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SPAREBANKEN VEST

Annual Report 2023

Who are we?

We make life in Western Norway better.

When Sparebanken Vest was founded more than 200 years ago, it heralded a new way of thinking 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. This thinking continues to drive us, and it is more important than ever in these turbulent times. Today, we are still largely owned by our customers and society, and we can confidently say that we make life in Western Norway better.

Better for those growing up and for those establishing a life for themselves. 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 do this by caring about our customers, helping people where they are, being easy to bank with and by providing important and good 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
- Celebrated its 200th anniversary in 2023
- Head office in Bergen, 36 branch offices and 795 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 306 billion in assets under management, approx. 325,000 retail customers and approx. 14,200 corporate customers
- 76 per cent of lending is to retail customers, with 99 per cent of loans secured by mortgages
- Long-term ROE target of 13 per cent
- Listed with equity certificate traded on Oslo Børs. Owner fraction of approx. 40 per cent

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 2023, the bank had 36 points of sale.

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

HOME MARKET

- Approx. 1.4 million inhabitants, corresponding to 26 per cent of the Norwegian population
- The Bergen and Stavanger regions are among the two biggest in Norway
- Key industries are 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 approx. NOK 47 billion



Branch offices



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Sparebanken Vest pursues an active, forward-looking environmental policy, both internally and externally. The report is therefore only available in electronic form. The report is available at www.spv.no



1.2 Overall strategy and value proposition

Sparebanken Vest’s vision: *We make life in Western Norway better.*

The bank has four main stakeholder groups: customers, owners, society and employees. Value propositions have been defined for all these groups.

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

OUR VISION
We make life in Western Norway better

THE BANK’S VALUE PROPOSITIONS TO STAKEHOLDER GROUPS

For customers: To be among the best banks in terms of customer satisfaction	For owners: To be one of the two top savings banks in terms of ROE	For the local community: To have the strongest social commitment in Western Norway	For employees: To be the most exciting place to work for those who want to develop their personal and professional skills
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New group strategy in 2023
In 2023, the bank has developed a new group strategy, defining and prioritising the most important strategic victories to be won over the next three years.

The group strategy is based on a comprehensive analysis of the bank’s competitive situation, and all the bank’s managers have been involved in the process. The Group will focus on four main priority areas over the next three years. Each area has clearly defined targets that are regularly followed up by the executive management. The operationalisation of the

strategy in the organisation will be cross-functional, where the bank will consolidate its position as a digital leader while harnessing the power of its skilled employees.

In our work on the group strategy, we have also made endeavours to clarify what we stand for as a bank. We have defined our core, what has taken us to where we are today, which we will build on. By understanding what is constant, we can focus all our energy on developing the areas where we need to improve.

We are proud, but never satisfied!

1.3 How we delivered on our commitments to customers, owners, society and employees

Sparebanken Vest’s main stakeholders are its customers, owners, society and employees.

The bank and its customers have done well over the year. Profitability is up from 2022, and among the best in the market. The results benefited all groups of owners in 2023 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 (CSI).

The bank has a stable CSI score of 72, maintaining its historically high score from 2022. There was a slight decline in the retail market from 2022 to 2023, from 76 to 74.

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

At the same time, the bank’s current strengths must be retained. Sparebanken Vest will continue to be a bank that has strong personal relationships with its customers. For the bank, this means a further shift from being a traditional bank that is digitalised to 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 a customer dividend.

The year 2023 was the fourth time Sparebanken Vest paid a customer dividend. The customer dividend is part of the allocation of profit for the 2022 financial year.

The Board decided to pay a full customer dividend in the total amount of NOK 580 million. This is an important means of enabling customers to directly benefit from the bank’s results, in line with the savings bank model.

Both corporate and retail customers have a positive view of the customer dividend, with scores of 73 per cent in the corporate market and 79 per cent in the retail market in the bank’s customer satisfaction survey in 2023.

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 2023, and more customer-friendly services are set to be launched on an ongoing basis.

Sparebanken Vest is investing in hands-on, in-house IT development focusing on the digital user experience. This has become ever 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.

Driving sustainable choices that ensure long-term competitiveness

Sparebanken Vest shall be the main driver encouraging the people of Western Norway to make sustainable choices that ensure long-term competitiveness. In 2023, sustainability has been on the agenda in customer meetings, and over 30 per cent of all new loans and refinancing to corporate customers have been sustainability-linked. The bank has also focused on good solutions for retail customers. In 2023, the bank launched energy loans, a new product to promote greater energy efficiency in people's homes.

Owners

Sparebanken Vest recorded a pre-tax profit of NOK 4,418 (3,504) million in 2023, and an ROE of 16.5 per cent (14.6 per cent). The result can be explained by good developments in net interest income in 2023 and low losses.

For the 2023 financial year, the Board proposes a dividend of 7.50 (5.50) per equity certificate.

That means a total dividend payment of NOK 823 (603) million. After allocation of the profit for the year, the owner fraction will still be 40.7 per cent.

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 2023. Eighty-six per cent of customers are positive to the bank awarding funding to clubs, associations and social development initiatives.

The social dividend is a key part of the bank's sustainability strategy. 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.

Three priority areas have been defined to support measures relating to social sustainability and measures that help the people in the region make sustainable choices.

1) The battle for inclusion

We support initiatives that create a sense of belonging and community – projects that lead to fewer people dropping out of school, work and community life.

2) Ensure a vibrant local community

We support initiatives that promote art, culture, grassroots sport and the voluntary sector – initiatives that create open and active communities today and for the future.

3) Restructuring for the green transition

We support initiatives under the auspices of clubs and organisations that contribute to the green transition and sustainable development in Western Norway.

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 2023, the bank, together with the foundation Sparebankstiftelsen Sparebanken Vest, has distributed a total of around NOK 301 million among 2,200 projects in Western Norway.

Examples of how the bank goes about this are shown in illustrations through this report.

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.

The projects the foundation has prioritised in 2023 include NOK 56.6 million for green growth and NOK 19.2 million for reducing plastic in the ocean.

One of the new initiatives under Agenda Vestlandet in 2023 is the programme 'Handlekraft' (power to act), which mobilises one hundred managers from all over Western Norway to build momentum for the transition in Western Norway.

Through a series of meetings, the managers have received guidance from Jay Van Bavel and Sarah Cartwright to develop tools that create impact and boost collaboration across groups and interests.

In 2023, the bank's General Meeting adopted an additional allocation for the 2022 financial year of approximately NOK 811 million. Of this, NOK 482 million is the social dividend, earmarked for the Agenda Vestlandet foundation.





Employees

The value proposition to our employees is to be most exciting place to work for those who want to develop their personal and professional skills. We are convinced that value is created when talented colleagues enjoy their work, and when employees are engaged, have interesting challenges and busy working days that make them look forward to going to work. Sparebanken Vest therefore makes a significant investment in employees' opportunity to develop both professionally and personally in a culture where learning and team spirit are highly valued. Significant investment in learning and development has made the bank a very attractive employer in Western Norway.

In addition to established skills development measures, such as learning days, aspiring manager programmes, breakfast meetings and the mentor scheme, the bank has invested considerable efforts in 2023 to make learning

and development available where employees are. This includes the bank's new digital learning platform, Motimate.

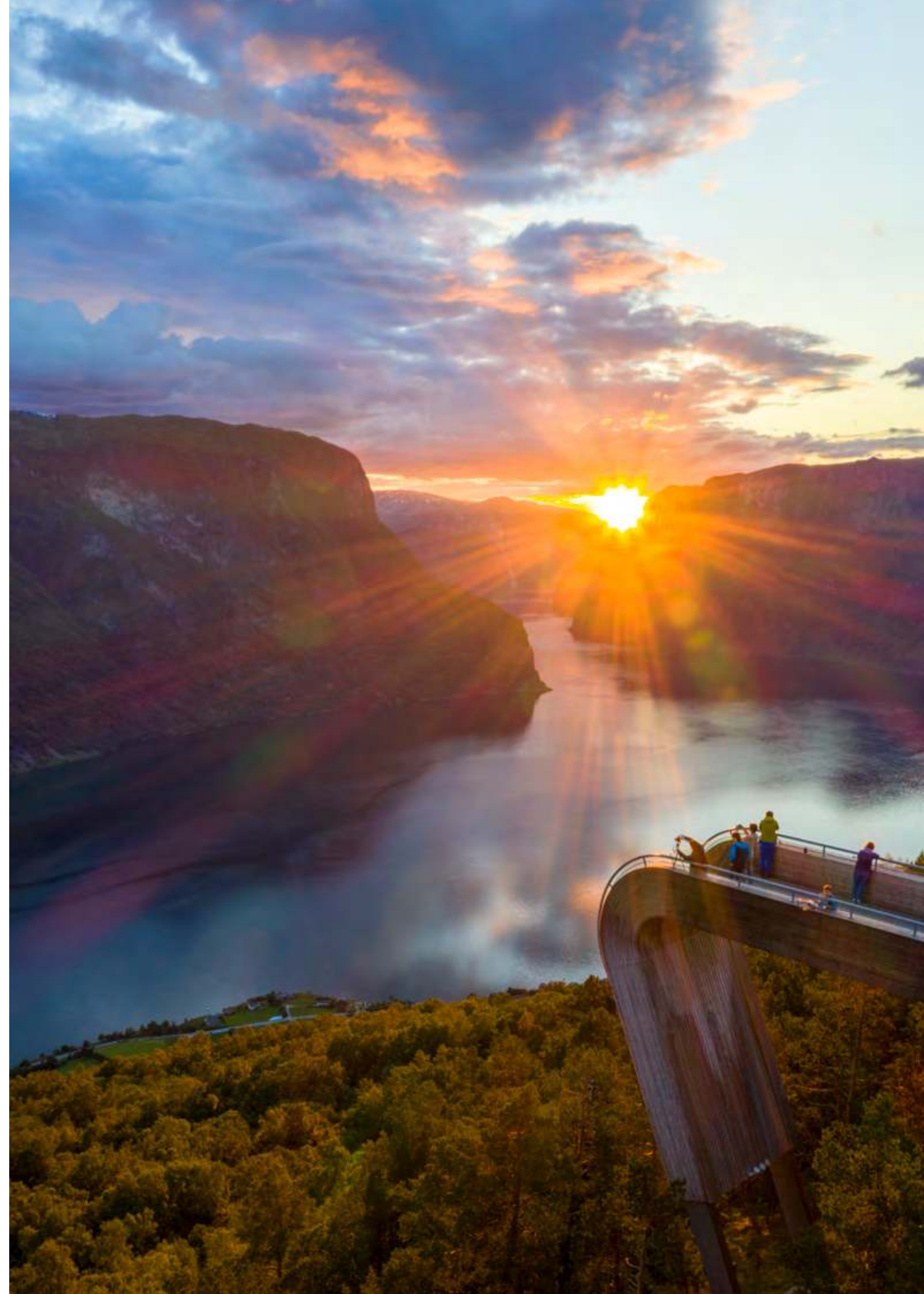
Sparebanken Vest carried out a significant strategy and management development initiative in 2023. Good leadership will help the bank develop the most performance-oriented culture in banking and finance. Various arenas for further developing the bank's managers have been organised during the year. Initiatives such as Camp Finse, Horisont and management training have created arenas that involve and mobilise the bank's managers.

In 2023, the bank conducted a survey to map the physical and psychosocial working environment. The results show high job satisfaction among the bank's employees. The working environment is perceived as good, and employees feel that they are able to express their views freely.

ALL FINANCIAL TARGETS WERE MET IN 2023

		Target	Result	
	ROE after tax	> 13.0%	16.5%	
	Dividend payout ratio	Around 50%	58.8%	
	CET1 ratio	16.05%*	16.8%	

* 16.05 per cent is derived from the sum of all CET1 minimum and buffer requirements + 1.25 percentage points.





1.4 Created by and for Western Norway

The savings bank model is 200 years old – and still alive and kicking.

When Sparebanken Vest was founded in 1823, 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.

This is still the case. Sparebanken Vest was created by and for Western Norway, and its long-term goal is 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 various ways. Sparebanken Vest is an equity certificate bank, which means that the bank has two classes of assets and owner groups. Sparebanken Vest is 59.3 per cent owned by the region and 40.7 per cent by the equity certificate holders. The bank has previously raised capital for further growth and development through the issuance of equity certificates.

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 is divided between dividend and the equalisation reserve, while the primary capital's share of the profit is divided between the social dividend, customer dividend and the bank's primary capital.

Taking into account the bank's capital adequacy, strategy and development, the goal is for approx. 50 per cent of the year's profit to be distributed as dividend. 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 2023 financial year, the Board has proposed a dividend of NOK 7.50 per equity certificate to the equity certificate holders, amounting to a total of NOK 823 million. In addition, a customer dividend of NOK 1,050 million and social dividend of NOK 150 million have been proposed. Together with an additional allocation in autumn 2023 for the 2022 financial year, the social dividend for the last six months amounts to NOK 632 million.

Social dividend

Because the region owns 59.3 per cent of Sparebanken Vest, part of the profit goes back to the communities in Western Norway. The social dividend enables 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 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.

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 funds 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, in a way, a stake in the bank, and the bank therefore shares its profit with them.

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.

The equity certificate

The figures show the price development, pricing and trading in Sparebanken Vest's equity certificate over the past five years (ticker: SVEG). Further information is available at www.spv.no/english/investor-relations

At year-end 2023, 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 306 billion. The total market value of the equity certificates was roughly NOK 12.0 billion.

The total return on the SVEG certificate in 2023, including reinvestment of dividends, was 29.5 per cent, compared with 9.9 per cent for the Oslo Børs benchmark index (OSEBX) and 17.2 per cent for the equity certificate index (OSEEX). At year-end, Sparebanken Vest's equity certificate was traded at a market price of NOK 109.4, which corresponds to 1.36 times the book equity.

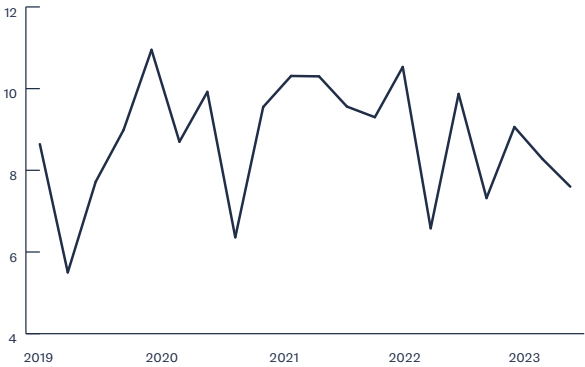
Since 2019, Norwegian savings banks (represented by the equity certificate index OSEEX) have been repriced by the market, and have seen a stock exchange return that far exceeds the benchmark index. As illustrated below, an investment in Sparebanken Vest's equity certificate in this context has generated an even higher return than the equity certificate index.

Price Development SVEG last five years

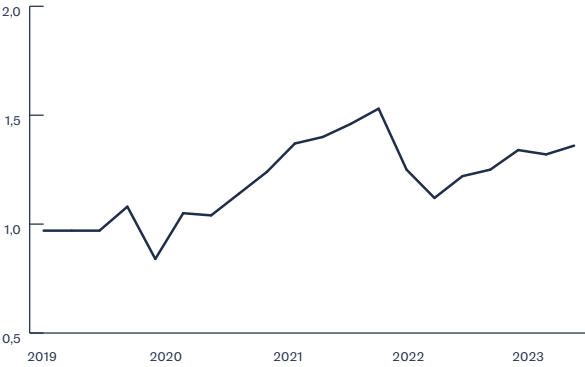




Development in market price of equity certificate relative to profit (price-to-earnings ratio)

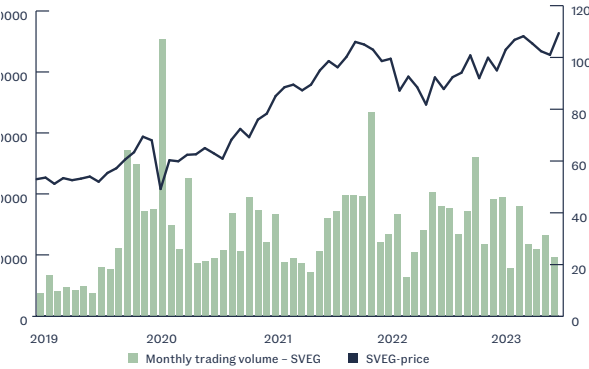


Development in market price of equity certificate relative to book value (price-to-book ratio)



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. As the figure shows, the conversion has increased the volume of trading in the equity certificate. The average monthly trading volume has more than doubled compared with the three years before the conversion. The price development has also been good overall after the conversion.

Monthly trading volume - SVEG



At year-end 2023, the Group's overall paid-up capital linked to equity certificates amounted to NOK 2,743 million, divided between 109,721,186 equity certificates with a nominal value of NOK 25 each. Sparebankstiftinga Hardanger is the bank's biggest owner, with an ownership interest of 10.90 per cent, followed by Pareto Invest with an ownership interest of 7.7 per cent. Approximately 78 per cent of the equity certificates are owned by investors based in Norway. The foreign investors with the largest ownership interests are based in the USA, Cyprus and Luxembourg.

Twenty biggest owners of equity certificates

	No ECs
SPAREBANKSTIFTINGA HARDANGER	11 954 394
PARETO INVEST NORGE AS	8 411 112
GEVERAN TRADING COMPANY LTD	4 397 818
VERDIPAPIRFONDET ALFRED BERG GAMBAK	3 589 282
VPF EIKA EGENKAPITALBEVIS	3 437 214
SPAREBANKSTIFTELSEN SAUDA	3 144 264
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE	2 764 185
SPAREBANKSTIFTINGA ETNE	2 514 296
PARETO AKSJE NORGE VERDIPAPIRFOND	2 492 547
SPESIALFONDET BOREA UTBYTTE	2 216 041
BROWN BROTHERS HARRIMAN & CO.	2 183 075
BLOMESTØ AS	2 000 000
STATE STREET BANK AND TRUST COMP	1 892 958
J.P. MORGAN SE	1 337 273
VERDIPAPIRFONDET NORDEA NORGE VERDI	1 303 343
DNB MARKETS AKSJEHANDEL/-ANALYSE	1 296 859
SPAREBANKSTIFTELSEN SPAREBANKEN VEST	1 193 958
SPAR SHIPPING AS	1 183 480
J.P. MORGAN SE	1 117 303
MP PENSJON PK	1 085 436
Total	59 514 838
Other	50 206 348
Total	109 721 186

Further information can be found at www.spv.no/english/investor-relations

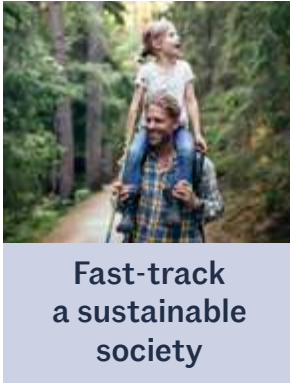
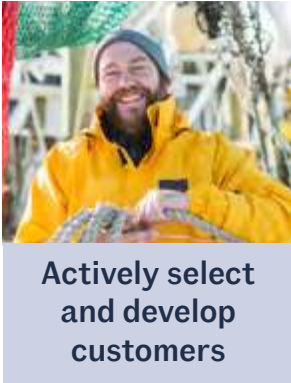


1.5 Our material sustainability topics

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 analysis was further developed in 2023.

Each topic is also discussed in the related chapters of this integrated annual report and summarised in the GRI index. *See Chapter 4 on sustainability* for in-depth information about the individual sustainability topics and how Sparebanken Vest communicates with stakeholder groups about them.

The topics are presented below and are divided into the sustainability strategy's four focus areas.



Skills development

Climate risk and financed emissions

Social dividend

Sustainable finance

Security and data protection

Economic crime prevention

Material topics

Summary and highlights



2.1 Letter from the CEO

Photo: Eivind Semmeset



interest rates and high wage settlements have impacted the market in 2023. It is difficult to predict what 2024 will look like. Savings banks are more important than ever in times like these.

A STRONG, INDEPENDENT BANK

Sparebanken Vest enjoys a strong position, both in the market and in financial terms. The bank has delivered the best ROE and has the lowest cost/income ratio in the market.

We are now witnessing major changes in the savings bank sector. The structural changes that are being introduced mean that many banks are now more interested in close cooperation and a 'safe haven'.

Our strong performance makes us truly 'master of our own domain' in the face of major changes. We do not need to take structural steps that would be detrimental to jobs or our region.

In March 1823, three maids, two merchants, one sailor and 93 other ordinary people joined forces to do something rather unusual: Create a bank that they owned together, to make life better for the people in the region. They believed that they had a better chance of solving the community's challenges together than separately. This became Bergens Sparebank, which went on to become Sparebanken Vest.

Two-hundred years later, this is still what drives us: The belief that we can make life better for the people who live here. The belief that society's challenges are best solved together.

Sparebanken Vest has been a driving force for life and business in Western Norway, during both periods of prosperity and years of war and want. War in Europe and the Middle East, high inflation, a weak Norwegian krone, higher

However, the changes provide some interesting opportunities, which we are poised to seize, including opportunities for closer and more attractive collaborations, and the creation of new exciting companies and jobs. Sparebanken Vest is well positioned for further mergers with banks that wish to do so.

CULTURE AS A COMPETITIVE ADVANTAGE

To maintain our position as a stand-alone bank, 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 2023, we invested a lot of effort in involving all employees in developing a new group strategy. This has given us an even clearer understanding of the core of what we stand for, what our strengths

are. Such 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 part of.

STRONG RESULTS BENEFIT CUSTOMERS

Many people appreciate having a bank that is large enough to stand firm when tested, but that is also small enough to be close to customers and the local community. Customers like to seek advice and talk to their bank adviser during periods of global and economic turmoil. Corporate customers also find assurance in knowing that decisions that concern them are made here in Western Norway by a bank that knows them and the region well.

Happy customers fuel our growth. Gross lending increased by 13.9 per cent in 2023. Lending growth in the corporate market amounted to 10.1 per cent. The Bulder concept now has a mortgage portfolio of around NOK 47 billion, compared with around NOK 24 billion at the start of the year. We have seen good growth in deposits, well above market growth, both for retail and corporate customers. This means that Sparebanken Vest wins market shares throughout the year, in line with the goals we have set ourselves as a bank.

The strong results also explain why we have been able to pay a record-high customer dividend of NOK 580 million this year.

WE MAKE OUR MARK IN THE REGION

A mere handful of customers in 1823 has grown into 339,000 in 2023, and we are humbled by the mission we have been given: continuing a two-hundred-year-old business model that harnesses the power of individuals and uses it to create great economic value for the local community.

Good results over time, combined with a savings bank model based on 60 per cent community ownership, means that we can make significant donations to activities for the public benefit. We have done so extensively during the anniversary year, distributing a total of NOK 632 million to small and large projects.

Over the past ten years, the bank and Sparebankstiftelsen Sparebanken Vest have awarded more than NOK 2 billion in funding to sports clubs, cultural initiatives, voluntary organisations and restructuring projects, which we know means a great deal to many people. The potential we represent for our region is likely to be even more important in the next ten years.

WE CAN DO IT BETTER TOGETHER

Our vision is: We make life in Western Norway better. Our goal is to become Norway's best savings bank.

Sparebanken Vest shall be among the top two banks in terms of ROE and the best in customer satisfaction. We shall have the strongest social commitment in Western Norway and be the most exciting place to work for those who want to develop their personal and professional skills. We are now ready to take further steps in 2024 and the years to come, both as a bank and as a region.

A big thank you goes out to our customers, equity certificate holders and partners, and an extra big thank you to all our employees who every day help to build a bank that the people in our region would be poorer without.

Jan Erik Kjerpeseth
CEO



Sparebanken Vest makes historic donation to the football club Brann: 'A milestone for equal opportunities in football'

Sparebanken Vest is celebrating its 200th anniversary by donating NOK 43 million to support football club SK Brann's upgrades to its stadium and training facility at Nymark. Brann's women's and men's teams will now train and play matches on the same pitch.

'It's about creating equal opportunities for male and female players and sends an important message to all the young girls who dream of going far in the world's most popular sport. They should feel that we believe in them and that we take their dreams seriously,' says CEO of Sparebanken Vest, Jan Erik Kjerpeseth.

This autumn, Brann has applied for funding to upgrade the grass pitch at Brann Stadion and the two grass pitches at Nymark. The hybrid grass to be laid is more durable than today's grass and will enable more teams to train and play matches at the stadium. This means that Brann's women's and men's teams will train and play matches on the same pitch.

Proud Brann captain

Brann captain Cecilie Redisch Kvamme is delighted with Sparebanken Vest's and Trond Mohn's donations to the project, which total NOK 86 million. She looks forward to getting the same opportunities as the men's team.

'I'm incredibly proud to be part of a club that's leading the way and fighting for equal opportunities for women and men. The fact that we're now going to train and play matches regularly at Brann Stadion is just fantastic. It sends an incredibly important message to the young girls out there. Girls want more, and now they're also taken seriously – just like the boys,' says Redisch Kvamme.

Construction starts at the end of November/ December, and the first phase is scheduled for completion on 1 April 2024.

'This is a historic milestone for Brann and for women's football. Now the entire club will be "under one roof". We are very grateful to Sparebanken Vest and Trond Mohn for making this possible,' says Aslak Sverdrup, Chair of the Board of Brann.

'Reduces discrimination'

The support to Brann is closely linked to the 'Girls want more' initiative, which Sparebanken Vest launched in autumn together with the clubs SK Brann, Sogndal Fotball and Arna-Bjørnar.

The initiative is a joint boost for women's football in Western Norway, in an effort to eliminate the differences in the resources available for boys and girls. To date, Sparebanken Vest has awarded NOK 6 million to more than 300 local girls' teams.

President of the Norwegian Football Federation, Lise Klaveness, emphasises how important this is for women's football.

'As a child, I dreamt of playing for Brann. I never got the opportunity. Fortunately, girls today can both dream and get the chance to play in the red strip at Brann Stadion. This historic milestone promises real equality in that the girls can now both play matches at the stadium and use the same training facilities. Real equality between the teams, and equal opportunities for girls and boys who dream of playing for Brann. This is not only a boost for football in Western Norway; Brann is setting a new standard for football all over Norway,' says Klaveness.

This is the largest single sum Sparebanken Vest has ever awarded, and is a unique donation linked to the bank's 200th anniversary.

'Sparebanken Vest has supported our region for 200 years and wants to make a lasting impact. It is therefore particularly pleasing to award such a large anniversary gift that will benefit so many and that addresses an important challenge in society,' says Jan Erik Kjerpeseth.

2.2 Highlights of the anniversary year



JANUARY, FEBRUARY, MARCH

Top spot in the Fair Finance Guide – In seven years, Sparebanken Vest has jumped from the bottom to the top spot in the Fair Finance Guide. This is the result of diligent work towards our goal of building lasting competitiveness for our customers and Western Norway.

Strong profit performance for 2022

In February, the bank reported a pre-tax profit of NOK 3,504 (3,055) million and an ROE of 14.6 per cent. The Board proposed a dividend totalling NOK 603 million to the bank's equity certificate holders.

Record customer and social dividends in 2023

A record customer dividend of NOK 580 million and a social dividend of NOK 301 million was adopted for 2022. It was the fourth year, of a possible four, that Sparebanken Vest's customers received a customer dividend.

Margunn Minne becomes head of the corporate market division

Margunn Minne, who has been acting EVP of both Corporate Market South and Corporate Market North since September 2022, became permanent head of the entire corporate market division from February.

Vestlandskonferansen – Handlekraft (power to act)

The Vestlandskonferansen business conference raised the ceiling in the Grieg Hall

and generated lively debate, words of wisdom and professional input. For the first time, we also presented the Handlekraftprisen award, which went to Ålesund company Spilka.



Sparebanken Vest – 200 years young – In March 1823, three maids, two merchants, one sailor and 93 other ordinary people came together and formed a bank that they would own together, to make life better for the people in Western Norway. This later became Sparebanken Vest, and the anniversary was marked on 6 March at all our branch offices from Jæren in the south to Ålesund in the north.

Official opening of new branch office in Ålesund

The flagship for our initiative in Møre og Romsdal county finally opened. After 18 months in temporary premises, we moved into newly renovated, beautiful premises in the very centre of Ålesund.



APRIL, MAY, JUNE

Huge turnout at crash course for young home buyers – An impressive 722 prospective first-time buyers attended a crash course to learn



about own funds, financing and bidding strategies. The course was presented by skilled employees of the bank and Eiendomsmegler Vest, together with conference host, comedian Martha Leivestad.

Profit growth and good ROE in Q1

Sparebanken Vest recorded a pre-tax profit of NOK 944 (849) million and an ROE of 17 per cent in the first quarter. The bank had a robust CET1 ratio of 18.4 per cent at the end of the quarter.

We launched six behavioural principles

We asked ourselves: what do we need to do more of in order to build the strong team and learning culture we want to be part of at Sparebanken Vest? The result was six simple behavioural principles, which define the behaviour we believe is necessary to achieve our goals.

New EVP of Retail Market North

Olav Hovland was appointed EVP of Retail Market North, after many years as head of the corporate market division. Tore Dvergsdal will take on a new role as senior adviser to the Group.

100 managers take part in management training

The management development programme 'Handlekraft' (power to act) brought together managers from a wide range of backgrounds and industries to improve collaboration in Western Norway, and secure



transition momentum. Sarah Cartwright and Jay van Bavel inspired 100 managers from the region.

New way of purchasing carbon credits

We are committed to zero emissions by 2040. Through the organisation Down to Earth – Carbon Removal, we have invested in biochar that cider company Alde Sider uses to enrich the soil for its apple cultivation. This initiative enables us to support a good corporate customer in Hardanger, while also compensating for half of the direct emissions from our office operations.

The executive management come together in Finse

Sparebanken Vest invests in management development and involvement. In order to mobilise the entire bank towards common goals for further growth, the bank brought all the managers together for a strategy seminar in Finse.

JULY, AUGUST, SEPTEMBER

Norway's best mobile banking solution for businesses – Sparebanken Vest has Norway's best mobile banking solution with a score of 4.7 out of 5, based on average customer ratings in App Store and Google Play. The new features launched in April included facial recognition login.

Bulder has Norway's most satisfied customers – Norwegian banking customers ensured Bulder came out top in EPSI's¹ customer satisfaction survey for 2023. With 79.2 points, they eclipsed the average of 67.7, with a good margin to the next bank on the list.



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



Girls want more – for equal opportunities in football – A study conducted in collaboration with the Norwegian School of Economics (NHH) shows that girls who play football find that the world expects less of them than they do of themselves. That is why we launched the ‘Jenter vil mer’ (Girls want more) initiative together with the football clubs Sportsklubben Brann, Arna-Bjørnar Fotball and Sogndal Fotball, to create equal opportunities in football.

Sound results on Capital Markets Day – Analysts, investors and other business associates were in place at the Capital Markets Day in August, where we presented excellent accounting figures. An ROE of 15.1 per cent is above the target of 13 per cent, and a cost ratio of 30.2 is among the best in the industry.



‘Hjertebank’ for Western Norway – The ‘Hjertebank’ tour visited Stryn, Øygarden, Haugesund and Bergen in 2023. In each destination, volunteers and enthusiasts were celebrated with shows and the award of NOK 1 million to great initiatives and organisations in the local community.

New group of aspiring managers – Autumn means a new group of aspiring managers in Sparebanken Vest. Twelve young talents attended sessions throughout the year – this

year’s group got under way with their management training in October.

Joint focus on crime in Western Norway – Banks are registering explosive growth in the number of fraud cases, which are also becoming increasingly complex. We invited the region’s economic crime experts to a seminar on the topic at Jonsvoll in September.

Nokas has taken over operation of cashpoints – Nokas has purchased and will be operating the bank’s physical cash machines. This will simplify the follow-up of the machines and save costs, with the least possible inconvenience for customers.

Etne Sparebank + Sparebanken Vest = True – In September, we announced that we had transferred all customers, loans and savings in Etne Sparebank to Sparebanken Vest. Since the merger was announced, we have distributed more than NOK 20 million to good causes in Etne, Vindafjord and the surrounding area.

OCTOBER, NOVEMBER, DECEMBER

The performance index shows a relocation of labour – The performance index, Vestlands-indeksen, measures business activity in Western Norway. In the third quarter, business managers in the building and construction industry reported hard times. On the positive side, those who were made redundant in the construction industry got a job in energy – an industry with a bright outlook and high expectations.



‘Volum’ conference – bigger and better – In November, a stellar team on stage in the Grieg Hall challenged 700 of the city’s smartest tech,

design and marketing minds to change their way of thinking. Since last year, ‘Volum’ has doubled in size. The theme of this year’s conference was digital exclusion.

Strong growth in lending in Q3 – Sparebanken Vest recorded a pre-tax profit of NOK 1,157 (1,095) million and an ROE of 16.1 per cent. Gross lending growth for the year was 13.5 per cent, largely driven by Bulder.



New group of Women in Tech – Twenty-four lucky tech women in Western Norway were selected to take part in a new round of Women in Tech. They will receive individual coaching from management expert Sarah Cartwright. Agenda Vestlandet is behind the initiative, and the goal is to secure more female managers in the technology field.

Siren Sundland named digitalisation manager of the year – Siren Sundland, EVP Strategy and Digital Distribution, was voted digitalisation manager of the year by Atea Norge, which highlighted her efforts to use technology as a tool for growth and her commitment to technology development in Western Norway.



Record allocation to Sportsklubben Brann – Together with Trond Mohn, we have contributed NOK 86 million in funding for upgrades to Brann Stadion, the local football club’s stadium, and the training facility at Nymark. Finally, Brann’s

women’s and men’s teams will train and play matches on the same pitch!

Purchased equity certificates in Sparebanken Sør – In December, Sparebanken Vest purchased 2,400,000 equity certificates in Sparebanken Sør for NOK 300 million, corresponding to a holding of 5.8 per cent of issued certificates.

Additional allocation of NOK 811 million – The General Meeting adopted an additional allocation of around NOK 811 million for the 2022 financial year. Of this, NOK 482 million went to the social dividend and NOK 329 million was a cash dividend to the equity certificate holders, corresponding to NOK 3 per equity certificate.



NOK 6 million in funding to more than 300 girls’ teams in Western Norway

Girls want more – Awards to teams and Brann
As part of our social mission, we will fight for equal rights, opportunities and participation for all – also in sports. Through the ‘Girls want more’ initiative, we aim to raise the profile of girls’ football, change attitudes and help create equal opportunities for girls and boys.

Together with NHH Professor and member of Brann’s board Siv Skard, a survey was conducted among players, parents and coaches in football clubs in Western Norway. Among other things, the survey showed that girls who play football find that the world expects less of them than they do of themselves. Based on the findings, we developed a funding scheme for football clubs in Western Norway as well as an awareness campaign for girls’ football.

[Read more here](#)



2.3 Outlook

War in Europe and the Middle East, high inflation, a weak Norwegian krone, higher interest rates and high wage settlements have impacted the market in 2023. Norges Bank has raised the key interest rate significantly over the past two years, to reduce pressure on the Norwegian economy. There is much to indicate that Norges Bank's use of the key interest rate as an instrument is now starting to work through lower growth and price developments. Both Norges Bank and the interest market expect a more stable interest rate level early in 2024, with potential interest rate cuts during the year.

An uncertain macroeconomic situation and lower growth combined with well-capitalised banks means the Board expects lower credit growth and further pressure on interest margins in 2024. This will particularly apply to loans to households. A target for lending growth of 3–4 per cent in the retail market division is ambitious in light of the macroeconomic situation, increased competition and increased customer mobility. The Bulder concept has seen very strong lending growth in 2023. The Board expects this to continue, and the bank's target is a lending portfolio of NOK 60 billion at the end of 2024. On a marginal basis, an ROE of 7–9 per cent is expected for Bulder. This is within the bank's communicated profitability roadmap for the concept.

The bank's position in the corporate market has been consolidated in recent years, and access to customers and volume has been good. However, market developments will be somewhat more differentiated. Some industries, such as shipping and fisheries, still expect to see positive development. In building and construction, real estate and parts of the retail sector, development and growth will be more

demanding. Combining good growth and good margins in the transition towards a greener lending portfolio will also be challenging. The Board nevertheless expects lending growth in the corporate market of 6–8 per cent in 2024.

Defaults and losses are likely to be higher than in recent years, as changes in the macroeconomic situation materialise to a greater extent for households and businesses. Robust model-based provisions, good operations and sound equity mean the bank is well prepared to face more challenging market conditions.

Volatility is expected to continue in the capital markets. This affects the financial results of both the bank and its associates. Even minor changes in credit and basis spreads can significantly affect the bank's accounts in the short term and the costs of the bank's future capital market financing.

In relation to comparable banks, Sparebanken Vest has the lowest cost ratio (costs/income) in the Norwegian market, a position it aims to maintain. Total cost growth in 2024 is estimated at around 5 per cent, excluding strategic initiatives.

The Board emphasises that the bank must be capital-efficient, but at the same time well-capitalised in order to handle fluctuations in its framework conditions. Allocations will naturally be adapted to the bank's profit performance, growth ambitions and regulatory requirements.

The objectives set for the bank's subsidiaries and associates support the Group's objectives, and they are expected to make increased contributions in 2024.

The Board assumes that the bank's ROE target of 13 per cent and dividend payout ratio of around 50 per cent will be achieved in 2024.

The Board and the bank's management have recently worked on updating and developing the bank's business strategy. This work has clarified the bank's strategic core, and also defined its strategic flow and strategic victories. The Board expects this work to further consolidate the bank's position going forward.

Structural changes in the savings bank sector have accelerated recently. Savings banks are merging, banks are moving between alliances and a major insurance merger has come to

fruition. Sparebanken Vest stands firmly on its own two feet, and the bank's development in recent years shows that it is an attractive player in the market.

The Board emphasises that Sparebanken Vest will continue to be an independent and autonomous savings bank. However, the bank will explore opportunities in relevant processes if this supports its strategic foundation. An attempt will be made to develop cooperation among the Frende banks through the establishment of a looser, bank-driven and more cost-effective form of collaboration: the Frende Group.



Our strategic agenda

200

For 200 years, we have stood together to make life in Western Norway even better.

3.1 Introduction

In 2023, the bank has undergone an extensive strategy process focusing on developing an updated group strategy. All the bank's managers have been involved in the process, and the work has been embedded in and owned by the executive management. The work has

also resulted in the development of an updated strategy development methodology for the Group, which will also be used in the bank's strategy work in other areas going forward. The group strategy clarifies the key areas the Group must focus on in the next three-year period.

3.2 Our core

For two hundred years, Sparebanken Vest has created value – generation after generation.

In 2023, the bank celebrated its 200th anniversary and defined what we stand for and what we will build on as a bank. We have defined this as our core.

The bank will further develop its business by maintaining the core of the business model, defined as six points, while working systematically to create new progress.

1. *Our success is created in the interplay between strong community ownership and demanding capital markets.*
2. *It matters where you come from: We use our knowledge and standing to develop attractive local communities and a strong region*

3. *We create our competitiveness through a winning team where each individual is responsible for their own growth and development*

4. *We are large enough to go our own way, and small enough to be the fastest*

5. *World-class digital solutions, combined with dedicated people who find the best solution to challenges and dreams, are what make our customers choose us*

6. *The road to success has always been our ability to practise what we preach*

We know what we stand for. At the same time, we constantly challenge ourselves with new and ambitious strategic goals. That is how we keep making progress, and how we create new value.



3.3 Updated group strategy

In the group strategy, we have set ourselves the goal of being among the top two savings banks in terms of ROE, and the best in customer satisfaction.

The group strategy sets the direction for the bank towards the end of 2026 with four important key areas that the Group must focus on in order to realise its ambitions. By the end of 2026, the bank will succeed in the following areas:

A strong distribution capacity and an attractive market position in Møre og Romsdal and Rogaland

Over the next three years, the bank will secure a branch office structure that stands the test of time and reflects our local identity, belonging and standing. We will also raise awareness and knowledge of our brand in Møre og Romsdal and Rogaland.

Bulder has NOK 83 billion in lending and helps increase the bank's ROE by one percentage point

Over the next three years, Bulder will take the position as the industry's best challenger. We

will prove that it is possible to scale a mobile banking concept on digital terms and build profitability based on a transparent pricing model.

Frende Group represents a strong alternative to close alliance cooperation

We will make it even more attractive to be part of the product collaboration that includes Frende, Brage and Norne. We will identify areas where it makes sense to work together to realise synergies and be an attractive alternative to close alliances in the Norwegian banking sector.

We have ambitious, cost-effective mortgage growth

Mortgages are our most important product, and we will increase the degree of automation in the mortgage process. We will work in a structured, insight-based manner to ensure that customers receive good and relevant offers and advice, both digitally and through our proactive, skilled advisers.



NOK 5 million donation to Teater Vestland in Førde and theatre culture in the region

The award will go to technical equipment in the auditoriums in the brand new Nynorskhuset venue in Førde and will expand the range of cultural activities in the region.

Teater Vestland will use the funding to buy technical equipment for permanent installation in the auditoriums

in the brand new Nynorskhuset in Førde, which is set to house the theatre. This will make more culture available to the people who live in Førde and Sunnfjord.

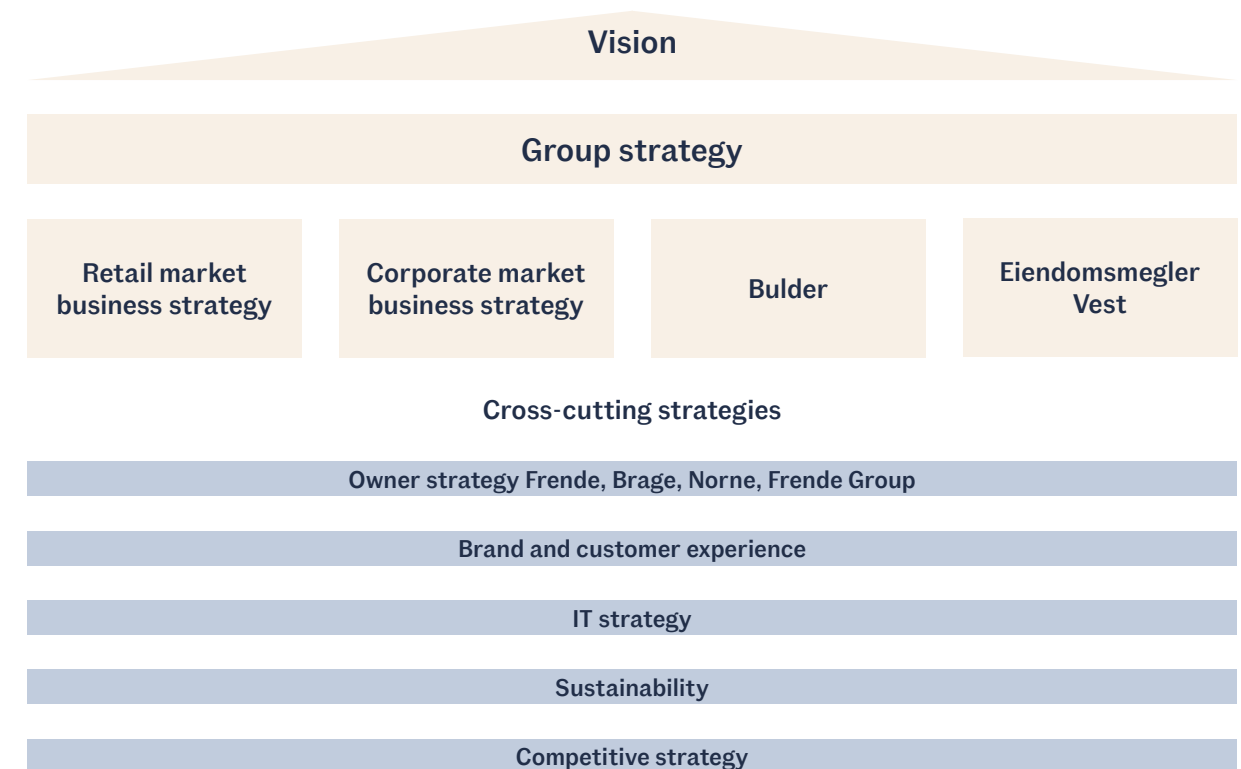
In addition to Teater Vestland, Nynorskhuset will house, among others, NRK Vestland, Firda, Nynorsk Mediasenter and Nynorsk Avissenter. The co-location of media companies and cultural institutions will foster an environment and opportunities for new creativity and cooperation in Førde.



3.4 Overview of strategies

During 2023, a new strategy structure was developed in the Group. It is based on the direction-setting vision and the group strategy that sets out the Group's most important priorities. Furthermore, the strategy for the business areas has been integrated across the technology divisions and business areas. This

ensures multidisciplinary coordination of our competitiveness, which is created by world-class technological solutions combined with people who are genuinely dedicated to what they do. The bank also has strategies that cut across all business areas that apply to the whole bank.





3.5 Operationalisation of strategy

The operationalisation of the bank's strategy is carried out in projects and initiatives with clear responsibilities and goals. The ten most important strategic steps the bank takes in a six-month period are included in the bank's 'Top

Rolling 10'. These are areas where the bank needs to move quickly to achieve its strategic goals and realise its vision. The Top Rolling 10 is prioritised by the executive management and is subject to frequent follow-up.



NOK 2.8 million to HMM Health Care for Ukraine for emergency health care for the front-line medical service in Ukraine

The people of Ukraine are being subjected to an inhuman ordeal. In early 2022, they were living peaceful lives, just like us. They had a well-functioning society around them, and they took basic things like healthcare, food and heating for granted. However, Russia's military aggression changed all that dramatically. Acts of war, bombings, death and depravity are now commonplace, and civilians are suffering.

The emergency services, hospitals and Ukrainian Armed Forces' medical service lack essential life-saving equipment. Poor dental health leads to life-threatening infections for injured Ukrainian soldiers. They also make wounds and gunshot wounds more difficult to heal. Sparebanken Vest awarded NOK 2.8 million to HMM Health Care for Ukraine for a purpose-built fully-equipped mobile dental clinic that will go out into the field to save lives. It was handed over as part of a large relief convoy to Ukraine just before Christmas, where Siren Sundland represented the bank.

[Read more here](#)

3.6 Culture as a competitive advantage

As a stand-alone savings bank that competes with far bigger players, we have set ourselves the goal of being the fast that beats 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 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.

[Our Culture Document](#) contains six short chapters that describe optimal teamwork. The Culture Document sets a clear direction for what we believe is most valuable in a knowledge-based organisation like ours: A sense of belonging and 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 having the worst performance in the capital markets from 2000 to 2012, Sparebanken Vest's performance has in recent years been among the best. 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!



NOK 15 million awarded to USF Verftet and the cultural scene in Bergen.

The award goes to the project 'USF Hall: from industry to culture', to develop Norway's most environmentally-friendly and flexible cultural arena. A venue with a first-class stage, sound and lighting system, but that is still affordable to hire for large and small events.

The donation helps mark Sparebanken Vest's 200th anniversary. The project will be a boost for the local cultural scene, both for organisers and audiences. This donation will give Bergen a larger and more flexible cultural arena, and it provides a foundation for a wide range of activities, without the organisers having to spend a lot on sound, lighting and stage.

[Read more here](#)

3.7 Best at changing behaviour

Changing behaviour is our competitive strategy that will 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 part of.

Value is created when talented colleagues enjoy their work, when employees are committed, have exciting challenges and busy workdays that make them look forward to going to work. Sparebanken Vest's employees are able 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 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 changing behaviour

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 is about communicating and showing why we are the best place to work for people who want to learn and develop. Our employees are our best and most important ambassadors, 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 generate value for the recipient. At the same time, we show that we are curious about what we can learn from others.

We also invest considerably 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 facing society. Internally, we create learning arenas that ensure that our employees develop their skills 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.

Recruitment is by far our most important job as managers. We will make sure the right person is in the right position. We use a standardised, 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, commitment and determination. We always choose the candidate who shows the greatest willingness and ability to develop themselves and the team.

The recruitment process 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.

Management development is a priority focus area in Sparebanken Vest. Good management is vital to creating a common understanding of the bank's strategy and goals and to succeeding 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



On 6 March 2023, Sparebanken Vest celebrated its 200th anniversary at all its offices from Jæren in the south to Ålesund in the north. The photo was taken at the celebration at Jonsvoll in Bergen.
Photo: Thor Brødreskift



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.



3.8 Norway's best digital customer experiences

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.

The 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.

A **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 all learning should support the right behaviour and help build the expertise and culture to support our strategic goals. Continuous development of the bank's learning culture means our employees can learn, contribute and be valued through different career paths.



NOK 2 million to the Church City Mission and the establishment of Bærekraftshuset Wigandgården

The award goes to the establishment of Bærekraftshuset Wigandgården. This initiative will address important challenges in society such as poverty and exclusion, young people outside the labour market, and climate change and the environment.

The Church City Mission in Bergen makes a great effort in the local community to combat exclusion and local living condition challenges. The establishment of Bærekraftshuset is a response to these challenges, which will enable the Church City Mission to address multiple challenges at the same time. By combining Skattkammeret sports equipment loan service, Pedalen bike workshop and work training, they aim to combat exclusion, poverty and buying pressure. They work to promote social sustainability by improving young people's opportunities in the labour market, improving the environment and changing attitudes to the sharing economy. The Church City Mission's goal is for Bærekraftshuset to provide knowledge and inspiration on how to combat exclusion while creating vibrant local communities and contributing to the green transition.

Sparebanken Vest has chosen three focus areas in light of the current situation: the fight for inclusion, creating vibrant communities and the green transition.

The Church City Mission promotes diversity and inclusion on several levels and focuses particularly on children and young people from low-income families. Bærekraftshuset Wigandgården will address all three of our focus areas.

[Read more here](#)

As a highly ambitious stand-alone 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. Customers should reach their goals faster, and our advisers should be able to create added value more quickly.

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 relationships – it creates friction. For the customer and for us.



Friction-free digital purchases

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



A friction-free digital customer experience

Zero vision for unnecessary follow-up
Ensure that we use our resources to build relations with the customer and not on admin and maintenance



Smart technology choices

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



Our vision: Norway's best digital customer experiences

Our value proposition for IT: Digital first, because it is easier for customers and for the bank

Friction-free digital purchases 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 in digital growth, we must trigger the customer's 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.

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 use other channels to manage their daily banking needs.

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.

Smart technology choices are about ensuring that all technology choices are 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.



NOK 10 million to ice rink/skating track at Vikahaugane, Leirvik

We are helping to make the area more attractive to both people and businesses in the area.

For many years, the sports club Stord Idrettslag has worked actively to realise the dream of building an ice dome around an existing ice skating track. Its potential as a year-round sports arena will be unique in the national context. Versatile ice and winter activities will be replaced by summer activities on roller skates and ball sports on artificial grass.

At a time when winters are getting shorter and outdoor activities such as ice skating and skiing are either being moved indoors or to 'higher-lying areas', an ice dome at Vikahaugane is a unique, forward-looking facility that the entire region will be able to use and take pride in.

It will be a year-round facility for a variety of ice-based activities during the winter season, and for roller skating and ball sports in the summer on an indoor grass pitch installed under the ice.

From a public health perspective, the skating track at Vikahaugane has been used extensively by all age groups, from young children to pensioners. It has been, and will continue to be, a low-threshold activity, which kindergartens, primary and secondary schools are free to use during the day.

3.9 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, and, at the same time, the bank will be a powerhouse that contributes to ensuring that the solutions Western Norway develops to meet global needs generate lasting value for our region.

Time is not on our side. We know that courageous leadership is needed to enable the region, our customers and the bank to develop in a more sustainable direction – starting now. Tomorrow will not be like yesterday; 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 around 75 per cent of the bank's lending consists of mortgages, we know that we need to go to great lengths to provide good advice and solutions to customers who own houses with a low energy rating, to enable them to make advantageous choices

while they can, and before they have to.

We have set a target of net zero GHG emissions by 2040, which is ten years ahead of other major companies and regions. 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 1.5C target for the entire business, including our own operations, based on the Science Based Targets initiative (SBTi). The targets will be verified by SBTi as soon as their net zero standard for the financial sector has been adopted. Our ambitious goals are important because finance is a driving force for change, and because our competitiveness lies in 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.



Pursue expertise

We pursue expertise that ensures that all employees put sustainability into practice



From insight to motivational solutions

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



Actively select and develop customers

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



Fast-track a sustainable society

We will fast-track sustainable social development in our region



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

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

Pursue expertise 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 insight to motivational solutions 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 customers. We help our customers to readjust, and ensure long-term competitiveness by offering products and services that motivate 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, 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 adapt our working methods and goals in a dynamic way.

Fast-track a sustainable society in Western Norway. 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 expertise in the region by exchanging experience and realising projects. We will help to create forward-looking jobs, build arenas for insight and expertise with the help of allocations that focus on impact.



Sustainability

200

For 200 years, we have stood together to make life in Western Norway even better.



4.1 Introduction

Sparebanken Vest shall be the main driver encouraging the people of Western Norway to make sustainable choices that ensure long-term competitiveness. The bank's long-term sustainability goal is net zero by 2040. This means that the bank's GHG emissions from both our internal operations and our lending portfolio will, in total, contribute to zero emissions in 2040. In this chapter, we explain how we have worked on this value proposition in 2023. The chapter starts with a description of the most material sustainability topics for the bank. The materiality analysis provides an insight into which areas of sustainability the bank should focus on.

With the bank's material topics as a backdrop, we provide an account in section 4.3 of the bank's governance, strategy, risk management and goals and methods in the area of sustainability. The bank uses the Task Force on Climate-related Financial Disclosures (TCFD) because this framework effectively illustrates the risks, impacts and opportunities associated with the material topics.

Section 4.4 presents the bank's climate accounts, which provide a good insight into the bank's climate risk, as well as the status of its journey towards net zero by 2040. During 2023, the bank's long-term goal of net zero emissions has been further defined through its work on transition plans, and it is supported by specific goals and action plans for the retail market, corporate market and own operations. These are presented in section 4.5. The bank's transition plan is essential to ensure credible measures and transparency towards stakeholders, and has been prepared in line with the Science-Based Targets Initiative (SBTi) standard for financial institutions.

The chapter concludes with a description of the bank's obligations, reporting in line with the EU taxonomy and independent assurance by the bank's auditor. Overall, this chapter will provide an overview of our most material sustainability topics, our work in that context, support for the sustainability goals we have set ourselves and how we, together, will be a driving force in building a greener and stronger region.

In connection with its 200th anniversary, Sparebanken Vest organised a 'Super Festival' in several cities, for children and adults alike. The photo was taken at the festival in Bergen in June. Photo: Thor Brødreskift



4.2 The bank's material topics

To ensure that the bank is working on the right and most material sustainability issues, the bank has conducted a double 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 internally and 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 the bank to actively prioritise and devote systematic efforts to the topics where the bank has the greatest impacts, risks or opportunities. The materiality analysis has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, which are the applicable framework for 2023. The Corporate Sustainability Reporting Directive (CSRD) is still under development, and the materiality analysis may be affected by amendments to the directive that are set to enter into force in 2024. In the materiality analysis, the bank has attempted to approach the double materiality process in the sustainability standard (ESRS ²), and will establish guidelines for annual reassessment of the material topics the bank identifies.

² European Sustainability Reporting Standards 1

More information follows below about

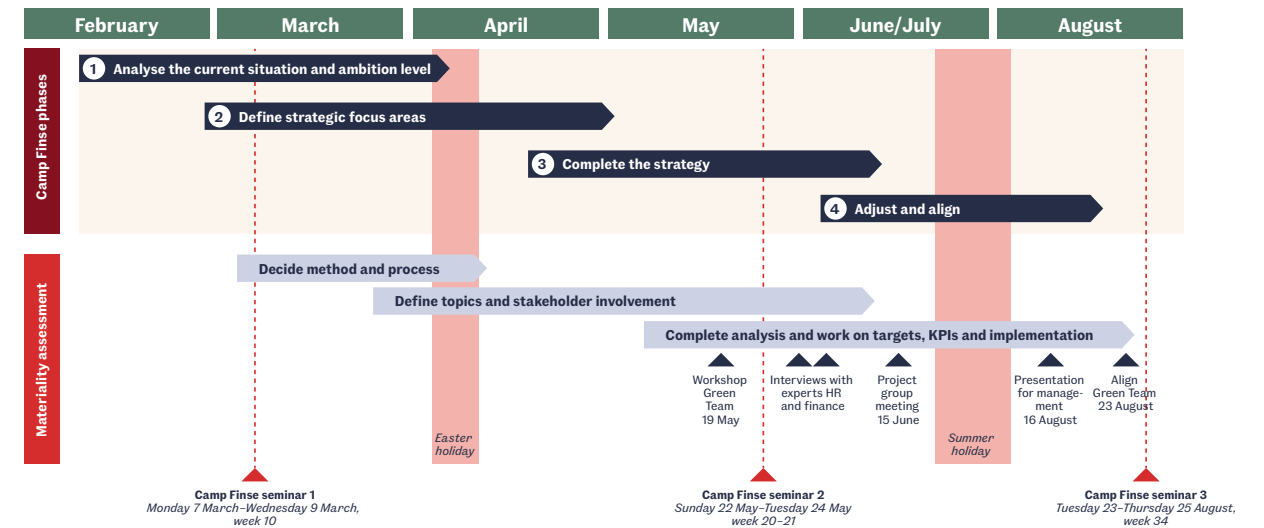
1. The process the bank has used to define material topics
2. The bank's value chain
3. The bank's stakeholder groups
4. The bank's material topics

4.2.1 PROCESS OF DEFINING THE BANK'S MATERIAL TOPICS

Sparebanken Vest conducted a double materiality analysis in connection with its strategy work on the new sustainability strategy in 2022. A double materiality analysis is a process, and it has therefore been further developed during 2023. The process helps identify relevant sustainability topics for the bank and its stakeholders, and includes all material impacts, risks and opportunities in the bank's value chain.

Since 2019, the bank has reported in accordance with GRI. The bank prepared its first materiality analysis in 2019. This was a simple materiality analysis that focused on material impacts, seen from the perspective of the bank and its main stakeholders. Since 2019, the bank has annually reviewed the materiality analysis and reported on the material topics in the annual report. The largest revision of the materiality analysis was carried out in 2022, when the bank also conducted a double materiality analysis for the first time. This was done in connection with the updating of the bank's sustainability strategy during strategy seminars. Prior to the seminars, several interdisciplinary working groups consisting of the bank's managers at all management levels were established to work on the strategy and the materiality analysis.

Figure 4.2-1: Double materiality analysis process 2022



The bank's starting point for the materiality analysis process was to gain an understanding of its own context, value chain and activities, and who the bank's stakeholders and users are. A project group, consisting of external sustainability experts and the head of sustainability, was responsible for facilitating work on the materiality analysis. Figure 4.2-1 outlines the bank's process in connection with the materiality analysis it conducted in 2022.

Following the strategy seminars in 2022, a longlist was presented to key stakeholders and experts, who were then involved in the prioritisation phase, to increase information about impacts, risks and opportunities. All the impacts, risks and opportunities on the longlist were assessed and assigned a score using the bank's tools.

The materiality analysis for 2022 formed the basis for further work on the implementation of the sustainability strategy in 2023, where the list of material topics has been more clearly refined and linked to the four building blocks in the bank's sustainability strategy: pursue expertise, from insight to motivational solutions, select and develop customers and fast-track a sustainable society. In 2023, the bank has mapped and linked material topics to topics in the CSRD's reporting standards (ESRS) to

enable it to focus on closing observed gaps in the new sustainability directive that is set to enter into force in 2024. The bank's work on updating the double materiality analysis in 2023 covered four phases:

1. Identifying impacts, risks and opportunities
2. Prioritising the most material impacts, risks and opportunities based on the bank's sustainability strategy and mapping these in relation to ESRS
3. Embedding material topics in the management and Audit Committee
4. Implementing material topics in the annual report

Work on the double materiality analysis in 2023 has been conducted by the Sustainability Department, Green Team, CFO, CRO, and chief accountant. Iterative feedback and validation have been sought during the process. Aligning the work in the Board and management is key to ensuring quality and obtaining feedback on the priorities that have been made. This is also important in relation to the bank's key stakeholders, as the Board is responsible for the bank's impacts, risks and opportunities.

Figure 4.2-2: Materiality matrix

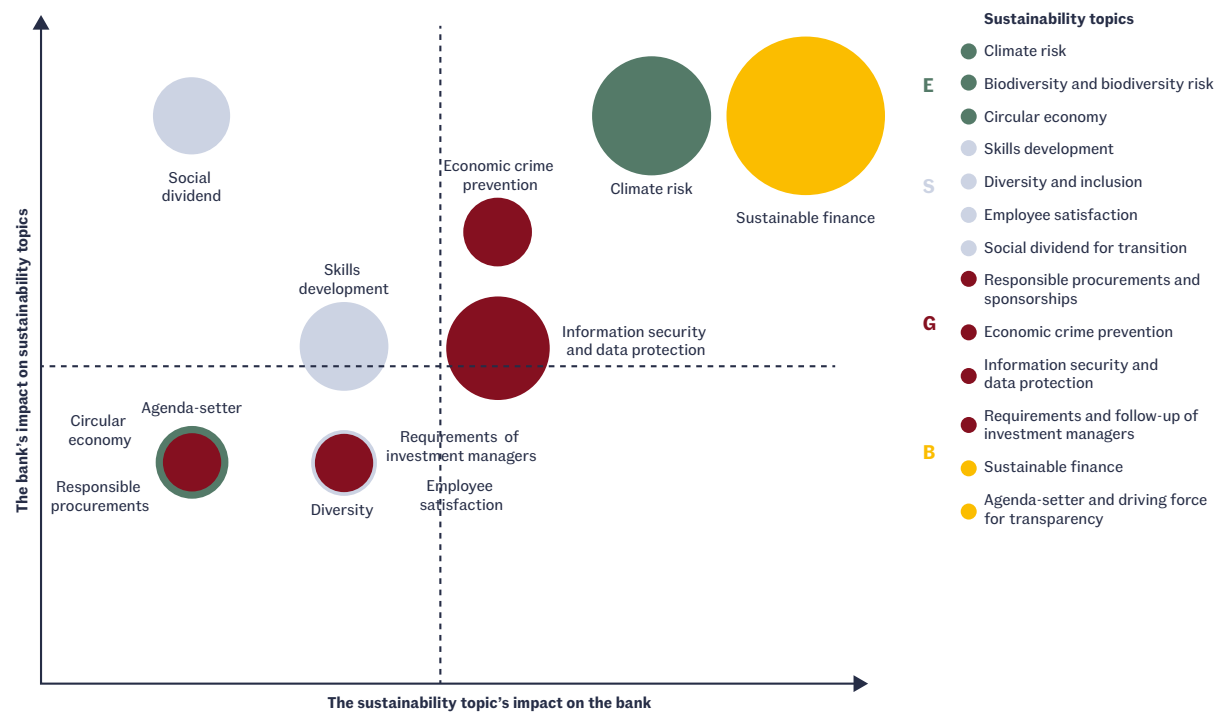


Figure 4.2-2 shows a materiality matrix, which defines the bank's material topics. The colours in the matrix are as follows: green is E – environmental, blue is S – social, red is G – governance and yellow denotes the topics specific to the bank's context. The size of the circles represents the inherent risk and how the bank's stakeholders have rated the topics. The sustainability topics' actual and potential impact on the surroundings, and risks and opportunities for the bank, are assessed based on their severity and likelihood. The assessment of severity is based on the topic's scale, scope and irremediability³. Likelihood is based on a scale from very unlikely to very likely. The impact of financially material topics is integrated in the bank's risk tools, and is based on both technical expertise and understanding

as well as quantitative threshold values. Values were set for what is considered material and what the awarded score is calibrated against, leaving us with a shortlist of material topics. The assessment of the topics' severity and likelihood in the long and medium term has required discretion due to the uncertainty of the scenario analyses that form the basis for the bank's financial planning and risk assessments. More information about scenario analyses and the bank's financial planning and risk assessments are described in the TCFD analysis⁴ in section 4.3.

³ The materiality analysis method, cf. GRI and CSRD, uses the terms 'scale', 'scope' and 'irremediability' to assess materiality. 'Scale' refers to the severity of a potential or actual negative impact, 'scope' to how widespread the impact is, while 'irremediability' is about the capacity to mitigate the harm caused by a negative impact.

⁴ Task Force on Climate-related Financial Disclosures is an internationally recognised framework for climate risk reporting



4.2.2 THE BANK'S VALUE CHAIN

Sparebanken Vest is part of a larger value chain. In order for the bank to achieve its sustainability targets, every part of the bank's value chain must be involved. Efforts have been made to clarify the bank's value chain during work on the double materiality analysis. The value chain has also been presented to all staff in a mandatory training video on the bank's sustainability work.

The bank's investors in the international capital markets are very conscious of sustainability. They have their own targets for their portfolios and are also affected by changes to regulations in the area of sustainability. This means that the flow of capital is steered towards greener activities to ensure sustainable growth, while transparency and long-term planning are increasing in the financial markets. A robust, sustainable bank will gain access to a larger investor base that ensures better access to the capital markets. Climate change increases financial risk. The financing choices that are made affect the bank's sustainability risk and financial risk.

A large and important part of the bank's value chain is its operation, data capture and risk management. Responsible procurements and sponsorships are, in turn, an important element in this. Among other things, all suppliers and sponsorships the bank has agreements with must keep climate accounts and draw up an action plan to reduce and offset their carbon footprint. Sparebanken Vest impacts many

companies way beyond its own business, as it also makes requirements of accountability in its suppliers' own value chains.

The social dividend is a way for the bank to help ensure that the region will be 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. Sparebanken Vest is also an agenda-setter and driving force for transparency and has, over time, used its 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 disclose information in the best possible way. Active ownership of subsidiaries and associates enables the bank to verify that they operate responsibly, ethically and sustainably. More information about the bank's governance and risk management is available in the TCFD analysis in section 4.3.

Sparebanken Vest advises its customers to make good financial decisions. Sparebanken Vest wants to promote sustainable solutions and encourage sustainable business. Providing advice on sustainability enables the bank to positively impact customer behaviour. More information about the bank's work on customers and products is available in the TCFD analysis in section 4.3.



4.2.3 STAKEHOLDER GROUPS

Dialogue and cooperation with different stakeholders is pivotal to the bank achieving its ambitions while maintaining trust and a good reputation. At the strategy seminars, the bank’s most important stakeholders were defined as customers, owners and investors, the Western Norway community and employees. They are all concerned with how Sparebanken Vest fulfils its social mission and contributes to a sustainable transition for our region.

These stakeholder groups were involved in the double materiality analysis process, and further efforts were based on the stakeholder dialogue and customer and supplier due diligence. See also section 1.03 ‘How we delivered on our commitments to customers, owners, society and employees’ for how the bank delivered on expectations of the bank’s main stakeholders.



NOK 750,000 to Unity Spark and the programme ‘Entrepreneurial dreams’

UNITY SPARK represented by Francine Mbanza Jensen was awarded NOK 750,000 to further develop the programme ‘Entrepreneurial dreams’. Unity Spark helps talented people of foreign origin to succeed in starting their own business, among other things by holding

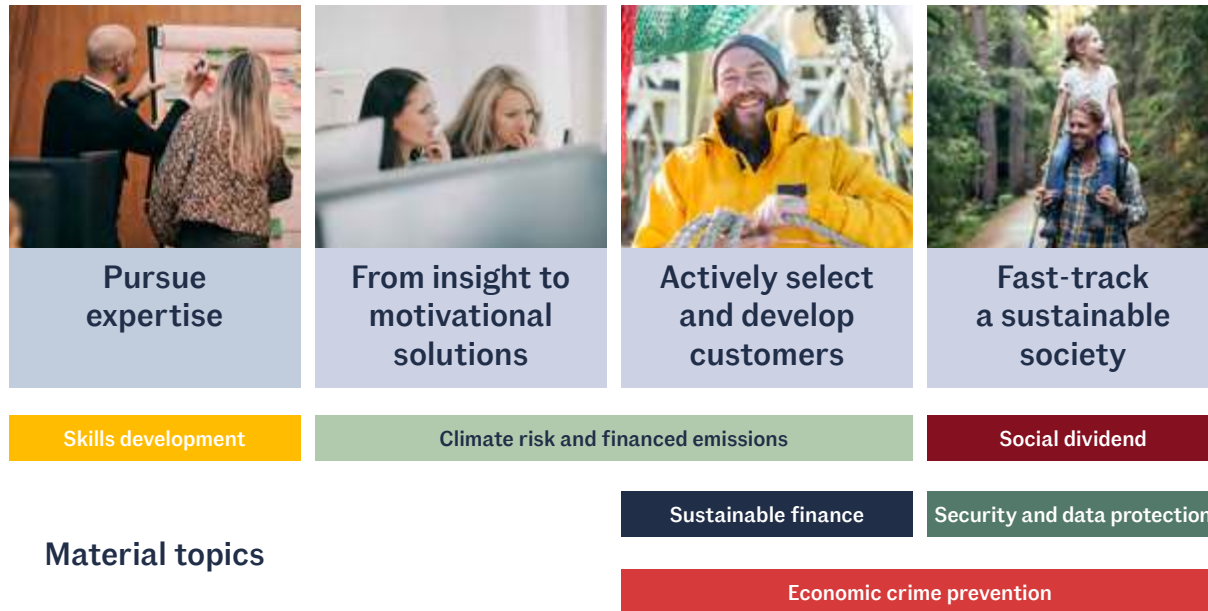
networking sessions with interesting lectures, individual guidance and training. Unfortunately, many people of foreign origin are unable to take advantage of their expertise and experience. A new culture, unfamiliar rules and no network make it particularly challenging to succeed. This is where [UNITY SPARK](#) wants to make a difference.



Stakeholder groups	Important topics for the stakeholder group	Communication with the bank
The bank’s customers: corporate market and retail market	• Sustainable finance, including products and customer advice • Sustainability expertise. • Climate and environmental risk	• Meetings and conversations • Loan processes • Sustainability assessments • Marketing • Digital media • Customer surveys • Quarterly and annual reporting • Webinars, conferences and other events
Ourselves and the employees of the future	• Skills development • Culture • Diversity and equality • Employee satisfaction • IT security and data protection • Our climate footprint	• Meetings and conversations • HSE surveys • Digital platforms for skills development • Marketing • Digital media • Quarterly and annual reporting • Webinars, conferences and other events
Investors, capital markets, investment managers and analysts	• Results • Sustainable finance • Climate and environmental risk in the portfolio • Requirements and follow-up of investment managers	• Quarterly and annual reporting • Capital Markets Day • General Meeting • Meetings and conversations
Our suppliers and sponsorships	• Responsible procurement practices and sponsorships	• Meetings and conversations • Partnerships • Digital media
Society, authorities, special interest organisations and the media	• Economic crime prevention • Social dividend to promote transition and value creation • Agenda-setter and driving force for transparency	• Meetings and conversations • Quarterly and annual reporting • Allocation of funds for the public benefit • Digital media • Articles and news items • Vestlandsindeksen • Cluster collaborations • Conferences



‘Hjertebank’ tours Western Norway with free concerts for the whole family, and awards funding to local projects that help build vibrant local communities. NOK 1 million is set aside for each location, and representatives of clubs and organisations can apply for funding for causes they are passionate about. The photo was taken at Hjertebank Bergen in autumn 2023. Photo: Iselin Fotland



Material topics

4.2.4 MATERIAL TOPICS

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 activity, 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.

Sustainability 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 in the short, medium and long term. The bank offers sustainable products to both retail and corporate customers. The material impact is thus considered to be concentrated in the bank's downstream value chain, both in that the bank can influence customers through the advice and products it offers, but also that the bank is influenced through regulatory shifts and increased demand for sustainable or sustainability-linked products.

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. The bank offers customers cheaper financing if they choose sustainable solutions.

The material impacts, risks and opportunities are taken into account in the bank's strategy, and one of its strategic building blocks is to 'actively select and develop customers'. This means that the bank's credit policies and frameworks are updated to reflect this, so that the risks and opportunities associated with this material topic are taken into account when credit is granted. Sustainable products have also been included as KPIs in the bank's scorecard for the retail and corporate market divisions, described in more detail under Metrics and targets in section 4.3. The bank has built up a good product framework and implemented mandatory training for all employees, which will ensure that the bank seizes opportunities in the short, medium and long term. A further description of the bank's impacts, risks and opportunities relating to sustainable finance is described in the TCFD analysis in section 4.3.

Climate risk and financed emissions: 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. See note 7 for a further description of climate risk.

Since 2018, Sparebanken Vest has prepared climate accounts that provide an overview of the bank's GHG emissions. Financed emissions (GHG Protocol scope 3, category 15) constitute the largest share of the bank's emissions, and reducing these emissions will thus be its biggest and most important job going forward. The bank's material impact is therefore concentrated in its downstream value chain and is expected to increase in the long term. The bank has taken an active role in the work on standardising how emissions are measured to ensure good reporting and support going forward. See the bank's TCFD analysis in section 4.3 for a more detailed description.

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. The bank can facilitate emission cuts through financing solutions, such as sustainability-linked loans.

The bank is exposed to considerable climate risk through its 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. Transition risk can lead to outdated business models or stranded assets.⁵ The risk for the bank's customers will affect its risk of loss, and is considered to be most prominent in the long

term. 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. It is important for the bank that this work is done in the short term, to ensure room for manoeuvre in the future.

Climate risk can lead to depreciation of the bank's financed properties. There is also a risk that properties used as collateral cannot be insured. The sale of property may also become more difficult due to requirements and instructions from the regulatory authorities. This means that the bank takes a greater risk when it finances buildings that are not green or property that is particularly exposed to physical or transition risk. The effects of these risks are expected to materialise in the medium to long term. The bank has therefore tightened credit policies to clearly differentiate between requirements for customers with high, medium and low sustainability risk. The bank also works systematically on transition products for the retail market and tailored sustainability-linked products for the corporate market. The work done in the short term will better equip the bank for the future.

The material impacts, risks and opportunities are taken into account in the bank's strategy, and are an important part of the strategic building blocks 'From insight to motivational solutions' and 'Actively select and develop customers'. In addition to tightening credit policies, the bank has included climate risk as a key part of its procurement processes, supplier follow-up, internal travel procedures and operational risk procedures. A further description of the bank's impacts, risks and opportunities relating to climate risk and financed emissions is described in the TCFD analysis in section 4.3.

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. Economic crime includes money laundering, environmental crime, corruption, employment crime, fraud, terrorist financing, as

⁵ See Note 2 for a further description of stranded assets.



well as violations and evasion of international sanctions.

Work to combat money laundering, terrorist financing and the evasion of international sanctions is an important part of the bank's corporate social responsibility. Such crimes are a serious problem for society, and a threat to both the Norwegian welfare state and the global community. Sparebanken Vest shall be a role model and driving force 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 taking risks relating to sustainability and economic crime. Preventing economic crime and criminals from misusing the bank's products and services is key to its social responsibility and values. This helps ensure sustainable working conditions, value development in Western Norway and a level playing field.

The bank is also impacted by society to a great extent, through increasingly stringent regulations, changed sanction regimes and new technology. Material impacts, risks and opportunities have been identified in both internal bank operations and in the bank's downstream value chain. The bank has implemented policies and guidelines for this material area, both for onboarding new customers and for continuous follow-up of customer relationships. Policies and risk assessments relating to economic crime prevention are also a key part of the bank's credit processes.

Information security and data protection: Data protection and information security are important for ensuring the trust of all stakeholder groups in Sparebanken Vest, as everyone should feel assured that their personal data and financial information are processed correctly. Personal data and sensitive information about the bank's customers, employees and owners shall not be disclosed to unauthorised persons.

The bank manages a great deal of both financial

and personal information. There are high expectations of data quality and precision in reporting, as well as the level of security to protect data. In order to be able to meet all expectations, the bank's handling of data protection and information security must be expedient and credible.

The bank has information about personal financial matters, which consumers are particularly anxious to protect as they represent a high potential for misuse through extortion, influence or identity theft, should they go astray.

Threats relating to information security and data protection come from external attacks and internal errors or inadequate data management. The bank must therefore work systematically on a layered approach to protection that reduces the consequences should one of the layers be compromised. Risk can also arise in all parts of the organisation, which is why culture and awareness are a constant focus.

Information security and data protection incidents are unpleasant for customers, employees and owners alike and can lead to material losses. For the bank, they represent a risk of regulatory sanctions and loss of trust. Loss of trust and reputation may initially lead to fines and negative publicity, but can ultimately be critical for a company's existence. Material impacts, risks and opportunities have been identified in both internal banking operations, and in the bank's upstream and downstream value chains. To address this, the bank has created a dedicated information page for customers on its [website](#). The bank has also updated internal governance documents for data protection and information security, and has a dedicated strategy for processing personal data, which has been adopted by the Board. Data protection compliance is followed up through the bank's annual cycle for compliance checks and internal audits. The bank's data protection officer has a particular responsibility for following this up. Data protection has been part of the bank's scorecard for all its divisions since 2022, through its own metrics for Compliance.

Social dividend: 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 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. In addition to the bank's funds for the public benefit, the Agenda Vestlandet foundation is dedicated to this work.

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.

Both the bank and Agenda Vestlandet are seeing a large number of applications and initiatives. There is a risk of allocating funds to recipients who do not have the right intentions, or teams that are unable to carry out projects in a way that creates the desired effect. There is also a reputational risk associated with funds being awarded to ineligible projects or people, or with the media or supervisory activities/bodies putting a negative spotlight on allocations.

The social dividend is a way for the bank to help ensure that the region is an attractive place to live and work. 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 and the local community are mutually dependent on the bank's value chain. The material impacts, risks and opportunities are taken into account in the bank's strategy, and through the strategic building block 'Fast-track a sustainable society'. The strategy for funds for the

public benefit was updated during 2023 and was presented at the bank's general meeting in October. A further description of the bank's impact, risks and opportunities relating to social dividend is described in the TCFD analysis in section 4.3.

Skills development: Skills are key to being able to develop the bank for the future and offer customers the services that are best for them and society. Ever new regulatory requirements are introduced, making increased demands of employees' expertise. 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. The bank is also affected to a great extent by external factors, which place great demands on employees' expertise, including a greater understanding of sustainability, climate risk and new business models. A further description of the bank's impacts, risks and opportunities relating to climate risk and financed emissions is described in the TCFD analysis in section 4.3.

Skills development is a key part of the bank's sustainability strategy through the strategic building block 'Pursue expertise'. The bank shall pursue expertise so that sustainability can be translated into concrete action. Sparebanken Vest's employees shall be the quickest at translating and scaling practice-oriented knowledge, so that sustainability becomes an integral part of everything that is done in the bank. The bank believes this is the best way to get the cogs turning, using the energy created by skilled colleagues making small and large decisions together, day in, day out. 'Pursue expertise' will be achieved by raising employees' basic knowledge, organising training camps with binding business effects and through what we call 'sustainability champions', who provide direction and implementation capacity. By appointing sustainability champions, the bank aims to spotlight inspiring behaviour, those who are hungry for new skills and those who motivate more people to follow in their footsteps. These are defined roles with a formal responsibility to





help stake out the direction and determine what is needed for the bank to achieve its goals. All the bank’s employees must have basic knowledge of sustainability that enables them to understand opportunities and risks in their field of expertise, and they must all complete a basic course in sustainability. Time must also be invested in practical knowledge based on training activities in the divisions, such as the retail market and corporate market schools. What these arenas have in common is that they should result in effective interaction to increase shared learning.

Table 4.2-1: The bank’s goal for skills development in sustainability

2023	Goal	Result
Employees complete the course sustainability course 'Bærekraft 101'	100%	79% ⁴

⁴ The course was not available all year, as it was launched in Q4.

Table 4.2-2: The bank’s goal for funds for the public benefit

The bank’s goal for funds for the public benefit was defined in 2023. During 2024, the bank will establish a baseline for metrics for each area, so that specific targets can be set.

Goals	Performance metric	Impact (sub-goal)	Effect (long term)
Fight for inclusion: Combat economic and social inequality by ensuring equal rights, opportunities and participation for all	Number of clubs/organisations that have received funding for initiatives that focus on inclusion and life skills. Funds allocated to projects that actively promote inclusion.	Number of children and young people who have gained access to free or subsidised cultural and leisure activities. Number of people with disabilities for whom cultural and leisure activities have been adapted. Number of older people who receive training in digital skills.	Fewer young people/young adults who are not in upper secondary education or the labour market.
Ensure a vibrant local community: Contribute to an active local community that strengthens Western Norway today and for the future	Number of clubs/organisations that have received funding for projects that contribute to a vibrant local community. Funding allocated to culture, sports, physical health, children and young people, and education.	Number of people in Western Norway who have participated in activities/ measures funded by Sparebanken Vest. Number of volunteers engaged in local initiatives, measured in volunteer hours.	Population growth in Western Norway – more people choosing to live here.
Ensure change capacity for the green transition: Support projects that help ensure that the transition to a low-emission society takes place quickly enough, and that Western Norway takes a clear position in the new green value chains.	Number of clubs/organisations that have received funding for initiatives that contribute to reduced energy consumption or better use of resources. Funding awarded to initiatives that promote greener value chains and contribute to the transition to a low-emission society.	Number of kWh (kilowatt hours) reduced as a result of the project funding. Number of sustainable solutions launched and implemented in the market. Number of people who have raised their green transition expertise through the bank’s initiatives.	Sparebanken Vest, through Agenda Vestlandet, has helped increase the number of green jobs in Western Norway. The goal of net zero emissions by 2040 has been achieved through the bank’s long-term efforts.

The bank’s goals and KPIs for the material topics ‘sustainable finance’ and ‘climate risk and financed emissions’ are described in section 4.5. In 2024, the bank will continue to set targets

Knowledge-raising has no value unless there is also a plan for learning, training and mastering it in practice. An important part of implementing the sustainability strategy has therefore been to ensure that skills development initiatives are not launched unless the bank defines clear and binding business effects to be followed up. Training camps have also been organised where employees have actively practised selling upgrade loans and green loans that make a material contribution to energy efficiency in the bank’s portfolio.

for the material topics ‘economic crime prevention’ and ‘information security and data protection’.

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. In connection with the update of the bank’s materiality analysis, to ensure the aspects of a double materiality analysis, the framework has been expanded from 2022 to 2023 to also include the sustainability topics ‘skills development’ and ‘social dividend’. In the reporting of sustainability information, time horizons are defined according to section 2.4 of ESRS 1: the short term is the current year, the medium term is up to five years and the long term is more than five years. Reporting that deviates from this will be specified where relevant.

Governance

The Board’s oversight of climate and sustainability threats and opportunities

The Board of Sparebanken Vest chose climate risk and sustainability expertise as the topics for the 2023 board conference, for the sixth year running. The Board considers sustainability and climate risk in connection with the Group’s ICAAP process, quarterly management reporting to the Board and through the revision of guidelines and risk strategies. Sustainability and 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 and sustainability threats and opportunities

The executive management is responsible for sustainability and climate risk and has set ambitious sustainability targets in the bank’s strategy. 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. Sustainability and 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 effective, performance-oriented measures are implemented. The bank has established an interdisciplinary sustainability team with members from all of the bank’s divisions, called the Green Team. In 2023, the Green Team’s mandate has been revitalised and aligned with the executive management. Each division draws up an action plan with measures, which a representative from each division is responsible for monitoring. Progress is reported to the executive management. To ensure implementation, the divisions have regular meetings with the Sustainability Department and their respective EVPs.

As part of the work on implementing the action plans, the Sustainability Department and executive management of the retail market hold regular meetings every other week to follow up the sustainability work in the division and take





action as needed. Similarly, the Sustainability Department holds regular meetings with the EVP Corporate Market and those responsible for individual industries in this market to monitor work on the part of the sustainability strategy that deals with actively selecting and developing the bank's corporate customers. The EVP Risk Management (CRO) and the EVP Corporate Market handle all credit matters to be considered by the Board. The CRO and EVP Corporate Market also consider credit matters that involve climate-related threats and opportunities of an exceptional nature in accordance with the principles for corporate social responsibility.

In 2023, the bank has also developed sustainability targets for the bank's funds for the public benefit. The EVP of Strategy and Digital Distribution (SDD)⁷ is responsible for these sustainability goals, and the goals have been discussed by the executive management and presented to the bank's General Meeting. The CSR function is responsible for compliance with the principles in connection with the distribution of funds for the public benefit.

Strategy

Climate and sustainability risks and opportunities Sparebanken Vest has identified over the short, medium and long term

Corporate social responsibility is an important part of the bank's role as a savings bank. In 2022, the bank adopted a new and ambitious sustainability strategy, with the aim of demonstrating leadership on the road to a more sustainable society. The sustainability strategy is described in section 3.9.

During 2023, work on implementing the sustainability strategy has been intensified to achieve the bank's long-term target of net zero emissions by 2040. This work is expected to gather even more momentum in the years ahead.

⁷ EVP of Group Operation from 2024

A description of the bank's work on the Science-Based Targets initiative (SBTi) is described in section 4.5. The relationship between the bank's long-term objectives, strategy and transition plan are binding and will ensure transparency for its stakeholders.

As described in section 3.9, 'Pursue expertise' is part of the bank's sustainability strategy and HR strategy, because expertise represents both a risk and an opportunity for the bank, and because the bank can have a major impact in this area. In 2023, a new skills development tool was introduced in the organisation by the EVP of HR and Organisation and the HR Department. The tool covers training in areas that are relevant to the bank's different divisions and departments. Editors have been appointed who are responsible for updating the tool with training material in their fields. This ensures that updated information is available on the same platform for all the bank's employees at all times. The Sustainability Department has developed several training modules in the tool during 2023. These are described in more detail in the following.

The bank is exposed to climate risk in the form of physical risk and transition risk. The bank considers customers' risk to be the bank's risk and therefore works to make it attractive for customers to make sustainable choices. To ensure the quality of climate risk assessments, targeted training on this topic was carried out in 2023 for all corporate advisers. At year-end 2023, the corporate adviser team consisted of 71 people, one-third of whom were women. For more details, see *Sparebanken Vest's processes for identifying and assessing climate-related risk* under *Risk Management*.

The bank has identified lending as the area with the highest exposure to climate risk, but also the area where it has the most leverage to drive change and be a powerhouse that helps build lasting value for Western Norway. In 2022, Sparebanken Vest published emission data relating to the entire lending portfolio for the first time in the annual report, and the bank also signed the Partnership for Carbon

Accounting Financials (PCAF), which is an international collaboration between financial institutions to standardise the way they report on financed emissions.

During 2023, the bank has for the second time calculated financed emissions for the entire loan book and now has climate accounts for scope 3 emissions under category 15 (Investments) for 2021, 2022 and 2023. The most climate-sensitive industries are property/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 scope 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 must be seen in the context of the lack of reliable and consistent data. During 2023, 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 2024, following the standardised data quality hierarchy prepared by PCAF.

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 analyses physical risk for the property portfolio, mortgages and property financed in the corporate market every quarter. The Intergovernmental Panel on Climate Change has defined different Representative Concentration Pathways (RCPs) for different emission scenarios. Report No 33 to the Storting 'Climate change adaptation in Norway' recommends using an RCP 8.5 scenario to adopt a 'precautionary' approach when assessing the consequences of climate change.

RCP 8.5 is a high-emission scenario, where emissions continue to rise and, represents a scenario where no action is taken to stop climate change. In such a scenario, the bank's lending portfolio will be exposed to the risk of floods, storm surges, landslides and quick clay slides. The scenario analysis shows that the risk of loss is greatest for storm surges and rising sea levels. The bank has also previously conducted scenario analyses relating to the risk of loss of nature and biodiversity. The analysis shows that just under 1 per cent of buildings in the bank's portfolio are in protected areas or areas that are proposed to be protected. The bank also systematically assesses the transition risk portfolio by monitoring the distribution and development of energy ratings. This is incorporated in monthly management reporting and quarterly reporting to the Board.

Figure 4.3-1: Development in the share of homes with energy ratings

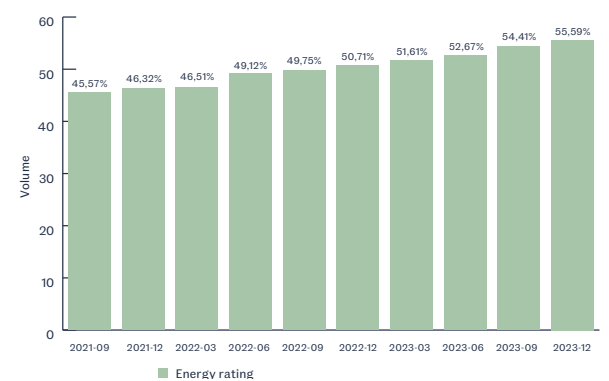
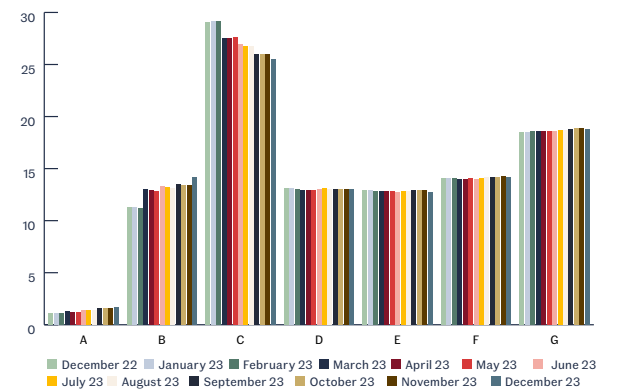


Figure 4.3-2: Development in distribution of energy ratings





The bank monitors climate risk in the liquidity portfolio and measures the systematic share made up of investments in ESG-stamped securities. The ESG stamp indicates affiliation to a green framework. At year-end 2023, 7.51 per cent of the portfolio had an ESG stamp.

Given that one of the bank's strategic building blocks includes accelerating sustainable social development in the region, its corporate social responsibility and social dividend objectives have been updated in 2023. The bank's distribution of funds for the public benefit sets out that funding shall be awarded to three key focus areas going forward. Sparebanken Vest shall create development and results in the following three areas: the fight for inclusion, ensuring a vibrant local community and ensuring change capacity for the green transition. The region needs initiatives that create a sense of belonging and lead to fewer people dropping out of school, work and community life. The bank will also promote art, culture, grassroots sport and the voluntary sector to achieve open and active communities that strengthen Western Norway today and for the future. Sparebanken Vest will also continue to support good ideas and projects that help ensure that the transition to a low-emission society takes place quickly enough, and that Western Norway takes a clear position in the new green value chains.

The impact of climate and sustainability threats and opportunities for the bank's business, strategy and financial planning

The bank's sustainability targets are central to its strategic work. The credibility of the bank's climate targets is important to securing its business model also in the future. The bank is therefore actively working to support stakeholders' sustainability work. The bank met the emission targets set in 2018 for its internal operations already in 2020. Since then, the bank has set specific targets per industry for the corporate market and for the mortgage portfolio. The bank is waiting for the Science-Based Targets initiative (SBTi) to complete its net zero standard for financial institutions, but

has during 2023 set targets with associated emission pathways up to 2030 in line with the SBTi's protocol for near-term targets. This should also clearly highlight and commit the bank to working on emission cuts. The bank's transition plans are described in section 4.5.

The bank has implemented several measures to generate reliable data and be in a position to support the bank's stakeholders towards achieving the bank's sustainability targets:

- the bank follows Finance Norway's guide to calculating financed emissions (GHG Protocol scope 3, category 15)
- the bank reports data quality for each financing category in the climate accounts in accordance with the Partnership for Carbon Accounting Financials (PCAF)
- the bank invests considerable resources in good solutions for collecting emission data from customers
- the bank has incorporated emission data collection into industry policies in the credit framework.

Products and services

Sparebanken Vest gives the bank's customers an opportunity to make conscious choices that benefit the climate and environment. The bank offers savings products with a sustainable profile in the form of green funds and green deposits for retail customers. Retail customers can apply for green mortgages and are granted an interest discount if their homes are energy-efficient. These mortgages are available to customers whose homes have an A and B energy rating, in line with the EU Taxonomy. In 2022, the bank 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. In 2023, the bank launched an energy loan, which is a loan product designed to motivate customers to implement small-scale measures to improve energy efficiency in their homes. These products are available throughout the bank's market area, and all sustainability products are available in all market areas.

When launching new products, it is important that the bank's advisers have the necessary expertise to communicate what is required of the customer and what loan terms apply to the different products. Advisers must also possess the expertise needed to make customers feel safe and looked after, which is particularly important for loan products that require energy efficiency measures in the customer's home. Special training courses were therefore organised for these products in 2023. For more details, see the section on *the bank's processes for managing climate-related risks* under *Risk management*.

For corporate market customers, the bank offers Sustainability Linked Loans (SLL), as defined in the bank's Sustainable Product Framework, which was updated and published in September 2023. SLL loans are linked to predefined KPIs and better loan terms that take effect when the KPIs are achieved. If not met, the loan terms may be correspondingly tightened in accordance with the current terms of the agreement. 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. The bank granted the first SLL loan in 2021 and has since increased the volume of such loans. At year-end 2023, 36 per cent of new loans and refinancing were loans with a sustainability-linked structure, which are deemed to significantly reduce customers' and the bank's sustainability risk.

Procurements and requirements of suppliers

Sparebanken Vest requires all suppliers that make regular deliveries to the bank comprising an annual volume of > NOK 100,000 to make a climate commitment, which means that the organisation must keep annual climate accounts, prepare an action plan to reduce its climate footprint as much as possible, and compensate for the residual footprint through the purchase of certified carbon credits. For more information, see 'Principles for Corporate Social Responsibility' in the [sustainability library](#) 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. The bank has a dedicated framework for green bonds that is common to Sparebanken Vest's parent bank and Sparebanken Vest Boligkreditt, and includes both green covered bonds and green senior bonds.

The framework is based on the ICMA principles, which were most recently updated in June 2023. The changes were made to harmonise the framework more closely with the EU taxonomy, more clearly highlight contributions to the UN Sustainable Development Goals, update criteria for the eligibility of green assets, update the definition of the top 15 per cent most energy-efficient buildings and obtain a second party opinion (SPO) on the green framework from a new provider. In 2023, Moody's SPO of the bank's 'Green Bond Framework' awarded the bank the highest score on their scale (SQS1/ Sustainability quality score 1 = Excellent), which shows that the bank both follows best practices on governance and control and makes a substantial contribution to sustainability. Sparebanken Vest Boligkreditt has issued two new green bonds (covered bonds) in 2023, one in SEK for 3 billion and the first ever in NOK for 6 billion.

Information about the bank's Green Bond Framework, including an allocation report, impact report and the auditor's attestation of the framework, can be found on the [bank's website](#).





Funds for the public benefit

The bank's funds for the public benefit shall be distributed to three key focus areas: the fight for inclusion, ensuring a vibrant local community and ensuring change capacity for the green transition. Both national and regional surveys on living conditions show an increasing proportion of children and young people reporting mental health challenges and loneliness. Too many feel they are not 'part of the team', that they are not included, and that no one is actively trying to bring them into the community. In times when local municipal finances are under increasing pressure, it will be crucial to focus the bank's social dividend on voluntary clubs and organisations whose initiatives reach as many people as possible. The same applies to labour market exclusion. Nearly one in ten young people in Norway are currently not working or studying. Western Norway has its share of unused talents in these groups, and Sparebanken Vest wants to strengthen cooperation with organisations that have found effective solutions that create real mastery and job participation. One of the bank's overall goals is therefore to combat economic and social inequality by ensuring equal rights, opportunities and participation for all.

Furthermore, centralisation is one of the global megatrends, and more young people will probably choose to move away. The Western Norway Report clearly describes how Western Norway is at risk of losing important skills if too many young people and graduates move to Oslo. Sparebanken Vest wants to contribute to a richer cultural scene and to vibrant communities throughout Western Norway. Good local communities are more attractive and have a more stable population. The bank therefore aims to contribute to active local communities that strengthen Western Norway today and for the future.

The region also plays an important role in the extensive transition that Norway must now undergo. The transition is expected to be major in Western Norway, because very many jobs in the region are linked to the oil and gas industry. The choices we make in the next ten years will

determine the region's future for generations. Sparebanken Vest will continue to use its funds for the public benefit to work purposefully on these challenges and support good causes that can move the region more quickly in the right direction. The bank's goal is therefore that these funds should support projects that help ensure that the transition to a low-emission society takes place quickly enough, and that Western Norway takes a clear position in the new green value chains.

Potential impact of different scenarios, including a 1.5C 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 the 'disjointed 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 FSA suggest that the impact of such a transition will be seen 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 stressors.

The bank has also created decarbonisation pathways in line with a 1.5C scenario for more than 90 per cent of the bank's lending portfolio and associated action plans. This is described in section 4.5.

As shown in the section 'Climate and sustainability risks and opportunities Sparebanken Vest has identified over the short, medium and long term', several of the bank's pledged assets will be exposed to physical risk in a high-emission scenario (RCP 8.5). As a consequence, the bank requires corporate customers to assess their own sustainability risk, to facilitate the implementation of mitigating and preventive

measures. This risk is also reflected in the bank's valuation of collateral. The bank has also updated its credit policies to manage risks, for example by making different equity and profile requirements of buildings with high and low energy rating that thus represent different transition risks.

The bank has also conducted qualitative risk assessments per industry, 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. Industry-level risk assessments are reviewed by the Board every six months.

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, and that are therefore not eligible under the EU taxonomy. The bank closely monitors the development of this part of the portfolio, in particular commitments with no alternative use, as the bank sees an increasing risk of stranded assets going forward. 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. This part of the portfolio is followed up and reported to the Board at least biannually. At year-end 2023, it represents 10 per cent of the shipping portfolio, or approx. 1 per cent of the total corporate market volume. The bank has also quantified targets for reducing this exposure towards 2030 and 2035, with clear control parameters. This is deemed to significantly reduce the risk in the portfolio.

Risk management

Sparebanken Vest's processes for identifying and assessing climate and sustainability risk

Sustainability risk will be assessed on a 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 financial ability to implement necessary measures, and to comply with environmental requirements that they are, or may be, subject to.

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 guidelines and policy requirements for managing and assessing consequences arising from climate change and related risks. The bank requires all new and existing customers to prepare an action plan with stipulated deadlines for how they actively aim to reduce their GHG 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. In 2023, second-line verification of sustainability information, including spot checks of approved cases, has been carried out.

The corporate market advisers have received



targeted training in climate risk assessment of customers, including specific training material that explains and exemplifies different types of climate risk. This training material has been prepared by the Sustainability Department and presented to all corporate market advisers, and is available to everyone on the bank's internal website. This training was mandatory for all the bank's corporate advisers. A separate training module on climate risk has also been developed in the bank's joint skills development system. This climate risk module was published in the fourth quarter of 2023, and, at year-end 2023, had been taken by 28 per cent of the corporate market advisers, one-third of whom were women. In total, one-third of the corporate market advisers are women. In other words, the gender distribution is reflected in the completion rate of this training. The climate risk module is not mandatory.

Both the bank and Agenda Vestlandet are seeing a large number of applications and initiatives. The bank deems there to be a risk that funds for the public benefit may be allocated to recipients who do not have the right intentions or to clubs that are unable to carry out projects in a way that creates the desired effect. The bank has therefore introduced an internal control system for distributing funds for the public benefit. All applications for funds are submitted via a common portal, where the applications are sorted by focus area. The CSR function reviews and categorises all applications. Distribution of funds for the public benefit is also included in the bank's compliance framework for controls.

The bank's processes for managing climate and sustainability risks

In order to mitigate the operational risk associated with sustainability, several measures have been implemented, including internal control based on the four-eyes principle, documentation and continuous development of the process and method. ESG is a rapidly and constantly changing area. A number of new regulatory requirements are expected, and have been implemented, both nationally and

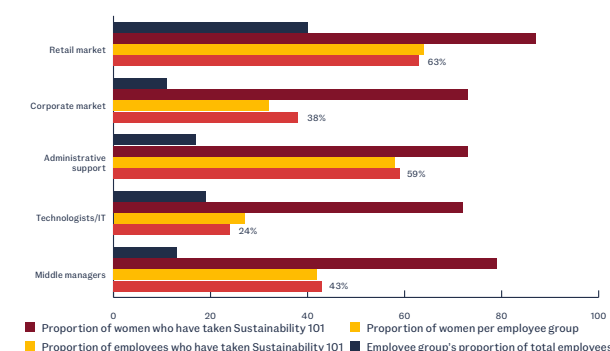
internationally. This increases companies' compliance risk, and Sparebanken Vest has therefore implemented several measures to mitigate compliance risk in the ESG area. The bank is involved in several areas of Finance Norway's work on sustainability and is also part of both the expert committee and the reference group on sustainable finance. This channel regularly issues information about regulatory developments. Sustainability is also integrated in the bank's risk framework. Through the bank's process for new products and services, legal, sustainability and compliance experts assess risks associated with ESG in the event of new or material changes in products, services, systems etc. Checks have also been introduced in the area of sustainability, including pre-checks of credit cases and spot checks. Furthermore, the bank's Compliance function carries out its own checks, including assessing the bank's compliance with the Transparency Act, and internal audit projects, including assessing the bank's sustainability reporting and ESG integration in the credit framework. In 2023, the bank has carried out a separate project for the implementation of the sustainability directive.

The bank also works continuously on skills development, and sustainability has been a key topic in its own learning arenas for the corporate and retail market divisions. The authorities and the market expect the bank's advisers and the rest of the organisation to build expertise in sustainability to be prepared for changes to framework conditions. The Sustainability Department plays a key role by providing professional updates across the organisation.

In 2023, the bank adopted a new training system for all employees. The Sustainability Department has contributed to preparing training materials, both in specific topics such as climate risk and sustainability-linked loan structures, and relating to the bank's sustainability work across the organisation. The training system is available to all employees in the bank and is categorised by work area and topic. This makes it easy for employees to update their expertise in relevant disciplines.

A training module called Sustainability 101 has been published, which describes how the different bank divisions work on sustainability. Sustainability 101 is mandatory for all employees and was launched in the fourth quarter. The deadline for completion was 31 December 2023 and, at year-end 2023, 79 per cent of employees had completed the course, of whom 51 per cent women. The total proportion of female employees at year-end 2023 was 50 per cent. Figure 4.3-3 shows how many people have completed the course per employee group and gender, as well as what percentage each group represents of the total number of employees. The figure shows that the completion rate is relatively evenly distributed between the different groups, and is between 72 and 87 per cent. The retail market followed by middle managers has the highest completion rate. Completion rates for women largely correspond to the percentage of women per employee group. The corporate market has the highest completion rate for women compared with the percentage of women in this employee group.

Figure 4.3-3: Completion rate Sustainability 101 by gender and employee group



The bank's sustainability-linked loan (SLL) structures require results to be reported in line with action plans and KPIs. Such tailoring requires advisers to have the capacity and expertise to follow this up over time. Regular training activities are carried out to reduce the risk associated with this, and the bank's incentive models have been updated to reflect sustainability as a strategic focus area.

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 shall 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 deemed to be associated with 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.

Sparebanken Vest's strategy for risk management is that risk is best and most effectively 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.

In 2023, the bank established its own forum for retail market advisers, called the Green Room.



The forum is intended as a dedicated arena for ensuring confidence and expertise at all stages of the sale of green upgrade loans and energy loans. These are loans that require insight into energy efficiency measures for private homes, and representatives from all the bank's regions were invited to join the Green Room forum. Other members include Green Team retail market representatives, the EVP Retail Market and the Sustainability Department. The purpose was to establish a learning arena where advisers could share experience and get up-to-date information about these loan products. The Green Room advisers act as sustainability champions and pass on their knowledge to their colleagues; see further description under Skills development in section 4.2.4. In 2023, a physical Green Room meeting was also held that provided updates and social interaction.

Information about how green upgrade loans and energy loans should be dealt with by advisers, as well as changes to the product framework, has been communicated on several occasions through the retail market's own training arena, the RM school.

Sparebanken Vest also works actively on the social aspect of sustainability. The bank's HR processes are intended to 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 actual and potential adverse consequences for decent working conditions and fundamental human rights. The bank conducts meaningful stakeholder engagement with employee representatives and trade unions on an ongoing basis.

How processes for identifying, assessing and managing climate and sustainability risks are integrated into the organisation's overall risk management

In 2022, the bank's Sustainability Department was reorganised under the Risk Management function. In addition, responsibility for sustainability is divided between roles in each

bank division, organised in a 'Green Team'. The Green Team is a multidisciplinary team that monitors actions and their effect for the bank, and follows up progress towards the bank's objectives. The Head of Sustainability is responsible for the Green Team and coordinates activities across the organisation, while dedicated personnel in each division are responsible for the division's list of measures and reporting to their EVP.

Sustainability and climate risk is integrated into the bank's governing documents, including the 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 overriding governing document for Principles for Corporate Social Responsibility that applies to the whole organisation. This document was updated in autumn 2023, as part of the annual review of sustainability management documents. 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. 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 incorporated climate and sustainability risk as a key part of its biannual industry reports and in determining the risk appetite in each industry. 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. The

bank's Risk Management division, represented by the Sustainability Department, is responsible for ensuring that all departments have the expertise and tools they need to drive the bank's sustainability efforts going forward. This includes training material, courses and meetings aimed at various sustainability topics. 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 banking advisers in the retail market have been offered the opportunity to take courses in energy efficiency advice.

Metrics and targets

The bank's methods for assessing climate and sustainability threats and opportunities in line with its strategy and risk management processes

Net zero emissions by 2040 is the bank's long-term overriding 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 to our 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 1.5C. In connection with the SBTi process, the bank's targets and commitments will be reviewed, assessed and approved by a panel of experts. The bank has drawn up decarbonisation pathways to 2030 in line with SBTi and the 1.5C target, but the targets will not be validated until SBTi's net zero standard is ready and science-based decarbonisation pathways to 2040 can be set. The bank's transition plans are described in section 4.5.

In 2018, Sparebanken Vest set the target of reducing its own climate footprint by 50 per cent by 2025. This target was met in 2020, as shown in the climate accounts Cemasys prepared for the bank. Sparebanken Vest is committed to climate change action, which means that the bank annually prepares climate accounts for its internal banking operations, draws up an action plan to reduce its climate footprint as much as possible, and compensates for the residual footprint by purchasing certified carbon credits. Emission compensation is made through the purchase of carbon credits that follow the traffic light model described in the report 'Pursuit of climate neutrality and responsible use of carbon credits', prepared by PwC and Zero. For more information, see 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 August 2023. The Eco-Lighthouse certification is an external verification of Sparebanken Vest that confirms that the bank meets a set of criteria and implements measures to achieve more environmentally-friendly operations and a good working environment. 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 pledged 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, which deal with climate risk assessments and governance assessments, among other things.

Disclose scope 1, scope 2 and scope 3 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 8 tonnes of CO₂ in 2023. The bank used the location-based method for climate





accounting in 2018 and switched to the market-based method in 2019. From 2019, the bank has used the market-based method and purchased electricity with certificates of origin. The bank's climate accounts for internal operations are published on its website.

The bank makes continuous efforts to develop calculation metrics for emissions in the lending portfolio (scope 3), and has over the past 18 months played an active role in Finance Norway's working group to develop a common standard for the finance industry.

Sparebanken Vest complies with the principle to disclose scope 3 emissions based on available data and data quality, but acknowledges that collecting reliable, consistent data in this area is still challenging. The reporting will therefore be somewhat inadequate, but the bank's climate accounts and associated notes will reflect all the assumptions used in the calculations. In line with the PCAF principles, Sparebanken Vest also reports on the associated data quality. See the bank's comprehensive climate accounts in section 4.4 for further information and a complete description of scope 3 emissions.

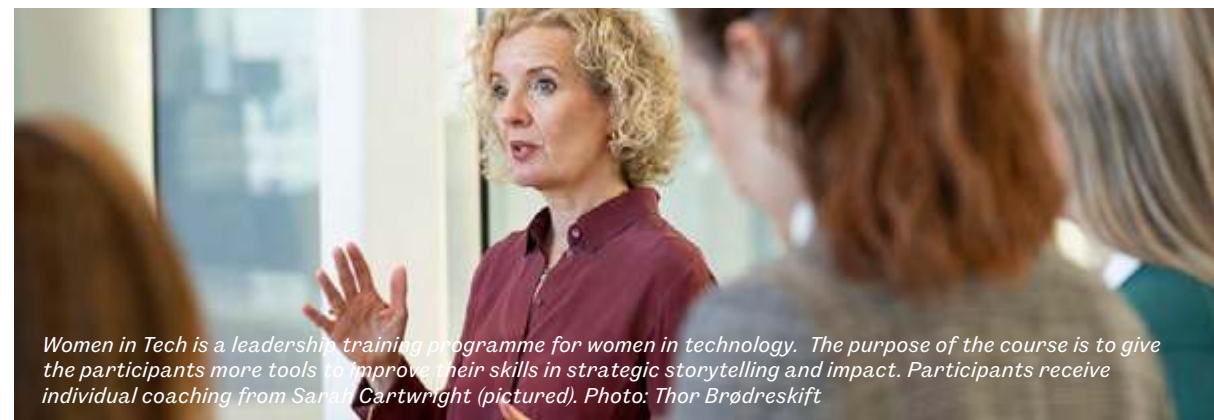
Targets used by the organisation to manage climate and sustainability risks and opportunities, and performance against targets

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 its own operations, as described in section 4.5. 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 possibilities for earning. The targets should be followed up through the individual divisions' scorecards. The scorecard for each division is a set of KPIs with different weightings, which together form the basis for the employee bonus. Sustainability KPIs were included on the bank's scorecard for the first time in 2023. In 2023, there were separate KPIs for the retail market division and the EVP Retail Market, as well as for the corporate market division and the EVP Corporate Market.

The bank's targets are largely linked to emission reductions, in line with the bank's long-term target of net zero by 2040. For industries where the EU taxonomy contains technical screening criteria, targets have also been defined relating to the proportion of activities classified as sustainable under the taxonomy.

The bank's goals for developing expertise in sustainability and for funds for the public benefit, with associated goal achievement, are described in section 4.2 under Goals and KPIs. The bank's climate-related sustainability goals for the retail market, industry-specific goals for the corporate market and climate goals for its own operations are set out in section 4.5.



Women in Tech is a leadership training programme for women in technology. The purpose of the course is to give the participants more tools to improve their skills in strategic storytelling and impact. Participants receive individual coaching from Sarah Cartwright (pictured). Photo: Thor Brødreskift

4.4 Climate accounting

In 2023, 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 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 (scope 1 and 2). In addition, emissions from air travel, mileage allowance, purchased goods and services and waste (upstream scope 3, categories 1, 3, 5 and 6) are included.

Financed emissions (downstream scope 3, category 15) concern 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.

Reliable, consistent emissions data from the bank's lending portfolio is still challenging. In 2022 and 2023, the bank has participated in a working group organised by Finance Norway that is tasked with drafting a proposal for a common financial industry standard for reporting financed emissions. The work has resulted in Finance Norway's guidelines for calculating financed emissions, which the bank uses in its calculations. The bank also joined the Partnership for Carbon Accounting Financials (PCAF) in 2022. PCAF is a global initiative standardising the measurement and reporting of financed emissions in the financial sector.

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 2023 was 3.2 out of 5. The aim is to improve data quality in order to further improve reporting.

The bank's financed emissions include 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, based on the Finance Norway⁷ guidelines and PCAF. Financed emissions are bank customers' emissions weighted by an attribution factor: The emissions are calculated based on figures from

⁷ Finance Norway (2023) Guidelines for calculating financed emissions. Available at: www.finansnorge.no/dokumenter/maler-og-veiledere/veileder-for-beregning-av-finansierte-klimagassutipp/

2022 and 2023, depending on data quality scores in the PCAF framework. Where the bank uses information about the customers' actual emissions, as reported by the bank's customers, the 2022 emissions are used to estimate the emissions for 2023. This is because the bank endeavours to have high-quality data figures as the basis for the climate accounts, and it ensures that the bank's customers complete their own reporting. Financed emissions are compared with available figures from the last three years.

Absolute emissions for the lending portfolio have been reduced by 19 per cent between 2021 and 2023. The bank also reports on carbon intensity, as financed emissions are affected by more factors than just developments in the underlying companies' emissions. Economic carbon intensity has therefore been calculated for all asset classes, which for the bank means GHG emissions per NOK million in lending. The carbon intensity of the corporate market portfolio has decreased by 35 per cent since 2021. This is largely due to an improvement in data quality and an actual emission reduction in emission-intensive industries.

4.4.1 MORTGAGES

Finance Norway's guidelines have been used to calculate financed emissions. The bank uses data on energy rating, floor space, year of construction and type of housing to calculate the bank's financed emissions in the mortgage portfolio. Energy consumption is estimated based on available data, and for the homes in the bank's portfolio where sufficient data are lacking, the bank has used factors from Finance Norway's guidelines for calculating 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. This is based on the market value of the home.

For the mortgage portfolio, emissions are calculated using both the market-based method and the location-based method, in line with Finance Norway's guidelines. The location-based method is used in the aggregation of the bank's overall climate accounts. The factors used are found in Table 4.4.1-1.

Figure 4. 4.1-1: Energy mix

Year	Energy mix	Source	grams of CO ₂ e/kWh
2021	Location-based	NVE's climate disclosure for physically delivered electricity 2021	11
	Market-based	NVE's electricity disclosure for power suppliers 2021	405
2022	Location-based	NVE's climate disclosure for physically delivered electricity 2022	19
	Market-based	NVE's electricity disclosure for power suppliers 2022	502
2023	Location-based	NVE's climate disclosure for physically delivered electricity 2022	19
	Market-based	NVE's electricity disclosure for power suppliers 2022	502

Figure 4. 4.1-2: Energy consumption and emissions for mortgages, location-based and market-based method 2023

	Total energy consumption, portfolio (kWh)	Energy consumption per square metre (kWh/sqm)	Floor space (sqm)	Financed emissions (tCO ₂ e)	Financed emissions per square metre (tCO ₂ e/sqm)	Carbon intensity (tCO ₂ e/MNOK)
	4,321,658 927	247	17,529,265			
Location-based				37,883	0.0022	0.20
Market-based				1,000,899	0.0571	5.38

In order to ensure consistency in the reporting, financed emissions in the mortgage portfolio for 2021 have been re-estimated using the same method as for 2022 and 2023. The energy mix for 2022 is used for 2023, as this is the last available factor. As 2021 had a lower energy mix than other years, 2021 has a lower carbon intensity than 2022 and 2023.

4.4.2 CORPORATE MARKET PORTFOLIO

The calculation of financed 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 Finance Norway's guide or the PCAF database have been used. Total financed emissions are the bank's estimated share of the emissions, based on an attribution factor based on the sales value of the assets at 31 December 2023.

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. In 2023, the Poseidon Principles changed the decarbonisation pathway, which means that emission factors for tank-to-wake are replaced by well-to-wake. In the climate

accounts in table 4.3, well-to-wake factors are used for all calculations. Emissions for 2021 linked to the shipping portfolio have been re-estimated.

For small-scale power, aquaculture and agriculture, the calculation of financed emissions is based on customers' production data. The data quality reported for fisheries is somewhat lower in 2023 than in 2022. This is because the fisheries industry saw high growth between 2022 and 2023, which means that there are no customer data for 2022 for customers who joined the industry in 2023. Estimates have therefore been used, which reduce the data quality.

Financed emissions for property in the corporate market portfolio are estimated based on energy rating, floor space, year of construction and type of building. For assets that lack sufficient data, lower data quality assumptions are used, as specified in Finance Norway's guidelines. For real estate, emissions are calculated based on both the market-based method and the location-based method, in line with Finance Norway's guidelines. The location-based method has been used to aggregate the bank's overall climate accounts. The factors used are found in Table 4.4.2-1.

Figure 4. 4.2-1: Energy consumption and emissions for real estate, location-based and market-based method 2023

	Total energy consumption, portfolio (kWh)	Energy consumption per square metre (kWh/sqm)	Floor space (sqm)	Financed emissions (tCO ₂ e)	Financed emissions per square metre (tCO ₂ e/sqm)	Carbon intensity (tCO ₂ e/MNOK)
	2,096,687,780	208	10,092,253			
Location-based				8,236	0.00082	0.38
Market-based				217,614	0.0216	9.96

In order to ensure consistency in reporting, financed emissions in the property portfolio for 2021 have been re-estimated using the same method as for 2022 and 2023. The energy mix for 2022 has been used for 2023, as this is the

last available factor. As 2021 had a lower energy mix than other years, 2021 has a lower carbon intensity than 2022 and 2023.



CLIMATE ACCOUNTS

Table 4.3 Climate accounts 2021–2023

	31.12.2023							31.12.2022					31.12.2021				
	Lending (NOK mill.)	Emissions (tCO ₂ e)	% share	Weighted data quality (1–5, where 1 is best)	Carbon intensity (tCO ₂ e per NOK mill.)			Lending (NOK mill.)	Emissions (tCO ₂ e)	% share	Weighted data quality (1–5, where 1 is best)	Carbon intensity (tCO ₂ e per NOK mill.)	Lending (NOK mill.)	Emissions (tCO ₂ e)	% share	Weighted data quality (1–5, where 1 is best)	Carbon intensity (tCO ₂ e per NOK mill.)
						Emissions	Carbon intensity										
Scope 1		7,3	91,3%			-46%			10,8	91,5%				13,4	89,3%		
Scope 2		0,7	8,8%			-56%			1	8,5%				1,6	10,7%		
Scope 3		97,5	92,4%			86%			44,5	79,0%				52,4	77,7%		
Total Scope 1 and 2		8				-47%			11,8					15			
Total Scope 1, 2 and 3, own operations		105,5				57%			56,3					67,4			
Financed emissions																	
Mortgages*	185 898	37 883	100,0%	3	0,20	16%	99%	158 620	36 697	100,0%	3	0,23	145 669	14 907	100,0%	3	0,10
Total financed emissions, RM portfolio	185 898	37 883		3	0,20	16%	99%	158 620	36 697		3	0,23	145 669	14 907		3	0,10
Building and construction	6 294	12 523	0,7%	5	1,99	-1%	-24%	4 349	9 254	0,4%	5	2,13	4 882	12 697	0,6%	5	2,60
Property*	21 848	8 236	0,5%	3,61	0,38	114%	54%	19 892	8 465	0,4%	3,7	0,43	15 692	3 843	0,2%	3,73	0,24
Aquaculture	3 703	15 261	0,9%	3,44	4,12	-72%	-72%	2 313	11 094	0,5%	2,3	4,80	3 636	54 477	2,5%	3,48	14,98
Fisheries and fish processing	7 954	73 959	4,2%	3,35	9,30	39%	9%	7 020	63 963	3,0%	3,3	9,11	6 265	53 268	2,4%	3,56	8,50
Hotels and restaurants	1 732	1 405	0,1%	5	0,81	-91%	-90%	1 780	1 545	0,1%	5	0,87	1 929	15 524	0,7%	5	8,05
Industry	3 790	37 734	2,2%	5	9,96	144%	99%	3 554	37 842	1,8%	5	10,65	3 093	15 445	0,7%	5	4,99
Land-based transportation	312	113	0,0%	5	0,36	-97%	-98%	307	119	0,0%	5	0,39	299	4 430	0,2%	5	14,82
Agriculture	1 319	28 395	1,6%	3,2	21,53	-38%	-41%	1 097	22 935	1,1%	3	20,91	1 241	45 542	2,1%	4,9	36,70
Offshore	483	18 745	1,1%	3	38,81	-75%	-51%	931	57 498	2,7%	3	61,76	958	75 341	3,4%	5	78,64
Shipping*	6 203	1 533 569	87,6%	3	247,23	-16%	-15%	5 350	1 874 214	88,8%	3	350,32	6 294	1 824 033	83,0%	3	289,81
Small-scale power	2 662	1 441	0,1%	3	0,54	26%	13%	2 044	1 080	0,1%	3	0,53	2 385	1 142	0,1%	3	0,48
Wholesale and retail	2 931	18 171	1,0%	5	6,20	-44%	-45%	2 982	19 771	0,9%	5	6,63	2 894	32 623	1,5%	5	11,27
Shipbuilding	277	675	0,0%	5	2,44	10%	42%	380	990	0,0%	5	2,60	356	611	0,0%	5	1,72
Other	2 974	1 130	0,1%	5	0,38	-98%	-98%	2 951	1 199	0,1%	5	0,41	3 744	57 686	2,6%	5	15,41
Total financed emissions, CM portfolio	62 482	1 751 355		3,87	28,03	-20%	-32%	54 950	2 109 967		3,86	38,40	53 668	2 196 662		4,03	40,93
Total financed emissions	248 380	1 789 238		3,22	7,20	-19%	-35%	213 570	2 146 664		3,22	10,05	199 337	2 211 569		3,21	11,09
Total emissions Scope 1		7				-46%			11					13			
Total emissions Scope 2		1				-56%			1					2			
Total emissions Scope 3		1 789 335				-19%			2 146 708					2 211 621			
Total emissions		1 789 343				-19%			2 146 720					2 211 636			

* 2021 emissions have been re-estimated

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 2023 than in 2021, while a positive change (+) means that the carbon intensity is higher.

The biggest emissions in the bank's portfolio in 2023 came from the shipping portfolio. Most new shipping customers now include a sustainability-linked loan (SLL) structure, and the bank expects to see a stronger effect on emission reduction going forward.

For industries where the bank has not collected the companies' production or emission data, emissions are estimated using PCAF's emission factors and lending volume. In 2023, PCAF made changes to its emission factors that entail relatively extensive changes in estimated emissions from 2021 to 2022, despite comparatively little variation in lending volumes between these two years. This applies in particular to the industry categories 'Other' and 'Land-based transport', where the factor for emissions per NOK in lending was significantly reduced in 2022 compared with 2021. Given the lending volume, this has the greatest impact in the industry category 'Other'. Lower emission factors result in an overall reduction in emission intensity and estimated emissions for five of the seven industry categories with a data quality score of 5. The exception is 'Industry' and 'Shipbuilding', which have increased emissions compared with 2021. The overall difference resulting from the changes in emission factors between 2021 and 2022 for the seven industry categories is a net reduction of 50,000 tonnes of CO₂. The exchange rates used to convert lending volumes into EUR also impact these emission estimates.

The emission factors for fish farming have been obtained from Finance Norway's guidelines for calculating financed emissions. The calculated

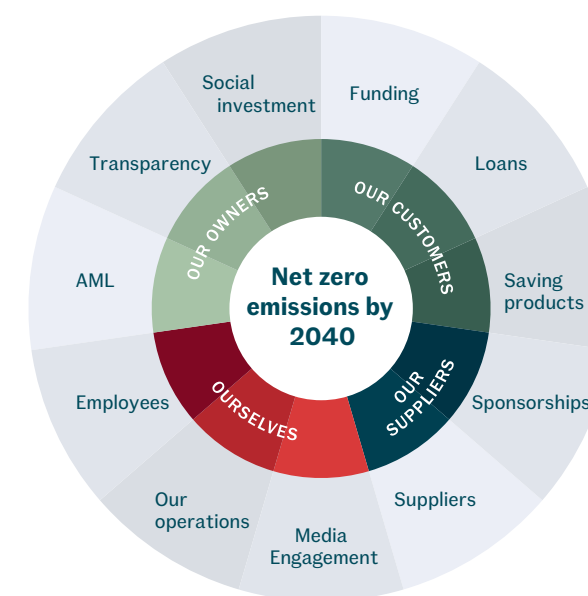
emissions for 2022 are significantly lower than in 2021, due to the bank including emission factors for freight and feed in the calculation of financed emissions in 2021. These emission factors are categorised as the loan customer's scope 3 emissions and must therefore be distinguished from the disclosure of financed emissions, which include loan customers' scope 1 and 2 emissions. For the other industries, financed emissions are reported based on the customer's scope 1 and 2 emissions. As scope 3 emissions constitute the largest share of emissions in the fish farming sector, the climate accounts show an expected reduction in reported financed emissions in 2022 compared with 2021.

The internal GHG accounts (scope 1, 2 and upstream scope 3) mainly include emissions from fuel consumption, purchased energy and services, waste management and business travel. The bank reduced its fuel consumption due to less use of company cars. When the bank buys certificates of origin for purchased electrical energy, the bank's emissions are linked to purchased district heating. In total, the bank has reduced scope 1 and 2 emissions by 3.8 tonnes of CO₂ from 2022. Upstream scope 3 emissions have increased by 53 tonnes of CO₂ compared with 2022. This is due to several factors, including an increase in air travel in 2023. A methodical change in the emission factor for air travel also leads to increased emissions compared with 2022. The increase is also due to the fact that the bank has included more waste fractions in 2023, and in particular the proportion of organic waste from the staff canteen at the head office contributed to increased amounts of waste and thus increased scope 3 emissions. Some of the increase in scope 3 may also be associated with a change in the calculation method for purchased energy. Further details can be found in the internal GHG emissions report for 2023, which is available on the bank's [website](#).

4.5 The bank's transition plan

Sparebanken Vest has set a long-term goal of net zero emissions by 2040. In 2023, the bank prepared a transition plan for how it will achieve its sustainability goals, which is supported by specific targets and action plans for the retail market, corporate market and its 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 possibilities for earning.

Figure 4.5-1: The bank's long-term sustainability goals



The sustainability area is undergoing continuous development and is marked by considerable uncertainty. As a result, banks' transition plans must be adaptable. In 2024, the Science-based Targets initiative (SBTi) will launch guidance specifically aimed at helping banks to devise targets and action plans to achieve net zero

emissions. The bank has already used SBTi's tool for short-term goals to set industry-specific targets, or 'near-term targets', that extend until 2030. However, these targets are expected to require adjustments in accordance with the upcoming guidance. Time is not on our side to halt climate change, and Sparebanken Vest therefore believes that it is important that incomplete methodology and low data quality should not prevent action in the short term. On the contrary, the bank is determined to act now. This means that tough emission cuts must be implemented immediately, while methodology can be adjusted along the way. This is also in line with the SBTi's current guidelines. The bank considers that transparency in relation to stakeholders will be important in such a process.

The bank uses 1.5C scenarios in line with the SBTi guidelines to calculate emission targets and the bank's decarbonisation pathways, but recognises that external factors beyond the bank's control may affect its ability to achieve the sustainability targets. For example, future technological developments may affect emission reduction opportunities. For the bank, it is therefore important to set the direction towards net zero, but at the same time recognise that emission reductions will not follow a linear trajectory towards 2040. The bank's targets and plans will be dynamic and updated in accordance with changes in regulations, guidelines from authorities, industry practices and significant developments that are as yet unknown.



The bank’s targets for the retail market, industry-specific targets for the corporate market and the bank’s internal operations are set out below:

Table 4.5-1: The bank’s targets towards 2030

The bank’s overall target: Net zero emissions by 2040			
Base year: 2022			
Segment	2030 ‘near-term-targets’	Target-setting method	Scope (GHG Protocol)
Mortgages	Carbon intensity in the portfolio (CO ₂ e/square metre) to be reduced by 48%	Science Based Targets’ Sectoral Decarbonisation Approach (SDA)	Scope 3, category 15
Corporate Market Property	Carbon intensity in the portfolio (CO ₂ e/square metre) to be reduced by 40%	Science-based Targets’ Sectoral Decarbonisation Approach (SDA)	Scope 3, category 15
Fisheries	Carbon intensity in the portfolio (tCO ₂ e/tonne fish) to be reduced by 42%	Absolute Contraction Approach per production unit	Scope 3, category 15
Aquaculture	Carbon intensity in the portfolio (tCO ₂ e/tonne fish) to be reduced by 42%	Absolute Contraction Approach per production unit	Scope 3, category 15
Shipping (cargo ships)	The shipping portfolio shall, as a minimum, reduce its emissions in accordance with the Poseidon Principles’ decarbonisation trajectory for shipping	SDA: Poseidon Principles	Scope 3, category 15
Shipping (other ships)	During 2025, the bank will find measurement methods for the other segments in the shipping portfolio, based on the relevant emission intensity of these segments.	Find baseline	Scope 3, category 15
Small-scale power	Double the lending volume by 2025 from 2020. Further 5% annual growth.	Growth targets	Scope 3, category 15
Own operations	Reduce the bank’s scope 1 and 2 emissions in accordance with SBTi’s decarbonisation trajectory	Absolute Contraction Approach	Scope 1 and scope 2



4.5.1 TARGET-SETTING METHOD

The bank’s targets and transition plans are based on methodology and tools from the Science-based Targets initiative (SBTi). The bank has used decarbonisation trajectories in line with the 1.5C target. Sector guides have been used where available, but have not been available for fisheries and aquaculture. For shipping, the bank has used the Poseidon Principles’ ‘striving’ decarbonisation trajectory, as it is expected to qualify in accordance with SBTi’s methodology when the new net zero standard for financial institutions becomes available. If this is not the case, the bank will adjust its target in line with the new guidelines.

For small-scale power, the bank has not set a decarbonisation target, as the bank’s portfolio meets the EU taxonomy’s requirements for sustainable economic activities, as documented through Moody’s Second Party Opinion of the bank’s green bond framework in 2023. Instead, the bank has chosen to set a growth target for the portfolio, as the bank believes hydropower will play a significant role in the green transition, despite the fact that Norway’s energy mix already consists of 98 per cent renewables. This is because Norway and Europe need more renewable energy to transform society and limit the impact of climate change, and Norway plays an important role here as an exporter of renewable energy.

The climate accounts form the basis for the preparation of the bank’s targets and transition plans. The climate accounts are calculated based on PCAF’s methodology and Finance Norway’s guidelines for calculating financed emissions, as described in section 4.3. The GHG Protocol’s scope 3, category 15 is applied to the targets set for the bank’s lending portfolio. These include loan customers’ scope 1 and 2 emissions. Scope 1 and 2 form the basis for the targets set for the bank’s internal operations. The base year for the decarbonisation graphs is 2022, unless otherwise specified in connection with the individual decarbonisation trajectories.

The targets are set for all the bank’s mortgages, which account for approximately 75 per cent of

the bank’s lending balance. In the corporate market, targets are set for the bank’s largest industries, which together account for about 70 per cent of the bank’s corporate market lending portfolio. Together, the targets cover more than 90 per cent of the bank’s lending balance.

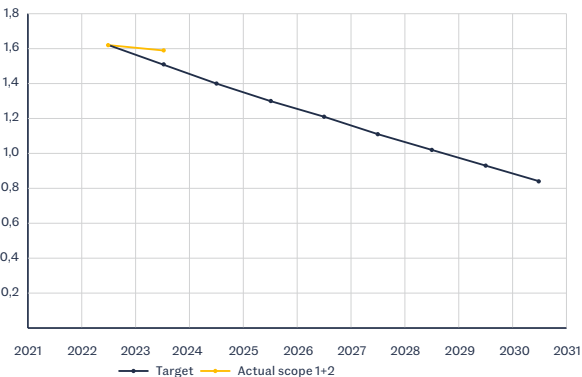
4.5.2 MORTGAGES

Mortgages constitute a significant part of the bank’s balance sheet, making up about 75 per cent of the bank’s lending balance. For the bank to achieve its long-term target of net zero emissions by 2040, the mortgage portfolio must undergo significant restructuring.

For the mortgage portfolio, the bank has set the target of reducing carbon intensity by 48 per cent by 2030, compared with the base year 2022. The bank has also set annual targets for green products and transition products in the short term.

Target 2030: Carbon intensity in the portfolio (kCO₂e/square metre) to be reduced by 48 per cent by 2030.

Mortgage carbon intensity measured against 1.5C pathway



Short-term target 2024: 350 new green upgrade loans in 2024.

Action plan:

- *Green upgrade loans and energy loans:* Transition-linked loans with economic incentives for retail customers will be an important tool for decarbonising the portfolio in the years ahead.



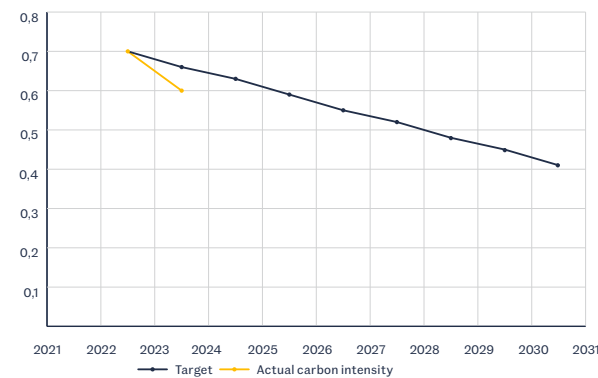
- **Green financing:** The bank will prioritise commitments that meet the EU taxonomy requirements.
- **Insight-driven data platform:** Solutions that are engaging and intuitive for the user.
- **Incentive models:** Advisers' bonus schemes are linked to sustainability KPIs associated with the sale of green loans and transition-linked loans. The bank will also further develop incentive mechanisms aimed at the bank's customers to encourage more energy rating of private homes.
- **Energy rating:** Increased focus on obtaining energy ratings for retail customers through conversations with advisers and consumer communication.
- **Training and practice:** Mandatory training for all employees, tailored to products and customer groups. The bank has established an advisory group to ensure development and transfer of expertise in the bank's geographical regions, with a focus on transition-linked loans and upcoming regulatory requirements.
- **Communication and marketing:** The bank wants to share information about the importance of upgrading and improving the energy efficiency of buildings. To that end, the bank will market transition-linked loan products to increase awareness and knowledge of these products. During 2023, the bank's Compliance Department has organised training in the use of sustainability claims in marketing, to ensure that the bank uses best practices.

4.5.3 REAL ESTATE

Representing more than 30 per cent of the bank's lending to corporate customers, real estate is the largest industry financed by the bank. The real estate sector accounts for a significant share of Norway's energy consumption, and is therefore vital to the bank achieving its long-term target of net zero by 2040.

Target 2030: Carbon intensity in the portfolio (CO₂e/square metre) to be reduced by 40 per cent

CM property carbon intensity measured against 1.5C pathway



Action plan:

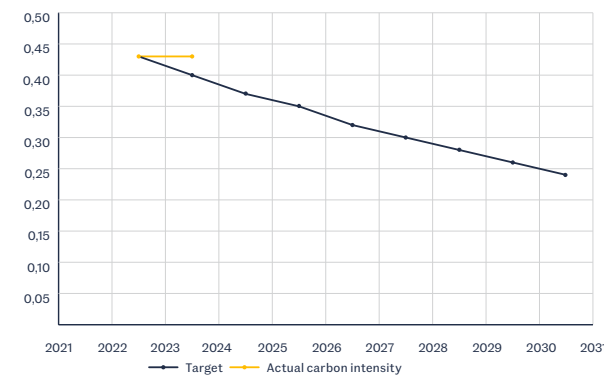
- **Sustainability-linked loans:** Loans with a sustainability-linked structure will be an important tool for decarbonising the portfolio in the years ahead. In-depth information about sustainability-linked loans is provided in section 4.5.9.
- **Green financing:** The bank will prioritise commitments that meet the requirements of the EU taxonomy.
- **Incentive models:** The advisers' bonus schemes are linked to sustainability KPIs associated with the sale of green and sustainability-linked loans. The target is set at 30 per cent per year.
- **Energy rating:** Each region/team sets specific targets for obtaining energy ratings based on a review of their own customer lists.
- **Industry-specific training:** The bank has its own property specialist group, with designated managers in several regions. The industry group will conduct industry-specific training on sustainability. The group of designated managers works closely with the bank's Sustainability Department.
- **Better data quality:** In the bank's credit framework (industry policy for real estate), the bank's customers are required to submit information about the energy rating of financed buildings.

4.5.4 FISHERIES

Fisheries is the bank's second largest industry in terms of lending volume in the corporate market. Fisheries is also one of the most carbon-intensive industries in the lending portfolio, based on emissions per NOK in lending. Decarbonisation in the industry is therefore vital to the bank achieving its target of net zero emissions by 2040. As there is no dedicated industry guidance for fisheries in SBTi, the bank has used the Absolute Contraction Approach, but calculated carbon intensity per production unit.

Target 2030: Carbon intensity in the portfolio (tCO₂e/tonne fish) to be reduced by 42 per cent

Fisheries carbon intensity measured against 1.5C pathway



Action plan:

- **Sustainability-linked loans and transition financing for the Norwegian seagoing fishing fleet:** Loans with a sustainability-linked structure will be an important tool for decarbonising the portfolio in the years ahead. In 2023, Sparebanken Vest participated in a transition financing pilot for the Norwegian seagoing fishing fleet under the Green Shipping Programme. The pilot aimed to create a common framework for enabling the industry to achieve the goals of the Paris Agreement.⁸ Going forward, the bank will use this framework actively in dialogue with all customers in the fisheries sector.

⁸ Richardsen, P.W. (2024) Omstillingsfinansiering for Den Norske Havgående fiskeflåten, Grønt Skipsfartsprogram. Available at: grontskipsfartsprogram.no/pilotprosjekt/omstillingsfinansiering-for-fiskeriflaten/ (Accessed: January 2024)



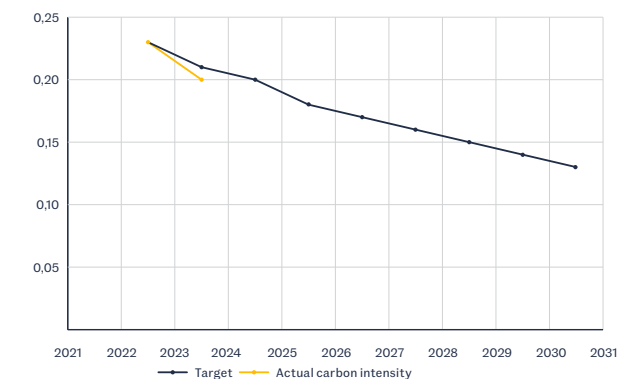
- **Incentive models:** Advisers' bonus schemes are linked to sustainability KPIs associated with the sale of green and sustainability-linked loans. The target is 30 per cent per year.
- **Acquisition of emission data and better data quality:** In the bank's credit framework (industry policy for fisheries), customers are required to submit information about the quantity fished and emission data each year.
- **Industry-specific training:** The bank has a separate division for the ocean industries, with designated managers in several regions. The industry group will conduct industry-specific training in sustainability.

4.5.5 AQUACULTURE

Aquaculture is among the bank's largest industries in terms of lending volume in the corporate market. The ocean industries are expected to play an important role in the sustainable transition, and the industry is therefore considered essential for the bank to achieve its overall goals. As there is no dedicated industry guidance for aquaculture in SBTi, the bank has used the Absolute Contraction Approach, but calculated carbon intensity per production unit.

Target 2030: Carbon intensity in the portfolio (CO₂e/tonne fish) to be reduced by 42 per cent.

Aquaculture carbon intensity measured against 1.5C pathway



Action plan:

- **Sustainability-linked loans:** Loans with a sustainability-linked structure will be an important tool for decarbonising the portfolio in the years ahead. In-depth information about sustainability-linked loans is provided in section 4.5.9.
- **Financing of new technologies:** The bank will prioritise commitments that meet the requirements of recognised certification schemes, defined in the bank's Sustainable Product Framework.
- **Incentive models:** Advisers' bonus schemes are linked to sustainability KPIs associated with the sale of green and sustainability-linked loans. The target is 30 per cent per year.
- **Obtaining emission data and better data quality:** The bank's credit framework (industry policy for aquaculture), now requires the bank's customers to submit production and emission data to the bank each year.
- **Industry-specific training:** The bank has a separate department for the ocean industries, with designated managers in several regions. The industry group will conduct industry-specific training in sustainability.



'Super Festival' for children in Ålesund and Bergen

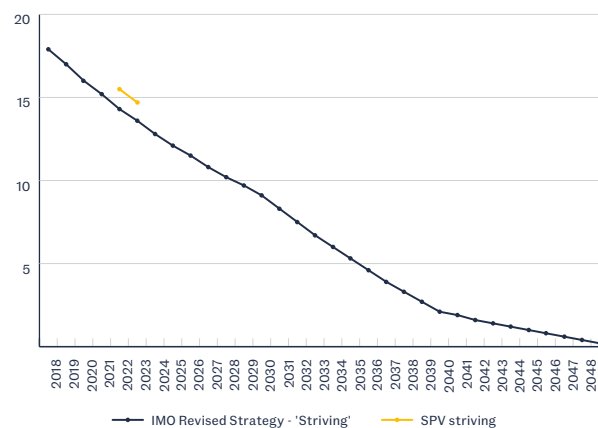
We invited children to Western Norway's best festival in Bergen and Ålesund. The festival was completely free, and a gift to children and adults alike in connection with Sparebanken Vest's 200th anniversary. The festival was a big hit and will be held again in 2024. A celebration of life, and a birthday party for everyone!

4.5.6 SHIPPING

The shipping portfolio is the bank's most carbon-intensive, with an absolute footprint that accounts for well over half of its total GHG footprint.

Target for cargo ships: The shipping portfolio (cargo ships) must, as a minimum, reduce emissions in accordance with the Poseidon Principles' decarbonisation trajectory for shipping.

Poseidon Principles Decarbonisation Trajectory



Target for other ships: During 2025, the bank will find measurement methods for the other segments in the shipping portfolio, based on the relevant emission intensity of these segments. This applies to the following sub-segments: offshore and offshore wind.

Action plan:

- **Sustainability-linked loans:** From 2023, most new shipping loans have been furnished with a sustainability-linked structure. This will be an important tool for decarbonising the portfolio in the years ahead. In-depth information about sustainability-linked loans is provided in section 4.5.9.
- **Green financing:** The bank will prioritise commitments that meet the EU taxonomy requirements.
- **Incentive models:** Advisers' bonus schemes are linked to sustainability KPIs associated with the sale of green and sustainability-linked loans. The target is 30 per cent per year.

- **Poseidon Principles:** All cargo ships over 5,000 gross tonnage in the bank's portfolio are measured by the bank becoming a signatory to the Poseidon Principles. The annual portfolio score will be published in December the following year.
- **Project to find standard measurement methods for other ships:** The bank wants shipping companies and more banks to contribute to a project to create an industry standard for measurement methods for offshore vessels.

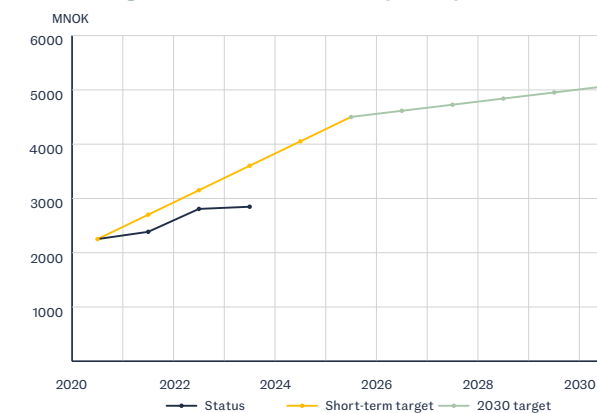
- **Better data quality:** The bank's credit framework (industry policy for shipping), now requires loan customers to submit annual emission data to the bank.

4.5.7 SMALL-SCALE POWER

Sparebanken Vest will finance renewable energy. The bank started its loan initiative for small-scale power plants in 2002 and has largely financed small-scale power plants owned by local landowners. Recent years have seen consolidation in the industry, with few and larger players behind most of the new power plants being built. The bank's industry target for small-scale power is related to growth in the portfolio, as the green transition depends on enough green energy.

Target 2030: The portfolio shall grow by 80 per cent between the base year 2022 and 2030.

Goals for growth in the small-scale power portfolio



Short-term target: Double the lending volume from 2020 to 2025.

Action plan: The bank has prepared a separate strategy for growth in the industry and analysed the potential in Western Norway. This strategy includes capacity planning and allows the bank to seek strategic partnerships where they may provide good synergies for growth.

The bank has a dedicated industry group for small-scale power and a designated manager for small-scale power. In order to achieve the growth target for the portfolio, the bank believes it is important to secure local support through the industry team, which is dispersed across the bank's market areas. The industry team is also important for developing more expertise in the area. The industry manager is responsible for ensuring that the industry group receives industry-specific training and for preparing semi-annual industry reports.

Moreover, the bank will prioritise commitments that meet the EU taxonomy requirements. The bank will also use internal intensive models to achieve the growth target. Advisers' bonus schemes are linked to sustainability KPIs associated with the sale of green and sustainability-linked loans. The target is 30 per cent per year.

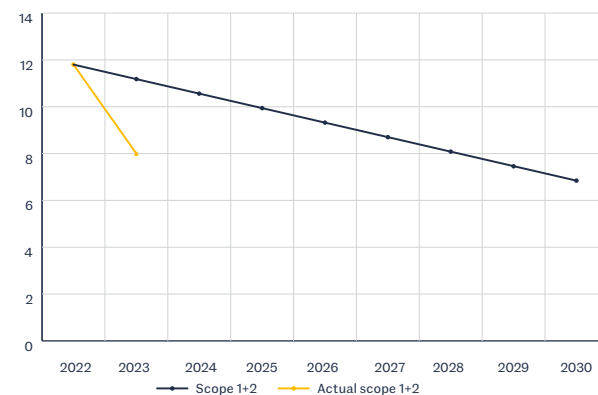
The portfolio will be followed up closely, at least quarterly, when the portfolio is reviewed by the bank's Green Bond Committee.

4.5.8 OWN OPERATIONS

The bank's climate accounts clearly show that the largest footprint relates to financed emissions: our loan book. The loan book represents the greatest risks that may materialise in the future, but it is also where the bank may find the greatest opportunities for positive contributions in the green transition. Sparebanken Vest believes that this work starts with ourselves. To be able to help and advise our customers through the green transition, we must take responsibility for our own operations. Therefore, we have set targets in line with SBTi's Absolute Contraction Approach for the bank's scope 1 and 2 emissions.

Target 2030: The bank's scope 1 and 2 emissions amount to 6.8 tonnes of CO₂ equivalents

Scopes 1 and 2 measured against the 1.5C pathway



Action plan:

- **Focus on energy efficiency and waste reduction:** Installation of heat pump to replace some of the district heating needed at the head office. Increase recycling rate by including waste from grease separators in the staff canteen, as well as electronic waste. The operations department keeps an overview of possible energy saving measures at the offices the bank leases, and it is in dialogue with the landlord where relevant.
- **Reduce consumption of fossil energy sources:** The bank will replace fossil fuel cars with electric cars where company cars are still used.

- **The bank has introduced air travel rules for all employees:** Flights shall not be used for meetings or other travel purpose with a duration of less than two hours.
- **Eco-Lighthouse:** Planning and implementation of specific measures are documented through the Eco-Lighthouse environmental management system.
- **Sustainability month:** Implementation of sustainability bases for the head office and associates, with the aim of increasing commitment to and knowledge of the sustainability work carried out in the bank and its associates. Regional offices have their own sustainability-related activities. The Sustainability Department conducts office visits to all regions to provide support to the advisers by imparting basic knowledge of sustainability topics that are relevant to the advisers as well as updated information about new requirements and regulations.
- **Skills development and training:** The Sustainability Department prepares courses on various sustainability topics that the employees can take using the bank's skills development tools. This is the bank's means of ensuring that all employees have undergone mandatory sustainability training. New courses are developed on an ongoing basis in accordance with the publication schedule, and ad hoc.
- **The supplier portfolio must be carbon-offset:** The bank makes climate requirements of its suppliers. Customers must have an action plan to reduce their own emissions, keep climate accounts and offset residual emissions. The offsetting shall comply with Zero and PwC's traffic light model.

4.5.9 SUSTAINABILITY-LINKED LOANS AS AN ESSENTIAL TRANSITION TOOL:

In order to achieve the bank's overall target of net zero emissions by 2040, it is critical that the bank is able to restructure its portfolio in a greener direction. The most important tool for achieving the necessary transition by 2030 is transition funding. Sustainability-linked loans are offered to the bank's corporate customers. This product is defined in the bank's product framework, the Sustainable Product Framework, which was updated and published on the bank's website in September 2023. Such loans are linked to predefined KPIs and better loan terms that take effect when KPIs are achieved. If not met, the loan terms may be correspondingly tightened in accordance with the current terms of the agreement. This structure is considered to significantly reduce customers' and the bank's sustainability risk, including the long-term risk of loss.

This requires all new and existing customers to prepare an action plan, with stipulated deadlines for how they actively aim to reduce their GHG emissions. These plans will be reviewed as part of the credit assessment and followed up on a continuous basis, as a minimum in connection with the annual review of commitments. The bank takes into account the European Commission's recommendations on transition financing and would like to offer sustainability-linked financing to a wide range of customers.

The bank's sustainability-linked loan structures require results to be reported in line with the action plan and KPIs. Such tailoring requires advisers to have the capacity and expertise to follow this up over time. To reduce the risk associated with this, regular training activities are carried out and the bank's incentive models have been updated to reflect sustainability as a strategic focus area.



All Sparebanken Vest's employees came together to celebrate its 200th anniversary in Bergen in June 2023. Photo: Thor Brødreskift

4.6 The bank's obligations

Sustainability and corporate social responsibility are embedded in Sparebanken Vest's strategy, vision and in the exercise of its business. The bank has undertaken to comply with a number of national and international initiatives that are important for the bank's core business and operations.



CDP

CDP is an organisation that works to increase companies' climate disclosures and create greater transparency for investors about companies' climate work. The bank annually reports data points and information about the bank's management, strategy and risk management.



KLIMAPARTNERE

The organisation Klimapartnere constitutes a partnership for drivers of the sustainable transition, and its members represent academia and public and private sector companies. Together, the climate partners work towards the target of net zero emissions. By sharing green solutions, knowledge and experience, the goal is to inspire concrete action through collaboration.



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

The Partnership for Carbon Accounting Financials (PCAF) is a global collaboration between financial institutions on standardising the measurement and reporting of GHG emissions. PCAF ensures that financial institutions use standardised and comparable measurement methods. The framework also make it possible to report GHG emissions, even with varying data quality.



POSEIDON PRINCIPLES

Sparebanken Vest has undertaken to comply with the Poseidon Principles, an initiative intended to bring about more sustainable practices in shipping. The Poseidon Principles are a globally recognised framework for assessing and disclosing the climate alignment of banks' shipping portfolios.



SCIENCE-BASED TARGETS INITIATIVE

The Science-based Targets Initiative (SBTi) propels the green transition by enabling organisations to set science-based targets for reducing emissions. The bank has used the tools provided by the SBTi to set its own targets for the bank and its lending portfolio, and will, through the initiative, verify the targets set by a research team.



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 will endeavour to ensure that the bank itself and its customers, suppliers and owners make sustainable choices.



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.



4.7 Taxonomy reporting

The EU taxonomy (‘the taxonomy’) is a classification tool that provides a common definition of what is considered sustainable economic activities. The taxonomy is one of the building blocks of the EU’s Sustainable Finance Action Plan, which is part of the EU’s Green Deal. Its main objectives are to redirect capital flows, promote transparency and manage financial risks relating to climate change. The taxonomy is an important tool for banks and investors, as it aims to ensure financing in line with the European climate goals and that defined activities are aligned with net zero by 2050.

The taxonomy’s reporting obligations shall ensure that banks and investors can be confident that their investments and financing contribute to the transition to a climate-neutral, competitive and inclusive economy.

Sparebanken Vest works systematically on the EU taxonomy and green restructuring of the portfolio. As part of this, the bank regularly monitors the green (i.e. taxonomy-aligned) share of the mortgage portfolio. As the mortgage

portfolio constitutes the largest part of the bank’s lending balance, it guides the bank’s goal attainment with respect to the taxonomy’s KPIs. For the corporate market, the KPIs in the taxonomy only deal with the largest customers, and Sparebanken Vest’s portfolio is mostly represented by SME customers. These are not included in the green asset ratio. The bank expects a somewhat larger proportion of corporate customers in the lending portfolio to be recognised in the KPIs on the transition from the NFRD to the CSRD, but for Sparebanken Vest, a small number of customers will still be affected by the taxonomy’s reporting requirements.

The bank’s taxonomy reporting is set out below. As the bank’s lending balance mainly consists of mortgages and SMEs, the bank has also chosen to report the following KPIs:

- Green share of the mortgage portfolio
- Green share of the mortgage portfolio, where estimates are used
- Green share of the lending portfolio, where SMEs are included



Figure 4.7-1: Summary of KPIs to be disclosed by credit institutions in accordance with Article 8 of the Taxonomy Regulation

		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (of total assets)***
Main KPI	GAR KPI stock	NOK 16.757 mill.	0	0	6.0%
		Total environmentally sustainable activities	KPI	KPI	% coverage (of total assets)
Other KPIs	GAR KPI flow	NOK 4.427 mill.	0	0	8,0 %
	Trading book portfolio*	N/A	N/A	N/A	
	Financial guarantees	0	0	0	
	Assets under management	0	0	0	
	Fee and commission income**	N/A	N/A	N/A	

* The trading book portfolio KPI does not have to be disclosed until 2026, but the bank does not have a trading portfolio and the KPI is thus not relevant.

** The KPI for fees and commissions does not have to be disclosed until 2026.

*** % of assets covered by the KPI, over the bank’s total assets.

**** based on the counterparty’s Turnover KPI. As 2023 is the first reporting year for the taxonomy in Norway, this is set to 0, as the bank’s counterparties will report their KPIs as of the 2023 reporting year.

***** based on the counterparty’s CapEx KPI, with the exception of lending activities, where the Turnover KPI for general lending shall be used as the basis. As 2023 is the first reporting year for the taxonomy in Norway, this is set to 0, as the bank’s counterparties will report their KPIs as of the 2023 reporting year.

Fields marked in black are not to be filled in.



Figure 4.7-2: Assets for the calculation of GAR

NOK million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af		
		Total gross carrying amount	Reference date T																Total gross carrying amount	Reference date T-1															
			CCM						CCA						TOTAL (CCM + CCA)					Total gross carrying amount				CCA				TOTAL (CCM + CCA)							
			Of which towards taxonomy-relevant sectors (taxonomy-eligible)						Of which towards taxonomy-relevant sectors (taxonomy-eligible)						Of which towards taxonomy-relevant sectors (taxonomy-eligible)					Of which towards taxonomy-relevant sectors (taxonomy-eligible)				Of which towards taxonomy-relevant sectors (taxonomy-eligible)				Of which towards taxonomy-relevant sectors (taxonomy-eligible)							
			Of which environmentally sustainable (taxonomy-aligned)						Of which environmentally sustainable (taxonomy-aligned)						Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)							
				Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling
1	GAR – covered assets in both numerator and denominator	281 127,5	281 127,5	16 757	16 679	19	0	281 127,5	0	0	0	0	281 127,5	16 757	16 679	19	0																		
2	Loans and advances, debt securities and equity instruments not held for trading and eligible for GAR calculation	209 765,5	207 793,9	16 757	16 679	19	0	207 793,9	0	0	0	0	207 793,9	0	0	0	0																		
3	Financial corporations	3 221,9	3 221,9	0	0	0	0	3 221,9	0	0	0	0	3 221,9	0	0	0	0																		
4	Credit institutions	2 122,5	2 122,5	0	0	0	0	2 122,5	0	0	0	0	2 122,5	0	0	0	0																		
5	Loans and advances	0,5	0,5	0	0	0	0	0,5	0	0	0	0	0,5	0	0	0	0																		
6	Debt securities, including use of proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
7	Equity instruments	2 122	2 122	0		0	0	2 122	0		0	0	2 122	0		0	0																		
8	Other financial corporations	1 099,4	1 099,4	0	0	0	0	1 099,4	0	0	0	0	1 099,4	0	0	0	0																		
9	of which investment firms	35	35	0	0	0	0	35	0	0	0	0	35	0	0	0	0																		
10	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
11	Debt securities, including use of proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
12	Equity instruments	35	35	0		0	0	35	0		0	0	35	0		0	0																		
13	of which management companies	364,6	364,6	0	0	0	0	364,6	0	0	0	0	364,6	0	0	0	0																		
14	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
15	Debt securities, including use of proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
16	Equity instruments	364,6	364,6	0				364,6					364,6	0																					
17	of which insurance undertakings	699,8	699,8	0	0	0	0	699,8	0	0	0	0	699,8	0	0	0	0																		
18	Loans and advances	4	4	0	0	0	0	4	0	0	0	0	4	0	0	0	0																		
19	Debt securities, including use of proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
20	Equity instruments	695,8	695,8	0		0	0	695,8	0	0	0	0	695,8	0	0	0	0																		
21	Non-financial corporations	6 492,6	4521	59	59	0	0	4521	0	0	0	0	4521	59	59	0	0																		
22	Non-financial corporations subject to NFRD disclosure requirements	6 352	4521	59	59	0	0	4521	0	0	0	0	4521	59	59	0	0																		
23	Loans and advances	6 352	4521	59	59	0	0	4521	0	0	0	0	4521	59	59	0	0																		
24	Debt securities, including use of proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
25	Equity instruments	140,6	0	0		0	0	0	0		0	0	0	0	0		0																		
26	Households	200 051	200 051	16 698	16 679	19	0	200 051	0	0	0	0	200 051	16 698	16 679	19	0																		
27	of which loans collateralised by residential immovable property	199 641,6	199 641,6	16 679	16 679	0	0	199 641,6	0	0	0	0	199 641,6	16 679	16 679	0	0																		
28	of which building renovation loans	409,4	409,4	19	0	19	0	409,4	0	0	0	0	409,4	19	0	19	0																		
29	of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
30	Local governments financing	63	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
31	Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
32	Other local governments financing	63	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
33	Other assets excluded from the numerator for GAR calculation (covered in the denominator)	71 362	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		

NOK million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af		
		Total gross carrying amount	Reference date T																Total gross carrying amount	Reference date T-1															
			CCM						CCA						TOTAL (CCM + CCA)					Total gross carrying amount								CCA				TOTAL (CCM + CCA)			
			Of which towards taxonomy-relevant sectors (taxonomy-eligible)						Of which towards taxonomy-relevant sectors (taxonomy-eligible)						Of which towards taxonomy-relevant sectors (taxonomy-eligible)					Of which towards taxonomy-relevant sectors (taxonomy-eligible)				Of which towards taxonomy-relevant sectors (taxonomy-eligible)				Of which towards taxonomy-relevant sectors (taxonomy-eligible)							
			Of which environmentally sustainable (taxonomy-aligned)						Of which environmentally sustainable (taxonomy-aligned)						Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)							
34	Non-financial corporations	60 937																																	
35	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	60 937																																	
36	Loans and advances	60 937																																	
37	of which loans collateralised by commercial immovable property	23 871																																	
38	of which building renovation loans	812,2																																	
39	Debt securities	0																																	
40	Equity instruments	0																																	
41	Non-EU country counter-parties not subject to NFRD disclosure obligations	0																																	
42	Loans and advances	0																																	
43	Debt securities	0																																	
44	Equity instruments	0																																	
45	Derivatives	5 401																																	
46	On-demand interbank loans	3 154																																	
47	Cash and cash-related assets	3																																	
48	Other assets (e.g. goodwill, commodities, etc.)	1 867																																	
49	Total GAR assets	74,6%	73,9%	5,9%	5,9%	0,0%	0,0%	73,9%	0,0%	0,0%	0,0%	0,0%	73,9%	5,9%	5,9%	0,0%	0,0%																		
50	Other assets not covered for GAR calculation	5 299																																	
51	Sovereigns	4 915																																	
52	Central banks exposure	384																																	
53	Trading book	0																																	
54	Total assets	291 725,5	207 793,9	16 757	16 679	19	0	207 793,9	0	0	0	0	207 793,9	16 757	16 679	19	0																		
Off-balance sheet exposures – Corporations subject to NFRD disclosure obligations																																			
55	Financial guarantees	2 996	576,3	0	0	0	0	576,3	0	0	0	0	576,3																						

Columns that refer to the reference date T-1 do not therefore have to be reported.

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Figure 4.7-3: GAR – sector information

	a		b	c	e	f	h	i	k	l	n	o	q	R
	Breakdown by sector – NACE 4-digits level (code and label)		CCM				CCA				TOTAL (CCM + CCA)			
			Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD	
			Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
			NOK mill.	Of which environmentally sustainable (CCM)	NOK mill.	Of which environmentally sustainable (CCM)	NOK mill.	Of which environmentally sustainable (CCA)	NOK mill.	Of which environmentally sustainable (CCA)	NOK mill.	Of which environmentally sustainable (CCM + CCA)	NOK mill.	Of which environmentally sustainable (CCM + CCA)
1		2561	18	0			18	0			18	0		
2		2790	301	0			301	0			301	0		
3		3011	181	0			181	0			181	0		
4		3511	59	59			59	0			59	59		
5		4110	397	0			397	0			397	0		
6		4399	95	0			95	0			95	0		
7		5010	741	0			741	0			741	0		
8		5020	2608	0			2608	0			2608	0		
9		6810	11	0			11	0			11	0		
10		7113	16	0			16	0			16	0		



Figure 4.7-4: GAR KPI stock

NOK million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Reference date T																Reference date T-1															
		CCM					CCA					TOTAL (CCM + CCA)					Proportion of total covered assets	CCM					CCA				TOTAL (CCM + CCA)					Proportion of total covered assets	
		Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)										
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling				Of which specialised lending	Of which transitional		Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending		Of which transitional
1	GAR – covered assets in both numerator and denominator	100%	100%	6,0%	0,0%	0,0%	100%	100%	0,0%	0,0%	0,0%	100%	100%	6,0%	0,0%	0,0%																	
2	Loans and advances, debt securities and equity instruments not held for trading and eligible for GAR calculation	74,6%	73,9%	6,0%	0,0%	0,0%	74,6%	73,9%	0,0%	0,0%	0,0%	74,6%	73,9%	6,0%	0,0%	0,0%																	
3	Financial corporations	1,1%	1,1%	0,0%	0,0%	0,0%	1,1%	1,1%	0,0%	0,0%	0,0%	1,1%	1,1%	0,0%	0,0%	0,0%																	
4	Credit institutions	0,8%	0,8%	0,0%	0,0%	0,0%	0,8%	0,8%	0,0%	0,0%	0,0%	0,8%	0,8%	0,0%	0,0%	0,0%																	
5	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
6	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
7	Equity instruments	0,8%	0,8%	0,0%		0,0%	0,8%	0,8%	0,0%		0,0%	0,8%	0,8%	0,0%		0,0%																	
8	Other financial corporations	0,4%	0,4%	0,0%	0,0%	0,0%	0,4%	0,4%	0,0%	0,0%	0,0%	0,4%	0,4%	0,0%	0,0%	0,0%																	
9	of which investment firms	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
10	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
11	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
12	Equity instruments	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
13	of which management companies	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%																	
14	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
15	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
16	Equity instruments	0,1%	0,1%	0,0%		0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%																	
17	of which insurance undertakings	0,2%	0,2%	0,0%	0,0%	0,0%	0,2%	0,2%	0,0%	0,0%	0,0%	0,2%	0,2%	0,0%	0,0%	0,0%																	
18	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
19	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
20	Equity instruments	0,2%	0,2%	0,0%		0,0%	0,2%	0,2%	0,0%	0,0%	0,0%	0,2%	0,2%	0,0%	0,0%	0,0%																	
21	Non-financial corporations	2,3%	1,6%	0,0%	0,0%	0,0%	2,3%	1,6%	0,0%	0,0%	0,0%	2,3%	1,6%	0,0%	0,0%	0,0%																	
22	Non-financial corporations subject to NFRD disclosure requirements	2,3%	1,6%	0,0%	0,0%	0,0%	2,3%	1,6%	0,0%	0,0%	0,0%	2,3%	1,6%	0,0%	0,0%	0,0%																	
23	Loans and advances	2,3%	1,6%	0,0%	0,0%	0,0%	2,3%	1,6%	0,0%	0,0%	0,0%	2,3%	1,6%	0,0%	0,0%	0,0%																	
24	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
25	Equity instruments	0,1%	0,0%	0,0%		0,0%	0,1%	0,0%	0,0%	0,0%	0,0%	0,1%	0,0%	0,0%	0,0%	0,0%																	
26	Households	71,1%	71,1%	5,9%	0,0%	0,0%	71,1%	71,1%	0,0%	0,0%	0,0%	71,1%	71,1%	5,9%	0,0%	0,0%																	
27	of which loans collateralised by residential immovable property	71,0%	71,0%	5,9%	0,0%	0,0%	71,0%	71,0%	0,0%	0,0%	0,0%	0,1%	71,0%	5,9	0,0%	0,0%																	
28	of which building renovation loans	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,0%	0,1%	0,0%	0,0%	0,0%																	
29	of which motor vehicle loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
30	Local governments financing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
31	Collateral obtained by taking possession: residential and commercial immovable properties	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
32	Other local governments financing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%																	
49	Total GAR assets	74, 6%	73,9%	6,0%	0,0%	0,0%	74, 6%	73,9%	0,0%	0,0%	0,0%	74, 6%	73,9%	6,0%	0,0%	0,0%																	



Figure 4.7-5: GAR KPI flow

In this template, the bank discloses the GAR KPIs based on the data disclosed in template 1, on for the flow of loans (new loans on a net basis) covered assets.

% (compared to flow of total eligible assets)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
		Reference date T																
		CCM					CCA					TOTAL (CCM + CCA)						Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)						
		Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)						
		Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling				
1	GAR – covered assets in both numerator and denominator	55 233,8	96,9%	8,0%	0,1%	0,0%	96,9%	0,0%	0,0%	0,0%	0,0%	55 233,8	96,9%	8,0%	0,1%	0,0%	100,0%	
2	Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	100%	96,9%	8,0%	0,1%	0,0%	96,9%	0,0%	0,0%	0,0%	0,0%	100%	96,9%	8,0%	0,1%	0,0%	100,0%	
3	Financial corporations	0,9%	0,9%	0,0%	0,0%	0,0%	0,9%	0,0%	0,0%	0,0%	0,0%	0,9%	0,9%	0,0%	0,0%	0,0%	0,9%	
4	Credit institutions	0,8%	0,8%	0,0%	0,0%	0,0%	0,8%	0,0%	0,0%	0,0%	0,0%	0,8%	0,8%	0,0%	0,0%	0,0%	0,8%	
5	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
6	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
7	Equity instruments	0,8%	0,8%	0,0%		0,0%	0,8%	0,0%	0,0%		0,0%	0,8%	0,8%	0,0%		0,0%	0,8%	
8	Other financial corporations	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	0,0%	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	
9	of which investment firms	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
10	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
11	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
12	Equity instruments	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	
13	of which management companies	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	0,0%	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,1%	
14	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
15	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
16	Equity instruments	0,1%	0,1%	0,0%		0,0%	0,1%	0,0%	0,0%		0,0%	0,1%	0,1%	0,0%		0,0%	0,1%	
17	of which insurance undertakings	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
18	Loans and advances	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
19	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
20	Equity instruments	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	
21	Non-financial corporations	3,3%	0,2%	0,0%	0,0%	0,0%	0,2%	0,0%	0,0%	0,0%	0,0%	3,3%	0,2%	0,0%	0,0%	0,0%	3,3%	
22	Non-financial corporations subject to NFRD disclosure requirements	3,3%	0,2%	0,0%	0,0%	0,0%	0,2%	0,0%	0,0%	0,0%	0,0%	3,3%	0,2%	0,0%	0,0%	0,0%	3,3%	
23	Loans and advances	3,3%	0,2%	0,0%	0,0%	0,0%	0,2%	0,0%	0,0%	0,0%	0,0%	3,3%	0,2%	0,0%	0,0%	0,0%	3,3%	
24	Debt securities, including use of proceeds	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
25	Equity instruments	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	
26	Households	95,8%	95,8%	8,0%	0,1%	0,0%	95,8%	0,0%	0,0%	0,0%	0,0%	95,8%	95,8%	8,0%	0,1%	0,0%	95,8%	
27	of which loans collateralised by residential immovable property	95,4%	95,4%	8,0%	0,0%	0,0%	95,4%	0,0%	0,0%	0,0%	0,0%	95,4%	95,4%	8,0%	0,0%	0,0%	95,4%	
28	of which building renovation loans	0,5%	0,5%	0,0%	0,1%	0,0%	0,5%	0,0%	0,0%	0,0%	0,0%	0,5%	0,5%	0,0%	0,1%	0,0%	0,5%	
29	of which motor vehicle loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
30	Local governments financing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
31	Collateral obtained by taking possession: residential and commercial immovable properties	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
32	Other local governments financing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
49	Total GAR assets	100%	96,9%	8,0%	0,1%	0,0%	96,9%	0,0%	0,0%	0,0%	0,0%	100%	96,9%	8,0%	0,1%	0,0%		



Figure 4.7-6: KPI off-balance sheet exposures

% (compared to total eligible off-balance sheet assets)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
							Reference date T									
		CCM					CCA					TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)					Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)				
				Of which special-ised lending	Of which transitional	Of which enabling			Of which special-ised lending	Of which transitional	Of which enabling			Of which special-ised lending	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	100%	19,2%	0,0%	0,0%	0,0%	100%	19,2%	0,0%	0,0%	0,0%	100%	19,2%	0,0%	0,0%	0,0%
2	Assets under management (AuM KPI)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Figure 4.7-7: Voluntary taxonomy reporting

Voluntary reporting of green share of the lending portfolio as of 31 Dec. 2023		
KPI	Green share	Methodology
Green asset ratio, mortgage portfolio	8.4%	Activities aligned with the EU taxonomy as a percentage of total mortgage portfolio
Green asset ratio, mortgage portfolio	19.6%	Activities aligned with the EU taxonomy, where estimates for the energy rating are used, as percentage of total mortgage portfolio. The bank's green framework has been applied.
Green asset ratio, lending portfolio	10.5%	Green asset ratio, mortgage portfolio, as well as inclusion of SMEs

Det Vestnorske Teateret awarded NOK 750,000 for the production ‘Jon Fosse minute by minute’

In tribute to the author who received the Nobel Prize for Literature on 10 December 2023

Fosse was finally awarded the Nobel Prize for Literature. Fosse refers to Det Vestnorske Teateret as his theatre. It was Fosse who developed the idea – together with Anne Gullestad – for a theatre for Western Norwegian drama. The theatre is now collaborating with public broadcaster NRK on a unique initiative: From Friday 8 until Sunday 10 December 2023, NRK will broadcast almost 40 hours

live from the theatre, where actors from the region (and other parts of Norway) will read the collected plays of Jon Fosse – some 40 in number. The project is called ‘Fosse – word for word’, and is similar to other ‘slow TV’ initiatives, such as the Bergen Line minute by minute. This is a historic event. It’s not just important for Fosse himself; the award is historically important for Western Norway, for Norwegian theatre and for the Nynorsk Norwegian language variant. That we now have a chance to showcase Bergen, the artists who live here, Nynorsk, and of course Fosse’s writing, is an opportunity we have to seize with both hands.



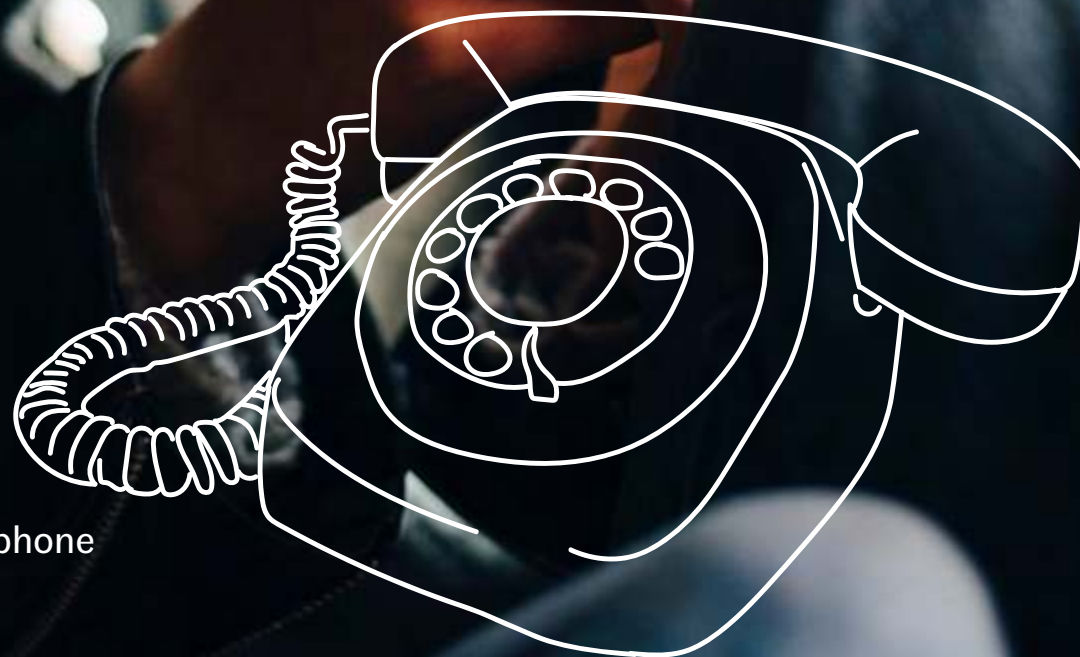




Results

200

From piggy banks
to saving in funds
From deposit books
to paying with your phone



5.1 Strong lending and deposit growth and excellent return on equity

The Sparebanken Vest group recorded a pre-tax profit of NOK 4,418 (3,504) million in 2023, and an ROE of 16.5 (14.6) per cent. The bank's net interest income improved significantly during the year as a result of good growth and higher interest rates.

Strong lending and deposit growth

Gross lending increased by NOK 31.3 (21.5) billion to NOK 256.6 (225.4) billion from year-end 2022, corresponding to lending growth of 13.9 (10.6) per cent in 2023. Overall, deposits from customers totalled NOK 123.6 (112.3) billion at year-end, corresponding to growth of 10.1 (23.6) per cent in 2023.

Good development in net interest and credit commission income

Net interest income amounted to NOK 5,242 (3,994) million in 2023. The improvement in net interest income is due to growth in both the retail and corporate markets and higher interest rates generating a higher return on equity. Sparebanken Vest adjusted its lending and deposit rates six times during 2023, in response to Norges Bank raising money market interest rates and the key interest rate. Overall, Norges Bank raised the key interest rate from 2.75 percentage points at the beginning of 2023 to 4.50 percentage points at the end of 2023. Net interest as a percentage of average assets under management was 1.79 (1.56) per cent.

Increase in profit contribution from Brage Finans and reduced profitability commission and profit contribution from Frende Forsikring following a difficult insurance year

Net commission income amounted to NOK 654 (658) million in 2023. The decrease is explained by lower profitability and bonus commissions from Frende Forsikring and Brage Finans,

amounting to NOK 3 (61) million in 2023. This is due to the claims development in the bank's portfolio of insurance customers, as well as loan loss provisions in Brage Finans. There was otherwise positive development in guarantee commissions, payment services and front-end fees in the corporate market.

The profit contribution from associates amounted to NOK 215 (262) million in 2023. The decrease on 2022 is due to lower contributions from Norne Securities and Frende Forsikring. For Frende Forsikring, 2023 was a year marked by major natural disasters and an increase in large losses. The contribution to profits from Frende Forsikring ended at NOK 51 (114) million, while the contribution from Brage Finans increased by NOK 34 million compared with 2022.

The contribution from financial instruments was NOK minus 87 (plus 74) million in 2023. This is largely due to the evaluation effects on hedging instruments relating to own debt (basis swaps). Gains in the equity portfolio had the opposite positive effect, as did good contributions from customer trading in Markets.

Lowest cost ratio in the industry

The Group's costs amounted to NOK 1,772 (1,687) million in 2023, corresponding to cost growth of 5 per cent. ICT expenses increased by 18.3 per cent and payroll expenses by 7.7 per cent based on wage settlements and permanent FTEs replacing external consultants. Both marketing and pension expenses were reduced by around 5 per cent, while other personnel expenses were down by 13.2 per cent. Over and above this, the wealth tax was reduced by about 36 per cent based on the evaluation of own debt and the associated development in the basis for calculating wealth. Operating expenses as a

percentage of net operating income came to 28.7 (32.5) per cent for the year as a whole. In relation to comparable banks, Sparebanken Vest has the lowest cost ratio in the Norwegian market.

Low losses

Write-downs on loans and losses on guarantees amounted to NOK 95 (52) million in 2023. Of the loss expenses in 2023, increased model-based provisions amounted to NOK 82 (11) million and the remaining NOK 13 (42) million was due to net confirmed losses and changes in individual write-downs.

The Board of Directors' proposal for the allocation of profit

The Group's profit after tax in 2023 amounted to NOK 3,545 (2,817) million. With a deduction

for the payment of interest on hybrid capital, the basis for dividend amounted to NOK 3,442 (2,759) million.

The owner fraction before the allocation of profit in 2023 was 40.7 (40.6) per cent. The Board proposes a dividend of NOK 7.50 (5.50) per equity certificate for 2023. That means a total dividend payment of NOK 823 (603) million to equity certificate holders.

Furthermore, the Board proposes allocating NOK 1,050 (580) million in customer dividend and that NOK 150 (301) million be spent on donations for the public benefit.

After allocation of the profit for the year, the owner fraction will still be 40.7 per cent.

5.2 Good development 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.

Increasing inflation has also affected 2023. 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 2.75 per cent at the start of the year to 4.50 per cent in December. Sparebanken Vest has followed up Norges Bank's changes in the key interest rate by adjusting the terms of its loans and deposits.

Lending and deposit growth

Total loans to retail customers incl. Bulder account for 75 (76) per cent of the bank's lending portfolio. In addition to Bulder, the bank had a lending portfolio of NOK 148.9 (145.9) billion to the retail market at the end of 2023. The growth in lending in the retail market excluding Bulder thus ended at 2.1 per cent in 2023.

Deposits in the retail market excl. Bulder increased by 3.8 per cent and amounted to NOK 60.4 (58.2) billion at year-end.

The situation in the banking market was marked by intensified competition throughout 2023, which contributed to pressure on the bank's margins, particularly with respect to lending.

Stronger market position and exciting developments in new market areas

At the end of 2023, the bank had a total of 293,000 (289,000) 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 2023 confirms that the bank is attractive to customers in its area, and the development in new market areas such as Ålesund has been very good. In addition to further investment in Møre og Romsdal, the bank has launched an initiative in Rogaland, where we are already well established, to capture larger market shares in 2024 and beyond.

The legal merger with Etne Sparebank was completed on 1 December 2022, and, in the course of 2023, all customers were transferred to Sparebanken Vest's physical and digital platform.

The bank's own survey of customer satisfaction shows, as for the industry in general, a slightly declining trend from a historical peak in 2022 (from 76 to 74). Customers still highlight that the bank is easy to use, has good digital solutions, and they have a very positive impression of our advisers. Customer dividend and the bank's social commitment are other areas that customers value highly. The customer centre also underwent considerable development, and the waiting time is now lower than it has been for several years, with a high resolution rate.

Although customers mostly have digital contact with the bank, our customers are still interested in being able to talk to an adviser on the phone,



Agenda Vestlandet's VOLUM conference has hit a tech nerve in the Bergen region. The tickets were sold out in just a few hours, and on 8 November, technologists, designers and marketers got together to share cutting-edge knowledge and unlock newfound energy. Photo: Thor Brødreskift

via digital channels 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 again in 2023.

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, 2023 was a good year marked by positive balance sheet growth. Lump sum subscriptions for funds

remained at high levels, but there was a decline in the number of savings agreements, coinciding with the more difficult macroeconomic situation.

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, excluding Bulder, the bank had 204,000 (193,000) active, unique mobile bank users. Sparebanken Vest's and Bulder's mobile banking solutions are the two highest ranked in Norway measured by the average rating in Google Play and App Store.

5.3 The value proposition stands strong in interaction with business customers

The year 2023 saw a cooling of the economy, weakened market expectations and lower credit growth. Nevertheless, 2023 was another good year for Sparebanken Vest's corporate market area, both in terms of the development in the number of new customers, balance sheet growth and portfolio quality. The bank's value proposition stands strong. Local presence and knowledge of the industry are important attributes in a more troubled market.

Increased purchase prices, unpredictable framework conditions and declining sales and order intake are the major challenges facing Norwegian business and industry. The building and construction industry has been particularly affected, while offshore is in a good market situation at the end of 2023. The energy sector is optimistic as regards its expectations for the future. The workforce is adaptable and the decline in building and construction frees up labour for the oil, gas and energy sectors. Despite the market situation and the outlook for Norwegian businesses, the risk of loss in the bank's corporate market portfolio is considered limited. Sparebanken Vest is in a good position to tackle more difficult times ahead.

Good growth in both deposits and loans

In 2023, the corporate market portfolio has grown thanks to a diverse range of new and existing quality customers. At year-end, gross lending to corporate customers amounted to NOK 60.9 (55.4) billion, and total lending growth came to 10.1 (13.3) per cent. Adjusted for the effect of the weakened Norwegian krone, the growth would be 0.8 percentage points lower for the past 12 months.

The bank's ambition over time has been to strengthen deposits, and targeted efforts have been made throughout the year to increase the

deposit volume. The competition has intensified over the year and growth has slowed somewhat. This has resulted in an increase in deposits from corporate customers of 10.7 (38.0) per cent, which is above the target for the year.

The market was characterised by intensified competition throughout 2023. 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.

Strong access to customers and consolidated market position

The bank's express strategy is to develop the loan book in established geographical areas. The growth in 2023 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 2023, we have further strengthened our focus on shipping, fisheries and aquaculture and have brought these industries together in a dedicated organisational unit called Hav. 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



The Vestlandskonferansen conference inspired a packed Grieg Hall in Bergen in February 2023. A new feature this year was the Handlekraftprisen award, which drew attention and interest in both editorial and social media. Photo: Thor Brødreskift

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 sustainability expertise increase access to new corporate customers with sustainable business models. In 2023, 36 per cent of granted loans were classified as either green under the taxonomy or linked to sustainability goals (sustainability-linked loans).

Customer attrition has been low in 2023, and the bank had approx. 14,200 corporate customers at year-end, consisting primarily of small and medium-sized enterprises. Being close to our customers is important for the bank's skilled advisers. 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.

In the corporate market, the bank's growth is mainly in new customers in existing 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 60 per cent 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 2023, the bank increased revenue from insurance and savings and investment. In the bank's Markets area, the currency segment has developed well during the year. Total customer revenues from currency and fixed-interest products ended at NOK 76 (80) million in 2023.

Development in digital solutions responds to customers' needs

Developments in close dialogue with corporate customers continued in 2023. We have launched several new solutions for customers, as well as automated and streamlined major internal processes. Early in the year, we launched biometric login in the CM app, and have seen increasing usage and improved customer feedback throughout the year. We now have the highest app ratings in App Store and Google Play. The launch of new user administration has simplified everyday life and given many businesses a better overview and control in 2023.

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 24 (40) million. 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.

5.4 Strong growth in Bulder, and Norway's most satisfied retail customers



The mobile-only banking concept Bulder, which was launched in autumn 2019, has shown significant growth since it got off the ground. In 2023, it has soared to new heights, almost doubling its lending volume, and now also has the most satisfied customers in the retail market.

The year in numbers can be summarised as follows:

- Lending volume increased from around NOK 24 to around NOK 47 billion
- The number of active customers increased from 8,800 to 25,000
- The volume of deposits increased from NOK 4.4 to NOK 8.2 billion
- In the third quarter, Bulder and Sparebanken Vest alone accounted for more than half of all transferred direct debit agreements in Norway
- National brand awareness is now over 50 (33) per cent

Sound portfolio with low LTV ratio in property markets with good turnover

Bulder has a high-quality portfolio of properties with an average LTV ratio of 44 per cent, 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.

Doubling in number of active customers and open roadmap

The app now covers all important daily banking functions, and at the end of 2023, credit cards and funds were launched. As for the lending volume, the growth in the number of active customers was strong during 2023, and almost trebled over the course of the year. We have sold 3,700 credit cards and the volume invested in funds is now close to NOK 200 million.

New features are continuously being 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 15,000 customers have provided feedback on what Bulder should be like in the future, and all the feedback 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 34 per cent to 50 per cent in 2023. Increasing awareness combined with an attractive value proposition puts Bulder in a good position for further growth going into a year where there is much to indicate that the focus on the cost of living will continue. In 2023, Bulder was the first new player in 20 years to have Norway's most satisfied retail customers, according to EPSI.

'With a score of 79.2, Bulder goes straight to the top in its first EPSI survey. Bulder can demonstrate strong customer growth in the past year, but has managed to handle this growth in a very good way,' the report concludes.

Increased conversion and focus on scaling
In order to realise the potential for high customer satisfaction and awareness, we must also make it easy for customers to choose Bulder over its competitors.

It is about making it easy for customers to understand why they should choose us, and removing friction in our digital processes. We have taken major steps in this area in 2023, but there is still considerable scope to further customise our services.

In autumn 2023, Bulder and Sparebanken Vest started a project to improve the assessments that form the basis for a loan application. This is expected to generate significant gains both for growth and on the way to achieving the net zero goal for manual operations. Digital assessments still have some way to go to assess risk as accurately as a consultant would. Being able to assess risk as accurately digitally as manually is essential in terms of, among other things, the number of customers who are rejected. Increased automation is also key to managing customer growth and deciding whether to expand our services (e.g. with proof of financing).



*Sparebanken Vest supports 'Fargespill'.
Photo: Magnus Skrede*

5.5 Subsidiaries and associates

Eiendomsmegler Vest AS

Eiendomsmegler Vest is a wholly-owned subsidiary of Sparebanken Vest that sells resale 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 100 estate agents, who provided assistance in connection with more than 3,600 home sales in 2023. Within its market area, Eiendomsmegler Vest had a market share of 12.6 (12.28) per cent in 2023.

The pre-tax profit for Eiendomsmegler Vest was NOK 2 (3) million, which was somewhat weaker in 2023 than the previous year and the Group's level of ambition for the company. Eiendomsmegler Vest has initiated a number of measures that are expected to increase profitability in 2024. Eiendomsmegler Vest's results are included in the Group's results in their entirety.

The housing market in 2023 was characterised by increased interest rates, as well as high price and wage growth, which resulted in a relatively flat development in house prices nationwide. In the new homes market, house building is at a record low. This has led to low sales figures for new buildings, which is an important focus area for Eiendomsmegler Vest.

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 85 per cent 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 Group

The Frende Group is a cooperation company for 23 strong savings banks and financial undertakings that cooperate in important areas that strengthen independence. It is for members keen to build strong expert communities in their own organisation and exercise direct ownership in attractive product companies.

The purpose of the group is to coordinate and develop cooperation between members, represent the banks in selected areas and draw attention to the cooperation model as an attractive alternative to tightly integrated alliances. The company will also develop future areas of cooperation.

The Frende Group acts as an umbrella organisation that does not seek to make a profit in its own right, where the companies themselves have direct and optional ownership in one or more of the product companies. The affiliated product companies are Balder Betaling, Frende Forsikring, Brage Finans, Norne Securities and Verd Boligkreditt.

ASSOCIATES

Frende Holding

Frende Holding consists of the insurance companies Frende Skadeforsikring AS and Frende Livsforsikring AS, which offer a complete range of insurance products to the corporate and retail markets. The products are

distributed through the owners' extensive network of offices, through other companies in the Frende family and directly through Frende. At the end of 2023, Frende had over 300 employees at its head office in Jonsvollskvartalet and is well established in the Norwegian market with 250,000 customers and revenue of NOK 3.2 billion. Its national market share in general insurance is approximately 3.3 (3.3) per cent. Sparebanken Vest is the biggest owner of Frende with a holding of 39.6 per cent.

The pre-tax profit for 2023 as a whole amounted to NOK 140 (433) million for Frende Holding AS. The year 2023 was challenging for general insurance, with results affected by major natural disasters and relatively many large losses. The financial result in 2023 amounted to NOK 197 (minus 152) million, including interest on subordinated loans. The pre-tax profit for life insurance rose to NOK 4 (minus 56) million.

The bank's share of profits from Frende Holding came to NOK 51 (114) million for 2023.

Brage Finans

Brage Finans is a nationwide financing company that offers leasing and loans secured by the purchased object to the corporate and retail markets. The subsidiary Factoring Finans, in which Brage has a 55.7 per cent holding, offers factoring, invoice purchases and credit insurance. The products are distributed through owner banks, its own sales organisation and via agents. Since its establishment in 2010, Brage Finans has seen continuous growth in lending volumes, products, offices, owners and employees. At year-end 2023, Brage Finans had 143 employees, the majority of whom work at the company's head office at Jonsvollskvartalet in Bergen. Sparebanken Vest is the biggest owner of Brage Finans, with an ownership interest of 49.99 per cent.

Brage has further strengthened its market position over the course of 2023, with growth in gross lending of NOK 3.2 billion, corresponding to growth of 15 per cent. The pre-tax profit for 2023 as a whole was NOK 463 (365) million.

Despite record-high financing rates through the year, net interest income increased to NOK 787 (626) million for 2023. The cost ratio for the year was 27 (25) per cent.

The bank's share of profits from Brage Finans came to NOK 167 (132) million for 2023

Norne Securities

The company is a securities firm that offers investment services to the corporate and retail markets. Norne Securities was established in 2008 and provides advice to capital market players, 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 50 employees at year-end 2023, and Sparebanken Vest is the largest owner with a holding of 41.8 per cent.

The turnover in 2023 ended at NOK 117 (155) million and the profit for the year amounted to NOK 3 (31) million. The capital markets were characterised by turbulence and uncertainty again in 2023. The company has seen a good level of activity in Investment Banking, especially in the market for capital raising and mergers. As a consequence of increased risk, and thereby pricing uncertainty, it takes longer to complete projects. A significant contribution was made at the end of 2023 from the role of adviser to a savings bank foundation that carried out a successful divestment of equity certificates. Activity vis-à-vis retail customers in share and fund trading is still at a good level, although it has decreased somewhat after the 'peak years' 2020 and 2021. In the retail market, the company develops services in close cooperation with the owner banks as distribution partners.

The bank's share of profits from Norne Securities came to NOK 1 (12) million for 2023.

Balder Betaling

Balder Betaling exercises ownership of Vipps Holding AS on behalf of Sparebanken Vest and 20 other savings banks. Balder Payment has a 10.59 per cent holding in Vipps Holding AS. Sparebanken Vest is the biggest owner of Balder Betaling, with 38.5 per cent of the shares.

Vipps Holding AS implemented structural changes relating to its subsidiary Vipps AS in 2023. The wholly-owned subsidiary Vipps AS has completed a cross-border merger with the Danish registered company MobilePay A/S, and, as part of the merger, the company name was changed from Vipps AS to Vipps MobilePay AS. The merger changed the direct holding in the subsidiary from 100 to 72.22 per cent.

Vipps Holding AS has carried out a capital increase through a private placement and subsequent repair offering to secure an injection of capital for the subsidiary Vipps MobilePay AS to ensure compliance with the capital adequacy requirements and to meet its ongoing capital needs for the operation and further development of the company. The total capital increase amounts to NOK 785 million, and Balder Betaling contributed approx. NOK 90 million to Vipps Holding as part of this in 2023.

The bank's share of profits from Balder Betaling came to NOK 0 (0) million for 2023.



Risk and capital management

200

One of those behind the idea of a bank for all social strata was bishop Jacob Neumann. He believed that a savings bank would discourage immorality, frivolity and drunkenness.



Low credit risk

The composition of the lending portfolio has remained mainly unchanged through 2023. The retail market accounts for approximately 76 per cent of the portfolio, and around 99 per cent 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 per cent of new loans) should primarily be considered for younger age groups.

Defaults and other potential bad debt amounted to 0.57 (0.55) per cent for retail and corporate customers combined.

Defaults and potential bad debt in the retail market amounted to a total of NOK 322 (272) million. This corresponds to 0.16 (0.16) per cent of gross lending to retail customers. This trend supports continued low risk in the portfolio.

A significant increase in overdue payments and defaults as a consequence of increased interest rate expenses and price rises in general has not yet been observed. There has been a positive development in the number of loan relief applications throughout the year.

Defaults and potential bad debt in the corporate market amounted to a total of NOK 1,139 (978) million. This corresponds to 1.87 (1.77) per cent of gross lending to corporate customers. The risk profile is considered moderate. Good portfolio management, close follow-up and moderate exposure to industries vulnerable to cyclical fluctuations help to mitigate the risk of loss.

Write-downs on loans and losses on guarantees amounted to NOK 95 (52) million in 2023. Of the loss expenses in 2023, increased model-based provisions amounted to NOK 82 million and the remaining NOK 13 million was due to net confirmed losses and changes in individual write-downs. The level of provisions is considered robust overall.



6.2 Good access to financing and robust 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 (ILAAP⁹), which are used to define liquidity and funding 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 MREL¹⁰ 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.

The Group's liquidity situation is managed at an overarching level through the liquidity coverage ratio (LCR) framework, stress tests and the deposit-to-loan ratio. At the end of the year, the Group had an LCR of 184 (155) per cent. The increase is within the range of normal variation.

The bond portfolio amounted to approximately NOK 37 (31) billion. The increase is related to general growth in total assets. The bank's deposit-to-loan ratio was 48.3 (50.0) per cent at year-end.

The bank's financing is managed at an overall level, including through a framework for stable, long-term financing (NSFR¹¹). The NSFR was 124 (123) per cent at year-end, while the statutory minimum requirement is 100 per cent.

Capital market financing, excluding subordinated loans and bonds, amounted to NOK 146.5 (120.0) billion. The average remaining term to maturity of market financing is 3.1 (3.2) years. At year-end, covered bonds made up approximately 85 (72) per cent of the bank's capital market financing.

6.3 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 is 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 is managed within the limits adopted by the Board, and is considered to be low.

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 350 (310) 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 associates) amounted to NOK 560 (226) million at the end of the year. The increase in stock market exposure is due to the bank buying 2.4 million equity certificates in Sparebanken Sør in the fourth quarter, which at the end of the year were worth approximately NOK 346 million.

6.4 A highly rated bank

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.

⁹ Internal Liquidity Adequacy Assessment Process

¹⁰ Minimum Requirements for Own Funds and Eligible Liabilities

¹¹ Net Stable Funding Ratio



6.5 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 2023 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 professional 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.

The bank has worked systematically over time on measures to improve management and control the risk of the bank being exploited for economic crime, and has also through 2023 improved several key processes relating to the implementation of risk-based customer due diligence measures.



6.6 A well-capitalised bank

The bank's consolidated CET1 ratio was a sound 16.8 per cent (18.1 per cent) at year-end.

In the fourth quarter, the bank received a new Pillar 2 decision, which entered into force on 31 December 2023. The Pillar 2 requirement of 1.5 per cent is unchanged from the previous applicable requirement, but must now only be met by 0.8 per cent CET1 capital. This means that the bank's current CET1 requirement is reduced to 14.8 per cent, broken down into a combined minimum and buffer requirement of 14 per cent and a statutory, bank-specific Pillar 2 requirement of 0.8 per cent. A CET1 ratio of 16.8 per cent means the bank had a margin of 2.0 percentage points to the requirement at the end of the year.

Sparebanken Vest's Board has adopted a capital adequacy target for CET1 capital that

takes into account a margin of 1.25 percentage points, in addition to all regulatory minimum, buffer and Pillar 2 requirements. As a result of the new Pillar 2 requirement, which changed the composition of the capital base, the capital adequacy target is now 16.05 per cent, and at the end of the year, the bank had a margin of approximately 0.7 percentage points to the target.

The leverage ratio was 6.0 per cent (6.7 per cent) at the end of the year. The bank meets the current regulatory minimum requirement (3 per cent) by a good margin.

Figure 6.6-1 Capital adequacy

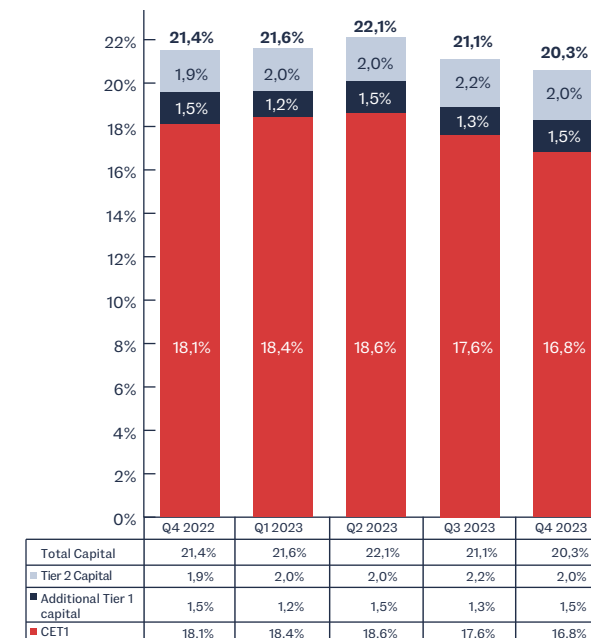
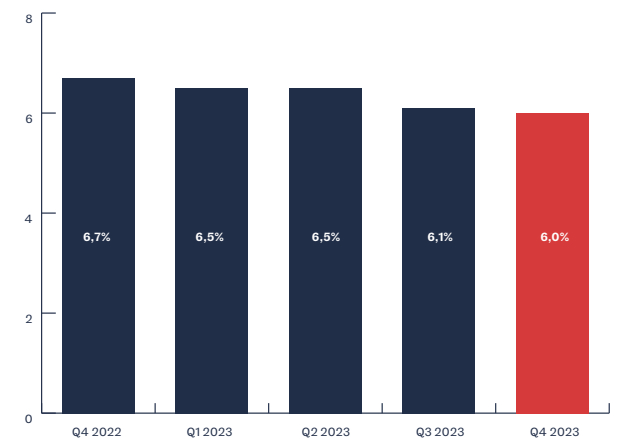


Figure 6.6-2 Leverage ratio



Accounting and notes

200

In March 1823, three maids, two merchants, one sailor and 93 other people in the region joined forces to do something very unusual: To create a bank that they owned together.



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Income statement

PARENT BANK			GROUP		
1 Jan.–31. Dec.			1 Jan.–31. Dec.		
2022	2023	Notes	2023	2022	
3 879	7 148	Interest income, effective interest rate method	11 837	6 335	
715	1 681	Interest income from assets recognised at fair value	2 653	1 336	
1 591	4 507	Interest expenses and similar expenses	9 249	3 677	
3 003	4 322	Net interest and credit commission income	5 242	3 994	
1 248	1 224	Commission income and income from banking services	783	775	
115	127	Commission expenses and expenses relating to banking services	129	116	
584	319	Income from shareholdings in subsidiaries and associates	215	262	
84	164	Net gain/(loss) on financial instruments	-87	74	
3	0	Other operating income	263	256	
1 804	1 580	Net other operating income	1 044	1 250	
4 807	5 902	Net operating income	6 285	5 244	
1 096	1 182	Payroll and general administration expenses	31,43	1 381	1 292
208	184	Depreciation	33,34,35	192	218
122	137	Other operating expenses		199	177
1 426	1 503	Total operating expenses	30	1 772	1 687
3 380	4 399	Profit before write-downs and tax	4 513	3 556	
36	49	Write-down of loans and losses on guarantees	13	95	52
3 344	4 350	Pre-tax profit	4 418	3 504	
532	724	Tax	32	874	687
2 812	3 626	Profit for the period	3 545	2 817	
2 754	3 524	Profit allocated to the bank's asset classes	3 442	2 759	
58	103	Profit allocated to holders of subordinated bonds	103	58	
10,27	13,07	Profit/diluted profit per equity certificate	12,76	10,29	
Allocations					
-603	-823	Dividend on equity certificates			
-881	-1 200	Transferred to donations and customer dividend			
-94	-20	Transferred to/from reserve for unrealised gains			
-698	-878	Transferred to primary capital			
-478	-602	Transferred to equalisation reserve			
-58	-103	Transferred to hybrid capital			
-2 812	-3 626	Total allocations			



Statement of comprehensive income

PARENT BANK			GROUP		
1 Jan.–31. Dec.			1 Jan.–31. Dec.		
2022	2023	Notes	2023	2022	
2 812	3 626	Profit for the period	3 545	2 817	
4	0	Estimate variance, pensions	31	0	4
76	-36	Change in fair value due to credit risk – debt securities issued	39,40	190	324
80	-36	Total items that will not be reclassified to profit or loss	190	328	
0	0	Base margin from hedging instruments used for hedge accounting	25	-5	52
80	-36	Total other profit/loss elements	185	380	
-20	9	Tax on other profit/loss elements	32	-40	-86
60	-27	Total other profit/loss elements in the period after tax	145	294	
2 872	3 599	Total profit for the financial year	3 690	3 111	



Balance sheet

PARENT BANK				GROUP	
31 Dec. 2022	31 Dec. 2023		Notes	31 Dec. 2023	31 Dec. 2022
		Assets			
143	387	Cash and receivables from central banks		387	143
19 573	23 748	Loans to and receivables from credit institutions	17	3 154	1 018
97 258	114 222	Net lending	8-16	255 767	224 494
226	559	Shares at fair value through profit or loss	26	560	226
30 648	33 915	Commercial papers and bonds	19	36 560	30 825
4 894	4 608	Financial derivatives	24,25	5 401	2 575
5 413	6 588	Shareholdings in group companies	20		
1 544	1 681	Shareholdings in associates	20	2 798	2 586
314	485	Deferred tax asset	32	256	173
92	112	Pension assets	31	123	100
250	232	Other intangible assets	33	252	276
629	636	Tangible fixed assets	34,35	660	655
535	239	Prepaid expenses		44	107
243	183	Other assets		532	633
161 761	187 595	Total assets		306 495	263 812
		Liabilities and equity			
3 568	9 129	Liabilities to credit institutions	36	5 454	3 095
112 302	123 648	Deposits	38	123 599	112 274
18 262	22 689	Securitised debt	39	146 484	119 836
2 507	4 540	Financial derivatives	24	1 670	1 922
202	184	Accrued expenses and pre-paid income		203	220
129	155	Pension obligations	31	167	139
96	146	Other provision for commitments	10,11,13	149	96
611	918	Tax liabilities	32	1 028	736
1 855	2 165	Subordinated loan capital	39,40	2 165	1 855
2 917	3 808	Other liabilities	35	2 152	1 746
142 448	167 381	Total liabilities		283 071	241 919
2 743	2 743	Equity certificates	41	2 743	2 743
-3	-1	Own equity certificates		-1	-3
1 966	1 966	Premium reserve		1 966	1 966
2 523	2 789	Equalisation reserve		3 612	3 127
7 230	7 497	Total equity certificate capital		8 320	7 833
10 373	10 750	Primary capital		11 951	11 254
150	150	Gift fund		150	150
36	36	Compensation fund		36	36
10 559	10 936	Total primary capital		12 136	11 440
94	114	Reserve for unrealised gains			
0	0	Other equity		1 299	1 189
1 431	1 668	Hybrid capital	39,40	1 668	1 431
19 313	20 214	Total equity		23 423	21 893
161 761	187 595	Total liabilities and equity		306 495	263 812

Bergen, 31 December 2023 / 21 February 2024
Board of Directors of Sparebanken Vest


Arild Hugleik Bødal
Chair

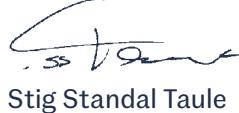

Magne Mørken
Deputy chair


Kirsti Lovise Slotsvik


Agnethe Brekke


Marianne Dorthea Jacobsen


Christine Sagen Helgø


Stig Standal Taule


Kristin Røyrbotten Axelsen


Henrik Mogens Gundersen


Gunnar Skeie


Jan Erik Kjerpeseth
CEO



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.

PARENT BANK			GROUP	
1 Jan.–31. Dec.			1 Jan.–31. Dec.	
2022	2023		2023	2022
		Cash flows from operating activities		
4 435	7 522	Interest, commission and customer fees received	13 773	7 624
-1 251	-3 471	Interest, commission and customer fees paid	-3 424	-1 262
855	2 354	Interest received on other investments	1 432	512
-375	-1 152	Interest paid on other borrowings	-5 684	-2 304
-550	-622	Payments to other suppliers for goods and services	-719	-665
-662	-696	Payments to employees, pension schemes, empl. Nat. Ins. contr., tax withholdings etc.	-865	-829
-483	-600	Payment of taxes	-725	-694
1 969	3 335	Net cash flow from operating activities	3 789	2 381
		Cash flows from investment activities		
-10 786	-16 380	Payments made/received on loans to customers	-30 843	-19 299
-1 779	-4 254	Payments made/received on receivables and tied-up loans to financial institutions	-1 985	247
37	3	Dividend received for securities	3	37
-13	-287	Payments made/received on purchases/sales of shares	-288	-13
-8 000	-3 198	Payments made/received on purchases/sales of other securities	-5 668	-7 794
642	576	Dividend/group contributions received from subsidiaries and associates	139	148
-284	-1 311	Payments made relating to investments in subsidiaries and associates	-136	-284
141	0	Payments received from sales of subsidiaries and associates	0	141
0	6	Payments received from sales of operating assets etc.	6	0
-122	-106	Payments made on purchases of operating assets etc.	-107	-123
27		Net cash effect of merger with Etne Sparebank		27
-20 139	-24 952	Net cash flow from investment activities	-38 880	-26 914
		Cash flows from financing activities		
19 866	11 357	Payments made/received on customer deposits	11 377	19 537
-1 220	7 560	Payments made/received on deposits from Norges Bank and other financial institutions	4 238	-4 100
300	1 747	Payments received relating to subordinated loan capital and subordinated bonds	1 747	300
-412	-1 215	Payment made relating to redemption of subordinated loans and bonds	-1 215	-412
6 979	5 482	Payments received on issuing bond debt	37 188	29 679
-6 505	-1 137	Payments made on redemption of bond debt	-16 068	-19 632
-1 028	-1 932	Dividends paid / Donations for the public benefit	-1 932	-1 028
17 979	21 861	Net cash flows from financing activities	35 335	24 342
-191	244	Net cash flow for the period	244	-191
-191	244	Net change in cash	244	-191
334	143	Cash at beginning of period	143	334
143	387	Cash at end of period	387	143



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

	Equity certifi- cates	Own equity certifi- cates	Premium reserve	Equalisa- tion reserve	Primary capital	Gift fund	Compen- sation fund	Other equity	Hybrid capital	Total
GROUP										
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 equity certificates 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
Profit 2023				1 425	2 079			-62	103	3 545
Items in comprehensive income				-11	-16			172		145
Distributed dividend and donations/customer dividend				-933	-1 363					-2 296
Purchase/sale of own equity certificates		2		4						6
Dividend on own equity certificates				1						1
Time value on the sale of equity certificates with a lock-in period to employees				-2	-3					-5
Issue of new hybrid capital									750	750
Redemption of hybrid capital									-520	-520
Interest paid on hybrid capital									-96	-96
Equity at 31 Dec. 2023	2 743	-1	1 966	3 612	11 951	150	36	1 299	1 668	23 423



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. 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 equity certificates 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
Profit 2023				1 425	2 079			20	103	3 626
Items in comprehensive income				-11	-16					-27
Allocated dividend and donations/ customer dividend				-823	-1 200					-2 023
Allocated and adopted additional dividend				-329	-482					-811
Purchase/sale of own equity certificates		2		4						6
Dividend on own equity certificates				1						1
Time value on the sale of equity certificates with a lock-in period to employees				-2	-3					-5
Issue of new hybrid capital									750	750
Redemption of hybrid capital									-520	-520
Interest paid on hybrid capital									-96	-96
Equity at 31 Dec. 2023	2 743	-1	1 966	2 789	10 750	150	36	114	1 668	20 214



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 2023 annual accounts for the Sparebanken Vest Group were considered and adopted at a board meeting on 21 February 2024.

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 2023.

The consolidated accounts are based on the principles of historical cost accounting, with certain exceptions. Financial assets and liabilities are valued and classified in accordance with IFRS 9, and the notes are prepared in accordance with IFRS 7 Financial Instruments: Disclosures.

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 1-3 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 2023 financial year. Amendments have been made to the

applicable standards without this having had any material effect for Sparebanken Vest. IAS 1 – Presentation of Financial Statements has been changed somewhat. 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 have been reviewed and the scope of the descriptions has been slightly reduced. In addition, some detailed textual information has been removed from this note (accounting principles) and incorporated into the respective tables in subsequent notes.

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.

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.

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.

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.

UPCOMING AMENDMENTS TO STANDARDS AND INTERPRETATIONS

As of 31 December 2023, there are relatively few upcoming changes in accounting principles that we are aware of that will have consequences for Sparebanken Vest's accounts.

The noted 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 hikes, high inflation and 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.

Climate risk

Climate risk concerns the uncertainty of physical changes in the climate (physical risk) and the changes brought about by measures and technology development to mitigate climate change (transition risk).

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 do not meet the 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, and that do not therefore qualify under the EU taxonomy. The bank closely monitors the development of this part of the portfolio, in particular commitments with no alternative use, as the bank sees an increasing risk of stranded assets going forward. 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. This part of the portfolio is followed up and reported to the Board at least biannually. As of December 2023, it represents 10% of the shipping portfolio, or less than 1.3% of the total volume of the corporate market. The bank also has clear control parameters for this share of exposure towards 2030 and 2035. This is deemed to significantly reduce risk in the portfolio.

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 and energy 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



Note 2 Accounting estimates and discretionary assessments (continued)

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.

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, 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. Net interest is allocated on the basis of internally calculated intragroup interest based on the 3-month NIBOR rate.

	Banking operations						
	Corporate market	Retail market	Bulder	Treasury	Estate Agency	Unallocated by segment	Total
GROUP							
2023							
Profit							
Net interest and credit commission income	1 824	2 409	55	951	2	0	5 242
Net other operating income	349	473	2	-41	260	0	1 044
Operating expenses	-133	-373	-83	-16	-261	-906	-1 772
Write-down of loans and losses on guarantees	-24	-60	-11	0	0	0	-95
Pre-tax profit	2 016	2 449	-37	895	2	-906	4 418
Tax							-874
Profit for the period							3 545
Balance sheet							
Net lending	56 350	152 621	46 796	0	0	0	255 767
Deposits	41 537	63 704	8 190	10 167	0	0	123 599
2022							
Profit							
Net interest and credit commission 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 period							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



Note 4 Classification of financial instruments

Financial assets and liabilities are valued and classified in accordance with IFRS 9.

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.

The accounting principles for categories of financial assets are described in more detail in the following sections.

Amortised cost

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. The following principal items are measured at amortised cost in the consolidated accounts:

- *Floating-rate loans*
- *Receivables from credit institutions and cash and receivables from central banks*
- *Floating-rate financial liabilities*

Fair value through other comprehensive income (FVOCI)

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. 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. The Group has no financial instruments classified at fair value through other comprehensive income.

Fair value through profit or loss

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. The *liquidity portfolio* is recognised in this category. 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.

Instruments that, following described 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.

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.

For the same reason, the bank's *fixed-rate financial liabilities* are also assigned to this category. The latter includes debt to credit institutions, deposits and fixed-rate securitised debt.

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). Sparebanken Vest has chosen not to apply recognition through comprehensive income.

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.



Note 4 Classification of financial instruments (continued)

GROUP 31 DEC. 2023	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				387	387
Loans to and receivables from credit institutions				3 154	3 154
Net lending		20 072		235 695	255 767
Shares at fair value through profit or loss	560				560
Commercial papers and bonds	36 560				36 560
Financial derivatives	3 457		1 944		5 401
Total	40 577	20 072	1 944	239 235	301 829
Liabilities					
Liabilities to credit institutions				5 454	5 454
Deposits		1 824		121 775	123 599
Securitised debt		58 224	20 577	67 683	146 484
Financial derivatives	1 298		372		1 670
Other provision for commitments				149	149
Subordinated loan capital				2 165	2 165
Total	1 298	60 048	20 948	197 227	279 522

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
Net lending		22 840		201 654	224 494
Shares at fair value through profit or loss	226				226
Commercial papers and bonds	30 825				30 825
Financial derivatives	1 280		1 296		2 575
Total	32 330	22 840	1 296	202 815	259 281
Liabilities					
Liabilities to credit institutions				3 095	3 095
Deposits		576		111 698	112 274
Securitised debt		46 042	19 093	54 701	119 836
Financial derivatives	1 792		130		1 922
Other provision for commitments				96	96
Subordinated loan capital				1 855	1 855
Total	1 792	46 618	19 223	171 444	239 077

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. See Note 25.

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



Note 4 Classification of financial instruments (continued)

PARENT BANK 31 DEC. 2023	Fair value through profit or loss (mandatory)	Fair value through profit or loss (option)	Fair value through other com- prehensive income (OCI)	Amortised cost	Total
Assets					
Cash and receivables from central banks				387	387
Loans to and receivables from credit institutions				23 748	23 748
Net lending		4 591	50 090	59 542	114 222
Shares at fair value through profit or loss	559				559
Commercial papers and bonds	33 915				33 915
Financial derivatives	4 608				4 608
Total	39 083	4 591	50 090	83 676	177 439
Liabilities					
Liabilities to credit institutions				9 129	9 129
Deposits		1 824		121 824	123 648
Securitised debt		10 274		12 414	22 689
Financial derivatives	4 540				4 540
Other provision for commitments				146	146
Subordinated loan capital				2 165	2 165
Total	4 540	12 098	0	145 679	162 316

PARENT BANK 31 DEC. 2022	Fair value through profit or loss (mandatory)	Fair value through profit or loss (option)	Fair value through other com- prehensive 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
Net lending		4 797	36 561	55 900	97 258
Shares at fair value through profit or loss	226				226
Commercial papers and bonds	30 648				30 648
Financial derivatives	4 894				4 894
Total	35 769	4 797	36 561	75 615	152 742
Liabilities					
Liabilities to credit institutions				3 568	3 568
Deposits		576		111 726	112 302
Securitised debt		8 239		10 023	18 262
Financial derivatives	2 507				2 507
Other provision for commitments				96	96
Subordinated loan capital				1 855	1 855
Total	2 507	8 815	0	127 267	138 589

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

GROUP					
31 Dec. 2023	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers	4			20 072	20 072
Shares	4,26	386		174	560
Commercial papers and bonds	4,19	10 894	25 666		36 560
Financial derivatives	4,24		3 457		3 457
Financial derivatives designated for hedge accounting	4,25		1 944		1 944
Total		11 281	31 067	20 246	62 593
Liabilities					
Deposits from customers	4,38		1 824		1 824
Securitised debt	4		58 224		58 224
Financial derivatives	4,24		1 298		1 298
Financial derivatives designated for hedge accounting	4,25		372		372
Total			61 718		61 718

	Loans to customers	Shares
Financial instruments valued at level 3 at 1 Jan. 2023	22 840	183
Additions/acquisitions	1 873	8
Sale/redemption/repayment	-4 913	-13
The year's value adjustment through profit or loss	272	-4
Reclassification between levels 2 and 3	0	0
Financial instruments valued at level 3 at 31 Dec. 2023	20 072	174

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 42 million.

GROUP					
31 Dec. 2022	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers	4			22 840	22 840
Shares	4,26	44		183	226
Commercial papers and bonds	4,19	11 775	19 049		30 825
Financial derivatives	4,24		1 280		1 280
Financial derivatives designated for hedge accounting	4,25		1 296		1 296
Total		11 819	21 624	23 023	56 466
Liabilities					
Deposits from customers	4,38		576		576
Securitised debt	4		46 042		46 042
Financial derivatives	4,24		1 792		1 792
Financial derivatives designated for hedge accounting	4,25		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 66 million.

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

PARENT BANK					
31 Dec. 2023	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers	4			4 591	4 591
Shares	4,26	386		173	559
Commercial papers and bonds	4,19	9 947	23 968		33 915
Financial derivatives	4,24		4 608		4 608
Total		10 333	28 577	4 764	43 673
Liabilities					
Deposits from customers	4,38		1 824		1 824
Securitised debt	4,39		10 274		10 274
Financial derivatives	4,24		4 540		4 540
Total			16 637		16 637

	Loans to customers	Shares
Financial instruments valued at level 3 at 1 Jan. 2023	4 797	183
Additions/acquisitions	2 751	7
Sale/redemption/repayment	-3 038	-43
The year's value adjustment through profit or loss	81	26
Reclassification between levels 2 and 3	0	0
Financial instruments valued at level 3 at 31 Dec. 2023	4 591	173

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.

PARENT BANK					
31 Dec. 2022	Note	Level 1	Level 2	Level 3	Total
Assets					
Loans to customers	4			4 797	4 797
Shares	4,26	44		183	226
Commercial papers and bonds	4,19	11 239	19 409		30 648
Financial derivatives	4,24		4 894		4 894
Total		11 283	24 303	4 980	40 566
Liabilities					
Deposits from customers	4,38		576		576
Securitised debt	4,39		8 239		8 239
Financial derivatives	4,24		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 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 deals with both model validation and validation relating to the application of the bank's credit systems and regulations.

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 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.

Note 7 Financial risk management (continued)

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.

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.

For credit risk purposes, Sparebanken Vest uses internal systems to estimate capital needs. Risk-weighted capital and expected losses are calculated based on risk parameters (PD/LGD/EAD)

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 associates 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.



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 or 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.

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%	100,00%
K	100,00%	100,00%

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.

Note 8 Risk classification of the credit portfolio (continued)

[illegible]

PARENT BANK	Exposure amount					Impairment				
	Stage 1	Stage 2	Stage 3	Total at 31 Dec. 2023	Total at 31 Dec. 2022	Stage 1	Stage 2	Stage 3	Total at 31 Dec. 2023	Total at 31 Dec. 2022
Corporate market										
A–D	28 879	3 093	0	31 973	29 256	83	58	0	141	65
E–H	27 675	6 995	0	34 670	32 162	166	96	0	262	338
I–J	1 610	745	0	2 354	1 929	14	26	0	40	87
K	2	0	1 230	1 232	1 010	0	0	400	400	363
Corporate market total	58 165	10 833	1 230	70 229	64 357	263	179	400	843	852
	Stage 1	Stage 2	Stage 3	Total at 31 Dec. 2023	Total at 31 Dec. 2022	Stage 1	Stage 2	Stage 3	Total at 31 Dec. 2023	Total at 31 Dec. 2022
Retail market										
A–D	48 179	642	0	48 821	40 573	16	1	0	18	7
E–H	10 600	1 223	0	11 822	8 634	6	9	0	14	14
I–J	836	697	0	1 534	1 262	2	15	0	17	23
K	0	0	202	202	139	0	0	39	39	27
Retail market total	59 615	2 562	202	62 379	50 608	24	25	39	88	71
Total	117 780	13 395	1 432	132 608	114 965	287	205	438	930	923
Write-down of loans (balance)									784	828
Write-down of unused credit facilities, loan approvals and guarantees									146	96
Total write-downs									930	923



Note 9 Lending broken down by geographical area

GROUP						
31 Dec. 2022			Lending broken down by geographical area	31 Dec. 2023		
Proportion net lending	Impairment of loans	Gross lending		Gross lending	Impairment of loans	Proportion net lending
64,3	644	144 963	Vestland	149 444	524	58,2
18,3	169	41 242	Rogaland	46 623	268	18,1
3,4	29	7 651	Møre og Romsdal	9 359	26	3,6
5,3	17	11 934	Oslo	18 989	22	7,4
5,3	6	11 966	Viken	20 048	11	7,8
3,0	9	6 688	Rest of Norway	11 504	17	4,5
99,6	874	224 445	Total, Norway	255 966	868	99,7
0,4	6	930	Abroad	678	10	0,3
100,0	880	225 374	Total, geographical areas	256 644	878	100,0

PARENT BANK						
31 Dec. 2022			Lending broken down by geographical area	31 Dec. 2023		
Proportion net lending	Impairment of loans	Gross lending		Gross lending	Impairment of loans	Proportion net lending
60,9	608	59 877	Vestland	66 548	463	57,9
24,4	160	23 927	Rogaland	27 834	251	24,1
6,2	28	6 073	Møre og Romsdal	7 208	24	6,3
4,0	14	3 894	Oslo	6 276	18	5,5
1,7	3	1 645	Viken	3 352	4	2,9
1,8	8	1 740	Rest of Norway	3 203	14	2,8
99,1	822	97 155	Total, Norway	114 422	774	99,5
1,0	6	930	Abroad	584	10	0,5
100,0	828	98 085	Total, geographical areas	115 006	784	100,0



Note 10 Commitments broken down by industry and the retail market

2023	Lending	Unused credit facilities	Guarantees	Total commitments	Defaults and other potential bad debt	Impairment of loans
GROUP						
Primary industries	11 499	1 472	403	13 374	277	98
Manufacturing and mining	3 696	912	408	5 015	34	33
Power and water supply	2 637	267	10	2 914	0	11
Building and construction industry	7 369	1 709	492	9 569	219	203
Wholesale and retail	3 130	1 062	172	4 365	20	27
International shipping and transport	8 418	511	1 037	9 965	10	64
Hotels and restaurants	682	75	8	765	1	14
Property management	18 740	1 629	125	20 494	439	198
Service sector	4 256	799	332	5 387	140	47
Public administration	63	0	0	63	0	0
Other financial undertakings	444	16	1	461	0	16
Total business and industry	60 933	8 452	2 987	72 372	1 139	710
Retail customers	195 711	14 963	9	210 683	322	167
Total gross commitments	256 644	23 415	2 996	283 055	1 462	878
- Model-based impairment CM (Stage 1–3)	512	84	51	647		
- Model-based impairment RM (Stage 1–3)	161	13	0	174		
- Individually assessed impairment Stage 3, CM	199	0	0	199		
- Individually assessed impairment Stage 3, RM	7	0	0	7		
Total net commitments	255 767	23 317	2 945	282 029		

PARENT BANK						
Primary industries	11 090	1 433	403	12 926	277	97
Manufacturing and mining	3 621	907	408	4 935	34	33
Power and water supply	2 628	267	10	2 904	0	11
Building and construction industry	7 017	1 690	492	9 198	211	202
Wholesale and retail	2 991	1 056	172	4 220	20	27
International shipping and transport	8 119	490	1 037	9 646	10	64
Hotels and restaurants	634	75	8	716	1	13
Property management	18 708	1 638	125	20 471	440	198
Service sector	3 552	755	379	4 687	140	46
Public administration	63	0	0	63	0	0
Other financial undertakings	444	16	1	461	0	16
Total business and industry	58 867	8 327	3 034	70 229	1 132	707
Retail customers	56 139	6 231	9	62 379	202	77
Total gross commitments	115 006	14 559	3 043	132 608	1 334	784
- Model-based impairment CM (Stage 1–3)	509	84	51	643		
- Model-based impairment RM (Stage 1–3)	70	11	0	81		
- Individually assessed impairment Stage 3, CM	199	0	0	199		
- Individually assessed impairment Stage 3, RM	7	0	0	7		
Total net commitments	114 222	14 463	2 992	131 677		



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

2022	Lending	Unused credit facilities	Guarantees	Total commitments	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		

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 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 13.

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 uses a macro model it has developed to provide forward-looking estimates for PD, while the LGD models have built-in macro parameters. 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/MoC, while LGD and EAD are estimated 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 without calibration, meaning without safety margins together with the macro model, as the basis for assessing increased credit risk. As of 31 December 2023, IRB models under consideration by the Financial Supervisory Authority are used as a basis for the IFRS model. Validation of the models shows that the accuracy of the PD estimates based on the PD models is good, both for short and long horizons. 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 sets out that a significant increase

in credit risk will have occurred, unless this can be refuted, if a significant amount is overdrawn from 30 to 90 days (90 days or more is defined as default).

PD

The bank uses the PD level as the primary criterion for significantly increased credit risk. Predicted PD at the time of reporting is compared with predicted PD in the last available version of the model, rescored when the loan is 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%.

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 commitments 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.

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 deferrals 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



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

internal risk management and capital requirement calculations. Also here, 90 days’ overdue payment is used as an important criterion for default, in addition to ‘unlikeliness to pay’ in accordance with regulatory requirements.

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). 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 macro model is based on Statistics Norway’s macroeconomic models. This ensures independent prognoses and high-quality input.

The three scenarios in the model consist of a neutral case intended to cover a probability range of 60%, as well as a downside case and an upside case 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.

Segment adjustment
Sparebanken Vest has divided the lending portfolio into 14 corporate market segments and 2 retail market segments. The credit department assesses the outlook for each segment on a seven-point scale, where the outlook can be adjusted up and down three levels from a neutral outlook. An adjustment of the outlook does not affect model predictions, but entails an adjustment of the scenario weighting. This ensures that the estimates generated by the model remain objective over time, while discretionary expectations from the bank’s credit department are included in the ECL estimates.

Model calculation
Based on the grouping of exposures into different stages, the use of forward-looking PD paths and LGD estimates, expected losses are calculated in the bank’s loss provision model.

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.

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



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

The table below explains the change in lending volume for each stage within IFRS 9, from the opening balance to the closing balance. Principles for classification in stages are presented in Note 11.

GROUP	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3	Stage 3		
Gross lending recognised at amortised cost	189 124	12 010	776	201 910	624	202 534
Gross lending opening balance	189 124	12 010	776	201 910	624	202 534
Transferred to 12-month ECL (Stage 1)	3 986	-3 951	-35	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-7 115	7 172	-43	14	-14	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-75	-327	402	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	-20	-239	-36	-295	295	0
Newly issued or acquired financial assets	89 287	3 584	111	92 981	45	93 027
Financial assets derecognised – excluding impairment loss	-60 291	-4 345	-298	-64 934	-513	-65 446
Net change in existing loans	5 608	731	62	6 402	56	6 458
Gross lending at 31 Dec. 2023 recognised at amortised cost	220 503	14 636	940	236 079	494	236 572
Loan loss impairment	-244	-208	-220	-672	-205	-878
Net lending at 31 Dec. 2023 recognised at amortised cost	220 259	14 428	720	235 407	288	235 695
Lending valued at fair value						20 072
Capitalised lending at 31 Dec. 2023						255 767
Gross lending recognised at amortised cost, allocated to different stages at 31 Dec. 2023	220 503	14 636	940	236 079	494	236 572
* Of which Corporate Market	49 121	9 056	660	58 837	479	59 316
* Of which Retail Market – mortgages	170 844	5 469	271	176 583	15	176 598
* Of which Retail Market – unsecured loans/ other	538	111	9	658	0	658

**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 or fair value through OCI	83 568	8 460	636	92 665	623	93 288
Gross lending opening balance	2 398	-2 364	-34	0	0	0
Transferred to 12-month ECL (Stage 1)						
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-5 082	5 118	-22	14	-14	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-35	-265	300	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	-20	-235	-34	-290	290	0
Newly issued or acquired financial assets	48 970	3 067	146	52 182	47	52 230
Financial assets derecognised – excluding impairment loss	-34 414	-3 335	-227	-37 975	-513	-38 488
Net change in existing loans	2 708	563	58	3 329	56	3 385
Gross lending at 31 Dec. 2023 recognised at amortised cost or fair value through OCI	98 094	11 009	822	109 926	490	110 415
Loan loss impairment	-214	-167	-198	-579	-205	-784
Net lending at 31 Dec. 2023 recognised at amortised cost or fair value through OCI	97 880	10 842	625	109 347	284	109 631
Lending valued at fair value						4 591
Capitalised lending at 31 Dec. 2023						114 222

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

GROUP	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3		Stage 3	
Gross lending recognised at amortised cost	163 156	11 575	780	175 511	656	176 167
Gross lending opening balance	2 452	-2 379	-23	50	-50	0
Transferred to 12-month ECL (Stage 1)						
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
Loan loss impairment	-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

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 or fair value through OCI	68 967	8 542	634	78 142	650	78 793
Gross lending opening balance	1 583	-1 516	-16	50	-50	0
Transferred to 12-month ECL (Stage 1)						
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



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

The table below explains the change in expected loss (loan loss provision) from the opening balance to the closing balance. Principles for classification in stages and measurement of expected loss are presented in Note 11.

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)

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		Stage 3	
Loss provision in opening balance	199	336	205	739	237	976
Transferred to 12-month ECL (Stage 1)	92	-83	-9	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-21	34	-6	7	-7	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	-1	-26	30	3	-3	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-12	-9	-21	21	0
Net new measurement of losses	-12	19	72	80	191	270
Newly issued or acquired financial assets	158	59	31	248	19	266
Financial assets derecognised	-96	-79	-59	-234	-252	-486
Currency effects and other changes	0	0	0	0	1	1
Loss provision at 31 Dec. 2023	319	247	255	821	206	1 026
Loan loss provision	244	208	220	672	205	878
Other provision for commitments	75	39	35	148	0	149
Total loss provision	319	247	255	821	206	1 026

Loss cost for the period:	
Changes in individual write-downs for the period	-31
Currency effects and other changes	1
Confirmed loss in the period with previous individual write-down	18
Confirmed loss in the period with no previous individual write-down	36
Recoveries in previously confirmed write-downs	-11
Net effect on profit from individual write-downs	13
Change in model-based loss for the period (Stage 1–3)	82
Loss cost for the period	95

Gross lending recognised at amortised cost at 31 Dec. 2023	220 503	14 636	940	236 079	494	236 572
Impairment loss	-244	-208	-220	-672	-205	-878
Net lending recognised at amortised cost in the balance sheet	220 259	14 428	720	235 407	288	235 695
Lending recognised at fair value through profit or loss						20 072
Capitalised lending at 31 Dec. 2023						255 767

Sensitivity of model-based impairment:	CM	RM	Total
Change in expected loss in event of 100% weighting of negative scenario	713	357	1 071
Change in expected loss in event of 100% weighting of positive scenario	-356	-124	-480
Change in expected loss in event of stress (raw PDs increase by 20% and collateral decreases by 20%)	174	48	222
Change in expected loss if LGD is reduced by 10%	-85	-20	-105
Change in expected loss if LGD is increased by 10%	85	20	105

Confirmed losses on loans that are still subject to follow-up amounted to a total of NOK 143 million at 31 Dec. 2023 and NOK 139 million at 31 Dec. 2022.





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	190	303	194	687	237	923
Transferred to 12-month ECL (Stage 1)	81	-72	-9	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-20	32	-5	7	-7	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	0	-25	29	3	-3	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-12	-8	-21	21	0
Net new measurement of losses	-18	-6	47	23	191	214
Newly issued or acquired financial assets	149	57	38	244	19	263
Financial assets derecognised	-94	-70	-53	-218	-252	-470
Currency effects and other changes	0	0	0	0	1	1
Loss provision at 31 Dec. 2023	287	205	233	725	206	930
Loan loss provision	214	167	198	579	205	784
Other provision for commitments	73	38	35	146	0	146
Total loss provision	287	205	233	725	206	930

Loss cost for the period:

Changes in individual write-downs for the period	-31
Currency effects and other changes	1
Confirmed loss in the period with previous individual write-down	18
Confirmed loss in the period with no previous individual write-down	33
Recoveries in previously confirmed write-downs	-10
Net effect on profit from individual write-downs	11
Change in model-based loss for the period (Stage 1–3)	38
Loss cost for the period	49

Gross lending recognised at amortised cost or fair value through OCI at 31 Dec. 2023	98 094	11 009	822	109 925	490	110 415
Impairment loss	-214	-167	-198	-579	-205	-784
Net	97 880	10 843	624	109 347	285	109 631
Lending recognised at fair value through profit or loss						4 591
Capitalised lending at 31 Dec. 2023						114 222

Confirmed losses on loans that are still subject to follow-up amounted to a total of NOK 111 million at 31 Dec. 2023 and NOK 108 million at 31 Dec. 2022.



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	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

Sensitivity of model-based impairment:

	CM	RM	Total
Change in expected loss in event of 100% weighting of negative scenario	504	117	621
Change in expected loss in event of 100% weighting of positive scenario	-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



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	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	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



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

GROUP

2023	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3			
CORPORATE MARKET						
Loss provision in opening balance	172	278	177	628	227	855
Transferred to 12-month ECL (Stage 1)	73	-66	-8	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-19	30	-4	7	-7	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Model-based	0	-25	28	3	-3	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3) – Individually assessed	0	-12	-8	-21	21	0
Net new measurement of losses	-16	-16	34	2	190	192
Newly issued or acquired financial assets	131	50	28	209	19	227
Financial assets derecognised	-77	-58	-46	-181	-249	-430
Currency effects and other changes	0	0	0	0	1	1
Loss provision at 31 Dec. 2023	264	181	201	647	198	845

	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3			
RETAIL MARKET						
Loss provision in opening balance	26	57	27	110	10	120
Transferred to 12-month ECL (Stage 1)	19	-17	-2	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-2	4	-2	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	4	35	38	78	1	79
Newly issued or acquired financial assets	27	9	3	39	0	39
Financial assets derecognised	-19	-21	-13	-53	-3	-56
Currency effects and other changes	0	0	0	0	0	0
Loss provision at 31 Dec. 2023	55	66	54	175	8	181

Total write-downs on loans, guarantees, unused credit facilities and loan approvals	319	247	255	821	206	1 026
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Note 14 Write-down of loans, guarantees, unused credit facilities and loan approvals – Segment (continued)

GROUP

2022	Model-based			Total model-based loss	Individually assessed	Total
	Stage 1	Stage 2	Stage 3			
CORPORATE MARKET						
Loss provision in opening balance	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	0	0	0	0	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			
RETAIL MARKET						
Loss provision in opening balance	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 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. 2023	Stage 2	Stage 3	Total
Gross carrying amount of exposures with forbearance measures – CM	1 273	693	1 966
Write-downs – CM	-23	-245	-268
Gross carrying amount of exposures with forbearance measures – RM	575	117	692
Write-downs – RM	-5	-15	-20
Net carrying amount of exposures with forbearance measures at 31 Dec. 2023	1 819	551	2 370

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

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. 2023			31 Dec. 2023		
Retail market	Corporate market	Total	Retail market	Corporate market	Total
87	669	756	116	672	788
115	463	578	206	467	674
202	1 132	1 334	322	1 139	1 462
-38	-365	-403	-60	-365	-425
163	768	931	262	774	1 036

31 Dec. 2022			31 Dec. 2022		
Retail market	Corporate market	Total	Retail market	Corporate market	Total
62	355	418	112	360	472
76	613	689	160	618	779
138	968	1 107	272	978	1 250
-24	-403	-427	-34	-404	-437
114	565	680	239	575	813



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 here the threshold is NOK 2,000.

PARENT BANK				GROUP		
31 Dec. 2023				31 Dec. 2023		
Retail market	Corporate market	Total		Retail market	Corporate market	Total
80	407	487	Up to 30 days	163	410	573
26	107	133	31–90 days	57	107	164
87	669	756	More than 90 days	116	672	788
193	1 182	1 376	Gross loans in default	337	1 188	1 525

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	31–60 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

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 proportion of each loan that coincides with an LTV range is reported within that range.

PARENT BANK				GROUP		
31 Dec. 2023				31 Dec. 2023		
Retail market	Corporate market	Total	Security level	Retail market	Corporate market	Total
77,5%	88,5%	83,2%	0%–60%	87,3%	88,5%	87,6%
12,1%	4,9%	8,4%	60%–80%	8,8%	5,0%	7,9%
2,8%	0,9%	1,8%	80%–90%	1,4%	0,9%	1,3%
0,8%	0,5%	0,7%	90%–100%	0,4%	0,5%	0,4%
1,0%	3,8%	2,4%	100%–	0,5%	3,7%	1,3%
0,0%	0,3%	0,2%	Other security	0,0%	0,3%	0,1%
5,7%	1,0%	3,3%	Unsecured	1,7%	1,0%	1,5%
100,0%	100,0%	100,0%	Total	100,0%	100,0%	100,0%

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%





Note 17 Loans to and receivables from credit institutions

PARENT BANK			GROUP	
31 Dec. 2022	31 Dec. 2023		31 Dec. 2023	31 Dec. 2022
19 573	21 229	No agreed term to maturity or period of notice	635	1 018
0	2 518	With an agreed term to maturity or period of notice	2 518	0
19 573	23 748	Loans to and receivables from credit institutions	3 154	1 018
		Geographical areas		
18 820	23 151	Vestland	2 557	266
125	368	Rest of Norway	368	125
627	229	Abroad	229	627
19 573	23 748	Total, geographical areas	3 154	1 018

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

Note 18 Guarantees and secured debt

PARENT BANK			GROUP	
31 Dec. 2022	31 Dec. 2023	Breakdown by guarantee type	31 Dec. 2023	31 Dec. 2022
1 866	1 770	Payment guarantees	1 767	1 864
912	878	Contract guarantees	878	912
85	81	Tax guarantees	81	85
259	315	Other guarantee liability	270	214
3 122	3 043	Guarantee liability in relation to customers	2 996	3 075
101 573	11 000	Intercompany liquidity facility		
104 695	14 043	Total guarantee liability	2 996	3 075
		Secured debt		
1 270	1 035	Nominal value of bonds deposited with clearing house	1 035	1 270
20 739	18 521	Nominal value of bonds deposited in Norges Bank	18 521	20 739
22 009	19 556	Total secured debt	19 556	22 009



Note 19 Commercial papers and bonds

GROUP				Rel.
31 Dec. 2023				distribution
Broken down by sector	Spread risk	Cost price	Market value	
Government	0	4 945	4 915	13%
Banking and finance – government-guaranteed	40	5 894	5 980	16%
Public sector – government-guaranteed	10	1 277	1 268	3%
Covered bonds	290	20 892	21 014	57%
Municipalities and county authorities	9	2 900	2 930	8%
Banking and finance	1	450	453	1%
Enterprises etc.	0	1	1	0%
Commercial papers and bonds	350	36 359	36 560	100%

In the portfolio defined above, green/ESG bonds amount to NOK 2,742 million.

31 Dec. 2022				Rel.
Broken down by sector	Spread risk	Cost price	Market value	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%
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.

PARENT BANK				Rel.
31 Dec. 2023				distribution
Broken down by sector	Spread risk	Cost price	Market value	
Government	0	4 945	4 915	14%
Banking and finance – government-guaranteed	36	4 945	5 032	15%
Public sector – government-guaranteed	10	1 277	1 268	4%
Covered bonds	276	19 208	19 317	57%
Municipalities and county authorities	9	2 900	2 930	9%
Banking and finance	1	450	453	1%
Enterprises etc.	0	1	1	0%
Commercial papers and bonds	332	33 726	33 915	100%

31 Dec. 2022				Rel.
Broken down by sector	Spread risk	Cost price	Market value	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%

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 associates

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.

Subsidiaries (balance sheet value, parent bank)	Number of shares	Holding as %	31 Dec. 2023	31 Dec. 2022
Sparebanken Vest Boligkreditt AS	6 500 000	100	6 500	4 650
Subordinated bonds classified as equity			0	675
Eiendomsmegler Vest AS	1 200	100	83	83
Jonsvoll Utleie AS	500	100	5	5
Total subsidiaries			6 588	5 413

Associates

An associate 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 associates 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.

Associates (balance sheet value, parent bank)	Number of shares	Holding as %	31 Dec. 2023	31 Dec. 2022
Frende Holding AS	2 675 614	39,58	310	310
Norne Securities AS	7 706 752	41,81	19	18
Brage Finans AS	68 330 604	49,99	1 060	960
Balder Betaling AS	10 980 276	38,54	257	222
Folio AS	1 610 919	27,49	35	35
Total shareholdings in associates			1 681	1 544

Associates (balance sheet value, group) 2023	Frende Holding Group	Norne Securities AS	Brage Finans AS	Balder Betaling AS	Folio AS	Total
Balance sheet value at beginning of period	783	33	1 414	330	26	2 586
Capital increase/acquisition	0	1	100	35	0	136
Dividend/sale	-139	0	0	0	0	-139
Share of profit for the year	51	1	167	0	-4	215
Balance sheet value at end of period	696	35	1 681	365	22	2 798

Associates (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



Note 20 Shareholdings in subsidiaries and associates (continued)

Associates – company information – 2022 ¹⁾	Frende Holding Group	Norne Securities AS	Brage Finans AS	Balder Betaling AS	Folio AS
Cash and cash equivalents	103	95	269	2	15
Other current assets	912	65	195	2	5
Fixed assets	5 991	15	20 503	606	33
Total assets	7 005	174	20 968	610	54
Short-term financial liabilities	0	16	331	0	0
Other short-term liabilities	888	74	229	112	4
Long-term financial liabilities	4 446	5	17 334	0	0
Other long-term liabilities	60	0	244	0	0
Own funds	1 611	80	2 829	498	50
Total liabilities and equity	7 005	174	20 968	610	54
Operating income	1 039	155	564	6	4
Depreciation	-23	-4	-20	0	-4
Other operating expenses	-647	-122	-179	-6	-17
Other financial income	83	3	0	30	0
Other interest expenses	-20	-2	0	0	0
Tax	-127	0	-87	0	0
Total profit after tax	305	31	278	30	-17
Dividend received from associate (Sparebanken Vest's share)	150	0	0	0	0

¹⁾ The table shows accounting figures for associates from the last official accounts at 31 Dec. 2022 (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 several 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.

The total capital need linked to market risk is summed up as follows:	31 Dec. 2023	31 Dec. 2022
Market risk	456	607



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.

Fixed-rate bonds 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, fixed-rate bonds issued 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 250 million for interest rate risk in 2023. The Board adopted an upward revision of the amount to NOK 275 million in mid-December 2023, which will apply in 2024. 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. Sparebanken Vest Boligkreditt also adopts a separate limit for interest rate risk.

PARENT BANK				GROUP	
Interest rate sensitivity by scenario					
31 Dec. 2022	31 Dec. 2023			31 Dec. 2023	31 Dec. 2022
109	-7	Parallel shock up		-110	87
-109	7	Parallel shock down		110	-87
85	-24	Short rates up		-154	92
-85	24	Short rates down		154	-92
-21	22	Steepener shock		96	-45
45	-24	Flattener shock		-121	64

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. 2023	4	23	0	-2	-17	0	-2	6
Effect on profit and equity of change in exchange rates of 5%	0	1	0	0	-1	0	0	0
Net currency exposure at 31 Dec. 2022	-57	85	-7	-4	-64	-3	2	-47
Effect on profit and equity of change in exchange rates of 5%	-3	4	0	0	-3	0	0	-2



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.

GROUP	31 Dec. 2023			31 Dec. 2022		
	Nominal value	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value
Interest swap agreements	118 346	2	975	110 013	215	1 047
Options/Cap/Floor/Collar/Swaption	0	0	0	0	1	0
Total interest rate instruments	118 346	2	975	110 013	216	1 047
Interest rate derivatives designated for hedging	3 750	16	136	3 750	26	130
Interest rate and curr. derivatives designated for hedging	16 896	1 928	236	15 898	1 270	0
Total derivatives designated for hedging	20 646	1 944	372	19 648	1 296	130
Interest rate and currency derivatives	45 474	3 326	4	37 983	962	570
Instalments	24 239	130	320	12 544	101	175
Total interest rate and currency-related contracts	69 713	3 456	324	50 528	1 064	745
Total OTC derivatives	208 705	5 401	1 670	180 189	2 575	1 922



Note 24 Financial derivatives (continued)

	31 Dec. 2023			31 Dec. 2022		
	Nominal value	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value
PARENT BANK						
Interest swap agreements	131 719	55	1 654	128 574	247	1 711
Options/Cap/Floor/Collar/Swaption	0	0	0	0	1	0
Total interest rate instruments	131 719	55	1 654	128 574	248	1 711
Interest rate and currency derivatives	110 812	4 424	2 566	85 637	4 545	622
Instalments	24 239	130	320	12 544	101	175
Total interest rate and currency-related contracts	135 051	4 554	2 885	98 182	4 646	797
Total OTC derivatives	266 770	4 608	4 540	226 756	4 894	2 507

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.

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.

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.

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.

The status at 31 Dec. 2023	Hedging instrument nominal value	Hedged item nominal value	Ineffectiveness nominal value
Fixed-rate borrowing, hedged against interest rate risk	Interest rate swaps		
Nominal value NOK	3 750	3 750	0
Fixed-rate borrowing in foreign currencies, hedged against interest rate risk	Interest rate swaps		
Nominal value EUR	200	200	0
Fixed-rate borrowing in foreign currencies, hedged against interest rate and currency risk	Interest rate and currency swaps		
Nominal value EUR	1 300	1 300	0
	Hedging instrument book value	Hedged item book value	Recognised ineffectiveness
Book value assets	1 944		
Book value liabilities	372	20 577	
Accumulated changes in value, closing balance	1 602	-1 497	
Accumulated changes in value, opening balance	1 150	-1 172	
Changes in fair value	452	-324	127
Currency effects			-141
Ineffectiveness recognised on discontinuation of hedging relationship			-1
Total			-15
Ineffectiveness recognised through profit or loss (gain/loss financial instruments)			-10
Changes in value recognised through other comprehensive income (base margin)			-5
Total			-15



Note 25 Hedge accounting of securitised debt (continued)

Status at 31 Dec. 2022	Hedging instrument nominal value	Hedged item nominal value	Ineffectiveness nominal value
Fixed-rate borrowing:	Interest rate swaps		
Nominal value NOK	3 750	3 750	0
Fixed-rate borrowing in foreign currencies	Interest rate and currency swaps		
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

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. The note shows figures for the Group.

	Cost price	31 Dec. 2023	31 Dec. 2022
Shares valued at fair value through profit or loss are divided between the following portfolios			
Fair value through profit or loss	542	560	226
Shares recognised at fair value through profit or loss		560	226
Valuation method			
Listed		386	44
Shares valued on the basis of the OTC list		0	0
The companies' own valuation based on EVCA ¹⁾		43	51
Shares valued on the basis of other valuation techniques ²⁾		131	132
Shares recognised at fair value through profit or loss		560	226

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 December 2023:

	Comm. amount	Paid up
Committed amounts relating to equity investments		
Sarsia Seed Fond II AS	50	34

The committed amount relating to equity investments at 31 Dec. 2022 amounted to NOK 64 million, NOK 38 million of which was paid up.

Specification of shares and units at 31 Dec. 2023	Number of shares	Holding (%)	Balance sheet value
Balance sheet value in NOK 1,000			
Bergensavisen Konsern AS	315 840	9,8%	7 896
Eksportfinans ASA	2 638	1,0%	60 298
Sandnes Sparebank	370 659	1,6%	33 915
Sarsia Seed AS	50 224	10,0%	13 043
Sarsia Seed Fond II AS	39 999 999	13,4%	27 720
Sparebanken Sør	2 400 000	5,8%	345 600
Visa Norge AS		3,8%	30 654
Other companies			40 982
Total investments in shares and units			560 109



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 and a 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 or call date. 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. 2023	Up to 1 month	1–3 months	3–12 months	1–5 years	More than 5 years	Total
Liabilities to credit institutions	5 424		30			5 454
Customer deposits	116 451	4 719	2 429			123 599
Securitised debt	50	5 632	10 743	121 366	11 261	149 052
Interest disbursements	228	839	3 486	9 880	671	15 104
Loan approvals and unused credit facilities	23 415					23 415
Subordinated loan capital			500	1 650		2 150
Interest disbursements	5	30	87	311		433
Total disbursements	30 066	11 220	17 275	133 207	11 932	203 700
Financial derivatives						
Outgoing contractual cash flows	497	6 057	4 519	61 768	10 886	83 726
Incoming contractual cash flows	306	6 653	3 500	62 432	11 424	84 314

GROUP Residual time to maturity at 31 Dec. 2022	Up to 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



Note 28 Net interest and credit commission income

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.

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.

PARENT BANK			GROUP	
2022	2023		2023	2022
460	1 049	Interest and similar income from loans to and receivables from credit institutions	77	21
		Interest and similar income from loans to and receivables from customers		
3 419	6 099	– valued according to the effective interest rate method	11 760	6 314
152	296	– valued at fair value	1 199	758
		Interest and similar income from certificates, bonds and other interest-bearing securities		
563	1 386	– valued at fair value	1 455	578
4 594	8 830	Interest income and similar income	14 490	7 671
		Interest and similar expenses on liabilities to credit institutions		
51	277	– valued at amortised cost	199	23
		Interest and similar expenses on deposits from customers		
1 073	3 250	– valued at amortised cost	3 171	1 069
4	56	– valued at fair value	56	4
		Interest and similar expenses on issued securities		
217	483	– valued at amortised cost	2 778	1 070
105	224	– valued at fair value	2 119	935
		– designated for hedge accounting, incl. interest on related derivatives	669	418
		Interest and similar expenses on subordinated loan capital		
56	113	– valued at amortised cost	113	56
0	0	– valued at fair value	0	0
16	17	Other interest expenses and similar expenses ¹⁾	24	18
71	88	Fee to the Saving Banks' Guarantee Fund	118	85
1 591	4 507	Interest expenses and similar expenses	9 249	3 677
3 003	4 322	Net interest and credit commission income	5 242	3 994

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 180 million has been added to net interest income for the parent bank and NOK 1,375 million charged to the Group, relating to interest income from financial derivatives.



Note 29 Net other operating income

PARENT BANK			GROUP	
2022	2023		2023	2022
43	56	Guarantee commission	56	43
357	383	Fees from payment transfers	383	357
162	111	Income from insurance	111	162
120	120	Income from savings and investments	120	120
473	442	Commission income from group companies		
92	112	Other commissions and fees	112	92
1 248	1 224	Commission income and income from banking services	783	775
103	116	Fees, payment transfers	116	103
8	4	Expenses relating to savings and investments	4	8
3	7	Other commissions and fees	9	4
115	127	Commission expenses and expenses relating to banking services	129	116
436	180	Income from shareholdings in subsidiaries		
148	139	Income from shareholdings in associates	215	262
584	319	Income from shareholdings in group companies and associates	215	262
37	3	Dividend	3	37
-130	-25	Gain/(loss) on commercial papers and bonds ¹⁾	-37	-126
37	44	Gain/(loss) on shares	44	5
4	203	Gain/(loss) on financial derivatives ¹⁾	36	4
81	91	Gain/(loss) on currency	89	81
		Net gain/(loss) on financial instruments, recognised at fair value ¹⁾		
33	-22	– lending	-37	-15
2	-1	– deposits	-1	2
17	-125	– securitised debt	-163	91
6	0	– subordinated loan capital	0	6
		Net gain/(loss) on financial instruments, recognised at amortised cost		
-2	-3	– securitised debt	-10	-11
		Net gain/(loss) on financial instruments relating to hedge accounting		
		– derivatives earmarked for hedge accounting	474	-853
		– securitised debt, hedged	-484	854
84	164	Net gain/(loss) on financial instruments	-87	74
		Brokerage commission	261	251
3	0	Other operating income	2	5
3	0	Other operating income	263	256
1 804	1 580	Net other operating income	1 044	1 250

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

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.

Fees are expensed as the service is received.



Note 30 Operating expenses

PARENT BANK			GROUP	
2022	2023		2023	2022
576	625	Payroll expenses including empl. Nat. Ins. contributions	777	722
83	78	Pension expenses	90	94
47	40	Other personnel expenses	52	59
78	79	External fees	82	82
255	304	ICT expenses	316	267
57	55	Marketing	64	67
1 096	1 182	Payroll and general administration expenses	1 381	1 292
208	184	Depreciation	192	218
23	26	Operating expenses, premises	42	37
31	20	Wealth tax	20	31
67	91	Other operating expenses	136	108
122	137	Other operating expenses	199	177
1 426	1 503	Total operating expenses	1 772	1 687

The average number of employees measured in full-time equivalents in 2023 (2022) was 631 (609) in the parent bank and 776 (755) in the Group.

Fee for elected auditor (Figures in NOK 1,000)

PARENT BANK			GROUP	
2022	2023		2023	2022
900	1 926	Audit fee	2 789	1 312
643	430	Attestation services	781	1 019
0	0	Tax advice	0	0
21	0	Other services	0	21
1 565	2 356	Total remuneration	3 570	2 352



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.

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'.

	PARENT BANK		GROUP	
	2022	2023	2022	2023
Pension expenses				
Ordinary pension expense, defined benefit scheme	3	3	3	3
Pension expense relating to the compensatory scheme	16	18	17	19
Pension expense relating to the defined contribution scheme	53	47	61	55
Pension expense relating to early retirement (AFP)	11	11	13	13
Total pension expenses	83	78	94	90
Estimate variance for pensions recognised through comprehensive income	-4	0	-4	0

	PARENT BANK		GROUP	
	2022	2023	2022	2023
Pension obligation				
Gross pension obligation, defined benefit pension	19	21	19	21
Pension assets relating to defined benefit pension	0	0	0	0
Net pension obligation, defined benefit pension	19	21	19	21
Capitalised pension relating to compensatory scheme	110	133	120	146
Total pension obligation shown in the balance sheet	129	155	139	167
Capitalised pension assets (securities fund)	92	112	100	123



Note 32 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 subject to 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.

PARENT BANK			GROUP	
2022	2023	Tax for the year	2023	2022
580	886	Tax liabilities ¹⁾	996	705
2	0	Paid withholding tax and correction of previous years' tax assessment	0	3
-20	9	Tax on items through other comprehensive income	-39	-86
-31	-171	Change in deferred tax through profit or loss	-84	65
532	724	Tax for the year	874	687

¹⁾ Tax liabilities in the balance sheet also include wealth tax in the amount of NOK 31.5 million (NOK 31 mill.).

3 344	4 350	Pre-tax profit	4 418	3 504
		25% tax on:		
836	1 088	Pre-tax accounting result	1 105	876
		Share of profit from associate	-54	-66
8	5	Expensed wealth tax, non-deductible	5	8
-145	-263	Tax relating to customer dividend	-145	-98
-155	-83	Non-taxable income	-11	-10
2	2	Non-deductible expenses	4	4
-15	-26	Tax on hybrid interest rates entered directly against equity	-26	-15
1	0	Correction of previous years' tax assessment	0	1
		Different tax rate in subsidiaries (22% vs 25%)	-5	-14
532	724	Tax	874	687
16 %	17 %	Effective tax rate	20 %	20 %
2022	2023	Change in capitalised deferred tax:	2023	2022
-283	-314	Capitalised deferred tax (tax asset) at 1 Jan.	-173	-239
-31	-171	Recognised in the period	-84	65
-314	-485	Capitalised deferred tax (tax asset) at 31 Dec.	-256	-173



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. 2022	31 Dec. 2023	Deferred tax asset	31 Dec. 2023	31 Dec. 2022
19	21	Tangible fixed assets	20	18
224	225	Financial instruments	762	831
9	11	Pension obligations	11	10
160	276	Other liabilities	14	16
413	533	Total deferred tax asset	808	875
31 Dec. 2022	31 Dec. 2023	Deferred tax	31 Dec. 2023	31 Dec. 2022
0	0	Profit and loss account	0	0
20	20	Goodwill	20	20
79	27	Financial instruments	530	681
99	47	Total deferred tax	551	701
-314	-485	Net deferred tax (tax asset)	-256	-173

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

2022	2023	Deferred tax recognised	2023	2022
-1	-2	Tangible fixed assets	-2	-2
27	-52	Financial instruments	-82	75
-1	-1	Pension obligations	-1	-1
-55	-116	Other liabilities	1	-8
-31	-171	Total change in deferred tax	-84	65



Note 33 Intangible assets

PARENT BANK				GROUP		
Software and licences	Goodwill	Total		Software and licences	Goodwill	Total
At 31 Dec. 2021						
488	109	597	Acquisition cost	488	157	645
316	0	316	Accumulated depreciation	316	21	337
172	109	281	Book value at 31 Dec. 2021	172	136	308
The 2022 financial year						
172	109	281	Book value at 1 Jan. 2022	172	136	308
88	0	88	Additions during the year	88	5	93
0	0	0	Disposals during the year	0	0	0
119	0	119	Depreciation for the year	119	7	126
141	109	250	Book value at 31 Dec. 2022	141	134	276
At 31 Dec. 2022						
577	109	685	Acquisition cost	577	162	739
435	0	435	Accumulated depreciation	435	28	463
141	109	250	Book value at 31 Dec. 2022	141	134	276
The 2023 financial year						
141	109	250	Book value at 1 Jan. 2023	141	134	276
69	0	69	Additions during the year	69	0	69
0	0	0	Disposals during the year	0	0	0
87	0	87	Depreciation for the year	87	6	93
123	109	232	Book value at 31 Dec. 2023	123	129	252
At 31 Dec. 2023						
646	109	754	Acquisition cost	646	162	808
522	0	522	Accumulated depreciation	522	34	556
123	109	232	Book value at 31 Dec. 2023	123	129	252

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.

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

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. 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. 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.

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.

The table below shows the different assessment units and the balance sheet value of goodwill in each unit.

PARENT BANK				GROUP	
31 Dec. 2022	31 Dec. 2023	Assessment unit	Grounds for the choice of assessment unit	31 Dec. 2023	31 Dec. 2022
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	20	25
109	109	Total goodwill		129	134

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 December 2023.

Key assumptions for impairment test

Assessment unit	Required rate of return before tax
RM and CM Region Sogn og Fjordane	11,50%
RM and CM Region Rogaland/Sunnhordland	11,50%
Eiendomsmegler Vest AS	14,00%



Note 34 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.

Ordinary depreciation for the year is expensed as an operating expense.

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. 2021							
197	2	542	741	204	2	565	771
117	0	0	117	121	0	0	121
80	2	542	625	Book value at 31 Dec. 2021	83	2	565
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	Book value at 31 Dec. 2022	95	6	555
At 31 Dec. 2022							
231	6	531	768	239	6	555	799
139	0	0	139	145	0	0	145
92	6	531	629	Book value at 31 Dec. 2022	95	6	555
The 2023 financial year							
92	6	531	629	95	6	555	655
36	0	74	110	37	0	75	111
0	6	0	6	0	6	0	6
25	0	72	97	26	0	73	99
102	0	534	636	Book value at 31 Dec. 2023	105	0	556
At 31 Dec. 2023							
266	0	534	799	275	0	556	831
164	0	0	164	171	0	0	171
102	0	534	636	Book value at 31 Dec. 2023	104	0	556
10–33%	0–10%	5–50%	Percentage rate for accounting depreciation	10–33%	0–10%	5–50%	



Note 35 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.

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.

An interest rate of between 2.0% and 5.0% 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.

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. 2022	31 Dec. 2023	Right-of-use asset	Note	31 Dec. 2023	31 Dec. 2022
542	531	Opening balance		555	565
28	37	Changes as a result of CPI-adjusted rent		38	31
34	37	New contracts		37	34
-67	-72	Depreciation		-73	-69
-6	0	Disposals leases		0	-6
531	534	Closing balance, right-of-use asset	34	556	555
		Capitalisation of financial receivable relating to financial sublease		264	263
Lease liability					
558	552	Opening balance		839	853
28	37	Changes as a result of CPI-adjusted rent		57	31
34	37	New contracts		37	34
-77	-82	Rent payments		-103	-88
15	15	Capitalised interest rate		15	16
-6	0	Disposals leases		0	-6
552	560	Closing balance, lease liability		845	839



Note 35 Leases (continued)

MATURITY STRUCTURE OF LEASE LIABILITY (UNDISCOUNTED)

PARENT BANK			GROUP	
31 Dec. 2022	31 Dec. 2023		31 Dec. 2023	31 Dec. 2022
197	212	Less than 3 years	267	266
108	112	3–5 years	194	179
334	322	More than 5 years	509	554
639	646	Total lease liability	970	999

RESULTATPOSTER

PARENT BANK			GROUP	
2022	2023	Depreciation and interest expense	2023	2022
67	72	Depreciation, right-of-use asset	73	69
15	15	Interest expense on lease liability	15	16
		Variable lease expenses recognised as premises expenses		
34	38	Joint expenses; electricity, cleaning etc.	45	40
		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			GROUP	
31 Dec. 2022	31 Dec. 2023		31 Dec. 2023	31 Dec. 2022
1 998	9 099	No agreed term to maturity	5 424	1 525
1 570	30	With agreed term to maturity	30	1 570
3 568	9 129	Total liabilities to credit institutions	5 454	3 095



Note 37 Offsetting

Parent bank

As a result of ISDA and CSA agreements entered into between the parent bank and financial counterparties concerning derivative transactions, the right to offset against collateral applies if the counterparty defaults on its obligations.

Sparebanken Vest Boligkreditt AS

Sparebanken Vest Boligkreditt also uses bilateral ISDA/CSA agreements with external counterparties or the parent bank when entering into derivative contracts. The agreements enable net mark-to-market calculation.

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 Dec. 2023						
Loans to and receivables from credit institutions	3 154	0	3 154	0	123	3 030
Financial derivatives – assets	5 401	0	5 401	1 033	3 193	1 175
Liabilities to credit institutions	5 454	0	5 454	0	3 193	2 261
Financial derivatives – liabilities	1 670	0	1 670	1 033	123	514

31 Dec. 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

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 Dec. 2023						
Loans to and receivables from credit institutions	23 748	0	23 748	0	1 639	22 109
Financial derivatives – assets	4 608	0	4 608	939	2 281	1 389
Liabilities to credit institutions	9 129	0	9 129	0	2 281	6 848
Financial derivatives – liabilities	4 540	0	4 540	939	1 639	1 962

31 Dec. 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

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

31 Dec. 2022		31 Dec. 2023		Breakdown of term to maturity	31 Dec. 2023		31 Dec. 2022	
NOK	%	NOK	%		NOK	%	NOK	%
71 964	64,1	75 499	61,1	No agreed term to maturity	75 445	61,0	71 964	64,1
40 338	35,9	48 149	38,9	With agreed term to maturity	48 154	39,0	40 310	35,9
112 302	100,0	123 648	100,0	Total deposits from customers	123 599	100,0	112 274	100,0

31 Dec. 2022		31 Dec. 2023		Breakdown by industry	31 Dec. 2023		31 Dec. 2022	
NOK	%	NOK	%		NOK	%	NOK	%
5 763	5,1	6 252	5,1	Primary industries	6 252	5,1	5 763	5,1
7 403	6,6	9 907	8,0	Manufacturing and mining	9 907	8,0	7 403	6,6
1 742	1,6	1 227	1,0	Power and water supply	1 227	1,0	1 742	1,6
3 784	3,4	3 859	3,1	Building and construction industry	3 859	3,1	3 784	3,4
2 816	2,5	3 310	2,7	Wholesale and retail	3 310	2,7	2 816	2,5
4 348	3,9	6 137	5,0	International shipping and transport	6 137	5,0	4 348	3,9
537	0,5	573	0,5	Hotels and restaurants	573	0,5	537	0,5
6 587	5,9	6 390	5,2	Property management	6 379	5,2	6 580	5,9
9 983	8,9	11 512	9,3	Service sector	11 470	9,3	9 958	8,9
2 495	2,2	2 313	1,9	Public administration	2 313	1,9	2 495	2,2
4 281	3,8	3 581	2,9	Other financial undertakings	3 581	2,9	4 281	3,8
49 739	44,3	55 061	44,5	Total business and industry	55 007	44,5	49 707	44,3
62 563	55,7	68 587	55,5	Retail customers	68 592	55,5	62 567	55,7
112 302	100,0	123 648	100,0	Total corporate and retail customers	123 599	100,0	112 274	100,0

Geographical breakdown								
82 374	73,4	86 908	70,3	Vestland	86 859	70,3	82 346	73,3
3 157	2,8	3 410	2,8	Rogaland	3 410	2,8	3 157	2,8
16 068	14,3	18 985	15,4	Møre og Romsdal	18 985	15,4	16 068	14,3
3 450	3,1	4 815	3,9	Oslo	4 815	3,9	3 450	3,1
2 756	2,5	4 263	3,4	Viken	4 263	3,4	2 756	2,5
2 400	2,1	3 461	2,8	Rest of Norway	3 461	2,8	2 400	2,1
110 205	98,1	121 842	98,5	Total, Norway	121 793	98,5	110 177	98,1
2 097	1,9	1 806	1,5	Abroad	1 806	1,5	2 097	1,9
112 302	100,0	123 648	100,0	Total geographical breakdown	123 599	100,0	112 274	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 and the value of the hedging instruments are specified in Note 4, while recognised hedge ineffectiveness is specified in Note 25.

Currency	PARENT BANK		GROUP	
	31 Dec. 2022	31 Dec. 2023	31 Dec. 2023	31 Dec. 2022
NOK	16 134	20 533	76 380	59 296
EUR	1 430	1 406	60 625	54 722
SEK	0	0	8 729	5 119
OTHER	699	749	749	699
Total securitised debt	18 262	22 689	146 484	119 836

GROUP

	Balance sheet 31 Dec. 2022	Issued 2023	Matured/ redeemed 2023	Change in exchange rate 2023	Other changes 2023	Balance sheet 31 Dec. 2023
Change in securitised debt						
Senior bonds and certificates	11 567	2 000	-1 460	119	156	12 382
Senior non-preferred bonds	6 695	3 500	0	0	111	10 306
Covered bonds	101 573	31 738	-16 003	4 100	2 387	123 796
Total securitised debt	119 836	37 238	-17 462	4 219	2 654	146 484

Of which green bonds (at nominal value)

35 235

The definition of a green bond is that the capital raised through a green bond loan shall be used exclusively to finance climate and environment projects. Eligible green projects include renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity management, clean transport, prevention of climate change and climate change adaptation. It is a requirement that an independent assessment of the project is made public, to inform investors of the project's climate and environmental aspects. The bank's green bond framework has identified projects in green residential property, green commercial property and renewable energy.

	Balance sheet 31 Dec. 2021	Issued 2022	Matured/ redeemed 2022	Change in exchange rate 2022	Other changes 2022	Balance sheet 31 Dec. 2022
Change in securitised 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 securitised debt	113 812	29 735	-19 585	2 165	-6 291	119 836

Of which green bonds (at nominal value)

22 650



Note 39 Securitised debt (continued)

Maturity date, securitised debt	Currency in		Total
	NOK	NOK	
2024	9 353	7 072	16 425
2025	16 250	17 452	33 702
2026	14 700	16 896	31 596
2027	12 650	14 080	26 730
2028	20 650	8 688	29 338
2029	750		750
2030		563	563
2031		8 448	8 448
2032			0
2033	850		850
2034-	650		650
Total securitised debt, nominal value	75 853	73 199	149 052

PARENT BANK			31 Dec. 2023	31 Dec. 2022
		Nominal value	Balance sheet value	Balance sheet value
Recognised at amortised cost				
	NOK	12 336	12 414	10 023

Recognised at fair value				
	NOK	8 100	8 118	6 111
	EUR	1 464	1 406	1 430
	USD	764	749	699
			10 274	8 239
Securitised debt			22 689	18 262



Note 40 Subordinated loan capital and subordinated bond loans

Subordinated loan					Balance sheet value	
Year of issue		Nominal value	Interest	Redemption right	31 Dec. 2023	31 Dec. 2022
2018	Subordinated loan	NOK	0 3-month NIBOR + 1.2%	Call opsjon 28/03-23	0	370
2018	Subordinated loan	NOK	0 3-month NIBOR + 1.65%	Call opsjon 23/11-23	0	302
2018	Subordinated loan ¹	NOK	0 3-month NIBOR + 2.5%	Call opsjon 26/01-23	0	25
2019	Subordinated loan	NOK	500 3-month NIBOR + 1.42%	Call opsjon 14/05-24	504	503
2021	Subordinated loan	NOK	300 3-month NIBOR + 0.9%	Call opsjon 24/02-26	302	301
2021	Subordinated loan	NOK	350 3-month NIBOR + 1.0%	Call opsjon 21/10-26	354	353
2023	Subordinated loan	NOK	500 3-month NIBOR + 1.95%	Call opsjon 10/05-28	503	0
2023	Subordinated loan	NOK	500 3-month NIBOR + 2.15%	Call opsjon 22/08-28	502	0
Subordinated loan capital recognised at amortised cost					2 165	1 855

Change in subordinated loans	Opening balance	Issued	Matured/ redeemed	Other changes	Closing balance
Subordinated loan capital 2023	1 855	1 000	-695	6	2 165
Subordinated loan capital 2022 ²	1 937	0	-112	30	1 855

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. 2023	31 Dec. 2022
2018	Subordinated bond loan NOK	0	3-month NIBOR + 2.85%	Call option 23/03-23	0	250
2018	Subordinated bond loan ¹	NOK	0 3-month NIBOR + 3.85%	Call option 21/03-23	0	20
2018	Subordinated bond loan NOK	0	3-month NIBOR + 3.40%	Call option 12/09-23	0	251
2020	Subordinated bond loan NOK	200	3-month NIBOR + 4.00%	Call option 19/05-25	202	202
2021	Subordinated bond loan NOK	400	3-month NIBOR + 2.40%	Call option 23/07-26	406	404
2022	Subordinated bond loan NOK	300	Fixed rate, 7.48% p.a.	Call option 08/11-27	303	303
2023	Subordinated bond loan NOK	400	3-month NIBOR + 3.80%	Call option 13/09-28	402	0
2023	Subordinated bond loan NOK	225	3-month NIBOR + 3.50%	Call option 25/01-29	228	0
2023	Subordinated bond loan NOK	125	Fixed rate, 7.59% p.a.	Call option 25/01-29	127	0
Fondsobligasjoner					1 668	1 431

¹⁾ Gained through merger with Etne Sparebank.

²⁾ The +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.

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, while the remaining 3.5 percentage points 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 percentage points), conservation buffer (2.5 percentage points), countercyclical capital buffer (currently 2.5 percentage points) and the applicable Pillar 2 requirement (1.5 percentage points) are to be met by CET 1 capital. In December 2023, the Bank received a new Pillar 2 decision with an unchanged Pillar 2 requirement of 1.5%, effective from 31 December 2023. The Pillar 2 requirement must now be met with a minimum of 56.25% CET1 capital and at least 75% Tier 1 capital, which means that the CET1 capital requirement is reduced by 0.7% percentage points. At 31 December 2023, the total capital for own funds is thus 19%, including the Pillar 2 add-on – of which a minimum of 14.8 percentage points must be met by CET1 capital.

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. 2022	31 Dec. 2023		31 Dec. 2023	31 Dec. 2022
		Weighted calculation basis		
24 080	25 517	Enterprise – SME	25 517	24 083
692	1 039	Enterprise – Specialised	1 039	692
6 538	8 186	Enterprise – Other	8 186	6 538
678	922	Mass market with mortgage secured by property – SMEs	1 618	1 410
12 661	16 503	Mass market with mortgage secured by property – not SMEs	43 019	38 500
45	58	Mass market – Other SMEs	58	45
1 331	1 288	Mass market – Other non-SMEs	1 293	1 344
3 517	4 942	Equity positions, IRB	0	0
49 542	58 455	Total credit risk, IRB	80 729	72 613
7 197	8 391	Operational risk	9 052	7 908
29 219	17 234	Commitment pursuant to the standard method	16 716	15 506
1 422	1 414	Risk of credit valuation adjustment for counterparty (CVA)	1 529	1 600
87 380	85 494	Total weighted calculation basis	108 026	97 627
		Own funds		
2 743	2 743	Equity certificates	2 743	2 743
-3	-1	– Own equity certificates	-1	-3
1 966	1 966	Premium reserve	1 966	1 966
10 373	10 750	Primary capital	11 951	11 254
36	36	Compensation fund	36	36
150	150	Gift fund	150	150
2 523	2 789	Equalisation reserve	3 612	3 127
94	114	Other equity	1 299	1 189
17 882	18 546	Total book equity excluding hybrid capital	21 755	20 462
		Deductions		
-217	-199	Goodwill and other intangible assets	-246	-267
		<i>including effect of gross consolidation of associates</i>	-27	-25
-6	21	Value adjustment, own liabilities	-280	-131
-88	-110	Value adjustment for requirement for justifiable valuation	-122	-104
-222	-257	Deduction for holdings in other companies in the financial sector	-365	-330
-250	-444	Adjusted expected loss in IRB portfolio	-623	-487
0	0	Proposed dividend/donations	-2 023	-1 485
17 100	17 558	Total CET1 capital	18 096	17 659
1 420	1 650	Subordinated bonds	1 650	1 420
18 520	19 208	Core capital	19 746	19 079
1 845	2 147	Paid-up subordinated loan capital	2 147	1 845
20 365	21 355	Own funds	21 893	20 924



Note 41 Capital adequacy (continued)

PARENT BANK			GROUP	
31 Dec. 2022	31 Dec. 2023		31 Dec. 2023	31 Dec. 2022
		Minimum requirement		
6 990	6 840	Minimum capital adequacy requirement: 8%	8 642	7 810
13 374	14 515	Surplus own funds	13 251	13 114
13 168	13 710	<i>including surplus CET1 capital to meet buffer requirements</i>	13 234	13 114
		Buffer requirements		
2 185	2 137	Conservation buffer: 2.5%	2 701	2 441
3 932	3 847	Systemic risk buffer: 4.5%	4 861	4 393
1 748	2 137	Counter-cyclical buffer: 2.5%	2 701	1 953
7 864	8 122	Total buffer requirement, CET1 capital	10 262	8 786
5 304	5 588	Available CET1 capital after buffer requirements	2 972	4 327
19,6%	20,5%	CET1 ratio	16,8%	18,1%
1,6%	1,9%	Subordinated bonds	1,5%	1,5%
2,1%	2,5%	Supplementary capital	2,0%	1,9%
23,3%	25,0%	Capital adequacy	20,3%	21,4%
31 Dec. 2022	31 Dec. 2023		31 Dec. 2023	31 Dec. 2022
		Leverage ratio		
161 761	187 595	Balance sheet items incl. gross consolidation of associates	316 489	272 618
27 006	12 595	Off-balance-sheet items	11 613	11 540
1 350	45	Other adjustments	328	-80
190 117	200 235	Calculation basis for leverage ratio	328 429	284 077
18 520	19 208	Core capital	19 746	19 079
9,7%	9,6%	Leverage ratio	6,0%	6,7%



Note 42 Equity certificate

The equity certificate capital at 31 December 2023 consisted of 109,721,186 equity certificates, each with a nominal value of NOK 25.

Owner fraction	31 Dec. 2023	31 Dec. 2022
Parent bank (figures in NOK 1,000)		
Equity certificates	2 743 030	2 743 030
Own equity certificates	-884	-2 706
Premium reserve	1 966 296	1 966 296
Equalisation reserve	2 788 622	2 523 359
Total equity certificate capital (A)	7 497 064	7 229 978
Primary capital	10 750 337	10 373 033
Compensation fund	35 508	35 508
Gift fund	150 000	150 000
Total primary capital (B)	10 935 845	10 558 541
Reserve for unrealised gains	113 530	93 556
Hybrid capital	1 667 913	1 430 756
Own funds	20 214 352	19 312 831
Owner fraction after dividend payout (A / (A+ B))	40,7%	40,6%
Weighted owner fraction through the year	40,6%	40,0%
Dividend per equity certificate	7,50	5,50
Total dividend on 109,721,186 equity certificates (NOK 1,000)	822 909	603 467

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.

	2023	2022
Number of own equity certificates at 1 Jan.	108 255	185 286
Equity certificates purchased	239 511	170 200
Equity certificates sold	312 409	247 231
Number of own equity certificates at 31 Dec.	35 357	108 255

Effective return per equity certificate

	2023	2022
Listed price at 31 Dec.	109,40	92,40
Dividend paid during the year	8,50	4,50
Listed price at 1 Jan.	92,40	100,20
Effective return in NOK	25,50	-3,30
Effective return as a percentage	27,60	-3,29



Note 42 Equity certificate (continued)

The twenty biggest owners	Proportion of	
	No of ECs	EC capital %
Sparebankstiftinga Hardanger	11 954 394	10,89
Pareto Invest Norge AS	8 411 112	7,67
Geveran Trading Company LTD	4 397 818	4,01
Verdipapirfondet Alfred Berg Gambak	3 589 282	3,27
VPF Eika Egenkapitalbevis	3 437 214	3,13
Sparebankstiftelsen Sauda	3 144 264	2,87
Kommunal Landspensjonskasse Gjensidige	2 764 185	2,52
Sparebankstiftinga Etne	2 514 296	2,29
Pareto Aksje Norge Verdipapirfond	2 492 547	2,27
Spesialfondet Borea Utbytte	2 216 041	2,02
Brown Brothers Harriman & Co.	2 183 075	1,99
Blomestø AS	2 000 000	1,82
State Street Bank and Trust Comp	1 892 958	1,73
J.P. Morgan SE	1 337 273	1,22
Verdipapirfondet Nordea Norge Verdi	1 303 343	1,19
DNB Markets Aksjehandel/-Analyse	1 296 859	1,18
Sparebankstiftelsen Sparebanken Vest	1 193 958	1,09
Spar Shipping AS	1 183 480	1,08
J.P. Morgan SE	1 117 303	1,02
MP Pensjon	1 085 436	0,99
Total	59 514 838	54,24

Breakdown by number	Volume intervals	No of ECs	Percentage	No of	
				owners	Percentage
	1 - 1 000	2 440 837	2,22	7 351	64,02
	1 001 - 10 000	11 329 397	10,33	3 554	30,95
	10 001 - 100 000	12 542 959	11,43	482	4,20
	100 001 - 1 000 000	20 777 557	18,94	72	0,63
	1 000 001 -	62 630 436	57,08	23	0,20
Total		109 721 186	100	11 482	100



Note 42 Equity certificate (continued)

Equity certificates owned by the CEO, executive personnel, board members and their related parties, 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	182 182
Aud Margunn Aas Minne, EVP Corporate market	21 186
Jan-Ståle Hatlebakk, EVP Risk Management/CRO	36 036
Frank Otto Johannesen, EVP / CFO	89 339
Siren Sundland, EVP and Head of Strategy and Digital Distribution	84 759
Therese Linn Arentsen, EVP and Head of HR and Organisation	12 646
Simen Løland Aarskog, EVP and Head of RM Region South	11 666
Hans Olav Ingdal, EVP Banking Services	13 221
Olav Hovland, Acting EVP RM Region North	5 902
Arild Hugleik Bødal, Chair of the Board	71 001
Magne Morken, Deputy Chair	10 000
Agnethe Brekke, board member	641
Marianne Dorthea Jacobsen, board member	1 237
Gunnar Skeie, board member	11 069
Kristin Røyrbotten Axelsen, board member and employee representative	10 650
Henrik Mogens Gundersen, board member and employee representative	1 480
Stig Standal Taule, board member and employee representative	8 883
Karen Margrete Riisnes, deputy board member for employee representative	935
Hallvard Bjørgum, member of the General Meeting	4 400
Christina Schieldrop, member of the General Meeting	2 061
Arvid Eriksen, member of the General Meeting	1 782
Jostein Lid, member of the General Meeting	2 011
Mathias Hunskår Furevik, member of the General Meeting	3 407
Bjarte Falkanger, member of the General Meeting	2 749
Vibeke Storvik, member of the General Meeting	2 836
Cathia Baarøy, member of the General Meeting	1 626
Inge Vardøy, member of the General Meeting	5 174
Solfrid Hagen, member of the General Meeting	4 747
Trond Dreyer, member of the General Meeting	892
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	2 000
Lars Martin Lunde, member of the General Meeting	3 000
Anne Maria Langeland, member of the General Meeting	3 554
Monica Salthella, member of the General Meeting	200
Øyvind Langedal, member of the General Meeting	1 970
Sigve Inge Håland, deputy member of the General Meeting	200
Morten Meyer, deputy member of the General Meeting	800
Frode Høyland, deputy member of the General Meeting	6 848
Bjarte Marøy, deputy member of the General Meeting	247
Bente Moore, deputy member of the General Meeting	968
Kjell Gunnar Lilleøren, deputy member of the General Meeting	8 274
Arne Falk, deputy member of the General Meeting	7 455
Siri Schwings Birkeland, deputy member of the General Meeting	483
Magne Roar Sangolt, deputy member of the General Meeting	5 000
Per Berge, deputy member of the General Meeting	1 487
Bjørn Thømt, deputy member of the General Meeting	800
	704 794



Note 43 Transactions with related parties

The information provided is in accordance with IAS 24 Related Party Disclosures.

Sparebanken Vest defines subsidiaries, associates, 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 associates are specified in Note 20.

Transactions with related parties are conducted in accordance with generally accepted business terms and principles.

Intragroup transactions 2023 (figures in NOK 1,000)	Sub- sidiaries	Associates	Key personnel
Profit			
Interest income relating to loans	980 555	675	
Interest on interest-bearing securities	18 629	0	
Interest expenses and similar expenses on deposits	-181 274	-31 234	
Interest expenses on interest-bearing securities		-18 026	
Interest on financial derivatives	1 105 280	0	
Commission income received relating to distribution		120 250	
Group dividend/contributions received	145 000	138 530	
Pay, pension and fees to executive personnel and officers of the company			37 984
Rent		5 391	
Management fees	441 795		
Fees received for the sale of services	4 972	2 387	
Fees paid for the purchase of services		-4 542	
Balance sheet			
Shares in subsidiaries, associates (capital increases)	1 850 000	136 207	
Group contributions/dividend receivable	145 000		
Net loans transferred to the housing credit company, present year	14 308 281		
Loans transferred to the housing credit company, accumulated	141 544 972		
Loans to related parties at 31 Dec.	20 647 615	458 046	
Deposits from related parties	4 586 694	1 327 543	
Financial derivatives – assets	1 002 705		
Financial derivatives – liabilities	3 005 554		



Note 43 Transactions with related parties (continued)

Intragroup transactions 2022 (figures in NOK 1,000)	Sub- sidiaries	Associates	Key personnel
Profit			
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	
Balance sheet			
Shares in subsidiaries, associates (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 associates	1 175 000		

Subsidiaries mainly refer to Eiendomsmegler Vest AS and Sparebanken Vest Boligkreditt AS.

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 collateral 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).

Associates 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 2023 financial year	23 778	3 456	27 234	6 066
Remuneration of members of the corporate management for the 2022 financial year	25 000	4 932	29 932	5 732

The Board decides the CEO's salary based on the Remuneration Committee's recommendation. 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, 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
(Figures in whole NOK)

		2023			2022
		Directors' fee	Additional fee	Total remuneration	Total remuneration
Board of Directors					
Arild Hugleik Bødal	Chair	590 000	144 400	734 400	683 000
Magne Morken	Deputy Chair	293 750	123 600	417 350	369 250
Agnethe Brekke	Board member	256 250	121 000	377 250	356 250
Christine Sagen Helgø	Board member	256 250	118 500	374 750	339 250
Gunnar Skeie	Board member	256 250	128 100	384 350	339 250
Henrik Mogens Gundersen	Board member	256 250	0	256 250	243 750
Kristin Røyrbotten Axelsen	Board member	256 250	14 100	270 350	252 750
Marianne Dorthea Jacobsen	Board member	256 250	105 250	361 500	322 750
Stig Standal Taule	Board member	256 250	0	256 250	196 250
Kirsti Lovise Slotsvik	Board member	256 250	18 900	275 150	192 750
Pål Kårbø (until March 2022, deputy member)		0	0	0	58 500
Anne Marit Hope (until March 2022)		0	0	0	64 000
Birthe Kåfjord Lange (until March 2022)		0	0	0	82 500
Karen Margrete Riisnes	Deputy member	58 000	25 000	83 000	57 250
Atle Harald Sandtorv	Deputy member	58 000	0	58 000	41 250
Total		3 049 750	798 850	3 848 600	3 598 750

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 99,125 (92,375). Meeting attendance fees of NOK 736,400 (906,900) come in addition.



Note 43 Transactions with related parties (continued)

Loans and security furnished to executive personnel, employees and officers of the company
(Figures in NOK 1,000)

Loans and security furnished to the corporate management team	PARENT BANK		GROUP	
	2023	2022	2023	2022
CEO Jan Erik Kjerpeseth	2	0	8 002	7 000
Other members of the corporate management team	24 651	21 016	56 480	53 314
Loans furnished on standard terms for employees	24 653	21 016	64 482	60 314

Loans and security furnished to officers of the parent bank

Board of Directors					
Arild Hugleik Bødal	Chair	4	12	4	12
Magne Morken	Deputy Chair	0	0	0	0
Agnethe Brekke	Board member	0	0	0	0
Gunnar Skeie	Board member	0	0	0	0
Henrik Mogens Gundersen	Board member	46	95	1 586	1 635
Kristin Røyrbotten Axelsen	Board member	0	0	2 770	2 535
Marianne Dorthea Jacobsen	Board member	0	0	3 277	3 336
Christine Sagen Helgø	Board member	0	0	0	0
Stig Standal Taule	Board member	3	10	2 073	2 040
Kirsti Lovise Slotsvik	Board member	0	0	0	0
Karen Margrete Riisnes	Deputy member	0	0	322	444
Atle Harald Sandtorv	Deputy member	2	2	2	2
Loans are furnished on standard customer terms, with the exception of loans to employee representatives		55	119	10 035	10 004

General Meeting

Sivert Sørnes, Chair of the General Meeting	1 269	1 296	1 979	2 775
Other members of the General Meeting, with the exception of employee representatives	23 010	26 451	62 629	62 388
Loans are furnished on standard customer terms	24 279	27 747	64 608	65 163

Total loans and security furnished to employees ¹⁾	662 790	527 155	2 442 582	2 172 315
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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 2023, 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

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. 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. For more details relating to how goodwill is treated for accounting purposes, see Note 33.

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

Merger with Etne Sparebank in 2022

Etne Sparebank was taken over with accounting effect from 1 December 2022. Sparebanken Vest was the acquiring company and the merger was 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 had a strong product collaboration through the companies Frende, Brage and Norne. 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 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.

On the integration date, Etne Sparebank's balance sheet was incorporated into Sparebanken Vest's accounts at fair value. The difference between the fair value of the consideration and the net assets acquired after the acquisition analysis was 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 arose because the stock exchange value of Sparebanken Vest's equity certificate had been reduced 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
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 associates	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
<i>Fair value of consideration:</i>			
Issue of 2,398,146 equity certificates at a price of NOK 87.80			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, Sparebanken Vest Group's profit performance for the 2022 financial year would have been as follows:			
Net interest and credit commission income			5 274
Net operating income			6 328
Profit for the period			3 550



Declaration from the Board of Directors and the CEO pursuant to Section 5-6 of the Securities Trading Act

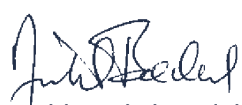
The Board of Directors and the CEO have today considered and approved the integrated annual report for Sparebanken Vest, the Group and the parent bank for the 2023 calendar year and as of 31 December 2023. The integrated annual report includes annual accounts with notes, updates on the strategic agenda, 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 2023 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 2023 / 22 February 2024

The Board of Directors of Sparebanken Vest


Arild Hugleik Bødal
Chair


Magne Mørken
Deputy Chair


Kirsti Lovise Slotsvik


Agnethe Brekke


Marianne Dorthea Jacobsen


Christine Sagen Helgø


Stig Standal Taule


Kristin Røyrbotten Axelsen


Henrik Mogens Gundersen


Gunnar Skeie


Jan Erik Kjerpeseth
CEO

Deloitte.

Deloitte AS
Lars Hilles gate 30
Postboks 6013 Postterminalen
NO-5892 Bergen
Norway

Tel: +47 55 21 81 00
www.deloitte.no

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 2023, 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 2023, 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS as set out in Section 1-3 second paragraph letter b of the Regulations on annual accounts for banks, credit undertakings and finance companies, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, 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 14 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 and 25 October 2023.

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Organisasjonsnummer: 980 211 282

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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 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 judgment in the bank's assessment of the size of the loan loss provisions in the corporate market segment. The judgment is related to forward-looking assessments of probability of default and loss given default, in order to estimate the expected loss, including judgments 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. The IT-systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. 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.	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. 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. 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 (ISAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information) 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 other information 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.



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 213800M7T3CYVZ3ZRT12-2023-12-31-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 judgment. 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, 21 February 2024
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	2023	2022	2021	2020	2019
Interest income and similar income	14 490	7 671	4 525	5 126	5 815
Interest expenses and similar expenses	9 249	3 677	1 226	2 021	2 698
Net interest and credit commission income	5 242	3 994	3 299	3 104	3 118
Commission income and income from banking services	783	775	639	548	579
Commission expenses and expenses relating to banking services	129	116	104	114	87
Net banking services	654	658	535	434	492
Income from shareholdings in associated companies	215	262	401	304	174
Net gain/(loss) on financial instruments	-87	74	63	-39	128
Other operating income	263	256	266	242	256
Net other operating income	1 044	1 250	1 264	941	1 051
Net operating income	6 285	5 244	4 563	4 046	4 169
Payroll and general administration expenses	1 381	1 292	1 190	1 097	1 165
Depreciation	192	218	208	188	197
Other operating expenses	199	177	141	163	161
Total operating expenses	1 772	1 687	1 538	1 448	1 523
Profit before write-downs and tax	4 513	3 556	3 024	2 598	2 646
Net profit on tangible fixed assets	0	0	0	242	0
Write-down of loans and losses on guarantees	95	52	-31	448	52
Pre-tax profit	4 418	3 504	3 055	2 392	2 594
Tax	874	687	542	358	531
Profit for the period	3 545	2 817	2 513	2 033	2 064



Group key figures – 5 years (continued)

BALANCE SHEET DEVELOPMENT	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019
Assets					
Cash and receivables from central banks	387	143	334	217	437
Loans to and receivables from credit institutions	3 154	1 018	1 238	1 564	989
Net lending	255 767	224 494	202 975	181 722	169 179
Shares at fair value through profit or loss	560	226	254	226	275
Commercial papers and bonds	36 560	30 825	22 945	28 013	19 464
Financial derivatives	5 401	2 575	2 668	5 885	2 950
Shareholdings in associates	2 798	2 586	2 220	2 018	1 642
Deferred tax asset	256	173	239	94	69
Pension assets	123	100	96	88	75
Other intangible assets	252	276	308	333	323
Tangible fixed assets	660	655	650	701	1 564
Prepaid expenses	44	107	56	60	64
Other assets	532	633	590	361	135
Total assets	306 495	263 812	234 571	221 282	197 166
Liabilities and equity					
Liabilities to credit institutions	5 454	3 095	4 058	4 432	2 190
Deposits	123 599	112 274	90 812	82 653	79 638
Securitised debt	146 484	119 836	113 812	109 993	93 974
Financial derivatives	1 670	1 922	1 530	1 880	804
Accrued expenses and pre-paid income	203	220	201	153	213
Pension obligations	167	139	132	126	109
Deferred tax	0	0	0	0	0
Other provision for commitments	149	96	86	71	76
Tax liabilities	1 028	736	697	381	552
Subordinated loan capital	2 165	1 855	1 937	1 824	1 999
Other liabilities	2 152	1 746	1 498	1 329	706
Total liabilities	283 071	241 919	214 763	202 842	180 262
Equity certificates	2 743	2 743	2 683	2 683	2 683
Own equity certificates	-1	-3	-5	-3	0
Premium reserve	1 966	1 966	1 837	1 837	1 837
Equalisation reserve	3 612	3 127	2 499	2 018	1 589
Total equity certificate capital	8 320	7 833	7 014	6 535	6 109
Primary capital	11 951	11 254	10 366	9 646	8 996
Gift fund	150	150	150	150	150
Compensation fund	36	36	14	14	14
Total primary capital	12 136	11 440	10 531	9 810	9 160
Other equity	1 299	1 189	857	691	430
Hybrid capital	1 668	1 431	1 406	1 405	1 205
Total equity	23 423	21 893	19 808	18 440	16 904
Total liabilities and equity	306 495	263 812	234 571	221 282	197 166
AVERAGE ASSETS UNDER MANAGEMENT (PRIMARY CAPITAL)	286 870	251 847	225 560	218 032	196 675



Group key figures – 5 years (continued)

PROFIT AS % OF PRIMARY CAPITAL	2023	2022	2021	2020	2019
Interest income and similar income	5,05	3,05	2,01	2,35	2,96
Interest expenses and similar expenses	3,26	1,48	0,57	0,96	1,40
Net interest and credit commission income	1,79	1,56	1,44	1,40	1,55
Commission income and income from banking services	0,27	0,31	0,28	0,25	0,29
Commission expenses and expenses relating to banking services	0,04	0,05	0,05	0,05	0,04
Net banking services	0,23	0,26	0,24	0,20	0,25
Income from shareholdings in associated companies	0,07	0,10	0,18	0,14	0,09
Net gain/(loss) on financial instruments	-0,03	0,03	0,03	-0,02	0,07
Other operating income	0,09	0,10	0,12	0,11	0,13
Net other operating income	0,36	0,50	0,56	0,43	0,53
Net operating income	2,16	2,06	2,00	1,83	2,09
Payroll and general administration expenses	0,48	0,51	0,53	0,50	0,59
Depreciation	0,07	0,09	0,09	0,09	0,10
Other operating expenses	0,07	0,07	0,06	0,07	0,08
Total operating expenses	0,62	0,67	0,68	0,66	0,77
Profit before write-downs and tax	1,54	1,39	1,31	1,16	1,31
Net profit on tangible fixed assets	0,00	0,00	0,00	0,11	0,00
Write-down of loans and losses on guarantees	0,03	0,02	-0,01	0,21	0,03
Pre-tax profit	1,50	1,37	1,33	1,07	1,29
Tax	0,30	0,27	0,24	0,16	0,27
Profit for the period	1,20	1,10	1,09	0,90	1,02
OTHER KEY FIGURES					
Return on assets, earnings and capital structure (percentage)					
1. Return on equity after tax	16,5	14,6	14,0	12,3	13,5
2. Total operating expenses as percentage of net operating income (cost-income)	28,7	32,5	34,2	36,3	37,1
3. Deposit-to-loan ratio	48,3	50,0	44,7	45,5	47,1
Balance sheet development (percentage)					
4. Change in net lending	13,9	10,6	11,6	7,4	6,4
5. Change in commercial papers and bonds	18,6	34,3	-18,1	43,9	-12,2
6. Change in deposits	10,1	23,6	9,9	3,8	9,8
7. Change in assets under management	16,2	12,5	6,0	12,2	4,1
Defaults, provisions and losses on loans					
8. Loss percentage, lending	0,04	0,02	-0,02	0,25	0,03
9. Gross defaults as percentage	0,31	0,21	0,23	0,30	0,24
Capital adequacy					
10. Net own funds	21 893	20 924	19 097	18 264	17 123
11. Calculation basis	108 026	97 627	92 758	83 408	80 628
12. Capital adequacy	20,3	21,4	20,6	21,9	21,2
13. CET1	18,3	19,5	18,6	19,7	19,2
14. CET1 ratio	16,8	18,1	17,4	18,0	17,5



Group key figures – 5 years (continued)

Equity certificates (parent bank)	2023	2022	2021	2020	2019
15. Equity certificate capital (NOK mill.)	2 743	2 743	2 683	2 683	2 683
16. Dividend per equity certificate (NOK)	7,50	5,50	4,50	4,00	2,42
17. Listed price at 31 Dec.	109,50	92,40	100,20	72,40	63,40
18. Owner fraction after dividend payout	40,67	40,64	39,98	39,98	40,01
19. Share of profit per equity certificate (NOK)	13,07	10,27	8,52	6,30	6,97
20. Effective return per equity certificate	27,60	-3,29	43,92	18,01	23,96
21. Direct return	6,85	5,95	4,50	5,52	3,82
22. Allocated dividend as a percentage of equity certificate holders' basis for dividend (parent bank)	57,75	55,80	52,91	62,04	34,86
Personnel situation at 31 Dec.					
Number of full-time equivalents (FTEs)	795	755	759	747	732
Distribution network					
Branch offices	36	35	34	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 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. 2023	30 Sept. 2023	30 June 2023	31 March 2023	31 Dec. 2022	30 Sept. 2022	30 June 2022	31 March 2022
PROFIT DEVELOPMENT (accumulated)								
Interest income and similar income	14 490	10 143	6 274	2 981	7 671	5 003	3 025	1 409
Interest expenses and similar expenses	9 249	6 343	3 867	1 806	3 677	2 145	1 208	522
Net interest and credit commission income	5 242	3 800	2 407	1 175	3 994	2 858	1 817	887
Commission income and income from banking services	783	562	359	168	775	520	333	162
Commission expenses and expenses relating to banking services	129	96	67	32	116	88	54	25
Net banking services	654	466	293	136	658	433	279	137
Income from shareholdings in associates	215	135	113	53	262	167	99	28
Net gain/(loss) on financial instruments	-87	-64	-24	-4	74	252	79	146
Other operating income	263	209	144	66	256	203	144	61
Net other operating income	1 044	747	526	252	1 250	1 055	601	372
Net operating income	6 285	4 547	2 933	1 427	5 244	3 913	2 418	1 259
Payroll and general administration expenses	1 381	1 044	699	356	1 292	960	643	316
Depreciation	192	144	97	49	218	161	107	52
Other operating expenses	199	145	101	45	177	114	75	36
Total operating expenses	1 772	1 334	898	450	1 687	1 235	825	405
Profit before write-downs and tax	4 513	3 213	2 035	977	3 556	2 678	1 593	855
Write-down of loans and losses on guarantees	95	82	62	33	52	14	25	6
Pre-tax profit	4 418	3 131	1 974	944	3 504	2 664	1 569	849
Tax	874	587	316	74	687	495	246	93
Profit for the period	3 545	2 543	1 657	870	2 817	2 168	1 322	756
AVERAGE ASSETS UNDER MANAGEMENT	286 870	281 546	275 656	269 829	251 847	247 667	243 251	239 313
PROFIT AS % OF PRIMARY CAPITAL								
Interest income and similar income	5,05	4,82	4,59	4,48	3,05	2,70	2,51	2,39
Interest expenses and similar expenses	3,26	3,05	2,86	2,75	1,48	1,18	1,02	0,90
Net interest and credit commission income	1,79	1,77	1,73	1,73	1,56	1,52	1,49	1,48
Commission income and income from banking services	0,27	0,27	0,26	0,25	0,31	0,28	0,28	0,27
Commission expenses and expenses relating to banking services	0,04	0,05	0,05	0,05	0,05	0,05	0,04	0,04
Net banking services	0,23	0,22	0,21	0,20	0,26	0,23	0,23	0,23
Income from shareholdings in associates	0,07	0,06	0,08	0,08	0,10	0,09	0,08	0,05
Net gain/(loss) on financial instruments	-0,03	-0,03	-0,02	-0,01	0,03	0,14	0,07	0,25
Other operating income	0,09	0,10	0,11	0,10	0,10	0,11	0,12	0,10
Net other operating income	0,36	0,35	0,38	0,38	0,50	0,57	0,50	0,63
Net operating income	2,16	2,13	2,11	2,11	2,06	2,09	1,98	2,11
Payroll and general administration expenses	0,48	0,50	0,51	0,53	0,51	0,52	0,53	0,54
Depreciation	0,07	0,07	0,07	0,07	0,09	0,09	0,09	0,09
Other operating expenses	0,07	0,07	0,07	0,07	0,07	0,06	0,06	0,06
Total operating expenses	0,62	0,63	0,66	0,68	0,67	0,67	0,68	0,69
Profit before write-downs and tax	1,54	1,49	1,46	1,43	1,39	1,43	1,30	1,43
Write-down of loans and losses on guarantees	0,03	0,04	0,05	0,05	0,02	0,01	0,02	0,01
Pre-tax profit	1,50	1,45	1,41	1,38	1,37	1,42	1,28	1,42
Tax	0,30	0,28	0,23	0,11	0,27	0,27	0,20	0,16
Profit for the period	1,20	1,17	1,18	1,27	1,10	1,15	1,08	1,26



Group key figures – per quarter for two years (continued)

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
PROFIT DEVELOPMENT (isolated)								
Interest income and similar income	4 347	3 869	3 293	2 981	2 668	1 978	1 616	1 409
Interest expenses and similar expenses	2 906	2 476	2 060	1 806	1 533	937	687	522
Net interest and credit commission income	1 442	1 393	1 232	1 175	1 136	1 041	930	887
Commission income and income from banking services	220	203	191	168	254	187	171	162
Commission expenses and expenses relating to banking services	33	29	35	32	29	34	28	25
Net banking services	188	173	156	136	226	153	142	137
Income from shareholdings in associates	79	22	60	53	95	68	71	28
Net gain/(loss) on financial instruments	-23	-40	-20	-4	-178	173	-67	146
Other operating income	53	65	77	66	53	59	83	61
Net other operating income	297	221	274	252	195	453	229	372
Net operating income	1 739	1 614	1 506	1 427	1 331	1 495	1 159	1 259
Payroll and general administration expenses	337	345	344	356	332	318	327	316
Depreciation	48	47	48	49	57	55	54	52
Other operating expenses	54	44	56	45	63	38	39	36
Total operating expenses	439	436	448	450	452	410	420	405
Profit before write-downs and tax	1 300	1 178	1 058	977	878	1 084	739	855
Write-down of loans and losses on guarantees	13	20	29	33	38	-10	19	6
Pre-tax profit	1 287	1 157	1 030	944	840	1 095	720	849
Tax	286	271	242	74	191	249	153	93
Profit for the period	1 001	886	787	870	649	846	567	756
AVERAGE ASSETS UNDER MANAGEMENT (isolated)	302 437	293 177	281 618	269 829	264 254	256 363	247 144	239 313
PROFIT AS % OF PRIMARY CAPITAL (isolated)								
Interest income and similar income	5,70	5,24	4,69	4,48	4,01	3,06	2,62	2,39
Interest expenses and similar expenses	3,85	3,39	2,96	2,75	2,33	1,47	1,13	0,90
Net interest and credit commission income	1,85	1,85	1,73	1,73	1,67	1,59	1,49	1,48
Commission income and income from banking services	0,29	0,27	0,27	0,25	0,38	0,29	0,28	0,27
Commission expenses and expenses relating to banking services	0,04	0,04	0,05	0,05	0,04	0,05	0,05	0,04
Net banking services	0,25	0,23	0,22	0,20	0,34	0,24	0,23	0,23
Income from shareholdings in associates	0,10	0,03	0,09	0,08	0,14	0,11	0,12	0,05
Net gain/(loss) on financial instruments	-0,03	-0,05	-0,03	-0,01	-0,27	0,27	-0,11	0,25
Other operating income	0,07	0,09	0,11	0,10	0,08	0,09	0,13	0,10
Net other operating income	0,39	0,30	0,39	0,38	0,29	0,70	0,37	0,63
Net operating income	2,24	2,15	2,12	2,11	1,97	2,29	1,86	2,11
Payroll and general administration expenses	0,44	0,47	0,49	0,53	0,50	0,49	0,53	0,54
Depreciation	0,06	0,06	0,07	0,07	0,09	0,08	0,09	0,09
Other operating expenses	0,07	0,06	0,08	0,07	0,10	0,06	0,06	0,06
Total operating expenses	0,58	0,59	0,64	0,68	0,68	0,64	0,68	0,69
Profit before write-downs and tax	1,67	1,56	1,48	1,43	1,29	1,66	1,18	1,43
Write-down of loans and losses on guarantees	0,02	0,03	0,04	0,05	0,06	-0,02	0,03	0,01
Pre-tax profit	1,65	1,53	1,44	1,38	1,23	1,67	1,15	1,42
Tax	0,38	0,37	0,34	0,11	0,29	0,38	0,25	0,16
Profit for the period	1,28	1,16	1,09	1,27	0,94	1,29	0,90	1,26



Group key figures – per quarter for two years (continued)

	31 Dec. 2023	30 Sept. 2023	30 June 2023	31 March 2023	31 Dec. 2022	30 Sept. 2022	30 June 2022	31 March 2022
BALANCE SHEET DEVELOPMENT								
Assets								
Cash and receivables from central banks	387	218	514	101	143	1 397	228	651
Loans to and receivables from credit institutions	3 154	1 168	553	1 202	1 018	2 687	3 420	5 370
Net lending	255 767	247 475	240 227	231 264	224 494	217 843	213 430	206 057
Shares	560	286	280	304	226	234	246	261
Commercial papers and bonds	36 560	33 458	34 464	31 141	30 825	31 222	29 724	24 616
Financial derivatives	5 401	5 112	7 005	5 616	2 575	3 575	2 644	1 073
Shareholdings in associates	2 798	2 618	2 561	2 639	2 586	2 223	2 130	2 197
Deferred tax asset	256	263	117	92	173	0	79	212
Pension assets	123	100	100	100	100	96	96	96
Other intangible assets	252	261	272	275	276	276	289	298
Tangible fixed assets	660	657	665	674	655	650	663	678
Prepaid expenses	44	45	88	123	107	45	76	12
Other assets	532	4 230	1 617	936	633	2 784	522	3 305
Total assets	306 495	295 891	288 462	274 467	263 812	263 032	253 548	244 826
Liabilities and equity								
Liabilities to credit institutions	5 454	4 475	6 986	5 326	3 095	2 072	3 493	1 190
Deposits	123 599	123 493	123 654	115 626	112 274	108 124	106 446	97 366
Securitised debt	146 484	136 457	128 922	124 480	119 836	122 366	117 605	117 620
Financial derivatives	1 670	1 651	1 574	1 208	1 922	1 831	1 450	2 697
Accrued expenses and pre-paid income	203	197	208	222	220	185	180	212
Pension obligations	167	136	136	136	139	132	132	132
Deferred tax	0	0	0	0	0	46	0	0
Other provisions for liabilities	149	161	153	128	96	100	87	74
Tax liabilities	1 028	732	388	126	736	597	471	432
Subordinated loan capital	2 165	2 285	1 963	1 961	1 855	1 827	1 825	1 825
Other liabilities	2 152	3 403	2 301	4 172	1 746	5 082	2 032	4 111
Total liabilities	283 071	272 991	266 285	253 384	241 919	242 362	233 721	225 660
Equity certificates	2 743	2 743	2 743	2 743	2 743	2 683	2 683	2 683
Own equity certificates	-1	-7	-2	-2	-3	-4	-4	-5
Premium reserve	1 966	1 966	1 966	1 966	1 966	1 837	1 837	1 837
Equalisation reserve	3 612	2 510	2 526	2 526	3 127	2 020	2 020	2 017
Total equity certificate capital	8 320	7 212	7 234	7 233	7 833	6 537	6 537	6 532
Primary capital	11 951	10 373	10 373	10 373	11 254	9 641	9 641	9 641
Gift fund	150	150	150	150	150	150	150	150
Compensation fund	36	36	36	36	36	14	14	14
Total primary capital	12 136	10 559	10 559	10 559	11 440	9 806	9 806	9 806
Other equity	1 299	3 800	2 875	2 125	1 189	3 221	2 380	1 723
Hybrid capital	1 668	1 329	1 510	1 166	1 431	1 106	1 105	1 105
Total equity	23 423	22 900	22 177	21 082	21 893	20 670	19 828	19 166
Total liabilities and equity	306 495	295 891	288 462	274 467	263 812	263 032	253 548	244 826



Group key figures – per quarter for two years (continued)

	31 Dec. 2023	30 Sept. 2023	30 June 2023	31 March 2023	31 Dec. 2022	30 Sept. 2022	30 June 2022	31 March 2022
Return on assets, earnings and capital structure (percentage)								
Return on equity after tax (isolated)	17,8	16,1	15,1	17,0	12,5	17,3	12,1	16,5
Total operating expenses as % of net operating income, accumulated (cost-income)	28,7	29,8	31,1	32,0	32,5	31,9	34,5	32,4
Total operating expenses as % of net operating income, isolated in the quarter (cost-income)	25,7	27,5	30,2	32,0	34,5	27,7	36,6	32,4
Total operating expenses as % of net operating income, corrected for fin. Instr., acc. (cost-income)	28,3	29,4	30,8	31,9	33,0	34,1	35,6	36,8
Deposit-to-loan ratio	48,3	49,9	51,5	50,0	50,0	49,6	49,9	47,3
Financial strength (percentage)								
CET1 ratio	16,8	17,6	18,6	18,4	18,1	18,3	18,5	17,5
Personnel								
Number of full-time equivalents (FTEs)	795	784	765	765	755	752	754	753
Owner fraction								
Equity certificate capital's share of profit divided by number of equity certificates (isolated)	3,60	3,18	2,84	3,14	2,34	3,11	2,07	2,77
Owner fraction (after payout)	40,7	40,6	40,7	40,6	40,6	40,0	40,0	40,0
Book equity per equity certificate	80,7	80,0	76,6	73,8	75,9	73,0	69,8	67,4



Explanation of key figures/alternative performance measures (group)

Net interest as a percentage of average assets under management	2023	2022
Net interest as shown in the income statement	5 242	3 994
Correction of interest on hybrid capital entered directly against equity	-103	-58
Net interest used in relevant key figure	5 139	3 936
Average assets under management	286 870	251 847
Number of days	365/365	365/365
Net interest as a percentage of average assets under management	1,79%	1,56%

Net other operating income as a percentage of net operating income	2023	2022
Net other operating income as shown in the income statement	1 044	1 250
Net operating income as shown in the income statement	6 285	5 244
Correction of interest on hybrid capital entered directly against equity	-103	-58
Net operating income corrected for hybrid capital interest	6 182	5 186
Net other operating income as a percentage of net operating income	16,9%	24,1%

Operating expenses as a percentage of net operating income (cost-income)	2023	2022
Total operating expenses as shown in the income statement	1 772	1 687
Net operating income corrected for hybrid capital interest (see above)	6 182	5 186
Operating expenses as a percentage of net operating income (cost-income)	28,7%	32,5%

Operating expenses as a percentage of net operating income corrected for financial instruments	2023	2022
Total operating expenses as shown in the income statement	1 772	1 687
Net operating income corrected for hybrid capital interest (see above)	6 182	5 186
Correction for financial instruments as shown in the income statement	87	-74
Net operating income corrected for financial instruments	6 270	5 112
Operating expenses as a percentage of net operating income corrected for financial instruments	28,3%	33,0%

Return on equity	2023	2022
Profit after tax as shown in the income statement	3 545	2 817
Correction of interest on hybrid capital entered directly against equity	-103	-58
Profit after tax corrected for interest on the hybrid capital	3 442	2 759
Average equity	20 821	18 950
Number of days	365/365	365/365
Return on equity	16,5%	14,6%

Profit per equity certificate	2023	2022
Profit after tax corrected for interest on the hybrid capital (see above)	3 442	2 759
Weighted equity percentage during the year before allocation	40,6%	40,0%
Average number of outstanding equity certificates during the year	109 585 542	107 355 059
Profit per equity certificate	12,76	10,29



Explanation of key figures/alternative performance measures (group) (continued)

Lending growth, past 12 months	2023	2022
Gross lending, closing balance	256 644	225 374
Gross lending 12 months ago	225 374	203 835
Change past 12 months	13,9%	10,6%

Deposit growth, past 12 months	2023	2022
Deposits from customers, CB	123 599	112 274
Deposits from customers 12 months ago	112 274	90 812
Change past 12 months	10,1%	23,6%

Deposit-to-loan ratio	2023	2022
Net lending	255 767	224 494
Deposits	123 599	112 274
Deposit-to-loan ratio	48,3%	50,0%

	2023	2022
Gross lending on balance sheet date	256 644	225 374
Loss cost	95	52
Losses on loans as a percentage of gross lending (CB)	0,04%	0,02%

Gross lending on balance sheet date	256 644	225 374
Exposures in default (>90 days)	788	472
Exposures in default (>90 days) as a percentage of gross lending (CB)	0,31%	0,21%

Gross lending on balance sheet date	256 644	225 374
Potential bad debt	1 462	1 250
Potential bad debt as a percentage of gross lending (CB)	0,57%	0,55%



Corporate governance

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For two hundred years, we have created value that has benefited people, towns and local communities. We will keep making that happen.



8.1 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 points set out in the Code of Practice have been followed up in the bank.

Table 8.1-1

	Statement on corporate governance in accordance with the Accounting Act	Comments/references
1	Identifying 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 below
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 below
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 below
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 sections 6 to 9 below
7	Provisions in the articles of association that regulate the appointment and replacement of board members	See sections 6 to 7 below
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 below
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, this must be explained.	See sections 7 and 8 below



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 quarterly 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 2023, Sparebanken Vest's equity capital, as set out in the Articles of Association, 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 40.7 per cent.

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 capital 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 approx. 50 per cent 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. EQUAL 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 per cent of the total number of equity certificates issued by Sparebanken Vest.

The owner fraction at year-end 2023 was 40.7 per cent. The biggest owner is Sparebankstiftinga Hardanger, which represents 10.9 per cent of the equity certificate capital. The bank's 20 biggest owners own 54.2 per cent of the equity certificate capital.

The rules of procedure for the Board include provisions relating to ethics and impartiality. The bank's ethical guidelines apply to both officers of the Company and employees. Among other things, they contain 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 qualifying holding and holding capital (10 per cent or more) requires the consent of the Ministry of Finance (authorisation delegated to the Financial Supervisory Authority of Norway).



6. GENERAL MEETING

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 and accounts, including the allocation of profit and declaration 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, 19 of whom, from the 2024 election onwards, will be elected from among 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 do not apply to Sparebanken Vest's equity certificate holders.

General Meeting resolutions 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 annual general meetings follow from the provisions of the Public Limited Liability Companies 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 and accounts and 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 expertise, 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. THE BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to Sparebanken Vest's Articles of Association of 22 March 2023, 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 (100 per cent) external board members are considered to be independent. Four (57 per cent) are women and three (43 per cent) 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 to 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. Procedures have been drawn up and adopted for the Board, with a pertaining calendar for its 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* must help ensure that the bank's accounting and financial reporting process is sufficiently informative, correct and conducted with integrity. The Audit Committee shall contribute to ensuring that the bank's systems, based on the nature and scope of its activities, are sufficient to identify, calculate the scope of, manage and monitor financial risk to the required extent. The Audit Committee shall, through its follow-up, assess and monitor the auditor's independence and help ensure that the auditor addresses the matters referred to in these instructions.
- *The Risk Committee* is charged with contributing to Sparebanken Vest's risk and capital management, thereby underpinning the bank's strategic development and goal attainment, while at the same time ensuring financial stability and satisfactory 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 (ICAAP¹²) 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.

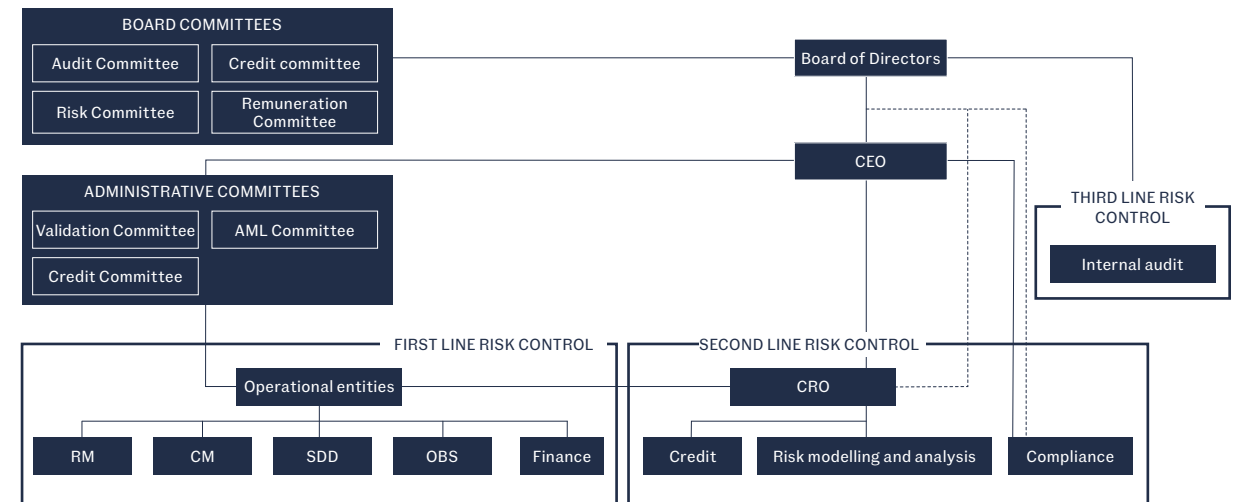
The Financial Supervisory Authority of Norway has given Sparebanken Vest its approval for the use of internal measurement methods (AIRB¹³) to calculate capital in relation to credit risk. This

¹² Internal Capital Adequacy Assessment Process

¹³ Advanced Internal Ratings-Based

¹⁴ Internal Liquidity Adequacy Assessment Process

Figure 8.1-2 – Organisation of the bank's risk and capital management and control



is an important stamp of approval for the bank's risk and capital management.

The Board annually considers the bank's liquidity analyses (ILAAP¹⁴) 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 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 control functions: the first line (operational entities), the second line (CRO and Compliance) and 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 control 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 Finance and Corporate Governance 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 control 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 frame-

work, 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 control functions

An internal audit function has been established to safeguard the Board's responsibility for ensuring that the strategy is properly implemented and executed. Based on its control activities, the 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 3 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 OF EXECUTIVE PERSONNEL

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 per cent 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.

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 ownership structure of savings banks is set out in law. The acquisition of a qualifying holding (10 per cent or more) in a savings bank requires 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

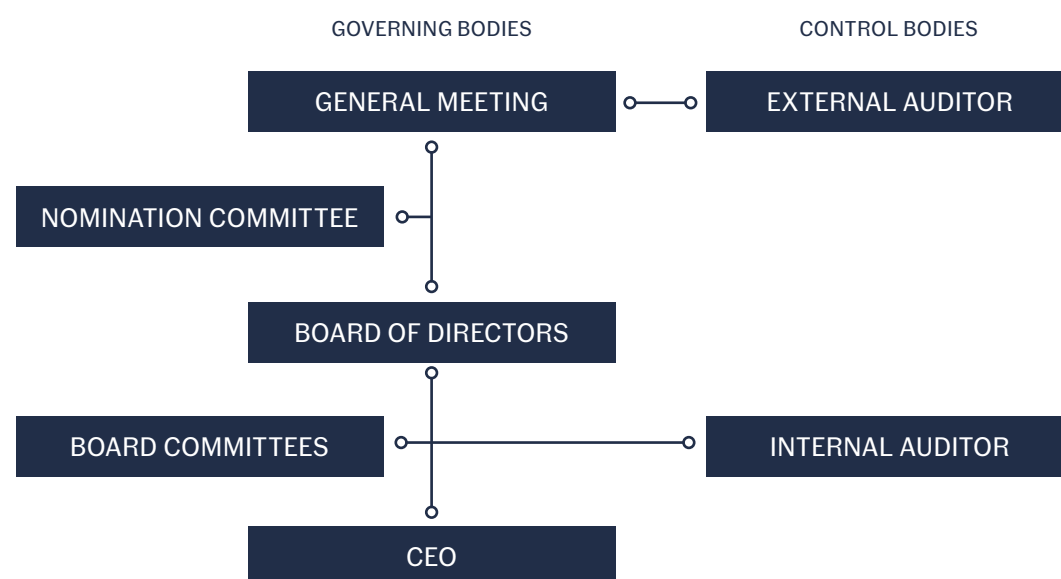
The external auditor is appointed by the General Meeting on the recommendation of the Audit Committee and the Board in accordance with the legal regulations for financial undertakings. The auditor submits an annual auditor's report to the General Meeting and holds regular meetings with the Board at which, 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





Board of Directors



ARILD BØDAL (BORN 1965) – CHAIR

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. 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 certificates: 71,001 (including related parties). *Number of board meetings:* 11 of 11



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). 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 certificates: 10,000. *Number of board meetings:* 11 of 11



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 certificates: 0. *Number of board meetings:* 11 of 11



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 such as 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 certificates: 1,237. *Number of board meetings:* 11 of 11



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 Court 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 Eiendoms kreditt AS, chair of the control committee of Voss Veksel og Landmannsbank AS, and member of the board of Eiendoms kreditt 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 certificates: 11,069. *Number of board meetings:* 11 of 11



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 certificates: 641. *Number of board meetings:* 10 of 11



KIRSTIL SLOTSVIK (BORN 1963)

Slotsvik is a graduate landscape architect from the Norwegian University of Life Sciences (NBMU). She is the general manager of ÅKP AS and ÅKP Blue Innovation Arena AS. 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 Muritunet AS and a member of the board of Stiftelsen Alnes fyr. Slotsvik has been a member of the Board since March 2022. Slotsvik is considered to be an independent board member.

Number of equity certificates: 0. *Number of board meetings:* 11 of 11



HENRIK GUNDERSEN (BORN 1983)

Gundersen has a master’s degree in engineering (sivilingeniør) from the Norwegian University of Science and Technology (NTNU), and also 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 certificates: 1,480. *Number of board meetings:* 10 of 11



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 Corporate Market division, 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 certificates: 10,650 (including related parties). *Number of board meetings:* 11 of 11



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 certificates: 8,883. *Number of board meetings:* 11 of 11



Executive management

Applicable from January 2024

**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 member of the board 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 certificates: 182,182 (including related parties)

**FRANK JOHANNESSEN (BORN 1959) – EVP AND HEAD OF FINANCE AND CORPORATE GOVERNANCE (CFO)**

EVP and Head of Finance and Corporate Governance (CFO) from 2024 and EVP Chief Financial Officer (CFO) from September 2019. Former EVP and Head of Risk Management (CRO) and EVP Finance. 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 certificates: 89,339

**SIREN SUNDLAND (BORN 1971) – EVP AND HEAD OF TECHNOLOGY AND BUSINESS STRATEGY**

EVP and Head of Technology and Business Strategy from January 2024. Former EVP Strategy and Digital Distribution. Also 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 executive management team since 2009. Chair of the board of Eiendoms megler 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 certificates: 84,759

**JAN-STÅLE HATLEBAKK (BORN 1974) – EVP AND HEAD OF RISK MANAGEMENT (CRO)**

EVP 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. Authorised financial analyst (AFA) with a degree in business administration (siviløkonom) from the Norwegian School of Economics (NHH).

Number of equity certificates: 36,036

**OLAV HOVLAND (BORN 1972) – EVP AND HEAD OF RETAIL MARKET NORTH**

EVP and Head of Retail Market North from January 2024. Came from the position of regional director in Sparebanken Vest, with responsibility for corporate markets in Sunnhordland and Haugalandet. Joined the bank in 2016. Extensive management experience from banking and finance. Has previously worked at SG Finans AS and Fana Sparebank. Law degree from the University of Bergen and graduate economist from BI Norwegian Business School. Member of the board of Factoring Finans AS and Kreditorforeningen SA.

Number of equity certificates: 5,902

**SIMEN LØLAND AARSKOG (BORN 1983) – EVP AND HEAD OF RETAIL MARKET SOUTH**

EVP and Head of Retail Market South from March 2020. Came from the position of regional director of the corporate market in 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. 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 certificates: 11,666

**MARGUNN AAS MINNE (BORN 1970) – EVP CORPORATE MARKET**

EVP Corporate Market from June 2022. Joined the bank in 2015. Came from the position of regional director of the corporate market in 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 certificates: 21,186

**THERESE LINN ARENTSEN (BORN 1976) – EVP AND HEAD OF GROUP OPERATIONS**

Head of Group Operation since January 2024. Former EVP and Head of HR and Organisation. Joined the bank in 2011. Former Director at Sparebanken Vest with responsibility for Direct Bank 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. Bachelor's degree in Business Administration from BI Norwegian Business School Bergen/BI Sandvika. Completed the Executive Coach programme at Ashridge Executive Education – Hult International Business School.

Number of equity certificates: 12,646

**SIMEN EILERTSEN (BORN 1993) EVP BULDER**

EVP of Bulder. Head of the Bulder initiative since October 2021. Has been involved since the formation of Bulder in early 2019, both as a hired consultant from PwC and as a permanent business developer. Has also held the position of Head of Group Strategy in Sparebanken Vest. Bachelor's degree in Business Administration from BI Bergen and master's degree in Innovation and Management from Western Norway University of Applied Sciences.

Number of equity certificates: 12,263.

**FREDRIK GISKE-NESSLIN (BORN 1988) ACTING CEO OF EINDOMSMEGLER VEST**

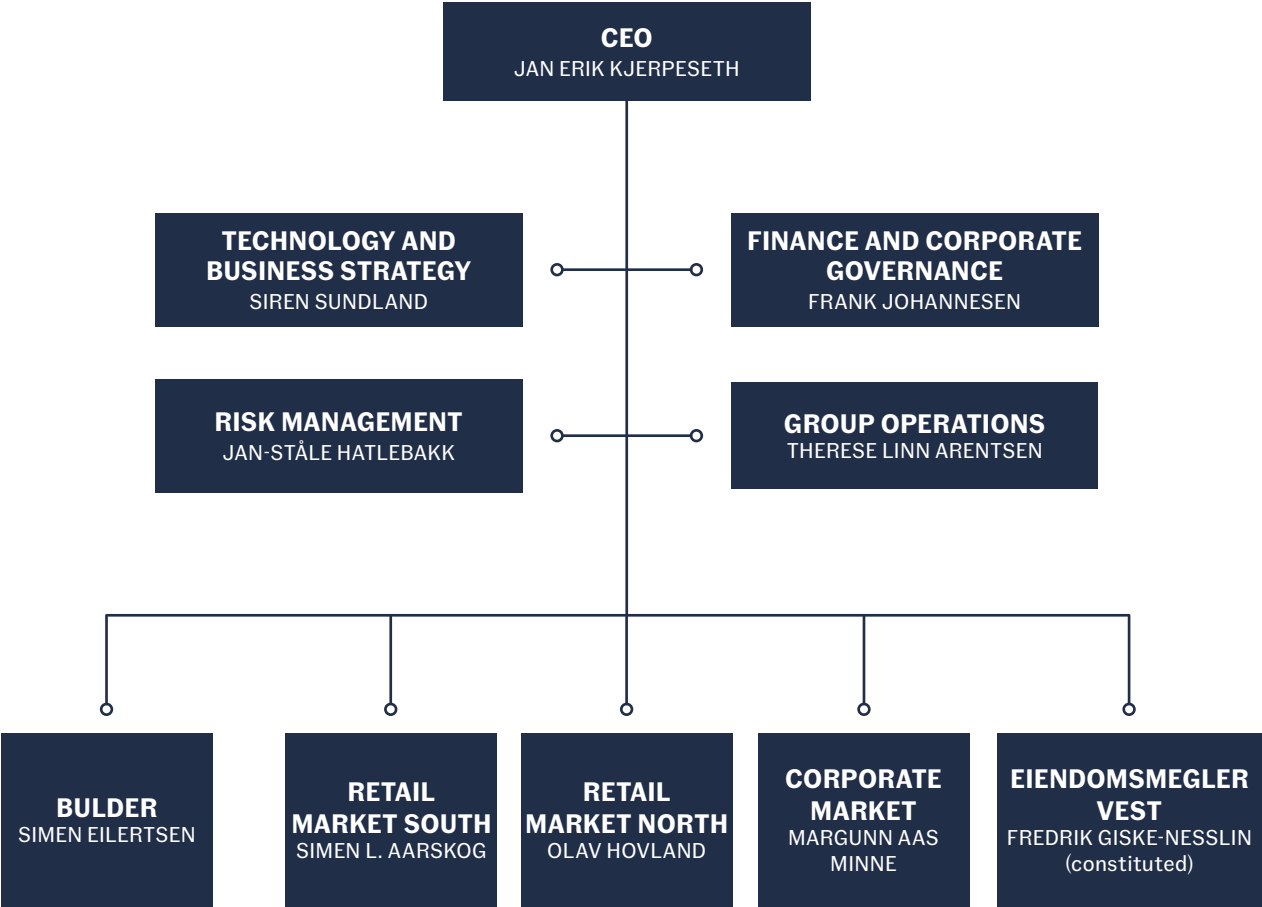
Acting CEO of Eiendoms megler Vest from December 2023. Previously held the position of regional director in Eiendoms megler Vest, with responsibility for Bergen and the surrounding area. Formerly served as director of projects in Bergen and Stavanger. Joined the bank in 2013. Extensive experience as a real estate agent and from sales of new and used homes in Bergen and Oslo. Graduated with a degree in Business Administration and Real Estate Brokerage from BI Bergen (2010).

Number of equity certificates: 6,730



Organisation chart

Applicable from January 2024



In-depth facts



200

For 200 years, we have stood together to make life in Western Norway even better.



9.1 Facts about our organisation/HR

Sparebanken Vest 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 and 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.

Skills development

Sparebanken Vest's skills development initiatives have received more attention in the past few years.

All Sparebanken Vest employees shall know the industry and the frameworks for the bank's operations, and have insight into banking regardless of their role in the organisation. This is designated *critical banking expertise* and comprises compulsory courses and training provided for by law and regulations. All employees must, for example, take an annual training and update in economic crime prevention, including anti-money laundering and anti-corruption.

The focus on authorisation of financial advisers was systematised further in 2023. The bank's express goal is for all retail market advisers to qualify for authorisation as financial advisers in credit, savings and investment, and in personal and general insurance. The bank also has good course and training tools for the bank's authorised advisers, so that they have the up-to-date expertise for the authorisation schemes at all

times. 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 to basic banking expertise, the employee's own areas for development are 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 ability to adapt their skills to the market.

Arenas for learning

In 2023, the bank launched its new online learning universe, Motimate. Training is more needs-driven than previously, and employees want training that is personal and relevant. There is also an expectation that it should be directly transferable to their job there and then. Motimate serves as an e-learning portal for both mandatory training and ongoing development. The mandatory training activities carried out in 2023 were made available in Motimate. The divisions have also welcomed the publication of training activities and sharing of professional content across the divisions.

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 develop their leadership is discussed and reflected on.



Internal communication takes place in several channels, such as our intranet, email, Facebook group, internal social media and an internal podcast, as well as online meeting points. Through visual, written and oral communication, the CEO regularly shares his thoughts on internal and external issues that affect the bank's business. In 2023, the internal podcast 'PRAXIS' was launched. In dialogue with selected employees, a variety of topical issues are discussed that are of interest to the bank's employees.

Læredagen (Learning Day) 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 across the departments. 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 expertise in the group, expand horizons and break down barriers between expert disciplines, departments and teams. The Learning Day initiative is 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 well-being. The bank finds that these schemes have a positive effect on quality and productivity for both the mentor and the person receiving guidance.

A skills development programme called *Sterk Start* ('Strong Start') is organised for all new employees. It gives new employees an insight into the 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 and corporate markets 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 skills development programme was also established in the retail market divisions, where training has been systematised through specific skills development and training plans in each department, online seminars and regional physical seminars. This programme was completed in spring 2023. In addition, an online learning initiative for employees in both the retail and corporate markets was launched under the name '*Morning training RM and CM*'. The topic for this arena is the bank's signature experiences and good advice in practice. It is an arena for sharing concrete, smart tips with the rest of the team, to further improve the customer experiences that are created.

Sustainability expertise 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. All employees at the bank have therefore completed mandatory training in sustainability. Throughout the year, sustainability has also been a topic at the RM and CM schools, with reviews of, among other things, climate risk assessments and energy loans and upgrades.

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 10 years, we have collected and read a lot of literature that supports our 8 pillars of effective leadership – 8 pillars that characterise leadership in Sparebanken Vest and will provide clear direction for leadership 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' expertise and skills training needs.

The aspiring manager programme (*lederspireprogrammet*) 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, skills 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 2023, we started a major strategic involvement initiative in Sparebanken Vest. At two management seminars in Finse and the annual strategy seminar Horisont, a unified management team has explored what it will take to build Norway's best savings bank in a significantly more demanding market.

The annual leadership training, fra *PREIK til PRAKSIS* (PRACTICE what you PREACH), was conducted in November, where managers were given a chance to practise specific leadership skills. The training consisted of a full-day workshop on the topic 'Lead to inspire – communication that energises, sets direction and develops employees who succeed'.

In addition to the bank's own management training, training has also been provided under Agenda Vestlandet's Handlekraft programme, in which selected managers from the bank have

participated. The programme provides practical training over an entire year, introduces management tools that create impact, and provides insight into how better collaboration can be established across groups and interests.

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 shall 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 follow up employees who need it. In 2023, considerable efforts were made to communicate the bank's updated security procedures, with training in the departments.

October is defined as the bank's HSE month. In 2023, 'World Mental Health Day' was marked by, among other things, sharing information about the campaign with all employees and implementing reflection tasks in departmental meetings. Training was also carried out in connection with the updated process for reporting undesirable HSE incidents, first aid and defibrillator courses, a health and activity day, as well as a pilot project in which the bank's employees were offered to take part in an online morning workout – a project carried out in collaboration with the bank's supplier of work-break workouts.

Working environment and inclusion

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.

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 it. 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 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 expertise on an ongoing basis will ensure motivated and highly skilled employees throughout the employment relationship. Employees can arrange to work reduced hours, and managers may from the age of 60 be transferred to a specialist position if there is a vacancy they are qualified for. The bank's senior policy enables employees to work until the age of 70. Our pension and insurance adviser also provides pension advice to employees who need it. In 2023, an information meet-

ing was held for employees over the age of 60, in cooperation with the bank's insurance provider. The bank's pension and insurance schemes were reviewed at the meeting, and employees were given an opportunity to book slots for individual pension advice discussions with an insurance broker afterwards.

Job satisfaction and engagement

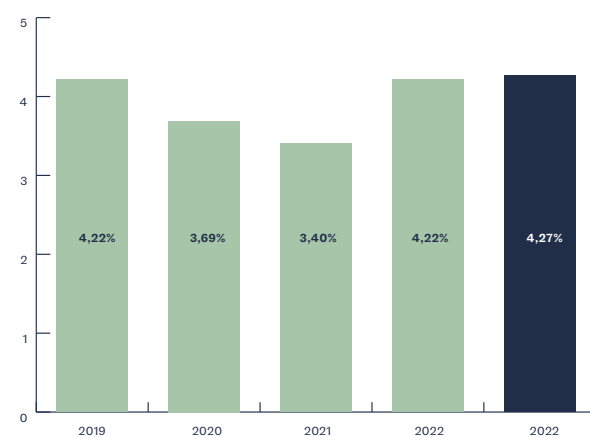
Sparebanken Vest is keen to ensure that employees enjoy being at work. In 2023, the bank conducted the annual HSE survey that is used to map the physical and psychosocial working environment. Using the same survey from year to year time enables the bank to keep track of developments in certain key areas. Compared with last year's results, the bank sees positive development in both response rate and results. The survey shows that the bank's employees feel safe and secure at work, that the working environment is perceived as good and they are able to express their views freely.

Sickness absence

Overall sickness absence in Sparebanken Vest was 4.27 per cent in 2023, which is up 0.05 percentage points from 2022. Of the total, 1.3 per cent was short-term absence and 2.97 per cent long-term absence. The attendance rate thus ended somewhat below the bank's target of 96.5 per cent and is now at the same level as before the pandemic.

The bank makes systematic efforts to follow up employees on sick leave. The bank focuses on

Figure 9.1 Sickness absence



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 2023.

Equality and diversity

Everything we do at Sparebanken Vest shall contribute to making life in Western Norway 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 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 has established the 'Women in Tech' management development programme, 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. For example, in 2023, donations were made to Way Forward, Stiftelsen Albatrossen Ettervernssenter, Bergen Sanitetsforening, Stiftelsen Fargespill, Unity Spark and Regnbuedagene.





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 per cent women and 50 per cent men.

The gender distribution of the executive management in 2023 was six men (67 per cent) and three women (33 per cent).

In 2023, 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 exclude 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 overriding recruitment strategy, and the results achieved in areas such as equality, diversity and internal mobility. Employee representatives are involved and can state their opinions before a final offer is made to a candidate in an appointment process.

The bank’s strong focus on raising the expertise 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 23 per cent to open positions and 67 per cent to management positions in 2023.

The table below presents key figures linked to gender balance, temporary staff, parental leave and part-time work.

Tabell 9.1-2

Gender balance			Part-time work			Temporary employees			Parental leave taken	
No of women	No of men	Total	Part-time, women	Part-time, men	Total	Temporary employees, women	Temporary employees, men	Total	Parental leave taken by women (average no of weeks)	Parental leave taken by men (average no of weeks)
328	333	661	18	15	33	35	33	68	13	9

* Parental leave is shown as the average number of weeks. The figures are from the 2023 calendar year. This 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 2023 was 1,847, divided between

21 employees. The figure for men was 1,567 days divided between 24 employees. Overall, the parental leave taken amounted to 3,414 days.

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 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 per cent 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 88.5 per cent. The table below 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 2024 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

Table 9.1-3

Description of job level/group	Women	Men	Proportion of women	Total	Total cash payments	Agreed salary/fixed salary	Irregular supplements	Bonuses	Overtime pay	Total taxable payment in kind
Total	328	333	50%	661	89%	88%	95%	92%	107%	101%
Group A Retail Market	170	96	64%	266	97%	98%	79%	111%	96%	118%
Group B Corporate Market	23	48	32%	71	92%	93%	54%	100%	108%	96%
Group C Administrative support functions	66	47	58%	113	91%	93%	10%	84%	97%	104%
Group D Technologists/IT	33	90	27%	123	92%	94%	0%	88%	22%	101%
Group E Middle Managers	36	52	41%	88	94%	93%	72%	103%	610%	89%

Table 9.1-4 Number of employees per county at 31 December 2023

County	Women	Men	Total
Møre og Romsdal	5	4	9
Rogaland	16	28	44
Vestland	307	301	608





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.



9.2 Due diligence statement

STATEMENT PURSUANT TO SECTION 5 OF THE TRANSPARENCY ACT

Sparebanken Vest is obliged under Section 5 of the Transparency Act to report on due diligence as described in Section 4 of the Transparency Act. The report will be updated and published by 30 June each year or in the event of material changes in Sparebanken Vest's risk assessments. This is a joint statement for Sparebanken Vest and Sparebanken Vest Boligkreditt, both of which have an independent reporting duty. The statement also covers Jonsvoll Utleie AS, although this company does not have an independent reporting duty under the Transparency Act. Eiendomsmegler Vest is a subsidiary of Sparebanken Vest and has an independent reporting duty. This statement does not therefore cover Eiendomsmegler Vest, which publishes its own statement on its website.

ORGANISATION OF SPAREBANKEN VEST

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. Sparebanken Vest Boligkreditt is a wholly-owned subsidiary of Sparebanken Vest and a licensed credit undertaking. Detailed information about the Group's organisation, corporate relations, market, products and services is described in section 5.5.

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, and 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 on the website about the bank's work on the Transparency Act, and a channel has been established for access requests.

The EVP of Group Operation is responsible for the bank's compliance with the Transparency Act. A multidisciplinary team has been established that includes departments and functions relating to value chains and own operations, and employees with special follow-up responsibility have also been designated in various areas.

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.



Continuous training has been provided in what due diligence is and what it means, as well as what the Transparency Act means for the relevant divisions. This competence boost will be further developed and rolled out in more divisions.

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.

Sparebanken Vest makes requirements of all suppliers' value chains in relation to human rights, working conditions, environmental management, ethical practices, reporting and the climate. These requirements are specified in several different statements and documents included in all agreements entered into. 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, and/or where suppliers or value chains are included in the bank's critical core processes.

Sparebanken Vest has endorsed the UN Global Compact and we make active endeavours to ensure that the bank's activities are compatible with global sustainability. Through its endorsement of the initiative, Sparebanken Vest is committed to basing its own strategy and operating processes on principles concerning human rights, the working environment, the natural environment and corruption.

NEGATIVE CONSEQUENCES AND MATERIAL RISK

Suppliers and value chains

Sparebanken Vest works continuously on and takes a structured approach to due diligence of the bank's supplier portfolio. The bank's overall goal is for no suppliers to be involved in activities that entail a risk of violations of human rights and/or decent working conditions.

Sparebanken Vest has completed a classification of the entire supplier portfolio. All suppliers are assessed based on how critical they are to the bank, as well as the extent to which they represent a potential risk of violations of human rights and/or decent working conditions in the following three risk areas:

- Risks relating to geographical factors
- Risks relating to industry factors
- Risks relating to personal factors

Overall, the risk of violations of decent working conditions and human rights in the value chain is considered low to moderate.

Based on the classification, the bank has carried out due diligence both of the suppliers that are considered critical to the bank's core processes, as well as other suppliers deemed to represent the greatest potential risk of violations of human rights and decent working conditions. All three risk areas are considered potential. The bank has approached these suppliers to request more detailed information about their efforts to strengthen human rights and decent working conditions and the measures they have taken to limit their negative impact.

Based on these requests, the bank has received feedback and reports showing that the suppliers in the Group's supplier portfolio actively work to satisfy the bank's expectations of compliance with the requirements of the Transparency Act. The majority of suppliers have aligned responsibility for human rights and decent working conditions with their management systems, including internal guidelines, policies and governing documents.

Furthermore, the majority have carried out due diligence of their value chains and only one supplier has identified findings that require further follow-up. This supplier has taken measures to limit the risk and consequence of negative impact on human rights and decent working conditions in relation to its suppliers. The bank, on its part, has taken measures to ensure that this is attended to. The bank expects these measures to significantly reduce the risk of violations of human rights and decent working conditions.

In summary, the statements from the bank's suppliers show that those who had implemented good compliance processes in the previous assessment have kept them up, while smaller suppliers who fell short in the previous assessment have now improved their work. This gives the bank confidence that suppliers in the supplier portfolio have increased their focus on compliance with the requirements of the Transparency Act. The bank's previous assessment of the potential risk associated with suppliers' inadequate governance and control that could result in violations of the Transparency Act's guidelines has thus been reduced. The bank will nevertheless closely follow up the suppliers that do not meet all the requirements it sets, as well as suppliers in the supplier portfolio associated with an increased risk of violations of human rights and decent working conditions.

Based on the due diligence carried out, the bank will take the following measures:

- Establish a new electronic system for supplier follow-up.
- Strengthen internal training relating to due diligence of the supply chain.
- Delegate responsibility and establish ownership linked to supplier follow-up.

WORKING CONDITIONS AT SPAREBANKEN VEST

Sparebanken Vest makes active, targeted and planned efforts to ensure equality and prevent discrimination in the workplace. The bank's overarching ambitions for its equality work are aligned with its Equality Policy and Code of Ethics.

Through systematic HSE work at Sparebanken Vest, we work to ensure a good, safe working environment – both physically and psychosocially. The bank's annual HSE survey, risk assessments, safety rounds and opportunities for reporting concerns and non-conformities ensure that the bank's standard for health, safety and the environment is constantly evolving and ensures a fully satisfactory working environment at all times.

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.

Sparebanken Vest did not receive any internal or external reports in 2023, and the risk of violations of satisfactory work processes and human rights is deemed to be low. In addition to internal and external whistleblowing channels, a system is in place that enables employees to register non-conformities relating to health, safety and the environment that they encounter in their day-to-day work.

The bank aims to make the process for registering non-conformities better known among the bank's employees, and work was therefore initiated in 2022 to update the registration process. In 2023, the registration form has been further simplified and made more accessible on the bank's intranet. Information has been provided to all employees, and training has been carried out in how they can register such non-conformities, as well as which cases should be reported through this channel, to ensure the bank identifies potential risks and non-conformities.

Based on reported incidents, as well as findings after risk assessments and safety rounds, the bank deemed that measures were needed in relation to potential threat situations in meetings between employees and customers. Measures have been taken both in relation to physical security in the bank's branches, as well



as training employees in how to deal with customers when they behave in a threatening manner.

Sparebanken Vest 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 good. Joint cooperation arenas such as works council and union representative forums and an appointments committee have been established, on which trade unions and the safety delegate service are represented, where both risks and possible measures regarding work to ensure decent working conditions are on the agenda.

A further description of Sparebanken Vest's continuous work on gender equality, inclusion and the working environment is available in the sustainability library on the bank's website.

MEASURES

Sparebanken Vest has signed the Future-Proof poster and is taking part in the network sponsored by the Rafto Foundation and Bergen

Chamber of Commerce. Agenda Vestlandet helps fund the initiative. As a member of Future-Proof, Sparebanken Vest participates in a network where it learns how to carry out the best possible due diligence, to ensure that the bank and other businesses meet the legal requirements of the Transparency Act. Future-Proof organises the member companies into experience-sharing groups that together come up with good solutions, share experiences and discuss current issues.

During 2023, Sparebanken Vest has initiated and implemented several activities and measures to halt and limit material risks associated with violation of human rights and decent working conditions in the supply chain. The following activities are highlighted as some of the most important:

- Implement new standard ethics and CSR requirements in new and existing supplier agreements.
- New procedure for supplier follow-up.
- Complete new system for supplier follow-up.





9.3 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	7 Accounts and 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 / 7 Declaration from the Board and the CEO
		Outlook for the company	2 Summary and highlights
		Financial risk	6 Risk and capital management / 8 Corporate governance
		Going concern	5 Results
		Allocation of profit and basis for dividend	5 Results
		Environmental disclosures	4 Sustainability
		Working environment	9 Factbook
		Equality and discrimination	9 Factbook
		Natural environment	4 Sustainability
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 the CEO	8 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.	6 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. 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 shall be explained.	6 Risk and capital management
Accounting Act Section 3-3b	Statement on corporate governance	1-3. Information about relevant regulations, availability and deviations	5 Results / 2 Summary and highlights
		4. Description of internal control and risk management systems in the accounting reporting process	8 Corporate governance
		5. Deviating articles of association under the Public Limited Liability Companies Act	8 Corporate governance
		6. Composition of board and committees, as well as main elements of instructions and guidelines	8 Corporate governance
		7. Articles regulating the appointment and replacement of board members	8 Corporate governance
		8. Articles and authorisations that entitle the board to decide to buy back or issue own shares or equity certificates	8 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 shall be disclosed. If the company does not have such guidelines, this must be explained.	8 Corporate governance
			8 Corporate governance / 9 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	4 Sustainability / 9 Factbook
		Description of business model	1 This is Sparebanken Vest
		Description of guidelines for handling incidents, including due diligence	1 This is Sparebanken Vest / 9 Factbook
		Effects of the guidelines	1 This is Sparebanken Vest / 9 Factbook
		The material risks associated with the company's operations	6 Risk and capital management
		Performance indicators	1 This is Sparebanken Vest / 5 Results / 6 Risk and capital management/ 9 Factbook
Accounting Act Section 7-31b, cf. Public Limited Liability Companies Act Section 6-16a	Annual accounts and executive pay report	Taxonomy Regulation	
		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. the Accounting Act Section 7-31b, as well as an explanation of the guidelines for determining the salary and other remuneration of executive personnel, cf. the Public Limited Liability Companies Act Section 6- 16a	9 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	7 Accounts and notes
Securities Trading Act Section 5-5	Annual report	Audited annual accounts	7 Accounts and notes
		Annual report prepared pursuant to the Accounting Act Section 3-3a	4 Sustainability, 9 Factbook
		Statements made by the persons responsible within the issuer, whose names and functions shall be clearly indicated, to the effect that: a. to the best of their knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the group taken as a whole and that b. the management report includes a fair review of the development and performance of the business and the position of the issuer and the group taken as a whole, together with a description of the principal risks and uncertainties that they face.	
			7 Accounts and notes
Transparency Act			4 Sustainability / 9 Factbook



9.4 GRI Index 2023

OUR MATERIALITY ANALYSIS

The bank has conducted a materiality analysis to ensure the bank works on the right and most material sustainability issues. 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 bank’s materiality analysis and material topics are described in section 4.2. The materiality analysis increases the bank’s knowledge of how its own business impacts different sustainability topics and how such topics, in turn, impact the bank. This enables the bank to actively prioritise and work systematically on the topics where the bank has the greatest ability to make a difference.

The materiality analysis has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, and the bank’s GRI index is set out below. The GRI index addresses the bank’s material topics in accordance with the materiality analysis in section 4.2, as well as other important sustainability topics for the bank.

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 1.1.2023-31.12.2023. 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 2023						
The organization and its reporting practices	2-1 Organizational details	a) SPAREBANKEN VEST				
		b) AR - 8.1.3 SELSKAPSKAPITAL OG UTBYTTE				
		c) JONSVOLLGATEN 2 5011 BERGEN				
		d) NORWAY				
	2-2 Entities included in the organization's sustainability reporting	SPAREBANKEN VEST, SPAREBANKEN VEST BOLIGKREDITT AS				
	2-3 Reporting period, frequency	(1.1.2023-31.12.2023), YEARLY				
	2-3 and contact point	www.spv.no/om-oss/investor-relations/ir-kontakter				
	2-4 Restatements of information	Sparebanken Vest has re-estimated the financed emissions for 2021 for real estate and shipping, with reference to AR 4.4 CLIMATE ACCOUNTING				
	2-5 External assurance	a) AR - 4.8 SUSTAINABILITY (AUDITOR), 8.1 CORPORATE GOVERNANCE, SL - PRINCIPLES OF CSR				
		b) AR -4.8 SUSTAINABILITY, AUDITOR'S STATEMENT (DELOITTE)				
Activities and workers	2-6 Activities, value chain and other business relationships	AR - 01 THIS IS SPAREBANKEN VEST, 4.2 SUSTAINABILITY				
	2-7 Employees	AR - 9.1 FACTBOOK, 01 THIS IS SPAREBANKEN VEST				
	2-8 Workers who are not employees	AR - 9.1 FACTBOOK				
Governance					Significant positions and commitments held by each member is in part described in the annual report, however the information is not listed or counted and thus not made available.	
	2-9 Governance structure and composition	AR - 8.1 CORPORATE GOVERNANCE: 8.1.8, 8.1.9, AR - 8.2 THE BOARD, SL - PRINCIPALS OF CSR.	2-9 c (iv)	information incomplete		
	2-10 Nomination and selection of the highest governance body	AR - 8 CORPORATE GOVERNANCE				
	2-11 Chair of the highest governance body	AR - 8 CORPORATE GOVERNANCE				
	2-12 Role of the highest governace body in overseeing the management impacts	AR - 8 CORPORATE GOVERNANCE				
	2-13 Delegation of responsibility for managing impacts	AR - 8 CORPORATE GOVERNANCE, 9 FACTBOOK				
	2-14 Role of the highest governance body in sustainability reporting	SL - PRINCIPALS OF CSR, AR 4.3 SUSTAINABILITY				
	2-15 Conflicts of interest	AR - 8 CORPORATE GOVERNANCE				
		AR - 2 HIGHLIGHTS AND SUMMARY OF THE YEAR (OPERATIONAL RISK AND COMPLIANCE RISK), SPV. NO (PILAR 3 REPORT): www.spv.no/om-oss/investor-relations/rapporter				
	2-16 Communication of critical concerns					
	2-17 Collective knowledge of the highest governance body	AR - 8 CORPORATE GOVERNANCE, 9 FACTBOOK, SL - PRINCIPLES OF CSR				
	2-18 Evaluation of the performance of the highest governance body	AR - 8 CORPORATE GOVERNANCE				
	2-19 Remuneration policies	SPV.NO LEDERLØNNINGER: HTTPS://WWW.SPV.NO/OM-OSS/INVESTOR-RELATIONS/RAPPORTER				
	2-20 Process to determine remuneration	AR -9 FACTBOOK, SL-MANGFOLD OG LIKESTILLING				
	2-21 Annual total compensation ratio	spv.no Lederlønninger: www.spv.no/om-oss/investor-relations/rapporter	GRI 2 -21 A) B) C)	information incomplete	In addition to the chapter "Lederlønninger", some parts are not covered yet in a)b(c)	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	SOURCE	OMISSION			GRI SECTOR STANDARD REF.NO.
			REQUIREMNT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General disclosures 2023						
Strategy, policies and practices	2-22 Statement on sustainable development strategy	AR - 3.9 OUR STRATEGIC AGENDA				
	2-23 Policy commitments	SL - PRINCIPALS OF CSR, AR - 4.3 SUSTAINABILITY 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 - 4.3 SUSTAINABILITY, 9.1 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	AR - 4.6 SUSTAINABILITY, SPV.NO: www.spv.no/om-oss/baerekraft/forretningskultur-og-arbeidsmiljo				
Stakeholder engagement	2-29 Approach to stakeholder engagement	AR - 01 THIS IS SPAREBANKEN VEST, 4.2 SUSTAINABILITY				
	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 2023	3-1 Process to determine material topics	AR-01 THIS IS SPAREBANKEN VEST, AR-03 OUR STRATEGIC AGENDA, AR-4.2 SUSTAINABILITY, AR-9.2 FACTBOOK				
	3-2 List of material topics	AR-01 THIS IS SPAREBANKEN VEST, AR-4.2 SUSTAINABILITY				
	3-3 Management of material topics	AR - 4.2 MATERIAL TOPICS, AR - 4.3 TCFD ANALYSIS				
Material topic 1: Competance:						
	SPV: Chasing expertise - To translate sustainability from preaching to practice	AR-04 SUSTAINABILITY				SPV Indicator
	Programs for upgrading employee skills and transition assistance programs	AR - 3.7 STRATEGIC AGENDA, 9.1 FACTBOOK, 4.3 SUSTAINABILITY	GRI 404 - 2 b)	information incomplete	The report describes training programs that will cater for continued employability, however, there are no programs currently defined within sustainability to cover transition assistance in particular.	GRI 404-2
Material topic 2: 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-3.9 OUR STRATEGIC AGENDA, AR-04 SUSTAINABILITY				SASB 2 (FN-CB-4101a.2.)
	SPV: Total eligible for green bonds	SL- GREEN BOND PROGRAMME, AR-3.9 OUR STRATEGIC AGENDA, AR-04 SUSTAINABILITY				SPV Indicator
	Ratio of basic salary and remuneration of women to men	AR - 3.4 STRATEGIC AGENDA, 8.2 FACTBOOK				GRI 405-2
	Energy use and Greenhouse Gas emissions	AR - 4.4 CLIMATE ACCOUNTING, 4.5 TRANSITION PLAN	GRI 305-1 b), c) and e), 305 -2 b) and e) , 305-3 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 305-3, 305-4
Material topic 3: Climate risk and Green House Gas emissions						
	Sparebank Vests own Green house gas emissions and energy use	AR - 4.4 CLIMATE ACCOUNTING, 4.3 TCFD-ANALYSIS, SL - CLIMATE ACCOUNTING	GRI 305-1 b), c) and e), 305 -2 b) and e), 305-3 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, 305-3, 305-4, 305-5
	SPV: Description of climate risk and opportunities in maritime, real estate and aquaculture	SL - PRINCIPALS OF CSR, AR -04 SUSTAINABILITY				SPV Indicator



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	SOURCE	OMISSION			GRI SECTOR STANDARD REF.NO.
			REQUIREMNT(S) OMITTED	REASON	EXPLANATION	
Material topic 4: Social dividend for a green transition						
	SPV: In 2023 the bank supported 1828 social and green projects with MNOK 262.	AR - 01 THIS IS SPAREBANKEN VEST, 3.9 STRATEGIC AGENDA, AR-04 SUSTAINABILITY				SPV Indicator
Material topic 5: 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 2023. SPV received 1 complaint in the customer complaints database and 2 complaints directly to the data protection officer. Number of cases reported to the Norwegian Data Protection Authority in 2023: 10				GRI 418-1
Material topic 6: Preventing economic crime						
	Communication and training about anti-corruption policies and procedures	AR - 06 RISK MANAGEMENT, SL - PRINCIPLES OF CSR		information incomplete	KPIs are not yet established, but SPV aim to report on KPIs for 2024.	GRI 205-2
	Confirmed incidents of corruption and actions taken	AR - 06 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
Important topics						
Important topic 1: Diversity and equality						
	Diversity of governance bodies and employees SPV: % women at top management	AR - 3.7 STRATEGIC AGENDA, 9.1 FACTBOOK, SL - LIKESTILLING OG MANGFOLD, SL - ARP	GRI 405 - 1 a) b)			GRI 405-1
	New employee hires and employee turnover	AR - 3.7 STRATEGIC AGENDA, 9.1 FACTBOOK, SL - LIKESTILLING OG MANGFOLD, SL - ARP	GRI 401 - 1 a) b)	information incomplete	Age group and region not included	GRI 401-1
	Ratio of basic salary and remuneration of women to men	AR - 3.7 STRATEGIC AGENDA, 9.1 FACTBOOK				GRI 405-2
Important topic 2: 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 - 4.3 SUSTAINABILITY				SPV indicator
Important topic 3: Requirements for asset managers						
	SPV: Requirements - Sparebanken Vest as distributor of mutual funds	SL - PRINCIPALS OF CSR				SPV Indicator
Important topic 4: 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: www.spv.no/agendavestlandet/vestlandsindeksen				SPV Indicator
Important topic 5: Biodiversity and biorisk						
	Integrating biodiversity in the credit and loan processes	SL - PRINCIPALS OF CSR, AR - 4.3				SPV Indicator
Important topic 6: Circular economy						
	Integrating circular economy in the credit and loan processes	SL - PRINCIPALS OF CSR				SPV Indicator



Sparebanken
Vest



Jonsvollsgaten 2 | N-5011 Bergen
(+47) 915 0555 | spv.no