



**Sparebanken Vest  
Boligkreditt**

**Annual Report 2024**



**SparebankenVest**



# Annual report for 2024

Sparebanken Vest Boligkreditt's registered office is in Bergen, and it is a wholly owned subsidiary of Sparebanken Vest. The company is a finance company that issues covered bonds, and the assets mostly consist of home mortgage loans originally underwritten by Sparebanken Vest and meet the conditions set by the company for home loans to be included in the cover pool.

At year-end 2024, the company's lending to customers totaled NOK 154 billion, an increase of NOK 12.5 billion (8.8%) over the prior year. Liabilities in the form of covered bonds amounted to NOK 134.8 billion at year-end 2024, compared with NOK 123.8 billion the previous year. The company has an EMTN programme with a limit of EUR 15 billion, which is used in connection with the issuing of all covered bonds, both in Norwegian kroner and foreign currencies.

## FUNDING AND MARKET CONDITIONS

2024 was a relatively stable year for issuers of covered bonds in both Norway and abroad. Central banks across the globe largely completed their interest rate tightening operations to combat rising inflation. There was ongoing global geo-political instability (war in Ukraine and Palestine, US Election, etc.), and long-term interest rates experienced some volatility. However, these forces were more than offset by increased risk tolerance amongst fixed income investors, which helped lower the credit spread that covered bond issuers must pay to

investors when bonds are issued.

The Norwegian economy, and particularly housing prices, have performed well relative to markets in neighboring countries despite the global geopolitical headwinds and higher interest rates. At year-end 2024 Norway's headline inflation rate (CPI year-over-year) was 2.2%, slightly above Norges Bank's target 2.00% rate. To combat inflation pressure, Norges Bank raised its deposit rate six times in 2022 and another 6 times in 2023, from 0.50% to the current 4.50% level. Norges Bank may begin lowering the rate in 2025, depending on economic conditions and the inflation rate. Unemployment levels in Norway remain relatively low and Norwegian household income levels are robust. Mortgage lending growth is expected to moderate but still be positive for Sparebanken Vest Boligkreditt in 2025. However, higher costs to consumers and higher interest rates are expected to have a cooling effect on the Norwegian economy in 2025 and could negatively impact housing prices.

Covered bonds are a large asset class in the Norwegian and broader European bond markets, and investors abroad have shown great interest in purchasing covered bonds issued by Norwegian issuers. Covered bonds issued by Sparebanken Vest Boligkreditt carry an Aaa rating from Moody's Investor Service. The rating has a leeway of four notches, which implies that several negative events with a bearing on the parent bank's credit rating would need to take place for the company to lose its

AAA rating. Sparebanken Vest Boligkredit's rating outlook from Moody's was stable as of December 31, 2024.

During 2024, Sparebanken Vest Boligkredit net new issuance of covered bonds amounted to NOK 11 billion. Based upon market value at year-end, approximately 44.3% of Sparebanken Vest Boligkredit's outstanding bonds are denominated in Norwegian kroner, 47.5% in Euro, and 8.3% in Swedish kroner. Sparebanken Vest Boligkredit swaps all its foreign currency and fixed rate bond issues back to floating rate Norwegian kroner, at the time of issue.

### **SIGNIFICANT EVENTS – PROPOSED MERGER**

On 28 August 2024, Sparebanken Vest announced that the boards of directors of Sparebanken Vest and Sparebanken Sør, a Norwegian savings bank, had approved a plan for merging the two banks (the Proposed Merger). Sparebanken Vest will be the surviving entity and will thus assume all of Sparebanken Sør's assets, rights and liabilities upon the completion of the Proposed Merger. The aim is to complete the Proposed Merger in the early part of May 2025, upon which Sparebanken Vest as the surviving entity will be rebranded to Sparebanken Norge (the Combined Bank). Following the completion of the Proposed Merger it is proposed that the Issuer will merge with Sparebanken Sør Boligkredit AS (the Boligkredit Merger). Sparebanken Vest Boligkredit AS is to be the surviving entity and will be rebranded to Sparebanken Norge Boligkredit AS. The Boligkredit Merger has been approved by an extraordinary general meeting of each of Sparebanken Vest Boligkredit AS and Sparebanken Sør Boligkredit AS.

While the Proposed Merger has been approved by the respective general assemblies of Sparebanken Sør and Sparebanken Vest on 2 October 2024, and the Norwegian Competition Authority granted the required permissions for completion on 29 November 2024, the completion of the Proposed Merger remains subject to a number of conditions, including the Norwegian Financial Supervisory Authority granting the required permission for completion without imposing conditions that significantly alter the assumptions that the merging parties have made under the merger plan. The Boligkredit Merger is conditional on the completion of the Proposed Merger and will be completed immediately after the Proposed Merger has been completed.

### **CORPORATE GOVERNANCE**

Sparebanken Vest Boligkredit's principles and policy for corporate governance are based on the Norwegian Code of Practice for Corporate Governance adopted by the Norwegian Corporate Governance Board (NUES). The company complies with this framework and bases its activities on principles and a policy that are intended to ensure that its governance meets generally accepted standards and follows laws and regulations. Moreover, Sparebanken Vest Boligkredit's corporate governance shall ensure good cooperation between its different stakeholders, such as shareholders, lenders, customers, governing bodies, management, and society. In the Board's view, Sparebanken Vest Boligkredit's corporate governance is satisfactory and in compliance with the applicable principles and policy.

The Board of Directors are elected by the shareholder meeting. The Board of Directors held eight meetings in 2024, and the focus has been on following up operations, strategy, risk, and capital management, and monitoring markets and Sparebanken Vest Boligkredit's board-set financial framework conditions. The Board of Directors has drawn up an annual plan for its work, and it endeavors to ensure that board members have the requisite knowledge and expertise.

Sparebanken Vest Boligkredit, being a wholly owned subsidiary of Sparebanken Vest and a covered bond company, is exempted from the requirement to have a separate audit committee. The company has independent external and internal auditors, as well as an independent external cover pool monitor.

The acquisition of Sparebanken Vest Boligkredit's shares is subject to the company's consent in accordance with the Norwegian Limited Liability Companies Act (asl.) § 4-15.

Sparebanken Vest Boligkredit carries out an annual review of the company's risk management and internal control. Any operational events that can lead to operational non-conformities and/or losses are registered as they occur and reported to the Board. The company's risk strategy is approved by the Board. Any risk areas identified, and any material non-conformities found during control of the company's financial reporting, are followed up through the company's system for risk management and internal control and reported to the Board of Directors. The board members are insured for liability.

Sparebanken Vest Boligkreditt has entered into an agreement with Sparebanken Vest that covers financial reporting, management, taxes, and internal control relating to financial reporting. This includes current financial reporting, and a reporting template has been drawn up to ensure the completeness of the basis for reporting and consistent use of principles. The company also has a credit facility with the parent bank and a Transfer and Servicing agreement regulating the servicing of the mortgages.

In addition to reviewing the accounts and risk reporting, the company's management continuously reviews operating reports seen in relation to the company's budget and briefs the Board of Directors at board meetings.

The company's ethical guidelines include a duty to report matters that warrant criticism, including breaches of internal guidelines, laws and regulations, and a procedure for how such information is to be given.

The parent bank Sparebanken Vest has prepared a consolidated sustainability statement in accordance with the requirements of the Norwegian Accounting Act Sections 2-3 and 2-4, including the European Sustainability Reporting Standards (ESRS). The sustainability statement has the same scope as the consolidated financial statements and covers the reporting period from January 1, 2024, to December 31, 2024. For the 2025 financial statements and onwards, Sparebanken Vest Boligkreditt will be independently covered by the legislation and will be preparing for this.

The Norwegian Transparency Act entered into force on July 1st, 2022, the main purpose of the act is to ensure that larger enterprises comply with fundamental human rights and decent working conditions in their supply chain. The parent bank Sparebanken Vest carries out due diligence and publishes the evaluations for the Group. Reference is therefore made to our parent bank's annual report and webpage for further information.

Sparebanken Vest Boligkreditt's business is subject to supervision by the Financial Supervisory Authority of Norway. The Board of Directors and the management endeavor to maintain a good dialogue with the Financial Supervisory Authority.

## STATEMENT CONCERNING THE ANNUAL ACCOUNTS

### Income statement

Sparebanken Vest Boligkreditt's financial statements are reported in accordance with IFRS. The company recorded an operating profit before write-downs and tax of NOK 592 million for the financial year 2024, compared with NOK 224 million in 2023. The profit after write-downs and provision for tax amounted to NOK 453 million in 2024, compared with NOK 146 million the year before.

The company's interest and similar income amounted to NOK 9.054 million in 2024, compared with NOK 6.837 million in 2023. The company's interest and similar expenses amounted to NOK 7.747 million in 2024, compared with NOK 5.915 million in 2023.

Net interest income and similar income increased in 2024, amounting to NOK 1 307 million, compared with 923 million in 2023. Net operating income in 2024 showed an expense of NOK 707 million, due mainly to commissions paid to the parent bank for originated mortgages and a NOK 56 million write-down on financial instruments. In 2023, net other operating income showed an expense of NOK 691 million.

The company's recorded operating expenses amounted to NOK 7 million in 2024. The corresponding figure for 2023 was NOK 8 million. Cooperation with Sparebanken Vest is formalized in various agreements that ensure that the company has the required expertise in operational areas, while at the same time facilitating cost-efficient operation.

Model based write-downs and losses on loans amounted to NOK 11 million in 2024, compared to NOK 46 million in 2023.

The net profit after tax for 2024 was NOK 453 million, compared to NOK 146 million in 2023.

In accordance with Section 2-2 (8) of the Accounting Act, the Board of Directors confirms that the accounts have been prepared based on the going concern assumption.

### BALANCE SHEET AND CAPITAL ADEQUACY

Sparebanken Vest Boligkreditt's total assets at the end of the 2024 financial year amounted to NOK 171 billion, which is NOK 17.8 billion higher than at year-end 2023. Lending to customers increased by NOK 12.5 billion, or 8.8%, and amounted to NOK 154 billion

at year-end 2024. The corresponding figure at the end of 2023 was NOK 141.5 billion.

The company's outstanding securitized debt measured in NOK increased by net NOK 11 billion in 2024 and amounted to NOK 135 billion at year-end, compared with NOK 124 billion at the end of 2023. Borrowings in foreign currency are fully interest rate and currency hedged. The company's debt to financial institutions amounted to NOK 28 billion at year-end 2024, compared with NOK 21.5 billion at year-end 2023. This liability consists mainly of amounts due to Sparebanken Vest under Sparebanken Vest Boligkreditt's credit facility, and to a lesser extent collateral positions from the company's counterparties in connection with the mark-to-market value of swap contracts made for hedging purposes.

Sparebanken Vest has permission from the Financial Supervisory Authority of Norway to use the IRB method to calculate the company's capital. This means that Sparebanken Vest Boligkreditt can use the risk weights calculated under the IRB-approach for calculating capital adequacy. For a covered bond company specializing in prime mortgage lending to retail customers with low LTV's, the effect on the risk weighted assets is large when compared to the standardized approach. In the Board's view, using the IRB method improves the company's management of risk and capital.

Based on IRB approach, both the capital adequacy ratio and CET1 ratio in Sparebanken Vest Boligkreditt were 20.2% at year-end 2024. The corresponding figures for capital adequacy and the CET1 ratio at year-end 2023 were 18.8%. In 2024 the requirement has been met 100% with CET1 capital. All the capital has been invested by the parent bank. The leverage ratio was 4.2% at year-end 2024 and 4.0% at year-end 2023.

The net cash flow in 2024 was positive NOK 4.173 million, compared to NOK 3.461 million in 2023. Cashflow received from the issuance of bonds was the primary reason for the increased cashflow.

## RISK

Laws and regulations that apply to covered bond companies require a low risk level. The Board of Directors places great emphasis on identifying, measuring, and reporting different types of risk. The company has adopted guidelines and parameters for the management and control of different risk areas

to ensure that the company enjoys the market's trust. In the Board's opinion, the company's overall risk exposure is low.

## CREDIT RISK

Credit risk is defined as the risk that a borrower or counterparty will be unable to meet its obligations to Sparebanken Vest Boligkreditt. The company's credit approval framework contains requirements stipulating which loans may be included in the company's loan portfolio. There were no significant changes in the company's credit risk profile in the financial year.

According to the Covered Bonds Directive (EU Directive 2019/2162), the cover pool securing a Covered Bond (Premium) Programme can only consist of claims that meet the requirements of article 129 of the Capital Requirements Regulation. At the same time, the Norwegian FSA raised the regulatory minimum overcollateralization requirement to 5% (above the 2% level as required under the European Directive). Sparebanken Vest Boligkreditt's assets consist primarily of residential home mortgage loans where the outstanding balance on the loan does not exceed 85% of an appropriate value assessment of the mortgaged property (loan-to-value or "LTV") at the time of transfer. As allowed under the new Covered Bonds Directive, on December 31st, 2022, Sparebanken Vest Boligkreditt began to include mortgages with an LTV of up to 80% in the overcollateralization calculation of the cover pool. In addition, as allowed under the Directive and as approved by the Board, from January 1st, 2023, Sparebanken Vest Boligkreditt may begin transferring home mortgages with an LTV of 85%. Only the part of the mortgage with an LTV of 80% or lower may be included in the cover pool's overcollateralization calculation. However, only home mortgages with an LTV of 80% or lower have been transferred to Sparebanken Vest Boligkreditt as of year-end 2024.

Gross loans in default for more than 90 days amounted to NOK 90 million of total lending at year-end 2024, versus NOK 32 million at year-end 2023. Total net commitments in default amounted to NOK 241 million at year-end 2024, with total net loans to customers amounting to NOK 154 billion. The Board regards the quality of the lending portfolio as solid, an assessment that is reinforced by the company's low losses.

A fall in house prices would reduce the net value of the company's cover pool, and regular evaluations and stress tests are carried out to calculate the effect of any negative trends in house prices. The Board is comfortable with the outcome of the stress tests that have been carried out. The credit risk involved in other investments is also deemed to be low, since the company's investments are in interest-bearing securities with a high rating issued by other covered bond companies, governments, or supranational agencies.

## **MARKET RISK**

Market risk is defined as the risk of financial loss as the result of changes in observable market variables such as interest and exchange rates and the price of financial instruments.

Sparebanken Vest Boligkreditt has a low market risk, and parameters have been adopted that define maximum exposure to fluctuations in the interest and exchange rate markets. At year-end 2024, approximately 90% of the company's home mortgages are based upon a variable interest rate that can be adjusted with two months' notice to the customers, compared to 89% at year-end 2023. Home mortgages at fixed interest rates are hedged by interest rate swap agreements with the parent bank.

Insofar as the company borrows at a fixed rate, and/or the bonds are issued in foreign currency, the interest rate and currency risk is eliminated by entering into swap agreements concurrently with the bonds being issued, for the full term to maturity of the loans. Such swap agreements are entered into with high-quality counterparties based on documentation that is favorable for the company. From 2019 the company can also hedge against the parent bank, on the same ISDA/CSA swap agreements as with external counterparties. These agreements are approved by the rating agency the company uses, and they contribute to the company's Aaa covered bond rating from Moody's.

Changes in the value of the swaps are recognized as they arise, but the effect on profit will be zero over the duration of the borrowings. Accounting effects will thereby be reversed over time.

The company's investments in interest-bearing securities are at a floating rate of interest. Their interest rate risk is therefore deemed to be low.

The Board of Directors considers Sparebanken Vest Boligkreditt's market risk to be moderate.

## **LIQUIDITY RISK**

Liquidity risk is the risk that the company will not be able either to refinance its commitments upon maturity or to finance an increase in assets in market terms. Norwegian covered bond companies must meet the liquidity requirements introduced for European banks and finance companies (LCR) by 100%. The liquidity coverage ratio (LCR) as recorded at year-end 2024 was 161%, and the corresponding figure at year-end 2023 was 323%. Sparebanken Vest Boligkreditt's Net Stable Funding Ratio (NSFR) was 112% as of December 31, 2024, compared to 115% at year-end 2023.

Sparebanken Vest Boligkreditt plans for large maturities in the Norwegian market by ensuring that it has access to liquidity in good time before the covered bonds fall due. In addition, Sparebanken Vest Boligkreditt maintains a credit facility with the parent bank to cover liabilities as they fall due.

The Board of Directors considers the liquidity risk to be moderate.

## **OPERATIONAL RISK**

Operational risk is the risk of losses as the result of errors and irregularities in the management of transactions, inadequate internal control or irregularities in the systems used by the company.

Operational risk is identified through assessments and management confirmations that are part of the company's internal control. The company has entered into a management agreement with Sparebanken Vest that includes management, customer service, IT operations, as well as financial and risk management (including anti-money laundering and compliance). Under the agreement, the bank must compensate the company for any expenses incurred as the result of any defects in the deliveries and services the bank provides. The operational risk is assessed on an ongoing basis. Management considers the company's IT systems as central to operations, accounting and reporting of completed transactions, as well as obtaining the basis for important estimates and calculations. The company uses PwC Norway (Price Waterhouse Coopers Norway) as its internal auditor, and any non-conformities are reported to the Board.

The Board of Directors considers the company's operational risk to be moderate, including the risk relating to the financial reporting process.

## EMPLOYEES AND THE WORKING ENVIRONMENT

Sparebanken Vest Boligkreditt has no employees. The managing director and the company's COO are formally employed by the parent bank and hired to carry out work for Sparebanken Vest Boligkreditt. Other resources required to operate the company are provided by the relevant departments in Sparebanken Vest based on agreements between the company and the parent bank. No serious work accidents or incidents occurred or were reported during the year. The working environment in and around the company is deemed to be good.

As of year-end 2024, the Board of Directors consists of three members and one of the board members is a woman. Two of the board members hold executive positions in Sparebanken Vest.

## CHANGED REGULATORY CONDITIONS

Sparebanken Vest Boligkreditt is required to have a capital adequacy ratio of at least 17.5%, of which Core Tier I capital must amount to at least 14.00% of the risk weighted assets excluding a management buffer. The Ministry of Finance has decided to increase the IRB risk weight floor for mortgage loans from 20 to 25 percent. The change will be implemented with effect from 1 July 2025. The company meets all the capital requirements at year-end 2024, and it will make the necessary adaptations regarding capital and operations to ensure that the capital requirements will be met in the future.

## SUSTAINABILITY AND GREEN BONDS

Sparebanken Vest's green bond framework, updated in 2023, and work on sustainability can be found on

our [webpage](#), and in the annual report of the parent bank. As part of the focus on sustainability, Sparebanken Vest has set up both a sustainability product framework (SPF) and a green bond framework (GBF). The SPF is a guide to where the bank shall steer its lending book going forward. In alignment with the broader Sparebanken Vest sustainability strategy, Sparebanken Vest Boligkreditt has the GBF in place to be able to issue green bonds to finance or refinance a loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway. By issuing green bonds, Sparebanken Vest Boligkreditt intends to contribute to the development of the green bond market while highlighting and accelerating our Sustainability strategy. In addition, green bonds will help to diversify Sparebanken Vest Boligkreditt's investor base and broaden dialogue to existing investors. To date, Sparebanken Vest Boligkreditt has issued six green covered bonds, which were very well received in the market; significantly broadening the investor base.

## ALLOCATIONS

The profit for the 2024 financial year after write-downs and tax amounted to NOK 453 million. It is proposed that the profit be allocated as follows:

• Transferred to other equity	NOK	589 million
• Transferred from reserve for unrealized gains	NOK	-135 million

The Board of Directors proposes distributing a dividend of NOK 453 million to Sparebanken Vest. The size of the dividend is deemed to be justifiable since the Board assumes that the parent bank will also in future increase the company's capital base if this should be necessary. The proposed dividend has not been recognized in the accounts because it does not qualify as a provision pursuant to IFRS.

Bergen, 10 February 2025

The Board of Directors of Sparebanken Vest Boligkreditt AS

Frank Otto Johannessen, Chairman of the Board

Inga Lise Lien Moldestad

Brede Borgen Kristiansen

John Edwin Nicolay Hopp, Managing Director

(This document is signed electronically)

# Income Statement

(NOK MILLION)	Notes	2024	2023
Interest income from asset valued at amortised cost		8 046	5 846
Interest income from asset valued at fair value		1 008	991
Interest expenses and similar expenses		7 747	5 915
<b>Net interest</b>	22	<b>1 307</b>	<b>923</b>
Commission expenses and expenses relating to banking services		651	443
Net gain/loss on financial instruments	23	-56	-248
<b>Net other operating income</b>		<b>-707</b>	<b>-691</b>
<b>Total operating income</b>		<b>599</b>	<b>232</b>
Payroll and general administration expenses		2	2
Other operating expenses		5	6
<b>Total operating expenses</b>	24	<b>7</b>	<b>8</b>
<b>Profit before write-downs and tax</b>		<b>592</b>	<b>224</b>
Write-downs and losses on loans and guarantees	6,8	11	46
<b>Pre-tax profit/loss</b>		<b>581</b>	<b>178</b>
Tax expenses	26	128	32
<b>Profit/loss for the period</b>		<b>453</b>	<b>146</b>
<b>Profit/diluted profit per share</b>		<b>65,5</b>	<b>20,4</b>

# Statement of comprehensive income

	2024	2023
<b>Profit for the period</b>	<b>453</b>	<b>146</b>
Changes in fair value due to credit risk – debt securities issued	-17	226
Base margin from hedging instruments related to hedge accounting	-193	-9
Taxes on items in other comprehensive income	46	-48
<b>Total profit/loss for the period</b>	<b>289</b>	<b>314</b>

# Balance sheet

(NOK MILLION)	Notes	31/12-24	31/12-23
<b>Assets</b>			
Loans to and receivables from credit institutions	16	8 759	4 587
Loans to and receivables from customers	5-11	154 033	141 545
Certificates and bonds	12	2 156	2 645
Financial derivatives	13,14,15	6 504	4 801
Deferred tax assets	26	0	34
Other assets		14	21
<b>Total assets</b>		<b>171 467</b>	<b>153 633</b>
<b>Liabilities and equity</b>			
Liabilities to credit institutions	14,17,20	27 951	21 507
Securitised debt	15,18,20	134 828	123 796
Financial derivatives	13,14,15	226	1 139
Tax payable	26	0	109
Deferred tax	26	48	0
Other liabilities		87	100
<b>Total liabilities</b>		<b>163 139</b>	<b>146 650</b>
Share capital		7 700	6 500
<b>Total paid-in equity</b>		<b>7 700</b>	<b>6 500</b>
Reserve for unrealised gains		0	299
Other equity		627	183
<b>Total equity</b>		<b>8 327</b>	<b>6 983</b>
<b>Total liabilities and equity</b>		<b>171 467</b>	<b>153 633</b>

Bergen, 31 December 2024 / 10 February 2025  
 The Board of Directors of Sparebanken Vest Boligkredit AS

Frank Otto Johannessen, Chairman of the Board

Brede Borgen Kristiansen

Inga Lise Lien Moldestad

John Edwin Nicolay Hopp, Managing Director

(This document is signed electronically)

# 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, charges and commission related to lending and borrowing, interest relating to liquid assets, paid 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 raising and repayment of subordinated loans and bond debt, and equity are defined as financing activities.

	2024	2023
<b>Cash flows from operating activities</b>		
Interest, commission and customer fees received	8 898	6 505
Interest, commission and customer fees paid	-665	-473
Interest received on other investments	149	213
Interest paid relating to bond debt	-7 684	-5 689
Payments to other suppliers for goods and services	-6	-7
Fees and other social costs	0	0
Payment of taxes	-109	-124
<b>Net cash flow from operations</b>	<b>583</b>	<b>426</b>
<b>Cash flows from investment activities</b>		
Payments made/received on loans to customers	-12 449	-14 036
Payments made/received on purchase/sales of other securities	472	-1 761
<b>Net cash flow from investment activities</b>	<b>-11 977</b>	<b>-15 798</b>
<b>Cash flows from financing activities</b>		
Payments made/received relating to debt to credit institutions	6 418	2 180
Payments received related to issuing bond debt	18 184	31 713
Payments made relating to redemption of bond debt	-10 089	-15 329
Redemption of hybrid capital and subordinated loan capital	0	-1 179
Issue of new share capital	1 200	1 850
Payments of dividends/group contributions	-145	-402
<b>Net cash flow from financing activities</b>	<b>15 567</b>	<b>18 834</b>
<b>Net cash flow for the period</b>	<b>4 173</b>	<b>3 461</b>
<b>Net change in cash and cash equivalents</b>	<b>4 173</b>	<b>3 461</b>
Cash and cash equivalents at beginning of period	4 587	1 125
Cash and cash equivalents at end of period	8 759	4 587

# Changes in equity

Equity consists of share capital, other equity and reserve for unrealised gains. Hybrid capital was redeemed in third quarter 2023.

Reserve for unrealised gains arise when a fair value increase on financial instruments are recognized in the financial statements, where the measurement method in IFRS deviates from Norwegian GAAP.

Hybrid capital consists of tier 1 bonds that do not meet the definition of financial liability in accordance with IAS 32. Accrued interest on hybrid capital is allocated to hybrid capital. Interests are presented gross in the statement of changes in equity.

Proposed dividend is presented as equity in the balance sheet until a final decision is made in the general assembly.

	Shareowner equity	Other equity	Reserve for unrealised gains	Hybrid capital	Total
<b>Equity at 31 December 2022</b>	<b>4 650</b>	<b>434</b>	<b>168</b>	<b>679</b>	<b>5 931</b>
Profit/loss for the period		152	-37	31	146
Other comprehensive income			169		169
Capital increase	1 850				1 850
Redemption of hybrid capital				-675	-675
Interest paid on hybrid capital				-35	-35
Distributed dividend		-402			-402
<b>Equity at 31 December 2023</b>	<b>6 500</b>	<b>183</b>	<b>299</b>	<b>0</b>	<b>6 983</b>
Profit/loss for the period		589	-135		453
Other comprehensive income			-164		-164
Capital increase	1 200				1 200
Distributed dividend		-145			-145
<b>Equity at 31 December 2024</b>	<b>7 700</b>	<b>627</b>	<b>0</b>	<b>0</b>	<b>8 327</b>

Shareowner equity as of 31 December 2024 is NOK 7 700 million and is divided between 7 700 000 shares with a nominal value of NOK 1 000. All the shares are owned by Sparebanken Vest.

The proposed dividend for 2024 is NOK 453 million.

# Note 1 Accounting principles

## GENERAL INFORMATION

Sparebanken Vest Boligkreditt AS is a wholly owned subsidiary of Sparebanken Vest. The company was established by the bank to issue covered bonds. Sparebanken Vest Boligkreditt offers loans secured by mortgage within 85 per cent of the residential property's value. The company was formed on 21 May 2008. Its head office is in Bergen. The address of the head office is Jonsvollsgaten 2, NO-5011 Bergen.

Unless otherwise specified, all amounts in the accounts and notes to the accounts are stated in NOK million. Norwegian kroner is the company's functional and presentation currency.

## BASIS FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The company accounts of Sparebanken Vest Boligkreditt AS 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).

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 are material are described in this note.

## CHANGES IN ACCOUNTING PRINCIPLES

There are no new standards that have entered into force with effect for the financial year 2024.

## FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are measured and classified in accordance with IFRS 9 and note disclosures have been prepared in accordance with IFRS 7 – Financial Instruments – Disclosures.

### Recognition and derecognition

Financial assets and liabilities are recognised in the balance sheet when the company becomes a part 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 deducted and recalculated if it has been subject to major changes. In such cases, changes in contract terms, materiality, as well as other commercial terms are considered.

## CURRENCY

The company's presentation currency is Norwegian kroner (NOK).

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.

## PROVISIONS

Provisions are made in accordance with IAS 37. For a provision to be made, an obligation must exist as a result of previous events, and it must be highly likely that the liability will have to be met. The proposed dividend are not formally decided on the balance sheet date and thus do not meet the criteria for being defined as a liability under IAS 37.

## 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 but whose nature makes them material to assessing the business.

## ACCOUNTING ESTIMATES AND DISCRETIONARY ASSESSMENTS

When preparing the annual accounts in accordance with IFRS, the company'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 company'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 company's loss model. See Note 6 for a more detailed description of the loss model.

For Sparebanken Vest Boligkreditt AS, the most important elements that involve a high degree of discretionary assessment will be the establishment of macro data in different scenarios and transforming a macro view into PD paths and the value of security. For assessment of macro prospects, the company has taken as its starting point the Monetary Policy Report from Norges Bank.

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 commitment. Objective events could be default of payment, illiquidity or other material financial problems on the part of the debtor.

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

The amount of the write-down 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. Write-downs are classified as a loss expense in the income statement.

When estimating write-downs on individual customers, both the current and expected future financial position is 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 historical data, the interpretation of available information and extensive use of discretion, among other things forward-looking macro variables for different scenarios, «translation» of macro view of the different industries' PD-trajectories and collateral values in addition to the more discretionary considerations that underpin the step classifications. The aforementioned discretion has been particularly challenging in a situation where the economic framework conditions are uncertain, as a consequence of interest rate hikes, high inflation and increasing energy prices.

## Note 1 Accounting principles (cont.)

### Stranded assets

Stranded assets are defined as assets that have been exposed to unforeseen or premature reductions in value. The decline in value is due to changes in external framework conditions, such as changes in technology, regulations, behaviour or markets. Increased exposure to climate risk also increases the risk of stranded assets.

The company has assessed potential stranded assets in the residential mortgage portfolio and looked at physical risk, like flooding, landslides and avalanches, at the location of the mortgaged dwellings. The conclusion was that even if some portion of the portfolio is exposed to physical climate risk, all dwellings in the cover pool are insured, and all insurance companies in Norway pool their risks stemming from natural damages, the company has therefore assessed that there is no need for write-downs in this context. The Group is actively working on the treatment of assets that may become climate stranded in the future and has updated internal routines and management documents to reduce future exposure.

### 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.

### 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 the 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 company 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.

### Derivative financial instruments and hedge accounting

Sparebanken Vest Boligkredit AS 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. 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. See Note 15 for more information.

For the volume of financial instruments classified at level 3 (subjective elements in the valuation), reference is made to Note 4. It also provides information about sensitivity relating to the parameters used in the calculations.

### Offsetting

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability. See Note 14 for more information.

### UPCOMING AMENDMENTS TO STANDARDS AND INTERPRETATIONS

IFRS 18 is a new accounting standard issued by the International Accounting Standards Board (IASB) in April 2024. It focuses on improving the presentation and disclosure of financial statements. The standard requires entities to present defined totals and subtotals, and classify income and expenses into categories such as operating, investing, financing, income taxes, and discontinued operations. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027.

It is assumed that planned future changes to existing accounting standards will not have a significant material effect on the company.

## Note 2 Classification and valuation of financial instruments

### Measurement categories

IFRS 9 has the following principles for classification and measurement:

- 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.

### Financial instruments recognised at 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 qualify for measurement at amortised cost. 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.

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

- *Loans with floating interest rates*
- *Receivables from credit institutions*
- *Financial liabilities with a floating interest rate*

### Fair value through other comprehensive income (FVOCI)

Sparebanken Vest Boligkredit AS does not have financial instruments in this category.

### Financial instruments at fair value through profit or loss

*Derivatives* are recognised in the balance sheet at fair value when the derivative contract is entered into, and thereafter at the current fair value. For more information about the scope and use of derivatives by the company, see Note 13.

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

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

*Fixed rate* loans are assigned to this category. This is because the company 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 company's fixed-rate financial debt is classified under this category. Gains and losses related to changes in own credit risk are recognized in the statement of other comprehensive income.

Changes in the value of derivatives and changes in the value of loans with a fixed interest rate are presented under "Net gains / losses on financial instruments".

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 2 Classification and valuation of financial instruments (cont.)

The following table shows the classification of financial assets and liabilities under IFRS 9 on the balance sheet date.

31 December 2024	Fair value through profit or loss (mandatory)	Fair value through profit or loss (option)	Hedge accounting <sup>1)</sup>	Amortised cost	Total book value
<b>Assets</b>					
Loans to and receivables from credit institutions				8 759	8 759
Loans to and receivables from customers		15 283		138 750	154 033
Certificates and bonds	2 156				2 156
Financial derivatives	3 555		2 950		6 504
<b>Total financial assets</b>	<b>5 710</b>	<b>15 283</b>	<b>2 950</b>	<b>147 509</b>	<b>171 452</b>

<b>Liabilities</b>					
Liabilities to credit institutions				27 951	27 951
Securitised debt		25 260	48 995	60 572	134 828
Financial derivatives	48		177		226
<b>Total financial liabilities</b>	<b>48</b>	<b>25 260</b>	<b>49 172</b>	<b>88 523</b>	<b>163 004</b>

### 31 December 2023

<b>Assets</b>					
Loans to and receivables from credit institutions				4 587	4 587
Loans to and receivables from customers		15 481		126 063	141 545
Certificates and bonds	2 645				2 645
Financial derivatives	3 006		1 795		4 801
<b>Total financial assets</b>	<b>5 651</b>	<b>15 481</b>	<b>1 795</b>	<b>130 650</b>	<b>153 578</b>
<b>Liabilities</b>					
Liabilities to credit institutions				21 507	21 507
Securitised debt		47 950	20 577	55 269	123 796
Financial derivatives	758		381		1 139
<b>Total financial liabilities</b>	<b>758</b>	<b>47 950</b>	<b>20 957</b>	<b>76 775</b>	<b>146 441</b>

<sup>1)</sup> Sparebanken Vest Boligkredit AS uses hedge accounting to manage interest rate risk for some long-term financial liabilities. 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 15.

### Note 3 Fair value of financial instruments recognised at amortized cost

	31/12-24		31/12-23	
	Balance sheet value	Fair value	Balance sheet value	Fair value
<b>Assets</b>				
Loans to and receivables from credit institutions	8 759	8 759	4 587	4 587
Loans to and receivables from customers	138 750	138 778	126 063	126 093
<b>Total</b>	<b>147 509</b>	<b>147 537</b>	<b>130 650</b>	<b>130 680</b>
<b>Liabilities</b>				
Liabilities to credit institutions	27 951	27 951	21 507	21 507
Securitised debt, amortized cost	60 572	60 717	55 269	55 298
Securitised debt, classified as hedge accounting	21 706	21 663	20 577	20 570
<b>Total</b>	<b>110 229</b>	<b>110 331</b>	<b>97 352</b>	<b>97 375</b>

Loans to and receivables from credit institutions are recognised at amortised cost. These are loans with floating interest rates and fair value is approx. amortised cost. The same applies to loans to and receivables from customers and liabilities to credit institutions.

#### Loans to and receivables from customers

Loans at amortised cost are written down in accordance with the rules in IFRS 9 as referred to in Note 7. Stage 1 impairment is model-based and will probably not affect the value of a loan in the event of a sale. The fair value of loans at amortised cost are therefore recognised at book value excluding Stage 1 impairment.

#### Liabilities to credit institutions, securitised debt and subordinated loans

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

## Note 4 Valuation hierarchy for financial instruments at fair value

Financial instruments recognised at fair value are recognised at fair value upon acquisition, and transaction costs are charged to income. Subsequent measurements are at fair value.

Fair value of listed investments is based on prevailing rates at the balance sheet date. For securities that are not listed or traded actively, the company uses prices mainly from Nordic Bond Pricing for bonds and certificates.

Interest rate derivatives are priced by discounting future cash flows using curves from Bloomberg. The value is assessed as reasonable by comparison with the counterparty's or clearing house's valuation where possible.

The value of fixed-rate loans is estimated by discounting cash flows with a risk-adjusted discount rate that takes into account the preferences of the market participants. The discount factor is calculated based on an observable swap rate plus a margin requirement. When estimating the margin requirement, the company looks at the observable market rates on similar loans. In addition, credit risk in the portfolio is assessed.

The swap rate element of the discount rate fluctuates continuously, while the observable market rates for similar loans do not change as frequently. The margin requirement is therefore estimated based on the difference between the market interest rate and the swap rate over a period of time.

Repurchases of own issued securities are netted against securities debt in the balance sheet (deducted).

Realized gains / losses as well as changes in the value of financial instruments at fair value through profit or loss, including dividends, are shown in the accounts under "Net gains / (losses) on financial instruments" during the period in which they arise.

### Level 1

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

### Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation methods. These valuation methods maximise the use of observable data where available and, as far as possible, are not based on the use of own estimates. If all the material data required to determine the fair value of an instrument are observable data, the instrument is included in level 2.

### Level 3

If one or more data items are not based on observable market information, the instrument is included in level 3.

31 December 2024	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Certificates and bonds	936	1 219		2 156
Loans to and receivables from customers			15 283	15 283
Financial derivatives		3 555		3 555
Financial derivatives designated for hedge accounting		2 950		2 950
<b>Total financial assets</b>	<b>936</b>	<b>7 723</b>	<b>15 283</b>	<b>23 943</b>
<b>Liabilities</b>				
Securitised debt		25 260		25 260
Securitised debt, classified as hedge accounting		27 289		27 289
Financial derivatives		48		48
Financial derivatives designated for hedge accounting		177		177
<b>Total liabilities</b>	<b>0</b>	<b>52 775</b>	<b>0</b>	<b>52 775</b>

	Loans to customers
<b>Financial instruments valued at level 3 as of 1 Jan. 2024</b>	15 481
Additions/acquisitions	2 379
Sales/redemption/repayment	-2 644
The year's value adjustment	66
<b>Financial instruments valued at level 3 as of 31 Dec. 2024</b>	<b>15 283</b>

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 32 million.

## Note 4 Valuation hierarchy for financial instruments at fair value (cont.)

31 December 2023	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Certificates and bonds	948	1 697		2 645
Loans to and receivables from customers			15 481	15 481
Financial derivatives		3 006		3 006
Financial derivatives designated for hedge accounting		1 795		1 795
<b>Total financial assets</b>	<b>948</b>	<b>6 498</b>	<b>15 481</b>	<b>22 928</b>
<b>Liabilities</b>				
Securitised debt		47 950		47 950
Financial derivatives		758		758
Financial derivatives designated for hedge accounting		381		381
<b>Total liabilities</b>	<b>0</b>	<b>49 089</b>	<b>0</b>	<b>49 089</b>
<b>Loans to customers</b>				
<b>Financial instruments valued at level 3 as of 1 Jan. 2023</b>				18 043
Additions/acquisitions			2 547	
Sales			-5 300	
The year's value adjustment			191	
<b>Financial instruments valued at level 3 as of 31 Dec. 2023</b>				<b>15 481</b>

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 31 million.

## Note 5 Risk classification of the credit portfolio

### Credit risk

Credit risk is the risk of losses if Sparebanken Vest Boligkreditt's customers are unable to meet their commitments to the company relating to loans, credit facilities, guarantees etc. Credit risk relating to derivative transactions is quantified using conversion factors that depend on the contract type and term to maturity.

### Risk classification of loans and guarantees

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

**i) Probability of default (PD)** is defined as the probability of a customer defaulting on a loan within the next 12 months. A default can be default of payment in excess of 90 days or other concrete circumstances ('unlikely to pay', cf. CRR/CRD), 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 by debt-servicing ability. Risk class K comprises commitments in default.

**ii) Expected exposure at default (EAD)** is an estimated amount that shows the total exposure in relation to the customer in the event of default. EAD is estimated according to Limit Factor Approach as a direct estimate of exposure at default.

**iii) Loss given default (LGD)** indicates the loss ratio on a commitment in default expressed as a percentage of EAD. For the retail market (PM) this is calculated based on internal models. Collateral type, value, and the probability of recovery are key parameters in the calculation of the loss ratio. In addition to calculating the expected loss ratio, adjustments are made for downturns by calculating the "downturn LGD". This is used for capital adequacy purposes.

The scorecard models combine internal and external data to predict statistical relationships. The results are interpreted and form the basis for logical key figures, and they have a central place in the management of credit risk. A risk classification of all commitments is carried out every month in which data from internal and external sources are retrieved automatically.

### 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%

### Loans broken down by risk class

	Commitment		Write-downs	
	31/12-24	31/12-23	31/12-24	31/12-23
A-D	145 636	125 463	21	21
E-H	15 539	23 210	26	24
I-J	1 364	1 710	34	28
K	220	127	26	22
<b>Total</b>	<b>162 759</b>	<b>150 510</b>	<b>106</b>	<b>96</b>

## Note 6 Description of the impairment model under IFRS 9

This note describes the company's impairment model for financial assets that are debt instruments and that are not classified at fair value through profit or loss.

Sparebanken Vest Boligkreditt AS has prepared a procedure for the quarterly calculation of losses based on data warehouses that contain 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 will be 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 default rate (PD) and the observed loss given default (LGD) form the basis for producing good estimates of future PD and LGD values. Sparebanken Vest Boligkreditt AS uses self-developed macro model to be able 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 at the same time as LGD and EAD are estimated for serious economic downturns.

In line with IFRS 9, the company 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 instalments paid more than 30 days after the due date. In other words, each individual loan (or commitment) is classified as Stage 1, 2 or 3. This means that one and the same customer can have loans classified in different stages.

Sparebanken Vest Boligkreditt AS 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. Validation shows that it is accurate for PD estimates from PD models both short and long timeframes. Lifetime is set equal to the remaining term for those engagements that have information about agreed redemption.

**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 incidents 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. For these assets, a provision for lifetime expected losses will be made. As regards delimitation in relation to Stage 1, the company itself defines what constitutes a significant increase in credit risk. However, IFRS 9 states that a significant increase in credit risk will have occurred, unless this can be refuted, if a significant overdraft has a duration 30 to 90 days (90 days or more is defined as a default).

### PD

The company uses the PD level as the primary criteria for significantly increased credit risk. Predicted PD at the time of reporting is compared with predicted PD in the active model version, rescored at the time the loan was furnished. If PD has

more than doubled since the loan was furnished and is at least 0.6%, it is classified as Stage 2.

### Payment reliefs

Commitments with payment reliefs are also classified as Stage 2. Commitments with payment facilities include commitments where more favourable terms have been provided (renegotiation), or refinancing of a commitment, as a result of the debtor having financial problems. The criterion that the debtor is in financial difficulties distinguishes payment facilitations from ordinary commercial renegotiation of terms. In other words, it is an additional factor that the company would not have granted a loan on these terms in an ordinary loan issue. This defines "forbearance". If a commitment falls into this category, a quarantine of 24 months is generated before it is declared healthy. These engagements are overridden to Stage 2 - if they do not already exist in Stage 2 or 3, and PD can be upregulated.

**Stage 3:** Stage 3 of the loss model includes 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. For these assets, a provision for lifetime expected losses 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 commitment.

The definition of default in Stage 3 also concurs with internal risk management and capital requirement calculations. Also here, 90 days' delayed payment is used as an important criterion for default.

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

Commitments will migrate from Stage 3 to Stage 2 when they are no longer in default. Commitment in Stage 2 will migrate to Stage 1 at the time a commitment does not have a significant increase in credit risk since the inclusion date according to the definitions referred to above. The exception is commitment registered as forbearance which has a quarantine period if it has first come into this category.

### Recognition and derecognition

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. Reference is otherwise made to the section on recognition and derecognition in Note 1 - Accounting principles. The need to write down the loan (the loss being booked against the customer's loan) is confirmed once all security has been realised and it is certain 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 basis for the macro bases case is taken from SSB's (Statistics Norway) macroeconomic figures. This ensures independence in the forecasts and good quality of input. The three scenarios in the model consist of a neutral case that covers a probability range of 60%, as well as a downside case and an upside case with a

## Note 6 Description of the impairment model under IFRS 9 (cont.)

probability weight of 20%. Scenarios are used to adjust for nonlinear properties of the subcomponents of the ECL calculation.

### Segment adjustment

In collaboration with its parent bank, Sparebanken Vest Boligkredit has divided the lending portfolio into 14 corporate market segments and 2 retail market segments. For the company, the majority of the portfolio consists of retail market commitments. The credit department makes an assessment of the future prospects in each segment on a seven-point scale, where the future prospects can be adjusted up and down three levels from neutral future prospects.

The PD trajectory for the individual segment/scenario is decided on the basis of a holistic assessment where historically observed PD and economic development outlined by the macro data is taken into account. It is further defined which macro data that are considered to affect the individual segment, in addition to which change in the relevant macro data that trigger the need for adjustment. The ambition is to maintain coherence between changes in the PD trajectories and the economic development indicated by the relevant macro data for the different scenarios. To the extent observed PD is changed, or there are specific industry characteristics that are expected to influence future development, the aim is to reflect this in the PD trajectories. Although the development in macro data is the primary source of any adjustments in the PD trajectories, these will also be influenced by discretion.

### Model calculation

Based on the division of commitments into different stages, the use of forward-looking probability of default (PD paths) and LGD-estimates, expected losses are calculated in the company's loss provision model.

In principle, losses per year are calculated using modelled exposure  $\times$  PD  $\times$  LGD for each year. Losses are discounted on the basis of the effective interest rate for the instruments until the time of reporting and added together. A weighted sum is then calculated for each scenario.

Calculations and assumptions are subject to independent validation by the parent bank's validation function.

## Note 7 Breakdown of gross lending between different stages of IFRS 9

The table below explains the change in lending for each stage in IFRS 9, from opening balance to closing balance. Principles for classification within stages are described in Note 6.

Gross lending recognised at amortised cost	Calculated by model			Total calculated by model	Individually assessed losses	Stage 3	Total
	Stage 1	Stage 2	Stage 3				
Gross lending as of 1 January 2024	122 408	3 627	118	126 153	4	4	126 157
Transferred to 12-month ECL (Stage 1)	916	-909	-7	0	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-1 776	1 804	-28	0	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3)							
– Calculated using model	-42	-109	151	0	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3)							
– Individually assessed	0	0	0	0	0	0	0
Newly issued or acquired financial assets	47 906	1 169	26	49 100	0	0	49 100
Financial assets derecognised – excluding loss write-down	-36 618	-1 175	-60	-37 852	-3	-3	-37 856
Net change in existing loans	1 295	151	7	1 453	0	0	1 453
Other movements	0	0	0	0	0	0	0
<b>Gross lending as of 31 December 2024 recognised at amortised cost</b>	<b>134 090</b>	<b>4 558</b>	<b>207</b>	<b>138 855</b>	<b>0</b>	<b>0</b>	<b>138 855</b>
Loss write-down	-28	-52	-26	-105	0	0	-105
Net lending as of 31 December 2024 recognised at amortised cost	134 062	4 507	181	138 750	0	0	138 750
Lending valued at fair value							15 283
<b>Capitalised lending as of 31 December 2024</b>							<b>154 033</b>

Gross lending recognised at amortised cost	Calculated by model			Total calculated by model	Individually assessed losses	Stage 3	Total
	Stage 1	Stage 2	Stage 3				
Gross lending as of 1 January 2023	105 556	3 550	140	109 246	0	0	109 246
Transferred to 12-month ECL (Stage 1)	1 434	-1 433	-1	0	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-1 789	1 810	-20	0	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3)							
– Calculated using model	-25	-40	66	0	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3)							
– Individually assessed	0	-3	0	-4	4	4	0
Newly issued or acquired financial assets	48 857	863	12	49 731	0	0	49 731
Financial assets derecognised – excluding loss write-down	-34 282	-1 266	-81	-35 629	0	0	-35 630
Net change in existing loans	2 658	148	4	2 810	0	0	2 810
Other movements	0	0	0	0	0	0	0
<b>Gross lending as of 31 December 2023 recognised at amortised cost</b>	<b>122 408</b>	<b>3 627</b>	<b>118</b>	<b>126 153</b>	<b>4</b>	<b>4</b>	<b>126 157</b>
Loss write-down	-30	-41	-22	-94	0	0	-94
Net lending as of 31 December 2023 recognised at amortised cost	122 378	3 585	96	126 060	4	4	126 063
Lending valued at fair value							15 481
<b>Capitalised lending as of 31 December 2023</b>							<b>141 545</b>

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

Stage 1 is the starting point for financial assets covered by the general loss model, for which a provision will be made corresponding to 12-month expected losses. 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. Commitments at Stage 1 and 2 are assessed at portfolio level (calculated by model).

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

## Note 8 Write-down on loans and unused credit facilities

The table below explains the change in expected loss (loss provision) from opening balance to closing balance. Principles for classification within stages and measurement of expected loss are described in Note 6.

Changes in write-downs under IFRS 9 on loans and unused credit facilities	Calculated by model			Total calculated by model losses	Individually assessed	Total
	Stage 1	Stage 2	Stage 3			
Loss provision in opening balance, IFRS 9, at 1 January 2024	31	42	22	96	0	96
Transferred to 12-month ECL (Stage 1)	9	-6	-2	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-1	6	-5	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3)						
– Calculated by model	0	-2	2	0	0	0
– Individually assessed	0	0	0	0	0	0
Net new measurement of losses	-9	17	13	22	0	22
Newly issued or acquired financial assets	9	9	1	20	0	20
Financial assets derecognised	-10	-14	-7	-31	0	-31
<b>Loss provision at 31 December 2024</b>	<b>29</b>	<b>52</b>	<b>26</b>	<b>106</b>	<b>0</b>	<b>106</b>
Loan loss provision	28	52	26	105	0	105
Provision for unused credit facilities	1	0	0	1	0	1
<b>Total loss provision</b>	<b>29</b>	<b>52</b>	<b>26</b>	<b>106</b>	<b>0</b>	<b>106</b>

### Loss cost for the period:

Changes in individual write-downs for the period	0
Confirmed loss in the period with previous individual write-down	0
Confirmed loss in the period with no previous individual write-down	2
Recoveries in previously confirmed write-downs	-1
Net effect on profit/loss from individual write-downs	1
Changes in losses for the period, calculated by model (Stage 1-3)	10
<b>Loss cost for the period</b>	<b>11</b>

Gross lending recognised at amortised cost at 31 December 2024	134 090	4 558	207	138 855	0	138 855
Loss write-down	-28	-52	-26	-105	0	-105
Net lending recognised at amortised cost in the balance sheet	134 062	4 506	181	138 750	0	138 750
Loans valued at fair value						15 283
<b>Capitalised lending at 31 December 2024</b>						<b>154 033</b>

Loans that have been recorded as losses, but which are still subject to follow-up amount to a total of 34 MNOK as of 31 December 2024 and 33 MNOK as of 31 December 2023.

<sup>1</sup>ECL = Expected Credit Loss

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

Confirmation of the loss write-down (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.

## Note 8 Write-down on loans and unused credit facilities (cont.)

Changes in write-downs under IFRS 9 on loans and unused credit facilities	Calculated by model			Total calculated by model losses	Individually assessed	Total
	Stage 1	Stage 2	Stage 3			
Loss provision in opening balance, IFRS 9, at 1 January 2023	9	33	10	52	0	52
Transferred to 12-month ECL (Stage 1)	10	-10	0	0	0	0
Transferred to lifetime ECL – no objective evidence of loss (Stage 2)	-1	2	-1	0	0	0
Transferred to lifetime ECL – objective evidence of loss (Stage 3)						
– Calculated by model	0	-1	1	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	23	18	46	0	46
Newly issued or acquired financial assets	12	6	1	19	0	19
Financial assets derecognised	-3	-12	-6	-21	0	-21
<b>Loss provision at 31 December 2023</b>	<b>31</b>	<b>42</b>	<b>22</b>	<b>96</b>	<b>0</b>	<b>96</b>
Loan loss provision	30	41	22	94	0	94
Provision for unused credit facilities	1	1	0	2	0	2
<b>Total loss provision</b>	<b>31</b>	<b>42</b>	<b>22</b>	<b>96</b>	<b>0</b>	<b>96</b>
<b>Loss cost for the period:</b>						
Changes in individual write-downs for the period						0
Confirmed loss in the period with previous individual write-down						1
Confirmed loss in the period with no previous individual write-down						3
Recoveries in previously confirmed write-downs						-1
Net effect on profit/loss from individual write-downs						2
Changes in losses for the period, calculated by model (Stage 1-3)						44
<b>Loss cost for the period</b>						<b>46</b>
Gross lending recognised at amortised cost at 31 December 2023	122 409	3 626	118	126 153	4	126 157
Loss write-down	-30	-41	-22	-94	0	-94
Net lending recognised at amortised cost in the balance sheet	122 379	3 585	96	126 060	4	126 063
Loans valued at fair value						15 481
<b>Capitalised lending at 31 December 2023</b>						<b>141 545</b>

Loans that have been recorded as losses, but which are still subject to follow-up amount to a total of 33 MNOK as of 31 December 2023 and 31 MNOK as of 31 December 2022.

## Note 9 Loans broken down by receivable type, markets and geographical areas

### Segment information

The company's operations are managed as one segment. Most of the loan portfolio is related to the retail market.

	31/12-24	31/12-23
<b>Loans broken down by type of receivable</b>		
Flexible loans	17 291	15 724
Instalment loans	136 848	125 915
<b>Gross loans to customers</b>	<b>154 138</b>	<b>141 639</b>
Individual assessed write-downs, loans	0	0
Calculated by model write-downs, loans	-105	-94
<b>Net loans to and receivables from customers</b>	<b>154 033</b>	<b>141 545</b>
<b>Commitments in default</b>	<b>31/12-24</b>	<b>31/12-23</b>
Up to 30 days	104	87
31-60 days	26	23
61-90 days	21	8
More than 90 days	90	32
<b>Net commitments in default</b>	<b>241</b>	<b>150</b>

### Loans broken down by geographical area

31 December 2024	Percentage	Loans	Write-downs
Vestland	54,5%	84 011	64
Rogaland	13,3%	20 550	17
Møre og Romsdal	1,6%	2 496	5
Oslo	10,1%	15 517	6
Akershus	9,4%	14 522	5
Østfold	2,2%	3 324	2
Buskerud	2,0%	3 015	1
Other	6,9%	10 627	5
<b>Total Norway</b>	<b>100,0%</b>	<b>154 062</b>	<b>104</b>
Abroad	0,0%	77	1
<b>Total geographical areas</b>	<b>100,0%</b>	<b>154 138</b>	<b>105</b>

31 December 2023	Percentage	Loans	Write-downs
Vestland	58,5%	82 896	61
Rogaland	13,3%	18 788	17
Møre og Romsdal	1,5%	2 151	2
Oslo	9,0%	12 713	4
Viken	11,8%	16 696	6
Other	5,9%	8 300	4
<b>Total Norway</b>	<b>99,9%</b>	<b>141 545</b>	<b>94</b>
Abroad	0,1%	94	0
<b>Total geographical areas</b>	<b>100,0%</b>	<b>141 639</b>	<b>94</b>

Distribution is made based on the loan owner's address.

## Note 10 Total commitments

<b>31 December 2024</b>	<b>Gross loans</b>	<b>Unused credit facilities</b>	<b>Total commitments</b>
Retail customers, domestic	151 757	8 497	160 254
Retail customers, foreign	78	0	78
Sole proprietorships secured by mortgage on homes	2 304	123	2 427
<b>Total gross commitments</b>	<b>154 138</b>	<b>8 621</b>	<b>162 759</b>
- Individual write-downs	0	0	0
- Group write-downs	-105	-1	-106
<b>Total net commitments</b>	<b>154 033</b>	<b>8 620</b>	<b>162 653</b>

<b>31 December 2023</b>	<b>Gross loans</b>	<b>Unused credit facilities</b>	<b>Total commitments</b>
Retail customers, domestic	139 475	8 731	148 206
Retail customers, abroad	98	0	98
Sole proprietorships secured by mortgage on homes	2 066	140	2 206
<b>Total gross commitments</b>	<b>141 639</b>	<b>8 871</b>	<b>150 510</b>
- Individual write-downs	0	0	0
- Group write-downs	-94	-2	-96
<b>Total net commitments</b>	<b>141 545</b>	<b>8 869</b>	<b>150 414</b>

## Note 11 Loan to value

Gross loans are secured by mortgages. The collateral objects consist of real property.

The table below shows the percentage breakdown of commitments relating to different levels of secured loans. The proportion of each loan that coincides with an LTV range is reported within that range.

<b>Loan to value</b>	<b>31/12-24</b>	<b>31/12-23</b>
0%-60%	94,8%	92,5%
60%-80%	5,1%	6,9%
80%-90%	0,1%	0,3%
90%-100%	0,0%	0,1%
> 100%	0,0%	0,1%
<b>Total</b>	<b>100,0%</b>	<b>100,0%</b>

Sparebanken Vest Boligkredit transfers residential mortgages with a loan-to-value (LTV) ratio of up to 85% from the parent bank Sparebanken Vest. However, Sparebanken Vest Boligkredit only include mortgages with an LTV ratio of up to 80% in the cover pool. The property values are monitored quarterly for mortgages from Sparebanken Vest and monthly from Bulder using advanced statistical models.

## Note 12 Certificates and bonds

Certificates and bonds are recognised at fair value (see note 2).

	Cost price	Fair value at 31 Dec. 2024
DNB Boligkredit AS	706	713
Eika Boligkredit AS	201	202
European Investment Bank	535	524
International Bank for Reconstruction and Development	413	411
Kommuninvest i Sverige	1	1
Sparebank1 Boligkredit AS	303	305
<b>Total</b>	<b>2 159</b>	<b>2 156</b>

	Cost price	Fair value at 31 Dec. 2023
DNB Boligkredit AS	950	960
European Investment Bank	536	531
International Bank for Reconstruction and Development	413	417
Sparebank1 Boligkredit AS	303	306
Stadshypotek AB	431	431
<b>Total</b>	<b>2 633</b>	<b>2 645</b>

Sparebanken Vest Boligkredit AS accept credit spread risk by investing in fixed-income securities. To manage this risk, the exposure measured by the methodology developed by the FSA. This estimate changes in the value of bonds, taking into account the rating and maturity. The limit is set as the maximum estimated value change by this method. Calculation is performed according to the method described in market risk strategy.

## Note 13 Financial derivatives

Financial derivatives in the accounts are agreements entered into with financial institutions to stipulate interest terms and exchange rates for specific periods. The derivatives are recognised at fair value (see note 2).

The company mainly uses financial derivatives for hedge accounting of borrowings in foreign currency and/or fixed interest borrowings. The hedging instruments comprise interest rate and cross currency interest rate swaps. See the accounting principles and estimates and note 21 Market risk for a more detailed description.

	31/12-24		
	Nom. value	Positive market value	Negative market value
Interest rate derivatives	19 306	437	14
Interest rate and currency derivatives	29 630	3 118	35
<b>Total interest rate instruments</b>	<b>48 936</b>	<b>3 555</b>	<b>48</b>
Interest rate derivatives designated for hedge accounting	3 750	10	177
Interest rate and currency derivatives designated for hedge accounting	47 196	2 940	0
<b>Total derivatives designated for hedge accounting</b>	<b>50 946</b>	<b>2 950</b>	<b>177</b>
<b>Total derivatives</b>	<b>99 882</b>	<b>6 504</b>	<b>226</b>

	31/12-23		
	Nom. value	Positive market value	Negative market value
Interest rate derivatives	19 769	680	53
Interest rate and currency derivatives	54 074	25	950
<b>Total interest rate instruments</b>	<b>73 843</b>	<b>705</b>	<b>1 003</b>
Interest rate derivatives designated for hedge accounting	3 750	16	136
Interest rate and currency derivatives designated for hedge accounting	16 896	4 080	0
<b>Total derivatives designated for hedge accounting</b>	<b>20 646</b>	<b>4 096</b>	<b>136</b>
<b>Total derivatives</b>	<b>94 489</b>	<b>4 801</b>	<b>1 139</b>

## Note 14 Offsetting

Sparebanken Vest Boligkreditt uses bilateral ISDA/CSA agreements with external counterparties or the parent bank when entering into derivative contracts. The agreements allows mark-to-market settlement to be netted.

The CSA collateral agreements are one-sided, meaning that only the counterparty must provide collateral when the market value fluctuates. In most agreements, collateral from the counterparty shall be made daily when the market value is in Sparebanken Vest Boligkreditts favour (zero threshold).

The CSA agreement contains rating clauses whereby the counterparty must post more collateral if the rating drops below defined rating triggers. If the rating falls below a predetermined level, the counterparty must novate the contracts to another counterparties at the counterparties own expense.

	Gross capitalised value	Amount to be offset on balance sheet <sup>1</sup>	Capitalised value	Netting agreements <sup>1</sup>	Other security/ collateral	Amount after possible net payment
<b>31 December 2024</b>						
Loans to and receivables from credit institutions	8 759	0	8 759	0	0	8 759
Financial derivatives – assets	6 504	0	6 504	58	6 343	103
Liabilities to credit institutions	27 951	0	27 951	0	6 343	21 608
Financial derivatives – liabilities	226	0	226	58	0	168
<b>31 December 2023</b>						
Loans to and receivables from credit institutions	4 587	0	4 587	0	0	4 587
Financial derivatives – assets	4 801	0	4 801	94	2 428	2 279
Liabilities to credit institutions	21 507	0	21 507	0	2 428	19 079
Financial derivatives – liabilities	1 139	0	1 139	94	0	1 045

<sup>1</sup> Netting agreements are not offset on the balance sheet, because the transactions are not settled on a net basis.

## Note 15 Hedge accounting of debt established by issuing securities

The company uses hedge accounting to ensure an accounting treatment that reflects how interest rate risk and currency risk are managed for large long-term borrowings. 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 company'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. Presentation of changes in value of the hedged items are included in the same line.

31 December 2024		Hedging instrument nominal value	Hedged item nominal value	Ineffectiveness nominal value
Borrowing at a fixed interest rate:		<i>Interest rate swaps</i>		
Nominal value NOK		3 750	3 750	0
Borrowing in currency at a fixed interest rate:		<i>Interest rate and currency swaps</i>		
Nominal value EUR		4 000	4 000	0
		Hedging instrument Book value	Hedged item Book value	Recognised ineffectiveness
Book value assets		2 950		
Book value liabilities		177	48 995	
Accumulated changes in value, closing balance		2 644	-2 897	
Accumulated changes in value, opening balance		1 448	-1 497	
Changes in fair value		1 196	-1 400	-204
Conversion of bonds from fair value through profit or loss to hedge accounting				28
Changes in currency				-1
Recognized inefficiency in dissolution of hedging				-4
<b>Total</b>				<b>-181</b>
Change in unrealised value recognised through profit or loss (gain/loss financial instruments)				12
Changes in value recognised through other comprehensive income (base margin)				-193
<b>Total</b>				<b>-181</b>

## Note 15 Hedge accounting of debt established by issuing securities (cont.)

31 December 2023		Hedging instrument nominal value	Hedged item nominal value	Ineffectiveness nominal value
Borrowing at a fixed interest rate:		<i>Interest rate swaps</i>		
Nominal value NOK		3 750	3 750	0
Borrowing in currency at a fixed interest rate:		<i>Interest rate and currency swaps</i>		
Nominal value EUR		1500	1500	0
		Hedging instrument Book value	Hedged item Book value	Recognised ineffectiveness
Book value assets		1 795		
Book value liabilities		381	20 577	
Accumulated changes in value, closing balance		1 448	-1 497	
Accumulated changes in value, opening balance		1 150	-1 172	
Changes in fair value		298	-324	-26
Changes in currency				3
Recognized inefficiency in dissolution of hedging				-1
<b>Total</b>				<b>-24</b>
Change in unrealised value recognised through profit or loss (gain/loss financial instruments)				-15
Changes in value recognised through other comprehensive income (base margin)				-9
<b>Total</b>				<b>-24</b>

## Note 16 Loans to and receivables from credit institutions

	31/12-24	31/12-23
No agreed term to maturity or period of notice	8 759	4 587
<b>Net loans to and receivables from credit institutions</b>	<b>8 759</b>	<b>4 587</b>
<b>Geographical areas</b>		
Vestland	8 759	4 587
<b>Total geographical areas</b>	<b>8 759</b>	<b>4 587</b>

Receivables from credit institutions are classified at amortised cost and are in their entirety receivables from the parent company Sparebanken Vest (see note 25).

There is no agreed term to maturity or period of notice for the receivable.

## Note 17 Liabilities to credit institutions

Liabilities to credit institutions is classified at amortised cost (see note 2).

	31/12-24	31/12-23
Without fixed maturity	6 358	2 428
With agreed term to maturity	21 593	19 079
<b>Debt to credit institutions</b>	<b>27 951</b>	<b>21 507</b>

Liabilities to credit institutions is classified at amortised cost, and is mainly liability to Sparebanken Vest (see note 25). As compensation, the company pays interest corresponding to 3 months Nibor -0,35%. A term to maturity of 13 months has been agreed.

## Note 18 Securitised debt

Securitised debt is classified at amortised cost or subject to hedge accounting (see note 2).

Covered bonds						Net outstanding balance		
ISIN CODE	Currency	Nominal value	Type	Interest rate	Issue	Maturity year	31/12-24	31/12-23
NO0010634546	NOK	500	Fixed	4,50%	2012	2027	517	523
XS1565074744	EUR	0	Fixed	0,375%	2017	2024	0	5 625
XS1781811143	EUR	500	Fixed	0,75%	2018	2025	5 917	5 503
NO0010833387	NOK	3 250	Fixed	2,70%	2018	2028	3 084	3 130
NO0010835390	NOK	0	Floating	3M Nibor + 0,42%	2018	2024	0	6 078
XS1951084638	EUR	750	Fixed	0,50%	2019	2026	8 700	8 071
NO0010849367	NOK	0	Fixed	2,03%	2019	2024	0	300
NO0010873805	NOK	9 000	Floating	3M Nibor + 0,28%	2020	2025	9 018	9 017
XS2174487277	EUR	50	Floating	3M Euribor + 1,25%	2020	2025	596	576
XS2199484929	EUR	500	Fixed	0,01%	2020	2027	5 554	5 120
XS2237321190	EUR	500	Fixed	0,01%	2020	2025	5 771	5 330
XS2270414712	SEK	5 300	Floating	3M Stibor + 0,75%	2020	2025	5 508	5 482
NO0010985674	NOK	10 000	Floating	3M Nibor + 0,75%	2021	2026	10 155	10 203
XS2397352233	EUR	750	Fixed	0,01%	2021	2026	8 469	7 812
XS2434412859	EUR	750	Fixed	0,375%	2022	2032	7 495	6 968
NO0012519687	NOK	10 050	Floating	3M Nibor + 0,35%	2022	2027	10 150	10 143
XS2536376416	EUR	750	Fixed	2,50%	2022	2027	8 905	8 417
NO0012805748	NOK	9 750	Floating	3M Nibor + 0,48%	2023	2028	9 774	7 761
NO0012913906	NOK	6 000	Floating	3M Nibor + 0,51%	2023	2028	6 010	6 009
NO0012987165	NOK	1 850	Fixed	4,50%	2023	2033	1 895	916
NO0013027995	NOK	1 000	Fixed	4,85%	2023	2028	1 025	1 054
XS2696811368	SEK	3 000	Fixed	4,09%	2023	2028	3 263	3 247
NO0013035907	NOK	650	Fixed	4,43%	2023	2038	663	714
XS2717426576	EUR	500	Fixed	3,375%	2023	2028	6 085	5 795
NO0013149047	NOK	6 500	Floating	3M Nibor + 0,56%	2024	2029	6 573	0
XS2769887600	EUR	35	Floating	3M Euribor + 0,37%	2024	2029	414	0
XS2824740778	EUR	500	Fixed	3,00%	2024	2029	6 102	0
XS2937252174	SEK	1 800	Floating	3M Stibor + 0,40%	2024	2029	1 856	0
XS2944441810	SEK	500	Floating	3M Stibor + 0,42%	2024	2029	517	0
NO0013436592	NOK	820	Fixed	4,22%	2024	2034	810	0
<b>Total securities issued</b>							<b>134 828</b>	<b>123 796</b>

## Note 19 Overcollateralisation

<b>Cover pool</b>	<b>31/12-24</b>	<b>31/12-23</b>
Pool of eligible loans	153 573	140 088
Supplementary assets	10 878	7 178
<b>Total collateralised assets</b>	<b>164 451</b>	<b>147 266</b>
Debt securities issued	128 141	120 032
Own holding	0	0
<b>Total covered bonds in the cover pool, including own holding</b>	<b>128 141</b>	<b>120 032</b>
<b>Net overcollateralisation incl. HQLA<sup>1)</sup> in the LCR portfolio</b>	<b>36 310</b>	<b>27 234</b>
<i>Net overcollateralisation excl. HQLA in the LCR portfolio</i>	<i>34 191</i>	<i>24 643</i>
<b>Collateralisation (per cent) incl. HQLA in the LCR portfolio</b>	<b>128%</b>	<b>123%</b>
<i>Collateralisation (per cent) excl. HQLA in the LCR portfolio</i>	<i>127%</i>	<i>121%</i>
Overcollateralisation in excess of the minimum requirement of 105%.	29 903	21 233

The cover pool represents assets in the balance sheet that are designated as collateral for issued covered bonds. The overcollateralisation in the cover pool indicates the relationship between the cover pool and issued covered bonds. NOK 603 million of mortgages are not eligible for the cover pool.

## Note 20 Liquidity risk/remaining term to maturity

Liquidity risk is defined as the risk of the company being unable to refinance its debt as it falls due or being unable to finance increases in assets. The company's liquidity risk is assessed on the basis of the company's balance sheet structure, including the company's dependence on financing and the extra cost associated with raising money market financing with a long term to maturity compared with financing with a shorter term to final maturity. Sparebanken Vest Boligkreditt's current strategy takes account of the recommendations from the Basel Committee with respect to good liquidity management for lending institutions.

The company's Liquidity Coverage Ratio ("LCR") was 160,61% as of 31 December 2024.

In the following table, bond debt and deposits are included at nominal value.

Remaining term to maturity for balance sheet items at 31/12-24	Up to 1 months	From 1-3 months	From 3 months to 1 year	From 1-5 years	More than 5 years	Total
Liabilities to credit institutions <sup>1)</sup>	6 358	0	0	21 593	0	27 951
Securitised debt	0	5 900	20 954	95 318	14 025	136 197
Interest disbursements	271	618	2 972	8 073	913	12 847
Financial derivatives, gross settlement (outflows)	101	5 830	13 972	50 177	10 789	80 869
<b>Total liabilities</b>	<b>6 730</b>	<b>12 348</b>	<b>37 898</b>	<b>175 161</b>	<b>25 727</b>	<b>257 864</b>
Financial derivatives, gross settlement (inflows)	58	6 243	13 524	52 753	11 724	84 302

<sup>1)</sup> Debt to credit institutions is agreed to have a term to maturity of 13 months.

Remaining term to maturity for balance sheet items at 31/12-23	Up to 1 months	From 1-3 months	From 3 months to 1 year	From 1-5 years	More than 5 years	Total
Liabilities to credit institutions <sup>1)</sup>	2 428	0	0	19 079	0	21 507
Securitised debt	0	5 632	6 367	104 440	9 948	126 387
Interest disbursements	187	687	2 723	8 243	606	12 448
Financial derivatives, gross settlement (outflows)	112	5 345	2 439	58 828	8 724	75 448
<b>Total liabilities</b>	<b>2 728</b>	<b>11 664</b>	<b>11 530</b>	<b>190 590</b>	<b>19 278</b>	<b>235 789</b>
Financial derivatives, gross settlement (inflows)	63	6 008	1 322	60 726	9 176	77 294

<sup>1)</sup> Debt to credit institutions is agreed to have a term to maturity of 13 months.

## Note 21 Market risk

Sparebanken Vest Boligkreditt defines market risk as the risk of a loss on financial instruments as the result of changes in market variables and/or market conditions within a specified time band. Market risk arises as a result of the company 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 the result of changes in the interest rate markets.
- Currency risk: The risk of a loss as the result of changes in exchange rates.
- Credit spread risk: The risk of a loss as the result of changes in credit spreads.

The company is not exposed to risk relating to equity instruments.

The company's market risk is managed on the basis of limits on maximum exposure to interest rate and currency risk adopted by the board of directors. The interest rate risk limits are established at a total level (maximum +/- NOK 190 million) as well as in the individual time buckets described below (maximum +/- NOK 190 million in each bucket).

Interest rate risk is defined as the risk of a loss as the result of changes in the interest rate. Sparebanken Vest Boligkreditt's balance sheet largely consists of loans to the retail market at floating interest rates and borrowings through the issuing of covered bonds. For covered bonds issued at a fixed interest rate, swap agreements are entered into at floating interest rates at the same time as the bond agreements are entered into. In the company's view, the interest rate risk is therefore low. See the tables below for sensitivity analyses relating to interest rate risk.

All the company's home mortgage loans are in NOK. Currency risk that arises as the result of bonds being issued in foreign currency are hedged using currency swaps on the start date with repayment on the due date. The company has some currency risk in the form of investments in the liquidity portfolio in EUR and SEK due to LCR requirements.

The company has established hedge accounting for bonds issued at fixed interest rates and/or in foreign currency. See the relevant section in note 1 for a more detailed description of the principles.

The table below shows the potential losses/gains in the event of a parallel interest rate increase of one percentage point for the company's overall positions.

### Interest rate sensitivity by period

31 December 2024	0-3 months	3-12 months	1-3 years	3-5 years	More than 5 years	Total
------------------	------------	-------------	-----------	-----------	-------------------	-------

Change in balance sheet value	-83,5	-0,6	-5,8	-3,8	-6,3	<b>-100,0</b>
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31 December 2023	0-3 months	3-12 months	1-3 years	3-5 years	More than 5 years	Total
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Change in balance sheet value	-45,0	3,3	-9,4	2,3	-2,7	<b>-51,4</b>
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### Interest rate sensitivity broken down by balance sheet items

Balance sheet	31/12-24	31/12-23
Loans	-558,8	-498,7
Certificates and bonds	-1,8	-2,3
<b>Total assets</b>	<b>-560,6</b>	<b>-501,0</b>
Certificates and bonds	140,0	108,6
<b>Total liabilities</b>	<b>140,0</b>	<b>108,6</b>
Derivatives	320,7	340,9
<b>Total</b>	<b>-100,0</b>	<b>-51,4</b>

## Note 22 Net interest and credit commission income

### Income statement of interest

Interest income is calculated using the effective interest method on gross capitalized assets. The effective interest rate is the interest rate that accurately discounts the future cash flow, through the expected life of the financial instrument, to the instrument's gross book value at the time of recognition. This entails ongoing income recognition of nominal interest, plus amortization of establishment fees less direct establishment costs and other additional payments or discounts.

For debt securities on the asset side, recorded at amortized cost and written down as a result of objective evidence of losses (see note 6), interest is recognized as income based on the net balance sheet amount.

### Calculation of interest

The interest expense for financial instruments measured at amortized cost follows analogously as described on income recognition of interest for assets. The cost is the interest rate that accurately discounts the future cash flow on the instrument, including any amortization of costs at the time of establishment. For financial debt measured at fair value, costs are expensed at the time of recognition and the interest rate then consists of accrued interest payments for the instrument.

	2024	2023
Interest and similar income from loans to and receivables from credit institutions valued at amortised cost	313	181
Interest and similar income from loans to and receivables from customers valued at amortised cost	7 733	5 665
Interest and similar income from loans to and receivables from customers valued at fair value	862	903
Interest and similar income from commercial papers, bonds and other interest-bearing securities	146	88
<b>Interest income and similar income</b>	<b>9 054</b>	<b>6 837</b>
Interest and similar expenses on debt to credit institutions	1 365	1 006
Interest and similar expenses on issued securities	6 361	4 878
Fee Norwegian Banks' Resolution Fund	21	30
<b>Interest expenses and similar expenses</b>	<b>7 747</b>	<b>5 915</b>
<b>Net interest</b>	<b>1 307</b>	<b>923</b>

## Note 23 Net gains/(losses) on financial instruments

	2024	2023
Net gains/(losses) on fixed interest rate mortgages	64	191
Net gains/(losses) related to interest swaps for fixed interest rate mortgages	-75	-205
Net gains/(losses) on commercial papers and bonds	-14	-9
Net gains/(losses) own debt	-107	-1 998
Net gains/(losses) own debt – derivatives	66	1 803
Net gains/(losses) on financial instruments relating to hedge accounting	12	-15
Other gains/(losses)	-2	-13
<b>Net gains/(losses)</b>	<b>-56</b>	<b>-248</b>

## Note 24 Other operating expenses

	2024	2023
Payroll and fees	0	1
Administration expenses	2	2
<b>Total administration expenses</b>	<b>2</b>	<b>2</b>
Rating expenses	4	5
Other operating expenses	1	1
<b>Total other operating expenses</b>	<b>5</b>	<b>6</b>
<b>Total operating expenses</b>	<b>7</b>	<b>8</b>
 <b>Fee for elected auditor (amounts in thousands)</b>	 <b>2024</b>	 <b>2023</b>
Audit fee	490	262
Other services	436	250
Tax advice	0	0
<b>Total fees</b>	<b>926</b>	<b>512</b>

The audit fee is for the ordinary audit and includes VAT

## Note 25 Transactions with related parties

The information provided is in accordance with IAS 24 'Related Party Disclosures'. Sparebanken Vest Boligkredit defines the parent company, board members and Sparebanken Vest's group management as related parties in relation to this accounting standard. Information about remuneration of the managing director and board of directors is provided in accordance with the requirements of the Norwegian Accounting Act.

Transactions between the company and the parent bank are conducted in accordance with generally accepted business terms and principles.

Office support functions and the management of loans are largely services purchased from Sparebanken Vest. A full Transfer and Servicing Agreement has been entered into between the company and Sparebanken Vest.

		2024	
		Sparebanken Vest	Key personnel
<b>Transactions with related parties (NOK thousands)</b>			
<b>Income Statement</b>			
Interest and credit commission received from related parties		313	
Interest paid on related parties' deposits		-1 331	
Interest on subordinated debt		0	
Interest on derivatives paid/received to/from related parties		-1 724	
Interest on covered bonds		0	
<b>Interest expenses and similar expenses</b>		<b>-3 056</b>	
Commission costs		-650	
Wages/fees		0	0
<b>Balance Sheet</b>			
Loans to and receivables from credit institutions		8 759	14
Financial derivatives – assets		5 436	
Liabilities to credit institutions		26 879	
Financial derivatives – liabilities		48	
Covered bonds		0	
Subordinated loan capital		0	
Other liabilities		0	
Hybrid instruments classified as equity		0	

		2023	
		Sparebanken Vest	Key personnel
<b>Transactions with related parties (NOK thousands)</b>			
<b>Income Statement</b>			
Interest and credit commission received from related parties		181	
Interest paid on related parties' deposits		-972	
Interest on subordinated debt		-17	
Interest on derivatives paid/received to/from related parties		-1 105	
Interest on covered bonds		-1	
<b>Interest expenses and similar expenses</b>		<b>-2 096</b>	
Commission costs		-442	
Wages/fees		0	0
<b>Balance Sheet</b>			
Loans to and receivables from credit institutions		4 587	22
Financial derivatives – assets		3 006	
Liabilities to credit institutions		20 594	
Financial derivatives – liabilities		1 003	
Covered bonds		0	
Subordinated loan capital		0	
Other liabilities		50	
Hybrid instruments classified as equity		0	

## Note 25 Transactions with related parties (cont.)

### Payroll and other remuneration of executive personnel

Sparebanken Vest Boligkreditt AS purchases administrative services from Sparebanken Vest, including the services of its general manager.

#### Total intra-group transactions (NOK thousands)

Officers of the company 2024	Wages/fees	Loans <sup>1)</sup>
<b>Managing Director</b>		
John Edwin Nicolay Hopp		6 261
<b>Board of Directors</b>		
Frank Otto Johannesen, Chairman of the Board	110	3 387
Inga Lise Lien Moldestad	100	0
Brede Borgen Kristiansen	80	4 659
<b>Total</b>	<b>290</b>	<b>14 308</b>

#### Officers of the company 2023

Officers of the company 2023	Wages/fees	Loans
<b>Managing Director</b>		
John Edwin Nicolay Hopp		6 091
<b>Board of Directors</b>		
Frank Otto Johannesen, Chairman of the Board	100	2 944
Inga Lise Lien Moldestad	70	0
Brede Borgen Kristiansen	70	4 873
Kjetil Patrick Benson	70	8 311
<b>Total</b>	<b>310</b>	<b>22 219</b>

<sup>1)</sup> Sparebanken Vest group

## Note 26 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 the tax payable for the period and the change in deferred tax. The deferred tax/deferred tax asset is calculated at a rate of 22% 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.

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

Tax payable in the balance sheet is the tax payable on the profit for the year.

<b>Tax expense for the year</b>	<b>2024</b>	<b>2023</b>
Tax payable	0	109
Change in deferred tax through profit or loss	82	-29
Change in deferred tax through OCI	46	-48
<b>Tax expense for the year</b>	<b>128</b>	<b>32</b>
Pre-tax profit/loss	571	466
22 % tax on		
Pre-tax profit/loss for accounting purposes	128	39
Interest on hybrid capital classified as equity	0	-7
Non-deductible expenses	0	0
Tax expense	128	32
The effective tax rate is	21,9%	18,2%
<b>Change in capitalised deferred tax asset:</b>	<b>2024</b>	<b>2023</b>
Balance sheet value at 1 January	-34	-5
Change in temporary differences	82	-29
<b>Balance sheet value at 31 December</b>	<b>48</b>	<b>-34</b>
<b>The deferred tax asset relates to the following temporary differences</b>	<b>31/12-24</b>	<b>31/12-23</b>
Fixed-interest loans	80	94
Financial derivatives	0	-783
Certificates and bonds	5	3
Securitised debt	878	0
Swaps	72	80
Loss carried forward	255	0
<b>Total deferred tax asset</b>	<b>1290</b>	<b>-606</b>
<b>The deferred tax liability relates to the following temporary differences</b>	<b>31/12-24</b>	<b>31/12-23</b>
Financial derivatives	1338	0
Securitised debt	0	-639
<b>Total deferred tax liability</b>	<b>1338</b>	<b>-639</b>
<b>Net deferred tax (+) / deferred tax asset (-)</b>	<b>48</b>	<b>-34</b>

## Note 27 Capital adequacy

Since the second quarter 2009, Sparebanken Vest Boligkredit AS has had permission to use the IRB method to calculate the minimum requirement for capital on credit risk on retail mortgages.

	31/12-2024	31/12-2023
<b>Weighted calculation basis IRB</b>		
Credit risk IRB	32 258	30 017
Operational risk	570	569
Commitment under the standard method	2 672	2 421
Risk of credit valuation adjustment for counterparty (CVA)	275	220
<b>Risk weighted assets</b>	<b>35 775</b>	<b>33 227</b>
<b>Own funds</b>		
Share capital	7 700	6 500
Other equity	627	483
Total book equity excl. hybrid capital	<b>8 327</b>	<b>6 983</b>
Deduction for expected losses IRB	-276	-205
Value adjustment for prudent valuation requirement	-74	-70
Value adjustment, own liabilities	-288	-302
Deduction for provision for dividend	-453	-145
<b>CET1 capital</b>	<b>7 236</b>	<b>6 262</b>
Subordinated bonds	0	0
<b>Core capital</b>	<b>7 236</b>	<b>6 262</b>
Subordinated bonds	0	675
<b>Core capital</b>	<b>6 262</b>	<b>5 084</b>
Supplementary capital	0	0
<b>Net own funds</b>	<b>7 236</b>	<b>6 262</b>
CET1 capital adequacy	20,2%	18,8%
Subordinated bonds	0,0%	0,0%
Supplementary capital	0,0%	0,0%
<b>Capital adequacy IRB</b>	<b>20,2%</b>	<b>18,8%</b>
<b>Minimum requirements</b>		
Minimum requirement own funds, 8%	2 862	2 658
Surplus own funds	4 374	3 604
of which surplus CET1 capital to meet buffer requirement	4 374	3 604
Buffer requirement		
Conservation buffer, 2,5%	894	831
Systemic risk buffer, 4,5%	1 610	1 495
Countercyclical buffer, 2,5%	894	831
<b>Total buffer requirements, CET1 capital</b>	<b>3 399</b>	<b>3 157</b>
Surplus CET1 capital	975	447

## Note 28 Leverage ratio

	31/12-24	31/12-23
Total assets	171 467	153 633
Off-balance sheet	4 310	4 436
Regulatory adjustments	-638	-371
Other adjustments to the calculation	-1955	-149
Calculation basis for leverage ratio	173 184	157 548
Core Capital	7 236	6 262
<b>Leverage ratio</b>	<b>4,2%</b>	<b>4,0%</b>

## Note 29 Significant events

Sparebanken Vest and Sparebanken Sør agreed a merger plan that will form Norway's leading savings bank: Sparebanken Norge. The merger was announced on 28. August 2024, approved by the general meetings of both banks on 2. October 2024, and is planned to be completed on 2. May 2025. As a consequence of the merger between the banks, it is considered appropriate to consolidate the banks' wholly-owned mortgage credit institutions, Sparebanken Vest Boligkreditt AS and Sparebanken Sør Boligkreditt AS, into one company through a merger. The purpose is to simplify the legal structure of the Sparebanken Vest group as it will appear after the merger between the parent banks, thereby strengthening corporate governance, reducing administrative complexity, and increasing efficiency in the group. After the merger will Sparebanken Vest Boligkreditt AS change its name to Sparebanken Norge Boligkreditt AS.

## Note 30 Events after the balance sheet date

There is no information to indicate that material events have taken place from the balance sheet date on 31 December 2024 until the Board's final consideration of the accounts on 6 February 2025.

# Statement pursuant to Section 5-5 of the Securities Trading Act

We hereby confirm that the annual accounts for the company for 2024 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the company taken as a whole.

The directors' report gives a true and fair development and performance of the business and the position of the company, as well as a description of the principal risks and uncertainties facing the company.

Bergen, 10 February 2025

The Board of Directors of Sparebanken Vest Boligkreditt AS

Frank Otto Johannesen, Chairman of the Board

Brede Borgen Kristiansen

Inga Lise Lien Moldestad

John Edwin Nicolay Hopp, Managing Director

(This document is signed electronically)



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

Tel: +47 55 21 81 00  
[www.deloitte.no](http://www.deloitte.no)

To the General Meeting of Sparebanken Vest Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Sparebanken Vest Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2024, 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, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Board of Directors.

*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 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 15 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 25 October 2023.

*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.

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Key audit matter	How the matter was addressed in the audit
<b>IT-systems</b>  Sparebanken Vest Boligkredit's IT-systems are essential to the accounting and reporting of completed transactions, as well as preparing the basis for important accounting estimates and calculations. See the Board of Directors report under the section operational risk for the Company's assessment of risks related to IT-systems.  The entity's core IT-systems, which to a large degree is based on banking solutions from well-known suppliers, and the management of these are largely outsourced to service providers. Sparebanken Vest develops the Company's customer-oriented systems.  Effective internal controls related to the IT-systems at both Sparebanken Vest Boligkredit and their service providers is key to ensure accurate, complete and reliable financial reporting and is therefore a key audit matter.	Sparebanken Vest Boligkredit has established an overall governance model and internal control activities related to its IT-systems. We have obtained an understanding of Sparebanken Vest Boligkredit's overall governance model for the IT systems relevant to financial reporting.  We assessed and tested the design of internal control activities including selected automated controls, relevant to the financial reporting related to IT-operations, change management and information security.  For a sample of these control activities, we tested if they operated effectively during the reporting period.  We assessed the ISAE 3402 reports issued by the independent auditors of several service providers to the Company to assess if such service providers had adequate internal controls in areas important to the Company's financial reporting.  We used our own IT-specialists to understand the overall governance model for IT and in the assessment and testing of control activities related to IT.

***Other Information***

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises information in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance.

***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 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 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 Company 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 skepticism 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 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'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 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.

We communicate with the Board of Directors 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 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 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 5967007LIEEXZX6AO004-2024-12-31-eng have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandeloven) 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 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 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. Our work comprised reconciliation of the financial statements 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, 10 February 2025

Deloitte AS

**Helge-Roald Johnsen**  
State Authorised Public Accountant  
(signed electronically)



BOLIGKREDITT

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Jonsvollsgaten 2 | N-5011 Bergen  
915 0555 | [spv.no](http://spv.no)