

FITCH DOWNGRADES EKSPORTFINANS' IDR TO 'AA'; OUTLOOK STABLE

Fitch Ratings-London-09 January 2009: Fitch Ratings has today downgraded Norway-based Eksportfinans' Support Rating Floor to 'AA' from 'AAA'. The company's Long-term Issuer Default rating (IDR) has also been downgraded to 'AA' from 'AAA' to align with the Support Rating Floor. The Outlook is Stable.

At the same time, the agency downgraded Eksportfinans' senior debt to 'AA' from 'AAA', its USD15m and USD60m dated subordinated debt to 'AA-' (AA minus) from 'AA+', and its GBP50m capital contribution securities (CCS) to 'A+' from 'AA'. The agency has affirmed all other ratings at Short-term IDR 'F1+', Individual 'B/C' and Support 1.

The downgrade reflects Fitch's view that, given the extreme market conditions and compared to the drastic measures taken by governments in other countries, the support and signals thereof which Eksportfinans has received to date, although substantial, are no longer compatible with a 'AAA' Support Rating Floor. The announcement of further support measures is not ruled out by the agency. Unambiguous statements or signals of support from the government, such as an overt guarantee and/or majority state ownership, could benefit the Support Rating Floor.

Fitch still believes there is an extremely high likelihood that further support will be made available to Eksportfinans, if needed, by the Norwegian authorities, as illustrated by the 'AA' Support Rating Floor and '1' Support Rating. This view is reinforced by the agreement recently signed with the Norwegian government whereby the latter will provide funding for new export lending. Fitch estimates that by end-2010 the Norwegian government will be funding a material part of Eksportfinans's loan book. In addition, the Norwegian government has a 15% direct stake in Eksportfinans and a further indirect interest via its stake in Eksportfinans' main shareholder, DnB NOR Bank (rated 'A+/Stable'). The government exercises effective control over much of Eksportfinans' activities through regulatory and supervisory channels in connection with its high profile role as a government agent in export markets. In 2008, the Norwegian government participated in the raising of NOK1.2bn of new equity by Eksportfinans. It also supported Eksportfinans by becoming one of the signatories to the NOK5bn 'portfolio hedge agreement' implemented in Q108 to hedge against adverse unrealised and realised losses in Eksportfinans' substantial liquidity portfolio of financial institution debt securities and highly rated asset-backed securities.

The decision by the government to provide funding only for new export lending and not for lending to municipalities has prompted management to now view the latter business as non-core. The main competitor to Kommunekreditt Norge - Eksportfinans' local government lending business - is Kommunalbanken Norway, which enjoys a competitive advantage over Kommunekreditt Norge because of its 80% government-ownership.

Eksportfinans is a specialised financial group with limited liability and, as such, does not have a banking licence and cannot take deposits. It acts as a government agent in the administration of various subsidies connected with exports and overseas aid. It also lends on commercial terms (backed by government or bank guarantees) to other exporters. The group's local-government lending subsidiary, Kommunekreditt Norge, is likely to be divested.

The Credit Analysis on Eksportfinans will be available shortly on the agency's website, www.fitchresearch.com.

Contact: Alexandre Birry, London, Tel: +44 (0)207 682 7550; James Longsdon, +44 (0)207 417 4309.

Media Relations: Hannah Warrington, London, Tel: +44 (0) 207 417 6298, Email:

hannah.warrington@fitchratings.com.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the "Code of Conduct" section of this site.