

## CREDIT OPINION

13 December 2022

Update



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### RATINGS

#### SpareBank 1 SR-Bank ASA

Domicile	Stavanger, Norway
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## SpareBank 1 SR-Bank ASA

Update to credit analysis following rating action

### Summary

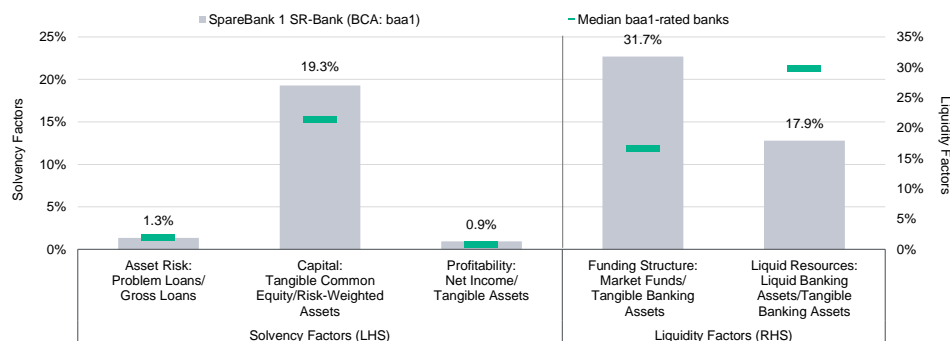
[SpareBank 1 SR-Bank's](#) (SR-Bank) long-term deposit and senior unsecured debt ratings of A1 and the junior senior rating of Baa1 take into account the bank's baseline credit assessment (BCA) of baa1, and our forward-looking loss given failure (LGF) analysis. For the deposit and senior ratings this results in a three-notch uplift from its BCA while the junior senior rating do not benefit from any uplift. SR-Bank's ratings do not benefit from any government support.

SR-Bank's BCA of baa1 reflects the bank's good long-term financial performance through the cycle, its solid regional market position, strong capital buffers with a Tangible Common Equity (TCE) ratio of 19.3% as of 30 June 2022, and robust liquidity position. These strengths are balanced against the bank's limited geographic reach and some credit-risk concentrations in more volatile sectors, such as oil and offshore and commercial real estate. The bank's has decreased its problem loans ratio to 1.3% at 30 June 2022, down from 1.7% at end-June 2020, and we expect it to improve further as restructurings in the oil and offshore sector continue.

Furthermore, the BCA also incorporates the bank's relatively high dependence on market funding. While this is a common feature among Norwegian banks, it is one that leaves them vulnerable to changes in investor sentiment.

Exhibit 1

### Rating Scorecard - Key financial ratios



These are our Banks methodology scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average and latest annual figure. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year end figures.

Source: Moody's Financial Metrics

### Credit strengths

» A comfortable capital buffer provides protection from current and future credit losses

- » Good market position in its home regions
- » Good capital generation capacity with a resilient recurring pre-provision income

### Credit challenges

- » Exposures to the more volatile sectors commercial real estate and oil and offshore pose risks and increase Non performing loans (NPLs) and impairments
- » Reliance on market funding renders the bank vulnerable to fluctuations in investor sentiment

### Outlook

SR-Bank's positive outlook reflects its improving fundamentals in terms asset risk through a reduced exposure to the oil and offshore sectors which will improve the bank's asset risk and stabilise its profitability. The outlook also reflects the bank's increased focus on using deposits as a funding source which reduce the bank's dependence on market funding. If sustained, this creates positive rating pressure.

### Factors that could lead to an upgrade

The bank's ratings could be upgraded if it sustains: (1) improvements in its asset quality, problem loans ratio in line with local peers; a low exposures to more volatile sectors including as oil and offshore; or increased geographical or sector diversification; (2) its deposit funding franchise and strong liquidity; and (3) a stable earnings generation

### Factors that could lead to a downgrade

While the positive outlook implies that a downgrade is unlikely, the outlook could be stabilised should: (1) SR-Bank's problem loans ratio increase, well above the average of its similarly-rated peers; or the bank's risk profile increases, for example as a result of increased exposures to more volatile sectors, (2) Financing conditions become more difficult, or (3) a reduction in the volumes of loss absorbing liabilities protecting creditors and depositors in case of failure

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### SpareBank 1 SR-Bank ASA (Consolidated Financials) [1]

	09-22 <sup>2</sup>	12-21 <sup>2</sup>	12-20 <sup>2</sup>	12-19 <sup>2</sup>	12-18 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (NOK Billion)	334.3	304.4	287.0	260.1	243.4	8.8 <sup>4</sup>
Tangible Common Equity (NOK Billion)	25.8	24.9	24.2	22.7	20.9	5.9 <sup>4</sup>
Problem Loans / Gross Loans (%)	1.3	1.3	1.7	1.1	1.1	1.3 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	19.6	19.4	20.0	18.7	16.0	18.7 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	11.3	10.9	14.1	9.7	9.6	11.2 <sup>5</sup>
Net Interest Margin (%)	1.4	1.4	1.5	1.6	1.5	1.5 <sup>5</sup>
PPI / Average RWA (%)	2.6	2.6	2.5	2.3	2.3	2.5 <sup>6</sup>
Net Income / Tangible Assets (%)	0.9	1.0	0.5	1.2	0.8	0.9 <sup>5</sup>
Cost / Income Ratio (%)	46.7	45.1	43.1	44.0	43.6	44.5 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	33.0	31.7	35.1	36.1	35.2	34.2 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	17.0	17.9	16.2	11.7	13.4	15.2 <sup>5</sup>
Gross Loans / Due to Customers (%)	172.4	167.3	185.5	205.0	203.8	186.8 <sup>5</sup>

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

## Profile

SpareBank 1 SR-Bank is the leading financial group in southern and western Norway and the fifth-largest bank in Norway in terms of consolidated assets. As of end-June 2022, its consolidated total assets were around NOK319 billion (€31 billion). The bank is the largest among the SpareBank 1 alliance banks.

The SR-Bank financial group provides a range of products and services, including traditional banking services such as loans, insurance and savings products, as well as securities trading, accounting services, and estate agency services for retail as well as corporate customers.

## Recent developments

On 15 June 2022, SpareBank 1 SR-Bank ASA announced a strategic partnership agreement with Swedbank. SpareBank 1 SR-Bank ASA is taking over an approximately NOK 5.6 billion corporate customer portfolio from Swedbank and entering into a partnership for syndication and collaboration with regards to larger corporate clients. The banks will collaborate on transnational corporate customers in Sweden and Norway. Furthermore, the banks will jointly manage larger corporate customers in the Norwegian market through collaboration and syndication within defined industries.

On 22 June 2022, SpareBank 1 SR-Bank ASA announced it will increase its stake in SpareBank 1 Markets AS to 33.34% from 5.57% and transferring its activity in SpareBank 1 SR-Bank Markets to SpareBank 1 Markets which will also be further strengthened by absorbing the markets operations of SpareBank 1 Nord-Norge. This transaction reflects the SpareBank1 group's increased focus on domestic capital markets. The transaction is subject to the approval of the authorities, including the Norwegian FSA and the Norwegian Competition Authority. Assuming the necessary approvals are forthcoming, the transaction will be completed on 1 January 2023 and will have a positive effect on SpareBank 1 SR-Bank's pretax profit of NOK 421 million.

Norges Bank increased the reference rate by 50 bps in September 2022, resulting in a reference rate of 2.25% as of end-September 2022, while indicating that further rate hikes will occur in 2022 and 2023. The counter cyclical buffer (CCyB) requirement has been increased from 1.5% currently to 2.0% by the end of December 2022 and to 2.5% effective from 31 March 2023.

Russia's invasion of [Ukraine](#) (Caa3 NEG) and the economic sanctions that the US (Aaa stable), European governments and other allies have subsequently imposed on Russia have increased risks to the global economic outlook. Heightened geopolitical risks are unambiguously negative for economic activity. The magnitude of the effects will depend on the length and severity of the crisis.

Norway's trade flows with Russia are very limited as they export the same type of goods with the production of oil and gas among the most significant to the Norwegian economy. As European countries are looking to reduce imports from Russia, Norway is likely to be positively affected by increased demand in Europe.

## Detailed credit considerations

### Norway's 'Very Strong-' Macro Profile remains supportive towards the bank's stand alone credit profile

SR-Bank operates only in Norway and thus its operating environment is reflected through the 'Very Strong -' Macro Profile we assign for Norway. Norwegian banks benefit from operating in a wealthy and developed country with very high economic, institutional and government financial strength, as well as a very low susceptibility to event risk. Norway has a diversified and growing economy, which demonstrated resilience to the weakening in the oil sector in 2014-15 as well as in 2020.

The main risks to the banking system stem from the high level of household debt, elevated real estate prices and domestic banks' extensive use of market funding. However, these risks are mitigated by the strength of households' ability to service debt, banks' adequate capitalisation and the relatively small size of the banking system compared with the total size of the economy.

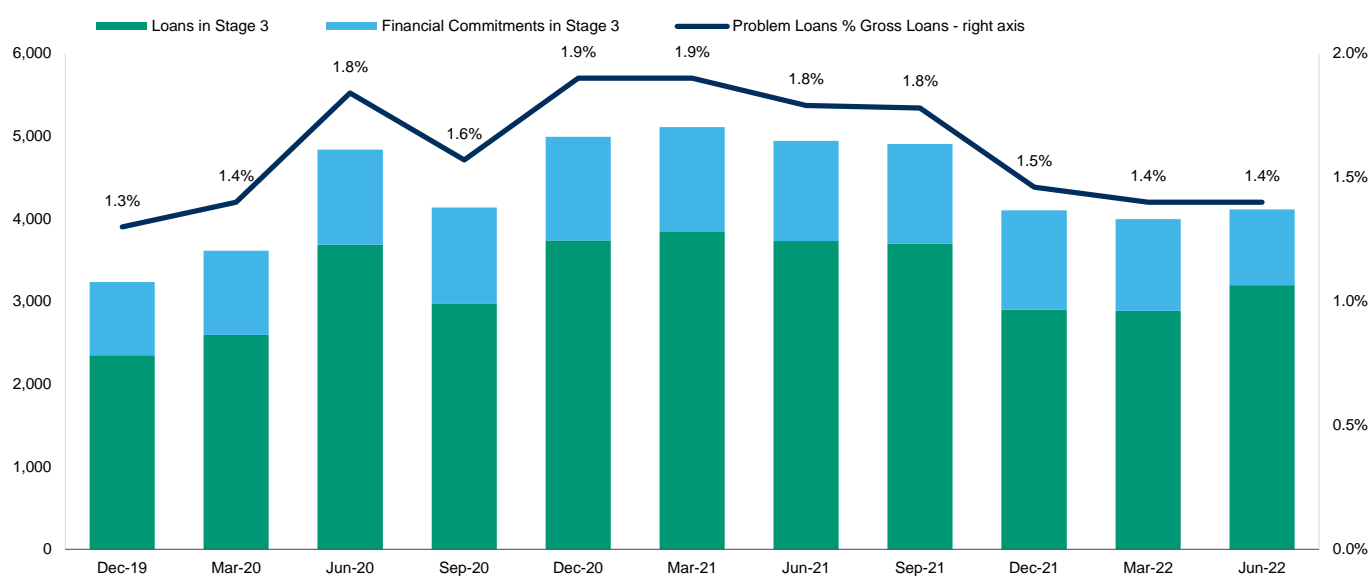
Nonetheless, we expect the Norwegian mainland economy (excluding any oil-related activity) to expand by 3.6% in 2022, down from 4.2% in 2021. Unemployment rose to around 10.6% in March 2020, but falling back to 1.6% as of 31 August 2022, below the pre-pandemic level.

### Exposures to the more volatile oil and offshore sectors pose risks and increase NPLs, although the bank's overall asset quality is still strong

We consider SR-Bank's asset quality to be strong and improving, with an NPL ratio now back to pre-covid level (see Exhibit 3). Reported Stage 3 loans and financial commitments accounted for 1.4% of gross loans as of end-June 2022, down from 1.5% at 31 December 2021. SR-Bank's Moody's adjusted problem loans ratio was 1.3% as of end-June 2022 stable from 1.3% at year-end 2021. Following an initial rise in NPLs a result of the pandemic, the bank's stock of problem loans has decreased over the last few quarters as activity in the oil and offshore sectors has picked up, a sector with a historically high ratio of non-performing loans.

Exhibit 3

**SpareBank 1 SR-Bank's reported problem loans and commitments**  
in NOK thousands



Note: These are figures as reported by the bank. Problem Loans % Gross loans ratio includes financial commitments and loans transferred to Boligkreditt and Naeringskreditt where applicable.

Source: Company reports and presentations, Moody's Investors Service

SR-Bank has gradually decreased its exposure to the oil & gas and shipping sectors, but it nevertheless remains higher than most Norwegian banks, with related exposures, including oil services, oil and gas, and offshore shipping, at end-June 2022 comprised 3.2% of its total gross loan book, up slightly from 2.7% in December 2021. We believe that these exposures, and especially around NOK6.1 billion exposure linked to offshore shipping companies, will continue to expose the bank to some degree of earnings volatility, given the dependence to oil investments of the relative performance of the respective clients.

In addition, the bank is exposed to the commercial real estate sector (around 14.6% of gross loans at end-June 2022), a significant part of which is located in the county of Rogaland, where vacancy rates are vulnerable to oil sector related activity and investments. This exposure combined with its sizeable mortgage loan book (around 61.2% of total gross loans as of June 2022), leaves the bank vulnerable to any material decrease in property prices, a feature shared with other Norwegian savings banks. However, we note that around 95% of the bank's mortgage exposures have a loan-to-value (LTV) ratio of less than 85%, which means that the bank can withstand a significant decline in house prices before its credit profile is materially impacted.

In H1 2022 the bank had reversals of NOK77 million, a decrease from total reversals of NOK494 million at year-end 2021. Loan loss provisions stood at -0.06% as of end-June 2022, compared with -0.21% in 2021, reflecting falling credit costs falling from peak levels recorded in 2020. We expect the bank's loan loss provisions to remain modest going forward, supported by improvements in the oil and offshore sector due to higher investments to more than compensate for model based provisions due to the weakening of the macroeconomic outlook.

Our assigned asset risk score of baa1 reflects the bank's exposure to the oil and offshore sector, the bank's limited geographical diversification and concentration to commercial real estate sector. That said, we view positively the bank's expansion strategy which will gradually improve its regional and sectoral diversification. We note that the bank's exposure to the Oslo and Viken region has increased and now comprises 13.6% of its total loans.

We expect NPLs to decrease over the outlook period but the development to a large extent depending on the development in the oil and offshore sector.

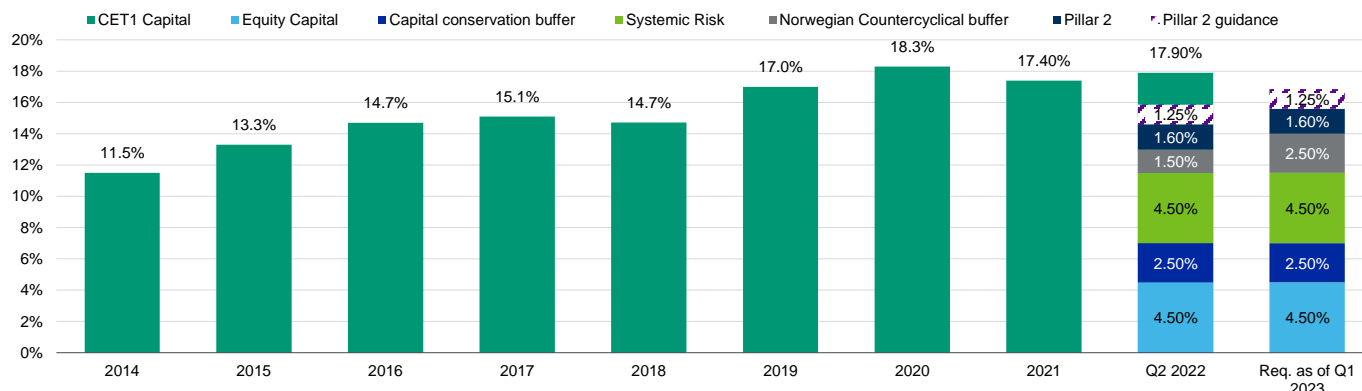
#### **A comfortable capital buffer provides protection from future credit losses**

SR-Bank's Common Equity Tier 1 (CET1) ratio was 17.9% and the TCE ratio was 19.3% as of end-June 2022. Moreover, its leverage ratio was a high 7.1% at end-June 2022. The bank's capital metrics compare favourably with other Nordic banks and are significantly higher than the requirement for the CET1 which was 15.85% as of end-June 2022. While capital requirements were eased during the pandemic, rules in Norway continue to be conservative. Furthermore it has been announced that the countercyclical capital buffer will increase from 1.5% to 2.0% by 31 December 2022 and 2.5% by March 2023. On April 29 the bank's pillar 2 requirement was reduced by 0.1%-point which will increase the requirements to 15.6% by Q1 2023.

SR-Bank's CET1 internal target as of end-June 2022 included a 1.25% management buffer above the capital requirement (see Exhibit 4) and this was met with a comfortable headroom. The new internal capital target based on the higher capital requirements and a higher pillar 2 guidance of 1.25% is to be above 16.85%, which the bank already meets. The bank has managed to accumulate capital through increased profitability in the last few years, through conservative growth and modest dividend payout (dividend policy of around 50% of annual profit). Consequently, we believe that the bank has significant loss absorption buffers, and is well positioned and capitalised to continue developing its leading position in South-Western Norway, and expand further in the Oslo region based on its strategic direction.

Exhibit 4

**SpareBank 1 SR-Bank CET1 developmen**



Source: Company reports and presentations, Moody's Investors Service

**Resilient pre-provision income provide strong capital generation capacity**

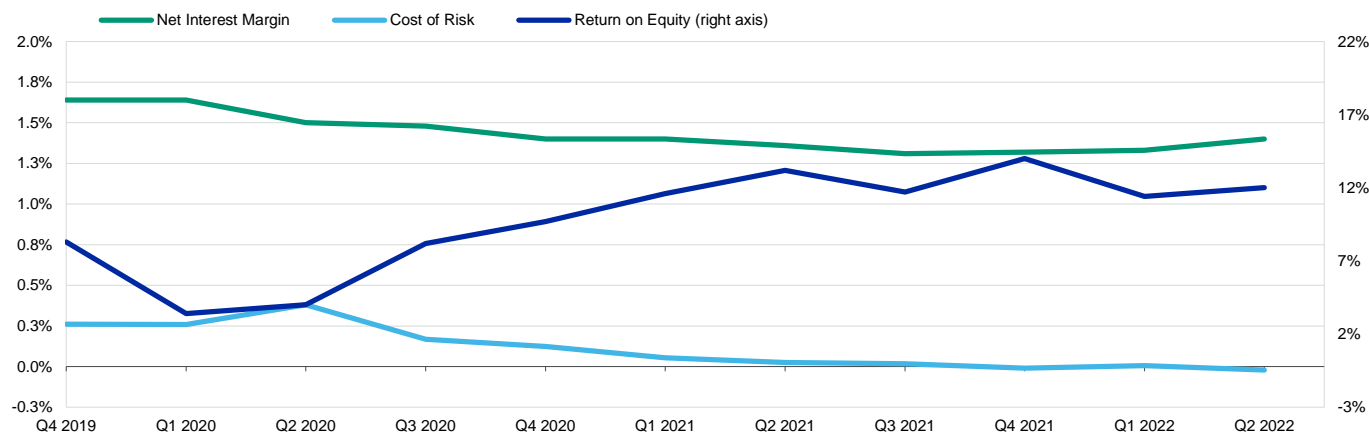
The bank's net interest margin (NIM) remained unchanged at 1.35% in the first half of 2022 compared with the same period last year. Furthermore, SR-Bank's net interest income in 2021 was around 3.7% lower compared to 2020. However, Norges Bank has continuously hiked interest rates since mid-2021, with the current rate being 2.25%, and these hikes have largely translated to increased mortgage rates while deposit rates have remain flat. Further rate hikes are expected to continue throughout 2022 and 2023 will help alleviate pressure on the NIM and help strengthen earnings going forward.

In 2020 and the beginning of 2021 net income was also negatively affected by the increased cost of risk driven both by the oil and offshore sector, the need for provisioning due to the pandemic, as well as the implementation of a new definition of default.

The bank's return on equity in Q2 2022 was 12.0%, down from 13.2% in Q2 2021 (see Exhibit 5) and more comparable to pre-pandemic results.

Exhibit 5

**SpareBank 1 SR-Bank's NIM, CoR and RoE evolution**



Source: Company reports and presentations

SR-Bank's cost efficiency remained favorable with a low reported cost-to-income ratios of 42.3% as of end-June 2022. However, its operating expenses increased by 8.0% year-on-year related to higher staff cost, mainly due to higher variable pay due to a stronger performance, and integration cost related recent acquisitions. We note that the bank has ambitious plans in new technology and development in order to improve its product offering and customer experience, which to some degree could exert upward pressure on its IT-related expenses.

Our Profitability Score of baa1 for SR-Bank reflects our view that the bank's oil-related exposure and restructured loans has decreased it continue to pose downside risks to its bottom line also going forward, despite a recent reprieve in the sector.

### Reliance on market funding renders it vulnerable to fluctuations in investor sentiment...

While SR-Bank benefits from solid access to domestic and international capital markets, with a stronger footing than some of its local peers, providing a good funding diversification, its reliance on wholesale funding remains high. Market funds accounted for around 31% of tangible banking assets as of end-June 2022 which we believe renders the bank susceptible to potential shifts in investor sentiment.

SR-Bank also benefits from a good deposit base, which represented around 50% of total liabilities as of end-June 2022. Deposits from customers increased by around 6.9% year-on-year as of end-June 2022 driven by both a growth in corporate deposits and a change in consumer behaviour following the pandemic but also clients saving because of low consumer confidence. The bank's gross loans-to-deposit ratio, including transferred loans, was relatively high at around 167% as of end-June 2022, unchanged from year-end 2021.

We reflect the relative stability of covered bonds compared to unsecured market funding through a standard adjustment in our scorecard. Covered bonds have become an increasingly important source of funding for the bank. SR-Bank issues covered bonds through its wholly owned covered bond company SR-Boligkreditt AS and no longer utilises the specialised companies owned jointly with other members of the SpareBank 1 Alliance.

Our Funding Structure Score reflects our view that although SR-Bank has benefitted from strong access to domestic and international capital markets, its high reliance on market funding - a common feature of Nordic banks - is a source of risk. We believe that in times of market stress, market funding can become more expensive and/or restricted.

### ...although a robust liquidity position partly mitigates market funding concerns

A mitigating factor to the bank's reliance on market funds is its robust liquidity buffer. The bank reported the buffer stood at NOK 48.9 billion or around 17% of tangible banking assets at end-June 2022 consisting mainly of cash, short-term repos, and covered bonds rated Aaa. This liquidity buffer could cover the bank's normal operations for around 27 months, in the event of closed markets that would not allow the bank to refinance its maturing debt. In addition to the liquidity buffer, the bank has NOK22.0 billion in home mortgages ready to be used for new covered bond funding.

The bank reported a liquidity coverage ratio (LCR) of 151% at end-June 2022, combined with a net stable funding ratio (NSFR) of 126%.

## ESG considerations

### SpareBank 1 SR-Bank ASA's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 6

#### ESG Credit Impact Score

# CIS-2

## Neutral-to-Low

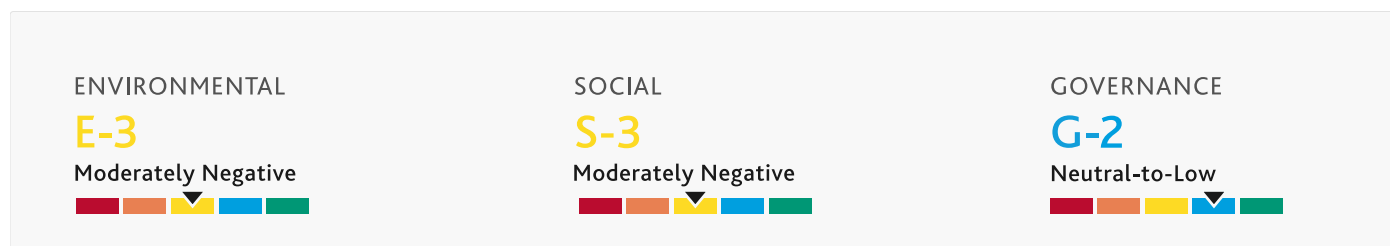
For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.



Source: Moody's Investors Service

SpareBank 1 SR-bank's ESG Credit Impact Score is neutral-to-low (**CIS-2**). This reflects the limited credit impact of environmental and social risk factors on the rating to date, and neutral-to-low governance risks.

Exhibit 7

**ESG Issuer Profile Scores**

Source: Moody's Investors Service

**Environmental**

SpareBank 1 SR-bank faces moderate environmental risks primarily because of its portfolio exposure to carbon transition. These risks are primarily related to its corporate portfolio, however, exposure to the oil, offshore and shipping business is limited. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, the bank is developing its climate risk and portfolio management capabilities.

**Social**

SpareBank 1 SR-Bank faces moderate social risks related to customer relations and associated regulatory and litigation risks, requiring high compliance standards. The exposure to customer relation risks is lower than its international peers, given the bank's untarnished customer conduct track record supported by the social mandate of the Savings Bank's model. SpareBank 1 SR-Bank is a digitally advanced bank in Norway, with a robust IT infrastructure and strong capabilities to mitigate cyber and personal data risks, supported by its cooperation within the SpareBank 1 Alliance.

**Governance**

Sparebank 1 SR faces low governance risks and its risk management, policies and procedures are in line with industry best practices. Despite sectoral and geographical concentrations, due to its limited reach, the bank benefits from strong underwriting standards which mitigate some of these concerns. The bank has a track record of sound capital and liquidity management and earnings stability while losses have been low, even at times of market turbulence. Despite being a regional savings bank the bank is fully listed but the community foundation still owns 28%. The bank's Supervisory Board comprises of representatives of equity holders and employees. Related governance risks are however mitigated by Norway's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

**Support and structural considerations****Loss Given Failure analysis**

The EU Bank Recovery and Resolution Directive (BRRD) has entered into force as of 1 January 2019 in Norway, which confirms our current assumptions regarding LGF analysis. For our resolution analysis, we assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions. BRRD2 will formally enter into effect in June 2022 but current requirements set by the Norwegian FSA already reflect the new regulation.

For SR-Bank's long-term deposit rating, senior unsecured debt rating and junior senior debt rating, our LGF analysis considers the combination of the bank's junior deposits, its outstanding debt volume and the amount of debt subordinated to this. This reflects our expectation that the bank will issue non-preferred senior debt both to comply with the MREL requirement but also considers the bank's need for a buffer above the requirement itself.

For junior securities issued by SR-Bank, our LGF analysis confirms a high level loss-given-failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity. We also continue to include additional downward notching from the BCA reflecting coupon suspension risk ahead of a potential failure.



### Government support considerations

SR-Bank has a sound franchise in the county of Rogaland, south-west Norway, with a 35% market share. The bank has also expanded into neighbouring counties, but its national market share in lending is around 4-5%. As a result of the implementation of the BRRD legal framework in Norway from 1 January 2019, which is aligned with that of the EU, we revised our government support assumption for the bank's senior preferred debt and deposits to low from moderate. This has resulted in no rating uplift from its PRA, positioning the ratings at A1.

### Counterparty Risk Assessment

#### **SpareBank 1 SR's CR Assessment is A1(cr)/Prime-1(cr)**

SR-Bank's CR Assessment is A1(cr)/Prime-1(cr), three notches above the bank's adjusted BCA of baa1, based on the substantial cushion against default provided to the senior obligations represented by the CRA by subordinated instruments. The main difference with our Advanced LGF approach used to determine instrument ratings is that the CRA captures the probability of default on certain senior obligations, rather than expected loss, therefore we focus purely on subordination and take no account of the volume of the instrument class.

### Counterparty Risk Ratings (CRR)

#### **SpareBank 1 SR-Bank's CRR is A1/Prime-1**

The CRR is three notches above the adjusted BCA of baa1, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

### Foreign currency debt rating

SR-Bank's foreign-currency debt rating of A1 is unconstrained given that Norway has a country ceiling of Aaa.

### About Moody's bank Scorecard

Our Scorecard is designed to capture, express and explain in summary form our rating committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating methodology and scorecard factors

Exhibit 8

### SpareBank 1 SR-Bank ASA

#### Macro Factors

**Weighted Macro Profile**                      **Very Strong -**                      **100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.3%	aa2	↑	baa1	Geographical concentration	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.3%	aa1	↔	aa1		
Profitability						
Net Income / Tangible Assets	0.9%	baa1	↑	baa1	Earnings quality	
Combined Solvency Score		aa3		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	31.7%	baa3	↔	ba1	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	17.9%	baa2	↔	baa2	Stock of liquid assets	
Combined Liquidity Score		baa3		baa3		
Financial Profile						
				a3		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	in-scope (NOK Million)	% in-scope	at-failure (NOK Million)	% at-failure
Other liabilities	108,816	34.2%	123,674	38.9%
Deposits	145,667	45.8%	130,809	41.1%
Preferred deposits	107,794	33.9%	102,404	32.2%
Junior deposits	37,873	11.9%	28,405	8.9%
Senior unsecured bank debt	42,619	13.4%	42,619	13.4%
Junior senior unsecured bank debt	7,697	2.4%	7,697	2.4%
Dated subordinated bank debt	2,142	0.7%	2,142	0.7%
Preference shares (bank)	1,700	0.5%	1,700	0.5%
Equity	9,546	3.0%	9,546	3.0%
Total Tangible Banking Assets	318,187	100.0%	318,187	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	28.9%	28.9%	28.9%	28.9%	3	3	3	3	0	a1
Counterparty Risk Assessment	28.9%	28.9%	28.9%	28.9%	3	3	3	3	0	a1 (cr)
Deposits	28.9%	6.6%	28.9%	20.0%	2	3	2	3	0	a1
Senior unsecured bank debt	28.9%	6.6%	20.0%	6.6%	2	2	2	3	0	a1
Junior senior unsecured bank debt	6.6%	4.2%	6.6%	4.2%	0	0	0	0	0	baa1
Dated subordinated bank debt	4.2%	3.5%	4.2%	3.5%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	3.5%	3.5%	3.5%	3.5%	-1	-1	-1	-1	-1	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1(cr)	
Deposits	3	0	a1	0	A1	A1
Senior unsecured bank debt	3	0	a1	0	A1	A1
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	Baa1
Dated subordinated bank debt	-1	0	baa2	0		Baa2
Junior subordinated bank debt	-1	-1	baa3	0		(P)Baa3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

## Ratings

Exhibit 9

Category	Moody's Rating
<b>SPAREBANK 1 SR-BANK ASA</b>	
Outlook	Positive
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Junior Senior Unsecured	Baa1
Junior Senior Unsecured MTN	(P)Baa1
Subordinate	Baa2
Jr Subordinate MTN	(P)Baa3
<b>SR-BOLIGKREDITT AS</b>	
Outlook	Positive
Counterparty Risk Rating	A1/P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A1

Source: Moody's Investors Service

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