FITCH AFFIRMS THREE SPAREBANK 1 BANK RATINGS ON GLITNIR-RELATED ACQUISITION

Fitch Ratings-London-22 October 2008: Fitch Ratings today affirmed the ratings of SpareBank 1 SR-Bank (SR), SpareBank 1 SMN (SMN) and SpareBank 1 Nord-Norge (SNN). This follows the announcement by the banks, which are members of the SpareBank 1 Alliance, that they are acquiring most of the Norwegian operations of Iceland's Glitnir Banki hf. after the latter was placed into receivership on 8 October 2008.

The Outlooks for the Long-term Issuer Default Ratings (IDRs) are Stable. The ratings are detailed below. The rating action has no impact on the 'AAA' rating of the covered bonds issued by the joint company SpareBank 1 Boligkreditt.

Under the agreement, SMN will acquire 25% of the Norwegian subsidiary Glitnir Bank ASA, SR 20%, SNN 20%, 16 other smaller savings banks 20% and Sparebanken Hedmark 15%. The transaction is subject to formal approval by the Norwegian authorities.

In Fitch's view, the transaction enables SpareBank 1 Alliance to improve its corporate and retail franchises, particularly in the Oslo region, where it has been under-represented. While the agency notes the large proportion of commercial real estate lending in the acquired loan portfolio, sound lending criteria, the small amount of new business over the past year and a focus on income-producing real estate rather than property development bring some comfort as to the quality of this segment of the book. The bulk of the remaining book consists of excellent quality residential mortgages, as well as some lending to the seafood and offshore service vessel industries. Fitch believes the experience the acquiring banks have gained in cooperating on a number of strategic issues should help them manage some of the integration risk in the transaction.

Stabilising the funding position of the acquired entity will be a key priority upon completion of the transaction. However, Fitch is confident that the new ownership should enable Glitnir Bank to put a halt to the outflow of customer deposits. Fitch also takes comfort in the liquidity position of the acquiring banks, which has been materially strengthened over the past year, and from substantial liquidity injections into the banking system by the Norwegian authorities. A large part of the acquired entity's loan portfolio should be available for repurchase agreement activities with the Norwegian Central Bank.

The acquiring banks expect the impact on capital ratios to be moderate, and given the total consideration of NOK300m for the transaction, around a tenth of tangible equity at end-June 2008, no goodwill will be generated by the transaction.

The ratings of the three banks are as follows:

SR:
Long-term IDR: affirmed at 'A'; Outlook Stable
Senior debt: affirmed at 'A'
Short-term IDR: affirmed at 'F1'
Support rating: affirmed at '3'
Support Rating Floor: affirmed at 'BB+'
Individual rating: affirmed at 'B'
Subordinated debt: affirmed at 'A-' (A minus)

SMN:
Long-term IDR: affirmed at 'A'; Outlook Stable
Senior debt: affirmed at 'A'
Short-term IDR: affirmed at 'F1'
Support rating: affirmed at '3'

Support Rating Floor: affirmed at 'BB+'
Individual rating: affirmed at 'B'
Subordinated debt: affirmed at 'A-' (A minus)

SNN:
Long-term IDR: affirmed at 'A'; Outlook Stable
Senior debt: affirmed at 'A'
Short-term IDR: affirmed at 'F1'
Support rating: affirmed at '3'
Support Rating Floor: affirmed at 'BB+'
Individual rating: affirmed at 'B'
Subordinated debt: affirmed at 'A-' (A minus)

Contact: Alexandre Birry, London, Tel: +44 (0) 20 7682 7550; Andrea Jaehne, +44 (0) 20 7417 4244.

Media Relations: Julian Dennison, London, Tel: +44 020 7682 7480, Email: julian.dennison@fitchratings.com.