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CREDIT OPINION
25 December 2023

Update

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RATINGS

SpareBank 1 Ringerike Hadeland

Domicile	Oslo, Norway
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A2
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 Ringerike Hadeland

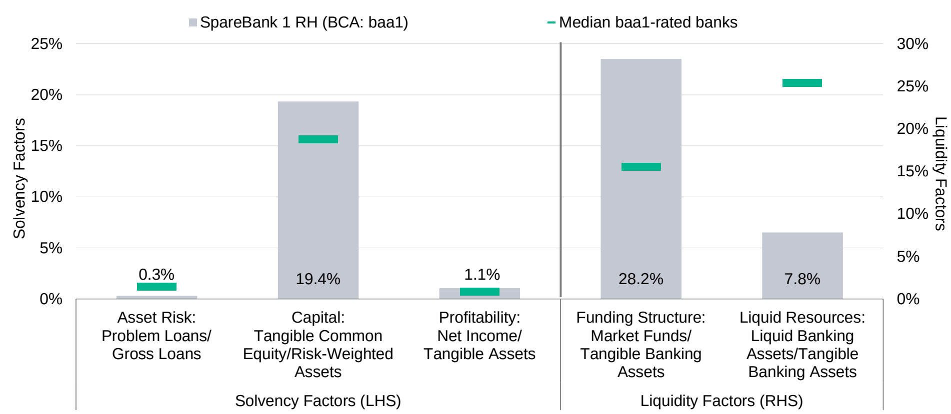
Update to credit analysis

Summary

SpareBank 1 Ringerike Hadeland's (SpareBank 1 RH) local and foreign deposit bank and issuer ratings of A2/P-1, both carrying a stable outlook, are driven by the bank's baa1 baseline credit assessment (BCA), as well as our assessment of potential loss severity for senior creditors and counterparties through our advanced loss given failure (LGF) analysis, which results in a two notch-rating uplift from its BCA. The uplift reflects the substantial protection offered to SpareBank 1 RH's senior creditors by the volume of deposits and debt available to share losses, as well as by the volume of securities subordinated to them.

SpareBank 1 RH's BCA of baa1 reflects the bank's sound capitalisation coupled with strong recurring profitability and low asset risk, reflective of the bank's mortgage focus. These strengths are balanced against its high sector concentration to the commercial real estate (CRE) and its limited geographical reach which elevate its asset risk. The bank's BCA also takes into account its relatively high level of capital markets funding, a common feature among the large savings banks in Norway.

Exhibit 1
Rating Scorecard - Key financial ratios



These are our Banks Methodology scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average or latest annual figure. Capital is the last reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

Credit strengths

» Diverse income sources and robust long-term recurring profitability

» Low levels of problem loans and low loan-to-value (LTV) ratios supported by robust asset quality

» Strong capital position with significant buffer above capital requirements

Credit challenges

» Highly concentrated geographic and sector exposure, especially in Corporate Real Estate. This opens opportunities for negative single-sector or regional shocks, although problem loans have remained continuously low.

» Dependence on market funding creates volatility risk stemming from investor sentiment, although liquidity remains at comfortable levels.

» Equity certificate capital structure limits access to capital

Rating outlook

The stable outlook on the bank's deposit and issuer ratings reflects the agency's expectation that the bank will sustain its strong performance in the next 12-18 months, despite increased competitive pressure and prolonged high interest rates environment, which should have limited impact on the bank's asset quality metrics.

Factors that could lead to an upgrade

» Upward rating momentum could develop if SpareBank 1 RH demonstrates (1) stable asset risk and profitability, (2) a reduction in concentration to commercial real estate, (3) a sustained strong growth in customer deposits leading to lower use of market funds and (4) continued good access to capital markets and improved liquidity.

Factors that could lead to a downgrade

» Downward rating pressure would emerge if (1) SpareBank 1 RH's problem loan ratio increases above the average of its similarly rated global peers; (2) financing conditions become more difficult; (3) its risk profile deteriorates, for example, as a result of increased exposures to more volatile sectors or due to a material slowdown in the CRE and construction sectors; and (4) the macroeconomic environment deteriorates significantly, leading to a lower Macro Profile.

» Also, any reduction in the volume of loss absorbing capacity as result of a material change in the bank's liability structure, could lead to a rating downgrade.

Key Indicators

Exhibit 2
SpareBank 1 Ringerike Hadeland (Consolidated Financials) [1]

	09-23[2]	12-22[2]	12-21[3]	12-20[3]	12-19[3]	CAGR/Avg.[4]
Total Assets (NOK Billion)	43.4	42.0	39.2	37.2	33.9	6.8[5]
Tangible Common Equity (NOK Billion)	4.4	4.2	4.1	3.9	3.7	4.4[5]
Problem Loans / Gross Loans (%)	0.3	0.3	0.3	0.2	0.3	0.3[6]
Tangible Common Equity / Risk Weighted Assets (%)	19.3	19.6	19.8	20.0	20.8	19.9[7]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	2.7	2.8	2.4	1.5	2.3	2.3[6]
Net Interest Margin (%)	1.8	1.5	1.5	1.5	1.5	1.6[6]
PPI / Average RWA (%)	2.8	2.5	2.3	2.1	2.3	2.4[7]
Net Income / Tangible Assets (%)	1.1	1.0	1.1	1.0	1.3	1.1[6]
Cost / Income Ratio (%)	41.7	42.9	44.3	46.6	46.7	44.4[6]
Market Funds / Tangible Banking Assets (%)	27.6	28.2	27.8	28.7	28.9	28.3[6]
Liquid Banking Assets / Tangible Banking Assets (%)	8.2	7.8	8.7	10.3	7.6	8.5[6]
Gross Loans / Due to Customers (%)	192.2	193.3	191.0	187.5	195.5	191.9[6]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel I; IFRS. [3] Basel III; IFRS. [4] May include rounding differences because of the scale of reported amounts. [5] Compound annual growth rate (%) based on the periods for the latest accounting regime. [6] Simple average of periods for the latest accounting regime. [7] Simple average of Basel I periods.
Sources: Moody's Investors Service and company filings

Profile

SpareBank 1 Ringerike Hadeland (SpareBank 1 RH) is a local savings banks in Norway, and member of SpareBank 1 Alliance, providing retail and corporate banking services as well as other products commonly offered by the alliance banks such as accounting services, real estate agency, insurance, pensions, payments. The bank operates in Ringerike and Hadeland regions north-west of Oslo, has 4 branches, around 255 employees and a reported local market share of 40%. As of September 2023, the bank had total assets of NOK 43.4 billion (including loans transferred to covered bond companies), making it one of the smaller banks within the Alliance.

The Alliance was formed to strengthen each banks' local competitiveness while exploiting economies of scale in order to keep competitiveness and profitability high. This also allows for the maintenance of high-quality financial products and services, as well as value creation for the members' individual regions and shareholders.

Recent developments

Russia's invasion of Ukraine (Ca, Stable) and subsequent international sanctions have resulted in heightened sensitivity to further escalation in the region, which would negatively affect Europe's economic recovery and the global economic outlook.

Since Norway and Russian are both major oil and gas exporters, Russian exclusion from Western markets exerts upward pressure on the demand for Norwegian energy.

In December 2023, Norges Bank raised its policy rate by 0.25 percentage points to 4.5%, the fourteenth raise in the past 2 years. The Norwegian economy has responded well to the tightening measures, with the labor market remaining tight. Even so, the wide-spread sentiment in the region (echoed by the ECB) is that policy rates will have to remain high for most of 2024 to reach inflation targets. The countercyclical capital buffer is expected to remain at its current level of 2.5%, up from 2% as of December 2022.

Detailed credit considerations

Norway's 'Very Strong -' Macro Profile is supportive towards the bank's stand alone credit profile

Norway's operating environment is improving supported by a strong economic recovery in 2021 after the coronavirus-induced downturn last year. The anticipated pace of recovery, faster than that of most European peers, reflects a combination of improving consumer demand as lockdown restrictions ease, continued government support, and rising oil prices.

SpareBank 1 RH operates only in Norway and thus its operating environment is reflected through the 'Very Strong -' Macro Profile we assign for Norway. Norwegian banks benefit from operating in a wealthy and developed country with very high economic, institutional and government financial strength, as well as a very low susceptibility to event risk. Norway has a diversified and growing economy, which demonstrated resilience to the last weakening in the oil sector in 2014-15.

The main risks to the banking system stem from the high level of household debt, 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 capitalisation and the relatively small size of the banking system compared with the total size of the economy.

We expect Norway's real GDP to grow by 1.5% in 2024, reinforcing the country's recovery from the coronavirus-induced slowdown of 2020. Norway's inflation is above the central bank's target of 2% (4.0% in October 2023), but remains well below the European average.

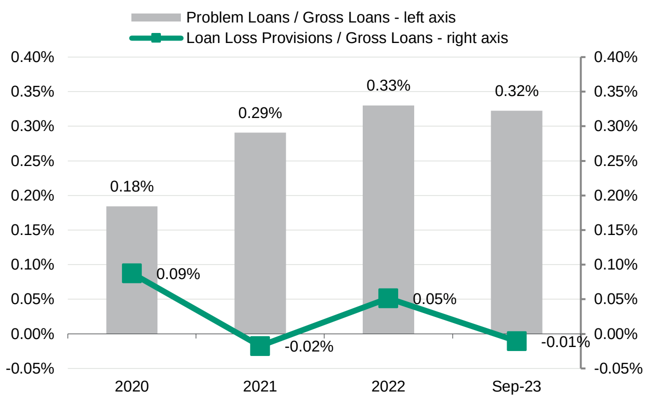
Strong asset quality supported by the bank's proactive monitoring, but high sector concertation to CRE elevate asset risk

We assign SpareBank 1 RH an asset risk score of baa1 reflecting its low levels of problem loans and retail oriented loan book, although risks are stemming from a large concentration of CRE lending and high local geographic concentration. We expect the bank to witness some migration to stage 3 in some corporate exposures in light of the higher inflationary environment but expect overall loan quality to remain strong over the next 12-18 months supported by strong performance of the retail book.

SpareBank 1 RH's problem loans ratio (stage 3 loans over gross loans including loans transferred to the covered bond companies) was 0.32% as of September 2023, a slight increase comparing to 0.33% in 2022 and 0.29% in 2021, but still well below the 1.2% average for baa1 rated banks. The sound credit quality of the bank translates into low credit costs with loan loss provisions as a percent of gross loans of -0.01% in September 2023, a decrease from 0.05% as of 2022, when the bank recovered provisions made under pandemic. Anticipating potential losses due to uncertain operating environment, SpareBank 1 RH made a new NOK 10 million provision for credit losses in 2022. (see Exhibit 3).

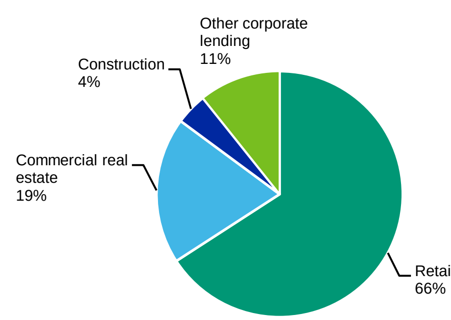
SpareBank 1 RH's assets mainly consist of retail mortgages (67% of the loan book as of September 2023, including assets transferred to the covered bond companies) with low LTVs. Furthermore, the strengthened credit quality of the bank's loan book reflects refined credit processes and an increasingly sophisticated risk management framework. Norwegian retail mortgages have historically entailed low risk and we expect the robust asset quality of this segment to endure in the coming 12-18 months.

Exhibit 3
Sound asset quality with low levels of problem loans in relation to gross loans



Gross loans includes loans transferred to the covered bond companies.
Source: Moody's Investors Service

Exhibit 4
Retail oriented loan book, although significant concentration to commercial real estate
Breakdown of SpareBank 1 RH's loan book



Source: Company Annual Report

The remaining of the book allocated in the corporate sector, with significant exposure to the cyclical real estate and construction sector (23% of gross loans as of September 2023), which further renders the bank vulnerable to changes in interest rates and real estate prices in the region. We expect the bank to maintain its sizeable exposure to the CRE sector due to the lack of alternative industries in the bank's area of operation that would be a suitable alternative for growth in the corporate market. Nevertheless, to mitigate the risks associated with the high exposures to a single industry the bank invests in projects with multipurpose units which provide flexibility as it allows for easier conversion of office/retail space to residential housing for which there will be sustained demand due to population growth.

SpareBank 1 RH's operations are geographically concentrated in Viken and Innlandet regions (around 88% of gross loans as of September 2023) a region of around 1.5 million inhabitants with transportation links to the capital, Oslo. The bank is deeply entrenched in the local community, a common feature among the Norwegian savings banks, as the business model entails a social responsibility and commitment to the community. Due to its proximity to Oslo, the bank also has exposure outside of its key region (around 7% of total loans), which consists mostly of existing clients relocating.

House prices in the region are generally significantly lower than in Oslo (about half in terms of NOK/m2), although there has also been a strong growth in prices in the region in past few years. However, the areas' proximity to Oslo results into a high share of workers commuting in Oslo with even up to 40% of population in some of the key municipalities works in Oslo, earning higher wages and improving overall house affordability.

Capitalisation is sound supported by internal capital generation

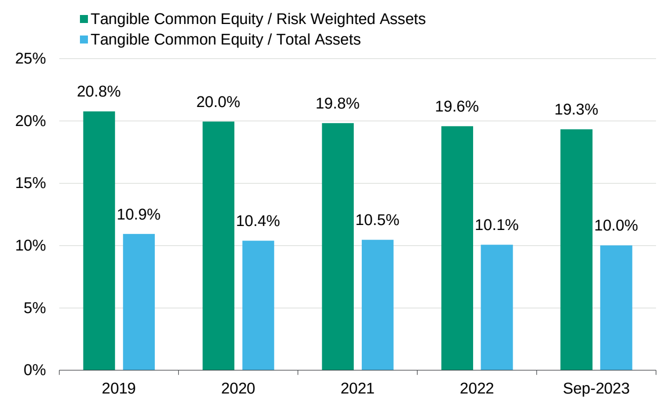
SpareBank 1 RH's assigned capital score of aa2 reflects its very strong capitalisation, as evidenced by its reported Common Equity Tier 1 (CET1) ratio and tangible common equity to risk-weighted assets (RWAs) of 18.3% and 19.4% respectively as of September 2023.

The bank fulfills its regulatory capital requirement of 14.9% at end December 2023 (including the 56.25% of pillar 2 requirement and a 1% management buffer), and its internal target of 15.9% with a sizeable headroom. The bank's overall pillar 2 requirement of 1.6% is one of the lowest amongst the savings banks sector reflective of the bank's low risk loan book.

SpareBank 1 RH applies the Standardised approach to calculating its regulatory capital requirements, meaning that its assets are assigned higher risk weights than it would under the Internal Ratings Based (IRB) approach. The low risk of the bank's loan book is demonstrated in its unweighted capital metrics. SpareBank 1 RH also benefits from a strong leverage ratio (as measured by tangible common equity / total assets) of 10.0% as of September 2023, which compares favorably to other Moody's rated Norwegian peers (average of around 7% in June 2023) and is well above the regulatory minimum of 5%.

Exhibit 5

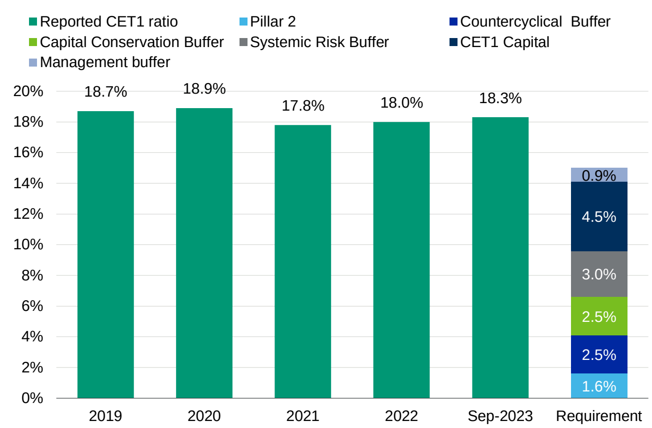
SpareBank 1 RH benefits from a solid capitalisation and a strong leverage ratio



Source: Moody's Investors Service

Exhibit 6

SpareBank 1 RH benefits from a strong capital base, which is well above the regulatory minimum capital requirement



Source: Company reports

Equity certificates are an important part of SpareBank 1 RH's capital base, a common feature among Norwegian Savings banks. The bank's equity consists of primary capital (no owners) and the equity certificates holders. Approximately 64% of the bank's equity certificates are owned by savings banks foundations, the primary owners of the bank. The rest of the equity certificates are owned by businesses and people from the region. The owners are very supportive of the bank. In 2017 the capital was raised with the help of savings foundations, which promised to support with capital going forward.

Nevertheless, we consider the absence of listed certificates to place SpareBank 1 RH to a less favourable position compared to peers on raising capital in case of need given its ownership structure in view of the potential dilution effect. This limits the bank's flexibility in terms of dividend payments (target of 50% at least) and capital retention and could make it difficult for the bank's access to capital.

Strong profitability and diversified earnings but competition could exert pressure on margins

SpareBank 1 RH benefits from strong recurring profitability, enabling it to generate capital internally and provides the bank capacity to absorb losses in case of need, reflected in our assigned profitability score of a3.

The bank reported a return on tangible assets of 1.12% in the first nine months of 2023 and 1.00% in December 2022 which compares well to Moody's Norwegian rated average of around 0.98% in September 2023 owing to its high-quality mortgage book which has resulted in relatively low provision costs. We expect profitability to remain broadly in line with historic average of 1% over the next 12-18 months as interest rate increases in 2023 would offset any additional deterioration in asset quality and profitability, caused by the uncertainty of the current economic environment, however, competition could put pressure on margins and result in lower credit growth.

The bank's earnings are relatively diversified although net interest income, including net interest income from the covered bond companies booked as commission income, is the most important source of income. Still, the bank is less reliant on net interest income than other similar sized banks (net interest income constituted for 70% in September 2023) and is targeting a split of 60/40 between balance sheet related income and other income. Net commission and other operating income reflect income from associated companies jointly owned within the SpareBank 1 Alliance and the bank's own subsidiaries. The wide range of products offered by the bank and its subsidiaries creates valuable opportunities for cross-selling and enables the bank to interact frequently with its customers.

As of September 2023, the bank had a cost-to-income of 42% which is comparable with other SpareBank 1 Alliance banks although higher than for other small non-Alliance banks. SpareBank 1 RH's membership in the SpareBank 1 Alliance entails important cost synergies and enables the bank to offer a wide set of products (real estate, accounting services and accounting), which creates earnings diversification. The bank has aligned branding and product offer with other Alliance banks. The bank also operates using the same systems and platform as other banks (credit risk models, mobile app, digital banking among other). The bank's strategy is to focus on its core local region and grow profitably there by cross selling multiple products and maintaining close customer relationships.

High reliance on market funding which is mitigated by a stable and sizeable deposit base

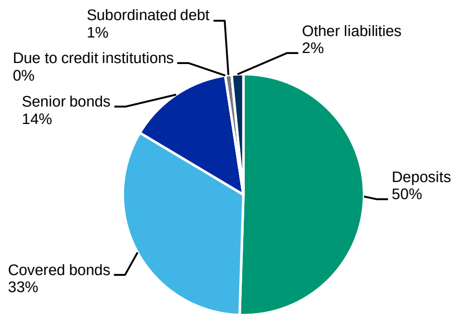
SpareBank 1 RH's has a high reliance on market funding and its funding profile is dominated by deposits and covered bonds, similar to other Norwegian savings banks. As of end-September 2023, customer deposits accounted for 50% on the bank's non-equity funding (including covered bonds issued by the jointly owned covered bond companies). Deposit growth during 2022 normalised to 6% as the economy reopened in the aftermath of the coronavirus related restrictions, from 11% in 2020. However, rising interest rates had a positive effect on deposit growth in the first nine months of 2023, resulting in 2.65% annual growth.

The bulk of the bank's deposits are derived from the retail market, constituting around 65% of total deposits as of September 2023. This strengthens SpareBank 1 RH's funding profile as we consider retail deposits to be a more stable source of funding compared to corporate deposits. Although the bank is focusing on actively increasing its customer deposits, we expect growth rates to be slightly below those seen in 2022, despite high policy rates driving deposits in the first half of 2023, as competition intensifies.

Exhibit 7

SpareBank 1 RH's funding profile is dominated by deposits and covered bonds

Breakdown of non-equity funding



Source: Moody's Investors Service, company reports

The bank is highly dependent on confidence sensitive market funding to finance its operations since deposit growth is lagging lending growth, as indicated by our market funding ratio (market funds to tangible banking assets including covered bond loans) of 28% as of September 2023. We view this as a weakness in the bank's funding profile as market funding can become more expensive or/and restricted in times of market stress.

The majority of the banks market funding is in the form of covered bonds issued through covered bond companies jointly owned with other members of the SpareBank 1 Alliance (SpareBank 1 Boligkreditt for residential mortgages and SpareBank 1 Næringskreditt for commercial mortgages). At end-September 2023 the bank had transferred loans worth NOK 12.9 billion to these vehicles (around 34% of its gross loan book including the transferred loans). The remainder of the bank's issued debt is in the form of senior debt.

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. As reflected in our methodology, we reflect the relative stability of covered bonds compared to unsecured market funding through a standard adjustment.

SpareBank 1 RH's sizeable liquid reserves, accounting for 8.2% as of September 2023, partly mitigate risks associated with its high reliance on market funding. Nevertheless SpareBank 1 RH's liquidity buffers have been historically lower than peers' and other rated SpareBank 1 Alliance banks.

The main components of the bank's liquidity reserves are covered bonds, sovereign and municipality bonds. The bank's LCR was 334% as of September 2023, up from 136% in September 2022.

ESG considerations

SpareBank 1 Ringerike Hadeland's ESG credit impact score is CIS-2

Exhibit 8
ESG credit impact score

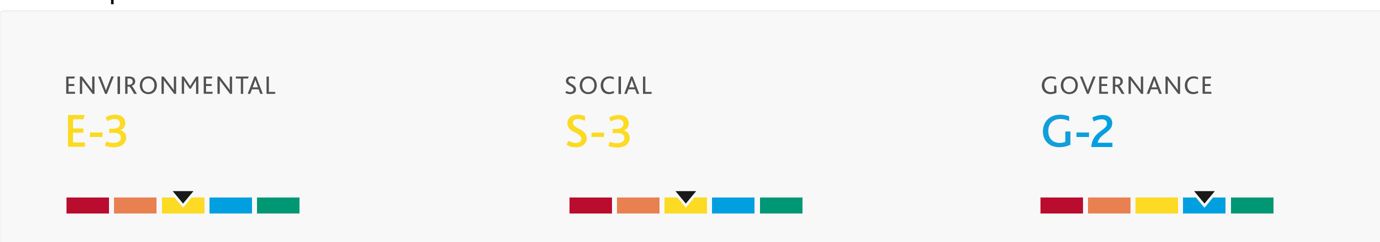
CIS-2

ESG considerations do not have a material impact on the current rating.

Source: Moody's Investors Service

SpareBank 1 Ringerike Hadeland's **CIS-2** indicates that ESG considerations do not have a material impact on current ratings.

Exhibit 9
ESG issuer profile scores



Source: Moody's Investors Service

Environmental

SpareBank 1 Ringerike Hadeland faces moderate environmental risks primarily because of its portfolio exposure to carbon transition. These risks are primarily related to its corporate portfolio, through the commercial real estate sector. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, the bank is developing its climate risk and portfolio management capabilities.

Social

SpareBank 1 Ringerike Hadeland faces moderate social risks related to customer relations and associated regulatory and litigation risks, requiring high compliance standards. The exposure to customer relation risks is lower than its international peers, given the bank's untarnished customer conduct track record and social mandate of the Savings Bank's model. SpareBank 1 Ringerike Hadeland is a digitally advanced bank in Norway, with a robust IT infrastructure and strong capabilities to mitigate cyber and personal data risks, supported by its participation in the SpareBank 1 Alliance.

Governance

Sparebank 1 Ringerike Hadeland faces low governance risks and its risk management, policies and procedures are in line with industry practices. Despite sectoral and geographical concentrations, due to its limited reach, the bank benefits from adequate underwriting standards which mitigate some of these concerns. The bank has a track record of sound capital and liquidity management and earnings stability while losses have been low, even at times of market turbulence. Being a regional savings bank, 65% of the bank is owned by the local foundations, and the bank's Supervisory Board, comprises equity certificate holders, depositors and employees. Related governance risks are however mitigated by Norway's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure Analysis

The European Union's BRRD has been transposed into Norwegian law, applicable from 1 January 2019, which confirmed our current assumptions regarding the LGF analysis. We assume a residual tangible common equity of 3% and post-failure losses 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 over senior unsecured debt. These metrics are in line with our standard assumptions.

For SpareBank 1 RH short-term and long-term deposit ratings, we have considered the likely impact on loss given failure from the combination of their own volume and the amount of debt subordinated to them. This results in a Preliminary Rating Assessment two notches above the BCA, reflecting a very low loss given failure.

Government Support

SpareBank 1 RH has a stable market position in its local districts of Ringerike and Hadeland, which are in the region of Viken and Innlandet with a reported local market share estimated at around 40%, but the bank's market share in the national context is small. We also note that the proximity of the bank's home region to Oslo means that a number of other Norwegian banks are present in the area. We therefore assume a low probability of government support for SpareBank 1 RH's deposits, CRA, and CRR ratings resulting in no rating uplift from its PRAs. Moreover, our government support assumptions are driven by the recent implementation of the EU's BRRD in Norway (effective as of 1 January 2019) and in line with other banks we rate in regions with BRRD Directive in place.

Counterparty Risk Assessment (CRA)

SpareBank 1 RH's CR Assessment is A1(cr)/P-1(cr)

The bank's CR Assessment is positioned three notches above its Adjusted BCA of baa1, based on the buffer against default provided by junior deposits, senior unsecured, subordinated debts and preference shares. The bank's CR Assessment does not benefit from any government support, in line with the deposit rating.

Counterparty Risk Rating (CRR)

SpareBank 1 RH's CRR is A1/P-1

The bank's CRR is three notches above its Adjusted BCA of baa1 and at the same level as the CR Assessment, reflecting the buffer against default provided by more junior instruments to CRR liabilities.

Sources of facts and figures cited in this report

Bank specific figures originate from banks' reports and our Banking Financial Metrics. All figures are based on our own chart of account and may be adjusted for analytical purposes. Please refer to Financial Statement Adjustments in the Analysis of Financial Institutions, published on 9 August 2018.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement 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 10

SpareBank 1 Ringerike Hadeland

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

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.3%	aa1	↔	baa1	Geographical concentration	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.3%	aa1	↔	aa2	Access to capital	Expected trend
Profitability						
Net Income / Tangible Assets	1.1%	a2	↓	a3	Expected trend	
Combined Solvency Score		aa2		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	28.2%	baa2	↔	baa3	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	7.8%	ba2	↓	ba3	Expected trend	
Combined Liquidity Score		baa3		ba1		
Financial Profile				baa1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
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	16,891	39.0%	18,868	43.5%
Deposits	19,379	44.7%	17,402	40.1%
Preferred deposits	14,340	33.1%	13,623	31.4%
Junior deposits	5,039	11.6%	3,779	8.7%
Senior unsecured bank debt	5,465	12.6%	5,465	12.6%
Dated subordinated bank debt	328	0.8%	328	0.8%
Equity	1,301	3.0%	1,301	3.0%
Total Tangible Banking Assets	43,364	100.0%	43,364	100.0%

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 Rating	25.1%	25.1%	25.1%	25.1%	3	3	3	3	0	a1
Counterparty Risk Assessment	25.1%	25.1%	25.1%	25.1%	3	3	3	3	0	a1 (cr)
Deposits	25.1%	3.8%	25.1%	16.4%	2	3	2	2	0	a2
Senior unsecured bank debt	25.1%	3.8%	16.4%	3.8%	2	2	2	2	0	a2

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	2	0	a2	0	A2	A2
Senior unsecured bank debt	2	0	a2	0	A2	A2

[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 11

Category	Moody's Rating
SPAREBANK 1 RINGERIKE HADELAND	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2

Source: Moody's Investors Service

REPORT NUMBER 1380954

CLIENT SERVICES

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Japan	81-3-5408-4100
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