

Sparebanken Vest

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F2

Viability Rating	a-
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Support Rating	3
Support Rating Floor	BB+

Sovereign Risk

Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

Sparebanken Vest

	30 Sep 16	31 Dec 15
Total assets (USDm)	19,877	18,349
Total assets (NOKm)	160,045	161,663
Total equity (NOKm)	11,844	10,737
Operating profit (NOKm)	1,478	1,320
Published net income (NOKm)	1,251	1,047
Comprehensive income (NOKm)	1,237	1,085
Operating profit / RWA (%)	2.6	1.8
Operating ROAE (%)	17.6	13.7
Internal capital generation (%)	14.1	9.2
FCC / weighted risk (%)	15.3	14.0
Common equity Tier 1 ratio (%)	13.5	13.7
Impaired loans / gross loans (%)	1.0	1.1

Related Research

[Sparebanken Vest – Ratings Navigator \(November 2016\)](#)

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Key Rating Drivers

Strong Franchise, Regional Concentration: Sparebanken Vest's (SV) ratings reflect its strong regional franchise around the Bergen area, healthy profitability, resilient asset quality and sound capital ratios. They also factor in significant property price increases in recent years, geographically concentrated lending, and liquidity management in the context of wholesale funding reliance. SV's geographical concentration has a higher influence on the ratings than for larger, more diversified peers.

Resilient Profitability: Profitability is strong and SV's local franchise supports stable revenue generation. Operational efficiency is acceptable. Fitch Ratings expects relatively modest loan impairment charges (LICs) in 2017, despite continued low oil prices. Lending margins for retail mortgage loans are under pressure from increased competition, but should partly recover in 2017.

Focus on Retail and SMEs: Fitch expects SV to continue to implement a low-risk business model, and to focus on retail and small- and medium-sized customers. Concentration risks relating to larger corporates should continue to fall.

Solid Mortgage-Weighted Loan Book: Well-performing mortgage loans make up three-quarters of total lending, and Fitch expects continued strong asset quality. SV has prudent underwriting standards, and the operating environment remains benign despite an oil-related economic slowdown. SV's direct exposure to the oil and offshore sector is limited.

Wholesale Funding Reliance: Like most Nordic peers, SV is reliant on wholesale markets for its funding. It mainly issues covered bonds via Sparebanken Vest Boligkreditt (SVB), its wholly owned funding vehicle. Fitch expects SV to have continued access to debt capital markets. Maintaining a large liquidity buffer is critical to mitigating refinancing risks.

Good Capitalisation: SV's risk-weighted capital ratios compare well with European and domestic peers. Leverage is solid in a European context, although weaker than at some other Fitch-rated Norwegian savings banks due to the full consolidation of SV's covered bonds subsidiary.

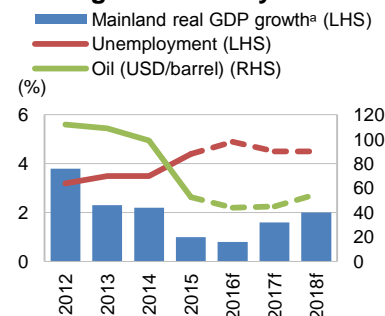
Moderate Probability of Support: SV's Support Rating and Support Rating Floor reflect Fitch's view that there is a moderate probability of support, if required, from the Norwegian authorities, given SV's strong regional franchise.

Rating Sensitivities

Upgrade Unlikely: The Stable Outlook reflects Fitch's expectation that the operating environment in Norway will remain strong. We expect SV to further reduce its single-name concentration, continue to strengthen capital ratios and maintain healthy liquidity buffers. An upgrade is unlikely given the already high ratings in the context of SV's company profile and geographical concentration.

Asset Quality, Funding Access: SV's ratings are primarily sensitive to deteriorating asset quality, particularly if prolonged low oil prices lead to higher unemployment, a deterioration in CRE exposure or a significant property price correction, if the bank is unable to absorb losses via earnings. This scenario would probably be followed by difficulties in obtaining competitively priced funding.

Norwegian Economy



^a Excluding oil and gas extraction and shipping
Source: Fitch

Operating Environment

'AAA'-Rated Norwegian Sovereign with Significant Financial Flexibility

As a regional bank, SV's performance is closely linked to that of the Norwegian economy. Norway has maintained its 'AAA' rating for the past 20 years, and Fitch expects the Norwegian banking sector to continue to benefit from the country's favourable economic environment. Continued low oil prices and lower investment and demand from the oil sector have led Fitch to lower its forecast for real GDP growth for mainland Norway (excluding oil and gas extraction and shipping) from 1.0% to 0.8% for 2016 as a whole, with a gradual acceleration in 2017 and 2018. Fitch expects unemployment to peak at its current level, which is low by international standards, although it has been increasing in oil-producing regions (in the south and west of the country). SV's operating market of western Norway is a relatively diversified region by Norwegian standards, although it is still heavily linked to oil production.

The lower oil prices since 2014, and subsequent lower investment in the oil sector, is translating into slower growth in the broader Norwegian economy. The high share of industries supplying goods and services to the oil sector means that the impact is spilling over to the rest of the economy, with weakening demand in non-oil sectors. This is mitigated by exchange-rate depreciation (as the weaker krone improves competitiveness and boosts non-oil exports) and a monetary policy response by the authorities (the key policy rate was cut by 0.25pp to 0.50% in 2016).

The Norwegian banking sector is reasonably concentrated, with the largest institution, DNB Bank ASA, having a market share of over 30% and operating throughout the country. Nordea Bank Norge (AA-/Stable), the Norwegian subsidiary of Nordea Bank AB (AA-/Stable), is the second-largest standalone bank. There are several savings banks groupings and a large number of savings banks that also operate independently.

The Norwegian regulatory environment is highly developed and transparent. The authorities have taken a strict view on risk-weights optimisation and have, for example, introduced floors in calculating risk-weights for mortgage loans (effectively 20%-25%). They have also introduced an 85% cap on loan/value (LTV) ratios for residential mortgage loans, a mandatory 5% interest-rate stress when assessing borrowers' debt-servicing ability and amortisation on mortgage loans above an LTV of 70%. A recent proposal by the Norwegian FSA, which has not been enacted, calls for some further tightening of residential mortgage lending practices.

Company Profile

Regional Market Leader in Western Norway

SV is based in Bergen, Norway's second-largest city, and its core markets are in the west and south-west of the country (Hordaland, Sogn of Fjordane and Rogaland), where it has 38 branches and about 750 employees. Its main competitor is DNB Bank, but SV is more focused on retail and SME customers, and emphasises its local footprint. The bank left the Sparebank 1 Alliance in 2004 to pursue its own strategy. It has branches in some key cities (eg Stavanger) and cooperates with other smaller savings banks to expand its geographical reach and product offering.

SV is particularly strong in Hordaland, where it has a retail and corporate real estate market share of about 20%, and a real-estate brokerage market share of 15%-20%. The treasury division offers SV's customers access to trading and investment services, and several subsidiaries and associated companies provide a broader range of financial services. These include insurance (Frende Forsikring; 39.7% stake at end-September 2016), leasing (Brage Finans; 49.9%) and brokerage (Norne Securities; 47.6%). At end-September 2016, shareholdings in associated companies totalled NOK944m.

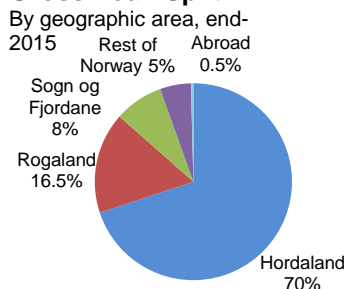
Proposed Changes in Mortgage Regulation

Mortgage lending: Regulatory requirements

Regulatory requirements	Current	Proposed
Max LTV (%)	85	85
Max LTV for home credit equity (%)	70	60
Max debt-to-income	N	Y: 5x
Amortisation: 2.5% per year	Over 70%	Over 60%
Speedlimit ^a (%)	10	N

^a The % of annual new mortgage loans that can be exempt from the above regulation.
Source: Norwegian FSA

Gross Loan Split



Source: SV, adjusted by Fitch

Related Criteria

[Global Bank Rating Criteria \(November 2016\)](#)

SV set up SVB in 2008 to diversify its funding base and to gain access to cheaper wholesale funding. At end-September 2016, SV had transferred mortgage assets of NOK54.6bn to SVB, which had issued NOK54.1bn worth of covered bonds.

Management and Strategy

SV has an experienced management team with a deep local knowledge. There is a solid and consistent corporate culture in the bank. Senior management turnover is reasonably low. The main strategic objective is to be a leading regional bank in western Norway, with a focus on tight cost controls and higher customer digitalisation.

As a savings bank, SV has not issued ordinary share capital; instead, it operates as an independent foundation and its owners are the holders of equity capital certificates (ECC). At end-September 2016, the 20 largest ECC holders owned about 70% of the total ECCs issued by the bank. The largest holder was Sparebankstiftinga Hardanger, with a 25% stake. The bank's ECCs are traded on the Oslo Stock Exchange.

SV operates a two-tier board structure. The supervisory board is made up of representatives of the ECC holders, public appointees, employees and customer representatives, who in turn appoint the board of directors. SV is supervised by the Norwegian banking authorities and the bank follows Norwegian corporate governance principles.

Risk Appetite

The bank's risk appetite is conservative, with sound underwriting standards, and a focus on secured lending and low LTV ratios. SV strictly monitors its corporate loan book and is reducing concentration risks relating to larger companies (commitments above NOK150m).

SV takes a decentralised approach to credit risk management, albeit with central guidelines and monitoring. Subject to limits delegated by the board, loans are authorised at the branch, regional or main board level. SV is mainly exposed to credit risk through its large loan book and, to a lesser extent, its bond portfolio, which combined represented over 90% of total assets at end-September 2016. The bank has no plans to grow aggressively, focusing on margins rather than volume. Internal capital generation has largely exceeded balance sheet growth since 2010.

SV has low market risk overall, with tight limits that are reviewed annually. Reflecting the bank's focus on lending, interest rate risk is the biggest market risk sensitivity. At end-2015, a 100bp parallel rise in the yield curve would have led to a small NOK42.8m loss (end-2014: NOK0.6m gain) given higher positive market value on interest rate and currency hedging derivatives. Most rates on mortgage loans can be reset upon six weeks of notice. Derivatives are used for hedging and customer activities.

Financial Profile

Asset Quality

Resilient Asset Quality Underpinned by Retail Mortgage Lending

Fitch expects SV's asset quality to remain strong, reflecting its focus on domestic retail mortgage lending. In contrast to some other Fitch-rated Norwegian savings banks, SV fully owns and consolidates its covered bond-issuing subsidiary. This has a comparative positive effect on some reported risk metrics.

Loan Book

End-2015	Gross loans (NOKm)	Share of gross loans (%)	Impaired loans (%)
Gross loans	129,924	100.0	1.1
Retail	98,360	75.7	0.2
Commercial real estate	12,337	9.5	1.7
International shipping and pipeline transport	5,261	4.0	16.7
Building and construction	3,648	2.9	0.1
Other	10,318	7.9	1.1

Source: SV, adjusted by Fitch

The majority (95%) of retail lending relates to high-quality mortgage loans (0.2% impaired loans ratio at end-September 2016), of which about 95% has an LTV ratio below 70%. The portfolio could come under pressure from rising interest rates and a downturn in the housing market, but Fitch expects households' debt servicing capacity to remain solid and that borrowers would prioritise mortgage repayments in times of stress. A recessionary scenario, although not expected by Fitch, would likely reduce consumption and in turn affect banks' SME/corporate loan portfolios. This risk is amplified by high household indebtedness, but partly mitigated by a generous benefits system.

The corporate loan book (3.4% impaired loans ratio at end-September 2016) is reasonably diversified by industry, although commercial real estate (CRE) represents about 40% of corporate loans. Within this segment, offices, commercially let apartments and shopping centres are the biggest exposure groups. Fitch expects CRE asset quality to be supported by low vacancy rates and high transaction volumes in the Bergen area.

The shipping book is of limited size and is diversified by sub-category (e.g. offshore, bulk, tankers). Persistent low oil prices are pressuring asset quality and this is unlikely to improve in the short to medium term, although the segment most affected, offshore service vessels, represented just 1% of total lending at end-September 2016.

The liquidity and investment portfolio represented 14% of total assets at end-2015. It was essentially made up of high-quality assets that were eligible for inclusion in the liquidity coverage ratio.

Earnings and Profitability

Contained Cost Development and Low LICs Support Profitability

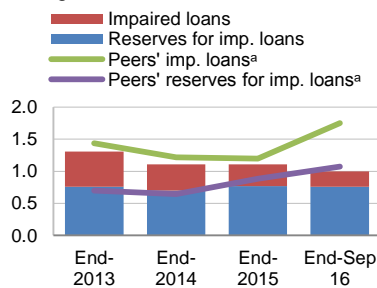
Fitch expects continued resilient profitability, aided by the strong regional franchise and the still benign operating environment. Net interest income represents about three-quarters of total revenue, and while tough competition drove down mortgage lending margins in 9M16 we expect them to partly recover in 2017. The bank has benefited from increased deposit margins in the same period. Non-interest income should contribute more materially in the medium term, particularly from associated companies that were loss-making in their start-up phases.

Cost efficiency is acceptable. The bank targeted a maximum annual cost growth of 2% until 2015 and has been reducing branches and staff expenses. The cost/income ratio should remain stable at just below 50%.

LICs should remain manageable, despite slower economic growth forecasts, and are comfortably absorbed by pre-impairment operating profits. They increased in 2014 due to a specific shipping file (NOK200m), but decreased again in 2015 and 9M16.

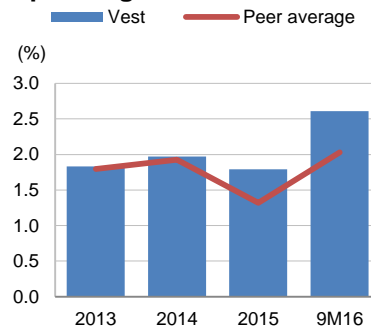
Asset Quality

% of gross loans



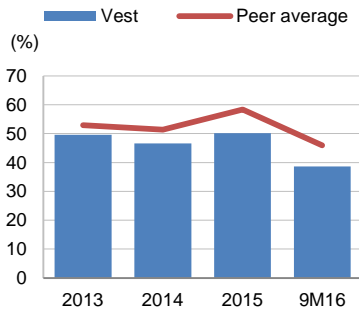
^a Peer average includes Sparebanken Vest (VR: a-), SpareBank 1 SMN (a-), SpareBank 1 SR-Bank (a-), SpareBank 1 Nord-Norge (a) and Sandnes Sparebank (bbb)
Source: Banks, Fitch

Operating Profit/ RWAs



Source: Banks, Fitch

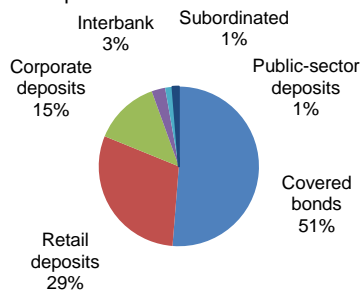
Cost Efficiency



Source: Banks, Fitch

Non-equity Funding Mix

End-September 2016



Source: SV, adjusted by Fitch

Operating Profit by Business Area

(NOKm)	9M16	2015	2014
Retail market	1,087	1,453	1,384
Corporate market	593	632	456
Treasury	131	4	58
Estate agency activities	-5	16	19
Eliminations/unallocated	-211	-709	-424
Total	1,595	1,396	1,493

Source: SV

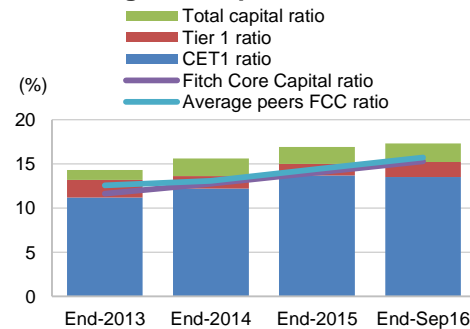
Capitalisation and Leverage

Strong Capital Ratios; Moderate Leverage

SV's capital adequacy ratios compare well with those of domestic and international peers, but lag those of its larger Nordic competitors partly due to higher risk weights. Leverage remains low in a European context. The reported Basel III transitional leverage ratio was 6.6% at end-September 2016. SV reported a 14.8% common equity Tier 1 (CET1) ratio at end-September 2016, compared to its end-2016 target of 14.5%.

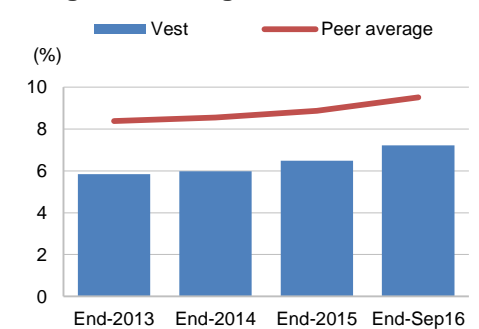
Given increased regulatory requirements, in October 2015 SV strengthened its equity capital base by raising NOK750m through a rights issue directed towards its existing ECC holders. The equity issue increased the bank's CET1 ratio by about 1pp based on risk exposure amount at end-September 2015. The transaction was completed by year-end and was fully underwritten.

Risk-Weighted Capital Ratios



Source: Banks, Fitch

Tangible Leverage



Source: Banks, Fitch

Funding and Liquidity

Wholesale Funding Reliance

SV has significant wholesale funding reliance, with a loan/deposit ratio of over 200%, and issues mostly covered bonds. SVB has good access to both domestic and international funding markets and continues to broaden its investor base, but a significant reliance on international investors is a rating sensitivity.

Fitch expects SV to maintain a large high-quality liquidity buffer, which is critical to ensure the bank can survive a prolonged capital markets dislocation. Contingency liquidity plans include additional loan sales to SVB, which can issue covered bonds for the parent, which can in turn repo them with the Norwegian central bank. SV's reported liquidity coverage ratio was 139% at end-September 2016.

Support

Moderate Probability of Sovereign Support

In Fitch's view, there is a clear intention ultimately to reduce implicit state support for financial institutions in the EU, as demonstrated by a series of legislative, regulatory and policy initiatives. The EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for resolving banks that is likely to require senior creditors participating in losses, if necessary, instead of or ahead of a bank receiving sovereign support.

A bank resolution framework has not taken centre stage in Norway, although Fitch expects drafting and implementation to progress during 2017. As part of the European Economic Area, Norway is bound to implement the Bank Recovery and Resolution Directive, although Fitch expects that it will aim to do so in the most flexible format possible. It is also likely that Norwegian banking authorities will take into consideration what is implemented in other Nordic countries, particularly in Sweden, but again providing the most flexibility possible to decide on a process of resolution.

SV's Support Rating of '3' and Support Rating Floor of 'BB+' reflect its strong franchise and market shares in the regions where it operate, particularly in the retail and SME sectors. Fitch considers that there remains a moderate probability that the Norwegian authorities would support the bank if required, due to its local systemic importance.

Sparebanken Vest
Income Statement

	30 Sep 2016			31 Dec 2015			31 Dec 2014			31 Dec 2013		
	9 Months - 3rd Quarter		As % of Earning Assets	Year End		As % of Earning Assets	Year End		As % of Earning Assets	Year End		As % of Earning Assets
	USDm	NOKm		NOKm	NOKm		NOKm	NOKm		NOKm	NOKm	
	Unaudited	Unaudited		Audited - Unqualified		Audited - Unqualified		Audited - Unqualified		Audited - Unqualified		
1. Interest Income on Loans	370.7	2,984.0	2.50	4,313.0	2.69	4,860.0	3.39	4,695.0	3.54			
2. Other Interest Income	26.8	216.0	0.18	340.0	0.21	405.0	0.28	379.0	0.29			
3. Dividend Income	3.9	31.0	0.03	18.0	0.01	37.0	0.03	28.0	0.02			
4. Gross Interest and Dividend Income	401.4	3,231.0	2.71	4,671.0	2.91	5,302.0	3.69	5,102.0	3.84			
5. Interest Expense on Customer Deposits	51.6	415.0	0.35	877.0	0.55	1,368.0	0.95	1,371.0	1.03			
6. Other Interest Expense	122.1	983.0	0.83	1,422.0	0.89	1,577.0	1.10	1,542.0	1.16			
7. Total Interest Expense	173.7	1,398.0	1.17	2,299.0	1.43	2,945.0	2.05	2,913.0	2.19			
8. Net Interest Income	227.7	1,833.0	1.54	2,372.0	1.48	2,357.0	1.64	2,189.0	1.65			
9. Net Gains (Losses) on Trading and Derivatives	6.0	48.0	0.04	(86.0)	(0.05)	n.a.	-	(189.0)	(0.14)			
10. Net Gains (Losses) on Other Securities	14.4	116.0	0.10	(222.0)	(0.14)	211.0	0.15	53.0	0.04			
11. Net Gains (Losses) on Assets at FV through Income Statement	(24.2)	(195.0)	(0.16)	166.0	0.10	n.a.	-	216.0	0.16			
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Net Fees and Commissions	56.1	452.0	0.38	597.0	0.37	582.0	0.41	568.0	0.43			
14. Other Operating Income	4.0	32.0	0.03	51.0	0.03	6.0	0.00	42.0	0.03			
15. Total Non-Interest Operating Income	56.3	453.0	0.38	506.0	0.32	799.0	0.56	690.0	0.52			
16. Personnel Expenses	44.5	358.0	0.30	742.0	0.46	769.0	0.54	763.0	0.57			
17. Other Operating Expenses	65.3	526.0	0.44	701.0	0.44	701.0	0.49	664.0	0.50			
18. Total Non-Interest Expenses	109.8	884.0	0.74	1,443.0	0.90	1,470.0	1.02	1,427.0	1.07			
19. Equity-accounted Profit/ Loss - Operating	10.2	82.0	0.07	70.0	0.04	74.0	0.05	50.0	0.04			
20. Pre-Impairment Operating Profit	184.3	1,484.0	1.25	1,505.0	0.94	1,760.0	1.23	1,502.0	1.13			
21. Loan Impairment Charge	0.9	7.0	0.01	186.0	0.12	425.0	0.30	283.0	0.21			
22. Securities and Other Credit Impairment Charges	(0.1)	(1.0)	(0.00)	(1.0)	(0.00)	(15.0)	(0.01)	(2.0)	(0.00)			
23. Operating Profit	183.6	1,478.0	1.24	1,320.0	0.82	1,350.0	0.94	1,221.0	0.92			
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
25. Non-recurring Income	14.5	117.0	0.10	76.0	0.05	143.0	0.10	n.a.	-			
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
29. Pre-tax Profit	198.1	1,595.0	1.34	1,396.0	0.87	1,493.0	1.04	1,221.0	0.92			
30. Tax expense	42.7	344.0	0.29	349.0	0.22	305.0	0.21	313.0	0.24			
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
32. Net Income	155.4	1,251.0	1.05	1,047.0	0.65	1,188.0	0.83	908.0	0.68			
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
36. Remaining OCI Gains/(losses)	(1.7)	(14.0)	(0.01)	38.0	0.02	(97.0)	(0.07)	(65.0)	(0.05)			
37. Fitch Comprehensive Income	153.7	1,237.0	1.04	1,085.0	0.68	1,091.0	0.76	843.0	0.63			
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
39. Memo: Net Income after Allocation to Non-controlling Interests	155.4	1,251.0	1.05	1,047.0	0.65	1,188.0	0.83	908.0	0.68			
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	65.0	0.04	135.0	0.09	114.0	0.09			
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			

Exchange rate

USD1 = NOK8.05

USD1 = NOK8.809

USD1 = NOK7.43

USD1 = NOK6.08

Sparebanken Vest
Balance Sheet

	30 Sep 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013		
	9 Months - 3rd Quarter USDm	9 Months - 3rd Quarter NOKm	As % of Assets	Year End NOKm	As % of Assets	Year End NOKm	As % of Assets	Year End NOKm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	12,829.4	103,277.0	64.53	98,360.0	60.84	91,029.0	61.90	84,834.0	63.12
4. Corporate & Commercial Loans	3,969.8	31,957.0	19.97	31,564.0	19.52	28,453.0	19.35	28,048.0	20.87
5. Other Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Less: Reserves for Impaired Loans	127.2	1,024.0	0.64	997.0	0.62	839.0	0.57	858.0	0.64
7. Net Loans	16,672.0	134,210.0	83.86	128,927.0	79.75	118,643.0	80.67	112,024.0	83.35
8. Gross Loans	16,799.3	135,234.0	84.50	129,924.0	80.37	119,482.0	81.24	112,882.0	83.99
9. Memo: Impaired Loans included above	167.6	1,349.0	0.84	1,444.0	0.89	1,324.0	0.90	1,474.0	1.10
10. Memo: Loans at Fair Value included above	3,187.3	25,658.0	16.03	23,857.0	14.76	9,847.0	6.70	6,153.0	4.58
B. Other Earning Assets									
1. Loans and Advances to Banks	227.2	1,829.0	1.14	2,167.0	1.34	1,556.0	1.06	1,318.0	0.98
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	49.7	400.0	0.25	380.0	0.24	531.0	0.36	686.0	0.51
4. Derivatives	472.4	3,803.0	2.38	6,728.0	4.16	5,571.0	3.79	2,763.0	2.06
5. Available for Sale Securities	5.0	40.0	0.02	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Equity Investments in Associates	117.3	944.0	0.59	841.0	0.52	681.0	0.46	555.0	0.41
8. Other Securities	2,222.7	17,893.0	11.18	21,455.0	13.27	16,525.0	11.24	15,440.0	11.49
9. Total Securities	2,867.1	23,080.0	14.42	29,404.0	18.19	23,308.0	15.85	19,444.0	14.47
10. Memo: Government Securities included Above	n.a.	n.a.	-	3,719.0	2.30	n.a.	-	1,110.0	0.83
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	19,766.3	159,119.0	99.42	160,498.0	99.28	143,507.0	97.58	132,786.0	98.80
C. Non-Earning Assets									
1. Cash and Due From Banks	40.9	329.0	0.21	631.0	0.39	2,209.0	1.50	328.0	0.24
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	17.6	142.0	0.09	177.0	0.11	781.0	0.53	649.0	0.48
5. Goodwill	n.a.	n.a.	-	122.0	0.08	n.a.	-	130.0	0.10
6. Other Intangibles	34.5	278.0	0.17	157.0	0.10	315.0	0.21	181.0	0.13
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	3.4	27.0	0.02	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	18.6	150.0	0.09	78.0	0.05	258.0	0.18	322.0	0.24
11. Total Assets	19,881.4	160,045.0	100.00	161,663.0	100.00	147,070.0	100.00	134,396.0	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	8,145.8	65,574.0	40.97	63,900.0	39.53	66,448.0	45.18	62,172.0	46.26
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	8,145.8	65,574.0	40.97	63,900.0	39.53	66,448.0	45.18	62,172.0	46.26
5. Deposits from Banks	484.8	3,903.0	2.44	4,849.0	3.00	4,350.0	2.96	3,070.0	2.28
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Commercial Paper and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Money Market and Short-term Funding	8,630.7	69,477.0	43.41	68,749.0	42.53	70,798.0	48.14	65,242.0	48.54
9. Senior Unsecured Debt (original maturity > 1 year)	9,082.6	73,115.0	45.68	77,069.0	47.67	62,151.0	42.26	56,695.0	42.19
10. Subordinated Borrowing	263.4	2,120.0	1.32	1,838.0	1.14	2,426.0	1.65	2,271.0	1.69
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total LT Funding (original maturity > 1 year)	9,346.0	75,235.0	47.01	78,907.0	48.81	64,577.0	43.91	58,966.0	43.87
14. Derivatives	194.3	1,564.0	0.98	1,611.0	1.00	1,463.0	0.99	705.0	0.52
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Funding	18,170.9	146,276.0	91.40	149,267.0	92.33	136,838.0	93.04	124,913.0	92.94
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	3.6	29.0	0.02	228.0	0.14	310.0	0.21	207.0	0.15
4. Current Tax Liabilities	56.0	451.0	0.28	414.0	0.26	334.0	0.23	330.0	0.25
5. Deferred Tax Liabilities	0.0	0.0	0.00	12.0	0.01	63.0	0.04	117.0	0.09
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	58.0	467.0	0.29	428.0	0.26	431.0	0.29	694.0	0.52
10. Total Liabilities	18,288.6	147,223.0	91.99	150,349.0	93.00	137,976.0	93.82	126,261.0	93.95
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	121.5	978.0	0.61	577.0	0.36	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	1,471.3	11,844.0	7.40	10,737.0	6.64	9,093.0	6.18	8,134.0	6.05
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	1.0	0.00	1.0	0.00
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	1,471.3	11,844.0	7.40	10,737.0	6.64	9,094.0	6.18	8,135.0	6.05
7. Total Liabilities and Equity	19,881.4	160,045.0	100.00	161,663.0	100.00	147,070.0	100.00	134,396.0	100.00
8. Memo: Fitch Core Capital	1,433.4	11,539.0	7.21	10,314.0	6.38	8,750.0	5.95	7,748.0	5.77

Exchange rate

USD1 = NOK8.05

USD1 = NOK8.809

USD1 = NOK7.43

USD1 = NOK6.08

Sparebanken Vest Summary Analytics

	30 Sep 2016 9 Months - 3rd Quarter	31 Dec 2015 Year End	31 Dec 2014 Year End	31 Dec 2013 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.01	3.46	4.19	4.27
2. Interest Expense on Customer Deposits/ Average Customer Deposits	0.86	1.35	2.14	2.25
3. Interest Income/ Average Earning Assets	2.71	3.11	3.86	3.95
4. Interest Expense/ Average Interest-bearing Liabilities	1.26	1.63	2.27	2.39
5. Net Interest Income/ Average Earning Assets	1.53	1.58	1.72	1.70
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.53	1.45	1.41	1.48
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.53	1.58	1.72	1.70
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	19.82	17.58	25.32	23.97
2. Non-Interest Expense/ Gross Revenues	38.67	50.14	46.58	49.57
3. Non-Interest Expense/ Average Assets	0.73	0.95	1.05	1.09
4. Pre-impairment Op. Profit/ Average Equity	17.72	15.60	20.33	19.39
5. Pre-impairment Op. Profit/ Average Total Assets	1.23	0.99	1.26	1.15
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	0.40	12.29	23.30	18.71
7. Operating Profit/ Average Equity	17.64	13.68	15.60	15.76
8. Operating Profit/ Average Total Assets	1.23	0.87	0.96	0.93
9. Operating Profit / Risk Weighted Assets	2.61	1.79	1.97	1.83
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	14.93	10.85	13.73	11.72
2. Net Income/ Average Total Assets	1.04	0.69	0.85	0.69
3. Fitch Comprehensive Income/ Average Total Equity	14.77	11.24	12.61	10.88
4. Fitch Comprehensive Income/ Average Total Assets	1.03	0.71	0.78	0.65
5. Taxes/ Pre-tax Profit	21.57	25.00	20.43	25.63
6. Net Income/ Risk Weighted Assets	2.21	1.42	1.73	1.36
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	15.27	14.01	12.76	11.63
2. Tangible Common Equity/ Tangible Assets	7.22	6.48	5.98	5.84
3. Tier 1 Regulatory Capital Ratio	15.20	15.00	13.60	13.20
4. Total Regulatory Capital Ratio	17.30	16.90	15.60	14.30
5. Common Equity Tier 1 Capital Ratio	13.50	13.70	12.20	11.20
6. Equity/ Total Assets	7.40	6.64	6.18	6.05
7. Cash Dividends Paid & Declared/ Net Income	n.a.	6.21	11.36	12.56
8. Internal Capital Generation	14.11	9.15	11.58	9.76
E. Loan Quality				
1. Growth of Total Assets	(1.00)	9.92	9.43	5.20
2. Growth of Gross Loans	4.09	8.74	5.85	5.05
3. Impaired Loans/ Gross Loans	1.00	1.11	1.11	1.31
4. Reserves for Impaired Loans/ Gross Loans	0.76	0.77	0.70	0.76
5. Reserves for Impaired Loans/ Impaired Loans	75.91	69.04	63.37	58.21
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	2.82	4.33	5.54	7.95
7. Impaired Loans less Reserves for Impaired Loans/ Equity	2.74	4.16	5.33	7.57
8. Loan Impairment Charges/ Average Gross Loans	0.01	0.15	0.37	0.26
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.00	1.11	1.11	1.31
F. Funding and Liquidity				
1. Loans/ Customer Deposits	206.23	203.32	179.81	181.56
2. Interbank Assets/ Interbank Liabilities	46.86	44.69	35.77	42.93
3. Customer Deposits/ Total Funding (excluding derivatives)	45.01	43.11	49.08	50.05
4. Liquidity Coverage Ratio	139.00	205.00	n.a.	n.a.

Sparebanken Vest
Reference Data

	30 Sep 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013		As % of Assets
	9 Months - 3rd Quarter USDm	9 Months - 3rd Quarter NOKm	As % of Assets	Year End NOKm	As % of Assets	Year End NOKm	As % of Assets	Year End NOKm	
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	1,897.0	1.17	n.a.	-	2,419.0	1.80
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Off-Balance Sheet items	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	147,070.0	100.00	136,815.0	101.80
B. Average Balance Sheet									
Average Loans	16,463.4	132,530.5	82.81	124,740.2	77.16	115,924.2	78.82	110,073.4	81.90
Average Earning Assets	19,819.2	159,544.8	99.69	150,316.8	92.98	137,246.8	93.32	129,039.0	96.01
Average Assets	19,968.1	160,743.3	100.44	152,545.4	94.36	139,921.8	95.14	130,678.8	97.23
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	18,366.1	147,846.8	92.38	141,327.2	87.42	129,922.8	88.34	121,690.2	90.55
Average Common equity	1,390.0	11,189.3	6.99	9,649.0	5.97	8,654.2	5.88	7,745.6	5.76
Average Equity	1,390.0	11,189.3	6.99	9,649.2	5.97	8,655.2	5.89	7,746.6	5.76
Average Customer Deposits	8,049.8	64,800.5	40.49	65,187.4	40.32	63,801.0	43.38	60,971.8	45.37
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1-5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	263.4	2,120.0	1.32	1,838.0	1.14	2,426.0	1.65	2,271.0	1.69
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	9,387.3	75,568.0	47.22	73,645.0	45.55	68,563.0	46.62	66,620.0	49.57
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	9,387.3	75,568.0	47.22	73,645.0	45.55	68,563.0	46.62	66,620.0	49.57
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	(8,784.0)	(5.97)	(14,000.0)	(10.42)
5. Fitch Adjusted Risk Weighted Assets	9,387.3	75,568.0	47.22	73,645.0	45.55	59,779.0	40.65	52,620.0	39.15
E. Equity Reconciliation									
1. Equity	1,471.3	11,844.0	7.40	10,737.0	6.64	9,094.0	6.18	8,135.0	6.05
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	121.5	978.0	0.61	577.0	0.36	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	n.a.	n.a.	-	n.a.	-	9,094.0	6.18	8,135.0	6.05
F. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	1,471.3	11,844.0	7.40	10,737.0	6.64	9,094.0	6.18	8,135.0	6.05
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	122.0	0.08	0.0	0.00	0.0	0.00
5. Other intangibles	34.5	278.0	0.17	301.0	0.19	344.0	0.23	387.0	0.29
6. Deferred tax assets deduction	3.4	27.0	0.02	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	1,433.4	11,539.0	7.21	10,314.0	6.38	8,750.0	5.95	7,748.0	5.77

Exchange Rate USD1 = NOK8.05 USD1 = NOK8.809 USD1 = NOK7.43 USD1 = NOK6.08

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