MOODY'S
INVESTORS SERVICE

CREDIT OPINION
12 June 2019

Update

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RATINGS

SpareBank 1 Ostlandet

Domicile	Hamar, 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	Stable
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

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 Ostlandet

Update to credit analysis following outlook change to stable from negative

Summary

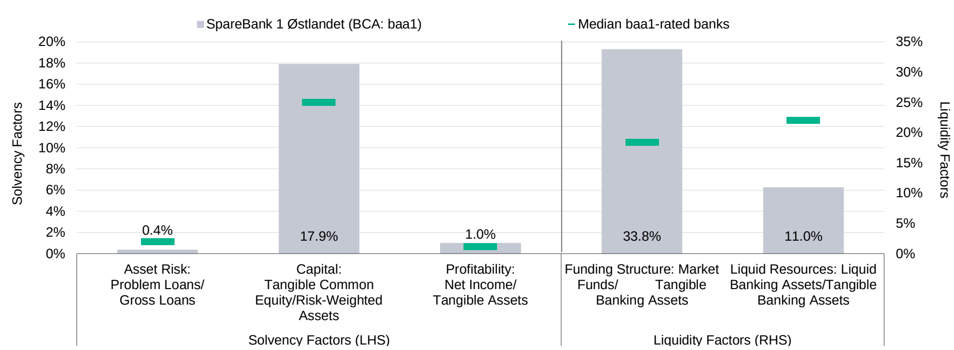
SpareBank 1 Østlandet's long-term deposit and senior unsecured debt ratings of A1 take into account the bank's baseline credit assessment (BCA) of baa1, but also our loss given failure (LGF) analysis which leads to three-notches of rating uplift from its BCA.

SpareBank 1 Østlandet's BCA of baa1 primarily reflects the bank's strengthened franchise and potential for growth in an extended regional coverage following the acquisition of Bank 1 Oslo Akershus (B1OA) in June 2016 and its legal merger on 1 April 2017, as well as the bank's healthy standalone credit profile.

The bank has a very strong asset quality (problem loans ratio dropped to 0.3% of gross loans at end-March 2019 from 0.9% prior to the merger at end-December 2015), as well as deeper loans and earnings geographical diversification than before. Its capital levels are solid and its profitability metrics are also satisfactory, benefiting from solid customer growth after the acquisition. The bank's BCA also takes into account its relatively high level of capital markets funding, which makes it vulnerable to investor confidence fluctuations, a common feature among the largest savings banks in Norway.

The bank's A1 deposit, senior unsecured debt and issuer ratings take into account our forward-looking LGF analysis, taking into account the bank's upcoming MREL-eligible securities requirement, which benefits from its large volume of deposits and substantial layers of subordination resulting in three notches of rating uplift for its deposits and senior debt ratings from its BCA.

Exhibit 1
Rating Scorecard - Key Financial Ratios



Source: Moody's Financial Metrics

Credit strengths

» SpareBank 1 Østlandet's ratings are supported by its Very Strong- Macro Profile

» Solid capital levels, which are the strongest among peers

» Asset risk metrics are strong on the back of a low credit risk portfolio

» Large volume of deposits and junior debt resulting in deposit ratings benefiting from a very low loss-given-failure rate

Credit challenges

» The bank's funding profile is underpinned by relatively high reliance on market funding but also a sizeable deposit base

» Some margin pressure visible, although we expect the bank's core profitability to be sustained

Outlook

The bank's deposit and debt ratings carry a stable outlook to reflect the counterbalancing effect of lowering our government support assumptions resulting in no rating uplift for the bank's deposit ratings due to the BRRD implementation in Norway as of 01.01.2019, and the expected issuance of MREL-eligible securities over the next 2-3 years that would provide additional layers of loss absorption in our loss given failure analysis. Any future changes to the bank's ratings are expected to be mainly driven by BCA dynamics and credit events.

Factors that could lead to an upgrade

Upward rating pressure could develop if SpareBank 1 Østlandet demonstrates: (1) Strong sustainable asset quality and low impairments in its retail and corporate books; (2) comfortable liquidity on an on-going basis; and/or (3) stronger earnings generation without an increase in its risk profile. In addition, further upward pressure could emerge, as suggested by the positioning of the bank's BCA at the lower end of the BCA range implied by Moody's scorecard, if the bank is able to further strengthen its customer base, and enhance its product offering and franchise following its expansion in the Akershus area, which in turn will support the bank's revenues and profitability.

Factors that could lead to a downgrade

Future downward rating pressure could arise if: (1) SpareBank 1 Østlandet's problem loan ratio increases above our system-wide expectation of approximately 2%; (2) financing conditions become more difficult; (3) its risk profile increases, as a result of increased exposures to more volatile sectors resulting in asset quality deterioration; (4) the macroeconomic environment deteriorates, leading to adverse developments in the Norwegian real-estate market and to a lower Macro Profile; and/or (5) the actual issuance of MREL-eligible securities is lower than our expectation, leading to a change in our advanced LGF analysis.

Key indicators

Exhibit 2

SpareBank 1 Ostlandet (Consolidated Financials) [1]

	03-19[2]	12-18[2]	12-17[2]	12-16[2]	12-15[2]	CAGR/Avg.[3]
Total Assets (NOK Billion)	168.1	164.0	146.9	137.3	73.2	29.2[4]
Total Assets (USD Million)	19,516.9	18,939.5	17,959.0	15,945.3	8,266.2	30.3[4]
Tangible Common Equity (NOK Billion)	13.6	13.6	12.1	11.2	8.3	16.3[4]
Tangible Common Equity (USD Million)	1,575.7	1,571.5	1,483.4	1,301.7	939.1	17.3[4]
Problem Loans / Gross Loans (%)	0.3	0.3	0.4	0.4	0.9	0.5[5]
Tangible Common Equity / Risk Weighted Assets (%)	17.9	18.1	17.6	18.0	22.1	18.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	3.1	3.3	4.3	4.3	6.4	4.3[5]
Net Interest Margin (%)	1.4	1.6	1.7	1.9	2.3	1.8[5]
PPI / Average RWA (%)	2.1	2.1	1.9	2.2	1.9	2.1[6]
Net Income / Tangible Assets (%)	1.7	0.9	0.8	0.7	1.0	1.0[5]
Cost / Income Ratio (%)	55.5	54.5	60.4	58.2	59.7	57.7[5]
Market Funds / Tangible Banking Assets (%)	34.0	33.8	31.2	30.6	29.0	31.7[5]
Liquid Banking Assets / Tangible Banking Assets (%)	11.7	11.0	8.1	9.2	10.4	10.1[5]
Gross Loans / Due to Customers (%)	194.9	196.0	196.3	189.4	182.7	191.9[5]

[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 due to scale of reported amounts. [4]Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime. [5]Simple average of periods presented for the latest accounting regime. [6]Simple average of Basel III periods presented.

Source: Moody's Investors Service; Company Filings

Profile

SpareBank 1 Østlandet (known as Sparebanken Hedmark prior to April 2017) is a leading Norwegian regional savings bank that provides retail and corporate financial products and services, from loans and deposit facilities to insurance, pension, payment, leasing, real estate brokerage and accounting services. As of 31 March 2019, it reported consolidated assets (including loans transferred to covered bond companies) of NOK169 billion.

Detailed credit considerations

SpareBank 1 Østlandet's ratings are supported by its Very Strong- Macro Profile

As a domestically oriented bank, we align SpareBank 1 Østlandet's Macro Profile with that of Norway at Very Strong-. Norwegian banks benefit from operating in a wealthy and developed country with very high economic, institutional and government financial strength as well as very low susceptibility to event risk. Norway has a diversified and growing economy, which demonstrated resilience to the past weakening in the oil sector. The main risks to the banking system stem from the high level of household indebtedness, 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 capitalization and the country's sizeable sovereign wealth fund that could support the economy in case of financial crisis.

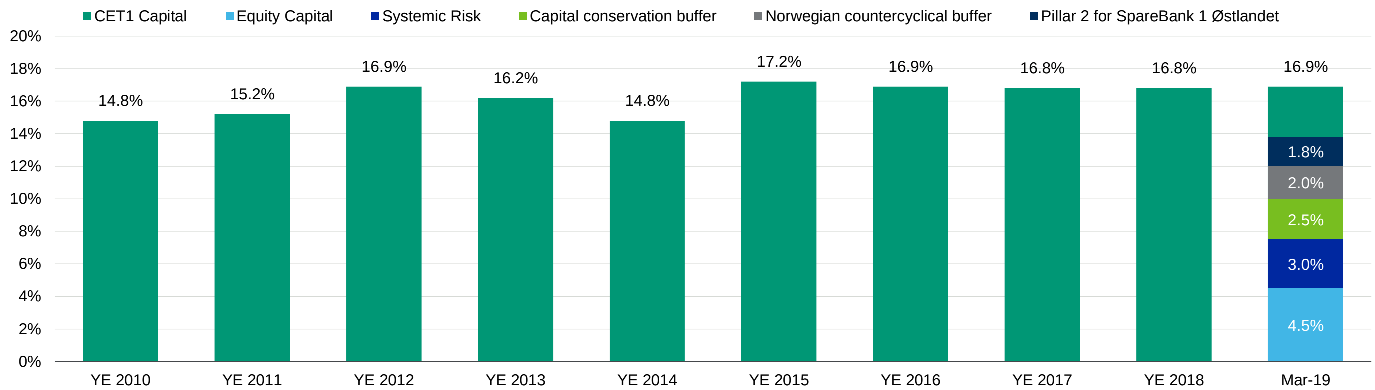
Solid capital levels, which are the strongest among peers

At end-March 2019 the group remained as one of the strongest capitalised banks among savings banks in Norway with a tangible common equity (TCE) to risk weighted assets (RWA) ratio at 17.9%, and a reported common equity Tier 1 (CET1) ratio of 16.9% slightly up from 16.8% in December 2018 (see Exhibit 3). The bank targets to have a CET1 ratio of 16% on an on-going basis, aiming to maintain its position as the most solid regional savings bank. Its reported leverage ratio was 7.4% at end-March 2019, although down from 7.5% in December 2018. The bank carried out a private placement in November 2018, raising NOK700 million of fresh capital, which further strengthened the bank's already strong capital position by adding approximately 100 basis points to the 15.9% CET1 ratio reported at end-September 2018. A subsequent offering of NOK37 million was made in January 2019.

The Norwegian authorities were concerned about the development of financial imbalances in light of strong growth in house prices in recent years, especially in the Oslo region. Consequently, the Ministry of Finance increased the countercyclical capital buffer to 2.5% from 2.0% that the banks need to meet by end of 2019. Previous increase in the countercyclical buffer was in 2017, in addition to new home mortgage regulations introduced in early 2017. The current mortgage regulation expires at the end of 2019 and is likely to be extended for one more year. SpareBank 1 Østlandet is subject to a Pillar 2 requirement of 1.8%, which increased from 1.7% from 31 March 2018, and thus the bank's minimum regulatory CET1 requirement is 13.8% indicating currently a significant capital buffer for the bank.

Exhibit 3

SpareBank 1 Østlandet CET1 capital ratio evolution



Source: Company reports and presentations

We expect the bank to maintain a strong capital position supported by sufficient retained earnings, through a relatively conservative dividend payout over the next 2-3 years, and by discontinuing capital-intensive activities that fall outside the bank's core business. The bank successfully conducted an IPO in June 2017 and the Equity Certificates were listed on the Oslo Stock Exchange. Consequently, this is expected to improve SpareBank 1 Østlandet's capacity to access capital and will increase the bank's visibility in international capital markets by tapping a much larger investor base.

Furthermore, we note that the Minsitry of Finance has announced on 23 May 2019 that it rejected the FSA's proposal to designate large regional banks with more than 10% corporate lending market share in one or more defined regions, as systemically important financial institutions (SIFI). According to the rejected proposal, SpareBank 1 Østlandet would have had an additional CET1 capital requirement of 2% of its risk-weighted assets and 1% in terms of regulatory leverage ratio. The Ministry of Finance said it will seek other capital measures to neutralise the positive RWAs impact from the transposition of the CRD IV directive into Norwegian law on 1 January 2019.

Sparebankstiftelsen Hedmark (the bank's Foundation) maintains its position as the largest stakeholder of the bank post the IPO, being a long-term and financially strong owner with its bylaws stating that it shall maintain its interest through participation in equity certificate issues. Another important innovation, both for the bank and its customers, is that SpareBank 1 Østlandet was the first bank in Norway to launch customer dividends, enabling customers to secure a profit via their deposit and loan balances in the bank. A customer dividend of NOK222 million was paid out to both retail and corporate customers on 26 April 2019, resulting in an overall 50% total dividend payout out of the 2018 net profits.

We believe that the bank has strong capital buffers relative to its peers, a distinctive feature of the bank in the last few years, which will also allow the bank to grow its balance sheet and leverage opportunities in the Oslo-Akershus region where it now operates. Our assigned Capital Score reflects this strength, as well as the bank's adjusted leverage ratio (TCE/Tangible banking assets ratio), which at 8.1% as of end-March 2019 is satisfactory for the Norwegian regulator's requirement and high compared with international standards and similarly-rated global peers.

Asset risk metrics are strong on the back of a low credit risk portfolio

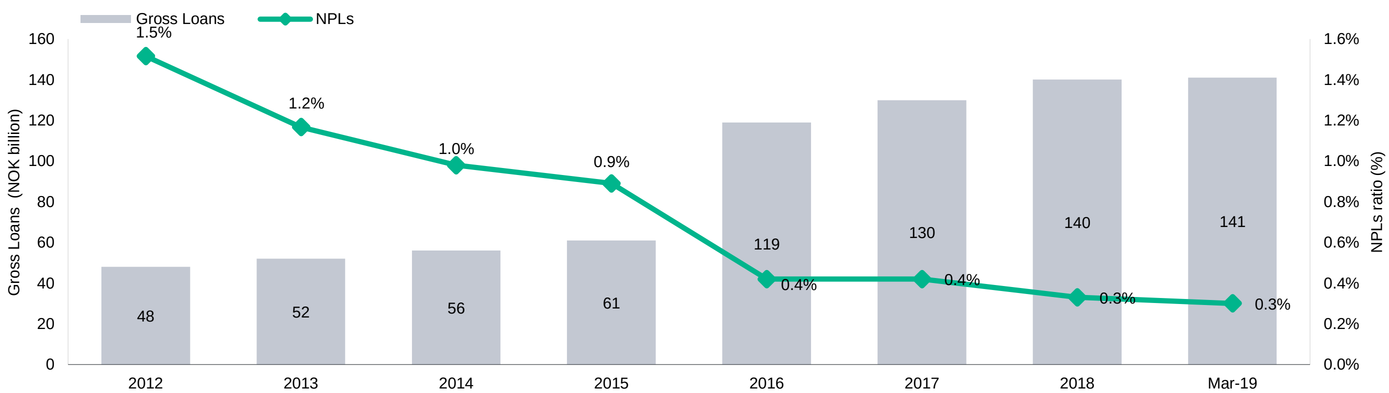
In line with our previous expectation, SpareBank 1 Østlandet's asset quality has improved with overall problem loans for the group reducing to around 0.3% of gross loans (including covered bond loans) at end-March 2019 from 0.9% at end-December 2015 (see Exhibit 4). This was mainly driven by the strong asset quality of the acquired B1OA's with a very low level of problem loans on the back of its predominantly retail mortgages credit profile with very low LTVs.

The combined loan book of the bank is now geared towards retail borrowers, mostly residential mortgages, accounting for around 74% of gross loans, including loans transferred to the covered bond companies, with no exposure to the oil sector at end-March 2019. This supports the bank's asset quality, limiting the downside risks from credit impairments, given the traditionally very low loss rates for residential mortgages in Norway.

Both banks' problem loans ratios have been historically low and on an improving trend during 2015-17, with the 3 year average historical ratio for SpareBank 1 Østlandet at 0.4% at end-December 2018, down from 1% at end-December 2015 (average for 2015 is on standalone basis excluding B1OA).

Exhibit 4

SpareBank 1 Østlandet's asset risk metrics post acquisition



2017 and onwards are based on fully consolidated balance sheet, including B1OA
Source: Company reports and Moody's Financial Metrics

Nonetheless, we note that the bank has some concentration in the commercial real estate (CRE) sector which constituted around 10% of gross loans (including covered bond loans) while around 3% of gross loans was towards the building and construction sector at end-March 2019. The exposure towards these two sectors, which is common among all Norwegian savings banks, raises somewhat the risk in the bank's credit profile and makes it vulnerable to potential property prices volatility in the market.

We also believe that the residential mortgage loan book in the Oslo area, where house prices have grown significantly in recent years, exposes the bank to downside risks in case of a material house price decline. The growth in real estate prices in Oslo has however slowed down since the beginning of 2017 owing to tighter lending regulation that came into effect in early 2017. Concurrently, we also note that the bank's average residential loan-to-value (LTV) in the Oslo area was relatively low at 58% in March 2019 compared to the maximum allowed of 85% mitigating any downside risks.

We assign an Asset Risk Score of a2, incorporating four notches of negative adjustment to reflect the bank's exposure to CRE, building and construction sectors, as well as geographical concentration in its regional home market and in the Oslo-Akershus region. We make similar adjustments in the asset risk scores of other rated Norwegian savings banks as well.

Some margin pressure visible, although we expect the bank's core profitability to be sustained

SpareBank 1 Østlandet's profit after tax increased significantly to NOK757 million in the first quarter of 2019 compared to NOK314 million in the same period last year due to a large one-off gain. This amounted to NOK291 million received as a result of DNB increasing its stake in Fremtind Forsikring AS, which was established on 1 Januray 2019 from the merger between SpareBank 1 Skadeforsikring AS and DNB Skadeforsikring AS.

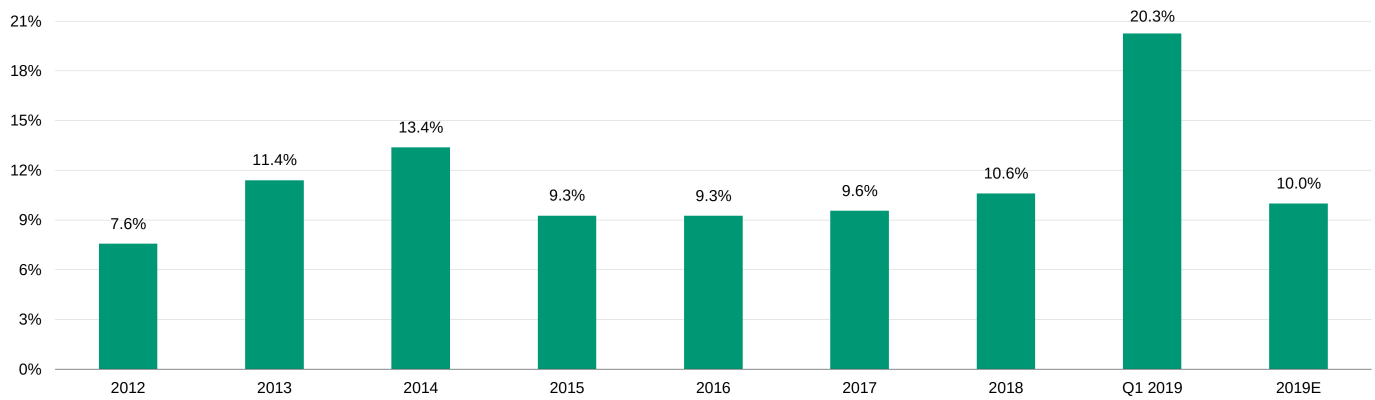
SpareBank 1 Østlandet's main source of earnings is net interest income (including fees from loans transferred to the covered bond companies), although we note that the bank's net interest margin (NIM according to Moody's adjusted metrics) has declined to 1.4% in the first quarter of 2019 from 1.6% in full-year 2018 and 1.69% in 2017. This is mainly due to increasing money market rates, but also the lower margins in the mortgage book due to intense competition. In April the bank raised its interest rate on lending and deposits by up to 15 basis points, after a 25 basis point raise in October 2018. These actions follow two central bank's 25 basis point increases, which now has set the interest rate at 1%. We expect that the current margin pressure will be sustained in the short-term, although the higher interest rates in Norway are likely to benefit all banks' NIM in the longer term.

Concurrently, loan loss provisions were negative for the bank at -0.09% (write-back) of average gross loans in the first quarter 2019, despite the adoption of IFRS 9 with new, more conservative principles for write-downs from January 2018 onwards. The methodology in the IFRS 9 standard entails somewhat larger volatility in write-downs, as they will be made at an earlier stage than under current practice.

Nonetheless, we expect that the bank's profitability metrics will be sustained in 2019-20, with the contribution of cost synergies already in place, estimated by the bank at minimum NOK75 million per annum, and also in view of the bank's good positioning for further profitable growth. The bank's 12 month loan growth at end-March was satisfactory at 6.5%, mainly driven by high growth in corporate lending. The bank reported a return on equity (RoE) of 21.2% in the first quarter of 2019, up from 9.9% in the same period last year, and above its long term minimum target of 10%.

Exhibit 5

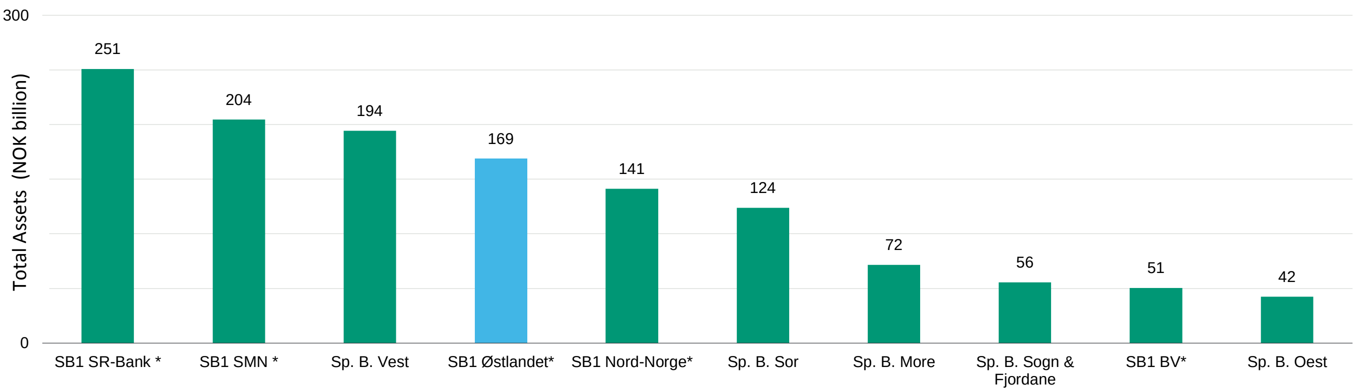
SpareBank 1 Østlandet's Moody's adjusted Return on Equity (RoE)



2017 and onwards are based on consolidated financials including results from Bank 1 Oslo Akershus.
Source: Company reports and Moody's Financial Metrics

We also expect that over the medium term, the bank's earnings will get a boost from its increased client base (since the take-over of B1OA in June 2016, the number of customers increased by 14.5%) and cross-selling opportunities, as well as the bank's capacity to expand in the more wealthy Oslo-Akershus region. The bank has a dominant position in the Hedmark region with market share in both retail and corporate of around 50%, and now adds around 11% retail market share and 2% in SMEs in the Oslo-area. As the fourth largest Norwegian savings bank (see Exhibit 6), SpareBank 1 Østlandet will also have the potential to participate in bigger syndications along with other banks, and also attract more business from larger borrowers in the market.

Exhibit 6
Consolidated SpareBank 1 Østlandet is Norway's fourth largest savings bank (31 March 2019)



* SpareBank 1 Alliance banks include assets transferred to Covered Bond companies
Source: Company reports and Moody's Financial Metrics

The bank's funding profile is underpinned by relatively high reliance on market funding but also a sizeable deposit base

SpareBank 1 Østlandet's funding profile has not changed in any significant way compared to prior to the acquisition of B1OA, with market funding reliance (assuming 50% of covered bonds as market funding) to be around 34% of total tangible banking assets at end-March 2019, mainly driven by the issuance of covered bonds. We also note that since June 2016 the bank participates in the jointly-owned SpareBank 1 Alliance's EUR10 billion EMTN program, while it successfully issued its first Euro-denominated senior bond of EUR500 million in March 2018, contributing to a more diversified funding profile. The bank's funding position is also underpinned by a substantial deposit base, which accounted for around 50% of total funding (including covered bonds issued through SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at end-March 2019, with 57% of the bank's deposits derived from the retail sector.

We globally reflect the relative stability of covered bonds compared to unsecured market funding through a standard adjustment in our scorecard. SpareBank 1 Østlandet has increasingly used covered bond funding in the past years, which is done off-balance-sheet through specialized companies it jointly owns together with the other members of SpareBank 1 Alliance (SpareBank 1 Boligkreditt for residential mortgages and SpareBank 1 Næringskreditt for commercial mortgages). At end-March 2019, SpareBank 1 Østlandet had transferred retail mortgages worth NOK40.9 billion to SpareBank 1 Boligkreditt and NOK1.4 billion commercial mortgages to SpareBank 1 Næringskreditt (i.e. equivalent to 30% of total gross loans including loans transferred to covered bond companies).

Whilst we positively view the diversification benefit of covered bond funding, our assessment of the bank's funding structure reflects our view that SpareBank 1 Østlandet has some reliance on market funds - a common feature at Nordic banks. Market funding, in accordance with our adjusted estimate, accounted for approximately 34% of the bank's tangible banking assets at end-March 2019 (34% at end-December 2018). We also note that from 2019 until the end of 2022, we estimate that it will need to raise around 10 billion of Tier 3 capital (senior non-preferred bonds) that will be eligible for minimum requirement for own funds and eligible liabilities (MREL) that comes into effect next year in Norway. This will not increase the bank's market funding dependence, as the bank will likely replace existing senior-preferred bonds that will mature with such MREL-eligible bonds.

SpareBank 1 Østlandet's liquidity position is sound, with liquid assets to total tangible banking assets at 11.7% at end-March 2019 (including assets transferred to covered bond companies) and, according to the bank, cover funding needs for 18 months without access to external funding from the market. However, we note that this ratio understates the core liquidity of the bank, given that it does not take into account the liquid assets held by SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Accordingly, we incorporate a positive adjustment in the assigned Liquid Resources Score to reflect the additional source of liquidity stemming from the covered bond companies.

The liquidity reserves consist of cash and deposits with the central bank, senior bonds, government guaranteed bonds, covered bonds and limited equity investments. The holdings are concentrated on Norwegian securities, which could be a source of vulnerability from a concentration risk point of view, but are positive in terms of currency risk. In addition, the bank reported a high liquidity coverage ratio (LCR) of 147% at end-March 2019 (153% at end-December 2018).

Support and structural considerations

Loss Given Failure and additional notching

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. In our advanced LGF 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 metrics are in line with our standard assumptions.

The ratings take into account Moody's forward-looking LGF analysis of the combined entity's volume of deposits and senior unsecured debt, as well as the volume of securities subordinated to them. We take into consideration the expected level of MREL eligible debt issuance over the coming 2-3 years, which results in an assessment of very low loss given failure and leads to three notches of rating uplift for the bank's senior debt ratings, which is the same uplift afforded for the bank's deposit ratings.

Government Support considerations

Following the acquisition, SpareBank 1 Østlandet has become the fourth largest savings bank in Norway, from sixth before, while also having presence now in the most important and economically developed region of Oslo-Akershus. In particular Moody's considers the bank to be a vital intermediary in financing the SME sector especially in the agricultural and forestry sectors that are central for the Hedmark region.

However, as a result of implementation of BRRD framework in Norway on 01.01.2019, we lowered our assumptions in line with other banks under BRRD frameworks and assume low probability of government support for debt and deposits, resulting in no additional notches of rating uplift above their PRA, positioning them at A1.

Counterparty Risk Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

We assign an A1(cr) long term and P-1(cr) short term CR Assessment to SpareBank 1 Østlandet.

SpareBank 1 Østlandet's CR Assessment is positioned at 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

Moody's Counterparty Risk Ratings (CRRs) are opinions of the ability of entities to honour the uncollateralized portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR liabilities typically relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralized portion of payables arising from derivatives transactions and the uncollateralized portion of liabilities under sale and repurchase agreements. We believe that CRR liabilities have a lower probability of default than the bank's deposit and senior unsecured debt as they will more likely be preserved in order to minimise banking system contagion, minimise losses and avoid disruption of critical functions.

SpareBank 1 Østlandet's CRR's are positioned at A1/Prime-1

The CRR is positioned 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.

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 7

SpareBank 1 Ostlandet

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

Factor	**Historic Ratio**	**Macro Adjusted Score**	**Credit Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.4%	aa1	←→	a2	Geographical concentration	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	17.9%	aa2	←→	aa2	Expected trend	
Profitability						
Net Income / Tangible Assets	1.0%	a2	←→	a2	Expected trend	
Combined Solvency Score		aa2		a1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	33.8%	baa3	←→	baa3	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	11.0%	baa3	←→	baa2	Quality of liquid assets	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		
Scorecard Calculated BCA 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	57,486	34.3%	64,869	38.7%
Deposits	72,377	43.2%	64,995	38.8%
Preferred deposits	53,559	31.9%	50,881	30.3%
Junior Deposits	18,818	11.2%	14,114	8.4%
Senior unsecured bank debt	31,467	18.8%	31,467	18.8%
Dated subordinated bank debt	1,100	0.7%	1,100	0.7%
Preference shares (bank)	200	0.1%	200	0.1%
Equity	5,030	3.0%	5,030	3.0%
Total Tangible Banking Assets	167,660	100.0%	167,660	100.0%

Debt Class	**De jure waterfall**		**De facto waterfall**		**Notching**		**LGF notching guidance versus 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	31.0%	31.0%	31.0%	31.0%	3	3	3	3	0	a1
Counterparty Risk Assessment	31.0%	31.0%	31.0%	31.0%	3	3	3	3	0	a1(cr)
Deposits	31.0%	3.8%	31.0%	22.5%	2	3	2	3	0	a1

Senior unsecured bank debt	31.0%	3.8%	22.5%	3.8%	2	2	2	3	0	a1
Dated subordinated bank debt	3.8%	3.1%	3.8%	3.1%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	3.1%	3.1%	3.1%	3.1%	-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 Rating	3	0	a1	0	A1	A1
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
Dated subordinated bank debt	-1	0	baa2	0		(P)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 8

Category	Moody's Rating
SPAREBANK 1 OSTLANDET	
Outlook	Stable
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
Subordinate MTN	(P)Baa2
Jr Subordinate MTN	(P)Baa3

Source: Moody's Investors Service

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454