

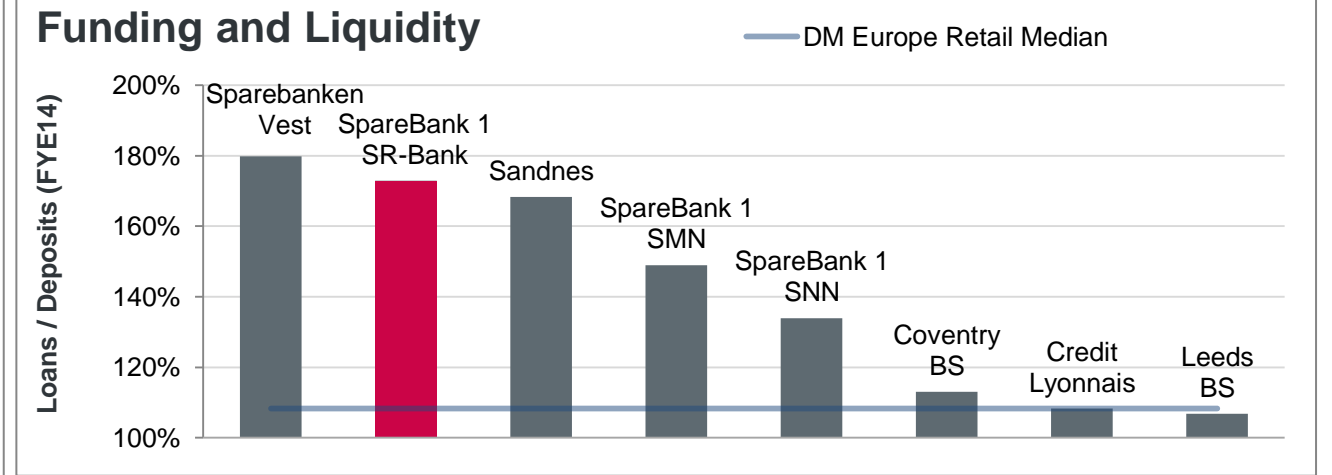
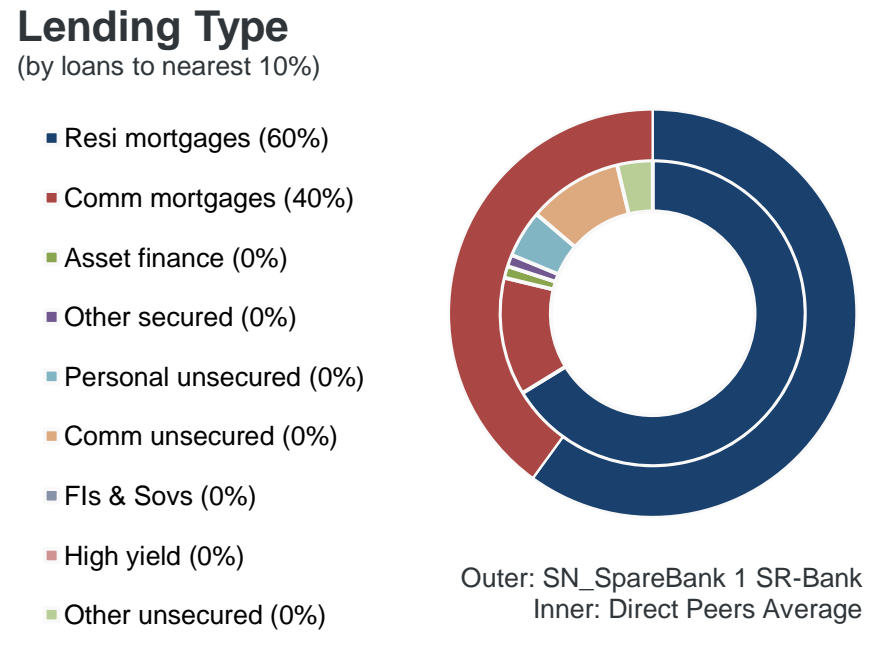
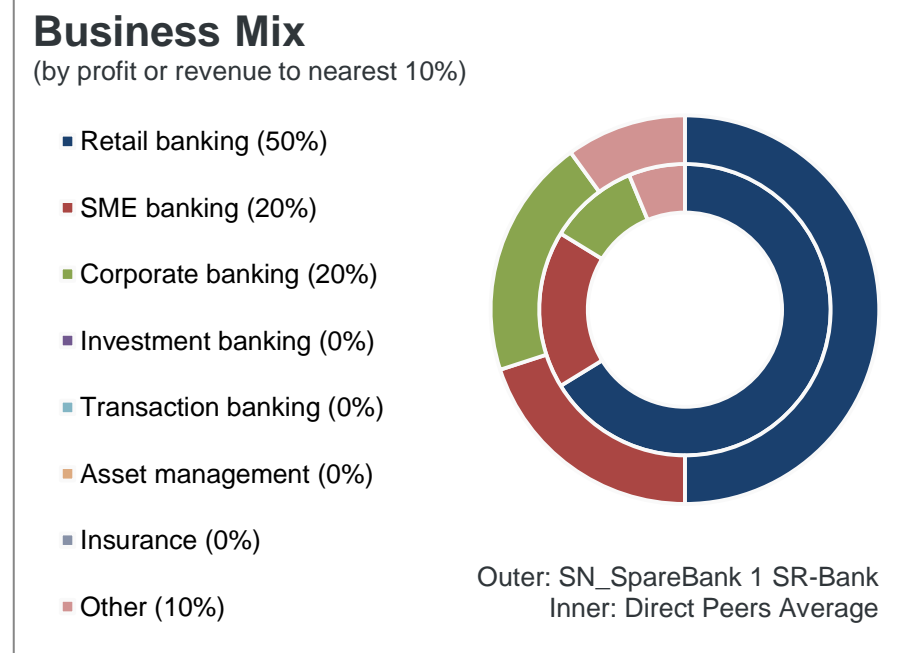
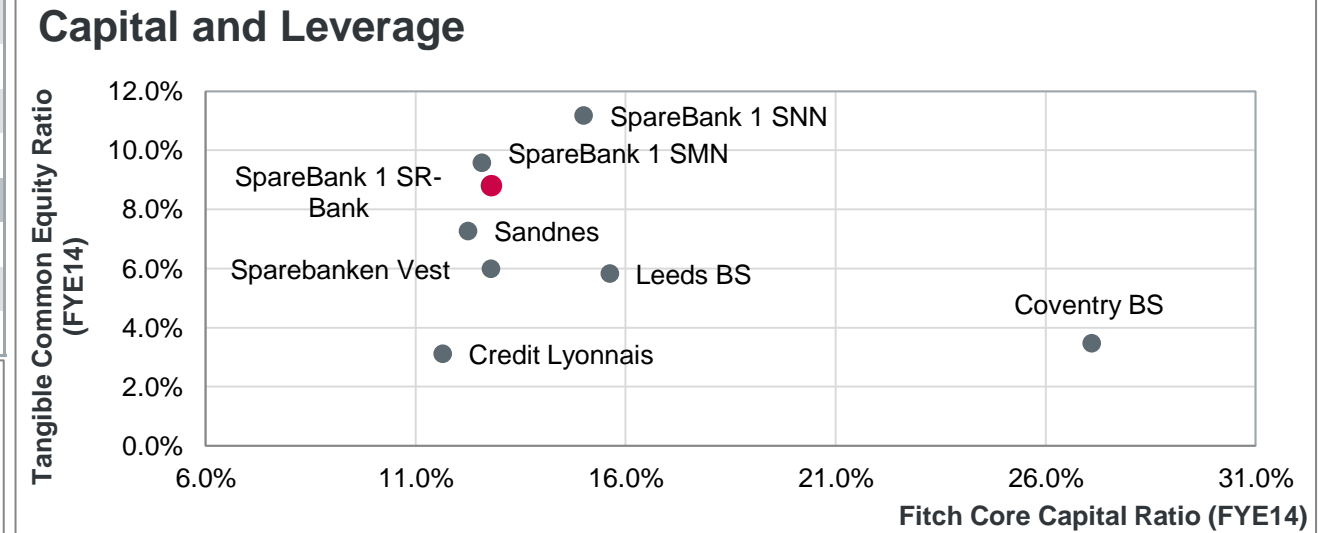
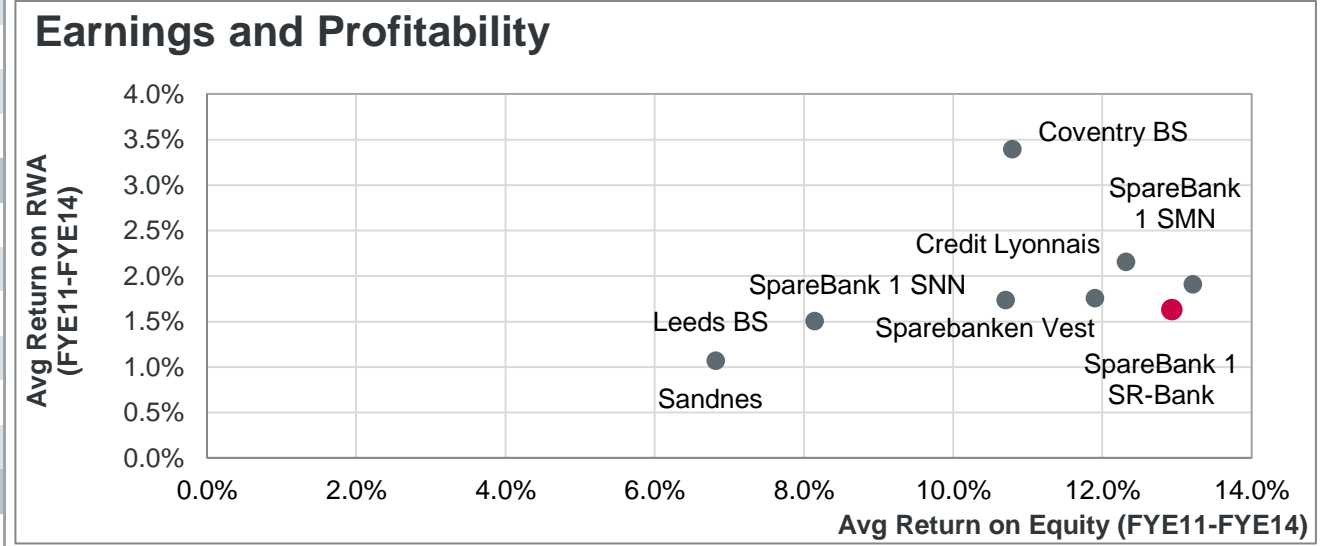
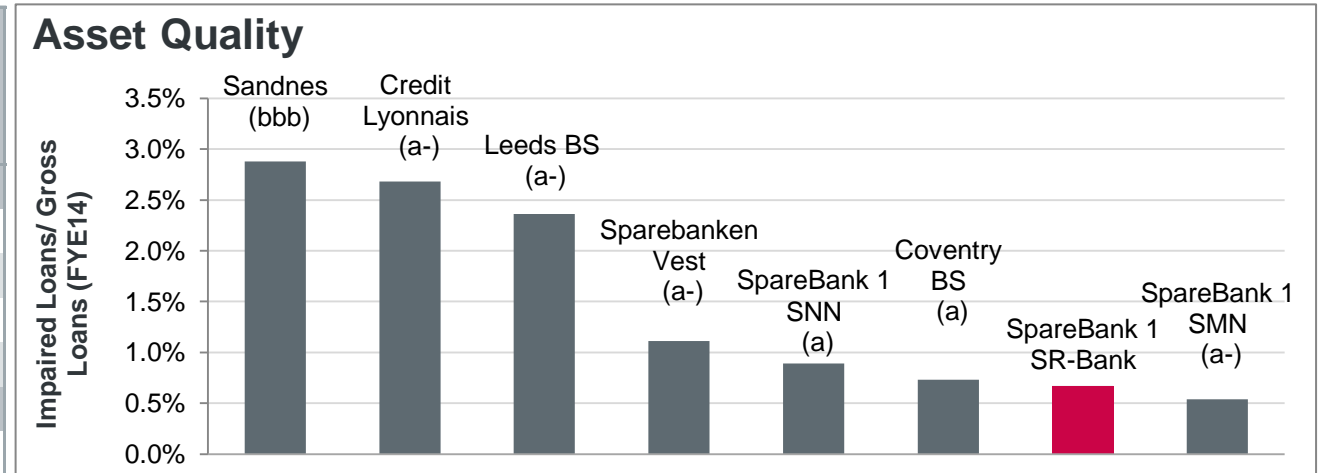
Banks Ratings Navigator		
Navigator date:	20 Nov 2015	
Last rating action:	04 Nov 2015	
Sector Details:		
Bank sector:	Retail	
Region:	DM Europe	
Country:	Norway	
Country IDR:	AAA Stable	
Last action:	16 Oct 15 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
04 Nov 15	a-	Affirmed
19 Nov 14	a-	Affirmed
06 Dec 13	a-	Affirmed
Issuer Default Rating (IDR)		
04 Nov 15	A- Stable	Affirmed
19 Nov 14	A- Stable	Affirmed
06 Dec 13	A- Stable	Affirmed
Support Rating Floor (SRF)		
04 Nov 15	BB+	Affirmed
19 May 15	BB+	Affirmed
19 Nov 14	BB+	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	 Stable
Peer Ratings bars = Count of banks		
74	DM Europe Retail	
6	Norway Retail	
Relevant Criteria & References		
Global Bank Rating Criteria (Mar 2015)		
Macro-Prudential Risk Monitor (Mar 2015)		

Rating	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Financial Profile				Viability Rating	Support Rating Floor	Issuer Default Rating
						Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity			
aaa										aaa	AAA	AAA
aa+		↑								aa+	AA+	AA+
aa										aa	AA	AA
aa-		↓								aa-	AA-	AA-
a+										a+	A+	A+
a										a	A	A
a-										a-	A-	A- Stable
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB
bbb-										bbb-	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-
ccc										ccc	CCC	CCC
cc										cc	CC	CC
c										c	C	C
f										f	NF	D or RD

Support Rating Floor			
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)	Value		
Actual country D-SIB SRF	A+ to A-		
Support Rating Floor:	BB+		
Support Factors			
	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system			✓
Size of potential problem	✓		
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility		✓	
Sovereign propensity to support system			
Track record of banking sector support		✓	
Resolution legislation			✓
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance			✓
Ownership		✓	
Liability structure of bank		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Drivers & Sensitivities	
Strong Franchise, Regionally Concentrated	SpareBank 1 SR-Bank's (SR) ratings reflect its strong franchise in south-western Norway, although geographical concentration has a higher influence on the ratings than for larger, more diversified peers.
Resilient Profitability	Revenue generation is supported by its strong franchise. Cost efficiency is acceptable. Fitch expects relatively modest loan impairment charges in 2016, despite continued low oil prices.
Strong Asset Quality	Asset quality is supported by a relatively stable operating environment and prudent underwriting standards. A significant correction in house prices remains a key sensitivity.
Reliance on Wholesale Funding	SR relies heavily on wholesale funding. It has retained good access to both domestic and international funding markets. Fitch expects SR to maintain strong liquidity buffers to mitigate refinancing risks.
Sound Capitalisation	SR's risk-weighted capital adequacy ratios compare well with both European and domestic peers. Leverage is low in a European context.
Focus on Oil Price Effects	Fitch expects SR to maintain its conservative risk appetite and focus on retail and SME customers. We believe oil exposures are well managed.
Upgrade Unlikely	An upgrade is unlikely due to the already high ratings in the context of the company profile and geographical concentration. The structural reliance on wholesale funding is also a rating sensitivity.
House Prices and Funding Access are Key Sensitivities	A downgrade would most likely result from a significant house price correction should SR be unable to absorb losses via earnings. Inability to access competitively priced funding or reduced emphasis on liquidity are also rating sensitivities.
Analysts	
1st	Bjorn Norrman bjorn.norrman@fitchratings.com +44 20 3530 1330
2nd	David Bengtsson david.bengtsson@fitchratings.com +44 203 530 1664

Key Financial Ratios (19 Nov 2015)	SN_SpareBank 1 SR-Bank				Direct Peers Median				Region Sector Median							
	Number of Banks:				8	8	8	8								
	Statement:				FYE14	FYE13	FYE12	FYE11	FYE14	FYE13	FYE12	FYE11	FYE14	FYE13	FYE12	FYE11
Size (USDbn)																
Total assets	23.54	25.82	25.41	21.89	19.36	20.54	21.16	18.15	43.23	46.53	42.59	40.09				
Risk weighted assets (incl. Basel floor/cap)	16.18	18.60	19.97	17.05	8.78	10.25	10.63	9.51	18.99	22.14	22.02	23.83				
Total equity	2.07	2.31	2.27	1.63	1.47	1.44	1.30	1.13	2.47	2.64	2.20	2.14				
Fitch core capital (FCC)	2.07	2.31	2.26	1.62	1.43	1.41	1.28	1.09	2.22	2.20	1.88	1.68				
Asset Quality																
Growth of gross loans	17.6%	9.4%	8.0%	-4.2%	9.4%	6.1%	6.6%	5.0%	2.1%	-1.1%	1.7%	3.0%				
Impaired loans/gross loans	0.7%	1.3%	1.1%	1.1%	1.0%	1.4%	1.6%	1.5%	3.7%	4.0%	3.9%	3.9%				
Reserves for impaired loans/impaired loans	74.5%	49.2%	60.6%	70.2%	65.4%	51.0%	48.8%	49.7%	56.3%	52.7%	51.4%	50.7%				
Imp loans less reserves for imp Loans/FCC	1.6%	5.5%	3.9%	3.4%	10.7%	12.4%	12.9%	13.9%	15.8%	18.3%	17.3%	16.0%				
Loan impairment charges/avg gross loans	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.4%	0.6%	0.6%	0.4%				
Earnings and Profitability																
Net interest income/average earning assets	1.5%	1.5%	1.3%	1.4%	1.7%	1.7%	1.5%	1.4%	1.6%	1.6%	1.5%	1.6%				
Non-interest expense/gross revenues	51.8%	54.5%	53.6%	53.4%	51.5%	53.5%	56.1%	59.4%	61.7%	61.5%	62.1%	65.0%				
Loans & secs imp charges/pre-imp op. profit	10.6%	6.5%	7.2%	8.5%	17.9%	10.8%	10.3%	12.6%	27.0%	36.7%	38.0%	43.1%				
Operating profit/average total assets	1.3%	1.3%	1.3%	1.1%	0.8%	0.9%	0.9%	0.7%	0.5%	0.4%	0.3%	0.5%				
Operating profit/risk weighted assets	1.8%	1.7%	1.6%	1.5%	2.1%	1.9%	1.6%	1.4%	1.4%	1.3%	0.8%	0.8%				
Net income/average total equity	14.2%	14.1%	12.3%	11.3%	13.0%	11.8%	10.4%	8.7%	6.5%	5.7%	4.2%	4.1%				
Capital and Leverage																
Fitch core capital/risk weighted assets	12.8%	12.4%	11.3%	9.5%	12.8%	12.6%	11.5%	10.3%	13.2%	12.1%	11.3%	10.3%				
Fitch eligible capital/risk weighted assets	12.8%	12.4%	11.3%	9.5%	14.7%	14.5%	12.0%	11.9%	14.7%	12.5%	11.3%	10.3%				
Tangible common equity/tangible assets	8.8%	8.9%	8.9%	7.4%	6.6%	6.4%	6.3%	6.0%	5.9%	5.6%	5.4%	5.5%				
Core Tier 1 regulatory capital ratio	11.5%	11.1%	10.0%	8.3%	12.1%	11.4%	10.5%	9.8%	12.7%	11.9%	10.7%	9.8%				
Internal capital generation	10.3%	10.3%	7.7%	8.0%	10.1%	9.9%	7.6%	6.4%	4.4%	3.5%	2.2%	2.9%				
Funding and Liquidity																
Loans/customer deposits	172.9%	167.1%	162.0%	158.3%	141.4%	135.6%	134.3%	138.2%	108.3%	114.7%	119.9%	122.2%				
Interbank assets/interbank liabilities	36.2%	33.5%	24.0%	15.1%	90.6%	38.2%	33.8%	23.3%	67.1%	87.4%	91.4%	96.7%				
Customer deposits/total funding excl derivs	53.3%	52.6%	55.4%	55.6%	61.6%	62.4%	61.7%	61.2%	71.1%	67.6%	66.1%	64.7%				



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 © 2015 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 anytime 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.