EKSPORT FINANS NORWAY

FINANCIAL REPORT

Q3
2018

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FINANCIAL HIGHLIGHTS

The information for the three quarters ended September 30, 2018 and 2017 are unaudited.

	Third quarter		First nine months	
(NOK million)	2018	2017	2018	2017
Net interest income	32	40	100	154
Net other operating income/(loss)	8	(119)	62	(447)
Profit/loss for the period	16	(74)	71	(287)
Total comprehensive income [1)]	28	(74)	11	(287)
Return on equity [2)]	1.02%	(4.3%)	1.45%	(5.5%)
Net return on average assets and liabilities [3)]	(0.23%)	(0.29%)	(0.21%)	0.16%
Net operating expenses / average assets [4)]	0.38%	0.32%	0.44%	0.42%
Total assets	18,785	23,993	18,785	23,993
Loans outstanding [5)]	9,495	12,669	9,495	12,669
Public sector borrowers or guarantors [6)]	45.2%	45.3%	45.2%	45.3%
Core capital adequacy	104.0%	77.1%	104.0%	77.1%
Leverage ratio	32.8%	27.0%	32.8%	27.0%
Exchange rate NOK/USD [7)]	8.1777	7.9726	8.1777	7.9726

Definitions

1) Figures are not comparable due to the transition to IFRS 9 as of January 1, 2018. Total comprehensive income for the period includes net gains on financial instruments at fair value of NOK 63 million and net losses on financial liabilities booked as other comprehensive income of NOK 60 million for the first nine months of 2018 compared to net losses on financial instruments at fair value of NOK 446 million for the first nine months of 2017. For the third quarter of 2018 net gains on financial instruments at fair value amount to NOK 9 million and net gains on financial liabilities booked as other comprehensive income of NOK 12 million compared to net losses on financial instruments at fair value of NOK 118 million in the third quarter of 2017.
2) Return on equity: Profit/loss for the period/average equity (average of opening and closing balance).
3) Net return on average assets and liabilities: The difference between net interest income/average interest generating assets and net interest expense/average interest-bearing liabilities (average of daily calculations for the period).
4) Net operating expenses (salaries and other administrative expenses + depreciation + other expenses - other income)/average assets (average of opening and closing balance).
5) Total loans outstanding: Consists of loans due from customers and part of loans due from credit institutions in the balance sheet. Accrued interest and unrealized gains/(losses) are not included. For more information, see notes 4, 5 and 6 to the accompanying condensed financial statements.
6) The ratio of public sector loans (municipalities, counties and Norwegian and foreign central government, including the Norwegian Export Credit Guarantee Agency (GIEK) as borrowers or guarantors) to total lending.
7) Exchange rate at balance sheet date.

BOARD OF DIRECTORS' REPORT

Results

Third quarter 2018
Net interest income was NOK 32 million in the third quarter of 2018 compared to NOK 40 million in the same period of 2017. The decrease was mainly due to the reduction in interest generating assets.

Profit for the period was NOK 16 million in the third quarter of 2018 compared to negative NOK 74 million in the third quarter of 2017.The difference is mainly due to the implementation of IFRS in 2018 as explained below.

First nine months 2018
Net interest income was NOK 100 million in the first nine months of 2018, compared to NOK 154 million in the first nine months of 2017. The decrease was mainly due to the reduction of interest generating assets.

Net other operating income was positive NOK 62 million in the first nine months of 2018, compared to negative NOK 447 million in the same period of 2017. In the first nine months of 2018, this figure consisted mainly of unrealized gains on Eksportfinans' securities portfolio.

Due to the transition to IFRS 9 as of January 1, 2018, the credit spread effect of fair value adjustments on Eksportfinans' own debt is recognized as other comprehensive income in the first nine months of 2018, while it is included in net other operating income in 2017. In the first nine months of 2017, the credit spread effect of fair value adjustments on own debt included in net other operating income, was negative NOK 433 million. The comparable figure for the first nine months of 2018, recognized as other comprehensive income, is negative NOK 80 million.

Total operating expenses amounted to NOK 67 million in the first nine months of 2018, compared to NOK 90 million in the same period of 2017. The main reason for the decrease is the high advisory fees during the first half-year of 2017.

Profit for the first nine months of 2018 was NOK 71 million, compared to negative NOK 287 million for the first nine months of 2017. The profit in 2018 is mainly due to the profits from the sale of the ABS portfolio (as explained in the section "Securities"), while the negative figure in 2017 is mainly due to unrealized losses on Eksportfinans own debt.

Total comprehensive income was positive NOK 11 million in the first nine months of 2018, compared to negative NOK 287 million in the corresponding period of 2017. The fluctuations in these figures are primarily due to unrealized losses and gains on Eksportfinans' own debt, as explained above.

Balance sheet

Total assets amounted to NOK 18.8 billion at September 30, 2018, compared to NOK 22.4 billion at December 31, 2017 and NOK 24.0 billion at September 30, 2017. The reduction was due to scheduled repayments of debt.

Outstanding bond debt was NOK 11.0 billion at September 30, 2018, compared to NOK 14.0 billion at December 31, 2017 and NOK 14.5 billion at September 30, 2017.

The core capital ratio was 104.0 percent at September 30, 2018, compared to 94.2 percent at December 31, 2017 and 77.1 percent at September 30, 2017. The increase is due to a reduction in risk weighted assets which exceeds the equity reduction due to the disbursement of NOK 500 million to shareholders in July 2018.

Lending

The volume of total outstanding loans was NOK 9.5 billion at September 30, 2018, compared to NOK 12.2 billion at December 31, 2017 and NOK 12.7 billion at September 30, 2017. The decrease in outstanding loans is a

Table: Estimated cumulative liquidity

(NOK billion)	Estimated debt maturing [2]	Estimated loan receivables maturing [3]	Estimated cumulative liquidity[4]
Short-term liquidity Sept. 30 2018 [1]			6.5
2018	0.0	0.6	7.1
2019	4.4	2.7	5.5
2020	0.9	2.1	6.6
2021	1.9	1.2	6.0
2022	0.3	0.8	6.5
2023	0.1	0.5	6.9
2024	0.0	0.4	7.3
Thereafter	3.6	1.1	4.7
Total	11.3	9.5	

1) Short-term liquidity is comprised of the sum of the liquidity reserve portfolio (at fair value) and cash equivalents.
2) Principal amount of issued debt securities. The column includes single- and multi-callable issues. Includes principal cash flows of derivatives economically hedging structured bond debt. For the structured bond debt with call and trigger options, the expected maturity is estimated using a sophisticated valuation system. The actual maturities might differ from these estimations.
3) Represents principal amount of loan receivables.
4) Represents estimated cumulative liquidity at year-end (calculated as the amount at prior period end minus estimated long-term debt maturing during period plus estimated loans receivable during the period) except for the first row which states the actual liquidity at September 30, 2018. The column representing long-term investments maturing in previous tables has been extracted following the sale of ABS the portfolio described above.

function of maturing loans in combination with no new lending.

Securities

The securities portfolio was NOK 5.9 billion at September 30, 2018, compared to NOK 5.9 billion at December 31, 2017 and NOK 6.2 billion at September 30, 2017.

During April 2018, the company sold its ABS portfolio of around NOK 2.5 billion generating a gain of around NOK 45 million. The proceeds have been reinvested in the company's liquidity reserve portfolio, thereby further strengthening the company's liquidity.

Liquidity

At September 30, 2018, short-term liquidity amounted to NOK 6.5 billion, consisting of the securities portfolio of NOK 5.9 billion and cash equivalents of NOK 0.6 billion.

The company manages liquidity risk both through matching maturities for assets and liabilities and through stress-testing for the short and medium term. A maturity analysis of financial liabilities based on expected maturities is included in note 15 to the accompanying condensed financial statements.

The table above shows cumulative liquidity, as measured by short-term liquidity as of September 30, 2018, plus maturing loans and minus maturing bond debt, based on estimated maturities.

Liquidity reserves combined with the company's liquidity contingency plans constitute a robust liquidity situation. Contingency plans comprise repo of securities, issuance of bond debt and sale of assets.

Events after the balance sheet date

There are no events after the balance sheet date materially affecting the financial statements.

Oslo, November 2, 2018
EKSPORTFINANS ASA
The board of directors

Condensed statement of profit or loss and other comprehensive income

The information for the three and nine months ended September 30, 2018 and 2017 is unaudited.

	Third quarter		First nine months		
(NOK million)	2018	2017	2018	2017	Note
Interest and related income	70	103	226	348	
Other similar income	52	44	145	158	
Interest and related expenses	90	107	271	352	
Net interest income	**32**	**40**	**100**	**154**	
Net commissions related to banking services	1	1	1	1	
Net gains/(losses) on financial instruments at fair value	9	(118)	63	(446)	2,14
Net other operating income/(loss)	**8**	**(119)**	**62**	**(447)**	
Total operating income	**40**	**(79)**	**162**	**(293)**	
Salaries and other administrative expenses	16	18	60	79	
Depreciations	0	0	0	1	
Other expenses	2	2	7	10	
Total operating expenses	**18**	**20**	**67**	**90**	
Pre-tax operating profit/(loss)	**22**	**(99)**	**95**	**(383)**	
Taxes	6	(25)	24	(96)	
Profit/(loss) for the period	**16**	**(74)**	**71**	**(287)**	
Other comprehensive income - items that will not be reclassified to profit or loss:					
Change in fair value attributable to changes in own credit risk	16	0	(80)	0	
Remeasurements of post employment benefit obligations, before tax	0	0	0	0	
Income tax relating to these items	4	0	(20)	0	
Other comprehensive income	**12**	**0**	**(60)**	**0**	
Total comprehensive income	**28**	**(74)**	**11**	**(287)**	

The accompanying notes are an integral part of these condensed financial statements. Figures are not comparable due to the transition to IFRS 9 as of January 1, 2018.

Condensed balance sheet

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017	Note
Loans due from credit institutions [1)]	1,451	1,860	1,753	4,6,7
Loans due from customers [2)]	8,709	11,360	11,823	5,6,7
Securities	5,938	5,901	6,198	8
Financial derivatives	1,036	1,336	1,324	
Deferred tax asset	316	320	329	
Fixed assets	2	2	2	
Other assets	1,333	1,619	2,564	9
Total assets	**18,785**	**22,398**	**23,993**	
Bond debt [3)]	11,040	13,950	14,520	10
Financial derivatives	865	773	1,900	
Other liabilities	419	730	660	11
Provisions	147	142	135	
Total liabilities	**12,471**	**15,595**	**17,215**	
Share capital	2,771	2,771	2,771	
Reserve for unrealized gains	212	212	81	
Other equity	3,331	3,820	3,926	
Total shareholders' equity	**6,314**	**6,803**	**6,778**	
Total liabilities and shareholders' equity	**18,785**	**22,398**	**23,993**	

1) Of NOK 1,451 million at September 30, 2018, NOK 1,411 million is measured at fair value through profit or loss and NOK 40 million is measured at amortized cost. Of NOK 1,860 million at December 31, 2017, NOK 1,774 million is measured at fair value through profit or loss and NOK 86 million is measured at amortized cost. Of NOK 1,753 million at September 30, 2017, NOK 1,653 million is measured at fair value through profit or loss and NOK 100 million is measured at amortized cost.
2) Of NOK 8,709 million at September 30, 2018, NOK 3,765 million is measured at fair value through profit or loss and NOK 4,944 million is measured at amortized cost. Of NOK 11,360 million at December 31, 2017, NOK 4,723 million is measured at fair value through profit or loss and NOK 6,637 million is measured at amortized cost. Of NOK 11,823 million at September 30, 2017, NOK 4,742 million is measured at fair value through profit or loss and NOK 7,081 million is measured at amortized cost.
3) Of NOK 11,040 million at September 30, 2018, NOK 5,968 million is measured at fair value through profit or loss and NOK 5,072 million is measured at amortized cost. Of NOK 13,950 million at December 31, 2017, NOK 7,171 million is measured at fair value through profit or loss and NOK 6,779 million is measured at amortized cost. Of NOK 14,520 million at September 30, 2017, NOK 7,140 million is measured at fair value through profit or loss and NOK 7,380 million is measured at amortized cost.

The accompanying notes are an integral part of these condensed financial statements.

Condensed statement of changes in equity

(NOK million)	Share capital[1)]	Reserve unrealized gains	Other equity	Comprehensive Income[2)]	Total equity
Equity at January 1, 2017	2,771	81	4,213	0	7,065
Actuarial gains/(losses) and other comprehensive income	0	0	0	0	0
Profit/(loss) for the period	0	0	0	(287)	(287)
Equity at September 30, 2017	**2,771**	**81**	**4,213**	**(287)**	**6,778**
Equity at January 1, 2018	2,771	212	3,820	0	6,803
Equity distribution[3)]	0	0	(500)	0	(500)
Actuarial gains/(losses) and other comprehensive income	0	0	0	(60)	(60)
Profit/(loss) for the period	0	0	0	71	71
Equity at September 30, 2018	**2,771**	**212**	**3,320**	**11**	**6,314**

1) Restricted equity that cannot be paid out to the owners without a shareholder resolution to reduce the share capital in accordance with the Public Limited Companies Act under Norwegian Law.
2) The allocation of income for the period between the reserve for unrealized gains and other equity show that if the allocation was performed at this date, it would have increased the reserve for unrealized gains by NOK 6 million and other equity by NOK 5 million. The closing balances would have been NOK 217 million for the reserve for unrealized gains, and NOK 3,325 million for other equity.
3) An equity distribution of NOK 500 million was authorized by the Financial Supervisory Authority of Norway on June 26, 2018 and the distribution has taken place in the third quarter of 2018.

The accompanying notes are an integral part of these condensed financial statements.

Condensed cash flow statement

	First nine months	
(NOK million)	2018	2017
Pre-tax operating profit/(loss)	**95**	**(383)**
Provided by operating activities:		
Accrual of contribution from the Norwegian government	(41)	(82)
Unrealized losses/(gains) on financial instruments at fair value	(91)	176
Depreciation	1	1
Principal collected on loans	2,669	5,070
Purchase of financial investments (trading)	(7,643)	(12,372)
Proceeds from sale or redemption of financial investments (trading)	7,570	14,071
Contribution paid by the Norwegian government	80	100
Taxes paid	0	(17)
Changes in:		
Accrued interest receivable	79	204
Other receivables	239	44
Accrued expenses and other liabilities	(380)	(346)
Net cash flow from operating activities	**2,578**	**6,466**
Proceeds from sale or redemption of financial investments	0	1,306
Net cash flow from financial derivatives	89	(578)
Net cash flow from investing activities	**89**	**728**
Change in debt to credit institutions	0	1,165
Net proceeds from issuance of commercial paper debt	313	0
Repayments of commercial paper debt	(692)	(591)
Net proceeds from issuance of bond debt	0	2,000
Principal payments on bond debt	(2,117)	(9,953)
Equity distribution	(500)	0
Net cash flow from financing activities	**(2,996)**	**(7,379)**
Net change in cash and cash equivalents [1)]	**(329)**	**(185)**
Cash and cash equivalents at beginning of period	941	1,010
Effect of exchange rates on cash and cash equivalents	(11)	(16)
Cash and cash equivalents [1)] at end of period	**601**	**809**

1) Cash equivalents are defined as bank deposits with original maturity less than three months. See note 4.

The accompanying notes are an integral part of these condensed financial statements.

Notes to the accounts

1. Accounting policies

Eksportfinans' third quarter condensed interim financial statements have been presented in accordance with International Financial Reporting Standards (IFRS), in line with IFRS as adopted by the European Union (**EU**). The condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

Except for the adoption of IFRS 9, described below, the accounting policies and methods of computation applied in the preparation of these condensed interim financial statements are the same as those applied in Eksportfinans' annual financial statements of 2017. Those financial statements were approved for issue by the Board of Directors on February 15, 2018 and included in the company's Annual Report for the year-end December 31, 2017. These policies have been consistently applied to all the periods presented. These financial statements should be read in conjunction with the annual report on for the year ended December 31, 2017. Judgments made in the preparations of these financial statements are the same as those made in the year-end financial statements. The interim financial statements do not include risk disclosures and should be read in conjunction with the annual financial statements.

Eksportfinans has adopted IFRS 9 as issued by IASB with a date of transition of January 1, 2018, which resulted in changes in the accounting policies compared to those applied in the financial statements for the year ended December 31, 2017. The impact of the adoption of IFRS 9 on recognition, classification and measurement of financial instruments as well as the new accounting policies adopted have been described in note 34 of our financial statements for the year ended December 31, 2017.

IFRS 9 introduced a consequential amendment to paragraph 82(a) of IAS 1, which is effective for accounting periods beginning on or after January 1, 2018. Under this amendment, interest revenue calculated using the effective interest method should be separately presented as a component of revenue on the face of the income statement. As a consequence, Interest income on financial assets measured at amortised cost are included in the line item "Interest income" using the effective interest rate. Interest income on financial asset measured at fair value through profit and loss (incl derivatives) are included in the line item "Other similar income" using the contractual interest rate. Figures related to interest income for comparative period is restated accordingly.

IFRS 15 "Revenue from contracts with customers" establishes a five-step model that applies to revenue arising from contracts with customers. The new rules have no material impact on the company's financial statements.

New and amended standards (IFRSs) and interpretations (IFRICs) issued but not effective for the financial year beginning January 1, 2018, and not early adopted by the company.

IFRS 16 "Leases"
The IASB has published the new standard, IFRS 16 "Leases". The new standard changes the accounting requirements for lessees. All leases (except for short term- and small ticket leases) should be accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments should be recognised as amortisation and interest expense. The accounting requirements for lessors are unchanged. Additional disclosures are also required. The new standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The amendments were endorsed by the EU-commission in 2017. The company does not currently intend to early adopt the amendments. The company's assessment is that the new standard will change the accounting of the property lease in Dronning Mauds gate 15 which mainly affects the company's balance sheet.

The information for the three and nine months ended September 30, 2018 and 2017 is unaudited. The information as of and for the year ended December 31, 2017 is derived from the company's audited consolidated financial statements as of and for the year ended December 31, 2017.

2. Net gains/(losses) on financial instruments at fair value

Net realized and unrealized gains/(losses) on financial instruments at fair value

	Third quarter		First nine months	
(NOK million)	2018	2017	2018	2017
Securities held for trading	0	0	(30)	0
Securities designated as at fair value at initial recognition	0	(248)	0	(250)
Financial derivatives	0	(5)	0	(14)
Other financial instruments at fair value	0	3	2	(6)
Net realized gains/(losses)	**0**	**(250)**	**(28)**	**(270)**
Loans and receivables	(1)	1	0	12
Securities [1)]	(4)	284	83	353
Financial derivatives [2)]	48	55	(256)	(11)
Bond debt [3) 4)]	(35)	(207)	263	(527)
Other	1	(1)	1	(3)
Net unrealized gains/(losses)	**9**	**132**	**91**	**(176)**
Net realized and unrealized gains/(losses)	**9**	**(118)**	**63**	**(446)**

1) Net unrealized gains/(losses) on securities:

	Third quarter		First nine months	
(NOK million)	2018	2017	2018	2017
Securities held for trading	(4)	21	83	74
Securities designated as at fair value at initial recognition	0	263	0	279
Total	**(4)**	**284**	**83**	**353**

2) The Portfolio Hedge Agreement (terminated at December 31, 2017) is included with a loss of NOK 0 million as of September 30, 2018 and a loss of NOK 133 million as of September 30, 2017.

3) In the first nine months of 2018, Eksportfinans had an unrealized gain of NOK 263 million (loss of NOK 527 million in the corresponding period of 2017) on its own debt.

4) In the first nine months of 2018, Eksportfinans had an unrealized gain of NOK 263 million of financial liabilities classified as level 3 in the fair value hierarchy (loss of NOK 527 million in the corresponding period of 2017).

See note 14 for a presentation of the above table including effects from economic hedging.

3. Capital adequacy

Capital adequacy is calculated in accordance with the CRD IV regulations in force from the Financial Supervisory Authority of Norway. These regulations were implemented as of September 30, 2014. The company has adopted the standardized approach to capital requirements.

Eksportfinans' leverage ratio[1)] was 32.8 % at September 30, 2018, compared to 31.1 % at December 31, 2017 and 27.0 % at September 30, 2017.

Risk-weighted assets and off-balance sheet items

(NOK million)	Sep 30, 2018		Dec 31, 2017		Sep 30, 2017	
	Book value	Risk-weighted value	Book value	Risk-Weighted value	Book value	Risk-Weighted Value
Total assets	18,785	5,289	22,398	6,429	23,993	7,524
Operational risk		491		490		588
Total currency risk		0		0		250
Total risk-weighted value		**5,780**		**6,919**		**8,362**

The company's regulatory capital

(NOK million and in percent of risk-weighted value)	Sep 30, 2018		Dec 31, 2017		Sep 30, 2017	
Core capital [2)]	6,013	104.0%	6,517	94.2 %	6,449	77.1%
Total regulatory capital	**6,013**	**104.0%**	**6,517**	**94.2 %**	**6,449**	**77.1%**

1) Indicates the ratio of the core capital divided by the book value of assets.
2) Includes share capital, other equity, and other deductions and additions in accordance with the Norwegian capital adequacy regulations.

4. Loans due from credit institutions

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Cash equivalents [1)]	601	941	809
Loans to other credit institutions, nominal amount (also included in note 6) [2)]	819	873	891
Accrued interest on loans and unamortized premium/discount on purchased loans	35	56	60
Adjustment to fair value on loans	(4)	(10)	(7)
Total	**1,451**	**1,860**	**1,753**

1) Cash equivalents are defined as bank deposits with maturity of less than three months.
2) The company has acquired certain loan agreements from banks for which the selling bank provides a repayment guarantee, therefore retaining the credit risk of the loans. Under IFRS these loans are classified as loans to credit institutions. Of the loans to credit institutions these loans amounted to NOK 120 million at September 30, 2018, NOK 161 million at December 31, 2017 and NOK 168 million at September 30, 2017.

5. Loans due from customers

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Loans due from customers, nominal amount (also included in note 6)	8,676	11,312	11,778
Accrued interest on loans and unamortized premium/discount on purchased loans	24	34	29
Adjustment to fair value on loans	9	14	16
Total	**8,709**	**11,360**	**11,823**

6. Total loans due from credit institutions and customers

Nominal amounts related to loans due from credit institutions (note 4) and customers (note 5), respectively.

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Loans due from credit institutions	819	873	891
Loans due from customers	8,676	11,312	11,778
Total nominal amount	**9,495**	**12,185**	**12,669**
Commercial loans	4,567	5,558	5,589
Government-supported loans	4,928	6,627	7,080
Total nominal amount	**9,495**	**12,185**	**12,669**
Ships	4,485	6,085	3,498
Capital goods	2,735	3,664	6,565
Export-related and international activities [1)]	979	1,105	1,265
Direct loans to Norwegian local government sector	590	621	631
Municipal-related loans to other credit institutions	700	700	700
Loans to employees	6	10	10
Total nominal amount	**9,495**	**12,185**	**12,669**

1) Export-related and international activities consist of loans to the following categories of borrowers:

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Shipping	929	1,047	1,204
Real estate management	50	58	61
Total nominal amount	**979**	**1,105**	**1,265**

7. Loans past due or impaired

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Interest and principal installment 1-30 days past due	0	0	1
Not matured principal on loans with payments 1-30 days past due	0	0	1
Interest and principal installment 31-90 days past due	0	13	1
Not matured principal on loans with payments 31-90 days past due	0	3	5
Interest and principal installment more than 90 days past due	12	11	7
Not matured principal on loans with payments more than 90 days past due	14	17	14
Total loans past due	**26**	**44**	**29**
Relevant collateral or guarantees received [1)]	26	44	0
Fair value adjustment on loans past due	0	0	0
Impairments on loans measured at amortized cost	0	0	0

1) The company considers all loans to be secured in a satisfactory manner. For these transactions, amounting to NOK 26 million, the Norwegian government, through the Norwegian Export Credit Guarantee Agency (GIEK), guarantees approximately 90 percent of the amounts in default. The remaining 10 percent are guaranteed by private banks, most of them operating in Norway. Where applicable, claims have already been submitted in accordance with the guarantees.

The loss allowance is 0 for all periods presented.

The following table shows the book value of loans measured at amortized cost in each stage as defined by IFRS 9.

(NOK million)	Sep 30, 2018
Stage 1	4,958
Stage 2	0
Stage 3	26
Total loans measured at amortized cost	**4,984**

8. Securities

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Trading portfolio	5,938	5,901	6,136
Other securities at fair value through profit and loss	0	0	62
Total	**5,938**	**5,901**	**6,198**

9. Other assets

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Settlement account 108 Agreement	127	173	168
Cash collateral provided	874	823	1,783
Collateral deposit [1)]	307	617	598
Other	25	6	15
Total other assets	**1,333**	**1,619**	**2,564**

1) The collateral deposit relates to a USD 37.5 million deposit of collateral for the benefit of Citibank N.A. to cover Eksportfinans' day to day settlement activity. This amount can be adjusted up or down depending on settlement activity of Eksportfinans. Citibank is entitled to at any time without prior notice to Eksportfinans to set-off or transfer all or part of the deposit in or towards satisfaction of all or any part of the secured obligations.

10. Bond debt

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Commercial paper debt	0	394	573
Bond debt	11,447	13,693	14,157
Adjustment to fair value on debt	(510)	(327)	(367)
Accrued interest	103	190	157
Total bond debt	**11,040**	**13,950**	**14,520**

11. Other liabilities

(NOK million)	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
Grants to mixed credits	9	12	15
Cash collateral received	405	564	624
Other short-term liabilities	5	154	21
Total other liabilities	**419**	**730**	**660**

12. Segment information

The company is divided into two business areas: Lending and Securities. The company also has a treasury department responsible for the day-to-day risk management and asset and liability management. Income and expenses related to treasury are divided between the two business areas. For income and expenses between the segments, the transactions are at arm's length.

Income and expenses divided between segments:

	Lending First nine months		**Securities** First nine months	
(NOK million)	2018	2017	2018	2017
Net interest income [1)]	**77**	**115**	**23**	**40**
Net Commissions and related to banking services [2)]	0	0	(1)	0
Net gains/(losses) on financial instruments at fair value	7	0	52	(16)
Income/expense allocated by volume [3)]	3	(3)	1	(3)
Net other operating income	**10**	**(3)**	**52**	**(19)**
Total operating income	**87**	**112**	**75**	**21**
Total operating expenses	**33**	**42**	**34**	**48**
Pre-tax operating profit/(loss)	**54**	**70**	**41**	**(27)**
Taxes	14	18	10	(7)
Profit/loss for the period	**40**	**52**	**31**	**(20)**

1) Net interest income includes interest income directly attributable to the segments based on Eksportfinans' internal pricing model. The treasury department obtains interest on Eksportfinans' equity and in addition the positive or negative result (margin) based on the difference between the internal interest income from the segments and the actual external funding cost. Net interest income in the treasury department is allocated to the reportable segments based on volume for the margin, and risk weighted volume for the interest on equity.
2) Income/(expense) directly attributable to each segment.
3) Income/expense, other than interest, in the treasury department has been allocated to the business areas by volume. These are items included in net other operating income in the income statement.

13. Material transactions with related parties

The company's two largest shareholders, DNB Bank ASA and Nordea Bank AB, are considered to be related parties in accordance with IAS 24 Related Party Disclosures. All transactions with related parties are made on market terms.

(NOK million)	Deposits [1]	Guarantees issued [2]	Guarantees received [3]	Repo facility [4]	PHA[5]
Balance January 1, 2018	536	0	4,115	0	0
Change in the period	(20)	0	(959)	0	0
Balance September 30, 2018	**516**	**0**	**3,156**	**0**	**0**
Balance January 1, 2017	701	103	5,333	0	(540)
Change in the period	(681)	(103)	(993)	606	(65)
Balance September 30, 2017	**20**	**0**	**4,340**	**606**	**(605)**

1) Deposits made by the company.
2) Guarantees issued by the company to support the Norwegian export industry.
3) Guarantees provided to the company from the related parties.
4) Non-committed Repo facility with DNB Bank ASA.
5) The PHA was a derivate portfolio hedge agreement with the majority of Eksportfinans' shareholders, effective from March 1, 2008. It stated that it would offset losses up to NOK 5 billion in the liquidity portfolio held as of February 29, 2008. The agreement would also offset any gains in the portfolio as of the same date. Payments to or from the company related to the losses or gains, respectively, in the portfolio, would take place on the last day of February each year, with the first payment in 2011. The agreement expired with the maturities of the bonds included in the contract, with the latest maturity on December 31, 2023. The balances above show the related parties' share of the fair value of the contract as of the balance sheet date. A negative balance indicates that Eksportfinans owed money to the related parties.

   As of March 1, 2016 the agreement was renegotiated to reduce the amount for losses covered from NOK 5 billion to NOK 1.5 billion. This was due to the reduction of the underlying portfolio. Eksportfinans would pay a monthly fee of NOK 5 million to the participants in the agreement which was reduced to NOK 1.5 million as of March 1, 2016 due to the reduction of the guarantee amount.

   On December 21, 2017, the parties to the portfolio hedge agreement of March 1, 2008, as amended, agreed to terminate said agreement as of December 31, 2017 on Eksportfinans' request. Settlement of the final value of the portfolio, as of December 31, 2017, and payment of a termination fee of NOK 55 million was made on January 18, 2018. The termination was done due to the reduced size of the portfolio, and Eksportfinans' capabilities of handling the risk of the portfolio.

14. Market risk - effects from economic hedging

Note 2 specifies the net realized and unrealized gains/losses on financial instruments, showing separately the gains/losses related to financial derivatives. When presented to the company's management and Board of Directors, the figures are prepared showing the various financial instruments after netting with related economic hedges, since derivatives are used as economic hedges of the market risk of specific assets and liabilities.

The below table specifies net realized and unrealized gains/(losses) on financial instruments at fair value, netted with related economic hedges.

Net realized and unrealized gains/(losses) on financial instruments at fair value

	Third quarter		First nine months	
(NOK million)	2018	2017	2018	2017
Securities [1]	0	(253)	(30)	(264)
Other financial instruments at fair value [1]	0	3	2	(6)
Net realized gains/(losses)	**0**	**(250)**	**(28)**	**(270)**
Loans and receivables [1]	10	13	21	43
Securities [1]	0	243	81	219
Commercial paper debt[1)2)3)]	0	0	0	0
Bond debt [1)2)3)]	0	(127)	2	(440)
Other financial instruments at fair value [1]	1	(1)	1	(3)
Net unrealized gains/(losses)	**11**	**128**	**105**	**(181)**
Financial derivatives related to the 108 Agreement [4]	(2)	4	(14)	5
Net realized and unrealized gains/(losses)	**9**	**(118)**	**63**	**(446)**

1) Including financial derivatives with the purpose of economic hedging.
2) Accumulated net gain on own debt is NOK 289 million as of September 30, 2018, compared to NOK 370 million as of September 30, 2017.
3) In the first nine months of 2018, Eksportfinans had an unrealized gain of NOK 2 million (loss of NOK 440 million in the same period of 2017) on its own debt, net of derivatives.
4) Derivatives related to components of the 108 Agreement. The 108 Agreement is accounted for at amortized cost, hence these derivatives are not included in the effects related to financial instruments at fair value.

Interest, and the interest effect of economic hedging instruments, is classified as interest income or expense in the statement of comprehensive income. Changes in fair value are recorded in the line item 'Net gains/(losses) on financial instruments at fair value'. For the first nine months of 2018 and 2017, the company recorded NOK 350 million and NOK 497 million respectively, of interest income on loans due from credit institutions, loans due from customers and securities and NOK 220 million and NOK 508 million, respectively, of interest expense on commercial paper and bond debt, subordinated debt and capital contribution securities. In the same periods the company recorded positive NOK 21 million, and positive NOK 9 million, respectively, of interest income on economic hedging instruments and positive NOK 51 million and negative NOK 156 million, respectively, of interest expense on economic hedging instruments.

15. Maturity analysis

Maturity analysis of financial assets and liabilities based on expected maturities at September 30, 2018

(NOK million)	Up to and including 1 month	From 1 month up to and including 3 months	From 3 months up to and including 1 year	From 1 year up to and including 3 years	From 3 year up to and including 5 years	Over 5 years	Total
Assets							
Loans and receivables due from credit institutions	61	3	18	41	34	30	186
Loans and receivables due from customers	241	416	2,383	4,051	1,825	1,727	10,642
Securities	1	715	3,163	1,426	12	0	5,317
Derivatives net settled	21	1	29	102	102	303	559
Derivatives gross settled (pay leg)	(4)	(1,517)	(3,583)	(2,134)	(424)	(926)	(8,588)
Derivatives gross settled (receive leg)	4	1,521	3,806	2,091	404	1,000	8,825
Cash collateral	0	874	0	0	0	0	874
Total assets	**323**	**2,013**	**5,816**	**5,578**	**1,952**	**2,133**	**17,816**
Liabilities							
Deposits by credit institutions	0	0	0	0	0	0	0
Plain vanilla bond debt	8	5	4,165	2,301	31	0	6,509
Structured bond debt	24	(1)	419	695	445	4,113	5,695
Commercial papers	0	0	0	0	0	0	0
Derivatives net settled	14	19	98	89	89	0	308
Derivatives gross settled (pay leg)	103	615	566	377	98	3,043	4,803
Derivatives gross settled (receive leg)	(106)	(600)	(502)	(276)	(14)	(2,694)	(4,191)
Cash collateral	0	405	0	0	0	0	405
Total liabilities	**44**	**442**	**4,747**	**3,185**	**649**	**4,462**	**13,529**

Maturity analysis of financial assets and liabilities based on expected maturities at December 31, 2017

(NOK million)	Up to and including 1 month	From 1 month up to and including 3 months	From 3 months up to and including 1 year	From 1 year up to and including 3 years	From 3 year up to and including 5 years	Over 5 years	Total
Assets							
Loans and receivables due from credit institutions	333	5	23	51	48	41	501
Loans and receivables due from customers	526	789	2,270	5,317	2,513	2,220	13,635
Securities	181	217	806	360	44	2,593	4,201
Derivatives net settled	0	28	28	105	105	347	614
Derivatives gross settled (pay leg)	(161)	(1,169)	(299)	(3,101)	(2,435)	(1,183)	(8,348)
Derivatives gross settled (receive leg)	161	1,317	336	3,247	2,449	1,334	8,844
Cash collateral	0	823	0	0	0	0	823
Total assets	**1,040**	**2,011**	**3,163**	**5,980**	**2,723**	**5,352**	**20,269**
Liabilities							
Deposits by credit institutions	0	0	0	0	0	0	0
Plain vanilla bond debt	7	1,277	89	4,771	1,742	0	7,886
Structured bond debt	80	145	456	1,122	826	4,264	6,894
Commercial papers	0	394	0	0	0	0	394
Derivatives net settled	22	39	146	199	199	11	616
Derivatives gross settled (pay leg)	225	786	213	408	79	2,510	4,221
Derivatives gross settled (receive leg)	(217)	(764)	(194)	(359)	(47)	(2,448)	(4,029)
Cash collateral	0	564	0	0	0	0	564
Total liabilities	**118**	**2,441**	**711**	**6,140**	**2,799**	**4,337**	**16,545**

Maturity analysis of financial assets and liabilities based on expected maturities at September 30, 2017

(NOK million)	Up to and including 1 month	From 1 month up to and including 3 months	From 3 months up to and including 1 year	From 1 year up to and including 3 years	From 3 year up to and including 5 years	Over 5 years	Total
Assets							
Loans and receivables due from credit institutions	747	4	24	50	52	46	923
Loans and receivables due from customers	295	471	2,891	5,670	2,833	2,264	14,424
Securitiesre	80	322	1,054	318	326	2,542	4,642
Derivatives net settled	21	2	33	98	98	340	593
Derivatives gross settled (pay leg)	(2)	(155)	(1,519)	(2,542)	(2,580)	(1,241)	(8,039)
Derivatives gross settled (receive leg)	7	128	1,685	2,680	2,611	1,310	8,421
Cash collateral	0	1,783	0	0	0	0	1,783
Total assets	**1,148**	**2,555**	**4,168**	**6,275**	**3,341**	**5,260**	**22,747**
Liabilities							
Deposits by credit institutions	0	0	0	0	0	0	0
Plain vanilla bond debt	7	3	1,493	4,148	2,312	0	7,963
Structured bond debt	31	589	483	886	1,003	4,181	7,174
Commercial paper	0	574	0	0	0	0	574
Derivatives net settled	32	28	172	237	237	13	720
Derivatives gross settled (pay leg)	472	128	691	696	77	2,451	4,516
Derivatives gross settled (receive leg)	(471)	(118)	(637)	(638)	(50)	(2,417)	(4,330)
Cash collateral	0	624	0	0	0	0	624
Total liabilities	**72**	**1,829**	**2,203**	**5,330**	**3,579**	**4,228**	**17,240**

The figures in the above table include principal and interest payable (receivable) at nominal value. For the figures in the above table, call and trigger dates as estimated in models are applied in the classification of the maturities. For some issues with call and trigger optionalities, the expected maturity is estimated using a sophisticated valuation system which is further described in the annual financial statements. The actual maturities might differ from these estimations.

16. Fair value of financial instruments

The methodology used for calculating fair values of financial instruments is consistent with the methodology defined in the audited annual report for the fiscal year ending 2017.

16.1 Sensitivity analysis

Loans due from credit institutions or customers:

The following table shows the unrealized loss of each category of loans by increasing the credit spread by 1 basis point as well as the loan category percentage of the total lending portfolio.

	September 30, 2018		September 30, 2017	
(NOK million and percentage)	Sensitivity (1 bp)	Percentage	Sensitivity (1 bp)	Percentage
Direct loans	(0.5)	15.0 %	(0.5)	11.8 %
Loans to municipalities	(0.4)	13.1 %	(0.4)	11.2 %
Guaranteed loans	(0.8)	71.9 %	(1.1)	77.0 %
Total loans		**100.0 %**		**100.0 %**

The spreads applied for fair value measurement of the combined total lending portfolio are in the range from 0 basis points to 105 basis points as of September 30, 2018 (from 0 basis points to 105 basis points as of September 30, 2017). For the combined total lending portfolio over the past two years credit spreads have changed 0.8 basis points per month in 95 percent of the time, representing NOK 1.3 million. As of September 30, 2017, a 95 percent confidence interval was 2 basis points representing NOK 5 million.

Securities:

Eksportfinans retrieved prices and credit spread quotes from two different market makers and pricing vendors as of September 30, 2018. Among the two different quote providers, the major price provider (Bloomberg) covered 89 percent (66 percent as of September 30, 2017).

Bond debt:

The following table shows the unrealized gain of each category of bond debt by increasing the credit spread by 1 basis point:

	September 30, 2018	September 30, 2017
(NOK million)	Sensitivity (1 bp)	Sensitivity (1 bp)
Plain vanilla bond debt	0.8	1.5
Structured bond debt	4.2	4.4

The spreads applied for fair value measurement of bond debt are in the range from 12 basis points to 78 basis points as of September 30, 2018 (from 43 basis points to 90 basis points as of September 30, 2017).

16.2 Financial assets measured at fair value through profit or loss

	September 30, 2018				September 30, 2017			
(NOK million)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans due from credit institutions	556	855	0	1,411	71	1,581	0	1,652
Loans due from customers	0	30	3,735	3,765	0	33	4,709	4,742
Securities	0	5,938	0	5,938	0	6,199	0	6,199
Financial derivatives	0	443	593	1,036	0	548	776	1,324
Other assets	0	874	0	874	0	1,783	0	1,783
Total fair value	556	8,140	4,328	13,024	71	10,144	5,485	15,700

16.3 Financial liabilities measured at fair value through profit or loss

	September 30, 2018				September 30, 2017			
(NOK million)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Commercial paper debt	0	0	0	0	0	573	0	573
Bond debt	0	0	5,967	5,967	0	0	6,567	6,567
Financial derivatives	0	191	673	864	0	1,472	429	1,901
Other liabilities	0	405	0	405	0	624	0	624
Total fair value	0	596	6,640	7,236	0	2,669	6,996	9,665

Movement of level 3 financial assets

	From January 1, 2018 to September 30, 2018				From January 1, 2017 to September 30, 2017			
(NOK million)	Loans and receivables due from credit institutions	Loans and receivables due from customers	Financial derivatives	Total	Loans and receivables due from credit institutions	Loans and receivables due from customers	Financial derivatives	Total
Opening balance	0	4,690	785	5,475	353	6,260	769	7,382
Total gains or losses [1)]	0	15	(106)	(91)	0	(327)	27	(300)
Settlements	0	(970)	(86)	(1,056)	(353)	(1,224)	(20)	(1,597)
Closing balance	0	3,735	593	4,328	0	4,709	776	5,485
Total gains or losses [1)] for the period in profit or loss for assets held at the end of the reporting period	0	15	(92)	(77)	0	(327)	33	(294)

*) Presented under the line item 'Net gains/(losses) on financial instruments at fair value' in the statement of comprehensive income.

Movement of level 3 financial liabilities

	From January 1, 2018 to September 30, 2018			From January 1, 2017 to September 30, 2017		
(NOK million)	Bond debt	Financial derivatives	Total	Bond debt [3)]	Financial derivatives	Total
Opening balance	6,777	414	7,191	11,286	823	12,109
Total gains or losses [1) 2)]	(183)	271	88	527	(269)	258
Issues	0	0	0	2,000	0	2,000
Settlements	(627)	(12)	(639)	(7,246)	(125)	(7,371)
Transfers	0	0	0	0	0	0
Closing balance	5,967	673	6,640	6,567	429	6,996
Total gains or losses [1) 2)] for the period in profit or loss for liabilities held at the end of the reporting period	(182)	285	103	507	(263)	245

[1)] Presented under the line item 'Net gains/(losses) on financial instruments at fair value' in the statement of comprehensive income.
[2)] For liabilities, positive figures are represented as losses and negative figures are represented as gains.
[3)] Structured bond debt and plain vanilla bond debt have been classified as bond debt as of June 30, 2017.

16.4 Fair value of financial assets and liabilities

The following table presents the financial assets and liabilities, with the fair value and carrying value (book value) of each class of financial instrument:

	Sep 30, 2018		Dec 31, 2017		Sep 30, 2017	
(NOK million)	Fair value	Carrying value	Fair value	Carrying value	Fair Value	Carrying value
Assets						
Loans due from credit institutions	1,440	1,451	1,829	1,860	1,718	1,753
Loans due from customers	8,985	8,709	11,853	11,360	12,397	11,823
Securities	5,938	5,938	5,901	5,901	6,198	6,198
Financial derivatives	1,036	1,036	1,336	1,336	1,324	1,324
Other assets	1,333	1,333	1,619	1,619	2,564	2,564
Liabilities						
Commercial paper debt	0	0	394	394	0	0
Bond debt	10,918	11,040	13,299	13,556	14,830	14,520
Financial derivatives	865	865	773	773	1,900	1,900
Other liabilities	419	418	729	730	661	660

17. Contingencies

There are no significant contingencies as of September 30, 2018.

18. Events after the balance sheet date

There are no events after the balance sheet date materially affecting the financial statements.