

CREDIT OPINION

13 June 2018

Update

 Rate this Research

RATINGS

SpareBank 1 Nord-Norge

Domicile	Norway
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Negative
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Negative

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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Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

SpareBank 1 Nord-Norge

Update to credit analysis

Summary

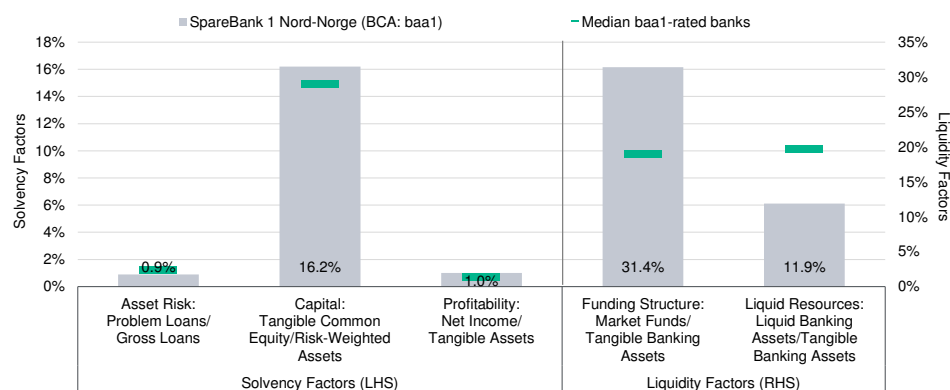
SpareBank 1 Nord-Norge's long-term deposit and senior unsecured debt ratings of A1 take into account the bank's baseline credit assessment (BCA) of baa1, but also our loss given failure (LGF) analysis and government support assumptions that combine to three-notches of rating uplift from its BCA.

SpareBank 1 Nord-Norge's BCA of baa1 reflects the bank's strong regional position, retail focus combined with a solid deposit franchise, as well as its robust capital base and low level of non-performing loans (NPLs). The bank's BCA also takes into account its comfortable liquidity position and satisfactory profitability, benefiting from the more favourable economic conditions in Northern Norway. These positive rating drivers are to some degree counterbalanced by downside risks stemming from the bank's exposure to the real estate sector, which could lead to asset quality challenges.

The bank's deposit and senior unsecured debt ratings incorporate our Loss Given Failure (LGF) analysis, taking into account the bank's volume of deposits and senior unsecured debt, and the stock of securities subordinated to them. SpareBank 1 Nord-Norge benefits from a large volume of deposits and substantial layers of subordination, resulting in very low loss given failure and two notches of rating uplift from the bank's BCA. In addition, both the deposit and senior debt ratings of A1 also benefit from one notch of rating uplift due to government support, in view of the bank's systemic importance. However, this is likely to be revised downwards following the implementation of BRRD in Norway (please see [press release](#) for more details).

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

- » SpareBank 1 Nord-Norges's BCA is supported by its Very Strong- Macro Profile
- » Solid capital ratios provide a good loss absorption buffer
- » Large volume of customer deposits underpin comfortable liquidity and result in deposit ratings benefiting from a very low loss-given-failure rate
- » Satisfactory profitability supported by a low cost base

Credit challenges

- » Asset risk profile partly affected by some sector and borrower concentrations, although problem loans are very low
- » Some reliance on market funding raises the bank's funding risk profile
- » Some margin pressure expected due to an anticipated increase in interest rates and intense competition

Rating Outlook

The bank's deposit and debt ratings carry a negative outlook to reflect the potential rating pressure from the upcoming implementation of BRRD in Norway, which will trigger a reassessment of our government support assumptions for all large savings banks, including SpareBank 1 Nord-Norge.

Factors that could lead to an upgrade

Upward rating momentum could develop if SpareBank 1 Nord-Norge demonstrates (1) sustained good asset quality in its retail and corporate loan books, including in the more volatile segments; (2) continued good access to capital markets and improved liquidity; and/or (3) stronger earnings generation without compromising its risk profile.

Factors that could lead to a downgrade

Future downward rating pressure would emerge if (1) SpareBank 1 Nord-Norge's problem loan ratio increases above our system wide expectation of approximately 2%; (2) financing conditions were to become more difficult; (3) its risk profile were to increase, for example as a result of increased exposure to more volatile sectors; and/or (4) macroeconomic environment were to deteriorate more than estimated, leading to adverse developments in the Norwegian real-estate market. Also a reduction in the rating uplift as a result of our LGF analysis or a revision of our government support assumptions could lead to downward rating pressure.

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

Key indicators

Exhibit 2

SpareBank 1 Nord-Norge (Consolidated Financials) [1]

	3-18 ²	12-17 ²	12-16 ²	12-15 ²	12-14 ²	CAGR/Avg. ³
Total Assets (NOK billion)	129	128	116	110	107	5.9 ⁴
Total Assets (EUR million)	13,348	12,997	12,780	11,415	11,785	3.9 ⁴
Total Assets (USD million)	16,416	15,606	13,479	12,400	14,261	4.4 ⁴
Tangible Common Equity (NOK billion)	11	12	11	9.8	9.3	5.4 ⁴
Tangible Common Equity (EUR million)	1,144	1,188	1,204	1,022	1,025	3.4 ⁴
Tangible Common Equity (USD million)	1,407	1,426	1,270	1,111	1,240	4.0 ⁴
Problem Loans / Gross Loans (%)	0.9	1.0	0.6	0.7	0.8	0.8 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	16.2	17.4	17.9	17.5	15.0	16.8 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	8.6	8.5	5.4	6.3	6.9	7.1 ⁵
Net Interest Margin (%)	1.7	1.7	1.9	2.0	2.2	1.9 ⁵
PPI / Average RWA (%)	2.1	2.4	2.2	1.4	1.7	2.0 ⁶
Net Income / Tangible Assets (%)	1.0	1.2	1.0	0.8	0.9	1.0 ⁵
Cost / Income Ratio (%)	48.6	47.4	50.0	63.5	55.4	53.0 ⁵
Market Funds / Tangible Banking Assets (%)	31.1	31.4	30.8	33.7	35.0	32.4 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	11.5	11.9	11.4	12.8	13.5	12.2 ⁵
Gross Loans / Due to Customers (%)	181.9	182.3	178.7	183.8	186.0	182.5 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 Financial Metrics

Profile

SpareBank 1 Nord-Norge is a leading regional savings bank in northern Norway that provides retail and corporate customers with a range of banking products and services, including finance, savings, insurance and payment transmission services. As of 31 March 2018, its consolidated assets (including loans transferred to covered bond companies) totalled NOK129 billion.

Detailed credit considerations

SpareBank Nord-Norge's BCA is supported by its Very Strong - Macro Profile

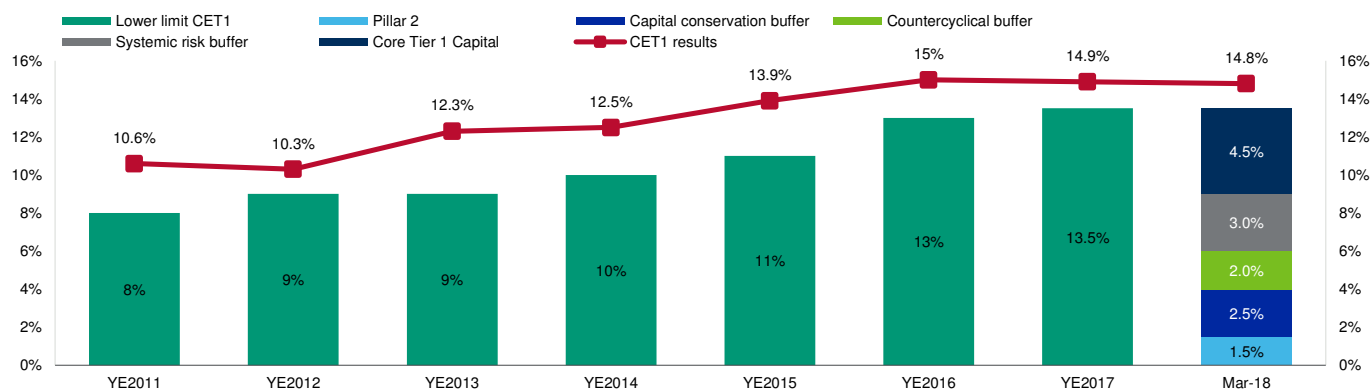
As a domestically oriented bank, we align SpareBank 1 Nord-Norge's Macro Profile with that of Norway at Very Strong -. Norwegian banks benefit from operating in an affluent and developed country with very high economic, institutional and government financial strength as well as low susceptibility to event risk. Norway has a diversified and growing economy, which demonstrated resilience to the weakening of the oil sector in 2015-16. The oil industry started to recover in 2017 and the outlook is now improving. The main risks to the system stem from a high level of household indebtedness and domestic banks' reliance on market funding. However, these risks are offset by the strength of households' ability to service debt, banks' adequate capitalisation and the relatively small size of the banking system compared to GDP.

Solid capital ratios provide a good loss absorption buffer

We consider SpareBank 1 Nord-Norge's capital metrics to be solid, and sufficient to meet its growth plans and concurrently have a loss absorption buffer available. The bank's consolidated Tangible Common Equity (TCE) over risk-weighted assets ratio was 16.2% at end-March 2018 (including transitional floors), a significant improvement from 12.4% back in 2012, while the group's reported Common Equity Tier 1 (CET1) was 14.8% at end-March 2018 (see Exhibit 3).

Exhibit 3

SpareBank 1 Nord-Norge's capitalisation



Source: Company reports and presentations

SpareBank 1 Nord-Norge aims to have an internal capital buffer of 1 percentage point above the statutory minimum requirement and its long-term CET1 capital ratio target is currently 14.5%. We believe that such capital levels provide a good loss absorption buffer to the bank, and a good safety net to its creditors. In view of the comfortable capital metrics, we note that SpareBank 1 Nord-Norge has removed its limit on the dividend payout ratio, which was previously capped at a maximum of 50% of group profits, and indicated that future payout will take into account the bank's capital levels and future growth. For 2018, the bank targets a minimum payout ratio of 50%, which to some degree may reduce its internal capital generation. Furthermore, the bank reports that the implementation of IFRS 9 had a negative effect of NOK51 million on its equity, translating into a reduction in CET1 capital of around 10 basis points.

Our assigned Capital Score of aa2 reflects the bank's capital strength, as illustrated by its TCE/tangible banking assets ratio of 8.6% at end-March 2018 (taking into account the mortgages used for covered bonds), which compares well with banks globally with a BCA of baa1. We also note the bank's solid capital metrics with consolidated Tier 1 and total capital adequacy ratios of 16.1% and 17.8% respectively at end-March 2018, although below the 16.6% and 18.8% at end-March 2017. The reduction is explained by an increase in risk weighted assets, reflecting the bank's lending growth. Concurrently, the bank's leverage ratio was 7.2% at end-March 2018, compared to 7.2% at end-December 2017, well above the 5% minimum requirement that came into force on 30 June 2017.

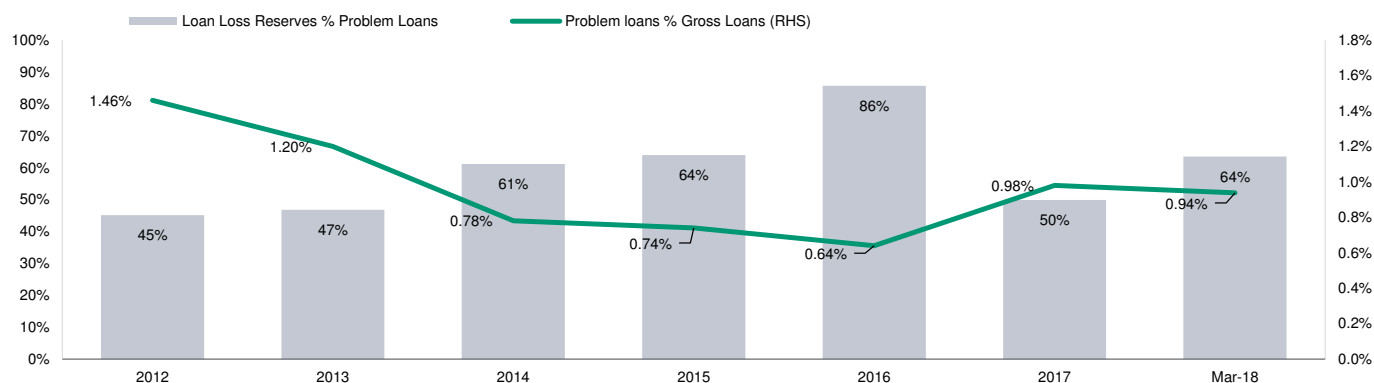
Asset risk profile partly affected by some sector and borrower concentrations, although problem loans are very low

SpareBank 1 Nord-Norge's loan book benefits from a substantial proportion of retail loans (around 72% of gross loans, including loans transferred to covered bond companies, at end-March 2018), mostly in the form of mortgages. The bank's asset quality is generally strong, although the problem loans ratio (nonperforming and doubtful loans as a percentage of total gross loans including covered bond loans) increased to 0.94% at end-March 2018 compared to 0.64% at end-March 2017 (see Exhibit 4). The increase in the ratio reflects higher doubtful loans due to a single commitment, previously included in the bank's general provisions, for which individual loss provision has now been taken.

The bank's generally good asset performance benefits from a favourable lending environment, including high unemployment benefits that support borrowers' ability to repay debt, a creditor-friendly legal framework, and the more benign macroeconomic conditions in the Northern part of Norway where the bank is based. Northern Norway had a relatively low and stable unemployment rate of around 2% as of January 2018 compared to 2.5% on national level.

Exhibit 4

SpareBank 1 Nord-Norge's asset quality evolution



Note: Gross loans include loans transferred to covered bond companies

Source: Company reports and presentations, Moody's Financial Metrics

Although Sparebank 1 Nord-Norge has low exposure to the oil sector of around NOK1.3 billion, or 1.25% of gross loans at end-March 2018 (including loans transferred to covered bond companies), the majority of these are supported by long-term contracts. Such contracts provide some level of stability to the bank's asset quality considering the significant deterioration in the sector during 2016. We note that NOK36 million from the bank's total oil-related exposure is in the form of non-performing or impaired loans, which corresponds to a default rate of 2.8% compared to around 0.35% for the overall loan book at end-March 2018. However, the 2.8% default rate in oil-related exposures has declined from 4.9% at end-December 2016, reflecting the improving conditions in the oil-sector in 2017-18.

Our assigned Asset Risk Score indicates that overall, asset risk remains a relative strength for SpareBank 1 Nord-Norge. The bank operates mainly in northern Norway that has limited dependence on the petroleum sector, and has benefited from the Norwegian currency depreciation in recent years through exporting industries such as farming, fishing and tourism.

The negative adjustments that we incorporate on SpareBank 1 Nord-Norge's asset risk score are mainly driven by some concentrations in its loan book towards the real estate and construction sectors, which represents around 12% of gross loans (including transferred loans) at end-March 2018. We also note some risks related to individual borrower concentration, which could accelerate the extent and pace of any deterioration in asset quality, a characteristic common to many Nordic banks, although we view favourably the bank's exit from exposures to certain Russian entities and the increased focus in reducing borrower concentrations.

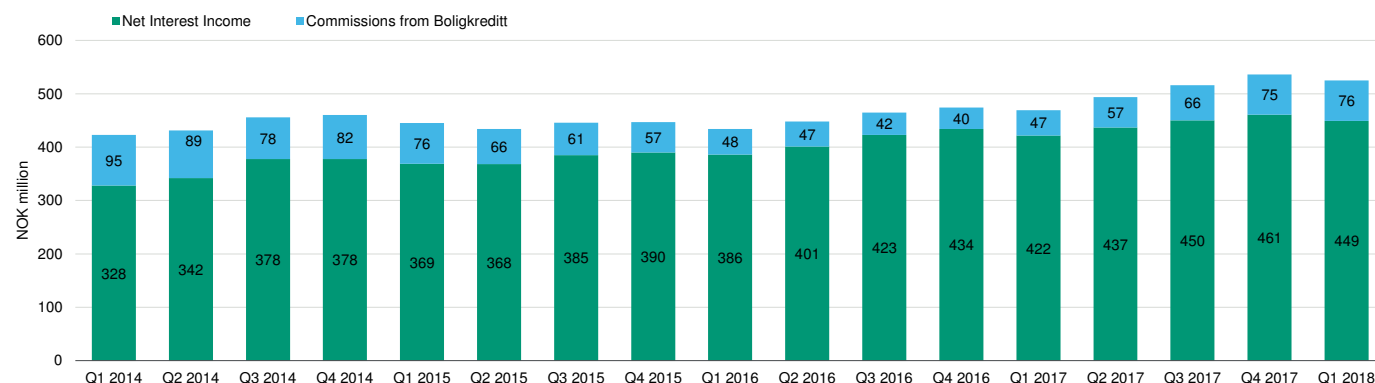
Looking ahead, we expect the bank's problem loan ratio to remain stable due to the improving economic conditions in the country following the slump in oil prices in the past years. The level of doubtful loans increased at the end of 2017 and in the first quarter of 2018, but we expect these to normalise going forward. Consequently, we do not expect any major asset quality deterioration over the next 12-18 months, which could trigger downward rating pressure for the bank, while the bank's more favourable exposure to non-oil exporting sectors such as fisheries is likely to sustain its good asset quality positioning. The bank's provisioning coverage for problem loans (including collective provisions) increased to 64% at end-March 2018 from around 50% in December 2017, although lower than the 86% reported at end-December 2016.

Satisfactory profitability, although some margin pressure expected

SpareBank 1 Nord-Norge's earnings base benefits from its resilient retail banking operations, with a reported return on equity (RoE) of 11.2% in the first three months of 2018, down from 12.2% the year before. Such performance by the bank is among the strongest among its Norwegian peers, despite the reduction observed in Q1 2018.

Net interest income, including interest income from the covered bond companies booked as commission income (see Exhibit 5), continued to constitute the largest proportion of income at around 61% of total income in 2017 (compared with net fee and commission income of 23% and income from financial instruments of 17%) and 68% in Q1 2018 (compared with net fee and commission income of 23% and income from financial instruments of 10%). The bank's reported net interest income represented 1.84% of average total assets in the first quarter of 2018, down from 1.88% December 2017.

Exhibit 5

SpareBank 1 Nord-Norge's net interest income (NOK million)

Source: Company reports and presentations

SpareBank 1 Nord-Norge reported a cost-to-income ratio of 44.4% in the first quarter of 2018, somewhat above the bank's 2018 target of 40% or lower. The bank's operating costs in the first quarter of 2018 increased by 5% year-on-year, largely reflecting higher costs in its subsidiaries but also related to digitalisation, automation and new IT systems. The increased digitalisation and changes in customer behaviour have triggered a reorganization at the bank to improve efficiency. The bank's reorganisation with the reduction of the full-time employees of the parent bank by up to 15%, closure of 21 branches and concentration on 16 financial centres, should provide additional support to the bank's profitability going forward.

Loan loss provisions were only 0.04% of average gross loans at end-December 2017, down from 0.25% in 2016 and 0.28% in 2015. In absolute terms, the bank's credit costs of NOK184 million in 2017, from NOK213 million in 2016, while in the first quarter of 2018 it reported loan losses of NOK16 million, down from NOK44 million in the same period in 2017 despite the adoption of the more conservative IFRS 9 from 1 January 2018.

SpareBank 1 Nord-Norge reported a net income of NOK325 million in Q1 2018 compared to NOK313 million in the same period in 2017. Looking ahead over the next 12-18 months, the bank's results are likely to be challenged by margin pressure due to an anticipated increase in interest rates, although this would benefit the bank over the longer term. Concurrently, there is also the risk of potential loan losses from export-oriented clients in case the domestic currency (Krone) appreciates significantly, as the weakened currency so far has been beneficial to export industries, especially fisheries.

Some reliance on market funding raises the bank's funding risk profile, although liquidity is comfortable on the back of large volume of customer deposits

SpareBank 1 Nord-Norge's total funding (including covered bonds issued through SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) consisted by around 50% of deposits at end-March 2018, which has proven resilient over many years. At the end of March 2018, the bank's 12 month growth in deposits was 8.8%, while its gross loans-to-deposits ratio (including securitized loans) was around 182%. Retail deposits constituted 55% of total customer deposits at end-March 2018.

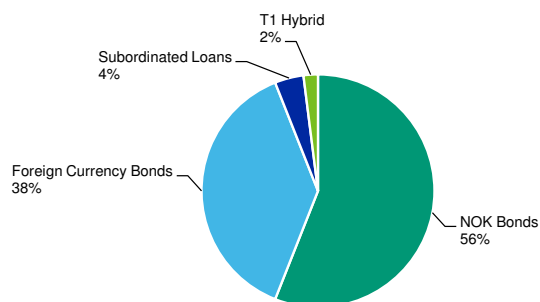
SpareBank 1 Nord-Norge has increasingly used covered bond funding, which is done off-balance-sheet through specialised companies owned jointly together with other members of the SpareBank 1 Alliance (SpareBank 1 Boligkreditt for residential mortgages and SpareBank 1 Næringskreditt for commercial mortgages). At end-March 2018, the bank had transferred retail mortgages worth NOK30.5 billion to these vehicles (i.e. around 28% of its total gross loan book). While we view positively the diversification benefit of covered bond funding, its extensive use increases the amount of pledged assets unavailable for unsecured bondholders, including depositors in liquidation.

We globally reflect the relative stability of covered bonds compared with unsecured market funding through a standard adjustment in our scorecard accounting around half of such covered bonds as deposit-like funding. Our Funding Structure Score reflects our view that SpareBank 1 Nord-Norge's usage of market funding (see Exhibit 6) is of sufficient scale (market funds, including covered bond issued by the covered bond companies, comprised around 31% of tangible banking assets at end-March 2018) to represent a source

of vulnerability because, in times of market stress, market funding can become more expensive or/and restricted. We also note that the bank has a generally good maturities diversification of its capital markets funding (excluding covered bonds) until 2023, although repayments amounting to almost NOK4 billion is due within the next twelve months.

Exhibit 6

SpareBank 1 Nord-Norge's market funding distribution at end-March 2018



Source: Company presentations and reports

SpareBank 1 Nord-Norge's liquid assets accounted for approximately 12% of total tangible banking assets at end-March 2018. 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 reserve primarily consists of Norwegian T-bills, sovereign bonds, rated covered bonds as well as bonds issued by domestic or international financial institutions and domestic corporate bonds. The bank's LCR ratio under Basel III stood at a comfortable 138% at end-March 2018 (126% at end-December 2017), well above the statutory requirement that was increased to 100% as of 1 January 2018 from 80% previously and we do not expect the bank to face any problems meeting the NSFR ratio that comes into effect in 2018. We generally believe that the bank will continue to have a relatively conservative liquidity profile, maintaining excess liquidity and minimizing any refinancing risk.

Support and structural considerations

Loss Given Failure and additional notching

The EU Bank Recovery and Resolution Directive (BRRD) will enter 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 are in line with our standard assumptions.

For SpareBank 1 Nord-Norge's long term deposit rating and senior unsecured debt rating, we take into consideration the likely impact of loss given failure (LGF) of the combination of their own volume and the amount of debt subordinated to them. According to our LGF model, this results in a Preliminary Rating Assessment (PRA) of two notches above the bank's BCA of baa1 for both deposits and senior debt, reflecting very low loss given failure.

For junior securities issued by SpareBank 1 Nord-Norge, 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, positioning them below the bank's BCA. We also incorporate additional notching for junior subordinated and preference share instruments reflecting the coupon features.

Government support

SpareBank 1 Nord-Norge has a solid, defensible footprint in northern Norway with 38 branches across the region as of end-March 2018. Moody's estimates that the bank commands market shares of around 33% in deposits and 26% in terms of loans in the three most northerly counties of Norway, although its national market share is limited, at around 2.5% in terms of deposits and 2.2% in

terms of loans. Accordingly, we assume a moderate probability of government support for debt and deposits, resulting in one notch of rating uplift above their PRA, positioning them at A1.

However, the local authorities' decision to introduce an official resolution regime in line with the EU's bank recovery and resolution directive (BRRD), will likely trigger a reassessment of our government support assumptions for all Norwegian savings banks, including Sparebank 1 Nord-Norge.

For other junior securities, we continue to believe that potential government support is low and these ratings do not include any related uplift. Junior securities also include additional downward notching from the BCA, reflecting coupon suspension risk ahead of a potential failure.

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.

SpareBank 1 Nord-Norge's CR Assessment is positioned at Aa3(cr)/P-1(cr).

SpareBank 1 Nord-Norge's CR Assessment is positioned at Aa3(cr)/Prime-1(cr), four 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, along with one notch of government support. 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.

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 Nord-Norge

Macro Factors

Weighted Macro Profile	Very Strong -	100%
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Factor	Historic Ratio	Macro Adjusted Score	Credit Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.9%	aa2	← →	a3	Single name concentration	Geographical concentration
Capital						
TCE / RWA	16.2%	aa2	← →	aa2	Risk-weighted capitalisation	
Profitability						
Net Income / Tangible Assets	1.0%	baa1	← →	baa2	Return on assets	
Combined Solvency Score		aa3		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	31.4%	baa3	← →	baa3	Extent of market funding reliance	Market funding quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	11.9%	baa3	← →	baa2	Quality of liquid assets	Stock of liquid assets
Combined Liquidity Score		baa3		baa3		
Financial Profile						
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	40,320	31.3%	46,342	36.0%
Deposits	59,039	45.8%	53,017	41.2%
Preferred deposits	43,689	33.9%	41,504	32.2%
Junior Deposits	15,350	11.9%	11,513	8.9%
Senior unsecured bank debt	24,211	18.8%	24,211	18.8%
Dated subordinated bank debt	850	0.7%	850	0.7%
Junior subordinated bank debt	530	0.4%	530	0.4%
Equity	3,864	3.0%	3,864	3.0%
Total Tangible Banking Assets	128,814	100%	128,814	100%

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 Assessment	31.8%	31.8%	31.8%	31.8%	3	3	3	3	0	a1 (cr)
Deposits	31.8%	4.1%	31.8%	22.9%	2	3	2	2	0	a2
Senior unsecured bank debt	31.8%	4.1%	22.9%	4.1%	2	2	2	2	0	a2
Dated subordinated bank debt	4.1%	3.4%	4.1%	3.4%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	3.4%	3.0%	3.4%	3.0%	-1	-1	-1	-1	-1	baa3
Non-cumulative bank preference shares	3.0%	3.0%	3.0%	3.0%	-1	-1	-1	-1	-2	ba1 (hyb)

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)	1	Aa3 (cr)	--
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	A1	A1
Dated subordinated bank debt	-1	0	baa2	0	--	(P)Baa2
Junior subordinated bank debt	-1	-1	baa3	0	--	(P)Baa3
Non-cumulative bank preference shares	-1	-2	ba1 (hyb)	0	--	Ba1 (hyb)

Source: Moody's Financial Metrics

Ratings

Exhibit 8

Category	Moody's Rating
SPAREBANK 1 NORD-NORGE	
Outlook	Negative
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Subordinate MTN	(P)Baa2
Jr Subordinate MTN	(P)Baa3
Pref. Stock Non-cumulative	Ba1 (hyb)

Source: Moody's Investors Service

Foreign currency deposit rating

SpareBank 1 Nord-Norge's foreign currency deposit rating of A1 is unconstrained given that Norway has a country ceiling of Aaa.

Foreign currency debt rating

SpareBank 1 Nord-Norge's senior unsecured 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.

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