

SpareBank 1 SR-Bank

Update

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F2

Viability Rating	a-
Support Rating	3
Support Rating Floor	BB+

Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Long-Term Foreign Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

SpareBank 1 SR-Bank

	30 Sep 14	31 Dec 13
Total assets (USDm)	26,085	25,820
Total assets (NOKm)	168,310	156,985
Total equity (NOKm)	15,130	14,056
Operating profit (NOKm)	2,048	2,347
Net income (NOKm)	1,647	1,860
Fitch comprehensive income (NOKm)	1,460	1,805
Operating ROAA (%)	1.7	1.6
Operating ROAE (%)	18.7	17.7
Fitch core capital/weighted risks	12.9	12.4
Tier 1 ratio (%)	13.1	12.8

Key Rating Drivers

Strong Standalone Strength: SpareBank 1 SR-Bank's (SR) ratings reflect its strong asset quality, resilient earnings, sound capital ratios, and strong regional franchise in Western Norway. They also factor in its reliance on wholesale funding, significant house price increases over the past 10 years in SR's operating market, and its relatively high sector concentration risk derived from its exposure to the oil sector in South-West Norway.

Regional Concentration Constrains Ratings: SR's geographical concentration, compared to more highly rated and better diversified international peers, constrains the ratings.

Regional Franchise Supports Earnings: SR has solid profitability. Revenue generation is supported by a strong local retail franchise. Cost management is acceptable. Loan impairment charges are low. Through its membership of Sparebanken 1 Alliance, SR benefits from cost efficiencies and income diversification from life and non-life insurance.

Sound Asset Quality: Fitch Ratings expects impaired loans to remain low, supported by a benign operating environment. A significant house price correction or extended period of low oil prices remain risks.

Wholesale Funding Reliance: SR relies more heavily on wholesale funding than other rated Alliance members. Fitch expects continued good access to both domestic and international funding markets, in particular for covered bonds via its jointly owned funding vehicle, SpareBank 1 Boligkreditt AS (A-/Stable). Fitch also expects SR to maintain strong liquidity.

Good Capitalisation: SR's capitalisation compares well with both European and local peers, despite Norwegian floors on the computation of risk-weights, which is highlighted in low leverage.

Moderate Probability of Support: SR's Support Rating and Support Rating Floor reflect Fitch's view that there is a moderate probability of support, if required, from the Norwegian authorities, given SR's strong regional franchise. In addition, there is a possibility of institutional support from the members of the Alliance. However, Fitch understands that no legal obligation arises from membership of the Alliance to support member banks.

Rating Sensitivities

Upgrade Unlikely: The Stable Outlook factors in Fitch's expectation that house prices are likely to stabilise or moderately fall in the near term, and that SR will continue to strengthen capital ratios and maintain healthy liquidity buffers. An upgrade is unlikely given the already high ratings in the context of the company profile and geographical concentration. The structural reliance on wholesale funding is also a somewhat limiting factor.

House Prices, Funding Access: SR's ratings could be downgraded if credit growth surpassed internal capital generation, materially weakening capitalisation. The ratings are also sensitive to a significant house price correction, should SR be unable to absorb losses via earnings. This scenario would likely also be followed by difficulties in obtaining competitively priced funding in the wholesale funding markets. Given the exposure to the oil industry in SR's market, extended periods of low oil prices could be a sensitivity for the bank.

Related Research

[SpareBank 1 SR-Bank – Ratings Navigator \(November 2014\)](#)

[The Major Sparebanken of the SpareBank 1 Alliance \(December 2014\)](#)

Analysts

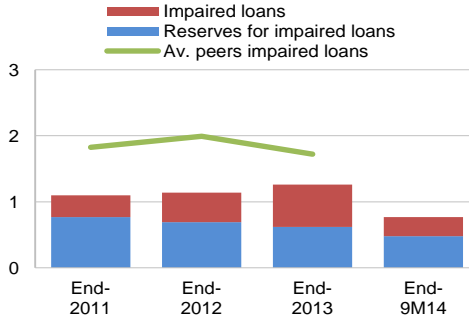
Jens Hallén
+44 20 3530 1326
jens.hallen@fitchratings.com

Bjorn Norrman
+44 20 3530 1330
bjorn.norrman@fitchratings.com

Average for SpareBank 1 SR-Bank (VR: a-), SpareBank 1 Nord-Norge (VR: a), SpareBank 1 SMN (a-), Sparebanken Vest (a-), Coventry Building Society (a), Yorkshire Building Society (a-), Leeds Building Society (a-) and Santander UK plc (a). Peer data not complete for end-September 2014. Source: Bank data; Fitch

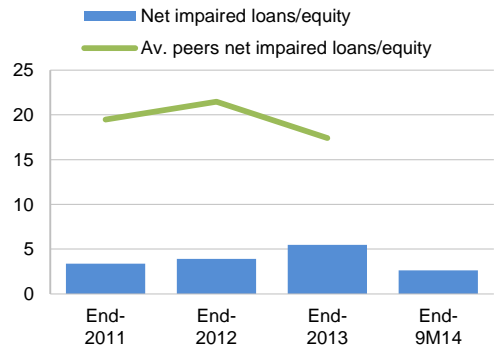
Impaired Loans

(% of gross loans)



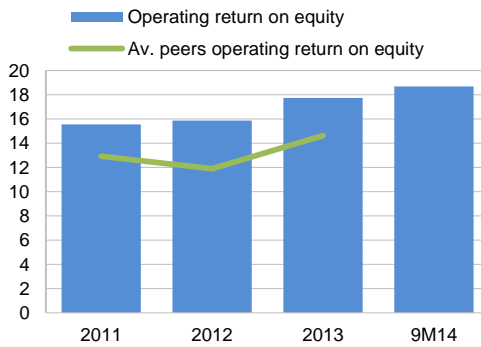
Net Impaired Loans/Equity

(%)



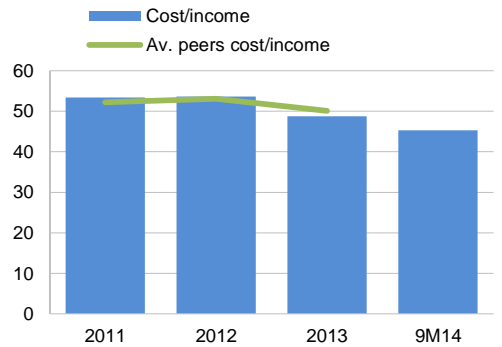
Profitability

(%)



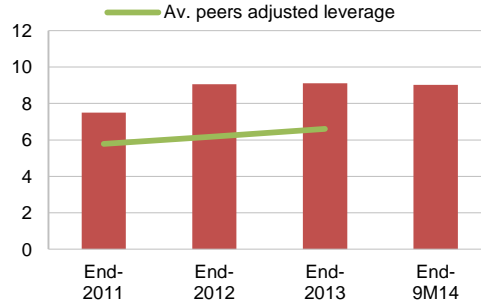
Cost Efficiency

(%)



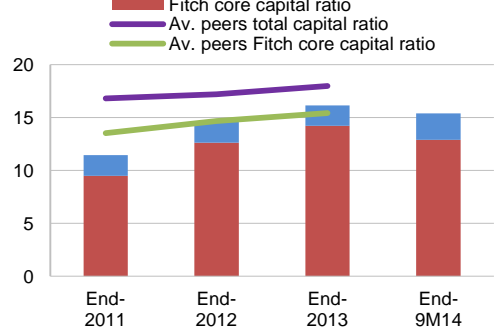
Adjusted Leverage¹

(%)



Risk-Weighted Capital Ratios

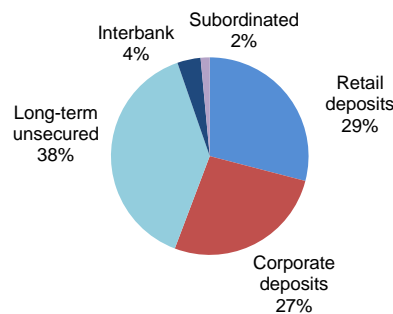
(%)



¹ Tangible common equity/tangible assets excluding insurance assets and netting derivatives

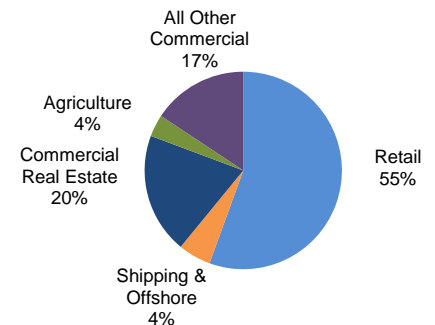
Non-equity Funding Mix

End-September 2014



Loan Book

End-September 2014



Related Criteria

Global Financial Institutions Rating Criteria (January 2014)

SpareBank 1 SR-Bank
Income Statement

	30 Sep 2014			31 Dec 2013		31 Dec 2012		31 Dec 2011	
	9 Months - 3rd Quarter	3rd Quarter	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	Unaudited USDm	Unaudited NOKm	Earning Assets	Unqualified NOKm	Earning Assets	Unqualified NOKm	Earning Assets	Unqualified NOKm	Earning Assets
1. Interest Income on Loans	n.a.	n.a.	-	5,623.0	3.69	4,942.0	3.56	4,681.0	3.60
2. Other Interest Income	705.0	4,549.0	3.69	631.0	0.41	698.0	0.50	693.0	0.53
3. Dividend Income	5.4	35.0	0.03	33.0	0.02	25.0	0.02	21.0	0.02
4. Gross Interest and Dividend Income	710.4	4,584.0	3.72	6,287.0	4.12	5,665.0	4.08	5,395.0	4.15
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	1,728.0	1.13	1,867.0	1.35	1,858.0	1.43
6. Other Interest Expense	433.9	2,800.0	2.27	1,797.0	1.18	1,691.0	1.22	1,673.0	1.29
7. Total Interest Expense	433.9	2,800.0	2.27	3,525.0	2.31	3,558.0	2.56	3,531.0	2.72
8. Net Interest Income	276.5	1,784.0	1.45	2,762.0	1.81	2,107.0	1.52	1,864.0	1.43
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	267.0	0.18	827.0	0.60	n.a.	-
10. Net Gains (Losses) on Other Securities	40.1	259.0	0.21	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	(231.0)	(0.15)	(674.0)	(0.49)	89.0	0.07
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	153.3	989.0	0.80	770.0	0.51	689.0	0.50	676.0	0.52
14. Other Operating Income	52.4	338.0	0.27	575.0	0.38	572.0	0.41	429.0	0.33
15. Total Non-Interest Operating Income	245.8	1,586.0	1.29	1,381.0	0.91	1,414.0	1.02	1,194.0	0.92
16. Personnel Expenses	138.6	894.0	0.72	1,196.0	0.78	1,082.0	0.78	828.0	0.64
17. Other Operating Expenses	97.9	632.0	0.51	823.0	0.54	806.0	0.58	805.0	0.62
18. Total Non-Interest Expenses	236.5	1,526.0	1.24	2,019.0	1.32	1,888.0	1.36	1,633.0	1.26
19. Equity-accounted Profit/ Loss - Operating	57.0	368.0	0.30	355.0	0.23	265.0	0.19	209.0	0.16
20. Pre-Impairment Operating Profit	342.8	2,212.0	1.79	2,479.0	1.63	1,898.0	1.37	1,634.0	1.26
21. Loan Impairment Charge	25.4	164.0	0.13	132.0	0.09	137.0	0.10	139.0	0.11
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	317.4	2,048.0	1.66	2,347.0	1.54	1,761.0	1.27	1,495.0	1.15
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	317.4	2,048.0	1.66	2,347.0	1.54	1,761.0	1.27	1,495.0	1.15
30. Tax expense	62.1	401.0	0.33	487.0	0.32	400.0	0.29	414.0	0.32
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	255.3	1,647.0	1.33	1,860.0	1.22	1,361.0	0.98	1,081.0	0.83
33. Change in Value of AFS Investments	n.a.	n.a.	-	(1.0)	(0.00)	(1.0)	(0.00)	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	(29.0)	(187.0)	(0.15)	(54.0)	(0.04)	338.0	0.24	(268.0)	(0.21)
37. Fitch Comprehensive Income	226.3	1,460.0	1.18	1,805.0	1.18	1,698.0	1.22	813.0	0.63
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	255.3	1,647.0	1.33	1,860.0	1.22	1,361.0	0.98	1,081.0	0.83
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	409.0	0.27	384.0	0.28	299.0	0.23
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = NOK6.45240

USD1 = NOK6.08000

USD1 = NOK5.57000

USD1 = NOK5.99000

**SpareBank 1 SR-Bank
Balance Sheet**

	30 Sep 2014		31 Dec 2013		31 Dec 2012		31 Dec 2011		
	9 Months - 3rd Quarter USDm	3rd Quarter NOKm	As % of Assets	Year End NOKm	As % of Assets	Year End NOKm	As % of Assets	Year End NOKm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	11,774.7	75,975.0	45.14	91,139.0	58.06	85,220.0	60.21	47,593.0	36.29
4. Corporate & Commercial Loans	9,418.7	60,773.0	36.11	23,825.0	15.18	19,080.0	13.48	53,309.0	40.65
5. Other Loans	92.2	595.0	0.35	5,309.0	3.38	5,213.0	3.68	466.0	0.36
6. Less: Reserves for Impaired Loans	102.0	658.0	0.39	748.0	0.48	755.0	0.53	780.0	0.59
7. Net Loans	21,183.6	136,685.0	81.21	119,525.0	76.14	108,758.0	76.84	100,588.0	76.70
8. Gross Loans	21,285.6	137,343.0	81.60	120,273.0	76.61	109,513.0	77.37	101,368.0	77.30
9. Memo: Impaired Loans included above	163.4	1,054.0	0.63	1,519.0	0.97	1,247.0	0.88	1,111.0	0.85
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	343.4	2,216.0	1.32	1,253.0	0.80	1,087.0	0.77	723.0	0.55
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	2,587.6	16,696.0	9.92	15,159.0	9.66	11,411.0	8.06	11,837.0	9.03
4. Derivatives	623.5	4,023.0	2.39	4,923.0	3.14	4,578.0	3.23	3,716.0	2.83
5. Available for Sale Securities	n.a.	n.a.	-	7.0	0.00	3.0	0.00	4.0	0.00
6. Held to Maturity Securities	n.a.	n.a.	-	6,837.0	4.36	7,934.0	5.61	8,640.0	6.59
7. Equity Investments in Associates	713.1	4,601.0	2.73	4,710.0	3.00	4,964.0	3.51	4,389.0	3.35
8. Other Securities	113.0	729.0	0.43	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	4,037.1	26,049.0	15.48	31,636.0	20.15	28,890.0	20.41	28,586.0	21.80
10. Memo: Government Securities included Above	n.a.	n.a.	-	2,705.0	1.72	2,010.0	1.42	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	25,564.1	164,950.0	98.00	152,414.0	97.09	138,735.0	98.02	129,897.0	99.05
C. Non-Earning Assets									
1. Cash and Due From Banks	52.1	336.0	0.20	1,265.0	0.81	1,314.0	0.93	263.0	0.20
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	48.5	313.0	0.19	362.0	0.23	363.0	0.26	401.0	0.31
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	3.9	25.0	0.01	39.0	0.02	43.0	0.03	54.0	0.04
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	10.1	65.0	0.04	85.0	0.05	85.0	0.06	85.0	0.06
10. Other Assets	406.2	2,621.0	1.56	2,820.0	1.80	1,003.0	0.71	442.0	0.34
11. Total Assets	26,084.9	168,310.0	100.00	156,985.0	100.00	141,543.0	100.00	131,142.0	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	12,588.8	81,228.0	48.26	64,682.0	41.20	58,675.0	41.45	53,118.0	40.50
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	6,985.0	4.45	8,919.0	6.30	10,924.0	8.33
4. Total Customer Deposits	12,588.8	81,228.0	48.26	71,667.0	45.65	67,594.0	47.76	64,042.0	48.83
5. Deposits from Banks	851.3	5,493.0	3.26	3,742.0	2.38	4,522.0	3.19	4,782.0	3.65
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	12,933.0	8.24	7,882.0	5.57	7,395.0	5.64
8. Total Deposits, Money Market and Short-term Funding	13,440.1	86,721.0	51.52	88,342.0	56.27	79,998.0	56.52	76,219.0	58.12
9. Senior Debt Maturing after 1 Year	8,680.3	56,009.0	33.28	45,824.0	29.19	40,108.0	28.34	36,338.0	27.71
10. Subordinated Borrowing	354.0	2,284.0	1.36	2,124.0	1.35	1,907.0	1.35	2,702.0	2.06
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	9,034.3	58,293.0	34.63	47,948.0	30.54	42,015.0	29.68	39,040.0	29.77
13. Derivatives	487.6	3,146.0	1.87	2,013.0	1.28	2,282.0	1.61	2,010.0	1.53
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	22,962.0	148,160.0	88.03	138,303.0	88.10	124,295.0	87.81	117,269.0	89.42
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	79.8	515.0	0.31	243.0	0.15	177.0	0.13	705.0	0.54
4. Current Tax Liabilities	69.3	447.0	0.27	377.0	0.24	209.0	0.15	130.0	0.10
5. Deferred Tax Liabilities	87.6	565.0	0.34	671.0	0.43	631.0	0.45	329.0	0.25
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	258.5	1,668.0	0.99	1,455.0	0.93	1,278.0	0.90	679.0	0.52
10. Total Liabilities	23,457.2	151,355.0	89.93	141,049.0	89.85	126,590.0	89.44	119,112.0	90.83
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	282.8	1,825.0	1.08	1,880.0	1.20	2,316.0	1.64	2,273.0	1.73
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	2,319.8	14,968.0	8.89	13,894.0	8.85	12,565.0	8.88	8,531.0	6.51
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	1,183.0	0.90
3. Securities Revaluation Reserves	25.1	162.0	0.10	162.0	0.10	72.0	0.05	43.0	0.03
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	2,344.9	15,130.0	8.99	14,056.0	8.95	12,637.0	8.93	9,757.0	7.44
7. Total Liabilities and Equity	26,084.9	168,310.0	100.00	156,985.0	100.00	141,543.0	100.00	131,142.0	100.00
8. Memo: Fitch Core Capital	2,341.0	15,105.0	8.97	14,017.0	8.93	12,594.0	8.90	9,703.0	7.40
9. Memo: Fitch Eligible Capital	2,341.0	15,105.0	8.97	14,017.0	8.93	12,594.0	8.90	9,703.0	7.40

Exchange rate

USD1 = NOK6.45240

USD1 = NOK6.08000

USD1 = NOK5.57000

USD1 = NOK5.99000

SpareBank 1 SR-Bank Summary Analytics

	30 Sep 2014 9 Months - 3rd Quarter	31 Dec 2013 Year End	31 Dec 2012 Year End	31 Dec 2011 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	n.a.	4.90	4.74	4.47
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	2.46	2.75	2.93
3. Interest Income/ Average Earning Assets	3.86	4.29	4.19	4.11
4. Interest Expense/ Average Interest-bearing Liabilities	2.61	2.67	2.93	2.93
5. Net Interest Income/ Average Earning Assets	1.50	1.89	1.56	1.42
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.37	1.80	1.46	1.31
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	1.50	1.89	1.56	1.42
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	47.06	33.33	40.16	39.05
2. Non-Interest Expense/ Gross Revenues	45.28	48.73	53.62	53.40
3. Non-Interest Expense/ Average Assets	1.25	1.35	1.38	1.23
4. Pre-impairment Op. Profit/ Average Equity	20.19	18.72	17.09	17.01
5. Pre-impairment Op. Profit/ Average Total Assets	1.82	1.65	1.38	1.23
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	7.41	5.32	7.22	8.51
7. Operating Profit/ Average Equity	18.70	17.73	15.86	15.56
8. Operating Profit/ Average Total Assets	1.68	1.57	1.28	1.12
9. Taxes/ Pre-tax Profit	19.58	20.75	22.71	27.69
10. Pre-Impairment Operating Profit / Risk Weighted Assets	2.52	2.19	1.71	1.60
11. Operating Profit / Risk Weighted Assets	2.33	2.08	1.58	1.46
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	15.04	14.05	12.26	11.25
2. Net Income/ Average Total Assets	1.35	1.24	0.99	0.81
3. Fitch Comprehensive Income/ Average Total Equity	13.33	13.63	15.29	8.46
4. Fitch Comprehensive Income/ Average Total Assets	1.20	1.20	1.24	0.61
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	1.88	1.64	1.22	1.06
7. Fitch Comprehensive Income/ Risk Weighted Assets	1.66	1.60	1.53	0.80
D. Capitalization				
1. Fitch Core Capital/ Risk Weighted Assets	12.88	12.40	11.32	9.50
2. Fitch Eligible Capital/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	8.98	8.93	8.90	7.40
4. Tier 1 Regulatory Capital Ratio	13.05	12.83	12.15	10.62
5. Total Regulatory Capital Ratio	15.38	14.07	13.10	11.44
6. Core Tier 1 Regulatory Capital Ratio	n.a.	11.11	10.01	8.27
7. Equity/ Total Assets	8.99	8.95	8.93	7.44
8. Cash Dividends Paid & Declared/ Net Income	n.a.	21.99	28.21	27.66
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	22.66	22.61	36.78
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Internal Capital Generation	14.55	10.32	7.73	8.01
E. Loan Quality				
1. Growth of Total Assets	7.21	10.91	7.93	(2.70)
2. Growth of Gross Loans	14.19	9.83	8.04	(4.18)
3. Impaired Loans/ Gross Loans	0.77	1.26	1.14	1.10
4. Reserves for Impaired Loans/ Gross Loans	0.48	0.62	0.69	0.77
5. Reserves for Impaired Loans/ Impaired Loans	62.43	49.24	60.55	70.21
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	2.62	5.50	3.91	3.41
7. Impaired Loans less Reserves for Impaired Loans/ Equity	2.62	5.49	3.89	3.39
8. Loan Impairment Charges/ Average Gross Loans	0.17	0.11	0.13	0.13
9. Net Charge-offs/ Average Gross Loans	0.25	0.14	0.07	0.10
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Ass	0.77	1.26	1.14	1.10
F. Funding and Liquidity				
1. Loans/ Customer Deposits	169.08	167.82	162.02	158.28
2. Interbank Assets/ Interbank Liabilities	40.34	33.48	24.04	15.12
3. Customer Deposits/ Total Funding (excluding derivatives)	56.01	52.58	55.40	55.56

**SpareBank 1 SR-Bank
Reference Data**

	30 Sep 2014		As % of Assets	31 Dec 2013		As % of Assets	31 Dec 2012		As % of Assets	31 Dec 2011		As % of Assets
	9 Months - 3rd Quarter USDm	3rd Quarter NOKm		Year End NOKm	Year End NOKm		Year End NOKm	Year End NOKm				
A. Off-Balance Sheet Items												
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Guarantees	n.a.	n.a.	-	11,509.0	7.33	13,248.0	9.36	9,768.0	7.45			
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	9.0	0.01			
5. Committed Credit Lines	n.a.	n.a.	-	16,167.0	10.30	16,958.0	11.98	12,256.0	9.35			
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	3,927.0	2.99			
7. Total Business Volume	26,084.9	168,310.0	100.00	184,661.0	117.63	171,749.0	121.34	157,102.0	119.80			
8. Memo: Risk Weighted Assets	18,175.9	117,278.0	69.68	113,075.0	72.03	111,212.5	78.57	102,128.0	77.88			
9. Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
10. Fitch Adjusted Risk Weighted Assets	18,175.9	117,278.0	69.68	113,075.0	72.03	111,212.5	78.57	102,128.0	77.88			
B. Average Balance Sheet												
Average Loans	19,941.2	128,668.5	76.45	114,806.8	73.13	104,258.6	73.66	104,755.0	79.88			
Average Earning Assets	24,589.2	158,659.5	94.27	146,423.6	93.27	135,102.6	95.45	131,371.8	100.18			
Average Assets	25,196.8	162,580.0	96.60	149,880.2	95.47	137,129.2	96.88	133,231.0	101.59			
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Average Interest-Bearing Liabilities	22,222.8	143,390.5	85.19	132,080.4	84.14	121,517.8	85.85	120,385.6	91.80			
Average Common equity	2,244.6	14,483.3	8.61	13,150.2	8.38	10,820.2	7.64	9,337.8	7.12			
Average Equity	2,269.7	14,645.3	8.70	13,240.2	8.43	11,105.6	7.85	9,608.8	7.33			
Average Customer Deposits	11,974.7	77,265.8	45.91	70,372.2	44.83	67,844.8	47.93	63,355.8	48.31			
C. Maturities												
Asset Maturities:												
Loans & Advances < 3 months	n.a.	n.a.	-	38,126.0	24.29	33,843.0	23.91	33,295.0	25.39			
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	3,778.0	2.41	3,419.0	2.42	3,012.0	2.30			
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	18,486.0	11.78	18,200.0	12.86	15,161.0	11.56			
Loans & Advances > 5 years	n.a.	n.a.	-	59,135.0	37.67	53,296.0	37.65	49,120.0	37.46			
Debt Securities < 3 Months	n.a.	n.a.	-	4,081.0	2.60	1,141.0	0.81	n.a.	-			
Debt Securities 3 - 12 Months	n.a.	n.a.	-	7,029.0	4.48	2,928.0	2.07	n.a.	-			
Debt Securities 1 - 5 Years	n.a.	n.a.	-	13,384.0	8.53	17,436.0	12.32	n.a.	-			
Debt Securities > 5 Years	n.a.	n.a.	-	1,494.0	0.95	1,750.0	1.24	n.a.	-			
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	1,253.0	0.80	1,087.0	0.77	723.0	0.55			
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Liability Maturities:												
Retail Deposits < 3 months	n.a.	n.a.	-	69,495.0	44.27	66,258.0	46.81	n.a.	-			
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	1,637.0	1.04	1,336.0	0.94	n.a.	-			
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	535.0	0.34	n.a.	-	n.a.	-			
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	67,131.0	47.43	61,785.0	47.11			
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	1,336.0	0.94	2,355.0	1.80			
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	7,099.0	5.02	7,768.0	5.92			
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Deposits from Banks < 3 Months	n.a.	n.a.	-	3,242.0	2.07	3,661.0	2.59	3,938.0	3.00			
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	500.0	0.32	361.0	0.26	269.0	0.21			
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	500.0	0.35	622.0	0.47			
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Senior Debt Maturing < 3 months	n.a.	n.a.	-	7,577.0	4.83	3,383.0	2.39	4,177.0	3.19			
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	5,356.0	3.41	4,499.0	3.18	2,178.0	1.66			
Senior Debt Maturing 1-5 Years	n.a.	n.a.	-	32,057.0	20.42	32,557.0	23.00	29,871.0	22.78			
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	13,767.0	8.77	7,551.0	5.33	2,684.0	2.05			
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	58,757.0	37.43	47,990.0	33.90	38,910.0	29.67			
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	1,351.0	1.03			
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Subordinated Debt Maturing 1-5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	5,127.0	3.91			
Total Subordinated Debt on Balance Sheet	354.0	2,284.0	1.36	2,124.0	1.35	1,907.0	1.35	2,702.0	2.06			
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
D. Equity Reconciliation												
1. Equity	2,344.9	15,130.0	8.99	14,056.0	8.95	12,637.0	8.93	9,757.0	7.44			
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Published Equity	2,344.9	15,130.0	8.99	14,056.0	8.95	12,637.0	8.93	9,757.0	7.44			
E. Fitch Eligible Capital Reconciliation												
1. Total Equity as reported (including non-controlling interests)	2,344.9	15,130.0	8.99	14,056.0	8.95	12,637.0	8.93	9,757.0	7.44			
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
5. Other intangibles	3.9	25.0	0.01	39.0	0.02	43.0	0.03	54.0	0.04			
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
9. Fitch Core Capital	2,341.0	15,105.0	8.97	14,017.0	8.93	12,594.0	8.90	9,703.0	7.40			
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
12. Fitch Eligible Capital	2,341.0	15,105.0	8.97	14,017.0	8.93	12,594.0	8.90	9,703.0	7.40			

Exchange Rate

USD1 = NOK6.45240

USD1 = NOK6.08000

USD1 = NOK5.57000

USD1 = NOK5.99000

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2014 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.