MOODY'S INVESTORS SERVICE

CREDIT OPINION

10 June 2019

Update

Rate this Research

RATINGS

SpareBank 1 Nord-Norge

Domicile	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 Nord-Norge

Update to credit analysis following a change in the outlook to stable

Summary

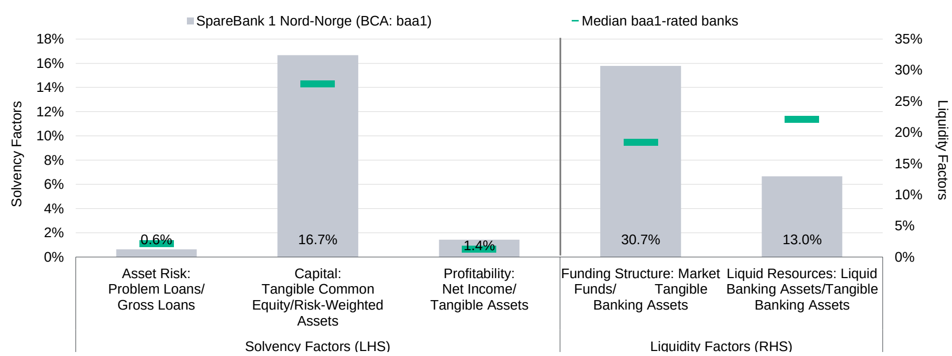
SpareBank 1 Nord-Norge's long-term deposit and senior unsecured debt ratings of A1 take into account the bank's baseline credit assessment (BCA) of baa1, but also our forward looking loss given failure (LGF) analysis which leads to three notches of rating uplift from its BCA.

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 are vulnerable to property price movements, and the bank's market funding dependence.

The bank's deposit and senior unsecured debt ratings incorporate our forward-looking 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 thus three notches of rating uplift from the bank's BCA. The deposit and senior debt ratings have a stable outlook.

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 recurring 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 likely in the short-term, due to higher interest rates and intense competition

Rating Outlook

The bank's deposit and debt ratings have a stable outlook to reflect the counterbalancing effect of removal of government support assumption resulting from BRRD implementation in Norway from 1 January 2019, and the expected issuance of MREL eligible securities over the next 2-3 years that would provide additional layers in our LGF analysis. Any future changes to the ratings are expected to be driven mainly by standalone BCA dynamics and credit events.

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 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 leading to adverse developments in the Norwegian real-estate market. Also a reduction in the rating uplift as a result of lower volume of MREL securities than what we expect and incorporate in our forward-looking LGF analysis, could lead to downward rating pressure.

Key indicators

Exhibit 2

SpareBank 1 Nord-Norge (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)	140.9	139.0	127.7	116.0	109.8	8.0[4]
Total Assets (USD Million)	16,356.4	16,047.2	15,606.4	13,479.2	12,399.7	8.9[4]
Tangible Common Equity (NOK Billion)	12.1	12.1	11.7	10.9	9.8	6.7[4]
Tangible Common Equity (USD Million)	1,409.1	1,402.1	1,426.3	1,269.6	1,110.6	7.6[4]
Problem Loans / Gross Loans (%)	0.4	0.5	1.0	0.6	0.7	0.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.7	17.1	17.4	17.9	17.5	17.3[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	3.2	4.9	8.5	5.4	6.3	5.6[5]
Net Interest Margin (%)	1.6	1.7	1.7	1.9	2.0	1.8[5]
PPI / Average RWA (%)	2.3	2.2	2.4	2.2	1.4	2.1[6]
Net Income / Tangible Assets (%)	2.5	1.1	1.2	1.0	0.8	1.3[5]
Cost / Income Ratio (%)	46.8	48.9	47.4	50.0	63.5	51.3[5]
Market Funds / Tangible Banking Assets (%)	30.0	30.7	31.4	30.8	33.7	31.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	12.6	12.9	11.9	11.4	12.8	12.3[5]
Gross Loans / Due to Customers (%)	162.5	177.6	182.3	178.7	183.8	177.0[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 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 2019, its consolidated assets (including loans transferred to covered bond companies) totalled NOK141 billion.

Detailed credit considerations

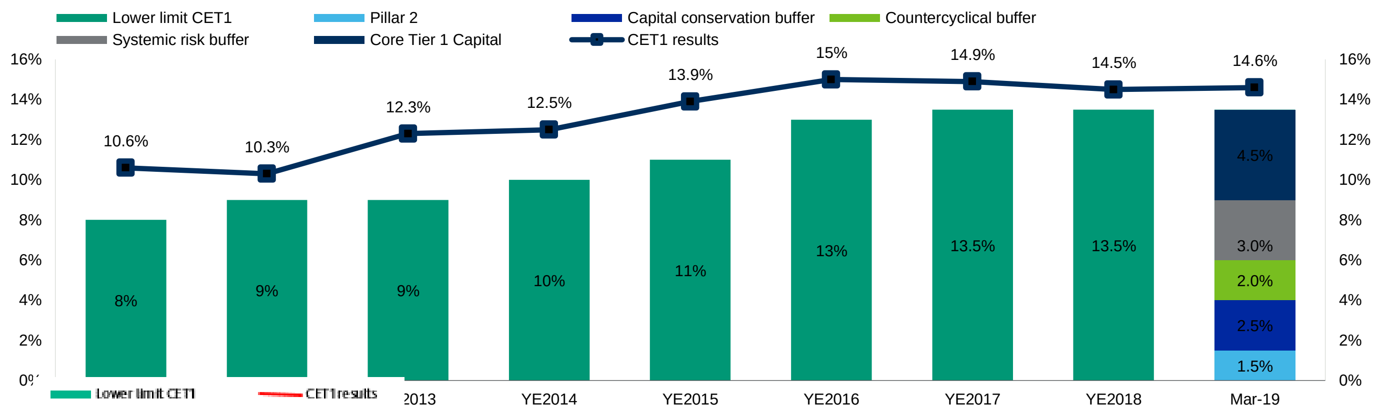
SpareBank Nord-Norge's BCA is supported by its Very Strong - Macro Profile

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 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 relatively small size of the banking system compared with the total size of the economy.

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 (including transitional floors) ratio was 16.7% at end-March 2019 , down from 17.1% in December 2018, while the group's reported Common Equity Tier 1 (CET1) was 14.6% at end-March 2019 including the bank's first-quarter 2019 net profit (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 100 basis points above the regulatory CET1 minimum requirement, and thus 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 2019, the bank targets a minimum payout ratio of 50%.

Furthermore, we note that in May 2019 the Ministry of Finance rejected a proposal from the FSA to designate large regional banks with more than 10% corporate lending market share in one or more defined regions, as systemically important financial institutions (SIFIs). Accordingly, SpareBank 1 Nord-Norge will not have an additional Common Equity Tier 1 (CET1) capital requirement of 2% of its risk-weighted assets (RWAs) and 1% in terms of its regulatory leverage ratio. However, the Ministry of Finance indicated that it would consider other capital measures, which will likely eliminate the positive capital impact that the bank will gain from the removal of the 80% Basel I floor in calculating its RWAs.

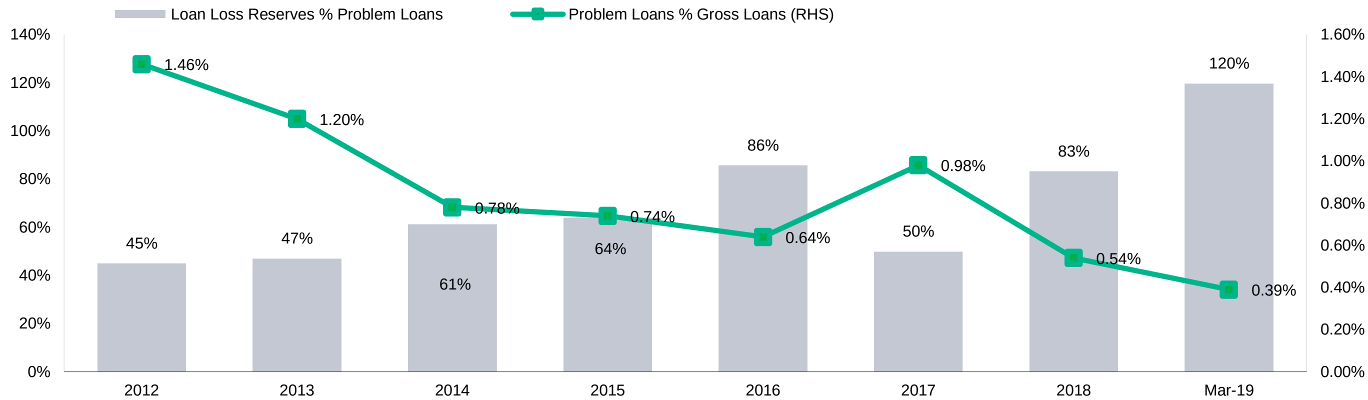
Our assigned Capital Score of aa2 reflects the bank's capital strength, as illustrated by its TCE/tangible banking assets ratio of 8.6% at end-March 2019 (taking into account the mortgages used for covered bonds), which compares well with banks globally with a BCA of baa1. We also note the bank's other solid regulatory capital metrics with consolidated Tier 1 and total capital adequacy ratios of 16.1% and 18.1% respectively at end-March 2019. Concurrently, the bank's leverage ratio was 7.4% at end-March 2019, compared to 7.2% at end-December 2018, 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 71% of gross loans, including loans transferred to covered bond companies, at end-March 2019), mostly in the form of mortgages. The bank's asset quality is generally strong, with a problem loans ratio (nonperforming and doubtful loans as a percentage of total gross loans including covered bond loans) of 0.39%, down from 0.54% at end-December 2018 (see Exhibit 4).

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 3.2% as of December 2018 compared to 3.8% on nationallevel.

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 NOK1.1 billion, or 0.92% of gross loans at end-March 2019 (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, especially during periods of significant deterioration in the sector such as in 2016. We note that NOK31 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 2.9% compared to around 0.03% for the overall loan book at end-March 2019. However, the 2.9% 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 10% of gross loans (including transferred loans) at end-March 2019. 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 increased focus in reducing borrower concentrations.

Looking ahead, we expect the bank's problem loan ratio to remain stable due to the currently benign economic conditions in the country. 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 120% at end-March 2019 from 83% at end-December 2018, eliminating any downward risks from its existing stock on problem loans.

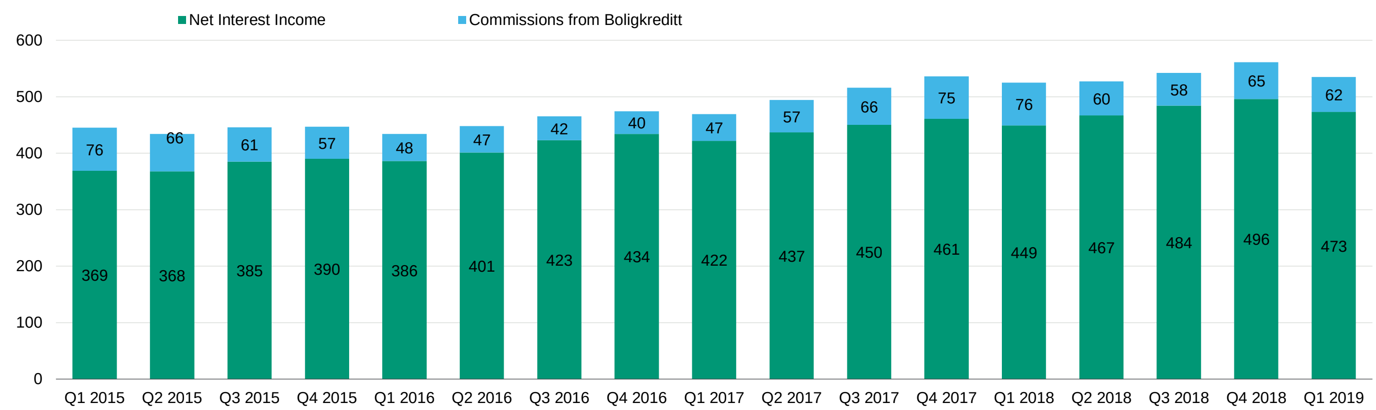
Satisfactory profitability, although some margin pressure likely

SpareBank 1 Nord-Norge's earnings base benefits from its resilient retail banking operations, with a reported normalised return on equity (RoE) of 13.1% (excluding NOK460 million gain from the insurance merger between SpareBank 1 Forsikring AS and DNBForsikring AS on 01.01.19) in the three months ending March 2019, up from 11.2% in the same period last year. Such performance is among the strongest compared to Norwegian peers.

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 63% of total income in 2018 (compared with net fee and commission income of 23% and income from financial instruments of 14%) and 41% in the three months ending March 2019 (compared with net fee and commission income of 15% and income from financial instruments of 45%, which included the one-off gain from the insurance merger).

The bank's reported net interest income accounted for 1.77% of average total assets in the three months ending March 2019, compared to 1.84% in the same period in 2018, indicating some margin pressure from fierce competition and rising interest rates. SpareBank 1 Nord-Norge raised its interest rate on residential mortgages by an average of 25 basis points in April 2019, following an earlier raise of 25 basis points in October 2018. At the same time, the bank's deposit rates were adjusted upwards as well, following the central bank's base rate increases by 25 basis points to 0.75% on 19 September 2018 and to 1% on 21 March 2019.

Exhibit 5
SpareBank 1 Nord-Norge's net interest income (NOK million)



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

SpareBank 1 Nord-Norge normalised cost-to-income ratio was 46.8% in March 2019, which is higher than the bank's target of 40% or lower. The bank's operating costs in March 2019 increased by nearly 6%, compared to the same period last year, largely related to digitalisation, automation, new system solutions and higher costs in its subsidiaries. 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 stood at -0.06% (release of loan loss provisions) of average gross loans in the three months of 2019, from 0.07% in the same period last year. In absolute terms, we note that the bank reported a loan loss release of NOK17 million in Q1 2019, from loan losses of NOK16 million in Q1 2018, suggesting an improving credit risk profile for the bank.

SpareBank 1 Nord-Norge reported a net income of NOK869 million in the three months of 2019 compared to NOK325 million in the same period last year, with the large increase driven by an one-off gain of NOK460 million from the insurance merger. Excluding the one-off gain, net income grew by 24% compared to the same period year earlier. Looking ahead over the next 12-18 months, we expect the pressure on the bank's net interest margin to persist, while we expect the undertaken efficiency measures to take some time to provide cost savings. Furthermore, we anticipate that loan losses will remain low and manageable, given the generally favourable economic activity in the region.

Some reliance on market funding raises the bank's funding risk profile…

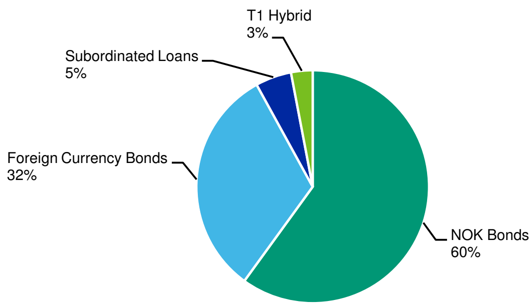
SpareBank 1 Nord-Norge's total funding (including covered bonds issued through SpareBank 1 Boligkreditt and SpareBank 1 Naeringskreditt) consisted of approximately 51% deposits at end-March 2019, which has proven resilient over many years. At end-March 2019, the bank's 12 month growth in deposits was 8.7%, while its gross loans-to-deposits ratio (including securitized loans) was a high 163%. Retail deposits constituted 54% of total customer deposits at end-March 2019.

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 2019, the bank had transferred retail mortgages worth

NOK33.9 billion to these vehicles (i.e. around 29% 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 30% of tangible banking assets at end-March 2019) to represent a source of vulnerability because, in times of market stress, market funding can become more expensive and/or 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 NOK5 billion is due within the next twelve months.

Exhibit 6
SpareBank 1 Nord-Norge's market funding distribution at end-March 2019



Source: Company presentations and reports

...although liquidity is comfortable

SpareBank 1 Nord-Norge's liquid assets accounted for approximately 13% of total tangible banking assets at end-March 2019. 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 130% at end-March 2019 (172% at end-December 2018), well above the statutory requirement that 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. 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) 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 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. We also take into consideration the expected level of MREL eligible capital issuance over the coming 2-3 years, which we estimate at around NOK9 billion. According to our forward-looking LGF model, this results in a Preliminary Rating Assessment (PRA) of three 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 2019. Moody's estimates that the bank commands market shares of around 20% in terms of loans in the three most northerly counties of Norway, although its national market share is limited, at around 2.2%. As a result of implementation of BRRD framework in Norway on 01.01.2019, which is aligned with the EU's bank recovery and resolution directive, we recently revised our assumptions in line with other banks under these 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.

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 A1(cr)/P-1(cr).

SpareBank 1 Nord-Norge'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 (CRRs)

CRRs are opinions of the ability of entities to honour the uncollateralised 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. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in the event of a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivative transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

SpareBank 1 Nord-Norge's CRR is positioned at A1/P-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 Nord-Norge

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	0.6%	aa1	←→	a2	Single name concentration	Geographical concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	16.7%	aa2	←→	aa2	Risk-weighted capitalisation	
Profitability						
Net Income / Tangible Assets	1.4%	a1	↓	a3	Expected trend	Earnings quality
Combined Solvency Score		aa2		a1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	30.7%	baa3	←→	baa3	Extent of market funding reliance	Market funding quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	12.9%	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	45,666	32.4%	52,213	37.1%
Deposits	64,183	45.6%	57,636	40.9%
Preferred deposits	47,495	33.7%	45,121	32.1%
Junior Deposits	16,688	11.9%	12,516	8.9%
Senior senior unsecured bank debt	0	0.0%	0	0.0%
Senior unsecured bank debt	24,714	17.6%	24,714	17.6%
Junior senior unsecured bank debt	0	0.0%	0	0.0%
Dated subordinated bank debt	1,200	0.9%	1,200	0.9%
Junior subordinated bank debt	0	0.0%	0	0.0%
Preference shares (bank)	780	0.6%	780	0.6%
Senior unsecured holding company debt	0	0.0%	0	0.0%
Dated subordinated holding company debt	0	0.0%	0	0.0%
Junior subordinated holding company debt	0	0.0%	0	0.0%
Preference shares(holding company)	0	0.0%	0	0.0%
Equity	4,223	3.0%	4,223	3.0%
Total Tangible Banking Assets	140,766	100.0%	140,766	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%	31%	31%	31%	3	3	3	3	0	a1
Counterparty Risk Assessment	31%	31%	31%	31%	3	3	3	3	0	a1(cr)
Deposits	31%	4%	31%	22%	2	3	2	3	0	a1
Senior unsecured bank debt	31%	4%	22%	4%	2	2	2	3	0	a1
Dated subordinated bank debt	4%	4%	4%	4%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	4%	4%	4%	4%	-1	-1	-1	-1	-1	baa3
Non-cumulative bank preference shares	4%	3%	4%	3%	-1	-1	-1	-1	-2	ba1

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
Non-cumulative bank preference shares	-1	-2	ba1	0		Ba1 (hyb)

[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 NORD-NORGE	
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
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.

REPORT NUMBER 1177258

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