

## PRESS RELEASE

May 6, 2008

Eksportfinans first quarter 2008:

### **Continued strong disbursement of export lending, results influenced by the situation in the international credit markets**

*New disbursements of export related lending was NOK 3.1 billion in the first quarter of 2008, compared to NOK 2.3 billion in the same period in 2007. The Norwegian maritime industry and the oil and gas sector were still experiencing high levels of activity throughout the first quarter 2008, and new disbursements of export related financing from Eksportfinans thus increased by 32.4 percent in comparison to the equivalent period in 2007. Lending from Eksportfinans' subsidiary Kommunekreditt Norge AS remained stable, and total outstanding loans increased by 2 percent since year-end 2007.*

### **Export Lending**

The total volume of export related lending was NOK 56.6 billion at March 31, 2008, compared to NOK 42.4 billion at March 31, 2007.

### **Local Government Lending**

Total outstanding loans from Eksportfinans' subsidiary Kommunekreditt Norge AS at March 31, 2008 amounted to NOK 69.7 billion, which was an increase of 16 percent compared to March 31, 2007.

### **Funding**

New funding in the first quarter of 2008 amounted to NOK 15.1 billion through 215 individual trades compared with NOK 21.8 billion and 197 trades for the same period in 2007. Eksportfinans issued a benchmark funding transaction in the first quarter 2008 of CHF 150 million with an eight year maturity. The transaction was targeted at Swiss investors. In addition, in early April 2008 Eksportfinans issued another successful benchmark funding transaction of EUR 1.25 billion with a three year maturity.

### **Results**

The international capital markets have been volatile since late summer 2007, and credit spreads continued to increase in the first quarter of 2008. This has affected Eksportfinans through unrealized losses in the company's liquidity portfolio, which occurred despite the historically limited risk of defaults in the kind of securities in which Eksportfinans invests.

Due to the unrealized losses in the liquidity portfolio, the Group experienced a loss of NOK 192 million in the first three months of 2008, compared to a profit of NOK 67 million in the corresponding period in 2007. Group net profit without unrealized gains and losses was NOK 42 million in the first quarter of 2008, compared to NOK 61 million in the equivalent period in 2007. The NOK 42 million in the first quarter of 2008 included pre-tax cost related to the Portfolio Hedge Agreement of NOK 47 million (see below for further details on the agreement).

As announced in previous press release dated February 15, 2008 the Board of Directors has initiated different processes to ensure a sound capital base and limit future unrealized losses in securities acquired for liquidity purposes. The initiatives which have since been implemented have been based on the aim to maintain high credit ratings and a core capital adequacy ratio of around 8 percent. The main efforts are presented below.

### Increase of capital

In a General Meeting on March 13, 2008, a capital increase of NOK 1.2 billion was unanimously passed by Eksportfinans' owners. The additional capital was paid in March, 2008. This capital increase was announced to the market on January 18, 2008.

### Portfolio Hedge Agreement

On March 13, 2008 Eksportfinans' major private shareholders DnB Nor Bank ASA, Nordea Bank AB and Danske Bank A/S signed an agreement with Eksportfinans whereby the banks undertook to hedge against further market value decline after February 29, 2008 in Eksportfinans' securities' portfolio. The agreement ensures that further decreases in the value of the portfolio up to NOK 5 billion will be mitigated by an increase in the value of the agreement. All of Eksportfinans' owners have been invited to join the agreement, and 84.95 percent have accepted. The Norwegian Government which holds a 15 percent ownership will make a decision regarding their participation within June 30, 2008.

### Committed Credit Line Facility

Eksportfinans' major owner banks DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S have extended a committed credit line of USD 4 billion for committed repo facilities to Eksportfinans to ensure sufficient liquidity buffers for the Group.

### Key Figures:

	First three months 2008	First three months 2007
New export lending	NOK 3.1 billion	NOK 2.3 billion
New loans to Norwegian public sector	NOK 2.9 billion	NOK 4.4 billion
New funding	NOK 15.1 billion	NOK 21.8 billion
Total assets	NOK 218.9 billion	NOK 178.0 billion
Capital adequacy	10.9%	12.6%
Profit/(loss) for the period	(NOK 192 million )	NOK 67 million
Loan losses	0	0

The complete first quarter report is available at [www. eksportfinans.no](http://www.eksportfinans.no)

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