

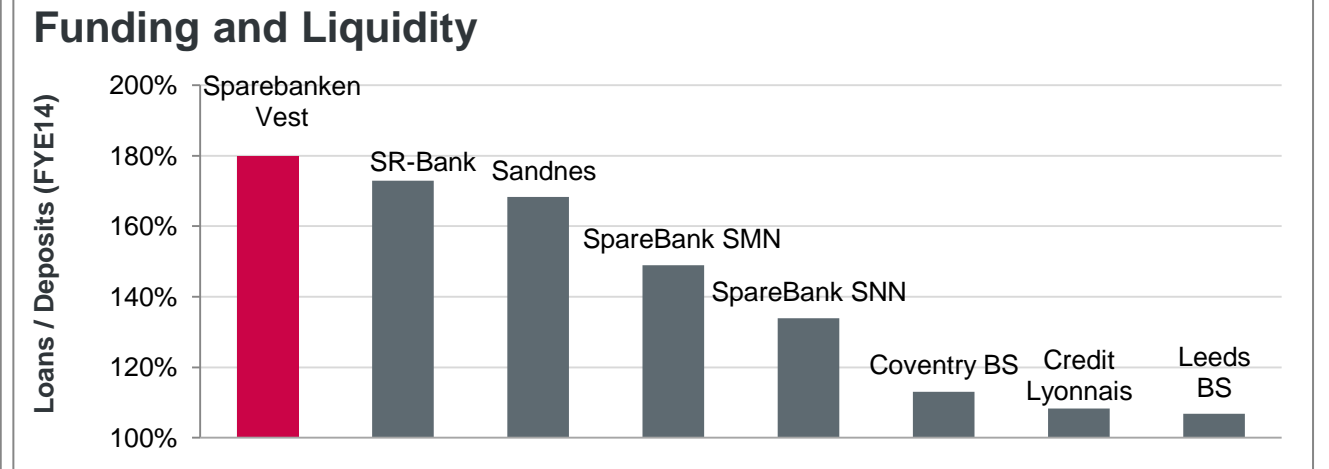
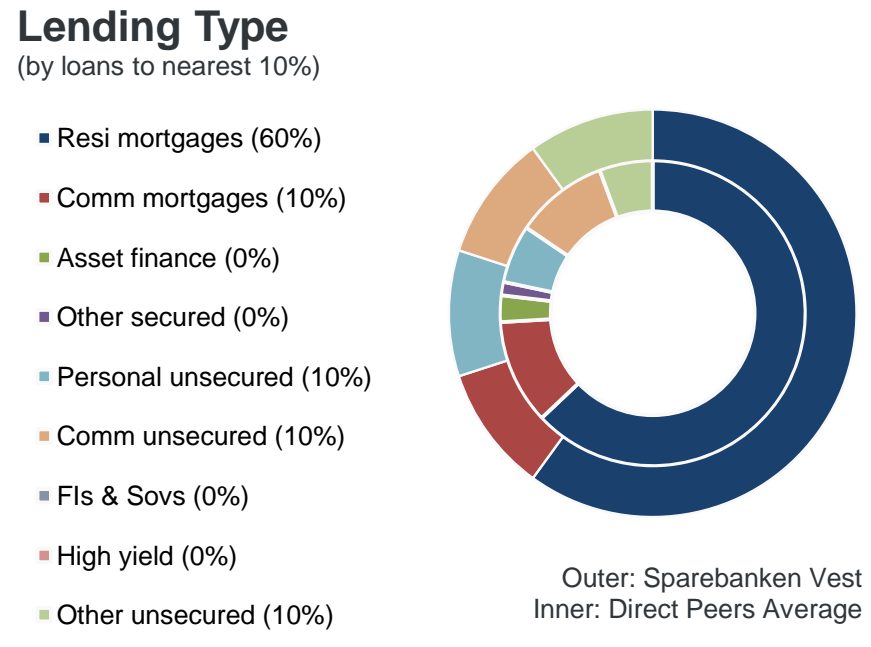
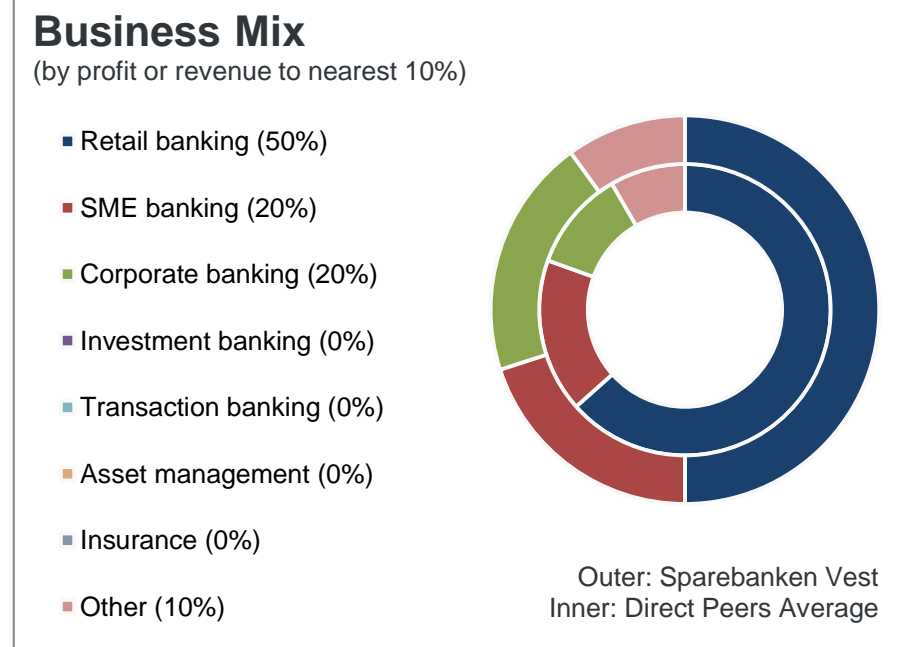
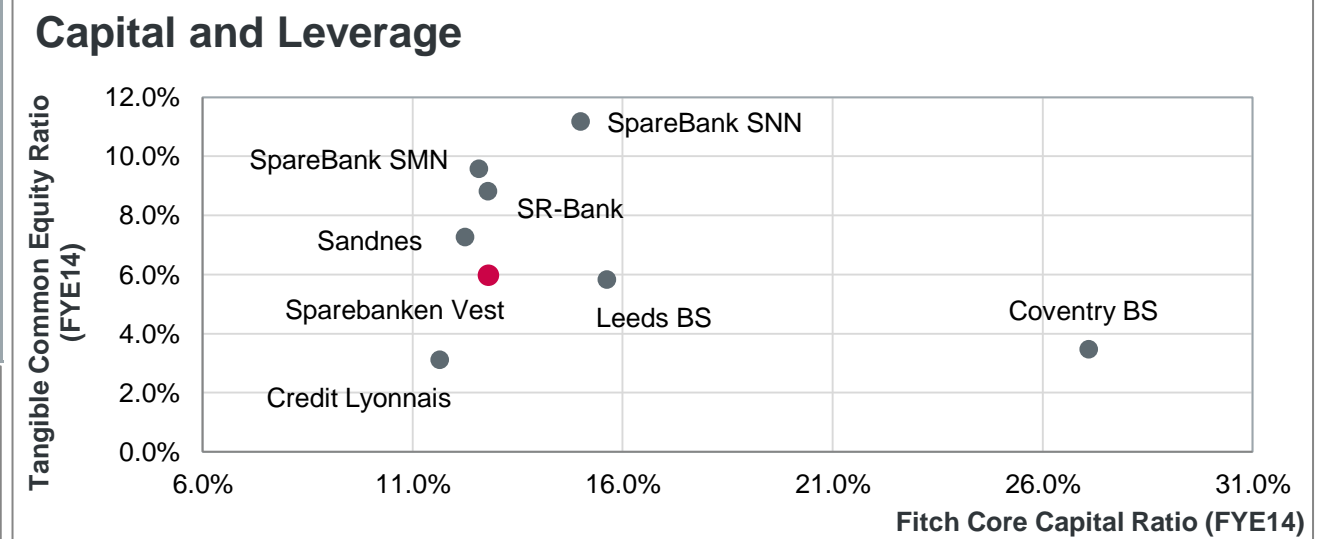
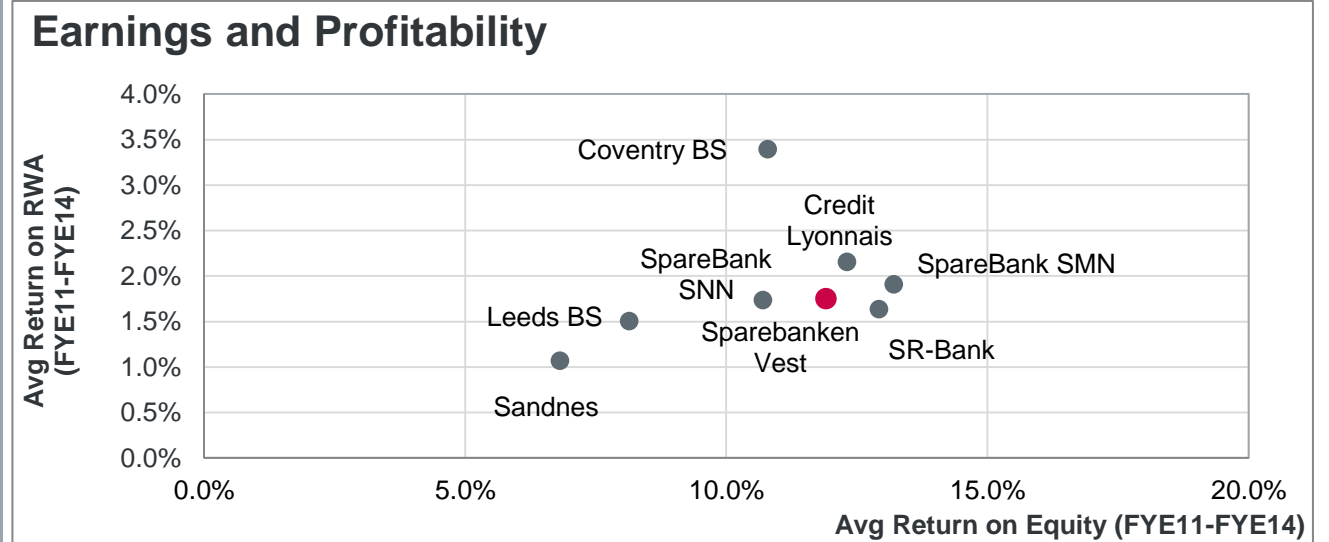
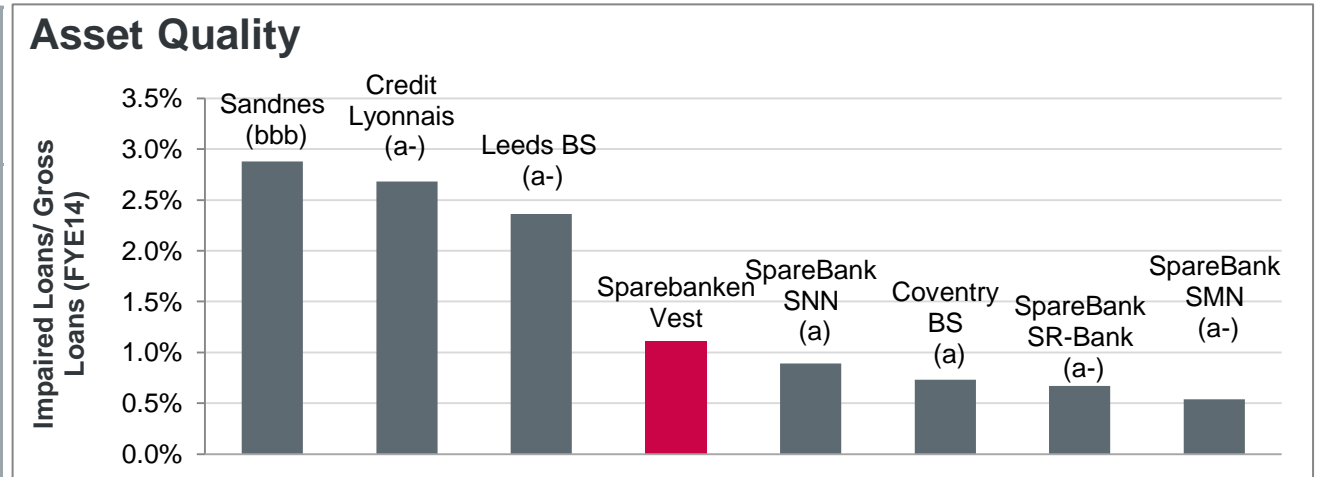
Banks Ratings Navigator		
Navigator date:	20 Nov 2015	
Last rating action:	04 Nov 2015	
Sector Details:		
Bank sector:	Retail	
Region:	DM Europe	
Country:	Norway	
Country IDR:	AAA Stable	
Last action:	16 Oct 15 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a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

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

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

Drivers & Sensitivities	
Strong Franchise, Regionally Concentrated	Sparebanken Vest's (SV) ratings reflect a strong regional franchise in western Norway, although geographical concentration has a higher influence on the ratings compared to larger, more diversified peers.
Resilient Profitability	The bank's franchise supports stable revenue generation, and cost efficiency is acceptable. Fitch expects relatively modest loan impairment charges in 2016 despite continued low oil prices.
Strong Asset Quality	Close to 75% of SV's lending is well-performing retail mortgage loans, underpinning its solid asset quality. Fitch expects the bank to maintain its conservative risk appetite and to continue to focus on households and SMEs.
Wholesale Funding Reliance	Like its Nordic peers, SV is reliant on market funding, primarily covered bonds issued by its wholly owned funding vehicle. Fitch expects SV to maintain a significant liquidity buffer to mitigate refinancing risks.
Sound Capitalisation	SV's risk-weighted capital ratios compares well with Norwegian and international peers. Leverage is low in a European context.
Upgrade Unlikely	An upgrade is unlikely given the already high ratings in the context of the company profile and geographical concentration. The structural reliance on wholesale funding is also a rating sensitivity.
House Prices and Funding Access are Key Sensitivities	A downgrade would most likely result from a significant house price correction should SV be unable to absorb losses via earnings. Inability to access competitively priced funding or reduced emphasis on liquidity are also rating sensitivities.
Analysts	
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Key Financial Ratios (19 Nov 2015)	Sparebanken Vest				Direct Peers Median				Region Sector Median						
	Number of Banks:				8	8	8	8							
	Statement:				FYE14	FYE13	FYE12	FYE11	FYE14	FYE13	FYE12	FYE11	FYE14	FYE13	FYE12
Size (USDbn)															
Total assets	19.79	22.10	22.94	19.36	19.36	20.54	21.16	18.15	43.23	46.53	42.59	40.09			
Risk weighted assets (incl. Basel floor/cap)	9.23	10.96	11.36	10.38	8.78	10.25	10.63	9.51	18.99	22.14	22.02	23.83			
Total equity	1.22	1.34	1.33	1.12	1.47	1.44	1.30	1.13	2.47	2.64	2.20	2.14			
Fitch core capital (FCC)	1.18	1.29	1.30	1.06	1.43	1.41	1.28	1.09	2.22	2.20	1.88	1.68			
Asset Quality															
Growth of gross loans	5.9%	5.1%	7.5%	12.3%	9.4%	6.1%	6.6%	5.0%	2.1%	-1.1%	1.7%	3.0%			
Impaired loans/gross loans	1.1%	1.3%	1.3%	1.4%	1.0%	1.4%	1.6%	1.5%	3.7%	4.0%	3.9%	3.9%			
Reserves for impaired loans/impaired loans	63.4%	58.2%	46.9%	46.1%	65.4%	51.0%	48.8%	49.7%	56.3%	52.7%	51.4%	50.7%			
Imp loans less reserves for imp Loans/FCC	5.5%	7.9%	10.5%	11.6%	10.7%	12.4%	12.9%	13.9%	15.8%	18.3%	17.3%	16.0%			
Loan impairment charges/avg gross loans	0.4%	0.3%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.4%	0.6%	0.6%	0.4%			
Earnings and Profitability															
Net interest income/average earning assets	1.7%	1.7%	1.5%	1.5%	1.7%	1.7%	1.5%	1.4%	1.6%	1.6%	1.5%	1.6%			
Non-interest expense/gross revenues	46.6%	49.6%	46.8%	59.5%	51.5%	53.5%	56.1%	59.4%	61.7%	61.5%	62.1%	65.0%			
Loans & secs imp charges/pre-imp op. profit	23.3%	18.7%	10.2%	14.7%	17.9%	10.8%	10.3%	12.6%	27.0%	36.7%	38.0%	43.1%			
Operating profit/average total assets	1.0%	0.9%	1.0%	0.7%	0.8%	0.9%	0.9%	0.7%	0.5%	0.4%	0.3%	0.5%			
Operating profit/risk weighted assets	2.0%	1.8%	2.0%	1.2%	2.1%	1.9%	1.6%	1.4%	1.4%	1.3%	0.8%	0.8%			
Net income/average total equity	13.7%	11.7%	13.3%	8.9%	13.0%	11.8%	10.4%	8.7%	6.5%	5.7%	4.2%	4.1%			
Capital and Leverage															
Fitch core capital/risk weighted assets	12.8%	11.7%	11.4%	10.2%	12.8%	12.6%	11.5%	10.3%	13.2%	12.1%	11.3%	10.3%			
Fitch eligible capital/risk weighted assets	14.7%	14.9%	15.0%	13.8%	14.7%	14.5%	12.0%	11.9%	14.7%	12.5%	11.3%	10.3%			
Tangible common equity/tangible assets	6.0%	5.8%	5.6%	5.5%	6.6%	6.4%	6.3%	6.0%	5.9%	5.6%	5.4%	5.5%			
Core Tier 1 regulatory capital ratio	12.2%	11.2%	10.6%	9.6%	12.1%	11.4%	10.5%	9.8%	12.7%	11.9%	10.7%	9.8%			
Internal capital generation	11.6%	9.8%	11.5%	6.6%	10.1%	9.9%	7.6%	6.4%	4.4%	3.5%	2.2%	2.9%			
Funding and Liquidity															
Loans/customer deposits	179.8%	181.6%	179.0%	188.1%	141.4%	135.6%	134.3%	138.2%	108.3%	114.7%	119.9%	122.2%			
Interbank assets/interbank liabilities	35.8%	42.9%	16.2%	6.0%	90.6%	38.2%	33.8%	23.3%	67.1%	87.4%	91.4%	96.7%			
Customer deposits/total funding excl derivs	49.1%	50.1%	50.9%	50.0%	61.6%	62.4%	61.7%	61.2%	71.1%	67.6%	66.1%	64.7%			



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