culture centre is just the beginning. We hope to receive good applications from teams and organisations in and around Etne, with good initiatives that can benefit the local community,' says Kjerpeseth. Skakke culture centre is the very heart of the community,

and a busy place throughout the day, so this allocation will benefit the whole of Etne. The upgrade has been planned for a long time, and the project has also received funding from other sources. The donation from Sparebanken Vest now gives the green light to the project. 'The donation of NOK 6 million means a great deal for the whole of Etne, and we can now get to work on the extensive and long-awaited upgrade of the centre,' says Gøril Eidhammer, general manager of Skakke culture centre. One of the most important parts of the project will be to refurbish the kitchen, which is used for many different events.'



3.2 Culture as a competitive advantage

As a medium-sized, stand-alone savings bank that competes with far larger players, we have set ourselves the goal of being the fast beating the slow. Our competitive strategy is to change behaviour in line with changing framework conditions, in a more agile and efficient way than our competitors. We have therefore worked very systematically since 2014 to build the learning culture that enables us to be Norway's best savings bank. We have developed management training whereby a unified management team practises the same skills required to strengthen our performance. We have established a number of regular learning arenas where we share experience and best practice across teams and divisions, and we have integrated this mindset into the way we set our new strategic direction.

In 2022, we conducted the largest strategic involvement initiative to date in Sparebanken Vest. Through five meetings at Finse, the management team designed new sub-strategies for IT, sustainability and performance development, as well as a clear, common understanding of how the strategies can best be operationalised in the different business areas. Finally, all the employees were invited to Camp Vest, where the entire



organisation came together to forge a new way forward in the years to come. The feedback from both Camp Finse and Camp Vest was very good, which is reflected in this year's organisational survey where the bank achieved high scores for individual employee ownership and commitment to their work in Sparebanken Vest.

In our work on culture as a competitive strategy, we have drawn inspiration and insight from a number of international companies that have succeeded with a similar approach. One of our sources of inspiration is the Netflix culture document, which describes the culture the company wanted to create from the get-go.

In the same way, Sparebanken Vest's management team has worked systematically to put action and thinking into words that characterise us when we perform at our very best. This has culminated in what we have called the Culture Document. Six short chapters that describe optimal teamwork. [The Culture Document](#) sets a clear direction for what we believe is most valuable in knowledge-based organisations such as ours. A sense of belonging and a sense of being an important part of a team you can be proud of. Team spirit is the foundation for job satisfaction, a sense of mastery and personal development, and is at the heart of our competitive strategy.

This work has produced indisputable results. From the worst performance in the capital market from 2000 to 2012, Sparebanken Vest's performance is now among the best over time. Together, we have created one of Western Norway's most attractive workplaces, and a business that means a great deal to the region. That inspires us and makes us proud.

Proud, but never satisfied!

3.3 Best at behavioural change

Changing behaviour is the competitive strategy we will employ to help us build an organisation that is equipped to create the best bank in Norway in terms of change and development. Our ambition is for Sparebanken Vest to attract, retain and develop the best employees in order to create the winning team that everyone wants to be a part of.

Value is created when talented colleagues enjoy

their work, when employees are engaged, have exciting challenges and busy working days that make them look forward to going to work. Sparebanken Vest's employees get the opportunity to develop both professionally and personally in a culture where learning and team spirit are highly valued. Every day is spent surrounded by good colleagues who inspire and motivate each other, who are delighted when others succeed and supportive in the face of



Employer branding

We build the team you dream of playing for!



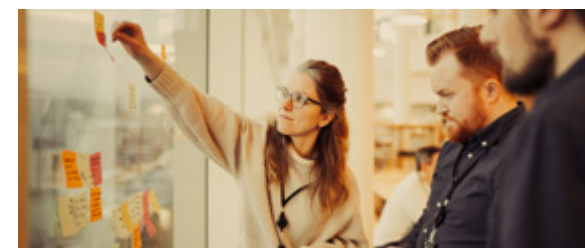
Recruitment

We always choose the candidate who shows the greatest willingness and ability to develop themselves and the team



Management development

We develop training programmes that build high-performance management



Learning culture

We prioritise continuous experience sharing and feedback as a basis for learning and development



adversity. Together, we create a workplace where everyone is challenged to be their best and use their skills to achieve ambitious goals.

Our vision: Best at behavioural change

Value proposition to our employees: The most exciting place to work for those who want to develop their personal and professional skills.

OUR STRATEGIC BUILDING BLOCKS

Employer branding: *We build the team you dream of playing for!*

Employer branding is about communicating and showing why we are the best place to work for people who want to learn and develop. Our best and most important ambassadors are our employees, and we use their knowledge and commitment to strengthen and further develop the bank's 'Employer Brand'. Our focus when we share our engagement is that it should provide value for the recipient. At the same time, we show that we are curious about what we can learn from others.

We also invest considerable effort in our own signature events to raise our profile in the market and strengthen our reputation. Externally, we create conferences and events that set a clear agenda and direction for the industry and the challenges now facing society. Internally, we create learning arenas that ensure that our employees develop and have a sense of pride in their workplace.

Sparebanken Vest shall be perceived as a place where employees can realise their potential, work with the best people and experience the buzz that comes from succeeding together. Highlighting this will enable us to retain and attract the right employees.

We also value internal mobility and career opportunities. By facilitating different career paths, we give employees an opportunity to develop themselves, their skills and find new career opportunities within the bank. Continuously focusing on development and strong performances makes our employees

attractive for new opportunities. We find that internal recruitment reduces the risk of hiring the wrong people. We appear more attractive to employees who have the right personal qualities (a strong will), and we retain talented and ambitious employees. Internal recruitment helps to retain and attract employees with the right values and qualities.

Recruitment: *We always choose the candidate who shows the greatest willingness and ability to develop themselves and the team.*

Recruitment is by far our most important job as managers. We want to make sure the right person is in the right position. We use a standardised and professional recruitment process to ensure good candidate experiences and the right employees from a diversity of backgrounds. We look for behavioural qualities such as curiosity, the will to develop, insight into the tasks at hand, engagement and determination. We always choose the candidate who shows the greatest willingness and ability to develop themselves and the team.

Recruitment should be a good experience regardless of whether the candidate is hired. We strive to have a standardised process that still has room for local adaptations that increase quality and the user experience, while also being clear-cut and efficient.

Onboarding is the first meeting with us as an employer and will form the basis for first impressions. A professionalised onboarding process helps boost our reputation and cement the sense of being on the winning team. In 2023, we will be relaunching and improving our onboarding programme – 'Strong start' (Sterk start). The programme gives new employees a good foundation to get up to speed quickly and develop a sense of belonging and inclusion in the bank.

Management development: *We develop training programmes that build high-performance management.*

Management development is a priority area for



Sparebanken Vest, as good leaders are vital to creating a common understanding of the bank's strategy and objectives and to succeed in a competitive market.

Management development is about promoting types of behaviour that contribute to our performance culture and help us achieve ambitious goals with the help of talented managers and employees. We have therefore developed training programmes over a number of years that build high-performance management.

We strive to equip all our managers with a toolbox that is better and more comprehensive than that of our competitors. Through a clear calibration of the current situation and needs, our optimal performance culture (the Culture Document) and our '8 pillars of effective management', we set the framework, structure and content needed to realise Sparebanken Vest's management potential.

This potential is effectively realised through the development of employees, and, broadly speaking, management development should lead to all employees being in a position to take over the reins. Early mapping and identification of talents paves the way for individual development plans and follow-up. Clear-cut and precise coaching is the most important tool to support and challenge employee development. Close follow-up and the right development focus will enable us to retain and develop talented employees in the bank.

The bank's onboarding programme for new managers, 'Up and running' (*Opp i fart!*), will help new managers to quickly become aligned with the bank's culture and 'language' and ensure they develop an understanding and knowledge of the bank's strategy and goals.

Learning culture: *We prioritise continuous experience sharing and feedback as a basis for learning and development.*

The learning culture entails a culture of continuous learning and development where feedback and clear goals are important. Employee development will be a key factor in the bank's future competitiveness, growth and profitability.

Structure, continuity and predictability lay the foundation for good development and follow-up processes, where managers and employees together set and follow up development goals. Individual development plans set the direction for how employees can realise more of their potential, to the benefit of themselves, the bank and customers. Continuous competence raising covers knowledge, skills and attitudes, and must be developed at both the organisational and individual level. All activities and learning should support the right behaviour and help build competence and culture to support our strategic goals. Continuous development of the bank's learning culture means employees can learn, contribute and be valued through different career paths.



3.4 Norway's best digital customer experiences

As a stand-alone and highly ambitious bank, Sparebanken Vest must exploit its technological opportunities better than its competitors. We will set the industry standard for the digital services that strengthen our value proposition. We shall be the bank with the lowest complexity, because we know that high complexity reduces momentum, increases our cost base and prevents us from being the fast beating the slow. This requires us to do things right and to do the right things.

We take ownership of the commercial impact of the services we develop and know that our upside is created through systematic compliance with the 'See it/Say it/Fix it'

philosophy. Our customer relations are not created through physical or digital interactions alone, but through all contact channels where we are relevant to the customer. We will scale as a relational bank by ensuring that all processes start digitally. The customer should reach their goal faster, and the adviser should quickly be able to create added value.

No one likes having to spend time double-checking, looking through papers or holding the line for tasks they could have done themselves. The contact that occurs in these examples does not build a relationship – it creates friction. For the customer and for us.

Our vision: Norway's best digital customer experiences

Our goal: Digital first, because it is easier for customers and for the bank

OUR STRATEGIC BUILDING BLOCKS

Friction-free digital purchases: *Our digital growth engine. Turn our leading digital services into a commercial and scalable business.*

We have developed Norway's best mobile banking solution. The next step is to put all our energy into tasks that turn our excellent digital services into a commercial, scalable business. We are building our digital growth engine. To succeed with digital growth, we must trigger the customers desire to buy a product and make it easy for them to do so when the need arises. Our clear priority is to make it easy to both buy and sell our most important products, on purely digital terms. The strategy will take us from a position where our digital channels do not generate enough sales power, to digital channels becoming a real growth engine.

Zero vision for unnecessary follow-up:

We remove the problem at the root. The customer should reach their goal faster, and the adviser should quickly be able to create added value.

A friction-free digital customer experience is about friction-free digital purchases of basic products for our retail customers. For corporate customers, our priority is to further develop dedicated channels as a growth engine for companies that want to use the online and mobile banking solution as their primary channel, while we prioritise strengthening the interaction between banking and other corporate systems for companies that to a greater extent address their daily banking needs through other channels.

We have a zero vision for unnecessary follow-up. We will scale the relational bank by being the bank that serves our existing customer relationships most efficiently. Increasing regulatory requirements entail a risk that even more of our advisers' time will be tied up in admin rather than value-adding activity for the customer. The zero vision for unnecessary follow-up is our guiding principle We shall reduce the number of cases, not respond to cases faster. We shall reduce the need for documentation, not process documentation faster. We shall eliminate manual steps in processes, not complete manual steps faster.

Smart technology choices: *All technology choices we make must be based on the principle that every change we make should increase the bank's competitiveness.*

We believe the following focus areas will be crucial to the bank achieving its vision of delivering the best digital customer experiences cost-effectively over the next 5–10 years: Customer channels and support solutions must be based on modern cloud-based technology to ensure development momentum. Our business processes must be developed on a digital-first basis to create scalability and standardisation, supported by a modern, cost-effective core banking platform that enables us to benefit from the best suppliers and solutions on the market.



Friction-free digital purchases

Our digital growth engine. Turn our leading digital services into a commercial and scalable business.



Zero vision for unnecessary follow-up

We remove the problem at the root. The customer should reach their goal faster, and the adviser should quickly be able to create added value.



Smart technology choices

All technology choices we make must be based on the principle that every change we make should increase the bank's competitiveness.

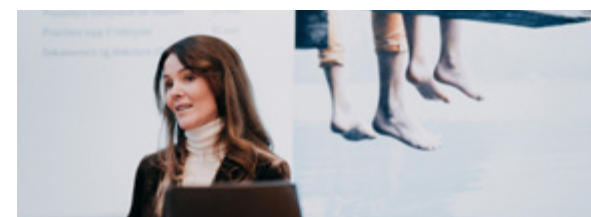


3.5 Sustainability – a driving force for a greener and stronger region

The next decade will be crucial to avert the ‘code red’ crisis the world is facing. At the same time, we will be a powerhouse that contributes to Western Norway developing the solutions the world needs while building lasting values for our region.

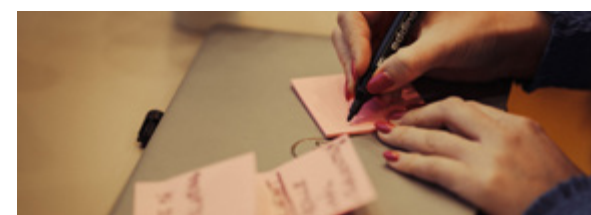
Time is not on our side. We know that courageous leadership is needed to enable the region, customers and the bank to develop in a more sustainable direction – starting tomorrow. Tomorrow will not be like yesterday. Both our customers and the bank will be faced with new

demands and expectations, environmental taxes that radically change the bottom line and a transition to new and as yet unknown technologies. Given that 76 per cent of the bank’s lending balance consists of mortgages, we know that we need to go to great lengths to provide good advice and solutions to customers with low-energy housing to enable them to make advantageous choices while they can, and before they have to. We have set a target of net zero greenhouse gas emissions by 2040, which is ten years ahead of other major companies and regions.



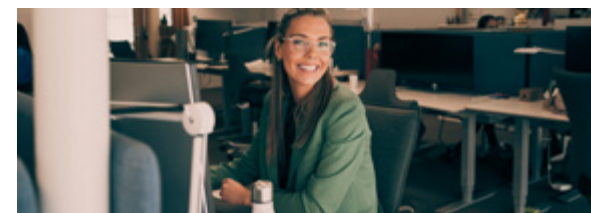
Pursuit of competence

We pursue competence that ensures that all employees put sustainability into practice.



From insights to motivational solutions

One step ahead in translating insights into differentiating and motivating solutions for our customers.



Actively select and develop customers

Actively develop and select customers who help us achieve our net zero target by 2040 and new, ambitious environmental goals.



A driving force for a sustainable society

We will be a driving force for a sustainable social development in our region.

We have undertaken to set science-based targets for our emissions, in line with the Paris Agreement, and endeavour to align our goals with the 1.5-degree target for the entire business, including the loan book, in the course of 2023. Our ambitious goals are important because finance is a driver for change. And because our competitiveness lies in always being one step ahead. Sustainability represents one of our biggest business risks and also our biggest business opportunity. We need to be one step ahead to build lasting competitiveness.

Our vision: We shall be a driving force in building a greener and stronger region.

Value proposition for sustainability: The strongest driver in helping the people of Western Norway to make sustainable choices that ensure long-term competitiveness.

OUR STRATEGIC BUILDING BLOCKS

Pursuit of competence: *We pursue competence that ensures that all employees put sustainability into practice.*

It is about quickly realising and scaling practice-oriented knowledge, and thus acquiring a sustainable instinctive reflex that permeates everything we do. That is how we will get the cogs turning, using the energy created by skilled colleagues making small and large decisions together, day in day out. This is achieved by raising the basic knowledge of every employee, by recruiting in-house sustainability champions who lead the way in their areas and provide direction and have the ability to carry things through, and by establishing training arenas for the different business areas that will generate new expertise and binding business effects.

From insights to motivational solutions: *One step ahead in translating insights into differentiating and motivating solutions for our customers.*

It is about making it attractive for our customers to make sustainable choices and being the bank that is quickest at translating sustainability insights into real competitiveness for cus-

tomers. We help our customers to adapt, and ensure long-term competitiveness by offering motivational products and services that make it attractive for them to make the right choices. This means incorporating sustainability assessment requirements into all development work, and working actively with partners to develop new solutions and services based on insights and data capture.

Actively select and develop customers: *Actively develop and select customers who help us achieve our net zero target by 2040 and new, ambitious environmental goals.*

Actively select and develop customers, as our customers’ environmental risk is our business risk. Strengthening our customers’ ability and willingness to understand their future will make us an even more profitable and attractive bank. We know that it will take more than one product, one meeting or one brilliant customer to improve our green asset ratio. It is the sum of all good customer meetings, advisory consultations and loan signings that gets the cogs turning. This involves actively selecting new customers based on sustainability requirements, and advising and developing existing customers. We also know that the field of sustainability is constantly changing and that we need to dynamically adapt our working methods and goals.

A driving force for a sustainable society: *We will be a driving force for a sustainable social development in our region.*

We will help the region to succeed by strengthening competitiveness through the green transition and creating new future-oriented jobs. We will be the catalyst and ‘matchmaker’ between environments and people to ensure green value chains can be realised quickly. By taking an active role as the ‘matchmaker’ between expert communities, we will raise the competence of the region by sharing expertise, exchanging experience and actively realising projects. We will help to create forward-looking jobs, build arenas for insight and competence with the help of allocations that focus on impact.



3.6 Top Rolling 10 and Must Win Battles

Sparebanken Vest's strategy is operationalised through the Top Rolling 10 (TR10) and Must Win Battles (MWB). TR10 represents the most important strategic measures that support our strategic objectives. The status of these measures is regularly evaluated at executive management meetings and board meetings to ensure progress and transparency. The current TR10 includes activities linked to implementation of the sub-strategies mentioned above, assessments linked to core banking, streamlining of processes and cost measures. TR10 is updated periodically, normally every six months.

Sparebanken Vest has successfully employed the MWB method several times in its strategy work over the past ten years. An MWB initiative should mobilise the entire organisation, be

market-focused, specific and inspirational, while also achievable. MWB 6.0 was launched in autumn 2022 and will run until spring 2023. The current battles are about addressing time thieves in the organisation, ensuring the quality of the loan book in more uncertain times, strengthening the bank vis-à-vis first-time home buyers and increasing deposits to ensure advantageous financing in a rising fixed-income market.



Results



4.1 Good return on equity

The Sparebanken Vest Group recorded a pre-tax profit in 2022 of NOK 3,504 (3,055) million, and a return on equity of 14.6% (14.0%). The bank's net interest income was strengthened throughout the year as a result of good growth and repricing of the portfolio. Increased commission income, good contributions from associated companies and low banking losses also made a positive contribution. Eiendoms-megler Vest recorded a pre-tax profit of NOK 3 (27) million, significantly affected by the difficult volume situation in the housing market.

SOUND LENDING AND DEPOSIT GROWTH

Gross lending increased by NOK 21.5 (21.1) billion to NOK 225.4 (203.8) billion from year-end 2021, corresponding to year-on-year growth of 10.6% in 2022. The merger with Etne Sparebank was finalised in Q4 2022, and represents NOK 2.3 billion of this growth. Excluding this, the growth in lending in 2022 was 9.4%.

Total deposits from customers amounted to NOK 112.3 (90.8) billion, corresponding to year-on-year growth of 23.6% in 2022. The merger with Etne Sparebank accounts for NOK 1.5 billion of this growth, and, excluding this, the growth in deposits was 21.9% in 2022.

GOOD DEVELOPMENT IN NET INTEREST AND CREDIT COMMISSION INCOME

Net interest income amounted to NOK 3,994 (3,299) million in 2022. The improvement was driven by good growth in both the retail and corporate markets, a higher return on equity as a result of higher interest rates and the effects of repricing in the deposit and lending portfolios. Sparebanken Vest adjusted its lending and deposit rates six times during 2022, in response to Norges Bank raising money market interest rates and the key interest rate. Overall, Norges Bank raised the key interest rate from

0.5 percentage points at the beginning of 2022 to 2.75 percentage points at the end of 2022. Net interest as a percentage of average assets under management was 1.56% (1.44%).

INCREASED COMMISSION INCOME, GOOD CONTRIBUTIONS FROM ASSOCIATED COMPANIES AND POSITIVE FINANCIAL RESULT FOR THE YEAR

Net commission income amounted to NOK 658 (535) million in 2022. The increase can largely be explained by increased income from payment transfers, which is linked to greater card activity in 2022 compared with 2021, which was more affected by COVID-19 restrictions. In addition to this, profit commission from Frende increased to NOK 61 (32) million due to good portfolio development. Strong growth in the corporate market has also made a positive contribution through increased front-end fees.

The profit contribution from associated companies amounted to NOK 262 (401) million in 2022. The contribution in 2021 was dominated by a profit effect of NOK 86 million in Balder Betaling as a result of a value adjustment of the Vipps holding. The contribution from Frende Forsikring is otherwise down NOK 99 million, due to weaker financial markets in 2022 compared with 2021. The trend in both Brage Finans and Norne Securities is positive, and both companies made significantly higher contributions in 2022 than in 2021.

The contribution from financial instruments was NOK 74 (63) million. In Q1 2022, the bank sold shares in Frende Holding to the banks in the Lokalbanksalliansen alliance, recognising a gain of approximately NOK 51 million as a result. For the year as a whole, the bank has recognised positive evaluation effects from hedging derivatives linked to debt. The financial result was



otherwise negatively affected by amortisation and valuation effects in the liquidity portfolio. Customer trading made a positive contribution to Markets of NOK 85 (82) million.

LOWEST COST RATIO IN THE INDUSTRY

The Group's costs for 2022 amounted to NOK 1,687 (1,538) million. Operating expenses as a percentage of net operating income came to 32.5% (34.2%). This cost ratio represents one of the lowest cost-income ratios in the market. There are several reasons for the nominal increase in costs during the year, including wealth tax NOK 19 mill., the upscaling of Eiendomsmegler Vest (NOK 14 mill.), higher ICT costs (NOK 20 mill.), abnormally low pension expenses in 2021 (NOK 15 mill.) and strategic initiatives like the merger with Etne Sparebank, projects in the Frende collaboration and the opening of the office in Ålesund from the second half-year 2021 (NOK 23 mill. in total).

LOW LOSSES

Write-downs on loans and losses on guarantees amounted to NOK 52 (write-back of 31) million in 2022.

Model-based provisions increased overall in 2022 by NOK 11 million, while the remaining NOK

42 million can be ascribed to individual write-downs and confirmed losses.

THE BOARD'S PROPOSAL FOR THE ALLOCATION OF PROFIT

The Group's profit after tax in 2022 amounted to NOK 2,817 (2,513) million. With a deduction for the payment of interest on hybrid capital, the basis for dividend amounted to NOK 2,759 (2,455) million.

The owner fraction before the allocation of profit in 2022 was 40.6%. The Board proposes a dividend of NOK 5.50 (4.50) per equity certificate for 2022. That means a total dividend payment of NOK 603 (483) million.

Furthermore, the Board proposes allocating NOK 580 million in customer dividend and that NOK 301 million be spent on donations for the public benefit.

After allocation of the profit for the year, the owner fraction will still be 40.6%. The annual accounts are prepared on the basis of the going concern assumption.



NOK 2 million to the Red Cross's work in Ukraine

One of Sparebanken Vest's most important values is corporate social responsibility, and the bank's objective is to support and respect the protection of internationally-proclaimed human rights. The invasion of Ukraine demanded an immediate response, and Sparebanken Vest therefore decided to donate NOK 2 million to the Red Cross and its work on helping children and families affected by the war.

This was the first time Sparebanken Vest made a donation directly to a cause abroad. 'There could hardly be a more important time for making a donation like this than now, and we hope this contribution will also inspire other businesses to do the same,' says CEO of Sparebanken Vest Jan Erik Kjerpeseth.

4.2 Stronger market position in the retail market

In a year marked by frequent interest rate hikes by Norges Bank, high electricity prices and increasing uncertainty for households, Sparebanken Vest has provided important support for retail customers across the bank's catchment area. There has been positive development in both customer and volume growth in the retail market.

The level of activity and consumption returned to normal over the course of 2022, following the impact made by the pandemic in 2021. The war in Ukraine led to a shortage of factor inputs and energy shortages in Europe, among other things. This led to galloping inflation both in Norway and abroad.

Norges Bank responded to the inflation pressure with frequent interest rates hikes during the year. The key interest rate was raised a total of six times, from 0.50% at the beginning of the year to 2.75% in December, which is the highest it has been in almost 14 years. Sparebanken Vest has followed up Norges Bank's changes in the key interest rate by adjusting the terms of its loans and deposits.

GOOD LENDING AND DEPOSIT GROWTH

Total loans to retail customers incl. Bulder account for 75% (76%) of the bank's lending portfolio. In addition to Bulder, the bank had a retail market lending portfolio of NOK 145.9 (137.1) billion at the end of 2022. The growth in lending in the retail market excluding Bulder thus ended at 6.4% in 2022. Adjusted for the merger with Etne Sparebank, annual growth in the retail market segment was approximately 5%.

Deposits in the retail market excl. Bulder increased by 7.2% and amounted to NOK 58.2 (54.3) billion at year-end. The merger with Etne

Sparebank resulted in NOK 1.1 billion in increased deposits and, adjusted for this, the annual growth in deposits in the retail market excl. Bulder was 5.1%.

The competitive situation in the banking market was marked by intensified competition throughout 2022, which has contributed to pressure on the bank's margins on both lending and deposits.

STRONGER MARKET POSITION AND EXCITING DEVELOPMENTS IN NEW MARKET AREAS

At the end of 2022, the bank had a total of 289,000 (282,500) retail customers (excluding Bulder customers). The market position has been strengthened by customer and volume growth in priority areas and customer segments. The growth in the segment exceeds the overall market growth measured by Statistics Norway's credit indicator, which indicates that the bank is taking market shares in the retail market.

The growth in 2022 confirms that the bank is attractive to customers, and the development in new market areas such as Ålesund has been very good. Towards the end of 2022, Etne Sparebank merged with Sparebanken Vest, which helps give the bank a stronger position in an area with potential for further growth.

The bank's own customer satisfaction indicator (CSI) shows the highest ever score (76) for a year. This is reflected in the bank being perceived as easy to use, with good digital solutions, and in our customers having a very positive impression of our advisers. The customer centre also underwent considerable development, and the waiting time is now lower than it has been for several years.



Although customers mostly have digital contact with the bank, they are still interested in being able to talk to an adviser on the phone, via video or in person in an office when they need advice on important decisions in their lives. This is particularly the case for young customers buying their first home, and customers going through other life events that mean they need advice and guidance. The bank has made systematic efforts throughout the year to ensure good customer experiences in their encounters with the bank. The bank has also been in contact with a large number of mortgage customers throughout the year.

A STRONG SUPPLIER OF A WIDE RANGE OF PRODUCTS TO CUSTOMERS

Customers see the bank as a comprehensive provider of insurance and financial services and products. This is demonstrated by good sales and good portfolio growth for both personal and general insurance.

In terms of alternative investments, 2022 was a turbulent year marked by major fluctuations in the stock and fixed-income markets. This resulted in a great deal of customer dialogue, where the bank's advisers worked proactively. Lump sum subscriptions for funds remained at

relatively high levels, but a larger proportion of customers chose to redeem all or part of their fund assets. Towards the end of the year, we saw a rotation towards both stocks and interest rates again, which has continued into 2023. Customers' use of payment cards has picked up after the pandemic, contributing to growth in other income.

NORWAY'S BEST MOBILE BANKING SOLUTION IS GAINING MORE USERS

The mobile banking app is still the bank's most frequent point of contact with customers, and their use increases when new functions are launched. At year-end, the bank had (excluding Bulder) 193,000 (171,000) active and unique mobile bank users. Sparebanken Vest's mobile bank is the highest rated in Norway measured by the average rating in Google Play and App Store.

In 2022, the bank has made major investments in self-developed digital solutions that have made it easier to apply for loan preapproval letters and loans digitally. The digital customer journey for mortgage financing has been improved so that the processing of mortgage applications takes half the time.

4.3 Norway's most satisfied corporate customers

The year 2022 has been marked by the war in Ukraine, high energy prices, strong inflation and a galloping key interest rate. Nevertheless, 2022 was another good year for the corporate market area, both in terms of the development in the number of new customers, balance sheet growth and portfolio quality.

After several years marked by the pandemic and low interest rates, we are now seeing slightly increasing uncertainty among our corporate customers and other businesses in Western Norway. Capital-intensive industries such as shipping and fisheries have seen significantly higher bunkering and capital costs. Transport, tourism and production have seen higher electricity prices and have struggled with labour shortages and rising cost levels across the board. Despite the underlying factors in the macroeconomic situation, we consider the risk of loss in our corporate market portfolio to be limited. Sparebanken Vest is in a good position to tackle more difficult times ahead.

GOOD GROWTH IN BOTH DEPOSITS AND LOANS

Despite fiercer competition, the bank's value proposition stands firm in the market, which attracts a diverse range of new high-quality customers that the bank can continue to grow alongside. At year-end, gross lending to the corporate market amounted to NOK 55.4 (48.9) billion, and total lending growth came to 13.3% (8.8%). Adjusted for the merger with Etne Sparebank, lending growth in the corporate market came to 12.6% over the past 12 months. Adjusted for the effect of the weakened Norwegian krone, the growth would be 1.1 percentage points lower for the past 12 months.

The bank's ambition has been to strengthen deposits, and it has worked purposefully

throughout the year to increase the deposit volume. This has resulted in an increase in deposits of 38.0% (15.2%), which is significantly above the target for the year. Adjusted for the merger with Etne Sparebank, the growth is 36.9%.

The market was characterised by intensified competition throughout 2022.

The increased competition has led to pressure on the bank's margins. Although the bank has experienced good growth throughout the year and aims to continue to grow, margins are prioritised over growth.

SOUND GROWTH IN CUSTOMERS AND INCREASED MARKET SHARES

The bank's express strategy is to build the loan book in areas we know well. The growth in 2022 indicates that we are winning market shares and increasingly building a strong market position through high customer satisfaction. The establishment of the office in Ålesund has been successful.

In autumn 2022, the corporate market division was reorganised, and in that we have increased our focus on shipping, fisheries and aquaculture by organising them as separate units. These are industries with a unique position on the coast of Western Norway, and we consider it advantageous to group industry expertise together. These industries also represent the largest Scope 3 GHG emissions in our portfolio. Good knowledge of these industries is therefore very important to be able to tailor financing solutions that can help reduce their carbon footprint.

In line with the bank's ambitious goal of supporting the business sector's transition to a low and zero emission society, the corporate

market division has worked actively over the course of the year on raising sustainability expertise. A lot of work has gone into mapping the taxonomy requirements that apply to different industries. We see that a clear position and ESG expertise increase access to new corporate customers with sustainable business models.

Customer attrition has been low in 2022, and the bank had approx. 14,000 corporate customers at year-end, consisting primarily of small and medium-sized enterprises. Through our subsidiaries and associates, we offer a wide range of products and services, ensuring that we meet many of our customers' needs. This makes us a very attractive bank for our customers.

The bank's own quarterly surveys show that customer satisfaction is at its highest ever level (73). The bank also does well in competition with other banks. In EPSI's annual customer satisfaction survey among Norwegian banks in the corporate market, Sparebanken Vest came out top with a score of 73.6. The main explanation for this success is competent advisers who know the customers and the local business community well, and good digital solutions that make customers feel they have control of their business.

Around 2,050 new corporate customers were registered in 2022. In the corporate market, the bank's growth is mainly in existing customers and customer groups broken down into a range of different sectors. We are seeing good demand from customers, but are selective with respect to granting credit under the prevailing macroeconomic circumstances.

The bank is well diversified within a range of industries that dominate the region, and the customers primarily consist of small and medium-sized enterprises. Real estate, shipping, fisheries and aquaculture are our three largest industries, accounting for just over half of the volume in the corporate market division.

COMPETENT SUPPLIER OF TOTAL SOLUTIONS FOR CORPORATE MARKET CUSTOMERS

In recent years, Sparebanken Vest has focused on increasing other income. Proactive efforts have been made to shift the corporate market portfolio towards customers with more diverse needs in terms of financial advice and solutions. In 2022, the bank increased its income in both leasing and insurance, and activity in the bank's market area has shown particularly good development throughout the year. Total customer revenues from currency and fixed-interest products ended at NOK 85 (82) million in 2022. For savings and investments, 2022 was marked by volatile financial markets. Despite this, there has been a good increase in income in the area.

DIGITAL BOOST

Over the course of 2022, we have further developed our online and mobile banking solution following the launch of a new app in autumn 2021. Customer feedback is very positive, and our mobile bank is the highest rated in App Store. There is good development in the use of our digital services. We have launched several new features to make digital banking easier for our customers, as well as streamlining the bank's operations. In addition to small and large improvements based on the input and wishes of our customers, we have launched online fund trading and Apple Pay.

LOSSES AND DEFAULTS

The bank's targeted efforts in recent years to strengthen its credit culture, combined with a business model featuring advisers who closely follow up customers and can make quick decisions, have yielded good results in the form of low losses. Write-downs on loans and losses on guarantees amounted to NOK 52 (-31) million in 2022, of which model-based provision accounted for 67% in 2022. The outlook going forward is marked by increasing uncertainty. Good control of the existing lending portfolio with good credit quality will be the foundation for further growth.

4.4 Good lending growth and sound growth in deposits in Bulder



CEO in Bulder, Simen Eilertsen

The Bulder concept, which was launched in autumn 2019, has shown significant growth since it got off the ground. In 2021, the lending volume tripled, in 2022, it increased by 35%. At the beginning of 2023, Bulder had a lending volume of NOK 24.2 (17.9) billion.

In order to ensure the long-term profitability of the concept, it has been important to increase the deposit-to-loan ratio. As a result of proactive repricing of deposits in 2022, the deposit-to-loan ratio has increased from 3% to 18%.

SOUND PORTFOLIO WITH LOW LTV RATIO IN PROPERTY MARKETS WITH GOOD TURNOVER

Bulder has a high-quality portfolio of properties with an average loan-to-value (LTV) ratio of 41%, with the requirement that all properties have a high area score from Eiendomsverdi. This ensures that the housing provided as collateral is located in well-functioning housing markets and is saleable. Furthermore, a low LTV ratio limits the bank's risk of loss.

DOUBLED NUMBER OF ACTIVE CUSTOMERS AND OPEN ROADMAP

The Bulder app now covers all important daily banking functions, and a credit card and funds were launched in 2022. As for the volume of deposits, the growth in the number of active customers was strong during 2022, and more than doubled over the course of the year. Our new customers are very satisfied, which is reflected in Bulder's rating on App Store – an impressive 4.7.

New features are continuously developed, based on input from engaged customers. The Bulder Roadmap is the most important tool for encouraging customers to check out and influence how Bulder develops going forward. More than 9,000 customers have provided feedback on what Bulder should be like in the future, all of which is read.

HIGH AWARENESS AND SATISFIED CUSTOMERS PROVIDE THE BASIS FOR FURTHER GROWTH

Further growth in the concept is contingent on potential customers' awareness of Bulder. This is measured continuously, and awareness of Bulder has increased from 26% to 34% in 2022.

Bulder is also ranked highest in Norway on the consumer comparison site bytt.no, based on almost 700 reviews from its customers.

Increasing awareness combined with an attractive value proposition puts Bulder in a good position for further growth going into a year where more and more people will take steps to counteract the cost-of-living increases.

INCREASED CONVERSION WILL TAKE BULDER TO NOK 36 BILLION BY THE END OF 2023

The main focus in Bulder in 2023 will be to increase the conversion of potential mortgage customers, as well as to take further steps towards a zero vision for manual work in loan applications. There is considerable traffic on Bulder's website, but there is room for improvement with respect to how this traffic is nurtured and converted into actual mortgages. Work is under way on concrete measures to raise the level of conversion in early 2023 in order to achieve the goal of NOK 36 billion in loans by the end of 2023.

4.5 Growth in associated companies

Sparebanken Vest works continuously on strategic business development. This has resulted in the formation of several new companies and initiatives in different financial service and product areas. Sparebanken Vest's two wholly-owned subsidiaries are Eiendoms-megler Vest and Sparebanken Vest Boligkreditt. The bank is the largest shareholder in several associated companies, where Frende Holding, Brage Finans and Norne Securities are particularly important contributors to the bank's range of services and financial results.

EIENDOMSMEGLER VEST

Eiendomsmegler Vest is a wholly-owned subsidiary of Sparebanken Vest that sells homes, holiday homes and real estate projects. The company is a leading player in Western Norway with 27 offices from Jæren in the south to Ålesund in the north.

The estate agency firm has 110 estate agents, who provided assistance in connection with more than 3,700 home sales in 2022.

The profit contribution from Eiendomsmegler Vest was significantly weaker in 2022, ending at NOK 3 (27) million. There were few properties on the market in the first half of the year, while the second half was affected by greater macro-economic uncertainty and a fall in house prices. The company's upscaling plan meant that costs increased to NOK 247 (233) million while income fell to NOK 250 (261) million.

SPAREBANKEN VEST BOLIGKREDITT AS

Sparebanken Vest Boligkreditt is a wholly-owned subsidiary and a licensed credit undertaking. The company was established in 2008 with the object of financing the bank's mortgages by issuing covered bonds (OMF). As a result, its assets consist of mortgages acquired

from the parent bank Sparebanken Vest, which qualify for transfer from the parent bank to the housing credit company. Among the criteria for transfer is that the LTV ratio is below 80% of the value of the home. The company has no employees, but is operated by the parent bank Sparebanken Vest through established service agreements.

Sparebanken Vest Boligkreditt's results are included in the Group's results in their entirety.

FRENDE HOLDING

Frende Holding AS manages the ownership of the subsidiaries Frende Skadeforsikring AS and Frende Livsforsikring AS. Frende Holding AS is owned by 23 independent savings banks, as well as Varig Hadeland Forsikring, Varig Orkla Forsikring and Varig Forsikring Nordmøre og Romsdal. General insurance accounts for the bulk of its insurance business, and it has a national general insurance market share of 3.4%.

The insurance business is operated from the Group's financial services head office at Jonsvoll in Bergen.

The products are distributed through the banks' extensive office network in their respective catchment areas, digitally through the owner banks and through sales made by their own customer centre and frende.no. At year-end 2022, Frende had 299 employees. Sparebanken Vest has a holding of 39.58% in Frende Holding AS.

BRAGE FINANS

The company is a financing company that offers leasing and loans secured by the purchased object to the corporate and retail markets. The company's products are distributed through





owner banks, its own sales organisation and via agents. Since its establishment in 2010, the company has experienced continuous growth in lending volumes, products, offices, owners and employees.

At year-end 2022, Brage Finans had 114 employees, the majority of whom work at the company's head office at Jonsvoll in Bergen. Sparebanken Vest is the biggest owner of Brage Finans with a holding of 49.99%.

Brage has further strengthened its market position over the course of 2022, with growth in gross lending of NOK 3.4 billion, corresponding to growth of 20%. The pre-tax profit for 2022 as a whole was NOK 365 (286) million. Despite the higher money market interest rates, which mean higher financing costs for the company, net interest income for 2022 increased to NOK 626 (523). The cost ratio for the year is 25% (25%).

Sparebanken Vest's share of the profit was NOK 132 (103) million for 2022.

NORNE SECURITIES

The company is a securities firm established in 2008 that provides investment services to the corporate and retail markets, including advice to capital market participants and in particular savings banks and their customers. The company has three business areas: online stock and fund brokerage for private investors, investment banking (advisory services for companies) and trading in securities for professional investors. Norne's strategic ambition is to be a leading provider of all relevant capital market services for savings banks and their customers. The company's head office is in Bergen, and it also has offices in Oslo, Trondheim and Vilnius.

The company had 49 employees at year-end 2022, and Sparebanken Vest is the largest owner with a holding of 40.88%.

The company had a good first quarter in 2022, with some major real estate projects contributing positively. However, the second and third quarters were more difficult due to turbulence in the capital markets. The market turmoil contributed to several processes being put on hold, and the demand side was also tough in the retail market. The fourth quarter is normally characterised by good transaction activity, which was also the case in 2022 despite macroeconomic uncertainty. Investment Banking has completed several projects during the quarter, with stock exchange listings of growth companies, savings banks and in real estate. Customer activity vis-à-vis retail customers in share and fund trading was slightly lower during the quarter.

Turnover in 2022 came to NOK 155 (111) million. Norne Securities recorded its best ever annual profit, NOK 31 (13) million, since the company was established in 2008. The bank's share of profits for 2022 amounted to NOK 12 (5) million.

BALDER BETALING

The company exercises ownership of Vipps Holding AS on behalf of Sparebanken Vest and 20 other savings banks. Balder Payment has a 10.5% holding in Vipps Holding AS. Sparebanken Vest is the biggest owner of Balder Betaling with 38.5% of the shares.

Sparebanken Vest's share of profits from Balder Betaling amounted to NOK 0 (86) million in 2022. The good profit performance in 2021 was due to a value adjustment of underlying Vipps shares owned through Balder Betaling.



5.1 Low credit risk

The composition of the lending portfolio was largely the same as at the end of 2021. The retail market accounts for approximately 75% of the portfolio, and around 99% of the portfolio consists of mortgage loans.

The risk in the retail market portfolio is still deemed to be stable and low. New mortgages and consumer loans comply with the lending regulations, and the bank has emphasised that the possibility of deviating from the regulations' requirements (up to 10% of new loans) should primarily be considered for younger age groups.

Defaults and other potential bad debt amounted to 0.55% (0.69%) for the retail and corporate markets combined. The positive trend is ascribed to good portfolio development in both segments.

Commitments in default and potential bad debt in the retail market amounted to a total of NOK 272 (274) million. This corresponds to 0.16% (0.18%) of gross lending to the retail market. The development follows the same trend as before, supporting low risk in the portfolio.

A significant increase in overdue payments and defaults in excess of 30 days as a consequence of increased interest rate expenses and price rises in general has not yet been observed.

Overdue payments and defaults in excess of 30 days increased by NOK 94 million in the retail market and decreased by NOK 86 million in the corporate market during 2022.

Commitments in default and potential bad debt in the corporate market amounted to a total of NOK 978 (1,125) million. This corresponds to 1.76% (2.30%) of gross lending to the corporate market. The risk profile is considered moderate.

Good portfolio management and moderate exposure in industries vulnerable to cyclical fluctuations help to reduce the risk of loss.

Total write-downs on loans and guarantees amounted to NOK 52 (write-back of 31) million for the year, NOK 11 million of which was due to model-based provisions. The level of provisions is considered robust overall.



NOK 2.4 million for mobile operating theatre in Ukraine

The fighting taking place in Ukraine has become more and more brutal since the invasion, and the front lines are constantly shifting both along the border and within the country. We know that this is also affecting many civilians. In 2022, Sparebanken Vest therefore donated NOK 2.4 million for the purchase of a mobile operating theatre in Ukraine, which will prevent thousands of soldiers with gunshot and grenade wounds from bleeding to death due to a lack of first aid equipment.

Haukeland University Hospital, together with the local initiative 'HMM – Health Care for Ukraine', has been providing first aid equipment since the war started. So far, ten vehicles have been dispatched with equipment, including two refrigerated trucks for transporting fallen soldiers. Recently, two vehicles were driven to Ukraine to be used to transport severely injured soldiers to the nearest hospital for treatment. The cost of such a mobile operating theatre is around NOK 4 million and includes the vehicle itself and all its equipment. 'This donation is an incredible kick-start for our fundraising campaign and actually ensures the procurement will go ahead,' says HMM initiator Tor Fredrik Müller.

Risk and capital management

5.2 Good access to financing and moderate liquidity risk

Liquidity risk is the risk of not being able to meet financial obligations or having the ability to finance an increase in assets without incurring significant extra costs.

The Board annually considers the bank's liquidity analyses (ILAAP¹), which are used to define liquidity and financing risk tolerance. The bank's liquidity risk shall be moderate, with a differentiated structure in relation to markets, sources and maturity. The bank shall have sufficient liquidity reserves to survive periods when markets close and/or customers withdraw large amounts from their deposits. A key instrument to ensure access to liquidity is to transfer a sufficient volume of eligible mortgages to Sparebanken Vest Boligkreditt. This provides the capacity to issue covered bonds.

The bank uses covered bonds issued by the bank's wholly-owned subsidiary Sparebanken Vest Boligkreditt AS, as well as senior bonds and senior non-preferred bonds. The latter is used to meet the part of the bank's MREL² requirement that must be met through non-preferred instruments. The bank also issues subordinated bonds and loans in order to meet the requirement for overall capital adequacy.

Sparebanken Vest Boligkreditt carried out three public issues in 2022:

- January 2022: EUR 750 million with a 10-year maturity, which was the bank's first covered bond with a 10-year maturity in EUR.
- May 2022: NOK 5.25 billion with a 5.2-year maturity.
- September 2022: EUR 750 million with a 5-year maturity.

¹ ILAAP = Internal Liquidity Adequacy Assessment Process

² MREL = Minimum Requirement for own funds and Eligible Liabilities

³ NSFR = Net Stable Funding Ratio

Through new bond issues and extension of existing loan limits, Sparebanken Vest raised 6.7 billion in senior bonds and senior non-preferred bond loans in 2022, mainly in NOK. Furthermore, the bank refinanced a subordinated bond of NOK 300 million.

The bank's liquidity risk is managed at an overriding level through the liquidity coverage ratio (LCR) framework, stress tests and the deposit-to-loan ratio. At year-end, the Group had an LCR of 155% (136%), while the qualifying liquidity portfolio amounted to approximately NOK 29 (21) billion. The increased liquidity portfolio is, among other things, related to general growth in total assets. The bank's deposit-to-loan ratio was 50% (44.7%) at year-end.

The bank's financing is managed at an overriding level, including through a framework for stable, long-term financing (NSFR³). The NSFR was 123% (105%) at year-end, while the statutory minimum requirement is 100%. The increase in NSFR is largely due to changes introduced in the CRR2/CRD5 rules compared with the rules that previously formed the basis for the bank's reporting of NSFR.

This includes certain types of assets in the liquidity portfolio, and loans in the cover pool in the housing credit company, being weighted lower than under the previous rules.

Total capital market financing, including subordinated loans and bonds, amounted to NOK 129.5 (117.2) billion. At year-end, covered bonds made up approximately 83% (82%) of the bank's capital market financing. The proportion of financing with a remaining maturity of more than three years was approximately 46% (54%).

5.3 Low market risk

By market risk is meant equity, interest rate, credit spread, currency and property risk. The Board defines the bank's market risk level by adopting the market risk strategy. The Board assumes that the bank's market risk tolerance should be low.

The bank's market risk is largely the result of ordinary banking. Compliance with the framework is continuously monitored by Risk Management, and status is reported periodically to the bank's Board and management.

The bank's interest rate and currency risk are managed within the limits adopted by the Board

The bank is exposed to credit spread risk through the management of interest-bearing securities in the bank's liquidity portfolio. The portfolio primarily consists of securities issued by sovereign states, housing credit companies, municipalities and county authorities. The bank's credit spread risk was NOK 309 (233) million at the end of the year. The higher nominal value of the liquidity portfolio increases the credit spread risk.

The bank's stock market exposure (excluding subsidiaries and associated companies) amounted to NOK 226 (254) million at the end of the year. The bank's strategy is to reduce this exposure over time.



NOK 2 million for the prevention of eating disorders

The number of children and young people struggling with eating disorders has more than doubled from 2019 to 2021. In 2022, the organisation ROS – which provides advice on eating disorders – received NOK 2 million from Sparebanken Vest to work on preventive measures. 'Preventive efforts and help at an early stage may mean we can prevent serious disorders from developing and thus prevent great suffering for many people – as well as great costs for society. Early, proper and sufficient help is essential to ensuring people don't lose years of their lives to these disorders,' says Marianne Clementine Håheim, adviser at ROS.

The hope is that the donation from Sparebanken Vest will help ROS finally realise the project they have been work-

ing on since 2019, and that they have seen an increasing need for in recent years. ROS will use user-driven innovation methodology to develop a secure tool for communicating with children and young people about food and body issues. The tool can be used by everyone from parents and caregivers to teachers and coaches. 'Sparebanken Vest has followed ROS's work for a long time and is very impressed by the work they do. We are very pleased to be able to support this groundbreaking project and hope it will help young people who are struggling with eating disorders to get help earlier than is often the case today,' says Simen Løland Aarskog, EVP Retail Market South at Sparebanken Vest. The bank has a special focus on mental health and ensuring that children and young people have a good childhood. ROS has previously received NOK 350,000 from the 'Ildsjelfondet' fund in Sparebankstiftelsen Sparebanken Vest to lay the groundwork for the project, which is now set to get under way.



5.4 Among the highest-rated banks in Norway

Moody's rating of the bank's long-term deposits, senior unsecured debt and counterparty risk is Aa3. The bank's senior non-preferred debt is rated A3. Both ratings have stable outlooks.

Covered bonds issued by Sparebanken Vest Boligkreditt are also rated by Moody's and have an Aaa rating with a stable outlook.

Sparebanken Vest Boligkreditt's rating now has a margin of four notches, which means that the bank's rating must be downgraded five notches before the Aaa rating is threatened.

5.5 Overall management of operational risk and compliance

The management of operational risk is based on the strategy adopted by the Board. The operational risk is monitored and managed through management confirmations, continuous assessments and follow-up of customer complaints and events. Events that have or may affect the bank's profitability or reputation are systematically followed up. No matters have been uncovered in 2022 that are critical to the bank's operations, and its operational losses are low. The status of operational risk is reported quarterly to the Board.

Compliance risk is monitored and managed as part of the bank's structured approach to operational risk. The bank has a low tolerance of compliance risk. This means, among other things, that the bank is, and shall be, a profes-

sional and reliable player in the market in relation to customers, employees, investors and society as a whole.

The bank's compliance function shall address the assumptions that will enable the bank to achieve its financial targets and business goals. Sparebanken Vest has an established compliance programme that makes requirements of, among other things, annual and continuous risk assessments, control activities and training. Annual plans are drawn up on the basis of a risk assessment, in which resources and measures are allocated to identify and prevent compliance deviations.

Compliance risks and events are reported to the CEO and the Board quarterly.

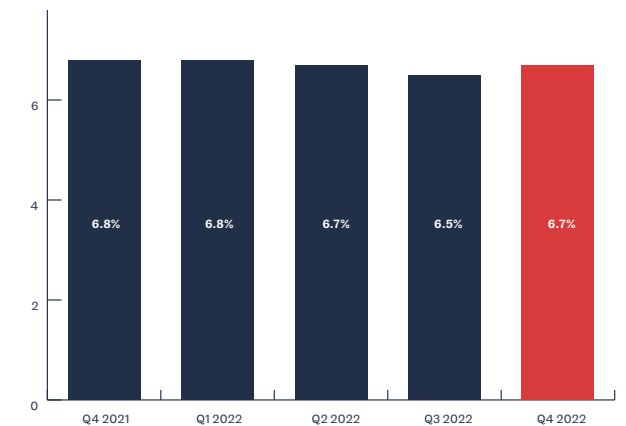
5.6 A sound bank

The bank's consolidated CET1 ratio was a sound 18.1% (17.4%) at year-end. The expansion of the SME discount in connection with CRR2/CRD5 entering into force on 1 June 2022 has helped to strengthen capital adequacy in relation to year-end 2021.

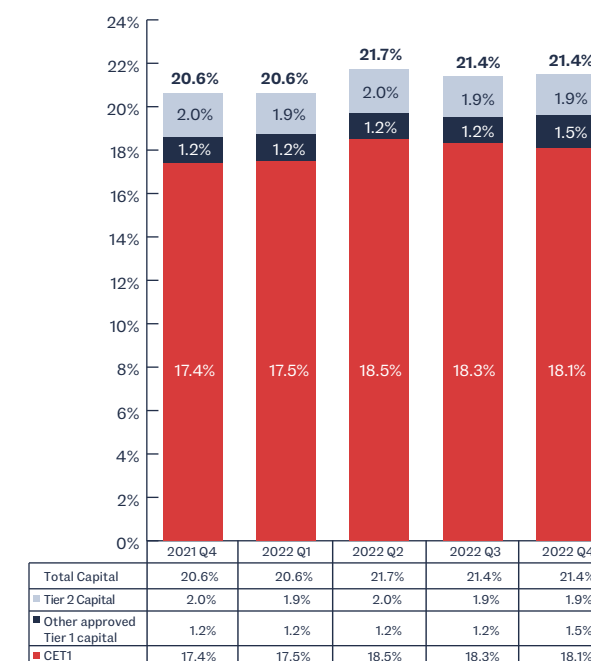
The bank's applicable CET1 requirement was 15%, broken down into a combined minimum and buffer requirement of 13.5% and a statutory, bank-specific Pillar 2 requirement of 1.5%. A CET1 ratio of 18.1% means the bank had a margin of 3.1 percentage points to this requirement at the end of the year. The applicable counter-cyclical capital buffer requirement is 2%. This requirement will be raised to 2.5% with effect from 31 March 2023. Given its current CET1 ratio, the bank still has a good margin to expected future capital requirements.

The leverage ratio was 6.7% (6.8%) at the end of the year. Sparebanken Vest meets the current regulatory minimum requirement (3%) by a good margin. The requirement was reduced from 5% to 3% in connection with the introduction of CRR2/CRD5¹ in Norway on 1 June 2022.

Leverage ratio



Capital adequacy



¹ Regulation (EU) 2019/876 (CRR) and Directive (EU) 2019/878 (CRD5)

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Income statement

PARENT BANK			GROUP		
1 Jan.–31 Dec.			1 Jan.–31 Dec.		
2021	2022	Notes	2022	2021	
2 291	3 879	Interest income, effective interest rate method	6 335	3 904	
245	715	Interest income from assets recognised at fair value	1 336	621	
508	1 591	Interest expenses and similar expenses	3 677	1 226	
2 027	3 003	Net interest and credit commission income	28	3 994	3 299
1 258	1 248	Commission income and income from banking services	775	639	
103	115	Commission expenses and expenses relating to banking services	116	104	
695	584	Income from shareholdings in subsidiaries and associated companies	20	262	401
126	84	Net gain/(loss) on financial instruments	74	63	
3	3	Other operating income	256	266	
1 978	1 804	Net other operating income	29	1 250	1 264
4 005	4 807	Net operating income		5 244	4 563
999	1 096	Payroll and general administration expenses	31,43	1 292	1 190
205	208	Depreciation	33,34,35	218	208
93	122	Other operating expenses	177	141	
1 297	1 426	Total operating expenses	30	1 687	1 538
2 708	3 380	Profit before write-downs and tax		3 556	3 024
-41	36	Write-down of loans and losses on guarantees	13	52	-31
2 749	3 344	Pre-tax profit		3 504	3 055
407	532	Tax	32	687	542
2 341	2 812	Profit for the period		2 817	2 513
2 283	2 754	Profit allocated to the bank's asset classes		2 759	2 455
58	58	Profit allocated to holders of subordinated bonds		58	58
8,52	10,27	Profit/diluted profit per equity certificate		10,29	9,16
		Allocations			
-483	-603	Dividend on equity certificates			
-725	-881	Transferred to donations and customer dividend			
0	-94	Transferred to/from reserve for unrealised gains			
-645	-698	Transferred to primary capital			
-430	-478	Transferred to equalisation reserve			
-58	-58	Transferred to hybrid capital			
-2 341	-2 812	Total allocations			



Statement of comprehensive income

PARENT BANK			GROUP		
1 Jan.–31 Dec.			1 Jan.–31 Dec.		
2021	2022	Notes	2022	2021	
2 341	2 812	Profit for the period	2 817	2 513	
0	4	Estimate variance, pensions	31	4	0
-8	76	Change in fair value due to credit risk – debt securities issued	39,40	324	-49
-8	80	Total items that will not be reclassified to profit or loss		328	-49
0	0	Base margin from hedging instruments used for hedge accounting	25	52	34
-8	80	Total other profit/loss elements		380	-15
2	-20	Tax on other profit/loss elements	32	-86	4
-6	60	Total other profit/loss elements in the period after tax		294	-11
2 335	2 872	Total profit for the financial year		3 111	2 501



Cash flow statement

PARENT BANK			GROUP	
1 Jan.–31 Dec.			1 Jan.–31 Dec.	
2021	2022		2022	2021
		Cash flows from operating activities		
3 602	4 435	Interest, commission and customer fees received	7 624	5 181
-434	-1 251	Interest, commission and customer fees paid	-1 262	-438
157	855	Interest received on other investments	512	184
-282	-375	Interest paid on other borrowings	-2 304	-988
-485	-550	Payments to other suppliers for goods and services	-665	-652
-595	-662	Payments to employees, pension schemes, empl. Nat. Ins. contr., tax withholdings etc.	-829	-751
-350	-483	Payment of taxes	-694	-380
1 615	1 969	Net cash flow from operating activities	2 381	2 156
		Cash flows from investment activities		
-4 139	-10 786	Payments made/received on loans to customers	-19 299	-21 781
-8 099	-1 779	Payments made/received on receivables and tied-up loans to financial institutions	247	319
9	37	Dividend received for securities	37	9
-9	-13	Payments made/received on purchases/sales of shares	-13	-9
4 327	-8 000	Payments made/received on purchases/sales of other securities	-7 794	5 343
596	642	Dividend/group contributions received from group companies	148	211
-12	-284	Payments made relating to investments in associated companies/subsidiaries	-284	-12
0	141	Payments received from sales of subsidiaries/associated companies	141	0
5	0	Payments received from sales of operating assets etc.	0	5
-92	-122	Payments made on purchases of operating assets etc.	-123	-93
0	27	Net cash effect of merger with Etne Sparebank	27	0
-7 415	-20 139	Net cash flow from investment activities	-26 914	-16 009
		Cash flows from financing activities		
8 201	19 866	Payments made/received on customer deposits	19 537	8 220
-2 223	-1 220	Payments made/received on deposits from Norges Bank and other financial institutions	-4 100	-420
1 050	300	Payments received relating to subordinated loan capital and subordinated bonds	300	1 050
-940	-412	Payment made relating to redemption of subordinated loans and bonds	-412	-940
3 932	6 979	Payments received on issuing bond debt	29 679	21 717
-3 196	-6 505	Payments made on redemption of bond debt	-19 632	-14 750
-907	-1 028	Dividends paid / Donations for the public benefit	-1 028	-908
5 916	17 979	Net cash flows from financing activities	24 342	13 969
117	-191	Net cash flow for the period	-191	117
117	-191	Net change in cash	-191	117
217	334	Cash at beginning of period	334	217
334	143	Cash at end of period	143	334



Changes in equity

GROUP	Equity certifi- cates	Own equity certifi- cates	Premium reserve	Equali- sation- reserve	Primary capital	Gift fund	Compen- sation fund	Other equity	Hybrid capital	Total
Equity at 31 Dec. 2020	2 683	-3	1 837	2 018	9 646	150	14	691	1 405	18 440
Profit 2021				913	1 370			171	58	2 513
Items in comprehensive income				-2	-4			-5		-11
Distributed dividend and donations/ customer dividend				-429	-644					-1 074
Purchase/sale of own equity certificates		-2		0						-2
Dividend on own equity certificates				2						2
Time value on the sale of ECs with a lock-in period to employees				-1	-1					-2
Issue of new hybrid capital									400	400
Redemption of hybrid capital									-400	-400
Interest paid on hybrid capital									-57	-57
Equity at 31 Dec. 2021	2 683	-5	1 837	2 499	10 366	150	14	857	1 406	19 808
Profit 2022				1 081	1 579			98	58	2 817
Items in comprehensive income				24	36			234		294
Issue of new equity	60		129					21		211
Distributed dividend and donations/customer dividend				-483	-725					-1 208
Purchase/sale of own equity certificates		2		5						7
Dividend on own equity certificates				1						1
Time value on the sale of ECs with a lock-in period to employees				-1	-2					-3
Issue of new hybrid capital									320	320
Redemption of hybrid capital									-300	-300
Interest paid on hybrid capital									-54	-54
Equity at 31 Dec. 2022	2 743	-3	1 966	3 127	11 254	150	36	1 189	1 431	21 893



Changes in equity (continued)

PARENT BANK	Equity certifi- cates	Own equity certifi- cates	Premium reserve	Equalisa- tion reserve	Primary capital	Gift fund	Compen- sation fund	Reserve for un- realised gains	Hybrid capital	Total
Equity at 31 Dec. 2020	2 683	-3	1 837	1 781	9 291	150	14	0	1 405	17 159
Profit 2021				913	1 370				58	2 341
Items in comprehensive income				-2	-4					-6
Allocated and distributed dividend and donations in 2021				-193	-290					-483
Allocated dividend and donations/customer dividend				-483	-725					-1 208
Purchase/sale of own equity certificates		-2		0						-2
Dividend on own equity certificates				2						2
Time value on the sale of ECs with a lock-in period to employees				-1	-1					-2
Issue of new hybrid capital									400	400
Redemption of hybrid capital									-400	-400
Interest paid on hybrid capital									-57	-57
Equity at 31 Dec. 2021	2 683	-5	1 837	2 016	9 641	150	14	0	1 406	17 744
Profit 2022				1 081	1 579			94	58	2 812
Items in comprehensive income				24	36					60
Allocated dividend and donations/customer dividend				-603	-881					-1 485
Issue of new equity	60		129				21			211
Purchase/sale of own equity certificates		2		5						7
Dividend on own equity certificates				1						1
Time value on the sale of ECs with a lock-in period to employees				-1	-2					-3
Issue of new hybrid capital									320	320
Redemption of hybrid capital									-300	-300
Interest paid on hybrid capital									-54	-54
Equity at 31 Dec. 2022	2 743	-3	1 966	2 523	10 373	150	36	94	1 431	19 313



Note 1 Accounting principles

GENERAL INFORMATION

The consolidated accounts for Sparebanken Vest comprise the parent bank Sparebanken Vest and the wholly owned subsidiaries Sparebanken Vest Boligkreditt AS, Eiendomsmegler Vest AS and Jonsvoll Utleie AS. In addition, Frende Holding AS, Norne Securities AS, Brage Finans AS, Balder Betaling AS and Folio AS are included as associated companies. See Note 20 for more details.

Unless otherwise specified, all amounts in the accounts and notes to the accounts are stated in NOK million. The consolidated accounts have been prepared on the basis of the going concern assumption.

Sparebanken Vest's equity certificates are listed on Oslo Børs. The bank is located in the counties of Vestland, Rogaland and Møre og Romsdal, and its head office is in Bergen. The address of the head office and subsidiaries is Jonsvollsgaten 2, NO-5011 Bergen.

The 2022 annual accounts for the Sparebanken Vest Group were considered and adopted at a board meeting on 22 February 2023.

The General Meeting is the bank's supreme governing body.

BASIS FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and published by the International Accounting Standards Board (IASB), and which are mandatory from 31 December 2022.

The consolidated accounts are based on the principles of historical cost accounting.

Amortised cost is used for the valuation of financial assets and liabilities, with the exception of financial instruments at fair value through profit or loss, at fair value through other comprehensive income and financial instruments designated for hedge accounting.

Amortised cost is calculated using the effective interest rate method. It is defined as the amount the instrument is initially measured at in the accounts (cost price) minus repayments of the principal, with an addition or deduction for accumulated amortisation of all differences between cost price and the nominal amount, minus all write-downs.

Fair value is defined as the price that would be received for selling an asset or paid for transferring a liability between independent market participants on the measurement date.

For financial instruments recognised as fair value hedging, the hedging instruments are recognised at fair value and the hedged items at fair value for the hedged risks.

The consolidated accounts have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise identical circumstances.

Sparebanken Vest's company accounts have been prepared in accordance with IFRS as set out in Section 1-4 second paragraph letter b of the Regulations on annual accounts for banks, credit undertakings and finance companies. The same principles apply when using these regulations for the company accounts as under IFRS, with the exception of the

recognition of dividends, group contributions and other distributions relating to the profit for the financial year. In the company accounts, the proposed dividend and donations for distribution are recognised in the year that forms the basis for the distribution.

Preparing annual accounts and using IFRS require the use of estimates. The application of the international standards also requires the management to make discretionary assessments. Areas that to a great extent involve such discretionary estimates, a high degree of complexity, or areas in which assumptions and estimates have a material bearing on the parent bank or consolidated accounts, are described in Note 2.

CHANGES IN ACCOUNTING PRINCIPLES

No new standards have entered into force with effect from the 2022 financial year. Some changes have been made to the applicable standards without this having had any material effect for Sparebanken Vest.

Minor changes have been made to IFRS 3 – Business Combinations, without any consequences for the merger with Etne Sparebank. The change is largely related to contingent liabilities and fees associated with an acquisition transaction. In addition, minor changes have been made to IAS 16 – Property, Plant and Equipment and IAS 37 – Provisions, Contingent Liabilities and Contingent Assets that do not affect the bank's area of operation.

CONSOLIDATION PRINCIPLES

The accounting principles are applied consistently to the recognition of shareholdings in group companies and are based on the same reporting periods as for the parent company.

Intercompany transactions and outstanding accounts, including intercompany profit and unrealised gains and losses, are eliminated when the consolidated accounts are prepared.

Subsidiaries

Subsidiaries are defined as companies in which the parent bank has a controlling influence over the company's operations (actual control). A controlled company is one in which the investor has power over the investee, is exposed to or has rights to variable returns from the investee, and has the power to control the activities of the investee that materially affect the return. The concept of control means that a consolidation obligation must also be considered for companies in which the bank does not have a majority shareholding. In addition, a consolidation obligation can arise in certain situations as a result of a loan, if the loan agreement entails such extensive rights that they could result in control. Such rights must be distinguished from ordinary rights the bank has to protect its loans.

Subsidiaries are included in the consolidated accounts from the date on which actual control is transferred to the Group.

Investments in subsidiaries are recognised in the company accounts in accordance with the cost method.

Associated companies

An associated company is a unit in which the Group has considerable influence, but not a controlling interest. Considerable influence is deemed to exist if an enterprise directly or indirectly (e.g. through subsidiaries) controls 20% or more of the voting rights in the enterprise invested in, unless it can clearly be established that this is not the case. Conversely, if



an enterprise directly or indirectly (e.g. through subsidiaries) controls less than 20% of the voting rights in the enterprise invested in, the enterprise is not deemed to have considerable influence unless it can clearly be established that the enterprise has such influence. Investments in associated companies are recognised in the consolidated accounts in accordance with the equity method, and in the company accounts in accordance with the cost method. On the acquisition date, the investment is recognised at acquisition cost.

Business combinations

Business combinations are recognised in accordance with the acquisition method. The consideration is measured at fair value on the acquisition date. Direct acquisition costs are expensed as they arise, with the exception of issue costs and expenses relating to the raising of loans.

Acquired assets and liabilities are recognised in the balance sheet at fair value in the Group's opening balance. If the consideration exceeds the value of identifiable assets and liabilities, the difference is recognised as goodwill. For more details relating to how goodwill is treated for accounting purposes, see the separate section under intangible assets. If the acquisition cost is lower than the value of identifiable assets and liabilities (negative goodwill), the difference is recognised on the date of the transaction.

Contingent considerations are classified as liabilities and recognised at fair value through profit or loss in subsequent periods.

Sparebanken Vest and Etne Sparebank merged with accounting effect from 1 December 2022. The transaction has been reported in accordance with the acquisition method, with Sparebanken Vest as the acquiring company. More information about the transaction is available in Note 45.

SEGMENT INFORMATION

The Group's activities are divided into the following segments: the Corporate Market (CM), the Retail Market (RM), Bulder Bank, Treasury and Estate Agency activities. Operating expenses are allocated directly, with the exception of IT expenses, staff-related costs and depreciation. The classification is based on internal management reporting and resource allocation.

RECOGNITION OF INTEREST AND FEES

Recognised interest income is calculated using the effective interest rate method on the gross capitalised asset. The effective interest rate is the rate that exactly discounts the future cash flow, through the expected life of the financial instrument to its gross book value at the time of recognition. This entails taking nominal interest to income as it arises, and amortising establishment fees after deducting direct establishment costs and other premiums or discounts.

For debt instruments held as assets recognised at amortised cost and written down as a result of objective evidence of loss (see Note 11), interest is recognised based on the net carrying amount.

Fees that are direct payment for services rendered are taken to income as the services are delivered. The accounting item 'Net other operating income' includes fees and commission from payment transfers, the issuing of guarantees, estate agency and insurance sales. See Note 29 for further specification.

EXPENSING OF INTEREST AND FEES

The interest expense for financial instruments valued at amortised cost follows analogously the procedure described for the recognition of interest on assets. The expense is the interest

rate that exactly discounts the future cash flow from the instrument including any amortisation of expenses at the time the instrument is established. For financial liabilities at fair value, charges are expensed at the time of recognition, and interest will thereafter consists of accrued interest disbursements for the instrument.

Fees are expensed as the service is received. See Note 29 for further specification.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are valued and classified in accordance with IFRS 9, and the notes are prepared in accordance with IFRS 7 – Disclosures.

Recognition and derecognition

Financial assets and liabilities are recognised in the balance sheet when the Group becomes a party to the instrument's contractual terms. Financial assets and financial liabilities are derecognised when the advantage or liability that follows from the contractual terms is met, cancelled or terminated.

A financial asset can also be derecognised and rerecognised if it has been subject to major modifications. In such cases, changes to contractual conditions, materiality and other commercial terms and conditions will be considered.

Financial assets sold from Sparebanken Vest to Sparebanken Vest Boligkreditt AS are derecognised in Sparebanken Vest's accounts and recognised by Sparebanken Vest Boligkreditt. Sparebanken Vest Boligkreditt assumes all credit risk for the transferred assets.

Measurement categories

IFRS 9 contains the following classification and measurement principles:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The measurement category is decided upon initial recognition of the asset.

Note 4 specifies the volume for each main group of financial instruments classified in the different measurement categories.

Debt instruments

Debt instruments, defined as all financial assets that are not derivatives or equity instruments, must be subjected to two tests to decide their classification and measurement pursuant to IFRS 9.

The first test, which is done at instrument level, is a valuation of the instrument's *contractual terms*. This is often referred to as the SPPI test (SPPI = solely payment of principal and interest). Only instruments with contractual cash flows that solely comprise the payment of 'normal' interest and principal on given dates are eligible for amortised cost measurement. All other financial instruments must be measured at fair value. This can include instruments with contractual terms that are not related to basic debt instruments, for example instruments with gearing or 'built-in derivatives'. 'Normal' interest includes compensation for the time value of money (risk-free interest), credit risk, other 'basic' lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) and profit margin.

Instruments that in principle are eligible for amortised cost measurement must then undergo a *business model test*. This is done at portfolio level:

- Debt instruments shall be measured at amortised cost if the instruments are held in a business model, in which the purpose of holding the instrument is to receive contractual cash flows.

- Instruments with cash flows that only consist of the payment of interest and principal that are held *both* for the purpose of receiving contractual cash flows and for sale shall be measured at fair value through other comprehensive income (FVOCI) along with interest income and any impairment recognised through profit or loss. This means that the instrument is recognised in the balance sheet at fair value, and that interest and impairment for credit loss are recognised through profit or loss, in the same way as if the instrument had been measured at amortised cost, while other changes in value are recognised through other comprehensive income.

- Other debt instruments shall be measured at fair value through profit or loss. They will typically be instruments held in trading portfolios, portfolios that are managed, measured and reported to the management at fair value, and portfolios whose scope of sale is too large for them to fall under the other two business models.

- Instruments that, following these tests, are to be measured at amortised cost or fair value through OCI can nonetheless be designated as measured at fair value through profit or loss if this eliminates or significantly reduces an accounting mismatch.

Equity instruments

Investments in equity instruments shall be measured at fair value. Changes in value shall as a rule be recognised through profit or loss, but an equity instrument may be designated at fair value through other comprehensive income (FVTOCI).

Derivatives

All derivatives shall in principle be measured at fair value through profit or loss (FVPL), but derivatives designated for hedge accounting shall be recognised in accordance with the principles for hedge accounting.

Financial instruments recognised at amortised cost

Debt instruments that are subjected to the SPPI test and that are covered by a business model whose purpose is to hold the instrument in order to receive contractual cash flows are recognised at amortised cost. The following principal items are measured at amortised cost in the consolidated accounts:

- *Loans with floating interest rates*
- *Receivables from credit institutions and cash and receivables from central banks*
- *Financial liabilities with a floating interest rate*

Fair value through other comprehensive income (FVOCI)

Debt instruments that pass the SPPI test and that are covered by a business model whose purpose is both to be held for the purpose of receiving contractual cash flows and for sale shall be measured at fair value through other comprehensive income (FVOCI) along with interest income and any impairment recognised through profit or loss.

Loans secured by a mortgage in the parent company's company accounts will probably be sold during the life of the loan to the wholly-owned subsidiary Sparebanken Vest Boligkreditt AS. These loans do not therefore satisfy the business model test for amortised cost and are consequently measured at fair value through other comprehensive income in the parent bank's company accounts. Interest income on instruments measured at fair value through other comprehensive income is presented under 'Interest income, effective interest rate method'.

Financial instruments at fair value through profit or loss

Derivatives are recognised in the balance sheet at fair value when the derivative contract is entered into, and thereafter at the current fair value. For more information about the scope and use of derivatives in the Group, see Note 24.

The *liquidity portfolio* is recognised at fair value through profit or loss. Relatively many transactions take place in the portfolio in order to adapt the quality and size to external and internal buffer requirements. It is also a goal to maximise returns at all times within the overall requirements. The liquidity reserves generate credit risk and there are return targets within the framework for this risk. Liquid assets are managed, measured and reported to the management on the basis of their fair value.

Equity instruments are recognised at fair value through profit or loss. The instruments give rise to cash flows that are payments from other factors than interest and principal, and thereby fail the SPPI test. For equity instruments not held in a trading portfolio, the company can choose recognition through other comprehensive income (without recycling). Sparebanken Vest has chosen not to apply recognition through comprehensive income.

Financial instruments classified for recognition at fair value through profit or loss

Financial instruments are classified in this category if the classification eliminates or significantly reduces accrual accounting differences for gains and losses on hedging instruments and hedged items in connection with financial hedging.

Financial liabilities that form part of a portfolio that is managed and valued on the basis of fair value in accordance with a documented risk management or investment strategy can also be assigned to this category.

Fixed rate loans are assigned to this category. This is because the bank hedges the interest rate risk for this significant balance sheet item through derivatives. The latter must always be measured at fair value through profit or loss, and recognition of the loans at amortised cost will thus lead to significant fluctuations in profit/loss. Recognition at fair value through profit or loss will lead to a more harmonised presentation of the derivatives' profit/loss and changes in the value of loans. Changes in the value of derivatives and fixed-interest loans are presented under 'Net gain/(loss) on financial instruments'.

For the same reason, the bank's *financial liabilities at fixed interest rates* are also assigned to this category. The latter includes debt to credit institutions, deposits and fixed-rate securitised debt. Gains and losses relating to changes in own credit risk are recognised through comprehensive income. Other changes in value for these instruments are recognised under 'Net gain/(loss) on financial instruments'.

More information about the stipulation of fair value

The fair value of listed investments is based on the market price on the balance sheet date. In the case of unlisted securities where there is no active market, the Group values bonds and certificates mainly using prices from Bloomberg. Various valuation techniques are used to determine the fair value of unlisted equity certificates in accordance with IFRS 13, such as the last issue price or traded prices known to the Group. In the absence of recent transactions, the value is set on the basis of a consistent valuation method.

The value of fixed-interest loans is estimated by discounting the cash flows using a risk-adjusted discount factor that takes market players' preferences into account. The discount factor is





calculated on the basis of an observable swap interest rate with the addition of a margin requirement. When estimating the margin requirement, the bank looks at observable market interest rates for corresponding loans. The swap interest rate element of the discount factor fluctuates continuously, while the observable market interest rates for corresponding loans do not change as frequently. The margin requirement is therefore based on the difference between the market interest rates and the swap interest rate over a given period.

The fair value of financial instrument liabilities is calculated using prices from Bloomberg.

The buy-back of securities issued by the bank is netted against securities debt in the balance sheet (derecognised).

Realised gains/losses and changes in the value of financial instruments at fair value through profit or loss, including dividends, are presented in the accounts under 'Net gain/(loss) on financial instruments' in the period in which they arise.

Financial instruments designated for hedge accounting

For financial instruments designated for hedge accounting, the hedging instruments are recognised at fair value and the hedged items at fair value for the hedged risks.

The Group uses hedge accounting to achieve an accounting treatment that reflects how interest risk is managed for long-term borrowings relating to the housing credit company. This leads to a presentation in the income statement of gains and losses on bonds issued at fixed interest rates, with gains and losses on pertaining interest rate and currency swaps (hedging instrument). This is recognised as fair value hedging.

A formal earmarking and documentation of the hedging relationship takes place when the hedging is established. There is a clear, direct and documented connection between fluctuations in the value of the hedged item that are due to the hedged risk and fluctuations in the value of the financial derivatives. The hedging is documented with reference to the Group's risk management strategy, clear identification of the hedged item and the hedging instrument, a clear description of the hedged risk and a description of why the hedging is expected to be effective.

Hedge ineffectiveness, defined as the difference between the value adjustment of hedging instruments and the value adjustment of the hedged risks in the items, is recognised in profit or loss as it arises. The exception is the part of the value adjustment caused by a change in the basis spread relating to the hedging instruments. The latter is presented in the statement of comprehensive income.

The hedging instruments are recognised at fair value and changes in value are included in 'Net gain/(loss) on financial instruments' in the income statement. Changes in value relating to hedged risks in the hedged items are included in the same accounting item. Net interest on hedging instruments is included in the same accounting item as the hedged item.

IMPAIRMENT LOSSES ON LOANS VALUED AT AMORTISED COST

Under IFRS 9, the recognition shall be based on expected credit loss (ECL). The estimates shall be unbiased and forward-looking. The general model for impairment of financial assets in IFRS 9 applies to both financial assets measured at amortised cost and assets measured at fair value through other comprehensive income. Loan approvals, unused credit facilities and guarantee commitments are also covered by the impairment model.

The measurement of the provision for expected loss under the general model depends on whether the credit risk has increased significantly since initial recognition. Upon initial recognition and when the credit risk has not increased significantly after initial recognition, a provision shall be made for 12-month expected loss. Twelve-month expected loss is the loss expected to occur during the instrument's life, but that can be linked to events occurring in the next 12 months. If the credit risk has increased significantly since initial recognition, a provision for expected loss shall be made for the whole life of the instrument.

The bank has established a method (see Note 11) for assessing whether the credit risk has increased significantly after initial recognition by calculating the risk of a default occurring during the financial instrument's remaining life. Expected credit loss is calculated as a weighted average of the present value of all cash flows over the expected remaining life under different scenarios, i.e. the difference between the contractual cash flows under the contract and the cash flows the bank expects to receive, discounted by the effective interest rate on the instrument.

In addition to the general model, separate principles apply to issued and purchased loans that have incurred a credit loss at the time of initial recognition. Sparebanken Vest has not identified any such exposures.

CURRENCY

The Group's presentation currency is Norwegian kroner (NOK). It is also the functional currency of the parent company, subsidiaries and associated companies.

The bank's receivables and liabilities in foreign currency are translated at the exchange rate on the balance sheet date. Currency items are largely hedged by matching them with corresponding items on the other side of the balance sheet, or by using derivatives.

Income and expenses in foreign currency are translated into NOK at the rates on the transaction date.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at historical cost and depreciated over their expected useful life.

Ordinary depreciation is based on the cost price, and assets are depreciated on a straight-line basis over the useful life of the asset. The depreciation period and method are assessed every year to ensure that they are in accordance with the economic realities of the fixed assets in question.

The ordinary depreciation for the year is included in operating expenses for the year.

On derecognition, any gains or losses are recognised under 'Net profit on tangible fixed assets'.

Lease agreements

IFRS 16 was introduced with effect from 1 January 2019. The standard sets out principles for the recognition, measurement and presentation of leases. A contract is or includes a lease agreement if the contract transfers the right to exercise control of the use of an identified asset for a period in exchange for a consideration. The Group recognises a right-of-use asset and a lease liability when entering into a lease contract. At the time of recognition, the lease liability is measured at the present value of the lease payment over the agreed lease period, where the lease payments are discounted using the rate implicit in the lease if that rate can be readily determined. If not, the incremental borrowing rate is used.

At the time of recognition, the right-of-use asset is measured at acquisition cost, which is equal to the lease liability.

For subsequent measurements, the lease liability shall be reduced by the lease amount paid and increased by the calculated interest. The right-of-use asset is depreciated in accordance with the requirements in IAS 16 and measured again if specific events occur. Examples of such events are changes in the lease period or changes in variable rent as a consequence of changes in an index or rate. The standard is primarily applicable to rental of office premises.

The Group also has sublease contracts with legal entities that are not part of the Group. An assessment is made of whether the sublease is operational or financial. Most agreements are considered to be financial leases, as the leases largely transfer all risks and benefits associated with the asset. The right-of-use asset under these contracts is reduced and replaced by a receivable against the lessee, which is reduced in step with the payment of rent. The size of the financial receivable is specified in Note 35.

In the balance sheet, the right-of-use-asset is classified under tangible fixed assets and the lease liability as other liabilities. In the income statement, the depreciation of the right-of-use-asset is classified as depreciation, and interest on the lease liability is classified as interest expense and thus becomes part of the bank's net interest.

INTANGIBLE ASSETS

Developed software

Software development is recognised in the balance sheet and classified as an intangible asset when the value is deemed to be material and the asset is expected to have lasting value. In connection with software development, the use of own resources is capitalised insofar as expenses incurred can be measured in a reliable manner. Costs relating, among other things, to pre-planning, implementation and training are expensed as they arise. Capitalised software that has been developed by the bank is depreciated using the straight-line method over its expected useful life. Depreciation commences on the date the software is available for use in the company, so that software under development is recognised at cost price until the development is completed.

Whether impairment is necessary as a result of the value of the expected economic benefits being less than the balance sheet value is continuously assessed.

Goodwill

Goodwill is the difference between the acquisition cost of a business and the fair value of the Group's share of net identifiable assets in the business on the acquisition date. Each goodwill item in the balance sheet is allocated to cash flow-generating units that benefit from the purchased asset. The choice of assessment unit is based on whether it is possible to identify and separate independent cash flows relating to the business in question. Goodwill is tested annually for possible value depreciation and is recognised in the balance sheet at acquisition cost minus impairments. The impairment test of capitalised goodwill is carried out by discounting expected future cash flows from the assessment units. If the impairment test identifies an impairment need, goodwill is written down to the recoverable amount, including value in use. Goodwill impairment is not reversed.

TAX

Deferred tax and deferred tax assets are recognised in the balance sheet in accordance with IAS 12 Income Taxes.

The tax expense in the income statement includes both tax payable for the period and changes in deferred tax. The deferred tax/deferred tax asset is calculated at a rate of 25% of net temporary differences between accounting and tax values at the end of the financial year. Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed in the same period are offset and entered net. Some companies in the Group that are not covered by the financial tax calculate the above based on 22 % of net temporary differences.

The deferred tax asset is capitalised on the basis of expectations of taxable income through earnings in future years.

Tax liabilities in the balance sheet are tax liabilities on the profit for the year, tax liabilities on capital assets and tax liabilities on group contributions received.

PENSION OBLIGATIONS

Pension obligations are calculated in accordance with IAS 19. The pension expense for the year is entered net in the income statement under 'Payroll and general administration expenses'.

See Note 31 for more details.

The Company has both a defined contribution and a defined benefit pension scheme, both of which meet the requirements of the Act relating to Mandatory Occupational Pensions.

Defined contribution scheme

Sparebanken Vest has an ordinary defined contribution scheme and an individual compensatory scheme for members who lost their defined benefit pension. An annual agreed deposit is transferred to a securities fund in connection with the latter scheme. The contributions to the securities funds consist of an asset furnished as security for the company, and a corresponding gross pension obligation for the employees. Employer's National Insurance contributions and financial tax are calculated and a provision made from the sum of contributions and the development in value of the securities funds. The items are presented gross in the balance sheet.

Defined benefit scheme

The bank has a scheme for senior executive personnel covering nine employees, with the option of retiring at the age of 65 (62). The general defined benefit scheme for employees was closed to new members in 2007 and subsequently derecognised. Following the derecognition of the defined benefit scheme, the remainder is deemed insignificant and the presentation of the note has therefore been simplified somewhat (see explanation in Note 31).

CONTINGENT LIABILITIES/ PROVISIONS

A provision has been made for contingent liabilities in accordance with IAS 37. For a provision to be made, a contingent liability must exist as a result of previous events, and it must be highly likely that the liability will have to be met. The provision has been calculated as the present value of future payments required to meet the liability.

The proposed dividend and donations for distribution are not formally decided on the balance sheet date and thus do not meet the criteria for being defined as a liability under IAS 37.

In the company accounts, dividends and donations are recognised in the financial year that forms the basis for the allocation.





POST BALANCE SHEET EVENTS

Events that occur after the balance sheet date are disclosed in accordance with IAS 10. The information concerns events that are not recognised in the consolidated financial accounts, but whose nature makes them material to assessing the business.

CASH FLOW STATEMENT

The cash flow statement is broken down into cash flows from operating, investment and financing activities.

Cash flows from operating activities are defined as current interest, commission and fees related to lending, borrowings and deposits, interest relating to liquidity, unpaid operating expenses and direct and indirect taxes paid.

Investment activities are defined as cash flows relating to changes in the nominal lending volume, cash flows from securities transactions and investments in tangible fixed assets.

Cash flows relating to the volume of borrowings, the raising and repayment of subordinated loans and bond debt and equity are defined as financing activities.

EQUITY

Equity consists of equity certificate capital, primary capital, the reserve for unrealised gains, other group equity and hybrid capital.

The equity certificate capital includes paid-up capital linked to equity certificates, own holdings of equity certificates, the premium reserve and the equalisation reserve. The primary capital includes paid-up and retained primary capital, the gift fund and compensation fund.

In the parent bank, the reserve for unrealised gains consists of the increase in the value of financial instruments where the principles used for valuation pursuant to IFRS deviate from the principles set out in Norwegian GAAP.

Other group equity consists of retained earnings in subsidiaries and associated companies after the establishment of the Group, and the effect of equity eliminations in the consolidated accounts.

When buying own equity certificates, the purchase price including direct costs is recognised as a deduction from equity. The nominal value of own equity certificates is entered as a negative amount on a separate line under equity certificate capital.

Hybrid capital consists of subordinated bonds that do not satisfy the definition of 'financial liability' in IAS 32. Interest accrued on hybrid capital is allocated to hybrid capital. Interest is presented gross in the presentation of changes in equity.

The profit for the year is allocated to the equity certificate holders and primary capital in proportion to the ratio between the equity certificate capital and the primary capital. The part of the year's profit that is allocated to equity certificate capital and not distributed as dividend is transferred to the equalisation reserve.

In the consolidated balance sheet, the proposed dividend and distribution of donations are classified as part of equity until the final resolution has been adopted by the General Meeting.

UPCOMING AMENDMENTS TO STANDARDS AND INTERPRETATIONS

As of 31 December 2022, there are relatively few upcoming changes in accounting principles that we are aware of that will have consequences for Sparebanken Vest's accounts. Some of the relevant changes are described below:

- IAS 1 – Presentation of Financial Statements. The change concerns information about applied accounting practices, and clarifies that information must be provided about 'material' accounting principles (changed from 'significant'). The accounting principles will be reviewed to identify which principles are considered material. The change is effective from 1 January 2023.
- IAS 12 – Income Taxes. The change is related to the recognition of transactions that give rise to simultaneous recognition of deferred tax asset and deferred tax liability. The change is effective from 1 January 2023.
- IFRS 17 – Insurance Contracts. IFRS 17 replaces IFRS 4. IFRS 17 contains provisions on how insurance contracts are to be assessed and presented, which has previously been left to national legislation. This entails increased disclosure requirements. Sparebanken Vest has an interest in this accounting standard through its ownership of Frende Forsikring. The insurance business is recognised in the consolidated accounts based on the equity method, and the consequences of the implementation are therefore limited. The standard is effective from 1 January 2023.
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The change entails a definition of accounting estimates. The purpose of the change is to highlight the difference between applied accounting principles and accounting estimates. The difference is important because changes in applied accounting principles must be retrospectively accounted for, while changes in accounting estimates will be accounted for on a prospective basis.

The above-mentioned amendments are not assumed to have a material effect on Sparebanken Vest's accounts.

Note 2 Accounting estimates and discretionary assessments

When preparing the annual accounts in accordance with IFRS, the Group's management has used estimates and assumptions that affect the amounts recognised for assets, liabilities, equity and profit/loss. The estimates used are based on discretionary assessments and assumptions that were deemed to be realistic on the balance sheet date. New information and future events may lead to significant changes in estimates, with pertaining changes in recognised amounts. The Group's most important estimates and assumptions are discussed below.

Losses on loans, unused credit facilities and guarantees

Discretion is required at several levels when using the bank's loss model. See Notes 11 and 13 for a more detailed description of the loss model and estimation uncertainty.

The most important elements that involve a high degree of discretionary assessment are discussed below:

- Forward-looking macro data in different scenarios require the use of discretion. However, this application of discretion must be consistent with other action taken by the bank in relation to the macro view. The assessment of macroeconomic projections is based on Norges Bank's Monetary Policy Report.
- Transforming a macro view into the industry's PD paths and collateral value also requires considerable use of discretion.
- Identifying exposures for inclusion on the watchlist and subsequent overruling of automatic model calculations is also a discretionary process.
- If there is objective evidence of one or more events having occurred since the initial recognition of the asset that are expected to entail a risk of reduced debt-servicing ability, an individual loss assessment is carried out for the exposure. In these cases, discretion will be applied both in the assessment of the objective event's impact on debt-servicing ability and when estimating the potential loss.

The amount of the impairment is determined based on an assessment of the difference between the balance sheet value (loan principal + accrued interest on the valuation date) and the present value of future cash flows discounted on the basis of the effective interest rate over the useful life of the loan.

When estimating the impairment of individual customers, both the current and expected future financial position is assessed. For commitments in the corporate market, the assessment takes into account the market situation for the customer, the market conditions in the sector in question and general market conditions of significance to the exposure. The possibilities for restructuring, refinancing and recapitalisation are also assessed.

The overall assessment of these factors forms the basis for estimating future cash flows. The discounting period is estimated on an individual basis or based on experience data about the period up until a solution is found to the conditions that have led to a fall in the value of the commitment.

Estimates of future cash flows are based on experience data, the interpretation of available information and extensive use of discretion, including in connection with forward-looking macro information in different scenarios, transforming a macro view into the industry's PD paths and collateral value, and the more discretionary assessments behind the classification of stages. Discretion is also applied in connection with individual assessments, both as regards debt-servicing ability and when

estimating the potential loss amount. This use of discretion has been particularly challenging in a situation where the financial framework conditions are uncertain, including the effect of interest rate increases, high inflation and rising energy prices.

The bank's loss assessments will be the result of a process that involves the business areas, important credit environments and other expert environments.

The bank frequently reviews high-risk exposures (watchlist), at least quarterly. The review focuses in particular on hard-hit industries. The review includes active follow-up of individual customers to map their liquidity, order situation and debt-servicing ability.

Stranded assets

Stranded assets are defined as assets that have been subject to unanticipated or premature devaluations. The fall in value is due to changes in external framework conditions, such as changes in technology, rules and regulations, behaviour or markets. The risk of stranded assets also increases in step with increased exposure to climate risk.

The bank has considered stranded assets in industries that qualify under the EU taxonomy and identified commitments in these industries that are disqualified in accordance with technical screening criteria relating to environmental targets and the 'do no significant harm' principle. The mapping shows that the bank has some shipping commitments relating to the transport of fossil fuels, making up 1.03% of the bank's lending to businesses. The bank has considered that there is a greater risk of the value of the assets pledged as security for these commitments being reduced, but that the value will not be reduced until after the payment profile expires. Policy requirements have been introduced to ensure a stricter repayment schedule for these commitments.

Potential stranded assets have also been assessed for the mortgage portfolio, where the bank has considered transition risk and physical risk for the physical location of the pledged assets, including floods, landslides and avalanches. In conclusion, although part of the portfolio is exposed to physical climate risk, this is primarily related to insurance risk, as the properties are insured and covered by the insurance companies' natural perils pool. The bank follows up transition risk in the mortgage portfolio and reports to the management on a monthly basis and to the Board on a quarterly basis. The bank has implemented measures to reduce transition risk in the portfolio, with the help of green upgrade loans. The same has been done for the CM portfolio, with the help of sustainability-linked loans.

As a result of the above, the bank has concluded that there is no need for additional impairment in this context. The bank actively addresses assets that may be climate stranded in future and has updated its internal procedures.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using various valuation techniques. This is based on assumptions about what the market will use as the basis for the valuation of corresponding financial instruments and the information available on the balance sheet date. See the notes on financial instruments and the statement on accounting principles for a description of the techniques used. Considerable discretion must be exercised in the valuation of financial instruments that are not traded in an active market.





Note 2 Accounting estimates and discretionary assessments (continued)

Fixed-interest loans:

Pursuant to IFRS, the valuation shall be based on an assessment of what an external investor would have assumed when investing in corresponding loans. A well-functioning market does not exist for the buying and selling of fixed-interest loans between market players. The value of fixed-interest loans is estimated by discounting the cash flows using a risk-adjusted discount factor that takes market players' preferences into account. The discount factor is calculated on the basis of an observable swap interest rate with the addition of a margin requirement.

When estimating the margin requirement, the bank looks at observable market interest rates for corresponding loans. The swap interest rate element of the discount factor fluctuates continuously, while the observable market interest rates for corresponding loans do not change as frequently. The market players' margin requirement is thereby not directly observable, and it is estimated on the basis of the difference between the observable market interest rates and the swap interest rate over a given period. Since the margin requirement is not directly observable, there is uncertainty attached to the calculation of the fair value of fixed-interest loans.

Basis swaps:

The Group uses basis swaps as hedging instruments to convert payment commitments in foreign currencies into Norwegian kroner. The price of entering into basis swaps varies, which means that the hedging is not a perfect hedge. This affects the fair value of the derivative. In addition, CSA agreements have been entered into on the furnishing of security that clearly favour the bond owners for basis swaps in the subsidiary Sparebanken Vest Boligkreditt AS. This has a price, because the counterparties face potentially large commitments if, for example, they are downgraded. This price is called a credit charge and may also vary over time. There is uncertainty associated with the calculation of fair value for such financial instruments.

For the volume of financial instruments classified at level 3 (subjective elements in the valuation), reference is made to Note 6. It also provides information about sensitivity relating to the parameters used in the calculations.



Note 3 Segment information

The corporate management has considered which segments it is expedient to report on in relation to management and control. The segments are divided into the Corporate Market, the Retail Market, Bulder Bank, Treasury and Estate Agency

activities. Operating expenses are allocated directly, with the exception of IT expenses, staff-related costs and depreciation. Net interest is allocated on the basis of internally calculated intragroup interest based on the 3-month NIBOR rate.

	Banking operations				Estate Agency	Unallo- cated by segment	Total			
	Corporate Market	Retail Market	Bulder Bank	Treasury						
GROUP										
2022										
Profit										
Net interest income	1 525	1 979	60	429	0	0	3 994			
Net other operating income	289	445	-1	267	250	0	1 250			
Operating expenses	-135	-350	-75	-15	-247	-866	-1 687			
Write-down of loans and losses on guarantees	-40	-11	-2	0	0	0	-52			
Pre-tax profit	1 640	2 063	-17	680	3	-866	3 504			
Tax							-687			
Profit for the year							2 817			
Balance sheet										
Net lending	50 758	149 511	24 225	0	0	0	224 494			
Deposits	39 256	61 447	4 395	7 177	0	0	112 274			
2021										
Profit										
Net interest income	1 254	1 988	59	-3	0	0	3 299			
Net other operating income	229	398	0	377	260	0	1 264			
Operating expenses	-144	-331	-68	-17	-233	-745	-1 538			
Write-down of loans and losses on guarantees	46	-13	-2	0	0	0	31			
Pre-tax profit	1 385	2 042	-10	357	27	-745	3 055			
Tax							-542			
Profit for the year							2 513			
Balance sheet										
Net lending	44 839	140 666	17 471	0	0	0	202 975			
Deposits	29 099	57 412	516	3 785	0	0	90 812			



Note 4 Classification of financial instruments

GROUP 31 DEC. 2022	Fair value through profit or loss (mandatory)	Fair value through profit or loss (option) ²⁾	Hedge accounting ¹⁾	Amortised cost	Total
Assets					
Cash and receivables from central banks				143	143
Loans to and receivables from credit institutions				1 018	1 018
Loans to and receivables from customers		22 840		201 654	224 494
Commercial papers and bonds	30 825				30 825
Financial derivatives	1 280		1 296		2 575
Shares, units and other equity interests	226				226
Total	32 330	22 840	1 296	202 815	259 281

Liabilities

Liabilities to credit institutions				3 095	3 095
Deposits from customers		576		111 698	112 274
Securitised debt		46 042	19 093	54 701	119 836
Financial derivatives	1 792		130		1 922
Subordinated loan capital				1 855	1 855
Other provision for commitments				96	96
Total	1 792	46 618	19 223	171 444	239 077

GROUP 31 DEC. 2021	Fair value through profit or loss (mandatory)	Fair value through profit or loss (option) ²⁾	Hedge accounting ¹⁾	Amortised cost	Total
Assets					
Cash and receivables from central banks				334	334
Loans to and receivables from credit institutions				1 238	1 238
Loans to and receivables from customers		27 667		175 308	202 975
Commercial papers and bonds	22 945				22 945
Financial derivatives	578		2 090		2 668
Shares, units and other equity interests	254				254
Total	23 776	27 667	2 090	176 880	230 413

Liabilities

Liabilities to credit institutions				4 058	4 058
Deposits from customers		179		90 633	90 812
Securitised debt		36 203	24 779	52 830	113 812
Financial derivatives	1 530		0		1 530
Subordinated loan capital				1 937	1 937
Other provision for commitments				86	86
Total	1 530	36 382	24 779	149 543	212 235

¹⁾ The Group uses hedge accounting to manage interest rate risk for long-term financial liabilities relating to the housing credit company. For financial liabilities designated for hedge accounting, the hedged risks are recognised at fair value, while the rest is recognised at amortised cost. The hedging derivatives are valued at fair value.

²⁾ Change in fair value due to credit risk is recognised through other comprehensive income.

The Group has no financial instruments in the category 'Fair value through other comprehensive income'.



Note 4 Classification of financial instruments (continued)

PARENT BANK 31 DEC. 2022	Fair value through profit or loss (mandatory)	Fair value through profit or loss (option)	Fair value through other comprehensive income (OCI)	Amortised cost	Total
Assets					
Cash and receivables from central banks				143	143
Loans to and receivables from credit institutions				19 573	19 573
Loans to and receivables from customers		4 797	36 561	55 900	97 258
Commercial papers and bonds	30 648				30 648
Financial derivatives	4 894				4 894
Shares, units and other equity interests	226				226
Total	35 769	4 797	36 561	75 615	152 742

Liabilities

Liabilities to credit institutions				3 568	3 568
Deposits from customers		576		111 726	112 302
Securitised debt		8 239		10 023	18 262
Financial derivatives	2 507				2 507
Subordinated loan capital				1 855	1 855
Other provision for commitments				96	96
Total	2 507	8 815	0	127 267	138 589

PARENT BANK 31 DEC. 2021	Fair value through profit or loss (mandatory)	Fair value through profit or loss (option)	Fair value through other comprehensive income (OCI)	Amortised cost	Total
Assets					
Cash and receivables from central banks				334	334
Loans to and receivables from credit institutions				20 900	20 900
Loans to and receivables from customers		5 860	32 246	45 728	83 834
Commercial papers and bonds	22 399				22 399
Financial derivatives	1 728				1 728
Shares, units and other equity interests	254				254
Total	24 381	5 860	32 246	66 962	129 449

Liabilities

Liabilities to credit institutions				4 285	4 285
Deposits from customers		179		90 684	90 864
Securitised debt		10 527		7 467	17 994
Financial derivatives	2 129				2 129
Subordinated loan capital				1 937	1 937
Other provision for commitments				86	86
Total	2 129	10 706	0	104 459	117 294



Note 5 Fair value of financial instruments recognised at amortised cost

GROUP	Notes	31/12-22		31/12-21	
		Balance sheet value	Fair value	Balance sheet value	Fair value
Cash and receivables from central banks		143	143	334	334
Loans to and receivables from credit institutions	17	1 018	1 018	1 238	1 238
Loans to customers	12	201 654	201 818	175 308	175 438
Total assets recognised at amortised cost		202 815	202 978	176 880	177 009
Liabilities to credit institutions	36	3 095	3 095	4 058	4 058
Customer deposits	4,38	111 698	111 698	90 633	90 633
Securitised debt	39	54 701	54 578	52 830	53 011
Subordinated loan capital	40	1 855	1 823	1 937	1 949
Total liabilities recognised at amortised cost		171 348	171 193	149 458	149 651
Securities debt designated for hedge accounting		19 093	19 100	24 779	24 979
PARENT BANK					
Cash and receivables from central banks		143	143	334	334
Loans to and receivables from credit institutions	17	19 573	19 573	20 900	20 900
Loans to customers	4,12	55 900	56 055	45 728	45 851
Total assets recognised at amortised cost		75 615	75 770	66 962	67 085
Liabilities to credit institutions	36	3 568	3 568	4 285	4 285
Customer deposits	4,38	111 726	111 726	90 684	90 684
Securitised debt	39	10 023	9 938	7 467	7 484
Subordinated loan capital	40	1 855	1 823	1 937	1 949
Total liabilities recognised at amortised cost		127 172	127 055	104 373	104 403

Valuation of financial instruments recognised at amortised cost

It is mainly lending, deposits and borrowing at floating interest rates that are valued at amortised cost. Fair value assessments are made on the basis of the instruments' properties and value on the balance sheet date. There will always be uncertainty associated with valuation at fair value.

Loans to and receivables from credit institutions

Mainly consists of short-term receivables with floating interest rates. This means that the fair value is virtually the same as the amortised cost on the balance sheet date.

Loans to customers

Loans at amortised cost are written down in accordance with the rules in IFRS 9 as referred to in Note 12. Stage 1 impairment is model-based and will probably not affect the value of a loan in the event of a sale. The fair value of loans at amortised cost are therefore recognised at book value excluding Stage 1 impairment.

Customer deposits

The Group considers that amortised cost provides a good indication of the fair value of customer deposits.

Liabilities to credit institutions, securitised debt and subordinated loans

Fair value is calculated on the basis of a theoretical market value valuation based on interest rate and spread curves



Note 6 Valuation hierarchy for financial instruments at fair value

Fair value valuation

Level 1

Financial instruments traded in active markets are classified as level 1. A market is deemed to be active if the market prices are easily and regularly available from a stock exchange, broker, industry group, pricing service or regulatory authority, and these prices represent actual and regularly occurring market transactions at arm's length. The market price used for financial assets is the applicable purchase price, while the applicable sales price is used for financial liabilities. Instruments included in level 1 comprise some bonds and treasury certificates.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation methods. These

valuation methods maximise the use of observable data where available and are, as far as possible, not based on the Group's own estimates. If all the material data required to determine the fair value of an instrument are observable data, the instrument is included in level 2. Instruments included in level 2 comprise other commercial papers and bonds, financial derivatives and all financial liabilities valued at fair value.

Level 3

If one or more data items are not based on observable market information, the instrument is included in level 3. Non-listed equity instruments are classified as level 3 (see Note 26). The same applies to fixed-interest loans valued at fair value because the margin requirement is not directly observable (see Note 1).

GROUP					
31 Dec. 2022	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers				22 840	22 840
Shares	26	44		183	226
Commercial papers and bonds	19	11 775	19 049		30 825
Financial derivatives	24		1 280		1 280
Financial derivatives designated for hedge accounting	25		1 296		1 296
Total		11 819	21 624	23 023	56 466
Liabilities					
Deposits from customers	38		576		576
Securitised debt	39		46 042		46 042
Financial derivatives	24		1 792		1 792
Financial derivatives designated for hedge accounting	25		130		130
Total			48 540		48 540

	Loans to customers	Shares
Financial instruments valued at level 3 at 1 Jan. 2022	27 667	217
Additions/acquisitions	2 063	28
Sale/redemption/repayment	-6 312	-29
The year's value adjustment through profit or loss	-579	-33
Reclassification between levels 2 and 3	0	0
Financial instruments valued at level 3 at 31 Dec. 2022	22 840	183

An increase in the discount rate of 10 basis points for loans valued at fair value will lead to a reduction in value of NOK 50 million.

**Note 6 Valuation hierarchy for financial instruments at fair value (continued)**

GROUP					
31 Dec. 2021	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers				27 667	27 667
Shares	26	37		217	254
Commercial papers and bonds	19	8 167	14 777		22 945
Financial derivatives	24		578		578
Financial derivatives designated for hedge accounting	25		2 090		2 090
Total		8 204	17 445	27 884	53 533
Liabilities					
Deposits from customers	38		179		179
Securitised debt	39		36 203		36 203
Financial derivatives	24		1 530		1 530
Total			37 912		37 912
		Loans to customers	Shares		
Financial instruments valued at level 3 at 1 Jan. 2021		30 257	226		
Additions/acquisitions		4 352	10		
Sale/redemption/repayment		-6 349	-18		
The year's value adjustment through profit or loss		-593	-2		
Reclassification between levels 2 and 3		0	0		
Financial instruments valued at level 3 at 31 Dec. 2021		27 667	217		
An increase in the discount rate of 10 basis points for loans valued at fair value will lead to a reduction in value of NOK 66 million.					

PARENT BANK					
31 Dec. 2022	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers				4 797	4 797
Shares	26	44		183	226
Commercial papers and bonds	19	11 239	19 409		30 648
Financial derivatives	24		4 894		4 894
Total		11 283	24 303	4 980	40 566
Liabilities					
Deposits from customers	38		576		576
Securitised debt	39		8 239		8 239
Financial derivatives	24		2 507		2 507
Total			11 322		11 322
		Loans to customers	Shares		
Financial instruments valued at level 3 at 1 Jan. 2022			5 860	217	
Additions/acquisitions			826	28	
Sale/redemption/repayment			-1 778	-29	
The year's value adjustment through profit or loss			-110	-33	
Reclassification between levels 2 and 3			0	0	
Financial instruments valued at level 3 at 31 Dec. 2022			4 797	183	
An increase in the discount rate of 10 basis points for loans valued at fair value will lead to a reduction in value of NOK 12 million.					

**Note 6 Valuation hierarchy for financial instruments at fair value (continued)**

PARENT BANK					
31 Dec. 2021	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers				5 860	5 860
Shares	26	37		217	254
Commercial papers and bonds	19	8 157	14 242		22 399
Financial derivatives	24		1 728		1 728
Total		8 194	15 970	6 077	30 240
Liabilities					
Deposits from customers	38		179		179
Securitised debt	39		10 527		10 527
Financial derivatives	24		2 129		2 129
Total			12 835		12 835
		Loans to customers	Shares		
Financial instruments valued at level 3 at 1 Jan. 2021			7 361	226	
Additions/acquisitions			1 388	10	
Sale/redemption/repayment			-2 762	-18	
The year's value adjustment through profit or loss			-128	-2	
Reclassification between levels 2 and 3			0	0	
Financial instruments valued at level 3 at 31 Dec. 2021			5 860	217	
An increase in the discount rate of 10 basis points for loans valued at fair value will lead to a reduction in value of NOK 15 million.					



Note 7 Financial risk management

Risk and capital management

Good risk and capital management is a key strategic instrument in Sparebanken Vest's value creation process. Good risk and capital management contributes to profitability and a satisfactory rating and ensures that the bank has good access to the capital market. For more detailed information about risk and capital management, see the Pillar 3 material on the bank's website.

Sparebanken Vest has established its own risk strategies that specify control parameters and limits for the individual risk areas, and are adopted by the Board. These strategies are reviewed at least once a year in connection with the bank's overall planning process. The control parameters are intended to help to ensure the bank's profitability, financial strength and liquidity in the short and long term.

The Board delegates authority to the CEO within each of the risk areas. Decision support and portfolio management systems have been established for both the retail and the corporate market.

Organisation and responsibility

Responsibility for, and performance of, the bank's risk and capital management and control is divided between the bank's Board, management and business units.

The Board of Sparebanken Vest is responsible for stipulating the bank's overall risk tolerance. The Board shall also ensure that the bank has sufficient own funds in relation to the stipulated risk tolerance and the bank's operations and that it is sufficiently capitalised in relation to regulatory requirements. The Board also defines the bank's targets and limits in all risk areas, including adopting risk strategies and guidelines for the bank's risk and capital management. Reporting in relation to targets and limits is made quarterly to the Board.

The Board's Credit Committee deals with credit matters within the bounds of the authorisations granted by the Board.

The Audit Committee is charged with ensuring that Sparebanken Vest has an independent and effective external and internal audit function, and financial and risk reporting that is in accordance with laws and regulations.

The Risk Committee is charged with ensuring that Sparebanken Vest's risk and capital management underpins the Group's strategic development and goal attainment.

The CEO is responsible for the bank's overall risk and capital management, including ensuring that the bank has good models and frameworks for management and control at all times. Normally, unless the matter is considered by the bank's Board, all decisions relating to risk and capital management are made by the CEO in consultation with other members of the bank's management.

Risk Management attends to important functions relating to management, control, reporting and analysis. Risk Management is also responsible for the bank's models and frameworks for risk and capital management.

The Validation Committee, which is chaired by the CEO, deals with both model validation and validation relating to the application of the bank's credit systems and regulations. The bank uses internal measurement methods (IRB) to calculate capital in relation to credit risk. Validation is a cornerstone of the IRB system that is intended to ensure that the system is

adapted to the portfolios to which it is applied. An annual validation report is prepared for the Board.

The Credit Committee is an administrative body that deals with credit exposures in accordance with powers of attorney, governed by amounts and risk classes. Exposures on the bank's watchlist are reviewed by the Credit Committee at least quarterly.

All managers in Sparebanken Vest are responsible for managing risk and ensuring good internal control in their own areas of responsibility in accordance with the risk profile adopted by the bank. In order to ensure good financial and administrative management, all managers must have the requisite knowledge about material risk factors within their own areas.

The role of **the internal audit function** is to monitor the bank's overall risk and capital management and internal control on behalf of the Board. The internal audit function is also tasked with verifying compliance with procedures and guidelines and with assessing whether the bank's models for risk and capital management provide a correct picture of the bank's overall risk and capital situation. The internal audit function prepares an annual internal control report that also contains assessments of the bank's IRB system and the bank's capitalisation and liquidity processes (ICAAP and ILAAP).

Risk areas

The bank's risk and capital management mainly relates to the following risk areas:

Credit risk is the risk of losses if the bank's customers / counterparties are unable to meet their commitments relating to loans, credit facilities, guarantees and similar. Strategically, credit risk is managed through the establishment of limits for the total exposure to corporate customers, individual industries and individual customers. Limits have also been established for the number of commitments exceeding certain thresholds. The control parameters are addressed in connection with the bank's ICAAP process, and are incorporated into the bank's credit risk strategy. Operationally, risk in the day-to-day work is managed in relation to customers, and the bank has established approval regulations including authorisations and a credit policy, industry policies and other procedures describing how the bank's credit risk strategy shall be implemented through the stipulation of detailed credit granting criteria and continuous follow-up of customers. For a more detailed description of credit risk, see Notes 8 to 20.

Market risk is defined as the risk of losses on open positions in financial instruments as a result of changes in market variables and/or market conditions within a specified time frame. This includes stock market, interest rate, currency, credit spread and property risk. Through the bank's market risk strategy, which is updated at least annually, the Board adopts limits for exposure to the different risk categories. The risk is thus managed strategically through the adoption of limits that reflect the Board's risk tolerance within the risk areas. Operationally, risk management relating to interest rate, currency and credit spread risk is performed by the bank's Treasury function. Treasury is authorised to carry out transactions in financial instruments and manages the risk operationally within the limits adopted by the Board. The bank's stock market exposure is limited and distributed across two portfolios: the Venture Portfolio and the Strategic Portfolio. The authority to manage the bank's Venture Portfolio, which is in the process of being wound-up, has been delegated to the CFO. Transactions in the

Note 7 Financial risk management (continued)

Strategic Portfolio are subject to approval by the Board or the CEO. For a more detailed description of market risk, see Notes 21 to 26.

Liquidity risk consists of two elements: refinancing risk and price risk. By refinancing risk is meant the risk of not being able to refinance debt and not being able to finance an increase in assets. By price risk is meant the risk of not being able to refinance commitments without incurring considerable extra costs in the form of unusually expensive financing or a fall in the price of assets that must be realised. Strategically, liquidity risk is managed by establishing control parameters and limits set out in the liquidity risk strategy, which follows from the bank's ILAAP process. The bank has defined targets and limits for the total liquidity portfolio, LCR, NSFR, net funding needs for the next three months (nominal amount) and the stable deposits/loans ratio per segment (deposits under the deposits guarantee scheme as a proportion of net lending per segment). Through the liquidity risk strategy with appendices, the bank's Treasury function has been assigned operational authorisations to manage the bank's liquidity risk within the above-mentioned control parameters. More specifically, this entails, among other things, ambitions of a balanced maturity profile for the bank's capital market funding, and measures that ensure the bank freedom of action under different market conditions, for example through the use of financial instruments or pre-financing in advance of bond maturity. For a more detailed description of liquidity risk, see Note 27.

Operational risk is the risk of losses resulting from inadequacies or failures in internal processes or systems, human error or external events.

Other risk areas:

Owner risk is defined as the risk of losses or of necessary infusions of new capital into companies where the bank has a strategic ownership interest, as a result of the underlying risk in such companies.

Insurance risk. The associated company Frende is exposed to insurance risk. Sparebanken Vest is affected by this risk through its holding in the company.

Climate risk is risk relating to climate change that can entail increased credit risk, financial losses or reduced access to capital. The bank considers the physical and transition risk in the bank's lending portfolio and financial investments to be highly relevant risk areas. Physical risk can lead to large financial losses, devaluation of assets, reduced creditworthiness for customers and negative impact on value chains through direct damage to assets or indirect impacts from supply chain disruption. Transition risk can lead to changes in the value of assets, loss of reputation, increased costs, increased risk of default of payment, reduced access to capital and stranded assets.

Sparebanken Vest has a comprehensive sustainability strategy and believes in finance as an important driver in the green transition. Sparebanken Vest shall be prepared for tougher competition for the financing of green projects and makes stringent requirements of customers that have not adopted action plans for the green transition. Climate risk is considered on a par with other risk factors in the bank's credit processes. When loans are granted to corporate customers, a sustainability assessment form is used that is adapted to the climate-related challenges in each industry. See also the bank's TCFD index under sustainability in the Factbook.

Estimated capital, liquidity and financing needs

The bank's process for assessing its future capital, liquidity and financing needs (ICAAP and ILAAP) is rooted in its business strategy (vision, goals and business idea) and strategic measures that are given priority in order to reach the bank's goals. The targeted development four years hence is used as the basis for assessing the bank's capital buffer and tolerance. The targeted development one year hence is used as the basis for assessing the bank's liquidity buffer and self-financing. The scenarios are intended to give direction to and set a level for the bank's budget, and the risk and capital analysis can set constraints and limitations based on the bank's financial and operational capacity, as well as external framework conditions.

In addition to calculating regulatory capital, the bank also estimates its internal capital needs (economic capital). It differs from the regulatory capital in that it is based solely on a business economics perspective and has fewer limitations in relation to which methods are applied. Estimated capital needs are used in the bank's day-to-day management and form the basis for commercial decisions.

For credit risk purposes, Sparebanken Vest uses internal systems to estimate capital needs. Expected loss and economic capital are calculated on the basis of the following three components: probability of default (PD), exposure at default (EAD) and loss given default (LGD). The bank operates with a confidence level of 99.9% for a timeframe of one year, which corresponds to an A rating. The same model has been implemented for pricing the bank's commitments.

The bank also estimates capital needs for the concentration in the credit portfolio. For the concentration risk resulting from individual commitments and industry/sector concentration, capital needs are estimated using the Financial Supervisory Authority's methodologies described in appendices to Circular 3/2022.

Capital needs for market risk under Pillar 2 are estimated using the Financial Supervisory Authority's methods described in appendices to Circular 3/2022 for equity, interest rate, currency and credit spread risk, respectively. As the bank has no trading portfolio, capital needs for market risk under Pillar 1 are not calculated, but the shareholdings are assigned a risk weight of 100% or 150%, depending on the type of equities involved.

For owner risk, capital is only calculated for associated companies that are not consolidated gross. The ownership of Frende Holding AS entails capital needs under both Pillar 1 and Pillar 2. The latter is calculated in accordance with Appendix 4 to Circular 3/2022. The appendix describes the Financial Supervisory Authority's assessment of Pillar 2 requirements relating to ownership in insurance undertakings.

For operational risk, regulatory capital is also used for the bank's internal capital needs.



Note 8 Risk classification of the credit portfolio

Credit risk

Credit risk is the risk of losses if the bank's customers fail to meet their commitments to the Group.

Credit risk arises through loans, credit facilities, guarantees, documentary credit and various derivative transactions with retail market and corporate market customers. Credit risk relating to derivative transactions is quantified using conversion factors that depend on the contract type and term to maturity.

Risk classification of loans and guarantees

The measurement of credit risk is based on the following main components: i) probability of default (PD), ii) expected exposure at default (EAD) and iii) loss given default (LGD).

i) Probability of default (PD) is defined as the probability of a customer defaulting on a loan within the next 12 months. A default can be default of payment in excess of 90 days or other concrete circumstances ('unlikelihood to pay', cf. the CRR/CRD IV Regulations) that affect the customer's ability to service the debt. The probability of default is calculated using statistical models (scorecards) based on logistic regression. Eleven risk classes from A to K are used in order to group the credit portfolio in Sparebanken Vest by debt-servicing ability. Risk class K comprises exposures in default.

ii) Expected exposure at default (EAD) is an estimated amount that shows the expected exposure in relation to the customer at the time of default. EAD is estimated as the sum of drawn amounts and expected drawdowns on undrawn credit facilities.

iii) Loss given default (LGD) indicates the loss ratio on an exposure in default expressed as a percentage of EAD. For the retail market (RM) and corporate market (CM), it is calculated on the basis of internal models. The type and value of collateral and the probability of recovery are key parameters in calculating the loss ratio. In addition to calculating the expected loss ratio, adjustments are made for periods of economic downturn by calculating a 'downturn LGD'. Since the bank has gained AIRB approval, a downturn LGD from the bank's internal models is utilised in the calculation of capital adequacy for both RM and CM. An exception applies to the mortgage portfolio, where the LGD rate used for capital adequacy purposes is required to be calculated in accordance with a benchmark model issued by the Financial Supervisory Authority.

The scorecard models are statistical models for predicting future outcomes. They use data from internal and external sources, and all commitments are risk-classified monthly. The bank has a system for automatic capture of risk data for all commitments. For corporate exposures, it also carries out manual follow-up and updating. The frequency depends on the size and risk of the commitment. The risk classification results in key figures that play a central role in the bank's management.

Risk classes based on probability of default

Risk class	From and incl.	Up to
A	0,00%	0,10%
B	0,10%	0,25%
C	0,25%	0,50%
D	0,50%	0,90%
E	0,90%	1,50%
F	1,50%	2,75%
G	2,75%	5,00%
H	5,00%	10,00%
I	10,00%	25,00%
J	25,00%	99,99%
K	100,00%	100,00%

Note 8 Risk classification of the credit portfolio (continued)

GROUP	Exposure amount					Impairment				
	Stage 1	Stage 2	Stage 3	Status at 31 Dec. 2022	Status at 31 Dec. 2021	Stage 1	Stage 2	Stage 3	Status at 31 Dec. 2022	Status at 31 Dec. 2021
Corporate Market										
A–D	30 314	590	0	30 903	23 690	27	38	0	65	46
E–H	26 383	6 304	0	32 687	34 260	139	187	12	338	348
I–J	263	1 777	0	2 040	2 056	6	53	30	89	59
K	0	0	1 020	1 020	1 200	0	1	363	363	383
Corporate Market total	56 959	8 671	1 020	66 650	61 206	172	278	405	855	836
Retail Market										
A–D	152 767	69	0	152 837	137 388	10	0	0	10	5
E–H	22 779	5 764	0	28 543	27 705	12	18	0	30	20
I–J	412	2 409	0	2 821	2 598	4	39	0	43	34
K	0	0	273	273	276	0	0	37	37	51
Retail Market total	175 958	8 243	273	184 473	167 968	26	57	37	120	109
TOTAL	232 917	16 913	1 293	251 123	229 173	199	336	441	976	946
Write-down of loans (balance)									880	859
Write-down of unused credit facilities, loan approvals and guarantees									96	86
Total impairment									976	946

PARENT BANK	Exposure amount					Impairment				
	Stage 1	Stage 2	Stage 3	Status at 31 Dec. 2022	Status at 31 Dec. 2021	Stage 1	Stage 2	Stage 3	Status at 31 Dec. 2022	Status at 31 Dec. 2021
Corporate Market										
A–D	28 672	585	0	29 256	22 104	27	38	0	65	46
E–H	26 028	6 133	0	32 162	33 667	139	186	12	338	347
I–J	256	1 672	0	1 929	1 949	6	51	30	87	59
K	0	0	1 010	1 010	1 192	0	1	362	363	382
Corporate Market total	54 957	8 390	1 010	64 357	58 911	172	276	404	852	834
Retail Market										
A–D	40 551	22	0	40 573	34 204	7	0	0	7	3
E–H	6 984	1 650	0	8 634	7 598	7	8	0	14	9
I–J	351	911	0	1 262	1 246	4	19	0	23	18
K	0	0	139	139	137	0	0	27	27	41
Retail Market total	47 887	2 583	139	50 608	43 184	18	26	27	71	70
Total	102 843	10 973	1 149	114 965	102 096	190	303	431	923	904
Write-down of loans (balance)									828	818
Write-down of unused credit facilities, loan approvals and guarantees									26	86
Total impairment									923	904

The definition of a customer's commitment in connection with calculating risk classification will deviate somewhat from the definition of credit exposure pursuant to IFRS in a few areas. Total commitments in Note 8 will therefore not be completely reconcilable with commitments as defined in Note 10. The Corporate Market/Retail Market division is also based on the internal organisation, while Note 10 is defined based on official industry codes.





Note 9 Lending broken down by geographical area

GROUP						
31 Dec. 2021			Lending broken down by geographical area	31 Dec. 2022		
Proportion net lending	Impairment of loans	Gross lending		Gross lending	Impairment of loans	Proportion net lending
66,9	600	136 397	Vestland	144 963	644	64,3
18,1	158	36 850	Rogaland	41 242	169	18,3
2,5	29	5 200	Møre og Romsdal	7 651	29	3,4
4,8	30	9 712	Oslo	11 934	17	5,3
4,6	4	9 425	Viken	11 966	6	5,3
2,7	31	5 410	Rest of Norway	6 688	9	3,0
99,6	851	202 994	Total, Norway	224 445	874	99,6
0,4	8	841	Abroad	930	6	0,4
100,0	859	203 835	Total, geographical areas	225 374	880	100,0

PARENT BANK						
31 Dec. 2021			Lending broken down by geographical area	31 Dec. 2022		
Proportion net lending	Impairment of loans	Gross lending		Gross lending	Impairment of loans	Proportion net lending
62,8	572	53 218	Vestland	59 877	608	60,9
24,6	149	20 791	Rogaland	23 927	160	24,4
5,0	28	4 198	Møre og Romsdal	6 073	28	6,2
3,6	28	3 050	Oslo	3 894	14	4,0
1,4	2	1 168	Viken	1 645	3	1,7
1,7	30	1 484	Rest of Norway	1 740	8	1,8
99,1	810	83 909	Total, Norway	97 155	822	99,1
0,9	8	742	Abroad	930	6	1,0
100,0	818	84 652	Total, geographical areas	98 085	828	100,0



Note 10 Commitments broken down by industry and the retail market

2022	Lending	Unused credit facilities	Guarantees	Total commitments ¹⁾	Defaults and other potential bad debt	Impairment of loans
GROUP						
Primary industries	9 882	910	383	11 176	48	85
Manufacturing and mining	4 056	956	167	5 178	248	141
Power and water supply	2 487	168	13	2 668	0	12
Building and construction industry	6 714	2 687	594	9 996	80	84
Wholesale and retail	2 757	1 369	151	4 276	23	53
International shipping and transport	8 384	401	1 476	10 261	158	125
Hotels and restaurants	655	56	8	719	1	40
Property management	16 549	810	61	17 421	296	158
Service sector	3 369	725	153	4 246	124	51
Public administration	66	46	6	117	0	0
Other financial undertakings	445	95	52	591	0	17
Total business and industry	55 364	8 221	3 064	66 650	978	765
Retail customers	170 010	14 452	11	184 473	272	115
Total gross commitments	225 374	22 674	3 075	251 123	1 250	880
- Model-based impairment CM (Stage 1–3)	538	42	48	628		
- Model-based impairment RM (Stage 1–3)	106	5	0	111		
- Individually assessed impairment Stage 3, CM	227	0	0	227		
- Individually assessed impairment Stage 3, RM	10	0	0	10		
Total net commitments	224 494	22 627	3 026	250 148		

As of 31 December 2022, Sparebanken Vest had issued NOK 42.9 billion in green loans that are eligible under the bank's green framework. Of this amount, NOK 37.1 billion is related to RM and NOK 5.8 billion to CM.

The volumes are linked to the following definition: *Green residential and commercial buildings* – Buildings in the 15% bracket of the most energy efficient buildings in Norway and refurbished buildings that achieved energy savings of at least 30% compared with the building's basic energy consumption before the refurbishment.

Renewable energy – Loans to finance or refinance equipment and the development, production, building, operation, distribution and maintenance of renewable energy sources from hydropower in Norway, with direct emissions of less than 100g CO₂e/kWh and only river course installations. Only financing of small-scale hydropower plants (maximum production capacity < 20MW), and upgrading or refinancing of existing medium-sized or large hydropower plants.

PARENT BANK						
Primary industries	9 393	870	383	10 646	44	84
Manufacturing and mining	3 990	950	167	5 107	248	141
Power and water supply	2 480	168	13	2 661	0	12
Building and construction industry	6 343	2 668	594	9 605	76	83
Wholesale and retail	2 617	1 361	151	4 129	22	53
International shipping and transport	8 071	382	1 476	9 929	157	124
Hotels and restaurants	595	56	8	659	1	39
Property management	16 515	806	61	17 382	296	158
Service sector	2 692	685	200	3 576	124	50
Public administration	66	46	6	117	0	0
Other financial undertakings	445	95	52	591	0	17
Total business and industry	53 206	8 087	3 111	64 404	968	761
Retail customers	44 880	5 718	11	50 608	138	66
Total gross commitments	98 085	13 805	3 122	115 012	1 107	828
- Model-based impairment CM (Stage 1–3)	535	42	48	625		
- Model-based impairment RM (Stage 1–3)	57	5	0	62		
- Individually assessed impairment Stage 3, CM	227	0	0	227		
- Individually assessed impairment Stage 3, RM	9	0	0	9		
Total net commitments	97 258	13 758	3 073	114 089		



Note 10 Commitments broken down by industry and the retail market (continued)

2021	Lending	Unused credit facilities	Guarantees	Total commitments ¹⁾	Defaults and other potential bad debt	Impairment of loans
GROUP						
Primary industries	8 700	781	313	9 795	16	28
Manufacturing and mining	2 691	1 274	183	4 148	196	47
Power and water supply	2 131	65	8	2 204	0	26
Building and construction industry	5 667	1 919	712	8 298	88	103
Wholesale and retail	1 999	1 283	136	3 418	31	34
International shipping and transport	7 115	685	287	8 086	344	270
Hotels and restaurants	881	87	7	976	14	31
Property management	15 730	579	112	16 421	300	157
Service sector	3 381	703	161	4 245	136	51
Public administration	115	0	0	115	0	0
Other financial undertakings	461	106	51	618	0	8
Total business and industry	48 871	7 483	1 970	58 325	1 125	754
Retail customers	154 963	13 161	11	168 135	274	106
Total gross commitments	203 835	20 644	1 982	226 460	1 399	859
- Model-based impairment CM (Stage 1–3)	548	29	53	631		
- Model-based impairment RM (Stage 1–3)	91	4	0	95		
- Individually assessed impairment Stage 3, CM	206	0	0	206		
- Individually assessed impairment Stage 3, RM	15	0	0	15		
Total net commitments	202 975	20 611	1 928	225 514		

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Primary industries	8 217	739	313	9 269	16	27
Manufacturing and mining	2 602	1 268	183	4 053	191	46
Power and water supply	2 124	65	8	2 197	0	26
Building and construction industry	5 301	1 899	712	7 913	88	102
Wholesale and retail	1 836	1 276	136	3 248	31	34
International shipping and transport	6 808	671	287	7 766	342	269
Hotels and restaurants	811	86	7	904	14	30
Property management	15 659	574	112	16 345	300	157
Service sector	2 722	663	208	3 592	134	50
Public administration	115	0	0	115	0	0
Other financial undertakings	461	106	51	618	0	8
Total business and industry	46 656	7 347	2 017	56 020	1 117	750
Retail customers	37 996	5 545	11	43 552	136	68
Total gross commitments	84 652	12 892	2 029	99 573	1 252	818
- Model-based impairment CM (Stage 1–3)	548	29	53	631		
- Model-based impairment RM (Stage 1–3)	53	4	0	57		
- Individually assessed impairment Stage 3, CM	202	0	0	202		
- Individually assessed impairment Stage 3, RM	15	0	0	15		
Total net commitments	83 834	12 859	1 975	98 668		

¹⁾ The definition of a customer's commitment in connection with calculating risk classification will deviate somewhat from the definition of credit exposure pursuant to IFRS in a few areas. Credit risk relating to derivative transactions is not included in Note 10, but is presented in other notes. Total commitments in Note 8 will therefore not be completely reconcilable with commitments as defined in Note 10.



Note 11 Description of the impairment model under IFRS 9

This note describes the bank's impairment model for financial assets that are debt instruments and that are not classified at fair value through profit or loss. General impairment principles are described in Note 1.

Sparebanken Vest has prepared a procedure for the quarterly calculation of losses based on historical information about account and customer data for the whole credit portfolio, loans, credit and guarantees.

The goal of the model is to calculate expected credit loss (ECL) based on forward-looking and unbiased estimates.

The loss estimates are calculated on the basis of 12-month and lifetime probability of default (PD), loss given default (LGD) and exposure at default (EAD). Historical data about the observed probability of default rate (PD) and the observed loss given default (LGD) form the basis for producing good estimates of future PD and LGD values. The bank considers forward-looking information about macroeconomic factors such as unemployment, GDP growth, interest rates, house prices and other financial estimates, to be able to produce forward-looking estimates for PD and LGD. Forward-looking EAD is based on agreed repayment plans and observed levels of actual repayments and redemptions. All estimates shall be as unbiased as possible. They thereby differ from corresponding estimates for PD, LGD and EAD that are used in the calculation of capital. The estimates used to calculate capital are more conservative, for example by including safety margins or estimates for serious economic downturns.

In line with IFRS 9, the bank groups its loans into three stages based on the probability of default (PD) at the time of recognition compared with the balance sheet date, and checking the watchlist, forbearance and instalments paid more than 30 days after the due date. In other words, each individual loan (or exposure) is classified as Stage 1, 2 or 3. This means that one and the same customer can have loans classified in different stages.

The bank uses the same PD model as in IRB, but with unbiased calibration, meaning without safety margins, as the basis for assessing increased credit risk. The PD estimate represents 12-month probability. Validation shows that it is accurate for both short and long timeframes. Section B5.5.13 of the IFRS 9 standard provides for the possibility of using 12-month PD as a proxy for lifetime PD to determine whether there has been an increase in credit risk in cases where default patterns are not concentrated at a specific point during the lifetime of the exposures. In line with this, the use of PD from the IRB system is justified by the fact that it provides a good proxy for lifetime PD, and that it is therefore appropriate to use it rather than to introduce increased complexity in the IFRS 9 model by using a separate PD model for this purpose only. The lifetime is set as the remaining time until maturity of the commitments for which information about the agreed repayment schedule is available.

Stage 1: The starting point for all financial assets covered by the general loss model. A loss provision corresponding to 12-month expected losses, meaning losses relating to events that may occur in the 12 months after the reporting date, will be made for all assets for which the credit risk is not significantly higher than upon initial recognition. This category includes all assets not transferred to Stage 2 or 3.

Stage 2: Stage 2 includes assets for which the credit risk has increased significantly since initial recognition, but where there

is no objective evidence of a loss (see the definition under Stage 3). For these assets, a provision for lifetime expected loss will be made. This group includes loans for which the credit risk has increased significantly but that are not in default (i.e. not Stage 3; see below). As regards delimitation in relation to Stage 1, the bank itself defines what constitutes a significant increase in credit risk. However, IFRS 9 states that a significant increase in credit risk will have occurred, unless this can be refuted, if payment is delayed by 30 days or more (up to 90 days, which is defined as actual default).

PD

The bank uses the PD level as the primary criterion for significantly increased credit risk. PD at the time of reporting is compared with PD at the time the loan was furnished. If the following criteria are met, it is classified as Stage 2:

- PD more than doubled since the loan was furnished.
- Doubled PD constitutes at least 0.6%.

The applied limit of 0.6% PD is an operationalisation of the bank's assessment of the term 'significant change in credit risk' under IFRS 9. The threshold is not considered to have a material effect on ECL.

Watchlist

The bank has chosen to use a watchlist for customers exposed to risk, in order to take into account forward-looking information and to detect other relevant matters that may have arisen but that have not been detected by the bank's PD models. These exposures are then transferred to Stage 2 – if they are not already in Stage 2 or 3. PD can also be upwardly adjusted for exposures on the watchlist as a result of these customers being assigned a PC floor.

Forbearance

Exposures with forbearance measures can either be healthy or in default. Exposures with forbearance measures include exposures for which more favourable terms have been granted (renegotiation), or the refinancing of an exposure as a result of a debtor experiencing financial difficulties. The criterion that the debtor is experiencing financial difficulties distinguishes forbearance from ordinary commercial renegotiation of terms. In other words, it is an additional factor that the bank would not have ordinarily granted a loan on these terms. This defines 'forbearance'. If an exposure falls into this category, a 24-month quarantine applies until it can be deemed healthy. These exposures are transferred to Stage 2 – if they are not already in Stage 2 or 3, and the PD can be upwardly adjusted.

In summary, the following exposures would be categorised under Stage 2:

- PD more than doubled since the loan was furnished and is at least 0.6 %.
- At least 30 days' overdue payment, or
- The exposure is on the bank's watchlist (but not classified as Stage 3), or
- Forbearance has been granted in connection with payment problems relating to the exposure.



Note 11 Description of the impairment model under IFRS 9 (continued)

Stage 3: Assets for which the credit risk has increased significantly since initial recognition, and where there is objective evidence of a loss event on the balance sheet date, are classified under Stage 3. For these assets, a provision for lifetime expected loss will be made.

Indicators that are assessed when decisions are made regarding whether there is objective evidence of loss are material financial problems on the part of the debtor, default of payment or other serious breaches of contract, approved deferments of payment or new credit for the payment of an instalment, agreed changes in the interest rate or other terms and conditions relating to the agreement as a result of the debtor’s financial problems. If a loss event is identified, consideration is given to whether the loss events in question have reduced the estimated future cash flows from the exposure.

The definition of default in IFRS 9 under Stage 3 concurs with internal risk management and capital requirement calculations. Also here, 90 days’ overdue payment is used as an important criterion for default, in addition to ‘unlikelihood to pay’ in accordance with Basel.

Migration from Stage 3 to Stage 2 and from Stage 2 to Stage 1

Exposures will migrate from Stage 3 to Stage 2 when they are no longer in default. Exposures at Stage 2 will migrate to Stage 1 when the credit risk associated with the exposure has not increased significantly since initial recognition under the definitions provided above. The exception is exposures with forbearance measures, which are subject to a quarantine period after they are placed in this category.

Recognition, derecognition, forbearance and confirmation of loss

The loss model is devised so that the establishment of a new loan account is defined as a new commitment, while the redemption of a loan account is defined as derecognition. A new loan account is assigned when a customer refinances their commitment. Renegotiated loans are defined as loans where modified terms have been granted in connection with the customer developing payment problems, and that these terms would not be granted for an ordinary loan. These accounts will be labelled as renegotiated (forbearance) and will thus automatically be transferred to Stage 2 (if the exposure is not already in Stage 2 or Stage 3). Reference is otherwise made to the section on recognition and derecognition in Note 1 Accounting principles. The need to write down the loan (the loss being booked against the customer’s loan) is confirmed once all collateral has been realised and there is a high probability that no further payments will be received on the loan. The claim on the customer remains and will be followed up unless it has been agreed with the customer that the loan is to be written off.

Forward-looking information

The base case for macro paths is based on Norges Bank’s Monetary Policy Report, and the downside and upside are derived as fixed parallel adjustments from the base case, to be revised as needed. This approach ensures independent prognoses and high-quality input. Norges Bank specifies uncertainty bands for most sizes, and in these cases, the downside and upside are adapted to these bands. Where uncertainty bands are not specified, the downside and upside are determined at the discretion of the bank.

The three scenarios consist of a base case intended to cover a

probability range of 60%, as well as a downside and an upside with a probability weighting of 20%. The sensitivity of model-based impairment is specified in Note 13. Scenarios are used to adjust non-linear characteristics of subcomponents in the ECL calculation.

Important macro data for the calculation are:

- Growth in GDP
- Unemployment rate
- Interest rate level
- Growth in house prices
- Oil price
- Change in oil investments
- Inflation
- Consumption and saving rate
- Exchange rates

The use of macro data

Sparebanken Vest has divided the lending portfolio into 14 corporate market segments and 2 retail market segments. The credit department receives the forward-looking macro data on a quarterly basis and considers how they affect the probability of default (PD) and developments in the value of collateral for the bank in each segment and each scenario. PD paths are generated for each segment and each scenario for the next five years, which are then converged against a long-run average.

The PD path for each segment/scenario is based on an overall assessment where historically observed PD and economic development outlined by macro data are taken into account. Furthermore, it has also been defined which macro data are deemed to impact the individual segment, and what changes in the relevant macro data trigger a need for adjustment. Efforts are made to ensure compliance between changes in PD paths and the economic development indicated by the relevant macro data for the different scenarios. To the extent there are changes in observed PD, or industry-specific conditions exist that are expected to affect future development, this should ideally also be reflected in the PD paths. Even if developments in macro data are the primary source of any adjustments in PD paths, they will also be influenced by discretion.

Model calculation

Based on the grouping of exposures into different stages, the use of forward-looking probability of default (PD paths) and the collateral value, expected losses are calculated in the bank’s loss provision model.

The Financial Supervisory Authority’s reference model is used for LGD. Security coverage, probability of recovery and recovery of unsecured debt are the most important elements in this model. Collateral coverage is calculated specifically for each loan, while the other elements are based on historically observed average values.

In principle, losses per year are calculated using modelled exposure x PD x LGD for each year. Losses are discounted on the basis of the effective interest rate for the instruments back to the time of reporting, and added together.

In accordance with the bank’s guidelines, model-based provisions are considered by an extended credit committee, which makes an assessment of whether the level of loss provision appears reasonable. The assessment is based on the bank’s own assessment of risk in the portfolio, industry



Note 11 Description of the impairment model under IFRS 9 (continued)

assessments and macroeconomic projections. If it is considered expedient, the committee may make justified adjustments to default and collateral paths, or make a management adjustment. The management adjustment should preferably cover circumstances that have not yet been identified by the risk parameters of the IFRS 9 model, including the IRB parameters. The model-based provisions, including the management adjustment, shall be documented and formally decided by the CEO.

Validation

Calculations and assumptions are subject to independent validation by the bank’s validation team.

Note 12 Breakdown of gross lending between different stages in IFRS 9

GROUP	Model-based			Total model-based loss	Individually assessed	Total
Gross lending recognised at amortised cost	Stage 1	Stage 2	Stage 3	Stage 3		
Gross lending at 1 Jan. 2022	163 156	11 575	780	175 511	656	176 167
Transferred to 12-month ECL (Stage 1)	2 452	-2 379	-23	50	-50	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-4 862	5 004	-142	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-75	-220	305	10	-10	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	-12	-28	-18	-57	57	0
Newly issued or acquired financial assets	71 866	2 061	78	74 006	120	74 125
Financial assets derecognised – excluding impairment loss	-51 207	-4 546	-382	-56 134	-164	-56 298
Net change in existing loans	5 565	481	94	6 139	14	6 153
Other changes	2 241	61	84	2 386	0	2 386
Gross lending at 31 Dec. 2022 recognised at amortised cost	189 124	12 010	776	201 910	623	202 534
Impairment loss	-163	-279	-201	-644	-236	-880
Net lending at 31 Dec. 2022 recognised at amortised cost	188 961	11 731	575	201 267	387	201 654
Lending valued at fair value						22 840
Capitalised lending at 31 Dec. 2022						224 494

Gross lending recognised at amortised cost, allocated to different stages at 31 Dec. 2022	189 124	12 010	776	201 910	623	202 534
* Of which Corporate Market	44 888	6 965	524	52 377	610	52 987
* Of which Retail Market – mortgages	143 395	4 981	240	148 617	10	148 627
* Of which Retail Market – unsecured loans/ other	841	64	12	917	4	920

**Note 12 Breakdown of gross lending between different stages in IFRS 9 (continued)**

PARENT BANK	Model-based			Total model-based loss	Individually assessed	Total
Gross lending recognised at amortised cost or fair value through OCI	Stage 1	Stage 2	Stage 3		Stage 3	
Gross lending at 1 Jan. 2022	68 967	8 542	634	78 142	650	78 793
Transferred to 12-month ECL (Stage 1)	1 583	-1 516	-16	50	-50	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-3 362	3 480	-119	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-46	-169	225	10	-10	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	-12	-28	-18	-57	57	0
Newly issued or acquired financial assets	39 655	1 490	84	41 229	120	41 348
Financial assets derecognised – excluding impairment loss	-28 244	-3 799	-326	-32 370	-158	-32 528
Net change in existing loans	2 787	399	89	3 275	14	3 289
Other changes	2 241	61	84	2 386	0	2 386
Gross lending at 31 Dec. 2022 recognised at amortised cost or fair value through OCI	83 568	8 460	636	92 665	623	93 288
Loan loss impairment	-155	-246	-191	-592	-236	-828
Net lending at 31 Dec. 2022 recognised at amortised cost or fair value through OCI	83 414	8 214	446	92 074	387	92 460
Lending valued at fair value						4 797
Capitalised lending at 31 Dec. 2022						97 258

In line with IFRS 9, the bank groups its loans into three stages based on the probability of default (PD) at the time of recognition compared with the balance sheet date, and checking the watchlist, forbearance and instalments paid more than 30 days after the due date. In other words, each individual loan (or exposure) is classified as Stage 1, 2 or 3. All exposures measured at amortised cost are included in the model.

Stage 1 is the starting point for financial assets covered by the general loss model, for which a provision will be made corresponding to 12-month expected loss. Stage 2 includes assets for which the credit risk has increased significantly since initial recognition, but where there is no objective evidence of a loss. Exposures at Stage 1 and 2 are assessed at portfolio level (model-based).

Stage 3 of the model includes assets for which the credit risk has increased significantly since initial recognition, and where there has been objective evidence of a loss event on the balance sheet date. They are divided into loans that have been individually assessed and loans assessed at portfolio level (model-based).

**Note 12 Breakdown of gross lending between different stages in IFRS 9 (continued)**

GROUP	Model-based			Total model-based loss	Individually assessed	Total
Gross lending recognised at amortised cost	Stage 1	Stage 2	Stage 3		Stage 3	
Gross lending at 1 Jan. 2021	139 549	11 212	735	151 493	934	152 429
Transferred to 12-month ECL (Stage 1)	2 532	-2 499	-32	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-3 966	4 264	-111	187	-187	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-57	-243	316	16	-16	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	-19	-64	-1	-83	83	0
Newly issued or acquired financial assets	64 730	2 354	113	67 197	64	67 261
Financial assets derecognised – excluding impairment loss	-36 711	-3 472	-153	-40 336	-179	-40 516
Net change in existing loans	-2 901	24	-86	-2 963	-44	-3 007
Gross lending at 31 Dec. 2021 recognised at amortised cost	163 156	11 575	780	175 511	656	176 167
Impairment loss	-130	-298	-211	-638	-221	-859
Net lending at 31 Dec. 2021 recognised at amortised cost	163 026	11 277	569	174 873	435	175 308
Lending valued at fair value						27 667
Capitalised lending at 31 Dec. 2021						202 975
Gross lending recognised at amortised cost, allocated to different stages at 31 Dec. 2021	163 156	11 575	780	175 511	656	176 167
<i>* Of which Corporate Market</i>	37 112	7 080	490	44 682	626	45 308
<i>* Of which Retail Market – mortgages</i>	125 169	4 417	272	129 858	26	129 884
<i>* Of which Retail Market – unsecured loans/ other</i>	875	79	17	971	4	975



Note 12 Breakdown of gross lending between different stages in IFRS 9 (continued)

PARENT BANK	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
Gross lending recognised at amortised cost	63 908	7 744	588	72 240	921	73 161
Gross lending at 1 Jan. 2021	1 398	-1 367	-31	0	0	0
Transferred to 12-month ECL (Stage 1)						
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-2 923	3 198	-88	187	-187	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-44	-171	231	16	-16	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	-19	-64	-1	-83	83	0
Newly issued or acquired financial assets	30 793	1 905	113	32 811	64	32 875
Financial assets derecognised – excluding impairment loss	-22 651	-2 727	-89	-25 467	-172	-25 639
Net change in existing loans	-1 494	23	-90	-1 561	-44	-1 605
Gross lending at 31 Dec. 2021 recognised at amortised cost or fair value through OCI	68 967	8 542	634	78 142	650	78 793
Loan loss impairment	-123	-274	-199	-597	-221	-818
Net lending at 31 Dec. 2021 recognised at amortised cost or fair value through OCI	68 844	8 267	434	77 545	430	77 975
Lending valued at fair value						5 860
Capitalised lending at 31 Dec. 2021						83 834

In line with IFRS 9, the bank groups its loans into three stages based on the probability of default (PD) at the time of recognition compared with the balance sheet date, and checking the watchlist, forbearance and instalments paid more than 30 days after the due date. In other words, each individual loan (or exposure) is classified as Stage 1, 2 or 3. All exposures measured at amortised cost are included in the model.

Stage 1 is the starting point for financial assets covered by the general loss model, for which a provision will be made corresponding to 12-month expected loss. Stage 2 includes assets for which the credit risk has increased significantly since initial recognition, but where there is no objective evidence of a loss. Exposures at Stage 1 and 2 are assessed at portfolio level (model-based).

Stage 3 of the model includes assets for which the credit risk has increased significantly since initial recognition, and where there has been objective evidence of a loss event on the balance sheet date. They are divided into loans that have been individually assessed and loans assessed at portfolio level (model-based).



Note 13 Write-down of loans, guarantees, unused credit facilities and loan approvals

GROUP	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
The period's changes in impairment under IFRS 9 on loans, guarantees, unused credit facilities and loan approvals						
Loss provision in opening balance, IFRS 9, at 1 Jan. 2022	169	344	212	725	221	946
Transferred to 12-month ECL (Stage 1)	80	-59	-4	17	-17	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-19	63	-44	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-1	-16	21	4	-4	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-3	-3	-6	6	0
Net new measurement of losses	-69	81	58	71	60	131
Newly issued or acquired financial assets	117	55	26	197	26	223
Financial assets derecognised	-81	-129	-62	-272	-60	-333
Currency effects and other changes	4	0	0	4	6	9
Loss provision at 31 Dec. 2022	199	336	205	739	237	976
Loan loss provision	163	279	201	644	236	880
Other provision for commitments	35	56	4	95	0	96
Total loss provision	199	336	205	739	237	976

Loss cost for the period:

Changes in individual write-downs for the period	16
Currency effects and other changes	-6
Confirmed loss in the period with previous individual write-down	18
Confirmed loss in the period with no previous individual write-down	34
Recoveries in previously confirmed write-downs	-20
Net effect on profit from individual write-downs	42
Change in model-based loss for the period (Stage 1–3)	11
Loss cost for the period	52

Gross lending recognised at amortised cost at 31 Dec. 2022	189 124	12 010	776	201 910	624	202 534
Impairment loss	-163	-279	-201	-644	-236	-880
Net lending recognised at amortised cost in the balance sheet	188 961	11 731	575	201 267	387	201 654
Lending recognised at fair value through profit or loss						22 840
Capitalised lending at 31 Dec. 2022						224 494

<i>Sensitivity of model-based impairment:</i>	<i>CM</i>	<i>RM</i>	<i>Total</i>
Change in expected loss in event of 100% weighting, worst case	504	117	621
Change in expected loss in event of 100% weighting, best case	-302	-70	-372
Change in expected loss in event of stress (raw PDs increase by 20% and collateral decreases by 20%)	181	32	213
Change in expected loss if LGD is reduced by 10%	-91	-13	-104
Change in expected loss if LGD is increased by 10%	91	13	104

Confirmed losses on loans that are still subject to follow-up amounted to a total of NOK 139 million at 31 Dec. 2022 and NOK 131 million at 31 Dec. 2021.

ECL = Expected Credit Loss



Note 13 Write-down of loans, guarantees, unused credit facilities and loan approvals (continued)

In line with IFRS 9, the bank groups its loans into three stages based on the probability of default (PD) at the time of recognition compared with the balance sheet date, and checking the watch list, forbearance and instalments paid more than 30 days after the due date. In other words, each individual loan (or exposure) is classified as Stage 1, 2 or 3. All exposures measured at amortised cost are included in the model.

Stage 1 is the starting point for financial assets covered by the general loss model, for which a provision will be made corresponding to 12-month expected loss. Stage 2 includes assets for which the credit risk has increased significantly since initial recognition, but where there is no objective evidence of a loss. Exposures at Stage 1 and 2 are assessed at portfolio level (model-based).

Stage 3 of the model includes assets for which the credit risk has increased significantly since initial recognition, and where there has been objective evidence of a loss event on the balance sheet date. They are divided into loans that have been individually assessed and loans assessed at portfolio level (model-based).

Transfer between the stages shows how much of expected credit losses in the opening balance have migrated from the other stages. The effect of the new measurement method and new calculation in the quarter is presented on the line 'Net new measurement of losses'.

Confirmation of the impairment loss (booked against the customer's commitment) takes place when all security has been realised and it is certain that the bank will receive no further payments on the loan. The claim on the customer remains and will be followed up, unless it has been agreed with the customer that the loan is to be written off.

Write-downs of guarantees, unused credit facilities and loan approvals include off-balance sheet items and are recognised as debt obligations in the accounts.



Note 13 Write-down of loans, guarantees, unused credit facilities and loan approvals (continued)

PARENT BANK

The period's changes in impairment under IFRS 9 on loans, guarantees, unused credit facilities and loan approvals	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
Loss provision in opening balance, IFRS 9, at 1 Jan. 2022	163	320	201	683	221	904
Transferred to 12-month ECL (Stage 1)	75	-54	-3	17	-17	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-19	61	-42	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-1	-15	20	4	-4	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-3	-3	-6	6	0
Net new measurement of losses	-65	68	52	56	60	116
Newly issued or acquired financial assets	113	50	26	189	26	215
Financial assets derecognised	-80	-124	-56	-260	-60	-320
Currency effects and other changes	4	0	0	4	6	9
Loss provision at 31 Dec. 2022	190	303	194	687	237	923
Loan loss provision	155	246	191	592	236	828
Other provision for commitments	35	56	4	95	0	96
Total loss provision	190	303	194	687	237	923

Loss cost for the period:

Changes in individual write-downs for the period	16
Currency effects and other changes	-6
Confirmed loss in the period with previous individual write-down	16
Confirmed loss in the period with no previous individual write-down	29
Recoveries in previously confirmed write-downs	-19
Net effect on profit from individual write-downs	36
Change in model-based loss for the period (Stage 1–3)	0
Loss cost for the period on loans, guarantees, unused credit and loan approvals	36

Gross lending recognised at amortised cost or fair value through OCI at 31 Dec. 2022	83 568	8 461	636	92 665	623	93 288
Impairment loss	-155	-246	-191	-592	-236	-828
Net	83 413	8 214	445	92 073	387	92 460
Lending recognised at fair value through profit or loss						4 797
Capitalised lending at 31 Dec. 2022						97 258

Confirmed losses on loans that are still subject to follow-up amounted to a total of NOK 108 million at 31 Dec. 2022 and NOK 106 million at 31 Dec. 2021.



Note 13 Write-down of loans, guarantees, unused credit facilities and loan approvals (continued)

GROUP

The period's changes in impairment under IFRS 9 on loans, guarantees, unused credit facilities and loan approvals	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3			
Loss provision in opening balance, IFRS 9, at 1 Jan. 2021	147	350	181	678	358	1 035
Transferred to 12-month ECL (Stage 1)	49	-34	-14	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-11	62	-35	15	-15	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	0	-12	15	3	-3	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-4	0	-5	5	0
Net new measurement of losses	-65	-19	71	-13	-74	-87
Newly issued or acquired financial assets	94	84	16	193	14	206
Financial assets derecognised	-43	-82	-21	-146	-63	-209
Currency effects and other changes	0	0	0	0	0	0
Loss provision at 31 Dec. 2021	169	344	212	725	221	946
Loan loss provision	130	298	211	638	221	859
Other provision for commitments	39	46	1	86	0	86
Total loss provision	169	344	212	725	221	946

Loss cost for the period:

Changes in individual write-downs for the period	-137
Currency effects and other changes	1
Confirmed loss in the period with previous individual write-down	49
Confirmed loss in the period with no previous individual write-down	35
Recoveries in previously confirmed write-downs	-26
Net effect on profit from individual write-downs	-78
Change in model-based loss for the period (Stage 1–3)	47
Loss cost for the period	-31

Gross lending recognised at amortised cost at 31 Dec. 2021	163 156	11 575	780	175 511	656	176 167
Impairment loss	-130	-298	-211	-638	-221	-859
Net lending recognised at amortised cost in the balance sheet	163 026	11 277	569	174 873	435	175 308
Lending recognised at fair value through profit or loss						27 667
Capitalised lending at 31 Dec. 2021						202 975

Sensitivity of model-based impairment:

	CM	RM	Total
Change in expected loss in event of 100% weighting, worst case	469	63	532
Change in expected loss in event of 100% weighting, best case	-291	-43	-333
Change in expected loss in event of stress (raw PDs increase by 20% and collateral decreases by 20%)	152	52	204
Change in expected loss if LGD is reduced by 10%	-59	-9	-69
Change in expected loss if LGD is increased by 10%	59	2	62

ECL = Expected Credit Loss



Note 13 Write-down of loans, guarantees, unused credit facilities and loan approvals (continued)

PARENT BANK

The period's changes in impairment under IFRS 9 on loans, guarantees, unused credit facilities and loan approvals	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3			
Loss provision in opening balance, IFRS 9, at 1 Jan. 2021	144	331	169	643	356	999
Transferred to 12-month ECL (Stage 1)	45	-31	-14	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-11	60	-33	15	-15	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	0	-11	14	3	-3	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-4	0	-5	5	0
Net new measurement of losses	-62	-27	65	-23	-74	-97
Newly issued or acquired financial assets	90	80	16	186	14	200
Financial assets derecognised	-43	-78	-16	-136	-62	-198
Currency effects and other changes					0	0
Loss provision at 31 Dec. 2021	163	320	201	683	221	904
Loan loss provision	123	274	199	597	221	818
Other provision for commitments	39	46	1	86	0	86
Total loss provision	162	320	201	683	221	904

Loss cost for the period:

Changes in individual write-downs for the period	-135
Currency effects and other changes	1
Confirmed loss in the period with previous individual write-down	47
Confirmed loss in the period with no previous individual write-down	30
Recoveries in previously confirmed write-downs	-24
Net effect on profit from individual write-downs	-81
Change in model-based loss for the period (Stage 1–3)	40
Loss cost for the period on loans, guarantees, unused credit and loan approvals	-41

Gross lending recognised at amortised cost or fair value through OCI at 31 Dec. 2021	68 967	8 542	633	78 142	650	78 792
Impairment loss	-123	-274	-199	-597	-221	-818
Net	68 843	8 267	434	77 545	430	77 975
Lending recognised at fair value through profit or loss						5 860
Capitalised lending at 31 Dec. 2021						83 834



Note 14 Write-down of loans, guarantees, unused credit facilities and loan approvals – Segment

GROUP

31 Dec. 2022	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
CORPORATE MARKET						
Loss provision in opening balance, IFRS 9	153	300	176	631	206	835
Transferred to 12-month ECL (Stage 1)	72	-52	-2	17	-17	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-18	58	-40	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-1	-14	19	4	-4	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-3	-3	-6	6	0
Net new measurement of losses	-64	61	47	44	58	102
Newly issued or acquired financial assets	106	44	24	174	26	200
Financial assets derecognised	-76	-116	-44	-236	-52	-288
Currency effects and other changes					4	4
Loss provision at 31 Dec. 2022	172	278	177	628	227	855

	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
RETAIL MARKET						
Loss provision in opening balance, IFRS 9	16	43	36	95	15	110
Transferred to 12-month ECL (Stage 1)	8	-7	-1	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-1	5	-4	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	0	-2	2	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	0	0	0	0	0
Net new measurement of losses	-5	20	11	26	2	28
Newly issued or acquired financial assets	10	11	1	23	0	23
Financial assets derecognised	-6	-14	-17	-37	-8	-45
Currency effects and other changes	4	0	0	4	0	4
Loss provision at 31 Dec. 2022	26	57	27	110	10	120

Total write-downs on loans, guarantees, unused credit facilities and loan approvals	199	336	205	739	237	976
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Note 14 Write-down of loans, guarantees, unused credit facilities and loan approvals – Segment

GROUP

31 Dec. 2021	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
CORPORATE MARKET						
Loss provision in opening balance, IFRS 9	137	311	147	596	331	926
Transferred to 12-month ECL (Stage 1)	41	-27	-14	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-11	58	-32	15	-15	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	0	-10	12	1	-1	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-4	0	-5	5	0
Net new measurement of losses	-59	-32	58	-32	-74	-106
Newly issued or acquired financial assets	86	77	13	176	14	189
Financial assets derecognised	-41	-72	-7	-120	-53	-174
Currency effects and other changes					0	0
Loss provision at 31 Dec. 2021	153	300	176	631	206	835

	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
RETAIL MARKET						
Loss provision in opening balance, IFRS 9	10	39	34	83	26	109
Transferred to 12-month ECL (Stage 1)	8	-7	0	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-1	3	-3	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	0	-2	3	1	-1	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	0	0	0	0	0
Net new measurement of losses	-6	13	13	20	0	20
Newly issued or acquired financial assets	7	7	3	17	0	17
Financial assets derecognised	-2	-10	-14	-26	-10	-35
Currency effects and other changes				0	0	0
Loss provision at 31 Dec. 2021	16	43	36	95	15	110

Total write-downs on loans, guarantees, unused credit facilities and loan approvals	169	344	212	725	221	946
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Note 15 Renegotiated loans and loans in default

Renegotiated loans (forbearance)

Renegotiated loans are defined as loans where modified terms have been granted in connection with the customer developing payment problems, and that these terms would not be granted for an ordinary loan.

GROUP

At 31 Dec. 2022	Stage 2	Stage 3	Total
Gross carrying amount of exposures with forbearance measures – CM	1 159	641	1 800
Write-downs – CM	-68	-228	-297
Gross carrying amount of exposures with forbearance measures – RM	394	105	498
Write-downs – RM	-6	-12	-18
Net carrying amount of exposures with forbearance measures at 31 Dec. 2022	1 479	505	1 985

At 31 Dec. 2021	Stage 2	Stage 3	Total
Gross carrying amount of exposures with forbearance measures – CM	1 653	598	2 251
Write-downs – CM	-94	-212	-306
Gross carrying amount of exposures with forbearance measures – RM	461	65	525
Write-downs – RM	-8	-7	-15
Net carrying amount of exposures with forbearance measures at 31 Dec. 2021	2 012	443	2 456

Defaults and other potential bad debt

The table shows the recognised defaults and other potential bad debt, where the total reported is based on definitions pursuant to the Basel regulations.

PARENT BANK				GROUP		
31 Dec. 2022				31 Dec. 2022		
Retail Market	Corporate Market	Total		Retail Market	Corporate Market	Total
62	355	418	Loans in default more than 90 days	112	360	472
76	613	689	Other potential bad debt	160	618	779
138	968	1 107	Total defaults and potential bad debt	272	978	1 250
-24	-403	-427	- Total Stage 3 impairment	-34	-404	-437
114	565	680	Net defaults and potential bad debt	239	575	813

31 Dec. 2021				31 Dec. 2021		
Retail Market	Corporate Market	Total		Retail Market	Corporate Market	Total
70	345	415	Loans in default more than 90 days	122	351	473
65	772	837	Other potential bad debt	152	774	927
136	1 117	1 252	Total defaults and potential bad debt	274	1 125	1 399
-39	-381	-420	- Total Stage 3 impairment	-50	-381	-432
97	736	832	Net defaults and potential bad debt	224	744	968



Note 15 Renegotiated loans and loans in default (continued)

Age breakdown of defaults of payment

The table shows the book value of loans registered in default, where the amount in default exceeds NOK 1,000 in one of the commitment's accounts and makes up at least 1% of the size of the commitment for the Retail Market. The same applies to the Corporate Market, but the threshold is NOK 2,000.

PARENT BANK				GROUP		
31 Dec. 2022				31 Dec. 2022		
Retail Market	Corporate Market	Total		Retail Market	Corporate Market	Total
79	174	254	Up to 30 days	165	180	346
30	175	205	31-90 days	64	175	239
62	355	418	More than 90 days	112	360	472
171	705	876	Gross loans in default	341	716	1 056

31 Dec. 2021				31 Dec. 2021		
Retail Market	Corporate Market	Total		Retail Market	Corporate Market	Total
38	266	304	Up to 30 days	71	266	338
30	63	93	31–60 days	43	63	105
70	345	415	More than 90 days	122	351	473
138	674	812	Gross loans in default	236	680	916



Note 16 Secured debt

Gross lending is largely secured by mortgages. Security in the Retail Market mostly consists of real property. In the calculation below, these assets are recognised at fair value through estimates from Eiendomsverdi, up-to-date value assessments from estate agents or up-to-date valuations. In the Corporate Market, the majority of assets furnished as security are tangible fixed assets. Tangible fixed assets mainly comprise real property, but also mortgages on ships, waterfall rights etc. Current assets, such as factoring, simple monetary claims and operating equipment and other security such as lease guarantees, insurance contracts, guarantees secured by mortgage etc. are also pledged as security.

The table below shows the percentage breakdown of commitments relating to different levels of secured debt. The method for reporting LTV has been adjusted in 2022, compared to 2021. In 2021, the bank reported the entire loan in an LTV range that coincided with the loan's overall LTV range. In 2022, the proportion of each loan that coincides with an LTV range is reported within that range. The limits for LTV ranges have also been adjusted. The figures for 2021 have been adjusted to reflect the change in the reporting method.

PARENT BANK				GROUP		
31 Dec. 2022				31 Dec. 2022		
Retail Market	Corporate Market	Total	Security level	Retail Market	Corporate Market	Total
78,5%	88,3%	83,9%	0%–60%	86,9%	88,3%	87,2%
10,7%	5,3%	7,7%	60%–80%	8,9%	5,4%	8,1%
2,2%	1,0%	1,5%	80%–90%	1,4%	1,0%	1,3%
0,8%	0,5%	0,7%	90%–100%	0,5%	0,5%	0,5%
1,1%	3,8%	2,5%	100%–	0,6%	3,7%	1,3%
0,0%	0,3%	0,2%	Other security	0,0%	0,3%	0,1%
6,8%	0,9%	3,5%	Unsecured	1,8%	0,8%	1,5%
100,0%	100,0%	100,0%	Total	100,0%	100,0%	100,0%

31 Dec. 2021				31 Dec. 2021		
Retail Market	Corporate Market	Total	Security level	Retail Market	Corporate Market	Total
77,3%	88,7%	83,6%	0%–60%	86,2%	88,6%	86,8%
10,8%	5,3%	7,8%	60%–80%	9,2%	5,5%	8,3%
2,1%	1,0%	1,5%	80%–90%	1,4%	1,0%	1,3%
0,8%	0,5%	0,6%	90%–100%	0,5%	0,5%	0,5%
1,2%	3,6%	2,5%	100%–	0,7%	3,5%	1,4%
0,0%	0,3%	0,2%	Other security	0,0%	0,2%	0,1%
7,8%	0,6%	3,8%	Unsecured	2,0%	0,6%	1,6%
100,0%	100,0%	100,0%	Total	100,0%	100,0%	100,0%



Note 17 Loans to and receivables from credit institutions

PARENT BANK			GROUP	
31 Dec. 2021	31 Dec. 2022		31 Dec. 2022	31 Dec. 2021
20 900	19 573	No agreed term to maturity or period of notice	1 018	1 238
0	0	With an agreed term to maturity or period of notice	0	0
20 900	19 573	Loans to and receivables from credit institutions	1 018	1 238
		Geographical areas		
19 783	18 820	Vestland	266	121
64	125	Rest of Norway	125	64
1 053	627	Abroad	627	1 053
20 900	19 573	Total, geographical areas	1 018	1 238

Loans to and receivables from credit institutions are measured at amortised cost. The expected loss relating to this accounting item is deemed to be insignificant, and no impairment loss has therefore been recognised.

Note 18 Guarantees and secured debt

PARENT BANK			GROUP	
31 Dec. 2021	31 Dec. 2022	Breakdown by guarantee type	31 Dec. 2022	31 Dec. 2021
1 079	1 866	Payment guarantees	1 864	1 079
718	912	Contract guarantees	912	718
24	85	Tax guarantees	85	24
207	259	Other guarantee liability	214	160
2 029	3 122	Guarantee liability in relation to customers	3 075	1 982
96 268	101 573	Intercompany liquidity facility		
98 297	104 695	Total guarantee liability	3 075	1 982
		Secured debt		
400	1 270	Nominal value of bonds deposited with clearing house	1 270	400
16 495	20 739	Nominal value of bonds deposited in Norges Bank	20 739	16 495
16 895	22 009	Total secured debt	22 009	16 895



Note 19 Commercial papers and bonds

GROUP

31 Dec. 2022 Broken down by sector	Spread risk	Cost price	Market value	Rel. distribution
Government	0	7 020	6 873	22 %
Banking and finance – government-guaranteed	29	4 946	4 902	16 %
Public sector – government-guaranteed	11	1 117	1 116	4 %
Covered bonds	248	15 571	15 579	51 %
Municipalities and county authorities	21	2 036	2 045	7 %
Banking and finance	1	300	301	1 %
Banking and finance – subordinated loans and bonds	0	0	0	0 %
Enterprises etc.	0	8	8	0 %
Commercial papers and bonds	310	31 000	30 825	100 %

In the portfolio defined above, green/ESG bonds amount to NOK 1,492 million.

31 Dec. 2021 Broken down by sector	Spread risk	Cost price	Market value	Rel. distribution
Government	0	3 922	3 834	17 %
Banking and finance – government-guaranteed	0	4 351	4 279	19 %
Public sector – government-guaranteed	0	795	794	3 %
Covered bonds	210	12 688	12 703	55 %
Municipalities and county authorities	22	1 307	1 315	6 %
Banking and finance	0	0	0	0 %
Banking and finance – subordinated loans and bonds	0	9	9	0 %
Enterprises etc.	0	9	11	0 %
Commercial papers and bonds	233	23 082	22 945	100 %

In the portfolio defined above, green/ESG bonds amount to NOK 1,129 million.

PARENT BANK

31 Dec. 2022 Broken down by sector	Spread risk	Cost price	Market value	Rel. distribution
Government	0	7 020	6 873	22 %
Banking and finance – government-guaranteed	25	4 412	4 366	14 %
Public sector – government-guaranteed	11	1 117	1 116	4 %
Covered bonds	247	15 428	15 435	50 %
Municipalities and county authorities	21	2 036	2 045	7 %
Banking and finance	1	300	301	1 %
Banking and finance – subordinated loans and bonds	14	500	503	2 %
Enterprises etc.	0	8	8	0 %
Commercial papers and bonds	319	30 822	30 648	100 %

31 Dec. 2021 Broken down by sector	Spread risk	Cost price	Market value	Rel. distribution
Government	0	3 922	3 834	17 %
Banking and finance – government-guaranteed	0	4 184	4 117	18 %
Public sector – government-guaranteed	0	545	544	2 %
Covered bonds	208	12 044	12 059	54 %
Municipalities and county authorities	22	1 307	1 315	6 %
Banking and finance	0	0	0	0 %
Banking and finance – subordinated loans and bonds	33	509	520	2 %
Enterprises etc.	0	9	11	0 %
Commercial papers and bonds	263	22 520	22 399	100 %

Spread risk is the risk of negative changes in value as a result of changes in the issuer of the interest rate instrument's credit risk. The spread risk in the table above is calculated based on the underlying instrument's duration and the issuer's credit rating, so that high credit risk securities are assigned higher weight than low credit risk securities. The spread risk is calculated based on the model prepared by the Financial Supervisory Authority of Norway.



Note 20 Shareholdings in subsidiaries and associated companies

Subsidiaries	Number of shares	Holding as %	Balance sheet value in parent bank	
			31 Dec. 2022	31 Dec. 2021
(balance sheet value, parent bank)				
Sparebanken Vest Boligkreditt AS	4 650 000	100	4 650	4 650
Subordinated bonds classified as equity			675	675
Eiendomsmegler Vest AS	1 200	100	83	83
Jonsvoll Utleie AS	500	100	5	5
Total group companies in parent bank			5 413	5 413

Associated companies (balance sheet value, parent bank)	Number of shares	Holding as %	31 Dec. 2022	31 Dec. 2021
Frende Holding AS	2 675 614	39,58	310	302
Norne Securities AS	7 535 403	40,88	18	17
Brage Finans AS	68 330 604	49,99	960	760
Balder Betaling AS	9 844 281	38,54	222	155
Folio AS	1 610 919	27,49	35	25
Total shares in associated companies			1 544	1 260

Associated companies (balance sheet value, Group) 2022	Frende Holding Group	Norne Securities AS	Brage Finans AS	Balder Betaling AS	Folio AS	Total
Balance sheet value at beginning of period	842	20	1 082	263	13	2 220
Increase from merger with Etne Sparebank	14	0	40	4	0	59
Capital increase/acquisition	11	0	200	63	10	284
Dividend/sale	-198	0	-40	0	0	-238
Share of profit for the year	114	12	132	0	3	262
Balance sheet value at end of period	783	33	1 414	330	26	2 586

Associated companies (balance sheet value, Group) 2021	Frende Holding Group	Norne Securities AS	Brage Finans AS	Balder Betaling AS	Folio AS	Total
Balance sheet value at beginning of period	837	18	978	166	19	2 018
Capital increase/acquisition	0	0	0	12	0	12
Dividend/sale	-208	-3	0	0	0	-211
Share of profit for the year	213	5	103	86	-6	401
Balance sheet value at end of period	842	20	1 082	263	13	2 220



Note 20 Shareholdings in subsidiaries and associated companies (continued)

Associated companies (company information)

	Frende Holding Group	Norne Securities AS	Brage Finans AS	Balder Betaling AS	Folio AS
Associated companies – company information – 2021 ¹⁾					
Cash and cash equivalents	96	78	118	10	2
Other current assets	847	67	169	24	3
Fixed assets	6 050	12	17 078	393	31
Total assets	6 993	158	17 364	427	36
Short-term financial liabilities	0	11	585	0	2
Other short-term liabilities	852	68	151	31	3
Long-term financial liabilities	4 391	29	14 250	0	5
Other long-term liabilities	96	0	214	0	0
Own funds	1 655	49	2 164	396	27
Total liabilities and equity	6 993	158	17 364	427	36
Operating income	1 221	111	455	3	0
Depreciation	-15	-2	-19	0	0
Other operating expenses	-581	-97	-149	-3	-9
Interest income	55	2	0	0	0
Interest expenses	-14	-2	0	0	0
Tax	-145	0	-70	0	0
Total profit after tax	522	13	216	0	-9
Dividend received from associated company (Sparebanken Vest's share)	208	0	0	0	0

¹⁾ The table shows accounting figures for associated companies from the last official accounts at 31 Dec. 2021 (on a 100% basis).

The Frende Forsikring Group comprises the parent company Frende Holding AS, which develops and manages the wholly-owned subsidiaries Frende Skadeforsikring AS and Frende Livsforsikring AS.

Norne Securities AS is a securities firm that offers investment services to the corporate and retail markets.

Brage Finans AS is a financing company that provides financing of movable property, including leasing and loans secured by the purchased object. The company's products are mainly distributed through owner banks, its own sales organisation and via agents.

Balder Betaling AS is a company that exercises ownership of Vipps Holding AS on behalf of Sparebanken Vest and 20 other savings banks. Balder Betaling has a holding of 10.49% in Vipps Holding AS, and Sparebanken Vest is the biggest owner of Balder with a holding of 38.54%. The company is a strong Norwegian alternative to large international payment transfer providers.

Folio AS is a technology company that builds smarter services for starting and running a company.



Note 21 Market risk

Sparebanken Vest defines market risk as the risk of loss on a financial instrument as a result of changes in market variables and/or market conditions within a specified time frame. Market risk arises as a result of the bank holding open positions in various financial instruments. It can be subdivided into the following main groups:

- Interest rate risk: The risk of a loss as a result of changes in the interest rate markets (see Note 22)
- Equity risk: The risk of a loss as a result of changes in share prices (see Note 26)
- Currency risk: The risk of a loss as a result of changes in exchange rates (see Note 23)
- Credit spread risk: The risk of a loss as a result of changes in credit spreads (see Note 19)
- Property risk: The risk of a loss as a result of changes in real estate prices

The management of market risk is enshrined in the bank's market risk strategy. The market risk strategy is adopted by the Board and governs the bank's activities in the capital markets. The risk is managed through defined position limits in each risk area, and in some cases, the distribution of these limits is specified for legal entities in the Group.

Sparebanken Vest's investments shall be justified on the basis of the bank's business needs. The bank does not have, nor will it have, trading portfolios in shares or bonds. Sparebanken Vest continuously measures and monitors the market risk to which the bank is exposed. The bank uses traditional control parameters and limits, which are supplemented by stress tests in order to assess the market risk.

The sensitivity of the bank's interest rate risk is shown in Note 22. The sensitivity of the bank's currency risk is shown in Note 23. The sensitivity of the bank's equity risk to a percentage fall in all share prices is shown in Note 26. Note 19 shows sensitivity expressed as credit spread risk.

With the exception of equity risk, for which capital is also calculated under Pillar 1, the bank's calculation of capital for market risk is exclusively based on calculations and methods for calculating Pillar 2 capital needs, as described in the Financial Supervisory Authority's Circular 3/2022 with appendices.

	31 Dec. 2022	31 Dec. 2021
The total capital need linked to market risk is summed up as follows:		
Market risk	607	531



Note 22 Interest rate sensitivity

Interest rate risk is the risk of losses as a result of changes in the interest rate. Sparebanken Vest incurs interest rate risk through ordinary banking operations (borrowing and lending). Sparebanken Vest also has holdings of bonds and certificates, mainly in order to meet the bank's liquidity requirements.

Bonds issued at a fixed interest rate account for part of the bank's borrowings in the bond market. In order to reduce the interest rate risk, the bank has entered into interest swap agreements. These interest swap agreements are valued at fair value in the consolidated balance sheet. In order to give a balanced picture in the consolidated balance sheet, bonds issued at a fixed interest rate by the Group are classified as recognised at fair value or designated for hedge accounting. The interest rate risk associated with the bank's fixed-rate loans to customers is also managed through interest swap agreements. In order to give a balanced picture in the consolidated balance sheet, fixed-interest loans to customers are classified as recognised at fair value.

The tables below show the financial consequences for the balance sheet of given changes to interest rates for the Group and the parent bank's balance sheet total. From and including 2020, the bank has measured and managed interest rate risk based on six different shock scenarios across 19 time bands, cf. EBA Guideline 2018/02. The six interest rate shock scenarios are as follows:

- 1) parallel shock up
- 2) parallel shock down
- 3) short rates shock up
- 4) short rates shock down
- 5) steepener shock – short rates down, long rates up
- 6) flattener shock – short rates up, long rates down

At Group level, the Board has granted a maximum amount of NOK 200 million for interest rate risk in 2022. The Board adopted an upward revision of the amount to NOK 250 million in mid-December 2022, which will also apply in 2023. Because the parent bank transfers more or less all eligible mortgages to Sparebanken Vest Boligkreditt, while all deposits remain in the parent bank, the interest rate risk measurement is skewed at the parent bank level. The bank's perspective on interest risk, particularly considering the wholly-owned housing credit company, is therefore that the group perspective is most relevant and should therefore form the basis for the bank's adoption of limits. The interest rate risk associated with the six scenarios is also measured separately for the legal entities, however. Sparebanken Vest Boligkreditt also adopts a separate limit for interest rate risk.

PARENT BANK				GROUP	
Interest rate sensitivity by scenario					
31 Dec. 2021	31 Dec. 2022			31 Dec. 2022	31 Dec. 2021
156	109	Parallel shock up		87	103
-156	-109	Parallel shock down		-87	-103
145	85	Short rates up		92	142
-145	-85	Short rates down		-92	-142
-54	-21	Steepener shock		-45	-86
89	45	Flattener shock		64	110

Note 23 Currency positions

The table shows Sparebanken Vest's net currency exposure at 31 December, including financial derivatives.

Currency	USD	EUR	GBP	CHF	DKK	SEK	Other	Aggre- gated
Net currency exposure at 31 Dec. 2022	-57	85	-7	-4	-64	-3	2	-47
<i>Effect on profit and equity of change in exchange rates of 5%</i>	-3	4	0	0	-3	0	0	-2
Net currency exposure at 31 Dec. 2021	7	9	-1	2	-5	-2	4	15
<i>Effect on profit and equity of change in exchange rates of 5%</i>	0	0	0	0	0	0	0	1



Note 24 Financial derivatives

Sparebanken Vest uses financial derivatives to manage interest rate and currency risk. Financial derivatives are agreements entered into with clearing houses, financial institutions or customers to stipulate interest terms, exchange rates and the value of equity instruments for specific periods.

Method of valuation and accounting principles

All derivatives are valued at fair value and exchange rate gains/losses are classified as net gain/(loss) on financial instruments. Interest from derivatives entered into to manage the interest rate risk associated with the bank's ordinary portfolios is classified as interest income and recognised as an adjustment of the bank's other interest income/ interest expenses.

Sparebanken Vest has used the following financial derivatives during the year:

Forward currency contracts

These are agreements to purchase or sell specific amounts of currency at an agreed exchange rate on a future date.

Interest rate agreements

- Interest swaps are agreements to swap interest rate terms (fixed for floating) for a specific amount over a fixed period of time.
- Interest rate options (call) entitle the buyer to receive from the seller the difference between the market rate and the agreed interest rate, if the market rate is higher than the agreed interest rate, for a specific amount over a fixed period.
- Interest rate options (put) entitle the buyer to receive from the seller the difference between the market rate and the agreed interest rate, if the market rate is lower than the agreed interest rate, for a specific amount over a fixed period.

Interest rate and currency derivatives

- Cross-currency interest rate swaps where the swap agreement includes both interest rate and currency terms.

The table below shows the nominal value of financial derivatives broken down by the type of derivative in addition to positive and negative market values. Positive market values are recognised in the balance sheet as assets, while negative market values are recognised as liabilities.

	31 Dec. 2022			31 Dec. 2021		
	Nominal value	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value
GROUP						
Interest swap agreements	110 013	215	1 047	95 604	286	286
Options/Cap/Floor/Collar/Swaption	0	1	0	0	0	0
Total interest rate instruments	110 013	216	1 047	95 604	286	286
Interest rate derivatives designated for hedging	3 750	26	130	3 750	160	0
Interest rate and curr. derivatives designated for hedging	15 898	1 270	0	20 666	1 930	0
Total derivatives designated for hedging	19 648	1 296	130	24 416	2 090	0
Interest rate and currency derivatives	37 983	962	570	29 500	156	1 069
Instalments	12 544	101	175	17 698	136	176
Total interest rate and currency-related contracts	50 528	1 064	745	47 199	292	1 244
Total OTC derivatives	180 189	2 575	1 922	167 219	2 668	1 530



Note 24 Financial derivatives (continued)

	31 Dec. 2022			31 Dec. 2021		
	Nominal value	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value
PARENT BANK						
Interest swap agreements	128 574	247	1 711	116 990	347	531
Options/Cap/Floor/Collar/Swaption	0	1	0	0	0	0
Total interest rate instruments	128 574	248	1 711	116 990	347	531
Interest rate and currency derivatives	85 637	4 545	622	60 381	1 245	1 423
Instalments	12 544	101	175	17 698	136	176
Total interest rate and currency-related contracts	98 182	4 646	797	78 079	1 381	1 598
Total OTC derivatives	226 756	4 894	2 507	195 069	1 728	2 129

See Note 21 for a description of the bank’s market risk management.
See Notes 22 and 23 for a further description of the bank’s interest rate and currency management.

Interest rate and currency derivatives designated for hedge accounting exclusively concern the subsidiary Sparebanken Vest Boligkreditt AS.



Note 25 – Hedge accounting of securitised debt

The Group uses hedge accounting to achieve an accounting treatment that reflects how interest rate and currency risk are managed for major long-term borrowings relating to the housing credit company. The hedged items consist exclusively of debt established by issuing financial instruments, and they are recognised in accordance with IFRS 9 as a fair value hedge. Separate interest rate and/or currency swaps with corresponding principals and maturity structures are entered into for the debt instruments in the hedging portfolio. Ineffectiveness can nonetheless arise as a result of random market variations in the evaluation of items and instruments.

The hedging instruments (interest rate and currency swaps) are recognised at fair value, while the hedged items are recognised at fair value for the hedged risks (interest rate and currency). Hedge ineffectiveness, defined as the difference between the value adjustment of hedging instruments and the value adjustment of the hedged risks in the items, is recognised in profit or loss as it arises. The exception is the part of the value adjustment caused by a change in the basis spread relating to the hedging instruments presented in the statement of comprehensive income.

	Hedging instrument nominal value	Hedged item nominal value	Ineffectiveness nominal value
Status at 31 Dec. 2022			
	<i>Interest rate swaps</i>		
Borrowing at a fixed interest rate:			
Nominal value NOK	3 750	3 750	0
	<i>Interest rate and currency swaps</i>		
Borrowing in currency at a fixed interest rate			
Nominal value EUR	1 510	1 510	0
	Hedging instrument book value	Hedged item book value	Recognised ineffectiveness
Book value assets	1 296		
Book value liabilities	130	19 093	
Accumulated changes in value, closing balance	1 150	-1 172	
Accumulated changes in value, opening balance	2 041	-2 116	
Changes in fair value	-891	943	52
Ineffectiveness recognised on discontinuation of hedging relationship			0
Total			52
Ineffectiveness recognised through profit or loss (gain/loss financial instruments)			1
Changes in value recognised through other comprehensive income (base margin)			52
Total			52



Note 25 – Hedge accounting of securitised debt (continued)

Status at 31 Dec. 2021	Hedging instrument nominal value	Hedged item nominal value	Ineffectiveness nominal value
<i>Interest rate swaps</i>			
Borrowing at a fixed interest rate:			
Nominal value NOK	3 750	3 750	0
<i>Interest rate and currency swaps</i>			
Borrowing in currency at a fixed interest rate			
Nominal value EUR	2 010	2 010	0
Nominal value GBP	50	50	0
	Hedging instrument book value	Hedged item book value	Recognised ineffectiveness
Book value assets	2 090		
Book value liabilities	0	24 779	
Accumulated changes in value, closing balance	2 041	-2 116	
Accumulated changes in value, opening balance	4 027	-4 124	
Changes in fair value	-1 986	2 008	23
Ineffectiveness recognised on discontinuation of hedging relationship			10
Total			32
Ineffectiveness recognised through profit or loss (gain/loss financial instruments)			-2
Changes in value recognised through other comprehensive income (base margin)			34
Total			32

The Company's hedging arrangements are based on the Nibor benchmark rate. A benchmark rate reform is currently taking place that affects the Nibor rate. The company Norske Finansielle Referanser AS will take over the administration of Nibor, provided that it receives Nibor quotes from the panel banks. Sparebanken Vest considers it likely that Nibor will be maintained for the remaining duration of the bank's hedging arrangements.



Note 26 Shares

The shareholding is recognised at fair value through profit or loss.

	Cost price	31 Dec. 2022	31 Dec. 2021
Shares valued at fair value through profit or loss are divided between the following portfolios			
Fair value through profit or loss	298	226	254
Shares recognised at fair value through profit or loss		226	254
Valuation method			
Listed		44	37
Shares valued on the basis of the OTC list		0	0
The companies' own valuation based on EVCA ¹⁾		51	75
Shares valued on the basis of other valuation techniques ²⁾		132	142
Shares recognised at fair value through profit or loss		226	254

¹⁾ The bank's investments in venture shares are mainly mutual fund investments (or participation in investment companies). Some of the funds/companies prepare price assessments on the basis of the underlying portfolio value, which is used for valuation purposes.

²⁾ Value assessments are based on the last issue price, traded prices known to us and/or available accounting information if the share has not been traded. Obvious excess values are accounted for through a value adjustment, while smaller items are written down where necessary.

The Group has committed to paying further equity relating to the following ordinary share limits and venture investments at 31 Dec. 2022:

	Comm. amount	Paid up
Fjord Invest Sørvest AS	14	11
Sarsia Seed II AS	50	27
Committed amounts relating to equity investments	64	38

The committed amount relating to equity investments at 31 Dec. 2021 amounted to NOK 99 million, NOK 62 million of which was paid up.

Specification of shares, units and funds at 31 Dec. 2022 Balance sheet value in NOK 1,000	Number of shares	Holding (%)	Balance sheet value
Beat Technology AS	1 025 009	11,1%	5 996
Bergensavisen AS	315 840	9,8%	7 896
Eksportfinans ASA	2 638	1,0%	60 298
Kredittforeningen for Sparebanker	4 690	9,4%	4 690
Norce Norwegian Research Centre AS	13	1,2%	3 748
Nordic Technology Group AS	732 770	1,0%	6 229
Norsk Innovasjonskapital IV AS	13 487	4,7%	3 002
Qntm Ecom Sw AB	4 686 010	0,9%	4 112
Sandnes Sparebank	370 659	1,6%	34 731
Sarsia Development AS	151 851	9,9%	2 963
Sarsia Seed Fond II AS	31 764 705	10,6%	26 933
Sarsia Seed AS	50 224	10,0%	16 825
Visa Norge AS		3,8%	30 000
Other companies			18 913
Total investments in shares, units and funds			226 336



Note 27 Liquidity risk/remaining term to maturity

Liquidity risk consists of two elements: refinancing risk and price risk. By refinancing risk is meant the risk of not being able to refinance debt and not being able to finance an increase in assets. By price risk is meant the risk of not being able to refinance commitments without incurring considerable extra costs in the form of unusually expensive financing or a fall in the price of assets that must be realised. Strategically, liquidity risk is managed by establishing control parameters and limits set out in the liquidity risk strategy, which follows from the bank's ILAAP process. The bank has defined targets and limits for the total liquidity portfolio, LCR, NSFR, net funding needs for the next three months (nominal amount) and the stable deposits/loans ratio per segment (deposits under the deposits guarantee scheme as a proportion of net lending per segment). Through the liquidity risk strategy with appendices, the bank's Treasury function has been assigned operational authorisations to manage the bank's liquidity risk within the above-mentioned control parameters. More specifically, this entails, among other things, ambitions of a balanced maturity profile for the bank's capital market funding, and measures that ensure the bank freedom of action under different market conditions, for example through the use of financial instruments or pre-financing in advance of bond maturity.

Most of the bank's long-term financing with more than one year until the final due date has agreed interest terms based on fixed short-term interest rates. This is in order to reduce the interest rate risk associated with long-term borrowings.

In the following table, bond debt and deposits are included at nominal value and placed in the time band for final maturity. The earliest time band (0-1 month) includes sight deposits, collateral deposits, loan approvals and unused credit.

GROUP Residual time to maturity at 31 Dec. 2022	0-1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Liabilities to credit institutions	3 095					3 095
Interest disbursements	0					0
Customer deposits	107 701	3 251	1 292	30		112 274
Interest disbursements	14	26	36	0		77
Securitised debt	38	5 422	9 200	98 724	11 673	125 057
Interest disbursements	130	552	1 928	5 118	270	7 998
Loan approvals and unused credit facilities	22 674					22 674
Subordinated loan capital					1 845	1 845
Interest disbursements	4	17	57	312	135	525
Total disbursements	133 657	9 268	12 513	104 185	13 923	273 545

Financial derivatives

Outgoing contractual cash flows	808	5 711	3 457	54 809	10 973	75 759
Incoming contractual cash flows	761	5 951	2 503	52 969	10 531	72 714

GROUP Residual time to maturity at 31 Dec. 2021	0-1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Liabilities to credit institutions	4 058					4 058
Interest disbursements	0					0
Customer deposits	88 802	907	1 103			90 812
Interest disbursements	2	2	7			10
Securitised debt	596	808	17 919	84 178	9 242	112 743
Interest disbursements	30	268	692	2 185	239	3 413
Loan approvals and unused credit facilities	20 644					20 644
Subordinated loan capital					1 932	1 932
Interest disbursements	2	9	31	165	107	313
Total disbursements	114 133	1 993	19 752	86 527	11 520	233 925

Financial derivatives

Outgoing contractual cash flows	737	441	8 537	40 821	11 527	62 064
Incoming contractual cash flows	743	300	8 983	39 375	11 161	60 561



Note 28 Net interest and credit commission income

PARENT BANK			GROUP	
2021	2022		2022	2021
89	460	Interest and similar income from loans to and receivables from credit institutions	21	5
		Interest and similar income from loans to and receivables from customers		
2 202	3 419	- valued according to the effective interest rate method	6 314	3 899
74	152	- valued at fair value	758	444
		Interest and similar income from certificates, bonds and other interest-bearing securities		
171	563	- valued at fair value	578	177
2 535	4 594	Interest income and similar income	7 671	4 525
		Interest and similar expenses on liabilities to credit institutions		
5	51	- valued at amortised cost	23	3
0	0	- valued at fair value	0	0
		Interest and similar expenses on deposits from customers		
248	1 073	- valued at amortised cost	1 069	248
3	4	- valued at fair value	4	3
		Interest and similar expenses on issued securities		
68	217	- valued at amortised cost	1 070	362
65	105	- valued at fair value	935	254
		- designated for hedge accounting, incl. interest on related derivatives	418	222
		Interest and similar expenses on subordinated loan capital		
35	56	- valued at amortised cost	56	35
0	0	- valued at fair value	0	0
15	16	Other interest expenses and similar expenses ¹⁾	18	16
68	71	Fee to the Saving Banks' Guarantee Fund	85	83
508	1 591	Interest expenses and similar expenses	3 677	1 226
2 027	3 003	Net interest and credit commission income	3 994	3 299

¹⁾ Interest from derivatives entered into to manage the interest rate risk attached to the bank's ordinary portfolios is classified as interest income and recognised as an adjustment of the bank's other interest income/interest expenses. In total, an amount of NOK 64 million has been added to net interest income for the parent bank and NOK 772 million charged for the Group, relating to interest income from financial derivatives.



Note 29 Net other operating income

PARENT BANK			GROUP	
2021	2022		2022	2021
33	43	Guarantee commission	43	33
296	357	Fees from payment transfers	357	296
125	162	Income from insurance	162	125
114	120	Income from savings and investments	120	114
619	473	Commission income from group companies		
71	92	Other commissions and fees	92	71
1 258	1 248	Commission income and income from banking services	775	639
97	103	Fees, payment transfers	103	97
1	8	Expenses relating to savings and investments	8	1
6	3	Other commissions and fees	4	6
103	115	Commission expenses and expenses relating to banking services	116	104
487	436	Income from shareholdings in subsidiaries		
208	148	Income from shareholdings in associated companies	262	401
695	584	Income from shareholdings in group companies and associated companies	262	401
9	37	Dividend	37	9
-46	-130	Gain/(loss) on commercial papers and bonds ¹⁾	-126	-58
21	37	Gain/(loss) on shares	5	20
13	4	Gain/(loss) on financial derivatives ¹⁾	4	13
70	81	Gain/(loss) on currency	81	69
		Net gain/(loss) on financial instruments, recognised at fair value ¹⁾		
88	33	- lending	-15	60
2	2	- deposits	2	2
-24	17	- securitised debt	91	-33
-	6	- subordinated loan capital	6	-
		Net gain/(loss) on financial instruments, recognised at amortised cost		
-6	-2	- securitised debt	-11	-18
		Net gain/(loss) on financial instruments relating to hedge accounting		
		- derivatives earmarked for hedge accounting	-853	-2 054
		- securitised debt, hedged	854	2 052
126	84	Net gain/(loss) on financial instruments	74	63
		Brokerage commission	251	261
3	3	Other operating income	5	5
3	3	Other operating income	256	266
1 978	1 804	Net other operating income	1 250	1 264

¹⁾ The result of derivatives used to manage interest and currency risk is distributed between the financial instruments they are managed together with.



Note 30 Operating expenses

PARENT BANK			GROUP	
2021	2022		2022	2021
560	576	Payroll expenses including empl. Nat. Ins. contributions	722	702
69	83	Pension expenses	94	79
34	47	Other personnel expenses	59	46
48	78	External fees	82	51
235	255	ICT expenses	267	248
53	57	Marketing	67	63
999	1 096	Payroll and general administration expenses	1 292	1 190
205	208	Depreciation	218	208
19	23	Operating expenses, premises	37	31
13	31	Wealth tax	31	13
62	67	Other operating expenses	108	98
93	122	Other operating expenses	177	141
1 297	1 426	Total operating expenses	1 687	1 538

The average number of employees measured in full-time equivalents in 2022 (2021) was 609 (614) in the parent bank and 755 (749) in the Group.

Fee for elected auditor
(NOK 1,000)

PARENT BANK			GROUP	
2021	2022		2022	2021
1 193	900	Audit fee	1 312	1 557
296	643	Attestation services	1 019	900
17	0	Tax advice	0	17
70	21	Other services	21	192
1 576	1 565	Total remuneration	2 352	2 666



Note 31 Pensions

Pursuant to the Act relating to Mandatory Occupational Pensions, the Sparebanken Vest Group is required to have an occupational pension scheme, and the Group's pension scheme meets the requirements of the Act. The pension scheme includes:

1. A defined contribution scheme for all employees in the Group.
2. A compensatory scheme for 190 (parent bank 173) employees. In addition to the ordinary defined contribution pension, the Group has established a compensatory scheme for employees who previously had a defined benefit pension scheme. The scheme is contribution-based. The annual agreed contribution is transferred to securities funds. The contributions to the securities funds consist of an asset furnished as security for the company, and a corresponding gross pension obligation for the employees. Employer's National Insurance contributions and financial tax are calculated and a provision made from the sum of contributions and the development in value of the securities funds. The net pension obligation relating to this point thereby corresponds to the allocated contributions. The funds are disbursed to the members upon retirement, when they leave their employ, in the event of disability or death.
3. A scheme for senior executive personnel covering nine employees, with the option of retiring at the age of 65. The CEO is entitled, and, should the Board so desire, obliged to take early retirement at the age of 62. Defined contribution pensions exceeding 12 G in the scheme for senior executive personnel are included in the same scheme as point 2.
4. In addition to the above-mentioned schemes, the company pays premiums to the joint AFP scheme. The AFP scheme is a benefit-based multi-enterprise pension scheme that is financed through premiums stipulated as a percentage of employees' pay. For accounting purposes, the scheme is treated as a defined contribution scheme in which premiums are expensed as they are paid.

Following the derecognition of the defined benefit scheme, the remainder is deemed insignificant and exclusively concerns early retirement for senior executive personnel. The notes that follow have therefore been simplified. They no longer include an overview of the economic parameters for calculation, decomposition of the pension expense, reconciliation of pension obligations and pension assets from the opening balance to the closing balance, allocation of pension assets or sensitivity calculations.

	PARENT BANK		GROUP	
	2021	2022	2021	2022
Pension expenses				
Ordinary pension expense, defined benefit scheme	3	3	3	3
Pension expense relating to the compensatory scheme	12	16	13	17
Pension expense relating to the defined contribution scheme	46	53	52	61
Pension expense relating to early retirement (AFP)	9	11	11	13
Total pension expenses	69	83	79	94
Estimate variance for pensions recognised through comprehensive income	0	-4	0	-4

	PARENT BANK		GROUP	
	2021	2022	2021	2022
Pension obligation				
Gross pension obligation, defined benefit pension	20	19	20	19
Pension assets relating to defined benefit pension	0	0	0	0
Net pension obligation, defined benefit pension	20	19	20	19
Capitalised pension relating to compensatory scheme	102	110	112	120
Total pension obligation shown in the balance sheet	122	129	132	139
Capitalised pension assets (securities fund)	88	92	96	100



Note 32 Tax

PARENT BANK			GROUP	
2021	2022	Tax for the year	2022	2021
469	580	Tax liabilities ¹⁾	705	681
2	2	Paid withholding tax and correction of previous years' tax assessment	3	2
2	-20	Tax on items through other comprehensive income	-86	4
-66	-31	Change in deferred tax through profit or loss	65	-144
407	532	Tax for the year	687	542
¹⁾ Tax liabilities in the balance sheet also include wealth tax in the amount of NOK 31 million (NOK 16 mill.).				
2 749	3 344	Pre-tax profit	3 504	3 055
		25% tax on:		
687	836	Pre-tax accounting result	876	764
		Share of profit from associated company	-66	-100
3	8	Expensed wealth tax, non-deductible	8	3
-98	-145	Tax relating to customer dividend	-98	-89
-173	-155	Non-taxable income	-10	-7
1	2	Non-deductible expenses	4	1
-15	-15	Tax on hybrid interest rates entered directly against equity	-15	-15
2	1	Correction of previous years' tax assessment	1	2
		Different tax rate in subsidiaries (22% vs 25%)	-14	-17
407	532	Tax	687	542
15 %	16 %	Effective tax rate	20 %	18 %
2021	2022	Change in capitalised deferred tax:	2022	2021
-217	-283	Capitalised deferred tax (tax asset) at 1 Jan.	-239	-94
-66	-31	Recognised in the period	65	-144
-283	-314	Capitalised deferred tax (tax asset) at 31 Dec.	-173	-239



Note 32 Tax (continued)

Deferred tax and the deferred tax asset in the balance sheet relate to the following temporary differences

PARENT BANK			GROUP	
31 Dec. 2021	31 Dec. 2022	Deferred tax asset	31 Dec. 2022	31 Dec. 2021
18	19	Tangible fixed assets	18	17
172	224	Financial instruments	831	434
9	9	Pension obligations	10	9
105	160	Other liabilities	16	8
303	413	Total deferred tax asset	875	467
31 Dec. 2021	31 Dec. 2022	Deferred tax	31 Dec. 2022	31 Dec. 2021
0	0	Profit and loss account	0	0
20	20	Goodwill	20	20
0	79	Financial instruments	681	209
20	99	Total deferred tax	701	228
-283	-314	Net deferred tax (tax asset)	-173	-239

Deferred tax in the income statement relates to the following temporary differences

2021	2022	Deferred tax recognised	2022	2021
-3	-1	Tangible fixed assets	-2	-3
-58	27	Financial instruments	75	-145
1	-1	Pension obligations	-1	1
-5	-55	Other liabilities	-8	4
-66	-31	Total change in deferred tax	65	-144



Note 33 Intangible assets

PARENT BANK			GROUP		
Software and licences	Goodwill	Total	Software and licences	Goodwill	Total
At 31 Dec. 2020					
404	109	512	410	150	560
199	0	199	206	21	227
205	109	313	205	129	333
Balance sheet value at 31 Dec. 2020					
The 2021 financial year					
205	109	313	205	129	333
85	0	85	84	7	92
0	0	0	0	0	0
117	0	117	117	0	117
172	109	281	172	136	308
Balance sheet value at 31 Dec. 2021					
At 31 Dec. 2021					
488	109	597	488	157	645
316	0	316	316	21	337
172	109	281	172	136	308
Balance sheet value at 31 Dec. 2021					
The 2022 financial year					
172	109	281	172	136	308
88	0	88	88	5	93
0	0	0	0	0	0
119	0	119	119	7	126
141	109	250	141	134	276
Balance sheet value at 31 Dec. 2022					
At 31 December 2022					
577	109	685	577	162	739
435	0	435	435	28	463
141	109	250	141	134	276
Balance sheet value at 31 Dec. 2022					

Software/licences are depreciated on a straight-line basis over their expected useful life, which is estimated to be three years.



Note 33 Intangible assets (continued)

Goodwill

The individual goodwill items in the balance sheet of the Sparebanken Vest parent bank and Group are allocated to cash flow-generating units that benefit from the purchased asset. The choice of assessment unit is based on whether it is possible to identify and separate cash flows relating to the business in question. The table below shows the different assessment units and the balance sheet value of goodwill in each unit.

PARENT BANK				GROUP	
31 Dec. 2021	31 Dec. 2022	Assessment unit	Grounds for the choice of assessment unit	31 Dec. 2022	31 Dec. 2021
82	82	CM Region Sogn og Fjordane. RM Region North	Goodwill from the acquisition of Fokus Bank in Sogn og Fjordane is included in the total activity of CM Region Sogn og Fjordane and RM Region North.	82	82
27	27	CM Region Sunnhordland. RM Region South	Goodwill from the acquisition of Sauda Sparebank is included in the total activity of CM Region Sunnhordland and RM Region South	27	27
		Eiendomsmegler Vest AS	Company acquired by Eiendomsmegler Vest AS	25	27
109	109	Total goodwill		134	136

Testing of values

The impairment test for capitalised goodwill is carried out by discounting expected future cash flows from the assessment units. The cash flows are based on historical results from each assessment unit. The discount factor is based on an assessment of what the required rate of return is in the market for the type of activity that is included in the assessment unit. The required rate of return reflects the risk attached to the activity. The impairment tests are performed on cash flows after tax. The tests have not uncovered any need for goodwill impairment in the parent bank or Group at 31 Dec. 2022.

Key assumptions for impairment test

Assessment unit	Required rate of return before tax
RM and CM Region Sogn og Fjordane	11,00%
RM and CM Region Rogaland/Sunnhordland	11,00%
Eiendomsmegler Vest AS	13,50%



Note 34 Tangible fixed assets

PARENT BANK				GROUP			
Machinery, fixtures and means of transport	Land and buildings	Right-of- use asset	Total	Machinery, fixtures and means of transport	Land and buildings	Right-of- use asset	Total
At 31 Dec. 2020							
190	7	570	767	221	7	593	822
93	0	0	93	121	0	0	121
0	0	0	0	0	0	0	0
97	7	570	675	100	7	593	701
Balance sheet value at 31 Dec. 2020							
The 2021 financial year							
97	7	570	675	100	7	593	700
7	0	35	43	8	0	38	46
0	5	0	5	0	5	0	5
24	0	64	88	25	0	66	91
80	2	542	625	83	2	565	650
Balance sheet value at 31 Dec. 2021							
At 31 Dec. 2021							
197	2	542	741	204	2	565	771
117	0	0	117	121	0	0	121
80	2	542	625	83	2	565	650
Balance sheet value at 31 Dec. 2021							
The 2022 financial year							
80	2	542	625	83	2	565	650
34	4	62	100	35	4	67	106
0	0	6	6	0	0	6	6
23	0	67	89	24	0	71	95
92	6	531	629	95	6	555	655
Balance sheet value at 31 Dec. 2022							
At 31 December 2022							
231	6	531	768	239	6	555	799
139	0	0	139	145	0	0	145
91	6	531	629	94	6	555	655
Balance sheet value at 31 Dec. 2022							
Percentage rate for accounting depreciation							
10-33 %	0-10 %	5-50 %		10-33 %	0-10 %	5-50 %	



Note 35 IFRS 16 Leases

An interest rate of between 2% and 2.8% is used for discounting the liability, depending on the term to maturity of the respective contracts. The interest rate used reflects the Group's marginal funding rate on senior debt at the time of implementation. The weighted average for calculating the lease liability is 2.71%.

Options to extend a lease are assessed so that, if the remaining term to maturity is more than one year, it is highly likely that the option will not be exercised. The reason for this assessment is that technological developments in the industry indicate that the business will require less space, and that contracts for smaller premises will therefore be negotiated.

BALANCE SHEET ITEMS

PARENT BANK			GROUP		
31 Dec. 2021	31 Dec. 2022	Right-of-use asset	Note	31 Dec. 2022	31 Dec. 2021
570	542	Opening balance/implementation		565	593
4	28	Changes as a result of CPI-adjusted rent		31	4
31	34	New contracts		34	34
-64	-67	Depreciation		-69	-66
0	-6	Disposals leases		-6	0
542	531	Closing balance, right-of-use asset	34	555	565
		Capitalisation of financial receivable relating to financial sublease		263	272
Lease liability					
580	558	Opening balance/implementation		853	891
4	28	Changes as a result of CPI-adjusted rent		31	4
31	34	New contracts		34	34
-72	-77	Rent payments		-88	-92
15	15	Capitalised interest rate		16	16
0	-6	Disposals leases		-6	0
558	552	Closing balance, lease liability		839	853

MATURITY STRUCTURE OF LEASE LIABILITY (UNDISCOUNTED)

PARENT BANK			GROUP	
31 Dec. 2021	31 Dec. 2022		31 Dec. 2022	31 Dec. 2021
192	212	Less than 3 years	266	243
113	115	3–5 years	179	184
385	355	More than 5 years	554	604
690	683	Total lease liability	999	1 031

PROFIT/LOSS ELEMENTS

PARENT BANK			GROUP	
2021	2022	Depreciation and interest expense	2022	2021
64	67	Depreciation, right-of-use asset	69	66
15	15	Interest expense on lease liability	16	16
Variable lease expenses recognised as premises expenses				
25	34	Joint expenses; electricity, cleaning etc.	40	29
Recognition exemption				
1	1	Expenses for short-term leases	1	1
1	1	Expenses for immaterial leases	1	1



Note 36 Liabilities to credit institutions

Liabilities to credit institutions are classified as recognised at amortised cost.

PARENT BANK

31 Dec. 2021	31 Dec. 2022		31 Dec. 2022	31 Dec. 2021
1 725	1 998	No agreed term to maturity	1 525	1 497
2 560	1 570	With agreed term to maturity	1 570	2 560
4 285	3 568	Total liabilities to credit institutions	3 095	4 058



Note 37 Offsetting

Parent bank

As a result of ISDA agreements entered into between the parent bank and most financial counterparties concerning derivative transactions, the right to offset applies if the counterparty defaults on its obligations. In addition, CSA agreements have been entered into with the most important financial counterparties.

Sparebanken Vest Boligkreditt AS

Sparebanken Vest Boligkreditt also uses bilateral ISDA/CSA agreements with external counterparties or the parent bank in connection with entering into derivative contracts. The agreements enable net calculation of mark-to-market settlements in each currency, i.e. NOK, SEK and EUR, but not between currencies.

The CSA agreements are unilateral, which means that only the counterparty must furnish security when the market value fluctuates. Under most agreements, the counterparty must furnish security on a daily basis when the market value is in Sparebanken Vest Boligkreditt's favour (zero threshold).

The CSA agreements contain rating clauses that mean that the counterparty must furnish additional security if the rating falls below defined rating triggers. If the rating falls below a pre-defined level, the derivatives shall be novated to another counterparty for the counterparty's own account.

GROUP	Gross balance sheet value	Amount offset in the balance sheet ¹⁾	Balance sheet value	Netting agree- ments ¹⁾	Other security/ collateral	Amount after possible net settlement
31/12-2022						
Loans to and receivables from credit institutions	1 018	0	1 018	0	455	564
Financial derivatives – assets	2 575	0	2 575	961	969	645
Liabilities to credit institutions	3 095	0	3 095	0	969	2 125
Financial derivatives – liabilities	1 922	0	1 922	961	455	506

31/12-2021

Loans to and receivables from credit institutions	1 238	0	1 238	0	899	339
Financial derivatives – assets	2 668	0	2 668	373	1 075	1 220
Liabilities to credit institutions	4 058	0	4 058	0	1 075	2 983
Financial derivatives – liabilities	1 530	0	1 530	373	899	259

PARENT BANK	Gross balance sheet value	Amount offset in the balance sheet ¹⁾	Balance sheet value	Netting agree- ments ¹⁾	Other security/ collateral	Amount after possible net settlement
31/12-2022						
Loans to and receivables from credit institutions	19 573	0	19 573	0	455	19 118
Financial derivatives – assets	4 894	0	4 894	872	327	3 695
Liabilities to credit institutions	3 568	0	3 568	0	327	3 240
Financial derivatives – liabilities	2 507	0	2 507	872	455	1 181

31/12-2021

Loans to and receivables from credit institutions	20 900	0	20 900	0	899	20 002
Financial derivatives – assets	1 728	0	1 728	373	92	1 263
Liabilities to credit institutions	4 285	0	4 285	0	92	4 193
Financial derivatives – liabilities	2 129	0	2 129	373	899	857

¹⁾ Netting agreements are not offset in the balance sheet because the transactions are normally not settled on a net basis.



Note 38 Deposits from customers

Breakdown of deposits from customers.

PARENT BANK

GROUP

31 Dec. 2021		31 Dec. 2022			31 Dec. 2022		31 Dec. 2021	
NOK	%	NOK	%	Breakdown of term to maturity	NOK	%	NOK	%
64 740	71,2	71 964	64,1	No agreed term to maturity	71 964	64,1	64 740	71,3
26 124	28,8	40 338	35,9	With agreed term to maturity	40 310	35,9	26 073	28,7
90 864	100,0	112 302	100,0	Total deposits from customers	112 274	100,0	90 812	100,0

31 Dec. 2021		31 Dec. 2022			31 Dec. 2022		31 Dec. 2021	
NOK	%	NOK	%	Breakdown by industry	NOK	%	NOK	%
4 456	4,9	5 763	5,1	Primary industries	5 763	5,1	4 456	4,9
3 624	4,0	7 403	6,6	Manufacturing and mining	7 403	6,6	3 624	4,0
515	0,6	1 742	1,6	Power and water supply	1 742	1,6	515	0,6
3 311	3,6	3 784	3,4	Building and construction	3 784	3,4	3 311	3,6
2 526	2,8	2 816	2,5	Wholesale and retail	2 816	2,5	2 526	2,8
2 225	2,4	4 348	3,9	International shipping and transport	4 348	3,9	2 225	2,4
505	0,6	537	0,5	Hotels and restaurants	537	0,5	505	0,6
4 928	5,4	6 587	5,9	Property management	6 580	5,9	4 923	5,4
8 904	9,8	9 983	8,9	Service sector	9 958	8,9	8 855	9,8
2 309	2,5	2 495	2,2	Public administration	2 495	2,2	2 309	2,5
2 771	3,0	4 281	3,8	Other financial undertakings	4 281	3,8	2 771	3,1
36 073	39,7	49 739	44,3	Total business and industry	49 707	44,3	36 019	39,7
54 791	60,3	62 563	55,7	Retail customers	62 567	55,7	54 793	60,3
90 864	100,0	112 302	100,0	Total corporate and retail customers	112 274	100,0	90 812	100,0

Geographical breakdown								
73 501	80,9	82 374	73,4	Vestland	82 346	73,3	73 449	80,9
9 847	10,8	3 157	2,8	Rogaland	3 157	2,8	9 847	10,8
1 415	1,6	16 068	14,3	Møre og Romsdal	16 068	14,3	1 415	1,6
2 425	2,7	3 450	3,1	Oslo	3 450	3,1	2 425	2,7
1 521	1,7	2 756	2,5	Viken	2 756	2,5	1 521	1,7
1 073	1,2	2 400	2,1	Rest of Norway	2 400	2,1	1 073	1,2
89 782	98,8	110 205	98,1	Total, Norway	110 177	98,1	89 730	98,8
1 082	1,2	2 097	1,9	Abroad	2 097	1,9	1 082	1,2
90 864	100,0	112 302	100,0	Total geographical breakdown	112 274	100,0	90 812	100,0

Under the Act on Guarantee Schemes for Banks and Public Administration etc. of Financial Institutions (the Guarantee Schemes Act), all savings banks are required to be members of the Norwegian Banks' Guarantee Fund. The Fund is obliged to cover losses incurred by a depositor on deposits with a member institution in an amount not exceeding NOK 2 million of the total deposit. By deposit is meant any credit balance with the bank in an account registered by name, as well as obligations under certificates of deposit registered by name. The fee payable to the Norwegian Banks' Guarantee Fund is determined in accordance with the provisions of the Guarantee Schemes Act.



Note 39 Securitised debt

Securitised debt is classified as valued at amortised cost, designated for hedge accounting or recognised at fair value. The accounting treatment of hedge accounting is specified in Note 1, the value of the hedging instruments in Note 4, while recognised hedge ineffectiveness is specified in Note 25.

GROUP			31 Dec. 2022	31 Dec. 2021
		Nominal value	Balance sheet value	Balance sheet value
Recognised at amortised cost				
	NOK	48 738	49 039	46 160
	EUR	50	543	1 370
	SEK	5 300	5 119	5 301
			54 701	52 830
Designated for hedge accounting				
	NOK	3 750	3 653	3 915
	EUR	1 510	15 440	20 268
	GBP	0	0	597
			19 093	24 779
Recognised at fair value				
	NOK	6 750	6 604	6 656
	EUR	4 145	38 739	28 884
	USD	75	699	663
			46 042	36 203
Securitised debt			119 836	113 812
Specified by type of security:				
Senior bonds and certificates			11 567	13 854
Senior non-preferred bonds			6 695	4 140
Covered bonds			101 573	95 818
Total			119 836	113 812
Of which green bonds (at nominal value)			22 650	19 418

The definition of a green bond is that the capital raised through a green bond loan shall be used exclusively to finance environmentally friendly/green projects. Eligible green projects include renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity, clean transport, climate change or climate adaptation. It is a requirement that an independent assessment of the project is made public, to inform investors of the environmental aspects of the project.



Note 39 Securitised debt (continued)

	Balance sheet			Change in exchange rate	Other changes	Balance sheet
	31 Dec. 2021	Issued 2022	Matured/ redeemed 2022	2022	2022	31 Dec. 2022
Change in securities debt						
Senior bonds and certificates	13 854	4 392	-6 467	114	-326	11 567
Senior non-preferred bonds	4 140	2 600	0	0	-45	6 695
Covered bonds	95 818	22 743	-13 118	2 051	-5 920	101 573
Total securities debt	113 812	29 735	-19 585	2 165	-6 291	119 836

	Balance sheet			Change in exchange rate	Other changes	Balance sheet
	31 Dec. 2020	Issued 2021	Matured/ redeemed 2021	2021	2021	31 Dec. 2021
Change in securities debt						
Senior bonds and certificates	15 301	2 162	-3 191	-219	-199	13 854
Senior non-preferred bonds	1 859	2 300	0	0	-19	4 140
Covered bonds	92 833	17 264	-11 552	-1 995	-732	95 818
Total securities debt	109 993	21 726	-14 743	-2 214	-950	113 812

Maturity date, securities debt	Recognised at amortised cost		Recognised at fair value or designated for hedge accounting		Total
	Total	Currency	Total	Currency	
2023	8 538		6 122	515	14 660
2024	11 100		8 751	570	19 851
2025	15 040	5 350	12 680	1 095	27 720
2026	14 350		17 893	1 500	32 243
2027	5 250		13 661	1 250	18 911
2028			3 250		3 250
2031			526	50	526
2032			7 896	750	7 896
Total securities debt, nominal value	54 278	5 350	70 779	5 730	125 057

PARENT BANK			31 Dec. 2022	31 Dec. 2021
		Nominal value	Balance sheet value	Balance sheet value
Recognised at amortised cost				
	NOK	9 988	10 023	6 867
	EUR	0	0	600
			10 023	7 467
Recognised at fair value				
	NOK	6 250	6 111	6 146
	EUR	145	1 430	3 718
	USD	75	699	663
			8 239	10 527
Securitised debt			18 262	17 994



Note 40 Subordinated loan capital and subordinated bond loans

Subordinated loan					Balance sheet value	
Year of issue		Nominal value	Interest	Redemption right	31 Dec. 2022	31 Dec. 2021
2017	Subordinated loan		3-month NIBOR + 1.7%	Call opsjon 9/2-22	0	113
2018	Subordinated loan	NOK	370 3-month NIBOR + 1.2 %	Call opsjon 28/03-23	370	370
2018	Subordinated loan	NOK	300 3-month NIBOR + 1.65%	Call opsjon 23/11-23	302	301
2018	Subordinated loan ¹	NOK	25 3-month NIBOR + 2.5%	Call opsjon 26/01-23	25	0
2019	Subordinated loan	NOK	500 3-month NIBOR + 1.42%	Call opsjon 14/05-24	503	501
2021	Subordinated loan	NOK	300 3-month NIBOR + 0.9%	Call opsjon 24/02-26	301	301
2021	Subordinated loan	NOK	350 3-month NIBOR + 1.0%	Call opsjon 21/10-26	353	351
Subordinated loan capital recognised at amortised cost					1 845	1 937

Change in subordinated loans	Opening balance	Issued	Matured/ redeemed	Other changes	Closing balance
Subordinated loan capital 2022 ²	1 937	0	-112	30	1 855
Subordinated loan capital 2021	1 824	650	-538	0	1 937

Subordinated bonds classified as equity

Subordinated bonds that do not satisfy the definition of a financial liability pursuant to IAS 32 are classified as equity.

					Balance sheet value	
Year of issue		Nominal value	Interest	Redemption right	31 Dec. 2022	31 Dec. 2021
2017	Subordinated bond loan		3 month NIBOR + 3,60%	Call opsjon 09/02-22	0	302
2018	Subordinated bond loan	NOK	250 3 month NIBOR + 2,85%	Call opsjon 23/03-23	250	250
2018	Subordinated bond loan ¹	NOK	20 3 month NIBOR + 3,85%	Call opsjon 21/03-23	20	0
2018	Subordinated bond loan	NOK	250 3 month NIBOR + 3,40%	Call opsjon 12/09-23	251	251
2020	Subordinated bond loan	NOK	200 3 month NIBOR + 4,00%	Call opsjon 19/05-25	202	201
2021	Subordinated bond loan	NOK	400 3 month NIBOR + 2,40%	Call opsjon 23/07-26	404	402
2022	Subordinated bond loan	NOK	300 Fixed rate, 7.48% p.a.	Call opsjon 08/11-27	303	0
Subordinated bonds					1 420	1 406

¹⁾ Gained through merger with Etne Sparebank.

²⁾ NOK 25 million in 'Other changes' is related to the merger between Sparebanken Vest and Etne Sparebank.



Note 41 Capital adequacy

Risk and capital management

Banking operations entail risk in a number of areas, and good risk and capital management is a key strategic instrument in Sparebanken Vest's value creation. For further information about risk and capital management, see Note 7 and the Group's Pillar 3 document. The latter is updated annually and is available on Sparebanken Vest's website.

The EU Capital Requirements Directive (CRD) and Regulation (CRR) were fully implemented in Norway on 31 December 2019 through CRR / CRD IV. Further development of this regulatory framework, as well as the Crisis Management Directive (CRR2, CRD5, BRRD2), referred to as the 'Banking Package', entered into force in the EU in June 2019 (CRD5, BRRD2) and June 2021 (CRR2). The legislative amendments implementing the Banking Package in Norwegian law were adopted by the Storting in June 2021 and entered into force on 1 June 2022.

An important change for the bank in connection with the introduction of the Banking Package has been an extended capital requirement discount for SME exposures. In CRR2, the SME discount of 23.81% has been extended to loans up to EUR 2.5 million, in addition to a discount of 15% for larger loans as long as the counterparty is an SME (annual turnover under EUR 50 million). The discount was introduced in its entirety and took effect from Q2 2022.

Calculation of capital needs and regulatory capital

The bank's capital assessment is based on a quantification of capital needs for the individual risk areas. Stress tests simulate the effects of situations that are unlikely to arise, but that could result in large unexpected losses for the bank. Qualitative assessments supplement the quantitative assessments.

Sparebanken Vest has the permission of the Financial Supervisory Authority to use the Advanced IRB (A-IRB) approach to calculate credit risk. One condition for IRB approval is that the IRB system and its application are validated at least once a year. In Sparebanken Vest, the results of the validation are considered by the bank's Validation Committee. An annual validation report is submitted to the Board for consideration. The internal audit function audits the system and its applications at least once a year, including the degree of compliance with applicable regulations, and submits its report to the Board for consideration. The parameters and processes used by the bank to manage and control the IRB system follow from its credit strategy, policy and procedures.

When calculating the capital need associated with credit risk, all of the bank's customers who are covered by the IRB system shall be scored using the bank's internal score models. The bank calculates its own values for PD (Probability of Default) and for LGD (Loss Given Default) for customers in both the retail and corporate markets. The bank currently does not use external rating.

The bank updates and classifies all commitments covered by the IRB system every month. In the Retail Market, the LGD level is updated monthly based on the Financial Supervisory Authority's reference model and updated estimates from Depot and Eiendomsverdi. In the Corporate Market, the value of furnished security is updated by the bank's own procedures. The standard approach is used for the counterparty categories 'states and institutions'.

The capital needed to cover counterparty risk in derivatives is

calculated using the standard approach (SA-CCR) as a result of the introduction of CRR2 in Norwegian law on 1 June 2022.

Defaults include default of payment of 90 days or more for amounts of NOK 1,000 or more and 1% of the commitment for RM, or NOK 2,000 or more and 1% of the commitment for CM, and situations defined as 'unlikelihood to pay'. Examples of the latter category are insolvency or specified provision for losses. For operational risk, Sparebanken Vest uses the template-based method. The bank has no trading portfolios and thus does not hold capital for market risk relating to this. As described in Note 21 (market risk), however, the bank has some equity positions that give rise to capital requirements under both Pillar 1 and Pillar 2.

Capital requirement

The minimum requirement for own funds is 8%. Of this, at least 4.5 percentage points shall be met by CET1 capital. The remaining 3.5 percentage points of the minimum requirement may be met by up to 1.5 percentage points subordinated bonds (other core capital) and up to 2 percentage points subordinated loans (supplementary capital). Other buffer requirements, including a systemic risk buffer (4.5%), conservation buffer (2.5%), countercyclical capital buffer (currently 2%) and the applicable Pillar 2 requirement (1.5%) are met by CET 1 capital. At 31 December 2022, the total capital requirement is thus 18.5%, including the Pillar 2 add-on - 15 percentage points of which must be met by CET1 capital. In April 2022, the bank received a new Pillar 2 requirement of 1.5%, with effect from 30 April.

As a result of COVID-19, the countercyclical capital buffer rate was reduced from 2.5% to 1% in March 2020. The requirement for countercyclical capital buffer has increased after the pandemic, and Norges Bank decided that the rate will return to 2.5% with effect from 31 March 2023.

The Board of Sparebanken Vest has adopted a margin of around 1.25 percentage points in CET1 capital above the regulatory minimum and buffer requirements.



Note 41 Capital adequacy (continued)

PARENT BANK			GROUP	
31 Dec. 2021	31 Dec. 2022		31 Dec. 2022	31 Dec. 2021
		Weighted calculation basis		
24 687	24 080	Enterprise – SME	24 083	24 701
959	692	Enterprise – Specialised	692	959
7 373	6 538	Enterprise – Other	6 538	7 373
577	678	Mass market with mortgage secured by property – SMEs	1 410	1 305
11 168	12 661	Mass market with mortgage secured by property – not SMEs	38 500	35 427
53	45	Mass market – Other SMEs	45	53
1 373	1 331	Mass market – Other non-SMEs	1 344	1 381
3 205	3 517	Equity positions, IRB	0	0
49 395	49 542	Total credit risk, IRB	72 613	71 199
6 353	7 197	Operational risk	7 908	7 026
25 448	29 219	Commitment pursuant to the standard method	15 506	13 270
853	1 422	Risk of credit valuation adjustment for counterparty (CVA)	1 600	1 264
82 049	87 380	Total weighted calculation basis	97 627	92 758
		Own funds		
2 683	2 743	Equity certificates	2 743	2 683
-5	-3	- Own equity certificates	-3	-5
1 837	1 966	Premium reserve	1 966	1 837
9 641	10 373	Primary capital	11 254	10 366
14	36	Compensation fund	36	14
150	150	Gift fund	150	150
2 016	2 523	Equalisation reserve	3 127	2 499
0	94	Other equity	1 189	857
16 337	17 882	Total book equity excluding hybrid capital	20 462	18 402
		Deductions		
-261	-217	Goodwill and other intangible assets	-267	-310
		<i>including effect of gross consolidation of associated companies</i>	-25	22
51	-6	Value adjustment, own liabilities	-131	119
-75	-88	Value adjustment for requirement for justifiable valuation	-104	-89
-155	-222	Deduction for holdings in other companies in the financial sector	-330	-263
-249	-250	Adjusted expected loss in IRB portfolio	-487	-474
0	0	Proposed dividend/donations	-1 485	-1 208
15 648	17 100	Total CET1 capital	17 659	16 177
1 100	1 420	Subordinated bonds	1 420	1 100
16 748	18 520	Core capital	19 079	17 277
1 820	1 845	Paid-up subordinated loan capital	1 845	1 820
18 568	20 365	Own funds	20 924	19 097



Note 41 Capital adequacy (continued)

PARENT BANK			GROUP	
31 Dec. 2021	31 Dec. 2022		31 Dec. 2022	31 Dec. 2021
		Minimum requirement		
6 564	6 990	Minimum capital adequacy requirement: 8%	7 810	7 421
12 004	13 374	Surplus own funds	13 114	11 676
11 825	13 168	<i>including surplus CET1 capital to meet buffer requirements</i>	13 114	11 676
		Buffer requirements		
2 051	2 185	Conservation buffer: 2.5%	2 441	2 319
3 692	3 932	Systemic risk buffer: 4.5%	4 393	4 174
820	1 748	Counter-cyclical buffer: 2.0%	1 953	928
6 564	7 864	Total buffer requirement, CET1 capital	8 786	7 421
5 261	5 304	Available CET1 capital after buffer requirements	4 327	4 255
19,1 %	19,6 %	CET1 ratio	18,1 %	17,4 %
1,3 %	1,6 %	Subordinated bonds	1,5 %	1,2 %
2,2 %	2,1 %	Supplementary capital	1,9 %	2,0 %
22,6 %	23,3 %	Capital adequacy, IRB	21,4 %	20,6 %
31/12-21	31/12-22	Leverage ratio	31/12-22	31/12-21
138 191	161 761	Balance sheet items incl. gross consolidation of associated companies	272 618	242 085
26 977	27 006	Off-balance-sheet items	11 540	9 115
3 917	1 350	Other adjustments	-80	1 315
169 085	190 117	Calculation basis for leverage ratio	284 077	252 515
16 748	18 520	Core capital	19 079	17 277
9,9 %	9,7 %	Leverage ratio	6,7 %	6,8 %



Note 42 Equity certificate

The equity certificate capital at 31 Dec. 2022 consisted of 109,721,186 equity certificates, each with a nominal value of NOK 25.

Owner fraction	31 Dec. 2022	31 Dec. 2021
Figures for parent bank (NOK 1,000)		
Equity certificates	2 743 030	2 683 076
Own equity certificates	-2 706	-4 632
Premium reserve	1 966 296	1 836 822
Equalisation reserve	2 523 359	2 016 248
Total equity certificate capital (A)	7 229 978	6 531 514
Primary capital	10 373 033	9 641 425
Compensation fund	35 508	14 378
Gift fund	150 000	150 000
Total primary capital (B)	10 558 541	9 805 803
Reserve for unrealised gains	93 556	0
Hybrid capital	1 430 756	1 406 243
Own funds	19 312 831	17 743 559
Owner fraction after the distribution of dividend (A / (A+ B))	40,6%	40,0%
Weighted owner fraction through the year	40,0%	39,9%
Dividend per equity certificate	5,50	4,50
Total dividend on 109,721,186 equity certificates (NOK 1,000)	603 467	482 954

Own equity certificates

When buying own equity certificates, the purchase price including direct costs is recognised as a deduction from equity. The nominal value of the bank's own equity certificates is recognised as a negative amount on a separate line under equity certificate capital. Any purchase price in excess of the nominal value is deducted from the equalisation reserve.

	2022	2021
Number of own equity certificates at 1 Jan.	185 286	103 180
Equity certificates purchased	170 200	459 611
Equity certificates sold	247 231	377 505
Number of own equity certificates at 31 Dec.	108 255	185 286

Effective return per equity certificate

	2022	2021
Listed price at 31 Dec.	92,40	100,20
Dividend paid during the year	4,50	4,00
Listed price at 1 Jan.	100,20	72,40
Effective return in NOK	-3,30	31,80
Effective return as a percentage	-3,29	43,92



Note 42 Equity certificate (continued)

The twenty biggest owners	No of ECs	Proportion of EC capital %
SPAREBANKSTIFTINGA HARDANGER	11 954 394	10,90
PARETO INVEST NORGE AS	6 997 506	6,38
GEVERAN TRADING CO LTD	4 297 818	3,92
VPF EIKA EGENKAPITALBEVIS	3 345 808	3,05
VERDIPAPIRFONDET ALFRED BERG GAMBAK	3 253 829	2,97
SPAREBANKSTIFTELSEN SAUDA	2 636 442	2,40
SPESIALFONDET BOREA UTBYTTE	2 492 099	2,27
SPAREBANKSTIFTINGA ETNE	2 398 146	2,19
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE	2 354 478	2,15
BROWN BROTHERS HARRIMAN & CO.	2 183 075	1,99
BLOMESTØ AS	2 000 000	1,82
PARETO AKSJE NORGE VERDIPAPIRFOND	1 861 762	1,70
STATE STREET BANK AND TRUST COMP	1 733 913	1,58
VERDIPAPIRFONDET NORDEA NORGE VERDI	1 407 543	1,28
J.P. MORGAN SE	1 367 273	1,25
DNB MARKETS AKSJEHANDEL/-ANALYSE	1 314 826	1,20
THE BANK OF NEW YORK MELLON SA/NV	1 280 000	1,17
SPAREBANKSTIFTELSEN SPAREBANKEN VEST	1 193 958	1,09
SPAR SHIPPING AS	1 183 480	1,08
LANDKREDITT UTBYTTE	1 125 690	1,03
Total	56 382 040	51,39

Breakdown by number	Volume intervals	No of ECs	Percentage	No of owners	Percentage
	1 - 1 000	2 232 136	2,03	6 284	59,96
	1 001 - 10 000	11 503 941	10,48	3 604	34,39
	10 001 - 100 000	13 165 023	12,00	490	4,68
	100 001 - 1 000 000	24 349 089	22,19	81	0,77
	1 000 001 -	58 470 997	53,29	22	0,21
Total		109 721 186	100	10 481	100



Note 42 Equity certificate (continued)

Equity certificates owned by the CEO, executive personnel, members of the Board and persons closely related to the aforementioned, as well as members of the General Meeting, as defined in Section 7-26 of the Accounting Act and Section 8-20 of the Supplementary Regulations to the Act.

	No of ECs
Jan Erik Kjerpeseth, CEO	175 780
Tore Dvergsdal, EVP and Head of RM Region North	18 074
Aud Margunn Aas Minne, EVP and Head of CM Region South	17 029
Jan-Ståle Hatlebakk, EVP and Head of Risk Management	31 518
Frank Johannesen, EVP and CFO	84 470
Siren Sundland, EVP and Head of Strategy and Digital Distribution	79 890
Therese Linn Arentsen, EVP and Head of HR and Organisation	8 904
Simen Løland Aarskog, EVP and Head of RM Region South	10 552
Hans Olav Ingdal, EVP Banking Service	9 473
Arild Bødal, Chair of the Board	59 501
Magne Morken, Deputy Chair	10 000
Gunnar Skeie, board member	11 069
Marianne Dorthea Jacobsen, board member	1 237
Agnethe Brekke, board member	641
Kristin Axelsen, board member and employee representative	6 931
Henrik Gundersen, board member and employee representative	1 237
Stig Standal Taule, board member and employee representative	8 397
Karen Margrete Riisnes, deputy board member for employee rep.	449
Sivert Sørnes, Chair of the General Meeting	107
Hallvard Bjørgum, member of the General Meeting	4 000
Thor-Arvid Hagen Pedersen, member of the General Meeting	55
Christina Schieldrop, member of the General Meeting	1 481
Arvid Eriksen, member of the General Meeting	3 539
Jostein Lid, member of the General Meeting	1 525
Mathias Hunskår Furevik, member of the General Meeting	2 921
Bjarte Falkanger, member of the General Meeting	2 147
Vibeke Storvik, member of the General Meeting	2 593
Cathia Baarøy, member of the General Meeting	1 140
Inge Vardøy, member of the General Meeting	4 688
Solfrid Hagen, member of the General Meeting	4 261
Trond Dreyer, member of the General Meeting	594
Trond Mohn, member of the General Meeting	46 450
Eivind Lunde, member of the General Meeting	10 540
Åsmund Skår, member of the General Meeting	3 195
Lars Martin Lunde, member of the General Meeting	3 000
Anne Maria Langeland, member of the General Meeting	3 554
Sigve Inge Håland, deputy member of the General Meeting	1 305
Frode Høyland, deputy member of the General Meeting	6 298
Bjarte Marøy, deputy member of the General Meeting	384
Bente Moore, deputy member of the General Meeting	968
Kjell Gunnar Lilleøren, deputy member of the General Meeting	7 788
Arne Falk, deputy member of the General Meeting	6 969
Eirik Erdal, deputy member of the General Meeting	3 539
Siri Schwings Birkeland, deputy member of the General Meeting	483
Magne Roar Sangolt, deputy member of the General Meeting	3 202
Per Berge, deputy member of the General Meeting	1 387
Bjørn Thømt, deputy member of the General Meeting	800
	664 065



Note 43 Transactions with related parties

The information provided is in accordance with IAS 24 Related Party Disclosures.

Sparebanken Vest defines subsidiaries, associated companies, board members and the corporate management as related parties in relation to this accounting standard. Information about remuneration of the General Meeting is provided pursuant to the requirements of the Accounting Act.

Shareholdings in group companies and associated companies are specified in Note 20.

Transactions with related parties are conducted in accordance with generally accepted business terms and principles.

Intragroup transactions 2022 (NOK 1,000)	Sub-sidiaries	Associated companies	Key personnel
<i>Profit</i>			
Interest income relating to loans	439 772	8 540	
Interest on interest-bearing securities	16 355	0	
Interest expenses and similar expenses on deposits	-31 692	-14 957	
Interest on financial derivatives	607 463	0	
Commission income received relating to distribution		179 761	
Group dividend/contributions received	402 000	147 894	
Pay, pension and fees to executive personnel and officers of the company			40 650
Rent		4 130	
Management fees	473 265		
Fees received for the sale of services		2 230	
Fees paid for the purchase of services		-1 742	
<i>Balance sheet</i>			
Shares in subsidiaries, associated companies (capital increases)		284 053	
Group contributions/dividend receivable	402 000		
Net loans transferred to the housing credit company, present year	8 095 655		
Loans transferred to the housing credit company, accumulated	127 236 691		
Loans to related parties at 31 Dec.	18 554 533	317 366	
Deposits from related parties	1 156 892	367 243	
Financial derivatives – assets	3 614 674		
Financial derivatives – liabilities	714 721		
Holding of subordinated loans and bonds issued by subsidiaries and associated companies	1 175 000		



Note 43 Transactions with related parties (continued)

Intragroup transactions 2021 (NOK 1,000)	Sub-sidiaries	Associated companies	Key personnel
Profit			
Interest income relating to loans	91 415	3 649	
Interest on interest-bearing securities	13 248		
Interest expenses and similar expenses on deposits	-1 215	-1 475	
Interest on financial derivatives	321 034		
Commission income received relating to distribution		139 378	
Group dividend/contributions received	358 000	207 846	
Pay, pension and fees to executive personnel and officers of the company			32 498
Rent		5 053	
Management fees	618 601		
Fees received for the sale of services		3 260	
Fees paid for the purchase of services		-5 379	
Balance sheet			
Shares in subsidiaries, associated companies (capital increases):		11 711	
Group contributions/dividend receivable	460 000		
Net loans transferred to the housing credit company, present year	17 012 474		
Loans transferred to the housing credit company, accumulated	119 141 036		
Loans to related parties at 31 Dec.	19 664 802	119 944	
Deposits from related parties	1 264 235	210 873	
Financial derivatives – assets	1 150 692		
Financial derivatives – liabilities	598 560		
Holding of subordinated loans and covered bonds issued by subsidiaries and associated companies	1 175 000	9 000	

Eiendomsmegler Vest AS:

Internal transactions with the estate agency company are limited and mainly consist of interest on deposits and loans with associated balance sheet items.

Sparebanken Vest Boligkreditt:

Sparebanken Vest Boligkreditt AS is a wholly-owned company that manages mortgages financed by the issuing of covered bonds. Sparebanken Vest sells loans to the company, which in turn finances its activities by issuing covered bonds. In addition, the subsidiary has both deposits and liabilities as well as derivative agreements in relation to the parent company on which interest is calculated in accordance with the arm's length principle. Sparebanken Vest Boligkreditt pays management fees for transferred loans and buys administrative services from Sparebanken Vest.

Loans transferred to Sparebanken Vest Boligkreditt AS are specified in the table above. The contractual relationship between the parent bank and Sparebanken Vest Boligkreditt AS indicates that the parent bank has no further involvement in transferred mortgages, since all credit risk relating to the loans has been transferred to the housing credit company. These are loans that are within 75% of the objects' value. The housing credit company has a rolling liquidity facility linked to the maturing of bonds in the next 12 months. The latter is exclusively an intercompany agreement between the parent bank and the housing credit company. The realisation of such a facility will provide access to issued bonds and non-transferred assets (loans).

Associated companies comprise Frende Forsikring AS, Norne Securities AS, Brage Finans AS, Balder Betaling AS and Folio AS. Sparebanken Vest sells general and life insurance through Frende Forsikring on a commission basis. Leasing products are sold through Brage Finans in a corresponding manner.



Note 43 Transactions with related parties (continued)

Pay and other remuneration of executive personnel
(figures in NOK 1,000)

Executive personnel are defined as members of the corporate management team. The information includes pay and total taxable remuneration, the proportion of the overall remuneration that relates to bonuses paid and earned pension rights calculated for the year. Earned pension comprises earned pension rights for the year in the bank's company pension scheme and earned pension in the scheme for the remuneration of executive personnel. See Note 31 'Pensions' for a description of the pension schemes.

	Pay and payments in kind	Bonus paid	Total remuneration	Pension expense
Total remuneration of the bank's corporate management				
Remuneration of members of the corporate management for the 2022 financial year	25 000	4 932	29 932	5 732
Remuneration of members of the corporate management for the 2021 financial year	19 978	2 911	22 889	5 245

The Board decides the salary of the CEO on the recommendation of the Remuneration Committee. The CEO determines the remuneration of other executive personnel after consultation with the Remuneration Committee.

Members of the corporate management team and the head of Eiendomsmegler Vest AS have a reciprocal period of notice of six months and a non-competition clause that applies for a further six months. With respect to the CEO, a mutual period of notice of six months applies. The Board can decide to terminate the employment relationship earlier without a reduction in pay. Members of the corporate management team and the head of Eiendomsmegler Vest AS also have an early retirement agreement that applies from the age of 65. It gives them a right and an obligation to retire on 70 per cent of their pay until they reach the age of 67. The CEO is entitled to, and, should the Board so wish, obliged to take early retirement at the age of 62. Over and above this, there are no service contracts between members of the Board, the management or supervisory bodies and Sparebanken Vest or Sparebanken Vest's subsidiaries that provide for remuneration on termination of the employment relationship.

Remuneration of officers of the company

(in whole NOK)

		2022			2021
		Directors' fee	Additional fee	Total remuneration	Total remuneration
Styret					
Arild Bødal	Chair	557 500	125 500	683 000	644 000
Magne Morken	Deputy Chair	273 750	95 500	369 250	337 000
Agnethe Brekke		243 750	112 500	356 250	318 250
Anne Marit Hope (until March 2022)		60 000	4 000	64 000	247 000
Birthe Kåfjord Lange (until March 2022)		60 000	22 500	82 500	309 500
Christine Sagen Helgø		243 750	95 500	339 250	311 000
Gunnar Skeie		243 750	95 500	339 250	311 000
Henrik Gundersen		243 750	0	243 750	235 000
Kristin Axelsen		243 750	9 000	252 750	235 000
Marianne Dorthea Jacobsen		243 750	79 000	322 750	251 000
Stig Standal Taule		196 250	0	196 250	61 000
Pål Kårbø (until March 2022, deputy member)		12 500	46 000	58 500	69 000
Kirsti Slotsvik (from March 2022)		183 750	9 000	192 750	
Karen Margrete Riisnes	Deputy member	41 250	16 000	57 250	
Atle Harald Sandtorv	Deputy member	41 250	0	41 250	
Total		2 888 750	710 000	3 598 750	3 328 750

Directors' fees and additional fees for members of committees are decided by the General Meeting.

Remuneration of the parent bank's General Meeting amounted to NOK 92,375 (84,500). Meeting attendance fees of NOK 1,294,400 (951,000) come in addition.



Note 43 Transactions with related parties (continued)

Loans and security furnished to executive personnel, employees and officers of the company
(NOK 1,000)

Loans and security furnished to the corporate management team	PARENT BANK		GROUP	
	2022	2021	2022	2021
CEO Jan Erik Kjerpeseth	0	11	7 000	7 183
Other members of the corporate management team	21 016	22 555	53 314	51 126
Loans furnished on standard terms for employees	21 016	22 566	60 314	58 309

Loans and security furnished to officers of the parent bank					
Board of Directors					
Arild Bødal	Chair	12	2	12	2
Magne Morken	Deputy Chair	0	0	0	0
Agnethe Brekke		0	0	0	0
Anne Marit Hope (until March 2022)			2		336
Birthe Kåfjord Lange (until March 2022)			0		2 966
Gunnar Skeie		0	0	0	0
Henrik Gundersen		95	144	1 635	1 684
Kristin Axelsen		0	0	2 535	2 964
Marianne Dorthea Jacobsen		0	437	3 336	3 855
Christine Sagen Helgø		0	0	0	0
Pål Kårbø (until March 2022, deputy member)			0		2 550
Stig Standal Taule		10	2	2 040	2 281
Kirsti Slotsvik (from March 2022)		0		0	
Karen Margrete Riisnes (from March 2022)	Deputy member	0		444	
Atle Harald Sandtorv (from March 2022)	Deputy member	2		2	
Loans are furnished on standard customer terms, with the exception of loans to employee representatives		119	587	10 004	16 638

General Meeting					
Sivert Sørnes, Chair of the General Meeting from March 2022		1 296		2 775	
Rune Stavenes, Chair of the General Meeting until March 2022			2 415		2 415
Other members of the General Meeting, with the exception of employee representatives		26 451	26 817	62 388	71 518
Loans are furnished on standard customer terms		27 747	29 232	65 163	73 933

Total loans and security furnished to employees ¹⁾	527 155	455 917	2 172 315	2 079 215
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¹⁾ Excluding the corporate management team and employee representatives on the Board

The cost of subsidising the interest rate on loans to employees is not recognised as an operating expense and affects the bank's net interest. Loans to employees are subsidised by a discount on standard customer terms, namely a 25% discount on floating-rate loans and a 0.65 percentage point discount on fixed-rate loans.

Note 44 Disputes

As of 31 December 2022, Sparebanken Vest was not involved in any lawsuits or legal disputes of material financial significance to the Group's activities. There are at all times various claims against the bank relating to its activities. Provision for losses has been made where it has been deemed necessary.



Note 45 Accounting integration of Etne Sparebank

Etne Sparebank was taken over with accounting effect from 1 December 2022. Sparebanken Vest is the acquiring company and the merger has been carried out in accordance with the acquisition method in IFRS 3.

The boards of Sparebanken Vest and Etne Sparebank adopted a plan on 21 February 2022 for the merger of the two banks. The background for the merger was a desire for significant synergies between two strong and locally based savings banks, with a number of similarities in profile and with partly overlapping market areas in Sunnhordland. The banks have a strong product collaboration through the companies Frende, Brage and Norne. The merger will create added value for customers and the local community in Etne and Vindafjord, and form the basis for a long-term investment in the region that will benefit private customers and business customers. Sparebanken Vest's high customer satisfaction and strong digital solutions are a good match with Etne Sparebank. Both banks have a tradition of sharing profits with the local community that will be strengthened through the merger. Current customers of Etne Sparebank will also be entitled to a share of the profits through customer dividends in the years such dividends are adopted by the General Meeting. The agreement includes retaining an office in Etne, increasing investment in Etne and Vindafjord and building on the strong position Etne Sparebank has established in the area. The merger agreement was considered and unanimously approved by the banks' general meetings on 23 March 2022.

On 17 October 2022, the Financial Supervisory Authority granted the necessary permits to carry out the merger. The merger plan was finally approved by the boards of both banks on 17 November. It was decided to implement the merger on 1 December 2022 and it was registered in the Register of Business Enterprises on the same day.

In connection with the merger, the equity capital has increased by NOK 210,557,219 through the issue of 2,398,146 new equity certificates. The equity certificates were issued at a nominal value of NOK 25 per certificate, and the price on the transaction date was NOK 87.80 each. The equity certificates were granted dividend rights for the 2022 financial year.

On the integration date, the balance sheet of Etne Sparebank has been incorporated into the accounts of Sparebanken Vest at fair value. The difference between the fair value of the consideration and the net assets acquired after the acquisition analysis is recognised as negative goodwill at the time of the merger.



Note 45 Accounting integration of Etne Sparebank (continued)

The table below shows the consideration, the fair value of assets, fair value of liabilities and a calculation of negative goodwill at 1 December 2022. Negative goodwill has arisen as a result of the reduced price of Sparebanken Vest’s equity capital certificates between the time of the agreement and the time of the merger.

	ETNE SPAREBANK		
	1 Dec. 2022	Excess / shortfall	Fair value at 1 Dec. 2022
Acquired assets and liabilities			
Cash and receivables from central banks	78	0	78
Loans to and receivables from credit institutions	277	0	277
Net lending	2 381	0	2 381
Shares at fair value through profit or loss	4	0	4
Commercial papers and bonds	3	0	3
Shareholdings in associated companies	54	5	58
Deferred tax asset	0	4	4
Tangible fixed assets	10	-2	8
Other assets	13	0	13
Total assets	2 819	6	2 825
Liabilities to credit institutions	822	0	822
Customer deposits	1 559	0	1 559
Securitised debt	50	0	50
Pension obligations	5	-2	3
Other provision for commitments	0	0	0
Tax liabilities	3	0	3
Subordinated loan capital	25	0	25
Other liabilities	61	15	76
Total liabilities	2 525	14	2 538
Hybrid capital	20	0	20
Total	274	-7	267
Fair value of consideration:			
Issue of 2,398,146 equity certificates at a price of NOK 87.8			211
Cash compensation			54
Total consideration at fair value at 1 Dec. 2022			264
Negative goodwill			2
If Sparebanken Vest and Etne Sparebank had merged on 1 January 2022, the result for the Sparebanken Vest Group would have been as follows:			
Net interest and credit commission income			4 026
Net operating income			5 286
Profit for the period			2 822



Declaration from the Board of Directors and the CEO pursuant to Section 5-5 of the Securities Trading Act

The Board of Directors and the CEO have today considered and approved the integrated annual report for Sparebanken Vest, the Group and the parent bank for the 2022 calendar year and as of 31 December 2022. The integrated annual report includes annual accounts with notes, updates on the strategic agenda, the bank’s risk and capital management, corporate governance and social responsibility statements, sustainability reporting and facts about the organisation/HR:

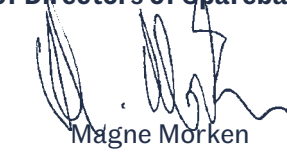
We hereby declare that, to the best of our knowledge, the annual accounts for the period 1 January to 31 December 2022 have been prepared in accordance with applicable accounting standards and that the information in the accounts gives a true and fair picture of the company and the Group’s assets, liabilities, financial position and overall performance.

We also declare that the annual report gives a true and fair picture of the development, results and position of the Company and the Group, along with a description of the most important risk and uncertainty factors they face.

Bergen, 31 December 2022 / 22 February 2023

Board of Directors of Sparebanken Vest


Arild Bødal
Chair


Magne Mørken
Deputy Chair


Kirsti Slotsvik


Agnethe Brekke


Marianne Dorthea Jacobsen


Christine Sagen Helgø


Stig Standal Taule


Kristin Axelsen


Henrik Gundersen


Gunnar Skeie


Jan Erik Kjerpeseth
CEO



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To the General Meeting of Sparebanken Vest

INDEPENDENT AUDITOR’S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sparebanken Vest, which comprise:

- The financial statements of the parent company Sparebanken Vest (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Sparebanken Vest and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 13 years from the election by the general meeting of the shareholders on 18 March 2010 for the accounting year 2010 with a renewed election on the 21 March 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial

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side 2
Independent Auditor’s Report -
Sparebanken Vest

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Corporate loan loss provisions

Key audit matter	How the matter was addressed in the audit
Sparebanken Vest has loans in the corporate segment, and reference is made to note 1,2, 8, 11, 12,13,14 and 15 for disclosures on credit risk and loss provisions on loans and guarantees. Sparebanken Vest has considered the need for loan and guarantees loss provisions. There is considerable judgement in the bank’s assessment of the size of the loan loss provisions in the corporate market segment. The judgement is related to forward-looking assessments of probability of default and loss given default, in order to estimate the expected loss, including judgements as to how expected loss is affected by uncertainties regarding the economic development. The assumptions and estimates used in these assessments are crucial for the size of these provisions, and loan loss provisions in the corporate market segment are therefore a key audit matter in the audit.	Sparebanken Vest has established control activities related to the calculation of loan loss provisions in the corporate market segment. We considered the reasonability of the loan loss provisions and the changes in these provisions during the year, and collected and assessed Sparebanken Vests reasoning for these changes. We assessed and tested the design of selected control activities concerning individual loss provisions on credit impaired loans. The control activities we assessed and tested the design of, were related to identification of credit impaired loans and the assessment of the expected future cash flows from these loans. For a sample of these control activities, we tested if they operated effectively during the period. For a sample of credit impaired loans, we tested if these were timely identified, and assessed the expected future cash flows that bank estimated on these loans. For remaining loan loss provisions calculated by use of models, we assessed and tested the design of a set of relevant controls, including controls related to: • identification of significant increase in credit risk • the use of macroeconomic scenarios • determination of probability of default, loss given default and exposure at default, and validation of the model against historical losses. For some of the controls we tested their operation effectiveness in the period. We have tested the completeness of input data in the loss model against gross loans in the general ledger and off-balance sheet exposures. We have also reviewed the bank’s model documentation and assessed it against the requirements in IFRS 9. We considered whether the disclosures on loan loss provisions in the corporate market segment is in accordance with requirements set forth in IFRS 7.



IT Systems and Internal Controls relevant for Financial Reporting

Key audit matter	How the matter was addressed in the audit
The IT systems within Sparebanken Vest are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed.	Sparebanken Vest has established a general governance model and internal controls on its IT systems. We have obtained an understanding of Sparebanken Vest's IT governance model relevant for financial reporting.
The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers.	We assessed and tested the design of selected internal control activities relevant for financial reporting, including selected controls related to IT operations, change management and information security. For a sample of these controls, we tested their operating effectiveness in the reporting period.
Proper management and control of these IT systems both at Sparebanken Vest and their service providers are of high importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore a key audit matter.	We reviewed the third party attestation report (ISAE 3402 Report) from two of Sparebanken Vest's service providers focusing on whether they had adequate internal controls on areas that are of importance for the financial reporting of Sparebanken Vest.
	In addition, we considered a third party confirmation (ISRS 4400 Agreed-upon procedures) related to the service provider with regards to whether selected automated control activities in the IT systems, including among others the calculation of interests and fees, as well as system generated reports were satisfactorily designed and if they had operated effectively in the period.
	We engaged our internal IT experts in the work related to understanding the governance model on IT systems and in assessing and testing the internal control activities related to IT systems.

Other information

The Board of Directors and the Managing Director (management) are responsible for the information in the integrated report. The other information comprises information in the integrated report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the other information

- is consistent with the financial statements and
- the integrated report contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee and the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



side 5
Independent Auditor's Report -
Sparebanken Vest

From the matters communicated with the Audit Committee and the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 213800M7T3CYVZ3ZRT12-2022-12-31-no have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, February 22, 2023
Deloitte AS

Helge-Roald Johnsen

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.



Group key figures – 5 years

PROFIT DEVELOPMENT	2022	2021	2020	2019	2018
Interest income and similar income	7 671	4 525	5 126	5 815	4 728
Interest expenses and similar expenses	3 677	1 226	2 021	2 698	2 012
Net interest and credit commission income	3 994	3 299	3 104	3 118	2 716
Commission income and income from banking services	775	639	548	579	578
Commission expenses and expenses relating to banking services	116	104	114	87	98
Net banking services	658	535	434	492	480
Income from shareholdings in associated companies	262	401	304	174	85
Net gain/(loss) on financial instruments	74	63	-39	128	165
Other operating income	256	266	242	256	210
Net other operating income	1 250	1 264	941	1 051	940
Net operating income	5 244	4 563	4 046	4 169	3 656
Payroll and general administration expenses	1 292	1 190	1 097	1 165	1 109
Depreciation	218	208	188	197	135
Other operating expenses	177	141	163	161	252
Total operating expenses	1 687	1 538	1 448	1 523	1 497
Profit before write-downs and tax	3 556	3 024	2 598	2 646	2 159
Net profit on tangible fixed assets			242	0	0
Write-down of loans and losses on guarantees	52	-31	448	52	6
Pre-tax profit	3 504	3 055	2 392	2 594	2 153
Tax	687	542	358	531	492
Profit for the period	2 817	2 513	2 033	2 064	1 660



Group key figures – 5 years (continued)

	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
BALANCE SHEET DEVELOPMENT					
Assets					
Cash and receivables from central banks	143	334	217	437	563
Loans to and receivables from credit institutions	1 018	1 238	1 564	989	1 270
Net lending	224 494	202 975	181 722	169 179	159 043
Shares at fair value through profit or loss	226	254	226	275	364
Commercial papers and bonds	30 825	22 945	28 013	19 464	22 166
Financial derivatives	2 575	2 668	5 885	2 950	4 028
Shareholdings in associated companies	2 586	2 220	2 018	1 642	1 346
Deferred tax asset	173	239	94	69	20
Pension assets	100	96	88	75	58
Other intangible assets	276	308	333	323	310
Tangible fixed assets	655	650	701	1 564	113
Prepaid expenses	107	56	60	64	51
Other assets	633	590	361	135	45
Total assets	263 812	234 571	221 282	197 166	189 376
Liabilities and equity					
Liabilities to credit institutions	3 095	4 058	4 432	2 190	2 965
Deposits	112 274	90 812	82 653	79 638	72 536
Securitised debt	119 836	113 812	109 993	93 974	94 269
Financial derivatives	1 922	1 530	1 880	804	860
Accrued expenses and pre-paid income	220	201	153	213	195
Pension obligations	139	132	126	109	86
Deferred tax	0	0	0	0	0
Other provision for commitments	96	86	71	76	68
Tax liabilities	736	697	381	552	455
Subordinated loan capital	1 855	1 937	1 824	1 999	2 001
Other liabilities	1 746	1 498	1 329	706	307
Total liabilities	241 919	214 763	202 842	180 262	173 742
Equity certificates	2 743	2 683	2 683	2 683	1 507
Own equity certificates	-3	-5	-3	0	-2
Premium reserve	1 966	1 837	1 837	1 837	645
Equalisation reserve	3 127	2 499	2 018	1 589	1 019
Total equity certificate capital	7 833	7 014	6 535	6 109	3 169
Primary capital	11 254	10 366	9 646	8 996	10 778
Gift fund	150	150	150	150	150
Compensation fund	36	14	14	14	14
Total primary capital	11 440	10 531	9 810	9 160	10 943
Other equity	1 189	857	691	430	319
Hybrid capital	1 431	1 406	1 405	1 205	1 204
Total equity	21 893	19 808	18 440	16 904	15 635
Total liabilities and equity	263 812	234 571	221 282	197 166	189 376
AVERAGE ASSETS UNDER MANAGEMENT (PRIMARY CAPITAL)	251 847	225 560	218 032	196 675	182 178



Group key figures – 5 years (continued)

PROFIT AS % OF PRIMARY CAPITAL	2022	2021	2020	2019	2018
Interest income and similar income	3,05	2,01	2,35	2,96	2,60
Interest expenses and similar expenses	1,48	0,57	0,96	1,40	1,14
Net interest and credit commission income	1,56	1,44	1,40	1,55	1,46
Commission income and income from banking services	0,31	0,28	0,25	0,29	0,32
Commission expenses and expenses relating to banking services	0,05	0,05	0,05	0,04	0,05
Net banking services	0,26	0,24	0,20	0,25	0,26
Income from shareholdings in associated companies	0,10	0,18	0,14	0,09	0,05
Net gain/(loss) on financial instruments	0,03	0,03	-0,02	0,07	0,09
Other operating income	0,10	0,12	0,11	0,13	0,12
Net other operating income	0,50	0,56	0,43	0,53	0,52
Net operating income	2,06	2,00	1,83	2,09	1,98
Payroll and general administration expenses	0,51	0,53	0,50	0,59	0,61
Depreciation	0,09	0,09	0,09	0,10	0,07
Other operating expenses	0,07	0,06	0,07	0,08	0,14
Total operating expenses	0,67	0,68	0,66	0,77	0,82
Profit before write-downs and tax	1,39	1,31	1,16	1,31	1,15
Net profit on tangible fixed assets	0,00	0,00	0,11	0,00	0,00
Write-down of loans and losses on guarantees	0,02	-0,01	0,21	0,03	0,00
Pre-tax profit	1,37	1,33	1,07	1,29	1,15
Tax	0,27	0,24	0,16	0,27	0,26
Profit for the period	1,10	1,09	0,90	1,02	0,89
OTHER KEY FIGURES					
Return on assets, earnings and capital structure (percentage)					
1. Return on equity after tax	14,6	14,0	12,3	13,5	11,9
2. Total operating expenses as percentage of net operating income (cost-income)	32,5	34,2	36,3	37,1	41,6
3. Deposit-to-loan ratio	50,0	44,7	45,5	47,1	45,6
Balance sheet development (percentage)					
4. Change in net lending	10,6	11,6	7,4	6,4	8,1
5. Change in commercial papers and bonds	34,3	-18,1	43,9	-12,2	15,5
6. Change in deposits	23,6	9,9	3,8	9,8	5,0
7. Change in assets under management	12,5	6,0	12,2	4,1	8,1
Defaults, provisions and losses on loans					
8. Loss percentage, lending	0,02	-0,02	0,25	0,03	0,00
9. Gross defaults as percentage	0,21	0,23	0,30	0,24	0,22
Capital adequacy					
10. Net own funds	20 924	19 097	18 264	17 123	15 936
11. Calculation basis	97 627	92 758	83 408	80 628	86 882
12. Capital adequacy	21,4	20,6	21,9	21,2	18,3
13. Tier 1 Capital ratio	19,5	18,6	19,7	19,2	16,5
14. CET1 ratio	18,1	17,4	18,0	17,5	14,9



Group key figures – 5 years (continued)

Equity certificates (parent bank)	2022	2021	2020	2019	2018
15. Equity certificate capital (NOK mill.)	2 743	2 683	2 683	2 683	1 507
16. Dividend per equity certificate (NOK)	5,50	4,50	4,00	2,42	2,30
17. Listed price at 31 Dec.	92,40	100,20	72,40	63,40	53,00
18. Owner fraction after the distribution of dividend	40,64	39,98	39,98	40,01	22,50
19. Share of profit per equity certificate (NOK)	10,27	8,52	6,30	6,97	5,65
20. Effective return per equity certificate	-3,29	43,92	18,01	23,96	4,13
21. Direct return	5,95	4,50	5,52	3,82	4,34
22. Allocated dividend as a percentage of equity certificate holders' basis for dividend (parent bank)	55,80	52,91	62,04	34,86	40,70
Personnel figures at 31 Dec.					
Number of full-time equivalents (FTEs)	755	759	747	732	701
Distribution network					
Points of sale	35	34	33	33	33

Definitions:

- Profit for the period as a percentage of average equity (excluding hybrid capital) through the year.
- Deposits from customers as a percentage of loans to and receivables from customers.
- Change in net lending at 31 Dec. as a percentage of net lending the year before.
- Change in securities at 31 Dec. as a percentage of securities the year before.
- Change in deposits at 31 Dec. as a percentage of deposits the year before.
- Losses on loans and guarantees etc. as a percentage of gross lending at 31 Dec.
- Gross defaults as a percentage of gross lending.
- Equity certificate capital as a percentage of the parent bank's equity at 31 Dec.
- Equity certificates' share of profit divided by the weighted number of equity certificates.
- Dividend paid plus change in exchange rate 1 Jan.–31 Dec., as a percentage of the listed price at 1 Jan.
- Allocated dividend as a percentage of the listed price at year-end.



Group key figures – per quarter for two years

	31 Dec. 2022	30 Sept. 2022	30 June 2022	31 March 2022	31 Dec. 2021	30 Sept. 2021	30 June 2021	31 March 2021
PROFIT DEVELOPMENT (accumulated)								
Interest income and similar income	7 671	5 003	3 025	1 409	4 525	3 285	2 174	1 086
Interest expenses and similar expenses	3 677	2 145	1 208	522	1 226	855	593	307
Net interest and credit commission income	3 994	2 858	1 817	887	3 299	2 430	1 581	779
Commission income and income from banking services	775	520	333	162	639	424	277	138
Commission expenses and expenses relating to banking services	116	88	54	25	104	77	52	27
Net banking services	658	433	279	137	535	347	226	112
Income from shareholdings in associated companies	262	167	99	28	401	226	147	46
Net gain/(loss) on financial instruments	74	252	79	146	63	63	7	-9
Other operating income	256	203	144	61	266	205	139	56
Net other operating income	1 250	1 055	601	372	1 264	842	519	205
Net operating income	5 244	3 913	2 418	1 259	4 563	3 272	2 101	984
Payroll and general administration expenses	1 292	960	643	316	1 190	877	577	273
Depreciation	218	161	107	52	208	156	105	52
Other operating expenses	177	114	75	36	141	95	63	29
Total operating expenses	1 687	1 235	825	405	1 538	1 128	745	354
Profit before write-downs and tax	3 556	2 678	1 593	855	3 024	2 144	1 355	630
Net profit on tangible fixed assets	0	0	0	0	0	0	0	0
Write-down of loans and losses on guarantees	52	14	25	6	-31	-27	-6	17
Pre-tax profit	3 504	2 664	1 569	849	3 055	2 172	1 361	613
Tax	687	495	246	93	542	375	200	49
Profit for the period	2 817	2 168	1 322	756	2 513	1 797	1 161	564
AVERAGE ASSETS UNDER MANAGEMENT	251 847	247 667	243 251	239 313	225 560	223 192	221 136	218 661
PROFIT AS % OF PRIMARY CAPITAL								
Interest income and similar income	3,05	2,70	2,51	2,39	2,01	1,97	1,98	2,01
Interest expenses and similar expenses	1,48	1,18	1,02	0,90	0,57	0,54	0,57	0,60
Net interest and credit commission income	1,56	1,52	1,49	1,48	1,44	1,43	1,42	1,42
Commission income and income from banking services	0,31	0,28	0,28	0,27	0,28	0,25	0,25	0,26
Commission expenses and expenses relating to banking services	0,05	0,05	0,04	0,04	0,05	0,05	0,05	0,05
Net banking services	0,26	0,23	0,23	0,23	0,24	0,21	0,21	0,21
Income from shareholdings in associated companies	0,10	0,09	0,08	0,05	0,18	0,14	0,13	0,09
Net gain/(loss) on financial instruments	0,03	0,14	0,07	0,25	0,03	0,04	0,01	-0,02
Other operating income	0,10	0,11	0,12	0,10	0,12	0,12	0,13	0,10
Net other operating income	0,50	0,57	0,50	0,63	0,56	0,50	0,47	0,38
Net operating income	2,06	2,09	1,98	2,11	2,00	1,93	1,89	1,80
Payroll and general administration expenses	0,51	0,52	0,53	0,54	0,53	0,53	0,53	0,51
Depreciation	0,09	0,09	0,09	0,09	0,09	0,09	0,10	0,10
Other operating expenses	0,07	0,06	0,06	0,06	0,06	0,06	0,06	0,05
Total operating expenses	0,67	0,67	0,68	0,69	0,68	0,68	0,68	0,66
Profit before write-downs and tax	1,39	1,43	1,30	1,43	1,31	1,26	1,21	1,14
Net profit on tangible fixed assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Write-down of loans and losses on guarantees	0,02	0,01	0,02	0,01	-0,01	-0,02	-0,01	0,03
Pre-tax profit	1,37	1,42	1,28	1,42	1,33	1,27	1,21	1,11
Tax	0,27	0,27	0,20	0,16	0,24	0,22	0,18	0,09
Profit for the period	1,10	1,15	1,08	1,26	1,09	1,05	1,03	1,02



Profit development per quarter – isolated (Group)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Interest income and similar income	2 668	1 978	1 616	1 409	1 240	1 111	1 088	1 086
Interest expenses and similar expenses	1 533	937	687	522	371	263	285	307
Net interest and credit commission income	1 136	1 041	930	887	868	849	803	779
Commission income and income from banking services	254	187	171	162	215	147	139	138
Commission expenses and expenses relating to banking services	29	34	28	25	28	25	25	27
Net banking services	226	153	142	137	188	122	114	112
Income from shareholdings in associated companies	95	68	71	28	174	79	101	46
Net gain/(loss) on financial instruments	-178	173	-67	146	0	56	16	-9
Other operating income	53	59	83	61	60	67	83	56
Net other operating income	195	453	229	372	422	323	314	205
Net operating income	1 331	1 495	1 159	1 259	1 290	1 172	1 116	984
Payroll and general administration expenses	332	318	327	316	313	300	304	273
Depreciation	57	55	54	52	52	51	53	52
Other operating expenses	63	38	39	36	46	32	35	29
Total operating expenses	452	410	420	405	410	383	391	354
Profit before write-downs and tax	878	1 084	739	855	880	789	725	630
Net profit on tangible fixed assets								
Write-down of loans and losses on guarantees	38	-10	19	6	-3	-22	-23	17
Pre-tax profit	840	1 095	720	849	883	811	748	613
Tax	191	249	153	93	168	174	152	49
Profit for the period	649	846	567	756	716	636	597	564
AVERAGE ASSETS UNDER MANAGEMENT (isolated)	264 254	256 363	247 144	239 313	232 617	227 005	220 195	218 661
PROFIT AS % OF PRIMARY CAPITAL (isolated)								
Interest income and similar income	4,01	3,06	2,62	2,39	2,11	1,94	1,98	2,01
Interest expenses and similar expenses	2,33	1,47	1,13	0,90	0,66	0,49	0,55	0,60
Net interest and credit commission income	1,67	1,59	1,49	1,48	1,46	1,46	1,43	1,42
Commission income and income from banking services	0,38	0,29	0,28	0,27	0,37	0,26	0,25	0,26
Commission expenses and expenses relating to banking services	0,04	0,05	0,05	0,04	0,05	0,04	0,05	0,05
Net banking services	0,34	0,24	0,23	0,23	0,32	0,21	0,21	0,21
Income from shareholdings in associated companies	0,14	0,11	0,12	0,05	0,30	0,14	0,18	0,09
Net gain/(loss) on financial instruments	-0,27	0,27	-0,11	0,25	0,00	0,10	0,03	-0,02
Other operating income	0,08	0,09	0,13	0,10	0,10	0,12	0,15	0,10
Net other operating income	0,29	0,70	0,37	0,63	0,72	0,56	0,57	0,38
Net operating income	1,97	2,29	1,86	2,11	2,18	2,02	2,01	1,80
Payroll and general administration expenses	0,50	0,49	0,53	0,54	0,53	0,52	0,55	0,51
Depreciation	0,09	0,08	0,09	0,09	0,09	0,09	0,10	0,10
Other operating expenses	0,10	0,06	0,06	0,06	0,08	0,06	0,06	0,05
Total operating expenses	0,68	0,64	0,68	0,69	0,70	0,67	0,71	0,66
Profit before write-downs and tax	1,29	1,66	1,18	1,43	1,48	1,35	1,29	1,14
Net profit on tangible fixed assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Write-down of loans and losses on guarantees	0,06	-0,02	0,03	0,01	-0,01	-0,04	-0,04	0,03
Pre-tax profit	1,23	1,67	1,15	1,42	1,48	1,39	1,34	1,11
Tax	0,29	0,38	0,25	0,16	0,29	0,30	0,28	0,09
Profit for the period	0,94	1,29	0,90	1,26	1,20	1,09	1,06	1,02



Balance sheet development (Group)

	31 Dec. 2022	30 Sept. 2022	30 June 2022	31 March 2022	31 Dec. 2021	30 Sept. 2021	30 June 2021	31 March 2021
Assets								
Cash and receivables from central banks	143	1 397	228	651	334	129	297	577
Loans to and receivables from credit institutions	1 018	2 687	3 420	5 370	1 238	973	1 962	1 645
Net lending	224 494	217 843	213 430	206 057	202 975	197 273	191 282	182 623
Shares	226	234	246	261	254	254	252	240
Commercial papers and bonds	30 825	31 222	29 724	24 616	22 945	21 515	22 358	22 661
Financial derivatives	2 575	3 575	2 644	1 073	2 668	3 333	4 127	4 428
Shareholdings in associated companies	2 586	2 223	2 130	2 197	2 220	2 034	1 955	2 064
Deferred tax asset	173	0	79	212	239	188	293	247
Pension assets	100	96	96	96	96	88	88	88
Other intangible assets	276	276	289	298	308	319	331	331
Tangible fixed assets	655	650	663	678	650	649	671	688
Prepaid expenses	107	45	76	12	56	43	69	27
Other assets	633	2 784	522	3 305	590	928	457	443
Total assets	263 812	263 032	253 548	244 826	234 571	227 725	224 142	216 062
Liabilities and equity								
Liabilities to credit institutions	3 095	2 072	3 493	1 190	4 058	2 603	2 158	2 686
Deposits	112 274	108 124	106 446	97 366	90 812	91 484	88 821	84 485
Securitised debt	119 836	122 366	117 605	117 620	113 812	108 825	107 896	102 913
Financial derivatives	1 922	1 831	1 450	2 697	1 530	1 139	2 128	3 037
Accrued expenses and pre-paid income	220	185	180	212	201	173	160	162
Pension obligations	139	132	132	132	132	126	126	126
Deferred tax	0	46	0	0	0	0	0	0
Other provisions for liabilities	96	100	87	74	86	84	66	69
Tax liabilities	736	597	471	432	697	272	201	263
Subordinated loan capital	1 855	1 827	1 825	1 825	1 937	1 823	1 823	1 958
Other liabilities	1 746	5 082	2 032	4 111	1 498	1 657	1 520	2 030
Total liabilities	241 919	242 362	233 721	225 660	214 763	208 186	204 900	197 728
Equity certificates	2 743	2 683	2 683	2 683	2 683	2 683	2 683	2 683
Own equity certificates	-3	-4	-4	-5	-5	-13	-13	-7
Premium reserve	1 966	1 837	1 837	1 837	1 837	1 837	1 837	1 837
Equalisation reserve	3 127	2 020	2 020	2 017	2 499	1 759	1 759	1 773
Total equity certificate capital	7 833	6 537	6 537	6 532	7 014	6 266	6 266	6 286
Primary capital	11 254	9 641	9 641	9 641	10 366	9 291	9 291	9 291
Gift fund	150	150	150	150	150	150	150	150
Compensation fund	36	14	14	14	14	14	14	14
Total primary capital	11 440	9 806	9 806	9 806	10 531	9 455	9 455	9 455
Other equity	1 189	3 221	2 380	1 723	857	2 412	1 764	1 189
Hybrid capital	1 431	1 106	1 105	1 105	1 406	1 406	1 757	1 405
Total equity	21 893	20 670	19 828	19 166	19 808	19 538	19 242	18 334
Total liabilities and equity	263 812	263 032	253 548	244 826	234 571	227 725	224 142	216 062



Key figures (Group) (continued)

Return on assets, earnings and capital structure (percentage)	31 Dec. 2022	30 Sept. 2022	30 June 2022	31 March 2022	31 Dec. 2021	30 Sept. 2021	30 June 2021	31 March 2021
Return on equity after tax (isolated)	12,5	17,3	12,1	16,5	15,5	13,8	13,6	13,1
Total operating expenses as % of net operating income, accumulated (cost-income)	32,5	31,9	34,5	32,4	34,2	35,0	36,0	36,5
Total operating expenses as % of net operating income, isolated in the quarter (cost-income)	34,5	27,7	36,6	32,4	32,1	33,1	35,5	36,5
Total operating expenses as % of net operating income, corrected for fin. Instr., acc. (cost-income)	33,0	34,1	35,6	36,8	34,6	35,7	36,1	36,2
Deposit-to-loan ratio	50,0	49,6	49,9	47,3	44,7	46,4	46,4	46,3
Financial strength (percentage)								
CET1 ratio	18,1	18,3	18,5	17,5	17,4	17,7	18,0	18,5
Personnel								
Number of full-time equivalents (FTEs)	755	752	754	753	759	765	736	740
Owner fraction								
Equity certificate capital's share of profit divided by number of equity certificates (isolated)	2,34	3,11	2,07	2,77	2,62	2,31	2,17	2,05
Owner fraction (after distribution)	40,6	40,0	40,0	40,0	40,0	39,9	39,9	39,9
Book equity per equity certificate	75,9	73,0	69,8	67,4	68,6	67,8	65,4	63,2



Explanation of key figures/alternative performance measures (group)

Net interest as a percentage of average assets under management	2022	2021
Net interest as shown in the income statement	3 994	3 299
Correction of interest on hybrid capital entered directly against equity	-58	-58
Net interest used in relevant key figure	3 936	3 240
Average assets under management	251 847	225 560
Number of days	365/365	365/365
Net interest as a percentage of average assets under management	1,56%	1,44%

Net other operating income as a percentage of net operating income	2022	2021
Net other operating income as shown in the income statement	1 250	1 264
Net operating income as shown in the income statement	5 244	4 563
Correction of interest on hybrid capital entered directly against equity	-58	-58
Net operating income corrected for hybrid capital interest	5 186	4 505
Net other operating income as a percentage of net operating income	24,1%	28,1%

Operating expenses as a percentage of net operating income (cost-income)	2022	2021
Total operating expenses as shown in the income statement	1 687	1 538
Net operating income corrected for hybrid capital interest (see above)	5 186	4 505
Operating expenses as a percentage of net operating income (cost-income)	32,5%	34,2%

Operating expenses as a percentage of net operating income corrected for financial instruments	2022	2021
Total operating expenses as shown in the income statement	1 687	1 538
Net operating income corrected for hybrid capital interest (see above)	5 186	4 505
Correction for financial instruments as shown in the income statement	-74	-63
Net operating income corrected for financial instruments	5 112	4 442
Operating expenses as a percentage of net operating income corrected for financial instruments	33,0%	34,6%

Return on equity	2022	2021
Profit after tax as shown in the income statement	2 817	2 513
Correction of interest on hybrid capital entered directly against equity	-58	-58
Profit after tax corrected for interest on the hybrid capital	2 759	2 455
Average equity	18 950	17 510
Number of days	365/365	365/365
Return on equity	14,6%	14,0%

Profit per equity certificate	2022	2021
Profit after tax corrected for interest on the hybrid capital (see above)	2 759	2 455
Weighted equity percentage during the year before allocation	40,0%	39,9%
Average number of outstanding equity certificates during the year	107 355 059	106 963 615
Profit per equity certificate	10,29	9,16



Explanation of key figures/alternative performance measures (group) (continued)

Lending growth, past 12 months	2022	2021
Gross lending, closing balance	225 374	203 835
Gross lending 12 months ago	203 835	182 686
Change past 12 months	10,6%	11,6%
Deposit growth, past 12 months	2022	2021
Deposits from customers, CB	112 274	90 812
Deposits from customers 12 months ago	90 812	82 653
Change past 12 months	23,6%	9,9%
Deposit-to-loan ratio	2022	2021
Net lending	224 494	202 975
Deposits	112 274	90 812
Deposit-to-loan ratio	50,0%	44,7%
	2022	2021
Gross lending on balance sheet date	225 374	203 835
Loss cost	52	-31
Losses on loans as a percentage of gross lending (CB)	0,02%	-0,02%
Gross lending on balance sheet date	225 374	203 835
Exposures in default (>90 days)	472	473
Exposures in default (>90 days) as a percentage of gross lending (CB)	0,21%	0,23%
Gross lending on balance sheet date	225 374	203 835
Potential bad debt	1 250	1 399
Potential bad debt as a percentage of gross lending (CB)	0,55%	0,69%





Corporate governance



7.1 Implementation and reporting on corporate governance

Sparebanken Vest's corporate governance principles shall ensure that its business governance is in accordance with generally accepted and recognised principles and standards, and legal frameworks. The goal of the principles is to ensure good cooperation between the bank's different stakeholders, such as holders of equity certificates, lenders, customers, employees, governing bodies, management and society at large.

Sparebanken Vest annually reports on its corporate governance principles and practices in accordance with Section 3-3b of the Accounting Act and the recommendations of the Norwegian Corporate Governance Board (Code of Practice for Corporate Governance). The statement below shows how the 15 sections set out in the Code of Practice have been followed up in the bank.

	Statement on corporate governance in accordance with the Accounting Act	Comments/references
1	Specifying the Code of Practice and rules for corporate governance to which the company is subject or which it otherwise chooses to apply	Sparebanken Vest complies with the Code of Practice
2	Stating where the Code of Practice and rules mentioned in section 1 is publicly available	The Code of Practice is available at www.nues.no
3	Justification for any deviation from the Code of Practice and rules as mentioned in section 1	Any deviations will be explained in the statement under section 1-15
4	Provide an account of the main features of the company's, and, for enterprises with a statutory obligation to keep accounts that also prepare corporate accounts, the group's, internal control and risk management systems as they relate to the company's financial reporting	See section 10
5	Articles of association that do not contain provisions that, in whole or in part, expand on or deviate from the provisions of Chapter 5 of the Public Limited Liability Companies Act	See section 6
6	The composition of the board of directors, the corporate assembly, the supervisory board and the control committee, any select committees for these bodies, plus a description of the main elements of applicable instructions and guidelines for the work of the bodies and any select committees	See section 6 – 9
7	Provisions in the articles of association that regulate the appointment and replacement of board members	See sections 6 and 7
8	Articles of association and authorisations that entitle the board of directors to decide that the company shall buy back or issue own shares or equity certificates	See section 3
9	A description of the company's policies on gender equality and diversity with regard to, for example, age, gender and educational and professional background for the composition of the board, management and control bodies and any subcommittees. The objectives of the guidelines, how they have been implemented and their impact during the reporting period shall be disclosed. If the company does not have such guidelines, an explanation must be provided	See sections 7 and 8



1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The bank's corporate governance principles are specified in various governing documents for its business. They include the bank's Articles of Association, its strategies, principles for corporate social responsibility, rules of procedure for the Board, the framework for management and control, Code of Ethics, procedures for assessing suitability, procedures for proprietary trading and the bank's insider rules.

This document provides a statement covering each chapter of the Code of Practice. There are no material deviations from the Code of Practice in the bank's corporate governance. Any deviations will be explained in the relevant section.

2. BUSINESS

Sparebanken Vest is a financial services group consisting of the parent bank and the subsidiaries Eiendomsmegler Vest AS, Sparebanken Vest Boligkreditt AS and Jonsvoll Utleie AS. Unless otherwise stated, references to the bank and/or Sparebanken Vest in this text concern the Sparebanken Vest Group.

Pursuant to Sparebanken Vest's Articles of Association, its object is to deliver transactions and services that it is common or natural for savings banks to deliver pursuant to the legislation applicable at all times and the licences granted at all times. Moreover, Sparebanken Vest can provide investment services and related services within the bounds of the licences granted at all times.

The bank's primary market area is the Western Norway region, but it also aims to have a national presence in the area of digital concepts. The business shall be run at a satisfactory profit and with acceptable risk.

The bank's annual report contains a description of the bank's goals and strategies. The strategic basis is evaluated at least once a year by the Board and the management, and the bank's plans are adjusted and adapted continuously. The market is updated about the bank's strategic agenda through the presentation of quar-

terly reports.

Sparebanken Vest has a customer-oriented organisation that focuses on the Retail Market and the Corporate Market as business areas. The bank's organisational structure is dynamic, and it is assessed on the basis of changing needs and framework conditions.

Sparebanken Vest has adopted principles and guidelines for ethical conduct and for exercising corporate social responsibility in our business operations and in dealings with our customers, through the businesses we invest in, the requirements we make of our suppliers, and what we emphasise to ensure that our operations, corporate governance and ownership are sustainable. These guidelines and principles are intended to ensure that Sparebanken Vest does not contribute to violations of human rights or labour rights, money laundering and terrorist financing, corruption, environmental harm or to other actions that can be perceived as unethical. The guidelines and principles are also intended to ensure that non-compliance will have clear consequences, and that breaches will have consequences for distribution and financing. Corporate social responsibility is an integral part of the bank's business activities. The bank's corporate social responsibility is described in more detail in a separate section of the annual report.

3. EQUITY AND DIVIDENDS

Sparebanken Vest is a self-owned institution. The infusion of external capital takes place through the issuing of equity certificates, subordinated bonds and subordinated loans. At 31 December 2022, Sparebanken Vest's equity certificate capital amounted to NOK 2,743,029,650 divided between 109,721,186 equity certificates with a nominal value of NOK 25 fully paid up. The owner fraction is 40.6%.

Holders of equity certificates shall have a predictable framework with respect to equal treatment, the return on their investment and as regards influencing how the bank is run. The stock exchange listing of the equity certificates on Oslo Børs ensures that the bank accepts and

complies with the market conditions that prevail at all times in the market for equity certificates, and it means that the bank accumulates historical data that can help utilise the stock market as a source of equity if the need should arise.

Sparebanken Vest's objective is to achieve results that provide good growth in earnings and a competitive return on the bank's equity. The profit for the year after tax will be divided between the equity certificate capital and primary capital in proportion to their relative share of the bank's equity (the owner fraction). The equity certificate holders' share of the profit will be divided between dividend and the equalisation reserve. Dividend funds are divided between the different groups of owners so that they each receive a proportionate share of the profit. The dividend funds consist of a cash dividend for the equity certificate holders, funds for the public benefit and the customer dividend. Taking into account the bank's capital adequacy, strategy and development, the goal is for up to 50% of the year's profit to be distributed to dividend funds.

The Board is regularly granted authorisation by the General Meeting to acquire and pledge as security own equity certificates within certain limitations. The authorisations must be approved by the Financial Supervisory Authority of Norway before they are used. Each authorisation is normally valid for one year. The acquisition of equity certificates in accordance with authorisations takes place through purchases in the securities market via Oslo Børs, and disposals take place through sales in the same market, or as private placements with employees within statutory limitations.

4. QUAL TREATMENT OF EQUITY CERTIFICATE HOLDERS

Sparebanken Vest has one class of equity certificates. All equity certificate holders have the same rights. It is a goal that equity certificate holders shall be ensured equal treatment and equal opportunities to exert influence in Sparebanken Vest. In order to safeguard the interests of owners of small holdings, the bank's Articles of Association contain a limitation on voting

rights that means that, at a meeting of equity certificate holders, no one may vote for equity certificates that represent more than 15% of the total number of equity certificates issued by Sparebanken Vest.

The owner fraction at year-end 2022 was 40.6%. The biggest owner is Sparebankstiftinga Hardanger, which represents 10.9% of the equity certificate capital. The bank's 20 biggest owners own 51.4% of the equity certificate capital.

The rules of procedure for the Board include provisions relating to ethics and impartiality. The bank's Code of Ethics applies to both officers of the Company and employees. Among other things, it contains guidelines for customer relations, benefits/gifts, the duty of confidentiality, participation in other business activities and transactions with related parties. As a rule, transactions, including the purchase/sale of assets and services, shall not take place between Sparebanken Vest, its employees and its equity certificate holders and officers, nor with their related parties.

Provisions have been included in the rules of procedure for the Board that emphasise board members' duty to exercise due care in relation to ethical conduct, impartiality and integrity. Moreover, board members must inform the Chair of the Board if they become aware of a possible conflict of interest.

5. EQUITY CERTIFICATES AND NEGOTIABILITY

Sparebanken Vest's equity certificate is listed on Oslo Børs and it is freely negotiable. A statutory requirement currently states that the acquisition of a qualified proportion of the equity certificate capital (10% or more) requires the consent of the Ministry of Finance (authorisation delegated to the Financial Supervisory Authority of Norway).

6. GENERAL MEETINGS

The bank's supreme body is the General Meeting, which is composed of equity certificate holders, customers, employees and representatives of the authorities. The business of the General Meeting is to approve the annual report, includ-

ing the allocation of profit and distribution of dividends. The General Meeting also elects members of the Board and the Nomination Committee. Resolutions or authorisations by the General Meeting to take out subordinated loans and issue subordinated bonds are subject to the same rules for a qualified majority as apply to amendments of the Articles of Association.

The bank's Articles of Association are in accordance with the standard articles of association for savings banks drawn up by the Norwegian Savings Banks Association and approved by the Financial Supervisory Authority of Norway. The Articles of Association contain detailed provisions on the composition of the General Meeting and the election of its members. The General Meeting has 48 members, 15 of whom, from the 2023 election onwards, will be elected from among the equity certificate holders. From the 2024 election onwards, 19 members will be elected by the equity certificate holders. The right of equity certificate holders to attend general meetings is thereby limited compared with Chapter 5 of the Public Limited Liability Companies Act.

The bank's Articles of Association stipulate that members of the General Meeting shall meet in person. It is not possible to attend by proxy. This means that the Code of Practice's recommendation on the use of proxies at general meetings does not apply to Sparebanken Vest's equity certificate holders.

Decisions are reached by simple majority. Decisions to amend the Articles of Association require a two-thirds majority of the votes cast.

The General Meeting is convened by the Board. The rules on convening and holding general meetings follow from the provisions of the Public Limited Liability Companies Act Sections 5-5 to 5-16. Notices and minutes of meetings of the General Meeting are made public through Oslo Børs's notification system and made available on the bank's website.

The annual general meeting is held before the

end of March each year to consider the annual report, the auditor's report, and to elect members of the Board and the Nomination Committee. This meeting also considers the allocation of profit for the year/declaration of a dividend, the allocation of donations and the customer dividend. Separate elections are held among employees, equity certificate holders and customers to elect representatives to the General Meeting. Public representatives are appointed by the City of Bergen and the county councils of Vestland and Rogaland.

The General Meeting has elected a Nomination Committee, which nominates candidates to the Board, as well as customer-elected members to the General Meeting. A separate election is held for the Chair of the General Meeting.

The Board, the CEO, the auditor, the Nomination Committee and certain members of the bank's management and specialists also attend general meetings as required.

7. NOMINATION COMMITTEES

Sparebanken Vest's Articles of Association specify that the bank shall have two nomination committees. Pursuant to the Articles of Association, the Nomination Committee for elections by customers and the General Meeting (the main Nomination Committee) shall consist of seven members elected by the General Meeting, and it shall include representatives of all groups represented at the General Meeting, plus an independent member elected from among former board members.

Grounds must be stated for the main Nomination Committee's recommendations, which should contain relevant information about the candidates, including information about their qualifications, capacity and independence. The recommendation shall also contain a description of the committee's work. The main Nomination Committee participates in the deliberations of the General Meeting and presents its proposals. Separate rules of procedure have been adopted for the main Nomination Committee. The General Meeting decides the remuneration of the Nomination Committee's members.

The main Nomination Committee submits proposals to the General Meeting for the remuneration of officers of the Company. No board members or representatives of the executive management are members of the Nomination Committee. However, the statutory requirement that savings banks' nomination committees shall include employee-elected members of the General Meeting may entail that other senior employees may be members of the main Nomination Committee.

The bank has a separate nomination committee for elections by equity certificate holders. This committee prepares elections by equity certificate holders to the General Meeting. Sparebanken Vest takes steps to enable equity certificate holders to submit proposals for candidates to this nomination committee. The committee has three members elected by the equity certificate holders.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to Sparebanken Vest's Articles of Association of 17 November 2022, the Board of Directors shall consist of ten members and two deputy members elected by the General Meeting for a term of two years at a time. Three of these members and one deputy member shall be elected by and from among the employees. The Chair and Deputy Chair are elected by the General Meeting in separate elections. All seven external board members are considered to be independent. Four are women and three are men. Both genders are represented among the three employee-elected board members.

A presentation of the members of Sparebanken Vest's Board is available on the bank's website and in the annual report. Sparebanken Vest and its subsidiaries have taken out board liability insurance with primary coverage from AIG, and excess coverage from Zurich.

The rules of procedure for the Board of Sparebanken Vest include guidelines for the composition of the Board and terms of office. Important criteria for members of the Board and its composition are qualifications, gender, capacity and

independence. The composition of the Board shall be such that it is capable of acting independently of special interests and the bank's management. The Board conducts an annual self-evaluation in which each individual board member answers a number of questions relating to the Board's composition, strategy work, business control, risk management and internal control, practical work, in addition to an evaluation of the board committees. The results of the self-evaluation are shared with the Nomination Committee, which uses this in its work. Pursuant to the rules of procedure for the Board, board members can own equity certificates in the bank.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board of Sparebanken Vest normally holds 10–12 regular meetings every year, as well as meetings in connection with strategy work. In addition, the Board organises thematic days with a view to developing its expertise. Rules of procedure have been drawn up and adopted for the Board, with a pertaining calendar for the Board's work. The Board places particular emphasis on developing and updating the bank's strategic business plan. The Board monitors the bank's performance and financial development closely, and assesses whether the bank's capital and liquidity status and risk situation are commercially acceptable and within the statutory limits. The rules of procedure for the Board set how any agreements with affiliated parties are to be dealt with, to ensure that this process is sufficiently thorough.

In cooperation with the Chair of the Board, the CEO prepares matters for consideration by the Board. The Board has adopted job instructions for the CEO.

The Board has overall responsibility for the management of Sparebanken Vest and for overseeing the day-to-day management and the bank's activities. The Board's management responsibility includes responsibility for organising the bank in an adequate manner, responsibility for adopting plans and budgets, responsibility for keeping informed about the bank's financial position and for ensuring that the

business, asset management and accounts are subject to adequate control.

The Board shall comply with the bank's object as set out in its Articles of Association, and it shall comply with the guidelines and framework conditions issued by public bodies, including the Financial Supervisory Authority of Norway.

The Board has appointed four committees as part of its work:

- *The Audit Committee* shall contribute to ensuring that the bank's accounts and reporting are sufficiently informative and correct, and that the bank's systems are sufficient to identify, calculate the scope of, manage and monitor financial risk to the required extent. The Audit Committee shall also assess and monitor the auditor's independence, recommend a new external auditor and monitor audit performance.
- *The Risk Committee* is charged with ensuring that Sparebanken Vest's risk and capital management underpins the bank's strategic development and goal attainment, while at the same time ensuring financial stability and acceptable asset management.
- *The Credit Committee* deals with credit matters under the authorisation of the Board.
- *The Remuneration Committee* shall ensure that the Bank's remuneration system complies with regulatory requirements, including that it contributes to promoting and providing incentives for good management and control of the Group's risk, prevents excessive risk-taking, contributes to avoiding conflicts of interest and supports the Group's strategy and objectives.

The bank's internal auditor is subject to the Board's authority and is entitled to attend board meetings. An annual report is submitted to the Board of Directors. The Board approves the internal audit function's annual plan and resource needs.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Good risk and capital management plays a central role in Sparebanken Vest's long-term value creation. The bank's market and business goals must be balanced against its ability and willingness to take risk. Risk, capital and liquidity assessments are thus an integral part of the bank's strategic and business processes.

The bank's risk management is related to five main areas:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Compliance risk

The Board of Sparebanken Vest requires the bank to be well-capitalised. A review of the bank's most important risk areas and capital adequacy assessments (ICAAP³) is carried out at least once a year and considered by the Board. The capital adequacy assessments must be based on the actual risk to which the business is exposed, supplemented by the effect of various stress scenarios.

The Financial Supervisory Authority of Norway has given Sparebanken Vest its approval for the use of internal measurement methods (AIRB⁴) to calculate capital in relation to credit risk. This is an important stamp of approval for the bank's risk and capital management.

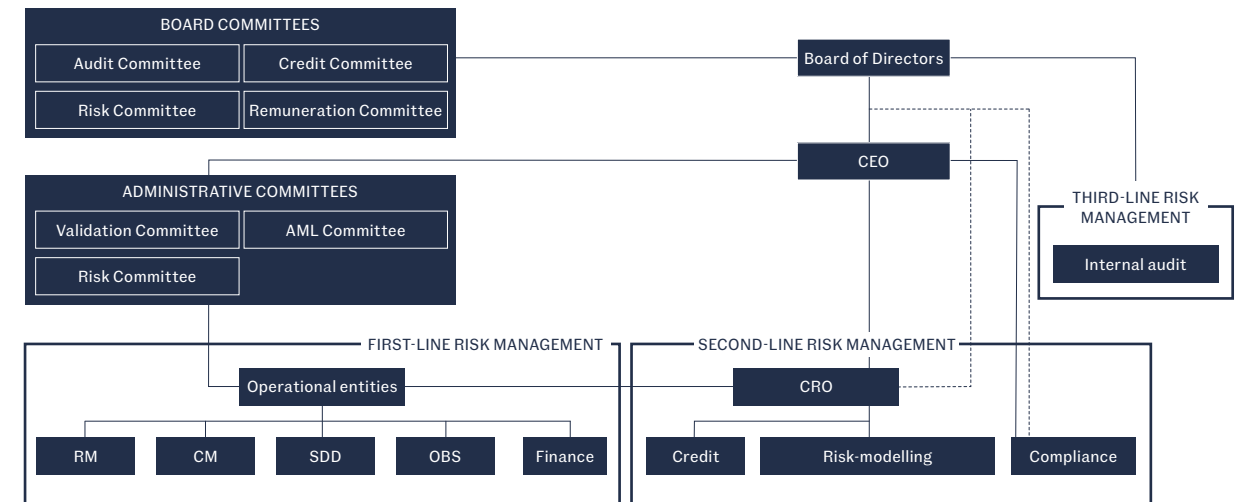
The Board annually considers the bank's liquidity analyses (ILAAP⁵) and discusses and decides the bank's risk tolerance in liquidity and financing. A key point in the bank's liquidity management is to ensure that the bank is capable of meeting its obligations as they fall due, and that the bank is able to realise its growth ambitions on acceptable terms. The bank's liquidity management shall also ensure that the bank has sufficient liquidity reserves to survive periods

³Internal Capital Adequacy Assessment Process

⁴Advanced Internal Ratings-Based

⁵Internal Liquidity Adequacy Assessment Process

Organisation of the bank's risk and capital management and control



when markets close and/or customers withdraw large amounts of their deposits. ILAAP thus represents an important basis for Sparebanken Vest's operational liquidity management.

Responsibility for implementing the bank's risk and capital management and control is divided between the Board, the CEO and three risk management functions: the first line (operational entities), the second line (CRO and Compliance) and the third line (internal audit). This is illustrated in Figure 1.

A statement on risk and capital management is published every year following approval of the annual accounts (the Pillar 3 report). The bank continually assesses its capital adequacy in relation to regulatory requirements and its own capital adequacy target.

The Board is also responsible for ensuring that the bank has sufficient own funds in relation to the desired risk and the bank's operations, and for ensuring that it is sufficiently capitalised in relation to regulatory requirements. The Board also adopts the bank's targets, framework and general guidelines in all areas of risk.

Reporting of risk to the Board, including exposure in relation to targets and limits, takes place quarterly or more frequently if required.

The Board's Audit Committee prepares interim and annual accounts for consideration and approval by the Board. The Audit Committee's tasks are related to the process of financial reporting and the submitted financial statements, monitoring of internal control and risk management systems, internal and external audits and the independence of the auditor. The Board's Risk Committee prepares the Board's deliberations relating to the Board's responsibility for monitoring and managing the bank's overall risk exposure and its consideration of whether the management and control systems are adapted to the actual risk level and scope of the business.

The Board's Credit Committee processes and decides credit matters within the Board's mandate.

The Remuneration Committee shall ensure that the bank's remuneration system is in accordance with regulatory requirements.

The CEO has chief responsibility for the bank's overall risk management, including the development of good models and frameworks for management and control.

First-line risk management functions

All managers in Sparebanken Vest are responsible for managing risk and ensuring good internal



control in their areas of responsibility in accordance with the bank's adopted risk profile. The Economy and Finance unit, under the CFO, is responsible for financial reporting, internal financial management, direct and indirect taxes, and internal control of financial reporting. This includes responsibility for quarterly financial reporting in accordance with applicable legislation, accounting standards and the accounting principles adopted for the Group. A template has been developed for group reporting, which is intended to ensure the completeness of the reporting basis and the consistent application of principles.

Second-line risk management functions

The Risk Management unit attends to important functions relating to management, control, reporting and analysis. It is also responsible for the bank's models for risk and capital management. The Head of Risk Management is the bank's Chief Risk Officer (CRO), reports to the CEO and is independent of operational functions in the bank. The CRO has a duty to report directly to the Board, in the event that ordinary reporting does not provide necessary information about material risks that may affect the bank. The CRO cannot be replaced without the prior consent of the Board. In sum, this underpins the independence of risk reporting and management.

The bank's Compliance department is an independent function tasked with assisting the bank in achieving its financial and strategic goals, without incurring the risk of criticism, financial loss or regulatory sanctions as a result of non-compliance. Under the internal framework, the Compliance department carries out control activities to ensure compliance and identify deviations, and reports this to the CEO and the Board on a quarterly basis. It also makes recommendations and conducts training activities. The Head of Compliance cannot be replaced without the prior consent of the Board.

Third-line risk management functions

An internal audit function has been established to safeguard the Board's responsibility for ensuring that the strategy is properly imple-

mented and executed. Based on its control activities, the internal audit function shall provide the Board with an independent assessment of the bank's risk management and control.

Administrative committees

The Validation Committee deals with model validation and validation relating to the application of the bank's credit systems. The Credit Committee deals with large exposures and matters of an unusual nature. The AML Committee is a management and decision-making forum that assesses and decides complex or demanding matters relating to the risk of money laundering and terrorist financing.

The bank's Code of Ethics includes a duty on the part of employees to report matters that warrant criticism, including breaches of internal guidelines, laws and regulations, and a procedure for how such notification is to be given. The bank also has guidelines to prevent and manage conflicts of interest arising from employees' use of authorisations.

Sparebanken Vest's business is subject to the supervision of the Financial Supervisory Authority of Norway (FSA). In addition to supervisory visits, periodic meetings are held with the FSA, primarily in connection with the bank's annual or interim accounts. It is important for the bank to have an open and constructive dialogue with the FSA.

A detailed description of the bank's risk and capital management is provided in the bank's Pilar III reporting, which is available on the bank's website.

11. REMUNERATION OF THE BOARD OF DIRECTORS

Directors' fees are decided by the General Meeting on the recommendation of the Nomination Committee. The remuneration is not performance-based, and options are not issued to members of the Board.

As a rule, board members or companies to which they are affiliated shall not take on specific assignments for the bank in addition to their

office as board member. Any additional fees are subject to approval by the General Meeting. In urgent matters, however, the chairs of the General Meeting and the Nomination Committee may jointly make decisions concerning additional fees. An overview of the remuneration of the Board is provided in a note to the annual accounts.

12. SALARIES AND OTHER REMUNERATION TO LEADING EMPLOYEES

The remuneration of the CEO is decided by the bank's Board, while the remuneration of other executive personnel is decided by the CEO on the basis of principles adopted by the Board and following consultation with the Remuneration Committee. The CEO can grant additional remuneration to employees based on the results they have achieved and their work performance. Such additional remuneration is also intended to ensure the bank's attractiveness in the employment market, while at the same time not being a risk driver. There are no option schemes for the CEO and executive personnel. The Board prepares guidelines for determining the pay and other remuneration of the CEO, other executive personnel and employees who are members of the Board. The guidelines are considered by the General Meeting and are available on the bank's website.

The bank has stipulated and practises a remuneration scheme, which, in accordance with applicable regulatory requirements, includes provisions that set a ceiling on the performance-related remuneration of executive personnel, and a requirement that 50% of such remuneration shall be paid in the form of equity certificates in the bank, allocated over a period of four years. Executive personnel's pay and benefits are reported to the General Meeting annually in a separate report.

Pursuant to Section 6 of the Regulations on Guidelines for and Reporting of Remuneration of Executive Personnel (FOR-2020-12-11-2730), cf. Section 6-16a of the Public Limited Liability Companies Act, cf. Section 15-6 of the Financial Institutions Act, Sparebanken Vest has prepared an executive pay report for 2022, with information about pay and other remuneration



We sponsored the following in 2022

Anga FK	Madla IL
Arna-Bjørnar fotball	Midtbygden IL
Autopia Expo	Moster idrettslag
Bergen Cyckleklubb	Måløy FK
Bergenfest	Nesflaten
Bjørnar IL	Norheimsund fotball
Bremnes idrettslag	Nærbø idrettslag
Bryne fotballklubb	Odda fotballklubb
Bygdalarm	Odda IL
Eid IL	Opera Nordfjord
Eidfjord IL	Os fotball
Fana IL	Rossvoll volleyballklubb
FBK Voss	Rubbestadsneset idrettslag
FBK Voss og Voss Cup	Sauda idrettslag
Finnås sportsklubb	Selje IL
Fitjar idrettslag	SK Brann
FK Haugesund	Skikrinsen alpint
FK Tempo	Skånevik idrettslag
Forus trav	Sogndal fotball
Fure IL	Sogndal fotball Kvinner
Førde friidrett	Sotra sportsklubb
Førde håndball	Stadlandet IL
Førde sykkelklubb	Stavanger Oilers
Førde symjing	Stord fotball
Førde tennisklubb	Stord handball
Gimle basketballklubb	Stord næringsråd
Halsnøy idrettslag	Stryn FK
Hardanger golfklubb	Suldal idrettslag
Hardanger skyttarlag	Tertnes fotball Herrer
Hardingtonar	Tertnes håndball elite
IL Korlevoll og Røldal IL	Ulvik IL og Kvasshovden opp
IL Sand	Varegg fotball
IL Trio	Viking fotball
Jelsa	Vossajazz-lauget
Jæren golf	Øystyse fotball
Klepp IL	Ålesund symfoniorkester
KnarvikMila	skisenter
Kvam LSK og Sjusete	
skisenter	

of executive personnel. The report is published on the bank's website.

13. INFORMATION AND COMMUNICATION

Sparebanken Vest's information and communication shall be based on openness and accessibility. Communication shall underpin the relationship of trust between the bank's owners, Board and management, and ensure that the bank's stakeholders are given an opportunity to assess and arrange their affairs in relation to the bank's activities. The bank's information policy is based on active dialogue characterised

by openness, predictability and transparency.

Information is given to the market through quarterly open investor presentations, stock exchange announcements and press releases, accounting reports and webcasts. This material is available on the bank’s website under Investor Relations. Sparebanken Vest publishes information of relevance to the bank’s owners in both Norwegian and English.

The bank’s financial calendar is published on its website. In addition to the annual accounts, the Sparebanken Vest Group prepares quarterly financial reports. The annual accounts are audited by the external auditor. Regular presentations are also held for international partners, lenders and investors, and the bank is rated by an international rating agency. Sparebanken Vest has decided who may speak on behalf of the bank on different matters. The bank has its own information contingency plan linked to the bank’s overarching contingency plans.

14. TAKE-OVERS

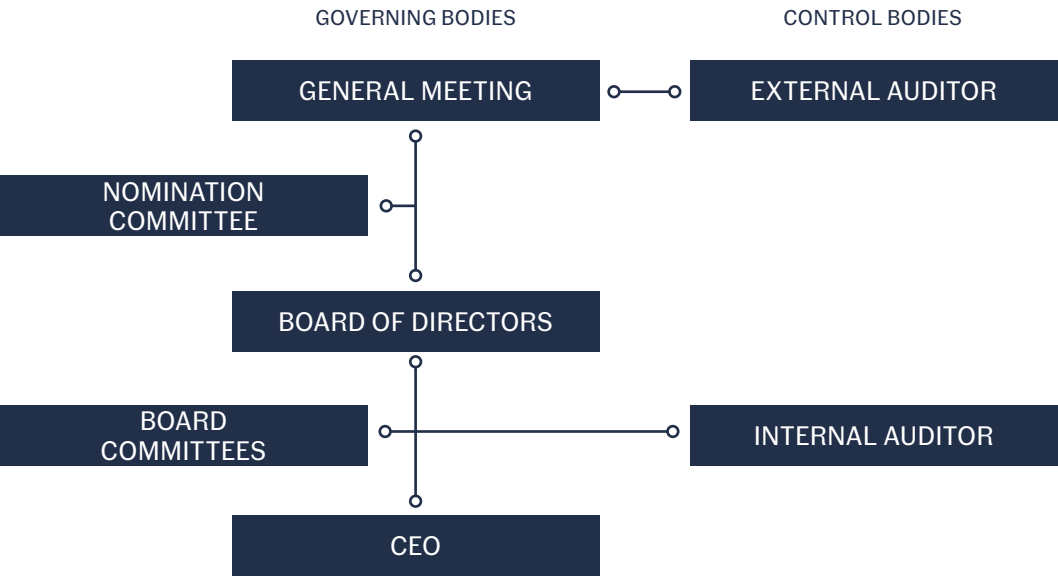
Like other savings banks, Sparebanken Vest is an independent institution that cannot be taken over by private individuals or enterprises through acquisition. The owner structure of

savings banks is set out in law. No one can own more than 10% of the bank’s equity certificate capital without special permission from the Ministry. The statutory limitation on ownership means that this section of the Code of Practice is not relevant for Sparebanken Vest.

15. AUDITOR

The external auditor is appointed by the General Meeting on the recommendation of the Audit Committee and the Board in accordance with the legal regulations for financial undertakings. The auditor submits an annual auditor’s report to the General Meeting and holds regular meetings with the Board at which, among other things, additional reports are presented and commented on. The relationship with the auditor is regulated in a letter of assignment, which, among other things, describes the parties’ responsibilities, how the auditor’s fee is stipulated and how other services are to be agreed and paid. The Board ensures that the auditor presents the main features of the plan for the audit work. The external and internal auditors hold quarterly meetings with the Board’s Audit Committee and Risk Committee. The CEO is present during the consideration. The minutes of the meetings of the Audit Committee and Risk Committee are presented to the Board.

OVERVIEW OF GOVERNING AND CONTROL BODIES IN SPAREBANKEN VEST





The Board of Directors

**ARILD BØDAL (BORN 1965) – CHAIR OF THE BOARD**

Bødal is an authorised accountant and has a university college degree in economics and business administration. Bødal also studied at Heriot-Watt University, BI Norwegian Business School, the Norwegian School of Economics (NHH) and the Norwegian University of Science and Technology (NTNU). Bødal is the former CEO and founder of the Septik24 group (now Norva24) and several other companies. He is currently head of the investment companies Invest24 AS and AHB Invest AS, and chair and member of the board of several associated companies, including Norva24 Group AB, the Stryvo group and Nomek AS. Bødal has been a member of the Board since April 2011, and Chair of the Board since March 2019. Bødal is considered to be an independent board member.

Number of equity certificate instruments: 59,501. *Number of board meetings* 12 of 12.

**MAGNE MORKEN (BORN 1958) – DEPUTY CHAIR**

Morken holds a master's degree in economics and business administration (siviløkonom) from the Norwegian School of Economics (NHH). He has formerly been CEO of Hansa Tankers Management AS, managing director of Solvang ASA and bank manager at Nordea (Oslo/Stavanger/London). Morken is currently head of his own investment and consulting firm, and holds directorships in SigCo (Bermuda and Isle of Man). Morken has been a member of the Board since March 2017, and Deputy Chair since August 2019. Morken is considered to be an independent board member.

Number of equity certificate instruments: 10,000. *Number of board meetings* 12 of 12.

**CHRISTINE SAGEN HELGØ (BORN 1968)**

Sagen Helgø holds a law degree from the University of Bergen (UiB). Sagen Helgø is chief investment officer of Camar AS, and was mayor of Stavanger from 2011 to 2019. Sagen Helgø is deputy chair of the board of the health trust Helse Stavanger HF. Sagen Helgø has been a member of the Board since March 2020. Sagen Helgø is considered to be an independent board member.

Number of equity certificate instruments: 0. *Number of board meetings* 12 of 12.

**MARIANNE DORTHEA JACOBSEN (BORN 1980)**

Jacobsen has an MBA in Strategic Management from the Norwegian School of Economics (NHH), a master's degree in Brand Management from Queensland University of Technology (Australia), as well as a bachelor's degree in Economics from Leeds Metropolitan University (UK). Jacobsen is CEO of Knowit Experience Bergen AS, and has previously filled roles in the Knowit group, such as project manager and adviser in areas like strategy, digitalisation, branding and user experience. She has also been a customer adviser in Sparebanken Vest. Jacobsen holds directorships in Tide AS and Tide Buss AS, and in several of Knowit's Nordic companies. Jacobsen has been a member of the Board since March 2017. Jacobsen is considered to be an independent board member.

Number of equity certificate instruments: 1,237. *Number of board meetings* 11 of 12.

**GUNNAR SKEIE (BORN 1955)**

Skeie holds a law degree from the University of Bergen (UiB). He has been general manager of Sparebankstiftinga Hardanger, and has previously been a lawyer and partner in the law firm Advokatene Kvåle og Skeie ANS in Norheimsund. He has also been acting court of appeal judge at Gulating Kvåle of Appeal, a lawyer affiliated to Kreditorforeningen in Bergen, an assistant judge at the office of the chief local judge in Karmsund in Haugesund, an assistant advocate with Advocate Tom Berge in Odda, and a legal adviser at Bergen Tax Office. He has previously served as chair of the control committee of Eiendomskreditt AS, chair of the control committee of Voss Veksel og Landmannsbank AS, and member of the board of Eiendomskreditt AS. Skeie is chair of the board of Kvam Energi AS, and holds directorships in other companies in the group. Skeie has been a member of the Board since March 2016. Skeie is considered to be an independent board member.

Number of equity certificate instruments: 11,069. *Number of board meetings* 12 of 12.

**AGNETHE BREKKE (BORN 1968)**

Brekke is an authorised public accountant with a master's degree in economics and business administration (*siviløkonom*) from NHH, and is also CFO of G2 Ocean AS. Brekke has previously been Regional Finance Manager of DOF Subsea AS, Vice President of Financial Control and Group Accounting Manager at Odfjell Drilling AS, and worked as an auditor at PwC. She was previously a member of the board of Tysnes Sparebank and a member of the Norwegian Hull Club's control committee. Brekke has been a member of the Board since March 2019. Brekke is considered to be an independent board member.

Number of equity certificate instruments: 641. *Number of board meetings* 11 of 12.

**KIRSTI L. SLOTSVIK (BORN 1963)**

Slotsvik is a graduate landscape architect from the Norwegian University of Life Sciences (NBMU). She is CEO of Sørsida Utvikling AS, an urban development company owned by Ålesund municipality. Slotsvik has previously been Director General of the Norwegian Railway Directorate, Director General of the Norwegian Coastal Administration, District Director with the Norwegian Public Roads Administration and a consultant at Asplan Viak AS. She is chair of the board of Muritunet AS and a member of the board of NTNU Ocean Training AS, among other companies. Slotsvik has been a member of the Board since March 2022. Slotsvik is considered to be an independent board member.

Number of equity certificate instruments: 0. *Number of board meetings* 8 of 12.

**HENRIK GUNDERSEN (BORN 1983)**

Gundersen has a master's degree in engineering (sivilingeniør) from the Norwegian University of Science and Technology (NTNU), and holds a master's degree in computer engineering. Gundersen is a senior consultant in the bank's Banking Services division and works on developing security solutions, tools and expertise. Gundersen has been an employee representative on the Board since March 2020.

Number of equity certificate instruments: 1,237. *Number of board meetings* 12 of 12.

**KRISTIN AXELSEN (BORN 1966)**

Axelsen holds a bachelor's degree in Banking and Finance from BI Norwegian Business School, and is an authorised financial adviser. Axelsen is a corporate adviser in the bank's Direct Bank CM department, and has worked for the bank since 2007. She has previously been an employee representative at the bank's General Meeting, and deputy chair of the board of Ungt Entreprenørskap Hordaland. Axelsen has been an employee representative on the Board since April 2013.

Number of equity certificate instruments: 6,508. *Number of board meetings* 11 of 12.

**STIG STANDAL TAULE (BORN 1965)**

Taule holds a bachelor's degree in Banking and Finance from BI Norwegian Business School, and has also completed the master's degree course 'Brytningstid' at the Norwegian School of Economics (NHH). He is currently taking a chief employee representative course at Kristiania University College. Taule is an authorised financial adviser and is currently the bank's chief employee representative for the Finance Sector Union of Norway. Taule has worked for Vår Bank og Forsikring / Sparebanken Vest since 1984. He has been an employee representative on the Board since March 2022, before which he was deputy employee representative for five years.

Number of equity certificate instruments: 8,397. *Number of board meetings* 7 of 12.



Executive Management

**JAN ERIK KJERPESETH (BORN 1971) – CEO**

Joined the bank in 1999 and became CEO in October 2013. Deputy Managing Director 2006–2013. Chair of the board of Eviny AS, Brage Finans AS and Frende Holding AS. Board member of Finance Norway and the Norwegian Savings Banks Association. Former chair of the board of Bergen Havn AS and Bergen Chamber of Commerce, and former board member of Nets and Vipps, among others. Marketing degree from the Norwegian School of Marketing and holds an MBA from Heriot-Watt University and an Executive MBA in Brand Management from the Norwegian School of Economics (NHH).

Number of equity certificate instruments: 175,780 (Including related parties)

**SIREN SUNDLAND (BORN 1971) – EVP AND HEAD OF STRATEGY AND DIGITAL DISTRIBUTION**

Head of Strategy and Digital Distribution from February 2021. Former Head of Operational Services and EVP and Head of Organisation and Development, Finances and Accounting, and Treasury. Joined the bank in 2007. Member of the corporate management team since 2009. Chair of the board of Eiendomsmegler Vest AS and Agenda Vestlandet, and board member of Talent Norge AS. Former chair of the board of Den Nationale Scene, board member of Sparebanken Vest Boligkreditt AS and GC Rieber Compact AS. Has a *cand.philol.* degree from the University of Bergen and an Executive MBA in Management Control from NHH.

Number of equity certificate instruments: 79,890

**FRANK JOHANNESSEN (BORN 1959) – EVP AND CHIEF FINANCIAL OFFICER (CFO)**

Chief Financial Officer (CFO) from September 2019. Former EVP and Head of Risk Management (CRO). Joined the bank in 1985. Has a wide-ranging background in banking and has held various management positions in the bank, including as head of both the Retail Market and Corporate Market. Chair of the board of Sparebanken Vest Boligkreditt AS and Norne Securities AS, and board member of Factoring Finans AS. Former board member of Verd Boligkreditt AS, Jonsvollskvartalet AS, Jonsvoll Utleie AS and Eiendoms kreditt AS. Member of Bransjestyre Bank og Kapitalmarked (BBK) in Finance Norway. Has a law degree from the University of Bergen as well as an Executive MBA in Strategic Management from the Norwegian School of Economics (NHH). He has also completed the AFF Solstrand leadership programme.

Number of equity certificate instruments: 84,470

**JAN-STÅLE HATLEBAKK (BORN 1974) – EVP AND HEAD OF RISK MANAGEMENT (CRO)**

Head of Risk Management (CRO) from September 2019. Former Credit Risk Director. Joined the bank in 2015. Former consultant at PwC, manager at Handelsbanken (corporate market) and consultant at Accenture. He is an authorised financial analyst (AFA) and has a degree in business administration (siviløkonom) from the Norwegian School of Economics (NHH).

Number of equity certificate instruments: 31,518

**TORE DVERGSDAL (BORN 1967) – EVP AND HEAD OF RETAIL MARKET NORTH**

Head of Retail Market North from March 2020. Came from the position of Regional Director of Retail Market. Joined the bank in 2014. Before joining Sparebanken Vest he held the position as clinic director at Helse Førde, as well as management positions in Amedia and Agfa-Gevaert. He has been chair of the board of Sogn og Fjordane fotballkrets and Bergensavisen (BA). Graduate from Bergen University College. Has completed a top level management programme.

Number of equity certificate instruments: 18,074

**SIMEN LØLAND AARSKOG (BORN 1983) – EVP AND HEAD OF RETAIL MARKET SOUTH**

Head of Retail Market South from March 2020. Came from the position of Regional Director of Corporate Market Sunnhordland and Haugalandet. Joined the bank in 2012. Has a background from Danske Bank, as well as the fitness centre chain SATS. Has held various board positions in the voluntary sector, the business sector and the power industry. He has a degree in business administration (siviløkonom) from Trondheim Business School, and has also studied sports and human movement science at the Norwegian University of Science and Technology (NTNU).

Number of equity certificate instruments: 10,552

**MARGUNN AAS MINNE (BORN 1970) – EVP AND HEAD OF CORPORATE MARKET**

EVP Corporate Market from June 2022. Joined the bank in 2015. Came from the position of Regional Director of Corporate Market Hordaland. Extensive corporate finance experience from Danske Bank and international shipping and offshore experience from DVB Bank/Nedship Bank. Member of the board of Sarsia Seed Fond II AS and Agenda Vestlandet. Former board member of Eiendoms megler Vest AS and Norne Securities. Degree in business administration (siviløkonom) from the Norwegian School of Economics (NHH).

Number of equity certificate instruments: 17,029

**HANS OLAV INGDAL (BORN 1979) – EVP AND HEAD OF BANKING SERVICES**

EVP of Banking Services from February 2022. Came from the position of Director of Finance and Investor Relations. Joined the bank in 2019. Background as an officer in the Norwegian Armed Forces, and as a consultant and project manager in the Boston Consulting Group. He has a Bachelor's degree in Military Studies from the Norwegian Military Academy, as well as an MBA from Edinburgh Business School.

Number of equity certificate instruments: 9,473

**THERESE LINN ARENTSEN (BORN 1976) – EVP AND HEAD OF HR AND ORGANISATION**

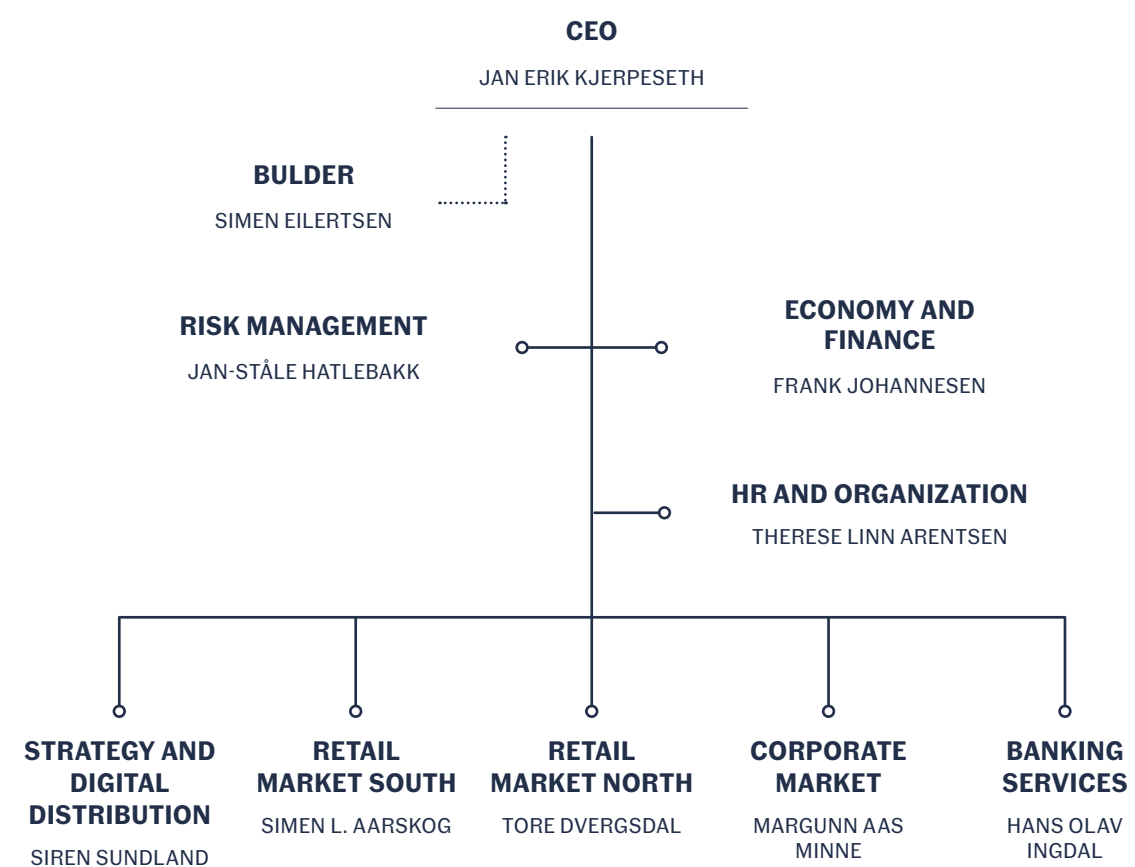
Head of HR and Organisation from February 2022. Joined the bank in 2011. Former Director at Sparebanken Vest with responsibility for Direktebank Corporate Market. Extensive experience from various retail market management roles in Sparebanken Vest. Previous background as general manager of a securities firm. Member of the board of Eiendoms megler Vest. Has a Bachelor's degree in Business Administration from BI Norwegian Business School Bergen/BI Sandvika. Completed the Executive Coach programme from Ashridge Executive Education – Hult International Business School.

Number of equity certificate instruments: 8,904





Organizational model



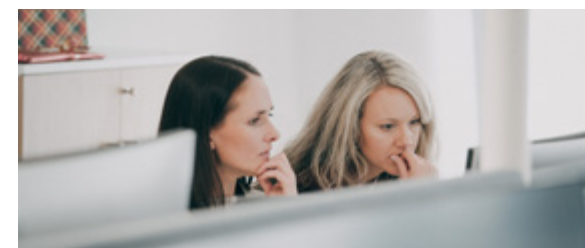


8.1 Sustainability

8.1.1 DESCRIPTION OF MATERIAL TOPICS

In spring 2022 and in connection with the bank's strategy work, an analysis was carried out to identify the most material sustainability topics for the bank. The topics are presented

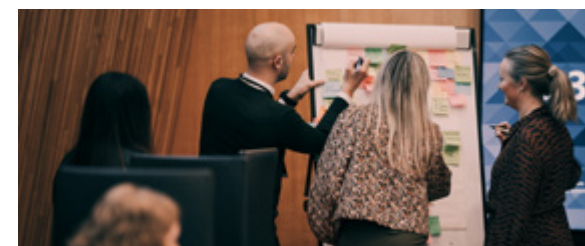
below and are divided into the strategy's four focus areas. Each topic is also discussed in the related chapters of this integrated annual report and summarised in the GRI Index.¹



Competence and instinctive reflex

We pursue competence that ensures that all employees put sustainability into practice

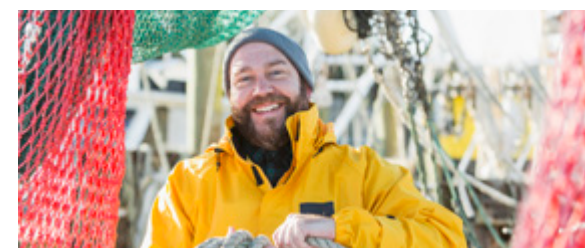
- Competence development
- Diversity and inclusion
- Responsible procurements and sponsorships



Products and services

One step ahead in translating insights into differentiating and motivating solutions for our customers

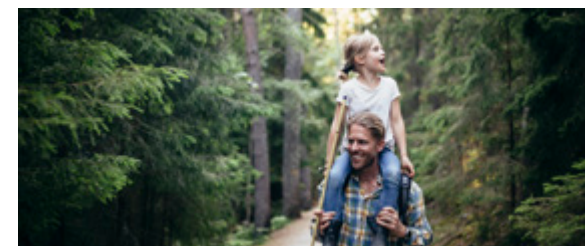
- Sustainable finance
- Requirements and follow-up of fund managers



Our customers

Actively develop and select customers who help us achieve our net zero target by 2040 and new ambitious environmental goals

- Greenhouse gas emissions and energy consumption
- Climate risk
- Biodiversity and risk
- Circular economy



Sustainable social development

We will fast-track sustainable social development in our region

- Economic crime prevention
- Information security and data protection
- Social dividend for transition
- Agenda setter and driving force for transparency

¹ GRI-Global Reporting Initiativ



Topic	Description	Influence	Read more
COMPETENCE AND INSTINCTIVE REFLEX			
Competence development	Competence is key to being able to develop the bank for the future and offer customers the services that are best for them and society. In order to attract, retain and develop the right employees, it is also crucial that we focus on good systems for competence development.	Ever new regulatory requirements are introduced, making increased demands of the competence of the bank's employees. By facilitating lifelong learning and contributing to their own and the company's development, the bank can gain a competitive advantage in the labour market and secure good and relevant advisers who maintain the bank's market position.	
Diversity and inclusion	The bank shall represent a wide range of people with different experiences, talents and perspectives to extract the business value that lies in diversity. An inclusive and diverse working environment will make us stronger as a bank and more attractive as an employer.	The bank must ensure that all employees are given equal development, pay and career opportunities, as described in the bank's Equality Policy. The bank can also help raise the focus on diversity and inclusion through our procurements and our customers, and our management of the savings bank model.	
Responsible procurements and sponsorships	All the bank's suppliers and sponsorships must keep climate accounts, create an action plan to reduce their footprint and compensate for their own climate debt.	Sparebanken Vest thus impacts a number of companies far beyond its own operations, and can build competitiveness in its own value chain.	

PRODUCTS AND SERVICES

Sustainable finance	The bank provides advice and financing that contribute to long-term sustainable growth for both individual businesses and projects, and also for Western Norway as a region. The bank contributes to this by advising customers to make sound financial choices and by ensuring that we finance businesses that operate within the bounds of the law. Sparebanken Vest wishes to promote sustainable solutions and encourage sustainable business activities, and has implemented guidelines in which relevant risks relating to ethics and sustainability will be assessed on a par with other risks when granting credit.	Sustainable advice enables the bank to influence customer behaviour in a positive direction, and to contribute to both the customers and the bank achieving overarching sustainability goals. Investors, brokers and other financial players increasingly demand insight in the bank's ESG work. Investors who are willing to invest in Sparebanken Vest enable the bank to exert its influence on customers when further allocating this financing. We do so by offering customers more reasonable financing when they choose sustainable solutions.	
Requirements and follow-up of fund managers	Sparebanken Vest distributes products provided by various fund managers. It is the bank's responsibility to continuously follow up our suppliers to ensure they deliver according to the bank's requirements and customer expectations.	As a bank and competent adviser, it is crucial that we help our customers make the right choices where these funds work for our common future. It is therefore vital that the bank identifies with the management companies' sustainability strategies and the efforts they put into this work.	

ACTIVELY SELECT AND DEVELOP CUSTOMERS

Climate risk	Climate risk is risk relating to climate change that can entail increased credit risk, financial losses or reduced access to capital. Climate risk can manifest as physical risk or transition risk, where physical risk is the risk of physical damage, while transition risk is risk associated with the transition to a low-carbon society.	The bank is exposed to climate-related risk linked to the loan book. Physical climate risk can lead to substantial financial losses, devaluation of assets, reduced creditworthiness for customers and a negative impact on value chains. At the same time, customers will be exposed to significant transition risk if they are not prepared for new technology, changed regulatory framework conditions and a shift in the market towards low-emission products and services. This will affect the bank's customers, and, in turn, the bank's risk of loss. The bank can help customers with the transition to a low-emission society to secure its future operations and, at the same time, help to ensure the future of Western Norway.	TCFD Climate risk
Greenhouse gas emissions and energy consumption	Since 2018, Sparebanken Vest has prepared climate accounts that provide an overview of the bank's GHG emissions. Annual reporting enables the bank to measure key figures and evaluate its own operations over time. Internal GHG emissions have been reduced to a minimum, and the biggest and most important work going forward is to reduce the bank's financed emissions (Scope 3).	High emissions related to the bank's emissions portfolio constitute a climate risk. The bank must therefore be a driving force in reducing climate risk in its portfolio by advising customers and supporting the financing of upgrades, energy efficiency projects and the use of new technologies. Customers' ability to adapt will be crucial to their debt-servicing ability, which should be considered in the bank's credit process already now. This will enable the bank to support the community and the transition to a low-emission society.	Climate accounts



Topic	Description	Influence
ACTIVELY SELECT AND DEVELOP CUSTOMERS		
Circular economy	The world's natural resources are under increasing pressure, and more efficient resource utilisation is crucial for the environment, climate and nature, and to reduce the need to extract new resources. In a circular economy, products must last as long as possible, be repaired, upgraded and, to a greater extent, reused. Waste should be recycled and used as raw materials in new production. The circular economy is the opposite of a linear economy, which is based on extraction, production and use, and incineration or landfill of waste.	In the future, the risk associated with linear business models will increase. The bank's customers are expected to face increased regulatory requirements, and bans on various products and input factors can increase credit and loss risk. Changes in market conditions also represent a risk for the bank. For example, lower consumption can lead to less trade and thus a drop in demand for shipping, which constitutes a significant part of the bank's corporate market portfolio. However, the bank also sees the transition to a circular economy as an opportunity. The transition involves changes in design, production, choice of production methods and consumption patterns, which herald new business opportunities for Western Norway. The bank can exert influence by providing capital to these types of customers and projects.
Nature-related risk	Nature-related risk is the risk of loss of nature and can be divided into physical nature-related risk and transition risk. Physical nature-related risk is the risk associated with changes in nature, such as the loss of pollination services. Transition risk is the risk associated with technology development and political action to protect nature. Natural-related risk can help us understand the implications of the transition to a circular economy, the same way climate risk enables us to understand the transition to a low-emission society. There is a growing awareness among companies that their activities both affect and depend on natural resources, biodiversity and ecosystem services. Loss of nature and biodiversity can thus result in nature-related financial risk. The bank plays an important role in society, as it has considerable control over who gains access to capital to build and develop their business. The bank can thus influence transition processes to mitigate nature-related risks.	Exposure to nature-related risk comes from the positive or negative changes corporate customers contribute to, or how dependent their business models and profitability are on natural resources or ecosystem services. Human impact has damaged the natural resources on which the global economy depends, and Western Norway will be particularly vulnerable in the future through fisheries, as changes are expected in the fish stocks in Norwegian territorial waters. This can lead to the bank's customers losing their earnings base, which poses a liquidity risk. Furthermore, nature-related risk represents a risk of increased costs for the bank's customers through increased regulatory requirements and fees, which will impact their debt-servicing ability.
Responsible procurements and sponsorships	All the bank's suppliers and sponsorships must keep climate accounts, create an action plan to reduce their footprint and compensate for their own climate debt.	Sparebanken Vest thus impacts a number of companies far beyond its own operations, and can build competitiveness in its own value chain.

SUSTAINABLE SOCIAL DEVELOPMENT, COMPETENCE AND INSTINCTIVE REFLEX

Economic crime prevention	Economic crime refers to profit-motivated, unlawful acts that are often committed in, or derive from, an economic activity that in itself is – or purports to be – lawful.	Work to combat money laundering, terrorist financing and the evasion of international sanctions is an important part of the bank's corporate social responsibility. Sparebanken Vest shall be a role model and driver for financially sustainable social development in Western Norway. The bank must take an active advisory role in relation to its own operations and towards customers, when it comes to risk-taking relating to sustainability and economic crime.
Information security and data protection	Data protection and information security are important factors for ensuring the trust of all stakeholder groups in Sparebanken Vest. Everyone should feel confident that their personal data and financial information are correctly processed. Personal data and sensitive information about the bank's customers, employees and owners shall not be disclosed to unauthorised persons.	The bank's business is based on trust and a good reputation among all groups. In order to be able to meet all expectations, the bank's handling of information security and data protection must be expedient and credible. Loss of trust and reputation initially leads to fines and negative publicity, but can ultimately be critical for a company's existence.
Social dividend for transition	The social dividend is a way for the bank to help ensure that the region is an attractive place to live and work also in the future. The bank shall support regional initiatives that strengthen local communities, and give the people of Western Norway new knowledge and financial support to make the transition to a more sustainable society.	The bank has managed social dividends for almost 200 years to help address the challenges Western Norway has faced over the years. This represents a significant opportunity to contribute to the restructuring of the region, with the necessary expertise and networks, and to realise untapped potential for competitiveness.
Agenda setter and driving force for transparency	Being an agenda setter and driving force for transparency is both about how we communicate internally and externally, and how we exercise our ownership. Over time, Sparebanken Vest has used the bank's voice to set the agenda and create a 'sense of urgency' to help our region develop in a sustainable manner. The bank strives to be open and transparent, and to report and make information available in the best possible way. Active ownership of our subsidiaries and associates means we help to ensure they operate responsibly, ethically and sustainably.	By using our voice to set the agenda, we also create expectations that we will take an active role in building the region. We are a visible force in society through the <i>Vestlandskonferansen</i> conference and other arenas where we take an active role.



NATURE-RELATED RISK

Nature-related risk is the risk of loss of nature and can be divided into physical nature-related risk and transition risk. Physical nature-related risk is the risk associated with changes in nature, such as the loss of biodiversity. Transition risk is the risk associated with technology development and political action to protect nature. Natural-related risk can help us understand the implications of the transition to a circular economy, the same way climate risk enables us to understand the transition to a low-emission society. There is a growing awareness among companies that their activities both affect and depend on natural resources, biodiversity and ecosystem services. Loss of nature and biodiversity can thus result in nature-related financial risk. The bank plays an important role in society, as it has considerable control over who gains access to capital to build and develop their business. The bank can thus influence transition processes to mitigate nature-related risks.

The bank is taking part in a study on nature-related risks and opportunities in the financial sector, together with Finance Norway, the World Wildlife Fund (WWF) and Deloitte. The bank is primarily exposed to nature-related risk indirectly through its corporate customer portfolio. Exposure to nature-related risk comes from the positive or negative changes corporate customers contribute to, or how dependent their business models and profitability are on natural resources or ecosystem services.

Human impact has damaged the natural resources on which the global economy depends, and Western Norway will be particularly vulnerable in the future through fisheries, as changes are expected in the fish stocks in Norwegian territorial waters. This can lead to the bank's customers losing their earnings base, which poses a liquidity risk. Furthermore, nature-related risk represents a risk of increased costs for the bank's customers through increased regulatory requirements and fees, which will impact their debt-servicing ability. To manage this type of risk, nature-related risk is incorporated into the bank's risk

guide (BSA form) and included as part of the credit process. Credit policies impose strict requirements on shipping, fisheries, aquaculture and small-scale power customers to implement measures to mitigate nature-related risk.

Sparebanken Vest believes that the nature crisis and climate crisis must be seen in conjunction with each other, and that the transition will be demanding and costly in both cases. Climate-related threats are one of the biggest drivers of loss of nature and biodiversity, and the bank has therefore had a greater focus on climate risk and set ambitious and industry-specific emission reduction targets. When the EU taxonomy is extended to include nature-related risk and biodiversity loss, it will be expedient to link the associated targets to the other environmental objectives. The bank will further prioritise broader training in nature-related risk in 2023.

CIRCULAR ECONOMY

The world's natural resources are under increasing pressure, and more efficient resource utilisation is crucial for the environment, climate and nature, and to reduce the need to extract new resources. In a circular economy, products must last as long as possible, be repaired, upgraded and, to a greater extent, reused. Waste should be recycled and used as raw materials in new production. The circular economy is the opposite of a linear economy, which is based on extraction, production and use, and incineration or landfill of waste.

More efficient use of resources reduces GHG emissions, slows the loss of biodiversity, reduces pollution loads and contributes to new green jobs and business models. The transition to a circular economy is key to the transition to a low-emission society and to achieve the UN Sustainable Development Goals. Sparebanken Vest's ambition is to make it easier for the bank's customers to make sustainable choices. The bank must thus enable its customers to make environmentally sound choices through financing, and will require increased circularity in projects. The bank can exert influence by

facilitating increased circularity through sustainability-linked loan structures.

In the future, the risk associated with linear business models will increase. The bank's customers are expected to face increased regulatory requirements, and bans on various products and input factors can increase credit and loss risk. Changes in market conditions also represent a risk for the bank. For example, lower consumption can lead to less trade and thus a drop in demand for shipping, which constitutes a significant part of the bank's corporate market portfolio.

However, the bank also sees the transition to a circular economy as an opportunity. The transition involves changes in design, production, choice of production methods and consumption patterns, which herald new business opportunities for Western Norway. The bank can exert influence by providing

capital to these types of customers and projects.

During 2022, the bank has had a greater focus on the circular economy and the risks associated with linear business models. In that connection, the bank has adopted a range of KPIs linked to the circular economy that can be used in sustainability-linked loan structures. The bank has also held courses for all the bank's corporate advisers.

8.1.2 STAKEHOLDER DIALOGUE

Dialogue and cooperation with different stakeholders is pivotal to the bank achieving its ambitions and maintaining trust and a good reputation. Customers, owners, employees, authorities, investors and other important stakeholders are all concerned with how Sparebanken Vest fulfils its social mission and contributes to a sustainable transition for our region.

Stakeholder groups	What they care about	How we communicate
Our customers Corporate market Retail market	Sustainable finance: products and customer advice Sustainability competence Climate and environmental risk in the portfolio	Meetings and conversations Loan processes Sustainability assessments Marketing Digital media Customer surveys Quarterly and annual reporting Webinars, conferences and other events
Our own organisation Future and current employees	Diversity and equality Culture Competence development Employee satisfaction IT security and data protection Our climate footprint	Meetings and conversations Loan processes Sustainability assessments Marketing Digital media Customer surveys Quarterly and annual reporting Webinars, conferences and other events
Investors Capital market Investment managers Analysts	Results – historical and expected Sustainable finance, climate and environmental risk in the portfolio Requirements and follow-up of investment managers	Quarterly and annual reporting Capital markets day General meetings Meetings and conversations
Our suppliers Our sponsorships	Responsible procurement practices and sponsorships	Meetings and conversations Partnerships Digital media
Society Authorities Special interest organisations Media	Agenda setter and driving force for transparency Economic crime prevention Social dividend to promote transition and value creation	Meetings and conversations Quarterly and annual reporting Allocation of funds for the public benefit Digital media Articles and news items <i>Vestlandsindeksen</i> performance index Cluster collaborations Conferences Digital media



8.1.3 TCFD ANALYSIS

The Task Force on Climate-related Financial Disclosures (TCFD) is an internationally recognised framework for climate risk reporting. The TCFD recommends that companies report on governance, strategy, risk management and targets and metrics linked to climate risk.

Governance

The Board's oversight of climate-related threats and opportunities

Climate-related risks and sustainability competence was a topic for the 2022 board conference for the Board of Sparebanken Vest for the fifth year running. The Board considers climate risk in connection with the Group's ICAAP process and through the annual revision of guidelines and risk strategies. Climate risk is a fixed component in structures and reporting of credit matters to the Board. The Board also considers the sustainability report that is incorporated into the bank's annual report. The Board considers the bank's overall risk situation to be moderate and managed within acceptable risk tolerance levels.

The management's role in assessing and managing climate-related threats and opportunities

The executive management is responsible for climate risk and has set ambitious sustainability targets in the bank's strategy, which is aligned with the Board. The CEO reports to the Board and is responsible for assessing and managing climate-related risks and opportunities relating to the bank's lending activities, products and services and the bank's operations. Climate risk is a key element in quarterly management reporting to the Board.

The Head of Sustainability is responsible for compliance with the bank's sustainability strategy. This is achieved through close collaboration with all the bank's divisions to ensure sustainability is integrated in all parts of

the bank's activities and that efficient, performance-oriented measures are implemented. The bank has established an interdisciplinary sustainability team with members from all of the bank's divisions.

The EVP Risk Management (CRO) and the EVP Corporate Market considers all credit matters to be considered by the Board. Credit applications that are considered to have elevated levels of climate-related risks or opportunities are also considered by the executive management.

Strategy

Climate-related risks and opportunities Sparebanken Vest has identified over the short, medium and long term

Sparebanken Vest has an ambitious sustainability strategy that also serves as one of three leading pillars of the bank's business strategy. Sustainability represents one of the bank's top business risks and opportunities, as Sparebanken Vest is set to run a bank in the most crucial decade for climate risk and transition towards a low-emission society. Over the course of 2022, the bank has integrated sustainability across the entire business, with intensified strategic work at assembly for leaders on all management levels within the bank. The bank considers customers' risk to be the bank's risk and therefore works to make it attractive for customers to make sustainable choices.

The bank is exposed to climate risk in the form of physical risk and transition risk. The bank has identified lending as the area with the highest exposure to climate risk, but also the area where the bank has the most leverage to drive change and be a powerhouse to help build lasting value for Western Norway. In 2022, Sparebanken Vest published emission data relating to its lending portfolio for the first time in the annual report, and signed the Partnership for Carbon Accounting Financials (PCAF).

During 2022, the bank has calculated financed emissions for its entire lending portfolio. The most climate-sensitive industries are real estate construction, shipping/offshore, fisheries/fish processing, aquaculture and agriculture. The bank has conducted its own climate risk assessments of these industries, as well as for energy and small-scale power and retail market lending. The bank considers the risk to be primarily in the medium and long term, but that there is also some exposure in the shorter term. The bank has identified considerable potential for exerting a positive influence on industries and individual commitments.

It is still challenging to obtain an adequate picture of both risks and opportunities relating to the climate. This relates to lack of reliable and consistent data. During 2022, the bank has made significant efforts to improve the data basis by mapping available data and collecting data directly from customers. This work will continue in 2023, aligning with the standardised data quality hierarchy prepared by PCAF.

In February 2021, in cooperation with a third party, the bank conducted a scenario analysis of all buildings in the bank's portfolio, which make up the bulk of the lending portfolio. The analysis covered buildings in both the retail and the corporate market, and considered exposure to physical climate risk. Data from Naturbase and the Norwegian Water Resources and Energy Directorate (NVE) were used in the analysis. The scenario analysis is based on different scenarios relating to physical climate risk and the risk of loss of nature and biodiversity. Physical risk for buildings in Norway is largely insurance risk. The bank nonetheless considers buildings particularly exposed to chronic physical changes to constitute a risk for the bank, as their market value may drop. The bank also systematically assesses the transition risk in the portfolio by monitoring the distribution and development of EPC labels. This is incorporated in monthly management reporting to the Board.

The bank monitors climate risk in the liquidity portfolio and measures the systematic share

made up of ESG labelled investments. The ESG label indicates affiliation to a green framework.

The impact of climate-related threats and opportunities for the bank's business, strategy and financial planning

Products and services

Sparebanken Vest provides possibilities for its customers to make conscious choices relating to sustainability by offering savings products with a sustainable profile and through green funds and green deposits for retail customers. Retail customers can apply for green mortgages that offers a lower interest rate for energy efficient homes. These mortgages are available to customers whose homes have an EPC label of A or B, in line with the EU taxonomy. In 2022, the bank has also launched a new green upgrade loan to help further mitigate climate risk in the retail market. This is a loan that aims to improve energy efficiency and upgrade older housing, which constitutes the largest share of housing in Western Norway.

For corporate customers, the bank has prepared a framework for green and sustainability-linked loans (Sustainable Product Framework). This framework ensures flexible financing solutions for green activities, while at the same time providing sound financing options for industries that are not covered by the EU taxonomy, by facilitating sustainability-linked loans. Sustainability-linked loans are loans that are linked to the borrower's sustainability performance targets and result in better loan terms if the targets are achieved. The bank granted its first sustainability-linked loan in autumn 2021, and saw a large increase over the course of 2022.

Procurements and requirements of suppliers

All of the bank's suppliers were required to be climate neutral by the end of 2020. For more information, see the 'Principles for Corporate Social Responsibility' on the bank's website.

Access to capital

Green bonds are a key part of the bank's sustainability strategy in that they create a link



between capital lent and borrowed. When Sparebanken Vest issued a green senior non-preferred bond (SNP) of NOK 1.3 billion in 2021, this was the first green SNP bond ever issued in Norway. The capital raised through a green bond loan shall be used exclusively to finance environmentally friendly and green projects. In 2022, Sparebanken Vest issued four new green senior bonds, two of which were senior non-preferred bonds (SNPs) and two senior unsecured. In addition, the single green SNP was expanded by NOK 400 million from 2021.

Potential impact of different scenarios, including a 2°C scenario, on the bank's business, strategy and financial planning

Sustainability and climate risk have an impact on the bank's business, strategy and financial planning. The bank uses scenarios from the Bank of England and the Network for Greening the Financial System (NGFS) to assess the impact on capital, market and liquidity risk. These scenarios are used in stress tests in the bank's ICAAP and ILAAP processes. One scenario that is used is known as a disordered transition, which may result in the need for stronger regulatory measures to reduce emissions, and lead to volatility in market prices and a subsequent increase in loss potential. The estimates from the Financial Supervisory Authority of Norway suggest that the impact of such a transition will emerge from 2025 onwards. The impact is thus not expected in the short term, but, in the medium and long term, climate risk is expected to increase stress factors.

The bank considers climate risk to have the biggest impact on credit risk. As lending secured in property makes up the bulk of the bank's lending portfolio, a scenario analysis was carried out in 2021 of all the buildings in the bank's portfolio. The scenario analysis is based on different scenarios linked to physical climate risk and shows that the bank has little exposure to physical risk. The bank has assessed physical risk elements such as flooding, extreme weather, landslides and avalanches linked to the buildings' locations.

The bank has also conducted qualitative risk assessments per industry and sub-segment, and at customer level. The analyses are conducted by industry teams, and are based on qualitative assessments linked to future scenarios in the short, medium and long term.

Risk management

Sparebanken Vest's processes for identifying and assessing climate-related risk

Sustainability risk shall be assessed on par with other risk factors in the bank's credit assessments and in the bank's activities in general. A key element in credit assessment is the customer's attitude and their financial ability to implement necessary measures, and to comply with existing or potential environmental and climate-related requirements.

Corporate customers are asked specific questions about how they factor in climate risk, both physical and transition risk, when a loan is granted. The bank has prepared sustainability and climate risk assessment forms for use in that connection, and the forms are adapted to relevant issues in each industry relating to the climate, environment, nature-related risk, social sustainability, governance, data protection and information security, corruption and country risk.

The bank has implemented absolute sustainability requirements at all levels of the credit framework, and the bank shall encourage customers to make sustainable choices. The bank requires all new and existing customers to prepare an action plan with stipulated deadlines for how they actively aim to reduce their greenhouse gas emissions. These plans are reviewed as part of the credit assessment, and are followed up on a continuous basis and as a minimum in connection with the annual review of commitments. New and existing customers' sustainability and CSR practices will be assessed when they renew agreements for commitments exceeding NOK 4 million. The extent to which the customer actively considers

and takes the necessary measures to mitigate risk and the adverse impact of its activities, and the risk this entails for the customer relationship, are also assessed.

The bank's processes for managing climate-related risks

All granting of credit must take into account and support the bank's Principles for Corporate Social Responsibility (available in the sustainability library at spv.no). The objective is to ensure that the bank makes a positive contribution to the climate, environment, nature, social factors and good corporate governance and thus helps to promote responsible and sustainable business. The focus will be on issues that are particularly relevant to the customer's risk, where the risk level will be assessed using the bank's risk guide. The result of the assessments will be incorporated in the decision-making basis and documented in each individual credit case. Cases shall be submitted to and decided by the CRO and the EVP Corporate Market before the ordinary credit process can take place in the following instances:

- The customer has business, operations or projects considered material in countries that are not high-income OECD countries.
- The customer is considered to have material sustainability or climate-related risk.
- There are external factors pertaining to the customer that mean the case is associated with a higher climate or sustainability risk.

Climate risk is also managed by the bank adjusting its credit processes in line with the EU taxonomy requirements, and specific targets have been set for granting credit in the retail and corporate markets to mitigate climate risk. The bank has established processes to encourage good interaction between the bank's first-line organisation and its Risk Management credit division.

Increased requirements and expectations of the bank's sustainability work also affect its operational risk. Several measures have been taken to mitigate this risk, including internal

control in accordance with the four eyes principle, documentation and continuous development of processes and methods. Sustainability topics are also continuously addressed by the bank's internal audit function. Regular training activities are also carried out, and the bank's incentive models for the retail and corporate markets have been updated to reflect this strategic focus area.

Sparebanken Vest's strategy for risk management is that risk is best and most efficiently managed by those closest to the risk. All of the bank's employees must manage sustainability risk, while the bank's sustainability department and Risk Management provide expert assessments, including through the bank's risk assessment process for new products and services.

How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Climate-related risk is integrated in the bank's governing documents, including in its credit strategy, which is aligned with the Board. The bank has implemented guidelines and policy requirements in the corporate market for managing and assessing the consequences arising from climate change and the related risks. Climate risk is given particular emphasis in governing documents in the corporate market, as this area is particularly exposed to climate risk.

The bank also has an overarching governing document for Principles for Corporate Social Responsibility that applies to the whole organisation. The EVP Risk Management is responsible for ensuring that climate risk is included in the overall risk management framework and key governing documents for risk. In 2022, the bank's sustainability department was reorganised under the Risk Management function. The Risk Management function works closely with all of the bank's divisions, and sustainability is an integral part of overall risk management, both in connection





with procurement processes, processes for assessing new services and products, operational risk and the bank's credit framework. The bank has a strong focus on climate risk and has dedicated resources in place to follow it up. Climate risk is also an integral part of the bank's ICAAP process, including in defining limits and targets.

Sustainability training is also one of the main pillars of the bank's business strategy. Climate risk has been a key topic at a number of seminars. Several mandatory courses have been held in the corporate market division to improve understanding and assessment of sustainability and climate risk. The advisors within the retail market has been given the opportunity to study a course in energy efficiency for advisors.

Metrics and targets

The bank's metrics for assessing climate-related threats and opportunities in light of the strategy and risk management process

Net zero emissions by 2040 is the bank's long-term overarching target for the business as a whole. The goal of net zero emissions is achieved when there is a balance between the amount of man-made greenhouse gases produced and removed. This means that the bank must remove the same amount of CO₂ that it releases into the atmosphere. This commitment entails major changes in mindset and will impact many of the bank's decisions.

In early 2022, Sparebanken Vest submitted a commitment letter to the Science Based Targets Initiative (SBTi). This ensures that the bank's goal of reducing GHG emissions is in line with the Paris Agreement, which aims to keep the global temperature increase below 1.5 degrees Celsius. In connection with the SBTi process, the bank's targets and commitments will be reviewed, assessed and approved by a panel of experts.

In 2018, Sparebanken Vest set the target of reducing its own climate footprint by 50% by

2025. This target was met in 2020, as shown in the climate accounts Cemasys prepared for the bank. The bank has decided that the business shall be climate neutral in line with the Paris Agreement. As of 31st of December 2022, the bank met these obligations by complying with the UN's requirements of climate neutral enterprises, defined in the initiative Climate Neutral Now. For more information, please refer to the Principles for Corporate Social Responsibility.

The bank's head office at Jonsvoll was certified as an Eco-Lighthouse in September 2017, and recertified in 2020 based on the Eco-Lighthouse Foundation's new requirements for banks and financial institutions.

The bank also measures climate risk in the form of physical risk and transition risk. Transition risk is followed up in the mortgage portfolio by monitoring developments in the composition of energy classes, and physical risk is monitored with respect to how exposed assets are to risks such as flooding, rising sea levels and landslides. Scenario analyses are used to measure risk development over time. The corporate portfolio is monitored through analyses of customer-specific and adviser-specific risk guides, including assessments of factors such as climate risk and governance.

Sparebanken Vest has a clear goal of reducing GHG emissions in the corporate market lending portfolio. More information about the bank's climate risk targets and measures can be found in the Principles for Corporate Social Responsibility.

Disclosure of Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and the related risks

Sparebanken Vest has reduced its Scope 1 and Scope 2 emissions from 293 tonnes of CO₂ in 2018 to 11.8 tonnes in 2022 (location-based accounts in 2018, market-based in 2019 to 2021, in addition to energy purchased with guarantees of origin from and including 2019). The bank's climate accounts for internal

operations are published on its website.

The bank makes continuous efforts to further develop methods for accurately reporting financed emissions (scope 3), and has recently played an active role in the Finance Norway working group to develop a common standard for the finance industry. In 2022, Sparebanken Vest joined the Partnership for Carbon Accounting Financials (PCAF), which is a standard for calculating Scope 3 emissions in the financial sector.

Sparebanken Vest follows the principle to disclose Scope 3 emissions based on available data and data quality, but acknowledges that collecting reliable and consistent data in this area is still challenging. The reporting will therefore be somewhat inadequate, but the climate accounts and notes will set out all the assumptions used in the calculations. In line with the PCAF principles, Sparebanken Vest also reports associated data quality, where 1 is the highest level of PCAF's data quality hierarchy, and 5 is the lowest. Please refer to the bank's comprehensive climate accounts for further information and a complete description of Scope 3 emissions.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The bank has set a long-term goal of net zero emissions by 2040. This goal has been cemented through the bank's strategy work in 2022, and is supported by specific targets for the retail market, the corporate market and the bank's own operations. These targets are an important part of the realisation and implementation of the bank's business strategy. They are also important tools to enable the bank to understand and mitigate its own climate risk, and to identify sectors and projects that contribute to the green transition and new opportunities for earning. The targets should be followed up through the individual divisions' scorecards.

The targets are largely related to emission reductions, to match the bank's long-term goal of net zero by 2040, and have been developed using measurement tools from the Science Based Targets Initiative (SBTi). Where the EU taxonomy sets technical criteria, targets have also been defined relating to the proportion of activities classified as green under the EU Taxonomy. See more in sections 1 and 2. For a complete overview of the bank's climate risk targets and measures, see the Principles for Corporate Social Responsibility.

The bank also assesses climate risk linked to stranded assets. Stranded assets are assets that have been subject to unanticipated or premature devaluations due to changes in external framework conditions, such as changes in technology, rules and regulations, behaviour or markets. With increased exposure to climate-related risk comes increased risk for stranded assets. The bank has considered stranded assets in industries that qualify under the EU taxonomy and identified commitments in these industries that are disqualified in accordance with technical screening criteria relating to environmental targets and the 'do no significant harm' principle. For more information about stranded assets, see Note 2 in the accounts. The bank actively addresses assets that may be climate stranded in the future and has updated its internal procedures and governing documents to reduce future exposure.





THE BANK’S SUSTAINABILITY TARGETS

	Overarching target	Targets at team or adviser level	Key instruments
RM	2030: Reduce carbon intensity by 60% Annually: Upgrade the mortgage portfolio by 20% annually	Green loans: Annually: NOK 3 billion, NOK 20 million / 7 loans per adviser Number of upgrade loans: 1 loan per adviser per month New energy loans: 2 loans per adviser per month	Green, upgrade and energy loans Insight-driven data platform Consumer communication Competence-building and training
CM	2030: 40% CO ₂ per m ² reduction 30% new sales should be to A/B buildings, and 20% upgraded through SLL loans	Region/team-specific targets are set based on reviews of customer lists, allocating 40% by region based on size of portfolio	Green and SLL financing Adviser overviews of customers and status Competence-building and training SLL library and policies
Shipping	2023: CO ₂ for cargo ships reduced by at least 15% After 2023: reduction according to SBTi paths for all sub-segments	Same as overarching goal	
Aquaculture	During 2023: 50% SLL 2030: 42% CO ₂ reduction	Same as overarching goal	
Fisheries	During 2023: 50% SLL 2030: 42% CO ₂ reduction	Same as overarching goal	
Hydropower	Lending volume doubled from 2020 to 2025 . Further 5% annual growth	Same as overarching goal	
Own operations	Maximum carbon footprint of 150 tonnes of CO ₂ annually Supplier portfolio is carbon offset		Climate-conscious air travel Focus on energy efficiency and waste reduction Climate requirements of all suppliers

8.1.4 CLIMATE ACCOUNTS SCOPE 1, 2 AND 3, RESULTS FOR UP TO THE PAST THREE YEARS

In 2022, Sparebanken Vest prepared climate accounts that provide an overview of the bank’s GHG emissions. Annual reporting enables the bank to measure key figures and thereby evaluate its own operations over time.

The climate footprint of the bank’s own operations (Scope 1 and 2) includes all direct emissions from transport and indirect emissions from purchased energy, calculated using a market-based factor that takes into account energy purchased with certificates of origin. Emissions from air travel, mileage allowance and waste are also included.

Scope 3 concerns emissions that are indirectly related to the bank’s activities, and thereby beyond the bank’s direct control. Internal GHG emissions have been reduced to a minimum, and the bank acknowledges that the biggest and most important job going forward is to reduce

indirect emissions (Scope 3).

Reliable, consistent emissions data from the bank’s lending portfolio is still challenging. The bank participates in a working group under the auspices of Finance Norway that is tasked with drafting a proposal for a common financial industry standard for reporting financed emissions. The bank also joined the Partnership for Carbon Accounting Financials (PCAF) in early 2022. PCAF is a global initiative standardising the measurement and reporting of financed emissions in the financial sector. Around 350 institutions in 66 countries have signed and pledged to report greenhouse gas emissions under the PCAF framework.

Sparebanken Vest believes there are several advantages to participating in such a community. It ensures that financial institutions use standardised and comparable measurement methods. The framework also enables banks to report GHG emissions, even with varying data

quality. PCAF also supports the bank’s work in other areas, such as its work on the Science-based Targets Initiative (SBTi) and the Task Force on Climate-related Financial Disclosures (TCFD).

The bank has developed a web portal for new and existing corporate customers for annual registration of relevant GHG emission data. The bank has collected data from customers in the shipping and offshore, real estate, fisheries, aquaculture, small-scale power and agriculture industries. The bank continuously endeavours to improve the data basis, both by collecting more data and by improving the quality of the data collected. PCAF uses a data quality hierarchy for reported financed emissions. The data quality score ranges from 1 to 5, with 1 being third-party verified data and 5 being estimates based on emission factors. The bank’s score in 2021 was 3.2 out of 5. The aim is to improve data quality in order to further improve reporting.

Scope 3 is reported for the bank’s total financed emissions. Financed emissions are emissions generated by bank customers, and the bank’s share is calculated as emissions weighted by LTV ratio per commitment. The emissions are calculated based on figures from 2021 and compared with available figures from 2019. As the bank strives for high-quality data in the figures that form the basis for the climate accounts, it reports financed emissions for 2021 in the 2022 annual report and will report financed emissions for 2022 in the 2023 annual report. This is to ensure that the bank’s customers complete their own reporting.

For the first time, the bank is able to publish climate accounts for both its own operations and its lending portfolio, which includes the entire corporate market portfolio and all mortgages. The calculations are based on real customer data where available, and otherwise Norwegian emission factors per industry from the Partnership for Carbon Accounting Financials (PCAF). Absolute emissions for the lending portfolio increase over time. This is not due to actual increases in emissions, but the fact that a larger share of the portfolio is included in the climate accounts. The carbon intensity of the

corporate market portfolio, which is emissions per krone lent, has decreased by 70.3% since 2019. This is largely due to an improvement in data quality and an actual emission reduction in emission-intensive industries.

MORTGAGES

The PCAF framework is used to calculate financed emissions. To calculate Scope 3 emissions in the mortgage portfolio, the bank uses data on EPC labels, floor space, year of construction and type of building. Energy consumption is estimated based on available data, and for the homes in the bank’s portfolio where sufficient data is lacking, the bank has used factors from PCAF to calculate emissions. In order to arrive at the bank’s share of the customer’s emissions, i.e. financed emissions, the emissions are weighted by LTV ratio.

CORPORATE MARKET PORTFOLIO

The calculation of Scope 3 emissions in the corporate market portfolio is based on information disclosed by the bank’s customers. For industries where customer information has not been available, factors from the PCAF database have been used. Total financed emissions are the bank’s estimated share of the emissions, based on the LTV ratio, using the sales value of the objects at 31 December 2021.

For the shipping portfolio, the same data as in the Poseidon Principles reporting are used, but instead of calculating the Annual Efficiency Ratio (AER), the data are used to calculate absolute emissions, using the PCAF method. A similar method has been used for sea-going fishing vessels.

For small-scale power, aquaculture and agriculture, the calculation of financed emissions is based on customers’ production data.

Financed emissions for real estate in the corporate market portfolio are estimated based on EPC labels, floor space, year of construction and type of building. For objects where sufficient data are not available, lower data quality assumptions are used, as specified in the PCAF framework.



INTERNAL CLIMATE ACCOUNTS 2022

Scope 1	Scope 2	Scope 3	Total
tCO ₂ e			
10.8	1	44.5	56.3

The bank’s total climate accounts follow below, including emissions relating to the lending portfolio. As the bank bases its reporting on real

customer data, figures for 2021 are reported in the 2022 report. This enables companies’ own reporting to be used.

CLIMATE ACCOUNTS 2021

	31 Dec. 2021				Change from 2019	
	Emission (tCO ₂ e)	%-share	Weighted data quality (1 to 5, where 1 is best)	Carbon intensity (tCO ₂ e per NOK mill.)	Emissions (tCO ₂ e)	Carbon intensity (tCO ₂ e per NOK mill.)
Own operations						
Scope 1	13.4	89.3%			-36.2%	
Scope 2	1.6	10.7%			-96.9%	
Scope 3	33.7	69.2%			-64.3%	
Total Scope 1 og 2	15				-79.3%	
Total Scope 1, 2 and 3, own operations	48.7				-70.8%	
Financed emissions						
Mortgages	79,007	100.0%	3	0.52		
Total financed emissions, RM portfolio	79,007		3	0.52		
Building and construction	12,697	1.5%	5	2.60		
Real estate	5,898	0.7%	3	0.31		
Aquaculture	54,477	6.5%	3.48	14.98		
Fisheries and fish processing	53,268	6.4%	3.56	8.50		
Hotels and restaurants	15,524	1.9%	5	8.05		
Industry	15,445	1.8%	5	4.99		
Land-based transportation	4,430	0.5%	5	14.82		
Agriculture	45,542	5.4%	4.9	36.70		
Offshore	75,341	9.0%	5	78.64		
Shipping	462,251	55.2%	3	73.44		
Small-scale power	1,142	0.1%	3	0.48		
Wholesale and retail	32,623	3.9%	5	11.27		
Shipbuilding	611	0.1%	5	1.72		
Other	57,686	6.9%	5	15.41		
Total financed emissions, CM portfolio	836,935		3.77	14.65		-70.3%
Total financed emissions	915,942		3.21	4.38		
Total emissions Scope 1	13					
Total emissions Scope 2	2					
Total emissions Scope 3	915,976					
Total emissions 2021	915,991					

Carbon intensity is the total amount of financed emissions per NOK million in lending. A negative change (-) means that the bank’s carbon intensity is lower in 2021 than in 2019, while a positive change (+) means that the carbon intensity is higher.

linked loan structure, and the bank expects to see a stronger emissions reduction effect from 2022 onwards. The 2021 results also show that Sparebanken Vest is the bank reporting under the Poseidon Principles with the best score, and thus the largest deviation from the decarbonisation trajectory.

The biggest emissions in the bank’s portfolio in 2021 came from the shipping portfolio. Most new shipping loans now include a sustainability-



8.1.5 OUR COMMITMENTS

Sparebanken Vest's corporate social responsibility is rooted in the bank's strategy, vision and in the exercise of its business. The bank has undertaken to comply with a number of international initiatives that are important for the bank's core business and operations.



United Nations
Global Compact

UN GLOBAL COMPACT

Sparebanken Vest has been a member of the UN Global Compact since 2017 and supports the initiative's ten principles in the areas of human rights, labour, the environment and anti-corruption. The bank has undertaken to integrate these principles in its strategy and day-to-day work, and will thereby help to achieve the UN SDGs, especially in relation to sustainability.



UNEP FI – UN PRINCIPLES FOR RESPONSIBLE BANKING

The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership established between the UN and

the financial sector. In 2019, the Principles for Responsible Banking were launched under the initiative. The goal is to make banks assume a leading role in the work to achieve the UN SDGs and meet the obligations of the Paris Agreement. Sparebanken Vest shall make endeavours to ensure that the bank itself and its customers, suppliers and owners make sustainable choices.



CDP

CDP is an organisation that works to increase companies' climate disclosures and create greater transparency for investors about companies' climate work.

Closely following developments in the field gives us access to data and analyses on climate strategies in different sectors.



POSEIDON
PRINCIPLES

POSEIDON PRINCIPLES

Sparebanken Vest has undertaken

to comply with the Poseidon Principles, an initiative intended to introduce more sustainable practices in shipping. The Poseidon Principles are a globally recognised framework for assessing and disclosing the climate alignment of banks' shipping portfolios. The bank recognises its responsibility for and important role in the sustainable management of the bank's resources and for ensuring that its asset management causes the least possible harm to the environment.



Miljøfyrtårn®

ECO-LIGHTHOUSE

The Eco-Lighthouse scheme is an environmental management system for public and private enterprises that wish to document their environmental efforts. The purpose

of the scheme is to improve the environmental performance of small and medium-sized enterprises and public sector agencies. Sparebanken Vest is certified according to the Head Office model.



PCAF

Partnership for
Carbon Accounting
Financials

PCAF

PCAF is a global partnership between financial institutions working to harmonise the estimation, measurement and disclosure of greenhouse gas emissions financed by loans and investments. The parties share information and data, and collaborate on how the industry can help to solve the climate challenges. As a member, we get access to PCAF's method and database, an important supplement to other data sources to calculate the bank's Scope 3 GHG emissions in accordance with recognised principles.

8.1.6 EU TAXONOMY: ELIGIBILITY REPORTING

Assets	Reporting period: Q422	
	Shares of total asset %	Exposure (NOK mill)
Exposure to taxonomy-eligible activities	63.69%	168,026
Exposure to taxonomy non-eligible activities	2.19%	5,787
Exposure to central governments, central banks and supranational issuers	2.66%	7,016
Derivatives	0.98%	2,575
Exposure to undertakings not covered by NFRD	23.09%	60,905
Trading portfolio	0.00%	0
Short-term loans and deposits from financial institutions	2.67%	7,036

The template for eligibility reporting under the EU taxonomy has been prepared by Finance Norway.





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To the Board of Directors of Sparebanken Vest

INDEPENDENT AUDITOR’S ASSURANCE REPORT ON SPAREBANKEN VEST’S SUSTAINABILITY REPORTING FOR 2022

We have been engaged by the Board of Directors of Sparebanken Vest to provide limited assurance in respect of the sustainability information in Sparebanken Vest Annual Report 2022, limited to:

- Assurance on the GRI Index table 2022 (“the GRI Report”)
- Assurance on the TCFD Index (“TCFD-Report”)
- Assurance on loans that qualifies as green in line with Sparebanken Vest’s green framework for residentials and the three categories “hotel and restaurants”, “office and business office” and “storage building and small industry” within industrial buildings/real estate and hydraulic power

included in Sparebanken Vest’s integrated annual report for 2022. Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation and presentation of the GRI-Report prepared in accordance with GRI Standards 2022, and other reporting criteria described in the Report. The Board of Directors are responsible for the preparation and presentation of the TCFD-Report prepared in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures – Final Report, and other reporting criteria described in the Report. The Board of Directors are responsible for the presentation of green loans in line with the criteria’s explained in the Repost. The Board of Directors is also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures, interviews and meetings with Board of Directors and individuals responsible for the preparation of the Report and for sustainability Board of Directors, as well as a review on a sample basis of evidence supporting the information in the Report.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

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Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282



Conclusions

Based on our work, nothing has come to our attention causing us not to believe that:

- Sparebanken Vest applies a reporting practice for its corporate responsibility reporting aligned with the Global Reporting Initiative (GRI) Universal Standards (2022) reporting principles. Sparebanken Vest’s GRI index presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Sparebanken Vest Annual Report 2022.
- The TCFD Report for 2022 is, in all material respect, prepared in accordance with TCFD’s Recommendations of the Task Force on Climate-related Financial Disclosures – Final Report. The Report appropriately reflects the status for Sparebanken Vest’s work on climate and climate risk.
- The Report appropriately reflects Sparebanken Vest’s green loans in line with Sparebanken Vest’s green loan framework.

Bergen, 22 February 2023
Deloitte AS

Helge-Roald Johnsen

State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

8.2 Facts about our organisation/HR

Our employees form the backbone of the organisation and create Sparebanken Vest's winning culture. The bank makes continuous efforts to attract, develop and retain the most skilled employees in Western Norway.

Great opportunities and challenges lie ahead for the financial industry, which is undergoing rapid, massive development and change. Continuous development of employees' skills and abilities is therefore a key factor in the bank's future competitiveness, growth and profitability.

With the aim of being the most exciting place to work for people who wish to develop both personally and professionally, it is decisive that Sparebanken Vest carries out good, forward-looking processes in relation to both employee development and performance management.

Competence development

Sparebanken Vest's competence development initiatives have received more attention in the past few years. All employees of Sparebanken Vest are required to have a standard knowledge platform. This will ensure that all employees know the industry and the framework for the bank's operations, and that they understand and have insight into banking regardless of their role in the organisation. This is designated critical banking competence and comprises compulsory courses and training provided for by law and regulations. All employees must, for example, undertake an annual review and course in economic crime prevention, including anti-money laundering and anti-corruption. From 2022, statutory competence includes training relating to new requirements in the Insurance Mediation Act.

The focus on authorisation of financial advisers was systematised further in 2022. The bank has

increased its focus on the importance of complying with the financial industry standard for good practice (God skikk) and facilitated training tools for managers and advisers. In addition, emphasis is placed on the quality of advisory services with requirements for compliance with the consultancy concept introduced in 2020. The bank's express goal is for all retail market advisers to qualify for authorisation as financial advisers.

In addition to basic banking competence, the employee's own areas of development must be identified. Over the year, an employee takes part in mandatory follow-up interviews with their line manager, including the pay appraisal interview and the performance appraisal interview. This means that managers and employees must jointly identify development areas for the individual employee linked to skills, qualifications and, not least, future requirements and expectations. The manager's and employee's ability to think both in the short and long term is thus key to their continuous development and the ability to adapt their skills to the market.

Arenas for learning

Breakfast meetings are a reflection arena for managers from all divisions of the bank, organised by the bank's CEO. Relevant literature on banking and management that can help managers achieve more effective leadership is discussed and reflected on.

Internal communication takes place in several channels, such as our intranet pages and Facebook group. Through visual or written communication, the CEO regularly shares his thoughts on internal and external issues that affect operations, providing information, sharing reflections and raising relevant topics with employees.

Learning day (Læredagen) is a regular monthly event in the technology group with the goal of increasing learning across disciplines and domains in the technology, market and sales divisions. Talks and workshops are held to share experience and knowledge. The day can also be spent on self-study or on working in groups towards personal development goals. The bank has found that the initiative has helped to build competence in the group, expand horizons and break down barriers between expert disciplines, departments and teams. Learning day is an initiative highly regarded by employees, and a factor in getting candidates to choose the bank during recruitment processes.

Internal mentor schemes contribute to learning and collaboration between employees at different stages of their careers, and boost the transfer of skills, increase the sense of accomplishment, motivation and job satisfaction, and have a positive effect on quality and productivity.

A competence-raising programme called Strong Start (Sterk Start) is organised for all new employees. It gives new employees an insight into Sparebanken Vest's different divisions and banking operations. The CEO kicks off these programmes by describing the bank's strategic goals, and sets the direction based on the current market situation and outlook. It gives new employees time for reflection and learning and aims to help them get up to speed quickly.

The retail (RM) and corporate market (CM) conduct their own digital training sessions for all employees every three weeks at the 'RM School' and 'CM School', where employees share their experiences and learning cases. A competence programme was also established in the RM divisions in 2022, where training has been systematised through specific competence boosts and training plans in each department, digital seminars and regional physical seminars in the spring and autumn programme.

Sustainability competence has been a topic in both digital and physical learning arenas. All the bank's employees must have basic knowledge of

sustainability that enables them to understand opportunities and risks in their field of expertise. For RM, this has included energy efficiency courses for bank employees as part of the spring and autumn programme, and for CM, a number of practically oriented CM school talks on taxonomy, sustainability-linked financing, and attending 'Camp Vest' in Kalvåg with the rest of the bank's employees. This is the biggest boost for strategic involvement in the bank's history. Camp Vest provided an opportunity to talk business and celebrate together, where the bank's employees recharged their batteries and set the direction for how to develop the bank going forward. The entire organisation was involved in and discussed the strategic way forward, and how the Culture Document should be used as a template as times become more difficult for families and businesses in Western Norway.

Management development

We know that the Norwegian and international economy face much more unpredictable times ahead, with increased international unrest, rising costs, inflation and higher interest rates affecting the economy and the outlook for both retail and corporate customers. More demanding times mean it is important that the bank is sound and robust, with managers who are hands-on, build good teams and actively work on measures that ensure we are well prepared.

Our competitive strategy is to become the best at changing behaviour and, through good leadership, develop the most performance-oriented culture in the banking and finance sector. Staying one step ahead of our competitors requires continuous reflection and ongoing training on how we can become even better employees and managers. To the benefit of the bank, and each individual employee.

Over the past ten years, we have collected and read a lot of literature that supports our 8 pillars of effective leadership – pillars that should characterise leadership in Sparebanken Vest and provide a clear direction for management training and development going forward.

Emphasis is placed on continuity in the bank's management development programme, and topics are defined on an ongoing basis throughout the year based on the managers' competence and skills training needs.

The aspiring manager programme (*lederspire-programmet*) is for employees looking to move into management roles. The participants follow the ordinary management development programme, and also have separate sessions and arenas for peer learning, competence development and reflection.

The goal is to develop talented men and women from all the bank's divisions. One of the pillars of the programme is the mentor scheme. Each course includes 12 aspiring managers and 12 mentors, who pair up and together reflect and help to get the aspiring manager up and running.

In 2022, the bank made a significant investment in strategy and management development. The executive management asked what it would take to make us the fastest bank at recreating the energy, curiosity, creativity and teamwork we had before the pandemic. One of the measures was to rally all the managers at Camp Finse 2022, where in the course of four meetings over two and a half days, we set a common direction and devised the bank's strategy for the next phase. A phase that will be very different from the past 10 years.

Health, safety and the environment

Sparebanken Vest aims to be the best savings bank in Norway in terms of its work on health, safety and the environment (HSE). This means that the bank's HSE standard will be continuously developed to ensure a fully satisfactory working environment at all times. Management, safety delegates and employee representatives work well together towards the common goal of a good working environment and job satisfaction. The HSE action plan, including follow-up of sick leave, overtime and any non-conformities or incidents, is regularly reviewed by the works council (SAMU). In close cooperation with our corporate health service provider, we also follow up employees who need it.

The bank has collective agreements with the Finance Sector Union of Norway, the Norwegian Confederation of Trade Unions (LO Finans), the Norwegian Society of Graduate Technical and Scientific Professionals (TEKNA) and the Norwegian Society of Engineers and Technologists (NITO). The collaboration between the management and employee representatives is very good. Joint works council and union representative forums have been established, on which trade unions and the safety delegate service are represented.

Working environment and inclusion

Sparebanken Vest aims to be an inclusive workplace. Our aim is to be an employer for employees at different stages of life and with different needs and abilities. Close cooperation between employer and employees ensures a common understanding of how the working environment should be developed throughout the organisation. The bank works systematically to prevent absence by adapting duties and working hours for employees who need such adaptations. Employees on sick leave are followed up in a structured manner.

The bank has defined as a clear goal that all meetings and hospitality activities should take place during the daytime. This is a means of safeguarding employees' spare time. Employees should also be able to combine their career with family life. Parental responsibilities should not be an obstacle to an employee's development, salary or career. Employees on parental leave have a contractual right to a wage increase when they return to work after a minimum of five months' parental leave. The bank also takes steps to ensure employees can take parental leave as needed and wanted.

A good personnel policy throughout all phases of life, including senior policy, is very important for the bank. Sparebanken Vest's senior policy comprises a number of instruments and general and individual measures. We are, among other things, concerned with enabling career development throughout our employees' careers. Updating and developing the individual's competence on an ongoing basis will ensure

motivated and highly skilled employees throughout the employment relationship. From the age of 60, employees in management positions with personnel responsibility may be transferred to a specialist position if there is a vacancy they are qualified for. Employees also have the option to reduce their working hours. The bank's senior policy enables employees to keep working until the age of 70. Our pension and insurance adviser also provides pension advice to employees who need it.

Job satisfaction and engagement

Sparebanken Vest is keen to ensure that employees enjoy being at work. In 2022, the management, in cooperation with the safety delegate service and employee representatives, developed a new HSE survey that will be used to map the physical and psychosocial working environment going forward. Using the same survey over a period of time enables the bank to keep track of developments in certain key HSE areas.

The results of this year's survey show that the bank's employees feel safe and secure at work. The working environment is perceived as good, and employees feel that they are able to express their views freely. No instances of discrimination or harassment were reported.

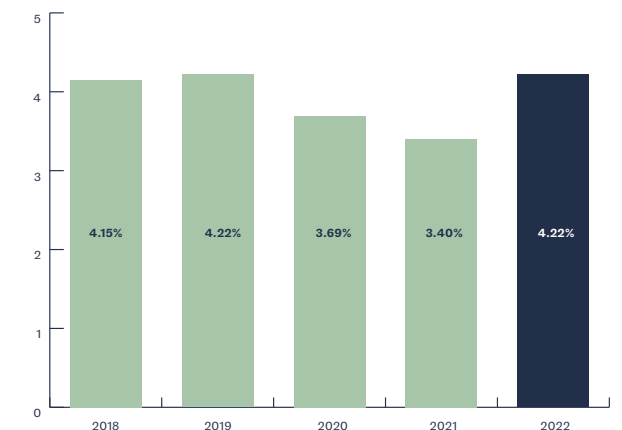
In addition to the HSE survey, an organisational survey is also conducted, which the bank has used since 2016. This survey maps employee engagement and sense of ownership. The results clearly indicate that employees feel that their work provides development opportunities, and that they are seen and invested in.

Sickness absence

Overall sickness absence in Sparebanken Vest was 4.22% in 2022, which is up 0.82 percentage points from 2021. Of the total, 1.67% was short-term absence and 2.55% long-term absence. The attendance rate thus ended somewhat below the bank's target of 96.5 per cent and is back at the same level as before the pandemic.

The bank makes systematic efforts to follow up employees on sick leave. The bank has a strong

Sickness absence



focus on reducing the proportion of employees on long-term sick leave, including through closer dialogue with the line manager at an early stage, and cooperation with the corporate health service and the Norwegian Labour and Welfare Administration (NAV).

Whistleblowing

In order to make it easier for individual employees to report concerns, the bank has, in addition to its internal whistleblowing procedures, entered into an agreement with an external third party to receive and consider reports. The purpose is additional reassurance of anonymity and impartiality. It is important for the bank to have good whistleblowing procedures in place, and they are easily available to employees through the bank's HSE manual. The reports are treated confidentially, and whistleblowers are protected against retaliation. The bank has not received any reports during 2022.

Equality and diversity

Everything we do at Sparebanken Vest shall contribute to making life in Western Norway a little bit better. The work to promote equality and fight discrimination is a natural part of this social mission.

The bank has zero tolerance of all forms of discrimination. Discrimination refers to all forms of unfair unequal treatment, both directly



and indirectly, due to gender or gender identity, pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, life stance, functional impairment, sexual orientation, age and other important personal circumstances.

The bank's overarching ambitions for its equality work are embedded in its Equality Policy and Code of Ethics. These guidelines, along with an expanded explanation of how the bank works on equality and diversity, are available in the bank's sustainability library on its website.

The work on equality is an integral part of all processes, including all internal and external processes relating to recruitment, pay and staff/career development.

Some of the bank's key areas in this work are presented below.

The bank established a Diversity Committee in 2018, which works actively on initiating and managing activities relating to diversity and equality. The Committee shall ensure that the bank continuously works on new initiatives and projects, over and above the requirements set out in internal and external legislation and agreements. Managers, employee representatives and employees from different areas of the bank are represented on the Committee. The Committee holds meetings during the year that aim to map the organisation's current activities in the field and identify new areas for improvement to embrace diversity throughout the organisation. One of the Committee's other important tasks is to submit proposals for strategic objectives in this area to the bank's management.

The foundation Agenda Vestlandet established the 'Women in Tech' management development programme in 2022, with the goal of securing more women in tech leadership roles.

Access to technologists is problematic for the business community in Western Norway, and the long-term goal is for far more women to

choose an education in technology. One important means of achieving this is to increase the number of role models that women can identify with. That is why we are bringing strong, professional women into our network to share their experiences. The aim of the course is to give participants more tools to improve their skills in strategic storytelling and enhance their influence. The sessions will allow the participants to top up their professional expertise, gain practical training and form a network with other knowledgeable technologists.

The bank's status as a savings bank in Western Norway means it is strongly engaged in the local community, and several of the foundation's donations support inclusion and diversity projects. Donations have previously been made to, for example, Regnbuedagene, Bergen Pride, Trappen motiveringssenter, Way Forward and Papillon.

Equality analysis

Sparebanken Vest's equality analysis maps gender distribution and the pay and working conditions in the organisation. In consultation with the employee representatives, the bank has decided to group comparable groups of staff together, either in line with the bank's divisions or based on the similarity of tasks and areas of responsibility.

The overview shows that the gender balance at the aggregate level is 50% women and 50% men. In 2022, the bank has had an increased focus on gender balance and diversity in its recruitment efforts. The managers are aware of the important role they play in ensuring that job advertisements reach a wide swathe of the population, without using unnecessary standards that may scare away qualified applicants. The recruitment process also makes use of various tools and standards to ensure that the principle of equal treatment in terms of age, ethnicity, disability and experience is adhered to in the selection of applicants. For example, aptitude and personality tests are used to support candidate evaluation. Both genders must also be represented at interviews, given that they are qualified.

The bank has its own Appointments Committee, which comprises employee representatives. The Committee holds annual meetings where statistics are presented for all recruitments, including gender and pay conditions, and it reviews the bank's pay policy and its results at an overarching level. Employee representatives and executive representatives discuss the overarching recruitment strategy, and the results achieved in areas such as equality, diversity and internal mobility. The employee representatives are consulted, and can state their opinions before a final offer is made to a candidate in an appointment process.

GENDER BALANCE		TEMPORARY STAFF		PARENTAL LEAVE*		PART-TIME WORK			
Number		Number		Stated as average number of weeks		Actual part-time work		Involuntary part-time work	
Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
316	314	31	27	13	13	25	15	3	0

* Parental leave is shown as the average number of weeks. Please note that the figures are from the calendar year, which means that the period in which leave is taken will vary as regards the total number of weeks in the year, especially in instances where leave is taken over two calendar years.

The total number of days of parental leave taken by women in 2022 was 2,126 among 21 employees. The figure for men was 2,013 days among 23 employees. Overall, 4,139 days of parental leave were taken, which is an increase of 5.2% from 2021.

Equal pay

Sparebanken Vest endeavours to comply with the principle of equal pay through its gender-neutral pay policy, where the processes linked to wage setting and annual wage adjustments must comply with internal guidelines. The results are evaluated in consultation with employee representatives.

Wage adjustment work is a key topic in local wage settlement discussions between the management and trade unions. An important

The bank's strong focus on raising the competence of and developing its own employees creates good internal development opportunities. Together with clear guidelines on internal advertisement of vacancies, this meant that internal recruitment was over 37% to open positions and 72% to management positions in 2022.

The table below presents key figures linked to gender balance, temporary staff, parental leave and part-time work.

parameter in the distribution of earnings is to ensure a relatively equal distribution between the genders, and that efforts must be made to address any disparity in pay that is not the direct result of differences not covered by the principle of equal pay. This could, for example, be factors such as seniority, work performance, education, experience, or other relevant factors linked to an individual's wage development.

The bank has a gender-neutral bonus scheme based on a profit-sharing model, where 90% of the distribution is directly linked to the employment relationship and the department's goal attainment. The remainder of the bonus pool is allocated based on good individual performances. The distribution of this part of the bonus is given careful consideration, and the allocation between the genders should reflect the relative gender distribution in the bank's divisions.

The results of the internal remuneration analysis show that the ratio of women's earnings to men's is 86.4%.





	GENDER		WAGE DISPARITIES Ratio of women's earnings to men's					
	Num- ber of women	Number of men	Cash payments					Payments in kind
	Women	Men	Total cash payments	Agreed pay/fixed pay	Irregular supple- ments	Bonus	Overtime allowances	Total taxable payments in kind
Total	316	314	86.4%	86.0%	105.0%	95.9%	73.2%	93.2%
Group E Middle managers	33	48	93.5%	93.0%	38.6%	109.9%	19.3%	104.5%
Group D Technologists/IT	28	88	91.1%	93.1%	0.3%	96.6%	11.9%	98.1%
Group C Administrative support functions	55	41	89.4%	89.1%	43.0%	89.7%	233.5%	86.7%
Group B Corporate market	22	46	94.0%	93.6%	94.3%	113.9%	119.1%	101.4%
Group A Retail market	178	91	94.4%	94.2%	76.3%	122.2%	64.6%	106.5%

The table above contains key figures on cash payments and payments in kind broken down by gender and internal staff group.

Although a lot of good work takes place in Sparebanken Vest, and there are good results for most parameters, efforts will be made in 2023 to raise employees' awareness of the bank's equality policy. Better knowledge, good work tools, clear goals and performance measurement will help to improve the results of this work.

Work will continue on achieving a good gender balance and increased diversity in the organisation. The distribution of women and men is somewhat uneven in some of the bank's departments/discipline groups. Clear guidelines govern key processes linked to recruitment and wage adjustment to ensure a focus on equality and to prevent discrimination.

Corruption and conflicts of interest

The bank has a dedicated policy for measures against corruption and conflicts of interest that may have harmful effects. The purpose of the policy is to define what is acceptable practice, particularly in relation to customers, suppliers and other contractual counterparties. The bank has conducted a risk assessment of processes

that entail an inherent risk of corruption and harmful conflicts of interest, and has implemented measures to that end. All bank employees are required to undergo mandatory basic training, and employees deemed more exposed to risk must also take case-based training. The completion rate of mandatory training is measured and followed up. The policy also sets requirements for reporting obligations for employees, and requirements for how deviations from the policy should be followed up.

Compliance with the policy is followed up by internal control in the bank's first line, as well as risk-based control by the bank's compliance department.

8.3 The Transparency Act

The Transparency Act is a new Norwegian act of law intended to promote companies' respect for human rights and decent working conditions, and to ensure public access to information. The Transparency Act imposes a number of obligations on Sparebanken Vest and other large companies in relation to fundamental human rights and decent working conditions. It gives all stakeholders the right to information about how actual and potential negative consequences for these rights are dealt with.

Sparebanken Vest undertakes to carry out due diligence for its own operations and value chain in accordance with the OECD Guidelines for Multinational Enterprises.

Work is under way on adaptations to new regulatory requirements, both in the departments responsible for processes directly affected by the new obligations and at group level, to identify adaptation needs in group-wide processes, including related to reporting and transparency. The requirements imposed by the Transparency Act have been incorporated into the bank's operational risk strategy, and operationalised through the bank's operational risk policy and working procedures. Information has also been posted about the bank's work on the Transparency Act at spv.no, and a channel has been established for access requests. The EVP of Banking Services has overall responsibility for the bank's compliance with the Transparency Act.

The bank's due diligence covers the following:

- Aligning accountability with guidelines and management systems.
- Identifying and assessing negative impact/harm based on own business, supply chain and business partners.
- Stopping, preventing or reducing negative impact/harm.
- Monitoring implementation and results.
- Communicating how the impact is managed.
- Restoring, or helping to restore, the situation where required.

The bank's HR processes must ensure that it safeguards new and existing employees in the best possible way, and by doing so ensure good working conditions. Internal guidelines are reviewed and updated regularly, such as the Code of Ethics, to address the risk of actual and potential adverse consequences for decent working conditions and fundamental human rights. As of 31 December 2022, Sparebanken Vest has not received any internal or external reports, and the risk of violation is deemed to be low. The bank conducts a stakeholder dialogue with employee representatives and trade unions.

Compliance with the Transparency Act involves, among other things, mapping the bank's value chains to gain an overview of the risk of violations of human rights and decent working conditions and how such risks can be managed. Sparebanken Vest makes requirements of all suppliers and their subcontractors in relation to human rights, working conditions, environmental management, ethical practices, reporting and the climate. These requirements are specified in various statements that must be signed by all suppliers. You can read more about this work and how the bank makes requirements of suppliers in the document Principles for Corporate Social Responsibility, which is available on the bank's [website](#).

Sparebanken Vest takes a risk-based approach to due diligence, and this work therefore focuses on the suppliers and value chains associated with the greatest potential risk of violations of human rights and decent working conditions, or where the value chains are included in the bank's critical core processes. The bank's due diligence statement pursuant to Section 5 of the Transparency Act will be published on the website by 30 June 2023.





8.4 Annual report checklist

Legal reference	Requirement	Description	Reference to chapter in annual report
Accounting Act Sections 3-1, 3-2a, 3-2b	Annual accounts	Annual accounts in accordance with applicable regulations.	6 Accounts with notes
Accounting Act Section 3-3a	Content of the annual report	Nature and location of the business	1 This is Sparebanken Vest
		Fair picture / statement concerning the annual accounts	2 Summary and highlights / 6 Declaration from the Board and the CEO
		Outlook for the company	2 Summary and highlights
		Financial risk	5 Risk and capital management / 7 Corporate governance
		Going concern	4 Results
		Allocation of profit and basis for dividend	4 Results
		Environmental disclosures	8 Factbook
		Working environment	8 Factbook
		Equality and discrimination	8 Factbook
		Natural environment	8 Factbook
Regulations on annual accounts for banks, credit undertakings and finance companies Section 2-2	Content of the annual report	Insurance for members of the Board and CEO	7 Corporate governance
		If the institution's capital adequacy is below the applicable minimum requirement, this and the measures it intends to take to ensure ongoing operation must be disclosed.	5 Risk and capital management
		Risks relating to loans and guarantee liabilities, including changes in the credit risk profile during the financial year, must be disclosed.	5 Risk and capital management
		The institution's total average annual expected losses on loans and guarantees over a period specified by the institution and actual losses during the financial year must be disclosed. The significance of future changes in credit risk must be explained.	4 Results/ 2 Summary and highlights
Accounting Act Section 3-3b	Statement on corporate governance	1-3. Information about relevant regulations, availability and deviations.	7 Corporate governance
		4. Description of internal control and risk management systems in the accounting reporting process.	7 Corporate governance
		5. Deviating articles of association under the Public Limited Liability Companies Act	7 Corporate governance
		6. Composition of board and committees, as well as main elements of instructions and guidelines	7 Corporate governance
		7. Articles regulating the appointment and replacement of board members	7 Corporate governance
		8. Articles and authorisations that entitle the board to decide to buy back or issue own shares or equity certificates	7 Corporate governance
		9. A description of the company's policies on gender equality and diversity with regard to, for example, age, gender and educational and professional background for the composition of the board, management and control bodies and any subcommittees. The objectives of the guidelines, how they have been implemented and their impact during the reporting period must be disclosed. If the company does not have such guidelines, this must be explained.	7 Corporate governance/ 8 Factbook
Accounting Act Section 3-3c	Statement on corporate social responsibility	Statement on the environment, social conditions, working environment, equality and non-discrimination, respect for human rights and measures to combat corruption and bribery	8 Factbook
		Description of business model	1 This is Sparebanken Vest
		Description of guidelines for handling incidents, including due diligence	1 This is Sparebanken Vest/ 8 Factbook
		Effects of the guidelines	1 This is Sparebanken Vest/ 8 Factbook
		The material risks associated with the company's operations	5 Risk and capital management
Accounting Act Section 7-31b, cf. Public Limited Liability Companies Act Section 6-16a	Annual accounts and executive pay report	Total remuneration and other benefits granted to individual executive employees and individual members of the board, the control committee and other elected corporate bodies, respectively, cf. Section 7-31b, as well as an explanation of the guidelines for determining the salary and other remuneration of executive personnel, cf. Section 6-16a	1 This is Sparebanken Vest / 4 Results / 5 Risk and capital management/ 8 Factbook
Accounting Act Section 3-5	Signature of the annual accounts and the annual report	The annual accounts and the annual report must be signed by all board members	8 Factbook
Securities Trading Act Section 5-5	Annual report	Audited annual accounts	6 Accounts and notes
		Annual report prepared pursuant to Section 3-3a of the Accounting Act	6 Accounts and notes
		A statement by the persons responsible for the issuer, clearly stating their name and job title, that:	8 Factbook
		a. the annual accounts have been prepared in accordance with accounting standards and that the information gives a true and fair picture of the company and the group's assets, liabilities, financial position and overall performance, and that	
		b. the annual report gives a true and fair picture of the development, results and position of the company and the group, along with a description of the most important risk and uncertainty factors they face.	6 Accounts and notes



8.5 GRI Index 2022

OUR MATERIALITY ANALYSIS

To ensure that the bank is working on the right and most important sustainability topics, we have conducted a materiality analysis. This analysis shows in which areas Sparebanken Vest has the greatest impact on the economic, climate and environmental and social aspects of sustainable development.

The analysis was carried out in workshops that included 27 employees from all the bank's divisions. The group has mapped external stakeholders such as customers, suppliers, partners and members of society and helped to define which sustainability topics affect the bank's development, financial position and results (financial materiality) and which sustainability topics the bank influences externally through its operations, either negatively or positively (social and environmental/social materiality).

This improves the bank's knowledge of how its operations impact different sustainability topics and enables us to actively prioritise and work systematically on the topics where we have the greatest ability to make a difference.

EXPLANATIONS:

AR = Sparebanken Vest – 2022 Annual Report

SL = Sustainability library on our website

SPV = Indicator defined by the bank

GRI FS = Indicator from GRI G4 Sector

Disclosures – Financial Services

SASB = Sustainability Accounting Standard Board indicator



Statement of use	Sparebanken Vest has reported according to GRI standard for the period 1.1.2022-31.12.2022. The reporting period for sustainability alignes with the financial reporting period.					
GRI 1 used	GRI 1: Foundation 2021					
Applicable GRI Sector Standard(s)						
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	SOURCE	OMISSION			GRI SECTOR STANDARD REF.NO.
			REQUIREMNT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General disclosures 2021						
The organization and its reporting practices	2-1 Organizational details	a) SPAREBANKEN VEST				
		b) AR - SELSKAPSKAPITAL OG UTBYTTE				
		c) JONSVOLLGATEN 2 5011 BERGEN				
		d) NORWAY				
	2-2 Entities included in the organization's sustainability reporting	SPAREBANKEN VEST, BOLIGKREDITT AS				
	2-3 Reporting period, frequency	(1.1.2022-31.12.2022), YEARLY				
	2-3 and contact point	www.spv.no/om-oss/investor-relations/ir-kontakter				
	2-4 Restatements of information	NO SIGNIFICANT CHANGES				
	2-5 External assurance	a) AR - 8.4 FACTBOOK (AUDITOR), 7.1 CORPORATE GOVERNANCE, SL - PRINCIPLES OF CSR				
	b) AR - AUDITOR'S STATEMENT (DELOITTE)					
Activities and workers	2-6 Activities, value chain and other business relationships	AR - 01 THIS IS SPAREBANKEN VEST, 8.3 FACTBOOK				
	2-7 Employees	AR - 8.2 FACTBOOK				
	2-8 Workers who are not employees	AR - 8.2 FACTBOOK				
Governance	2-9 Governance structure and composition	AR - 7.1 CORPORATE GOVERNANCE, SL - PRINCIPALS OF CSR.	GRI 2 - 9	information incomplete	Further improvements on the composition of the highest governance bodies and it's committees will be done for 2023	
	2-10 Nomination and selection of the highest governance body	AR - 7 CORPORATE GOVERNANCE				
	2-11 Chair of the highest governance body	AR - 7 CORPORATE GOVERNANCE				
	2-12 Role of the highest governace body in overseeing the management impacts	AR - 7 CORPORATE GOVERNANCE				
	2-13 Delegation of responsibility for managing impacts	AR - 7 CORPORATE GOVERNANCE, 8.1.3 FACTBOOK				
	2-14 Role of the highest governance body in sustainability reporting	SL - PRINCIPALS OF CSR				
	2-15 Conflicts of interest	AR - 7 CORPORATE GOVERNANCE				
	2-16 Communication of critical concerns	AR - 2 HIGHLIGHTS AND SUMMARY OF THE YEAR (OPERATIONAL RISK AND COMPLIANCE RISK), SPV.NO (PILAR 3 REPORT)				
	2-17 Collective knowledge of the highest governance body	AR - 7 CORPORATE GOVERNANCE, 8.1.3 FACTBOOK, SL - PRINCIPLES OF CSR				
	2-18 Evaluation of the performance of the highest governance body	AR - 7 CORPORATE GOVERNANCE				
	2-19 Remuneration policies	SPV.NO EXECUTIVE SALARIES				
	2-20 Process to determine remuneration	AR -8.2 FACTBOOK, SL - ORGANISATION, PERSONAL DEVELOPMENT AND EQUALITY				
	2-21 Annual total compensation ratio	spv.no Lederlønninger	GRI 2 -21 A) B) C)	information incomplete	In addition to the chapter "Leder-lønninger", some parts are not covered yet in a)b)c) improvements will be made for 2023	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	SOURCE	OMISSION			GRI SECTOR STANDARD REF.NO.
			REQUIREMNT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General disclosures 2021						
Strategy, policies and practices	2-22 Statement on sustainable development strategy	AR - 3.5 OUR STRATEGIC AGENDA				
	2-23 Policy commitments	SL - PRINCIPALS OF CSR, AR - 8.3 FACTBOOK The policies are described in the document Principals of CSR which is available on spv.no The document has been approved by the board of managers.				
	2-24 Embedding policy commitments	PILAR II, AR - 8.2 FACTBOOK				
	2-25 Processes to remediate negative impacts	PILAR II, AR - 01 THIS IS SPAREBANKEN VEST				
	2-26 Mechanisms for seeking advice and raising concerns	SL - PRINCIPLES OF CSR				
	2-27 Compliance with laws and regulations	PILAR II				
	2-28 Membership associations	SPV.NO				
Stakeholder engagement	2-29 Approach to stakeholder engagement	AR - 8.5 FACTBOOK				
	2-30 Collective bargaining agreements	SL - GENDER EQUALITY AND DIVERSITY	GRI 2 -30 b)	information incomplete	The collective agreement is applicable to all employees	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	AR-01 THIS IS SPAREBANKEN VEST, 03 OUR STRATEGIC AGENDA, 8.1.1. FACTBOOK				
	3-2 List of material topics	AR-01 THIS IS SPAREBANKEN VEST: The materiality analysis process revealed an extension from 5 to 13 material topics.				
Material topic1: Competance:						
	SPV: Chasing expertise - To translate sustainability from preaching to practice					SPV Indicator
Material topic 2: Diversity and equality						
	Diversity of governance bodies and employees SPV: % women at top management	AR - 3.4 STRATEGIC AGENDA, 8.2 FACTBOOK, SL - ORGANISATION, PERSONAL DEVELOPMENT AND EQUALITY	GRI 405 - 1 a) b)	information incomplete	According to Norwegian laws we are not allowed to report on other diversity group. Gender reporting according to numbers and not percentage, and not on age for 2022. Improvments will be considered for 2023	GRI 405-1
	Programs for upgrading employee skills and transition assistance programs	AR - 3.4 STRATEGIC AGENDA, 8.2 FACTBOOK	GRI 404 - 2 a)b)	information incomplete	The bank has a retirement procedure involving a third party. For major operations including management of career endings, plans are negotiated	GRI 404-2
	New employee hires and employee turnover	AR - 3.4 STRATEGIC AGENDA, 8.2 FACTBOOK, SL - ORGANISATION, PERSONAL DEVELOPMENT AND EQUALITY, SL - ARP	GRI 401 - 1 a) b)	information incomplete	Age group, gender and new employee data not included for 2022, but will be considered for 2023	GRI 401-1
	Ratio of basic salary and remuneration of women to men	AR - 3.4 STRATEGIC AGENDA, 8.2 FACTBOOK				GRI 405-2
Material topic 3: Responsible purchasing practices and sponsorship						
	SPV: All our suppliers received a requirement to compensate for their climate footprint in order to be a SPV supplier	AR - 8.5 FACTBOOK				SPV indicator
Material topic 4:-Sustainable Finance						
	SASB 2 (FN-CB-4101a.2.): Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	SL - PRINCIPALS OF CSR, AR-3.5 OUR STRATEGIC AGENDA, 8.2 FACTBOOK				SASB 2 (FN-CB-4101a.2.)
	SPV: Total eligible for green bonds	SL- GREEN BOND PROGRAMME, AR-3.5 OUR STRATEGIC AGENDA, 8.1 FACTBOOK				SPV Indicator



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	SOURCE	OMISSION			GRI SECTOR STANDARD REF.NO.
			REQUIREMNT(S) OMITTED	REASON	EXPLANATION	
Material topic 5: Requirements for asset managers						
	Sparebank Vests own Green house gas emissions and energy use Green House gas emissions in the loanbook	SL - CLIMATE ACCOUNTING 2021, AR - 8.1.4 FACTBOOK SL - CLIMATE ACCOUNTING 2021, AR - 8.1.4 FACTBOOK	GRI 305-1 b), c) and e) og 305 -2 b) and e,)	information incomplete	Biogenic CO ₂ emissions are not separately reported. The scope 3 emissions reported include the customers' scope 1 and 2 emissions, either based on the clients' own reporting, production data or estimates. As such, the biogenic CO ₂ emissions cannot be separately reported due to data availability issues. In our climate calculations, factors forCO ₂ equivalents are used. This has not been converted to GWP. This is something we will consider for future calculations	305-2, 305-4 and 305-5 GRI 305-1, 305-2, 305-4
	SPV: Requirements - Sparebanken Vest as distributor of mutual funds	SL - PRINCIPALS OF CSR				SPV Indicator
Material Topic 6: Green House Gas emissions:						
	Energy use and Greenhouse Gas emissions	SL - Climate accounting 2021, AR - 8.1.4 FACTBOOK	GRI 305-1 b), c) and e) og 305 -2 b) and e,)	information incomplete	Biogenic CO ₂ emissions are not separately reported. The scope 3 emissions reported include the customers' scope 1 and 2 emissions, either based on the clients' own reporting, production data or estimates. As such, the biogenic CO ₂ emissions cannot be separately reported due to data availability issues. In our climate calculations, factors for CO ₂ equivalents are used. This has not been converted to GWP. This is something we will consider for future calculations	GRI 305-1, 305-2, 305-4
Material topic 7: Climate risk						
	SPV: Description of climate risk and opportunities in maritime, real estate and aquaculture	SL - PRINCIPALS OF CSR, AR - 8.1.3 FACTBOOK				SPV Indicator
Material Topic8: Biodiversity and biorisk						
	Integrating biodiversity in credit and loan procesess	AR- 3.5 STRATEGIC AGENDA, 8.1 FACTBOOK				SPV Indicator
Material Topic 9: Circular economy						
	Integrating circular economy in credit and loan procesess	AR- 3.5 STRATEGIC AGENDA, 8.1 FACTBOOK				SPV Indicator
Material Topic 10: Transparency and agenda setting						
	SPV: "Vestlandsindeksen": A quarterly temperature gauge for the business sector in Western Norway prepared by Sparebanken Vest in collaboration with Response Analysis	SPV.NO				SPV Indicator
Material topic 11: Social dividnt for a green transition						
	SPV: The bank allocated 300 MNOK i 2019, og 100 MNOK i 2021 for projects that promote sustainability, new green technology and green transition, for Agenda Vestlandet.	AR - 3.5 STRATEGIC AGENDA				SPV Indicator
Material topic 12: IT security and privacy						
	Substantiated complaints regarding breaches of customer privacy and losses of customer data	SPV did not receive any fines or infringement fees from the Norwegian Data Protection Authority in 2022 or complaints sorted as such in the customer complaints database. Number of cases reported to the Norwegian Data Protection Authority in 2022: 13				GRI 418-1
Material topic 13: Preventing economic crime						
	Communication and training about anti-corruption policies and procedures	AR - 05 RISK MANAGEMENT, SL - PRINCIPLES OF CSR				GRI 205-2
	Confirmed incidents of corruption and actions taken	AR - 05 RISK MANAGEMENT	GRI 205-3	Confidentiality restraints	The details around incidents, contracts, the nature of the incidents etc can not be published due to confidentiality reasjons	GRI 205-3



Subsidiaries and associated companies

Sparebanken Vest works continuously on strategic business development. This has resulted in the formation of several new companies and initiatives in different financial service and product areas.



FRENDE FORSIKRING

Consists of the sister companies Frende Livsforsikring and Frende Skadeforsikring. The company was formed in 2007 and its head office is in Bergen. Sparebanken Vest has a holding of 39.58% in the parent company Frende Holding AS. The company is owned by 23 independent savings banks in addition to Varig Forsikring Nordmøre og Romsdal, Varig Hadeland Forsikring and Varig Orkla Forsikring. www.frende.no



NORNE SECURITIES AS

Securities company formed in 2008. Norne provides consultancy services to capital market participants and specialises in savings banks and their customers. The company has three business areas: Online stock and fund brokerage for private investors, Investment Banking (advisory services for companies) and trading in securities for professional investors. The company's head office is in Bergen, and it also has offices in Oslo, Trondheim and Vilnius. Sparebanken Vest is the largest owner with a 41% holding. The other owners in Norne are 12 other independent savings banks (total 41%), employees (15%) and Must AS (3%). www.norne.no



BRAGE FINANS AS

Financing company formed in 2010 with its head office in Bergen. In addition to Sparebanken Vest, which is the biggest owner with a holding of 49.99%, Brage Finans is owned by 21 other independent banks. The company offers customised financing products with emphasis on leasing and loans secured by the purchased object to both companies and private individuals. www.brage.no



SPAREBANKEN VEST BOLIGKREDITT AS

Wholly owned by Sparebanken Vest. The company was founded in 2008 for the purpose of financing the Group's housing loan portfolio by issuing covered bonds. www.spv.no/boligkreditt



EIENDOMSMEGLER VEST

Wholly owned by Sparebanken Vest. The company is a leading regional player in the real estate market in Western Norway. www.emvest.no



BALDER BETALING AS

Established in 2017, among other things to exercise ownership of the payment service Vipps together with 20 other independent savings banks. Sparebanken Vest is the biggest owner of Balder Betaling with a holding of 38.5%.



Sparebanken
Vest



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