

Sparebanken Vest

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Sparebanken Vest (SV), based in Bergen and founded in 1823, is Norway's third-largest savings bank. Its 765 employees offer a diversified range of banking products to private and business customers in 34 branches. In total, SV serves approximately 293,000 private and 13,500 business customers. Regionally, SV concentrates its activities in the south-west of Norway. As a result, its market share in Vestland is 28.3% and in Rogaland 6.7%. Recently the province of Møre og Romsdal has been added. The aim is to expand the retail business throughout Norway. To this end, digital-only bank Bulder Bank launched in 2019 and is targeting a loan volume of NOK 20 billion (EUR 1.97 billion) and a base of 20,000 customers by fiscal year-end 2021. In line with the business strategy, SV's loan portfolio (including Bulder Bank) is dominated by the retail market at 76%. Corporate loans account for the remaining 24%, with a well-diversified portfolio. In both market segments, SV recently recorded robust market growth in terms of both lending and deposits. At 17.7% (Q3/2021), the CET1 ratio was comfortably above the regulatory requirement (14.2%). The modest decline compared with the previous quarter (Q2/2021: 18%) is partly due to the bank's own growth in assets. SV places covered bonds – also in green format – via its wholly owned subsidiary Sparebanken Vest Boligkreditt. SV has a strong ESG focus and received an MSCI ESG rating of AAA in May 2021.

Ratings

	Rating	Outlook
Fitch	-	-
Moody's*	Aa3	Stable
S&P	-	-

* LT Bank Deposit

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www.spv.no

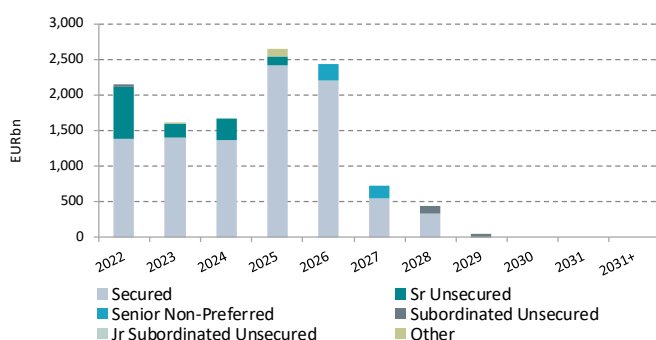
Balance Sheet

(EURm)	2019Y	2020Y	2021Q3
Net Loans to Customers	17,149	17,332	19,509
Total Securities	2,300	3,255	2,482
Total Deposits	8,073	7,883	9,047
Tier 1 Common Capital	1,434	1,435	1,567
Total Assets	19,986	21,105	22,520
Total Risk-weighted Assets	8,173	7,955	8,875

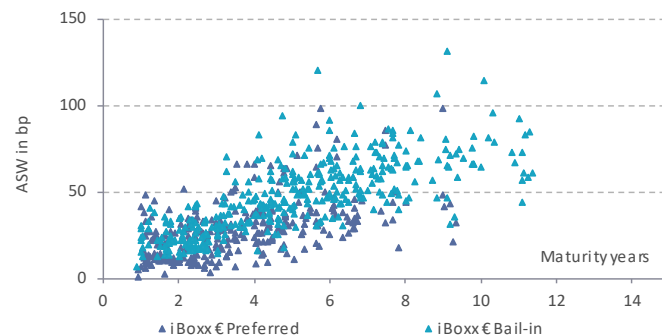
Income Statement

(EURm)	2019Y	2020Y	2021Q3
Net Interest Income	317	290	82
Net Fee & Commission Inc.	73	62	18
Net Trading Income	-3	-8	5
Operating Expense	155	135	37
Credit Commit, Impairment	5	42	-2
Pre-tax Profit	263	223	79

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2019Y	2020Y	2021Q3		2019Y	2020Y	2021Q3
Net Interest Margin	1.62	1.45	1.53	Liquidity Coverage Ratio	157.00	155.88	127.59
ROAE	12.89	11.69	13.12	IFRS Tier 1 Leverage Ratio	7.21	6.87	7.00
Cost-to-Income	37.81	35.79	32.68	NPL/Loans at Amortised Cost	0.30	0.36	0.31
Core Tier 1 Ratio	17.54	18.04	17.66	Reserves/Loans at Amort. Cost	0.44	0.63	0.52

As of: 12.01.2022; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

Strengths / Opportunities

- Capitalization and profitability
- Focusing on retail market
- Strategic diversification

Risks / Weaknesses

- Reliance on wholesale funding
- Geographical diversification
- Credit risk concentration

Covered Bonds

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Sparebanken Vest Boligkreditt mortgage cover pool with volume of NOK 117.6bn

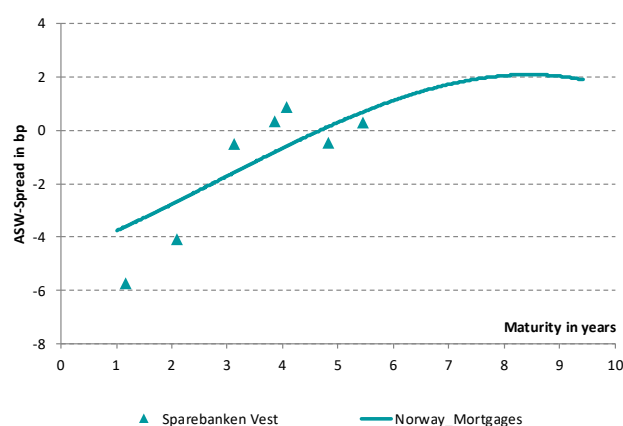
As of the reporting date September 30, 2021, the volume of outstanding covered bonds totaled NOK 87.051bn (approximately EUR 8.593bn). The cover assets amounted to NOK 117.633bn (EUR 11.612bn) as of the same reporting date, resulting in an overcollateralization ratio significantly above the law-based requirements. Sparebanken Vest Boligkreditt is represented by seven EUR benchmarks in the current composition of the iBoxx EUR Covered benchmark index. The volume totals EUR 4bn, of which two issues or EUR 1.25bn are green covered bonds and, hence, belong to the ESG segment. The green debut of Sparebanken Vest Boligkreditt in the EUR benchmark segment dates back to July 2020.

Programme data

30 September 2021	Mortgages
Covered bonds outstanding	EUR 8,593m (NOK 87,051m)
Cover pool volume	EUR 11,612m (NOK 117,633m)
Current OC (nominal / legal)	35.1% / 2.0%
Type (primary cover)	100% Residential
Main country	100% Norway
Main region	71.1% Vestland
Number of loans	72,032
Average loan size (000s)	NOK 1,599
Share of 10 largest exposures	0.1%
Fixed interest (Cover Pool / CBs)	18.7% / 47.3%
WAL (Cover Pool / CBs)	12.1y / 4.3y
NPL	0.06%
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview (BMK >1y) – Norway



Mortgage pool with only residential primary cover

The mortgage cover pool consists of 97.9% primary cover assets. The remaining 2.1% is attributable to substitute cover assets, which are again largely composed of cash positions (share 55.1%). The share of residential cover assets in primary cover is again 100%. The share of owner occupied properties is also 100%. In addition, the cover assets are fully attributable to Norway. Looking at the regional distribution of cover assets, Vestland accounts for the largest share (71.1%); followed by Rogaland (13.6%) as well as Viken (6.3%) and Oslo (5.2%). With more than 72,000 loans and a very low share of the ten largest exposures at 0.1%, the cover pool can be described as very granular. LTV ratios are 52.5% for the non-indexed and 51.9% for the indexed case. The NPL share of mortgage cover assets is also comparatively low at 0.06%.

Rating and regulatory treatment

Moody's assigns the covered bonds issued under the covered bond program of Sparebanken Vest Boligkreditt its top rating of Aaa. The collateral score is given by Moody's as 5%, which also indicates a high quality of the cover assets in international comparison. In our opinion, the issues in the EUR benchmark format meet the requirements for Level 1 assets under LCR management. At the same time, the covered bonds have a preferred risk weight according to CRR of 10%.

Appendix

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Time of going to press and last update of all market data: Wednesday, 12 January 2022 (10:23h)