

EKSPORT
FINANS

NORWAY

FINANCIAL REPORT Q2 2019



Eksportfinans ASA
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FINANCIAL HIGHLIGHTS

The information for the second quarters ended June 30, 2019 and 2018 are unaudited.

(NOK million)	Second quarter		First half-year	
	2019	2018	2019	2018
Net interest income	38	33	70	68
Net other operating income/(loss)	17	44	44	54
Profit/loss for the period	27	41	53	55
Total comprehensive income ¹⁾	59	(3)	30	(17)
Return on equity ²⁾	1.7 %	2.5 %	1.7 %	1.7 %
Total assets	14,785	19,426	14,785	19,426
Loans outstanding ³⁾	7,370	10,234	7,370	10,234
Securities	4,991	6,007	4,991	6,007
Core capital adequacy	118.2 %	102.0 %	118.2 %	102.0 %
Leverage ratio	42.2 %	31.6 %	42.2 %	31.6 %
Exchange rate NOK/USD ⁴⁾	8.5183	8.1588	8.5183	8.1588

Definitions

- 1) Total comprehensive income includes net losses on financial liabilities at fair value due to changes in own credit risk of NOK 23 million after tax for the first half-year of 2019 and net losses on financial liabilities at fair value of NOK 72 million after tax for the first half-year of 2018. Accumulated net gain on own debt is NOK 406 million before tax as of June 30, 2019, compared to NOK 274 million before tax as of June 30, 2018.
- 2) Return on equity: Profit/loss for the period/average equity (average of opening and closing balance).
- 3) 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.
- 4) Exchange rate at balance date.

BOARD OF DIRECTORS' REPORT

Results

Second quarter 2019

Net interest income was NOK 38 million in the second quarter of 2019 compared to NOK 33 million in the same period in 2018. The increase was mainly due to a higher floating rate in Norwegian kroner (NIBOR).

Profit was NOK 27 million in the second quarter of 2019 compared to NOK 41 million in the second quarter of 2018. The profit in 2019 is mainly due to unrealized gains on Eksportfinans' securities and lending portfolio, while the profit in 2018 is mainly due to the unrealized gains from the sale of the ABS portfolio.

First half-year 2019

Net interest income was NOK 70 million in the first half-year of 2019, compared to NOK 68 million in the same period of 2018. The increase was mainly due to a higher floating rate as explained above.

Net other operating income was NOK 44 million in the first half-year of 2019, compared to NOK 54 million in the same period of 2018. These figures consisted mainly of unrealized gains on Eksportfinans' securities and lending portfolio.

Total operating expenses amounted to NOK 43 million in the first half-year of 2019, compared to NOK 49 million in the same period of 2018. The main reason for the decrease is a reduction in salaries due to staff reductions.

Profit for the first half-year of 2019 was NOK 53 million, compared to NOK 55 million in the same period of 2018.

The credit spread effect of fair value adjustments on Eksportfinans' own debt is recognized as other comprehensive income. In the first half-year of 2019 this figure was negative NOK 23 million after tax compared to negative NOK 72 million after tax in the same period of 2018.

Total comprehensive income was NOK 30 million in the first half-year of 2019, compared to negative NOK 17 million in the corresponding period of 2018. 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 14.8 billion at June 30, 2019, compared to NOK 19.2 billion at December 31, 2018 and NOK 19.4 billion at June 30, 2018. The reduction was due to scheduled repayments of debt.

Outstanding bond debt was NOK 7.1 billion at June 30, 2019, compared to NOK 11.3 billion at December 31, 2018 and NOK 11.2 billion at June 30, 2018.

The core capital ratio was 118.2 percent at June 30, 2019, compared to 113.9 percent at December 31, 2018 and 102.0 percent at June 30, 2018. The increase since year-end is due to lower risk-weighted assets.

Lending

The volume of total outstanding loans was NOK 7.4 billion at June 30, 2019, compared to NOK 8.6 billion at December 31, 2018 and NOK 10.2 billion at June 30, 2018. The decrease in outstanding loans is a function of maturing loans in combination with no new lending.

Securities

The securities portfolio was NOK 4.9 billion at June 30, 2019, compared to NOK 7.6 billion at December 31, 2018 and NOK 6.0 billion at June 30, 2018.

Liquidity

At June 30, 2019, total liquidity amounted to NOK 5.3 billion, consisting of the securities portfolio of NOK 4.9 billion and cash

equivalents of NOK 0.4 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.

Liquidity reserves combined with the company's liquidity contingency plans constitute a robust liquidity situation.

Prospects for the second half-year of 2019

The balance sheet will continue to decrease in line with maturing loans, debt and investments.

Accumulated unrealized gains due to fair value measurements of Eksportfinans' own debt amounted to NOK 406 million (net of derivatives) as of June 30, 2019. As debt comes closer to maturity, these gains will continue to be reversed as unrealized losses.

Eksportfinans' liquidity reserves remain strong. The over-capitalization of the company remains a key issue for the board. It will continue its attempts to optimize the capital structure going forward.

The board will monitor developments in the international capital markets and their impact on the company's balance sheet and liquidity closely going forward. Appropriate liquidity contingency plans are maintained.

Events after the balance sheet date

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

Oslo, August 13, 2019
EKSPORTFINANS ASA
The board of directors

Condensed statement of profit or loss and other comprehensive income

The information for the three and six months ended June 30, 2019 and 2018 is unaudited.

(NOK million)	Second quarter		First half-year		Note
	2019	2018	2019	2018	
Interest and related income	46	75	98	156	
Other similar income	63	48	130	93	
Interest and related expenses	71	90	158	181	
Net interest income	38	33	70	68	
Net commissions related to banking services	1	0	1	0	
Net gains/(losses) on financial instruments at fair value	18	44	45	54	2,14
Net other operating income/(loss)	17	44	44	54	
Total operating income	55	77	114	122	
Salaries and other administrative expenses	16	21	38	44	
Depreciations	1	0	2	0	
Other expenses	2	2	3	5	
Total operating expenses	19	23	43	49	
Pre-tax operating profit/(loss)	36	54	71	73	
Taxes	9	13	18	18	
Profit/(loss) for the period	27	41	53	55	
<i>Other comprehensive income - items that will not be reclassified to profit or loss:</i>					
Change in fair value attributable to changes in own credit risk	42	(59)	(31)	(96)	
Remeasurements of post employment benefit obligations, before tax	0	0	0	0	
Income tax relating to these items	(10)	15	8	24	
Other comprehensive income	32	(44)	(23)	(72)	
Total comprehensive income	59	(3)	30	(17)	

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

Condensed balance sheet

(NOK million)	June 30, 2019	Dec 31, 2018	June 30, 2018	Note
Loans due from credit institutions ¹⁾	1,145	1,259	1,308	4,6,7
Loans due from customers ²⁾	6,672	7,866	9,448	5,6,7
Securities	4,991	7,607	6,007	
Financial derivatives	880	1,082	1,033	
Deferred tax asset	270	280	326	
Other assets	827	1,131	1,302	8,11
Total assets	14,785	19,225	19,426	
Bond debt ³⁾	7,110	11,255	11,176	9
Financial derivatives	658	945	900	
Taxes payable	0	0	0	
Other liabilities	416	453	919	10,11
Provisions	150	150	145	
Total liabilities	8,334	12,803	13,140	
Share capital	2,771	2,771	2,771	
Reserve for unrealized gains	322	322	212	
Other equity	3,358	3,329	3,303	
Total shareholders' equity	6,451	6,422	6,286	
Total liabilities and shareholders' equity	14,785	19,225	19,426	

- 1) Of NOK 1,145 million at June 30, 2019, NOK 1,111 million is measured at fair value through profit or loss and NOK 34 million is measured at amortized cost. Of NOK 1,259 million at December 31, 2018, NOK 1,215 million is measured at fair value through profit or loss and NOK 44 million is measured at amortized cost. Of NOK 1,308 million at June 30, 2018, NOK 1,250 million is measured at fair value through profit or loss and NOK 58 million is measured at amortized cost.
- 2) Of NOK 6,672 million at June 30, 2019, NOK 3,425 million is measured at fair value through profit or loss and NOK 3,247 million is measured at amortized cost. Of NOK 7,866 million at December 31, 2018, NOK 3,669 million is measured at fair value through profit or loss and NOK 4,197 million is measured at amortized cost. Of NOK 9,448 million at June 30, 2018, NOK 4,057 million is measured at fair value through profit or loss and NOK 5,391 million is measured at amortized cost.
- 3) Of NOK 7,110 million at June 30, 2019, NOK 3,745 million is measured at fair value through profit or loss and NOK 3,365 million is measured at amortized cost. Of NOK 11,255 million at December 31, 2018, NOK 6,925 million is measured at fair value through profit or loss and NOK 4,330 million is measured at amortized cost. Of NOK 11,176 million at June 30, 2018, NOK 5,650 million is measured at fair value through profit or loss and NOK 5,526 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, 2019	2,771	322	3,328	0	6,421
Actuarial gains/(losses) and other comprehensive income	0	0	0	(23)	(23)
Profit/(loss) for the period	0	0	0	53	53
Equity at June 30, 2019	2,771	322	3,328	30	6,451
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	(72)	(72)
Profit/(loss) for the period	0	0	0	55	55
Equity at June 30, 2018	2,771	212	3,320	(17)	6,286

- 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 reduced the reserve for unrealized gains by NOK 4 million and increased other equity by NOK 34 million. The closing balances would have been NOK 318 million for the reserve for unrealized gains, and NOK 3,363 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. The distribution took place in the third quarter of 2018.

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

Condensed cash flow statement

(NOK million)	First half-year	
	2019	2018
Pre-tax operating profit/(loss)	71	73
Provided by operating activities:		
Accrual of contribution from the Norwegian government	(14)	(27)
Unrealized losses/(gains) on financial instruments at fair value	(43)	(82)
Depreciation	2	1
Principal collected on loans	1,200	1,917
Purchase of financial investments (trading)	(3,165)	(5,979)
Proceeds from sale or redemption of financial investments (trading)	5,709	5,857
Contribution paid by the Norwegian government	80	80
Taxes paid	0	0
Changes in:		
Accrued interest receivable	84	95
Other receivables	214	252
Accrued expenses and other liabilities	(93)	(394)
Net cash flow from operating activities	4,045	1,793
Proceeds from sale or redemption of financial investments	1	0
Net cashflow of financial derivatives	174	59
Net cash flow from investing activities	175	59
Net proceeds from issuance of commercial paper debt	0	313
Repayments of commercial paper debt	0	(694)
Principal payments on bond debt	(4,263)	(1,955)
Net cash flow from financing activities	(4,263)	(2,336)
Net change in cash and cash equivalents ¹⁾	(43)	(484)
Cash and cash equivalents at beginning of period	430	941
Effect of exchange rates on cash and cash equivalents	(1)	(10)
Cash and cash equivalents ¹⁾ at end of period	386	447

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' first half year 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 16, 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 2018. Those financial statements were approved for issue by the Board of Directors on February 12, 2019 and included in the company's Annual Report for the year-end December 31, 2018. 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, 2018. 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 16 "leases" as issued by IASB with a date of transition of January 1, 2019, which resulted in changes in the accounting policies compared to those applied in the financial statements for the year ended December 31, 2018.

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 January 1, 2019. The amendments were endorsed by the EU-commission in 2017. The company has included a right if use asset of NOK 13 million as of January 1, 2019 with a corresponding liability. See note 11 for further details.

The information for the six months ended June 30, 2019 and 2018 is unaudited. The information as of and for the year ended December 31, 2018 is derived from the company's audited consolidated financial statements as of and for the year ended December 31, 2018.

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

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

(NOK million)	Second quarter		First half-year	
	2019	2018	2019	2018
Securities held for trading	0	(29)	(1)	(30)
Securities designated as at fair value at initial recognition	0	0	0	0
Financial derivatives	0	0	0	0
Other financial instruments at fair value	0	0	3	2
Net realized gains/(losses)	0	(29)	2	(28)
Loans and receivables	5	(1)	12	1
Securities	14	82	57	87
Financial derivatives	16	92	216	(304)
Commercial paper	0	(1)	0	0
Bond debt ¹⁾	(17)	(99)	(242)	298
Other	0	0	0	0
Net unrealized gains/(losses)	18	73	43	82
Net realized and unrealized gains/(losses)	18	44	45	54

1) In the first half-year of 2019, Eksportfinans had an unrealized loss of NOK 242 million of financial liabilities classified as level 3 in the fair value hierarchy (gain of NOK 298 million in the corresponding period of 2018).

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 ratio¹⁾ was 42.2% at June 30, 2019, compared to 32.5 % at December 31, 2018 and 31.6 % at June 30, 2018.

Risk-weighted assets

(NOK million)	June 30, 2019		Dec 31, 2018		June 30, 2018	
	Book value	Risk-weighted value	Book value	Risk-Weighted value	Book value	Risk-Weighted value
Total assets	14,785	4,737	19,225	4,933	19,426	5,406
Operational risk		403		403		491
Total risk-weighted value		5,140		5,336		5,897

The company's regulatory capital

(NOK million and in percent of risk-weighted value)	June 30, 2019		Dec 31, 2018		June 30, 2018	
Core capital ²⁾	6,076	118.2%	6,080	113.9%	6,014	102.0 %
Total regulatory capital		118.2%	6,080	113.9%	6,014	102.0 %

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)	June 30, 2019	Dec 31, 2018	June 30, 2018
Cash equivalents ¹⁾	386	430	447
Loans to other credit institutions, nominal amount (also included in note 6) ²⁾	744	813	827
Accrued interest on loans and unamortized premium/discount on purchased loans	18	28	40
Adjustment to fair value on loans	(3)	(12)	(6)
Total	1,145	1,259	1,308

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 44 million at June 30, 2019, NOK 113 million at December 31, 2018 and NOK 127 million at June 30, 2018.

5. Loans due from customers

(NOK million)	June 30, 2019	Dec 31, 2018	June 30, 2018
Loans due from customers, nominal amount (also included in note 6)	6,626	7,823	9,407
Accrued interest on loans and unamortized premium/discount on purchased loans	31	32	29
Adjustment to fair value on loans	15	11	12
Total	6,672	7,866	9,448

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)	June 30, 2019	Dec 31, 2018	June 30, 2018
Loans due from credit institutions	744	813	827
Loans due from customers	6,626	7,823	9,407
Total nominal amount	7,370	8,636	10,234
Commercial loans	4,135	4,452	4,860
Government-supported loans	3,235	4,184	5,374
Total nominal amount	7,370	8,636	10,234
Ships	2,602	3,491	4,929
Capital goods	2,612	2,843	2,994
Export-related and international activities ¹⁾	891	1,017	1,003
Municipal-related loans to other credit institutions	700	700	700
Direct loans to Norwegian local government sector	560	580	601
Loans to employees	5	5	7
Total nominal amount	7,370	8,636	10,234

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

(NOK million)	June 30, 2019	Dec 31, 2018	June 30, 2018
Shipping	891	970	950
Real estate management	0	47	53
Total nominal amount	891	1,017	1,003

7. Loans past due or impaired

(NOK million)	June 30, 2019	Dec 31, 2018	June 30, 2018
Interest and principal installment 1-30 days past due	0	0	0
Not matured principal on loans with payments 1-30 days past due	0	0	0
Interest and principal installment 31-90 days past due	0	0	1
Not matured principal on loans with payments 31-90 days past due	0	0	4
Interest and principal installment more than 90 days past due	5	9	13
Not matured principal on loans with payments more than 90 days past due	21	19	8
Total loans past due	26	28	26
Relevant collateral or guarantees received ¹⁾	26	28	26
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)	June 30, 2019	Dec 31, 2018	June 30, 2018
Stage 1	3,255	4,213	5,424
Stage 2	0	0	0
Stage 3	26	28	26
Total loans measured at amortized cost	3,281	4,241	5,450

8. Other assets

(NOK million)	June 30, 2019	Dec 31, 2018	June 30, 2018
Settlement account 108 Agreement	69	136	114
Cash collateral provided	733	982	868
Collateral deposit ¹⁾	0	0	306
Right-of-use asset ²⁾	12		
Fixed assets	1	1	
Other	12	12	14
Total other assets	827	1,131	1,302

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. The deposit was returned to the Company in December 2018.

2) Presented in note 11.

9. Bond debt

(NOK million)	June 30, 2019	Dec 31, 2018	June 30, 2018
Bond debt	7,592	11,944	11,635
Adjustment to fair value on debt	(546)	(820)	(551)
Accrued interest	64	131	92
Total bond debt	7,110	11,255	11,176

10. Other liabilities

(NOK million)	June 30, 2019	Dec 31, 2018	June 30, 2018
Grants to mixed credits	5	7	10
Cash collateral received	391	435	403
Lease liability ¹⁾	12		
Equity distribution			500
Other short-term liabilities	8	11	6
Total other liabilities	416	453	919

1) Presented in note 11.

11. Right-of-use assets and lease liabilities

As of June 30, 2019 the company leases parts of an office building from Eiendomsselskapet Dronning Mauds gt 15 AS. As IFRS 16 was implemented on January 1, 2019, both the right-of-use and lease liability is included in the balance sheet.

The right of use asset is being depreciated using linear method.

(NOK million)	Property
Acquisition of right of use at January 1, 2019	13
Depreciation	1
Carrying amount of right-of-use asset at June 30, 2019	12

The company's lease liabilities has the following maturity of cash outflows:

(NOK million)	June 30, 2019
Less than 1 year	3
1-2 year	7
3-4 years	2
Total undiscounted lease liabilities	12

The interest expense of the lease liability was NOK 0.1 million in the first half year of 2019, which is included in the income statement as interests and related expenses. The discount rate that is being used is 1.92%.

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:

(NOK million)	Lending		Securities	
	First half-year		First half-year	
	2019	2018	2019	2018
Net interest income ¹⁾	51	52	19	16
Net Commissions and related to banking services ²⁾	0	0	(1)	0
Net gains/(losses) on financial instruments at fair value	28	2	14	51
Income/expense allocated by volume ³⁾	2	1	1	0
Net other operating income	30	3	14	51
Total operating income	81	55	33	67
Total operating expenses	19	25	24	24
Pre-tax operating profit/(loss)	62	30	9	43
Taxes	16	8	2	10
Profit/loss for the period	46	12	7	33

- 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 Abp, Norway branch, 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 received ²⁾
Balance January 1, 2019	430	2,990
Change in the period	(255)	(491)
Balance June 30, 2019	175	2,499
Balance January 1, 2018	536	4,115
Change in the period	(209)	(728)
Balance June 30, 2018	327	3,387

- 1) Deposits made by the company.
- 2) Guarantees provided to the company from the related parties.

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

(NOK million)	Second quarter		First half-year	
	2019	2018	2019	2018
Securities ¹⁾	0	(29)	(1)	(30)
Other financial instruments at fair value ¹⁾	0	0	3	2
Net realized gains/(losses)	0	(29)	2	(28)
Loans and receivables ¹⁾	4	8	13	11
Securities ¹⁾	3	76	15	81
Commercial paper debt ^{1) 2)}	0	(1)	0	0
Bond debt ^{1) 2)}	2	0	0	2
Other financial instruments at fair value ¹⁾	0	0	0	0
Net unrealized gains/(losses)	9	83	28	94
Financial derivatives related to the 108 Agreement ³⁾	9	(10)	15	(12)
Net realized and unrealized gains/(losses)	18	44	45	54

1) Including financial derivatives with the purpose of economic hedging.

2) In the first half-year of 2019, Eksportfinans had no change in unrealized gains/losses (gain of NOK 2 million in the same period of 2018) on its own debt, net of derivatives.

3) 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 half-year of 2019 and 2018, the company recorded NOK 185 million and NOK 233 million respectively, of interest income on loans due from credit institutions, loans due from customers and securities and NOK 117 million and NOK 158 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 43 million, and positive NOK 16 million, respectively, of interest income on economic hedging instruments and positive NOK 41 million and positive NOK 23 million, respectively, of interest expense on economic hedging instruments.

15. Maturity analysis

Maturity analysis of financial assets and liabilities based on expected maturities at June 30, 2019

(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 years up to and including 5 years	Over 5 years	Total
Assets							
Loans and receivables due from credit institutions	211	0	6	7	12	26	262
Loans and receivables due from customers	271	478	1.851	2.780	1.305	1.594	8.277
Securities	217	340	332	3.166	701	0	4.756
Derivatives net settled	0	1	51	103	103	259	517
Derivatives gross settled (pay leg)	(916)	(877)	(150)	(2.389)	(250)	(1.173)	(5.754)
Derivatives gross settled (receive leg)	921	892	134	2.394	235	1.233	5.809
Cash collateral	0	733	0	0	0	0	733
Total assets	705	1.566	2.224	6.062	2.106	1.938	14.601
Liabilities							
Deposits by credit institutions	0	0	0	0	0	0	0
Plain vanilla bond debt	0	256	54	2.358	25	0	2.693
Structured bond debt	8	36	295	593	344	4.261	5.537
Commercial papers	0	0	0	0	0	0	0
Derivatives net settled	10	14	49	34	34	0	141
Derivatives gross settled (pay leg)	215	16	97	951	358	2.860	4.497
Derivatives gross settled (receive leg)	(205)	(10)	(68)	(859)	(246)	(2.607)	(3.993)
Cash collateral	0	391	0	0	0	0	391
Total liabilities	28	703	427	3.078	515	4.514	9.266

Maturity analysis of financial assets and liabilities based on expected maturities at December 31, 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 years up to and including 5 years	Over 5 years	Total
Assets							
Loans and receivables due from credit institutions	3	0	21	41	30	27	123
Loans and receivables due from customers	275	517	2,017	3,472	1,714	1,701	9,695
Securities	2	1,698	1,678	1,686	12	0	5,077
Derivatives net settled	0	29	25	108	108	301	572
Derivatives gross settled (pay leg)	(258)	(720)	(3,239)	(2,442)	(414)	(943)	(8,016)
Derivatives gross settled (receive leg)	261	775	3,434	2,402	401	1,032	8,306
Cash collateral	0	982	0	0	0	0	982
Total assets	284	3,282	3,936	5,265	1,852	2,119	16,738
Liabilities							
Deposits by credit institutions	0	0	0	0	0	0	0
Plain vanilla bond debt	9	45	4,210	2,400	30	0	6,694
Structured bond debt	87	286	99	704	527	4,456	6,158
Commercial papers	0	0	0	0	0	0	0
Derivatives net settled	11	16	71	59	59	0	216
Derivatives gross settled (pay leg)	525	1,635	293	295	218	3,298	6,263
Derivatives gross settled (receive leg)	(506)	(1,582)	(254)	(196)	(98)	(2,993)	(5,628)
Cash collateral	0	436	0	0	0	0	436
Total liabilities	125	836	4,418	3,263	736	4,761	14,139

Maturity analysis of financial assets and liabilities based on expected maturities at June 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	From	Over 5 years	Total
				1 year up to and including 3 years	3 years up to and including 5 years		
Assets							
Loans and receivables due from credit institutions	69	5	21	22	39	47	203
Loans and receivables due from customers	307	544	2,232	4,466	2,037	1,880	11,466
Securities	136	426	3,697	708	5	0	4,972
Derivatives net settled	0	(0)	51	103	103	317	573
Derivatives gross settled (pay leg)	(5)	(605)	(3,593)	(2,630)	(473)	(1,221)	(8,526)
Derivatives gross settled (receive leg)	5	599	3,792	2,564	461	1,279	8,700
Cash collateral	0	868	0	0	0	0	868
Total assets	513	1,836	6,199	5,232	2,172	2,303	18,256
Liabilities							
Deposits by credit institutions	0	0	0	0	0	0	0
Plain vanilla bond debt	9	15	3,902	2,508	51	0	6,486
Structured bond debt	0	33	441	736	482	4,282	5,974
Commercial paper	0	0	0	0	0	0	0
Derivatives net settled	14	23	106	115	115	3	377
Derivatives gross settled (pay leg)	9	1,041	298	320	90	2,867	4,624
Derivatives gross settled (receive leg)	(1)	(1,024)	(250)	(241)	(11)	(2,574)	(4,101)
Cash collateral	0	403	0	0	0	0	403
Total liabilities	31	491	4,497	3,438	727	4,578	13,763

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 2018.

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.

(NOK million and percentage)	June 30, 2019		December 31, 2018	
	Sensitivity (1 bp)	Percentage	Sensitivity (1 bp)	Percentage
Direct loans	(0.4)	16.6%	(0.4)	15.3 %
Loans to municipalities	(0.3)	13.7%	(0.4)	13.2 %
Guaranteed loans	(0.6)	69.7%	(0.7)	71.5 %
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 June 30, 2019 (from 0 basis points to 105 basis points as of December 31, 2018). For the combined total lending portfolio over the past two years credit spreads have changed 1 basis points per month in 95 percent of the time, representing NOK 1.4 million. As of December 31, 2018, a 95 percent confidence interval was 1.3 basis points representing NOK 2 million.

Securities:

Eksportfinans retrieved prices and credit spread quotes from two different market makers and pricing vendors as of June 30, 2019. Among the two different quote providers, the major price provider (Bloomberg) covered 93 percent (76 percent as of December 31, 2018).

Bond debt:

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

(NOK million)	June 30, 2019	December 31, 2018
	Sensitivity (1 bp)	Sensitivity (1 bp)
Plain vanilla bond debt	0.4	0.6
Structured bond debt	4.6	4.7

The spreads applied for fair value measurement of bond debt are in the range from 22 basis points to 95 basis points as of June 30, 2019 (from 30 basis points to 97 basis points as of December 31, 2018).

16.2 Financial assets measured at fair value through profit or loss

(NOK million)	June 30, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans due from credit institutions	175	936	0	1,111	430	785	0	1,215
Loans due from customers	0	29	3,395	3,424	0	31	3,638	3,669
Securities	0	4,991	0	4,991	0	7,607	0	7,607
Financial derivatives	0	195	684	880	0	449	633	1,082
Other assets	0	733	0	733	0	982	0	982
Total fair value	175	6,885	4,079	11,139	430	9,854	4,271	14,555

16.3 Financial liabilities measured at fair value through profit or loss

(NOK million)	June 30, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Bond debt	0	0	3,745	3,745	0	0	6,926	6,926
Financial derivatives	0	165	493	658	0	183	762	945
Other liabilities	0	391	0	391	0	435	0	435
Total fair value	0	556	4,238	4,794	0	618	7,688	8,306

Movement of level 3 financial assets

(NOK million)	From January 1, 2019 to June 30, 2019				From January 1, 2018 to June 30, 2018			
	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	3,638	633	4,271	0	4,690	785	5,475
Total gains or losses ¹⁾	0	(9)	72	63	0	(17)	(69)	(86)
Settlements	0	(368)	(21)	(389)	0	(660)	(69)	(729)
Closing balance	0	3,395	684	4,079	0	4,013	647	4,660
Total gains or losses ¹⁾ for the period in profit or loss for assets held at the end of the reporting period	0	(9)	77	68	0	(17)	(65)	(82)

1) 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

(NOK million)	From January 1, 2019 to June 30, 2019			From January 1, 2018 to June 30, 2018		
	Bond debt	Financial derivatives	Total	Bond debt	Financial derivatives	Total
Opening balance	6,926	762	7,687	6,777	414	7,191
Total gains or losses ^{1) 2)}	274	(224)	50	(224)	260	36
Issues	0	0	0	0	0	0
Settlements	(3,455)	(45)	(3,500)	(904)	(6)	(910)
Closing balance	3,745	493	4,238	5,649	668	6,317
Total gains or losses ^{1) 2)} for the period in profit or loss for liabilities held at the end of the reporting period	245	(219)	26	(357)	264	(93)

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.

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:

(NOK million)	June 30, 2019		Dec 31, 2018		June 30, 2018	
	Fair value	Carrying value	Fair value	Carrying value	Fair Value	Carrying value
Assets						
Loans due from credit institutions	1,145	1,145	1,259	1,259	1,287	1,308
Loans due from customers	6,834	6,672	8,089	7,866	9,783	9,448
Securities	4,991	4,991	7,607	7,607	6,007	6,007
Financial derivatives	880	880	1,082	1,082	1,033	1,033
Other assets	826	826	1,130	1,130	1,302	1,302
Liabilities						
Bond debt	7,167	7,109	11,346	11,255	11,021	11,176
Financial derivatives	658	658	945	945	900	900
Other liabilities	416	416	453	453	919	919

17. Contingencies

There are no significant contingencies as of June 30, 2019.

18. Events after the balance sheet date

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

Responsibility statement

The condensed set of financial statements for the period of January 1 to June 30, 2019, is, according to the best of our knowledge, prepared in accordance with IAS 34 – Interim Financial Reporting and in all material respects fairly presents the company’s assets and liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the management report includes a fair review of important events that have occurred during the first six month of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the next financial year, and major related parties transactions.

Oslo, August 13, 2019

Sigurd Carlsen
Chair Person

Toril Eidesvik
Deputy Chair Person

Bjørn Berg

Thomas Falck

Marianne Bergmann Røren

Ole Anders Næss