FINANCIAL RESULTS 2021

Eksportfinans ASA
www.eksportfinans.com
LEI: HKDM6R5I7TEN7ODGZB21

KEY FIGURES

(NOK million)	2021	2020
Net interest income	93	138
Net other operating income [1)]	25	32
Profit/(loss) for the period [1)]	(156)	44
Total comprehensive loss [2)]	(213)	(14)
Return on equity [3)]	(2.5%)	0.7 %
Total assets	10,697	13,781
Loans outstanding [4)]	1,548	3,024
Securities	7,489	8,468
Core capital adequacy	156.6 %	124.5 %
Leverage ratio	56.3 %	41.5 %
Liquidity Coverage Ratio (LCR) [5)]:		
Total	4,901 %	4,990 %
USD	189 %	969 %
EUR	N/A	N/A
Exchange rate USD/NOK at year-end	8.8194	8.5326

Definitions

1) Profit for the financial year 2021 includes net gains on financial instruments at fair value of NOK 26 million, booked as net other operating income, and profit for the financial year 2020 includes net gains on financial instruments at fair value of NOK 33 million, booked as net other operating income.
2) Total comprehensive income includes net losses on financial liabilities at fair value due to changes in own credit risk of NOK 51 million after tax for the financial year 2021, and net losses on financial liabilities at fair value due to changes in own credit risk of NOK 37 million after tax for the financial year 2020.
3) Return on equity: Profit/loss for the period/average equity (average of opening and closing balance).
4) 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.
5) Liquidity Coverage Ratio (LCR) is a measure of the propotion of liquid assets held by the company to meet its net liquid outflows in a stress period 30 days ahead. There were no payments in EUR, so the LCR figures in EUR are not applicable.

Annual Report 2021

from the board of directors and the CEO

Eksportfinans was established in 1962 and is located in Oslo, Norway. The company is a credit institution according to Norwegian law and actively manages a portfolio of loans to the Norwegian export industry, foreign buyers of Norwegian capital goods and the Norwegian municipal sector. Since 2012, the company has not granted new loans. Substantially all loans are secured by guarantees from Eksfin (Export Finance Norway) and/or highly rated banks. Eksfin is the governmental financial enterprise which was established on July 1, 2021 through the merger of the Norwegian Export Credit Guarantee Agency (GIEK) and Export Credit Norway. Eksportfinans also actively manages its portfolio of securities. Eksportfinans' business is funded by debt issued in the international capital markets and equity.

Eksportfinans continues to be substantially overcapitalized, and it remains a key issue for the board to pursue the attempts to optimize the capital structure.

Results

Net interest income

Net interest income was NOK 93 million for 2021, compared to NOK 138 million for 2020. The decrease was mainly due to a reduced loan portfolio, combined with slightly lower interest rate levels in Norwegian kroner (NIBOR).

Net other operating income

Net other operating income was NOK 25 million for 2021 compared to NOK 32 million for 2020. In 2021, this figure consisted mainly of realized gains on sale of securities and Eksportfinans' buy back of own debt.

Total operating expenses

Total operating expenses amounted to NOK 86 million for 2021, which is on par with 2020. No research and development costs were booked in 2021.

Tax

In 2021 the company has made a write down on part of a deferred tax benefit of NOK 177 million. As the deferred tax asset is deducted from the regulatory capital, this write down will have no effect on the capital adequacy of Eksportfinans. For more information regarding the deferred tax asset please see note …

Result for the year

The result for the year was negative NOK 156 million for 2021 compared to positive NOK 44 million for 2020. Return on equity was negative 2.5 percent for 2021, compared to positive 0.7 percent for 2020. The reason for these negative figures is the write down on the deferred tax asset as explained above.

Total Comprehensive Income

Total comprehensive income was negative NOK 213 million for the year 2021, compared to negative NOK 14 million for 2020. Credit spread effects related to fair value adjustments on Eksportfinans' own debt are recognized in other comprehensive income. In 2021 the credit spread effects in other comprehensive income (net of derivatives) were negative NOK 51 million (after tax), compared to negative NOK 37 million (after tax) in 2020.

The unrealized gain on Eksportfinans' own debt accumulated in the balance sheet (net of derivatives) due to credit spread effects was NOK 228 million at December 31, 2021, compared to NOK 296 million at December 31, 2020. As debt comes to maturity, these unrealized gains will be reversed as unrealized losses. Capital adequacy will not be impacted by this in any material way, as changes in fair value on own debt caused by movements in credit spreads do not have an impact on total regulatory capital.

Balance sheet

Total assets amounted to NOK 10.7 billion at December 31, 2021, compared to NOK 13.8 billion at December 31, 2020. The reduction was due to scheduled repayments.

Lending

Eksportfinans actively manages a portfolio of loans. No new loans have been disbursed since 2012. Total loans amounted to NOK 1.5 billion at the end of 2021, compared to NOK 3.0 billion at the end of 2020. The reduction was due to repayments on the loan portfolio. Weighted average duration of the loan portfolio at December 31, 2021 was 3.9 years.

Eksportfinans continued its close cooperation with Eksfin, its owner banks and other banks that support Norwegian industry and commerce during 2021.

Securities

The securities portfolio was NOK 7.5 billion at December 31, 2021, compared to NOK 8.5 billion at December 31, 2020. The securities portfolio consists of highly rated bonds. The average rating at December 31, 2021 was AA and the average duration was 1.9 years.

Funding

Outstanding bond debt was NOK 3.8 billion at year-end 2021. The corresponding figure at year-end 2020 was NOK 6.5 billion. The main reason for this decrease was debt maturing according to plan.

Capital

At year-end 2021 total equity was NOK 6.1 billion, compared to NOK 6.3 billion at year-end 2020. The core capital ratio was 156.6 percent at year-end 2021, compared to 124.5 percent at year-end 2020.

According to the board´s ICAAP assessment, the company has around NOK 3.5 billion in excess capital. On this basis Eksportfinans is of the opinion that surplus capital should be disbursed to the company´s owners. In May 2019 the board applied to the Norwegian FSA in order to disburse NOK 1 billion of the company´s capital to the owners. The Norwegian FSA declined the application in July 2019, on the grounds of special risk factors related to the company's situation.

In the board's opinion, these risk factors were sufficiently covered for in the ICAAP assesment, and the board hence filed an appeal to the Ministry of Finance later in 2019. The risk factors have continued to diminish after 2019 due to the scheduled reduction of the balance sheet.

The Ministry of Finance has not yet made a resolution, despite several reminders, requests for feedback and a follow up meeting initiated by Eksportfinans. The company will continue to pursue the issue of disbursement of excess capital in a proactive manner going forward.

As the result for 2021 is negative, no dividends will be paid out in 2022.

Risk management

Eksportfinans' business model is derived from a conservative risk profile.

Risk and capital are managed through a framework of principles, organizational structures as well as measurement and monitoring processes that are closely aligned with the activities of the business areas. The Risk management guidelines are evaluated annually and approved by the board.

Eksportfinans manages risk areas such as liquidity, market, credit, operational, compliance and legal as well as capital allocation, in a comprehensive manner.

Categories of risk

Liquidity risk

Eksportfinans manages liquidity risk primarily through its securities portfolio, by matching maturities of assets and liabilities and by stress testing cash flows. The objective is to ensure adequate liquidity at all times. Liquidity and new placements are aligned closely to future maturities of liabilities and to comply with the regulatory liquidity requirements. Regular stress testing is also performed to ensure that Eksportfinans holds sufficient liquidity to meet potential liquidity gaps which might arise from changes in expected maturities of the structured bond debt.

At year-end 2021, Eksportfinans held short term liquidity reserves of NOK 7.9 billion, consisting of the securities portfolio of NOK 7.5 billion and cash equivalents of NOK 0.4 billion.

During 2021 the liquidity position of the company was robust. Market developments have been within the scenarios covered in the company's liquidity planning activities and liquidity reserves. The company's profile of expected asset and liability maturities over the next few years is solid in terms of securing adequate liquidity for debt repayments.

At year-end 2021, Eksportfinans' total liquidity coverage ratio (LCR) was 4,901 percent and LCR in USD was 189 percent. At year-end 2020, total LCR was 4,990 percent and LCR in USD was 969 percent. LCR in EUR and NOK were not applicable due to no payments in these currencies.

Market risk

A significant part of the unrealized gain caused by the substantial decrease in fair value of the company´s own debt in 2011 has been reversed. During 2021 the fair value of the company's own debt increased due to the tightening of credit spreads. The company has applied IFRS 9 and consequently gains or losses arising from changes in the company´s own credit risk are presented as other comprehensive income.

Existing bond debt issues are hedged on an individual basis through swap transactions. All of these swaps are covered by credit support annexes (CSAs) with bilateral daily exchange of cash collateral. The majority of swap transactions with contractual maturities beyond ten years contain mutual early termination clauses that can be exercised on set dates. Consistent with previous years, no such swap termination options have been exercised in 2021.

Other inherent market risks include currency and interest rate risks. These are controlled through daily monitoring of defined limits. The interest rate and currency exposures are presented in note 23.3 and 23.2 to the accompanying financial statements.

Interest rate risk, foreign exchange risk and liquidity risk on outstanding lending and borrowing under the government supported export financing scheme managed by Eksportfinans, are fully covered by the 108 Agreement with the Norwegian Ministry of Trade, Industry and Fisheries. The 108 Agreement is presented in note 2.3.4.2 and note 11 to the accompanying financial statements.

Credit risk

Eksportfinans' credit policy as stipulated in its bylaws leaves the company with limited credit risk. Exposure is generated through exposure to counterparties such as financial institutions, public-sector enterprises, municipalities or sovereigns within the EU and OECD area. Either the counterparties have high ratings, or the exposure is covered by governmental guarantee programs.

The main credit risks going forward are reduced creditworthiness and default of counterparties. Approximately 63 percent of all loans have double default protection through both a debtor and a guarantor. The rest of the loan portfolio consists of direct loans to regional Norwegian banks. The liquidity portfolio is managed within a conservative credit framework. As mentioned above, credit risk from derivatives is managed through daily exchange of collateral for all transactions.

In 2021 the company recorded a realized loss of NOK 4 million (before tax) related to break-cost on a non-performing loan where the guarantor does not cover these costs. The comparable figure for 2020 was NOK 24 million.

Operational risk

The board's guidelines for operational risk are updated annually and supplemented with administrative routines and management systems. In all fair value estimations and risk control processes, there is a clearly defined separation of responsibility between the business units and the control and follow-up units. These processes are subject to audit on a regular basis.

Eksportfinans' overall operations have developed according to plan in 2021, and the capacity in the organization is adjusted to the level of activity. It is a management priority to secure the necessary expertise and skills to maintain solid and efficient operations going forward. Several measures are in place to achieve responsible operations and there is a close dialogue between management, the employees, their representatives and other stakeholders on this matter. In

2021 this included increased focus on risk assessment, developing a company-wide risk culture and following up on the company's registry of incidents. Furthermore, the board focused on IT risk in general and the risk of a cyberattack in particular. In the course of 2021, contingency plans have been refined and up-dated, and a successful crisis exercise was carried out.

Compliance risk

Eksportfinans continued to focus on compliance activities in 2021. A comprehensive framework for monitoring relevant regulations and consequences for Eksportfinans was developed further, and guidelines backed up by internal routines were established or up-dated based on the increasing amount of regulations in the financial sector. Preparations for the implementation of replacements for the IBOR interest rates continued in 2021, along with further improvements to the anti-money laundering regime and other relevant regulations.

Rating

Eksportfinans' received a rating upgrade from Standard & Poor's in June 2021. The rating is now A-/A-2 with a stable outlook. The rationale for the upgrade was the well-managed wind down of the company over the last decade, including reducing risk and complexities while building up a sizeable capital and liquidity buffer.

Capital allocation

Eksportfinans completes its ICAAP (Internal Capital Adequacy Assessment Process) report on an annual basis. As required by the Norwegian capital adequacy regulation, the company´s overall risk strategy, assessments of the capital adequacy as well as controls and routines for managing the types of risk that Eksportfinans faces, are available in the Pillar 3 disclosure report on the corporate website (www.eksportfinans.no).

Remuneration policy

In accordance with regulations applicable to financial institutions and government owned entities, the board of directors has established a policy for the fixing of salaries and other remuneration to the general manager and other senior executives and officers, including a declaration on the application of the policy in the previous financial year.

The amounts are reported in note 27 to the accompanying financial statements, and the policy and declaration are available on www.eksportfinans.no.

Sustainability - ESG

ESG is an acronym for Environmental, Social and Governance, in many cases collectively referred to as sustainability. The ESG factors are often seen in relation to the United Nations Sustainable Development Goals (SDG). These SDG's were set by the United Nations in 2015 as universal goals to protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The United Nations 17 SDGs are a source of inspiration for Eksportfinans' ESG activities. Eksportfinans has identified three goals listed below as particularly relevant for the company in actively seeking to affect the society:

Goal four, quality education – By offering the employees generous education schemes the company is increasing its expertise as well as actively promoting lifelong learning opportunities.

Goal eight, decent work and economic growth – By employing 20 individuals the company offers productive and decent employment. Eksportfinans contributes to economic growth by financing industry, financial institutions, municipalities and sovereigns.

Goal thirteen, climate action – Eksportfinans will continuously seek to reduce the impact of its operations on the environment and raise both the employees' and stakeholders' awareness of climate and environmental issues.

In the Norwegian Government's white paper on State ownership (Meld. St. nr 8. 2019/2020) all government owned companies are expected to have an overall plan for sustainable value creation.

Eksportfinans' limited size, market activity and nature of operations reduce the company`s ability to significantly impact stakeholders and the local environment. However, being conscious about how Eksportfinans affects its surroundings helps creating awareness within the organization and among the stakeholders and thus contributing to a better society for all. The following chapter is dedicated to Eksportfinans' work for sustainability in a broad sense.

Environmental

As part of the company's environmental requirements Eksportfinans is obliged to adhere to OECD's Common Approaches on the Environment and Officially Supported Export Credits, which also give specific directions on how the requirements should be implemented in the lending operations of the company. In compliance with these requirements, all loan projects were classified according to potential environmental impact at the time of loan closing. Eksportfinans is not aware of violations of human or social rights, or breaches of environmental requirements, in any of its projects or operations in 2021.

The company has established updated guidelines for climate related and environmental risks in 2021. These guidelines and the associated risk assessments are available on the corporate website. In addition to this, Eksportfinans is at an early stage in reporting on climate risks according to the recommendations from the Task force on Climate-related Financial Disclosures (TCFD). The results of the work at this stage can be found on page 65 and on www.eksportfinans.no.

Risk guidelines regulating environmental risk associated with Eksportfinans' lending and investment activities have been established, and will be developed further going forward.

The company's operations have limited direct impact on the external environment. However, the company aims to conduct climate- and environment considerations directly and indirectly through its daily activities and operations. Eksportfinans was certified as an eco-lighthouse company (Miljøfyrtårn) in 2018 and was re-certified in December 2021. The certification in 2021 also included new measures targeted at the finance industry. This means that the company meets certain standards for the internal and external environment and will continuously work to improve its environmental performance. Inter alia the majority of waste generated by the company is recycled, with an ambition to sort around 80 percent of all garbage. The energy consumption for 2021 was approximately 110 kwh per square meter, in line with the company objective. Environmentally friendly means of transportation are recommended, and business travel is for a major part replaced by video conferencing. At the end of 2021 a significant majority of Eksportfinans' suppliers were identified to have sustainability incorporated in their business model, and the long-term goal is to exclusively use environmentally friendly suppliers.

This contributes to increase employees' awareness of climate and environmental issues. The extended use of home office solutions also in 2021 as a consequence of the covid 19 pandemic has reduced both energy consumption and waste production in the company during the year.

As an eco-lighthouse company, Eksportfinans has access to digital tools to follow up on the company's objectives as described above.

Social

In accordance with the revised Act on Equality and Prohibition of Discrimination which became effective on January 1, 2020, the company has maintained its focus on efforts to ensure that equal rights are upheld, and that no discrimination takes place.

At the end of 2021, the proportion of women on the board of directors was 40 percent. The company employed 20 professionals, with a gender distribution of 25 percent women and 75 percent men. The management team consists of one female and two male members. The company has had focus on gender equality and diversity in recruitment processes in 2021, as well as gender neutral remuneration.

For several consecutive years, an annual employee satisfaction survey has shown stable and positive results in terms of the working environment. The company has a combined working environment and liaison committee to ensure good collaboration between management and employees. In 2021 the committee has focused on the consequences of the pandemic on an on-going basis, in addition to the company's health, safety and environment work, the certification of Eksportfinans as eco-lighthouse, and equality aspects.

Short-term absence due to illness in 2021 was 0.22 percent, compared to 0.06 percent in 2020. Total absence due to illness continued to be low, and was 0.47 percent in 2021, compared to 0.68 percent in 2020. There were no reports of accidents at the workplace resulting in personal injury in 2021. All employees have good insurance and health benefits. Regular health-promoting and social activities, including organized and individual exercise options are also offered to all employees. Flexible working hours are offered to facilitate arrangements for employees who have care responsibilities at home. Health, environment and safety measures were implemented according to plan in 2021.

Guidelines for equality and prohibition of discrimination, conflicts of interest, privacy and impact on climate and the environment were established or further updated in 2021.

Governance

Eksportfinans aims to always ensure a high standard of corporate governance, including but not limited to ethics, compliance, equality and prohibition of discrimination.

The company adheres to the Norwegian code of practice for corporate governance (NUES) to the extent practicable, as well as with section 3-3b of the Norwegian Accounting Act. The guidelines for corporate governance are an integral part of the guidelines on sustainability which is available on the corporate website. The statement of policy on corporate governance is presented on page …

In accordance with the Norwegian Government's white paper on State ownership (Meld. St. nr 8. 2019/2020) the board has passed a tax policy describing the main principles of Eksportfinans' handling of tax issues. Eksportfinans has a considerate and responsible approach to taxation in its business operations. The tax policy is also available on the corporate website.

Corporate social responsibility

Eksportfinans' report on corporate social responsibility is in accordance with the Accounting Act, section 3-3c. The company's guidelines on sustainability comprise ethical guidelines, whistleblowing routines, guidelines for climate- and environmental risks, anti-corruption measures, measures against money laundering for projects financed by Eksportfinans, health-, environment and safety guidelines for the organization, guidelines for equality and prohibition of discrimination and guidelines on corporate governance. These guidelines are approved by the board on an annual basis and are subject to the company's regular compliance reporting. The guidelines are published on the corporate website as well as the company's intranet.

Eksportfinans has an established whistleblowing routine based on international guidelines. The routine encourages and explains how employees should promptly report, internally or to an external third party, any violations of the company's guidelines, applicable laws and regulations or other causes of concern. The routines also include a detailed system for following-up notifications. The whistleblowing routine has been presented to the staff and is easily available on the company's intranet. There have been no whistleblowing notifications in 2021 or historically.

In relation to maintaining a strong enforcement of anti-money laundering policies, the supranational EU legislation that has been implemented in local legislation has increased the amount of information the customers must provide beyond the original scope of the loan agreement covenants. An important application of these guidelines is the know-your-customer principle which implies, inter alia, thorough documentation of the identity of all clients, agents and other parties involved in lending projects.

Eksportfinans has also implemented anti-corruption guidelines that are within the framework of Norwegian legislation and in accordance with OECD's Action Statement on Bribery and Officially Supported Export Credits. Consequently, Eksportfinans has no loan agreements with companies known to have been involved in corruption at the time of loan closing.

Sustainable lending

It cannot be excluded that projects financed by the company may have adverse environmental and social effects. As Eksportfinans has not granted any new loans since 2012, all current loans and corresponding loan agreements are from before 2011, with only minor amendments to the agreements having been made since then. As the company is not granting new loans, Eksportfinans has no active ESG policy for assessment of new lending projects.

The focus on sustainability has increased significantly since 2011, and the covenants that regulate the ESG activities, reporting and requirements are less onerous in Eksportfinans' loan agreements than in a loan agreement drafted in 2021. Currently the focus is to maintain an overview of the portfolio and the customers' position in an ESG perspective with the information provided by the companies and other publicly available information.

Eksportfinans' current portfolio of loans is comprised of loans to customers within shipping and oil related industries, renewable energy as well as the banking and municipal sector in Norway. The duration of the loans is such that the loan portfolio past 2024 will be comprised more than 50 percent of solar and recyclable energy, under the precondition that the current repayment plans are followed.

Sustainable investments

At year-end 2021, all counterparties included in the liquidity portfolio had ESG aspects incorporated in their business models to some degree. The liquidity portfolio consists largely of investments in Nordic financial institutions (53 percent) and Norwegian municipalities (35 percent). The remaining 11 percent are investments in sovereigns and financial/credit institutions within OECD.

In 2021 Eksportfinans has expanded its current credit assessment procedure to include parameters related to counterparties' ESG policies. Eksportfinans will evaluate and asses the ESG performance of counterparties using both independent sources such as rating agencies, media and investment platforms like Bloomberg. In addition, information will be obtained directly from the counterparty through public presentations and reports, or by contacting investor relations professionals.

The organization

At the end of 2021 Eksportfinans employed 20 highly skilled professionals. In order to responsibly manage its complex operations, the company engages external expertise when necessary. In 2021 the company successfully replaced four employees, who chose to leave the company for different reasons, with highly skilled and competent new staff.

During 2021 Eksportfinans' employees have worked partly from home due to covid 19 restrictions, and partly from the office when the circumstances have allowed this. Working from home has functioned well due to updated and flexible IT solutions. A substantial effort is put into maintaining a close relationship with all staff, and different motivational activities. A working environment survey conducted in August 2021 showed a continued high level of employee satisfaction.

The company has a directors and officers (D&O) liability insurance in place, protecting board members and members of management against claims of wrongful acts.

There have been no changes to the board of directors or other governing bodies of the company during 2021.

Statements

In conformity with Section 3-3a of the Norwegian Accounting Act, the board of directors confirms that the annual accounts are premised on a going concern assumption. The basis for this assumption is the annual financial statements for 2021 as well as the liquidity situation and cash flow forecast of the company, as described in the "Liquidity risk" section of this report.

In compliance with section 3-3b of the Norwegian Accounting Act Eksportfinans provides an account of its corporate governance principles and practices. The account is presented on page …

Future prospects

Entering 2022 the covid 19 pandemic is still a threat to general health and the functioning of the society. The global macroeconomic situation may still be affected by the virus, and this may also have an impact on Eksportfinans going forward.

Eksportfinans' strategy to actively manage its existing portfolio of loans, other assets and liabilities, with the overall objective of maintaining company value, remains unchanged in 2022. Following a period of significant reductions in the balance sheet due to maturing loans, debt and investments, the balance sheet will decrease at a slower pace going forward. The company is expecting to generate moderate, positive results in the years to come.

Accumulated unrealized gains due to price fluctuations of Eksportfinans' own debt, amounted to NOK 228 million (net of derivatives) as of December 31, 2021. As debt comes closer to maturity, these gains will continue to be reversed as unrealized losses.

The board will continue to monitor developments in the international capital markets and their impact on the company's balance sheet and liquidity. Eksportfinans has ample liquidity reserves and continues its prudent liquidity analyses and planning. Adequate measures will be implemented when needed and appropriate liquidity and staff contingency plans are maintained.

The proactive management of operational risk and compliance risk will continue to be a key focus going forward. In accordance with market practice Eksportfinans will continue its efforts to ensure a sustainable business operation in line with national and international regulations.

According to the Norwegian Corporate Governance Board (NCGB or NUES), the board of directors should ensure that the company has a capital structure that is appropriate to the company's objective, strategy and risk profile.

In the board's opinion Eksportfinans continues to be overcapitalized, and it remains a key issue to pursue the attempts to optimize the capital structure going forward.

Oslo, February 16, 2022
EKSPORTFINANS ASA
The board of directors

Sigurd Carlsen	Toril Eidesvik	Bjørn Berg
Thomas Falck	Line Hødal Torgersen	Ole Anders Næss
Geir Ove Olsen		

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	2021	2020	NOTES
Interest income, amortised cost	15	70	
Other interest income	81	155	
Total interest and related income	**96**	**225**	
Interest and related expenses on bond debt	2	84	
Other interest and related expenses	1	3	
Total interest and related expenses	**3**	**87**	
NET INTEREST INCOME	**93**	**138**	
Net commissions related to banking services	(1)	(1)	
Net gains/(losses) on financial instruments at fair value	26	33	23.4
NET OTHER OPERATING INCOME/(LOSS)	**25**	**32**	
TOTAL OPERATING INCOME/(LOSS)	**118**	**170**	
Salaries and other administrative expenses	75	74	8
Depreciation	5	5	
Other expenses	6	7	9
TOTAL OPERATING EXPENSES	**86**	**86**	
Impairment charges on loans at amortized cost	4	25	22.4
PRE-TAX OPERATING PROFIT/(LOSS)	**28**	**59**	
Tax/(tax benefit)	184	15	10
PROFIT/(LOSS) FOR THE YEAR	**(156)**	**44**	
Other comprehensive income - items that will not be reclassified to profit or loss:			
Change in fair value attributable to changes in own credit risk	(68)	(49)	
Remeasurement of post employment benefit obligations, before tax	(8)	(29)	
Tax/(tax income) related to these items	(19)	(20)	
OTHER COMPREHENSIVE INCOME	**(57)**	**(58)**	
TOTAL COMPREHENSIVE INCOME	**(213)**	**(14)**	
Allocated to/(from) reserve for unrealized gains	4	6	19
Allocated to/(from) other equity	(160)	38	
TOTAL ALLOCATIONS	**(156)**	**44**	

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET

	Dec. 31,		NOTES
(NOK million)	2021	2020	
ASSETS			
Loans due from credit institutions [1)]	958	1,216	12
Loans due from customers [2)]	972	2,307	12
Securities	7,489	8,468	22.5
Financial derivatives	568	1,077	11
Deferred tax asset	105	270	10
Intangible assets	6	7	
Fixed assets	2	2	
Other assets	597	434	6, 13
TOTAL ASSETS	**10,697**	**13,781**	
LIABILITIES			
Bond debt [3)]	3,840	6,456	14
Financial derivatives	330	276	11
Taxes payable	0	0	10
Other liabilities	265	536	6, 17
Provisions	173	167	7, 16
TOTAL LIABILITIES	**4,608**	**7,435**	
SHAREHOLDERS' EQUITY			
Share capital	2,771	2,771	18
Reserve for unrealized gains	204	251	19
Other equity	3,114	3,324	
TOTAL SHAREHOLDERS' EQUITY	**6,089**	**6,346**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,697**	**13,781**	

1) Of NOK 958 million at December 31, 2021, all is measured at fair value through profit or loss.. Of NOK 1,216 million at December 31, 2020, NOK 1,211 million is measured at fair value through profit or loss and NOK 5 million is measured at amortized cost.
2) Of NOK 972 million at December 31, 2021, NOK 569 million is measured at fair value through profit or loss and NOK 403 million is measured at amortized cost. Of NOK 2,307 million at December 31, 2020, NOK 1,429 million is measured at fair value through profit or loss and NOK 878 million is measured at amortized cost.
3) Of NOK 3,840 million at December 31, 2021, NOK 3,361 million is measured at fair value through profit or loss and NOK 479 million is measured at amortized cost. Of NOK 6,456 million at December 31, 2020, NOK 5,503 million is measured at fair value through profit or loss and NOK 953 million is measured at amortized cost.

The accompanying notes are an integral part of the financial statements.

Sigurd Carlsen | Toril Eidesvik | Bjørn Berg

Thomas Falck | Line Hødal Torgersen | Ole Anders Næss

Geir Ove Olsen

STATEMENT OF CHANGES IN EQUITY

(NOK million)	Share capital 1)	Reserve unrealized gains 3)	Other equity	Total equity
EQUITY AS AT JANUARY 1, 2021	**2,771**	**251**	**3,324**	**6,346**
Dividends paid [2]			(44)	(44)
Actuarial gains/(losses) [4]			(6)	(6)
Change in fair value due to changes in own credit risk [4]		(51)		(51)
Profit for the period		4	(160)	(156)
EQUITY AS AT DECEMBER 31, 2021	**2,771**	**204**	**3,114**	**6,089**
EQUITY AS AT JANUARY 1, 2020	**2,771**	**282**	**3,414**	**6,467**
Dividends paid 2)	**0**	**0**	**(106)**	**(106)**
Actuarial gains/(losses) 4)	0	0	(22)	(22)
Change in fair value due to changes in own credit risk 4)	0	(37)	0	(37)
Profit for the period	0	6	38	44
EQUITY AS AT DECEMBER 31, 2020	**2,771**	**251**	**3,324**	**6,346**

1) Restricted equity that cannot be paid out to the owners without a resolution to reduce the share capital in accordance with the Public Limited Companies Act under Norwegian law.
2) The payment date for the dividend of 2020 was March 15, 2021.
3) The reserve for unrealized gains is a requirement by Norwegian legislation. Allocations to this reserve are to be made in the Company accounts for, with a few exceptions, positive differences between carrying value and amortized cost of financial assets and liabilities measured at fair value. The reserve for unrealized gains represents restricted equity that cannot be distributed as dividend.
4) The tax effect on other comprehensive income items is NOK 19 million in 2021 and NOK 20 million in 2020.

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT

(NOK million)	2021	2020	NOTES
Pre-tax operating profit/(loss)	28	59	
Provided by operating activities:			
Accrual of contribution from the Norwegian government	3	(3)	
Unrealized losses/(gains) on financial instruments at fair value	136	74	
Agio/(disagio) on loans	5	(21)	
Depreciation	5	5	
Principal collected on loans	1,524	3,185	
Purchase of financial investments (trading)	(4,211)	(5,850)	
Proceeds from sale or redemption of financial investments (trading)	5,126	3,438	
Contribution paid by the Norwegian government	21	47	
Changes in:			
Accrued interest receivable	38	(10)	
Other receivables	(180)	195	
Accrued liabilities	(317)	145	
NET CASH FLOW FROM OPERATING ACTIVITIES	**2,178**	**1,264**	
Principal payments on bond debt	(2,246)	(1,135)	
Dividend paid	(44)	(106)	
Lease payment	(3)	(4)	
NET CASH FLOW FROM FINANCING ACTIVITIES	**(2,293)**	**(1,245)**	
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(115)**	**19**	
Cash and cash equivalents as at beginning of period	485	469	20
Effect of exchange rates on cash and cash equivalents	10	(3)	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**380**	**485**	20

The accompanying notes are an integral part of the financial statements.

1 GENERAL INFORMATION

Eksportfinans ASA manages a portfolio of both government supported and market-based export credits.

Eksportfinans ASA is a limited liability company. Eksportfinans ASA is incorporated and domiciled in Norway. The address of the head office is Dronning Mauds gate 15, P.O. Box 1601 Vika, N-0119 Oslo, Norway. In these financial statements the terms 'Eksportfinans ASA', 'Company' and 'Eksportfinans' are used for the company Eksportfinans ASA.

The fiscal year of the Company runs from January 1 to December 31.

These financial statements have been approved for issue by the board of directors on February 16, 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in line with accounting regulations and legislation in Norway. The Norwegian Accounting Act requires the Company to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Norwegian Accounting Act also requires some disclosure in addition to the disclosure required by IFRS. These are related to remuneration and are included in these financial statements. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit and loss, and as modified by the revaluation made for certain assets when implementing IFRS.

New and amended standards adopted by the Company

The company has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:*Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Eksportfinans has established an internal project for preparing and managing the transition from Interbank Offered Rates (IBOR) to Alternative Reference Rates (ARR). The Company officially adhered to ISDAs IBOR Protocol on January 14, 2021.

2.2 Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates, i.e. the functional currency. Norwegian kroner (NOK) serve as both the functional and presentational currency for the Company.

On initial recognition, foreign currency transactions are recorded applying the spot exchange rate at the date of recognition. At the balance sheet date, foreign currency monetary items are translated using the closing rate. Unrealized gains and losses on foreign currency translations are recorded in the statement of comprehensive income. This is not applied for items related to the Parliamentary Bill No. 108 (1977-78), (referred to as the 108 Agreement), as foreign currency risks are covered by the 108 Agreement. The 108 Agreement has been established to provide exporters of capital goods financing on terms that are in accordance with OECD (Organization for Economic Co-operation and Development) regulations related to the Consensus Agreement for export financing (the CIRR scheme). Exchange rate differences on transactions under the 108 Agreement are booked to a settlement account with the government on the balance sheet. See the further description of the 108 Agreement in notes 2.3.4.2 and 11.

2.3 Summary of significant accounting polices related to financial instruments

This note sets out the significant accounting policies relating to financial instruments.

2.3.1 Initial recognition and measurement

The Company initially recognizes loans due from credit institutions, loans due from customers and bond debt on the date on which they are originated. Securities are accounted for at settlement date. However, the change in fair value from trade date to settlement date is recorded in the statement of comprehensive income. Other financial assets and financial liabilities including financial derivatives are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or liability, such as fees and commissions. Transaction costs of financial assets and liabilities carried at fair value through profit and loss are expensed in profit and loss. Immediately after initial recognition an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost in accordance with ECL approach under IFRS 9.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in profit or loss on initial recognition (i.e. day 1 profit or loss);

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

2.3.2 Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.3.3 Classification and subsequent measurement

The Company applies IFRS 9 and classifies its financial assets in the following measurements categories:

- Amortized cost;
- Fair value through profit or loss (FVPL);

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition adjusted for accrued effective interest and principle repayments. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

All other financial assets are classified as measured at FVPL i.e.
- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractually cash flows or held to collect and sell; or
- assets designated at FVPL, using the fair value option.

The Company may irrevocably designate a debt instrument that meets the amortized cost criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

These assets are measured at fair value with any gains/losses arising on remeasurement recognized in profit or loss.

Financial liabilities - classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortized cost, except for:

Financial liabilities at fair value through profit and loss: This classification is applied to derivatives and financial liabilities designated as such at initial recognition. The Company has designated certain liabilities as fair value through profit and loss either because it reduces or eliminates an accounting mismatch that would otherwise arise (plain vanilla bond debt and cash collateral related to swaps) and for structured debt as they consist of a debt host and embedded derivatives that must otherwise be separated.

2.3.4 Presentation, classification and measurement in the balance sheet and statement of comprehensive income

2.3.4.1 Financial assets and liabilities at fair value through profit and loss

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, expected discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. See note 4 for a description of fair value measurement.

Financial assets or financial liabilities at fair value through profit or loss are financial instruments either mandatory measured at FVPL (fails SPPI or not held to collect or held to collect or sell business model) or upon initial recognition designated as at FVPL (the fair value option). Financial instruments mandatory measured at FVPL include all securities and cash collateral related to swaps. Derivatives are measured at FVPL (as they fail the SPPI requirement).

Financial instruments designated upon initial recognition as at fair value through profit or loss consist of loans due from credit institutions, loans to customers and bond debt (plain vanilla and structured bond debt). The Company has applied the fair value option under IFRS 9. The fair value option is applied when this results in the most relevant information under the options available for measurement of financial instruments and when alternative principles of measurement result in greater accounting mismatches. The most important cause of accounting mismatch is the requirement to measure all financial derivatives at fair value. Financial derivatives are used in economic hedges of the market risk of specific assets and liabilities. To obtain a more symmetrical measurement, the underlying economically hedged transactions, as well as transactions at floating rate that are not subject to individual hedges, have to be measured at fair value. This is obtained through the application of the fair value option for these financial instruments.

Gains and losses on financial instruments at fair value comprise fair value gains and losses from:

- Derivatives
- Loans due from credit institutions designated at FVPL
- Loans due from customers designated at FVPL
- Securities (mandatory measured at FVPL)
- Other assets (mandatory measured at FVPL)
- Bond debt designated at FVPL
- Other liabilities (mandatory measured at FVPL)

Gains and losses on financial instruments and liabilities at FVPL are included in the line item "Net gains/losses on financial instruments at fair value". Gains or losses arising from an entity's own credit risk on liabilities designated at FVPL are presented in OCI with no subsequent reclassification to the income statement.

2.3.4.2 Financial assets and liabilities measured at amortized cost

Financial assets and liabilities measured at amortized cost consist of loans due from credit institutions, loans due from customers, other assets and other liabilities and plain vanilla bond debt all under the government supported 108 Agreement (see description of the agreement below).

Interest income and expense are recognized in accordance with the effective interest method (see note 2.3.4.3).

IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The impairment model requires the recognition of impairment provisions based on expected credit losses (ECL).

The measurement of the impairment provisions for expected loss depends on whether credit risk has increased significantly since initial recognition. Upon initial recognition, and when credit risk has not increased significantly after initial recognition, the impairment provisions is based on 12-month expected credit loss (Stage 1). If credit risk has increased significantly since initial recognition, the impairment provisions are based on lifetime expected credit loss (Stage 2 and Stage 3). Loans in stage 3 are loans that are credit impaired.

Substantially all loans are secured by guarantees from either Eksfin (Export Finance Norway, the government owned entity that was established in 2021 following the merger of GIEK (The Norwegian Export Credit Guarantee Agency and Export Credit Norway) and/or highly rated banks. The internal rules for transitions between stage 1 to stage 2 (significant change in credit risk) and stage 2 to stage 3 (credit impaired) are based upon whether the loans are guaranteed by Eksfin or only by banks.

Loans guaranteed by Eksfin
When loans are guaranteed by Eksfin, the Company presumes that credit risk has increased significantly since initial recognition when contractual payments are more than 14 days past due and presumes the loan is impaired if contractual payments are more than 90 days past due. Normally, the guarantee issued by Eksfin would imply that loss given default (LGD) is expected to be 0 in all scenarios. However, the guarantees issued by Eksfin do not cover any break cost and the Company compensates the Government under the 108 agreement in the case of a defaulted loan. Therefore, the Company calculates an ECL based on the total exposure of actual and

possible break costs not covered by guarantees. The Company determines appropriate 12 month and lifetime Probability of Default (PD) levels to these exposures. Exposures related to break cost will only occur if Eksfin chooses to prepay the loans at default. As part of the ECL calculation, the Company therefore estimates the percentage of instances where Eksfin chose to prepay the loan at default.

Loans guaranteed only by banks
When loans are guaranteed only by banks, the Company presumes that credit risk has increased significantly since initial recognition when contractual payments are either more than 30 days past due or if the guarantor declines the guarantee call. Normally, the guarantor settles the guarantee amount 1-3 weeks after the loan comes past due, so the 30 day back stop is not expected to be used as a trigger for stage migration. The loan is considered impaired if contractual payments are more than 90 days past due. Because of the combination of defaults that needs to happen to both borrower and guarantor, and the high credit quality of the guarantor, the Company expects LGD to be 0 in all scenarios, and thus ECL to be 0 in all stages. The Company will perform a reassessment of LGD if the guarantor is in financial distress, downgraded more than 2 notches or if the guarantor claims that the guarantee is invalid.

In addition to the above principles, the Company considers whether certain exposures that have been extended payment holidays have significant increase in credit risk. This is based on an assessment whether the payment holidays are reflecting financial difficulties of the borrower. If the Company determines that the borrower has financial difficulties, loans will migrate to stage 2 or stage 3 if the loans are considered credit impaired. Loans will migrate back to stage 1 or 2 once the criteria for stage migration as defined above are no longer present, i.e. there is no “cure period”. With the significant impact the guarantees have on the ECL calculations in all macroeconomic scenarios reasonably expected to occur, the use of forward-looking information is not a material input to the ECL calculation.

Description of the 108 Agreement

The 108 Agreement with the Norwegian Ministry of Trade, Fisheries and Industry (referred to as the Ministry) is a government supported arrangement to facilitate lending to companies involved in the Norwegian export industry. It provides coverage of interest rate risk and foreign exchange risk for qualifying lending, borrowing and liquidity. The aim of the 108 Agreement is to provide a fixed Norwegian krone based margin on qualifying OECD loans by compensating for interest rates and foreign currency differences between the lending and the funding.

Lending, borrowing and liquidity under the 108 Agreement are included in the relevant balance sheet items together with transactions not covered by the 108 Agreement. Interest income is recorded in the statement of comprehensive income using the effective interest method based on the rates agreed upon with the borrower, adjusted with the interest rate adjustments paid by the government under the 108 Agreement. Fees are recognized as interest income using the effective interest method when applying amortized cost. Interest expenses are recorded in the statement of comprehensive income using the effective interest method based on the rates agreed with the lender. The 108 Agreement entails the debiting or crediting of settlement accounts continuously throughout the year for realized payment differences related to lending. The net amount to be refunded by the government is included in the line item ’Other assets‘ in the balance sheet. Certain components of the 108 Agreement, which compensate the Company for gains and losses on certain lending transactions covered by the Agreement due to changes in interest and foreign exchange rates, meet the definition of financial derivatives in IFRS 9, and are defined as financial derivatives. Separate measurement at fair value for these derivatives has the potential to result in considerable increases in the Company’s income volatility.

The following summarizes the accounting treatment for the different features of the 108 Agreement:

- The government subsidies provided to the Company are treated as government grants in accordance with IAS 20. Government grants are recognized in income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.
- Those grants relating to the variable rate borrowing meet the definition of a derivative in accordance with IFRS 9. On day 1, the derivative will be recorded on the balance sheet at fair value. The corresponding entry will be posted to 'deferred revenue' in accordance with the treatment for government grants noted above. On subsequent measurements of the derivative, the changes in its fair value is recorded in the income statement.
- Those grants relating to fixed rate borrowings and loans and denominated in NOK currency, do not meet the definition of a derivative in accordance with IFRS 9.
- Grants denominated in a foreign currency meet the definition of a derivative in accordance with IFRS 9. The foreign currency component would not be separated from the entire agreement contract. Therefore, the valuation of the derivative would include the foreign currency component plus the fixed margin relating to the fixed rate loans and borrowings. Similar to the treatment described in the second bullet point above, the initial gain would be deferred and the subsequent changes in the fair value of the derivative would be recognized in the income statement.

The derivatives in the 108 Agreement are recognized in the balance sheet as an asset or a liability depending on the net fair value of the derivatives at the reporting date.

2.3.4.3 Revenue recognition and presentation

Interest income

Interest income and expense for all interest-bearing financial instruments are recognized within ‘interest and related income’, ‘Other similar income’ and ‘interest and related expense on bond debt’ and ‘other interest and related expense’ in the statement of comprehensive income. According to IFRS 9, interest income is calculated using the effective interest rate (EIR) method for all financial instruments measured at amortized cost. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The interest income calculated using the effective interest method is presented within ‘interest and related income’. Other interest income is presented within ‘Other similar income’.

Under IFRS 9 the interest income is calculated by applying the EIR to the gross carrying amount of financial assets other than credit impaired assets. When an asset becomes credit impaired under IFRS 9 ("Stage 3") the interest income is calculated by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit impaired, the Company reverts to calculate interest income on gross basis.

Interest income and expense on all asset and liabilities measured at fair value through profit and loss (including derivatives) is recognized in interest income and expense using the contractual interest rate.

Net gains/(losses) from financial instruments carried at fair value through profit and loss is described under note 2.3.4.1 Financial assets and liabilities at fair value through profit and loss.

2.3.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.4 Equipment

Equipment is carried at historical cost less depreciation. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalized together with the relevant asset if it is probable that future economic benefits associated with the expenses will flow to the Company. Expenses for repairs and maintenance are recognized in the statement of comprehensive income as they occur. Depreciation is recorded on a straight-line basis over the asset's useful life.

Depreciation rates are applied to the asset's historical cost for equipment. Art is not depreciated.

An asset is derecognized when risks and rewards are transferred to another party.

2.5 Dividend

Dividend from Eksportfinans to its owners is recognized in the year in which the dividend is formally approved by the annual general meeting and not in the fiscal year to which the dividend is related.

The board will propose that no dividends shall be paid for the fiscal year 2021.

2.6 Pension commitments

Pension plans
The Company has a set of employee retirement plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions. The plans are generally covered by pension schemes funded and managed through life insurance companies, determined by periodic actuarial calculations.

Pension schemes of the Company define an amount of pension benefit that an employee will receive upon retirement, dependent on several factors, such as age, years of service and compensation.

The Company is required to establish an occupational pension scheme in accordance with the Norwegian mandatory occupational pension law (Lov om obligatorisk tjenestepensjon). The Company's pension scheme meets the requirements of that law.

Pension costs
The pension calculations are carried out in accordance with IAS 19.

The pension expenses in the statement of comprehensive income are based on assumptions determined at the start of the period while the liability is based on assumptions at the end of the period (i.e. the balance sheet date). Pension expenses are included in the line item 'Salaries and other administrative expenses' in the statement of comprehensive income.

Under a defined contribution pension plan, the obligation payable is recognized as an expense as the employee provides services in exchange for the contribution.

The liability recognized in the balance sheet in respect of defined benefit pension plans, is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The calculation is based on assumptions related to discount rate, future salary adjustments, pension and other payments from the national insurance fund, future return on plan assets and actuarial assumptions on mortality and voluntary resignation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high quality corporate bonds as an estimate for the discount rate, adjusted for differences in the payment structure and the average maturity of the pension liability.

Return on plan assets is calculated at the beginning of the period based on the discount rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions of the value of plan assets or of the defined benefit obligation are recognized in the statement of comprehensive income.

Social security tax related to the pension commitments is calculated based on the net pension obligation for each pension scheme at the end of the year.

Pension liabilities are classified under the line item 'Provisions', and prepaid pension cost is classified under the line item 'Other assets' in the balance sheet.

See note 7 for further information.

2.7 Income taxes

The tax expense in the statement of comprehensive income consists of both current payable tax and changes in deferred tax. Current payable tax is based on taxable operating profit for the year. Change in deferred tax is based on temporary differences between accounting profit and taxable profit.

Deferred taxes in the balance sheet are calculated on the basis of temporary differences. Temporary differences are differences between the recorded value of an asset or liability and the taxable value of the asset or liability. Deferred taxes are calculated based on tax rates and tax rules that are effective at the date of the balance sheet. The most significant temporary differences refer to unrealized gains and losses on financial instruments, non deductible pension expenses and depreciation of equipment.

Taxable and deductible temporary differences which are, or can be, reversed within the same period are offset. Deferred tax is recorded in the balance sheet as a liability (or asset).

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilized.

See note 10 for further information.

2.8 Provisions

A provision is a liability of uncertain timing and amount that is recognized when the Company has a present legal or constructive obligation as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The amount recognized is measured at the present value expected to be required to settle the obligation at the balance sheet date, taking into account risks and uncertainties surrounding the provision. The amount is only recognized if it can be estimated reliably.

See note 16 for further information.

2.9 Leases

Fom April 2016, the Company leases parts of an office building from Eiendomsselskapet Dronning Mauds gt 15 AS. The building was previously owned by the Company.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term discounted using the Company's incremental borrowing rate. The lease payments include fixed payments, variable lease payments that depend on an index (KPI) and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option. The Company's lease contract has no extension options.

The lease liability is subsequently measured at amortised cost using the effective interest method.

2.10 Cash equivalents

Cash equivalents are defined as bank deposits with maturity of less than three months from the date of acquisition. Changes in other bank deposits are included in the line items 'Purchase of financial investments' and 'Proceeds from sale or redemption of financial investments' in the cash flow statement.

See note 20 for further information.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to use judgment in making estimates and assumptions that affect reported amounts of assets and liabilities, the reported amounts of income and expense and the disclosure of contingent assets and liabilities. The following accounting estimates, which are based on relevant information available at the end of each period, include inherent risks and uncertainties related to judgments and assumptions made by management. The Company considers the following accounting estimates to be critical in applying the accounting policies due to the existence of uncertainty at the time the estimate is made, the likelihood of changes in estimates from period to period and the potential impact that these estimates can have on the financial statements.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company believes that the applied assumptions are the most likely, although actual events may differ from these. Consequently, the estimates could prove inaccurate, and the Company may be exposed to changes to earnings that could be material.

The company has evaluated potential risks on valuation and estimates from ESG factors. The limited size, market activity and nature of operations has lead to the company assessing this risk as minimal.

3.1 Fair value of financial instruments

Eksportfinans uses quoted prices where available, valuation techniques and theoretical models using market information. These estimates are calibrated against economic models and any observed transaction prices. Estimated market values of derivatives under Credit Support Annexes (CSA agreements) are also reconciled daily with counterparties valuations (see Note 22.2 Risk limit control and mitigation policies for a brief description of CSA agreements). Since Eksportfinans has adopted the fair value option for the majority of its financial assets and liabilities, market changes or changes to assumptions or estimated levels can significantly impact the fair value of an instrument as reported and have a significant impact on the statement of comprehensive income. The subjectivity of these assumptions is reduced by using observable market inputs in the valuations, such as a quoted price or rate, by using multiple models for valuation purposes, and by obtaining price and rate information from multiple sources.

In particular the multi-notch downgrade of Eksportfinans from Moody's and Standard and Poor's in November 2011 led to significant reductions in the market value of the Company's own debt. The Company used quoted prices of traded debt both before and after the downgrade since IFRS requires actual traded prices to be used if such quotes exist. The rating effect on the Company's significant liabilities overshadowed all other market fluctuation effects for 2011 and the unrealized gain for the year was several times higher than ever recorded for any year before in the history of the Company. During the last nine years, the credit spreads on the Company's own debt have gradually decreased and a significant part of the unrealized gain in 2011 has been reversed.

Generally critical accounting estimates and judgment are those related to fair value measurement of financial instruments using significant unobservable inputs. Unobservable inputs are most significant for structured bond debt, the swaps used to economically hedge the structured bond debt and export loans. For structured debt and related swap contracts, the most important assumptions that impact the estimate of fair value are the spread assumptions and the models chosen for the Monte Carlo simulations performed in order to be able to project expected coupon and maturity dates. The simulations performed to project coupons and maturities are based on market data such as volatilities and correlations. However, in general there is limited market data available to corroborate the simulations performed.

Further information on fair value measurement techniques and assumptions are disclosed in note 4.

4 FAIR VALUE OF FINANCIAL INSTRUMENTS

4.1 Methodology

The fair values of financial instruments are determined either with reference to a price quoted in an active market for that instrument, or by using a valuation technique.

A market is considered to be active when the prices are readily and regularly available from exchanges, brokers, market makers and pricing vendors, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

A market is considered to be non-active when there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or little information is released publicly for the financial asset or financial liability.

The degree of judgment used in the measurement of fair value of financial instruments is generally higher with a lower level of pricing transparency, and vice versa. Financial instruments with quoted prices in active markets generally have higher transparency of prices, and less judgment is needed when determining fair value. Conversely, instruments traded in non-active markets, or that do not have quoted prices, have lower transparency of prices, and fair values are estimated through valuation models or other pricing techniques that require a higher degree of judgment.

The methodologies used for estimating the fair values using valuation models calculate the expected cash flows under the terms of each specific contract, and then discount these back to present values using appropriate discount curves.

The valuation techniques make maximum use of market inputs, and rely as little as possible on entity-specific inputs. These techniques use observable market prices and rates as inputs, including interest rate yield curves for substantially the full term of the asset or liability, equity and commodity prices, option volatilities and currency rates. In certain cases, the valuation techniques incorporate unobservable inputs. See description of fair value measurement of each class of financial instruments below for extent of unobservable inputs used. The fair value measurement generally incorporates appropriate credit spreads obtained from the market.

In general, the Company goes through the following process to establish fair value for each financial instrument:

- First, the Company seeks to identify current quoted prices in an active market for the financial instrument.
- If there are no current quoted prices, the Company seeks to identify recent transactions for the same instrument.
- If there are no recently quoted prices for the same instrument, the Company seeks to identify current or recently quoted prices or transactions for another instrument that is substantially the same.
- If there are no quoted prices for essentially equal instruments, the Company seeks to identify appropriate market-quoted rates (e.g. yield curves, volatilities and currency rates) to be used as inputs into a valuation technique.
- In certain instances, it is necessary for the Company to use unobservable inputs into the valuation technique. These inputs are to the fullest extent possible based on other observable prices or rates identified during the above-mentioned steps.

See below for a discussion on how fair value is established for each class of financial assets and liabilities:

Loans due from credit institutions or customers:

The fair values of loans due from credit institutions or customers are determined using a discounted cash flow model, incorporating appropriate market yield curves and credit spreads. These debt instruments are not actively traded and consequently, these instruments do not have observable market prices subsequent to loan origination.

For guaranteed loans, interest rate curves are obtained from market sources, and credit spreads are based on initial spreads at the time of loan origination. The initial spread is usually not adjusted because these loans are fully guaranteed by a bank or Eksfin. Most of Eksportfinans' non-government guarantors are currently well rated Norwegian banks and international banks with solid financial positions. An increase in the credit risk of the debtor will, as a result of the guarantee, in most cases not lead to more than an insignificant increase of the combined credit risk. This is reflected in market rates so for example a loan made to a debtor guaranteed by a specific bank has a considerably lower spread than a direct loan made to the same bank. Eksportfinans therefore believes it would be reasonable to assume, in the absence of evidence to the contrary, that no changes have taken place in the spread that existed at the date the loan was made. The Company does make reasonable efforts to determine whether there is evidence that there has been such a change in spread. Credit ratings of all guarantors are monitored on an ongoing basis. Spreads are adjusted upon significant changes in rating for the guarantor since the origination date, as the Company considers this as evidence of widening of spreads.

For direct loans to Norwegian savings banks, interest rate curves and credit spreads are based on observable market data. The credit spread curves obtained from the market are from widely published reports from market participants on indicative spreads for identical or similar loans. The spreads are published in the market shortly after month end.
For the municipal portfolio interest rate curves and credit spreads are based on observable market data. The credit spreads used in the model are supported by quotes obtained from three different price providers. For loans guaranteed by municipalities, the same methodology is used as for guaranteed export lending.

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

	December 31, 2021		December 31, 2020	
(NOK million and percentage)	Sensitivity (1 bp)	Percentage	Sensitivity (1 bp)	Percentage
Direct loans	(0.19)	49.2 %	(0.3)	32.7 %
Loans to municipalities	(0.23)	41.4 %	(0.3)	23.8 %
Guaranteed loans	(0.02)	9.4 %	(0.1)	43.5 %
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 215 basis points as of year-end 2021 (from 0 basis points to 215 basis points as of year-end 2020). For the combined total lending portfolio over the past two years credit spreads have changed 1.0 basis points per month in 95 percent of the time. As of year-end 2021 a spread widening of 1.0 basis points would give an estimated loss of NOK 0.4 million. As of year-end 2020 a spread widening of 1.9 basis points would give an estimated loss of NOK 1.3 million.

Securities:

Fair value of Eksportfinans' portfolio of securities is mainly established using prices quoted in active markets, generally obtained from exchange or dealer markets. The quotes may come from securities with similar attributes, from a matrix pricing methodology, or from internal valuation models utilizing different methodologies. These methodologies consider such factors as the issuer's industry, the security's rating and tenor, its coupon rate and type, its position in the capital structure of the issuer, yield curves, credit curves, prepayment rates and other relevant factors. The major price provider (Bloomberg) covered 100 percent as of December 31, 2021 (82 percent as of December 31, 2020). Eksportfinans has established various controls to ensure the reasonableness of received quotes such as reconciling with other securities of similar currency, maturity, country or issuer. The Company also investigates large variations amongst different price providers. For all quoted prices the median quote was used.

Financial derivatives:

Currency and interest rate swaps are valued using a valuation model technique incorporating appropriate credit spreads obtained from the market, as well as other observable market inputs, such as interest rate levels and market volatilities. Structured swaps mirroring the embedded derivatives in structured debt issues are modeled as described for structured bond debt.

Bond debt:

Structured bond debt consists of bond issues where the coupon rate, currency, maturity date and notional amount may vary with market conditions. For instance, the maturity will vary as a significant part of the structured bond debt has call and trigger features depending on the passage of time and/or market levels.

Eksportfinans' structured issues currently consist of six main structure types:

- The coupon is paid in a different currency than the currency for which the coupon is calculated, and the bond might have Bermudan options embedded. Bonds with this coupon type are priced using a Hull-White one-factor model if there is only one currency and an N-currency model coupled with a Black-Scholes model in cases of several currencies.

- The coupon is based on the minimum of two FX's (USD/JPY and AUD/JPY for a majority of the issues). The Black-Scholes model is used to evaluate the foreign exchange rates and a Hull-White one factor model to treat the interest rate curves.

- The coupon has digital attributes. For example, if the FX rate is above a given strike level, the coupon paid will be high, if the FX is below the strike, the coupon paid will be low. These coupon structures are modeled by an N-currency model.

- The coupon is inversely linked to the London Interbank Offer Rate (LIBOR). The coupon structure is normally of the type "FixedRate-multiplier x Libor". A Hull-White model is used for the interest rate and if the issue contains more than one currency, the N-factor model is used.

- The coupon depends on the difference between two interest rates, for example '2 year swap minus 10 year swap'. This difference is multiplied with a factor, and both one and two currencies can be involved. For one-currency issues a Hull-White model is used for the two interest rates. For two-currency issues a Black-Scholes model put together with an N-currency model is used.

- The coupon is based on the performance of single equities, equity baskets or indexes. These issues are priced based on a Black-Scholes model if the underlying is in the same currency as the notional. The implied volatility derived from suitable traded options is used as volatility input and expected future dividends are based on market expectations. If the underlying is in a different currency than the notional a quanto-model to factor in the currency effect is used.

Structured bond debt (and their corresponding swaps, see section on financial derivatives above) is mostly valued using the Company's valuation system based on different, well known valuation models, such as Black-Scholes and Hull-White, as appropriate for the different types of structures. All models use observable market data. Market data such as volatilities, correlations, and spreads for constant maturity swaps are imported (unadjusted) directly from widely used data systems like Reuters and Bloomberg. All models are calibrated to produce the transaction price at day one and consequently there are no day one profits calculated using Eksportfinans' methodology. Which model and which structure setup are determined by the redemption structure, the number of FX, equities or indexes constituting the underlying and whether the coupon is accumulated or not as time passes.

The market data used is observable market input. This input is used to project both cash flows and maturity dates of the structured debt. This is to a large degree done by Monte Carlo simulations.

The fair values established using the valuation models above are further supported by the assessment for reasonableness against values for the same instruments received from the counterparty in the transaction.

Changes in credit spread are considered in the valuation of structured bond debt. Historically, the credit spreads applied in the fair value measurement have been derived from current spreads on Eksportfinans' USD benchmarks quoted by Bloomberg. As fewer benchmarks are outstanding and the trading activity in the benchmark is lower, the Company has decided to use broker quotes from the major provider of such quotes in the Norwegian market. These quotes have been compared to the historical benchmark credit spreads observed on Bloomberg to ensure high correlation with historical trading prices.

The following table shows the unrealized gain of each category of bond debt by increasing the credit spread by 1 basis point The last plain vanilla bond matured in February 2021:

	December 31, 2021	December 31, 2020
(NOK million)	Sensitivity (1 bp)	Sensitivity (1 bp)
Plain vanilla bond debt	-	0.02
Structured bond debt	3.16	3.75

The spreads applied for fair value measurement of bond debt are in the range from 20 basis points to 80 basis points as of year-end 2021 (from 22 basis points to 87 basis points as of year-end 2020).

4.2 Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources that is visible to other parties in the market; unobservable inputs reflect the Company's market assumptions, specific methodologies and model choices. These two types of input have created a hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1:
Securities for which there are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2:
Securities with inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) are classified as level 2.

Level 3:
Securities with inputs that are both significant to fair value and unobservable are classified as level 3.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The assessment of which level each transaction falls into is a dynamic process.

Loans and receivables that do not trade frequently or in sufficient volumes to be classified in level 1 but where nothing but observable market data (such as interest rate levels and published spread indices) and well known discounting methods are used, are classified as level 2. Loans and receivables where credit spreads at a reporting date is a function of initial over the counter negotiated spreads and subjective adjustments to input such as rating changes, are classified as level 3. Demand deposits in Norwegian bank accounts are classified as level 1. Short term deposits are classified as level 2 due to their contractual periods.

Securities consist of bonds in the liquidity portfolios which are classified as level 2, as they are valued using index mappings or adjusted market prices such as the median of several quotes not necessarily publically obtainable.
Financial derivatives are either normal interest rate- or currency swaps classified in level 2 as standard discounting of observable inputs is used in the valuation, or structured swaps classified as level 3 where unobservable inputs such as correlations and volatilities are used in model valuations.

The below tables set forth Eksportfinans trading assets and liabilities and other financial assets and liabilities accounted for at fair value under the fair value option. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Other assets are collateral paid to swap counterparties (as specified in note 22.2) and are classified as level 2.

Financial assets measured at fair value through profit or loss:

	December 31, 2021				December 31, 2020			
(NOK million)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans due from credit institutions	380	577	0	957	140	1,071	0	1,211
Loans due from customers	0	25	544	569	0	31	1,398	1,429
Securities	0	7,489	0	7,489	0	8,468	0	8,468
Financial derivatives	0	111	457	568	0	313	764	1,077
Other assets	0	574	0	574	0	384	0	384
TOTAL FAIR VALUE	**380**	**8,776**	**1,001**	**10,157**	**140**	**10,267**	**2,162**	**12,569**

Plain vanilla bond debt and structured bond debt use unobservable inputs and model valuation and are classified as level 3. Financial derivatives on the liability side are both level 2 and 3, see discussion above for financial derivative assets. Other liabilities are specified in note 17 and are valued using discounting techniques and observable market data and as such are classified as level 2.

Financial liabilities measured at fair value through profit or loss:

	December 31, 2021				December 31, 2020			
(NOK million)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Bond debt	0	0	3,361	3,361	0	0	5,503	5,503
Financial derivatives	0	59	271	330	0	178	98	276
Other liabilities	0	258	0	258	0	521	0	521
TOTAL FAIR VALUE	**0**	**317**	**3,632**	**3,949**	**0**	**699**	**5,601**	**6,300**

The movements of level 3 assets and liabilities are shown as follows:

Financial assets measured at fair value through profit or loss based on level 3 inputs:

	2021				**2020**			
(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**	**1,398**	**764**	**2,162**	**0**	**3,184**	**668**	**3,852**
Total gains or losses [1)]	0	(1)	(253)	(254)	0	16	110	126
Settlements	0	(853)	(54)	(907)	0	(1,802)	(14)	(1,816)
Closing balance	**0**	**544**	**457**	**1,001**	**0**	**1,398**	**764**	**2,162**
Total gains or losses [1)] for the period in profit or loss for assets held at the end of the reporting period	0	(1)	(169)	(170)	0	16	333	349

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

Financial liabilities measured at fair value through profit or loss based on level 3 inputs:

	2021			**2020**		
(NOK million)	Bond debt	Financial derivatives	Total	Bond debt	Financial derivatives	Total
Opening balance	**5,503**	**98**	**5,601**	**4,681**	**363**	**5,044**
Total gains or losses [1) 3)]	(15)	174	159	225	(245)	(20)
Settlements [2)]	(2,127)	(1)	(2,128)	597	(20)	577
Closing balance	**3,361**	**271**	**3,632**	**5,503**	**98**	**5,601**
Total gains or losses [1) 3)] for the period in profit or loss for liabilities held at the end of the reporting period	(15)	153	138	192	(29)	163

1) Presented under the line item 'Net gains/(losses) on financial instruments at fair value' and 'Change in fair value attributable to changes in own credit risk' in the statement of comprehensive income.
2) For the period January 1, 2021 to December 31, 2021, a negativ settlement amount is due to an decreased share of financial assets measured at fair value to total assets.
3) For liabilities, positive figures are represented as losses and negative figures are represented as gains.

4.3 Measurement categories

The classes of financial instrument fall into the following measurement categories (carrying amounts in NOK million):

	2021				2020			
FINANCIAL ASSETS	FVPL D[1)]	FVPL M[2)]	AM[3)]	TOTAL	FVPL D[1)]	FVPL M[2)]	AM[3)]	TOTAL
Loans due from credit institutions	958	0	0	958	1,211	0	5	1,216
Loans due from customers	569	0	403	972	1,429	0	878	2,307
Securities	0	7,489	0	7,489	0	8,468	0	8,468
Financial derivatives	0	568	0	568	0	1,077	0	1,077
Other assets	0	574	23	597	0	384	50	434
TOTAL	**1,527**	**8,631**	**426**	**10,584**	**2,640**	**9,929**	**933**	**13,502**

FINANCIAL LIABILITIES	FVPL O[4)]	FVPL M[2)]	AM[3)]	TOTAL	FVPL O[4)]	FVPL M[2)]	AM[3)]	TOTAL
Bond debt	3,362	0	478	3,840	5,503	0	953	6,456
Financial derivatives	0	330	0	330	0	276	0	276
Other liabilities	0	255	10	265	0	521	15	536
TOTAL	**3,362**	**585**	**488**	**4,435**	**5,503**	**797**	**968**	**7,268**

1) FVPL D: Financial instrument at fair value through profit or loss - designated at initial recognition
2) FVPL M: Financial instrument at fair value through profit or loss - mandatory
3) AM: Financial instrument at amortized cost
4) FVPL O: Financial instruments at fair value through profit or loss with changes in fair value related to change in own credit risk presented in OCI (Designated)

4.4 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:

	December 31, 2021		December 31, 2020	
(NOK million)	Fair value	Carrying value	Fair value	Carrying value
ASSETS				
Loans due from credit institutions	958	958	1,216	1,216
Loans due from customers	1,002	972	2,364	2,307
Securities	7,489	7,489	8,468	8,468
Financial derivatives	568	568	1,077	1,077
Other assets	597	597	434	434
LIABILITIES				
Bond debt	3,840	3,840	6,467	6,456
Financial derivatives	330	330	276	276
Other liabilities	265	265	536	536

5 NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE

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

(NOK million)	2021	2020
Securities	15	7
Financial derivatives	(13)	(33)
Other financial instruments at fair value	18	52
Net realized gains/(losses)	**20**	**26**
Loans due from credit institutions	(6)	2
Loans due from customers	0	(1)
Securities	(44)	14
Financial derivatives	(27)	167
Bond debt	83	(176)
Other financial instruments at fair value	0	1
Net unrealized gains/(losses)	**6**	**7**
NET REALIZED AND UNREALIZED GAINS/(LOSSES)	**26**	**33**

See note 23.4 for a presentation of the above tables through the eyes of management.

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As of December 31, 2021, the Company leases parts of an office building from Eiendomsselskapet Dronning Mauds gt 15 AS.
By October 2022 the lease of the offices will be renewed for another period. The terms of the new lease are expected to be closed in the second quarter of 2022.

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

(NOK million)	2021	2020
Acqusition of right-of-use at January 1	6	9
Depreciation	3	3
CARRYING AMOUNT OF RIGHT-OF-USE ASSET AT DECEMBER 31	**3**	**6**

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

(NOK million)	Dec. 31, 2021
Less than 1 year	3
1-2 years	0
3-4 years	0

The carrying amount of right-of-use asset is included in the balance as other asset (see note 13), whereas the lease liabilities are included in other liabilities (see note 17).

The interest expense of the lease liability was NOK 0.1 million in 2021, which is included in the income statement as interests and related expenses. The discount rate that is being used is 1.92%.

7 EMPLOYEE RETIREMENT PLAN

Until 2011, Eksportfinans had a defined benefit occupational scheme for all employees in the form of a pension scheme. As of December 31, 2011, this defined benefit occupational scheme was closed to new employees and replaced by a defined contribution plan.

The Company has also had a contractual pension agreement (CPA) scheme that has entitled staff to benefits from the age of 62 until they are eligible for a National Insurance pension upon reaching the age of 67. The terminated CPA scheme has been replaced by a new multi-employer scheme entering into force as of January 1, 2011. This plan is considered to be a multi-employer defined benefit plan but is accounted for as a defined contribution plan until reliable and sufficient information is available for the Company to recognize its proportional share of pension cost, pension liabilities and pension assets.

The defined contribution plan, in which new emplloyees since 2012 is a member of, currenty has 6 persons enrolled. The company pays 7% of the salary up to 7,1G and 15% of salaries between 7,1G and 15G. Total expense in this scheme for 2021 was NOK 0,3 million.

The actuarial calculations are based on the following assumptions:

EXPENSES			COMMITMENTS	
2021	2020	(Percent)	Dec. 31, 2021	Dec. 31, 2020
1,70	2,30	Discount rate	1,90	1,70
2,25	2,25	Future salary increases	2,75	2,25
2,00	2,00	Future basic amount increase	2,50	2,00
2,00	2,00	Future pension increases	2,50	2,00
K2013BE	K2013BE	Demographic assumption about mortality rate *)	K2013BE	K2013BE

*) Statistical assumptions about mortality, as officially calculated in 2013.

The pension expenses consist of the following components:

(NOK million)	2021	2020
Current service cost	5	5
Interest cost	3	2
Curtailment	0	0
Social security tax	0	1
TOTAL PENSION EXPENSES	**8**	**8**

The amounts in the balance sheet are determined as follows:

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Present value of funded obligations	175	170
Fair value of plan assets	109	104
Underfunded/(funded) status of funded obligations	66	66
Present value of unfunded obligations	94	87
Underfunded/(funded) status of all obligations	160	153
NET PENSION LIABILITY	**160**	**153**
Pension liabilities in the balance sheet	160	153
NET PENSION LIABILITY	**160**	**153**
Social security tax included	26	25

The movement in the defined benefit obligation over the year is as follows:

(NOK million)	2021	2020
Beginning of year	257	225
Current service cost, excluding social security taxes	5	5
Interest cost	4	5
Actuarial losses/(gains)	11	29
Benefits paid	(8)	(7)
OBLIGATION AT END OF YEAR	**269**	**257**

Curtailments are mainly related to reduction of members in the pension plan.

The contributions expected to be paid to the Company's pension schemes in 2022 are NOK 6 million.

The movement in the fair value of plan assets of the year is as follows:

(NOK million)	2021	2020
Beginning of year	104	102
Interest income	2	2
Actuarial gains/(losses)	2	0
Employer contributions	6	4
Benefits paid	(5)	(4)
ASSETS AT END OF YEAR	**109**	**104**

A quantitative sensitivity analysis for significant assumptions as of December 31, 2021 is as shown below:

Assumptions (Sensitivity level)	Discount rate		Future Salary Increases		Future pension cost increase	
(NOK million)	1% Increase	1% decrease	1% Increase	1% decrease	1% Increase	1% decrease
Impact on the net defined benefit obligation	(43)	55	14	(15)	45	(37)
Estimated change net pension cost 2022	(1)	1	1	(1)	2	(1)
Estimated change service cost 2022	(1)	1	1	(1)	1	(1)

Plan assets are invested as follows (according to regulatory guidelines established for life insurance companies):

(Percent)	Dec 31, 2021*	Dec 31, 2020
Equity Securities	10	7
Debt Securities	76	79
Property	14	14
Other Assets	0	0
TOTAL PLAN ASSETS	**100**	**100**

(Percent)	**2021**	**2020**
Actual return on plan assets	3.5	1.5

*****Figures as per September 30 due to lack of figures from life insurance company.

Historical development of the pension liabilities:

(NOK million)	December 31, 2021	2020	2019	2018	2017
Present value of defined benefit obligations	269	257	225	234	228
Fair value of plan assets	109	104	102	100	101
Pension plan deficit/(surplus)	160	153	123	134	127
NET RECORDED PENSION LIABILITY/(ASSET)	**160**	**153**	**123**	**134**	**127**
Actuarial losses/(gains) for the year related to obligations	11	29	(12)	3	10
Actuarial gains/(losses) for the year related to assets	2	0	0	(3)	1

8 SALARIES AND OTHER ADMINISTRATIVE EXPENSES

(NOK Million)	2021	2020
Salaries, pension expenses and social security	44	46
Administrative expenses	31	28
TOTAL	**75**	**74**

9 OTHER EXPENSES

(NOK Million)	2021	2020
Resolution Fund Contribution*	3	4
Other Expenses	3	3
TOTAL	**6**	**7**

*) From January 1, 2019 The Norwegian Bank's Guarantee Fund established the Resolution Fund. The fund will be at the disposal of the resolution authority, FSA, in case of future resolution measures. Norwegian banks and credit institutions pay contributions to capitalize the fund.

10 INCOME TAXES

Taxes payable:

(NOK million)	2021	2020
Pre-tax operating profit/(loss)	29	59
Pre-tax other comprehensive income	(76)	(78)
Permanent differences	0	0
Change in temporary differences	47	19
TAXABLE INCOME	**0**	**0**
Current taxes	0	0
Change in last year's tax provision	0	0
Write down of deferred tax asset	177	0
Change in deferred taxes	7	15
TOTAL INCOME TAXES IN INCOME STATEMENT	**184**	**15**
Current taxes	0	0
Withholding tax already paid	0	0
TAXES PAYABLE IN BALANCE SHEET	0	0

Deferred tax liability / deferred tax assets:

(NOK million)	2021	2020
Deferred tax/(deferred tax assets) beginning of year	(270)	(266)
Deferred tax/(deferred tax assets) beginning of year adjustment	0	0
Excess book value over tax depreciation	0	8
Accounts receivables	(5)	1
Mark-to-market adjustments financial instruments	(26)	162
Employee retirement plan	(7)	(30)
Debt at fair value	15	(226)
Deficit that can be carried forward	20	53
Securities	(44)	14
Other liabilities	0	0
Change in tax-increasing temporary differences	**(47)**	**(19)**
Applied tax rate	25 %	25 %
Tax on changes in temporary differences	(12)	(5)
Write down of deferred tax asset *)	177	0
Deferred tax/(deferred tax assets) end of year	**(105)**	**(270)**

***)** In 2021 the company decided to write down the deferred tax asset based on updated estimates and assumptions on use of the deficit that can be carried forward.

Temporary differences:

(NOK milion)	Dec. 31, 2021	Dec. 31, 2020
Excess book value over tax depreciation	0	8
Accounts receivables	8	13
Mark-to-market adjustments financial instruments	172	181
Employee retirement plan	(160)	(154)
Debt at fair value	130	114
Securities	20	64
Other liabilities	0	0
Loss Carryforward	(1,296)	(1,308)
Total tax-increasing temporary differences	**(1,126)**	**(1,080)**
Tax on temporary differences	**(282)**	**(270)**
Write down of deferred tax asset	177	0
Deferred tax asset	**(105)**	

Reconciliation of income taxes:

(NOK million)	2021	2020
Pre-tax operating profit/(loss) from continuing operations	28	59
Tax calculated at a 25 % nominal tax rate	7	15
Tax effect of:		
- Change in tax rate for deferred taxes to 25 %	0	0
- Permanent differences	0	0
- Write down deferred tax asset	177	0
Total tax effects	177	0
TAXES/ (TAX INCOME) IN THE INCOME STATEMENT	**184**	**15**
Effective tax rate of taxes in the income statement	657,1 %	25,0 %
Tax effect from reconciliation items above	-632,1 %	0,0 %
Tax rate after reconciliation	25,0 %	25,0 %
Applicable tax rate	25,0 %	25,0 %
DIFFERENCES	**0,0 %**	**0,0 %**
Applied tax rate on taxes payable	25 %	25 %

11 FINANCIAL DERIVATIVES

Financial derivatives are used in the risk management of the Company's financial activities with the purpose of obtaining economic hedging. The risk elements of derivatives related to the issue of securities in the international capital markets (embedded derivatives) are covered through economic hedging transactions. Financial derivatives are also used to provide the Company's borrowers with the required foreign currency, interest rate terms and financing structure, and to cover the interest and exchange rate risk related to financial investments. In addition, derivatives can be used to a limited extent in the trading portfolio.

The credit risk related to existing agreements is considered to low, as all parties involved are major Norwegian and international financial institutions. All derivative transactions are traded under ISDA (International Swaps and Derivatives Association) agreements. For the majority of the derivative counterparties Eksportfinans has entered into credit support annexes (CSAs) represented as annexes in the ISDA agreements. These CSAs enable Eksportfinans to call for collateral if the derivative exposure exceeds set limits. The same strict requirements and monitoring procedures in force for loan guarantees also apply to the Company's counterparties under agreements related to financial derivatives. The risk of non-performance is considered in the estimates of fair value of derivative assets and liabilities.

Eksportfinans has active CSA agreements with 23 different counterparties as of December 31, 2021. As of December 31, 2021, 100 percent of the CSA's have daily collateral exchange, which is the same as December 31, 2020. Eksportfinans accepts only cash as collateral. As of December 31, 2021, 100 percent of derivative exposures in terms of number of transactions and volume are covered under CSA agreements, which is the same as of December 31, 2020.

The following overview of financial derivatives shows the nominal gross amounts and the fair value of the agreements involved:

	Dec. 31, 2021		Dec. 31, 2020	
(NOK million)	Notional	Fair value	Notional	Fair value
Interest rate derivatives	1,555	375	2,765	431
Currency rate derivatives	1,967	(30)	830	15
Interest and currency rate derivatives	3,989	(133)	6,715	252
Equity derivatives	329	49	381	109
108 derivatives	657	8	1,142	26
Other financial derivatives	66	(31)	65	(32)
TOTAL	**8,563**	**238**	**11,898**	**801**
Financial derivatives assets		568		1,077
Financial derivatives liabilities		330		276
NET DERIVATIVES		**238**		**801**

The notional is defined as the principal amount of the agreement at year-end.

Interest rate derivatives cover:

- Interest rate swaps – agreements to swap the nominal interest rates payable within a certain period.
- Forward rate agreements (FRAs) – agreements that fix the rate of interest to a nominal amount for a future period.
- Agreements that set floating rates of interest based on the future level of interest rates. These agreements include both interest rate options (caps, collars, floors) and interest rate conditions based on agreed formulas in which the future floating rate of interest is a variable.

Currency rate derivatives cover:

- Forward purchases/sales agreements – agreements to purchase or sell a certain amount of foreign currency at a future date at an agreed exchange rate in relation to another currency.
- Short-term currency swap agreements (FX swaps) – agreements to swap given amounts of foreign currency for a defined period at a pre-determined exchange rate.

Combined interest rate and foreign exchange rate derivatives cover:

- Interest and foreign currency swaps – long-term agreements to swap both interest rates and the amount of foreign currency for a fixed period.

Interest and foreign exchange swaps combined with other interest and foreign currency derivatives include the following:

- Agreements which set floating rates of interest based on the future level of interest rates. This covers both interest rate options (caps, collars, floors) and interest rate conditions based on agreed formulas in which the floating rate of interest is a variable.
- Foreign currency options – agreements that offer the right – but no obligation – to sell or buy a certain nominal amount at a pre-determined rate.
- Agreements based on a future foreign exchange rate. The terms of the agreement are set on the basis of a pre-determined agreed-upon future exchange rate level.
- Call or put options – agreements that give the right to cancel the agreement before its maturity date, or to extend the agreement.

Equity derivatives cover:

- Interest and foreign currency swaps combined with agreements that relate to the future price level of individual stocks or stock indexes in relation to a pre-determined agreed-upon level.
- Interest and foreign currency swaps combined with stock options – agreements that offer the right – but no obligation – to sell or purchase a defined number of shares at a pre-determined, agreed-upon price.

108 Agreement derivatives:
The 108 Agreement is a government supported arrangement to facilitate lending to companies involved in the Norwegian export industry. It provides coverage of interest rate risk and foreign exchange risk for qualifying lending, borrowing and liquidity. The aim of the Agreement is to provide a fixed Norwegian krone based margin on qualifying OECD loans by compensating for interest rates and foreign currency differences between the lending and the funding.

Other financial derivatives cover:

- Interest and foreign currency swaps combined with agreements that provide the option to receive physical securities (such as U.S. Treasury bonds) in exchange for the nominal amount of the agreement.
- Credit linked swaps – interest rate swaps combined with agreements where both maturity date and final payments are linked to a specific credit in the form of one or several bonds.
- Commodity derivatives – interest and foreign currency swaps combined with agreements which relate to the future price level of a commodity or commodity index in relation to a pre-determined agreed price.

The financial derivatives as described above are used in the risk management of the Company with the purpose of obtaining economic hedging. For a quantitative analysis of the impact of these economic hedging relationships, see note 23.4.

12 LOANS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS

Loans due from credit institutions:

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Cash equivalents [1)]	380	485
Loans to other credit institutions, nominal amount [2)]	581	736
Accrued interest on loans and unamortized premium/discount on purchased loans	(7)	(7)
Adjustment to fair value on loans	4	2
TOTAL	**958**	**1,216**

1) Cash equivalents are defined as bank deposits with maturity of less than 3 months (see note 20).
2) The Company has acquired certain loan agreements from banks for which the bank provides a repayment guarantee, therefore retaining the credit risk of the loans. Under IFRS these loans classify as loans to credit institutions.

Loans due from customers:

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Loans due from customers, nominal amount	967	2,288
Accrued interest on loans and unamortized premium/discount on purchased loans	1	8
Adjustment to fair value on loans	4	11
TOTAL	**972**	**2,307**

Total loans:

Nominal amounts related to loans due from credit institutions and customers, respectively, from the two previous tables are included in the following analysis.

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Loans due from other credit institutions	581	736
Loans due from customers	967	2,288
TOTAL NOMINAL AMOUNT	**1,548**	**3,024**

See note 2.3.4 for a description of which loans are measured at amortized cost and which are measured as at fair value through profit or loss.

Loans by categories:

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Commercial loans	1,148	2,150
Government-supported loans	400	874
TOTAL NOMINAL AMOUNT	**1,548**	**3,024**
Municipal-related loans to other credit institutions	550	700
Direct loans to Norwegian local government sector	458	499
Capital goods	434	729
Ships	103	449
Export-related and international activities *)	0	644
Loans to employees	3	3
TOTAL NOMINAL AMOUNT	**1,548**	**3,024**
Amount included that is expected to be settled after more than twelve months	1,165	2,040

*) Export-related and international activities consist of loans to the category of borrowers named Shipping.

13 OTHER ASSETS

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Settlement account 108 Agreement	6	34
Cash collateral	574	384
Right-of-use asset	3	6
Other	14	10
TOTAL	**597**	**434**

14 BORROWINGS THROUGH THE ISSUE OF SECURITIES

The last outstanding public benchmark bond matured in February 2021. Eksportfinans' debt portfolio consists of Medium term notes/private placements. These bonds tend to be smaller and in a number of different currencies. The majority have structured coupon and/or redemption amount, and the rest of the portfolio is plain vanilla bonds. See note 4 for a description of the bond structures.

All bond debt issuance is swapped back into Libor in one of the Company's base currencies; US dollar, Euro or Norwegian kroner. The Company does not take market views through its bond debt issuance and hedges itself against market risk on a trade by trade basis.

Commercial paper can be used for bridge financing as and when required.

Outstanding amounts and interest rates related to bond debt:

(NOK million)	2021	2020
Amount outstanding at year-end	3,840	6,456
Maximum amount oustanding	6,377	7,596
Average amount outstanding	4,199	7,211
AVERAGE INTEREST RATE	**0.32 %**	**0.29 %**

Structure composition of bond debt:

(NOK million)	2021	2020
Plain vanilla	0	1,947
Equity linked	349	416
Foreign exchange linked	2,081	2,552
Other structures	1,410	1,541
TOTAL	**3,840**	**6,456**

15 LOANS TO ELECTED OFFICERS

No loans have been provided to any elected officers.

16 PROVISIONS

(NOK million)	Dec. 31,2021	Dec. 31,2020
Pensions	160	153
Salaries and social security	13	14
TOTAL	**173**	**167**

17 OTHER LIABILITIES

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Cash collateral	256	521
Lease liabilities	3	6
Grants to mixed credits	0	2
Other short-term liabilities	6	7
TOTAL	**265**	**536**

18 SHAREHOLDERS

At the end of 2021, Eksportfinans ASA had a share capital of NOK 2,771,097 thousand, divided into 263,914 authorized shares of nominal value NOK 10,500. All shares are fully paid.

	December 31, 2021		December 31, 2020	
	Number of shares	Ownership percentage	Number of shares	Ownership percentage
DNB Bank ASA	105,557	40.00	105,557	40.00
Nordea Bank Abp	61,246	23.21	61,246	23.21
The Norwegian State, the Ministry of Trade, Industry and Fisheries	39,587	15.00	39,587	15.00
Danske Bank A/S	21,348	8.09	21,348	8.09
Sparebanken Øst	12,787	4.84	12,787	4.84
Sparebanken Sør	4,026	1.52	4,026	1.52
Sparebanken Møre	3,551	1.35	3,551	1.35
Sparebanken 1 Østlandet	3,499	1.33	3,499	1.33
Sparebanken Sogn og Fjordane	3,478	1.31	3,478	1.31
Sparebanken Vest	2,638	1.00	2,638	1.00
SpareBank 1 SMN (Midt-Norge)	1,857	0.70	1,857	0.70
Voss Veksel og Landmandsbank ASA	1,050	0.40	1,050	0.40
Fana Sparebank	943	0.36	943	0.36
Handelsbanken AB	563	0.21	563	0.21
Helgeland Sparebank	377	0.14	377	0.14
Sparebank 1 Sørøst-Norge	362	0.13	362	0.13
SpareBank 1 Ringerike Hadeland	329	0.13	329	0.13
Sparebank 1 Søre Sunnmøre	296	0.11	296	0.11
SpareBank 1 Modum	188	0.07	188	0.07
Haugesund Sparebank	94	0.04	94	0.04
BNP Paribas SA	83	0.03	83	0.03
SpareBank 1 Østfold Akershus	38	0.02	38	0.02
Skudenes & Aakra Sparebank	17	0.01	17	0.01
TOTAL	**263,914**	**100.00**	**263,914**	**100.00**

There exists only one class of shares. One share represents one vote. There exists no regulatory or other restriction on any shareholder to exercise their voting rights.

A shareholder agreement exists between the following shareholders: DNB Bank ASA, Nordea Bank Apb, Danske Bank A/S, Sparebanken Møre and BNP Paribas SA (comprising 73 percent of the shares in total), whereby they have given each other the priority to acquire any shares the others may sell in Eksportfinans ASA.

19 CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to have a sound capital base and to ensure compliance with externally imposed capital requirements, in order to support its business and to provide returns for shareholders and benefits for other stakeholders.

Capital adequacy is calculated in accordance with the CRD IV regulations in force from the Financial Supervisory Authority of Norway. The Company has adopted the standardized approach to capital requirements.

Capital adequacy is currently above the internally set risk capital level. Through the ICAAP-process in 2021, the board has decided that the Company should aim for a risk capital level of about NOK 2.4 billion, including NOK 1.2 billion to cover large exposure regulations, future economic downturns and possible future capital regulations.

During the past year, Eksportfinans has complied with all its statutory capital requirements. Eksportfinans' leverage ratio was 56,3% at December 31, 2021, compared to 41.5% at December 31, 2020.

Risk capital:

(NOK million and as percentage of risk-weighted assets and off-balance sheet items)

	Dec. 31, 2021		Dec. 31, 2020	
Share capital	2,771		2,771	
Reserve for unrealized gains	204		251	
Other equity	3,114		3,280	
Total equity	**6,089**		**6,302**	
Deductions	296		505	
Total core capital	**5,793**	**156.6 %**	**5,797**	**124.5 %**
TOTAL RISK CAPITAL	**5,793**	**156.6 %**	**5,797**	**124.5 %**

Break down of exposures of on- and offbalance sheet items by credit and counterparty credit risks.

	Dec. 31, 2021		Dec. 31, 2020	
(NOK million)	Book value	Weighted value	Book value	Weighted value
Credit Institutions	5,361	1,771	7,621	2,716
Regional government	2,657	531	1,657	315
Covered bonds	1,316	132	1,688	169
Corporates	533	6	1,878	0
Public sector entities	434	0	474	0
Central government	213	0	85	0
Multidevelopment banks	51	0	51	0
Other items	27	19	56	20
Deferred tax asset (deducted from risk capital)	105	0	271	0
Total assets on balance sheet	**10,697**	**2,459**	**13,781**	**3,220**
Operational risk		324		365
CVA		917		1,073
TOTAL RISK-WEIGHTED VALUE		**3,700**		**4,658**

20 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise of the following balances with less than three months maturity from the date of acquisition:

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Balances with Norwegian banks	380	139
Bank deposits with maturity less than three months	0	346
TOTAL CASH AND CASH EQUIVALENTS	**380**	**485**

The amounts are included in the balance sheet line item 'Loans due from credit institutions'.

21 FINANCIAL RISK MANAGEMENT

After the government's announcement, in November 2011, to assume responsibility for the state-supported export financing scheme, Eksportfinans has managed its portfolio of outstanding loans until maturity and does not currently anticipate engaging in new lending or funding activities. A state-owned and state-funded entity granting new loans was set up on July 1, 2012.

Risk management structure
Eksportfinans seeks to monitor and control risk exposure through a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and having general oversight of the Company's risk management process as described further below. The board of directors (the board) has developed guidelines for loans to the export lending industry, liquidity management, funding, interest rate

exposure, currency risk exposure, liquidity risk and credit exposure for the Company. Two sub-commitees of the board, the audit committee and the risk committee, were dissolved in 2019. Their responsibility and tasks were transferred to the board itself.

Organization
The director of risk management and compliance reports directly to the Company's CEO. Risk management has responsibility for conducting company-wide compliance with risk management policies, procedures and guidelines such as counterparty credit quality and risk limits, as well as risk pricing, asset and liability projections, sensitivity analysis and mark to market calculations for external reporting.

The team responsible for the day-to-day management of market risk is referred to as the internal bank which reports directly to the CFO and is independent of the risk management group overseeing risk. The internal bank has the operative responsibility of the main hedging activities in the market as well as controlling the liquidity by monitoring short term borrowing programs, asset-liability gaps, maturity gaps, market conditions and market projections. In addition to the day to day work of the risk management group the Company has five risk committees.

Internal committees overseeing risk:

- The management team
- The credit committee
- The asset and liability committee
- The product approval committee
- The investment committee

22 CREDIT RISK

Credit risk arises from lending transactions, financial investments and derivative transactions. Most export loans are fully credit enhanced, normally with guarantees from financial institutions or governments.

Eksportfinans relies on domicile country as well as credit ratings and analysis from the major rating agencies (Moody's Investor Services and Standard & Poor's) to monitor the credit quality of all guarantors and credit counterparties in the financial investments and derivatives portfolios. Reports are provided regularly to senior management and the board. Eksportfinans does not perform extensive analysis of the creditworthiness of its borrowers, but instead relies on guarantees and other forms of support for the loans.

The following table presents loans by type of security/exposure:

(Percent)	Dec. 31, 2021	Dec. 31, 2020
Government guarantees	18.4	23.7
Loans to and guarantees from Norwegian local authorities	1.6	0.9
Public sector borrowers/guarantors	**20.0**	**24.5**
Guarantees from Norwegian banks	9.6	30.2
Loans to Norwegian banks	35.5	23.2
Guarantees from foreign banks	34.3	22.1
Other	0.6	0.0
TOTAL	**100.0**	**100.0**
Total nominal amount in NOK million (from note 12)	**1,548**	**3,024**

All guarantees obtained from banks to support Eksportfinans' loans are unconditional and irrevocable, whereas government guarantees from Eksfin are given subject to certain conditions and limitations.

Guarantees issued by Eksfin and banks, generally cover principal, interest and, in most cases, interest on payments past due and expenses.

To date, substantially all export-related loans (including collateralized loans) have been made with guarantees from Norwegian and foreign banks, guarantees issued by the Norwegian government, Eksfin and other Norwegian governmental agencies, and guarantees provided by insurance companies.

The portfolio of securities consists mainly of money market instruments, certificates of deposit, bank deposits and senior bank bonds. The Company's portfolio of derivative transactions consists of interest rate swaps and currency swaps as well as structured swaps to swap the structured market risk exposure only from structured funding to plain floating interest risk. All swaps have been done with financial institutions with high credit ratings.

22.1 Credit risk measurement

Credit exposure is calculated based on the nominal amount of the loan guarantee or the nominal amount of the financial investment with a counterpart. Credit losses from export loans will only occur if both the borrower and the guarantor fail to fulfill contractual payments or obligations. This double line of defense is not taken into account in the day-to-day exposure measurement. For non-guaranteed loans, exposure is measured directly against the debtor's credit limit based on the debtor's credit rating.

The exposure related to derivative contracts is based on the mark-to-market value of the contracts and is converted into a measure of credit risk in order to reflect that the counterparties might not meet their contractual obligations. The exposure is measured by calculating the net market value of all eligible transactions with the counterparty, including an add-on for each contract to take account of the potential future exposure that may arise from changes in market factors such as interest- or currency rates. The add-on for a position is an increasing function of time to maturity and market volatility in the risk factors (i.e. interest rate curve or currency volatility) of the transaction. The add-on is also a function of the exposure type. For example, the add-on of an interest derivative swap will be different for a currency swap with the same maturity and notional amount.

22.2 Risk limit control and mitigation policies

Credit limits are determined on the basis of Eksportfinans' risk capital, business strategy, as well as the counterparty's rating and size. Maximum limits are subject to the statutory limitations for large exposures to individual clients. In addition to limits on counterparty exposure the Company also has maximum limits on country exposure, counterparty type (sovereign, non-sovereign) and type of exposure to reduce concentration risk.

All derivative contracts are governed by master agreements developed by the International Swaps and Derivatives Association (ISDA). These agreements assure, for example, that netting is legally enforceable. Some of these agreements also contain provisions that require the posting of collateral in order to reduce counterparty exposure. These provisions include Credit Support Annexes (CSAs) that define collateral type and amounts to be transferred or received. In some of the CSA agreements, the posted collateral will differ from the derivate exposures due to threshold or independent amount. The CSA agreements ensures that if derivative exposures exceed pre-agreed limits, the counterparty with the positive exposure (which is now 'too high') can require the counterparty to transfer collateral to a dedicated neutral account. The transferred collateral will be netted in a situation of default. Thus the CSA agreement effectively ensures that the counterparty credit exposure is capped at the agreed upon limit.

The following table shows posted and received collateral from these agreements:

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Posted	574	384
Received	(255)	(521)
NET AMOUNT	**319**	**(137)**

22.3 Credit risk exposure for derivatives per counterparty

The collateralization process implies a time lag between calculated market values of collateralized derivatives and transfer of collateral. As the transferor ultimately transfers a cash value based on their own opinion of the underlying market value there might be differences between what is received or paid and the Company's own calculations. Hence the collateral may not give a perfect hedge. The Company may be over collateralized against some counterparties and under collateralized towards others. The Company monitors both own- and counterparties calculated market values for derivatives against transferred cash collateral. The table below shows that the largest net credit exposure towards a single counterparty on a single measured working day taking collateral into account was approximately NOK 179 million in 2021 and NOK 202 million in 2020 respectively. As the table shows for both years this arose from the Company being under collateralized relative to the estimated market values of the derivatives.

Largest single counterparty credit exposure from derivatives after collateral:

(NOK million)	2021	2020
Date of max net exposure	Nov 30th	Apr 30th
MTM of derivatives	284	386
Posted(-) / Received(+) collateral	105	184
NET EXPOSURE	**179**	**202**
Max 10d VaR at 95% confidence level	84	39

If a counterparty should disagree with the calculated demands or defaults future collateral transfers may cease. Eksportfinans estimates it will take a maximum of 10 days to replace a single counterparty derivative exposure such as in the Lehman case in 2008. Eksportfinans therefore also estimates a 95 percent significant adverse derivative evolution over ten days for each counterpart. While the net exposure line shows the actual worst recorded credit exposure, the 10d VaR number shows the forecasted additional worst case given collateralization suddenly stops. The Company estimates that by 95 percent certainty the loss from derivative value fluctuations after a collateral exchange ceases before replacement is approximately NOK 84 million at year-end 2021**.**

22.4 Loans past due or impaired

When loans are guaranteed by Eksfin, the company normally presumes that credit risk has increased significantly since initial recognition when contractual payments are more than 14 days past due and presumes that the loan is credit impaired if contractual payments are more than 90 days past due. When loans are guaranteed only by banks, the company normally presumes that credit risk has increased significantly since initial recognition when contractual payments are either more than 30 days past due or if the guarantor declines the guarantee call. During the year, the Company has in addition considered certain exposures that have been extended payment holidays to have significant increase in credit risk and credit impaired. This is based on a judgment applied that the payment holiday is reflecting financial difficulties of the borrower and that the loans would be in default without the payment holiday.

The following table shows the gross exposure of loans measured at amortized cost in each stage as defined by IFRS 9:

NOK (million)	Stage 1	Stage 2	Stage 3	Total
Gross exposure at January 1, 2021	800	0	83	883
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Loans derecognized	400	0	83	483
Gross exposure at December 31, 2021	**400**	**0**	**0**	**400**

In 2021, the company recorded a realized loan loss of NOK 3 million (before tax) related to break costs on three non-performing guaranteed loans, where the guarantor does not cover these costs. The losses recognized are based on an interpretation of the 108 agreement where the company must compensate the Government under the 108 agreement for the break costs not covered by the guarantee. In addition, the company has made a provision of NOK 1 million (before tax) for expected credit losses on the remaining portfolio. The total exposure of actual and possible break costs not covered by guarantees is NOK 30 million as of December 31, 2021. The Probability of Default (PD) levels applied to the exposures in stage 1 range from 0.0 percent to 34,8 percent. The PD level applied to the exposures in stage 3 is 18.5 percent. Exposures related to break cost will only occur if the guarantor chooses to prepay the loans at default. The company has assumed that the guarantor will do this in 75 percent of the instances where the guarantee comes into effect.

The following table shows the expected credit loss related to exposures shown in the previous table:

NOK (million)	Stage 1	Stage 2	Stage 3	Total
Expected credit loss at January 1, 2021	1	0	0	1
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Changes in loss provision	2	0	0	2
Loans derecognized	0	0	0	0
Expected credit loss at December 31, 2021	**3**	**0**	**0**	**3**

22.5 Credit quality of securities and loans

Credit quality of securities

The tables below show the credit quality of debt securities by rating agency designation, based on Standard & Poor's, or their equivalent, credit rating of the issuers (securities and repurchase receivable in the balance sheet):

	December 31, 2021		December 31, 2020	
(NOK million)	Securities	Total in %	Securities	Total in %
AAA	4,316	58 %	4,067	48 %
AA+ to AA-	225	3 %	307	4 %
A+ to A-	973	13 %	2,601	31 %
Lower than A-	-	0 %	46	1 %
No international rating 1)	1,975	26 %	1,447	17 %
TOTAL	**7,489**	**100 %**	**8,468**	**100 %**

1) Securities without international rating are issued by Norwegian banks.

Securities that are expected to be settled after more than twelve months from the balance sheet date amount to NOK 4,991 million as of December 31, 2021 (NOK 5,279 million as of December 31, 2020).

Credit quality of loans

Credit quality of loans, based on credit rating of the guarantors:

	December 31, 2021				
(NOK million)	Export lending Exposure	Municipal lending Exposure	Other 1) Exposure	Total amount	Total in %
AAA	284	25	0	309	16 %
AA+ to AA-	118	834	380	1,332	69 %
A+ to A-	128	0	0	128	7 %
Low er than A-	0	0	0	0	0 %
No international rating 2)	6	150	3	159	8 %
TOTAL	**536**	**1,009**	**383**	**1,928**	**100 %**

1) Includes depo and employee loans.
2) NOK 150 million "No international rating" is exposure to a Norwegian savings bank..

Stage 3 (IFRS 9) consists of NOK 83 million; where NOK 29 million has a AAA guarantor, NOK 47 million an AA- guarantor and NOK 7 million has an A guarantor.

	December 31, 2020				
(NOK million)	Export lending Exposure	Municipal lending Exposure	Other 1) Exposure	Total amount	Total in %
AAA	714	26	0	739	21 %
AA+ to AA-	920	1,023	400	2,343	67 %
A+ to A-	182	0	85	267	8 %
Low er than A	0	0	0	0	0 %
No international rating 2)	0	150	3	153	4 %
TOTAL	**1,816**	**1,199**	**488**	**3,503**	**100 %**

1) Includes depo and employee loans.
2) NOK 150 million "No international rating" is exposure to a Norwegian savings bank

Stage 3 (IFRS 9) consists of NOK 26 million; where NOK 23 million has a AAA guarantor, NOK 1 million an A+ guarantor and NOK 2 million has an A- guarantor.

22.6 Concentration of credit risk

Credit risk concentration may arise from trading, investing and financing activities, and may be affected by economic, industrial or political factors. While Eksportfinans is exposed to many different counterparties and industries, it executes a high volume of transactions with counterparties in the financial services industry, such as brokers, dealers, commercial banks and institutional clients. This results in a credit concentration with respect to the financial industry.

A significant part of the Company's business consists of lending to the maritime sector, such as rig and ship building financing. Loans to this sector are fully guaranteed by banks or Eksfin.

In the ordinary course of business, Eksportfinans may be subject to a concentration of credit risk to any particular bank guarantor or bond issuer.

22.7 Effects from credit spread changes

The amount of change, during the period and cumulatively, in the fair value that is attributable to changes in the credit risk of the financial assets and liabilities, is determined by multiplying the sensitivity of the instrument to credit spreads by the change in credit spread since inception. The credit sensitivity is calculated in the main trading system by altering discount curves by one basis point. The credit spread sensitivity is increasing in time to maturity. Credit spreads are obtained from the market, see note 4, and the instrument sensitivities are estimated based on observable market data input.

Loans as at fair value through profit and loss (designated):

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Maximum exposure to credit risk of loans and receivables	**1.526**	**2.640**
Change during the period in fair value of loans and receivables attributable to changes in credit spread	(3)	5
Accumulated change in fair value of loans and receivables attributable to changes in credit spread	24	27

Financial instruments at fair value through profit or loss with changes in fair value related to change in own credit risk presented in OCI (designated):

(NOK million)	Dec. 31, 2021	Dec. 31, 2020
Amount contractually required to pay at maturity	3,691	5,444
Accrued interest	(1)	(1)
Adjustments to fair value	256	857
CARRYING AMOUNT OF THE FINANCIAL LIABILITIES AT FAIR VALUE	**3,946**	**6,300**
Change during the period in fair value of financial liabilities attributable to changes in credit spread	68	49
Accumulated change in fair value of financial liabilities attributable to changes in credit spread	(228)	(296)

The credit spread effects are related to the fair value of the asset or liability in the balance sheet. A negative figure in the liabilities table therefore means that the credit spread effect reduces the value of the liability, consequently making a positive effect in the statement of comprehensive income.

23 MARKET RISK

Market risk is the risk of loss due to an adverse move in the market value of an asset, a liability or a derivative contract. For Eksportfinans the market value of the net positions will primarily depend on general interest rates, specific interest rates (credit spreads) and exchange rates. General interest rate risk such as a movement in the USD Libor rate is controlled daily by set limits. Specific interest rate risk, credit spread risk, is the main component of market risk. Specific interest rate risk on own debt became by far the most significant component of market risk in Company results following the rating downgrade in 2011. The Company does not hedge credit spreads on a perfect basis however credit spread risks is on portfolio basis limited by stop loss limits and covenants on guarantor rating.

The 108 Agreement with the Ministry regulates Eksportfinans' financing of export contracts according to regulations set by the OECD. Interest and exchange rate exposures related to lending, funding and investments of liquidity under this agreement are adequately economically hedged with derivatives. Any residual cost or profit arising from the non-perfect hedges will be accounted to the Ministry.

23.1 Market risk measurement techniques

Financial instruments account for the bulk of the Company's assets and liabilities. Eksportfinans measures market risk by currency exposure and interest rate sensitivity.

Currency exposure towards a particular currency is measured as the net of assets and liabilities for the currency, plus the basis currency bought spot or forward with settlement in NOK minus basis currency sold spot or forward settling in NOK, adjusted for the value of any option positions.

Eksportfinans' exposure to interest rate risk is measured according to the price value of a basis point method. This measurement quantifies the change in the fair value of assets and liabilities that would result from a one basis point change in interest rates or a one basis point widening of credit spreads. Basis point value shows the change in value of the portfolio from a 0.01 percent (i.e. 1/100 of 1 percent) change in the underlying interest yield curves.

23.2 Foreign exchange risk

Currency exposure arises from future margins only. All notionals are currency hedged. Each instrument is swapped to Eksportfinans' three main business currencies EUR, USD and NOK and net exposure in EUR and USD is further hedged by foreign exchange forward contracts. The board has approved this currency risk and strategy, and at the present time Eksportfinans can have aggregate net positions in foreign currencies according to limits set by the board.

The tables below set forth a summary of Eksportfinans' total exposure to currencies other than NOK:

(NOK million)	Balance sheet assets/(liabilities)	Derivatives	Net position [1)]	Amount of net position covered by 108 Agreement items
December 31, 2021				
CAD	(30)	30	0	0
JPY	(2,986)	3,024	38	0
SEK	0	0	0	0
EUR	212	(202)	10	0
DKK	0	0	0	0
USD	1,151	(1,147)	4	0
Other currencies	247	(252)	(5)	0
TOTAL	**(1,406)**	**1,452**	**47**	**0**

(NOK million)	Balance sheet assets/(liabilities)	Derivatives	Net position [1)]	Amount of net position covered by 108 Agreement items
December 31, 2020				
CAD	(29)	29	0	0
JPY	(3,507)	3,561	54	0
SEK	0	0	0	0
EUR	642	(630)	12	0
DKK	0	0	0	0
USD	3,714	(3,703)	11	1
Other currencies	(1,626)	1,617	(9)	0
TOTAL	**(806)**	**874**	**68**	**1**

1) Net position includes amounts covered by the 108 Agreement.

Eksportfinans has set currency risk limits and does currency hedging according to these. The set currency limits exclude currency exposure from subsidized lending (the 108 Agreement), as the government assumes this risk. The below table shows currency exposure through 2020 and 2021, including peaks, and excluding the exposure from subsidized lending and for liabilities in contracts covering leases and maintenance. These exposures constitute what is defined as currency exposure, and as described this does not equal the above tables for total currency positions.

Currency exposure:

(NOK million)	EUR	USD	Other currencies	Total
As of December 31, 2021	**0.23**	**3.41**	**0.26**	**3.91**
Maximum through 2021 1)	0.40	10.79	0.87	12.06
Minimum through 2021 1)	(4.00)	(2.68)	0.26	(6.41)
Average through 2021	(0.49)	3.97	0.46	3.94
As of December 31, 2020	**0.38**	**13.05**	**0.75**	**14.19**
Maximum through 2020 1)	2.06	15.18	1.44	18.67
Minimum through 2020 1)	(1.18)	(1.37)	0.16	(2.39)
Average through 2020	0.08	5.57	0.85	6.60
As of December 31, 2019	0.23	2.05	1.37	3.65

1) The maximum and minimum exposures in general do not occur on the same date for different currencies.

The above table does not include foreign currency commitments because the currency exposure first comes into effect at disbursement. At that time any currency/interest rate exposure will be hedged.

The profit and loss effect on Eksportfinans' balance sheet as of December 31, 2021 due to an adverse change of 10 percent in foreign currency exchange rates is estimated to be NOK 0.4 million compared to NOK 1.4 million as of December 31, 2020. Annualized fluctuation in EUR/NOK and USD/NOK based on a 95 percent confidence interval of daily changes through 2021 are 14.0 percent and 18.6 percent respectively, compared to 26.9 percent and 29.6 percent through 2020.

23.3 Interest rate risk

Eksportfinans' guidelines with respect to interest rate risk include limits on interest rate exposure for market-based activities.

Interest rate risk is managed by a separate risk management function and reported regularly to the management group and to the board. The board sets the permitted level of interest rate exposure.

The table below displays a summary of the change in fair values resulting from a shift in yield curves of 1 basis point. The interest rate exposure as of December 31, 2021 is negative NOK 33,000. Since Eksportfinans swaps all fixed rate instruments to floating rate, the interest rate exposure mainly arises from interest rate fixings occurring on different dates. Interest rate maturities between the selected interest rate points are given estimated values allocated to the selected interest rate points.

Interest rate exposure from a 1 basis point shift of interest rate curves:

(NOK thousand)	NOK	EUR	USD	Other currencies	Total
As of December 31, 2021	**(25)**	**2**	**(10)**	**0**	**(33)**
Maximum through 2021 1)	5	8	13	5	13
Minimum through 2021 1)	(43)	(35)	(25)	0	(62)
Average through 2021	(11)	(1)	(4)	1	(16)
As of December 31, 2020	**(32)**	**4**	**(16)**	**0**	**(45)**
Maximum through 2020 1)	3	5	28	0	11
Minimum through 2020 1)	(74)	(45)	(79)	0	(75)
Average through 2020	(23)	(3)	(20)	0	(45)
As of December 31, 2019	(14)	1	(16)	0	(29)

1) The maximum and minimum exposure in general does not occur on the same date for different currencies.

Credit spread risk

Changes in credit spreads in the market is defined as market risk and not credit risk, which is defined to include default probability only. For the securities portfolio seen in isolation, a potential increase in credit spreads of one basis point will reduce the fair value by NOK 1.4 million as of December 31, 2021, compared to NOK 1.5 million as of December 31, 2020.

23.4 Effects from economic hedging

Note 5 specifies the net realized and unrealized gains/(losses) on financial instruments, showing the effects from financial derivatives separately. When presented to the Company's management, this presentation is made with the various financial instruments shown after netting with related economic hedges, as derivatives are used in economic hedges of the market risk of specific assets and liabilities.

Net realized and unrealized gains/(losses) on financial instruments at fair value, netted with the related economic hedges:

(NOK million)	2021	2020
Securities [1]	10	(1)
Other financial instruments at fair value [1]	10	27
Net realized gains/(losses)	**20**	**26**
Loans and receivables [1]	36	(8)
Securities [1]	(12)	12
Bond debt [1] [2]	0	0
Other financial instruments at fair value [1]	0	0
Net unrealized gains/(losses)	**24**	**4**
Financial derivatives related to 108 Agreement [3]	(18)	3
NET REALIZED AND UNREALIZED GAINS/(LOSSES)	**26**	**33**

1) Including financial derivatives with the purpose of economic hedging.
2) Accumulated net gain on own debt is NOK 228 million as of December 31, 2021, compared to NOK 296 million as of December 31, 2020.
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 on economic hedging instruments, are 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 years ended December 31, 2021, and 2020, the Company recorded NOK 115 million and NOK 238 million respectively of interest income on loans due from credit institutions, loans due from customers and securities and NOK 107 million and NOK 156 million respectively of interest expense on bond debt. In the same periods the Company recorded negative NOK 19 million and NOK 13 million respectively of interest income on economic hedging instruments and negative NOK 104 million and NOK 69 million respectively of interest expense on economic hedging instruments.

24 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk can arise from call and trigger features in the structured funding portfolio that have unknown maturity dates, constituting approximately 70 percent of the Company's total funding (securities issued) at year-end 2021. The rest of the funding portfolio (30 percent) has fixed maturity.

24.1 Liquidity risk management process

Eksportfinans holds a liquidity portfolio. As of December 31, 2021 the liquidity portfolio had a market value of NOK 7.5 billion, a change from NOK 8.5 billion as of December 31, 2020. In addition to liquid securities the Company also held cash and cash equivalent assets totaling NOK 0.4 billion as of end of 2021 compared to NOK 0.5 billion as of end of 2020. Total liquidity reserves were NOK 7.9 billion as of December 31, 2021, compared to NOK 9.0 billion as of December 31, 2020.

The primary purpose of the liquidity portfolio was to be a liquidity buffer when funding could not be secured according to plan. The liquidity portfolio is invested in assets that can easily be converted to cash. The conversion to cash may happen through sale in the secondary market, through a repo-line or through repayment of principal.

The Company monitors 12 months liquidity capacity and the maturity of assets and liabilities. The main instrument for securing sufficient liquidity is the liquidity portfolio. The liquidity portfolio has low risk with limited market volatility, duration and credit risk. Part of the Companys existing funding has maturity dates linked to trigger options.

Liquidity risk is controlled through active management and frequent assets/liabilities meetings where liquidity under different stress conditions is analyzed. Eksportfinans follows the liquidity risk against defined limits and has contingency plans that take effect if needed.

24.2 Maturity analysis

Maturity analysis of financial liabilities based on contractual maturities (including off-balance sheet items):

(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
December 31, 2021						
Plain vanilla bond debt	0	0	0	0	0	0
Structured bond debt	27	416	2,657	165	349	691
Cash collateral	255	0	0	0	0	0
Subordinated loans	0	0	0	0	0	0
Derivatives net settled	1	2	4	1	1	0
Derivatives gross settled [1)]	728	1,244	2,081	440	51	0
Financial guarantees (off-balance sheet)	0	0	0	0	0	0
Loan commitments (off-balance sheet)	0	0	0	0	0	0
TOTAL	**1,011**	**1,662**	**4,742**	**606**	**401**	**691**

1) Including only cash flows from the paying leg of derivatives, cash flows from the receiving leg of derivatives are shown below:

Derivatives gross settled	707	1,230	2,142	407	53	0

Cash flows from derivatives on the asset side are shown below:

Derivatives net settled (net cash inflow)	0	26	26	106	106	131
Derivatives gross settled (paying leg)	254	381	241	31	31	892
Derivatives gross settled (receiving leg)	259	384	245	30	30	1,051

(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
December 31, 2020						
Plain vanilla bond debt	0	1,946	0	0	0	0
Structured bond debt	133	1,593	1,453	451	456	1,045
Cash collateral	521	0	0	0	0	0
Subordinated loans	0	0	0	0	0	0
Derivatives net settled	3	11	25	9	9	0
Derivatives gross settled 1)	275	504	559	844	471	0
Financial guarantees (off-balance sheet)	0	0	0	0	0	0
Loan commitments (off-balance sheet)	0	0	0	0	0	0
TOTAL	**931**	**4,054**	**2,037**	**1,303**	**935**	**1,045**
1) Including only cash flows from the paying leg of derivatives, cash flows from the receiving leg of derivatives are shown below:						
Derivatives gross settled	268	571	668	746	453	0
Cash flows from derivatives on the asset side are shown below:						
Derivatives net settled (net cash inflow)	0	27	52	109	109	159
Derivatives gross settled (paying leg)	503	1,845	1,380	273	41	793
Derivatives gross settled (receiving leg)	528	2,069	1,711	292	27	918

The figures in the above table include principal and interest payable at nominal value, i.e. undiscounted cash flows. Interest payable is based on the market conditions at the balance sheet date. First possible call dates and trigger dates, according to the contracts, are applied in the classification of the maturities. Maturity of cash collateral depends on the development of fair value of derivatives, and is applied to the first time bucket in the table.

The Company manages its liquidity risk, inter alia, by monitoring the difference between expected maturities of its assets and liabilities.

Maturity analysis of financial assets and liabilities based on expected maturities:

(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
December 31, 2021						
Assets						
Loans and receivables due from credit institutions	0	0	6	11	12	4
Loans and receivables due from customers	0	122	286	261	618	424
Securities	319	1,067	1,143	3,049	2,060	0
Derivatives net settled	0	26	26	106	106	131
Derivatives gross settled (paying leg)	(254)	(381)	(241)	(38)	(53)	(865)
Derivatives gross settled (receiving leg)	259	384	245	38	53	1,020
Cash collateral	0	574	0	0	0	0
TOTAL ASSETS	**325**	**1,791**	**1,466**	**3,426**	**2,796**	**714**
Liabilities						
Plain vanilla bond debt	0	0	0	0	0	0
Structured bond debt	27	26	266	188	579	3,320
Commercial papers	0	0	0	0	0	0
Derivatives net settled	1	2	4	1	1	0
Derivatives gross settled (paying leg)	728	926	197	429	223	1,993
Derivatives gross settled (receiving leg)	(707)	(908)	(206)	(407)	(245)	(2,066)
Cash collateral	0	255	0	0	0	0
TOTAL LIABILITIES	**49**	**301**	**260**	**211**	**558**	**3,247**

(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
December 31, 2020						
Assets						
Loans and receivables due from credit institutions	346	0	6	10	11	11
Loans and receivables due from customers	0	273	774	880	252	1,074
Securities	323	1,880	970	3,005	2,368	0
Derivatives net settled	0	27	27	109	109	184
Derivatives gross settled (paying leg)	(503)	(1,845)	(133)	(282)	(40)	(2,037)
Derivatives gross settled (receiving leg)	528	2,069	161	325	47	2,448
Cash collateral	0	384	0	0	0	0
TOTAL ASSETS	**693**	**2,787**	**1,804**	**4,047**	**2,747**	**1,679**
Liabilities						
Plain vanilla bond debt	0	1,946	0	0	0	0
Structured bond debt	4	111	178	484	141	4,257
Derivatives net settled	3	11	25	10	10	0
Derivatives gross settled (paying leg)	275	39	8	840	397	1,095
Derivatives gross settled (receiving leg)	(268)	(36)	(18)	(746)	(378)	(1,259)
Cash collateral	0	521	0	0	0	0
TOTAL LIABILITIES	**14**	**2,592**	**193**	**587**	**170**	**4,093**

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.

24.3 Off-balance sheet items

Loan commitments

As per December 31, 2021 there are no outstanding loan commitments.

25 FINANCIAL INSTRUMENTS SUBJECT TO NET SETTLEMENTS

All derivative contracts are governed by master agreements developed by the International Swaps and Derivatives Association (ISDA). These agreements assure, for example, that netting is legally enforceable. Some of these agreements also contain provisions that require the posting of collateral in order to reduce counterparty exposure. These provisions include Credit Support Annexes (CSAs) that define collateral type and amounts to be transferred or received. This effectively ensures that if derivative exposures exceed pre-agreed limits, the counterparty with the positive exposure (which is now 'too high') can require the counterparty to transfer collateral to a dedicated neutral account. The transferred collateral will be netted in a situation of default. Thus the CSA agreement effectively ensures that the counterparty credit exposure is capped at the agreed upon limit.

The following table presents the financial instruments subject to net settlements:

				Amounts not presented net		
(NOK million)	Financial instruments	Financial instruments that are set off	Financial instruments on balance sheet	Financial instruments	Financial collateral	Net amount
December 31, 2021						
Derivatives assets	568	0	568	(88)	(241)	239
Derivatives liabilities	(330)	0	(330)	11	203	(117)
TOTAL	**238**	**0**	**238**	**(77)**	**(38)**	**122**

				Amounts not presented net		
(NOK million)	Financial instruments	Financial instruments that are set off	Financial instruments on balance sheet	Financial instruments	Financial collateral	Net amount
December 31, 2020						
Derivatives assets	1,077	0	1,077	(160)	(492)	425
Derivatives liabilities	(276)	0	(276)	12	103	(161)
TOTAL	**801**	**0**	**801**	**(148)**	**(389)**	**264**

26 RELATED PARTIES

The Company's two largest shareholders are considered to be related parties.

(NOK million)	Deposits 1)	Guarantees received 2)
Balance January 1, 2021	140	1,381
Change in the period	240	(829)
BALANCE DECEMBER 31, 2021	**380**	**552**
Balance January 1, 2020	469	2,076
Change in the period	(329)	(695)
BALANCE DECEMBER 31, 2020	**140**	**1,381**

1) Deposits made by the Company.
2) Guarantees related to the loans described in footnote 1 provided to the Company from the related parties.

27 REMUNERATION

Auditors' remuneration:

(NOK million)	2021	2020
Audit services (25% VAT included)	0,7	1,0
Other (25% VAT included)	0,2	0,3
TOTAL	**0,9**	**1,3**

Remuneration to the management team:

2021	Salary	Stay on bonus paid [2]	Other taxable benefits	Pension cost	Total	Loans [3]
(NOK thousands)						
Olsen, Geir O. [1]	2,205	643	189	1,156	4,193	
Grøm, Christian	1,692	428	189	660	2,969	
Lindbæk, Elise	1,576	598	181	510	2,865	406
TOTAL	**5,473**	**1,669**	**559**	**2,326**	**10,027**	**406**

1) The CEO has a severance pay package covering salary for 12 months in the event that the employment is terminated by the company. The agreed retirement age is 65 years with 70 percent of salary.
2) The Stay on bonus program was established in 2012 and is reviewed annually.
3) The loans have the same terms as other loans to employees.

Members of the management team, other than the CEO, have individual agreements on retirement age upon reaching the age of 65 years with 70 percent of salaries.

2020	Salary	Stay on bonus paid [4]	Other taxable benefits	Pension cost	Total	Loans 5)
(NOK thousands)						
Olsen, Geir Ove [1]	2,182	539	181	1,040	3,942	0
Grøm, Christian	1,651	357	182	627	2,817	0
Lindbæk, Elise	1,623	497	171	464	2,755	456
Feiring, Jens O. [2]	1,277	0	141	0	1,418	0
TOTAL	**6,733**	**1,393**	**675**	**2,131**	**10,932**	**456**

1) The CEO has a severance pay package covering salary for 12 months in the event that the employment is terminated by the company. The agreed retirement age is 65 years with 70 percent of salary.
2) Employed on an annual one-year contract basis covering 80 percent of full-time employment. Member of the defined contribution plan. Mr. Feiring was part of the management group until 1.10.2020.
3) The Stay on bonus program was established in 2012 and is reviewed annually.
4) The loans have the same terms as other loans to employees.

Remuneration to board of directors and remuneration committee:

	2021			2020		
(NOK thousands)	Board of Directors	Remuneration Committee	Total	Board of Directors	Remuneration Committee	Total
Carlsen, Sigurd	391	18	409	391	18	409
Eidesvik, Toril	313		313	313		313
Berg, Bjørn	268		268	268		268
Falck, Thomas	268	18	286	268	18	286
Torgersen, Line Hødal 1)	268		268	223		223
Næss, Ole Anders	268	18	286	268	18	286
Brustad, Siri	134		134	134		134
Røren, Marianne Bergmann 2)	0		0	45		45
TOTAL	**1,910**	**54**	**1,964**	**1,865**	**54**	**1,919**

1) For the period 5.3.20 – 31.12.20
2) For the period 1.1.19 – 5.3.20

Remuneration to election committee:

(NOK thousands)	**2021**	**2020**
Alhaug, Frode	22	17
Bratheim, Ingrid	4	0
Næss, Bjørn Erik	4	0
Rabl, Georg	4	0
TOTAL	**34**	**17**

28 NUMBER OF EMPLOYEES

	Dec. 31,2021	Dec. 31,2020
Number of employees	19	20
Number of man-years	17,8	19,2

29 CONTINGENCIES

There are no significant contingencies as of December 31, 2021.

30 EVENTS AFTER BALANCE SHEET DATE

There are no events after the balance sheet date materially affecting pwc

To the General Meeting of Eksportfinans ASA

Independent Auditor's Report

Opinion

We have audited the financial statements of Eksportfinans ASA (the Company), which comprise the balance sheet as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and nates to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requiremeiits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We were elected auditors for Eksportfinans ASA before 2001, and have now served as auditors fora continuous period of at least 21 years.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Eksportfinans' business and operations has been stable in 2021 compared to the prior year. There has not been any significant regulatory changes, transactions or events with material impact on the financial statements for 2021. Therefore, our focus areas have been the same in 2021 asfor the prior yearaudit.

Key Audit Matter	Howour audit addressed the Key Audit Matter
Valuation of issued bonds that are measured at fair value through profit or loss.	

This has been a key audit matter since it is a substantial part of the liabilities on the balance sheet and due to the lack of a liquid market for the bonds. The valuation of the bonds is performed using the company's internal valuation model. This requires management judgement in determining the required rate ofreturn. The most significant assumption in setting the required rate ofreturn is the credit spread on the debt. This credit spread is determined using broker estimates. Refer to note 4 in the financial statements for a further description of the valuation of issued bonds.

We have evaluated and tested the design and operating effectiveness of the company's internal controls over the valuation of issued bonds. In particular, we investigated and tested established controls that ensured a correct transfer of market data such as currency rates and yield curves from external sources.

We obtained the valuation model from management and evaluated whether it contained the elements required by relevant accounting regulation and whether it was mathematically accurate. We agree with management that the valuation model used is appropriate.

We challenged management's judgement by evaluating the credit spread trends over time. We have compared these credit spreads to those of issuers with the same credit rating as the company. We found the credit spreads used by management reasonable.

We have also read the notes describing the valuation of the issued bonds and found them to appropriately describe how they are valued.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Companys ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative hut to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, hut is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, hut not for the purpose of expressing an opinion on the effectiveness of the Companys internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may east significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board ofDirectors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of <loing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 16 February 2022

Stig Lund
State Autho

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rised Public Accountant