MOODY'S
INVESTORS SERVICE

CREDIT OPINION
18 December 2020

Update

Rate this Research

RATINGS

Sparebanken More

Domicile	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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Sparebanken More

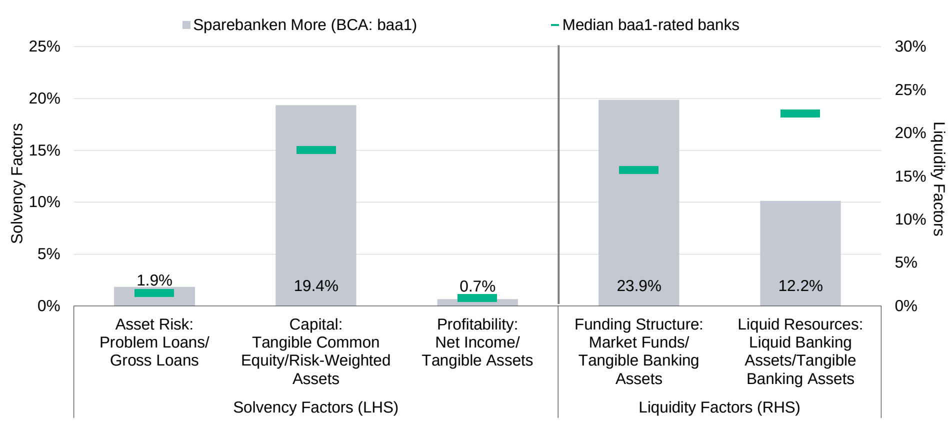
Update to credit analysis

Summary

Sparebanken More's A2 long-term issuer and deposit ratings, both carrying a stable outlook, are driven by the bank's baa1 Baseline Credit Assessment (BCA) and the application of our Advanced Loss Given Failure (LGF) analysis, which results in a two-notch rating uplift from its BCA. The uplift reflects the protection offered to Sparebanken More'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. Sparebanken More's A2 deposit ratings do not benefit from any government support.

Sparebanken More's BCA of baa1 takes into account its relatively strong underlying financial fundamentals, which in our view help the bank weather the currently challenging operating environment in Norway that has been affected by the Coronavirus outbreak and the plunge in oil prices. However, government support measures will likely mitigate much of the negative impact on the banking system. The bank's good capital buffers (Common Equity Tier 1 capital ratio of 17.5% as of September 2020) provide a good loss absorption buffer, while its sound asset-quality limit any material downside risks to its solvency. The BCA also takes into consideration Sparebanken More's track record of satisfactory recurring profitability, although with limited earnings diversification and potential pressure in 2020. The bank's sizeable reliance on market funding, which is somewhat lower than the average for Norwegian savings banks, is also a factor driving its BCA.

Exhibit 1
Rating Scorecard - Key financial ratios



These represent our Banks rating methodology scorecard ratios, whereby asset risk and profitability reflect the weaker of either the three-year average and the latest annual figure. The capital ratio is the latest reported figure. The funding structure and liquid resources ratios reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

Credit strengths

» Good capital buffers, which offer protection against unforeseen losses

» Sound asset quality metrics, despite some expected deterioration

» Large volume of deposits and debt, which results in a two-notch uplift of the deposit rating from the BCA

Credit challenges

» A challenging operating environment combined with limited earnings diversification, will likely pressure the bank's profitability

» Sizeable reliance on market funding, although lower than that of its Norwegian savings bank peers

Outlook

The stable outlook on the bank's long-term deposit and issuer ratings reflects our view that the bank's credit profile is resilient enough to absorb the shock in the economy from the Coronavirus pandemic and the decline in oil prices.

Factors that could lead to an upgrade

Upward rating pressure could develop if Sparebanken More demonstrates:

» improved asset-quality metrics and contains sector and single-name concentration levels in its loan book, combined with stronger earnings generation, without a material deterioration in its risk profile

» continued good access to capital markets and further issuance of covered bonds eligible as liquidity assets in the liquidity coverage ratio (LCR), which will further improve its liquidity metrics

» a higher loss-absorption buffer offered by the issuance of minimum requirement for own funds and eligible liabilities (MREL) eligible securities, which could trigger a change in our LGF notching analysis, leading to a higher rating uplift for deposits and senior debt

Factors that could lead to a downgrade

Future downward rating pressure would emerge if:

» Sparebanken More's risk profile weakens materially as a result of a weaker-than-expected operating environment

» financing conditions become more difficult or the macroeconomic environment deteriorates more than currently expected, leading to a lower Macro Profile, while its recurring profitability weakens significantly from the current levels

» there is a reduction in the rating uplift as a result of lower volume of subordinated liabilities in our Advanced LGF analysis

Key indicators

Exhibit 2
Sparebanken More (Consolidated Financials) [1]

	09-20[2]	12-19[2]	12-18[2]	12-17[2]	12-16[2]	CAGR/Avg.[3]
Total Assets (NOK Billion)	80.4	74.9	71.0	66.5	61.6	7.4[4]
Total Assets (USD Million)	8,591.2	8,520.8	8,204.0	8,129.1	7,155.6	5.0[4]
Tangible Common Equity (NOK Billion)	6.4	6.3	6.0	5.6	5.3	5.1[4]
Tangible Common Equity (USD Million)	687.7	721.5	689.3	685.8	620.7	2.8[4]
Problem Loans / Gross Loans (%)	1.8	1.5	0.6	0.6	1.2	1.1[5]
Tangible Common Equity / Risk Weighted Assets (%)	19.4	19.7	17.4	16.3	16.2	17.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.9	14.8	6.1	5.7	10.7	11.1[5]
Net Interest Margin (%)	1.5	1.8	1.7	1.7	1.8	1.7[5]
PPI / Average RWA (%)	2.5	2.8	2.3	2.2	2.2	2.4[6]
Net Income / Tangible Assets (%)	0.7	0.9	0.8	0.8	0.9	0.8[5]
Cost / Income Ratio (%)	42.8	39.7	42.8	44.1	44.4	42.7[5]
Market Funds / Tangible Banking Assets (%)	24.2	23.9	24.9	24.6	22.1	23.9[5]
Liquid Banking Assets / Tangible Banking Assets (%)	15.1	12.2	12.8	12.4	11.8	12.8[5]
Gross Loans / Due to Customers (%)	167.0	174.7	176.1	174.2	162.9	171.0[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 because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Profile

Sparebanken Møre is a regional savings bank with a well-established market position in the county of Møre og Romsdal, Western Norway. Sparebanken Møre provides retail and corporate banking and other financial services, including real estate brokerage. It also offers share trading, capital management advice and Discretionary Portfolio Management, while it distributes insurance, leasing products and credit cards.

Sparebanken Møre was established in 1985, followed by the merger of a number of banks in the region. The bank's history of merged savings banks can be traced back to 1843. Sparebanken Møre's Equity Certificates (EC) are listed on the Oslo Stock Exchange (ticker: MORG).

As of 30 September 2020, the bank reported total consolidated assets of NOK80.4 billion (€7.4 billion) and operated through a network of 27 branches. The bank's head office is located in Ålesund.

Recent Developments

The nascent global economic recovery is under threat from rising COVID-19 cases and even with a gradual recovery, we expect 2021 real GDP in most advanced economies to be below pre-coronavirus levels, and we assume that difficulty in controlling the virus will hinder the gradual process of recovery in the short term. But over time, we expect better pandemic management and the availability of an effective vaccine or treatments to reduce the importance of the virus as a macroeconomic variable.

Our forecasts assume that an effective vaccine is unlikely to be available widely before the middle of 2021. Thus, the recovery path is still uncertain and will remain highly dependent on: (1) the development and distribution of a vaccine, (2) effective pandemic management, and (3) government policy support.

We note that since March 2020, Norway's central bank, the Ministry of Finance and the Norwegian FSA have taken a number of actions aiming to alleviate the impact on the economy from both the coronavirus lockdown and the plunge in oil prices. These measures include the reduction of the key policy rate by 150 basis points (bps), reducing banks' countercyclical buffer requirement by 150 bps, providing special F-loans to banks to help manage any funding and liquidity stress, as well as extension of unemployment benefits and various social policy schemes to support individuals. We believe these measures will help alleviate the negative impact stemming from the coronavirus outbreak, and will largely sustain borrowers' solvency in the longer term.

Detailed credit considerations

Norway's 'Very Strong-' Macro Profile remains supportive towards the bank's stand alone credit profile, despite economic challenges expected in 2020-21

Although Norway's operating environment is deteriorating as a result of the global outbreak of coronavirus and the fall in oil prices, we believe that the banking system still benefits from the government's generally strong fiscal flexibility and countercyclical buffers available through its sovereign oil fund to respond to economic shocks.

Sparebanken More's operations are entirely in Norway. As a result we apply the Very Strong- Macro Profile we have assigned to banks operating in Norway. 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 system stem from a high level of household indebtedness, elevated real estate prices and domestic banks' reliance on 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 to the total size of the economy.

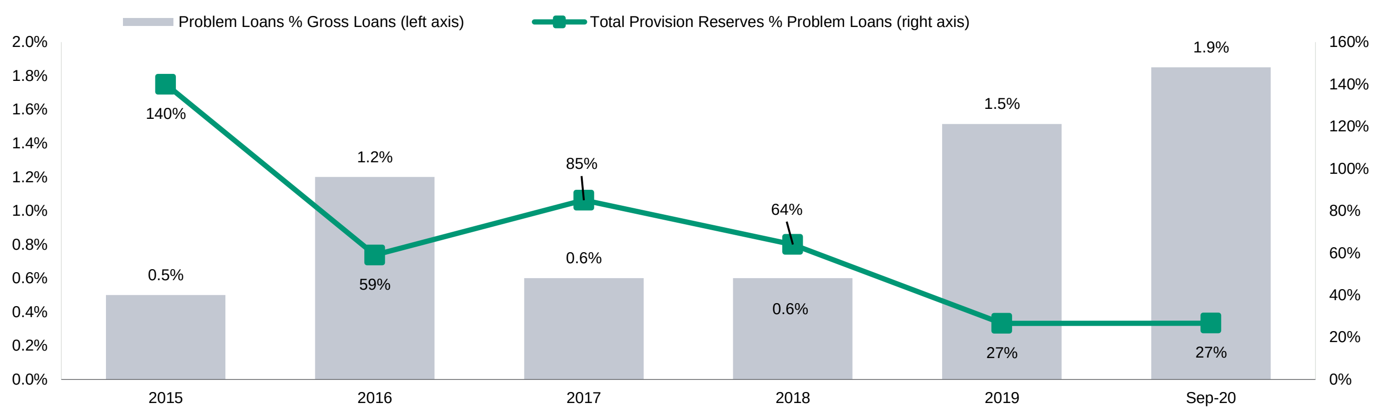
We expect the Norwegian mainland economy (excluding any oil-related activity) to contract (-2.0%) in 2020, before rebounding by 3.8% in 2021. Unemployment peaked in March 2020 at 10.6% according to the Norwegian Labour and Welfare Administration. With the easing of restrictions and re-opening of the economy in the Summer, the unemployment rate declined to 3.5% in October, but new restriction measures to tackle the second wave of the coronavirus pandemic pose a downside risk to the labour market.

Sound asset quality metrics, despite some expected deterioration

Sparebanken More has relatively sound asset-quality metrics, comparing well with its similarly-rated global peers, despite some deterioration in 2020. The bank's nonperforming loans (NPLs)/gross loans were around 1.9% as of September 2020, up from 1.52% reported in December 2019 and 0.63% as of year-end 2018. The increase was mainly due to individual impairments on some corporate exposures related to the oil industry that have been classified as stage 3 under IFRS 9. Concurrently, the bank's overall provisioning coverage of NPLs has come down to around 27% in September 2020 from 64% in December 2018 and 85% in December 2017 (see Exhibit 4).

The bank reported very low total losses of NOK50 million for 2019, equivalent to just 0.08% of gross loans and only 0.03% in 2018. In the third quarter as of September 2020, impairments on loans increased significantly to a total of NOK114 million or annualised 0.17% of gross loans, mainly through model-driven expected credit losses (ECL) compliant with IFRS 9 against the bank's retail portfolio, to some degree reflecting the first signs of deterioration from the pandemic.

Exhibit 3
Problem loans increased and their total provisioning coverage declined in 2019



Source: Moody's Investors Service

Similar to other Norwegian savings banks, Sparebanken More's loan book is focused on retail loans, mainly mortgages, accounting for around 69% of the bank's total portfolio as of the end of September 2020. Sparebanken More's exposure to the oil-related offshore sector, which we consider more cyclical and entails risks in view of the recent plunge in oil prices, is around 1.7% of the loan book as of September 2020. The bank has lowered its exposure to fishing-related industries, which stood at around 6.4% of total loans as of September 2020, and has benefited from the sector's ongoing strong performance and exports, supported also from the weakening of the domestic currency. We note that the bank reported a 3.4% growth in lending to the retail sector in the 12 months ended September 2020, compared to 1.6% growth for its corporate book mainly due to its foreign currency loans (forming around 12% of corporate loans) and the depreciation of the local currency, although we expect loan growth for the year to be less than 5%.

Sparebanken More's loans to property management and real estate construction companies accounted for 13.1% of its loan book as of September 2020, which although lower than other Norwegian savings banks, if combined with its large mortgage portfolio make the bank vulnerable to a significant decline in real estate prices. This risk is much more relevant in the current context, given that we expect real estate demand to diminish in 2020 as a consequence of the Coronavirus. In addition, the bank's relatively high single-borrower concentration makes its asset quality vulnerable to a potential default by one of these large customers.

However, house prices in the bank's home county of Møre og Romsdal have grown at a slower pace than the national level, which have increased rapidly since 2009, which together with the bank's relatively conservative LTV (95.5% of mortgages are below 85% in September 2020) limits the relevant downside risks. In addition, the bank has recently put in place maximum exposure limits relative to its capital base, which could help reduce some of its client and sector concentrations.

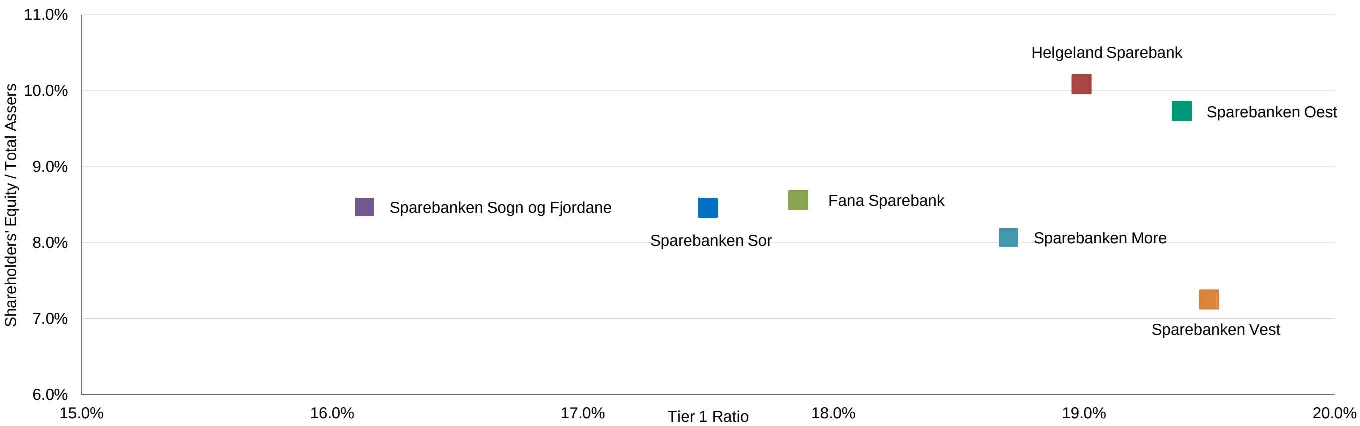
We generally expect the bank's asset quality to somewhat deteriorate in 2021 but remain favorable by international standards, supporting its overall credit profile and ratings.

Good capital buffers, which offer protection against unforeseen losses

In line with many Norwegian savings banks, Sparebanken More has increased its capital ratios in accordance with the higher regulatory capital requirements in recent years. However, in response to the global coronavirus outbreak and resulting economic stress, the Norwegian FSA has revised banks' capital requirements during the first quarter of 2020. Accordingly, the countercyclical capital buffer requirement has been lowered by 150 basis points to allow more flexibility, while banks were requested to reconsider their dividend payments for 2019.

As of the end of September 2020, Sparebanken More's reported CET1 ratio was 17.5% (December 2019: 17.4%, December 2018: 16.0%), and its Tier 1 ratio was 19.3%. Sparebanken More's CET1 ratio is well above the regulatory minimum of 12.7% (including an individual Pillar II requirement of 1.7%) and the bank's minimum CET1 target of 13.7% which also includes a management buffer of 1%. Sparebanken More reported a leverage ratio of 7.9% as of September 2020 compared with the 5% regulatory requirement, which also points to the bank's good loss absorption capital buffers.

Exhibit 4
Good capital buffers offering protection against unforeseen losses compared with local peers



Based on the latest available Moody's annual adjusted data.
Source: Moody's Investors Service

Sparebanken More's capital metrics have improved in the past three years, reflecting both earnings retention (the planned dividend was revised in September 2020 to about 50% of year-end 2019 profits), as well as the adoption of the internal ratings-based approach to calculate risk-weighted assets for its mortgage portfolio in 2015. The bank's capital metrics have also benefitted overall around 100 basis points from the removal of the 80% Basel I floor (transposition of the CRD IV directive into Norwegian law at year-end 2019), as well as from the reduced capital requirement for small and medium-sized enterprise (SME) exposures.

Although we expect the bank to continue to comfortably meet its regulatory requirements, the capital retention in 2020 is likely to be sluggish in view of the likely pressure that the outbreak will exert on the bank's earnings. We understand that Sparebanken More as the only bank that uses the IRB-foundation approach for its corporate portfolio, will have more time to gradually implement (phase-in) the higher systemic risk buffer, similar to the approach adopted for banks using the standardised approach.

We believe that the bank will be challenged to continue growing its loan book in 2020 at a similar rate as the 6.1% recorded in 2019, due to the subdued economic activity expected this year. Our Capital score for the bank also takes into account its equity certificate (EC) capital structure, a common feature among Norwegian savings banks, with the EC holders owning around 49.6% of the bank's capital. We believe that this structure could prove challenging in case the bank needed to raise significant amount of new capital, especially during periods of stress in the market, although its long track record of a non-dilutive dividend policy could alleviate this challenge.

A challenging operating environment combined with limited earnings diversification, will likely pressure the bank's profitability

In response to the economic stress from the coronavirus outbreak the Norges Bank has carried out three rate cuts totaling 150 basis points since March 2020, while prior to this period the key policy rate was on a rising trend. Low loan rates (interest rate adjustment will be implemented quicker than the usual 6 weeks notice) coupled with an already fierce competition among Norwegian banks will put pressure on Sparebanken More's net interest margin (NIM increased to 1.77% in 2019 from 1.69% in 2018) and profitability metrics in 2020.

The bank's return on assets (Moody's adjusted ratio) was 0.93% in December 2019, but as of September 2020 the bank's annualised RoA was down to around 0.66%. Net interest income remains Sparebanken More's main source of revenue and accounted for 81% of the bank's total income so far in 2020, (broadly in line with 82% for 2019). The high reliance on net interest income leaves room for the bank to further improve its earnings diversification through higher contribution from fees and commissions.

Sparebanken More's cost efficiency generally supports its profitability, although we note that its cost-to-income ratio increased to 42.8% in Q3 2020 from approximately 40% in 2019. This level still compares relatively well with its similarly-rated global peers, despite being above the bank's target ratio of 40%. Operating costs decreased by around 1% between September 2020 and September 2019, mainly as a result of decreased personel cost while there was an increase in the bank's technology and digitalisation expenses.

For 2019, Sparebanken More's net income, adjusted for preferred dividends, of NOK688 million was 17% higher than the NOK590 million in 2018, leading to a return on equity (RoE) of 11.7% in 2019. This was mainly driven by a 11% increase in net interest income in 2019, because of high lending volumes and a higher return on financial investments. In September 2020 the bank has reported net income of NOK399 million, which is 22% lower than same period a year earlier, mainly due to lower net interest income this year following Norges bank's interest rate cuts and higher impairments, leading to a reduced annualised RoE of 8.6%.

Our profitability score for the bank, reflects both the expectation that the favorable profitability trends in 2019 will not be sustained in 2020 due to the Coronavirus impact, as well as the bank's limited earnings diversification.

Sparebanken More has sizeable reliance on market funding, although lower than its Norwegian peers

Sparebanken More's primary funding source is deposits, which accounted for 54% of funding and 60% of gross loans as of the end of September 2020, a level we expect to remain broadly stable. However, the bank has a sizeable, but lower than its domestic peers, reliance on confidence-sensitive market funding, which we view as a credit weakness. Its market funds over tangible banking assets ratio for 2019 was around 24% and remained stable at around 24% as of September 2020.

On December 14th the Norwegian-FSA published the MREL requirements for Sparebanken More, set at 31.4% of the banks risk weighted assets based on the balance sheet as of year end 2019, equivalent to NOK9.2 billion. After taking into account eligible capital instruments, the bank reports that it will need to have issued additional eligible liabilities of NOK 4.2billion by Q1 2021 to meet the overall MREL requirement. Initially this additional requirement can be met by traditional senior unsecured debt, of which the bank already has a sufficient volume. However, by the first of January 2024 the MREL requirement needs to be fully met with subordinated liabilities, including non preferred senior bonds (NPS). The Norwegian-FSA requires the bank to phase in the volume of NPS in a linear fashion during 2021-2023 which the bank can do mainly through replacing maturing preferred senior debt. Sparebanken Møre will submit a plan on how they intend to meet this subordination requirement to the FSA during Q1 2021.

The bulk of Sparebanken More's market funds (around 80% as of September 2020) were in the form of covered bonds issued through its subsidiary company More Boligkreditt. We positively view the diversification benefit and the typically longer maturity of these funding instruments, providing the bank with a wider and more diversified investor base. We also note that more than 80% of the total outstanding covered bonds are eligible as liquid assets under the Basel III liquidity coverage ratio (LCR) rules.

Sparebanken More maintains good liquidity buffers of high quality, which are broadly in line with those of its local peers, with the bank's liquid assets to tangible banking assets ratio at around 15.1% as of September 2020 (12.2% in December 2019). Besides cash and dues from other banks, the bank's liquidity buffers include a securities portfolio, which mainly comprises domestic and European covered bonds, government and supranational bonds, with minor holdings of senior and corporate bonds, as well as minor shareholdings.

Bond holdings in the liquidity portfolio are generally equally divided into foreign (European) and domestic issuers. Euro-denominated issues are hedged in Norwegian krone, and fixed-rate bonds are swapped to floating interest rates (mainly three months floating). The bank reported a comfortable LCR of 126% as of September 2020, which to some degree mitigates any market funding concerns, although the regulator indicated that due to the exceptional circumstances in 2020 banks are allowed to temporarily breach the 100% LCR requirement. We note that the bank's customer deposits year-on-year growth was around 8.8% in September 2020, compared to almost 7% witnessed during 2019.

Source of facts and figures cited in this report

Unless noted otherwise, the bank specific figures originate from bank's reports and Moody's Banking Financial Metrics. All figures are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to the document Financial Statement Adjustments in the Analysis of Financial Institutions, published on 9 August 2018.

Environmental, social and governance considerations

In line with our general view on the banking sector, Sparebanken More has a low exposure to environmental risks. See our environmental risk heat map for further information.

Although we believe banks generally face moderate social risks, we regard the recent Coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. Otherwise the most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy, which are partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage because of product mis-selling or other types of misconduct are further social risks. Social trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services increasing information technology cost, ageing population concerns in several countries affecting demand for financial services or socially driven policy agendas translating into regulations that affect banks' revenue base. See our social risk heat map for further information.

Governance is highly relevant for Sparebanken More, as it is to all entities in the banking industry. Corporate governance weaknesses can lead to a deterioration in a bank's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven. For Sparebanken More, we do not have any particular governance concern. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Loss Given Failure (LGF) 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 Sparebanken More's 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.

We intend to use our forward-looking LGF analysis for the rating construct of Sparebanken More and other smaller banks included in the FSA's second group of MREL implementation, once we have greater certainty in how the newly established MREL requirements are likely to translate into additional issuance of liabilities.

Government support considerations

Sparebanken More is a regional savings bank with a robust market position in the county of Møre og Romsdal in Western Norway, where it had a market share of around 27% (including banks and mortgage companies) of loans and 34% of deposits as of December 2019. However, its national market share is limited at around 1.2% of loans and 1.3% on deposits as of September 2020. Accordingly, and in conjunction with the implementation of the BRRD law in Norway from 1 January 2019, we expect a low probability of government support for deposits, resulting in no rating uplift.

Counterparty Risk (CR) Assessment

A CR Assessment is an opinion 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 (for example, swaps), letters of credit, guarantees and liquidity facilities.

Sparebanken More's CR Assessment is positioned at A1(cr)/P-1(cr)

Sparebanken More'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 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. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements. We believe that CRR liabilities have a lower probability of default than the bank's deposit and senior unsecured debt as they will more likely be preserved to minimise banking system contagion, minimise losses and avoid the disruption of critical functions.

Sparebanken More's CRR is positioned at 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.

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 5

Sparebanken More

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	1.8%	aa3	↔	baa2	Geographical concentration	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.4%	aa1	↔	aa2	Access to capital	
Profitability						
Net Income / Tangible Assets	0.7%	baa2	↔	baa3	Expected trend	Earnings quality
Combined Solvency Score		aa3		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	23.9%	baa1	↔	baa2	Extent of market funding reliance	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	12.2%	baa3	↔	baa3		
Combined Liquidity Score		baa2		baa2		
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	32,385	40.3%	36,397	45.3%
Deposits	39,329	49.0%	35,317	44.0%
Preferred deposits	29,103	36.2%	27,648	34.4%
Junior deposits	10,226	12.7%	7,669	9.5%
Senior unsecured bank debt	4,908	6.1%	4,908	6.1%
Dated subordinated bank debt	700	0.9%	700	0.9%
Preference shares (bank)	600	0.7%	600	0.7%
Equity	2,410	3.0%	2,410	3.0%
Total Tangible Banking Assets	80,332	100.0%	80,332	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	20.3%	20.3%	20.3%	20.3%	3	3	3	3	0	a1
Counterparty Risk Assessment	20.3%	20.3%	20.3%	20.3%	3	3	3	3	0	a1 (cr)
Deposits	20.3%	4.6%	20.3%	10.7%	2	3	2	2	0	a2
Senior unsecured bank debt	20.3%	4.6%	10.7%	4.6%	2	0	1	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 6

Category	Moody's Rating
SPAREBANKEN MORE	
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 1254047

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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