

**Rating Action: Moody's upgrades subordinated debt ratings of Norwegian banks**

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Global Credit Research - 12 May 2014

London, 12 May 2014 -- Moody's Investors Service, ("Moody's") has today upgraded the subordinated debt ratings of Sparebank 1 SR-Bank ASA, Sparebank 1 Nord-Norge, Sparebank 1 SMN, Sparebanken Vest and Eksportfinans ASA by one notch. The outlook on all affected ratings is stable. All other ratings at these issuers are unaffected.

**RATINGS RATIONALE**

The upgrade of all affected subordinated debt ratings reflects Moody's reassessment of the loss absorption profile of this debt class. Specifically, we have previously rated Norwegian subordinated debt instruments, with the requirement to write-down principal if net assets are less than 25% of share capital, one notch wider than similar securities without such triggers in other jurisdictions. Since we judge the 25% net assets trigger as remote, we will now rate this instrument similar to subordinated debt instruments subject to a statutory bail-in regime, i.e. at one notch below the bank's Adjusted BCA.

**RATINGS AFFECTED**

Sparebank 1 SR-Bank ASA's subordinated MTN programme debt ratings upgraded to (P)Baa2 from (P)Baa3. The bank's subordinated debt ratings upgraded to Baa2 (hyb) from Baa3 (hyb).

Sparebank 1 Nord-Norge's subordinated MTN programme debt ratings upgraded to (P)Baa2 from (P)Baa3.

Sparebank 1 SMN's subordinated MTN programme debt ratings upgraded to (P)Baa2 from (P)Baa3. The bank's subordinated debt ratings upgraded to Baa2 (hyb) from Baa3 (hyb) .

Sparebanken Vest's subordinated MTN programme debt ratings upgraded to (P)Baa2 from (P)Baa3.

Eksportfinans ASA's subordinated debt ratings upgraded to B1 (hyb) from B2 (hyb). Subordinated shelf debt rating upgraded to (P)B1 from (P)B2.

**PRINCIPAL METHODOLOGIES**

The principal methodology used in rating SpareBank 1 Nord-Norge, SpareBank 1 SMN, SpareBank 1 SR-Bank ASA and Sparebanken Vest was Global Banks published in May 2013. The principal methodology used in rating Eksportfinans ASA was Government-Related Issuers: Methodology Update published in July 2010. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

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